



Santa Clarita Water Division

Fiscal Year 2015/16 Budget

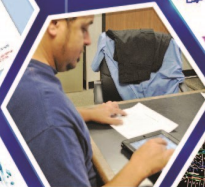
Customer Connect

mCare

hydraulic modeling

SCADA

GIS



CAD

Robocall

Trimble

AMR

water quality testing

TECHNOLOGY IN ACTION

Technology in action

This year's Budget theme is technology in action. Over the last number of years, the Santa Clarita Water Division (SCWD) has improved its operating efficiency and customer service responsiveness by implementing new, modern technologies that also enhance cost effectiveness. A number of these technologies are:

- AMR - Automated Meter Reading - Automatic collection of water meter data using remote reading devices.
- CAD - Computer Aided Design - Used by the Engineering Department to design system changes and improvements.
- Customer Connect - Customer portal on the SCWD website that allows customers to view and manage account information, view billing and usage information and history and also create and track service orders.
- GIS - Geographic Information System - Accurately surveys and maps the location of water infrastructure and other existing utilities.
- Hydraulic Modeling - Computer model of SCWD water system. Used to monitor the system, build historic data and plan infrastructure improvements.
- Mcare - Software that directs work orders from the customer service system to iPads used by field personnel.
- Robo Calls - A phone call system that uses a computerized auto dialer to deliver pre-recorded messages to customers.
- SCADA - Supervisory Control and Data Acquisition - A program that collects data from remote units in the field to monitor and control water equipment and facilities throughout the SCWD service area.
- Trimble - Handheld unit that gathers latitude, longitude and elevation coordinates (GIS data) in the field.
- Water quality testing - Performed using a mobile lab by water quality staff that monitors bacteriological, general physical and nitrification within the SCWD distribution system.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Santa Clarita Water Division
California**

For the Fiscal Year Beginning

July 1, 2014

A handwritten signature in cursive script, reading "Jeffrey R. Enos".

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Santa Clarita Water Division, California** for its annual budget for the fiscal year beginning **July 1, 2014**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award period is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

*California Society of
Municipal Finance Officers*

Certificate of Award

*Excellence
Fiscal Year 2014-2015*

Presented to the

Santa Clarita Water Division of Castaic Lake Agency

For meeting the criteria established to achieve the Operating Budgeting Excellence Award.

February 8, 2015



Pamela Arends-King

*Pamela Arends-King
CSMFO President*

Michael Gomez

*Michael Gomez, Chair
Professional Standards and
Recognition Committee*

Dedicated Excellence in Municipal Financial Reporting

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July 1, 2015

Castaic Lake Water Agency
Board of Directors



We are pleased to present the Santa Clarita Water Division (SCWD) Final Fiscal Year (FY) 2015/16 Budget. This budget represents the spending plan for SCWD for the fiscal year beginning July 1, 2015 and identifies the revenues and resources available to fund the plan. The Final FY 2015/16 Budget reflects our commitment to continue providing an affordable, reliable supply of high quality water to our customers. SCWD's major focus for FY 2015/16 will be long-range planning that provides the framework and direction for the upcoming years. The budget is intended to support the policies and priorities of the Castaic Lake Water Agency (CLWA) Board of Directors as reflected in the Agency's mission statement and the Santa Clarita Water Division's strategic plan. It also serves as a financial plan and an operations guide for FY 2015/16.

Operating Revenues

FY 2015/16 Operating Revenues are \$26.5 million, an overall decrease of 15 percent from FY 2014/15 Estimated Revenues. The net decrease is due to projected 20 percent lower water consumption in FY 2015/16 from FY 2014/15 that is offset in part by anticipated new services and a 3.5 percent rate increase effective January 1, 2016. Anticipated reductions are directly related to Governor Brown's April 1, 2015 Executive Order requiring a 25 percent reduction in overall potable urban water use statewide. On May 5, 2015, the State Water Resources Control Board (SWRCB) issued a 32 percent conservation goal (compared to 2013 levels) specific to SCWD.

Although SCWD would have been able to pay its annual debt service of \$5.3 million in FY 2015/16, SCWD defeased (i.e., prepaid) the principal payments of \$275,000 of the 2010B COP and \$2,030,000 of the 2011A Revenue Bond in June 2015. This action maintained a debt service coverage ratio of 1.5, which is above the 1.2 minimum required by the bond covenant. In complying with the Governor's conservation mandate, SCWD will be analyzing the current rate structure for potential modifications to enhance conservation and water resource sustainability.

Operating Expenses

Total Operating Expenses included in the Final FY 2015/16 Budget are \$22.8 million, an increase of \$1.5 million, or 7 percent, from FY 2014/15 Estimated. The major changes to the budget are as follows:

- ◆ \$594,500 for Labor for four new positions, full year funding for the positions that were vacant in FY 2014/15, step increases for eligible employees and up to a possible 5 percent salary increase (2 percent COLA and 3 percent to adjust for a market survey).
- ◆ \$427,875 for Outside Services, which includes the addition of generator and supervisory controls and data acquisition (SCADA) maintenance, an increase in

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drought outreach programs, utility billing software modification and an increase in labor rates for outside contractors due to updated prevailing wage laws.

- ◆ \$269,000 for Materials and Supplies, which includes increased aged meter replacements and more pump replacement parts under the capitalization threshold of \$5,000 or more.
- ◆ \$196,800 for Burden and Benefits, which includes four new positions and full year funding for the positions that were vacant in FY 2014/15.

Operating Income

Operating Income is expected to decrease to \$3.8 million from the FY 2014/15 estimated actual of 9.8 million due to 15 percent lower revenues and 7 percent higher expenses in Operating Revenue and Operating Expenses, respectively. Operating Income provides funds for non-operating activities, debt service payments for Certificates of Participation (COP) and Revenue Bonds, FY 2014/15 reserve targets and approximately 23 percent of the budgeted FY 2015/16 Capital Improvement Program (CIP).

Position Changes

Included in the Final FY 2015/16 Budget are two additional Production Operators and an Administration Technician in the Production Department. Additionally, a Senior Field Customer Service Representative is included for the Maintenance Department.

The Production Department oversees 28 separate tank facilities that are sampled twice a week. The Department also takes 28 system samples each week throughout the system. The current workload of the Senior Production Operator has impacted his ability to fully address his field water quality responsibilities. The additional Production Operator will allow the Senior Production Operator to address the higher level tasks and fully cover daily tasks. The Production Department also oversees 52 separate pumping facilities, 38 of which are inspected weekly and 14 of which are inspected daily. Inspection responsibilities include filling of chlorinators, cleaning of pump equipment and chlorinators, leak repair, packing adjustments, analyzer adjustments and other miscellaneous tasks. Current Production Department staff is not able to perform all these tasks in a consistent and timely manner.

Currently the Operations Department has one Administrative Technician to support three supervisors. With an increasing demand on supervisors' time, an additional Administrative Technician will assist with increased office workload and handle routine paperwork so that supervisors will have sufficient time to perform necessary field duties.

A classification study identified the need to create a new Senior Field Customer Service Representative position. This will expand the classification series for the Maintenance Department to more effectively meet customer needs. In addition, new technologies have been implemented and changes in SCWD operations have demonstrated the need for this position to oversee the Field Customer Service Department.

The Budget also includes adding a Civil Engineer position and two temporary summer internships. The Civil Engineer will support SCWD Engineering and Operations in a variety of professional engineering activities for planning, design and construction of Capital Improvement Program (CIP) projects as well as water system improvements for new development projects. The summer internships will provide support to engineering staff in a variety of activities. Due to the ongoing drought and mandatory conservation to meet SBX7-7 legislation 20% per capita

conservation by the year 2020, a Conservation Coordinator position is added in FY 2015/16 to manage the SCWD Conservation Program.

The Drought

On January 17, 2014, Governor Brown declared a drought State of Emergency to encourage all Californians to take personal actions to reduce water usage. On July 15, 2014, the SWRCB implemented an emergency regulation to ensure water suppliers and residents increase water conservation statewide. On August 13, 2014, the CLWA Board of Directors adopted Ordinance No. 41 for SCWD's Water Shortage Contingency Plan to comply with the SWRCB Resolution No. 2014-0038. The ordinance outlines the water conservation action plan, outdoor watering restrictions and penalties for customers not in compliance.

On April 1, 2015, as California entered a fourth year of severe drought, Governor Brown issued an Executive Order mandating statewide water conservation measures intended to reduce water use by 25 percent statewide. On May 5, 2015, the SWRCB issued a 32 percent conservation mandate specific to SCWD. As a result, on June 10, 2015, the CLWA Board of Directors approved Ordinance No. 43 and declared a Level 2 Water Shortage. The ordinance limits outdoor irrigation to two days per week, outlines the outdoor watering restrictions and additional water use restrictions for restaurants and hotels. It also describes the penalties for failure to comply with any provisions of the ordinance including fines up to a maximum of \$500 per day.

In this Budget, SCWD is anticipating increased conservation efforts by continuing the High Efficiency Clothes Washer Rebate and the Weather Based Irrigation Controller (WBIC) programs and distributing free low-flow shower heads and hose nozzles. The lawn replacement program funded by CLWA, which started in FY 2014/15, will continue in FY 2015/16 in addition to partnering with the large landscape customers to monitor and reduce their usage. Anticipated new programs for FY 2015/16 to encourage further conservation include drip irrigation, sub-metering and providing home water use reports.

Utility Billing/Customer Information System (UB/CIS)

On April 11, 2012, the CLWA Board of Directors approved a resolution awarding a contract to NorthStar Utilities Solutions for the Utility Billing and Customer Information System (UB/CIS), which included portals that support mCare and Customer Connect modules. On July 1, 2013, the new UB/CIS was placed in service along with mCare, the mobile service order module that allows field staff to manage work orders online. On April 1, 2015, the first phase of Customer Connect, which allows customers to manage their accounts online, was placed in service. Customer Connect allows customers to pay online via real-time processing and to view their consumption, billing and payment histories. Customers can also download reports and reprint bills. The second phase is anticipated to be completed in December 2015, which would allow customers to create service orders online to improve response time.

Asset Management Program

SCWD has built on its strategic planning efforts in developing a roadmap to proactively manage its utility assets. Moving forward, SCWD's Asset Management Strategy will guide development of the framework to provide a clear representation of its business approach to future asset management activities. This also includes the development of an asset hierarchy and appropriate data standards to support asset decision making and information storage such as Computerized Maintenance Management System (CMMS), Geographic Information System (GIS), Financial Information System (FIS) and Customer Information System (CIS) records. As documented in the 2012 Organizational Assessment and Asset Management Program Gap Analysis Report, the Asset Management Strategy focuses on life cycle costs, condition assessments, optimized operations and maintenance, capital replacement program and long-term funding strategies. In the future, this program may provide the framework for additional asset management performance measures, decision support frameworks, implementation processes and implementation funding to enhance the SCWD asset management structure.

Capital Improvement Program

The FY 2015/16 CIP Budget totals \$5.5 million (plus \$2.9 million in funds carried over from FY 2014/15) and includes capital improvement projects to add or upgrade infrastructure for improved service and system reliability. Funds carried over from FY 2014/15 are mainly due to delays in constructing the 3.5 million gallon Friendly Valley and 3.25 million gallon Placerita tanks. In addition, CMMS and GIS are on hold temporarily due to the need to increase staff training and experience with new software modules in advance of proceeding with additional programs. The addition of a Civil Engineer will help facilitate CIP implementation in FY 2015/16.

In the beginning of FY 2014/15, SCWD had a remaining balance of \$4.3 million of bond funds for three pipeline replacement projects, two pressure station upgrades and the Automated Meter Reading (AMR). In FY 2015/16, all the CIP will be funded by Operating Income, Expansion Funds and Unrestricted Funds since bond funds have been fully expended. The majority of the CIP is for repair and replacements projects including well upgrades, pressure station upgrades, tank coating and pipeline replacements.

At the conclusion of the AMR pilot program conducted in FY 2013/14 that compared Master Meters and Sensus Meters, SCWD selected Sensus Meters for implementation. In FY 2014/15 SCWD started the implementation of the AMR system and will continue in phases until it is implemented system wide by FY 2017/18.

A new booster station will be designed to increase the flow capacity from the SC-12 imported water connection. Upgrades to electrical equipment at North Oaks East and West wells will be constructed based on 2013 ARC Flash study. Two pressure regulating stations will be rebuilt at Placerita Canyon and at Whites Canyon/Americana. An existing pipeline will be replaced near Luther Drive. The Placerita No. 2 Tank interior and the Honby Tank No. 1 exterior will be recoated. The access roads to and around Sky Blue tank site will be rehabilitated. Improvements to SCADA systems will be installed at several tank, booster and well sites.

In FY 2015/16, SCWD plans to install a new modular at the warehouse location. This modular will have eight offices, one SCADA room, a conference room, a storage closet, IT room and a restroom. The modular will house SCWD Operations staff, one Administration Technician and the SCADA operating system.

Cost Allocation from Castaic Lake Water Agency

The Agency allocates certain shared positions to SCWD. The allocation of staff is updated each year through the budget process and is largely based on full-time equivalent (FTE) positions. In July 2008, the Agency's audit firm presented the results of a target audit of the shared positions to the Finance and Administration Committee, and presented recommended allocations of the shared positions.

At the time the Committee reviewed the target audit, the Committee directed staff to use the project accounting system to better track the shared employees' time. As a result of these efforts, the allocation based on FTE positions was confirmed for most of the positions. Time charges continue to be monitored and, based on experience to date and discussions with CLWA, slight changes were made. The allocation will be 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) and Safety Officer. These positions are allocated 53% to CLWA and 47% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Information Technology: Information Technology Technician. This position is allocated 53% to CLWA and 47% to SCWD. Charges include labor, benefits and other indirect costs.
- ◆ Accounting Technician II (Payroll). This position is allocated 53% to CLWA and 47% 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. The Controller charges actual time spent on SCWD projects to SCWD. The Budget assumes 30% of the Controller's time is charged based on experience to date. 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 23.5% to SCWD (half of 47%). Charges include labor and benefits.
- ◆ Water Conservation Coordinator. This position is budgeted at 15%, but charges actual time spent on SCWD projects to SCWD. Charges include labor and benefits.

Major Accomplishments

During FY 2014/15 we:

- ◆ Received the Distinguished Budget Presentation Award from the Government Finance Officer Association for FY 2014/15 (fourth consecutive year).
- ◆ Received the Excellence Award in Operating Budget FY 2014/15 from the California Society of Finance Officers (fourth consecutive year).
- ◆ Implemented a 3.5% rate increase.
- ◆ Completed the first phase of Customer Connect.
- ◆ Completed the construction of Sand Canyon Road pipeline from Lost Canyon Road to Delone Street.
- ◆ Completed the construction of Bouquet Canyon Road pipeline from David Way to Shadow Valley Lane.

- ◆ Completed the construction of the Green Mountain Pipeline.
- ◆ Optimized well production flow rates to increase run times.
- ◆ Installed 13,500 Automated Meter Reading (AMR) meters (46% of system).

Major Actions

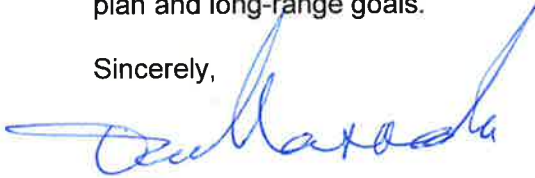
During FY 2015/16 we will:

- ◆ Implement a 3.5% rate increase.
- ◆ Monitor revenue impact of vigorous public water conservation performance as a result of the 32 percent conservation mandate required by SWRCB [ongoing].
- ◆ Enforcement of Ordinance No. 43 restrictions to minimize violations and encourage conservation in accordance with the SWRCB mandatory restrictions.
- ◆ Implement second phase of Customer Connect.
- ◆ Complete the Luther Drive Pipeline relocation project.
- ◆ Design the North Oaks Booster Station upgrades.
- ◆ Design the Placerita Booster Pump Station at the SC-12 imported water connection.
- ◆ Design the Circle J Pressure Station upgrade.
- ◆ Upgrade the Whites Canyon Booster (based on the ARC Flash study).
- ◆ Complete the third phase installation of the AMR system.

Conclusion

The Final FY 2015/16 Budget is not only a financial document but also a planning tool for the upcoming year. The budget provides a strategy to address current needs and to focus on future needs while being financially responsible. We continue to support the priorities and policies articulated by the Board while also providing a high level of service to our customers. We believe that the programs and projects planned for the upcoming year support SCWD's strategic plan and long-range goals.

