

Castaic Lake Water Agency FY 2015/16 Budget



*A public agency providing reliable, quality water
at a reasonable cost to the Santa Clarita Valley*



California's Ongoing Drought and Castaic Lake Water Agency Conservation Actions

The Fiscal Year 2015/16 Budget reflects a sizable increase in the Agency's expenditures to enhance water supply reliability and implement expanded and new conservation programs. Accordingly, the Budget theme focuses on the Agency's efforts to address the drought and promote efficient water use through its various water conservation programs and outreach activities.

On June 24, 2015, the Agency Board of Directors adopted the Santa Clarita Valley Water Use Efficiency Strategic Plan. This is a roadmap for achieving 20% savings by 2020 (SBX7-7), which includes 15 programs for CLWA and 15 programs for the local water retailers. The CLWA programs funded in the FY 2015/16 Budget include single family, multi-family and commercial turf removal, single family and commercial weather-based irrigation controllers, single family and commercial high-efficiency washing machines, and a partnership with Sempra Energy to install high-efficiency devices in low-income properties throughout the Santa Clarita Valley. These programs help advance the goal of establishing a permanent water use efficiency ethic in the Santa Clarita Valley.

On April 1, 2015, the Governor of California issued an Executive Order mandating, among other provisions, a 25% reduction in urban water usage by February 28, 2016. The order directed the State Water Resources Control Board to issue regulations implementing the mandatory reductions and setting specific targets for each water supplier. The mandatory reductions for the Santa Clarita Valley retailers range from 24% to 32%.

To increase awareness of the drought and compliance with the prohibited measures from the State Water Resources Control Board, the Agency is also coordinating a drought campaign for the Family of Water Suppliers, which consists of the Agency, CLWA Santa Clarita Water Division, L.A. County Waterworks District #36, Newhall County Water District and Valencia Water Company.

- ◆ Cover photo – Low water level in Castaic Lake due to the ongoing drought.



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California's Ongoing Drought

Pictured: Dry creek (top) and dry reservoir (bottom) depicting California's ongoing drought.



July 1, 2015

Castaic Lake Water Agency
Board of Directors

Management is pleased to present the FY 2015/16 Budget, which reflects the Castaic Lake Water Agency's strategies to meet the Agency's mission statement and strategic plan. The FY 2015/16 Budget reflects a sizable increase in the Agency's Expenditures to meet the demands of water supply reliability, deal with the ongoing drought and comply with State mandates for conserving water in the Santa Clarita Valley. The resources included in the FY 2015/16 Budget are provided to implement an ambitious suite of programs to address the following key strategies and initiatives.



Reducing Per Capita Water Demand

Significant resources are provided as identified in the Santa Clarita Valley Water Use Efficiency Strategic Plan. This plan is intended to help the Agency and the retailers to comply with SBX7-7, which calls for a 20 percent reduction in per capita water use by 2020 (i.e., 20% by 2020). This legislation requires each local water retail purveyor to develop a baseline per capita water use, an interim 2015 water use target and a 2020 compliance target. The Plan is now being adapted to achieve increased reductions based on new state regulations. In response to continued severe drought conditions, on April 1, 2015, the Governor of California issued an executive order mandating, among other provisions, a 25% reduction in urban water usage through February 28, 2016. The order directs the State Water Resources Control Board (SWRCB) to issue regulations implementing the mandatory reductions and setting specific targets for each water supplier. The mandatory reductions for the retailers range from 24% to 32%.

The Plan sets forth an integrated program that requires the retailers and the Agency to devote significant resources to implement necessary programs. The challenges are significant due to the existing high per capita water use, relatively affluent residents, low retail water rates and the prevalence of turf in an arid climate.

Enhancing the Agency's Firming Programs

Due to two years of low State Water Project allocations and uncertainty about how much longer the drought will last, the Agency continues to invest in water banking programs. The Agency's Capital Improvement Program includes two projects – the Rosedale Rio Bravo Extraction Project, which will increase annual extraction capacity for the Agency's current storage program, and the Semitropic Stored Water Recovery Unit, which will provide additional storage for the Agency with higher priority extraction rights.

Recycled Water Program

Over the last few years, the Agency had deferred phasing of the Recycled Water Program due to the economic downturn and slowdown in development. At this time, to deal with the ongoing drought situation and mandates for reductions in potable water use and position the Agency for potential grant funding, as well as to maximize the use of "local" water supplies, the Agency is moving forward with (1) planning and design of three recycled water projects, (2) updating the Recycled Water Master Plan and associated environmental impact report and (3) development of the Recycled Water Rules and Regulations.

Investing in Infrastructure

As discussed in the FY 2014/15 Budget, Management has identified a need to invest in the Agency's infrastructure and Capital Improvement Program. In previous budgets, the Agency has deferred various

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capital improvement projects to deal with the economic situation. At this time, the Agency's infrastructure needs are increasing and continued deferrals would result in cost increases and possible operational and water supply reliability impacts. Accordingly, the Agency will be moving forward with (1) the water banking enhancement projects identified above, (2) two water treatment plant clearwell improvement projects to address operational and water quality and regulatory issues and (3) two pipeline projects to improve conveyance capacity and meet future demands. In addition, as discussed above, the Agency is moving forward with the planning and design of additional phases of the recycled water program.

The Major Capital Projects Program calls for \$183.7 million of projects over the next eight years. Based on this, the FY 2015/16 Budget forecasts include new debt proceeds beginning in FY 2015/16. The various forecasts in this FY 2015/16 Budget show the Agency's revenues are sufficient to continue debt financing the Capital Improvement Program.

Communications Strategic Plan

During FY 2014/15, the Board of Directors adopted the 2015 Communications Strategic Plan. The Plan provides strategic direction for the planning and implementing communications and outreach programs to help shift public behavior and meet water conservation targets. This plan was developed in close coordination with Agency staff and the Board of Directors. It reflects careful thought and analysis of the Agency's diverse audiences and an understanding of issues related to water reliability, water quality and overall organizational effectiveness. The core goals of the Agency's communications and outreach are to (1) increase awareness, (2) change behavior and (3) build a positive perception of the Agency. The plan identified an increase in staffing devoted to public affairs to elevate media exposure to conservation programs.

Increased Grant Funding

The Agency has been successful in obtaining a number of grants to significantly reduce the cost of capital programs, and will continue to seek additional grant funding. During FY 2015/16, the Agency will obtain a consultant's organizational assessment of the Agency's current ability to manage and administer grants, and the resources required to continue and enhance this program.

Organizational Investment and Assessment

To deal with these key strategies and initiatives, the Agency will require additional resources. The Agency has also identified a significant increase in the Agency's infrastructure and facilities over the past ten years, and a need for additional staff to maintain those facilities. The FY 2015/16 Budget provides additional staffing, both to directly support these initiatives and also to provide the organizational support. In addition, the Agency will review a number of technologies designed to increase efficiency.

Staffing Needs

To address the strategies and initiatives described above, the FY 2015/16 Budget adds eight new positions and deletes one existing position for a net increase of seven positions.

Communications Strategic Plan

As identified in the 2015 Communications Strategic Plan, one new position of Public Affairs Specialist is provided. The plan identified the need to increase staffing devoted to public affairs to elevate media exposure to conservation programs. In addition, a consultant is conducting an organizational and classification review of communications and water use efficiency positions and will be recommending position descriptions and titles.

Water Use Efficiency Programs

The Santa Clarita Valley Water Use Efficiency Plan sets forth an integrated approach for the retailers and the Agency to devote significant resources to implement necessary programs. The challenges are

significant due to the existing high per capita water use, relatively affluent residents, low retail water rates and the prevalence of turf in an arid climate.

To meet these anticipated challenges, the FY 2015/16 Budget includes two new positions for addressing outdoor water use, particularly for large landscapes, including homeowners associations, parks and landscape maintenance districts, as well as a position to support residential lawn replacement. One position is a Water Use Efficiency Technician assigned to large landscape programs that focus on turf removal and weather-based irrigation controller installation in landscapes including homeowners associations, parks, schools, and business centers. The other is an Administrative Technician assigned to support and provide customer service for all water use efficiency programs, with a primary focus on the lawn replacement program.

Recycled Water Programs

To move forward with the implementation of the next phase of the Recycled Water program, the FY 2015/16 Budget provides one Senior Engineer to be dedicated to these programs. The position duties include project management for major and minor capital recycled water projects, as well as the planning and studies such as the Master Plan, rules and regulations and system hydraulic analysis. This position will be largely funded by the Capital Improvement Program.

Maintenance of Infrastructure

Over the last ten years, the Agency has doubled the capacity of its two treatment plants, implemented the first phase of a recycled water program, added the Saugus Perchlorate Treatment Plant, and added the Sand Canyon Pump Station, Pipeline and Reservoir facilities. As part of this growing infrastructure, the Agency has doubled the number of instrumentation assets requiring preventative and corrective maintenance. During this time, there has been no increase in staff assigned to maintain the growing infrastructure. Two additional positions are provided to support and maintain these systems and to enhance asset management implementation. One position is a Senior Distribution/Mechanical Technician and one is an Electrical/Instrumentation Technician.

Organizational Support

One new position of Engineering Technician II is provided for GIS and mapping activities in support of the Agency's Facility Capacity Fee program, Capital Improvement Program and asset management activities. This position will also maintain the Agency's parcel and water supply/use database and transition this service from consultants. One new position of Information Technology Technician will provide desktop support to the Agency's growing number of users and applications. Over the past ten years, the Agency has grown from 80 to 135 users, from five servers to 19 servers, from servers at one location to servers at three locations, from a single tape backup solution to multi-site data replication and disaster recovery systems, and from five Blackberry users to 50 mobile devices. The current staffing of one Senior Technology Technician is insufficient to provide network administration and desktop support.

General Fund/Operating Budget

The General Fund/Operating Budget increases significantly to meet these strategies and initiatives. The FY 2015/16 General Fund/Operating Budget increases by 11.4%, from \$20,494,400 to \$22,828,000. The available fund balance and estimated FY 2015/16 revenues are sufficient to fund these programs in FY 2015/16. However, it is anticipated that the next wholesale water rate setting cycle will require a *significant* increase in rates beginning July 1, 2016. The principal components of the General Fund/Operating Budget increase are:

- ◆ \$1.5 million increase in the Water Resources Department for BMP Implementation to implement the programs identified in the SCV Water Use Efficiency Strategic Plan.
- ◆ \$854,100 increase in Salaries and Benefits. Of this amount, approximately \$674,000 is for the new positions described above, and the remainder is for salary step increases and possible general wage adjustments.
- ◆ \$495,600 for the Water Treatment Operations Division for utilities. Approximately half is for power for pumping based on purveyor demands, due to low lake levels at Castaic Lake and

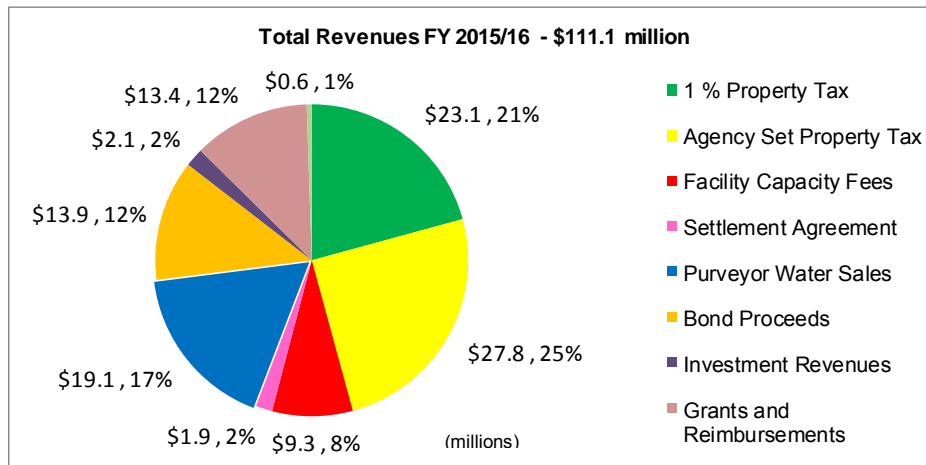
projected power rates, and half is for increased purchases of recycled water for grading of the Mission Village development of Newhall Ranch (which will be offset by increased recycled water revenues).

- ◆ \$100,000 for financial studies, including \$75,000 to complete the wholesale water rate study and \$25,000 for economic forecasting consultants.
- ◆ \$90,000 for management consulting for mediation services (\$15,000) and organizational consulting (\$75,000) related to the Board’s strategic planning efforts for integrated water supply management.

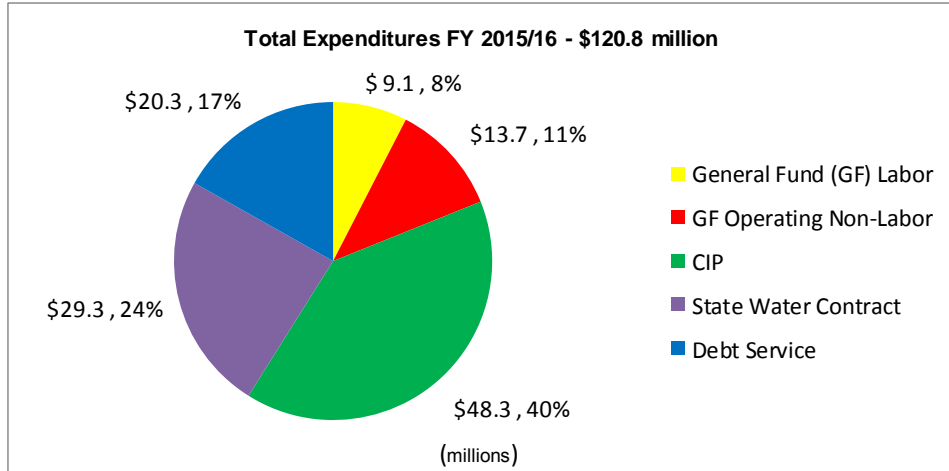
The General Fund/Operating Budget continues to fund a portion of the Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply and certain studies as operating expenses, freeing up capital monies to fund reserves. Of the total amount of the Budget, \$21,728,400 will come from revenues and the remaining \$1,099,600 will come from the available fund balance. *That is, revenues will not fully cover the cost of the expenditures.*

FY 2015/16 Budget

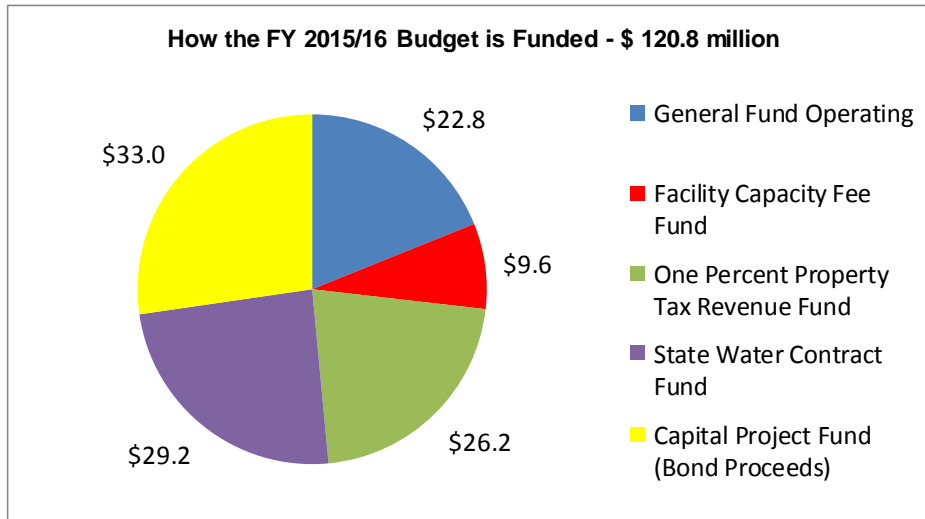
The total revenues of \$111.1 million are comprised of \$27.8 million in Agency-set property tax revenues, \$23.1 million in one percent property tax revenues, \$19.1 million in water sales based on retail purveyor FY 2015/16 requests of 34,750 acre-feet (AF), \$13.4 million in grants and reimbursements, \$13.9 million in projected bond proceeds, \$9.25 million in Facility Capacity Fees, \$2.1 million in investment revenues, \$1.9 million from perchlorate contamination settlement agreement reimbursements and approximately \$600,000 in other revenues.



Total expenditures for FY 2015/16 are budgeted at \$120.8 million and are comprised of General Fund/Operating Budget expenditures of \$22.8 million, debt service payments of \$20.3 million, State Water Contract Fund expenditures of \$29.3 million and capital improvement program (CIP) expenditures of \$48.3 million.



These expenditures are funded by a combination of current year revenues, available fund balances from prior year revenues and bond proceeds received in 2011 and projected for 2016.



Revenue Situation

As the global and national economic downturn slowly improves, the Agency is seeing modest improvements in revenue levels.

- ◆ Based on the retail purveyors' requests for water in FY 2015/16, total fixed and variable water rate revenues are budgeted at \$17.4 million, compared to an estimated \$16.5 million in FY 2014/15 (amounts exclude recycled and Saugus 1 and 2 well water).
- ◆ The Agency's assessed valuation is projected to increase by 7.75 percent, the same increase as in FY 2014/15, resulting in modest increases in one percent property tax revenues and the Agency-set tax revenue that funds SWP expenditures. The FY 2015/16 Budget does not anticipate any change in the Agency-set tax rate.
 - Agency-set Tax Revenues increase from \$25.8 million to \$27.8 million
 - One Percent Property Tax Revenues increase from \$21.4 million to \$23.1 million
- ◆ Facility Capacity Fee revenues are budgeted at \$9.25 million, compared to estimated revenues of \$8 million in FY 2014/15.

- ◆ Grants and Reimbursements Revenues are projected to be \$13.4 million, consisting principally of:
 - \$6.1 million for the Semitropic Water Recovery Unit Project
 - \$4.8 million for the Rosedale Rio Brave Extraction Project
 - \$1 million for BMP Implementation
 - \$460,000 for the Recycled Water Master Plan Update and associated environmental impact report
 - \$158,500 for a perchlorate monitoring well

Facility Capacity Fees and Interfund Loan

Beginning in FY 2012/13, the Agency’s Facility Capacity Fee Fund was depleted and unable to pay future users’ debt service. While revenue levels are starting to increase, they are still below the revenue required to fully fund future users’ debt service for the next few years. At this time, one percent property tax revenues are paying a significant portion of the future users’ debt service that should be funded by Facility Capacity Fees. It is likely this arrangement will continue through FY 2017/18. This is considered an Interfund loan, and future Facility Capacity Fees will repay the one percent property tax revenue fund with interest. Based on the current 8-year Capital Improvement Program and the 10-year forecast, the total amount of the Interfund Loan is projected to be \$64 million, with repayment occurring by FY 2026/27.

	FCF Share of Debt Service	FCF Availability	One Percent Property Tax Borrowing	Interest	Cumulative Balance of Interfund Loan
FY 2012/13	\$ 18,200,228	\$ 11,461,661	\$ 6,738,600	\$ 45,157	\$ 6,783,724
FY 2013/14	19,639,869	8,997,948	10,641,921	149,227	17,574,872
FY 2014/15	16,569,400	8,302,400	8,267,000	219,900	26,061,772
FY 2015/16	15,536,600	7,234,500	8,302,100	245,000	34,608,879

Key Initiative - Continued Investment in Water Use Efficiency

As discussed above, the Santa Clarita Valley Water Use Efficiency Strategic Plan sets forth an integrated program that requires the retailers and the Agency to devote significant resources to implement necessary programs. The challenges are significant due to the existing high per capita water use, relatively affluent residents, low water rates and the prevalence of turf in an arid climate. This Plan was developed cooperatively with the retailers over the past two years. Under the plan the Agency will focus on programs that are best managed on the valley-wide level. The following valley-wide programs are planned for FY 2015/16:

- ◆ Residential Lawn Replacement Program. This program targets homeowners who are interested in removing between 500 and 2500 square feet of turf grass and replacing it with living and non-living material.
- ◆ Multi-Family and Commercial, Institutional and Industrial Turf Replacement Program. This program targets business, non-profits, schools and landscape maintenance districts that are interested in removing turf grass and replacing it with permeable material.
- ◆ Residential Weather-Based Irrigation Controller Program. This program targets residential customers who are over-irrigating their landscapes and provides them with training and weather-based irrigation controllers (and free post-inspections).
- ◆ Multi-Family and Commercial, Institutional and Industrial Controller Program. This program targets multi-family and commercial, institutional and industrial customers that are over-irrigating their landscapes and provides them with weather-based irrigation controllers (and free pre- and post-inspections).
- ◆ Residential and Commercial, Industrial and Institutional High-efficiency Washing Machine (HEWD) Program. This program funds replacing older and less efficient washing machines with

those that have a water factor of 4.0 or less. This program is for all types of customers, including commercial and residential customers.

- ◆ Low-Income High-Efficiency Fixture Installation Program – This program funds replacement of older fixtures in low-income homes with newer, more efficient fixtures, including aerators, showerheads and high-efficiency washing machines.

The FY 2015/16 cost of the complete program is \$2.7 million and funds have been included in the BMP implementation account.

Agency Infrastructure and the Capital Improvement Program

Management has identified a need to invest in the Agency's infrastructure and Capital Improvement Program (CIP). At this time, the Agency's infrastructure needs are increasing and continued deferrals would result in cost increases and possible operational and water supply reliability impacts. Accordingly, the Agency will be moving forward with the two water banking enhancement projects, two water treatment plant clearwell improvement projects designed to address operational and water quality issues and two pipeline projects to improve capacity and meet future demands. In addition, as previously discussed, the Agency is moving forward with the planning and design of additional phases of the recycled water program.

The current Program for Major Capital Projects calls for \$183.7 million of projects over the next eight years. Based on this, the FY 2015/16 Budget forecasts include new debt proceeds beginning in FY 2015/16. The Agency's CIP for the next eight years anticipates the need to issue approximately \$124.6 million in additional debt. The Agency anticipates issuing bonds in 2016, 2019 and 2022, with estimated principal amounts of \$38.8 million, \$70.4 million and \$15.4 million, respectively. The Agency's ten-year forecasts show sufficient funds to pay debt service and maintain bond covenants. It is anticipated these obligations will be allocated 39.5% to future users (Facility Capacity Fees) and 61.5% to existing users (one percent property tax revenues).

The exact timing and amounts of debt will depend on the progress of the CIP, availability of grant proceeds and market conditions. Depending on market conditions, the Agency may use the Agency's low-interest rate commercial program. Management will review the situation with the Financial Advisor and report to the Board as needed. No new debt will be issued without thorough review and approval by the Board of Directors.

The various forecasts in this FY 2015/16 Budget show the Agency's revenues are sufficient to support continued debt financing the Capital Improvement Program.

Ongoing Activities – Expanding Infrastructure

As identified in recent budgets, the Agency's infrastructure continues to expand. The FY 2015/16 Budget provides two new positions to maintain the infrastructure that was added over the last ten years. While no new facilities are coming on line in FY 2015/16, the Agency understands the importance of monitoring the impacts of CIP projects on operating expenditures. Each major CIP project that becomes operational adds new complexity and costs to the Agency's overall system. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. The current CIP includes a number of water quality and pipeline projects that will not have significant operating costs. However, the future development of the recycled water program will have significant operating costs that should be identified as part of the planning process.

The Long-Term Financial Plan notes that the Agency should develop a method to fully understand the impact of the CIP on operating costs. That is, when a project is added to the CIP, its cost is not just capital cost to build or implement it, but also includes its ongoing operating and maintenance costs.

Long-Term Financial Plan

During FY 2008/09, the Agency developed its first Long-Term Financial Plan. This Plan is updated each year as part of the Budget process. The Plan (included in Appendix A) is not a static, one-time document, but represents a process where the Board and management review financial strategies to help achieve the Agency's overall strategic plan. This Plan reviews individual financial strategies and serves as the basis for future analysis and decision making by identifying potential financial issues and risks. It also groups financial strategies into near-term, mid-term and long-term issues to help prioritize and schedule action items for implementation of the Plan. Based on the decisions and guidance provided by the Board, the Plan is a rolling "look-ahead" to help identify priorities and focus. It is not intended to address each and every fiscal issue, but identify high priority fiscal programs and strategies to be monitored over time, so that the Agency is positioned to address them at the appropriate time.

State Water Project

The Agency continues to monitor the infrastructure, legal, operational and water supply issues associated with the State Water Project (SWP). Increased regulatory and certain adverse judicial actions over the last 8-10 years have resulted in operational impacts to the State Water Project, and ongoing litigation and future regulatory actions may result in additional and more adverse operational impacts. The Agency, in coordination with the retailers, continues to address the impacts through planning and managing a diverse water supply portfolio. This FY 2015/16 Budget continues and enhances many of those efforts. The Agency will continue to monitor and support the California Department of Water Resources (DWR) in its efforts to implement short and long-term actions to provide for the recovery of endangered and threatened species and their habitats in the Delta and protect and restore water supplies.

For several years, federal and state agencies have been developing the Bay Delta Conservation Plan (BDCP) – a 50-year project aiming to restore Delta habitat while concurrently providing water users with improved water reliability. The BDCP process has been a collaborative effort between water agencies, environmental organizations and State and federal agencies to develop a comprehensive conservation plan for the Delta. A related effort, the Delta Habitat Conservation and Conveyance Program (DHCCP), was formed in 2008 as a partnership between DWR and the U.S. Bureau of Reclamation to assess potential habitat restoration and water conveyance options in the Delta.

On April 30, 2015, Governor Brown announced that the State would be replacing the BDCP and DHCCP process with a new program called California WaterFix. California WaterFix, and the newly-launched parallel California EcoRestore program, seek to accomplish the same two objectives as the BDCP and DHCCP using a different approach that reflects today's realities. Based on years of scientific research and as a direct response to extensive public input, this approach no longer seeks a 50-year permit, but aims to modernize Delta conveyance and restore habitat through separate permitting tracks. California WaterFix includes two tunnels under the Delta to improve water conveyance and river flows. EcoRestore will restore approximately 30,000 acres of habitat in the Delta.

To date, the Agency's share of expenditures for the BDCP/DHCCP process is \$1.4 million. Future costs are not yet known, but will be funded by the Agency-set property tax rate. The FY 2015/16 Budget does not anticipate any change in the Agency-set tax rate.

Other Planning Documents

The Agency understands the importance of aligning the Budget process with its financial policies (discussed in detail in the Budget Foreword) and its planning documents. Key planning documents that have guided this budget process include the Agency Strategic Plan, Long-Term Financial Plan, 2010 Urban Water Management Plan, Integrated Regional Water Management Plan (IRWMP), CLWA Reliability Plan, the Communications Strategic Plan, 2014 Facility Capacity Fee Study and the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP). The FY 2015/16 Budget also provides for continued development of an Asset Management Plan, updating the IRWMP and also monitoring and

participating in the development and implementation of Sacramento-San Joaquin Delta improvements, including BDCP/DHCCP and California WaterFix.

Litigation

During FY 2015/16, the Agency will continue to deal with two significant items.

- ◆ In February 2013, the Santa Clarita Organization for Planning the Environment filed litigation regarding the acquisition of the stock of the Valencia Water Company in December 2012 (Santa Clarita Organization for Planning the Environment (SCOPE) v. Castaic Lake Water Agency et al., Los Angeles County Superior Court Case No. BS 141673). The trial for this case took place on February 24, 2015 and the court ruled against SCOPE on all its causes of action. A final judgement was prepared in favor of the Agency, Valencia Water Company and the other defendants. On May 21, 2015, SCOPE appealed this ruling.

In addition, two other actions have been filed. In March 2014, SCOPE filed a separate but related action on the same issue. And in April 2014, Newhall County Water District filed litigation regarding the acquisition of the stock of the Valencia Water Company on similar grounds to the SCOPE complaints. The Agency anticipates this litigation will take over two years to resolve.

- ◆ In April 2013, Newhall County Water District filed litigation regarding the new wholesale water rate structure (Newhall County Water District v. Castaic Lake Water Agency et al., Los Angeles County Superior Court Case BS142690). The Agency implemented the rates effective July 1, 2013. On July 10, 2014, the Court held that the Agency's rates were a "tax" under Proposition 26 and were not valid. The Agency has appealed this ruling. The Agency anticipates this litigation will take over a year to resolve.

Santa Clarita Water Division Cost Allocation

The Agency allocates certain shared positions to its Santa Clarita Water Division (SCWD). The allocation of staff is updated each year through the budget process and is largely based on Full Time Employee (FTE) positions. In June 2015, staff presented the Agency's audit firm results of a target audit of the shared positions to the Board of Directors, and presented recommended allocations of the shared positions. These changes are incorporated into the FY 2015/16 Budget. The cost allocation of the shared positions is reviewed each year as part of the budget process.

The shared positions for FY 2015/16 are as follows:

- ◆ Human Resources/Safety: Human Resources/Risk Management Supervisor, Administrative Analyst (Human Resources), Administrative Technician (Human Resources) and Safety Officer. These positions are allocated 54% to CLWA and 46% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Information Technology: Senior Information Technology Technician and Information Technology Technician. These positions are allocated 54% to CLWA and 46% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Senior Accounting Technician II (Payroll). This position is allocated 50% to CLWA and 50% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Facilities. All four positions in the Facilities section charge actual time worked on SCWD projects to SCWD. Charges include labor and benefits.
- ◆ Controller. This position is allocated 67% to CLWA and 33% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Administrative Services Manager. This position is assumed to spend 50% of time supervising the above functions, and is allocated 23% to SCWD (i.e., half of 46%). Charges include labor, benefits and indirect costs.
- ◆ Water Conservation Coordinator. This position is budgeted at 10%, but charges actual time spent on SCWD projects to SCWD. Charges include labor and benefits.

Major Accomplishments

During FY 2014/15 we:

- ◆ Met all retailers' water demands during the drought by managing State Water Project carryover, utilizing CLWA banking programs, coordinating with retailers in re-operating the Alluvial aquifer and advancing water conservation outreach programs.
- ◆ Met all applicable water quality regulations and requirements.
- ◆ Continued ongoing coordination with purveyors, the City and County on the Santa Clarita Valley (SCV) Water Committee to address the impacts of the drought (Retail Manager elected to serve as Committee Chair in 2015).
- ◆ Completed a reconnaissance study that identified and screened local water management options to improve water supply reliability.
- ◆ Executed an agreement with Newhall Land for future Saugus Formation well sites for dry-year supplies and to restore well capacity impacted by perchlorate contamination.
- ◆ Hosted a Bay Delta Conservation Plan Symposium on July 18, 2014.
- ◆ Obtained a ruling wholly in favor of CLWA et. al. in defense of the "SCOPE I" case challenging the Valencia Water Company acquisition.
- ◆ Received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the FY 2013/14 Comprehensive Annual Financial Report (tenth consecutive year).
- ◆ Received a Distinguished Budget Presentation Award from the Government Finance Officers Association for the FY 2014/15 Budget (ninth consecutive year) and the Excellence Award for its Operating Budget from the California Society of Municipal Finance Officers for the Agency's FY 2014/15 Budget (eighth consecutive year).
- ◆ Received the Association of California Water Agencies Joint Powers Insurance Authority President's Special Recognition Award Certificate for achieving a loss ratio of 20% or less in paid claims and case reserves to deposit premiums in the Liability Program for the period 10/1/10 to 9/30/13 (fourth consecutive year), Property Program for the period 4/1/10 to 3/31/13 (sixth consecutive year) and the Worker's Compensation Program for the period 7/1/10 to 6/30/13 (fourth consecutive year).
- ◆ Completed the biennial update of the Facility Capacity Fee Study and adopted new Facility Capacity Fees.
- ◆ Designed and constructed the Rio Vista Water Treatment Plant Clearwell Cover No. 1 Improvements Project.
- ◆ Oversaw construction and start-up of the 3.5 megawatt solar facility and held a ribbon-cutting ceremony.
- ◆ Coordinated with Valencia Water Company for permit from California Department of Public Health, the Los Angeles County Department of Public Health and the L. A. Regional Water Quality Control Board of a recycled water fill station for grading, dust control, etc. in the event the City of Santa Clarita declares a Stage 2 or greater water rationing/conservation stage in accordance with its Water Conservation Ordinance.
- ◆ Purchased a new office building for the Water Resources Department.
- ◆ Conducted 44 Speakers Bureau events.
- ◆ Conducted a Communication Strategic Plan process to provide strategic direction for the planning and implementation of communications and outreach programs.
- ◆ Launched the Residential Lawn Replacement Program.
- ◆ Were awarded a Drought Round Integrated Regional Water Management grant of \$16.7 million for construction of ultraviolet facilities at the Valencia Water Reclamation Plant (for SCV Sanitation District) and enhanced recovery for the Rosedale-Rio Bravo Water Storage District and Semitropic Water Storage District banking programs. Also executed agreements with Rosedale-Rio Bravo and Semitropic Water Storage Districts to participate in the two banking programs.
- ◆ Refunded the 2006C COPs and achieved \$10.3 million in reduced debt service costs over the next twenty years.
- ◆ Updated the Santa Clarita Valley Water Use Efficiency Strategic Plan.

Actions

During FY 2015/16 we will:

- ◆ Meet all local water retailers' water demands and all applicable water quality regulations.
- ◆ Participate in a collaborative process with Newhall County Water District to achieve "Principles for Moving Forward" to create an integrated water resource strategy for the Santa Clarita Valley.
- ◆ Recruit and hire a new General Manager.
- ◆ Complete the 2015 Santa Clarita Valley Urban Water Management Plan update.
- ◆ Complete design of Recycled Water Phase 2A Project and planning and environmental compliance of Recycled Water Phase 2B and 2C Projects.
- ◆ Update the Recycled Water Master Plan and complete the Recycled Water Rules and Regulations.
- ◆ Design and construct the Rio Vista Water Treatment Plant Clearwell Cover No. 2 Improvements Project.
- ◆ Implement a new wholesale water rate structure.
- ◆ Continue our efforts to resolve litigation on the Valencia Water Company acquisition and wholesale water rate structure.
- ◆ Continue to support development and implementation of the California WaterFix by participating in negotiation of State Water Project contract amendments to equitably allocate costs among participants.
- ◆ Implement the Agency's Strategic Communications Plan.
- ◆ Participate in efforts to form a Groundwater Sustainability Agency for the Upper Santa Clara River Groundwater Basin.
- ◆ Move the Water Resources Department to its new office at Summit Circle.
- ◆ Ensure the Agency budget and the Department budgets are appropriately expended by actively managing and controlling expenditures.

Conclusion

As discussed in the opening section, Management and staff have prepared this budget to address the demands of water supply reliability, deal with the ongoing drought and comply with State mandates for conserving water in the Santa Clarita Valley. The FY 2015/16 Budget continues to support the Agency's mission statement.

Sincerely,

Dan Masnada
General Manager

Valerie L. Pryor
Administrative Services Manager

Castaic Lake Water Agency

Pictured (top): CLWA entrance signage at street intersection and (center) on access road to property. Pictured (bottom): CLWA headquarters building at the Rio Vista Water Treatment Plant overlooking the Santa Clarita Valley.



Santa Clarita Valley

Pictured (top left): View of the Santa Clarita Valley, Rio Vista Water Treatment Plant's clearwells and wash water recovery basins; (top right) solar power panels on the RVWTP upper mesa and (mid left) lower mesa; (center) Santa Clarita Valley location in the state of California; (lower left center) glorious sunrise at the RVWTP; and (bottom left) overlooking City of Santa Clarita's Central Park.



Drought Awareness Marketing Collateral:

Pictured: One of the many graphics posted to CLWA's social media sites addressing drought awareness and compliance with state-mandated watering schedule to meet conservation goals initiated by Governor Brown.

State Mandated Water Schedule April Through October

Due to **exceptional drought conditions**, the State Water Board has mandated the following irrigation schedule.

APRIL – OCTOBER WATERING SCHEDULE

	Sun	Mon	Tues	Wed	Thurs	Fri	Sat
ODD ADDRESSES		💧		💧		💧	🚫
EVEN ADDRESSES	💧		💧		💧		🚫



Residents and businesses must follow this schedule or risk being fined up to \$500 for non-compliance.

OVERVIEW OF THE CASTAIC LAKE WATER AGENCY

History and Reporting Entity

The Castaic Lake Water Agency (Agency) was organized as the Upper Santa Clara Valley Water Agency on April 20, 1962 by passage of Assembly Bill No. 26, Chapter 28, California Statutes of 1962 to contract with the State of California for the delivery of a portion of the water to be brought over the Tehachapi Mountains from the Sacramento-San Joaquin Delta through the State Water Resources Development System. In 1970, the name of the Upper Santa Clara Valley Water Agency was changed to the Castaic Lake Water Agency.

The Agency was formed to bring a supplemental water supply to its service area from the State Water Resources Development System, more commonly known as the State Water Project, and provide the necessary treatment and conveyance facilities to treat and deliver this water. On April 30, 1963, the Agency entered into an agreement with the State acting by and through its Department of Water Resources (DWR) for an original contract amount of 41,500 acre-feet (AF) of water per year (AFY) from the system. The Agency increased the contract amount by 12,700 AFY in 1991 by acquiring the Devil's Den Water District (see additional discussion in this section). It also purchased an additional 41,000 AFY of contract amount from the Kern County Water Agency and the Wheeler Ridge-Maricopa Water Storage District in March 1999. The Agency's current contract amount is 95,200 AFY.

The Agency Law was amended in 1986 by the enactment of Chapter 832, California Statutes of 1986 (the "1986 Amendment"), which enhanced the Agency's ability to provide for water use planning and the financing of additional water facilities for its wholesale service area. Among the provisions of the 1986 Amendment was the expansion of the Board of Directors to eleven members and the authorization to establish and impose Developer Impact Fees and a water standby charge (not yet utilized).

The reporting entity "Castaic Lake Water Agency" also includes the accounts of the Castaic Lake Water Agency Financing Corporation (the Corporation). Although legally separate, the Agency exercises oversight responsibility over the Corporation. The Corporation was formed in 1990 to issue Certificates of Participation (COPs).

On October 25, 1988, the Agency purchased land and equipment owned by Producers Cotton Oil Company. Of the 8,459 acres of land purchased in Kern and Kings Counties, approximately 7,759 acres are within the Devil's Den Water District. The District encompasses 8,676 acres. The land is being leased to an outside party by the Agency under terms of an operating lease agreement.

On September 3, 1999, the Agency purchased the stock of the Santa Clarita Water Company by investing \$63 million into the Company.

On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 acre-feet (AF) of water supply per year for a 30-year period.

On December 21, 2012, the Agency purchased the stock of the Valencia Water Company by investing \$58.8 million into the Company.

Mission Statement

The Agency's mission is:

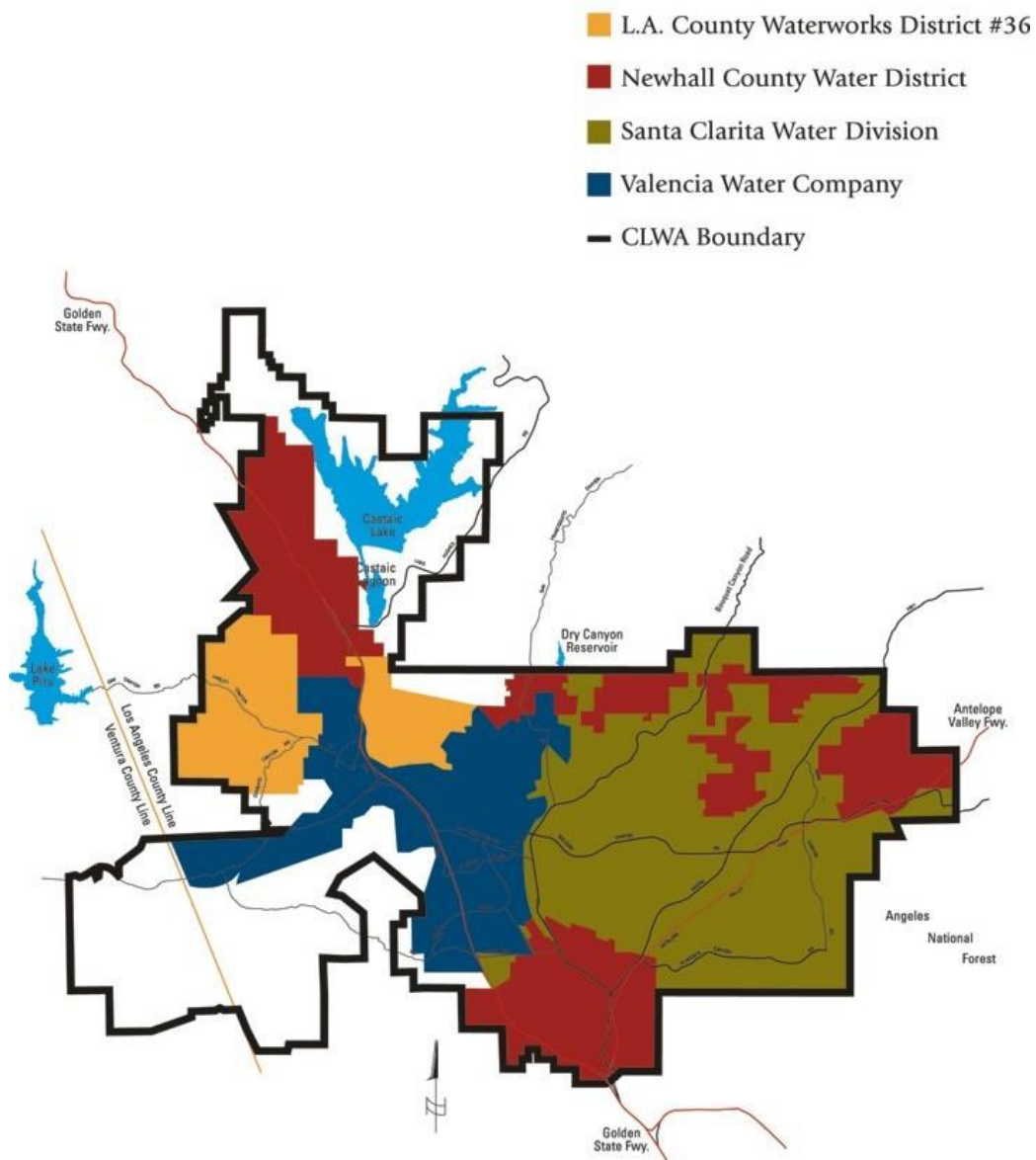
"Providing Reliable, Quality Water at a Reasonable Cost to the Santa Clarita Valley"

To fulfill this mission, the Agency has developed a capital improvement plan which is designed to increase the Valley's overall water supply reliability by (1) acquiring and developing additional sources and (2) participating in a variety of water banking, storage and conjunctive use projects.

The Agency and its Service Area

The Agency is located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles. The Agency's wholesale service area has a population of approximately 280,000 and covers an area of approximately 195 square miles or 124,000 acres. The majority of the service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the Upper Santa Clara River. Approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita and other nearby communities.

Castaic Lake Water Agency Service Area



The Agency provides supplemental wholesale water to four local retail water purveyors – CLWA Santa Clarita Water Division (SCWD), Los Angeles County Waterworks District No. 36, Newhall County Water District (NCWD) and the Valencia Water Company. During FY 2015/16, it is estimated that a total of 34,750 acre-feet of water will be provided by the Agency’s supplemental water, as follows:

Retail Water Purveyor	Acre-feet
CLWA Santa Clarita Water Division	18,700
Valencia Water Company	12,150
Newhall County Water District	3,900
L.A. County Waterworks District #36	--
Total Deliveries to Purveyors	34,750

Of the total, 4,100 acre-feet of water will be provided to SCWD and NCWD from the Saugus 1 and 2 wells, which were returned to service in January 2011. These wells were taken out of service in 1997 due to perchlorate contamination. Of the remainder, 28,500 acre-feet of water will be imported water and 2,150 acre feet will be recycled water.

The Agency began recycled water sales during FY 2003/04. Ongoing sales are approximately 450 AF per year for sales to the Valencia Water Company to irrigate the TPC at Valencia golf course and median landscaping in the Westridge area. During FY 2015/16, the Agency will also sell 1,700 AF of recycled water for grading of Mission Village in the Newhall Ranch area.

As of December 31, 2014, the retail purveyors served 72,156 connections, as follows:

Retail Water Purveyor	Connections
CLWA Santa Clarita Water Division	29,999
Valencia Water Company	31,101
Newhall County Water District	9,706
L.A. County Waterworks District #36	1,350
Total Connections	72,156

As previously discussed, in September 1999 the Agency acquired the stock of the Santa Clarita Water Company. The Santa Clarita Water Division (SCWD) of the Agency operates the retail water system and is accounted for as a separate enterprise fund of the Agency. SCWD prepares an independent Budget and Strategic Plan. SCWD serves over 29,000 connections in a service area of approximately 56 square miles with a population of approximately 124,000. SCWD has 57 full-time employees.

As previously discussed, in December 2012, the Agency acquired the stock of the Valencia Water Company (VWC). VWC operates as a separate corporate entity.

Facilities

The Agency owns and operates water conveyance pipelines and water treatment facilities to supply water from the State Water Project (SWP) and other sources to the four retail purveyors in its service area. DWR conveys water via the California Aqueduct to Castaic Lake and releases water to the Agency through the outlet tower at Castaic Lake. The reservoir is a multiple use reservoir that is the terminal point of the West Branch of the California Aqueduct, and stores approximately 320,000 acre-feet of water. The Agency’s major facilities consist of the Earl Schmidt Intake Pump Station (ESIPS), the Earl Schmidt Filtration Plant (ESFP), the Rio Vista Intake Pump Station (RVIPS), the Rio Vista Water Treatment Plant (RVWTP), the Sand Canyon Pump Station (SCPS), the Sand Canyon Reservoir (SCR), the Perchlorate Treatment facility and a system of pipelines and ancillary facilities which convey treated water to the four retailers.

The Agency's major facilities are described in more detail as follows:

- ◆ Intake Piping – The ESFP receives water from a connection to the State Water Project's 60-inch diameter outlet conduit from the Castaic Reservoir. A 54-inch diameter conduit extends from the State's outlet conduit to the ESIPS. At the ESIPS there are 54 inch and 42 inch diameter pump suction headers.
- ◆ ESIPS – The Earl Schmidt Intake Pump Station is located near the shore of the afterbay below Castaic Dam located at the southern end of Castaic Reservoir. The pump station consists of five vertical turbine pumps rated at 6 mgd each and two vertical turbine pumps rated at 14 mgd each. The pumping units are used when the water level in the reservoir falls below the elevation necessary to permit gravity flow of water from the reservoir to the filtration plant. The pump station can deliver at least 56 mgd to the Earl Schmidt Filtration Plant.
- ◆ ESFP – The Earl Schmidt Filtration Plant, located at the southern end of the Castaic Reservoir, treats State Water Project and other imported water for domestic uses. The ESFP was completed in 1980 with an original capacity of 12.5 mgd and was expanded to a capacity of 25 mgd in 1988. In 2001, the ESFP was re-rated at 33.6 mgd. In 2005, the ESFP was expanded to 56 mgd. The treatment process includes ozonation, coagulation, contact clarification, and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered, treated and returned to the headworks. The ESFP also includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two steel tanks provide a total of ten million gallons of treated water storage.
- ◆ RVIPS – The Rio Vista Intake Pump Station pumps water from the Metropolitan Water District (MWD) Foothill Feeder to the Rio Vista Water Treatment Plant via a 102-inch diameter raw water pipeline. The pump station consists of one vertical turbine pump rated at 7.5 mgd, three vertical turbine pumps rated at 15 mgd each and one vertical turbine pump rated at 30 mgd.
- ◆ RWVTP – The Rio Vista Water Treatment Plant is located in the City of Santa Clarita and treats water for domestic uses. Its current capacity is 66 mgd; however, the site has sufficient land area for a treatment plant with an ultimate capacity of 120 mgd. The treatment process technology includes ozonation, coagulation, contact clarification and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered and returned to the headworks. The RWVTP includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two concrete reservoirs provide a total of 30 million gallons of treated water storage.

The RWVTP site includes the seven-acre Water Conservatory Garden and Learning Center. The purpose of this facility is to inform and educate Santa Clarita Valley residents about the source and treatment of their water supply, as well as means to conserve this precious resource. The Garden and other water education programs of the Agency have received numerous awards, honors and grants from the American Water Works Association, the Association of California Water Agencies and the California Department of Education, among others.

- ◆ Outlet Piping and Water Distribution Systems – The Agency maintains a network of transmission pipelines, pump stations and reservoirs that conveys treated water from the ESFP and RWVTP.

The Castaic Conduit serves as the pipeline connection between ESFP and RWVTP. It also serves as one of the main pipelines for conveying treated water to the retail purveyors through a series of turnouts and laterals.

The portion of the Castaic Conduit between the SWP outlets works and the ESIPS has a normal design capacity of 67 mgd. Downstream of ESFP, the Castaic Conduit was designed with a nominal capacity of 51 mgd along the length of the 54-inch diameter pipeline, which extends approximately

five miles southeast through the center of the Agency's service area, eventually transitioning to a 39-inch diameter pipeline with a design capacity of 27 mgd, where it connects with the Honby and Newhall Laterals which, in turn, provide water to the retail purveyors. Approximately two miles of 84-inch pipeline with a nominal capacity of 124 mgd connect the RVWTP to the 39-inch diameter pipeline.

The Newhall Parallel connects to the 84-inch treated water pipeline and provides additional water to the southern portion of Valencia. The Newhall Parallel begins as a 54-inch pipeline and reduces to a 24-inch pipeline. Additionally, the Agency has constructed three phases of the Magic Mountain Pipeline, a 42-inch pipeline that connects to the Newhall Parallel and will provide water to the western portion of the Agency's area.

The Agency delivers water to the retail purveyors through 26 turnouts, as follows: CLWA Santa Clarita Water Division – 13, Los Angeles County Waterworks District #36 – 2, Newhall County Water District – 4 and Valencia Water Company – 7.

- ◆ Recycled Water System – The Agency distributes recycled water from the Los Angeles County Sanitation District's Valencia Water Reclamation Plant. The facilities include a 24-inch recycled water pipeline that runs from the Valencia Water Reclamation Plant south to the TPC at Valencia golf course, as well as a 1.5 million gallon recycled water reservoir located near the golf course.
- ◆ Sand Canyon Pipeline System – The Sand Canyon System consists of a booster pump station, pipeline and reservoir to convey imported water from the end of the existing Honby Lateral to the southern Sand Canyon area. The reservoir also provides emergency storage. The 48-inch pipeline is approximately five miles in length and delivers water to retail purveyors through six turnouts. The Sand Canyon Pump Station has a capacity of 30,000 gallons per minute (gpm). The Sand Canyon Reservoir can store up to 7 million gallons of water.
- ◆ Perchlorate Treatment and Distributions Systems – In 1997 four production wells in the Saugus Formation were found to be contaminated with perchlorate (a chemical used in the manufacture of solid rocket propellants, munitions and fireworks). Three additional production wells in the alluvial aquifer tested positive for perchlorate in 2002, 2005 and 2011. Beginning in 2007 the Agency rehabilitated Saugus 1 and 2 wells and constructed a perchlorate treatment facility and distribution pipelines. The Saugus Perchlorate Treatment Facility (SPTF), which includes an ion exchange process located at the RVIPS, was placed into service in early 2010. Returning the Saugus 1 and 2 wells to service restored lost capacity and helps contain migration of groundwater contamination in the Saugus Formation emanating from the contaminated sites.
- ◆ Groundwater Banking Programs – The Agency has five groundwater banking and exchange accounts with three separate partners. Two accounts are in the Semitropic Water Storage Districts Groundwater Banking Program. These accounts are currently short-term, ten-year accounts. One account was initiated in 2002 and has been extended to 2022 and contains a balance of 6,700 acre-feet and the other account was initiated in 2003 and has been extended to 2024 and contains 29,270 acre-feet. Both accounts contain excess State Water Project Table A water that must be delivered to the Agency (or another Agency groundwater account) prior to the end of agreements in 2022 and 2024. In 2014 the Agency withdrew 4,950 AF, through a contractual arrangement with Newhall Land and has the option to withdraw an additional 4,950 in 2015. Each year the extraction option is exercised, the Agency would transfer 5,000 AF of stored water to Newhall Land's semitropic account. Without such arrangements, withdrawals of water from the accounts in a given year may be limited by hydrology and the demands of other Program participants. The Agency is currently in the process of purchasing 5,000 shares in the Semitropic Stored Water Recovery Unit, which would allow the Agency to recover 5,000 AFY of these supplies on a first-priority basis, and acquire an additional 15,000 AF of storage capacity.

In September 2005 the Agency initiated participation in the Rosedale-Rio Bravo Water Storage District Groundwater Banking Program. This program allows the storage of 20,000 acre-feet annually

of the Agency's State Water Project Table A amount or other supplies, and has a contract term through 2035, renewable according to the terms of the Agency's water supply contract with Department of Water Resources. In 2012, CLWA delivered an additional 6,031 AF to the program and, as of April 30, 2013, the program holds an available balance of 100,000 acre-feet (100,000 acre-feet is the maximum available to the Agency). In calendar year 2014, the Agency withdrew 2,824 AF and anticipates 3,000 AF will be withdrawn from the program in 2015.

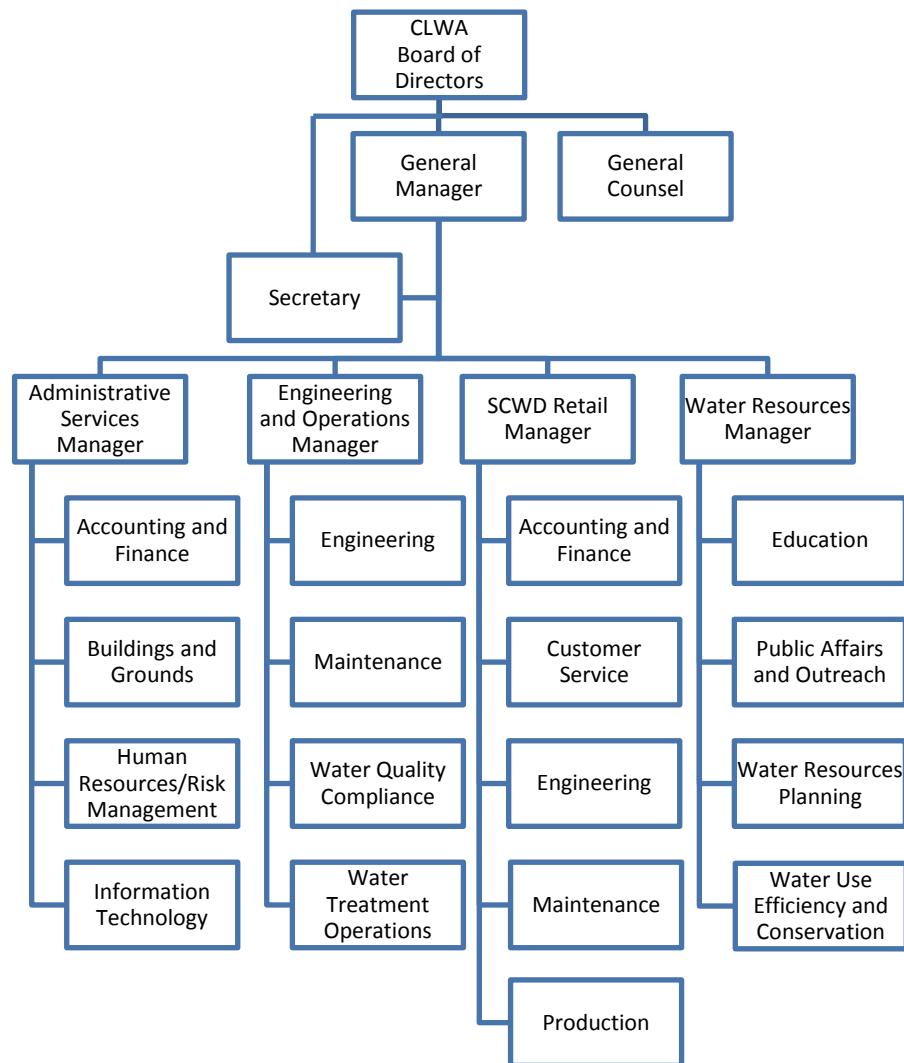
In 2011, CLWA implemented a two-for-one exchange with Rosedale-Rio Bravo Water Storage District, which is a program where CLWA can recover one AF of water for each two AF banked. This program has a maximum of 19,000 AF, or 9,500 AF of recoverable water. In 2012, CLWA completed to the program and, after program losses, has 9,500 AF of recoverable water currently available. CLWA also implemented a two-for-one banking program with the West Kern Water District in Kern County and delivered 5,000 AF in 2011, resulting in a recoverable total of 2,500 AF. In calendar year 2014, the Agency recovered 2,000 AF from the West Kern program, leaving a balance of 500 AF.

Governance

The Agency is divided into three elective divisions. The governing board is made up of two Directors from each division, three Directors at large, and one Director appointed by two of the retail water purveyors (Newhall County Water District and Los Angeles County Waterworks District #36). At June 30, 2015, the Agency's governing board consisted of the following individuals:

Director	Division	Term Expires
Thomas Campbell, President	At Large	January 2019
William Cooper, Vice-President	At Large	January 2017
Gary R. Martin	At Large	January 2019
Ed Colley	1	January 2019
R.J. Kelly	1	January 2017
Robert J. DiPrimio	2	January 2019
E.G. "Jerry" Gladbach	2	January 2017
Jacque McMillan	3	January 2019
William Pecsí	3	January 2017
Dean Efstathiou	L.A. County WWD #36	January 2019
B.J. Atkins	NCWD	January 2017

ORGANIZATION CHART



Revenue Sources

The Agency's major revenue sources are as follows:

- ◆ Water Sales – The Agency bills its four retail purveyors fixed and volumetric charges for water purchased from the Castaic Lake Water Agency (see discussion of the wholesale water rate in Revenue section for more detail). The Agency also charges its tenant farmer for water used at the Devil's Den Ranch. In FY 2003/04, the Agency began selling recycled water.
- ◆ Facility Capacity Fees – The Agency reviews and establishes its Facility Capacity Fee rates on a regular basis through a public hearing process. These fees are paid to the Agency directly by developers or property owners within the Wholesale Service Area shortly before the issuance of building permits by the County of Los Angeles and the City of Santa Clarita. Facility Capacity Fee revenues are used to pay future users' share of the Agency's Debt.
- ◆ One Percent Property Tax Revenues – The Counties of Los Angeles and Ventura levy a one percent property tax on behalf of all taxing agencies in the County, including the Agency. The taxes are allocated to the taxing agencies within the County on the basis of a formula established by State Law enacted in 1979 and modified from time to time. Under this formula, the County and all other taxing

entities receive a base-year allocation plus an allocation on the basis of “situs” growth in assessed value (due to new construction, change of ownership, or a 2% allowance allowed under Article XIII A of the State Constitution) prorated among the jurisdictions which serve the tax rate area within which the growth occurs.

In general, these funds are allocated to debt service and capital improvement projects for existing users, as well as to core non-SWP supplies.

- ◆ Agency-Set Property Tax Revenues – The Counties of Los Angeles and Ventura also levy for the Agency a special tax rate to pay for the Agency’s share of payments to the State of California Department of Water Resources for its fixed and variable and related charges. These revenues, and the interest earned thereon, is restricted to pay only these specific payments.

All revenues of the Agency, except the Agency-set tax revenues and corresponding interest, are irrevocably pledged to the payment of Debt.

Financial Policies

The Agency’s Major Financial Policies include the Reserve Policy, the Investment Policy, the Debt Management Policy, the Disclosure Procedures Policy, the Derivatives Policy, the Governmental Fund Balance Classification Policy and the Purchasing Policy. These policies are included in the Appendices.

Reserve Policy

The Agency’s approved reserve policies are as follows:

1. Operating Reserves of three months of operating expenditures
2. Debt Service Reserves of annual debt service less restricted debt service reserve funds
3. Capital Reserves of one year of the current pay-as-you-go capital improvement program, plus 40% of the next fiscal year program
4. Reserves for Economic Uncertainties and Catastrophic Situations, equal to 700 days of operating expenditures less the Operating Reserves.

During FY 2012/13, the Board of Directors adopted a new wholesale water rate structure effective July 1, 2013 that includes transferring Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply costs from the capital improvement budget to the General Fund/Operating Budget over ten years. This will free up one percent property tax revenues to fund a Repair and Replacement Reserve that will be used for future replacement of aging infrastructure.

The Agency has started developing an asset management program to manage the Agency’s infrastructure. During FY 2012/13 an initial asset management gap analysis was performed to identify the steps needed to improve asset management at the Agency. During FY 2014/15 the implementation of asset management continues, including the development of a draft repair and replacement CIP schedule. During FY 2015/16, work will be done to continue to develop a CIP for existing users, expanding on the draft repair and replacement CIP. When the overall asset management program is more fully developed, a specific Repair and Replacement Reserve Fund policy will be developed. At this time, the new reserve will begin accumulating funds for future repair and replacement needs.

Investment Policy

The Board of Directors annually adopts an Investment Policy that conforms to California State Law, Agency ordinances and resolutions, prudent money management and the “prudent person” standards. The objectives of the Investment Policy are safety, liquidity and yield. Agency funds are normally invested in the State Treasurer’s Local Agency Investment Fund, the Los Angeles County Pooled Investment Fund, Certificates of Deposit, Government Agency Obligations or other specifically authorized investments.

Debt Management Policy

The Agency's Debt Management Policy includes the Agency's written guidelines and restrictions that affect the amount and type of debt issued, the issuance process and the management of the debt portfolio. The policy is designed to provide justification for the structure of debt issuance, identify policy goals and demonstrate a commitment to long-term financial planning. The Derivatives Policy and the Disclosure Procedures Policy supplement the Debt Management Policy.

Governmental Fund Balance Classification Policy

In May 2011, the Agency adopted a fund balance policy based on the published Governmental Accounting Standards Board (GASB) Statement No. 54, which established accounting and financial reporting standards for all governments that report governmental funds. This statement divides the fund balance into five classifications: (1) non-spendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned.

Purchasing Policy

The Board of Directors has adopted a Purchasing Policy which provides uniform procedures for acquiring equipment, goods and services for the Agency. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

Long-Term Commitments

The following is a summary of the Agency's long-term debt and long-term water supply contract commitments, including the State Water project. Additional information is provided in the Long-Term Commitments section of the budget.

Bond Ratings

The Bond ratings for the Agency's outstanding Debt reflect high grade investment quality debt. They are based on the Agency's good financial management, strong financial policies and diverse water supply portfolio. Debt issued at these ratings results in lower interest rates and correspondingly lower debt service payments.

	1999 COPs	2006A COPs	2008A COPs (VRDO)	2010A COPs	2014A Revenue Refunding Bonds	2015A Revenue Refunding Bonds	Commercial Paper
Fitch	AA	AA-	AA-	AA-	AA-	AA-	AA-
Standard & Poor's	AA	AA-	AA-	AA-	AA-	AA-	AAA

Total Outstanding Debt

Total debt includes Certificates of Participate (COPs) and Revenue Refunding Bonds of \$267.0 million as of June 30, 2015. Scheduled annual debt service for FY 2015/16 is \$20.3 million. Projected annual debt service is anticipated to be \$24.5 million starting in FY 2016/17, \$28.8 million starting in FY 2019/20 and \$30.9 million starting in FY 2022/23 based on anticipated new debt issuance and payments on the 1999 Capital Appreciation Certificates of Participation. The source of debt service repayment is Facility Capacity Fees and one percent property tax revenues. Debt proceeds are used to fund the Agency's capital improvement program, and all facilities are allocated to future users (paid by Facility Capacity Fees) and existing users (paid by one percent property tax revenues).

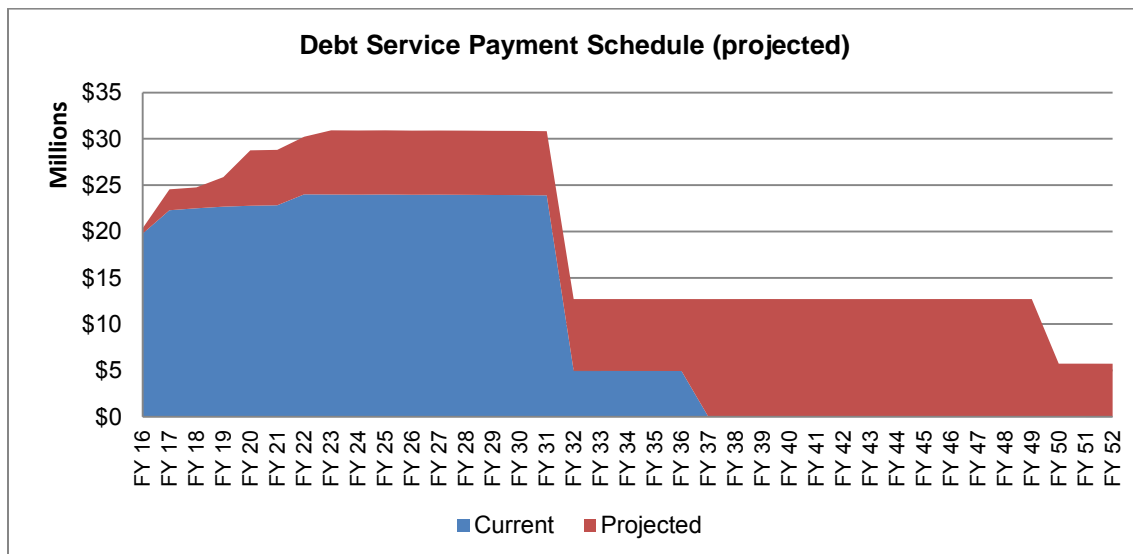
Series	Outstanding Principal June 30, 2015	Debt Service FY 2015/16
2008A COPs	\$ 32,925,000	\$ 5,246,872
2014A Revenue Bonds	16,585,000	3,168,975
1999 COPs	56,531,369	--
2006A COPs	37,165,000	3,304,776
2010A COPs	59,675,000	5,285,781
2015A Revenue Bonds	64,000,000	2,755,943
Projected (new debt)	--	564,063
Total	\$ 266,881,369	\$ 20,326,410

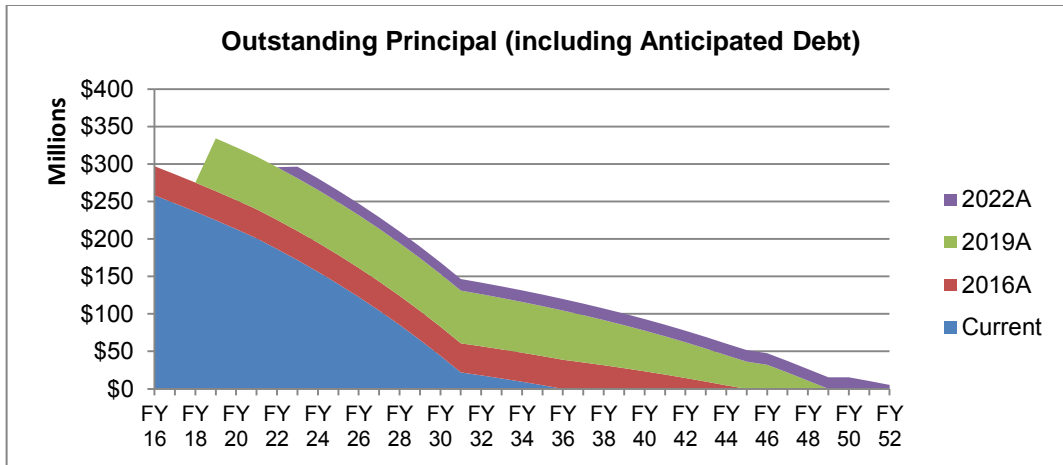
Planned Issuance

The Agency is planning the issuance of commercial paper during FY 2015/16 to finance the near-term capital improvement program (CIP). The Agency's CIP for the next eight years anticipates the need to issue approximately \$124.6 million in additional debt. The Agency anticipates issuing bonds in 2016, 2019 and 2022, with estimated principal amounts of \$38.8 million, \$70.4 million and \$15.4 million, respectively. The Agency's ten-year forecast show sufficient funds to pay debt service and maintain bond covenants. It is anticipated these obligations will be allocated 39.5% to future users (Facility Capacity Fees) and 61.5% to existing users (one percent property tax revenues).

Bond covenants require that Agency maintains a minimum 1.20 debt coverage ratio on all bonds. The Agency's current projections for debt coverage ratios are as follows:

FY 2015/16	1.71
FY 2016/17	1.49
FY 2017/18	1.81
FY 2018/19	1.87
FY 2019/20	1.81





State Water Project Contract – On April 30, 1963, the Agency entered into a water supply contract with DWR under which the Agency agreed to make payments which include, among other charges, capital charges and operation and maintenance charges. These contracts are deemed to be voter-approved indebtedness for purposes of Article XIII A of the California Constitution, and the Agency levies a tax sufficient to provide for all payments.

Buena Vista/Rosedale-Rio Bravo Water Acquisition - On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 AF of water supply per year for a 30-year period. The purchase price was established in FY 2006/07 at \$486.85 per AF. The purchase price is adjusted each calendar year by the Consumer Price Index (All Urban Consumers – All Items – Southern California Area). The current purchase price is \$560.41 per AF.

Basis of Budgeting

For budgetary reporting purposes, the Agency uses a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual for the Agency (generally 60 days after yearend) are recognized when due. The primary sources susceptible to accrual for the Agency are property tax, interest earnings on investments and operating revenues. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

This is the same basis of accounting used for the Agency’s audited financial statements.

Fund Structure

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for carrying out specific activities or attaining certain objects in accordance with specific regulations, restrictions or limitations. The funds of the Agency are described below:

Governmental Fund Types

General Fund – This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Funds – These funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or constructions of capital facilities and other capital assets.

Debt Service Funds – These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The major funds of the Agency are:

Governmental Funds

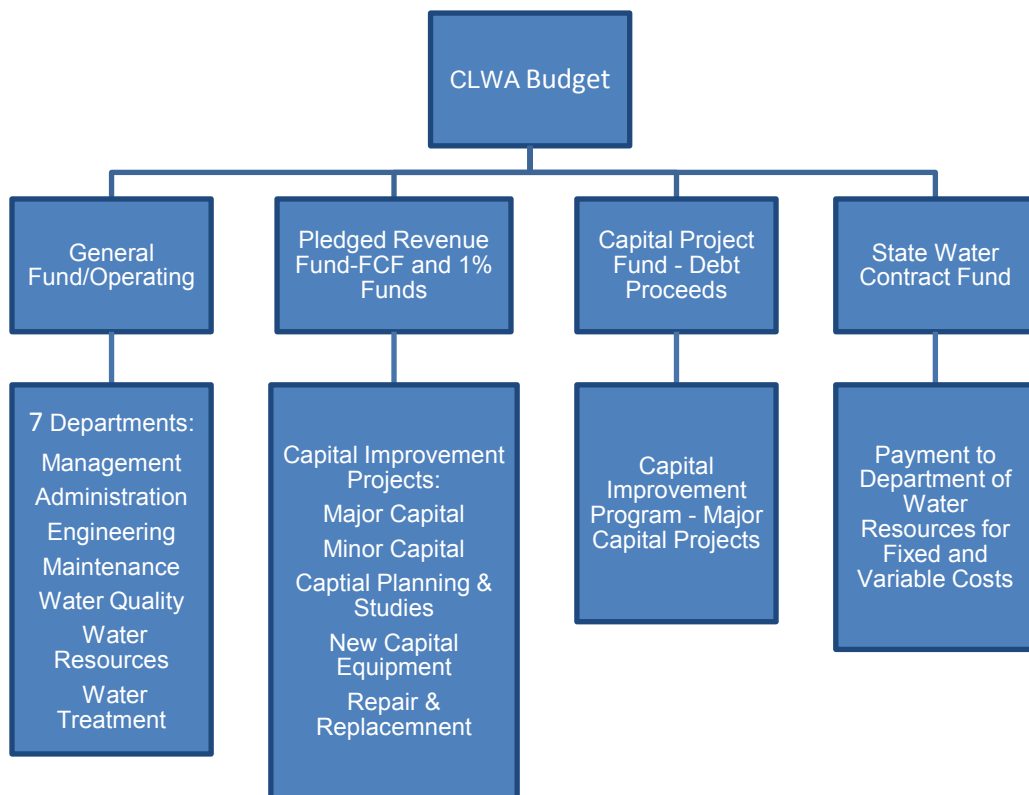
General Fund (Operating). This is the general operating fund of the Agency. It is used to account for all expenditures except those required to be accounted for in another fund.

Pledged Revenue Fund (Capital Improvement Program). This fund is used to account for all financial resources and revenues collected by the Agency except those required to be accounted for in another fund. Major sources of revenue are Facility Capacity Fees and One Percent Property Tax Revenues.

State Water Contract Fund. This fund is used to account for all revenues derived from a tax collected to pay for participation in the State Water Project. Its use is restricted for costs of the State Water Project.

Capital Project Fund (Capital Improvement Program). This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Debt Service Fund. This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.



Budgetary Control

The Board of Directors annually adopts a balanced operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Agency's operations and capital projects. The Board of Directors monitors the budget through monthly Finance and Expenditures reports, Quarterly Investment Reports and Midyear and Yearend Budget reports. The Board of Directors must approve all supplemental appropriations to the Budget and transfers between major funds. The legal level of budgetary control is at the fund level. The General Manager is authorized to direct the Administrative Services Manager to transfer within individual fund budgets.

Budget Process

The budget planning and preparation process is an important Agency activity and provides an opportunity for the Board of Directors, management and staff to reassess goals and objectives for the upcoming and future years. A key part of the budget process is the use of the Strategic Plan to relate the mission statement of the Agency to annual work program objectives to be achieved during FY 2015/16 and in the future.

During March and April of each year, Management and staff update current and develop new objectives for the upcoming fiscal year. Specific actions are discussed and refined with the Committees and the Board of Directors in April and May. Also during April, the Board of Directors holds a Strategic Planning Workshop to refine the Strategic Plan and finalize the objectives for the upcoming fiscal year.

The process is used to develop the Budget that is presented to the Finance and Administration Committee and the Board of Directors in May. The Budget is approved by motion and majority vote of the Board. If the Budget is not adopted in May, the Board may direct staff to revise and update the budget and resubmit it in June for Board review and adoption.

All of these meetings are posted for public participation. In addition, the Budget is posted on the Agency's website to allow for public review. The Final FY Budget is also posted on the Agency's website after it is adopted.



Strategic Planning

The strategic planning process provides a long-term view for the Agency, but also guides the annual budget process. The budget process sets fiscal year and short-term objectives to carry out the strategic plan. The strategic plan process includes the following definitions:

- ◆ **Catalytic Project:** High leverage, high impact activity, project or program that will achieve the greatest positive impact on the performance measures. A catalytic project may also be a collection of programs and activities.
- ◆ **Goal:** A description of a desired end state, condition or outcome expressed in qualitative terms.
- ◆ **Objective:** A description of the result that is expected to be achieved. An objective is time specific and measurable. Fiscal year objectives are the yearly organizational levels of achievement expected.
- ◆ **Performance Measure:** A qualitative or quantitative indicator of successful goal attainment. A “good” performance measure is a reasonable approximation or representation of goal attainment. The performance measure cited should also be one that the Agency can effect, gather data on and measure.
- ◆ **Strategic Goal:** A discrete aim for future achievement that is necessary to meet a component of the Agency’s mission.
- ◆ **Strategic Plan:** A long term plan defining the Agency’s mission, goals, and objectives and implementing actions.
- ◆ **Strategy/Tactic/Action/Program/Project/Activity:** Means by which we will achieve an objective and move towards a goal. A tactic is a specific action whereas a strategy is a broader concept to gain leverage and solve a particular problem.

The General Fund/Operating Budget portion of the budget includes the fiscal year actions by department and division. The Strategic Plan covers the other items and is included as a stand-alone section in the budget document.



Balancing the Budget

A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means. In developing the FY 2015/16 Budget, Management reviews the short-term and long-term forecast information to develop a budget that balances anticipated revenues and expenditures. As a result, the FY 2015/16 Budget is balanced. This definition of balancing the budget does not apply to the Agency’s capital budgets and funds.

Performance Measurement

The Strategic Plan and fiscal year actions are the basis for performance measurement. Major accomplishments for the previous fiscal year are reported in the Budget. During the fiscal year, staff report to the Board of Directors on the status of all actions at midyear and at yearend, allowing the Board to monitor progress and adjust priorities as necessary. Accomplishments and actions for each Department and Division are shown in the Operating Expenditures section, as well as selected performance measures and workload measures. All Agency performance measures are included in the Strategic Plan and financial measures are included in the Financial Summary section.

Capital Budget Process

The fiscal year capital budget is generally based on the Facility Capacity Fee Study. This document is prepared every two years to provide data concerning the estimated cost of facilities to supply water for new development, and the proposed method and basis for allocating the costs among those lands on which new development occurs. The report considers the estimated long-term costs of the CIP activities of the Agency.

The Agency's proposed CIP activities are developed to fulfill the Agency's stated mission, which is to provide reliable, quality water at a reasonable cost to the Santa Clarita Valley. The proposed CIP is structured to include facilities for the treatment, storage and transmission of potable water and recycled water as well as the acquisition of additional water supplies. The proposed CIP also contains elements to increase reliability through a combination of additional water supplies, water banking, storage and conjunctive use.

The Facility Capacity Fee Study analyzes projected water demand, proposed and actual development, the economic climate, water conservation activities and the status of the CIP. This information is used to develop each fiscal year CIP and to apportion costs between existing and new users. Existing users fund their portion of the CIP through One Percent Property Tax revenues and new users fund their portion of the CIP through the Facility Capacity Fees. The Facility Capacity Fees are adjusted as necessary depending on the CIP and development activity.

The current document is the 2014 Facility Capacity Fee Study, which is the basis for the 2015 and 2016 fees adopted by the Board of Directors on January 28, 2015. The next study will be the 2016 Facility Capacity Fee Study.

Capital Projects

Capital projects are defined as non-operating expense items of the budget, which includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects. Capital Projects typically have a life of five years or more. The categories of capital projects are:

- ◆ **Major Capital Projects:** The acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. Major capital projects are typically included in the Agency's Capital Improvement Program and Data Document, and cost more than \$1 million.
- ◆ **Minor Capital Projects:** Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Minor capital projects take less time to develop and are not generally included in the Agency's Facility Capacity Fee Study. Minor capital projects cost \$1 million or less.
- ◆ **Capital Planning, Studies and Administration:** Non-operating expenses, including but not limited to (1) studies in support of major capital projects and (2) non-recurring studies.
- ◆ **New Capital Equipment:** The purchase of fixed asset equipment with a cost of \$5,000 or more. New Capital Equipment has all of the following characteristics: (1) normal useful life of at least one year or more, (2) an acquisition cost of at least \$5,000, and (3) generally is facility or plant specific and not portable or used in various locations.
- ◆ **Major Repair and Replacement:** Minor changes or additions to existing Agency-owned grounds or buildings and the electrical, lighting, plumbing, air-conditioning or heating systems contained therein, which correct unsafe or unhealthful working conditions, increase operating efficiency, promote improved service to the public, and provide for the installation of equipment and security devices. Repair and Replacement also includes equipment which are installed components to Repair and Replacement Projects and the cost including tax is \$5,000 or greater. Generally, this includes replacement of equipment after end of mechanical or electrical service life such as impellers, circuit breakers, transformers, stator coils, valves or HVAC components. It also includes repairs or modifications that will bring plant or facility equipment back to normal functioning level. Repair and Replacement equipment has all of the following characteristics: (1) replacement of spare parts and components initially furnished by a contractor or manufacturer not included with the original machinery, (2) equipment that will be attached to original machinery

throughout its useful life, and (3) plant, facility or building-specific electrical or mechanical components. The capital budget for repair and replacement generally excludes portable equipment and small tools that can be used in various locations.

Capital Improvement Project Cost Allocation

Capital improvement projects are funded by Facility Capacity Fee and one percent property tax revenues. During FY 2006/07, the Agency implemented a new work order, financial software and project accounting system to facilitate cost accounting. Agency staff charges direct costs to capital projects. Burden and benefit rates are applied and the total amount is charged to each project budget.

Risk Management

The Agency recognizes that losses have a negative financial impact on the Agency. Minimizing the exposure to loss is a goal of the Agency. The Agency strives to minimize losses through its safety and training programs and through its risk transfer program. The Agency has adopted a Risk Transfer Manual which recognizes that a critical step in minimizing the exposure to loss is to execute effective risk transfer. The Agency uses a set of standard contracts to minimize potential liability exposures by transferring the legal and financial responsibility for losses to the party best able to control them.

Insurance

The Agency is a member of the Association of California Water Agencies Joint Power Insurance Authority (JPIA), an intergovernmental risk-sharing joint powers authority created to provide self-insurance programs for California water agencies. JPIA arranges and administers programs of insurance for the pooling of self-insured losses, and purchases excess insurance coverage for its members. JPIA began operations on October 1, 1979 and has continued without interruption since that time. As of June 30, 2015, Agency limits and deductibles for liability, property, and workers compensation programs of the JPIA are as follows:

- General and auto liability, public officials and employees' errors and omissions: total risk financing self-insurance limits of \$1,000,000, combined single limit per occurrence. JPIA has purchased additional excess coverage layers of \$59,000,000 for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.
- Property losses are paid at the replacement cost for buildings, fixed equipment and personal property on file, if replaced within two years after the loss; otherwise such losses are paid on an actual cash value basis, subject to a \$5,000 deductible per loss, and actual cash value for mobile equipment, subject to a \$1,000 deductible per loss, and licensed vehicles, subject to a \$500 deductible per loss. JPIA has purchased excess coverage for a combined total of \$100,000,000 per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100,000,000 per occurrence, subject to various deductibles depending on the type of equipment.
- Workers compensation insurance up to State statutory limits for all work-related injuries/illnesses covered by State law, and employer's liability coverage up to \$4,000,000. JPIA is self-insured up to \$2,000,000 and excess coverage has been purchased.

In addition to the above, the Agency has the following insurance coverage:

- Crime coverage up to \$1,000,000 per loss, including public employee dishonesty, including public officials who are required by law to give bonds for the faithful performance of their service, forgery or alteration and computer fraud, subject to a \$1,000 deductible.

Employee Compensation

Salaries

General wage increases are established by a program of alternating cost-of-living adjustments (COLAs) and market surveys. The program is for market surveys to be performed every other year and for resulting general wage increases to be implemented in July with a new fiscal year. In the intervening years, the Board of Directors reviews Consumer Price Index (CPI) and other relevant information and, where appropriate, grants COLA in July. A market survey is currently underway and results are not yet available. The FY 2015/16 Budget includes funds for up to a three percent increase. The actual general wage adjustment will be determined by the Board of Directors after reviewing the results of the market survey and other appropriate information. It is anticipated that any general wage adjustment would be effective in Fall 2015.

Retirement

The Agency is a member of the California Public Employee's Retirees' Retirement System (PERS), and each full-time probationary and regular full-time employee, who works a minimum of one thousand (1,000) hours/fiscal year, automatically becomes a member upon his/her entry into employment. Eligible employees who are considered "classic" members of CalPERS will be enrolled in the PERS Local Miscellaneous 2% at 55 Plan. The Agency and employee contribution for this retirement plan is paid by the Agency. Employees who become "new" members of PERS on or after January 1, 2013 are enrolled in the PERS Local Miscellaneous 2% at 62 Plan in accordance with the Public Employees' Pension Reform Act of 2013 (PEPRA). New members for this retirement plan will be required to contribute at least 50% of the expected normal cost.

Classic Members

Beginning in FY 2015/16, due to PEPRA, PERS is instituting new actuarial rules to adjust for PEPRA. For Classic Members, PERS has changed the employer contribution into two components – a normal component and an unfunded accrued liability (UAL). For FY 2015/16, the Agency's lump sum payment for the UAL is \$240,456, which equates to 2.547% of salaries. PERS will require the Agency to pay the employer contribution at a rate of 9.353%. The Agency also pays the employee's contribution of 7%, which brings the Agency's total contribution to 18.900% in FY 2015/16.

Fiscal Year	Employer Contribution	UAL	Employee Contribution	Total Agency Contribution
2016/17	9.7% (projected)	2.547% (projected)	7%	19.247%
2015/16	9.353%	2.547%	7%	18.900%
2014/15	12.330%	na	7%	19.330%
2013/14	11.603%	na	7%	18.603%
2012/13	13.104%	na	7%	20.104%
2011/12	12.954%	na	7%	19.954%
2010/11	11.983%	na	7%	18.983%
2009/10	11.935%	na	7%	18.935%
2008/09	11.935%	na	7%	18.935%
2007/08	11.975%	na	7%	18.975%
2006/07	12.293%	na	7%	19.293%

New (PEPRA) Members

For FY 2015/16, PERS will require the Agency to pay the employer contribution at a rate of 6.7%. Employees will pay the entire employee contribution rate of 6.5%. The employer rate will remain in effect through June 30, 2016. Because PEPRA is a relatively new program, there is not yet an unfunded actuarial liability. It is likely this component will be in effect in future years.

Fiscal Year	Employer Contribution
2016/17	7.3% (projected)
2015/16	6.73%

Health Insurance

The Agency provides a range of medical insurance plans through PERS. Recent increases in medical insurance costs have been relatively modest because PERS converted from statewide rates to zone rates and rates in southern California tend to be less than in northern California. The FY 2015/16 Budget conservatively assumes an increase of 10% effective January 1, 2016.

Year	Change from Previous Year – Blue Shield Family Premium
2016	10% (projected)
2015	9.4%
2014	-11.5%
2013	3.9%
2012	2.8%
2011	17.0%
2010	3.0%
2009	3.6%
2008	10.1%
2007	13.8%

Dental and vision insurance are provided through JPIA. The FY 2015/16 Budget assumes a five percent decrease for the Delta Dental PPO dental plan and no change for the VSP vision plan effective January 1, 2016.

Retiree Benefits/Other Post-Employment Benefits (OPEB)

The Agency offers full medical and dental insurance to retirees and their dependents. In FY 2014/15, CLWA had 23 retirees.

The Governmental Accounting Standards Board (GASB) Statement No. 45, requires governmental agencies that fund post-employment benefits on a pay-as-you-go basis, such as the Agency (beginning with the fiscal year ending June 30, 2009), to account for and report the outstanding obligations and commitments related to such post-employment benefits in essentially the same manner as for pensions. The Agency offers post-employment health care benefits (medical and dental), which have historically been funded on a pay-as-you-go basis. Beginning in FY 2008/09, the Agency implemented pre-funding for retiree health insurance and now fully pre-funds the ARC (annually required contribution) on an annual basis. In FY 2015/16, the Agency's pre-funding rate is 7% of salaries.

