

# ***Water Replenishment District***

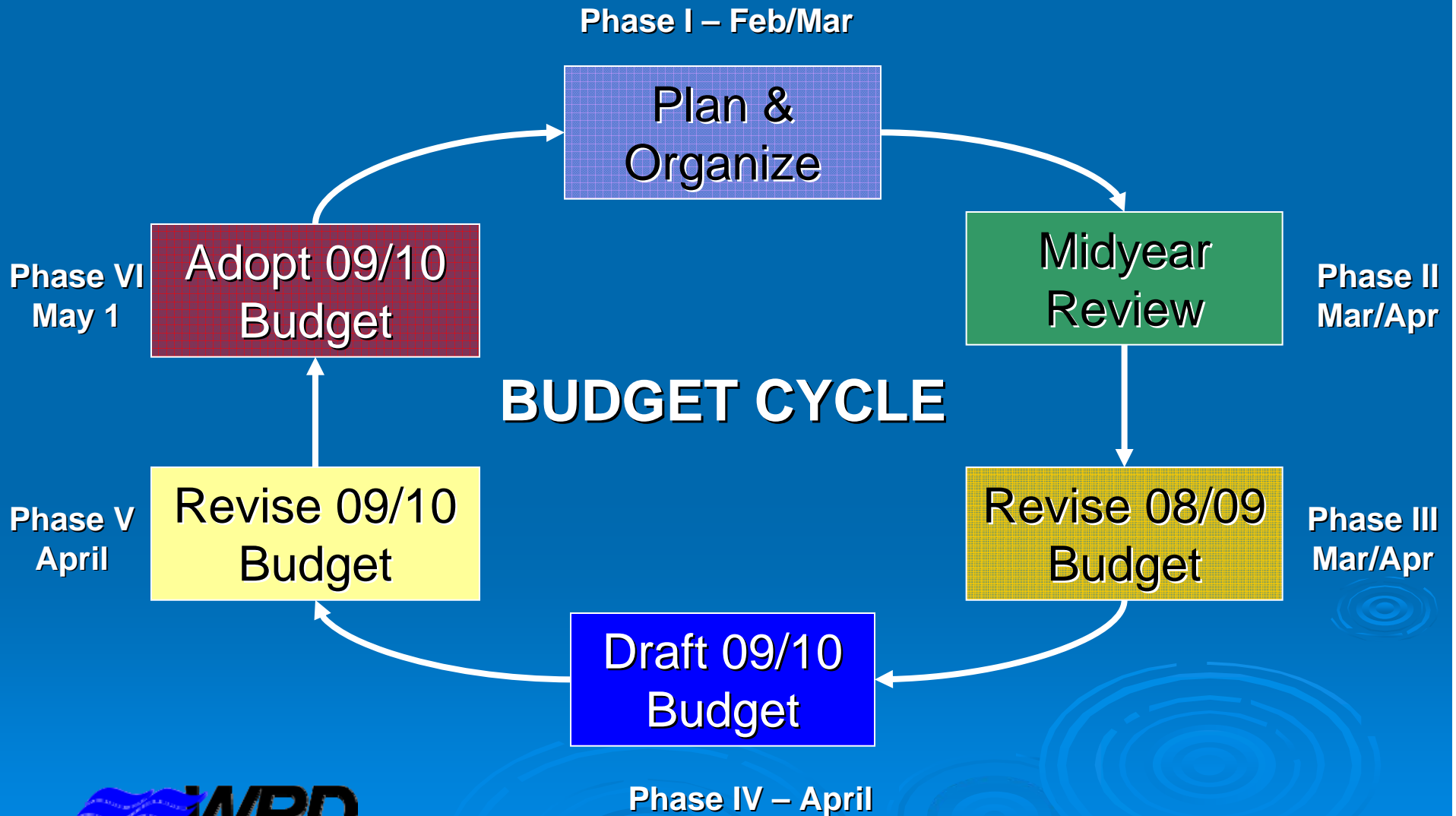
**Fiscal Year 2009-2010**

**DRAFT BUDGET**

**Board Workshop**

**May 1, 2009**

# Budget Process Overview



# **Fiscal Year 2009-10 Budget Schedule**

- **Water Resource Committee reviewed water purchase scenarios on 4/1/09 and 4/10/09**
- **Finance Committee reviewed the draft budget and the Water Resources Committee recommendation for water purchases on 4/2/09, 4/10/09, 4/29/09**
- **Board Workshop on 4/17/09 and 5/1/09**

# Replenishment Assessment Calculation

- Estimate costs for Fiscal Year 09/10
- Estimate pumping for Fiscal Year 09/10
- Replenishment Assessment
  - = *Estimated Costs divided by Estimated Pumping*
  - = *\$ per acre foot*

# Impact of MWD Rates

Though the overall rate increase is referred as a 19.7% increase by MWD, the increases to the categories of water purchased by WRD are greater:

- **Treated Replenishment Water (In-lieu water) – 28.0%**
- **Untreated Replenishment Water – 24.5%**
- **Tier 1 Non-Interruptible - 21.1%**

Additionally, the MWD increases will be implemented **4 months earlier** than normal

The net impact to WRD is a **27%** increase to our imported water purchases from MWD.

