



**Central Basin Municipal Water District**  
**Fiscal Year 2011-2012**  
**Budget and Rates**  
**Workshop**  
**June 10, 2011**

## Budget Timeline

### Board Workshop

- Budget Workshop - June 10, 2011

### Budget Adoption

- Special Board Meeting – June 22, 2011

## Budget Communication

All budget documents (meeting agenda, draft budget worksheets, proposed rate schedule,) can be downloaded from:

[www.centralbasin.org](http://www.centralbasin.org)

- Latest News
- Fiscal Year 2011-12 Budget Workshop
- Board Agenda

## Revenues

Revenues	2010/11	2011/12	Change	Variance
Net Water Sales	9,147,018	10,485,275	1,338,257	14.6%
Water Service Charge	879,800	830,000	(49,800)	-5.7%
Standby Charge	3,200,000	3,274,000	74,000	2.3%
LRP Rebate	1,006,900	1,347,500	340,600	33.8%
Proposed Surcharge Increase		312,769	312,769	
Total Net Revenue	14,233,718	16,249,544	2,015,826	14.2%

## Expenses

Expenses	2010/11	2011/12	Change	Variance
Finance & Support	0	681,150	681,150	
Human Resources	0	433,453	433,453	
District Admin	3,303,059	1,536,805	(1,766,254)	-53.5%
Public Affairs	2,001,079	3,117,692	1,116,613	55.8%
Water Recycling O&M	2,502,768	3,173,998	671,230	26.8%
WQPP	1,246,574	1,226,112	(20,462)	-1.6%
Water Resources	340,154	1,209,833	869,679	255.7%
Less Overhead		(1,823,954)	(1,823,954)	
Total Operating Expenses	9,393,634	9,555,090	161,456	1.7%

# Debt Coverage

	2010/11	2011/12	Change	Variance
Net Operating Revenue	4,840,048	6,694,453	1,854,369	38.3%
Investment Earnings	<u>560,000</u>	<u>210,000</u>	<u>(350,000)</u>	-62.5%
Net Revenue	5,400,084	6,904,453	1,504,369	27.9%
Debt Service	3,912,023	4,798,735	886,712	22.7%
Less Interest Earnings	<u>(45,000)</u>	<u>(181,000)</u>	<u>(136,000)</u>	302.2%
Net Debt Service	3,867,023	4,617,735	750,712	19.4%
Debt Coverage Ratio	1.40	1.50	0.10	7.1%



Central Basin  
Municipal Water District

# Rates

## Rates

- Pass-through of Metropolitan Water District's (MET) rate increases
- Proposed 6% increase in Central Basin (CB) Administrative Surcharge
- No increase to \$20 CB infrastructure surcharge

# MET Water Rate Increases

MET Rate Increase	Commodity		RTS
FY 07/08	6.0%	\$ 30	\$ -
FY 08/09	14.0%	\$ 71	\$ 5
FY 09/10	19.7%	\$122	\$ 6
FY 10/11	7.5%	\$ 43	\$ 7
FY 11/12	6.7%	\$ 50	\$ 6
<b>TOTAL</b>		<b>\$316</b>	<b>\$24</b>

Based on MET's rate notification in April 12, 2011  
Delta Supply Surcharge is \$58 per acre-foot

## Central Basin Rates

- Budget to maintain Central Basin's minimum internal reserve fund requirement
- Budget goal is to achieve 150% debt service coverage
- Credit rating agencies
- Affects District's borrowing rates