Workers' Compensation Insurance

The Agency receives Workers' Compensation insurance from JPIA. Premiums are based on CLWA's size and experience ratings. JPIA uses the same formula developed by the Workers' Compensation Insurance Rating Bureau to generate an experience modification factor which will reflect CLWA's loss experience in comparison with other employers in the same classifications. Premiums are paid quarterly based on actual payroll for the previous quarter. The rates vary by employee classification. For FY 2015/16, JPIA changed the rates to the Waterworks Operations and Clerical categories which resulted in a slight decrease in costs.

Community Profile

The Agency is located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles. The Agency's wholesale service area has a population of approximately 280,000 and covers an area of approximately 195 square miles or 124,000 acres. The majority of the service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the Upper Santa Clara River. Approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita, plus surrounding unincorporated portions of Los Angeles and Ventura Counties. Communities in the unincorporated areas include Castaic, Stevenson Ranch and Val Verde.

The Agency's service area is considered a premier community for raising families and building businesses. The area is known for its attractive residential neighborhoods, low crime rate and excellent schools.

The Santa Clarita Valley is part of a comprehensive transportation network, which includes three major freeways, a commuter rail which serves over 2,100 passengers daily and easy access to the ports of Los Angeles and Long Beach. The three Metrolink commuter rail stations in Santa Clarita carry over 2,000 passengers a day to and from the San Fernando Valley and Downtown Los Angeles. The City also has nearly 96 miles of bicycle and pedestrian trails.

There are a number of recreational and historical facilities located in the Santa Clarita Valley, including the Six Flags Magic Mountain amusement park and Gene Autry's Melody Ranch. The service area is adjacent to the Angeles National Forest, and includes nearby Castaic Lake, the Placerita Canyon Nature Center and Vasquez Rocks County Park.

Also located in the Santa Clarita Valley are the COC Performing Arts Center; Canyon Theatre Guild, Disney Studios, Santa Clarita Repertory Theater, as well as the Friendly Valley, Valencia Country Club, Robinson's Ranch, Tournament Players Club and Vista Valencia golf courses.

The City of Santa Clarita's strong and diverse economy continues to expand, making Santa Clarita the ideal destination for Southern California businesses. Maintenance of a highly supportive environment for business development is achieved through the cooperation of the local Chamber of Commerce and the City government. In addition, companies benefit greatly from the area's land and leasing opportunities, as well as from the highly-skilled labor pool, variety of transportation choices, housing, quality of life, climate, and scenery. In 2008, local jobs in Santa Clarita had grown by 5.6% annually prior to the economic downturn; as of 2014 growth was expected to increase by 4.1%. However, Santa Clarita continues to have one of the lowest unemployment rates in Los Angeles County. Santa Clarita's top employers include Six Flags Magic Mountain, William S. Hart and Saugus Union School Districts, Princess Cruises, College of the Canyons, U.S. Postal Service, Henry Mayo Newhall Memorial Hospital, Newhall School District, Quest Diagnostics and The Master's College.

Economy

The Agency is largely located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles, although approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. In 2012, the gross product of Los Angeles County was \$577.5 billion. Los Angeles County has not been immune to the national and world economic downturn and, as a result, February 2015 unemployment rate was 7.7% compared to the State of California's unemployment rate of 6.7% (Santa Clarita Valley Economic Development Corporation). In February 2015, the unemployment rate for the City of Santa Clarita was 4.5%.

Growth in the Community and Impacts to the Agency

The Agency evaluates land use data and housing construction in the service area in conjunction with the retail water purveyors and projections from the "One Valley One Vision" (OVOV), a joint planning effort by

the City of Santa Clarita and the Los Angeles County Department of Regional Planning. The OVOV general plan amendments will be the basis of the Agency's 2015 Urban Water Management Plan (UWMP). The 2010 UWMP projections indicate a 1.8 percent annual growth rate of population in the service area and the 2015 UWMP will likely project a slightly reduced growth rate.

The Agency's 2010 UWMP provides information on water use, water resources, recycled water, water quality, reliability planning, demand management measures and water shortage contingency planning. It projects future demands for residential, industrial, institutional, landscape, agricultural and other purposes, and lists available and planned supplies to meet that demand. The 2010 UWMP has found that, based on conservative water supply and demand assumptions over the next forty years in combination with conservation of non-essential demand during certain dry years, and additional investments in recycled water and water banking programs, the Agency's total projected water supplies will be sufficient to meet the Agency's projected water demands in the Agency's service area through the year 2050.

From 2007 through early 2014, certain litigation and regulatory matters have affected the availability and reliability of State Water Project deliveries to the Agency. Several of those key matters are summarized below.

- ◆ United States Fish and Wildlife Service (FWS) Biological Opinion (BO). In December 2008, FWS issued a BO concluding the coordinated operation of the CVP and SWP jeopardizes protected species (Delta smelt), and developed a Reasonable and Prudent Alternative (RPA) for operations. In 2009, the State Water Contractors (SWC) organization and others filed legal challenges against the BO and RPA. In December 2010, the Federal District Court for the Eastern District of California ruled that the federal government failed to prepare an analysis under the National Environmental Policy Act in connection with the BO, and that the BO and RPA failed to comply with the requirements of the federal Endangered Species Act. The Court ordered FWS to prepare a new BO and NEPA review. The Ninth Circuit reversed the conclusions relating to the ESA, upholding the BO, but affirmed the requirement that NEPA review be performed. The Supreme Court denied the petition to appeal the ruling, and as a result, the Ninth Circuit decision is final. FWS has been conducting studies to produce a more scientifically based BO and assist with the Bureau's environmental review, which are anticipated to take multiple years to complete.
- ◆ National Marine Fishery Service (NMFS) Biological Opinion (BO). In June 2009, NMFS issued a BO concluding the operation of the SWP jeopardizes protected species (salmon species), and developed a Reasonable and Prudent Alternative (RPA) for operations. In 2009, the State Water Contractors (SWC) organization and others filed legal challenges against the BO and RPA. In September 2011 the Federal District Court for the Eastern District of California ruled that the federal government failed to prepare an analysis under the National Environmental Policy Act in connection with the BO, and that the BO and RPA failed to comply with the requirements of the federal Endangered Species Act. The Court ordered NMFS to prepare a new BO and the Bureau to perform NEPA review. The matter was appealed to the U.S. Ninth Circuit Court of Appeals, which sided with the regulatory agencies and overturned the lower court decision.
- ◆ Consistency Determination Litigation. Because the Delta smelt and salmon species are also protected under the California Endangered Species Act (CESA), the State Water Project is required to obtain take authorization for operations from the California Department of Fish and Wildlife (DFW) (formerly referred to as the Department of Fish and Game). In July 2009 and September 2009, DFW determined that SWP operations pursuant to the RPAs set forth in the FWS and NMFS BOs, as discussed above, would be consistent with CESA. DFW's consistency determinations were challenged in state court by the SWC organization and others. These cases are currently stayed by agreement of the parties.
- ◆ Longfin Smelt Protections. In February 2009, the DFW issued a take permit that included operating restrictions against the State Water Project for the protection of longfin smelt as a "threatened" species under the California Endangered Species Act (CESA). The operating

restrictions were based in large part on the restrictions imposed against the SWP by the FWS BO for Delta smelt discussed above. In March 2009, the DFW take permit was challenged in state court by the SWC organization. The case was settled and dismissed.

- ◆ Development of Delta Plan and Delta Flow Criteria Pursuant to New State Laws. In November 2009, the California Legislature enacted SBX7-1 as part of a comprehensive water package related to water supply reliability, ecosystem health and the Delta. SBX7-1 directs the State Water Resources Control Board (SWRCB) to develop flow criteria for the Delta to protect public trust resources, including fish, wildlife, recreation and scenic enjoyment, and the DFW is required to identify quantifiable biological objectives and flow criteria for species of concern in the Delta. In August 2010, the SWRCB issued Resolution No. 2010-0039 approving its report entitled "Development of Flow Criteria for the Sacramento-San Joaquin Delta Ecosystems" (Flow Criteria). The SWRCB report concludes that substantially higher flows are needed through the Delta than have occurred in previous decades in order to benefit various fish species. Separately, in September 2010, DFW issued a report entitled "Quantifiable Biological Objectives and Flow Criteria for Aquatic and Terrestrial Species of Concern Dependent on the Delta (DFW Report)". The DFW Report recommends Delta flows similar to those set forth in the SWRCB's Flow Criteria. Both the SWRCB and DFW acknowledge that their recommended flow criteria do not have any regulatory or adjudicatory effect. The SWRCB is now in the midst of a four-phased process of developing and implementing updates to the Bay-Delta Plan and flow objectives for priority tributaries to the Delta to protect beneficial uses in the Bay-Delta Watershed. The first phase of review has focused on water quality objectives for the protection of southern Delta agriculture, San Joaquin River flow objectives for the protection of fish and wildlife, and the program of implementation for achieving those objectives. Later phases will focus on other comprehensive changes not addressed in Phase I, water rights changes and other measures to implement Phases I and 2, and flow objectives for priority tributaries outside the Bay-Delta Plan updates.

Projected Availability and Reliability of State Water Project Supplies

In December 2014, the California Department of Water Resources (DWR) released its *Final 2013 State Water Project Delivery Reliability Report* (2013 Report). The 2013 Report updates estimates of the current (2013) and future (2035) State Water Project (SWP) delivery reliability and incorporates regulatory requirements for SWP and federal Central Valley Project (CVP) operations in accordance with FWS and NMFS Biological Opinions (BOs) discussed above. DWR's estimates of future SWP delivery reliability also reflect potential impacts of climate change and sea level rise. With these factors, the 2013 Report projects that long-term average reliability will be 58 percent. CLWA staff has assessed the impact of the 2013 Report on the CLWA reliability analysis contained in the Agency's 2010 UWMP and has confirmed that current and anticipated supplies are available to meet anticipated water supply needs through the year 2050.

In May 2015, DWR released an updated analysis in its *State Water Project Delivery Capability Report*. This updated report indicates the Early Long-term (2025) reliability for CLWA would be 61%. The report also analyzes the alternatives that were evaluated in the Bay-Delta Conservation Programs. Those alternatives include future conditions with current facilities with high and low Delta outflow criteria as well as the California WaterFix twin-tunnel alternative. Those analyses indicate average reliabilities of 45%, 51% and 72%, respectively, for average reliability for CLWA. Staff is currently analyzing the results of these studies and the applicability to the 2015 Urban Water Management Plan.

BUDGET CALENDAR FY 2015/16	
April 9	<i>Water Resources and Outreach Committee</i> Review proposed fiscal year Actions
April 14	<i>Finance and Administration Committee</i> Review proposed fiscal year Actions Provide direction for the upcoming FY Budget
April 20 – April 24	Refine and develop proposed Actions in support of Strategic Plan
April 23	<i>Planning and Engineering Committee</i> Review proposed fiscal year Actions Review proposed CLWA major Capital Improvement Projects (CIP)
April 24-25	<i>Board of Directors</i> Develop Strategic Plan
May 18	<i>Finance and Administration Committee</i> Discussion of CLWA Preliminary FY Budget
May 27	<i>Board of Directors</i> Discussion of CLWA Preliminary FY Budget
June 16	<i>Finance and Administration Committee</i> Recommend Approval of CLWA Final FY Budget
June 24	<i>Board of Directors</i> Approve CLWA Final FY Budget

BUDGET ACRONYMS

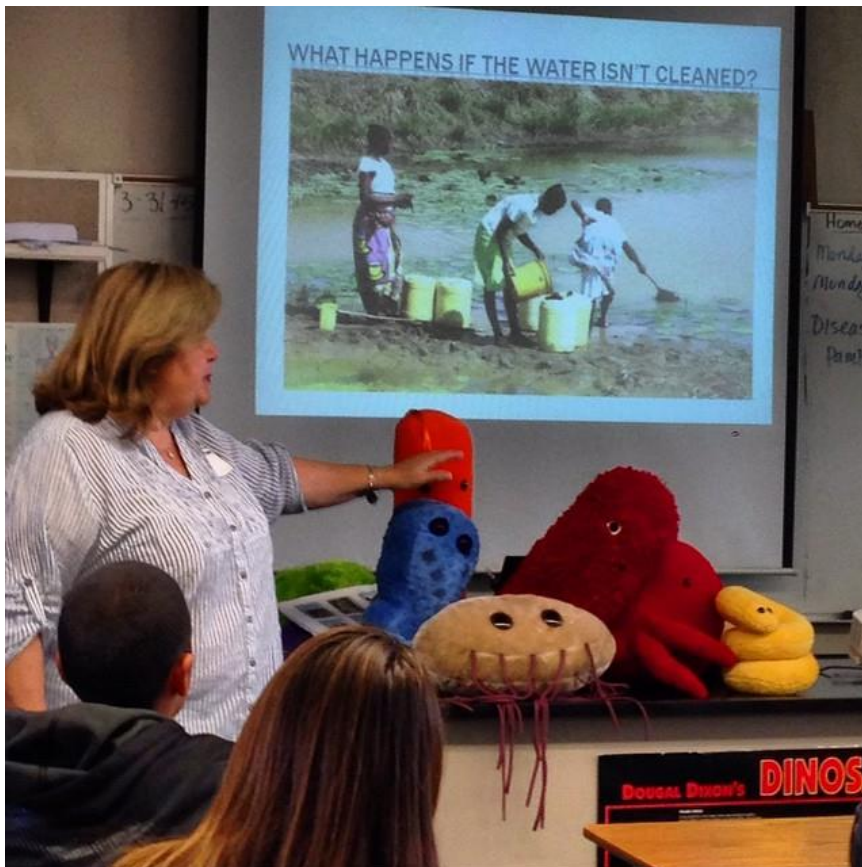
AB	Assembly Bill
ACWA	Association of California Water Agencies
ACWA/JPIA	Association of California Water Agencies/Joint Powers Insurance Authority
ACOE	U.S. Army Corps of Engineers
Act	California Urban Water Management Planning Act
AF	acre-foot/acre-feet
AFY	acre-feet per year
Agency	Castaic Lake Water Agency
AWRM	Alternative Water Resources Management Program
AWWARF	American Water Works Association Research Foundation
AWWA	American Water Works Association
BDCP	Bay Delta Conservation Plan
BMPs	Best Management Practices
BO	Biological Opinion
BVWSD	Buena Vista Water Storage District
CCF	One Hundred Cubic Feet
CCR	Consumer Confidence Report
CEQA	California Environmental Quality Act
CESA	California Endangered Species Act
CIP	Capital Improvement Plan
CLWA	Castaic Lake Water Agency
COPs	Certificates of Participation
CUWCC	California Urban Water Conservation Council
CVP	Central Valley Project
DBP	Disinfection by-products
D/DBP	Disinfectants and Disinfectant By-Products
DDW	Division of Drinking Water
Delta	Sacramento-San Joaquin Delta
DFW	California Department of Fish and Wildlife
DHS	California Department of Health Services
DOF	Department of Finance
DPH	Department of Public Health
DTSC	Department of Toxic Substances Control
DWR	Department of Water Resources
Edison	Southern California Edison
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
ESA	Endangered Species Act
ESFP	Earl Schmidt Filtration Plant
ESIPS	Earl Schmidt Intake Pump Station
ETo	evapotranspiration
FWS	United States Fish and Wildlife Service
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GPCD	gallons per capita per day
GPD	gallons per day
GPM	gallons per minute
GWMP	Groundwater Management Plan
IRWMP	Integrated Regional Water Management Plan
KCWA	Kern County Water Agency
L.A. Co. WWD #36	Los Angeles County Water Works District #36
LACDRP	Los Angeles County Department of Regional Planning
LACSD	Sanitation Districts of Los Angeles County

LADWP	Los Angeles Department of Water and Power
Metropolitan	Metropolitan Water District of Southern California
MAF	Million Acre-Feet
MGD	Million Gallons per Day
<i>mg/l</i>	milligrams per liter
MOU	Memorandum of Understanding
NCWD	Newhall County Water District
NEPA	National Environmental Protection Act
NMFS	National Marine Fishery Service
NPDES	National Pollutant Discharge Elimination System
OMB	Federal Office of Management and Budget
OVOV	One Valley One Vision
PUC	California Public Utilities Commission
RWQCB	Regional Water Quality Control Board
RVIPS	Rio Vista Intake Pump Station
RWTP	Rio Vista Water Treatment Plant
RRB	Rosedale-Rio Bravo
RRBWS	Rosedale-Rio Bravo Water Storage District
SBX7-7	Saugus Perchlorate Treatment Plant
SCVWUESP	Santa Clarita Valley Water Use Efficiency Strategic Plan
SCWD	Santa Clarita Water Division
SWSD	Semitropic Water Storage District
SCWC	Southern California Water Committee
SWP	State Water Project
SWRCB	State Water Resources Control Board
TDS	Total Dissolved Solids
TMDL	Total Maximum Daily Load
USCR	Upper Santa Clara River
UWMP	Urban Water Management Plan
VVC	Valencia Water Company
Valley	Santa Clarita Valley

Water Education and Conservation Classes

Pictured (top): CLWA Education Staffer Karen Sonksen leads a class on water conservation during the Agency's annual Open House event.

Pictured (bottom): CLWA Educator Cindy Brady teaches an elementary school class about the importance of a clean, safe and reliable water supply.



Lawn Replacement Program

Pictured: Before (top) and after (bottom) photos from CLWA's residential lawn replacement program.

Under the rules of the program, newly-installed water-saving landscape qualifies for the rebate as long as permeable materials are used. Here, the layout of an attractive flagstone path allows water to percolate into the mulch between each stone, which conserves water and thus qualifies for the rebate. This sharp-looking design also incorporates a variety of drought-tolerant plants to increase its curb appeal.



CASTAIC LAKE WATER AGENCY

2015

STRATEGIC PLAN

JULY 2015





CASTAIC LAKE

CASTAIC LAKE WATER AGENCY

2015

STRATEGIC PLAN

JULY 2015

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The Mission of the Agency is to provide reliable, quality water at a reasonable cost to the Santa Clarita Valley.



INTRODUCTION

The Castaic Lake Water Agency Strategic Plan serves as a blueprint for decision-making for the upcoming budget fiscal year. This document is forward thinking and reflects careful consideration on the part of the Board of Directors and Agency staff for the long-term health of the Agency and its ability to meet current and future water needs.

The Agency works to meet a diverse set of expectations and requirements based on the needs and priorities of its many customers and stakeholders, including but not limited to its customers and ratepayers, four local water retailers, the counties of Los Angeles and Ventura and the City of Santa Clarita.

Agency Service Area

The Castaic Lake Water Agency (Agency) is located in the northwestern portion of Los Angeles County, approximately 35 miles from downtown Los Angeles. The Agency's wholesale service area, depicted on the facing page, has a population of approximately 287,000 and covers an area of roughly 195 square miles, or 124,800 acres.

The majority of the Agency's service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the upper Santa Clara River. Approximately 20 square miles of the service area extend into rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita, plus surrounding unincorporated portions of Los Angeles and Ventura Counties. Communities in the unincorporated areas include Castaic, Newhall, Saugus, Stevenson Ranch and Valencia.

A Brief History

The Castaic Lake Water Agency was originally organized as the Upper Santa Clara Valley Water Agency on April 20, 1962. The Agency was formed to bring a supplemental water supply to its service area from the State Water Resources Development System, more commonly known as the State Water Project (SWP). The Agency was charged with providing the necessary treatment and conveyance facilities to treat and deliver this water to service area customers.

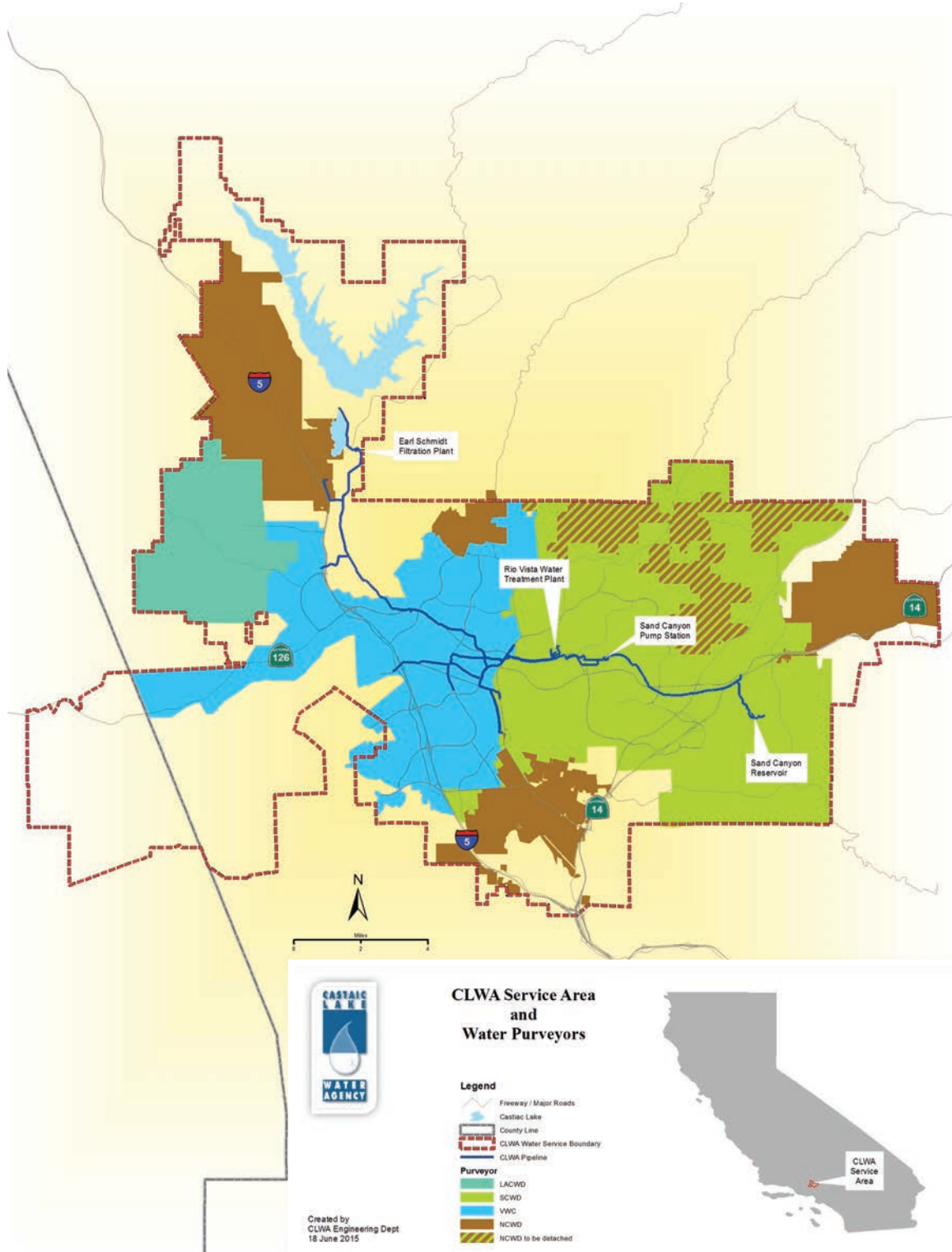
Enactment of the "1986 Amendment" (Chapter 832, California Statutes of 1986) expanded the Agency's role as a local water retailer by strengthening its authority to plan for and finance additional water facilities for the wholesale service area.

Today, the Agency provides supplemental wholesale water to four local water retailers. The Agency owns and operates one local water retailer, the Santa Clarita Water Division (SCWD). In 2012, the Agency acquired 100 percent of the stock of the Valencia Water Company (VWC), another water retailer in its service area.

Water Supply Sources and Facilities

On April 30, 1963, the Agency entered into an agreement with the California Department of Water Resources (DWR) for a contract amount of 41,500 acre-feet (AF) of water per year. CLWA's imported water supply has since grown, from the SWP original contract amount to 95,200 AF per year plus another 11,000 AF per year of "high flow" Kern River water acquired from two water districts in Kern County.

Figure 1. Castaic Lake Water Agency Service Area



I: Introduction

Since 2002, the Agency has undertaken water banking and exchange programs. The current balance quantity of water available from these programs is approximately 140,000 AF of water. With respect to SCWD and VWC (the two local water retailers under Agency ownership), the supply sources include imported water purchased from the Agency and local groundwater.

In FY 2003/04, the Agency began recycled water sales. Sales were 433 AF in FY 2014/15 with an estimated 2,150 AF of sales anticipated in FY 2015/16. The Agency and local water retailers are planning for the expansion of the recycled water system to help meet the Santa Clarita Valley's (Valley or SCV) growing water demand in the coming years.

The Agency owns and operates water conveyance pipelines and water treatment facilities to supply imported water to the four local water retailers. During FY 2015/16 it is estimated that the Agency will deliver 34,750 AF of supplemental water, including 4,100 AF of remediated groundwater. As of December 31, 2014, the local water retailers serve 72,156 connections.

The Agency's major facilities consist of:

- The Earl Schmidt Intake Pump Station (ESIPS)
- The 56 million gallons per day (mgd) Earl Schmidt Filtration Plant (ESFP)
- The Rio Vista Intake Pump Station (RVIPS)
- The 66 mgd Rio Vista Water Treatment Plant (RVWTP)
- The Sand Canyon pipeline, pump station and reservoir
- A system of pipelines and ancillary facilities that convey treated water to the four local water retailers
- The Saugus perchlorate treatment facility, which remediates contamination of certain portions of the service area's Saugus Formation aquifer

Castaic Lake is the terminal reservoir of the West Branch of the California Aqueduct and one of the largest recreational lakes of the State Water Project. DWR transports water via the California Aqueduct to Castaic Lake, which stores approximately 320,000 AF of water.

In 2012, the Agency purchased a 3.5 megawatt solar photovoltaic power plant to offset the off-site energy used by the Agency and SCWD in the treatment and transport of water supplies.



CLWA LAKE LEVEL (MAY 20, 2015 – UPPER LAKE)



CALIFORNIA AQUEDUCT



ENVIRONMENTAL SCAN

Community Profile

The Agency’s service area is considered a premier community for raising families and building businesses.

Overall, the area is known for its attractive residential neighborhoods, low crime rate and excellent schools.

A number of recreational and historical amenities are located in the Santa Clarita Valley, including nearby Castaic Lake, Six Flags Magic Mountain and Vasquez Rocks County Park. The Valley is also part of a comprehensive transportation network that includes three major freeways, a commuter rail line that serves over 2,000 passengers daily, and easy access to the ports of Los Angeles and Long Beach.



Prior to 2009, the Agency service area (along with most of California) experienced significant increases in residential, commercial and industrial construction, after which the economy experienced significant decline. While uncertainty following the economic recession remains, the Valley is showing signs of growth and, overall, is considered well positioned for a strong recovery. The Valley's population continues to increase, construction has resumed in some sectors, and employment levels are on the rise.

From 2000 to 2010, the City of Santa Clarita's population grew by 17.5 percent. Today, Santa Clarita is the fourth largest city in Los Angeles County. Area employment ranks favorably compared to other communities in the region, and the city has one of the lowest unemployment rates in Los Angeles County (6.7% in May 2015, compared to 7.3% for Los Angeles County).

Santa Clarita's economy is primarily service and retail-based. The manufacturing, finance, insurance, real estate and construction sectors also account for a notable portion of the local economy. Santa Clarita's top employers include Six Flags Magic Mountain, Saugus and William S. Hart Union School Districts, Princess Cruises, the U.S. Postal Service, College of the Canyons and Henry Mayo Memorial Hospital. Long-term prospects for the economic growth of the area are excellent.

Related Planning Efforts

Several recent or concurrent planning efforts provide a context and the information needed to help guide the Agency's strategic planning efforts. Most important, the goal of the Bay Delta Conservation Plan is to restore the Sacramento-San Joaquin River Delta's ecosystem while also assuring a reliable water supply system for California. The Agency continues to participate in this process and related efforts to address the many critical needs and issues of the Delta and the State Water Project system. The Draft Bay Delta Conservation Plan is available for public review.

The Santa Clarita Valley Area Plan ("One Valley One Vision"), a component of the Los Angeles County General Plan, was adopted by the Los Angeles County Board of Supervisors in November 2012. The plan is intended to guide the regulation of development within the unincorporated portions of the Santa Clarita Valley and, among other things, help ensure coordination of water supply and land use planning. Plan development was a joint effort led by the City of Santa Clarita and the Los Angeles County Department of Regional Planning.

The Upper Santa Clara River Integrated Regional Water Management Plan (IRWMP) is a cooperative regional effort that integrates water management and watershed planning and implementation with the goal of improving water supply reliability, water recycling, water conservation, recreation, and environmental and habitat protection in the upper Santa Clara Watershed. As part of the effort, the Agency and stakeholders are preparing a salt/nutrient management plan.

The Agency and the local water retailers have updated the Santa Clarita Valley Water Use Efficiency Strategic Plan. This comprehensive, long-term conservation plan is designed to promote cost-effective and proven conservation practices. The Agency will soon update the 2002 Recycled Water Master Plan as well.

The 2010 Santa Clarita Valley Urban Water Management Plan (UWMP) will be updated during 2015 and completed by July 2016. This document provides important data and policy guidance related to water use, water resources, recycled water, water quality, reliability planning, demand management measures and water shortage contingency planning. The UWMP has a planning horizon to the year 2050. The operating and capital programs in the Castaic Lake Water Agency Budget support the existing UWMP and are updated annually to support the goals of the updated Plan.



Agency Strengths

During past Strategic Planning Workshops, the Board of Directors has identified the Agency's many strengths.

Critical to the Agency's success are:

- Reliable management of water resources
- Long-range strategic planning
- Responsible financial management
- Proactive pursuit of new water resource opportunities
- Strong relationships with local water retailers
- Effective collaboration with regional partners

Related Agency strengths include:

- Strong business development and staff communications
- Technical and management talent
- A strong in-house public relations team and the new Blue Ribbon Committee
- Multiple revenue sources
- Ability to provide quality information to support decision-making
- Positive Agency profile at the state level
- Organizational agility
- Competent legal counsel



CLWA HEADQUARTERS

Strategic Issues

Each year, the Board also reviews key challenges and strategic issues related to water resources management and effective Agency operation. Many have been identified as challenges beyond the Agency's control that create uncertainty for future operations. These issues are interrelated and fall into four broad categories: environmental, legal and regulatory, economic and political, and financial.

Environmental Challenges

Key environmental challenges affecting water supply include the severe drought faced by California and the impact of climate change. Drought management is a pivotal topic for the Agency and for water wholesalers and retail suppliers throughout the State. Deteriorating conditions in the Delta have also negatively impacted the availability of the SWP water supply.

The Agency Board is committed to addressing conditions proactively and elevating the importance of environmental sustainability and conservation in its strategic planning, management, partnerships and communications. Related needs include strengthening the Agency's promotion of water conservation and its research, messaging and communications around specific sustainability issues, including long-term regional water management and CLWA's role in maintaining a reliable water supply and water quality for the Valley.

Construction of the Agency's perchlorate treatment facility to remediate and treat contaminated supplies and control perchlorate migration in the Saugus Formation is only the beginning of a long-term program to ensure the continued availability of the Valley's groundwater supplies. The



Agency is faced with the related communications challenge of providing water quality information to Valley businesses and residents that is easy to understand.

Legal and Regulatory Challenges

The future legal and regulatory climate surrounding water resources management will have an uncertain impact on Agency operations. The Board anticipates increased regulations affecting groundwater, water quality and the use of recycled water. Increasing regulatory constraints and recent judicial rulings continue to limit the amounts of water that can be delivered to SWP contractors throughout the State, including CLWA.

In 2008, the Directors voiced concern over the issue of growth and water supply and the outcomes and implications of related litigation. The Agency had been at the forefront of the battle involving the inappropriate use of California Environmental Quality Act (CEQA) litigation to stop water transfers and, hence, dictate land use planning.

Economic and Political Challenges

Managing water resources in light of conflicting values and limited public financial resources is a central challenge the Agency will continue to face. Balancing response to environmental regulations and concerns while also providing the necessary infrastructure to meet water needs influences financial and political decision-making both within and outside of the Agency.

State and federal financial support for water resource-related projects continues to be highly vulnerable to fluctuations in the national economy. The recent recession has further increased

uncertainty of funding at the federal level, while state financial resources for water-related projects are both scarce and highly competitive. With that said, grant funding to address drought conditions may be available in the coming years.

Financial Challenges

The Agency's financial picture is improving, as is the financial forecast for the region. Long-term financial health and the importance of open and transparent communications with retailers regarding future wholesale water rates and all aspects of long-term cost savings remain strategic issues for the Agency.

Communicating the true cost of water to stakeholders and the broader public is both a challenge and opportunity. While the diversity of the Agency's revenue sources strengthens its fiscal position, it also masks the true cost of water, a challenge that can complicate water conservation efforts and water resources management in the longer term.



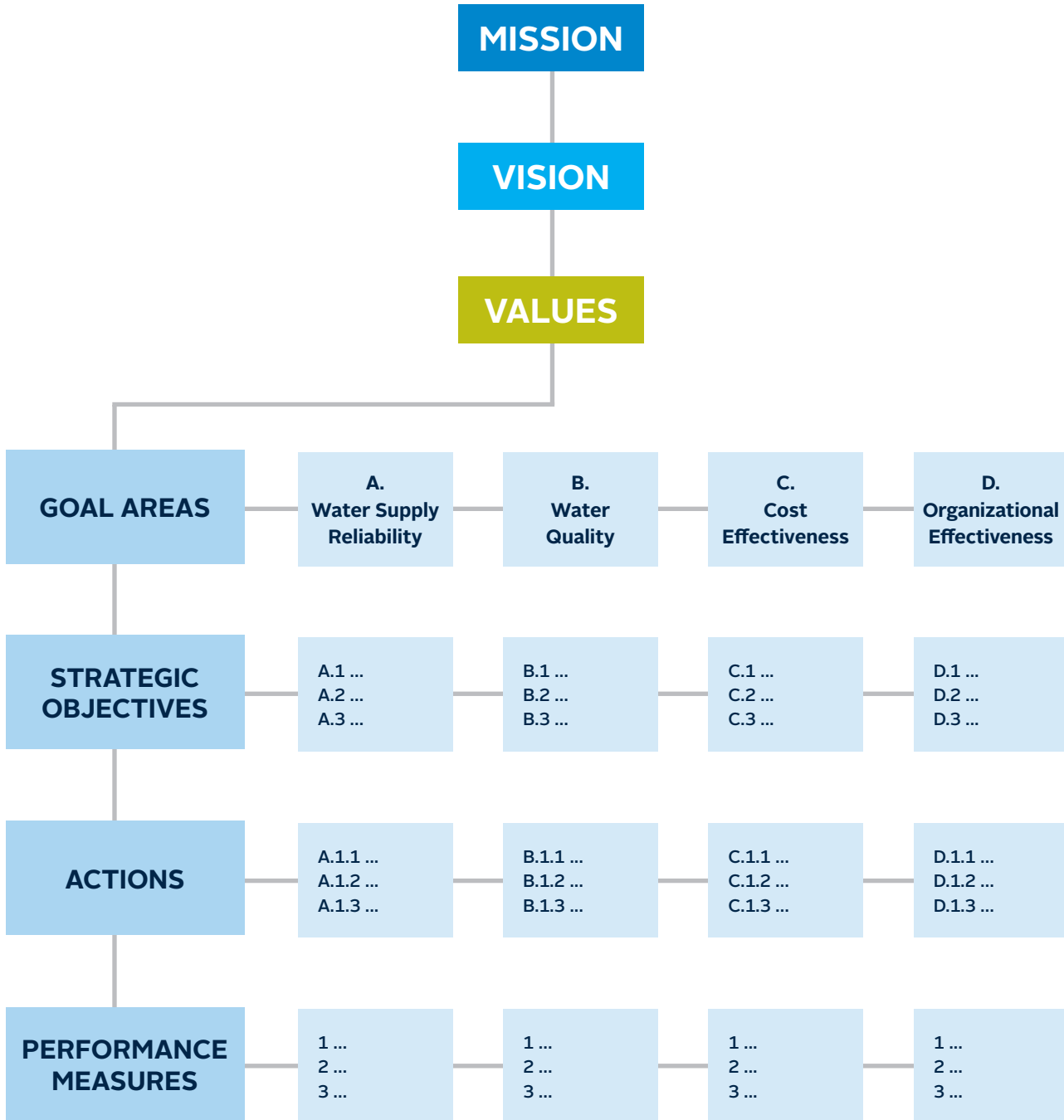
CLWA OPEN HOUSE



**STRATEGIC
PLAN
FRAMEWORK**

This chapter presents the Agency’s mission and vision statements, its values as an organization and the four core goal areas and objectives that drive its work. Chapter IV presents the performance measures that the Agency has developed to help manage the progress and success of its operations, resource and asset management, and evolution as an organization.

Figure 2. Strategic Plan Framework



Mission, Vision and Values

The *Mission* describes the fundamental purpose of the Agency and its primary role and function within the Santa Clarita Valley.

Values are shared beliefs that reflect what the Agency considers significant or important and are the basis from which each Agency staff member should be operating.

Reflecting both its mission and values, the *Vision* describes the Agency's desired future condition.

The *Goal Areas and Objectives* describe the Agency's strategic focus and comprise the fundamental responsibilities of the Agency.

Agency Performance Measures are the basis for assessing progress toward achieving the Authority's goals.

The Strategic Plan Framework graphic on the next page describes the relationship among the Strategic Plan elements.

Agency Mission

The mission of the Agency is *to provide reliable, quality water at a reasonable cost to the Santa Clarita Valley.*

Vision Statement

Castaic Lake Water Agency will be the recognized leader in promoting cooperative regional and local water resource management for the benefit of our community.

We will provide an environment that promotes employee excellence as well as customer and stakeholder confidence.

Values

Agency values have been developed in consultation with Agency staff and the Board of Directors and are the bedrock of Agency staff attitudes toward their work, their mission and their relationships.

SAFETY

Our operations are driven by the highest safety and security.

INTEGRITY

We act ethically and with integrity in all that we do.

PUBLIC TRUST

Public trust and confidence are central to our success as a wholesale water purveyor.

PROFESSIONALISM

We require our team to conduct business based on the highest professional standards.

INNOVATION

We strive to foster innovation and creativity in the work place.

ENVIRONMENT

We view water resources management as a means of improving water quality and conserving our natural resources.

TEAMWORK

We work together to provide the highest quality services to Santa Clarita Valley families, businesses and communities.

RESPECT

Our operations are founded upon respect for one another, our customers, our partners and the natural environment.

Goal Areas and Objectives

CLWA's strategic planning focuses on four goal areas that provide direction for achieving the Agency's vision and mission. Strategic objectives are identified for each goal area.

A. WATER SUPPLY RELIABILITY

Operate, maintain and implement plan facilities, projects and programs to provide and enhance water supply availability and reliability.

STRATEGIC OBJECTIVES

- A1 Ensure long-term average water demands are met through the integration of water management measures including imported supplies, local groundwater, recycled water, storm water capture and demand management programs.
- A2 Advance the integrated management of water resources including imported supplies, local groundwater, recycled water, storm water capture and demand management programs
- A3 Meet local retailers' water demands.
- A4 Advance demand management and achieve the water conservation target of 20% per capita by 2020.
- A5 Plan, design and build facilities to meet demand including storage capacity and interconnections between wholesale and retail water systems.
- A6 Operate and maintain facilities cost-effectively and efficiently.

B. WATER QUALITY

Comply with all water quality requirements for imported water sources of supply and proactively support preserving the quality of local sources of water supply.

STRATEGIC OBJECTIVES

- B1** Achieve 100% compliance with all water quality regulations and standards.
- B2** Remediate perchlorate contamination.

C. COST EFFECTIVENESS

Maintain a long-range, open, stable and well-planned financial condition, so that current and future water users are given fair and equitable rates and charges.

STRATEGIC OBJECTIVES

- C1** Maintain fiscal viability.
- C2** Strive to be under budget.
- C3** Optimize transmission and treatment costs.

D. ORGANIZATIONAL EFFECTIVENESS

Maintain a well-defined organizational structure that fosters innovation, integrity, leadership, professionalism, respect, safety and teamwork.

STRATEGIC OBJECTIVES

- D1** Ensure that the Agency is recognized as a credible, effective and reliable authority for water infrastructure, management and policy.
- D2** Advance workforce excellence.
- D3** Develop and maintain clear and comprehensive policies, systems and procedures.
- D4** Develop and maintain strong working relationships with retailers.
- D5** Work with local, regional and state agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.



CLWA CONSERVATION GARDEN

IV.

AGENCY PERFORMANCE

Strategic Plan performance measures are the basis for assessing progress toward achieving Agency goals. This Strategic Plan focuses on four goal areas, which together provide the direction required to achieve the Agency’s mission. This section presents performance measures for each goal area and associated objectives. Agency employees play an integral role in measuring and managing progress and determining the course of action required to meet each strategic objective.

The CLWA Action Plan (Appendix B) outlines the specific activities the Agency has identified to advance Strategic Plan objectives for the current fiscal year.



A. WATER SUPPLY RELIABILITY

Operate, maintain, implement and plan facilities, projects and programs to provide and enhance water supply availability and reliability.

Strengthening the Agency’s strategic emphasis on improving supply reliability is of highest priority. The Agency must optimize use of existing resources, consisting of imported surface water and groundwater. Water conservation, water use efficiency, and efficient facility operations are becoming increasingly important, and a coordinated response will further decrease reliance on Delta water supplies and enhance long-term supply reliability.

A1

LONG-TERM SUPPLY

Ensure long-term water supply needs meet current and future demand.

The following measures will be used to gauge progress towards achieving Objective A1:

1. Average year water supply exceeds ten-year projected water demand
2. Compliance with SBX 7-7 to reduce urban water use
3. Use of groundwater supply consistent with operating plans and Urban Water Management Plan
4. State Water Project (SWP) supply reliability consistent with the SWP Delivery Capability Report and the Urban Water Management Plan

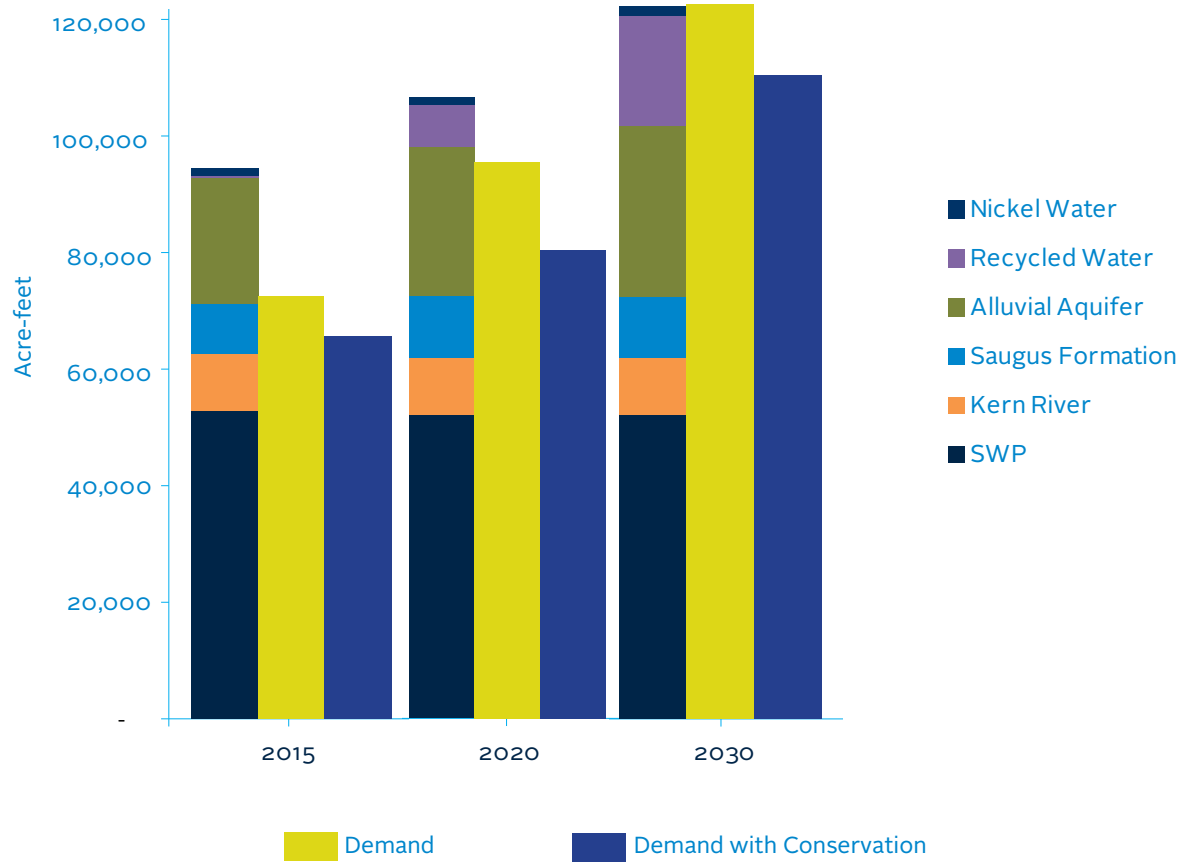
Status and Progress

Current and projected water supplies are sufficient to meet demand through build-out. Water conservation measures are on track to achieve 20% conservation by the year 2020. In addition, current average year water supply exceeds ten-year projected water demand.

Factors contributing to or constraining progress related to long-term supply include timing of the recycled water program and Bay Delta Conservation Plan implementation. In addition, new regulations and environmental factors could reduce the reliability of imported supplies.

Key actions the Agency plans to advance in the next fiscal year include preparing the Recycled Water Master Plan and the 2015 Urban Water Management plan.

A1. LONG TERM WATER AVAILABILITY



New regulations and environmental factors could reduce the reliability of imported supplies.

A2

INTEGRATED WATER MANAGEMENT

Advance the integrated management of water resources.

The following measures will be used to gauge progress towards achieving Objective A2:

1. Initiate a feasibility study for one or more recommended projects from the Local Water Supply Reconnaissance Study
2. Participate in efforts to implement the Sustainable Groundwater Management Act including formation of a groundwater sustainability agency

Status and Progress

During FY 2014/15, the Agency conducted a reconnaissance study of local water management alternatives that addressed how local water use could be enhanced. Alternatives that were considered included groundwater recharge with recycled water, storm water capture, aquifer storage and recovery of imported water and gray water use. The study identified groundwater recharge with recycled water and aquifer storage and recovery of imported water as the preferred alternatives meriting additional review and consideration.

A3

RETAILER DEMAND

Meet local retailers' water demands.

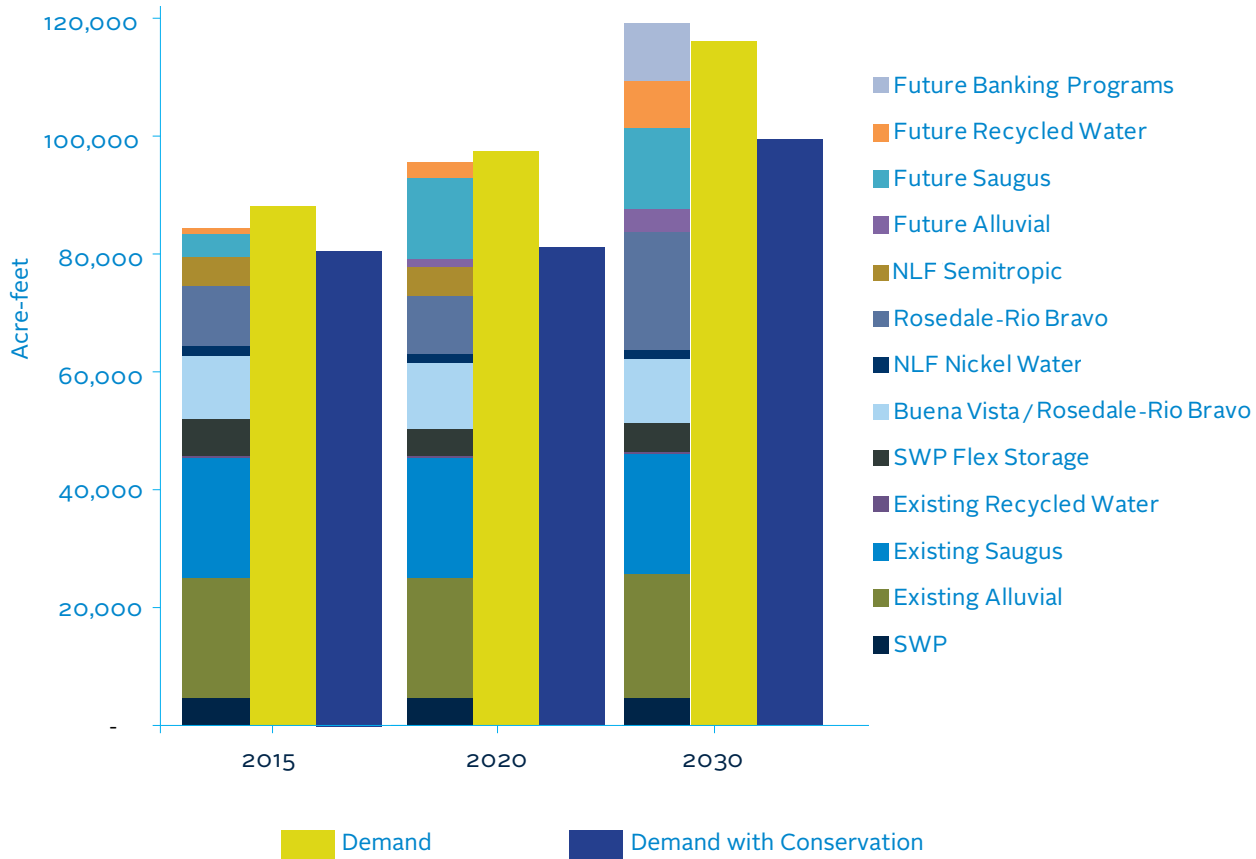
The following measures will be used to gauge progress towards achieving Objective A3:

1. Water banking program success in meeting annual demands (target: 95% confidence level)
2. Sufficient water storage and put-and-take capacity
3. Availability of local water resources
4. Conservation goals achieved

Status and Progress

2015 marks the fourth year of California's current drought cycle and the State Water Resources Control Board has imposed mandatory conservation measures. The Agency has assessed the performance of existing State Water Project water banking and exchange programs and has concluded, with the exception of very dry years, existing storage and exchange programs in combination with other imported and local water supplies are sufficient to meet retailer water demands.

A3. SINGLE DRY YEAR



Status and Progress (continued)

Key actions the Agency plans to advance in the next fiscal year include implementing treatment facilities at Well V-201 to restore impacted Saugus Formation well capacity, expanding extraction capacity of Rosedale-Rio Bravo banking and exchange program, and implementing the Stored Water Recovery Unit of the Semitropic Water Banking and Exchange Program.

A4

CONSERVATION TARGETS

Advance demand management and achieve water conservation target of 20% per capita by 2020.

The following measure will be used to gauge progress towards achieving Objective A4:

1. Estimated retailer per capita water use

Status and Progress

While the recent recession contributed to significant demand reductions, consumption had been rebounding. Aggressive efforts are required to establish a permanent water use efficiency ethic. A significant increase in budget and staffing will likely be required to achieve key results. Key actions that the Agency plans to advance include refining per capita demand projections and updating the Santa Clarita Valley Water Use Efficiency Strategic Plan.

A5

FACILITIES

Plan, design and build facilities to meet demand.

The following measure will be used to gauge progress towards achieving Objective A5:

1. Annual Capital Improvement Program (CIP) expenditures

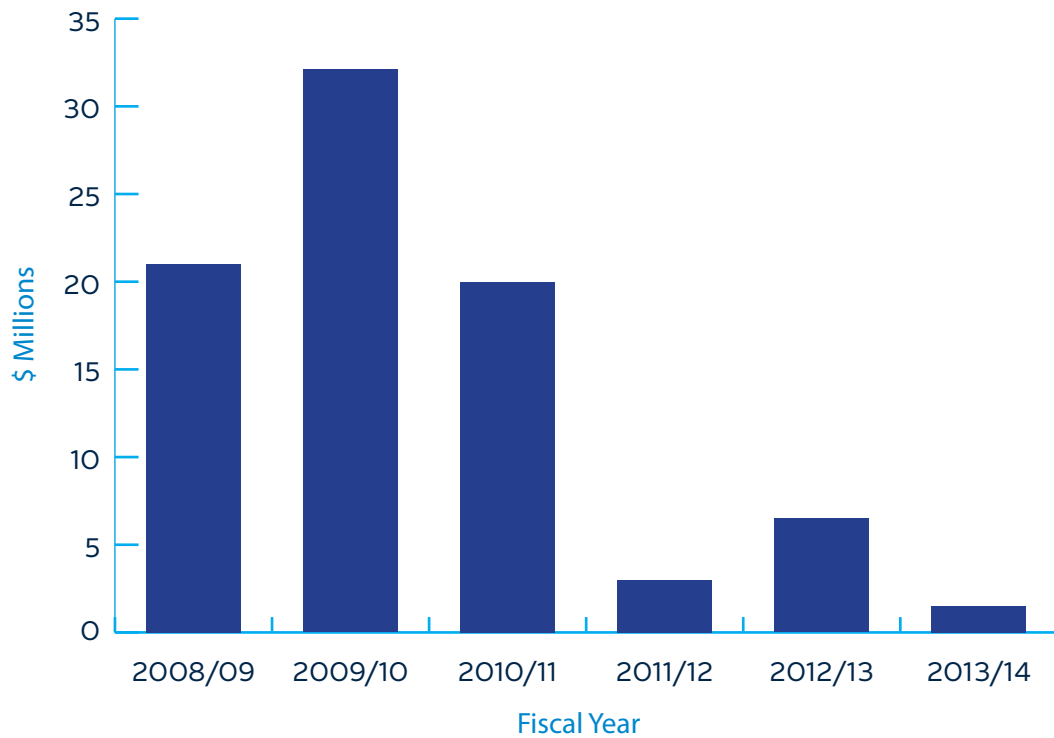
Status and Progress

CIP expenditures are low due to the ongoing economic downturn. The Agency will need to increase investment in its capital program to build facilities that meet future demand, and will also need to maintain current facilities to meet ongoing demand.

One key Agency action is to regularly analyze and update the CIP program to ensure that facilities are constructed to stay ahead of water needs.

A4. GALLONS PER CAPITA DAILY (GPCD) TARGET					
Supplier	Baseline GPCD	2015 GPCD TARGET	2020 GPCD TARGET	Actual 2013 GPCD	Actual 2014 GPCD
LACWD	235	212	188	228	200
NCWD	238	214	190	207	194
SCWD	251	226	201	219	206
VWC	335	301	268	297	271
VALLEYWIDE	280	252	225	246	223

A5. MAJOR CAPITAL PROJECTS EXPENDITURES



A6

**OPERATIONS AND
MAINTENANCE**

Operate and maintain facilities cost-effectively and efficiently.

The following measures will be used to gauge progress towards achieving Objective A6:

1. Progress of the Pipeline Inspection Program
2. Progress to develop and implement an Asset Management Program

Status and Progress

The Agency has recently completed the plan and schedule for its Pipeline Inspection Program, which is based on asset management principles. The Agency is also in the initial stages of implementing an Asset Management Program and will need to continue to expand the program to help improve the cost-effectiveness of its operations.

Key actions the Agency plans to advance include continuing to enter and track assets in the Computerized Maintenance Management System (CMMS) and performing programmed pipeline inspections each year, as outlined in the September 2013 Pipeline Inspection Program document.



B. WATER QUALITY

Comply with all water quality requirements from imported water sources of supply and proactively support preserving the quality of local sources of water supply.

Protecting existing water supplies and ensuring water quality of the highest standard is an essential component of the Agency mission. Agency objectives related to water quality focus on 100% regulatory compliance and remediation of local groundwater contamination.

B1

100% COMPLIANCE

Achieve 100% compliance with water quality regulations and standards.

The following measures will be used to gauge progress towards achieving Objective B1:

1. Completion of required Department of Public Health monitoring, sampling and analyses
2. Total Coliform Rule results (total coliform and E-Coli)
3. Surface Water Treatment Rule results (chlorine and CT requirements of DPH operating permit)
4. Safe Water Drinking Act results (Maximum contaminant levels for organic and inorganic contaminants)
5. Disinfection By-Products Rule results (THM, HAA and Bromate)

Status and Progress

With the exception of one event in 2012, the Agency reliably meets or exceeds all water quality regulations, standards and requirements.

Key actions include continuing to operate and monitor Agency facilities in a manner that meets all applicable water quality regulations and standards.

B2

PERCHLORATE

Remediate perchlorate contamination.

The following measures will be used to gauge progress towards achieving Objective B2:

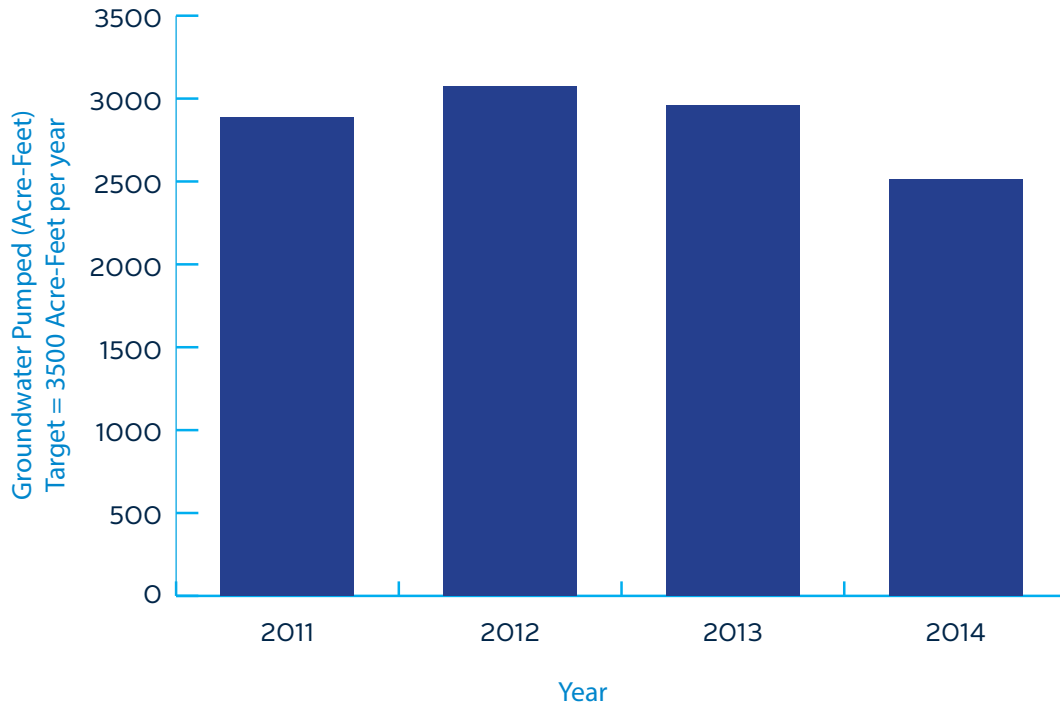
1. Groundwater pumped from Saugus wells and treated at the Saugus Perchlorate Treatment Facility
2. Perchlorate concentration
3. Impacted well capacity

Status and Progress

Pumping of groundwater is below the target level due to the rehabilitation of Saugus 1 Well and normal maintenance and repair activities. A significant percentage of lost well capacity still needs to be restored. The concentration of perchlorate in the Saugus 1 and 2 Wells remains at fairly constant levels under steady-state pumping conditions.

Key actions the Agency plans to advance in the next fiscal year includes (i) continuing Saugus 1 and 2 Well operations to remediate the perchlorate concentration and contain plume migration, (ii) completing planning/design to restore pumping at V-201, (iii) complete installation of monitoring wells near V-201 and V-205, and (iv) completing design of two replacement wells.

B2.A SAUGUS GROUNDWATER PUMPED



B2.B SCV SAUGUS FORMATION WELLS IMPACTED WELL CAPACITY

Well	Lost Capacity (gpm)	Action Taken	Restored Capacity (gpm)
V-157	1,500	Replaced with well V-206	1,500
NC-11	1,200	Taken out of service	0
Saugus 1	2,600	Rehabilitated well; installed treatment	1,200
Saugus 2	2,600	Rehabilitated well; installed treatment	1,200
V-201	2,400	Taken out of service	0
Total	10,300		3,900
Deficit			(6,400)



C. COST EFFECTIVENESS

Maintain a long-range, open, stable and well-planned financial condition, so that current and future water users are given fair and equitable rates and charges.

Ensuring cost-effective operations is a priority for CLWA. In order to accomplish this, the Agency will maintain its fiscal viability and strive to be under budget for capital projects, technical studies, equipment purchases and repair/replacement activities. Cost effectiveness can also be achieved by optimizing electrical transmission and chemical treatment costs to deliver water to customers.

C1

FISCAL HEALTH

Maintain fiscal viability.

The following measures will be used to gauge progress towards achieving Objective C1:

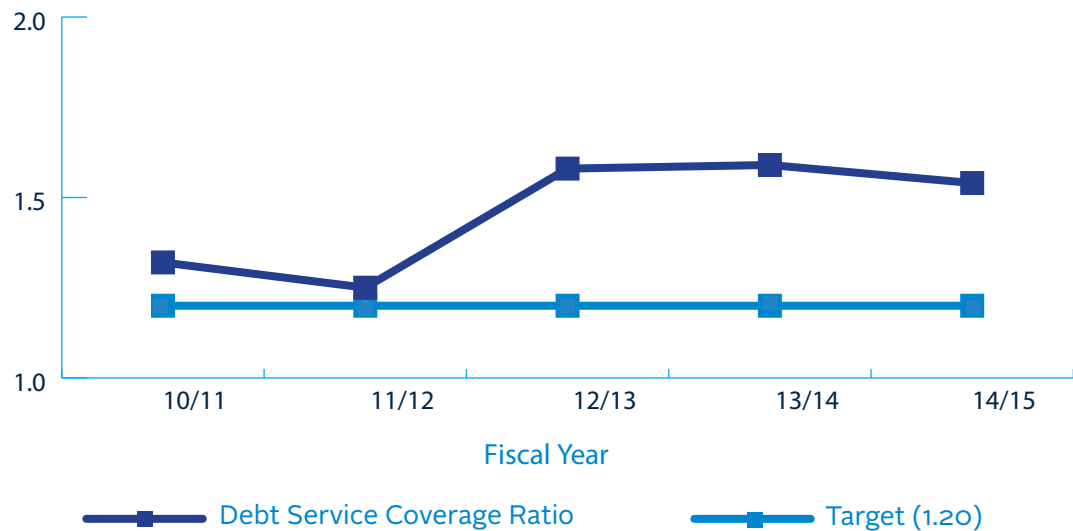
1. Maintain high bond ratings
2. Meeting debt service coverage ratio
3. Meeting reserve fund target

Status and Progress

The Agency has good bond ratings and meets its debt service coverage ratio requirements. In the five-year period between 2010-11 and 2014-15, the Agency maintained an average debt service of approximately 1.46 with more net operating income than needed to service Agency debts.

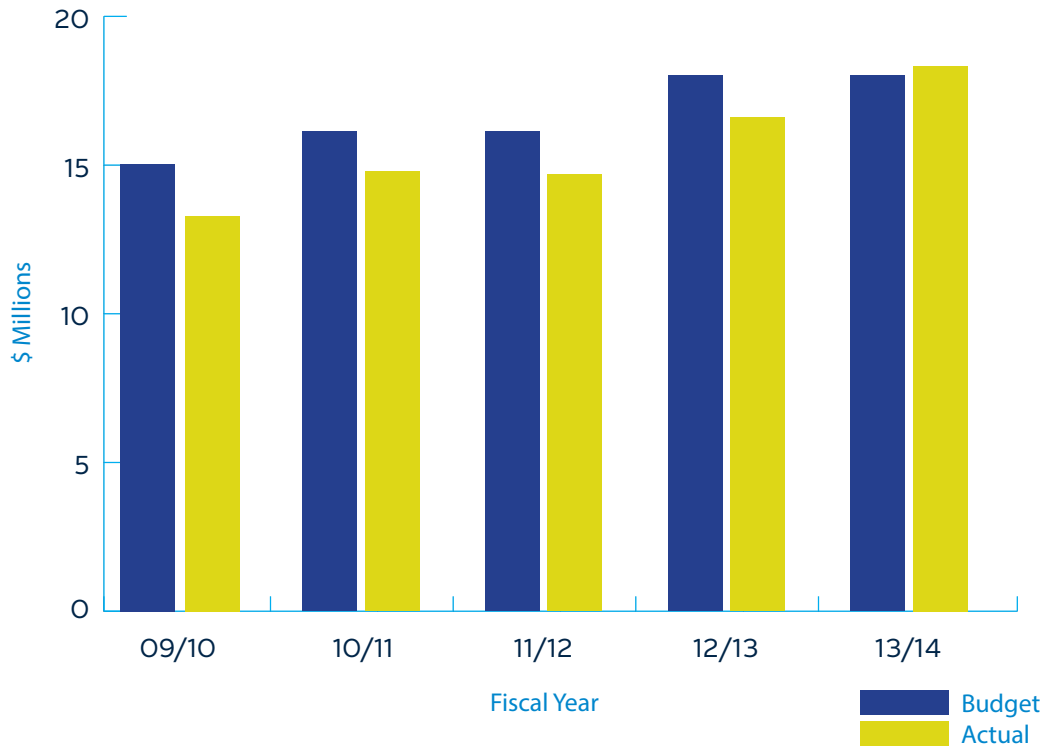
Key actions the Agency plans to advance in the next fiscal year include implementing a new wholesale water rate structure, engaging a consultant to assess the Agency's grant administration activities and engaging an economic forecasting consultant to prepare the facility capacity fee and property tax revenue projections.

C1. DEBT SERVICE COVERAGE RATIO



In the five-year period between 2010-11 and 2014-15, the Agency maintained an average debt service of approximately 1.46 with more net operating income than needed to service Agency debts.

C2.A OPERATING EXPENDITURES



C2

BUDGETING AND EXPENDITURES

Strive to be under budget.

The following measures will be used to gauge progress towards achieving Objective C2:

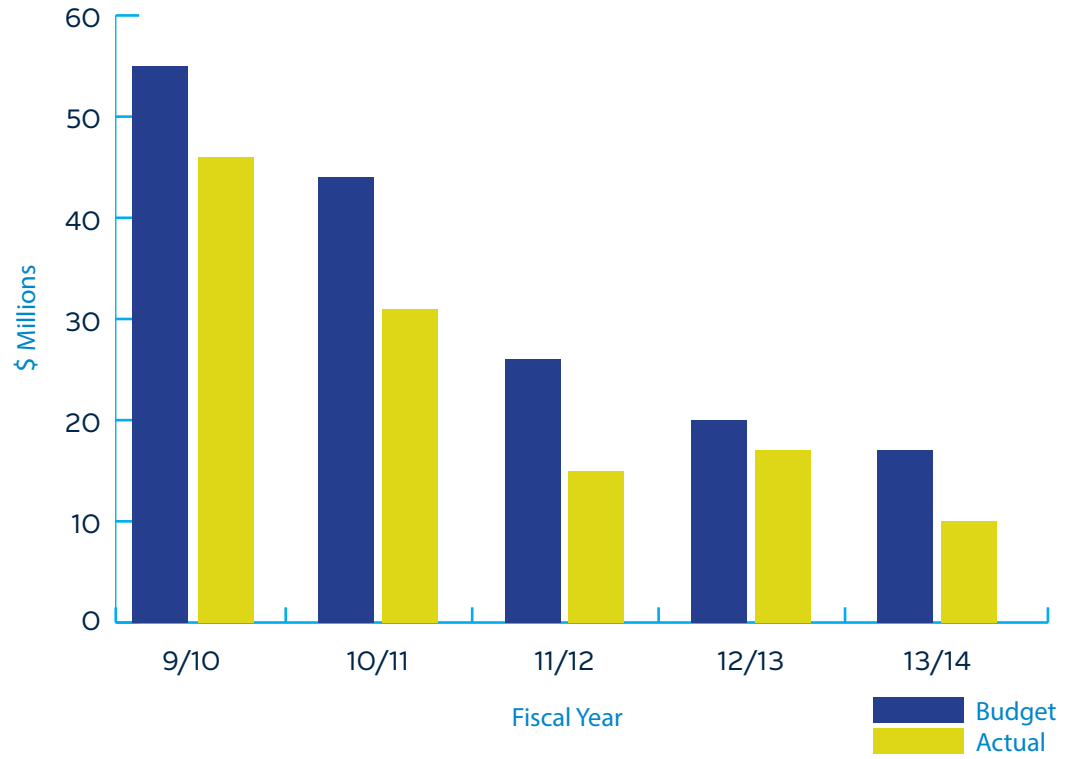
1. Actual costs compared to project budget
2. Number and magnitude of change orders

Status and Progress

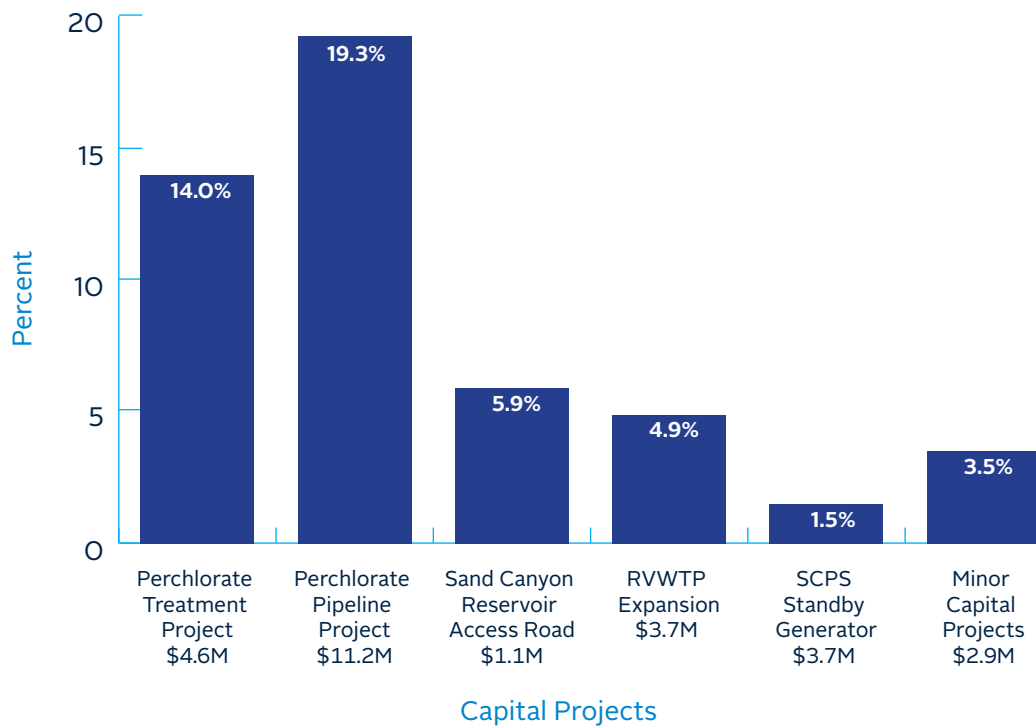
The Agency has a track record of staying below budgeted amounts for all project types and generally adheres to fiscal year budget limitations. The Agency tracks its change orders to a percentage of a project’s total budget and uses this data to improve budgeting for similar project types.

Key actions the Agency plans to advance in the next fiscal year include accurately tracking labor to recover reimbursements, where appropriate, and educating staff on cooperative purchasing networks and government contracts that offer discounts on goods and services.

C2.B CAPITAL EXPENDITURES



C2.C CAPITAL PROJECTS CHANGE ORDERS



C3

COST OPTIMIZATION

Optimize transmission and treatment costs.

The following measures will be used to gauge progress towards achieving Objective C3 :

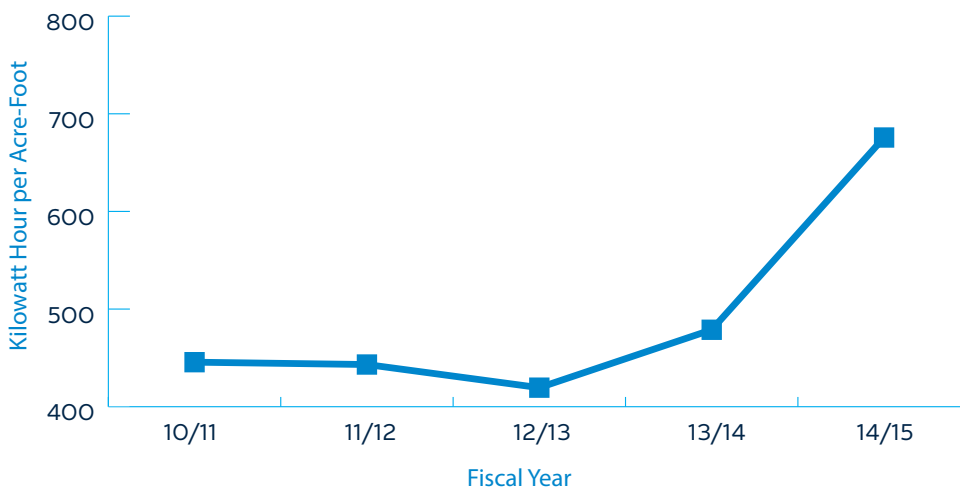
1. Amount of electricity used per acre foot of water delivered
2. Cost of chemicals per acre foot of water delivered

Status and Progress

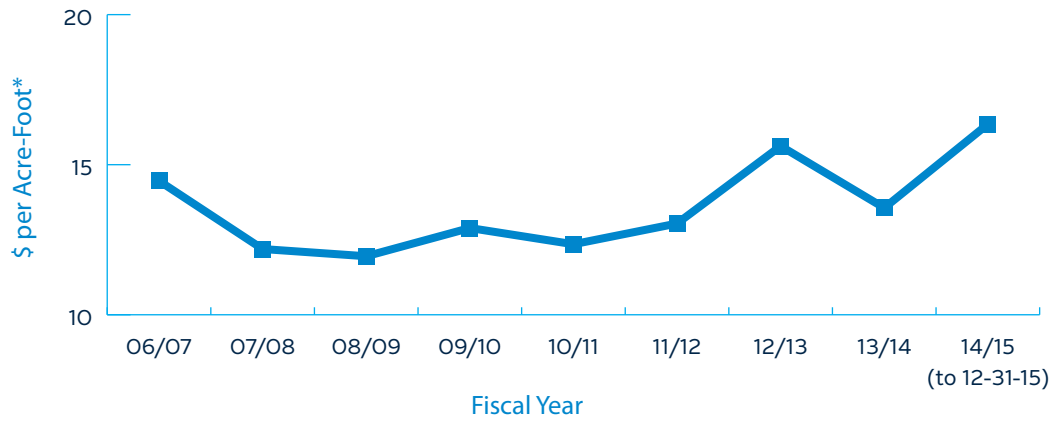
Over the past four years, the amount of electricity used, measured in kilowatts per acre foot of water, has remained fairly constant despite increases in electrical costs. The low water level of Castaic Lake caused by the prolonged drought contributed to increased pumping costs in fiscal year 2014/15. The cost of chemicals used to treat water has also remained fairly steady, with an average cost of approximately \$13.50 per acre foot of delivered water.

Key actions the Agency plans to advance in the next fiscal year include maximizing off-peak pumping to reduce electrical costs and regularly monitoring and adjusting chemical usage to optimize chemical use and ensure compliance with public health permits.

C3.A ENERGY USED IN WATER DELIVERY



C3.B CHEMICAL TREATMENT COST OF WATER DELIVERY



*The cost per acre foot includes all chemicals used the treatment process: chlorine gas, sodium hypochlorite, caustic soda (sodium hydroxide), ferric chloride, ammonia, and cationic, non-ionic, and anionic polymers as well as the cost of liquid oxygen, but does not include the electrical requirements to produce the ozone.

The low water level of Castaic Lake caused by the prolonged drought contributed to increased pumping costs in fiscal year 2014/15.



D. ORGANIZATIONAL EFFECTIVENESS

Maintain a well-defined organizational structure that fosters innovation, integrity, leadership, professionalism, respect, safety and teamwork.

Being an effective organization means the Agency must work to cultivate public awareness and understanding of its mission and programs, as well as adapt and educate its workforce to respond to new and evolving environmental, regulatory, safety and technical challenges. Internally, the Agency's organizational effectiveness can benefit from keeping policies, systems and procedures up to date and responsive to Agency needs.

D1

AGENCY CREDIBILITY

Ensure the Agency is recognized as a credible, effective and reliable authority for water infrastructure, management and policy.

The following measures will be used to gauge progress towards achieving Objective D1:

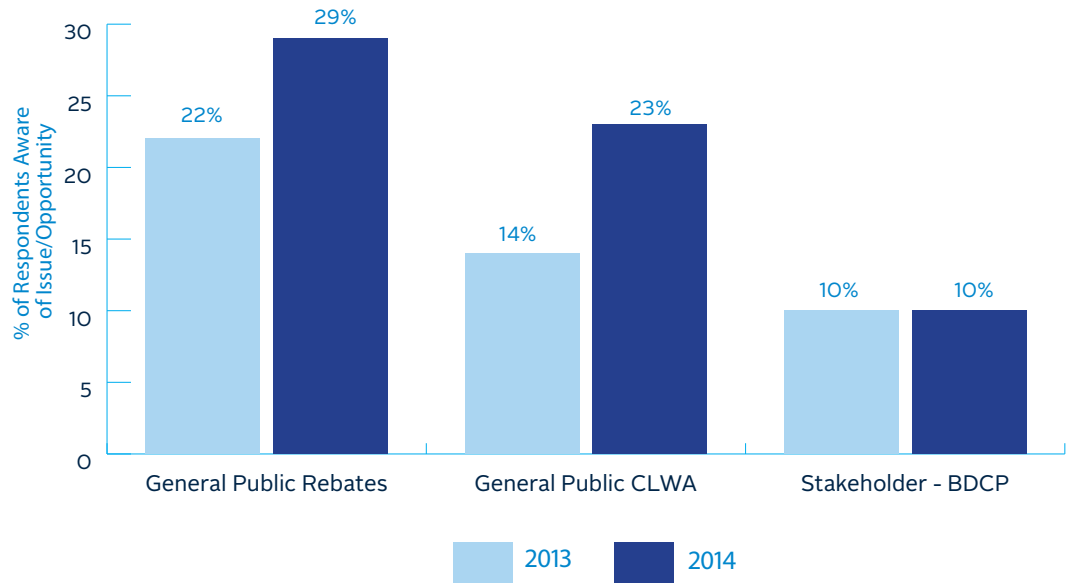
1. Level of public awareness of available water saving rebates and techniques
2. Public awareness and opinion of the Agency, the services it provides and its role in the community
3. Stakeholder awareness of water issues affecting ratepayers and the Agency

Status and Progress

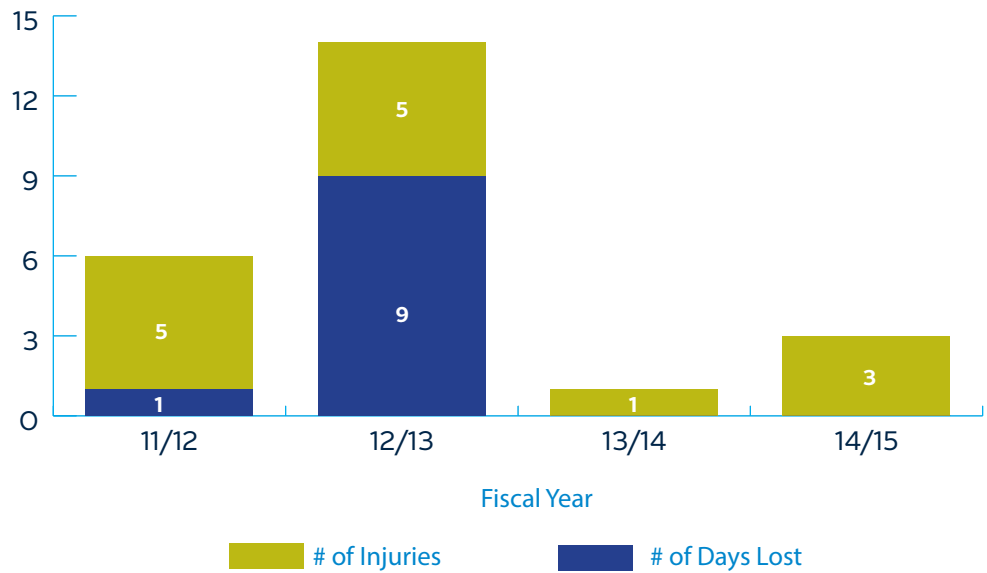
Awareness has increased from 2013 to 2014 among the general public regarding the rebate program and of the Agency's services. CLWA will increase its water conservation messaging in 2015 to address water supply and demand during the drought. CLWA will also continue to build upon efforts to increase awareness of critical water issues within the business community and among decision-makers.

Key actions the Agency plans to advance in the next fiscal year include complying with the State Water Resource Control Board's directive to expand drought-related outreach efforts, continue with the staff-lead outreach program and continue to work towards meeting the State goal of achieving a 20 percent reduction in per capita water use by 2020.

D1. PUBLIC AND STAKEHOLDER AWARENESS



D2. WORKPLACE PERSONAL INJURIES



D2

WORKFORCE EXCELLENCE

Advance workforce excellence.

The following measures will be used to gauge progress towards achieving Objective D2:

1. Revision and re-adoption of Agency job classification specifications on a five year schedule
2. On-time completion of annual performance evaluations and inclusion of employee input on career advancement plans
3. Agency use of education reimbursement program
4. Number of staff certifications compared with Division of Drinking Water requirements
5. Number of days lost to workplace personal injuries

Status and Progress

The Agency tracks recordable injuries and lost time due to injuries on the job. With a focus on safety training and awareness, the Agency has maintained a better industry average for both metrics over the last four years. The Agency has tracked days lost to injuries on the job with an average of 4.3 injuries over the last three years and 4.3 days lost per year, with the last two years boasting zero days lost.

In the five-year period between 2010-11 and 2014-15, the Agency reviewed/revised 34% of its job classification specifications. Performance evaluations are completed 100% of the time; there is room to improve by ensuring they are useful for professional development.

The educational assistance reimbursement program is not highly utilized, with just 5.7% of employees utilizing it annually over the last three years.

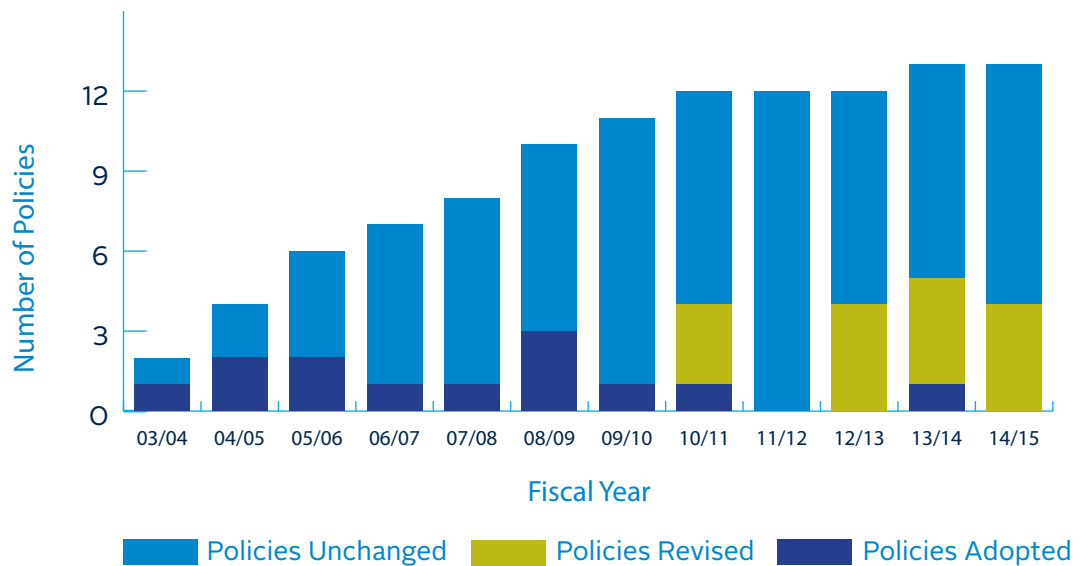
Key actions the Agency plans to advance in the next fiscal year are to continue to review the educational assistance program, and clarify and promote the program to Agency employees to encourage its use.

**D2.B STATE WATER RESOURCES CONTROL BOARD (SWRCB) LICENSE REQUIREMENTS
WHOLESALE**

Grade	SWRCB	CLWA Requirement	CLWA License Holders	Contact Hours
D-5	1	2	5	36
D-4	0	0	3	36
D-3	9	9	6*	24
D-2	8	8	10	16
D-1	4	4	0*	12
T-5	1	2	3	36
T-4	0	0	3	36
T-3	9	9	4*	24
T-2	0	6	8	16
T-1	0	0	1	12

*Agency and/or DPH requirements are met by higher grade license holders. Wholesale is a T-5, D-5 Treatment Plant System.

D3 FINANCIAL AND ADMINISTRATIVE POLICIES ADOPTED, REVISED AND UNCHANGED



D3

POLICIES AND PROCEDURES

Develop and maintain clear and comprehensive policies, systems and procedures.

The following measures will be used to gauge progress towards achieving Objective D3:

1. Number and percentage of Financial and Administrative policies that have been updated in the last five years
2. Pace of technology, tools and equipment maintenance relative to work-flow demand

Status and Progress

The Agency tracks policies that are adopted, revised or remain unchanged each fiscal year. A total of 17 financial and administrative policies were updated or adopted in the last five years with four policies updated in the last fiscal year.

A key action the Agency plans to advance in the next fiscal year is to prioritize the RFP process to select a consultant who will prepare an Information Technology Strategic Plan.

D4

COLLABORATION

Develop and maintain strong working relationships with retailers.

The following measures will be used to gauge progress towards achieving Objective D4:

1. Development of new wholesale water rate structure
2. Achieve the “Principles for Moving Forward” adopted by the CLWA and NCWD Boards of Directors

Status and Progress

The Agency assisted and collaborated with all four local retailers alike to (i) ensure they could meet customer demand during the ongoing drought, (ii) achieve their conservation goals and (iii) conduct customer outreach.

The Agency also collaborated with the retailers in preparing the reconnaissance study of local water management and participated with the retailers, the City and County in the Santa Clarita Valley Water Committee.

Key actions in the next fiscal year are to work collaboratively with the retailers to develop a new wholesale water rate structure and to work collaboratively with Newhall County Water District (NCWD) to address issues of mutual concern and enhance the relationship between CLWA and NCWD.

D5

AGENCY INFLUENCE

Work with local, regional and state agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.

The following measures will be used to gauge progress towards achieving Objective D5:

1. Level of active participation in organizations by Agency Directors and staff
2. Diversity of organization memberships

Status and Progress

The Agency reports Director and staff participation in a diverse set of local, regional, state and industry associations and organizations, most having water-related missions. Expanded local outreach may prove critical in years of drought and infrastructure development.

Key actions in the next fiscal year are to implement the Agency's Communication Strategic Plan including the hiring of a Public Affairs Specialist and expansion of the Blue Ribbon Committee.