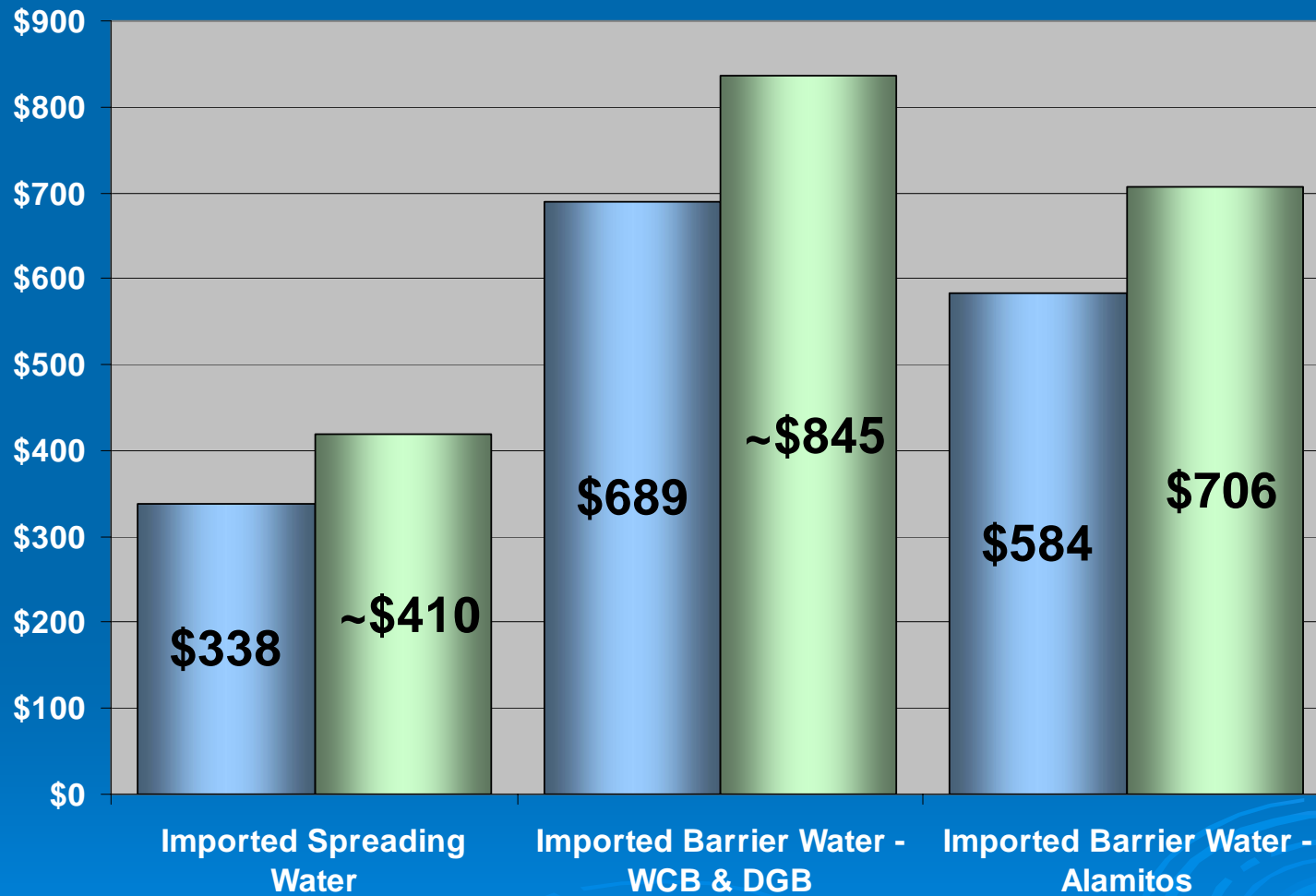
## 09/10 Increase in Water Purchase Costs Increase Over Prior Year = \$5,623,000

Barrier  
Recycled  
Water -  
\$568,000  
(10%)

Changes in water purchase costs have a direct pass-through impact to the WRD Replenishment Assessment

MWD Water -  
\$5,055,000  
(90%)