# Central Basin Rates

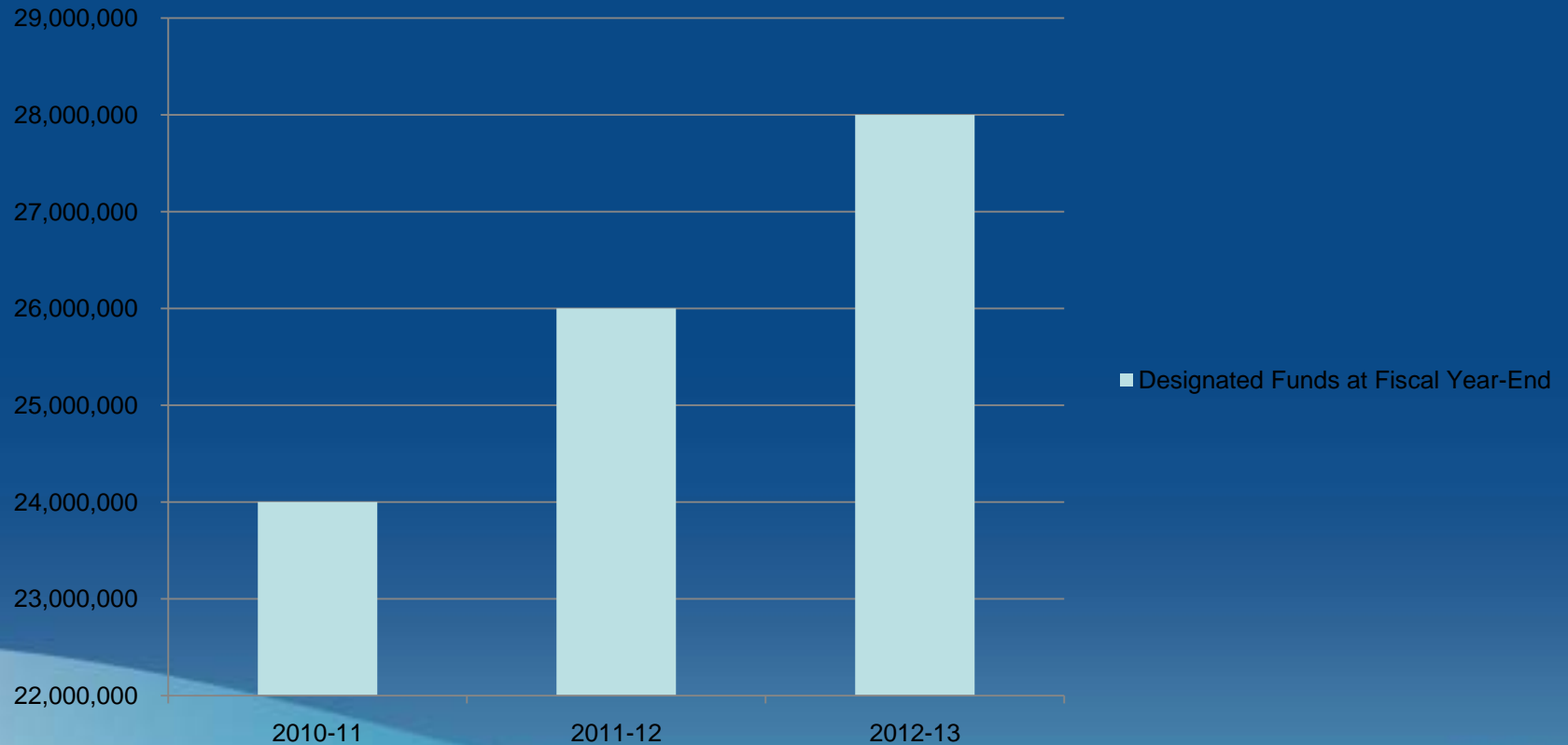
## Key Drivers

- Costs from Other Agencies

Election Expense	County of Los Angeles	\$135,000
Electricity	Southern California Edison	10%
Recycled Water	LA County Sanitation District	3%
Assessments	LAFCO	\$20,000
Assessments	San Gabriel River Watermaster	\$55,000
Leases	City of Whittier, Edison, etc.	Various

