

# Castaic Lake Water Agency & Santa Clarita Water Division FY 2017/18 Budget



CASTAIC  
LAKE



WATER  
AGENCY

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



## **Setting Out On a Transformational Path for Santa Clarita Valley Water**

This year's budget represents a year of transition. If pending legislation passes and is signed into law, FY 2017/18 will be a year of unprecedented transformation in our region's water supply and delivery organizations, including Castaic Lake Water Agency and Santa Clarita Water Division.

SB 634 would create a new water district consisting of the former Newhall County Water District, Castaic Lake Water Agency, and CLWA's retail subsidiary Santa Clarita Water Division, as of January 1, 2018. The new successor district would take necessary steps for the dissolution and transfer of Valencia Water Company in early 2018.

The resulting Santa Clarita Valley Water District will provide retail water services to over 70,000 metered connections, and manage imported, groundwater, recycled water and conservation efforts at a watershed-wide level. LA County's 1,350 service connection Waterworks District #36 would remain a wholesale customer within the new district, as it is today.

A new 15-member board, consisting of the current CLWA and NCWD board members, will be seated in January 2018 to govern the new water district. Over time, the board will be reduced to 9 members through voter decisions in subsequent election cycles. The new board will oversee the integration of the retail and wholesale entities into a single district, with efficiencies and cost savings estimated at \$14 million over the first 10 years and \$1.6 million per year by year 3. The vision that has been articulated is to bring forth the "best of each" water entity and create a "best in class" new water district to serve this community into the future.

Our management team and staff will dedicate themselves to getting through many details and changes during the transition phase, while continuing to provide excellent customer service and engaging in the wider changing water resources and water policies in our state. These include local implementation of the Sustainable Groundwater Management Act, continued efforts to reach the State's 20%<sup>x</sup>2020 water use efficiency targets (and new State water conservation targets that are being developed in legislation this summer), as well as progress towards the Cal WaterFix to address delta ecosystem and operational reliability concerns for the State Water Project.

We look forward to the challenge ahead.

Cover photo:

- ◆ Water is treated and fed into one of several water filters at the Rio Vista Water Treatment Plant, which overlooks Castaic Lake Water Agency's Water Conservation Garden.





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Castaic Lake Water Agency  
California**

For the Fiscal Year Beginning

**July 1, 2016**

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Castaic Lake Water Agency, California for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

**[This page intentionally left blank.]**



# California Society of Municipal Finance Officers

*Certificate of Award*

***Operating Budget Excellence Award  
Fiscal Year 2016-2017***

*Presented to the*

***Castaic Lake Water Agency***

For meeting the criteria established to achieve the Operating Budget Excellence Award.

***January 31, 2017***



A handwritten signature in blue ink, appearing to read "John Adams".

***John Adams  
CSMFO President***

A handwritten signature in blue ink, appearing to read "Craig Boyer".

***Craig Boyer, Chair  
Professional Standards and  
Recognition Committee***

***Dedicated Excellence in Municipal Financial Reporting***

**[This page intentionally left blank.]**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Santa Clarita Water Division  
California**

For the Fiscal Year Beginning

**July 1, 2016**

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Santa Clarita Water Division, California for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



**[This page intentionally left blank.]**

# California Society of Municipal Finance Officers

*Certificate of Award*

## Operating Budget Excellence Award Fiscal Year 2016-2017

*Presented to the*

***Santa Clarita Water Division of the Castaic Lake Water Agency***

For meeting the criteria established to achieve the Operating Budget Excellence Award.

**January 31, 2017**



**John Adams  
CSMFO President**

**Craig Boyer, Chair  
Professional Standards and  
Recognition Committee**

***Dedicated Excellence in Municipal Financial Reporting***

**[This page intentionally left blank.]**



**TABLE OF CONTENTS**  
**FY 2017/18 BUDGET**

<b>TRANSMITTAL LETTER/EXECUTIVE SUMMARY</b>	
<a href="#">Transmittal Letter/Executive Summary</a>	1
<b>BUDGET FOREWORD</b>	
<a href="#">Overview of the Castaic Lake Water Agency</a>	13
<a href="#">History and Development of the Santa Clarita Valley and the Agency</a>	13
<a href="#">Mission Statement</a>	14
<a href="#">The Agency and its Service Area</a>	14
<a href="#">Castaic Lake Water Agency Service Area Map</a>	14
<a href="#">History and Development of Santa Clarita Water Company</a>	15
<a href="#">Santa Clarita Water Division</a>	16
<a href="#">Santa Clarita Water Division Service Area</a>	16
<a href="#">Castaic Lake Water Agency Wholesale Water Service</a>	17
<a href="#">Wholesale Facilities</a>	18
<a href="#">Governance</a>	21
<a href="#">Organization Chart</a>	22
<a href="#">Wholesale Revenue Sources</a>	23
<a href="#">Retail Revenue Sources</a>	23
<a href="#">Retail Water Rates</a>	24
<a href="#">Financial Policies</a>	25
<a href="#">Agency-wide Policies</a>	26
<a href="#">Wholesale System Policies</a>	26
<a href="#">Retail System Policies</a>	27
<a href="#">Wholesale Long-Term Commitments</a>	28
<a href="#">Retail Long-Term Commitments</a>	30
<a href="#">Basis of Budgeting</a>	31
<a href="#">Fund Structure</a>	32
<a href="#">Water Enterprise Fund</a>	34
<a href="#">Budgetary Control</a>	34
<a href="#">Budget Process</a>	34
<a href="#">Strategic Planning</a>	35
<a href="#">Balancing the Budget</a>	35
<a href="#">Performance Measurement</a>	36
<a href="#">Capital Budget Process</a>	36
<a href="#">Capital Projects</a>	36
<a href="#">Capital Improvement Project Cost Allocation</a>	37
<a href="#">Risk Management</a>	37
<a href="#">Insurance</a>	37
<a href="#">Employee Compensation</a>	38
<a href="#">Community Profile</a>	40
<a href="#">Economy</a>	40
<a href="#">Growth in the Community and Impacts to the Agency</a>	41
<a href="#">Projected Availability and Reliability of State Water Project Supplies</a>	41
<a href="#">Budget Calendar</a>	42
<a href="#">Budget Acronyms</a>	43
<b>LONG-TERM FINANCIAL PLAN</b>	45
<a href="#">Executive Summary</a>	47
<a href="#">Ongoing Financial Issues</a>	49
<a href="#">Total Cost of Water</a>	49
<a href="#">Diversity and Security of Revenues</a>	51
<a href="#">Water Supply Reliability</a>	53
<a href="#">Near-term Financial Issues</a>	54

**TABLE OF CONTENTS  
FY 2017/18 BUDGET**

<a href="#"><u>Capital Improvement Program Funding</u></a>	54
<a href="#"><u>Facility Capacity Fees</u></a>	55
<a href="#"><u>Recycled Water</u></a>	56
<a href="#"><u>Debt Financing of the Capital Improvement Program</u></a>	58
<a href="#"><u>Mid-term Financial Issues</u></a>	60
<a href="#"><u>Water Conservation and Water Use Efficiency</u></a>	60
<a href="#"><u>Groundwater Management</u></a>	61
<a href="#"><u>Capital Improvement Program for Existing Users</u></a>	62
<a href="#"><u>Reliability (Banking) Programs Funding</u></a>	63
<a href="#"><u>Technology</u></a>	65
<a href="#"><u>Operations and Maintenance</u></a>	67
<a href="#"><u>Quagga Mussels</u></a>	68
<a href="#"><u>Long-term Financial Issues</u></a>	70
<a href="#"><u>Buena Vista/Rosedale Rio Bravo Water Program and Other Water Supply Funding</u></a>	70
<a href="#"><u>Water Sales</u></a>	71
<a href="#"><u>Reconnaissance Study for Local Water Resource Management Measures</u></a>	72
<a href="#"><u>State Water Contract Fund and Cal WaterFix</u></a>	73
<a href="#"><u>Energy Costs</u></a>	75
<a href="#"><u>Annexation Water Supply Financing</u></a>	77
<b>STRATEGIC PLAN</b>	
<a href="#"><u>Strategic Business Plan 2017-2022</u></a>	79
<a href="#"><u>Introduction</u></a>	81
<a href="#"><u>The Strategic Planning Process</u></a>	82
<a href="#"><u>Structure of the Strategic Plan</u></a>	84
<a href="#"><u>Agency Vision</u></a>	85
<a href="#"><u>Agency Mission</u></a>	86
<a href="#"><u>Agency Values</u></a>	86
<a href="#"><u>Goals and Strategies</u></a>	87
<a href="#"><u>Goal A: Customer/Community</u></a>	88
<a href="#"><u>Goal B: Water Supply Reliability</u></a>	89
<a href="#"><u>Goal C: Water Quality</u></a>	91
<a href="#"><u>Goal D: Cost Effectiveness</u></a>	92
<a href="#"><u>Goal E: Organizational Effectiveness</u></a>	93
<a href="#"><u>Strategic Business Plan Performance Measurement Indicators</u></a>	94
<a href="#"><u>Appendix A – 2017-18 Objectives</u></a>	97
<b>BUDGET GLOSSARY</b>	107
<b>WHOLESALE SYSTEM</b>	
<b>FINANCIAL SUMMARY</b>	
<a href="#"><u>Wholesale System Financial Summary</u></a>	117
<a href="#"><u>Financial Summary FY 2017/18 Budget</u></a>	118
<a href="#"><u>General Fund – Operating</u></a>	119
<a href="#"><u>Capital Improvement Program: Pledged Revenue Fund – Facility Capacity Fee</u></a>	120
<a href="#"><u>Capital Improvement Program: Pledged Revenue Fund – One Percent Property Tax</u></a>	121
<a href="#"><u>Capital Improvement Program – Capital Project Fund</u></a>	122
<a href="#"><u>State Water Contract Fund</u></a>	123
<a href="#"><u>Financial Summary FY 2016/17 Estimated</u></a>	124
<a href="#"><u>Financial Summary FY 2015/16 Actual</u></a>	125
<a href="#"><u>Financial Summary – Five-year Summary</u></a>	126

**TABLE OF CONTENTS  
FY 2017/18 BUDGET**

<a href="#"><u>Changes in Fund Balances FY 2017/18 Budget</u></a>	127
<a href="#"><u>Financial Measures</u></a>	128
<a href="#"><u>Debt Capacity Measures</u></a>	129
<a href="#"><u>Summary of Personnel Costs</u></a>	130
<a href="#"><u>Staff Count</u></a>	132
<b>RESERVES</b>	
<a href="#"><u>Reserve Funds</u></a>	135
<b>REVENUES</b>	
<a href="#"><u>Revenues</u></a>	137
<a href="#"><u>Water Sales to Purveyors</u></a>	138
<a href="#"><u>One-Time Water Sales</u></a>	142
<a href="#"><u>One Percent Property Tax Revenues</u></a>	142
<a href="#"><u>Agency-Set Property Tax Revenues</u></a>	144
<a href="#"><u>Facility Capacity Fee Revenues</u></a>	145
<a href="#"><u>Whittaker-Bermite Perchlorate Litigation Settlement Agreement</u></a>	146
<a href="#"><u>Grants and Reimbursements</u></a>	146
<a href="#"><u>Other Sources of Revenue</u></a>	147
<b>OPERATING EXPENDITURES</b>	
<a href="#"><u>Operating Budget Summary</u></a>	149
<a href="#"><u>Management</u></a>	151
<a href="#"><u>Administration</u></a>	157
<a href="#"><u>Engineering</u></a>	167
<a href="#"><u>Maintenance</u></a>	173
<a href="#"><u>Water Quality and Regulatory Affairs</u></a>	179
<a href="#"><u>Water Resources</u></a>	185
<a href="#"><u>Water Treatment Operations</u></a>	193
<b>CAPITAL IMPROVEMENT PROGRAM</b>	
<a href="#"><u>Capital Improvement Program Budget</u></a>	199
<a href="#"><u>Capital Improvement Program Section Summary</u></a>	200
<a href="#"><u>Major Capital Projects</u></a>	201
<a href="#"><u>Minor Capital Projects</u></a>	244
<a href="#"><u>Capital Planning, Studies and Administration</u></a>	245
<a href="#"><u>New Capital Equipment</u></a>	246
<a href="#"><u>Repair and Replacement</u></a>	247
<a href="#"><u>Debt-Funded Projects – Forecast</u></a>	248
<b>LONG-TERM COMMITMENTS</b>	
<a href="#"><u>Wholesale System Long-Term Commitments</u></a>	249
<a href="#"><u>Long-Term Water Supply Contracts</u></a>	249
<a href="#"><u>Debt Issuance</u></a>	250
<a href="#"><u>DWR Variable and Capital Charges – Last Ten Fiscal Years</u></a>	255
<a href="#"><u>Buena Vista/Rosedale Rio Bravo Water Acquisition Estimated Payments</u></a>	256
<a href="#"><u>2008A COP Principal and Interest Payments</u></a>	267
<a href="#"><u>2014A Revenue Bond Principal and Interest Payments</u></a>	258
<a href="#"><u>1999 COP Principal and Interest Payments</u></a>	259
<a href="#"><u>2016A Refunding Revenue Bond Principal and Interest Payments</u></a>	260
<a href="#"><u>2010A COP Principal and Interest Payments</u></a>	261
<a href="#"><u>2015A Revenue Bonds Principal and Interest Payments</u></a>	262
<a href="#"><u>2016A Bond Principal and Interest Payments</u></a>	263
<a href="#"><u>Total Debt Service and Outstanding Principal</u></a>	264



**TABLE OF CONTENTS**  
**FY 2017/18 BUDGET**

**FORECAST**

<a href="#">One Percent Property Tax Revenues – 10-Year Forecast Assumptions</a>	265
<a href="#">Facility Capacity Fee Tax Revenues – 10-Year Forecast Assumptions</a>	266
<a href="#">General Fund – Operating Forecast</a>	266
<a href="#">One Percent Property Tax Revenues – 10-Year Forecast</a>	267
<a href="#">Facility Capacity Fee – 10-Year Forecast</a>	268
<a href="#">Debt Coverage 5-year Forecast</a>	269

**POLICIES**

<a href="#">Statement of Investment Policy</a>	271
<a href="#">Debt Management Policy (Wholesale Water System)</a>	277
<a href="#">Derivatives Policy</a>	283
<a href="#">Disclosure Procedures Policy</a>	287
<a href="#">Governmental Fund Balance Policy</a>	291
<a href="#">Purchasing Policy (Wholesale Water System)</a>	295

**RESOLUTIONS**

<a href="#">Resolution Adopting FY 2017/18 Budget and Amending FY 2016/17 Budget</a>	301
<a href="#">Resolution Adopting Appropriation Limit for FY 2017/18</a>	305

**RETAIL SYSTEM**

**FINANCIAL SUMMARY**

<a href="#">Retail System Financial Summary</a>	307
<a href="#">Santa Clarita Water Financial Summary FY 2017/18 Budget</a>	308
<a href="#">Summary of Personnel Costs</a>	309
<a href="#">Staff Count</a>	310

**RESERVES**

<a href="#">Reserve Funds</a>	311
-------------------------------	-----

**REVENUES**

<a href="#">Retail System Fund Balance Summary</a>	313
<a href="#">Operating Revenues</a>	315
<a href="#">Non-Operating Revenue/(Expense)</a>	319

**OPERATING EXPENDITURES**

<a href="#">Operating Expenditure Summary</a>	323
<a href="#">Source of Supply</a>	328
<a href="#">Pumping</a>	331
<a href="#">Water Treatment</a>	334
<a href="#">Transmission and Distribution</a>	337
<a href="#">Customer Service</a>	340
<a href="#">Engineering</a>	345
<a href="#">Administrative and General</a>	350
<a href="#">Burden and Benefits</a>	355

**PERFORMANCE MEASUREMENT**

<a href="#">Performance Measures</a>	357
--------------------------------------	-----

**TABLE OF CONTENTS**  
**FY 2017/18 BUDGET**

<b>CAPITAL IMPROVEMENT PROGRAM</b>	
<a href="#">Capital Improvement Projects</a>	369
<a href="#">Capital Improvement Program Summary</a>	371
<a href="#">Capital Improvement Program</a>	372
<a href="#">Improvement Projects – Major and Minor Capital</a>	375
<b>LONG-TERM COMMITMENTS</b>	
<a href="#">Retail System Long-Term Commitments</a>	407
<a href="#">2010B COP Principal and Interest Payments</a>	408
<a href="#">2011A USCVJPA Bond Principal and Interest Payments</a>	409
<b>FORECAST</b>	
<a href="#">Revenues</a>	411
<a href="#">Customer Account Growth and Consumption</a>	411
<a href="#">Purchased Water</a>	412
<a href="#">Other Operating Expense</a>	412
<a href="#">Capital Improvement Program</a>	412
<a href="#">Debt Service</a>	412
<a href="#">Financial Summary – 5-year Forecast</a>	414
<a href="#">Active Service Connections – 5-year Forecast</a>	415
<a href="#">Capital Improvement Expenditures – 5-year Forecast</a>	416
<a href="#">Water Supplies and Water Supply Costs – 5-year Forecast</a>	417
<a href="#">Debt Service and Debt Coverage – 5-year Forecast</a>	418
<b>POLICIES</b>	
<a href="#">Reserve Fund Policy (Retail Water System)</a>	419
<a href="#">Debt Management Policy (Retail Water System)</a>	421
<a href="#">Purchasing and Bidding Policy (Retail Water System)</a>	429
<b>RESOLUTION</b>	
<a href="#">Resolution Adopting Retail Budget for FY 2017/18</a>	443

**[This page intentionally left blank.]**

July 1, 2017

Castaic Lake Water Agency  
Board of Directors



Management is pleased to present the FY 2017/18 Budget, which reflects the Castaic Lake Water Agency's planned activities to meet the Agency's mission statement and strategic plan. This FY 2017/18 Budget document combines the financial presentations for the wholesale and retail operations of the Agency, and represents the spending plan for the fiscal year beginning July 1, 2017 and the revenues and resources available to fund the plan. The FY 2017/18 Budget reflects our commitment to providing an affordable, reliable supply of high quality water to our customers. It also serves as a financial plan and operations guide for FY 2017/18. The FY 2017/18 Operating Budgets include modest increases of 3.7% for wholesale operations and 9% for retail operations.

### **AGENCY-WIDE KEY INITIATIVES AND ACTIVITIES**

#### **Key Initiative – Ongoing Conservation Efforts**

During FY 2016/17 and anticipated for FY 2017/18, the Agency takes a well-appreciated break from ongoing drought conditions and state-mandated conservation. On April 7, 2017, the Governor declared an end to the drought and lifted emergency conservation orders. However, the Governor's order kept in place conservation measures that will be a permanent way of life in California, including but not limited to bans on watering lawns within 48 hours of rain and washing cars without a shut-off nozzle on the hose. Water agencies will continue to have to report every month to the California State Water Resources Control Board on how much water is being used. And the Agency is still working 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. Several pieces of new legislation are pending this year which impose additional water use reduction goals on local water providers across the state beyond 2020. The FY 2017/18 Budget continues funding for a variety of conservation programs to meet these requirements.

#### **Key Initiative – Sustainable Groundwater Management Act**

Another outcome of California's historic drought was the 2014 passage of the Sustainable Groundwater Management Act (SGMA). The Agency is cooperating with the local retail water retailers, the City of Santa Clarita and the County of Los Angeles to create a Groundwater Sustainability Agency (GSA). The GSA will be responsible for developing a Groundwater Sustainability Plan (GSP) by 2022 which may impact the quantities of groundwater available during dry years. Activities in progress include continued work with a GSA formation workgroup, numerous meetings and public workshops, development of an MOU to establish the GSA and then working to implement the GSA. The FY 2017/18 budget continues funding for this work.

#### **Key Initiative – Continued Development of Technology to Enhance Agency Operations**

The Agency continues to implement its asset management and Geographic Information Systems (GIS) programs, as well as enhancements to the Utility Billing/Customer Information Systems (UB/CIS).

#### **Key Initiative – Wholesale Capital Improvement Program (CIP) Funding**

The Agency's current CIP for Major Capital projects shows 20 projects being constructed over the next ten years. Assuming the Agency is able to obtain some grant funding for the recycled water projects, this

#### **BOARD OF DIRECTORS**

**PRESIDENT**  
ROBERT J. DIPRIMIO

**VICE PRESIDENT**  
GARY R. MARTIN

E.G. "JERRY" GLADBACH  
DEAN D. EFSTATHIOU  
WILLIAM C. COOPER  
WILLIAM PECSI  
THOMAS P. CAMPBELL  
EDWARD A. COLLEY  
JACQUELYN H. McMILLAN  
R. J. KELLY  
B. J. ATKINS

**GENERAL MANAGER**  
MATTHEW G. STONE

**ASSISTANT  
GENERAL MANAGER**  
VALERIE L. PRYOR

**GENERAL COUNSEL**  
BEST BEST & KRIEGER, LLP

**SECRETARY**  
APRIL JACOBS

*"A PUBLIC AGENCY PROVIDING RELIABLE, QUALITY WATER AT A REASONABLE COST TO THE SANTA CLARITA VALLEY"*

program would require over \$160 million in additional funding. The Agency typically funds Major Capital Projects through the issuance of debt (Minor Capital and Repair and Replacement Projects are funded on a pay-as-you-go basis). At this time, the FY 2017/18 Budget 10-year forecast includes additional debt issuance of \$30.5 million in 2019 and \$39.1 million in 2021 to cover project funding for the next five years. At this time, the ten-year forecast indicates that additional revenue beyond that forecasted from Facility Capacity Fees and the Agency's share of local 1% property tax revenue would be required to support annual debt service payments for additional bond issues in 2023 (\$38.6 million) and 2024 (\$55.2 million) to complete the projects. To continue funding the long-term CIP, the Agency will need to review existing revenue streams, review additional availability of grant funding, consider deferring projects and will likely need to consider additional revenue sources.

The most likely revenue source would be to include a capital component in the Agency's wholesale water rates. This would most likely represent a significant increase in wholesale water rates. It would also be a means for the Agency to add a more significant pay-as-you-go component to its Capital Improvement Program funding, and become less reliant on long-term debt.

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

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 planning and design of four recycled water projects. However, completion of the environmental impact report and planning documents are deferred pending resolution of environmental documentation issues related to the Santa Clarita Valley Sanitation District's (SCVSD) Chloride Compliance Project. The SCVSD is performing additional studies and analyses in response to legal challenge to its Chloride Compliance Project Environmental Impact Report (EIR). SCVSD's schedule for preparation and adoption of a revised EIR is unknown at this time. The SCVSD work is impacting the Agency's Recycled Water Program activities, including adoption of the Recycled Updated Water Master Plan and Preliminary EIR. The Agency is processing CEQA documentation and final design for the four Recycled Water Phase II projects in preparation for grant application processes. Agency staff is actively pursuing grant funding to help offset project costs. The Phase 2 projects will add approximately 2,400 AFY of recycled water capacity to the existing 475 AFY Phase 1 recycled water system. The wholesale portion of the Agency will construct the Phase II backbone projects, and the retail portion of the Agency will construct and operate Phase 2B – Vista Canyon.

### **Key Initiative – New Water District**

After a year of study and public discussion, on December 13, 2016, the respective Boards of the Castaic Lake Water Agency and the Newhall County Water District voted to seek legislation to create a new public water district for the region. On February 17, 2017, State Senator Scott Wilk of California's 21st District introduced Senate Bill 634, the Santa Clarita Valley Water District Act (Act). The Act is required to create the new water District, and the Agency and NCWD would become part of the new District. The bill is currently being reviewed by various legislative committees. NCWD and CLWA anticipate the bill will be enacted in 2017 with implementation to take place in 2018. This FY 2017/18 Budget does not reflect any potential operational changes related to this effort. The FY 2017/18 Wholesale System budget includes funds for the implementation of a new district, but does not anticipate any operational changes due to the new district.

### **Staffing Changes**

The Proposed FY 2017/18 includes the following staffing changes. For Agency-wide positions, the proposed FY 2017/18 Budget includes one new position of Assistant General Manager and one new position of Human Resources Analyst as approved by the Board of Directors on March 22, 2017, allocated to both wholesale and retail operations. For Wholesale Operations positions, one new position of Principal Water Resources Planner and one new position of Accounting Technician II as approved by the Board of Directors on March 22, 2017, as well as an upgrade of one Public Affairs Specialist III position to a Public Information Officer as approved by the Board of Directors on March 22, 2017 and

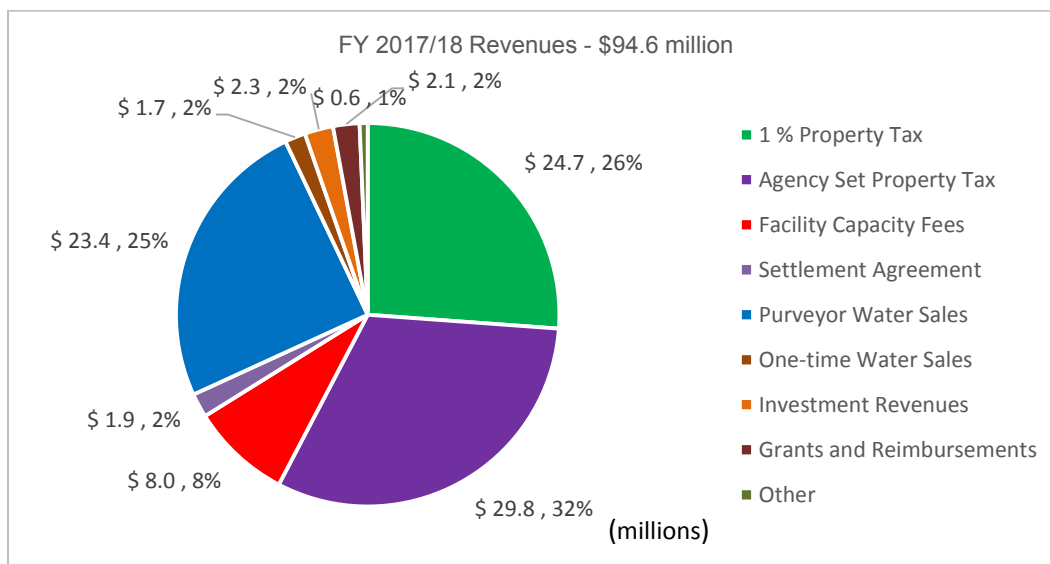


reallocation of one position of Water Conservation Education Specialist to Event Coordinator to support outreach activities. For Retail Operations Positions, one new position of Senior Instrumentation Technician to support SCADA operations and a reallocation of one Senior Engineer to Principal Engineer.

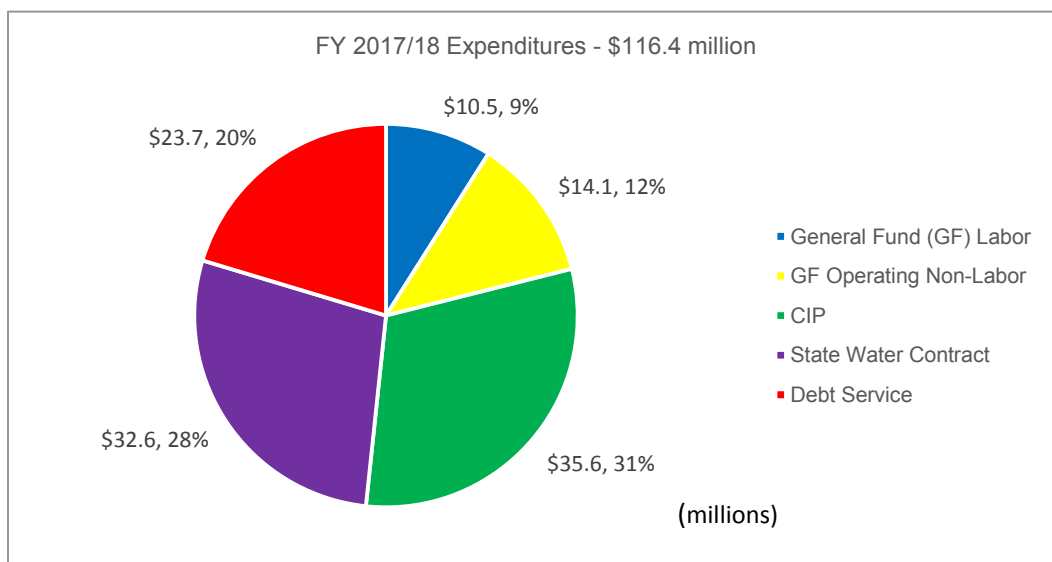
Total staffing will be 145 positions, of which 78 are assigned to wholesale operations, 59 to retail operations and eight (8) shared Agency-wide.

**FY 2017/18 BUDGET AND PROGRAMS FOR WHOLESALE SYSTEM**

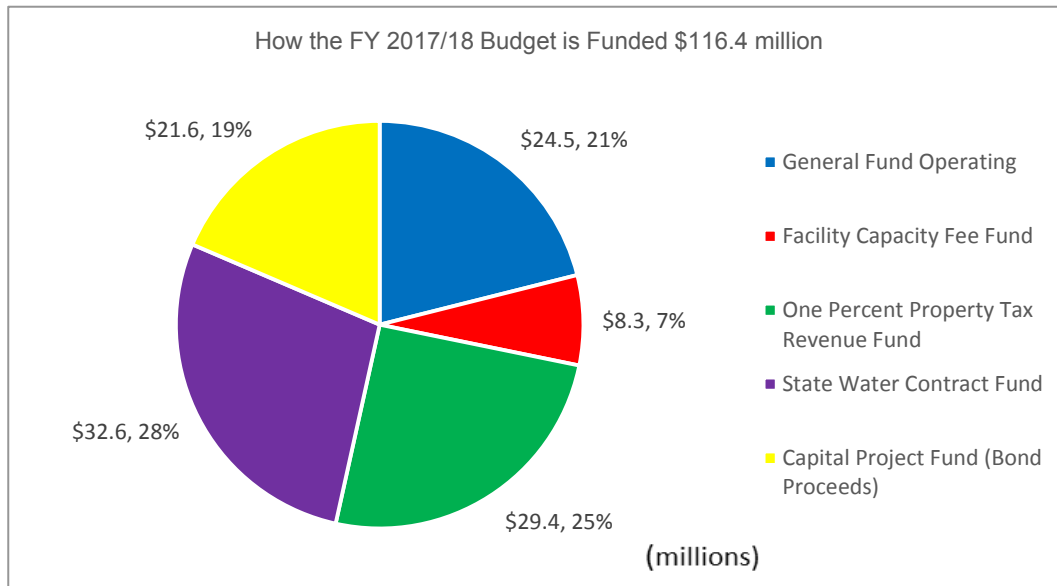
The total revenues of \$94.6 million are comprised of \$29.8 million in Agency-set property tax revenues, \$24.7 million in one percent property tax revenues, \$23.4 million in water sales based on retail purveyor FY 2017/18 requests of 45,650 acre-feet (AF), \$1.6 million for one-time sales of surplus water to other agencies, \$8.0 million in Facility Capacity Fees, \$2.3 million in investment revenues, \$2.1 million in grants and reimbursements, \$1.9 million from perchlorate contamination settlement agreement reimbursements and approximately \$800,000 in other revenues.



Total expenditures for FY 2017/18 are budgeted at \$116.4 million and are comprised of General Fund/Operating Budget expenditures of \$24.5 million, debt service payments of \$23.7 million, State Water Contract Fund expenditures of \$32.6 million and capital improvement program (CIP) expenditures of \$35.6 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 2017/18 are very similar to those of FY 2016/17.

- ◆ Based on local water retail purveyor requests for FY 2017/18, variable rate water revenue is projected to be \$9,052,700. However, to be fiscally conservative, the budget only assumes \$8,000,000 in variable rate revenue. Fixed and variable water revenues are budgeted at \$22.6 million.
- ◆ The Agency's assessed valuation is projected to increase by 5 percent, a similar increase as in FY 2016/17, resulting in modest increases in one percent property tax revenues and the Agency-set tax revenue that funds SWP expenditures. The FY 2017/18 Budget does not anticipate any change in the Agency-set tax rate.
  - Agency-set Tax Revenues increase from \$28.4 million to \$29.8 million.
  - One Percent Property Tax Revenues increase from \$23.5 million to \$24.7 million.
- ◆ Facility Capacity Fee revenues are budgeted at \$8 million, the same as estimated revenues of \$8 million in FY 2016/17. The 2017 Facility Capacity Fee study is underway and may result in changes to the fees and revenue stream.
- ◆ Grants and Reimbursements Revenues are projected to be \$2.1 million, consisting principally of:
  - \$1.0 million for the Foothill Feeder Project.
  - \$700,000 million for the Rosedale Rio Brave Extraction Project.
  - \$200,000 for Saugus Dry Year Reliability Wells.

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

The proposed FY 2017/18 General Fund/Operating Budget has a modest increase of 3.7%, from \$23,680,100 to \$24,546,700, which is consistent with the current wholesale water rate structure. The Operating Budget does not include any new programs or initiatives but continues current programs. The Operating Budget does include four new positions as approved by the Board of Directors on March 22, 2017. These positions are to address current programs and workload and are consistent with the current wholesale water rate schedule. The significant components of the General Fund/Operating Budget are:

- ◆ One new position of Assistant General Manager in the Management Budget as approved by the Board of Directors on March 22, 2017 (\$300,000).
- ◆ Two new positions in accounting and human resources in the Administration Department as approved by the Board of Directors on March 22, 2017 (\$100,000).
- ◆ In the Water Resources Department, one new position of Principal Water Resources Planner (\$109,000) and upgrade of a Public Affairs Specialist III position to a Public Information Officer (\$36,000) as approved by the Board of Directors on March 22, 2017.
- ◆ Reduced funding for the Water Resources Department BMP Implementation account due to reduced demand for water conservation activities and deferral of a drought outreach campaign (reduction of \$850,000).
- ◆ Continued transfer of 550 AF of BV/RRB water from the Capital Budget to the Operating Budget and an increased cost based on a ten-year contractual adjustment (\$986,600).
- ◆ Placeholder funds for grant administration activities pending the results of an organizational study (\$70,000).
- ◆ Reduced funding for Water Treatment Operations Electricity – Treatment Plants based on solar project credits (reduction of \$152,000).
- ◆ Increased funding for Recycled Water Purchase for the grading of Mission Village of the Newhall Ranch project (\$135,000).

### **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. This is considered an Interfund loan, and future Facility Capacity Fees will repay the one percent property tax revenue fund with interest. Facility Capacity Fee revenues and the future of the Interfund Loan will be addressed during the upcoming 2017 Facility Capacity Fee Study.

	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>	16,884,533	4,814,418	12,070,115	329,806	38,302,092
<b>Adjustment*</b>					32,969,652
<b>FY 2016/17</b>	18,510,600	5,296,000	13,214,600	330,000	46,514,252
<b>FY 2017/18</b>	20,395,600	5,263,500	15,132,100	350,000	61,996,352

\*Adjustment for final allocation of 2011A bonds.

### **Capital Improvement Program**

The FY 2017/18 Budget for Major Capital Projects is \$23.2 million, based on significant construction on the following projects: Distribution System – RV-2 Modifications, ESFP Clearwell/CT Improvements, ESIPS Pipeline Improvements, Foothill Feeder Connection and the Rosedale Rio-Bravo Extraction project. The Budget also includes continued funding for design of recycled water projects.

### **FY 2017/18 BUDGET AND PROGRAMS FOR RETAIL SYSTEM**

#### **Operating Revenues**

Operating Revenues for FY 2017/18 are based on an increase in consumption of eight (8) percent from Estimated FY 2016/17 Revenues plus 10 percent for major development grading operations for a total

increase in consumption of 18 percent. Consumption is anticipated to increase due to Governor Brown's declaration that the Drought State of Emergency in most of California which includes Santa Clarita ended on April 7, 2017.

Total Operating Revenues are \$36.2 million, an overall anticipated increase of 15 percent from last year's \$31.5 million Estimated Revenues. The net increase is due to a projected 1.6 percent growth in accounts from new development and anticipated overall higher water consumption by 18 percent. There is no rate increase in the FY 2017/18 budget so the rates remain the same as FY 2016/17.

Currently SCWD is in the process of performing a rate study analyzing a revised rate structure and providing for rate adjustments to reflect increases in Wholesale Purchased Water rates. On April 1, 2016, CLWA changed the Purchased Water rate structure effective through December 2018. SCWD has been absorbing the increased purchased water costs since April 1, 2016. The current rate study will provide for passing-through wholesale water rate increases.

### **Operating Expenditures**

Total Operating Expenditures included in the FY 2017/18 Budget are \$27.5 million, an increase of \$2.3 million or 9 percent, from FY 2016/17 Estimated. Six percent (6) percent of the \$2.3 million increase is attributable to an increase in water demand. The major changes to the Budget are as follows:

- ◆ Increase of \$1,049,300 for Purchased Water, based on an anticipated increase in water demand and increased costs for wholesale water purchases (increase of \$1,386,900) offset by an increased use of groundwater reducing purchased water from 91% to 84% (337,600).
- ◆ Increase of \$487,800 for labor for a new position of Senior Instrumentation Technician to provide SCADA support, full year funding of positions previously vacant and projected increases in medical insurance premiums which includes \$89,400 for cost of living adjustment of two percent.
- ◆ Increase of \$365,200 in outside services for additional engineering services for GIS surveys and CEQA documentation and to provide for emergency repair services.
- ◆ Increase of \$100,000 for a new position of Assistant General Manager and one Human Resources Analyst as approved by the Board of Directors on March 22, 2017.

### **Operating Income**

Operating Income is expected to increase to \$8.7 million in FY 2017/18 from \$6.3 million FY 2016/17 estimated due to higher revenues as discussed in the Operating Revenues section. Operating Income provides funds for non-operating activities, debt service payments for Certificates of Participation (COP) and Revenue Bonds, partial funding for FY 2017/18 CIP programs excluding expansion funds and FY 2017/18 reserve targets. Additional funding for the CIP programs will be funded by utilizing some of the unrestricted reserve fund balance.

### **End of the Drought**

Although Governor Brown rescinded the drought proclamation which began in January 2014, several years of strict conservation targets have become a way of life for most Southern Californians. Certain State Water Resources Control Board (SWRCB) water restrictions are still in effect including no watering within 48 hours following measurable precipitation and using hoses with no shut off nozzle to wash cars. Additional water restrictions are listed in Section 3 of SCWD's Ordinance No. 44 on SCWD's website. SCWD encourages customers to continue to conserve water while "making water conservation a California way of life".

### **Utility Billing/Customer Information System (UB/CIS)**

On July 1, 2017, the new UB/CIS automation module will be implemented to automate the billing, refund and collection processes.



## **Asset Management Program**

SCWD proactively manages its utility assets through an on-going repair and replacement program and by following the recommendations from the 2013 Water Master Plan. Each year, SCWD staff prepares a 10-year budget forecast that includes numerous projects to repair and replace infrastructure based on age, condition, risk and criticality. For example, projects may include replacing pipelines, replacing pressure reducing stations, recoating tanks, rehabilitating wells, upgrading production meters, upgrading control systems, and installing automatic meter reading on customer meters.

SCWD is developing a Geographic Information System (GIS) that will include an asset database as an important tool for proactively managing our assets, such as keeping track of infrastructure age, condition, replacements, upgrades, etc. The first phase was completed in FY 2016/17 with the purchase and installation of ArcGIS software and creating base maps of the SCWD water system from existing AutoCAD maps. The next phase will include setup of a structured database to allow staff to start developing the asset database. In the future, the program may include developing other Asset Management tools such as a Computerized Maintenance Management System (CMMS) and a new Financial Information System (FIS) to support decision making to enhance SCWD infrastructure management.

## **Capital Improvement Program**

The FY 2017/18 CIP Budget totals \$7.1 million and includes capital improvement projects to add or upgrade water system facilities for improved service and system reliability. All the FY 2017/18 CIP Budget will be funded by Operating Income, Expansion Funds and Unrestricted Funds. The majority of the CIP is for repair and replacements projects including well upgrades, booster and pressure regulating station upgrades, chlorinator upgrades, tank coating and pipeline replacements.

In FY 2014/15, SCWD started the implementation of an Automated Meter Reading (AMR) system which will continue in phases until it is implemented system-wide in FY 2018/19. The progress and schedule of the AMR system for existing meters is as follows:

- ◆ FY 2014/15 – completed approximately 12,775 meters, 45% of total
- ◆ FY 2015/16 – completed approximately 6,809 meters, 24% of total
- ◆ FY 2016/17 – completed approximately 4,270 meters, 15% of total
- ◆ FY 2017/18 – scheduled to complete 1,700 meters, 6% of total
- ◆ FY 2018/19 – scheduled to complete 2,976 meters, 10% to complete total

In FY 2017/18 SCWD will perform a pilot program for an Advanced Metering Infrastructure (AMI) system. The AMI system will automate meter reading in real time for increased meter reading accuracy. The system will help improve SCWD's asset management and will reduce administrative and operational expenses for meter reading.

A new booster station will be designed in FY 2017/18 to increase the flow capacity from the North Oaks zone into the Deane zone. One pressure regulating station will be rebuilt at Rainbow Glen at Sierra Highway. The Honby No. 1 Tank exterior, Bouquet Tank exterior and the Deane No. 1 Tank exterior will be recoated. SCWD also plans to install five earthquake seismic sensors on five tanks that will automatically detect a seismic event and shut off the appropriate valves to avoid tank drainage.

One new pipeline will be designed at the SC-12 (import water connection). This Warmuth Road pipeline to Sand Canyon Road will improve flows into the Placerita zone.

Two new pipelines will be constructed; one at Rainbow Glen (WMP pipe #5) and one in the West Newhall Alley to replace aging pipelines.

Construction of a new pipeline is expected to start in FY 2017/18 to provide water service to the Los Angeles Residential Community (LARC) and other customers along North Bouquet Canyon Road, with

grant funds for the LARC portion anticipated from the State Water Resources Control Board (SWRCB). Phase 2B of the recycled water system located in the Fair Oaks area will be designed and construction will be started in FY 2017/18 with wholesale funds for the backbone pump station, storage tank, and piping, and retail funds for the recycled distribution piping.

## **AGENCY-WIDE ONGOING PROGRAMS AND PLANNING DOCUMENTS**

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

As identified in recent budgets, the Agency's infrastructure continues to expand. While no significant new facilities are coming online in FY 2017/18, 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 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'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% 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 that was approved in 2016. It is anticipated that a Record of Decision/Notice of Decision will be in place by December 2017.

While there is support for BDCP/Cal WaterFix project, plans are currently in flux and environmental review is ongoing. In addition, several regulatory and legal requirements must be met prior to any

construction. Because of this uncertainty any improvements in SWP supply reliability or other benefits that could result from this proposed project are not included in the Agency's 2015 UWMP. 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 SWP is also impacted by the damaged Oroville Spillway. The emergency response to date and ongoing repairs and replacement will likely have significant costs. The Agency will be responsible for its share, which will be determined after review of project purposes, availability of Federal Emergency Management Agency (FEMA) funding and other available funding. The current costs are being funded by available debt financing and will not be included in the Agency's FY 2017/18 Budget. The FY 2017/18 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, 2015 Urban Water Management Plan, Integrated Regional Water Management Plan (IRWMP), CLWA Reliability Plan, the Communications Strategic Plan, 2014 Facility Capacity Fee Study, the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP), the SCWD Organizational Assessment and Asset Management Program Gap Analysis Report and the SCWD Water Master Plan. The FY 2017/18 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.

### **Agency-wide Positions Cost Allocation**

The Agency allocates certain Agency-wide shared positions to both wholesale and retail budgets. The allocation of staff is updated each year through the budget process and is largely based on a percentage of shared Full-Time Employee (FTE) positions. The shared positions for FY 2017/18 are as follows:

- ◆ Human Resources/Safety: Human Resources/Risk Management Supervisor, two Human Resources Analysts, Administrative Technician (Human Resources) and Safety Officer. These positions are allocated 55% to wholesale and 45% to retail operations. Charges include labor, benefits and other indirect costs.
- ◆ Information Technology: Senior Information Technology Technician and Information Technology Technician. These positions are allocated 55% to wholesale and 45% to retail operations. Charges include labor, benefits and other indirect costs.
- ◆ Senior Accounting Technician II (Payroll). This position is allocated 50% to wholesale and 50% to retail operations. Charges include labor, benefits and other indirect costs.
- ◆ Facilities. All four positions in the Facilities section charge actual time worked on SCWD projects to retail operations. Charges include labor and benefits.
- ◆ Controller. This position is allocated 67% to wholesale 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 22.5% to retail operations (half of 45%). Charges include labor, benefits and indirect costs.
- ◆ Assistant General Manager. This position is assumed to spend 50% of time supervising the above functions, and is allocated 22.5% to retail operations (half of 45%). Charges include labor, benefits and indirect costs.

## Major Accomplishments

During FY 2016/17 we:

- ◆ Supported the Board and Ad Hoc Committee in the CLWA/NCWD Ad Hoc Committee process to achieve the “Principles for Moving Forward.”
- ◆ Continued to implement Board strategic plans for CLWA and SCWD.
- ◆ Received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the Agency’s FY 2016/17 Budget (11<sup>th</sup> consecutive year), as well as SCWD’s FY 2016/17 Budget (6<sup>th</sup> consecutive year).
- ◆ Received the Excellence Award for its Operating Budget from the California Society of Municipal Finance Officers (CSMFO) for the Agency’s FY 2016/17 Budget (10<sup>th</sup> consecutive year), as well as SCWD’s FY 2016/17 Budget (6<sup>th</sup> consecutive year).
- ◆ Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the Agency’s FY 2015/16 Comprehensive Annual Financial Report (CAFR) (12<sup>th</sup> consecutive year).
- ◆ Reviewed and recommended revisions to the Agency’s vacation accrual policy.
- ◆ Initiated construction of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project.
- ◆ Completed design of the Earl Schmidt Intake Pump Station Pipeline Improvements Project.
- ◆ Replaced clarifier and filter flow meters at Earl Schmidt Filtration Plant.
- ◆ Completed the fourth phase installation of the Automated Meter Reading (AMR) system.
- ◆ Participated in efforts to implement the Sustainable Groundwater Management Act including formation of a groundwater sustainability agency for the Santa Clarita Valley.
- ◆ Completed the Deane No. 2 tank interior coating replacement/retrofit.
- ◆ Completed the Placerita No. 2 tank interior coating replacement/retrofit.
- ◆ Completed upgrade of the Placerita Canyon pressure regulating valve (PRV).
- ◆ Completed upgrade of the Whites Canyon/Americana (PRV).
- ◆ Completed upgrades for the Clark Well based on the ARC Flash study.
- ◆ Completed first phase of earthquake valve retrofit on tanks.
- ◆ Completed Mesa Bridge and Tank road.
- ◆ Completed the fourth phase installation of the AMR System by installing approximately 4,270 AMR meters (14% of system). Approximately 84% of system has been converted to date.

## Objectives

During FY 2017/18 we will:

- ◆ Support efforts to create and implement a new valley-wide water district for the Santa Clarita Valley
- ◆ Be a guiding vision for the new district.
- ◆ Develop a transition plan for providing services.
- ◆ Develop a transition plan for phasing and key milestones.
- ◆ Continue to support the Board and Ad Hoc Committee in the CLWA/NCWD Ad Hoc Committee process to achieve the “Principles for Moving Forward.”
- ◆ Continue to (1) provide General Manager-to-staff communications and quarterly employee newsletters and (2) hold employee meetings updating all employees of important events and news.
- ◆ Increase public understanding of water issues; raise awareness of and demand for conservation programs including:
  - Water conservation campaign(s) and related media buys.
  - Public and school educational programs.
  - Participation at public events.
  - Agency website, e-newsletter and social media.
  - Self-guided landscape tour.
  - Conservatory Garden.
- ◆ Complete the 2017 Water Supply Reliability Report Update.



- ◆ Participate in development and implementation of the California WaterFix, including:
  - Supporting interim financing of design and planning activities.
  - Supporting regulatory decisions that improve water supply reliability of the SWP in absence of California WaterFix.
- ◆ Participate in efforts to implement the Sustainable Groundwater Management Act for the Santa Clarita Valley.
- ◆ Implement dry-year recovery project for the Rosedale-Rio Bravo Water Storage District Water Exchange and Banking Program.
- ◆ Continue to implement and assess programs identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan (SCV WUE SP).
- ◆ Monitor and provide input into Governor's proposed new water efficiency targets (beyond 20% by 2020).
- ◆ Pursue federal funding for perchlorate contamination clean-up and recycled water projects in coordination with Washington, D.C. legislative advocate.
- ◆ Enhance customer outreach through web-based and social media programs.
- ◆ Participate in a Vendor Outreach program with the City of Santa Clarita.
- ◆ Select an actuarial consultant to prepare the other postemployment benefit (OPEB) valuation for the implementation of GASB 75.
- ◆ Implement redundant gateway routing for network communications.
- ◆ Implement electronic benefits enrollment.
- ◆ Conduct live confined space entry and rescue drill.
- ◆ Initiate design of Groundwater Treatment Improvement Project.
- ◆ Complete design of the Earl Schmidt Intake Pump Station Pipeline Improvements Project.
- ◆ Initiate construction of the Earl Schmidt Intake Pump Station Pipeline Improvements Project.
- ◆ Complete final design of the South End Recycled Water Project (Phase 2C).
- ◆ Complete final design for the West Ranch Recycled Water Project (Phase 2D).
- ◆ Complete 2017 Facility Capacity Fee (FCF) Study and adopt new FCFs.
- ◆ Complete construction of permanent Foothill Feeder connection project.
- ◆ Complete design and bidding of Water Pipeline to LARC.
- ◆ Implement next phase of GIS by setting up structured database and migrating attribute data from base maps.
- ◆ Complete the fifth phase installation of the Automated Meter Reading (AMR) System.
- ◆ Complete Well Mag meter upgrade program.
- ◆ Prepare and Implement formal Meter Testing Program / Schedule for Large Customer Meter and Production Meters.
- ◆ Implement revised retail water rates.
- ◆ Complete design and bidding of Water Pipeline to LARC Ranch, and start construction pending approval of grant funds for LARC's portion.
- ◆ Prepare design of new Deane Zone Storage Tank.
- ◆ Conduct CEQA Initial Study for new Placerita Zone Storage Tank.
- ◆ Prepare design of Phase 2B Recycled Water backbone pipeline and tank, and distribution Pipeline, and start construction.
- ◆ Construct new pipeline in Rainbow Glen Drive.
- ◆ Construct new intertie with NCWD at Gary Drive.
- ◆ Complete design of pipeline in Warmuth Drive from SC-12 to Sand Canyon Road.
- ◆ Implement next phase of GIS by setting up structured database and migrating attribute data from base maps.
- ◆ Develop and configure water system hydraulic model.
- ◆ Complete Cost of Service Rate Study.
- ◆ Implement approved rates based on the new cost of service study.
- ◆ Implement adjusted capacity fees based on the Engineering News Record (ENR), Los Angeles Region Construction Cost Index (CCI) effective January 1, 2018.
- ◆ Replace regulatory pressure relief valves at ESFP and RVWTP.
- ◆ Repair/recoat ESFP clear wells interior coating.
- ◆ Continue providing effective wholesale water service to Los Angeles. County Waterworks District #36.

**Conclusion**

The proposed FY 2017/18 Budget is not only a financial document but also a planning tool for the upcoming year. The Budget provides a strategy to address current needs and to focus on future needs while being fiscally responsible. The FY 2017/18 Budget reflects our commitment to providing an affordable, reliable supply of high quality water to our customers and to supporting the priorities and policies articulated by the Board of Directors.

Sincerely,



Matthew G. Stone  
General Manager



Valerie L. Pryor  
Assistant General Manager



Keith Abercrombie  
Retail Manager



Elizabeth Ooms-Graziano  
Retail Administrative Officer

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

### **History and Development of the Santa Clarita Valley and the Agency**

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.

Rich in Old West history, the Santa Clarita Valley boasts tales of Native American tribes, Spanish soldiers and Mexican bandits, gold discovery and oil strikes, railroads and ranches, a horrible dam failure and cowboy movie stars. Today, the Santa Clarita Valley is a fast-growing and vibrant community.

Now, as in the beginning, the fundamental key to a thriving community is a stable water supply. While the Santa Clara River historically provided alluvial groundwater for agriculture and livestock, this source could not provide a year-round supply. At the turn of the twentieth century, the area's needs were met with the advent of the deep-well turbine pump.

While the area remained primarily agricultural through the 1950's, the local communities secured additional water for municipal growth. In 1960, voters approved the California State Water Project (SWP) to import water to Central and Southern California. 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 began delivering SWP water in 1980.

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 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 September 3, 1999, the Agency purchased the stock of the Santa Clarita Water Company by investing \$63 million into the 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 serves over 31,000 connections in a service area of approximately 55 square miles with a population of approximately 124,489. SCWD has 59 budgeted full-time employees.

On December 21, 2012, the Agency purchased the stock of the Valencia Water Company by investing \$58.8 million into the Company. VWC operates as a separate corporate entity.

### **Mission Statement**

The Agency's mission is:

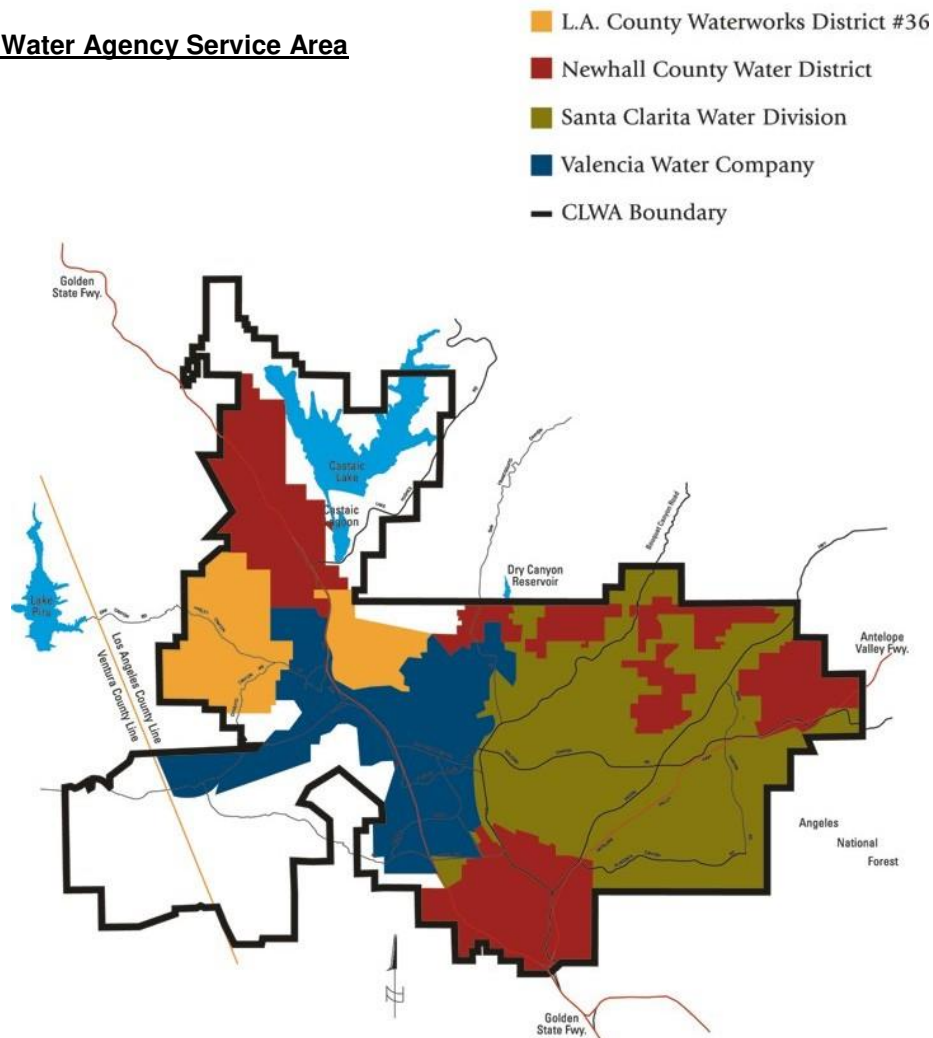
*“Providing Reliable, Quality Water at a Reasonable Cost to the Santa Clarita Valley”*

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**



## **History and Development of Santa Clarita Water Company**

The origins of the Santa Clarita Water Division (SCWD) began when the Bonelli family started a small water company in 1949 called the Bouquet Canyon Water Company, a public utility water company regulated by the California Public Utilities Commission. Bouquet Canyon Water Company initially had three service connections, 2,888 feet of pipe, one well capable of producing 900 gallons per minute (GPM), and 200,000 gallons of tank storage. The original service area of Bouquet Canyon Water Company totaled 223 acres and was situated along San Francisquito Canyon Road (now Seco Canyon Road) at Bouquet Canyon Road. The Bonelli family started a second water company in 1956 called the Solemint Water Company. The Solemint Water Company started with 78 service connections, 24,479 feet of pipe, two wells capable of producing 1,325 GPM and 100,000 gallons of storage. At that time, the Solemint Water Company service area was several hundred acres mostly in the Canyon Country, Placerita Canyon and Sand Canyon areas.



*SCWD pre 1978*

In 1973, a merger of Bouquet Canyon Water Company and Solemint Water Company was approved by the California Public Utilities Commission. In the merger agreement, the consolidated companies were renamed the Santa Clarita Water Company (SCWC). At the time of the merger, SCWC had a combined total of 8,736 service connections, 650,000 feet of pipe, 19 wells capable of producing 16,000 GPM and 8 million gallons of storage.



*SCWD 1978 – 2011*



## **Santa Clarita Water Division**

In 1999, the Agency purchased SCWC, and the name was changed to Santa Clarita Water, a Division of Castaic Lake Water Agency. The service area at the time of acquisition included about 20,000 service connections, 12 groundwater production wells and 39 storage tanks.



*SCWD today since February 2011*

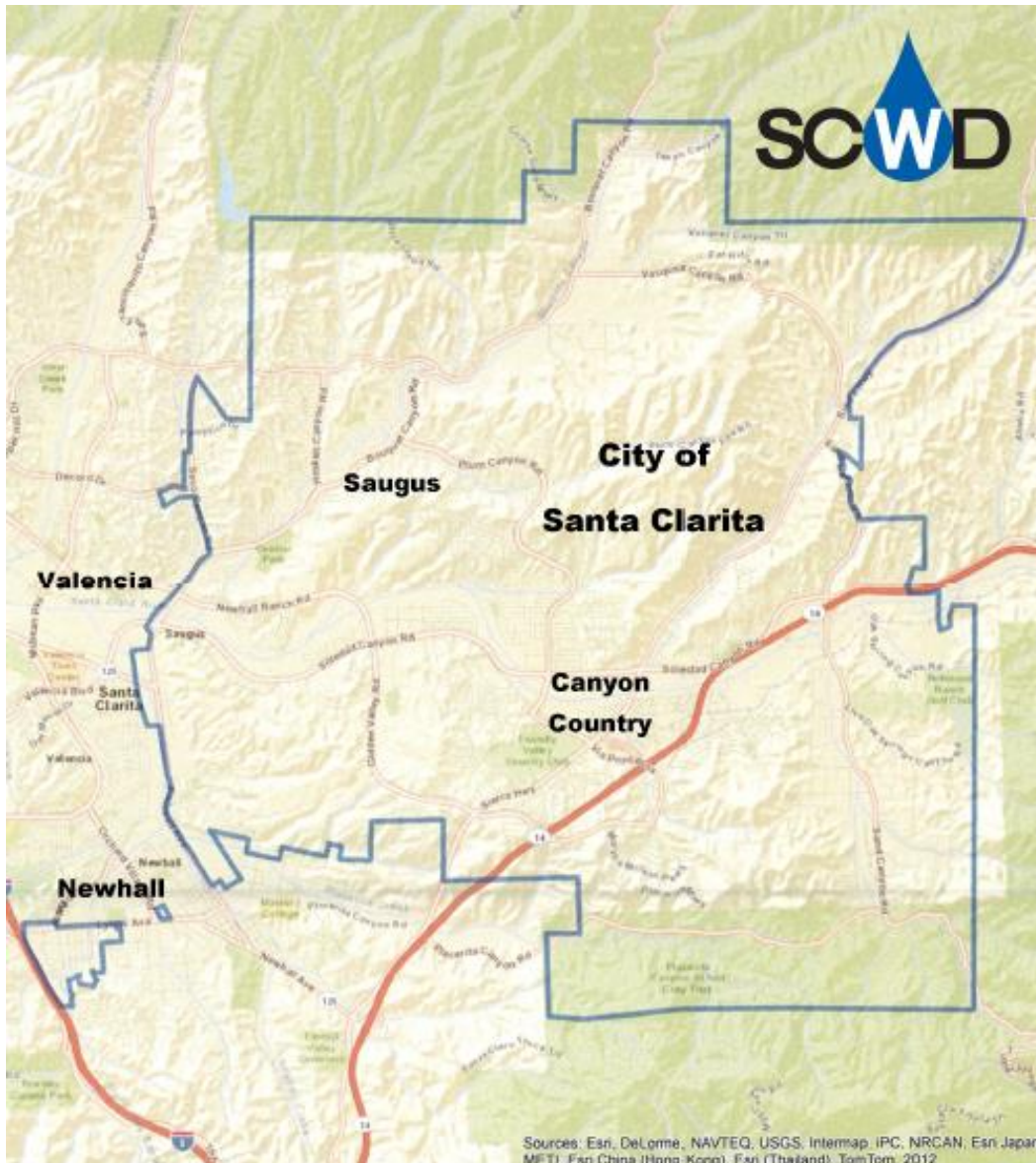
Today, SCWD is a retail water purveyor operating a service area that includes a portion of the City of Santa Clarita and unincorporated portions of Los Angeles County in the communities of Saugus, Canyon Country and Newhall. SCWD water supplies include local groundwater and water imported by CLWA. Groundwater constitutes approximately 15-40 percent of SCWD's water supply and comes from local wells that extend into the Alluvial Aquifer and Saugus Formation. Existing land use within the SCWD service area is made up primarily of residential customers which consist of approximately 95 percent of the customer base and 5 percent for commercial, industrial and other users including public authorities, irrigation, government, institutional and fire services.

SCWD's system consists of the following facilities:

- ◆ 13 Imported Water Turnouts
- ◆ 14 groundwater wells
- ◆ 29 booster stations
- ◆ 18 pressure zones and 19 subzones
- ◆ 48 water storage tanks
- ◆ 76 million gallons of water storage
- ◆ 340 miles of pipeline

## **Santa Clarita Water Division Service Area**

The SCWD service area covers an area of approximately 55 square miles, including the unincorporated communities of Canyon Country, Saugus, Newhall and portions of the City of Santa Clarita. SCWD serves approximately 31,300 service connections in a service area of approximately 55 square miles with a population of approximately 124,489.



**Castaic Lake Water Agency Wholesale Water Service**

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 2017/18, it is estimated that a total of 45,650 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>21,200</b>
<b>Valencia Water Company</b>	<b>19,550</b>
<b>Newhall County Water District</b>	<b>4,400</b>
<b>L.A. County Waterworks District #36</b>	<b>500</b>
<b>Total FY 2017/18 Estimated Deliveries to Purveyors</b>	<b>45,650</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. Subsequently, perchlorate treatment facilities were added and Saugus 1 and 2 are now operated to deliver treated 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, 2016, the retail purveyors served 73,783 connections, as follows:

Retail Water Purveyor	Connections
<b>CLWA Santa Clarita Water Division</b>	<b>31,224</b>
<b>Valencia Water Company</b>	<b>31,485</b>
<b>Newhall County Water District</b>	<b>9,729</b>
<b>L.A. County Waterworks District #36</b>	<b>1,345</b>
<b>Total Connections</b>	<b>73,783</b>

As previously discussed, in December 2012, the Agency acquired the stock of the Valencia Water Company (VWC).

### **Wholesale 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 three 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 currently deliver at least 42 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.
- ◆ RWWTP – 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 RWWTP 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 RWWTP 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 RWWTP.

The Castaic Conduit serves as the pipeline connection between ESFP and RWWTP. 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 nominal 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 RWWTP 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 and exchanges 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**

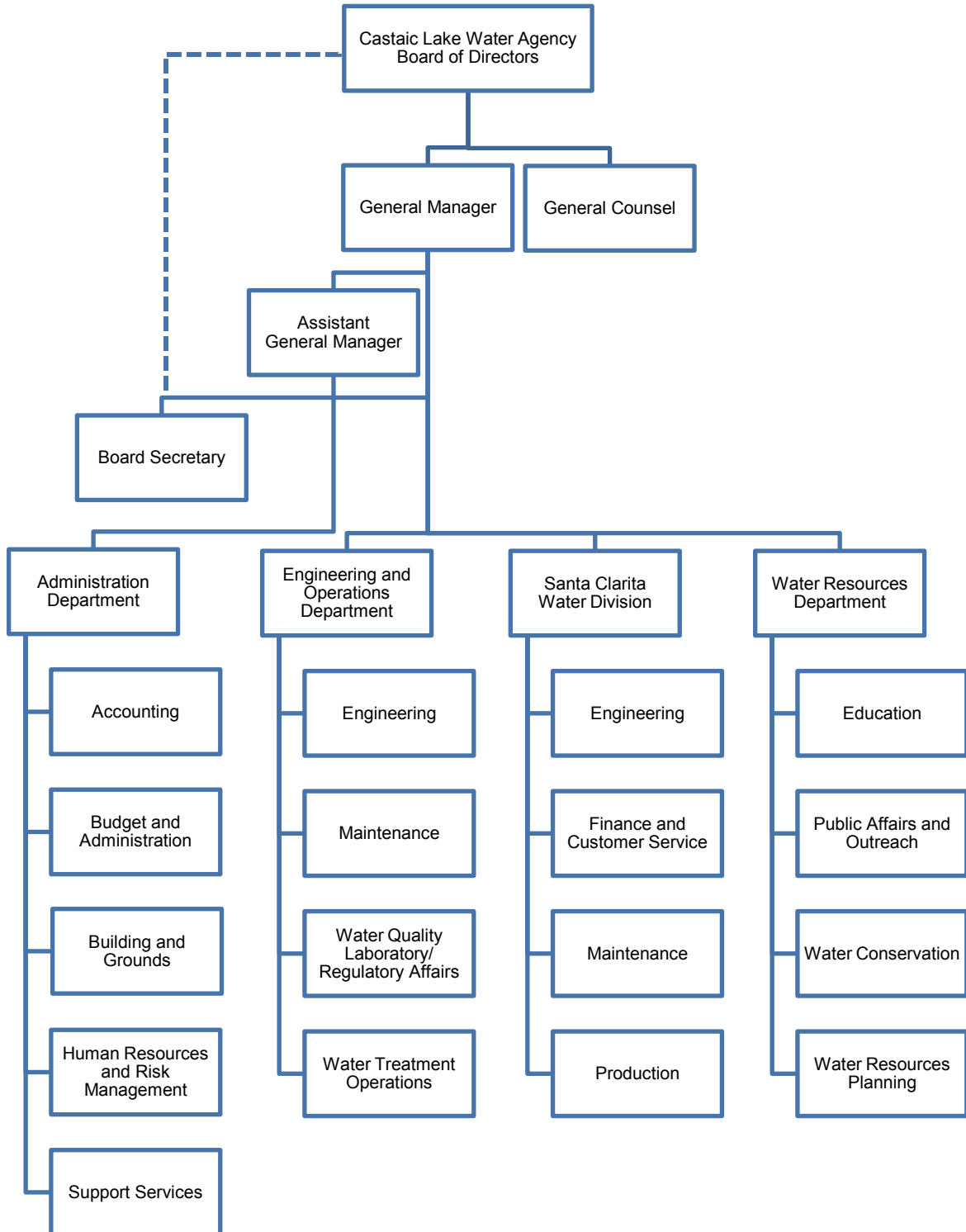
The Agency is divided into three elective divisions. The governing board is made up of two Directors from each division, three Directors at large, and one Director appointed by two of the retail water purveyors (Newhall County Water District and Los Angeles County Waterworks District #36). As of January 2017, the Agency's governing board consisted of the following individuals:

<b>Director</b>	<b>Division</b>	<b>Term Expires</b>
Thomas Campbell	At Large	January 2019
William Cooper	At Large	January 2021
Gary R. Martin, Vice-President	At Large	January 2019
Ed Colley	1	January 2019
R.J. Kelly	1	January 2021
Robert J. DiPrimio, President	2	January 2019
E.G. "Jerry" Gladbach	2	January 2021
Jacque McMillan	3	January 2019
William Peci	3	January 2021
Dean Efstathiou	L.A. County WWD #36	January 2019
B.J. Atkins	NCWD	January 2021



# ORGANIZATION CHART

## Agency Organization



## **Wholesale Revenue Sources**

The Agency's wholesale 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). 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 Wholesale system, except the Agency-set tax revenues and corresponding interest, are irrevocably pledged to the payment of Wholesale System Debt.

## **Retail Revenue Sources**

SCWD's revenue sources are as follows:

- ◆ **Retail Water Sales** – SCWD processes bills for approximately 31,000 customers on a monthly basis which consists of a fixed monthly service charge and a variable water usage commodity charge. The commodity charge is for water usage or consumption and is a combination of ground water pumped from production wells and imported water purchased from CLWA. The rates for the Service Charge vary based on the meter size, whereas the Commodity Charge is a tiered rate structure for all single family residential (SFR) customers which varies based on the amount of water used in hundred cubic feet (Ccf). SCWD also has a uniform rate structure per Ccf of water used for irrigation customers as well as for all other customers. The Commodity Charge includes SCWD's water usage charge and pass-through charges for CLWA's purchased water.

The retail water sales revenues are used to pay for operating expenses, capital improvement projects and to fund reserve target levels.

- ◆ **Miscellaneous Fees** – The miscellaneous fees revenues include penalties for late payment, termination of water service, meter tampering and illegal connection. Fees for miscellaneous services are utilized to recover material costs and staff time.

- ◆ **Capacity Fees** – The Capacity Fees are paid by developers and the revenues are used for expansion-related capital improvement projects. This source of revenue is difficult to project due to its heavy reliance on developers’ plans, which, in turn, are based on fluctuating real estate markets. The Capacity Fees revenues are not included as part of the Operating Revenues budget.
- ◆ **Drought Penalties** – Any drought penalties revenue generated from violations of Ordinance No. 44 restrictions are utilized to cover staff time for drought enforcement.

**Retail Water Rates**

SCWD updated its Financial Plan in June 2013 which provided for a 3.5 percent rate increase effective January 1 in 2014, 2015, 2016 and 2017. Effective April 1, 2016, CLWA changed its rate structure and also increased its rates in order to recover its costs. SCWD has been absorbing the CLWA Purchased Water rate increase since April 1, 2016.

In FY 2016/17 SCWD engaged a financial consultant to update the financial plan and to complete another cost of service rate study. A cost of service analysis determines the equitable allocation of the revenue requirement to the various customer classes of service (e.g., Single Family Residential and Other Customers (non-single family residential and irrigation)). The updated financial plan will provide the revenue requirement analysis to ensure SCWD meets its operation and maintenance requirements, capital expenditures and reserve targets. The revenue requirement analysis determines SCWD’s overall financial needs, while the cost of service analysis determines the fair and equitable manner to collect that revenue requirement from each class of customer. SCWD plans to have new rates effective January 1, 2018 through December 31, 2021.

**Fixed Meter Service Charge by Meter Size (\$ per month)**

Meter Size (Inches)	2017
5/8 by 3/4	\$19.98
3/4	25.26
1	35.80
1 1/2	62.16
2	93.80
3	178.18
4	273.11
6	536.79
8	853.19
10	1,222.35

**Variable Water Commodity Charges for Single Family Dwelling Residential Customers (\$ per Ccf)**

Rate Block	Block Range (ccf per month) Bottom – Top	2017
Tier 1	0 – 14	\$1.8015
Tier 2	15 – 49	2.0094
Tier 3	50 and above	2.6417

### Variable Water Commodity Charges (\$ per Ccf)

Commodity Charges		2017
All Use – Irrigation customers		\$2.6417
All Use - All other customers		2.0094

All commodity charges include the local SCWD water usage charge and pass-through charges for purchased water and power. The pass-through charges are based on current estimates of future costs, and are subject to change based on the actual costs.

### Private Fire Service Protection

		2017
Per Diameter Inch of Service		\$2.84

### Miscellaneous Fees

On December 12, 2012, the Board of Directors approved updating the following Miscellaneous Fees:

SCWD Miscellaneous Fees	Current Fees
Cut Lock Fee	\$6.90
Hydrant Meter Deposit (includes Eddy valve)	1,100.00
Hydrant Meter Deposit (without Eddy valve)	900.00
Hydrant Meter Processing Fee	25.00
Meter Calibration by Bench Test (Up to 2" meters) – no charge if meter is inaccurate *	112.00
Meter Calibration by Bench Test (> 2" meters with testing valve in place) – no charge if meter is inaccurate *	205.00
Meter Re-check after 2 free checks (special reading at customer's request) -no charge if meter is inaccurate	53.00
Penalty - Late Payment	10.00
Penalty - Meter Tampering/Illegal Connection	1,000 plus estimated water use
Penalty - Termination Notice	25.00
Pulled Meter Fee	23.00
Return Check Fee	43.00
Service Reconnection Fee (regular business hours)	44.00
Service Reconnection (after business hours) - Additional Fee	38.00

\*SCWD calibrates the meter after it has been re-checked three times and if the customer still disagrees with the results.

### Financial Policies

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

## **Agency-wide Policies**

### **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. This policy is common for the Wholesale and Retail.

## **Wholesale System Policies**

### **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

Beginning in 2013, the Agency began setting aside funds for a Repair and Replacement Reserve Fund. 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.

### **Debt Management Policy**

The Agency’s Wholesale 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 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.

## **Retail System Policies**

### **Reserve Policy**

SCWD has a policy for funding four reserve funds. The Operating Reserve Fund and the Rate Stabilization Reserve Fund were originally established in January 2004 to be fully funded by June 2014. A Capital Reserve Fund was originally established in November 2013 to be fully funded by June 2014. In May 2015, the Rate Stabilization Reserve Fund was revised from 5 percent to 10 percent of Retail Annual Operating Revenue Budget to be fully funded by June 2016. A new Emergency Reserve Fund was established in May 2015 to distinguish it from the Capital Reserve Fund to be fully funded by June 2016. As of June 2016, all reserve funds are fully funded per designated Board approved targets. The principal elements of each reserve fund are described below.

1. The Operating Expense Reserve Fund is set at 25 percent of the current annual operating expense budget to adequately cover "working cash" and unforeseen costs related to water system operations.
2. The Rate Stabilization Reserve Fund was established in January 2014 to cover variations in water sales resulting from variable weather conditions, conservation and loss of imported water supplies. The Rate Stabilization Reserve Fund was increased from 2 percent to 5 percent of current annual operating revenue budget in November 2013, to be fully funded by June 2014. Due to severe drought, the Rate Stabilization Fund was increased from 5 percent to 10 percent of the current annual operating revenue budget in May 2015, to be fully funded by June 2016. In FY 2017/18, SCWD plans to evaluate the sufficiency of the Rate Stabilization Reserve Fund given the recent drought and lower consumption levels.
3. A Capital Reserve Fund was established in November 2013 to cover any unexpected and unplanned infrastructure and replacement repairs not included in the budget. Currently the Capital Reserve Fund is set at a flat amount of \$1 million, which is approximately 20 percent of the average annual CIP. In FY 2017/18, SCWD is evaluating the sufficiency of the Capital Reserve Fund to enhance coverage for repair and replacement of aging infrastructure. Currently SCWD's average annual CIP is approximately \$5 million.
4. An Emergency Reserve Fund was established in May 2015 to cover any emergency repairs due to unforeseen natural disasters such as earthquake, fire, etc. Currently the Emergency Reserve Fund is set at a flat amount of \$1 million for immediate repairs to restore SCWD's operations for continued water delivery to its customers while waiting for possible assistance through the Federal Emergency Management Agency (FEMA). SCWD is evaluating the emergency reserve target level compared to industry and FEMA standards.

### **Debt Management Policy**

In June 2014, the Board of Directors approved SCWD's revised Debt Management Policy, which includes SCWD'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 for the retail water system. The Disclosure Procedures Policy and the Derivatives Policy supplement the Debt Management Policy.

### **Purchasing and Bidding Policy**

In August 2012, the Board of Directors approved SCWD’s revised Purchasing and Bidding Policy to more cost-effectively and efficiently construct works of improvement and acquires goods and services needed for the operation, maintenance and improvement of the retail system. SCWD’s Purchasing and Bidding Policy distinguishes retail procurement and contracting procedures from those followed by CLWA’s wholesale operations and is designed in accordance with the County Water District Law (Water Code Section 30000 et seq.).

### **Wholesale Long-Term Commitments**

The following is a summary of the Wholesale System’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 Refundin g 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 \$269.8 million as of June 30, 2017. Scheduled annual debt service for FY 2017/18 is \$ 23.7 million. Projected annual debt service is anticipated to be \$25.9 million starting in FY 2019/20, \$26 million starting in FY 2020/21 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).

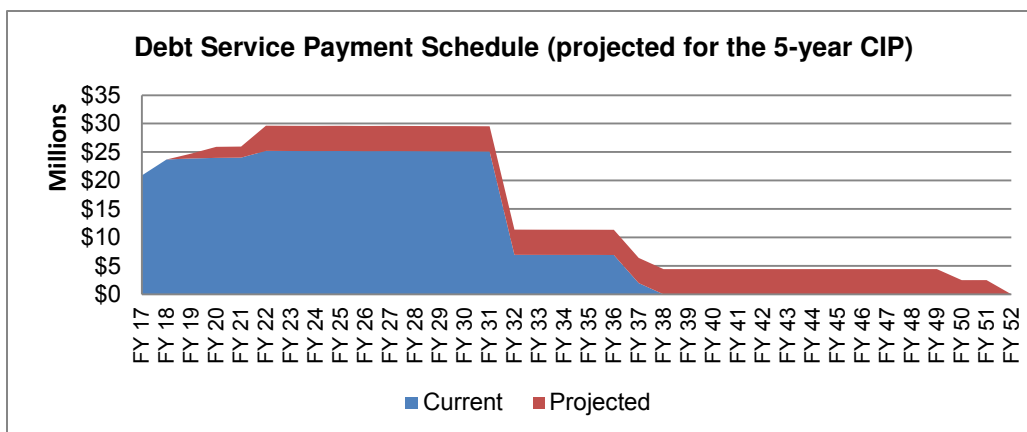
Series	Outstanding Principal June 30, 2017	Debt Service FY 2017/18
2008A COPs	\$ 22,825,000	\$ 5,739,958
2014A Revenue Bonds	11,455,000	3,149,400
1999 COPs	63,355,635	--
2010A COPs	54,315,000	5,278,906
2015A Revenue Bonds	61,460,000	5,036,725
2016A-R Revenue Bonds	25,730,000	2,528,900
2016A-N Revenue Bonds	30,665,000	1,960,450
<b>Total</b>	<b>\$ 269,805,635</b>	<b>\$ 23,694,339</b>

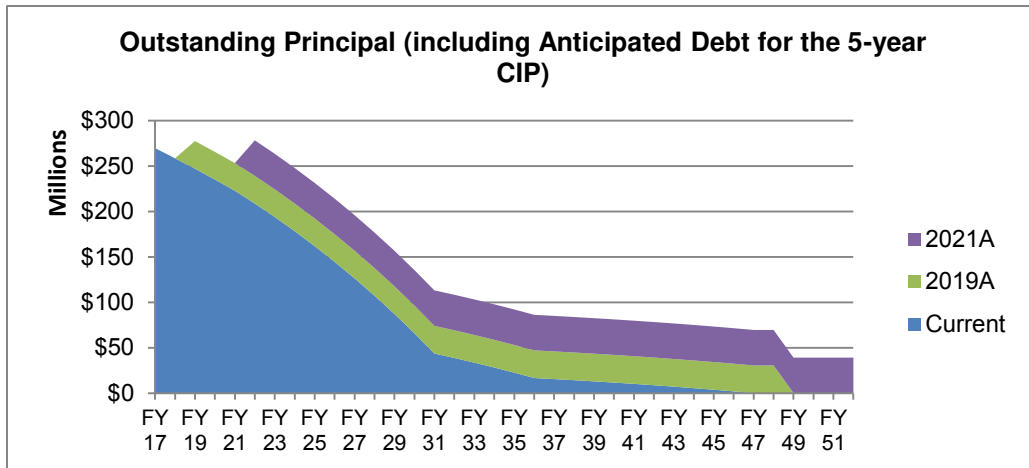
### Planned Issuance for the Five-Year CIP

In May 2016, the Agency issued \$30.7 million in revenue bonds to fund the ongoing CIP for Major Capital projects. The Agency's current wholesale CIP for Major Capital projects shows 20 projects being constructed over the next ten years. Assuming the Agency is able to obtain some grant funding for the recycled water projects, this program would require over \$160 million in additional funding. The Agency typically funds Major Capital Projects through the issuance of debt (Minor Capital and Repair and Replacement Projects are funded on a pay-as-you-go basis). At this time, the FY 2017/18 Budget 10-year forecast includes additional debt issuance of \$30.5 million in 2019 and \$39.1 million in 2021 to cover project funding for the next five years. At this time, the ten-year forecast does not show sufficient funds to support annual debt service payments for additional bond issues in 2023 and 2024 to complete the projects. The Agency will need to monitor its existing revenues streams (Facility Capacity Fees and one percent property tax revenues) and will likely need to consider additional revenue sources. These projections are based on the ten-year CIP and do not include additional 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 2017/18</b>	1.53
<b>FY 2018/19</b>	1.46
<b>FY 2019/20</b>	1.69
<b>FY 2020/21</b>	1.87
<b>FY 2021/22</b>	1.51





**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 \$803.54 per AF.

**Retail Long-Term Commitments**

The following is a summary of Retail’s long-term debt commitments. Additional information is provided in the Long-Term Commitments section of the budget.

**Interfund Loan**

CLWA acquired Santa Clarita Water Company’s stock through condemnation in September 1999 for a purchase price of \$63 million. The acquisition was treated as an Interfund Loan. At the time of the purchase, the CLWA Financial Advisor prepared a financial analysis of SCWC’s cash flow. This analysis showed that it was financially feasible to fund the acquisition of the company with its own revenue stream. The interest rate on CLWA’s Interfund Loan was 5.04 percent. SCWD began making payments on the loan in FY 2000/01.

In June 2010, CLWA refunded the 2001 Certificates of Participation (COPs) with the 2010 refunding COPs, achieving an all-in true interest cost of 4.23 percent. As a result, the Board of Directors adopted Resolution Number 2765 on January 26, 2011, adopting the revised payment schedule for the SCWD Interfund Loan at the interest rate of 4.23 percent.

On September 15, 2011, SCWD refinanced the CLWA Interfund Loan by selling \$52,290,000 of Upper Santa Clara Valley Joint Powers Authority revenue bonds with an average interest rate of 3.52 percent for a net present value savings of \$3,671,786, or 6.32 percent, over the life of the bond issue.

## **Debt Service**

Certificates of Participation (COPs) were issued to finance 80 percent of SCWD's capital improvement program for FY 2009/10 to FY 2011/12 with the remaining 20 percent funded by retail water rates.

The following is a summary of the two debt service issues to date. Additional information and a full payment schedule are provided in the Long Term Commitments section of the budget.

### 2010B

On May 11, 2010, \$14,475,000 of COPs were issued to acquire the new Administration Office Building and to construct several water storage tanks and distribution pipelines.

The certificates are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1. The balance at the end of FY 2016/17 is \$12,900,000. Payments totaling \$956,238 are due during FY 2017/18 (projected balance at the end of FY 2017/18 is \$12,610,000).

### 2011A

On September 15, 2011, \$52,290,000 of revenue bonds, issued through the Upper Santa Clara Valley Joint Powers Authority, were executed and delivered to provide funds to pay off the CLWA Interfund Loan balance of \$58,286,314.

The balance at the end of FY 2016/17 was \$43,295,000. Payments totaling \$4,532,138 are due during FY 2017/18 (projected balance at the end of FY 2017/18 is \$40,840,000).

## **Bond Ratings**

The Bond ratings for SCWD's outstanding Debt reflect high grade investment quality debt. They are based on SCWD's strong financial management and financial policies. Standard & Poor's assigned "AA" rating for both SCWD's 2010B COP and 2011A. Debt issued at these ratings results in lower interest rates and correspondingly lower debt service payments.

## **Basis of Budgeting**

For budgetary reporting purposes, Wholesale and Retail follow the "generally accepted accounting principles" (GAAP) applicable to governmental entities.

Wholesale uses 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 Wholesale (generally 60 days after yearend) are recognized when due. The primary sources susceptible to accrual for the Wholesale 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.

Retail uses accrual basis of accounting, which means that revenues and expenses are recorded in the periods in which the transaction occur, regardless of the timing of cash flows. Principal payments on long-term debt are applied to the outstanding balance of debt and capital projects/outlays are recorded as assets when acquired or as projects are completed.

The financial statements of the Agency are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB).

## **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.

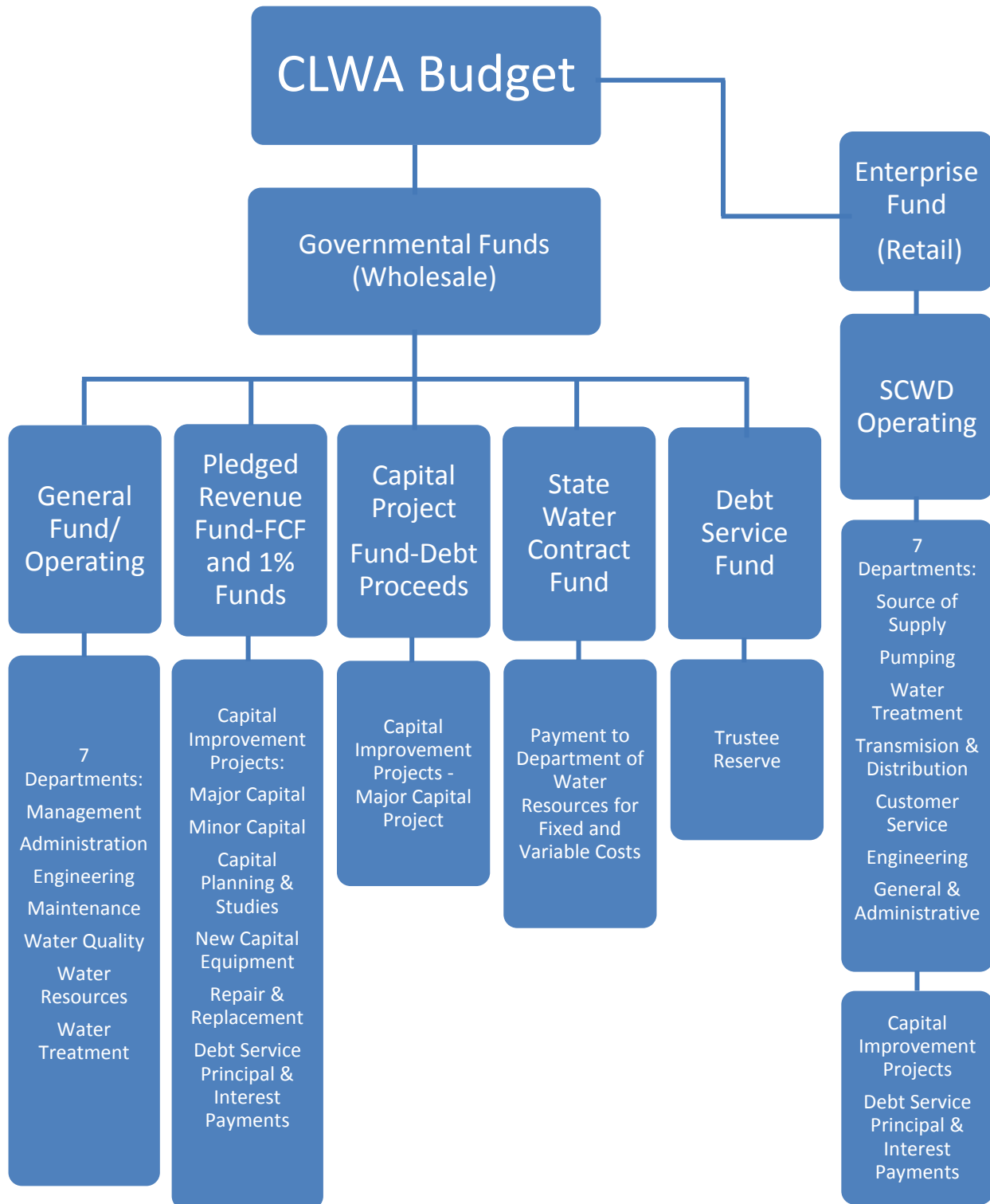
Pledged Revenue Fund (Capital Improvement Program). This fund is used to account for all financial resources and revenues collected by the Agency except those required to be accounted for in another fund. Major sources of revenue are Facility Capacity Fees and One Percent Property Tax Revenues.

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.

**FUND STRUCTURE**





## **Water Enterprise Fund**

SCWD uses the Enterprise Fund to account for SCWD's retail water operations. SCWD also uses the Enterprise Fund to pay the Series 2010B COP and Series 2011A Revenue Bond debt service.

## **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 and financial conditions through monthly Finance and Expenditures reports, Quarterly Investment Reports, Midyear and Yearend Budget reports and the Comprehensive Annual Financial Report. 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 Assistant General Manager and Administrative Services Manager to transfer within individual fund budgets. The Retail Manager is authorized to direct the Retail Administrative Officer to make transfers within the Enterprise Fund as long as the amounts do not exceed the total approved budget amount.

The Board of Directors must approve all supplemental appropriations to the Budget.

## **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 2017/18 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. Prior to this, the Strategic Plan facilitator conducts a number of staff and management workshops to identify strengths, weaknesses, opportunities and threats, and also conducts interviews with each of the Directors. This information is used in the Strategic Planning workshop to revisit and verify the Vision, Mission, Values and Goals in the Strategic Plan, as well as to develop strategies and objectives. 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 Budget and Rates 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**

Strategic planning is a structured process to prioritize issues and provide a long-term view for the Agency. The Strategic Plan is intended to be a living document and is used in the Agency’s planning and annual budget process. The budget process sets fiscal year and short-term priorities established in the Strategic Plan. The strategic plan process includes the following definitions:

- ◆ **Action Plan** – a detailed set of tactical actions that will be developed in order for some of the strategies / objectives to be achieved.
- ◆ **Core Values** – non-negotiable standards that the staff and the Board believe in and embody how they will act individually and as an organization.
- ◆ **Goal** – Castaic Lake Water Agency’s commitment to the community it serves.
- ◆ **Mission** – the primary reason (s) for the existence of the organization.
- ◆ **Objective** – measurable work activity that, when accomplished, will directly lead to the success of the strategy.
- ◆ **Issue** – an opportunity or a problem facing the Agency.
- ◆ **Strategy** – how an issue is solved to achieve the goal.
- ◆ **Strategic Plan** – a structured plan to drive the Agency to achieve its goals.
- ◆ **SWOT Analysis** – description of strengths, weaknesses, opportunities and threats to identify areas of focus in the Strategic Plan.
- ◆ **Tactic** – specific work activities to accomplish a strategy.
- ◆ **Vision** – what the Agency aspires to become.

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 2017/18 Budget, Management reviews the short-term and long-term forecast information to develop a budget that balances anticipated revenues and expenditures. 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 objectives 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 objectives 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 various planning documents, including the Urban Water Management Plan, the Facility Capacity Fee Study, the SCWD Water Master Plan and various capital improvement program plans. These documents are updated on a periodic basis. 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 current documents are the 2016 Recycled Water Master Plan, the 2017 Emergency and Operational Storage Plan, the 2015 Urban Water Management Plan, the 2014 Facility Capacity Fee Study and the 2013 SCWD Water Master Plan.

## **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 and minor capital projects are distinguished by dollar threshold. Retail and Wholesale definitions are included in the more detailed Capital Improvements sections.
- ◆ **Minor Capital Projects:** Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Major and minor capital projects are distinguished by dollar threshold. Retail and Wholesale definitions are included in the more detailed Capital Improvements sections.
- ◆ **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. Major and minor capital projects are distinguished by dollar threshold. Retail and Wholesale definitions are included in the more detailed Capital Improvements sections.

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

Wholesale capital improvement projects are funded by Facility Capacity Fee and one percent property tax revenues. Retail capital improvement projects are funded through the retail water rates and Capacity Fees paid by developers. 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 (JPIA), an intergovernmental risk-sharing joint powers authority created to provide self-insurance programs for California water agencies. JPIA 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, 2017, 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.
- ◆ The cyber liability program covers a wide range of cyber security issues originating from both third (external) and first (internal) parties. Coverage includes defense costs and damages for security, privacy and media liability; fees and expenses incurred from cyber extortion; as well as costs to restore network business interruption and digital asset protection. Coverage limits are \$2,000,000 per occurrence with an aggregate of \$5,000,000 and a deductible of \$50,000.
- ◆ 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 cost-of-living adjustments (COLAs) and periodic market surveys. For cost-of-living adjustments, the Board of Directors reviews Consumer Price Index (CPI) and other relevant information and, where appropriate, grants COLA in July. The FY 2017/18 Budget includes funds for a two percent increase, as approved by the Board of Directors in April 2017.

### **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 2017/18, the Agency's lump sum payment for the UAL is \$380,503, which equates to 4.031% of salaries. PERS will require the Agency to pay the employer contribution at a rate of 9.599%. The Agency also pays the employee's contribution of 7%, which brings the Agency's total contribution to 20.630% in FY 2017/18.

<b>Fiscal Year</b>	<b>Employer Contribution</b>	<b>UAL</b>	<b>Employee Contribution</b>	<b>Total Agency Contribution</b>
<b>2018/19</b>	9.6% (projected)	6.030% (projected)	7%	22.630%
<b>2017/18</b>	9.599%	4.031%	7%	20.630%
<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%

### New (PEPRA) Members

For FY 2017/18, PERS will require the Agency to pay the employer contribution at a rate of 6.908%. 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 \$174. It is likely this component will be more significant in future years.

Fiscal Year	Employer Contribution
2018/19	6.9% (projected)
2017/18	6.908%
2016/17	6.93%
2015/16	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 2017/18 Budget conservatively assumes an increase of 8% effective January 1, 2018.

Year	Change from Previous Year – Blue Shield Family Premium
2018	8% (projected)
2017	19.3%
2016	2.3%
2015	9.4%
2014	-11.5%
2013	3.9%
2012	2.8%
2011	17.0%
2010	3.0%
2009	3.6%

Dental and vision insurance are provided through JPIA. The FY 2017/18 Budget assumes no change for the Delta Dental PPO dental plan and no change for the VSP vision plan.

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

The Agency offers full medical and dental insurance to retirees and their dependents. In FY 2016/17, the Agency had 39 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 2017/18, 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 the Agency'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

the Agency'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. Greatschools.com has given 6 different Santa Clarita schools a perfect 10 out of 10 rating.

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 from the Antelope and Santa Clarita Valley and allows easy access to the ports of Los Angeles and Long Beach. The three Metrolink commuter rail stations in Santa Clarita carry over 1,100 passengers a day to and from the San Fernando Valley and Downtown Los Angeles. Metrolink ridership has increased an average of 16% in Santa Clarita in the last year. 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 are Six Flags Magic Mountain, Princess Cruises, Henry Mayo Newhall Memorial Hospital, College of the Canyons, William S. Hart and Saugus Union School Districts, U.S. Postal Service, Boston Scientific, Newhall School District, City of Santa Clarita.

### **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. The 2016 gross product of Los Angeles County is estimated at \$690.2 billion (California Economic Forecast). The State and Los Angeles County unemployment rates have improved slightly from last year. As of September 2016 the Los Angeles County unemployment rate was 5% (down 0.3%) and the State of California's unemployment rate was 5.5% (also down 0.3%) (Legislative Analyst Office of California). The assessed valuation of the Agency's service area is \$39.8 billion.



### **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 are the basis of the Agency’s 2015 Urban Water Management Plan (UWMP). The 2015 UWMP indicates a 1.3 percent annual rate of growth in the service area.

The Agency’s 2015 UWMP provides 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 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 2017/18</b>	
<b>February 24 – February 25</b>	<b><i>Board of Directors</i></b> <b>Developed Strategic Plan</b>
<b>March 9 – March 23</b>	<b>Refined and developed proposed Objectives in support of Strategic Plan</b>
<b>March 9</b>	<b><i>Water Resources and Outreach Committee</i></b> <b>Reviewed proposed fiscal year Water Resources and Outreach Objectives</b>
<b>March 14</b>	<b><i>Finance and Administration Committee</i></b> <b>Reviewed proposed Administration fiscal year Objectives</b>
<b>March 23</b>	<b><i>Planning and Engineering Committee</i></b> <b>Reviewed proposed fiscal year Engineering and Operations Objectives</b> <b>Reviewed proposed CLWA major and minor Capital Improvements Projects (CIP)</b>
<b>April 10</b>	<b><i>Budget and Rates Committee</i></b> <b>Reviewed Draft FY 2017/18 Wholesale and Retail Budget</b>
<b>April 13</b>	<b><i>Financial and Operations Committee</i></b> <b>Reviewed proposed fiscal year Retail Objectives</b>
<b>April 17</b>	<b><i>Planning and Engineering Committee</i></b> <b>Reviewed final CLWA major and minor Capital Improvement Projects (CIP)</b>
<b>April 26</b>	<b><i>Board of Directors</i></b> <b>Reviewed Draft FY 2017/18 Wholesale and Retail Budget</b>
<b>May 15</b>	<b><i>Budget and Rates Committee</i></b> <b>Recommended approval FY 2017/18 Wholesale and Retail Budget</b>
<b>May 24</b>	<b><i>Board of Directors</i></b> <b>Approved FY 2017/18 Wholesale and Retail 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
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
FEMA	Federal Emergency Management Agency
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
RRBWS	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
VWC	Valencia Water Company
Valley	Santa Clarita Valley

---

Castaic Lake Water Agency  
FY 2017/18 Long-Term Financial Plan

May 2017

THIS PAGE INTENTIONALLY LEFT BLANK.

