Central Basin Municipal Water District
Fiscal Year 2010-2011
Budget and Rates
Customer Workshop
May 10, 2010
Board Workshops

• 1st Board Budget Workshop - March 10, 2010

• 2nd Board Budget Workshop - April 26, 2010

• 3rd Board Budget Workshop - May 12, 2010
Budget Communication

All budget documents (presentation materials, budget report, notices) can be downloaded from:

www.centralbasin.org

- Latest News
- About the District
- Publications

Inquiries were received from customers and District’s responses were sent.
Rates
Rates

- Pass-through of Metropolitan Water District’s (MET) rate increases

- Proposed 6% increase in Central Basin rates
<table>
<thead>
<tr>
<th>MET Rate Increase</th>
<th>Commodity</th>
<th>RTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 07/08</td>
<td>6.0%</td>
<td>$30</td>
</tr>
<tr>
<td>FY 08/09</td>
<td>14.0%</td>
<td>$71</td>
</tr>
<tr>
<td>FY 09/10</td>
<td>19.7%</td>
<td>$122</td>
</tr>
<tr>
<td>FY 10/11</td>
<td>7.5%</td>
<td>$43</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$266</strong></td>
<td></td>
</tr>
</tbody>
</table>

Based on MET’s presentation on January 26, 2010, Delta fix will cost $100 to $120 per acre-foot
Central Basin Rates

Key Drivers

- Items delayed last year due to budget cuts. May be more costly if not fixed in fiscal year 2010-11

- Average annual increases in costs
## Key Drivers

- **Costs from Other Agencies**

<table>
<thead>
<tr>
<th>Description</th>
<th>Entity</th>
<th>Percentage/Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Election Expense</td>
<td>County of Los Angeles</td>
<td>43%</td>
</tr>
<tr>
<td>Electricity</td>
<td>Southern California Edison</td>
<td>8% - 19%</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>LA County Sanitation District</td>
<td>15%</td>
</tr>
<tr>
<td>Assessments</td>
<td>LAFCO</td>
<td>$20,000</td>
</tr>
<tr>
<td>Assessments</td>
<td>San Gabriel River Watermaster</td>
<td>$55,000</td>
</tr>
<tr>
<td>Contractors</td>
<td>Park Water/Cal Water</td>
<td>9% to 11%</td>
</tr>
<tr>
<td>Leases</td>
<td>City of Whittier, Edison, etc</td>
<td>Various</td>
</tr>
</tbody>
</table>
Central Basin Rates

- By June 30, 2011, Central Basin will still be below its minimum reserve fund requirement

- Credit rating agencies

- Affects rates
Reserve Funds

Maximum, 46 million

Minimum, 31 million

2010-11  2011-12  2012-13
Fiscal Year 2010 - 2011 Budget
Personnel
In fiscal year 2009-10:

- Central Basin operated with 18 in-house staff (10% cut from budget FTE of 20)
- Very limited staff to cover operations
- No budget for salary increase
- Benefits were cut
Central Basin Municipal Water District

Personnel

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE Budget</td>
<td>20</td>
<td>23</td>
<td>22</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>FTE Actual</td>
<td>20</td>
<td>21</td>
<td>18</td>
<td>20</td>
<td>18</td>
</tr>
</tbody>
</table>

*FTE - Full Time Equivalent
Among 14 water agencies surveyed by MET, Central Basin has the 3rd lowest average cost

- Per policy, no COLA

- 4% average salary increase = $70,000
Two replacement staff

One additional staff. Responsibilities include:

- Develop and monitor customer development
- Assure quality of relations with new and existing customers
- Assure growth of recycled water sales
- Monitor water issues
- Assist in analyzing and developing policies
- Assist in analyzing outside issues
- Assist in staff development
Capital Investment Plan
Current Project:

- Creates jobs
- Promotes conservation
- Alternative source of water
On-going review of projects

Update the Recycled Water Master Plan

Total CIP: $15 million for Fiscal Year 2010-11
MET Water Rates
MET Water Rates

• On April 13, 2010, MET approved a 7.5% rate increase effective on January 1, 2011

• 7.5% rate increase on January 1, 2012
MET’s cost represents 90% of the cost of water

CB Admin Surcharge 10%

MET Costs 90%
Water Sales Assumption
Water Sales Assumptions

MET Water Supply Allocation at level 2

Assumed deliveries of

- 48,000 AF of MET treated water
- 18,000 AF of MET untreated water
- 5,090 AF of recycled water
- 5,000 AF of WQPP water
Rate Assumptions
Rate Assumptions

- Pass-through all MET rate increases
- 6% or $4/AF increase in Central Basin Administrative Surcharge
- $20/AF Infrastructure Surcharge
- 6% or $4/cfs increase in Water Service Charge
- 6% increase in Recycled Water Rates
- Recycled water is 63% of imported water rate
- No increase in Capacity Charge
Proposed Water Rates
### Proposed Water Rates

**Imported Water Rate Per Acre Foot - Tier 1**

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>7/1/10</th>
<th>1/1/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>MET Commodity</td>
<td>$701</td>
<td>$701</td>
<td>$744</td>
</tr>
<tr>
<td>MET RTS</td>
<td>$18</td>
<td>$18</td>
<td>$25</td>
</tr>
<tr>
<td>CBMWD Admin Surcharge</td>
<td>$62</td>
<td>$66</td>
<td>$66</td>
</tr>
<tr>
<td>Infrastructure Surcharge</td>
<td></td>
<td>$20</td>
<td>$20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$781</strong></td>
<td><strong>$805</strong></td>
<td><strong>$855</strong></td>
</tr>
</tbody>
</table>
# Proposed Water Rates

## Imported Water Rate Per Acre Foot - Tier 2

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>7/1/10</th>
<th>1/1/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>MET Commodity</td>
<td>$811</td>
<td>$811</td>
<td>$869</td>
</tr>
<tr>
<td>MET RTS</td>
<td>$18</td>
<td>$18</td>
<td>$25</td>
</tr>
<tr>
<td>CBMWD Admin Surcharge</td>
<td>$62</td>
<td>$66</td>
<td>$66</td>
</tr>
<tr>
<td>Infrastructure Surcharge</td>
<td>$20</td>
<td>$20</td>
<td>$20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$891</td>
<td>$915</td>
<td>$980</td>
</tr>
</tbody>
</table>
### Proposed Water Rates

**Proposed Rates - July 1, 2010**

**Recycled Water Rate Per Acre Foot**

<table>
<thead>
<tr>
<th>AF/month</th>
<th>CB Service Area</th>
<th>Malburg Generating Station</th>
<th>Outside of CB Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 25</td>
<td>$506</td>
<td>$357</td>
<td>$526</td>
</tr>
<tr>
<td>25 - 50</td>
<td>$506</td>
<td>$332</td>
<td>$526</td>
</tr>
<tr>
<td>50 - 100</td>
<td>$460</td>
<td>$308</td>
<td>$480</td>
</tr>
<tr>
<td>100 +</td>
<td>$460</td>
<td>$283</td>
<td>$480</td>
</tr>
</tbody>
</table>
May 12, 2010

- 3rd Budget Workshop

- Central Basin adoption of proposed FY2010-11 budget and rates
  - Notices to Customers and Cities
  - Advertised in newspapers