# Impact of MWD Rates

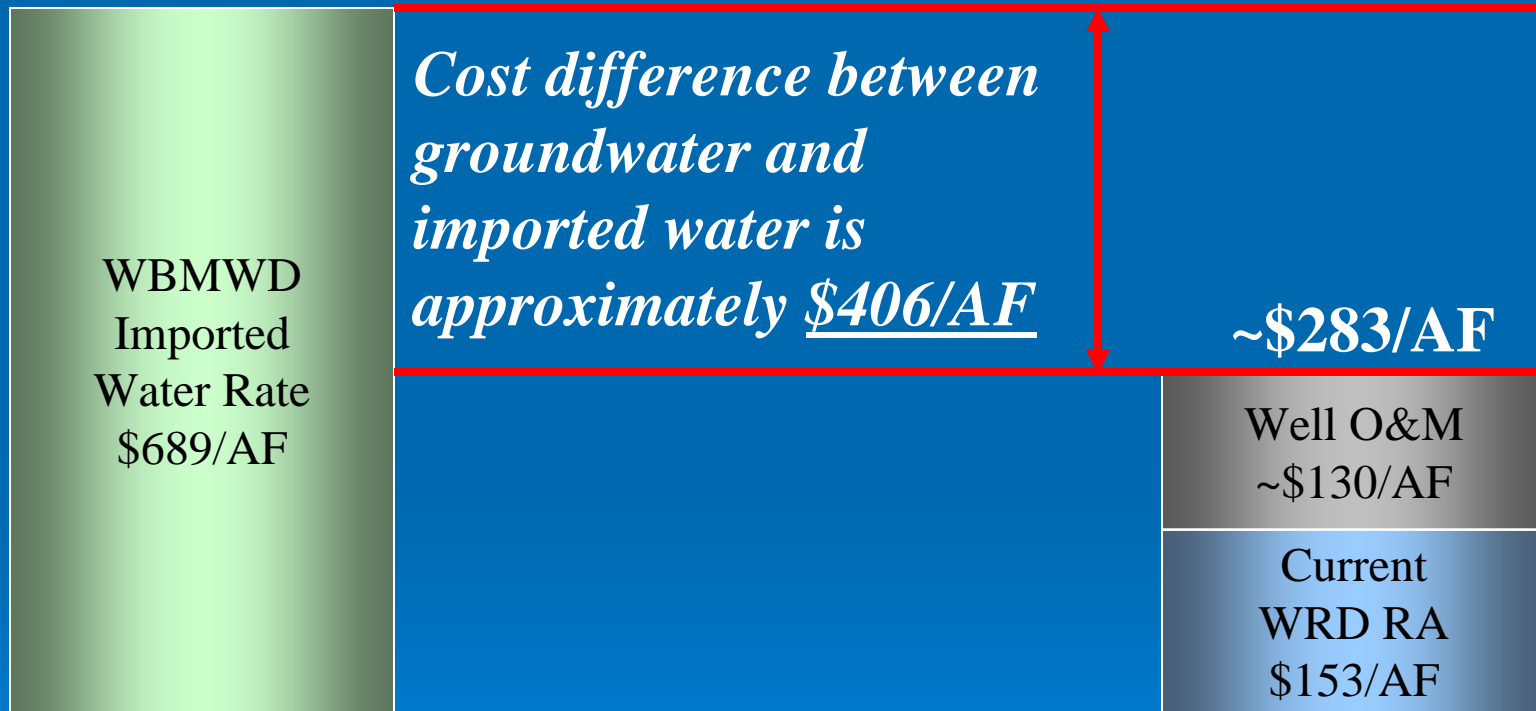


# Value of Groundwater

- Groundwater meets approximately 40% of water demands within WRD service area
- Groundwater / imported water blend varies from purveyor to purveyor
- Those purveyors that meet demands with groundwater enjoy cost savings over those that are more reliant on imported water

# Value of Groundwater

\$689/AF



IMPORTED WATER

GROUNDWATER

# Value of Groundwater

~\$845/AF

Estimated  
WBMWD  
Imported  
Water Rate  
~\$845/AF

IMPORTED WATER

*Cost difference between  
groundwater and  
imported water is  
approximately \$533/AF*

