

AGENDA

SPECIAL FINANCE/PERSONNEL COMMITTEE MEETING

THREE VALLEYS MUNICIPAL WATER DISTRICT
1021 E. MIRAMAR AVE., CLAREMONT, CA

WEDNESDAY, February 3, 2010 - 12:00 p.m.

The mission of Three Valleys Municipal Water District, a public agency, is to supply and enhance local water supplies to meet customers' needs for high quality water in a cost-effective and environmentally sound manner.

1. **Roll Call:** David De Jesus, Chair _____
Bob Kuhn _____
Joe Ruzicka _____
2. **Additions to the Agenda** (2/3 Vote Required)
3. **Reorder of Agenda**
4. **Public Comment**
5. **Draft Budget Review Schedule FY 10-11 [enc]**
6. **MWD FY 10-11 Budget and 2011 Rate Update**
7. **TVMWD FY 10-11 Draft Budget**
 - 7a. **Budget Memo [enc]**
 - 7b. **Draft Budget Version 1.0 [enc]**
 - 7c. **Water Sales Calculations [enc]**
 - 7d. **Planning and Resources Budget [enc]**
 - 7e. **Asset Repair and Replacement Budget [enc]**
8. **Chief Finance Officer Oral Update**
9. **General Manager Oral Update**
10. **Future Agenda Items**
11. **Adjournment**

Next Meeting Date: March 3, 2010 - 9:30 a.m.



Memorandum

To: TVMWD Finance-Personnel Committee

From: Richard W. Hansen, General Manager *RH*

Submitted by: James Linthicum, Chief Finance Officer

Date: February 3, 2010

Subject: Draft Budget Review Schedule FY 10-11

<input type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate: \$	

Discussion:

Attached for review is a Draft Budget Review Schedule for TVMWD for FY 10-11.

Meeting dates listed are tentative and subject to change by the General Manager and the Board. Staff requests that the Committee review the schedule and provide comment throughout the budget process.



DRAFT

**THREE VALLEYS MWD – BUDGET REVIEW SCHEDULE
FISCAL YEAR 10-11**

1/06/10	Board Meeting	Review: Draft Budget Schedule
1/12/10	Manager's Meeting	Review: Draft Budget Schedule
2/03/10	Finance Committee	Review: Budget Issues/Assumptions TVMWD Budget (1.0) Asset R&R Budget (1.0) Planning & Resources Budget (1.0) Preliminary Rate Calculation
2/03/10	PPD Committee	Review: P&R/R&R Issues/Assumptions
2/09/10	Manager's Meeting	Review: Budget Issues/Assumptions TVMWD Budget (1.0) Asset R&R Budget (1.0) Planning & Resources Budget (1.0) Preliminary Rate Calculations
2/17/10	Board Meeting	Budget Progress Report/Comment
3/03/10	Finance Committee	Review: TVMWD Budget (2.0) Asset R&R Budget (2.0) Planning & Resources Budget (2.0) Fixed Charges & Assessments Rates Calculations
3/03/10	PPD Committee	Review: Asset R&R Budget (2.0) Planning & Resources Budget (2.0)
3/09/10	Manager's Meeting	Review: TVMWD Budget (2.0) Asset R&R Budget (2.0) Planning & Resources Budget (2.0) Fixed Charges & Assessments Rate Calculations
3/17/10	Board Meeting	Budget Progress Report/Comment

4/07/10	Finance Committee	Review: TVMWD Budget (3.0)
4/07/10	PPD Committee	Budget Progress Report/Comment
4/13/10	Manager's Meeting	Budget Progress Report/Comment
4/21/10	Board Meeting	Budget Workshop (All Items)
5/05/10*	Finance Committee	Final Review / Recommendation to Board
5/19/10	Board Meeting	Budget Resolution Adoption

- *Additional meetings may be necessary during the course of the budget review process*
- *Dates listed above are tentative and subject to change*
- **Date may change due to meeting schedule conflicts*



Memorandum

To: TVMWD Finance-Personnel Committee

From: Richard W. Hansen, General Manager *RH*

Submitted by: James Linthicum, Chief Finance Officer

Date: February 3, 2010

Subject: TVMWD FY 10-11 Draft Budget Version 1.0

<input type="checkbox"/> For Action	<input type="checkbox"/> Fiscal Impact	<input type="checkbox"/> Funds Budgeted
<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Cost Estimate:	\$

Discussion:

Attached for the Committee's review is staff's first draft of the FY 10-11 Budget. This draft is prepared based on preliminary indications from MWD that their rates for 2011 will increase overall by 12.6%. MWD will adopt rates in April, likely in conjunction with any reduction in supplies due to the Water Supply Allocation Plan.

