

WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

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# ACHIEVEMENTS IN WATER INDEPENDENCE

## Annual Budget

Fiscal Years Ending  
June 30, 2012 and 2013



# Annual Budget 2012/2013

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# Annual Budget 2012/2013

## Mission Statement

*“To provide, protect and preserve high quality groundwater through innovative, cost-effective and environmentally sensitive basin management practices for the benefit of residents and businesses of the Central and West Coast Basins.”*

## Board of Directors

*Division 1*



*Willard  
H. Murray, Jr.  
Secretary*

*Division 2*



*Rob Katherman  
Director*

*Division 3*



*Lillian Kawasaki  
Vice President*

*Division 4*



*Sergio Calderon  
Treasurer*

*Division 5*



*Albert Robles  
President*

## Budget Team

*Robb Whitaker,  
P.E.  
General Manager*

*Jenna Shaunessy  
Manager of Finance  
and Administration*

*Remy Hernandez  
Senior Accountant*

*Scott M. Ota,  
CPA/CFE, CIRA, CGMA  
Chief Financial Officer*

*Elizabeth Betham  
Senior Accountant*

## Contact

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## General Manager's Report



**Robb Whitaker**  
General Manager

Imported water supply to Southern California depends mainly on the weather in Northern California and the Rocky Mountains. The wildly unpredictable nature of that supply is demonstrated by the experience of the last two years. In 2010/2011, precipitation in the state was 150% of "normal." This year, it is 50% of normal. In 2010/2011, snow pack in the Sierras was 160% of the historic annual average. This year, it is just 40%. Last year, Lake Mead on the Nevada-Arizona border began to recover from more than a decade of drought on the Colorado River. This year, tributary flows from the Rockies into the Colorado River are at record lows. Thanks to last year's precipitation, state and local reservoirs are at about 90% of capacity. With another relatively dry year forecast, however, reservoir levels will assuredly plummet by the end of the year and we will be in the same persistent drought conditions we were in just three years ago and for most of the past ten years.

The fact is, imported water supply to Southern California is unreliable and its cost is rising fast. Often in recent years, imported water for groundwater replenishment has not been available at any cost.

### **RECYCLED WATER: 2 MILLION ACRE-FEET AND COUNTING**

The Water Replenishment District has been working to get off the imported water supply roller coaster for 50 years. In 1962, WRD financed the construction of the Whittier Narrows Water Reclamation Plant. Since then, that Plant has provided 600,000 acre-feet of recycled water for groundwater recharge. Since 1970, we have taken an additional 160,000 acre-feet from the Pomona Water Reclamation Plant. And since 1972, we have used 1 million acre-feet from the San Jose Creek Water Reclamation Plant.

We began using recycled water at the West Coast Basin Barrier in 1994, the Dominguez Gap Barrier in 2005 and the Alamitos Barrier in 2006. To date, we have injected nearly 130,000 acre-feet of recycled water into the three barriers.

In terms of recycled water use, WRD this year will pass the 2 million acre-foot mark.

### **WATER INDEPENDENCE NOW (WIN) IS IN SIGHT**

52 years ago, the Water Replenishment District was the single largest customer for imported water from the Colorado River. By virtue of our development and use of local supply in the form of recycled water and enhanced storm water capture, just 37% of our replenishment needs today are met by imported water. And that percentage is dropping fast.

- This year the Los Angeles County Department of Public Works completed construction of the jointly-financed Interconnection Pipeline between the two main Spreading Grounds. This project will enable the conservation of 1,300 acre-feet of additional storm water and the use of an additional 5,700 acre-feet of recycled water annually.
- Construction will begin later this year on the expansion of the Leo J. Vander Lans Advanced Water Treatment Plant. Anticipated to be built by May 2014, the expansion will produce an additional 3,000 acre-feet of recycled water annually, completely eliminating the need for imported water for barrier injection at the Alamitos Barrier.
- The expansion of the Ed Little Advanced Treatment Plant by West Basin Municipal Water District will result in the elimination next year of the 4,500 acre-feet of imported water currently used at the West Coast Seawater Barrier. We are in discussions with the City of Los Angeles to expand the capacity of the Terminal Island Advanced Treatment Plant to eliminate the use of imported water for the Dominguez Gap Barrier.
- This year we completed the alternatives analysis for the Groundwater Reliability Improvement Program (GRIP). The analysis identifies three alternatives that would completely eliminate the need for 21,000 acre-feet of imported water at the spreading

## General Manager's Report (cont.)

grounds. The alternatives include a tertiary treatment option, an advanced treatment option that would produce water for injection into a well field, and a hybrid option that incorporates both tertiary and advanced treatment technologies. The engineering feasibility of each alternative will be completed in October. We expect to begin the environmental impact report process shortly. Actual project construction should begin in 2014 or 2015.

- WRD and the Los Angeles County Department of Public Works have greatly increased the capture and use of storm water for replenishment in recent years through the expansion of the Whittier Narrows Conservation Pool, the installation of rubber dams on the San Gabriel River and the Interconnection Pipeline. Even so, nearly 180,000 acre-feet of storm water in a normal year is lost to the ocean annually from WRD's 420-square mile service area. This year, WRD and the Watershed Health Council completed a pioneering study that identifies regional and parcel-based locations and project concepts to achieve maximum storm water capture for water supply benefit. In addition to identifying opportunities to increase WRD's storm water supply portfolio, we expect the study will greatly assist municipal pumpers realize economic value from capturing and quantifiably storing storm water runoff.

WRD's current imported water demand totals 34,040 acre-feet. It is the stated goal of WRD's Strategic Plan to eliminate the use of imported water for replenishment by 2015. As can be seen from projects recently completed or well underway, Water Independence Now (WIN) is in sight. As can be seen from the wildly divergent weather and precipitation conditions of the last two years, WIN can come none too soon.

*Robb Whitaker*  
*General Manager*



## President's Message

Notwithstanding the time, attention and resources required to deal with hostile litigation, fabricated "news" reports and predatory incursions into the groundwater arena by a local imported water agency, this was a remarkably productive year for the Water Replenishment District.

### REPLENISHMENT ASSESSMENT REMAINS THE SAME

Following 10 budget workshops, the WRD Board voted to keep the 2012/2013 Replenishment Assessment at the 2011/2012 rate of \$244.00 per acre-foot. That is 29% of the imported water rate and represents the best water bargain anywhere in Southern California. We are as proud of the very open and collaborative process we used to arrive at the result as we are of the result itself. Despite rising costs, especially for necessary legal services, we managed to stay the course through general belt-tightening and a conscious decision to reduce purchases for increasingly expensive imported water in favor of more cost-effective local supply.

### SUPREME COURT VICTORY FOR GROUNDWATER STORAGE

Following a 10-year process capped by a two-year state mediation, WRD and groundwater pumpers representing a majority of extraction rights filed petitions three years ago to amend the Basin judgments to create a legally-certain framework for groundwater storage. The amendments would enable the region to take advantage of the 450,000 acre-feet of storage capacity in Central and West Basin.

The petitions were opposed by Central Basin Municipal Water District and three cities on the Central Basin side and by Tesoro Oil Company and Hillside Mortuary on the West Basin side. WRD and the sponsoring parties appealed an adverse Superior Court ruling to the Appellate Court and obtained a favorable ruling. The opponents' appeals to the Supreme Court were denied.

In upholding the appeal of WRD and the sponsoring parties, the Appellate Court rejected opponents' arguments and concluded that the courts had jurisdiction over groundwater storage and the allocation and governance of storage, had jurisdiction to authorize the transfer of water from one basin to the other and had jurisdiction to appoint WRD as a member of the Watermaster body outlined in the petitions. Further, the Appellate Court ruled that the petitions were not subject to the Environmental Quality Act.

The Supreme Court decision puts us back on track for the courts to finally rule on the merits of the petitions. We are hopeful the decision also encourages the opponents to reconsider their positions so that they, along with other pumpers, can put litigation aside to store water in the few years when there is a surplus for use in the many more years when water is in short supply.

### \$70 MILLION FOR THE WIN PROGRAM

The General Manager's Report lists the programs and projects underway to complete WRD's strategic objective to eliminate the use of imported water for replenishment by 2015. That objective is within reach because WRD has much of the money needed to pay for it already in the bank.

### Core Values

*The Water Replenishment District executes its role in groundwater management through:*

### Financial Responsibility:

*Long-term prudent financial decisions are made about staffing, operational expenses, rates, bonds and reserves.*

### Transparent Decision Making:

*The board makes decisions in open meetings with the public heard in a respectful manner. Additionally, the public is encouraged to provide input through participation in a variety of focused forums and public hearings.*

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This year we issued \$69,195,000 in certificates of participation to fund completion of the Leo J. Vander Lans Advanced Water Treatment Expansion Project and significant portions of the Groundwater Reliability Improvement Program and Groundwater Infrastructure Improvement Program. When completed, these programs and projects will produce local water to replace the dwindling amount of imported water we still need to buy for spreading and barrier injection. It will be a day of great celebration for WRD, the region and the state when we can announce that we no longer need imported water for anything but storage under the judgment amendments!

Reflecting confidence in WRD's financial stability and management, both of the major rating agencies rated the certificates AA+, which is at or near the top rating for water agencies in the state.

## **GROUNDWATER MONITORING, SAFE DRINKING WATER AND CRUCIAL PLANS**

While we like to think we do a good job, it is reassuring to receive the acknowledgment of others. In the past year, WRD received several state and national awards. We appreciate the recognition.

- By virtue of WRD's long-standing and highly-regarded groundwater monitoring program, WRD has been selected as the regional Monitoring Entity for the Department of Water Resource's California Statewide Groundwater Elevation Monitoring Program (CASGEM).
- Perhaps reflecting the precipitous and lasting hikes in the cost of imported water, an increasing number of pumpers are applying for WRD's Safe Drinking Water grants and loan program to clean up and reactivate their wells. Two projects are underway in two different cities and eight applications from six different jurisdictions are under review.
- The Groundwater Basins Master Plan is nearing completion. This very important stakeholder-driven planning effort identifies ways to maximize the use of locally-developed water for replenishment and barrier injection and possible storage projects to take advantage of the storage framework when it is approved by the court.
- The state's Recycled Water Policy requires every groundwater basin in the state to develop a Salt/Nutrient Management Plan by May 2014 that optimizes the use of recycled water while ensuring the protection of the groundwater supply for beneficial use and human health. WRD has taken the lead for Plan Development with significant collaboration of the many interested and affected stakeholders. Once developed, the Plan must be approved by the Regional Water Quality Control Board.

## **AWARDS**

- Outstanding Groundwater Projects Award from the National Association of Groundwater Agencies for WRD's Groundwater Monitoring program
- California WateReuse Institution of the Year award for the second consecutive year from the WateReuse Association
- Award from LA Film Fest in the Short Animation Category for the District's Mega Rainbow water quality film
- Government Finance Officers Association Award of Excellence in Financial Reporting
- California Society of Municipal Finance Officers Association Award of Excellence in Budgeting
- Government Finance Officers Association's Distinguished Budget Presentation Award

## **THANKS**

I want to thank my fellow Directors for another year of exceptional service. And I thank our General Manager and staff for their superior talents and extraordinary competence and dedication to the work of the District.

*Albert Robles*  
*President*

# *Budget-in-Brief*





# Annual Budget 2012/2013

## 2012/2013 Budget -in- Brief

### Revenues

The District's primary source of revenue is generated by the Replenishment Assessment; making up 96% of the District's revenue or \$59,634,000. The District also expects to collect \$896,000 (1%) from water sales and Metropolitan Water District subsidies from the Leo J. Vander Lans Advanced Water Treatment Facility. This facility provides advanced treated water to the Alamos Seawater Intrusion Barrier System which would otherwise need more expensive non-interruptible imported water. The Goldsworthy Desalter is located in the West Coast Basin and treats brackish groundwater for sale to the City of Torrance. The anticipated revenue for 2012/13 is \$1,350,000 (2%). The District also provides a cost-neutral Groundwater Monitoring Program in the Central Basin to comply with Title 22 regulations. The District expects costs to be \$101,000 and therefore will collect \$101,000 (1%) to maintain this break-even program.

#### Comparison to 2011/12 Year's Budgeted Revenues

Budgeted revenues from the prior year were similar to that of the current year. Replenishment Assessment revenues made up 95% of total revenues with 2% from the Leo J. Vander Lans Facility, 2% from the Goldsworthy Desalter and 1% from the Title 22 Program. Prior year's Replenishment Assessment was \$244.00 per acre foot with no increase to the assessment in the current year.

### Expenditures

The most significant budgetary item for the District is water and water-related costs. Of the District's budgeted expenditures of \$49,133,000, about \$32,904,000 or 67% is related to either water supply purchases, production of water or water conservation efforts. Details and explanations of the various Project and Program are located in their specific sections of this budget document, however, the total budgeted costs for these replenishment and clean water projects are \$8,863,000 (18%) of the 2012/13 adopted budget. Administration costs are budgeted to be \$4,813,000 (10%) and litigation costs \$2,553,000 (5%).

#### Comparison to 2011/12 Year's Budgeted Expenditures

Total budgeted expenditures for 2011/12 were \$63,855,000 with 78% of those costs relating to water and water-related costs. The total budgeted expenditures for 2012/13 dropped significantly to \$49,133,000, primarily due to the decrease in the purchase of imported spreading water. In 2011/12, the District budgeted to purchase 24,500 acre feet of Tier 1 imported spreading water and in 2012/13, the budget dropped to 2,180 acre feet. In order to keep the Replenishment Assessment at a flat \$244.00 per acre foot in the current year, the District is purchasing less water than in the prior year.

In May 2007, the Metropolitan Water District (MWD) suspended the sale of discounted seasonal spreading water. For the first time in the District's 48-year history, discounted seasonal spreading water was unavailable for purchase. Due to this unavailability in discounted water, in fiscal year 2010/11, the District was forced to change the way it had budgeted for the past 48 years and started to budget for more expensive Tier 1 water. Due to the economic issues in Southern Los Angeles County, the District utilized \$8.27 million of its reserves to lessen the impact of moving to the more expensive Tier 1 rate. Additionally, in fiscal year 2011/12 the District continued its effort to normalize the Replenishment Assessment by providing \$10.0 million in rate relief and \$3.0 million in the current fiscal year; or \$21.27 million of rate relief over the past three fiscal years.

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The District has also been subject to several lawsuits. The District's involvement has primarily been only in response to other entities suing the WRD. These lawsuits have forced the District to separately account for the costs so the public is kept informed of the expenditures associated with the District defending itself in court.

## *Planning for the Future*

Plenty of water had always been available from the Colorado River and even more would flow through the State Water Project beginning in 1972. Even so, the Board of Directors of the Water Replenishment District were skeptical about the long-term prospects for imported water. When WRD was founded in 1959, who would have guessed that claims by other states to their share of the Colorado River would shrink by half the available supply of water to Southern California within a mere 40 years? And who would have predicted that constraints on the State Water Project would also reduce in half the amount of water originally allocated to our region?

As stated in the General Manager's Report, the District is moving toward an independence from expensive imported water. In the past, the District was 100% dependent upon imported water from either the Colorado River or the State Water Project. The developments of capturing more storm water and the use of recycled water mean that about 63% of that water is now locally-developed. We are working hard to develop the remaining 37% through the Water Independence Now (WIN) program. With the District serving over 4.5 million people and 10% of the State of California's population, it is even more important to become more self-reliant. A big portion of the costs will be debt financed and, therefore, future generations will share not only in the benefits of the WIN Program, but also in the costs. This program will provide a locally, sustainable and reliable water supply for the residents served by WRD and will provide cost stabilization to the ever increasing imported water rates.

# *Educational Partnerships*



*Students visit the Whittier Narrows Nature Center during a WRD Water Tour*

*WRD's popular Educational Partnership Program provides students with information on the agency's role as the groundwater manager for the Central and West Coast Basins. Students get a lively classroom presentation on groundwater, participate in hands-on water projects, attend field trips, and enter essay and poster drawing contests.*



## Background & History

The Water Replenishment District of Southern California (District) was formed by a vote of the people in 1959 for the purpose of protecting the groundwater resources of the Central and West Coast groundwater basins (basins) in Southern Los Angeles County.

The District provides groundwater for nearly four million residents in 43 cities of southern Los Angeles County. The 420 square mile service area uses about 250,000 acre-feet of groundwater per year, which equates to 40% of the total demand for water. Prior to the formation of the District, over-pumping of both basins caused many wells to go dry and sea water to intrude into the groundwater aquifers

– underground geological formations that store water. In 1957, the accumulated overdraft in the Central Basin alone was almost 1 million acre-feet, which translates to a tremendous withdrawal of water from aquifers in excess of the amount that naturally, or artificially, replaces it. In both basins, groundwater levels had dropped to below sea level. During the 1950's, the Los Angeles County Flood Control District purchased 500,000 acre-feet of imported water to artificially replenish the basins.

In 1959, the Central Basin Water Association and West Basin Water Association, comprised of the major groundwater producers from each basin, jointly proposed and obtained voter approval for formation of the Water Replenishment District of Southern California to manage the Central and West Coast groundwater basins.

The District's role expanded as it developed programs to capture stormwater, recharge recycled wastewater, monitor water quality and take advantage of evolving Metropolitan Water District of Southern California water rates. In 1990, legislation was passed to strengthen the District's role in groundwater quality protection and to provide a special assessment ability to the District to fund clean water programs.

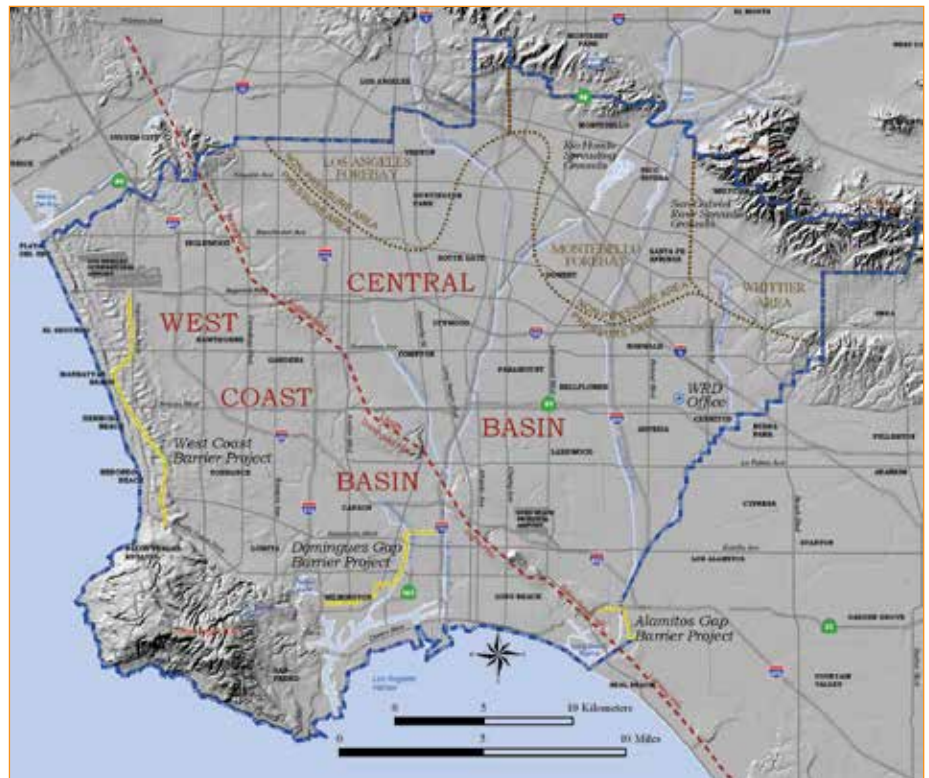


Figure 1 – Service Area Map

## Local Economy

The District office is located in Los Angeles County. The County covers 4,084 square miles and had a 2008 population of about 10,363,800; an increase of 844,500 persons since 2000. A quick demographic profile of Los Angeles indicates that: 47.3% of the population is Hispanic, 28.8% white non-Hispanic, 14.4% Asian-Pacific Islander, and 9.5% black.

Recent years have been very difficult for economy of Los Angeles County but a gradual economic improvement is expected over the next several years. The major forces leading the way will be the entertainment industry, international trade and tourism; all areas which have seen sharp declines in the past several years. However, there are still areas of concern. The non-residential real estate sector continues to struggle with high vacancies, declining lease rates and falling property values. Local governments will continue to have challenges as the decline in home values, slump in retail sales and the State's budget problems continue to harm municipal budgets.

The "new economy" of Los Angeles County is largely technology driven. This cluster includes bio-medical, digital information technology, and environmental technology, all of which build on the vibrant technological research capabilities of the County. Another key driver is creativity. There is a growing fusion between technology and creativity such as in video games and film production.



### Ground Water Conservation IS NOT NEW

The above picture was obtained from the files of the Los Angeles County Flood Control District and shows some of the activity of spreading water in Montebello Forebay in 1935.



### First State Water Reaching Spreading Facilities

The first State Project water used for spreading in the Central Basin is shown reaching the spreading facilities in October, 1974. The picture is at the rubber dam used to control spreading water on the San Gabriel River. Water may be released down the river in controlled amounts so it infiltrates and is not wasted or it may be diverted into spreading grounds.



### Observation Well

One of the Alamos Barrier observation wells is shown being drilled. From measurements of water level in these wells, the effectiveness of the barrier is monitored.

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Los Angeles is the largest manufacturing center in the U.S., employing 376,500 workers in 2007. The most important sectors are: apparel with 56,700 workers; fabricated metals with 49,100 workers; food products with 43,000 workers; aerospace products & parts with 38,100 workers; and search, detection & navigation products with 26,987 workers.

International trade is a major driver of the area's economy. The Los Angeles Customs District—which includes the ports of Long Beach and Los Angeles, Port Hueneme, and Los Angeles International Airport—is the nation's largest. The value of two-way trade passing through Los Angeles totaled \$357.3 billion in 2008, compared with \$353.4 billion for second-place New York. Major investments are under way to expand the ports, LAX airport and related transportation facilities in Los Angeles County.

Higher and specialized education is a significant force of Los Angeles County, with 112 public and private colleges and universities. These range from UCLA, USC, California Institute of Technology, and the Claremont Colleges to top-rated specialized institutions, like the California Institute for the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art. Medical education is also a strong point; Los Angeles has two each of medical schools, dental schools, and eye institutes, plus specialized research and treatment facilities like the City of Hope. The County's community colleges offer many innovative programs, including culinary arts, fashion design, multimedia, and computer assisted design and manufacturing.

California's water supply continues to pose many new and complex challenges for water suppliers in the state. In recent years, the District has been an active participant and leader in addressing these concerns. Through coordination and planning with other local and regional water suppliers, the District continues to engage in developing long-term solutions to the various water supply challenges. These efforts are evidenced in the District's participation in regional conjunctive use programs as well as local groundwater storage and recovery projects. It is through participation in these and other programs that will enable the District to continue to meet its long-term water supply needs.