Sincerely,



Dan Masnada
General Manager



Elizabeth Ooms-Graziano
Retail Administrative Officer

OVERVIEW OF THE SANTA CLARITA WATER DIVISION

History and Growth of Santa Clarita Water Company

The origins of the Santa Clarita Water Division (SCWD) began when the Bonelli family started a small water company in 1949 called the Bouquet Canyon Water Company, a public utility water company regulated by the California Public Utilities Commission. Bouquet Canyon Water Company initially had three service connections, 2,888 feet of pipe, one well capable of producing 900 gallons per minute (GPM), and 200,000 gallons of tank storage. The original service area of Bouquet Canyon Water Company totaled 223 acres and was situated along San Francisquito Canyon Road (now Seco Canyon Road) at Bouquet Canyon Road. The Bonelli family started a second water company in 1956 called the Solemint Water Company. The Solemint Water Company started with 78 service connections, 24,479 feet of pipe, two wells capable of producing 1,325 GPM and 100,000 gallons of storage. At that time, the Solemint Water Company service area was several hundred acres mostly in the Canyon Country, Placerita Canyon and Sand Canyon areas.



In 1973, a merger of Bouquet Canyon Water Company and Solemint Water Company was approved by the California Public Utilities Commission. In the merger agreement, the consolidated companies were renamed the Santa Clarita Water Company (SCWC). At the time of the merger, SCWC had a combined total of 8,736 service connections, 650,000 feet of pipe, 19 wells capable of producing 16,000 GPM and 8 million gallons of storage.

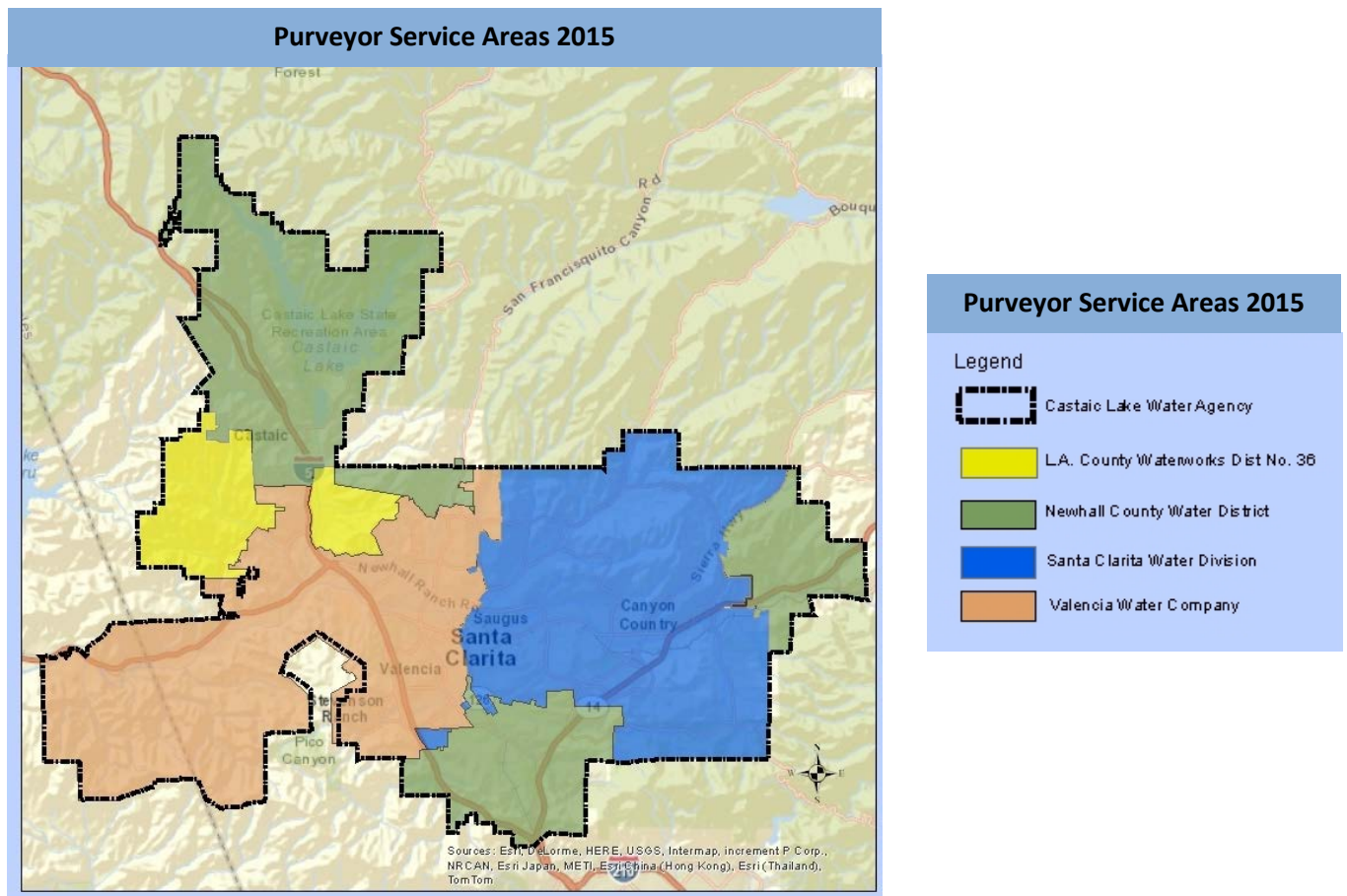


History of Santa Clarita Valley and the Formation of Castaic Lake Water Agency

Rich in Old West history, the Santa Clarita Valley boasts tales of Native American tribes, Spanish soldiers and Mexican bandits, gold discovery and oil strikes, railroads and ranches, a horrible dam failure and cowboy movie stars. Today, the Santa Clarita Valley is a fast-growing and vibrant community.

Now, as in the beginning, the fundamental key to sustainable growth is a stable water supply. While the Santa Clara River historically provided alluvial groundwater for agriculture and livestock, this source could not provide a year-round supply. At the turn of the twentieth century, the area's needs were met with the advent of the deep-well turbine pump.

While the area remained primarily agricultural through the 1950's, the local communities secured additional water for municipal growth. In 1960, voters approved the California State Water Project (SWP) to import water to Central and Southern California. In 1980, the Castaic Lake Water Agency (CLWA) commenced delivering SWP water to the Valley. CLWA purchases SWP water from the Department of Water Resources (DWR) and treats SWP and other imported water at the Earl Schmidt Filtration Plant and the Rio Vista Water Treatment Plant. As a wholesaler, CLWA sells treated water to four retail water purveyors within the Santa Clarita Valley. The four retail water purveyors are Los Angeles County Waterworks District No. 36 (LACWD No. 36), Newhall County Water District (NCWD), Santa Clarita Water Division (SCWD) and Valencia Water Company (VWC).



Santa Clarita Water Division

In 1999, the Castaic Lake Water Agency purchased SCWC, and the name was changed to the Santa Clarita Water, a Division of Castaic Lake Water Agency. The service area at the time of acquisition included about 20,000 service connections, 12 groundwater production wells and 39 storage tanks.

Today, SCWD is a retail water purveyor operating a service area that includes a portion of the City of Santa Clarita and unincorporated portions of Los Angeles County in the communities of Saugus, Canyon Country and West Newhall. SCWD supplies potable water from imported water purchased from CLWA, accounting for approximately 75-85 percent of supply, and groundwater wells, accounting for approximately 15-25 percent of supply. Existing land use within the retail service area is primarily residential consisting of approximately 95 percent of retail customers and 5 percent for commercial, industrial and other users including public authorities, irrigation, government, institutional and fire services.

SCWD's system consists of the following facilities:

- ◆ 13 Imported Water Turnouts
- ◆ 14 groundwater wells
- ◆ 23 booster stations
- ◆ 31 pressure zones
- ◆ 48 water storage tanks
- ◆ 76 million gallons of water storage
- ◆ 330 miles of pipeline

Mission Statement

Santa Clarita Water Division's mission is:

"To Provide Reliable, Quality Water at a Reasonable Cost to our Customers"



Aerial photo of the California Aqueduct at the Interstate 205 crossing.
Photo courtesy of Wikipedia.com

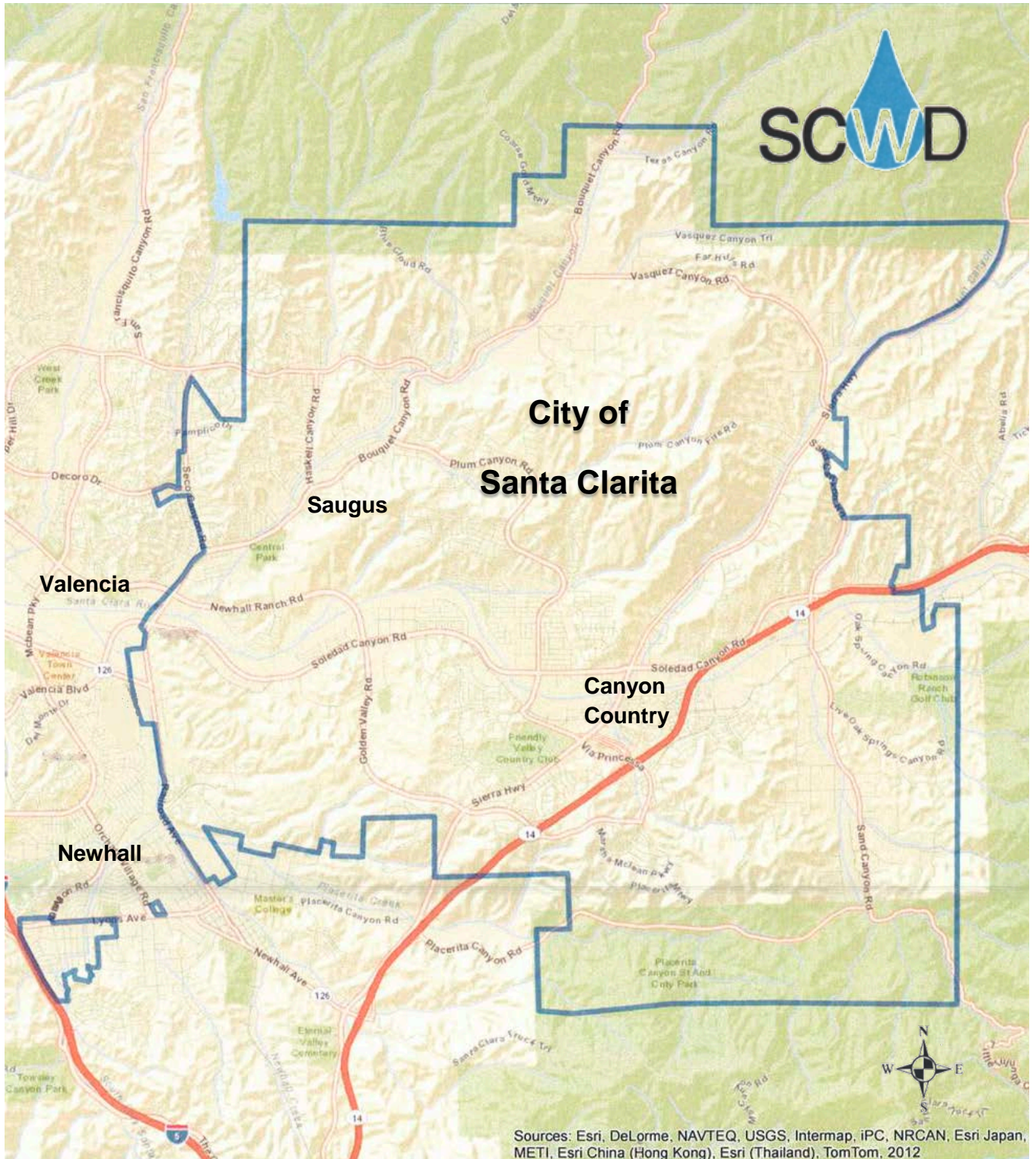
Location of Santa Clarita Water Division

Santa Clarita Water Division is located in the Santa Clarita Valley, which is in the northwestern portion of Los Angeles County about 35 miles from downtown Los Angeles. The Santa Clarita Valley is approximately 485 square miles and contains the headwater of the Santa Clara River. It is surrounded by the San Gabriel Mountains, the Santa Susana Mountains and the Sierra Pelona Mountains.



Santa Clarita Water Division Service Area

SCWD operates a service area that includes a portion of the City of Santa Clarita and unincorporated portions of Los Angeles County in the communities of Saugus, Canyon Country and the west side of Newhall. SCWD serves approximately 29,700 active connections in a service area of approximately 55 square miles with a population of approximately 121,700.



Governance

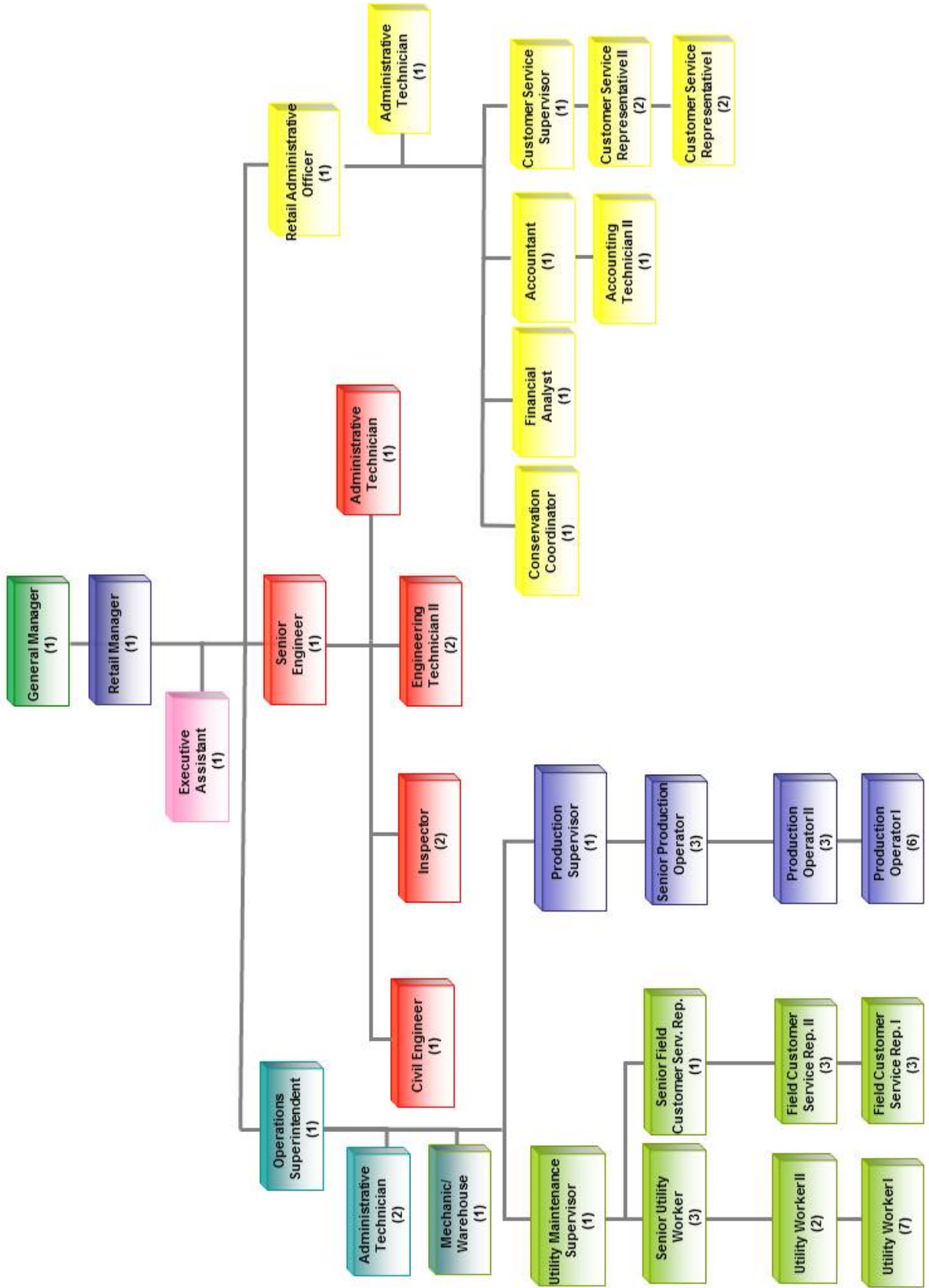
SCWD has the same governing board as CLWA. The Board of Directors is comprised of two Directors from each of three elective divisions, three Directors at large and two Directors appointed by Los Angeles County Waterworks District No. 36 and Newhall County Water District, for a total of 11 Board members. SCWD also has a Retail Operations Committee, which is comprised of five Agency Directors and meets on the first Tuesday of the week before the first regular CLWA Board Meeting of the month. SCWD presents all retail matters to the Retail Operations Committee for recommendations to the Board. The Retail Operations Committee consists of the following individuals:

Retail Operations Committee	
Edward A. Colley	Chair
Dean D. Efstathiou	Vice Chair
William Pecs	
R.J. Kelly	
Robert J. DiPrimio	

As of June 30, 2015, the Agency’s governing board consisted of the following individuals

Castaic Lake Water Agency – Board of Directors		
Director	Division	Term Expires
Thomas P. Campbell, President	At Large	January 2019
William C. Cooper, Vice President	At Large	January 2017
Gary R. Martin	At Large	January 2019
Edward A. Colley	1	January 2019
R.J. Kelly	1	January 2017
Robert J. DiPrimio	2	January 2019
E.G. “Jerry” Gladbach	2	January 2017
Jacquelyn H. McMillan	3	January 2019
William Pecs	3	January 2017
Dean D. Efstathiou	LACWD No. 36	January 2019
B.J. Atkins	NCWD	January 2017

SCWD Organizational Chart



SCWD 2009 Rate Study and 2013 Updated Financial Plan

On November 12, 2008, the Board of Directors selected Camp Dresser & McKee Inc. (CDM) to prepare a Comprehensive Water Rate Report and Impact/Capacity Fee Analysis for SCWD. CDM's Study included a recommendation for water rate increases for the period of 2010 through 2012, which was approved by the Board on September 9, 2009. In January 2013, SCWD engaged CDM Smith (name changed) to update its financial plan and to assist in rate analysis for four years commencing in 2014.