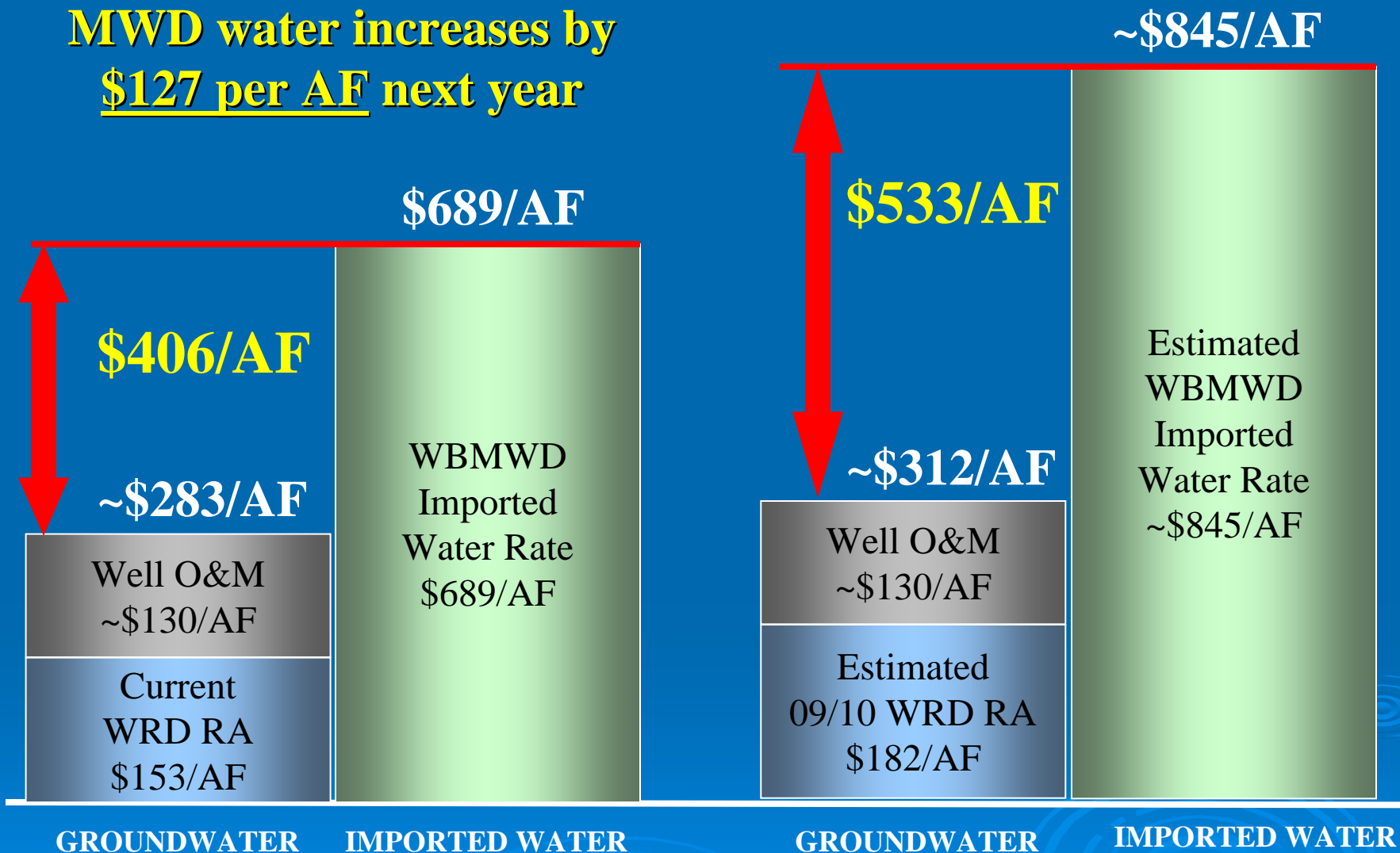
~\$312/AF

Well O&M  
~\$130/AF

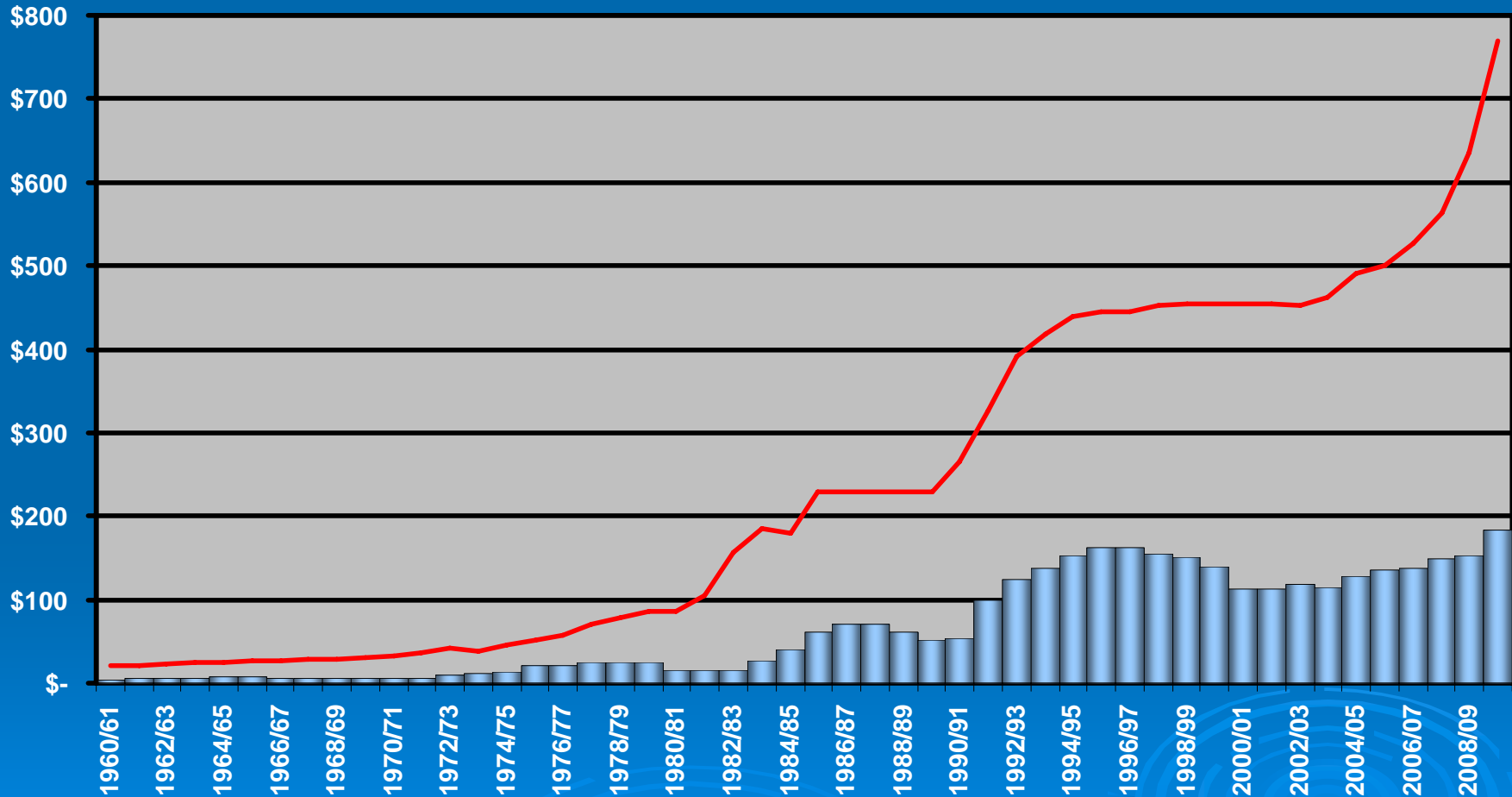
Estimated  
09/10 WRD RA  
\$182/AF

GROUNDWATER

**Value of groundwater vs. MWD water increases by \$127 per AF next year**



# Historical Replenishment Assessment and Imported Water Rates



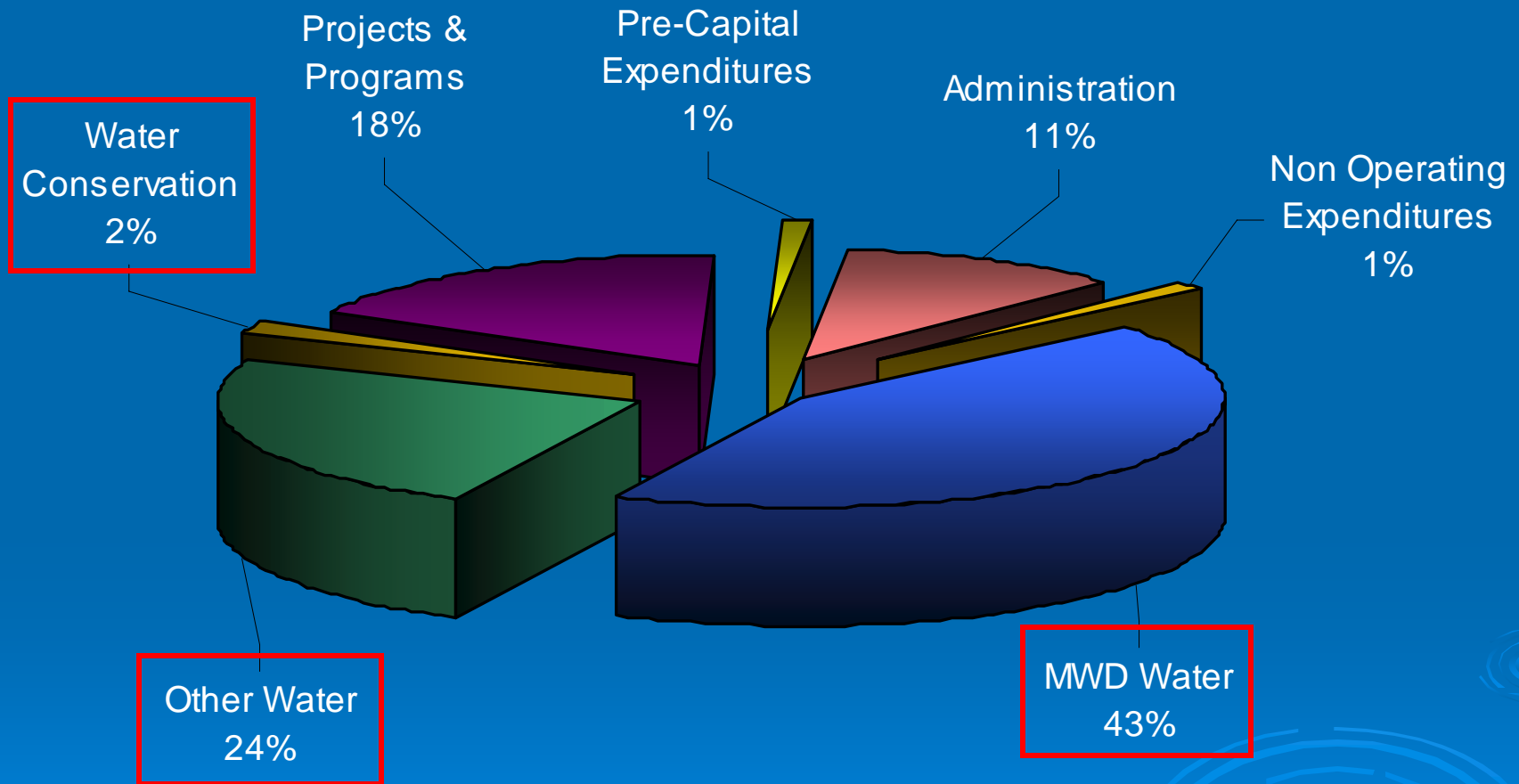
# Draft 09/10 Budget

	<u>Percentage</u>
<b>Total 09/10 Impact to RA</b>	<b>18.9%</b>

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- *MWD Water Purchases* 13.0%
- *Recycled Water Purchases* 1.5%
- *Water Conservation* 1.3%
- *Stormwater Capture* 1.0%
- *Water Quality & Basin Operations* 1.0%
- *Other (GASB, Pre-Capital, election, etc.)* 1.1%