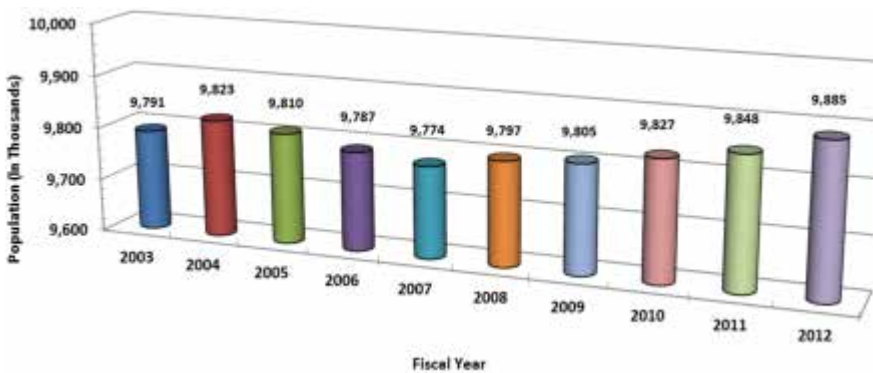
*Source: Los Angeles County Profile; Los Angeles County Economic Development Corporation.*

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**TABLE 1 – Water Replenishment District of Southern California Demographics and Economics Statistics - County of Los Angeles Last Ten Fiscal Years**

Year	Los Angeles County Unemployment "Rate (3)"	California Unemployment "Rate (1)"	U.S. Unemployment "Rate (1)"	"Population (1) "	Personal Income (thousands of "dollars) (2)"	Personal Income "per Capita (2)"
2003	7.00%	6.84%	6.00%	9,791,022	322,267,247	32,995
2004	6.50%	6.24%	5.50%	9,822,508	338,203,048	34,534
2005	5.4%	5.42%	5.10%	9,809,557	357,186,377	36,498
2006	4.80%	4.89%	4.60%	9,787,327	385,724,212	39,610
2007	5.10%	5.35%	4.60%	9,773,894	400,366,343	41,273
2008	7.50%	7.21%	5.80%	9,796,812	417,454,378	42,881
2009	11.60%	11.33%	9.30%	9,805,233	394,980,563	40,356
2010	12.60%	12.36%	9.60%	9,827,070	410,674,615	41,791
2011	12.30%	11.73%	8.90%	9,847,712	n/a	-
2012	n/a	n/a	n/a	9,884,632	n/a	-

**FIGURE 2 - Population**

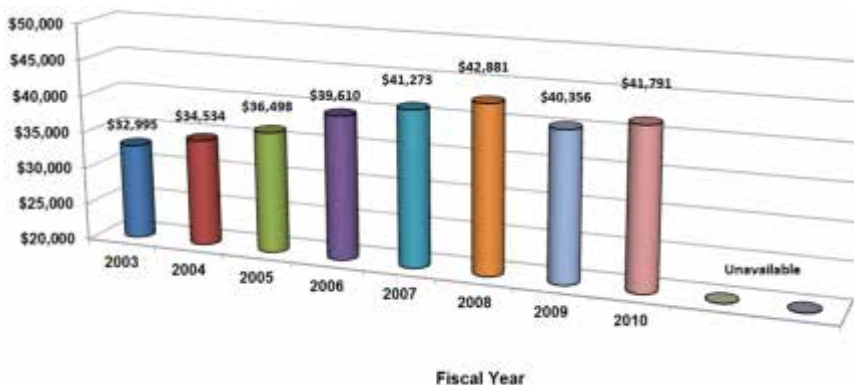


N/A - Data not available

**Notes:**

1. Updated annually. Table: Population Estimates and Components of Change by County  
**Sources:** California Department of Finance and California Labor Market Info
2. Per capital personal income was computed using Census Bureau midyear population estimates.  
**Sources:** Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce

**FIGURE 3- Personal Income per Capita**



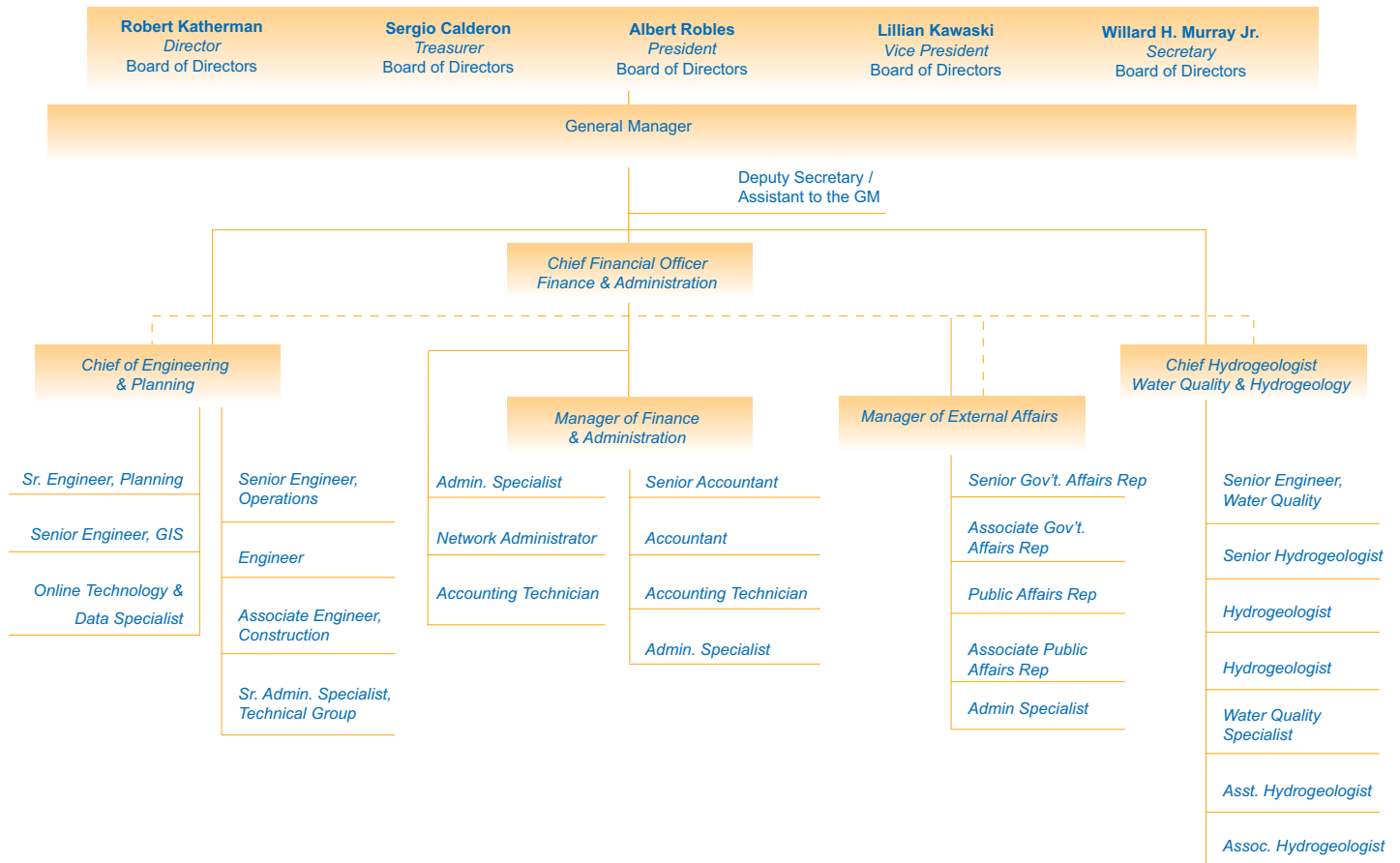
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## Government

The District is divided into five elective districts. The governing board is made up of one elected director from each district. The General Manager is appointed by the Board of Directors.

The District's budget process consists of activities that encompass the development, implementation and evaluation of a fiscal plan for the utilization of the District's assets and resources.

**FIGURE 4–  
Organizational Chart  
Water Replenishment District of Southern California**





# *Financial Policies*



*WRD's Groundwater Festival "Treasure Beneath Our Feet", an annual educational event that draws over 4,000 participants to commemorate National Groundwater Awareness Week. Over 35 vendors provide an array of hands-on conservation activities in the areas of water, air, waste and wildlife.*



## *Relevant Financial Policies*

### *Budget Control and Revisions*

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of managing the groundwater basins on a continuing basis be financed or recovered primarily through user charges (water replenishment assessments), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating Revenues, such as water replenishment assessments, result from exchange transactions associated with the District's principal activity. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grant funding and investment income, resulting from non-exchange transactions, in which, the District gives (receives) value without directly receiving (giving) value in exchange. Operating expenses, such as water purchases, are the result of the District's exchange transactions along with associated expenses for running the District's day-to-day operations. Non-operating expenses, such as interest paid on debt service or election costs every other year, are the result of expenses that do not relate to the District's day-to-day operations.

### *Financial Reporting*

The District's basic financial statements are presented in conformance with the provisions of Government Accounting Standards Board (GASB) Statement No. 34, "Basis Financial Statement and Management's Discussion and Analysis for State and Local Governments" (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

### *Budgetary policies*

The District adopts an annual budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. More detail of budget control and revisions can be found in the Budget Process section of this budget.

### *Replenishment Assessment Policy*

On or before the second Tuesday of May each year, the Board of Directors (BOD), by statute, must set the replenishment assessment rate for the ensuing fiscal year. In order to prepare for this action, the District holds public hearings in the spring of each year to determine to what extent the estimated costs for the ensuing year shall be paid for by a replenishment assessment. In preparing for these hearings, the District develops an annual operating budget and updates its five-year capital plan. These documents outline the funds needed to:

1. Purchase replenishment water
2. Protect and preserve the groundwater supply
3. Pay for the related administrative expenses

The new rate structure becomes effective each year on July 1.

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## *Investment policy*

The Board of Directors has adopted an investment policy that conforms to California State law, District ordinance and resolutions, prudent money management, and the “prudent person” standards. The objectives of the investment policy are safety, liquidity, and yield. The District’s funds are normally invested in the State Treasurer’s Local Agency Investment Fund (LAIF), Government Agency Obligations or other specifically authorized investments. In 2009, at the direction of the Board of Directors, the District has implemented its Community Banking Program and invested in several local community banks that are fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured required by state law. The Board of Directors reviews the adopted investment policy on an annual basis and approves any changes.

## *Capital Assets*

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Provision for depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

- Utility plant and equipment – 30 years
- Monitoring and injection equipment – 3 to 20 years
- Service connection – 50 years
- Office furniture and equipment – 5 to 10 years

## *Procurement Policy:*

Purchases will be made in accordance with the District’s Procurement Policies & Procedures as outlined in chapter 10 of the District’s Administration Code. The District gives preference to local businesses when the District enters into contracts for supplies, materials and equipment, construction and professional services totaling under \$25,000. Summarized below are the significant provisions of the District’s procurement policies and procedures:

1. All contracts for construction work, materials, equipment, supplies and professional services shall be in writing and at a minimum, include the relevant scope of work, duration and terms of payment.
2. All contracts valued less than \$10,000 may be approved and signed by the General Manager or other District’s representative authorized by the Board of Directors. The General Manager may not execute multiple contracts on behalf of the District with the same person or entity within a one-year period that cumulatively totaling \$10,000 or more without the Board of Directors’ prior approval.
3. All contracts valued \$10,000 or more shall be authorized by the Board of Directors and signed by the President and the Secretary except that the Board of Directors may, by resolution for a specific expenditure, authorize the General Manager or the other District’s representative to sign contracts in the name of the District, not to exceed \$25,000.
4. Where the contract amount is less than \$25,000, an informal solicitation may be made by the General Manager by informal quotes through telephone, mail or electronic inquiry, comparison of prices on file or other. Every attempt shall be made to receive at least three price quotations.

# Annual Budget 2012/2013

5. Before making any contract for construction work or purchase of materials, supplies, and equipment, that total \$25,000 or more within any 12 month period, the District shall advertise for bids by issuing a Contract Solicitation.
6. Advertising should be in a newspaper of general circulation in Los Angeles County at least once a week for four consecutive weeks. Advertisement for bids shall set forth all of the following information:
  - a. That plans and specifications for the work to be done can be seen and obtained at the District's office;
  - b. That the Board of Directors will receive sealed bids for the contract;
  - c. That the contract will be awarded to the lowest responsive and responsible bidder;
  - d. That bids will be publicly opened at a given time and place.
7. Bids shall be opened in public at the time and place stated in the notice inviting bids. Two District employees and/or representatives shall be present at the bid openings. As each bid is opened, the bidder's name and bid amount shall be announced. At the conclusion of the bid opening, the name of the apparent low bidder and its bid amount shall be announced. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than 30 calendar days after the bid opening.
8. Before making any contract for professional services, the District may solicit a Request for Proposal (RFP) for such services. However, a RFP is not required for professional services contracts. The District from time to time may issue a request for qualifications for the purpose of developing a list of qualified consultants to provide professional services for future work. Prior to issuing a request for qualifications, District staff shall obtain the approval from the Board of Directors.
9. Request for qualifications may be advertised in a publication of the respective professional society or by any other means reasonably calculated to reach its intended audience. Upon review and receipt of the qualifications from the interested consultants, the District shall develop the list of qualified consultants based upon criteria established by the District.

## **Debt Management**

Each year during the budgeting process the Board of Directors of the Water Replenishment District of Southern California reviews the District's capital improvement plan to determine the ensuing year's capital needs. Based on this review, the Board of Directors determines whether there is a need for any additional long-term debt financing or whether projects can be funded on a pay-go basis. If the Board of Directors determines that additional debt financing is necessary, the Board holds public workshops in order to obtain stakeholder input relating to any increases to the replenishment assessment due to annual debt service payments. Additionally, as part of this process the District prepares a five-year financial projection in order to ascertain the long-term impact to the replenishment assessment.

## **Auditing**

Once a year, the District hires an independent accounting firm to perform the annual financial and compliance audits of the District's basic financial statements and supplemental schedules in accordance with general accepted auditing standards.

# Annual Budget 2012/2013

## *Internal Control Structure*

District Management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the District 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. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

## *Risk Management*

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The District is a member of the Association of California Water Agencies/Joint Power Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

## *Reserve Policies*

Based on §60290 of the California State Water Code, the District may establish an annual reserve fund in an amount not to exceed ten million dollars (\$10,000,000). This ten million dollars may be adjusted for the percentage increase or decrease in the blended cost of water from district water supply sources on an annual basis.

Additionally, §60291 states that the limitation on the reserve established in §60290 does not apply to funds appropriated for capital projects.

If for some reason, the District has more than \$10,000,000 (adjusted for the blended cost of water), §60328.1 states that the District shall apply the estimated fiscal year end balance in excess of the amount allowed in §60290 to a replenishment assessment rate reduction or to the purchase of water in the succeeding fiscal year.

Description of Reserve Categories:

- Water Purchase Reserve – This category of funds represents amounts carried over from previous years when imported spreading water was unavailable for purchase. The District only uses these funds to purchase water in future years when water becomes available.
- Restricted for Capital Projects – This category of funds represents amounts reserved due to commitments made by the Board of Directors for capital projects which includes the WRD capital replacement plan for the Leo J. Vander Lans Water Treatment Facility and the Goldsworthy Desalter as well as the proceeds from the 2008 Certificates of Participation held in trust by US Bank. By law, these funds can only be spent for capital projects.
- Debt Service – The WRD's Master Trust Agreement provides for the funding of a Reserve Fund for all debt issuances. The Reserve Fund is funded with a portion of the net proceeds of the 2004, 2008 and 2011 debt issuances. These funds are held in trust by US Bank and will only be available to the WRD after the debt is completely paid off; 30 years from the date of the issuance of the debt.
- Cal Trans Trust – These funds are held in trust by WRD with the California Department of Transportation for dewatering of the 105 freeway. The trust funds decrease to pay for the replenishment assessment for water pumped from below the freeway.
- GASB 45 Requirement - This category of funds accounts for the WRD's Annual Required Contribution (ARC) related to Other Post Employment Benefits (OPEB) in compliance with the

# Annual Budget 2012/2013

Government Accounting Standards Board (GASB) statement number 45 enacted by the GASB due to the growing concerns over the potential magnitude of government employer obligations for post-employment benefits. This is a financial reporting provision required by all government employers.

- Unreserved – This category of funds is restricted to \$10,000,000, adjusted for the annual increase or decrease in the blended cost of water from District water supply sources, as documented in §60290 of the California State Water Code.



# *Leo J. Vander Lans Water Treatment Facility*



*Leo J. Vander Lans Water Treatment Facility in Long Beach, California*

*The Leo J. Vander Lans Water Treatment Facility treats water from the Long Beach Water Reclamation Plant using microfiltration, reverse osmosis, and ultraviolet light. Once treated, the water will be blended with imported potable water and pumped into the Alamitos Seawater Barrier.*



## Budget Process

The budget process is not simply an exercise in balancing one year at a time, it is strategic in nature, encompassing a multi-year financial and operating plan that allocates resources on the basis of identified goals and objectives. These goals and objectives were established by the Board of Directors and District staff through the District's Strategic Plan and the five-year Capital Improvement Plan. We moved beyond the traditional concept of line item expenditure control and provided incentives and flexibility to project/program managers that has led to improved program efficiency and effectiveness. The District's staff continually assesses program and financial performance to encourage progress toward achieving the goals and objectives of the District.

The District has divided the annual budgeting process into six separate phases (see Figure 5 at right) to help with organizing, planning and completing the budget process.



Figure 5 – Budget Process

The District's water sales have historically remained relatively constant. As we show in figure 6, the replenishment assessment rate did not increase from fiscal year 2011-12 to 2012-13.



Figure 6 – Replenishment Assessment



# Annual Budget 2012/2013

## *Budget Control and Revisions*

The District's budget is prepared on an annual basis and since the budget is an estimate, at times it is necessary to make adjustments to meet the priorities and needs of the District.

The first milestone in this process is the midyear budget review. During this process, the District compiles the first six months of actual financial data and projects the final six months of data to obtain a new 12 month projected budget. The Finance Department compares the adjusted 12 month projection to the original budget adopted by the Board of Directors and presents the results to the Finance Committee of the Board.

The budget is revised when expenditures are anticipated to exceed estimates. A report outlining the reasons for increasing the budget appropriation is prepared and submitted to the Board of Directors for consideration.

Increases in budget appropriations must be approved by the Board of Directors. Budget transfers affecting personnel and capital outlay must be approved by the General Manager. Reallocations or transfers within a department or project/program require the approval of the General Manager or Department Manager.

Additionally, in the District's continuing commitment to transparency and accountability, the Board has established the Audit and Budget Advisory Committee (ABAC). This Committee was established so the Board could receive input directly from its pumpers relating to the two most important financial functions of the District: the independent Comprehensive Annual Financial Audit (CAFA) and the annual budget process.

## *Budget Calendar*

### *January*

Internal budget meetings with District Staff to communicate the expectations, responsibilities and projected timeline to all staff involved in the budget process.

### *February*

Budget interviews with Project and Program Managers in order to complete the Midyear Budget Review of the District's operations. This review process starts with six months of actual financial data from July 1 through December 31, six months of financial projections and a twelve month analysis of all of the data. The Midyear Budget Review serves as the basis for planning for the ensuing year's budget.

February 22, 2012 – Meeting of the Finance Committee, presentation of the 2011-2012 Midyear Budget Review

### *March*

Staff prepares their budget requests for the ensuing year's budget. The Finance Department compiles all of staff's budget requests into a draft report which accounts for all of the District's financial needs. The draft budget is reviewed by the General Manager and the budget team. The resulting draft budget is presented to the public through several budget workshops, ending with the final budget workshop and the Board of Directors setting the assessment no later than the second Tuesday in May.

March 2, 2012 – Regular Meeting of the Board of Directors, presentation of the 2011-12 Midyear Budget Review

March 9, 2012 – Special Meeting of the Board of Directors, 2012-2013 Budget Workshop #1

March 14, 2012 – Special Meeting of the Water Resources Committee, 2012-2013 Budget Workshop #2

# Annual Budget 2012/2013

March 16, 2012 – Regular Meeting of the Board of Directors, 2012-2013 Budget Workshop #3

March 21, 2012 – Regular Meeting of the Finance Committee, 2012-2013 Budget Workshop #4

March 28, 2012 – Special Meeting of the Audit and Budget Advisory Committee, 2012-2013 Budget Workshop #5

## April

Based on input received from the public budget workshops, Finance staff continues to refine the budget.

April 6, 2012 – Regular Meeting of the Board of Directors, 2012-2013 Budget Workshop #6

April 11, 2012 – Special Meeting of the Water Resources Committee, 2012-2013 Budget Workshop #7

April 18, 2012 – Special Meeting of the Audit and Budget Advisory Committee, 2012-2013 Budget Workshop #8

April 20, 2012 – Regular Meeting of the Board of Directors, 2012-2013 Budget Workshop #9

## May

Present the proposed budget to the Board of Directors for consideration in setting the annual replenishment assessment rate

May 4, 2012 – Regular Meeting of the Board of Directors, 2012-2013 Budget Workshop #10



# *Financial Highlights*



*“Information is like water,  
the purer, the better.”*



## Financial Highlights

### Total Operating Revenue

= \$61,981,000

12/13 Operating Revenue  
(in thousands)

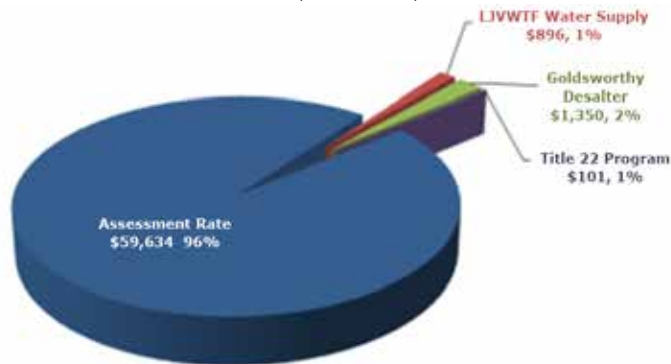


Figure 7 – Proposed 12/13 Operating Revenue

### Total Operating Expenditures

= \$49,133,000

12/13 Operating Expenditures  
(in thousands)

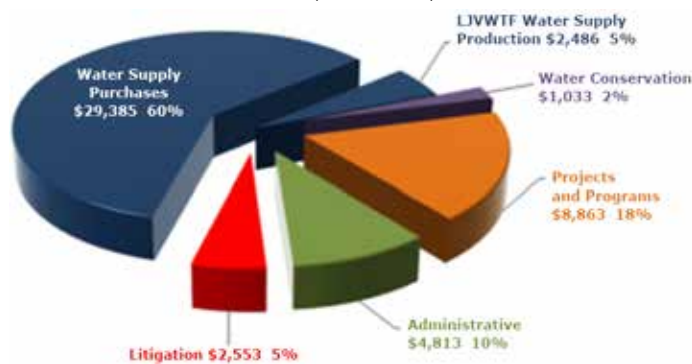


Figure 8 – 12/13 Proposed Operating Expenditures

### Basis of Accounting

The basis of accounting refers to the timing of revenue and expenditure recognition for financial reporting. In preparing the budget, the District applies the same methodology. The District operates as a utility enterprise, and all enterprise funds are accounted for using the full accrual basis where revenues are recognized when earned, and expenses are recognized when they are incurred. The District's accounting and financial reporting systems are maintained in compliance with generally accepted accounting principles and standards of the Government Accounting Standards Board.

Table 2 shows the District's comparative accrual basis Statement of Revenues, Expenditures, and Changes in Net Assets. These statements reflect the operations and maintenance expenditures and do not include capital expenditures, except for the payments to cover debt service.

### Revenue Sources

The District's major revenue sources are as follows:

**Replenishment Assessment** - The District bills the users of groundwater on a monthly basis for water pumped from the basins. The basins' top ten users of groundwater are as follows:

1. Golden State Water Company
2. Long Beach, City of
3. California Water Service Company
4. Downey, City of
5. South Gate, City of
6. Cerritos, City of
7. Lakewood
8. Vernon, City of
9. Compton, City of
10. Lynwood, City of

# Annual Budget 2012/2013

## *Leo J. Vander Lans Water Treatment Facility - Water Supply*

The revenue from the Leo J. Vander Lans Water Treatment Facility comes from the sale of the product water to Orange County Water District as well as a subsidy received from Central Basin Municipal Water District through a Local Resources Program (LRP) offered by Metropolitan Water District.

## *Goldsworthy Desalter*

Overpumping of the West Coast Basin caused seawater to intrude into some aquifers in coastal area cities affecting the local groundwater supply. To respond to seawater intrusion, the District constructed the Robert W. Goldsworthy Desalter that is capable of removing 2,000 gallons of brackish water per minute from the City of Torrance's drinking water supply. The product water is then sold to the City of Torrance.

## *Title 22 Program*

The District administers the Title 22 Groundwater Monitoring Program in the Central Basin, which provides source water monitoring of wells for 20 pumpers with 79 wells. The Title 22 Program is a breakeven program with corresponding expenditures equal to the revenue collected for this program.



# Annual Budget 2012/2013

## Water Replenishment District of Southern California

Comparative Statement of Revenues,  
Expenditures and Changes in Net Assets

**TABLE 2 -  
12/13 Proposed Statement of Revenues, Expenditures  
and Changes in Net Assets**

	2011/12 Actual	2011/12 Projected	2012/13 Budget
<b>Operating Revenue</b>			
Replenishment Assessment	\$45,370,000	\$49,905,000	\$59,634,000
LJVWTF - Water Supply	\$1,193,000	\$872,000	\$896,000
Goldsworthy Desalter Sales	\$621,000	\$1,000,000	\$1,350,000
Title 22 Program - Fee Based Service	\$86,000	\$82,000	\$101,000
<b>Total Operating Revenue</b>	<b>\$47,270,000</b>	<b>\$51,859,000</b>	<b>\$61,981,000</b>
<b>Operating Expenditures</b>			
Water Purchases	\$36,757,000	\$27,535,000	\$29,385,000
Water Conservation	\$407,000	\$1,110,000	\$1,033,000
LJVWTF - Water Supply	\$2,568,000	\$2,852,000	\$2,486,000
Projects/Programs	\$6,636,000	\$9,122,000	\$8,964,000
General Administration	\$8,911,000	\$4,354,000	\$4,068,000
Electrom Expense	\$1,008,000	\$600,000	\$600,000
GASB 45 (Required Retirement Funding)	\$799,000	\$715,000	\$745,000
Litigation	\$390,000	\$2,000,000	\$2,553,000
<b>Total Operating Expenditures</b>	<b>\$57,476,000</b>	<b>\$48,206,000</b>	<b>\$49,834,000</b>
Use of Water Purchase Carryover Fund	\$(8,270,000)	(10,000,000)	\$(3,000,000)
Subtotal	\$49,206,000	\$38,206,000	\$46,834,000
<b>Operating Income (Loss)</b>	<b>\$1,936,000</b>	<b>\$13,653,000</b>	<b>\$15,147,000</b>
Other Revenue (Expenditures)			
Election Expense	\$(1,008,000)	\$(600,000)	\$(600,000)
Interest Income	\$129,000	\$131,000	\$250,000
Interest Expense (120%)	\$(1,170,000)	\$(1,753,000)	(7,138,000)
Other (Property Tax & Misc)	\$495,000	\$400,000	\$400,000
<b>Total Other Revenue (Expenditures)</b>	<b>\$(1,554,000)</b>	<b>\$(1,822,000)</b>	<b>\$(7,088,000)</b>
Replenishment of Operating Reserves	\$-	\$-	\$(8,655,000)
Encumbered for Bond Compliance	\$-	\$(5,556,000)	\$-
<b>Change in Net Assets</b>	<b>\$3,490,000</b>	<b>\$6,275,000</b>	<b>(596,000)</b>

# Annual Budget 2012/2013

**Table 3 –  
Summary of Personnel by Department  
2012/13 Budget**

	2010/11 Actual	2011/12 Budget	2012/13 Budget	Change from 2011/12 Budget
<b>General Management</b>				
General Manager	1.00	1.00	1.00	-
<b>Hydrogeology Department</b>				
Chief Hydrogeologist	1.00	1.00	1.00	-
Senior Engineer	1.00	1.00	1.00	-
Senior Hydrogeologist	2.00	1.00	1.00	-
Hydrogeologist	1.00	2.00	2.00	-
Water Quality Specialist	1.00	1.00	1.00	-
Associate Hydrogeologist	1.00	1.00	1.00	-
Assistant Hydrogeologist	1.00	1.00	1.00	-
<b>Engineering Department</b>				
Chief of Engineering and Planning	1.00	1.00	1.00	-
Senior Engineer	3.00	3.00	3.00	-
Resource Planner	1.00	1.00	1.00	-
Associate Engineer	1.00	1.00	1.00	-
Online Technology and Data Specialist	1.00	1.00	1.00	-
Senior Administrative Specialist	1.00	1.00	1.00	-
<b>Finance Department</b>				
Chief Financial Officer	1.00	1.00	1.00	-
Manager of Finance & Administration	1.00	1.00	1.00	-
Senior Accountant	1.00	1.00	3.00	2.0
Accountant	2.00	2.00	1.00	(1.0)
Accounting Technician	1.00	1.00	-	(1.0)
<b>External Affairs Department</b>				
Manager of External Affairs	1.00	1.00	1.00	-
Senior Government Affairs Representative	1.00	1.00	1.00	-
External Affairs Representative	-	-	-	-
Senior Public Affairs Representative	1.00	1.00	-	(1.0)
Public Affairs Representative	2.00	2.00	2.00	-
Associate Government Affairs Representative	1.00	1.00	1.00	-
Administrative Specialist	1.00	1.00	1.00	-
<b>Administration and Human Resources</b>				
Deputy Secretary	1.00	1.00	1.00	-
Senior Administrative Specialist	-	-	-	-
Administrative Support Specialist	2.00	2.00	2.00	-
Network Administrator	1.00	1.00	1.00	-
<b>Total</b>	<b>34</b>	<b>34</b>	<b>33</b>	<b>(1.00)</b>

# *Robert W. Goldsworthy Desalter*



*Robert W. Goldsworthy Desalter in Torrance, California*

*The Desalter removes more than 2,000  
gallons of brackish water per minute.  
Over a billion gallons of clean, safe drinking  
water will be added to the water supply  
annually as a result of Desalter operations.*





## Operating Revenue

### Basis of Operating Revenue Estimates

The District has statutory authority to set and collect a water replenishment assessment from all entities that own or lease water rights on each acre-foot of groundwater that they pump from the basins.