## EXECUTIVE SUMMARY

---

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 2017/18 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 2017/18 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 update of the Recycled Water Master Plan which is currently in progress.

Recent budgets and LTFPs have been significantly influenced by long-term drought and water supply conditions as well as state mandates for major reductions in per capita water use. While FY 2016/17 has been a "wet" year and has provided some relief, the Agency considers this a short-term situation. Long-term drought and water supply conditions will continue to be influenced by various mandates and regulations. Current and future budgets and LTFPs will be heavily influenced by the Agency's ability to finance a capital improvement program to maintain water supply reliability. **This LTFP discusses that the Agency will likely need to develop additional revenue sources for the capital improvement program.**

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**

- ◆ Capital Improvement Program Funding
- ◆ Facility Capacity Fees
- ◆ Recycled Water
- ◆ Debt Financing of the Capital Improvement Program

**Mid-Term**

- ◆ Water Conservation and Water Use Efficiency
- ◆ Groundwater Management
- ◆ Capital Improvement Program for Existing Users
- ◆ Reliability (Banking) Programs Funding
- ◆ Technology
- ◆ Operations and Maintenance
- ◆ Quagga Mussels

**Long-Term**

- ◆ Buena Vista/Rosedale Rio Bravo Water Program and Other Water Supply Funding
- ◆ Water Sales
- ◆ Reconnaissance Study for Local Water Resource Management Measures
- ◆ State Water Contract Fund and Cal WaterFix
- ◆ Energy Costs
- ◆ Annexation Water Supply Financing

## **TOTAL COST OF WATER (Ongoing)**

---

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 \$1,400 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.”

This is a calculation and not a water rate. The figures varies considerably from year to year as the amount of water purchased varies from year to year while most of the costs are fixed. A more accurate term might be “cost of water supply, treatment, delivery, capital and operations per unit sold.”

Total Cost of Water

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
<b>CLWA Operating Budget</b>					
Total	\$ 18,328,630	\$ 20,508,622	\$ 20,916,660	\$ 22,628,800	\$ 24,546,700
Detail on Power Costs					
Electricity - Treatment Plants	429,914	545,533	772,956	448,000	360,000
Electricity - Pumping	1,905,719	1,875,513	1,528,917	1,616,000	1,648,000
Electricity - Other	47,468	50,580	48,516	45,000	50,000
Electricity - Wells	168,714	127,271	131,079	136,000	140,000
	<u>\$ 2,551,815</u>	<u>\$ 2,598,897</u>	<u>\$ 2,481,468</u>	<u>\$ 2,245,000</u>	<u>\$ 2,198,000</u>
Power as a Percentage	13.9%	12.7%	11.9%	9.9%	9.0%
<b>SWP Budget **</b>					
Total	\$ 21,258,432	\$ 20,136,389	\$ 21,922,573	\$ 22,199,700	\$ 30,570,000
Detail on Variable Costs (Power)					
Variable	5,637,395	3,997,735	4,835,394	5,000,000	7,000,000
Off-Aqueduct Power Costs	<u>3,147,687</u>	<u>1,377,767</u>	<u>1,173,354</u>	<u>232,100</u>	<u>232,100</u>
	<u>\$ 8,785,082</u>	<u>\$ 5,375,502</u>	<u>\$ 6,008,748</u>	<u>\$ 5,232,100</u>	<u>\$ 7,232,100</u>
Power as a Percentage	41.3%	26.7%	27.4%	23.6%	23.7%
<b>Core Non-SWP Supplies</b>					
BV/RRB (not included in Operating)	\$ 5,860,591	\$ 5,548,059	\$ 5,293,035	\$ 7,071,100	\$ 6,960,700
Yuba Accord Water	<u>30,437</u>	<u>24,269</u>	<u>4,137</u>	<u>-</u>	<u>90,000</u>
	<u>\$ 5,891,028</u>	<u>\$ 5,572,328</u>	<u>\$ 5,297,172</u>	<u>\$ 7,071,100</u>	<u>\$ 7,050,700</u>
<b>TOTAL COST OF WATER</b>	<b>\$ 45,478,090</b>	<b>\$ 46,217,339</b>	<b>\$ 48,136,405</b>	<b>\$ 51,899,600</b>	<b>\$ 62,167,400</b>
<b>TOTAL COST OF POWER</b>	<b>\$ 11,336,897</b>	<b>\$ 7,974,399</b>	<b>\$ 8,490,216</b>	<b>\$ 7,477,100</b>	<b>\$ 9,430,100</b>
<b>Power as a Percentage</b>	<b>24.9%</b>	<b>17.3%</b>	<b>17.6%</b>	<b>14.4%</b>	<b>15.2%</b>
AF Delivered	45,306	31,004	27,881	37,450	45,650
Cost per AF	\$ 1,003.80	\$ 1,490.69	\$ 1,726.49	\$ 1,385.84	\$ 1,361.83
* 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.					

## DIVERSITY AND SECURITY OF REVENUES (Ongoing)

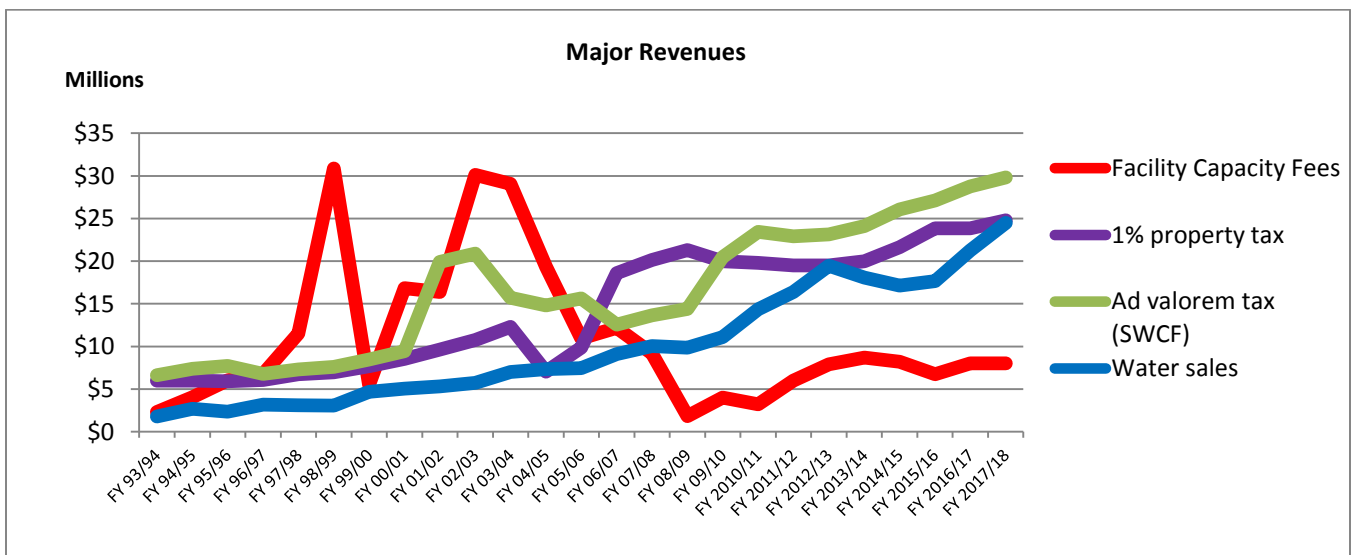
The Agency is fortunate to have multiple sources of revenue. In general, each revenue stream faces different risks, so it is rare for all to be negatively impacted at the same time.

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 healthy overall, the Agency does face certain significant risks, particularly due to the uncertainty of the Facility Capacity Fee revenue stream.

As discussed later in this LTFFP, the Agency has further studied the Facility Capacity Fee revenue stream and finds significant financial risks to the Agency from a reduced revenue stream. **Further, this LTFFP discusses that the Agency will likely need to develop additional revenue sources for the capital improvement program.**

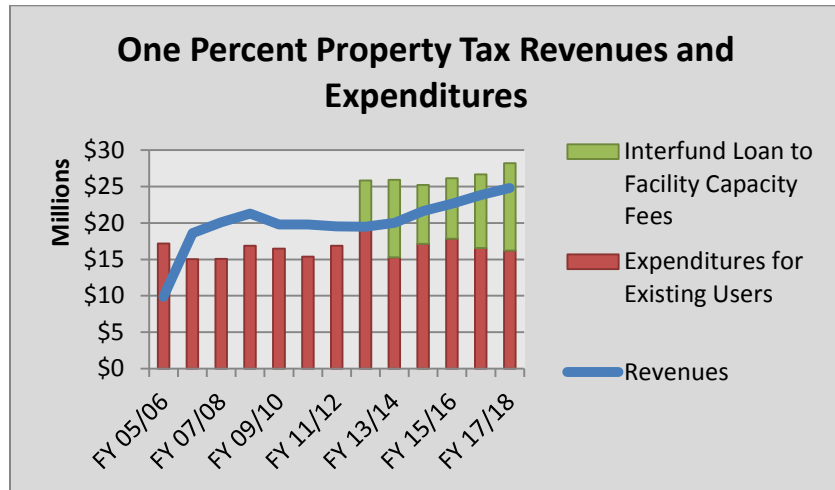
The 2015 RFC Water Rate Study also noted that “Overall, the Agency’s diversified revenue structure mitigates the risks associated with exposure to a particular revenue sources; however, since some revenue sources are earmarked for specific expenses, their volatility presents a challenge to securing the financing of specific services provided by the Agency.”



**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.*

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.



## **WATER SUPPLY RELIABILITY (Ongoing)**

---

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 annual 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 and 2 two replacement 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.

In 2014, the California Legislature passed the Sustainable Groundwater Management Act. The Agency is cooperating with the Water Retailers, the City of Santa Clarita and the County of Los Angeles to create a Groundwater Sustainability Agency (GSA). The GSA will be responsible for developing a Groundwater Sustainability Plan (GSP) by 2022 which potentially may impact the quantities of groundwater available during dry years.

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 addressed in the 2015 Urban Water Management Plan.

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. Water supply reliability items to be monitored include:

- ◆ Recycled Water Program
- ◆ Groundwater Management
- ◆ State Water Project and the Cal WaterFix

All of these items have financial implications for the Agency.

## **CAPITAL IMPROVEMENT PROGRAM FUNDING (Near-term)**

---

The Agency's current CIP for Major Capital projects shows 20 projects being constructed over the next ten years. Assuming the Agency is able to obtain some grant funding for the recycled water projects, this program would require over \$160 million in additional funding. The Agency typically funds Major Capital Projects through the issuance of debt (Minor Capital and Repair and Replacement Projects are funded on a pay-as-you-go basis). At this time, the FY 2017/18 Budget 10-year forecast includes additional debt issuance of \$30.5 million in 2019 and \$39.1 million in 2021 to cover project funding for the next five years. At this time, the ten-year forecast indicates that additional revenue beyond that forecasted from Facility Capacity Fees and the Agency's share of local 1% property tax revenue would be required to support annual debt service payments for additional bond issues in 2023 (\$38.6 million) and 2024 (\$55.2 million) to complete the projects. To continue funding the long-term CIP, the Agency will need to review its existing revenue streams, review additional availability of grant funding, consider deferring projects and will likely need to consider additional revenue sources.

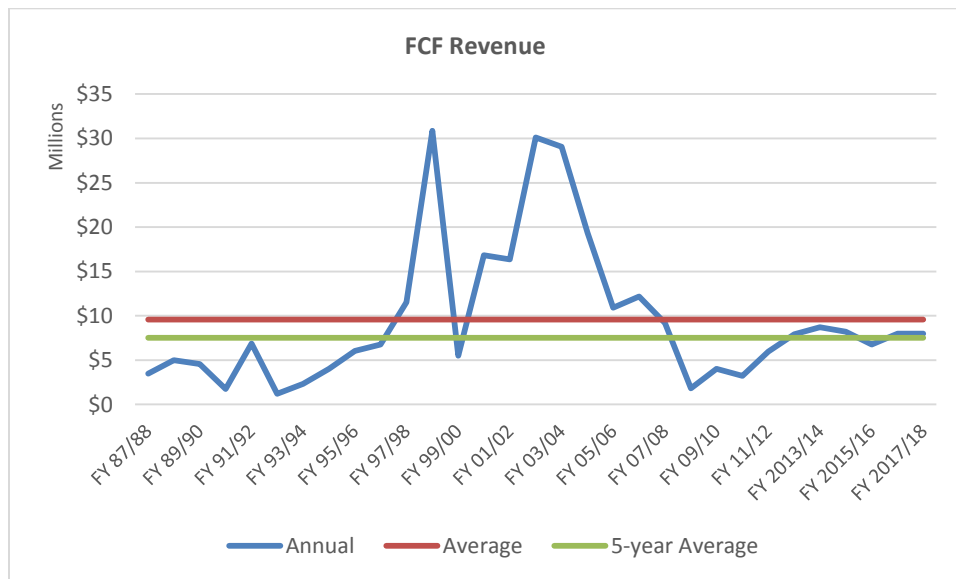
The most likely revenue source would be to include a capital component in the Agency's wholesale water rates. This would most likely represent a significant increase in wholesale water rates. It would also be a means for the Agency to add a more significant pay-as-you-go component to its Capital Improvement Program funding, and become less reliant on long-term debt.



## FACILITY CAPACITY FEES (Near-term)

Beginning in FY 2012/13, the Agency’s Facility Capacity Fee Fund was depleted and was unable to pay future users’ debt service. At the time, it was assumed that revenue levels would increase in line with past Facility Capacity Fee studies. One percent property tax revenues began paying a significant portion of the future users’ debt service that is supposed to be funded by Facility Capacity Fees. This is considered an Interfund loan, and it has been assumed that future Facility Capacity Fees would fully repay the one percent property tax revenue fund with interest.

At this time, staff is beginning to question previous Facility Capacity Fee study projections. The 2015 UWMP projects a much smaller increase in growth in population and water demand. Increased water conservation efforts and increased regulation of housing/development industries will likely lead to even smaller increases in growth in water demand. Previous Facility Capacity Fee studies have projected annual growth of 1,400 AF of water sales and recent experience shows this to be closed to 525 AF. This results in annual revenue less than historical amounts.



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.

Based on this study, staff will have to analyze the implications of reduced revenues available for the implementation of the Capital Improvement Program and to repay the Interfund Loan.

## **RECYCLED WATER (Near-term)**

---

The Agency's 2016 draft Recycled Water Master plan identified potential supplies of Recycled Water in excess of 20,000 AFY. As noted in the 2015 UWMP, however, to optimize the system to eliminate the need to provide potable water supplies during the summer, total anticipated recycled water supply is anticipated to be approximately 10,000 AFY.

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 planning and design of four recycled water projects. However, completion of the environmental impact report and planning for project implementation are deferred pending resolution of environmental documentation issues related to the Santa Clarita Valley Sanitation District's (SCVSD) Chloride Compliance Project. The SCVSD is performing additional studies and analyses in response to legal challenge to its Chloride Compliance Project Environmental Impact Report (EIR). SCVSD's schedule for preparation and adoption of a revised EIR is unknown at this time. The SCVSD work is impacting the Agency's Recycled Water Program activities, including adoption of the Recycled Updated Water Master Plan and preparation of CEQA documentation and design for the Replacement Wells and Dry Year Wells projects. The Agency is processing CEQA documentation and final design for the four Recycled Water Phase II projects in preparation for grant application processes.

The four projects under design 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 \$58.4 million, of which \$38.3 million will be allocated to the Agency and \$20.1 million to the retail purveyors.

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:

### **Construction Costs**

Given the reduced availability of Facility Capacity Fees and the limited amount of 1% tax revenue, the Agency's current revenue stream is unlikely to be able to fully fund this program.

At this time, the FY 2017/18 Budget 10-year forecast includes additional debt issuance of \$30.5 million in 2019 and \$39.1 million in 2021 to cover project funding for the next five years. At this time, the ten-year forecast indicates that additional revenue beyond that forecasted from Facility Capacity Fees and the Agency's share of local 1% property tax revenue would be required to support annual debt service payments for additional bond issues in 2023 (\$38.6 million) and 2024 (\$55.2 million) to complete the projects. To continue funding the long-term CIP, the Agency will need to review its existing revenue streams, review

additional availability of grant funding, consider deferring projects and will likely need to consider additional revenue sources.

The most likely revenue source would be to include a capital component in the Agency's wholesale water rates. This would most likely represent a significant increase in wholesale water rates. It would also be a means for the Agency to add a more significant pay-as-you-go component to its Capital Improvement Program funding, and become less reliant on long-term debt.

### **Existing Users**

Even with the availability of seasonal storage, in order to fully use 17,100 AFY estimated to be available from existing water reclamation plants in 2050, 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 onsite retrofit 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**

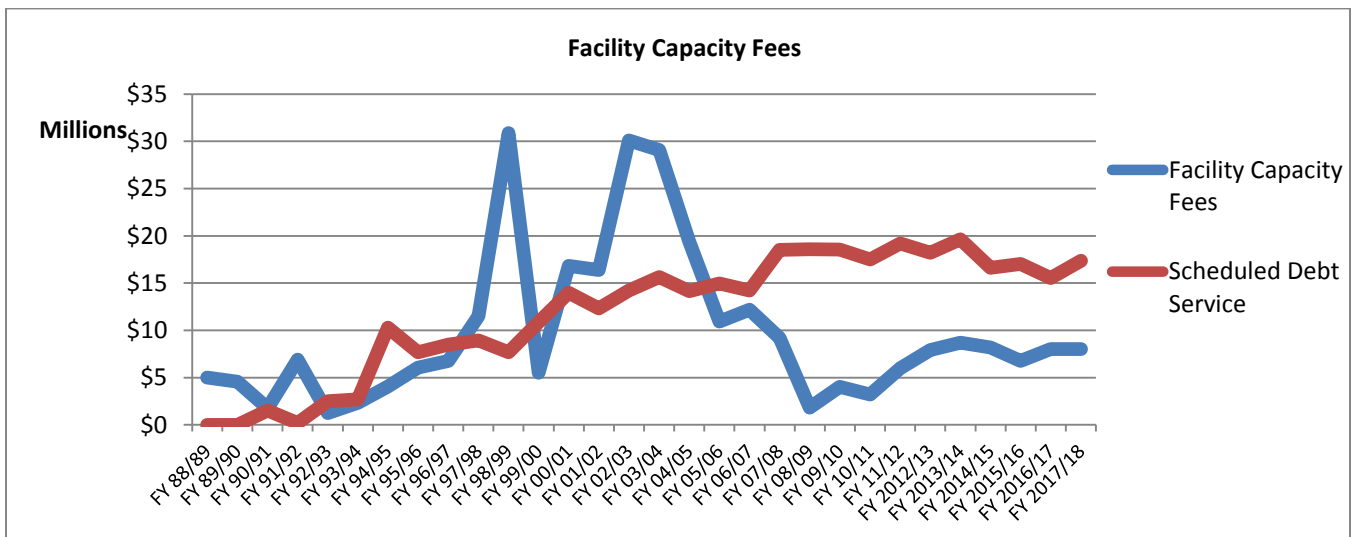
In regards to operating costs, the draft Recycled Water Master plan states that "...to encourage its use, recycled water should be available at a lower rate to users than potable water."

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 \$563/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.

## DEBT FINANCING OF CAPITAL IMPROVEMENT PROGRAM (Near-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.



However, at this time, as discussed above, there is uncertainty about the Facility Capacity Fee revenue stream and its ability to pay for its share of debt service.

### **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. At this time, the FY 2017/18 Budget 10-year forecast includes additional debt issuance of \$30.5 million in 2019 and \$39.1 million in 2021 to cover project funding for the next five years. **At this time, the ten-year forecast does not show sufficient funds to support annual debt service payments for additional bond issues in 2023 and 2024 to complete the projects.**

The exact timing and amounts of debt will depend in the progress of the CIP, availability of grant proceeds and market conditions. 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 which are being identified as part of the 2017 Facility Capacity Fee Study. The draft CIP shows a need for \$550.8 million of new infrastructure, including recycled water, groundwater banking, pipeline expansions and improvements and emergency and operational storage. It is currently anticipated that these improvements will be funded by debt.

Item	Outstanding Principal (in millions)
Currently outstanding	\$ 269.8
Additional bond issues in 2019 and 2021	\$ 69.6
FCF Study CIP through buildout	\$550.8
Current User CIP/Major R&R	??? – tbd

## **WATER CONSERVATION AND WATER USE EFFICIENCY (Mid-term)**

---

A key component of the 2015 UWMP is working with the retail purveyors 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 retail purveyor to develop a baseline per capita water use, an interim 2015 water use target and a 2020 compliance target. The 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 retail purveyors completed the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP). This Plan sets forth an integrated program that calls for the retail purveyors 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. Beginning in FY 2015/16, the Agency's budget devoted significant financial resources to water use efficiency programs. However, the Agency has not been able to fully expend these funds. The public's interest in Agency's water conservation programs particularly turf replacement programs was reduced due to a shift in attitudes brought about by the media's focus on El Nino conditions in 2015/16 winter, the State Water Resources Control Board's elimination of mandatory water conservation targets for local retailers in the summer of 2016 and a wet 2016/17 water year.

The Agency will continue to monitor progress and funding in this area.

## **GROUNDWATER MANAGEMENT (Mid-term)**

---

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 as well as expanding pumping capacity in dry years.



## **CAPITAL IMPROVEMENT FOR EXISTING USERS (Mid-term)**

---

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, emergency and operational storage 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."

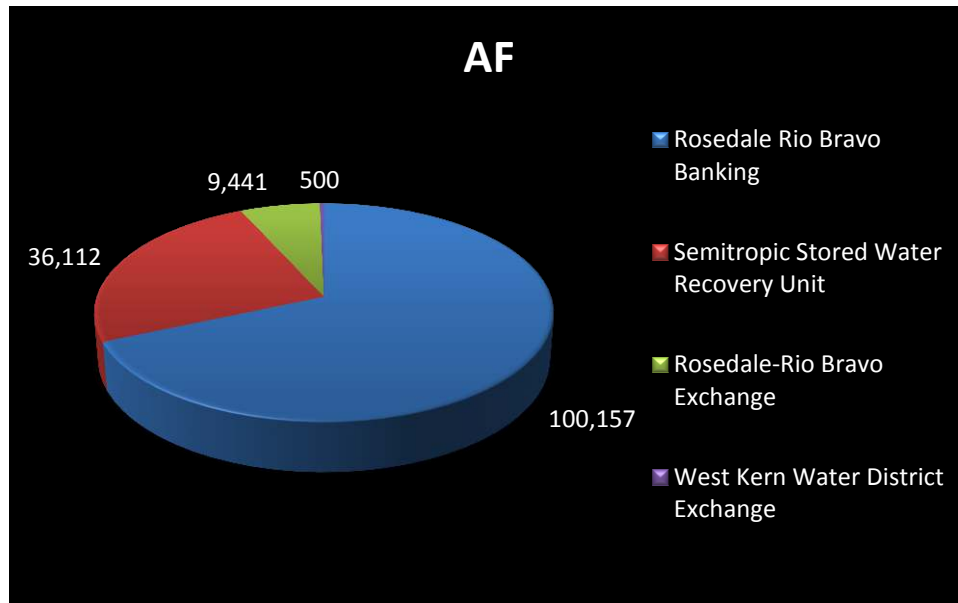
During FY 2012/13 an initial asset management gap analysis was performed to identify the steps needed to improve asset management at the Agency. The implementation of asset management continues, including the development of a draft repair and replacement CIP schedule, continued development of a CIP for 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.

## RELIABILITY (BANKING) PROGRAMS FUNDING (Mid-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	100,157
Semitropic Stored Water Recovery Unit	36,112
Rosedale-Rio Bravo Exchange	9,441
West Kern Water District Exchange	500
<b>Total</b>	<b>146,210</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 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. If the Agency were to establish a component of the wholesale water rate to create a reserve for future extraction funds, the cost would be approximately \$15-20/AF. This would generate funding for one year of extraction every five years. This compares to a current variable water rate of \$223.18/AF

### **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 \$9.7 million. The 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 \$16 million in current dollars.

### **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 2017/18 and FY 2018/19.

## **TECHNOLOGY (Mid-term)**

---

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 140 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 90 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 LED monitor and audio system
- ◆ 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
- ◆ Knowbe4 Security Awareness Training Program
- ◆ Paymentus Online Bill Pay Program

### **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)**

---

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.

The FY 2015/16 Budget provided 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 (Mid-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 are no effective eradication methods that do not adversely affect other organisms in open water bodies. The use of chemicals within closed water systems is effective but costly 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. On December 8, 2016, six adult quagga mussels were discovered in the Angeles Tunnel, which connects Pyramid Lake and Elderberry Forebay, two components of the State Water Project. Quagga mussels and/or larvae have not been detected yet in Pyramid Lake or Castaic Lake, but are assumed to be present. The Agency and other organizations are monitoring the situation and expect to know more by the end of calendar year 2017.



If the quagga mussels infest nearby State Water Project (SWP) Facilities including Pyramid Lake and Castaic Lake, there would be increased 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 and maintenance costs, especially at the Agency's Earl Schmidt Intake Pump Station, Earl Schmidt Filtration Plant, Rio Vista Intake Pump Station and Rio Vista Water Treatment Plant. There may also be increases in Agency capital costs.



## **BUENA VISTA/ROSEDALE RIO BRAVO WATER PROGRAM FUNDING (Long-term)**

---

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. The Agency may consider increasing that quantity based on the 2015 UWMP and the results of the updated Water Supply Reliability Report.

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 and 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 2017/18, 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.*

## **WATER SALES (Long-term)**

---

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. It is likely the Agency will have surplus water to sell in 2017/18.

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.

## **RECONNAISSANCE STUDY FOR LOCAL WATER RESOURCES MANAGEMENT MEASURES (Long-term)**

---

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 Reconnaissance Study was completed in FY 2015/16. 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 2016/17 and FY 2017/18 are to perform feasibility and siting studies, perform CEQA and permitting compliance, develop outreach plans, develop relationships with institutional partners and seek grant funding. Scheduling of these activities will be subject to the outcome of the Agency's updated Water Supply and Reliability Report. 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.

## **STATE WATER CONTRACT FUND and CAL WATERFIX (Long-term)**

---

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. In addition, significant damage to the Oroville Spillway in February 2017 will result in significant cost implications and highlights the issues with aging infrastructure.

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. Also, significant reaches of the California Aqueduct have been impacted by subsidence caused by localized groundwater over drafting. DWR has lost significant energy revenue as a result of repairs required at its Hyatt and Thermalito 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.

### **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 (BDCCP) 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 BDCCP 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 that was approved in 2016. It is anticipated that a Record of Decision/Notice of Decision will be in place by December 2017.

While there is support for BDCP/Cal WaterFix project, plans are currently in flux and environmental review is ongoing. In addition, several regulatory and legal requirements must be met prior to any construction. Because of this uncertainty any improvements in SWP supply reliability or other benefits that could result from this proposed project are not included in the Agency's 2015 UWMP. However it must be noted that if Cal Water Fix were to be implemented, it would have significant financial implications for the Agency.

## ENERGY COSTS (Long-term)

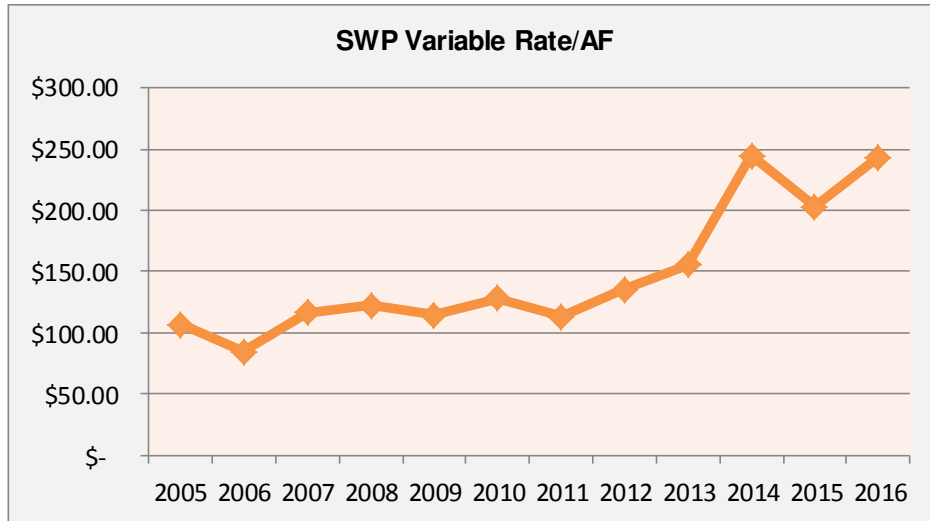
---

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.

## **ANNEXATION WATER SUPPLY FINANCING (Long-term)**

---

The Agency's annexation policy requires annexing parties to either provide a water supply or finance a portion of the Agency's existing BV/RRB water supply. The policy further requires annexing parties to pay the carrying costs of the BV/RRB water supply from the date of its acquisition. The policy further requires the Agency to develop a mechanism to charge for the ongoing costs of the water supply when it is put to beneficial use in the annexation area – that is, when the development is built and customers are using the water on a daily basis.

The Agency is currently considering three annexation areas. Each one is slightly different and to date, no decision has been made as to the charges for when the water is put to beneficial use. The Agency will work to develop a financing mechanism that is equitable and that strives to achieve uniform reasonable costs through the Agency's service area. It would be ideal for customers throughout the service area to pay similar rates for everyday water service.

The selected financing mechanism should equitably reflect the cost to the annexation area of receiving the BV/RRB water in lieu of State Water Project supplies, or of receiving any combination of Agency water supplies (the common pool of water approach). Alternative financing mechanisms to be reviewed include, but are not limited to:

- ◆ A parcel charge
- ◆ Retail water rates (as set through wholesale water rates)
- ◆ Mello Roos financing
- ◆ The Agency-set tax rate (for SWP supplies) in combination with a common pool of water
- ◆ A special tax

### **Other**

Note that the annexation policy also requires payment of back taxes. Those payments are above and beyond the cost of the water supply as discussed here.



**[This page intentionally left blank.]**

A photograph of a water treatment facility, showing a long, narrow channel of water with aeration equipment. The water is turbulent and white with foam. The channel is bordered by concrete walls and metal railings. The background shows a clear sky and some trees.

# **Castaic Lake Water Agency Strategic Business Plan 2017-2022**



# Table of Contents

---

INTRODUCTION ..... 3

THE STRATEGIC PLANNING PROCESS ..... 4

STRUCTURE OF THE STRATEGIC PLAN ..... 6

AGENCY VISION ..... 7

AGENCY MISSION ..... 8

AGENCY VALUES ..... 8

GOALS AND STRATEGIES ..... 9

GLOSSARY..... 17

APPENDIX A – 2017-18 OBJECTIVES\* ..... 19

## **ACKNOWLEDGEMENTS**

**Staff Support:**

- Matt Stone, General Manager
- Valerie Pryor, Assistant General Manager
- Brian Folsom, Engineering and Operations Manager
- Keith Abercrombie, Retail Manager
- Dirk Marks, Water Resources Manager

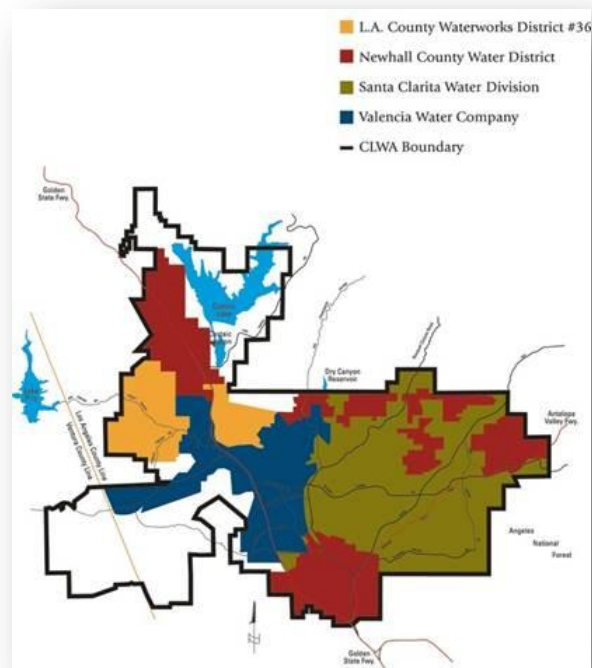
**Consultant Support:**

- Ed Means, President, Means Consulting LLC

# INTRODUCTION

---

Welcome to the Castaic Lake Water Agency's (Agency) 5-year Strategic Plan. The Agency is a special purpose public agency serving about half of Santa Clarita households and businesses with high-quality water. As one of 29 public agencies that contract for State Water Project water from northern California and other sources of imported water to supplement local sources of supply, the Agency treats and delivers water to the Santa Clarita Valley's four local water purveyors: Los Angeles County Waterworks District #36, Newhall County Water District, the Agency's Santa Clarita Water Division, and Valencia Water Company. The Agency operates three large treatment plants, three major pump stations, three water storage facilities and over 45 miles of large diameter transmission pipelines delivering water to four local water retailers. In addition, the Agency manages and operates the retail water responsibility serving 32,000 customers in the Santa Clarita Valley and also provides recycled water service.



Castaic Lake Water Agency Service Area

This Strategic Plan is a blueprint for how the Agency will respond to current challenges and make the best of future opportunities for the benefit of our customers. It reaffirms the Agency's vision and mission and succinctly defines five Goals related to: Customer and Community, Water Supply Reliability, Water Quality, Cost Effectiveness and Organizational Effectiveness. It also outlines the specific strategies and measurable objectives we will pursue to achieve this plan.

The Strategic Plan was developed through a collaborative process with the Board of Directors, management and staff. The Board actions will consistently support these Goals/Commitments and will be tracked for progress, reevaluating the plan regularly to adjust as conditions warrant.

The Board of Directors reviewed and accepted the 2017-2022 Strategic Plan on June 29, 2017.



# THE STRATEGIC PLANNING PROCESS

---

A strategic planning process has been in place for a number of years at the Agency. The Strategic Plan is reviewed periodically to ensure the significant water resource, financial, and other challenges are considered in the Agency's strategies and objectives.

This plan was developed in the context of significant change in the water supply community in general and in the Santa Clarita Valley specifically; it is designed to be responsive to those challenges. Two challenges are paramount:

## 1. Formation of a New Water Agency Serving the Santa Clarita Valley

Legislation has been introduced to form the Santa Clarita Valley Water District from the Newhall County Water District (NCWD) and Castaic Lake Water Agency (CLWA). Newhall County Water District traces its roots back to 1913 and is the Santa Clarita Valley's first public water utility, currently providing service to more than 44,400 residents in portions of the City of Santa Clarita and unincorporated Los Angeles County communities, including Newhall, Canyon Country, Valencia and Castaic. Newhall County Water District and Castaic Lake Water Agency have discussed ways to enhance regional collaboration, benefit ratepayers and advance water reliability across the region. Through a settlement agreement, the two organizations have agreed to form a new agency serving the Santa Clarita Valley. The new agency will present significant opportunities to better serve the region. Should the formation legislation pass, seamlessly integrating the water provision functions of both these organizations into a single new agency will be a significant strategic challenge for the Boards and staff of both organizations in the coming years.



## 2. Planning and Implementing Water Supply

The Santa Clarita Valley's water supply portfolio faces a number of challenges. Primarily, the Agency's State Water Project supply has experienced a number of regulatory driven reliability reductions related to endangered species. The California WaterFix (formerly known as the Bay Delta Conservation Plan (BDCP) is one part of the California Water Action Plan to bolster local self-sufficiency, reduce consumption, improve water supply reliability, and reduce dependence on the Delta to meet future needs.



Another significant water supply portfolio uncertainty relates to the optimization of the groundwater basin in the Santa Clarita Valley. Optimizing this resource will be influenced by a number of factors including:

- the effect of long term climate change on local and imported surface and groundwater,
- the effect of climate change on water demands,
- how the Sustainable Groundwater Management Act of 2014 is implemented in the Santa Clarita Valley,
- the availability and cost of recycled water, and
- the effect of endangered species on conjunctive use of water in the basin.

Finally, future availability of supplies from the Buena Vista-Rosedale Rio Bravo water banking project will be dependent on climate change and on the implementation specifics of the Sustainable Groundwater Management Act of 2014 in those groundwater basins.

Accordingly, the Agency must plan to further diversify water supplies and remain flexible to take advantage of water management opportunities as they arise. To that end, protecting and optimizing the use of and recycled water to augment supplies and the conjunctive use of groundwater and imported water supplies.



# STRUCTURE OF THE STRATEGIC PLAN

---

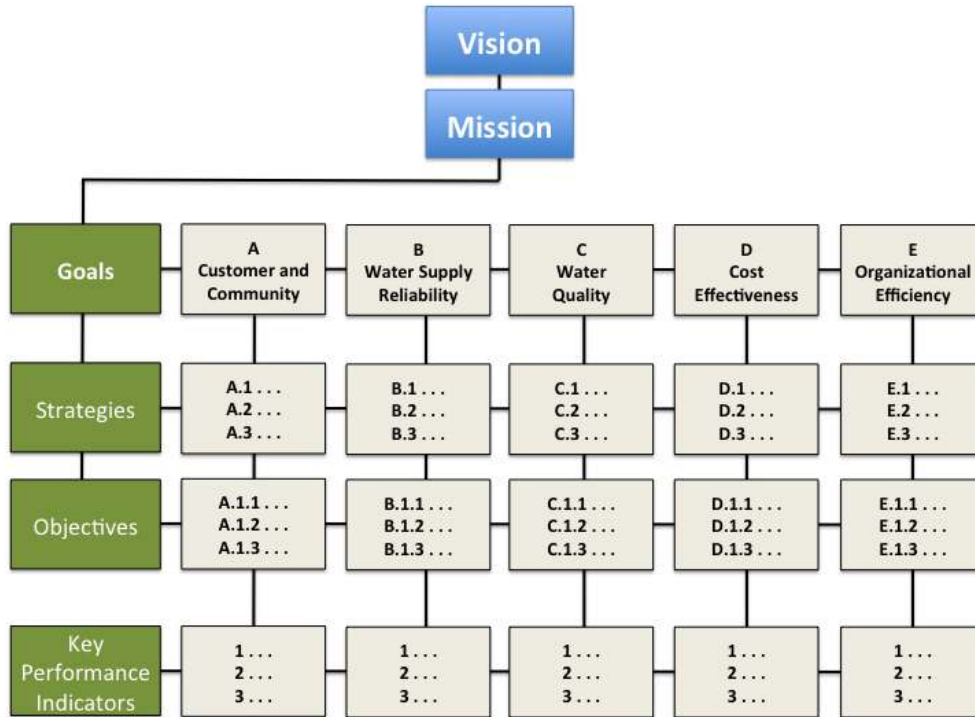
The Plan is structured in a supporting fashion, the Key Performance Indicators (KPIs) track accomplishment of the Objectives, the Objectives support the Strategies and the Strategies support the Goals, which support the Mission and achievement of the Vision as depicted in Figure 1.

**Figure 1: Hierarchy of Strategic Plan Elements**

<b>Vision</b> Where the organization wants to be in the future.
<b>Mission</b> The purpose of the organization.
<b>Goals</b> Organization-wide desires that support achievement of the vision.
<b>Strategies</b> The approaches required to achieve goals.
<b>Objectives</b> The outcomes required to achieve goals.
<b>Action Items / Key Performance Indicators</b> The activities, plans or programs developed to measure achievement of objectives.

The nomenclature approach for goals, strategies, objectives and key performance indicators is depicted in Figure 2.

**Figure 2: Goals/Strategies/Objectives Nomenclature**



## AGENCY VISION

The Agency Vision statement represents the aspirations of the Agency as follows:

**“Provide exemplary water services supporting the high quality of life and vibrant economy of the Santa Clarita Valley.”**





# AGENCY MISSION

---

The Agency has established the following mission statement to guide decision making on behalf of the customers and communities we serve:

**“To provide reliable, quality water at a reasonable cost”**



# AGENCY 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.

**Transparency** – We will deliberate and act on behalf of the public in an open and clear manner.

**Ethics and 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 and retail 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 workplace.

**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.

These values will drive our actions – towards our fellow employees, our customers, our directors, and our community.

# GOALS AND STRATEGIES

---

These five goals represent the commitment statements for the Agency:

**Customer/Community, Water Supply Reliability, Water Quality, Cost Effectiveness, and Organizational Effectiveness.** The Agency is committed to these goals to achieve our mission and vision.

<b>Customer / Community</b>	<b>Implement policies supporting the social, quality of life, and environmental values of the community.</b>
<b>Water Supply Reliability</b>	<b>Operate, maintain and implement planned facilities, projects and programs to provide and enhance water supply availability and reliability.</b>
<b>Water Quality</b>	<b>Protect the quality of our water supplies and ensure our drinking water meets or surpasses all water quality requirements.</b>
<b>Cost Effectiveness</b>	<b>Maintain a long-range, open, stable and well-planned financial condition, resulting in current and future water users receiving fair and equitable rates and charges.</b>
<b>Organizational Effectiveness</b>	<b>Maintain a well-defined organizational structure that fosters innovation, integrity, leadership, professionalism, respect, safety and teamwork.</b>

The Agency’s strategic planning focuses on five goal areas that provide direction for achieving the Agency’s vision and mission. Strategic objectives for each goal area are included in Appendix A.

**Goal A:  
Customer/  
Community**

**Implement policies supporting the social, quality of life, and environmental values of the community.**

*Strategy A.1 – Provide prompt responses and cost-effective customer service.*

*Strategy A.2 – Continuously improve the customer experience.*

*Strategy A.3 – Communicate with and engage our community on water matters of importance to the region.*

*Strategy A.4 – Maintain strong working relationships with local water agencies.*

*Strategy A.5 – Work with local, regional, and state agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.*



*Strategy A.6 – Ensure that the Agency is recognized as a credible, effective and reliable authority for water infrastructure, management and policy.*

*Strategy A.7 – Engage in statewide water policy issues.*

*Strategy A.8 – Support legislation to enable formation of a new Santa Clarita Valley Water District (District).*

*Strategy A.9 – Pending approval of legislation, establish and support the new District.*

*Strategy A.10 – Develop transition plan with Newhall County Water District for new District.*

*Strategy A.11 – Provide staff support for the Board of Directors.*



**KPIs**

1. Complaint log statistics
2. The length of time it takes to resolve customer issues
3. Number of unscheduled emergency shut-offs and scheduled shut-offs
4. Stakeholder awareness of water issues affecting ratepayers and the Agency
5. Level of public awareness of available water saving rebates and techniques
6. Public awareness and opinion of the Agency, the services it provides and its role in the community
7. Achieve the “Principles for Moving Forward” adopted by the Agency and NCWD Boards of Directors
8. Level of active participation in organizations by Agency Directors and staff
9. Diversity of organization memberships

## **Goal B Water Supply Reliability**

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

*Strategy B.1 – 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.*

*Strategy B.2 – Advance the integrated management of water resources including imported supplies, local groundwater, recycled water, storm water capture and demand management programs.*

*Strategy B.3 – Meet all customer water demands.*

*Strategy B.4 – Advance demand management and achieve the water target of 20% per capita by 2020.*

*Strategy B.5 – Respond to anticipated near-term droughts through rate structure modification, conservation assistance, customer service, and outreach.*

*Strategy B.6 – Plan, design and build facilities to meet demand including storage capacity and interconnections between wholesale and retail water systems.*

*Strategy B.7 – Operate and maintain facilities cost-effectively and efficiently.*

*Strategy B.8 – Plan and prepare for catastrophic emergencies.*



### **KPIs**

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
5. Monthly monitoring of production and consumption compared to historic months
6. Monthly monitoring of water loss
7. Enforcement of restrictions identified in Ordinance No. 44
8. Participate in efforts to implement the Sustainable Groundwater Management Act including formation of a groundwater sustainability agency
9. Percent change in recycled water supply

10. Sufficient water storage and put-and-take capacity such that water banking program success in meeting annual demands (target: 95% confidence level)
11. Availability of local water resources
12. State mandated conservation goals achieved
13. Estimated retail water agency per capita water use
14. Annual Capital Improvement Program (CIP) expenditures
15. Progress of the Pipeline Inspection Program
16. Progress to develop and implement an Asset Management Program
17. Service leaks
18. Service line replacement program
19. Main line breaks
20. Valves exercised
21. Dead end flushing
22. Meter replacements



## Goal C: Water Quality

Protect the quality of our water supplies and ensure our drinking water meets or surpasses all water quality requirements.

*Strategy C.1 – Achieve 100% compliance with all water quality regulations and standards.*

*Strategy C.2 – Continue remediation of perchlorate contamination.*

*Strategy C.3 – Anticipate and comply with regulatory and environmental changes.*

*Strategy C.4 – Implement long-term salinity management/nutrient management plan.*

### KPIs

1. Completion of required Division of Drinking Water 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)
6. Groundwater pumped from Saugus wells and treated at the Saugus Perchlorate Treatment Facility
7. Impacted well capacity





## **Goal D: Cost Effectiveness**

**Maintain a long-range, open, stable and well-planned financial condition, resulting in current and future water users receiving fair and equitable rates and charges.**

*Strategy D.1 – Maintain fiscal viability.*

*Strategy D.2 – Strive to be under budget.*

*Strategy D.3 – Optimize transmission and treatment costs.*

*Strategy D.4 – Optimize real estate management (acquisition and use).*

*Strategy D.5 – Maximize outside funding opportunities.*

*Strategy D.6 – Advance workforce excellence.*

*Strategy D.7 – Optimize energy efficiencies including the economically appropriate use of renewable power.*



### **KPIs**

1. Maintain high bond ratings
2. Meet debt service coverage ratio
3. Meet reserve fund targets
4. Actual costs compared to project budget
5. Number and magnitude of change orders
6. Cost of electricity used per acre foot of water delivered
7. Cost of chemicals per acre foot of water delivered

## **Goal E: Organizational Effectiveness**

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

***Strategy E.1 – Develop and maintain clear and comprehensive policies, systems and procedures.***

***Strategy E.2 – Improve organizational effectiveness.***

***Strategy E.3 – Promote an open and professional work environment.***

***Strategy E.4 – Attract, retain and develop quality staff.***

***Strategy E.5 – Maintain a safe work environment.***



### **KPIs**

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
3. Contact hours and continuing education units (average of total and by department)
4. Number and types of licensed treatment and distribution operators
5. On-time completion of annual performance evaluations and inclusion of employee input on career advancement plans
6. Agency use of education reimbursement program
7. Number of staff certifications compared with Division of Drinking Water requirements
8. Number of days lost to workplace personal injuries





# STRATEGIC BUSINESS PLAN PERFORMANCE MEASUREMENT INDICATORS

In order to track our progress, management provides twice a year reporting. In addition, key Performance Measurement Indicators (KPIs) have been developed to make judgments about the effectiveness and efficiency of our operations as well as to drive improvements, which successfully translate our strategies into action. KPIs will be reported as part of our annual budget process. A measurement system services many vital purposes, including focusing attention on key issues, clarifying expectations, facilitating decision-making, and most importantly, learning and improving.



# GLOSSARY

---

The following key terms are used in this Strategic Plan:

**Action Plan** – A detailed set of tactical actions that will be developed in order for the strategies/objectives to be achieved.

**Values** – Non-negotiable standards that the staff and the Board believe in and embody how they will act individually and as an organization.

**Goal** – The Agency’s commitment to the community it serves.

**Mission** – The primary reason(s) for the existence of the organization.

**Objective** – Measurable work activity that, when accomplished, will directly lead to the success of the strategy.

**Issue** – A problem or opportunity facing the Agency.

**Strategy** – How an issue is solved to achieve the goal.

**Strategic Plan** – A structured plan to drive the Agency to achieve its goals.

**SWOT Analysis** – Description of strengths, weaknesses, opportunities and threats to identify areas of focus in the Strategic Plan.

**Tactic** – Specific work activities to accomplish a strategy.

**Vision** – What the Agency aspires to become.



# CASTAIC LAKE WATER AGENCY

Providing exemplary water services supporting the high quality of life and vibrant economy of the Santa Clarita Valley



# APPENDIX A – 2017-18 OBJECTIVES\*

\* Priorities, dates, and responsible Divisions are included in the Budget document

<b>Goal A: Customer/Community - Implement policies supporting the social, quality of life, and environmental values of the community.</b>		
<b>Strategy</b>	<b>Objective</b>	<b>Time Frame</b>
<b>A.1 - Provide prompt responses and cost-effective customer service.</b>		
<b>A.2 - Continuously improve the customer experience.</b>		
A.2.1	Enhance customer outreach through web-based and social media programs.	Ongoing
<b>A.3 - Communicate with and engage our community on water matters of importance to the region.</b>		
A.3.1	Conduct a Customer Service Survey. P2	Current Year
A.3.2	Participate in a Vendor Outreach program with the City of Santa Clarita. P2	Current Year
A.3.3	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
<b>A.4 - Maintain strong working relationships with local water agencies.</b>		
A.4.1	Support efforts to create and implement a new valley-wide water district for the Santa Clarita Valley.	Ongoing
A.4.2	Continue providing effective wholesale water service to Los Angeles County Waterworks District #36.	Ongoing
<b>A.5 - Work with local, regional, and state agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.</b>		
A.5.1	Foster and continue effective working relationships with the local water agencies.	Ongoing
A.5.2	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 the Agency's SWP water supply.	Ongoing
A.5.3	Continue coordination with Agency legislative analysts in communications with local elected officials and their staffs.	Ongoing
<b>A.6 - Ensure that the Agency is recognized as a credible, effective and reliable authority for water infrastructure, management and policy.</b>		
A.6.1	Increase public understanding of water issues; raise awareness of and demand for conservation programs including: Water conservation campaign(s) and related media buys Public and school educational programs Participation at public events Agency web site, e-newsletter and social media Self-guided landscape tour Conservatory Garden	Ongoing

A.6.2	Build positive public perception of the Agency as a leading resource and reliable authority on water issues engaging the Blue Ribbon Committee, Speakers' Bureau and Water Academy.	Ongoing
A.6.3	Support Agency efforts to work with public agencies and industry associations to influence water policy.	Ongoing
<b>A.7 - Engage on statewide water policy issues.</b>		
A.7.1	Continue coordination with Agency legislative analysts in communications with local elected officials and their staffs.	Ongoing
A.7.2	Foster and continue effective working relationships with the Department of Water Resources and other State Water Project contractors.	Ongoing
<b>A.8 - Support legislation to enable formation of a new Santa Clarita Valley Water District (District).</b>		
<b>A.9 - Pending approval of legislation, establish and support the new District.</b>		
<b>A.10 - Develop transition plan with Newhall County Water District for new District.</b>		
A.10.1	Develop transition plan for guiding vision for the new district. P1	Current Year
A.10.2	Develop transition plan for providing services. P1	Current Year
A.10.3	Develop transition plan for phasing and key milestones. P1	Current Year
<b>A.11 - Provide staff support for the Board of Directors.</b>		
A.11.1	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
A.11.2	Support Board and Ad Hoc Committee in the CLWA/NCWD Ad Hoc Committee process to achieve the "Principles for Moving Forward."	Ongoing
A.11.3	Ensure the Agency is properly represented on all legal matters.	Ongoing
<b>Goal B: Water Supply Reliability - Operate, maintain and implement planned facilities, projects and programs to provide and enhance water supply availability and reliability.</b>		
<b>Strategy</b>	<b>Objective</b>	<b>Time Frame</b>
<b>B.1 - 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.</b>		
B.1.1	Complete the 2017 Water Supply Reliability Report Update. P1	Current Year
B.1.2	Identify projects and initiate planning for projects to enhance long-term water supply reliability identified in the updated Water Supply Reliability Report. P2	Current Year
B.1.3	Participate in development and implementation of the California WaterFix, including:	
	Supporting interim financing of design and planning activities. P1	Current Year
	Supporting regulatory decisions that improve water supply reliability of the SWP in absence of California WaterFix.	Ongoing
B.1.4	In coordination with the retail purveyors, respond to SB 610 Water Supply Assessments and SB 221 Water Supply Verifications.	Ongoing
<b>B.2 - Advance the integrated management of water resources including imported supplies, local groundwater, recycled water, storm water capture and demand management programs.</b>		
B.2.1	Prepare the Agency Recycled Water Master Plan Update and California Environmental Quality Act document. P1	Current Year



B.2.2	Coordinate and analyze performance of water banking and exchange programs, local groundwater production and water conservation measures. P1	Current Year
B.2.3	Participate in efforts to implement the Sustainable Groundwater Management Act for the Santa Clarita Valley.	Ongoing
B.2.4	Implement dry-year recovery project for the Rosedale-Rio Bravo Water Storage District Water Exchange and Banking Program. P1	Current Year
<b>B.3 - Meet all customer water demands.</b>		
B.3.1	Meet local retail and wholesale water agency demands as appropriate.	Ongoing
B.3.2	Cooperate with DWR and other SWP contractors to improve the administration of the SWP in a manner that promotes long-term cost effectiveness, operational reliability and supply availability.	Ongoing
B.3.3	Ensure the Agency has full access to water supplies available to it under its SWP contract and other water supply agreements that rely on SWP conveyance to meet customer water demands and store water for reliability enhancement and dry year use.	Ongoing
<b>B.4 - Advance demand management and achieve the water target of 20% per capita by 2020.</b>		
B.4.1	Continue to implement and assess programs identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan (SCV WUE SP). P1	Ongoing
B.4.2	Support local and statewide regulations consistent with the goals of the Water Use Efficiency Strategic Plan.	Ongoing
B.4.3	Monitor and provide input into Governor's proposed new water efficiency targets (beyond 20% by 2020). P1	Current Year
B.4.4	Work with the Santa Clarita Valley Water Committee to further enhance retail purveyor, City and County drought and water conservation activities.	Ongoing
B.4.5	Continue enforcement of Ordinance No. 44 Restrictions to minimize violations and encourage conservation in accordance with the SWRCB mandatory restrictions through October 2017. P1	Current Year
B.4.6	Reevaluate and prioritize outreach targets and methods to maximize rebates and incentive benefits to encourage additional conservation. P2	Current Year
B.4.7	Promote various water conservation programs.	Ongoing
<b>B.5 - Respond to anticipated near-term water shortages through rate structure modification, conservation assistance, customer service, and outreach.</b>		
<b>B.6 - Plan, design and build facilities to meet demand including storage capacity and interconnections between wholesale and retail water systems.</b>		
B.6.1	Initiate construction of the Distribution System – RV-2 Modifications Project. P1	Current Year
B.6.2	Initiate design of Groundwater Treatment Improvement Project. P1	Current Year
B.6.3	Initiate preliminary design of the Magic Mountain Reservoir Project. P1	Current Year
B.6.4	Complete design of the Earl Schmidt Intake Pump Station Pipeline Improvements Project. P1	Current Year
B.6.5	Initiate construction of the Earl Schmidt Intake Pump Station Pipeline Improvements Project. P1	Current Year
B.6.6	Complete land acquisition and final design of the Vista Canyon Recycled Water Project (Phase 2B). P1	Current Year
B.6.7	Complete final design of the South End Recycled Water Project (Phase 2C). P1	Current Year

B.6.8	Complete final design for the West Ranch Recycled Water Project (Phase 2D). P1	Current Year
B.6.9	Complete design of the Replacement Wells and Dry Year Reliability Wells. P1	Current Year
B.6.10	Complete land acquisition for Castaic Conduit Project. P1	Current Year
B.6.11	Complete construction of Saugus Perchlorate Treatment Facility Pressure Modifications Project. P1	Current Year
B.6.12	Complete 2017 Facility Capacity Fee (FCF) Study and adopt new FCFs. P1	Current Year
B.6.13	Complete inspection of the Castaic Conduit Pipeline Reach 3 and Reach 4. P2	Current Year
B.6.14	Complete inspection of the Earl Schmidt Filtration Plant Raw Water pipeline. P2	Current Year
B.6.15	Complete design of the Castaic Conduit Pipeline Reaches 1, 2 and 5 Modifications. P2	Current Year
B.6.16	Complete inspection of the Rio Vista Water Treatment Plant Raw Water pipeline. P2	Current Year
B.6.17	Finalize and adopt the Recycled Water Master Plan. P1	Current Year
B.6.18	Complete construction of the Earl Schmidt Intake Pump Station Pipeline Improvements Project. P1	Current Year
B.6.19	Complete design of the Earl Schmidt Sludge Collection System Project. P1	Current Year
B.6.20	Initiate construction of the West Ranch Recycled Water Project (Phase 2D). P1	Current Year
B.6.21	Complete construction of the Distribution System – RV-2 Modifications Project. P1	Current Year
B.6.22	Complete design of the Magic Mountain Pipeline No. 4 Project. P1	Current Year
B.6.23	Complete construction of permanent Foothill Feeder connection project.P1	Current Year
B.6.24	Complete design of the Rio Vista Water Treatment Plant Underground Storage Tank Replacement Project. P2	Current Year
B.6.25	Initiate construction of the Magic Mountain Pipeline Phase 4 Project.	Long term
B.6.26	Initiate construction of the Earl Schmidt Sludge Collection System Project.	Long term
B.6.27	Initiate planning and preliminary design of the Southern Service Area Reservoir Project.	Long term
B.6.28	Complete construction of the Saugus Formation Replacement Wells and Dry Year Reliability (“Red-Handled”) Wells Project.	Long term
B.6.29	Initiate construction of the Magic Mountain Pipeline Phase 5 Project.	Long term
B.6.30	Complete design of the Castaic Conduit Bypass Project.	Long term
B.6.31	Initiate construction of the Castaic Conduit Bypass Project.	Long term
B.6.32	Initiate construction of the Recycled Water South End Project (Phase 2C).	Long term
B.6.33	Initiate planning and preliminary design of the Sand Canyon Reservoir Expansion Project.	Long term
B.6.34	Initiate construction of the Magic Mountain Pipeline Phase 6 Project.	Long term
B.6.35	Initiate construction of the Honby Parallel Pipeline Phase 2 Project.	Long term
B.6.36	Initiate construction of the Magic Mountain Reservoir Project.	Long term
B.6.37	Initiate construction of the Southern Service Area Reservoir Project.	Long term

B.6.38	Initiate construction of the Sand Canyon Reservoir Expansion Project.	Long term
B.6.39	Continue development of Geographical Information Systems (GIS) program capabilities and acquisition of GIS data.	Ongoing
B.6.40	Complete design and bidding of Water Pipeline to LARC Ranch. P1	Current Year
B.6.41	Prepare design of Deane Storage Tank. P2	Current Year
B.6.42	Conduct CEQA Initial Study for Placerita Storage Tank. P2	Current Year
B.6.43	Prepare design of Phase 2B Recycled Water backbone pipeline and tank, and distribution Pipeline. P1	Current Year
B.6.44	Construct new pipeline in Rainbow Glen Drive. P2	Current Year
B.6.45	Construct new intertie with NCWD at Gary Drive. P2	Current Year
B.6.46	Complete design of pipeline in Warmuth Drive from SC-12 to Sand Canyon Road. P2	Current Year
B.6.47	Implement next phase of GIS by setting up structured database and migrating attribute data from base maps. P1	Current Year
B.6.48	Develop and configure water system hydraulic model. P2	Current Year
B.6.49	Develop recycled water standards and specifications.	Long term
B.6.50	Create recycled water policies and ordinances.	Long term
B.6.51	Initiate construction of Castaic Conduit Reaches 1, 2, and 5 modifications project.	Long term
B.6.52	Complete construction of Castaic Conduit Reaches 1, 2, and 5 modifications project.	Long term
<b>B.7 - Operate and maintain facilities cost-effectively and efficiently.</b>		
B.7.1	Replace regulatory pressure relief valves at Earl Schmidt Filtration Plant and Rio Vista Water Treatment Plant. P1	Current Year
B.7.2	Repair back gate access road at Earl Schmidt Filtration Plant. P1	Current Year
B.7.3	Replace ammonia pumping system at Earl Schmidt Filtration Plant. P1	Current Year
B.7.4	Repair/recoat Earl Schmidt Filtration Plant clear wells interior coating. P1	Current Year
B.7.5	Replace NTU analyzers at Rio Vista Water Treatment Plant and Earl Schmidt Filtration Plant. P2	Current Year
B.7.6	Install replacement valves for bag filters (4) and equalization tank at Saugus Perchlorate Treatment Facility. P2	Current Year
B.7.7	Replace three Ozone residual analyzers at Earl Schmidt Filtration Plant. P2	Current Year
B.7.8	Replace two ammonia pumps at Saugus Perchlorate Treatment Facility. P1	Current Year
B.7.9	Replace all valves on treatment vessels at Saugus Perchlorate Treatment Facility. P1	Current Year
B.7.10	Replace isolation valves for backwash pump at Rio Vista Water Treatment Plant. P2	Current Year
B.7.11	Replace Clarifier 54" flow meter at Earl Schmidt Filtration Plant. P2	Current Year
B.7.12	Replace 48" Treated Water Pipeline flow meter at Earl Schmidt Filtration Plant. P2	Current Year
B.7.13	Replace sludge check valves at Earl Schmidt Filtration Plant. P3	Current Year
B.7.14	Repair/replace 4 cathodic test stations in distribution system. P3	Current Year
B.7.15	Continue acquiring and entering asset information into Computer Maintenance Management System.	Ongoing



B.7.16	Remove and replace one pressure reducing valve station at Rainbow Glen/Sierra Highway. P1	Current Year
B.7.17	Complete the fifth phase installation of the Automated Meter Reading (AMR) System. P1	Current Year
B.7.18	Complete aged meter replacement program. 305 meters are budgeted for replacement/relocation. P1	Current Year
B.7.19	Conduct annual tank inspection and maintenance program. Inspection of 10 tanks plus warranty dives. Repair and overcoat 3 exterior tank coating systems. P2	Current Year
B.7.20	Conduct annual well inspection, video inspection of 3 wells and perform any needed maintenance as needed. P2	Current Year
B.7.21	Complete Rainbow Glen pipeline (WMP PIPE #5). P2	Current Year
B.7.22	Complete West Newhall Alley pipeline upgrade. P2	Current Year
B.7.23	Complete SCADA (Sensor/Equipment Upgrade). P2	Current Year
B.7.24	Complete Well Mag meter upgrade program. P1	Current Year
B.7.25	Prepare and Implement formal Meter Testing Program / Schedule for Large Customer Meter and Production Meters. P1	Current Year
B.7.26	Analyze and implement land use changes at Devil's Den that provide revenue and/or reduced operating costs, including potential development of solar facilities and land sales.	Ongoing
B.7.27	Participate as necessary in efforts to implement the Sustainable Groundwater Management Act at the Agency's Devil's Den property.	Ongoing
<b>B.8 - Plan and prepare for catastrophic emergencies.</b>		
B.8.1	Coordinate emergency response planning efforts with the local water agencies, County and City.	Ongoing
<b>Goal C: Water Quality - Protect the quality of our water supplies and ensure our drinking water meets or surpasses all water quality requirements.</b>		
<b>Strategy</b>	<b>Objective</b>	<b>Time Frame</b>
<b>C.1 - Achieve 100% compliance with all water quality regulations and standards.</b>		
C.1.1	Meet all applicable water quality regulations.	Ongoing
<b>C.2 – Continue remediation of perchlorate contamination.</b>		
<b>C.3 - Anticipate and comply with regulatory and environmental changes.</b>		
C.3.1	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
<b>C.4 - Implement long-term salinity management/nutrient management plan.</b>		
<b>Goal D: Cost Effectiveness - Maintain a long-range, open, stable and well-planned financial condition, resulting in current and future water users receiving fair and equitable rates and charges.</b>		
<b>Strategy</b>	<b>Objective</b>	<b>Time Frame</b>
<b>D.1 - Maintain fiscal viability.</b>		
D.1.1	Implement revised retail water rates. P1	Current Year
D.1.2	Update retail capacity fees based on Los Angeles Specific Engineering News Record (ENR) Construction Cost Index (CCI) and Implement new fees. P1	Current Year

D.1.3	Evaluate Current Retail Reserve Fund Policy. P1	Current Year
D.1.4	Review financial policies to ensure compliance or provide recommendations for revision if necessary. P2	Current Year
D.1.5	Monitor revenue impact of continuous customer water conservation performance as a result of the SWRCB conservation extension through October 2017.	Ongoing
D.1.6	Ensure the Agency and Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures.	Ongoing
D.1.7	Prepare a Proposition 1 grant application if available. P1	Current Year
D.1.8	Oversee and administer the Proposition 84 Upper Santa Clara River Integrated Regional Water Management grant program.	Ongoing
D.1.9	Pursue federal funding for perchlorate contamination clean-up and recycled water projects in coordination with Washington, D.C. legislative advocate.	Ongoing
D.1.10	Administer awarded grants and assist project managers in determining reimbursement schedule.	Ongoing
D.1.11	Through a Request for Proposal (RFP) process, select a financial advisor for the Agency. P2	Current Year
D.1.12	Review and prepare for implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB Statement No. 75 concerns postemployment liability accounting and will have a significant impact on Agency's financial statements. P2	Current Year
D.1.13	Through a Request for Proposal (RFP) process, select an actuarial consultant to prepare the other postemployment benefit (OPEB) valuation for the implementation of GASB 75. P1	Current Year
D.1.14	Adopt a new investment policy for the proceeds from the potential lump sum payment of the perchlorate settlement agreement for O&M activities.	Long Term
D.1.15	Research hiring an investment management firm to manage the potential lump sum payment for O&M activities as provided in the perchlorate settlement agreement.	Long Term
D.1.16	Develop a repair and replacement reserve fund policy based on the Agency's asset management program.	Long Term
<b>D.2 - Strive to be under budget.</b>		
<b>D.3 - Optimize transmission and treatment costs.</b>		
<b>D.4 - Optimize real estate management.</b>		
<b>D.5 - Maximize outside funding opportunities.</b>		
D.5.1	Identify and apply for grants for water use efficiency and other programs.	Ongoing
<b>D.6 - Advance workforce excellence.</b>		
D.6.1	Implement electronic timesheet entry. (Funded by General Fund/Operating, within baseline budget). P2	Current Year
<b>D.7 - Optimize energy efficiencies including the economically appropriate use of renewable power.</b>		

<b>Goal E: Maintain a well-defined organizational structure that fosters innovation, integrity, leadership, professionalism, respect, safety and teamwork.</b>		
<b>Strategy</b>	<b>Objective</b>	<b>Time Frame</b>
<b>E.1 - Develop and maintain clear and comprehensive policies, systems and procedures.</b>		
E.1.1	Continue reviewing the Employee Manual policies periodically and recommend updates and revisions as necessary.	Ongoing
E.1.2	Implement redundant gateway routing. P1	Current Year
E.1.3	Replace one of three existing SAN (Storage Area Network) systems. P2	Current Year
E.1.4	Replace five existing virtual machine server hosts. P2	Current Year
E.1.5	Upgrade VMWare on all hosts. P2	Current Year
E.1.6	Add 10 to 20 more MBPS (megabits per second) on existing point-to-point backup line between the Rio Vista Water Treatment Plant and Summit Circle. P1	Current Year
E.1.7	Have a full intrusion test done on entire network to determine any cyber-security vulnerabilities. P1	Current Year
E.1.8	Improve Rio Vista Water Treatment Plant back gate and access road by adding safety and security signage and traffic striping. P1	Current Year
E.1.9	Improve Rio Vista Water Treatment Plant upper mesa entrance gate and access areas. P2	Current Year
E.1.10	Improve Earl Schmidt Filtration Plant road access gate. P3	Current Year
E.1.11	Implement asphalt cleaning and maintenance program. P2	Current Year
E.1.12	Conduct semiannual tests of Agency's disaster recovery plan.	Ongoing
E.1.13	Conduct quarterly tests of Agency's technology and communication systems.	Ongoing
<b>E.2 - Improve organizational effectiveness.</b>		
E.2.1	Continue to implement Agency strategic plans.	Ongoing
E.2.2	Oversee and facilitate efforts of all Departments and Divisions to achieve their goals.	Ongoing
E.2.3	Develop an Information Technology Strategic Plan.	Long Term
E.2.4	Upgrade General Ledger/Financial System software.	Long Term
E.2.5	Upgrade Human Resources/Payroll System software.	Long Term
E.2.6	Evaluate cross-training program opportunities.	Long Term
E.2.7	Develop a process to identify and re-engineer cumbersome processes. P2	Current Year
<b>E.3 - Promote an open and professional work environment.</b>		
E.3.1	Continue to provide employees with "bottom-up" communication through all employee meetings.	Ongoing
E.3.2	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
E.3.3	Continue bi-weekly executive staff and periodic manager/supervisor meetings to enhance staff productivity and coordination work efforts.	Ongoing
E.3.4	Evaluate effectiveness of communications.	Ongoing
<b>E.4 - Attract, retain and develop quality staff.</b>		
E.4.1	Continue to provide appropriate training and professional development.	Ongoing

E.4.2	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
E.4.3	Engage a consultant to perform a comprehensive market survey of employee benefits. P1	Current Year
E.4.4	Research compensation for licenses and certifications through a market survey. P2	Current Year
E.4.5	Implement electronic benefits enrollment. P1	Current Year
E.4.6	Provide supervisor training to enhance working knowledge and a general understanding of the Agency's recruitment, onboarding, and performance evaluation and other human relations processes. P1	Current Year
E.4.7	Update the Agency's Supervisor Handbook. P1	Current Year
E.4.8	Conduct sexual harassment awareness and prevention training for all employees. P1	Current Year
E.4.9	Research implementing an employee portal or intranet for posting various often-requested forms, documents, etc.	Long Term
E.4.10	Assess workforce and organizational needs (appropriate staffing levels).	Ongoing
E.4.11	Examine practicality/benefits of establishing a mentoring program.	Long Term
E.4.12	Review Team Building strategy to foster trust and shared values.	Ongoing
<b>E.5 - Maintain a safe work environment.</b>		
E.5.1	Continue to provide all required and recommended safety training.	Ongoing
E.5.2	Continue to emphasize safety through weekly tailgate and safety meetings.	Ongoing
E.5.3	Conduct live confined space entry and rescue drill. P1	Current Year
E.5.4	Conduct a live chemical spill response drill with local fire department and/or emergency services contractor. P1	Current Year

**[This page intentionally left blank.]**

## 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. SCWD extends credit to customers in the normal course of operations. Management deems at least 99% of all accounts receivable as collectible at fiscal yearend.

**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.

**Accrual Basis of Accounting:** The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at the time).

**Acre-Foot/Acre-Feet (AF):** A unit of measure equivalent to 325,851 gallons of water.

**Advanced Metering Infrastructure (AMI):** This technology includes hardware, meter data management software, communications equipment and smart meters that provide real-time meter reads and consumption to the customer and the utility. This information will then allow the customer to be more aware of water usage and identify problems sooner and also allows the Utility to improve meter reading accuracy and efficiency.

**Agency:** Refers to both CLWA and SCWD.

**Alluvial Aquifer or Alluvium:** The shallow aquifer which generally underlies the Santa Clara River and its several tributaries within the Santa Clarita Valley.

**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.

**American Water Works Association (AWWA):** An international scientific and educational society dedicated to the improvement of drinking water quality and supply. The Agency is a member of AWWA.

**Appropriation:** An amount of money in the budget authorized for expenditure or obligation within organizational units for specific purposes.

**Aquifer:** An underground layer of permeable rock, sediment (usually sand or gravel), or soil that yields water.

**Assessed Valuation:** An official government value placed upon real estate or other property as a basis for levying taxes.

**Asset Management:** A set of systematic and coordinated activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their life cycles for the purpose of achieving its organizational strategic plan.

**Assets:** Resources having monetary and economic value that are owned or held by the agency.

**Association of California Water Agencies (ACWA):** A statewide organization comprised of a coalition of public water agencies. The Agency is a member of ACWA.

**Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA):** 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.

**Automated Meter Reading (AMR):** Automatic collection of water meter data using remote reading devices.

**Backbone:** Refers to all infrastructure necessary to deliver recycled water into SCWD's Distribution System.

**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, three directors at large, and one director appointed by each of the two retail water purveyors excluding SCWD and VWC, 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.

**Budget and Rates Committee:** A committee of the Board of Directors consisting of five Board members that meets monthly to discuss budgets and rates for wholesale and retail functions.

**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 Environmental Quality Act (CEQA):** A statute that requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

**California Public Utilities Commission (CPUC):** Commission governing the business operations of private utilities in so much as they affect the rates of the services sold.

**California Water Fix:** 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.

**Capacity Fees:** Fee imposed when a customer requests a new service connection. The Capacity Fee funds (also referred to as Expansion Fund) are used by SCWD to plan, design and construct new facilities to support the additional demand placed on the water system by the new and future service connections.

**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 and SCWD for the construction, rehabilitation and modernization of the Agency and SCWD 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 (Agency or CLWA):** The Castaic Lake Water Agency is the area's wholesaler, which imports water from the State Water Project that is used to supplement the local retailers' groundwater supply. CLWA acquired SCWD in 1999.

**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.

**Ccf:** The Ccf is the standard rate of billing for retail water service. One Ccf is equal to 100 cubic feet of water, which is equal to 748 gallons of water.

**Certificate of Participation (COP):** 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.

**CIP Fund:** Funds allocated for SCWD projects through Retail Water sales excluding COP-financed projects and expansion projects due to development.

**Commodity Charge:** A charge per Ccf that includes local SCWD water usage charge and pass-through charges for purchased water from CLWA.

**Comprehensive Annual Financial Report (CAFR):** A set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB).

**Computerized Maintenance Management System (CMMS):** A CMMS software package maintains a computer database of information about an organization's maintenance operations. This aids in making informed decisions regarding preventative maintenance and helps maintenance workers do their jobs more efficiently.

**Consumer Price Index (CPI):** A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.



**COP Fund:** Funds allocated for specific projects through COP financing. **What is COP?**

**Cost-of-Living Adjustment (COLA):** Periodic increase in wages or salaries, to compensate for loss in purchasing power of money due to inflation. Rate of COLA is commonly pegged to a general index such as consumer price index (CPI). Also called cost of living allowance.

**Customer Class:** SCWD has three customer class categories and they each have specific Commodity Charges based on the cost of service study:

- Residential
- Industrial
- All others

**Customer Information System (CIS):** Computer database and information system that contains all billing and personal data pertaining to utility customers usually combined with Utility Billing (UB).

**Dead End Flushing:** Dead end water mains are often found at the end of cul-de-sac streets. Dead end water mains may not provide enough flow to maintain disinfectant levels. Therefore, a preventative maintenance program has been set up for flushing dead end water mains to ensure high water quality and acceptable disinfection residual.

**Department of Water Resources (DWR):** The state agency responsible for financing, constructing and operating State Water Project facilities.

**Developer:** A person or entity that invests in and develops potentialities of real estate, especially by subdividing the land into home sites and then building houses and selling them.

**Developer Refundable Deposit:** Initial funds received from developers to do engineering studies and construction related to SCWD's water system for their specific development. Any unused amount is refundable.

**Devil's Den Ranch:** Land in Kern and Kings Counties that the Agency owns and operates in agriculture.

**Devil's Den Water District:** A California Water District in Kern and Kings Counties (the Agency is the primary landowner).

**Disbursements:** Payments made on obligations.

**Earl Schmidt Filtration Plant (ESFP):** One of two treatment plants operated by CLWA.

**Earl Schmidt Intake Pumping Station (ESIPS):** CLWA pumping station that pumps water up to the ESFP.

**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.

**Enterprise Fund:** A fund established to account for operations that are financed and operated in a manner similar to business enterprises where (1) the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) the governing body or higher governmental authority has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control and accountability for other purposes.

**Equipment:** The purchase, replacement, maintenance and upgrading of equipment essential to

supporting administrative and service needs with a cost of \$5,000 or more.

**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.

**FICA:** The **Federal Insurance Contributions Act** is a U.S. law that creates a payroll tax requiring a deduction from the paychecks of employees as well as a contribution from employers. The withheld amounts go towards the funding of the Social Security program and Medicare.

**Financial and Operations Committee:** A committee of the Board of Directors consisting of five Board members that meets monthly to discuss and review financial and operating information for wholesale and retail functions.

**Financial Information System (FIS):** Software that records and processes accounting transactions.

**Fiscal Year:** The time frame in which the Budget applies. For the Agency and SCWD, 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 (For the Agency):** Fund equity in governmental funds. The difference between the assets and liabilities equal the fund balance.

**Fund Balance (For the SCWD):** The current funds on hand resulting from historical collection and use of monies. The difference between assets and liabilities reported in SCWD's Operating Fund plus residual equities or balances or changes therein, from the results of operations.

**Gallons Per Capita Per Day (GPCD):** Gallons per capita per day (**GPCD**) is a method utilized internationally to measure water use by drinking water suppliers. It is most commonly used to describe historical and current water uses. It provides a baseline of water use that is not as susceptible to changes in population.

**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.

**Geographic Information System (GIS):** GIS is a system designed to capture, store, manipulate, analyze, manage and present all types of geographically referenced data

**GFOA:** Government Finance Officers Association of the United States and Canada.

**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.

**GPM:** Gallons per minute.

**Grant Administration:** Grant funds are used only for intended purposes, and are subject to Single Audit requirements (OMB Circular A-133).

**Integrated Regional Water Management (IRWM):** A collaborative, stakeholder-driven process to integrate planning and implementation efforts and facilitate regional cooperation with the goals of reducing water demands, improving operational efficiency, increasing water supply, improving water quality and promoting resources stewardship over the long term. The Upper Santa Clara River IRWM plan, adopted in July 2008 (and updated February, 2014), examines current and future water-related needs, identifies regional objectives for water-related resource management, develops strategies to address identified needs and then evaluates and offers various projects to meet the regional objectives.

**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.

**Interfund Loan:** Payments from SCWD to CLWA for the purchase of the Santa Clarita Water Company (SCWC) in 1999.

**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.

**IT:** Information technology.

**LAIF:** Local agency investment fund.

**Los Angeles County Waterworks District No. 36: (LACWD No. 36:):** - One of the four Santa Clarita Valley retail purveyors.

**Major Capital Improvement Projects:** Projects associated with the expansion of service due to growth or increase in demand which cost more than \$250,000.

**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 and SCWD. Examples of supplies include office, computer, engineering, janitorial and gardening. Materials include glass, lumber, concrete, painting and small tools.

**Meter Service Charge:** A monthly charge for water availability based on meter size.

**MG:** Million gallons.

**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.

**Minor Capital Improvement Projects:** Projects associated with the expansion of service due to growth or increase in demand that cost \$250,000 or less.

**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.

**MOU:** Memorandum of Understanding.

**Newhall County Water District (NCWD):** – One of the four Santa Clarita Valley retail purveyors.

**O&M:** Operations and maintenance.

**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 and SCWD including salaries, employer expenses, professional and outside services and other operating expenses.

**Other Post-Employment Benefits (OPEB):** Post-employment benefits that an employee will begin to receive at the start of retirement, but it does not include pension benefits paid to the retired employee.

**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 monthly to discuss planning and engineering issues affecting wholesale and retail functions.

**Potable Water:** Water that meets the drinking water standards of the US Environmental Protection Agency.

**Public Employees' Pension Reform Act (PEPRA):** In September 2012, the legislature passed and the Governor signed into law the "California Public Employees' Pension Reform Act of 2013" (PEPRA) (Government Code Sections 7522, *et seq.*). PEPRA limits the pension benefits offered to new employees and increases flexibility for employee and employer cost sharing for current employees.

**Public Employees Retirement System (PERS):** An agent, multiple-employer, public retirement system to which the Agency contributes that acts as a common investment and administrative agent for participating

public entities within the State of California.

**Purchased Water:** Water purchased from CLWA to supplement SCWD's groundwater supply.

**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.

**Redundancy:** A fail-safe in the water distribution system to ensure continued service when a critical portion of the water system is out of service due to unforeseen conditions.

**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.

**Repair and Replacement Projects:** Any repair or replacement to SCWD's existing water infrastructure that extends the life a minimum of five years or more and costs \$5,000 or more.

**Replacements:** Projects related to replacement of existing infrastructure.

**Revenue:** Income generated by taxes, notes, bonds, investment income, land rental, user charges and water rates.

**Rio Vista Intake Pumping Station (RVIPS):** CLWA pumping station that supplies water to the RVWTP.

**Rio Vista Water Treatment Plant (RVWTP) (30 MGD):** One of two treatment plants operated by the Agency.

**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.

**Santa Clarita Valley Family of Water Suppliers:** To help Santa Clarita residents use water more efficiently, Castaic Lake Water Agency, Santa Clarita Water Division, Los Angeles Waterworks District No.36, Newhall County Water District and Valencia Water Company teamed up to promote water conservation through its "Put Your Water to Work" campaign by offering tips and information to be more water wise.

**Santa Clarita Valley Sanitation Districts (SCVSD):** The public agency tasked with managing wastewater in the Santa Clarita Valley including the conversion of said wastewater into recycled water for further beneficial use.

**Santa Clarita Water Company (SCWC):** 1973 merger of Bouquet Canyon Water Company and Solemint Water Company.

**Santa Clarita Water Division (SCWD):** (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.

**Saugus Formation:** The deep aquifer that underlies the Alluvial Aquifer.

**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.

**Service Charge:** A flat monthly charge based on the meter size to cover the cost of reading, billing, maintaining meters and services.

**Services:** The normal, ongoing operating costs incurred to operate the Agency. Examples include repair, maintenance, auditing, security and engineering.

**Southern California Edison (SCE):** The primary electricity supply company for most of Southern California, including the Agency and SCWD.

**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 collection and transportation facilities.

**State Water Resources Control Board (SWRCB):** Also known as the State Water Board. Along with the nine Regional Water Quality Control Boards, the SWRCB is tasked with preserving California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses, and to ensure proper water resource allocation and efficient use, for the benefit of present and future generations. The SWRCB plays a key role in the State's response to current drought conditions.

**Strategic Goal:** A discrete aim for future achievement that is necessary to meet a component of the Agency's and SCWD's mission.

**Strategic Plan:** A long-term plan defining the Agency's and SCWD'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.

**Studies and Administration:** Expenses related to planning, feasibility studies and other non-recurring reports, evaluations or tests.

**Supervisory Control and Data Acquisition (SCADA):** The Supervisory Control and Data Acquisition system collects operational data from remote units to monitor and control water and facilities throughout SCWD's service area.

**Total 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.

**Upgrades:** Projects related to the repair or refurbishment of existing infrastructure.

**Upper Santa Clara Valley Joint Powers Authority (USCVJPA):**

**Urban Water Management Plan (UWMP):** A water management planning document required by the "California Urban Water Management Planning Act." This Plan provides a description of supplies and demands for existing and future conditions over a 20 year time horizon. CLWA and the other retail purveyors prepare this plan jointly. This document is prepared every five years with the current document being the 2015 UWMP.

**Utilities:** This includes gas, electricity, water, sewer and telephone service.

**Utility Billing System (UB):** Billing software system for utilities usually combined with Customer Information System (CIS).

**Valencia Water Company (VWC):** – One of the Santa Clarita Valley four retail purveyors.

**Water Conservation:** Encompasses the policies, strategies and activities made to manage fresh water as a sustainable resource, to protect the water environment and to meet current and future demand.

**Water Master Plan:** An engineering study that recommends and prioritizes capital improvements based on long-range planning efforts through analysis and assessment of the capacity of existing and planned infrastructure with respect to established design criteria. SCWD's Water Master Plan was updated in 2013.

**Water Purchases (CLWA):** Water purchased from the Department of Water Resources.

**Water Rates:** Retail water rates charged to SCWD customers. The water rates consist of two main components: a fixed monthly Service Charge and a variable water usage Commodity Charge. The rates for the Service Charge varies based on meter size, whereas the Commodity Charge is a three-tiered rate structure for single family residential (SFR) customers that varies based on the amount of water used in ccf and separate uniform rates per ccf of water usage for irrigation and all other customers.

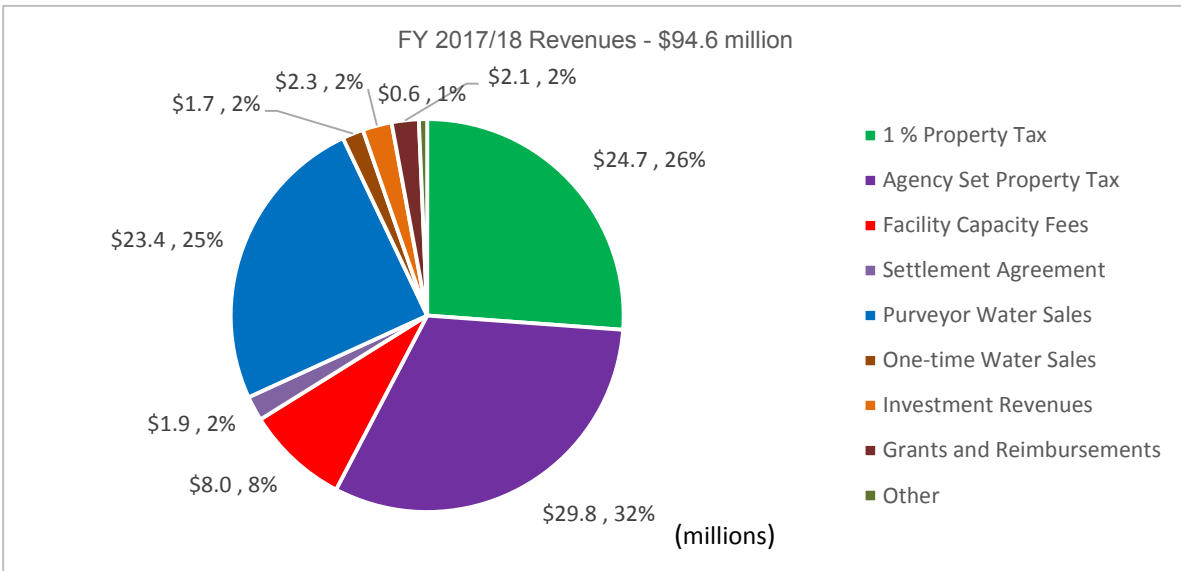
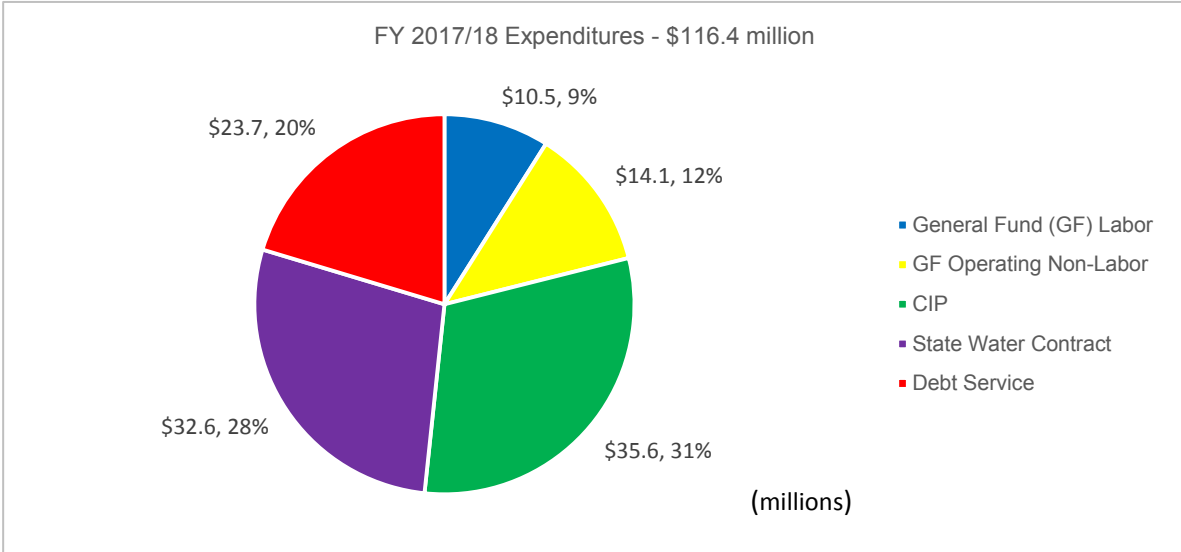
**Water Resources and Outreach Committee:** A Committee of the Board of Directors consisting of five Board members that meets monthly to discuss water resource issues and outreach efforts.

**Water System:** The whole and each and every part of the water system of SCWD, comprising all facilities for the supply, storage, treatment and distribution of water, together with all additions, extensions and improvements to such system.

**Water Use Efficiency Strategic Plan (WUESP):** A comprehensive long-term conservation plan for the Santa Clarita Valley which provides objectives, policies and programs designed to promote proven and cost-effective conservation practices. The plan was first adopted in 2008 and subsequently updated in 2015.

**Weather-based Irrigation Controller (WBIC):** An irrigation controller that adjusts watering patterns based on real time weather conditions.

**Wholesale System Financial Summary  
FY 2017/18 Budget**





Castaic Lake Water Agency  
Financial Summary  
FY 2017/18 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	Debt Service Fund			
		Facility Capacity Fee	One Percent Property Tax						
<b>Fund Balance 7/1/2017 (Estimated)</b>	\$ 11,159,015	\$ -	\$ 73,557,593	\$ 31,678,892	\$ 105,236,485	\$ 46,928,679	\$ 5,349,556	\$ 168,673,735	
<b>RESERVES:</b>									
Operating Reserve	\$ (6,136,700)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,136,700)	
Debt Service Reserves	-	-	(18,344,800)	-	(18,344,800)	-	-	(18,344,800)	
Capital Reserves	-	-	(11,126,800)	-	(11,126,800)	-	-	(11,126,800)	
Economic Uncertainties/Catastrophic Situations	-	-	(27,488,900)	-	(27,488,900)	-	-	(27,488,900)	
Repair and Replacement Reserves (new)	-	-	(2,750,200)	-	(2,750,200)	-	-	(2,750,200)	
Trustee Held	-	-	-	-	-	-	(5,349,556)	(5,349,556)	
<b>Subtotal</b>	\$ (6,136,700)	\$ -	\$ (59,710,700)	\$ -	\$ (59,710,700)	\$ -	\$ (5,349,556)	\$ (71,196,956)	
<b>Net Available</b>	\$ 5,022,315	\$ -	\$ 13,846,893	\$ 31,678,892	\$ 45,525,785	\$ 46,928,679	\$ -	\$ 97,476,779	
<b>REVENUES:</b>									
Water Sales - Fixed Charges	\$ 14,549,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,549,900	
Water Sales - Variable	8,000,000	-	-	-	-	-	-	8,000,000	
Recycled Water Sales	265,500	-	-	-	-	-	-	265,500	
Saugus 1 and 2 Water Sales	627,300	-	-	-	-	-	-	627,300	
One-time Water Sales	412,500	494,000	743,500	-	1,237,500	-	-	1,650,000	
Laboratory Revenues	106,000	-	-	-	-	-	-	106,000	
Communications Revenues	170,000	-	-	-	-	-	-	170,000	
Facility Capacity Fees	-	8,000,000	-	-	8,000,000	-	-	8,000,000	
One Percent Property Tax	-	-	24,747,300	-	24,747,300	-	-	24,747,300	
Agency Set Property Tax	-	-	-	-	-	29,822,800	-	29,822,800	
Settlement Agreement (CIP)	-	-	-	-	-	-	-	-	
Settlement Agreement (O&M)	1,546,400	-	-	-	380,000	-	-	380,000	
Grants and Reimbursements	-	-	207,500	1,900,000	2,107,500	-	-	2,107,500	
Investment Revenues	107,400	302,400	1,135,000	175,800	1,613,200	401,000	152,000	2,273,600	
Miscellaneous	19,100	-	346,900	-	346,900	-	-	366,000	
<b>Subtotal</b>	\$ 25,804,100	\$ 8,796,400	\$ 27,560,200	\$ 2,075,800	\$ 38,432,400	\$ 30,223,800	\$ 152,000	\$ 94,612,300	
<b>EXPENDITURES:</b>									
Operating	\$ (24,546,700)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (24,546,700)	
Capital Improvement Program	-	(3,038,900)	(11,126,800)	(21,458,000)	(35,623,700)	-	-	(35,623,700)	
Department of Water Resources	-	-	-	-	-	(32,570,000)	-	(32,570,000)	
Debt Service Principal and Interest Payments	-	(5,757,500)	(17,785,900)	-	(23,543,400)	-	(152,000)	(23,695,400)	
<b>Subtotal</b>	\$ (24,546,700)	\$ (8,796,400)	\$ (28,912,700)	\$ (21,458,000)	\$ (59,167,100)	\$ (32,570,000)	\$ (152,000)	\$ (116,435,800)	
<b>Fund Balance</b>	\$ 6,279,715	\$ -	\$ 12,494,393	\$ 12,296,692	\$ 24,791,085	\$ 44,582,479	\$ -	\$ 75,653,279	
Addition to Reserves	-	-	-	-	-	-	-	-	
<b>Available Fund Balance 6/30/2018 (Estimated)</b>	\$ 6,279,715	\$ -	\$ 12,494,393	\$ 12,296,692	\$ 24,791,085	\$ 44,582,479	\$ -	\$ 75,653,279	

General Fund  
Operating  
FY 2017/18

	Actual FY 2014/15	Actual FY 2015/16	Budget FY 2016/17	Estimated FY 2016/17	Budget FY 2017/18
<b>Fund Balance, Beginning</b>	\$ 11,248,848	\$ 10,764,500	\$ 10,105,400	\$ 10,277,815	\$ 11,159,015
<b>RESERVES</b>					
Operating Reserves	\$ (5,123,600)	\$ (5,707,000)	\$ (5,920,000)	\$ (5,920,000)	\$ (6,136,700)
<b>Net Available</b>	<b>\$ 6,125,248</b>	<b>\$ 5,057,500</b>	<b>\$ 4,185,400</b>	<b>\$ 4,357,815</b>	<b>\$ 5,022,315</b>
<b>REVENUES</b>					
Water Sales - Purveyors - Fixed Charge	\$ 13,250,604	\$ 13,140,643	\$ 13,603,800	\$ 13,603,800	\$ 14,549,900
Water Sales - Purveyors - Variable	3,085,879	3,586,015	5,502,600	7,275,700	8,000,000
Water Sales - Recycled	223,791	249,507	252,000	253,400	265,500
Water Sales - Saugus 1 and 2 Wells	588,355	684,707	690,900	656,000	627,300
One-time Water Sales	-	-	-	-	412,500
Laboratory Revenues	106,853	102,884	106,000	103,000	106,000
Communications Revenues	163,446	165,854	168,000	168,000	170,000
Reimbursement from Settlement Agreement (O&M)	1,084,367	1,217,150	1,300,000	1,223,400	1,546,400
Grants and Reimbursements	1,323,386	1,135,353	101,200	101,200	-
Investment Revenues	83,424	86,386	74,000	106,400	107,400
Miscellaneous Revenues	114,169	61,476	19,100	19,100	19,100
<b>Total Revenues</b>	<b>\$ 20,024,274</b>	<b>\$ 20,429,975</b>	<b>\$ 21,817,600</b>	<b>\$ 23,510,000</b>	<b>\$ 25,804,100</b>
<b>EXPENDITURES</b>					
Management	\$ (1,841,001)	\$ (1,740,920)	\$ (2,147,700)	\$ (2,586,600)	\$ (2,054,100)
Administration	(3,734,553)	(4,230,737)	(4,779,000)	(4,586,200)	(5,040,100)
Engineering	(812,271)	(894,862)	(856,900)	(1,147,400)	(1,174,500)
Maintenance	(2,806,059)	(3,082,073)	(3,173,200)	(3,021,400)	(3,257,800)
Water Quality and Regulatory Affairs	(924,930)	(941,920)	(1,014,000)	(995,900)	(1,076,400)
Water Resources	(5,289,336)	(5,072,040)	(6,533,600)	(5,241,600)	(6,758,000)
Water Treatment Operations	(5,100,472)	(4,954,108)	(5,175,700)	(5,049,700)	(5,185,800)
<b>Total Expenditures</b>	<b>\$ (20,508,622)</b>	<b>\$ (20,916,660)</b>	<b>\$ (23,680,100)</b>	<b>\$ (22,628,800)</b>	<b>\$ (24,546,700)</b>
<b>TRANSFERS</b>					
To Reserves, from Fund Balance	\$ (583,400)	\$ (213,000)	\$ -	\$ (216,700)	\$ -
<b>Net Transfers</b>	<b>\$ (583,400)</b>	<b>\$ (213,000)</b>	<b>\$ -</b>	<b>\$ (216,700)</b>	<b>\$ -</b>
<b>Available Fund Balance, Ending</b>	<b>\$ 5,057,500</b>	<b>\$ 4,357,815</b>	<b>\$ 2,322,900</b>	<b>\$ 5,022,315</b>	<b>\$ 6,279,715</b>
<b>Additions to Reserves</b>					
Reserves, from Fund Balance	\$ 583,400	\$ 213,000	\$ -	\$ 216,700	\$ -
<b>Total Addition to Reserves</b>	<b>\$ 583,400</b>	<b>\$ 213,000</b>	<b>\$ -</b>	<b>\$ 216,700</b>	<b>\$ -</b>
<b>Ending Fund Balance</b>	<b>\$ 5,640,900</b>	<b>\$ 4,570,815</b>	<b>\$ 2,322,900</b>	<b>\$ 5,239,015</b>	<b>\$ 6,279,715</b>
<b>Operating Reserves</b>					
<b>Beginning Balance</b>	\$ 5,123,600	\$ 5,707,000	\$ 5,920,000	\$ 5,920,000	\$ 6,136,700
<b>Additions</b>	583,400	213,000	-	216,700	-
<b>Ending Balance</b>	\$ 5,707,000	\$ 5,920,000	\$ 5,920,000	\$ 6,136,700	\$ 6,136,700

Capital Improvement Program  
Pledged Revenue Fund  
Facility Capacity Fee  
FY 2017/18

	Actual FY 2014/15	Actual FY 2015/16	Budget FY 2016/17	Estimated FY 2016/17	Budget FY 2017/18
<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	\$ 8,193,540	\$ 6,747,047	\$ 8,700,000	\$ 8,000,000	\$ 8,000,000
One-time Water Sales	-	-	-	-	494,000
Investment Revenues	302,414	302,414	302,400	302,400	302,400
<b>Total Revenues</b>	<b>\$ 8,495,954</b>	<b>\$ 7,049,461</b>	<b>\$ 9,002,400</b>	<b>\$ 8,302,400</b>	<b>\$ 8,796,400</b>
<b>EXPENDITURES</b>					
Debt Service Principal and Interest Payments	\$ (8,495,954)	\$ (4,779,079)	\$ (6,676,700)	\$ (5,296,000)	\$ (5,757,500)
Capital Planning, Studies and Administration	-	(2,270,382)	(2,325,700)	(3,006,400)	(3,038,900)
<b>Total Expenditures</b>	<b>\$ (8,495,954)</b>	<b>\$ (7,049,461)</b>	<b>\$ (9,002,400)</b>	<b>\$ (8,302,400)</b>	<b>\$ (8,796,400)</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 2017/18

	Actual FY 2014/15	Actual FY 2015/16	Budget FY 2016/17	Estimated FY 2016/17	Budget FY 2017/18
<b>Fund Balance, Beginning</b>	\$ 77,082,669	\$ 75,537,682	\$ 73,916,482	\$ 72,989,193	\$ 73,557,593
<b>RESERVES</b>					
Debt Service Reserves	\$ (5,876,400)	\$ (11,659,200)	\$ (15,546,200)	\$ (15,546,200)	\$ (18,344,800)
Capital Reserves	(16,948,000)	(17,061,700)	(10,839,800)	(10,839,800)	(11,126,800)
Economic Uncertainties/Catastrophic Situations	(34,180,700)	(38,072,700)	(26,518,500)	(26,518,500)	(27,488,900)
Repair and Replacement Reserve (new)	(952,800)	(1,955,600)	(2,286,200)	(2,286,200)	(2,750,200)
<b>Total Reserves</b>	<b>\$(57,957,900)</b>	<b>\$(68,749,200)</b>	<b>\$(55,190,700)</b>	<b>\$(55,190,700)</b>	<b>\$(59,710,700)</b>
<b>Net Available</b>	<b>\$ 19,124,769</b>	<b>\$ 6,788,482</b>	<b>\$ 18,725,782</b>	<b>\$ 17,798,493</b>	<b>\$ 13,846,893</b>
<b>REVENUES</b>					
One Percent Property Tax Revenues	\$ 21,618,468	\$ 22,648,707	\$ 23,851,900	\$ 23,547,300	\$ 24,747,300
Reimbursement from Settlement Agreement (CIP)	386,050	53,639	380,000	590,000	380,000
Grants and Reimbursements	282,487	922,523	565,500	302,000	207,500
One-time Water Sales	-	-	-	-	743,500
Investment Revenues	1,057,041	1,079,490	1,019,000	1,128,100	1,135,000
Reimbursement from Annexing Parties	295,206	283,050	291,500	401,800	346,900
Other/Adjustments	46,819	90,520	-	-	-
<b>Total Revenues</b>	<b>\$ 23,686,071</b>	<b>\$ 25,077,929</b>	<b>\$ 26,107,900</b>	<b>\$ 25,969,200</b>	<b>\$ 27,560,200</b>
<b>EXPENDITURES</b>					
Debt Service Principal and Interest Payments - Existing Users	\$ (5,634,723)	\$ (4,657,938)	\$ (5,222,000)	\$ (5,216,900)	\$ (6,186,700)
Debt Service Principal and Interest Payments - Future Users*	(8,108,976)	(12,105,454)	(9,581,700)	(10,208,200)	(11,599,200)
Major Capital Projects	(1,373,427)	(169,832)	(445,000)	(95,000)	(1,700,000)
Minor Capital Projects	(1,016,428)	(1,725,498)	(2,464,000)	(2,383,000)	(795,000)
Capital Planning, Studies and Administration	(8,130,984)	(7,635,002)	(5,544,100)	(6,356,600)	(6,337,800)
New Capital Equipment	(393,323)	(556,503)	(881,000)	(370,000)	(1,214,000)
Repair and Replacement Projects	(573,197)	(776,191)	(770,000)	(771,100)	(1,080,000)
<b>Total Expenditures</b>	<b>\$(25,231,058)</b>	<b>\$(27,626,418)</b>	<b>\$(24,907,800)</b>	<b>\$(25,400,800)</b>	<b>\$(28,912,700)</b>
<b>Available Fund Balance, Ending</b>	<b>\$ 17,579,782</b>	<b>\$ 4,239,993</b>	<b>\$ 19,925,882</b>	<b>\$ 18,366,893</b>	<b>\$ 12,494,393</b>

\* Interfund Loan to Facility Capacity Fees.