# Reserve Funds

## Designated Funds at Fiscal Year-End





Central Basin  
Municipal Water District

# Personnel

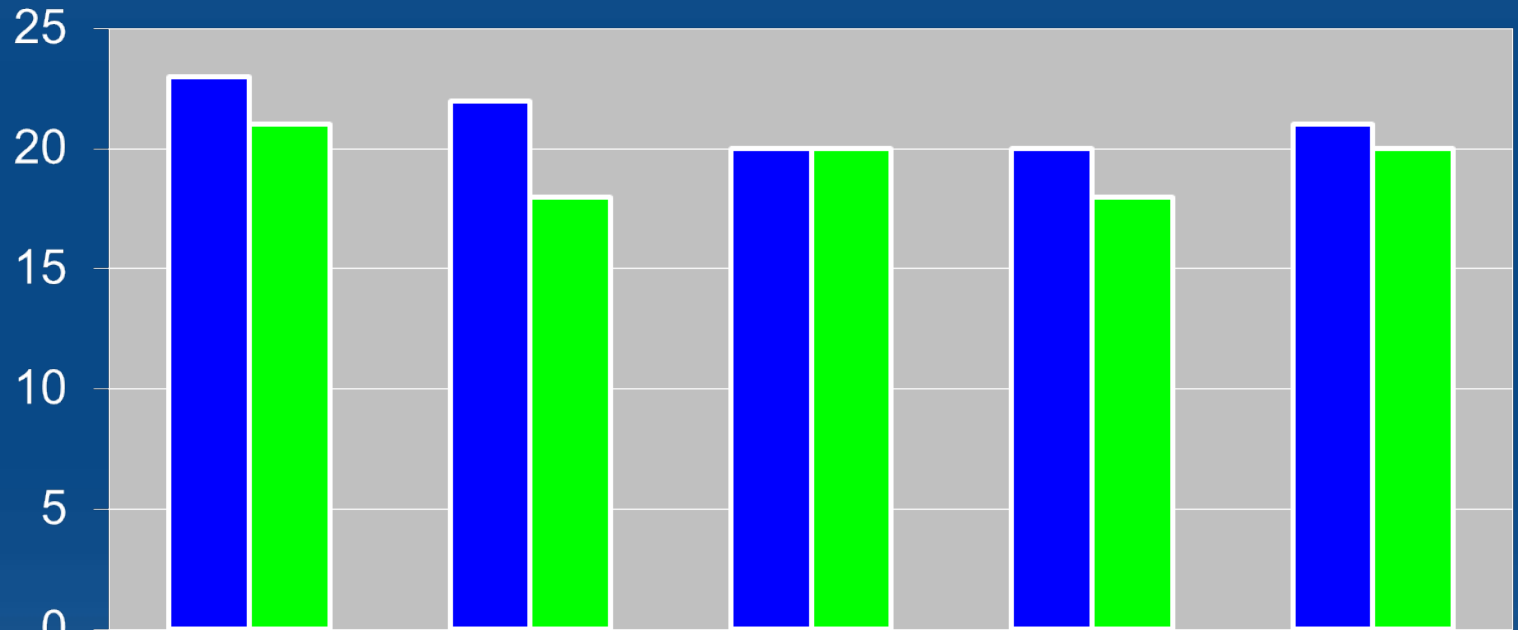
## Personnel

### In fiscal year 2010 -11:

- Central Basin operated with 20 in-house staff (FTE budget of 21)
- Added Business Development Manager
- Using outside consultant to fill vacant CFO position



# Personnel



■ FTE Budget
■ FTE Actual

2007	2008	2009	2010	2011
23	22	20	20	21
21	18	20	18	20

\* FTE - Full Time Equivalent

## Personnel

- Among 14 water agencies surveyed by MET, Central Basin has one of the lowest average personnel cost
- Per policy, no COLA
- 4% average salary increase is approximately \$70,000 for the fiscal year.
- 21 FTE's budgeted with one current vacancy



Central Basin  
Municipal Water District

# Capital Investment Plan

# Capital Investment Plan

## Current Project:

- Creates jobs
- Promotes conservation
- Alternative source of water

# Capital Investment Plan

- On-going review of projects
- Update the Recycled Water Master Plan
- Total CIP: \$5 million for Fiscal Year 2011-12