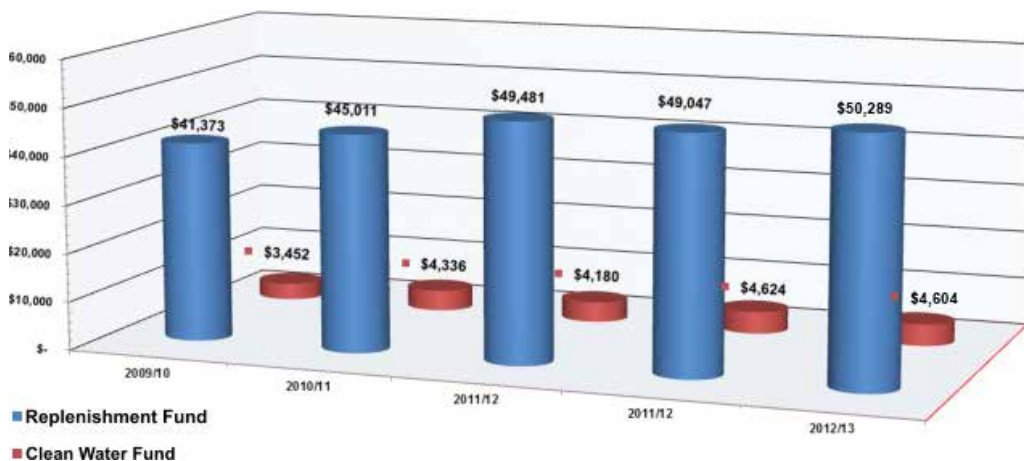
The replenishment assessment rate consists of two major components: funds for replenishment and funds for clean water. As part of the rate setting process, the District conducts an annual engineering survey to determine the condition of the basins in the amount of groundwater that it must replenish each year.

For fiscal year 2012/13, the District estimates that it will collect about \$59.6 million from the replenishment assessment rate. This estimate is based on groundwater pumping of 244,500 acre feet at the replenishment assessment of \$244.00 per acre foot. In order to lessen the impact to the 2012/13 assessment, the District utilized \$3.0 million of funds set aside for water purchases which could not be purchased in prior years. The use of the water purchase carryover fund helped to stabilize the replenishment assessment for fiscal year 2012/13, saving pumpers over \$12.00 per acre foot on the assessment.

Additional sources of operating revenues are water sales from the Goldsworthy Desalter and the Leo J. Vander Lans Water Treatment Facility.

Groundwater is a very economical source of water. For example, for fiscal year 2011/12, the District's replenishment assessment was \$244.00 per acre foot. The cost of pump and treat water to bring it up to drinking water standards add slightly to the cost. In contrast, the price for one acre foot of treated imported water was about \$915, a savings of over \$670 per acre foot.

Figure 9 – Comparative Revenue by Fund (in thousands)



# Annual Budget 2012/2013

**TABLE 4 – Comparative Revenue by Year by Fund**

Description	% Allocation		2009/10 Actual	2010/11 Pr ojected	2011/12 Budget	2011/12 Projected	2012/13 Budget
	Replenishment Fund	Clean Water Fund					
Replenishment Assessment	94%		\$40,845,000	\$46,441,000	\$55,701,000	\$55,046,000	\$56,056,000
LJVWTF - Water Supply	100%		\$1,354,000	\$861,000	\$1,214,000	\$872,000	\$896,000
Other Revenues/(Expenditures)	94%		\$(826,000)	\$(2,291,000)	\$(7,434,000)	\$(6,871,000)	\$(6,663,000)
<b>Subtotal Replenishment Fund</b>			<b>\$41,373,000</b>	<b>\$45,011,000</b>	<b>\$49,481,000</b>	<b>\$49,047,000</b>	<b>\$50,289,000</b>
<b>Clean Water Fund</b>							
Replenishment Assessment		6%	\$2,607,000	\$2,964,000	\$3,555,000	\$3,514,000	\$3,578,000
Goldsworthy Desalter Sales		100%	\$795,000	\$1,325,000	\$1,000,000	\$1,467,000	\$1,350,000
Title 22 - Fee Based Service		100%	\$103,000	\$193,000	\$100,000	\$82,000	\$101,000
Other Revenues/(Expenditures)		6%	\$(53,000)	\$(146,000)	\$(475,000)	\$(439,000)	\$(425,000)
<b>Subtotal Clean Water Fund</b>			<b>\$3,452,000</b>	<b>\$4,336,000</b>	<b>\$4,180,000</b>	<b>\$4,624,000</b>	<b>\$4,604,000</b>
<b>Total All Funds</b>			<b>\$44,825,000</b>	<b>\$49,347,000</b>	<b>\$53,661,000</b>	<b>\$53,671,000</b>	<b>\$54,893,000</b>

# Capital Revenues



*Robert W. Goldsworthy Desalter in Torrance, California*

*The purpose of the Desalter is directly related to remediating degraded groundwater quality.*

*The entire production capacity of the Desalter averages more than 20,000 acre-feet per year, which is sold to the City of Torrance for less than the cost of purchasing imported water.*



## Capital Revenue

### *Basis for Capital Revenue Estimates*

As listed in Table 4, the District receives revenue from two capital assets – the Leo J. Vander Lans Water Treatment Facility – Water Supply and the Robert W. Goldsworthy Desalter. The basis for the capital revenue estimates are explained below respectively.

### *Leo J. Vander Lans Water Treatment Facility - Water Supply*

The revenue from the Leo J. Vander Lans Water Treatment Facility comes from the sale of the product water to Orange County Water District as well as a subsidy received from Central Basin Municipal Water District through a Local Resources Program offered by Metropolitan Water District.

Since the primary purpose of this project is to provide a more reliable means of replenishing the basins through injection, 100% of the revenue will be allocated to the Replenishment Fund.

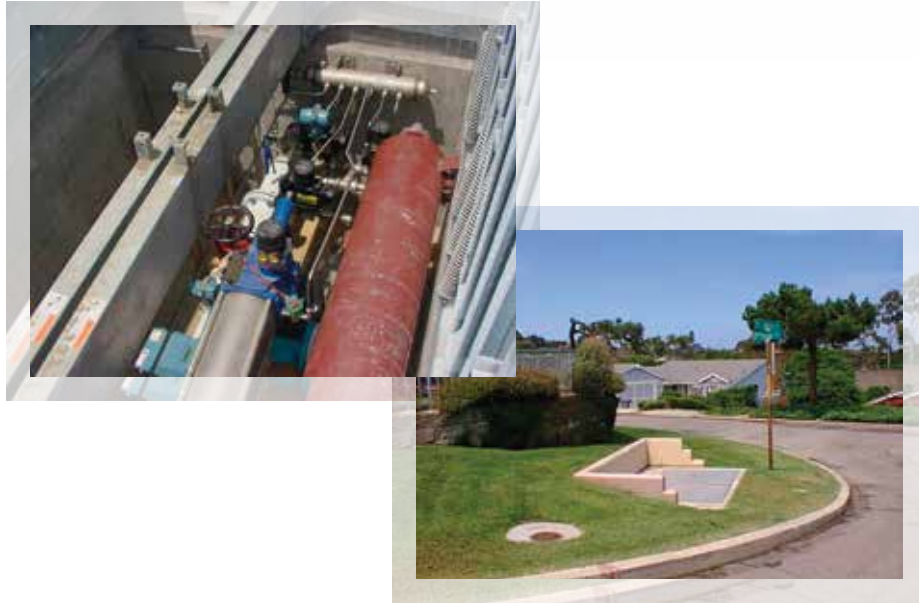
### *Goldsworthy Desalter*

The Goldsworthy Desalter (Desalter) treats brackish groundwater to a level that can be used for potable purposes. The entire production capacity of the Desalter is sold to the City of Torrance and averages a little over 20,000 acre feet per year. The rate is established at roughly 94% of the cost of MWD water to Torrance. The rate at which Desalter water is sold to Torrance is recalculated, reconciled and renewed at the start of every calendar year.

The purpose of the Desalter is directly related to remediating degraded groundwater quality, and costs are thus attributed 100% to the Clean Water Fund.



# Barrier Wells



*The three seawater barriers (Alamitos, Dominguez Gap, and West Coast Basin Barriers) located along Los Angeles County's Coastal Plain are vital systems that sustain the Central and West Coast Basin's groundwater resources.*

*The barriers were designed to prevent further seawater intrusion into the basins. Additionally, the Dominguez Gap and West Coast Basin Barriers serve as the primary means of replenishing the West Coast Basin.*



## Expenditures

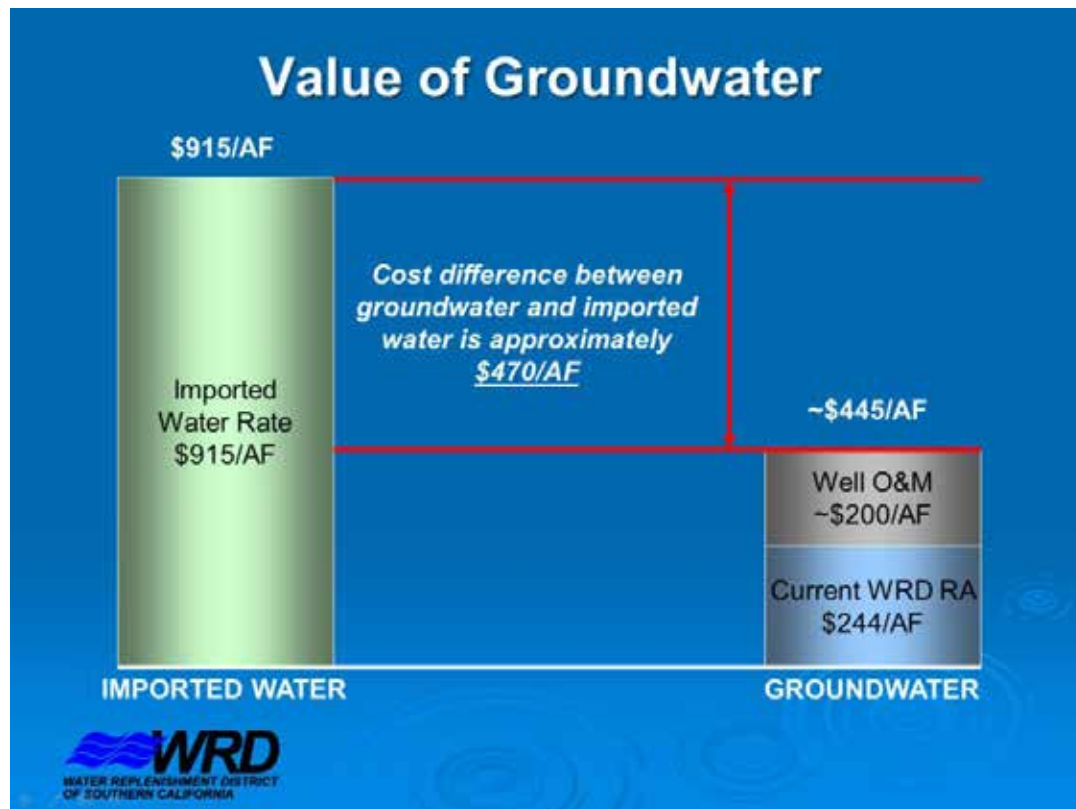
### Operating and Capital Expenditures by Fund Allocation

California Water Code Sections 60220 through 60226 describe the broad purposes and powers of the District to perform any acts necessary to replenish, protect, and preserve the groundwater supplies of the District. In order to meet statutory responsibilities, WRD has instituted numerous projects and programs in a continuing effort to effectively manage groundwater replenishment and groundwater quality in the Central and West Coast Basins (basins). These projects and programs include activities that enhance the replenishment program, increase the reliability of the groundwater resources, improve and protect groundwater quality, and ensure that the groundwater supplies are suitable for beneficial uses.

These projects and programs have had a positive influence on the basins, and WRD will continue these activities into the ensuing year as a necessary act to replenish, protect, preserve and enhance the groundwater resources in the basins. The following sections discuss the projects and programs that WRD will continue or initiate during the upcoming budget year. Table 5A and 5B below breaks down the expenditures by fund. The percentages are calculated by relating the costs to the purpose benefited by those costs – replenishment or clean water. The capital expenditures are funded through long-term financing.

### Basis for Changes from 2011/2012 Projected to 2012/13 Budget

Groundwater continues to be an extraordinary value. Even with groundwater well operating costs of approximately \$200 per acre foot, groundwater still provides a \$470 per acre foot cost savings over that of imported water.



# Annual Budget 2012/2013

Examination of the 2012/13 budgeted expenditures analysis in Table 6, shows that budgeted expenditures for fiscal year 2012/13 exceed the projected expenditures for fiscal year 2011/12. The two primary reasons for this are due to an increase in water costs from the Metropolitan Water District, as well as unavoidable pass-through litigation costs. All other costs have decreased when compared to the prior year.



# Annual Budget 2012/2013

**Table 5A  
Schedule of Expenditures by Fund Allocation - Replenishment Fund**

Description	% Allocation		2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Projected	2012/13 Budget
	Replenishment Fund	Clean Water					
<b>Replenishment Fund (RF)</b>							
<b>RF Operating Expenses</b>							
Water Purchases	100%		\$14,624,000	\$33,810,000	\$36,507,000	\$27,535,000	\$29,385,000
Water Conservation	50%		\$299,000	\$931,000	\$383,000	\$555,000	\$517,000
LJVWTF - Water Supply	100%		\$2,891,000	\$1,952,000	\$2,658,000	\$2,852,000	\$2,486,000
Montebello Forebay Recycled Water	100%		\$499,000	\$317,000	\$359,000	\$525,000	\$630,000
Groundwater Resource Planning	100%		\$944,000	\$812,000	\$1,269,000	\$1,677,000	\$1,430,000
Dominguez Gap Barrier Recycled Water	100%		\$245,000	\$237,000	\$381,000	\$381,000	\$252,000
Replenishment Operations	100%		\$232,000	\$184,000	\$298,000	\$641,000	\$868,000
Groundwater Reliability Improvement Program (GRIP)	100%		\$-	\$1,000	\$440,000	\$418,000	\$506,000
Geographic Information Systems (GIS)	50%		\$46,000	\$62,000	\$95,000	\$120,000	\$158,000
Groundwater Monitoring	50%		\$296,000	\$322,000	\$488,000	\$475,000	\$522,000
Hydrogeology Program	50%		\$276,000	\$202,000	\$304,000	\$478,000	\$511,000
Water Education	50%		\$632,000	\$225,000	\$351,000	\$512,000	\$577,000
Board of Directors	94%		\$376,000	\$367,000	\$352,000	\$349,000	\$344,000
General Manager	94%		\$328,000	\$324,000	\$324,000	\$336,000	\$352,000
Administration	94%		\$4,957,000	\$5,022,000	\$7,242,000	\$3,331,000	\$3,128,000
GASB 45 (Required Retirement Funding)	94%		\$395,000	\$433,000	\$751,000	\$672,000	\$700,000
Election Expense	100%		\$487,000	\$450,000	\$1,008,000	\$600,000	\$600,000
Litigation	94%		\$76,000	\$24,000	\$367,000	\$1,880,000	\$2,400,000
Subtotal RF Operating Expenses			\$27,603,000	\$45,675,000	\$53,577,000	\$43,337,000	\$45,366,000
<b>RF Capital Expenses</b>							
Water Supply - Vander Lans Expansion	100%		\$-	\$352,000	\$626,000	\$2,364,000	\$13,502,000
Cal Trans Pipeline	100%		\$11,000	\$1,000	\$1,000	\$1,000	\$-
Groundwater Monitoring	50%		\$216,000	\$301,000	\$126,000	\$994,000	\$1,400,000
GRIP	100%		\$125,000	\$405,000	\$348,000	\$428,000	\$5,525,000
Replenishment Operations	100%		\$300,000	\$-	\$-	\$-	\$-
Groundwater Infrastructure Improvements	100%		\$-	\$-	\$-	\$-	\$1,000,000
WRD Building	94%		\$-		\$59,000	\$82,000	\$-
Subtotal RF Capital Expenses			\$652,000	\$1,059,000	\$1,160,000	\$3,869,000	\$21,427,000
<b>Total Replenishment Fund</b>			<b>\$28,255,000</b>	<b>\$46,734,000</b>	<b>54,737,000</b>	<b>\$47,206,000</b>	<b>\$66,793,000</b>



# Annual Budget 2012/2013

**Table 5B  
Schedule of Expenditures by Fund Allocation - Clean Water Fund**

Description	% Allocation		2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Projected	2012/13 Budget
	Replenishment Fund	Clean Water Fund					
<b>Clean Water Fund (CWF)</b>							
<b>CWF Operating Expenses</b>							
Water Conservation		50%	\$19,000	\$60,000	\$24,000	\$555,000	\$516,000
Goldsworthy Desalter		100%	\$725,000	\$884,000	\$860,000	\$1,467,000	\$1,237,000
Water Quality Improvement Program		100%	\$229,000	\$321,000	\$424,000	\$634,000	\$290,000
Title 22 Program		100%	\$133,000	\$135,000	\$111,000	\$82,000	\$101,000
Safe Drinking Water Program		100%	\$102,000	\$23,000	\$113,000	\$127,000	\$116,000
Geographic Information Systems (GIS)		50%	\$46,000	\$61,000	\$95,000	\$120,000	\$158,000
Groundwater Monitoring		50%	\$296,000	\$322,000	\$488,000	\$476,000	\$522,000
Hydrogeology Program		50%	\$277,000	\$202,000	\$304,000	\$478,000	\$510,000
Water Education		50%	\$40,000	\$14,000	\$351,000	\$512,000	\$576,000
Board of Directors		6%	\$24,000	\$23,000	\$22,000	\$22,000	\$22,000
General Manager		6%	\$21,000	\$21,000	\$21,000	\$21,000	\$22,000
Administratiion		6%	\$317,000	\$321,000	\$499,000	\$213,000	\$200,000
GASB 45 (Required Retirement Funding)		6%	\$25,000	\$28,000	\$48,000	\$43,000	\$45,000
Litigation		6%	\$5,000	\$2,000	\$23,000	\$120,000	\$153,000
Subtotal CWF Operating Expenses			\$2,259,000	\$2,417,000	\$3,383,000	\$4,870,000	\$4,468,000
<b>CWF Capital Expenses</b>							
Goldsworthy Desalter		100%	\$-	\$-	\$-	\$126,000	\$370,000
Groundwater Monitoring		50%	\$216,000	\$301,000	\$126,000	\$994,000	\$1,400,000
Safe Drinking Water		100%	\$371,000	\$203,000	\$112,000	\$29,000	\$1,000,000
WRD Building		6%	\$-	\$-	\$4,000	\$5,000	\$-
Subtotal CWF Capital Expenses			\$587,000	\$504,000	\$242,000	\$1,154,000	\$2,770,000
Subtotal Clean Water Fund			\$2,846,000	\$2,921,000	3,625,000	\$6,024,000	\$7,238,000
Subtotal O&M Expenses			\$29,862,000	\$48,092,000	56,960,000	\$48,207,000	\$49,834,000
Subtotal Capital Expenses			\$1,239,000	\$1,563,000	1,402,000	\$5,023,000	\$24,197,000
Total Expenses By Funds			\$31,101,000	\$49,655,000	58,362,000	\$53,230,000	\$74,031,000

# Annual Budget 2012/2013

**Table 6 –  
2012/13 Budget Expenditures Analysis**

	2008/09	2009/10	2010/11	2011/12	2012/13	Change from 2011/12
<b>Operations and Maintenance</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Projected</b>	<b>Budget</b>	<b>Projection</b>
Water Purchases	\$14,624,000	\$33,810,000	\$36,507,000	\$27,535,000	\$29,385,000	\$1,850,000
Water Conservation	\$318,000	\$991,000	\$407,000	\$1,110,000	\$1,033,000	\$(77,000)
Water Supply - Vander Lans	\$2,891,000	\$1,952,000	\$2,658,000	\$2,852,000	\$2,486,000	\$(366,000)
Projects/Programs	\$5,018,000	\$4,325,000	\$6,731,000	\$9,122,000	\$8,964,000	\$(158,000)
General Administration	\$6,443,000	\$6,539,000	\$9,259,000	\$4,988,000	\$4,813,000	\$(175,000)
Election Expense	\$487,000	\$450,000	\$1,008,000	\$600,000	\$600,000	\$-
Litigation	\$81,000	\$25,000	\$390,000	\$2,000,000	\$2,553,000	\$553,000
<b>Total Operating Expenditures</b>	<b>\$29,862,000</b>	<b>\$48,092,000</b>	<b>\$56,960,000</b>	<b>\$48,207,000</b>	<b>\$49,834,000</b>	<b>\$1,627,000</b>

**Table 7 –  
2012/13 Expenditures by Department**

<b>Description</b>	2008/09 <b>Actual</b>	2009/10 <b>Actual</b>	2010/11 <b>Actual</b>	2011/12 <b>Projected</b>	2012/13 <b>Budget</b>
Water Purchases	\$14,624,000	\$33,810,000	\$36,507,000	\$27,535,000	\$29,385,000
Water Conservation	\$318,000	\$991,000	\$407,000	\$1,110,000	\$1,033,000
Water Supply - Vander Lans	\$2,891,000	\$1,952,000	\$2,658,000	\$2,852,000	\$2,486,000
Goldsworthy Desalter	\$725,000	\$884,000	\$860,000	\$1,467,000	\$1,237,000
Montebello Forebay Recycled Water	\$499,000	\$317,000	\$359,000	\$525,000	\$630,000
Groundwater Resource Planning	\$944,000	\$812,000	\$1,269,000	\$1,677,000	\$1,430,000
Water Quality Improvement Program	\$229,000	\$321,000	\$424,000	\$634,000	\$290,000
Title 22 Program	\$133,000	\$135,000	\$111,000	\$82,000	\$101,000
Geographic Information Systems (GIS)	\$92,000	\$124,000	\$190,000	\$240,000	\$316,000
Groundwater Monitoring	\$592,000	\$644,000	\$976,000	\$951,000	\$1,044,000
Safe Drinking Water Program	\$102,000	\$23,000	\$113,000	\$127,000	\$116,000
Hydrogeology Program	\$553,000	\$404,000	\$608,000	\$956,000	\$1,021,000
Dominguez Gap Barrier Recycled Water	\$245,000	\$237,000	\$381,000	\$381,000	\$252,000
Replenishment Operations	\$232,000	\$184,000	\$298,000	\$641,000	\$868,000
Groundwater Reliability Improvement Program (GRIP)	\$-	\$1,000	\$440,000	\$418,000	\$506,000
Water Education	\$672,000	\$239,000	\$702,000	\$1,023,000	\$1,153,000
Board of Directors	\$400,000	\$390,000	\$374,000	\$371,000	\$366,000
General Manager	\$349,000	\$345,000	\$345,000	\$358,000	\$374,000
Administration	\$5,274,000	\$5,343,000	\$7,741,000	\$3,544,000	\$3,328,000
GASB 45 (Required Retirement Funding)	\$420,000	\$461,000	\$799,000	\$715,000	\$745,000
Election Expense	\$487,000	\$450,000	\$1,008,000	\$600,000	\$600,000
Litigation	\$81,000	\$25,000	\$390,000	\$2,000,000	\$2,553,000
<b>Total Operating Expenditures</b>	<b>\$29,862,000</b>	<b>\$48,092,000</b>	<b>\$56,960,000</b>	<b>\$48,207,000</b>	<b>\$49,834,000</b>

# *Performance Measures*



## Performance Measures

The Water Replenishment District's financial accounting system allows expenditures to be tracked by fund, project, task and subtask. This allows for flexibility when determining performance measures on a project-by-project basis. Part of this flexibility allows the District to allocate its labor costs very specifically. The following tables represent the 2012/13 Budgeted Summary of Personnel by Department and by Program along with the District's complete 2012/13 labor allocation for all employees. Transparency is the most important aspect to the District when reporting its financial information.