# 09/10 Proposed Budgeted Expenditures



# MWD Water

**MWD Water makes up 43% of the total WRD budget (\$20,100,000) and accounts for 73% of the total increase in this year's replenishment assessment**

- No material change in water purchase quantities (105,100 AF to 106,700 AF)**
- The MWD rate increases cause a net increase of \$5.0M in water costs compared to 08/09**

# Other Water

Other Water makes up 24% of the WRD budget (\$11,074,000) and includes:

- (1) Purchase of recycled water
- (2) Water production at the Leo J. Vander Lans Water Treatment Facility

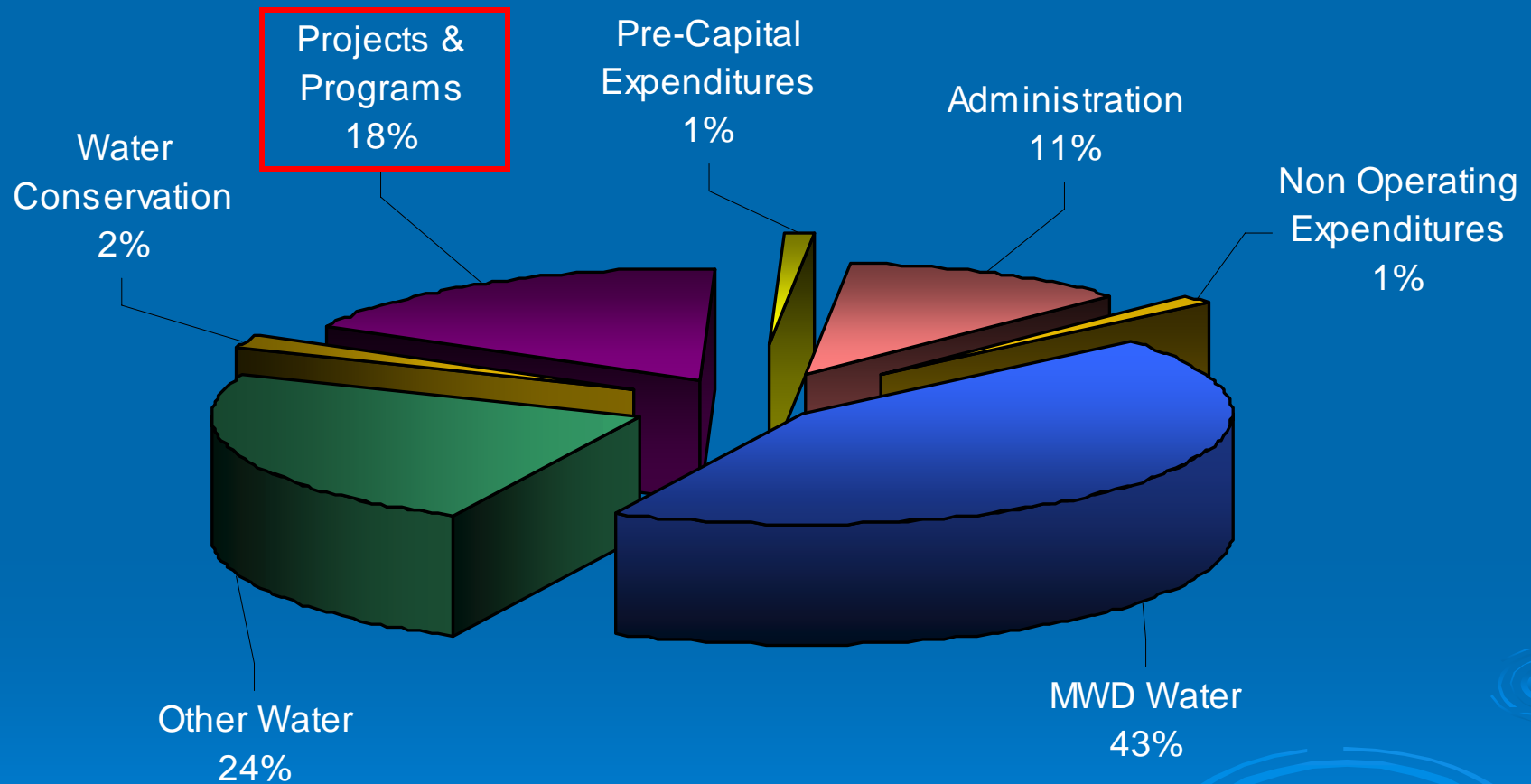
- Increase to recycled water rate to WC Barrier increased budget by \$568,000 over the prior year