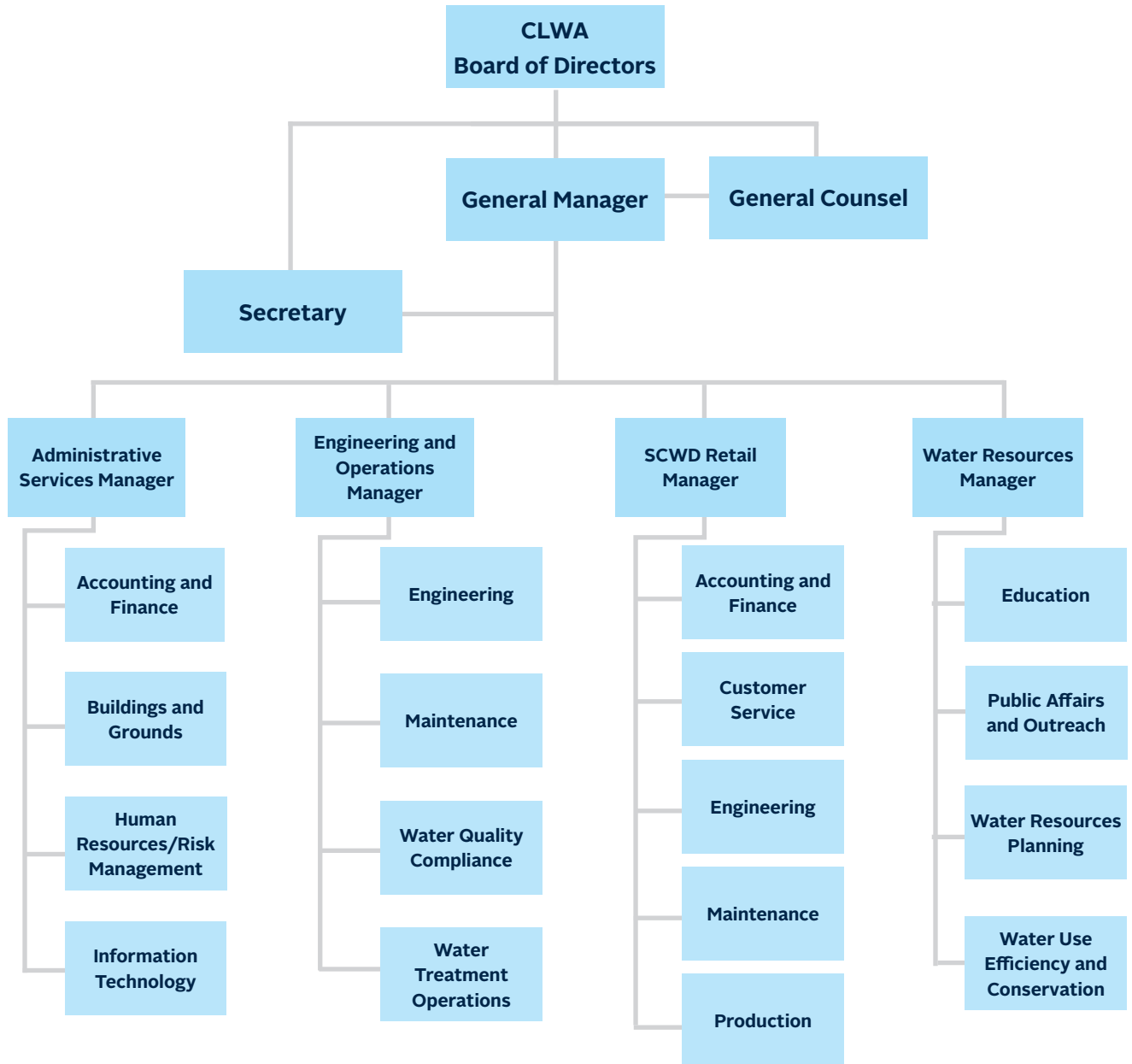
CLWA OPEN HOUSE

The Castaic Lake Water Agency will be the recognized leader in promoting cooperative regional and local water resource management for the benefit of our community.

—from *Castaic Lake Water Agency Vision Statement*

APPENDIX A

CLWA Organizational Structure



APPENDIX B

A. WATER SUPPLY RELIABILITY

A1. Ensure long-term average water demands are met through the integration of water management measures including imported supplies, local groundwater, recycled water, storm water capture and demand management programs.

	Actions	Lead Responsibility	Target Date	Priority
A1.1	Complete the 2015 Water Supply Reliability Report Update.	Water Resources	December 2015	P1
A1.2	Participate in development and implementation of the Bay Delta Conservation Plan (BDCP) by supporting interim financing of planning and design activities.	Water Resources	December 2015	P1
A1.3	Complete Recycled Water Rules and Regulations.	Engineering	January 2016	P1
A1.4	Coordinate and analyze performance of water banking and exchange programs, local groundwater production and water conservation measures.	Water Resources	March 2016	P1
A1.5	Identify projects and initiate planning for projects to enhance long-term water supply reliability identified in the updated Water Supply Reliability Report/ Program Operations Plan including water banking, exchange, additional increased groundwater pump-back capability and water transfers.	Water Resources	April 2016	P2
A1.6	Complete update of Recycled Water Master Plan.	Engineering	June 2016	P1
A1.7	Complete the 2015 Santa Clarita Valley Urban Water Management Plan.	Water Resources	June 2016	P1
A1.8	Participate in the development and implementation of the BDCP by negotiating State Water Project contract amendments to equitably allocate BDCP costs among participants.	Water Resources	June 2016	P1
A1.9	Support regulatory decisions that improve water supply reliability of the State Water Project in absence of BDCP.	Water Resources	Ongoing	-
A1.10	In coordination with the retail purveyors, respond to SB 610 Water Supply Assessments and SB 221 Water Supply Verifications.	Water Resources	Ongoing	-
A1.11	<i>Complete Saugus Formation Dry Year Reliability ("Red-Handled") Wells Project.</i>	<i>Engineering</i>	<i>2017</i>	<i>Long-term</i>

A2. Advance the integrated management of water resources including imported supplies, local groundwater, recycled water, storm water capture and demand management programs.

	Actions	Lead Responsibility	Target Date	Priority
A2.1	Initiate feasibility study for one or more recommended projects from the Local Water Supply Reconnaissance Study.	Water Resources	September 2015	P2
A2.2	Assess status of the Integrated Regional Water Management Plan Process.	Water Resources	June 2016	P2

WATER SUPPLY RELIABILITY (CONTINUED)

A2. Advance the integrated management of water resources including imported supplies, local groundwater, recycled water, storm water capture and demand management programs. (CONTINUED)

	Actions	Lead Responsibility	Target Date	Priority
A2.3	Participate in efforts to implement the Sustainable Groundwater Management Act including formation of a groundwater sustainability agency.	Water Resources	Ongoing	-
A2.4	<i>In collaboration with other Santa Clarita Valley stakeholders, participate in formation of groundwater sustainability agency.</i>	Water Resources	2017	Long-term
A2.5	<i>Explore models of integrated water resource management.</i>	Water Resources	2017	Long-term

A3. Meet local retailers' water demands.

	Actions	Lead Responsibility	Target Date	Priority
A3.1	Meet all local water retailers' water demands.	Water Treatment Operations	Ongoing	-
A3.2	Work with the Santa Clarita Valley Water Committee to enhance retail purveyor, City and County drought outreach and water conservation activities.	Water Resources	Ongoing	-
A3.3	Ensure CLWA has full access to water supplies available to it under its State Water Project contract and other water supply agreements that rely on State Water Plan (SWP) conveyance and store water for reliability enhancement and dry year use.	Water Resources	Ongoing	-

A4. Advance demand management and achieve the water conservation target of 20% per capita by 2020.

	Actions	Lead Responsibility	Target Date	Priority
A4.1	Initiate implementation of one additional program identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan.	Water Resources	June 2016	P1
A4.2	Analyze and revise the Agency's turf replacement programs as needed.	Water Resources	June 2016	P2
A4.3	Implement existing Wholesale programs and policies consistent with the updated Santa Clarita Valley Water Use Efficiency Strategic Plan.	Water Resources	Ongoing	-
A4.4	Identify, plan and implement approaches to fund large commercial, institutional and industrial turf replacement projects..	Water Resources	Ongoing	-
A4.5	Support local regulations for new development consistent with the goals of the updated Santa Clarita Valley Water Use Efficiency Strategic Plan.	Water Resources	Ongoing	-

WATER SUPPLY RELIABILITY (CONTINUED)

A4. Advance demand management and achieve the water conservation target of 20% per capita by 2020. (CONTINUED)

	Actions	Lead Responsibility	Target Date	Priority
A4.6	Support retail purveyors' efforts to implement pricing structures consistent with the goals of the updated Santa Clarita Valley Water Use Efficiency Strategic Plan.	Water Resources	Ongoing	-

A5. Plan, design and build facilities to meet demand, including storage capacity and interconnections between wholesale and retail water systems.

	Actions	Lead Responsibility	Target Date	Priority
A5.1	Initiate final design of the Earl Schmidt Filtration Plant Sludge Collection System Project.	Engineering	July 2015	P1
A5.2	Complete design of the Rio Vista Water Treatment Plant Clearwell Cover No. 2 Improvements Project.	Engineering	September 2015	P1
A5.3	Initiate construction of the Rio Vista Water Treatment Plant Clearwell Cover No. 2 Improvements Project.	Engineering	October 2015	P1
A5.4	Complete planning of Recycled Water Phase 2C Project.	Engineering	November 2015	P1
A5.5	Complete design of the Earl Schmidt Filtration Plant Clearwell/Ct Improvements Project.	Engineering	December 2015	P1
A5.6	Complete planning of Recycled Water Phase 2B Project.	Engineering	December 2015	P1
A5.7	Initiate construction of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project.	Engineering	January 2016	P1
A5.8	Initiate construction of the permanent raw water connection to Metropolitan Water District Foothill Feeder pipeline.	Engineering	January 2016	P2
A5.9	Complete design and land acquisition of the Distribution System – RV-2 Modifications Project.	Engineering	March 2016	P1
A5.10	Complete construction facility modifications and pipeline inspection of Newhall Lateral Reach 2A.	Engineering	March 2016	P1
A5.11	Complete Emergency and Operational Storage Study.	Engineering	March 2016	P2
A5.12	Complete design of the Rio Vista Water Treatment Plant Entrance Gate Relocation Project.	Engineering	March 2016	P2
A5.13	Complete design of Newhall Lateral Reach 2B Facility Modifications Project.	Engineering	April 2016	P1
A5.14	Initiate construction of the Magic Mountain Pipeline Phase 4 Project.	Engineering	April 2016	P1
A5.15	Complete environmental compliance document for Recycled Water Phase 2C Project.	Engineering	April 2016	P1
A5.16	Complete annual electro-potential pipeline-to-soil survey and evaluation of CLWA pipeline system.	Engineering	April 2016	P2

WATER SUPPLY RELIABILITY (CONTINUED)**A5. Plan, design and build facilities to meet demand, including storage capacity and interconnections between wholesale and retail water systems. (CONTINUED)**

	Actions	Lead Responsibility	Target Date	Priority
A5.17	Initiate construction of the Rio Vista Water Treatment Plant Entrance Gate Relocation Project.	Engineering	April 2016	P2
A5.18	Complete environmental compliance document for Recycled Water Phase 2B Project.	Engineering	June 2016	P1
A5.19	Complete design of Recycled Water Phase 2A Project.	Engineering	June 2016	P1
A5.20	Complete design of the Magic Mountain Pipeline Phase 5 Project	Engineering	June 2016	P1
A5.21	Update system hydraulic model to include extended period simulation.	Engineering	June 2016	P2
A5.22	Continue development of GIS program capabilities and acquisition of GIS data.	Engineering	Ongoing	-
A5.23	<i>Initiate construction of the Magic Mountain Pipeline Phase 5 Project.</i>	<i>Engineering</i>	<i>2017</i>	<i>Long-term</i>
A5.24	<i>Complete design of the Magic Mountain Pipeline Phase 6 Project.</i>	<i>Engineering</i>	<i>2017</i>	<i>Long-term</i>
A5.25	<i>Complete design and land acquisition for Phase 2B of the Recycled Water Program.</i>	<i>Engineering</i>	<i>2017</i>	<i>Long-term</i>
A5.26	<i>Complete seismic vulnerability study of treatment and distribution system.</i>	<i>Engineering</i>	<i>2017</i>	<i>Long-term</i>
A5.27	<i>Initiate construction of the Castaic Conduit Bypass Project.</i>	<i>Engineering</i>	<i>2018</i>	<i>Long-term</i>
A5.28	<i>Initiate construction of the Rio Vista Water Treatment Plant Maintenance Facility Expansion Project.</i>	<i>Engineering</i>	<i>2018</i>	<i>Long-term</i>
A5.29	<i>Complete design and land acquisition of the Castaic Conduit Bypass Project.</i>	<i>Engineering</i>	<i>2018</i>	<i>Long-term</i>
A5.30	<i>Initiate construction of the Recycled Water Program Phase 2C Project.</i>	<i>Engineering</i>	<i>2020</i>	<i>Long-term</i>
A5.31	<i>Initiate construction of the Honby Parallel Pipeline Phase 2 Project.</i>	<i>Engineering</i>	<i>2020</i>	<i>Long-term</i>
A5.32	<i>Complete design and land acquisition for Phase 2A of the Recycled Water Program.</i>	<i>Engineering</i>	<i>2023</i>	<i>Long-term</i>

A6. Operate and maintain facilities cost-effectively and efficiently.

	Actions	Lead Responsibility	Target Date	Priority
A6.1	Replace filter-to-waste valve on Filter #1 at Rio Vista Water Treatment Plant.	Maintenance	December 2015	P2
A6.2	Install new vault and sample pump for chlorine analyzer at Rio Vista Water Treatment Plant.	Maintenance	December 2015	P2

WATER SUPPLY RELIABILITY (CONTINUED)				
A6. Operate and maintain facilities cost-effectively and efficiently. (CONTINUED)				
	Actions	Lead Responsibility	Target Date	Priority
A6.3	Install drain line to storm drain system at Saugus Perchlorate Treatment Facility.	Maintenance	December 2015	P2
A6.4	Complete repair to Filter #7 at Earl Schmidt Filtration Plant.	Maintenance	February 2016	P1
A6.5	Replace two clarifier flow meters at Earl Schmidt Filtration Plant.	Maintenance	March 2016	P1
A6.6	Replace isolation valves for backwash pump at Rio Vista Water Treatment Plant.	Maintenance	March 2016	P2
A6.7	Replace air compressors in filter and wash water return buildings at Rio Vista Water Treatment Plant.	Maintenance	April 2016	P2
A6.8	Add seismic valve for clear wells at Earl Schmidt Filtration Plant.	Maintenance	May 2016	P3
A6.9	Implement land use changes at Devil's Den that provide revenue and/or reduce operating costs.	Maintenance	Ongoing	-

B. WATER QUALITY				
B1. Achieve 100% compliance with water quality regulations and standards.				
	Actions	Lead Responsibility	Target Date	Priority
B1.1	Meet all applicable water quality regulations.	Water Treatment Operations	Ongoing	-
B1.2	Track regulatory and statutory changes at both the federal and state levels pertaining to the Safe Drinking Water Act, the Clean Water Act and the potable water community in general.	Water Quality and Regulatory Affairs	Ongoing	-

B2. Remediate perchlorate contamination.				
	Actions	Lead Responsibility	Target Date	Priority
B2.1	Complete final design of Saugus Monitoring Wells.	Engineering	August 2015	P1
B2.2	Complete design of the Replacement Wells and Dry Year Reliability Wells.	Engineering	December 2015	P1
B2.3	Complete construction of Saugus Monitoring Wells.	Engineering	March 2016	P1

C. COST EFFECTIVENESS				
C1. Maintain fiscal viability.				
	Actions	Lead Responsibility	Target Date	Priority
C1.1	Prepare a Proposition 84 Round 3 implementation grant application.	Water Resources	September 2015	P1
C1.2	Engage an economic forecasting consultant to prepare facility capacity fee and property tax revenue projections.	Administration	December 2015	P3

COST EFFECTIVENESS (CONTINUED)				
C1. Maintain fiscal viability. (CONTINUED)				
	Actions	Lead Responsibility	Target Date	Priority
C1.3	Initiate the biennial update of the Facility Capacity Fee Study.	Engineering	February 2016	P1
C1.4	Implement a new wholesale water rate structure.	Administration	March 2016	P1
C1.5	Renew the 2008A variable rate Certificates of Participation Letter of Credit that expires May 6, 2016.	Administration	May 2016	P1
C1.6	Prepare a Proposition 1 grant application if available.	Water Resources	June 2016	P1
C1.7	Oversee and administer the Proposition 84 Upper Santa Clara River Integrated Regional Water Management grant program.	Water Resources	Ongoing	-
C1.8	Administer awarded grants and assist project managers in determining reimbursement schedule.	Water Resources	Ongoing	-
C1.9	Pursue federal funding for perchlorate contamination clean-up, recycled water projects, and short and long-term drought relief with increased staff and Director presence in Washington, D.C. in coordination with federal legislative advocate.	Water Resources	Ongoing	-
C1.10	Keep wholesale and retail fiscal operations independent and separate.	Administration	Ongoing	-
C1.11	Cooperate with Department of Water Resources and other State Water Project contractors to improve the administration of the State Water Project in a manner that promotes long-term cost effectiveness, operational reliability and supply availability.	Water Resources	Ongoing	-
C1.12	<i>Complete the biennial update of the Facility Capacity Fee Study and adopt new Facility Capacity Fees.</i>	<i>Engineering</i>	<i>Even numbered years</i>	<i>Long-Term</i>
C1.13	<i>Engage a consultant to review the Agency's reserve fund policies and recommend changes as appropriate.</i>	<i>Administration</i>		<i>Long-term</i>
C1.14	<i>Adopt a new investment policy for the proceeds from the potential lump sum payment of the perchlorate settlement agreement for O&M activities.</i>	<i>Administration</i>		<i>Long-term</i>
C1.15	<i>Research hiring an investment management firm to manage the potential lump sum payment for O&M activities as provided in the perchlorate settlement agreement.</i>	<i>Administration</i>		<i>Long-Term</i>

COST EFFECTIVENESS (CONTINUED)

C2. Strive to be under budget.				
	Actions	Lead Responsibility	Target Date	Priority
C2.1	Ensure the Agency and Division/Department budgets are appropriately expended by actively managing and controlling expenditures.	All Departments and Divisions	Ongoing	-

C3. Optimize transmission and treatment costs.

	Actions	Lead Responsibility	Target Date	Priority
C3.1	Convert pump from oil lube system to water lube system at Saugus Well #2.	Maintenance	October 2015	P1
C3.2	Perform ozone efficiency testing at Rio Vista Water Treatment Plant and Earl Schmidt Filtration Plant.	Maintenance	November 2015	P1
C3.3	Perform switchgear preventive maintenance at Rio Vista Intake Pump Station.	Maintenance	December 2015	P1
C3.4	Replace ten clarifier trough screens at Earl Schmidt Filtration Plant.	Maintenance	June 2016	P3
C3.5	Continue acquiring and entering asset information into Computer Maintenance Management System.	Maintenance	Ongoing	-

D. ORGANIZATIONAL EFFECTIVENESS

D1. Ensure the Agency is recognized as a credible, effective and reliable authority for water infrastructure, management and policy.

	Actions	Lead Responsibility	Target Date	Priority
D1.1	Implement OpenGov platform to provide enhanced access to the Agency's finances on the Agency's website.	Administration	September 2015	P2
D1.2	Achieve the objectives of the Agency's Strategic Communications Plan through implementation of various activities including: <ul style="list-style-type: none"> • Water conservation campaign and media buys • Public and school educational programs • Participation at public events • Speakers Bureau • Blue Ribbon Committee • Updating and managing Agency web site and social media outlets 	Water Resources	June 2016	P1
D1.3	Ensure the Agency is properly represented on all legal matters.	Management	Ongoing	-
D1.4	<i>Upgrade the Communication Strategic Plan in FY 2016/17.</i>	<i>Water Resources</i>		<i>Long-term</i>

ORGANIZATIONAL EFFECTIVENESS (CONTINUED)

D2. Advance workforce excellence.				
	Actions	Lead Responsibility	Target Date	Priority
D2.1	Assist and support Board of Directors in recruiting new General Manager.	Management	December 2015	P1
D2.2	Continue succession planning efforts to ensure that employees are recruited and developed to fill key roles within the Agency. Provide education and training opportunities to all employees to develop them for future higher level and broader responsibilities.	Management	Ongoing	-
D2.3	Continue to provide employees with "bottom-up" communication through all employee meetings.	Management	Ongoing	-
D2.4	Continue to (1) provide General Manager-to-staff memos and quarterly employee newsletters and (2) hold employee meetings updating all employees of important events and news.	Management	Ongoing	-

D3. Develop and maintain clear and comprehensive policies, systems and procedures.				
	Actions	Lead Responsibility	Target Date	Priority
D3.1	Implement move of Water Resources Department to new building located at Summit Circle.	Administration	September 2015	P1
D3.2	Upgrade Autonomy Filesite document management system to Version 9.	Administration	September 2015	P3
D3.3	Upgrade Microsoft Office to Version 2013	Administration	September 2015	P3
D3.4	Retrofit Rio Vista Water Treatment Plant Filter Building with LED lighting.	Administration	October 2015	P2
D3.5	Replace existing Storage Area Network at Rio Vista Water Treatment Plant.	Administration	December 2015	P1
D3.6	Update Risk Transfer Manual.	Administration	December 2015	P2
D3.7	Engage a consultant to assess the Agency's grant administration activities and recommend the appropriate organizational and staffing structure.	Administration	December 2015	P3
D3.8	Upgrade wireless link between Rio Vista Water Treatment Plant and Retail maintenance yard.	Administration	February 2016	P1
D3.9	Develop formal program to utilize Computer Maintenance Management System information to pro-actively manage assets.	Maintenance	March 2016	P1
D3.10	Conduct sexual harassment awareness and prevention training for supervisors.	Administration	March 2016	P1
D3.11	Implement leading indicators and safety metrics to track progress in safety programs.	Administration	March 2016	P2
D3.12	Engage a consultant to assess accounting and finance functions and processes with a focus on process streamlining and/or efficiency opportunities.	Administration	March 2016	P3

ORGANIZATIONAL EFFECTIVENESS (CONTINUED)				
D3. Develop and maintain clear and comprehensive policies, systems and procedures. (CONTINUED)				
	Actions	Lead Responsibility	Target Date	Priority
D3.13	Through a Request For Proposal process, select an audit firm for audit services for multiple years starting with the audit for FY 2015/16.	Administration	April 2016	P1
D3.14	Conduct live confined space entry and rescue drill.	Administration	April 2016	P1
D3.15	Evaluate NEOGOV's electronic performance evaluation tool to conduct employee reviews in an efficient and timely manner.	Administration	April 2016	P2
D3.16	Install Microsoft Exchange Database Availability Group for failover and load balancing.	Administration	April 2016	P2
D3.17	Implement the Global Harmonization System standards for communicating chemical hazards.	Administration	May 2016	P1
D3.18	Research life insurance supplemental plans and provide recommendations.	Administration	May 2016	P3
D3.19	Replace Earl Schmidt Filtration Plant HVAC system.	Administration	June 2016	P1
D3.20	Conduct a response drill with local fire department and/or emergency services contractor.	Administration	June 2016	P1
D3.21	Develop/update ten year (or longer) repair and replacement schedule and costs.	Maintenance	June 2016	P2
D3.22	Implement the purchasing card program in the Maintenance Division.	Administration	June 2016	P3
D3.23	Through a Request for Proposal process, select a consultant to prepare an Information Technology Strategic Plan.	Administration	June 2016	P3
D3.24	Install wireless network access at the Earl Schmidt Filtration Plant offices.	Administration	June 2016	P3
D3.25	Review online cost-effective bid software.	Administration	June 2016	P3
D3.26	Continue bi-weekly executive staff and weekly manager/supervisor meetings to enhance staff productivity and coordination of work efforts.	Management	Ongoing	-
D3.27	Continue to provide detailed information to Board of Directors through Board, Committee, Department and General Counsel reports; budget, team-building and strategic planning workshops; media summaries and outreach reports; and through "one-on-one" communications by the General Manager.	Management	Ongoing	-
D3.28	Conduct semiannual tests of Agency's disaster recovery plan.	Administration	Ongoing	-
D3.29	Conduct quarterly tests of Agency's technology and communications systems.	Administration	Ongoing	-
D3.30	Oversee and facilitate efforts of CLWA Departments and SCWD to achieve their goals.	Management	Ongoing	-
D3.31	<i>Develop a repair and replacement reserve fund policy based on the Agency's asset management program.</i>	<i>Administration</i>	-	<i>Long-term</i>

ORGANIZATIONAL EFFECTIVENESS (CONTINUED)

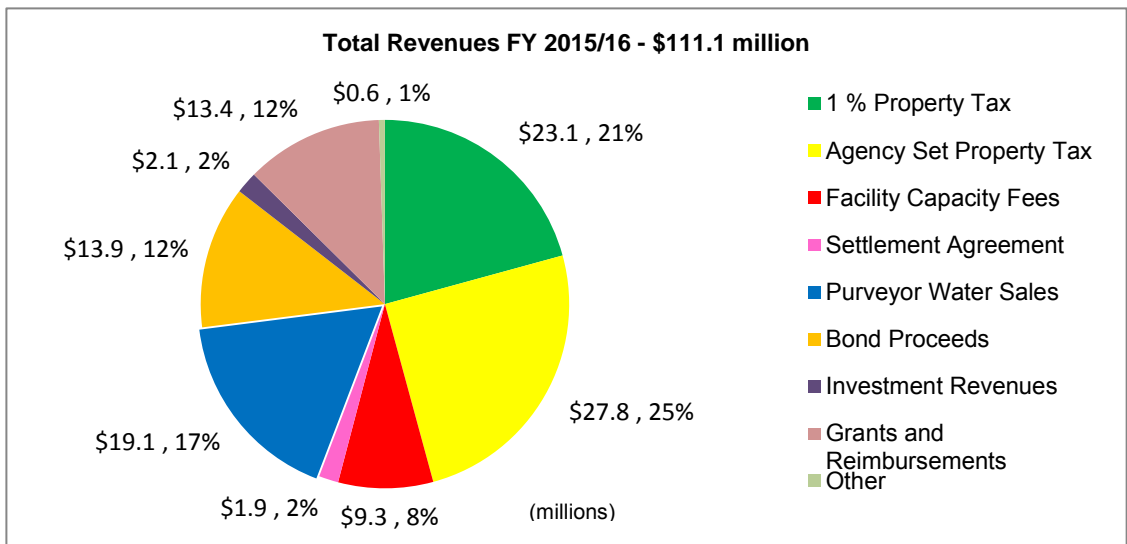
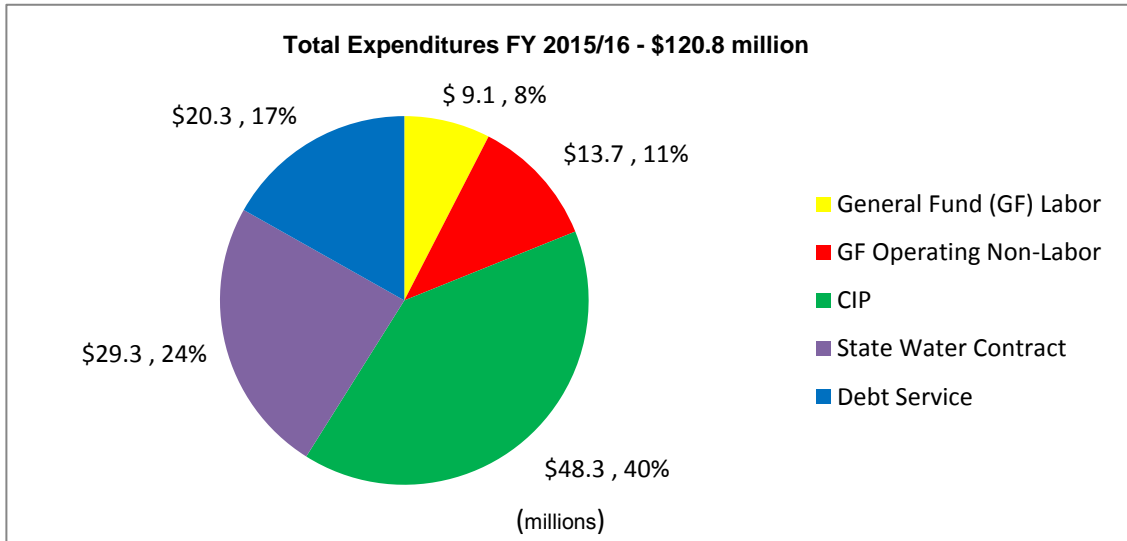
D3. Develop and maintain clear and comprehensive policies, systems and procedures. (CONTINUED)				
	Actions	Lead Responsibility	Target Date	Priority
D3.32	<i>Develop an Information Technology Strategic Plan</i>	<i>Administration</i>	-	<i>Long-term</i>
D3.33	<i>Review and update job specifications as necessary to contain Fair Labor Standards Act status (Exempt or Non-exempt) and physical requirements.</i>	<i>Administration</i>		<i>Long-term</i>
D3.34	<i>Research implementing an employee portal or intranet for posting various often-requested forms, documents, etc.</i>	<i>Administration</i>	-	<i>Long-term</i>
D3.35	<i>Review and update the Agency's job specifications and implement new format.</i>	<i>Administration</i>	-	<i>Long-term</i>

D4. Develop and maintain strong working relationships with retailers.				
	Actions	Lead Responsibility	Target Date	Priority
D4.1	Support Board and Ad Hoc Committee in the CLWA/NCWD Ad Hoc Committee process to achieve the "Principles for Moving Forward."	Management	Ongoing	-
D4.2	Foster and continue effective working relationships with the local water retailers.	Management	Ongoing	-
D4.3	Coordinate emergency response planning efforts with the local water retailers, County and City.	Water Treatment Operations	Ongoing	-

D5. Work with local, regional and state agencies, industry associations and organizations to influence water policy for the benefit of our service area customers.				
	Actions	Lead Responsibility	Target Date	Priority
D5.1	Continue to implement Board strategic plans for CLWA and SCWD.	Management	Ongoing	-
D5.2	Continue coordination with CLWA legislative analysts in communications with local elected officials and their staffs.	Water Resources	Ongoing	-
D5.3	Coordinate legislative initiatives concerning Sacramento-San Joaquin Delta and water conservation with legislative analysts, Association of California Water Agencies, State Water Contractors and other necessary parties to enhance the reliability and cost effectiveness of CLWA's State Water Project water supply.	Water Resources	Ongoing	-
D5.4	Foster and continue effective working relationships with the Department of Water Resources and other State Water Project contractors.	Management	Ongoing	-
D5.5	Continue to participate in community events (COC Water Technology Board, SCV Mayor's Committee for Employment of Individuals with Disabilities, PIHRA, COC Business Alliance, etc.).	Administration	Ongoing	-



CASTAIC LAKE WATER AGENCY
Financial Summary
FY 2015/16 Budget



Castaic Lake Water Agency
Financial Summary
FY 2015/16 Budget

Description	General Fund/ Operating	Capital Improvement Program				State Water Contract Fund	Debt Service Fund	TOTAL
		Pledged Revenue Fund		Capital Project Fund	Total Capital Improvement Program			
		Facility Capacity Fee	One Percent Property Tax					
Fund Balance 7/1/2015 (estimated)	\$ 10,851,148	\$ -	\$ 72,939,169	\$ 7,523,387	\$ 80,462,556	\$ 32,456,455	\$ 8,667,165	\$ 132,437,324
RESERVES:								
Operating Reserve	\$ (5,707,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,707,000)
Debt Service Reserves	-	-	(11,659,200)	-	(11,659,200)	-	-	(11,659,200)
Capital Reserves	-	-	(17,061,700)	-	(17,061,700)	-	-	(17,061,700)
Economic Uncertainties/Catastrophic Situations	-	-	(38,072,700)	-	(38,072,700)	-	-	(38,072,700)
Repair and Replacement Reserves (new)	-	-	(1,955,600)	-	(1,955,600)	-	-	(1,955,600)
Trustee Held	-	-	-	-	-	-	(8,667,165)	(8,667,165)
Subtotal	\$ (5,707,000)	\$ -	\$ (68,749,200)	\$ -	\$ (68,749,200)	\$ -	\$ (8,667,165)	\$ (83,123,365)
Net Available	\$ 5,144,148	\$ -	\$ 4,189,969	\$ 7,523,387	\$ 11,713,356	\$ 32,456,455	\$ -	\$ 49,313,959
REVENUES:								
Water Sales - Fixed Charges	\$ 13,855,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,855,200
Water Sales - Variable	3,538,000	-	-	-	-	-	-	3,538,000
Recycled Water Sales	997,600	-	-	-	-	-	-	997,600
Saugus 1 and 2 Water Sales	701,100	-	-	-	-	-	-	701,100
Laboratory Revenues	106,000	-	-	-	-	-	-	106,000
Communications Revenues	170,000	-	-	-	-	-	-	170,000
Facility Capacity Fees	-	9,250,000	-	-	9,250,000	-	-	9,250,000
One Percent Property Tax	-	-	23,058,300	-	23,058,300	-	-	23,058,300
Agency Set Property Tax	-	-	-	-	-	27,809,800	-	27,809,800
Settlement Agreement (CIP)	-	-	700,000	-	700,000	-	-	700,000
Settlement Agreement (O&M)	1,200,000	-	-	-	-	-	-	1,200,000
Grants and Reimbursements	1,050,200	-	1,083,500	11,273,900	12,357,400	-	-	13,407,600
Investment Revenues	91,200	302,400	1,246,600	5,000	1,554,000	234,300	-	2,125,500
Bond Proceeds	-	-	-	13,910,713	13,910,713	-	246,000	13,910,713
Miscellaneous	19,100	-	288,600	-	288,600	-	-	307,700
Subtotal	\$ 21,728,400	\$ 9,552,400	\$ 26,377,000	\$ 25,189,613	\$ 61,119,013	\$ 28,044,100	\$ 246,000	\$ 111,137,513
EXPENDITURES:								
Operating	\$ (22,828,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,828,000)
Transfer to Reserves	-	-	-	-	-	-	-	-
Capital Improvement Program	-	(2,317,900)	(13,295,900)	(32,713,000)	(48,326,800)	-	-	(48,326,800)
Department of Water Resources	-	-	-	-	-	(29,270,000)	-	(29,270,000)
Debt Service Principal and Interest Payments	-	(7,234,500)	(12,845,900)	-	(20,080,400)	-	(246,000)	(20,326,400)
Subtotal	\$ (22,828,000)	\$ (9,552,400)	\$ (26,141,800)	\$ (32,713,000)	\$ (68,407,200)	\$ (29,270,000)	\$ (246,000)	\$ (120,751,200)
Fund Balance	\$ 4,044,548	\$ -	\$ 4,425,169	\$ -	\$ 4,425,169	\$ 31,230,555	\$ -	\$ 39,700,272
Addition to Reserves	-	-	-	-	-	-	-	-
Available Fund Balance 6/30/2016 (Estimated)	\$ 4,044,548	\$ -	\$ 4,425,169	\$ -	\$ 4,425,169	\$ 31,230,555	\$ -	\$ 39,700,272

General Fund
Operating
FY 2015/16

	Actual FY 2012/13	Actual FY 2013/14	Budget FY 2014/15	Estimated FY 2014/15	Budget FY 2015/16
Fund Balance, Beginning	\$ 3,734,514	\$ 9,674,851	\$ 10,875,951	\$ 11,248,848	\$ 10,851,148
RESERVES					
Operating Reserves	\$ (1,295,408)	\$ (4,549,627)	\$ (5,123,600)	\$ (5,123,600)	\$ (5,707,000)
Net Available	\$ 2,439,106	\$ 5,125,224	\$ 5,752,351	\$ 6,125,248	\$ 5,144,148
REVENUES					
Water Sales - Purveyors - Fixed Charges	\$ -	\$ 13,138,260	\$ 13,250,600	\$ 13,250,600	\$ 13,855,200
Water Sales - Purveyors - Variable	18,203,490	4,186,974	4,473,200	3,264,500	3,538,000
Water Sales - Purveyors - Reserves	747,577	-	-	-	-
Water Sales - Recycled	144,303	166,864	208,800	208,800	997,600
Water Sales - Saugus 1 and 2 Wells	379,514	481,755	502,200	588,400	701,100
Laboratory Revenues	103,865	119,195	130,000	104,000	106,000
Communications Revenues	160,619	162,477	170,000	170,000	170,000
Reimbursement from Settlement Agreement (O&M)	1,269,975	1,378,476	1,300,000	1,100,000	1,200,000
Grants and Reimbursements	819,429	121,033	972,000	1,085,700	1,050,200
Investment Revenues	30,061	87,964	89,300	84,900	91,200
Miscellaneous Revenues	276,349	59,629	19,100	47,100	19,100
Total Revenues	\$ 22,135,182	\$ 19,902,627	\$ 21,115,200	\$ 19,904,000	\$ 21,728,400
EXPENDITURES					
Management	\$ (965,624)	\$ (1,429,911)	\$ (1,874,000)	\$ (1,850,000)	\$ (1,795,100)
Administration	(3,582,890)	(3,618,597)	(4,223,500)	(3,854,800)	(4,557,900)
Engineering	(852,914)	(769,293)	(829,900)	(741,500)	(947,100)
Maintenance	(2,849,415)	(2,984,218)	(2,849,300)	(2,731,600)	(3,142,100)
Water Quality and Regulatory Affairs	(1,063,256)	(922,074)	(1,029,100)	(918,800)	(976,100)
Water Resources	(2,262,892)	(3,448,559)	(4,746,500)	(5,287,300)	(5,872,500)
Water Treatment Operations	(5,021,356)	(5,155,978)	(4,942,100)	(4,917,700)	(5,537,200)
Transfers to Reserves	(747,577)	-	-	-	-
Total Expenditures	\$ (17,345,924)	\$ (18,328,630)	\$ (20,494,400)	\$ (20,301,700)	\$ (22,828,000)
TRANSFERS					
Saugus 1 and 2 Wells MOU	\$ 383,652	\$ -	\$ -	\$ -	\$ -
To Reserves, from Fund Balance	(2,486,792)	(573,973)	-	(583,400)	-
Net Transfers	\$ (2,103,140)	\$ (573,973)	\$ -	\$ (583,400)	\$ -
Available Fund Balance, Ending	\$ 5,125,224	\$ 6,125,248	\$ 6,373,151	\$ 5,144,148	\$ 4,044,548
Additions to Reserves					
Reserves, from water sales	\$ 747,577	\$ -	\$ -	\$ -	\$ -
Reserves, from Saugus 1 and 2 wells MOU	19,850	-	-	-	-
Reserves, from Fund Balance	2,486,792	573,973	-	583,400	-
Total Addition to Reserves	\$ 3,254,219	\$ 573,973	\$ -	\$ 583,400	\$ -
Ending Fund Balance	\$ 8,379,443	\$ 6,699,221	\$ 6,373,151	\$ 5,727,548	\$ 4,044,548
Operating Reserves					
Beginning Balance	\$ 1,295,408	\$ 4,549,627	\$ 5,123,600	\$ 5,123,600	\$ 5,707,000
Additions	3,254,219	573,973	-	583,400	-
Ending Balance	\$ 4,549,627	\$ 5,123,600	\$ 5,123,600	\$ 5,707,000	\$ 5,707,000

Capital Improvement Program
Pledged Revenue Fund
Facility Capacity Fee
FY 2015/16

	Actual FY 2012/13	Actual FY 2013/14	Budget FY 2014/15	Estimated FY 2014/15	Budget FY 2015/16
Fund Balance, Beginning	\$ 3,396,344	\$ -	\$ -	\$ -	\$ -
RESERVES					
Debt Service Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Uncertainties/Catastrophic Situations	-	-	-	-	-
Previous Agency Reserve Requirement	-	-	-	-	-
Total Reserves	\$ -	\$ -	\$ -	\$ -	\$ -
Net Available	\$ 3,396,344	\$ -	\$ -	\$ -	\$ -
REVENUES					
Facility Capacity Fees	\$ 7,914,110	\$ 8,695,534	\$ 10,800,000	\$ 8,000,000	\$ 9,250,000
Investment Revenues	151,207	302,414	302,400	302,400	302,400
Total Revenues	\$ 8,065,317	\$ 8,997,948	\$ 11,102,400	\$ 8,302,400	\$ 9,552,400
EXPENDITURES					
Debt Service Principal and Interest Payments	\$ (11,461,661)	\$ (8,997,948)	\$ (11,102,400)	\$ (8,302,400)	\$ (7,234,500)
Capital Planning, Studies and Administration	-	-	-	-	(2,317,900)
Total Expenditures	\$ (11,461,661)	\$ (8,997,948)	\$ (11,102,400)	\$ (8,302,400)	\$ (9,552,400)
Available Fund Balance, Ending	\$ -	\$ -	\$ -	\$ -	\$ -

Capital Improvement Program
Pledged Revenue Fund
One Percent Property Tax
FY 2015/16

	Actual FY 2012/13	Actual FY 2013/14	Budget FY 2014/15	Estimated FY 2014/15	Budget FY 2015/16
Fund Balance, Beginning	\$ 72,131,227	\$ 71,014,580	\$ 74,707,180	\$ 77,082,669	\$ 72,939,169
RESERVES					
Debt Service Reserves	\$ (10,025,100)	\$ (9,920,900)	\$ (5,876,400)	\$ (5,876,400)	\$ (11,659,200)
Capital Reserves	(15,501,100)	(16,309,700)	(16,948,000)	(16,948,000)	(17,061,700)
Economic Uncertainties/Catastrophic Situations	(31,657,500)	(30,055,600)	(34,180,700)	(34,180,700)	(38,072,700)
Repair and Replacement Reserve (new)	-	(310,000)	(952,800)	(952,800)	(1,955,600)
Total Reserves	\$ (57,183,700)	\$ (56,596,200)	\$ (57,957,900)	\$ (57,957,900)	\$ (68,749,200)
Net Available	\$ 14,947,527	\$ 14,418,380	\$ 16,749,280	\$ 19,124,769	\$ 4,189,969
REVENUES					
One Percent Property Tax Revenues	\$ 19,485,514	\$ 19,998,202	\$ 20,270,600	\$ 21,403,400	\$ 23,058,300
Reimbursement from Settlement Agreement (CIP)	4,940	338,852	29,000	50,000	700,000
Reimbursement from Settlement Agreement (O&M)	105,600	-	-	-	-
Grants and Reimbursements	383,835	124,715	486,900	249,000	1,083,500
One-time Water Sales	4,125,000	7,848,218	-	-	-
Investment Revenues	588,865	1,062,372	1,031,200	1,030,000	1,246,600
Reimbursement from Annexing Parties	-	2,601,139	284,600	280,200	288,600
Other/Adjustments	34,494	11,585	-	17,000	-
Total Revenues	\$ 24,728,248	\$ 31,985,083	\$ 22,102,300	\$ 23,029,600	\$ 26,377,000
EXPENDITURES					
Debt Service Principal and Interest Payments - Existing Users (1)	\$ (5,582,939)	\$ (6,585,247)	\$ (4,868,900)	\$ (5,595,500)	\$ (4,543,800)
Debt Service Principal and Interest Payments - Future Users* (2)	(6,738,567)	(10,641,921)	(4,438,600)	(9,803,800)	(8,302,100)
Major Capital Projects	-	(32,277)	(1,910,000)	(1,425,400)	(1,109,000)
Minor Capital Projects	(652,557)	(532,830)	(1,992,500)	(1,109,000)	(3,201,000)
Capital Planning, Studies and Administration	(9,619,130)	(7,750,095)	(8,869,200)	(8,093,800)	(6,700,700)
New Capital Equipment	(242,897)	(252,256)	(404,000)	(428,600)	(880,200)
Repair and Replacement Projects	(226,499)	(122,368)	(840,000)	(717,000)	(1,405,000)
Saugus 1 and 2 Wells MOU	(403,502)	-	-	-	-
Refund of Annexation Water Supply Payment	(2,378,804)	-	-	-	-
Total Expenditures	\$ (25,844,895)	\$ (25,916,994)	\$ (23,323,200)	\$ (27,173,100)	\$ (26,141,800)
Available Fund Balance, Ending	\$ 13,830,880	\$ 20,486,469	\$ 15,528,380	\$ 14,981,269	\$ 4,425,169

* Interfund Loan to Facility Capacity Fees.

(1) Includes \$913,100 for prepayment of 2006C August 2015 debt service in FY 2014/15, as part of the refunding of the 2006C COPs.

(2) Includes \$1,536,800 for prepayment of 2006C August 2015 debt service in FY 2014/15, as part of the refunding of the 2006C COPs.

Capital Improvement Program
Capital Project Fund
FY 2015/16

	Actual FY 2012/13	Actual FY 2013/14	Budget FY 2014/15	Estimated FY 2014/15	Budget FY 2015/16
Fund Balance, Beginning	\$ 79,767,129	\$ 15,317,120	\$ 13,763,120	\$ 13,881,087	\$ 7,523,387
REVENUES					
Bond Proceeds	\$ -	\$ -	\$ 3,381,180	\$ -	\$ 13,910,713
Grant Reimbursements	-	-	-	2,434,500	11,273,900
Investment Revenues	152,593	30,249	14,700	22,900	5,000
Total Revenues	\$ 152,593	\$ 30,249	\$ 3,395,880	\$ 2,457,400	\$ 25,189,613
EXPENDITURES					
Capital Projects	\$ (5,962,602)	\$ (1,466,282)	\$ (17,159,000)	\$ (8,815,100)	\$ (32,713,000)
Valencia Water Company Stock Acquisition	(58,640,000)	-	-	-	-
Total Expenditures	\$ (64,602,602)	\$ (1,466,282)	\$ (17,159,000)	\$ (8,815,100)	\$ (32,713,000)
Available Fund Balance, Ending	\$ 15,317,120	\$ 13,881,087	\$ -	\$ 7,523,387	\$ -

State Water Contract Fund
FY 2015/16

	Actual FY 2012/13	Actual FY 2013/14	Budget FY 2014/15	Estimated FY 2014/15	Budget FY 2015/16
Fund Balance, Beginning	\$ 21,235,554	\$ 25,646,904	\$ 25,665,004	\$ 28,694,755	\$ 32,456,455
REVENUES					
Agency Set Property Tax Revenues	\$ 23,145,178	\$ 24,115,874	\$ 24,079,700	\$ 25,811,400	\$ 27,809,800
Investment Income	99,412	190,409	179,900	213,000	234,300
Total State Water Contract Fund Revenues	\$ 23,244,590	\$ 24,306,283	\$ 24,259,600	\$ 26,024,400	\$ 28,044,100
EXPENDITURES					
DWR Variable Charge	\$ (4,989,452)	\$ (5,637,395)	\$ (8,400,000)	\$ (6,000,000)	\$ (9,800,000)
State Water Contract Payments	(15,545,822)	(17,609,122)	(18,000,000)	(17,658,000)	(20,200,000)
Legal Consulting	(17,356)	(5,138)	(15,000)	(15,000)	(15,000)
State Water Contractors/SWPCA Dues	(182,433)	(212,768)	(223,700)	(223,700)	(220,000)
SWC Audit	(21,474)	(23,272)	(45,000)	(26,000)	(35,000)
Refunds from State	1,923,297	2,229,263	1,000,000	1,660,000	1,000,000
Total State Water Contract Fund Expenditures	\$ (18,833,240)	\$ (21,258,432)	\$ (25,683,700)	\$ (22,262,700)	\$ (29,270,000)
Available Fund Balance, Ending	\$ 25,646,904	\$ 28,694,755	\$ 24,240,904	\$ 32,456,455	\$ 31,230,555
Tax Rate per \$100 in Assessed Valuation	\$ 0.070600	\$ 0.070600	\$ 0.070600	\$ 0.070600	\$ 0.070600

Castaic Lake Water Agency
Financial Summary
FY 2014/15 Estimated

Description	General Fund/ Operating	Capital Improvement Program					TOTAL	
		Pledged Revenue Fund		Capital Project Fund	Total Capital Improvement Program	State Water Contract Fund		Debt Service Fund
		Facility Capacity Fee	One Percent Property Tax					
Fund Balance 7/1/2014	\$ 11,248,848	\$ -	\$ 77,082,669	\$ 13,881,087	\$ 90,963,756	\$ 28,694,755	\$ 14,533,487	\$ 145,440,846
RESERVES:								
Operating Reserve	\$ (5,123,600)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,123,600)
Debt Service Reserves	-	-	(5,876,400)	-	(5,876,400)	-	-	(5,876,400)
Capital Reserves	-	-	(16,948,000)	-	(16,948,000)	-	-	(16,948,000)
Economic Uncertainties/Catastrophic Situations	-	-	(34,180,700)	-	(34,180,700)	-	-	(34,180,700)
Repair and Replacement Reserves (new)	-	-	(952,800)	-	(952,800)	-	-	(952,800)
Trustee Held	-	-	-	-	-	-	(14,533,487)	(14,533,487)
Subtotal	\$ (5,123,600)	\$ -	\$ (57,957,900)	\$ -	\$ (57,957,900)	\$ -	\$ (14,533,487)	\$ (77,614,987)
Net Available	\$ 6,125,248	\$ -	\$ 19,124,769	\$ 13,881,087	\$ 33,005,856	\$ 28,694,755	\$ -	\$ 67,825,859
REVENUES:								
Water Sales - Fixed Charges	\$ 13,250,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,250,600
Water Sales - Variable	3,264,500	-	-	-	-	-	-	3,264,500
Recycled Water Sales	208,800	-	-	-	-	-	-	208,800
Saugus 1 and 2 Water Sales	588,400	-	-	-	-	-	-	588,400
Laboratory Revenues	104,000	-	-	-	-	-	-	104,000
Communications Revenues	170,000	-	-	-	-	-	-	170,000
Facility Capacity Fees	-	8,000,000	-	-	8,000,000	-	-	8,000,000
One Percent Property Tax	-	-	21,403,400	-	21,403,400	-	-	21,403,400
Agency Set Property Tax	-	-	-	-	-	-	-	-
Settlement Agreement (CIP)	-	-	50,000	-	50,000	-	-	50,000
Settlement Agreement (O&M)	1,100,000	-	-	-	-	-	-	1,100,000
Grants and Reimbursements	1,085,700	-	249,000	2,434,500	2,683,500	-	-	3,769,200
Investment Revenues	84,900	302,400	1,030,000	22,900	1,355,300	213,000	561,500	2,214,700
Miscellaneous	47,100	-	297,200	-	297,200	-	-	344,300
Subtotal	\$ 19,904,000	\$ 8,302,400	\$ 23,029,600	\$ 2,457,400	\$ 33,789,400	\$ 26,024,400	\$ 561,500	\$ 80,279,300
EXPENDITURES:								
Operating	\$ (20,301,700)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,301,700)
Transfer to Reserves	(583,400)	-	-	-	-	-	-	(583,400)
Capital Improvement Program	-	-	(11,773,800)	(8,815,100)	(20,588,900)	-	-	(20,588,900)
Department of Water Resources	-	-	-	-	-	(22,262,700)	-	(22,262,700)
Debt Service Principal and Interest Payments	-	(8,302,400)	(15,399,300)	-	(23,701,700)	-	(561,500)	(24,263,200)
Subtotal	\$ (20,885,100)	\$ (8,302,400)	\$ (27,173,100)	\$ (8,815,100)	\$ (44,290,600)	\$ (22,262,700)	\$ (561,500)	\$ (87,999,900)
Fund Balance	\$ 5,144,148	\$ -	\$ 14,981,269	\$ 7,523,387	\$ 22,504,656	\$ 32,456,455	\$ -	\$ 60,105,259
Addition to Reserves	583,400	-	-	-	-	-	-	583,400
Available Fund Balance 6/30/2015 (Estimated)	\$ 5,727,548	\$ -	\$ 14,981,269	\$ 7,523,387	\$ 22,504,656	\$ 32,456,455	\$ -	\$ 60,688,659

Castaic Lake Water Agency
Financial Summary
FY 2013/14 Actual

Description	General Fund/ Operating	Capital Improvement Program				State Water Contract Fund	Debt Service Fund	TOTAL
		Pledged Revenue Fund Capacity Fee	One Percent Property Tax	Capital Project Fund	Total Capital Improvement Program			
Fund Balance 7/1/2013	\$ 9,674,851	\$ -	\$ 71,014,580	\$ 15,317,120	\$ 86,331,700	\$ 25,646,904	\$ 14,533,487	\$ 136,186,942
RESERVES:								
Operating Reserve	\$ (4,549,627)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,549,627)
Debt Service Reserves	-	-	(9,920,900)	-	(9,920,900)	-	-	(9,920,900)
Capital Reserves	-	-	(16,309,700)	-	(16,309,700)	-	-	(16,309,700)
Economic Uncertainties/Catastrophic Situations	-	-	(30,055,600)	-	(30,055,600)	-	-	(30,055,600)
Repair and Replacement Reserves (new)	-	-	(310,000)	-	(310,000)	-	-	(310,000)
Trustee Held	-	-	-	-	-	-	(14,533,487)	(14,533,487)
Subtotal	\$ (4,549,627)	\$ -	\$ (56,596,200)	\$ -	\$ (56,596,200)	\$ -	\$ (14,533,487)	\$ (75,679,314)
Net Available	\$ 5,125,224	\$ -	\$ 14,418,380	\$ 15,317,120	\$ 29,735,500	\$ 25,646,904	\$ -	\$ 60,507,628
REVENUES:								
Water Sales - Fixed Charges	\$ 13,138,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,138,260
Water Sales - Variable	4,186,974	-	7,848,218	-	7,848,218	-	-	12,035,192
Recycled Water Sales	166,864	-	-	-	-	-	-	166,864
Saugus 1 and 2 Water Sales	481,755	-	-	-	-	-	-	481,755
Laboratory Revenues	119,195	-	-	-	-	-	-	119,195
Communications Revenues	162,477	-	-	-	-	-	-	162,477
Facility Capacity Fees	-	8,695,534	-	-	8,695,534	-	-	8,695,534
One Percent Property Tax	-	-	19,998,202	-	19,998,202	-	-	19,998,202
Agency Set Property Tax	-	-	-	-	-	-	-	-
Settlement Agreement (CIP)	-	-	-	-	-	24,115,874	-	24,115,874
Settlement Agreement (O&M)	1,378,476	-	-	-	-	-	-	1,378,476
Grants and Reimbursements	121,033	-	124,715	-	124,715	-	-	245,748
Investment Revenues	87,964	302,414	1,062,372	30,249	1,395,035	190,409	415,637	2,089,045
Reimbursement from Annexing Parties	-	-	2,601,139	-	2,601,139	-	-	2,601,139
Miscellaneous	59,629	-	11,585	-	11,585	-	-	71,214
Subtotal	\$ 19,902,627	\$ 8,997,948	\$ 31,985,083	\$ 30,249	\$ 41,013,280	\$ 24,306,283	\$ 415,637	\$ 85,637,827
EXPENDITURES:								
Operating	\$ (18,328,630)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (18,328,630)
Transfer to Reserves	(573,973)	-	-	-	-	-	-	(573,973)
Capital Improvement Program	-	-	(8,689,826)	(1,466,282)	(10,156,108)	-	-	(10,156,108)
Department of Water Resources	-	-	-	-	-	(21,258,432)	-	(21,258,432)
Debt Service Principal and Interest Payments	-	(8,997,948)	(17,227,168)	-	(26,225,116)	-	(415,637)	(26,640,753)
Subtotal	\$ (18,902,603)	\$ (8,997,948)	\$ (25,916,994)	\$ (1,466,282)	\$ (36,381,224)	\$ (21,258,432)	\$ (415,637)	\$ (76,957,896)
Fund Balance	\$ 6,125,248	\$ -	\$ 20,486,469	\$ 13,881,087	\$ 34,367,556	\$ 28,694,755	\$ -	\$ 69,187,559
Addition to Reserves	573,973	-	-	-	-	-	-	573,973
Available Fund Balance 6/30/2014	\$ 6,699,221	\$ -	\$ 20,486,469	\$ 13,881,087	\$ 34,367,556	\$ 28,694,755	\$ -	\$ 69,761,532

Castaic Lake Water Agency
Financial Summary
Five-year Summary

Description	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Beginning Fund Balance	\$ 141,874,177	\$ 194,798,255	\$ 136,186,942	\$ 145,440,846	\$ 132,437,324
RESERVES:					
Agency Reserve Requirement	(58,600,179)	(58,479,108)	(60,835,827)	(62,128,700)	(72,500,600)
Reserve and Replacement Reserve	-	-	(310,000)	(952,800)	(1,955,600)
Trustee Held	(14,533,487)	(14,533,487)	(14,533,487)	(14,533,487)	(8,667,165)
Net Available	\$ 68,740,511	\$ 121,785,660	\$ 60,507,628	\$ 67,825,859	\$ 49,313,959
REVENUES:					
Water Sales - Fixed Charges	\$ -	\$ -	\$ 13,138,260	\$ 13,250,600	\$ 13,855,200
Water Sales - Variable	15,907,990	23,076,067	12,035,192	3,264,500	3,538,000
Recycled Water Sales	183,272	144,303	166,864	208,800	997,600
Saugus 1 and 2 Water Sales	319,613	379,514	481,755	588,400	701,100
Laboratory Revenues	85,414	103,865	119,195	104,000	106,000
Communications Revenues	158,314	160,619	162,477	170,000	170,000
Facility Capacity Fees	5,986,620	7,914,110	8,695,534	8,000,000	9,250,000
1% Property Tax	19,511,363	19,485,514	19,998,202	21,403,400	23,058,300
Agency Set Property Tax	22,922,058	23,145,178	24,115,874	25,811,400	27,809,800
Settlement Agreement (CIP)	-	4,940	338,852	50,000	700,000
Settlement Agreement (O&M)	1,079,874	1,375,575	1,378,476	1,100,000	1,200,000
Grants and Reimbursements	620,675	1,203,264	245,748	3,769,200	13,407,600
Investment Revenues	1,699,503	1,437,776	2,089,045	2,214,700	2,125,500
Bond Proceeds	58,138,085	-	-	-	13,910,713
Others	-	310,843	2,672,353	344,300	307,700
Subtotal	\$ 126,612,781	\$ 78,741,568	\$ 85,637,827	\$ 80,279,300	\$ 111,137,513
EXPENDITURES:					
Operating	\$ (14,688,101)	(16,598,347)	(18,328,630)	(20,301,700)	(22,828,000)
Saugus 1 and 2 Wells MOU	(10,200)	(19,850)	-	-	-
Firming Programs	-	(2,378,804)	-	-	-
Transfer to Reserves	(647,829)	(3,234,369)	(573,973)	(583,400)	-
Capital Improvement Program	(14,759,978)	(16,703,685)	(10,156,108)	(20,588,900)	(48,326,800)
Valencia Water Company Stock Acquisition	-	(58,640,000)	-	-	-
Department of Water Resources	(20,419,322)	(18,833,240)	(21,258,432)	(22,262,700)	(29,270,000)
Debt Service Principal and Interest Payments	(23,648,462)	(24,198,805)	(26,640,753)	(24,263,200)	(20,326,400)
Subtotal	\$ (74,173,892)	\$ (140,607,100)	\$ (76,957,896)	\$ (87,999,900)	\$ (120,751,200)
Fund Balance	\$ 121,179,400	\$ 59,920,128	\$ 69,187,559	\$ 60,105,259	\$ 39,700,272
Addition to Reserves	658,029	3,254,219	573,973	583,400	-
Principal from Interfund Loan	243,991	-	-	-	-
Available Fund Balance	\$ 122,081,420	\$ 63,174,347	\$ 69,761,532	\$ 60,688,659	\$ 39,700,272

Castaic Lake Water Agency
Changes in Fund Balances
FY 2015/16 Budget

CHANGES IN FUND BALANCE FOR FY 2015/16

FUND	Estimated Fund Balance 7/1/2015 (including reserves)	Available Fund Balance 6/30/2016	Add back Reserves	Estimated Fund Balance 7/1/2016 (including reserves)	Change
General Fund/Operating	\$ 10,851,148	\$ 4,044,548	\$ 5,707,000	\$ 9,751,548	-10% (1)
Pledged Revenue Fund - Facility Capacity Fee	-	-	-	-	0%
Pledged Revenue Fund - One Percent Property Tax	72,939,169	4,425,169	68,749,200	73,174,369	0%
Capital Project Fund - Debt Fund	7,523,387	-	-	-	-100% (2)
State Water Contract Fund	32,456,455	31,230,555	-	31,230,555	-4%
	\$ 123,770,159	\$ 39,700,272	\$ 74,456,200	\$ 114,156,472	

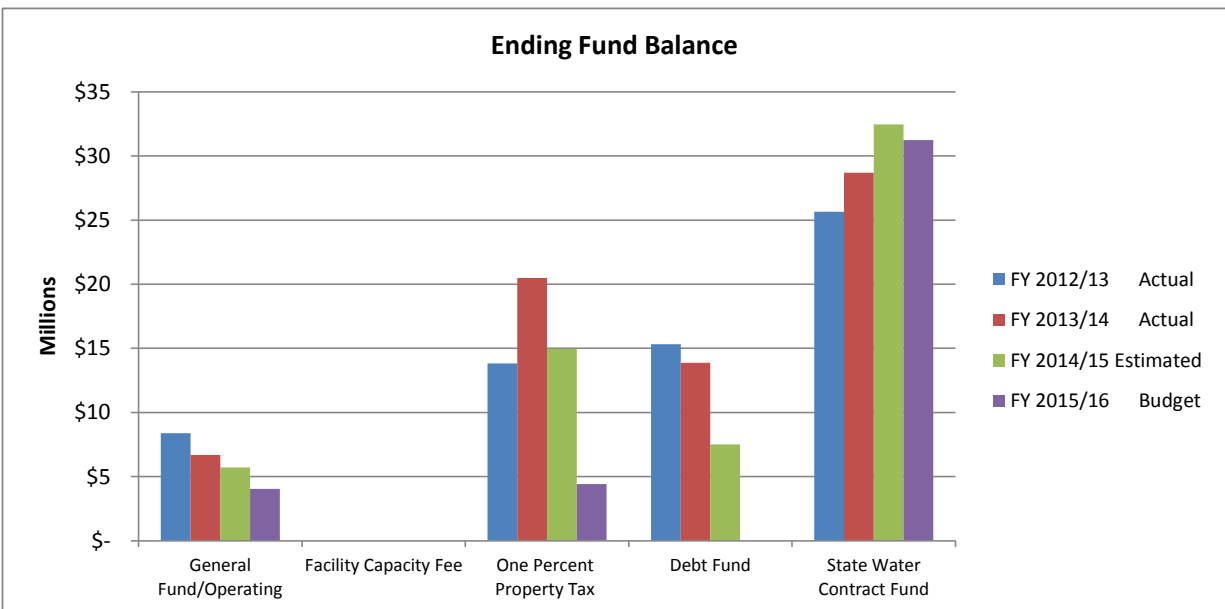
Changes in Fund Balance of More than Ten Percent

(1) Based on increased expenditures for BMP implementation

(2) Reflects expenditures on capital improvement program projects.

CHANGES IN AVAILABLE FUND BALANCE - FOUR YEAR HISTORY (in millions)

FUND	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
General Fund/Operating	\$ 8.38	\$ 6.70	\$ 5.73	\$ 4.04
Facility Capacity Fee	-	-	-	-
One Percent Property Tax	13.83	20.49	14.98	4.43
Debt Fund	15.32	13.88	7.52	-
State Water Contract Fund	25.65	28.69	32.46	31.23
	\$ 63.17	\$ 69.76	\$ 60.69	\$ 39.70



CASTAIC LAKE WATER AGENCY
Financial Measures
FY 2015/16 Budget

FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
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FINANCIAL MEASURES

State Water Contract (SWC) costs per capita	\$ 65.68	\$ 74.14	\$ 89.57	\$ 77.64	\$ 102.07
Ad Valorem Tax Rate (SWC) cents per \$100.00	\$ 0.07060	\$ 0.07060	\$ 0.07060	\$ 0.07060	\$ 0.07060
Recovery of Operating Expenditures	133%	109%	103%	98%	95%
Days of unrestricted cash on hand on June 30	1,775	1,759	1,514	1,492	1,477
Capital expenditures per capita	\$ 58.25	\$ 35.42	\$ 108.72	\$ 71.80	\$ 168.53
Debt Service per capita	\$ 84.59	\$ 92.91	\$ 71.18	\$ 84.61	\$ 70.89
Debt per capita	\$ 1,052.41	\$ 1,018.80	\$ 1,097.37	\$ 930.71	\$ 1,035.05
Ratio of Debt to AV (assessed valuation)	0.92%	0.87%	0.91%	0.74%	0.78%
Senior Debt Service coverage ratio *	4.95	N/A	N/A	N/A	N/A
Parity Debt Service coverage ratio	1.86	1.59	1.53	1.53	1.71
Value of pay-as-you-go capital program (millions) *	\$ 1.12	\$ 0.91	\$ 5.12	\$ 2.55	\$ 5.72

* Senior Debt Service only applies to 1999 COPs, for which no debt service payments are due until 2021.

Debt Capacity Measures (Standard & Poor's, April 2008)

Discussion from California Debt and Investment Advisory Commission Article – *Debt Capacity: An Overview* – Published July 2009

Debt per capita is the breakdown of the public agency's debt burden on individual citizens. This is a commonly used ratio for analyzing local issuers, since ratios can be calculated separately for cities, counties and special districts. The accompanying chart reflects how Standard & Poor's characterizes net debt per capita (and also includes the Agency's calculation).

Overall Net Debt Per Capita	
Very Low	Below \$1,000
Low	\$1,000-\$2,000
Moderate	\$2,000-\$5,000
High	Above \$5,000
CLWA, FY 2015/16 Budget	\$1,035.05

Debt as a percentage of assessed valuation represents a public agency's available resources to repay debt, assuming the debt is secured by property taxes. For this debt ratio a common benchmark is that debt should not account for more than 10 percent of an agency's assessed valuation. The accompanying chart reflects how Standard & Poor's characterizes debt as a percentage of assessed valuation (and also includes the Agency's calculation).

Overall Net Debt as a Percent of Assessed Valuation	
Low	Below 3%
Moderate	3%-6%
Moderately High	6%-10%
High	Above 10%
CLWA, FY 2015/16 Budget	0.78%

Debt service as a percentage of expenditures reflects the portion of a public agency's expenses that are dedicated to paying debt service costs. The higher the percentage consumed by debt service costs mean less funds available to spend for other programs or ongoing costs. Moody's notes that the typical range is somewhere between 5-15 percent, adding that communities experiencing rapid growth can extend this range. The accompanying chart reflects how Standard & Poor's characterizes debt service as a percentage of expenditures (and also includes the Agency's calculation).

Debt Service as a Percentage of Expenditures	
Low	Below 8%
Moderate	8%-15%
Elevated	Above 15%-20%
CLWA, FY 2015/16 Budget	16.8%

Summary of Personnel Costs - General Fund/Operating
FY 2015/16

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Management					
Salary	\$ 281,696	\$ 323,060	\$ 337,600	\$ 323,500	\$ 426,400
Overtime	8,533	8,745	10,000	10,000	10,000
Burden and Benefits	217,123	189,301	163,400	156,400	182,600
Administration					
Salary	\$ 1,367,257	\$ 1,444,868	\$ 1,574,900	\$ 1,465,600	\$ 1,688,700
Less Reimbursement from SCWD	(274,398)	(298,950)	(331,800)	(335,600)	(375,000)
Overtime	9,724	13,726	16,000	16,000	20,000
Burden and Benefits	1,009,741	864,051	892,400	809,500	911,100
Less Reimbursement from SCWD	(160,868)	(168,336)	(187,200)	(169,200)	(220,000)
Engineering					
Salary	\$ 287,744	\$ 314,499	\$ 297,900	\$ 287,500	\$ 338,100
Overtime	-	282	-	-	-
Burden and Benefits	241,766	185,163	177,200	172,000	201,000
Maintenance					
Salary	\$ 1,103,284	\$ 1,240,492	\$ 1,217,500	\$ 1,249,300	\$ 1,444,100
Overtime	52,145	57,445	50,000	50,000	52,500
On Call Premium	19,035	19,058	20,000	20,000	21,000
Burden and Benefits	838,032	730,311	724,800	653,200	761,500
Water Quality and Regulatory Affairs					
Salary	\$ 439,176	\$ 467,362	\$ 491,700	\$ 468,900	\$ 509,500
Overtime	685	1,252	2,000	1,500	2,000
Burden and Benefits	311,476	270,627	274,900	244,800	255,100
Water Resources					
Salary	\$ 697,428	\$ 779,985	\$ 861,800	\$ 793,100	\$ 1,007,800
Less Reimbursement from SCWD	(14,269)	(12,719)	(13,900)	(13,600)	(18,000)
Overtime	22,632	25,178	22,500	22,500	25,000
Burden and Benefits	370,991	294,409	324,700	302,700	406,900
Less Reimbursement from SCWD	(8,411)	(7,628)	(7,900)	(7,200)	(10,000)
Water Treatment Operations					
Salary	\$ 881,573	\$ 908,279	\$ 806,900	\$ 881,600	\$ 920,100
Overtime	154,917	135,468	125,000	90,000	115,000
Burden and Benefits	602,623	460,197	422,300	412,500	451,400
TOTAL					
Salary	\$ 5,058,158	\$ 5,478,545	\$ 5,588,300	\$ 5,469,500	\$ 6,334,700
Less Reimbursement from SCWD	(288,667)	(311,669)	(345,700)	(349,200)	(393,000)
Overtime	248,636	242,096	225,500	190,000	224,500
On Call Premium	19,035	19,058	20,000	20,000	21,000
Burden and Benefits	3,605,006	2,994,059	2,995,200	2,779,100	3,247,700
Less Reimbursement from SCWD	(169,279)	(175,964)	(195,100)	(176,400)	(230,000)
Less Directors Burden and Benefits	(13,254)	(13,113)	(15,500)	(28,000)	(78,100)
Total Personnel Costs	\$ 8,459,635	\$ 8,233,012	\$ 8,272,700	\$ 7,905,000	\$ 9,126,800
Burden and Benefits as a % of Salary *	71.76%	54.29%	53.11%	50.28%	49.47%

* Amount in FY 2012/13 includes one-time payment to repay PERS Side Fund, resulting in future year savings.
Without the PERS Side Fund payment, the FY 2012/13 actual amount would have been 57.7% and the FY 2013/14 actual amount would have been 56.41%.

Free Landscape and Water Conservation Classes

Pictured (left): Marketing Collateral announcing one of CLWA's free landscape education classes to help address the ongoing drought; (top and right center) installed drip irrigation; and (bottom right) students attending the free drip irrigation class.



**CLWA
DRIP IRRIGATION
CLASS**

**Castaic Lake Water Agency
27234 Bouquet Canyon Road
Santa Clarita, CA 91350
661-297-1600**

**Drip irrigation
Various mulches**

To check available dates and to sign up visit clwa.org.
Click on the Drip Irrigation Class button.

**DRIP IRRIGATION
CLASS**

All participants must register online. A light dinner will be provided. Participants will receive a starter drip irrigation kit – one per household.



Staff Count*
FY 2015/16 Budget

		FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget	FY 2014/15 Budget	FY 2015/16 Budget	FY 2015/16 FTE
Management							
General Manager		1	1	1	1	1	1
Board Secretary		1	1	1	1	1	1
		2	2	2	2	2	2
Administration							
Administrative Services Manager		1	1	1	1	1	1
Controller		1	1	1	1	1	1
HR/RM Supervisor		1	1	1	1	1	1
Safety Officer		1	1	1	1	1	1
Senior Management Analyst		0	0	0	1	1	1
Financial Analyst		1	1	1	0	0	0
Buildings and Grounds Supervisor		1	1	1	1	1	1
Senior Information Technology Technician		0	0	0	1	1	1
Information Technology Technician		1	1	1	0	1	1
Administrative Analyst		2	2	2	1	1	1
Human Resources Analyst		0	0	0	1	1	1
Administrative Technician		1	1	1	2	2	2
Event Coordinator	C	1	1	1	1	1	0.8
Senior Accounting Technician		0	0	0	2	2	2
Accounting Technician II		3	3	3	1	1	1
Purchasing Technician		1	1	1	1	1	1
Senior Facilities Maintenance Technician		0	0	0	1	1	1
Facilities Maintenance Technician II		0	0	0	2	2	2
Facilities Maintenance Technician I		3	3	3	0	0	0
Office Assistant II		1	1	1	1	1	1
		19	19	19	20	21	20.8
Engineering							
Engineering and Operations Manager	A	0.25	0.25	0.25	0.25	0.25	0.25
Principal Engineer		2	2	2	2	2	2
Senior Engineer		1	1	1	1	2	2
Engineering Technician II		1	1	1	1	2	2
Administrative Analyst		1	1	1	1	1	1
Administrative Technician		1	1	1	1	1	1
		6.25	6.25	6.25	6.25	8.25	8.25
Maintenance							
Engineering and Operations Manager	A	0.25	0.25	0.25	0.25	0.25	0.25
Operations and Maintenance Superintendent	B	0.5	0.5	0.5	0.5	0.5	0.5
Electrical/Instrumentation Supervisor		1	1	1	1	1	1
Distribution/Mechanical Supervisor		1	1	1	1	1	1
Senior Inspector		0	0	0	1	1	1
Inspector		1	1	1	0	0	0
Senior Electrical Technician		1	1	1	2	2	2
Senior Instrumentation Technician		2	2	2	2	2	3
Senior Distribution/Mechanical Technician		2	2	2	2	3	3
Distribution and Mechanical Technician II		4	4	4	4	4	4
Electrical and Instrumentation Technician II		1	1	1	0	1	0
		13.75	13.75	13.75	13.75	15.75	15.75

A Allocation of employee to four Departments.

B Allocation of employee to two Departments.

C Part-time.

* This chart reflects authorized positions.

Staff Count*
FY 2015/16 Budget

		FY 2011/12 Budget	FY 2012/13 Budget	FY 2013/14 Budget	FY 2014/15 Budget	FY 2015/16 Budget	FY 2015/16 FTE
Water Quality and Regulatory Affairs							
Engineering and Operations Manager	A	0.25	0.25	0.25	0.25	0.25	0.25
Laboratory/Regulatory Affairs Supervisor		1	1	1	1	1	1
Senior Water Quality Scientist		1	1	1	1	0	0
Water Quality Scientist II		3	3	3	3	3	3
Water Quality Technician		1	1	1	1	1	1
		6.25	6.25	6.25	6.25	5.25	5.25
Water Resources							
Water Resources Manager		1	1	1	1	1	1
Principal Water Resources Planner		1	1	1	1	1	1
Senior Water Resources Planner		1	1	1	1	1	1
Water Resources Planner		0	0	0	0	0	0
Administrative Analyst		1	1	1	1	1	1
Public Affairs Specialist		0	0	0	0	1	1
Communications Specialist		0	0	0	1	1	1
Water Conservation Program Coordinator		1	1	1	1	1	1
Water Use Efficiency Technician		0	0	0	0	1	1
Water Conservation Education Specialist	C	10	10	10	10	10	3.5
Administrative Technician		0	0	0	0	1	1
		15	15	15	16	19	11.5
Water Treatment Operations							
Engineering and Operations Manager	A	0.25	0.25	0.25	0.25	0.25	0.25
Operations and Maintenance Superintendent	B	0.5	0.5	0.5	0.5	0.5	0.5
Plant Operations Supervisor		1	1	0	0	0	0
Senior Treatment Plant Operator		6	6	6	6	6	6
Treatment Plant Operator		3	3	3	3	3	3
		10.75	10.75	9.75	9.75	9.75	9.75
TOTAL AUTHORIZED POSITIONS		73.0	73.0	72.0	74.0	81.0	73.30

A Allocation of employee to four Departments.

B Allocation of employee to two Departments.

C Part-time.

* This chart reflects authorized positions.

Drought Resistant Landscaping Idea:

Pictured: As demonstrated in CLWA's Water Conservation Garden, Creeping Thyme (purple) and Camellias (red) are both colorful options to be considered in drought-tolerant landscape design.



RESERVE FUNDS

The Agency's reserve fund policies are as follows:

Operating Reserves Operating Reserves are equal to three months of operating expenditures, and are designated to provide financial flexibility to respond quickly to emergency repairs, unanticipated operations and maintenance activities, local disasters or catastrophic events, regulatory requirements, water quality deficiencies, or other operating emergencies. The source of funding for Operating Reserves should be the General Fund (wholesale water rates).

Debt Service Reserves Debt Service Reserves are equal to annual debt service less restricted debt service reserve funds, and are restricted to helping to maintain debt service coverage and mitigate variability of revenues and expenditures. The source of funding for Debt Service Reserves should be a combination of one percent property tax revenues and Facility Capacity Fees in the proportions those funds pay for debt service.

Capital Reserves Capital Reserves are equal to one year of the current fiscal year pay-as-you-go capital improvement projects and 40% of the next fiscal year pay-as-you-go capital improvement projects, and are designated to fund capital improvement projects such as, but not limited to, minor capital projects; capital planning, studies and administration; new capital equipment and repair and replacement projects. The source of funding for Capital Reserves are one percent property tax revenues since these funds are the current source of funding for the pay-as-you-go capital improvement program.

Reserves for Economic Uncertainties and Catastrophic Situations Reserves for Economic Uncertainties and Catastrophic Situations are the Agency's general reserves equal to 700 days of operating expenditures, less Operating Reserves. This level of liquidity is designed to maintain and perhaps enhance the Agency's credit rating. These reserves are designated for economic uncertainties and financial hardships, loss of significant revenue sources, local disasters or capital obligations, cash flow requirements, unfunded mandates including regulatory requirements and other such needs. The source of funding for these reserves are a combination of one percent property tax revenues and Facility Capacity Fees, subject to availability of funding.

During FY 2012/13, the Board of Directors adopted a new wholesale water rate structure effective July 1, 2013 that includes transferring Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply costs from the capital improvement budget to the General Fund/Operating Budget over ten years. This will free up one percent property tax revenues to fund a Repair and Replacement Reserve that will be used for future replacement of aging infrastructure. The Agency has started the development of an asset management program to manage the Agency's infrastructure. When the overall asset management program is more fully developed, a specific Repair and Replacement Reserve Fund policy will be developed. At this time, the new reserve will begin accumulating funds for future repair and replacement needs.

Based on the FY 2015/16 Budget, the targeted reserve funding amounts and sources of funds are shown below.

Title	Total	One Percent Property Tax Revenues	Facility Capacity Fees	General Fund (water rates)
Debt Service Reserves	\$ 11,659,200	\$ 3,383,100	\$ 8,276,100	\$ -
Operating Reserves	5,707,000	-	-	5,707,000
Capital Reserves	17,061,700	17,061,700	-	-
Economic Uncertainties (liquidity)	38,072,700	38,072,700	-	-
Repair and Replacement Reserves (new)	1,955,600	1,955,600	-	-
Total	\$ 74,456,200	\$ 60,473,100	\$ 8,276,100	\$ 5,707,000

For the FY 2015/16 Budget, the reserves are budgeted as follows:

Title	Total	One Percent Property Tax Revenues	Facility Capacity Fees	General Fund (water rates)
Debt Service Reserves	\$ 11,659,200	\$ 11,659,200	\$ -	\$ -
Operating Reserves	5,707,000	-	-	5,707,000
Capital Reserves	17,061,700	17,061,700	-	-
Economic Uncertainties (liquidity)	38,072,700	38,072,700	-	-
Repair and Replacement Reserves (new)	1,955,600	1,955,600	-	-
Total	\$ 74,456,200	\$ 68,749,200	\$ -	\$ 5,707,000

For FY 2015/16, the Agency is able to achieve full targeted funding of the reserves overall, although not by preferred sources of funding.

Lawn Replacement Program

Entering its sophomore year, CLWA's Lawn Replacement Program offers customers a cash incentive to replace their thirsty lawns.

Pictured: Before (top) and after (bottom) photos from CLWA's residential lawn replacement program depict a combination of live vegetation dotting the moisture-insulating mulch layout, carved by a charming pathway utilizing decorative rocks.



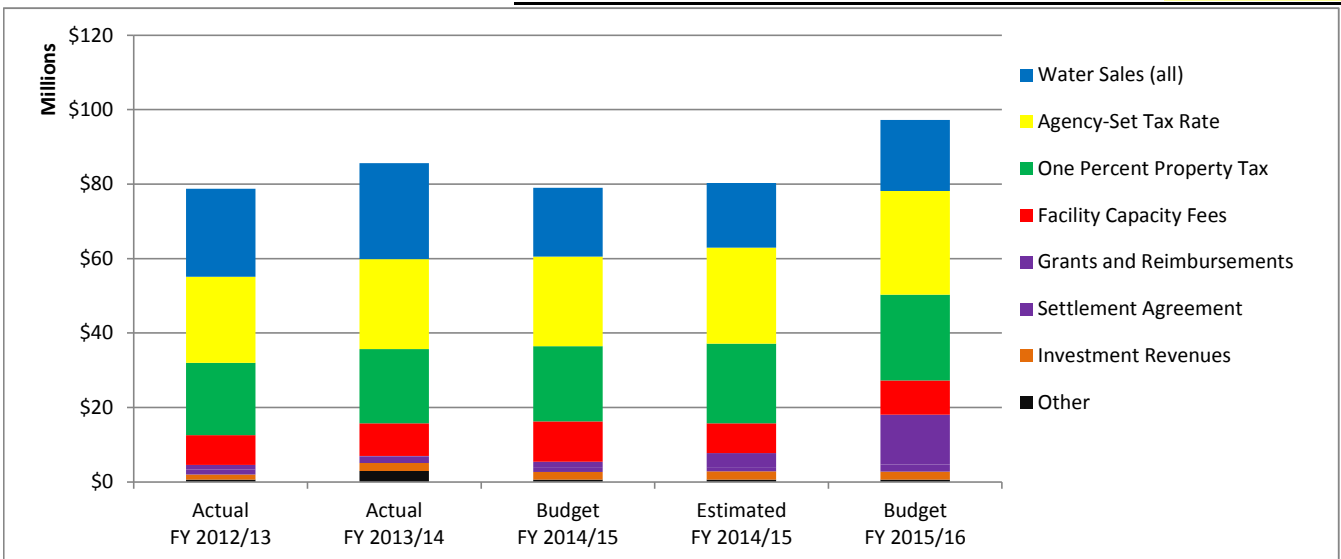
Water Conservation Marketing Collateral

Pictured: One of the many graphics posted to CLWA's social media sites to demonstrate water conservation as a way of addressing the ongoing drought. This graphic depicts an easy way to save water by simply turning off the faucet while lathering during hand washing.



Revenues
FY 2015/16 Budget

	Actual FY 2012/13	Actual FY 2013/14	Budget FY 2014/15	Estimated FY 2014/15	Budget FY 2015/16
General Fund/Operating					
Water Sales - Purveyors - Fixed Charges	\$ -	\$ 13,138,260	\$ 13,250,600	\$ 13,250,600	\$ 13,855,200
Water Sales - Purveyors - Variable	18,203,490	4,186,974	4,473,200	3,264,500	3,538,000
Water Sales - Purveyors - Reserves	747,577	-	-	-	-
Water Sales - Recycled	144,303	166,864	208,800	208,800	997,600
Water Sales - Saugus 1 and 2 Wells	379,514	481,755	502,200	588,400	701,100
Laboratory Revenues	103,865	119,195	130,000	104,000	106,000
Communications Revenues	160,619	162,477	170,000	170,000	170,000
Reimbursement from Settlement Agreement (O&M)	1,269,975	1,378,476	1,300,000	1,100,000	1,200,000
Grants and Reimbursements	819,429	121,033	972,000	1,085,700	1,050,200
Investment Revenues	30,061	87,964	89,300	84,900	91,200
Other	276,349	59,629	19,100	47,100	19,100
Total General Fund/Operating	\$ 22,135,182	\$ 19,902,627	\$ 21,115,200	\$ 19,904,000	\$ 21,728,400
Capital Improvement Program					
Facility Capacity Fees	\$ 7,914,110	\$ 8,695,534	\$ 10,800,000	\$ 8,000,000	\$ 9,250,000
One Percent Property Tax Revenues	19,485,514	19,998,202	20,270,600	21,403,400	23,058,300
Bond Proceeds	-	-	3,381,180	-	13,910,713
Reimbursement from Settlement Agreement (CIP)	4,940	338,852	29,000	50,000	700,000
Reimbursement from Settlement Agreement (O&M)	105,600	-	-	-	-
Grants and Reimbursements (One Percent)	383,835	124,715	486,900	249,000	1,083,500
Grants and Reimbursements (Debt Fund)	-	-	-	2,434,500	11,273,900
One-time Water Sales	4,125,000	7,848,218	-	-	-
Investment Revenue	892,665	1,395,035	1,348,300	1,355,300	1,554,000
Reimbursement from Annexing Parties	-	2,601,139	284,600	280,200	288,600
Other	34,494	11,585	-	17,000	-
Total Capital Improvement Program	\$ 32,946,158	\$ 41,013,280	\$ 36,600,580	\$ 33,789,400	\$ 61,119,013
State Water Contract Fund					
Agency-Set Tax Revenues	\$ 23,145,178	\$ 24,115,874	\$ 24,079,700	\$ 25,811,400	\$ 27,809,800
Investment Revenue	99,412	190,409	179,900	213,000	234,300
Total State Water Contract Fund	\$ 23,244,590	\$ 24,306,283	\$ 24,259,600	\$ 26,024,400	\$ 28,044,100
Debt Service Fund					
Certificates of Participation					
Investment Revenue	\$ 415,638	\$ 415,637	\$ 413,500	\$ 561,500	\$ 246,000
Total Debt Service Fund	\$ 415,638	\$ 415,637	\$ 413,500	\$ 561,500	\$ 246,000
Total Revenues	\$ 78,741,568	\$ 85,637,827	\$ 82,388,880	\$ 80,279,300	\$ 111,137,513



* Does not include bond proceeds.