Central Basin  
Municipal Water District

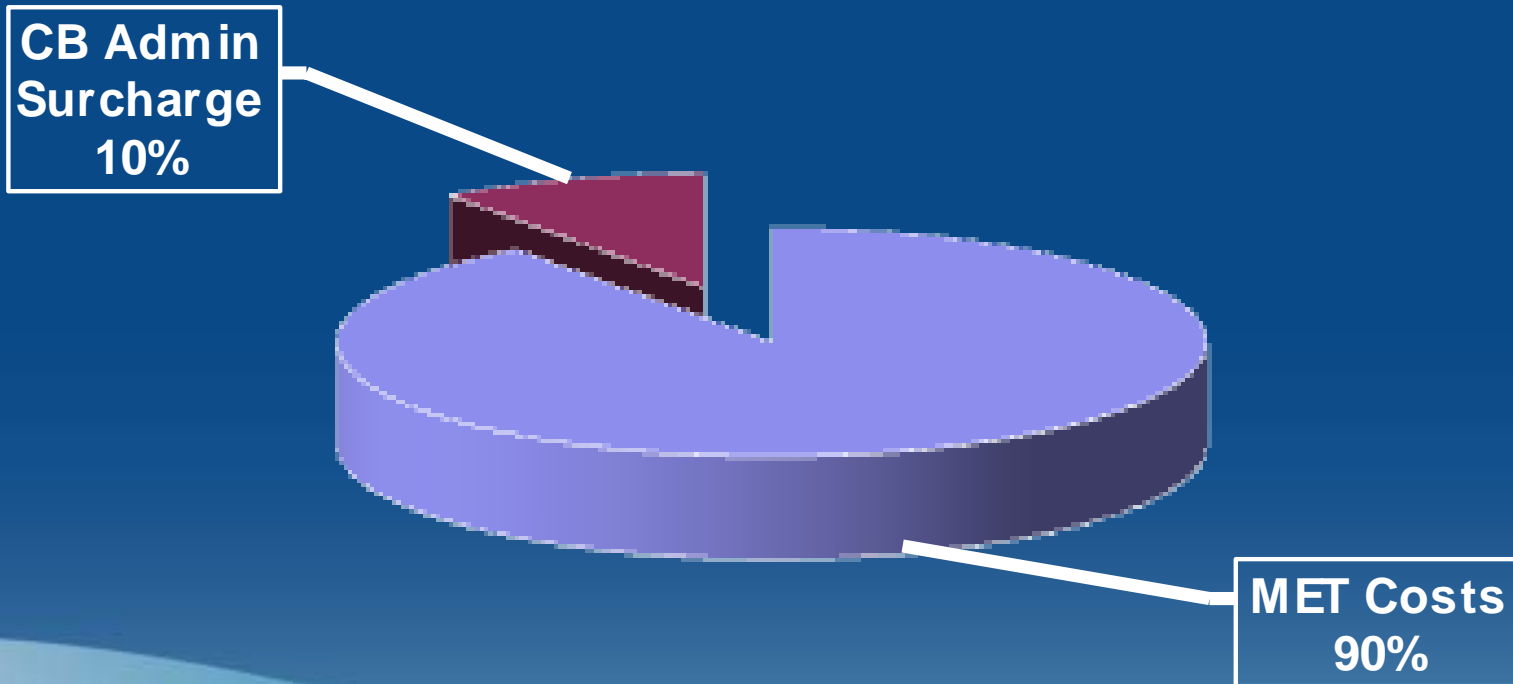
# MET Water Rates

## MET Water Rates

- On April 13, 2010, MET approved a
  - 7.5% rate increase effective on January 1, 2011
  - 6.7% rate increase on January 1, 2012
- In addition, on April 12, 2011 MET approved the Readiness-to-Serve (RTS) and Capacity Charge for 2012.
  - 24% RTS rate increase effective January 1, 2012
  - 12.5% Capacity Charge decrease effective January 1, 2012