The definition of a full-time equivalent is the number of working hours. That represents one full-time employee during a fixed period of time, such as one fiscal year. FTE simplifies work measurement by converting work load hours into the number of people required to complete that work. FTE calculation is a two-step process that determines how many hours of work there are in a department and how many hours one full-time employee works. The total work load hours are then divided by the working hours of one employee. This calculates the number of full-time equivalents that are needed. FTE analysis is the method of measurement of current work activities with related time and cost measures. This helps the District understand the drivers of work load levels, organizational performance and productivity improvement opportunities.

### *2012/13 Full-Time Equivalents by Program*

The table below presents a detailed analysis of the number of full-time equivalents required by each of the District's projects, programs, or administrative support department. The table shows that the District's staffing on its various projects remain relatively stable. The only increase of note is due to increased efforts within the project and program areas, specifically relating to capital projects. Due to the lack of imported seasonal spreading water since May 2007 the district has been focusing on initiating its Water Independence Now (WIN) Program. The WIN Program requires additional effort within the various projects and programs that are focused on increasing the reliability of local water sources.

### *2012/13 Labor Allocation Worksheet*

The annual labor allocation worksheet is designed to provide an accurate cost allocation of labor and overhead to each individual project, program, administrative department and capital project.



# Annual Budget 2012/2013

Full Time Equivalents by Program					
Program Name	FY 2008/2009 Actual	FY 2009/2010 Actual	FY 2010/2011 Actual	FY 2011/2012 Actual	FY 2012/2013 Budget
<b>Operations and Maintenance</b>					
Leo J Vander Lans	1.01	0.96	0.63	0.88	0.96
Water Conservation	n/a	1.50	1.17	0.98	1.80
Robert Goldsworthy Desalter	0.64	0.66	0.22	0.21	0.66
Montebello Forebay Reclaimed Water	1.05	0.99	0.49	0.55	0.99
Groundwater Resources Planning	0.87	1.62	1.55	1.46	2.37
Water Quality Program	1.33	1.43	1.26	1.55	1.43
Title 22 Program	n/a	0.71	0.00	0.00	0.71
Geographic Information System	1.69	1.00	0.58	0.32	1.25
Regional GW Monitoring Program	1.83	2.44	2.36	1.99	2.44
Dominquez Barrier Recycled Wtr	0.57	0.72	0.46	0.44	0.72
Replenishment Program	0.93	0.95	0.52	0.66	0.95
Hydrogeology	1.47	1.18	1.16	1.50	1.18
Education & Outreach	1.75	2.00	1.98	2.54	1.90
Safe Drinking Water	n/a	n/a	0.00	0.03	0.00
<b>Total</b>	<b>13.14</b>	<b>16.16</b>	<b>12.38</b>	<b>13.11</b>	<b>17.36</b>
<b>Capital Projects</b>					
Leo J Vander Lans	0.16	0.43	0.37	0.19	0.61
Robert Goldsworthy Desalter	0.72	0.27	0.00	0.13	0.27
Wellhead Treatment Program	0.26	0.16	0.00	0.00	0.16
Alamitos Physical Barrier	0.13	0.13	0.00	0.00	0.00
WRD Building	0.04	0.18	0.26	0.00	0.00
Cal Trans 105	0.30	1.08	0.00	0.00	0.00
Preliminary Design	n/a	0.09	0.00	0.00	0.00
Groundwater Monitoring - New Wells	n/a	n/a	0.08	0.00	0.00
GRIP	n/a	n/a	0.69	0.59	1.30
Safe Drinking Water	n/a	n/a	0.08	0.17	0.00
<b>Total</b>	<b>1.61</b>	<b>2.34</b>	<b>1.48</b>	<b>1.08</b>	<b>2.34</b>
Finance/Admin/EA	16.25	12.50	16.16	16.30	12.30
General Manager	1.00	1.00	1.00	1.00	1.00
<b>Grand Total</b>	<b>32.00</b>	<b>32.00</b>	<b>31.02</b>	<b>31.49</b>	<b>33.00</b>

Note: In fiscal years 2010/2011 and 2011/2012, the District had staff who did not work the entire fiscal year.

# Annual Budget 2012/2013

## Labor Allocation

### Administration

### Operations and Maintenance

#### 12/13 Labor Allocation Worksheet

	Finance/Admin/IEA	GM	Board of Directors	Leo J Vander Lans	Water Conservation	Robert Goldsworthy Desalter	Montebello Forebay Reclaimed Water	Groundwater Resources Planning	Water Quality Program	Title 22 Program	Geographic Information System (GIS)	Regional Groundwater Monitoring Program	Seawater Barrier Improvement	Dominguez Gap Barrier Recycled Water	Replenishment Program	Hydrogeology	Education & Outreach
<b>Administration</b>																	
Deputy Secretary	100%																
Administrative Specialist	100%																
Administrative Specialist	100%																
Network Administrator	100%																
<b>Finance</b>																	
Chief Financial Officer	100%																
Mgr of Admin & Finance	100%																
Senior Accountant	100%																
Senior Accountant	100%																
Senior Accountant	100%																
Accountant	100%																
<b>External Affairs</b>																	
Manager of External Affairs	35%				35%												30%
Senior Government Affairs Rep	80%				10%												10%
Public Affairs Rep	10%				45%												45%
Public Affairs Rep	5%				45%												50%
Web Design								25%		75%							
Senior Government Affairs Rep	80%				10%												10%
Administrative Specialist	20%				35%												45%
<b>General Manager</b>																	
General Manager		100%															
<b>Hydrogeology</b>																	
Chief Hydrogeologist				2%		2%	5%	5%	5%			5%		2%	25%	50%	
Senior Hydrogeologist						5%	5%	20%				5%			40%	25%	
Hydrogeologist						5%	5%					85%				5%	
Senior Engineer				10%			20%	35%	20%					10%			
Hydrogeologist				25%								40%		25%	5%	5%	
Water Quality Specialist				15%			10%	40%				5%		15%	5%	10%	
Associate Hydrogeologist				5%			5%	5%				60%		5%	10%	10%	
Assistant Hydrogeologist							40%	5%				40%			5%	10%	
<b>Engineering</b>																	
Chief of Engineering and Planning					12%		12%	0%	22%	2%					5%	0%	1%
Senior Engineer							5%		42%	6%		40%	2%				2%
Resource Planner									85%			0%			5%		
Senior Engineer					10%		25%		5%	0%		0%	2%				
Senior Engineer					5%		0%	2%	8%	0%		0%	0%		5%	5%	
Associate Engineer					5%		5%	10%	10%	45%							
Senior Administrative Specialist					7%		7%	7%	40%	15%	6%	10%			0%		

# Annual Budget 2012/2013

## Labor Allocation (cont.)

### Capital Projects

	Leo J Vander Lans	Robert Goldsworthy Desalter	Hydrogeology/Basin Management Program	Wellhead Treatment Program	GRIP	Total	Grand Total	
<b>Administration</b>								
Deputy Secretary						0%	100%	
Administrative Specialist						0%	100%	
Administrative Specialist						0%	100%	
Network Administrator						0%	100%	
<b>Finance</b>								
Chief Financial Officer						0%	100%	
Mgr of Admin & Finance						0%	100%	
Senior Accountant						0%	100%	
Senior Accountant						0%	100%	
Senior Accountant						0%	100%	
Accountant						0%	100%	
<b>External Affairs</b>								
Manager of External Affairs						0%	100%	
Senior Government Affairs Rep						0%	100%	
Public Affairs Rep						0%	100%	
Public Affairs Rep						0%	100%	
Web Design						0%	100%	
Senior Government Affairs Rep						0%	100%	
Administrative Specialist						0%	100%	
<b>General Manager</b>								
General Manager						0%	100%	
<b>Hydrogeology</b>								
Chief Hydrogeologist					4%	4%	100%	
Senior Hydrogeologist						0%	100%	
Hydrogeologist						0%	100%	
Senior Engineer					5%	5%	100%	
Hydrogeologist						0%	100%	
Water Quality Specialist						0%	100%	
Associate Hydrogeologist						0%	100%	
Assistant Hydrogeologist						0%	100%	
<b>Engineering</b>								
Chief of Engineering and Planning	11%	5%		0%	30%	46%	100%	
Senior Engineer	1%					2%	3%	100%
Resource Planner						10%	10%	100%
Senior Engineer	35%	15%		0%		8%	58%	100%
Senior Engineer	5%	5%	0%	0%		65%	75%	100%
Associate Engineer	5%			16%		4%	25%	100%
Senior Administrative Specialist	4%	2%				2%	8%	100%

# Long Term Debt



*Beautiful day at the San Gabriel Spreading Grounds.*





## Long Term Debt

In 2004, the District successfully issued \$15,410,000 of Revenue Certificates of Participation. The Certificates were executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2004, among the District and U.S. Bank National Association. The proceeds from the sale of the Certificates were used to (i) finance the acquisition, construction and installation of certain clean water and replenishment projects and purchase of a headquarters building; (ii) fund debt service reserve fund for the Certificates, and (iii) pay the costs incurred in connection with the execution and delivery of the Certificates.

The District was very proud to receive an underlying AA- and AA bond rating from Standard and Poors and Fitch Ratings, respectively. Both rating agencies stated that the District received the outstanding ratings due to the following:

- A large service area encompassing 43 cities and approximately 4 million residents of Los Angeles County
- The District's competitive advantage as a provider of relatively low-cost water to regional retail water systems; and
- A moderate capital plan that will be partly financed with pay-as-you-go resources.

Additionally, the District obtained bond insurance from MBIA for an overall insured rating of AAA from both Standard and Poors and Fitch Ratings services.

The District's bonds are secured by a pledge of net system revenues, mainly replenishment assessment fees paid to the District by regional retail water systems when they pump groundwater.

In 2008, the District issued an additional \$18,365,000 in Revenue Certificates of Participation. The proceeds were used to (i) finance additional tenant improvements to the District's Administration Building, (ii) finance the drilling of groundwater monitoring wells and the Rio Hondo / San Gabriel Interconnection Pipeline Project, (iii) fund a debt service reserve fund for the Certificates and (iv) pay the costs incurred in connection with the execution and delivery of the Certificates.

The District received an underlying bond rating of AA from Fitch and received a two level upgrade from Standard and Poor's to an AA+. Due to the cost versus benefit of purchasing bond insurance, the District did not choose to purchase additional bond insurance.

The District issued its 2011 Series Revenue Certificates of Participation for \$69,195,000 to fund projects related to the Water Independence Now (WIN) Program, as well as components of the Safe Drinking Water Program and the Regional Groundwater Monitoring Program. The two major projects related to the WIN Program are the Groundwater Reliability Improvement Program (GRIP) and the Leo J. Vander Lans Advanced Water Treatment Facility Expansion. These programs are designed to help the Water Replenishment District to become completely independent of imported spreading water. Until recently, inexpensive imported spreading water was not available for purchase since May 2007. WIN programs will provide a local supply of water to meet the District's imported water needs, thus, making it unnecessary to rely on imported water to maintain the integrity of the groundwater basins.

The District received AA+ bond ratings from both Standard and Poors and Fitch Ratings.

# Safe Drinking Water Program



*City of Norwalk*



*City of South Gate*

*The Safe Drinking Water Program was developed to provide area purveyors with incentives to construct wellhead treatment facilities to extract, treat, and put to beneficial use, contaminated groundwater that would otherwise be left in the ground.*



# Annual Budget 2012/2013

## Fund Balance

### Fund Balances and Reserve Levels

Based on §60290 of the California State Water Code, the District may establish an annual reserve fund in an amount not to exceed ten million dollars (\$10,000,000). This ten million dollars may be adjusted for the percentage increase or decrease in the blended cost of water from District water supply sources on an annual basis. Additionally, §60291 states that the limitation on the reserve established in §60290 does not apply to funds appropriated for capital projects

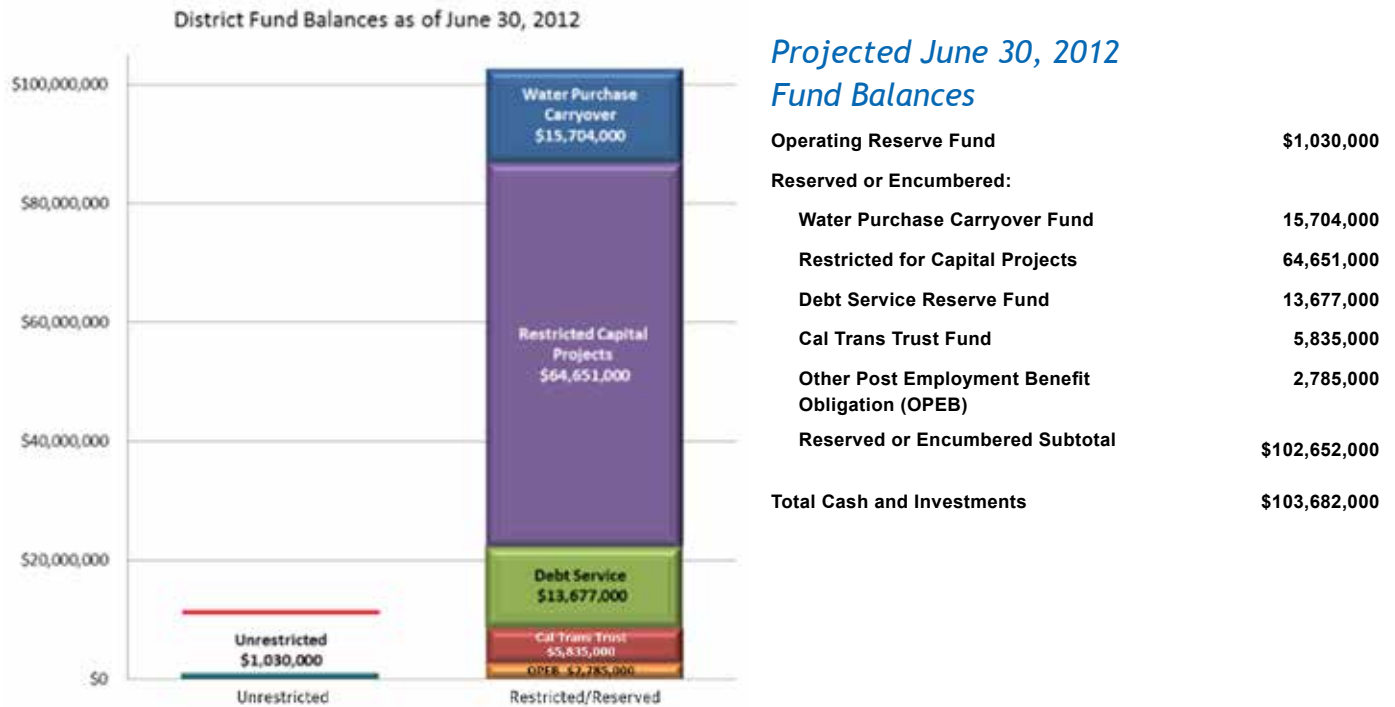
If for some reason, the District has more than \$10,000,000 (adjusted for the blended cost of water), §60328.1 states that the District shall apply the estimated fiscal yearend balance in excess of the amount allowed in §60290 to a replenishment assessment rate reduction or to the purchase of water in the succeeding fiscal year.

Unreserved fund balance as restricted by §60290 of the Water Code is projected to be \$1.034 million on June 30, 2013.

**Table 8 –  
Projected Unreserved Fund Balance**

Description	Estimated Unreserved Fund Balance 6/30/2012	Estimated Revenues	Estimated Funds Available	Estimated Expenditures	COPs Debt Service	Use of Water Carryover Fund	Estimated Unreserved Fund Balance 6/30/2013
Replenishment Fund	\$968,200	\$57,562,960	\$(45,366,000)	\$(5,383,000)	\$2,000,000	\$(8,655,000)	\$1,127,160
Clean Water Fund	\$61,800	\$5,068,040	\$(4,468,000)	\$(1,755,000)	\$1,000,000	\$-	\$(93,160)
<b>Total All Funds</b>	<b>\$1,030,000</b>	<b>\$62,631,000</b>	<b>\$(49,834,000)</b>	<b>\$(7,138,000)</b>	<b>\$3,000,000</b>	<b>\$(8,655,000)</b>	<b>\$1,034,000</b>

## Fund Balance and Reserve Levels (cont.)



**Restricted for Capital Projects** – This category represents funds encumbered for capital projects. This includes the remaining funds in the construction account from the 2008 Certificates of Participation which has not yet been used and held by the Bond Trustee.

**Water Purchase Carryover Fund** – This category of represents funds originally budgeted for imported spreading water carried over from previous years when imported spreading water was unavailable for purchase. The District only uses these funds to purchase water in future years when water becomes available.

**Cal Trans Trust** – These funds are held in trust by WRD as part of a settlement with the California Department of Transportation for dewatering the 105 freeway.

**Debt Service Reserve** – As required by the District's 2004 and 2008 Trust Agreements, these funds are held by the Trustee to pay principal and interest in the event the WRD does not have the funds to properly pay its debt. These funds are unavailable to the District until the debt matures 30 years after issuance of the debt.

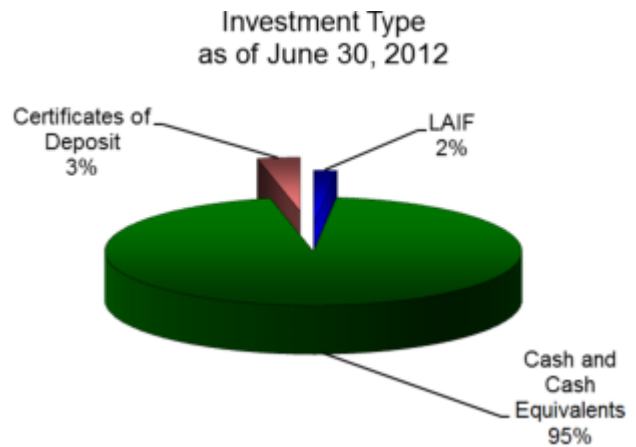
**Other Post Employment Benefit Obligations** – This category of funds accounts for the WRD's Annual Required Contribution (ARC) related to Other Post Employment Benefits (OPEB) in compliance with the Government Accounting Standards Board (GASB) statement number 45. This category also includes the District's liability for side fund amount due to CalPERS related to the CalPERS risk pool for all employers with less than 100 employees.

## Fund Balance and Reserve Levels (cont.)

### Cash and Investments By Type

(Rounded to nearest thousand)

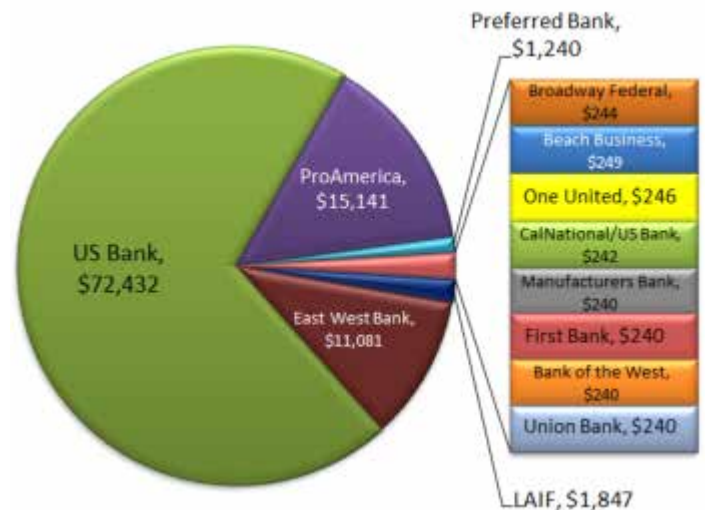
Cash and Investments:	
Local Agency Investment Fund (LAIF)	\$ 1,847,000
Cash and Cash Equivalents	98,406,000
Certificates of Deposit	3,429,000
<b>Total</b>	<b>\$103,682,000</b>



### Cash and Investments By Institution

(Rounded to nearest thousand)

Cash and Investments:	
Local Agency Investment Fund (LAIF)	\$ 1,847,000
East West Bank	11,081,000
Beach Business Bank	249,000
One United Bank	246,000
Broadway Federal Bank	244,000
Union Bank	240,000
Preferred Bank	1,240,000
Manufacturers Bank	240,000
Proamerica Bank	15,141,000
First Bank	240,000
Bank of the West	240,000
US Bank (Trustee)	72,432,000
<b>Total Cash and Investments</b>	<b>\$ 103,682,000</b>

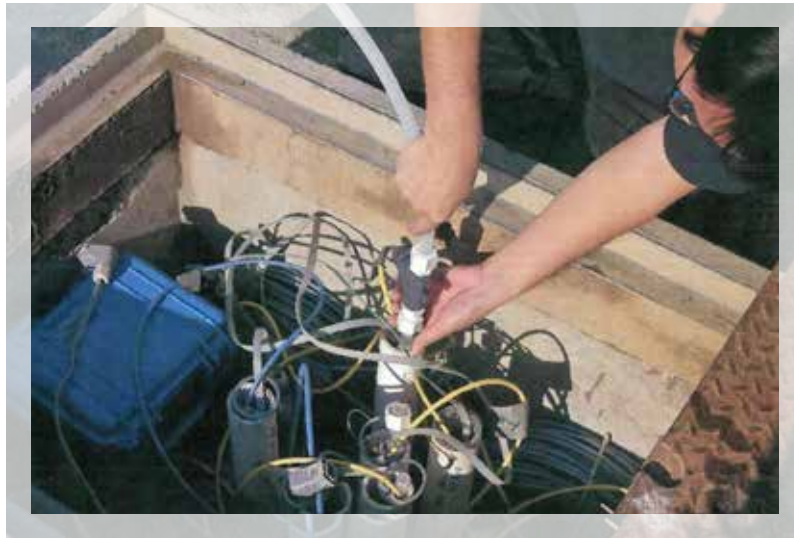


## Fund Balance and Reserve Levels (cont.)

**Table 9 –  
Projected Unreserved Funds Balance 5 Year Forecast**

Description	2012/13 Budget	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
Beginning Funds Balance	\$1,030,000	\$1,034,000	\$1,024,000	\$1,024,000	\$1,024,000
Add: Estimated Revenues	\$62,631,000	\$69,000,000	\$77,050,000	\$80,270,000	\$85,780,000
<b>Total Funds Available</b>	<b>\$63,661,000</b>	<b>\$70,034,000</b>	<b>\$78,074,000</b>	<b>\$81,294,000</b>	<b>\$86,804,000</b>
Estimated Expenditures	\$(49,834,000)	\$(65,920,000)	\$(68,460,000)	\$(71,780,000)	\$(75,360,000)
Debt Service	\$(7,138,000)	\$(8,090,000)	\$(11,590,000)	\$(11,590,000)	\$(15,090,000)
Replenishment of Reserves	\$(8,655,000)	\$-	\$-	\$-	\$-
<b>Total Expenditures</b>	<b>\$(65,627,000)</b>	<b>\$(74,010,000)</b>	<b>\$(80,050,000)</b>	<b>\$(83,370,000)</b>	<b>\$(90,450,000)</b>
Subtotal	\$(1,966,000)	\$(3,976,000)	\$(1,976,000)	\$(2,076,000)	\$(3,646,000)
Add: Use of Reserves	\$3,000,000	\$5,000,000	\$3,000,000	\$3,100,000	\$4,660,000
<b>Ending Funds Balance</b>	<b>\$1,034,000</b>	<b>\$1,024,000</b>	<b>\$1,024,000</b>	<b>\$1,024,000</b>	<b>\$1,014,000</b>

# Capital Improvement Program



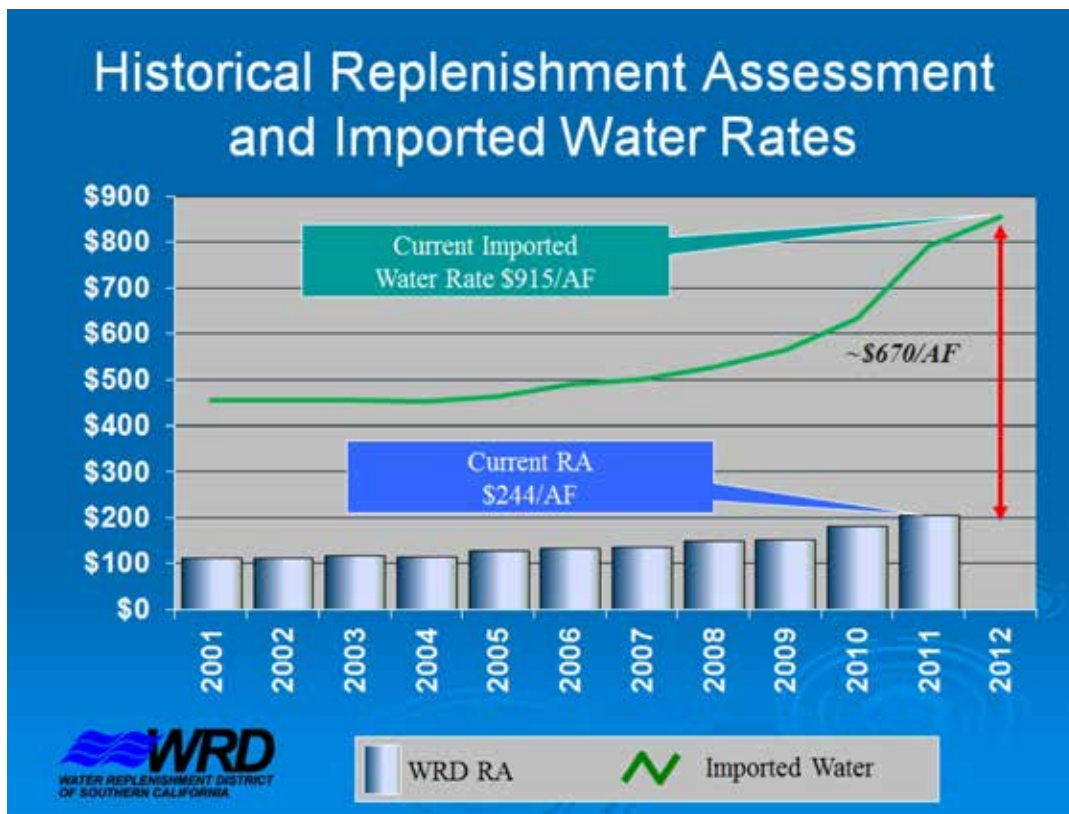
*Well Sample Collection*



## Capital Improvement Program

The Water Replenishment District's Capital Improvement Program focuses primarily on the Water Independence Now Program. This program is designed to replace outside imported water needs with local, reliable, and cost effective source of water. The figure below, depicts the past 10 years of imported water cost versus the cost of groundwater. The figure shows an ever increasing cost of imported water. The only way to stabilize groundwater rates is to become independent of imported water obtained through the State Water Project and the Colorado River. Additionally, in May 2007 the Metropolitan Water District of Southern California stopped selling the less expensive imported seasonal spreading water for the first time in WRD's 50 year history. Therefore, the Water Replenishment District needed to change its water resources strategy after 50 years to include the purchase of tier 1 water rather than the cheaper seasonal water. The District's WIN Program is designed to decrease the cost and increase the reliability of water; and efforts which will benefit all within the WRD service area.