MAJOR SOURCES OF REVENUE

Water Sales to Purveyors

During FY 2015/16, the Agency will sell three types of supplemental water to the four local retail water purveyors – CLWA Santa Clarita Water Division (SCWD), Los Angeles County Waterworks District No. 36, Newhall County Water District (NCWD) and the Valencia Water Company. The three types of water include (1) imported water from the State Water Project and other sources, (2) treated groundwater from the Saugus 1 and 2 wells and (3) recycled water. During FY 2015/16, it is estimated that 34,750 acre-feet (AF) of water will be provided by the Agency’s supplemental water, based on estimates provided by each of the purveyors, as follows:

Purveyor	Imported AF	Saugus 1 and 2 Wells AF	Recycled AF	Total AF
CLWA Santa Clarita Water Division	15,700	3,000	--	18,700
Valencia Water Company	10,000	--	2,150	12,150
Newhall County Water District	2,800	1,100	--	3,900
L.A. County Waterworks District #36	--	--	--	--
FY 2015/16 Total	28,500	4,100	2,150	34,750

This compares to FY 2014/15 estimated amounts, as follows:

Purveyor	Imported AF	Saugus 1 and 2 Wells AF	Recycled AF	Total AF
CLWA Santa Clarita Water Division	17,549	3,000	--	20,549
Valencia Water Company	7,887	--	450	8,337
Newhall County Water District	2,497	1,100	--	3,597
L.A. County Waterworks District #36	3	--	--	3
FY 2014/15 Total	27,936	4,100	450	32,486

The purveyors are working to achieve reductions per capita water use in the Valley to meet the SWRCB conservation standards and the twenty percent long-term reduction in per capita water usage (in compliance with SBX7-7). The increased amount of water to be purchased from the Agency reflects growth in the number of connections, anticipated reduced availability of groundwater in the eastern portion of the Valley and increased blending of imported water with groundwater in the western portion of the Valley (with a corresponding decrease in the production of groundwater).

Wholesale Water Rate Revenues

In February 2013, the Board of Directors adopted a new wholesale water rate structure effective July 1, 2013, and also adopted rates for three years (FY 2013/14 through FY 2015/16). The new water rate structure is based on a wholesale water rate study conducted by Raftelis Financial Consultants, Inc. (RFC) to develop a rate structure to meet the following Agency objectives:

- ◆ Revenue sufficiency and stability for the Agency
- ◆ Enhanced conservation and conjunctive use throughout the Santa Clarita Valley
- ◆ Fair and equitable rates for the retail purveyors, that are no more than necessary to cover the reasonable costs of providing wholesale water to the retail purveyors, which costs are allocated to the retail purveyors in a manner that bears a fair or reasonable relationship to the retail purveyor's burdens on, or benefits from the wholesale water services provided to them

The previous rate structure was a 100 percent variable rate structure utilizing a single unit rate, which resulted in significant revenue variability for the Agency and did not promote conjunctive use of the region's water resources. The new rate structure includes both a fixed and variable component. The fixed charge is based on a three-year rolling average of each retail purveyor's total water demand.

The rationale for this structure is that since all retail purveyors place burdens on the Agency's water system and the water resources of the Santa Clarita Valley and also benefit from the Agency's activities and water management programs, regardless of whether an individual retail purveyor chooses to fully utilize these resources, each retail purveyor pays in proportion to the benefits received. History has shown that the imported water supply is an important standby water resource available to all retail purveyors and there is a strong nexus between groundwater availability and imported water use. Without the imported water supply, the retail purveyors cannot meet their water demands with groundwater alone.

The variable rate is calculated based on the variable expenses of the Agency to treat and deliver imported water (generally energy and chemical expenses).

For FY 2015/16, the total amount of fixed revenue to be collected by the Agency is \$13,855,200 (as adopted by the Board of Directors on February 27, 2013). The estimated allocation to each purveyor based on the three-year rolling total demand (calendar years 2012 through 2014) is:

Purveyor	FY 2015/16 Fixed Charge
CLWA Santa Clarita Water Division	\$ 5,577,600
Valencia Water Company	6,004,300
Newhall County Water District	2,024,000
L.A. County Waterworks District #36	249,300
FY 2015/16 Total	\$ 13,855,200

The FY 2015/16 variable rate is \$124.14 per AF. Based on sales of 28,500 AF in FY 2015/16, revenue is projected to be \$3,538,000.

The Agency is currently working with the purveyors and a rate consultant to develop the water rate study to establish new rates effective July 1, 2016 or sooner.

Water Sales – Saugus 1 and 2 Wells

Groundwater treatment of Saugus 1 and 2 wells became operational in late FY 2009/10. This operation is intended to contain the spread of perchlorate contamination emanating from the Whittaker-Bermite site and restore a certain amount of well capacity taken out of service due to the contamination. In accordance with the Memorandum of Understanding (MOU) between the Agency and the purveyors, the Agency operates the wells and sells 4,100 AF of the water per year at the current operating and maintenance costs of extracting, disinfecting and delivering groundwater from the Saugus Formation. The treated groundwater is delivered to Newhall County Water District and Santa Clarita Water Division in proportions established in the MOU and shown on the following page. The calendar year 2015 rate is \$167/AF. The Agency reviews operating and maintenance costs each year and adjusts the rate accordingly. For revenue projections, it is assumed the rate will be \$175/AF in 2016.

FY 2015/16 revenue is estimated at \$701,100, as follows:

Purveyor	Saugus 1 and 2 Wells AF	Revenue
CLWA Santa Clarita Water Division	3,000	\$ 513,000
Newhall County Water District	1,100	188,100
Total	4,100	\$ 701,100

Recycled Water

The Agency began recycled water sales during FY 2003/04. To date, recycled water has only been sold to the Valencia Water Company to provide service for the TPC golf course and median landscaping in the Westridge development, and sales range from 400 to 450 AF per year. Beginning in FY 2015/16, Valencia Water Company will also provide recycled water for grading of Mission Village of the Newhall Ranch project, which is anticipated to increase sales by 1,700 AF per year. At an estimated rate of \$464/AF, FY 2015/16 revenue is estimated to be \$997,600.

Recycled Water Sales in Acre-Feet

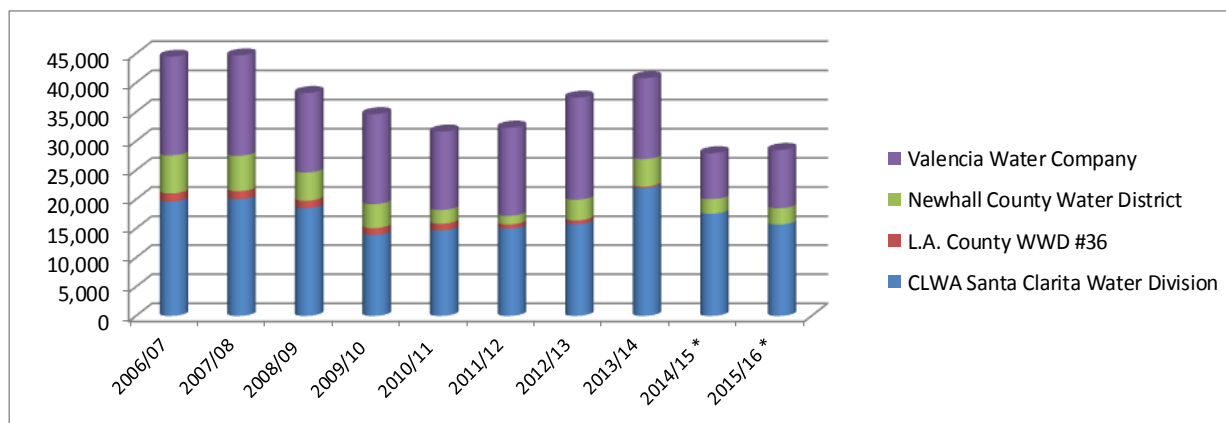
Fiscal Year	AF	Rate/AF	Revenue
2006/07	380	\$327	\$124,263
2007/08	437	366	159,987
2008/09	296	386	114,116
2009/10	338	432	146,127
2010/11	353	464	157,787
2011/12	448	464	183,272
2012/13	512	464	144,303
2013/14	398	464	200,000
2014/15*	450	464	208,800
2015/16*	2,150	464	997,600

* Estimated.

Purveyor Water Sales – Imported Water Only (AF) – Last Ten Fiscal Years

Fiscal Year	CLWA Santa Clarita Water Division	L.A. County WWD #36	Newhall County Water District	Valencia Water Company	Total	Revenue
2006/07	19,640	1,410	6,510	16,939	44,499	\$ 8,528,995
2007/08	20,044	1,388	6,058	17,246	44,735	9,875,546
2008/09	18,499	1,288	4,848	13,641	38,276	9,717,294
2009/10	13,908	1,179	4,110	15,451	34,648	10,928,237
2010/11	14,690	1,159	2,342	13,463	31,654	13,282,806
2011/12	14,991	735	1,458	15,141	32,325	15,260,161
2012/13	15,762	657	3,540	17,510	37,469	18,203,490
2013/14	21,976	237	4,705	13,888	40,806	17,325,234
2014/15 *	17,549	3	2,497	7,887	27,936	16,515,100
2015/16 *	15,700	0	2,800	10,000	28,500	17,393,200

* Estimated.

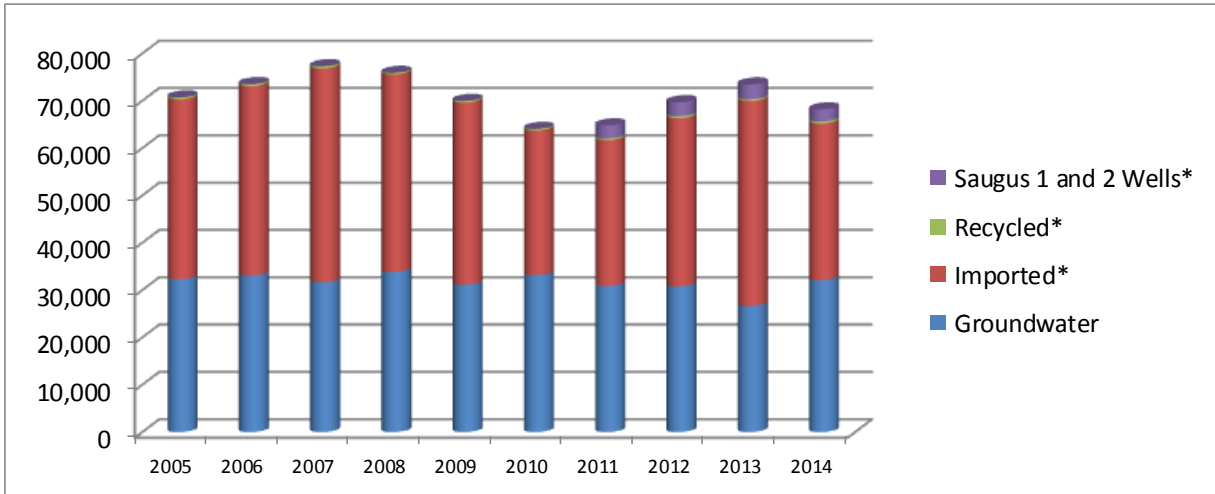


* Estimated.

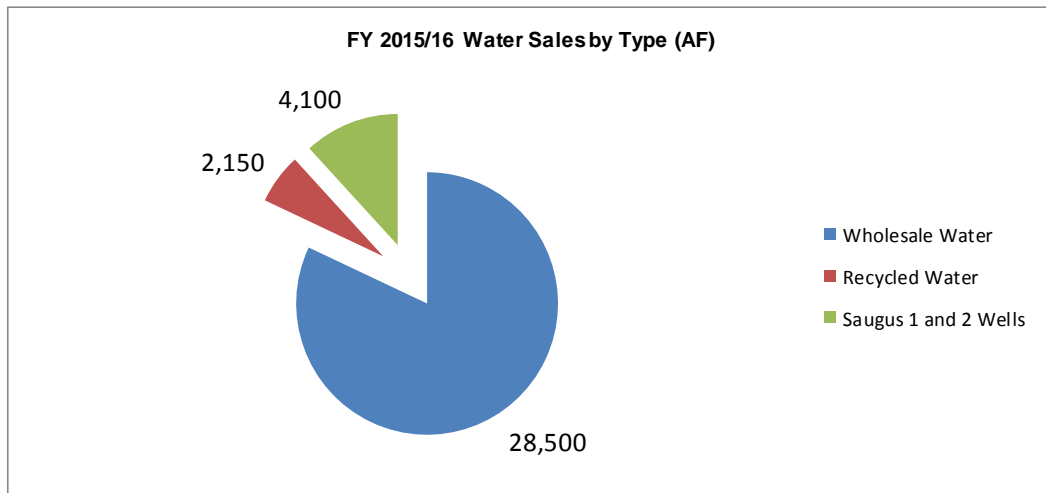
Calendar Year Water Production in Acre-Feet

Year	Groundwater	Imported*	Recycled*	Saugus 1 and 2 Wells*	Total
2005	32,316	37,997	418	-	70,731
2006	33,061	40,048	419	-	73,528
2007	31,690	45,151	470	-	77,311
2008	33,884	41,705	311	-	75,900
2009	31,100	38,546	328	-	69,974
2010	33,154	30,578	337	-	64,069
2011	30,840	30,850	373	2,742	64,805
2012	30,770	35,558	428	2,956	69,712
2013	26,671	43,281	400	3,108	73,460
2014	32,109	33,092	474	2,503	68,178

* Provided by Castaic Lake Water Agency.



* Provided by Castaic Lake Water Agency.



One Percent Property Tax Revenues

One percent property tax revenues are dedicated to fund existing users' share of the COP and bond debt and capital improvement program and repair projects, as well as a portion of core non-SWP water supplies. FY 2015/16 revenues are estimated at \$23.1 million, assuming a 7.75 percent increase in assessed valuation from FY 2014/15. This is based on the 7.75 percent increase in assessed valuation from FY 2013/14 to FY 2014/15 and reflects a similar level of new development in the upcoming fiscal year.

This budget estimate also assumes the State does not divert these funds. During FY 2004/05 and FY 2005/06, the State of California diverted over 65% of the Agency's one percent property tax revenues. The Agency was able to absorb the two-year loss due to sufficient cash and reserves to maintain debt coverage and to fund the capital budget. During FY 2009/10, the State invoked a Proposition 1A borrowing of eight percent of the Agency's allocation of one percent tax revenues, or approximately \$1.7 million, intended to be repaid by FY 2012/13. The Agency participated in the State of California Proposition 1A Receivables Program to securitize the receivable, and received the entire repayment during FY 2009/10.

Any future diversions by the State will impact the Agency's ability to fully fund existing users' share of the debt service and capital improvement projects and repair programs. At this time, it seems unlikely the State will again shift some amount of property tax revenue away from the Agency in FY 2014/15. The Agency continues to monitor the situation, and is working with its legislative advocates and advocacy groups to inform the Legislature and other groups of the impacts to the Agency of such a shift. If the property tax formula is permanently changed in the future, it would impact the Agency's ability to maintain debt coverage and fund the capital budget.

In FY 2015/16, \$4.5 million of debt service for existing users will be funded by one percent property tax revenues. If one percent property tax revenues were not available for this purpose and debt service for existing users was funded by the wholesale water rates, this would equate to approximately \$160/AF. This is based on the FY 2015/16 projected imported water sales of 28,500 AF.

In FY 2015/16, one percent property tax revenues will fund \$8.3 million of debt service for future users (to be repaid by Facility Capacity Fees in the future). If this were to be funded by wholesale water rates, it would equate to approximately \$290/AF.

In addition, in FY 2015/16, \$9.9 million of capital improvement and repair programs for existing users will be funded by one percent property tax revenues and \$3.4 million will be used for the purchase of the Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply. If one percent property tax revenues were not available for these purposes and the programs were funded by the wholesale water rates, this would equate to the following approximate rates for existing users:

Capital Improvement and Repair programs - \$350/AF
 BV/RRB water supply - \$120/AF

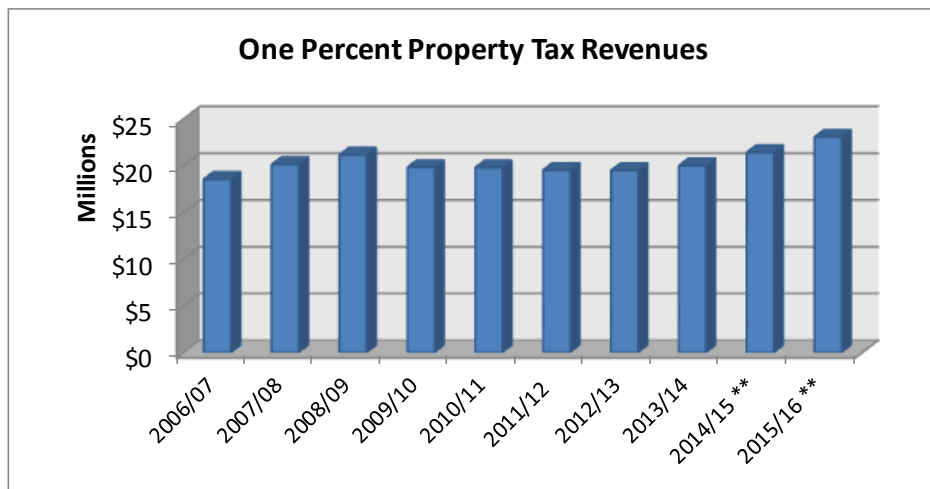
Again, this is based on the FY 2015/16 projected imported water sales of 28,500 AF.

A history of the change in service area assessed valuation is as follows:

Year	Change from previous year
FY 2014/15	7.75%
FY 2013/14	2.2%
FY 2012/13	(1.7%)
FY 2011/12	0.5%
FY 2010/11	(1.1%)
FY 2009/10	(5.6%)
FY 2008/09	5.0%
FY 2007/08	9.2%
FY 2006/07	12.9%
FY 2005/06	19.3%

One Percent Property Tax Revenues – Last Ten Fiscal Years

Fiscal Year	Los Angeles County	Ventura County	City of Santa Clarita*	Total
2015/16 **	\$ 23,008,100	\$ 50,200	\$ -	\$ 23,058,300
2014/15 **	21,353,200	50,200	-	21,403,400
2013/14	19,947,998	50,204	-	19,998,202
2012/13	19,431,575	53,939	-	19,485,514
2011/12	19,411,525	65,737	34,101	19,511,363
2010/11	19,670,542	70,836	39,221	19,780,599
2009/10	19,730,269	41,747	39,642	19,811,658
2008/09	21,070,771	45,644	36,563	21,152,978
2007/08	20,046,530	44,375	31,031	20,121,936
2006/07	18,481,089	45,512	27,641	18,554,242



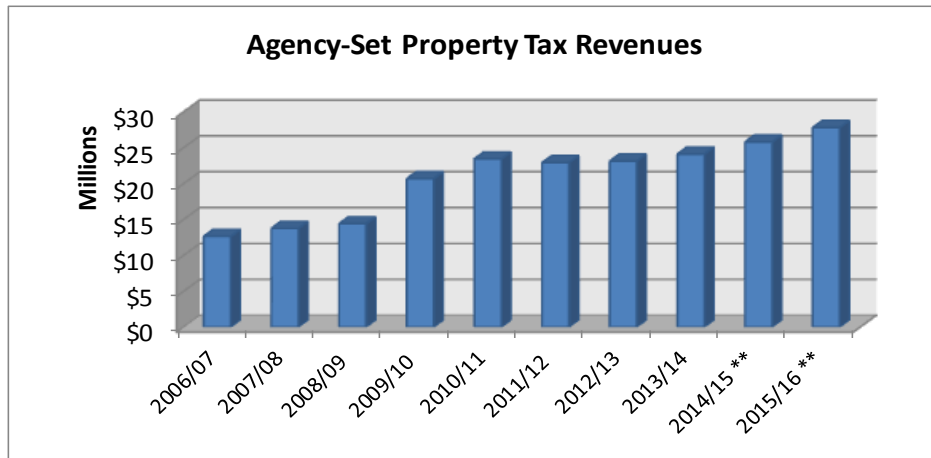
- * With the elimination of redevelopment agencies in FY 2012/13, property tax revenue formerly received as a pass-through from the City of Santa Clarita is now collected as part of the general Los Angeles County revenue.
- ** Estimated.

Agency-Set Property Tax Revenues

Agency-set property tax revenues are estimated to total \$27.8 million for FY 2015/16. These revenues are restricted to pay for the Agency's share of the cost of operating and administering the State Water Project supply. This revenue estimate is based on an increase of 7.75% in assessed valuation and no change in the current tax rate of 7.06 cents per \$100 valuation.

Agency-Set Property Tax Revenues – Last Ten Fiscal Years

Fiscal Year	Los Angeles County	Ventura County	City of Santa Clarita*	Total
2015/16 **	\$ 27,784,000	\$ 25,800	\$ -	\$ 27,809,800
2014/15 **	25,785,600	25,800	-	25,811,400
2013/14	24,090,084	25,790	-	24,115,874
2012/13	23,117,274	27,904	-	23,145,178
2011/12	22,827,075	24,913	70,070	22,922,058
2010/11	23,191,169	38,837	209,939	23,439,945
2009/10	20,293,206	60,923	335,038	20,689,167
2008/09	14,264,538	7,357	141,553	14,413,448
2007/08	13,621,183	12,019	125,492	13,758,694
2006/07	12,493,469	16,095	137,060	12,646,624



* With the elimination of redevelopment agencies in FY 2012/13, property tax revenue formerly received as a pass-through from the City of Santa Clarita is now collected under the general Los Angeles County revenue.

** Estimated.

Year	Tax Rate
FY 2015/16	7.060000
FY 2014/15	7.060000
FY 2013/14	7.060000
FY 2012/13	7.060000
FY 2011/12	7.060000
FY 2010/11	7.060000
FY 2009/10	6.075000
FY 2008/09	4.000000
FY 2007/08	4.000000
FY 2006/07	4.000000
FY 2005/06	4.932700

Facility Capacity Fee Revenues

Facility Capacity Fee revenues are estimated at \$8 million in FY 2014/15 and \$9.25 million in FY 2015/16. FY 2014/15 revenues are based on revenues received through May 31, 2015. Projections for FY 2015/16 assume very moderate growth, far less than projected by the purveyors. For FY 2015/16 through FY 2017/18, it is assumed that annual sales grow by 75 AF per year (from 555 AF to 780 AF). For the next three years through FY 2020/21, it is assumed that sales will grow by 100 AF per year. For FY 2021/22 through FY 2023/24, it is assumed the sales will grow by 200 AF per year. Note that sales will have to increase significantly to achieve the projected buildout timing.

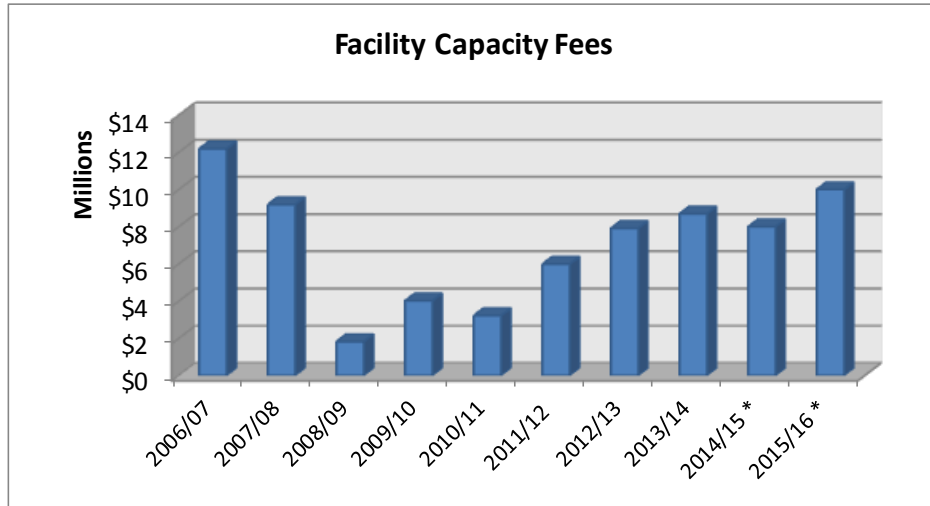
FY	AF
2014/15	555
2015/16	630
2016/17	705
2017/18	780
2018/19	880
2019/20	980
2020/21	1080
2021/22	1280
2022/23	1480

Facility Capacity Fee revenues are always difficult to estimate due to the unpredictable timing of receipts. Collection of this revenue depends heavily on development activity which, in turn, depends on real estate demands, the regional economic situation, land use planning activity, coordination with other projects and other difficult-to-estimate activity. This revenue stream generally consists of a “boom or bust” pattern and will always be difficult to estimate.

Through June 30, 2014, more than \$265.7 million of facility capacity fees has been collected.

Facility Capacity Fees – Last Ten Fiscal Years

Fiscal Year	Amount
2015/16	\$ 9,250,000
2014/15	8,000,000
2013/14	8,695,534
2012/13	7,914,110
2011/12	5,986,620
2010/11	3,220,225
2009/10	4,016,683
2008/09	1,824,712
2007/08	9,197,376
2006/07	12,192,365
2005/06	10,930,741



* Estimated.

Whittaker-Bermite Perchlorate Litigation Settlement Agreement

In May 2007, the Agency and the three Santa Clarita Valley retail purveyors settled a long-running lawsuit against the current and past owners of the former Whittaker-Bermite industrial site and approved a settlement agreement to remove perchlorate from the Santa Clarita Valley's groundwater aquifers. The water agencies estimate this settlement, when added to past settlements, will provide up to \$100 million on an undiscounted basis.

Settlement Agreement revenues in FY 2015/16 are \$1,200,000 for operations and maintenance (O&M). Settlement Agreement revenues in FY 2015/16 for capital projects are \$700,000, based on \$200,000 reimbursement for the Replacement Wells Project and \$500,000 reimbursement for the V-201/V-205 Monitoring Well Projects.

Grants and Reimbursements

General Fund/Operating - Grants and reimbursements for General Fund/Operating are provided by Proposition 84 Rounds 1 and 2 Implementation Grants through the Department of Water Resources for the Upper Santa Clara River Integrated Regional Water Management grant program. The two grants for FY 2015/16 (Rounds 1 and 2) are for the implementation of the Santa Clarita Valley Water Use Efficiency Strategic Plan programs, and are used to fund the various California Urban Water Conservation Council (CUWCC) Best Management Practices and other water use efficiency programs. These programs are designed to help the retail purveyors meet the SWRCB conservation standards and the twenty percent long-term reduction in per capita water usage (in compliance with SBX7-7).

Item	FY 2014/15	FY 2015/16
SCV Water Use Efficiency Strategic Plan – Selected Conservation (BMP) Programs	\$1,085,700	\$1,050,200*

*\$120,000 of this amount will be purveyor reimbursements.

One Percent Property Tax - Grants for Capital Improvement Programs/One Percent Property Tax Revenue funds are provided by Proposition 84 Planning and Implementation Grants through the Department of Water Resources for a variety of water studies, implementation, administration of the grants and updating various programs and plans. Reimbursements are provided for the processing of annexations.

- Santa Clarita Valley Water Use Efficiency Strategic Plan Update. Funds were provided for the update of the Santa Clarita Valley Water Use Efficiency Strategic Plan Update (SCVWUESP) which was completed in May 2015. The Plan includes programs and projects that are targeted to effectively reduce per capita water use in the Valley. The Plan identifies programs designed to help the purveyors meet the SWRCB conservation standards and the twenty percent long-term reduction in per capita water usage (in compliance with SBX7-7).
- Recycled Water Master Plan Update. Planning grant funds are provided for updated of the Recycled Water Master Plan as well as for the development of the Environmental Impact Report (EIR) for the Update.
- Grant Administration. Funds are provided for the administration of grants including Proposition 84 Round 2 Planning and Rounds 1 and 2 Implementation, 2014 Drought Relief Implementation and Local Groundwater Assistance Grant.
- Perchlorate Monitoring Wells Project. Funds are being provided for the installation of two perchlorate monitoring wells in the Valencia and Newhall areas of the Santa Clarita Valley. The monitoring wells will be installed near V-201 and V-205 wells. One is being funded by the Agency and the other is being funded by the Newhall County Water District.
- Processing of Tapia and Tesoro Annexations. Funds are provided for processing and evaluating annexation application for purposes of receiving a water supply for such Lands, subject to all applicable requirements and Annexation agreements

Item	FY 2014/15	FY 2015/16
SCV Water Use Efficiency Strategic Plan Update	\$ 118,800	\$ 35,000
Recycled Water Master Plan Update	800	460,000
Grant Administration	114,400	330,000
Perchlorate Monitoring Well (CLWA-funded)	--	158,500
Processing of Annexations	<u>15,000</u>	<u>100,000</u>
Total	\$ 249,000	\$ 1,083,500

Debt Funded Capital Projects_ - Grants and reimbursements for Capital Improvement Projects funded from debt proceeds are provided by DWR Proposition 84 Rounds 1 and 2 Implementation and the 2014 Drought Relief grants, and the U.S. Environmental Protection Agency (EPA) for implementation and administration of the grants. The various projects are as follows:

- Foothill Feeder Project. Funds are provided to install pipeline, a turnout structure, valve and meter vaults, and SCADA equipment in CLWA's water system. The project will increase water delivery to the Rio Vista Water Treatment Plant to allow for full utilization of plant capacity. The total grant amount is \$1,500,000 and it is funded by a Proposition 84 Round 2 Implementation Grant.
- Rio Vista Water Treatment Plant (RVWTP) Clearwell Cover Improvements Project. Funds are available from a U.S. Environmental Protection Agency (EPA) grant from its Catalog of Federal Domestic Assistance (CFDA) 66-606 grant program to fund the RVWTP Clearwell Cover Improvements Project. The total grant amount is \$1,012,000 and is funded by an Environmental Protection Agency Grant.
- Rosedale-Rio Bravo Extraction Project. Funding is provided for the construction of three wells and associated conveyance facilities in the Rosedale-Rio Bravo service area to provide a more

reliable supply and additional CLWA banking program extraction capacity of 7,500 acre-feet per year. The total grant amount is \$5,175,600 and is funded by a Proposition 84 Drought Relief 2014 Grant.

- Saugus Dry Year Reliability Wells. Funding is provided for the implementation of two dry year wells in the Saugus Formation. The total grant amount is \$4,782,600 and is funded by a Proposition 84 Round 1 Implementation Grant.
- Semitropic Water Storage District Enhanced Recovery Project. Funding is provided for the construction of well conveyance, recharge, extraction and return facilities that would ensure the recovery of 5,000 acre-fee per year of (previously stored) water from storage. The total grant amount is \$7,096,500 and is funded by a Proposition 84 Drought Relief 2014 Grant.

Item	FY 2014/15	FY 2015/16
Foothill Feeder Project	\$ --	\$ 231,000
RVWTP Clearwell Cover Improvements	1,012,000	--
Rosedale-Rio Bravo Extraction Project	422,500	4,753,100
Saugus Dry Year Reliability Wells	--	193,300
Semitropic Water Storage Project	<u>1,000,000</u>	<u>6,096,500</u>
Total	\$ 2,434,500	\$ 11,273,900

Other Sources of Revenue

Laboratory Revenues

The Agency has a fixed fee arrangement with Agency's Santa Clarita Water Division, Newhall County Water District and Valencia Water Company. In addition, the Agency performs laboratory work for DWR, UCLA and various other entities. FY 2015/16 laboratory revenues are estimated at \$106,000 based on the current workload.

Communications Revenues

The Agency has agreements with four different communication companies for lease of communication sites at the Agency. FY 2015/16 revenues are estimated at \$170,000 based on the existing contracts.

Investment Revenues

FY 2015/16 investments revenues are \$2,125,500 based on a very low investment return environment and reduced fund balances. The breakdown by funding source for the FY 2015/16 Budget is as follows:

General Fund/Operating	\$ 91,200
Capital Improvement Program	
One Percent Property Tax	1,246,600
Facility Capacity Fee	302,400
Capital Project Fund	5,000
State Water Contract Fund	234,300
Debt Service Fund	246,000
Total	\$ 2,125,500

Lawn Replacement Program

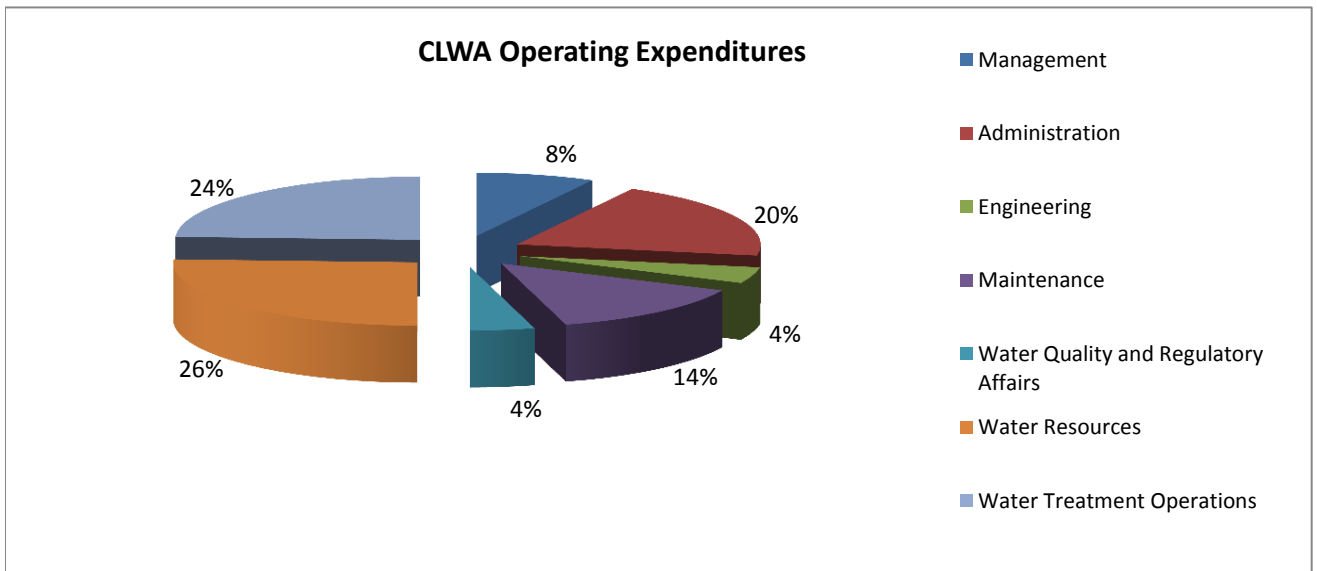
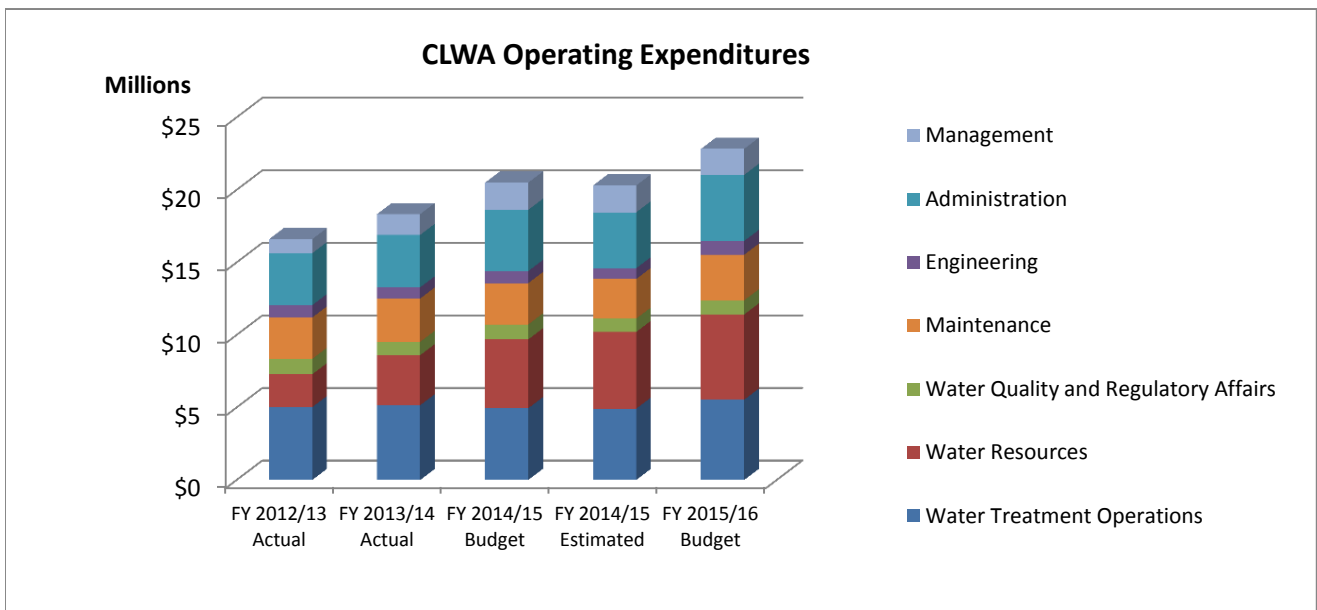
Pictured: Before (top) and after (bottom) photos from CLWA's residential lawn replacement program.

Durable and decorative pavers used here qualify for the \$2 per square foot rebate because they have been installed in sand, which allows water to permeate between each paver and percolate into the soil beneath the sand. This clever design is not only attractive, but also offers a solution to capture water runoff due to the slope of the front yard.



**Operating Budget Summary
FY 2015/16 Budget**

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Management	\$ 965,624	\$ 1,429,911	\$ 1,874,000	\$ 1,850,000	\$ 1,795,100
Administration	3,582,890	3,618,597	4,223,500	3,854,800	4,557,900
Engineering	852,914	769,293	829,900	741,500	947,100
Maintenance	2,849,415	2,984,218	2,849,300	2,731,600	3,142,100
Water Quality and Regulatory Affairs	1,063,256	922,074	1,029,100	918,800	976,100
Water Resources	2,262,892	3,448,559	4,746,500	5,287,300	5,872,500
Water Treatment Operations	5,021,356	5,155,978	4,942,100	4,917,700	5,537,200
Total Operating Expenditures	\$ 16,598,347	\$ 18,328,630	\$ 20,494,400	\$ 20,301,700	\$ 22,828,000



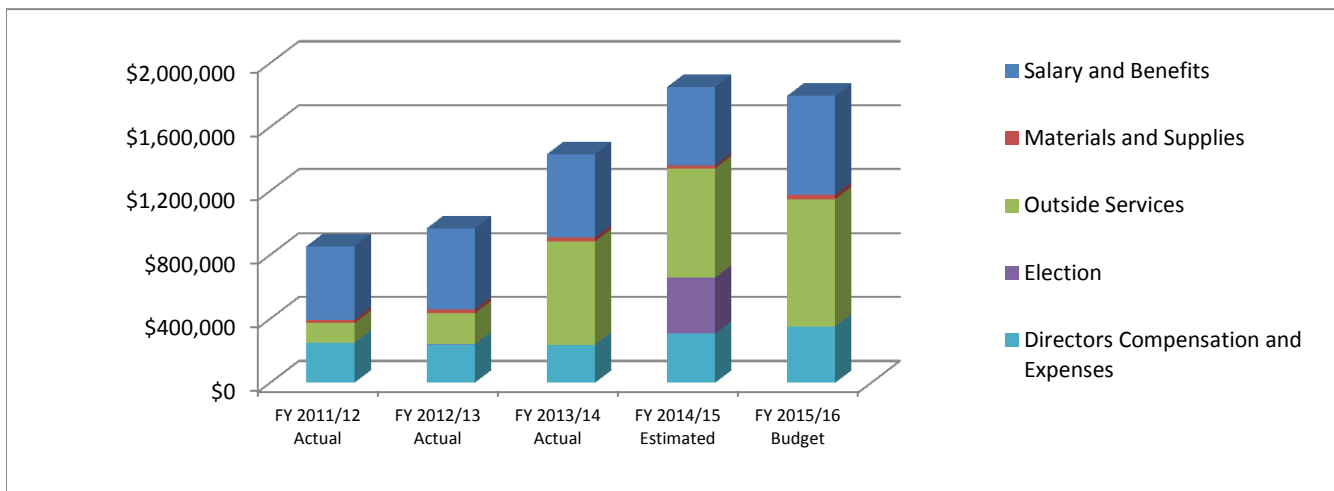
**Operating Budget Summary
FY 2015/16 Budget**

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
<u>Management</u>				
Salary and Benefits	\$ 521,106	\$ 511,000	\$ 489,900	\$ 619,000
Materials and Supplies	24,640	27,400	18,500	27,400
Outside Services	645,358	656,000	684,000	796,000
Election	-	400,000	350,000	-
Directors Compensation and Expenses	238,807	279,600	307,600	352,700
Total Management	\$ 1,429,911	\$ 1,874,000	\$ 1,850,000	\$ 1,795,100
<u>Administration</u>				
Salary and Benefits	\$ 1,855,359	\$ 1,964,300	\$ 1,786,300	\$ 2,024,800
Materials and Supplies	280,467	379,000	297,500	344,900
Outside Services	939,389	1,219,300	1,174,500	1,531,700
Utilities	87,603	101,000	80,000	115,000
Insurance	455,779	559,900	516,500	541,500
Total Administration	\$ 3,618,597	\$ 4,223,500	\$ 3,854,800	\$ 4,557,900
<u>Engineering</u>				
Salary and Benefits	\$ 499,944	\$ 475,100	\$ 459,500	\$ 539,100
Materials and Supplies	23,085	25,800	26,800	38,500
Outside Services	246,264	329,000	255,200	369,500
Total Engineering	\$ 769,293	\$ 829,900	\$ 741,500	\$ 947,100
<u>Maintenance</u>				
Salary and Benefits	\$ 2,047,306	\$ 2,012,300	\$ 1,972,500	\$ 2,279,100
Materials and Supplies	478,380	366,000	380,100	343,000
Outside Services	458,532	471,000	379,000	520,000
Total Maintenance	\$ 2,984,218	\$ 2,849,300	\$ 2,731,600	\$ 3,142,100
<u>Water Quality and Regulatory Affairs</u>				
Salary and Benefits	\$ 739,241	\$ 768,600	\$ 715,200	\$ 766,600
Materials and Supplies	88,227	125,400	94,000	119,400
Outside Services	94,606	135,100	109,600	90,100
Total Water Quality and Regulatory Affairs	\$ 922,074	\$ 1,029,100	\$ 918,800	\$ 976,100
<u>Water Resources</u>				
Salary and Benefits	\$ 1,079,225	\$ 1,187,200	\$ 1,097,500	\$ 1,411,700
Materials and Supplies	204,632	240,800	256,300	263,000
Outside Services	1,287,444	1,641,500	1,990,700	3,195,000
Utilities	9,666	-	-	-
Source of Supply	867,592	1,677,000	1,942,800	1,002,800
Total Water Resources	\$ 3,448,559	\$ 4,746,500	\$ 5,287,300	\$ 5,872,500
<u>Water Treatment Operations</u>				
Salary and Benefits	\$ 1,503,944	\$ 1,354,200	\$ 1,384,100	\$ 1,486,500
Materials and Supplies	1,019,801	1,208,100	1,102,500	1,185,300
Outside Services	51,212	82,800	64,800	72,800
Utilities	2,581,021	2,297,000	2,366,300	2,792,600
Total Water Treatment Operations	\$ 5,155,978	\$ 4,942,100	\$ 4,917,700	\$ 5,537,200
Benefits/Distribution				
Burden and Benefits	-	-	-	-
Total Benefits/Distribution	-	-	-	-
<u>TOTAL</u>				
Salary and Benefits	\$ 8,246,125	\$ 8,272,700	\$ 7,905,000	\$ 9,126,800
Materials and Supplies	2,119,232	2,372,500	2,175,700	2,321,500
Outside Services	3,722,805	4,534,700	4,657,800	6,575,100
Utilities	2,678,290	2,398,000	2,446,300	2,907,600
Source of Supply	867,592	1,677,000	1,942,800	1,002,800
Insurance	455,779	559,900	516,500	541,500
Election	-	400,000	350,000	-
Directors Compensation and Expenses	238,807	279,600	307,600	352,700
Total Operating Expenditures	\$ 18,328,630	\$ 20,494,400	\$ 20,301,700	\$ 22,828,000

Management Expenditures

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Salary and Benefits	\$ 458,225	\$ 507,352	\$ 521,106	\$ 489,900	\$ 619,000
Materials and Supplies	21,819	23,915	24,640	18,500	27,400
Outside Services	122,161	193,896	645,358	684,000	796,000
Election	-	699	-	350,000	-
Directors Compensation and Expenses	251,337	239,762	238,807	307,600	352,700
Department Total	\$ 853,542	\$ 965,624	\$ 1,429,911	\$ 1,850,000	\$ 1,795,100

Positions	2	2	2	2	2
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Total Operating Budget: \$ 22,828,000
 Management Budget: \$ 1,795,100

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Workload Measures					
Regular Board Meetings	19	21	18	24	24
Regular Committee Meetings	51	53	52	58	64
Special Board Meetings	7	9	5	10	8
Ad Hoc Meetings	17	21	17	16	18
Federal funds appropriated (millions)	\$ 0.53	\$ 1.25	\$ -	\$ -	\$ -

DEPARTMENT: MANAGEMENT

Department Objective

Direct the activities of the organization and provide management support to the Board of Directors.

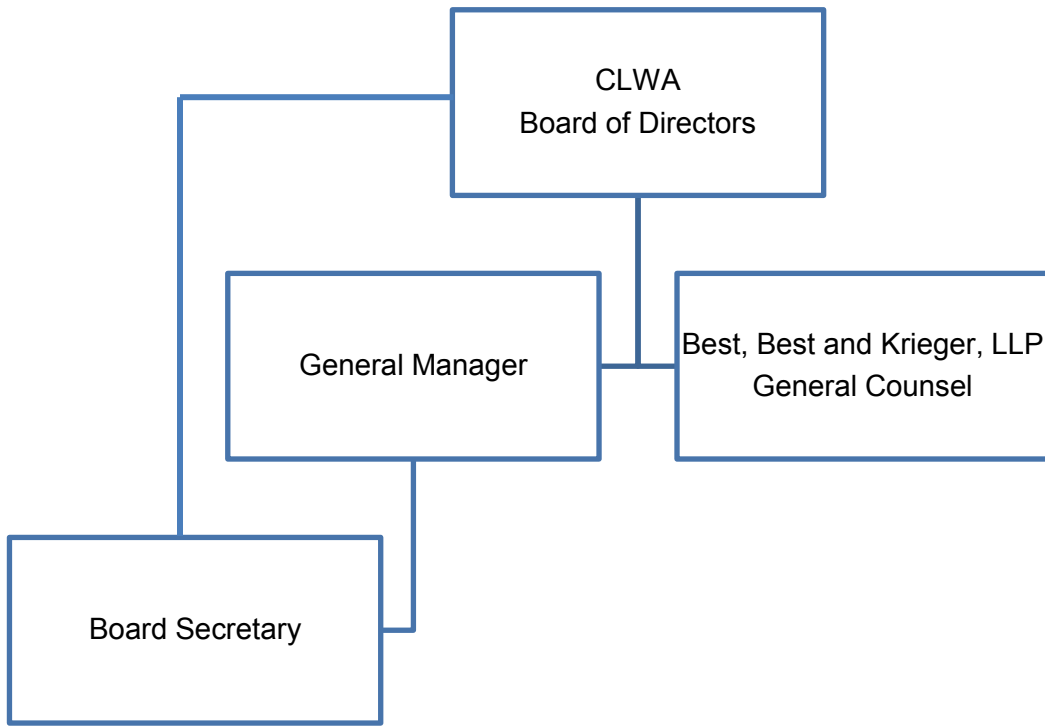
Major Accomplishments – FY 2014/15

- ◆ Continued ongoing coordinating with purveyors, the City and County on the Santa Clarita Valley (SCV) Water Committee to address the impacts of the drought (Retail Manager elected to serve as Committee Chair in 2015).
- ◆ Obtained a favorable court ruling on the “SCOPE I” case challenging the Valencia Water Company acquisition.
- ◆ Agency expenditures were 99% of the FY 2014/15 Budget.

Actions – FY 2015/16

- ◆ Assist and support Board of Directors in recruiting new General Manager [12/15]. **P1** D2.1
- ◆ Support Board and Ad Hoc Committee in the CLWA/Newhall County Water District Ad Hoc Committee process to achieve the “Principles for Moving Forward.” [ongoing] D4.1
- ◆ Foster and continue effective working relationships with the local water retailers. [ongoing] D4.2
- ◆ Foster and continue effective working relationships with the Department of Water Resources and other State Water Project contractors. [ongoing] D5.4
- ◆ Continue bi-weekly executive staff and weekly manager/supervisor meetings to enhance staff productivity and coordination of work efforts. [ongoing] D3.26
- ◆ Continue succession planning efforts to ensure that employees are recruited and developed to fill key roles within the Agency. Provide education and training opportunities to all employees to develop them for future higher level and broader responsibilities. [ongoing] D2.2
- ◆ Continue to implement Board strategic plans for CLWA and SCWD. [ongoing] D5.1
- ◆ Continue to provide detailed information to Board of Directors through Board, Committee, Department and General Counsel reports; budget, team-building and strategic planning workshops; media summaries and outreach reports; and through “one-on-one” communications by the General Manager. [ongoing] D3.27
- ◆ Ensure the Agency is properly represented on all legal matters. [ongoing] D1.3
- ◆ Oversee and facilitate efforts of CLWA Departments and SCWD to achieve their goals. [ongoing] D3.30
- ◆ Continue to provide employees with “bottom-up” communication through all employee meetings. [ongoing] D2.3
- ◆ Continue to (1) provide General Manager-to-staff memos and quarterly employee newsletters and (2) hold employee meetings updating all employees of important events and news. [ongoing] D2.4
- ◆ Ensure the Agency budget and the Department budgets are appropriately expended by actively managing and controlling expenditures. [ongoing] C2.1

Management Department Organization



Details of Management Expenditures
FY 2015/16 Budget

0011100000 MANAGEMENT

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
<u>Salary and Benefits</u>					
51001 Salary	\$ 281,696	\$ 323,060	\$ 337,600	\$ 323,500	\$ 426,400
51007 Overtime	8,533	8,745	10,000	10,000	10,000
51050 Burden and Benefits	217,123	189,301	163,400	156,400	182,600
<u>Materials and Supplies</u>					
52010 Supplies and Services	14,511	13,095	13,400	6,500	13,400
51505 Employee Expense	5,028	5,372	7,000	6,000	7,000
51515 Employee Travel	4,376	6,173	7,000	6,000	7,000
<u>Outside Services</u>					
53101 Education/Seminars	3,103	2,962	6,000	4,000	6,000
53215 Recruitment Expenses	-	-	-	-	50,000
53202 Legal Consulting	190,793	264,211	300,000	300,000	300,000
53236 Professional Services/Consultants	-	89,133	50,000	80,000	140,000
53242 Legislative Advocate Services	-	289,052	300,000	300,000	300,000
<u>Election</u>					
51301 Election	699	-	400,000	350,000	-
<u>Directors Compensation and Expenses</u>					
51326 Directors Compensation	162,572	167,505	190,000	218,000	257,300
51327 Directors Expenses	41,925	30,507	44,500	44,500	49,000
51328 Directors Travel	17,162	15,642	18,000	18,000	18,500
51329 Directors Training	18,103	25,153	27,100	27,100	27,900
	\$ 965,624	\$ 1,429,911	\$ 1,874,000	\$ 1,850,000	\$ 1,795,100

Professional Services/Consultants includes:

Strategic planning services, teambuilding services, mediation services and organizational studies.

Management
FY 2015/16 Budget - Comparison Data

0011100000 MANAGEMENT

	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 to FY 2015/16 Budget	%	Change from FY 2014/15 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 337,600	\$ 323,500	\$ 426,400	\$ 88,800	26%	\$ (14,100)	-4%	A	
51007 Overtime	10,000	10,000	10,000	-	0%	-	0%		
51050 Burden and Benefits	163,400	156,400	182,600	19,200	12%	(7,000)	-4%		
<u>Materials and Supplies</u>									
52010 Supplies and Services	13,400	6,500	13,400	-	0%	(6,900)	-51%		
51505 Employee Expense	7,000	6,000	7,000	-	0%	(1,000)	-14%		
51515 Employee Travel	7,000	6,000	7,000	-	0%	(1,000)	-14%		
<u>Outside Services</u>									
53101 Education/Seminars	6,000	4,000	6,000	-	0%	(2,000)	-33%		
53215 Recruitment Expenses	-	-	50,000	50,000	N/A	-	0%	B	
53202 Legal Consulting	300,000	300,000	300,000	-	0%	-	0%	C	
53236 Professional Services/Consultants	50,000	80,000	140,000	90,000	180%	30,000	60%	D	G
53242 Legislative Advocate Services	300,000	300,000	300,000	-	0%	-	0%		
<u>Election</u>									
51301 Election	400,000	350,000	-	(400,000)	-100%	(50,000)	-13%	E	
<u>Directors Compensation and Expenses</u>									
51326 Directors Compensation	190,000	218,000	257,300	67,300	35%	28,000	15%	F	F
51327 Directors Expenses	44,500	44,500	49,000	4,500	10%	-	0%		
51328 Directors Travel	18,000	18,000	18,500	500	3%	-	0%		
51329 Directors Training	27,100	27,100	27,900	800	3%	-	0%		
	\$ 1,874,000	\$ 1,850,000	\$ 1,795,100	\$ (78,900)	-4%	\$ (24,000)	-1%		

- (1) Changes from FY 2014/15 Budget to FY 2015/16 Budget more than 10% and \$20,000.
(2) Changes from FY 2014/15 Budget to FY 2014/15 Estimated more than 10% and \$20,000.

- A. Increased salary expenses for General Manager retirement and hiring of replacement.
B. Recruitment expenses for hiring of General Manager.
C. FY 2014/15 expenditures include approximately \$75,000 for the wholesale water rate litigation.
D. Ongoing services are budgeted at \$50,000. Funds in the amount of \$15,000 are added for mediation services and \$75,000 for organizational studies related to future integrated water supply strategic planning. The mediation services costs will be shared with Newhall County Water District.
E. No funding since no election will be held in FY 2015/16.
F. Additional benefits were provided beginning in January 2015.
G. FY 2014/15 expenditures include unbudgeted Communications Strategic Plan facilitation.



Management

Management is responsible for directing the activities of the organization and providing management support to the Board of Directors.

Pictured (top, left to right): CLWA Director R.J. Kelly, City Councilman Dante Acosta, CLWA Vice President Bill Cooper, CLWA General Manager Dan Masnada, and CLWA Directors Gary Martin and Ed Colley at the ribbon-cutting ceremony for CLWA's upper mesa solar project in November 2014.

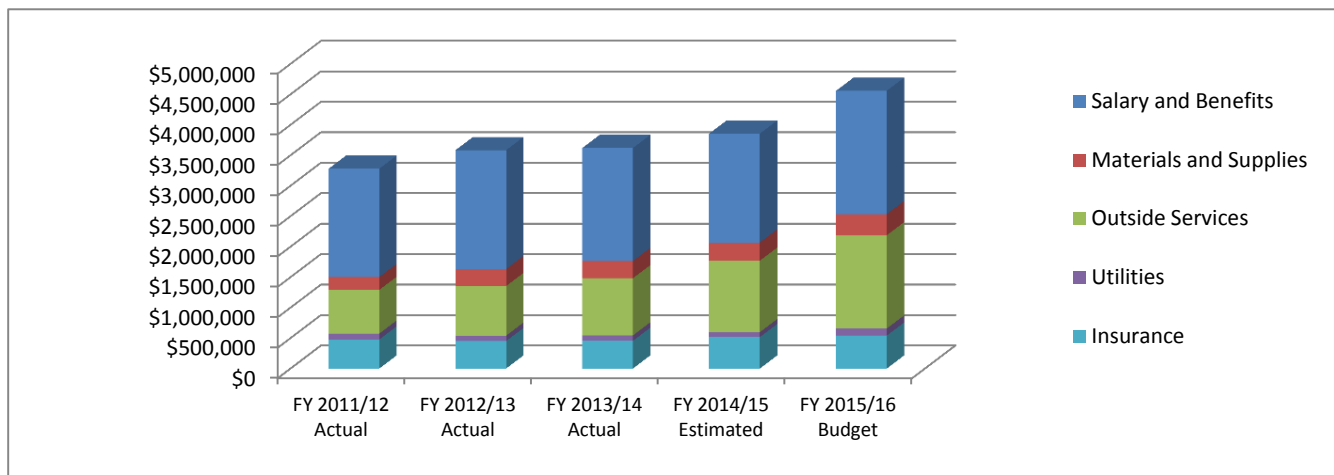
Pictured (bottom): Board Secretary April Jacobs supports the CLWA Board of Directors and General Manager.



Administration Expenditures

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Salary and Benefits	\$ 1,777,220	\$ 1,951,456	\$ 1,855,359	\$ 1,786,300	\$ 2,024,800
Materials and Supplies	209,686	277,554	280,467	297,500	344,900
Outside Services	718,847	814,812	939,389	1,174,500	1,531,700
Utilities	95,981	87,886	87,603	80,000	115,000
Insurance	476,969	451,182	455,779	516,500	541,500
Department Total	\$ 3,278,703	\$ 3,582,890	\$ 3,618,597	\$ 3,854,800	\$ 4,557,900

Positions	19	19	19	20	21
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Total Operating Budget: \$ 22,828,000
Administration: \$ 4,557,900

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Workload Measures					
Positions filled	16	12	11	8	15
Candidates interviewed	39	39	77	60	75
Safety training classes held	36	45	53	43	36
Safety training class attendees	664	643	1,241	634	630
Days lost due to injury - Wholesale	-	8	-	-	-
Days lost due to injury - Retail	1	1	-	-	-
Number of invoices/purchase orders/P-card lines	9,271	8,989	8,819	8,055	8,500
Number of purchase orders	1,891	1,978	1,980	2,500	2,500
Value of purchase orders (millions)	\$ 5.38	\$ 6.10	\$ 5.80	\$ 8.48	\$ 8.48
Facilities work orders	278	208	260	610	630

DEPARTMENT: ADMINISTRATION

Department Objective:

Implement the accounting, buildings and grounds, finance, investing, human resource, purchasing and risk management needs of the Agency.

Major Accomplishments – FY 2014/15

- ◆ Refunded the 2006C Certificates of Participation that will save \$10.3 million in debt service costs over the next 20 years.
- ◆ Received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the FY 2013/14 Comprehensive Annual Financial Report (CAFR) (tenth consecutive year).
- ◆ Received a Distinguished Budget Presentation Award from the Government Finance Officers Association for the FY 2014/15 Budget (ninth consecutive year).
- ◆ Received the Excellence Award for its Operating Budget from the California Society of Municipal Finance Officers (CSMFO) for the Agency's FY 2014/15 Budget (eighth consecutive year).
- ◆ Received the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) President's Special Recognition Award Certificate for achieving a low ratio of paid claims and case reserves to deposit premiums in the Liability Program for October 1, 2010 to September 30, 2013 (fourth consecutive year), Property Program for April 1, 2010 to March 31, 2013 (sixth consecutive year), and Workers' Compensation program July 1, 2010 to June 30, 2013 (fourth consecutive year).
- ◆ Purchased new office building adjacent to SCWD offices for relocation of Water Resources Department.

Actions – FY 2015/16

Accounting, Budget and Administration

- ◆ Implement OpenGov platform to provide enhanced access to the Agency's finances on the Agency's website [9/15]. **P2** D1.1
- ◆ Engage an economic forecasting consultant to prepare a facility capacity fee and property tax revenue projections [12/15]. **P3** C1.2
- ◆ Engage a consultant to assess the Agency's grant administration activities and recommend the appropriate organizational and staffing structure [12/15]. **P3** D3.7
- ◆ Update Risk Transfer Manual [12/15]. **P2** D3.6
- ◆ Implement a new wholesale water rate structure [3/16]. **P1** C1.4
- ◆ Engage a consultant to assess accounting and finance functions and processes with a focus on process streamlining and/or efficiency opportunities [3/16]. **P3** D3.12
- ◆ Through a Request For Proposal process, select an audit firm for audit services for multiple years starting with the audit for FY 2015/16 [4/16]. **P1** D3.13
- ◆ Renew the 2008A variable rate Certificates of Participation Letter of Credit that expires May 6, 2016 [5/16]. **P1** C1.5
- ◆ Implement the purchasing card program in the Maintenance Division [6/16]. **P3** D3.22
- ◆ Review online cost-effective bid software [6/16]. **P3** D3.25
- ◆ Keep Wholesale and Retail fiscal operations independent and separate. [ongoing] C1.10
- ◆ Ensure the Agency budget and the Department budget is appropriately expended by actively managing and controlling expenditures. [ongoing] C2.1

P1, **P2** and **P3** actions indicate highest, high and normal priority, respectively, and are shown in blue.

Human Resources and Risk Management

- ◆ Conduct sexual harassment awareness and prevention training for supervisors [3/16]. P1 D3.10
- ◆ Implement leading indicators and safety metrics to track progress in safety programs [3/16]. P2 D3.11
- ◆ Conduct live confined space entry and rescue drill [4/16]. P1 D3.14
- ◆ Evaluate NEOGOV's electronic Performance Evaluation tool to conduct employee reviews in an efficient and timely manner [4/16]. P2 D3.15
- ◆ Implement the Global Harmonization System standards for communicating chemical hazards [5/16]. P1 D3.17
- ◆ Research life insurance supplemental plans and provide recommendations [5/16]. P3 D3.18
- ◆ Conduct a response drill with local fire department and/or emergency services contractor [6/16]. P1 D3.20
- ◆ Continue to participate in community events (COC Water Technology Board, SCV Mayor's Committee for Employment of Individuals with Disabilities, PIHRA, COC Business Alliance, etc.). [ongoing] D5.5

Facilities/Information Technology/Support Services

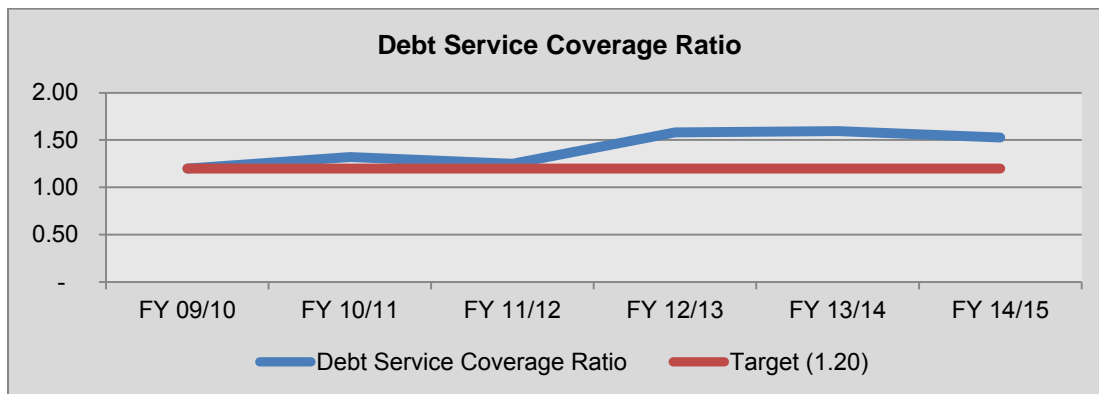
- ◆ Implement move of Water Resources Department to new building located at Summit Circle [9/15]. P1 D3.1
- ◆ Upgrade Autonomy Filesite document management system to Version 9 [9/15]. P3 D3.2
- ◆ Upgrade Microsoft Office to Version 2013 [9/15]. P3 D3.3
- ◆ Retrofit Rio Vista Water Treatment Plant Filter Building with LED lighting. [10/15]. P2 D3.4
- ◆ Replace existing Storage Area Network at Rio Vista Water Treatment Plant. [12/15]. P1 D3.5
- ◆ Upgrade wireless link between Rio Vista Water Treatment Plant and Retail maintenance yard [2/16]. P1 D3.8
- ◆ Install Microsoft Exchange Database Availability Group for failover and load balancing [4/16]. P2 D3.16
- ◆ Replace Earl Schmidt Filtration Plant HVAC system. [6/16]. P1 D3.19
- ◆ Install wireless network access at the Earl Schmidt Filtration Plant offices [6/16]. P3 D3.24
- ◆ Through a Request for Proposal process, select a consultant to prepare an Information Technology Strategic Plan [6/16]. P3 D3.23
- ◆ Conduct semiannual tests of Agency's disaster recovery plan. [ongoing] D3.28
- ◆ Conduct quarterly tests of Agency's technology and communications systems. [ongoing] D3.29

Long Term Actions

- ◆ *Engage a consultant to review the Agency's reserve fund policies and recommend changes as appropriate.* C1.13
- ◆ *Adopt a new investment policy for the proceeds from the potential lump sum payment of the perchlorate settlement agreement for O&M activities.* C1.14
- ◆ *Research hiring an investment management firm to manage the potential lump sum payment for O&M activities as provided in the perchlorate settlement agreement.* C1.15
- ◆ *Review and update job specifications as necessary to contain Fair Labor Standards Act status (Exempt or Non-exempt) and physical requirements.* D3.33
- ◆ *Review and update the Agency's job specifications and implement new format.* D3.35
- ◆ *Research implementing an employee portal or intranet for posting various often-requested forms, documents, etc.* D3.34
- ◆ *Develop a repair and replacement reserve fund policy based on the Agency's asset management program.* D3.31
- ◆ *Develop an Information Technology Strategic Plan.* D3.32

Strategic Plan Key Result

The Agency's Strategic Plan includes a number of key performance measures related to cost effectiveness (see also pages 78 and 79). One of the key performance measures for the Administration Department is the Debt Service Coverage Ratio. The progress of this measure is as follows:



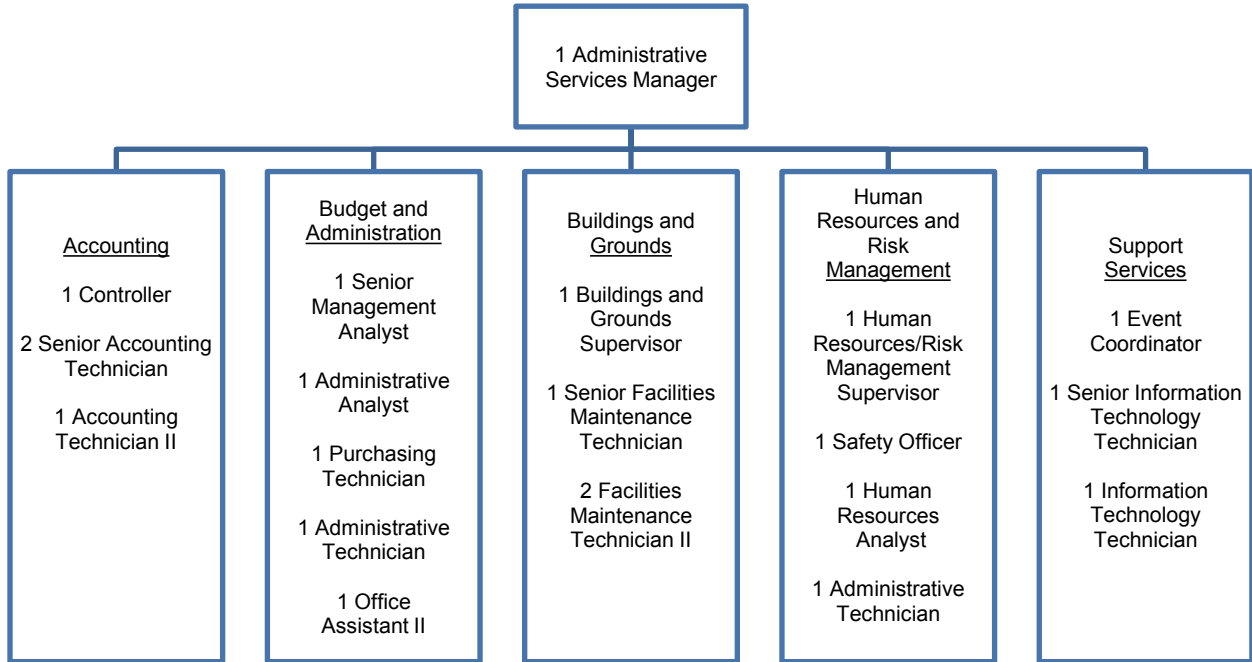
Santa Clarita Water Division Cost Allocation

The Agency allocates certain shared positions to its Santa Clarita Water Division (SCWD). The allocation of staff is updated each year through the budget process and is largely based on Full Time Employee (FTE) positions. In June 2015, staff presented the Agency's audit firm results of a target audit of the shared positions to the Board of Directors, and presented recommended allocations of the shared positions. These changes are incorporated into the FY 2015/16 Budget. This situation is reviewed each year as part of the budget process.

The shared positions for FY 2015/16 are as follows:

- ◆ Human Resources/Safety: Human Resources/Risk Management Supervisor, Administrative Analyst (Human Resources), Administrative Technician (Human Resources) and Safety Officer. These positions are allocated 54% to CLWA and 46% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Information Technology: Senior Information Technology Technician and Information Technology Technician. These positions are allocated 54% to CLWA and 46% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Senior Accounting Technician II (Payroll). This position is allocated 50% to CLWA and 50% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Facilities. All four positions in the Facilities section charge actual time worked on SCWD projects to SCWD. Charges include labor and benefits.
- ◆ Controller. This position is allocated 67% to CLWA and 33% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Administrative Services Manager. This position is assumed to spend 50% of time supervising the above functions, and is allocated 23% to SCWD (i.e., half of 46%). Charges include labor, benefits and indirect costs.

Administration Department Organization



Detail of Administration Expenditures
FY 2015/16 Budget

001120000 ADMINISTRATION

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
<u>Salary and Benefits</u>					
51001 Salary	\$ 1,367,257	\$ 1,444,868	\$ 1,574,900	\$ 1,465,600	\$ 1,688,700
51007 Overtime	9,724	13,726	16,000	16,000	20,000
51050 Burden and Benefits	1,009,741	864,051	892,400	809,500	911,100
51020 Less Reimbursement from SCWD	(435,266)	(467,286)	(519,000)	(504,800)	(595,000)
<u>Materials and Supplies</u>					
52024 Internal Relations	16,407	16,260	20,000	27,500	25,300
52005 Safety Training and Equipment	101,298	92,619	132,000	100,000	107,600
52010 Supplies and Services	31,549	22,305	50,000	40,000	40,000
53215 Recruitment Expenses	-	7,270	4,000	4,000	4,000
52020 Postage	12,711	9,103	20,000	13,000	15,000
51505 Employee Expense	8,762	11,037	15,000	11,000	15,000
51515 Employee Travel	10,799	15,497	20,000	16,000	20,000
52035 Janitorial Supplies	5,067	5,212	8,000	6,000	8,000
52075 Parts and Materials	90,961	101,164	110,000	80,000	110,000
<u>Outside Services</u>					
53101 Education/Seminars	13,608	9,709	32,000	25,000	32,000
53241 Temporary Personnel Services	29,838	59,271	125,000	135,000	112,000
53216 Security/Alarm Services	127,987	120,244	160,900	160,900	175,000
53306 Subscriptions	1,211	1,092	2,400	1,500	2,400
53304 Dues and Memberships	60,223	55,806	87,000	58,000	65,000
53110 Office Equipment/Repair and Service	20,929	22,066	30,000	25,000	30,000
53236 Professional Services/Consultants	-	91,487	88,000	109,600	265,000
53210 Professional Services/Audit	64,968	50,000	77,000	77,000	77,000
53214 Technology Services	106,188	137,020	160,000	160,000	230,000
53213 Office and Storage Rent, HOA Dues	29,013	52,667	40,000	35,000	47,300
53218 Agency Publications	10,175	11,395	13,500	12,000	13,500
53212 Licenses/Fees	81,630	67,034	70,000	72,000	75,000
53104 Uniforms	2,447	3,069	3,500	3,500	3,500
53105 Outside Service/Contracting	266,595	258,529	330,000	300,000	404,000
<u>Utilities</u>					
54200 Pager/Cell Service	16,736	17,110	20,000	18,000	25,000
54205 Telephone	22,065	13,788	20,000	16,000	20,000
54310 Refuse Disposal	11,669	15,531	16,000	16,000	20,000
54305 Irrigation	8,401	10,703	10,000	10,000	15,000
54415 Natural Gas	29,015	30,471	35,000	20,000	35,000
<u>Insurance</u>					
55200 Retiree Medical Insurance	260,923	262,340	278,000	272,000	280,000
55205 Unemployment Insurance	1,832	7,200	10,000	9,500	9,500
55210 Bonds/Honesty Insurance	1,755	887	2,000	1,500	2,000
55215 Liability Insurance	110,785	105,954	186,700	153,500	170,000
55220 Casualty Insurance	75,887	79,398	83,200	80,000	80,000
	\$ 3,582,890	\$ 3,618,597	\$ 4,223,500	\$ 3,854,800	\$ 4,557,900

(Notes on next page)

Detail of Administration Expenditures
FY 2015/16 Budget

Security/Alarm Services includes:

Security, records management and storage, security alarms and other such services.

Professional Services/Consultants includes:

Various organizational studies, compensation surveys, actuarial studies, human resources consulting, rate studies, financial analysis and other such services. Ongoing services are budgeted at \$115,000. Funds are also to complete the wholesale water rate update (\$75,000), for an accounting workflow study (\$50,000) and for economic forecasting consultants (\$25,000).

Technology Services includes:

Technology consulting and support services, internet and communication lines, and software maintenance and licenses.

Outside Service/Contracting includes:

Landscaping, pest control, janitorial, HVAC, arbor, fire sprinkler and other such services. Ongoing services are budgeted at \$244,000. Funds are also provided to update the RVWTP HVAC firmware (\$90,000), repave the RVWTP employee parking lot (\$50,000) and replace counters and sinks in the laboratory (\$20,000).

Administration
FY 2015/16 Budget - Comparison Data

0011200000 ADMINISTRATION

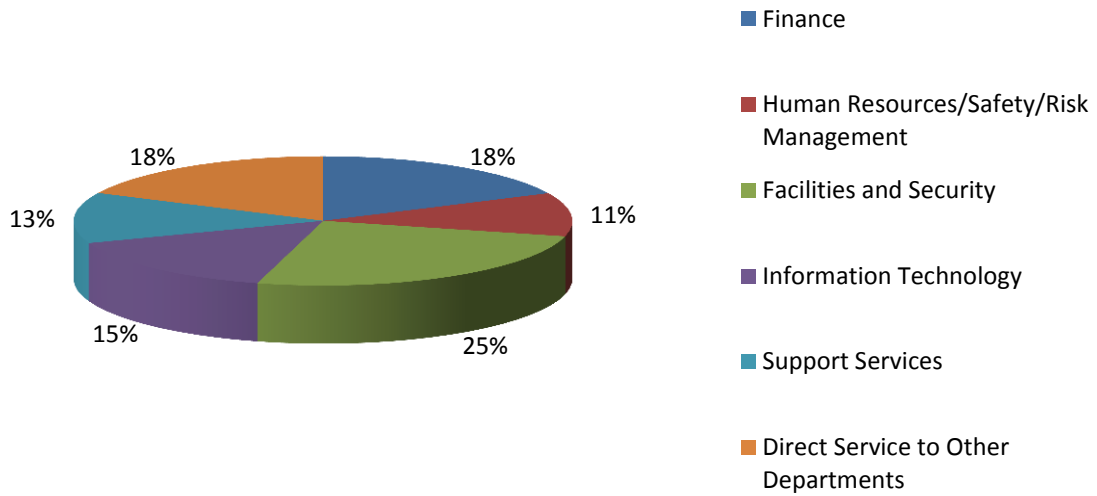
	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 to FY 2015/16 Budget	%	Change from FY 2014/15 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 1,574,900	\$ 1,465,600	\$ 1,688,700	\$ 113,800	7%	\$ (109,300)	-7%	A	
51007 Overtime	16,000	16,000	20,000	4,000	25%	-	0%		
51050 Burden and Benefits	892,400	809,500	911,100	18,700	2%	(82,900)	-9%		
51020 Less Reimbursement from SCWD	(519,000)	(504,800)	(595,000)	(76,000)	15%	14,200	-3%	A	
<u>Materials and Supplies</u>									
52024 Internal Relations	20,000	27,500	25,300	5,300	27%	7,500	38%		
52005 Safety Training and Equipment	132,000	100,000	107,600	(24,400)	-18%	(32,000)	-24%	B	B
52010 Supplies and Services	50,000	40,000	40,000	(10,000)	-20%	(10,000)	-20%		
53215 Recruitment Expenses	4,000	4,000	4,000	-	0%	-	0%		
52020 Postage	20,000	13,000	15,000	(5,000)	-25%	(7,000)	-35%		
51505 Employee Expense	15,000	11,000	15,000	-	0%	(4,000)	-27%		
51515 Employee Travel	20,000	16,000	20,000	-	0%	(4,000)	-20%		
52035 Janitorial Supplies	8,000	6,000	8,000	-	0%	(2,000)	-25%		
52075 Parts and Materials	110,000	80,000	110,000	-	0%	(30,000)	-27%		B
<u>Outside Services</u>									
53101 Education/Seminars	32,000	25,000	32,000	-	0%	(7,000)	-22%		
53241 Temporary Personnel Services	125,000	135,000	112,000	(13,000)	-10%	10,000	8%		
53216 Security/Alarm Services	160,900	160,900	175,000	14,100	9%	-	0%		
53306 Subscriptions	2,400	1,500	2,400	-	0%	(900)	-38%		
53304 Dues and Memberships	87,000	58,000	65,000	(22,000)	-25%	(29,000)	-33%	C	C
53110 Office Equipment/Repair and Service	30,000	25,000	30,000	-	0%	(5,000)	-17%		
53236 Professional Services/Consultants	88,000	109,600	265,000	177,000	201%	21,600	25%	D	G
53210 Professional Services/Audit	77,000	77,000	77,000	-	0%	-	0%		
53214 Technology Services	160,000	160,000	230,000	70,000	44%	-	0%	E	
53213 Modular Office and Storage Rent	40,000	35,000	47,300	7,300	18%	(5,000)	-13%		
53218 Agency Publications	13,500	12,000	13,500	-	0%	(1,500)	-11%		
53212 Licenses/Fees	70,000	72,000	75,000	5,000	7%	2,000	3%		
53104 Uniforms	3,500	3,500	3,500	-	0%	-	0%		
53105 Outside Service/Contracting	330,000	300,000	404,000	74,000	22%	(30,000)	-9%	F	B
<u>Utilities</u>									
54200 Pager/Cell Service	20,000	18,000	25,000	5,000	25%	(2,000)	-10%		
54205 Telephone	20,000	16,000	20,000	-	0%	(4,000)	-20%		
54310 Refuse Disposal	16,000	16,000	20,000	4,000	25%	-	0%		
54305 Irrigation	10,000	10,000	15,000	5,000	50%	-	0%		
54415 Natural Gas	35,000	20,000	35,000	-	0%	(15,000)	-43%		
<u>Insurance</u>									
55200 Retiree Medical Insurance	278,000	272,000	280,000	2,000	1%	(6,000)	-2%		H
55205 Unemployment Insurance	10,000	9,500	9,500	(500)	-5%	(500)	-5%		
55210 Bonds/Honesty Insurance	2,000	1,500	2,000	-	0%	(500)	-25%		
55215 Liability Insurance	186,700	153,500	170,000	(16,700)	-9%	(33,200)	-18%		I
55220 Casualty Insurance	83,200	80,000	80,000	(3,200)	-4%	(3,200)	-4%		
	\$ 4,223,500	\$ 3,854,800	\$ 4,557,900	\$ 334,400	8%	\$ (368,700)	-9%		

- (1) Changes from FY 2014/15 Budget to FY 2015/16 Budget more than 10% and \$20,000.
(2) Changes from FY 2014/15 Budget to FY 2014/15 Estimated more than 10% and \$20,000.

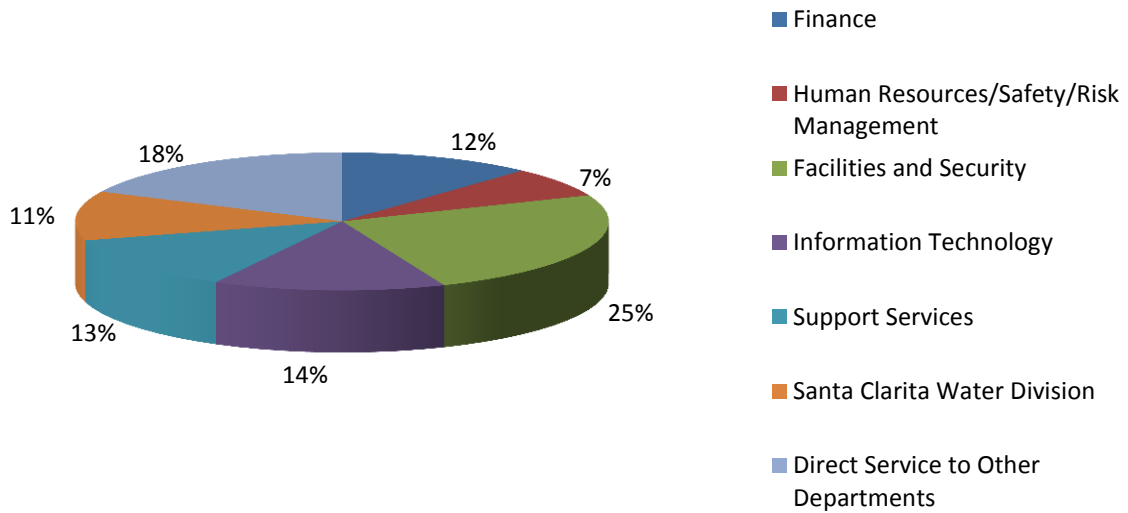
- A. Includes funds for one new position of Information Technology Technician. Also includes funds for possible cost of living increase.
B. Based on workload requirements.
C. Based on canceling seldom-used memberships.
D. Various organizational studies, compensation surveys, actuarial studies, human resources consulting, rate studies, financial analysis and other such services. Ongoing services are budgeted at \$115,000. Funds are also provided to complete the wholesale water rate update (\$75,000), for an accounting workflow study (\$50,000) and for economic forecasting consultants (\$25,000).
E. Includes \$20,000 to implement OpenGov transparency platform, \$20,000 to implement on-line bid and purchasing software, \$10,000 to start an information technology strategic planning process that will carry over to FY 2016/17 and \$20,000 for contingencies.
F. Includes \$90,000 to update the RVWTP HVAC firmware, \$50,000 to repave the RVWTP employee parking lot and \$20,000 replace the counters and sinks in the laboratory.
G. Includes funds for the wholesale water rate study, which was started earlier than anticipated and was not budgeted.
H. Based on benefit selections and lower-than-budgeted increase in medical insurance premium costs.
I. Due to decrease in rates due to low loss history.

Administration
FY 2015/16 Budget

Distribution of Administration Department Costs - By Activity



Distribution of Administration Department Costs - SCWD Shown Separately





Administration

The Administration Department includes Accounting/Finance/Administration; Human Resources/Risk Management; and Facilities/Information Technology/Support Services. These teams are responsible for implementing their respective needs of the Agency.

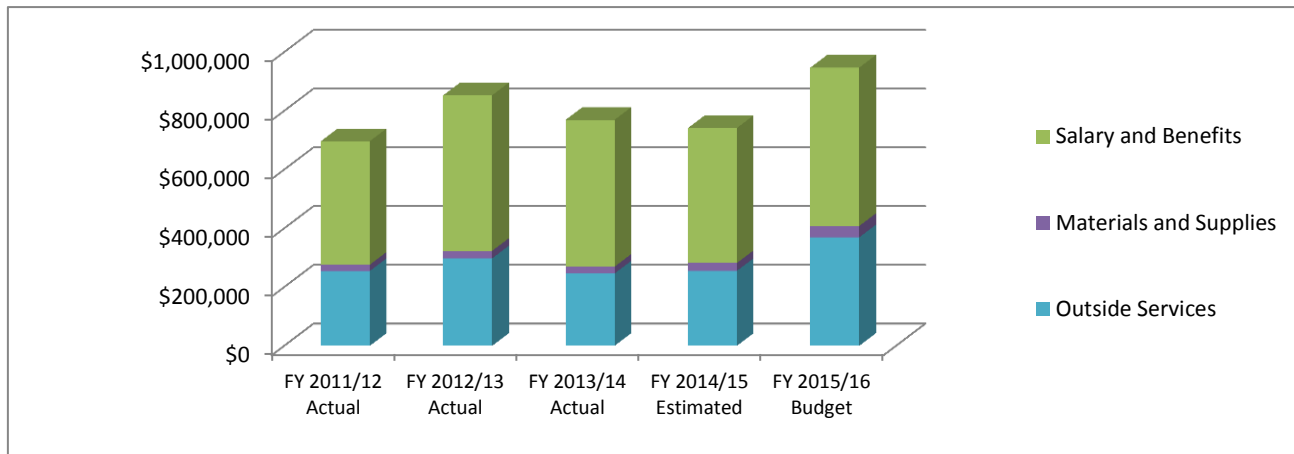
Pictured (left): Senior IT Technician Jeff Herbert works to maintain the Agency's technical infrastructure.

Pictured (bottom, seated): Administrative Technician Leticia Quintero covers the front desk for the receptionist at lunchtime while discussing matters with Board Secretary April Jacobs.



Engineering Expenditures

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Salary and Benefits	\$ 420,405	\$ 529,510	\$ 499,944	\$ 459,500	\$ 539,100
Materials and Supplies	21,334	25,595	23,085	26,800	38,500
Outside Services	254,923	297,809	246,264	255,200	369,500
Department Total	\$ 696,662	\$ 852,914	\$ 769,293	\$ 741,500	\$ 947,100
Positions	6.25	6.25	6.25	6.25	8.25



Total Operating Budget: \$ 22,828,000
 Engineering: \$ 947,100

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Workload Measures					
Number of major capital projects underway	11	12	11	19	19
Value of Major capital projects (millions)	\$ 3.04	\$ 5.96	\$ 1.50	\$ 10.24	\$ 33.82

DIVISION: ENGINEERING

Division Objective:

Implement the capital program for planning, design and construction of capital facilities ahead of need.

Major Accomplishments – FY 2014/15

- ◆ Completed the biennial update of the Facility Capacity Fee Study and adopted new Facility Capacity Fees.
- ◆ Executed agreement with Newhall Land for well sites for future Saugus Formation wells for dry-year supplies and to restore well capacity impacted by perchlorate contamination.
- ◆ Completed design and construction of RVWTP Clearwell Cover No. 1 Improvements.