On July 2, 2013, staff and CDM Smith presented to the Retail Operations Committee proposed 3.5 percent water rate increases for each of four years commencing January 1, 2014. The Retail Operations Committee supported the proposed 3.5 percent water rate increases for each of the four years and, on July 10, 2013, the Board of Directors approved a resolution authorizing a Proposition 218 public hearing date on September 25, 2013. On September 25, 2013 the hearing was held and the Board of Directors approved the 3.5 percent annual rate increases effective January 1, 2014 through January 1, 2017.

The 2009 CDM Comprehensive Water Rate Study and Impact/Capacity Fee Analysis report had several objectives as described below. CDM also provided a Financial Plan and Recommended Water Rates report dated June 2013 supporting the 3.5 percent water rate increases. Both reports are available and can be viewed at www.santaclaritawater.com under About and Financial Information and Budgets. The objective of the Rate Study was to develop equitable, conservation-oriented user charges that recover future rate-based revenues needed to sustainably operate and maintain the water system. The six major objectives are:

Revenue Sufficiency. User charge revenues must be sufficient to operate the utility and to properly maintain the facilities for the long run.

Practical. The bills can be calculated using the existing billing system, without creating an administrative burden.

Equitable. The user charges result in each customer class paying the portion of costs for which it is responsible.

Stable. Net utility revenues do not vary significantly from year to year during changes in demand and that the revenues fully support the fixed costs of operations.

Acceptable to the Community. The user charges must be easily understood by the utility's customers.

Compliant with Applicable Regulations. That applicable state laws, regulations and court case findings be applied correctly. Specifically, the rates must be implemented in compliance with the calculation and customer notification process prescribed by Proposition 218, interpreted by the State Courts and enacted in the laws and governing codes of the state.

The SCWD financial plan and rate based revenue requirements were based on the forecasted costs of operations and water supplies, the number of customer accounts and their water demands, the cash flows associated with funding 100 percent of the capital projects and to maintain target level of cash reserve funds as approved by the Board.

The 2013 Updated Financial Plan forecasted SCWD could maintain a 3.5 percent rate increase effective January 1 in 2016 and 2017 based on minimal conservation due to sufficient water supply from CLWA.

Due to the SWRCB mandatory 32 percent conservation goal specific to SCWD, SCWD will consider another rate study in FY 2015/16 instead of FY 2016/17. In June 2015, SCWD achieved 31% conservation over June 2013.

SCWD Retail Water Rates 2015 to 2017

The following are the rate increases for 2015, 2016 and 2017 approved by the Board on September 25, 2013.

Fixed Meter Service Charge by Meter Size (\$ per month)

Meter Size (Inches)	Current 2015	2016	2017
5/8 by 3/4	\$18.65	\$19.30	\$19.98
3/4	\$23.58	\$24.41	\$25.26
1	\$33.42	\$34.59	\$35.80
1 1/2	\$58.03	\$60.06	\$62.16
2	\$87.57	\$90.63	\$93.80
3	\$166.33	\$172.15	\$178.18
4	\$254.95	\$263.87	\$273.11
6	\$501.10	\$518.64	\$536.79
8	\$796.46	\$824.34	\$853.19

Private Fire Service Protection

	Current 2015	2016	2017
Per Diameter Inch of Service	\$2.65	\$2.74	\$2.84

Variable Water Commodity Charges for Single Family Dwelling Residential Customers (\$ per Ccf)

Rate Block	Block Range (Ccf per Month) Bottom - Top	Current 2015	2016	2017
Tier 1	0 - 14	1.6817	1.7406	1.8015
Tier 2	15 - 49	1.8758	1.9415	2.0094
Tier 3	50 and above	2.4660	2.5524	2.6417

Variable Water Commodity Charges for Irrigation Customers (\$ per Ccf)

Commodity Charges	Current 2015	2016	2017
All Use	\$2.4660	\$2.5524	\$2.6417

Variable Water Commodity Charges for All Other Customers (\$ per Ccf)

Commodity Charges	Current 2015	2016	2017
All Use	\$1.8758	\$1.9415	\$2.0094

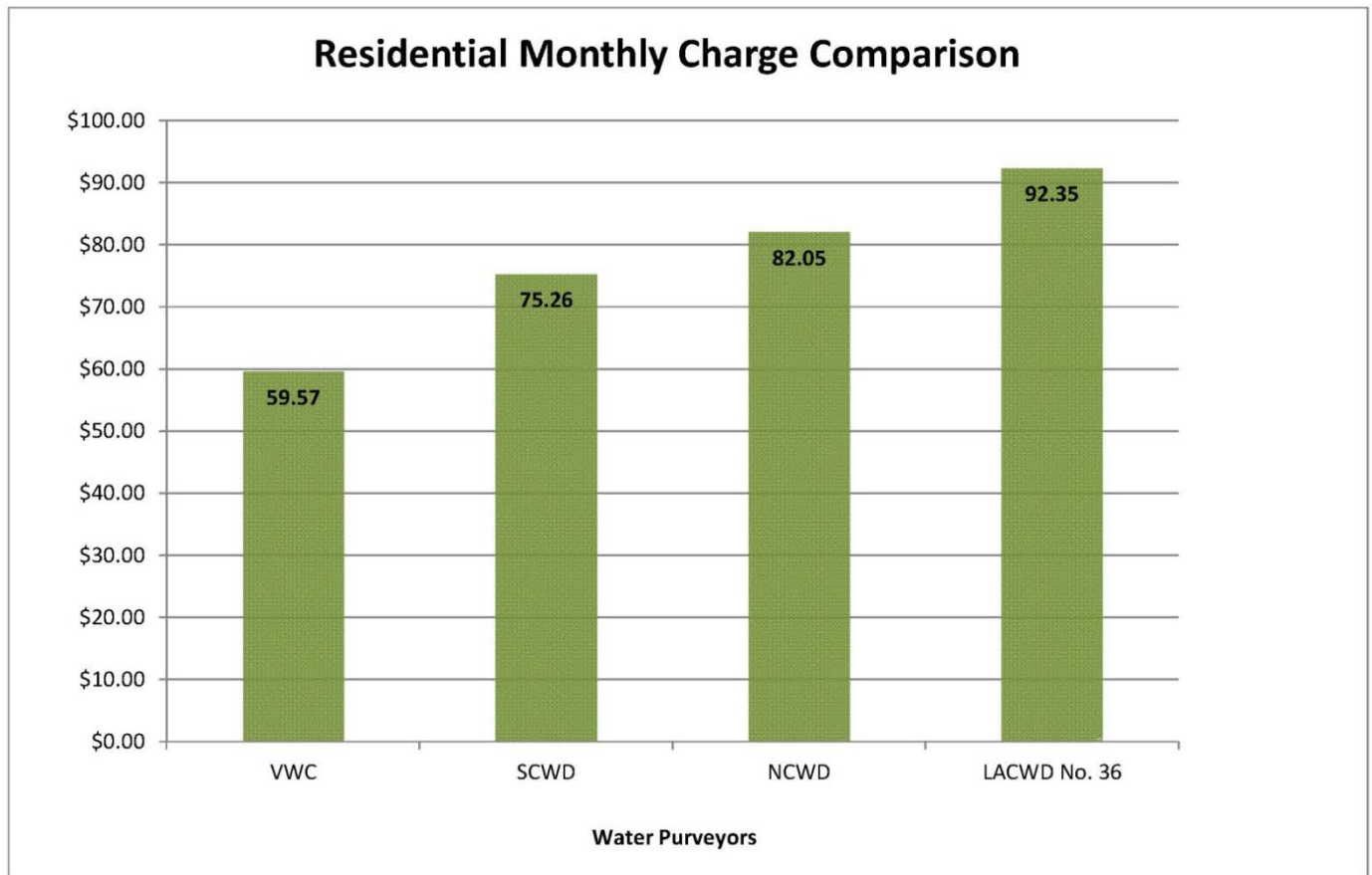
Residential Monthly Charge Comparison

Comparison of the adopted rates to the other three Santa Clarita Valley retailers is shown below:

2015 Residential Rate Comparison

Description	VWC		SCWD		NCWD		LACWD No. 36	
	2015 Rates	Blocks (Ccf/Month)	2015 Rates	Blocks (Ccf/Month)	2015 Rates	Blocks (Ccf/Month)	2015 Rates	Blocks (Ccf/Month)
Meter, \$/month	\$15.20		\$23.58		\$15.27		\$17.99	
Commodity, \$/Ccf								
Tiered Rate Blocks								
Tier 1	\$1.275	0-100% Indoor	\$1.6817	1-14	\$2.303	1+	\$2.564	1+
Tier 2	\$1.517	0-100% Outdoor	\$1.8758	15-49				
Tier 3	\$1.897	101-150%	\$2.4660	50+				
Tier 4	\$2.466	151-200%						
Tier 5	\$3.205	Above 200%						
Total Typical Bill, \$	\$59.57		\$75.26		\$82.05		\$92.35	

Bills are for Single Family Dwelling, 3/4 inch meter, 29 Ccf/month average consumption.



Miscellaneous Fees

On December 12, 2012, the Board of Directors approved the following Miscellaneous Fees:

SCWD Miscellaneous Fees	
	Current Fees
Termination Penalty	\$ 25.00
Late Penalty	\$ 10.00
Meter Re-check after 2 free checks (special reading at customer's request) - no charge if meter is inaccurate	\$ 53.00
Meter Calibration by Bench Test (> 2" meters with testing valve in place) - no charge if meter is inaccurate *	\$ 205.00
Meter Calibration by Bench Test (Up to 2" meters) - no charge if meter is inaccurate *	\$ 112.00
Hydrant Meter Deposit (includes Eddy valve)	\$ 1,100.00
Hydrant Meter Deposit (without Eddy valve)	\$ 900.00
Hydrant Meter Processing Fee	\$ 25.00
Meter Tampering/Illegal Connection Penalty	\$ 1,000.00 plus estimated water use
Return Check Fee	\$ 43.00
Service Reconnection Fee - regular business hours	\$ 44.00
Service Reconnection Additional Fee - after business hours	\$ 38.00
Cut Lock Fee	\$ 6.90
Pulled Meter Fee	\$ 23.00

*SCWD calibrates the meter after it has been rechecked three times and if the customer still disagrees with the results.

Drought Ordinance No. 43 Penalties

On June 10, 2015, the Board of Directors approved Drought Ordinance No. 43 with the following penalties:

Drought Ordinance No. 43 Penalties	
First Violation	Written notice
Second Violation	\$50 fine per violation Written notice of non-compliance
Third and Subsequent Violations	\$100 fine per violation Increase of \$100 each subsequent violation Maximum of \$500 per day

Impact Capacity Fees

SCWD's Impact Capacity Fees are assessed to developers requesting new service connections. The fees reimburse SCWD for the costs of backbone facilities that store and

deliver water to a specific development. Any updates to the fees must be defensible, in compliance with state laws and consistent with industry practices.

Impact Capacity Fees include the costs for production, storage and transmission, based on methods endorsed by the American Water Works Association (AWWA) and presented in the Water Rate AWWA Manual M1. They are consistent with California Government Code requirements promulgated under AB 1600, including Government Code Section 66013. The Impact Capacity Fees, also known as System Development Charges, assign the capacity cost of growth to those entities causing the growth rather than to existing customers, thus insulating existing customers from capital costs associated with system growth. The fees are based on both the replacement value of existing but unused assets held for the benefit of new customers and the projected cost of future expansion related projects in the 2008 Water Master Plan. The value of existing assets is calculated using the equity buy-in method, and the value of future facilities is calculated using the incremental future capacity method.

The following Impact Capacity Fees were approved by the Board of Directors on November 11, 2009, and took effect February 1, 2010.

SCWD Impact Capacity Fees	
Meter Size	Current Fees
5/8" x 3/4"	\$ 2,047
3/4"	\$ 2,047
1"	\$ 3,699
1 1/2"	\$ 7,143
2"	\$ 12,567
3"	\$ 21,430
4"	\$ 36,816
6"	\$ 95,234
8"	\$ 132,561

The Impact Capacity Fees has remained the same since February 1, 2010 based on the 2008 Water Master Plan. SCWD may increase the Impact Capacity Fees in the near future for annual inflation escalation or possibly conduct another Impact Capacity Fee study based on the 2013 Water Master Plan.

Revenue Sources

SCWD's revenue sources are as follows:

- ◆ **Retail Water Sales** – SCWD processes bills for approximately 29,700 active customers monthly for water consumption, which consists of a combination of groundwater pumped from production wells and imported water purchased from CLWA. SCWD charges a flat meter service charge based on the meter size plus a water commodity charge that includes SCWD's water usage charge and pass-through charges for purchased water from CLWA and power purchased from Southern California Edison.

To encourage conservation, in 2010 SCWD implemented a three-tiered rate structure for Single Family Residential Customers. Irrigation Customers have a flat third tiered rate and all Other Customer categories have a flat second tiered rate from the Single Family Residential Customer

tiered rate structure. The retail water sales revenues are used to pay for operating expenses and capital improvement projects and fund reserve target levels.

- ◆ **Miscellaneous Fees** – The miscellaneous fees revenues include penalties for late payment, charges for termination of water service, meter tampering and illegal connection. Fees for miscellaneous services are utilized to recover material costs and staff time.
- ◆ **Impact Capacity Fees** – The Impact Capacity Fees are paid by developers, and the revenues are strictly used for expansion-related capital improvement projects. This source of revenue is difficult to project due to its heavy reliance on developers' plans, which, in turn, are based on variable real estate demands. The Impact Capacity Fees revenues are not included as part of the Operating Revenues budget.
- ◆ **Drought Penalties** – The potential drought penalties revenue generated from violations of Ordinance No. 43 restrictions are utilized to cover staff time for drought enforcement. If there are more revenues generated than enforcement costs the balance will be used for future conservation programs.

Financial Policies

SCWD's Financial Policies includes some of the same policies as CLWA and certain separate policies specific to SCWD. SCWD utilizes the same Investment Policy, Disclosure Procedures Policy and Derivatives Policy as CLWA. SCWD has a separate Reserve Fund Policy, Debt Management Policy and Purchasing and Bidding Policy. All the financial policies are included in the Appendices.

Reserve Fund Policy

SCWD has a policy for funding four reserve funds. The Operating Reserve Fund and the Rate Stabilization Reserve Fund were originally established in January 2004 to be fully funded by June 2014. A Capital Reserve Fund was originally established in November 2013 to be fully funded by June 2014. In May 2015, the Rate Stabilization Reserve Fund was revised from 5% to 10% of Retail Annual Operating Revenue Budget to be fully funded by June 2016. A new Emergency Reserve Fund was established in May 2015 to distinguish it from the Capital Reserve Fund to be fully funded by June 2016. The principal elements of each reserve fund are described below.