# Water Conservation

Water Conservation makes up 2% of the WRD budget (\$885,000) for 09/10. This is a \$369,000 increase over last year due to:

- Increase in Water Conservation efforts
- Additional staff position

# 09/10 Proposed Budgeted Expenditures



# Projects / Program Expense

*Projects and Programs proposed expenditures of \$9,067,000 make up 18% of the 09/10 draft WRD budget*

## Goldsworthy Desalter Project (+\$192,000)

- **Improved Operations**
- **Repairs and Maintenance**

# Projects / Program Expense

## Groundwater Resource Planning (+\$553,000)

- **Whittier Narrows Conservation Pool Deviation Report and Feasibility Report Update (Stormwater Capture)**
- **Stormwater Capture Studies (L.A. and Montebello Forebays)**
- **West Coast Basin Optimization Study**
- **Additional Staff Position**

## Replenishment Operations (+\$199,000)

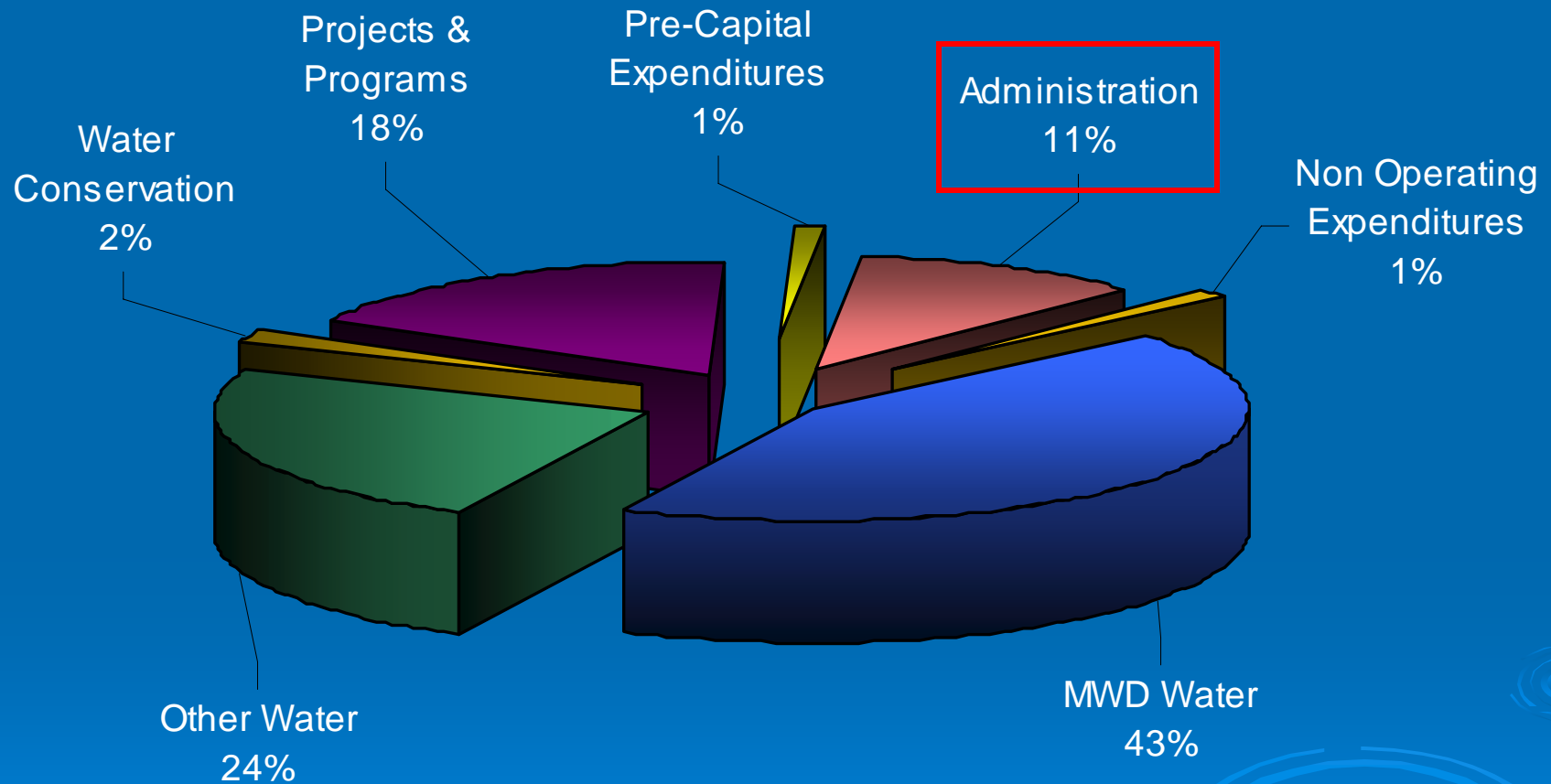
- **Joint co-funded project with LACDPW, LADWP and OCWD for seawater barrier condition studies for Dominguez Gap and Alamitos Barrier**