Capital Improvement Program  
 Capital Project Fund  
 FY 2017/18

	Actual FY 2014/15	Actual FY 2015/16	Budget FY 2016/17	Estimated FY 2016/17	Budget FY 2017/18
<b>Fund Balance, Beginning</b>	\$ 13,881,087	\$ 7,801,227	\$ 36,427,727	\$ 36,594,192	\$ 31,678,892
<b>REVENUES</b>					
Bond Proceeds	\$ -	\$ 36,934,624	\$ -	\$ -	\$ -
Grant Reimbursements	1,040,080	8,217,741	4,215,000	2,375,900	1,900,000
Investment Revenues	23,394	35,845	100,000	226,200	175,800
<b>Total Revenues</b>	<b>\$ 1,063,474</b>	<b>\$ 45,188,210</b>	<b>\$ 4,315,000</b>	<b>\$ 2,602,100</b>	<b>\$ 2,075,800</b>
<b>EXPENDITURES</b>					
Capital Projects	\$ (7,143,334)	\$ (16,395,245)	\$ (18,563,900)	\$ (7,517,400)	\$ (21,458,000)
<b>Total Expenditures</b>	<b>\$ (7,143,334)</b>	<b>\$ (16,395,245)</b>	<b>\$ (18,563,900)</b>	<b>\$ (7,517,400)</b>	<b>\$ (21,458,000)</b>
<b>Available Fund Balance, Ending</b>	<b>\$ 7,801,227</b>	<b>\$ 36,594,192</b>	<b>\$ 22,178,827</b>	<b>\$ 31,678,892</b>	<b>\$ 12,296,692</b>

State Water Contract Fund  
FY 2017/18

	Actual FY 2014/15	Actual FY 2015/16	Budget FY 2016/17	Estimated FY 2016/17	Budget FY 2017/18
<b>Fund Balance, Beginning</b>	\$ 28,694,755	\$ 34,860,629	\$ 39,558,529	\$ 40,334,279	\$ 46,928,679
<b>REVENUES</b>					
Agency Set Property Tax Revenues	\$ 26,070,350	\$ 27,099,354	\$ 28,767,200	\$ 28,422,800	\$ 29,822,800
Investment Income	231,913	296,869	287,000	371,300	401,000
<b>Total State Water Contract Fund Revenues</b>	<b>\$ 26,302,263</b>	<b>\$ 27,396,223</b>	<b>\$ 29,054,200</b>	<b>\$ 28,794,100</b>	<b>\$ 30,223,800</b>
<b>EXPENDITURES</b>					
DWR Variable Charge	\$ (3,997,735)	\$ (4,835,394)	\$ (6,707,000)	\$ (5,000,000)	\$ (9,000,000)
State Water Contract Payments	(17,657,459)	(19,704,836)	(22,300,000)	(18,381,700)	(22,300,000)
Legal Consulting	(540)	(765)	(5,000)	(1,000)	(1,000)
State Water Contractors/SWPCA Dues	(225,996)	(186,910)	(315,000)	(282,000)	(234,000)
SWC Audit	(25,857)	(26,775)	(35,000)	(35,000)	(35,000)
Refunds from State	1,771,198	2,832,107	1,000,000	1,500,000	1,000,000
Contingencies	-	-	(2,000,000)	-	(2,000,000)
<b>Total State Water Contract Fund Expenditures</b>	<b>\$(20,136,389)</b>	<b>\$(21,922,573)</b>	<b>\$(30,362,000)</b>	<b>\$(22,199,700)</b>	<b>\$(32,570,000)</b>
<b>Available Fund Balance, Ending</b>	<b>\$ 34,860,629</b>	<b>\$ 40,334,279</b>	<b>\$ 38,250,729</b>	<b>\$ 46,928,679</b>	<b>\$ 44,582,479</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 2016/17 Estimated

Description	General Fund/ Operating	Capital Improvement Program					State Water Contract Fund	Debt Service Fund	TOTAL
		Pledged Revenue Fund Facility Capacity Fee	One Percent Property Tax	Capital Project Fund	Total Capital Improvement Program				
<b>Fund Balance 7/1/2016</b>	\$ 10,277,815	\$ -	\$ 72,989,193	\$ 36,594,192	\$ 109,583,385	\$ 40,334,279	\$ 5,349,556	\$ 165,545,035	
<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>	\$ 4,357,815	\$ -	\$ 17,798,493	\$ 36,594,192	\$ 54,392,685	\$ 40,334,279	\$ -	\$ 99,084,779	
<b>REVENUES:</b>									
Water Sales - Fixed Charges	\$ 13,603,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,603,800	
Water Sales - Variable	7,275,700	-	-	-	-	-	-	7,275,700	
Recycled Water Sales	253,400	-	-	-	-	-	-	253,400	
Saugus 1 and 2 Water Sales	656,000	-	-	-	-	-	-	656,000	
One-time Water Sales	-	-	-	-	-	-	-	-	
Laboratory Revenues	103,000	-	-	-	-	-	-	103,000	
Communications Revenues	168,000	-	-	-	-	-	-	168,000	
Facility Capacity Fees	-	-	-	-	-	-	-	-	
One Percent Property Tax	-	-	23,547,300	-	8,000,000	-	-	8,000,000	
Agency Set Property Tax	-	-	-	-	23,547,300	-	-	23,547,300	
Settlement Agreement (CIP)	-	-	-	-	-	28,422,800	-	28,422,800	
Settlement Agreement (O&M)	-	-	590,000	-	590,000	-	-	590,000	
Grants and Reimbursements	1,223,400	-	-	-	2,677,900	-	-	1,223,400	
Investment Revenues	101,200	-	302,000	2,375,900	2,677,900	-	-	2,779,100	
Miscellaneous	106,400	302,400	1,128,100	226,200	1,656,700	371,300	151,800	2,286,200	
	19,100	-	401,800	-	401,800	-	-	420,900	
<b>Subtotal</b>	\$ 23,510,000	\$ 8,302,400	\$ 25,969,200	\$ 2,602,100	\$ 36,873,700	\$ 28,794,100	\$ 151,800	\$ 89,329,600	
<b>EXPENDITURES:</b>									
Operating	\$ (22,628,800)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,628,800)	
Capital Improvement Program	-	(3,006,400)	(9,975,700)	(7,517,400)	(20,499,500)	-	-	(20,499,500)	
Department of Water Resources	-	-	-	-	-	(22,199,700)	-	(22,199,700)	
Debt Service Principal and Interest Payments	-	(5,296,000)	(15,425,100)	-	(20,721,100)	-	(151,800)	(20,872,900)	
<b>Subtotal</b>	\$ (22,628,800)	\$ (8,302,400)	\$ (25,400,800)	\$ (7,517,400)	\$ (41,220,600)	\$ (22,199,700)	\$ (151,800)	\$ (86,200,900)	
<b>Fund Balance</b>	\$ 5,239,015	\$ -	\$ 18,366,893	\$ 31,678,892	\$ 50,045,785	\$ 46,928,679	\$ -	\$ 102,213,479	
Addition to Reserves	-	-	-	-	-	-	-	-	
<b>Available Fund Balance 6/30/2017 (Estimated)</b>	\$ 5,239,015	\$ -	\$ 18,366,893	\$ 31,678,892	\$ 50,045,785	\$ 46,928,679	\$ -	\$ 102,213,479	

Castaic Lake Water Agency  
Financial Summary  
FY 2015/16 Actual

Description	General Fund/ Operating	Capital Improvement Program					Debt Service Fund	TOTAL
		Pledged Revenue Fund		Capital Project Fund	Total Capital Improvement Program	State Water Contract Fund		
		Facility Capacity Fee	One Percent Property Tax					
<b>Fund Balance 7/1/2015</b>	\$ 10,764,500	\$ -	\$ 75,537,682	\$ 7,801,227	\$ 83,338,909	\$ 34,860,629	\$ 137,631,203	
<b>RESERVES:</b>								
Operating Reserve	\$ (5,707,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,707,000)	
Debt Service Reserves	-	-	(11,659,200)	-	(11,659,200)	-	(11,659,200)	
Capital Reserves	-	-	(17,061,700)	-	(17,061,700)	-	(17,061,700)	
Economic Uncertainties/Catastrophic Situations	-	-	(38,072,700)	-	(38,072,700)	-	(38,072,700)	
Repair and Replacement Reserves (new)	-	-	(1,955,600)	-	(1,955,600)	-	(1,955,600)	
Trustee Held	-	-	-	-	-	(8,667,165)	(8,667,165)	
<b>Subtotal</b>	\$ (5,707,000)	\$ -	\$ (68,749,200)	\$ -	\$ (68,749,200)	\$ -	\$ (83,123,365)	
<b>Net Available</b>	\$ 5,057,500	\$ -	\$ 6,788,482	\$ 7,801,227	\$ 14,589,709	\$ 34,860,629	\$ 54,507,938	
<b>REVENUES:</b>								
Water Sales - Fixed Charges	\$ 13,140,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,140,643	
Water Sales - Variable	3,586,015	-	-	-	-	-	3,586,015	
Recycled Water Sales	249,507	-	-	-	-	-	249,507	
Saugus 1 and 2 Water Sales	684,707	-	-	-	-	-	684,707	
Laboratory Revenues	102,884	-	-	-	-	-	102,884	
Communications Revenues	165,854	-	-	-	-	-	165,854	
Facility Capacity Fees	-	6,747,047	-	-	6,747,047	-	6,747,047	
One Percent Property Tax	-	-	22,648,707	-	22,648,707	-	22,648,707	
Agency Set Property Tax	-	-	-	-	-	27,099,354	27,099,354	
Settlement Agreement (CIP)	-	-	53,639	-	53,639	-	53,639	
Settlement Agreement (O&M)	1,217,150	-	-	-	-	-	1,217,150	
Grants and Reimbursements	1,135,353	-	922,523	8,217,741	9,140,264	-	10,275,617	
Investment Revenues	86,386	302,414	1,079,490	35,845	1,417,749	296,869	2,048,531	
Bond Proceeds	-	-	-	36,934,624	36,934,624	-	36,934,624	
Miscellaneous	61,476	-	373,570	-	373,570	-	435,046	
<b>Subtotal</b>	\$ 20,429,975	\$ 7,049,461	\$ 25,077,929	\$ 45,188,210	\$ 77,315,600	\$ 27,396,223	\$ 125,389,325	
<b>EXPENDITURES:</b>								
Operating	\$ (20,916,660)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,916,660)	
Capital Improvement Program	-	(2,270,382)	(10,863,026)	(16,395,245)	(29,528,653)	-	(29,528,653)	
Department of Water Resources	-	-	-	-	-	(21,922,573)	(21,922,573)	
Debt Service Principal and Interest Payments	-	(4,779,079)	(16,763,392)	-	(21,542,471)	-	(21,789,998)	
<b>Subtotal</b>	\$ (20,916,660)	\$ (7,049,461)	\$ (27,626,418)	\$ (16,395,245)	\$ (51,071,124)	\$ (21,922,573)	\$ (94,157,984)	
<b>Fund Balance</b>	\$ 4,570,815	\$ -	\$ 4,239,993	\$ 36,594,192	\$ 40,834,185	\$ 40,334,279	\$ 85,739,279	
Addition to Reserves	-	-	-	-	-	-	-	
<b>Available Fund Balance 6/30/2016</b>	\$ 4,570,815	\$ -	\$ 4,239,993	\$ 36,594,192	\$ 40,834,185	\$ 40,334,279	\$ 85,739,279	



Castaic Lake Water Agency  
Financial Summary  
Five-year Summary

Description	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Beginning Fund Balance</b>	\$ 136,186,942	\$ 145,440,846	\$ 137,631,203	\$ 165,545,035	\$ 168,673,735
<b>RESERVES:</b>					
Agency Reserve Requirement	(60,835,827)	(62,128,700)	(72,500,600)	(58,824,500)	(63,097,200)
Repair and Replacement Reserve	(310,000)	(952,800)	(1,955,600)	(2,286,200)	(2,750,200)
Trustee Held	(14,533,487)	(14,533,487)	(8,667,165)	(5,349,556)	(5,349,556)
<b>Net Available</b>	<b>\$ 60,507,628</b>	<b>\$ 67,825,859</b>	<b>\$ 54,507,838</b>	<b>\$ 99,084,779</b>	<b>\$ 97,476,779</b>
<b>REVENUES:</b>					
Water Sales - Fixed Charges	\$ 13,138,260	\$ 13,250,604	\$ 13,140,643	\$ 13,603,800	\$ 14,549,900
Water Sales - Variable	12,035,192	3,085,879	3,586,015	7,275,700	8,000,000
Recycled Water Sales	166,864	223,791	249,507	253,400	265,500
Saugus 1 and 2 Water Sales	481,755	588,355	684,707	656,000	627,300
Laboratory Revenues	119,195	106,853	102,884	103,000	106,000
Communications Revenues	162,477	163,446	165,854	168,000	170,000
Facility Capacity Fees	8,695,534	8,193,540	6,747,047	8,000,000	8,000,000
1% Property Tax	19,998,202	21,618,468	22,648,707	23,547,300	24,747,300
Agency Set Property Tax	24,115,874	26,070,350	27,099,354	28,422,800	29,822,800
Settlement Agreement (CIP)	338,852	386,050	53,639	590,000	380,000
Settlement Agreement (O&M)	1,378,476	1,084,367	1,217,150	1,223,400	1,546,400
Grants and Reimbursements	245,748	2,645,953	10,275,617	2,779,100	2,107,500
Investment Revenues	2,089,045	2,180,783	2,048,531	2,286,200	2,273,600
Bond Proceeds	-	-	36,934,624	-	-
Others	2,672,353	456,194	435,046	420,900	366,000
<b>Subtotal</b>	<b>\$ 85,637,827</b>	<b>\$ 80,054,633</b>	<b>\$ 125,389,325</b>	<b>\$ 89,329,600</b>	<b>\$ 94,612,300</b>
<b>EXPENDITURES:</b>					
Operating	(18,328,630)	(20,508,622)	(20,916,660)	(22,628,800)	(24,546,700)
Capital Improvement Program	(10,156,108)	(18,630,693)	(29,528,653)	(20,499,500)	(35,623,700)
Department of Water Resources	(21,258,432)	(20,136,389)	(21,922,573)	(22,199,700)	(32,570,000)
Debt Service Principal and Interest Payments	(26,640,753)	(22,722,250)	(21,789,998)	(20,872,900)	(23,695,400)
<b>Subtotal</b>	<b>\$ (76,383,923)</b>	<b>\$ (81,997,954)</b>	<b>\$ (94,157,884)</b>	<b>\$ (86,200,900)</b>	<b>\$ (116,435,800)</b>
<b>Fund Balance</b>	<b>\$ 69,761,532</b>	<b>\$ 65,882,538</b>	<b>\$ 85,739,279</b>	<b>\$ 102,213,479</b>	<b>\$ 75,653,279</b>
<b>Available Fund Balance</b>	<b>\$ 69,761,532</b>	<b>\$ 65,882,538</b>	<b>\$ 85,739,279</b>	<b>\$ 102,213,479</b>	<b>\$ 75,653,279</b>

Castaic Lake Water Agency  
Changes in Fund Balances  
FY 2017/18 Budget

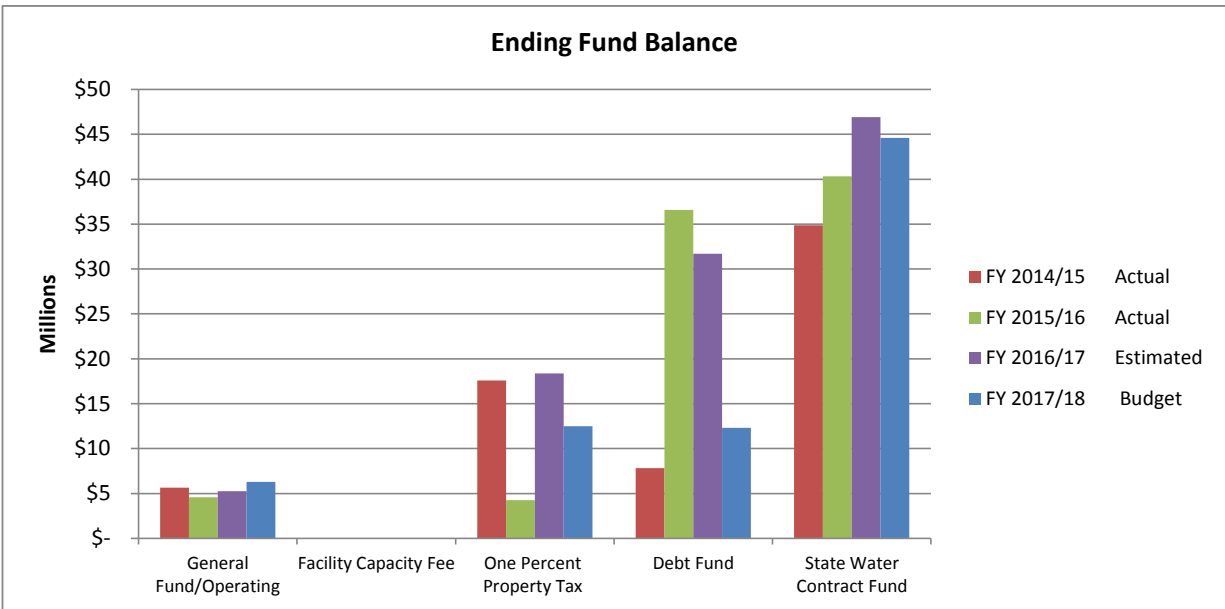
FUND	Estimated Fund Balance 7/1/2017 (including reserves)	Available Fund Balance 6/30/2018	Add back Reserves	Estimated Fund Balance 7/1/2018 (including reserves)	Change
General Fund/Operating	\$ 11,159,015	\$ 6,279,715	\$ 6,136,700	\$ 12,416,415	11%
Pledged Revenue Fund - Facility Capacity Fee	-	-	-	-	0%
Pledged Revenue Fund - One Percent Property Tax	73,557,593	12,494,393	59,710,700	72,205,093	-2%
Capital Project Fund - Debt Fund	31,678,892	12,296,692	-	12,296,692	-61% (1)
State Water Contract Fund	46,928,679	44,582,479	-	44,582,479	-5%
	<b>\$ 163,324,179</b>	<b>\$ 75,653,279</b>	<b>\$ 65,847,400</b>	<b>\$ 141,500,679</b>	

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

(1) Reflects expenditures on capital improvement program projects.

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

FUND	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
General Fund/Operating	\$ 5.64	\$ 4.57	\$ 5.24	\$ 6.28
Facility Capacity Fee	-	-	-	-
One Percent Property Tax	17.58	4.24	18.37	12.49
Debt Fund	7.80	36.59	31.68	12.30
State Water Contract Fund	34.86	40.33	46.93	44.58
	<b>\$ 65.88</b>	<b>\$ 85.73</b>	<b>\$ 102.22</b>	<b>\$ 75.65</b>



CASTAIC LAKE WATER AGENCY  
Financial Measures  
FY 2017/18 Budget

FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
----------------------	----------------------	----------------------	-------------------------	----------------------

**FINANCIAL MEASURES**

State Water Contract (SWC) costs per capita	\$ 70.22	\$ 80.30	\$ 108.44	\$ 81.32	\$ 119.30
Ad Valorem Tax Rate (SWC) cents per \$100.00	\$ 0.07060	\$ 0.07060	\$ 0.07060	\$ 0.07060	\$ 0.07060
Recovery of Operating Expenditures	98%	98%	92%	104%	103%
Days of unrestricted cash on hand on June 30	1,536	1,453	1,485	1,509	1,479
Capital expenditures per capita	\$ 64.97	\$ 108.16	\$ 113.32	\$ 75.09	\$ 130.49
Debt Service per capita	\$ 70.70	\$ 72.21	\$ 74.63	\$ 76.46	\$ 86.80
Debt per capita	\$ 930.71	\$ 1,021.42	\$ 963.59	\$ 988.30	\$ 947.38
Ratio of Debt to AV (assessed valuation)	74.00%	0.73%	0.68%	0.68%	0.62%
Senior Debt Service coverage ratio *	N/A	N/A	N/A	N/A	N/A
Parity Debt Service coverage ratio	1.62	1.61	1.58	1.70	1.53
Value of pay-as-you-go capital program (millions) *	\$ 3.36	\$ 3.23	\$ 3.68	\$ 2.87	\$ 3.58

\* 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 2017/18 Budget</b>	<b>\$947.38</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 2017/18 Budget</b>	<b>0.62%</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 2017/18 Budget</b>	<b>20.7%</b>

Summary of Personnel Costs - General Fund/Operating  
FY 2017/18

	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Management</b>					
Salary	\$ 337,234	\$ 464,315	\$ 367,300	\$ 503,300	\$ 545,700
Less Reimbursement for shared positions	-	-	-	(15,400)	(46,300)
Overtime	11,070	12,029	13,000	13,000	14,000
Burden and Benefits	167,796	265,470	342,000	357,300	430,900
Less Reimbursement for shared positions	-	-	-	(7,000)	(21,200)
<b>Administration</b>					
Salary	\$ 1,486,654	\$ 1,659,595	\$ 1,770,800	\$ 1,777,800	\$ 1,812,800
Less Reimbursement for shared positions	(338,067)	(361,407)	(391,900)	(392,800)	(405,500)
Overtime	15,663	20,197	28,000	38,000	30,000
Burden and Benefits	815,342	867,857	998,800	966,500	1,050,600
Less Reimbursement for shared positions	(164,658)	(172,885)	(228,900)	(204,600)	(247,200)
<b>Engineering</b>					
Salary	\$ 299,255	\$ 381,137	\$ 247,200	\$ 440,100	\$ 342,900
Overtime	595	400	-	-	-
Burden and Benefits	168,841	192,005	183,200	255,800	227,100
<b>Maintenance</b>					
Salary	\$ 1,281,771	\$ 1,379,094	\$ 1,492,000	\$ 1,427,100	\$ 1,535,600
Overtime	42,156	45,051	55,000	60,000	60,000
On Call Premium	20,282	20,590	22,000	22,000	22,500
Burden and Benefits	666,487	698,185	847,200	819,900	896,200
<b>Water Quality and Regulatory Affairs</b>					
Salary	\$ 483,345	\$ 500,179	\$ 523,400	\$ 530,100	\$ 550,300
Overtime	612	569	1,500	1,500	1,500
Burden and Benefits	251,043	250,029	279,600	296,900	299,000
<b>Water Resources</b>					
Salary	\$ 867,810	\$ 848,075	\$ 1,173,900	\$ 1,074,500	\$ 1,209,800
Less Reimbursement for shared positions	(15,183)	(1,429)	-	-	-
Overtime	24,641	31,613	29,000	32,000	35,000
Burden and Benefits	303,072	307,226	512,300	454,300	581,000
Less Reimbursement for shared positions	(8,064)	(707)	-	-	-
<b>Water Treatment Operations</b>					
Salary	\$ 901,424	\$ 905,130	\$ 913,100	\$ 1,026,100	\$ 932,200
Overtime	112,650	75,977	115,000	115,000	117,000
Burden and Benefits	426,611	408,148	469,800	502,400	482,100
<b>TOTAL</b>					
Salary	\$ 5,657,493	\$ 6,137,525	\$ 6,487,700	\$ 6,779,000	\$ 6,929,300
Less Reimbursement for shared positions	(353,250)	(362,836)	(391,900)	(408,200)	(451,800)
Overtime	207,387	185,836	241,500	259,500	257,500
On Call Premium	20,282	20,590	22,000	22,000	22,500
Burden and Benefits	2,827,698	3,036,149	3,788,300	3,772,900	4,122,300
Less Reimbursement for shared positions	(172,722)	(173,592)	(228,900)	(211,600)	(268,400)
Less Directors Burden and Benefits	(28,506)	(47,229)	(155,400)	(119,800)	(155,400)
<b>Total Personnel Costs</b>	<b>\$ 8,158,382</b>	<b>\$ 8,796,443</b>	<b>\$ 9,763,300</b>	<b>\$ 10,093,800</b>	<b>\$ 10,456,000</b>
Burden and Benefits as a % of Salary	49.52%	48.75%	55.84%	54.02%	57.10%

Labor charged to capital improvement projects (see p. 200): 1,027,000  
Total Labor for 86 positions shown on p. 132-133: \$ 11,483,000

**[This page intentionally left blank.]**

Staff Count\*  
FY 2017/18 Budget

		FY 2014/15 Budget	FY 2015/16 Budget	FY 2016/17 Budget	FY 2017/18 Budget	FY 2017/18 FTE
<b>Management</b>						
		1	1	1	1	1
		0	0	0	1	1
		1	1	1	1	1
		<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>
<b>Administration</b>						
		1	1	1	1	1
		1	1	1	1	1
		1	1	1	1	1
		1	1	1	1	1
		1	1	1	1	1
		1	1	1	1	1
		1	1	1	1	1
		0	1	1	1	1
		1	1	1	1	1
		1	1	1	2	2
		2	2	2	2	2
	C	1	1	1	1	0.8
		2	2	2	2	2
		1	1	1	2	2
		0	0	1	1	1
		1	1	0	0	0
		1	1	1	1	1
		2	2	2	2	2
		0	0	0	0	0
		1	1	1	1	1
		<b>20</b>	<b>21</b>	<b>21</b>	<b>23</b>	<b>22.8</b>
<b>Engineering</b>						
	A	0.25	0.25	0.25	0.25	0.25
		2	2	2	2	2
		1	2	2	2	2
		1	2	2	2	2
		1	1	1	1	1
		1	1	1	1	1
		<b>6.25</b>	<b>8.25</b>	<b>8.25</b>	<b>8.25</b>	<b>8.25</b>
<b>Maintenance</b>						
	A	0.25	0.25	0.25	0.25	0.25
	B	0.5	0.5	0.5	0.5	0.5
		1	1	1	1	1
		1	1	1	1	1
		1	1	1	1	1
		2	2	2	2	2
		2	2	2	2	3
		2	3	3	3	3
		4	4	4	4	4
		0	1	1	1	0
		<b>13.75</b>	<b>15.75</b>	<b>15.75</b>	<b>15.75</b>	<b>15.75</b>

A Allocation of employee to four Departments.  
B Allocation of employee to two Departments.  
C Part-time.

\* Authorized positions.

Positions may be under-filled with lower-level classifications.

Staff Count\*  
FY 2017/18 Budget

		FY 2014/15 Budget	FY 2015/16 Budget	FY 2016/17 Budget	FY 2017/18 Budget	FY 2017/18 FTE
<b>Water Quality and Regulatory Affairs</b>						
Engineering and Operations Manager	A	0.25	0.25	0.25	0.25	0.25
Laboratory/Regulatory Affairs Supervisor		1	1	1	1	1
Senior Water Quality Scientist		1	0	0	0	0
Water Quality Scientist II		3	3	3	3	3
Water Quality Technician		1	1	1	1	1
		<b>6.25</b>	<b>5.25</b>	<b>5.25</b>	<b>5.25</b>	<b>5.25</b>
<b>Water Resources</b>						
Water Resources Manager		1	1	1	1	1
Principal Water Resources Planner		1	1	1	1	1
Senior Water Resources Planner		1	1	1	2	2
Administrative Analyst		1	1	0	0	0
Public Information Officer		0	0	0	1	1
Public Affairs Specialist III		0	1	1	0	0
Public Affairs Specialist II		0	0	1	1	1
Event Coordinator (half-time)		0	0	0	1	0.5
Communications Specialist		1	1	0	0	0
Water Conservation Supervisor		1	1	1	1	1
Water Conservation Specialist II		0	1	2	2	2
Lead Water Conservation Education Specialist		0	0	1	1	0.5
Water Conservation Education Specialist	C	10	10	9	8	3
Administrative Technician		0	1	2	2	2
		<b>16</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>15</b>
<b>Water Treatment Operations</b>						
Engineering and Operations Manager	A	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
Senior Treatment Plant Operator		6	6	6	6	6
Treatment Plant Operator		3	3	3	3	3
		<b>9.75</b>	<b>9.75</b>	<b>9.75</b>	<b>9.75</b>	<b>9.75</b>
<b>TOTAL AUTHORIZED POSITIONS</b>		<b>74.0</b>	<b>81.0</b>	<b>82.0</b>	<b>86.0</b>	<b>79.80</b>

A Allocation of employee to four Departments.  
B Allocation of employee to two Departments.  
C Part-time.

\* Authorized positions.  
Positions may be under-filled with lower-level classifications.



**[This page intentionally left blank.]**

## 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 2017/18 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>	\$ 18,344,800	\$ 5,679,100	\$ 12,665,700	\$ -
<b>Operating Reserves</b>	6,136,700	-	-	6,136,700
<b>Capital Reserves</b>	11,126,800	11,126,800	-	-
<b>Economic Uncertainties (liquidity)</b>	27,488,900	27,488,900	-	-
<b>Repair and Replacement Reserves (new)</b>	2,750,200	2,750,200	-	-
<b>Total</b>	<b>\$ 65,847,400</b>	<b>\$ 47,045,000</b>	<b>\$ 12,665,700</b>	<b>\$ 6,136,700</b>

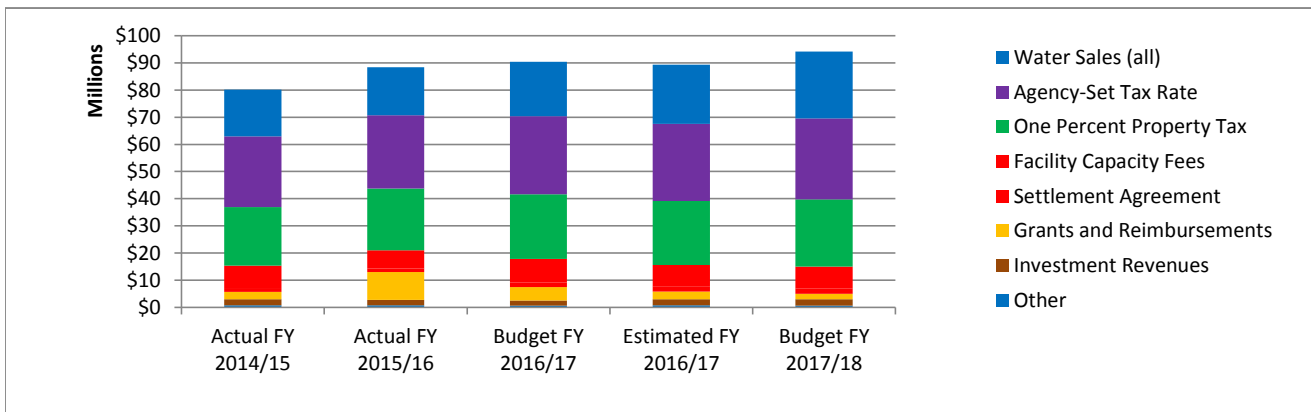
For the FY 2017/18 Budget, the reserves are budgeted as follows:

Title	Total	One Percent Property Tax Revenues	Facility Capacity Fees	General Fund (water rates)
<b>Debt Service Reserves</b>	\$ 18,344,800	\$ 18,344,800	\$ -	\$ -
<b>Operating Reserves</b>	6,136,700	-	-	6,136,700
<b>Capital Reserves</b>	11,126,800	11,126,800	-	-
<b>Economic Uncertainties (liquidity)</b>	27,488,900	27,488,900	-	-
<b>Repair and Replacement Reserves (new)</b>	2,750,200	2,750,200	-	-
<b>Total</b>	<b>\$ 65,847,400</b>	<b>\$ 59,710,700</b>	<b>\$ -</b>	<b>\$ 6,136,700</b>

For FY 2017/18, the Agency is able to achieve full targeted funding of the reserves overall, although not by preferred sources of funding.

Revenues  
FY 2017/18 Budget

	Actual FY 2014/15	Actual FY 2015/16	Budget FY 2016/17	Estimated FY 2016/17	Budget FY 2017/18
<b>General Fund/Operating</b>					
Water Sales - Purveyors - Fixed Charges	\$ 13,250,604	\$ 13,140,643	\$ 13,603,800	\$ 13,603,800	\$ 14,549,900
Water Sales - Purveyors - Variable	3,085,879	3,586,015	5,502,600	7,275,700	8,000,000
Water Sales - Recycled	223,791	249,507	252,000	253,400	265,500
Water Sales - Saugus 1 and 2 Wells	588,355	684,707	690,900	656,000	627,300
One-time Water Sales	-	-	-	-	412,500
Laboratory Revenues	106,853	102,884	106,000	103,000	106,000
Communications Revenues	163,446	165,854	168,000	168,000	170,000
Reimbursement from Settlement Agreement (O&M)	1,084,367	1,217,150	1,300,000	1,223,400	1,546,400
Grants and Reimbursements	1,323,386	1,135,353	101,200	101,200	-
Investment Revenues	83,424	86,386	74,000	106,400	107,400
Other	114,169	61,476	19,100	19,100	19,100
<b>Total General Fund/Operating</b>	<b>\$ 20,024,274</b>	<b>\$ 20,429,975</b>	<b>\$ 21,817,600</b>	<b>\$ 23,510,000</b>	<b>\$ 25,804,100</b>
<b>Capital Improvement Program</b>					
Facility Capacity Fees	\$ 8,193,540	\$ 6,747,047	\$ 8,700,000	\$ 8,000,000	\$ 8,000,000
One Percent Property Tax Revenues	21,618,468	22,648,707	23,851,900	23,547,300	24,747,300
Bond Proceeds	-	36,934,624	-	-	-
Reimbursement from Settlement Agreement (CIP)	386,050	53,639	380,000	590,000	380,000
Grants and Reimbursements (One Percent)	282,487	922,523	565,500	302,000	207,500
Grants and Reimbursements (Debt Fund)	1,040,080	8,217,741	4,215,000	2,375,900	1,900,000
One-time Water Sales	-	-	-	-	1,237,500
Investment Revenue	1,382,849	1,417,749	1,421,400	1,656,700	1,613,200
Reimbursement from Annexing Parties	295,206	283,050	291,500	401,800	346,900
Other	46,819	90,520	-	-	-
<b>Total Capital Improvement Program</b>	<b>\$ 33,245,499</b>	<b>\$ 77,315,600</b>	<b>\$ 39,425,300</b>	<b>\$ 36,873,700</b>	<b>\$ 38,432,400</b>
<b>State Water Contract Fund</b>					
Agency-Set Tax Revenues	\$ 26,070,350	\$ 27,099,354	\$ 28,767,200	\$ 28,422,800	\$ 29,822,800
Investment Revenue	231,913	296,869	287,000	371,300	401,000
<b>Total State Water Contract Fund</b>	<b>\$ 26,302,263</b>	<b>\$ 27,396,223</b>	<b>\$ 29,054,200</b>	<b>\$ 28,794,100</b>	<b>\$ 30,223,800</b>
<b>Debt Service Fund</b>					
<b>Certificates of Participation</b>					
Investment Revenue	\$ 561,500	\$ 247,527	\$ 151,000	\$ 151,800	\$ 152,000
<b>Total Debt Service Fund</b>	<b>\$ 561,500</b>	<b>\$ 247,527</b>	<b>\$ 151,000</b>	<b>\$ 151,800</b>	<b>\$ 152,000</b>
<b>Total Revenues</b>	<b>\$ 80,133,536</b>	<b>\$ 125,389,325</b>	<b>\$ 90,448,100</b>	<b>\$ 89,329,600</b>	<b>\$ 94,612,300</b>



\* Does not include bond proceeds.

## MAJOR SOURCES OF REVENUE

### Water Sales to Purveyors

During FY 2017/18, 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. For FY 2017/18, the purveyors have requested 45,650 AF of water from the Agency as shown below.

<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	18,200	3,000	--	21,200
Valencia Water Company	19,100	--	450	19,550
Newhall County Water District	3,300	1,100	--	4,400
L.A. County Waterworks District #36	500	--	--	500
<b>FY 2017/18 Total</b>	<b>41,100</b>	<b>4,100</b>	<b>450</b>	<b>45,650</b>

This compares to FY 2016/17 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	18,300	3,000	--	21,300
Valencia Water Company	13,700	--	450	14,150
Newhall County Water District	2,500	1,100	--	3,600
L.A. County Waterworks District #36	--	--	--	--
<b>FY 2016/17 Total</b>	<b>34,500</b>	<b>4,100</b>	<b>450</b>	<b>39,050</b>

The purveyors are working to achieve reductions in per capita water use in the Valley to meet 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 a high allocation of State Water Project water in calendar year 2017.

## 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 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 2017/18, the total amount of fixed revenue to be collected by the Agency is \$14,549,900 (as adopted by the Board of Directors on March 23, 2016). The estimated allocation to each purveyor is:

Purveyor	FY 2017/18 Fixed Charge
CLWA Santa Clarita Water Division	\$ 7,222,100
Valencia Water Company	5,472,000
Newhall County Water District	1,555,600
L.A. County Waterworks District #36	299,300
<b>Total</b>	<b>\$ 14,549,900</b>

The CY 2017 variable rate is \$218.18 per AF and the CY 2018 rate is \$223.18 per AF. Based on sales of 41,100 AF in FY 2017/18, revenue is projected to be \$9,052,700. However, to be fiscally conservative, the budget only assumes \$8,000,000 in variable rate revenue.

## 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 2017 rate is \$153/AF. The Agency reviews operating and maintenance costs each year and adjusts the rate accordingly. For revenue projections, it is assumed the rate will remain the same for calendar year 2017. FY 2017/18 revenue is estimated at \$627,300.

### 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 \$590/AF, FY 2017/18 revenue is estimated to be \$265,500. Should recycled water be used for grading for Mission Village in the Newhall Ranch development, revenues would be higher.

### Recycled Water Sales in Acre-Feet

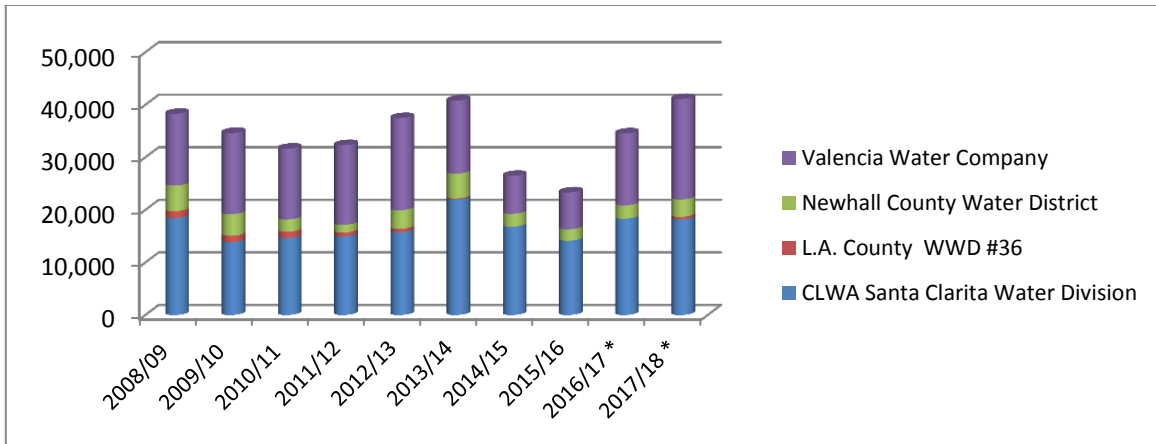
Fiscal Year	AF	Rate/AF	Revenue
2008/09	296	386	114,116
2009/10	338	432	146,127
2010/11	336	469	157,787
2011/12	382	480	183,272
2012/13	289	499	144,303
2013/14	325	513	166,864
2014/15	433	517	223,791
2015/16	461	541	249,507
2016/17*	450	560	252,000
2017/18*	450	590	265,500

\* 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
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	14,142	2	2,182	6,994	23,320	16,726,658
2016/17 *	18,346	1	2,540	13,664	34,552	20,879,500
2017/18 *	18,200	500	3,300	19,100	41,100	22,549,900

\* Estimated.

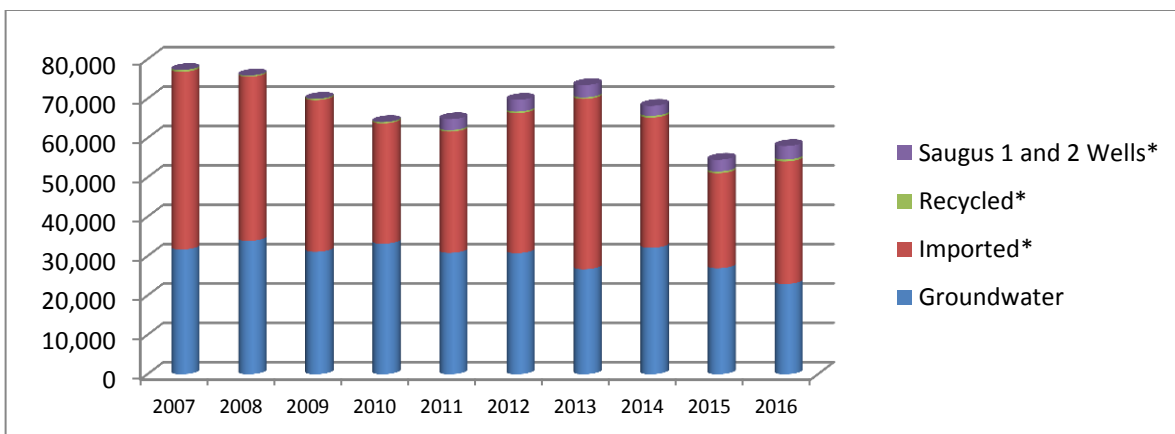


\* Estimated.

### Calendar Year Water Production in Acre-Feet

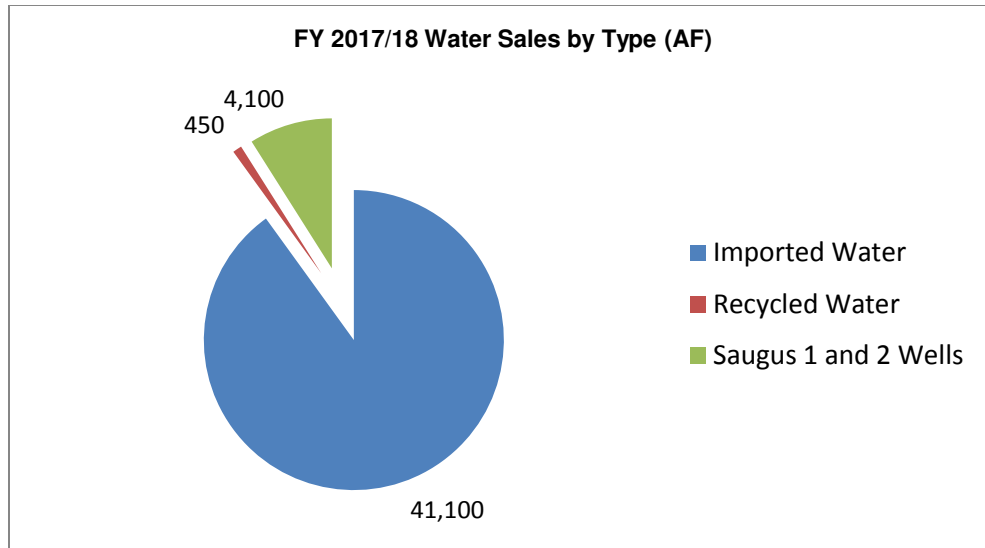
Year	Groundwater	Imported*	Recycled*	Saugus 1 and 2 Wells*	Total
2007	31,690	45,151	470	-	77,311
2008	33,884	41,705	311	-	75,900
2009	31,100	38,546	328	-	69,974
2010	33,154	30,578	337	-	64,069
2011	30,840	30,808	373	2,784	64,805
2012	30,770	35,558	428	2,956	69,712
2013	26,671	43,281	400	3,108	73,460
2014	32,109	33,092	474	2,503	68,178
2015	26,932	24,148	450	2,961	54,491
2016	22,922	31,130	507	3,407	57,966

\* Provided by Castaic Lake Water Agency.



\* Provided by Castaic Lake Water Agency.





**One-Time Water Sales**

Based on water supply conditions, the Agency will sell 11,000 acre feet of Buena Vista/Rosedale-Rio Bravo to Kern Westside Districts during FY 2017/18. The purchase price is \$150/AF for a total of \$1,650,000. This revenue is known as one-time water sales and is allocated \$743,500 to one percent property tax revenues, \$494,000 to Facility Capacity Fees and \$412,500 to the General Fund/Operating Budget.

**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 2017/18 revenues are estimated at \$24.8 million, assuming a 5 percent increase in assessed valuation from FY 2016/17. This is based on the 4.7 percent increase in assessed valuation from FY 2015/16 to FY 2016/17 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 2017/18, \$6.2 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 \$180/AF. This is based on the 10-year average annual imported water sales of 34,000 AF.

In FY 2017/18, one percent property tax revenues will fund \$12.1 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 \$356/AF.

In addition, in FY 2017/18, \$6.9 million of capital improvement and repair programs for existing users will be funded by one percent property tax revenues and \$4.2 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 - \$204/AF  
 BV/RRB water supply - \$123/AF

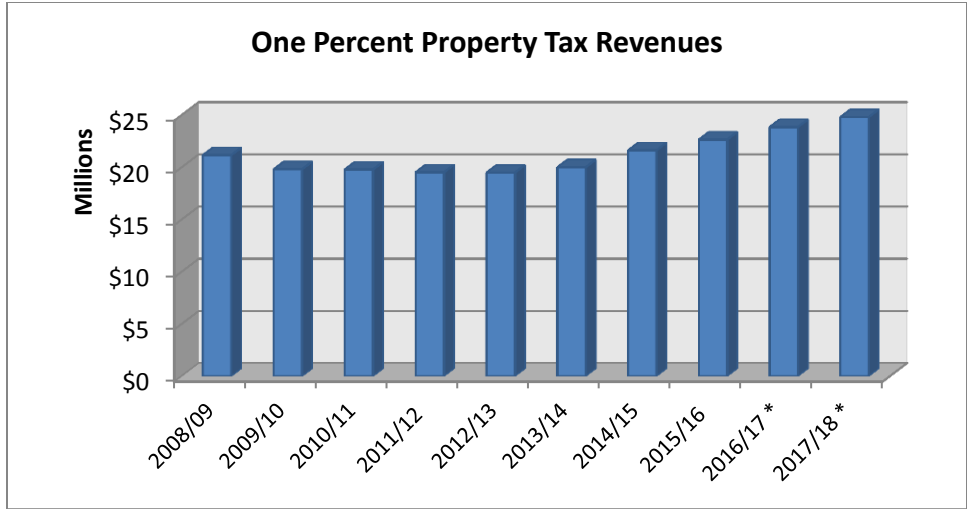
Again, this is based on the 10-year average annual imported water sales of 34,000 AF.

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

Year	Change from previous year
FY 2007/08	9.2%
FY 2008/09	5.0%
FY 2009/10	(5.6%)
FY 2010/11	(1.1%)
FY 2011/12	0.5%
FY 2012/13	(1.7%)
FY 2013/14	2.2%
FY 2014/15	7.75%
FY 2015/16	5.1%
FY 2016/17	4.7%

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

Fiscal Year	Los Angeles County	Ventura County	Total
2008/09	\$ 21,107,334	\$ 44,375	\$ 21,151,709
2009/10	19,769,911	45,644	19,815,555
2010/11	19,709,763	41,747	19,751,510
2011/12	19,445,626	70,836	19,516,462
2012/13	19,431,575	65,737	19,497,312
2013/14	19,947,998	53,939	20,001,937
2014/15	21,568,268	50,204	21,618,472
2015/16	22,601,386	50,200	22,651,586
2016/17 *	23,500,000	47,300	23,547,300
2017/18 *	24,700,000	47,300	24,747,300



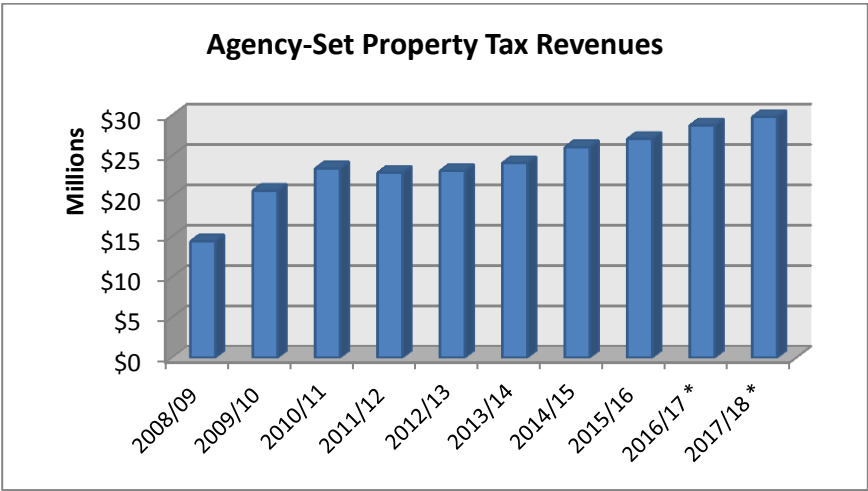
\* Estimated.

**Agency-Set Property Tax Revenues**

Agency-set property tax revenues are estimated to total \$29.8 million for FY 2017/18. 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**

Fiscal Year	Los Angeles County	Ventura County	Total
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	27,076,572	22,783	27,099,355
2016/17 *	28,400,000	22,800	28,422,800
2017/18 *	29,800,000	22,800	29,822,800



\* Estimated.

	Tax Rate
<b>FY 2017/18</b>	7.060000
<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

**Facility Capacity Fee Revenues**

Facility Capacity Fee revenues are estimated at \$8 million in FY 2016/17 and \$8 million in FY 2017/18. Annual sales of acre-feet of water and revenue have stabilized at this amount and no growth is projected. The 2017 Facility Capacity Fee study is underway and may result in different assumptions for future years.

Through June 30, 2016, more than \$280 million of facility capacity fees has been collected.

## Facility Capacity Fees – Last Ten Fiscal Years

Fiscal Year	Amount
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	6,747,047
2016/17 *	8,000,000
2017/18 *	8,000,000



\* 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 2017/18 are \$1,546,400 for operations and maintenance (O&M). Settlement Agreement revenues in FY 2017/18 for capital projects are \$380,000 for the Replacement Wells Project.

### **Grants and Reimbursements**

**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.

- Recycled Water Master Plan Update. Planning grant funds are provided for updating of 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, Rounds 1 and 2 Implementation, and 2014 Drought Relief Implementation.

Item	FY 2016/17 Estimated	FY 2017/18 Budget
SCV Water Use Efficiency Strategic Plan Update	\$ --	\$ 15,500
Recycled Water Master Plan Update	90,900	37,000
Recycled Water Master Plan PEIR	120,800	40,000
Grant Administration	<u>90,300</u>	<u>115,000</u>
<b>Total</b>	<b>\$ 302,000</b>	<b>\$ 207,500</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 7,500 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.

Item	FY 2016/17 Estimated	FY 2017/18 Budget
Foothill Feeder Project	\$ 12,800	\$ 1,000,000
Rosedale-Rio Bravo Extraction Project	2,010,000	700,000
Saugus Dry Year Reliability Wells	36,200	200,000
Semitropic Water Storage Project	<u>316,900</u>	-----
<b>Total</b>	<b>\$ 2,375,900</b>	<b>\$ 1,900,000</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 2017/18 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 2017/18 revenues are estimated at \$170,000 based on the existing contracts.

### Investment Revenues

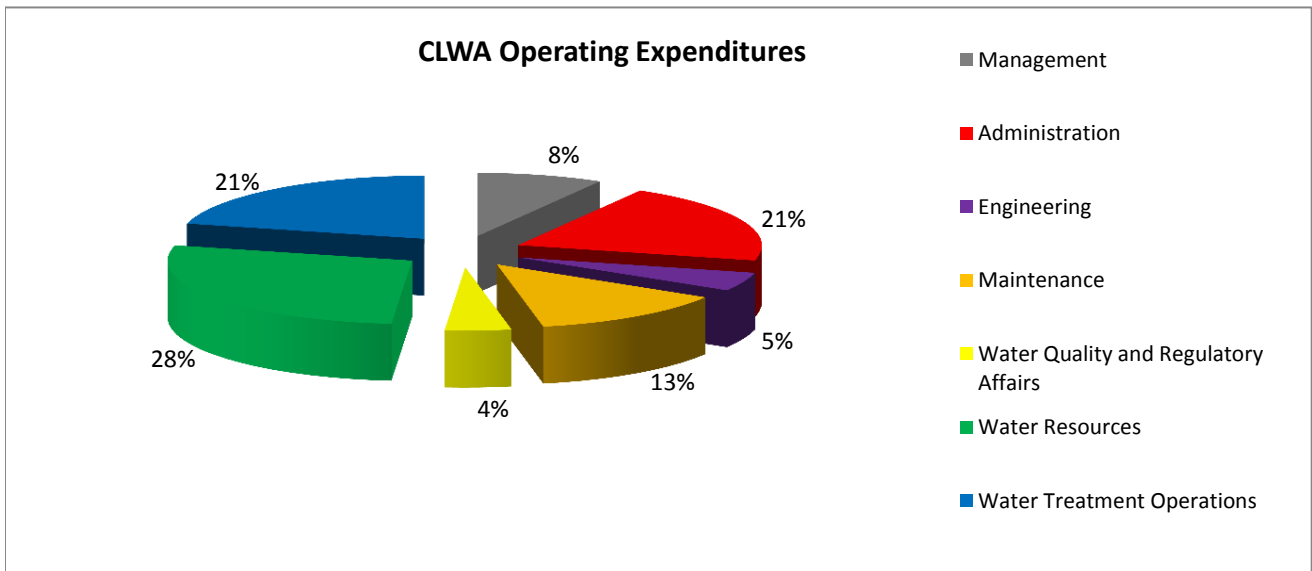
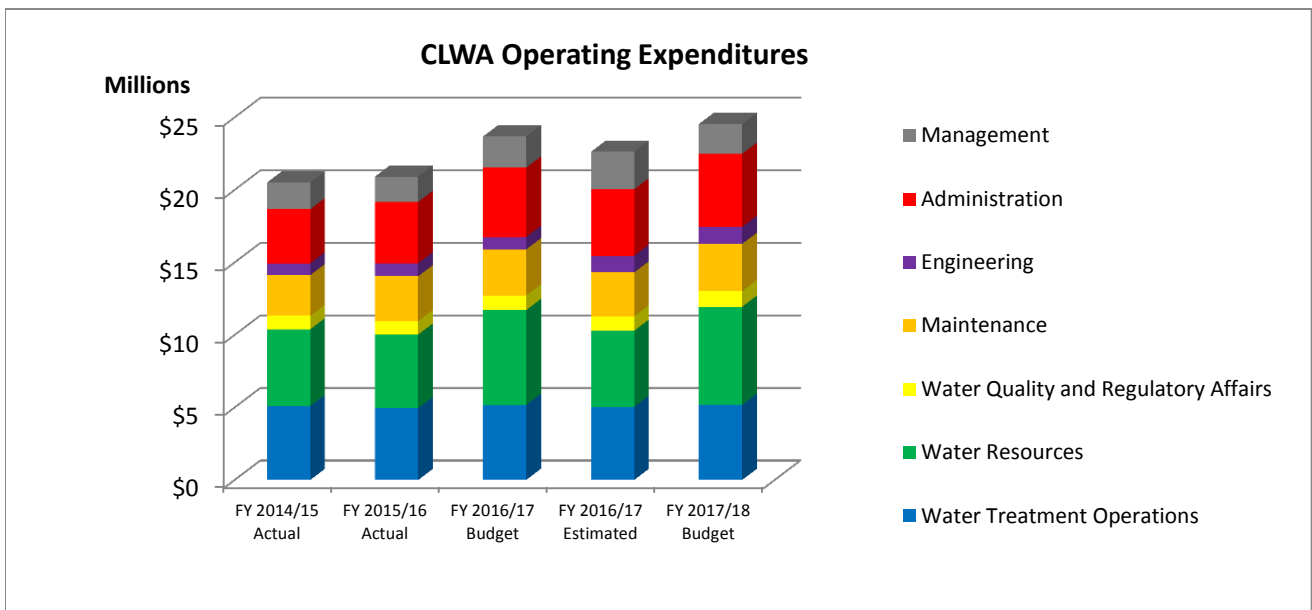
FY 2017/18 investments revenues are \$2,273,600 based on a very low investment return environment and reduced fund balances. The breakdown by funding source for the FY 2017/18 Budget is as follows:

<b>General Fund/Operating</b>	\$ 107,400
<b>Capital Improvement Program</b>	
<b>One Percent Property Tax</b>	1,135,000
<b>Facility Capacity Fee</b>	302,400
<b>Capital Project Fund</b>	175,800
<b>State Water Contract Fund</b>	401,000
<b>Debt Service Fund</b>	152,000
<b>Total</b>	<b>\$ 2,273,600</b>

This includes \$799,000 in dividends from the stock of the Valencia Water Company, which is allocated 60 percent to one percent property tax and 40 percent to Facility Capacity Fee funds.

**Operating Budget Summary  
FY 2017/18 Budget**

	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
Management	\$ 1,841,001	\$ 1,740,920	\$ 2,147,700	\$ 2,586,600	\$ 2,054,100
Administration	3,734,553	4,230,737	4,779,000	4,586,200	5,040,100
Engineering	812,271	894,862	856,900	1,147,400	1,174,500
Maintenance	2,806,059	3,082,073	3,173,200	3,021,400	3,257,800
Water Quality and Regulatory Affairs	924,930	941,920	1,014,000	995,900	1,076,400
Water Resources	5,289,336	5,072,040	6,533,600	5,241,600	6,758,000
Water Treatment Operations	5,100,472	4,954,108	5,175,700	5,049,700	5,185,800
<b>Total Operating Expenditures</b>	<b>\$ 20,508,622</b>	<b>\$ 20,916,660</b>	<b>\$ 23,680,100</b>	<b>\$ 22,628,800</b>	<b>\$ 24,546,700</b>





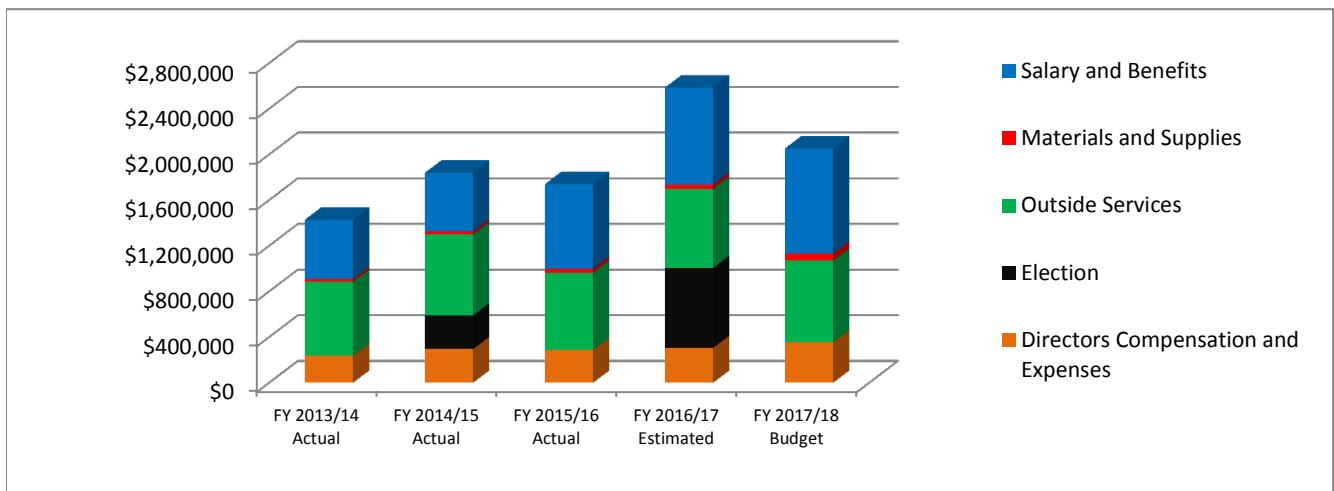
**Operating Budget Summary  
FY 2017/18 Budget**

	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<b><u>Management</u></b>					
Salary and Benefits	\$ 516,100	\$ 741,814	\$ 722,300	\$ 851,200	\$ 923,100
Materials and Supplies	26,029	33,593	32,000	37,000	61,000
Outside Services	709,680	677,554	708,000	693,000	715,000
Election	294,706	-	350,000	700,000	-
Directors Compensation and Expenses	294,486	287,959	335,400	305,400	355,000
<b>Total Management</b>	<b>\$ 1,841,001</b>	<b>\$ 1,740,920</b>	<b>\$ 2,147,700</b>	<b>\$ 2,586,600</b>	<b>\$ 2,054,100</b>
<b><u>Administration</u></b>					
Salary and Benefits	\$ 1,814,935	\$ 2,013,357	\$ 2,176,800	\$ 2,184,900	\$ 2,240,700
Materials and Supplies	260,511	315,472	369,000	350,500	412,000
Outside Services	1,077,524	1,280,117	1,504,200	1,363,300	1,643,400
Utilities	81,585	84,291	115,000	102,000	116,000
Insurance	499,998	537,500	614,000	585,500	628,000
<b>Total Administration</b>	<b>\$ 3,734,553</b>	<b>\$ 4,230,737</b>	<b>\$ 4,779,000</b>	<b>\$ 4,586,200</b>	<b>\$ 5,040,100</b>
<b><u>Engineering</u></b>					
Salary and Benefits	\$ 468,691	\$ 573,542	\$ 430,400	\$ 695,900	\$ 570,000
Materials and Supplies	29,167	41,583	39,000	32,500	50,500
Outside Services	314,413	279,737	387,500	419,000	554,000
<b>Total Engineering</b>	<b>\$ 812,271</b>	<b>\$ 894,862</b>	<b>\$ 856,900</b>	<b>\$ 1,147,400</b>	<b>\$ 1,174,500</b>
<b><u>Maintenance</u></b>					
Salary and Benefits	\$ 2,010,696	\$ 2,142,920	\$ 2,416,200	\$ 2,329,000	\$ 2,514,300
Materials and Supplies	358,491	402,316	343,000	337,900	323,500
Outside Services	436,872	536,837	414,000	354,500	420,000
<b>Total Maintenance</b>	<b>\$ 2,806,059</b>	<b>\$ 3,082,073</b>	<b>\$ 3,173,200</b>	<b>\$ 3,021,400</b>	<b>\$ 3,257,800</b>
<b><u>Water Quality and Regulatory Affairs</u></b>					
Salary and Benefits	\$ 735,000	\$ 750,777	\$ 804,500	\$ 828,500	\$ 850,800
Materials and Supplies	118,434	95,777	119,400	110,300	137,000
Outside Services	71,496	95,366	90,100	57,100	88,600
<b>Total Water Quality and Regulatory Affairs</b>	<b>\$ 924,930</b>	<b>\$ 941,920</b>	<b>\$ 1,014,000</b>	<b>\$ 995,900</b>	<b>\$ 1,076,400</b>
<b><u>Water Resources</u></b>					
Salary and Benefits	\$ 1,172,276	\$ 1,184,778	\$ 1,715,200	\$ 1,560,800	\$ 1,825,800
Materials and Supplies	239,373	199,385	305,000	273,000	305,000
Outside Services	2,082,057	2,753,812	3,180,000	1,515,000	2,257,000
Utilities	-	-	-	-	-
Source of Supply	1,795,630	934,065	1,333,400	1,892,800	2,370,200
<b>Total Water Resources</b>	<b>\$ 5,289,336</b>	<b>\$ 5,072,040</b>	<b>\$ 6,533,600</b>	<b>\$ 5,241,600</b>	<b>\$ 6,758,000</b>
<b><u>Water Treatment Operations</u></b>					
Salary and Benefits	\$ 1,440,685	\$ 1,389,255	\$ 1,497,900	\$ 1,643,500	\$ 1,531,300
Materials and Supplies	919,061	852,773	1,155,000	963,500	1,162,000
Outside Services	32,454	50,694	72,800	58,600	43,500
Utilities	2,708,272	2,661,386	2,450,000	2,384,100	2,449,000
<b>Total Water Treatment Operations</b>	<b>\$ 5,100,472</b>	<b>\$ 4,954,108</b>	<b>\$ 5,175,700</b>	<b>\$ 5,049,700</b>	<b>\$ 5,185,800</b>
<b><u>TOTAL</u></b>					
Salary and Benefits	\$ 8,158,383	\$ 8,796,443	\$ 9,763,300	\$ 10,093,800	\$ 10,456,000
Materials and Supplies	1,951,066	1,940,899	2,362,400	2,104,700	2,451,000
Outside Services	4,724,496	5,674,117	6,356,600	4,460,500	5,721,500
Utilities	2,789,857	2,745,677	2,565,000	2,486,100	2,565,000
Source of Supply	1,795,630	934,065	1,333,400	1,892,800	2,370,200
Insurance	499,998	537,500	614,000	585,500	628,000
Election	294,706	-	350,000	700,000	-
Directors Compensation and Expenses	294,486	287,959	335,400	305,400	355,000
<b>Total Operating Expenditures</b>	<b>\$20,508,622</b>	<b>\$ 20,916,660</b>	<b>\$ 23,680,100</b>	<b>\$ 22,628,800</b>	<b>\$ 24,546,700</b>

Management Expenditures

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
Salary and Benefits	\$ 521,106	\$ 516,100	\$ 741,814	\$ 851,200	\$ 923,100
Materials and Supplies	24,640	26,029	33,593	37,000	61,000
Outside Services	645,358	709,680	677,554	693,000	715,000
Election	-	294,706	-	700,000	-
Directors Compensation and Expenses	238,807	294,486	287,959	305,400	355,000
<b>Department Total</b>	<b>\$ 1,429,911</b>	<b>\$ 1,841,001</b>	<b>\$ 1,740,920</b>	<b>\$ 2,586,600</b>	<b>\$ 2,054,100</b>

Positions	2	2	2	2	3
-----------	---	---	---	---	---



Total Operating Budget: \$ 24,546,700  
 Management: \$ 2,054,100

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Workload Measures</b>					
Regular Board Meetings	18	22	21	24	24
Regular Committee Meetings	52	53	46	72	72
Special Board Meetings	5	14	22	10	10
Ad Hoc Meetings	17	17	43	30	30
Federal funds appropriated (millions)	\$ -	\$ -	\$ -	\$ -	\$ -

## DEPARTMENT: MANAGEMENT

### Department Objective

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

### Major Accomplishments – FY 2016/17

- ◆ Continued to support Board and Ad Hoc Committee in the CLWA/NCWD Ad Hoc Committee process to achieve the “Principles for Moving Forward.”
- ◆ Fostered and continued effective working relationships with the local water retailers.
- ◆ Fostered and continued effective working relationships with the Department of Water Resources and other State Water Project contractors.
- ◆ Continued bi-weekly executive staff and weekly manager/supervisor meetings to enhance staff productivity and coordination of work efforts.
- ◆ Continued 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.
- ◆ Continued to implement Board strategic plans for CLWA and SCWD.
- ◆ Continued 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.
- ◆ Ensured the Agency is properly represented on all legal matters.
- ◆ Oversaw and facilitated efforts of CLWA Departments and SCWD to achieve their goals.
- ◆ Continued to (1) provide General Manager-to-staff memos and quarterly employee newsletters and (2) held employee meetings updating all employees of important events and news.
- ◆ Ensured the Agency budget and the Department/Division budgets are appropriately expended by actively managing and controlling expenditures.

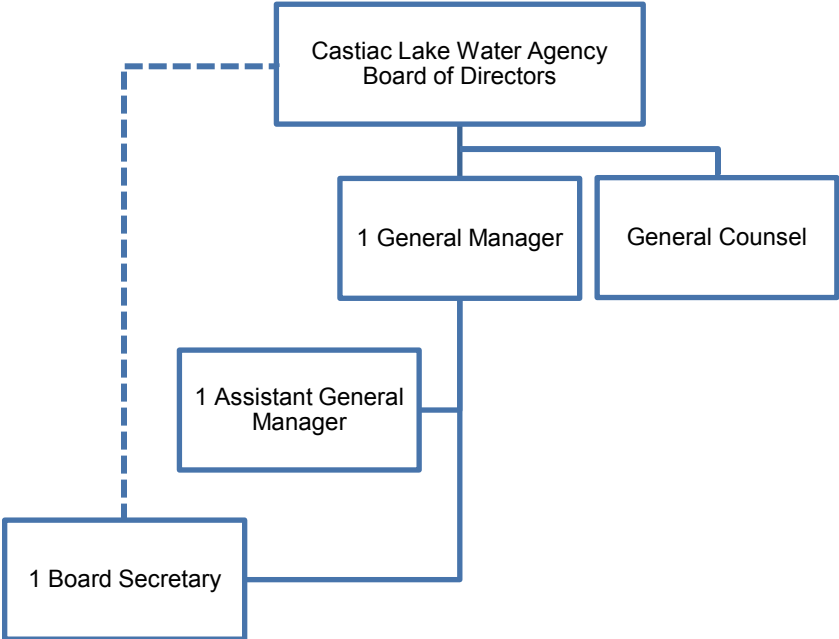
### Objectives – FY 2017/18

- ◆ Develop transition plan for guiding vision for the new district. P1 A.10.1
- ◆ Develop transition plan for providing services. P1 A.10.2
- ◆ Develop transition plan for phasing and key milestones. P1 A.10.3
- ◆ Foster and continue effective working relationships with the local water agencies. A.5.1
- ◆ 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 the Agency’s SWP water supply. A.5.2
- ◆ Foster and continue effective working relationships with the Department of Water Resources and other State Water Project contractors. A.7.2
- ◆ 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. A.11.1
- ◆ Support Board and Ad Hoc Committee in the CLWA/NCWD Ad Hoc Committee process to achieve the “Principles for Moving Forward.” A.11.2
- ◆ Ensure the Agency is properly represented on all legal matters. A.11.3

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

- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6
- ◆ Continue to implement Agency strategic plans. E.2.1
- ◆ Oversee and facilitate efforts of all Departments and Divisions to achieve their goals. E.2.2
- ◆ Continue to provide employees with “bottom-up” communication through all employee meetings. E.3.1
- ◆ 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. E.3.2
- ◆ Continue bi-weekly executive staff and periodic manager/supervisor meetings to enhance staff productivity and coordination work efforts. E.3.3
- ◆ 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. E.4.2

Management Department Organization



Details of Management Expenditures  
FY 2017/18 Budget

**0011100000 MANAGEMENT**

	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 337,234	\$ 464,315	\$ 367,300	\$ 503,300	\$ 545,700
51007 Overtime	11,070	12,029	13,000	13,000	14,000
51050 Burden and Benefits	167,796	265,470	342,000	357,300	430,900
51020 Less Reimbursement for shared positions	-	-	-	(22,400)	(67,500)
<u>Materials and Supplies</u>					
52010 Supplies and Services	12,118	13,886	15,000	15,000	30,000
51505 Employee Expense	6,913	12,236	10,000	15,000	17,000
51515 Employee Travel	6,998	7,471	7,000	7,000	14,000
<u>Outside Services</u>					
53101 Education/Seminars	6,744	9,475	8,000	8,000	10,000
53215 Recruitment Expenses	-	33,924	-	10,000	-
53241 Temporary Personnel Services	-	-	-	-	5,000
53202 Legal Consulting	340,726	329,407	300,000	300,000	300,000
53236 Professional Services/Consultants	84,797	39,690	100,000	75,000	100,000
53242 Legislative Advocate Services	277,413	265,058	300,000	300,000	300,000
<u>Election</u>					
51301 Election	294,706	-	350,000	700,000	-
<u>Directors Compensation and Expenses</u>					
51326 Directors Compensation *	215,448	198,237	240,000	210,000	240,000
51327 Directors Expenses	41,934	47,526	49,000	49,000	60,000
51328 Directors Travel	13,237	17,751	18,500	18,500	20,000
51329 Directors Training	23,867	24,445	27,900	27,900	35,000
	<b>\$ 1,841,001</b>	<b>\$ 1,740,920</b>	<b>\$ 2,147,700</b>	<b>\$ 2,586,600</b>	<b>\$ 2,054,100</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 2017/18 Budget - Comparison Data

0011100000 MANAGEMENT

	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 to FY 2017/18 Budget	%	Change from FY 2016/17 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 367,300	\$ 503,300	\$ 545,700	\$ 178,400	49%	\$ 136,000	37%	A	A
51007 Overtime	13,000	13,000	14,000	1,000	8%	-	0%		
51050 Burden and Benefits	342,000	357,300	430,900	88,900	26%	15,300	4%	A	A
51020 Less Reimbursement for shared positions	-	(22,400)	(67,500)	(67,500)	N/A	(22,400)	N/A	A	A
<u>Materials and Supplies</u>									
52010 Supplies and Services	15,000	15,000	30,000	15,000	100%	-	0%		
51505 Employee Expense	10,000	15,000	17,000	7,000	70%	5,000	50%		
51515 Employee Travel	7,000	7,000	14,000	7,000	100%	-	0%		
<u>Outside Services</u>									
53101 Education/Seminars	8,000	8,000	10,000	2,000	25%	-	0%		
53241 Temporary Personnel Services	-	-	5,000	5,000	N/A	-	0%		
53215 Recruitment Expenses	-	10,000	-	-	0%	10,000	N/A		
53202 Legal Consulting	300,000	300,000	300,000	-	0%	-	0%		
53236 Professional Services/Consultants	100,000	75,000	100,000	-	0%	(25,000)	-25%		C
53242 Legislative Advocate Services	300,000	300,000	300,000	-	0%	-	0%		
<u>Election</u>									
51301 Election	350,000	700,000	-	(350,000)	-100%	350,000	100%	B	D
<u>Directors Compensation and Expenses</u>									
51326 Directors Compensation	240,000	210,000	240,000	-	0%	(30,000)	-13%		C
51327 Directors Expenses	49,000	49,000	60,000	11,000	22%	-	0%		
51328 Directors Travel	18,500	18,500	20,000	1,500	8%	-	0%		
51329 Directors Training	27,900	27,900	35,000	7,100	25%	-	0%		
	<b>\$ 2,147,700</b>	<b>\$ 2,586,600</b>	<b>\$ 2,054,100</b>	<b>\$ (93,600)</b>	<b>-4%</b>	<b>\$ 438,900</b>	<b>20%</b>		

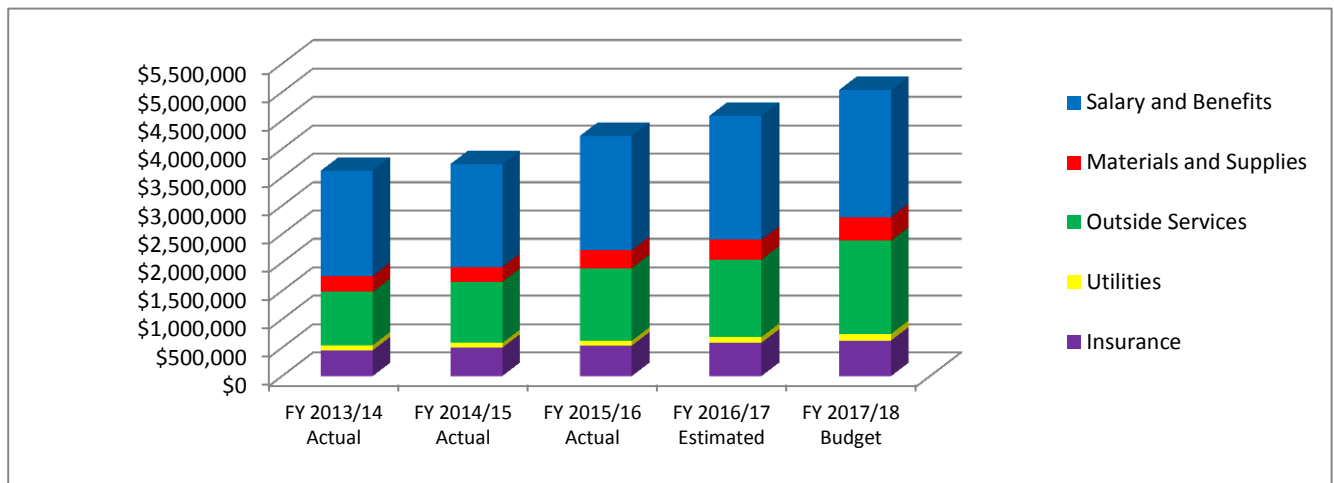
- (1) Changes from FY 2016/17 Budget to FY 2017/18 Budget more than 10% and \$20,000.  
(2) Changes from FY 2016/17 Budget to FY 2016/17 Estimated more than 10% and \$20,000.

- A. Includes funds for a new position of Assistant General Manager.  
B. No election to be held in FY 2017/18.  
C. Based on workload requirements.  
D. November 2016 election cost more than anticipated.

Administration Expenditures

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
Salary and Benefits	\$ 1,855,359	\$ 1,814,935	\$ 2,013,357	\$ 2,184,900	\$ 2,240,700
Materials and Supplies	280,467	260,511	315,472	350,500	412,000
Outside Services	939,389	1,077,524	1,280,117	1,363,300	1,643,400
Utilities	87,603	81,585	84,291	102,000	116,000
Insurance	455,779	499,998	537,500	585,500	628,000
<b>Department Total</b>	<b>\$ 3,618,597</b>	<b>\$ 3,734,553</b>	<b>\$ 4,230,737</b>	<b>\$ 4,586,200</b>	<b>\$ 5,040,100</b>

Positions	19	20	21	21	23
-----------	----	----	----	----	----



Total Operating Budget: \$ 24,546,700  
Administration: \$ 5,040,100

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Workload Measures</b>					
Positions filled	11	5	25	10	10
Candidates interviewed	77	31	121	70	70
Safety training classes held	53	40	45	38	38
Safety training class attendees	1,241	438	892	650	650
Days lost due to injury - Wholesale	-	-	98	-	-
Days lost due to injury - Retail	-	-	-	-	-
Number of 1099 forms issued	96	102	339	200	210
Number of contracts	37	59	140	150	150
Grants and project reimbursements (millions)	\$ 2.00	\$ 4.71	\$ 9.00	\$ 2.00	\$ 2.00
Number of invoices/purchase orders/P-card lines	8,819	8,648	9,299	9,000	9,000
Number of purchase orders	1,980	1,979	3,175	3,900	3,900
Value of purchase orders (millions)	\$ 5.80	\$ 9.45	\$ 13.50	\$ 12.45	\$ 12.45
Facilities work orders	260	492	569	550	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 2016/17

- ◆ The Agency was awarded the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its FY 2016/17 Budget. This is the eleventh consecutive year the Agency has received this award.
- ◆ The Agency was awarded the Excellence in Budgeting Award from the California Society of Municipal Finance Officers (CSMFO) for its FY 2016/17 Budget. This is the tenth consecutive year the Agency has received this award.
- ◆ The Agency was awarded the Excellence in Financial Reporting Award from the Government Finance Officers Association (GFOA) for its FY 2015/16 CAFR. This is the twelfth consecutive year the Agency has received this award.
- ◆ Reviewed and prepared 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.
- ◆ Revised the Agency's cellular/smart telephone policy.
- ◆ Engaged a consultant to assess the Agency's grant administration activities and recommend the appropriate organizational and staffing structure.
- ◆ Revised the Agency's Risk Transfer Manual.
- ◆ Reviewed and recommended revisions to the Agency's vacation accrual policy.
- ◆ All employees participated in sexual harassment awareness and prevention training.
- ◆ Conducted live confined space entry and rescue drill.
- ◆ Conducted a response drill with local fire department.
- ◆ The Board adopted a Return to Work Policy.
- ◆ The Board adopted an Agency Website and Social Media Policy.
- ◆ The Board adopted developed a Safety Suggestion Award Policy.
- ◆ Continued to participate in community events (COC Water Technology Board and Business Alliance, SCV Mayor's Committee for Employment of Individuals with Disabilities, PIHRA, etc.).
- ◆ Continue to provide all required and recommended safety training.
- ◆ Implemented an electronic process for Performance Evaluations (NeoGov).
- ◆ Upgraded two backup point-to-point network communication lines between the Agency facilities.
- ◆ Upgraded Interwoven Filesite document management software to version 9.
- ◆ Upgraded Microsoft Office to version 2016.
- ◆ Implemented 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.
- ◆ Retrofitted Rio Vista Water Treatment Plant filter deck area with LED lighting.
- ◆ Department expenditures are estimated to be 96% of the FY 2016/17 Budget.

## Objectives – FY 2017/18

### Accounting, Budget and Administration

- ◆ Through a Request for Proposal (RFP) process, select an actuarial consultant to prepare the other postemployment benefit (OPEB) valuation for the implementation of GASB 75. P1 D.1.13
- ◆ Participate in a Vendor Outreach program with the City of Santa Clarita. P2 A.3.2
- ◆ Through a Request for Proposal (RFP) process, select a financial advisor for the Agency. P2 D.1.11
- ◆ Implement electronic timesheet entry. P2 D.6.1
- ◆ Review and prepare for implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. GASB Statement No. 75 concerns postemployment liability accounting and will have a significant impact on Agency's financial statements. P2 D.1.12
- ◆ Administer awarded grants and assist project managers in determining reimbursement schedule. D.1.10
- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6

### Human Resources and Risk Management

- ◆ Engage a consultant to perform a comprehensive market survey of employee benefits. P1 E.4.3
- ◆ Implement electronic benefits enrollment. P1 E.4.5
- ◆ Provide supervisor training to enhance working knowledge and a general understanding of the Agency's recruitment, onboarding, and performance evaluation and other human relations processes. P1 E.4.6
- ◆ Update the Agency's Supervisor Handbook. P1 E.4.7
- ◆ Conduct sexual harassment awareness and prevention training for all employees. P1 E.4.8
- ◆ Conduct live confined space entry and rescue drill. P1 E.5.3
- ◆ Conduct a live chemical spill response drill with local fire department and/or emergency services contractor. P1 E.5.4
- ◆ Develop a process to identify and re-engineer cumbersome processes. P2 E.2.7
- ◆ Research compensation for licenses and certifications through a market survey. P2 E.4.4
- ◆ 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.). A.3.3
- ◆ Continue reviewing the Employee Manual policies periodically and recommend updates and revisions as necessary. E.1.1
- ◆ Evaluate cross-training program opportunities. E.2.6
- ◆ Evaluate effectiveness of communications. E.3.4
- ◆ Continue to provide appropriate training and professional development. E.4.1
- ◆ Assess workforce and organizational needs (appropriate staffing levels). E.4.10
- ◆ Examine practicality/benefits of establishing a mentoring program. E.4.11
- ◆ Review Team Building strategy to foster trust and shared values. E.4.12
- ◆ Continue to provide all required and recommended safety training. E.5.1
- ◆ Continue to emphasize safety through weekly tailgate and safety meetings. E.5.2

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

## Facilities/Information Technology/Support Services

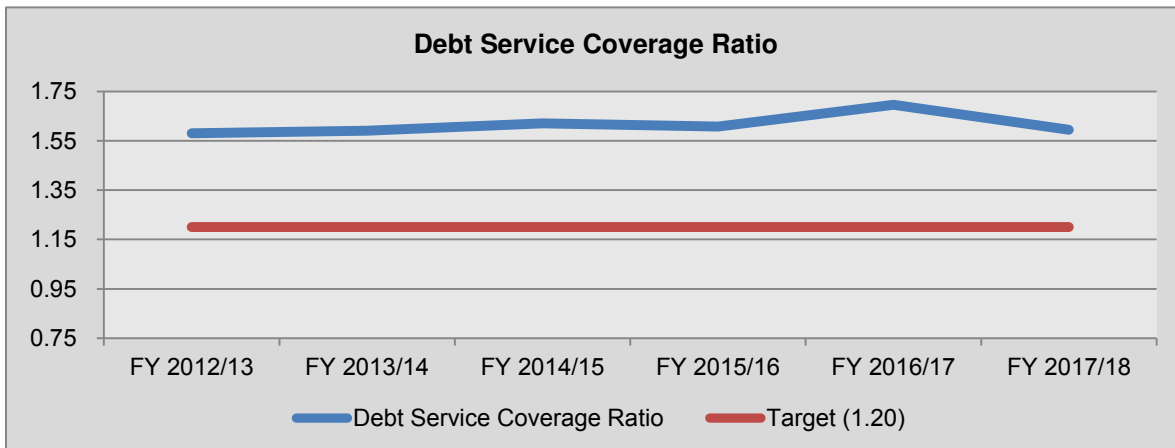
- ◆ Implement redundant gateway routing for network communications. P1 E.1.2
- ◆ Have a full intrusion test done on entire network to determine any cyber-security vulnerabilities. P1 E.1.7
- ◆ Improve RVWTP back gate and access road by adding safety and security signage and traffic striping. P1 E.1.8
- ◆ Add 10 to 20 more MBPS (megabits per second) on existing point-to-point backup line between the Rio Vista Water Treatment Plant and Summit Circle. P1 E.1.6
- ◆ Replace one of three existing SAN (Storage Area Network) systems. P2 E.1.3
- ◆ Replace five existing virtual machine server hosts. P2 E.1.4
- ◆ Upgrade VMWare on all hosts. P2 E.1.5
- ◆ Improve RVWTP upper mesa entrance gate and access areas. P2 E.1.9
- ◆ Implement asphalt cleaning and maintenance program. P2 E.1.11
- ◆ Improve ESFP road access gate. P3 E.1.10
- ◆ Conduct semiannual tests of Agency's disaster recovery plan. E.1.12

## Long Term Objectives

- ◆ *Adopt a new investment policy for the proceeds from the potential lump sum payment of the perchlorate settlement agreement for O&M activities.* D.1.14
- ◆ *Research hiring an investment management firm to manage the potential lump sum payment for O&M activities as provided in the perchlorate settlement agreement.* D.1.15
- ◆ *Develop a repair and replacement reserve fund policy based on the Agency's asset management program.* D.1.16
- ◆ *Conduct quarterly tests of Agency's technology and communication systems.* E.1.13
- ◆ *Develop an Information Technology Strategic Plan.* E.2.3
- ◆ *Upgrade General Ledger/Financial System software.* E.2.4
- ◆ *Upgrade Human Resources/Payroll System software.* E.2.5
- ◆ *Research implementing an employee portal or intranet for posting various often-requested forms, documents, etc.* E.4.9

## Strategic Plan Key Result

The Agency's Strategic Plan includes a number of key performance measures related to cost effectiveness (see also page 92). One of the key performance measures for the Administration Department is the Debt Service Coverage Ratio. The progress of this measure is as follows:



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

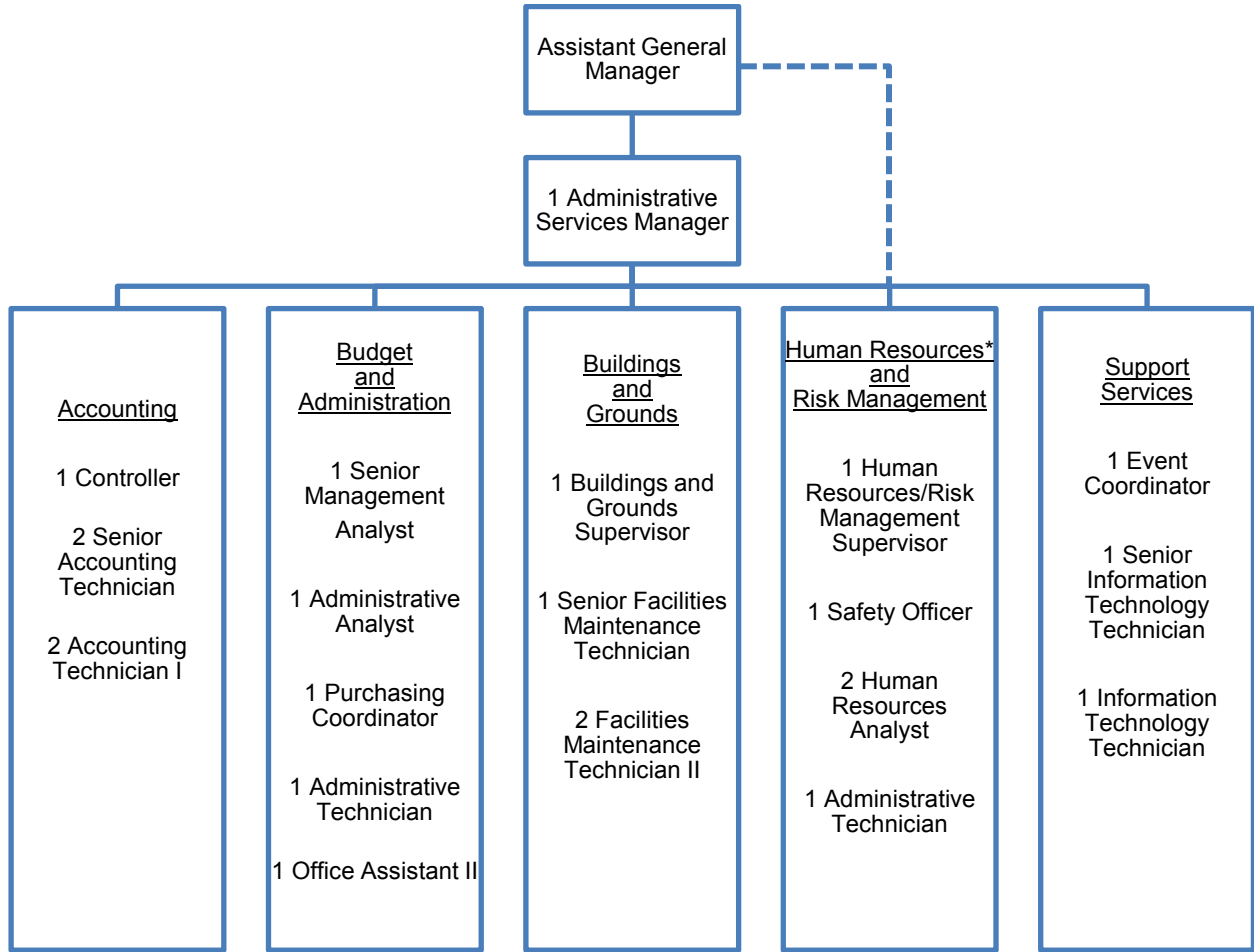
## **Santa Clarita Water Division Cost Allocation**

The Agency allocates certain Agency-wide shared positions to both wholesale and retail budgets. The allocation of staff is updated each year through the budget process and is largely based on a percentage of shared Full-Time Employee (FTE) positions. The shared positions for FY 2017/18 are as follows:

- ◆ Human Resources/Safety: Human Resources/Risk Management Supervisor, two Human Resources Analysts, Administrative Technician (Human Resources) and Safety Officer. These positions are allocated 55% to wholesale and 45% to retail operations. Charges include labor, benefits and other indirect costs.
- ◆ Information Technology: Senior Information Technology Technician and Information Technology Technician. These positions are allocated 55% to wholesale and 45% to retail operations. Charges include labor, benefits and other indirect costs.
- ◆ Senior Accounting Technician II (Payroll). This position is allocated 50% to wholesale and 50% to retail operations. Charges include labor, benefits and other indirect costs.
- ◆ Facilities. All four positions in the Facilities section charge actual time worked on SCWD projects to retail operations. Charges include labor and benefits.
- ◆ Controller. This position is allocated 67% to wholesale 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 22.5% to retail operations (half of 45%). Charges include labor, benefits and indirect costs.
- ◆ Assistant General Manager. This position is assumed to spend 50% of time supervising the above functions, and is allocated 22.5% to retail operations (half of 45%). Charges include labor, benefits and indirect costs.