- ◆ **Operating Reserve Fund** – Covers unscheduled costs relating to the operations of the retail water system including, but not limited to, unforeseen repairs, emergencies, unexpected increases in treatment costs, regulatory changes and unforeseen legal expenses. The target amount is 25 percent of annual operating budget.
- ◆ **Rate Stabilization Reserve Fund** – Covers variations in water sales resulting from unusual seasons, major consumption reduction due to voluntary conservation and/or to adjust for net loss of revenues in the event of a catastrophic loss of imported water supplies, which serves to defer rate increases due to temporary reductions in water sales. The Rate Stabilization Fund is 10 percent of annual operating revenues.

- ◆ Capital Reserve Fund – Covers any unexpected and unplanned infrastructure and replacement repairs not included in the budget. The target amount is \$1,000,000, or approximately 20 percent of SCWD’s average annual CIP budget.
- ◆ Emergency Reserve Fund – Covers any emergency repairs due to unforeseen natural disasters such as earthquake, fire, etc. The fund covers immediate repairs to restore SCWD’s operations for continued water delivery to its customers and the target amount of \$1,000,000.

Investment Policy

The Board of Directors annually adopts an Investment Policy for the Agency that conforms to the 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. SCWD 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

In June 2014, the Board of Directors approved SCWD’s revised Debt Management Policy, which includes SCWD’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 for the retail water system. The Disclosure Procedures Policy and the Derivatives Policy supplement the Debt Management Policy.

Purchasing and Bidding Policy

In August 2012, the Board of Directors approved SCWD’s revised Purchasing and Bidding Policy to more cost-effectively and efficiently construct works of improvement and acquire goods and services needed for the operation, maintenance and improvement of the retail system. SCWD’s Purchasing and Bidding Policy distinguishes retail procurement and contracting procedures from those followed for CLWA’s wholesale operations and is designed in accordance with the County Water District Law (Water Code Section 30000 et seq.).

Long-Term Commitments

The following is a description of SCWD’s long-term debt obligations:

Interfund Loan

CLWA acquired Santa Clarita Water Company’s stock through condemnation in September 1999 for a purchase price of \$63 million. The acquisition was treated as an Interfund Loan. At the time of the purchase, the CLWA Financial Advisor prepared a financial analysis of SCWC’s cash flow. This analysis showed that it was financially feasible to fund the acquisition of the company with its own revenue stream. The interest rate on CLWA’s Interfund Loan was 5.04 percent. SCWD began making payments on the loan in FY 2000/01.

In June 2010, CLWA refunded the 2001 Certificates of Participation (COPs) with the 2010 refunding COPs, achieving an all-in true interest cost of 4.23 percent. As a result, the Board of Directors adopted Resolution Number 2765 on January 26, 2011, adopting the revised payment schedule for the SCWD Interfund Loan at the interest rate of 4.23 percent.

On September 15, 2011, SCWD refinanced the CLWA Interfund Loan by selling \$52,290,000 of Upper Santa Clara Valley Joint Powers Authority revenue bonds with an average interest rate of bond issue.

Debt Service

Certificates of Participation (COPs) were issued to finance 80 percent of SCWD's capital improvement program for FY 2009/10 to FY 2011/12 with the remaining 20 percent funded by retail water rates.

The following is a summary of the two debt service issues to date. Additional information and a full payment schedule are provided in the Long Term Commitments section of the budget.

2010B

On May 11, 2010, \$14,475,000 of COPs were issued to acquire the new Administration Office Building and to construct several water storage tanks and distribution pipelines.

The certificates are payable by installment payments according to the Installment Purchase Agreement. Interest is payable semi-annually August 1 and February 1, and the principal is due annually on August 1. The balance at the end of FY 2014/15 is \$13,460,000. Payments totaling \$962,488 are due during FY 2015/16.

In June 2015, SCWD defeased \$280,500 (\$275,000 principal and \$5,500 interest) by creating a separate irrevocable trust to prepay the principal and portion of the interest due in FY 2015/16. The defeasance transaction was completed in order to increase the debt service coverage ratio for FY 2015/16. The amount was placed in an escrow account from which principal and interest will be used to make the scheduled principal and a portion of interest payments due on August 1, 2015.

2011A

On September 15, 2011, \$52,290,000 of revenue bonds, issued through the Upper Santa Clara Valley Joint Powers Authority, were executed and delivered to provide funds to pay off the CLWA Interfund Loan balance of \$58,286,314.

The balance at the end of FY 2014/15 is \$47,555,000. Payments totaling \$4,298,313 are due during FY 2015/16.

In June 2015, SCWD defeased \$2,070,600 (\$2,030,000 principal and \$40,600 interest) by creating a separate irrevocable trust to prepay the principal and portion of the interest due in FY 2015/16. The defeasance transaction was completed in order to increase the debt service coverage ratio for FY 2015/16. The amount was placed in an escrow account from which principal and interest will be used to make the scheduled principal and a portion of interest payments due on August 1, 2015.

Water Master Plan

The 2013 Water Master Plan is a stand-alone document that replaced the 2008 Water Master Plan. The 2013 Water Master Plan supports SCWD's financial planning through the development of CIP by recommending expenditures for improving system operating efficiency. In addition, the Water Master Plan provides more effective coordination between Engineering and Operations. The Water Master Plan enables Engineering to recommend, design and implement projects and Operations to (1) meet daily demands and (2) schedule maintenance while assuring uninterrupted service.

Strategic Planning

Management participates in an annual Strategic Planning Workshop with the Board. This year the workshop was held on April 24 and 25, 2015, with the results of the strategic planning workshop included in this FY 2015/16 Budget. The Strategic Plan serves as a blueprint for decision-making during the upcoming fiscal year and is included as a stand-alone section in the Budget document

Performance Measurement

The Strategic Plan and fiscal year objectives are the basis for performance measurement. Major accomplishments for the previous fiscal year are reported in the Budget. During the fiscal year, staff reports to the Retail Operations Committee on the status of all objectives at mid-year and yearend, allowing the Retail Operations Committee to monitor progress and adjust priorities as necessary. Accomplishments and Actions are shown in the Operating Budget section for each department. Performance and financial measures are included in the Performance Measurement section.

Basis of Budgeting

SCWD operates on the accrual basis of accounting and budgeting, following "generally accepted accounting principles" (GAAP), which means that revenues and expenses are recorded in the periods in which the transactions occur, regardless of the timing of cash flows. Exceptions to this are:

- ◆ Principal payments on long-term debt are applied to the outstanding balance of debt.
- ◆ Capital projects/outlays are recorded as assets when acquired or as projects are completed.

Water Enterprise Fund

SCWD uses the Enterprise Fund to account for SCWD's retail water operations including the amount of funds advanced from CLWA to fund the original purchase of SCWC. SCWD also uses the Enterprise Fund to pay the Series 2010B COP and Series 2011A Revenue Bond debt service.

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 SCWD retail operations and capital projects. The Retail Operations Committee monitors the budget and SCWD financial condition through monthly Finance and Expenditures reports, Quarterly Investment reports, Midyear Budget report and Comprehensive Annual Financial Report (CAFR). The Retail Manager is authorized to direct the Retail Administrative Officer to make transfers within the Enterprise Fund as long as the amounts do not exceed the total approved budget amount.

The Board of Directors must approve all supplemental appropriations to the Budget.

Budget Process

The budget planning and preparing process is an important SCWD activity and provides an opportunity for the Retail Operations Committee, Board of Directors, management and staff to reassess goals and objectives for the upcoming and future years. A key part of each year's budget process is the use of the Strategic Plan specific to SCWD to relate the mission statement 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 Actions and develop proposed Actions for the upcoming fiscal year. The proposed Actions are discussed and refined with the Retail Operations Committee and the Board of Directors in April and May. The process is used to develop the Preliminary Budget, which is presented to the Retail Operations Committee and subsequently to the Board of Directors in May. This is the initial review of the budget by the Board of Directors. The Board reviews the Preliminary Budget and recommends changes, as it deems appropriate.

During April, the Board of Directors holds a Strategic Planning Workshop to refine the Strategic Plan and finalize objectives for the upcoming fiscal year. Staff revises and updates the Preliminary Budget reflecting the Board's direction and submits it as the proposed Final Budget in June for Board consideration and adoption. The Final Budget is approved by motion and majority vote of the Board. All of these meetings are posted for public participation.

The Preliminary FY 2015/16 Budget is posted on both SCWD's and CLWA's websites to allow for public review. The Final FY 2015/16 Budget is also posted on both SCWD's and CLWA's websites after it is adopted.

FY 2015/16 BUDGET CALENDAR	
March 31, 2015	Retail Operations Committee Reviewed proposed fiscal year Actions.
April 14, 2015	Finance and Administration Committee Provided direction for the upcoming FY Budget.
April 24-25, 2015	Board of Directors Updated Strategic Plan.
April 28, 2015	Retail Operations Committee Reviewed SCWD Preliminary FY Budget.
May 13, 2015	Board of Directors Reviewed SCWD Revised Preliminary FY Budget.
June 2, 2015	Retail Operations Committee Recommended Approval of SCWD Final FY Budget.
June 10, 2015	Board of Directors Approved SCWD Final FY Budget.

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.

Capital Budget Process

The fiscal year capital budget is generally based on the 2013 Water Master Plan. The CIP elements are identified as either maintenance-related for repairs to maintain the system or to improve the existing system for current users, or expansion-related for projects that serve future growth due to new development. Maintenance-related projects that benefit existing users are funded through the retail water rates. The expansion-related projects are funded through the Impact Capacity Fees Fund that is funded by various development projects.

The CIP for FY 2015/16 is funded through (1) the retail water rates, (2) Impact Capacity Fees paid by developers for future expansion and (3) the balance of COP funds. Projected CIP for FY 2015/16 is included in the 3.5 percent water rate increases effective January 1, 2016. Due to the SWRCB mandatory 32 percent conservation goal specific to SCWD from June 2015 through February 2016, estimated FY 2015/16 revenues are much lower than anticipated resulting in approximately only 23 percent of CIP will be funded through the retail water rates. The balance of 77 percent will require a transfer from the Unrestricted Funds in FY 2015/16.

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 must have a minimum life of one year or more but typically have a life of five years or more. The categories of capital projects are:

- ◆ **Major Capital Improvement 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. Projects associated with the expansion of service due to growth or increase in demand that cost more than \$250,000. Major capital improvement projects are typically included in the 2013 Water Master Plan.
- ◆ **Minor Capital Improvement 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. Projects associated with the expansion of service due to growth or increase in demand that cost \$250,000 or less. Minor capital improvement projects are typically included in the 2013 Water Master Plan.
- ◆ **Repair and Replacement Projects** Any repair or refurbishment and replacement to SCWD's existing water infrastructure that extends the life a minimum of at least one year but typically five years or more and costs \$5,000 or more.
- ◆ **Capital Planning, Studies and Administration** The initial planning costs of future capital improvement projects such as site feasibility studies, permit requirements, evaluations or tests and other non-recurring reports, etc.
- ◆ **Capital Equipment** The purchase, replacement, maintenance and upgrading of fixed asset equipment essential to supporting administrative and service needs with a cost of \$5,000 or more and has a minimum of at least one year life but typically five years or more.

Capital Improvement Project Cost Allocation

The repair and replacement capital improvement projects for FY 2015/16 are funded through the retail water rates (23 percent) and transfer from Unrestricted Funds (77 percent) due to lower revenue projections from the SWRCB mandatory 32 percent conservation goal.

Risk Management

SCWD recognizes that losses have a negative financial impact on SCWD. Minimizing the exposure to loss is a goal of SCWD. SCWD strives to minimize losses through its safety and training programs and through its risk transfer program. SCWD has adopted a Risk Transfer Manual which recognizes that a critical step in minimizing the exposure to loss is to execute effective risk transfer. SCWD 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

SCWD shares the same insurance as CLWA and 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, 2014, 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 review Consumer Price Index (CPI) and other relevant information and, when 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 five percent increase (2 percent COLA and 3 percent to adjust for market survey). 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 Employees 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 PERS are enrolled in the PERS Local Miscellaneous 2 percent at 55 Plan. The SCWD and employee contribution for this retirement plan is paid by SCWD. Employees who became or become “new” members of PERS on or after January 1, 2013 are enrolled in the PERS Local Miscellaneous 2 percent 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 percent 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, SCWD’s lump sum payment for the UAL is \$109,003 which equates to 2.547 percent of salaries. PERS will require SCWD to pay the employer contribution at a rate of 9.353 percent. SCWD also pays the employee’s contribution of 7 percent, which brings the SCWD’s total contribution to 18.900 percent in FY 2015/16.

Fiscal Year	Employer Contribution	UAL	Employee Contribution	Total SCWD 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 SCWD 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

SCWD provides a range of medical insurance plans through PERS under the Agency's membership. 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, SCWD had 11 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 SCWD (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. SCWD offers post-employment health care benefits (medical and dental), which have historically been funded on a pay-as-you-go basis. Beginning in FY 2009/10, SCWD 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 percent of salaries.

Workers' Compensation Insurance

The Agency receives Workers' Compensation insurance from JPIA. Premiums are based on CLWA's and SCWD'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 and SCWD'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 Santa Clarita Valley is located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles. Santa Clarita is the third largest city in Los Angeles County and the eighteenth largest city in the state with an approximate population of 213,231 in January 2015.

The Santa Clarita Valley is part of a comprehensive transportation network, which includes three major freeways and three Metrolink commuter rail stations serving more than 2,200 passengers a day to and from the San Fernando Valley and downtown Los Angeles. The City of Santa Clarita Transit Commuter Express also offers a convenient and comfortable way to travel to Los Angeles, Warner Center, Van Nuys, Westwood/UCLA, Century City and North Hollywood where commuters are able to transfer to the Metro. New development in Santa Clarita has begun to center around the commuter rail stations. Villa Metro is a new community of 315 homes that features easy access to Southern California's regional rail network.

The City also has 96 miles of bicycle and pedestrian trails, bridges and paths to allow people to travel throughout the community without ever crossing a street or getting into a car.

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

Also located in the Santa Clarita Valley are the College of the Canyons 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.

Located in the City of Santa Clarita are three colleges whose total enrollment exceeds 18,900 students. College of the Canyons is the fastest growing community college within California, California Institute of the Arts, known for its popular Acting, Fine Arts, Photography and Theater schools and The Master's College renowned for their Seminary and Business schools. Located near Santa Clarita is California State University, Northridge, with a student population just over 40,000 that has many highly regarded accredited programs including Business, Computer Science, Education, Engineering and Nursing.

The City of Santa Clarita's strong and diverse economy continues to expand, making Santa Clarita the ideal destination for Southern California business. Maintenance of a supportive environment for business development is achieved through the cooperation of the Santa Clarita Valley Chamber of Commerce, the City government and the Santa Clarita Valley Economic Development Corporation. 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.

Santa Clarita’s top employers include Six Flags Magic Mountain, William S. Hart Union School District, College of the Canyons, Princess Cruises, Saugus Union School District, Henry Mayo Newhall Memorial Hospital, U.S. Postal Service, Quest Diagnostics, Newhall School District and Boston Scientific.