# MET Water Rates

**MET's cost represents 90% of the cost of water**





Central Basin  
Municipal Water District

# Water Sales Assumption

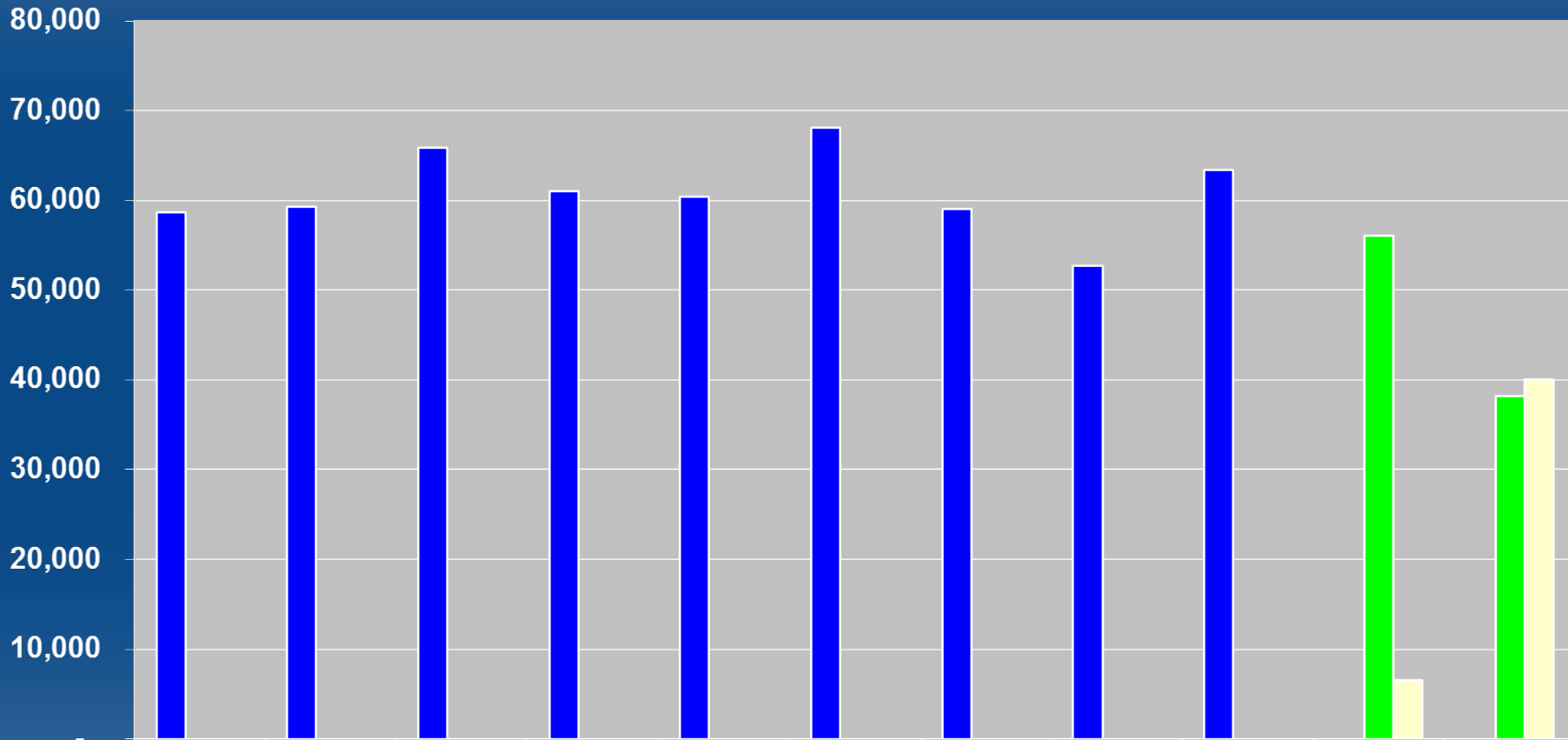
## Water Sales Assumptions

FY 2011-2012 Assumed deliveries of

- 38,200 AF of MET treated water
- 40,000 AF of MET untreated water
- 5,390 AF of recycled water
- 5,000 AF of WQPP water

# Water Sales Assumption

Acre - Feet



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Actual	58,696	59,257	65,907	61,032	60,391	68,093	59,056	52,751	63,443		
Projected										56,061	38,200
Projected Repl										6,500	40,000



Central Basin  
Municipal Water District

# Rate Assumptions

## Rate Assumptions

- Pass-through all MET rate and charge increases
- 6% or \$4/AF increase in Central Basin Administrative Surcharge
- \$20/AF Infrastructure Surcharge (No increase)
- No increase in Water Service Charge
- 6% increase in Recycled Water Rates
- On average a 12.5% decrease in Capacity Charge



Central Basin  
Municipal Water District

# Proposed Water Rates

# Proposed Water Rates

## Imported Water Rate Per Acre Foot- Tier 1

	<b>Current</b>	<b>7/1/11</b>	<b>1/1/12</b>
MET Commodity	\$744	\$744	\$794
MET RTS	\$25	\$25	\$31
CBMWD Admin Surcharge	\$66	\$70	\$70
Infrastructure Surcharge	\$20	\$20	\$20
<b><u>Total</u></b>	<b><u>\$855</u></b>	<b><u>\$859</u></b>	<b><u>\$915</u></b>

# Proposed Water Rates

## Imported Water Rate Per Acre Foot- Tier 2

	Current	7/1/11	1/1/12
MET Commodity	\$869	\$869	\$920
MET RTS	\$25	\$25	\$31
CBMWD Admin Surcharge	\$66	\$70	\$70
Infrastructure Surcharge	\$20	\$20	\$20
<b><u>Total</u></b>	<b><u>\$980</u></b>	<b><u>\$984</u></b>	<b><u>\$1,041</u></b>

# Proposed Water Rates

## Proposed Rates - July 1, 2011

### Recycled Water Rate Per Acre Foot

AF/month	CB Service Area	Malburg Generating Station	Outside of CB Service Area
0 - 25	\$536	\$368	\$558
25 - 50	\$536	\$342	\$558
50 - 100	\$488	\$317	\$509
100 +	\$488	\$291	\$509



## Next Meeting

- June 22, 2011
- Central Basin adoption of proposed FY2011-12
  - Budget
  - Rates
- Notices to Customers and Cities
- Budget documents available at:
  - [www.centralbasin.org](http://www.centralbasin.org)