**[This page intentionally left blank.]**

## Administration Department Organization



\* Human Resources reports to Assistant General Manager

Detail of Administration Expenditures  
FY 2017/18 Budget

**001120000 ADMINISTRATION**

	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 1,486,654	\$ 1,659,595	\$ 1,770,800	\$ 1,777,800	\$ 1,812,800
51007 Overtime	15,663	20,197	28,000	38,000	30,000
51050 Burden and Benefits	815,342	867,857	998,800	966,500	1,050,600
51020 Less Reimbursement for shared positions	(502,724)	(534,292)	(620,800)	(597,400)	(652,700)
<u>Materials and Supplies</u>					
52024 Internal Relations	26,094	28,510	30,000	30,000	35,000
52005 Safety Training and Equipment	63,693	108,647	115,000	103,500	97,000
52010 Supplies and Services	36,450	37,560	40,000	40,000	47,000
53215 Recruitment Expenses	4,555	7,209	6,000	6,000	60,000
52020 Postage	11,939	8,695	15,000	15,000	15,000
51505 Employee Expense	8,979	16,563	15,000	15,000	15,000
51515 Employee Travel	9,426	14,732	20,000	15,000	15,000
52035 Janitorial Supplies	4,904	5,810	8,000	6,000	8,000
52075 Parts and Materials	94,471	87,746	120,000	120,000	120,000
<u>Outside Services</u>					
53101 Education/Seminars	16,277	26,309	32,000	20,000	35,000
53241 Temporary Personnel Services	173,041	127,354	85,000	100,000	100,000
53216 Security/Alarm Services	124,300	129,036	175,000	115,000	150,000
53306 Subscriptions	982	592	2,400	1,000	2,400
53304 Dues and Memberships	58,321	55,863	65,000	56,000	65,000
53110 Office Equipment/Repair and Service	24,087	22,063	30,000	22,000	30,000
53236 Professional Services/Consultants	43,138	125,081	195,000	132,000	225,000
53210 Professional Services/Audit	71,672	47,860	77,000	77,000	77,000
53214 Technology Services	140,141	206,503	280,000	280,000	315,000
53213 Office and Storage Rent, HOA Dues	31,576	43,823	46,000	35,100	46,000
53218 Agency Publications	10,171	11,199	12,000	12,000	12,000
53212 Licenses/Fees	77,624	79,211	80,000	90,000	90,000
53104 Uniforms	3,773	3,817	3,800	2,200	5,000
53105 Outside Service/Contracting	302,421	401,406	421,000	421,000	491,000
<u>Utilities</u>					
54200 Pager/Cell Service	20,038	23,256	25,000	24,000	26,000
54205 Telephone	14,665	19,895	20,000	20,000	20,000
54310 Refuse Disposal	13,121	9,730	20,000	15,000	20,000
54305 Irrigation	10,918	6,426	15,000	8,000	15,000
54415 Natural Gas	22,843	24,984	35,000	35,000	35,000
<u>Insurance</u>					
55200 Retiree Medical Insurance	265,278	301,448	331,000	331,000	357,000
55205 Unemployment Insurance	4,500	-	5,000	5,000	5,000
55210 Bonds/Honesty Insurance	969	988	2,000	2,000	2,000
55215 Liability Insurance	151,800	157,660	190,000	161,500	180,000
55220 Casualty Insurance	77,451	77,404	86,000	86,000	84,000
	<b>\$ 3,734,553</b>	<b>\$ 4,230,737</b>	<b>\$ 4,779,000</b>	<b>\$ 4,586,200</b>	<b>\$ 5,040,100</b>

(notes on next page)

Detail of Administration Expenditures  
FY 2017/18 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, energy analysis and other such services. Additional funds are provided in FY 2017/18 for a comprehensive benefits market survey and other human resources studies (\$100,000).

**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 \$330,000. Funds are also provide for upper mesa erosion repairs (\$50,000), mesa road entrance gate security modifications (\$40,000), ESFP access road gate security modifications (\$40,000), RVWTP Administration Building entry door security modifications (\$15,000), RVWTP rear access road safety and security signage and road markings (\$12,000) and an asphalt maintenance program (\$4,000) .



Administration  
FY 2017/18 Budget - Comparison Data

001120000 ADMINISTRATION

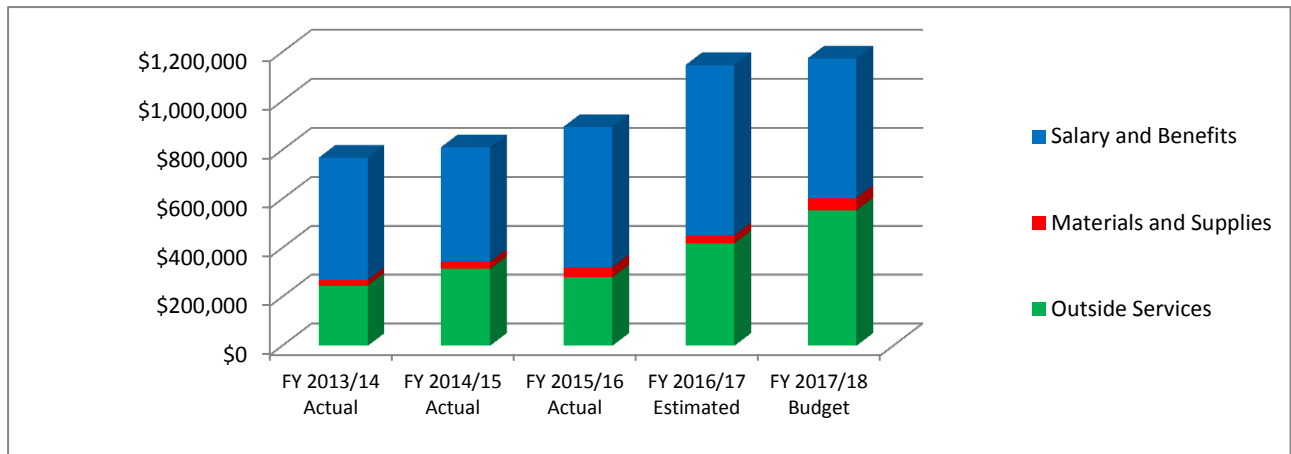
	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 to FY 2017/18		Change from FY 2016/17 Budget to Estimated		(1)	(2)
				Budget	%	Estimated	%		
<u>Salary and Benefits</u>									
51001 Salary	\$ 1,770,800	\$ 1,777,800	\$ 1,812,800	\$ 42,000	2%	\$ 7,000	0%		
51007 Overtime	28,000	38,000	30,000	2,000	7%	10,000	36%		
51050 Burden and Benefits	998,800	966,500	1,050,600	51,800	5%	(32,300)	-3%		
51020 Less Reimbursement for shared positions	(620,800)	(597,400)	(652,700)	(31,900)	5%	23,400	-4%		
<u>Materials and Supplies</u>									
52024 Internal Relations	30,000	30,000	35,000	5,000	17%	-	0%		
52005 Safety Training and Equipment	115,000	103,500	97,000	(18,000)	-16%	(11,500)	-10%		
52010 Supplies and Services	40,000	40,000	47,000	7,000	18%	-	0%		
53215 Recruitment Expenses	6,000	6,000	60,000	54,000	900%	-	0%	A	
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	15,000	15,000	(5,000)	-25%	(5,000)	-25%		
52035 Janitorial Supplies	8,000	6,000	8,000	-	0%	(2,000)	-25%		
52075 Parts and Materials	120,000	120,000	120,000	-	0%	-	0%		
<u>Outside Services</u>									
53101 Education/Seminars	32,000	20,000	35,000	3,000	9%	(12,000)	-38%		
53241 Temporary Personnel Services	85,000	100,000	100,000	15,000	18%	15,000	18%		
53216 Security/Alarm Services	175,000	115,000	150,000	(25,000)	-14%	(60,000)	-34%		F
53306 Subscriptions	2,400	1,000	2,400	-	0%	(1,400)	-58%		
53304 Dues and Memberships	65,000	56,000	65,000	-	0%	(9,000)	-14%		
53110 Office Equipment/Repair and Service	30,000	22,000	30,000	-	0%	(8,000)	-27%		
53236 Professional Services/Consultants	195,000	132,000	225,000	30,000	15%	(63,000)	-32%	B	F
53210 Professional Services/Audit	77,000	77,000	77,000	-	0%	-	0%		
53214 Technology Services	280,000	280,000	315,000	35,000	13%	-	0%	C	
53213 Office Storage and Rent, HOA Dues	46,000	35,100	46,000	-	0%	(10,900)	-24%		
53218 Agency Publications	12,000	12,000	12,000	-	0%	-	0%		
53212 Licenses/Fees	80,000	90,000	90,000	10,000	13%	10,000	13%		
53104 Uniforms	3,800	2,200	5,000	1,200	32%	(1,600)	-42%		
53105 Outside Service/Contracting	421,000	421,000	491,000	70,000	17%	-	0%	D	
<u>Utilities</u>									
54200 Pager/Cell Service	25,000	24,000	26,000	1,000	4%	(1,000)	-4%		
54205 Telephone	20,000	20,000	20,000	-	0%	-	0%		
54310 Refuse Disposal	20,000	15,000	20,000	-	0%	(5,000)	-25%		
54305 Irrigation	15,000	8,000	15,000	-	0%	(7,000)	-47%		
54415 Natural Gas	35,000	35,000	35,000	-	0%	-	0%		
<u>Insurance</u>									
55200 Retiree Medical Insurance	331,000	331,000	357,000	26,000	8%	-	0%	E	
55205 Unemployment Insurance	5,000	5,000	5,000	-	0%	-	0%		
55210 Bonds/Honesty Insurance	2,000	2,000	2,000	-	0%	-	0%		
55215 Liability Insurance	190,000	161,500	180,000	(10,000)	-5%	(28,500)	-15%		G
55220 Casualty Insurance	86,000	86,000	84,000	(2,000)	-2%	-	0%		
	<b>\$ 4,779,000</b>	<b>\$ 4,586,200</b>	<b>\$ 5,040,100</b>	<b>\$ 261,100</b>	<b>5%</b>	<b>\$ (192,800)</b>	<b>-4%</b>		

- (1) Changes from FY 2016/17 Budget to FY 2017/18 Budget more than 10% and \$20,000.  
(2) Changes from FY 2016/17 Budget to FY 2016/17 Estimated more than 10% and \$20,000.

- A. Provides funds for a recruitment firm for positions of Public Information Officer and Principal Water Resources Planner.  
B. Various organizational studies, compensation surveys, actuarial studies, human resources consulting, rate studies, financial analysis, energy analysis and other such services. FY 2017/18 funds are provided for a comprehensive benefits survey and various classification studies (\$100,000).  
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 additional licensees for additional users, a three-year renewal for a CISCO firewall, increased speed for communication links between facilities and network intrusion testing. hosted SPAM service (\$2,500) and a three-year renewal for the CISCO firewall (\$6,000).  
D. Increased funds provided for upper mesa erosion repairs (\$50,000), mesa road entrance gate security modifications (\$40,000), ESFP access road gate security modifications (\$40,000), RVWTP Administration Building entry door security modifications (\$15,000), RVWTP rear access road safety and security signage and road markings (\$12,000) and an asphalt maintenance program(\$4,000).  
E. Based on increased number of retirees and projected increases in medical insurance premium costs.  
F. Based on workload requirements.  
G. Due to low loss history.

### Engineering Expenditures

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
Salary and Benefits	\$ 499,944	\$ 468,691	\$ 573,542	\$ 695,900	\$ 570,000
Materials and Supplies	23,085	29,167	41,583	32,500	50,500
Outside Services	246,264	314,413	279,737	419,000	554,000
<b>Department Total</b>	<b>\$ 769,293</b>	<b>\$ 812,271</b>	<b>\$ 894,862</b>	<b>\$ 1,147,400</b>	<b>\$ 1,174,500</b>
<b>Positions</b>	<b>6.25</b>	<b>6.25</b>	<b>8.25</b>	<b>8.25</b>	<b>8.25</b>



Total Operating Budget: \$ 24,546,700  
Engineering: \$ 1,174,500

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Workload Measures</b>					
Number of major capital projects underway	11	20	19	21	21
Value of Major capital projects (millions)	\$ 1.50	\$ 8.52	\$ 16.57	\$ 7.61	\$ 23.16

## DIVISION: ENGINEERING

### Division Objective:

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

### Major Accomplishments – FY 2016/17

- ◆ Initiated construction of the permanent raw water connection to Metropolitan Water District Foothill Feeder (MWDSC) pipeline.
- ◆ Initiated construction of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project.
- ◆ Completed Facility Capacity Fee Commercial Demand Factors Study.
- ◆ Completed tracer study for the Rio Vista Water Treatment Plant Clearwells and updated Rio Vista Water Treatment Plant Operations Plan.
- ◆ Completed construction of facility modifications and pipeline inspection of Newhall Lateral Reach 2B.
- ◆ Completed the Emergency and Operational Storage Study.

### Objectives – FY 2017/18

- ◆ Initiate construction of the Distribution System – RV-2 Modifications Project. P1 B.6.1
- ◆ Initiate design of Groundwater Treatment Improvement Project. P1 B.6.2
- ◆ Initiate preliminary design of the Magic Mountain Reservoir Project. P1 B.6.3
- ◆ Complete design of the Earl Schmidt Intake Pump Station Pipeline Improvements Project. P1 B.6.4
- ◆ Initiate construction of the Earl Schmidt Intake Pump Station Pipeline Improvements Project. P1 B.6.5
- ◆ Complete land acquisition and final design of the Vista Canyon Recycled Water Project (Phase 2B). P1 B.6.6
- ◆ Complete final design of the South End Recycled Water Project (Phase 2C). P1 B.6.7
- ◆ Complete final design for the West Ranch Recycled Water Project (Phase 2D). P1 B.6.8
- ◆ Complete design of the Replacement Wells and Dry Year Reliability Wells. P1 B.6.9
- ◆ Complete land acquisition for Castaic Conduit Project. P1 B.6.10
- ◆ Complete construction of Saugus Perchlorate Treatment Facility Pressure Modifications Project. P1 B.6.11
- ◆ Complete 2017 Facility Capacity Fee (FCF) Study and adopt new FCFs. P1 B.6.12
- ◆ Finalize and adopt the Recycled Water Master Plan. P1 B.6.17
- ◆ Complete construction of the Earl Schmidt Intake Pump Station Pipeline Improvements Project. P1 B.6.18
- ◆ Complete design of the Earl Schmidt Sludge Collection System Project. P1 B.6.19
- ◆ Initiate construction of the West Ranch Recycled Water Project (Phase 2D). P1 B.6.20
- ◆ Complete construction of the Distribution System – RV-2 Modifications Project. P1 B.6.21
- ◆ Complete design of the Magic Mountain Pipeline No. 4 Project. P1 B.6.22
- ◆ Complete construction of permanent Foothill Feeder connection project. P1 B.6.23
- ◆ Complete inspection of the Castaic Conduit Pipeline Reach 3 and Reach 4. P2 B.6.13
- ◆ Complete inspection of the Earl Schmidt Filtration Plant Raw Water pipeline. P2 B.6.14
- ◆ Complete design of the Castaic Conduit Pipeline Reaches 1, 2 and 5 Modifications. P2 B.6.15
- ◆ Complete inspection of the RVWTP Raw Water pipeline. P2 B.6.16

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

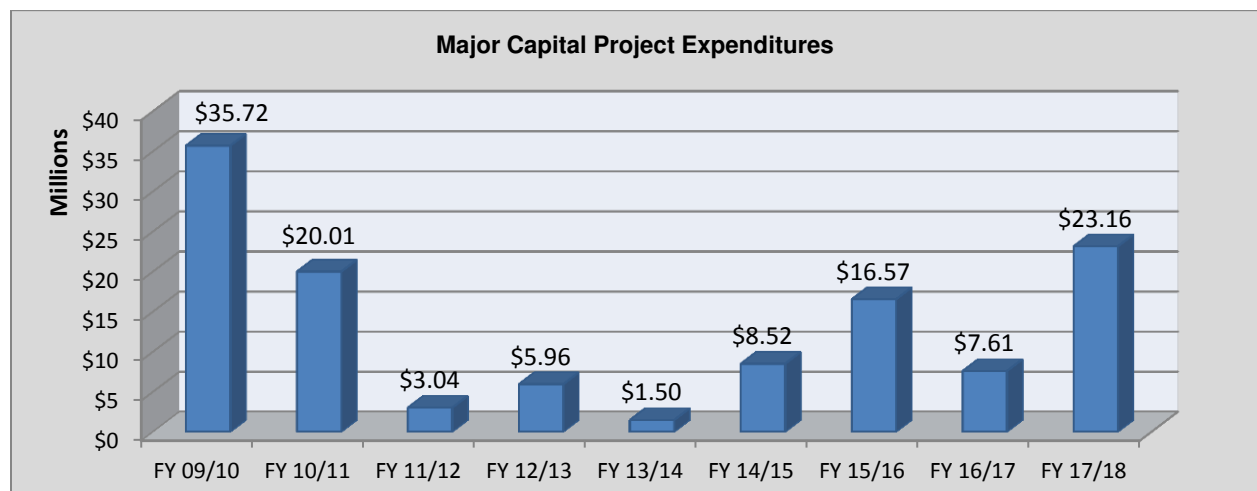
- ◆ Complete design of the Rio Vista Water Treatment Plant Underground Storage Tank Replacement Project. **P2** B.6.24
- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6

**Long Term Actions**

- ◆ *Initiate construction of the Magic Mountain Pipeline Phase 4 Project.* B.6.25
- ◆ *Initiate construction of the Earl Schmidt Sludge Collection System Project.* B.6.26
- ◆ *Initiate construction of Castaic Conduit Reaches 1, 2, and 5 modifications project.* B.6.51
- ◆ *Initiate planning and preliminary design of the Southern Service Area Reservoir Project.* B.6.27
- ◆ *Complete construction of the Saugus Formation Replacement Wells and Dry Year Reliability (“Red-Handled”) Wells Project.* B.6.28
- ◆ *Initiate construction of the Magic Mountain Pipeline Phase 5 Project.* B.6.29
- ◆ *Complete design of the Castaic Conduit Bypass Project.* B.6.30
- ◆ *Initiate construction of the Castaic Conduit Bypass Project.* B.6.31
- ◆ *Initiate construction of the Recycled Water South End Project (Phase 2C).* B.6.32
- ◆ *Complete construction of Castaic Conduit Reaches 1, 2, and 5 modifications project.* B.6.52
- ◆ *Initiate planning and preliminary design of the Sand Canyon Reservoir Expansion Project.* B.6.33
- ◆ *Initiate construction of the Magic Mountain Pipeline Phase 6 Project.* B.6.34
- ◆ *Initiate construction of the Honby Parallel Pipeline Phase 2 Project.* B.6.35
- ◆ *Initiate construction of the Magic Mountain Reservoir Project.* B.6.36
- ◆ *Initiate construction of the Southern Service Area Reservoir Project.* B.6.37
- ◆ *Initiate construction of the Sand Canyon Reservoir Expansion Project.* B.6.38
- ◆ *Continue development of Geographical Information Systems (GIS) program capabilities and acquisition of GIS data.* B.6.39

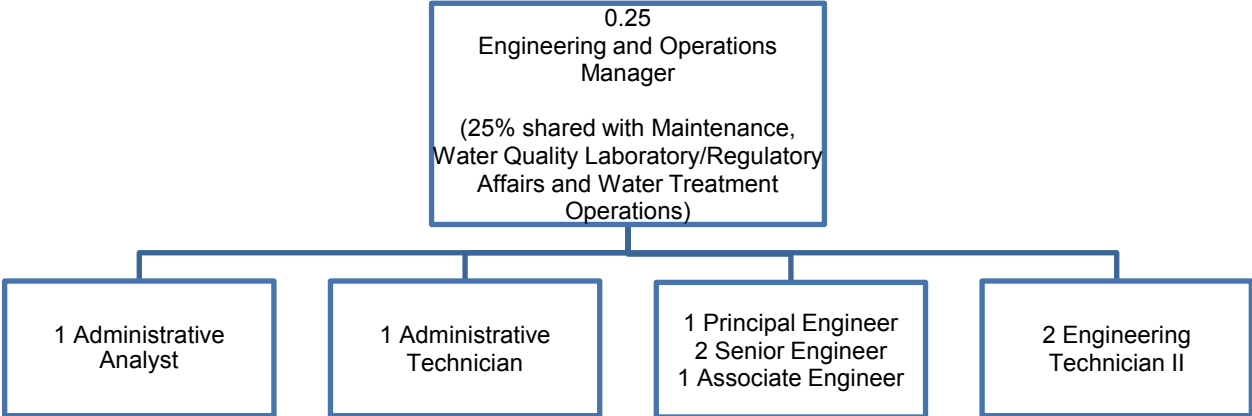
**Strategic Plan Key Result**

The Agency’s Strategic Plan includes a number of key performance measures related to water supply reliability (see also pages 89-90). One of the key performance measures for the Engineering Division is Major Capital Projects Expenditures. The progress of this measure is as follows:



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

Engineering Division Organization



Details of Engineering Expenditures  
FY 2017/18 Budget

**001160000 ENGINEERING**

	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 299,255	\$ 381,137	\$ 247,200	\$ 440,100	\$ 342,900
51007 Overtime	595	400	-	-	-
51050 Burden and Benefits	168,841	192,005	183,200	255,800	227,100
<u>Materials and Supplies</u>					
52010 Supplies and Services	21,518	29,847	22,500	25,500	35,000
51505 Employee Expense	5,973	9,798	13,000	5,500	11,000
51515 Employee Travel	1,676	1,938	3,500	1,500	4,500
<u>Outside Services</u>					
53101 Education/Seminars	3,695	3,908	5,500	5,500	8,000
53241 Temporary Personnel Service	-	12,186	2,000	-	-
53214 Technology Services	74,120	78,089	115,000	118,000	85,000
53226 Professional Services/Consulting	214,633	145,049	200,000	250,000	335,000
53228 Pipeline Inspection Program Services	21,965	40,505	65,000	45,500	126,000
<b>Total Engineering Expenditures</b>	<b>\$ 812,271</b>	<b>\$ 894,862</b>	<b>\$ 856,900</b>	<b>\$ 1,147,400</b>	<b>\$ 1,174,500</b>

**Professional Services/Consultants includes:**

Asset management consulting, perchlorate consultant and monitoring services (reimbursable), purveyor telemetry services and other engineering and survey services. FY 2017/18 includes purchase of 5-year earthquake insurance policy for the SPTF. This cost is reimbursable from the perchlorate settlement agreement.

**Technology Services includes:**

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

Engineering  
FY 2017/18 Budget - Comparison Data

001160000 ENGINEERING

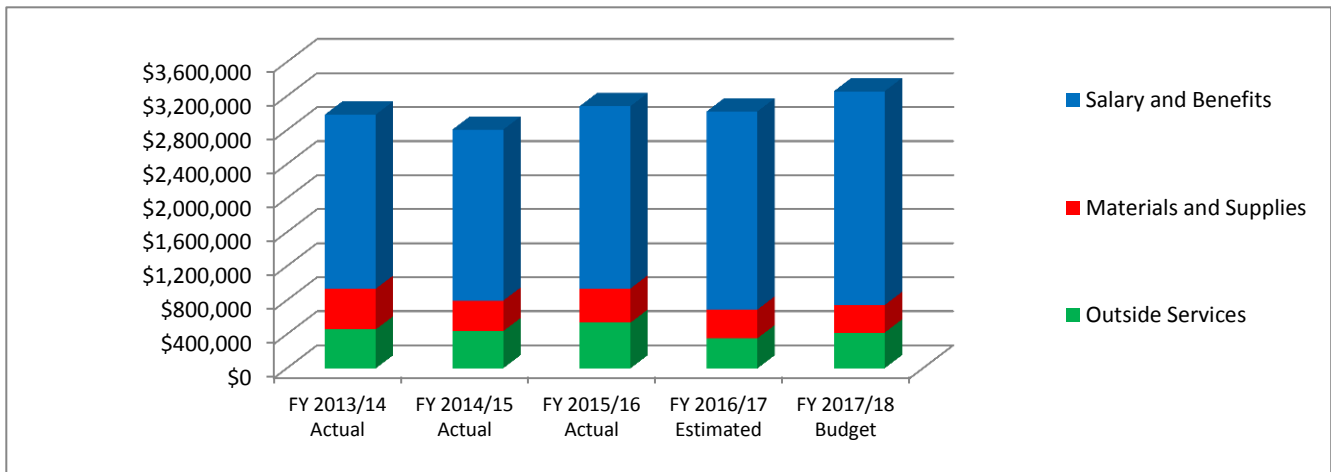
	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 to FY 2017/18 Budget	%	Change from FY 2016/17 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 247,200	\$ 440,100	\$ 342,900	\$ 95,700	39%	\$ 192,900	78%	A	A
51050 Burden and Benefits	183,200	255,800	227,100	43,900	24%	72,600	40%	A	A
<u>Materials and Supplies</u>									
52010 Supplies and Services	22,500	25,500	35,000	12,500	56%	3,000	13%		
51505 Employee Expense	13,000	5,500	11,000	(2,000)	-15%	(7,500)	-58%		
51515 Employee Travel	3,500	1,500	4,500	1,000	29%	(2,000)	-57%		
<u>Outside Services</u>									
53101 Education/Seminars	5,500	5,500	8,000	2,500	45%	-	0%		
53241 Temporary Personnel Service	2,000	-	-	(2,000)	-100%	(2,000)	-100%		
53214 Technology Services	115,000	118,000	85,000	(30,000)	-26%	3,000	3%	B	
53226 Professional Services/Consulting	200,000	250,000	335,000	135,000	68%	50,000	25%	C	E
53228 Pipeline Inspection Program Services	65,000	45,500	126,000	61,000	94%	(19,500)	-30%	D	D
<b>Total Engineering Expenditures</b>	<b>\$ 856,900</b>	<b>\$ 1,147,400</b>	<b>\$ 1,174,500</b>	<b>\$ 317,600</b>	<b>37%</b>	<b>\$ 290,500</b>	<b>34%</b>		

- (1) Changes from FY 2016/17 Budget to FY 2017/18 Budget more than 10% and \$20,000.  
(2) Changes from FY 2016/17 Budget to FY 2016/17 Estimated more than 10% and \$20,000.

- A. Based on decreased charges to Capital Improvement Program projects.  
B. FY 2016/17 budget included \$45,000 for a one-time purchase of InfoMaster software to continue development of asset management program.  
C. Includes funds (\$120,000) for purchase of 5-year earthquake insurance policy for the SPTF. Purchase is reimbursable from the perchlorate settlement agreement.  
D. Based on workload requirements and pipeline inspection program schedule. Increased inspection activities to take place in FY 2017/18 to take advantage of shutdowns related to capital improvement projects. Reaches to be inspected include Castaic Conduit Reaches 3 and 4, Footfill Feeder Connection and the ESIPS influent line.  
E. Based on unanticipated costs for arbitration related to the perchlorate settlement agreement.

Maintenance Expenditures

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
Salary and Benefits	\$ 2,047,306	\$ 2,010,696	\$ 2,142,920	\$ 2,329,000	\$ 2,514,300
Materials and Supplies	478,380	358,491	402,316	337,900	323,500
Outside Services	458,532	436,872	536,837	354,500	420,000
Department Total	\$ 2,984,218	\$ 2,806,059	\$ 3,082,073	\$ 3,021,400	\$ 3,257,800
Positions	13.75	13.75	15.75	15.75	15.75



Total Operating Budget: \$ 24,546,700  
 Maintenance \$ 3,257,800

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Workload Measures</b>					
Number of preventative maintenance work orders **	*	*	781	900	900
Number of emergency/corrective work orders **	*	*	202	190	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 2016/17

- ◆ Installed two replacement Sodium Hypochlorite pumps and associated pipelines and valves at Saugus Perchlorate Treatment Facility.
- ◆ Replaced 20 KVA UPS in Rio Vista Water Treatment Plant Filter building.
- ◆ Performed triannual electrical maintenance at Sand Canyon Pump Station and Generator Building.
- ◆ Replaced clarifier and filter flow meters at Earl Schmidt Filtration Plant.

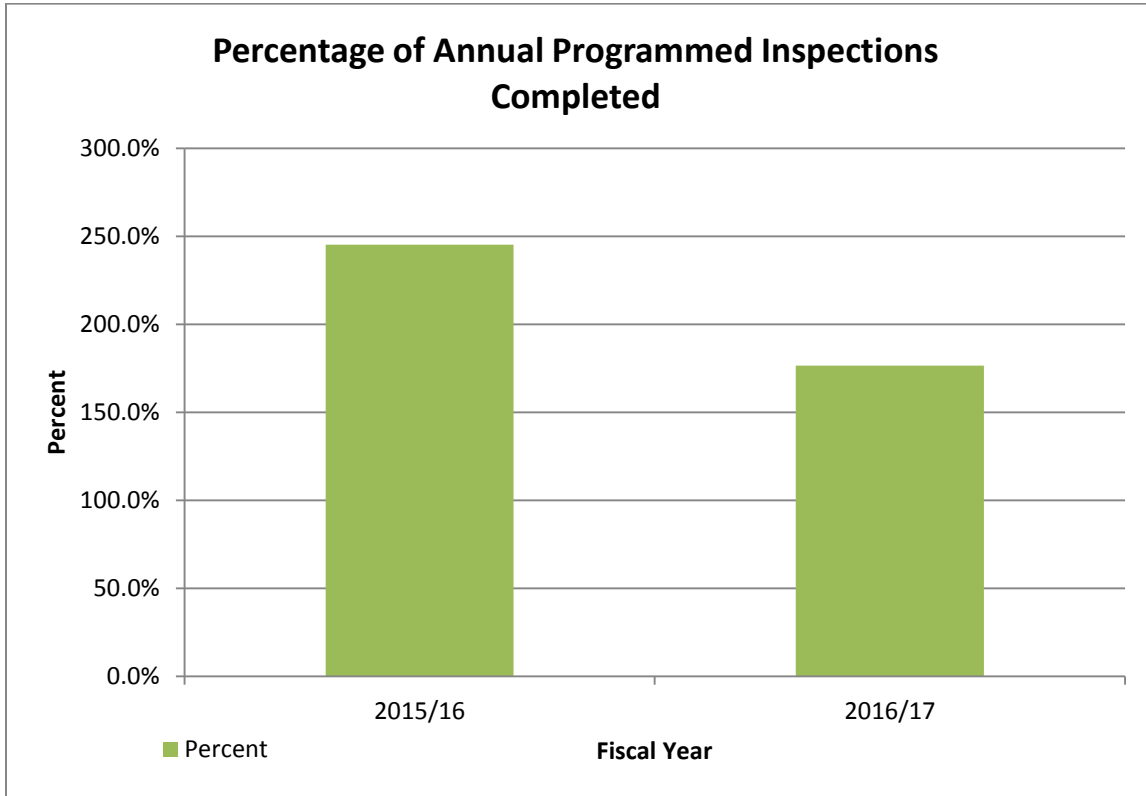
### Objectives – FY 2017/18

- ◆ Replace regulatory pressure relief valves at Earl Schmidt Filtration Plant and Rio Vista Water Treatment Plant. P1 B.7.1
- ◆ Repair back gate access road at Earl Schmidt Filtration Plant. P1 B.7.2
- ◆ Replace ammonia pumping system at Earl Schmidt Filtration Plant. P1 B.7.3
- ◆ Repair/recoat Earl Schmidt Filtration Plant clear wells interior coating. P1 B.7.4
- ◆ Replace two ammonia pumps at Saugus Perchlorate Treatment Facility. P1 B.7.8
- ◆ Replace all valves on treatment vessels at Saugus Perchlorate Treatment Facility. P1 B.7.9
- ◆ Replace NTU analyzers at Rio Vista Water Treatment Plant and Earl Schmidt Filtration Plant. P2 B.7.5
- ◆ Install replacement valves for bag filters (4) and equalization tank at Saugus Perchlorate Treatment Facility. P2 B.7.6
- ◆ Replace three Ozone residual analyzers at Earl Schmidt Filtration Plant. P2 B.7.7
- ◆ Replace isolation valves for backwash pump at Rio Vista Water Treatment Plant. P2 B.7.10
- ◆ Replace Clarifier 54" flow meter at Earl Schmidt Filtration Plant. P2 B.7.11
- ◆ Replace 48" Treated Water Pipeline flow meter at Earl Schmidt Filtration Plant. P2 B.7.12
- ◆ Replace sludge check valves at Earl Schmidt Filtration Plant. P3 B.7.13

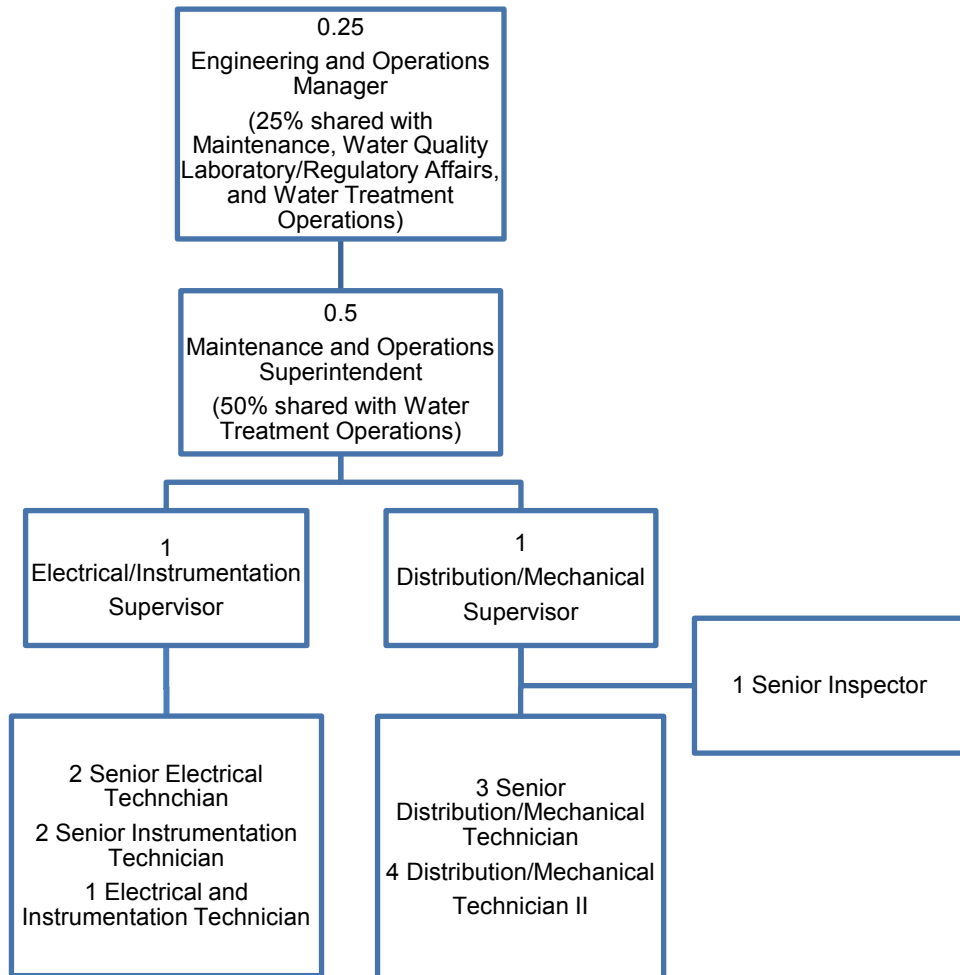
P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

### 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 pages 89-90). The progress of this measure is as follows:



## Maintenance Division Organization



Details of Maintenance Expenditures  
FY 2017/18 Budget

**001170000 MAINTENANCE**

	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 1,281,771	\$ 1,379,094	\$ 1,492,000	\$ 1,427,100	\$ 1,535,600
51007 Overtime	42,156	45,051	55,000	60,000	60,000
51040 On Call Premium	20,282	20,590	22,000	22,000	22,500
51050 Burden and Benefits	666,487	698,185	847,200	819,900	896,200
<u>Materials and Supplies</u>					
52010 Supplies and Services	5,385	8,224	7,000	9,000	9,000
51505 Employee Expense	2,648	2,674	3,000	3,000	3,000
51515 Employee Travel	385	-	1,000	500	1,500
52651 Gasoline	59,165	55,414	62,000	47,900	32,000
52085 Small Tools	17,569	28,803	20,000	20,000	20,000
52075 Parts and Materials	258,227	307,201	250,000	250,000	250,000
52652 Diesel	15,112	-	-	7,500	8,000
<u>Outside Services</u>					
53101 Education/Seminars	1,835	5,396	5,000	5,500	10,000
53104 Uniforms	10,064	10,559	14,000	14,000	15,000
53105 Outside Service/Contracting	396,315	455,796	325,000	300,000	325,000
53229 Hazardous Waste Disposal	3,793	36,129	40,000	10,000	40,000
53232 Tool Rental	24,865	28,957	30,000	25,000	30,000
	<b>\$ 2,806,059</b>	<b>\$ 3,082,073</b>	<b>\$ 3,173,200</b>	<b>\$ 3,021,400</b>	<b>\$ 3,257,800</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 2017/18 Budget - Comparison Data

001170000 MAINTENANCE

	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 to FY 2017/18 Budget	%	Change from FY 2016/17 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 1,492,000	\$ 1,427,100	\$ 1,535,600	\$ 43,600	3%	\$ (64,900)	-4%		
51007 Overtime	55,000	60,000	60,000	5,000	9%	5,000	9%		
51040 On Call Premium	22,000	22,000	22,500	500	2%	-	0%		
51050 Burden and Benefits	847,200	819,900	896,200	49,000	6%	(27,300)	-3%		
<u>Materials and Supplies</u>									
52010 Supplies and Services	7,000	9,000	9,000	2,000	29%	2,000	29%		
51505 Employee Expense	3,000	3,000	3,000	-	0%	-	0%		
51515 Employee Travel	1,000	500	1,500	500	50%	(500)	-50%		
52651 Gasoline	62,000	47,900	32,000	(30,000)	-48%	(14,100)	-23%	A	
52085 Small Tools	20,000	20,000	20,000	-	0%	-	0%		
52075 Parts and Materials	250,000	250,000	250,000	-	0%	-	0%		
52652 Diesel	-	7,500	8,000	-	N/A	-	N/A		
<u>Outside Services</u>									
53101 Education/Seminars	5,000	5,500	10,000	5,000	100%	500	10%		
53104 Uniforms	14,000	14,000	15,000	1,000	7%	-	0%		
53105 Outside Service/Contracting	325,000	300,000	325,000	-	0%	(25,000)	-8%		
53229 Hazardous Waste Disposal	40,000	10,000	40,000	-	0%	(30,000)	-75%		B
53232 Tool Rental	30,000	25,000	30,000	-	0%	(5,000)	-17%		
	<b>\$ 3,173,200</b>	<b>\$ 3,021,400</b>	<b>\$ 3,257,800</b>	<b>\$ 84,600</b>	<b>3%</b>	<b>\$ (151,800)</b>	<b>-5%</b>		

(1) Changes from FY 2016/17 Budget to FY 2017/18 Budget more than 10% and \$20,000.

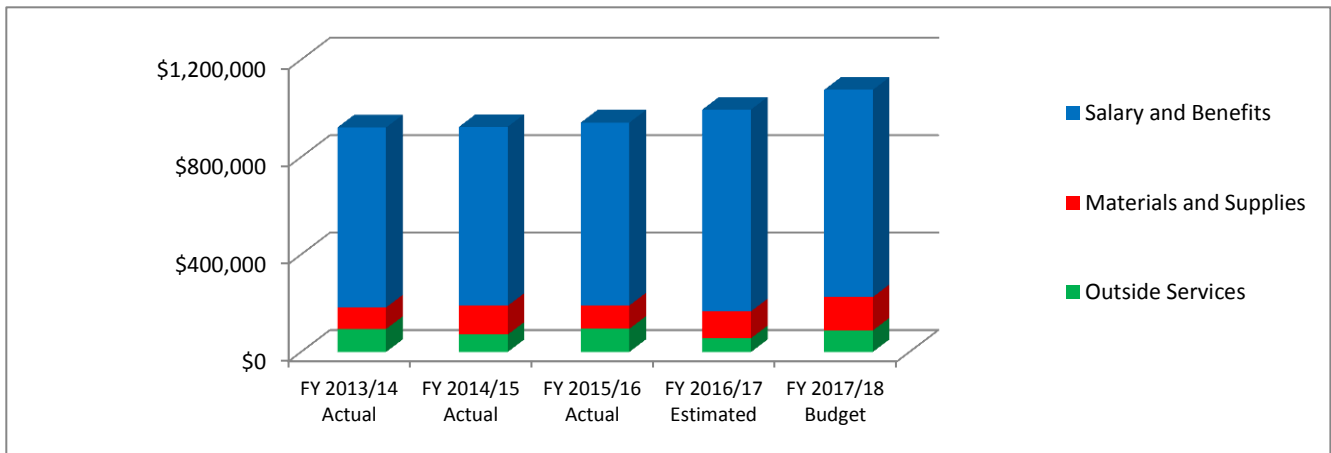
(2) Changes from FY 2016/17 Budget to FY 2016/17 Estimated more than 10% and \$20,000.

A. Gasoline purchases for all Agency vehicles was budgeted here and has now been moved to the individual department/division budgets.

B. Based on workload requirements.

Water Quality and Regulatory Affairs Expenditures

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
Salary and Benefits	\$ 739,241	\$ 735,000	\$ 750,777	\$ 828,500	\$ 850,800
Materials and Supplies	88,227	118,434	95,777	110,300	137,000
Outside Services	94,606	71,496	95,366	57,100	88,600
Department Total	\$ 922,074	\$ 924,930	\$ 941,920	\$ 995,900	\$ 1,076,400
Positions	6.25	6.25	5.25	5.25	5.25



Total Operating Budget: \$ 24,546,700  
 Water Quality and Regulatory Affairs\$ \$ 1,076,400

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Workload Measures</b>					
Total samples collected and analyzed*	97,400	55,600	53,400	54,000	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 2016/17

- ◆ Met all applicable water quality regulations.
- ◆ Tracked 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.

### Objectives – FY 2017/18

- ◆ 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. C.3.1
- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6

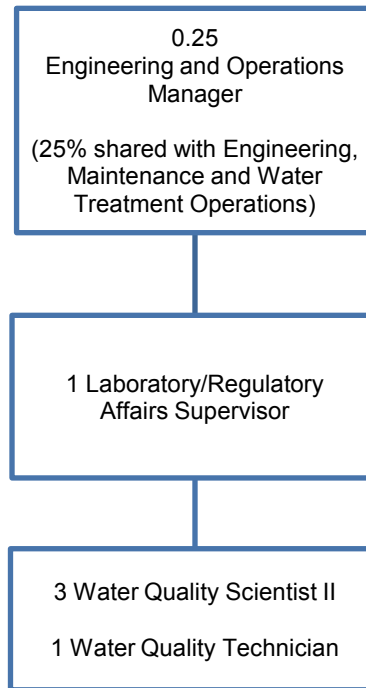
### Strategic Plan Key Result

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 91). The progress of this measure is as follows:

Water Quality Performance Measures 2007 - 2016											
Water Quality Measure	Standard	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Coliform Rule	All Samples ≤ 5%TC+, No EC +	√	√	√	√	√	√	√	√	√	√
Surface Water Treatment Rule	95% Samples Turbidity < 0.2 NTU	√	√	√	√	√	×	√	√	√	√
	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 Laboratory/Regulatory Affairs Division Organization





Details of Water Quality and Regulatory Affairs Expenditures  
FY 2017/18 Budget

**001150000 WATER QUALITY AND REGULATORY AFFAIRS**

	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 483,345	\$ 500,179	\$ 523,400	\$ 530,100	\$ 550,300
51007 Overtime	612	569	1,500	1,500	1,500
51050 Burden and Benefits	251,043	250,029	279,600	296,900	299,000
<u>Materials and Supplies</u>					
52010 Supplies and Services	2,760	3,396	4,400	3,300	7,000
51505 Employee Expense	1,678	3,053	3,000	3,000	3,000
51515 Employee Travel	983	2,284	4,000	4,000	4,000
52050 Laboratory Supplies	53,060	37,505	45,000	49,000	65,000
52055 Microbiological Samples	38,971	32,496	35,000	36,000	35,000
52605 Gases	7,612	8,152	15,000	5,000	10,000
52065 Performance Testing Samples/Standards	13,370	8,891	13,000	10,000	13,000
<u>Outside Services</u>					
53101 Education/Seminars	3,485	3,680	3,000	3,000	3,500
53104 Uniforms	1,874	1,889	2,100	2,100	2,100
53241 Temporary Personnel Service	-	-	5,000	-	-
53105 Outside Service/Contracting	40,632	52,675	45,000	40,000	48,000
53112 Commercial Services/Repairs	25,505	37,122	35,000	12,000	35,000
	<b>\$ 924,930</b>	<b>\$ 941,920</b>	<b>\$ 1,014,000</b>	<b>\$ 995,900</b>	<b>\$ 1,076,400</b>

**Outside Service/Contracting includes:**

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

Water Quality and Regulatory Affairs  
FY 2017/18 Budget - Comparison Data

0011500000 WATER QUALITY AND REGULATORY AFFAIRS

	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 to FY 2017/18 Budget	%	Change from FY 2016/17 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 523,400	\$ 530,100	\$ 550,300	\$ 26,900	5%	\$ 6,700	1%		
51007 Overtime	1,500	1,500	1,500	-	0%	-	0%		
51050 Burden and Benefits	279,600	296,900	299,000	19,400	7%	17,300	6%		
<u>Materials and Supplies</u>									
52010 Supplies and Services	4,400	3,300	7,000	2,600	59%	(1,100)	-25%		
51505 Employee Expense	3,000	3,000	3,000	-	0%	-	0%		
51515 Employee Travel	4,000	4,000	4,000	-	0%	-	0%		
52050 Laboratory Supplies	45,000	49,000	65,000	20,000	44%	4,000	9%	A	
52055 Microbiological Samples	35,000	36,000	35,000	-	0%	1,000	3%		
52605 Gases	15,000	5,000	10,000	(5,000)	-33%	(10,000)	-67%		
52065 Performance Testing Samples/Standards	13,000	10,000	13,000	-	0%	(3,000)	-23%		
<u>Outside Services</u>									
53101 Education/Seminars	3,000	3,000	3,500	500	17%	-	0%		
53104 Uniforms	2,100	2,100	2,100	-	0%	-	0%		
53241 Temporary Personnel Service	5,000	-	-	(5,000)	-100%	(5,000)	-100%		
53105 Outside Service/Contracting	45,000	40,000	48,000	3,000	7%	(5,000)	-11%		
53112 Commercial Services/Repairs	35,000	12,000	35,000	-	0%	(23,000)	-66%		B
	<b>\$ 1,014,000</b>	<b>\$ 995,900</b>	<b>\$ 1,076,400</b>	<b>\$ 62,400</b>	<b>6%</b>	<b>\$ (18,100)</b>	<b>-2%</b>		

(1) Changes from FY 2016/17 Budget to FY 2017/18 Budget more than 10% and \$20,000.

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

A. Includes funds for supplies required for research on a Simultaneous Multiple Disinfecton Process.

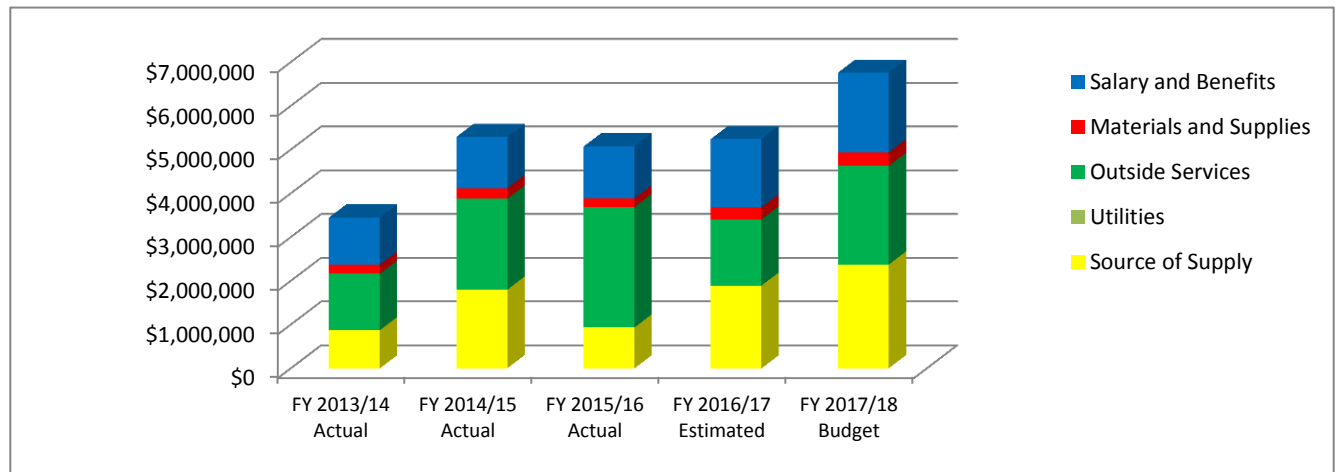
B. Based on workload requirements.

**[This page intentionally left blank.]**

Water Resources Expenditures

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
Salary and Benefits	\$ 1,079,225	\$ 1,172,276	\$ 1,184,778	\$ 1,560,800	\$ 1,825,800
Materials and Supplies	204,632	239,373	199,385	273,000	305,000
Outside Services	1,287,444	2,082,057	2,753,812	1,515,000	2,257,000
Utilities	9,666	-	-	-	-
Source of Supply	867,592	1,795,630	934,065	1,892,800	2,370,200
<b>Department Total</b>	<b>\$ 3,448,559</b>	<b>\$ 5,289,336</b>	<b>\$ 5,072,040</b>	<b>\$ 5,241,600</b>	<b>\$ 6,758,000</b>

Positions	15	16	19	20	21
-----------	----	----	----	----	----



Total Operating Budget: \$ 24,546,700  
 Water Resources Budget : \$ 6,758,000

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Workload Measures</b>					
School children educated	11,000	11,928	12,575	14,000	14,000
School teachers educated	350	350	365	350	350
Landscape education participants	490	722	814	800	800
Community events attended	36	34	26	30	30
Number of Facebook posts	200	320	376	360	360
Number of e-newsletter (Water Currents) subscribers	2,000	2,420	3,000	3,000	3,000
AF of water banked	-	(9,338)	-	5,000	5,000
Grant funding awarded (millions)	*	17	-	-	\$ -
CEQA and related certifications processed	-	-	6	4	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 2016/17

- ◆ Organized and co-led efforts to comply with the Sustainable Groundwater Management Act (SGMA), including leading successful efforts to form the Santa Clarita Valley Groundwater Sustainability Agency, including four public meetings.
- ◆ Optimized value of imported water supplies through storage of water in Semitropic Water Bank, water exchanges with Central Coast Water Agency and Metropolitan Water District of Southern California and the sale of Agency's Buena Vista/Rosedale supply to water agencies in Kern County.
- ◆ Oversaw joint efforts with Irvine Ranch Water District and Rosedale Rio-Bravo Water Storage District to implement the dry-year recovery project.
- ◆ Received DWR certification that the 2015 Urban Water Management Plan complies with State requirements.
- ◆ In cooperation with Regional Water Management Group partners, obtained Regional Water Quality Control Board approval of the Basin Salt and Nutrient Management Plan and approval by the State Water Resources Control Board of accompanying Basin Plan modifications.
- ◆ Organized and administered a multi-media campaign on the Lawn Replacement Program, including print, outdoor, radio and digital ads.
- ◆ Continued a robust social media presence and updated the Agency's websites.
- ◆ Provided educational classes to over 10,000 children and 500 adults.
- ◆ Conducted public and stakeholder outreach through participation in community events, the Blue Ribbon Committee, legislative staff briefings, and national and regional conference participation.
- ◆ Continued to implement valley-wide conservation programs including residential and commercial turf replacement programs. Initiated new conservation programs including pool cover rebate program.
- ◆ Updated the Santa Clarita Valley Water Use Efficiency Strategic Plan with an Addendum.

### Objectives – FY 2017/18

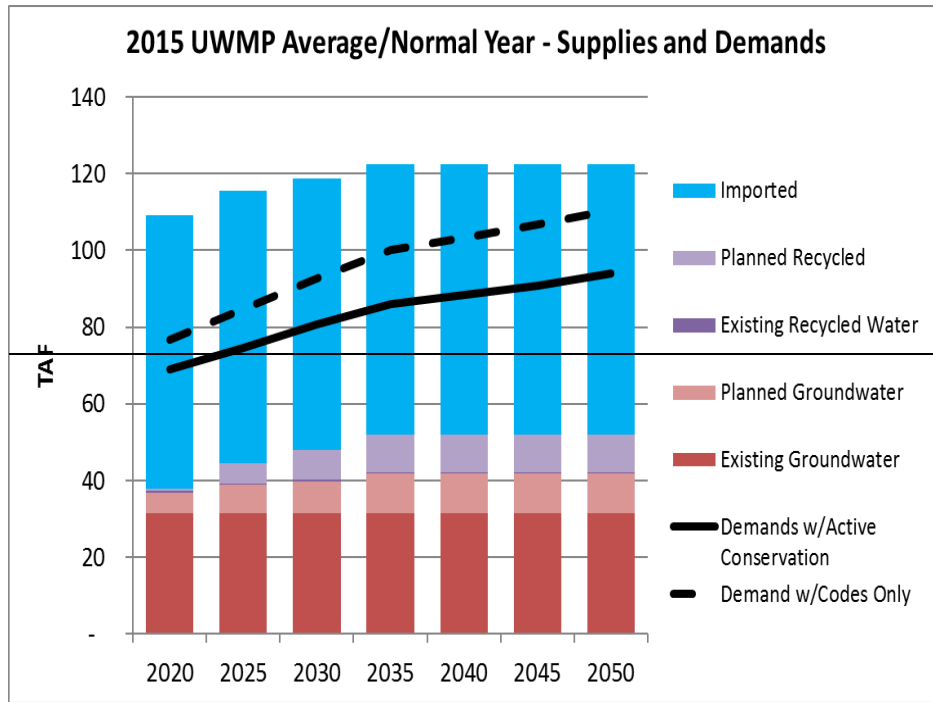
- ◆ Complete the 2017 Water Supply Reliability Report Update. P1 B.1.1
- ◆ Participate in development and implementation of the California WaterFix, including: B.1.3
  - Supporting interim financing of design and planning activities. P1
  - Supporting regulatory decisions that improve water supply reliability of the SWP in absence of California WaterFix.
- ◆ Prepare the Agency Recycled Water Master Plan Update and California Environmental Quality Act document. P1 B.2.1
- ◆ Coordinate and analyze performance of water banking and exchange programs, local groundwater production and water conservation measures. P1 B.2.2
- ◆ Implement dry-year recovery project for the Rosedale-Rio Bravo Water Storage District Water Exchange and Banking Program. P1 B.2.4
- ◆ Continue to implement and assess programs identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan (SCV WUE SP). P1 B.4.1

- ◆ Monitor and provide input into Governor’s proposed new water efficiency targets (beyond 20% by 2020). P1 B.4.3
- ◆ Prepare a Proposition 1 grant application if available. P1 D.1.7
- ◆ Identify projects and initiate planning for projects to enhance long-term water supply reliability identified in the updated Water Supply Reliability Report. P2 B.1.2
- ◆ Support efforts to create and implement a new valley-wide water district for the Santa Clarita Valley. A.4.1
- ◆ Continue coordination with Agency legislative analysts in communications with local elected officials and their staffs. A.5.3
- ◆ Increase public understanding of water issues; raise awareness of and demand for conservation programs including: A.6.1
  - Water conservation campaign(s) and related media buys
  - Public and school educational programs
  - Participation at public events
  - Agency web site, e-newsletter and social media
  - Self-guided landscape tour
  - Conservatory Garden
- ◆ Build positive public perception of the Agency as a leading resource and reliable authority on water issues engaging the Blue Ribbon Committee, Speakers' Bureau and Water Academy. A.6.2
- ◆ Support Agency efforts to work with public agencies and industry associations to influence water policy. A.6.3
- ◆ Continue coordination with Agency legislative analysts in communications with local elected officials and their staffs. A.7.1
- ◆ In coordination with the retail purveyors, respond to SB 610 Water Supply Assessments and SB 221 Water Supply Verifications. B.1.4
- ◆ Participate in efforts to implement the Sustainable Groundwater Management Act for the Santa Clarita Valley. B.2.3
- ◆ Cooperate with DWR and other SWP contractors to improve the administration of the SWP in a manner that promotes long-term cost effectiveness, operational reliability and supply availability. B.3.2
- ◆ Ensure the Agency has full access to water supplies available to it under its SWP contract and other water supply agreements that rely on SWP conveyance to meet customer water demands and store water for reliability enhancement and dry year use. B.3.3
- ◆ Support local and statewide regulations consistent with the goals of the Water Use Efficiency Strategic Plan. B.4.2
- ◆ Work with the Santa Clarita Valley Water Committee to further enhance retail purveyor, City and County drought and water conservation activities. B.4.4
- ◆ Analyze and implement land use changes at Devil’s Den that provide revenue and/or reduced operating costs, including potential development of solar facilities and land sales. B.7.26
- ◆ Participate as necessary in efforts to implement the Sustainable Groundwater Management Act at the Agency’s Devil’s Den property. B.7.27
- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6

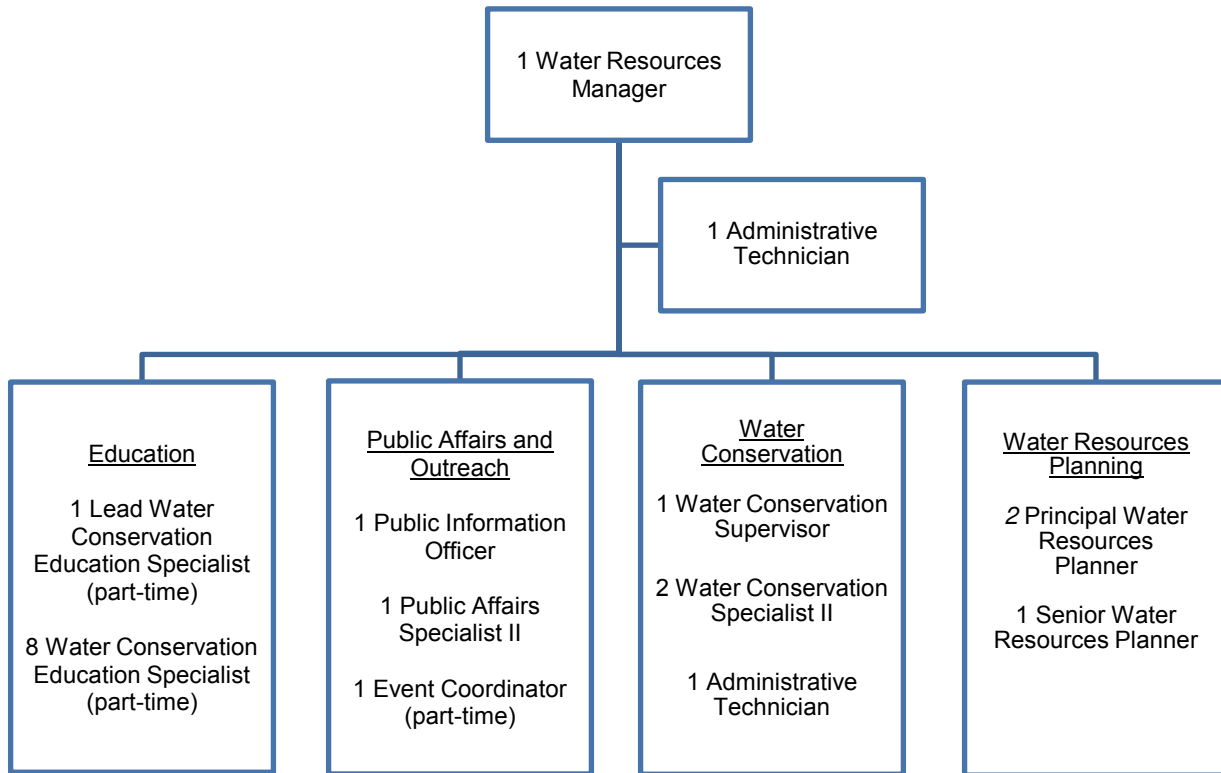
- ◆ Oversee and administer the Proposition 84 Upper Santa Clara River Integrated Regional Water Management grant program. D.1.8
- ◆ Pursue federal funding for perchlorate contamination clean-up and recycled water projects in coordination with Washington, D.C. legislative advocate. D.1.9
- ◆ Administer awarded grants and assist project managers in determining reimbursement schedule. D.1.10
- ◆ Identify and apply for grants for water use efficiency and other programs. D.5.1

**Strategic Plan Key Result**

The Agency’s Strategic Plan includes a number of key performance measures related to water supply reliability (see also pages 89-90). 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 2017/18 Budget

**001130000 WATER RESOURCES**

	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 867,810	\$ 848,075	\$ 1,173,900	\$ 1,074,500	\$ 1,209,800
51007 Overtime	475	-	-	-	-
51008 Overtime - Public Events	24,166	31,613	29,000	32,000	35,000
51050 Burden and Benefits	303,072	307,226	512,300	454,300	581,000
51020 Less Reimbursement for shared positions	(23,247)	(2,136)	-	-	-
<u>Materials and Supplies</u>					
52010 Supplies and Services	15,786	18,144	20,000	20,000	35,000
51505 Employee Expense	6,045	7,580	9,000	9,000	11,000
51515 Employee Travel	9,063	12,158	17,000	19,000	25,000
52045 Materials and Services - Education	58,313	39,412	69,000	62,000	69,000
52025 Community Relations Promotions	51,718	43,891	65,000	63,000	65,000
52030 DD Landowner Expenditures	98,448	78,200	125,000	100,000	100,000
<u>Outside Services</u>					
53101 Education/Seminars	12,729	8,388	12,000	11,000	15,000
53104 Uniforms	421	438	1,000	-	-
53241 Temporary Personnel Service	137,212	218,368	10,000	5,000	-
53105 Outside Service/Contracting	10,200	9,350	25,000	10,000	-
53236 Professional Services/Consultants	280,761	152,518	250,000	165,000	225,000
53219 BMP Implementation	1,508,350	2,271,852	2,650,000	1,200,000	1,800,000
53218 Agency Publications	22,138	16,974	25,000	17,000	25,000
53222 Public Outreach Activities	19,131	20,873	32,000	32,000	32,000
53223 Public Relations Consulting	91,115	55,051	175,000	75,000	160,000
<u>Source of Supply</u>					
55501 Buena Vista/Rosedale Rio Bravo Supply *	616,451	934,065	1,333,400	1,767,800	2,320,200
55502 Firming Programs	1,179,179	-	-	125,000	50,000
	<b>\$ 5,289,336</b>	<b>\$ 5,072,040</b>	<b>\$ 6,533,600</b>	<b>\$ 5,241,600</b>	<b>\$ 6,758,000</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 funding of efforts to form a JPA under SGMA and initial SGMA technical studies.

**BMP Implementation includes:**

Various projects included in updated Water Use Efficiency Strategic Plan, such as residential and commercial turf replacement, weather-based irrigation controllers, pool covers, 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 2017/18 Budget - Comparison Data

0011300000 WATER RESOURCES

	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 to FY 2017/18 Budget	%	Change from FY 2016/17 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 1,173,900	\$ 1,074,500	\$ 1,209,800	\$ 35,900	3%	\$ (99,400)	-8%		
51008 Overtime - Public Events	29,000	32,000	35,000	6,000	21%	3,000	10%		
51050 Burden and Benefits	512,300	454,300	581,000	68,700	13%	(58,000)	-11%	A	J
<u>Materials and Supplies</u>									
52010 Supplies and Services	20,000	20,000	35,000	15,000	75%	-	0%		
51505 Employee Expense	9,000	9,000	11,000	2,000	22%	-	0%		
51515 Employee Travel	17,000	19,000	25,000	8,000	47%	2,000	12%		
52045 Materials and Services - Education	69,000	62,000	69,000	-	0%	(7,000)	-10%		
52025 Community Relations Promotions	65,000	63,000	65,000	-	0%	(2,000)	-3%		
52030 DD Landowner Expenditures	125,000	100,000	100,000	(25,000)	-20%	(25,000)	-20%	B	B
<u>Outside Services</u>									
53101 Education/Seminars	12,000	11,000	15,000	3,000	25%	(1,000)	-8%		
53104 Uniforms	1,000	-	-	(1,000)	-100%	(1,000)	-100%		
53241 Temporary Personnel Service	10,000	5,000	-	(10,000)	-100%	(5,000)	-50%		
53105 Outside Service/Contracting	25,000	10,000	-	(25,000)	-100%	(15,000)	-60%	C	
53236 Professional Services/Consultants	250,000	165,000	225,000	(25,000)	-10%	(85,000)	-34%	D	H
53219 BMP Implementation	2,650,000	1,200,000	1,800,000	(850,000)	-32%	(1,450,000)	-55%	E	E
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	75,000	160,000	(15,000)	-9%	(100,000)	-57%	F	I
<u>Source of Supply</u>									
55501 Buena Vista/Rosedale Rio Bravo Supply	1,333,400	1,767,800	2,320,200	986,800	74%	434,400	33%	G	G
55502 Firming Programs	-	125,000	50,000	50,000	0%	125,000	N/A		
	\$ 6,533,600	\$ 5,241,600	\$ 6,758,000	\$ 224,400	3%	\$ (1,292,000)	-20%		

- (1) Changes from FY 2016/17 Budget to FY 2017/18 Budget more than 10% and \$20,000.  
(2) Changes from FY 2016/17 Budget to FY 2016/17 Estimated more than 10% and \$20,000.

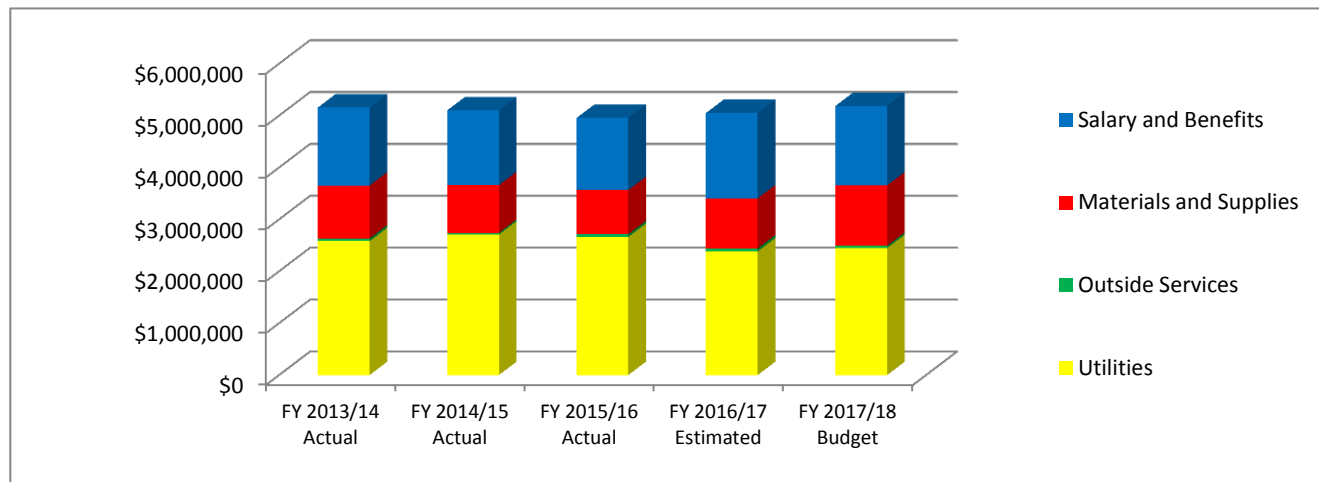
- A. Includes funds for one new position of Principal Water Resources Planner.  
B. Less funds than anticipated required for work related to a potential solar power facility and for the Sustainable Groundwater Management Act (SGMA).  
C. Funds moved to the BMP Implementation Account.  
D. FY 2017/18 studies include facilitation and technical studies for SGMA, environmental studies related to the Santa Clara River and various ongoing reports, filings and technical support.  
E. Based on decreased participation in Agency water use efficiency programs, as well as cancellation of Drought Outreach Campaign.  
F. Based on workload requirements and anticipated hiring of a Public Information Officer.  
G. BV/RRB Water Supply Contract required a ten-year adjustment to the purchase price based on increases in SWP costs.  
H. Expenditures lower than budget as SGMA Facilitator was funded by the California Department of Water Resources.  
I. Based on workload requirements and deferral of Cal WaterFix Campaign.  
J. Due to staff vacancies.

**[This page intentionally left blank.]**

Water Treatment Operations Expenditures

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
Salary and Benefits	\$ 1,503,944	\$ 1,440,685	\$ 1,389,255	\$ 1,643,500	\$ 1,531,300
Materials and Supplies	1,019,801	919,061	852,773	963,500	1,162,000
Outside Services	51,212	32,454	50,694	58,600	43,500
Utilities	2,581,021	2,708,272	2,661,386	2,384,100	2,449,000
Department Total	\$ 5,155,978	\$ 5,100,472	\$ 4,954,108	\$ 5,049,700	\$ 5,185,800

Positions	9.75	9.75	9.75	9.75	9.75
-----------	------	------	------	------	------



Total Operating Budget: \$ 24,546,700  
 Water Treatment Operations : \$ 5,185,800

	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Workload Measures</b>					
AF imported water treated	40,806	26,471	23,320	34,500	41,100
AF perchlorate-contaminated water treated (from Saugus 1 and 2 wells)	3,300	2,420	3,217	3,300	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	325	433	461	450	450
Maximum day deliveries (mgd)	70	56	47	50	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 2016/17**

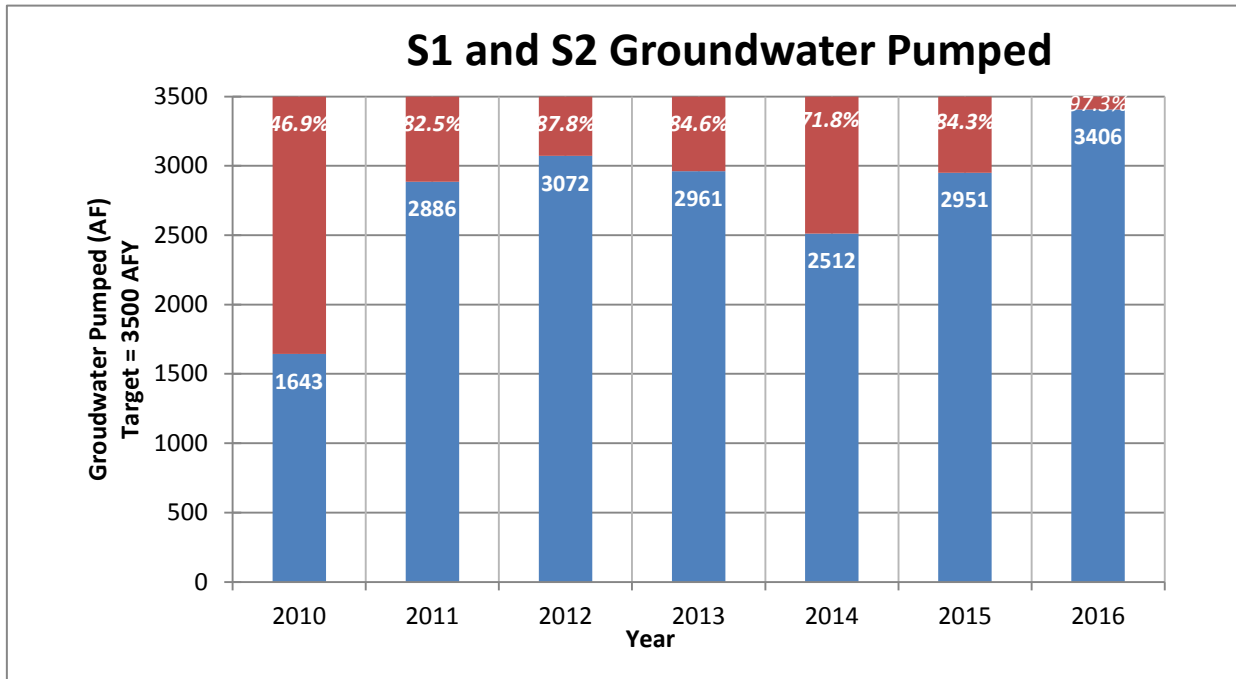
- ◆ Met all local water retailers’ water demands.
- ◆ Met all applicable water quality regulations.

**Objectives – FY 2017/18**

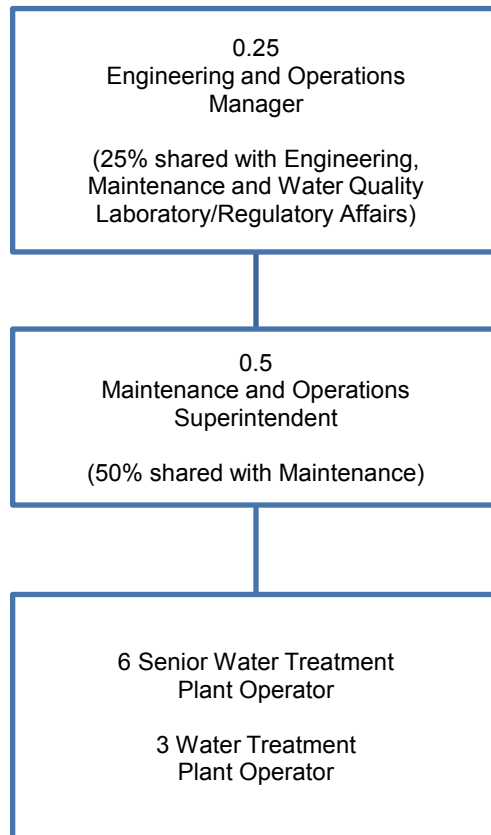
- ◆ Continue providing effective wholesale water service to Los Angeles. County Waterworks District #36. A.4.2
- ◆ Meet local retail and wholesale water agency demands as appropriate. B.3.1
- ◆ Coordinate emergency response planning efforts with the local water agencies, County and City. B.8.1
- ◆ Meet all applicable water quality regulations. C.1.1
- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6

**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 91). The progress of this measure is as follows:



## Water Treatment Operations Organization



Details of Water Treatment Operations Expenditures  
FY 2017/18 Budget

**001140000 WATER TREATMENT OPERATIONS**

	<b>FY 2014/15 Actual</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<u>Salary and Benefits</u>					
51001 Salary	\$ 901,424	\$ 905,130	\$ 913,100	\$ 1,026,100	\$ 932,200
51007 Overtime	112,650	75,977	115,000	115,000	117,000
51050 Burden and Benefits	426,611	408,148	469,800	502,400	482,100
<u>Materials and Supplies</u>					
52010 Supplies and Services	3,946	2,044	4,000	3,000	11,000
51505 Employee Expense	-	1,794	-	-	-
51515 Employee Travel	60	1,009	1,000	500	1,000
52600 Chemicals	915,055	847,926	1,150,000	960,000	1,150,000
<u>Outside Services</u>					
53101 Education/Seminars	2,459	3,234	2,500	400	2,500
53104 Uniforms	2,657	2,179	2,300	3,200	5,000
53105 Outside Service/Contracting	-	-	3,000	-	6,000
53224 DDW Large Water System Fee	27,338	45,281	65,000	55,000	30,000
<u>Utilities</u>					
54402 Electricity - Treatment Plants	545,533	772,956	350,000	448,000	360,000
54401 Electricity - Pumping	1,875,513	1,528,917	1,800,000	1,616,000	1,648,000
54403 Electricity - Other	50,580	48,516	50,000	45,000	50,000
54404 Electricity - Wells	127,271	131,079	135,000	136,000	140,000
54430 Telemetry	13,747	14,638	10,000	10,000	11,000
54426 Recycled Water Purchase	95,628	165,280	105,000	129,100	240,000
	<b>\$ 5,100,472</b>	<b>\$ 4,954,108</b>	<b>\$ 5,175,700</b>	<b>\$ 5,049,700</b>	<b>\$ 5,185,800</b>

Water Treatment Operations  
FY 2017/18 Budget - Comparison Data

0011400000 WATER TREATMENT OPERATIONS

	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 to FY 2017/18		Change from FY 2016/17 Budget to Estimated		(1)	(2)
				Budget	%	Estimated	%		
<u>Salary and Benefits</u>									
51001 Salary	\$ 913,100	\$ 1,026,100	\$ 932,200	\$ 19,100	2%	\$ 113,000	12%		
51007 Overtime	115,000	115,000	117,000	2,000	2%	-	0%		
51050 Burden and Benefits	469,800	502,400	482,100	12,300	3%	32,600	7%		
<u>Materials and Supplies</u>									
52010 Supplies and Services	4,000	3,000	11,000	7,000	175%	(1,000)	-25%		
51515 Employee Travel	1,000	500	1,000	-	0%	(500)	-50%		
52600 Chemicals	1,150,000	960,000	1,150,000	-	0%	(190,000)	-17%		D
<u>Outside Services</u>									
53101 Education/Seminars	2,500	400	2,500	-	0%	(2,100)	-84%		
53104 Uniforms	2,300	3,200	5,000	2,700	117%	900	39%		
53105 Outside Service/Contracting	3,000	-	6,000	3,000	100%	(3,000)	-100%		
53224 DPH Large Water System Fee	65,000	55,000	30,000	(35,000)	-54%	(10,000)	-15%	A	
<u>Utilities</u>									
54402 Electricity - Treatment Plants	350,000	448,000	360,000	10,000	3%	98,000	28%	B	B
54401 Electricity - Pumping	1,800,000	1,616,000	1,648,000	(152,000)	-8%	(184,000)	-10%	B	B
54403 Electricity - Other	50,000	45,000	50,000	-	0%	(5,000)	-10%		
54404 Electricity - Wells	135,000	136,000	140,000	5,000	4%	1,000	1%		
54430 Telemetry	10,000	10,000	11,000	1,000	10%	-	0%		
54426 Recycled Water Purchase	105,000	129,100	240,000	135,000	129%	24,100	23%	C	D
	<b>\$ 5,175,700</b>	<b>\$ 5,049,700</b>	<b>\$ 5,185,800</b>	<b>\$ 10,100</b>	<b>0%</b>	<b>\$ (126,000)</b>	<b>-2%</b>		

- (1) Changes from FY 2016/17 Budget to FY 2017/18 Budget more than 10% and \$20,000.  
(2) Changes from FY 2016/17 Budget to FY 2016/17 Estimated more than 10% and \$20,000.

- A. Based on workload requirements.  
B. Based on solar project reimbursements.  
C. Based on actual rate charged by Santa Clarita Valley Sanitation District.  
D. Includes funds for the purchase of recycled water for grading of Mission Village of Newhall Ranch.



**[This page intentionally left blank.]**

## 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 2017/18 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 2017/18 Budget

Section Summary

**SUMMARY**

<b>Category</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>	<b>Change from FY 2016/17 Budget</b>
Major Capital Projects (1)	\$ 19,008,900	\$ 7,612,400	\$ 23,158,000	\$ 4,149,100
Minor Capital Projects (2)	2,464,000	2,383,000	795,000	(1,669,000)
Capital Planning, Studies and Administration (3)	8,605,500	9,363,000	9,376,700	771,200
New Capital Equipment	881,000	370,000	1,214,000	333,000
Major Repair and Replacement	770,000	771,100	1,080,000	310,000
<b>Total</b>	<b>\$ 31,729,400</b>	<b>\$ 20,499,500</b>	<b>\$ 35,623,700</b>	<b>\$ 3,894,300</b>

**SOURCES OF FUNDING**

<b>Category</b>	<b>FY 2017/18 Budget</b>	<b>Capital Project Fund</b>	<b>One Percent Property Tax</b>	<b>Facility Capacity Fee</b>
Major Capital Projects (1)	\$ 23,158,000	\$ 21,458,000	\$ 1,700,000	\$ -
Minor Capital Projects (2)	795,000	-	795,000	-
Capital Planning, Studies and Administration (3)	9,376,700	-	6,337,800	3,038,900
New Capital Equipment	1,214,000	-	1,214,000	-
Major Repair and Replacement	1,080,000	-	1,080,000	-
<b>Total</b>	<b>\$ 35,623,700</b>	<b>\$ 21,458,000</b>	<b>\$ 11,126,800</b>	<b>\$ 3,038,900</b>

(1) Major Capital Projects Budget of \$23,158,000 includes \$3,724,500 of engineering soft costs, of which \$2,879,000 is provided by consultants and \$845,500 is provided by Agency staff.

(2) Minor Capital Projects Budget of \$795,000 includes \$39,800 of Agency staff labor costs.

(3) Capital Planning, Studies and Administration Budget of \$9,376,000 includes \$141,700 of Agency staff labor costs.

Total Agency labor charged to CIP: \$	1,027,000
(See position listing on pp. 132-133)	

CASTAIC LAKE WATER AGENCY  
Major Capital Projects  
FY 2017/18 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 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Debt-funded Projects</b>						
200903	Castaic Conduit	A, C	\$ 15,116,000	\$ 378,000	\$ 59,000	\$ 353,000
200010	Distribution System - RV-2 Modifications	A	4,156,000	75,000	122,000	3,346,000
200105	ESFP Clearwell/CT Improvements	A, B, C	8,606,000	4,056,000	876,000	5,786,000
200103	ESFP Sludge Collection System	B, C	14,641,000	235,000	143,000	34,000
200151	ESIPS Pipeline Improvements	A	4,083,000	733,000	274,000	3,706,000
200905	Foothill Feeder Connection	C	5,308,000	4,859,200	445,000	4,236,000
200510	Honby Parallel	A, C	21,444,000	627,000	396,000	130,000
200525	Magic Mountain Pipeline No. 4	A, C	3,479,000	31,000	-	75,000
200526	Magic Mountain Pipeline No. 5	A, C	3,762,000	23,000	1,000	23,000
200527	Magic Mountain Pipeline No. 6	A, C	8,876,000	4,000	-	4,000
200528	Magic Mountain Reservoir	A, C	37,943,000	4,000	55,000	211,000
200453	Recycled Water Program Phase II, 2A - Central Park	C	13,394,000	107,000	27,000	17,000
200454	Recycled Water Program Phase II, 2B - Vista Canyon	C	5,094,000	337,000	46,000	369,000
200455	Recycled Water Program Phase II 2C - South End	C	14,382,000	380,000	29,000	453,000
200456	Recycled Water Program Phase II, 2D - West Ranch	C	2,465,000	265,000	38,000	395,000
200011	RVWTP Clearwell Cover Improvements	A, B, C	10,303,500	231,200	102,900	-
200906	Rosedale Rio Bravo Extraction	C	9,736,000	5,833,500	4,812,500	2,000,000
200963	Saugus Formation Dry Year Reliability Wells	B, C	9,501,000	380,000	91,000	320,000
200907	Semitropic Stored Water Recovery Unit	C	8,462,000	5,000	-	-
<b>Projects Funded "Pay-as-you-go"</b>						
200964	Groundwater Treatment Improvements	B	1,933,000	-	10,000	1,040,000
200962	Replacement Wells	B, C	9,779,000	380,000	85,000	320,000
200012	RVWTP Entrance Gate and Security Kiosk	A	1,901,000	65,000	-	-
200013	Water Conservation and Education Garden	A	tdb	-	-	340,000
<b>Total Major Capital Projects</b>			<b>\$ 214,364,500</b>	<b>\$ 19,008,900</b>	<b>\$ 7,612,400</b>	<b>\$ 23,158,000</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 2017/18

**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 69 percent and future users' share is 31 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 2017/18 Budget

CIP No. 200903

<b>CASTAIC CONDUIT</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 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	59,000	805,000	178,000
<i>Agency Labor</i>	57,000	57,000	8,000	36,000	20,000
<i>Consultant</i>	947,000	947,000	50,000	760,000	150,000
<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>	433,000	433,000	-	-	175,000
<i>Permitting</i>	160,000	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>\$ 15,116,000</b>	<b>\$ 15,116,000</b>	<b>\$ 59,000</b>	<b>\$ 907,000</b>	<b>\$ 353,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**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 100 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:** Perform construction.

**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 2017/18 Budget

CIP No. 200010

<b>DISTRIBUTION SYSTEM - RV-2 MODIFICATIONS</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 142,000	\$ 142,000	\$ -	\$ 142,000	\$ -
<i>Agency Labor</i>	13,000	13,000	-	13,000	-
<i>Consultant</i>	127,000	127,000	-	127,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	2,000	2,000	-	2,000	-
<b>Design (Including Bid Services)</b>	610,000	637,000	95,000	637,000	-
<i>Agency Labor</i>	51,000	52,000	15,000	52,000	-
<i>Consultant</i>	537,000	568,000	79,000	568,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	22,000	17,000	1,000	17,000	-
<b>Construction Services</b>					
<b>Construction Management</b>	497,000	386,000	-	-	386,000
<i>Agency Labor</i>	92,000	81,000	-	-	81,000
<i>Consultant</i>	400,000	300,000	-	-	300,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	5,000	5,000	-	-	5,000
<b>Engineering during Construction</b>	200,000	200,000	-	-	200,000
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	200,000	200,000	-	-	200,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	2,465,000	2,750,000	-	-	2,750,000
<i>Construction Contract(s)</i>	2,400,000	2,700,000	-	-	2,700,000
<i>Construction by Agency Forces</i>	40,000	40,000	-	-	40,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	25,000	10,000	-	-	10,000
<b>Additional Project Delivery Costs</b>	14,000	41,000	27,000	28,000	10,000
<i>Permitting</i>	5,000	5,000	-	-	5,000
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	9,000	36,000	27,000	28,000	5,000
<b>TOTAL</b>	<b>\$ 3,928,000</b>	<b>\$ 4,156,000</b>	<b>\$ 122,000</b>	<b>\$ 807,000</b>	<b>\$ 3,346,000</b>



**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**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 100 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:** Construction activities started in FY 2016/17 and will continue during FY 2017/18.

**Projected Fiscal Year Activity:** Complete construction of the disinfection contactor.

**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 2017/18 Budget

CIP No. 200105

<b>EARL SCHMIDT FILTRATION PLANT (ESFP) CLEARWELL/CT IMPROVEMENTS</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 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>	629,000	662,000	103,000	659,000	-
Agency Labor	45,000	75,000	45,000	75,000	-
Consultant	557,000	557,000	50,000	555,000	-
Equipment	-	-	-	-	-
Other Direct Costs	27,000	30,000	8,000	29,000	-
<b>Construction Services</b>					
<b>Construction Management</b>	1,296,000	1,062,000	-	-	806,000
Agency Labor	151,000	151,000	20,000	20,000	125,000
Consultant	1,134,000	900,000	75,000	75,000	675,000
Equipment	-	-	-	-	-
Other Direct Costs	11,000	11,000	2,000	2,000	6,000
<b>Engineering during Construction</b>	600,000	250,000	-	-	150,000
Agency Labor	-	-	-	-	-
Consultant	600,000	250,000	40,000	40,000	150,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	6,279,000	6,389,000	773,000	773,000	4,830,000
Construction Contract(s)	5,790,000	5,900,000	350,000	350,000	4,800,000
Construction by Agency Forces	73,000	73,000	23,000	23,000	25,000
Equipment	-	-	-	-	-
Other Direct Costs	416,000	416,000	400,000	400,000	5,000
<b>Additional Project Delivery Costs</b>	191,000	191,000	-	11,000	-
Permitting	160,000	160,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	31,000	31,000	-	11,000	-
<b>TOTAL</b>	<b>\$ 9,047,000</b>	<b>\$ 8,606,000</b>	<b>\$ 876,000</b>	<b>\$ 1,495,000</b>	<b>\$ 5,786,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**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 100 percent.

**Site Requirements:** 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 2017/18 and complete construction in FY 2019/20.

**Projected Fiscal Year Activity:** Perform final design and construction bidding.

**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 2017/18 Budget

CIP No. 200103

<b>EARL SCHMIDT FILTRATION PLANT (ESFP) SLUDGE COLLECTION SYSTEM</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 193,000	\$ 192,000	\$ -	\$ 192,000	\$ -
<i>Agency Labor</i>	18,000	17,000	-	17,000	-
<i>Consultant</i>	170,000	170,000	-	170,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	5,000	5,000	-	5,000	-
<b>Design (Including Bid Services)</b>	590,000	651,000	143,000	617,000	34,000
<i>Agency Labor</i>	40,000	33,000	13,000	22,000	11,000
<i>Consultant</i>	532,000	611,000	129,000	593,000	18,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	18,000	7,000	1,000	2,000	5,000
<b>Construction Services</b>					
<b>Construction Management</b>	1,158,000	1,158,000	-	-	-
<i>Agency Labor</i>	130,000	130,000	-	-	-
<i>Consultant</i>	1,008,000	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	12,120,000	-	-	-
<i>Construction Contract(s)</i>	7,000,000	12,000,000	-	-	-
<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>\$ 14,641,000</b>	<b>\$ 143,000</b>	<b>\$ 809,000</b>	<b>\$ 34,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**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 100 percent.

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

**Impacted Facilities:** ESIPS

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

**Project Schedule:** Complete construction in FY 2017/18.

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

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

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2017/18 Budget

CIP No. 200151

<b>EARL SCHMIDT INTAKE PUMP STATION (ESIPS) PIPELINE IMPROVEMENTS</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 112,000	\$ 151,000	\$ 48,000	\$ 151,000	\$ -
<i>Agency Labor</i>	10,000	21,000	11,000	21,000	-
<i>Consultant</i>	100,000	130,000	37,000	130,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	2,000	-	-	-	-
<b>Design (Including Bid Services)</b>	245,000	225,000	225,000	225,000	-
<i>Agency Labor</i>	15,000	11,000	11,000	11,000	-
<i>Consultant</i>	225,000	208,000	208,000	208,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	5,000	6,000	6,000	6,000	-
<b>Construction Services</b>					
<b>Construction Management</b>	641,000	649,000	-	-	649,000
<i>Agency Labor</i>	73,000	86,000	-	-	86,000
<i>Consultant</i>	558,000	558,000	-	-	558,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	10,000	5,000	-	-	5,000
<b>Engineering during Construction</b>	150,000	150,000	-	-	150,000
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	150,000	150,000	-	-	150,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	1,010,000	2,905,000	-	-	2,905,000
<i>Construction Contract(s)</i>	1,000,000	2,900,000	-	-	2,900,000
<i>Construction by Agency Forces</i>	-	-	-	-	-
<i>Other Direct Costs</i>	10,000	5,000	-	-	5,000
<b>Additional Project Delivery Costs</b>	5,000	3,000	1,000	1,000	2,000
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	5,000	3,000	1,000	1,000	2,000
<b>TOTAL</b>	<b>\$ 2,163,000</b>	<b>\$ 4,083,000</b>	<b>\$ 274,000</b>	<b>\$ 377,000</b>	<b>\$ 3,706,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

<b>CIP No:</b>	200905
<b>Project Title:</b>	Foothill Feeder Connection
<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. This facility will replace the current temporary connection, which will be left in place as a back-up.
<b>Function:</b>	Increases capacity of RWWTTP deliveries from 93.4 cubic feet per second (cfs), or 60 million gallons per day (MGD), to 140 cfs (90 MGD). Allows RWWTTP to receive deliveries at its current permitted operating capacity of 66 MGD and any capacity expansions up to 90 MGD.
<b>Benefit:</b>	Existing users' share is 69 percent and future users' share is 31 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 RWWTTP 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 commence in last quarter of 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>	Perform construction.
<b>Projected Impact on Operating Costs:</b>	No impact on operating costs is anticipated.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2017/18 Budget

CIP No. 200905

<b>FOOTHILL FEEDER CONNECTION</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ -	\$ -	\$ -	\$ -	\$ -
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Design (Including Bid Services)</b>	83,000	190,000	11,000	178,000	12,000
Agency Labor	24,000	50,000	10,000	48,000	2,000
Consultant	39,000	120,000	-	114,000	6,000
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	1,000	16,000	4,000
<b>Construction Services</b>					
<b>Construction Management</b>	353,000	519,000	49,000	54,000	465,000
Agency Labor	53,000	56,000	-	5,000	51,000
Consultant	300,000	450,000	45,000	45,000	405,000
Equipment	-	-	-	-	-
Other Direct Costs	-	13,000	4,000	4,000	9,000
<b>Engineering during Construction</b>	295,000	672,000	30,000	385,000	287,000
Agency Labor	32,000	52,000	5,000	5,000	47,000
Consultant	263,000	265,000	25,000	25,000	240,000
Equipment	-	355,000	-	355,000	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	4,351,000	3,596,000	305,000	305,000	3,291,000
Construction Contract(s)	3,738,000	3,000,000	300,000	300,000	2,700,000
Construction by Agency Forces	53,000	56,000	-	-	56,000
Equipment	-	-	-	-	-
Other Direct Costs	560,000	540,000	5,000	5,000	535,000
<b>Additional Project Delivery Costs</b>	226,000	331,000	50,000	50,000	181,000
Permitting	26,000	31,000	-	-	31,000
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	150,000	-	-	50,000
Other Direct Costs	200,000	150,000	50,000	50,000	100,000
<b>TOTAL</b>	<b>\$ 5,308,000</b>	<b>\$ 5,308,000</b>	<b>\$ 445,000</b>	<b>\$ 972,000</b>	<b>\$ 4,236,000</b>

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



**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**CIP No:** 200964

**Project Title:** Groundwater Treatment Improvement Project

**Legal Name:** Groundwater Treatment Improvement Project

**Description:** Design and construction of a liquid granular activated treatment (GAC) process that would remove volatile organic compounds (VOCs) from groundwater pumped from the Saugus wells 1 and 2. The GAC would be installed upstream and in series with the currently operating 2,400 gallon per minute Facility. Saugus Perchlorate Treatment Facility (SPTF), located at the Rio Vista Intake Pump Station (RVIPS).

**Function:** VOCs would be removed to non-detect levels, consistent with the SPTF's operational goal.

**Benefit:** Existing users' share is 100 percent.

**Site Requirements:** Space is available at the RVIPS adjacent to the SPTF.

**Impacted Facilities:** SPTF and RVIPS.

**CEQA:** Environmental documentation will be completed in FY 2017/18.

**Project Schedule:** Design to be completed during FY 2017/18. Construction to begin in FY 2017/18 and finish in FY 2018/19.

**Projected Fiscal Year Activity:** Final design, construction bidding and initiate construction.

**Projected Impact on Operating Costs:** Once operations commence in FY 2018/19 annual operational costs are estimated at \$40,000 with occasional carbon change-out costs of about \$260,000.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2017/18 Budget

CIP No. 200964

<b>GROUNDWATER TREATMENT IMPROVEMENT PROJECT</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Agency Labor	-	5,000	5,000	5,000	-
Consultant	-	5,000	5,000	5,000	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Design (Including Bid Services)</b>	-	155,000	-	-	\$ 155,000
Agency Labor	-	10,000	-	-	10,000
Consultant	-	135,000	-	-	135,000
Equipment	-	-	-	-	-
Other Direct Costs	-	10,000	-	-	10,000
		-		-	-
<b>Construction Services</b>					
<b>Construction Management</b>	-	145,000	-	-	73,000
Agency Labor	-	10,000	-	-	5,000
Consultant	-	135,000	-	-	68,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Engineering during Construction</b>	-	60,000	-	-	30,000
Agency Labor	-	10,000	-	-	5,000
Consultant	-	50,000	-	-	25,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	-	1,493,000	-	-	747,000
Construction Contract(s)	-	1,443,000	-	-	722,000
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	50,000	-	-	25,000
<b>Additional Project Delivery Costs</b>	-	70,000	-	-	35,000
Permitting	-	10,000	-	-	5,000
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	10,000	-	-	5,000
Other Direct Costs	-	50,000	-	-	25,000
<b>TOTAL</b>	\$ -	\$ 1,933,000	\$ 10,000	\$ 10,000	\$ 1,040,000

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**CIP No:** 200510

**Project Title:** Honby Parallel – Phase 2

**Legal Name:** Honby Parallel

**Description:** 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.

**Function:** Convey treated water to the eastern portion of the service area. Improves the transmission system hydraulics.

**Benefit:** Existing users' share is 69 percent and future users' share is 31 percent.

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

**Impacted Facilities:** Honby Lateral and Bypass Pipelines

**CEQA:** An Environmental Impact Report was certified by the Board of Directors on July 13, 2005.

**Project Schedule:** Anticipate project will be constructed mid-2022.

**Projected Fiscal Year Activity:** Right-of-way acquisition and project administration.

**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 2017/18 Budget

CIP No. 200510

<b>HONBY PARALLEL - PHASE 2</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 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	2,000	881,000	130,000
<i>Agency Labor</i>	85,000	85,000	2,000	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>	1,244,000	1,244,000	394,000	909,000	-
<i>Permitting</i>	159,000	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	394,000	909,000	-
<b>TOTAL</b>	<b>\$ 21,444,000</b>	<b>\$ 21,444,000</b>	<b>\$ 396,000</b>	<b>\$ 2,500,000</b>	<b>\$ 130,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**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 69 percent and future users' share is 31 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 final 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 2017/18 Budget

CIP No. 200525

<b>MAGIC MOUNTAIN PIPELINE NO. 4</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -
Agency Labor	5,000	5,000	-	5,000	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Design (Including Bid Services)</b>	143,000	163,000	-	88,000	75,000
Agency Labor	18,000	9,000	-	6,000	3,000
Consultant	117,000	148,000	-	81,000	67,000
Equipment	-	-	-	-	-
Other Direct Costs	8,000	6,000	-	1,000	5,000
<b>Construction Services</b>					
<b>Construction Management</b>	201,000	201,000	-	-	-
Agency Labor	32,000	32,000	-	-	-
Consultant	164,000	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>\$ 3,479,000</b>	<b>\$ -</b>	<b>\$ 93,000</b>	<b>\$ 75,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**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 69 percent and future users' share is 31 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:** Perform final 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 2017/18 Budget

CIP No. 200526

<b>MAGIC MOUNTAIN PIPELINE NO. 5</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 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	20,000	23,000
Agency Labor	25,000	25,000	1,000	2,000	2,000
Consultant	110,000	110,000	-	18,000	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>\$ 1,000</b>	<b>\$ 20,000</b>	<b>\$ 23,000</b>



**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**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 69 percent and future users' share is 31 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 2017/18 Budget

CIP No. 200527

<b>MAGIC MOUNTAIN PIPELINE NO. 6</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 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 2017/18

**CIP No:** 200528

**Project Title:** Magic Mountain Reservoir

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

**Description:** Construction of 12.5 MG 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 69 percent and future users' share is 31 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:** Perform planning and preliminary design.