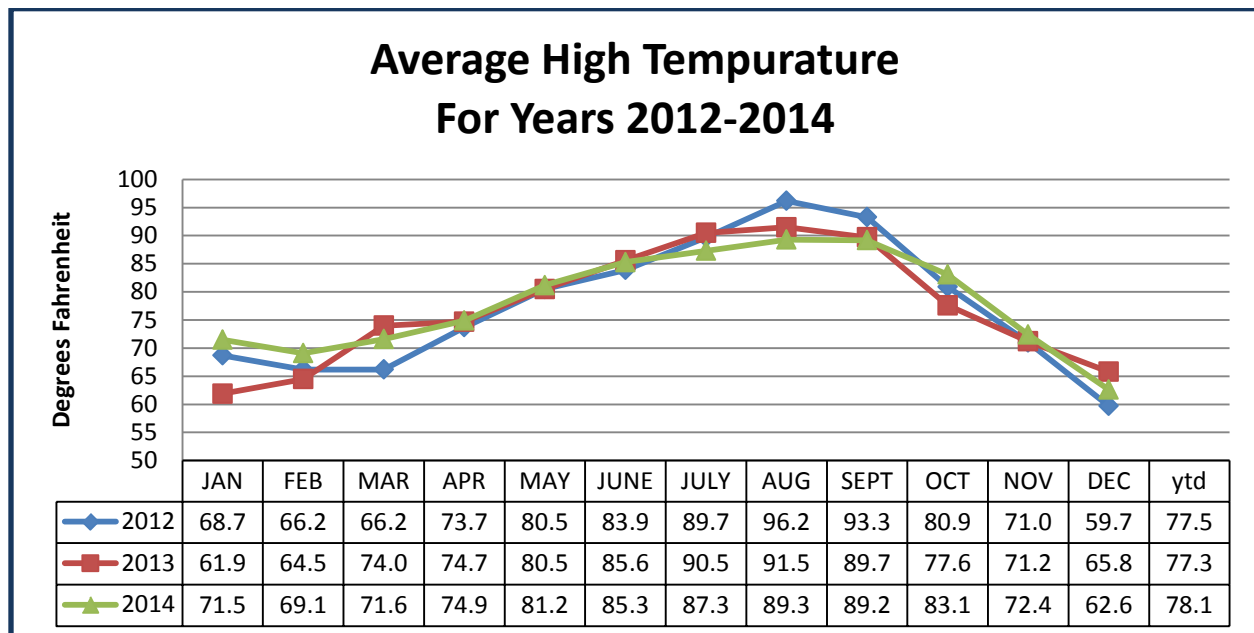
Economy

The California economy has created 336,000 jobs in 2014 causing the unemployment rate to fall to 6.7 percent by the end of 2014. Los Angeles County’s unemployment rate was 7.5 percent by December 2014 down from 8.5 percent a year before. Santa Clarita continues to have one of the lowest unemployment rates in Los Angeles County. In December 2014, the unemployment rate for the City of Santa Clarita reached 4.5 percent, its lowest level in 6 years.

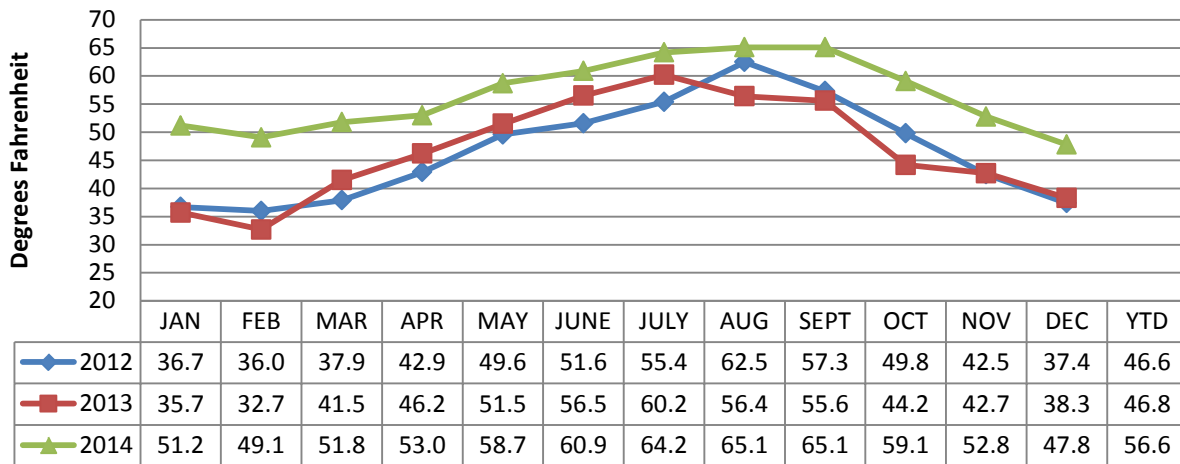
Santa Clarita Valley Climate

The climate in the Santa Clarita Valley is typical of the inland valley areas of Southern California. Temperatures range from the maximums near 110 degrees Fahrenheit during the summer months to minimums near 20 degrees during the winter. Average rainfall on the lower flat lands is in the range of 18 inches per year. Higher mountainous areas tributary to this reach of the Santa Clara River receive average annual precipitation rates up to slightly over 27 inches per year.

Average High/Low Temperatures from 2012 to 2014



Average Low Temperature For Years 2012-2014



The Santa Clarita Valley is characterized as having a semi-arid climate. Historically, intermittent periods of less-than-average precipitation have typically been followed by periods of greater-than-average precipitation in a cyclical pattern, with each wetter or drier period typically lasting from one to five years.

The long-term average precipitation is 20.89 inches (1985-2014). In general, periods of less-than-average precipitation have been longer and more moderate than periods of greater-than-average precipitation. The precipitation records were taken from Newhall-Soledad 32c gage and the KCANEWHA2 gage.

The short-term average precipitation is 11.27 inches for 2012, 2013 and 2014.

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2012	1.23	0.13	4.99	4.02	0.01	0.00	0.00	0.01	0.02	0.15	0.97	1.54	13.07
2013	1.94	0.42	1.21	0.00	0.74	0.00	0.08	0.00	0.00	0.11	1.41	0.37	6.28
2014	0.06	5.26	1.64	.031	0.00	0.01	0.02	0.05	0.00	0.32	0.64	6.16	14.47
AVERAGE													11.27

Conservation

Although water conservation should always be a way of life in California, it is more critical than ever that we all use this valuable resource efficiently. SCWD has always taken a proactive approach to water conservation and establishing a permanent water use efficiency ethic, allowing for adaptation to the changing state regulations. In May 2015, the SWRCB issued a 32 percent conservation reduction requirement (compared to 2013 levels) specific to SCWD. To comply with these regulations, SCWD adopted Ordinance No. 43 to incorporate additional water conservation restrictions and declare a Level 2 Water Shortage.

Despite the unique challenges in conservation, SCWD's goals are to maximize the use of existing water supplies, while continuing to progress in meeting the Senate Bill X7-7 mandate to reduce daily per capita demand by 20 percent by 2020. SCWD, together with CLWA and the other local water retailers have implemented key conservation programs that target both residential and commercial landscapes, industrial and institutional customers. To complement these programs, SCWD has also initiated programs to assist commercial and smaller homeowner associations to reduce landscape irrigation usage and customers to reduce both indoor and outdoor water use. In 2015, The Santa Clarita Valley Family of Water Supplier's Water Use Efficiency Plan was completed and adopted by SCWD. This includes a model which guides SCWD conservation efforts to meeting Senate Bill X7-7 as well as future water demands.

Additionally, SCWD recognizes that recycled water is an important source of supply. SCWD does not currently have access to recycled water but efforts are underway to determine the feasibility of implementing recycled water facilities within the SCWD service area. SCWD participated in a valley-wide reconnaissance study addressing how to sustainably increase localized water utilization and identifying other potential water sources and the management strategies needed to develop those new sources. The study results will be incorporated in CLWA's Recycled Water Master Plan to help support future non-potable water supply for outdoor use.

As a participant in the Integrated Regional Water Management (IRWM) planning process for the Upper Santa Clara River, SCWD, together with other stakeholder agencies and entities in the Santa Clarita Valley, have applied for and received Proposition 84 funding. This funding was granted to implement various projects within the Upper Santa Clara River watershed that will improve the management of local water resources. SCWD was specifically awarded funding to assist with the implementation of three conservation initiatives included in its Water Use Efficiency Strategic Plan.

SCWD is a member of the Family of Water Suppliers, www.scvh2o.org, and the Santa Clarita Valley Water Committee. Together these groups are committed to monitoring and improving water use efficiency in the Santa Clarita Valley to create a more sustainable environment for the future. Public outreach is a critical component to our conservation efforts. SCWD participates in a variety of community events (Earth/Arbor Day, Water Awareness, Green Up!). SCWD provides water conservation tips on its website (www.santaclaritawater.com) and on monthly bill statements, a Facebook page and monthly e-newsletter.

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SANTA CLARITA WATER DIVISION


**Strategic
Plan**

2015



Santa Clarita Water Division Strategic Plan 2015





SCWD is one of the largest water retailers in the Santa Clarita Valley and serves a population of approximately 121,700.

I. SCWD Overview

The mission of the Santa Clarita Water Division (SCWD) is to provide reliable, quality water at a reasonable cost to its customers. SCWD is located in the northwestern portion of Los Angeles County, approximately 35 miles from Downtown Los Angeles.

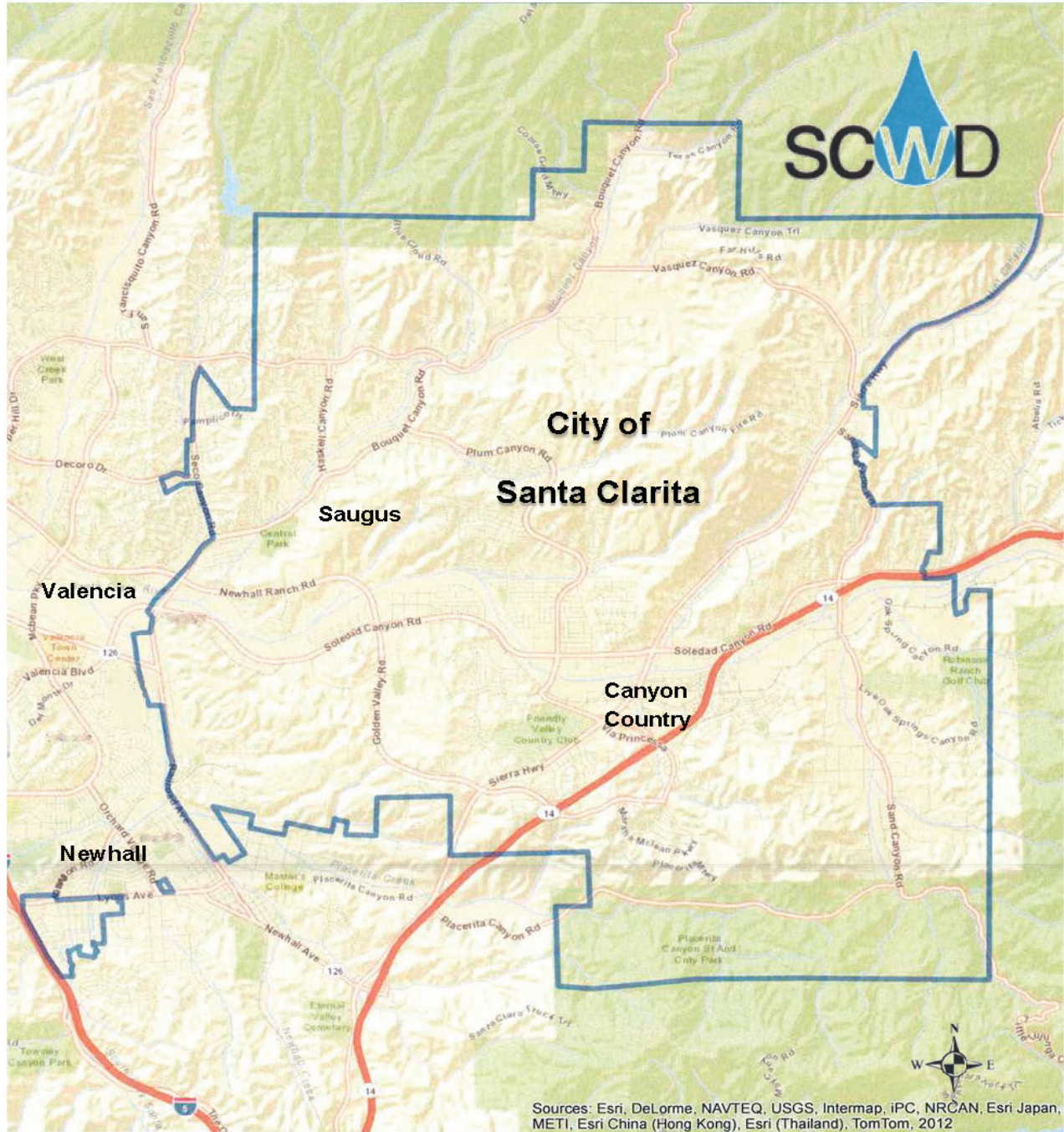
SCWD is one of four retail water purveyors in the Castaic Lake Water Agency wholesale service area (see Figure 1 on the following page). The SCWD service area covers an area of approximately 55 square miles, including the unincorporated communities of Canyon Country, Saugus and West Newhall and portions of the City of Santa Clarita.

A Brief History

SCWD was originally organized as the Santa Clarita Water Company in 1973 through a merger between the Bouquet Water Company and Solemint Water Company. In 1999, Castaic Lake Water Agency acquired the Company, with the goal of improving management of the Valley's groundwater resources, integrating water resources planning and promoting conjunctive use of the Valley's water supply. Overall benefits of this acquisition to the Agency customers have included:

- Improved water supply reliability
- Strengthened drought protection
- Enhanced water quality
- More efficient use of water resources and infrastructure

FIGURE 1: SCWD SERVICE AREA



SCWD Today

Today SCWD is one of the largest water retailers in the Santa Clarita Valley and serves a population of approximately 121,700. SCWD's top ten customers are:

1. G.H. Palmer Properties
2. City of Santa Clarita
3. Friendly Village
4. American Beauty
5. Sukut Construction
6. Hart School District
7. American Beauty HOA
8. Mariposa at Plum Canyon HOA
9. Pacific Crest HOA
10. Saugus Union School District

Collectively these customers represent less than 17 percent of SCWD's annual revenues, with the vast majority of total revenues coming from the many residents, small businesses and other property owners throughout the service area.

SCWD is governed by the eleven-member CLWA Board of Directors that has sole authority to set water rates for the service area (SCWD and CLWA share a single Board of Directors). In FY 2015/16 SCWD

budgeted 57 full-time employees and 11 part-time shared positions with CLWA. See Appendix A for the SCWD organizational structure.

Water Supply Sources and Facilities

SCWD water supplies include local groundwater and water imported by CLWA. Groundwater constitutes approximately 15-25 percent of SCWD's water supply and comes from local wells that extend into the Alluvial Aquifer and Saugus Formation.

During FY 2015/16, it is estimated that SCWD will provide 21,000-25,000 acre-feet of water to its approximate 29,700 active connections.

SCWD's system consist of the following facilities:

- 13 imported water turnouts
- 14 groundwater wells
- 23 booster stations
- 31 pressure zones
- 48 water storage tanks
- 76 million gallons of water storage
- 330 miles of pipeline

In May 2010 CLWA began operation of a new perchlorate removal and

treatment facility and installed over 3.5 miles of new pipelines to contain and remediate perchlorate contamination of certain portions of the Saugus Formation. This facility is removing perchlorate from the groundwater and preventing it from migrating further into local aquifers.

Over the years CLWA and SCWD have taken important steps to strengthen water conservation programs with the goal of maximizing the availability of its existing water supplies. In 2009 CLWA began implementation of a valley-wide Water Use Efficiency Strategic Plan and selected consultants to execute key conservation programs for residential landscape, commercial industrial and institutional customers.

To complement these programs, SCWD initiated additional commercial and residential programs for smaller homeowners associations and individual customers to reduce outdoor water usage. In addition, SCWD is expanding public outreach and educational campaigns and enhancing outreach through conventional and social media.

Together these conservation programs constitute important steps forward in reducing outdoor water usage throughout the year and instituting a permanent water use efficiency ethic among SCWD customers.

On April 1, 2015, Governor Brown issued a new Executive Order that directs the State Water Resources Control Board (SWRCB) to impose restrictions on urban water suppliers to achieve an overall statewide 25 percent reduction in potable urban usage. On May 5, 2015, the SWRCB issued a 32 percent conservation reduction requirement (compared to 2013 levels) specific to SCWD from June 2015 through February 2016. On June 10, 2015, the Board of Directors adopted Ordinance No.43 to establish water conservation and water supply shortage restrictions and regulations for the SCWD in response to the drought and the SWRCB conservation mandate.

The drought continues...




Castaic Lake, May 14, 2014



Castaic Lake, June 18, 2015

Looking north just off of Lake Hughes Road, heading towards the boat ramp.




*The SCWD Strategic Plan
serves as a blueprint for
decision-making during the
upcoming fiscal year.*

II. Strategic Plan Framework

This Plan reflects SCWD's commitment to its sustainable future and ongoing strategic planning. Overarching strategic planning objectives include:

- Enhancing SCWD's working relationship with the other local water purveyors
- Bringing greater operational focus to SCWD customer service and customer relations
- Broadening lines of communication between SCWD and key partners and stakeholders
- Continuing to use CLWA and SCWD staff resources cost-effectively and efficiently

A blue-bordered box containing the mission statement text. The text is centered and reads: "To Provide Reliable, Quality Water at a Reasonable Cost To our Customers." The word "Water" is written in a large, blue, cursive font, while the rest of the text is in a blue, sans-serif font.