There are two fundamental changes staff would like the Committee to consider from previous budgets. First, staff recommends utilizing a true melded rate to be charged per acre foot. This simplifies the calculation by taking total operating fund expenses and dividing by the total acre feet to be sold to come up with one rate for all agencies in the District. This calculation results in a rate for 2011 of \$774 that would be charged on all water from TVMWD. This rate is projected to be \$1 less than MWD's rate.

Second, the District has always budgeted water sales from the Miramar Plant to be 20,000 AF. During 2004-2008, the District was able to average approximately 22,000 AF from the Miramar Plant. With continued cooperative effort from our member agencies, we feel we can achieve those numbers. Increasing the budgeted water sold from the Miramar plant allows us to reduce water costs for the District, thereby lowering operating expenses and in turn lowering the rates to our member agencies.

At the end of FY 09-10, the District is currently projected to have approximately \$2 Million available in the Water Rate Stabilization Reserve. In order to utilize those reserves for the benefit of the member agencies, staff recommends covering the cost of the fixed charges for 2011. This results in a net loss of approximately \$700,000 in FY 10-11 and \$700,000 in FY 11-12.

Staff feels this provides an immediate benefit to the member agencies as well as setting a water rate that can allow for future increases when necessary without huge peaks and valleys.

TVMWD FY 10-11 DRAFT BUDGET Version 1.0

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	09-10	10-11	Pass	Operating	Capital	11-12
	Projected	Budget	Through	Fund	Fund	Budget
REVENUES			Fund	Fund	Fund	
OPERATING REVENUES						
Water Sales - Rates	32,999,958	51,025,920		51,025,920		54,940,160
Water Sales TVMWD Treatment Surcharges	3,944,199					
MWD RTS Standby Charge	2,280,924	2,646,068	2,646,068			2,646,068
Water Sales TVMWD Administrative Surcharges	1,191,503					
MWD Capacity Charge Assessment	1,199,800	1,234,080	1,234,080			1,234,080
Water Use Charge	465,413	229,863	229,863			229,863
Connected Capacity Charge	465,413	229,863	229,863			229,863
Equivalent Small Meter	465,413	229,863	229,863			229,863
Hydroelectric Revenue	418,366	400,000		400,000		400,000
Six Basins Administration	106,183	106,183	106,183			109,899
NON OPERATING REVENUES						
Subvention Revenue	1,434,500	1,600,000			1,600,000	1,600,000
Bond Indebtedness Revenue	823,914	828,336	828,336			823,703
CIC-SGVMWD Interconnect	650,000					
Interest Income	445,265	459,000		459,000		459,000
Notes Receivable - Principal	223,106	223,106		223,106		223,106
Pumpback O&M Reimbursement Revenue	3,388	5,000	5,000			5,000
Reservoir #2 Reimbursement Revenue	4,986	5,000	5,000			5,000
TOTAL REVENUES	47,122,330	59,222,281	5,514,255	52,108,026	1,600,000	63,135,605
EXPENSES						
OPERATING EXPENSES						
Water Purchases	34,319,057	46,517,603		46,517,603		50,184,288
District Compensation & Benefits	2,867,445	2,990,692		2,990,692		3,140,227
MWD RTS Charge	2,279,279	2,646,068	2,646,068			2,646,068
MWD Capacity Charge	1,199,800	1,234,080	1,234,080			1,234,080
Miramar Treatment O & M	1,080,433	1,107,987		1,107,987		1,141,227
Internal/External Communication	324,762	318,200		318,200		327,746
Directors Compensation & Benefits	279,735	319,014		319,014		328,584
Professional Services	168,719	181,636		181,636		187,085
Office Supplies & Maintenance	166,188	165,950		165,950		170,929
Planning & Resources	145,011	232,000		232,000		238,960
Six Basins Administration	106,183	106,183	106,183			109,368
Dues, Subscriptions and Fees	88,614	88,291		88,291		90,940
Insurance	51,010	56,261		56,261		57,949
Training and Safety	52,383	51,200		51,200		52,736
Chino Basin Resource Development	54,000	54,000		54,000		54,000
Hydroelectric Facilities	127,899	30,000		30,000		30,900
Board Elections	-	-		-		20,000
Pumpback O&M Expenses	3,388	5,000	5,000			5,000
Reservoir #2 Expenses	4,986	5,000	5,000			5,000
NON OPERATING EXPENSES						
Principal/Interest repayments	2,205,233	2,215,458	2,215,458			2,204,945
Bond admin fee	2,200	2,200	2,200			2,200
RESERVE EXPENSES						
Capital Investment Program Reserve	-	327,000			327,000	300,000
CAPITAL EXPENSES						
Asset Repair & Replacement	1,218,738	1,273,000			1,273,000	1,300,000
Capital Investment Program	684,589	-			-	-
CIC-SGVMWD Interconnect	650,000	-			-	-
TOTAL EXPENSES	48,079,652	59,926,823	6,213,989	52,112,834	1,600,000	63,832,232
NET INCOME (LOSS) BEFORE TRANSFERS	(957,322)	(704,542)	(699,734)	(4,808)	-	(696,627)
TRANSFER IN FROM ENCUMBERED RESERVES	1,478,746					
TRANSFER IN FROM RATE STABILIZATION RESERVE		704,542	699,734	4,808		696,627
NET INCOME (LOSS) AFTER TRANSFERS	521,424	-	-	-	-	-
MWD Rate per AF		775				791
TVMWD Rate per AF		774				790