The cornerstone of the WIN Program is the Groundwater Reliability Improvement Program Facility. Another key component of GRIP is the Leo J Vander Lans Advanced Water Treatment Facility Expansion Project. Other components of the District Capital Improvement Program include the Safe Drinking Water Program as well as the Regional Groundwater Monitoring Program.





# Annual Budget 2012/2013

**1. Leo J. Vander Lans Advanced Water Treatment Facility Expansion Project.** Increased production capacity of the Leo J. Vander Lans Advanced Water Treatment Facility (“Vander Lans Facility”) to provide high-quality water for the Alamitos Barrier and replace 100% of the imported water needs. The expansion will provide advanced water treatment for the production of recycled water from 3,000 acre-feet per year (“AFY”) to 7,000 AFY.

**2. The GRIP Facility.** Construction of a facility (the “GRIP Facility”) to further purify recycled water from the Sanitation Districts of Los Angeles County (“LACSD”) and San Jose Creek Water Reclamation Plant. The GRIP Facility is expected to have a capacity to treat approximately 21,000 acre-feet per year of recycled water that is currently being disposed of in the San Gabriel River. The highly treated recycled water will be transported through pipelines to spreading basins located along the San Gabriel River for percolation into the Central Basin. The GRIP Facility is expected to provide the Central Basin with a quantity of recycled water that will offset the quantity of imported water that the WRD is currently purchasing for replenishment.

**3. Regional Groundwater Monitoring Program.** Drilling new monitoring wells in order to expand the Regional Groundwater Monitoring Program. This program provides for the collection of basic information used for effective groundwater basin management including groundwater level data and water quality data from WRD owned monitoring wells. The information generated by this program is stored in the WRD’s GIS and provides the basis to better understand the dynamic changes in the Central and West Coast Basins. WRD staff, comprised of hydrogeologists and engineers, provides the in-house capability to collect, analyze and report groundwater data. During the next two years, the WRD is planning on constructing four new wells to provide a more complete network of monitoring wells throughout the Central and West Coast Basins.

**4. Safe Drinking Water Program.** Expansion of the WRD’s Safe Drinking Water Program to provide basin water rights holders with incentives to construct wellhead treatment facilities to extract, treat and put to beneficial use contaminated groundwater that would otherwise be left in the ground. The WRD is currently managing several Safe Drinking Water Projects in various stages of implementation. The Safe Drinking Water Program has a total of sixteen facilities online, two facilities under design and/or construction, and eight sites under preliminary investigation. The capital costs of wellhead treatment facilities range from \$750,000 to over \$1 million per well. Due to budgetary constraints, these initial costs are prohibitive to most pumpers. Through the program, the WRD offers financial assistance for the design, equipment, and implementation of a project. With this support, the venture is made more economically feasible.

**Table 10 –  
Capital Improvement Program Five Years Projected Capital Expenditures by Projects**

Project Description	2012/13	2013/14	2014/15	2015/16	2016/17
	Budget	Projected	Projected	Projected	Projected
LJVWTF Expansion	13,502,000	11,300,000	13,500,000	-	-
Goldsworthy Desalter Expansion	370,000	2,000,000	11,600,000	-	-
Regional Groundwater Monitoring Program	2,800,000	2,100,000	1,300,000	-	-
Groundwater Reliability Improvement Program	5,525,000	3,050,000	8,300,000	31,500,000	34,200,000
Groundwater Infrastructure Improvements	1,000,000	4,000,000	-	-	-
Safe Drinking Water Grant Program	1,000,000	1,000,000	1,000,000	-	-
<b>Total Capital Expenditures</b>	<b>24,197,000</b>	<b>23,450,000</b>	<b>35,700,000</b>	<b>31,500,000</b>	<b>34,200,000</b>

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The costs associated with these capital projects will be primarily funded through long-term debt. The operating impact associated with the 2004, 2008 and 2011 Series Bonds for fiscal year 2012/13 is budgeted for \$7.18 million as follows:

	<b>Interest</b>	<b>Principal</b>	<b>30% Debt Service Coverage</b>	<b>Total</b>
2004 Certificates of Participation	\$ 584,000	\$ 375,000	\$ 288,000	\$1,247,000
2008 Certificates of Participation	978,000	300,000	383,000	\$1,661,000
2011 Certificates of Participation	3,254,000	---a	976,000	\$4,230,000
<b>Total</b>	<b>\$ 4,816,000</b>	<b>\$ 675,0000</b>	<b>\$ 1,647,000</b>	<b>7,138,000</b>

*a – Principal payments for the 2011 Certificates of Participation begin August 2014*

There is currently no debt service limit or ceiling documented in the California State Water Code for the Water Replenishment District of Southern California.



# Replenishment Projects & Programs



*Rio Hondo Spreading Grounds in Pico Rivera, California*

*The projects and programs identified under Replenishment Projects and Programs are ones that have been developed with the main purpose of producing an alternative source of water for the District's replenishment program.*



## Replenishment Projects and Programs

### Water Purchases

Annually, the District faces overdraft because more groundwater is pumped out of the basins than is naturally replaced. Therefore, the District purchases replenishment water from external sources (artificial replenishment water) to help make up the overdraft. The artificial replenishment water enters the basins either by percolation into the underground aquifers at the Montebello Forebay spreading grounds (Rio Hondo, San Gabriel River, and Whittier Narrows Reservoir), or through direct injection into the aquifers at the West Coast Basin, Dominguez Gap, and Alamitos seawater barrier projects.

The District currently has available to it, recycled and imported water sources for use as artificial replenishment water. These two sources are described below:

#### Recycled Water:

Recycled water is sewer water that is treated at local wastewater treatment plants to meet high quality standards that it can be reused as valuable water resource instead being wasted to the ocean. Other agencies use recycled water to irrigate parks, golf courses, plants and crops, or for industrial purposes. WRD and numerous other agencies also use recycled water for groundwater recharge. In semi-arid areas such as Southern California where groundwater and imported water are in short supply, recycled water has proven to be a safe and reliable additional resource supplement the water supply.

Recycled water is used at the spreading grounds after undergoing tertiary treatment and also at the seawater barrier wells after tertiary and additional treatment by microfiltration, reverse osmosis, and in some cases ultraviolet light.

**Imported Water:** This source originates from Northern California (State Water Project) and the Colorado River and is brought to the District by the Metropolitan Water District of Southern California. Raw imported water is used at the spreading grounds for aquifer replenishment. Treated imported water is used at the seawater intrusion barriers and for in-lieu replenishment when available. Because of treatment and transportation costs, it is the most expensive source for recharge water. The supply is under full upstream control, and its availability at the spreading grounds is limited and variable, especially during drought years.

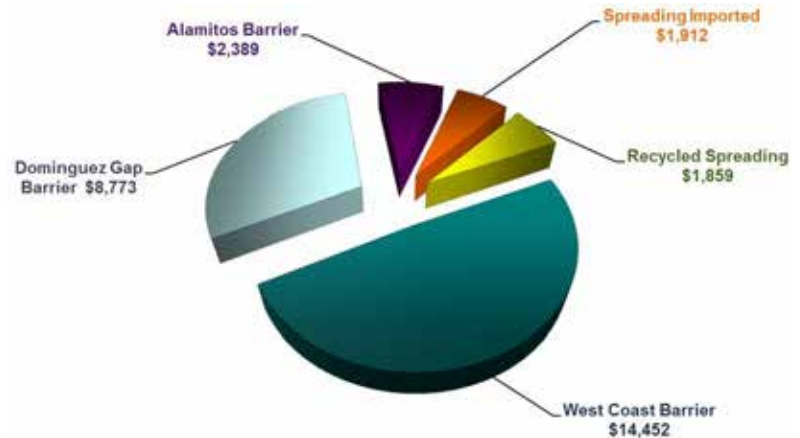


Figure 10 – 2012/13 Cost of Replenishment Water (in thousands) to

### Recommended Quantities of Replenishment Water

WRD estimates its projected need for artificial replenishment water by calculating the annual amount of water shortages (overdraft) that is expected to occur. Details of these calculations are presented in the annual Engineering Survey Report. The artificial replenishment water is placed into the groundwater basin at the spreading grounds or seawater barrier injection wells using recycled and imported water.

# Annual Budget 2012/2013

**Table 11 –  
Cost of Replenishment Water for Fiscal Year 2011/12**

EXPENSE CATEGORY Year	2011/12 Projection	2012/13 Budget	Increase (Decrease) Over Prior
<b>Imported Water</b>			
<b>Spreading - Tier 1 Untreated Imported</b>			
MWD Untreated Tier 1 - Spreading	\$13,517,875	\$1,275,300	\$(12,242,575)
MWD RTS Charge	\$643,125	\$67,580	\$(575,545)
CBMWD Administrative Surcharge	\$2,212,350	\$196,200	\$(2,016,150)
CBMWD Water Service Charge	\$391,230	\$372,600	\$(18,630)
<b>Total Spreading - Tier 1 Untreated Imported</b>	<b>\$16,764,580</b>	<b>\$1,911,680</b>	<b>\$(14,852,900)</b>
<b>Alamitos Barrier - Imported</b>			
MWD Treated Tier 1 - Alamitos Barrier	\$1,985,010	\$2,117,725	\$132,715
MWD Capacity Charge	\$30,240	\$30,240	\$-
LBWD RTS	\$-	\$228,600	\$228,600
LBWD Administrative Surcharge	\$12,700	\$12,700	\$-
<b>Total Alamitos Barrier - Imported</b>	<b>\$2,027,950</b>	<b>\$2,389,265</b>	<b>\$361,315</b>
<b>Dominguez Barrier - Imported</b>			
MWD Tier 1 - Barriers	\$2,891,550	\$6,670,000	\$3,778,450
MWD RTS Charge	\$490,250	\$1,080,000	\$589,750
WBMWD Capacity Charge	\$59,723	\$125,076	\$65,354
WBMWD Administrative Surcharge	\$351,500	\$856,000	\$504,500
WBMWD Water Service Charge	\$16,010	\$41,933	\$25,923
<b>Total Dominguez Barrier - Imported</b>	<b>\$3,809,033</b>	<b>\$8,773,009</b>	<b>\$4,963,976</b>
<b>West Coast Barrier - Imported</b>			
MWD Tier 1 - Barriers	\$7,815,000	\$3,751,875	\$(4,063,125)
MWD RTS Charge	\$1,325,000	\$607,500	\$(717,500)
WBMWD Capacity Charge	\$161,413	\$70,356	\$(91,058)
WBMWD Administrative Surcharge	\$950,000	\$481,500	\$(468,500)
WBMWD Water Service Charge	\$43,270	\$23,587	\$(19,683)
<b>Total West Coast Barrier - Imported</b>	<b>\$10,294,683</b>	<b>\$4,934,818</b>	<b>\$(5,359,865)</b>
<b>In-lieu</b>			
MWD Member Agency	\$2,521,008	\$-	\$(2,521,008)
WBMWD Member Agency	\$1,206,800	\$-	\$(1,206,800)
<b>Total for In-lieu Payments</b>	<b>\$3,727,808</b>	<b>\$-</b>	<b>\$(3,727,808)</b>
<b>Recycled Water</b>			
<b>Dominguez Barrier - Recycled</b>			
LADWP Recycled Water	\$1,594,700	\$-	\$(1,594,700)
<b>Total Dominguez Barrier - Recycled</b>	<b>\$1,594,700</b>	<b>\$-</b>	<b>\$(1,594,700)</b>
<b>Spreading - Recycled</b>			
SDLAC - San Jose Creek WRP	\$1,376,000	\$1,560,000	\$184,000
SDLAC - Whittier Narrows WRP	\$70,000	\$70,000	\$-
SDLAC - Makeup Payment	\$228,898	\$228,898	\$-
<b>Total Spreading - Recycled</b>	<b>\$1,674,898</b>	<b>\$1,858,898</b>	<b>\$184,000</b>
<b>West Coast Barrier - Recycled</b>			
WBMWD Recycled Water	\$4,424,000	\$9,517,500	\$5,093,500
<b>Total West Coast Barrier - Recycled</b>	<b>\$4,424,000</b>	<b>\$9,517,500</b>	<b>\$5,093,500</b>
<b>Alamitos Recycled - WRD</b>			
WRD Recycled Water - Vander Lans	\$730,800	\$982,800	\$252,000
WRD Recycled Water - Vander Lans	\$(730,800)	\$(982,800)	\$(252,000)
<b>Total Alamitos Recycled - WRD</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>
<b>Total Water Purchases</b>	<b>\$44,317,652</b>	<b>\$29,385,170</b>	<b>\$(14,932,482)</b>

# Annual Budget 2012/2013

**Table 12 –  
Quantity of Water Purchases in Acre Feet for  
Fiscal Year 2012 -2013**

<b>EXPENSE CATEGORY</b>	<b>2011/12 Projection</b>	<b>2012/13 Budget</b>	<b>Increase (Decrease) Over Prior Year</b>
<b>Imported Water:</b>			
Spreading Imported	21,000	2,180	(18,820)
West Coast Barrier Imported	10,000	4,500	(5,500)
Dominguez Gap Imported	3,700	8,000	4,300
Alamitos Imported	2,540	2,540	-
In Lieu - MWD Member Agency	7,503	-	(7,503)
In Lieu - West Basin Customer	2,800	-	(2,800)
<b>Recycled Water:</b>			
Spreading Recycled (SJC)	40,000	40,000	-
Spreading Recycled (WN)	10,000	10,000	-
West Coast Barrier Recycle	8,000	13,500	5,500
Dominguez Gap Recycled	3,700	-	(3,700)
Alamitos Recycled	1,800	1,800	-
<b>Total Water Purchases</b>	<b>111,043</b>	<b>82,520</b>	<b>(28,523)</b>

**CBMWD** - Central Basin Municipal Water District

**LBWD** - Long Beach Water Department

**LADWP** - Los Angeles Department of Water and Power

**MWD** - Metropolitan Water District of Southern California

**RTS** - Readiness-to-Serve

**SDLAC** - Sanitation Districts of Los Angeles County

**SJC** - San Jose Creek

**WBMWD** - West Basin Municipal Water District

**WN** - Whittier Narrows

**WRD** - Water Replenishment District of Southern California

**WRP** - Water Reclamation Plant

## Project 001 Leo J. Vander Lans Water Treatment Facility - Water Supply

### Background

This facility provides advanced treatment to recycled water through a process train that includes microfiltration, reverse-osmosis, and ultraviolet (UV) light. The product water from this facility replaces 50% of the imported water now supplying the nearby Alamitos Seawater Intrusion Barrier, thereby improving the reliability and quality of supply to the barrier.

The Long Beach Water Department (LBWD) operates and maintains the new treatment plant under contract with WRD. Expected costs for this budget year are primarily for the contracted expenses of operation and maintenance of the plant, as specified per contract, and for groundwater monitoring requirements from the permit.

Because the primary purpose of this project is to provide a more reliable means of replenishing the basin through injection, 100% of the costs are considered to be drawn from the Replenishment Fund.

### 2011/12 Accomplishments

- Completed final design for expansion of the Vander Lans Facility and a 30-percent design for a source water pipeline. The federal Title XVI funding grant covered 25 percent of the costs to perform the design.
- Completed a second in-house membrane treatment pilot study to substantially increase reverse osmosis recovery and reduce waste generation by 50 percent. This innovative approach allowed the facility to be expanded to nearly triple production without any increase in sewer discharge. The study results were integrated into the final design.
- Presented research papers at several national and regional professional conferences on WRD's innovative membrane treatment research and creative approach to facility expansion
- Completed CEQA process for plant expansion
- Successfully negotiated pre-selection agreement with manufacturers of MF and UV equipment for the plant expansion
- Continued compliance monitoring of plant effluent and groundwater to ensure that the operation of the project satisfied regulatory requirements
- Continued to conduct recycled water testing to ensure satisfaction of water quality criteria for the County of Los Angeles Department of Public Works
- Approximately 2,100 acre feet of recycled water was produced and injected into the Alamitos Barrier

**Table 13 –  
Project 001: Water Supply  
Vander Lans Budget Summary**

EXPENSE CATEGORY	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$1,210,000	\$1,636,000	\$426,000
R&M / Materials / Equipment	\$1,306,000	\$514,000	\$(792,000)
Other Expenses	\$11,000	\$11,000	\$-
Other General & Administrative	\$172,000	\$200,000	\$28,000
<b>Subtotal</b>	<b>\$2,699,000</b>	<b>\$2,361,000</b>	<b>\$(338,000)</b>
Salaries & Benefits	\$153,000	\$126,000	\$(27,000)
<b>Total</b>	<b>\$2,852,000</b>	<b>\$2,487,000</b>	<b>\$(365,000)</b>

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## 2012/13 Objectives

- Conduct a competitive bidding and award a construction contract for expansion of the Vander Lans Facility
- Complete 40 percent construction for plant expansion
- Complete federal NEPA process for plant expansion
- Execute funding agreements with the USBR for the Title XVI grant and with the DWR for the Proposition 84 grant for the plant expansion
- Initiate an investigation on easement and right-of-way for the source water pipeline for the future expanded plant
- Continue to comply with regulatory requirements for monitoring and compliance
- Continue to conduct recycled water testing to ensure satisfaction of water quality criteria for the County of Los Angeles Department of Public Works
- Continue operation of the plant with minimum of shutdowns

## Basis for Changes 2011/12 Projected to 2012/13 Budget

- Professional Services: There was an increase of about \$400,000 in the contract with the facility operator.
- R&M / Materials / Equipment: In fiscal year 2011/12, the facility required replacement of a portion of the ultra-violet sterilization lamps and reverse osmosis filters which caused a decrease of approximately \$800,000 from 2011/12 to 2012/13.

## Project 004 Montebello Forebay Recycled Water

### Background

Using recycled water to replenish the groundwater basins provides a reliable source of water for surface spreading in the Montebello Forebay and injection at the seawater intrusion barriers. In view of the potential for drought conditions to strike California and uncertainty in the future availability of imported supplies, this resource has become increasingly attractive. Using more recycled water improves the reliability of the local groundwater supply.

WRD participates in various activities to ensure that the use of recycled water continues to be safe for groundwater recharge. From an operational standpoint, the District will continue to perform groundwater monitoring as required by permit requirements and provide results to the regulatory agencies to ensure that the current practice and operation of utilizing recycled water with other waters continues to be safe.

In addition to regular monitoring and sampling around the spreading grounds, WRD is

**Table 14 –  
Project 004: Montebello Forebay  
Recycled Water Budget Summary**

<b>EXPENSE CATEGORY</b>	<b>2011/12 Projection</b>	<b>2012/13 Budget</b>	<b>Over / (Under) Budget</b>
Professional Services	\$337,000	\$300,000	\$(37,000)
R&M / Materials / Equipment	\$15,000	\$20,000	\$5,000
Other Expenses	\$35,000	\$52,000	\$17,000
Other General & Administrative	\$-	\$-	\$-
Subtotal	\$387,000	\$372,000	\$(15,000)
Salaries & Benefits	\$136,000	\$258,000	\$122,000
<b>Total</b>	<b>\$523,000</b>	<b>\$630,000</b>	<b>\$107,000</b>



# Annual Budget 2012/2013

participating with other agencies to more fully investigate the effectiveness of soil aquifer treatment during percolation. These studies are partially sponsored by the WaterReuse Foundation and the American Water Works Association Research Foundation (AWWARF). The overall objectives are to characterize the percolation process and quantify the purifying properties of the underlying soil on constituents of concern such as nitrogen, total organic compounds (TOC), and emerging contaminants, such as pharmaceuticals, endocrine disruptors, and personal care products.

Recycled water use at the three seawater intrusion barrier systems (Alamitos, West Coast Basin, and Dominguez Gap Barriers) is a large component of the District's overall resource mix. Work associated with the use of recycled water at those facilities is maintained under the specific project (e.g., Leo J. Vander Lans Water Treatment Facility) that delivers that resource to the barriers or under the program related to recycled water use at the specified barrier.

Projects under this program help to improve the reliability and utilization of an available local resource. This resource is used to improve replenishment capabilities and is thus funded 100% from the Replenishment Fund.

## *2011/12 Accomplishments*

- Complied with permit requirements for groundwater monitoring of bi-monthly monitoring wells and semi-annual production wells and with quarterly monitoring of intakes to spreading facilities.
- Presented an overview of recycled water in context of potable groundwater, using Montebello Forebay as a case study, at the 2011 Water Environment Federation Conference in Los Angeles.
- Participated in the State Department of Public Health's development of updated regulatory requirements for groundwater recharge with recycled water.
- Continued to participate in the development of a new statewide Recycled Water Policy issued by the State Water Resources Control Board, including review and analysis of the expert panel on CECs.
- Participated in the development and amendment of a bill (AB2398) sponsored by the California WaterReuse Association and aimed at significantly expanding the development and use of safe and reliable recycled water in California by streamlining the various regulations pertaining to the use of recycled water.
- Participating in several research investigations to address regulatory issues and concerns, such as tertiary/reverse osmosis blending ratios and double pass reverse osmosis to reduce brine disposal.
- Completed a 2-year tracer test using sulfur hexafluoride to determine travel times to a production well after sealing off shallow perforations.
- Continued a tracer test using sulfur hexafluoride, boron-10 and bromide to determine travel times to shallow monitoring wells.
- Drilled 8 new nested monitoring wells around test basin facility at San Gabriel Spreading Grounds for ongoing tracer tests.

## *2012/13 Objectives*

- Continue to comply with permit requirements for groundwater monitoring of bi-monthly monitoring wells and semi-annual production wells and with quarterly monitoring of intakes to spreading facilities.
- Continue to participate with the State Department of Public Health in the development of updated regulatory requirements for groundwater recharge with recycled water.
- Collaborate with other agencies and organizations on research investigations of percolation of recycled water.
- Evaluate opportunities to increase recycled water reuse for groundwater recharge at the spreading grounds.

# Annual Budget 2012/2013

## Basis for Changes 2011/12 Projected to 2012/13 Budget

- No significant changes noted.

## Project 005 Groundwater Resource Planning

### Background

The Groundwater Resources Planning Program was instituted to evaluate basin management issues and to provide a means of assessing project impacts over the Central and West Coast Groundwater Basins. Prior to moving forward with a new project, an extensive evaluation is undertaken. Within the Groundwater Resources Planning Program, new projects and programs are analyzed based on benefits to overall basin management. This analysis includes performing an extensive economic evaluation to compare estimated costs with anticipated benefits. As part of this evaluation process, all new capital projects are brought to the District's Technical Advisory Committee (TAC) for review and recommendation. Projects deemed worthy by the TAC and District Board will be recognized as independent projects and may be included within the District's Project Workplan.

WRD will continue to coordinate with basin stakeholders to bring to reality workable groundwater storage programs. Meanwhile, the District will also continue to determine the effects of such programs on the overall management of the basins and the specific impacts to aspects such as water levels, annual overdraft, accumulated overdraft, etc. The management alone of such a program will definitely require close review and administration by District staff.