“To Provide
Reliable, Quality
Water at a Reasonable Cost
To our Customers.”

Santa Clarita Water Division Mission Statement

Plan Framework Overview

The SCWD Strategic Plan serves as a blueprint for decision-making during the upcoming fiscal year. This plan identifies SCWD’s mission statement, values, strategic plan goals and strategic objectives needed to continue to improve operations and management of SCWD’s resources and assets.

The Strategic Plan Framework chart (Figure 2) depicts the relationship between the Strategic Plan elements. The mission describes the broad purpose of SCWD and its role within the Santa Clarita Valley. Values describe the norms and qualities of SCWD and are the basis from which each SCWD staff member operates, reflecting both its mission and values.

The goals and strategic objectives describe the direction of SCWD and are organized according to six goal areas: Water Resources Management, Conservation, Financial Administration, Organizational Effectiveness, Infrastructure, and Customer Service and Communications.

FIGURE 2: STRATEGIC PLAN FRAMEWORK





Management Team

MISSION STATEMENT

The mission of the Santa Clarita Water Division is to provide reliable, quality water at a reasonable cost to our customers.

VALUES

The values were established through employee engagement in SCWD's "Investment in Excellence" program and developed in consultation with the Board of Directors. Values describe the basic behaviors, attributes, principles and beliefs that guide SCWD staff.

The "Investment in Excellence" program helps enhance the culture and strengthen the work environment through ownership and accountability as defined by these values.

TEAM (Together Everyone Achieves More)

We are an effective, confident and organized group. We respect one another and successfully work through the issues and obstacles presented before us.

Appearance

We are proud and steadfast representatives of our company. Our employees and water facilities create an impressive perception to our customers.

Personal Accountability

We are extremely productive and dedicate ourselves to working toward solutions. We use good, sound judgment and accept the outcome of our decisions.

Work Ethic

We exercise great interpersonal skills and utilize our initiative and dependability to enforce our commitment to internal and external customer service.

Quality

We exhibit excellence in our work and work environment.

Camaraderie

We have a self-realized desire to work together as a team. We care for and willingly help each other in any given situation. We respect and enjoy working with our colleagues.

Professionalism

We optimize our efficiencies. We are an experienced and competent team that leads by positive example.

Communication

We acknowledge and listen to one another. We respect others' beliefs and judgments by focusing on the common interests rather than the differences.

Honesty

We provide dependable internal and external customer service with sincerity and integrity.

Trustworthiness

We rely on assisting one another in our daily tasks to provide the highest quality water and most dependable service to our customers.



2015 Open House

GOALS

SCWD's strategic planning focuses on six goal areas that provide the direction required to achieve the Division mission.

A. Water Resource Management

Coordinate, facilitate, plan and support efficient utilization of SCWD water supplies to meet long-term service area needs.

B. Conservation

Sustain our finite water supply.

C. Financial Administration

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.

D. Organizational Effectiveness


Maintain a well-defined organizational structure and clear and comprehensive policies and procedures that foster SCWD's culture and values.

E. Infrastructure

Enhance operational system efficiency through effective capital planning.

F. Customer Service and Communications

Continuously enhance the value of SCWD services to its customers.



SCWD is committed to providing quality water to its customers and ensuring customer satisfaction in both its product and services.

III. Goals and Strategic Objectives

SCWD's strategic planning focuses on six goal areas that provide the direction required to achieve the Division's mission. This section presents strategic objectives for each goal area and the performance measures used to help determine SCWD's progress and success in achieving each objective. SCWD employees play an integral role in analyzing performance and determining the course of action required to meet each strategic objective. Brief summaries of objective status and progress are presented in this section.

The SCWD Action Plan, found in Appendix B, outlines the activities SCWD has identified during the current fiscal year to advance Strategic Plan goals and objectives.

A. WATER RESOURCES MANAGEMENT

Coordinate, facilitate, plan and support effective development and utilization of SCWD water supplies to meet long-term service area needs.

Ensuring an ongoing, reliable water supply for all its customers is SCWD's mission and highest priority. In order to accomplish this, SCWD will continue to develop alternative water supplies and strengthen conservation efforts to meet future service area demand and will work to maintain the desired blend of imported water and groundwater.

A1. ALTERNATIVE SUPPLIES *Create alternative water supplies to help meet future water demands.*

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

1. Identification of key and strategic alternative water supply sites/locations
2. Percent change in recycled water supply

Status and Progress

Projected recycled water use in the 2010 Urban Water Management Plan (UWMP) is roughly 500 acre-feet per year (afy) by 2020 and 2,275 afy by 2030. Recycled water is not currently used in the SCWD service area.

Factors constraining progress related to creating alternative water supplies include the lack of suitable locations for drilling new Alluvial and Saugus Formation groundwater wells, the need to avoid adversely influencing travel of the perchlorate plume in drilling new Saugus Formation groundwater wells and the high capital costs of recycled water infrastructure.

Factors contributing to progress related to creating alternative water supplies include implementation of selected alternatives in the Reconnaissance Study conducted by CLWA that identified concepts to enhance local water supplies to augment the Santa Clarita Valley water supply portfolio.

A2. SUPPLY MANAGEMENT *Continuously improve management of existing water supply.*

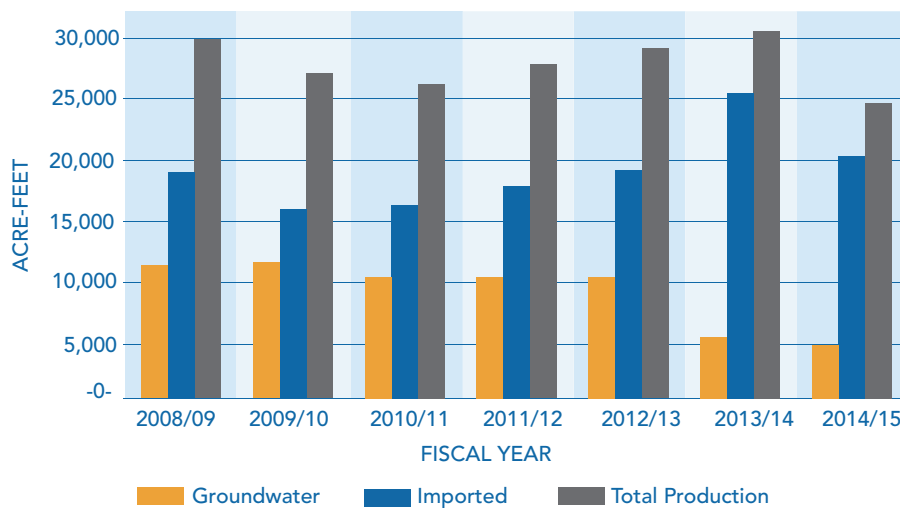
The following measures will be used to gauge progress towards achieving Objective A2:

1. Continuous adjustment of the imported water to groundwater production ratio to enhance conjunctive use
2. Continuous evaluation and adjustment of the SCWD Operational Plan as necessary to optimize it under all conditions including drought

Status and Progress

Historically, the Division has maintained, on an annual basis, an imported-groundwater ratio of 60 percent imported and 40 percent groundwater. Maintaining this ratio is a challenge due to anticipated development and the resulting population growth in the service area and recent multiple dry years that have resulted in lowered groundwater levels. Consequently, SCWD has modified operational procedures to maximize pumping capacity of its wells and adjusted the operations plan for effective water delivery throughout its service area. In FY 2011/12 through FY 2012/13, the imported-groundwater ratio was 65/35. In FY 2013/14 and FY 2014/15, SCWD averaged an 82/18 imported-groundwater ratio.

FIGURE A2: SCWD WATER PRODUCTION



B. CONSERVATION

Sustain our finite water supply.

Reducing per capita consumption is critical to meeting the Valley's future water needs for a variety of uses, and is an important part of the successful management of the SCWD water supply. SCWD will continue to model and encourage water conservation through implementation of water conservation programs, community outreach and education, and exploration of new conservation tools and opportunities.

B1. STATE WATER RESOURCES CONTROL BOARD 32% CONSERVATION MANDATE

Achieve a 32 percent reduction from 2013 total water production beginning June 2015 through February 2016.

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

1. Monthly monitoring of consumption compared to the same months in 2013
2. Monthly monitoring of water loss
3. Enforcement of restrictions identified in Ordinance No. 43
4. Monthly monitoring of total production compared to the same months in 2013

Status and Progress

The CLWA Board of Directors approved Ordinance No. 43 on June 10, 2015, to include additional conservation measures mandated by the SWRCB and additional restrictions by SCWD such as limited watering days, times and fines assessed for ordinance violation.

B2. 20% BY 2020 Achieve 20 percent per capita conservation by 2020.

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

1. Additional conservation programs
 - Lawn Replacement Program
 - Commercial Drip Irrigation Program
 - Single Family Residential Drip Irrigation Program
 - Landscape Budget
2. Per capita water use compared with target goal

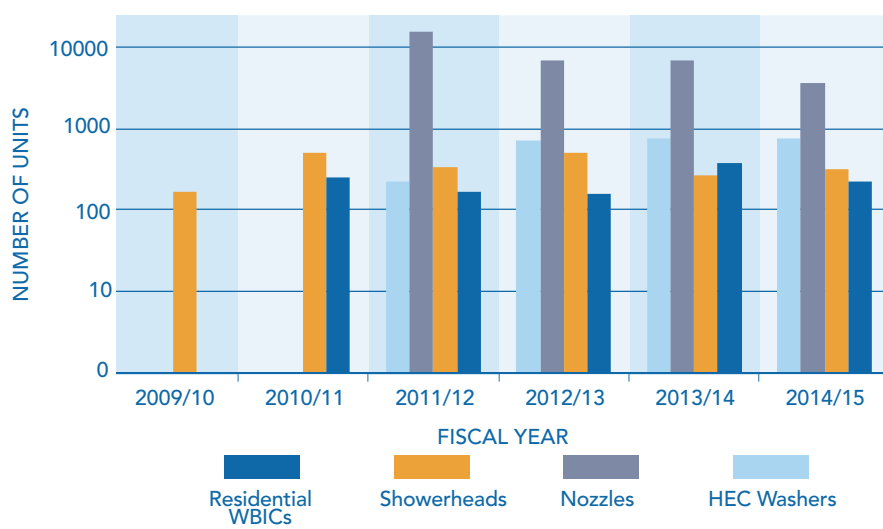
Status and Progress

The Water Conservation Act of 2009 (SBX7-7) mandates a reduction per capita demand of 20 percent by 2020. Based on the 2014 CLWA Population Assessment and GPCD Review results prepared by Maddaus Water Management (MWM), SCWD has an updated baseline gallons per capita per day (GPCD) and target GPCD of 251 and 201, respectively. In 2014 SCWD’s GPCD was 206.

SCWD has implemented a number of conservation programs. In 2014, SCWD distributed 322 low-flow showerheads and 4,469 high-efficiency nozzle vouchers. 752 High-Efficiency Clothes Washer (HECW) rebates were issued and 224 Weather-Based Irrigation Controllers (WBIC) were installed and inspected. Seven large landscape Homeowners Associations have completed landscape modification and received rebates.

Factors contributing to or constraining progress towards achieving 20 percent by 2020 include the ongoing challenge of influencing social behavior through effective education and outreach, rebound from the economic recession, new development projects, and the true and perceived impacts of conservation on water usage.

FIGURE B2: CONSERVATION REBATE PROGRAMS



C. FINANCIAL ADMINISTRATION

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.

The Agency is committed to achieving self-sustaining financial operations and applying all costs based on the Agency's Fairness Doctrine. In order to do so, sound financial management practices, including close attention to operating, capital expense budgets and establishment of reserve funds, are essential. SCWD will continue to explore opportunities to implement new and improved financial management tools to help meet its goal.

C1. HEALTHY MANAGEMENT *Sustain healthy financial governance and management.*

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

1. Division budget status

Status and Progress

For the past five years SCWD has been under budget for both capital and operating expenses. Figures C1A and C1B provide a comparison of the Division's operating and capital expenditures against SCWD budgeted expenses.

Factors contributing to SCWD's success staying under budget include close, active monitoring of both capital and operating expenses by staff, implementation of energy efficiency programs and restructured rates with Southern California Edison (SCE), greater awareness of office spending, and a willingness to put innovative ideas into action.

C2. FINANCIAL PROFILE *Strengthen our financial profile attributes.*

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

1. Rate stabilization reserve fund status
2. Operating reserve fund status
3. Capital reserve fund status
4. Emergency reserve fund status

FIGURE C1A: SCWD OPERATING EXPENSES

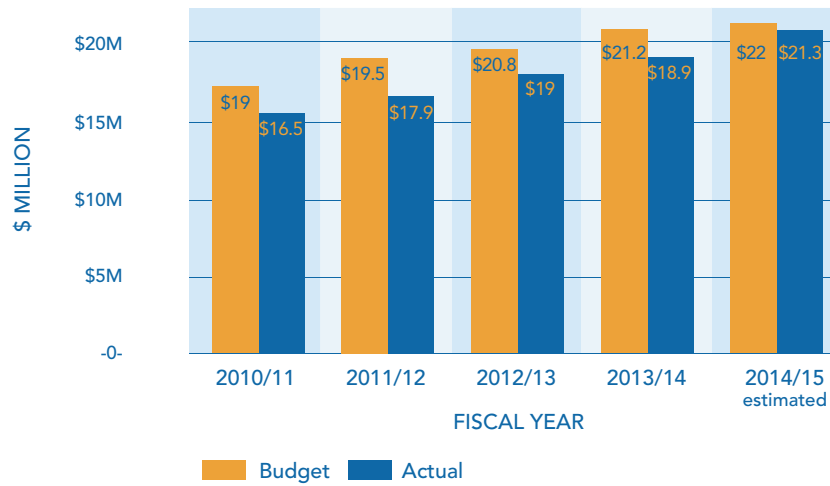
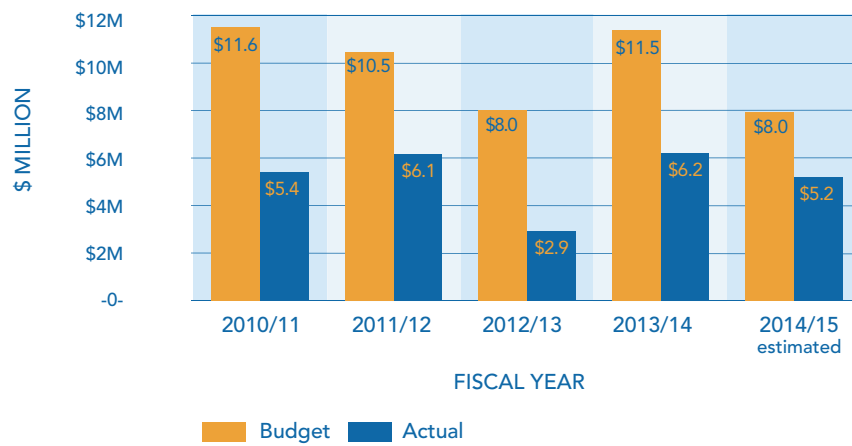


FIGURE C1B: SCWD CAPITAL EXPENSES



Status and Progress

The Operating Expense Reserve Fund represents 25 percent of the current annual operating expense budget to adequately cover “working cash” and unscheduled costs related to water system operations.

The Rate Stabilization Reserve Fund was established in January 2014 to cover variations in water sales resulting from variable weather conditions, conservation and loss of imported water supplies. The Rate Stabilization Reserve Fund was increased from two percent to five percent of current annual operating revenue budget in November 2013, to be fully funded by June 2014. Due to severe drought, the Rate Stabilization Fund was increased from 5 percent to 10 percent of the current annual operating revenue budget in May 2015, to be fully funded by June 2016.

A Capital Reserve Fund was established in November 2013 to cover any unexpected and unplanned infrastructure and replacement repairs not included in the budget. Currently the Capital Reserve Fund is set at a flat amount of \$1,000,000, which is approximately 20 percent of the average annual Capital Improvement Program.

An Emergency Reserve Fund was established in May 2015 to cover any emergency repairs due to unforeseen natural disasters such as earthquake, fire, etc. Currently the Emergency Reserve Fund is set a flat amount of \$1,000,000 for immediate repairs to restore SCWD’s operations for continued water delivery to its customers.

D. ORGANIZATIONAL EFFECTIVENESS

Maintain a well-defined organizational structure and clear and comprehensive policies and procedures that foster SCWD's culture and values.