# Projects / Program Expense

## Water Education (+\$278,000)

- Increase in education programs
- Increase in community outreach
- Non-profit organization support
- Adjustment to accounting of labor allocation

# 09/10 Proposed Budgeted Expenditures



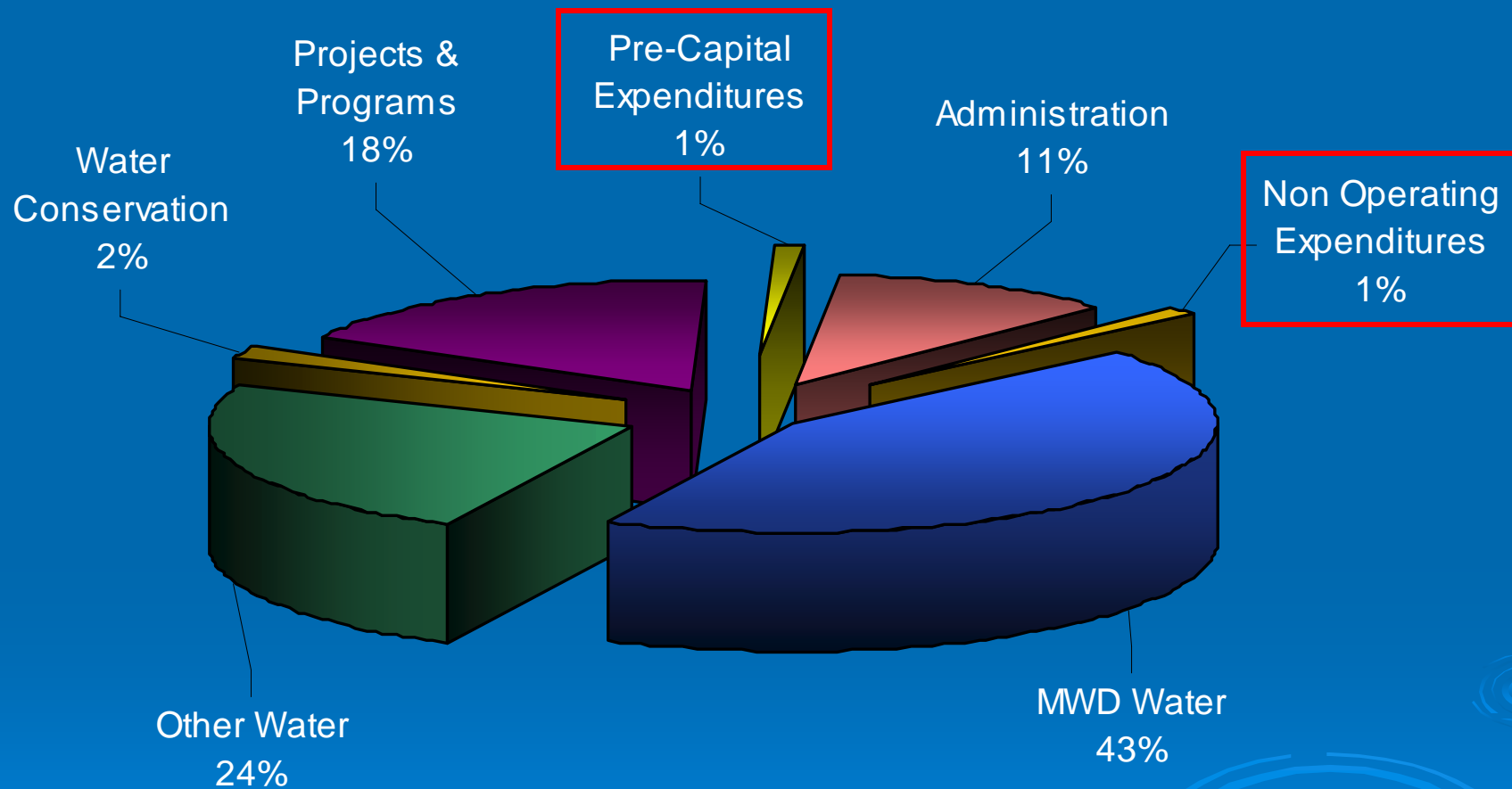
# Administration

## Board of Directors (-\$18,000)

## Administration (+\$193,000)

- **Election Expense +\$25,000**
- **General Liability +\$40,000**
- **Utilities +\$54,000**
- **GASB 45 +\$77,000 based on the Annual Required Contribution (ARC) schedule as calculated by the WRD's independent actuarial study**

# 09/10 Proposed Budgeted Expenditures



# Other Expenditures

## Non-Operating Expenditures (\$661,000)

- Includes two full payments related to our 2008 Certificates of Participation
- Plus 25% reserve requirement for 2008 COP

## Pay-Go on Pre-Capital Expenditures (\$480,000)

- Vander Lans Expansion Feasibility
- Goldsworthy Expansion Feasibility

# Encumbrances for Water Purchases

Encumbrance for Water Purchases - \$14,596,000

- 07/08 – \$5,569,000
- 08/09 – \$9,027,000