During the coming year, work under this program will continue to focus on storage issues, operational alternatives for the Central and West Coast basin, and implementation of the District's Water Independence Now, or WIN program. The WIN program seeks to replace the District's imported water demands at the three seawater intrusion barriers and spreading grounds with locally available recycled water sources.

The District is also expected to continue to evaluate the projects identified in the Project Workplan. Specifically, funds have been allocated to perform a further evaluation of projects in order to make them more competitive for future grant funding opportunities.

District staff will continue to closely monitor and participated in the ongoing development and refinement of the Integrated Regional Water Management Plan (IRWMP) for the Los Angeles

**Table 15 –  
Project 005: Groundwater Resource  
Planning Budget Summary**

EXPENSE CATEGORY	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$1,236,000	\$1,086,000	\$(150,000)
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$38,000	\$63,000	\$25,000
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$1,274,000</b>	<b>\$1,149,000</b>	<b>\$(125,000)</b>
Salaries & Benefits	\$403,000	\$281,000	\$(122,000)
<b>Total</b>	<b>\$1,677,000</b>	<b>\$1,430,000</b>	<b>\$(247,000)</b>

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region. Participation in this process is necessary if the District wishes to secure grant funding under Proposition 84 or other future state grant funding opportunities. District staff will also continue to monitor other State and Federal grant programs to determine applicability to the District's list of potential projects. WRD will continue to work with Federal agencies such as the U.S. Bureau of Reclamation to identify potential opportunities for funding.

Projects under the Groundwater Resources Planning Program serve to improve replenishment operations and general basin management. Accordingly, this program is also wholly funded through the Replenishment Fund.

## *2011/12 Accomplishments*

- Developed agendas and provided background information for Technical Advisory Committee meetings, included detailed project summary information and economic analyses.
- Monitored ongoing activities at other regional water agencies and assessed potential impacts of their actions on WRD.
- Participated in the Greater Los Angeles Integrated Regional Water management Planning Process.
- Continued coordination efforts with the U.S Army Corps of Engineers and Los Angeles County Department of Public Works to complete the update of studies to allow for the capture of additional stormwater behind Whittier Narrows Dam.
- Continued with development and substantially completed the Groundwater Basins Master Plan and managed USBR grant funding assistance for its development. Initiated development of a Programmatic Environmental Impact Report for the Plan.
- Attended monthly and quarterly meetings of the Central and West Basin Water Associations, providing each with an update on ongoing District activities.
- Evaluated potential groundwater storage and supply options to optimize District replenishment functions.

## *2012/13 Objectives*

- Substantially complete PEIR for Groundwater Basins Master Plan.
- Initiate follow up studies that arise as a result of the development of the Groundwater Basins Master Plan, particularly increased utilization of the Montebello Forebay.
- Review and update the District's 5-year capital improvement program.
- Continue to provide as needed technical support for Judgment amendments for development of conjunctive use framework.
- Continue to attend meetings of the Central and West Basin Water Associations to keep them apprised of ongoing district activities.
- Continue management of grant funding received by the District.
- Monitor local, State and Federal grant funding opportunities and assess applicability to District projects.
- Continue participation in Integrated Regional Water Management Planning process for Greater Los Angeles Region.
- Continue to monitor other water agencies and assess the impact of their actions on WRD.
- Evaluate alternative sources for imported water for the replenishment of the Montebello Forebay Spreading Grounds.
- Monitor water availability and rates to assess potential impacts to District operations.

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## Basis for Changes 2011/12 Projected to 2012/13 Budget

- No significant changes.

## Project 018 Dominguez Gap Barrier Recycled Water

### Background

This Project involves the delivery of recycled water produced by the City of Los Angeles' Terminal Island Treatment Plant Advanced Water Treatment Facility (TITP) to the Dominguez Gap Seawater Intrusion Barrier (DGB). The advanced water treatment process includes microfiltration, reverse osmosis, lime stabilization, and disinfection with chlorine to produce recycled water for injection at the DGB.

On October 2, 2003, the California Regional Water Quality Control Board, Los Angeles Region, issued the permit or Water Reclamation Requirements (WRR) to allow injection of recycled water at the DGB. Additional improvements were implemented to satisfy water quality requirements of the County of Los Angeles Department of Public Works before recycled water deliveries began in February 2006.

The maximum percent of recycled water for this project is 50 percent. The City of Los Angeles Department of Water and Power (LADWP) is responsible for the treatment and delivery of the recycled water and all the water quality sampling associated with those activities. Due to extended preventative maintenance activities at the TITP, the production and delivery of recycled water by LADWP has been temporarily suspended as of November 1, 2011, after which the DGB has been receiving 100% imported water (potable water) from the Metropolitan Water District of Southern California. Beginning in February 2006, WRD has conducted quarterly groundwater monitoring, which is required to track changes in water quality conditions and anticipate potential problems before recycled water reaches nearby drinking water wells. Baseline monitoring was conducted prior to the start of recycled water deliveries to establish pre-existing groundwater quality conditions.

Recycled water use at the seawater intrusion barriers improves the reliability of a supply that is needed on a continuous basis. Traditionally, water purchases for the barriers have been viewed as a replenishment function. Therefore, this program is funded 100% through the Replenishment Fund.

### 2011/12 Accomplishments

- Continued to prepare permit compliance reports and coordinate reporting with co-permittees, i.e. Los Angeles Department of Water and Power and Los Angeles County Department of Public Works (LACDPW).
- Continued to conduct groundwater monitoring in accordance with the permit requirements.
- Completed a 5-year Engineering Report to satisfy permit requirements.
- Updated and improved the computer model of the groundwater flow system in the vicinity of the Dominguez Gap Seawater Intrusion Barrier.
- Submitted a clarification to regulatory agencies to help streamline existing permit requirements and to reduce potential liability for the District in cases of groundwater exceedances of water quality limits that were not due to recycled water use.

**Table 16 –  
Project 018 - Dominguez Gap Barrier  
Recycled Water Budget Summary**

Expense Category	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$145,739	\$100,000	\$(45,739)
R&M / Materials / Equipment	\$10,289	\$11,000	\$711
Other Expenses	\$4,699	\$21,000	\$16,301
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$160,727</b>	<b>\$132,000</b>	<b>\$(28,727)</b>
Salaries & Benefits	\$220,000	\$120,000	\$(100,000)
<b>Total</b>	<b>\$381,000</b>	<b>\$252,000</b>	<b>\$(128,727)</b>

### 2012/13 Objectives

- Meet all regulatory permit requirements and deadlines.
- Continue to conduct groundwater monitoring in accordance with permit requirements.

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## Basis for Changes 2011/12 Projected to 2011/12 Budget

- No significant changes

## Project 023 Replenishment Operations

### Background

WRD actively monitors the operations and maintenance practices at the spreading grounds and seawater barrier wells owned and operated by the Los Angeles County Department of Public Works (LACDPW). Optimizing replenishment opportunities is fundamentally important to WRD, in part because imported and recycled water deliveries directly affect the District's annual budget. Consequently, the District seeks to ensure that the conservation of stormwater is maximized, and that imported and recycled water replenishment are optimized.

WRD coordinates regular meetings with LACDPW, Metropolitan Water District of Southern California, Sanitation Districts of Los Angeles County (CSD), and other water interests to discuss replenishment water availability, spreading grounds operations, scheduling of replenishment deliveries, seawater barrier improvements, upcoming maintenance activities, and facility outages or shutdowns. The District tracks groundwater levels in the Montebello Forebay weekly to assess general basin conditions and to determine the level of artificial replenishment needed. Additionally, WRD monitors the amount of recycled water used at the spreading grounds and seawater barriers, to maximize its use while complying with regulatory limits.

As its name implies, this program deals primarily with replenishment issues, and its costs are borne completely by the Replenishment Fund.

### 2011/12 Accomplishments

- Continued work with the LACDPW and CSD to increase spreading of recycled at the Rio Hondo and San Gabriel River Spreading Grounds including the use of the Interconnection Pipeline completed last year.
- Installed six dual nested groundwater monitoring wells within and surrounding the San Gabriel River Spreading Ground desilting basins in order further assess recharge activities and evaluate potential mounding effects.
- Installed sixteen pressure transducers in wells located within the San Gabriel River Spreading Grounds to allow for continuous groundwater level monitoring.
- Began collecting monthly groundwater level data at the Rio Hondo and San Gabriel River Spreading Grounds and prepared monthly water level contour maps for use by the WRD, LACDPW, and CSD to monitor recharge operations.
- Continued work on the West Coast Basin Barrier Condition Assessment with partners LACDPW and West Basin Municipal Water District.
- Continued work on the Alamitos Gap Barrier Condition Assessment with partners, i.e. LACDPW and Orange County Water District.
- Partnered with LACDPW to commence the Dominguez Gap Barrier Condition Assessment.
- Worked with West Basin Municipal Water District (WBMWD) in the selection of a contractor to complete groundwater monitoring services for the WBMWD which included a chloride calibration component to be used in assessing the distribution of the saline plume on behalf of the WRD.

**Table 17 –  
Project 023: Replenishment Operations  
Budget Summary**

Expense Category	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$354,845	\$405,000	\$50,000
R&M / Materials / Equipment	\$81,000	\$34,000	\$(47,000)
Other Expenses	\$44,753	\$45,000	\$-
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$480,598</b>	<b>\$484,000</b>	<b>\$3,000</b>
Salaries & Benefits	\$160,000	\$384,000	\$224,000
<b>Total</b>	<b>\$641,000</b>	<b>\$868,000</b>	<b>\$227,000</b>

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## 2012/13 Objectives

- Continue to work cooperatively with the LACDPW to complete the Dominguez Gap Barrier Condition Assessment.
- Continue monitoring of groundwater levels at the Rio Hondo and San Gabriel River Spreading Grounds and preparing groundwater elevation contour maps.
- Continue participating in bimonthly meetings with replenishment agencies to maximize groundwater recharge opportunities.
- Continue to evaluate new potential replenishment opportunities (e.g., replenishment water sources, spreading grounds improvements).
- Continue work with the Colorado School of Mines on a study regarding water reuse and retention time to be completed in the San Gabriel River Spreading Ground Test Basin.
- Continue working with the LACDPW to complete the installation of additional groundwater observation wells at the western leg of the Alamos Gap Barrier Project.
- Continue working with the consultant on the chloride calibration of the groundwater model completed for the West Basin Municipal Water District.

## Basis for Changes 2011/12 Projected to 2012/13 Budget

- Salaries and Benefits: Reallocation of labor resources from other areas of operation.

## Project 033 Groundwater Reliability Improvement Program

### Background

The Water Replenishment District of Southern California (WRD), which serves approximately 4 million people in 43 cities, currently replenishes the Central and West Coast Basins with over 95,000 acre-feet per year of water. Approximately 64,000 acre-feet of this total is met using recycled water with another 21,000 acre-feet of water being imported into the basin. The future availability of this imported water is uncertain. Given the prolonged statewide drought and uncertain future of imported water supplies for Southern California, WRD is in the process of implementing the District's Water Independence Now, or WIN program. The WIN program seeks to replace the District's imported water demands at the three seawater intrusion barriers and spreading grounds with locally available recycled water sources.

A corner stone of WIN program is the Groundwater Replenishment Improvement Program (GRIP). The goal of the GRIP is to replace imported water currently being used at the spreading grounds for replenishing the area's groundwater supplies by replacing it with 21,000 acre feet per year of recycled water, a locally sustainable water resource. The GRIP was instituted to identify new and reliable water supplies for use as replenishment water. One of these options is the construction of an advanced water treatment facility, entitled the GRIP facility, to further purifying recycled water from LACSD's San Jose Creek Water Reclamation Plant using micro filtration and reverse osmosis followed by disinfection with advanced oxidation utilizing ultra-violet light and hydrogen peroxide. The highly treated recycled water will be transported through a pipeline to spreading basins located along the San Gabriel River for percolation or injection into the Central Basin to offset the demand for imported water.

During the coming year, work under this program will continue to focus on moving forward with the environmental regulatory permitting aspects of this effort. Work will be directed at developing an Environmental Impact Report for the project.

The primary purpose of this project is to identify new and reliable water supplies for use as replenishment water, therefore, it is 100% funded from the Replenishment Fund.

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## 2011/12 Accomplishments

- Dissolution of the GRIP Joint Powers Authority due to the withdrawal of two of the partner agencies
- Completed an Alternatives Analysis Update addressing the revised service area and project scope due to the withdrawal of two of the previous partnering agencies.
- Complete United States Bureau of Reclamation Feasibility Study for the GRIP effort as part of the application to the USBR for Title XVI funding.
- Solicited firms to perform public outreach based on revised service area and project scope.

## 2012/13 Objectives

- Complete preliminary engineering report for use in preparation of the Environmental Impact Report/ Environment Impact Statement.
- Begin preparation of Environmental impact report for the GRIP.
- Complete agreement with LACSD for purchase of additional 21,000 acre feet per year of recycled water.
- Complete negotiation of cost sharing agreement with LACSD for work associated with implementation of the GRIP.
- Initiate public outreach effort for the GRIP.
- Solicit consulting firm to develop Title 22 Engineering report required for regulatory permitting.
- Submit permit revision to Los Angeles regional Water Quality Control Board for recycled water spreading in the Montebello Forebay.

**Table 18 –  
Project 033 - Groundwater Reliability Improvement  
Program (G.R.I.P) Budget Summary**

<b>EXPENSE CATEGORY</b>	<b>2011/12 Projection</b>	<b>2012/13 Budget</b>	<b>Over / (Under) Budget</b>
Professional Services	\$415,000	\$500,000	\$85,000
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$3,000	\$6,000	\$-
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$418,000</b>	<b>\$506,000</b>	<b>\$88,000</b>
Salaries & Benefits		\$-	\$-
<b>Total</b>	<b>\$418,000</b>	<b>\$506,000</b>	<b>\$88,000</b>

## Basis for Changes 2011/12 Projected to 2012/13 Budget

- No significant changes noted

# *Clean Water Projects & Programs*



*The projects and programs identified under  
Clean Water Projects and Programs  
have been developed primarily to preserve  
high quality groundwater.*





## Clean Water Projects and Programs

### Project 002 Goldsworthy Desalter

#### Background

The Robert W. Goldsworthy Desalter (Desalter) has been operating since 2002 to remove impacted groundwater from a saline plume stranded inland of the West Coast Basin Barrier after the barrier was put into operation. The production well and desalting facility are operated by the City of Torrance, and the product water is delivered for potable use to the City's distribution system.

As with the Vander Lans facility, future costs for this project will involve O&M activities and replacement costs. The purpose of the desalter is directly related to remediating degraded groundwater quality, and costs are thus attributed 100% to the Clean Water Fund.

Additional measures may be necessary in the future to fully contain and remediate the saline plume. WRD is pursuing long-term solutions to this problem and continues to work with the City of Torrance, the Technical Advisory Committee, and other stakeholders on the future of saline plume removal in the West Coast Basin.

#### 2011/12 Accomplishments

- 80 percent complete of a feasibility study for the Desalter expansion. The feasibility study is funded by the federal WaterSMART grant.
- Approximately 2,200 acre-feet of degraded groundwater was treated by the Desalter and turned into approximately 1,750 acre-feet of potable water for the City of Torrance.
- Replaced reverse osmosis membranes that have successfully been operated for 10 years

#### 2012/13 Objectives

- Complete the feasibility study on the expansion of the Desalter
- Continue to treat the degraded groundwater from the saline plume and turn it into potable water to supply to the City of Torrance.
- The Desalter will continuously be monitored for water quality to ensure all permit or legal requirements are satisfied.

#### Basis for Changes 2011/12

#### Projected to 2012/13

#### Budget

- Professional Services: The Goldsworthy Desalter Expansion feasibility and predesign was performed and completed in fiscal year 2011/12.

**Table 19 –  
Project 002: Goldsworthy Desalter  
Budget Summary**

EXPENSE CATEGORY	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$526,000	\$295,000	\$(231,000)
R&M / Materials / Equipment	\$459,000	\$437,000	\$(22,000)
Other Expenses	\$287,000	\$307,000	\$20,000
Other General & Administrative	\$45,000	\$165,000	\$120,000
<b>Subtotal</b>	<b>\$1,317,000</b>	<b>\$1,204,000</b>	<b>\$(113,000)</b>
Salaries & Benefits	\$109,000	\$33,000	\$(76,000)
<b>Total</b>	<b>\$1,426,000</b>	<b>\$1,237,000</b>	<b>\$(189,000)</b>

## Project 006 Water Quality Improvement Program

### Background

This comprehensive program constitutes an ongoing effort to address water quality issues that affect WRD projects and facilities owned by water purveyors. The District monitors and evaluates the impacts of pending drinking water regulations and proposed legislation. WRD assesses the justification and reasoning used to draft the proposal and, if warranted, joins in coordinated efforts with other interested agencies to resolve concerns during the early phases of the regulatory and/or legislative process.

The WRD service area contains a large and diverse industrial base. Consequently, many potential groundwater contamination sources exist within District boundaries. Examples of contamination sources include leaking underground storage tanks, petroleum pipeline leaks at refineries and other petrochemical facilities, and discharges from dry cleaning facilities, auto repair shops, metal works facilities, and other facilities. Such contamination sources may pose a threat to the drinking water aquifers. WRD, therefore, established its Groundwater Contamination Prevention Program as a key component of the Water Quality Improvement Program, in an effort to minimize or eliminate threats to groundwater supplies.

As part of the Groundwater Contamination Prevention Program, WRD established the Central and West Coast Basins Groundwater Contamination Forum, a data-sharing and discussion forum with key stakeholders including the United States Environmental Protection Agency (USEPA), the California

Department of Toxic Substances Control (DTSC), the California Regional Water Quality Control Board, Los Angeles Region (LARWQCB), the California Department of Public Health (CDPH), the United States Geological Survey (USGS), and various cities and water purveyors.

WRD is participating in a number of efforts that investigate the feasibility of augmenting local stormwater capture and recharge while improving surface water and maintaining high quality of groundwater. For the last decade or so, the District has and continues to participate in the Water Augmentation Study (WAS) of the Council for Watershed Health (CWH). WAS is a multi-year investigation to evaluate the feasibility of capturing storm runoff at localized sites in lieu of discharge into the storm drains, channels, and ultimately to the ocean. In addition, the District initiated the Central and West Coast Basins Regional & Distributed Stormwater Recharge Feasibility Study, with technical assistance from CWH. To be completed in August 2012, the Study investigated and prioritized a list of locations in the Central Basin and West Coast Basin suitable for stormwater capture and recharge, based on soil, geology, contaminant plumes, and other incentives as well as constraints. This investigation furthers the District's strategic plan to increase its sustainable water supply portfolio while safeguarding water quality. As part of the study, a model pilot project was developed and its potential recharge and water quality improvement benefits modeled and quantified. Based on the findings of the study, Proposition 84 Implementation Grant is being pursued to fund a portion of the pilot project, with the City of Los Angeles Bureau of Sanitation (LABOS) as the lead.

Much of the work for the coming year will involve additional investigations at well sites known to have contaminated water, continued monitoring of water quality regulations and proposals affecting production and replenishment operations, further characterization of contaminant migration into the deeper aquifers, and evaluating the need to initiate cleanup activities at contaminated sites. All work under this program is related to water quality and cleanup efforts; therefore, 100% of it is funded from the Clean Water Fund.

**Table 20 –  
Project 006 - Groundwater Quality Improvement**

EXPENSE CATEGORY	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$353,000	\$60,000	\$(293,000)
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$64,000	\$82,000	\$18,000
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$417,000</b>	<b>\$142,000</b>	<b>\$(275,000)</b>
Salaries & Benefits	\$218,000	\$148,000	\$(70,000)
<b>Total</b>	<b>\$635,000</b>	<b>\$290,000</b>	<b>\$(345,000)</b>

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## *2011/12 Accomplishments.*

- Coordinated and facilitated meetings of the Groundwater Contamination Forum. At each of the Forum meetings, stakeholders, and water purveyors shared data and provided updates on major contaminated groundwater sites located within the Central Basin and West Coast Basin.
- Tracked the status of 46 high-priority groundwater contaminated sites located in the Central Basin and West Coast Basin. WRD continued to work in close consultation with regulatory agency project managers to provide data and technical support to expedite the investigation and cleanup of the high-priority groundwater contaminated sites.
- Continued to work with the USGS to complete the Central Basin Groundwater Contamination Study. The overall goal of the study is to identify potential pathways where contaminants in the shallow aquifers could migrate into deeper drinking water aquifers.
- Administered the Title 22 Groundwater Monitoring Program for the Central Basin pumpers, which consisted of administration of contract laboratory, including scheduling of sample collection as required by the California Department of Public Health for contract laboratory, and preparation of Consumer Confidence Reports.
- Held annual Groundwater Quality Workshop for local water purveyors for updates on various water quality topics.
- Presented at the 2011 American Water Works Association CA-NV conference on water quality safeguards provided for indirect potable reuse projects, using Alamitos Gap Barrier project as a case study.
- Continued to monitor and provide input regarding the potential impacts of pending legislation and regulations on drinking water, stormwater, groundwater, and recycled water.
- Abstract accepted to the July 2012 Water Environment Federation's Stormwater Symposium to present the findings of the Central and West Coast Basins Regional & Distributed Stormwater Recharge Feasibility Study.
- Partnered with the LABOS (lead) in submitting the pre-application for Proposition 84 Implementation Grant for the pilot stormwater project, and was invited to submit a full application.

## *2012/13 Objectives*

- Continue to coordinate and facilitate meetings of the Groundwater Contamination Forum as a means for key stakeholders in the Central Basin and West Coast Basin to share data and provide updates on major contaminated groundwater sites.
- Continue to work in close consultation with project managers of the United States Environmental Protection Agency, Department of Toxic Substance Control and Regional Water Quality Control Board to provide data and technical support to expedite the investigation and cleanup of high-priority groundwater contaminated sites in the Central Basin and West Coast Basin.
- Continue to work with the USGS to complete the Central Basin Groundwater Contamination Study.
- Continue to administer the Title 22 Groundwater Monitoring Program for participating pumpers in the Central Basin.
- Continue to monitor potential impacts of pending legislation and regulations on drinking water quality.
- Conduct a groundwater quality workshop for local water purveyors.
- Complete work on the Central and West Coast Basins Regional & Distributed Stormwater Recharge Feasibility

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Study and conduct outreach to share key findings with interested parties.

- Continue to partner with the CWH on the Water Augmentation Study to evaluate stormwater recharge opportunities.
- Continue to partner with the LABOS on the Proposition 84 Implementation Grant for the pilot storm water project.

## Basis for Changes 2011/12 Projected to 2012/13 Budget

- No significant changes noted.

## Project 006A Title 22 Groundwater Monitoring Program

### Background

See Background for Project 006.

### 2011/12 Accomplishments

See Accomplishments for Project 006.

### 2012/13 Objectives

See Objectives for Project 006.

**Table 21 –  
Title 22 Program (Fee Based Service)  
Budget Summary**

EXPENSE CATEGORY	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$79,000	\$101,000	\$22,000
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$2,000	\$-	\$(2,000)
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$81,000</b>	<b>\$101,000</b>	<b>\$20,000</b>
Salaries & Benefits	\$-	\$-	\$-
<b>Total</b>	<b>\$81,000</b>	<b>\$101,000</b>	<b>\$20,000</b>

## Project 012 Safe Drinking Water Program

### Background

WRD's Safe Drinking Water Program ("SDWP") has operated since 1991 and is intended to promote the cleanup of groundwater resources at specific well locations. Through the installation of wellhead treatment facilities at existing production wells, the District hopes to remove contaminants from the underground supply and deliver the extracted water for potable purposes. Projects implemented through this program are accomplished through direct input and coordination with well owners.

The current program focuses on the removal of volatile organic compounds and offers financial assistance for the design and equipment of the selected treatment facility. The program is designed to help groundwater pumpers remove VOCs from affected wells to enable the well to meet public drinking water standards. This increases groundwater pumping capacity and reduces dependence on limited and expensive imported water supplies. In addition, removal of VOCs from the groundwater supply helps prevent the contaminants from spreading to other areas.

Another component of the program offers no-interest loans for other constituents of concern that affect a specific production well. The capital costs of wellhead treatment facilities range from \$800,000 to over \$2,000,000. Due to financial constraints, this initial cost is generally prohibitive to most pumpers. Financial assistance through the District's SDWP makes project implementation much more feasible.

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The program places a greater priority on projects involving VOC contamination or other anthropogenic (man-made) constituents, classified as Priority A Projects. Any treatment projects for naturally-occurring constituents would be classified as Priority B Projects and funded on a secondary priority, on a case-by-case basis, and only if program monies are still available during the fiscal year.

There are several current projects in various stages of completion and new candidates for participation are on the rise. A total of fifteen (16) facilities are already completed and online and one facility has successfully completed removal of the contamination and no longer needs treatment.

Projects under the SDWP involve the treatment of contaminated groundwater for subsequent beneficial use. This water quality improvement assists in meeting the District's groundwater cleanup objectives. Thus, funding for the costs of the program is drawn wholly from the Clean Water Fund.

**Table 22 –  
Project 012 - Safe Drinking Water Program  
Budget Summary**

<b>EXPENSE CATEGORY</b>	<b>2011/12 Projection</b>	<b>2012/13 Budget</b>	<b>Over / (Under) Budget</b>
Professional Services	\$122,000	\$104,000	\$(18,000)
R&M / Materials / Equipment	\$-	\$2,000	\$2,000
Other Expenses	\$5,000	\$10,000	\$5,000
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$127,000</b>	<b>\$116,000</b>	<b>\$(11,000)</b>
Salaries & Benefits	\$-	\$-	\$-
<b>Total</b>	<b>\$127,000</b>	<b>\$116,000</b>	<b>\$(11,000)</b>

## 2011/12 Accomplishments.

- One treatment facility was constructed and placed in service in 2011. This system was constructed for the removal of iron and/or manganese. The removal mechanism was a pressurized filtration system.