SCWD remains committed to improving day-to-day operations for the benefit of both its customers and employees. Successful operations rely heavily on the strength and excellence of its leadership and workforce and on the investments SCWD makes to ensure that all its staff are appropriately trained in their respective fields. The Board recognizes that employee safety and satisfaction are essential to maintaining SCWD's desired culture, as articulated by the Investment in Excellence program values.

D1. EDUCATION AND TRAINING *Provide educational and training opportunities including career-path, succession planning and other opportunities.*

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

1. Contact hours and continuing education units (average of total and by Department)
2. Number of licensed operators
3. Meet or exceed the amount of licenses required by the Department of Public Health

Status and Progress

Table D1 provides an overview of license requirements, the number of SCWD license holders by employee grade, and the number of contact hours required to maintain licensure. Staff is actively working to obtain and retain required certifications.

TABLE D1: LICENSE REQUIREMENTS

GRADE	DEPARTMENT OF PUBLIC HEALTH DIVISION OF DRINKING WATER REQUIREMENT	SCWD REQUIREMENT	NUMBER OF SCWD LICENSE HOLDERS	CONTACT HOURS REQUIREMENT PER LICENSE (EVERY 3 YEARS)
D-5	1	1	5	36 hrs
D-4	N/A	1	1	36 hrs
D-3	1	12	7	24 hrs
D-2	N/A	N/A	8	16 hrs
D-1	N/A	3	4	12 hrs
T-2	1	1	9	16 hrs
T-1	1	7	8	12 hrs

D2. WELLNESS AND SAFETY *Promote wellness and sustain a safe and safety-conscious work environment.*

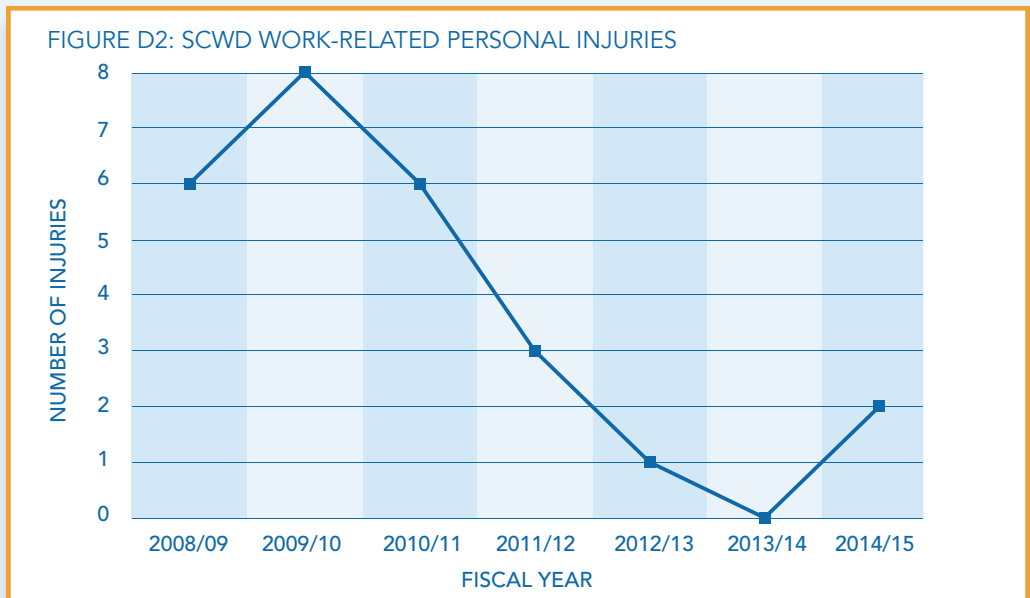
The following measures will be used to gauge progress towards achieving Objective D2:

1. Number of incidents per year
2. Type of incidents each year
3. Participation in number of training classes per year

Status and Progress

The Agency provides staff training on approximately 15 different health and safety-related subjects each year. Figure D2 illustrates the number of work-related personal injuries at SCWD annually since FY 2007/08. SCWD has been successful in reducing the number of work-related injuries over the last five fiscal years.

Factors contributing to or limiting success in providing a safe and safety-conscious work environment include combined SCWD and CLWA training, limited number of staff certified to handle situations involving electrical panels and ability to provide customized HAZWOPER training.



E. INFRASTRUCTURE

Enhance operational system efficiency through effective capital planning.

SCWD recognizes the continual need to improve the efficiency, safety and security of water storage, treatment and delivery system. To make progress towards this goal, current fiscal year objectives and actions emphasize the need for evaluation of existing assets and system performance, strengthened infrastructure management planning, proactive and preventative system maintenance and ongoing investment in infrastructure.

E1. SYSTEM OPERATIONS *Invest in infrastructure and equipment to improve system operations.*

The following measures will be used to gauge progress towards achieving Objective E1:

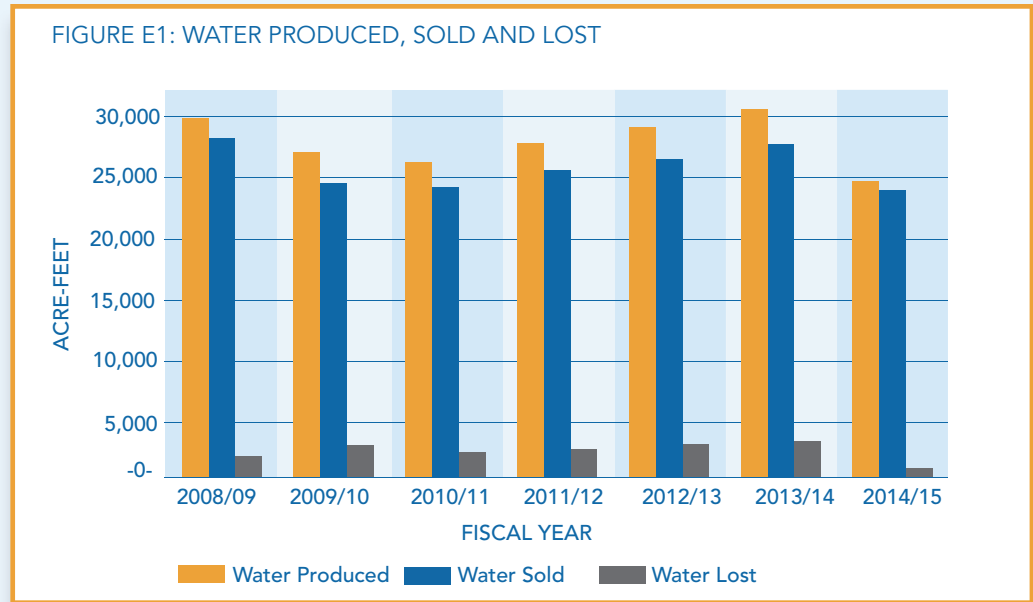
1. Completion of capital improvement projects
2. Water produced (groundwater and imported)
3. Water sold
4. Water loss

Status and Progress

The amount of water produced and sold decreased from FY 2008/09 through FY 2010/11. Starting in FY 2011/12, water produced and sold steadily increased until FY 2014/15. As anticipated there was a decrease in FY 2014/15 from FY 2013/14 in water produced and sold by 5,878 acre-feet and 3,738 acre-feet, respectively.

Water loss is the difference between water produced and water sold. Water loss for FY 2014/15 was at a low of 3.01 percent, down from 9.56 percent from the previous FY 2013/14.

Factors affecting the efforts to further minimize SCWD water loss include meters that are out of calibration, water theft and broken or aged infrastructure. SCWD anticipates a decrease in water produced and sold in 2015 due to additional conservation efforts and the Governor's Emergency Conservation Regulation to reduce potable urban water usage by 25 percent statewide through February 2016.



E2. PREVENTATIVE MAINTENANCE *Enhance our proactive preventative maintenance program.*

The following measures will be used to gauge progress towards achieving Objective E2:

1. Service leaks
2. Service line replacement program
3. Main line breaks
4. Fire service failures
5. Valve exercised
6. Dead end flushing
7. Meter replacements

Status and Progress

Service line leaks remain steady at 108 repairs in FY 2013/14 and 114 repairs in FY 2014/15; this is down from an average of 163 for the previous five years, primarily due to the effectiveness of the service line replacement program. This program replaced

65 services that included problematic and high risk meters/services. This is down from 86 services replaced in FY 2013/14, mainly due to location and complexity of the services replaced.

Mainline leaks dropped from previous years with 15 repairs in FY 2013/14 and 13 repairs in FY 2014/15. Fire service failures dropped from three repairs in FY 2013/14 and no repairs in FY 2014/15.

During FY 2014/15, 827 valves were exercised, down from 1,589 valves exercised in FY 2013/14. This number is down dramatically from prior years because of a temporary suspension of the valve exercising program due to drought conditions and the need to reduce water use for flushing purposes to maintain water quality while exercising valves.

In FY 2014/15, 207 deadends were flushed, up from 57 flushed in FY 2013/14, primarily due to the fact that, after the halt of valve exercising activities, the valve exercising crew was redeployed to flush deadends, which requires far less water and is vital to water quality.

In FY 2014/15, SCWD met its goal of replacing 402 aged meters. Figures E2A and E2B provides an overview of Valve Exercising and SCWD system leaks, breaks and failures.

FIGURE E2A: VALVE EXERCISING

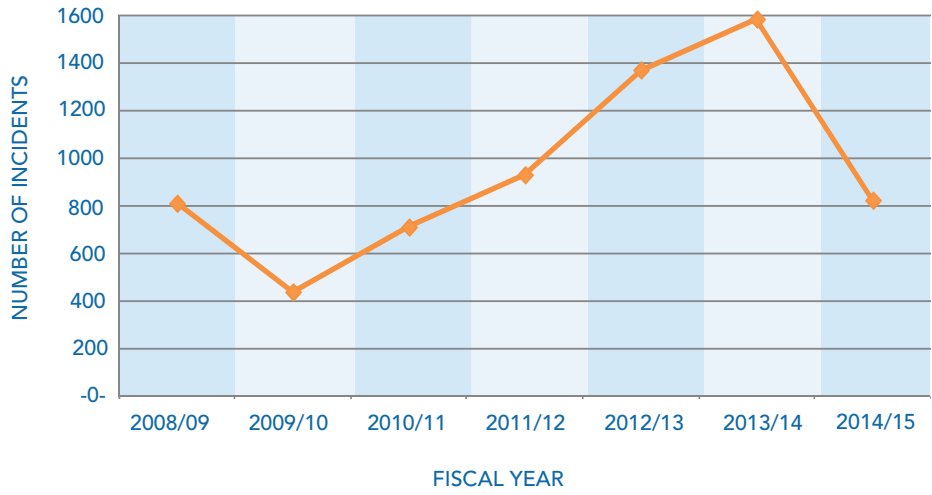
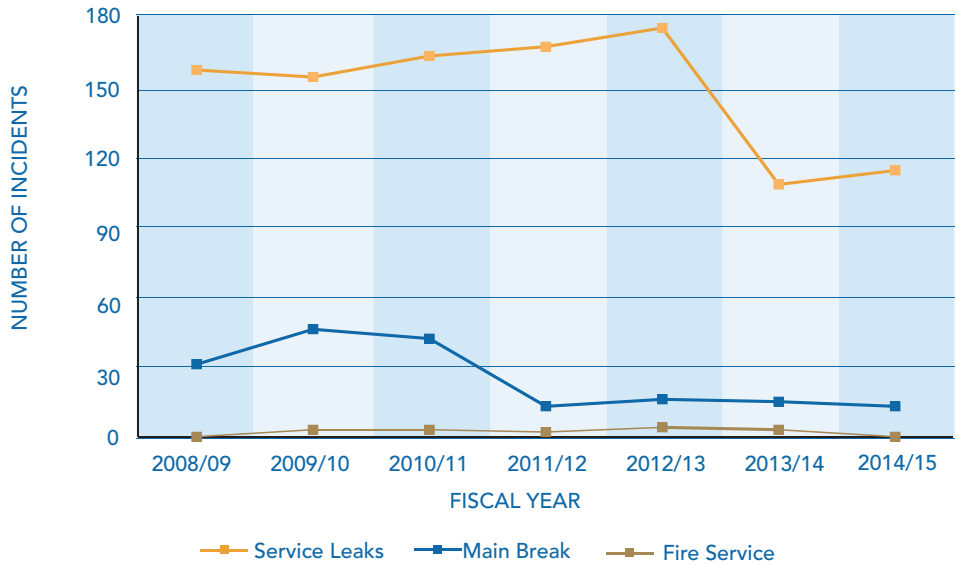


FIGURE E2B: SYSTEM LEAKS, BREAKS AND FAILURES



F. CUSTOMER SERVICE AND COMMUNICATIONS

Continuously enhance the value of SCWD to its customers.

SCWD is committed to providing quality water to its customers and ensuring customer satisfaction in both its product and services. The Board and SCWD staff believe that thoroughly collecting, tracking and analyzing data related to SCWD response time and customer satisfaction will significantly help improve customer service. Community outreach efforts and ongoing communications and information exchange with the public on matters related to conservation and water quality will strengthen the Agency's position as a trusted source of information in the Santa Clarita Valley.

F1. CONSUMER CONFIDENCE *Enhance customer confidence.*

The following measures will be used to gauge progress towards achieving Objective F1:

1. Customer complaints regarding hardness, odor and taste
2. Number of unscheduled emergency shut-offs and scheduled shut-offs

Status and Progress

In 2015 there were 33 customer complaints regarding various water quality issues. The major factor that contributes to increased or decreased water hardness complaints is the amount of groundwater and the imported to groundwater ratio.

F2. CUSTOMER EXPERIENCE *Continuously improve customer experience.*

The following measures will be used to gauge progress towards achieving Objective F2:

1. Provision of online bill payment options
2. The length of time it takes to resolve customer issues

Status and Progress

SCWD responds immediately to major leaks and has on call staff that responds around the clock in case of emergencies. Customer issues are resolved as expeditiously as possible and are prioritized to minimize water loss.

Factors contributing to SCWD's ability to improve customer service and response time include the availability of field personnel and improved communications between field personnel and office staff regarding scheduling repairs.

On April 1, 2015, SCWD launched the first phase of Customer Connect to provide customers online access to account details such as consumption and payment history. Customer Connect also allows customers to pay online via credit/debit card. The second phase will activate the online service order request feature by which customers can request to open accounts online and also check the status of other service order requests. It is anticipated that the second phase will be completed by December 31, 2015.

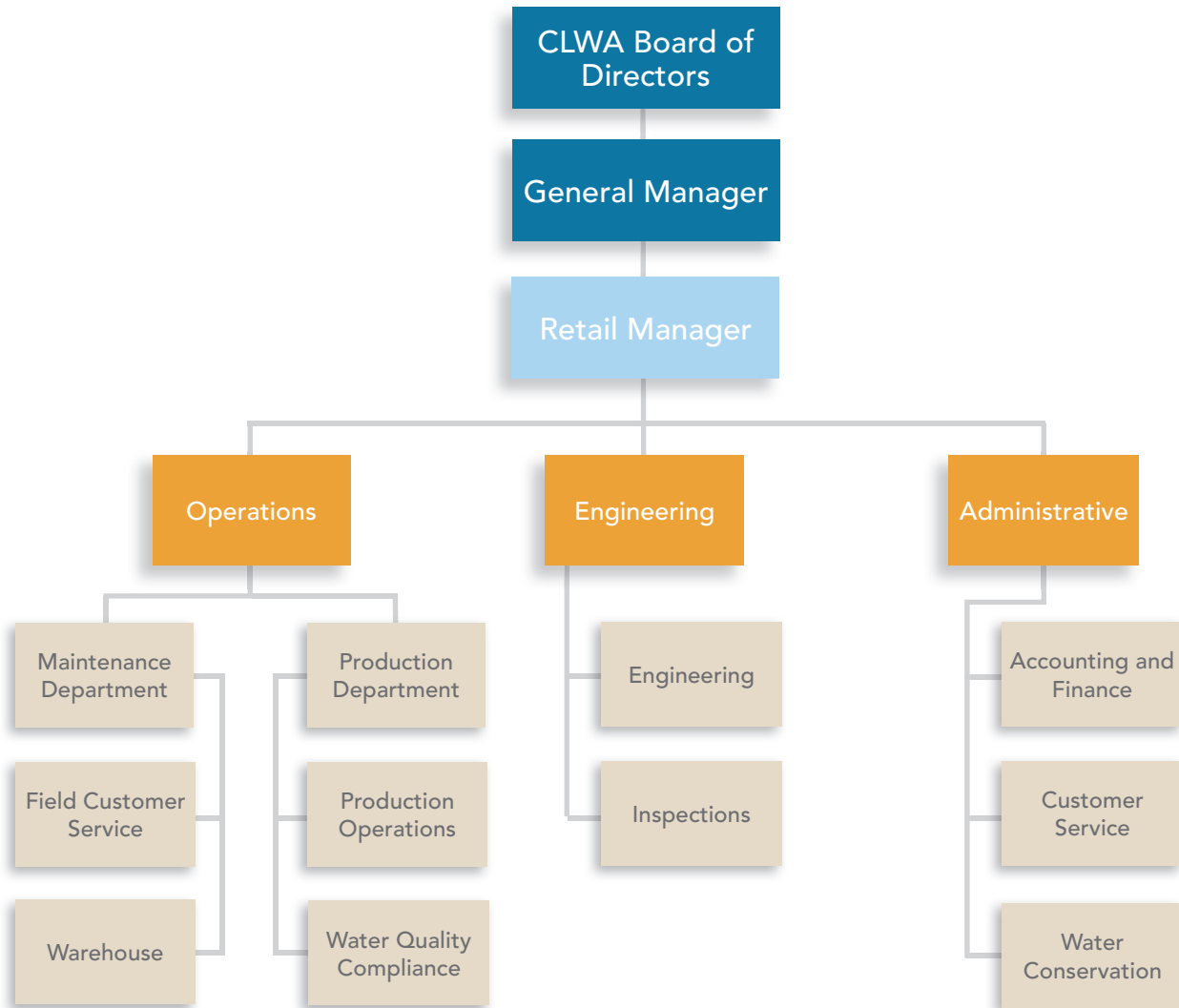


*This Plan reflects SCWD's
commitment to its sustainable
future and strategic planning.*

Appendices

- A. SCWD Organizational Structure
- B. SCWD Action Plan

Appendix A | SCWD Organizational Structure



Appendix B | SCWD Action Plan

A. WATER RESOURCES MANAGEMENT

Coordinate, facilitate, plan and support effective development and utilization of SCWD water supplies to meet long-term service area needs.