Actions – FY 2015/16

- | | |
|--|-------|
| ◆ Initiate final design of the Earl Schmidt Filtration Plant Sludge Collection System Project. [7/15]. P1 | A5.1 |
| ◆ Complete final design of Saugus Monitoring Wells [8/15]. P1 | B2.1 |
| ◆ Complete design of the Rio Vista Water Treatment Plant Clearwell Cover No. 2 Improvements Project. [9/15]. P1 | A5.2 |
| ◆ Initiate construction of the Rio Vista Water Treatment Plant Clearwell Cover No. 2 Improvements Project. [10/15]. P1 | A5.3 |
| ◆ Complete planning of Recycled Water Phase 2C Project [11/15]. P1 | A5.4 |
| ◆ Complete design of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project. [12/15]. P1 | A5.5 |
| ◆ Complete planning of Recycled Water Phase 2B Project. [12/15]. P1 | A5.6 |
| ◆ Complete design of the Replacement Wells and Dry Year Reliability Wells [12/15]. P1 | B2.2 |
| ◆ Initiate construction of the Earl Schmidt Filtration Plant Clearwell/CT Improvements Project. [1/16]. P1 | A5.7 |
| ◆ Complete Recycled Water Rules and Regulations [1/16]. P1 | A1.3 |
| ◆ Initiate construction of the permanent raw water connection to Metropolitan Water District Foothill Feeder pipeline [1/16]. P2 | A5.8 |
| ◆ Initiate the biennial update of the Facility Capacity Fee Study. [2/16]. P1 | C1.3 |
| ◆ Complete construction of Saugus Monitoring Wells [3/16]. P1 | B2.3 |
| ◆ Complete design and land acquisition of the Distribution System – RV-2 Modifications Project. [3/16]. P1 | A5.9 |
| ◆ Complete construction facility modifications and pipeline inspection of Newhall Lateral Reach 2A. [3/16]. P1 | A5.10 |
| ◆ Complete design of the Rio Vista Water Treatment Plant Entrance Gate Relocation Project. [3/16]. P2 | A5.12 |
| ◆ Complete Emergency and Operational Storage Study [3/16]. P2 | A5.11 |
| ◆ Initiate construction of the Magic Mountain Pipeline Phase 4 Project [4/16]. P1 | A5.14 |
| ◆ Complete environmental compliance document for Recycled Water Phase 2C Project [4/16]. P1 | A5.15 |
| ◆ Complete design of Newhall Lateral Reach 2B Facility Modifications Project [4/16]. P1 | A5.13 |
| ◆ Complete annual electro-potential pipeline-to-soil survey and evaluation of CLWA pipeline system. [4/16]. P2 | A5.16 |
| ◆ Initiate construction of the Rio Vista Water Treatment Plant Entrance Gate Relocation Project [4/16]. P2 | A5.17 |
| ◆ Complete environmental compliance document for Recycled Water Phase 2B Project. [6/16]. P1 | A5.18 |
| ◆ Complete design of the Magic Mountain Pipeline Phase 5 Project [6/16]. P1 | A5.20 |
| ◆ Complete update of Recycled Water Master Plan [6/16]. P1 | A1.6 |

P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

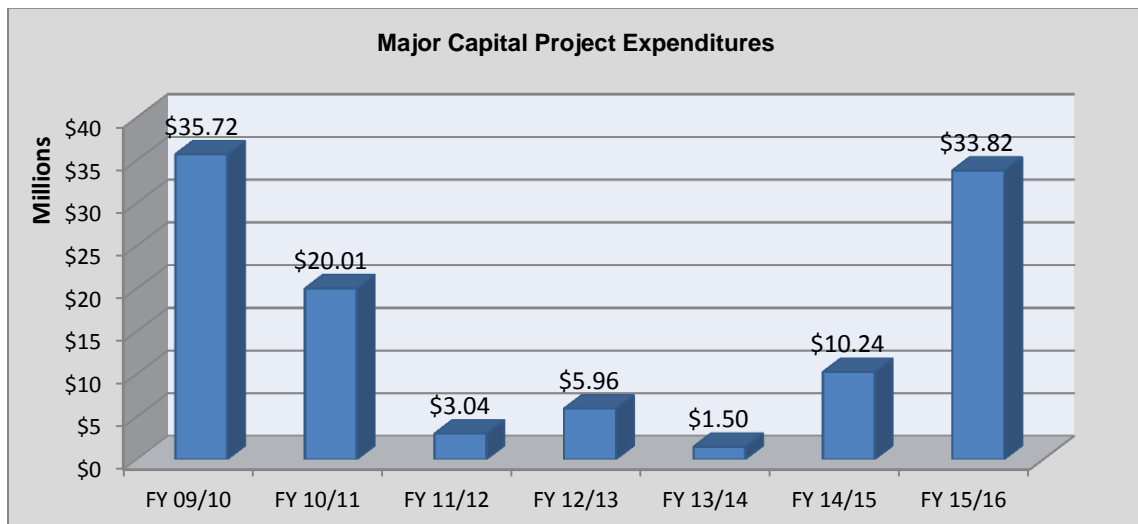
- ◆ Complete design of Recycled Water Phase 2A Project [6/16]. P1 A5.19
- ◆ Update system hydraulic model to include extended period simulation [6/16]. P2 A5.21
- ◆ Ensure the Division budget is appropriately expended by actively managing and controlling expenditures. [ongoing] C2.1

Long Term Actions

- ◆ Complete the biennial update of the Facility Capacity Fee Study and adopt new Facility Capacity Fees. [even numbered years] C1.12
- ◆ Initiate construction of the Magic Mountain Pipeline Phase 5 Project. [2017] A5.23
- ◆ Complete design of the Magic Mountain Pipeline Phase 6 Project. [2017] A5.24
- ◆ Complete Saugus Formation Dry Year Reliability (“Red-Handled”) Wells Project. [2017] A1.11
- ◆ Complete seismic vulnerability study of treatment and distribution system. [2017] A5.26
- ◆ Complete design and land acquisition for Phase 2B of the Recycled Water Program. [2017] A5.25
- ◆ Initiate construction of the Castaic Conduit Bypass Project. [2018] A5.27
- ◆ Initiate construction of the Rio Vista Water Treatment Plant Maintenance Facility Expansion Project. [2018] A5.28
- ◆ Complete design and land acquisition of the Castaic Conduit Bypass Project. [2018] A5.29
- ◆ Initiate construction of the Recycled Water Program Phase 2C Project. [2020] A5.30
- ◆ Initiate construction of the Honby Parallel Pipeline Phase 2 Project. [2020] A5.31
- ◆ Complete design and land acquisition for Phase 2A of the Recycled Water Program. [2023] A5.32
- ◆ Continue development of GIS program capabilities and acquisition of GIS data. [ongoing] A5.22

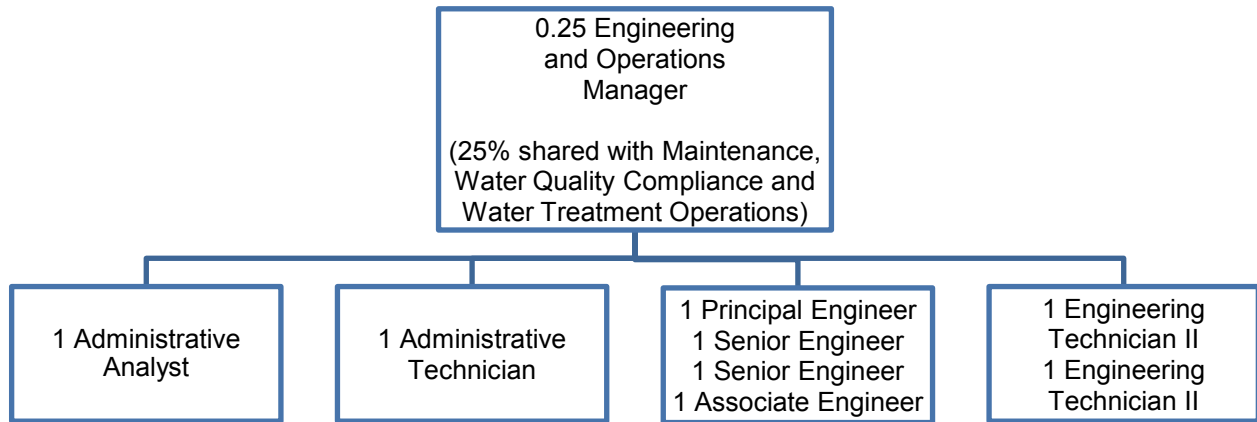
Strategic Plan Key Result

The Agency’s Strategic Plan includes a number of key performance measures related to water supply reliability (see also page 72). One of the key performance measures for the Engineering Division is Major Capital Projects Expenditures. The progress of this measure is as follows:



P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

Engineering Division Organization





Engineering

The Engineering Division is responsible for implementing CLWA's capital improvement program for planning, design and construction of capital facilities.

Pictured (top): CLWA's engineering team and consultants evaluate plans for a new Magic Mountain Pipeline phase.

Pictured (right): Senior Engineer Jim Leserman and Operations and Maintenance Supervisor Gary Haggin at the Saugus 1 well site.



Pictured (left): Associate Engineer Elizabeth Sobczak attends an engineering meeting.

Details of Engineering Expenditures
FY 2015/16 Budget

001160000 ENGINEERING

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2014/15 Budget
<u>Salary and Benefits</u>					
51001 Salary	\$ 287,744	\$ 314,499	\$ 297,900	\$ 287,500	\$ 338,100
51007 Overtime	-	282	-	-	-
51050 Burden and Benefits	241,766	185,163	177,200	172,000	201,000
<u>Materials and Supplies</u>					
52010 Supplies and Services	21,302	18,419	17,800	18,500	22,500
51505 Employee Expense	1,276	2,880	5,500	6,800	13,000
51515 Employee Travel	2,172	1,786	2,500	1,500	3,000
<u>Outside Services</u>					
53101 Education/Seminars	4,238	3,242	4,500	3,200	4,500
53241 Temporary Personnel Service	3,314	-	4,500	-	25,000
53214 Technology Services	16,039	38,731	70,000	74,500	80,000
53226 Professional Services/Consulting	274,218	204,291	225,000	152,500	195,000
53228 Pipeline Inspection Program Services	-	-	25,000	25,000	65,000
Total Engineering Expenditures	\$ 852,914	\$ 769,293	\$ 829,900	\$ 741,500	\$ 947,100

Professional Services/Consultants includes:

Asset management consulting, perchlorate consultant and monitoring services (reimbursable), purveyor telemetry services and other engineering and survey services.

Technology Services includes:

GIS licenses and services, AutoCAD software licenses, hydraulic modeling software and other such services.

Engineering
FY 2015/16 Budget - Comparison Data

001160000 ENGINEERING

	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 to FY 2015/16 Budget	%	Change from FY 2014/15 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 297,900	\$ 287,500	\$ 338,100	\$ 40,200	13%	\$ (10,400)	-3%	A	
51050 Burden and Benefits	177,200	172,000	201,000	23,800	13%	(5,200)	-3%	A	
<u>Materials and Supplies</u>									
52005 Safety Training and Equipment+	-	-	-	-		-			
52010 Supplies and Services	17,800	18,500	22,500	4,700	26%	700	4%		
51505 Employee Expense	5,500	6,800	13,000	7,500	136%	1,300	24%		
51515 Employee Travel	2,500	1,500	3,000	500	20%	(1,000)	-40%		
<u>Outside Services</u>									
53101 Education/Seminars	4,500	3,200	4,500	-	0%	(1,300)	-29%		
53241 Temporary Personnel Service	4,500	-	25,000	20,500	456%	(4,500)	-100%	B	
53214 Technology Services	70,000	74,500	80,000	10,000	14%	4,500	6%		
53226 Professional Services/Consulting	225,000	152,500	195,000	(30,000)	-13%	(72,500)	-32%	C	E
53228 Pipeline Inspection Program Services	25,000	25,000	65,000	40,000	160%	-	0%	D	
Total Engineering Expenditures	\$ 829,900	\$ 741,500	\$ 947,100	\$ 117,200	14%	\$ (88,400)	-11%		

(1) Changes from FY 2014/15 Budget to FY 2015/16 Budget more than 10% and \$20,000.

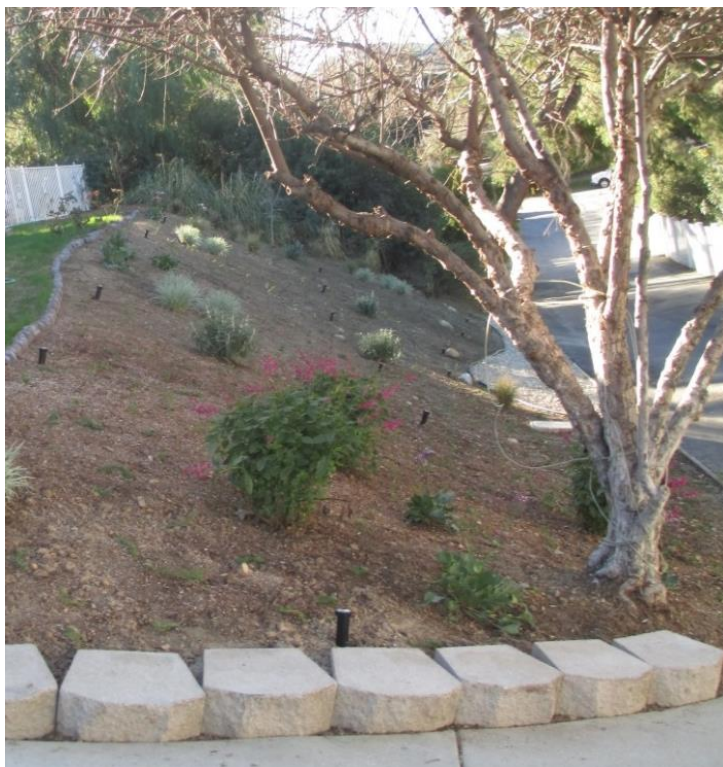
(2) Changes from FY 2014/15 Budget to FY 2014/15 Estimated more than 10% and \$20,000.

- A. Includes funds for one new position of Senior Engineer to work on the recycled water program. This position will be primarily funded by the Capital Improvement Program. Includes funds for one new position of Engineering Technician to support GIS and asset management programs. Also includes funds for possible cost of living increase.
- B. Provides funds for temporary staffing to organize the Engineering file room.
- C. Based on workload requirements and timing of perchlorate related expenses.
- D. Based on workload requirements and pipeline inspection program schedule.
- E. Perchlorate-related consulting expenses are less than anticipated and asset management work is being performed in-house.

Lawn Replacement Program

Pictured: Before (top) and after (bottom) photos from CLWA's residential lawn replacement program.

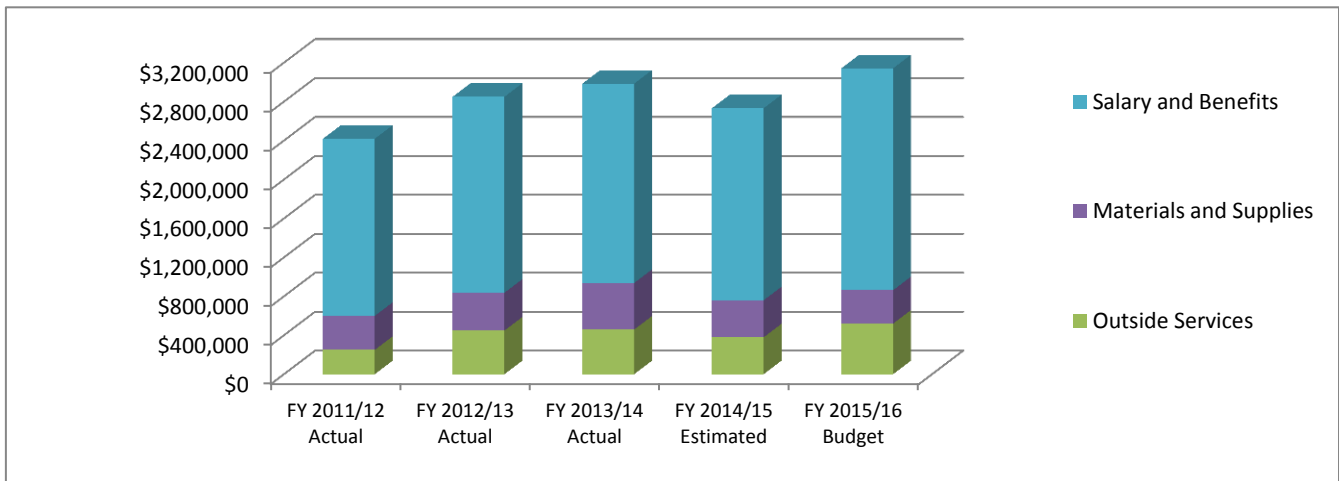
This front yard was both difficult to maintain due to its severe slope and irrigation runoff as illustrated by the staining of the street. CLWA's Lawn Replacement Program is designed to achieve water savings in addressing California's ongoing drought, which was achieved by these landscape design changes.



Maintenance Expenditures

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Salary and Benefits	\$ 1,819,704	\$ 2,012,496	\$ 2,047,306	\$ 1,972,500	\$ 2,279,100
Materials and Supplies	348,711	388,267	478,380	380,100	343,000
Outside Services	249,786	448,652	458,532	379,000	520,000
Department Total	\$ 2,418,201	\$ 2,849,415	\$ 2,984,218	\$ 2,731,600	\$ 3,142,100

Positions	13.75	13.75	13.75	13.75	15.75
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Total Operating Budget: \$ 22,828,000
 Maintenance : \$ 3,142,100

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Workload Measures					
Hours of preventive maintenance	11,500	12,000	12,500	13,500	13,500
Hours of emergency and corrective maintenance	5,500	5,000	5,000	5,500	5,500

DIVISION: MAINTENANCE

Division Objective:

Maintain, repair and improve the Agency's treatment and distribution facilities to ensure their reliable and efficient operation.

Major Accomplishments – FY 2014/15

- ◆ Performed switchgear preventive maintenance at Rio Vista Water Treatment Plant (RVWTP).

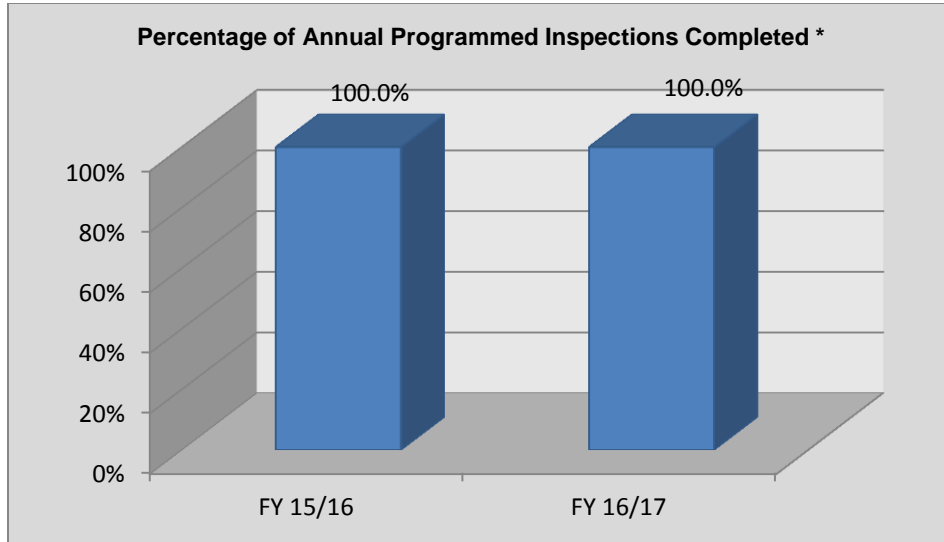
Actions – FY 2015/16

- ◆ Convert pump from oil lube system to water lube system at Saugus Well #2 [10/15]. **P1** C3.1
- ◆ Perform ozone efficiency testing at Rio Vista Water Treatment Plant and Earl Schmidt Filtration Plant. [11/15]. **P1** C3.2
- ◆ Perform switchgear preventive maintenance at Rio Vista Intake Pump Station [12/15]. **P1** C3.3
- ◆ Replace filter-to-waste valve on Filter #1 at Rio Vista Water Treatment Plant. [12/15]. **P2** A6.1
- ◆ Install new vault and sample pump for chlorine analyzer at Rio Vista Water Treatment Plant. [12/15]. **P2** A6.2
- ◆ Install drain line to storm drain system at Saugus Perchlorate Treatment Facility. [12/15]. **P2** A6.3
- ◆ Complete repair to Filter #7 at Earl Schmidt Filtration Plant. [2/16]. **P1** A6.4
- ◆ Replace two clarifier flow meters at Earl Schmidt Filtration Plant. [3/16]. **P1** A6.5
- ◆ Develop formal program to utilize Computer Maintenance Management System information to proactively manage assets [3/16]. **P1** D3.9
- ◆ Replace isolation valves for backwash pump at Rio Vista Water Treatment Plant. [3/16]. **P2** A6.6
- ◆ Replace air compressors in filter and wash water return buildings at Rio Vista Water Treatment Plant. [4/16]. **P2** A6.7
- ◆ Add seismic valve for clear wells at Earl Schmidt Filtration Plant. [5/16]. **P3** A6.8
- ◆ Develop/update ten year (or longer) repair and replacement schedule and costs. [6/16]. **P2** D3.21
- ◆ Replace ten clarifier trough screens at Earl Schmidt Filtration Plant. [6/16]. **P3** C3.4
- ◆ Ensure the Division budget is appropriately expended by actively managing and controlling expenditures. [ongoing] C2.1
- ◆ Continue acquiring and entering asset information into Computer Maintenance Management System. [ongoing] C3.5

P1, **P2** and **P3** actions indicate highest, high and normal priority, respectively, and are shown in blue.

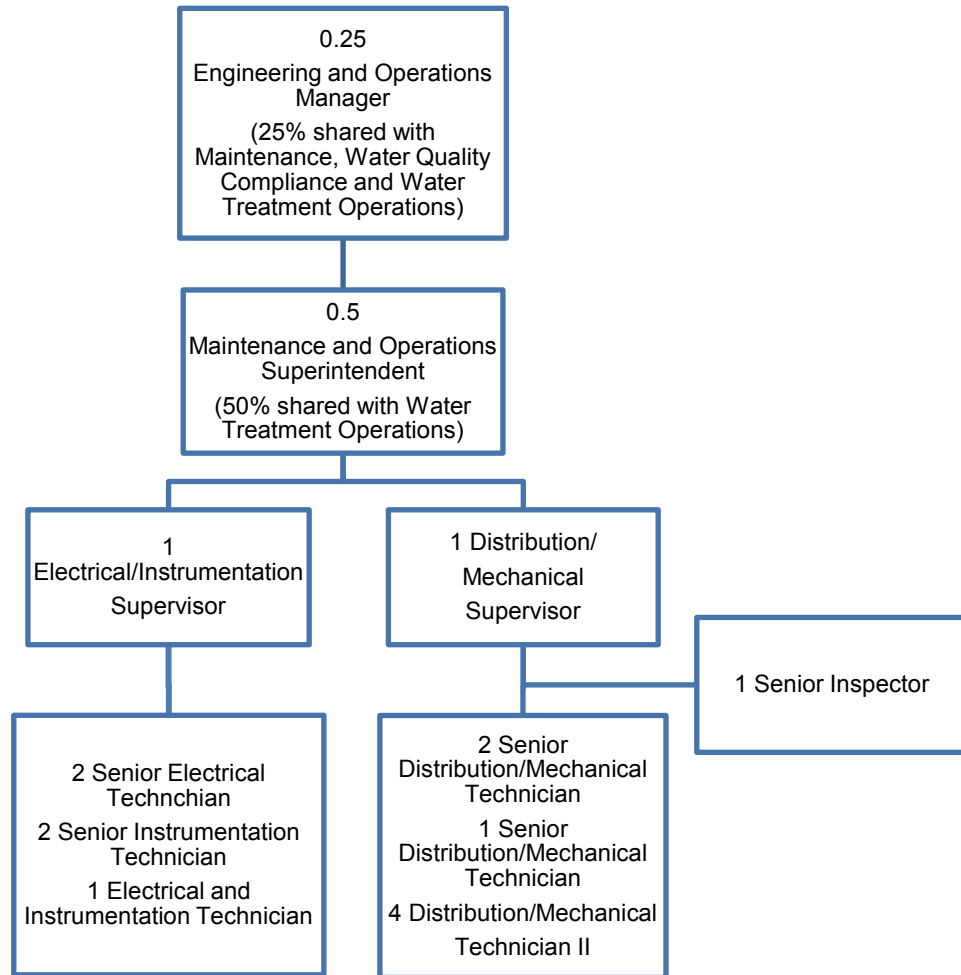
Strategic Plan Key Result

The Agency's Strategic Plan includes a number of key performance measures related to water supply reliability. One of the key performance measures for the Maintenance Division is Percentage of Annual Programmed Inspections Completed (see also page 74). The progress of this measure is as follows:



* Estimated.

Maintenance Division Organization





Maintenance

The Maintenance Division is responsible for maintaining, repairing and improving CLWA's treatment and distributions facilities to ensure their reliable and efficient operation.

Pictured (top): Distribution/Mechanical Technician II employees Albert Verbanac (left), Chad Towers (bottom) and Todd Gruber (right) clear sludge from a Rio Vista Water Treatment Plant's wash water recovery basin.



Pictured (above): Facilities Maintenance Technician Chris Alexander and Senior Facilities Maintenance Technician Chris Graziano update a security camera power supply.



Pictured (left): Chad Towers repairs an outlet on the wash water recovery basin.

Details of Maintenance Expenditures
FY 2015/16 Budget

001170000 MAINTENANCE

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
<u>Salary and Benefits</u>					
51001 Salary	\$ 1,103,284	\$ 1,240,492	\$ 1,217,500	\$ 1,249,300	\$ 1,444,100
51007 Overtime	52,145	57,445	50,000	50,000	52,500
51040 On Call Premium	19,035	19,058	20,000	20,000	21,000
51050 Burden and Benefits	838,032	730,311	724,800	653,200	761,500
<u>Materials and Supplies</u>					
52010 Supplies and Services	3,830	1,910	7,100	7,000	7,000
51505 Employee Expense	2,408	524	3,000	3,000	3,000
51515 Employee Travel	466	216	1,500	500	1,000
52651 Gasoline	58,176	62,808	61,900	62,000	62,000
52085 Small Tools	14,032	16,997	17,500	17,500	20,000
52075 Parts and Materials	309,355	395,925	275,000	275,000	250,000
52652 Diesel	-	-	-	15,100	-
<u>Outside Services</u>					
53101 Education/Seminars	13,589	5,407	12,000	4,000	6,000
53104 Uniforms	11,812	9,681	14,000	13,000	14,000
53105 Outside Service/Contracting	384,078	365,247	365,000	320,000	425,000
53229 Hazmat Disposal	22,895	38,747	55,000	15,000	50,000
53232 Tool Rental	16,278	39,450	25,000	27,000	25,000
	\$ 2,849,415	\$ 2,984,218	\$ 2,849,300	\$ 2,731,600	\$ 3,142,100

Outside Service/Contracting includes:

Equipment rentals, fleet and crane maintenance, electrical testing, meter repair and testing, instrumentation and controls support services, hazardous materials services, underground service alerts, pump maintenance and construction, chlorine equipment maintenance, emergency contractor services, maintenance and construction, SCADA maintenance and support and other such services. The baseline budget is \$335,000. Funds in the amount of \$90,000 are provided for corrosion control painting at ESFP, RVWTP, RVIPS and the Sand Canyon facilities.

Maintenance
FY 2015/16 Budget - Comparison Data

001170000 MAINTENANCE

	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 to FY 2015/16 Budget	%	Change from FY 2014/15 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 1,217,500	\$ 1,249,300	\$ 1,444,100	\$ 226,600	19%	\$ 31,800	3%	A	
51007 Overtime	50,000	50,000	52,500	2,500	5%	-	0%		
51040 On Call Premium	20,000	20,000	21,000	1,000	5%	-	0%		
51050 Burden and Benefits	724,800	653,200	761,500	36,700	5%	(71,600)	-10%		C
<u>Materials and Supplies</u>									
52010 Supplies and Services	7,100	7,000	7,000	(100)	-1%	(100)	-1%		
51505 Employee Expense	3,000	3,000	3,000	-	0%	-	0%		
51515 Employee Travel	1,500	500	1,000	(500)	-33%	(1,000)	-67%		
52651 Gasoline	61,900	62,000	62,000	100	0%	100	0%		
52085 Small Tools	17,500	17,500	20,000	2,500	14%	-	0%		
52075 Parts and Materials	275,000	275,000	250,000	(25,000)	-9%	-	0%		
52652 Diesel	-	15,100	-	-	N/A	15,100	N/A		
<u>Outside Services</u>									
53101 Education/Seminars	12,000	4,000	6,000	(6,000)	-50%	(8,000)	-67%		
53104 Uniforms	14,000	13,000	14,000	-	0%	(1,000)	-7%		
53105 Outside Service/Contracting	365,000	320,000	425,000	60,000	16%	(45,000)	-12%	B	D
53229 Hazmat Disposal	55,000	15,000	50,000	(5,000)	-9%	(40,000)	-73%		D
53232 Tool Rental	25,000	27,000	25,000	-	0%	2,000	8%		
	\$ 2,849,300	\$ 2,731,600	\$ 3,142,100	\$ 292,800	10%	\$ (117,700)	-4%		

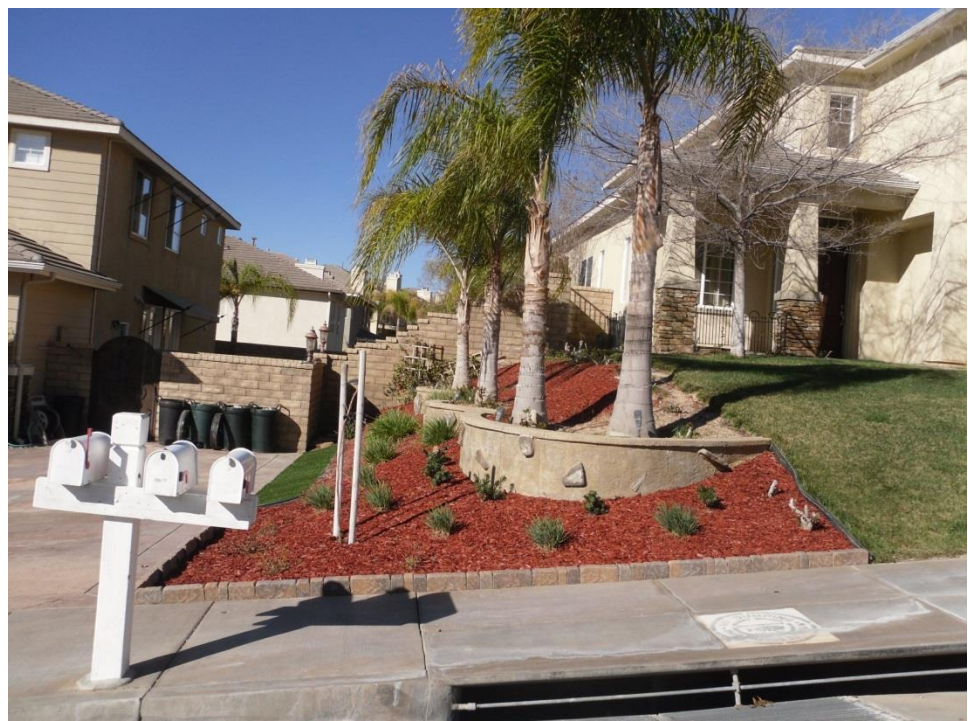
- (1) Changes from FY 2014/15 Budget to FY 2015/16 Budget more than 10% and \$20,000.
(2) Changes from FY 2014/15 Budget to FY 2014/15 Estimated more than 10% and \$20,000.

- A. Includes funds for two new positions - 1 Senior Distribution/Mechanical Technician and 1 Electrical Instrumentation Technician.
B. Includes funds for corrosion control painting at multiple facilities in FY 2015/16.
C. Based on benefit selections and lower-than-budgeted increase in medical insurance premium costs.
D. Based on workload requirements.

Lawn Replacement Program

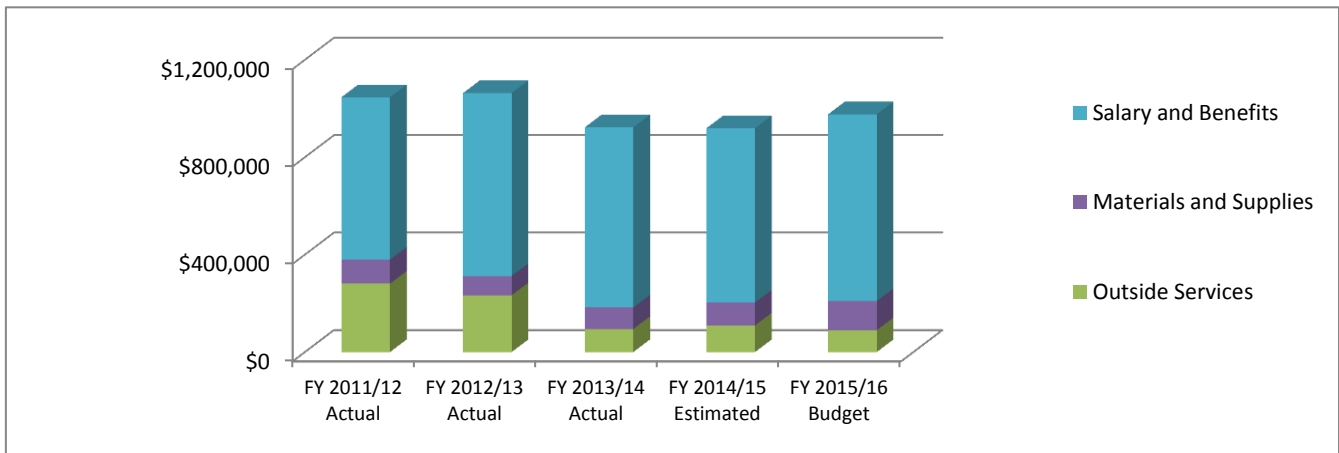
Pictured: Before (top) and after (bottom) photos from CLWA's residential lawn replacement program.

The colorful mulch and smart use of pavers as a border curb both water usage and past runoff, as evidenced by the water-stained sidewalk.



Water Quality and Regulatory Affairs Expenditures

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Salary and Benefits	\$ 666,550	\$ 751,337	\$ 739,241	\$ 715,200	\$ 766,600
Materials and Supplies	98,396	78,741	88,227	94,000	119,400
Outside Services	281,110	233,178	94,606	109,600	90,100
Department Total	\$ 1,046,056	\$ 1,063,256	\$ 922,074	\$ 918,800	\$ 976,100
Positions	6.25	6.25	6.25	6.25	5.25



Total Operating Budget: \$ 22,828,000
 Water Quality and Regulatory Affairs\$ \$ 976,100

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Workload Measures					
Total samples collected and analyzed*	95,400	97,500	97,400	98,400	54,000

* Lab workload indicators are being calculated differently beginning in FY 2015/16 and do not include tests performed by water treatment plant operators.

DIVISION: WATER QUALITY AND REGULATORY AFFAIRS

Division Objective:

Conduct laboratory testing for process control, regulatory compliance and water quality improvements at the Agency's facilities and for the three major purveyors in the Santa Clarita Valley and other long-term partners and monitor and assess water quality statutory and regulatory changes for potential impacts to the Agency.

Major Accomplishments – FY 2014/15

- ◆ Completed implementation of Element Laboratory Information Management Software (LIMS) for management of all laboratory data.

Actions – FY 2015/16

- ◆ Track regulatory and statutory changes at both the federal and state levels pertaining to the Safe Drinking Water Act, the Clean Water Act and the potable water community in general [ongoing]. B1.2
- ◆ Ensure the Division budget is appropriately expended by actively managing and controlling expenditures [ongoing]. C2.1

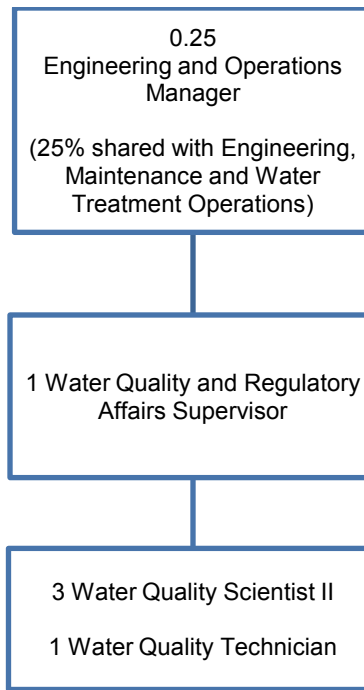
Strategic Plan Key Result

The Agency's Strategic Plan includes a number of key performance measures relating to water quality. One of the key performance measures for the Water Quality and Regulatory Affairs Division is 100% Compliance with Water Quality Regulations and Standards (see also page 75). The progress of this measure is as follows:

Water Quality Performance Measures 2005 - 2014												
Water Quality Measure	Standard	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Total Coliform Rule	All Samples ≤ 5%TC+, No EC +	√	√	√	√	√	√	√	√	√	√	
Surface Water Treatment Rule	95% Samples Turbidity < 0.2 NTU	√	√	√	√	√	√	√	×	√	√	
	95% Samples Chlorine Residual	√	√	√	√	√	√	√	√	√	√	
	Meet Contact Time Requirements	NM	NM	NM	NM	NM	NM	NM	NM	√	√	
Safe Drinking Water Act - Phase II & V Monitoring	MCLs for organics and inorganics	√	√	√	√	√	√	√	√	√	√	
Disinfection By-products Rule	RAA for THM's < 80 ppb	√	√	√	√	√	√	√	√	√	√	
	RAA for HAA's < 60 ppb	√	√	√	√	√	√	√	√	√	√	
	QA for Bromate < 10 ppb	√	√	√	√	√	√	√	√	√	√	
Permit Compliance	100% DPH Required Monitoring	NM	NM	NM	NM	NM	NM	NM	NM	√	√	

TC = Total Coliform EC = E. Coli RAA = Running Annual Average QA = Quarterly Average NM = not measured prior to 2013	NTU = Nephelometric Turbidity Units MCL = Maximum Contaminant Level THM = Trihalomethanes HAA = Haloacetic Acids
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Water Quality and Regulatory Affairs Division Organization



Details of Water Quality and Regulatory Affairs Expenditures
FY 2015/16 Budget

001150000 WATER QUALITY AND REGULATORY AFFAIRS

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
<u>Salary and Benefits</u>					
51001 Salary	\$ 439,176	\$ 467,362	\$ 491,700	\$ 468,900	\$ 509,500
51007 Overtime	685	1,252	2,000	1,500	2,000
51050 Burden and Benefits	311,476	270,627	274,900	244,800	255,100
<u>Materials and Supplies</u>					
52010 Supplies and Services	1,424	2,391	4,400	3,000	4,400
53215 Recruitment Expenses	385	-	-	-	-
51505 Employee Expense	686	1,865	3,000	2,500	3,000
51515 Employee Travel	1,761	900	4,000	2,500	4,000
52050 Laboratory Supplies	24,273	29,800	35,000	35,000	45,000
52055 Microbiological Samples	25,179	27,238	40,000	30,000	35,000
52605 Gases	15,543	15,465	26,000	10,000	15,000
52065 Performance Testing Samples/Standards	9,490	10,568	13,000	11,000	13,000
<u>Outside Services</u>					
53101 Education/Seminars	916	2,245	3,000	2,500	3,000
53104 Uniforms	1,488	1,723	2,100	2,100	2,100
53241 Temporary Personnel Service	20,969	-	5,000	-	5,000
53105 Outside Service/Contracting	179,430	57,975	90,000	75,000	45,000
53112 Commercial Services/Repairs	30,375	32,663	35,000	30,000	35,000
	\$ 1,063,256	\$ 922,074	\$ 1,029,100	\$ 918,800	\$ 976,100

Outside Service/Contracting includes:

Laboratory testing services, and tank and distillery services and rentals.

Water Quality and Regulatory Affairs
FY 2015/16 Budget - Comparison Data

0011500000 WATER QUALITY AND REGULATORY AFFAIRS

	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 to FY 2015/16 Budget	%	Change from FY 2014/15 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 491,700	\$ 468,900	\$ 509,500	\$ 17,800	4%	\$ (22,800)	-5%		
51007 Overtime	2,000	1,500	2,000	-	0%	(500)	-25%		
51050 Burden and Benefits	274,900	244,800	255,100	(19,800)	-7%	(30,100)	-11%		B
<u>Materials and Supplies</u>									
52010 Supplies and Services	4,400	3,000	4,400	-	0%	(1,400)	-32%		
51505 Employee Expense	3,000	2,500	3,000	-	0%	(500)	-17%		
51515 Employee Travel	4,000	2,500	4,000	-	0%	(1,500)	-38%		
52050 Laboratory Supplies	35,000	35,000	45,000	10,000	29%	-	0%		
52055 Microbiological Samples	40,000	30,000	35,000	(5,000)	-13%	(10,000)	-25%		
52605 Gases	26,000	10,000	15,000	(11,000)	-42%	(16,000)	-62%		
52065 Performance Testing Samples/Standards	13,000	11,000	13,000	-	0%	(2,000)	-15%		
<u>Outside Services</u>									
53101 Education/Seminars	3,000	2,500	3,000	-	0%	(500)	-17%		
53104 Uniforms	2,100	2,100	2,100	-	0%	-	0%		
53241 Temporary Personnel Service	5,000	-	5,000	-	0%	(5,000)	-100%		
53105 Outside Service/Contracting	90,000	75,000	45,000	(45,000)	-50%	(15,000)	-17%	A	
53112 Commercial Services/Repairs	35,000	30,000	35,000	-	0%	(5,000)	-14%		
	\$ 1,029,100	\$ 918,800	\$ 976,100	\$ (53,000)	-5%	\$ (110,300)	-11%		

(1) Changes from FY 2014/15 Budget to FY 2015/16 Budget more than 10% and \$20,000.

(2) Changes from FY 2014/15 Budget to FY 2014/15 Estimated more than 10% and \$20,000.

A. Based on workload requirements.

B. Based on benefit selections and lower-than-budgeted increase in medical insurance premium costs.



Water Quality and Regulatory Affairs

The Water Quality and Regulatory Affairs division conducts laboratory testing for process control, regulatory compliance and water quality improvements at the Agency's facilities, as well as for three local water retailers and other partners. It also monitors and assesses water quality statutory and regulatory changes.

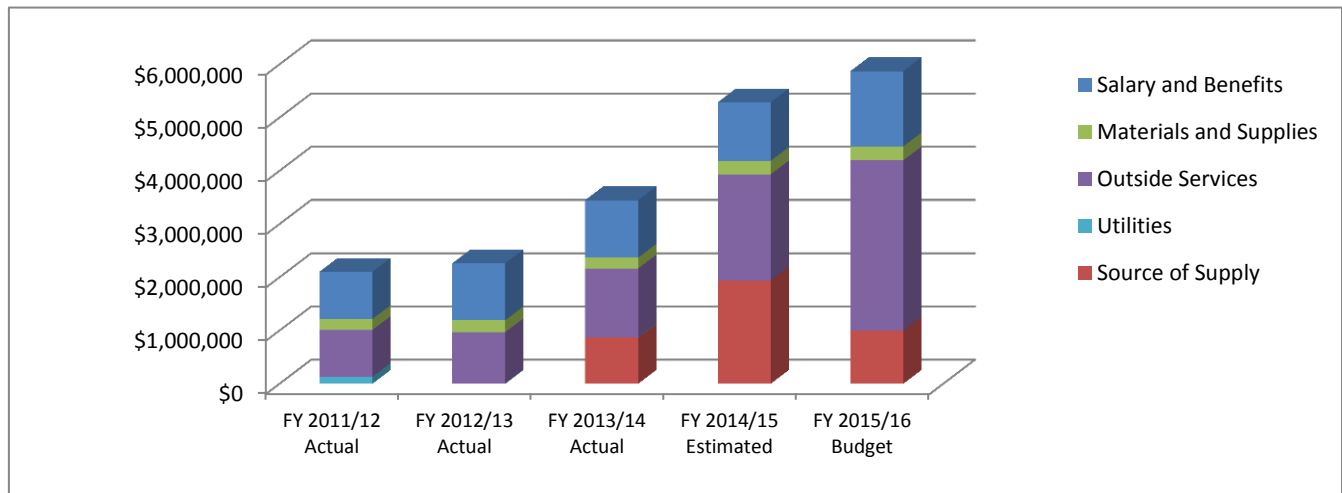
Pictured (top): Water Quality Technician Gaby Villasenor. Pictured (bottom): Yao Kouame, Water Quality Scientist II.



Water Resources Expenditures

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Salary and Benefits	\$ 883,929	\$ 1,068,371	\$ 1,079,225	\$ 1,097,500	\$ 1,411,700
Materials and Supplies	208,323	223,281	204,632	256,300	263,000
Outside Services	878,401	961,215	1,287,444	1,990,700	3,195,000
Utilities	132,693	10,025	9,666	-	-
Source of Supply	-	-	867,592	1,942,800	1,002,800
Department Total	\$ 2,103,346	\$ 2,262,892	\$ 3,448,559	\$ 5,287,300	\$ 5,872,500

Positions	15	15	15	16	19
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Total Operating Budget: \$ 22,828,000
 Water Resources Budget : \$ 5,872,500

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	FY 2015/16 Budget
Workload Measures					
School children educated	14,962	13,591	11,000	11,900	11,900
School teachers educated	461	420	350	350	350
Landscape education participants	420	479	490	830	840
Community events attended	41	33	36	35	35
Number of Facebook posts	166	188	200	320	250
Number of e-newsletter (Water Currents) subscribers	700	1,006	2,000	2,420	3,000
AF of water banked	9,973	6,416	-	(15,000)	-
Grant funding awarded (millions)	*	*	*	12	\$ 10
CEQA and related certifications processed	2	1	-	2	2

* Information not collected.

DEPARTMENT: WATER RESOURCES

Department Objective:

Manage and direct water supply augmentation, supply reliability, conservation and public outreach activities for the Agency.

Major Accomplishments – FY 2014/15

- ◆ Were awarded a Drought Round Integrated Regional Water Management grant of \$16.7 million for construction of ultraviolet facilities at the Valencia Water Reclamation Plant (for SCV Sanitation District) and enhanced recovery for the Rosedale-Rio Bravo Water Storage District and Semitropic Water Storage District banking programs.
- ◆ Successfully managed SWP carryover, water purchases and banking programs to meet retail water demands for imported water in spite of 5% and 20% SWP allocations in 2014 and 2015, respectively. Completed review of 2014 program performance of banking and exchange programs, water conservation measures and anticipated groundwater production and prepared 2015 operating plan.
- ◆ Board authorized participation in Rosedale-Rio Bravo enhanced recovery project and initiated construction on new well.
- ◆ Board approved and executed agreement for CEQA compliance for Agency participation in Semitropic Stored Water Recovery Unit (SWRU).
- ◆ Managed drought-related outreach campaign for the SCV Family of Water Suppliers during 2014 and 2015.
- ◆ Conducted a Communications Strategic Plan process 10/14 and 1/15 to provide strategic direction for the planning and implementation of communications and outreach programs.
- ◆ Launched Residential Lawn Replacement Program six months ahead of schedule due to drought.
- ◆ Hosted a Bay Delta Conservation Plan Symposium at College of the Canyons on July 18, 2014.
- ◆ Oversaw construction and start-up of the 3.5 megawatt solar facility and held a ribbon-cutting ceremony.

Actions – FY 2015/16

- ◆ Assess status of the Integrated Regional Water Management Plan Process. [6/15]. **P2** A2.2
- ◆ Prepare a Proposition 84 Round 3 implementation grant application [9/15]. **P1** C1.1
- ◆ Initiate feasibility study for one or more recommended projects from the Local Water Supply Reconnaissance Study [9/15]. **P2** A2.1
- ◆ Complete the 2015 Water Supply Reliability Report Update [12/15]. **P1** A1.1
- ◆ Participate in development and implementation of the Bay Delta Conservation Plan by supporting interim financing of planning and design activities. [12/15]. **P1** A1.2
- ◆ Coordinate and analyze performance of water banking and exchange programs, local groundwater production and water conservation measures [3/16]. **P1** A1.4
- ◆ Identify projects and initiate planning for projects to enhance long-term water supply reliability identified in the updated Water Supply Reliability Report/Program Operations Plan including water banking, exchanges, additional increased groundwater pump-back capability and water transfers. [4/16]. **P2** A1.5
- ◆ Complete the 2015 Santa Clarita Valley Urban Water Management Plan. [6/16]. **P1** A1.7
- ◆ Participate in development and implementation of the Bay Delta Conservation Plan by negotiating State Water Project contract amendments to equitably allocate BDCP costs among participants. [6/16]. **P1** A1.8
- ◆ Initiate implementation of one additional program identified in the updated Santa Clarita Valley Water Use Efficiency Strategic Plan. [6/16]. **P1** A4.2
- ◆ Prepare a Proposition 1 grant application if available [6/16]. **P1** C1.6

P1, **P2** and **P3** actions indicate highest, high and normal priority, respectively, and are shown in blue.

- ◆ Achieve the objectives of the Agency's Strategic Communications Plan through implementation of various activities including: [6/16]. P1 D1.2
 - Water conservation campaign and media buys
 - Public and school educational programs
 - Participation at public events
 - Speakers Bureau
 - Blue Ribbon Committee
 - Updating and managing Agency web site and social media outlets
- ◆ Manage Water Resources Department budget [6/16]. P1 C2.1
- ◆ Analyze and revise the Agency's turf replacement programs as needed. [6/16]. P2 A4.1
- ◆ Support regulatory decisions that improve water supply reliability of the State Water Project in absence of Bay Delta Conservation Plan. [ongoing] A1.9
- ◆ In coordination with the retail purveyors, respond to SB 610 Water Supply Assessments and SB 221 Water Supply Verifications. [ongoing] A1.10
- ◆ Participate in efforts to implement the Sustainable Groundwater Management Act including formation of a groundwater sustainability agency. [ongoing] A2.3
- ◆ Work with the Santa Clarita Valley Water Committee to enhance retail purveyor, City and County drought outreach and water conservation activities. [ongoing] A3.2
- ◆ Ensure CLWA has full access to water supplies available to it under its State Water Project contract and other water supply agreements that rely on SWP conveyance and store water for reliability enhancement and dry year use [ongoing] A3.3
- ◆ Implement existing Wholesale programs and policies consistent with the updated Santa Clarita Valley Water Use Efficiency Strategic Plan. [ongoing] A4.3
- ◆ Identify, plan and implement approaches to fund large commercial, institutional and industrial turf replacement projects. [ongoing] A4.4
- ◆ Support local regulations for new development consistent with the goals of the updated Santa Clarita Valley Water Use Efficiency Strategic Plan. [ongoing] A4.5
- ◆ Support retail purveyors' efforts to implement pricing structures consistent with the goals of the updated Santa Clarita Valley Water Use Efficiency Strategic Plan. [ongoing] A4.6
- ◆ Implement land use changes at Devil's Den that provide revenue and/or reduced operating costs. [ongoing] A6.9
- ◆ Oversee and administer the Proposition 84 Upper Santa Clara River Integrated Regional Water Management grant program. [ongoing] C1.7
- ◆ Pursue federal funding for perchlorate contamination clean-up, recycled water projects, and short and long-term drought relief with increased staff and Director presence in Washington, D.C. in coordination with federal legislative advocate. [ongoing] C1.9
- ◆ Administer awarded grants and assist project managers in determining reimbursement schedule. [ongoing] C1.8
- ◆ Cooperate with Department of Water Resources and other State Water Project contractors to improve the administration of the State Water Project in a manner that promotes long-term cost effectiveness, operational reliability and supply availability. [ongoing] C1.11
- ◆ Continue coordination with CLWA legislative analysts in communications with local elected officials and their staffs. [ongoing] D5.2
- ◆ Coordinate legislative initiatives concerning Sacramento-San Joaquin Delta and water conservation with legislative analysts, Association of California Water Agencies, State Water Contractors and other necessary parties to enhance the reliability and cost effectiveness of CLWA's SWP water supply. [ongoing] D5.3

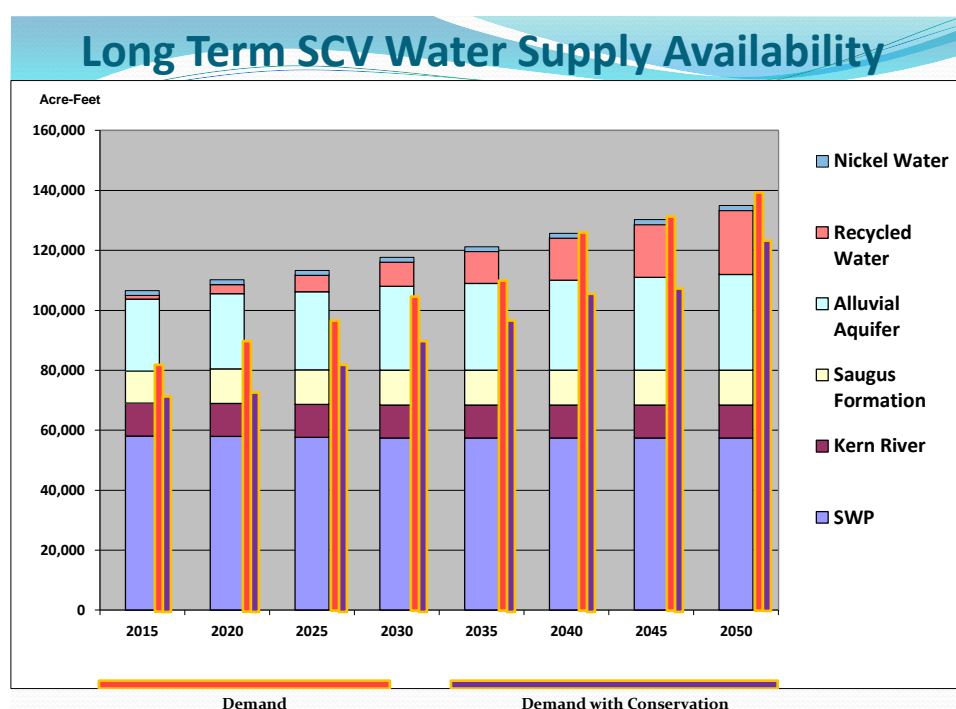
P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

Long Term Actions

- ◆ In collaboration with other Santa Clarita Valley stakeholders, participate in formation of groundwater sustainability agency. 2017 Long-Term A2.4
- ◆ Explore models of integrated water resource management. 2017 Long-Term A2.5
- ◆ Update the Communication Strategic Plan in FY 2016/17. 2017 Long-Term D1.4

Strategic Plan Key Result

The Agency's Strategic Plan includes a number of key performance measures related to water supply reliability (see also pages 68, 70 and 72). One of the key performance measures for the Water Resources Department is Long Term Water Supply. As indicated below, current supplies (2015) are anticipated to be adequate through 2030 assuming no water conservation or 2040 assuming water conservation occurs consistent with SBX7-7 (20% by 2020).



Key Initiative

On June 22, 2011, the Agency adopted the Santa Clarita Valley 2010 Urban Water Management Plan (UWMP). The 2010 UWMP is a significant planning tool for the Agency and the retailers. A key component of the 2010 UWMP is working with the retailers to develop a strategy to comply with SBX7-7, which calls for a 20 percent reduction in per capita water use by 2020 (i.e., "20% by 2020"). The legislation requires each retailer to develop a baseline per capita water use, an interim 2015 water use target and a 2020 compliance target.

To comply with this mandate, the Agency and the retailers recently completed the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP). This Plan sets forth an integrated program that calls for the retailers and the Agency to devote significant resources to implement necessary programs. The challenges are significant due to the existing high per capita water use, relatively affluent residents, low water rates and the prevalence of turf in an arid climate.

Reducing Per Capita Water Demand

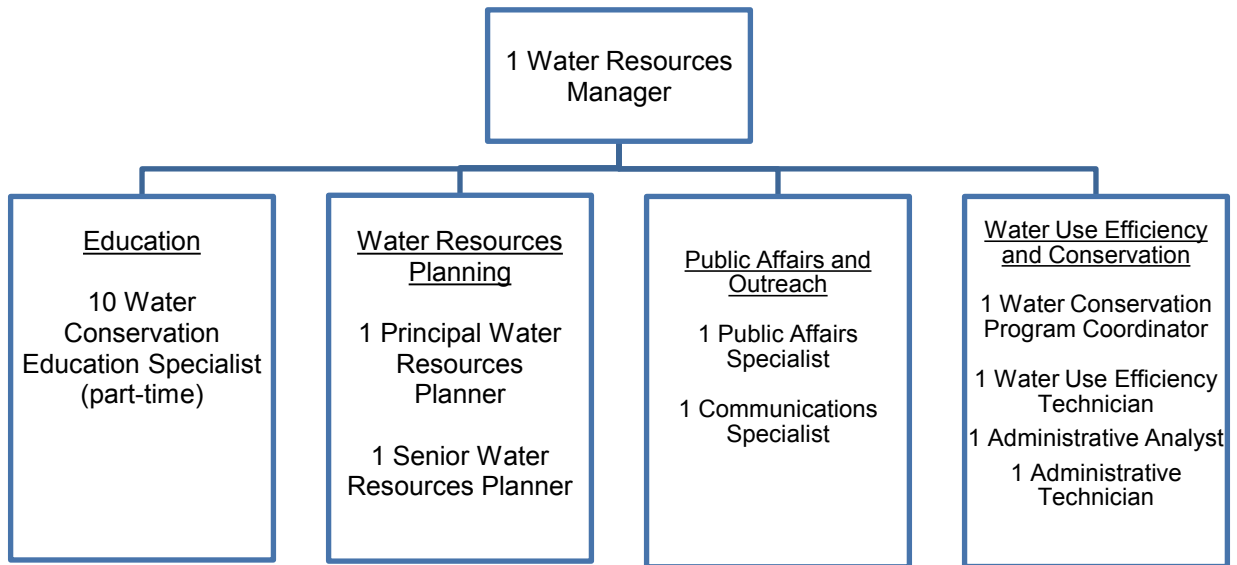
Significant resources are provided as identified in the Santa Clarita Valley Water Use Efficiency Strategic Plan. This plan is intended to help the Agency and the retailers to comply with SBX7-7, which calls for a 20 percent reduction in per capita water use by 2020 (i.e., 20% by 2020). This legislation requires each local water retail purveyor to develop a baseline per capita water use, an interim 2015 water use target and a 2020 compliance target. The Plan is now being adapted to achieve increased reductions based on new state regulations. In response to continued severe drought conditions, on April 1, 2015, the Governor of California issued an executive order mandating, among other provisions, a 25% reduction in urban water usage through February 28, 2016. The order directs the State Water Resources Control Board (SWRCB) to issue regulations implementing the mandatory reductions and setting specific targets for each water supplier. The mandatory reductions for the retailers range from 24% to 32%.

The Plan sets forth an integrated program that requires the retailers and the Agency to devote significant resources to implement necessary programs. The challenges are significant due to the existing high per capita water use, relatively affluent residents, low retail water rates and the prevalence of turf in an arid climate.

Enhancing the Agency's Firming Programs

Due to two years of low State Water Project allocations and uncertainty about how much longer the drought will last, the Agency continues to invest in enhanced water banking programs. The Agency's Capital Improvement Program includes two projects – the Rosedale Rio Bravo Extraction Project, which will increase annual extraction capacity for the Agency's current storage program, and the Semitropic Stored Water Recovery Unit, which will provide additional storage for the Agency with higher priority extraction rights.

Water Resources Department Organization



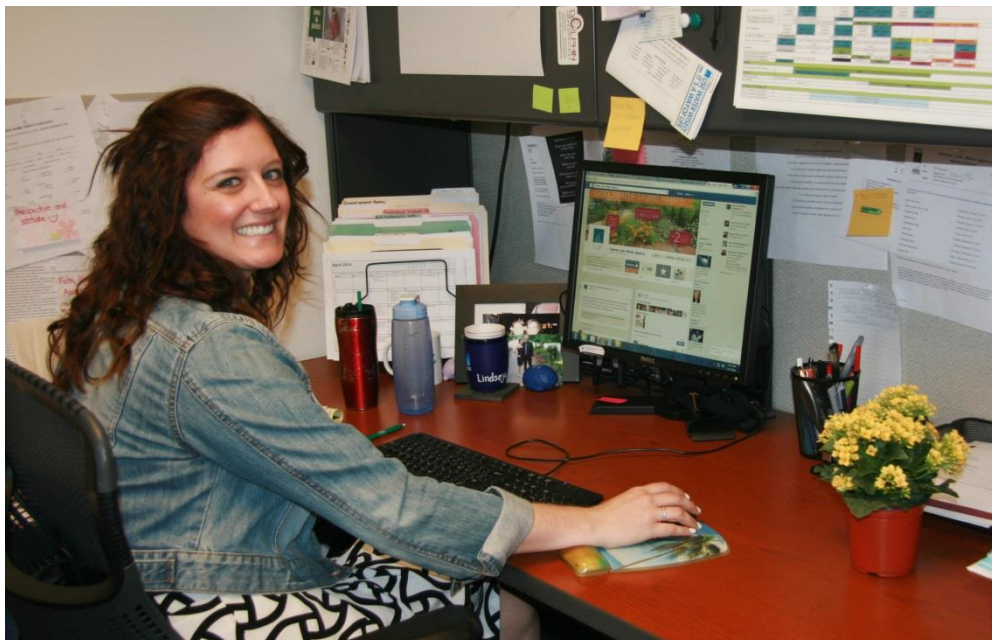


Water Resources

The Water Resources Department is responsible for managing and directing water supply augmentation, reliability, conservation and public outreach and education activities for the Agency.

Pictured (top): Water Resources Manager Dirk Marks heads up the department.

Pictured (bottom): Lindsey Kontra, Communications Specialist, spearheads the Agency's media buys and social media campaigns.



Details of Water Resources Expenditures
FY 2015/16 Budget

0011300000 WATER RESOURCES

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
<u>Salary and Benefits</u>					
51001 Salary	\$ 697,428	\$ 779,985	\$ 861,800	\$ 793,100	\$ 1,007,800
51008 Overtime - Public Events	22,632	25,178	22,500	22,500	25,000
51050 Burden and Benefits	370,991	294,409	324,700	302,700	406,900
51020 Less Reimbursement from SCWD	(22,680)	(20,347)	(21,800)	(20,800)	(28,000)
<u>Materials and Supplies</u>					
52010 Supplies and Services	9,998	9,921	5,800	5,800	8,000
51505 Employee Expense	3,417	2,564	3,500	3,500	3,500
51515 Employee Travel	14,088	14,489	15,000	10,500	15,000
52045 Materials and Services - Education	68,799	53,501	66,500	61,500	66,500
52025 Community Relations Promotions	49,006	36,239	65,000	65,000	65,000
52030 DD Landowner Expenditures	77,973	87,918	85,000	110,000	105,000
<u>Outside Services</u>					
53101 Education/Seminars	6,482	4,437	10,500	10,500	12,000
53104 Uniforms	207	325	1,000	200	1,000
53241 Temporary Personnel Service	-	23,474	150,000	150,000	75,000
53105 Outside Service/Contracting	9,903	9,150	25,000	25,000	25,000
53236 Professional Services/Consultants	-	46,825	100,000	200,000	200,000
53219 BMP Implementation	849,402	1,007,891	1,200,000	1,450,000	2,650,000
53218 Agency Publications	5,746	15,749	15,000	15,000	25,000
53222 Public Outreach Activities	24,353	28,119	40,000	40,000	32,000
53223 Public Relations Consulting	65,122	151,474	100,000	100,000	175,000
<u>Utilities</u>					
54300 DD Variable DWR Charges	10,025	9,666	-	-	-
<u>Source of Supply</u>					
55501 Buena Vista/Rosedale Rio Bravo Supply *	-	303,919	642,800	642,800	1,002,800
55502 Firming Programs	-	563,673	1,034,200	1,300,000	-
	\$ 2,262,892	\$ 3,448,559	\$ 4,746,500	\$ 5,287,300	\$ 5,872,500

DD Landowner Expenditures includes:

Property management, legal analysis and property taxes.

Professional Services/Consultants includes:

Various studies and consulting relating to water supply reliability, reliability models, population forecasting, local water supplies and other such activities. Also includes \$70,000 for the first phase of a feasibility report for selected Reconnaissance Study alternative(s).

BMP Implementation includes:

Various projects included in updated Water Use Efficiency Strategic Plan, such as residential and commercial turf replacement, high efficiency clothes waster rebates, weather-based irrigation controllers, low income fixture installation, a gardener certification program and water conservation related outreach.

Public Relations Consulting includes:

Newspaper and radio ads, media buys, surveys, scholarships and other such activities.

* In accordance with the new wholesale water rate structure, Buena Vista/Rosedale Rio Bravo water supply costs are being transitioned to the General Fund/Operating Budget over a ten-year period to fund the reserve and replacement reserve fund.

Water Resources
FY 2015/16 Budget - Comparison Data

0011300000 WATER RESOURCES

	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 to FY 2015/16 Budget	%	Change from FY 2014/15 Budget to Estimated	%	(1)	(2)
<u>Salary and Benefits</u>									
51001 Salary	\$ 861,800	\$ 793,100	\$ 1,007,800	\$ 146,000	17%	\$ (68,700)	-8%	A	
51008 Overtime - Public Events	22,500	22,500	25,000	2,500	11%	-	0%		
51050 Burden and Benefits	324,700	302,700	406,900	82,200	25%	(22,000)	-7%	A	
51020 Less Reimbursement from SCWD	(21,800)	(20,800)	(28,000)	(6,200)	28%	1,000	-5%		
<u>Materials and Supplies</u>									
52010 Supplies and Services	5,800	5,800	8,000	2,200	38%	-	0%		
51505 Employee Expense	3,500	3,500	3,500	-	0%	-	0%		
51515 Employee Travel	15,000	10,500	15,000	-	0%	(4,500)	-30%		
52045 Materials and Services - Education	66,500	61,500	66,500	-	0%	(5,000)	-8%		
52025 Community Relations Promotions	65,000	65,000	65,000	-	0%	-	0%		
52030 DD Landowner Expenditures	85,000	110,000	105,000	20,000	24%	25,000	29%	B	B
<u>Outside Services</u>									
53101 Education/Seminars	10,500	10,500	12,000	1,500	14%	-	0%		
53104 Uniforms	1,000	200	1,000	-	0%	(800)	-80%		
53241 Temporary Personnel Service	150,000	150,000	75,000	(75,000)	-50%	-	0%	C	
53105 Outside Service/Contracting	25,000	25,000	25,000	-	0%	-	0%		
53236 Professional Services/Consultants	100,000	200,000	200,000	100,000	100%	100,000	100%	D	H
53219 BMP Implementation	1,200,000	1,450,000	2,650,000	1,450,000	121%	250,000	21%	E	I
53218 Agency Publications	15,000	15,000	25,000	10,000	67%	-	0%		
53222 Public Outreach Activities	40,000	40,000	32,000	(8,000)	-20%	-	0%		
53223 Public Relations Consulting	100,000	100,000	175,000	75,000	75%	-	0%	E	
<u>Source of Supply</u>									
55501 Buena Vista/Rosedale Rio Bravo Supply	642,800	642,800	1,002,800	360,000	56%	-	0%	F	
55502 Firming Programs	1,034,200	1,300,000	-	(1,034,200)	-100%	265,800	26%	G	J
	\$ 4,746,500	\$ 5,287,300	\$ 5,872,500	\$ 1,126,000	24%	\$ 540,800	11%		

(1) Changes from FY 2014/15 Budget to FY 2015/16 Budget more than 10% and \$20,000.

(2) Changes from FY 2014/15 Budget to FY 2014/15 Estimated more than 10% and \$20,000.

- A. Includes funds for three new positions - 1 Public Affairs Specialist as identified by the Communications Strategic Plan, 1 Water Use Efficiency Technician and 1 Administration Technician in support of water use efficiency activities. Also includes funds for possible cost-of-living increase.
- B. FY 2015/16 Budget and FY 2014/15 estimated expenditures include funds for regulatory cost associated with Regional Water Quality Control Board's Irrigated lands program.
- C. Based on direct hiring of temporary staff by the Agency.
- D. Provides increased funds for Sustainable Groundwater Management Act, the Water Supply Reliability Report Update and a feasibility report for the Reconnaissance Study alternative(s).
- E. For increased water use efficiency programs to comply with the State Water Resources Control Board water use mandates, including large landscape turf replacement and weather-based irrigation controllers (\$840,000), residential turf removal (\$500,000), single family home weather-based irrigation controllers (\$320,000), high efficiency clothes washer rebates (\$475,000), conservation-related outreach (\$350,000), low income fixture installation (\$120,000), initiation of a study of the effectiveness of the turf replacement program (\$35,000) and a gardener certification program (\$10,000). These are estimated costs and the funds may be moved among programs based on demand and program effectiveness. The Water Use Efficiency Strategic Plan estimates the FY 2015/16 programs will result in savings of 2,950 AF of water.
- F. In accordance with the new wholesale water rate structure, Buena Vista/Rosedale Rio Bravo water supply costs are being transitioned to the General Fund/Operating Budget over a ten-year period to fund the reserve and replacement fund.
- G. Firming programs in FY 2014/15 consist of extraction of 4,950 AF of banked water from the Semitropic Water Storage District Banking and Exchange Program and 4,892 AF from the Rosedale-Rio Bravo Storage District Banking and Exchange Program.
- H. FY 2014/15 expenditures includes local water supply Reconnaissance Study.
- I. Increased expenditures to fund Valley-wide drought outreach campaign.
- J. No firming programs are budgeted for FY 2015/16.

Home Water Saving Kit

Pictured: One of CLWA's means to address California's ongoing drought is to bring about water awareness and teach water conservation. The items in this Home Water Saving Kit were selected to encourage residents to become more conscientious about and reduce their water usage when:

- **Showering:** This sand hourglass timer sets a 5-minute time limit for bathing.
- **Washing hands or dishes:** A faucet aerator introduces air into the mix of water leaving the tap, reducing and slowing the actual amount of water flow.
- **Washing vehicles or hand-watering vegetation:** A spray hose nozzle allows water pressure to build up in the hose, and enables the nozzle to control the amount of water released when the handle is squeezed. It also provides an automatic shutoff when the handle is released, preventing wasteful water runoff between each use.



Lawn Replacement Program

Pictured: Before (top) and after (bottom) photos from CLWA's residential lawn replacement program.

The use of artificial turf has become a popular choice in the lawn replacement program because it closely resembles the look of a nicely manicured, well-maintained lawn. This turf alternative satisfies many homeowners' desire to keep a turf aesthetic, coupled with water-cost savings and low maintenance. This turf replacement project adheres to the front yard rules of 50% new plant coverage, and results in a pleasing aesthetic with curving borders and a generous layering of mulch.



Free Landscape and Water Conservation Classes

Pictured: Marketing collateral announcing one of CLWA's free education classes to teach residents how to help their landscape survive the ongoing drought.



**Helping
Your
Landscape
Survive the
Drought**

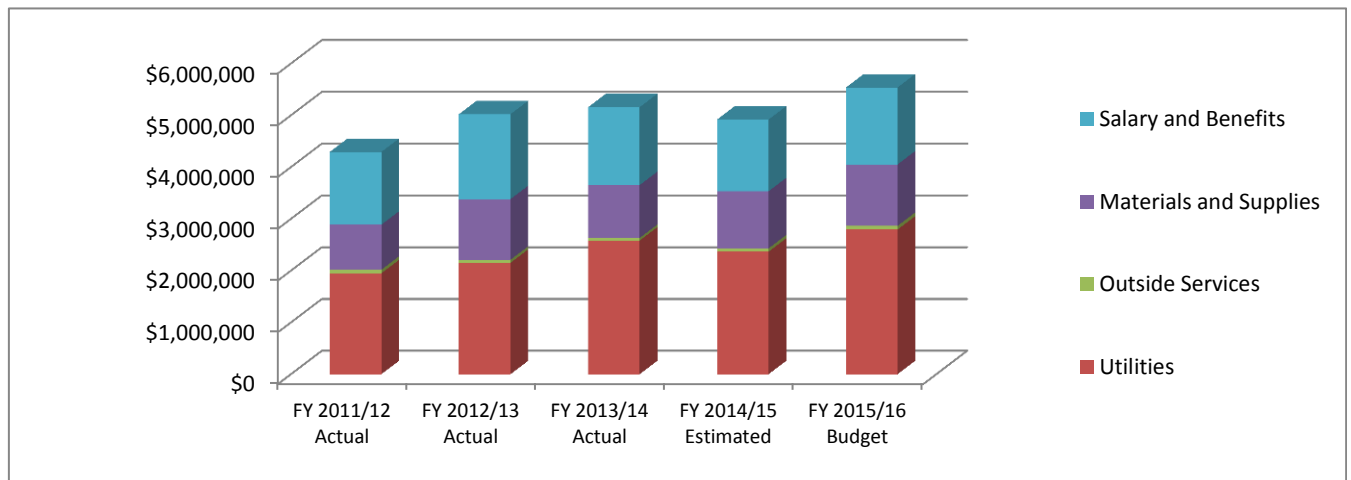
In this new class from Castaic Lake Water Agency, an expert will help you find new and relatively easy ways to help your landscape survive the drought. We'll talk about pruning of shrubs and trees, nutrition of plants in times of stress, watering habits, mowing heights, and dethatching. This is perfect for people who are struggling to keep their grass alive as well as people who would like to prioritize what to water and what to let go.

TWO CLASSES ARE AVAILABLE:

Water Treatment Operations Expenditures

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget
Salary and Benefits	\$ 1,404,276	\$ 1,639,113	\$ 1,503,944	\$ 1,384,100	\$ 1,486,500
Materials and Supplies	869,587	1,171,786	1,019,801	1,102,500	1,185,300
Outside Services	68,893	59,143	51,212	64,800	72,800
Utilities	1,948,835	2,151,314	2,581,021	2,366,300	2,792,600
Department Total	\$ 4,291,591	\$ 5,021,356	\$ 5,155,978	\$ 4,917,700	\$ 5,537,200

Positions	10.75	10.75	9.75	9.75	9.75
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Total Operating Budget: \$ 22,828,000
 Water Treatment Operations : \$ 5,537,200

	FY 2011/12 Actual	FY 2012/13 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	FY 2015/16 Budget
Workload Measures					
AF imported water treated	32,325	37,469	40,806	27,936	28,500
AF perchlorate-contaminated water treated (from Saugus 1 and 2 wells)	2,649	3,107	3,300	2,500	3,300
AF water sold at Saugus 1 and 2 well rate (per MOU)	3,330	4,100	4,100	4,100	4,100
AF recycled water provided	448	512	398	450	2,150
Maximum day deliveries (mgd)	49	66	70	56	60

DIVISION: WATER TREATMENT OPERATIONS

Division Objective:

Optimize the operation of the Agency’s three water treatment plants and ancillary facilities and fulfill the Agency’s mission of providing reliable, quality water at a reasonable cost to the Santa Clarita Valley.

Major Accomplishments – FY 2014/15

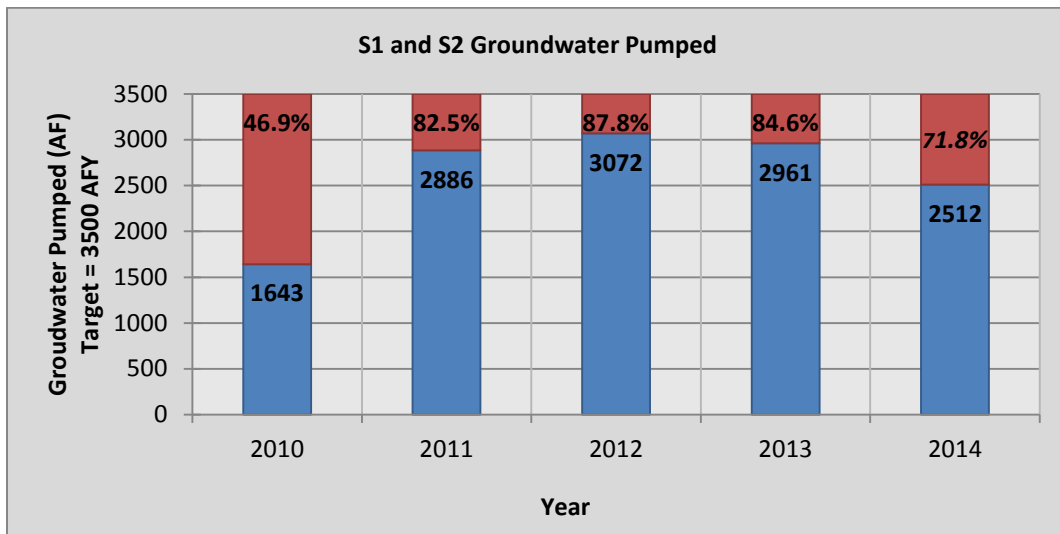
- ◆ Met all water demands during the drought by utilizing CLWA banking programs, coordinating with retailers in re-operation of the Alluvial aquifer and advancing water conservation outreach and programs.
- ◆ Met all applicable water quality requirements.

Actions – FY 2015/16

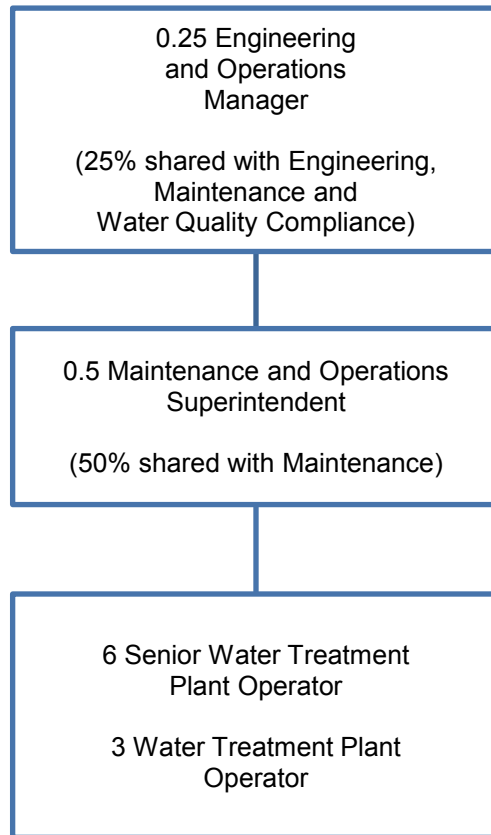
- ◆ Meet all local water retailers’ water demands. [ongoing] A3.1
- ◆ Meet all applicable water quality regulations. [ongoing] B1.1
- ◆ Coordinate emergency response planning efforts with the local water retailers, County and City. [ongoing] D4.3
- ◆ Ensure the Division budget is appropriately expended by actively managing and controlling expenditures. [ongoing] C2.1

Strategic Plan Key Result

The Agency’s Strategic Plan includes a number of key performance measures related to water quality. One of the key performance measures for the Water Treatment Operations Division is Groundwater Pumped from the Perchlorate Remediation Saugus 1 and 2 Wells (see also page 76). The progress of this measure is as follows:



Water Treatment Operations Division Organization



Details of Water Treatment Operations Expenditures
FY 2015/16 Budget

001140000 WATER TREATMENT OPERATIONS

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
<u>Salary and Benefits</u>					
51001 Salary	\$ 881,573	\$ 908,279	\$ 806,900	\$ 881,600	\$ 920,100
51007 Overtime	154,917	135,468	125,000	90,000	115,000
51050 Burden and Benefits	602,623	460,197	422,300	412,500	451,400
<u>Materials and Supplies</u>					
52010 Supplies and Services	2,877	6,023	2,600	2,000	2,300
51505 Employee Expense	283	-	-	-	-
51515 Employee Travel	794	903	1,500	500	1,000
52600 Chemicals	1,167,832	1,012,875	1,204,000	1,100,000	1,182,000
<u>Outside Services</u>					
53101 Education/Seminars	4,847	408	2,500	2,500	2,500
53104 Uniforms	1,997	1,741	2,300	2,300	2,300
53105 Outside Service/Contracting	-	3,015	3,000	-	3,000
53224 DDW Large Water System Fee	52,299	46,048	75,000	60,000	65,000
<u>Utilities</u>					
54402 Electricity - Treatment Plants	405,701	429,914	400,000	300,000	332,500
54401 Electricity - Pumping	1,493,733	1,905,719	1,615,000	1,800,000	1,852,500
54403 Electricity - Other	44,983	47,468	45,000	49,000	47,500
54404 Electricity - Wells	139,407	168,714	160,000	120,000	133,000
54430 Telemetry	830	596	10,000	10,000	10,000
54426 Recycled Water Purchase	66,660	28,610	67,000	87,300	417,100
	\$ 5,021,356	\$ 5,155,978	\$ 4,942,100	\$ 4,917,700	\$ 5,537,200

Water Treatment Operations
FY 2015/16 Budget - Comparison Data

0011400000 WATER TREATMENT OPERATIONS

	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 to FY 2015/16		Change from FY 2014/15 Budget to Estimated		(1)	(2)
				Budget	%	Estimated	%		
<u>Salary and Benefits</u>									
51001 Salary	\$ 806,900	\$ 881,600	\$ 920,100	\$ 113,200	14%	\$ 74,700	9%	A	
51007 Overtime	125,000	90,000	115,000	(10,000)	-8%	(35,000)	-28%		F
51050 Burden and Benefits	422,300	412,500	451,400	29,100	7%	(9,800)	-2%		
<u>Materials and Supplies</u>									
52010 Supplies and Services	2,600	2,000	2,300	(300)	-12%	(600)	-23%		
51515 Employee Travel	1,500	500	1,000	(500)	-33%	(1,000)	-67%		
52600 Chemicals	1,204,000	1,100,000	1,182,000	(22,000)	-2%	(104,000)	-9%		
<u>Outside Services</u>									
53101 Education/Seminars	2,500	2,500	2,500	-	0%	-	0%		
53104 Uniforms	2,300	2,300	2,300	-	0%	-	0%		
53105 Outside Service/Contracting	3,000	-	3,000	-	0%	(3,000)	-100%		
53224 DPH Large Water System Fee	75,000	60,000	65,000	(10,000)	-13%	(15,000)	-20%		
<u>Utilities</u>									
54402 Electricity - Treatment Plants	400,000	300,000	332,500	(67,500)	-17%	(100,000)	-25%	B	B
54401 Electricity - Pumping	1,615,000	1,800,000	1,852,500	237,500	15%	185,000	11%	C	C
54403 Electricity - Other	45,000	49,000	47,500	2,500	6%	4,000	9%		
54404 Electricity - Wells	160,000	120,000	133,000	(27,000)	-17%	(40,000)	-25%	D	D
54430 Telemetry	10,000	10,000	10,000	-	0%	-	0%		
54426 Recycled Water Purchase	67,000	87,300	417,100	350,100	523%	20,300	30%	E	G
	\$ 4,942,100	\$ 4,917,700	\$ 5,537,200	\$ 595,100	12%	\$ (24,400)	0%		

- (1) Changes from FY 2014/15 Budget to FY 2015/16 Budget more than 10% and \$20,000.
(2) Changes from FY 2014/15 Budget to FY 2014/15 Estimated more than 10% and \$20,000.

- A. Based on full staffing and filling of one vacant Senior Treatment Operator position.
B. Based on estimated water deliveries.
C. Based on increased pumping at RVIPS and electric rate increases.
D. Based on Saugus 1 well offline for rehabilitation and downtime for well maintenance greater than anticipated.
E. Based on purchasing an additional 1,700 AF for grading for Mission Village of Newhall Ranch, which will be offset by increased revenues.
F. Based on full staffing and reduced need to cover staff vacancies with overtime.
G. Based on increased rate in FY 2014/15.

Details of Burden and Benefits Expenditures
FY 2015/16 Budget

51050 BURDEN AND BENEFITS/DISTRIBUTION

	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
51051 Employee Assistance Program	\$ 2,332	\$ 1,981	\$ 1,900	\$ 1,900	\$ 2,100
51052 In-Lieu Sick Salary	36,820	40,369	31,100	35,500	33,800
51053 In-Lieu Medical Insurance	217,226	242,404	242,700	242,100	303,700
51054 Deferred Compensation	140,585	152,179	169,500	145,300	186,700
51055 PERS Retirement	1,648,797	954,727	1,041,400	960,300	1,099,000
51056 Medical Insurance	541,850	575,096	663,700	580,200	711,900
51057 Dental Insurance	91,646	92,564	101,100	92,100	108,200
51058 Life Insurance	14,088	16,261	17,800	17,500	20,200
51059 Vision Insurance	11,566	11,874	12,600	12,100	14,300
51060 Long Term Disability	25,866	26,827	31,300	27,600	35,400
51061 Medicare Tax	87,151	94,901	89,100	89,000	100,200
51062 Workers Compensation Insurance	160,811	136,089	169,500	146,800	106,300
51064 Vehicle Allowance	22,902	23,004	24,000	23,200	24,800
51080 OPEB - Retiree Medical Insurance	590,112	625,814	384,000	377,500	423,000
Total	\$ 3,591,752	\$ 2,994,090	\$ 2,979,700	\$ 2,751,100	\$ 3,169,600
Water Treatment Operations Benefits	\$ (602,623)	\$ (460,197)	\$ (422,300)	\$ (412,500)	\$ (451,400)
Water Resources Benefits	(370,991)	(294,409)	(324,700)	(302,700)	(406,900)
Water Quality and Regulatory Affairs Benefits	(311,476)	(270,628)	(274,900)	(244,800)	(255,100)
Maintenance Benefits	(838,032)	(730,311)	(724,800)	(653,200)	(761,500)
Engineering Benefits	(241,766)	(185,163)	(177,200)	(172,000)	(201,000)
Administration Benefits	(1,009,741)	(864,051)	(892,400)	(809,500)	(911,100)
Management Benefits	(217,123)	(189,301)	(163,400)	(156,400)	(182,600)
Total	\$ (3,591,752)	\$ (2,994,060)	\$ (2,979,700)	\$ (2,751,100)	\$ (3,169,600)

Burden and Benefits
FY 2015/16 Budget - Comparison Data

51050 BURDEN AND BENEFITS/DISTRIBUTION

	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 to FY 2015/16		Change from FY 2014/15 Budget to Estimated		(1)	(2)
				Budget	%	Estimated	%		
51051 Employee Assistance Program	\$ 1,900	\$ 1,900	\$ 2,100	\$ 200	11%	\$ -	0%		
51052 In-Lieu Sick Salary	31,100	35,500	33,800	2,700	9%	4,400	14%		
51053 In-Lieu Medical Insurance	242,700	242,100	303,700	61,000	25%	(600)	0%	A	
51054 Deferred Compensation	169,500	145,300	186,700	17,200	10%	(24,200)	-14%	B	A
51055 PERS Retirement	1,041,400	960,300	1,099,000	57,600	6%	(81,100)	-8%		
51056 Medical Insurance	663,700	580,200	711,900	48,200	7%	(83,500)	-13%	B	D
51057 Dental Insurance	101,100	92,100	108,200	7,100	7%	(9,000)	-9%		
51058 Life Insurance	17,800	17,500	20,200	2,400	13%	(300)	-2%		
51059 Vision Insurance	12,600	12,100	14,300	1,700	13%	(500)	-4%		
51060 Long Term Disability	31,300	27,600	35,400	4,100	13%	(3,700)	-12%		
51061 Medicare Tax	89,100	89,000	100,200	11,100	12%	(100)	0%		
51062 Workers Compensation Insurance	169,500	146,800	106,300	(63,200)	-37%	(22,700)	-13%	C	C
51064 Vehicle Allowance	24,000	23,200	24,800	800	3%	(800)	-3%		
51080 OPEB - Retiree Medical Insurance	384,000	377,500	423,000	39,000	10%	(6,500)	-2%	B	
Total	\$ 2,979,700	\$ 2,751,100	\$ 3,169,600	\$ 189,900	6%	\$ (228,600)	-8%		
Water Treatment Operations Benefits	\$ (422,300)	\$ (412,500)	\$ (451,400)	\$ (29,100)	7%	\$ 9,800	-2%		
Water Resources Benefits	(324,700)	(302,700)	(406,900)	(82,200)	25%	22,000	-7%		
Water Quality and Regulatory Affairs Benefits	(274,900)	(244,800)	(255,100)	19,800	-7%	30,100	-11%		
Maintenance Benefits	(724,800)	(653,200)	(761,500)	(36,700)	5%	71,600	-10%		
Engineering Benefits	(177,200)	(172,000)	(201,000)	(23,800)	13%	5,200	-3%		
Administration Benefits	(892,400)	(809,500)	(911,100)	(18,700)	2%	82,900	-9%		
Management Benefits	(163,400)	(156,400)	(182,600)	(19,200)	12%	7,000	-4%		
Total	\$ (2,979,700)	\$ (2,751,100)	\$ (3,169,600)	\$ (189,900)	6%	\$ 228,600	-8%		

- (1) Changes from FY 2014/15 Budget to FY 2015/16 Budget more than 10% and \$20,000.
(2) Changes from FY 2014/15 Budget to FY 2014/15 Estimated more than 10% and \$20,000.

