FY 2013/14 Budget and FY 2013/14-2022/23 Ten Year Capital Improvement Plan

Board of Directors
June 19, 2013
Key Assumptions
Rates for Primary Agency Programs
FY 2013/14 Budget
FY 2013/14 – 2022/23 TYCIP
Key Assumptions
FY 2013/14 Budget & FYs 2014-2023 TYCIP

- **Revenues:**
  - Recovery in growth for new EDU connections, recycled water sales, monthly volumetric EDUs, and property tax receipts

- **Expenses:**
  - Staffing maintained at 295 FTE authorized positions
  - 5% vacancy factor
  - Continue cost containment initiatives

- **TYCIP**
  - Focused on R&R
  - Includes expansion of Southern Service area facilities
### Multi-Year Adopted Rates
**FY 2013/14 through FY 2014/15**

<table>
<thead>
<tr>
<th>Program</th>
<th>Rate</th>
<th><strong>FY 2012/13 Effective July 1, 2012</strong></th>
<th><strong>FY 2013/14 Effective July 1, 2013</strong></th>
<th><strong>FY 2014/15 Effective July 1, 2014</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regional Wastewater</strong></td>
<td>Monthly EDU Volumetric Fee</td>
<td>$12.39</td>
<td>$13.39</td>
<td>$14.39</td>
</tr>
<tr>
<td></td>
<td>New Per EDU Connection Fee</td>
<td>$4,909</td>
<td>$5,007</td>
<td>$5,107</td>
</tr>
<tr>
<td><strong>Recycled Water</strong></td>
<td>Direct Delivery Rate Per AF</td>
<td>$155</td>
<td>$215</td>
<td>$290</td>
</tr>
<tr>
<td></td>
<td>Groundwater Recharge Per AF</td>
<td>$195</td>
<td>$255</td>
<td>$335</td>
</tr>
</tbody>
</table>

*Rates adopted on February 1, 2012*
**FY 2013/14 Water Resource Rates**

- AF surcharge increases from $12/AF to $13/AF to support water resource planning administrative costs
- Monthly meter charge increase from $1.555 to $1.755/meter necessary to support increase in MWD’s Readiness to Serve pass-through fees.

<table>
<thead>
<tr>
<th>Program</th>
<th>Rate</th>
<th>FY 2012/13</th>
<th>FY 2013/14 Effective July 1, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Resource</td>
<td>Acre Foot Surcharge</td>
<td>$12</td>
<td>$13</td>
</tr>
<tr>
<td></td>
<td>Meter Rate per meter/per month</td>
<td>$1.555</td>
<td>$1.755</td>
</tr>
</tbody>
</table>
FY 2013/14 rates reflect current “pass-through” rate structure. North NRW rates are subject to change upon finalization of contract negotiations with LACSD.

<table>
<thead>
<tr>
<th>Program</th>
<th>Rate Description</th>
<th>FY 2012/13</th>
<th>FY 2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non Reclaimable Water System (NRWS)</strong></td>
<td>Monthly Capital Improvement Fee (CIP)</td>
<td>$90.00</td>
<td>$90.00</td>
</tr>
<tr>
<td></td>
<td>Monthly Capacity Unit Fee - North</td>
<td>$123.27</td>
<td>$319.00</td>
</tr>
<tr>
<td></td>
<td>Monthly Capacity Unit Fee - South</td>
<td>$277.17</td>
<td>$318.49</td>
</tr>
<tr>
<td></td>
<td>Volumetric Fee - North</td>
<td>$1,465.26</td>
<td>$1,437.26</td>
</tr>
<tr>
<td></td>
<td>Volumetric Fee - South</td>
<td>$794.00</td>
<td>$736.00</td>
</tr>
<tr>
<td><strong>Excess User Charges - North</strong></td>
<td>Total Suspended Solids (TSS)</td>
<td>$268.60</td>
<td>$294.21</td>
</tr>
<tr>
<td></td>
<td>Chemical Oxygen Demand (COD)</td>
<td>$101.16</td>
<td>$110.81</td>
</tr>
<tr>
<td><strong>Excess User Charges – South</strong></td>
<td>Total Suspended Solids (TSS)</td>
<td>$376.00</td>
<td>$395.00</td>
</tr>
<tr>
<td></td>
<td>Biochemical Oxygen Demand (BOD)</td>
<td>$253.00</td>
<td>$266.00</td>
</tr>
<tr>
<td><strong>Operations Surcharge Fee</strong></td>
<td>Non-Recycled Water User</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Recycled Water User (Pro-rated)</td>
<td>10% - 50%</td>
<td>10% - 50%</td>
</tr>
</tbody>
</table>
FY 2013/14 Total Sources and Uses of Funds
Projected Shortfall $19.4M