## 2012/13 Objectives

- The Safe Drinking Water Program has received multiple requests for assistance for secondary priority contamination removal. While continued funding of this program is anticipated for next year, the District has established a goal of funding up to \$1M per year under this program. Actual funding has been limited by qualified projects.

## Basis for Changes 2012/13 Projected to 2012/13 Budget

- No significant changes

# *Dual Purpose Projects & Programs*



*Rubber Dam at the San Gabriel Spreading Grounds*

*The projects and programs identified under  
Dual Purpose Projects and Programs support  
both replenishment activities and high quality  
groundwater efforts.*



## Dual Purpose Projects and Programs

### Project 010 Geographic Information System (GIS)

#### Background

The District maintains an extensive database and Geographic Information System (GIS) in-house. The database includes water level and water quality data throughout the entire WRD service area with information drawn not only from the District's Regional Groundwater Monitoring Program, but also from water quality data received from the California Department of Public Health and the District's administration of the Title 22 Monitoring Program in the Central Basin. The system requires continuous update and maintenance but serves as a powerful tool for understanding basin characteristics and overall basin health.

GIS, in conjunction with the regional groundwater model, is used to provide better planning and basin management. The system is used to organize and store an extensive database of spatial information, including well locations, water level data, water quality information, well construction data, production data, aquifer locations, and computer model files. Staff uses the system daily for project support and database management. Specific information is available to any District pumper or stakeholder upon request and can be delivered through the preparation of maps, tables, reports, or other compatible format. Additionally, the District's web-based Interactive Well Search tool available to the public; this web site provides users with limited access to WRD's water quality and production database.

District staff will continue to streamline and refine the existing data management system and website as well as satisfy both internal and external data requests. Continued use, upkeep, and maintenance of the GIS are planned for the coming year. The use of the system supports both replenishment activities and groundwater quality efforts. Accordingly, the cost for this program is equally split between the Replenishment and Clean Water Funds.

#### 2011/12 Accomplishments

- Utilized GIS for development of annual overdraft values used in the Engineering Survey and Report.
- Developed graphics for use in the District's Regional Groundwater Monitoring Report.
- Continued refinement of well location information based on new GPS data.
- Continued integration of GIS with Google Earth for use in presentations and analysis.
- Provided graphics and analysis results, as needed, for District presentations and public outreach materials.

#### 2012/13 Objectives

- Continue comprehensive review of existing datasets and initiate quality assurance measures to ensure continued data integrity.
- Make greater use of GIS capabilities for visualization and presentation purposes. Integrate well construction information into 3-D Analyst.
- Continue integration of existing GIS system with third party mapping tools such as Google Earth to

**Table 23 –  
Project 010 - Geographic Information Systems (GIS)  
Budget Summary**

EXPENSE CATEGORY	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$30,000	\$200,000	\$170,000
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$24,000	\$28,000	\$4,000
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$54,000</b>	<b>\$228,000</b>	<b>\$174,000</b>
Salaries & Benefits	\$186,000	\$88,000	\$(98,000)
<b>Total</b>	<b>\$240,000</b>	<b>\$316,000</b>	<b>\$76,000</b>

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increase utilization of GIS data sets.

- Update existing GIS and database management system and make necessary improvements to increase utilization of data.
- Work closely with WRD Staff to assess and implement GIS support for new and ongoing.
- Assess options for improving GIS data dissemination to groundwater basin stakeholders.

## Basis for Changes 2011/12 Projected to 2012/13 Budget

- Professional Services: The increase in the 2012/13 budget is due to a planned overhaul of the Database Management System.

## Project 011 Regional Groundwater Monitoring Program

### Background

The Regional Groundwater Monitoring Program continues to be very successful and currently consists of a network of over 300 WRD and USGS-installed monitoring wells at nearly 60 locations throughout the District. Monitoring well data is supplemented with information from production wells to capture the most accurate information available. WRD staff, comprised of hydrogeologists and engineers, provides the in-house capability to collect, analyze and report groundwater data. This information is stored in the District's GIS and provides the basis to better understand the characteristics of the Central and West Coast Basins.

Water quality samples from the monitoring wells are collected periodically. Automatic dataloggers record water level daily in most monitoring wells. Dataloggers are downloaded and water levels measured by WRD field staff a minimum of four times per year. These water quality and water level data are available online at <http://gis.wrd.org>. On an annual basis, staff prepares a report that documents groundwater production, groundwater level, and groundwater quality conditions throughout the District.

Most of the work during the coming year will involve continued bi-monthly, quarterly, and semiannual monitoring and reporting activities. The program will also work cooperatively with the U.S. Geological Survey (USGS) to construct three new nested monitoring wells to expand the network to 57 locations to improve coverage of data gap areas, address specific water quality issues, and update the hydrogeology conceptual model. Work associated with the Regional Groundwater Monitoring Program also supports activities relating to both replenishment and water quality projects. The program, therefore, is funded 50% each from the Replenishment and Clean Water Funds.

### 2011/12 Accomplishments

- Completed Spring and Fall groundwater quality sampling at WRD monitoring wells including analysis of over 100 chemical constituents and contaminants.
- Collected quarterly groundwater levels at WRD monitoring wells and compiled daily datalogger data to prepare historical water level hydrographs.
- Performed a special basinwide sampling for perchlorate and

<b>EXPENSE CATEGORY</b>	<b>2011/12 Projection</b>	<b>2012/13 Budget</b>	<b>Over / (Under) Budget</b>
Professional Services	\$464,000	\$545,000	\$81,000
R&M / Materials / Equipment	\$45,000	\$55,000	\$10,000
Other Expenses	\$68,000	\$99,000	\$31,000
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$577,000</b>	<b>\$699,000</b>	<b>\$122,000</b>
Salaries & Benefits	\$373,000	\$345,000	\$(28,000)
<b>Total</b>	<b>\$950,000</b>	<b>\$1,044,000</b>	<b>\$94,000</b>



# Annual Budget 2012/2013

hexavalent chromium, emerging contaminants of concern to the water supply community and groundwater basin managers.

- Constructed new nested monitoring wells in the Los Angeles, Carson, and Manhattan Beach communities.
- Published the annual Regional Groundwater Monitoring Report summarizing groundwater data from monitoring wells and production wells in the Central and West Coast Basins for Water Year 2010/11.

## *2012/13 Objectives*

- Collect Spring and Fall groundwater quality samples at WRD monitoring wells. Analyze samples for over 100 chemical constituents and contaminants.
- Collect quarterly groundwater levels at WRD monitoring wells and compile daily datalogger data and prepare historical water level hydrographs.
- Identify emerging contaminants of concern to the water supply community and groundwater basin managers and assess the need to monitor in the Central and West Coast Basins.
- Construct three new nested monitoring wells. One each in Inglewood, Lakewood, and Gardena areas.
- Publish and share data collected for this program in the annual Regional Groundwater Monitoring Report.

## *Basis for Changes 2011/12 Projected to 2012/13 Budget*

No significant changes noted. Expenses have remained flat.

## Project 025 Hydrogeology Program

### Background

This program accounts for hydrogeologic analysis of the Central, West Coast, and surrounding groundwater basins. These scientific efforts are necessary for specific issues, projects, programs and basin management issues that face the District. The program includes evaluation of replenishment needs and forecasting at the spreading grounds and barrier wells, computer modeling, and assessing the overall health of the basins by analyzing water levels and water quality data.

Staff work performed under this program includes the preparation of the annual Engineering Survey and Report, including the calculation and determination of important hydrogeologic factors such as annual overdraft, accumulated overdraft, change in storage, and replenishment needs. Extensive amounts of data are compiled and analyzed by internal State-certified hydrogeologists and registered engineers to determine these values.

Maps are created showing water levels in the basins and production patterns and amounts. The updates, maintenance, and use of the Regional Groundwater Flow Model developed by the USGS and WRD are part of this program. This model is a significant analytical tool utilized by WRD to determine basin benefits and impacts of changes proposed in the management of the Central and West Coast Basins.

A focused effort to better characterize the hydrogeologic conditions in the District is also underway and will continue into the ensuing year.

This long-term project involves compiling and interpreting extensive data which were generated during the drilling and logging of the WRD/USGS monitoring wells and collected from historical information for production wells and oil wells within the District. The ultimate goal of this project is to incorporate these data in WRD's GIS and then use the system to generate aquifer depths, extents, and thicknesses throughout the District to assist staff, pumpers, and stakeholders better plan for groundwater resource projects, such as new well drilling, storage opportunities, or modeling. The data will also be made available on WRD's website to be used as a reference source for hydro geologic interpretations and fulfilling project- related data requests.

Hydrogeological analysis is also needed for projects associated with groundwater quality concerns and specific cleanup projects. Work by in-house staff may include investigative surveys, data research, oversight of specific project studies, etc. Such efforts are used to relate water quality concerns with potential impact to basin resources.

Special projects arise occasionally under this program such as well profiling of production wells to define areas of poor water quality entering the well. Other special projects include the publication of the Technical Bulletin Series, which provides hydrogeologic data to the pumpers in the basin, analysis of optimum and minimum groundwater quantities, and groundwater tracer investigations. A special investigation on the current extent of the saline plume in the Torrance area is being performed using surface geophysics, groundwater sampling, and new well drilling. A State-mandated Salt Nutrient Management Plan is also being prepared under this Program.

The Hydrogeology Program addresses both groundwater replenishment objectives and groundwater quality matters. This dual service warrants that the cost of the program be split evenly between the Replenishment and Clean Water Funds.

**Table 25 –  
Project 025 - Hydrogeology Program**

EXPENSE CATEGORY	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$684,000	\$653,000	\$(31,000)
R&M / Materials / Equipment	\$15,000	\$32,000	\$17,000
Other Expenses	\$46,000	\$61,000	\$15,000
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$745,000</b>	<b>\$746,000</b>	<b>\$1,000</b>
Salaries & Benefits	\$211,000	\$275,000	\$64,000
<b>Total</b>	<b>\$956,000</b>	<b>\$1,021,000</b>	<b>\$65,000</b>

# Annual Budget 2012/2013

## *2011/2012 Accomplishments*

- Preparation of the 2012 Engineering Survey and Report leading to the adoption of the 2012/2013 Replenishment Assessment.
- Significant progress with USGS to update and improve the regional groundwater computer model. Completed 3-D sequence stratigraphic framework and incorporation into EarthVision software. Completed aerial recharge analysis. Completed 3-D textural model in Rockware. Built framework for the Modflow Model with 11 layers.
- Continued well-profiling program and completed 5 wells.
- Initiated the State-Mandated Salt/Nutrient Management Plan for the Central Basin and West Coast Basin.
- Presentation of technical materials and papers at groundwater conferences.
- Completed two wells under the Well Profiling Program.
- Completed modeling updates for Dominguez Gap Barrier and Alamitos Barrier

## *2012/13 Objectives*

- Completion of 2013 Engineering Survey and Report.
- Complete the Saline Plume investigation and Saline Plume Policy.
- Complete the USGS computer modeling updates.
- Complete several Technical Bulletins.
- Complete the Salt / Nutrient Management Plan.
- Publish and present technical papers at conferences.
- Complete 2 Technical Bulletins.
- Assist groundwater purveyors on data needs for new production wells.

## *Basis for Changes 2010/2011 Projected to 2012/2013*

- No significant changes.



# Annual Budget 2012/2013

## Project EAC - Water Conservation

### Background

The Water Conservation activities focus on successfully giving its constituents, pumpers, and cities the resources to meet the State mandate of 20% water savings by 2020. Through custom WRD conservation programs that have long term conservation achievements, stakeholders get results to meet 20x2020.

The External Affairs department took the initiative to expand its signature program, ECO GARDENER Program to include ECO PRO for municipal and school maintenance crews, and ECO Landscaper for residential and small area gardeners. This past year we hosted over 1,100 participants in the ECO Gardener residential trainings and expect to take this training program on the road in 2012-2013. WRD partnered with Park Water, Maywood Mutual #2 & #3, Orchard Dale Water, Think Earth, Torrance and West Basin MWD to enhance water conservation awareness to the general public as well as businesses and institutes through special events and rebates.

**Table 26 –  
Project EAC - Water Conservation**

<b>EXPENSE CATEGORY</b>	<b>2011/12 Projection</b>	<b>2012/13 Budget</b>	<b>Over / (Under) Budget</b>
Professional Services	\$-	\$3,000	\$3,000
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$667,000	\$653,000	\$(14,000)
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$667,000</b>	<b>\$656,000</b>	<b>\$(11,000)</b>
Salaries & Benefits	\$443,000	\$377,000	\$(66,000)
<b>Total</b>	<b>\$1,110,000</b>	<b>\$1,033,000</b>	<b>\$(77,000)</b>

### 2011/12 Accomplishments

- Enhanced the ECO Gardener Program by adding two new series, ECO PRO and ECO Landscaper
- Secured class credit certificated on irrigation by the State of California
- Had over 1,100 ECO Gardener participants
- Certified over 250 municipal maintenance crews through ECO PRO
- Trained over 150 gardeners through ECO Landscape
- Partnered with Think Earth to promote the Think Watershed conservation educational program for over 1000 students

### 2012/13 Objectives

- Increase the number of ECO PRO and ECO Landscaper classes
- Start the ECO Veggie and ECO Compost training classes for residents and students
- Obtain the State Certification Landscape Certificate program license

### Basis for Changes 2011/2012 Projected to 2012/2013 Budget

- No significant changes noted

# Annual Budget 2012/2013

## Project EAE - Water Education

### Background

The Water Education and Outreach activities focus on successfully positioning WRD with its stakeholders and promoting a responsible public agency by providing educational tours, participating in community events and developing successful means of communication to promote WRD policies, programs and interest.

The External Affairs department took the initiative to expand its groundwater educational and outreach programs with WIN (Water Independence Now) and ECO Gardener presentations at conferences, chambers and city council meetings with great success. WRD extended the Think Watershed –Floating Lab Program by increasing the number of schools participation with over 15,000 students. The District also expanded its Groundwater Education Partnerships by offering free programming through the California Science Center (over 30,000 participants students & families), Cabrillo Marine Aquarium’s After-School Program, the “Ocean on Wheels” and Treasure Beneath Our Feet Programs for students and families(over 20,000 participants) with vital water education and conservation training. The “It All Flows To Me” educational program at the Aquarium of the Pacific continued with groundwater education at the aquarium and at schools with the ‘Watershed on Wheels” (over 10,000 participants). The Groundwater 101 forums brought in renowned speakers to WRD along with foreign VIP visitors. The ECO Gardener Program received funding from the state to increase the program by adding ECO PRO and ECO Landscaper.

### 2011/12 Accomplishments

- WRD received the National Ground Water Association 2011 Outstanding Groundwater Projects award for its Regional groundwater Monitoring program.
- The General Manager received the 2011 Water Recycling Advocate of the Year award from the WateReuse Association
- WRD also received the 2012 Water Institute of the Year Award from the California WateReuse Association
- Obtained certification for the ECO PRO landscaping training from the State of California
- Hosted a Groundwater 101 forum with Congresswoman Maxine Waters
- Hosted a Capitol Report event with Assemblymember Ted Lieu
- Had over 100,500 students participate in Treasure Beneath Our Feet and It All Flows to Me educational program, along with the Water Star campaign
- Had the most successful and innovated Protect Your Groundwater Day event promoted by the Groundwater Foundation
- Created and marketed The Slurps characters to carry WRD’s positive message of conservation, and groundwater protection to its youth
- Developed three animations, Mega Rainbow, Saltwater Intrusion, and Water of Oz (conservation). The Mega Rainbow animation won an award at the LA Film Fest
- WRD held its three annual State of the District with an audience of over 100 people
- Successfully implemented six ECO PRO trainings with Continued Educational Credit for over 210 city maintenance crew members
- Held over 20 ECO Gardener trainings for residents with over 700 participants
- Held a successful 5th Annual Groundwater Festival with 60% outside sponsorship

**Table 27 –  
Project EAE - Water Education**

EXPENSE CATEGORY	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$193,000	\$84,000	\$(109,000)
R&M / Materials / Equipment	\$41,000	\$3,000	\$(38,000)
Other Expenses	\$462,000	\$552,000	\$90,000
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$696,000</b>	<b>\$639,000</b>	<b>\$(57,000)</b>
Salaries & Benefits	\$327,000	\$514,000	\$187,000
<b>Total</b>	<b>\$1,023,000</b>	<b>\$1,153,000</b>	<b>\$130,000</b>

# Annual Budget 2012/2013

## *2012/2013 Objectives*

- To further promote the District through its programs
- Continue building strong partnerships
- To be more frugal and creative in reaching out to the public
- Promote WRD's three Animations
- Build relationships with newly elected officials

## *Basis for Changes 2011/2012 Projected to 2012/2013 Budget*

- Salaries and Benefits: Reallocation of labor resources from other areas of operation



# *General Administration Departments*



*Administrative costs, or departmental costs, include costs for the departments of Board of Directors, General Manager, Finance, Administration, External Affairs, and Technical Group. For simplicity, these departments do not include project and program operations and maintenance costs. Departments include direct costs related to that department's activities. In addition, Finance and Administration include indirect costs such as office supplies, liability insurance, and general legal or legislative fees that are not direct costs to projects.*



## General Administrative

### Board of Directors

#### Background

The Board of Directors is the policy-making and governing body of the District. It represents the highest authority within the management structure of the District; though it delegates certain portions of its authority to staff in the interest of efficiency, stability, and prudent management.

The Board of Directors develops the District's vision and strategic plan and sets policy to assist the General Manager and staff with implementing the vision and strategic plan. The various responsibilities of the board members include directing District activities, outreach, and cooperation with legislators, regulators, cities, pumpers, consultants, water agencies and other government agencies.

There are five members of the Board of Directors; each is elected from one of five divisions within the District, within which such Director resides.

The officers of the Board are the President, Vice President, Secretary, Treasurer, and Deputy Secretary. Officers are elected by the Board at the first regular meeting of the Board in January following the District election. With the exception of the Deputy Secretary, all Board officers are Board members.

**The President of the Board** presides over all meetings of the Board and has all authority afforded the presiding officer, including the power to constitute Standing and Ad Hoc Committees and to assign Board members to serve on such committees.

**The Vice President of the Board** presides over any meeting at which the President is not present, and performs such other services as may be requested by the President.

**The Secretary of the Board** records and certifies the minutes of all Board meetings and is responsible for the maintenance of District records. The Secretary may delegate such duties to the Deputy Secretary.

**The Treasurer of the Board** is responsible for the financial affairs of the District, including financial reporting and investment activities. The Treasurer must also serve on the Finance Committee of the Board.

**The Deputy Secretary** is recommended by the General Manager and approved by the Board.

**Table 28 –  
Board of Directors Budget Summary**

EXPENSE CATEGORY	2011/12 Projection	2012/13 Budget	Over / (Under) Budget
Professional Services	\$-	\$-	\$-
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$101,000	\$96,000	\$(5,000)
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$101,000</b>	<b>\$96,000</b>	<b>\$(5,000)</b>
Salaries & Benefits	\$270,000	\$270,000	\$-
<b>Total</b>	<b>\$371,000</b>	<b>\$366,000</b>	<b>\$(5,000)</b>



# Annual Budget 2012/2013

## 2011/12 Accomplishments

- See President's Message on pages 4-5.

## 2012/13 Objectives

- See President's Message on pages 4-5.

## Basis for Changes 2011/12 Projected to 2012/13 Budget

- No significant changes noted. Expenses have remained flat.

## General Manager

### Background

The General Manager's goals and objectives are aligned with those of the Board of Directors.

The role of the General Manager includes implementing policies set by the Board, managing the daily activities of the District, and keeping the Board informed on projects and programs to facilitate good decision making.

## 2011/12 Accomplishments

- See Report from the General Manager on pages 2-3.

## 2012/13 Objectives

- See Report from the General Manager on Pages 2-3.

## Basis for Changes 2011/12

### Projected to 2012/13 Budget

No significant changes noted. Expenses have remained flat.

**Table 29 –  
General Manager's Budget Summary**

<b>EXPENSE CATEGORY</b>	<b>2011/12 Projection</b>	<b>2012/13 Budget</b>	<b>Over / (Under) Budget</b>
Professional Services	\$-	\$-	\$-
R&M / Materials / Equipment	\$24,000	\$-	\$(24,000)
Other Expenses	\$23,000	\$22,000	\$(1,000)
Other General & Administrative	\$-	\$-	\$-
<b>Subtotal</b>	<b>\$47,000</b>	<b>\$22,000</b>	<b>\$(25,000)</b>
Salaries & Benefits	\$310,000	\$352,000	\$42,000
<b>Total</b>	<b>\$357,000</b>	<b>\$374,000</b>	<b>\$17,000</b>

# Annual Budget 2012/2013

## Administration

### Background

Administration includes the Finance Department, Administration Department, External Affairs Department, and Technical Group.

It represents all indirect expenses and labor to support the general operations of WRD, including: office rent, office utilities, general office expenses, general maintenance and repairs, general legal/litigation support, financial services, independent auditors, computer support, building lease, and insurance.

### Finance & Accounting Department

Finance and Accounting support staff are responsible for the daily financial business of the District. It reports to the Finance Committee of the Board the monthly financial statements, the investment reports, demands list for the month and a schedule of active contracts. The accounting department is responsible for the budget process and ensuring that the District meets all its fiduciary responsibilities.

### Administration Department

The Administration Department is responsible for planning and managing the operations of maintaining official records and documents, preparing agendas and minutes for the Board and its various committees, and handles all human resource issues.

### External Affairs Department

#### Background

The WRD External Affairs Department supports the District's mission to provide an adequate supply of safe and clean water to the residents and business in the Central and West Coast Groundwater basins. The External Affairs Department is responsible for developing and promoting relationships with legislative, business, environmental and community interests.

The government affairs strategy is centered on continued relationship building with state and federal legislative interests which include legislators, committee staff and other government relations associations and experts. For the fiscal year 2012/2013, a focus will also be on ensuring and augmenting state and federal funding for WRD projects and programs. WRD will also monitor relevant legislation and respond proactively. Additionally, WRD will continue a strong intergovernmental program with local elected and public officials.

### Technical Group

The activities performed by the technical staff include operations, maintenance, planning, and management of all projects and programs. Often times, their activities extend beyond departmental borders to external affairs support, public outreach, and administrative efficiency.