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

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2017/18 Budget

CIP No. 200528

<b>MAGIC MOUNTAIN RESERVOIR</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 137,000	\$ 385,000	\$ 55,000	\$ 59,000	\$ 211,000
<i>Agency Labor</i>	21,000	21,000	4,000	5,000	6,000
<i>Consultant</i>	105,000	353,000	50,000	53,000	200,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	11,000	11,000	1,000	1,000	5,000
<b>Design (Including Bid Services)</b>	2,098,000	2,781,000	-	-	-
<i>Agency Labor</i>	33,000	66,000	-	-	-
<i>Consultant</i>	2,050,000	2,700,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	15,000	15,000	-	-	-
<b>Construction Services</b>					
<b>Construction Management</b>	2,659,000	4,102,000	-	-	-
<i>Agency Labor</i>	129,000	172,000	-	-	-
<i>Consultant</i>	2,500,000	3,900,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	30,000	30,000	-	-	-
<b>Engineering during Construction</b>	2,000,000	2,600,000	-	-	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	2,000,000	2,600,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	20,105,000	27,805,000	-	-	-
<i>Construction Contract(s)</i>	20,000,000	27,700,000	-	-	-
<i>Construction by Agency Forces</i>	75,000	75,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	30,000	30,000	-	-	-
<b>Additional Project Delivery Costs</b>	120,000	270,000	-	-	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	100,000	250,000	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	20,000	20,000	-	-	-
<b>TOTAL</b>	<b>\$ 27,119,000</b>	<b>\$ 37,943,000</b>	<b>\$ 55,000</b>	<b>\$ 59,000</b>	<b>\$ 211,000</b>

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**CIP No:** 200453

**Project Title:** Recycled Water Program Phase 2A – Central Park

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

**Description:** Construction of new facilities to expand recycled water service from the Valencia Water 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 83 percent and future users' share is 17 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 six to eight years.

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

**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 2017/18 Budget

CIP No. 200453

<b>RECYCLED WATER PROGRAM PHASE 2A - CENTRAL PARK</b>					
Category	FY 2016/17 Estimated Total Project Cost <sup>(a)</sup>	Current Estimated Total Project Cost <sup>(b)(c)</sup>	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 295,000	\$ 295,000	\$ 26,000	\$ 226,000	\$ 17,000
Agency Labor	40,000	40,000	4,000	30,000	10,000
Consultant	210,000	210,000	22,000	157,000	5,000
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	45,000	45,000	-	39,000	2,000
<b>Design (Including Bid Services)</b>	1,522,000	1,522,000	1,000	26,000	-
Agency Labor	195,000	195,000	1,000	10,000	-
Consultant	1,300,000	1,300,000	-	16,000	-
Equipment	-	-	-	-	-
Other Direct Costs	27,000	27,000	-	-	-
				3,000	-
<b>Construction Services</b>					
<b>Construction Management</b>	577,000	577,000	-	-	-
Agency Labor	111,000	111,000	-	-	-
Consultant	450,000	450,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	16,000	16,000	-	-	-
<b>Engineering during Construction</b>	425,000	425,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	425,000	425,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	10,520,000	10,520,000	-	-	-
Construction Contract(s)	10,500,000	10,500,000	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	-
<b>Additional Project Delivery Costs</b>	55,000	55,000	-	-	-
Permitting	25,000	25,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	15,000	15,000	-	-	-
Other Direct Costs	15,000	15,000	-	-	-
<b>TOTAL</b>	<b>\$ 13,394,000</b>	<b>\$ 13,394,000</b>	<b>\$ 27,000</b>	<b>\$ 252,000</b>	<b>\$ 17,000</b>

<sup>(a)</sup> FY 2017/18 Estimated Total Project Cost includes both backbone and distribution system cost estimates as of February 2017.

<sup>(b)</sup> Current Estimated Total Project Cost represents CLWA's share of estimated project costs (backbone system only) as of February 2017.

<sup>(c)</sup> As of February 2017, 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 2017/18

**CIP No:** 200454

**Project Title:** Recycled Water Program Phase 2B – Vista Canyon

**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 83 percent and future users' share is 17 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 two years.

**Projected Fiscal Year Activity:** Complete 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 2017/18 Budget

CIP No. 200454

<b>RECYCLED WATER PROGRAM PHASE 2B - VISTA CANYON</b>					
Category	FY 2016/17 Estimated Total Project Cost <sup>(a)</sup>	Current Estimated Total Project Cost <sup>(b)(c)</sup>	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 168,000	\$ 168,000	\$ 20,000	\$ 100,000	-
Agency Labor	30,000	30,000	-	18,000	-
Consultant	130,000	130,000	20,000	82,000	-
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	8,000	8,000	-	-	-
<b>Design (Including Bid Services)</b>	545,000	545,000	26,000	60,000	369,000
Agency Labor	75,000	75,000	6,000	28,000	40,000
Consultant	450,000	450,000	20,000	32,000	325,000
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	4,000
<b>Construction Services</b>					-
<b>Construction Management</b>	267,000	267,000	-	-	-
Agency Labor	75,000	75,000	-	-	-
Consultant	152,000	152,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	40,000	40,000	-	-	-
<b>Engineering during Construction</b>	152,000	152,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	152,000	152,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	3,940,000	3,940,000	-	-	-
Construction Contract(s)	3,900,000	3,900,000	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	40,000	40,000	-	-	-
<b>Additional Project Delivery Costs</b>	22,000	22,000	-	-	-
Permitting	10,000	10,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	12,000	12,000	-	-	-
<b>TOTAL</b>	<b>\$ 5,094,000</b>	<b>\$ 5,094,000</b>	<b>\$ 46,000</b>	<b>\$ 160,000</b>	<b>\$ 369,000</b>

<sup>(a)</sup> FY 2017/18 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 February 2017.

<sup>(c)</sup> As of February 2017, 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 2017/18

**CIP No:** 200455

**Project Title:** Recycled Water Program Phase 2C – South End

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

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

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

**Benefit:** Existing users' share is 83 percent and future users' share is 17 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 four years.

**Projected Fiscal Year Activity:** 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 2017/18 Budget

CIP No. 200455

<b>RECYCLED WATER PROGRAM PHASE 2C - SOUTH END</b>					
Category	FY 2016/17 Estimated Total Project Cost <sup>(a)</sup>	Current Estimated Total Project Cost (b)(c)	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 505,000	\$ 505,000	\$ 27,000	\$ 386,000	24,000
Agency Labor	50,000	50,000	2,000	22,000	-
Consultant	445,000	445,000	25,000	363,000	20,000
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	1,000	4,000
<b>Design (Including Bid Services)</b>	1,257,000	1,257,000	2,000	10,000	429,000
Agency Labor	140,000	140,000	2,000	10,000	25,000
Consultant	1,100,000	1,100,000	-	-	400,000
Equipment	-	-	-	-	-
Other Direct Costs	17,000	17,000	-	-	4,000
<b>Construction Services</b>					
<b>Construction Management</b>	495,000	620,000	-	-	-
Agency Labor	110,000	110,000	-	-	-
Consultant	375,000	500,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
<b>Engineering during Construction</b>	375,000	250,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	375,000	250,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	11,410,000	11,410,000	-	-	-
Construction Contract(s)	11,400,000	11,400,000	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
<b>Additional Project Delivery Costs</b>	340,000	340,000	-	-	-
Permitting	20,000	20,000	-	-	-
Land Acquisition	300,000	300,000	-	-	-
Post-construction Monitoring and Mitigation	10,000	10,000	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
<b>TOTAL</b>	<b>\$ 14,382,000</b>	<b>\$ 14,382,000</b>	<b>\$ 29,000</b>	<b>\$ 396,000</b>	<b>\$ 453,000</b>

<sup>(a)</sup> FY 2017/18 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 February 2017.

<sup>(c)</sup> As of February 2017, 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 2017/18

**CIP No:** 200456

**Project Title:** Recycled Water Program Phase 2D – West Ranch

**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 83 percent and future users' share is 17 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 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 2017/18 Budget

CIP No. 200456

<b>RECYCLED WATER PROGRAM PHASE 2D - WEST RANCH</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost (a)(b)	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 190,000	\$ 190,000	\$ 34,000	\$ 138,000	12,000
Agency Labor	50,000	50,000	4,000	8,000	5,000
Consultant	135,000	135,000	30,000	130,000	5,000
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	5,000	5,000	-	-	2,000
<b>Design (Including Bid Services)</b>	395,000	395,000	4,000	-	383,000
Agency Labor	35,000	35,000	4,000	-	25,000
Consultant	350,000	350,000	-	-	350,000
Equipment	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	8,000
<b>Construction Services</b>					
<b>Construction Management</b>	170,000	170,000	-	-	-
Agency Labor	45,000	45,000	-	-	-
Consultant	120,000	120,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	5,000	5,000	-	-	-
<b>Engineering during Construction</b>	120,000	120,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	120,000	120,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	1,950,000	1,550,000	-	-	-
Construction Contract(s)	1,900,000	1,500,000	-	-	-
Construction by Agency Forces	30,000	30,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	-
<b>Additional Project Delivery Costs</b>	40,000	40,000	-	-	-
Permitting	25,000	25,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	15,000	15,000	-	-	-
Other Direct Costs	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 2,865,000</b>	<b>\$ 2,465,000</b>	<b>\$ 38,000</b>	<b>\$ 138,000</b>	<b>\$ 395,000</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 February 2017, total estimated project cost for Phase 2D = \$4,585,000. CLWA's share of Phase 2D project cost = \$2,465,000.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**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 69 percent and future users' share is 31 percent. Most or all of costs will be borne by Whittaker Corporation

**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 2017.

**Project Schedule:** Design to be completed during FY 2017/18. Construction will take place in FY 2018/19 and may extend into FY 2019/20.

**Projected Fiscal Year Activity:** Final design and right of way acquisitions.

**Projected Impact on Operating Costs:** Operating costs anticipated to be similar to current costs of \$180/AF for Saugus 1 and 2 wells. Operations will begin in 2019.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2017/18 Budget

CIP No. 200962

<b>REPLACEMENT WELLS</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 150,000	\$ 173,000	\$ 53,000	\$ 173,000	\$ -
<i>Agency Labor</i>	25,000	44,000	16,000	44,000	-
<i>Consultant</i>	120,000	129,000	37,000	129,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	5,000	-	-	-	-
<b>Design (Including Bid Services)</b>	450,000	435,000	32,000	115,000	\$ 320,000
<i>Agency Labor</i>	25,000	35,000	2,000	10,000	25,000
<i>Consultant</i>	375,000	350,000	25,000	100,000	250,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	50,000	50,000	5,000	5,000	45,000
<b>Construction Services</b>					
<b>Construction Management</b>	300,000	300,000	-	-	-
<i>Agency Labor</i>	25,000	25,000	-	-	-
<i>Consultant</i>	250,000	250,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	25,000	25,000	-	-	-
<b>Engineering during Construction</b>	125,000	180,000	-	-	-
<i>Agency Labor</i>	25,000	30,000	-	-	-
<i>Consultant</i>	100,000	150,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	9,250,000	8,691,000	-	-	-
<i>Construction Contract(s)</i>	9,000,000	8,441,000	-	-	-
<i>Construction by Agency Forces</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	250,000	250,000	-	-	-
<b>Additional Project Delivery Costs</b>	375,000	-	-	-	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	375,000	-	-	-	-
<b>TOTAL</b>	<b>\$ 10,650,000</b>	<b>\$ 9,779,000</b>	<b>\$ 85,000</b>	<b>\$ 288,000</b>	<b>\$ 320,000</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 2017/18

**CIP No:** 200011

**Project Title:** Rio Vista Water Treatment Plant (RWWT) Clearwell Cover Improvements

**Legal Name:** RWWT 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:** RWWT

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

**Project Schedule:** Construction completed in FY 2015/16, the tracer study to determine a disinfection contact time to hydraulic detention time ratio of the refurbished clearwells conducted in July 2016 and updated Operation Permit issued by the California State Water Resources Control Board Division of Drinking Water in October 2016 to comply with the requirements.

**Projected Fiscal Year Activity:** None

**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 2017/18 Budget

CIP No. 200011

<b>RIO VISTA WATER TREATMENT PLANT (RVWTP) CLEARWELL COVER IMPROVEMENTS</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 100,900	\$ 100,900	\$ -	\$ 100,900	\$ -
Agency Labor	18,000	18,000	-	18,000	-
Consultant	82,800	82,800	-	82,800	-
Equipment	-	-	-	-	-
Other Direct Costs	100	100	-	100	-
<b>Design (Including Bid Services)</b>	611,800	618,000	300	618,000	-
Agency Labor	57,800	58,000	300	58,000	-
Consultant	546,600	552,600	-	552,600	-
Equipment	-	-	-	-	-
Other Direct Costs	7,400	7,400	-	7,400	-
<b>Construction Services</b>					
<b>Construction Management</b>	1,259,800	1,177,100	6,100	1,177,100	-
Agency Labor	213,800	175,400	5,500	175,400	-
Consultant	1,028,000	983,700	600	983,700	-
Equipment	-	-	-	-	-
Other Direct Costs	18,000	18,000	-	18,000	-
<b>Engineering during Construction</b>	531,000	595,800	5,100	595,800	-
Agency Labor	-	400	-	400	-
Consultant	531,000	595,400	5,100	595,400	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Capital Construction Costs</b>	7,674,600	7,692,700	100	7,692,700	-
Construction Contract(s)	7,620,700	7,633,400	-	7,633,400	-
Construction by Agency Forces	9,200	12,400	-	12,400	-
Equipment	-	-	-	-	-
Other Direct Costs	44,700	46,900	100	46,900	-
<b>Additional Project Delivery Costs</b>	231,700	119,000	91,300	119,000	-
Permitting	196,000	100,200	85,600	100,200	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	35,700	18,800	5,700	18,800	-
<b>TOTAL</b>	<b>\$ 10,409,800</b>	<b>\$ 10,303,500</b>	<b>\$ 102,900</b>	<b>\$ 10,303,500</b>	<b>\$ -</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 2017/18

**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 69 percent and future users' share is 31 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 2017.

**Project Schedule:** Design to be completed during FY 2017/18. Construction will take place in FY 2018/19 and may extend into FY 2019/20.

**Projected Fiscal Year Activity:** Final design and right of way acquisitions.

**Projected Impact on Operating Costs:** Operating costs anticipated to be similar to current costs of \$180/AF for Saugus 1 and 2 wells. Operations will begin in 2019.

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2017/18 Budget

CIP No. 200963

<b>SAUGUS FORMATION DRY YEAR RELIABILITY WELLS</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ 150,000	\$ 166,000	\$ 59,000	\$ 166,000	\$ -
<i>Agency Labor</i>	25,000	43,000	16,000	43,000	-
<i>Consultant</i>	120,000	122,000	43,000	122,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	5,000	1,000	-	1,000	-
<b>Design (Including Bid Services)</b>	450,000	433,000	32,000	113,000	\$ 320,000
<i>Agency Labor</i>	25,000	33,000	2,000	8,000	25,000
<i>Consultant</i>	375,000	350,000	25,000	100,000	250,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	50,000	50,000	5,000	5,000	45,000
<b>Construction Services</b>					
<b>Construction Management</b>	300,000	300,000	-	-	-
<i>Agency Labor</i>	25,000	25,000	-	-	-
<i>Consultant</i>	250,000	250,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	25,000	25,000	-	-	-
<b>Engineering during Construction</b>	125,000	180,000	-	-	-
<i>Agency Labor</i>	25,000	30,000	-	-	-
<i>Consultant</i>	100,000	150,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
<b>Capital Construction Costs</b>	11,250,000	8,422,000	-	-	-
<i>Construction Contract(s)</i>	11,000,000	8,172,000	-	-	-
<i>Construction by Agency Forces</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	250,000	250,000	-	-	-
<b>Additional Project Delivery Costs</b>	375,000	-	-	-	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	375,000	-	-	-	-
<b>TOTAL</b>	<b>\$ 12,650,000</b>	<b>\$ 9,501,000</b>	<b>\$ 91,000</b>	<b>\$ 279,000</b>	<b>\$ 320,000</b>

Note: Project has been awarded \$4.7 million in State Proposition 84 grant funding.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**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 2017/18.

**Projected Fiscal Year Activity:** Complete permitting, easement acquisition and construction in FY 2017/18.

**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 2017/18 Budget

CIP No. 200906

<b>ROSEDALE-RIO BRAVO EXTRACTION PROJECT</b>					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 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	\$ 223,500	132,500
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	216,000	125,000
<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	\$ 4,600,000	\$ 7,167,500	1,757,500
Construction Contract(s)	-	-	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	6,256,000	6,256,000	4,600,000	7,167,500	1,757,500
Change Orders:	-	-	-	-	-
Unforeseen / Changed Conditions <sup>(a)</sup>	-	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	100,000
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	500,000	460,000	100,000	100,000	100,000
<b>TOTAL</b>	<b>\$ 7,376,000</b>	<b>\$ 9,736,000</b>	<b>\$ 4,812,500</b>	<b>\$ 7,736,000</b>	<b>\$ 2,000,000</b>

Note: Project has been awarded \$4.6 million in State Proposition 84 grant funding.

<sup>(a)</sup> For FY 2016/17 increased project costs were incurred that relate to well equipping and drilling an additional well.

**Castaic Lake Water Agency**  
Capital Improvement Project  
FY 2017/18

**CIP No:** 200013

**Project Title:** Update Water Conservation and Education Garden

**Legal Name:** N/A

**Description:** This provides funds for re-design of the existing Conservatory Garden by a consultant.

**Function:** To educate and inspire the community of Santa Clarita about water-efficient plants.

**Benefit:** This is a water conservation education program to promote water savings.

**Site Requirements:** The site is currently identified as an existing facility.

**Impacted Facilities:** N/A

**CEQA:** N/A

**Project Schedule:** Design would be completed within FY2017/18.

**Projected Fiscal Year Activity:** Approximately \$300,000.

**Projected Impact on Operating Costs:**

Castaic Lake Water Agency  
Capital Improvement Budget  
FY 2017/18 Budget

CIP No. 200013

UPDATE WATER CONSERVATION AND EDUCATON GARDEN					
Category	FY 2016/17 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2016/17 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2017	FY 2017/18 Budget
<b>Planning and Conceptual Design</b>	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Agency Labor	-	-	-	-	40,000
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Design (Including Bid Services)</b>	-	-	-	-	300,000
Agency Labor	-	-	-	-	40,000
Consultant	-	-	-	-	300,000
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>					
<b>Construction Contract(s)</b>	-	-	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>Additional Project Delivery Costs</b>					
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation <sup>(a)</sup>	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
<b>TOTAL</b>	\$ -	\$ TBD	\$ -	\$ -	\$ 340,000

CASTAIC LAKE WATER AGENCY  
 Minor Capital Projects  
 FY 2017/18 Budget

The Minor Capital Projects Budget is funded by one percent property tax revenues.

	<b>Project Title</b>	<b>Total Estimated Project Cost *</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>	
300415	ESFP HVAC Replacement	\$ 210,000	\$ 130,000	\$ 210,000	\$ -	
300416	ESFP Emergency Generator Replacement	200,000	25,000	6,000	150,000	
301002	ESIPS Additional Pump	910,000	874,000	770,000	-	
300321	Pipeline Inspection Facility Modifications	Ongoing	800,000	785,000	200,000	A
300308	Pipeline Relocations/Modifications	Ongoing	125,000	40,000	135,000	B
300017	RVWTP Ozone Gas Collection Modification	515,000	310,000	432,000	-	
300019	RVWTP Underground Storage Tank Replacement	575,000	-	-	75,000	
300018	RVWTP Upper Mesa Erosion Repair	70,000	65,000	70,000	-	
300329	SPTF Pressure Control Modifications	200,000	75,000	25,000	175,000	C
300328	Devil's Den Property Solar Project	tbd	60,000	45,000	60,000	D
<b>Total Minor Capital Projects</b>		<b>\$ 1,360,000</b>	<b>\$ 2,464,000</b>	<b>\$ 2,383,000</b>	<b>\$ 795,000</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. Modifications to existing facilities to accommodate pipeline inspection activities.
- B. Includes funds for potential/relocation of Sand Canyon Pipeline due to Sierra Highway Bridge widening.
- C. Will be submitted for reimbursement from the perchlorate settlement agreement.
- D. Funds are for studies related to a potential solar energy project.

CASTAIC LAKE WATER AGENCY  
Capital Planning, Studies and Administration  
FY 2017/18 Budget

The Capital Planning, Studies and Administration Budget is funded by one percent property tax revenues and Facility Capacity Fees.

		FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	
	<b>General Planning and Studies:</b>				
100015	Capital Program/Facility Capacity Fees	\$ 380,000	\$ 325,000	\$ 260,000	A
100041	Recycled Water Master Plan	150,000	75,000	15,000	B
100050	Recycled Water Master Plan PEIR (CEQA)	225,000	144,000	50,000	B
100043	Emergency and Operational Storage Study	100,000	185,000	-	C
100045	RWWTP Drainage Study	-	-	-	
100027	System Hydraulic Model	65,000	26,000	-	
100004	Urban Water Management Plan 2015	50,000	25,000	-	
	<b>Total General Planning and Studies</b>	<b>\$ 970,000</b>	<b>\$ 780,000</b>	<b>\$ 325,000</b>	
	<b>Water Supply Reliability and Acquisition Planning and Implementation:</b>				
110003	Buena Vista/Rosedale Rio Bravo Storage and Recovery Program	\$ 5,080,500	\$ 7,071,100	\$ 6,960,700	D
various	Grant Administration	245,000	154,000	155,000	E
110007	Integrated Regional Water Management Plan	300,000	117,000	240,000	
110001	Rosedale Rio Bravo Storage Program	25,000	-	-	
110004	Ventura County Flexible Storage	20,000	17,900	20,000	
110005	Water Banking	75,000	73,000	76,000	F
110022	Sites Reservoir	300,000	130,000	410,000	G
110017	Yuba Accord Water	90,000	-	90,000	H
	<b>Total Water Supply Reliability and Acquisition Planning and Implementation</b>	<b>\$ 6,135,500</b>	<b>\$ 7,563,000</b>	<b>\$ 7,951,700</b>	
	<b>Administration:</b>				
125001	Annexation Support	\$ 50,000	\$ 20,000	\$ 50,000	I
120004	Debt Financing and Administration	400,000	200,000	250,000	
120001	One Percent Property Tax Administration	250,000	250,000	250,000	
120011	Retail Litigation	300,000	400,000	50,000	J
120009	Retail Purveyors and Legal	500,000	150,000	500,000	K
	<b>Total Administration</b>	<b>\$ 1,500,000</b>	<b>\$ 1,020,000</b>	<b>\$ 1,100,000</b>	
	<b>Total Capital Planning, Studies and Administration</b>	<b>\$ 8,605,500</b>	<b>\$ 9,363,000</b>	<b>\$ 9,376,700</b>	

A. Funded by Facility Capacity Fee Fund.

B. Recycled Water Master Plan update and CEQA expected to be completed in FY 2017/18.

C. This project studied the required storage volumes at locations throughout the service area and performed siting studies to identify reservoir locations and land acquisition needs. The project was completed during FY 2016/17.

D. The total annual cost for the BV/RRB program is \$9,280,900. In accordance with the wholesale water rate structure, \$2,320,200 is transferred to the General Fund/Operating Budget. The growth portion is funded by Facility Capacity Fees in the amount of \$2,778,900. The remainder of \$4,603,700 is funded by one percent property tax revenues. Of this amount, \$421,900 is funded by the Tesoro annexing party and is accounted for as revenue to the one percent property tax fund.

E. For various grant programs.

F. Annual participation fees for Semitropic Water Banking and Exchange Program.

G. Funds for Phase I Operational Studies.

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. Santa Clarita Organization for Planning the Environment v. Castaic Lake Water Agency et al., Los Angeles Superior Court Case No. BS 141673 and BS 147721 in FY 2016/17 and Case No. BS 147721 in FY 2017/18. Also includes settlement agreement negotiations with NCWD for Los Angeles Superior Court Case No. BS148143.

K. Work related to form a new water resources management entity in the Santa Clarita Valley.



CASTAIC LAKE WATER AGENCY  
New Capital Equipment  
FY 2017/18 Budget

The Capital Equipment Budget is funded by one percent property tax revenues.

		FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	*
130001	<b>Office Equipment Additions</b>				
	Office Technology and Equipment - General	\$ 160,000	\$ 103,000	\$ 255,000	A
	Office Technology and Equipment - Accounting	50,000	30,000	30,000	B
	Office Technology and Equipment - Boardroom	80,000	70,000	-	
	Office Technology and Equipment - Staff Additions	6,000	6,000	6,000	
	<b>Subtotal - Office Equipment Additions</b>	<b>\$ 296,000</b>	<b>\$ 209,000</b>	<b>\$ 291,000</b>	
130004	<b>Office Furniture Additions</b>				
	Office Furniture - General	\$ 30,000	\$ 10,000	\$ 30,000	C
	Office Furniture - Staff Additions	-	-	30,000	
	Tenant Improvements - Various	-	-	100,000	
	Summit Circle Tenant Improvements	170,000	10,000	170,000	
	<b>Subtotal - Office Furniture Additions</b>	<b>\$ 200,000</b>	<b>\$ 20,000</b>	<b>\$ 330,000</b>	
130003	<b>Miscellaneous Equipment</b>				
	Lab Equipment	\$ -	\$ -	\$ 165,000	D
	Miscellaneous Large Tools and Equipment	40,000	40,000	40,000	
	RVWTP HVAC Equipment	10,000	6,000	60,000	E
	Security Equipment Upgrades	100,000	40,000	50,000	F
	Video Surveillance Equipment	200,000	20,000	200,000	G
	<b>Subtotal - Miscellaneous Equipment</b>	<b>\$ 350,000</b>	<b>\$ 106,000</b>	<b>\$ 515,000</b>	
130002	<b>Vehicles</b>				
	Maintenance Replacement Vehicle FY 2016/17	\$ 35,000	\$ 35,000	\$ -	
	Maintenance Replacement Vehicle FY 2017/18	-	-	50,000	H
	Water Quality Replacement Vehicle FY 2017/18	-	-	28,000	I
	<b>Subtotal - Vehicles</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 78,000</b>	
	<b>Total New Capital Equipment</b>	<b>\$ 881,000</b>	<b>\$ 370,000</b>	<b>\$ 1,214,000</b>	

\* Significant items:

- A. Office Technology and Equipment - General includes:
  - Gateway redundancy to add redundancy capabilities at main network points and re-route network traffic in the event of a disaster 60,000
  - VMWare host server replacements for equipment at the end of expected life cycle 72,000
  - VMWare software upgrade which takes place every other year 10,000
  - Replace one of Agency's three storage area networks, which is five years old 47,000
  - Scheduled replacement of workstations 25,000
  - Miscellaneous hardware and software supplies 10,000
  - New workstations 6,000
  - Network resiliency contingencies 25,000
- B. Contingency for accounting/payroll/human resource workflow automation project.
- C. Includes \$30,000 for general furniture.
- D. Includes \$125,000 to replace and upgrade 11-year old ICP-MS system which is no longer functional and has a repair cost in excess of \$20,000; and \$40,000 to replace and upgrade the Ion chromatography system which does not provide as detailed measurements as does current equipment.
- E. Includes \$50,000 to replace one of two compressors, which is 12 years old and at the end of its useful life.
- F. Various security upgrades at Agency facilities
- G. Major upgrade and replacement of the Agency's video surveillance system, which is nine years old.
- H. Replacement of a 2004 heavy duty truck (assigned to Senior Instrumentation Technician) with a current mileage of 111,000. Replacement vehicle will be a heavy-duty 2WD supercab pickup with V8 engine and 5,250 pound payload capacity, and will include an 8-foot manufactured truck body with built-in full-length flip top boxes.
- I. Replacement of a 2008 truck with a current mileage of 75,000 miles. The vehicle is experiencing frequent mechanical issues and replacement would be more cost effective than continuing repairs. This vehicle is used for water quality sampling and testing seven days per week. Replacement vehicle will be a Ford Escape with 4WD.

CASTAIC LAKE WATER AGENCY  
Repair and Replacement  
FY 2017/18 Budget

The Major Repair and Replacement Budget is funded by one percent property tax revenues.

Major Repair and Replacement	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	*
ESFP Repair and Replacement	\$ 235,000	\$ 421,600	\$ 330,000	A
ESIPS Repair and Replacement	40,000	10,700	40,000	
RVWTP Repair and Replacement	130,000	126,300	245,000	B
RVIPS Repair and Replacement	75,000	35,000	85,000	C
Pipeline Repair and Replacement	105,000	78,500	105,000	D
Recycled Water System Repair and Replacement	60,000	27,000	100,000	E
Sand Canyon System Repair and Replacement	95,000	59,000	95,000	F
Saugus 1 and 2 Wells Repair and Replacement	30,000	13,000	80,000	G
<b>Total Major Repair and Replacement</b>	<b>\$ 770,000</b>	<b>\$ 771,100</b>	<b>\$ 1,080,000</b>	

\* Significant items:

A. ESFP Repair and Replacement items include:

Ammonia pumps	\$ -	\$ -	\$ 30,000
Dissolved ozone analyzers	-	167,000	80,000
Meter replacement	150,000	167,000	50,000
Ozone system equipment replacement	10,000	8,500	10,000
Pump and motor replacement	25,000	29,100	25,000
Repair back gate access road	-	-	50,000
Turbidity meters	-	-	35,000
Valve replacement	25,000	25,000	25,000
Miscellaneous	25,000	25,000	25,000
	<u>235,000</u>	<u>421,600</u>	<u>330,000</u>

B. RVWTP Repair and Replacement items include:

Meter replacement	\$ 20,000	\$ 20,000	\$ 20,000
Ozone system equipment replacement	10,000	10,600	10,000
Pump and motor replacement	50,000	10,000	50,000
Turbidity meters	-	-	25,000
Upper Mesa tank demolition	-	-	90,000
Valve replacement	25,000	26,000	25,000
Miscellaneous	25,000	59,700	25,000
	<u>130,000</u>	<u>126,300</u>	<u>245,000</u>

C. RVIPS Repair and Replacement items include:

Pump and motor replacement	\$ 50,000	\$ 35,000	\$ 50,000
Valve replacement	-	-	10,000
Miscellaneous	25,000	-	25,000
	<u>75,000</u>	<u>35,000</u>	<u>85,000</u>

D. Pipeline Repair and Replacement items include:

Cathodic test station repairs	\$ 50,000	\$ 13,500	\$ 50,000
Miscellaneous	55,000	65,000	55,000
	<u>105,000</u>	<u>78,500</u>	<u>105,000</u>

E. Recycled Water System Repair and Replacement items include:

Pumps and motor repairs	\$ 20,000	\$ 20,000	\$ 50,000
Miscellaneous	40,000	7,000	50,000
	<u>60,000</u>	<u>27,000</u>	<u>100,000</u>

F. Sand Canyon System Repair and Replacement items include:

Meter replacement	\$ 20,000	\$ 20,000	\$ 20,000
Pumps and motor repairs	50,000	4,000	50,000
Miscellaneous	25,000	35,000	25,000
	<u>95,000</u>	<u>59,000</u>	<u>95,000</u>

G. Saugus 1 and 2 Wells Repair and Replacement items include:

Meter replacement	\$ 5,000	\$ -	\$ 5,000
Pumps and motor repairs	10,000	13,000	10,000
Saugus 1 and 2 wells	-	-	50,000
Valve replacement	5,000	-	5,000
Miscellaneous	10,000	-	10,000
	<u>30,000</u>	<u>13,000</u>	<u>80,000</u>

Debt-Funded Projects - Forecast  
FY 2017/18 Budget

Debt-funded Projects	FY 2016/17 Estimated	FY 2017/18 Budget	FY 2018/19 Projected	FY 2019/20 Projected	FY 2020/21 Projected	FY 2021/22 Projected	FY 2022/23 Projected	FY 2023/24 Projected
Castaic Conduit	\$ 59,000	\$ 353,000	\$ 1,000,000	\$ 12,257,000	\$ -	\$ -	\$ -	\$ -
Distribution System - RV-2 Modifications	122,000	3,346,000	3,000	-	-	-	-	-
ESFP Cleanwell/CT Improvements	876,000	5,786,000	1,915,000	-	-	-	-	-
ESFP Sludge Collection System	143,000	34,000	9,151,000	4,647,000	-	-	-	-
ESIPS Pipeline Improvements	274,000	3,706,000	-	-	-	-	-	-
Foothill Feeder Connection	445,000	4,236,000	150,000	-	-	-	-	-
Honby Parallel	396,000	130,000	451,000	546,000	12,084,000	7,720,000	77,000	77,000
Magic Mountain Pipeline No. 4	-	75,000	3,311,000	-	-	-	-	-
Magic Mountain Pipeline No. 5	1,000	23,000	98,000	3,621,000	-	-	-	-
Magic Mountain Pipeline No. 6	-	4,000	144,000	151,000	8,576,000	-	-	-
Magic Mountain Reservoir	55,000	211,000	697,000	1,102,000	1,347,000	22,956,000	11,571,000	-
Recycled Water Program Phase II, 2A - Central Park	27,000	17,000	4,000	4,000	4,000	4,000	13,200,000	-
Recycled Water Program Phase II, 2B - Vista Canyon	46,000	369,000	4,657,000	-	-	-	-	-
Recycled Water Program Phase II 2C - South End	29,000	453,000	350,000	10,500,000	2,820,000	-	-	-
Recycled Water Program Phase II, 2D - West Ranch	38,000	395,000	2,550,000	-	-	-	-	-
RWWTP Cleanwell Cover Improvements	102,900	-	-	-	-	-	-	-
Rosedale Rio Bravo Extraction	4,812,500	2,000,000	-	-	-	-	-	-
Sand Canyon Reservoir Expansion	-	-	-	-	311,000	573,000	487,000	537,000
Saugus Formation Dry Year Reliability Wells	91,000	320,000	2,000,000	6,902,000	-	-	-	-
Southern Service Areas Emergency Storage	-	-	711,000	1,416,000	1,747,000	3,247,000	18,839,000	35,786,000
<b>Debt-Funded Subtotal</b>	<b>\$ 7,517,400</b>	<b>\$ 21,458,000</b>	<b>\$ 27,192,000</b>	<b>\$ 41,146,000</b>	<b>\$ 26,889,000</b>	<b>\$ 34,500,000</b>	<b>\$ 44,174,000</b>	<b>\$ 36,400,000</b>
Beginning Balance	\$ 36,594,192	\$ 31,678,892	\$ 12,296,692	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Proceeds	-	-	-	-	-	-	-	-
Grants and Reimbursements/Interest Expenditures	2,602,100	2,075,800	2,250,000	-	-	-	-	-
	(7,517,400)	(21,458,000)	(27,192,000)	(41,146,000)	(26,889,000)	(34,500,000)	(44,174,000)	(36,400,000)
<b>Annual Balance/Shortfall</b>	<b>\$ 31,678,892</b>	<b>\$ 12,296,692</b>	<b>\$ (12,645,308)</b>	<b>\$ (41,146,000)</b>	<b>\$ (26,889,000)</b>	<b>\$ (34,500,000)</b>	<b>\$ (44,174,000)</b>	<b>\$ (36,400,000)</b>
<b>Cumulative Shortfall</b>	<b>-</b>	<b>-</b>	<b>\$ (12,645,308)</b>	<b>\$ (53,791,308)</b>	<b>\$ (80,680,308)</b>	<b>\$ (115,180,308)</b>	<b>\$ (159,354,308)</b>	<b>\$ (195,754,308)</b>
<b>Projects Funded "Pay-as-you-go"</b>	<b>FY 2016/17 Projected</b>	<b>FY 2017/18 Budget</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>	<b>FY 2023/24 Projected</b>
Groundwater Treatment Improvements	10,000	1,040,000	684,000	200,000	-	-	-	-
Replacement Wells	85,000	320,000	2,000,000	7,171,000	-	-	-	-
Water Conservation and Education Garden	-	340,000	-	-	-	-	-	-
<b>"Pay-as-you-go" Subtotal</b>	<b>\$ 95,000</b>	<b>\$ 1,700,000</b>	<b>\$ 2,684,000</b>	<b>\$ 7,371,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL MAJOR CAPITAL PROJECTS</b>	<b>\$ 7,612,400</b>	<b>\$ 23,158,000</b>	<b>\$ 29,876,000</b>	<b>\$ 48,517,000</b>	<b>\$ 26,889,000</b>	<b>\$ 34,500,000</b>	<b>\$ 44,174,000</b>	<b>\$ 36,400,000</b>
<b>GRANT REIMBURSEMENTS</b>								
Foothill Feeder Connection	\$ 12,800	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RWWTP Cleanwell Cover Improvements	-	-	-	-	-	-	-	-
Saugus Formation Dry Year Reliability Wells	36,200	200,000	2,250,000	-	-	-	-	-
Rosedale Rio Bravo Extraction	2,010,000	700,000	-	-	-	-	-	-
Semitropic Stored Water Recovery Unit	316,900	-	-	-	-	-	-	-
	\$ 2,375,900	\$ 1,900,000	\$ 2,250,000	\$ -	\$ -	\$ -	\$ -	\$ -

## **LONG-TERM COMMITMENTS**

### **WHOLESALE SYSTEM 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 \$803.54 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 three 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 Bonds of \$269.8 million as of June 30, 2017. Scheduled annual debt service for FY 2017/18 is \$ 23.7 million. Projected annual debt service is anticipated to be \$28.2 million starting in FY 2019/20, \$28.5 million starting in FY 2020/21 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, 2017	Debt Service FY 2017/18
2008A COPs	\$ 22,825,000	\$ 5,739,958
2014A Revenue Bonds	11,455,000	3,149,400
1999 COPs	63,355,635	--
2010A COPs	54,315,000	5,278,906
2015A Revenue Bonds	61,460,000	5,036,725
2016A-R Revenue Bonds	25,730,000	2,528,900
2016A-N Revenue Bonds	30,665,000	1,960,450
<b>Total</b>	<b>\$ 269,805,635</b>	<b>\$ 23,694,339</b>

### Planned Issuance for the Five-Year CIP

In May 2016, the Agency issued \$30.7 million in revenue bonds to fund the ongoing CIP for Major Capital projects. The Agency's current wholesale CIP for Major Capital projects shows 20 projects being constructed over the next ten years. Assuming the Agency is able to obtain some grant funding for the recycled water projects, this program would require over \$160 million in additional funding. The Agency typically funds Major Capital Projects through the issuance of debt (Minor Capital and Repair and Replacement Projects are funded on a pay-as-you-go basis). At this time, the FY 2017/18 Budget 10-

year forecast includes additional debt issuance of \$30.5 million in 2019 and \$39.1 million in 2021 to cover project funding for the next five years. At this time, the ten-year forecast does not show sufficient funds to support annual debt service payments for additional bond issues in 2023 and 2024 to complete the projects. The Agency will need to monitor its existing revenues streams (Facility Capacity Fees and one percent property tax revenues) and will likely need to consider additional revenue sources. 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 2017/18</b>	1.53
<b>FY 2018/19</b>	1.46
<b>FY 2019/20</b>	1.69
<b>FY 2020/21</b>	1.87
<b>FY 2021/22</b>	1.51

### 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 2017/18 Debt Service	Outstanding Balance June 30, 2017
<b>2008A COPs</b>	\$ 5,739,958	\$ 22,825,000
<b>2014A Bonds</b>	3,149,400	11,455,000

#### 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 2017/18 Debt Service	Outstanding Balance June 30, 2017
1999 COPs	\$ --	\$ 63,355,635
2016A-R COPs	2,528,900	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 2017/18 Debt Service	Outstanding Balance June 30, 2017
2010A COPs	\$ 5,278,906	\$ 54,315,000

#### 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, the Perchlorate Distribution and Treatment projects and a portion of the stock of the Valencia Water Company. 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).

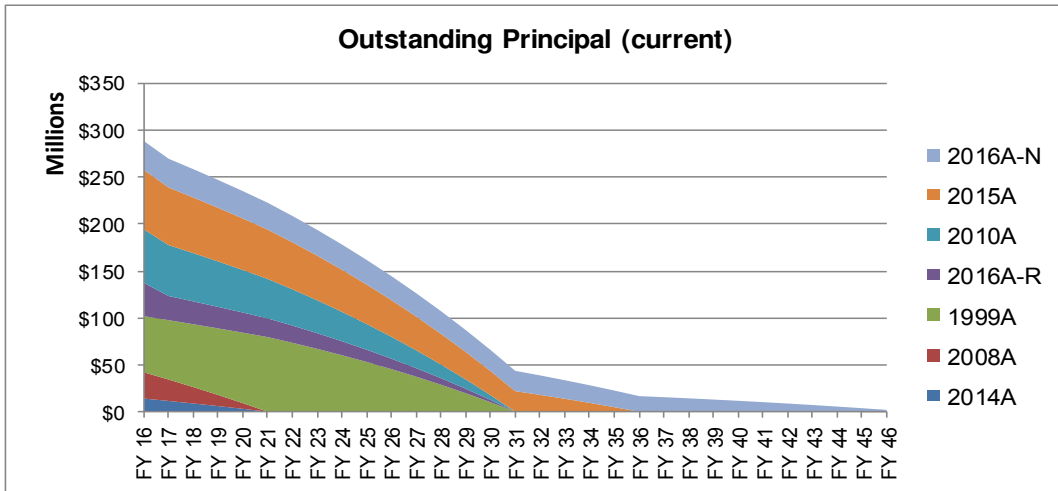
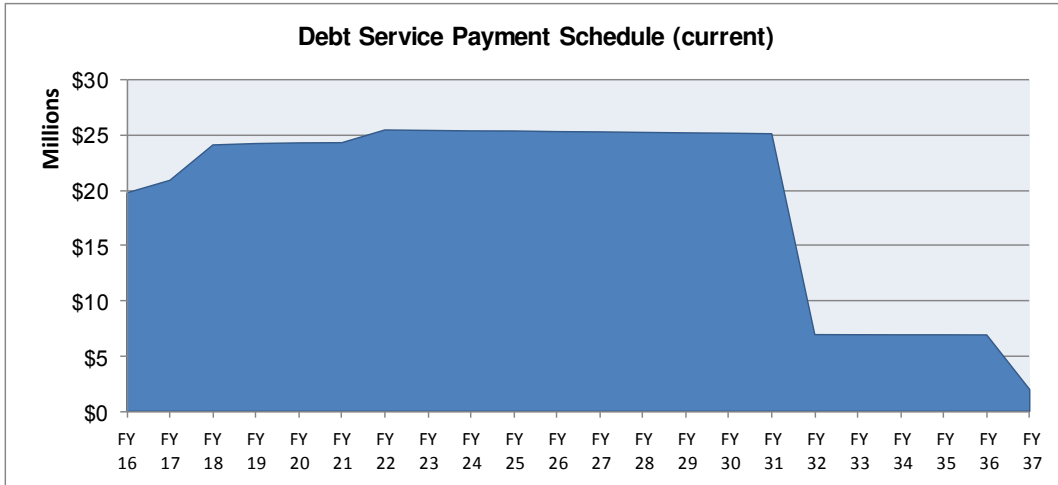
	FY 2017/18 Debt Service	Outstanding Balance June 30, 2017
2015A Bonds	\$ 5,036,725	\$ 61,460,000

#### 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).

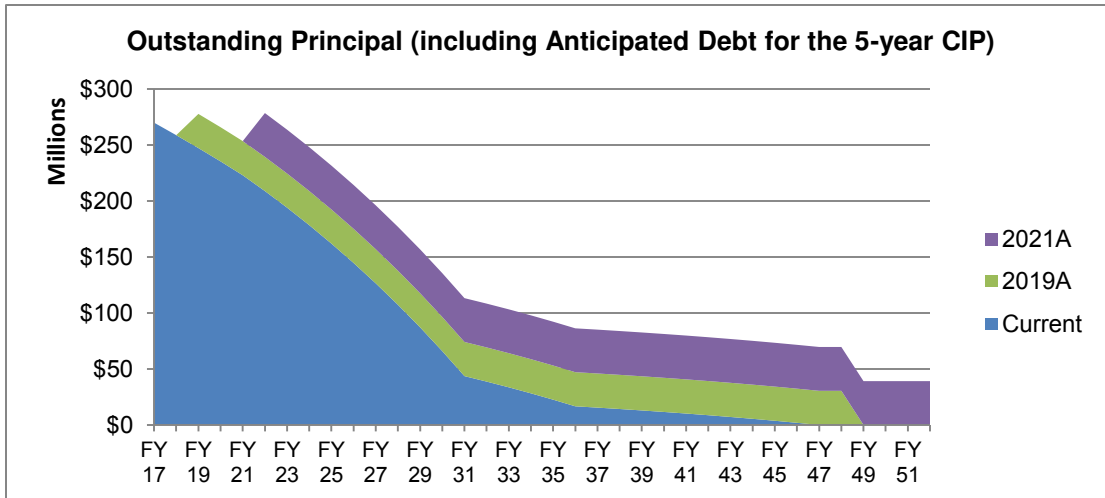
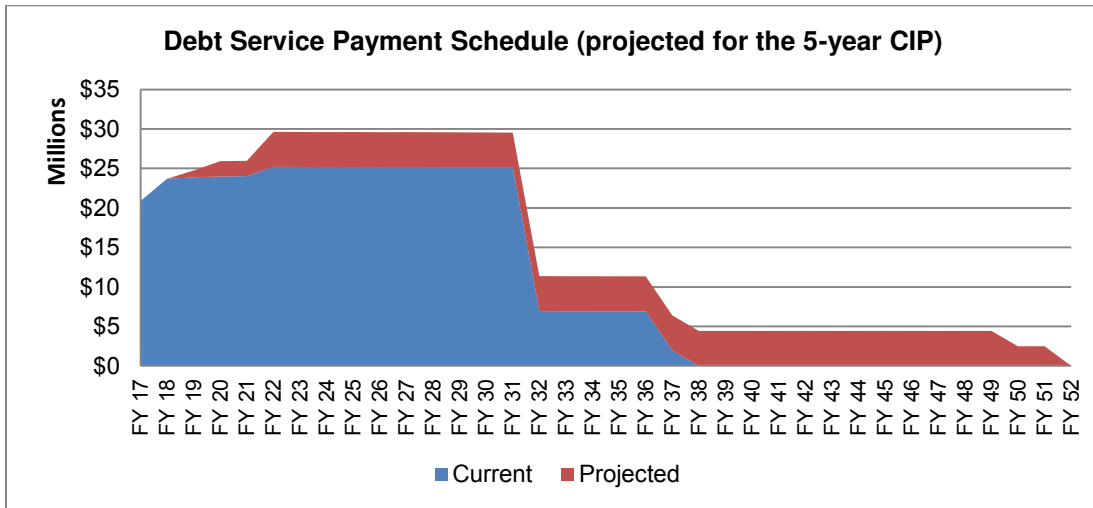
	FY 2017/18 Debt Service	Outstanding Balance June 30, 2017
2016A-N Bonds	\$ 1,960,450	\$ 30,665,000

## Currently Outstanding Debt



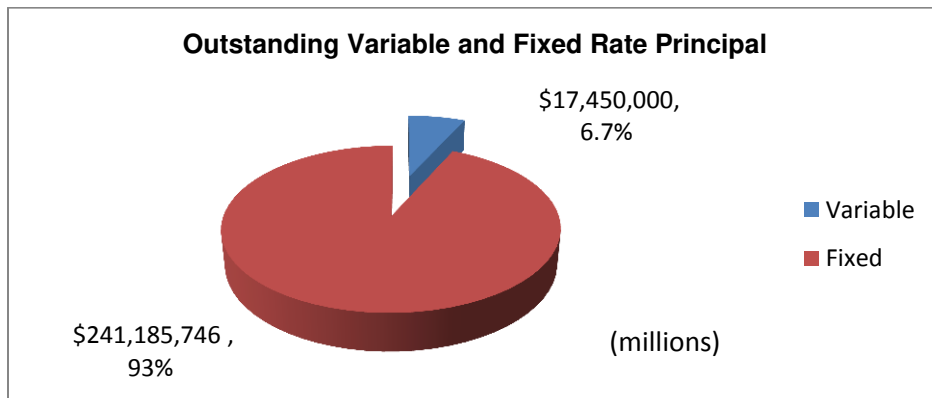


### Projected Debt for the 5-Year CIP



### 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 6.7 percent of its portfolio in variable rate debt.



DWR VARIABLE AND CAPITAL CHARGES - Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>DWR Variable Payments</b>	<b>DWR Fixed Payments</b>	<b>DWR Refunds/ Adjustments</b>	<b>TOTAL</b>
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
2015/16	4,835,394	19,704,836	(2,832,107)	21,708,123
Estimated FY 2016/17	5,000,000	18,381,700	(1,500,000)	21,881,700
<b>Budget FY 2017/18</b>	<b>\$ 9,000,000</b>	<b>\$ 22,300,000</b>	<b>\$ (1,000,000)</b>	<b>\$ 30,300,000</b>

BUENA VISTA/ROSEDALE RIO BRAVO WATER ACQUISITION ESTIMATED PAYMENTS

<b>Fiscal Year</b>		<b>Total</b>
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		8,838,900
2017/18		9,280,900
2018/19		9,744,945
2019/20		10,232,192
2020/21		10,743,802
2021/22		11,280,992
2022/23		11,845,042
2023/24		12,437,294
2024/25		13,059,158
2025/26		13,712,116
2026/27		14,397,722
2027/28		15,117,608
2028/29		15,873,489
2029/30		16,667,163
2030/31		17,500,521
2031/32		18,375,547
2032/33		19,294,325
2033/34		20,259,041
2034/35		21,271,993
2035/36		22,335,592
2036/37		-
<b>Total</b>	<b>\$</b>	<b>352,367,949</b>

Wholesale System  
2008A COP PRINCIPAL AND INTEREST PAYMENTS

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest/Fees</b>	<b>Total</b>	<b>Principal Remaining</b>
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
2016/17	5,150,000	330,000	5,480,000	22,825,000
<b>2017/18</b>	<b>5,375,000</b>	<b>364,958</b>	<b>5,739,958</b>	<b>17,450,000</b>
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>\$ 13,082,417</b>	<b>\$ 52,382,417</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.

Wholesale System  
2014A REVENUE BONDS PRINCIPAL AND INTEREST PAYMENTS

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal Remaining</b>
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
2016/17	2,595,000	557,025	3,152,025	11,455,000
<b>2017/18</b>	<b>2,685,000</b>	<b>464,400</b>	<b>3,149,400</b>	<b>8,770,000</b>
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	<u>3,070,000</u>	<u>76,750</u>	<u>3,146,750</u>	-
<b>Total</b>	<b>\$ 16,750,000</b>	<b>\$ 2,732,287</b>	<b>\$ 19,482,287</b>	<b>-</b>

Wholesale System  
1999 COP PRINCIPAL AND INTEREST PAYMENTS

<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
2016/17	3,509,326	-	-	-	63,355,635
<b>2017/18</b>	<b>3,715,111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,070,746</b>
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>

Wholesale System  
 2016A REFUNDING REVENUE BOND PRINCIPAL AND INTEREST PAYMENTS  
 (Refunding of 2006A COPs)

Fiscal Year	Principal	Interest	Total	Principal Remaining
2015/16	\$ -	\$ -	\$ -	25,730,000
2016/17	-	836,498	836,498	25,730,000
<b>2017/18</b>	<b>1,380,000</b>	<b>1,148,900</b>	<b>2,528,900</b>	<b>24,350,000</b>
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>	

Wholesale System  
2010A COP PRINCIPAL AND INTEREST PAYMENTS

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>



Wholesale System  
2015A REVENUE BONDS PRINCIPAL AND INTEREST PAYMENTS

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
2016/17		2,065,000		2,983,950		5,048,950	61,460,000
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>

Wholesale System  
 2016A BOND PRINCIPAL AND INTEREST PAYMENTS  
 (New bond proceeds)

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>\$</b>	<b>30,665,000</b>	<b>\$</b>	<b>29,356,666</b>	<b>\$</b>	<b>60,021,666</b>	

Wholesale System  
TOTAL DEBT SERVICE AND OUTSTANDING PRINCIPAL

Fiscal Year	2014A Bonds		2008A COP		1999 COP		2006A COP/ 2016A-R Bonds		2010A COP		2006C/ 2015A COP		2016A-N Bonds		Projected		Total		
	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Principal
2014/15	\$ 583,537	\$ 5,217,814	\$ -	\$ 3,307,976	\$ 5,294,606	\$ 5,868,375	\$ -	\$ -	\$ 5,284,056	\$ 5,021,850	\$ 1,963,350	\$ -	\$ -	\$ 863,683	\$ -	\$ 20,272,308	\$ 266,881,369		
2015/16	3,168,975	5,246,872	-	3,304,776	5,285,781	2,755,943	-	-	5,273,681	5,018,550	1,965,800	-	-	1,940,950	-	19,762,347	278,846,309		
2016/17	3,152,025	5,480,000	-	836,498	5,282,606	5,048,950	-	-	5,274,506	5,021,650	1,967,225	-	-	1,939,175	-	20,872,195	269,805,635		
2017/18	3,149,400	5,739,958	-	2,528,900	5,278,906	5,036,725	-	-	5,265,681	5,008,750	1,964,850	-	-	4,430,050	-	23,694,339	288,635,746		
2018/19	3,135,100	5,945,417	-	2,523,950	5,284,056	5,021,850	-	-	5,251,556	4,997,625	1,965,850	-	-	4,428,950	-	29,602,756	277,613,709		
2019/20	3,146,500	6,049,303	-	2,523,600	5,273,681	5,018,550	-	-	5,264,556	4,995,000	1,964,100	-	-	4,427,000	-	29,615,056	265,722,299		
2020/21	3,146,750	6,098,284	-	2,516,400	5,274,506	5,021,650	-	-	5,242,806	4,990,500	1,964,250	-	-	4,428,875	-	29,599,225	292,460,040		
2021/22	-	-	-	10,445,000	10,445,000	10,445,000	-	-	5,256,625	4,988,750	1,966,450	-	-	4,427,500	-	29,585,531	278,375,434		
2022/23	-	-	-	10,445,000	10,445,000	10,445,000	-	-	5,246,022	4,984,375	1,963,750	-	-	4,427,750	-	29,583,522	263,546,580		
2023/24	-	-	-	10,445,000	10,445,000	10,445,000	-	-	5,238,075	4,982,000	1,965,750	-	-	4,429,375	-	29,564,125	247,927,839		
2024/25	-	-	-	10,445,000	10,445,000	10,445,000	-	-	5,234,075	4,971,750	1,965,750	-	-	4,427,250	-	29,553,450	231,466,321		
2025/26	-	-	-	10,445,000	10,445,000	10,445,000	-	-	5,217,254	4,972,875	1,963,750	-	-	4,431,125	-	29,529,879	214,177,684		
2026/27	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	4,972,875	1,964,625	-	-	4,430,750	-	11,368,250	195,976,679		
2027/28	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	4,964,250	1,963,250	-	-	4,426,125	-	11,368,250	176,840,995		
2028/29	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	4,955,625	1,964,500	-	-	4,431,875	-	11,352,000	156,707,181		
2029/30	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	4,955,625	1,964,500	-	-	4,431,875	-	11,347,250	135,505,632		
2030/31	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	4,956,250	1,964,375	-	-	4,428,625	-	11,338,625	113,185,000		
2031/32	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	4,945,625	1,967,625	-	-	4,429,125	-	6,396,750	108,305,000		
2032/33	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,967,875	1,967,875	-	-	4,424,125	-	6,392,000	103,185,000		
2033/34	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,965,125	1,965,125	-	-	4,428,250	-	6,393,375	97,810,000		
2034/35	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,964,250	1,964,250	-	-	4,426,125	-	6,390,375	92,160,000		
2035/36	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,965,000	1,965,000	-	-	4,427,500	-	6,392,500	86,230,000		
2036/37	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,967,125	1,967,125	-	-	4,431,875	-	6,399,000	85,065,000		
2037/38	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,965,500	1,965,500	-	-	4,424,125	-	6,389,625	83,840,000		
2038/39	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,965,000	1,965,000	-	-	4,428,875	-	6,393,875	82,555,000		
2039/40	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,965,375	1,965,375	-	-	4,430,500	-	6,395,875	81,205,000		
2040/41	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,966,375	1,966,375	-	-	4,428,750	-	6,395,125	79,785,000		
2041/42	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	1,962,875	1,962,875	-	-	4,423,375	-	6,386,250	78,290,000		
2042/43	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	-	-	-	-	-	-	-	76,720,000		
2043/44	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	-	-	-	-	-	-	-	75,070,000		
2044/45	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	-	-	-	-	-	-	-	73,335,000		
2045/46	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	-	-	-	-	-	-	-	71,510,000		
2046/47	-	-	-	10,445,000	10,445,000	10,445,000	-	-	-	-	-	-	-	-	-	-	69,595,000		
<b>Total</b>	<b>\$ 19,482,287</b>	<b>\$ 39,777,648</b>	<b>\$ 104,450,000</b>	<b>\$ 42,671,450</b>	<b>\$ 89,441,523</b>	<b>\$ 108,465,418</b>	<b>\$ 60,021,666</b>	<b>\$ 119,876,608</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>	<b>\$ 404,288,326</b>

Reserve  
Funds with  
Trustee \$ -

\* Projected for the next five years. Does not include funding for the full CIP.

**WHOLESALE SYSTEM  
FORECAST ASSUMPTIONS – FY 2017/18 BUDGET**

**One Percent Property Tax Revenues – 10-year forecast Assumptions**

**Reserve Requirements**

FY 2017/18 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 2017/18 revenues are estimated at \$24.7 million, assuming a 5 percent increase in assessed valuation from FY 2016/17. This is based on the 4.7 percent increase in assessed valuation from FY 2015/16 to FY 2016/17 and reflects a similar level of new development in the upcoming fiscal year. For FY 2017/18 and thereafter, the forecast uses an increase of five 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
FY 2016/17	4.7%
FY 2015/16	5.1%
FY 2014/15	7.75%
FY 2013/14	2.2%
FY 2012/13	(1.7%)
FY 2011/12	0.5%
FY 2010/11	(1.1%)
FY 2009/10	(5.6%)
FY 2008/09	5.0%
FY 2007/08	9.2%

**Investment Revenues, Non-VWC**

Based on fund balances and assumes a 1.5 percent rate of return through FY 2018/19, 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 2018/19. In FY 2019/20, 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 2017 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 2016/17 and \$8 million in FY 2017/18. Revenues are inflated at 2.36% per year. The 2017 Facility Capacity Fee study is underway and may result in different assumptions for future years. 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 2018/19. In FY 2019/20, 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. The forecast assumes a decrease in water sales of 10% for FY 2018/19 and FY 19/20, assuming retail water purveyors return to a traditional mix of imported water and groundwater. After that, the forecast uses the 2015 UWMP growth rate of 1.3% per year. Operating expenditures are inflated by either three or five percent, depending on the nature of the expenditure.

One Percent Property Tax Revenues  
10-year Forecast  
(in millions)

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
<b>Fund Balance, Beginning</b>	\$ 72.99	\$ 73.56	\$ 72.21	\$ 67.55	\$ 68.71	\$ 75.01	\$ 74.19	\$ 75.18	\$ 77.88	\$ 82.04
<b>RESERVES</b>										
Debt Service Reserve	\$ (15.55)	\$ (18.34)	\$ (19.39)	\$ (20.57)	\$ (21.72)	\$ (24.28)	\$ (24.27)	\$ (24.25)	\$ (24.27)	\$ (24.24)
Capital Reserve	(10.84)	(11.13)	(11.46)	(11.80)	(12.16)	(12.52)	(12.90)	(13.29)	(13.68)	(14.10)
Economic Uncertainties (liquidity)	(26.52)	(27.49)	(28.14)	(28.80)	(29.48)	(30.18)	(30.89)	(31.62)	(32.36)	(33.13)
Repair and Replacement Reserve	(2.29)	(2.75)	(3.21)	(3.67)	(4.13)	(4.59)	(5.05)	(5.51)	(5.97)	(6.43)
<b>Total Reserves</b>	<b>\$ (55.20)</b>	<b>\$ (59.71)</b>	<b>\$ (62.20)</b>	<b>\$ (64.84)</b>	<b>\$ (67.49)</b>	<b>\$ (71.57)</b>	<b>\$ (73.11)</b>	<b>\$ (74.67)</b>	<b>\$ (76.28)</b>	<b>\$ (77.90)</b>
<b>Net Available</b>	<b>\$ 17.79</b>	<b>\$ 13.85</b>	<b>\$ 10.01</b>	<b>\$ 2.71</b>	<b>\$ 1.22</b>	<b>\$ 3.44</b>	<b>\$ 1.08</b>	<b>\$ 0.51</b>	<b>\$ 1.60</b>	<b>\$ 4.14</b>
<b>REVENUES</b>										
1% Property Tax Revenues	\$ 23.55	\$ 24.75	\$ 25.98	\$ 27.28	\$ 28.65	\$ 30.08	\$ 31.58	\$ 33.16	\$ 34.82	\$ 36.56
Settlement Agreement Reimbursement (CIP)	0.59	0.38	-	2.00	6.34	-	-	-	-	-
Grants and Reimbursements	0.30	0.21	-	-	-	-	-	-	-	-
One-time Water Sales	-	0.74	-	-	-	-	-	-	-	-
Investment Revenues	1.13	1.14	0.93	2.22	2.31	2.45	2.51	2.56	2.62	2.67
Investment, VWC payment	-	-	0.50	2.65	2.65	2.65	2.65	2.65	2.65	2.65
Reimbursement from Annexing Parties	0.40	0.35	0.44	0.47	0.49	0.51	0.54	0.57	0.59	0.62
<b>Total Revenues</b>	<b>\$ 25.97</b>	<b>\$ 27.57</b>	<b>\$ 27.85</b>	<b>\$ 34.62</b>	<b>\$ 40.44</b>	<b>\$ 35.69</b>	<b>\$ 37.28</b>	<b>\$ 38.94</b>	<b>\$ 40.68</b>	<b>\$ 42.50</b>
<b>EXPENDITURES</b>										
Debt Service - Existing Users	\$ (5.22)	\$ (6.19)	\$ (6.87)	\$ (7.70)	\$ (8.54)	\$ (9.93)	\$ (9.93)	\$ (9.92)	\$ (9.92)	\$ (9.92)
Debt Service - Future Users	(10.21)	(11.60)	(15.68)	(15.17)	(15.37)	(16.54)	(16.34)	(16.21)	(16.21)	(16.17)
Vista Canyon Recycled Water Credit	-	-	(0.31)	(1.05)	(0.83)	(0.77)	(0.41)	(0.15)	(0.08)	-
Major Capital Projects	(0.10)	(1.70)	(1.00)	(1.05)	(1.10)	(1.16)	(1.22)	(1.28)	(1.34)	(1.41)
Minor Capital Projects	(2.38)	(0.80)	(1.20)	(1.23)	(1.26)	(1.29)	(1.32)	(1.35)	(1.38)	(1.41)
Planning, Studies Admin, less BV/RRB Water	(1.97)	(2.16)	(2.21)	(2.26)	(2.31)	(2.37)	(2.42)	(2.48)	(2.54)	(2.60)
BV/RRB Water	(4.39)	(4.18)	(3.94)	(3.67)	(3.35)	(3.08)	(3.23)	(3.39)	(3.56)	(3.74)
New Capital Equipment	(0.37)	(1.21)	(0.50)	(0.51)	(0.52)	(0.54)	(0.55)	(0.56)	(0.58)	(0.59)
Repair and Replacement Projects	(0.77)	(1.08)	(0.80)	(0.82)	(0.84)	(0.86)	(0.88)	(0.90)	(0.92)	(0.94)
<b>Total Expenditures</b>	<b>\$ (25.41)</b>	<b>\$ (28.92)</b>	<b>\$ (32.51)</b>	<b>\$ (33.46)</b>	<b>\$ (34.12)</b>	<b>\$ (36.54)</b>	<b>\$ (36.30)</b>	<b>\$ (36.24)</b>	<b>\$ (36.53)</b>	<b>\$ (36.78)</b>
<b>Fund Balance, Available</b>	<b>\$ 18.35</b>	<b>\$ 12.50</b>	<b>\$ 5.35</b>	<b>\$ 3.87</b>	<b>\$ 7.54</b>	<b>\$ 2.59</b>	<b>\$ 2.06</b>	<b>\$ 3.21</b>	<b>\$ 5.75</b>	<b>\$ 9.86</b>

Facility Capacity Fee  
10-year Forecast  
(in millions)

	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
<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	\$ 8.00	\$ 8.01	\$ 7.76	\$ 8.09	\$ 8.33	\$ 8.75	\$ 9.11	\$ 9.37	\$ 9.64
Investment Revenues, non SCWD	-	-	-	-	-	-	-	-	-	-
Investment, VWC payment	0.30	0.30	0.30	1.62	1.62	1.62	1.62	1.62	1.62	1.62
Adjustments	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	\$ 8.30	\$ 8.30	\$ 8.31	\$ 9.38	\$ 9.71	\$ 9.95	\$ 10.37	\$ 10.73	\$ 10.99	\$ 11.26
<b>EXPENDITURES</b>										
Debt Service	(5.30)	(5.26)	(5.17)	(6.13)	(6.36)	(6.48)	(6.78)	(7.02)	(7.16)	(7.30)
BV/IRRB Water Supply	-	-	(2.88)	(2.98)	(3.09)	(3.21)	(3.32)	(3.44)	(3.57)	(3.70)
FCF Administration	(3.01)	(3.04)	(0.26)	(0.26)	(0.26)	(0.26)	(0.26)	(0.26)	(0.26)	(0.26)
Repay One Percent Property Tax	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	\$ (8.31)	\$ (8.30)	\$ (8.31)	\$ (9.37)	\$ (9.71)	\$ (9.95)	\$ (10.36)	\$ (10.72)	\$ (10.99)	\$ (11.26)
<b>Fund Balance, Available</b>	\$ 0.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(A)

(A) FY 16/17 ends in a negative number due to rounding.

Debt Coverage 5-year Forecast  
FY 2017/18 Budget

	<b>Budget</b>				
	<b>FY 2017/18</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>FY 2021/22</b>
<b>REVENUES</b>					
Facility Capacity Fees	\$ 8,000,000	\$ 8,007,600	\$ 7,763,800	\$ 8,094,700	\$ 8,328,900
1% Property Tax Revenues	24,747,300	25,984,665	27,283,898	28,648,093	30,080,498
Wholesale Water - Fixed Charges	14,549,900	14,161,551	14,022,068	15,026,564	14,913,318
Wholesale Water Sales - Variable Charges	8,000,000	9,832,260	10,000,000	11,000,000	12,000,000
Water Sales - Recycled and Saugus Wells	892,800	885,810	879,167	872,870	866,914
Investment revenues	1,720,600	1,806,924	6,566,622	6,657,418	6,797,417
Other Revenues (operating)	295,100	279,400	282,868	286,405	290,013
Settlement Agreement (CIP)	380,000	-	2,000,000	6,335,000	-
Settlement Agreement (O&M)	1,546,400	1,200,000	1,224,000	1,248,480	1,273,450
Grants and Reimbursements	207,500	-	-	-	-
Reimbursement from Annexing Parties	346,900	443,000	465,100	488,400	512,800
One-time Water Sales	1,650,000	-	-	-	-
<b>Total Revenues</b>	<b>\$ 62,336,500</b>	<b>\$ 62,601,211</b>	<b>\$ 70,487,524</b>	<b>\$ 78,657,930</b>	<b>\$ 75,063,310</b>
<b>Operations and Maintenance Costs (Operations)</b>	<b>\$ 24,546,700</b>	<b>\$ 26,434,021</b>	<b>\$ 26,536,616</b>	<b>\$ 28,081,132</b>	<b>\$ 30,187,217</b>
<b>Total System Net Revenues</b>	<b>\$ 37,789,800</b>	<b>\$ 36,167,189</b>	<b>\$ 43,950,907</b>	<b>\$ 50,576,798</b>	<b>\$ 44,876,093</b>
<b>Senior Debt Service</b>					
1999 COP	-	-	-	-	10,445,000
<b>Total Senior Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,445,000</b>
<b>Senior Debt Service Coverage *</b>	N/A	N/A	N/A	N/A	4.30
<b>Net Revenues Available after Senior Debt Service</b>	<b>\$ 37,789,800</b>	<b>\$ 36,167,189</b>	<b>\$ 43,950,907</b>	<b>\$ 50,576,798</b>	<b>\$ 34,431,093</b>
<b>Subordinate Debt Service</b>					
2008A COP	\$ 5,739,958	\$ 5,945,417	\$ 6,049,303	\$ 6,098,284	\$ -
2010A COP	5,278,906	5,284,056	5,273,681	5,274,506	5,265,681
2014A Revenue Bonds	3,149,400	3,135,100	3,146,500	3,146,750	-
2015A Revenue Bonds	5,036,725	5,021,850	5,018,550	5,021,650	5,008,750
2016A Revenue Refunding Bonds	2,528,900	2,523,950	2,523,600	2,518,400	2,518,400
2016A Revenue Bonds	1,960,450	1,963,350	1,965,800	1,967,225	1,964,850
2019 Revenue Bonds (projected)	-	863,683	1,940,950	1,939,175	1,942,150
2021 Revenue Bonds (projected)	-	-	-	1,107,663	2,487,900
<b>Total Subordinate Debt Service</b>	<b>\$ 23,694,339</b>	<b>\$ 24,737,406</b>	<b>\$ 25,918,384</b>	<b>\$ 27,073,653</b>	<b>\$ 19,187,731</b>
<b>Total Debt Service Coverage</b>	1.59	1.46	1.70	1.87	1.51
<b>Revenues Available for Other Purposes</b>	<b>\$ 14,095,461</b>	<b>\$ 11,429,783</b>	<b>\$ 18,032,523</b>	<b>\$ 23,503,146</b>	<b>\$ 15,243,362</b>

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



**[This page intentionally left blank.]**

**CASTAIC LAKE WATER AGENCY  
STATEMENT OF INVESTMENT POLICY**

*(Board Approved; Re-adopted February 2017; 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; revised March 2012, February 2014, February 2015; re-adopted February 2016)*

**CASTAIC LAKE WATER AGENCY  
DEBT MANAGEMENT POLICY  
(WHOLESALE WATER SYSTEM)**

*(Board Approved; Revised January 22, 2014; Revised February 22, 2017)*

**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. Bond proceeds can also be used to refinance obligations of the wholesale system.

**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 tax-exempt 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% for current refundings and 5% for advance refundings of the par of debt refunded on a net present value (NPV) basis. The target savings levels serve only as a guidelines and the Agency may determine that different savings targets are 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.

### **Internal Controls**

The Agency will maintain segregation of duties and will provide reconciliation and documentation controls.

To ensure bond proceeds from bond sales are used in accordance with legal requirements, invoices are submitted by the appropriate Project Manager and are approved for payment by the appropriate Department Manager and/or delegated staff/supervisor, the Controller and the General Manager for payment. In the case of an issuance of bonds for which the proceeds will be used by a government entity other than the Agency, the Agency may rely upon a certification by such other governmental entity that it has adopted the policies described in SB 1029.

A separate fund and/or account will be setup to hold proceeds from bond sales to ensure only properly approved invoices are paid as permitted per legal requirements.

Debt issuance transactions are approved by the Board of Directors.

Responsibility for general ledger reconciliations and records is segregated from the invoice processing, cash receipting and cash disbursement functions.

**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. This policy is intended to comply with SB 1029.

*(Originally Adopted March 2006; revised January 2014; revised January 2017)*

## **CASTAIC LAKE WATER AGENCY DERIVATIVES POLICY**

*(Board Approved; Revised January 2014; re-adopted February 22, 2017)*

### **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; re-adopted February 2017)*



**[This page intentionally left blank.]**

**CASTAIC LAKE WATER AGENCY  
DISCLOSURE PROCEDURES POLICY**

*(Board Approved; Originally Adopted March 2014; re-adopted February 22, 2017)*

**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; re-adopted January 2017)*

**[This page intentionally left blank.]**

**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)*



**[This page intentionally left blank.]**

**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)*

**[This page intentionally left blank.]**

**RESOLUTION NO. 3167**

**RESOLUTION OF THE CASTAIC LAKE WATER AGENCY  
BOARD OF DIRECTORS  
ADOPTING THE BUDGET  
FOR FISCAL YEAR 2017/18  
AND AMENDING THE FISCAL YEAR 2016/17 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) 2017/18 Budget, including sections on the Operating Budget and Capital Expenditures; and

**WHEREAS**, the Board of Directors has reviewed the revised FY 2016/17 Budget for the one percent property tax fund to reflect a contractually-required increase in the cost of the Buena Vista/Rosedale Rio Bravo Water Supply.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Castaic Lake Water Agency hereby:

1. Adopts the FY 2017/18 Budget (Attachment A).
2. Appropriates the Operating Expenditures, Capital Expenditures, and Debt Principal and Interest Payment for each fund for FY 2017/18 as shown in the FY 2017/18 Financial Summary (Attachment A).
3. Authorizes the General Manager to make interfund transfers up to the amounts shown in the FY 2017/18 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 2016/17 Budget for the one percent property tax fund as shown in the FY 2016/17 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 regular meeting of the Board of Directors of said Agency held on May 24, 2017, the foregoing Resolution No. 3167 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 24, 2017



  
\_\_\_\_\_  
Secretary



# ATTACHMENT A

Castaic Lake Water Agency  
Financial Summary  
FY 2017/18 Budget

Description	Capital Improvement Program							TOTAL
	General Fund/ Operating	Pledged Revenue Fund			Total Capital Improvement Program	State Water Contract Fund	Debt Service Fund	
		Facility Capacity Fee	One Percent Property Tax	Capital Project Fund				
<b>Fund Balance 7/1/2017 (Estimated)</b>	\$ 11,159,015	\$ -	\$ 73,557,593	\$ 31,678,892	\$ 105,236,485	\$ 46,928,679	\$ 5,349,556	\$ 168,673,735
<b>RESERVES:</b>								
Operating Reserve	\$ (6,136,700)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,136,700)
Debt Service Reserves	-	-	(18,344,800)	-	(18,344,800)	-	-	(18,344,800)
Capital Reserves	-	-	(11,126,800)	-	(11,126,800)	-	-	(11,126,800)
Economic Uncertainties/Catastrophic Situations	-	-	(27,488,900)	-	(27,488,900)	-	-	(27,488,900)
Repair and Replacement Reserves (new)	-	-	(2,750,200)	-	(2,750,200)	-	-	(2,750,200)
Trustee Held	-	-	-	-	-	-	(5,349,556)	(5,349,556)
<b>Subtotal</b>	\$ (6,136,700)	\$ -	\$ (59,710,700)	\$ -	\$ (59,710,700)	\$ -	\$ (5,349,556)	\$ (71,196,956)
<b>Net Available</b>	\$ 5,022,315	\$ -	\$ 13,846,893	\$ 31,678,892	\$ 45,525,785	\$ 46,928,679	\$ -	\$ 97,476,779
<b>REVENUES:</b>								
Water Sales - Fixed Charges	\$ 14,549,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,549,900
Water Sales - Variable	8,000,000	-	-	-	-	-	-	8,000,000
Recycled Water Sales	265,500	-	-	-	-	-	-	265,500
Saugus 1 and 2 Water Sales	627,300	-	-	-	-	-	-	627,300
One-time Water Sales	412,500	494,000	743,500	-	1,237,500	-	-	1,650,000
Laboratory Revenues	106,000	-	-	-	-	-	-	106,000
Communications Revenues	170,000	-	-	-	-	-	-	170,000
Facility Capacity Fees	-	8,000,000	-	-	8,000,000	-	-	8,000,000
One Percent Property Tax	-	-	24,747,300	-	24,747,300	-	-	24,747,300
Agency Set Property Tax	-	-	-	-	-	29,822,800	-	29,822,800
Settlement Agreement (CIP)	-	-	-	-	380,000	-	-	380,000
Settlement Agreement (O&M)	1,546,400	-	-	-	-	-	-	1,546,400
Grants and Reimbursements	-	-	207,500	1,900,000	2,107,500	-	-	2,107,500
Investment Revenues	107,400	302,400	1,135,000	175,800	1,613,200	401,000	152,000	2,273,600
Miscellaneous	19,100	-	346,900	-	346,900	-	-	366,000
<b>Subtotal</b>	\$ 25,804,100	\$ 8,796,400	\$ 27,560,200	\$ 2,075,800	\$ 38,432,400	\$ 30,223,800	\$ 152,000	\$ 94,612,300
<b>EXPENDITURES:</b>								
Operating	\$ (24,546,700)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (24,546,700)
Capital Improvement Program	-	(3,038,900)	(11,126,800)	(21,458,000)	(35,623,700)	-	-	(35,623,700)
Department of Water Resources	-	-	-	-	-	(32,570,000)	-	(32,570,000)
Debt Service Principal and Interest Payments	-	(5,757,500)	(17,785,900)	-	(23,543,400)	-	(152,000)	(23,695,400)
<b>Subtotal</b>	\$ (24,546,700)	\$ (8,796,400)	\$ (28,912,700)	\$ (21,458,000)	\$ (59,167,100)	\$ (32,570,000)	\$ (152,000)	\$ (116,435,800)
<b>Fund Balance</b>	\$ 6,279,715	\$ -	\$ 12,494,393	\$ 12,296,692	\$ 24,791,085	\$ 44,582,479	\$ -	\$ 75,653,279
Addition to Reserves	-	-	-	-	-	-	-	-
<b>Available Fund Balance 6/30/2018 (Estimated)</b>	\$ 6,279,715	\$ -	\$ 12,494,393	\$ 12,296,692	\$ 24,791,085	\$ 44,582,479	\$ -	\$ 75,653,279

# ATTACHMENT B

Castaic Lake Water Agency  
Financial Summary  
FY 2016/17 Estimated

Description	Capital Improvement Program						TOTAL	
	General Fund/ Operating	Pledged Revenue Fund Facility Capacity Fee	One Percent Property Tax	Capital Project Fund	Total Capital Improvement Program	State Water Contract Fund		Debt Service Fund
<b>Fund Balance 7/1/2016</b>	\$ 10,277,815	\$ -	\$ 72,989,193	\$ 36,594,192	\$ 109,583,385	\$ 40,334,279	\$ 5,349,556	\$ 165,545,035
<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>	\$ 4,357,815	\$ -	\$ 17,798,493	\$ 36,594,192	\$ 54,392,685	\$ 40,334,279	\$ -	\$ 99,084,779
<b>REVENUES:</b>								
Water Sales - Fixed Charges	\$ 13,603,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,603,800
Water Sales - Variable	7,275,700	-	-	-	-	-	-	7,275,700
Recycled Water Sales	253,400	-	-	-	-	-	-	253,400
Saugus 1 and 2 Water Sales	656,000	-	-	-	-	-	-	656,000
One-time Water Sales	-	-	-	-	-	-	-	-
Laboratory Revenues	103,000	-	-	-	-	-	-	103,000
Communications Revenues	168,000	-	-	-	-	-	-	168,000
Facility Capacity Fees	-	8,000,000	-	-	8,000,000	-	-	8,000,000
One Percent Property Tax	-	-	23,547,300	-	23,547,300	-	-	23,547,300
Agency Set Property Tax	-	-	-	-	-	28,422,800	-	28,422,800
Settlement Agreement (CIP)	-	-	-	-	-	-	-	-
Settlement Agreement (O&M)	1,223,400	-	590,000	-	590,000	-	-	1,223,400
Grants and Reimbursements	101,200	-	302,000	2,375,900	2,677,900	-	-	2,779,100
Investment Revenues	106,400	302,400	1,128,100	226,200	1,656,700	371,300	151,800	2,286,200
Miscellaneous	19,100	-	401,800	-	401,800	-	-	420,900
<b>Subtotal</b>	\$ 23,510,000	\$ 8,302,400	\$ 25,969,200	\$ 2,602,100	\$ 36,873,700	\$ 28,794,100	\$ 151,800	\$ 89,329,600
<b>EXPENDITURES:</b>								
Operating	\$ (22,628,800)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,628,800)
Capital Improvement Program	-	(3,006,400)	(9,975,700)	(7,517,400)	(20,499,500)	-	-	(20,499,500)
Department of Water Resources	-	-	-	-	-	(22,199,700)	-	(22,199,700)
Debt Service Principal and Interest Payments	-	(5,296,000)	(15,425,100)	-	(20,721,100)	-	(151,800)	(20,872,900)
<b>Subtotal</b>	\$ (22,628,800)	\$ (8,302,400)	\$ (25,400,800)	\$ (7,517,400)	\$ (41,220,600)	\$ (22,199,700)	\$ (151,800)	\$ (86,200,900)
<b>Fund Balance</b>	\$ 5,239,015	\$ -	\$ 18,366,893	\$ 31,678,892	\$ 50,045,785	\$ 46,928,679	\$ -	\$ 102,213,479
Addition to Reserves	-	-	-	-	-	-	-	-
<b>Available Fund Balance 6/30/2017 (Estimated)</b>	\$ 5,239,015	\$ -	\$ 18,366,893	\$ 31,678,892	\$ 50,045,785	\$ 46,928,679	\$ -	\$ 102,213,479

**[This page intentionally left blank.]**

RESOLUTION NO. 3165

RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE CASTAIC LAKE WATER AGENCY  
ADOPTING THE APPROPRIATION LIMIT  
FOR FY 2017/18

**WHEREAS**, the Agency's General Manager has caused to be prepared a calculation of the Agency's annual appropriation limit for the Agency FY 2017/18; 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 \$34,170,105 as its FY 2017/18 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 24, 2017, the foregoing Resolution No. 3165 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.

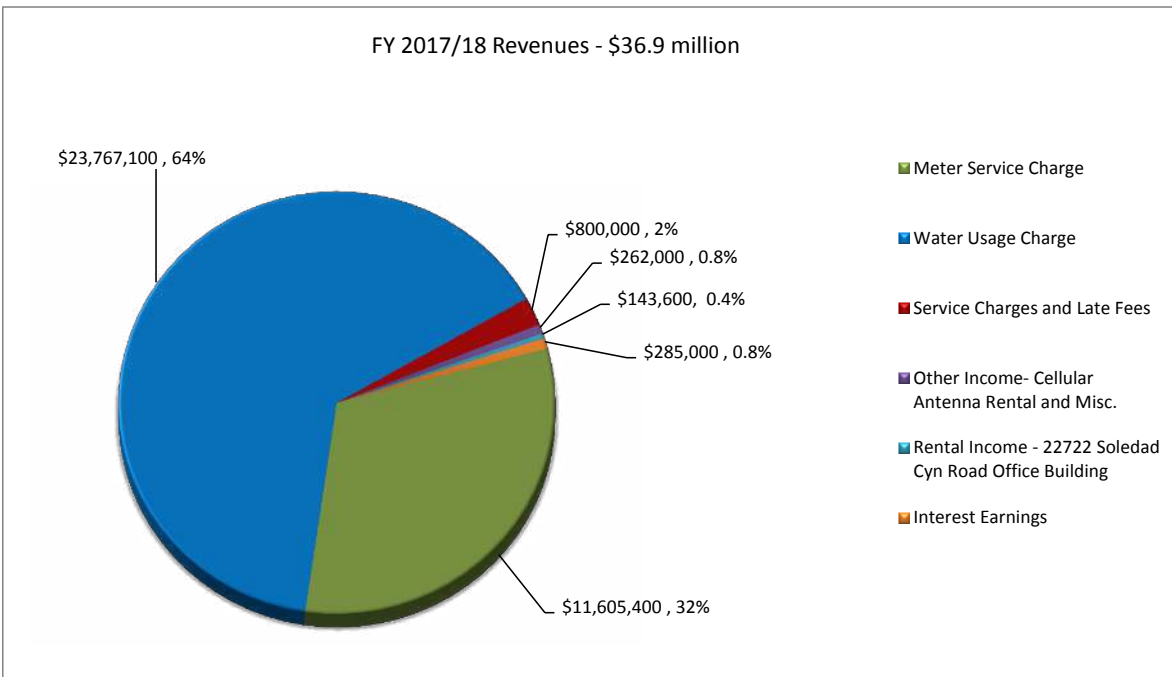
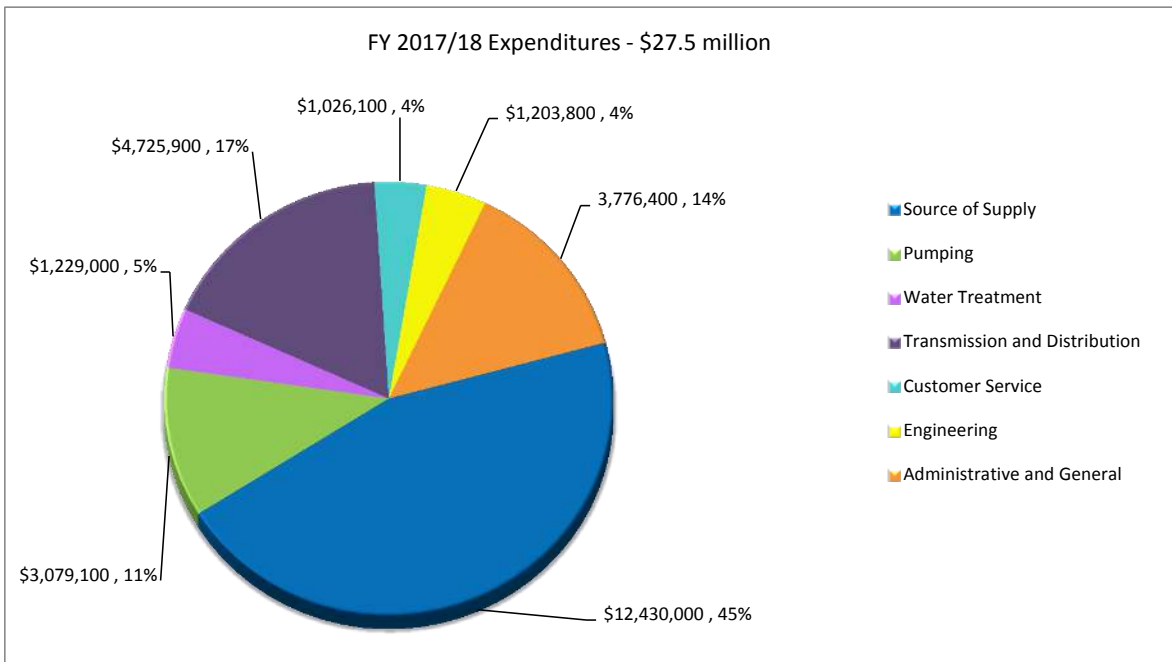
DATED: May 24, 2017

  
Secretary



**[This page intentionally left blank.]**

### Retail System Financial Summary FY 2017/18 Budget



Santa Clarita Water  
Financial Summary  
FY 2017/18 Budget

FY 2016/17  
Estimated vs.  
FY 2017/18

	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2016/17 Variance	FY 2016/17 % Variance	FY 2017/18 Budget	Budget % Variance
<b>Santa Clarita Water Division</b>						
<b>Total Operating Revenues</b>	\$ 28,840,800	\$ 31,520,272	\$ 2,679,472	8.5%	\$ 36,172,500	15.0%
<b>Operating Expenditures</b>						
Source of Supply	10,936,100	11,366,434	430,334	3.8%	12,430,000	9.0%
Pumping	2,674,400	2,821,420	147,020	5.2%	3,079,100	9.0%
Water Treatment	1,178,000	1,126,416	(51,584)	-4.6%	1,229,000	9.0%
Transmission and Distribution	4,681,300	4,492,854	(188,446)	-4.2%	4,725,900	5.0%
Customer Service	1,012,800	985,688	(27,112)	-2.8%	1,026,100	4.0%
Engineering	1,002,900	895,789	(107,111)	-12.0%	1,203,800	34.0%
Administrative and General	3,574,400	3,494,659	(79,741)	-2.3%	3,776,400	8.0%
<b>Total Operating Expenses</b>	25,059,900	25,183,260	123,360	0.5%	27,470,300	9.0%
<b>Operating Income</b>	3,780,900	6,337,012	2,556,112	40.3%	8,702,200	37.0%
<b>Non-Operating Revenue/(Expense)</b>						
Other Income - Cellular Antenna Rental and Miscellaneous	286,000	259,967	(26,033)	-10.0%	262,000	1.0%
Rental Income - 22722 Soledad Canyon Road Office Building	134,400	134,394	(6)	0.0%	143,600	7.0%
Interest Earnings - SCWD Fund	236,000	282,866	46,866	16.6%	285,000	1.0%
Interest Expense - COP Series 2010 B (Capital Projects)	(670,588)	(670,582)	6	0.0%	(666,238)	-1.0%
Interest Expense - Revenue Bond Series 2011 A (Retail Acquisition Repayment)	(2,138,513)	(2,138,480)	33	0.0%	(2,077,138)	-3.0%
<b>Total Non-Operating, Net</b>	(2,152,701)	(2,131,835)	20,866	-1.0%	(2,052,776)	-4.0%
<b>Net Income Before Debt Principal Payment</b>	1,628,199	4,205,177	2,576,978	61.3%	6,649,424	58.0%
Principal Payment - COP Series 2010 B (Capital Projects)	-	-	-		(290,000)	
Principal Payment - Revenue Bond Series 2011 A (Retail Acquisition Repayment)	-	-	-		(2,455,000)	
<b>Increase/(Decrease) to Fund Balance</b>	1,628,199	4,205,177	2,576,978	61.3%	3,904,424	-7.2%
<b>Total Revenue Requirements</b>	<u>\$ 28,840,800</u>	<u>\$ 31,520,272</u>	<u>\$ 2,679,472</u>	<u>8.5%</u>	<u>\$ 36,172,500</u>	<u>15.0%</u>

	FY 2017/18 Estimated Beginning Balance	FY 2017/18 Additions	FY 2017/18 Use of Funds	FY 2017/18 Estimated Ending Balance
<b>Santa Clarita Water Division</b>				
<b>Fund Summary</b>				
Developer Refundable Deposit	\$ 3,990,386	\$ -	\$ -	\$ 3,990,386
Expansion Fund	4,516,840	2,000,000	(1,555,500)	4,961,340
CIP Fund	-	5,536,400	(5,536,400)	-
Operating Reserve Fund	6,265,000	602,600	-	6,867,600
Rate Stabilization Reserve Fund	2,884,080	2,541,795	-	5,425,875
Capital Reserve Fund	1,000,000	4,000,000	-	5,000,000
Emergency Reserve Fund	1,000,000	1,200,000	-	2,200,000
Liability Repayment Reserve Fund	-	2,000,000	-	2,000,000
Unrestricted Reserve Fund	16,210,254	-	(11,976,371)	4,233,883
<b>Total Funds Available</b>	<u>\$ 35,866,560</u>	<u>\$ 17,880,795</u>	<u>\$(19,068,271)</u>	<u>\$ 34,679,084</u>

Summary of Personnel Costs  
FY 2017/18 Budget

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Source of Supply</b>				
Salary	\$ 122,136	\$ 141,700	\$ 142,683	\$ 151,400
Burden and Benefits	44,333	73,000	78,404	82,500
<b>Pumping</b>				
Salary	\$ 344,142	\$ 403,600	\$ 407,366	\$ 447,000
Burden and Benefits	84,362	206,300	209,586	254,000
<b>Water Treatment</b>				
Salary	\$ 362,356	\$ 401,400	\$ 386,480	\$ 415,500
Burden and Benefits	137,614	205,800	198,588	225,000
<b>Transmission and Distribution</b>				
Salary	\$ 1,598,781	\$ 1,906,200	\$ 1,824,573	\$ 1,898,000
Burden and Benefits	743,188	1,029,000	985,646	1,040,000
<b>Customer Service</b>				
Salary	\$ 323,407	\$ 332,900	\$ 340,573	\$ 365,000
Burden and Benefits	123,053	185,200	193,774	215,000
<b>Engineering</b>				
Salary	\$ 302,214	\$ 462,300	\$ 398,139	\$ 470,000
Burden and Benefits	71,352	236,200	208,013	246,000
<b>Administrative and General</b>				
Salary	\$ 597,264	\$ 799,200	\$ 780,931	\$ 801,200
Shared Staff Salary/Burden and Benefits	519,834	620,500	608,174	720,200
	190,633	390,200	391,079	423,000
<b>TOTAL</b>				
Salary	\$ 3,650,300	\$ 4,447,300	\$ 4,280,745	\$ 4,548,100
Shared Staff Salary/Burden and Benefits*	519,834	620,500	608,174	720,200
Burden and Benefits	1,394,535	2,325,700	2,265,090	2,485,500
<b>Total Personnel Costs</b>	<b>\$ 5,564,669</b>	<b>\$ 7,393,500</b>	<b>\$ 7,154,009</b>	<b>\$ 7,753,800</b>
<b>Burden and Benefits as a % of Salary</b>	<b>38.20%</b>	<b>52.29%</b>	<b>52.91%</b>	<b>54.65%</b>

\* **Agency-wide Position Allocation - Salary and Associated Benefits**

Administrative Services Manager  
Assistant General Manager  
Senior Accounting Technician  
Controller  
Facilities Maintenance Technician  
Human Resources Analyst  
Human Resources Analyst  
Human Resources/Risk Management Supervisor  
Human Resources/Risk Management Administrative Technician  
Information Technology Technician - Senior  
Information Technology Technician  
Safety Officer



Staff Count\*  
FY 2017/18 Budget

Authorized Staff	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
<b>Retail Administration</b>				
Retail Manager	1	1	1	1
Retail Administrative Officer	1	1	1	1
Executive Assistant	1	1	1	1
Accountant	1	1	1	1
Accounting Technician II	1	1	1	1
Administrative Technician	A 0.5	0.5	0.5	0.5
Financial Analyst	1	1	1	1
Conservation Specialist II	1	1	-	1
	<u>7.5</u>	<u>7.5</u>	<u>6.5</u>	<u>7.5</u>
<b>Customer Service</b>				
Customer Service Supervisor	1	1	1	1
Administrative Technician	A 0.5	0.5	0.5	0.5
Customer Service Representative II	4	4	4	4
	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>
<b>Engineering</b>				
Principal Engineer	-	-	-	1
Senior Engineer	1	1	1	-
Civil Engineer	1	1	1	1
Administrative Technician	1	1	1	1
Inspector	2	2	2	2
Engineering Technician II	2	3	3	3
	<u>7</u>	<u>8</u>	<u>8</u>	<u>8</u>
<b>Operations</b>				
Operations Superintendent	1	1	1	1
Administrative Technician	1	2	1	2
Warehouseman/Mechanic	1	1	1	1
Utility Maintenance Supervisor	1	1	1	1
Senior Utility Worker	3	3	3	3
Senior Field Customer Service Representative	1	1	1	1
Field Customer Service Representative II	5	6	6	6
Utility Worker II	9	9	9	9
Production Supervisor	1	1	1	1
Senior Production Operator	3	3	3	3
Senior Instrumentation Technician	-	-	-	1
Production Operator II	7	9	9	9
	<u>33</u>	<u>37</u>	<u>36</u>	<u>38</u>
<b>Total</b>	<b>53</b>	<b>58</b>	<b>56</b>	<b>59</b>

\* This chart reflects authorized positions. Positions may be under-filled with lower-level classifications.

A. Allocation of employee between two Departments.

Reserve Funds  
FY 2017/18 Budget

**Operating Reserve Fund - 25% of Annual Operating Expense Budget**

The Operating Reserve Fund is used for working cash and unscheduled costs relating to the operation of the retail water system. Additions to the Operating Reserve Fund come from retail water revenues. The fund was established in January 2004 to reach the target by June 2014. Currently the Operating Reserve Fund is set at 25% of annual operating expense budget.

**Rate Stabilization Reserve Fund - 15% of Annual Operating Revenue Budget**

The Rate Stabilization Fund covers variations in water sales resulting from unusual seasons, major consumption reduction due to voluntary conservation and to adjust for net loss of revenues in the event of a catastrophic loss of water supplies which serves to buffer rate increases due to temporary reductions in water sales. Currently the Rate Stabilization Fund is set at 10% of annual operating revenue budget. Staff has proposed an increase to 15% pending Board approval in FY 2017/18.

**Capital Reserve Fund - \$1,000,000**

The Capital Reserve Fund is to cover unexpected and unplanned infrastructure and replacement repairs not included in the budget. The Fund was established in November 2013 to reach the target by June 2014. Currently the Capital Reserve Fund is set at a flat amount of \$1,000,000. Staff is proposing an increase to \$5,000,000 which is the average annual CIP and industry standard pending Board approval in FY 2017/18.

**Emergency Reserve Fund - \$1,000,000**

The Emergency Reserve Fund is to cover emergency repairs due to unforeseen natural disasters such as earthquake, fire, etc. The Emergency Fund would assist to cover immediate repairs to restore SCWD's operations for continued water delivery to its customers. The fund was established during the FY 2015/16 budget process and to reach the target by June 2016. Currently the Emergency Reserve Fund is set at a flat amount of \$1,000,000, staff is proposing to increase to \$2,200,000 which is approximately 2 percent of net capital assets per industry standards and FEMA guidelines pending Board approval in FY 2017/18.

**Liability Repayment Reserve Fund - \$0**

The Liability Repayment Reserve Fund is currently set at zero balance. This is a new proposed reserve fund to mitigate significant future financial impacts for long term debts such as CalPERS Unfunded Liability, OPEB Liability and other such liabilities. It can also be used for future refunding of 2010B COP and/or 2011A Revenue Bond in order to reduce future interest expense. This reserve fund is being proposed by staff for Board consideration and approval in FY 2017/18.