- A. Based on level of participation by employees.
B. Based on increased staffing.
C. Based on rate decrease.
D. Due to lower than anticipated increased in medical insurance costs and also level of participation by employees.



Water Treatment Operations

The Water Treatment Operations division is responsible for operating the Agency's three water treatment plants and ancillary facilities, and fulfill the Agency's mission of providing reliable, quality water at a reasonable cost to the Santa Clarita Valley.

Pictured (top): (left) Maintenance Department's Todd Gruber and Water Operator Vincent Titiriga (right) clean a wash water recovery basin at the Earl Schmidt Filtration Plant.

Pictured (bottom): Senior Water Treatment Plant Operator Rafael Pulido replaces a 2-ton chlorine gas tank.



CAPITAL IMPROVEMENT PROGRAM BUDGET

Goals: Complete construction of capital facilities required to provide imported water to purveyors in advance of need. Maintain function and proper operation of existing facilities.

Introduction: The Capital Budget for the Agency in FY 2015/16 is presented in this section. Capital projects are defined as non-operating expense items of the budget, which includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects. Capital Projects typically have a life of five years or more. The categories of capital projects are:

- ◆ Major Capital Projects. The acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. Major capital projects are typically included in the Agency's Capital Improvement Program and Facility Capacity Fee Study, and cost more than \$1 million.
- ◆ Minor Capital Projects. Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Minor capital projects take less time to develop and are not generally included in the Agency's Facility Capacity Fee Study. Minor capital projects cost \$1 million or less.
- ◆ Capital Planning, Studies and Administration. Non-operating expenses, including but not limited to (1) studies in support of major capital projects and (2) non-recurring studies.
- ◆ New Capital Equipment. The purchase of fixed asset equipment with a cost of \$5,000 or more. New Capital Equipment has all of the following characteristics: (1) normal useful life of at least one year or more; (2) an acquisition cost of at least \$5,000; and (3) generally is facility or plant specific and not portable or used in various locations.
- ◆ Repair and Replacement. Minor changes or additions to existing Agency-owned grounds or buildings and the electrical, lighting, plumbing, air conditioning or heating systems contained therein, which correct unsafe or unhealthful working conditions, increase operating efficiency, promote improved service to the public and provide for the installation of equipment and security devices. Repair and Replacement also includes equipment which are installed components to Repair and Replacement Projects and the cost including tax is \$5,000 or greater. Generally, this includes replacement of equipment after end of mechanical or electrical service life such as impellers, circuit breakers, transformers, stator coils, valves or HVAC components. It also includes repairs or modifications that will bring plant or facility equipment back to normal functioning level. Repair and Replacement equipment has all of the following characteristics: (1) replacement of spare parts and components initially furnished by a contractor or manufacturer not included with the original machinery; (2) equipment that will be attached to original machinery throughout its useful life and (3) plant, facility or building specific electrical or mechanical components. The capital budget for repair and replacement generally excludes portable equipment and small tools that can be used in various locations.

Capital Improvement Program

FY 2015/16 Budget

Section Summary

SUMMARY

Category	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Budget
Major Capital Projects	\$ 19,069,000	\$ 10,240,500	\$ 33,822,000	\$ 14,753,000
Minor Capital Projects	1,992,500	1,109,000	3,201,000	1,208,500
Capital Planning, Studies and Administration	8,869,200	8,093,800	9,018,600	149,400
New Capital Equipment	404,000	428,600	880,200	476,200
Major Repair and Replacement	840,000	717,000	1,405,000	565,000
Total	\$ 31,174,700	\$ 20,588,900	\$ 48,326,800	\$ 17,152,100

SOURCES OF FUNDING

Category	FY 2015/16 Budget	Capital Project Fund	One Percent Property Tax	Facility Capacity Fee
Major Capital Projects	\$ 33,822,000	\$ 32,713,000	\$ 1,109,000	\$ -
Minor Capital Projects	3,201,000	-	3,201,000	-
Capital Planning, Studies and Administration	9,018,600	-	6,700,700	2,317,900
New Capital Equipment	880,200	-	880,200	-
Major Repair and Replacement	1,405,000	-	1,405,000	-
Total	\$ 48,326,800	\$ 32,713,000	\$ 13,295,900	\$ 2,317,900

CASTAIC LAKE WATER AGENCY
Major Capital Projects
FY 2015/16 Budget

Major Capital Projects are funded by different sources of funds.

CIP No.	Project Title	Project Category (A, B, C)	Total Estimated Project Cost	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Debt-funded Projects						
200903	Castaic Conduit	A, C	\$ 14,966,000	\$ 194,000	\$ 42,000	\$ 471,000
200010	Distribution System - RV-2 Modifications	A	3,913,000	55,000	83,000	404,000
200105	ESFP Clearwell/CT Improvements	A, B, C	7,200,000	287,000	214,000	4,078,000
200103	ESFP Sludge Collection System	B, C	9,581,000	141,000	153,000	560,000
200905	Foothill Feeder Connection	C	4,703,400	2,250,000	46,000	2,077,500
200510	Honby Parallel	A, C	21,294,000	6,000	1,000	4,000
200525	Magic Mountain Pipeline No. 4	A, C	3,459,000	-	111,000	3,326,000
200526	Magic Mountain Pipeline No. 5	A, C	3,762,000	-	10,000	132,000
500527	Magic Mountain Pipeline No. 6	A, C	8,876,000	-	3,000	302,000
200528	Magic Mountain Reservoir	A, C	27,119,000	200,000	36,000	52,000
200453	Recycled Water Program Phase II, 2A	C	27,120,000	14,000	9,000	873,000
200454	Recycled Water Program Phase II, 2B	C	6,395,000	5,000	2,000	140,000
200455	Recycled Water Program Phase II 2C	C	18,657,000	9,000	56,000	352,000
200011	RVWTP Clearwell Cover Improvements	A, B, C	10,755,000	5,553,000	4,647,800	5,241,000
200963	Saugus Formation Dry Year Reliability Wells	B, C	-	495,000	61,000	297,000
200906	Rosedale Rio Bravo Extraction	C	7,376,800	7,950,000	1,005,200	6,376,000
200907	Semitropic Stored Water Recovery Unit	C	8,450,000	-	2,335,100	8,027,500
Projects Funded "Pay-as-you-go"						
200962	Replacement Wells	B, C	5,550,000	1,819,000	73,400	297,000
200012	RVWTP Entrance Gate and Security Kiosk	A	1,530,000	91,000	142,000	812,000
200908	Purchase of Office Building	A	1,300,000	-	1,210,000	-
Total Major Capital Projects			\$ 192,007,200	\$ 19,069,000	\$ 10,240,500	\$ 33,822,000

A. Funded by one percent property tax revenues.

B. Will be submitted for reimbursement from the perchlorate settlement agreement.

CATEGORY A: Operational Requirement/Improvement Project

CATEGORY B: Water Quality/Regulatory Project

CATEGORY C: Capacity/Demand Improvement Project

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200903

Project Title: Castaic Conduit

Legal Name: Castaic Conduit

Description: Construction of a 54-inch diameter pipeline to replace the existing 36-inch and 39-inch diameter sections of the Castaic Conduit Pipeline.

Function: Convey treated water from the treatment plants to various turnouts.

Benefit: Improves the transmission system hydraulics. This project benefits existing and future users. Existing users' share is 59 percent and future users' share is 41 percent.

Site Requirements: Public rights-of-way encroachment and pipeline easements will be obtained during the design phase.

Impacted Facilities: Castaic Conduit Pipeline

CEQA: A Mitigated Negative Declaration was adopted by the Board of Directors on March 9, 2011.

Project Schedule: Complete design in mid-2018. At that time a decision will be made to proceed or not proceed with construction based on Agency's financial situation. Anticipate project will be constructed within five years.

Projected Fiscal Year Activity: Perform land acquisition.

Projected Impact on Operating Costs: The projected impact on annual operating cost is anticipated to be less than \$5,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200903

CASTAIC CONDUIT					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 102,000	\$ 102,000	\$ -	\$ 102,000	\$ -
<i>Agency Labor</i>	14,000	14,000	-	14,000	-
<i>Consultant</i>	84,000	84,000	-	84,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	4,000	4,000	-	4,000	-
Design (Including Bid Services)	1,020,000	1,033,000	74,000	635,000	296,000
<i>Agency Labor</i>	48,000	57,000	8,000	26,000	11,000
<i>Consultant</i>	940,000	947,000	60,000	595,000	280,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	32,000	29,000	6,000	14,000	5,000
Construction Services					
Construction Management	1,263,000	1,263,000	-	-	-
<i>Agency Labor</i>	94,000	94,000	-	-	-
<i>Consultant</i>	1,144,000	1,144,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	25,000	25,000	-	-	-
Engineering during Construction	1,100,000	1,100,000	-	-	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	1,100,000	1,100,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
Capital Construction Costs	11,185,000	11,185,000	-	-	-
<i>Construction Contract(s)</i>	11,000,000	11,000,000	-	-	-
<i>Construction by Agency Forces</i>	145,000	145,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	40,000	40,000	-	-	-
Additional Project Delivery Costs	296,000	283,000	-	1,000	175,000
<i>Permitting</i>	10,000	10,000	-	-	-
<i>Land Acquisition</i>	170,000	170,000	-	-	170,000
<i>Post-construction Monitoring and Mitigation</i>	50,000	37,000	-	-	-
<i>Other Direct Costs</i>	66,000	66,000	-	1,000	5,000
TOTAL	\$ 14,966,000	\$ 14,966,000	\$ 74,000	\$ 738,000	\$ 471,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200010

Project Title: Distribution System – RV-2 Modifications

Legal Name: Distribution System – RV-2 Modifications

Description: Replacement of existing 72 inch valve and construction of modifications to the existing Rio Vista Valve #2 facility.

Function: Control treated water system hydraulics.

Benefit: Improves operational flexibility and system reliability. This project benefits existing and future users. Existing users' share is 59 percent and future users' share is 41 percent.

Site Requirements: Easements for the modified facility will be obtained during the design phase.

Impacted Facilities: Rio Vista Valve #2

CEQA: Categorical Exemption (Class 2, Section 15302 of the California Environmental Quality Act Guidelines).

Project Schedule: Complete design in FY 2015/16. Construction to start in FY 2015/16 and conclude in FY 2016/17.

Projected Fiscal Year Activity: Complete design and initiate construction.

Projected Impact on Operating Costs: The projected impact on annual operating cost is anticipated to be less than \$5,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200010

DISTRIBUTION SYSTEM - RV-2 MODIFICATIONS					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 130,000	\$ 130,000	\$ -	\$ 130,000	\$ -
Agency Labor	13,000	13,000	-	13,000	-
Consultant	115,000	115,000	-	115,000	-
Equipment	-	-	-	-	-
Other Direct Costs	2,000	2,000	-	2,000	-
	-	-	-	-	-
Design (Including Bid Services)	473,000	579,000	130,000	517,000	62,000
Agency Labor	41,000	63,000	26,000	46,000	17,000
Consultant	411,000	495,000	99,000	455,000	40,000
Equipment	-	-	-	-	-
Other Direct Costs	21,000	21,000	5,000	16,000	5,000
	-	-	-	-	-
Construction Services					-
Construction Management	702,000	504,000	-	-	67,000
Agency Labor	72,000	94,000	-	-	22,000
Consultant	620,000	400,000	-	-	40,000
Equipment	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	5,000
	-	-	-	-	-
Engineering during Construction	140,000	200,000	-	-	20,000
Agency Labor	-	-	-	-	-
Consultant	140,000	200,000	-	-	20,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
	-	-	-	-	-
Capital Construction Costs	2,320,000	2,475,000	-	-	245,000
Construction Contract(s)	2,200,000	2,400,000	-	-	240,000
Construction by Agency Forces	100,000	50,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	20,000	25,000	-	-	5,000
	-	-	-	-	-
Additional Project Delivery Costs	34,000	25,000	-	-	10,000
Permitting	10,000	10,000	-	-	5,000
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	24,000	15,000	-	-	5,000
	-	-	-	-	-
TOTAL	\$ 3,799,000	\$ 3,913,000	\$ 130,000	\$ 647,000	\$ 404,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200105

Project Title: Earl Schmidt Filtration Plant (ESFP) Clearwell/CT Improvements

Legal Name: ESFP Clearwell/CT Improvements

Description: Construction of a new disinfection contactor to improve disinfection contact time (CT) at the ESFP.

Function: Improves the disinfection contact time at the ESFP.

Benefit: Improves disinfection contact time and provides increased assurance of operating permit compliance. Existing users' share is 59 percent and future users' share is 41 percent.

Site Requirements: ESFP property is held in fee by CLWA.

Impacted Facilities: ESFP

CEQA: Categorical Exemption (Class 1, Section 15301 of the California Environmental Quality Act Guidelines).

Project Schedule: Complete design in FY 2015/16. Construction to occur in FY 2015/16 and FY 2016/17.

Projected Fiscal Year Activity: Complete design and initiate construction.

Projected Impact on Operating Costs: The projected annual operating cost increase is anticipated to be less than \$5,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200105

ESFP CLEARWELL/CT IMPROVEMENTS					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 52,000	\$ 52,000	\$ -	\$ 52,000	-
Agency Labor	1,000	1,000	-	1,000	-
Consultant	50,000	50,000	-	50,000	-
Equipment	-	-	-	-	-
Other Direct Costs	1,000	1,000	-	1,000	-
Design (Including Bid Services)	714,000	668,000	200,000	511,000	157,000
Agency Labor	65,000	44,000	14,000	38,000	6,000
Consultant	601,000	594,000	182,000	448,000	146,000
Equipment	-	-	-	-	-
Other Direct Costs	48,000	30,000	4,000	25,000	5,000
Construction Services					
Construction Management	1,078,000	1,129,000	-	-	561,000
Agency Labor	86,000	137,000	-	-	65,000
Consultant	972,000	972,000	-	-	486,000
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	10,000
Engineering during Construction	600,000	600,000	-	-	300,000
Agency Labor	-	-	-	-	-
Consultant	600,000	600,000	-	-	300,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Capital Construction Costs	4,560,000	5,539,000	-	419,000	3,060,000
Construction Contract(s)	4,400,000	5,396,000	-	396,000	3,000,000
Construction by Agency Forces	125,000	123,000	-	23,000	50,000
Equipment	-	-	-	-	-
Other Direct Costs	35,000	20,000	-	-	10,000
Additional Project Delivery Costs	196,000	212,000	-	11,000	-
Permitting	165,000	160,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	31,000	52,000	-	11,000	-
TOTAL	\$ 7,200,000	\$ 8,200,000	\$ 200,000	\$ 993,000	\$ 4,078,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200103

Project Title: Earl Schmidt Filtration Plant (ESFP) Sludge Collection System

Legal Name: ESFP Sludge Collection System

Description: Construction of new facilities and modifications to existing facilities to upgrade the ESFP wash water return and sludge collection system.

Function: Improves the operational reliability of the wash water return system and the maintenance of the sludge collection system.

Benefit: This project benefits existing and future users. Existing users' share is 59 percent and future users' share is 41 percent.

Site Requirements: Property is held in fee by CLWA.

Impacted Facilities: ESFP

CEQA: An environmental document will be prepared in conformance with CEQA, if required.

Project Schedule: Complete design in FY 2016/17 and complete construction in FY 2017/18.

Projected Fiscal Year Activity: Perform final design.

Projected Impact on Operating Costs: The projected impact on annual operating cost is anticipated to be less than \$8,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200103

ESFP SLUDGE COLLECTION SYSTEM					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 177,000	\$ 221,000	\$ 185,000	\$ 221,000	\$ -
<i>Agency Labor</i>	15,000	16,000	12,000	16,000	-
<i>Consultant</i>	152,000	196,000	169,000	196,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	10,000	9,000	4,000	9,000	-
Design (Including Bid Services)	469,000	598,000	1,000	2,000	560,000
<i>Agency Labor</i>	34,000	30,000	1,000	2,000	22,000
<i>Consultant</i>	425,000	550,000	-	-	530,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	10,000	18,000	-	-	8,000
Construction Services					
Construction Management	1,122,000	1,122,000	-	-	-
<i>Agency Labor</i>	130,000	130,000	-	-	-
<i>Consultant</i>	972,000	972,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	20,000	20,000	-	-	-
Engineering during Construction	500,000	500,000	-	-	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	500,000	500,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
Capital Construction Costs	4,120,000	7,120,000	-	-	-
<i>Construction Contract(s)</i>	4,000,000	7,000,000	-	-	-
<i>Construction by Agency Forces</i>	100,000	100,000	-	-	-
<i>Equipment</i>	20,000	20,000	-	-	-
Additional Project Delivery Costs	20,000	20,000	-	-	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	20,000	20,000	-	-	-
TOTAL	\$ 6,408,000	\$ 9,581,000	\$ 186,000	\$ 223,000	\$ 560,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No:	200905
Project Title:	Foothill Feeder Connection Construction
Legal Name:	Metropolitan Water District of Southern California Foothill Feeder Interconnection CLWA-01
Description:	Construction of a permanent turnout structure known as CLWA-01 consisting of a new concrete valve vault equipped with a 36-inch conical plug valve, a new meter vault equipped with a 36-inch magnetic type flow meter, approximately 200 feet of 48-inch associated piping and electrical and supervisory control and data acquisition (SCADA) telemetry. This facility will replace the current temporary connection, which will be left in place as a back-up.
Function:	Increases capacity of RWWTP deliveries from 93.4 cubic feet per second (cfs), or 60 million gallons per day (MGD), to 140 cfs (90 MGD).
Benefit:	Allows RWWTP to receive deliveries at its current permitted operating capacity of 66 MGD and any capacity expansions up to 90 MGD. The current connection would serve as a back-up when the permanent turnout is taken off line for maintenance. Existing users' share is 59 percent and future users' share is 41 percent.
Site Requirements:	Public rights-of-way, encroachment and pipeline easements will be obtained prior to construction.
Impacted Facilities:	Raw Water (102-inch) Pipeline and Foothill Feeder Connection (42-inch) pipeline.
CEQA:	Environmental Impact Report for the RWWTP Expansion, which includes permanent Foothill Feeder Connection, was certified by the Board of Directors on June 28, 2006, and the Addendum to the Certified EIR was approved on March 11, 2009.
Project Schedule:	Bulk of construction will take place in FY 2015/16. Completion is dependent on timing of Metropolitan Water District of Southern California's maintenance shutdown of Foothill Feeder.
Projected Fiscal Year Activity:	Bidding and construction.
Projected Impact on Operating Costs:	No impact on operating costs is anticipated.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200905

FOOTHILL FEEDER CONNECTION CONSTRUCTION					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ -	\$ -	\$ -	\$ -	\$ -
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Design (Including Bid Services)	-	75,432	32,863	75,432	-
Agency Labor	-	22,537	9,032	22,537	-
Consultant	-	36,995	14,881	36,995	-
Equipment	-	-	-	-	-
Other Direct Costs	-	15,900	8,950	15,900	-
			-	-	-
Construction Services					
Construction Management	334,707	335,000	-	-	150,750
Agency Labor	50,000	50,000	-	-	22,500
Consultant	284,707	285,000	-	-	128,250
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Engineering during Construction	279,119	280,000	118	295	126,000
Agency Labor	30,000	30,000	118	295	13,500
Consultant	249,119	250,000	-	-	112,500
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
				-	-
Capital Construction Costs	3,608,841	3,810,000	-	-	1,714,500
Construction Contract(s)	3,558,841	3,560,000	-	-	1,602,000
Construction by Agency Forces	50,000	50,000	-	-	22,500
Equipment	-	-	-	-	-
Other Direct Costs	-	200,000	-	-	90,000
				-	-
Additional Project Delivery Costs	202,942	203,000	4,312	5,267	86,250
Permitting	25,000	25,000	-	-	11,250
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	177,942	178,000	4,312	5,267	75,000
TOTAL	\$ 4,425,609	\$ 4,703,432	\$ 37,293	\$ 80,994	\$ 2,077,500

Note: Project has been awarded \$1.5 million in State Proposition 84 grant funding.

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200510

Project Title: Honby Parallel – Phase 2

Legal Name: Honby Parallel

Description: Construction of a 60-inch diameter pipeline to replace the existing 33-inch and 36-inch diameter pipelines from the end of the Honby Parallel Phase 1 pipeline to the Sand Canyon Pump Station.

Function: Convey treated water to the eastern portion of the service area.

Benefit: Improves the transmission system hydraulics. This project benefits existing and futures users. Existing users' share is 57 percent and future users' share is 43 percent.

Site Requirements: Public rights-of-way encroachment and pipeline easements will be obtained during the design phase.

Impacted Facilities: Honby Lateral and Bypass Pipelines

CEQA: An Environmental Impact Report was certified by the Board of Directors on July 13, 2005.

Project Schedule: Anticipate project will be constructed within eight years.

Projected Fiscal Year Activity: Project administration.

Projected Impact on Operating Costs: The projected impact on annual operating cost is anticipated to be less than \$5,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200510

HONBY PARALLEL - PHASE 2					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 461,000	\$ 461,000	\$ -	\$ 461,000	-
<i>Agency Labor</i>	20,000	20,000	-	20,000	-
<i>Consultant</i>	435,000	435,000	-	435,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	6,000	6,000	-	6,000	-
Design (Including Bid Services)	1,455,000	1,455,000	1,000	877,000	4,000
<i>Agency Labor</i>	85,000	85,000	1,000	53,000	3,000
<i>Consultant</i>	1,342,000	1,342,000	-	817,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	28,000	28,000	-	7,000	1,000
Construction Services					
Construction Management	1,839,000	1,839,000	-	104,000	-
<i>Agency Labor</i>	141,000	141,000	-	5,000	-
<i>Consultant</i>	1,682,000	1,682,000	-	98,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	16,000	16,000	-	1,000	-
Engineering during Construction	1,292,000	1,292,000	-	92,000	-
<i>Agency Labor</i>	-	-	-	-	-
<i>Consultant</i>	1,292,000	1,292,000	-	92,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
Capital Construction Costs	15,153,000	15,153,000	-	53,000	-
<i>Construction Contract(s)</i>	15,000,000	15,000,000	-	-	-
<i>Construction by Agency Forces</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	153,000	153,000	-	53,000	-
Additional Project Delivery Costs	1,094,000	1,094,000	-	515,000	-
<i>Permitting</i>	9,000	9,000	-	-	-
<i>Land Acquisition</i>	10,000	10,000	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	50,000	50,000	-	-	-
<i>Other Direct Costs</i>	1,025,000	1,025,000	-	515,000	-
TOTAL	\$ 21,294,000	\$ 21,294,000	\$ 1,000	\$ 2,102,000	\$ 4,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200525

Project Title: Magic Mountain Pipeline No. 4

Legal Name: Lateral Extension and Storage II

Description: Construction of a pipeline and reservoir to convey imported water from the end of the existing Magic Mountain Pipeline, Phase 3 to the beginning of the proposed Magic Mountain Pipeline, Phase 5.

Function: Provides facilities for CLWA to convey imported water to the western portion of the service area.

Benefit: Benefits existing and future users. Existing users' share is 59 percent and future users' share is 41 percent.

Site Requirements: Pipeline will be constructed in public rights-of-way and easements.

Impacted Facilities: This project includes a tie-in to the existing Magic Mountain Pipeline, Phase 3.

CEQA: Notice of Determination filed in FY 2014/15.

Project Schedule: Design to be completed in FY 2014/15 and construction in FY 2015/16.

Projected Fiscal Year Activity: Construction of the pipeline.

Projected Impact on Operating Costs: The projected impact on annual operating costs is anticipated to be less than \$5,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200525

MAGIC MOUNTAIN PIPELINE NO. 4					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 200,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
<i>Agency Labor</i>	15,000	4,000	4,000	4,000	-
<i>Consultant</i>	185,000	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
Design (Including Bid Services)	860,000	136,000	129,000	129,000	7,000
<i>Agency Labor</i>	50,000	13,000	11,000	11,000	2,000
<i>Consultant</i>	800,000	110,000	110,000	110,000	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	10,000	13,000	8,000	8,000	5,000
Construction Services					
Construction Management	1,300,000	209,000	-	-	209,000
<i>Agency Labor</i>	25,000	58,000	-	-	58,000
<i>Consultant</i>	1,250,000	146,000	-	-	146,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	25,000	5,000	-	-	5,000
Engineering during Construction	1,000,000	100,000	-	-	100,000
<i>Agency Labor</i>	25,000	-	-	-	-
<i>Consultant</i>	950,000	100,000	-	-	100,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	25,000	-	-	-	-
Capital Construction Costs	14,340,000	3,005,000	-	-	3,005,000
<i>Construction Contract(s)</i>	14,340,000	3,000,000	-	-	3,000,000
<i>Construction by Agency Forces</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	5,000	-	-	5,000
Additional Project Delivery Costs	225,000	5,000	-	-	5,000
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	225,000	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	5,000	-	-	5,000
TOTAL	\$ 17,925,000	\$ 3,459,000	\$ 133,000	\$ 133,000	\$ 3,326,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200526

Project Title: Magic Mountain Pipeline No. 5

Legal Name: Lateral Extension and Storage II

Description: Construction of a pipeline to convey imported water from the end of the proposed Magic Mountain Pipeline, Phase 4 to the beginning of the proposed Magic Mountain Pipeline, Phase 6.

Function: Provides facilities for CLWA to convey imported water to the western portion of the service area.

Benefit: Benefits existing and future users. Existing users' share is 59 percent and future users' share is 41 percent.

Site Requirements: Pipeline will be constructed in public rights-of-way and easements.

Impacted Facilities: This project includes a tie-in to the proposed Magic Mountain Pipeline, Phase 4.

CEQA: Notice of Determination filed in FY 2014/15.

Project Schedule: Design to be completed in FY 2015/16 and construction in FY 2015/16 and FY 2016/17.

Projected Fiscal Year Activity: Complete design and initiate construction.

Projected Impact on Operating Costs: The projected impact on annual operating costs is anticipated to be less than \$5,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200526

MAGIC MOUNTAIN PIPELINE NO. 5					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ -	\$ -	\$ -	\$ -	\$ -
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Design (Including Bid Services)	-	141,000	9,000	9,000	132,000
Agency Labor	-	25,000	3,000	3,000	22,000
Consultant	-	110,000	5,000	5,000	105,000
Equipment	-	-	-	-	-
Other Direct Costs	-	6,000	1,000	1,000	5,000
Construction Services					
Construction Management	-	201,000	-	-	-
Agency Labor	-	50,000	-	-	-
Consultant	-	146,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	5,000	-	-	-
Engineering during Construction	-	100,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	-	100,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Capital Construction Costs	-	3,310,000	-	-	-
Construction Contract(s)	-	3,300,000	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	10,000	-	-	-
Additional Project Delivery Costs	-	10,000	-	-	-
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	-	10,000	-	-	-
TOTAL	\$ -	\$ 3,762,000	\$ 9,000	\$ 9,000	\$ 132,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200527

Project Title: Magic Mountain Pipeline No. 6

Legal Name: Lateral Extension and Storage II

Description: Construction of a pipeline to convey imported water from the end of the proposed Magic Mountain Pipeline, Phase 5 to the proposed Magic Mountain Reservoir site.

Function: Provides facilities for CLWA to convey imported water to the western portion of the service area.

Benefit: Benefits existing and future users. Existing users' share is 59 percent and future users' share is 41 percent.

Site Requirements: To be determined during the design phase.

Impacted Facilities: This project includes a tie-in to the proposed Magic Mountain Pipeline, Phase 5.

CEQA: Notice of Determination filed in FY 2014/15.

Project Schedule: Design to be completed in FY 2015/16 and construction in FY 2016/17.

Projected Fiscal Year Activity: Complete design.

Projected Impact on Operating Costs: The projected impact on annual operating costs is anticipated to be less than \$5,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200527

MAGIC MOUNTAIN PIPELINE NO. 6					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ -	\$ -	\$ -	\$ -	\$ -
Agency Labor	-	-		-	-
Consultant	-	-		-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-		-	-
Design (Including Bid Services)	-	300,000	3,000	3,000	297,000
Agency Labor	-	19,000	2,000	2,000	17,000
Consultant	-	275,000			275,000
Equipment	-	-	-	-	-
Other Direct Costs	-	6,000	1,000	1,000	5,000
Construction Services					
Construction Management	-	341,000	-	-	-
Agency Labor	-	86,000		-	-
Consultant	-	250,000		-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	5,000		-	-
Engineering during Construction	-	200,000	-	-	-
Agency Labor	-	-		-	-
Consultant	-	200,000		-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-		-	-
Capital Construction Costs	-	8,025,000	-	-	-
Construction Contract(s)	-	8,000,000		-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	25,000	-	-	-
Additional Project Delivery Costs	-	10,000	-	-	5,000
Permitting	-	-	-	-	-
Land Acquisition	-	-		-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	-	10,000	-	-	5,000
TOTAL	\$ -	\$ 8,876,000	\$ 3,000	\$ 3,000	\$ 302,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200528

Project Title: Magic Mountain Reservoir

Legal Name: Lateral Extension and Storage II

Description: Construction of reservoir for the western portion of the service area.

Function: Provides facilities for CLWA to store imported water for the western portion of the service area.

Benefit: Benefits existing and future users. Existing users' share is 59 percent and future users' share is 41 percent.

Site Requirements: Reservoir will be constructed on property obtained in fee.

Impacted Facilities: This project includes a tie-in to the proposed Magic Mountain Pipeline, Phase 6.

CEQA: Environmental documentation requirements will be addressed during the planning phase over the next two years.

Project Schedule: Planning and preliminary design to be completed in FY 2016/17, final design to be completed in FY 2019/20, and construction to be completed FY 2020/21.

Projected Fiscal Year Activity: Planning and preliminary design.

Projected Impact on Operating Costs: To be determined during the planning phase.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200528

MAGIC MOUNTAIN RESERVOIR					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ -	\$ 129,000	\$ 36,000	\$ 36,000	\$ 52,000
Agency Labor	-	16,000	4,000	4,000	6,000
Consultant	-	102,000	31,000	31,000	41,000
Equipment	-	-	-	-	-
Other Direct Costs	-	11,000	1,000	1,000	5,000
Design (Including Bid Services)	-	2,098,000	-	-	-
Agency Labor	-	33,000	-	-	-
Consultant	-	2,050,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	15,000	-	-	-
Construction Services					
Construction Management	-	2,712,000	-	-	-
Agency Labor	-	172,000	-	-	-
Consultant	-	2,500,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	40,000	-	-	-
Engineering during Construction	-	2,000,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	-	2,000,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Capital Construction Costs	-	20,140,000	-	-	-
Construction Contract(s)	-	20,000,000	-	-	-
Construction by Agency Forces	-	100,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	40,000	-	-	-
Additional Project Delivery Costs	-	40,000	-	-	-
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	-	40,000	-	-	-
TOTAL	\$ -	\$ 27,119,000	\$ 36,000	\$ 36,000	\$ 52,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200453

Project Title: Recycled Water Program Phase 2A

Legal Name: Recycled Water Program Phase II

Description: Construction of new facilities to expand recycled water service from the Saugus Reclamation Plant to Central Park, central Valencia and Saugus portions of the service area and to the Honby Pump Station.

Function: Expand recycled water service to additional water customers.

Benefit: This project benefits existing and future users. Existing users' share is 65 percent and future users' share is 35 percent.

Site Requirements: Rio Vista Water Treatment Plant (RVWTP) site, public rights-of-way encroachments, and easements or land purchases that will be obtained during the design phase.

Impacted Facilities: RVWTP, Newhall Lateral Pipeline and Honby Bypass Pipeline

CEQA: Programmatic Environmental Impact Report certified March 2007. Draft Environmental Assessment completed and Finding of No Significant Impact issued June 16, 2011. Mitigated Negative Declaration adopted July 13, 2011.

Project Schedule: Anticipate project will be constructed within ten years.

Projected Fiscal Year Activity: Initiate design.

Projected Impact on Operating Costs: The projected impact on annual operating cost is anticipated to be approximately \$75,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200453

RECYCLED WATER PROGRAM PHASE 2A					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 175,000	\$ 176,000	\$ 1,000	\$ 176,000	\$ -
Agency Labor	25,000	25,000	1,000	25,000	-
Consultant	111,000	112,000	-	112,000	-
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	39,000	39,000	-	39,000	-
Design (Including Bid Services)	3,198,000	3,197,000	8,000	26,000	873,000
Agency Labor	194,000	195,000	1,000	6,000	43,000
Consultant	2,975,000	2,975,000	7,000	17,000	825,000
Equipment	-	-	-	-	-
Other Direct Costs	29,000	27,000	-	3,000	5,000
Construction Services					
Construction Management	1,715,000	1,715,000	-	-	-
Agency Labor	101,000	101,000	-	-	-
Consultant	1,598,000	1,598,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	16,000	16,000	-	-	-
Engineering during Construction	1,500,000	1,500,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	1,500,000	1,500,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Capital Construction Costs	20,220,000	20,220,000	-	-	-
Construction Contract(s)	20,000,000	20,000,000	-	-	-
Construction by Agency Forces	200,000	200,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	-
Additional Project Delivery Costs	312,000	312,000	-	2,000	-
Permitting	25,000	25,000	-	-	-
Land Acquisition	250,000	250,000	-	-	-
Post-construction Monitoring and Mitigation	15,000	15,000	-	-	-
Other Direct Costs	22,000	22,000	-	2,000	-
TOTAL	\$ 27,120,000	\$ 27,120,000	\$ 9,000	\$ 204,000	\$ 873,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200454

Project Title: Recycled Water Program Phase 2B

Legal Name: Recycled Water Program Phase II

Description: Construction of new facilities to expand recycled water service from the Honby Pump Station to the east end of the service area.

Function: Expand recycled water service to additional water customers.

Benefit: This project benefits existing and future users. Existing users' share is 65 percent and future users' share is 35 percent.

Site Requirements: Honby Pump Station site, public rights-of-way encroachments, and easements or land purchases that will be identified during the planning phase.

Impacted Facilities: Honby Pump Station and old Honby Pipeline

CEQA: Programmatic Environmental Impact Report certified March 2007. An environmental document will be prepared in conformance with California Environmental Quality Act, if required.

Project Schedule: Anticipate project will be constructed within five years.

Projected Fiscal Year Activity: Planning and Preliminary Design.

Projected Impact on Operating Costs: The projected impact on annual operating cost is anticipated to be approximately \$75,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200454

RECYCLED WATER PROGRAM PHASE 2B					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 157,000	\$ 157,000	\$ 3,000	\$ 13,000	140,000
Agency Labor	26,000	26,000	2,000	11,000	12,000
Consultant	126,000	126,000	-	1,000	125,000
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	5,000	5,000	1,000	1,000	3,000
					-
Design (Including Bid Services)	776,000	776,000	-	13,000	-
Agency Labor	44,000	44,000	-	1,000	-
Consultant	712,000	712,000	-	12,000	-
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	-
					-
Construction Services					-
Construction Management	863,000	863,000	-	-	-
Agency Labor	123,000	123,000	-	-	-
Consultant	700,000	700,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	40,000	40,000	-	-	-
					-
Engineering during Construction	330,000	330,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	330,000	330,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
					-
Capital Construction Costs	4,240,000	4,240,000	-	-	-
Construction Contract(s)	4,100,000	4,100,000	-	-	-
Construction by Agency Forces	100,000	100,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	40,000	40,000	-	-	-
					-
Additional Project Delivery Costs	29,000	29,000	-	1,000	-
Permitting	15,000	15,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	14,000	14,000	-	1,000	-
					-
TOTAL	\$ 6,395,000	\$ 6,395,000	\$ 3,000	\$ 27,000	\$ 140,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200455

Project Title: Recycled Water Program Phase 2C

Legal Name: Recycled Water Program Phase II

Description: Construction of new facilities to expand recycled water service from the Valencia Reclamation Plant toward the south end of the service area.

Function: Expand recycled water service to additional water customers.

Benefit: This project benefits existing and future users. Existing users' share is 65 percent and future users' share is 35 percent.

Site Requirements: Public rights-of-way encroachments, and easements or land purchases that will be identified during the planning phase.

Impacted Facilities: Recycled Water Pipeline

CEQA: Programmatic Environmental Impact report certified March 2007. An environmental document will be prepared in conformance with the California Environmental Quality Act.

Project Schedule: Anticipate project will be constructed within six years.

Projected Fiscal Year Activity: Complete planning and initiate final design.

Projected Impact on Operating Costs: The projected impact on annual operating cost is anticipated to be approximately \$75,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200455

RECYCLED WATER PROGRAM PHASE 2C - SOUTH END SYSTEM					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 551,000	\$ 489,000	\$ 62,000	\$ 378,000	111,000
Agency Labor	39,000	37,000	7,000	26,000	11,000
Consultant	502,000	445,000	54,000	350,000	95,000
CEQA	-	-	-	-	-
Refining users, hydraulics, and phases	-	-	-	-	-
Site Investigations and Preliminary Design	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	10,000	7,000	1,000	2,000	5,000
Design (Including Bid Services)	1,161,000	1,179,000	4,000	5,000	241,000
Agency Labor	23,000	44,000	4,000	5,000	11,000
Consultant	1,118,000	1,118,000	-	-	225,000
Equipment	-	-	-	-	-
Other Direct Costs	20,000	17,000	-	-	5,000
Construction Services					
Construction Management	1,729,000	1,729,000	-	-	-
Agency Labor	151,000	151,000	-	-	-
Consultant	1,568,000	1,568,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
Engineering during Construction	1,500,000	1,335,000	-	-	-
Agency Labor	-	-	-	-	-
Consultant	1,500,000	1,335,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Capital Construction Costs	13,431,000	13,430,000	-	-	-
Construction Contract(s)	13,350,000	13,350,000	-	-	-
Construction by Agency Forces	70,000	70,000	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	11,000	10,000	-	-	-
Additional Project Delivery Costs	285,000	495,000	-	-	-
Permitting	15,000	20,000	-	-	-
Land Acquisition	250,000	455,000	-	-	-
Post-construction Monitoring and Mitigation	10,000	10,000	-	-	-
Other Direct Costs	10,000	10,000	-	-	-
TOTAL	\$ 18,657,000	\$ 18,657,000	\$ 66,000	\$ 383,000	\$ 352,000

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200011

Project Title: Rio Vista Water Treatment Plant (RWWT) Clearwell Cover Improvements

Legal Name: RWWT Floating Cover

Description: Replacement of the two clearwell covers at the Rio Vista Water Treatment Plant.

Function: Provide water quality protection to the treated water in the clearwells.

Benefit: Maintains treated water quality in the clearwells. This project benefits existing users. Existing users' share is 100 percent.

Site Requirements: Property held in fee by CLWA.

Impacted Facilities: RWWT

CEQA: Categorical Exemption (Class 1, Section 15301 of the California Environmental Quality Act Guidelines).

Project Schedule: Complete design in FY 2014/15 and complete construction in FY 2015/16.

Projected Fiscal Year Activity: Initiate and complete construction.

Projected Impact on Operating Costs: The projected impact on annual operating cost is anticipated to be less than \$5,000.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200011

RWWTP CLEARWELL COVER IMPROVEMENTS					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 98,000	\$ 102,000	\$ -	\$ 102,000	\$ -
Agency Labor	19,000	18,000	-	18,000	-
Consultant	78,000	83,000	-	83,000	-
Equipment	-	-	-	-	-
Other Direct Costs	1,000	1,000	-	1,000	-
Design (Including Bid Services)	707,000	790,000	426,000	742,000	48,000
Agency Labor	45,000	64,000	33,000	58,000	6,000
Consultant	647,000	715,000	390,000	678,000	37,000
Equipment	-	-	-	-	-
Other Direct Costs	15,000	11,000	3,000	6,000	5,000
Construction Services					
Construction Management	1,564,000	1,195,000	512,000	512,000	683,000
Agency Labor	242,000	265,000	104,000	104,000	161,000
Consultant	1,302,000	909,000	397,000	397,000	512,000
Equipment	-	-	-	-	-
Other Direct Costs	20,000	21,000	11,000	11,000	10,000
Engineering during Construction	500,000	589,000	210,000	210,000	379,000
Agency Labor	-	-	-	-	-
Consultant	500,000	589,000	210,000	210,000	379,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Capital Construction Costs	8,140,000	7,843,000	3,697,000	3,717,000	4,126,000
Construction Contract(s)	8,000,000	7,734,000	3,678,000	3,678,000	4,056,000
Construction by Agency Forces	100,000	51,000	1,000	1,000	50,000
Equipment	-	-	-	-	-
Other Direct Costs	40,000	58,000	18,000	38,000	20,000
Additional Project Delivery Costs	445,000	236,000	2,000	3,000	5,000
Permitting	420,000	160,000	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	25,000	76,000	2,000	3,000	5,000
TOTAL	\$ 11,454,000	\$ 10,755,000	\$ 4,847,000	\$ 5,286,000	\$ 5,241,000

Note: Project was awarded \$1,012,000 in Federal EPA grant funding. Funds received during FY 2014/15.

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200963

Project Title: Saugus Formation Dry Year Reliability Wells

Legal Name: Saugus Formation Dry Year Reliability Wells

Description: Two wells capable of producing water at the combined rate of 4,200 gallons per minute and associated pipeline to convey the water pumped from the wells to the Agency's distribution system. The recommended well sites are near the Old Road between Magic Mountain Parkway and Highway 126. Project will be performed in conjunction with Project 200962: *Replacement Wells*.

Function: Provide water to make up production lost during dry periods when surface water deliveries from the State Water Project and water banks would be drastically curtailed.

Benefit: Existing users' share is 57 percent and future users' share is 43 percent.

Site Requirements: Site requirements will be addressed during the preliminary design phase, which will be completed in the first half of FY 2015/16.

Impacted Facilities: TBD.

CEQA: Environmental documentation requirements will be addressed before the final design phase over the next year.

Project Schedule: Design to be completed during FY 2015/16. Construction completed in FY 2016/17.

Projected Fiscal Year Activity: Preliminary design, final design, right of way issues and construction.

Projected Impact on Operating Costs: Operating costs anticipated to be similar to current costs of \$167/AF for Saugus 1 and 2 wells. Operations will begin in 2017.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200963

SAUGUS FORMATION DRY YEAR RELIABILITY WELLS					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 323,585	\$ 180,000	\$ 73,430	\$ 113,405	\$ 67,000
<i>Agency Labor</i>	23,585	25,000	6,672	20,405	5,000
<i>Consultant</i>	300,000	150,000	63,855	90,000	60,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	5,000	2,903	3,000	2,000
Design (Including Bid Services)	375,000	230,000	-	-	\$ 230,000
<i>Agency Labor</i>	-	25,000	-	-	25,000
<i>Consultant</i>	375,000	200,000	-	-	200,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	5,000	-	-	5,000
Construction Services					
Construction Management	317,500	192,500	-	-	-
<i>Agency Labor</i>	17,500	17,500	-	-	-
<i>Consultant</i>	300,000	150,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	25,000	-	-	-
Engineering during Construction	172,500	172,500	-	-	-
<i>Agency Labor</i>	22,500	22,500	-	-	-
<i>Consultant</i>	150,000	150,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
Capital Construction Costs	4,000,000	4,400,000	-	-	-
<i>Construction Contract(s)</i>	4,000,000	4,400,000	-	-	-
<i>Construction by Agency Forces</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
Additional Project Delivery Costs	375,000	375,000	-	-	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	375,000	375,000	-	-	-
TOTAL	\$ 5,563,585	\$ 5,550,000	\$ 73,430	\$ 113,405	\$ 297,000

Note: Project has been awarded \$4.7 million in State Proposition 84 grant funding.

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200906

Project Title: RRB Extraction Project

Legal Name: Rosedale-Rio Bravo Water Banking and Exchange Program Enhanced Extraction Capacity Project

Description: Construction of groundwater wells and conveyance systems by Rosedale-Rio Bravo Water Storage District to recover Agency water stored in the Rosedale-Rio Bravo Water Banking and Exchange Program.

Function: Recover Agency stored groundwater for dry-year water delivery to Agency service area (up to 7,500 afy)

Benefit: Increased dry-year water supply reliability.

Site Requirements: Well site and conveyance facility sites owned or to be acquired by Rosedale-Rio Bravo Water Storage District.

Impacted Facilities: No Agency facilities impacted.

CEQA: Agency environmental compliance covered by existing RRB Banking Program EIR.

Project Schedule: Complete permitting, easement acquisition and construction in FY 2015/16

Projected Fiscal Year Activity: Complete permitting, easement acquisition and construction in FY 2015/16

Projected Impact on Operating Costs: No annual operating costs. Extraction costs will be significant in years in which water is accessed.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200906

ROSEDALE RIO BRAVO EXTRACTION PROJECT					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
Agency Labor	10,000	10,000	10,000	10,000	-
Consultant	10,000	10,000	10,000	10,000	-
Equipment	-	-	-	-	-
Other Direct Costs	90,000	90,000	90,000	90,000	-
Design (Including Bid Services)	125,000	125,000	125,000	125,000	-
Agency Labor	10,000	10,000	10,000	10,000	-
Consultant	15,000	15,000	15,000	15,000	-
Equipment	-	-	-	-	-
Other Direct Costs	100,000	100,000	100,000	100,000	-
Construction Services					
Construction Management	315,000	365,000	50,000	50,000	315,000
Agency Labor	5,000	5,000	-	-	5,000
Consultant	10,000	10,000	-	-	10,000
Equipment	-	-	-	-	-
Other Direct Costs	300,000	350,000	50,000	50,000	300,000
Engineering during Construction	20,000	20,000	5,000	5,000	15,000
Agency Labor	10,000	10,000	2,500	2,500	7,500
Consultant	10,000	10,000	2,500	2,500	7,500
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Capital Construction Costs	6,930,000	6,256,800	510,000	510,000	5,746,000
Construction Contract(s)	-	-	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	6,930,000	6,256,000	510,000	510,000	5,746,000
Additional Project Delivery Costs	500,000	500,000	200,000	200,000	300,000
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	500,000	500,000	200,000	200,000	300,000
TOTAL	\$ 8,000,000	\$ 7,376,800	\$ 1,000,000	\$ 1,000,000	\$ 6,376,000

Note: Project has been awarded \$4.6 million in State Proposition 84 grant funding.

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200907

Project Title: Semitropic Stored Water Recovery Unit

Legal Name:

Description: Participation by CLWA in the Semitropic Water Storage District's Stored Water Recovery Unit Construction of Wells and Transmission Pipeline to Permit Recovery of up to 5,000 afy

Function: Recover Agency stored groundwater for dry-year water delivery to Agency service area

Benefit: Increased dry-year water supply reliability.

Site Requirements: All owned by Semitropic Water Storage District

Impacted Facilities: No Agency facilities impacted

CEQA: Negative Declaration Addendum adopted by Board of Directors

Project Schedule: Complete construction in FY 2015/16

Projected Fiscal Year Activity: Payment of all participation fees

Projected Impact on Operating Costs: Annual operating costs are approximately \$93,000. Extraction costs will be significant in years in which water is accessed.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200907

SEMITROPIC STORED WATER RECOVERY UNIT					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ -	\$ -	\$ -	\$ -	\$ -
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Design (Including Bid Services)	-	-	-	-	-
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Construction Services	-	-	-	-	-
Construction Management	-	-	-	-	-
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Engineering during Construction	-	-	-	-	-
Agency Labor	-	-	-	-	-
Consultant	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Capital Construction Costs	-	-	-	-	-
Construction Contract(s)	-	-	-	-	-
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Additional Project Delivery Costs	-	8,480,000	452,500	452,500	8,027,500
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	-	8,480,000	452,500	452,500	8,027,500
TOTAL	\$ -	\$ 8,480,000	\$ 452,500	\$ 452,500	\$ 8,027,500

Note: Project has been awarded \$6.3 million in State Proposition 84 grant funding.

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200962

Project Title: Replacement Wells

Legal Name: Replacement Wells and Associated Pipelines

Description: Two wells capable of producing water at the combined rate of 4,200 gallons per minute and associated pipeline to convey the water pumped from the wells to the Agency's distribution system. The recommended well sites are near the Old Road between Magic Mountain Parkway and Highway 126. Project will be performed in conjunction with Project 200963: *Saugus Formation Dry Year Reliability Wells*.

Function: Provide water to make up production lost from closure of wells impacted by perchlorate contamination not already provided by other new or rehabilitated wells.

Benefit: Existing users' share is 57 percent and future users' share is 43 percent.

Site Requirements: Site requirements will be addressed during the preliminary design phase, which will be completed in the first half of FY 2015/16.

Impacted Facilities: TBD.

CEQA: Environmental documentation requirements will be addressed before the final design phase over the next year.

Project Schedule: Design to be completed during FY 2015/16. Construction completed in 2016.

Projected Fiscal Year Activity: Preliminary design, final design, right of way issues and construction.

Projected Impact on Operating Costs: Operating costs anticipated to be similar to current costs of \$167/AF for Saugus 1 and 2 wells. Operations will begin in 2016.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200962

REPLACEMENT WELLS *					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ 323,585	\$ 180,000	\$ 73,430	\$ 113,405	\$ 67,000
<i>Agency Labor</i>	23,585	25,000	6,672	20,405	5,000
<i>Consultant</i>	300,000	150,000	63,855	90,000	60,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	5,000	2,903	3,000	2,000
Design (Including Bid Services)	375,000	230,000	-	-	\$ 230,000
<i>Agency Labor</i>	-	25,000	-	-	25,000
<i>Consultant</i>	375,000	200,000	-	-	200,000
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	5,000	-	-	5,000
Construction Services					
Construction Management	317,500	192,500	-	-	-
<i>Agency Labor</i>	17,500	17,500	-	-	-
<i>Consultant</i>	300,000	150,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	25,000	-	-	-
Engineering during Construction	172,500	172,500	-	-	-
<i>Agency Labor</i>	22,500	22,500	-	-	-
<i>Consultant</i>	150,000	150,000	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
Capital Construction Costs	4,000,000	4,400,000	-	-	-
<i>Construction Contract(s)</i>	4,000,000	4,400,000	-	-	-
<i>Construction by Agency Forces</i>	-	-	-	-	-
<i>Equipment</i>	-	-	-	-	-
<i>Other Direct Costs</i>	-	-	-	-	-
Additional Project Delivery Costs	375,000	375,000	-	-	-
<i>Permitting</i>	-	-	-	-	-
<i>Land Acquisition</i>	-	-	-	-	-
<i>Post-construction Monitoring and Mitigation</i>	-	-	-	-	-
<i>Other Direct Costs</i>	375,000	375,000	-	-	-
TOTAL	\$ 5,563,585	\$ 5,550,000	\$ 73,430	\$ 113,405	\$ 297,000

* The Budget for Replacement Wells is subject to reimbursement under the perchlorate settlement agreement. Reimbursement takes place in subsequent fiscal year.

Castaic Lake Water Agency
Capital Improvement Project
FY 2015/16

CIP No: 200012

Project Title: Rio Vista Water Treatment Plant (RWWT) Entrance Gate and Security Kiosk

Legal Name: RWWT Entrance Gate and Security Kiosk

Description: Construction of a new entrance gate and security kiosk.

Function: Provides a secured entrance facility to the Rio Vista Water Treatment Plant.

Benefit: Improves entrance operations and security for the Rio Vista Water Treatment Plant. Existing users' share is 100 percent.

Site Requirements: RWWT

Impacted Facilities: RWWT

CEQA: Categorical Exemption (Class 3, Section 15303 of the California Environmental Quality Act Guidelines).

Project Schedule: Complete design in FY 2015/16. Construction to occur in FY 2015/16 and FY 2016/17.

Projected Fiscal Year Activity: Complete design and initiate construction.

Projected Impact on Operating Costs: Annual operating costs will be reduced by eliminating the \$2,100 annual cost for the portable sanitation facility.

Castaic Lake Water Agency
Capital Improvement Budget
FY 2015/16 Budget

CIP No. 200012

RVWTP ENTRANCE GATE AND SECURITY KIOSK					
Category	FY 2014/15 Estimated Total Project Cost	Current Estimated Total Project Cost	FY 2014/15 Estimated Expenditures	Cumulative Estimated Expenditures through June 30, 2015	FY 2015/16 Budget
Planning and Conceptual Design	\$ -				
Agency Labor	-				
Consultant	-				
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Design (Including Bid Services)	91,000	188,000	142,000	142,000	46,000
Agency Labor	16,000	21,000	10,000	10,000	11,000
Consultant	70,000	156,000	126,000	126,000	30,000
Equipment	-	-	-	-	-
Other Direct Costs	5,000	11,000	6,000	6,000	5,000
				-	-
Construction Services					
Construction Management	529,000	362,000	-	-	176,000
Agency Labor	47,000	42,000	-	-	16,000
Consultant	462,000	300,000	-	-	150,000
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	10,000
					-
Engineering during Construction	80,000	150,000	-	-	75,000
Agency Labor	-	-	-	-	-
Consultant	80,000	150,000	-	-	75,000
Equipment	-	-	-	-	-
Other Direct Costs	-	-	-	-	-
Capital Construction Costs	820,000	920,000	-	-	510,000
Construction Contract(s)	800,000	900,000	-	-	500,000
Construction by Agency Forces	-	-	-	-	-
Equipment	-	-	-	-	-
Other Direct Costs	20,000	20,000	-	-	10,000
					-
Additional Project Delivery Costs	10,000	10,000	-	-	5,000
Permitting	-	-	-	-	-
Land Acquisition	-	-	-	-	-
Post-construction Monitoring and Mitigation	-	-	-	-	-
Other Direct Costs	10,000	10,000	-	-	5,000
TOTAL	\$ 1,530,000	\$ 1,630,000	\$ 142,000	\$ 142,000	\$ 812,000

CASTAIC LAKE WATER AGENCY
Minor Capital Projects
FY 2015/16 Budget

The Minor Capital Projects Budget is funded by one percent property tax revenues.

	Project Title	Total Estimated Project Cost	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	
300415	ESFP HVAC Replacement	\$ 150,000	\$ -	\$ -	\$ 150,000	A
300416	ESFP Emergency Generator Replacement	tbd			50,000	
300417	ESFP WLCS Modification	125,000	-	-	125,000	B
301002	ESIPS Additional Pump	500,000	-	-	500,000	C
300321	Pipeline Inspection Facility Modifications	Ongoing	200,000	227,500	506,000	D
300308	Pipeline Relocations/Modifications	Ongoing	200,000	110,000	125,000	
300318	Recycled Water - Entrada Connection	55,700	132,500	45,800	-	E
300323	Recycled Water Pump Station Improvements	500,000	-	-	-	F
300015	RVWTP Filter to Waste Modifications	166,000	20,000	7,500	-	
300017	RVWTP Ozone Gas Collection Modification	tbd	-	-	50,000	F
300016	RVWTP Pipe Trench Modifications	224,000	190,000	57,200	-	G
300014	RVWTP Solar Plant 2 Installation	80,000	25,000	21,000	-	
300018	RVWTP Upper Mesa Erosion Repair	tbd	-	-	65,000	H
300319	Saugus 1 Well Rehabilitation and Upgrade	700,000	600,000	600,000	-	
300324	Saugus 2 Well Convert to Water Lube Pump	125,000	-	-	125,000	I
300325	SPTF Drain Pipeline	tbd	-	-	75,000	I
300326	SPTF Hypochlorite Chamber Improvements	tbd	-	-	60,000	I
300322	V201 Monitoring Well	675,000	625,000	40,000	635,000	I
300327	V205 Monitoring Well	675,000	-	-	675,000	I
300328	Devil's Den Property Solar Project	tbd	-	-	60,000	J
	Total Minor Capital Projects	\$ 3,975,700	\$ 1,992,500	\$ 1,109,000	\$ 3,201,000	

- A. Replacement of HVAC system that is over 15 years old and requires frequent repairs. New system will be more energy and water efficient.
- B. Modifications to Water Level Control Structure overflow weir to prevent premature overflow at high plant flows.
- C. Provides a third pump to provide redundancy for two existing pumps and increase pumping capacity at low lake levels. Total pump capacity for the facility is five pumps, which will be needed at build-out.
- D. Modifications to existing facilities to accommodate pipeline inspection activities.
- E. Project completed under budget.
- F. FY 2015/16 budget for a study to determine improvements needed to correct collection and off gas of ozone gas in plant influent pipeline near the ozone injection station.
- G. Project completed ahead of schedule and under budget.
- H. FY 2015/16 budget is for a study to determine necessary minor capital project to address substantial erosion.
 - I. Will be submitted for reimbursement from the perchlorate settlement agreement.
 - J. FY 2015/16 budget is for studies related to a potential solar energy project.

CASTAIC LAKE WATER AGENCY
Capital Planning, Studies and Administration
FY 2015/16 Budget

The Capital Planning, Studies and Administration Budget is funded by one percent property tax revenues and Facility Capacity Fees.

		FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	
	General Planning and Studies:				
100013	General Engineering, Planning and Administration	\$ 75,000	\$ 15,000	\$ -	A
100015	Capital Program/Facility Capacity Fees	375,000	520,000	360,000	B
100041	Recycled Water Master Plan	43,000	5,000	630,000	B
100043	Emergency and Operational Storage Study	180,000	107,000	138,000	C
100044	ESFP Sewer System Study	40,000	42,600	-	
100045	RVWTP Drainage Study	50,000	50,000	50,000	
100027	System Hydraulic Model	50,000	5,000	50,000	
100004	Urban Water Management Plan 2015	200,000	150,000	300,000	
	Total General Planning and Studies	\$ 1,013,000	\$ 894,600	\$ 1,528,000	
	Water Supply Reliability and Acquisition Planning and Implementation:				
110003	Buena Vista/Rosedale Rio Bravo Storage and Recovery Program	5,618,000	5,618,000	5,346,600	D
various	Grant Administration	-	-	416,000	E
110007	Integrated Regional Water Management Plan	590,000	300,000	300,000	
110001	Rosedale Rio Bravo Storage Program	50,000	25,000	25,000	
110004	Ventura County Flexible Storage	15,200	15,200	20,000	
110005	Water Banking	93,000	93,000	93,000	F
110021	Water Use Efficiency Plan Update	90,000	200,000	-	G
110017	Yuba Accord Water	50,000	25,000	90,000	H
	Total Water Supply Reliability and Acquisition Planning and Implementation	\$ 6,506,200	\$ 6,276,200	\$ 6,290,600	
	Administration:				
125001	Annexation Support	\$ 50,000	\$ 25,000	\$ 50,000	I
120004	Debt Financing and Administration	400,000	300,000	400,000	
120001	One Percent Property Tax Administration	250,000	236,000	250,000	
120011	Retail Litigation	450,000	162,000	300,000	J
120009	Retail Purveyors and Legal	200,000	200,000	200,000	K
	Total Administration	\$ 1,350,000	\$ 923,000	\$ 1,200,000	
	Total Capital Planning, Studies and Administration	\$ 8,869,200	\$ 8,093,800	\$ 9,018,600	

- A. Funded by Facility Capacity Fee Fund.
- B. Includes \$380,000 to update the Recycled Water Master Plan and \$250,000 for the associated CEQA process. The Recycled Water Master Plan will also include development of rules and regulations.
- C. This project will verify the required storage volumes at locations throughout the service area and perform siting studies to identify reservoir locations and land acquisition needs.
- D. The total annual cost for the BV/RRB program is \$6,349,400. In accordance with the new wholesale water rate structure, BV/RRB costs are being transitioned to the General Fund/Operating Budget over a ten-year period. In this third year, \$1,002,800 is transferred in FY 2015/16. In accordance with the 2014 FCF Study, the growth portion is funded by facility capacity fees and \$1,957,900 is funded in FY 2015/16. In addition, \$288,600 is reimbursed by the Tesoro annexing party and is accounted for as revenue.
- E. Includes \$230,000 for Drought Round Grant administration, \$75,000 for Prop 84 Round 1 Implementation Grant administration, \$66,000 for Prop 84 Round 2 Implementation Grant administration, \$25,000 for Prop 84 Round 2 Planning Grant administration, and \$20,000 for Local Groundwater Assistance Grant administration. Of the total of \$416,000, approximately \$330,000 will be reimbursed.
- F. Annual participation fees for Semitropic Water Banking and Exchange Program.
- G. Completed in FY 2014/15.
- H. This program provides approximately 850 AF of non-SWP water in critically dry years. Additional supplies could be available in wetter years. The quantity and price of water varies depends on hydrology and participation by other parties.
- I. Annexing parties reimburse actual costs for processing specific annexations.
- J. Santa Clarita Organization for Planning the Environment v. Castaic Lake Water Agency et al., Los Angeles Superior Court Case No. BS 141673.
- K. General work related to the acquisition of the stock of the Valencia Water Company in FY 2012/13 and ongoing work.

CASTAIC LAKE WATER AGENCY
New Capital Equipment
FY 2015/16 Budget

The Capital Equipment Budget is funded by one percent property tax revenues.

		FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	*
130001	Office Equipment Additions				
	Office Technology and Equipment - General	\$ 176,000	\$ 176,000	\$ 251,200	A
	Office Technology and Equipment - Replacement Telephone System	45,000	42,000	-	
	Office Technology and Equipment - Accounting	-	-	50,000	B
	Office Technology and Equipment - Boardroom	-	-	80,000	C
	Office Technology and Equipment - Staff Additions	6,000	6,000	14,000	
	Subtotal - Office Equipment Additions	\$ 227,000	\$ 224,000	\$ 395,200	
130004	Office Furniture Additions				
	Office Furniture - General	\$ 37,000	\$ 25,500	\$ 20,000	D
	Office Furniture - Staff Additions	10,000	11,800	10,000	
	New Office Building Tenant Improvements	-	50,000	250,000	E
	Subtotal - Office Furniture Additions	\$ 47,000	\$ 87,300	\$ 280,000	
130003	Miscellaneous Equipment				
	Miscellaneous Large Tools and Equipment	\$ 10,000	\$ 10,000	\$ 10,000	
	Video Surveillance Equipment	10,000	9,500	10,000	
		\$ 20,000	\$ 19,500	\$ 20,000	
130002	Vehicles				
	Maintenance Replacement Vehicle	\$ 55,000	\$ 48,900	\$ 30,000	F
	Maintenance Replacement Vehicle	55,000	48,900	45,000	G
	Two Gator Replacement Vehicles	-	-	30,000	H
	New Pool Vehicle	-	-	30,000	I
	Buildings and Grounds Replacement Vehicle	-	-	50,000	J
	Subtotal - Vehicles	\$ 110,000	\$ 97,800	\$ 185,000	
	Total New Capital Equipment	\$ 404,000	\$ 428,600	\$ 880,200	

* Significant items:

A. Office Technology and Equipment - General includes:

Exchange database availability group	60,000
Replace one of Agency's three storage area networks, which is five years old	55,000
Scheduled replacement of workstations	35,000
Upgrade wireless link in Agency's communications network	25,000
Miscellaneous hardware and software supplies	10,000
New workstations	6,000
Replacement of photocopier machine in Maintenance Division	5,200
Redundant high availability firewall	5,000
Network resiliency contingencies	50,000

B. Contingency for accounting workflow automation project.

C. Replacement of equipment that requires frequent repairs, as well as conversion to wireless microphones to eliminate trip hazards. New equipment should reduce staff time to set up for and break down for meetings.

D. Includes \$20,000 for general furniture.

E. Tenant improvements (furniture, communications, technology, etc.) for new office building purchased in FY 2014/15.

F. Replacement of 2010 SUV (assigned to Superintendent) with current mileage of 112,000. It is anticipated this vehicle will need to be replaced at the end of FY 2015/16. Vehicle will not be replaced if age, mileage and repair records do not warrant replacement at that time. Replacement vehicle will be an SUV.

G. Replacement of a 2004 pickup (assigned to Maintenance Supervisor) with current mileage of 96,500. It is anticipated that this vehicle will need to be replaced at the end of FY 2015/16. Vehicle will not be replaced if age, mileage and repair records do not warrant replacement at that time. Replacement vehicle will be a pickup, XL, super cab and 4WD with 7,500 GVWR payload package.

H. Replacement of two 15-year old Gator utility vehicles, one of which no longer functions and the other experiencing frequent repairs. The vehicles are used for light grounds maintenance and cleaning of treatment plant drying beds.

I. Additional pool vehicle based on increased staff and increased staff field work.

J. Replacement of 2000 utility van that is experiencing major mechanical and safety issues. The replacement vehicle will be a Ford F250XL, regular cab pickup with 2-wheel drive, and will be equipped with a utility bed.

CASTAIC LAKE WATER AGENCY
 Repair and Replacement
 FY 2015/16 Budget

The Major Repair and Replacement Budget is funded by one percent property tax revenues.

Major Repair and Replacement	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget	*
ESFP Repair and Replacement	\$ 330,000	\$ 288,000	\$ 560,000	A
ESIPS Repair and Replacement	10,000	-	10,000	
RVWTP Repair and Replacement	235,000	220,000	395,000	B
RVIPS Repair and Replacement	10,000	-	105,000	C
Pipeline Repair and Replacement	215,000	190,000	140,000	D
Recycled Water System Repair and Replacement	25,000	19,000	50,000	
Sand Canyon System Repair and Replacement	15,000	-	95,000	E
Saugus 1 and 2 Wells Repair and Replacement	-	-	50,000	
Total Major Repair and Replacement	\$ 840,000	\$ 717,000	\$ 1,405,000	

* Significant items:

A. ESFP Repair and Replacement items include:

Filter 7 underdrain repair	\$ 325,000
Asphalt maintenance	50,000
Pump and motor replacement	50,000
Chlorine analyzer upgrade	35,000
Meter replacement	30,000
Valve replacement	25,000
Ozone system equipment replacement	10,000
Replace UPS batteries	10,000
Miscellaneous	25,000

B. RVWTP Repair and Replacement items include:

Upper Mesa tank demolition	\$ 90,000
Pave back access road	55,000
Air compressor replacement	45,000
Pump and motor replacement	50,000
Chlorine analyzer upgrade	35,000
Valve replacement	25,000
Meter replacement	25,000
Chlorine scrubber rehabilitation	20,000
Upgrade light towers at sludge recovery basins	15,000
Ozone system equipment replacement	10,000
Miscellaneous	25,000

C. RVIPS Repair and Replacement items include:

Valve replacement	\$ 15,000
Pump and motor replacement	75,000
Miscellaneous	15,000

D. Pipeline Repair and Replacement items include:

Cathodic test station repairs	\$ 50,000
Meter replacement	25,000
Purveyor meter calibration	10,000
Miscellaneous	55,000

E. Sand Canyon System Repair and Replacement items include:

Pumps and motor repairs	\$ 50,000
Meter replacement	20,000
Miscellaneous	25,000

Debt-Funded Projects - Forecast
FY 2015/16 Budget

Debt-funded Projects	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
	Estimated	Budget	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Castaic Conduit	\$ 42,000	\$ 471,000	\$ 56,000	\$ 1,444,000	\$ 12,180,000	\$ 77,000	\$ -	\$ -	\$ -
Distribution System - RV-2 Modifications	83,000	404,000	2,862,000	-	-	-	-	-	-
ESFP Cleanwell/CT Improvements	214,000	4,078,000	3,529,000	100,000	-	-	-	-	-
ESFP Sludge Collection System	153,000	560,000	4,417,000	4,381,000	-	-	-	-	-
Foothill Feeder Connection (1)	46,000	2,077,500	2,545,400	-	-	-	-	-	-
Honby Parallel	1,000	4,000	682,000	105,000	151,000	146,000	11,384,000	6,720,000	77,000
Magic Mountain Pipeline No. 4	111,000	3,326,000	-	-	-	-	-	-	-
Magic Mountain Pipeline No. 5	10,000	132,000	3,621,000	-	-	-	-	-	-
Magic Mountain Pipeline No. 6	3,000	302,000	8,571,000	-	-	-	-	-	-
Magic Mountain Reservoir	36,000	52,000	49,000	1,046,000	626,000	8,817,000	16,493,000	-	-
Recycled Water Program Phase II, 2A	9,000	873,000	1,066,000	1,131,000	4,000	4,000	4,000	4,000	8,616,000
Recycled Water Program Phase II, 2B	2,000	140,000	768,000	4,000	4,609,000	847,000	-	-	-
Recycled Water Program Phase II, 2C	56,000	352,000	1,324,000	4,000	4,000	7,148,000	9,442,000	-	-
Saugus Formation Dry Year Reliability Wells (2)	61,000	297,000	2,570,000	-	-	-	-	-	-
RWTP Clearwell Cover Improvements (3)	4,647,800	5,241,000	228,000	-	-	-	-	-	-
Rosedale Rio Bravo Extraction	1,005,200	6,376,000	-	-	-	-	-	-	-
Semitropic Stored Water Recovery Unit	2,335,100	8,027,500	-	-	-	-	-	-	-
Debt-Funded Subtotal	\$ 8,815,100	\$ 32,713,000	\$ 32,288,400	\$ 10,785,000	\$ 17,574,000	\$ 17,039,000	\$ 37,323,000	\$ 6,724,000	\$ 8,693,000
Available Funds (4)	\$ 16,338,487	\$ 18,802,287	\$ 2,689,000	\$ 1,588,800	\$ 1,580,500	\$ -	\$ -	\$ -	\$ -
Less Expenditures	(8,815,100)	(32,713,000)	(32,288,400)	(10,785,000)	(17,574,000)	(17,039,000)	(37,323,000)	(6,724,000)	(8,693,000)
Annual Balance/Shortfall	\$ 7,523,387	\$ (13,910,713)	\$ (29,599,400)	\$ (9,196,200)	\$ (15,993,500)	\$ (17,039,000)	\$ (37,323,000)	\$ (6,724,000)	\$ (8,693,000)
Cumulative Shortfall	7,523,387	\$ (13,910,713)	\$ (43,510,113)	\$ (52,706,313)	\$ (68,699,813)	\$ (85,738,813)	\$ (123,061,813)	\$ (129,785,813)	\$ (138,478,813)
Projects Funded "Pay-as-you-go"	FY 2014/15 Budget	FY 2015/16 Projected	FY 2016/17 Projected	FY 2017/18 Projected	FY 2018/19 Projected	FY 2019/20 Projected	FY 2020/21 Projected	FY 2021/22 Projected	FY 2022/23 Projected
Replacement Wells (5)	\$ 73,400	\$ 297,000	\$ 1,066,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RWTP Entrance Gate Relocation	142,000	812,000	676,000	-	-	-	-	-	-
RWTP Maintenance Facility Expansion	-	-	-	2,297,000	5,149,000	-	-	-	-
Purchase of Office Building	1,210,000	-	-	-	-	-	-	-	-
"Pay-as-you-go" Subtotal	\$ 1,425,400	\$ 1,109,000	\$ 1,742,000	\$ 2,297,000	\$ 5,149,000	\$ -	\$ -	\$ -	\$ -
TOTAL MAJOR CAPITAL PROJECTS	\$ 10,240,500	\$ 33,822,000	\$ 34,030,400	\$ 13,082,000	\$ 22,723,000	\$ 17,039,000	\$ 37,323,000	\$ 6,724,000	\$ 8,693,000
GRANT REIMBURSEMENTS									
Foothill Feeder Connection (1)	\$ -	\$ 231,000	\$ 907,000	\$ 362,000	\$ -	\$ -	\$ -	\$ -	\$ -
RWTP Clearwell Cover Improvements (3)	1,012,000	-	-	-	-	-	-	-	-
Saugus Formation Dry Year Reliability Wells (2)	-	193,300	1,782,000	1,226,800	1,580,500	-	-	-	-
Rosedale Rio Bravo Extraction	422,500	4,753,100	-	-	-	-	-	-	-
Semitropic Stored Water Recovery Unit	1,000,000	6,096,500	-	-	-	-	-	-	-
	\$ 2,434,500	\$ 11,273,900	\$ 2,689,000	\$ 1,588,800	\$ 1,580,500	\$ -	\$ -	\$ -	\$ -

(1) Awarded grant funds of \$1.5 million.
(2) Awarded grant funds of \$4.7 million.
(3) Awarded grant funds of \$1 million.
(4) Available funds included 2011A bond funds in FY 2014/15, and grant funds in future years (projected to be received year after project has concluded).
(5) Will be reimbursed by perchlorate settlement agreement, shown as revenue in the one percent property tax fund.

Social Media Marketing Collateral

Pictured: Raising drought-awareness and providing water-saving tips are just a few of the goals of CLWA's social media campaigns. Here, a colorful, well laid-out graphic reinforces the role of mulch in the design of one's water-conserving landscape design and was uploaded to CLWA's Facebook page.



Lawn Replacement Program

Pictured: Before (top) and after (bottom) photos from CLWA's residential lawn replacement program.

This conservation design saves water with the wide application of mulch and drought-resistant plant coverage. Under the terms of the program, even the children's sandbox play area was rebated because it qualifies as permeable material, allowing water to pass through and percolate into the ground.



LONG-TERM COMMITMENTS

LONG-TERM WATER SUPPLY CONTRACTS

State Water Project Contract Commitment

On April 30, 1963, the Agency entered into a water supply contract with the Department of Water Resources. The State bills the Agency annually for the “fixed” charges of providing water to the Agency. Provision is made in the contract for two major charges – a Delta Water Charge and a Transportation Charge – that are divided into additional components. The Delta Water Charge is intended to return to the State all costs of project conservation facilities. The Transportation Charge is for facilities necessary to deliver water to the contractors. Both charges include a capital component and a minimum operations, maintenance, power and replacement component (Capital and minimum OMP&R). These are charged to the Agency on the basis of Table A amount. Also included in the Agency bill is a Devil Canyon Castaic Charge, an Off Aqueduct Power Charge, a Water Systems Revenue Bond Surcharge and a Tehachapi Second Afterbay Facilities Charge. These bills are divided into monthly payments with the January and July payments being the largest.

The Agency also pays a transportation variable operations, maintenance, power and replacement charge to the DWR. This bill is paid monthly based upon the amount of water purchased by the Agency in the preceding month.

The Agency-set property tax fully funds both the fixed and variable components of the DWR payments.

Buena Vista/Rosedale-Rio Bravo Water Acquisition Commitment

On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 acre-feet (AF) of water supply per year for a 30-year period. This supply is from a program that provides for the capture, spreading, storage, recovery and export of water, including high-flow Kern River water which is a pre-1914 appropriative water right. The term of the Agreement is from January 1, 2007 through December 31, 2036. When the original term expires, the Agreement will be extended to a date certain consistent with any extensions of the Agency’s Water Supply Contract with DWR.

The purchase price was established in FY 2006/07 at \$486.85 per AF, or \$5,335,350. The purchase price is adjusted each calendar year by the Consumer Price Index (All Urban Consumers – All Items – Southern California Area). In addition, the adjusted price is also subject to “look-ins” at the end of every 10-year period. This look-in compares the actual adjustments with potential adjustments using a melded index consisting of an average of (i) the actual CPI adjustments and (ii) the increase in State Water Project (SWP) costs to the Buena Vista and Rosedale-Rio Bravo Storage Districts (billed through the Kern County Water Agency). The annual payments are due in advance of deliveries in two installments, 50% on January 1st and 50% on July 1st of each year. The current purchase price is \$560.41 per AF.

Under the agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District, should the Agency lose all or a portion of its share of one percent property tax revenues, the Agency’s obligation to purchase the 11,000 AF may be adjusted. In any fiscal year in which a reduction in excess of 15% of the Agency’s one percent property tax revenues occurs, for each 0.1% reduction in the Agency’s share of the one percent property tax revenues in excess of 15%, the Agency may reduce the annual purchase by 110 AF. In no event is Agency allowed to reduce the annual purchase amount to less than 5,500 AF.

The acquisition of 11,000 AFY supply was originally intended, among other reasons, to supplement the Agency’s SWP supplies, which are committed to users in the Agency’s existing service area, by providing water for parties seeking to annex to the service area. In order to be eligible for annexation to the Agency’s service area, a potential annexing party would be required to enter into Deposit and Funding Agreement with the Agency and pay for a proportionate share of the 11,000 AFY supply.

During FY 2007/08, due to certain state and federal court rulings that potentially impacted SWP supplies, the Agency deferred consideration of potential annexations to retain for the time being the 11,000 AFY supply for the existing service area. At this time, the Agency has determined that up to 3,000 AFY may be used for annexations and is working with two developers on potential annexations.

DEBT ISSUANCE

Bond Ratings

The Bond ratings for the Agency's outstanding Debt reflect high grade investment quality debt. They are based on the Agency's good financial management, strong financial policies and diverse water supply portfolio. Debt issued at these ratings results in lower interest rates and correspondingly lower debt service payments.

	1999 COPs	2006A COPs	2008A COPs (VRDO)	2010A COPs	2014A Revenue Refunding Bonds	2015A Revenue Refunding Bonds	Commercial Paper
Fitch	AA	AA-	AA-	AA-	AA-	AA-	AA-
Standard & Poor's	AA	AA-	AA-	AA-	AA-	AA-	AAA

Total Outstanding Debt

Total debt includes Certificates of Participate (COPs) and Revenue Refunding Bonds of \$267.0 million as of June 30, 2015. Schedule annual debt service for FY 2015/16 is \$20.3 million. Projected annual debt service is anticipated to be \$24.5 million starting in FY 2016/17, \$28.8 million starting in FY 2019/20 and \$30.9 million starting in FY 2022/23 based on anticipated new debt issuance and payments on the 1999 Capital Appreciation Certificates of Participation. The source of debt service repayment is Facility Capacity Fees and one percent property tax revenues. Debt proceeds are used to fund the Agency's capital improvement program, and all facilities are allocated to future users (paid by Facility Capacity Fees) and existing users (paid by one percent property tax revenues).

Series	Outstanding Principal June 30, 2015	Debt Service FY 2015/16
2008A COPs	\$ 32,925,000	\$ 5,246,872
2014A Revenue Bonds	16,585,000	3,168,975
1999 COPs	56,531,369	--
2006A COPs	37,165,000	3,304,776
2010A COPs	59,675,000	5,285,781
2015A Revenue Bonds	64,000,000	2,755,943
Projected (new debt)	--	564,063
Total	\$ 266,881,369	\$ 20,326,410

Planned Issuance

The Agency is planning the issuance of commercial paper during FY 2015/16 to finance the near-term capital improvement program (CIP). The Agency's CIP for the next eight years anticipates the need to issue approximately \$124.6 million in additional debt. The Agency anticipates issuing bonds in 2016, 2019 and 2022, with estimated principal amounts of \$38.8 million, \$70.4 million and \$15.4 million, respectively. The Agency's ten-year forecasts show sufficient funds to pay debt service and maintain bond covenants. It is anticipated these obligations will be allocated 39.5% to future users (Facility Capacity Fees) and 61.5% to existing users (one percent property tax revenues).

Bond covenants require that Agency maintains a minimum 1.20 debt coverage ratio on all bonds. The Agency's current projections for debt coverage ratios are as follows:

FY 2015/16	1.71
FY 2016/17	1.49
FY 2017/18	1.81
FY 2018/19	1.87
FY 2019/20	1.81

Series of Certificates of Participation (COPs) and Bonds

2008A COPs and 2014A Revenue Bonds

On June 1, 1990, \$132 million of certificates of participation were executed and delivered to provide funds to acquire and construct the Rio Vista Water Treatment Plant and related facilities. On August 31, 1994, \$124.6 million of certificates of participation were executed and delivered to provide funds to advance refund all 1990 certificates. On May 5, 2004, the Agency refunded \$28,475,000 of the 1994 certificates (2004 Series A). On June 17, 2014, the Agency refunded \$16,750,000 of the 2004A certificates. On June 10, 2004, the Agency refunded \$37,350,000 of the 1994 certificates and concurrently entered into a "variable to fixed swap" agreement for \$40,000,000 (2004 Series B). The unrefunded 1994 COP's totaled \$40,565,000 after the refunding. The last settlement was paid during FY 2013/14. On May 9, 2008, the Agency refunded all of the 2004B certificates (2008 Series A) and in August of 2014, the Agency terminated the swap and retains the 2008A COPs in floating rate mode. These obligations are allocated 78.4% to future users (Facility Capacity Fees) and 21.6% to existing users (one percent property tax revenues).

	FY 2015/16 Debt Service	Outstanding Balance June 30, 2015
2008A COPs	\$ 5,246,872	\$ 32,925,000
2014 Bonds	3,168,975	16,585,000

1999 and 2006A COPs

In August 1999, the Agency issued \$75.8 million in COPs to provide funds to (a) reimburse the Agency for the acquisition of approximately 41,000 acre-feet of supplemental water from the DWR and (b) to acquire certain capital improvements to the Agency's Wholesale System. In December 2006, the Agency advance refunded \$45,520,000 of the 1999 certificates (2006 Series A). The 1999 COPs are capital appreciation certificates. No regular payments of interest are made on capital appreciation certificates prior to maturity (beginning in FY 2021/22). Interest on capital appreciation certificates is compounded annually and added to the principal amount outstanding. These obligations are allocated 77.5% to future users (Facility Capacity Fees) and 22.5% to existing users (one percent property tax revenues).

	FY 2015/16 Debt Service	Outstanding Balance June 30, 2015
1999 COPs	\$ --	\$ 56,531,369
2006A COPs	3,304,776	37,165,000

2010A COPs

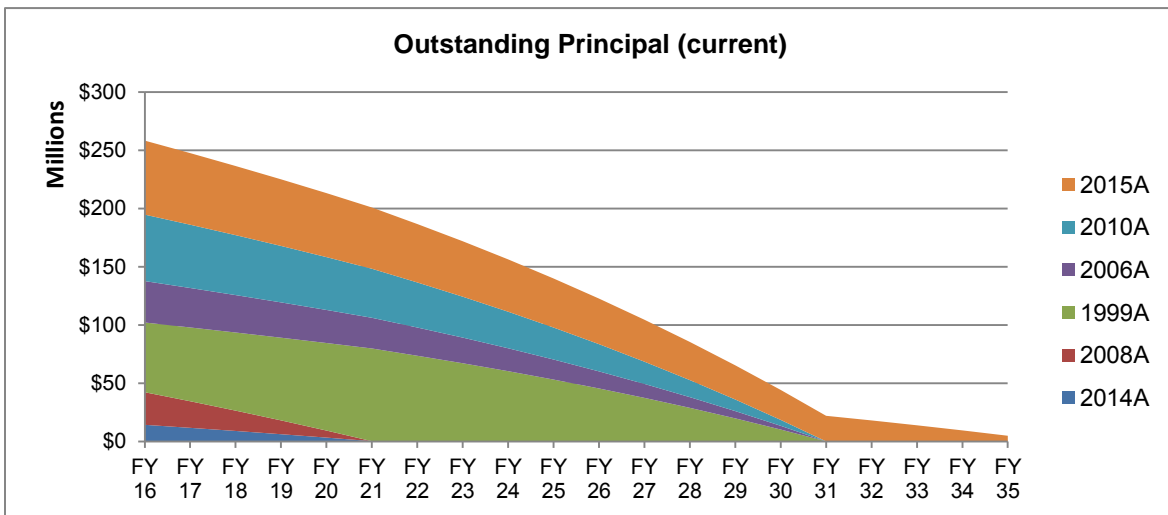
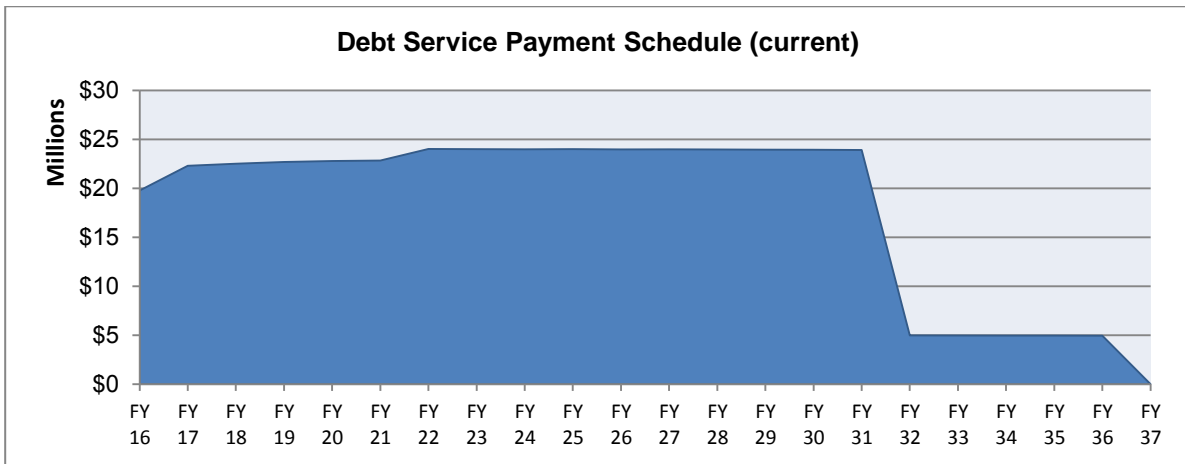
In March, 2001, the Agency issued \$80 million in COPs to provide funds to acquire certain capital improvements to the Agency's Wholesale System. Primary expenditures were for the Sand Canyon Pipeline and Reservoir Project, the ESFP Expansion Project and banking programs. In June 2010, the Agency advance refunded all of the certificates (2010 Series A). These obligations are allocated 87.7% to future users (Facility Capacity Fees) and 12.3% to existing users (one percent property tax revenues).