**Table 30 –  
Administration Rollup Budget Summary**

<b>EXPENSE CATEGORY</b>	<b>2011/12 Projection</b>	<b>2012/13 Budget</b>	<b>Over / (Under) Budget</b>
Professional Services	\$1,104,000	\$935,000	\$(169,000)
R&M / Materials / Equipment	\$227,000	\$274,000	\$47,000
Other Expenses	\$608,000	\$639,000	\$31,000
GASB 45 (Required Retirement Funding)	\$715,000	\$745,000	\$30,000
<b>Litigation</b>	<b>\$2,000,000</b>	<b>\$2,553,000</b>	<b>\$553,000</b>
Election Expense	\$600,000	\$600,000	\$-
<b>Subtotal</b>	<b>\$5,254,000</b>	<b>\$5,746,000</b>	<b>\$492,000</b>
Salaries & Benefits	\$1,605,000	\$1,480,000	\$(125,000)
<b>Total</b>	<b>\$6,859,000</b>	<b>\$7,226,000</b>	<b>\$367,000</b>

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## **2011/12 Accomplishments**

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for our June 30, 2011 Comprehensive Annual Financial Report (CAFR)
- Received the Award of Excellence in Budgeting from the California Society of Municipal Finance Officers (CSMFO) for our 2011/12 operating budget
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for our 2011/12 operating budget
- California WaterReuse Institution of the Year award for the second consecutive year from the WaterReuse Association
- Award from LA Film Fest in the Short Animation Category for the District's Mega Rainbow water quality film
- Completed upgrade to our Information Technology offsite data recovery system

## **2012/2013 Objectives**

- Obtain Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for our June 30, 2012 Comprehensive Annual Financial Report (CAFR)
- Receive the Award of Excellence in Budgeting from the California Society of Municipal Finance Officers (CSMFO) for our 2012/13 operating budget
- Receive the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for our 2012/13 operating budget
- Host Groundwater Festival and State of the District Meeting
- Continue strong relationships with local, state and federal legislators

## **Basis for Changes 2011/2012 Projected to 2012/2013 Budget**

Litigation: The primary change within the Administrative Group budget is an increase of \$553,000 due to anticipated increased litigation costs



# *Resolution Adopting Budget*



*Students from Lowell Academy of Long Beach on a water tour  
of the San Gabriel River.*



## RESOLUTION NO. 12-929

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA LEVYING A REPLENISHMENT ASSESSMENT ON THE PRODUCTION OF GROUNDWATER FROM THE GROUNDWATER SUPPLIES WITHIN THE DISTRICT DURING THE FISCAL YEAR COMMENCING JULY 1, 2012 AND ENDING ON JUNE 30, 2013 AS PROVIDED IN SECTION 60317 OF CALIFORNIA WATER CODE AND MAKING FINDINGS AND DETERMINATIONS REGARDING SAID ASSESSMENT IN ACCORDANCE WITH SECTIONS 60315 AND 60316 OF THE WATER CODE OF THE STATE OF CALIFORNIA**

**WHEREAS**, the Board of Directors ("the Board") of the Water Replenishment District of Southern California ("the District") on January 27, 2012 in compliance with California Water Code § 60300, timely ordered an Engineering Survey and Report ("the Report") to be made regarding the groundwater supplies and groundwater quality issues within the District; and

**WHEREAS**, the Report has been prepared pursuant to the Board's request and the Report has been available for inspection by any interested party for the time required by law; and

**WHEREAS**, the Board, by Resolution No. 12-924, has declared that funds shall be raised to purchase water for replenishment of groundwater supplies within the District during the ensuing fiscal year, 2012-2013, and to accomplish all acts reasonably necessary pursuant to said replenishment, including, but not limited to, the development and operation of capital projects, and that such funds shall be raised by a replenishment assessment as provided in Chapter 2 of Part 6 of the California Water Code, and further finding that the funds to be raised will benefit, directly or indirectly, all of the persons or real property and improvements within the District; and

**WHEREAS**, the Board, by Resolution No. 12-924, has declared that funds shall be raised to remove contaminants from groundwater supplies and to exercise any other power under California Water Code § 60224, including, but not limited to, the development and operation of capital projects, and that such funds shall be raised by a replenishment assessment as provided in Chapter 2 of Part 6 of the California Water Code, and further finding that the funds so raised will benefit, directly or indirectly, all of the persons or real property and improvements within the District; and

**WHEREAS**, notice of a hearing to be held on April 6, 2012, for the purpose of determining whether and to what extent the estimated cost of water replenishment programs and the estimated cost of water quality programs for the ensuing year shall be paid for by a replenishment assessment was published as required by law; and

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**WHEREAS**, the annual hearing regarding the District's Replenishment Assessment was opened on April 6, 2012 and continued to April 20<sup>th</sup>, and May 4, 2012, and in addition to the public hearings on the Replenishment Assessment, the District also held budget workshops that were open to the public, where the District provided the public with information concerning its Fiscal Year 2012-2013 budget, which is directly related to the Replenishment Assessment; and

**WHEREAS**, all evidence and testimony relevant to the Report and the Board's determination that such a Replenishment Assessment shall be levied was introduced at said public hearings and at the budget workshops; and

**WHEREAS**, the public hearing was closed on May 4, 2012; and

**WHEREAS**, all other findings required by law have already been made, including, but not limited to, any findings required by California Water Code § 60231; and

**WHEREAS**, the Board voted at its May 4, 2012 public meeting to make the findings and resolutions set forth below.

**NOW, THEREFORE, BE IT RESOLVED AND DECLARED BY THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA AS FOLLOWS:**

1. That said Board pursuant to § 60315 of the Water Code of the State of California finds as follows:
  - a) The annual overdraft of the preceding water year, 2010-2011 was -16,100 acre-feet as provided in Exhibit A.
  - b) The estimated annual overdraft for the current water year, 2011-2012 is 111,300 acre-feet as provided in Exhibit A.
  - c) The estimated annual overdraft for the ensuing water year, 2012-2013 is 99,300 acre-feet as provided in Exhibit A.
  - d) The accumulated overdraft as of the last day of the preceding water year was 616,300 acre-feet as provided in Exhibit A.
  - e) The estimated accumulated overdraft as of the last day of the current water year is 650,600 acre-feet as provided in Exhibit A.
  - f) The total production of groundwater from the groundwater supplies within the District during the preceding water year was 215,196 acre-feet as provided in Exhibit A.

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- g) The estimated total production of groundwater from groundwater supplies within the District for the current water year is 243,500 acre-feet as provided in Exhibit A.
- h) The estimated total production of groundwater from the groundwater supplies within the District for the ensuing water year is 244,500 acre-feet.
- i) In the preceding water year groundwater levels in the Central Basin rose up to 90 feet in the pressure areas and 30 feet in the Montebello Forebay area. In the West Coast Basin, groundwater levels rose up to 10 feet in some areas and fell up to 5 feet in other areas. Overall, approximately 110,000 acre-feet of groundwater were gained in storage. The March 16, 2012, Engineering Survey and Report and any updates provide details of water levels and basin conditions.
- j) During the current water year, rainfall is below average and groundwater levels are expected to fall, especially in the Forebay areas. The March 16, 2012 Engineering Survey and Report and any updates provide details of water levels and basin conditions.
- k) The quantity of water that should be purchased by the District for the replenishment of the groundwater supplies of the district during the ensuing water year is 82,520 acre-feet, which includes 52,180 acre-feet at the spreading grounds and 30,340 acre-feet at the seawater barriers. Details of the calculations for these amounts are presented in the March 16, 2012 Engineering Survey and Report, its updates, and set forth in Exhibit A.
- l) The source and estimated unit cost of the water available for the replenishment described in item (k) is attached as Exhibit A to this Resolution. Details of the calculations for these amounts are presented in the March 16, 2012 Engineering Survey and Report and its updates.
- m) The estimated net costs of replenishing the groundwater supplies with the water so purchased are \$29,368,625. The derivation of this amount is described in the March 16, 2012 Engineering Survey and Report and its updates, and is provided in Exhibit B. The estimated rate of the replenishment assessment required to fund these purchases based on the anticipated pumping in the ensuing year described in Section (h) is \$120.12 per acre-foot ("af") of groundwater pumped.

The estimated additional costs to the District for its replenishment program costs, estimated capital costs, and other costs relating to accomplishing replenishment of the groundwater supplies, are \$23,082,500. The estimated rate of the replenishment assessment required to fund these costs based on the anticipated pumping in the ensuing year described in

# Annual Budget 2012/2013

Section (h) is \$94.41 per af of groundwater pumped. A listing of the projects and programs and their intended objective – replenishment and/or clean water – is provided in Exhibit C.

- n) It is not anticipated that additional replenishment funds need to be raised in the ensuing year for future replenishment water that should be purchased in the ensuing year but cannot be purchased due to an anticipated unavailability of replenishment water in the ensuing year.
  - o) The estimated rate of the replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year for the purposes of accomplishing replenishment activities (replenishment water plus replenishment projects and programs) is \$214.53 per af.
  - p) Contaminants should be removed from groundwater supplies during the ensuing fiscal year pursuant to the District's projects and programs described in the March 16, 2012 Engineering Survey and Report, its updates, the District's capital improvement program, and the District's annual budget document. The estimated costs to the District for the groundwater quality program for the 2012-2013 fiscal year are estimated at \$4,403,500. The estimated additional rate of replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year for those purposes is \$18.01 per af.
  - q) The programs for the removal of contaminants or other actions under Water Code § 60224 are multi-year programs.
  - r) The estimated amount of reserves on hand at the end of the fiscal year of 2010-2011 will not exceed the applicable limitations provided in Water Code Sections 60290 and 60291.
2. After accounting for other revenue, possible debt financing, or use of reserves, the estimated rate of the replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year, 2012-2013, for the purpose of accomplishing such replenishment and water quality programs by the District is \$244.00 per af of yearly groundwater production. After accounting for the use of an estimated \$5,896,000 in other revenue, possible debt financing for capital improvement projects, and District reserve funds as necessary, said replenishment assessment will produce the approximate necessary funds to pay the following costs: \$232.54 per af for the cost of purchasing water, financing capital improvement projects and other costs relating to accomplishing groundwater replenishment, and \$11.46 per af for clean water programs. Of the \$232.54 per af allocated to accomplishing groundwater replenishment, \$22.02 per af is



# Annual Budget 2012/2013

allocable to capital projects. Of the \$11.46 per af allocated to clean water programs, \$7.17 per af may be allocated to capital projects. General and administrative expenses of the District will be met on a pro tanto basis given each function's (replenishment and clean water) load factor on operations.

3. Prior to accounting for other revenue, possible debt financing, or use of reserves, the entire cost of purchasing water for replenishment for the ensuing fiscal year shall be paid for by the assessment identified in Section 2, above. The cost of removing contaminants from groundwater supplies and taking other actions authorized under Water Code § 60224 shall be paid for by the assessment identified in Section 2, above, from possible debt financing for capital improvement projects, and from reserve funds as necessary maintained in accordance with Water Code § 60290. The costs of those capital projects to be undertaken in the ensuing fiscal year, but for which no capital construction accounts have been established pursuant to Water Code § 60291, shall also be paid for by the reserve fund maintained in accordance with Water Code § 60290.
4. All of the estimated costs for the ensuing fiscal year for water replenishment programs and for groundwater quality programs by the District as found in Section 1 of this Resolution shall be paid for by a replenishment assessment levied pursuant Water Code § 60317 and by the reserve fund maintained in accordance with Water Code § 60290. There is hereby levied on the production of groundwater from groundwater supplies within the District during the fiscal year commencing July 1, 2012, and ending June 30, 2013, a replenishment assessment in the amount of \$244.00 per af produced during said fiscal year.
5. This Replenishment Assessment complies with the California Environmental Quality Act ("CEQA"), based on any one of the following grounds:
  - (a) That the District's groundwater replenishment program is exempt from CEQA pursuant to CEQA Guidelines §15261(a), in that it is an ongoing project commencing at a date such that an environmental impact report has not been required, and the 2012-2013 program is part of that ongoing project.
  - (b) Funds generated by the RA will be used for (1) operating expenses, (2) financial reserve needs, (3) purchasing or leasing supplies, equipment and materials, and (4) funds for capital projects necessary to maintain service within existing service areas. That Finding is based on documents and information provided in the record of these proceedings, including but not limited to the Annual Engineering Survey Report, the proposed 2012-2013 budget, the staff's written reports and PowerPoint presentations to the Board. Further, the funds raised by the RA will not be used to expand the area or territory in which the District provides services or to fund capital projects that would expand the District's service area or system. Accordingly, the District finds that its adoption of Resolution 12-929 is

# Annual Budget 2012/2013

exempt from CEQA pursuant to, among other bases, CEQA Section 20180(b)(8) and CEQA Guidelines 15261 and 15273, and the Board directs staff to file an appropriate Notice of Exemption.

- (c) Notwithstanding the exemptions cited above, an Environmental Impact Report ("EIR") for the District's groundwater replenishment program was previously prepared and that EIR and program have been approved by the District's Board. Subsequent to the preparation of that EIR, the District prepared and certified a number of Mitigated Negative Declarations and Negative Declarations for various water quality and water supply projects (collectively, the "NDs"). The District has examined the imposition of a water replenishment assessment for the 2012-2013 fiscal year to determine whether an additional environmental document must be prepared. Based on this examination, the 2012 Engineering Survey and Report and all other evidence in the administrative record of the District's proceedings herein, the District concludes that: (1) the imposition of a water replenishment assessment for the 2012-2013 fiscal year would not have any effects that were not examined in the EIR and NDs; (2) pursuant to CEQA Guidelines §15162, no new effects would occur and no new mitigation measures would be required; and (3) the imposition of a water replenishment assessment for the 2012-2013 fiscal year is within the scope of the groundwater replenishment program covered by the EIR and NDs and such activity is adequately described in said EIR, and no new environmental document is required.
6. The Replenishment Assessment will be imposed on persons and entities that extract groundwater from the Central Basin and West Coast Basin. Extraction of groundwater from those Basins is governed by court judgments entered in 1962 and 1965 pursuant to groundwater adjudication lawsuits. Those judgments granted certain parties an allocation to pump water based on prescriptive water rights and not based on any aspect of ownership of land overlying either Basin. Accordingly, since the pumping rights granted by the Judgments were based on prescriptive water rights, the parties do not pump the groundwater pursuant to any tenancy or fee interest in the overlying land or any rights that attach as a result of a tenancy or fee interest in overlying land.
  7. The Replenishment Assessment is a charge for water replenishment and water quality services provided to persons exercising an allocation of pumping groundwater from adjudicated basins per a privilege granted under the court judgments referenced above. These services benefit those charged. All persons receiving the services or benefitting from the services by exercising pumping allocations are subject to the Replenishment Assessment. Services are not provided to those who are not charged the Replenishment Assessment and do not benefit those who are not charged the Replenishment Assessment. The amount of the Replenishment Assessment does not exceed the District's reasonable costs to provide services, confer benefits and/or grant privileges as

described in this paragraph. Consequently, the Replenishment is not a 'tax' within the meaning of Article XIII C, Section 1(e) of the California Constitution."

**[RECORD OF THE VOTE AND SIGNATURES ON FOLLOWING PAGE]**



# Annual Budget 2012/2013

PASSED, APPROVED AND ADOPTED THIS 4<sup>th</sup> day of May 2012 by the following vote:

AYES: 4  
NOES: 1  
ABSENT: 0  
ABSTAIN: 0

WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA


  
\_\_\_\_\_  
Albert Robles, President

ATTEST:

  
\_\_\_\_\_  
Willard H. Murray, Jr., Secretary

May 4, 2012  
DATE

APPROVED AS TO FORM:

  
\_\_\_\_\_  
H. Francisco Leal  
Interim District Counsel

# Annual Budget 2012/2013

## EXHIBIT A

### GROUNDWATER CONDITIONS AND REPLENISHMENT SUMMARY

	WATER YEAR		
	Oct 1 - Sep 30		
	2010-2011	2011-2012 <sup>(a)</sup>	2012-2013 <sup>(a)</sup>
Total Groundwater Production	215,196 AF	243,500 AF	244,500 AF
Annual Overdraft	16,100 AF	(111,300) AF	(99,300) AF
Accumulated Overdraft	(616,300) AF	(650,600) AF	
<b>Quantity Required for Artificial Replenishment for the Ensuing Year</b>			
<b>Spreading</b>			
Imported for Spreading in Montebello Forebay			2,180 AF
Recycled for Spreading in Montebello Forebay			50,000
Subtotal Spreading			52,180
<b>Injection</b>			
Almitos Seawater Barrier Imported Water (WRD side only)			2,540
Almitos Seawater Barrier Recycled Water (WRD side only)			1,800
Dominguez Gap Seawater Barrier Imported Water			8,000
Dominguez Barrier Seawater Barrier Recycled Water			-
West Coast Seawater Barrier Imported Water			4,500
West Coast Seawater Barrier Recycled Water			13,500
Subtotal Injection			30,340
<b>In-lieu <sup>(b)</sup></b>			
			Subtotal In-lieu -
			<b>Total 82,520 AF</b>
<b>Source and Unit Cost of Replenishment Water for the Ensuing Year</b>			
<b>Spreading</b>			
	<b>Oct-Dec</b>	<b>Jan-Sep</b>	
MWD Commodity Rate for Tier 1 Untreated Imported	\$ 560 /AF	\$ 593 /AF	
CBMWD Administrative Surcharge <sup>(a)</sup>	\$ 90 /AF	\$ 90 /AF	
CBMWD Readiness to Serve (RTS) charge <sup>(a)</sup>	\$ 31 /AF	\$ 31 /AF	
Cost to WRD (sum of above) <sup>(a)</sup>	\$ 681 /AF	\$ 714 /AF	
plus CBMWD Water Service Charge <sup>(a)</sup>	\$ 69 /cB/mo	\$ 69 /cB/mo	
SDLAC recycled water from San Jose Creek	\$ 34.40 /AF	\$ 40.00 /AF	
SDLAC recycled water from Whittier Narrows WRP	\$ 7 /AF	\$ 7 /AF	
SDLAC makeup for undercharges in 2007-2009	\$ 19,074.86 /mo	\$ 19,074.86 /mo	
<b>Injection</b>			
<b>Almitos Barrier</b>			
MWD Commodity Rate for Tier 1 Treated Imported	\$ 794 /AF	\$ 847 /AF	
Long Beach RTS	\$ 90 /AF	\$ 90 /AF	
Long Beach Administrative Surcharge	\$ 5 /AF	\$ 5 /AF	
Cost to WRD (sum of above)	\$ 889 /AF	\$ 942 /AF	
plus Long Beach Capacity Charge *	\$ 600 /cB/mo	\$ 600 /cB/mo	
Recycled water from WRD Vander Lins plant	\$ 546 /AF	\$ 546 /AF	
<b>Dominguez Gap and West Coast Barriers</b>			
MWD Commodity Rate for Tier 1 Treated Imported	\$ 794 /AF	\$ 847 /AF	
WBMWD Administrative Surcharge	\$ 107 /AF	\$ 107 /AF	
WBMWD RTS *	\$ 135 /AF	\$ 135 /AF	
Cost to WRD (sum of above)	\$ 1,036 /AF	\$ 1,089 /AF	
plus WBMWD Water Service Charge	\$ 42 /cB/mo	\$ 42 /cB/mo	
plus WBMWD Capacity Charge *	\$ 542 /cB/mo	\$ 458 /cB/mo	
Recycled water from LADWP (Dominguez Gap)	\$ 431 /AF	\$ 431 /AF	
Recycled water from WBMWD (West Coast)	\$ 705 /AF	\$ 705 /AF	
<b>In-lieu <sup>(b)</sup></b>			
	MWD Member Agency	no In-Lieu Program	
	WBMWD Customer	no In-Lieu Program	

(a) Estimated values

(b) Amounts and rates for In-lieu are estimated. Not yet been established by the Board for ensuing year

\* Amount is a direct pass through to MWD

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## EXHIBIT B

QUANTITY AND COST OF REPLENISHMENT WATER FOR THE ENSUING WATER YEAR						
	Item	Quantity (AF)	Total Cost			
Summary - All Water	Spreading - Tier I Untreated Imported	2,180	\$ 1,911,135			
	Spreading - Recycled	50,000	\$ 1,842,898			
	Alamitos Barrier - Imported	2,540	\$ 2,389,265			
	Alamitos Barrier - Recycled*	1,800	\$ -			
	Dominguez Barrier - Imported	8,000	\$ 8,756,276			
	Dominguez Barrier - Recycled	0	\$ -			
	West Coast Barrier - Imported	4,500	\$ 4,951,551			
	West Coast Barrier - Recycled	13,500	\$ 9,517,500			
	In-Lieu MWD Member	0	\$ -			
	In-Lieu WBMWD Customer	0	\$ -			
	<b>TOTAL</b>	<b>82,520</b>	<b>\$ 29,368,625</b>			
Detailed Breakout of Water Costs and Surcharges to WRD						
	Item	Quantity	Oct-Dec	Jan-Sep	Melded	Total
Imported Water	<b>CBMWD</b>					
	MWD Untreated Tier 1 - Spreading (\$/af)	2,180	\$ 560	\$ 593	\$ 585	\$ 1,274,755
	MWD RTS (\$/af)	2,180	\$ 31	\$ 31	\$ 31	\$ 67,580
	CBMWD Administrative Surcharge (\$/af)	2,180	\$ 90	\$ 90	\$ 90	\$ 196,200
	CBMWD Water Service Charge (\$/cfs/month)	450	\$ 69	\$ 69	\$ 69	\$ 372,600
	<b>Total to CBMWD</b>					<b>\$ 1,911,135</b>
	<b>LBWD</b>					
	MWD Treated Tier 1 - Alamitos Barrier (\$/af)	2,540	\$ 794	\$ 847	\$ 834	\$ 2,117,725
	MWD Capacity Charge (\$/cfs/month)	4.20	\$ 600	\$ 600	\$ 600	\$ 30,240
	LBWD RTS (\$/af)	2,540	\$ 90	\$ 90	\$ 90	\$ 228,600
	LBWD Administrative Surcharge (\$/af)	2,540	\$ 5	\$ 5	\$ 5	\$ 12,700
	<b>Total to LBWD</b>					<b>\$ 2,389,265</b>
	<b>WBMWD</b>					
MWD Tier 1 - Barriers (DG,WCB) (\$/af)	12,500	\$ 794	\$ 847	\$ 834	\$ 10,421,875	
MWD RTS (\$/af)	12,500	\$ 135	\$ 135	\$ 135	\$ 1,687,500	
MWD Capacity Charge (\$/cfs/month)	34	\$ 542	\$ 458	\$ 479	\$ 195,432	
WBMWD Administrative Surcharge (\$/af)	12,500	\$ 107	\$ 107	\$ 107	\$ 1,337,500	
WBMWD Water Service Charge (\$/cfs/month)	130	\$ 42	\$ 42	\$ 42	\$ 65,520	
<b>Total to West Basin MWD</b>					<b>\$ 13,707,827</b>	
<b>IN-LIEU</b>						
MWD Member Agency (\$/af)	0	-	-	-	No IL Program	
WBMWD Member Agency (\$/af)	0	-	-	-	No IL Program	
<b>Total for In-Lieu Payments</b>					<b>\$ -</b>	
<b>LADWP</b>						
LADWP Recycled Water (\$/af)	0	-	-	-	Budget Imported	
<b>Total to LADWP</b>					<b>\$ -</b>	
<b>SDLAC</b>						
SDLAC - San Jose Creek WRP (\$/af)	40,000	\$ 34	\$ 40	\$ 38.60	\$ 1,544,000	
SDLAC - Whittier Narrows WRP (\$/af)	10,000	\$ 7	\$ 7	\$ 7	\$ 70,000	
SDLAC - Makeup Payment (\$)					\$ 228,898	
<b>Total to SDLAC</b>					<b>\$ 1,842,898</b>	
<b>WBMWD</b>						
WBMWD Recycled Water (\$/af)	13,500	\$ 705	\$ 705	\$ 705	\$ 9,517,500	
<b>Total to WBMWD</b>					<b>\$ 9,517,500</b>	
<b>WRD</b>						
WRD Recycled Water Vander Lans (\$/af)	1,800	\$ 546	\$ 546	\$ 546	\$ 982,800	
WRD Recycled Water Vander Lans (\$/af)*	(1,800)	\$ 546	\$ 546	\$ 546	\$ (982,800)	
<b>Total to WRD</b>					<b>\$ -</b>	
	<b>TOTAL</b>				<b>\$ 29,368,625</b>	

\* Cost is based on O&M less MWD rebate. Shown as a water cost but deducted out since it's part of the Vander Lans project

## EXHIBIT C

WRD PROJECTS AND PROGRAMS			
PROJECT / PROGRAM		DISTRICT FUNCTION	
		Replenishment	Clean Water
001	Leo J. Vander Lans Water Treatment Facility Project	100%	
002	Robert W. Goldsworthy Desalter Project		100%
004	Recycled Water Program	100%	
005	Groundwater Resources Planning Program	100%	
006	Groundwater Quality Program		100%
010	Geographic Information System	50%	50%
011	Regional Groundwater Monitoring Program	50%	50%
012	Safe Drinking Water Program		100%
018	Dominguez Gap Barrier Recycled Water Injection	100%	
023	Replenishment Operations (Spreading & Barriers)	100%	
025	Hydrogeology Program	50%	50%
033	Groundwater Resources Improvement Program (GRIP)	100%	0%
035	West Coast Seawater Barrier Monitoring Well Sampling	50%	50%

# Glossary of Terms



*Torrance City Yard Open House - outside the Goldsworthy Desalter*





## Glossary of Terms

- **Acre-foot (af):** The volume of water necessary to cover one acre to a depth of one foot, equal to 325,900 gallons. An acre-foot is the amount of water used by two households in one year.
- **Aquifer:** The geologic formation of sand and gravel where groundwater is stored and can be easily pumped out by wells.
- **Condensation:** Stage of the water cycle when water transforms from gas into a vapor and becomes a suspended in the atmosphere, visually represented by clouds.
- **Conservation:** Not wasting, using something wisely
- **Contamination:** An impurity in air, soil or water that can cause harm to human health or the environment.
- **Desalination:** A process that converts seawater or brackish water to fresh water.
- **Discharge:** To expel; water that naturally moves from an aquifer to a surface stream or lake.
- **Drought:** An extended period of dry weather.
- **Evaporation:** State of the water cycle when water transforms from a liquid into a gas.
- **Groundwater:** Water under the ground's surface. It fills up the pore spaces (voids) between grains of gravel, sand, silt, or clay, and is a common source of water for drinking and irrigation.
- **Groundwater flow:** The movement of groundwater beneath the earth's surface.
- **Hydrologic cycle:** See "Water Cycle"
- **Imported water:** Water that the WRD purchases from the Colorado River or Northern California to put into the groundwater basins to supplement insufficient local rainfall.
- **Irrigation:** To supply water to crops, parks, golf courses and lawns.
- **Permeable:** Any material that allows water to penetrate through.
- **Precipitation:** Stage of the water cycle when water vapor molecules become too large and heavy to remain in the atmosphere and fall to the ground in the form of rain, snow, sleet, hail, etc.
- **Quality:** To be at a high degree of excellence; something that is good or well done.
- **Recharge:** To refill the groundwater basin by infiltrating rain water, imported water, or recycled water down into the aquifers.
- **Recycle:** To produce a new item from an old item; to reuse parts of
- **Recycled Water:** Water that has been collected after prior use, then highly treated at wastewater treatment plants so that it can be safely used again, such as for groundwater recharge.
- **Runoff:** Water that does not become absorbed by the earth but flows across the surface of the land into a stream or lake.
- **Saturation zone:** The area where water fills the spaces between soil, sand and rock underground.
- **Treatment:** The process in which water is cleaned and purified.
- **Water Cycle:** The never-ending movement of water through the atmosphere, ground and back again; also called the hydrologic cycle.
- **Water Table:** The top of the saturation zone.
- **Well:** A hole or shaft drilled into the earth to pump water to the surface.
- **WRD:** The Water Replenishment District of Southern California, an agency responsible for managing two of the most utilized groundwater basins in Southern California . These basins, the Central and West Coast, extend 420 square-miles through southern Los Angeles County and are among the region's most reliable natural water resources.