**Unrestricted Reserve Fund**

The Unrestricted Reserve Fund balance is the residual net resources in excess of the Operating Reserve Fund, Rate Stabilization Reserve Fund, Capital Reserve Fund, Emergency Reserve Fund, Liability Repayment Reserve Fund and the CIP Fund. The Unrestricted Fund can be used to fund future CIP, increase existing or add new Reserve Funds and/or mitigate any future risks and ensure the Division's creditworthiness. Unrestricted Reserve amounts are available for any purposes approved by the Board of Directors. The liquidity of the Unrestricted Reserve Fund helps to maintain and strengthen the Division's credit rating.

Reserve Funds  
FY 2017/18 Budget

Reserve Fund	FY 2017/18 Estimated Beginning Balance	Additions to Reserves	Uses of Fund	FY 2017/18 Estimated Ending Balance
Operating Reserve Fund	\$ 6,265,000	\$ 602,600	\$ -	\$ 6,867,600
Rate Stabilization Reserve Fund	2,884,080	2,541,795	-	5,425,875 *
Capital Reserve Fund	1,000,000	4,000,000	-	5,000,000 *
Emergency Reserve Fund	1,000,000	1,200,000	-	2,200,000 *
Liability Repayment Reserve Fund	-	2,000,000	-	2,000,000 *
Unrestricted Reserve Fund	16,210,254	-	(11,976,371)	4,233,883
<b>Total</b>	<b>\$ 27,359,334</b>	<b>\$ 10,344,395</b>	<b>\$(11,976,371)</b>	<b>\$ 25,727,358</b>

Reserve Fund	FY 2017/18 Estimated Beginning Balance	Target as of 6/30/2018*	% of Target	Funding Level
Operating Reserve Fund <sup>1</sup>	\$ 6,265,000	\$ 6,867,600	100%	25% of Annual Operating Budget
Rate Stabilization Reserve Fund <sup>2</sup>	2,884,080	5,425,875 *	100%	15% of Annual Operating Revenues
Capital Reserve Fund	1,000,000	5,000,000 *	100%	Flat amount
Emergency Reserve Fund	1,000,000	2,200,000 *	100%	Flat amount
Liability Repayment Reserve Fund	-	2,000,000 *	100%	Flat amount
Unrestricted Reserve Fund	16,210,254	4,233,883		
<b>Total Reserve Funds</b>	<b>\$ 27,359,334</b>	<b>\$ 25,727,358</b>		

\*Proposed in FY 2017/18, pending Board approval

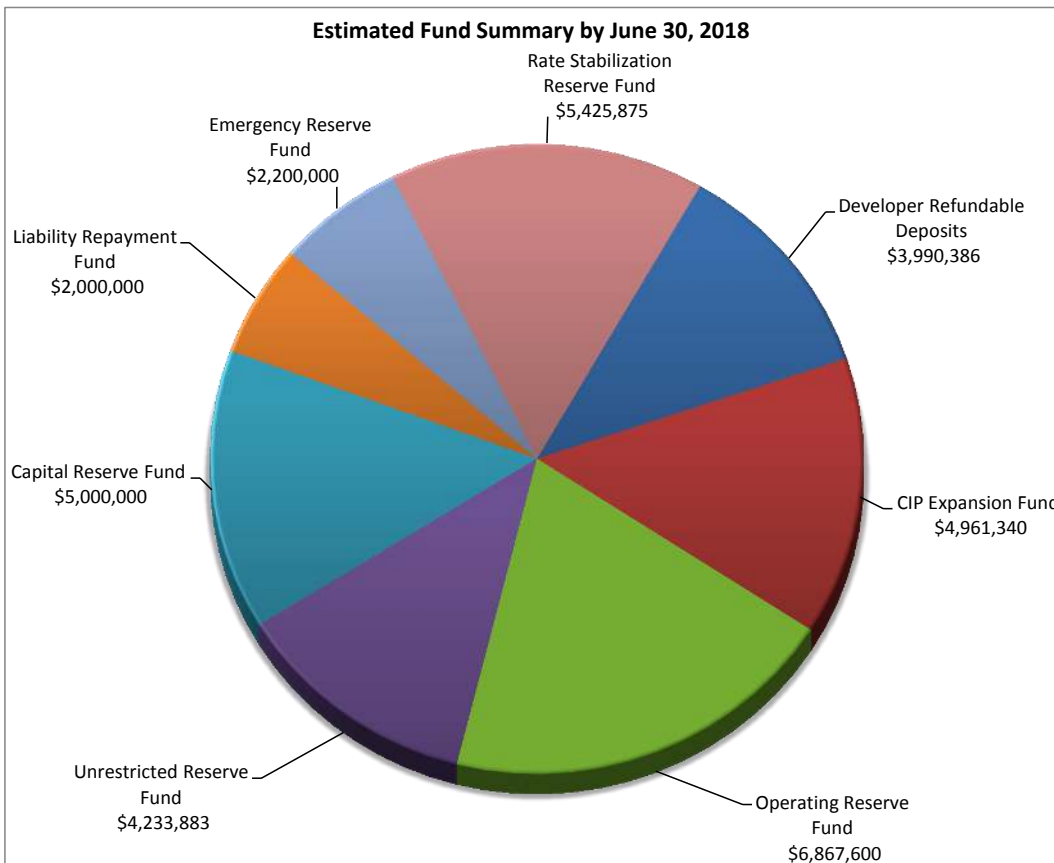
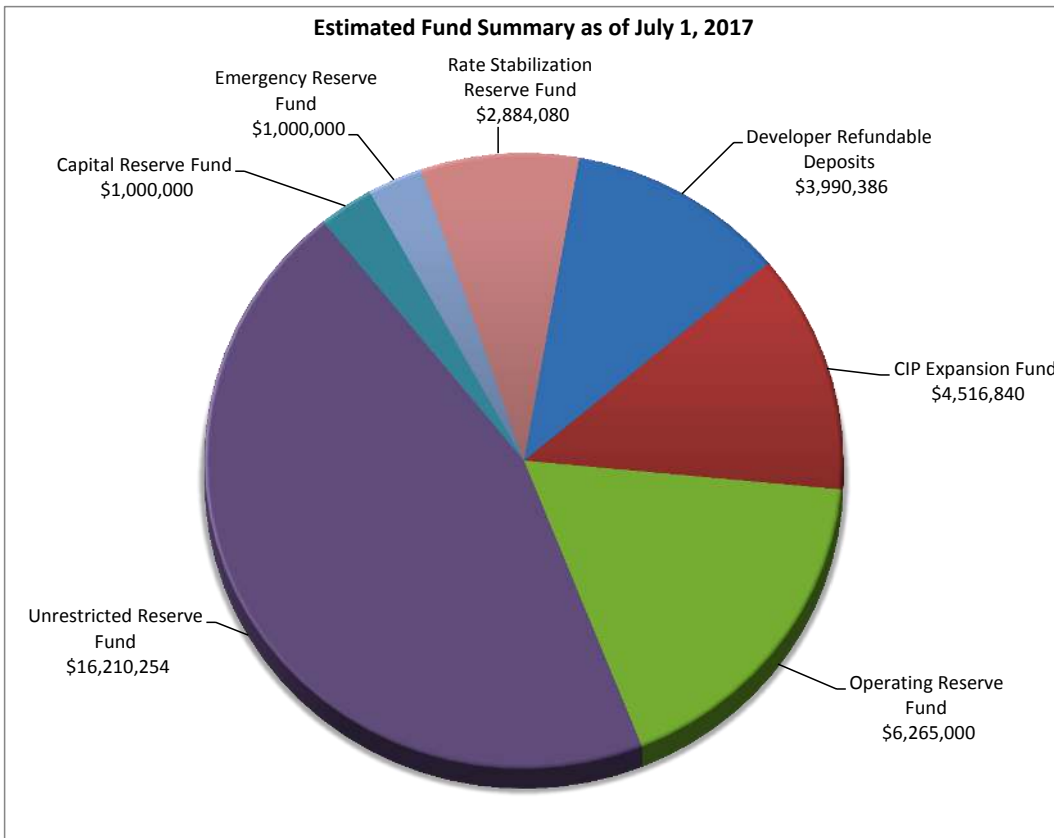
<sup>1</sup> Operating Reserve Fund - 25% of Annual Operating Expense Budget

FY 2017/18 Annual Operating Expense Budget	\$ 27,470,300
	25%
Target Balance	\$ 6,867,600

<sup>2</sup> Rate Stabilization Reserve Fund - 15% of Annual Operating Revenue Budget

FY 2017/18 Operating Revenues	\$ 36,172,500
	15%
Target Balance	\$ 5,425,875

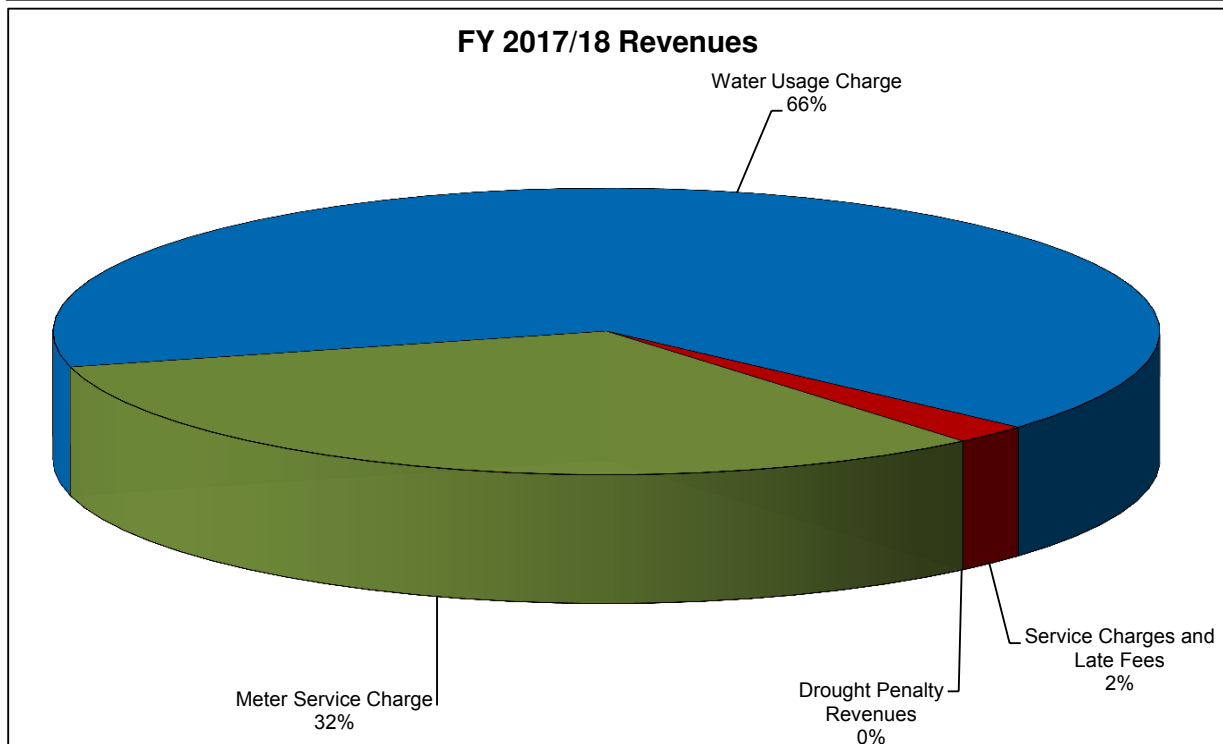
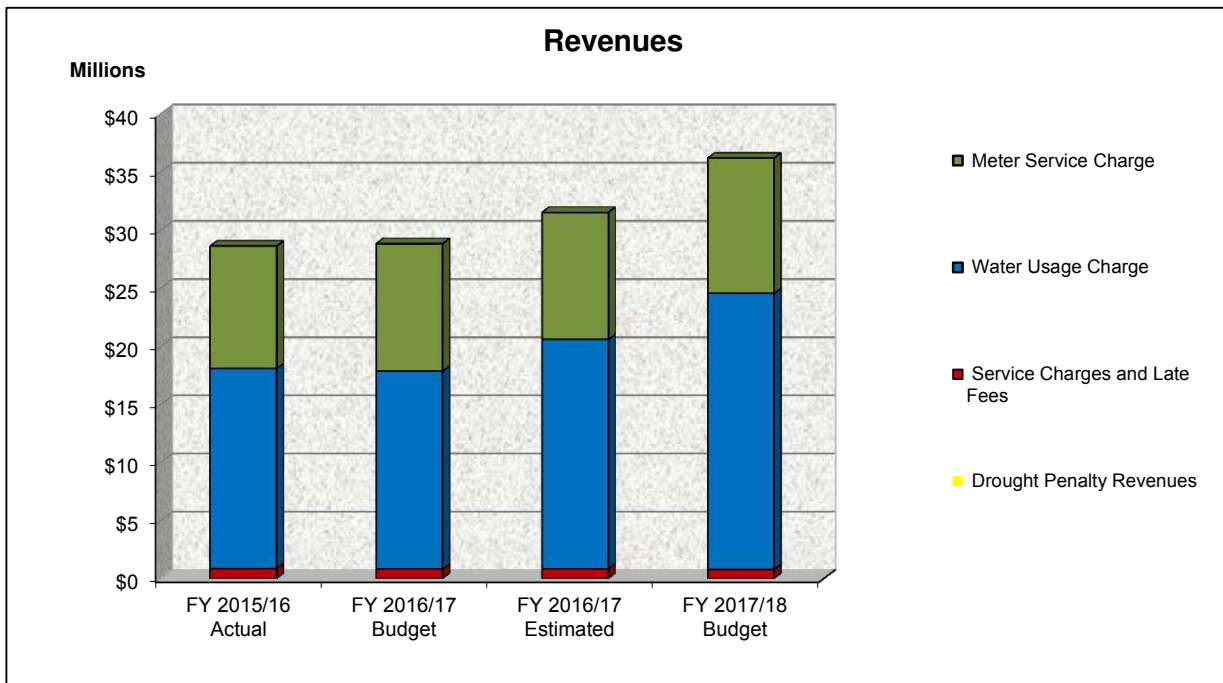
Retail System Fund Balance Summary  
FY 2017/18 Budget



**[This page intentionally left blank.]**

**Operating Revenues  
FY 2017/18 Budget**

<b>Operating Revenues</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
Meter Service Charge	\$ 10,526,167	\$ 10,967,300	\$ 10,902,123	\$ 11,605,400
Water Usage Charge	17,227,352	17,058,500	19,775,923	23,767,100
Service Charges and Late Fees	857,093	800,000	834,126	800,000
Drought Penalty Revenues	14,100	15,000	8,100	-
<b>Total Operating Revenues</b>	<b>\$28,624,712</b>	<b>\$28,840,800</b>	<b>\$31,520,272</b>	<b>\$36,172,500</b>



Revenues  
FY 2016/17 Budget vs FY 2017/18 Budget

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2017/18 Budget	Change from FY 2016/17 Budget	% Change	*
<b>Operating Revenues</b>						
Meter Service Charge	\$ 10,526,167	\$ 10,967,300	\$ 11,605,400	\$ 638,100	6%	
Water Usage Charge	17,227,352	17,058,500	23,767,100	6,708,600	39%	A
Service Charges and Late Fees	857,093	800,000	800,000	-	0%	
Drought Penalty Revenues	14,100	15,000	-	(15,000)	-100%	
<b>Total Operating Revenues</b>	<b>\$ 28,624,712</b>	<b>\$ 28,840,800</b>	<b>\$ 36,172,500</b>	<b>\$ 7,331,700</b>	<b>25%</b>	

*Growth budgeted at 500 new services*

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Budget:

- A. Water Usage Charge revenue increases \$6,708,600 due to a combination of estimated growth in customer accounts and a 34 percent increase in consumption from prior year budget due to the rescinding of the drought proclamation by Governor Brown on April 7, 2017. Part of the 34 percent is due to grading operations for a major development under construction, 12 percent.

Revenues  
FY 2016/17 Estimated vs. FY 2017/18 Budget

	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>	<b>Change from FY 2016/17 Estimated</b>	<b>% Change</b>	*
<b><u>Operating Revenues</u></b>						
Meter Service Charge	\$ 10,526,167	\$ 10,902,123	\$ 11,605,400	\$ 703,277	6%	
Water Usage Charge	17,227,352	19,775,923	23,767,100	3,991,177	20%	A
Service Charges and Late Fees	857,093	834,126	800,000	(34,126)	-4%	
Drought Penalty Revenues	14,100	8,100	-	(8,100)	-100%	
<b>Total Operating Revenues</b>	<b>\$ 28,624,712</b>	<b>\$ 31,520,272</b>	<b>\$ 36,172,500</b>	<b>\$ 4,652,228</b>	<b>15%</b>	

*Growth budgeted at 500 new services*

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Estimated:

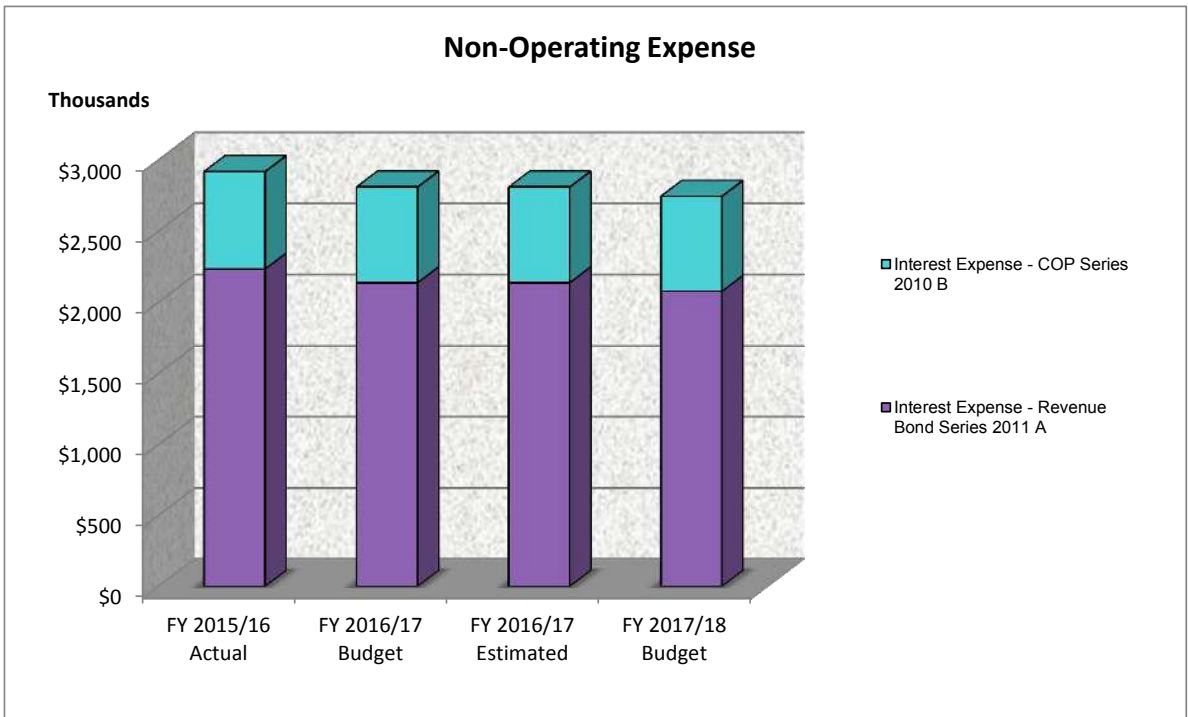
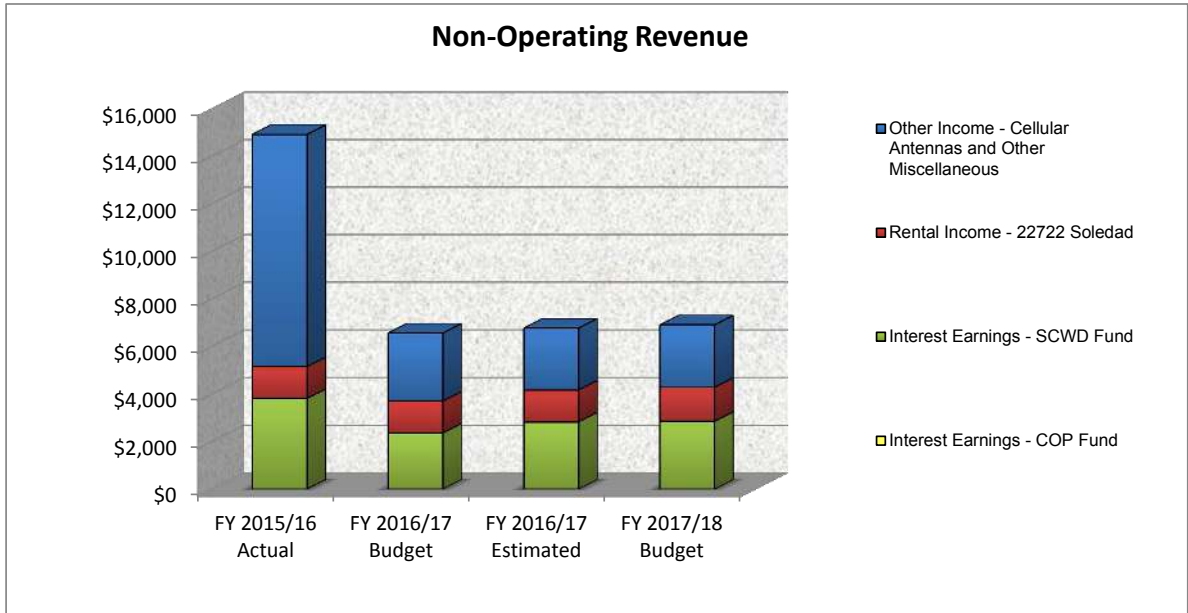
- A. Water Usage Charge revenues increases \$3,991,177 due to a combination of estimated growth in customer accounts and an overall 18 percent increase in consumption due to the anticipated 8 percent increase from Estimated FY 2016/17 additional 10 percent for grading operations for a major development under construction.



**[This page intentionally left blank.]**

**Non-Operating Revenue/(Expense)  
FY 2017/18 Budget**

<b>Non-Operating Revenue/(Expense)</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
Other Income - Cellular Antenna Rental and Misc.	\$ 976,114	\$ 286,000	\$ 259,967	\$ 262,000
Rental Income - 22722 Soledad Cyn Rd Office Bldg.	134,062	134,400	134,394	143,600
Interest Earnings - SCWD Fund	380,723	236,000	282,866	285,000
Interest Earnings - COP Fund	711	-	-	-
Interest Expense - COP Series 2010 B (Capital Proj)	(682,904)	(670,588)	(670,582)	(666,238)
Interest Expense - Revenue Bond Series 2011 A	(2,234,479)	(2,138,513)	(2,138,480)	(2,077,138)
<b>Total Non-Operating, Net</b>	<b>\$ (1,425,773)</b>	<b>\$ (2,152,701)</b>	<b>\$ (2,131,835)</b>	<b>\$ (2,052,776)</b>



Non-Operating Revenue/(Expense)  
FY 2016/17 Budget vs. FY 2017/18 Budget

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2017/18 Budget	Change from FY 2016/17 Budget	% Change	*
<b>Non-Operating Revenue/(Expense)</b>						
Other Income - Cellular Antenna Rental and Miscellaneous	\$ 976,114	\$ 286,000	\$ 262,000	\$ (24,000)	-8%	
Rental Income - 22722 Soledad Canyon Road Office Building	134,062	134,400	143,600	9,200	7%	
Interest Earnings - SCWD Fund	380,723	236,000	285,000	49,000	21%	A
Interest Earnings - COP Fund	711	-	-	-		
Interest Expense - COP Series 2010 B Capital Projects	(682,904)	(670,588)	(666,238)	4,350	-1%	
Interest Expense - Revenue Bond Series 2011 A (Retail Acquisition Repayment)	(2,234,479)	(2,138,513)	(2,077,138)	61,375	-3%	
<b>Total Non-Operating, Net</b>	<b>\$ (1,425,773)</b>	<b>\$ (2,152,701)</b>	<b>\$ (2,052,776)</b>	<b>\$ 99,925</b>	<b>-5%</b>	

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Budget:

- A. Interest Earnings - SCWD Fund increases by \$49,000, or 21%, based on prior year estimated actual and anticipated small increase.

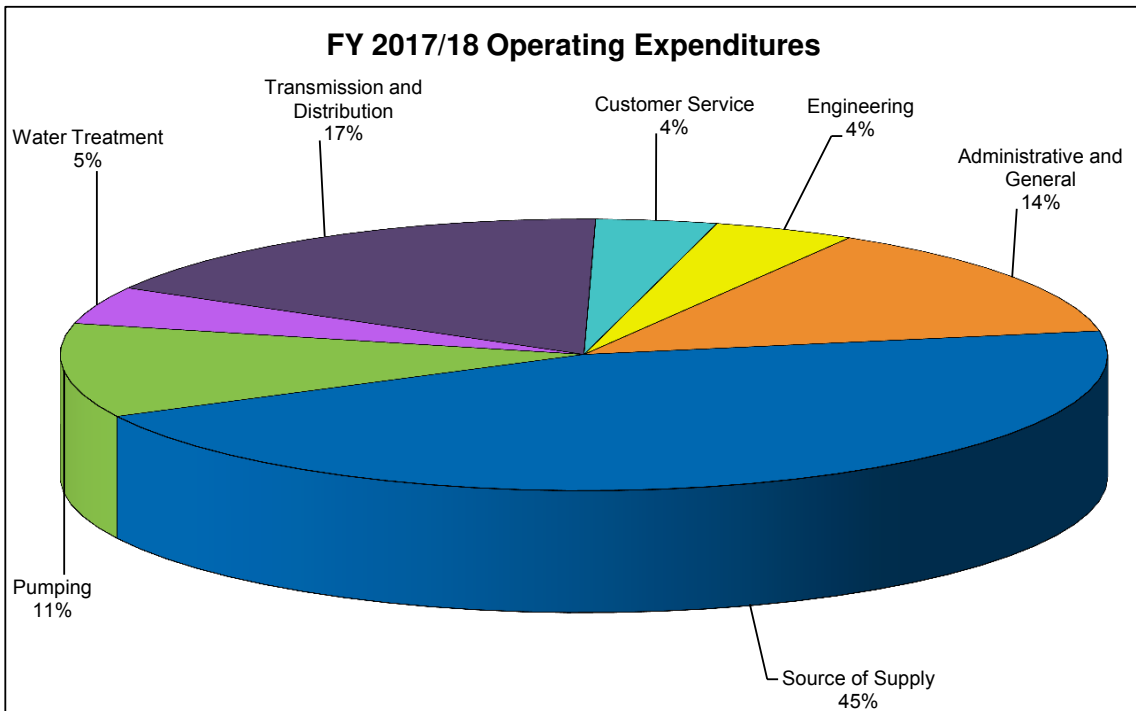
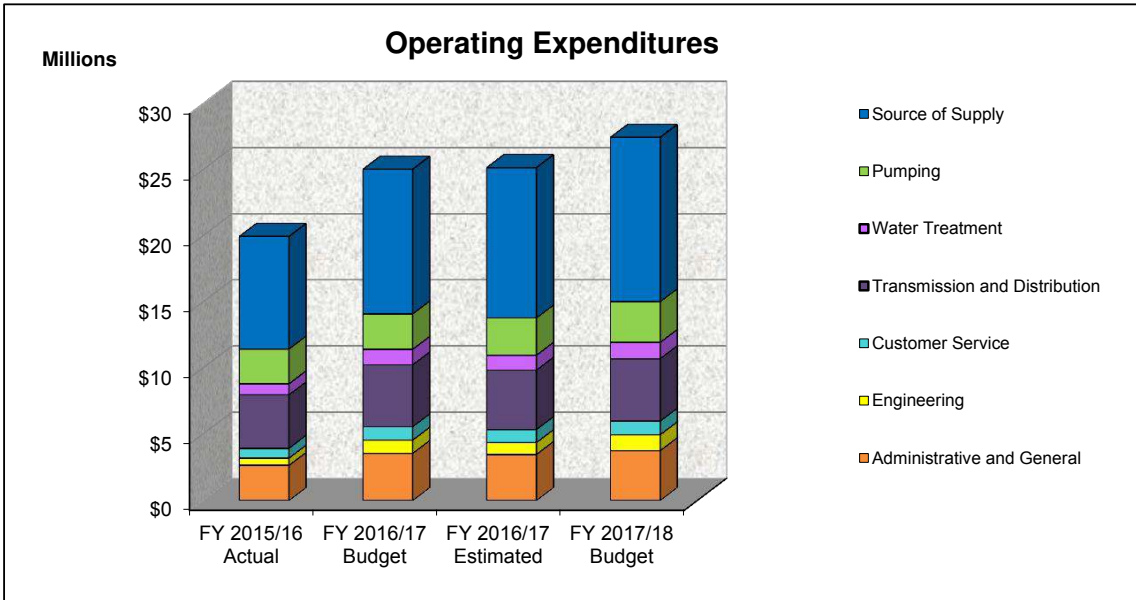
Non-Operating Revenue/(Expense)  
FY 2016/17 Estimated vs. FY 2017/18 Budget

<b><u>Non-Operating Revenue/(Expense)</u></b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>	<b>Change from FY 2016/17 Estimated</b>	<b>% Change</b>
Other Income - Cellular Antenna Rental and Miscellaneous	\$ 976,114	\$ 259,967	\$ 262,000	\$ 2,033	1%
Rental Income - 22722 Soledad Canyon Road Office Building	134,062	134,394	143,600	9,206	7%
Interest Earnings - SCWD Fund	380,723	282,866	285,000	2,134	1%
Interest Earnings - COP Fund	711	-	-		
Interest Expense - COP Series 2010 B Capital Projects	(682,904)	(670,582)	(666,238)	4,344	-1%
Interest Expense - Revenue Bond Series 2011 A (Retail Acquisition Repayment)	(2,234,479)	(2,138,480)	(2,077,138)	61,342	-3%
<b>Total Non-Operating, Net</b>	<b>\$ (1,425,773)</b>	<b>\$ (2,131,835)</b>	<b>\$ (2,052,776)</b>	<b>\$ 79,059</b>	<b>-4%</b>

**[This page intentionally left blank.]**

**Operating Expenditure Summary  
FY 2017/18 Budget**

<b>Operating Expenses</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
Source of Supply	\$ 8,508,698	\$ 10,936,100	\$ 11,366,434	\$ 12,430,000
Pumping	2,629,656	2,674,400	2,821,420	3,079,100
Water Treatment	831,626	1,178,000	1,126,416	1,229,000
Transmission and Distribution	4,042,902	4,681,300	4,492,854	4,725,900
Customer Service	744,474	1,012,800	985,688	1,026,100
Engineering	551,836	1,002,900	895,789	1,203,800
Administrative and General	2,667,137	3,574,400	3,494,659	3,776,400
<b>Total Operating Expenditures</b>	<b>\$ 19,976,329</b>	<b>\$ 25,059,900</b>	<b>\$ 25,183,260</b>	<b>\$ 27,470,300</b>



Operating Expenditure Summary  
FY 2017/18 Budget

	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<b><u>Source of Supply</u></b>				
Purchased Water	\$ 8,326,909	\$ 10,706,000	\$ 11,129,436	\$ 12,178,700
Salary	122,136	141,700	142,683	151,400
Burden and Benefits	44,333	73,000	78,404	82,500
Transportation	13,007	14,500	15,122	16,500
Materials and Supplies	-	100	100	100
Outside Services	1,650	-	-	-
Other	663	800	689	800
<b>Total Source of Supply</b>	<b>\$ 8,508,698</b>	<b>\$ 10,936,100</b>	<b>\$ 11,366,434</b>	<b>\$ 12,430,000</b>
<b><u>Pumping</u></b>				
Power for Pumping	\$ 1,816,955	\$ 1,700,000	\$ 1,826,382	\$ 1,954,200
Salary	344,142	403,600	407,366	447,000
Burden and Benefits	84,362	206,300	209,586	254,000
Transportation	49,132	42,000	58,706	60,000
Materials and Supplies	99,509	105,200	104,374	130,200
Outside Services	218,919	198,000	199,742	217,000
Other	16,637	19,300	15,264	16,700
<b>Total Pumping</b>	<b>\$ 2,629,656</b>	<b>\$ 2,674,400</b>	<b>\$ 2,821,420</b>	<b>\$ 3,079,100</b>
<b><u>Water Treatment</u></b>				
Chemicals	\$ 62,853	\$ 95,000	\$ 94,638	\$ 100,000
Salary	362,356	401,400	386,480	415,500
Burden and Benefits	137,614	205,800	198,588	225,000
Transportation	59,390	50,700	49,872	52,000
Materials and Supplies	22,327	77,500	77,019	80,300
Outside Services	183,543	343,800	316,571	352,800
Other	3,543	3,800	3,248	3,400
<b>Total Water Treatment</b>	<b>\$ 831,626</b>	<b>\$ 1,178,000</b>	<b>\$ 1,126,416</b>	<b>\$ 1,229,000</b>
<b><u>Transmission and Distribution</u></b>				
Salary	\$ 1,598,781	\$ 1,906,200	\$ 1,824,573	\$ 1,898,000
Burden and Benefits	743,188	1,029,000	985,646	1,040,000
Transportation	168,890	180,000	166,478	175,000
Materials and Supplies	738,646	626,600	619,736	619,900
Outside Services	696,918	818,000	783,867	873,000
Other	96,479	121,500	112,554	120,000
<b>Total Transmission and Distribution</b>	<b>\$ 4,042,902</b>	<b>\$ 4,681,300</b>	<b>\$ 4,492,854</b>	<b>\$ 4,725,900</b>
<b><u>Customer Service</u></b>				
Uncollectibles	\$ 52,749	\$ 75,000	\$ 65,712	\$ 70,000
Salary	323,407	332,900	340,573	365,000
Burden and Benefits	123,053	185,200	193,774	215,000
Transportation	-	-	-	-
Materials and Supplies	141,244	172,100	159,766	180,700
Outside Services	99,758	241,000	220,126	189,100
Other	4,263	6,600	5,737	6,300
<b>Total Customer Service</b>	<b>\$ 744,474</b>	<b>\$ 1,012,800</b>	<b>\$ 985,688</b>	<b>\$ 1,026,100</b>
<b><u>Engineering</u></b>				
Salary	\$ 302,214	\$ 462,300	\$ 398,139	\$ 470,000
Burden and Benefits	71,352	236,200	208,013	246,000
Transportation	5,802	5,800	5,471	6,200
Materials and Supplies	5,375	29,100	23,585	24,800
Outside Services	144,588	243,600	237,286	420,600
Other	22,505	25,900	23,295	36,200
<b>Total Engineering</b>	<b>\$ 551,836</b>	<b>\$ 1,002,900</b>	<b>\$ 895,789</b>	<b>\$ 1,203,800</b>

Operating Expenditure Summary  
FY 2017/18 Budget

	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>
<b><u>Administrative and General</u></b>				
Salary	\$ 597,264	\$ 799,200	\$ 780,931	\$ 801,200
Burden and Benefits	190,633	390,200	391,079	423,000
Shared Staff Salary/Burden and Benefits	519,834	620,500	608,174	720,200
Transportation	3,693	6,500	3,293	3,500
Materials and Supplies	74,894	117,000	104,726	94,800
Outside Services	715,104	946,700	932,537	1,002,800
Directors Compensation	7,469	12,000	9,863	12,000
Professional Services	274,591	305,000	303,593	315,000
Property, Liability and Retiree Medical Insurance	313,560	361,100	354,406	381,600
Dues and Memberships	44,905	60,200	53,134	61,900
Other	63,827	91,400	88,041	96,400
Administrative and General Transfer Labor	(138,637)	(135,400)	(135,118)	(136,000)
<b>Total Administrative and General</b>	<b>\$ 2,667,137</b>	<b>\$ 3,574,400</b>	<b>\$ 3,494,659</b>	<b>\$ 3,776,400</b>
<b><u>Total Summary</u></b>				
Purchased Water	\$ 8,326,909	\$ 10,706,000	\$ 11,129,436	\$ 12,178,700
Power for Pumping	1,816,955	1,700,000	1,826,382	1,954,200
Chemicals	62,853	95,000	94,638	100,000
Uncollectibles	52,749	75,000	65,712	70,000
Labor	3,650,300	4,447,300	4,280,745	4,548,100
Burden and Benefits	1,394,535	2,325,700	2,265,090	2,485,500
Shared Staff Salary/Burden and Benefits	519,834	620,500	608,174	720,200
Transportation	299,914	299,500	298,942	313,200
Materials and Supplies	1,081,995	1,127,600	1,089,306	1,130,800
Outside Services	2,060,480	2,791,100	2,690,129	3,055,300
Property, Liability and Retiree Medical Insurance	313,560	361,100	354,406	381,600
Dues and Memberships	44,905	60,200	53,134	61,900
Directors Compensation	7,469	12,000	9,863	12,000
Professional Services	274,591	305,000	303,593	315,000
Administrative and General Transfer Labor	(138,637)	(135,400)	(135,118)	(136,000)
Other	207,917	269,300	248,828	279,800
<b>Total Operating Expenditures</b>	<b>\$ 19,976,329</b>	<b>\$ 25,059,900</b>	<b>\$ 25,183,260</b>	<b>\$ 27,470,300</b>



## DEPARTMENT: OPERATIONS

### Department Objective

Divisions in this department include Source of Supply, Pumping, Water Treatment, and Transmission and Distribution. Objectives include maintaining division facilities such as wells, boosters, imported water connections, pressure stations, tanks, hydrants, mainlines, service lines, meters, and other appurtenances to provide a reliable source of supply to the Division's customers. Ensure that all water within the system meets stringent water quality standards and regulations through disinfection, monitoring, sampling, and testing.

### Major Accomplishments – FY 2016/17

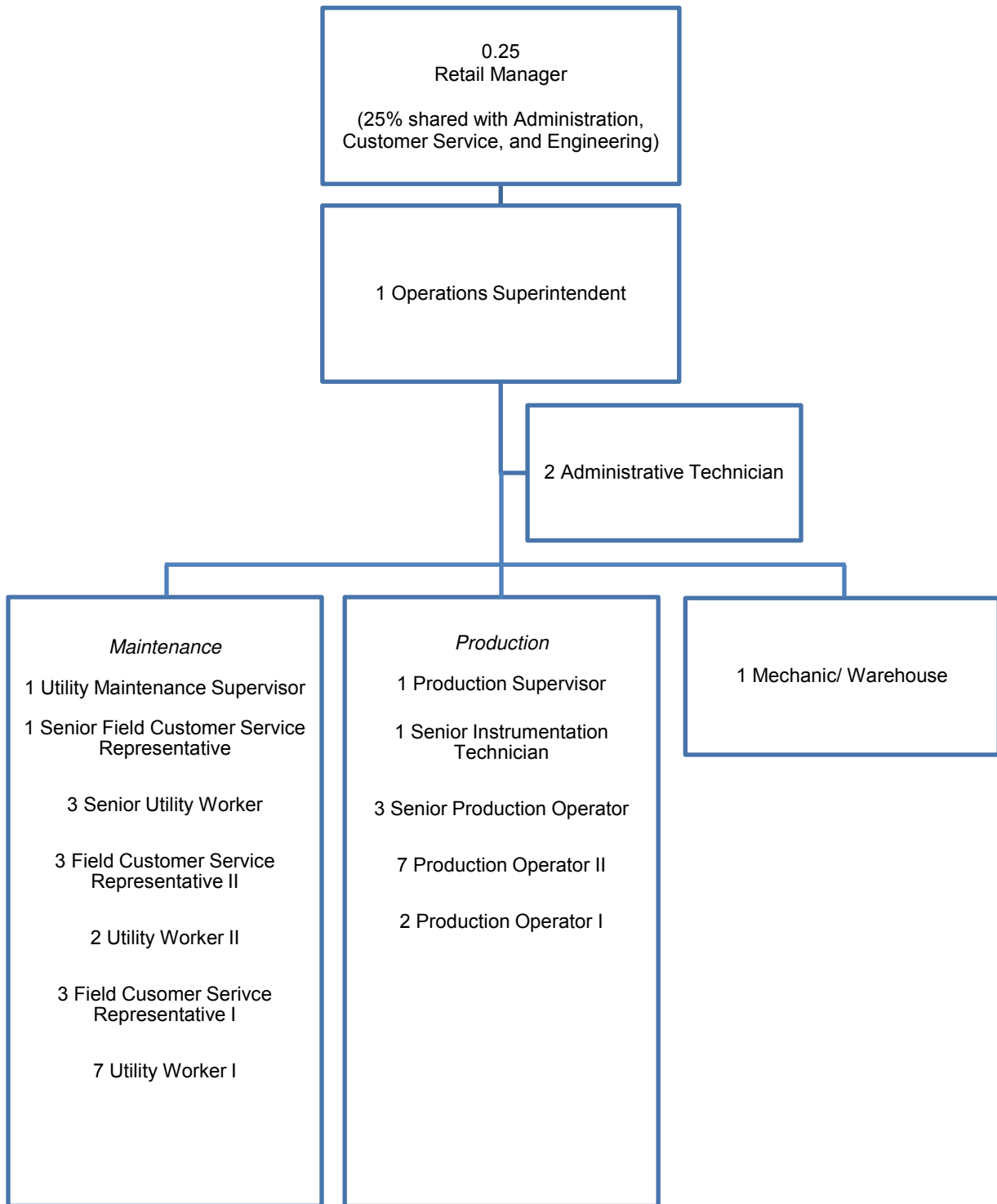
- ◆ Completed Deane No. 2 tank interior coating replacement/retrofit.
- ◆ Completed the Placerita No. 2 tank interior coating replacement/retrofit.
- ◆ Completed upgrade of the Placerita Canyon pressure regulating valve (PRV).
- ◆ Completed upgrade of the Whites Canyon/Americana (PRV).
- ◆ Completed upgrades for the Clark Well based on the ARC Flash study.
- ◆ Completed first phase of earthquake valve retrofit on tanks.
- ◆ Completed Mesa Bridge and Tank road.
- ◆ Completed the fourth phase installation of the AMR System by installing approximately 4,270 AMR meters (14% of system). Approximately 84% of system has been converted to date.
- ◆ Conducted annual tank inspection and maintenance program.
- ◆ Conducted annual well inspection and maintenance program.
- ◆ Removed and replaced site access road at Sky Blue Tank.

### Objectives – FY 2017/18

- ◆ Remove and replace one pressure reducing valve station at Rainbow Glen/Sierra Highway. **P1** B.7.16
- ◆ Complete the fifth phase installation of the Automated Meter Reading (AMR) System. **P1** B.7.17
- ◆ Complete aged meter replacement program. 305 meters are budgeted for replacement/relocation. **P1** B.7.18
- ◆ Complete Well Mag meter upgrade program. **P1** B.7.24
- ◆ Prepare and implement formal Meter Testing Program/Schedule for Large Customer Meter and Production Meters. **P1** B.7.25
- ◆ Conduct annual tank inspection and maintenance program. Inspection of 10 tanks plus warranty dives. Repair and overcoat 3 exterior tank coating systems. **P2** B.7.19
- ◆ Conduct annual well inspection, video inspection of 3 wells and perform any needed maintenance as needed. **P2** B.7.20
- ◆ Complete Rainbow Glen pipeline (WMP PIPE #5). **P2** B.7.21
- ◆ Complete West Newhall Alley pipeline upgrade. **P2** B.7.22
- ◆ Complete SCADA (sensor/Equipment Upgrade). **P2** B.7.23
- ◆ Continue to emphasize safety through weekly tailgate and safety meetings. E.5.2
- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6

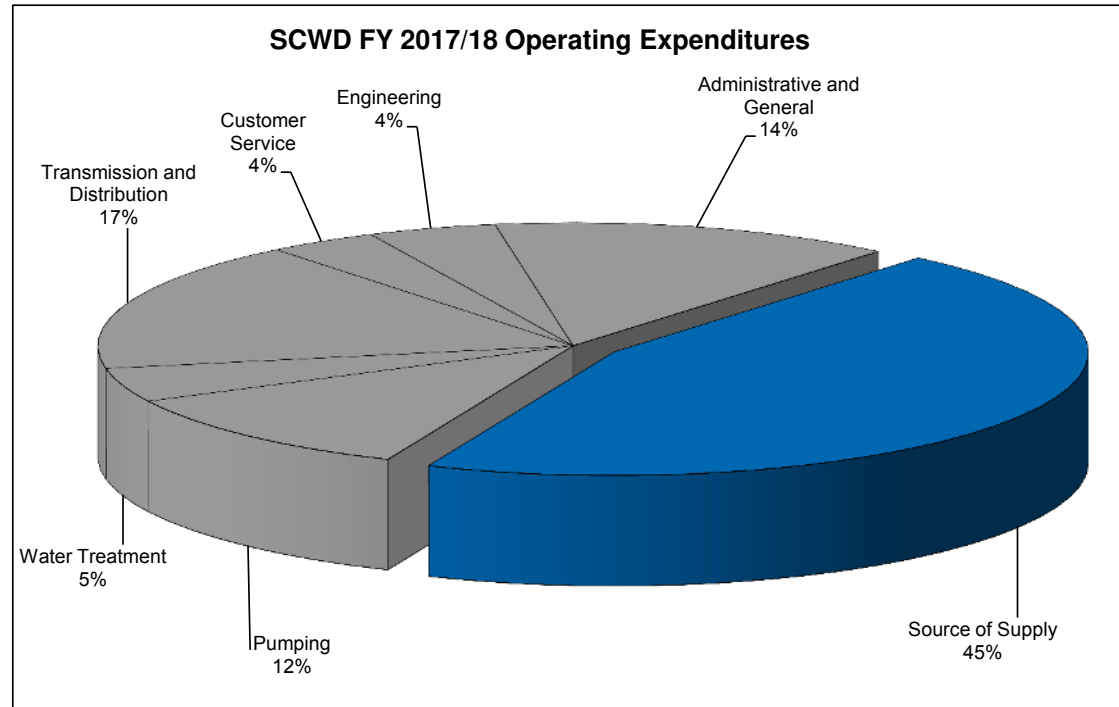
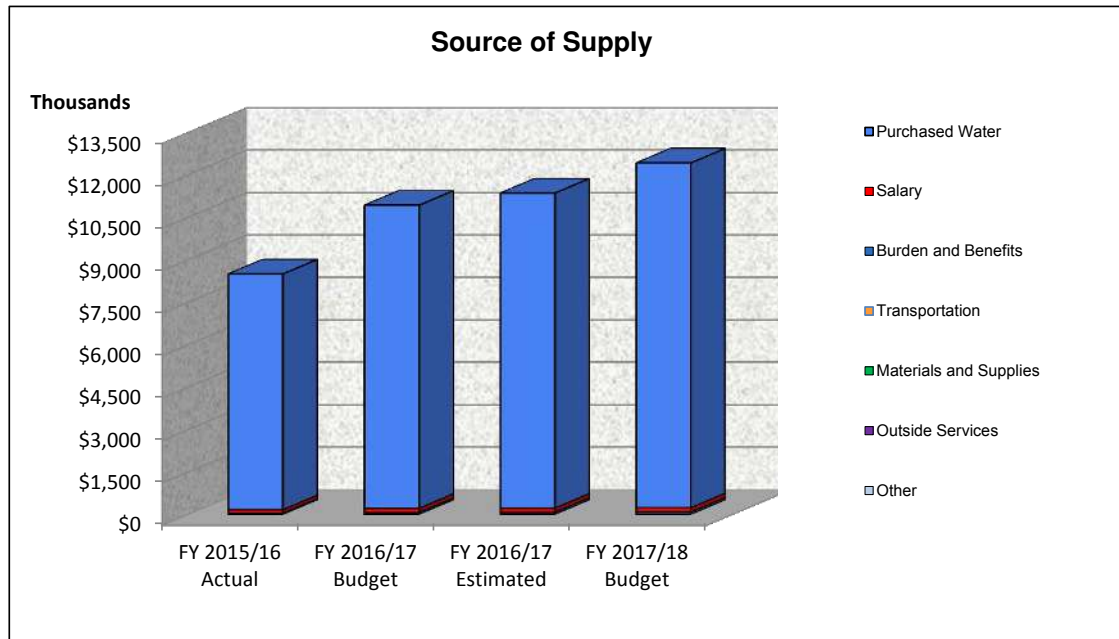
P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

## Operations Department Organization



Source of Supply Expenditures  
FY 2017/18 Budget

Source of Supply Expenditures	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
Purchased Water	\$ 8,326,909	\$ 10,706,000	\$ 11,129,436	\$ 12,178,700
Salary	122,136	141,700	142,683	151,400
Burden and Benefits	44,333	73,000	78,404	82,500
Transportation	13,007	14,500	15,122	16,500
Materials and Supplies	-	100	100	100
Outside Services	1,650	-	-	-
Other	663	800	689	800
<b>Total Source of Supply</b>	<b>\$ 8,508,698</b>	<b>\$ 10,936,100</b>	<b>\$ 11,366,434</b>	<b>\$ 12,430,000</b>



Source of Supply  
FY 2016/17 Budget vs. FY 2017/18 Budget

901281501 Source of Supply

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2017/18 Budget	Change from FY 2016/17 Budget	% Change	*
<b>Operating and Maintenance Expenses</b>						
52086 Purchased Water	\$ 8,326,909	\$ 10,706,000	\$ 12,178,700	\$ 1,472,700	14%	A
<u>Salary and Benefits</u>						
51001 Salary	121,832	140,700	150,000	9,300	7%	
51007 Overtime	304	1,000	1,400	400	40%	
51050 Burden and Benefits	44,333	73,000	82,500	9,500	13%	
52653 Transportation	13,007	14,500	16,500	2,000	14%	
<u>Materials and Supplies</u>						
52024 Internal Relations	-	100	100	-	0%	
<u>Outside Services</u>						
53105 Outside Services and Contracting	1,650	-	-	-		
<u>Other</u>						
51505 Employee Expense	-	100	100	-	0%	
53331 Uniforms	663	700	700	-	0%	
<b>Total Expenses</b>	<b>\$ 8,508,698</b>	<b>\$ 10,936,100</b>	<b>\$ 12,430,000</b>	<b>\$ 1,493,900</b>	<b>14%</b>	

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Budget:

- A. Purchased Water increases \$1,472,700 due to a combination of higher imported water blend from prior year and increased consumption due to growth and a 34 percent increase in water demand from prior year's budget.

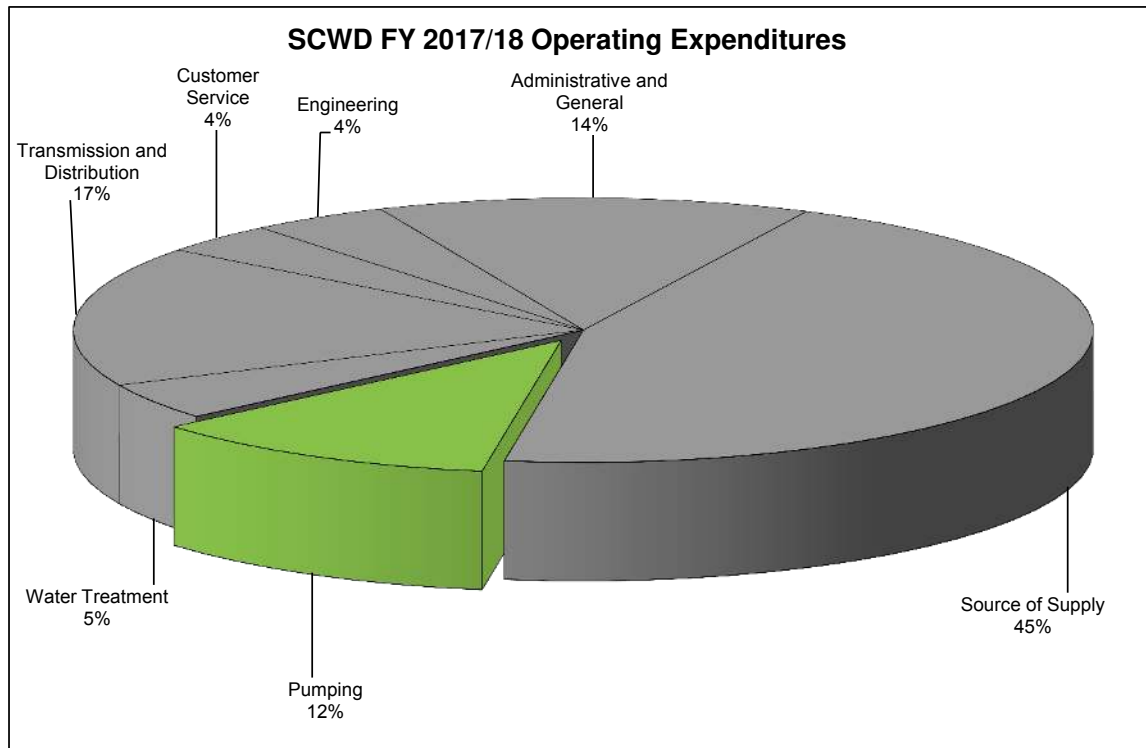
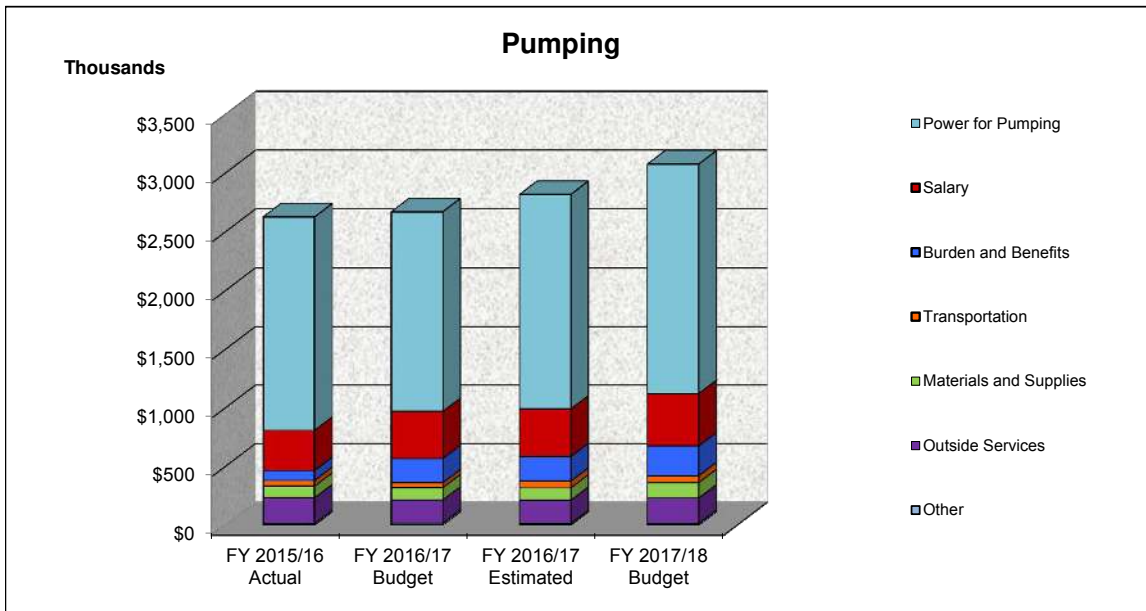
Source of Supply  
FY 2016/17 Estimated vs. FY 2017/18 Budget

901281501 Source Of Supply

	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget	FY 2016/17 Estimated	% Change
<b>Operating and Maintenance Expenses</b>					
52086 Purchased Water	\$ 8,326,909	\$ 11,129,436	\$ 12,178,700	\$ 1,049,264	9%
<u>Salary and Benefits</u>					
51001 Salary	121,832	141,510	150,000	8,490	6%
51007 Overtime	304	1,173	1,400	227	19%
51050 Burden and Benefits	44,333	78,404	82,500	4,096	5%
52653 Transportation	13,007	15,122	16,500	1,378	9%
<u>Materials and Supplies</u>					
52024 Internal Relations	-	100	100	-	0%
<u>Outside Services</u>					
53105 Outside Services and Contracting	1,650	-	-	-	
<u>Other</u>					
51505 Employee Expense	-	100	100	-	0%
53331 Uniforms	663	589	700	111	19%
<b>Total Expenses</b>	<b>\$ 8,508,698</b>	<b>\$ 11,366,434</b>	<b>\$ 12,430,000</b>	<b>\$ 1,063,566</b>	<b>9%</b>

Pumping Expenditures  
FY 2017/18 Budget

Pumping Expenditures	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
Power for Pumping	\$ 1,816,955	\$ 1,700,000	\$ 1,826,382	\$ 1,954,200
Salary	344,142	403,600	407,366	447,000
Burden and Benefits	84,362	206,300	209,586	254,000
Transportation	49,132	42,000	58,706	60,000
Materials and Supplies	99,509	105,200	104,374	130,200
Outside Services	218,919	198,000	199,742	217,000
Other	16,637	19,300	15,264	16,700
<b>Total Pumping</b>	<b>\$ 2,629,656</b>	<b>\$ 2,674,400</b>	<b>\$ 2,821,420</b>	<b>\$ 3,079,100</b>



Pumping  
FY 2016/17 Budget vs. FY 2017/18 Budget

901283501 Pumping

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2017/18 Budget	Change from FY 2016/17 Budget	% Change	*
<b>Operating and Maintenance Expenses</b>						
54401 Power for Pumping	\$ 1,816,955	\$ 1,700,000	\$ 1,954,200	\$ 254,200	15%	A
<u>Salary and Benefits</u>						
51001 Salary	320,821	381,100	410,000	28,900	8%	
51007 Overtime	23,321	22,500	37,000	14,500	64%	
51050 Burden and Benefits	84,362	206,300	254,000	47,700	23%	B
52653 Transportation	49,132	42,000	60,000	18,000	43%	
<u>Materials and Supplies</u>						
52024 Internal Relations	-	200	200	-	0%	
52075 Parts and Materials	99,509	105,000	130,000	25,000	24%	C
<u>Outside Services</u>						
53241 Temporary Personnel Services	47,052	-	-	-		
53105 Outside Services and Contracting	168,481	190,000	205,000	15,000	8%	
53110 Equipment Repair and Rental	3,386	8,000	12,000	4,000	50%	
<u>Other</u>						
51505 Employee Expense	-	100	100	-	0%	
53332 Utilities - SCADA	14,844	17,400	15,000	(2,400)	-14%	
53331 Uniforms	1,793	1,800	1,600	(200)	-11%	
<b>Total Expenses</b>	<b>\$ 2,629,656</b>	<b>\$ 2,674,400</b>	<b>\$ 3,079,100</b>	<b>\$ 257,680</b>	<b>10%</b>	

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Budget:

- A. Power for Pumping increases \$254,200, or 15%, due to anticipated increase in consumption from FY 2016/17 Budget.
- B. Burden and Benefits increase by \$47,700, or 23% due to the addition of the Senior Instrumentation Technician and the anticipated increase in medical insurance premiums.
- C. Parts and Materials increase by \$25,000, or 24% due to more pumping replacement parts needed and laptops for the field staff to monitor SCADA.

Pumping  
FY 2016/17 Estimated vs. FY 2017/18 Budget

901283501 Pumping

	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 Estimated	% Change	*
<b>Operating and Maintenance Expenses</b>						
54401 Power for Pumping	\$ 1,816,955	\$ 1,826,382	\$ 1,954,200	\$ 127,818	7%	
<u>Salary and Benefits</u>						
51001 Salary	320,821	372,090	410,000	37,910	10%	A
51007 Overtime	23,321	35,276	37,000	1,724	5%	
51050 Burden and Benefits	84,362	209,586	254,000	44,414	21%	B
52653 Transportation	49,132	58,706	60,000	1,294	2%	
<u>Materials and Supplies</u>						
52024 Internal Relations	-	200	200	-	0%	C
52075 Parts and Materials	99,509	104,174	130,000	25,826	25%	C
<u>Outside Services</u>						
53241 Temporary Personnel Services	47,052	-	-	-		
53105 Outside Services and Contracting	168,481	189,672	205,000	15,328	8%	
53110 Equipment Repair and Rental	3,386	10,070	12,000	1,930	19%	
<u>Other</u>						
51505 Employee Expense	-	50	100	50	100%	
53332 Utilities - SCADA	14,844	13,671	15,000	1,329	10%	
53331 Uniforms	1,793	1,543	1,600	57	4%	
<b>Total Expenses</b>	<b>\$ 2,629,656</b>	<b>\$ 2,821,420</b>	<b>\$ 3,079,100</b>	<b>\$ 257,680</b>	<b>9%</b>	

\* Changes of more than 10% and more than \$20,000.

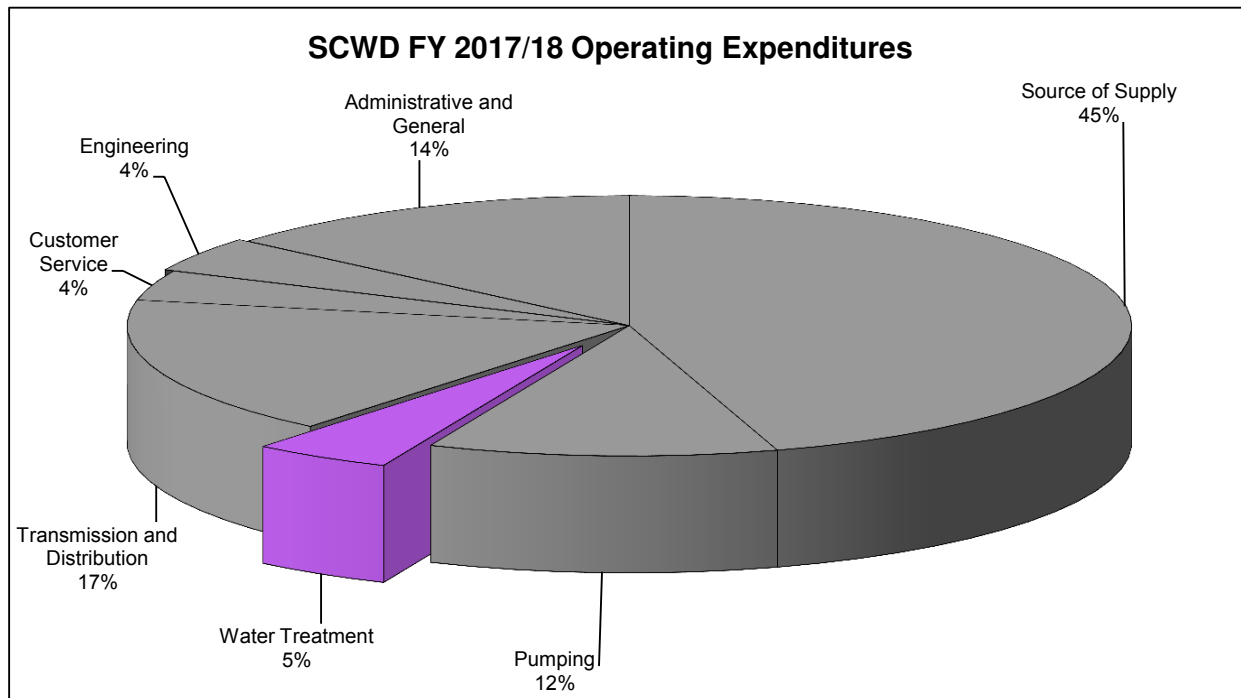
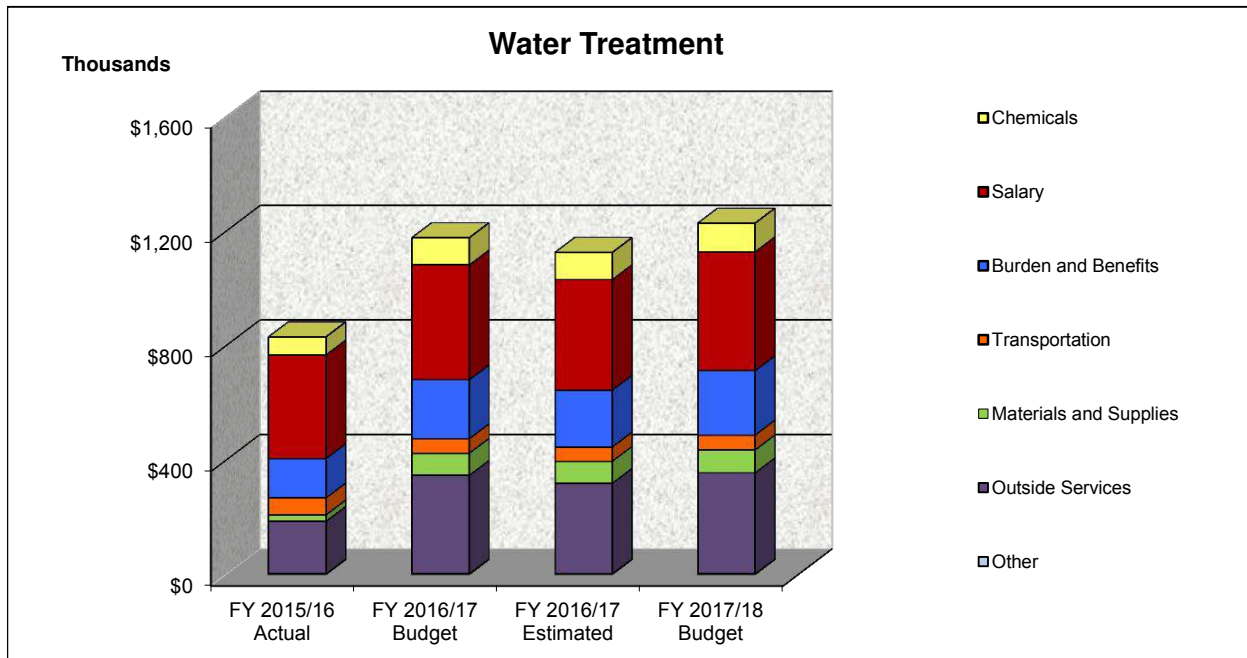
FY 2017/18 Budget compared to FY 2016/17 Estimated:

- A. Salary increases by \$37,910 or 10% due to the full year funding of prior year vacant positions and the addition of the Senior Instrumentation Technician.
- B. Burden and Benefits increase by \$44,414, or 21% due to the full year funding of prior year vacant positions, the addition of the Senior Instrumentation Technician and the anticipated increase in medical insurance premiums.
- C. Parts and Materials increase by \$25,826, or 25% due to more pumping replacement parts needed and laptops for the field staff to monitor SCADA.



Water Treatment Expenditures  
FY 2017/18 Budget

Water Treatment Expenditures	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
Chemicals	\$ 62,853	\$ 95,000	\$ 94,638	\$ 100,000
Salary	362,356	401,400	386,480	415,500
Burden and Benefits	137,614	205,800	198,588	225,000
Transportation	59,390	50,700	49,872	52,000
Materials and Supplies	22,327	77,500	77,019	80,300
Outside Services	183,543	343,800	316,571	352,800
Other	3,543	3,800	3,248	3,400
<b>Total Water Treatment</b>	<b>\$ 831,626</b>	<b>\$ 1,178,000</b>	<b>\$ 1,126,416</b>	<b>\$ 1,229,000</b>



Water Treatment  
FY 2016/17 Budget vs. FY 2017/18 Budget

901240001 Water Treatment

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2017/18 Budget	Change from FY 2016/17 Budget	% Change
<b>Operating and Maintenance Expenses</b>					
52600 Chemicals	\$ 62,853	\$ 95,000	\$ 100,000	\$ 5,000	5%
<u>Salary and Benefits</u>					
51001 Salary	345,592	380,400	398,000	17,600	5%
51007 Overtime	16,764	21,000	17,500	(3,500)	-17%
51050 Burden and Benefits	137,614	205,800	225,000	19,200	9%
52653 Transportation	59,390	50,700	52,000	1,300	3%
<u>Materials and Supplies</u>					
52024 Internal Relations	140	400	300	(100)	-25%
52075 Parts and Materials	22,187	77,100	80,000	2,900	4%
<u>Outside Services</u>					
53105 Outside Services and Contracting	65,603	214,000	214,000	-	0%
53110 Equipment Repair and Rental	117,940	129,800	138,800	9,000	7%
<u>Other</u>					
51505 Employee Expense	65	200	200	-	0%
53331 Uniforms	3,478	3,600	3,200	(400)	-11%
<b>Total Expenses</b>	<b>\$ 831,626</b>	<b>\$ 1,178,000</b>	<b>\$ 1,229,000</b>	<b>\$ 51,000</b>	<b>4%</b>

Water Treatment  
FY 2016/17 Estimated vs. FY 2017/18 Budget

901240001 Water Treatment

	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 Estimated	% Change	*
<b>Operating and Maintenance Expenses</b>						
52600 Chemicals	\$ 62,853	\$ 94,638	\$ 100,000	\$ 5,362	6%	
<u>Salary and Benefits</u>						
51001 Salary	345,592	371,022	398,000	26,978	7%	
51007 Overtime	16,764	15,458	17,500	2,042	13%	
51050 Burden and Benefits	137,614	198,588	225,000	26,412	13%	A
52653 Transportation	59,390	49,872	52,000	2,128	4%	
<u>Materials and Supplies</u>						
52024 Internal Relations	140	400	300	(100)	-25%	
52075 Parts and Materials	22,187	76,619	80,000	3,381	4%	
<u>Outside Services</u>						
53105 Outside Services and Contracting	65,603	193,013	214,000	20,987	11%	B
53110 Equipment Repair and Rental	117,940	123,558	138,800	15,242	12%	
<u>Other</u>						
51505 Employee Expense	65	200	200	-	0%	
53331 Uniforms	3,478	3,048	3,200	152	5%	
<b>Total Expenses</b>	<b>\$ 831,626</b>	<b>\$ 1,126,416</b>	<b>\$ 1,229,000</b>	<b>\$ 102,584</b>	<b>9%</b>	

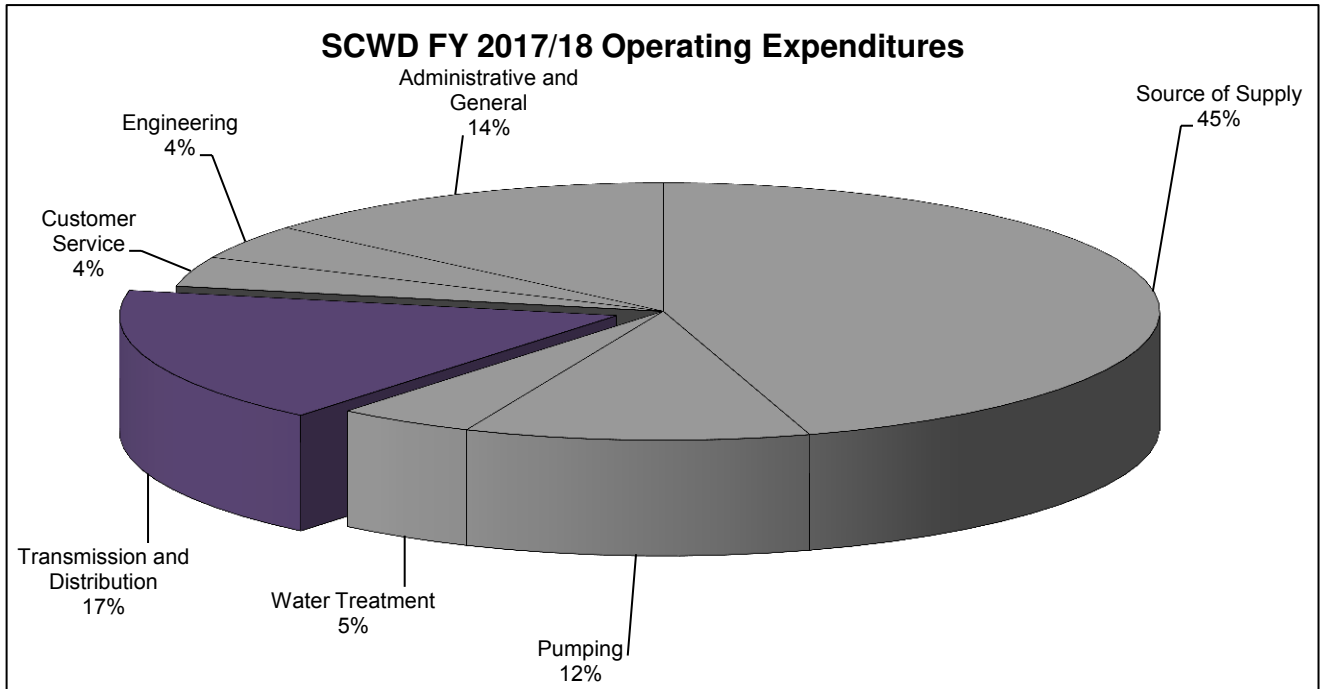
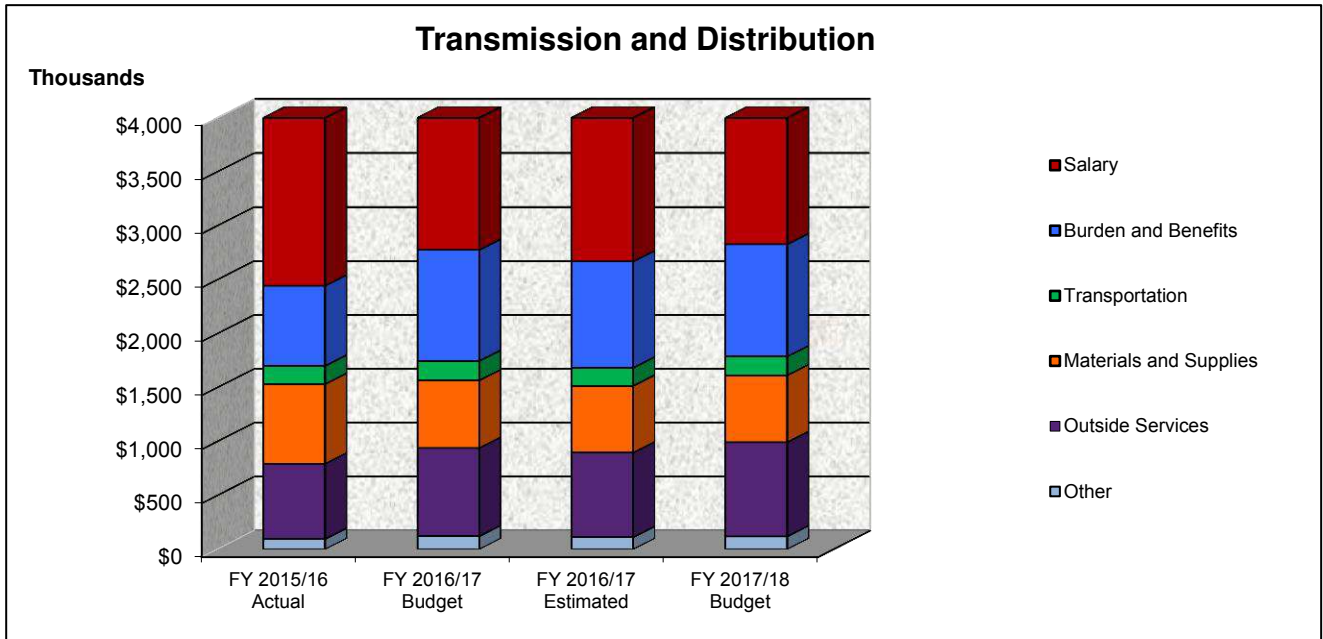
\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Estimated:

- A. Burden and Benefits increase \$26,412 or 13% due to the full year funding for vacant positions.
- B. Outside Services increases \$20,987 or 11% due to an increase in the annual HACH contract for analyzer maintenance.

Transmission and Distribution Expenditures  
FY 2017/18 Budget

Transmission and Distribution Expenditures	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
Salary	\$ 1,598,781	\$ 1,906,200	\$ 1,824,573	\$ 1,898,000
Burden and Benefits	743,188	1,029,000	985,646	1,040,000
Transportation	168,890	180,000	166,478	175,000
Materials and Supplies	738,646	626,600	619,736	619,900
Outside Services	696,918	818,000	783,867	873,000
Other	96,479	121,500	112,554	120,000
<b>Total Transmission and Distribution</b>	<b>\$ 4,042,902</b>	<b>\$ 4,681,300</b>	<b>\$ 4,492,854</b>	<b>\$ 4,725,900</b>



Transmission and Distribution  
FY 2016/17 Budget vs. FY 2017/18 Budget

**901282501 Transmission and Distribution**

	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2017/18 Budget</b>	<b>Change from FY 2016/17 Budget</b>	<b>% Change</b> *
<b>Operating and Maintenance Expenses</b>					
<u>Salary and Benefits</u>					
51001 Salary	\$1,501,101	\$1,781,000	\$1,772,000	\$ (9,000)	-1%
51007 Overtime	97,680	125,200	126,000	800	1%
51050 Burden and Benefits	743,188	1,029,000	1,040,000	11,000	1%
52653 Transportation	168,890	180,000	175,000	(5,000)	-3%
<u>Materials and Supplies</u>					
52024 Internal Relations	125	400	400	-	0%
52015 Office Supplies	4,540	22,500	7,500	(15,000)	-67%
52075 Parts and Materials	674,372	450,000	466,000	16,000	4%
52005 Safety Training and Equipment	29,338	55,000	55,000	-	0%
52085 Small Tools and Power Equipment	30,271	98,700	91,000	(7,700)	-8%
<u>Outside Services</u>					
53101 Education and Seminars	25,855	39,000	76,000	37,000	95% A
53241 Temporary Personnel Services	120,086	-	-	-	
53105 Outside Services and Contracting	383,967	354,000	372,000	18,000	5%
53110 Equipment Repair and Rental	12,562	25,000	25,000	-	0%
53108 Asphalt and Concrete Patch Services	154,448	400,000	400,000	-	0%
<u>Other</u>					
53329 Utilities - Mobile Devices, Phone, Electricity and Gas	55,222	62,500	62,000	(500)	-1%
51505 Employee Expense	2,599	4,000	4,000	-	0%
53331 Uniforms	11,993	13,000	12,000	(1,000)	-8%
53239 Other - Miscellaneous Permits	26,665	42,000	42,000	-	0%
<b>Total Expenses</b>	<b>\$4,042,902</b>	<b>\$4,681,300</b>	<b>\$4,725,900</b>	<b>\$ 44,600</b>	<b>1%</b>

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Budget:

- A. Education and Seminars increase by \$37,000, or 95% due to the addition of in depth electrical seminars and safety training on the operation of electrical panels and drives.

Transmission and Distribution  
FY 2016/17 Estimated vs. FY 2017/18 Budget

901282501 Transmission and Distribution

	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 Estimated	% Change	*
<b>Operating and Maintenance Expenses</b>						
<u>Salary and Benefits</u>						
51001 Salary	\$ 1,501,101	\$ 1,698,079	\$ 1,772,000	\$ 73,921	4%	
51007 Overtime	97,680	126,494	126,000	(494)	0%	
51050 Burden and Benefits	743,188	985,646	1,040,000	54,354	6%	
52653 Transportation	168,890	166,478	175,000	8,522	5%	
<u>Materials and Supplies</u>						
52024 Internal Relations	125	400	400	-	0%	
52015 Office Supplies	4,540	13,501	7,500	(6,001)	-44%	
52075 Parts and Materials	674,372	501,197	466,000	(35,197)	-7%	
52005 Safety Training and Equipment	29,338	35,974	55,000	19,026	53%	
52085 Small Tools and Power Equipment	30,271	68,664	91,000	22,336	33%	A
<u>Outside Services</u>						
53101 Education and Seminars	25,855	38,766	76,000	37,234	96%	B
53241 Temporary Personnel Services	120,086	1,088	-	(1,088)	-100%	
53105 Outside Services and Contracting	383,967	338,959	372,000	33,041	10%	
53110 Equipment Repair and Rental	12,562	14,623	25,000	10,377	71%	
53108 Asphalt and Concrete Patch Services	154,448	390,431	400,000	9,569	2%	
<u>Other</u>						
53329 Utilities - Mobile Devices, Phone, Electricity and Gas	55,222	57,043	62,000	4,957	9%	
51505 Employee Expense	2,599	3,806	4,000	194	5%	
53331 Uniforms	11,993	10,804	12,000	1,196	11%	
53239 Other - Miscellaneous Permits	26,665	40,901	42,000	1,099	3%	
<b>Total Expenses</b>	<b>\$ 4,042,902</b>	<b>\$ 4,492,854</b>	<b>\$ 4,725,900</b>	<b>\$ 233,046</b>	<b>5%</b>	

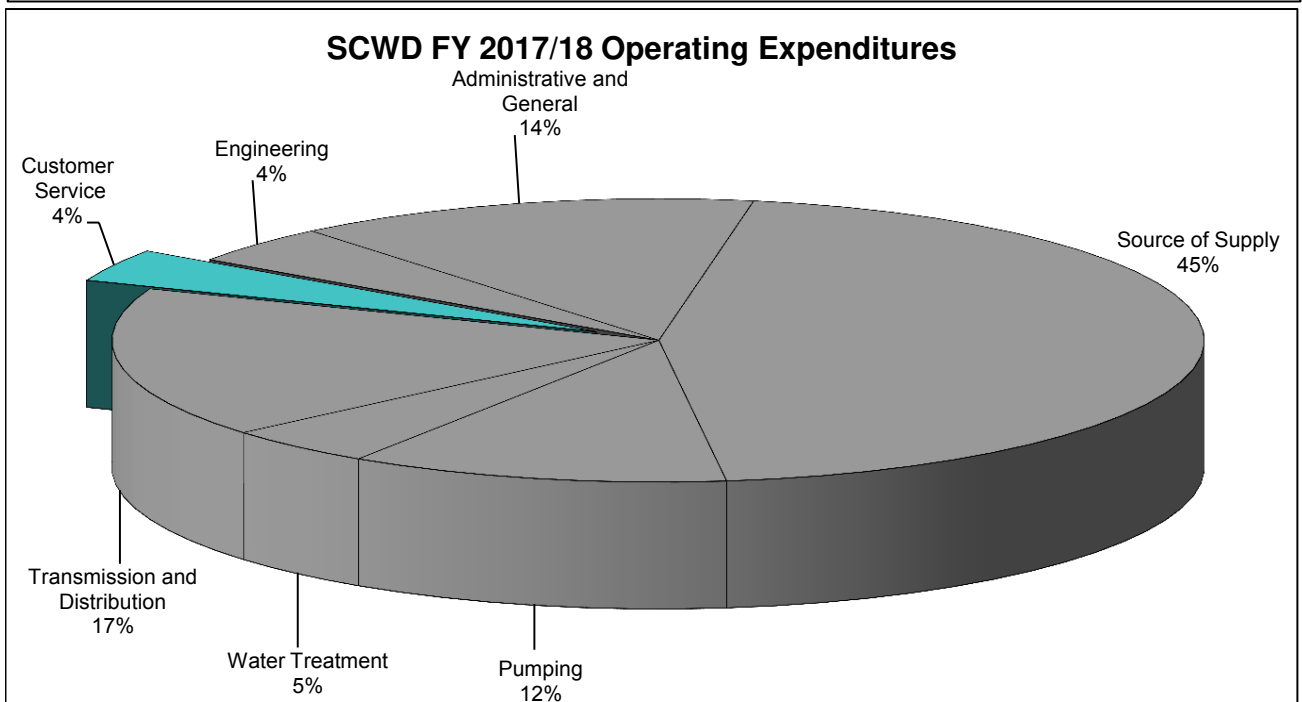
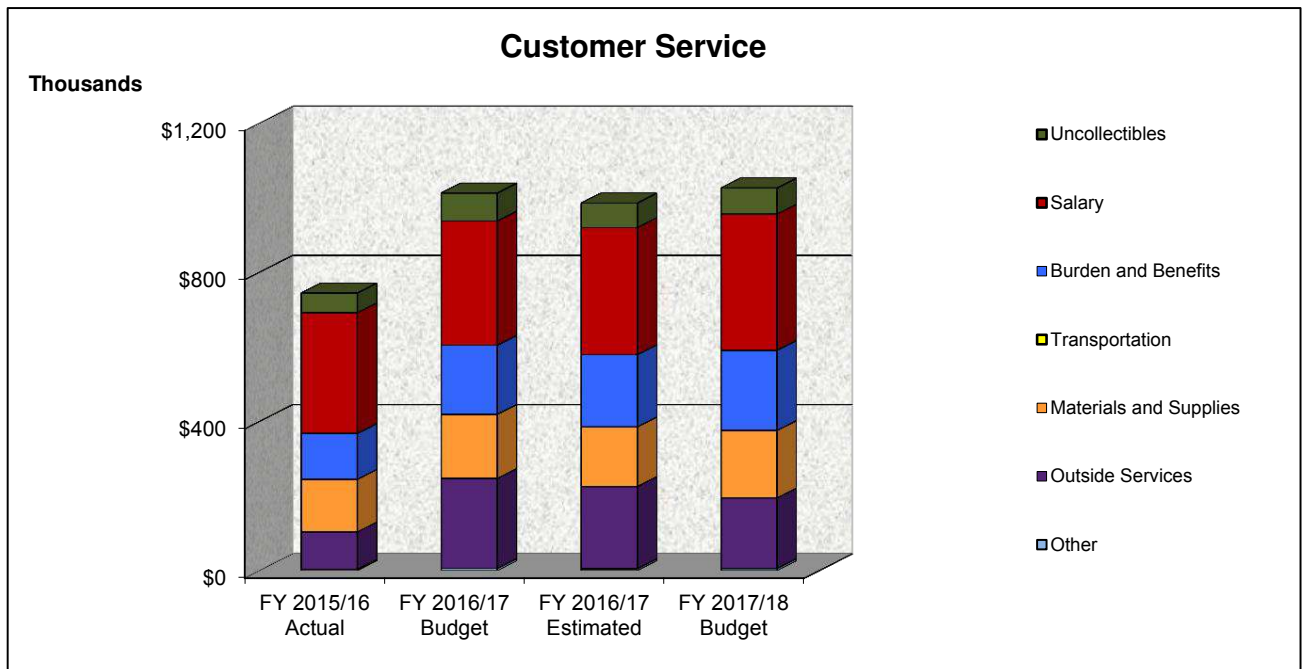
\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Estimated:

- A. Small Tools and Power Equipment increases by \$22,336 or 33%, which includes leak detection equipment and handheld units for meter reading and programming.
- B. Education and Seminars increase by \$37,234, or 96% due to the addition of in depth electrical seminars and safety training on the operation of electrical panels and drives.

Customer Service Expenditures  
FY 2017/18 Budget

Customer Service Expenditures	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
Uncollectibles	\$ 52,749	\$ 75,000	\$ 65,712	\$ 70,000
Salary	323,407	332,900	340,573	365,000
Burden and Benefits	123,053	185,200	193,774	215,000
Transportation	-	-	-	-
Materials and Supplies	141,244	172,100	159,766	180,700
Outside Services	99,758	241,000	220,126	189,100
Other	4,263	6,600	5,737	6,300
<b>Total Customer Service</b>	<b>\$ 744,474</b>	<b>\$ 1,012,800</b>	<b>\$ 985,688</b>	<b>\$ 1,026,100</b>



## DEPARTMENT: CUSTOMER SERVICE

### Department Objective

Generate timely billing statements including regular bills, reminder notices and termination notices. Responsible for incoming calls, opening and closing customer accounts. Investigate and resolve customer questions and concerns on a wide variety of service-related issues including billing questions.

### Major Accomplishments – FY 2016/17

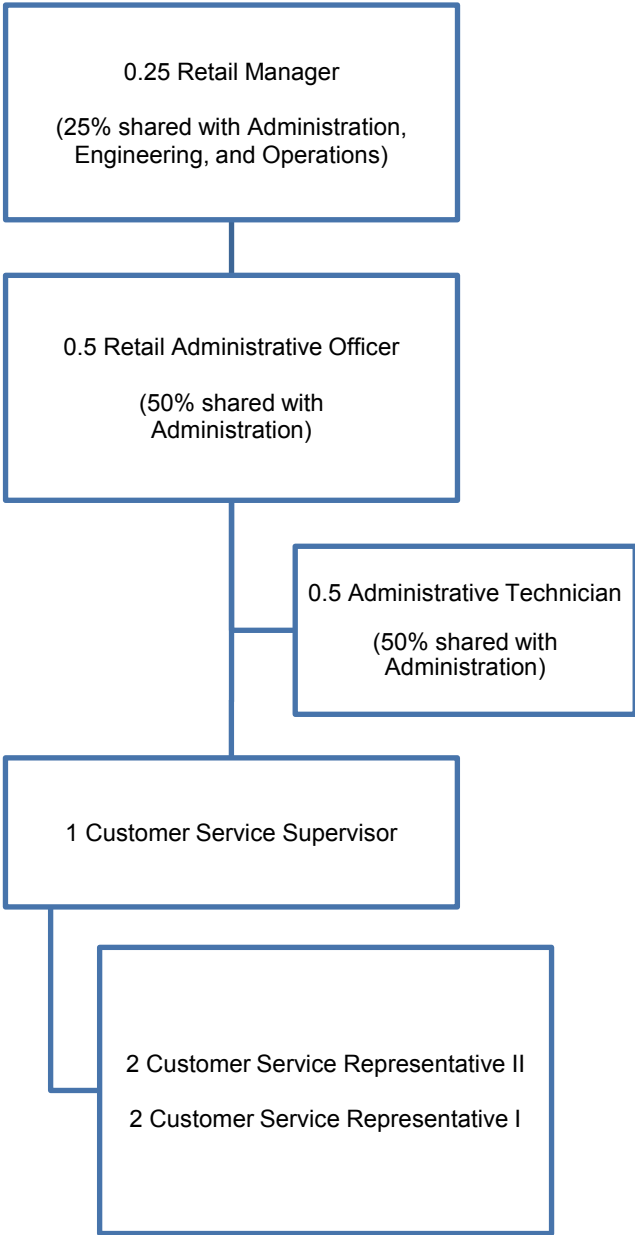
- ◆ Implemented Utility Billing System/Customer Information System (UB/CIS) automation processes.

### Objectives – FY 2017/18

- ◆ Conduct a Customer Service Survey. P2 A.3.1
- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6



Customer Service Department Organization



Customer Service  
FY 2016/17 Budget vs. FY 2017/18 Budget

901222502 Customer Service

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2017/18 Budget	Change from FY 2016/17 Budget	% Change
<b>Operating Expenses</b>					
53301 Uncollectibles	\$ 80,000	\$ 75,000	\$ 70,000	\$ (5,000)	-7%
<u>Salary and Benefits</u>					
51001 Salary	350,900	332,400	364,500	32,100	10% A
51007 Overtime	500	500	500	-	0%
51050 Burden and Benefits	190,100	185,200	215,000	29,800	16% B
52653 Transportation	-	-	-	-	
<u>Materials and Supplies</u>					
52024 Internal Relations	300	300	200	(100)	-33%
52015 Office Supplies	5,000	5,800	6,000	200	3%
52020 Postage	132,000	155,000	161,000	6,000	4%
52075 Parts and Materials	11,100	11,000	13,500	2,500	23%
<u>Outside Services</u>					
53101 Education and Seminars	9,200	7,500	5,800	(1,700)	-23%
53105 Outside Services and Contracting	193,000	233,500	183,300	(50,200)	-21% C
<u>Other</u>					
53332 Cell Phone	2,600	2,600	2,600	-	0%
51505 Employee Expense	2,300	4,000	3,700	(300)	-8%
<b>Total Customer Service</b>	<b>\$ 977,000</b>	<b>\$ 1,012,800</b>	<b>\$ 1,026,100</b>	<b>\$ 13,300</b>	<b>1%</b>

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Budget:

- A. Salary increases by \$32,100, or 10%, due to salary step increases for eligible employees.
- B. Burden and Benefits increase by \$29,800 or 16%, due to projected increases in medical insurance premium costs and changes in benefits selection.
- C. Outside Services and Contracting decreases by \$50,200, or 21%, due to less software support required following the completion of the utility billing automation module.

Customer Service  
FY 2016/17 Estimated vs. FY 2017/18 Budget

**901222502 Customer Service**

	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>	<b>Change from FY 2016/17 Estimated</b>	<b>% Change</b> *
<b>Operating Expenses</b>					
53301 Uncollectibles	\$ 52,749	\$ 65,712	\$ 70,000	\$ 4,288	7%
<u>Salary and Benefits</u>					
51001 Salary	321,499	340,154	364,500	24,346	7%
51007 Overtime	1,908	419	500	81	19%
51050 Burden and Benefits	123,053	193,774	215,000	21,226	11% A
52653 Transportation	-	-	-	-	
<u>Materials and Supplies</u>					
52024 Internal Relations	-	300	200	(100)	-33%
52015 Office Supplies	1,443	4,495	6,000	1,505	33%
52020 Postage	133,324	143,989	161,000	17,011	12%
52075 Parts and Materials	6,477	10,982	13,500	2,518	23%
<u>Outside Services</u>					
53101 Education and Seminars	1,458	4,411	5,800	1,389	31%
53105 Outside Services and Contracting	98,300	215,715	183,300	(32,415)	-15% B
<u>Other</u>					
53332 Cell Phone	2,533	2,471	2,600	129	5%
51505 Employee Expense	1,730	3,266	3,700	434	13%
<b>Total Customer Service</b>	<b>\$ 744,474</b>	<b>\$ 985,688</b>	<b>\$ 1,026,100</b>	<b>\$ 40,412</b>	<b>4%</b>

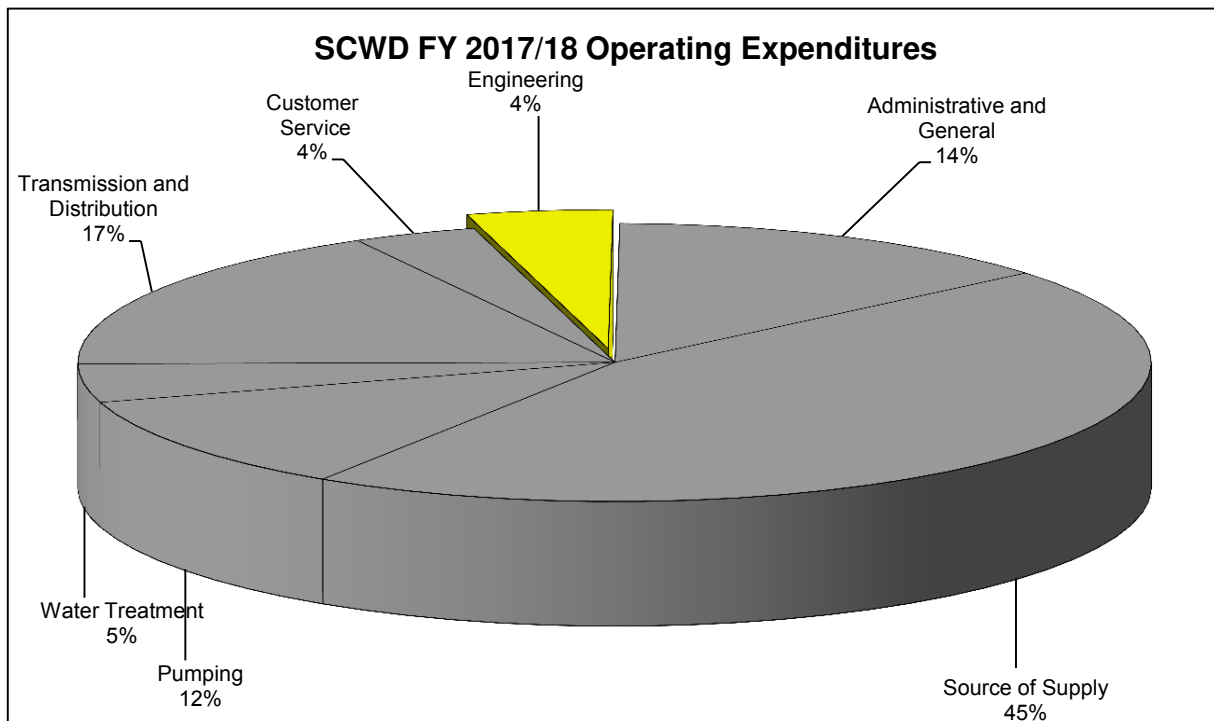
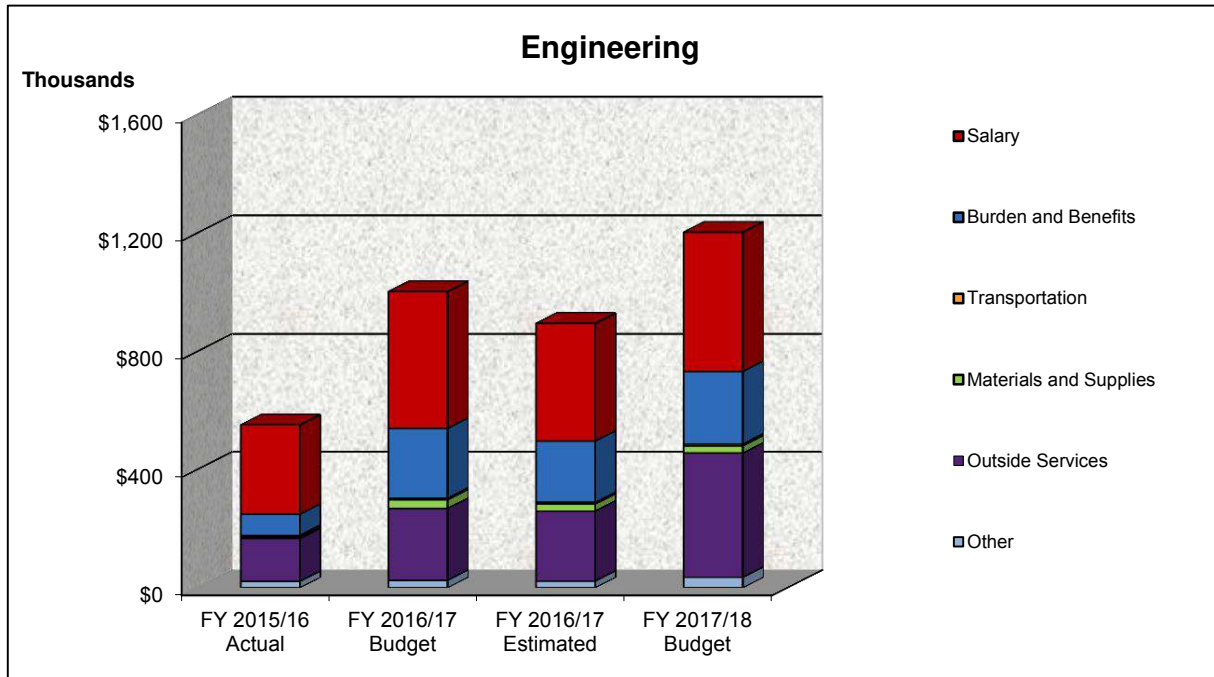
\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Estimated:

- A. Burden and Benefits increase by \$21,226 or 11%, due to projected increases in medical insurance premium costs and changes in benefits selection.
- B. Outside Services and Contracting decreases by \$32,415, or 15%, due to less software support required following the completion of the utility billing automation module.