EXPENSE

	Projected Acre feet sales	Price Per AF	Total for FY 10-11
2010 (July-Dec 60%)			
Weymouth	29,040	\$ 701	\$ 20,357,040
Well-SAWCO	450	\$ 466	\$ 209,741
Miramar	12,750	\$ 484	\$ 6,171,000
2011 (Jan-June 40%)			
Weymouth	19,360	\$ 775	\$ 15,004,000
Well-SAWCO	250	\$ 466	\$ 116,523
Well-6B Credit	200	\$ -	\$ -
Miramar	8,350	\$ 558	\$ 4,659,300
	70,400		\$ 46,517,603

REVENUES

	Projected Acre feet sales	Price Per AF	Total for FY 10-11
2010 (July-Dec 60%)	42,240	\$ 692	\$ 29,230,080
2011 (Jan-June 40%)	28,160	\$ 774	\$ 21,795,840
	70,400		\$ 51,025,920

ITEM	TOTAL
Groundwater Resource Projects	
- <u>Feasibility Studies</u>	50,000
Grant Application Efforts	
- <u>IRWMP, Prop 84, Miscellaneous</u>	25,000
Water Supply Planning	
- <u>Urban Water Management Plan 2010</u>	10,000
Other Projects	
- <u>GIS Enhancements</u>	3,000
- <u>Mapping Software & Services</u>	4,000
- <u>Miscellaneous Engineering Reports</u>	35,000
- <u>Miramar Backwash Return Turbidity Analysis</u>	45,000
- <u>Miramar Alternative Disinfectant Study</u>	60,000
TOTAL	\$ 232,000

THREE VALLEYS MUNICIPAL WATER DISTRICT
ASSET REPAIR AND REPLACEMENT -- FY 10-11

Draft 7

ITEM	TOTAL
Asset Repair & Replacement	
- <u>Miramar Pipeline Old Section Repairs</u>	800,000
- <u>Miramar Sedimentation Basin Structural Repairs</u>	50,000
- <u>Fulton Hydro Sleeve Valve Replacement</u>	70,000
- <u>Miramar Caustic Soda Tank Replacement</u>	75,000
- <u>Miramar Hydro Main Electrical Breakers Replacement</u>	100,000
- <u>Miramar SCADA PLC Replacement</u>	100,000
- <u>Computer Replacement</u>	23,000
- <u>Vehicle Replacement</u>	30,000
- <u>Board Room Renovation</u>	25,000
TOTAL	\$ 1,273,000