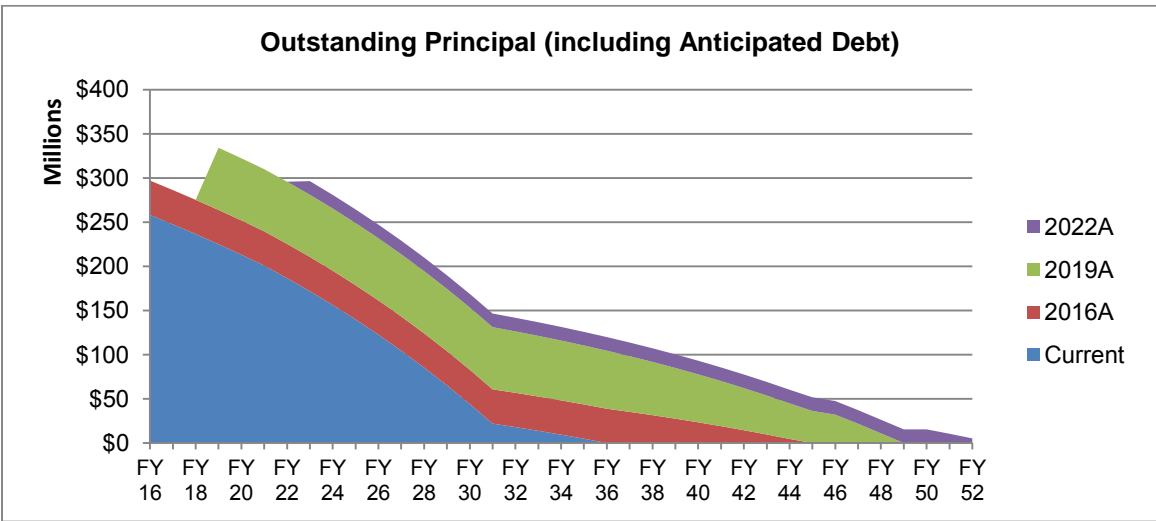
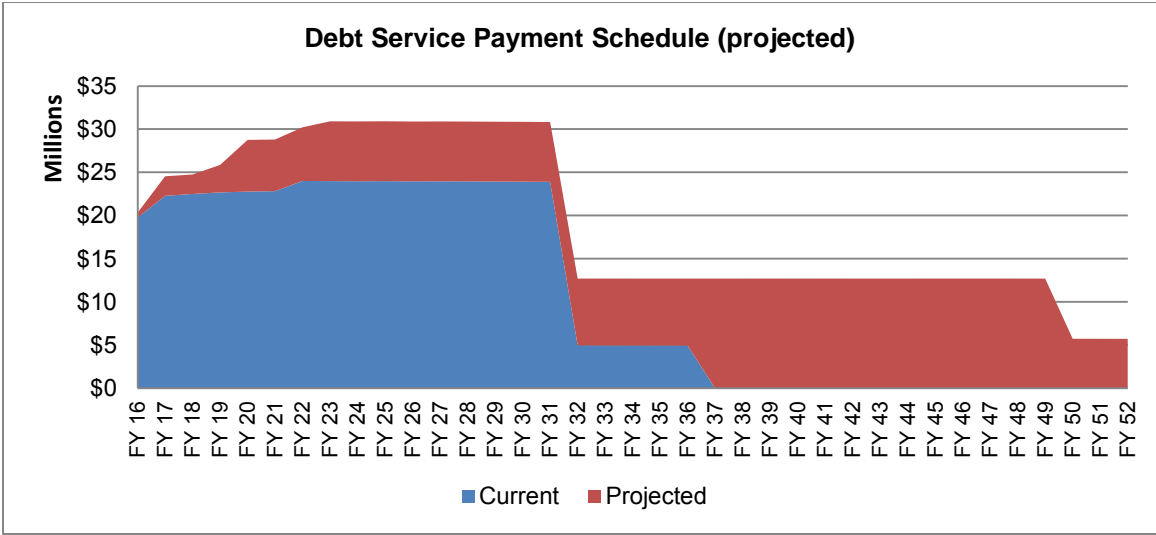
	FY 2015/16 Debt Service	Outstanding Balance June 30, 2015
2010A COPs	\$ 5,285,781	\$ 59,675,000

2006C COPs and 2015A Revenue Bonds

In December 2006, the Agency issued \$89.8 million in to provide funds to acquire certain capital improvements to the Agency's Wholesale System. Primary expenditures were for the RVWTP Expansion Project, the Sand Canyon Pipeline and Reservoir Project and the Perchlorate Distribution and Treatment projects. On April 28, 2015, the Agency advance refunded \$77,685,000 of the 2006C certificates with refunding revenue bonds (2015 Series A). These obligations are allocated 62.7% to future users (Facility Capacity Fees) and 37.3% to existing users (one percent property tax revenues).

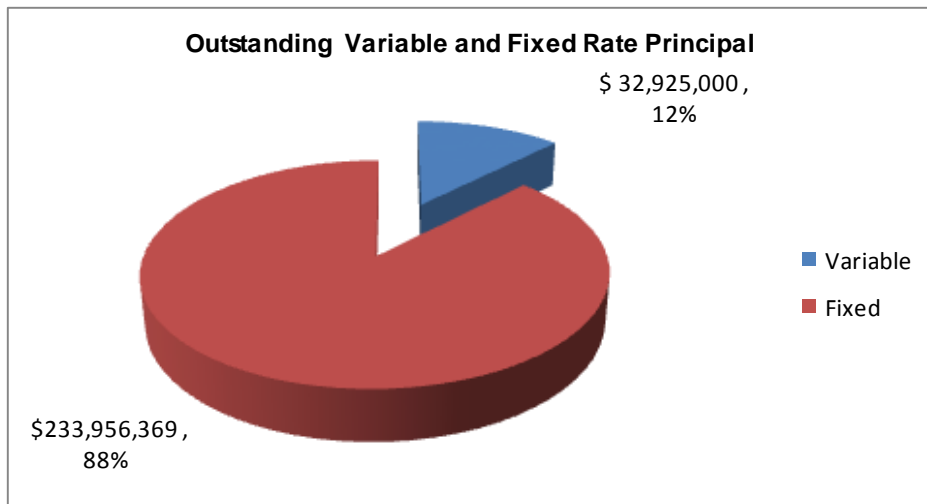
	FY 2015/16 Debt Service	Outstanding Balance June 30, 2015
2015A Bonds	\$ 2,755,943	\$ 64,000,000





Variable Rate Debt

The Agency’s Debt Management Policy limits variable rate debt to no more than 25 percent of the Agency’s total debt portfolio. As of June 30, 2015, the Agency will have 12 percent of its portfolio in variable rate debt.



DWR VARIABLE AND CAPITAL CHARGES - Last Ten Fiscal Years
FY 2015/16 Budget

Fiscal Year	DWR Variable Payments	DWR Fixed Payments	DWR Refunds/ Adjustments	TOTAL
2005/06	\$ 2,994,813	\$ 12,982,946	\$ 1,062,229	\$ 17,039,988
2006/07	3,657,626	13,341,319	(3,224,155)	13,774,790
2007/08	4,488,388	13,368,360	(1,510,873)	16,345,875
2008/09	4,667,948	16,484,367	(1,196,496)	19,955,819
2009/10	2,750,291	19,844,863	(3,869,057)	18,726,097
2010/11	1,893,470	19,881,442	(3,548,535)	18,226,377
2011/12	3,815,512	19,110,997	(2,759,743)	20,166,766
FY 2012/13	4,989,452	15,545,822	(1,923,297)	18,611,977
FY 2013/14	5,637,395	17,609,122	(2,229,263)	21,017,254
Estimated FY 2014/15	6,000,000	17,658,000	(1,660,000)	21,998,000
Estimated FY 2015/16	\$ 9,800,000	\$ 20,200,000	\$ (1,000,000)	\$ 29,000,000

BUENA VISTA/ROSEDALE RIO BRAVO WATER ACQUISITION ESTIMATED PAYMENTS
FY 2015/16 Budget

Fiscal Year	\$	Total
2006/07		6,440,213
2007/08		5,796,256
2008/09		5,949,400
2009/10		5,709,627
2010/11		5,746,405
2011/12		5,904,266
2012/13		6,083,451
2013/14		6,078,380
2014/15		6,164,510
2015/16		6,349,400
2016/17		6,666,918
2017/18		7,000,263
2018/19		7,350,277
2019/20		7,717,790
2020/21		8,103,680
2021/22		8,508,864
2022/23		8,934,307
2023/24		9,381,023
2024/25		9,850,074
2025/26		10,342,577
2026/27		10,859,706
2027/28		11,402,692
2028/29		11,972,826
2029/30		12,571,467
2030/31		13,200,041
2031/32		13,860,043
2032/33		14,553,045
2033/34		15,280,697
2034/35		16,044,732
2035/36		16,846,969
2036/37		-
Total	\$	280,669,898

The FY 2015/16 payment assumes inflation of 3%.
For future years, the schedule assumes inflation of 5% per year. This schedule is adjusted each year.

2008A COP PRINCIPAL AND INTEREST PAYMENTS
FY 2015/16 Budget

Fiscal Year	Principal	Interest/Fees	Total	Principal Remaining
2007/08	\$ -	\$ 109,166	\$ 109,166	\$ 39,300,000
2008/09	225,000	1,728,825	1,953,825	39,075,000
2009/10	250,000	2,057,576	2,307,576	38,825,000
2010/11	275,000	2,043,318	2,318,318	38,550,000
2011/12	275,000	1,733,735	2,008,735	38,275,000
2012/13	300,000	1,708,735	2,008,735	37,975,000
2013/14	275,000	1,623,414	1,898,414	37,700,000
2014/15 *	4,775,000	447,000	5,222,000	32,925,000
2015/16	4,950,000	296,872	5,246,872	27,975,000
2016/17	5,150,000	353,570	5,503,570	22,825,000
2017/18	5,375,000	364,958	5,739,958	17,450,000
2018/19	5,600,000	345,417	5,945,417	11,850,000
2019/20	5,800,000	249,303	6,049,303	6,050,000
2020/21	6,050,000	48,284	6,098,284	-
Total	\$ 39,300,000	\$ 13,110,173	\$ 52,410,173	\$ -

* Beginning in FY 2014/15, Interest/Fees expense is lower than in previous budgets to reflect the termination of the Interest Rate Swap in August 2014.

2014A REVENUE BONDS PRINCIPAL AND INTEREST PAYMENTS
FY 2015/16 Budget

Fiscal Year	Principal		Interest		Total		Principal Remaining
2013/14	\$	-	\$	-	\$	-	\$ 16,750,000
2014/15		165,000		418,537		583,537	16,585,000
2015/16		2,535,000		633,975		3,168,975	14,050,000
2016/17		2,595,000		557,025		3,152,025	11,455,000
2017/18		2,685,000		464,400		3,149,400	8,770,000
2018/19		2,780,000		355,100		3,135,100	5,990,000
2019/20		2,920,000		226,500		3,146,500	3,070,000
2020/21		3,070,000		76,750		3,146,750	-
Total	\$	16,750,000	\$	2,732,287	\$	19,482,287	\$ -

1999 COP PRINCIPAL AND INTEREST PAYMENTS
FY 2015/16 Budget

Fiscal Year	Accretion	Principal	Interest	Total	Principal Remaining
2006/07	\$ 1,984,922	\$ -	\$ 156,896	\$ 156,896	\$ 39,169,968
2007/08	2,101,316	1,060,000	133,575	1,193,575	40,211,284
2008/09	2,224,536	1,110,000	82,505	1,192,505	41,325,820
2009/10	2,354,981	1,165,000	27,378	1,192,378	42,515,801
2010/11	2,493,075	-	-	-	45,008,876
2011/12	2,639,268	-	-	-	47,648,144
2012/13	2,794,032	-	-	-	50,442,176
2013/14	2,957,873	-	-	-	53,400,049
2014/15	3,131,320	-	-	-	56,531,369
2015/16	3,314,940	-	-	-	59,846,309
2016/17	3,509,326	-	-	-	63,355,635
2017/18	3,715,111	-	-	-	67,070,746
2018/19	3,932,963	-	-	-	71,003,709
2019/20	4,163,590	-	-	-	75,167,299
2020/21	4,407,741	-	-	-	79,575,040
2021/22	4,365,394	10,445,000	-	10,445,000	73,495,434
2022/23	4,011,146	10,445,000	-	10,445,000	67,061,580
2023/24	3,636,259	10,445,000	-	10,445,000	60,252,839
2024/25	3,238,482	10,445,000	-	10,445,000	53,046,321
2025/26	2,816,363	10,445,000	-	10,445,000	45,417,684
2026/27	2,368,995	10,445,000	-	10,445,000	37,341,679
2027/28	1,894,316	10,445,000	-	10,445,000	28,790,995
2028/29	1,391,186	10,445,000	-	10,445,000	19,737,181
2029/30	858,451	10,445,000	-	10,445,000	10,150,632
2030/31	294,368	10,445,000	-	10,445,000	-
Total	\$ 70,599,954	\$ 107,785,000	\$ 400,354	\$ 108,185,354	\$ -

2006A COP PRINCIPAL AND INTEREST PAYMENTS
FY 2015/16 Budget

Fiscal Year	Principal	Interest	Total	Principal Remaining
2006/07	\$ -	\$ 308,917	\$ 308,917	\$ 45,520,000
2007/08	845,000	2,042,544	2,887,544	44,675,000
2008/09	160,000	2,022,444	2,182,444	44,515,000
2009/10	165,000	2,015,944	2,180,944	44,350,000
2010/11	1,330,000	1,986,044	3,316,044	43,020,000
2011/12	1,385,000	1,932,610	3,317,610	41,635,000
2012/13	1,430,000	1,877,176	3,307,176	40,205,000
2013/14	1,490,000	1,818,786	3,308,786	38,715,000
2014/15	1,550,000	1,757,976	3,307,976	37,165,000
2015/16	1,610,000	1,694,776	3,304,776	35,555,000
2016/17	1,675,000	1,629,076	3,304,076	33,880,000
2017/18	1,745,000	1,551,951	3,296,951	32,135,000
2018/19	1,830,000	1,462,576	3,292,576	30,305,000
2019/20	1,920,000	1,368,826	3,288,826	28,385,000
2020/21	2,015,000	1,270,451	3,285,451	26,370,000
2021/22	2,120,000	1,167,076	3,287,076	24,250,000
2022/23	2,230,000	1,058,326	3,288,326	22,020,000
2023/24	2,335,000	944,201	3,279,201	19,685,000
2024/25	2,455,000	830,588	3,285,588	17,230,000
2025/26	2,565,000	717,638	3,282,638	14,665,000
2026/27	2,680,000	599,626	3,279,626	11,985,000
2027/28	2,805,000	476,213	3,281,213	9,180,000
2028/29	2,925,000	347,288	3,272,288	6,255,000
2029/30	3,060,000	212,626	3,272,626	3,195,000
2030/31	3,195,000	71,888	3,266,888	-
Total	\$ 45,520,000	\$ 31,165,567	\$ 76,685,567	\$ -

2010A COP PRINCIPAL AND INTEREST PAYMENTS
FY 2015/16 Budget

Fiscal Year	Principal	Interest	Total	Principal Remaining
2009/10	\$ -	\$ -	\$ -	70,595,000
2010/11	1,300,000	1,786,708	3,086,708	69,295,000
2011/12	2,310,000	3,008,706	5,318,706	66,985,000
2012/13	2,360,000	2,948,406	5,308,406	64,625,000
2013/14	2,430,000	2,867,606	5,297,606	62,195,000
2014/15	2,520,000	2,774,606	5,294,606	59,675,000
2015/16	2,620,000	2,665,781	5,285,781	57,055,000
2016/17	2,740,000	2,542,606	5,282,606	54,315,000
2017/18	2,865,000	2,413,906	5,278,906	51,450,000
2018/19	2,995,000	2,289,056	5,284,056	48,455,000
2019/20	3,115,000	2,158,681	5,273,681	45,340,000
2020/21	3,260,000	2,014,506	5,274,506	42,080,000
2021/22	3,405,000	1,860,681	5,265,681	38,675,000
2022/23	3,560,000	1,691,556	5,251,556	35,115,000
2023/24	3,740,000	1,510,306	5,250,306	31,375,000
2024/25	3,925,000	1,339,556	5,264,556	27,450,000
2025/26	4,080,000	1,162,806	5,242,806	23,370,000
2026/27	4,285,000	971,625	5,256,625	19,085,000
2027/28	4,465,000	781,022	5,246,022	14,620,000
2028/29	4,660,000	578,500	5,238,500	9,960,000
2029/30	4,870,000	364,075	5,234,075	5,090,000
2030/31	5,090,000	127,254	5,217,254	-
Total	\$ 70,595,000	\$ 37,857,949	\$ 108,452,949	\$ -

2015A REVENUE BONDS PRINCIPAL AND INTEREST PAYMENTS
FY 2015/16 Budget

Fiscal Year	Principal	Interest	Total	Principal Remaining
2014/15	-	-	-	64,000,000
2015/16	475,000	2,280,943	2,755,943	63,525,000
2016/17	2,065,000	2,983,950	5,048,950	61,460,000
2017/18	2,105,000	2,931,725	5,036,725	59,355,000
2018/19	2,165,000	2,856,850	5,021,850	57,190,000
2019/20	2,250,000	2,768,550	5,018,550	54,940,000
2020/21	2,345,000	2,676,650	5,021,650	52,595,000
2021/22	2,440,000	2,568,750	5,008,750	50,155,000
2022/23	2,560,000	2,443,750	5,003,750	47,595,000
2023/24	2,685,000	2,312,625	4,997,625	44,910,000
2024/25	2,820,000	2,175,000	4,995,000	42,090,000
2025/26	2,960,000	2,030,500	4,990,500	39,130,000
2026/27	3,110,000	1,878,750	4,988,750	36,020,000
2027/28	3,265,000	1,719,375	4,984,375	32,755,000
2028/29	3,430,000	1,552,000	4,982,000	29,325,000
2029/30	3,600,000	1,376,250	4,976,250	25,725,000
2030/31	3,780,000	1,191,750	4,971,750	21,945,000
2031/32	3,975,000	997,875	4,972,875	17,970,000
2032/33	4,170,000	794,250	4,964,250	13,800,000
2033/34	4,375,000	580,625	4,955,625	9,425,000
2034/35	4,600,000	356,250	4,956,250	4,825,000
2035/36	4,825,000	120,625	4,945,625	-
Total	\$ 64,000,000	\$ 38,597,043	\$ 102,597,043	\$ -

2006C COP PRINCIPAL AND INTEREST PAYMENTS
FY 2015/16 Budget

Fiscal Year	Principal	Interest	Total	Principal Remaining
2006/07	\$ -	\$ -	\$ -	\$ 89,830,000
2007/08	-	5,038,308	5,038,308	89,830,000
2008/09	1,525,000	4,343,013	5,868,013	88,305,000
2009/10	1,595,000	4,272,988	5,867,988	86,710,000
2010/11	1,660,000	4,207,888	5,867,888	85,050,000
2011/12	1,725,000	4,131,563	5,856,563	83,325,000
2012/13	1,810,000	4,053,369	5,863,369	81,515,000
2013/14	1,880,000	3,985,400	5,865,400	79,635,000
2014/15	1,950,000	3,918,375	5,868,375	77,685,000
2015/16	-	-	-	-
2016/17	-	-	-	-
2017/18	-	-	-	-
2018/19	-	-	-	-
2019/20	-	-	-	-
2020/21	-	-	-	-
2021/22	-	-	-	-
2022/23	-	-	-	-
2023/24	-	-	-	-
2024/25	-	-	-	-
2025/26	-	-	-	-
2026/27	-	-	-	-
2027/28	-	-	-	-
2028/29	-	-	-	-
2029/30	-	-	-	-
2030/31	-	-	-	-
2031/32	-	-	-	-
2032/33	-	-	-	-
2033/34	-	-	-	-
2034/35	-	-	-	-
2035/36	-	-	-	-
2036/37	-	-	-	-
Total	\$ 12,145,000	\$ 33,950,904	\$ 46,095,904	\$ -

TOTAL DEBT SERVICE AND OUTSTANDING PAR
FY 2015/16 Budget

Fiscal Year	2014A Bonds		2008A COP		1999 COP		2006A COP		2010A COP		2006C/2015A COP		Projected		Total		Total Outstanding Principal
	Debt Service	\$	Debt Service	\$	Debt Service	\$	Debt Service	\$	Debt Service	\$	Debt Service	\$	Debt Service	\$	Debt Service	\$	
2014/15	583,537	\$	5,222,000	\$	-	\$	3,307,976	\$	5,294,606	\$	5,868,375	\$	-	\$	20,276,494	\$	266,881,369
2015/16	3,168,975	\$	5,246,872	\$	-	\$	3,304,776	\$	5,285,781	\$	2,755,943	\$	564,063	\$	20,326,410	\$	296,801,909
2016/17	3,152,025		5,503,570		-	3,304,076		5,282,606		5,048,950		2,256,250		24,547,477		286,086,235	
2017/18	3,149,400		5,739,958		-	3,296,951		5,278,906		5,036,725		2,256,250		24,758,190		275,026,346	
2018/19	3,135,100		5,945,417		-	3,292,576		5,284,056		5,021,850		3,187,141		25,866,140		333,944,809	
2019/20	3,146,500		6,049,303		-	3,288,826		5,273,681		5,018,550		5,979,813		28,756,673		322,103,399	
2020/21	3,146,750		6,098,284		-	3,285,451		5,274,506		5,021,650		5,979,813		28,806,454		309,771,140	
2021/22	-		-		10,445,000	3,287,076		5,265,681		5,003,750		6,216,063		30,222,570		311,143,534	
2022/23	-		-		10,445,000	3,288,326		5,251,556		5,003,750		6,924,813		30,913,445		296,359,680	
2023/24	-		-		10,445,000	3,279,201		5,250,306		4,997,625		6,924,813		30,896,945		280,790,939	
2024/25	-		-		10,445,000	3,285,588		5,264,556		4,995,000		6,924,813		30,914,957		264,384,421	
2025/26	-		-		10,445,000	3,282,638		5,242,806		4,990,500		6,924,813		30,885,757		247,150,784	
2026/27	-		-		10,445,000	3,279,626		5,256,625		4,988,750		6,924,813		30,894,814		228,999,779	
2027/28	-		-		10,445,000	3,281,213		5,246,022		4,984,375		6,924,813		30,881,423		209,914,095	
2028/29	-		-		10,445,000	3,272,288		5,238,500		4,982,000		6,924,813		30,862,601		189,845,281	
2029/30	-		-		10,445,000	3,272,626		5,234,075		4,976,250		6,924,813		30,852,764		168,728,732	
2030/31	-		-		10,445,000	3,266,888		5,217,254		4,971,750		6,924,813		30,825,705		146,513,100	
2031/32	-		-		-	-		-		4,972,875		7,733,025		12,705,900		141,708,100	
2032/33	-		-		-	-		-		4,964,250		7,743,006		12,707,256		136,653,100	
2033/34	-		-		-	-		-		4,955,625		7,750,100		12,705,725		131,338,100	
2034/35	-		-		-	-		-		4,956,250		7,749,438		12,705,688		125,748,100	
2035/36	-		-		-	-		-		4,945,625		7,760,756		12,706,381		119,868,100	
2036/37	-		-		-	-		-		-		12,705,163		12,705,163		113,683,100	
2037/38	-		-		-	-		-		-		12,706,063		12,706,063		107,173,100	
2038/39	-		-		-	-		-		-		12,709,844		12,709,844		100,318,100	
2039/40	-		-		-	-		-		-		12,705,744		12,705,744		93,108,100	
2040/41	-		-		-	-		-		-		12,707,869		12,707,869		85,518,100	
2041/42	-		-		-	-		-		-		12,705,194		12,705,194		77,533,100	
2042/43	-		-		-	-		-		-		12,706,700		12,706,700		69,128,100	
2043/44	-		-		-	-		-		-		12,706,231		12,706,231		60,283,100	
2044/45	-		-		-	-		-		-		12,707,638		12,707,638		51,707,500	
2045/46	-		-		-	-		-		-		12,709,644		12,709,644		47,502,500	
2046/47	-		-		-	-		-		-		12,708,488		12,708,488		37,182,500	
2047/48	-		-		-	-		-		-		12,707,119		12,707,119		26,307,500	
2048/49	-		-		-	-		-		-		12,705,825		12,705,825		15,417,000	
2049/50	-		-		-	-		-		-		5,736,800		5,736,800		10,477,000	
2050/51	-		-		-	-		-		-		5,736,250		5,736,250		5,232,000	
2051/52	-		-		-	-		-		-		5,731,950		5,731,950		-	
Total	\$ 19,482,287	\$	\$ 39,805,404	\$	\$ 104,450,000	\$	\$ 55,876,102	\$	\$ 89,441,523	\$	\$ 108,465,418	\$	\$ 309,895,547	\$	\$ 417,520,734	\$	\$ 8,667,165
Reserve																	
Funds with																	
Trustee	\$ -	\$	\$ -	\$	\$ -	\$	\$ 3,317,609	\$	\$ 5,349,556	\$	\$ -	\$	\$ -	\$	\$ -	\$	\$ -

Drought Awareness, State Mandates and Fines

Pictured: CLWA's social media marketing collateral aims to raise awareness about the exceptional drought, offers tips on water conservation and alerts consumers of potential fines for violations of state-mandated rules.



FORECAST ASSUMPTIONS – FY 2015/16 BUDGET

One Percent Property Tax Revenues – 10-year forecast Assumptions

Reserve Requirements

FY 2015/16 reserve amounts have been set at the targeted amount for Capital Reserves and Reserves for Economic Uncertainties and Catastrophic Situations, and an increased amount of one percent property tax funding for Debt Service Reserves to make up for a shortfall in Facility Capacity Fee funding of Reserves. Each fiscal year, the Agency reviews the allocation of reserves between Facility Capacity Fees and one percent property tax revenues and adjusts it according to the upcoming fiscal year budget, funds balances, projected activities and other such items.

The Repair and Replacement Reserve is a new reserve established by the Board of Directors during FY 2012/13 in conjunction with the new wholesale water rate structure. The new structure transfers Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply costs from the Capital Improvement Program to the General Fund/Operating Budget over ten years. This will free up one percent property tax revenues to fund a Repair and Replacement Reserve that will be used for future replacement of aging infrastructure. The amount in the ten year forecast is based on transferring the costs for an additional 550 AF of BV/RRB water each year (see BV/RRB information below for further escalation information).

The future year forecasts are lower than the FY 2015/16 reserve amounts in anticipation of new reserve fund policies. The Agency plans to engage a financial consultant in FY 2015/16 to do a reserve fund study that ties reserve fund levels to the Agency's financial model and Facility Capacity Fee Study.

One Percent Property Tax Revenues

One percent property tax revenues are dedicated to fund existing users' share of the COP and bond debt and capital improvement projects and repair programs, as well as a portion of core non-SWP water supplies. FY 2015/16 revenues are estimated at \$23.1 million, assuming a 7.75 percent increase in assessed valuation from FY 2014/15. This is based on the 7.75 percent increase in assessed valuation from FY 2013/14 to FY 2014/15 and reflects a similar level of new development in the upcoming fiscal year. For FY 2016/17 and thereafter, the forecast uses an increase of five percent per year. This is based on a one percent increase for new development, a two percent increase per year for existing development that does not turn over and three percent to reflect properties that are sold and reassessed to a market rate.

A history of the change in service area assessed valuation is as follows:

Year	Change from previous year
FY 2014/15	7.75%
FY 2013/14	2.2%
FY 2012/13	(1.7%)
FY 2011/12	0.5%
FY 2010/11	(1.1%)
FY 2009/10	(5.6%)
FY 2008/09	5.0%
FY 2007/08	9.2%
FY 2006/07	12.9%
FY 2005/06	19.3%

Investment Revenues, Non-VWC

Based on fund balances and assumes a 1.2 percent rate of return through FY 2015/16, and then a 3.43 percent rate of return thereafter. The 3.43 percent rate of return is based on the 20-year LAIF average rate, consistent with the 2014 Facility Capacity Fee Study.

Investment Revenues, VWC Payment

Includes dividend payments from the Valencia Water Company through FY 2017/18. In FY 2018/19, assumes an Interfund Loan to repay the purchase price over thirty years.

Debt Service – Existing Users

Reflects existing debt service schedule and allocation to existing users and estimates future debt service necessary to fund infrastructure necessary to support existing users. No new debt will be issued unless revenues are sufficient to fund debt service and without approval from the Board of Directors.

Debt Service – Future Users

Reflects an Interfund Loan from one percent property tax revenues to Facility Capacity Fees to pay future users' share of debt service while Facility Capacity Fee revenues are low.

Vista Canyon Recycled Water Credit

During FY 2012/13, the Board of Directors approved an agreement with Vista Canyon to develop to purchase excess recycled water through a Facility Capacity Fee credit. The proposed Vista Canyon development will include construction of a recycled water plant that will produce more recycled water than can be used for on-site purposes. Purchasing recycled water from Vista Canyon will reduce CLWA's recycled water capital expenditures. Reduction in CLWA's capital expenditures will result in reduced Facility Capacity Fees (FCFs) to be paid by Vista Canyon. One percent property tax revenues will fund the portion of the credit that is attributable to existing users. The payment schedule is based on when the recycled water will be available.

Capital Improvement Program (CIP)

With the exception of the BV/RRB water purchase program, CIP costs are inflated 2.36% per year.

BV/RRB Water Purchase

A portion of this item is funded in Capital Planning, Studies and Administration, but is shown separately. This uses the actual 2015 calendar year payment, then assumes five percent inflation per year thereafter.

Facility Capacity Fee Tax Revenues – 10-year forecast Assumptions**Reserve Requirements**

Due to low revenue levels, the Facility Capacity Fee revenues are not projected to fund any reserves until FY 2026/27.

Facility Capacity Fees

Facility Capacity Fee revenues are estimated at \$8 million in FY 2014/15 and \$9.25 million in FY 2015/16. FY 2014/15 revenues are based on revenues received through May 31, 2015. Projections for FY 2015/16 assume very moderate growth, far less than projected by the purveyors. For FY 2015/16 through FY2017/18, it is assumed that annual sales grow by 75 AF per year (from 555 AF to 780 AF). For the next three years through FY 2020/21, it is assumed that sales will grow by 100 AF per year. For FY 2021/22 through FY 2023/24, it is assumed the sales will grow by 200 AF per year. Note that sales will have to increase significantly to achieve the buildout projections.

FY	AF
2014/15	555
2015/16	630
2016/17	705
2017/18	780
2018/19	880
2019/20	980
2020/21	1080
2021/22	1280
2022/23	1480

Beginning in FY 2016/17, the revenue estimates are reduced by the Vista Canyon Recycled Water credit program (described above).

Investment Revenues, Non-VWC

Due to low fund balances and the Interfund Loan, no investment revenues are assumed.

Investment Revenues, VWC Payment

Includes dividend payments from the Valencia Water Company through FY 2017/18. In FY 2018/19, assumes an Interfund Loan to repay the purchase price over thirty years.

General Fund – Operating Forecast

General Fund – Operating Budget forecast information is included in the Debt Coverage 5-Year Forecast. For FY 2016/17 and thereafter, the forecast assumes a two percent increase in water sales, a five percent escalation factor for power and a three percent escalation factor for other costs (with adjustments for the election that takes place in intervening years).

One Percent Property Tax Revenues
10-year Forecast
(In millions)

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Fund Balance, Beginning	\$ 77.08	\$ 72.94	\$ 73.19	\$ 70.77	\$ 76.07	\$ 80.92	\$ 89.00	\$ 100.30	\$ 125.24	\$ 156.24
RESERVES										
Debt Service Reserve	\$ (5.88)	\$ (11.66)	\$ (15.88)	\$ (16.09)	\$ (17.20)	\$ (20.09)	\$ (20.38)	\$ (11.82)	\$ (11.80)	\$ (11.78)
Capital Reserve	(16.95)	(17.06)	(13.28)	(13.27)	(13.25)	(13.21)	(13.15)	(13.17)	(13.47)	(13.88)
Economic Uncertainties (liquidity)	(34.18)	(38.07)	(35.00)	(35.83)	(36.67)	(37.54)	(38.42)	(39.33)	(40.26)	(41.21)
Repair and Replacement Reserve	(0.95)	(1.96)	(3.29)	(5.04)	(7.24)	(9.95)	(13.19)	(17.02)	(21.22)	(25.72)
Total Reserves	\$ (57.96)	\$ (68.75)	\$ (67.45)	\$ (70.23)	\$ (74.36)	\$ (80.79)	\$ (85.14)	\$ (81.34)	\$ (65.53)	\$ (66.87)
Net Available	\$ 19.12	\$ 4.19	\$ 5.74	\$ 0.54	\$ 1.71	\$ 0.13	\$ 3.86	\$ 18.96	\$ 59.71	\$ 89.37
REVENUES										
1% Property Tax Revenues	\$ 21.40	\$ 23.06	\$ 24.21	\$ 25.42	\$ 26.69	\$ 28.03	\$ 29.43	\$ 30.90	\$ 32.45	\$ 34.07
Settlement Agreement Reimbursement (CIP)	0.05	0.70	0.30	1.07	-	-	-	-	-	-
Grants and Reimbursements	0.25	1.08	0.05	-	-	-	-	-	-	-
Investment Revenues	1.03	1.25	1.31	1.05	2.55	2.77	2.92	2.79	2.98	3.18
Investment, VWC payment	-	-	-	3.27	3.27	3.23	3.23	3.22	3.22	3.22
Reimbursement from Annexing Parties	0.28	0.29	0.30	0.32	0.33	0.35	0.37	0.39	0.41	0.43
Repayment from FCF	-	-	-	-	-	-	-	7.92	12.09	16.22
Adjustments	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Total Revenues	\$ 23.03	\$ 26.40	\$ 26.19	\$ 31.15	\$ 32.86	\$ 34.40	\$ 35.97	\$ 45.24	\$ 51.17	\$ 57.14
EXPENDITURES										
Debt Service - Existing Users	\$ (5.60)	\$ (4.54)	\$ (6.47)	\$ (6.52)	\$ (7.12)	\$ (8.83)	\$ (8.98)	\$ (7.41)	\$ (7.40)	\$ (7.40)
Debt Service - Future Users	(9.80)	(8.30)	(9.89)	(6.84)	(5.56)	(4.67)	(2.83)	-	-	-
Vista Canyon Recycled Water Credit	-	-	(1.03)	(0.70)	(0.72)	(0.37)	(0.38)	(0.39)	-	-
Major Capital Projects	(1.43)	(1.11)	(1.74)	(2.30)	(5.15)	(3.00)	(3.07)	(3.14)	(3.22)	(3.29)
Minor Capital Projects	(1.11)	(3.20)	(3.28)	(3.35)	(3.43)	(3.51)	(3.60)	(3.68)	(3.77)	(3.86)
Planning, Studies Admin, less BV/RRB Water	(2.75)	(1.35)	(1.39)	(1.42)	(1.45)	(1.49)	(1.52)	(1.56)	(1.59)	(1.63)
BV/RRB Water	(5.35)	(5.35)	(3.31)	(3.17)	(3.00)	(2.82)	(2.63)	(2.42)	(2.44)	(2.56)
New Capital Equipment	(0.43)	(0.88)	(0.51)	(0.52)	(0.54)	(0.55)	(0.56)	(0.58)	(0.59)	(0.60)
Repair and Replacement Projects	(0.72)	(1.41)	(1.00)	(1.02)	(1.05)	(1.07)	(1.10)	(1.12)	(1.15)	(1.18)
Total Expenditures	\$ (27.19)	\$ (26.14)	\$ (28.62)	\$ (25.84)	\$ (28.02)	\$ (26.31)	\$ (24.67)	\$ (20.30)	\$ (20.16)	\$ (20.52)
Fund Balance, Available	\$ 14.96	\$ 4.45	\$ 3.31	\$ 5.85	\$ 6.55	\$ 8.22	\$ 15.16	\$ 43.90	\$ 90.72	\$ 125.99

Facility Capacity Fee
10-year Forecast
(in millions)

	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Fund Balance, Beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RESERVES										
Debt Service Reserves thru 2010A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Uncertainties	-	-	-	-	-	-	-	-	-	-
Previous Reserve Requirement	-	-	-	-	-	-	-	-	-	-
Total Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Available	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
REVENUES										
Facility Capacity Fees	\$ 8.00	\$ 9.25	\$ 10.03	\$ 11.63	\$ 13.49	\$ 15.64	\$ 17.67	\$ 21.48	\$ 25.68	\$ 29.84
Investment Revenues, non SCWD	-	-	-	-	-	-	-	-	-	-
Investment, VWC payment	0.30	0.30	0.30	1.99	1.99	1.97	1.97	1.96	1.96	1.96
Adjustments	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 8.30	\$ 9.55	\$ 10.33	\$ 13.62	\$ 15.48	\$ 17.61	\$ 19.64	\$ 23.44	\$ 27.64	\$ 31.80
EXPENDITURES										
Debt Service	(8.30)	(7.24)	(7.94)	(11.16)	(12.94)	(15.01)	(16.99)	(12.83)	(12.82)	(12.81)
BV/RRB Water Supply	-	-	(2.02)	(2.08)	(2.14)	(2.19)	(2.23)	(2.26)	(2.30)	(2.32)
FCF Administration	-	(2.32)	(0.37)	(0.38)	(0.39)	(0.41)	(0.42)	(0.43)	(0.44)	(0.46)
Repay One Percent Property Tax	-	-	-	-	-	-	-	(7.92)	(12.09)	(16.22)
Total Expenditures	\$ (8.30)	\$ (9.55)	\$ (10.33)	\$ (13.62)	\$ (15.47)	\$ (17.61)	\$ (19.64)	\$ (23.44)	\$ (27.65)	\$ (31.81)
Fund Balance, Available	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

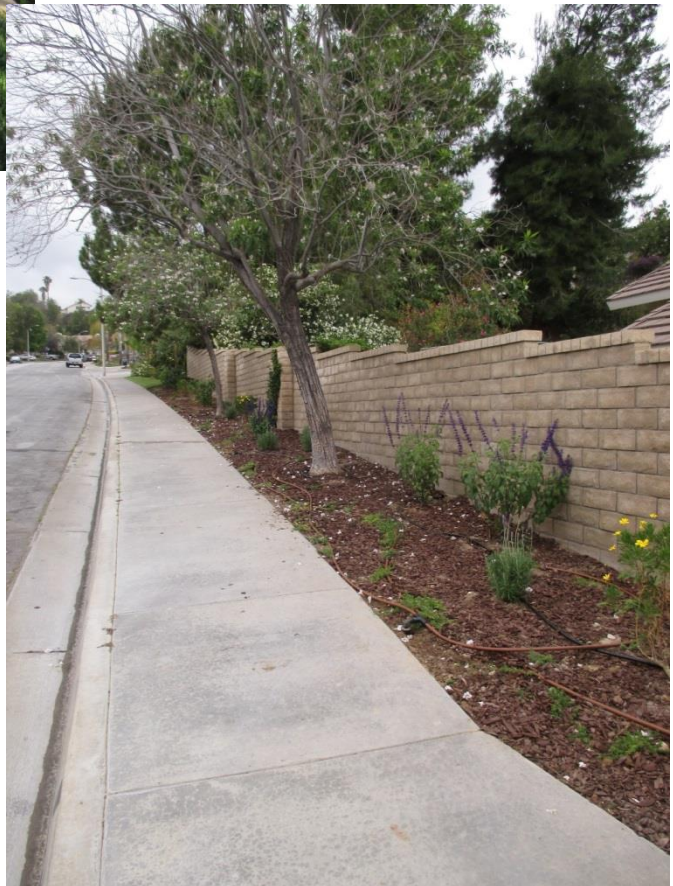
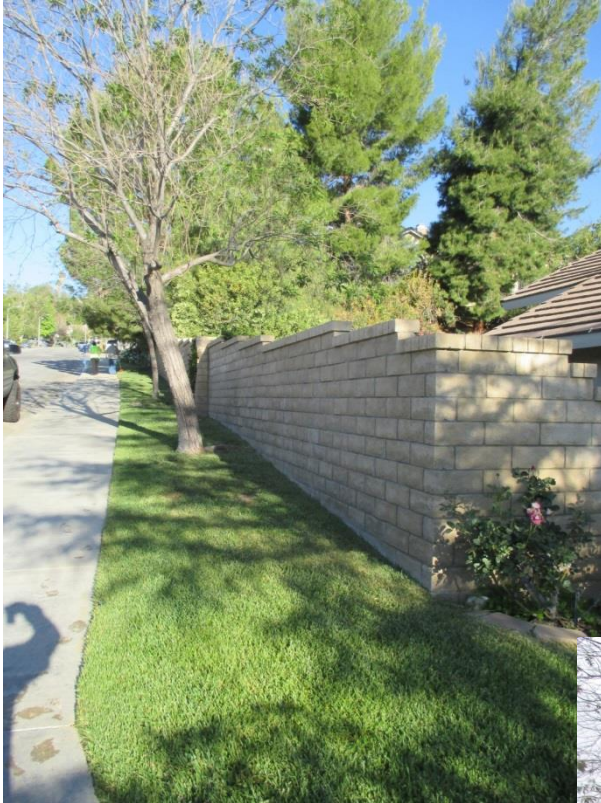
Debt Coverage 5-year Forecast
FY 2015/16 Budget

	Budget				
	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20
REVENUES					
Facility Capacity Fees	\$ 9,250,000	\$ 10,032,965	\$ 11,634,115	\$ 13,489,523	\$ 15,641,944
1% Property Tax Revenues	23,058,300	24,211,215	25,421,776	26,692,865	28,027,508
Wholesale Water - Fixed Charges	13,855,200	17,130,395	18,475,600	19,620,440	19,979,086
Wholesale Water Sales - Variable Charges	3,538,000	3,781,768	4,050,274	4,337,843	4,645,830
Water Sales - Recycled and Saugus Wells	1,698,700	1,714,194	992,963	1,036,011	1,081,079
Investment revenues	1,645,200	1,707,767	6,403,365	7,897,932	8,064,545
Other Revenues (operating)	276,000	276,000	276,000	276,000	276,000
Settlement Agreement (CIP)	700,000	297,000	1,066,000	-	-
Settlement Agreement (O&M)	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611
Grants and Reimbursements	2,133,700	50,000	-	-	-
Reimbursement from Annexing Parties	288,600	303,000	318,200	334,100	350,800
One-time Water Sales	-	-	-	-	-
Other and Adjustments	19,100	19,100	19,100	19,100	19,100
Total Revenues	\$ 57,662,800	\$ 60,759,404	\$ 69,930,473	\$ 75,015,085	\$ 79,436,503
Operations and Maintenance Costs (Operations)	\$ 22,828,000	\$ 24,248,657	\$ 25,178,216	\$ 26,691,867	\$ 27,442,906
Total System Net Revenues	\$ 34,834,800	\$ 36,510,747	\$ 44,752,256	\$ 48,323,219	\$ 51,993,597
Senior Debt Service					
1999 COP					
Total Senior Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Debt Service Coverage *	N/A	N/A	N/A	N/A	N/A
Net Revenues Available after Senior Debt Service	\$ 34,834,800	\$ 36,510,747	\$ 44,752,256	\$ 48,323,219	\$ 51,993,597
Subordinate Debt Service					
2006A COP	\$ 3,304,776	\$ 3,304,076	\$ 3,296,951	\$ 3,292,576	3,288,826
2008A COP	5,246,872	5,503,570	5,739,958	5,945,417	6,049,303
2010A COP	5,285,781	5,282,606	5,278,906	5,284,056	5,273,681
2014A Revenue Bonds	3,168,975	3,152,025	3,149,400	3,135,100	3,146,500
2015A Revenue Bonds	2,755,943	5,048,950	5,036,725	5,021,850	5,018,550
2016 Revenue Bonds (projected)	564,063	2,256,250	2,256,250	2,256,250	2,256,250
2019 Revenue Bonds (projected)	-	-	-	930,891	3,723,563
Total Subordinate Debt Service	\$ 20,326,410	\$ 24,547,477	\$ 24,758,190	\$ 25,866,140	\$ 28,756,673
Total Debt Service Coverage	1.71	1.49	1.81	1.87	1.81
Revenues Available for Other Purposes	\$ 14,508,391	\$ 11,963,270	\$ 19,994,066	\$ 22,457,079	\$ 23,236,925

* Senior Debt Service only applies to 1999 COPs, for which no debt service payments are due until 2021.

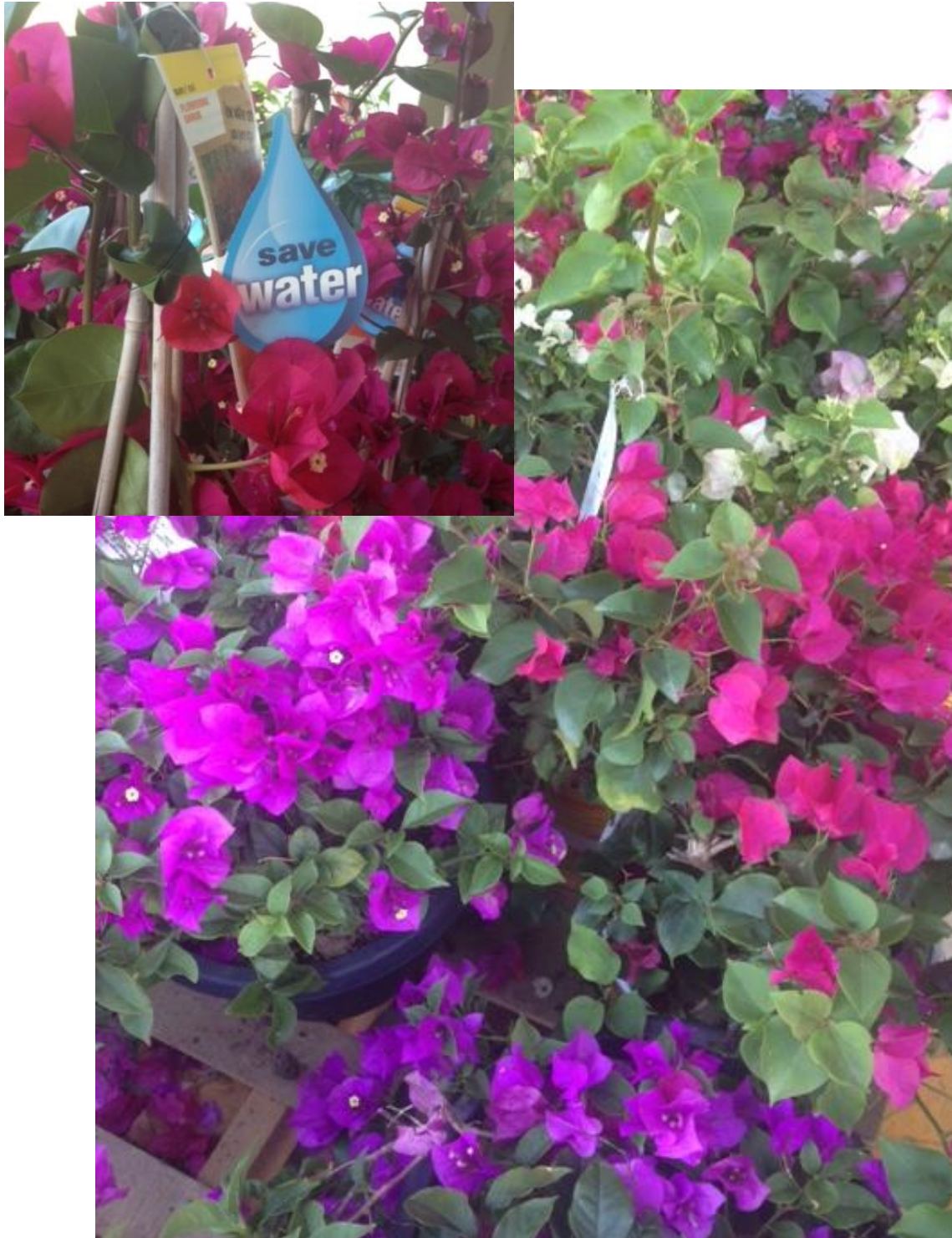
Lawn Replacement Program

Pictured: Before (top) and after (bottom) photos from CLWA's residential lawn replacement program. This resident replaced parkway turf with mulch and drought-tolerant plants and converted conventional sprinklers to drip irrigation.



Colorful Drought-Resistant Landscaping Idea

Pictured: The popular Bougainvillea plant demonstrates that a drought-tolerant landscape design can still be colorful and vibrant. Seen throughout the Santa Clarita Valley and California, this thorny vine with abundant blossoms comes in a variety of colors and brightens anyone's landscape. Bougainvillea thrives in the sunshine and, as noted on the water drop retail tag, is an excellent choice for those seeking a water-saving addition to their landscape.



BUDGET GLOSSARY

Accounts Receivable. The Agency extends credit to customers/purveyors in the normal course of operations. Management deems all accounts receivable as collectible at fiscal year-end.

Accrual. The basis of accounting which revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows.

Acre-Foot/Acre-Feet (AF). A unit of measure equivalent to 325,851 gallons of water.

ACWA (Association of California Water Agencies). A statewide organization comprised of a coalition of public water agencies. The Agency is a member of ACWA.

ACWA/JPIA (Association of California Water Agencies/Joint Powers Insurance Authority). A statewide organization dedicated to consistently and cost effectively providing the broadest possible affordable insurance coverage as well as training and related services to its member agencies. The Agency is a member of ACWA/JPIA.

Appropriation. An amount of money in the budget authorized for expenditure or obligation within organizational units for specific purposes.

Assessed Valuation. An official government value placed upon real estate or other property as a basis for levying taxes.

Assets. Resources having monetary and economic value that are owned or held by the agency.

AWWA (American Water Works Association). An international scientific and educational society dedicated to the improvement of drinking water quality and supply. The Agency is a member of AWWA.

Alternative Water Resources Management (AWRM). A program that will attempt to achieve a total daily maximum load for chloride in the Santa Clara River by blending high chloride and low chloride waters. The Agency has signed a MOU and is helping the Sanitation District (the lead agency) implement the plan.

Balanced Budget (General Fund – Operating). A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means. For the General Fund – Operating Budget, the Agency's stated goal is the expenditures do not exceed revenues. However, during FY 2006/07, the Board of Directors recognized that many increases in expenditures have occurred because the Agency is in a transitional period. Not only is the Agency implementing a number of organizational changes; it has been expanding and changing its infrastructure, which is impacting system operations. As a result, expenses have increased dramatically over recent years and it is difficult to estimate the ultimate impact on operating costs. A stated financial goal of the Board is to cover operating expenses with operating revenues. However, due to this transition period and a desired to provide rate stability for purveyors and Santa Clarita Valley ratepayers, the Board of Directors adopted a three-year program of 15% rate increases for the wholesale water rate to be implemented beginning in January 2007. 1% property tax revenues would be used to offset shortages between wholesale water rate revenues and operating expenses and maintain a fund balance of \$300,000 in the Operating Fund. The goal would be to fully cover operating expenses with operating revenues by 2010. After that, it is expected that rate increases will continue to be required, and would be calculated to recover operating expenditures. This shows that while there is a short-term imbalance between the Agency's operating expenditures and revenues, the Agency does not included this to be a long-term situation. This definition does not apply to the Agency's capital budgets and funds.

Board of Directors. The governing body of the Castaic Lake Water Agency. The Agency is divided into three elective divisions; the governing board is made up of two directors from each division, two directors at large, and one director appointed by each of the two retail water purveyors excluding SCWD and VWC, a total of 11 members.

Bond. A written promise to pay a specified sum of money (called the principal) at a specified date in the future, together with periodic interest at a specified rate. In the budget document, these payments are identified as debt service.

Budget. A balanced financial plan for a given period of time, which matches proposed expenditures to the expected revenues for that same period of time.

Buena Vista Water Storage District (BVWSD). The Agency acquires of 11,000 acre-feet (AF) of water supply per year for a 30-year period from the BVWSD.

California Aqueduct. The main conveyance facility of the State Water Project which brings water via a series of pumping plants from northern California to the Bay Area, San Joaquin Valley, Central Coast area and Southern California.

Capital Equipment. Fixed assets such as vehicles, computers, furniture, technical instruments which have a life expectancy of more than one year and a value over \$5,000.

Capital Improvement Plan (CIP). A long-range plan of the Agency for the construction, rehabilitation and modernization of the Agency owned and operated infrastructure.

Capital Planning, Studies and Administration. Non-operating expenses, including but not limited to: (1) studies in support of major capital projects; and (2) non-recurring studies.

Capital Project. A non-operating expense item of the budget, which includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects. Capital projects typically have a life of five years or more.

Castaic Lake Water Agency Financing Corporation. The corporation formed in 1990 to issue Certificates of Participation.

Catalytic Project. High leverage, high impact activity, project or program which will achieve the greatest positive impact on the performance measures. A catalytic project may also be a collection of programs and activities.

Certificates of Participation (COPs). The financing technique that provides long-term financing through a lease (with an option to purchase) or installment agreement that does not constitute indebtedness under the state constitutional debt limit and does not require voter approval.

CEQA. California Environmental Quality Act.

Ccf. The Ccf is the standard rate of billing for retail water service. 1 Ccf is equal to 100 cubic feet of water which is equal to 748 gallons of water.

Devil's Den Water District. A California Water District in Kern and Kings Counties (the Agency is the primary landowner).

Devil's Den Ranch. Land in Kern and Kings Counties that the Agency owns and operates in agriculture.

DWR (Department of Water Resources). The state agency responsible for financing, constructing and operating State Water Project facilities.

Disbursements. Payments made on obligations.

EIR. Environment Impact Report prepared in compliance with the California Environmental Quality Act.

EIS. Environmental Impact Statement prepared in compliance with the National Environmental Protection Act.

ESFP. Earl Schmidt Filtration Plant (56 MGD) - One of two treatment plants operated by the Agency.

ESIPS. Earl Schmidt Intake Pumping Station which pumps water up to the ESFP.

Equipment Purchases. The purchases of office equipment, furniture, automobiles, trucks, pumps, shop equipment and other items.

Expenditure. An amount of money disbursed or obligated. Expenditures include current operating expenses and capital improvements requiring the present or future use of net current assets and the current year portion of debt service.

Finance and Administration Committee. A committee of the Board of Directors consisting of five Board members that meets on the second Tuesday of each month to discuss finance and administration issues.

Fiscal Year. The time frame in which the Budget applies. For the Agency this is the period from July 1 through June 30 of the succeeding year.

Fixed Assets. Long term tangible assets that have a normal use expectancy of more than three years and do not lose their individual identity through use. Fixed assets include buildings, equipment and improvements other than buildings and land.

Fund. A set of accounts used to account for a specific activity, such as a water enterprise fund. A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and changes in these assets and liabilities.

Fund Balance. Fund equity in governmental funds. The difference between the assets and liabilities equal the fund balance.

Gallons Per Capita Per Day (GPCD). Gallons per capita per day.

Generally Accepted Accounting Principles (GAAP). Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic Financial Statements of an entity. The responsibility for setting GAAP for state and local governments rests with the Governmental Accounting Standards Board (GASB).

General fund. Fund used to account for and report all financial resources not accounted for and reported in another fund.

General Obligation Bonds. Bonds, the payment for which the full faith and credit of the issuing government are pledged.

Goal. A description of a desired end state, condition or outcome expressed in qualitative terms.

Governmental Accounting Standards Board (GASB). The organization that sets the standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports.

Governmental fund. Fund category used to account for tax-supported (governmental) activities. These are the funds through which most governmental functions typically are financed

Governmental Relations and Outreach Committee. A committee of the Board of Directors consisting of five Board members that meets on the third Monday of each month to discuss governmental relations and public outreach issues.

Grant Administration. Grant funds are used only for intended purposes, and are subject to Single Audit requirements (OMB Circular A-133).

Internal Control. Agency management is responsible for the establishment and maintenance of internal control structure that ensures that the assets of the Agency are protected from loss, theft or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Integrated Regional Water Management Plan (IRWMP). A plan for upper Santa Clara River watershed management that was adopted in July of 2008. The Agency is a stakeholder and on the Regional Water Management Group, which leads the IRWMP effort. The IRWMP is critical for identifying programs for possible state grant funding under Propositions 50 and 84

L.A. Co. WWD #36. Los Angeles County Water Works District #36, one of the four Santa Clarita Valley retail purveyors.

Major Capital Project. The acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. Major capital project are typically included in the Agency's Capital Improvement Program and Data Document, and cost more than \$500,000.

Materials and Supplies. Cost of the various materials and supplies purchased to operate and maintain the Agency. Examples of supplies include office, computer, engineering, janitorial and gardening. Materials include glass, lumber, concrete, painting and small tools.

MGD. Million gallons per day.

Minor Capital Project. Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Minor capital projects take less time to develop and are not generally included in the Agency's Capital Improvement Program. Minor capital projects cost \$500,000 or less.

MOU. Memorandum of Understanding.

Modified Accrual Basis of Accounting. The basis of accounting under which revenues are recognized when they become "susceptible to accrue", (i.e., measurable and available to finance expenditures of the current period). The Agency considers property taxes to be available and subject to accrual if they are levied for and due within the fiscal year and collected within 60 days after fiscal year end. Expenditures are recorded when the liabilities are incurred, except that principal and interest payments on general long-term debt are recognized as an expenditure when due.

NCWD. Newhall County Water District – one of the four Santa Clarita Valley retail purveyors.

Objective. A description of the result that is expected to be achieved. An objective is time specific and measurable. Fiscal year objectives are the yearly organizational levels of achievement expected.

OMB. Federal Office of Management and Budget.

Operating Budget. The normal, ongoing operating costs to operate the Agency including salaries, employer expenses, professional and outside services and other operating expenses.

Perchlorate. Compounds used in the manufacturing of explosives, munitions and rocket fuel.

Performance Measurement. A qualitative or quantitative indicator of successful goal attainment. A "good" performance measure is a reasonable approximation or representation of goal attainment. The performance measure cited should also be one that the Agency can affect, gather data on and measure.

Planning and Engineering Committee. A committee of the Board of Directors consisting of five Board members that meets on the fourth Thursday of each month to discuss planning and engineering issues.

RVIPS. Rio Vista Intake Pumping Station which supplies water to the RVWTP.

RVWTP. Rio Vista Water Treatment Plant (30 MGD) – one of two treatment plants operated by the Agency.

Recycled Water. Beneficial use of treated wastewater for such planned uses as irrigation, industrial cooling, recreation, groundwater recharge, environmental enhancement, and other uses permitted under California law.

Reliability. Providing a consistent level of water.

Repair and Replacement. Minor changes or additions to existing Agency-owned grounds or buildings and the electrical, lighting, plumbing, air conditioning or heating systems contained therein, which correct unsafe or unhealthful working conditions, increase operating efficiency, promote improved service to the public, and provide for the installation of equipment and security devices.

Retail Operations Committee. A committee of the Board of Directors consisting of five Board members that meets on the first Tuesday of each month to discuss retail operation issues.

Revenue. Income generated by taxes, notes, bonds, investment income, land rental, user charges and water rates.

Rosedale-Rio Bravo Water Storage District (RRBWS). The Agency participates in the Groundwater Banking Program through RRBWS which allows the storage of 20,000 acre-feet annually of the Agency's State Water Project Table A amount or other State Water Project supplies.

SCWD. Santa Clarita Water Division (also referred to as the Retail Account and the Santa Clarita Water Company) – one of the Santa Clarita Valley four retail purveyors. Santa Clarita Water Company was acquired by the Agency in 1999.

Semitropic Water Storage District (SWSD). The Agency participates in the Groundwater Banking Program through SWSD which includes two short-term accounts that distribute excess State Water Project Table A water.

Services. The normal, ongoing operating costs incurred to operate the Agency. Examples include repair, maintenance, auditing, security and engineering.

Southern California Water Committee, Inc. (SCWC). A nonprofit, nonpartisan, public education partnership dedicated to informing Southern Californians about our water needs and our state's water resources. The Agency is a member of SCWC.

State Water Project (SWP). A water development and distribution system owned and operated by the State of California Department of Water Resources, which transports water from northern California. It entails the operation and maintenance of the conservation and transportation facilities and power to pump the water.

Strategic Goal. A discrete aim for future achievement that is necessary to meet a component of the Agency's mission.

Strategic Plan. A long term plan defining the Agency's mission, goals, and objectives and implementing actions.

Strategy/Tactic/Action/Program/Project/Activity. Means by which we will achieve an objective and move towards a goal. A tactic is a specific action whereas a strategy is a broader concept to gain leverage and solve a particular problem.

Total Agency Budget. The sum of the total operating budget, debt service, water purchases and total capital budget requests.

Total Capital Budget. The total budget requests for equipment purchases and construction projects.

Treated Water. Water delivered to the Santa Clarita Valley four retail purveyors which has been treated at CLWA's ESFP and RVWTP.

Utilities. This includes gas, electricity, water, sewer and telephone service.

UWMP. Urban Water Management Plan.

VWC. Valencia Water Company – One of the Santa Clarita Valley four retail purveyors.

Water Purchases (CLWA). Water purchased from the Department of Water Resources.

Water Resources and Outreach Committee. A Committee of the Board of Directors consisting of five Board members that meets on the second Thursday of each month to discuss water resource issues and outreach efforts.

Castaic Lake Water Agency
FY 2015/16 Long-Term Financial Plan

May 2015

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EXECUTIVE SUMMARY

A long-term financial plan (LTFP) is not a static, one-time document, but represents a process where the Board and management review financial strategies to help achieve the Agency's overall strategic plan. This FY 2015/16 LTFP represents an updated look at individual financial strategies and serves as the basis for future analysis and decision making. The LTFP helps to identify potential financial issues and risks. This FY 2015/16 LTFP groups financial strategies into near-term, mid-term and long-term issues, to help prioritize their implementation. Based on the decisions and guidance provided by the Board, the Plan is a rolling "look-ahead" to help identify priorities and focus.

The Agency's LTFP was first developed in FY 2008/09. This current LTFP continues to build upon the original plan, and also incorporates recent long-term planning efforts, including the Agency's Strategic Plan, 2010 Urban Water Management Plan, Integrated Regional Water Management Plan (IRWMP), 2014 Facility Capacity Fee study, the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP) and the 2012 water rate study conducted by Raftelis Financial Consultants, Inc. (RFC).

The FY 2015/16 LTFP is enhanced by the Agency's enhanced strategic planning efforts. The FY 2015/16 LTFP is significantly influenced by the current drought and water supply conditions, as well as state mandates for major reductions in per capita water use, as follows:

- ◆ SBX7-7 calls for a 20 percent reduction in per capita water use by 2020 (i.e., 20% by 2020). This legislation requires each retailer to develop a baseline per capita water use, an interim 20156 water use target and a 2020 compliance target.
- ◆ Due to the ongoing drought, on April 1, 2015, the Governor of California issued an executive order mandating, among other provisions, a 25% reduction in urban water usage by February 28, 2016. The order provides for the State Water Resources Control Board (SWRCB) to issue regulations implementing the mandatory reductions and setting specific targets for each water supplier. The mandatory reductions for the retailers range from 24% to 32%.

These are significant reductions to be achieved in a short amount of time, and will require significant investments of the Agency's resources and time.

Due to two years of low State Water Project allocations and uncertainty about how much longer the drought will last, the Agency continues to invest in enhanced water banking programs to maintain water supply availability and reliability. At this time, to deal with the ongoing drought situation and mandates for reductions in potable water use, as well as to maximize the use of "local" water supplies, the Agency is moving forward with (1) planning and design of three recycled water projects, (2) updating the Recycled Water Master Plan and associated environmental impact report and (3) developing Recycled Water Rules and Regulations. These projects are considered the most cost-effective to implement and are aimed at converting large turf/non-potable users to recycled water, resulting in the conversion

of approximately 3,000 AFY of potable to recycled water. The cost of these programs is about \$50 million.

This LTFP is separate from the Agency's Strategic Plan and its objectives, goals and action items. This plan is intended to discuss financial strategies to achieve the Agency's strategic plan as well as respond to challenges and opportunities presented by economic, demographic, regulatory, political and environmental conditions.

The LTFP is not intended to address every fiscal issue, but identify high priority fiscal programs and strategies to be monitored over time, so that the Agency is positioned to address them at the appropriate time. The LTFP is a companion piece to the multi-year financial forecast, which estimates budget line items for the near future. The LTFP addresses broader, more strategic issues that will impact the forecast over time. None of these issues can be definitively answered nor fully addressed now. However, ongoing review of the LTFP will help keep the Agency focused on high priority financial issues.

Each of the sections of this Plan has been reviewed and updated. Because of the current focus on water supply and water supply reliability, mandates for significant reductions in per capita water use and accelerated development of recycled water, many of the financial issues have been moved to the long-term section.

The individual financial issues include:

Ongoing

- ◆ Total Cost of Water
- ◆ Diversity and Security of Revenues

Near-Term

- ◆ Water Conservation and Water Use Efficiency
- ◆ Recycled Water
- ◆ Reconnaissance Study for Local Water Resource Management Measures
- ◆ Reliability (Banking) Programs Funding

Mid-Term

- ◆ Capital Improvement Program for Existing Users
- ◆ Debt Financing of the Capital Improvement Program
- ◆ Facility Capacity Fees
- ◆ Technology
- ◆ Operations and Maintenance

Long-Term

- ◆ Quagga Mussels
- ◆ Water Sales
- ◆ Energy Costs
- ◆ Buena Vista/Rosedale Rio Bravo Water Program Funding
- ◆ State Water Contract Fund
- ◆ Security

TOTAL COST OF WATER (Ongoing)

The Agency has funded the ongoing purchase and treatment of water from three sources – wholesale water rates, State Water Contract Fund (ad valorem taxes) and one percent property tax funds. (Note that purchases of “new” supplies of water are also partially-financed through Facility Capacity Fees; this discussion reflects annual costs to treat and deliver water to the retailers.) The diversity of funding sources strengthens the Agency’s fiscal position, but masks the “true” cost of water. Wholesale water rates recover a portion of the cost through fixed charges and a variable rate, and other costs are covered by property taxes. When all of these costs are combined, the total cost of water is about \$1,700 per AF, as shown on the following pages. Staff will publish this table as part of the budget each year to enhance understanding of the actual “cost of water.”

Total Cost of Water

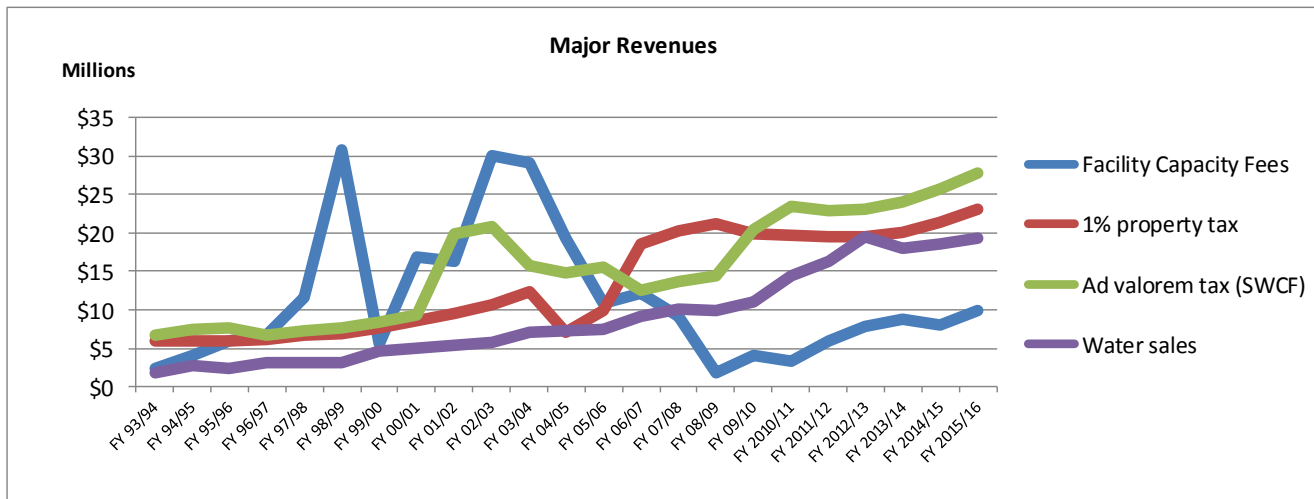
	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Estimated ***	FY 2015/16 Budget
CLWA Operating Budget					
Total	\$ 14,689,283	\$ 16,598,347	\$ 18,328,630	\$ 20,301,700	\$ 22,828,000
Detail on Power Costs					
Electricity - Treatment Plants	388,617	405,701	429,914	300,000	332,500
Electricity - Pumping	1,337,029	1,493,733	1,905,719	1,800,000	1,852,500
Electricity - Other	37,702	44,983	47,468	49,000	47,500
Electricity - Wells	121,879	139,407	168,714	120,000	133,000
	<u>\$ 1,885,227</u>	<u>\$ 2,083,824</u>	<u>\$ 2,551,815</u>	<u>\$ 2,269,000</u>	<u>\$ 2,365,500</u>
Power as a Percentage	12.8%	12.6%	13.9%	11.2%	10.4%
SWP Budget **					
Total	\$ 20,419,322	\$ 18,833,240	\$ 21,258,432	\$ 22,262,700	\$ 29,270,000
Detail on Variable Costs (Power)					
Variable	3,815,512	4,989,452	5,637,395	6,000,000	9,800,000
Off-Aqueduct Power Costs	<u>5,092,987</u>	<u>1,682,683</u>	<u>3,147,687</u>	<u>1,380,000</u>	<u>600,000</u>
	<u>\$ 8,908,499</u>	<u>\$ 6,672,135</u>	<u>\$ 8,785,082</u>	<u>\$ 7,380,000</u>	<u>\$ 10,400,000</u>
Power as a Percentage	43.6%	35.4%	41.3%	33.1%	35.5%
Core Non-SWP Supplies					
BV/RRB (not included in Operating)	\$ 5,904,266	\$ 6,083,451	\$ 5,774,461	\$ 5,618,000	\$ 5,346,700
Yuba Accord Water	<u>254</u>	<u>2,426</u>	<u>30,437</u>	<u>25,000</u>	<u>90,000</u>
	<u>\$ 5,904,520</u>	<u>\$ 6,085,877</u>	<u>\$ 5,804,898</u>	<u>\$ 5,643,000</u>	<u>\$ 5,436,700</u>
TOTAL COST OF WATER	\$ 41,013,125	\$ 41,517,464	\$ 45,391,960	\$ 48,207,400	\$ 57,534,700
TOTAL COST OF POWER	\$ 10,793,726	\$ 8,755,959	\$ 11,336,897	\$ 9,649,000	\$ 12,765,500
Power as a Percentage	26.3%	21.1%	25.0%	20.0%	22.2%
AF Delivered	36,103	42,081	45,306	32,486	34,750
Cost per AF	\$ 1,136.00	\$ 986.61	\$ 1,001.90	\$ 1,483.96	\$ 1,655.67
* This table reflects all "water"-related costs, and divides by the amount of treated water the Agency delivers to the purveyors.					
** This includes all SWP costs, including "capacity" and "reliability" charges. This amount is included in the total that is divided by the amount of treated water the Agency delivers to purveyors. It may be more accurate to allocate certain "capacity" and "reliability" charges by Table A amount (95,200 AF) and then multiply by the AF delivered to the purveyors.					
*** SWP power costs for FY 2014/15 are artificially low due to the use of flex storage in Castaic Lake. Power costs will not be charged until the water is returned (within five years).					

DIVERSITY AND SECURITY OF REVENUES (Ongoing)

The Agency is fortunate to have multiple sources of revenue. In general, each revenue stream faces different risks, so it is rare for all to be negatively impacted at the same time.

Specifically in regards to the development-related Facility Capacity Fees, key findings from the 2012 Raftelis Financial Consultants (RFC) Water Rate Study include:

- ◆ Potential risks to the Agency include high annual debt service, risk of technical default on debt covenants if the Agency does not have sufficient revenues, lower Facility Capacity Fee revenue than projected, lower than projected imported water sales and potential diversion of one percent property tax revenues by the State.
- ◆ Although the current Agency pro forma shows the Agency’s finances are very healthy overall, the Agency does face certain significant risks, particularly due to the uncertainty of the Facility Capacity Fee revenue stream.



As a result of the RFC Water Rate Study, the Agency implemented a new wholesale water rate study that moved from a 100 percent variable rate structure utilizing a single unit rate to a rate structure includes both a fixed and variable component. This provides revenue stability to the Agency.

In addition to the transition to a combination of fixed and variable charges, the wholesale water rate structure is funding a portion of the BV/RRB water supply and certain studies as operating expenses, freeing up capital monies to fund reserves. The RFC water rate study discussed that BV/RRB expenses and certain studies were essentially operating expenses and are more appropriate funded by the General Fund/Operating Budget and not as part of the capital improvement program. This helps communicate the appropriate message to customers regarding the actual cost of water.

This shift also helps protect the Agency against potential temporary or permanent losses of one percent property tax funds, an issue identified in various strategic planning sessions and the Agency's Long-Term Financial Plan.

Wholesale Water Rates

The Agency is currently performing an updated wholesale water rate study. The Agency's current wholesale water rate structure was adopted on February 27, 2013 and covers FY 2013/14 through FY 2015/16. The normal schedule would have been to start the next rate study sometime after July 2015 to be implemented July 1, 2016. The Agency started the water rate study process sooner for possible earlier implementation of a revised wholesale water rate to address the following issues:

- ◆ The ongoing litigation over the current wholesale water rates.
- ◆ The previous rate study was based on water operations data from 2009 through 2011 (use of imported water groundwater and recycled water). The service area's water operations have changed dramatically since that time. The ongoing drought and State Water Project conditions have resulted in re-operation of water supplies and more coordination among all the water suppliers.
- ◆ The Agency has accessed banking programs twice since 2009 without an established funding mechanism. In 2009, the costs were recovered by a surcharge. In 2014, the Agency had sufficient funds to absorb the costs. It may be appropriate to implement a "firming surcharge" and incorporate a "firming reserve fund" into the water rate structure.
- ◆ The Castaic Lake Water Agency Water Resources Reconnaissance Study may result in new water supply operations.

One Percent Property Tax Revenues

The Agency considers one percent property tax revenues subject to temporary or permanent seizure by the State of California. *If this should occur, the Agency would likely have to implement significant increases in wholesale water rates.*

The wholesale water rate structure is funding a portion of the Buena Vista/Rosedale Rio Bravo (BV/RRB) water supply and certain studies as operating expenses, freeing up capital monies to fund reserves. This shift will help protect the Agency against potential temporary or permanent losses of one percent property tax funds, an issue identified in various strategic planning sessions and the Agency's Long-Term Financial Plan.

Possible New Revenue Sources

In addition, the Agency may want to consider new revenue sources, such as through the sale of water when water supplies are sufficient to meet Agency needs, or through the imposition of water standby charges as permitted by the Agency's governing act.

WATER CONSERVATION AND WATER USE EFFICIENCY (Near-term)

On June 22, 2011, the Agency adopted the Santa Clarita Valley 2010 Urban Water Management Plan (UWMP). The 2010 UWMP is a significant planning tool for the Agency and the retailers. A key component of the 2010 UWMP is working with the retailers to develop a strategy to comply with SBX7-7, which calls for a 20 percent reduction in per capita water use by 2020 (i.e., "20% by 2020"). The legislation requires each retailer to develop a baseline per capita water use, an interim 2015 water use target and a 2020 compliance target.

To comply with this mandate, the Agency and the retailers recently completed the Santa Clarita Valley Water Use Efficiency Strategic Plan (SCVWUESP). This Plan sets forth an integrated program that calls for the retailers and the Agency to devote significant resources to implement necessary programs. The challenges are significant due to the existing high per capita water use, relatively affluent residents, low water rates and the prevalence of turf grass.

The implementation of this plan calls for significant resources – \$5.2 million to achieve 20% by 2020, with a cost of \$2.7 million in the FY 2015/16 Budget.

At this time, the Plan is now being adapted to achieve increased reductions based on new state regulations. With the ongoing drought situation, on April 1, 2015, the Governor of California issued an executive order mandating, among other provisions, an overall 25% reduction in urban water usage by February 28, 2016. The order provides for the State Water Resources Control Board (SWRCB) to issue regulations implementing the mandatory reductions and setting specific targets for each water supplier. The mandatory reductions for the retailers range from 24% to 32%.

It is likely that additional funds beyond those identified in the plan will be required.

RECYCLED WATER (Near-term)

The Agency's draft Recycled Water Master plans calls for a target capacity of 17,400 AFY of recycled water. As noted in the 2010 UWMP, with the addition of recycled water from Newhall Ranch, the total anticipated recycled water supply is anticipated to be 22,800 AFY. Through FY 2014/15, the recycled water program has been deferred due to the recession of 2008 and the slow recovery of development and continued low Facility Capacity Fee revenues. The update of the Recycled Water Master Plan has been further delayed pending the completion of the Reconnaissance Study to determine the optimal mix of recycled water, and other local supplies and conservation measures.

At this time, to deal with the ongoing drought situation and mandates for reductions in potable water use, as well as to maximize the use of "local" water supplies, the Agency is moving forward with (1) planning and design of three recycled water projects, (2) updating the Recycled Water Master Plan and associated environmental impact report and (3) developing Recycled Water Rules and Regulations. These projects are considered the most cost-effective to implement and are aimed at converting large turf/non-potable users to recycled water, resulting in the conversion of approximately 3,000 AFY of potable to recycled water. The cost of these programs is about \$50 million.

The remainder of the recycled water program is estimated to cost over \$170 million (in 2014 dollars) to implement. As the Agency finalizes the Recycled Water Master Plan, the Agency will have to analyze the financial feasibility of future recycled water projects, and also address the following challenges:

Seasonal Storage

On an ongoing basis, the Agency anticipates the ability to use 12,000 AFY of recycled water. To fully use 22,800 AFY, the Agency would have to construct seasonal storage, at an estimated cost of \$50 million or more.

Existing Users

Even with the availability of seasonal storage, in order to fully use 22,800 AFY, recycled water will have to be deployed in areas that are currently developed. To connect existing users to a recycled water system is expensive, and these costs are not included in the above costs.

Potable Water Reuse (Direct and Indirect)

The Agency's current program is based on directly serving recycled water to landscape and irrigation uses (via "purple pipe"). Such a system is expensive to construct and operate. The Agency may want to consider direct and/or indirect potable reuse in the future. This is in the

conceptual stage at this time and would require much research and new regulations before feasibility and financial implications can be considered.

Operating Costs

In regards to operating costs, the draft Recycled Water Master plan states that "...to encourage its use, recycled water should be available at a lower rate to users than potable water." This statement may need to be updated in the next Recycled Water Master Plan.

Based on the draft Recycled Water Master Plan, the Agency adopted a rate in 2002 that set the rate at 80% of the retail rates for potable water. At this time, Valencia Water Company (VWC) pays \$464/AF for recycled water. The current recycled water system consists of one turnout provided to one retailer (VWC) at a single location, which is simple and cost-effective to operate. When the recycled water is delivered to multiple turnouts and customers, a different rate structure will be needed. The recycled water rate structure was supposed to be studied as part of the 2012 wholesale water rate study. However, due to delays in constructing the Phase 2 projects, this rate study has been deferred.

RECONNAISSANCE STUDY FOR LOCAL WATER RESOURCES MANAGEMENT MEASURES (Near Term)

During FY 2013/14, the Agency identified a need to prepare a reconnaissance level study to explore how integration of local water resources may be developed to augment overall SCV water supply reliability (Reconnaissance Study).

The Agency and the retailers are facing a shifting policy and regulatory climate that directs water suppliers to maximize efficiency of use (i.e., conservation) and reliance on local resources. In 2009, the State issued a policy of restoring reliability of Delta water supplies by enhancing reliance on local water resources to the extent possible. The passage of SB7X-7 requires per capita water consumption to be reduced by 20 percent by 2020. The Governor's 2015 drought proclamation requires additional conservation, ranging from 24 to 32% by February 2016. Additional policy discussions are taking place that would encourage or possibly require development of stormwater capture as a source of water.

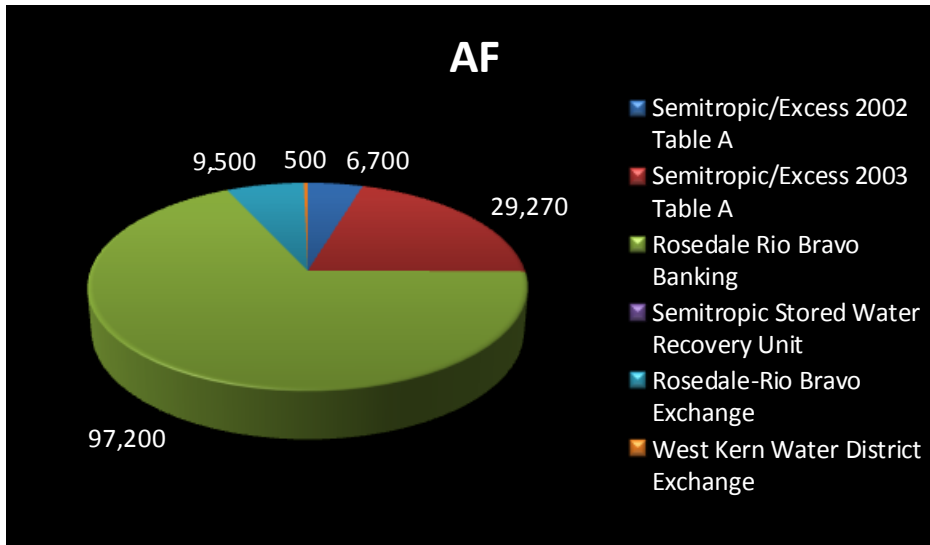
The Reconnaissance Study was recently completed. The study identified the following concepts as having potential for the Agency: groundwater replenishment with recycled water, aquifer storage and recovery, enhanced stormwater capture and pumping redistribution. Of these, the study recommended further development of (1) groundwater recharge of the alluvial aquifer with recycled water and delivery to nonpotable customers and (2) aquifer storage and recovery. The next steps for these projects to be addressed during FY 2015/16 are to perform feasibility and siting studies, perform CEQA and permitting compliance, develop outreach plans, develop relationships with institutional partners and seek grant funding. The study also identified projects for future study, including enhanced stormwater capture, full advanced treatment of recycled water and expanded treatment of contaminated groundwater.

Further development and implementation of these projects will require capital resources up front and operating costs when implemented. The availability of grant funding could impact the financial feasibility of these projects. The Agency will monitor this status and reflect any updates in the FY 2016/17 LTFP.

RELIABILITY (BANKING) PROGRAMS FUNDING (Near-term)

The Agency currently participates in two short-term programs and two long-term banking programs. The two short-term banking programs are the Semitropic banking programs and the long-term programs are the Rosedale Rio Bravo program and the Semitropic Stored Water Recovery Unit. The Agency is also currently participating in two exchange programs, one each with the Rosedale Rio Bravo Water Storage District and the West Kern Water District. The current balances in these programs are:

Program	AF
Semitropic/Excess 2002 Table A	6,700
Semitropic/Excess 2003 Table A	29,270
Rosedale Rio Bravo Banking	97,200
Semitropic Stored Water Recovery Unit	-
Rosedale-Rio Bravo Exchange	9,500
West Kern Water District Exchange	500
Total	143,170



The Agency has funded the capital costs for the existing programs, but will incur significant costs for future withdrawals from the programs, as well as for the development of emergency storage within the Agency’s service area. Funding sources have not been identified for these programs.

Extraction Costs

During FY 2013/14 and FY 2014/15, and anticipated for FY 2015/16, due to the ongoing drought and the low SWP allocations, the Agency is extracting water from two of its banking programs, at an estimated cost of \$2.6 million over three years. The Agency is currently

funding these costs from available fund balances due to high water sales in previous fiscal years. These funds will not be available in the future. When the Agency extracted water from the Semitropic banking program in 2009, the extraction costs were recovered by a surcharge paid by the retailers. As discussed the Diversity and Security of Revenues section, the Agency has engaged RFC to perform a new wholesale water rate study, which includes reviewing the development of a "firming surcharge" and incorporation of a "firming reserve fund" into the water rate structure.

Overall Capacity Needs

Although the Agency has sufficient water in storage to meet near-term storage requirements, as discussed below, a significant quantity of that water is stored in two short-term storage programs. The ultimate need for storage programs will be impacted by several factors including (1) the ability of DWR to successfully complete the Bay Delta Conservation Plan (BDCP) and Delta Habitat Conservation and Conveyance Program (DHCCP) processes and thus improve SWP water supply reliability, (2) the success of the Agency in achieving the water conservation goals of SBX7-7 (20 percent by 2020) and (3) the Agency's ability to implement its recycled water program. At such time as additional storage may be needed, significant financial resources may be required to meet any additional Agency's needs.

Emergency Storage Programs

The Agency's 2011 Water Supply Reliability Plan Update identified the need for emergency storage to be available to meet water demand should outages occur on the State Water Project. The most challenging scenario for the Agency would be an outage of the West Branch of the California Aqueduct caused by an earthquake. The 2009 reliability report recommended the Agency have in place south of the Tehachapi Mountains approximately 5,000 AF of storage in the near term and about 14,000 AF by 2050.

Based on the 2011 Water Supply Reliability Plan Update, the Agency has sufficient emergency storage in Castaic Lake for the near term, and the Agency has deferred actively pursuing emergency storage south of the Tehachapi Mountains.

CAPITAL IMPROVEMENT FOR EXISTING USERS (Mid-term)

Through the Agency's Facility Capacity Fee Study process, a Capital Improvement Program (CIP) for new infrastructure is developed. The benefits and costs of the new infrastructure are allocated to future and existing users, and funding is provided by Facility Capacity Fees and one percent property tax revenues, respectively.

However, because the Agency's infrastructure is relatively new, a repair and replacement CIP has not been developed to maintain the infrastructure in the future. That is, the Agency's CIP has focused on constructing and expanding water treatment plants, pump stations, pipelines and other such infrastructure. As that infrastructure ages, the CIP will transition to replacing pumps, pipeline, treatment plant components, etc. At some point, the Agency will transition its emphasis from implementing new facilities to asset management of existing facilities. Asset management should be designed to extend the useful lives of existing facilities at the lowest possible life cycle cost while maintaining reliability at appropriate levels.

A key finding from the RFC Water Rate Study was that "It is important to note that the Agency budgets approximately \$355,000 per year for repair and replacement projects. However, the depreciation expense of the Agency is approximately \$12.7 million per year using original costs of the assets. Since most of the Agency's assets are relatively new, repair and replacement expenses are not significant. However, as the assets age, repair and replacement costs will increase significantly. Thus, RFC proposes the Agency establish a repair and replacement reserve to mitigate future costs."

During FY 2012/13 an initial asset management gap analysis was performed to identify the steps needed to improve asset management at the Agency. During FY 2014/15 the implementation of asset management continues, including the development of a draft repair and replacement CIP schedule. During FY 2015/16, work will continue developing a CIP for existing users, that is, expanding on the draft repair and replacement CIP.

During FY 2015/16, consistent with the new wholesale water rate structure, a repair and replacement reserve is being established over multiple years. While funds are starting to be set aside for this program, the Agency has not yet fully studied the potential future costs. There will be a significant cost component to this CIP, and those future costs will be developed and incorporated into the Agency's multi-year financial forecasts.