Engineering Expenditures  
FY 2017/18 Budget

Engineering Expenditures	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
Salary	\$ 302,214	\$ 462,300	\$ 398,139	\$ 470,000
Burden and Benefits	71,352	236,200	208,013	246,000
Transportation	5,802	5,800	5,471	6,200
Materials and Supplies	5,375	29,100	23,585	24,800
Outside Services	144,588	243,600	237,286	420,600
Other	22,505	25,900	23,295	36,200
<b>Total Engineering</b>	<b>\$ 551,836</b>	<b>\$ 1,002,900</b>	<b>\$ 895,789</b>	<b>\$ 1,203,800</b>



## DEPARTMENT: ENGINEERING

### Department Objective

Provide planning, design and construction management of Division capital projects and oversee developer activities to ensure that capital facilities meet division standards.

### Major Accomplishments – FY 2016/17

- ◆ Coordinated with the CLWA Engineering Department in the update of Recycled Water Master Plan.
- ◆ Purchased and installed water system hydraulic model.
- ◆ Implemented first phase of GIS by setting up GIS software and converting existing base maps from AutoCAD to a GIS platform.

### Objectives – FY 2017/18

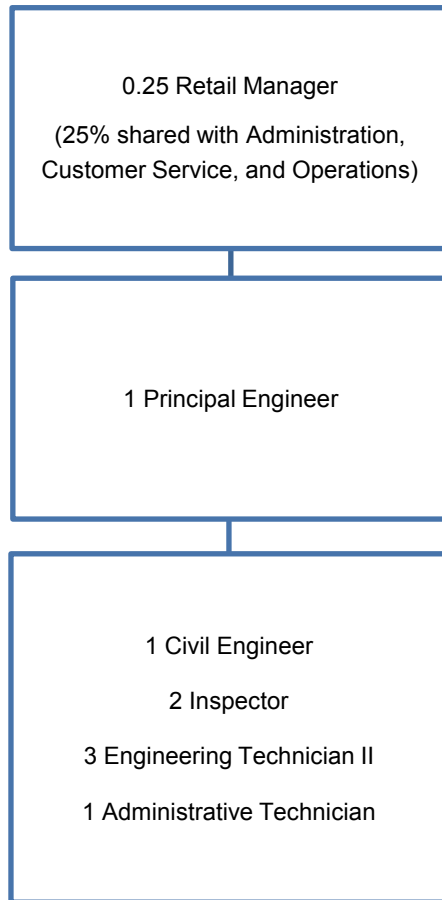
- ◆ Complete design and bidding of Water Pipeline to LARC Ranch. **P1** B.6.40
- ◆ Prepare design of Phase 2B Recycled Water backbone pipeline and tank, and distribution Pipeline. **P1** B.6.43
- ◆ Implement next phase of GIS by setting up structured database and migrating attribute data from base maps. **P1** B.6.47
- ◆ Prepare design of Deane Storage Tank. **P2** B.6.41
- ◆ Conduct CEQA Initial Study for Placerita Storage Tank. **P2** B.6.42
- ◆ Construct new pipeline in Rainbow Glen Drive. **P2** B.6.44
- ◆ Construct new intertie with NCWD at Gary Drive. **P2** B.6.45
- ◆ Complete design of pipeline in Warmuth Drive from SC-12 to Sand Canyon Road. **P2** B.6.46
- ◆ Develop and configure water system hydraulic model. **P2** B.6.48
- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6

### Long Term Actions

- ◆ Develop recycled water standards and specifications. B.6.49
- ◆ Create recycled water policies and ordinances. B.6.50

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

## Engineering Department Organization



Engineering  
FY 2016/17 Budget vs. FY 2017/18 Budget

901260001 Engineering

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2017/18 Budget	Change from FY 2016/17 Budget	% Change *
<b>Operating Expenses</b>					
<u>Salary and Benefits</u>					
51001 Salary	302,214	462,300	470,000	7,700	2%
51050 Burden and Benefits	71,352	236,200	246,000	9,800	4%
52653 Transportation	5,802	5,800	6,200	400	7%
<u>Materials and Supplies</u>					
52024 Internal Relations	-	300	300	-	0%
52015 Office Supplies	5,018	7,000	8,000	1,000	14%
52020 Postage	-	800	800	-	0%
52075 Parts and Materials	357	21,000	15,700	(5,300)	-25%
<u>Outside Services</u>					
53101 Education and Seminars	4,825	29,600	34,300	4,700	16%
53241 Temporary Personnel Services	34,330	-	95,000	95,000	A
53105 Outside Services and Contracting	113,420	205,000	283,300	78,300	B
53110 Equipment Repair and Rental	(7,987)	9,000	8,000	(1,000)	-11%
<u>Other</u>					
53332 Cell Phone	1,647	3,100	3,100	-	0%
53304 Dues and Memberships	10,960	5,500	5,600	100	2%
51505 Employee Expense	9,898	17,300	27,500	10,200	59%
<b>Total Engineering</b>	<b>\$ 551,836</b>	<b>\$ 1,002,900</b>	<b>\$ 1,203,800</b>	<b>\$ 200,900</b>	<b>20%</b>

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Budget:

- A. Temporary Personnel Services increase by \$95,000 based on interns needed for GIS data entry.
- B. Outside Services and Contracting increases by \$78,300, or 38%, due to more general engineering, survey and CEQA services needed.

Engineering  
FY 2016/17 Estimated vs. FY 2017/18 Budget

901260001 Engineering

	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 Estimated	% Change	*
<b>Operating Expenses</b>						
<u>Salary and Benefits</u>						
51001 Salary	\$ 302,214	\$ 398,139	\$ 470,000	\$ 71,861	18%	A
51050 Burden and Benefits	71,352	208,013	246,000	37,987	18%	B
52653 Transportation	5,802	5,471	6,200	729	13%	
<u>Materials and Supplies</u>						
52024 Internal Relations	-	100	300	200	200%	
52015 Office Supplies	5,018	6,355	8,000	1,645	26%	
52020 Postage	-	399	800	401	101%	
52075 Parts and Materials	357	16,731	15,700	(1,031)	-6%	
<u>Outside Services</u>						
53101 Education and Seminars	4,825	27,617	34,300	6,683	24%	
53241 Temporary Personnel Services	34,330	7,335	95,000	87,665	1195%	C
53105 Outside Services and Contracting	113,420	194,447	283,300	88,853	46%	D
53110 Equipment Repair and Rental	(7,987)	7,887	8,000	113	1%	
<u>Other</u>						
53332 Cell Phone	1,647	2,456	3,100	644	26%	
53304 Dues and Memberships	10,960	5,015	5,600	585	12%	
51505 Employee Expense	9,898	15,824	27,500	11,676	74%	
<b>Total Engineering</b>	<b>\$ 551,836</b>	<b>\$ 895,789</b>	<b>\$ 1,203,800</b>	<b>\$ 308,011</b>	<b>34%</b>	

\* Changes of more than 10% and more than \$20,000.

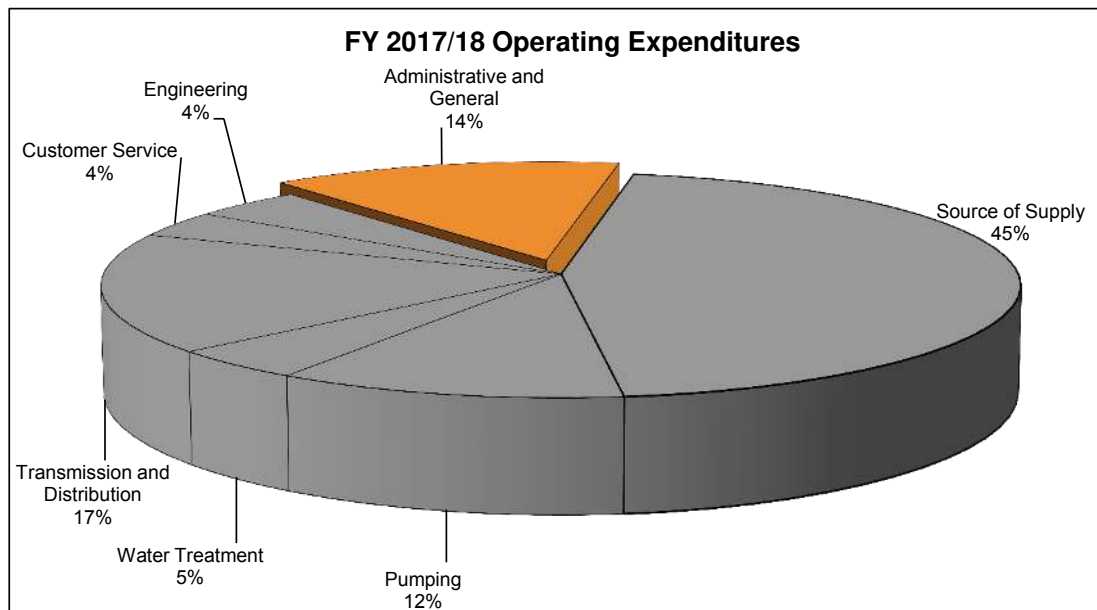
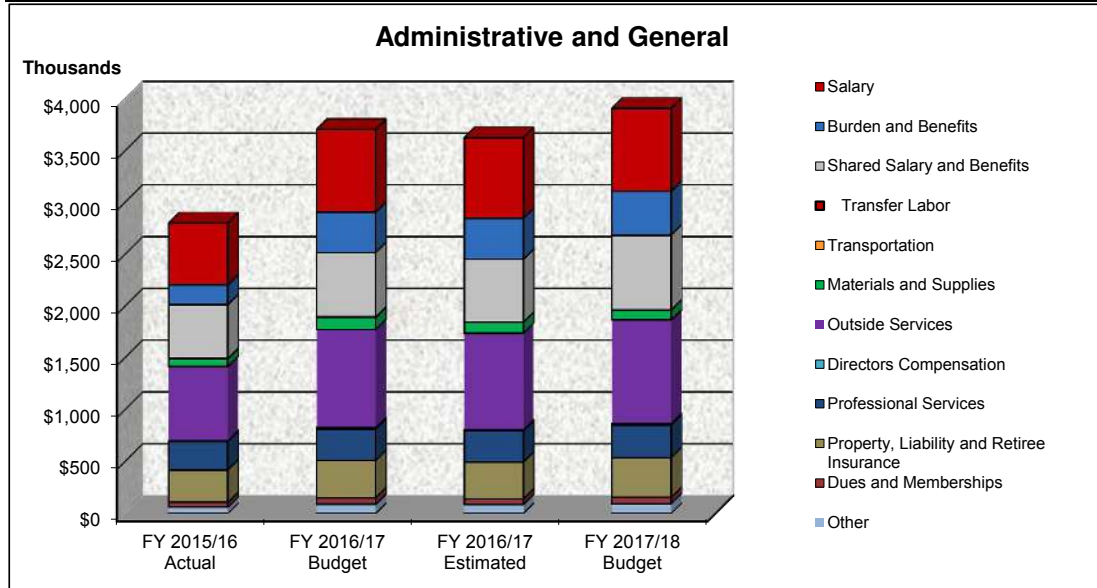
FY 2017/18 Budget compared to FY 2016/17 Estimated:

- A. Salary increases by \$71,861, or 18%, due to full year funding for one previous vacant position and salary step increases for eligible employees.
- B. Burden and Benefits increase by \$37,987, or 18%, due to full year funding for one previous vacant position and the projected increases in medical insurance premiums.
- C. Temporary Personnel Services increase by \$87,665 based on interns needed for GIS data entry.
- D. Outside Services and Contracting increases by \$88,853, or 46%, due to more general engineering, survey and CEQA services needed.



Administrative and General Expenditures  
FY 2017/18 Budget

Administrative and General Expenditures	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
Salary	\$ 597,264	\$ 799,200	\$ 780,931	\$ 801,200
Burden and Benefits	190,633	390,200	391,079	423,000
Shared Salary and Benefits	519,834	620,500	608,174	720,200
Transportation	3,693	6,500	3,293	3,500
Materials and Supplies	74,894	117,000	104,726	94,800
Outside Services	715,104	946,700	932,537	1,002,800
Directors Compensation	7,469	12,000	9,863	12,000
Professional Services	274,591	305,000	303,593	315,000
Property, Liability and Retiree Insurance	313,560	361,100	354,406	381,600
Dues and Memberships	44,905	60,200	53,134	61,900
Other	63,827	91,400	88,041	96,400
Administrative and General				
Transfer Labor	(138,637)	(135,400)	(135,118)	(136,000)
<b>Total Administrative and General</b>	<b>\$ 2,667,137</b>	<b>\$ 3,574,400</b>	<b>\$ 3,494,659</b>	<b>\$ 3,776,400</b>



## DEPARTMENT: ADMINISTRATIVE AND GENERAL

### Department Objective

Implement the accounting needs of SCWD. Maintain proactive, strategic and budgetary financial direction for the Division to ensure internal financial controls and accurate financial reporting according to Generally Accepted Accounting Principles.

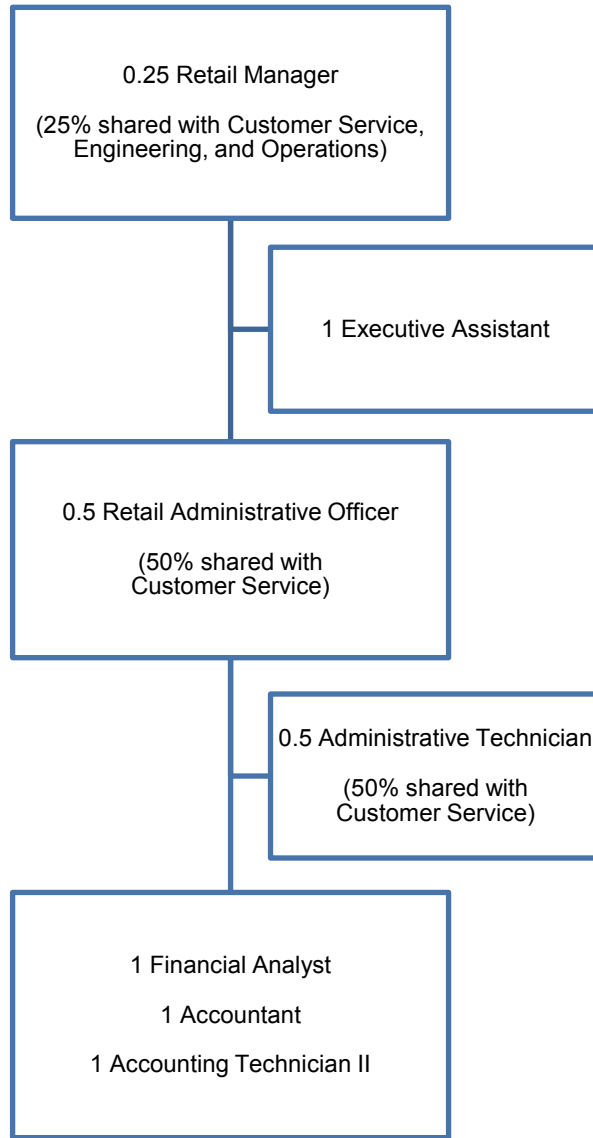
### Major Accomplishments – FY 2016/17

- ◆ Received the Distinguished Budget Presentation Award from the Government Finance Officer Association for FY 2016/17 (sixth consecutive year).
- ◆ Received the Excellence Award in Operating Budget FY 2016/17 from the California Society of Finance Officers (sixth consecutive year).
- ◆ Implemented at 3.5% rate increase effective January 1, 2017.
- ◆ Completed Capacity Fee study.
- ◆ Implemented a revised Capacity Fee effective January 1, 2017.

### Objectives – FY 2017/18

- ◆ Continue enforcement of Ordinance No. 44 Restrictions to minimize violations and encourage conservation in accordance with the SWRCB mandatory restrictions through October 2017. [P1](#) B.4.5
- ◆ Implement revised retail water rates. [P1](#) D.1.1
- ◆ Update retail capacity fees based on Los Angeles Specific Engineering News Record (ENR) Construction Cost Index (CCI) and Implement new fees. [P1](#) D.1.2
- ◆ Evaluate Current Retail Reserve Fund Policy. [P1](#) D.1.3
- ◆ Reevaluate and prioritize outreach targets and methods to maximize rebates and incentive benefits to encourage additional conservation. [P2](#) B.4.6
- ◆ Review financial policies to ensure compliance or provide recommendations for revision if necessary. [P2](#) D.1.4
- ◆ Enhance customer outreach through web-based and social media programs. A.2.1
- ◆ Promote various water conservation programs. B.4.7
- ◆ Monitor revenue impact of continuous customer water conservation performance as a result of the SWRCB conservation extension through October 2017. D.1.5
- ◆ Ensure the Agency, Division/Department and capital budgets are appropriately expended by actively managing and controlling expenditures. D.1.6

## Administration Department Organization



Administrative and General  
FY 2016/17 Budget vs. FY 2017/18 Budget

901210001 Administrative and General

	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Budget	Change from FY 2016/17 Budget	% Change	*
<b>Operating Expenses</b>						
<u>Salary and Benefits</u>						
51001 Salary	\$ 577,362	\$ 787,500	\$ 797,500	\$ 10,000	1%	
51007 Overtime	19,902	11,700	3,700	(8,000)	-68%	
51050 Burden and Benefits	190,633	390,200	423,000	32,800	8%	
51036 Shared Salary and Benefits	519,834	620,500	720,200	99,700	16%	A
52653 Transportation	3,693	6,500	3,500	(3,000)	-46%	
<u>Materials and Supplies</u>						
52024 Internal Relations	-	200	200	-	0%	
52015 Office Supplies	11,488	24,100	22,000	(2,100)	-9%	
52020 Postage	1,918	2,500	2,500	-	0%	
52075 Parts and Materials	61,488	90,200	70,100	(20,100)	-22%	B
<u>Outside Services</u>						
53101 Education and Seminars	5,137	17,200	13,400	(3,800)	-22%	
53241 Temporary Personnel Services	137,568	-	-	-		
53105 Outside Services and Contracting	559,575	918,500	978,500	60,000	7%	
53110 Office Equipment Repair	12,824	11,000	10,900	(100)	-1%	
51326 Directors Compensation	7,469	12,000	12,000	-	0%	
53202 Professional Services - Legal	139,013	140,000	165,000	25,000	18%	C
53236 Professional Services - Other	135,578	165,000	150,000	(15,000)	-9%	
<u>Other</u>						
53332 Telephone - Office and Cell Phone	39,393	33,000	41,000	8,000	24%	
53333 Utilities - Electricity and Gas (Office Building)	33,842	38,000	38,000	-	0%	
53239 Miscellaneous including permits	(14,345)	13,000	10,000	(3,000)	-23%	
53237 Rent	4,937	6,000	6,000	-	0%	
55000 Insurance	313,560	361,100	381,600	20,500	6%	
53304 Dues, Memberships and Employee Expense	44,905	60,200	61,900	1,700	3%	
53238 Franchise Requirements	-	1,400	1,400	-	0%	
51034 Administrative and General Transfer Labor	(138,637)	(135,400)	(136,000)	(600)	0%	
<b>Total Administrative and General Expenses</b>	<b>\$2,667,137</b>	<b>\$3,574,400</b>	<b>\$3,776,400</b>	<b>\$ 202,000</b>	<b>6%</b>	

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Budget:

- A. Shared Salary and Benefits increase \$99,700, or 16%, due to the addition of two new shared positions.
- B. Parts and Materials decrease \$20,100, or 22%, due to fewer PC replacements needed.
- C. Professional Services - Legal increases \$25,000, or 18%, due to the new cost of service study and Proposition 218 review.

Administrative and General  
FY 2016/17 Estimated vs. FY 2017/18 Budget

901210001 Administrative and General

	FY 2015/16 Actual	FY 2016/17 Estimated	FY 2017/18 Budget	Change from FY 2016/17 Estimated	% Change *
<b>Operating Expenses</b>					
<u>Salary and Benefits</u>					
51001 Salary	\$ 577,362	\$ 773,531	\$ 797,500	\$ 23,969	3%
51007 Overtime	19,902	7,400	3,700	(3,700)	-50%
51050 Burden and Benefits	190,633	391,079	423,000	31,921	8%
51036 Shared Salary and Benefits	519,834	608,174	720,200	112,026	18% A
52653 Transportation	3,693	3,293	3,500	207	6%
<u>Materials and Supplies</u>					
52024 Internal Relations	-	200	200	-	0%
52015 Office Supplies	11,488	21,678	22,000	322	1%
52020 Postage	1,918	2,492	2,500	8	0%
52075 Parts and Materials	61,488	80,356	70,100	(10,256)	-13%
<u>Outside Services</u>					
53101 Education and Seminars	5,137	11,916	13,400	1,484	12%
53241 Temporary Personnel Services	137,568	-	-	-	
53105 Outside Services and Contracting	559,575	909,039	978,500	69,461	8%
53110 Office Equipment Repair	12,824	11,582	10,900	(682)	-6%
51326 Directors Compensation	7,469	9,863	12,000	2,137	22%
53202 Professional Services - Legal	139,013	160,360	165,000	4,640	3%
53236 Professional Services - Other	135,578	143,233	150,000	6,767	5%
<u>Other</u>					
53332 Telephone - Office and Cell Phone	39,393	38,976	41,000	2,024	5%
53333 Utilities - Electricity and Gas (Office Building)	33,842	35,867	38,000	2,133	6%
53239 Miscellaneous including permits	(14,345)	6,502	10,000	3,498	54%
53237 Rent	4,937	5,296	6,000	704	13%
55000 Insurance	313,560	354,406	381,600	27,194	8%
53304 Dues, Memberships and Employee Expense	44,905	53,134	61,900	8,766	16%
53238 Franchise Requirements	-	1,400	1,400	-	0%
51034 Administrative and General Transfer Labor	(138,637)	(135,118)	(136,000)	(882)	1%
<b>Total Administrative and General Expenses</b>	<b>\$ 2,667,137</b>	<b>\$ 3,494,659</b>	<b>\$ 3,776,400</b>	<b>\$ 281,741</b>	<b>8%</b>

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Estimated:

A. Shared Salary and Benefits increase \$112,026, or 18%, due to the addition of two new shared positions.

Burden and Benefits  
FY 2016/17 Budget vs. FY 2017/18 Budget

**Burden and Benefits**

	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Budget</b>	<b>FY 2017/18 Budget</b>	<b>Change from FY 2016/17 Budget</b>	<b>%</b>	
51051 Employee Assistance Program	\$ 1,408	\$ 1,700	\$ 1,700	\$ -	0%	*
51052 In-Lieu Sick Salary	32,342	34,000	35,000	1,000	3%	
51053 In-Lieu Medical Insurance	165,465	165,000	231,400	66,400	40%	A
51054 Deferred Compensation	95,336	137,500	141,800	4,300	3%	
51055 PERS Retirement	616,884	752,600	734,900	(17,700)	-2%	
51056 Medical Insurance	556,055	705,600	615,000	(90,600)	-13%	B
51057 Dental Insurance	76,514	93,700	89,700	(4,000)	-4%	
51058 Life Insurance	10,845	13,100	12,500	(600)	-5%	
51059 Vision Insurance	10,783	12,900	13,000	100	1%	
51060 Long Term Disability	19,923	24,400	24,200	(200)	-1%	
51061 FICA/Medicare Tax	57,690	64,300	70,800	6,500	10%	
51080 OPEB - Retiree Medical Insurance	260,749	320,900	515,500	194,600	61%	C
OPEB Unfunded Liability	(431,960)	-	-	-		
<b>Total Burden and Benefits/Distribution</b>	<b>\$ 1,472,034</b>	<b>\$ 2,325,700</b>	<b>\$ 2,485,500</b>	<b>\$ 159,800</b>	<b>7%</b>	
Transfer Source of Supply Benefits	\$ (121,832)	\$ (73,000)	\$ (82,500)	\$ (9,500)	13%	
Transfer Pumping Benefits	(84,362)	(206,300)	(254,000)	(47,700)	23%	D
Transfer Water Treatment Benefits	(137,614)	(205,800)	(225,000)	(19,200)	9%	
Transfer Transmission and Distribution Benefits	(743,188)	(1,029,000)	(1,040,000)	(11,000)	1%	
Transfer Customer Service Benefits	(123,053)	(185,200)	(215,000)	(29,800)	16%	E
Transfer Engineering Benefits	(71,352)	(236,200)	(246,000)	(9,800)	4%	
Transfer Administrative and General Benefits	(190,633)	(390,200)	(423,000)	(32,800)	8%	
<b>Total Transfer of Burden and Benefits</b>	<b>\$ (1,472,034)</b>	<b>\$ (2,325,700)</b>	<b>\$ (2,485,500)</b>	<b>\$ (159,800)</b>	<b>7%</b>	

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Budget:

- A. In-Lieu Medical Insurance increases \$66,400, or 40%, due to changes in benefits selection.
- B. Medical Insurance decreases \$90,600, or 13%, due to changes in benefits selection.
- C. OPEB increases \$194,600, or 61%, due to full year funding for vacant positions and the proposed additional position.
- D. Transfer Pumping Benefits increase \$47,700, or 23%, due to a new proposed Senior Instrumentation Technician, full year funding for vacant positions and estimated increases in medical insurance premiums.
- E. Transfer Customer Service Benefits increase \$29,800, or 16%, due to changes in benefits selection and estimated increases in medical insurance premiums.

Burden and Benefits  
FY 2016/17 Estimated vs. FY 2017/18 Budget

**Burden and Benefits**

	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Estimated</b>	<b>FY 2017/18 Budget</b>	<b>Change from FY 2016/17 Estimated</b>	<b>% Change</b>	
51051 Employee Assistance Program	\$ 1,408	\$ 1,520	\$ 1,700	\$ 180	12%	*
51052 In-Lieu Sick Salary	32,342	28,425	35,000	6,575	23%	
51053 In-Lieu Medical Insurance	165,465	201,502	231,400	29,898	15%	A
51054 Deferred Compensation	95,336	116,804	141,800	24,996	21%	B
51055 PERS Retirement	616,884	657,328	734,900	77,572	12%	C
51056 Medical Insurance	556,055	611,359	615,000	3,641	1%	
51057 Dental Insurance	76,514	85,340	89,700	4,360	5%	
51058 Life Insurance	10,845	12,041	12,500	459	4%	
51059 Vision Insurance	10,783	11,866	13,000	1,134	10%	
51060 Long Term Disability	19,923	22,282	24,200	1,918	9%	
51061 FICA/Medicare Tax	57,690	70,300	70,800	500	1%	
51080 OPEB - Retiree Medical Insurance	260,749	441,248	515,500	74,252	17%	D
OPEB - Unfunded Liability	(431,960)	-	-	-		
<b>Total Burden and Benefits/Distribution</b>	<b>\$ 1,472,034</b>	<b>\$ 2,260,015</b>	<b>\$ 2,485,500</b>	<b>\$ 225,485</b>	<b>10%</b>	
Transfer Source of Supply Benefits	\$ (121,832)	\$ (78,404)	\$ (82,500)	\$ (4,096)	5%	
Transfer Pumping Benefits	(84,362)	(209,586)	(254,000)	(44,414)	21%	E
Transfer Water Treatment Benefits	(137,614)	(198,588)	(225,000)	(26,412)	13%	F
Transfer Transmission and Distribution Benefits	(743,188)	(980,571)	(1,040,000)	(59,429)	6%	
Transfer Customer Service Benefits	(123,053)	(193,774)	(215,000)	(21,226)	11%	G
Transfer Engineering Benefits	(71,352)	(208,013)	(246,000)	(37,987)	18%	
Transfer Administrative and General Benefits	(190,633)	(391,079)	(423,000)	(31,921)	8%	
<b>Total Transfer of Burden and Benefits</b>	<b>\$ (1,472,034)</b>	<b>\$ (2,260,015)</b>	<b>\$ (2,485,500)</b>	<b>\$ (225,485)</b>	<b>10%</b>	

Notes:

\* Changes of more than 10% and more than \$20,000.

FY 2017/18 Budget compared to FY 2016/17 Estimated:

- A. In-Lieu Medical Insurance increases \$29,898, or 15%, due to changes in benefits selections.
- B. Deferred Compensation increases by \$24,996 or 21%, due to proposed additional position, full year funding for vacant positions.
- C. PERS Retirement increases \$77,572, or 12%, due to proposed additional position and full year funding for vacant positions.
- D. OPEB - Retiree Medical Insurance increases by \$74,252, or 17% due to proposed additional position and full year funding for vacant positions.
- E. Transfer Pumping Benefits increase \$44,414, or 21%, due to a new proposed Senior Instrumentation Technician, full year funding for vacant positions and estimated increases in medical insurance premiums.
- F. Transfer Water Treatment Benefits increase \$26,412, or 13%, due to a new proposed Senior Instrumentation Technician, full year funding for vacant positions and estimated increases in medical insurance premiums.
- G. Transfer Customer Service Benefits increase \$21,226, or 11%, due to changes in benefits selection and estimated increases in medical insurance premiums.

Performance Measures  
FY 2017/18 Budget

The Santa Clarita Water Division's mission is:

*“To Provide Reliable, Quality Water at a Reasonable Cost to our Customers”*

The foundation of our culture is strengthened by the following values:

- ◆ Team
- ◆ Appearance
- ◆ Personal Accountability
- ◆ Work Ethic
- ◆ Quality
- ◆ Camaraderie
- ◆ Professionalism
- ◆ Communication
- ◆ Honesty
- ◆ Trustworthiness

Performance measures provide benchmarks that help SCWD achieve its goals. The performance measures articulate and quantify the mission, strategic plan and goals for SCWD. In addition to workload measures, SCWD measures performance in four key areas:

1. Maintain a commitment to excellence and continue to improve customer satisfaction and communications related to water quality.
2. Evaluate and optimize operations to improve system efficiency.
3. Identify alternative water supplies to help meet future water demands and encourage water conservation through implementation of water conservation programs.
4. Strive to be under or at fiscal year operating expense budget and capital expense budget.

**Maintain a commitment to excellence and continue to improve customer satisfaction and communications related to water quality.**

Performance Measures include customer satisfaction related to water hardness, odor, taste and color. The majority of inquiries that SCWD received were in regards to a Yellow/Brown color in the water. When customers experience yellow, brown, or discolored water it is sometimes caused from naturally occurring sediment being stirred-up within the mainline. This could be caused from numerous actions including, mainline leaks, mainline flushing activities, water trucks pulling water from hydrants, or many other high demand situations. In most cases, the water clears up within a few minutes after customers flush the discolored water from their private plumbing. It should be noted that occasional “dirty” water complaints end up being private plumbing issues. Most often noted “dirty” water private plumbing complaints are from water softener bottle exchanges—when the new bottle wasn’t properly backwashed by their service provider.

**Evaluate and optimize operations to improve system efficiency.**

SCWD measures system efficiency by carefully monitoring water produced, water sold and water loss. The Operations Department has established a preventive maintenance program to take a proactive approach to the routine maintenance of infrastructure. Performance measures include tracking service leaks, main line breaks, meter replacements, valve exercising, dead end flushing, blow-off maintenance and service line replacement.



Performance Measures  
FY 2017/18 Budget

Due to the recent drought, the Maintenance department is utilizing alternative means of reducing potable water usage for routine maintenance. For example, instead of discharging water into storm drains while flushing wells, the water is directed to a holding tank and utilized to wash down well sites or recovered by a water truck to be reused for development grading, dust control or watering of trees.

**Identify alternative water supplies to help meet future water demands and encourage water conservation through implementation of water conservation programs.**

Recycled water provides for a reliable, drought-proof supply of water for irrigation purposes. While SCWD does not currently have access to recycled water; efforts are currently underway in the planning design phase for a recycled water system in a new community in SCWD's service area. The recycled water system will provide excess recycled water beyond the needs of the new community, which will enable SCWD to distribute recycled water to neighboring existing irrigation customers.

**Strive to be under or at fiscal year operating expense budget and capital expense budget.**

SCWD monitors both operating and capital expenditures monthly and historically, and has been under budget the past five years. With the guidance of the Board of Directors, SCWD has strengthened its policies and procedures and has made prudent financial decisions. Innovative ideas by employees in combination with equipment conversions have resulted in additional savings. SCWD has been proactive with energy cost savings by participating in energy efficiency programs including solar power and restructuring rates with the Southern California Edison Company.

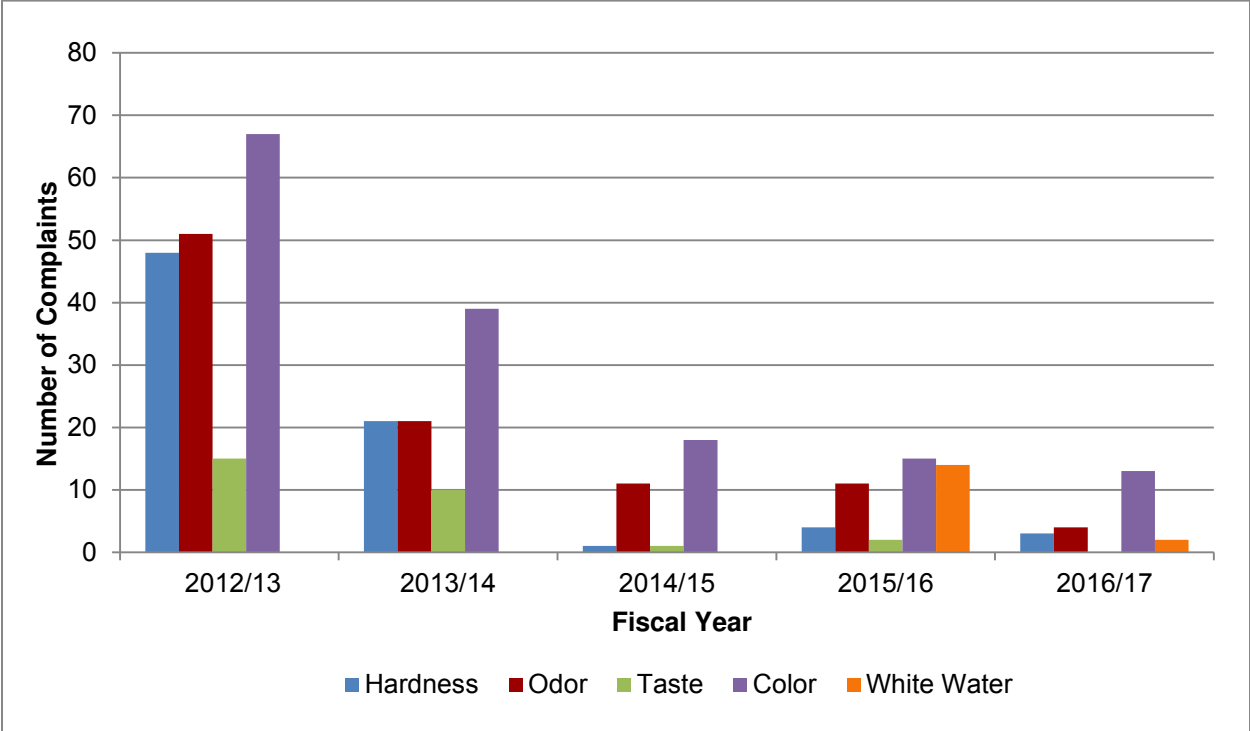
**Workload Measures**

SCWD measures workload for key activities in each of the departments.

Performance Measures  
FY 2017/18 Budget

**Maintain a commitment to excellence and continue to improve customer satisfaction and communications related to water quality.**

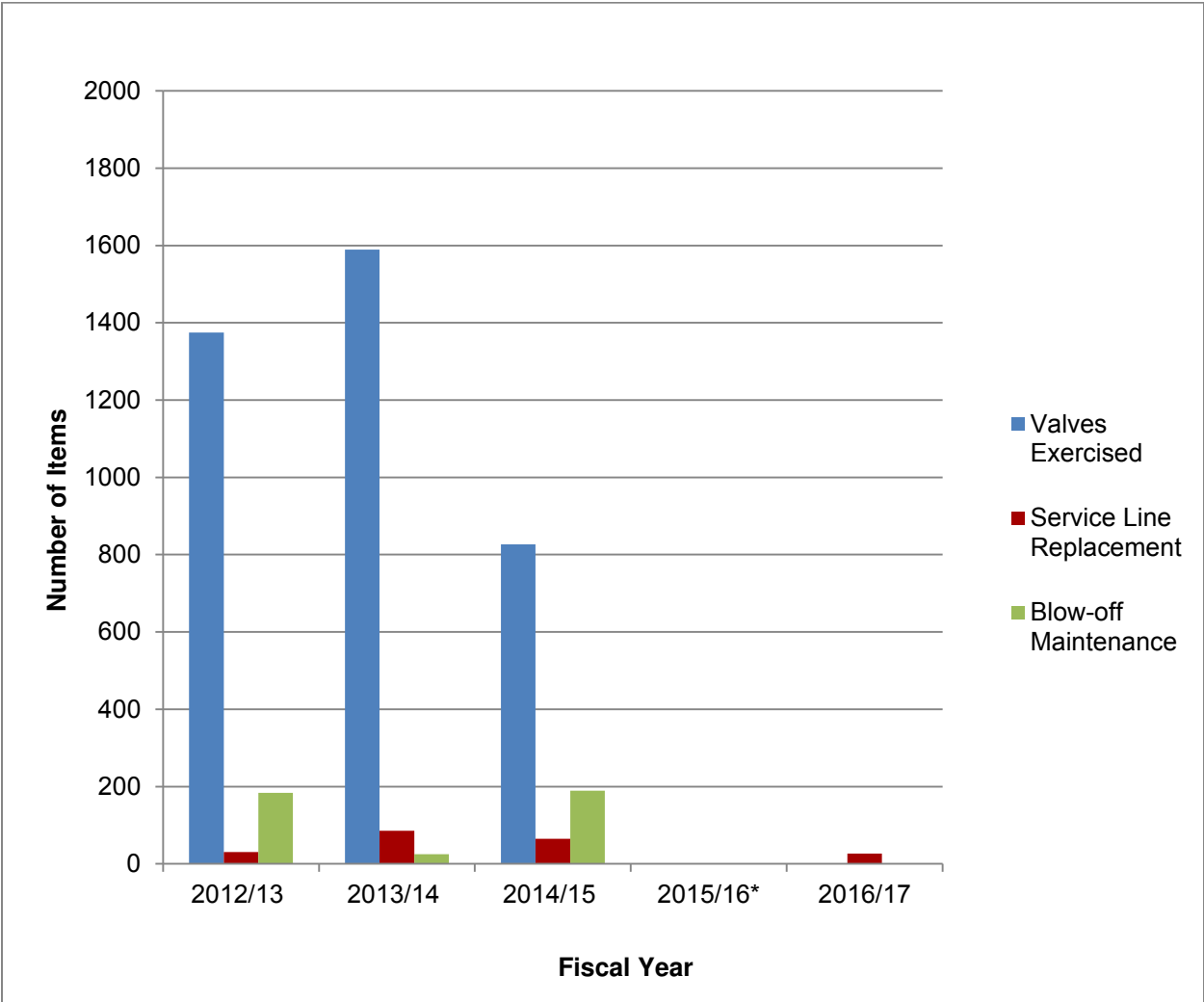
**Customer Complaints: Water Quality**



Performance Measures  
FY 2017/18 Budget

**Evaluate and optimize operations to improve system efficiency.**

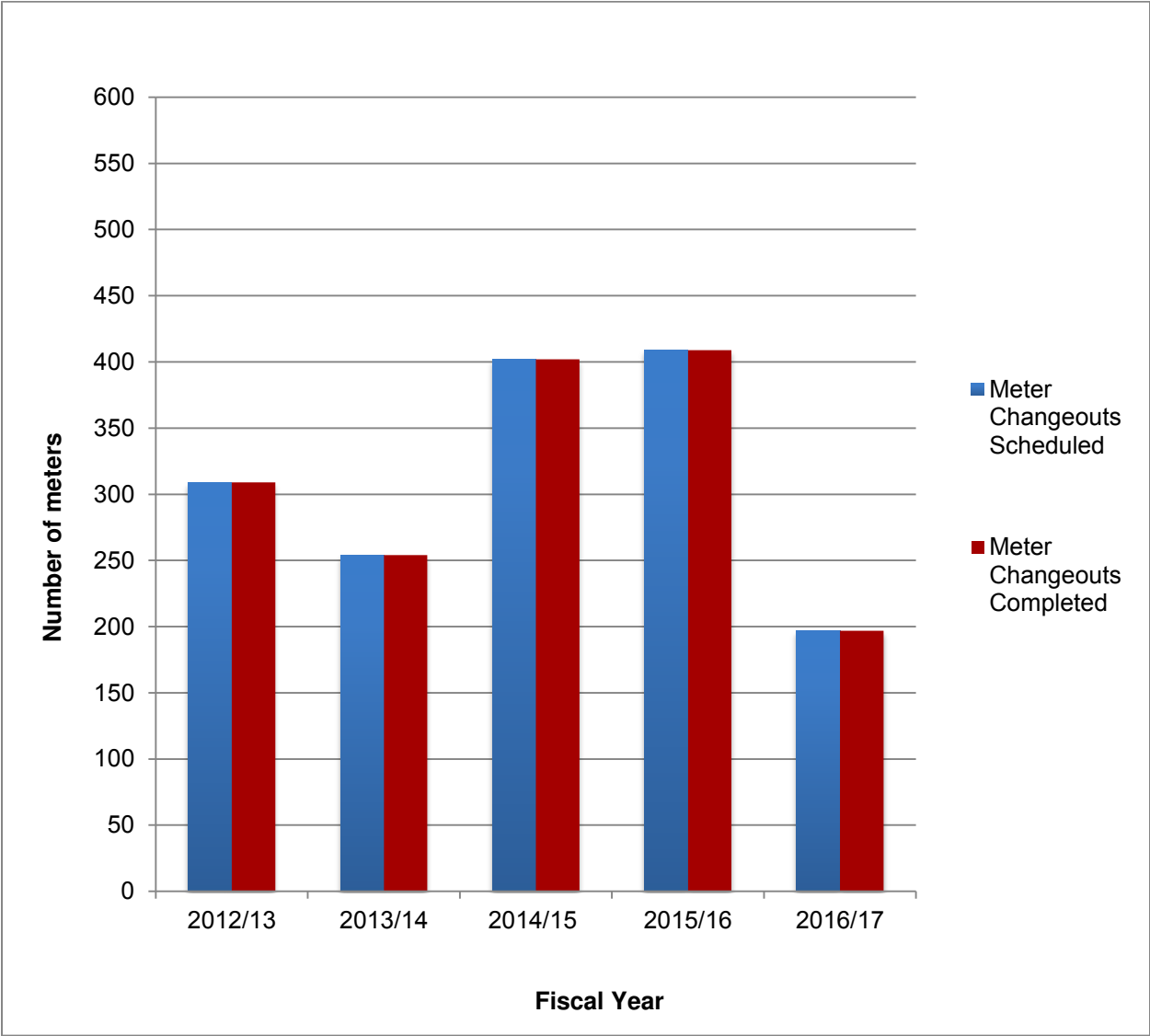
**Preventative Maintenance**



\* Valves Exercised and Blow-off Maintenance were on hold in FY 2015/16 and FY 2016/17 due to mandatory conservation. Service line replacements scheduled for FY 2015/16 were deferred to FY 2016/17.

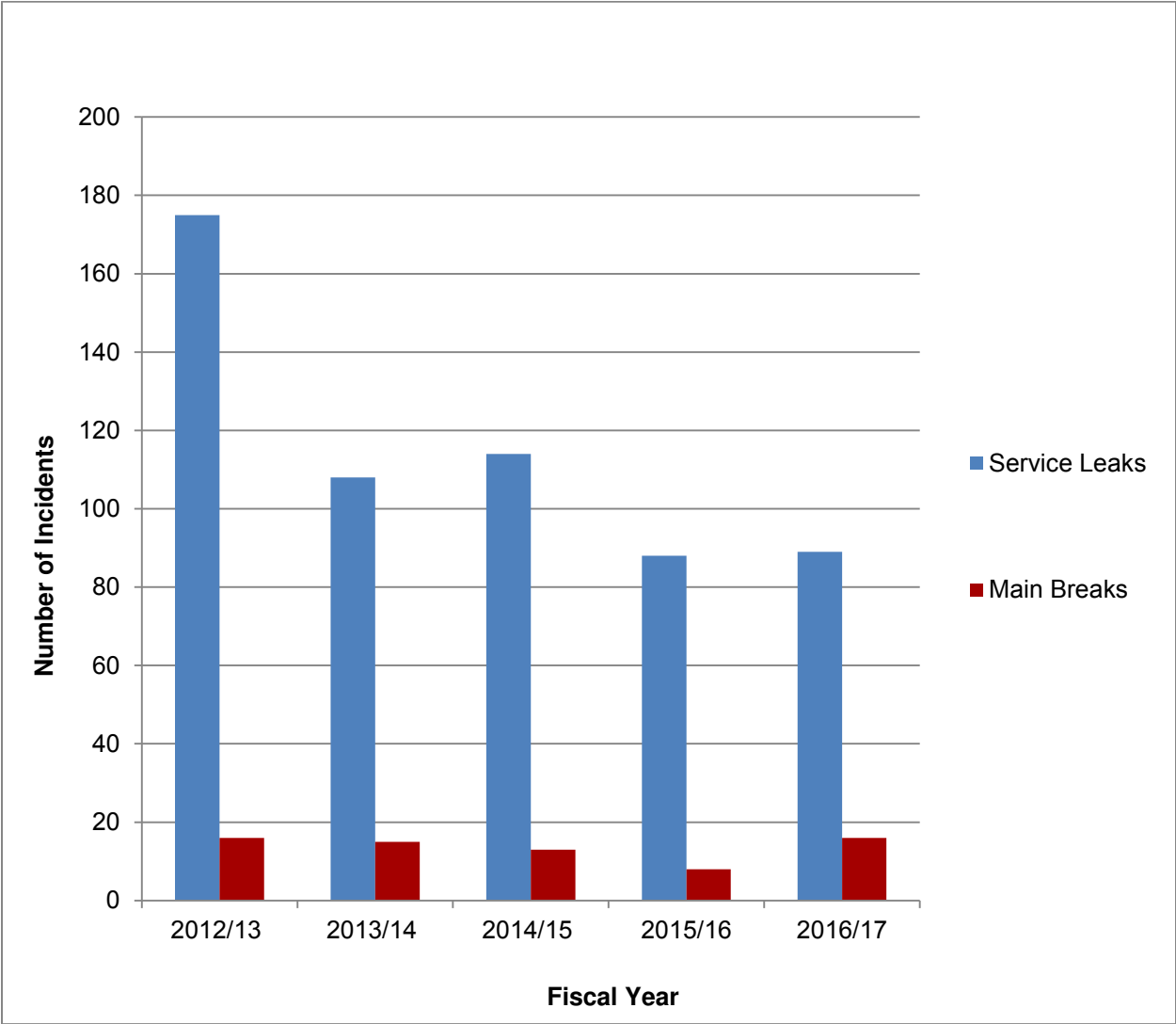
Performance Measures  
FY 2017/18 Budget

**Preventative Maintenance**



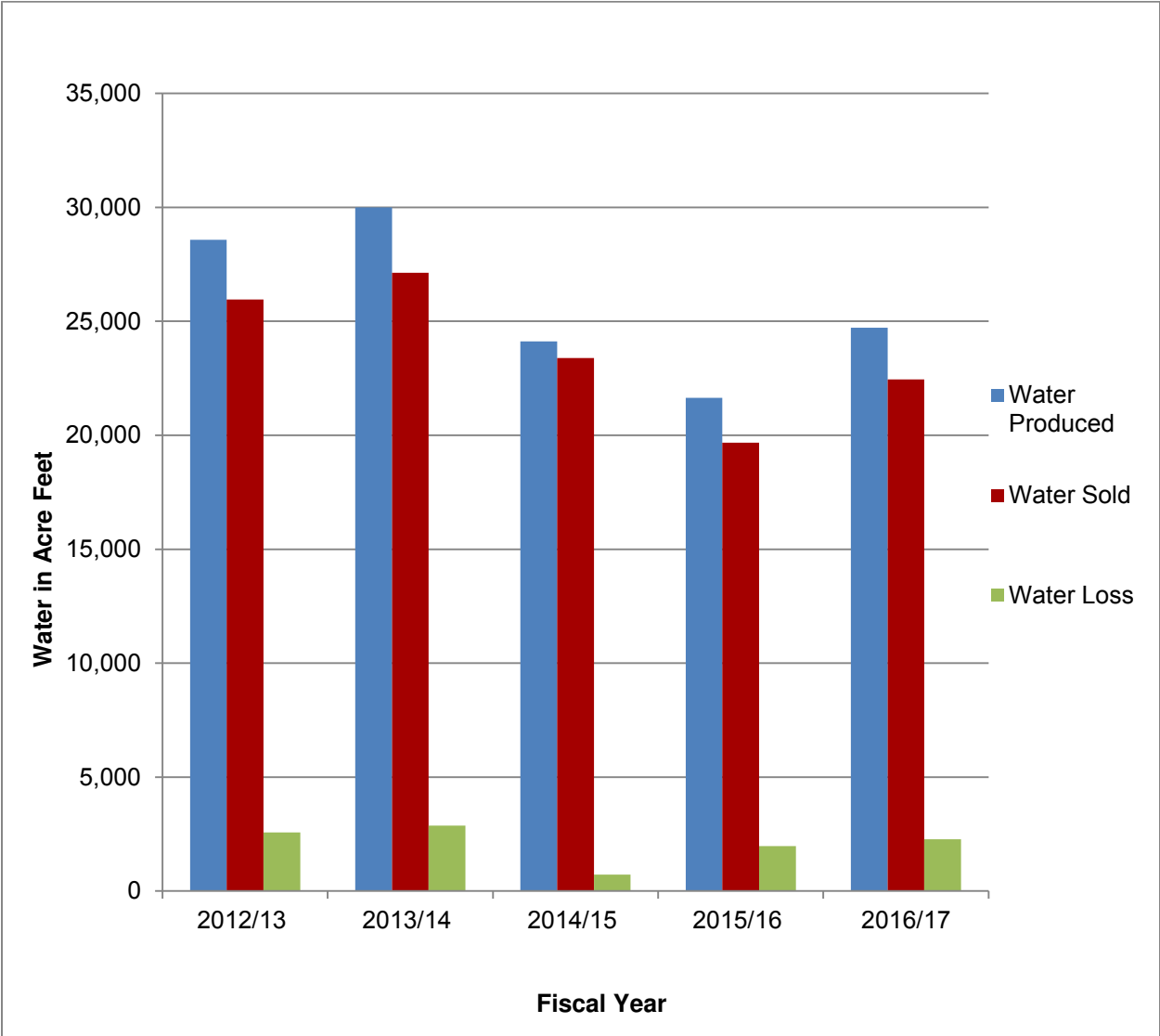
Performance Measures  
FY 2017/18 Budget

**System Leaks, Breaks and Failures**



Performance Measures  
FY 2017/18 Budget

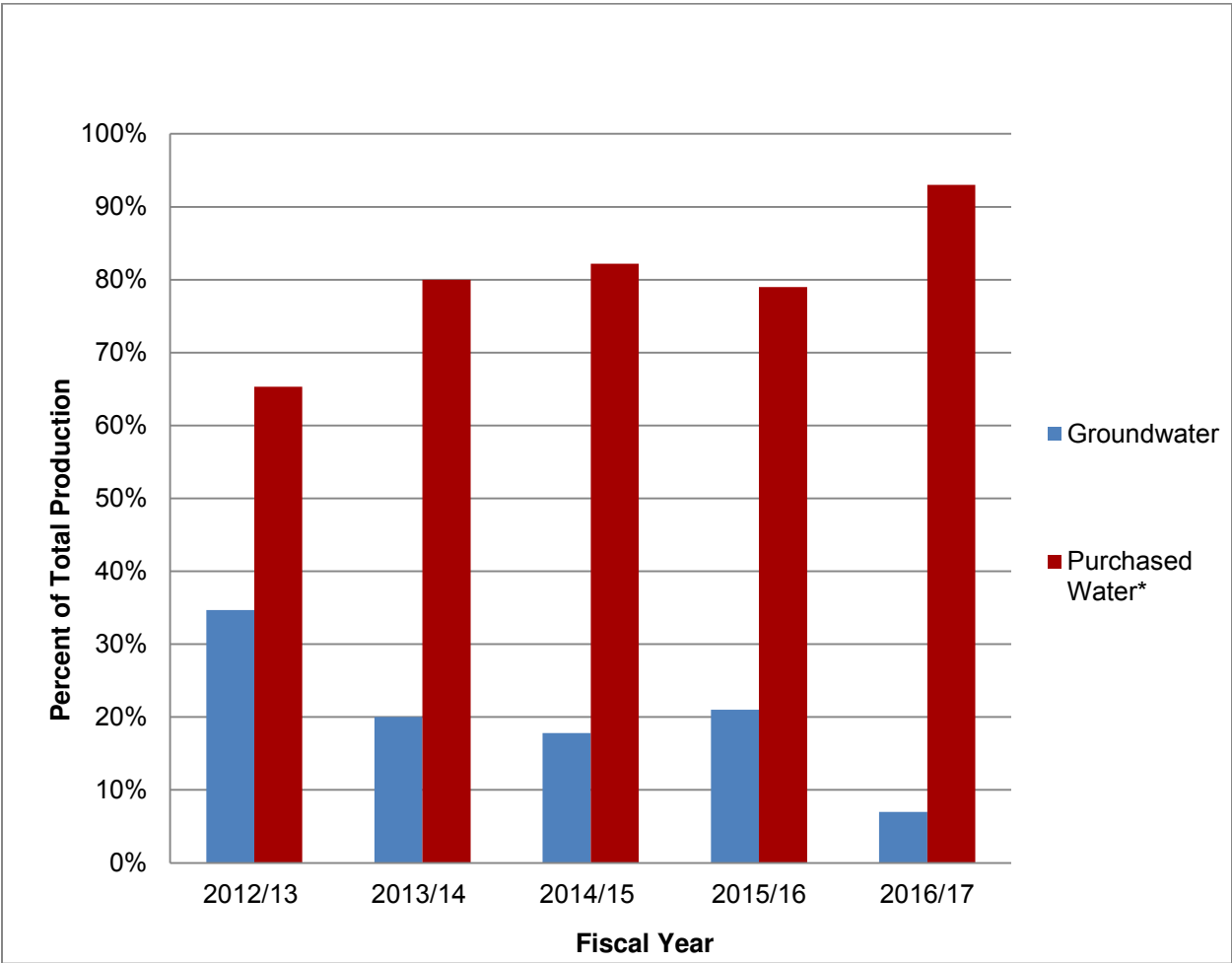
**Water Produced, Sold and Lost**



Performance Measures  
FY 2017/18 Budget

**Identify alternative water supplies to help meet future water demands and encourage water conservation.**

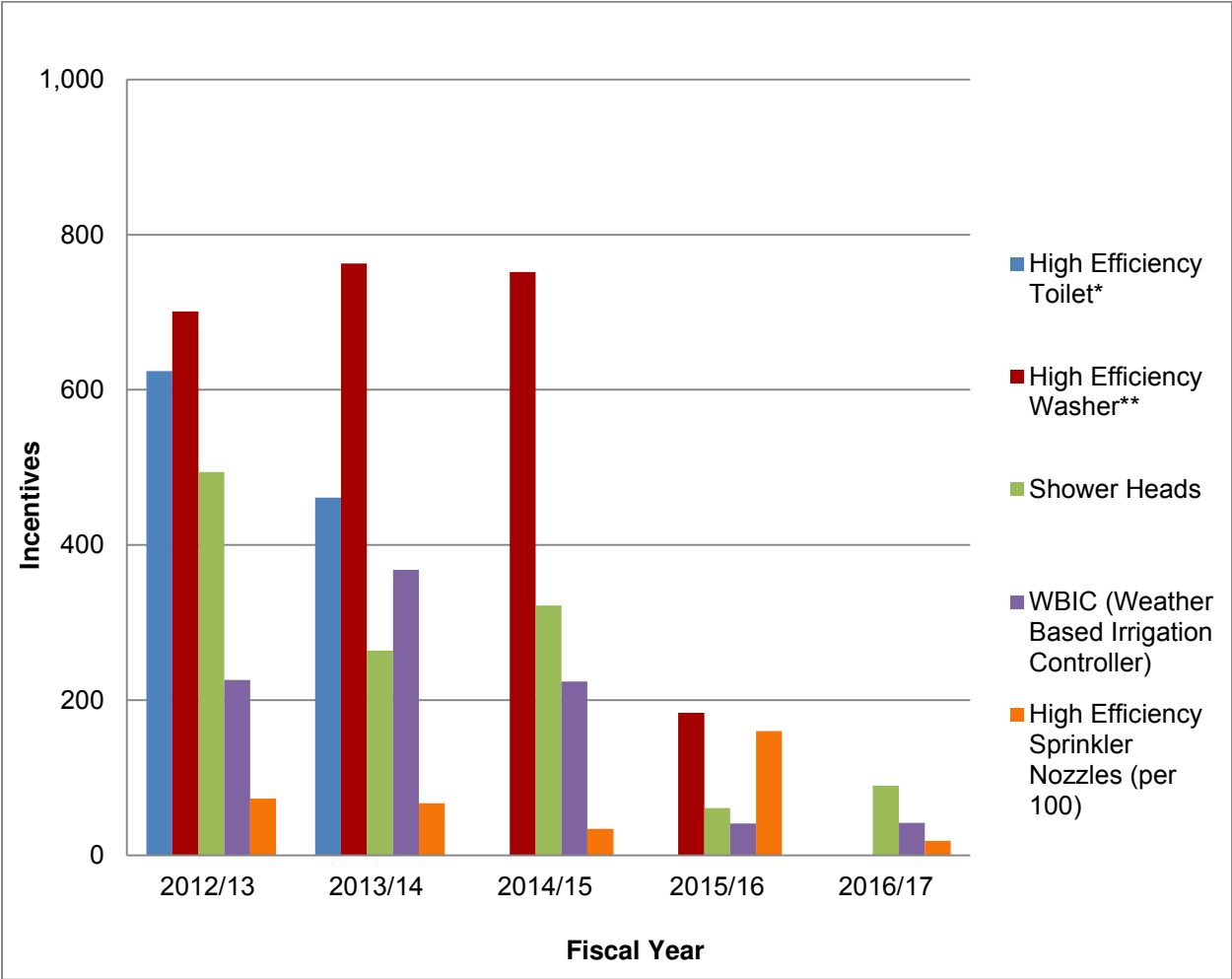
**Water Production**



\*Purchased Water includes Import and perchlorate treated Saugus Well water.

Performance Measures  
FY 2017/18 Budget

Conservation Incentives



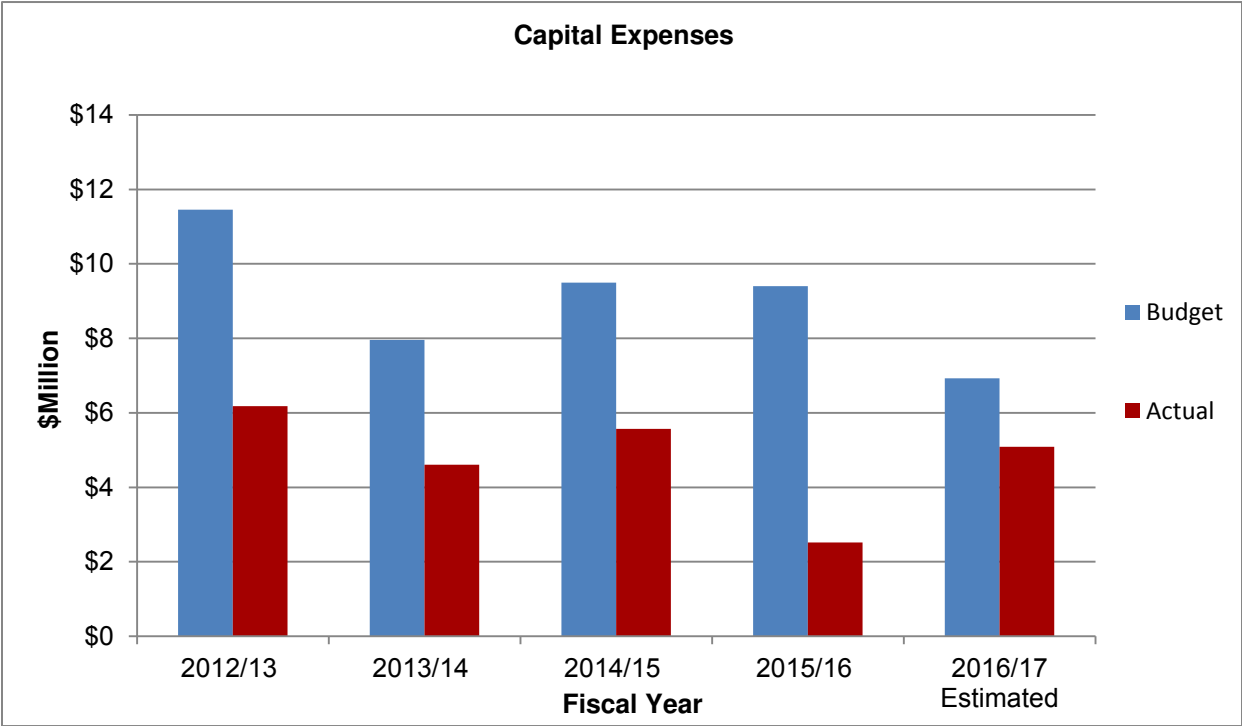
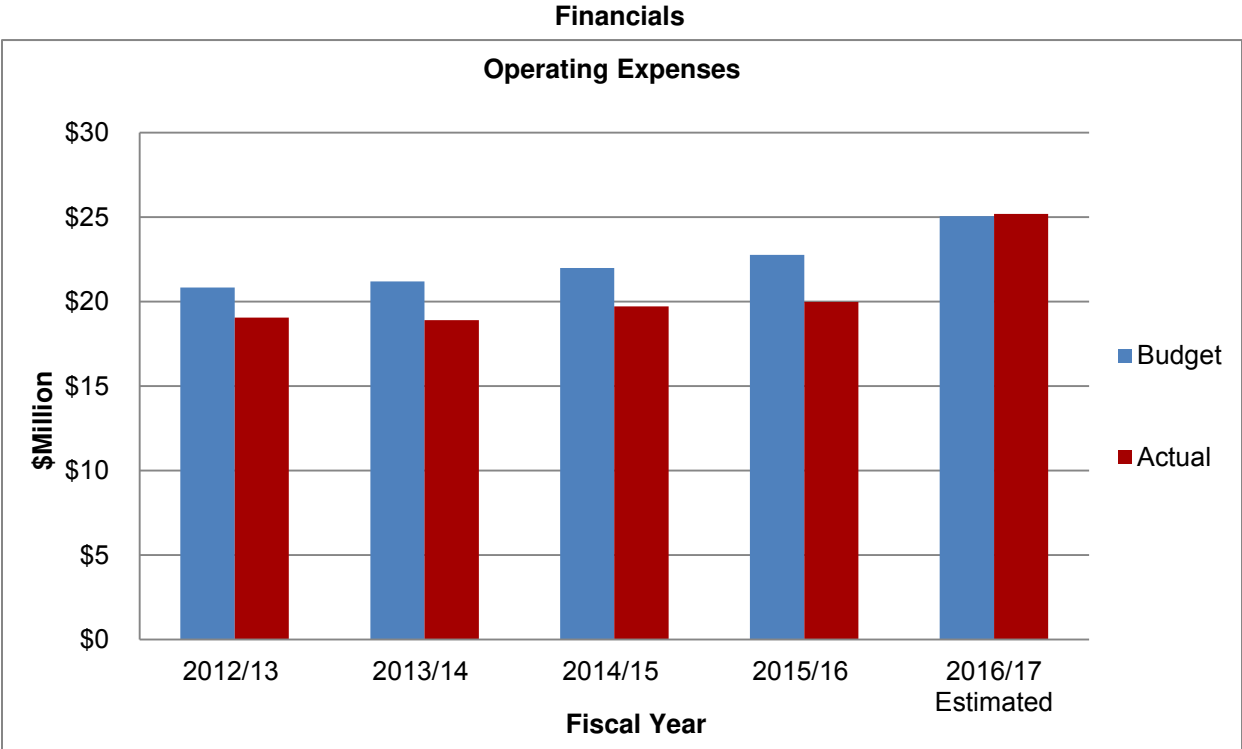
\*High Efficiency Toilet Program ended in FY 2013/14.

\*\*High Efficiency Washer Program ended in FY 2015/16.



Performance Measures  
FY 2017/18 Budget

**Strive to be under or at fiscal year operating expense budget and capital expense budget.**



Performance Measures  
FY 2017/18 Budget

**Financials**

**Financial Measures**

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget
Capital Expenditures per connection	\$ 102	\$ 215	\$ 175	\$ 189	\$ 311	\$ 224	\$ 165	\$ 226
Operating Expenditures per connection	\$ 633	\$ 664	\$ 701	\$ 668	\$ 749	\$ 822	\$ 816	\$ 876
Operating Revenues per connection	\$ 1,011	\$ 1,079	\$ 1,054	\$ 979	\$ 877	\$ 946	\$ 1,022	\$ 1,154
Debt Service Ratio*	3.43	2.71	2.21	1.38	2.39	1.58	2.50	1.71

\* Debt Service Ratio for FY 2015/16 Estimated and FY 2016/17 Budget includes Defeasance transactions

Performance Measures  
FY 2017/18 Budget

**Workload Measures**

**WORKLOAD MEASURES**

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Actual	FY 2015/16 Budget	FY 2015/16 Actual	FY 2016/17 Actual	FY 2017/18 Budget
<b>Customer Service</b>							
Active service connections	28,688	29,232	29,502	29,602	30,278	30,851	31,351
Accounts closed and opened	3,660	3,900	4,980	5,100	5,242	5,600	5,300
Service orders	11,151	11,500	12,575	13,000	12,378	15,116	15,675
Connections per employee	574	552	628	519	571	593	531
<b>Administration</b>							
Regular Committee meetings	10	9	9	12	10	13	28
Safety training classes	35	34	36	36	24	16	16
<b>Operations</b>							
Valves exercised*	1,375	1,520	827	2,250	-	-	-
Meter changeouts	309	254	402	856	409	197	305
Service line replacements**	31	87	65	100	-	27	100
Blow-off maintenance*	184	25	207	150	-	-	-
Number of water quality tests/samples	6,314	5,150	6,300	4,700	5,552	7,188	7,200
<b>Engineering</b>							
Consumption per service connection	382	400	344	269	282	317	363
Major Capital Improvement Projects underway	4	5	5	13	7	11	11
Value of Major Capital Improvement Projects underway	\$ 5,165,742	\$ 3,208,069	\$ 3,953,566	\$ 3,991,000	\$ 1,598,175	\$ 1,813,013	\$ 4,419,000

## Capital Improvement Projects FY 2017/18 Budget

### **Introduction**

The FY 2017/18 CIP has been developed based on capital improvements identified in the 2013 Water Master Plan Update (2013 SCWD WMP), and asset management related improvements to maintain or enhance overall system integrity and performance. The FY2017/18 CIP includes \$805,000 in projects identified in the 2013 SCWD WMP and \$5,617,900 in asset management related improvements. The 2013 SCWD WMP identified \$42,683,000 in CIP projects covering all aspects of the supply and distribution system such as storage, booster pumps, pressure reducing stations, pipelines and control systems. Approximately \$5,348,000 of 2013 SCWD WMP projects were completed through FY2016/17 with a remaining balance of \$37,335,000 from the 2013 SCWD WMP CIP. Capacity Fees from new development are forecasted to be approximately \$2,000,000 in FY2017/18 based on developer projects currently in the planning phase.

### **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 and minor capital projects are distinguished by dollar threshold. Major Capital Projects are those that cost more than \$250,000.
- ◆ **Minor Capital Projects:** Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Major and minor capital projects are distinguished by dollar threshold. Minor Capital Projects are those that cost \$250,000 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 Retail-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. Major and minor capital projects are distinguished by dollar threshold. Major Repair and Replacement projects are those that cost more than \$250,000 and Minor Repair and Replacement projects are those that cost \$250,000 or less.

Additional detail is included on the following pages for both major and minor capital improvement projects. Details for projects costing over \$250,000 include title, type, source, description, purpose, justification, cost estimate, benefit/impact, location/extent and schedule. Details for projects costing \$250,000 and below include title, type, description and cost estimate. The projects are listed in alphabetical order within each category and type.

Capital Improvement Program  
Summary  
FY 2017/18 Budget

Category	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2017/18 Budget	Changes from 2016/17 Budget
Major Capital Improvement Projects	\$ 1,200,000	\$ 250,000	\$ 1,321,000	\$ 121,000
Repair and Replacement Projects	4,088,200	3,344,200	3,298,900	(789,300)
Capital Equipment	1,643,000	1,489,636	2,472,000	829,000
Total Capital Projects	6,931,200	5,083,836	7,091,900	160,700
Less Expansion Capital Projects	(2,191,500)	(1,212,000)	(1,555,500)	636,000
Total SCWD Capital Projects	\$ 4,739,700	\$ 3,871,836	\$ 5,536,400	\$ 796,700

Expansion

Capital Improvement Program  
FY 2017/18 Budget

	FY 2016/17	FY 2016/17	FY 2017/18
Major Capital Improvement Projects	Budget	Estimated	Budget
<b>Pipelines</b>			
Los Angeles Residential Community (LARC) Water Pipeline	700,000	100,000	600,000
Recycled Water Pipeline	250,000	50,000	270,000
<b>Pumps</b>			
Deane Pump Station			150,000
<b>Reservoirs</b>			
2 - 2.5 MG Deane Zone Tanks	-	-	201,000
3.25 MG Placerita Pressure Zone Storage (originally 3.25 MG Placerita Tank)	\$ 250,000	\$ 100,000	\$ 100,000
<b>Total Major Capital Improvement Projects</b>	<b>\$ 1,200,000</b>	<b>\$ 250,000</b>	<b>\$ 1,321,000</b>

	FY 2016/17	FY 2016/17	FY 2017/18
Repair and Replacement Projects	Budget	Estimated	Budget
<b>Wells</b>			
Chlorinator Replacement Program	\$ 60,000	\$ 60,000	\$ 60,000
Clark Well	70,500	70,500	-
Well Allowance	60,000	60,000	60,000
Well Mag Meter	-	-	37,500
<b>Pressure Regulating Stations</b>			
Gary Street Intertie with Newhall County Water District - Pressure Regulating Station and Meter	-	-	60,000
Haskel Canyon/Susan Beth	-	-	5,200
Nadal Street PRV #3	-	-	30,000
North Prairie Lane Intertie at Marilyn Drive PRV #2	-	-	30,000
Oaks Springs Canyon/Soledad Canyon Road	-	-	5,200
Placerita Canyon Road	53,000	53,000	-
Rainbow Glen/Sierra Highway	5,700	5,700	54,000
Whites Canyon and Americana	55,000	55,000	-
<b>Booster Pumps</b>			
Booster Allowance	\$ 100,000	\$ 100,000	\$ 100,000
Booster Mag Meter	41,000	41,000	43,000
Motor Drive Replacement	-	-	84,000
Whites Canyon Booster	100,000	100,000	-
Circle J Pressure Station	230,000	230,000	-
Circle J Pressure Station (Expansion)	230,000	230,000	-
<b>Subtotal Circle J Pressure Station</b>	<b>460,000</b>	<b>460,000</b>	<b>-</b>
Placerita Booster Station - SC-12	669,000	334,500	334,500
Placerita Booster Station - SC-12 (Expansion)	669,000	334,500	334,500
<b>Subtotal Placerita Booster Station - SC-12</b>	<b>1,338,000</b>	<b>669,000</b>	<b>669,000</b>
<b>Surge Protection</b>			
Mitchell Well - Surge Protection	-	-	35,000
Princess Booster - Surge Protection	75,000	-	75,000
Sky Blue Booster - Surge Protection	-	-	125,000
<b>Subtotal Repair and Replacement Projects</b>	<b>\$ 2,418,200</b>	<b>\$ 1,674,200</b>	<b>\$ 1,472,900</b>

Expansion

Capital Improvement Program  
FY 2017/18 Budget

	FY 2016/17	FY 2016/17	FY 2017/18
<b>Repair and Replacement Projects (Cont.)</b>	<b>Budget</b>	<b>Estimated</b>	<b>Budget</b>
<b>Reservoir Access</b>			
Asphalt Replacement/Repair Program	117,500	117,500	125,000
Asphalt Replacement/Repair Program (Expansion)	117,500	117,500	125,000
<b>Subtotal Asphalt Replacement/Repair Program</b>	<b>235,000</b>	<b>235,000</b>	<b>250,000</b>
Mesa Bridge and Tank Road	142,000	142,000	-
<b>Reservoir Maintenance</b>			
Bouquet Tank Exterior Repaint	-	-	57,500
Bouquet Tank Exterior Repaint	-	-	57,500
<b>Subtotal Bouquet Tank Exterior Repaint</b>	<b>-</b>	<b>-</b>	<b>115,000</b>
Deane Tank No. 1 Tank Exterior Repaint	-	-	36,000
Deane Tank No. 1 Tank Exterior Repaint	-	-	36,000
<b>Subtotal Dean No. 1 Tank Exterior Repaint</b>	<b>-</b>	<b>-</b>	<b>72,000</b>
Deane Tank No. 2 Interior Coating Replacement/Retrofit	170,000	170,000	-
Deane Tank No. 2 Interior Coating Replacement/Retrofit (Expansion)	170,000	170,000	-
<b>Subtotal Dean No. 2 Interior Coating Replacement/Retrofit</b>	<b>340,000</b>	<b>340,000</b>	<b>-</b>
Earthquake Valve Retrofit	156,000	156,000	141,000
Honby Tank No. 1 Exterior Roof	-	-	160,000
Honby Tank No. 1 Exterior Roof	-	-	160,000
<b>Subtotal Honby No. 1 Exterior Roof</b>	<b>-</b>	<b>-</b>	<b>320,000</b>
Placerita No. 2 Tank Interior Coating Replacement/Retrofit	235,000	235,000	-
Placerita No. 2 Tank Interior Coating Replacement/Retrofit (Expansion)	235,000	235,000	-
<b>Subtotal Placerita No. 2 Interior Coating Replacement/Retrofit</b>	<b>470,000</b>	<b>470,000</b>	<b>-</b>
Tank Allowance	50,000	50,000	50,000
<b>Pipeline and Service Replacement</b>			
Rainbow Glen (WMP Pipe #5)	25,000	25,000	155,000
SC-12 Warmouth Pipeline to Sand Canyon Road	-	-	40,000
Service Line Replacement Program FY 2016/17	200,000	200,000	-
Service Line Replacement Program FY 2017/18	-	-	500,000
Soledad Canyon Road from Oak Springs Canyon Road to Rue Entrée	35,000	35,000	-
West Newhall Alley	17,000	17,000	183,000
<b>Total Repair and Replacement Projects</b>	<b>\$ 4,088,200</b>	<b>\$ 3,344,200</b>	<b>\$ 3,298,900</b>

Expansion



Capital Improvement Program  
FY 2017/18 Budget

	FY 2016/17	FY 2016/17	FY 2017/18
Capital Equipment	Budget	Estimated	Budget
<b>Meters</b>			
Automated Meter Reading (AMR)	\$ 800,000	\$ 800,000	\$ 724,000
<b>Computer Hardware</b>			
Gateway Redundancy	-	-	60,000
Network Switch Stacking	8,000	8,000	-
Summit Circle SAN Upgrade	-	-	46,500
VMWare Host Server Replacements	-	-	71,500
<b>Computer Software</b>			
Core Automation Suite - Northstar	11,000	11,000	-
Electronic Timesheet Upgrade	20,000	20,000	-
GIS Implementation	70,000	25,000	95,000
GIS Implementation (Expansion)	70,000	25,000	95,000
<b>Subtotal GIS</b>	140,000	50,000	190,000
Planet Bids	-	-	30,000
VMWare Software Upgrade	-	-	10,000
Water Budgets	-	-	300,000
Water Distribution System Hydraulic Model	100,000	50,000	100,000
<b>Media Equipment</b>			
26521 Summit Circle Conference Room Projection System	24,000	16,695	-
<b>Office Equipment</b>			
Copier/Scanner	25,000	24,306	30,000
Oce ColorWave 500	28,000	22,635	-
<b>Building Improvements</b>			
22722 Soledad Canyon Road Building Exterior Lighting Replacement	40,000	40,000	-
26521 Summit Circle Bullpen Gate Upgrade	15,000	15,000	-
Facility Video Surveillance	166,000	166,000	-
<b>Transportation Equipment</b>			
1/2 Ton 4x4 Crew Truck	-	-	35,000
1/2 Ton Crew Truck	120,000	120,000	35,000
Office Vehicle	35,000	35,000	45,000
Service Truck	45,000	45,000	115,000
Super Cab Truck	66,000	66,000	30,000
Vacuum Trailer	-	-	70,000
Vactron Truck Chassis	-	-	70,000
<b>Communications Equipment</b>			
SCADA Allowance	-	-	30,000
SCADA Radio Upgrade	-	-	65,000
SCADA Tank Equipment	-	-	120,000
SCADA - Sensor/Equipment Upgrade	-	-	147,500
SCADA - Sensor/Equipment Upgrade (Expansion)	-	-	147,500
<b>Subtotal SCADA - (Sensor/Equipment Upgrade)</b>	-	-	295,000
<b>Total Capital Equipment</b>	<b>\$ 1,643,000</b>	<b>\$ 1,489,636</b>	<b>\$ 2,472,000</b>
<b>Total Capital</b>	<b>\$ 6,931,200</b>	<b>\$ 5,083,836</b>	<b>\$ 7,091,900</b>
Expansion			

## Major Capital Improvement Projects – Pipelines

### Projects Over \$250,000

**Title:** Los Angeles Residential Community (LARC) Water Pipeline

**Type:**  
Pipelines

**Source:**  
Engineering/Civiltec Technical Memorandums (August 2014 and November 2014)

**Description:**  
Construct 9,500 feet of 12-inch ductile iron pipe (DIP) in Bouquet Canyon Road from Shadow Valley Lane to the LARC turnout. The 12-inch pipeline is sized to accommodate LARC demands and other existing water users along the pipeline route. An 8-inch polyvinyl chloride (PVC) pipe would be adequate to meet LARC demand and is eligible for grant funding from the State Water Resources Control Board (SWRCB). The SCWD CIP budget is based on the cost to upsize the pipeline from 8-inch PVC to 12-inch DIP and the anticipated approval of grant funding for LARC's portion of the pipeline from the SWRCB. The scope includes grant application administration, bidding and construction.

**Purpose:**  
Provide potable water service to LARC, and provide adequate pipeline capacity to support LARC and other existing water users along the pipeline route in North Bouquet Canyon Road. Funding to upsize the pipeline from 8-inch PVC to 12-inch DIP would be from the existing expansion fund.

**Justification:**  
Construction of the system to serve LARC provides the benefit of funding a portion of the project through grant funding with the balance being funded by capacity fees.

**Cost Estimate:**

- FY 2016/17 - \$100,000 estimated for preparation of grant application, CEQA, and final design
- FY 2017/18 - \$600,000 budgeted for grant administration, bidding and construction of upsize from 8-inch PVC to 12-inch DIP

Total Estimated Cost is \$700,000 excluding design deposit received from LARC.

**Benefit/Impact:**  
Provide reliable service to LARC and other customers along North Bouquet Canyon Road currently served by private wells with declining production or that have become inactive during the drought.

**Location/Extent:**  
North Bouquet Canyon Road (Catala Pressure Zone) within SCWD service area.

**Schedule:**  
The pipeline will be constructed in FY 2017/18 and FY 2018/19.

## Major Capital Improvement Projects – Pipelines

### Projects Over \$250,000

**Title:** Recycled Water Pipeline

**Type:**  
Pipelines

**Source:**  
Engineering/Recycled Water System Phase 2B Preliminary Design Report (October 2015)

**Description:**  
Construct 6,300 feet of 6-inch PVC pipeline for recycled water distribution in the Fair Oaks Ranch area, in conjunction with the Recycled Water Phase 2B backbone system.

**Purpose:**  
Provide recycled infrastructure to serve recycled water to major irrigation customers in Fair Oaks Ranch area.

**Justification:**  
Provide recycled water supply and infrastructure to reduce potable water demands used for irrigation in the North Oaks Pressure Zone.

**Cost Estimate:**

- FY 2016/17 - \$50,000 estimated for CEQA
- FY 2017/18 - \$270,000 budgeted for site investigations and design
- FY 2018/19 - \$400,000 anticipated for construction
- FY 2019/20 - \$700,000 anticipated for completion of construction

Total Estimated Cost is \$1,420,000.

**Benefit/Impact:**  
Help reduce reliance on imported water and local groundwater by using recycled water. At buildout, the project is expected to deliver 300 acre-feet (AF) of recycled water per year.

**Location/Extent:**  
Various streets in Fair Oaks Area (e.g., Lost Canyon Road, W. Scott Lane, Honey Maple Street).

**Schedule:**

- Complete CEQA in FY 2016/17
- Complete site investigations and design in FY 2017/18
- Construct pipelines in FY 2018/19 and FY 2019/20

## Major Capital Improvement Projects – Pumps

### Projects Over \$250,000

**Title:** Deane Pump Station

**Type:**  
Pump Stations

**Source:**  
Engineering/Civiltec Technical Memorandum (January 2013) and 2013 SCWD WMP Appendix H Profiles H.7 and H.8.

**Description:**  
Construct new booster pump station from North Oaks Zone to Deane Zone to improve refill pumping rates to meet 2013 SCWD WMP primary and secondary pumping criteria. The developer of Tract 60922 is contributing the land and a portion of the pump station construction.

**Purpose:**  
To add booster pump capacity to meet 2013 SCWD WMP criteria for the Deane Zone, including existing deficiencies and new demands associated with Tract 60922. A portion of the pump station will be funded by the developer.

**Justification:**  
The new booster pump station will provide additional pumping capacity from the North Oaks Zone to the Deane Zone to meet maximum day demands of the expanded Deane Zone (including Tract 60922, Skyline Ranch) and to refill fire and emergency storage within 48 hours, in accordance with 2013 SCWD WMP pumping criteria. The additional capacity is needed to supplement the existing booster pump stations from North Oaks Zone to Deane Zone (Soledad, Linda Vista and Honey House pump stations).

**Cost Estimate:**

- FY 2017/18 - \$150,000 budgeted for design and start of construction
- FY 2018/19 - \$250,000 anticipated to complete construction

Total Estimated Cost is \$400,000. (This budget is based on SCWD's share of the pump station to address existing deficiencies).

**Benefit/Impact:**  
The proposed booster pump station will improve pumping capacity needed to meet maximum day demand plus refill of depleted fire and emergency storage.

**Location/Extent:**  
The proposed site is located along the new Skyline Ranch Road for Tract No. 60922 Skyline Ranch owned by Pardee Homes.

**Schedule:**  
The pump station site will be provided by Pardee Homes as part of the Tract No. 60922 Skyline Ranch development. Based on the developer's schedule, the pump station site may be available in late 2017. SCWD plans to complete the design and start construction in FY 2017/18, and complete construction in FY 2018/19.

## Major Capital Improvement Projects – Reservoirs

### Projects Over \$250,000

**Title:** 2 – 2.5 MG Deane Zone Tanks

**Type:**

Reservoirs

**Source:**

2013 SCWD WMP, Chapter 9, Table 9.46

**Description:**

Construct two (2) 2.5 MG above grade steel tanks and associated site and piping improvements. The current project approach is to collaborate with Pardee Homes on the Skyline Ranch development project to construct a site for the new tanks. Pardee Homes will design a grading plan for a site to contain two (2) 2.5 MG tanks to provide for the storage deficit of 4.22 MG and to satisfy the storage requirements of the new Deane Zone housing within Skyline Ranch.

**Purpose:**

Adequate storage capacity ensures sufficient volume of water to fight fires, to accommodate diurnal demand fluctuation and provide uninterrupted water service to repair infrastructure or restore service due to emergencies such as pipe breaks or power outages.

**Justification:**

The following 2013 SCWD WMP Design Criteria were applied to existing storage capacity in each pressure zone: each pressure zone should provide a volume equal to the sum of (1) Operational Storage (30% of one day of maximum day demand), (2) Emergency Storage (one day of maximum day demand) and (3) Fire Storage (per fire flow and duration according to Zoning and Land Use category). The Deane Pressure Zone was determined to have a storage deficiency of 4.22 MG per 2013 SCWD WMP, Table 9.6. There are no opportunities to share excess storage capacity with adjacent pressure zones.

**Cost Estimate:**

- FY 2017/18 - \$ 201,000 budgeted for design and site investigations
- FY 2018/19 - \$1,588,000 anticipated to start construction of first tank and piping
- FY 2019/20 - \$1,517,000 anticipated to complete construction of first tank
- FY 2020/21 - \$1,517,000 anticipated to start construction of second tank
- FY 2021/22 - \$1,517,000 anticipated to complete construction of second tank

Total Estimated Cost is \$6,340,000.

**Benefit/Impact:**

Sufficient storage adds adequate redundancy to a booster pump/reservoir system. In the event of a power outage or other emergency, water contained in this reservoir will continue to provide service to the pressure zone until power can be restored.

**Location/Extent:**

The proposed site is located within Tract No. 60922 Skyline Ranch owned by Pardee Homes.

**Schedule:**

The tank site has been secured within Tract No. 60922 Skyline Ranch owned by Pardee Homes. The Tentative Tract Map has been approved by Los Angeles County. Pardee Homes plans to begin grading Phase 1 of the development in calendar year 2017 and has tentatively indicated the tank site may be available in 2018. Based on this, SCWD plans to perform the design in FY 2017/18, construct the first new tank in FY 2018/19 and 2019/20, and construct the second tank in FY 2020/21 and 2021/22.

## Major Capital Improvement Projects – Reservoirs

### Projects Over \$250,000

**Title:** 3.25 MG Placerita Pressure Zone Storage

**Type:**

Reservoirs

**Source:**

2013 SCWD WMP, Chapter 9, Table 9.46 – Storage Tank CIP

**Description:**

Construct 3.25 MG of new storage in the Placerita Pressure Zone, including land acquisition, CEQA, design and construction of site improvements, tanks, and piping.

**Purpose:**

To provide adequate emergency storage in the Placerita Pressure Zone in accordance with the 2013 SCWD WMP storage design criteria.

**Justification:**

The Placerita Pressure Zone was determined to have a storage deficiency of 3.25 MG per 2013 SCWD WMP, Table 9.6 – Storage Analysis, Page 9-5, based on storage design criteria and existing demands. There is adequate storage to meet operational and fire flow criteria, but additional storage is needed to meet emergency storage criteria.

**Cost Estimate:**

- FY 2015/16 - \$ 68,487 actual for Feasibility and Geotechnical studies
- FY 2016/17 - \$ 100,000 estimated for land acquisition
- FY 2017/18 - \$ 100,000 budgeted for CEQA and site investigations
- FY 2018/19 - \$ 250,000 anticipated for design
- FY 2019/20 - \$ 250,000 anticipated for site improvements and piping
- FY 2020/21 - \$1,783,000 anticipated to start constructing tanks
- FY 2021/22 - \$1,783,000 anticipated to complete construction of tanks

Total Estimated Cost is \$4,334,487.

**Benefit/Impact:**

Adequate emergency storage ensures sufficient volume of water to provide uninterrupted water service to repair infrastructure or restore service due to emergencies such as pipe breaks or power outages.

**Location/Extent:**

The proposed tank site is located on the north side of Placerita Canyon Road, approximately 4,000 feet west of Sand Canyon Road.

**Schedule:**

The purchase of land is being coordinated with the City of Santa Clarita's purchase of adjacent property for open space in FY 2016/17. Site investigations, CEQA, design and construction are scheduled over a four (4) year period from FY 2017/18 through FY 2021/22.

**Minor Repair and Replacement - Wells**

**Projects \$250,000 or less**

**Title:** Chlorinator Replacement Program

**Type:**  
Wells

**Description:**

Replace current Accu-tab Chlorinator with a Trichlor Chlorinator system to improve efficiency, reduce labor and treatment costs.

**Cost Estimate:**

- FY 2017/18 - \$60,000 budgeted

**Title:** Well Allowance

**Type:**  
Wells

**Description:**

To provide funding for unforeseen repairs, motors, pumps, controllers, etc.

**Cost Estimate:**

- FY 2017/18 - \$60,000 budgeted

**Title:** Well Mag Meter

**Type:**  
Wells

**Description:**

Replace propeller meters with Mag meters.

**Cost Estimate:**

- FY 2017/18 - \$37,500 budgeted

## Minor Repair and Replacement – Pressure Regulating Stations

### Projects \$250,000 or less

**Title:** Gary Street Intertie with Newhall County Water District – Pressure Regulating Station and Meter

**Type:**

Pressure Regulating Stations

**Description:**

Install a new emergency intertie with Newhall County Water District with pressure regulating station and meter in a vault at Gary Drive north of Carrousel Drive to improve fire flows per recommendations in 2013 SCWD WMP, Table 9.48 (PRV#2).

**Cost Estimate:**

- FY 2017/18 - \$60,000 budgeted for construction

Total Estimated Cost is \$95,000.

**Title:** Haskell Canyon/Susan Beth

**Type:**

Pressure Regulating Stations

**Description:**

Design of the removal and installation of new regulators and vault. Station was originally constructed in 1980.

**Cost Estimate:**

- FY 2017/18 - \$ 5,200 budgeted for design
- FY 2018/19 - \$50,000 anticipated for construction

Total Estimated Cost is \$55,200.



## Minor Repair and Replacement – Pressure Regulating Stations

### Projects \$250,000 or less

**Title:** Nadal Street PRV (PRV#3)

**Type:**

Pressure Regulating Stations

**Description:**

Install a new pressure regulating station at Whites Canyon and Nadal Street to improve fire flows per recommendations in 2013 SCWD WMP, Table 9.48 (PRV#3).

**Cost Estimate:**

- FY 2017/18 - \$ 30,000 budgeted for design
- FY 2018/19 - \$213,000 anticipated for construction

Total Estimated Cost is \$243,000.

**Title:** North Prairie Lane Intertie at Marilyn Drive

**Type:**

Pressure Regulating Stations

**Description:**

Removal and installation of new regulators and vault. Station was originally constructed in 1980.

**Cost Estimate:**

- FY 2017/18 - \$ 30,000 budgeted for design
- FY 2018/19 - \$100,000 anticipated for construction

Total Estimated Cost is \$130,000.

## Minor Repair and Replacement – Pressure Regulating Stations

### Projects \$250,000 or less

**Title:** Oak Springs Canyon/Soledad Canyon Rd.

**Type:**

Pressure Regulating Stations

**Description:**

Design of the removal and installation of new regulators and vault. Station was originally constructed in 1980.

**Cost Estimate:**

- FY 2017/18 - \$ 5,200 budgeted for design
- FY 2018/19 - \$50,000 anticipated for construction

Total Estimated Cost is \$55,200.

**Title:** Rainbow Glen/Sierra Highway

**Type:**

Pressure Regulating Stations

**Description:**

Removal and installation of new regulators and vault. Design for this project was completed during FY 2016/17. Station was originally constructed in 1988.

**Cost Estimate:**

- FY 2016/17 - \$5,700 estimated for design
- FY 2017/18 - \$54,000 budgeted for construction

Total Estimated Cost is \$59,700.

## Minor Repair and Replacement – Booster Pumps

### Projects \$250,000 or less

**Title:** Booster Allowance

**Type:**  
Booster Pumps

**Description:**  
To provide funding for unforeseen repairs, motors, pumps, controllers or efficiency upgrades.

**Cost Estimate:**

- FY 2017/18 - \$100,000 budgeted

**Title:** Booster Mag Meter

**Type:**  
Booster Pumps

**Description:**  
Replace propeller meter with a mag meter.

**Cost Estimate:**

- FY 2017/18 - \$43,000 budgeted

**Title:** Motor Drive Replacement

**Type:**  
Booster Pumps

**Description:**  
Remove and replace outdated motor control equipment.

**Cost Estimate:**

- FY 2017/18 - \$84,000 budgeted

## Major Repair and Replacement – Booster Pumps

### Projects Over \$250,000

**Title:** Placerita Booster Station SC-12

**Type:**

Booster Pumps

**Source:**

2013 SCWD Water Master Plan Chapter 9, Table 9.47 – Pump Station CIP

**Description:**

Equip SC-12 with a booster station and reconfigure to pump to the Placerita Zone.

**Purpose:**

To increase the flow from SC-12 to the North Oaks zone and to avoid the double lift via the Live Oaks zone to the Placerita zone.

**Justification:**

Demands in the east end of system are greater than current turnout capacity by gravity flows. SCWD currently utilizes a diesel pump to increase the flows. The diesel pump is limited to day use only and there is planned growth in the east end of the valley.

**Cost Estimate:**

- FY 2015/16 - \$ 9,211 actual for site acquisition, site investigations and CEQA
- FY 2016/17 - \$ 669,000 estimated for design and construction of pump station
- FY 2017/18 - \$ 669,000 budgeted for design and construction of pump station

Total Estimated Cost is \$1,347,211.

**Benefit/Impact:**

The proposed booster pump station will address deficiencies in booster pump capacity in the Placerita and North Oaks Pressure Zones and reduce pumping costs to the Placerita Zone.

**Location/Extent:**

SC-12 State connection

**Schedule:**

Construction to start in FY 2016/17 and to be completed in FY 2017/18.

## Minor Repair and Replacement – Surge Protection

### Projects \$250,000 or less

**Title:** Mitchell Well – Surge Protection

**Type:**

Surge Protection - Wells

**Description:**

Install surge anticipation valves on the discharge pipeline at Mitchell Well.

**Cost Estimate:**

- FY 2017/18 - \$35,000 budgeted for design and installation of surge anticipation valve

**Title:** Princess Booster – Surge Protection

**Type:**

Surge Protection - Booster Pumps

**Description:**

Install surge anticipation valves on the intake and discharge pipelines at the Princess Booster Station.

**Cost Estimate:**

- FY 2017/18 - \$75,000 budgeted for design and installation of surge anticipation valves

**Title:** Sky Blue Booster – Surge Protection

**Type:**

Surge Protection - Booster Pumps

**Description:**

Install surge tank on the discharge pipelines at the Sky Blue Booster Station.

**Cost Estimate:**

- FY 2017/18 - \$125,000 budgeted for design and installation of surge tank

**Minor Repair and Replacement – Reservoir Access**

**Projects \$250,000 or less**

**Title:** Asphalt Replacement/Repair Program

**Type:**

Reservoir Access

**Description:**

Remove, replace or repair asphalt at storage facilities.

**Cost Estimate:**

- FY 2017/18 - \$250,000 budgeted

**Minor Repair and Replacement – Reservoir Maintenance**

**Projects \$250,000 or less**

**Title:** Bouquet Tank Exterior Repaint

**Type:**  
Reservoir Maintenance

**Description:**  
Spot repair and overcoat complete exterior of the tank.

**Cost Estimate:**

- FY 2017/18 - \$115,000 budgeted

**Title:** Deane No.1 Tank Exterior Repaint

**Type:**  
Reservoir Maintenance

**Description:**  
Spot repair and overcoat complete exterior of the tank.

**Cost Estimate:**

- FY 2017/18 - \$72,000 budgeted

**Title:** Earthquake Valve Retrofit

**Type:**  
Reservoir Maintenance

**Description:**  
To install Earth Quake Valves at Reservoir sites.

**Cost Estimate:**

- FY 2017/18 - \$141,000 budgeted

## Major Repair and Replacement – Reservoir Maintenance

### Projects Over \$250,000

**Title:** Honby No. 1 Exterior Roof

**Type:**  
Reservoir Maintenance

**Source:**  
CSI Services, Inc. annual inspection and SCWD Operations Department

**Description:**  
Remove and replace the exterior coating system.

**Purpose:**  
Increase the life expectancy of the tank.

**Justification:**  
During the tank inspection it was determined that the tank exterior coating has reached its life expectancy and needs to be replaced.