*Net of $5.5 million Inter-fund loan from RC fund to WC fund.
## Total Sources & Uses of Funds - All Funds ($Millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2012/13 Amended Budget</th>
<th>FY 2012/13 Projected Actual</th>
<th>FY 2013/14 Budget*</th>
<th>FY 2014/15 FORECAST</th>
<th>FY 2015/16 FORECAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$67.3</td>
<td>$66.7</td>
<td>$77.4</td>
<td>$85.8</td>
<td>$89.5</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>77.3</td>
<td>68.3</td>
<td>80.4</td>
<td>80.2</td>
<td>81.1</td>
</tr>
<tr>
<td>Net Increase (Decrease)</td>
<td>($10.0)</td>
<td>($1.6)</td>
<td>($3.0)</td>
<td>$5.6</td>
<td>$8.4</td>
</tr>
<tr>
<td>*Other Funding Sources</td>
<td>$57.3</td>
<td>$54.7</td>
<td>$73.7</td>
<td>$61.9</td>
<td>$56.8</td>
</tr>
<tr>
<td>*Other Uses of Funds</td>
<td>77.5</td>
<td>46.7</td>
<td>90.1</td>
<td>61.8</td>
<td>59.6</td>
</tr>
<tr>
<td>Net Increase (Decrease)</td>
<td>($20.2)</td>
<td>8.0</td>
<td>(16.4)</td>
<td>0.1</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Total Net Increase (Decrease)</td>
<td>($30.2)</td>
<td>$6.4</td>
<td>($19.4)</td>
<td>$5.7</td>
<td>$5.6</td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>$102.4</td>
<td>$102.4</td>
<td>$108.7</td>
<td>$89.3</td>
<td>$95.0</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$72.2</td>
<td>$108.7</td>
<td>$89.3</td>
<td>$95.0</td>
<td>$100.6</td>
</tr>
<tr>
<td>Projected Debt Coverage Ratio</td>
<td>1.35</td>
<td>2.03</td>
<td>1.82</td>
<td>2.12</td>
<td>2.09</td>
</tr>
</tbody>
</table>

*Net of $5.5 million Inter-fund loan from RC fund to WC fund
FY 2013/14
Property Tax Allocation: $33.4M

Allocation By Fund

- WC Fund: 5% ($1.7M)
- RO Fund: 22% ($7.3M)
- RC Fund: 65% ($21.7M)
- GG Fund: 8% ($2.7M)

Allocation by Use

- Capital: 26% ($8.6M)
- Debt: 66% ($22.1M)
- O&M: 8% ($2.7M)
FY 2013/14
Projected Ending Reserve Balances
$89.3M

Reserves by Fund

- RC Fund: 41%
- GG Fund: 15%
- RO Fund: 26%
- WC Fund: 12%
- WW Fund: 1%
- RW Fund: 2%
- NC Fund: 3%

Reserves by Category

- Operating Contingencies: 25%
- Debt Service & Redemption: 27%
- Capital Expansion & Replacement: 14%
- CCRA Capital Construction: 19%
- Retirement reserves: 10%
- Insurance & Other: 4%
- CSDLAC Prepayment: 1%
- Retirement reserves: 10%
Ending Fund Balances by Category

- **Restricted Reserves includes:**
  - $23M average for Operating Contingencies & Debt Service, as legally mandated by the Agency’s bond covenants

- **Designated Reserves includes:**
  - $12M average to support Agency’s self-funded insurance and retiree benefits
  - $41M average to fund capital expansion, improvement, replacement, and repair for all Agency facilities and infrastructure valued at $1.1 billion.
Ten-Year Capital Improvement Plan (TYCIP)

Fiscal Year 2014 - 2023
Allocation by Program

Regional Capital, $156.8M, 38%
Regional O&M, $115.2M, 28%
Recycled Water, $108.0M, 26%
NRW, $23.6M, 6%
Admin Service, $10.7M, 2%
Recharge Water, $.6M, 0.01%

Funding Sources

Pay Go, $258M, 62%
SRF Loans, $79M, 19%
New Debt, $40M, 10%
Grants, $9M, 2%
Inter fund Loan, $29M
TYCIP – 2012-2022 Amended vs. FY 2013-2023 Proposed $187M Increase

Key Program Additions:
- $108M Treatment Expansion (RC)
- $11M RP-1 Headworks (RC)
- $76M Facility Projects (RO)
- $13M RW Pumping Expansion (WC)
- $10M GWR Basin Improvements (WC/RW)

Non-Major Funds includes Administrative Service, Recharge Water, and Non-Reclaimable Wastewater Fund
FY 2013/14: Expansion of the Recycled Water Southern & Central Area projects $32M
FY 2016/17: New Operations Laboratory $14M
FY 2020/21: Major projects; RP-5 Liquids & Solids processing $29M; Regional Facility projects $9M; RP-1 Outfall Parallel line $4M, Recycled Water pipeline & reservoirs $6M
QUESTIONS?