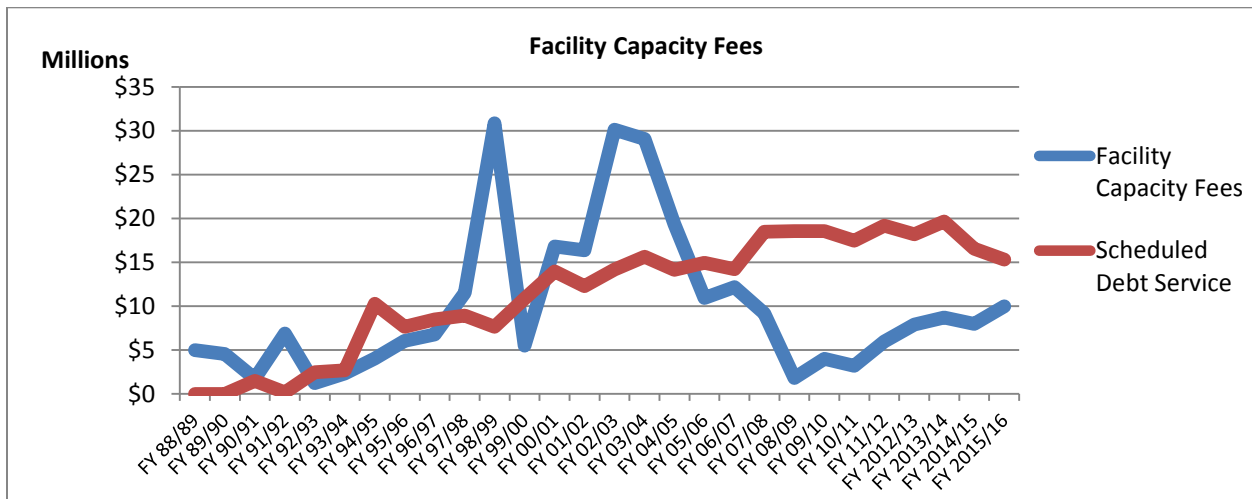
DEBT FINANCING OF CAPITAL IMPROVEMENT PROGRAM (Mid-Term)

The Agency’s Strategic Plan states the Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term facility investments and thus ensure that existing and future users pay their fair share.

The Agency’s Debt Management Policy states that the Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term investments and thus ensure that existing and future users pay their fair share (“generational equity”). Long-term investments include the acquisition of land, facilities, public works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water.

Debt spreads out the cost of capital improvements over time. In general, public agencies find that debt financing is an appropriate use for one-time projects, generally with a life of 10 years or more.

To date, a significant portion of the Agency’s capital programs are required for future needs. This makes the use of debt appropriate for two reasons: (1) debt financing allows each generation to pay for what it uses and (2) Facility Capacity Fees collected in one year may not be expended until future years. Likewise, in some years, there will not be sufficient Facility Capacity Fees collected to cover that year’s debt service.



Key findings from the RFC Water Rate Study include:

- Existing debt service payments represent a significant expenditure to the Agency, exceeding the total operating and maintenance expenses of the water system. This level of debt can be considered a risk to the Agency, since it needs to generate sufficient revenues to meet its debt service coverage.

Near-Term Future Debt

Management has identified a need to invest in the Agency’s infrastructure and Capital Improvement Program (CIP). In previous budgets, Management has deferred various capital improvement projects to deal with the recent economic downturn. At this time, the Agency’s infrastructure needs are increasing and continued deferrals will result in cost increases and possible operational and water supply reliability impacts. Consequently, Management recommends moving forward with certain critical elements of the Agency’s CIP. The current Program for Major Capital Projects calls for \$205.6 million of projects over the next eight years. These projects are intended to address water quality needs, treatment and regulatory issues, water supply reliability, recycled water and other such items.

Based on the projected CIP, the FY 2015/16 Budget forecast includes new debt proceeds beginning in calendar year 2016. For projection purposes, the Budget forecasts new debt as follows:

- \$38.8 million in 2016
- \$70.4 million in 2019
- \$15.4 million in 2022

The exact timing and amounts of debt will depend in the progress of the CIP, availability of grant proceeds and market conditions. Depending on market conditions, the Agency may use the Agency’s low-interest rate commercial program. Management will review the situation with its financial advisor and report to the Board as needed. No new debt will be issued without thorough review with and approval by the Board of Directors.

Debt Financing and One Percent Property Tax Revenues

A more long-term aspect of this issue is the Agency’s transition to “build-out.” Debt service incurred for future users is funded by Facility Capacity Fees and that incurred for existing users is funded by one percent property tax revenues. Through the Agency’s history, most of the debt service has been funded by Facility Capacity Fees. The Agency is at a transition point where existing users represent about half of total users, which consist of the combination of existing and future users. Over time debt service funding will transition to existing users. Should one percent property tax revenues not be sufficient to fund increasing debt service, other mechanisms to fund the existing users’ share would include a component of the wholesale water rate and/or a parcel charge.

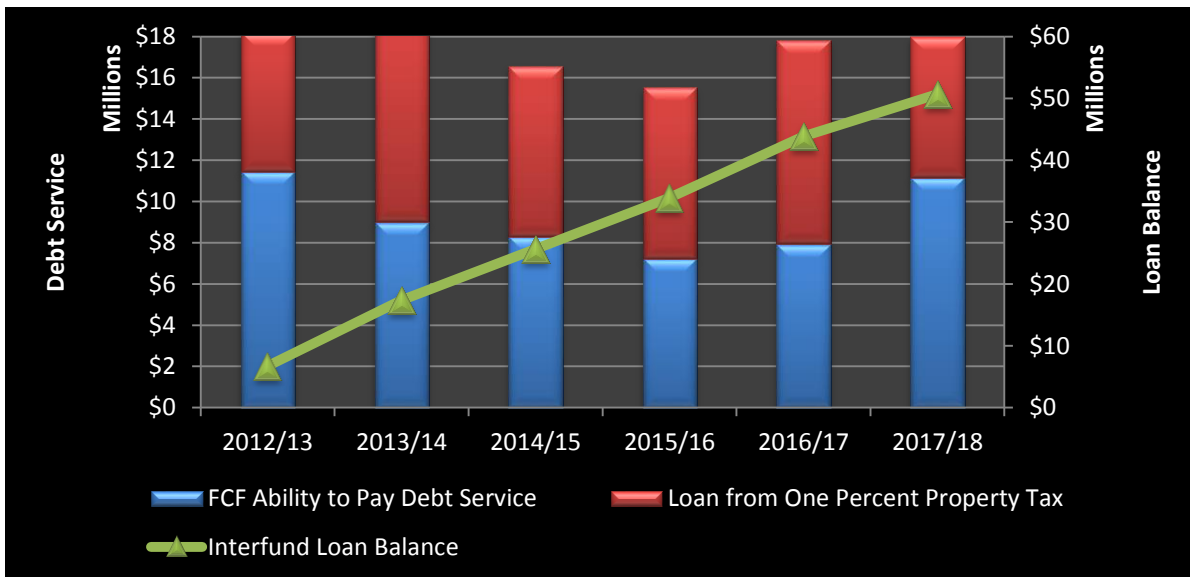
	Current Debt Service	Projected Debt Service for Next Issue
Facility Capacity Fee allocation	78%	39.5%
One Percent Property Tax allocation	22%	61.5%

FACILITY CAPACITY FEES (Mid-term)

Key findings from the RFC Water Rate Study include:

- Although the current Agency pro forma shows the Agency’s finances are very healthy, the Agency does face significant risks, particularly due to the uncertainty of the Facility Capacity Fee revenue stream.

Beginning in FY 2012/13, the Agency’s Facility Capacity Fee Fund was depleted and was unable to pay future users’ debt service. While revenue levels are starting to increase, they are still below the revenue required to fully fund future users’ debt service for the next few years. At this time, one percent property tax revenues are paying a significant portion of the future users’ debt service that is supposed to be funded by Facility Capacity Fees. It is likely this arrangement will continue through FY 2017/18. This is considered an Interfund loan, and future Facility Capacity Fees will repay the one percent property tax revenue fund with interest. Based on the current 8-year Capital Improvement Program and the 10-year forecast, the total amount of the Interfund Loan is projected to be \$38 million, with repayment occurring by FY 2025/26.



Updated Facility Capacity Fees were adopted effective February 1, 2015 based on the 2014 Facility Capacity Fee Study. The next study will be the 2016 Facility Capacity Fee Study.

Facility Capacity Fee revenues are always difficult to estimate due to the unpredictable timing of receipts. Collection of this revenue depends heavily on development activity which, in turn, depends on real estate demands, the regional economic situation, land use planning activity, coordination with other projects and other difficult-to-estimate activity. This revenue stream has always demonstrated a “boom or bust” pattern and, as a result, is difficult to estimate.

TECHNOLOGY (Mid-term)

Technology is an important backbone of all Agency operations, and is becoming increasingly critical to all operations. While the Agency has invested appropriately in hardware and software in the past, it is likely the Agency will have to significantly increase its investment in technology and staffing. As discussed in the FY 2015/16 Budget, the current staffing of one Senior Technology Technician is insufficient to provide network administration and desktop support. The FY 2015/16 Budget adds one Information Technology Technician, but this level of staffing will still lag industry benchmarks.

2014 Assessment

In 2014, the Agency engaged a consultant to conduct an independent comprehensive peer review of the Agency's technology and business systems to ensure the effectiveness and reliability of its Information Technology (IT) environment. The initiative was aimed at identifying and assessing critical challenges of the Agency's IT function and ensuring that the Agency maintains its IT infrastructure and operations according to the industry standards and best practices. The consultant's analysis made a number of recommendations including but not limited to:

- ◆ Increased staffing
- ◆ Enhanced network resiliency
- ◆ Developing and communicating IT policies and procedures
- ◆ Enhanced training for employees
- ◆ Developing a maintenance plan/schedule for IT infrastructure and application programs
- ◆ Installing a cloud-based GIS application/database
- ◆ Developing an IT equipment Life Cycle Management Plan
- ◆ Establishing an intranet as a productivity tool to facilitate communication between staff members and improve data sharing capabilities
- ◆ Developing an IT Strategic Plan
- ◆ Implementing a fully integrated, highly scalable asset management software

Current Situation

A current analysis of the Agency's technology program finds that over the past ten years, the Agency has grown from 80 to 135 users, five servers to 19 servers, servers at three locations instead of one, single tape backup solution to multi-site data replication and disaster recovery systems and five Blackberry users to 50 mobile devices, and has implemented several new technology solutions. Over the past ten years, the Agency's technology programs have transitioned from simple email and Microsoft Office program to include:

- ◆ SunGard Finance Plus (general ledger)
- ◆ Northstar Mcare (wireless technology to link field-service personnel with the utility billing system)
- ◆ Cognos Reporting
- ◆ Access Database (Facility Capacity Fee database)
- ◆ Laboratory Information Management System
- ◆ Neo Gov (human resources and recruitment portal)
- ◆ VMware (storage area networks and virtualized servers)
- ◆ AutoCAD
- ◆ ESET security endpoint (spam, virus and other security measures)
- ◆ WebEx
- ◆ Boardroom wireless projectors
- ◆ Automated meter reading
- ◆ Northstar Utility Billing
- ◆ Northstar Customer Connect (a customer web portal for utility billing)
- ◆ HP Filesite (document management system)
- ◆ Mainsaver (Wholesale computerized maintenance system)
- ◆ Social Media: Facebook, Twitter and Instagram
- ◆ VEEAM (cloud-based backup and recovery of critical business systems)
- ◆ Ecopy Canon Imageware
- ◆ GIS
- ◆ Video surveillance software
- ◆ VPN remote access
- ◆ Smart phones and tablets
- ◆ Handheld Trimble GIS collection devices

Future Trends

The Agency will continue to rapidly expand its use of technology. Many of the applications listed above will be expanded for additional uses. For example, the Neo Gov recruitment tool will be expanded to include employee orientation and employee evaluations. New programs will include automated accounting and timekeeping process, the Open Gov Transparency platform, web-based customer engagement portals for retail water uses (such as those that provide real-time usage information which can lead to increase awareness and water use efficiency), increased deployment of GIS, asset management, Retail computerized maintenance system, advanced metering infrastructure, increased use of tablets for field personnel, an employee Intranet and other such applications.

OPERATIONS AND MAINTENANCE (Mid-term)

The Agency's infrastructure is expanding and will continue to expand. The number and complexity of Agency facilities have grown in recent years and will continue to do so. Each major CIP project that becomes operational adds new complexity and costs to the Agency's overall system. As this additional infrastructure is implemented, the Agency will require additional staff resources and will incur additional costs to operate and maintain the infrastructure. This is one of the key issues identified by Ed Means of Redoak Consulting, a Division of Malcolm Pirnie, during his August 2007 presentation to the Board.

The FY 2015/16 provides two new positions to maintain the infrastructure that has been added over the last ten years, but this issue should be studied further. The Agency should develop a method to fully understand the impact of the CIP on operating costs. That is, when a project is added to the CIP, its cost is not just the cost of the capital improvement program, but includes the ongoing costs to operate and maintain that project.

The current CIP includes a number of water quality and pipeline projects that will not have significant operating costs. However, the future development of the recycled water program will have significant operating costs that should be identified as part of the planning process.

QUAGGA MUSSELS (Long-term)

Quagga mussels are an invasive non-native species that breed very fast, have no known predators, and can quickly colonize new areas within California waters. Once they infest a water body, they cover piers, boat launches, and water intake facilities. There is no effective eradication method, and the cost to manually remove these mussels from water intake screens and pipes is millions of dollars per year for the state's water system operators.



Quagga mussels were first detected in California in 2007 in the Colorado River system. The State of California and other water system operators implemented an ongoing prevention and education program to prevent further spread into California systems. Nonetheless, quagga mussels were discovered in nearby Lake Piru in late 2013. The operator of Lake Piru, United Water Conservation District, is working with the California Department of Fish and Wildlife to contain the infestation.



Nonetheless, it is very possible that quagga mussels will infest nearby State Water Project (SWP) Facilities including Pyramid Lake and Castaic Lake, which would increase SWP operating costs to the Agency. Further, quagga mussel infestations at Castaic Lake would impact Agency facilities. It is likely this would result in increased operating costs, especially at the Agency's Earl Schmidt Filtration Plant and Rio Vista Water Treatment Plant. There may also be increases in Agency capital costs.

WATER SALES (Long-term)

During FY 2012/13 and FY 2013/14, the Agency had surplus water available to sell, achieving revenues of \$4.125 million and \$7.85 million in those years.

With current water demands and supplies, the Agency's supplies exceed demands in many years, thus the potential exists for additional water transfers. The Agency's Act requires that the Board determine that water surplus to the Agency's need exists. The types of water the Agency may transfer are limited. Currently, only non-SWP water supplies may be transferred outside the Agency service area. Thus water derived from the BV/RRB supply is transferable while the Agency's SWP Table A or Article 56 carryover water typically is not (DWR has, however, initiated a pilot program to allow multi-year water transfers during 2013/14 and 2015/16. The Agency has declined to participate in these programs.) Additionally, the Agency has only approved transfers when it had substantial quantities of SWP Article 56 carryover water to buffer it from low allocations in the following years.

The Agency may desire to consider the financial tradeoffs of increasing the frequency or quantities of water it sells during surplus water conditions and the frequency of potential withdrawals from storage programs in future years.

Given the ongoing drought and concerns about water supply reliability, this will not be an issue in the foreseeable future.

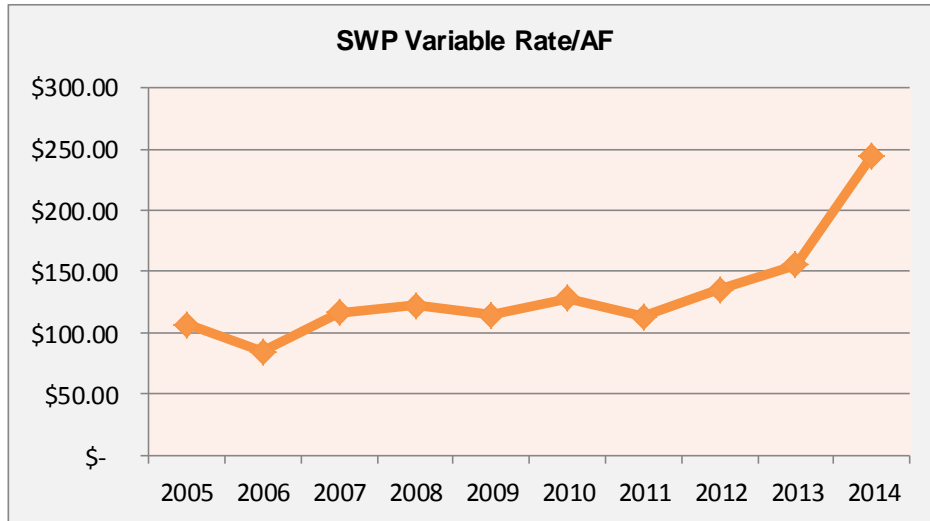
ENERGY COSTS (Long-term)

As discussed in previous Plans, Agency financial constraints include energy volatility, and the water-energy nexus has become a major focus of the water industry in recent years. The water-energy nexus is monitored and studied by many local, regional and state agencies with which the Agency works, as well as by the industry associations and organizations with which the Agency participates. These organizations include the ACWA Energy Committee and the State Water Contractors Energy Committee. The water-energy nexus is also being discussed by a number of state agencies such as the California Public Utilities Commission, the State Water Resources Control Board, Department of Water Resources and the California Air Resources Board (CARB).

The table depicting the total cost of water included earlier in this plan shows that over 20% of the total cost of water is for energy. Further, experience gained in recent years confirms that energy costs are increasing and will continue to increase. Energy costs are influenced by actions including but not limited to:

- ◆ State law such as AB 32 and regulatory actions taken by CARB that have moved California's energy supply system from a least cost model to one that favors more expensive sources that have a smaller carbon footprint.
- ◆ DWR's plan to reduce the SWP's carbon footprint to 1990 levels in the near-term, which will place additional upward pressure on SWP energy costs.
- ◆ Recently introduced SB 350 (2015), which is referred to as "50-50-50" and would require:
 - 50% renewables (energy sector) by 2030
 - 50% reduction in the use of petroleum (transportation sector) by 2030
 - 50% increased energy efficiency in existing buildings (energy sector) by 2030
- ◆ Governor Brown's April 29, 2015 Executive Order to reduce greenhouse gases to 40% below 1990 levels by 2050.

DWR would not necessarily be directly affected by this legislation. However, it is anticipated the SWP will be expected to help integrate renewables and may be expected to purchase more renewables than currently planned. As a result, it is likely SWP energy costs will increase significantly.



To reduce exposure to future energy cost increases for Agency operations, the Agency entered into two power purchase agreements with SunPower, Inc.:

- ◆ A 1 MW photovoltaic power generation facility constructed at the Agency's Rio Vista Water Treatment Plant (RVWTP). The RVWTP and Headquarters facilities represent approximately 15 to 20 percent of the Agency's energy consumption. While the PPA resulted in a marginal increase in the rate the Agency pays for energy at this facility in the near term, it is anticipated that electricity cost inflation will result in lower costs starting in approximately five years.
- ◆ A 3.5 MW plant at the RVWTP to offset nearly a third of combined Wholesale and Retail energy use and would result in immediate cost savings with an estimated \$16.7 million of total savings over the 25-year PPA term, depending on retail electricity pricing scenarios.

BUENA VISTA/ROSEDALE RIO BRAVO WATER PROGRAM FUNDING (Long-term)

In 2007, the Agency entered into a 30-year agreement for 11,000 AFY of water known as the Buena Vista/Rosedale-Rio Bravo (BV/RRB) water. This is 100% reliable Kern River water. At the time it was acquired, it was intended to both supplement the Agency's SWP supplies, which are committed to users in the Agency's existing service area, and by providing up to about 4,000 AFY for parties seeking to annex to the service area. The Agency began funding the program with one percent property tax revenues and assumed that annexing parties would reimburse one percent property tax revenues for their shares.

Shortly after the acquisition of this water supply, the Agency stopped processing annexations and used the BV/RRB water exclusively in the existing service area due to certain state and federal court rulings that detrimentally impacted the reliability of the Agency's SWP supplies. Subsequently, based on the 2010 UWMP, the Agency has determined that up to 3,000 AFY can be reserved for annexations.

Through FY 2012/13, the BV/RRB water supply has been solely funded by one percent property tax revenues, which are considered to be at risk for temporary or permanent transfer to the State. If BV/RRB water supply costs were to be fully funded by wholesale water rates at this time, there would be significant increases in rates. This was identified as a major financial risk to the Agency and was studied as part of the 2012 RFC Water Rate Study and the 2014 Facility Capacity Fee Study.

Key findings from the RFC Water Rate Study include:

- ◆ Gradually transferring the BV/RRB water supply costs to the General Fund/Operating Budget will better reflect the actual cost of water and protect against potential loss of one percent property tax revenues.
- ◆ As the BV/RRB water supply essentially is an operating expense, it is more appropriate that it should be funded by the General Fund/Operating Budget. This sends the appropriate message to customers regarding the actual cost of water.

As part of the 2014 Facility Capacity Fee Study, the allocation of the BV/RRB water supply was allocated to current years and to future users. Facility Capacity Fees will now fund the portion of the BV/RRB water attributable to growth and, as growth occurs, the costs will be shifted to the General Fund/Operating Budget and will be funded by existing users through wholesale water rates.

For FY 2015/16, if the portion of BV/RRB water supply costs being funded by one percent property tax funds were to be funded by the wholesale water rate, the cost would be approximately \$89/AF.

STATE WATER CONTRACT FUND (Long-term)

The Agency funds the State Water Project (SWP) contract commitment through the ad valorem tax rate. Due to legal and regulatory restrictions on water exports, the Agency is facing reduced SWP reliability and increased SWP costs. As various parties look to a Delta fix (BDCP and DHCCP), costs are anticipated to increase significantly. The cost estimates for a Delta fix are about \$20 billion in 2014 dollars, and the Agency estimates its share at 2.5% of the total.

Further cost increases are anticipated as the cost of energy increases for the SWP with the expiration of existing power contracts and DWR increasing the portion of its energy portfolio to higher cost renewable energy sources. Additionally, as the SWP ages, many components will require replacement. DWR has lost significant energy revenue as a result of repairs required at its Hyatt and Thermolito Power Plants.

Additionally, as the operational availability of pumping plants continues to decrease due to maintenance challenges, energy operating costs have increased tens of millions of dollars a year. As discussed in the Energy section of the LTFP, experience in recent years confirms that energy costs will continue increasing. State law such as AB 32 and regulatory actions taken by the California Air Resource Board have moved California's energy supply system from a least cost model to one that favors more expensive sources that have a smaller carbon footprint. Additionally, DWR has adopted a plan to reduce the SWP's carbon footprint to 1990 levels in the near-term. This will place additional upward pressure on SWP energy costs.

The Agency will likely incur increases in the Agency-set tax rate due to increasing costs in the future. The Agency will continue to monitor SWP expenditures and strive to provide consistent changes in ad valorem tax rates.

SECURITY (Long-term)

The Environmental Protection Agency (EPA) states that improving the security of our nation's drinking water and wastewater infrastructures has become a top priority since the events of 9/11. The EPA requires water agencies to engage in a number of security programs. In 2003, the Agency prepared an EPA-mandated risk assessment, or a Vulnerability Assessment. As a result, the Agency is implementing security improvements using a phased approach. As new facilities are constructed, the security system will become more complex and more challenging to operate, which will result in increased operating and maintenance costs. At this time, the Agency spends an extremely small portion of its operating and capital improvement budgets on security measures. It is likely that the financial impact of security will increase over time which, in turn, will increase operating and capital improvement program costs.

**CASTAIC LAKE WATER AGENCY
STATEMENT OF INVESTMENT POLICY**

(Board Approved; Re-adopted February 2015; Reviewed Annually)

INTRODUCTION

The Board of Directors of the Castaic Lake Water Agency recognizes its responsibility to direct the investment of funds under its care. This policy applies to the Castaic Lake Water Agency and the Santa Clarita Water Division.

STATEMENT OF PURPOSE

The purpose of this policy is to provide guidelines for the investment of funds based upon prudent cash management practices and in conformity with all applicable statutes.

Investment Goals

The investment of funds by the Castaic Lake Water Agency shall be guided by the goals of safety of principal, liquidity and return on funds invested. These goals, ranked in order of priority, are further defined as follows:

- ◆ Safety of Principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- ◆ Liquidity of Funds invested will remain sufficient to enable the Agency to meet all operating requirements and budgeted expenditures. Investments will be undertaken with the expectation that unplanned expenses will be incurred; therefore, portfolio liquidity will be created to cover reasonable contingency costs.
- ◆ Return on Funds Invested should be focused upon with investment safety and liquidity goals in perspective. The goal is to maximize return while ensuring that safety and liquidity objectives are not compromised.

Scope

This investment policy applies to all financial assets held by Castaic Lake Water Agency. The Agency pools all cash for investment purposes. This policy is applicable, but not limited to all funds listed below:

General/Operating Fund
Special Revenue Funds
a) One Percent Property Tax Fund
b) Facility Capacity Fee Fund
c) State Water Project Fund

Capital Project Fund
Debt Service Fund
Reserve Funds
Enterprise Fund
Grant Funds

* A separate investment policy will be developed for the proceeds from a future potential lump sum payment of the perchlorate settlement agreement for O&M activities.

Delegation of Authority

Responsibility for the Agency's investment program is delegated to the Treasurer who shall oversee management of the portfolio consistent with this policy. With this delegation the Treasurer is given the authority to utilize internal staff and outside investment managers to assist in the investment program. The Treasurer will use care to assure that those assigned responsibility to assist in the management of the Agency's portfolio do so in accordance with this policy.

For the Santa Clarita Water Division, the Retail Manager serves as the Treasurer.

Conflicts of Interest

All Agency officials and staff members involved with investment functions will refrain from personal business activity that could conflict with the execution of the investment function or could impair their ability to make impartial investment decisions. Officials and staff members involved with the investment function will disclose to the Board of Directors any personal financial interest with a financial institution, broker or investment issuer conducting business with the Agency. Officials and staff members will further disclose to the Board of Directors any personal financial interest in any entity related to the investment performance of the Agency's portfolio.

Prudence

Agency officials and staff members responsible for the investment program, under all circumstances, will conduct themselves in accordance with the "Prudent Man Rule". This rule requires that investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Responsibility

The Treasurer and other individuals assigned to manage the investment portfolio, acting with the intent and scope of this investment policy while exercising due diligence, shall be relieved of personal responsibility for the credit risk and market price risk for securities held in the investment portfolio, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

For the Santa Clarita Water Division, the Retail Manager serves as the Treasurer.

Portfolio Maturity Limits

The maximum maturity for any single investment in the portfolio shall not exceed five years.

The maximum weighted average maturity for the investment portfolio shall not exceed three years.

When a security has a mandatory put date, the put date should be used when calculating weighted average portfolio maturity. When a security has an optional put date, the optional put date should be used when calculating weighted average portfolio maturity so long as the put is at the discretion of the Agency and the put price is equal to or greater than the market value for the security. (A put is a contract that gives its holder the right to sell an underlying security, commodity, or currency before a certain date for a predetermined price.)

Permissible Investments and Investment Restrictions

Permissible investments and investment credit quality, maturity and concentration restrictions (in aggregate by type of restriction) are as follows:

- 1. United States Treasury Bills, Notes and Bonds

Minimum Credit Quality:	Not Applicable
Maximum Portfolio Concentration:	No Limit
Maximum Concentration per Issuer:	No Limit
Maximum Maturity:	5 Years

- 2. United States Government Agency and Sponsored Enterprise Securities

Minimum Credit Quality:	Not Applicable
Maximum Portfolio Concentration:	No Limit
Maximum Concentration per Issuer:	No Limit
Maximum Maturity:	5 Years

- 3. Bankers Acceptances

Minimum Credit Quality:	A-1 or P-1
Maximum Portfolio Concentration:	30%
Maximum Concentration per Issuer:	5%
Maximum Maturity:	180 days

4. Medium Term Notes and Deposit Notes

Minimum Credit Quality: A2 or better by Moody's or A or better by Standard & Poor's.
Maximum Portfolio Concentration: 30%
Maximum Concentration per Issuer: 5%
Maximum Maturity: 5 years
Issuer Restrictions: Issuer must be incorporated and operating in the U.S. or a U.S. depository institution licensed by the U.S. or any State.

5. Commercial Paper

Minimum Credit Quality: A-1 or P-1, long term debt rating, if any, must equal or exceed "A" by Moody's or Standard & Poor's.
Issuer Restrictions: Issuer must be incorporated and operating in the U.S. and have assets in excess of \$500,000,000. No more than 10% of any issuers' Commercial Paper may be purchased.
Maximum Portfolio Concentration: 10%
Maximum Concentration per Issuer: 5%
Maximum Maturity: 270 Days

6. Certificates of Deposit

Minimum Credit Quality: A or better by the Financial Directory. The credit quality is waived if the certificate of deposit is insured with Federal Deposit Insurance Corporation (FDIC).
Maximum Portfolio Concentration: 30%
Maximum Concentration per Depository: 10%
Maximum Maturity: 5 years
Depository Restrictions: Pursuant to Government Code Section 53601.8 and 53635.8, the Agency, at its discretion, may invest funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposits

7. Time Deposit

Minimum Credit Quality: A or better by the Financial Directory. The credit quality is waived if the time deposit is insured with Federal Deposit Insurance Corporation.
Maximum Portfolio Concentration: 30%
Maximum Concentration per Depository: 10%
Maximum Maturity: 5 years
Depository Restrictions: Pursuant to Government Code Section 53601(f), 53635.2, 53648 and 53649, the Agency, at its discretion, may invest funds in a time deposit at a commercial bank, savings bank, savings and loan association or credit union that uses a private sector entity that assists in the placement of time deposit.

8. Municipal Obligations

Revenue Obligations
Minimum Credit Quality:

A1 or better by Moody's, A+ or better by Standard & Poor's or A+ by Fitch Ratings or as otherwise approved by the Agency's Board of Directors

Maximum Portfolio Concentration: 30%
Maximum Concentration per Issuer: 5%
Maximum Maturity: 5 years
Issuer Restrictions: Pursuant to Government Code Section 53601(d), registered treasury notes or bonds of any of the other 49 United States, in addition to California, payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the other 49 United States, in addition to California.

General Obligations

Minimum Credit Quality: A3 or better by Moody's, A- or better by Standard & Poor's or A- by Fitch Ratings or as otherwise approved by the Agency's Board of Directors
Maximum Portfolio Concentration: 30%
Maximum Concentration per Issuer: 5%
Maximum Maturity: 5 years
Issuer Restrictions: Pursuant to Government Code Section 53601(c), registered general obligation treasury notes or bonds of any of the 50 United States.

Adjustable Rate Obligations

Minimum Credit Quality: P-1 or better by Moody's, A-1+ or better by Standard & Poor's or F-1+ by Fitch Ratings or as otherwise approved by the Agency's Board of Directors
Maximum Portfolio Concentration: 30%
Maximum Concentration per Issuer: 5%
Maximum Maturity: 5 years
Issuer Restrictions: Pursuant to Government Code Section 53601(d), adjustable rate registered treasury notes or bonds of any of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the other 49 United States, in addition to California.

Local Agency Fixed Rate Obligations

Minimum Credit Quality: A1 or better by Moody's, A+ or better by Standard & Poor's or A+ by Fitch Ratings or as otherwise approved by the Agency's Board of Directors (the minimum rating shall apply to the local agency, irrespective of any credit enhancement)
Maximum Portfolio Concentration: 30%
Maximum Concentration per Issuer: 5%
Maximum Maturity: 5 years
Issuer Restrictions: Pursuant to Government Code Section 53601(e), taxable or tax-exempt bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state.

Local Agency Adjustable Rate Obligations

Minimum Credit Quality: P-1 or better by Moody's, A-1+ or better by Standard & Poor's or F-1+ by Fitch Ratings or as otherwise approved by the Agency's Board of Directors

Maximum Portfolio Concentration: 30%

Maximum Concentration per Issuer: 5%

Maximum Maturity: 5 years

Issuer Restrictions: Pursuant to Government Code Section 53601(e), adjustable rate notes or bonds, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within this state.

9. Repurchase Agreements

Minimum Credit Quality: Not Applicable

Maximum Portfolio Concentration: 10%

Maximum Term: 30 days

Collateral: U.S. Treasury or Government Securities – 102% marked-to-market daily.

10. California State Local Agency Investment Fund (LAIF)

Minimum Credit Quality: Not Applicable

Maximum Portfolio Concentration: State Max

Maximum Term: Not Applicable

11. Los Angeles County Investment Pool

Minimum Credit Quality: Not Applicable

Maximum Portfolio Concentration: 30%

Maximum Term: Not Applicable

12. Investment Trust of California (CalTRUST)

Minimum Credit Quality: Not Applicable.

Maximum Portfolio Concentration: 20%

Maximum Term: Not Applicable

13. Money Market Mutual Funds

Minimum Credit Quality: Pursuant to Government Code Section 53601(l), AA- or better if fund has retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000) or otherwise AAA.

Maximum Portfolio Concentration: 20%

Maximum Concentration per Issuer: 10%

Prohibited Investments

Pursuant to Government Code Section 53601.6 the Agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips. The Agency shall not invest in any funds that could result in zero interest accrual if held to maturity.

Safekeeping of Securities

All securities owned by the Agency, except collateral for repurchase agreements, will be held in safekeeping at a third party bank trust department that will act as agent for the Agency under terms of a custody agreement.

Securities used as collateral for repurchase agreements with a term of up to seven days can be safe kept by a third party bank trust department, or by the broker/dealer's safekeeping institution, acting as agent for the Agency under the terms of a custody agreement executed by the broker/dealer and the Agency and specifying the Agency's perfected ownership of the collateral.

Payment for all transactions will be versus delivery.

Leveraging

Investments may not be purchased on margin. Securities can be purchased on a "When Issued" basis only when a cash balance can be maintained to pay for the securities on the purchase settlement date.

Reporting

The Treasurer will issue a monthly report to the Board of Directors providing the following information:

- ◆ List of securities by security type
- ◆ Yield to maturity at purchase per asset
- ◆ Maturity date for each asset
- ◆ Par value for each security
- ◆ Percent of portfolio invested in each asset
- ◆ Average portfolio maturity

The Treasurer will issue a quarterly report to the Board of Directors within 60 days of the end of each quarter that will include the above information as well as the market value for each asset held at quarter end and the market value for the portfolio at quarter end.

Annual Review

The Board of Directors will initiate an annual review of investment practices and procedures to ensure conformance with this investment policy. This policy will be reviewed annually to ensure it is in conformance with the overall objectives of the Agency.

(Originally Adopted October 2005)

**CASTAIC LAKE WATER AGENCY
DEBT MANAGEMENT POLICY
(WHOLESALE WATER SYSTEM)**
(Board Approved; Revised January 22, 2014)

INTRODUCTION

The Agency's overriding goal in issuing debt is to respond to, and provide for, the infrastructure, capital project and other financing needs the Agency's wholesale water system while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality.

The Agency believes that debt can provide an equitable means of financing projects for customers of the Agency and provide access to new capital needed for infrastructure and project needs. Debt will be used to meet financing needs if (i) it meets the goals of equitable treatment of all Agency customers, respectively, both current and future, (ii) it is the most cost-effective means available to the Agency, (iii) it is fiscally prudent, responsible, and diligent under the prevailing economic conditions, and (iv) if there are other important policy reasons thereof.

STATEMENT OF PURPOSE

This policy documents the goals for the use of debt instruments and provides guidelines for the use of debt financing by the Castaic Lake Water Agency for its Wholesale water system. Note that the retail water system (Santa Clarita Water Division) has its own debt management policy.

The Agency's Strategic Plan states that the Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term facility investments and thus ensure that existing and future users pay their fair share.

Purposes and Use of Debt

The Agency will utilize reasonable debt financing as an acceptable and appropriate approach to fund long-term investments and thus ensure that existing and future users pay their fair share. Long-term investments include the acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. These investments are typically included in the Agency's Capital Improvement Program and Data Document. Bond proceeds can be issued to fund the planning, design, land acquisition, construction, attached fixtures or equipment and movable pieces or equipment, or other costs as permitted by law.

Purpose of Policy

The purpose of a debt management policy is to:

- Establish parameters for issuing debt
- Provide guidance to decision makers:
 - With respect to all options available to finance infrastructure, capital projects, and other financing needs
 - So that the most prudent, equitable and cost effective method of financing can be chosen
- Document the objectives to be achieved by staff both prior to issuance and subsequent to issuance
- Promote objectivity in the decision-making process
- Facilitate the financing process by establishing important policy decisions in advance

The Agency will adhere to the following legal requirements for the issuance of public debt:

- The state law which authorizes the issuance of the debt
- The federal and state laws which govern the eligibility of the debt for tax-exempt status
- The federal and state laws which govern the issuance of taxable debt
- The federal and state laws, which govern disclosure, sale, and trading of the debt

I. GENERAL PROVISIONS

The Agency will provide for a periodic review of its financial performance, and review its performance relative to the financial policies outlined herein. These financial policies will be taken into account during the capital planning, budgeting, and rate setting process.

Necessary appropriations for annual debt service requirements will be routinely included in the Agency's annual budget.

The Agency will maintain proactive communication with the investment community, including rating agencies, credit enhancers and investors, to ensure future capital market access at the lowest possible interest rates.

The Agency's Debt Management Policy, Reserve Policy and the Statement of Investment Policy are integrated into the decision-making framework utilized in the budgeting and capital improvement planning process. As such, the following principles outline the Agency's approach to debt management.

- The Agency will issue debt only in the case where there is an identified source of repayment. Bonds will be issued to the extent that (i) projected existing revenues are sufficient to pay for the proposed debt service together with all existing debt service covered by such existing revenues, or (ii) additional projected revenues have been identified as a source of repayment in an amount sufficient to pay for the proposed debt.
- The Agency will not issue debt to finance operating needs except in case of an extreme financial emergency which is beyond its control or reasonable ability to forecast, and unless specifically approved by the Board of Directors.
- Debt issuance for a capital project will not be considered unless such project has been incorporated into the Agency's capital planning process, or as otherwise approved by the Board of Directors.

II. CONDITIONS FOR DEBT ISSUANCE

The following guidelines formally establish parameters for evaluating, issuing, and managing the Agency's debt. The guidelines outlined below are not intended to serve as a list of rules to be applied to the Agency's debt issuance process, but rather to serve as a set of practices to promote sound financial management.

In issuing debt, the Agency's objectives will be to:

- Achieve the lowest cost of capital
- Ensure ratepayer equity for the Agency's customers
- Maintain the adopted credit rating strategy and access to credit enhancement
- Preserve financial flexibility

Standards for Use of Debt Financing

When appropriate, the Agency will use long-term debt financing to achieve an equitable allocation of capital costs/charges between current and future system users, to provide more manageable rates in the near and medium term and to minimize rate volatility.

The Agency shall not construct or acquire a facility if it is unable to adequately provide for the subsequent annual operation and maintenance costs of the facility throughout its expected life.

Capital projects financed through debt issuance will not be financed for a term longer than the expected useful life of the project.

Types of Debt

Revenue bonds, Certificates of Participation, commercial paper, capital leases and lease-purchase financing will be treated as debt and subject to these same policies.

Debt Capacity

There is no specific provision within the California Government Code that limits the amount of debt that may be issued by the Agency. The Agency's borrowing capability is limited by the debt coverage ratio required by the existing bond covenants.

Financing Criteria

Each debt issuance should be evaluated on an individual basis within the context of the Agency's overall financing objectives and current market conditions.

The Agency will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

Credit Enhancement – the Agency will consider the use of credit enhancement on a case-by-case basis. Only when clearly demonstrable savings can be realized shall credit enhancement be utilized.

Cash-Funded Reserve vs. Surety – If the issuance of debt requires a cash-funded Debt Service Reserve Fund, then the Agency may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. The Agency may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any of the Agency's debt when it is approved by the Board of Directors.

Call Provisions – In general, the Agency's securities should include optional call provisions. The Agency will avoid the sale of non-callable, long-term fixed rate bonds, absent careful evaluation of the value of the call option.

Additional Bonds Test/Rate Covenants – The amount and timing of debt will be planned to comply with the additional bonds tests and rate covenants outlined in the appropriate legal and financing documents, and this policy.

Short-Term Debt – The Agency may utilize short-term borrowing to serve as a bridge for anticipated revenues, construction financing or future bonding capacity.

Variable Rate Debt – Variable rate debt products are priced at the short-end of the yield curve at low interest rates, but subject to various risks. Variable rate debt may be appropriate for the Agency's portfolio, depending on market conditions and a careful consideration of the risks involved. Variable rate debt products include variable rate demand obligations, commercial paper, and other obligations which have interest rates adjusting periodically. The Agency may consider the use of variable rate debt products to achieve a lower cost of borrowing or for short-term borrowing. In determining whether or not to use variable rate debt, the Agency will analyze the risk associated with the variable rate debt and the impact on the Agency's overall portfolio.

The principal amount of variable rate debt products, including those synthetically fixed through the use of derivative products, shall not exceed 25% of total Agency outstanding debt.

Derivatives – The use of derivatives is covered by the Agency’s Derivatives Policy. This policy states that is has been developed to guide the Agency in its use of interest rate risk mitigation products such as interest rate swaps and other such financing techniques. These financing products can increase Agency financial flexibility and provide opportunities for interest rate savings or enhanced investment yields. Careful monitoring of such products is required to preserve Agency credit strength and budget flexibility. Derivatives will not be used to speculate on perceived movements in interest rates. The notional amount of derivative products shall not exceed 15% of total Agency outstanding debt. More detailed information is contained in the policy.

Upper Santa Clara Valley Joint Powers Authority – The Agency is a member of the Upper Santa Clara Valley Joint Powers Authority. The Agency will consider issuing revenue bonds through the Authority on a case-by-case basis. The Agency will only issue revenue bonds through the Authority only when clearly demonstrable savings can be realized.

Investment of Bond Proceeds - Bond proceeds will be invested in accordance with the permitted investment language outlined in the bond documents for each transaction, unless further restricted or limited in the Agency’s Statement of Investment Policy. The Agency will seek to maximize investment earnings within the investment parameters set forth in the respective debt financing documentation. The reinvestment of bond proceeds will be incorporated into the evaluation of each financing decision; specifically addressing arbitrage/rebate position, and evaluating alternative debt structures and refunding savings on a “net” debt service basis, where appropriate.

Refinancing Outstanding Debt

The Treasurer shall have the responsibility to evaluate potential refunding opportunities. The Agency will consider the following issues when analyzing potential refinancing opportunities:

Debt Service Savings – The Agency shall establish a target savings level equal to 3% of the par of debt refunded on a net present value (NPV) basis. This figure will serve only as a guideline and the Agency may determine that a different savings target is appropriate; the Agency shall evaluate each refunding opportunity on a case-by-case basis. In addition to the savings guideline, the following shall be taken into consideration:

- Remaining time to maturity
- Size of the issue
- Current interest rate environment
- Annual cash flow savings
- The value of the call option

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the Board of Directors.

Restructuring – The Agency may seek to refinance a bond issue on a non-economic basis, in order to restructure debt, to mitigate irregular debt service payments, accommodate revenue shortfalls, release reserve funds, or comply with and/or eliminate rate/bond covenants.

Term/Final Maturity – The Agency may consider the extension of the final maturity of the refunding bonds in order to achieve a necessary outcome, provided that such extension is legal. The term of the bonds should not extend beyond the reasonably expected useful life of the asset being financed. The Agency may also consider shortening the final maturity of the bonds. The

remaining useful life of the assets and the concept of inter-generational equity will guide these decisions.

Economic versus Legal Defeasance - When evaluating an economic versus legal defeasance, the Agency shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. The Agency shall take all necessary steps to optimize the yield on its refunding escrows investments and avoid negative arbitrage.

Outstanding Debt Limitations

Prior to issuance of new debt, the Agency shall consider and review the latest credit rating agency reports and guidelines to ensure the Agency's credit ratings and financial flexibility remain at levels consistent with the most highly rated comparable public agencies.

Method of Issuance

The Agency will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

Competitive Sale – In a competitive sale, the Agency's bonds shall be awarded to the bidder providing the lowest true interest cost (TIC), as long as the bid adheres to the requirements set forth in the official notice of sale.

Negotiated Sale – The Agency recognizes that some bond issues are best sold through negotiation with a selected underwriter. The Agency has identified the following circumstances below in which this would likely be the case:

- Issuance of variable rate or taxable bonds
- Complex structures or credit considerations (such as non-rated bonds), which require a strong pre-marketing effort. Significant par value, which may limit the number of potential bidders, unique/proprietary financing mechanism (such as a financing pool), or specialized knowledge of financing mechanism or process
- Market volatility, such that the Agency would be better served by flexibility in the timing of its sale, such as in the case of a refunding issue wherein the savings target is sensitive to interest rate fluctuations, or in a changing interest rate environment
- When an underwriter has identified new financing opportunities or presented alternative structures that financially benefit the Agency
- As a result of an underwriter's familiarity with the project/financing, that enables the Agency to take advantage of efficiency and timing considerations

Private Placement – From time to time the Agency may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and timing considerations require that a financing be completed.

Market Communication, Debt Administration and Reporting Requirements

Rating Agencies – The Treasurer shall be responsible for maintaining the Agency's relationships with Standard & Poor's Ratings Services, Fitch Ratings, and Moody's Investors Service, to the extent the Agency has ratings from such firms. The Agency shall from time to time, maintain relationships with these agencies as circumstances dictate. The Agency may choose based upon market conditions the number of ratings to obtain for any individual debt issuance. In addition to general communication, the Treasurer should attempt to meet (either in person or via phone or email) with credit analysts at least once each fiscal year. The Treasurer shall prior to each competitive or negotiated sale, offer conference calls or meeting(s) with rating agency analysts in connection with the planned sale.

Observance of Debt Covenants – The Treasurer will periodically ensure that the Agency is in compliance with all legal covenants for each debt issue.

Continuing Disclosure – The Treasurer will periodically confirm that all debt issued is in compliance with Rule 15c2-12(b)(5) by required filing as covenanted in each debt issue's Continuing Disclosure Agreement.

Record Keeping – A copy of all debt-related records shall be retained at the Agency's offices or in an approved storage facility. At minimum, these records shall include all official statements, bid documents, bond documents/transcripts, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). To the extent possible, the Agency shall retain an electronic copy of each document, preferably in PDF or CD-ROM format.

Arbitrage Rebate – The use of bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Treasurer shall ensure that all bond proceeds and investments are tracked in a manner that facilitates accurate calculation; if a rebate payment is due, such payment is made in a timely manner.

Policy Review – This policy should be reviewed periodically by the Board and updated as needed.

(Originally Adopted March 2006; revised January 2014)

**CASTAIC LAKE WATER AGENCY
DERIVATIVES POLICY**
(Board Approved; Revised January 2014)

INTRODUCTION

This policy has been developed to guide the Castaic Lake Water Agency (Agency) in its use of derivative financing/interest rate risk mitigation products such as interest rate swaps and other such financing techniques. These derivative financing products can increase the Agency's financial flexibility and provide opportunities for interest rate savings. The use of derivatives should be integrated into the Agency's overall debt and investment management policy. Careful monitoring of such products is required to preserve the Agency's credit strength and budget flexibility.

Derivatives will not be used to speculate on perceived movements in interest rates.

STATEMENT OF PURPOSE

PURPOSES FOR WHICH DERIVATIVES WILL BE USED

Derivatives can be structured differently, such as Interest rate swaps to create variable rate exposure through a fixed-to-floating interest rate swap or to create fixed rate exposure through a floating-to-fixed interest rate swap. In any situation, the Agency will only undertake such a financing product to achieve one or more of the following objectives:

- ◆ Derivatives may be used to lower interest expense of Agency debt, for a particular financing or for the overall debt portfolio.
- ◆ Derivatives may be used to reduce exposure to changes in interest rates.
- ◆ Derivatives may be used to achieve an appropriate asset/liability match.

PURPOSES FOR WHICH DERIVATIVES WILL NOT BE USED

- ◆ Derivatives may not be used for speculative purposes.
- ◆ Derivatives may not be used where they would create either extraordinary financial leverage or extraordinary financial risk.
- ◆ Derivatives may not be used if they present an extraordinary risk to the Agency's liquidity to terminate the agreement due to unforeseen events, or
- ◆ Derivatives may not be used if there is insufficient price transparency to allow for fair market valuation.

ANALYSIS OF RISK ASSOCIATED WITH DERIVATIVES

The Agency will evaluate all derivatives with respect to the unique risks they present. A specific determination must be made that the proposed or estimated benefits exceed the identified risks by an adequate margin over those available in the traditional cash market. The analysis will assess the risk associated with the following factors:

Amortization Risk for Interest Rate Swap Agreements

Amortization risk is defined as the mismatch of the expiration of the underlying obligation and its hedge, the swap agreements. Amortization risk is the possibility that, as the result of early redemption of the underlying variable rate bonds, the repayment schedule of the bonds differs from the underlying notional amount of the swap agreements. This risk will only arise if the Agency wants to redeem the variable rate bonds ahead of schedule. This is not expected for the Agency financings.

Basis Risk

Basis risk refers to the mismatch between the actual variable rate debt service and variable rate index used to determine the derivative payments. Different fixed income market indices will be evaluated as part of the analysis of an interest rate swap agreement. The analysis will identify the amount of basis risk that may result from various indices.

Credit Risk

Credit risk refers to the credit worthiness of the counterparty. The Agency will only enter into business with highly rated counterparties. The Agency will structure derivative agreements to protect itself from credit deterioration. The Agency will only enter into transactions with counterparties with a credit rating of AA (or equivalent) or better at the time of execution. In the event that the credit rating falls below AA (or equivalent) during the transaction, the derivative documentation shall include protections and remedies. At the time of execution, The Agency should negotiate credit enhancement, subject to market conditions, in the form of:

- ◆ Contingent swap counter party providing support
- ◆ One-way collateral
- ◆ Ratings downgrade triggers

Counterparty Risk

Counterparty risk refers to the failure of the counterparty to make its required payments. This risk can be minimized by establishing strong minimum counterparty credit standards and diversifying the Agency's exposure to counterparties.

Rollover Risk

Rollover risk refers to the potential need to find a replacement counterparty as part of the overall plan of finance if the interest rate swap does not extend to the final maturity of the underlying variable rate bonds. The rollover risk can be minimized through the initial plan of finance by not relying on the execution of future swap agreements.

Tax Events Risk

Tax events risk is defined as the risk created by potential changes to the Federal and State income tax codes on the interest rates to be paid by the Agency on its variable rate bonds. Tax events risk is a form of basis risk. The evaluation should analyze the potential impact of changes in marginal tax brackets as part of its analysis of basis risk.

Termination Risk

Termination risk refers to the possibility that, upon a default by the counterparty, the Agency may be required to make a large payment to the counterparty if the swap agreement is terminated prior to its scheduled maturity pursuant to its terms. For certain types of swaps, a payment by the Agency may be required if interest rates have fallen causing the market value of the remaining payments to be in favor of the counterparty.

INTEREST RATE SWAP FINANCING DOCUMENTATION

The Agency will use standard forms and documentation for derivatives. For interest rate swaps, the Agency will use the International Swaps and Derivatives Association (ISDA) swap documentation including the Schedule to the Master Agreement and a Credit Support Annex. The Agency derivative documentation should include the following terms:

- ◆ Downgrade provisions triggering termination of the swap should be bilateral.
- ◆ Governing law for swaps will be New York or California, but should reflect California authorization provisions.
- ◆ The specified indebtedness related to credit events in the master agreement should be narrowly drafted and refer only to specific debt and in no case provide recourse to the Agency.

- ◆ Eligible collateral should be limited to Treasuries and Federal Agencies.
- ◆ Collateral thresholds should be set on a sliding scale reflective of credit ratings.
- ◆ Termination value should be set by “market quotation” methodology.

FINANCIAL CONSIDERATIONS

Savings Targets

Derivative transactions shall have higher savings targets, due to the greater complexity and higher risk. In calculating the prospective savings for implementing a fixed-to-variable swap, the cost of re-marketing, in addition to the cost of credit enhancement and liquidity fees must be added to the projected average variable rate. The specific targets are as follows:

- ◆ Financial transactions, using swaps or other derivative products, intended to produce the effect of a synthetic fixed rate transaction, must generate 8% or greater present value savings compared to standard fixed-rate bonds which have the same optional redemption features.
- ◆ The notional amount of all derivative financing products shall not exceed 15% of total Agency outstanding debt.

Reporting and Accounting

The agency shall report derivative financing transactions in accordance with Governmental Accounting Standards Board and Financial Accounting Standards Board statements.

Derivative Procurement

The Agency shall use a professional advisor or designated swap representative (Swap Advisor) to assist in the assessment, structuring, and pricing of proposed or existing interest rate swap agreements. The Agency shall select a Swap Advisor as part of the financing team where a Swap is expected to be executed. The Swap Advisor must meet the following qualifications:

1. Has sufficient knowledge to evaluate the swap transaction and risks
2. Is not subject to a statutory disqualification
3. Is independent of the swap dealer or major swap participant
4. Undertakes a duty to act in the best interests of the Agency
5. Provides appropriate and timely disclosures to the Agency
6. Evaluates fair pricing and the appropriateness of the swap

The Agency shall obtain an opinion from its Swap Advisor that the terms and conditions of any financial product entered into reflect a fair market value as of the execution date.

The General Manager is authorized to solicit derivative-proposals from firms that meet or exceed the following criteria:

- ◆ The derivative transaction provider shall have a credit rating of AA (or equivalent) or better from at least two nationally recognized credit rating agencies.
- ◆ The derivative provided shall have a demonstrated record of successfully executing derivative transactions and have a minimum capitalization of \$2 billion.

(Originally Adopted June 2003; revised December 2011; January 2014)

Lawn Replacement Program

Pictured: Before (top) and after (bottom) photos from CLWA's residential lawn replacement program. This drought-savvy resident replaced thirsty grass and enhanced curb appeal with moisture-insulating mulch, various rocks, drought-tolerant plant coverage and even decorative statues.



**CASTAIC LAKE WATER AGENCY
DISCLOSURE PROCEDURES POLICY**
(Board Approved; Originally Adopted March 2014)

INTRODUCTION

The Agency from time to time issues certificates of participation, revenue bonds, notes or other obligations (collectively Obligations) to fund or refund capital investments, other long-term programs and working capital needs. These Obligations may be issued directly by the Agency, through the Upper Santa Clara Valley Joint Powers Authority or on behalf of the Agency by the Castaic Lake Water Agency Financing Corporation (collectively the Issuer). In offering Obligations to the public, and at other times when making certain reports, the Agency and/or the Issuer (if other than the Agency) must comply with the anti-fraud rules of federal securities laws. (Anti-fraud rules refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly Rule 10b-5 under the 1934 Act.)

STATEMENT OF PURPOSE

The purpose of these Disclosure Procedures (Procedures) is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the Castaic Lake Water Agency (Agency) to ensure the Agency continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

BACKGROUND

The core requirement of the anti-fraud rules is that potential investors in Obligations must be provided with all material information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the Agency and/or the Issuer (if other than the Agency) must not omit material information that would be necessary to provide to investors a complete and transparent description of the Obligations and the Agency's financial condition. In the context of the sale of securities, a fact is considered to be material if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are issued, the two central disclosure documents that are prepared are typically a preliminary official statement (POS) and a final official statement (OS, and collectively with the POS, Official Statement). The Official Statement generally consists of (i) the forepart, which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section that provides information on the Agency, including its financial condition as well as certain operating information of the wholesale division or the retail division, as applicable (Agency Section) and (iii) various other appendices, including the Agency's audited financial report, form of the proposed legal opinion and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

DISCLOSURE PROCESS

When the Agency determines to issue Obligations, the Agency's Treasurer requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the Agency Section) for which they are responsible. While the general format and content of the Official Statement does not normally change substantially from offering to offering, except as necessary to reflect major events, the Agency's Treasurer is responsible for reviewing and preparing or updating certain portions of the Agency Section that are within his/her particular area of knowledge. After the Official Statement has been substantially updated, the entire Official Statement is shared with the General

Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement.

Members of the financing team, including the Bond Counsel and the Agency's Financial Advisor with respect to the Obligations, assist staff in determining the materiality of any particular item, and in the development of specific language in the Agency Section. Members of the financing team also assist the Agency in the development of a big picture overview of the Agency's financial condition, which is included in the Agency section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the Agency.

The Agency's Treasurer or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes Agency officials, Bond Counsel, the Agency's Financial Advisor, the underwriter of the Obligations and the underwriter's counsel), and new drafts of the forepart of the Official Statement and the Agency Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among Agency staff and other members of the financing team to discuss issues that may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call that includes Agency officials involved in the preparation of the POS, members of the financing team and the underwriters and the underwriter's counsel, during which the Official Statement is reviewed in its entirety to obtain final comments and to allow the underwriters to ask questions of the Agency's senior officials. This is referred to as a due diligence meeting.

A substantially final form of the POS is provided to the Agency Board of Directors (and the Authority Board of Directors, if relevant) in advance of approval to afford the Board(s) of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Board(s) of Directors, which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with General Counsel and Bond Counsel.

At the time the POS is posted for review by potential investors, senior Agency officials (and under certain circumstances the Issuer) execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the Agency Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior Agency officials (and under certain circumstances the Issuer) execute 10b-5 certificates. General Counsel also provides a 10b-5 opinion letter (generally addressed to the underwriter). General Counsel does not opine to the underwriters or other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion and certain other customary matters.

AGENCY SECTION

The information contained in the Agency Section is developed by personnel under the direction of the Treasurer. The Treasurer coordinates with the General Manager, Engineering and Operations Manager, Water Resources Manager and Controller in the case of a wholesale system financing or with the General Manager, Retail Manager, Retail Administrative Officer and Controller in the case of a retail system financing. The finance team assists as well in certain circumstances and additional officials will be involved as necessary. The following principles govern the work of the respective staffs that contribute

information to the Agency Section:

- ◆ Agency staff involved in the disclosure process is responsible for being familiar with its responsibilities under federal securities laws as described above.
- ◆ Agency staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- ◆ Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the Agency should consider revisions to the Procedures.
- ◆ The process of updating the Agency Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the Agency Section at the time of each update, everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- ◆ The Agency must make sure that the staff involved in the disclosure process is of sufficient seniority so that it is reasonable to believe that, collectively, they are in possession of material information relating to the Agency, its operations and its finances.

TRAINING

Periodic training for the staff involved in the preparation of the Official Statement (including the Agency Section) is coordinated by the finance team and the Treasurer. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the Agency Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the Agency Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance of Obligations, the Agency has entered into a number of contractual agreements (Continuing Disclosure Certificates) to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The Agency must comply with the specific requirements of each Continuing Disclosure Certificate. The Agency's Continuing Disclosure Certificates generally require that the annual reports be filed within 270 days after the end of the Agency's fiscal year, and event notices are generally required to be filed within 10 days of their occurrence.

Specific events which require material event notices are set forth in each particular Continuing Disclosure Certificate.

The Treasurer shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

(Originally adopted March 2014)

CLWA Public Outreach and Events

Pictured (top): Event Coordinator Karen Denkinger represents CLWA during an outreach event.

Pictured (bottom): CLWA Education Staff Cindy Brady (center) and Karen Clark (right) inform an attendee about drought-resistant plants during the Agency's annual Open House event.



CASTAIC LAKE WATER AGENCY
GOVERNMENTAL FUND BALANCE POLICY
(Board Approved; Revised October 2014)

INTRODUCTION

This Governmental Fund Balance Policy establishes the accounting and financial reporting standards for all governments that reports governmental funds as directed by the Government Accounting Standards Board Statement 54.

STATEMENT OF PURPOSE

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

POLICY

Government Accounting Standards Board (GASB) Statement 54

In February 2009, the Government Accounting Standards Board (GASB) published Statement No. 54, which established accounting and financial reporting standards for all governments that report governmental funds. This statement divides the fund balance into five classifications:

1. Nonspendable Fund Balance includes amounts that cannot be spent because they are either (1) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, e.g., inventories and prepaid amounts.
2. Restricted Fund Balance includes amounts that have constraints that are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislations.
3. Committed Fund Balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority.
4. Assigned Fund Balance includes amounts that are constrained by the government’s “intent” to be used for specific purposes, but are neither restricted nor committed except for stabilization arrangements. Intent should be expressed by (1) the governing body itself or (2) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
5. Unassigned Fund Balance is the residual classification for the general fund. This classification represents the fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

In addition to the new five fund balance classifications, GASB 54 also makes clear the definition of special revenue – for financial reporting purposes, a special revenue fund may only be established around one or more revenue sources that are restricted or committed to purposes other than capital projects or debt service.

Compliance with GASB 54

Based on the GASB 54 statement discussion above, staff proposes the following changes:

Governmental Funds

The Agency will have five (instead of four) major governmental funds grouped into four (instead of three) governmental fund types. The four governmental fund types are: (1) a general fund to account for and report all financial resources not accounted for and reported in another fund, (2) special revenue fund to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects, (3) a capital projects fund to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets and (4) a debt service fund to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The Agency will have the following major governmental funds starting with Fiscal Year 2010/11 reporting:

1. General Fund – no change
2. Pledged Revenue Fund (special revenue fund) – debt proceeds from this fund will be move to new Capital Project Fund
3. Capital Projects Fund – to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets
4. State Water Contract Fund (special revenue fund) – no change
5. Debt Service Fund – no change

Fund Balance Classifications

1. The Nonspendable Fund Balance accounts for fund balances that are not in “spendable” form, such as inventories and prepaid amounts.
2. The Restricted Fund Balance accounts for fund balances that are restricted by debt covenants and laws.
3. The Committed Fund Balance accounts for fund balances that are committed for specific purposes by formal action of the Board of Directors of the Agency.
4. The Assigned Fund Balance accounts for fund balances that are constrained by the Agency’s “intent” to be used for specific purposes, but are neither restricted nor committed except for stabilization arrangements. Intent should be expressed by the Board of Directors of the Agency itself or a subordinate high-level body (a finance and administration committee, for example) or official to which the board has delegated the authority to assign amounts to be used for specific purposes.
5. The Unassigned Fund Balance accounts for fund balances that have not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes.

Summary

The two tables below summarize the fund balance categories and classifications currently (before GASB 54) and proposed (after GASB 54).

Before GASB 54

	General Fund	Special Revenue Fund		Debt Service Fund
		Pledged Revenue	State Water Contract	Debt Service Fund
Fund Balance:				
Reserved	X	X	X	X
Unreserved	X	N/A	N/A	N/A

After GASB 54

	General Fund	Special Revenue Fund		Debt Service Fund	Capital Projects Fund
		Pledged Revenue	State Water Contract	Debt Service Fund	
Fund Balance:					
Nonspendable	X	X	X	N/A	X
Restricted	X	X	X	X	X
Committed	X	X	N/A	N/A	N/A
Assigned	X	X	N/A	X	X
Unassigned	X	X	N/A	N/A	N/A

(Originally Adopted June 2011)

Drought-Tolerant Tree Landscaping Ideas

Pictured: Drought-tolerant trees to be considered as main features in your water-saving landscape design: (top) the African Sumac tree offers graceful, arching branches, weeping foliage with fragrant flowers and a picturesque trunk structure; (bottom left) the Bottlebrush tree with bright red blooms adds color and ensures regular visits from beneficial honey bees; (bottom right) the fast-growing Sunburst Honeylocust offers excellent shade while growing in adverse conditions.



**CASTAIC LAKE WATER AGENCY
PURCHASING POLICY
(WHOLESALE WATER SYSTEM)
(Board Approved; Revised March 2013)**

SECTION 1. APPLICABILITY OF PURCHASING MANUAL

INTRODUCTION

This Purchasing Manual provides uniform procedures for acquiring goods, services and equipment for the wholesale operations of the Castaic Lake Water Agency (CLWA). The Santa Clarita Water Division of the Castaic lake Water Agency uses its own Purchasing Manual for Retail activity.

STATEMENT OF PURPOSE

This Purchasing Manual authorizes the conditions under which the Administrative Services Manager (Chief Financial Officer) is authorized to release Agency funds. All purchases of goods, services and equipment to be paid for by the Agency must comply with the methods, authority and dollar limits set forth in this Purchasing Manual. This Purchasing Manual does not apply to non-discretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases and payroll taxes. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

This Purchasing Manual does not supersede statutory law in existence at the time the Agency enters into a contract for the purchase of goods, services or equipment. California statutes that govern such contracts shall control to the extent they are in conflict with this Purchasing Manual.

SECTION 2. AUTHORITY OF GENERAL MANAGER TO EXECUTE CONTRACTS

The Agency's General Manager is hereby empowered to execute contracts for the purchase of goods, services and equipment up to a limit of \$100,000 per transaction in accordance with Section 3. In times of his absence, the General Manager may delegate his/her power.

(Revised January 2011)

SECTION 3. METHODS OF ACQUISITION - GENERAL RULES

Except as provided in Section 4, the following methods of acquisition shall be used in the circumstances indicated:

- (A) Items of less than \$20,000. The General Manager may acquire items, the cost or estimated cost of which does not exceed \$20,000 in any single acquisition, from any vendor who, in the General Manager's judgment, will provide the best product or service at the most favorable price.
- (B) Items of \$20,000 or more but less than \$50,000. The General Manager may acquire items, the cost or estimated cost of \$20,000 or more but less than \$50,000 in any single acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers CLWA the best value. The General Manager may consider quality and relevant factors other than price in reaching his/her decision as to what product or service to purchase. The General Manager shall report such acquisitions to the Board. If fewer than three vendors or contractors are available, or if the product is not readily obtainable on the open market, or in the event of an emergency, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records.
- (C) Items of \$50,000 or more but less than \$100,000. The General Manager may acquire items, the cost or estimated cost of \$50,000 or more but less than \$100,000 in any single

acquisition, by requesting three (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers CLWA the best value. The General Manager may consider quality and relevant factors other price in reaching his/her decision as to what product or service to purchase. The General Manager shall report such acquisitions to the Board. If fewer than three vendors or contractors are available, or if the product is not readily obtainable on the open market, or in the event of an emergency, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the purchase records. An acquisition made pursuant to this Subsection must be listed in the budget. If not listed in the budget, the Board approval procedures established in Subsection (D) below shall apply.

- (D) Items of \$100,000 or more. Items, the cost or estimated cost of which equals or exceeds \$100,000 in any single acquisition, shall be submitted to the Board for approval before purchase. Once approved by the Board, the General Manager may acquire such items by requesting (3) or more quotations from qualified vendors, and then purchasing the item from the responsible vendor whose product or service offers the Agency the best value. If the item is (1) of a specified brand or type which is the only article which will properly meet the needs of the Agency, or (2) is not readily obtainable on the open market, or (3) is an item or service for which comparable quotations or bids cannot be secured, the determination of sole source must be approved by the Board.

(Revised January 2011)

SECTION 4. METHODS OF ACQUISITION – SPECIAL RULES

- (A) The requirements of Section 3 shall not be applicable if:
- a. The item is a utility service such as telephone, power or other such item where the rates or prices therefore are fixed by legislation, government regulation or contract, or
 - b. The item is to be used in improvements or units of construction work subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.
- (B) In the event of an emergency and a written finding by the General Manager that it is immediately necessary to purchase or contract for goods, services and equipment, the General Manager is authorized to make the required purchase(s) or enter into the required contract(s). The General Manager shall, however, report any such action involving a cost of more than \$25,000 to the Board as soon as practicable. This report shall identify the emergency and the actual or probable impact the emergency would have had on Agency operations.

SECTION 5. MOTOR VEHICLES

The State of California shall be used as the first source of supply for vehicle procurement. In the event the State does not offer the vehicle desired, Section 3 shall be in force. The General Manager shall report any vehicle purchase to the Board as soon as practicable.

SECTION 6. ITEMS MANUFACTURED FOR CLWA

When necessary, the Agency may contract for goods or equipment which must be manufactured especially for the Agency and are not suitable for sale to others in the ordinary course of business. Such contracts may provide for progress payments for work performed and cost incurred, so long as not less than 10% of the contract price is to be withheld until after final delivery and acceptance of the supplies or equipment. Such contracts may also provide for a faithful performance bond in a sum not less than one-half of the total amount payable under the contract.

SECTION 7. AUTHORITY OF GENERAL MANAGER AND ADMINISTRATIVE SERVICES MANAGER TO MAKE DISBURSEMENTS

The General Manager and Administrative Services Manager (Chief Financial Officer) are hereby authorized to make all necessary disbursements in payment for goods, services and equipment

contracted for pursuant to this Purchasing Manual. This disbursement authority is, however, subject to the Agency's rules and procedures on checks exceeding \$25,000.

SECTION 8. AUTHORITY OF GENERAL MANAGER TO EXECUTE CONSTRUCTION CHANGE ORDERS

The Agency's General Manager is hereby empowered to bind the Agency by change order up to the total amounts identified below based on the original Contract amount.

<u>Original Contract Amount</u> Up to \$1,000,000	<u>Change Order Authority</u> \$20,000 or 5% of original contract amount, whichever is greater.
Greater than \$1,000,001	\$50,000 or 4% of original contract amount, whichever is greater.

The Board may grant different change order authority on a project-specific basis. Board approval is required for any and all change orders once the total amount of change orders reach the specific level of authority given to the General Manager. The General Manager shall brief the appropriate Committee and the Board on the details of all final approved change orders.

(Revised August 2005)
(Revised February 2012)
(Revised March 2013)

SECTION 9. PROFESSIONAL SERVICE CONTRACTS

All professional service contracts or work authorizations in excess of \$100,000 annually shall be approved by the Board. The General Manager shall have the authority to approve changes in professional service contracts or work authorizations up to 10% (cumulative) of the amount authorized by the Board. When the General Manager makes such an increase, details of change shall be reported to the appropriate Committee and the Board as soon as practicable. An appropriate Committee, as determined by the Board, shall review all professional service contracts every fiscal year to determine if the terms still meet the requirements and needs of the Agency or if the contracts should be modified.

(Added October 2005)
(Revised January 2011)

SECTION 10. ENGINEERING SERVICES

Engineering services provided by consulting firms for the Agency include conducting evaluations, performing studies, preparing preliminary and final designs, preparing technical specifications, providing engineering support during construction, performing construction management and inspection, water resources and other miscellaneous services. "General Engineering" services are engineering services where the consultant is working as an extension of Agency staff, staff is unable to perform the work due to workload, the work is outside the technical expertise of Agency staff, and/or the scope and effort of the work is not well defined. "Project Engineering" services are usually related to capital improvement projects or operational or water resources issues for which the scope of services and effort is well defined and specific.

10.1. GENERAL ENGINEERING

10.1.1 Contract: General Engineering services for the Agency will be performed by one or more consulting firms working under biennial contracts. These services will be compensated through an hourly rate schedule, with rates established at the time of the initiation (or renewal) of a contract. Each contract will be presented every two years to the Board of Directors for renewal or the General Manager may recommend solicitation of proposals from other consulting firms.

10.1.2 Monthly Activity Reports. A monthly activity report shall be prepared that summarizes the work of the General Engineering Consultant for the previous month including completed work, work in progress, and planned actions for the next month.

10.2 PROJECT ENGINEERING

The Agency's Project Engineering will be performed by a pool of engineering consulting firms working under an on-call engineering services contract.

10.2.1 Project Engineering Consultant Selection. Every four years, or more often if necessary, the Agency will issue a request for proposals (RFPs) to interested and qualified consulting engineering firms. Submitted proposals will be reviewed and staff will recommend to the Planning and Engineering Committee and Board of Directors the selection of between two and four firms to provide Project Engineering services.

10.2.2 Work Assignments. Project engineering services will be provided by the selected consultants based on the firm's qualifications, experience, similar project experience, convenience, schedule, historical knowledge and overall cost. The Agency's General Engineering firms are eligible for project engineering work assignments. Scope of work, schedule, and compensation for each work assignment will be detailed in a specific Work Authorization.

When a specific project requires unique qualifications or a specialty service, as determined by the General Manager, the Agency may develop a specific selection procedure and select a consultant without regard to the pool of engineering consulting firms.

10.2.3. Contract Duration. Each firm in the pool will be under contract to provide services for the four year duration noted above. However, should a firm have a work authorization underway at the end of the four year term, its work and its contract with the Agency will remain in effect until the completion of the work authorization.

SECTION 10.3. AUTHORITY OF GENERAL MANAGER TO APPROVE PLANS AND SPECIFICATIONS FOR ADVERTISING, ACCEPT CONSTRUCTION PROJECTS, AND REVIEW CONSTRUCTABILITY OF CAPITAL IMPROVEMENT PROJECTS

- (A) The General Manager shall have the authority to approve plans and specifications prepared for advertising capital improvement projects for construction bids. Solicitation of construction bids shall only be performed after approval by the Board.
- (B) The General Manager shall have the authority to accept construction projects and issue and record the Notice of Completion with the Los Angeles County Recorder's Office. Staff shall notify the Board of Directors each time the General Manager accepts a construction project.
- (C) Constructability reviews shall be performed on all major capital improvement projects and other capital improvement projects, as appropriate, as determined by the General Manager or his designee.

(Entire Section 10 revised April 2012)

SECTION 11. WORK AUTHORIZATIONS

A written Work Authorization shall be executed to define scope, schedule, and budget for tasks or projects authorized under General Services Contracts. Staff will prepare and the General Manager or his designee is authorized to execute Work Authorizations where the value is \$100,000 or less, provided the item is listed in the budget. The Board of Directors shall approve Work Authorizations when the value is greater than \$100,000, provided the item is listed in the budget. If the item is not listed in the budget, the General Manager or his designee is authorized to execute Work Authorizations when the value is is \$50,000 or less. If the item is not listed in the budget, the Board of Directors shall approve Work Authorizations when

the value is greater than \$50,000. Approval by the Board shall be in accordance with its customary procedures. The General Manager shall have the authority to approve changes in Professional Services Contracts or Work Authorizations up to ten percent of the Amount authorized by the Board of Directors. When the General Manager approves such an increase, details of the change shall be reported to the Board of Directors at its next meeting. An appropriate Committee, as determined by the Board of Directors, shall review contracts as needed to determine if the terms still meet the requirements and needs of the Agency or if the contracts should be modified.

(Added October 2005)
(Revised January 2011)

SECTION 12. LOCAL VENDORS

Staff will seek quotes from local vendors whenever feasible and will select local vendors when they provide the best product or service at the most favorable price. Requests for proposals, quotes, bids or other such processes will be advertised in the local newspaper, on the Agency's website and on other local websites, where appropriate.

(Revised January 2011)

(Originally Adopted August 2005)

Water Awareness, Education and Conservation

Pictured: Social media marketing collateral encouraging parents to lead by example when teaching their children about water education and conservation.



RESOLUTION NO. 3050

**RESOLUTION OF THE CASTAIC LAKE WATER AGENCY
BOARD OF DIRECTORS
ADOPTING THE BUDGET
FOR FISCAL YEAR 2015/16
AND AMENDING THE FISCAL YEAR 2014/15 BUDGET**

WHEREAS, the Castaic Lake Water Agency has determined under its Board Procedures Manual that the Agency shall annually adopt a budget prior to the commencement of each fiscal year; and

WHEREAS, the Board of Directors has reviewed the Fiscal Year (FY) 2015/16 Budget, including sections on the Operating Budget and Capital Expenditures; and

WHEREAS, the Board of Directors has reviewed the revised FY 2014/15 Budget for the one percent property tax fund to reflect the refunding of the 2006C Certificates of Participation and the prepayment of the August 2015 payment.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Castaic Lake Water Agency hereby:

1. Adopts the FY 2015/16 Budget (Attachment A).
2. Appropriates the Operating Expenditures, Capital Expenditures, and Debt Principal and Interest Payment for each fund for FY 2015/16 as shown in the FY 2015/16 Financial Summary (Attachment A).
3. Authorizes the General Manager to make interfund transfers up to the amounts shown in the FY 2015/16 Financial Summary (Attachment A).
4. Authorizes the General Manager to move operating appropriations from one line item to another or from one Department/Division by fund to another, provided that total appropriations by fund are not changed.
5. Amends the FY 2014/15 Budget for the one percent property tax fund as shown in the FY 2014/15 Budget Financial Summary (Attachment B).



President

I, the undersigned, hereby certify: That I am the duly appointed and acting Secretary of the Castaic Lake Water Agency, and that at a regular meeting of the Board of Directors of said Agency held on June 24, 2015, the foregoing Resolution No. 3050 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and that it is now in full force and effect.

DATED: June 24, 2015


Secretary

Castaic Lake Water Agency
Financial Summary
FY 2015/16 Budget

Description	General Fund/ Operating	Capital Improvement Program				State Water Contract Fund	Debt Service Fund	TOTAL
		Pledged Revenue Fund	Capital Project Fund	Total Capital Improvement Program				
		Facility Capacity Fee	One Percent Property Tax					
Fund Balance 7/1/2015 (estimated)	\$ 10,851,148	\$ -	\$ 72,939,169	\$ 7,523,387	\$ 80,462,556	\$ 32,456,455	\$ 8,667,165	\$ 132,437,324
RESERVES:								
Operating Reserve	\$ (5,707,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,707,000)
Debt Service Reserves	-	-	(11,659,200)	-	(11,659,200)	-	-	(11,659,200)
Capital Reserves	-	-	(17,061,700)	-	(17,061,700)	-	-	(17,061,700)
Economic Uncertainties/Catastrophic Situations	-	-	(38,072,700)	-	(38,072,700)	-	-	(38,072,700)
Repair and Replacement Reserves (new)	-	-	(1,955,600)	-	(1,955,600)	-	-	(1,955,600)
Trustee Held	-	-	-	-	-	-	(8,667,165)	(8,667,165)
Subtotal	\$ (5,707,000)	\$ -	\$ (68,749,200)	\$ -	\$ (68,749,200)	\$ -	\$ (8,667,165)	\$ (83,123,365)
Net Available	\$ 5,144,148	\$ -	\$ 4,189,969	\$ 7,523,387	\$ 11,713,356	\$ 32,456,455	\$ -	\$ 49,313,959
REVENUES:								
Water Sales - Fixed Charges	\$ 13,855,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,855,200
Water Sales - Variable	3,538,000	-	-	-	-	-	-	3,538,000
Recycled Water Sales	997,600	-	-	-	-	-	-	997,600
Saugus 1 and 2 Water Sales	701,100	-	-	-	-	-	-	701,100
Laboratory Revenues	106,000	-	-	-	-	-	-	106,000
Communications Revenues	170,000	-	-	-	-	-	-	170,000
Facility Capacity Fees	-	9,250,000	-	-	9,250,000	-	-	9,250,000
One Percent Property Tax	-	-	23,058,300	-	23,058,300	-	-	23,058,300
Agency Set Property Tax	-	-	-	-	-	27,809,800	-	27,809,800
Settlement Agreement (CIP)	-	-	700,000	-	700,000	-	-	700,000
Settlement Agreement (O&M)	1,200,000	-	-	-	-	-	-	1,200,000
Grants and Reimbursements	1,050,200	-	1,083,500	11,273,900	12,357,400	-	-	13,407,600
Investment Revenues	91,200	302,400	1,246,600	5,000	1,554,000	234,300	-	2,125,500
Bond Proceeds	-	-	-	13,910,713	13,910,713	-	-	13,910,713
Miscellaneous	19,100	-	288,600	-	288,600	-	-	307,700
Subtotal	\$ 21,728,400	\$ 9,552,400	\$ 26,377,000	\$ 25,189,673	\$ 61,119,013	\$ 28,044,100	\$ 246,000	\$ 111,137,513
EXPENDITURES:								
Operating	\$ (22,828,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,828,000)
Transfer to Reserves	-	-	-	-	-	-	-	-
Capital Improvement Program	-	(2,317,900)	(13,295,900)	(32,713,000)	(48,326,800)	-	-	(48,326,800)
Department of Water Resources	-	-	-	-	-	(29,270,000)	-	(29,270,000)
Debt Service Principal and Interest Payments	-	(7,234,500)	(12,845,900)	-	(20,080,400)	-	(246,000)	(20,326,400)
Subtotal	\$ (22,828,000)	\$ (9,552,400)	\$ (26,141,800)	\$ (32,713,000)	\$ (68,407,200)	\$ (29,270,000)	\$ (246,000)	\$ (120,751,200)
Fund Balance	\$ 4,044,548	\$ -	\$ 4,425,169	\$ -	\$ 4,425,169	\$ 31,230,555	\$ -	\$ 39,700,272
Addition to Reserves	-	-	-	-	-	-	-	-
Available Fund Balance 6/30/2016 (Estimated)	\$ 4,044,548	\$ -	\$ 4,425,169	\$ -	\$ 4,425,169	\$ 31,230,555	\$ -	\$ 39,700,272

Drought-Tolerant Landscaping Ideas

Pictured: This landscape design demonstrates how a water conservation garden can thrive in a drought, and incorporates many of the design elements that CLWA allows under its Lawn Replacement Program. Nonorganic examples utilized here include mulch, river rock, crushed rock and artificial turf. Organic materials consist of (top left) lavender, Kangaroo Paw (coral stems), carpet roses (red) and desert spoon (fan-like sprays); (top right) blue fescue (small, whitish bush) and the (bottom) Palo Verde tree (yellow blossoms). This beautiful garden perfectly exemplifies why drought-tolerant landscaping does not have to look like a desert!



RESOLUTION NO. 3040

**RESOLUTION OF THE CASTAIC LAKE WATER AGENCY
BOARD OF DIRECTORS
ADOPTING THE APPROPRIATION LIMIT
FOR FISCAL YEAR 2015/16**

WHEREAS, the Agency's General Manager has caused to be prepared a calculation of the Agency's annual appropriation limit for the Agency Fiscal Year 2015/16; and

WHEREAS, documentation used in the determination of said appropriation limit has been publicly available at the Agency's offices for the period required by law; and

WHEREAS, Proposition 111 has determined that the appropriation limit may be set by using either the change in California per capita income or the change in assessed value of non-residential development; and

WHEREAS, it has been determined that the change in California per capita income is the appropriation selection of the Agency; and

WHEREAS, the calculation is hereby found to have been completed in full accordance with Article XIII-B of the California State Constitution and the implementing legislation for Article XIII-B.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Castaic Lake Water Agency does hereby, based upon said calculation, adopt the sum of \$30,243,604 as its Fiscal Year 2015/16 appropriation limit.


Vice President

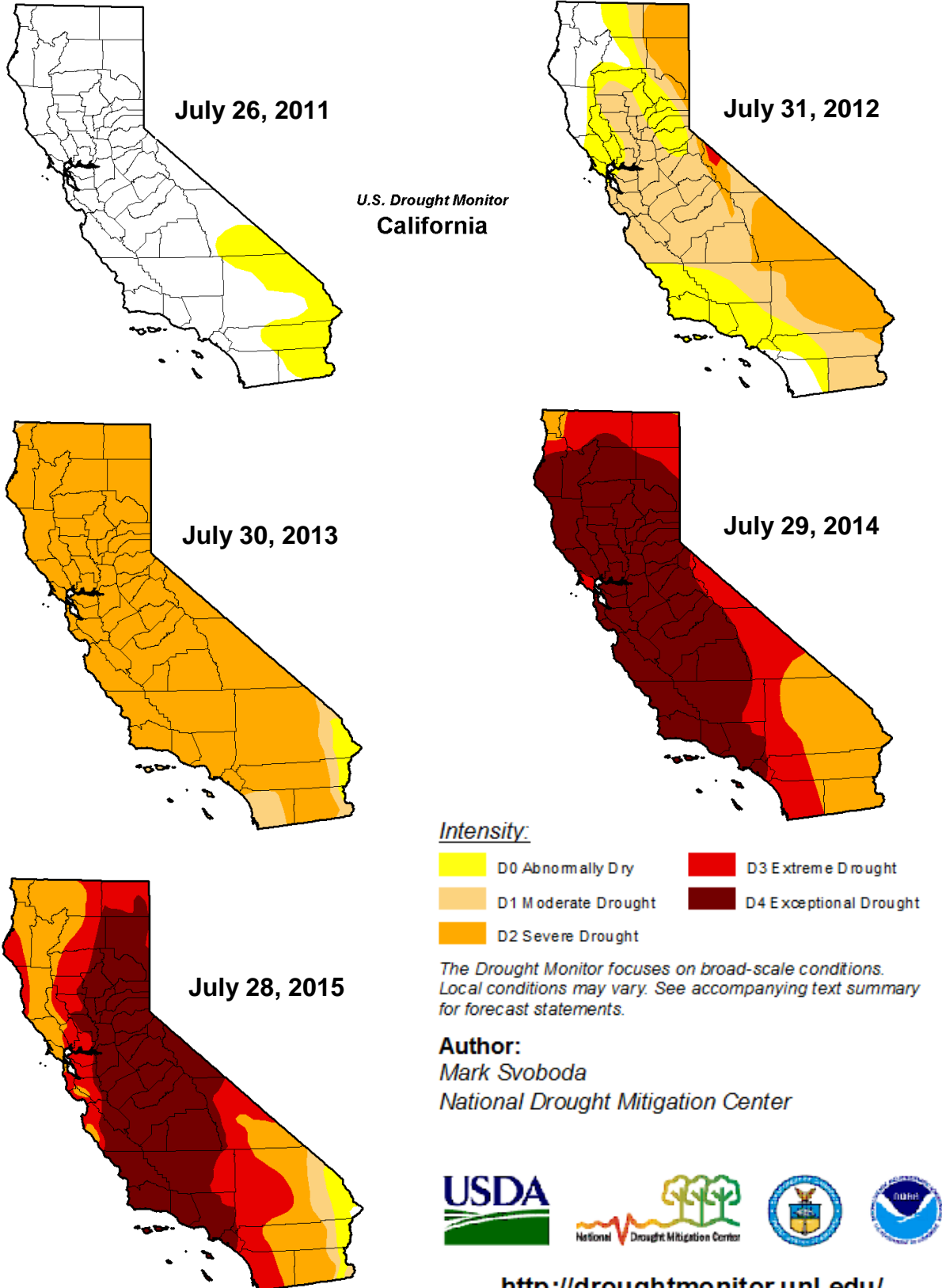
I, the undersigned, hereby certify I am the duly appointed and acting Secretary of the Castaic Lake Water Agency and at a regular meeting of the Board of Directors of said Agency held on Wednesday, May 27, 2015, the foregoing Resolution No. 3040 was duly and regularly adopted by said Board, and that said resolution has not been rescinded or amended since the date of its adoption, and it is now in full force and effect.

DATED: May 27, 2015


April Jacobs, Secretary

California Drought Monitor

Pictured: Graphics of the same week over the past 5 consecutive years from the drought monitor of the National Drought Mitigation Center depicting the increasing severity of California's ongoing drought.



The U.S. Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC-UNL. Used with permission.

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**CASTAIC
L A K E**



**WATER
AGENCY**

**Castaic Lake Water Agency
FY 2015/16 Budget**

Rio Vista Water Treatment Plant Administration Building
27234 Bouquet Canyon Road
Santa Clarita, CA 91350

(661) 297-1600

Please visit our website at: www.clwa.org
Please visit our Facebook page: www.facebook.com/castaiclakewateragency