**Cost Estimate:**

- FY 2017/18 - \$320,000 budgeted

**Benefit/Impact:**  
Extend the life of the tank.

**Location/Extent:**  
Honby Tank No.1

**Schedule:**  
To be completed during FY 2017/18



**Minor Repair and Replacement – Reservoir Maintenance**

**Projects \$250,000 or less**

**Title:** Tank Allowance

**Type:**  
Reservoir Maintenance

**Description:**  
Unforeseen equipment failures, necessary upgrades or repairs.

**Cost Estimate:**

- FY 2017/18 - \$50,000 budgeted

## Minor Capital Improvement – Pipeline and Service Replacement

### Projects \$250,000 or less

**Title:** Rainbow Glen (WMP Pipe #5)

**Type:**

Pipeline and Service Replacement

**Description:**

Construct 800 linear feet (LF) of new 10-inch PVC waterline in Rainbow Glen Drive north of Scarlett Meadow Drive to improve fire flows in the residential area north of Spanish Oak Drive. This pipeline will expand the limits of the Rainbow Glen Sub-Zone.

**Cost Estimate:**

- FY 2016/17 - \$ 25,000 estimated for design
- FY 2017/18 - \$155,000 budgeted for construction

Total Estimated Cost is \$180,000.

## Major Capital Improvement – Pipeline and Service Replacement

### Projects Over \$250,000

**Title:** SC-12 Warmuth Pipeline to Sand Canyon Road

**Type:**

Pipeline and Service Replacement

**Source:**

Engineering and 2013 SCWD WMP, Table 9.47

**Description:**

Construct 4,000 feet of 16-inch ductile iron pipe (DIP) in Rolling Hills Avenue and Warmuth Drive to connect SC-12 to existing line in Sand Canyon Road to improve emergency refill capacity to the Placerita Pressure Zone.

**Purpose:**

Provide new pipeline to connect SC-12 to existing water line in Sand Canyon Road to provide adequate pipeline capacity for new booster pumps to be installed at SC-12. The new pumps and pipeline will address the emergency refill deficit identified in the 2013 SCWD WMP (Section 9.4.4, Item 6).

**Justification:**

Construction of the pipeline is needed to provide adequate pipeline capacity from SC-12 to the Placerita Pressure Zone.

**Cost Estimate:**

- FY 2017/18 - \$ 40,000 budgeted for design
- FY 2018/19 - \$520,000 anticipated for construction

Total Estimated Cost is \$560,000.

**Benefit/Impact:**

Provide improved emergency refill capacity to Placerita Pressure Zone.

**Location/Extent:**

SC-12 to Sand Canyon Road, along Rolling Hills Avenue and Warmuth Drive (Placerita Pressure Zone).

**Schedule:**

The pipeline will be designed in FY 2017/18 and constructed in FY 2018/19.

## Major Repair and Replacement – Pipeline and Service Replacement

### Projects Over \$250,000

**Title:** Service Line Replacement Program FY 2017/18

**Type:**

Programmed Pipeline and Service Replacement

**Source:**

SCWD Operations Department

**Description:**

Remove old service lines or components.

**Purpose:**

Preventative maintenance that would replace service lines in areas that have excessive leak history and relocate meters that pose a high risk.

**Justification:**

Current in-ground materials are failing and creating frequent leaks.

**Cost Estimate:**

- FY 2017/18 - \$500,000 budgeted

**Benefit/Impact:**

More reliable distribution system and reduced customer service outages. Risk mitigation on services that pose a financial threat.

**Location/Extent:**

Various locations

**Schedule:**

To be completed during FY 2017/18.

## Minor Capital Improvement – Pipeline and Service Replacement

### Projects \$250,000 or less

**Title:** West Newhall Alley

**Type:**

Pipeline and Service Replacement

**Description:**

Construct 500 feet of new 4-inch PVC laterals and 150 feet of new 2-inch PVC laterals to replace existing 2-inch and 3-inch laterals in an alley along Lyons Avenue in West Newhall. The project will replace six (6) existing services to businesses located along Lyons Avenue between Fourl Road and Everett Drive (located within the Circle J Pressure Zone). The existing laterals will be abandoned in place.

**Cost Estimate:**

- FY 2016/17 - \$ 17,000 estimated for design
- FY 2017/18 - \$183,000 budgeted for construction

Total Estimated Cost is \$200,000.

## Major Capital Equipment – Meters

### Projects Over \$250,000

**Title:** Automated Meter Reading (AMR)

**Type:**  
Meters

**Source:**  
SCWD Operations Department

**Description:**  
Installation of a drive-by AMR system and Advanced Metering Infrastructure (AMI) pilot program.

**Purpose:**  
To increase meter reading accuracy, improve customer service and strengthen a safe working environment.

**Justification:**  
The current meter reading method is labor intensive. AMR will increase efficiency and minimize safety hazards.

**Cost Estimate:**

FY 2008/09 - \$ 600,000 actual	FY 2013/14 - \$ 0 actual
FY 2009/10 - \$ 150,000 actual	FY 2014/15 - \$1,311,000 actual
FY 2010/11 - \$ 0 actual	FY 2015/16 - \$ 886,000 actual
FY 2011/12 - \$ 875,000 actual	FY 2016/17 - \$ 800,000 estimated
FY 2012/13 - \$ 0 actual	FY 2017/18 - \$ 724,000 budgeted
	FY 2018/19 - \$ 450,000 anticipated

Total Estimated Cost is \$5,796,000

**Benefit/Impact:**  
The AMR system will provide faster read times. This system will also allow staff to attend training and other programs without interrupting reading schedules. It will reduce human error and enhance staff safety. This program will allow SCWD to utilize employees, currently dedicated to reading meters, for other projects without adding additional employees and increasing payroll costs. This program will also allow SCWD to migrate to an AMI system in the future.

**Location/Extent:**  
All metered service connections and various SCWD water company properties.

**Schedule:**  
Fiscal Year 2017/18:  
Installation of an AMI pilot program and installation of 1,700 meters and smart point transmitters.

## Minor Capital Equipment – Computer Hardware

### Projects \$250,000 or less

**Title:** Gateway Redundancy

**Type:**

Computer Hardware

**Description:**

The gateway redundancy project will add redundant switch capabilities at all main network points. This project will also create a new re-route of network traffic.

**Cost Estimate:**

- FY 2017/18 - \$ 60,000 budgeted for hardware purchase (\$120,000 total, split cost with Wholesale).

**Title:** Summit Circle SAN (Storage Area Network) Upgrade

**Type:**

Computer Hardware

**Description:**

The existing SANs at the Summit Circle location are coming to the end of their expected life cycle and will be replaced with the most current model. The original SANs were installed in 2012.

**Cost Estimate:**

- FY 2017/18 - \$ 46,500 budgeted to purchase hardware (\$93,000 total, split cost with Wholesale).

**Title:** VMWare Host Server Replacements

**Type:**

Computer Hardware

**Description:**

The existing host servers at all server room locations are at the end of their expected life cycles and will be replaced with the most current models. The original hosts were installed between the years 2010 and 2012.

**Cost Estimate:**

- FY 2017/18 - \$ 71,500 budgeted to purchase hardware (\$143,000 total, split cost with Wholesale).

## Minor Capital Equipment – Computer Software

### Projects \$250,000 or less

**Title:** Geographical Information System (GIS) Implementation

**Type:**

Computer Software

**Description:**

Develop GIS strategic plan with phased implementation. The first phase was completed in FY 2016/17 with purchase and installation of ArcGIS software and creating maps of SCWD major water system infrastructure in (GIS) from existing AutoCAD base maps. The next phase will include setup and configuration of structured database, migration of attribute data from computer-aided design (CAD) base maps, and on-going map cleanup. The software costs are based on annual sharing of licensing fees with CLWA. Budget includes purchase of new field survey unit and software to collect and process field coordinates, and staff time to collect field data and start database development, and technical support from Esri.

**Cost Estimate:**

- FY 2016/17 - \$ 50,000 estimated for software purchase and labor for initial conversion
- FY 2017/18 - \$190,000 budgeted for next phase of implementation

Total Estimated Cost is \$240,000.

**Title:** PlanetBids

**Type:**

Computer Software

**Description:**

A modular suite of eProcurement solutions that organizes, automates, and manages the complete bidding process. This software is easy-to-use, comprehensive and streamlined to fulfill tasks in a timely manner, increase productivity, and to effectively manage projects.

**Cost Estimate:**

- FY 2017/18 - \$30,000 budgeted



## Minor Capital Equipment – Computer Software

Projects \$250,000 or less

**Title:** VMWare Software Upgrades

**Type:**  
Computer Software

**Description:**  
Upgrades on the VMWare software, which runs our server virtualization, are done every other year to keep up to date with the most current release. The last upgrade was completed in 2015.

**Cost Estimate:**

- FY 2017/18 - \$10,000 budgeted to purchase software (\$20,000 total, split cost with Wholesale).

## Minor Capital Equipment – Computer Software

### Projects Over \$250,000

**Title:** Water Budgets

**Type:**  
Computer Software

**Source:**  
SCWD

**Description:**  
Software and programming support services to set up water budgeting.

**Purpose:**  
To put the necessary systems in place to allow for implementation of Water Budgets within SCWD's Customer Service billing system.

**Justification:**  
Water Budget based billing system provides for a method of billing that can be readily explained to customers, is seen as fair by them and will help with the SCWDs ability to achieve future conservation goals.

**Cost Estimate:**

- FY 2017/18 - \$300,000 budgeted

**Benefit/Impact:**  
Better customer acceptance than straight tier-based billing, allowing for better conservation target achievement.

**Schedule:**  
To be completed during FY2017/18

## Minor Capital Equipment – Computer Software

Projects \$250,000 or less

**Title:** Water Distribution System Hydraulic Model

**Type:**  
Computer Software

**Description:**  
Purchase software to develop SCWD distribution system hydraulic model to support design of capital improvements and optimize operations. Budget includes staff time to setup and develop the system model, including technical support from Innovyze.

**Cost Estimate:**

- FY 2016/17 - \$ 50,000 estimated to purchase software and provide labor for initial setup
- FY 2017/18 - \$100,000 budgeted to setup and develop the system model

Total Estimated Cost is \$150,000.

## Minor Capital Equipment – Office Equipment

### Projects \$250,000 or Less

**Title:** Copier/Scanner

**Type:**  
Office Equipment

**Description:**  
The unit would replace the Canon 7055 that was purchased in February 2011. The Canon 7055 requires frequent maintenance, is unreliable and has exceeded its useful life.

**Cost Estimate:**

- FY 2017/18 - \$30,000 budgeted

## Minor Capital Equipment – Transportation Equipment

### Projects \$250,000 or less

**Title:** ½ Ton 4x4 Crew Cab

**Type:**

Transportation Equipment

**Description:**

The vehicle category and Mileage Guideline: Sedan and light duty trucks having a gross weight rating (GVWR) 8,500 pounds or less: 125,000 miles or 10 years of age. This will replace a ½ ton 4x4 crew cab 2009 Ford F-150; Unit #21 with 162,000 miles.

**Cost Estimate:**

- FY 2017/18 - \$35,000 budgeted

**Title:** ½ Ton Crew Cab

**Type:**

Transportation Equipment

**Description:**

The vehicle category and Mileage Guideline: Sedan and light duty trucks having a gross weight rating (GVWR) 8,500 pounds or less: 125,000 miles or 10 years of age. This will replace a ½ ton crew cab 2009 Ford F-150; Unit #2 with 145,000 miles.

**Cost Estimate:**

- FY 2017/18 - \$35,000 budgeted

**Title:** Office Vehicle

**Type:**

Transportation Equipment

**Description:**

The vehicle category and Mileage Guideline: Sedan and light duty trucks having a gross weight rating (GVWR) 8,500 pounds or less: 125,000 miles or 10 years of age. This will replace the 2003 Jeep Liberty; Unit #28 with 52,000 miles.

**Cost Estimate:**

- FY 2017/18 - \$45,000 budgeted

## Minor Capital Equipment – Transportation Equipment

### Projects \$250,000 or less

**Title:** Service Trucks ¾ ton

**Type:**

Transportation Equipment

**Description:**

The vehicle category and Mileage Guideline: Heavy duty trucks, vans or vehicles (class 3 and under having a GVWR of 8,501 pounds or more: 125,000 miles or 10 years of age. The replacements are for the following trucks; three ¾ ton fleet vehicles which are over 10 years in age.

2004 Chevy 2500; Unit # 31 with 95,000 miles

2004 Chevy 1500; Unit # 32 with 116,500 miles

2005 Chevy 2500; Unit # 35 with 124,400 miles

**Cost Estimate:**

- FY 2017/18 - \$115,000 budgeted

**Title:** ½ Ton Super Cab

**Type:**

Transportation Equipment

**Description:**

New addition to fleet as we currently do not have enough equipment for staff.

**Cost Estimate:**

- FY 2017/18 - \$30,000 budgeted

**Title:** Vacuum Trailer

**Type:**

Transportation Equipment

**Description:**

Vacuum excavation unit to mount on separately mounted chassis.

**Cost Estimate:**

- FY 2017/18 - \$70,000 budgeted

**Minor Capital Equipment – Transportation Equipment**

**Projects \$250,000 or less**

**Title:** Vactron Chassis

**Type:**

Transportation Equipment

**Description:**

New addition to fleet. Chassis to mount Vactron.

**Cost Estimate:**

- FY 2017/18 - \$70,000 budgeted

## Minor Capital Equipment – Communications Equipment

### Projects \$250,000 or less

**Title:** SCADA Allowance

**Type:**

Communications Equipment

**Description:**

Unforeseen repairs or upgrades.

**Cost Estimate:**

- FY 2017/18 - \$30,000 budgeted

**Title:** SCADA Radio Upgrade

**Type:**

Communication Equipment

**Description:**

To upgrade to radios at 34 facilities that are starting to fail and are under sized.

**Cost Estimate:**

- FY 2017/18 - \$65,000 budgeted

**Title:** SCADA Tank Equipment

**Type:**

Communications Equipment

**Description:**

To install SCADA at three storage facilities that do not have SCADA:  
Honby South – Sky Blue North – Sky Blue East.

**Cost Estimate:**

- FY 2017/18 - \$120,000 budgeted



## Major Capital Improvement – Communications Equipment

### Projects Over \$250,000

**Title:** SCADA Software/Hardware Upgrade

**Type:**

Communications Equipment

**Source:**

SCWD Operations Department

**Description:**

Upgrade the SCADA system to run a current version of software and on a virtual platform that is consistent with CLWA and SCWD network as well as the other local retailers.

**Purpose:**

To add redundancy to the SCADA system and bring the system up to current standards.

**Justification:**

The current system is not supported as the software is out of date. Local retailer have already made the change to a virtual operating platform, these changes will help IT manage the operating system.

**Cost Estimate:**

- FY 2017/18 - \$295,000 budgeted

**Benefit/Impact:**

Upgrades will allow for a fast and more secure operating system. It will allow more department staff to operate or monitor SCADA.

**Schedule:**

To be completed during FY 2017/18.

## LONG-TERM COMMITMENTS

### RETAIL SYSTEM LONG-TERM COMMITMENTS

#### INTERFUND LOAN

CLWA acquired Santa Clarita Water Company's stock through condemnation in September 1999 for a purchase price of \$63 million. The acquisition was treated as an Interfund Loan. At the time of the purchase, the CLWA Financial Advisor prepared a financial analysis of SCWC's cash flow. The analysis showed that it was financially feasible to fund the acquisition of the company with its own revenue stream. The interest rate on CLWA's Interfund Loan was 5.04%. SCWD began making payments on the loan in FY 2000/01.

In June 2010 CLWA refunded the 2001 COPs with the 2010 refunding COPs, achieving an all-in true interest cost of 4.23%. As a result, the Board of Directors adopted Resolution Number 2765 on January 26, 2011, adopting the revised payment schedule for the SCWD Interfund Loan at the interest rate of 4.23%.

On September 15, 2011, SCWD refinanced the CLWA Interfund Loan by selling \$52,290,000 of Upper Santa Clara Valley Joint Powers Authority revenue bonds with an average interest rate of 3.52% for a net present value savings of \$3,671,785.53, or 6.32%, over the life of the bond issue.

#### DEBT ISSUANCE

##### Certificates of Participation (COPs) and Bonds

###### 2010B COPs

SCWD sold \$14,475,000 million of COPs through the issuance of premium COPs, which generated \$15,293,202 million in cash to pay issuance costs and to generate construction proceeds of \$15 million.

	FY 2017/18 Debt Service	Outstanding Balance June 30, 2017
<b>2010B COPs</b>	\$ 956,238	\$ 12,900,000

###### 2011A Revenue Bonds

SCWD sold \$52,290,000 million of Revenue Bonds (Upper Santa Clara Valley Joint Powers Authority), which generated \$58,830,049 million in cash to pay issuance cost and to generate the proceeds of \$58,286,314 to refund the Interfund Loan to CLWA.

	FY 2017/18 Debt Service	Outstanding Balance June 30, 2017
<b>2011A Bonds</b>	\$ 4,532,138	\$ 43,295,000

**Retail System**  
**2010B COP PRINCIPAL AND INTEREST PAYMENTS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total</b>	<b>Principal Remaining</b>
2010/11	\$ -		\$ 518,907.64	\$ 518,907.64	\$ 14,475,000.00
2011/12	245,000	2.000%	716,037.50	961,037.50	14,230,000.00
2012/13	250,000	2.000%	711,087.50	961,087.50	13,980,000.00
2013/14	255,000	3.000%	704,762.50	959,762.50	13,725,000.00
2014/15	265,000	3.000%	696,962.50	961,962.50	13,460,000.00
2015/16	275,000	4.000%	687,487.50	962,487.50	13,185,000.00
2016/17	285,000	4.000%	676,287.50	961,287.50	12,900,000.00
<b>2017/18</b>	<b>290,000</b>	<b>3.000%</b>	<b>666,237.50</b>	<b>956,237.50</b>	<b>12,610,000.00</b>
2018/19	305,000	3.250%	656,931.25	961,931.25	12,305,000.00
2019/20	315,000	5.000%	644,100.00	959,100.00	11,990,000.00
2020/21	330,000	5.000%	627,975.00	957,975.00	11,660,000.00
2021/22	345,000	5.000%	611,100.00	956,100.00	11,315,000.00
2022/23	365,000	5.000%	593,350.00	958,350.00	10,950,000.00
2023/24	380,000	5.000%	574,725.00	954,725.00	10,570,000.00
2024/25	400,000	5.250%	554,725.00	954,725.00	10,170,000.00
2025/26	420,000	5.250%	533,200.00	953,200.00	9,750,000.00
2026/27	445,000	5.250%	510,493.75	955,493.75	9,305,000.00
2027/28	465,000	5.250%	486,606.25	951,606.25	8,840,000.00
2028/29	490,000	5.250%	461,537.50	951,537.50	8,350,000.00
2029/30	515,000	5.250%	435,156.25	950,156.25	7,835,000.00
2030/31	545,000	5.250%	407,331.25	952,331.25	7,290,000.00
2031/32	570,000	5.250%	378,062.50	948,062.50	6,720,000.00
2032/33	600,000	5.250%	347,350.00	947,350.00	6,120,000.00
2033/34	635,000	5.250%	314,931.25	949,931.25	5,485,000.00
2034/35	665,000	5.250%	280,806.25	945,806.25	4,820,000.00
2035/36	700,000	5.250%	244,975.00	944,975.00	4,120,000.00
2036/37	740,000	5.500%	206,250.00	946,250.00	3,380,000.00
2037/38	780,000	5.500%	164,450.00	944,450.00	2,600,000.00
2038/39	820,000	5.500%	120,450.00	940,450.00	1,780,000.00
2039/40	865,000	5.500%	74,112.50	939,112.50	915,000.00
2040/41	915,000	5.500%	25,162.50	940,162.50	-
	<b>\$ 14,475,000.00</b>		<b>\$ 14,631,551.39</b>	<b>\$ 29,106,551.39</b>	<b>\$ -</b>

**Retail System**  
**2011A USCVJPA BOND PRINCIPAL AND INTEREST PAYMENTS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total</b>	<b>Principal Remaining</b>
2011/12	\$ -		\$ 925,919.17	\$ 925,919.17	\$ 52,290,000.00
2012/13	1,200,000	3.000%	2,432,962.50	3,632,962.50	51,090,000.00
2013/14	1,685,000	3.000%	2,389,687.50	4,074,687.50	49,405,000.00
2014/15	1,850,000	3.000%	2,336,662.50	4,186,662.50	47,555,000.00
2015/16	2,030,000	4.000%	2,268,312.50	4,298,312.50	45,525,000.00
2016/17	2,230,000	4.000%	2,183,112.50	4,413,112.50	43,295,000.00
<b>2017/18</b>	<b>2,455,000</b>	<b>5.000%</b>	<b>2,077,137.50</b>	<b>4,532,137.50</b>	<b>40,840,000.00</b>
2018/19	2,705,000	5.000%	1,948,137.50	4,653,137.50	38,135,000.00
2019/20	2,950,000	4.000%	1,821,512.50	4,771,512.50	35,185,000.00
2020/21	3,210,000	5.000%	1,682,262.50	4,892,262.50	31,975,000.00
2021/22	3,490,000	4.000%	1,527,262.50	5,017,262.50	28,485,000.00
2022/23	3,785,000	5.000%	1,357,887.50	5,142,887.50	24,700,000.00
2023/24	4,110,000	5.000%	1,160,512.50	5,270,512.50	20,590,000.00
2024/25	4,460,000	5.000%	946,262.50	5,406,262.50	16,130,000.00
2025/26	4,825,000	5.000%	714,137.50	5,539,137.50	11,305,000.00
2026/27	5,220,000	5.250%	456,487.50	5,676,487.50	6,085,000.00
2027/28	6,085,000	5.250%	159,731.25	6,244,731.25	0.00
	<b>\$ 52,290,000.00</b>		<b>\$ 26,387,987.92</b>	<b>\$ 78,677,987.92</b>	<b>\$ -</b>

**[This page intentionally left blank.]**

## **RETAIL SYSTEM FORECAST ASSUMPTIONS – FY 2017/18 BUDGET**

### **Revenues**

SCWD engaged a financial consultant to update the financial plan and to complete a new cost of service rate study with anticipated completion by the end of 2017. The financial plan will ensure that SCWD is financially stable in order to maintain the water system and meet operation and maintenance requirements, capital expenditures, reserve targets and the minimum debt service coverage ratio of 1.2 per bond covenants. The cost of service analysis determines the equitable allocation of the revenue requirements to the various customer classes of service, e.g., Single Family Residential and Other Customers (non-single family residential and irrigation). Preliminary plans are to transition from a single family tiered residential rate to a uniform flat rate for all customer classes.

The financial forecast is based on the new cost of service rate study and proposed uniform flat rate structure for all classes of customers. There will be no proposed revenue adjustment effective January 2018, but there will be new meter service charges and one uniform commodity charge for all customer classes. Also effective in January 2018, there will be an additional charge for CLWA Purchased Water pass-through costs and incremental pass-through for power from Southern California Edison. A modest estimated revenue adjustment of 2 percent is proposed in January 2019 and 2020, plus the pass-through for purchased water and incremental pass-through for power. Estimated adjustments of 4.2 percent are anticipated in 2021 and 2022 with no adjustment in 2023.

### **Customer Account Growth and Consumption**

Although the Santa Clarita Valley housing development is rebounding, SCWD is forecasting a modest overall growth of 1.6 percent annually starting in FY 2018/19 through FY 2022/23 which is consistent with historical growth patterns.

In FY 2017/18, SCWD is estimating an 18 percent increase in overall consumption from actual FY 2016/17, in part due to anticipated rebound in demand due to Governor Brown's declaration that the Drought State of Emergency in most of California which includes Santa Clarita ended on April 7, 2017. Although Governor Brown rescinded the drought proclamation, certain SWRCB water restrictions are still in effect. Due to several years of strict conservation targets, conservation has become a way of life for most of Southern California; however some rebound in demand is anticipated. Another significant portion of the estimated 18 percent increase in overall demand is due to water demands for major grading projects.

In FY 2018/19, SCWD anticipates 1.6 percent growth in overall customer accounts. Effective January 1, 2017, SCWD no longer installs new meters below 1 inch in size. SCWD anticipates that consumption increases will start to taper off in FY 2018/19 through FY 2022/23.

Below is the year over year consumption increases including the anticipated 1.6 percent growth in customer accounts:

- FY 2018/19 – (4.2) percent
- FY 2019/20 – 3.5 percent
- FY 2020/21 – 2.3 percent
- FY 2021/22 – 1.1 percent
- FY 2022/23 – 1.1 percent

In FY 2018/19, consumption is estimated to decrease by 4.2 percent due to the completion of a major grading project in FY 2017/18. SCWD anticipates customers will maintain some level of conservation due to installation of new low flow toilets, shower heads, irrigation efficiency improvements and installation of permanent drought tolerant landscapes. SCWD will be actively communicating with customers to ensure continued conservation necessary to meet SCWD's 20x2020 GPCD target.

## **Purchased Water**

The Purchased Water rate is based on the April 1, 2016 wholesale water rate structure approved by the CLWA Board of Directors on March 23, 2016. The Board approved the rates through December 31, 2018. SCWD is forecasting a 5 percent purchased water annual rate increase starting January 1, 2019 through December 31, 2023 for both the fixed and variable rates in its financial forecast. The actual CLWA Purchased Water pass-through amounts will be based on the adopted Board approved rates.

Historically, the purchased water/groundwater ratio has been approximately a 60/40 blend (sixty percent purchased water and forty percent groundwater). CLWA Purchased Water includes perchlorate treated Saugus Well water. Due to the drought, the blend has shifted to more purchased water in the last five years. Below is a summary of the purchased water/groundwater blend for the last five fiscal years:

- FY 2015/16 – 79/21 blend
- FY 2014/15 – 82/18 blend
- FY 2013/14 – 83/17 blend
- FY 2012/13 – 65/35 blend
- FY 2011/12 – 64/36 blend

SCWD is estimating FY 2016/17 blend at 93/7 due to the significant rain and snow in Northern California during the past winter. This resulted in a large allocation of imported water, some of which would have been lost or “spilled” if not used. In FY 2017/18 budgeted blend is 84/16. Below is a summary of the projected purchased water/groundwater blend for the next five fiscal years:

- FY 2018/19 – 70/30 blend
- FY 2019/20 – 60/40 blend
- FY 2020/21 – 60/40 blend
- FY 2021/22 – 60/40 blend
- FY 2022/23 – 60/40 blend

The blend may be adjusted according to weather and operational circumstances.

## **Other Operating Expense**

Other Operating expenses are budgeted to increase 3 percent annually with the exception of 5 percent for electricity and Purchased Water.

## **Capital Improvement Program**

The forecast for CIP is based on projects identified in the 2013 Water Master Plan and on identified operational repair and replacement projects.

## **Debt Service**

SCWD has two existing debt service schedules, COP Series 2010B for capital projects and Revenue Bond Series 2011A for refunding of the CLWA Interfund Loan. At this time, SCWD is not anticipating any new debt issuance and plans on pay-as-you-go funding of CIP through FY 2022/23, although SCWD is proposing to do an advance refunding of the Revenue Bond Series 2011A and possibly also the 2010B COP Series.

SCWD defeased (prepaid) all the principal due and a portion of the interest due in FY 2015/16 and FY 2016/17 due to anticipated lower revenues from conservation. The debts were defeased in order to increase the debt service coverage ratio, ensuring that SCWD would meet the required minimum of 1.2 per bond covenants. In both of those years, SCWD would have ultimately met the minimum 1.2 debt service coverage ratio since realized customer consumption was higher than originally budgeted.

The proposed annual 2.0 percent revenue adjustment starting January 1, 2019 and January 1, 2020 and 4.2 percent adjustment in 2021 and 2022 along with anticipated increased consumption will ensure SCWD continues to meet its debt service coverage requirements.



Financial Summary  
5-year Forecast

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
<b>Total Operating Revenues</b>	<b>\$ 36,172,500</b>	<b>\$36,494,512</b>	<b>\$38,768,695</b>	<b>\$41,254,530</b>	<b>\$44,091,449</b>	<b>\$46,132,307</b>
<b>Operating Expenditures</b>						
Source of Supply	12,430,000	12,391,533	12,388,788	13,128,578	13,760,964	14,187,262
Pumping	3,079,100	3,537,435	3,881,218	4,064,550	4,249,825	4,443,994
Water Treatment	1,229,000	1,263,476	1,307,130	1,351,204	1,395,465	1,441,288
Transmission and Distribution	4,725,900	4,642,978	4,747,008	4,889,418	5,036,101	5,187,184
Customer Service	1,026,100	1,056,884	1,088,590	1,121,248	1,154,885	1,189,532
Engineering	1,203,800	1,239,914	1,277,111	1,315,425	1,354,887	1,395,534
Administrative and General	3,776,400	3,804,455	3,915,094	4,044,745	4,178,895	4,317,709
<b>Total Operating Expenses</b>	<b>\$ 27,470,300</b>	<b>\$27,936,675</b>	<b>\$28,604,939</b>	<b>\$29,915,168</b>	<b>\$31,131,022</b>	<b>\$32,162,503</b>
<b>Operating Income</b>	<b>\$ 8,702,200</b>	<b>\$ 8,557,837</b>	<b>\$10,163,756</b>	<b>\$11,339,362</b>	<b>\$12,960,427</b>	<b>\$13,969,804</b>
<b>Non-Operating Revenue/(Expense)</b>						
Other Income	405,600	437,384	446,132	455,054	464,156	473,439
Interest Earnings	285,000	236,000	236,000	236,000	236,000	236,000
Interest Expense - COP Series 2010 B (Capital Projects)	(666,238)	(656,931)	(644,100)	(627,975)	(611,100)	(593,350)
Interest Expense - Revenue Bond Series 2017 A	(2,077,138)	(1,765,400)	(1,696,625)	(1,593,250)	(1,449,250)	(1,275,750)
<b>Total Non-Operating, Net</b>	<b>\$ (2,052,776)</b>	<b>\$ (1,748,947)</b>	<b>\$ (1,658,593)</b>	<b>\$ (1,530,171)</b>	<b>\$ (1,360,194)</b>	<b>\$ (1,159,661)</b>
<b>Net Income Before Debt Principal Payment</b>	<b>\$ 6,649,424</b>	<b>\$ 6,808,890</b>	<b>\$ 8,505,163</b>	<b>\$ 9,809,191</b>	<b>\$11,600,233</b>	<b>\$12,810,143</b>
Principal Payment - COP Series 2010 B (Capital Projects)	(290,000)	(305,000)	(315,000)	(330,000)	(345,000)	(365,000)
Principal Payment - Revenue Bond Series 2017 A (Retail Acquisition Repayment)	(2,455,000)	(2,640,000)	(2,825,000)	(3,050,000)	(3,320,000)	(3,620,000)
<b>Increase/Decrease to Fund Balance</b>	<b>\$ 3,904,424</b>	<b>\$ 3,863,890</b>	<b>\$ 5,365,163</b>	<b>\$ 6,429,191</b>	<b>\$ 7,935,233</b>	<b>\$ 8,825,143</b>
<b>Total Revenue Requirements</b>	<b>\$ 36,172,500</b>	<b>\$36,494,512</b>	<b>\$38,768,695</b>	<b>\$41,254,530</b>	<b>\$44,091,449</b>	<b>\$46,132,307</b>
<b>Total Debt Service Coverage</b>	<b>1.71</b>	<b>1.72</b>	<b>1.98</b>	<b>2.15</b>	<b>2.39</b>	<b>2.51</b>

Active Service Connections  
5-year Forecast

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
<b>Growth in Accounts</b>						
1"	14.1%	10.2%	9.4%	7.8%	7.3%	6.9%
Other Accounts	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
<b>Total Growth</b>	<b>489</b>	<b>486</b>	<b>493</b>	<b>447</b>	<b>454</b>	<b>459</b>
<b>Meter Size</b>						
5/8" x 3/4"	6,296	6,296	6,296	6,296	6,296	6,296
3/4"	18,105	18,105	18,105	18,105	18,105	18,105
1"	4,431	4,883	5,342	5,758	6,180	6,607
1 1/2"	740	752	764	775	786	797
2"	1,212	1,231	1,250	1,267	1,285	1,303
3"	45	46	47	48	49	50
4"	115	117	119	121	123	125
6"	24	24	24	24	24	24
8"	8	8	8	8	8	8
<b>Total Accounts</b>	<b>30,976</b>	<b>31,462</b>	<b>31,955</b>	<b>32,402</b>	<b>32,856</b>	<b>33,315</b>
<b>Customer Consumption 5-year Forecast</b>						
<b>Description</b>	<b>FY 2017/18</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>
<b>Usage</b>						
Residential - Single Family	7,389,253	7,730,265	8,008,497	8,201,629	8,316,255	8,432,484
Landscape	2,087,243	2,191,605	2,301,186	2,347,210	2,347,210	2,347,210
All Others	1,914,090	991,956	990,328	1,014,210	1,028,386	1,042,759
<b>Total Usage, Ccf</b>	<b>11,390,586</b>	<b>10,913,826</b>	<b>11,300,011</b>	<b>11,563,049</b>	<b>11,691,851</b>	<b>11,822,453</b>
<b>Increase/Decrease in Consumption</b>						
Residential - Single Family	7%	5%	4%	2%	1%	1%
Landscape	6%	5%	5%	2%	0%	0%
All Others	117%	-48%	0%	2%	1%	1%
<b>Total Annual Consumption Increase/Decrease</b>	<b>16.5%</b>	<b>-4.2%</b>	<b>3.5%</b>	<b>2.3%</b>	<b>1.1%</b>	<b>1.1%</b>

Capital Improvement Expenditures  
5-year Forecast

Description	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
<b>Upgrade Projects</b>						
<b>Pay As You Go Funded</b>						
Reservoirs	\$ 316,238	\$2,140,200	\$2,270,401	\$4,367,868	\$ 6,877,858	\$3,378,385
Pipeline and Service Replacements	922,449	1,096,750	851,006	646,350	1,531,872	1,791,019
Recycle Water Pipeline	270,000	410,000	735,438	-	-	-
Tank Maintenance (painting)	598,331	373,613	483,288	306,375	209,724	339,422
Meters (AMR)	760,653	461,250	-	-	-	-
Capital Equipment	1,436,730	389,500	462,275	543,830	623,654	820,271
Other Projects	1,231,999	1,360,073	880,634	573,337	1,432,087	1,665,999
<b>Subtotal Upgrade Projects</b>	<b>\$ 5,536,400</b>	<b>\$ 6,231,386</b>	<b>\$ 5,683,042</b>	<b>\$ 6,437,760</b>	<b>\$ 10,675,195</b>	<b>\$ 7,995,096</b>
<b>Expansion Projects</b>						
Wells and Other Projects	\$1,460,500	\$ 235,235	\$ 519,009	\$ 340,836	\$ 1,224,128	\$1,508,733
GIS (Master Plan and Data Collection)	95,000	51,250	26,266	26,922	-	-
<b>Subtotal Expansion Projects</b>	<b>\$ 1,555,500</b>	<b>\$ 286,485</b>	<b>\$ 545,275</b>	<b>\$ 367,758</b>	<b>\$ 1,224,128</b>	<b>\$ 1,508,733</b>
<b>Total Project Expenditures</b>	<b>\$ 7,091,900</b>	<b>\$ 6,517,871</b>	<b>\$ 6,228,317</b>	<b>\$ 6,805,518</b>	<b>\$ 11,899,323</b>	<b>\$ 9,503,829</b>

Water Supplies and Water Supply Costs  
5-year Forecast

<b><u>SCWD Total Water Supplies</u></b>	<b>FY 2017/18</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>
CLWA Imported Water Supplies, acre-ft/yr	20,505	15,768	13,656	14,044	14,233	14,426
CLWA Groundwater Supplies, acre-ft/yr *	3,000	3,000	3,000	3,000	3,000	3,000
SCWD Groundwater Supplies, acre-ft/yr	4,477	8,043	11,104	11,362	11,489	11,617
<b>Total acre-ft/yr</b>	<b>27,982</b>	<b>26,811</b>	<b>27,760</b>	<b>28,406</b>	<b>28,722</b>	<b>29,043</b>
<b><u>Water Supply Blend</u></b>						
Percent from CLWA (Imported and Groundwater)	84%	70%	60%	60%	60%	60%
Percent from SCWD (Groundwater)	16%	30%	40%	40%	40%	40%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b><u>CLWA Purchased Water Supplies</u></b>						
	<b>FY 2017/18</b>	<b>FY 2018/19</b>	<b>FY 2019/20</b>	<b>FY 2020/21</b>	<b>FY 2020/21</b>	<b>FY 2020/21</b>
CLWA Imported Water Supplies, acre-ft/yr	20,505	15,768	13,656	14,044	14,233	14,426
CLWA Groundwater Supplies, acre-ft/yr *	3,000	3,000	3,000	3,000	3,000	3,000
<b>Total acre-ft/yr</b>	<b>23,505</b>	<b>18,768</b>	<b>16,656</b>	<b>17,044</b>	<b>17,233</b>	<b>17,426</b>
<b><u>CLWA Purchased Water Supply Cost</u></b>						
Fixed Charge, Annual	\$7,183,167	\$7,688,021	\$7,998,771	\$8,419,625	\$8,768,180	\$8,893,146
Variable Charge- Imported	4,525,043	3,864,683	3,514,412	3,794,902	4,038,514	4,297,790
Variable Charge - Groundwater	470,490	579,990	609,000	639,450	671,430	705,000
<b>Calculated CLWA Purchased Water Cost</b>	<b>\$12,178,700</b>	<b>\$12,132,694</b>	<b>\$12,122,183</b>	<b>\$12,853,977</b>	<b>\$13,478,124</b>	<b>\$13,895,936</b>

\* Maximum 250 AF/mo.

Debt Service and Debt Coverage  
5-year Forecast

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
<b>Total Operating Revenues</b>	<b>\$ 36,172,500</b>	<b>\$ 36,494,512</b>	<b>\$ 38,768,695</b>	<b>\$ 41,254,530</b>	<b>\$ 44,091,449</b>	<b>\$ 46,132,307</b>
<b>Operating Expenditures</b>						
Source of Supply	\$ 12,430,000	\$ 12,391,533	\$ 12,388,788	\$ 13,128,578	\$ 13,760,964	\$ 14,187,262
Pumping	3,079,100	3,537,435	3,881,218	4,064,550	4,249,825	4,443,994
Water Treatment	1,229,000	1,263,476	1,307,130	1,351,204	1,395,465	1,441,288
Transmission and Distribution	4,725,900	4,642,978	4,747,008	4,889,418	5,036,101	5,187,184
Customer Service	1,026,100	1,056,884	1,088,590	1,121,248	1,154,885	1,189,532
Engineering	1,203,800	1,239,914	1,277,111	1,315,425	1,354,887	1,395,534
Administrative and General	3,776,400	3,804,455	3,915,094	4,044,745	4,178,895	4,317,709
<b>Total Operating Expenses</b>	<b>\$ 27,470,300</b>	<b>\$ 27,936,675</b>	<b>\$ 28,604,939</b>	<b>\$ 29,915,168</b>	<b>\$ 31,131,022</b>	<b>\$ 32,162,503</b>
<b>Operating Income</b>	<b>\$ 8,702,200</b>	<b>\$ 8,557,837</b>	<b>\$ 10,163,756</b>	<b>\$ 11,339,362</b>	<b>\$ 12,960,427</b>	<b>\$ 13,969,804</b>
<b>Non-Operating Revenue</b>						
Other Income	\$ 405,600	\$ 437,384	\$ 446,132	\$ 455,054	\$ 464,156	\$ 473,439
Interest Earnings	285,000	236,000	236,000	236,000	236,000	236,000
<b>Total Non-Operating Revenue</b>	<b>\$ 690,600</b>	<b>\$ 673,384</b>	<b>\$ 682,132</b>	<b>\$ 691,054</b>	<b>\$ 700,156</b>	<b>\$ 709,439</b>
<b>Total Net Revenues</b>	<b>\$ 9,392,800</b>	<b>\$ 9,231,221</b>	<b>\$ 10,845,888</b>	<b>\$ 12,030,416</b>	<b>\$ 13,660,583</b>	<b>\$ 14,679,243</b>
<b>Parity Debt Service</b>						
COP Series 2010B	\$ 956,238	\$ 961,931	\$ 959,100	\$ 957,975	\$ 956,100	\$ 958,350
USCVJPA Revenue Bonds, Series 2017A	4,532,138	4,405,400	4,521,625	4,643,250	4,769,250	4,895,750
<b>Total Debt Service</b>	<b>\$ 5,488,376</b>	<b>\$ 5,367,331</b>	<b>\$ 5,480,725</b>	<b>\$ 5,601,225</b>	<b>\$ 5,725,350</b>	<b>\$ 5,854,100</b>
<b>Debt Service Coverage</b>	<b>1.71</b>	<b>1.72</b>	<b>1.98</b>	<b>2.15</b>	<b>2.39</b>	<b>2.51</b>
<b>Revenues Available for Other Purposes</b>	<b>\$ 3,904,424</b>	<b>\$ 3,863,890</b>	<b>\$ 5,365,163</b>	<b>\$ 6,429,191</b>	<b>\$ 7,935,233</b>	<b>\$ 8,825,143</b>

**SANTA CLARITA WATER DIVISION  
RESERVE FUND POLICY  
(RETAIL WATER SYSTEM)  
(Revised May 2015)**

**INTRODUCTION**

This policy has been developed to maintain prudent management of a retail water system which requires that reserve funds be established and maintained to fund scheduled and unscheduled expenses including operation and maintenance, debt service, emergencies, capital improvement, repair and replacement, and for the stabilization of retail water rates.

**STATEMENT OF PURPOSE**

The purposes of the Castaic Lake Water Agency's Reserve Policy for the retail water system is to ensure the Agency's financial stability and to have sufficient funding available to meet its operating, capital and debt service cost obligations. This policy establishes the level of reserves necessary for maintaining the Agency's credit worthiness and ratings and for adequately providing for:

- ◆ Cash flow requirements and working capital.
- ◆ Economic uncertainties and other financial hardships, including performance of the regional economy and water supply reliability.
- ◆ Infrastructure replacements.
- ◆ Emergency repairs.
- ◆ Local disasters, natural disasters or catastrophic events.
- ◆ Loss of significant revenue sources due to variations in water sales resulting from variable weather conditions or conservation.
- ◆ Unfunded mandates including costly regulatory requirements.

**Types of Reserves**

1. **Operating Reserve Fund**. Covers unscheduled costs relating to the operation of the retail water system, including, but not limited to, unforeseen repairs, emergencies, unexpected increases in treatment costs, regulatory changes, unforeseen legal expenses and disruption of a source of supply. The target balance for the Operating Reserve Fund shall be set at 25% of the Retail Annual Operating Expense Budget. Funds from the Operating Reserve Fund shall be used exclusively for operating expenses of the retail water system, unless otherwise authorized by the Board of Directors. The Operating Reserve Fund was fully funded by June 2014. When the fund has reached its target balance, additional allocations to the Operating Reserve Fund, to replace funds expended over the fiscal year or to increase the balance to match increases in the Annual Operating Expense Budget, shall be included in the annual budget. If the balance in the Operating Reserve Fund drops below 50% of the target amount during a fiscal year, staff will advise the Board of Directors and recommend appropriate action. In any year, the balance in the Operating Reserve Fund shall not exceed 25% of that year's Operating Expense Budget.
2. **Rate Stabilization Reserve Fund**. Offsets revenue reductions resulting from reduced retail water sales during periods when consumption is 10% or more below average

consumption. The Rate Stabilization Reserve Fund shall have a target balance of 10% of Retail Annual Operating Revenue Budget and shall be fully funded by June 2016. When the fund has reached its target balance, additional allocations to the Rate Stabilization Reserve Fund to replace funds expended over the fiscal year or to increase the balance to match increases in the Annual Operating Revenue Budget, shall be included in the annual budget. If the balance in the Rate Stabilization Reserve Fund drops below 50% of the target amount during a fiscal year, staff will advise the Board of Directors and recommend appropriate action. In any year, the balance in the Operating Rate Stabilization Reserve Fund shall not exceed 10% of that year's Operating Revenue Budget.

3. **Capital Reserve Fund.** Covers any unexpected and unplanned infrastructure and replacement repairs not included in the budget. The Capital Reserve Fund shall have a target balance of \$1,000,000 and was fully funded by June 2014. When the fund has reached its target balance, additional allocation to the Capital Reserve Fund to replace funds expended over the fiscal year shall be included in the annual budget. If the balance in the Capital Reserve Fund drops below 50% of the target amount during a fiscal year, staff will advise the Board of Directors and recommend appropriate action. In any year, the balance in the Capital Reserve Fund shall not exceed \$1,000,000.
4. **Emergency Reserve Fund.** Covers any emergency repairs due to unforeseen natural disasters such as earthquake, fire, etc. The Emergency Fund covers immediate repairs to restore SCWD's operations for continued water delivery to its customers. The Emergency Fund shall have a target balance of \$1,000,000 and be fully funded by June 2016. When the fund has reached its target balance, additional allocation to the Emergency Reserve Fund to replace funds expended over the fiscal year shall be included in the annual budget. If the balance in the Emergency Reserve Fund drops below 50% of the target amount during a fiscal year, staff will advise the Board of Directors and recommend appropriate action. In any year, the balance in the Emergency Reserve Fund shall not exceed \$1,000,000.

### **Reporting**

The annual Budget document will include a reserve analysis, showing reserve amounts and targets for each type of reserve. Should a major change in conditions compromise reserve levels, the Retail Manager will provide an analysis to the Board of Directors. This analysis would include an explanation of why reserve levels are below targeted levels and/or a recommended course of action to improve reserve levels.

*(Originally Adopted November 2003; revised May 2012, November 2013, May 2015)*

**SANTA CLARITA WATER DIVISION  
DEBT MANAGEMENT POLICY  
(RETAIL WATER SYSTEM)  
(Revised June 2017)**

**INTRODUCTION**

This policy documents Santa Clarita Water Division (SCWD or the Division) of the Castaic Lake Water Agency (the Agency) goals for the use of debt instruments and provides guidelines for the use of debt for financing SCWD infrastructure and project needs. The Division's overriding goal in issuing debt is to respond to, and provide for, the infrastructure, capital project and other financing needs of the Retail water system while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality.

SCWD will pay for all infrastructures, projects, and other financing needs from a combination of current revenues, available reserves, if any, and prudently issued debt. SCWD believes that debt can provide an equitable means of financing projects for its customers 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 customers, both current and future, (ii) it is the most cost-effective means available (iii) it is fiscally prudent, responsible, and diligent under the prevailing economic conditions and (iv) if there are other important policy reasons thereof. SCWD issues debt instruments, administers Division-held debt proceeds and makes debt service payments only when all the financing needs mentioned above are met.

**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 Santa Clarita Water Division for its Retail water system. Note that the wholesale water system (Castaic Lake Water Agency) has its own debt management policy.

**Purpose and Use of Debt**

The Division 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 Division's Capital Improvement Program and Water Master Plan. Bond proceeds can be issued to fund the planning, design, land acquisition, construction, attached fixtures or equipment and moveable pieces or equipment, or other costs as permitted by law. Bond proceeds can also be used to refinance obligations of the retail system.

**Purpose of Policy**

The purpose of this 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

SCWD 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 tax-exempt debt
- ◆ The federal and state laws which govern disclosure, sale, and trading of the debt

### **Types of Debt**

Revenue Bonds, Notes, Certificates of Participation, special tax or special assessment bonds, capital leases, commercial paper, and lease-purchase financings will be treated as debt and subject to these same policies.

## **I. GENERAL PROVISIONS**

The Division 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 Division's annual budget.

SCWD 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 Division's Debt Management Policy, Reserve Policy and the Agency's 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 Division's approach to debt management:

- ◆ SCWD will issue debt only in the case where there is an identified source of repayment. Debt 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.
- ◆ SCWD 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 Agency's Board of Directors (Board).
- ◆ Debt issuance for a capital project will not be considered unless such project has been incorporated into the Division's capital planning process, or as otherwise approved by the Board.

## **II. CONDITIONS FOR DEBT ISSUANCE**

The following guidelines formally establish parameters for evaluating, issuing, and managing the Division's debt. The guidelines outlined below are not intended to serve as a list of rules to be

applied to the Division's debt issuance process, but rather to serve as a set of practices to promote sound financial management.

In issuing debt, the Division's objectives will be to:

- ◆ Achieve the lowest cost of capital
- ◆ Ensure ratepayer equity for SCWD's customers
- ◆ Maintain the adopted credit rating strategy and access to credit enhancement
- ◆ Preserve financial flexibility

### **Standards for Use of Debt Financing**

When appropriate, SCWD 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.

SCWD 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 Division. The Division'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 Division's overall financing objectives and current market conditions.

SCWD will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

*Credit Enhancement* – SCWD 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 Division may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. SCWD may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any of the Division's debt when it is approved by the Board.

*Call Provisions* – In general, the Division's securities should include optional call provisions. SCWD 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* – SCWD 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 Division's portfolio, depending on market conditions and 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 Division 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 Division will analyze the risks associated with the variable rate debt and the impact on the Division'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 SCWD outstanding debt.

*Derivatives* – The use of derivatives is covered by the Agency's Derivatives Policy. This policy states that it has been developed to guide the Division in its use of interest rate risk mitigation products such as interest rate swaps and other such financing techniques. These financing products can increase the Division's financial flexibility and provide opportunities for interest rate savings or enhanced investment yields. Careful monitoring of such products is required to preserve Division 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 Division outstanding debt. More detailed information is contained in the Derivatives Policy.

*Upper Santa Clara Valley Joint Powers Authority* – The Division is a member of the Upper Santa Clara Valley Joint Powers Authority. The Division will consider issuing revenue bonds through the Authority on a case-by-case basis. The Division 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 Division 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 Division will consider the following issues when analyzing potential refinancing opportunities:

*Debt Service Savings* – The Division shall establish a target savings level equal to 3% for current refundings and 5% for advanced refundings of the par of debt refunded on a net present value (NPV) basis. The target savings levels serve only as guidelines and SCWD

may determine that different saving targets are appropriate; SCWD 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
- ◆ Other factors that may be particularly relevant to the Division at the time

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the Board.

*Restructuring* – The Division 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* – SCWD 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 debt should not extend beyond the reasonably expected useful life of the asset being financed. SCWD 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, SCWD shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. SCWD 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, SCWD shall consider and review the latest credit rating agency reports and guidelines to ensure the Division's credit ratings and financial flexibility remain at levels consistent with the most highly rated comparable public agencies.

### **Method of Issuance**

SCWD will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

*Competitive Sale* – In a competitive sale, the Division's debt 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* – SCWD recognizes that some bond issues are best sold through negotiation with a selected underwriter. SCWD 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 SCWD 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 SCWD
- ◆ As a result of an underwriter's familiarity with the project/financing, that enables SCWD to take advantage of efficiency and timing considerations

*Private Placement* – From time to time SCWD 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.

### **Internal Controls**

SCWD will maintain segregation of duties and will provide reconciliation and documentation controls.

To ensure bond proceeds from bond sales are used in accordance with legal requirements, invoices are submitted by the appropriate Project Manager and are approved for payment by the appropriate Department Manager and/or delegated staff/supervisor, the Retail Administrative Officer and the Retail Manager for payment. In the case of an issuance of bonds for which the proceeds will be used by a government entity other than SCWD, SCWD may rely upon a certification by such other governmental entity that it has adopted the policies described in SB 1029.

A separate fund and/or account will be setup to hold proceeds from bond sales to ensure only properly approved invoices are paid as permitted per legal requirements.

Debt issuance transactions are approved by the Board of Directors.

Responsibility for general ledger reconciliations and records are segregated from the invoice processing, cash disbursement and cash receipts functions.

### **Market Communication, Debt Administration and Reporting Requirements**

*Rating Agencies* – The Treasurer and/or Retail Administrative Officer shall be responsible for maintaining the Division's relationships with Standard & Poor's Ratings Services, Fitch Ratings, and Moody's Investors Service to the extent the Division has ratings from such firm. SCWD shall, from time to time, maintain relationships with these agencies as circumstances dictate. The Division may choose based upon market conditions the number of ratings to obtain for any individual debt issuance. In addition to general communication, the Treasurer and/or Retail Administrative Officer should attempt to meet, (either in person or via phone or email) with credit analysts at least once each fiscal year. The Treasurer and/or Retail

Administrative Officer 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 and/or Retail Administrative Officer will periodically ensure that SCWD is in compliance with all legal covenants for each debt issue.

*Continuing Disclosure* – The Treasurer and/or Retail Administrative Officer will periodically comply for all debt issued 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 Division'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, SCWD 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 and/or Retail Administrative Officer 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. This policy is intended to comply with SB 1029.

*(Originally Adopted October 2009; revised June 2012; revised May 2014; revised June 2017)*

**[This page intentionally left blank.]**

**SANTA CLARITA WATER DIVISION  
PURCHASING AND BIDDING POLICY  
(RETAIL WATER SYSTEM)  
(Revised August 2012)**

**SECTION 1: APPLICABILITY OF POLICY**

**INTRODUCTION**

This Purchasing and Bidding Policy provides uniform procedures for acquiring goods, services and equipment<sup>1</sup> for the retail operations of the Santa Clarita Water Division (SCWD) of the Castaic Lake Water Agency (CLWA). These procedures do not apply to the wholesale operations of CLWA, which uses its own Purchasing Manual.

**STATEMENT OF PURPOSE**

This Purchasing and Bidding Policy authorizes the conditions under which the financial department head is authorized to release SCWD funds. All purchases of goods, services and equipment to be paid for by SCWD must comply with the methods, authority and dollar limits set forth in this Policy. This Purchasing and Bidding Policy does not apply to nondiscretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases and payroll taxes.

This Policy does not supersede statutory law in existence at the time SCWD purchases or contracts for goods, services or equipment. California statutes that govern such purchases and/or contracts shall control to the extent they are in conflict with this Policy. Pursuant to statute, SCWD operates in accordance with the County Water District Law (Cal. Water Code §§ 30000).

The procedures stated in this Purchasing and Bidding Policy shall be followed for:

- (1) The procurement of equipment, materials, or supplies to be furnished, sold, or leased to SCWD, whether contained in the budget or not.
- (2) Repairs.
- (3) Maintenance, which means the routine, recurring and usual work for the preservation, protection and keeping of SCWD facilities for their intended purposes in a safe and continually usable condition for which they were designed, improved, constructed, altered or repaired. "Facilities" means any plants, buildings, structures, ground facilities, utility systems or real property.
- (4) Services, including engineering and other professional services.
- (5) Construction (excluding repairs and maintenance).

**SECTION 2. AUTHORITY OF GENERAL MANAGER AND RETAIL MANAGER TO EXECUTE CONTRACTS**

The CLWA General Manager and the SCWD Retail Manager are hereby empowered to execute contracts without express Board authority for the purchase of goods, services and equipment up

<sup>1</sup> The phrase "goods, services and equipment," as used in this Policy, is a general reference to all manner of SCWD purchases and contracts, including contracts for public works construction.



to the limits established herein, which for the General Manager is up to \$100,000 and for the Retail Manager is up to \$50,000. In times of their absence, both may delegate this power.

### **SECTION 3. METHODS OF ACQUISITION FOR (1) EQUIPMENT, MATERIALS, OR SUPPLIES, (2) REPAIRS AND, (3) MAINTENANCE**

Except as otherwise provided in Section 6, the following methods of acquisition shall be used for (1) equipment, materials, or supplies, (2) repairs, and (3) maintenance. (See Table 3-1 and Flow Charts.) In each case, the appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information to enable SCWD staff or the CLWA Board of Directors to make an advised decision will be determined by SCWD staff based on the amount and type of information (1) required by SCWD to adequately communicate its requirements to potential vendors, and contractors, and (2) required by potential vendors, and contractors to adequately describe a responsive proposal.

- (A) Items up to \$100. The acquisition shall be made from a vendor or contractor who, in the judgment of the department supervisor responsible for the acquisition, will provide the best product or service at the most favorable price. Purchase Order is not required.
- (B) Items \$101 to \$5,000.<sup>2</sup> The acquisition shall be made from a vendor, or contractor who, in the judgment of the department supervisor responsible for the acquisition, will provide the best product or service at the most favorable price. Purchase Order is required.

The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the department supervisor. An acquisition made pursuant to this Subsection may or may not be listed in the budget.

- (C) Items \$5,001 to \$10,000. The acquisition shall be made from a vendor, or contractor who, in the judgment of the department head responsible for the acquisition, will provide the best product or service at the most favorable price. The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the department head. An acquisition may be made pursuant to this Subsection may or may not be listed in the budget. Purchase Order is required.

Items \$10,001 to \$25,000. The department head responsible for the acquisition shall, by written or verbal requests to at least two (2) potential vendors or contractors, obtain at least two (2) written or verbal quotes and the acquisition must be made from the party that the Retail Manager determines will provide the best product or service at the most favorable price. The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the department head. If fewer than two vendors or contractors are available, or if the product or service is not readily obtainable on the open market, 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 may or may not be listed in the budget. Purchase Order and written or verbal quotes are required.

<sup>2</sup> For purposes of complying with this Policy, costs may be estimated by the department supervisor or by other SCWD staff as directed by the Retail Manager.

- (D) Items \$25,001 to \$50,000. The Retail Manager shall, by written or verbal requests to at least three (3) potential vendors or contractors, obtain at least two (2) written quotes and the acquisition must be made from the party that the Retail Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the Retail Manager. If fewer than three vendors or contractors are available, or if the product or service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a verbal report to the Retail Operations Committee. An acquisition made pursuant to this Subsection must be listed in the budget. If not listed in the budget, the same procedures may be followed by the General Manager. Purchase Order and written quotes are required.
- (E) Items \$50,001 to \$100,000. The General Manager shall, by written or verbal request to at least three (3) potential vendors or contractors, obtain at least two (2) written quotes and the acquisition must be made from the party that the General Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the General Manager. If fewer than three vendors or contractors are available, or if the product or service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a written report to the Retail Operations Committee. 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 (G) below shall apply. Written agreement and written quotes are required.
- (F) Items greater than \$100,000. The Retail Manager may acquire such items by issuing a written request for proposals/quotations to three (3) or more potential vendors, or contractors, and then purchasing the item from the vendors, or contractors that offers SCWD the best product or service at the most favorable price. Consideration of proposals/quotations received shall be made through an evaluation panel or other procedure, as established by the Retail Manager and recommendations shall be submitted to the CLWA Board for approval. If the item is (1) of a specified brand or type which is the only article that will properly meet the needs of SCWD, 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 CLWA Board. Written agreement and written quotes are required.

**Table 3-1**

	<b>Amount</b>	<b>Item In Budget?</b>	<b>Documentation</b>	<b>Authorization Required</b>
A	\$0 – \$100	Yes/No	N/A	Department supervisor
B	\$101 – \$5,000	Yes/No	Purchase Order	Department supervisor
C	\$5,001 – \$10,000	Yes/No	Purchase Order	Department head
D	\$10,001 – \$25,000	Yes/No	P.O.; Two Written or Verbal Quotes	Retail Manager
E	\$25,001 – \$50,000	Yes	P.O.; Two Written Quotes;	Retail Manager
F	\$25,001 – \$50,000	No	P.O.; Two Written Quotes;	General Manager
F	\$50,001 – \$100,000	Yes	Two Written Quotes; Written Agreement	General Manager
F	\$50,001 – \$100,000	No	Two Written Quotes; Written Agreement	Board
G	Over \$100,000	Yes/No	Request for Proposals or Quotations (three minimum); Written Agreement	Board

**SECTION 4. METHODS OF ACQUISITION FOR CONSTRUCTION OF CAPITAL IMPROVEMENT PROJECTS.**

Except as otherwise provided in Section 6, the following methods of acquiring construction services, excluding repairs and maintenance, shall be used in the circumstances indicated. (See Table 4-1 and Flow Charts)

- (A) Items up to \$10,000. The department head responsible for the construction work shall, by written or verbal request to potential contractors obtain a quote that set forth a fixed price and a complete description of the proposed work. The work must be awarded to the contractor that the department head or Retail Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential contractors and obtaining information about experience, qualifications and price shall be determined by the department head or Retail Manager.
  
- (B) Items \$10,001 to \$25,000. The department head responsible for the construction work or the Retail Manager - shall, by written or verbal request to potential contractors, obtain at least two (2) written bids that set forth a fixed price and a complete description of the proposed work. The work must be awarded to the bidder that the Retail Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential contractors and obtaining information about experience, qualifications and price shall be determined by the Retail Manager. If fewer than two contractors are available, or if the service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records.

- (C) Items \$25,001 to \$100,000. The Retail Manager or the General Manager shall, by written request to potential contractors and preparation of a complete set of plans and specifications that is made available to potential contractors, obtain at least two (2) written bids that set forth a fixed price and a complete description of the proposed work. The Retail Manager shall determine the appropriate method of identifying potential contractors. A construction contract based on SCWD's bid documents shall be used for the work, but formal bidding procedures (see description of formal procedures in Section 4(C) below) are not required and the Retail Manager and the General Manager may consider quality, experience and other relevant factors in addition to price in awarding the contract. If fewer than two contractors are available, or if the service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a written report to the Retail Operations Committee. If listed in the budget, a contract awarded pursuant to this Subsection may be executed by the General Manager if the contract amount is between \$50,000 and \$100,000, and may be executed by the Retail Manager if the contract amount is between \$25,000 and \$50,000. If not listed in the budget, the contract must be authorized by the CLWA Board.
- (D) Items greater than \$100,000. For construction projects in this category formal bidding procedures shall consist of a notice inviting sealed proposals sent to at least three (3) qualified contractors, as determined by SCWD staff and confirmed by the Retail Manager, before a specified time and date for the construction or performance of the improvement or work. Sealed proposals shall be opened at a set date and time, and all legal formalities shall be followed in evaluating proposals and determining the lowest responsible bidder. Contract awards, if any, shall be made by the CLWA Board to the lowest responsible bidder, subject to the terms of the contract documents.
- The Board shall require the successful bidder to file with SCWD good and sufficient bonds for faithful performance of the contract and payment of claims for labor and material.
- (E) Contract Documents. Standard construction contract form approved by General Counsel must be utilized for execution by the General Manager or Retail Manager.

**Table 4-1**

	<b>Amount</b>	<b>Documentation</b>	<b>Authorization Required</b>
A	\$0 – \$25,000	Purchase Order; Obtain Written Bids	Department supervisor
B	\$25,001 – \$100,000	Written Request for Bids; Plans and Specifications; Obtain Written Bids; Written Contract	If in budget, Retail Manager (\$25,000 - \$50,000), General Manager (\$50,000 - \$100,000); otherwise Board Approval
C	Over \$100,000	Bid Documents with Plans and Specifications to 3+; Formal Construction Contract	Board Must Award Contract

**SECTION 5. ALTERNATIVE METHOD OF DELIVER FOR CONSTRUCTION SERVICES – DESIGN-BUILD PROJECTS**

When the Board determines that a design-build delivery system is in the best interests of SCWD, it may exempt the project from the requirements of this Policy and award a design-build contract through an appropriate competitive process. SCWD staff and the CLWA Board shall look for guidance in this process to Government Code §14661 (d) (3) (A) (i).

**SECTION 6. METHODS OF ACQUISITION – EMERGENCY**

The requirements of Sections 3 and 4 shall not be applicable in the event of an emergency and a written finding by the Retail Manager that it is immediately necessary to acquire equipment, materials, or supplies, perform repairs, including maintenance or acquire services, including construction. The Retail Manager is authorized to make the required purchase(s) or enter into the required contract(s). The Retail Manager shall, however, report any such action involving a cost of more than \$50,000 to the Retail Operations Committee as soon as practicable. This report shall identify the emergency and the actual or probable impact the emergency would have had on SCWD's operations.

**SECTION 7. INFORMATION TECHNOLOGY SERVICES**

The procurement of services, equipment, software, training and other elements of SCWD's retail system that involve information technology, communications and telemetry (collectively, "information technology") shall place paramount importance on the qualifications and experience of the consultants and contractors under consideration. Notwithstanding anything to the contrary in Section 3 or 4 above, the award of contracts for information technology services shall be made to the vendor, consultant or contractor that, as determined by the process established for evaluating proposals, is the most qualified to provide the services and/or equipment required. When an information technology project has both design and construction elements and the construction elements will constitute less than 20% of the entire project, as determined by SCWD staff, the project shall be let as one contract.

**SECTION 8. AUTHORITY OF THE GENERAL MANAGER OR RETAIL MANAGER TO EXECUTE CONSTRUCTION CHANGE ORDERS**

The General Manager and/or the Retail Manager are hereby empowered to bind SCWD by change order up to the amounts identified below based on the contract amount:

<u>Contract Amount</u>	<u>Change Order Authority</u>
Less than \$500,000	Up to \$50,000
\$500,000 to \$1,000,000	Up to \$75,000
Over \$1,000,000 to \$5,000,000	Up to \$100,000
Greater than \$5,000,000	\$200,000

The Board may grant different change order authority on a project-specific basis. Board approval is required for all change orders that exceed the specific levels of authority given to the General Manager and Retail Manager in this Policy. The General Manager or Retail Manager shall brief the appropriate committee and the Board on the details of all final approved change orders.

## **SECTION 9. PROFESSIONAL SERVICE CONTRACTS**

The Retail Manager shall have the authority to approve all professional service contracts as defined in the County Water District Law (Water Code Section 30000 et seq.) or work authorizations including engineering service contracts other than on calls up to \$50,000 annually that the Retail Manager determines will provide the best service at the most favorable price. All professional service contracts or work authorizations over \$50,000 and up to \$100,000 annually shall require the General Manager's approval. All professional service contracts or work authorizations in excess of \$100,000 annually shall require a written request for proposals to three (3) or more potential consultants.

Consideration of proposals received shall be made through an evaluation panel or other procedure, as established by the Retail Manager and recommendations shall be submitted to the CLWA Board for approval to the consultant that offers SCWD the best service at the most favorable price. The Retail 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 CLWA Board. When the amount exceeds the approved change authorization, details of the change shall be noted on the acquisition records and in a general report to the Retail Operations Committee and the CLWA Board as soon as practicable.

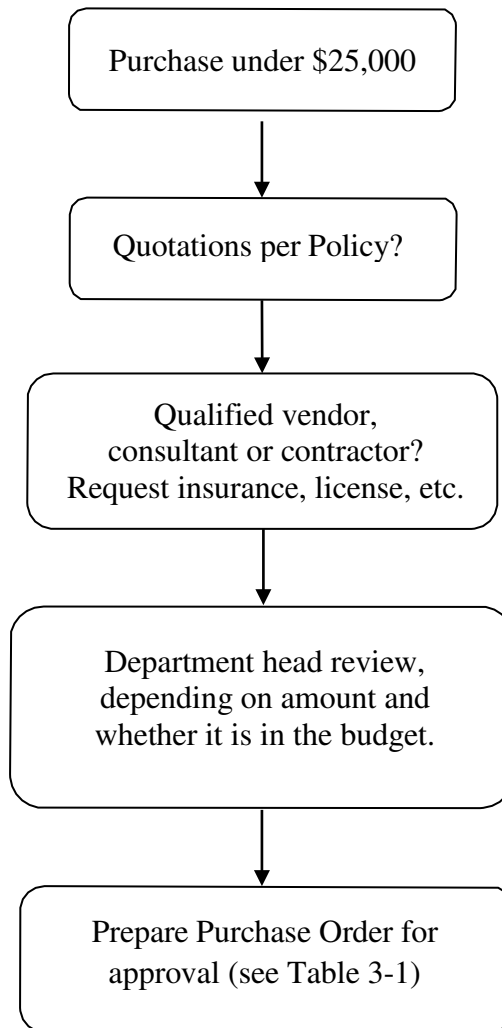
## **SECTION 10. ENGINEERING SERVICES CONTRACT/ON-CALL ONLY**

Every four years, a Request for Statement of Qualifications (RFQ) shall be issued for on call engineering services to conduct evaluations, perform studies, prepare preliminary and final designs, prepare technical specifications, provide engineering support during construction and provide other miscellaneous services for SCWD's water distribution, pumping and conveyance facilities. The RFQ shall solicit Statement of Qualifications (SOQs) from engineering firms interested in being placed in SCWD's engineering consultant pool. The consultants would provide a wide range of engineering services for projects for SCWD's water distribution, pumping and conveyance facilities in accordance with CLWA's existing policies and procedures. Consultants in the preapproved engineering consultant pool would provide services to SCWD on an on-call basis for work authorizations with a value not to exceed \$250,000 annually. For work authorizations greater than \$250,000, a project-specific Request for Proposal process would be used (see Section 9). Consideration of SOQs received shall be made through an evaluation panel or other procedure, as established by the Retail Manager and recommendations of SCWD's engineering consultant pool list shall be submitted to the CLWA Board for approval. All other engineering services shall be subject to Section 9 above.

*(Originally Adopted April 2010, Revised August 2012)*

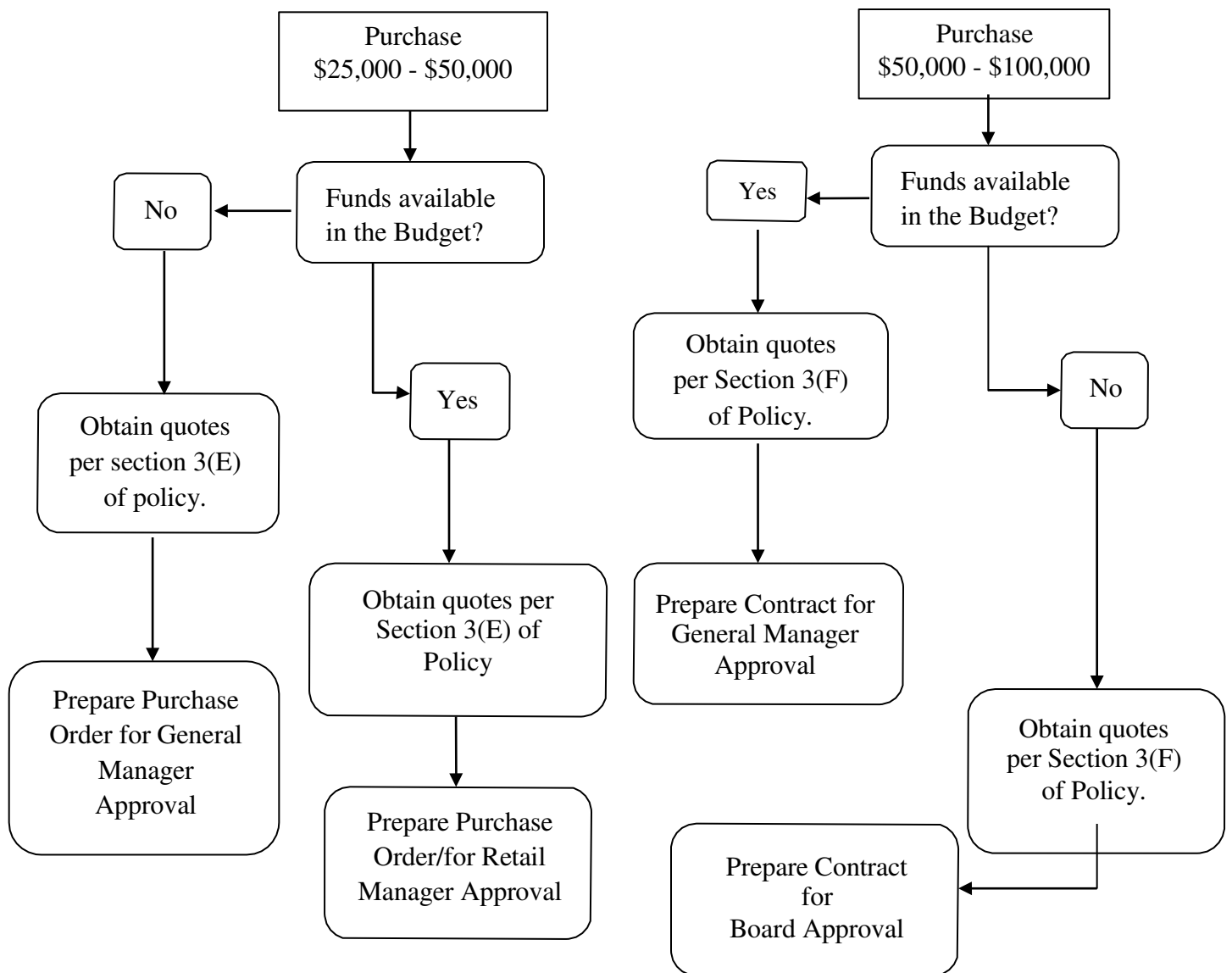


## **Process Flow Chart Purchases Under \$25,000**





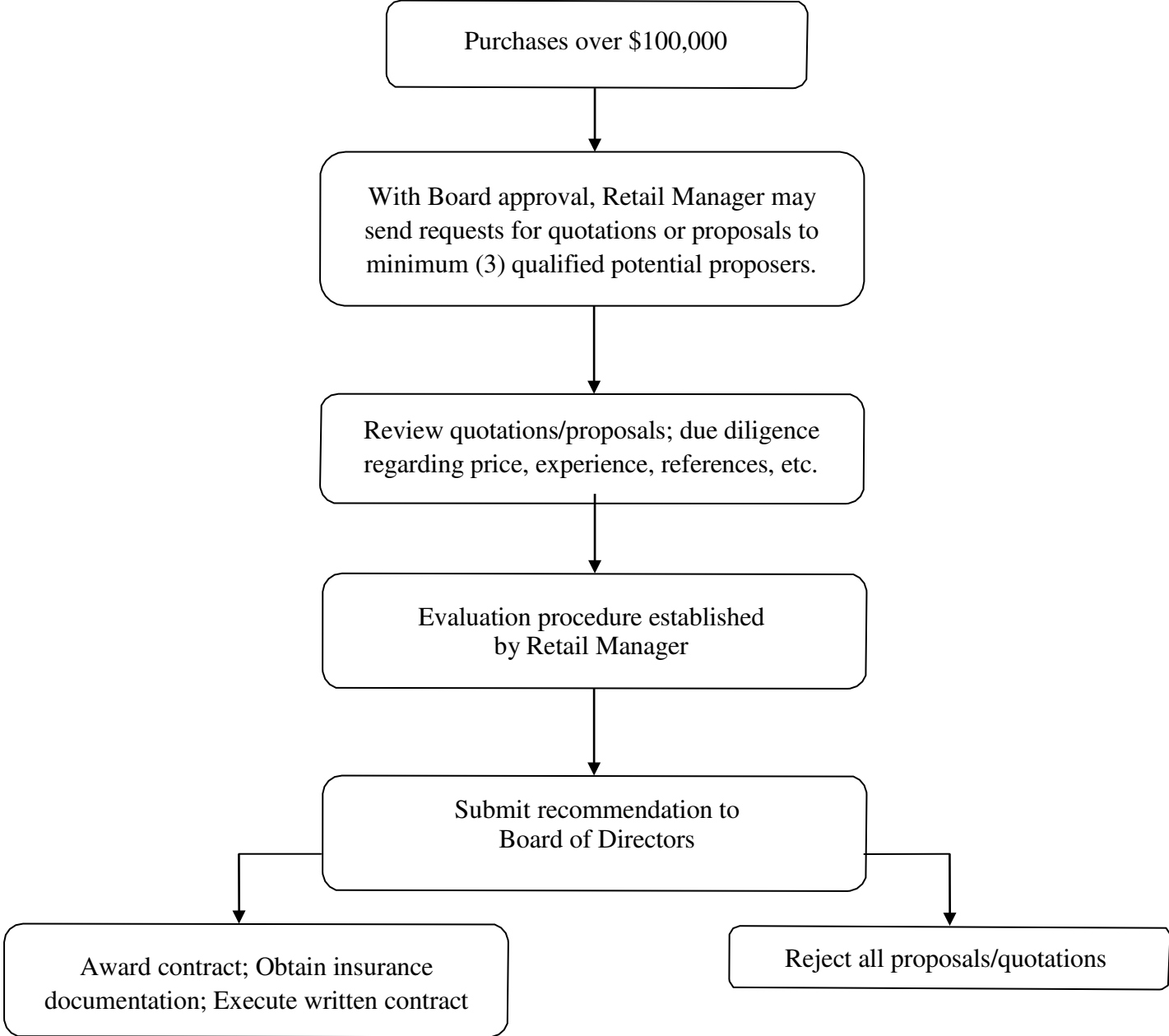
## Process Flow Chart Purchases \$25,000 - \$100,000





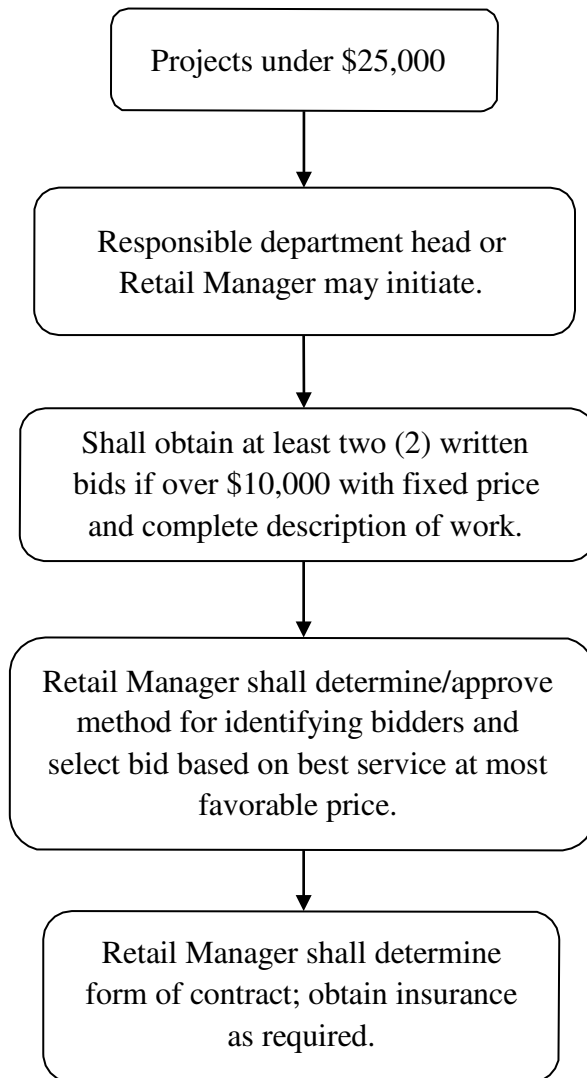
# Process Flow Chart

## Purchases Over \$100,000



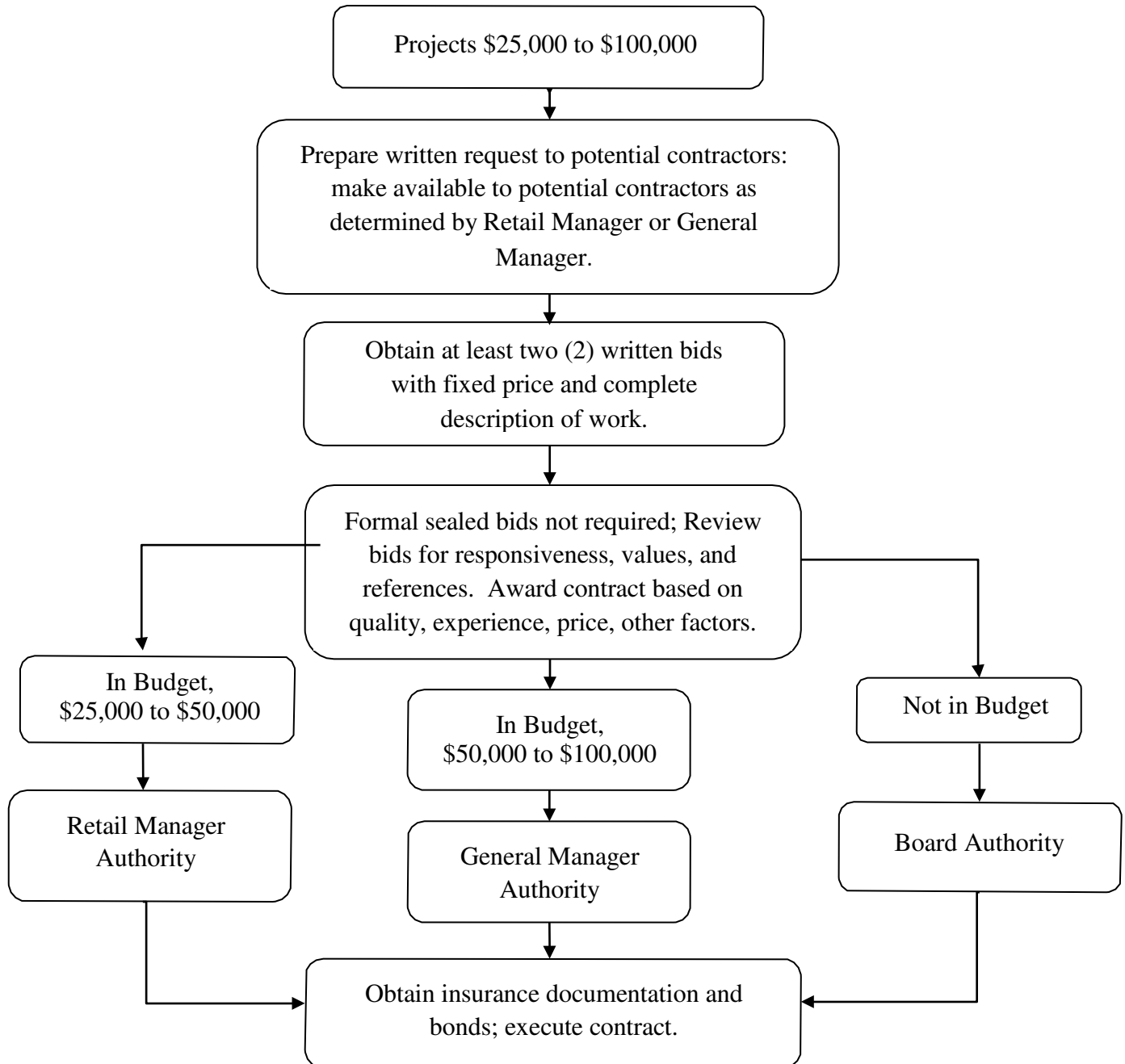


## **Construction/CIP Process Flow Chart Projects Under \$25,000**



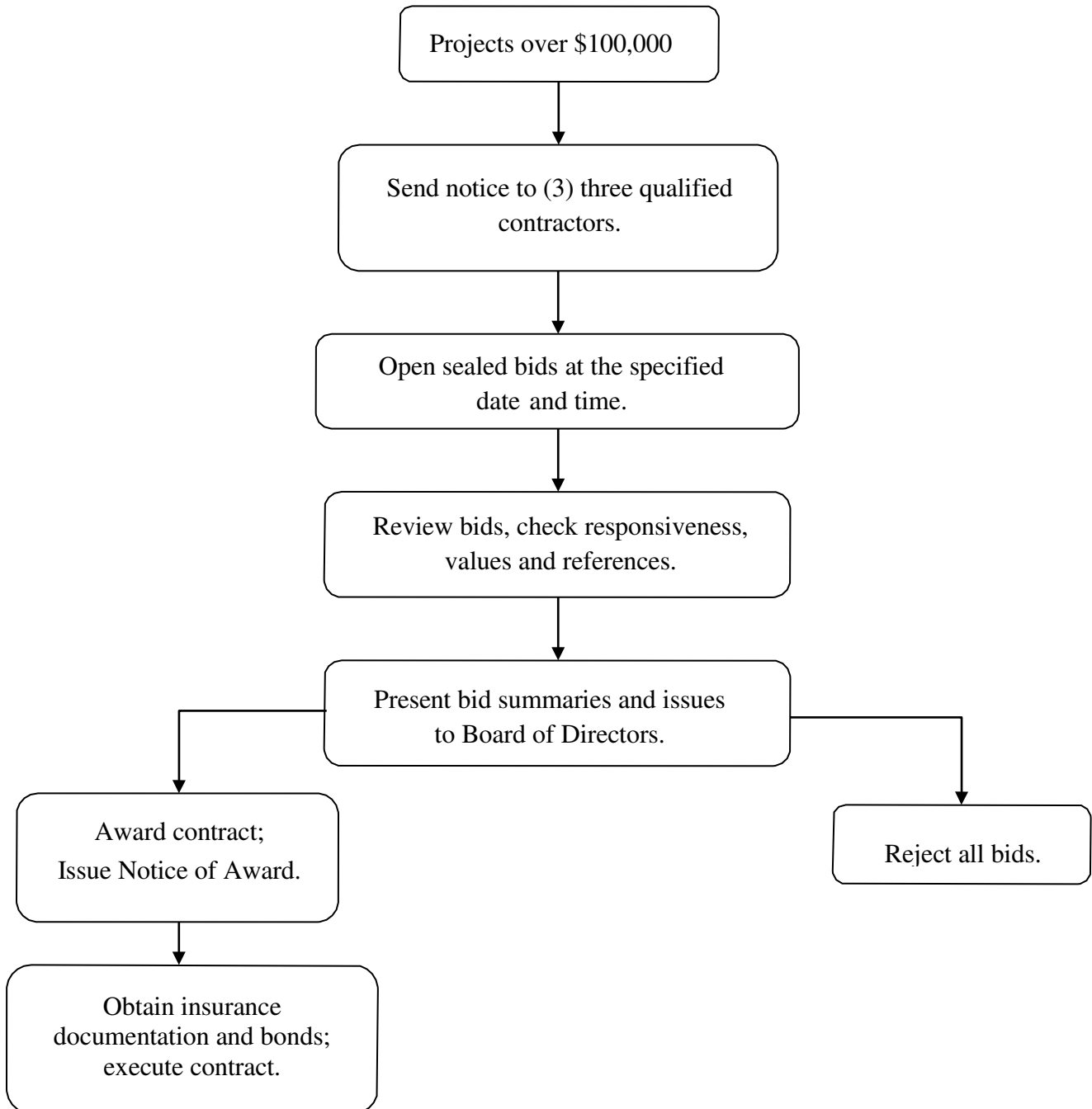


## **Construction/CIP Process Flow Chart Projects \$25,000 - \$100,000**





## **Construction/CIP Process Flow Chart Projects Over \$100,000**



**[This page intentionally left blank.]**

**RESOLUTION NO. 3168**

**RESOLUTION OF THE CASTAIC LAKE WATER AGENCY  
BOARD OF DIRECTORS ADOPTING  
THE RETAIL BUDGET FOR FISCAL YEAR 2017/18**

**WHEREAS**, the Santa Clarita Water Division of Castaic Lake Water Agency complies with the Board Procedures Manual requirement that the Agency shall annually adopt a budget prior to the commencement of each fiscal year; and

**WHEREAS**, the Board of Directors has reviewed and concluded no modifications or adjustments to the Fiscal Year (FY) 2017/18 Budget are required and, as such, this Budget can be considered for adoption as the Santa Clarita Water Division FY 2017/18 Budget; and

**WHEREAS**, the Board of Directors has reviewed the Retail FY 2017/18 Budget, including sections on the Operating Budget and Capital Expenditures.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Castaic Lake Water Agency hereby:

1. Adopts the attached Retail FY 2017/18 Budget (Attachment C).
2. Appropriates the Operating Expenditures, Capital Expenditures and Debt Principal and Interest Payment for each fund for FY 2017/18 shown on the attached Financial Summary (Attachment C).
3. Authorizes the General Manager or Retail Manager to make interfund transfers up to the amounts shown on the attached Financial Summary.
4. Authorizes the General Manager or Retail 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.

  
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 24, 2017, the foregoing Resolution No. 3168 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 24, 2017



  
Secretary

## ATTACHMENT C

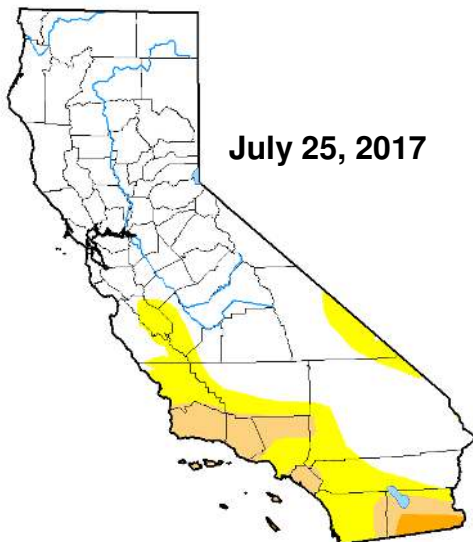
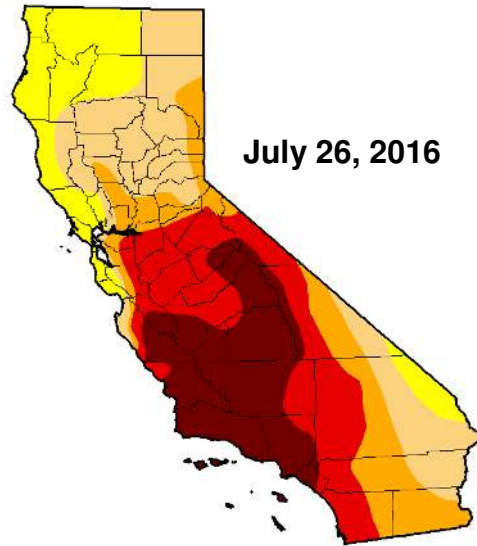
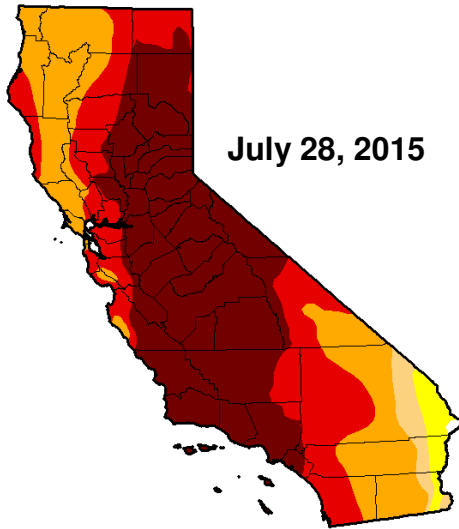
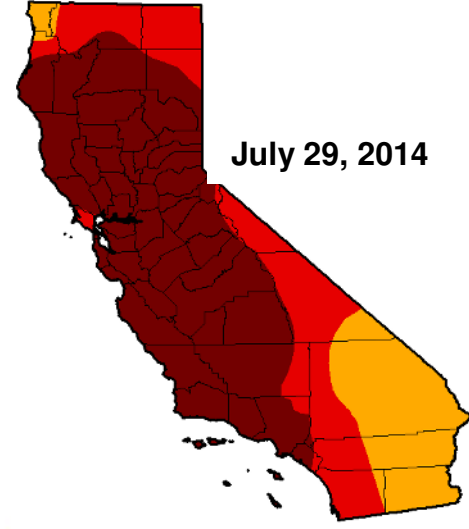
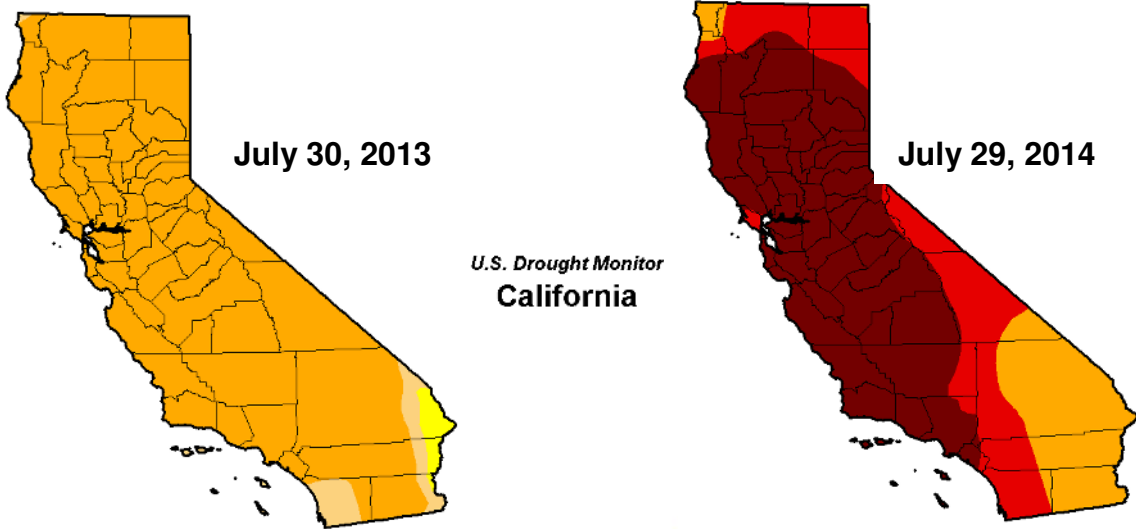
Santa Clarita Water  
Financial Summary  
FY 2017/18 Budget

	FY 2016/17 Budget	FY 2016/17 Estimated	FY 2016/17 Variance	FY 2016/17 % Variance	FY 2017/18 Budget	FY 2016/17 Estimated vs. FY 2017/18 Budget % Variance
<b>Santa Clarita Water Division</b>						
<b>Total Operating Revenues</b>	\$ 28,840,800	\$ 31,520,272	\$ 2,679,472	8.5%	\$ 36,172,500	15.0%
<b>Operating Expenditures</b>						
Source of Supply	10,936,100	11,366,434	430,334	3.8%	12,430,000	9.0%
Pumping	2,674,400	2,821,420	147,020	5.2%	3,079,100	9.0%
Water Treatment	1,178,000	1,126,416	(51,584)	-4.6%	1,229,000	9.0%
Transmission and Distribution	4,681,300	4,492,854	(188,446)	-4.2%	4,725,900	5.0%
Customer Service	1,012,800	985,688	(27,112)	-2.8%	1,026,100	4.0%
Engineering	1,002,900	895,789	(107,111)	-12.0%	1,203,800	34.0%
Administrative and General	3,574,400	3,494,659	(79,741)	-2.3%	3,776,400	8.0%
<b>Total Operating Expenses</b>	25,059,900	25,183,260	123,360	0.5%	27,470,300	9.0%
<b>Operating Income</b>	3,780,900	6,337,012	2,556,112	40.3%	8,702,200	37.0%
<b>Non-Operating Revenue/(Expense)</b>						
Other Income - Cellular Antenna Rental and Miscellaneous	286,000	259,967	(26,033)	-10.0%	262,000	1.0%
Rental Income - 22722 Soledad Canyon Road Office Building	134,400	134,394	(6)	0.0%	143,600	7.0%
Interest Earnings - SCWD Fund	236,000	282,866	46,866	16.6%	285,000	1.0%
Interest Expense - COP Series 2010 B (Capital Projects)	(670,588)	(670,582)	6	0.0%	(666,238)	-1.0%
Interest Expense - Revenue Bond Series 2011 A (Retail Acquisition Repayment)	(2,138,513)	(2,138,480)	33	0.0%	(2,077,138)	-3.0%
<b>Total Non-Operating, Net</b>	(2,152,701)	(2,131,835)	20,866	-1.0%	(2,052,776)	-4.0%
<b>Net Income Before Debt Principal Payment</b>	1,628,199	4,205,177	2,576,978	61.3%	6,649,424	58.0%
Principal Payment - COP Series 2010 B (Capital Projects)	-	-	-	-	(290,000)	-
Principal Payment - Revenue Bond Series 2011 A (Retail Acquisition Repayment)	-	-	-	-	(2,455,000)	-
<b>Increase/(Decrease) to Fund Balance</b>	1,628,199	4,205,177	2,576,978	61.3%	3,904,424	-7.2%
<b>Total Revenue Requirements</b>	<u>\$ 28,840,800</u>	<u>\$ 31,520,272</u>	<u>\$ 2,679,472</u>	<u>8.5%</u>	<u>\$ 36,172,500</u>	<u>15.0%</u>

	FY 2017/18 Estimated Beginning Balance	FY 2017/18 Additions	FY 2017/18 Use of Funds	FY 2017/18 Estimated Ending Balance
<b>Santa Clarita Water Division</b>				
<b>Fund Summary</b>				
Developer Refundable Deposit	\$ 3,990,386	\$ -	\$ -	\$ 3,990,386
Expansion Fund	4,516,840	2,000,000	(1,555,500)	4,961,340
CIP Fund	-	5,536,400	(5,536,400)	-
Operating Reserve Fund	6,265,000	602,600	-	6,867,600
Rate Stabilization Reserve Fund	2,884,080	2,541,795	-	5,425,875
Capital Reserve Fund	1,000,000	4,000,000	-	5,000,000
Emergency Reserve Fund	1,000,000	1,200,000	-	2,200,000
Liability Repayment Reserve Fund	-	2,000,000	-	2,000,000
Unrestricted Reserve Fund	16,210,254	-	(11,976,371)	4,233,883
<b>Total Funds Available</b>	<u>\$ 35,866,560</u>	<u>\$ 17,880,795</u>	<u>\$(19,068,271)</u>	<u>\$ 34,679,084</u>

## 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.*



U.S. Drought Monitor  
California

Intensity:



*The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.*

Authors:  
Mark Svoboda and Richard Heim  
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.*



**CASTAIC  
L A K E**



**WATER  
AGENCY**

**Castaic Lake Water Agency  
FY 2017/18 Budget**

Rio Vista Water Treatment Plant Administration Building  
27234 Bouquet Canyon Road  
Santa Clarita, California 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)



**Santa Clarita Water Division  
FY 2017/18 Budget**

26521 Summit Circle  
Santa Clarita, California 91350-3049

(661) 259-2737

Please visit our website at: [www.santaclaritawater.com](http://www.santaclaritawater.com)

Please visit our Facebook page: [www.facebook.com/scwater.org](https://www.facebook.com/scwater.org)