A1. ALTERNATIVE SUPPLIES Create alternative water supplies to help meet future water demands.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
A1.1	Coordinate with CLWA Engineering in the update of Recycled Water Master Plan.	June 2016	Engineering	P1
A1.2	Develop recycled water standards and specifications.	June 2016	Engineering	P1
A1.3	Create recycled water policies and ordinances.	June 2016	Engineering	P1
A1.4	Identify key and strategic alternative water supply sites/ locations and potential users in coordination with Reconnaissance Study with CLWA Service Area Water Resources Management Measures.	June 2016	Engineering	P1

A2. SUPPLY MANAGEMENT Continuously improve management of existing water supply.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
A2.1	Evaluate options to improve water conveyance efficiency within the Honby Zone.	December 2015	Engineering	P2

B. CONSERVATION

Sustain our finite water supply.

B1. STATE WATER RESOURCES CONTROL BOARD 32% CONSERVATION MANDATE Achieve 32 percent reduction from 2013 total water production beginning June 2015 through February 2016.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
B1.1	Enforcement of Ordinance No. 43 restrictions to minimize violations and encourage conservation in accordance with the SWRCB mandatory restrictions.	February 2016	Customer Service and Water Conservation	P1
B1.2	Reevaluate and prioritize outreach targets and methods to maximize rebates and incentive benefits to encourage additional conservation.	June 2016	Customer Service and Water Conservation	P2

B. CONSERVATION *CONTINUED*

B2. 20% BY 2020 Achieve 20 percent per capita conservation by 2020.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
B2.1	Promote various water conservation programs.	June 2016	Water Conservation	P3

C. FINANCIAL ADMINISTRATION

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.

C1. HEALTHY MANAGEMENT Sustain a healthy financial governance and management.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
C1.1	Review financial policies to ensure compliance or provide recommendations for revision if necessary.	June 2016	Finance	P2
C1.2	Ensure the department and capital budgets are appropriately expended by actively managing and controlling expenditures.	Ongoing	All Departments	
C1.3	Monitor revenue impact of vigorous public water conservation performance as a result of the 32 percent conservation mandate required by SWRCB.	Ongoing	Finance	

C2. FINANCIAL PROFILE Strengthen our financial profile attribute.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
C2.1	Implement a 3.5 percent rate increase.	January 2016	Finance	P1
C2.2	Evaluate current rate structure.	June 2016	Finance	P1
C2.3	Evaluate current reserve funds.	June 2016	Finance	P1

D. ORGANIZATIONAL EFFECTIVENESS

Maintain a well-defined organizational structure with clear and comprehensive policies and procedures that foster SCWD's culture and values.

D1. EDUCATION AND TRAINING Provide educational and training opportunities including career-path, succession planning and other opportunities.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
D1.1	Hire a new Civil Engineer.	March 2016	Engineering	P1
D1.2	Promote SCWD's training and educational seminar attendance with respect to job related requirements.	Ongoing	All Departments	

D. ORGANIZATIONAL EFFECTIVENESS *CONTINUED*

D2. WELLNESS AND SAFETY Promote wellness and sustain a safe and safety conscious work environment.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
D2.1	Continue to emphasize safety through scheduled meetings.	Ongoing	All Departments	

E. INFRASTRUCTURE

Enhance operational system efficiency through effective capital planning.

E1. SYSTEM OPERATIONS Invest in infrastructure and equipment to improve system operations.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
E1.1	Complete installation of Luther Drive Pipeline relocation project.	September 2015	Engineering	P1
E1.2	Implement self-generating chlorine pilot project.	October 2015	Operations	P1
E1.3	Complete the upgrade to Whites Canyon Booster based on the ARC Flash study.	October 2015	Operations	P1
E1.4	Remove and replace two pressure reducing valve stations located at Placerita Canyon Road and Whites Canyon/ Americana.	October 2015	Operations	P1
E1.5	Complete design of new pipeline in Rainbow Glen Drive.	January 2016	Engineering	P1
E1.6	Complete design to remove and replace Rainbow Glen/ Sierra Highway pressure reducing station.	January 2016	Engineering	P1
E1.7	Complete design of North Oaks Booster Station upgrades.	January 2016	Engineering	P1
E1.8	Complete design upgrades for Clark Well based on the ARC Flash study.	January 2016	Engineering	P1
E1.9	Complete installation of new suction line at Fair Oaks Booster Station.	February 2016	Engineering	P1
E1.10	Complete the upgrade to North Oaks West Well based on the ARC Flash study.	February 2016	Operations	P1
E1.11	Complete the upgrade to North Oaks East Well based on the ARC Flash study.	April 2016	Operations	P1
E1.12	Complete design of Circle J Pressure Station upgrade.	April 2016	Engineering	P1
E1.13	Complete production meter replacements at Sand Canyon Well and Via Princessa Booster.	April 2016	Operations	P2
E1.14	Remove and replace water storage site access road at Sky Blue Tank.	April 2016	Operations	P2
E1.15	Complete the third phase installation of the automated meter reading (AMR) system.	June 2016	Operations	P1
E1.16	Complete design of Placerita Booster Pump Station at the SC-12 imported water connection in conjunction with land acquisition.	June 2016	Engineering	P1

E. INFRASTRUCTURE *CONTINUED*

E1. SYSTEM OPERATIONS Invest in infrastructure and equipment to improve system operations.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
E1.17	Upgrade the modular at the Warehouse.	June 2016	Operations	P1
E1.18	Install SCADA sensor equipment.	June 2016	Operations	P3

E2. PREVENTATIVE MAINTENANCE Enhance our proactive preventative maintenance program.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
E2.1	Conduct annual tank inspection and maintenance program.	March 2016	Operations	P2
E2.2	Conduct annual well inspection and maintenance program.	April 2016	Operations	P2

F. CUSTOMER SERVICE AND COMMUNICATIONS

Continuously enhance the value of SCWD to its customers.

F1. CONSUMER CONFIDENCE Enhance customer confidence.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
F1.1	Enhance web-based and social marketing information.	Ongoing	All Departments	

F2. CUSTOMER EXPERIENCE Continuously improve customer experience.				
ACTIONS		TARGET DATE	LEAD	PRIORITY
F2.1	Implement second phase of Customer Connect Portal.	December 2015	Customer Service	P2
F2.2	Conduct Customer Satisfaction Survey.	June 2016	Customer Service	P2

BOARD OF DIRECTORS:

B.J. Atkins

Thomas P. Campbell, President

Edward A. Colley

William C. Cooper, Vice President

Robert J. DiPrimio

Dean D. Efstathiou

E.G. "Jerry" Gladbach

R.J. Kelly

Gary R. Martin

Jacquelyn H. McMillan

William Peci

PREPARED BY



FOR



JULY 2015 | FINAL

SANTA CLARITA WATER DIVISION

**Strategic
Plan** **2015**

**Santa Clarita Water Division
Performance Measurement
FY 2015/16 Budget**

The Santa Clarita Water Division's mission is:

"To Provide Reliable, Quality Water at a Reasonable Cost to our Customers"

The foundation of our culture is strengthened by the following values:

- ◆ Team
- ◆ Appearance
- ◆ Personal Accountability
- ◆ Work Ethic
- ◆ Quality
- ◆ Camaraderie
- ◆ Professionalism
- ◆ Communication
- ◆ Honesty
- ◆ Trustworthiness

Performance measures provide benchmarks that help SCWD achieve its goals. The performance measures articulate and quantify the mission, strategic plan and goals for SCWD. In addition to workload measures, SCWD measures performance in four key areas:

1. Maintain a commitment to excellence and continue to improve customer satisfaction and communications related to water quality.
2. Evaluate and optimize operations to improve system efficiency.
3. Create alternative water supplies to help meet future water demands and encourage water conservation through implementation of water conservation programs.
4. Strive to be under or at fiscal year operating expense budget and capital expense budget.

Maintain a commitment to excellence and continue to improve customer satisfaction and communications related to water quality.

Performance measures include customer satisfaction related to water hardness, odor, taste and color. The majority of inquiries were about the white color in water (which results from entrained air when the groundwater table is low) and odor. The musty smell is from low turnover in dead ends of the distribution system, which is resolved by flushing water. However, when a strong chlorine odor is noticed, it's usually when a distribution system zone's disinfectant is switched from chloramine to free chlorine. Tracking customer complaints and providing customers with information and solutions, demonstrates SCWD's dedication to providing quality water to customers.

Evaluate and optimize operations to improve system efficiency.

SCWD measures system efficiency by carefully monitoring water produced, water sold and water loss. The Operations Department has established a preventive maintenance program to take a proactive approach to the routine maintenance of infrastructure. Performance measures include tracking service leaks, main line breaks, meter replacements, valve exercising, dead end flushing, fire service failures, blow-off maintenance and service line replacement.

Performance Measurement

Due to the exceptional drought situation and the SWRCB 32 percent conservation mandate, the Maintenance department is utilizing alternative ways to reduce potable water usage for routine maintenance. For example, instead of discharging water into storm drains while flushing wells, the water is directed to a holding tank and utilized to wash down well sites or recovered by a water truck to be reused for development grading, dust control or watering trees.

Create alternative water supplies to help meet future water demands and encourage water conservation through implementation of water conservation programs.

In FY 2011/12, SCWD changed the imported/groundwater ratio from a historical 60/40 blend to a 65/35 blend (sixty-five percent imported and thirty-five percent groundwater) throughout the system through FY 2012/13. With multiple dry years, the groundwater tables are very low. In FY 2013/14 and FY 2014/15 SCWD was averaging 82/18 blend (eighty-two percent imported and eighteen percent groundwater) throughout the system. SCWD will monitor the groundwater aquifer and adjust the blend as hydrologic conditions change.

Previously SCWD was monitoring conservation to achieve the goal of twenty percent conservation per capita water use by the year 2020 as mandated by the Water Conservation Bill SBX7-7. Due to Governor Brown's April 1, 2015 Executive Order requiring an immediate 25 percent reduction in overall potable urban water use statewide, SCWD's priority is now conserving 32 percent (compared to 2013 levels) from June 2015 through February 2016. In June 2015, SCWD achieved 31 percent conservation, just short of the 32 percent conservation goal. (In July 2015, SCWD achieved 39 percent conservation, which exceeds the 32 percent goal for a cumulative 35 percent conservation for June through July 2015.) SCWD is carefully monitoring conservation by patrolling its service area. Notices of violations are issued for violators of Drought Ordinance No. 43, which outlines the watering restrictions.

Strive to be under or at fiscal year operating expense budget and capital expense budget.

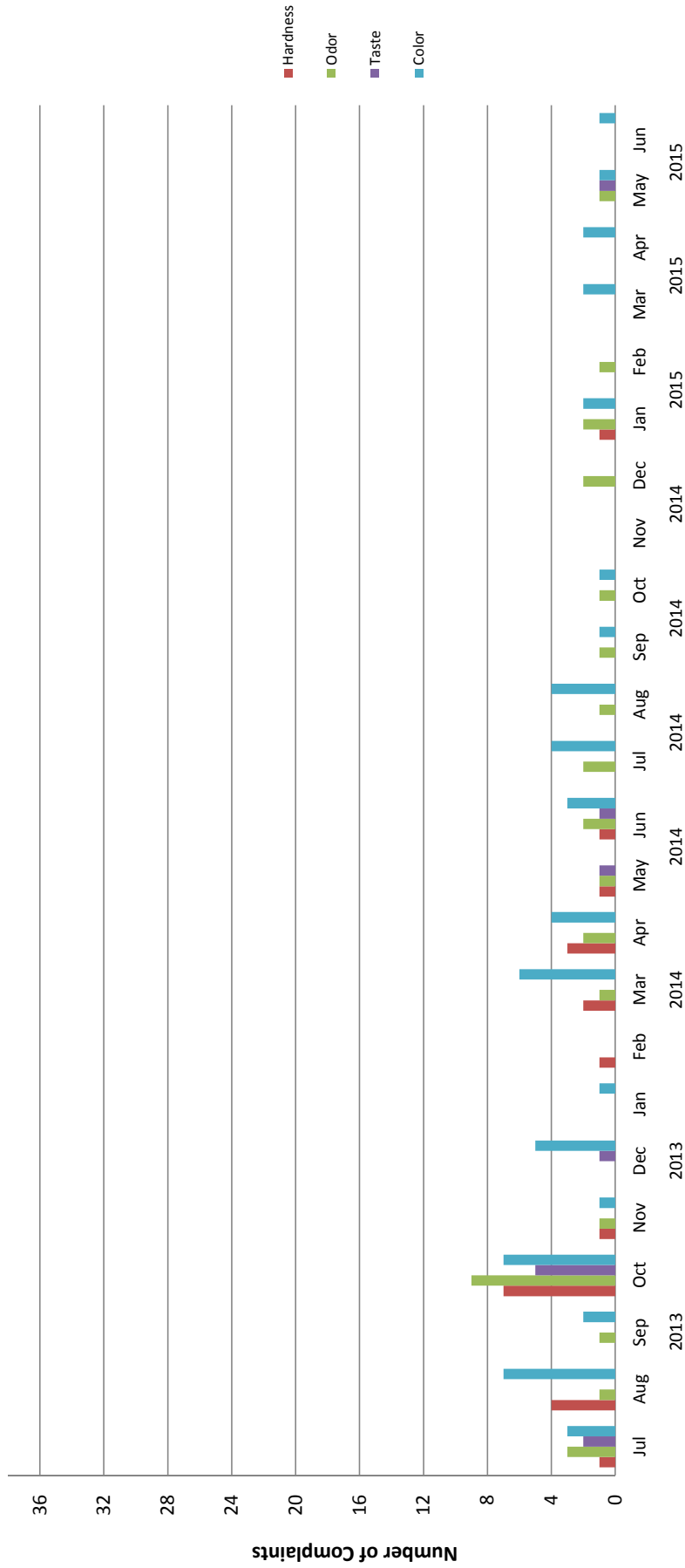
SCWD monitors both operating and capital expenditures monthly and historically, and has been under budget the past five years. With the assistance of the Board of Directors, SCWD has strengthened its policies and procedures and made sound financial decisions. Innovative ideas by employees in combination with equipment conversions have resulted in additional savings. Among others, SCWD has been proactive with energy cost savings by participating in energy efficient programs and restructuring rates with Southern California Edison Company.

Workload Measures

SCWD measures workload for key activities in each of the departments.

Maintain a commitment to excellence and continue to improve customer satisfaction and communications related to water quality.

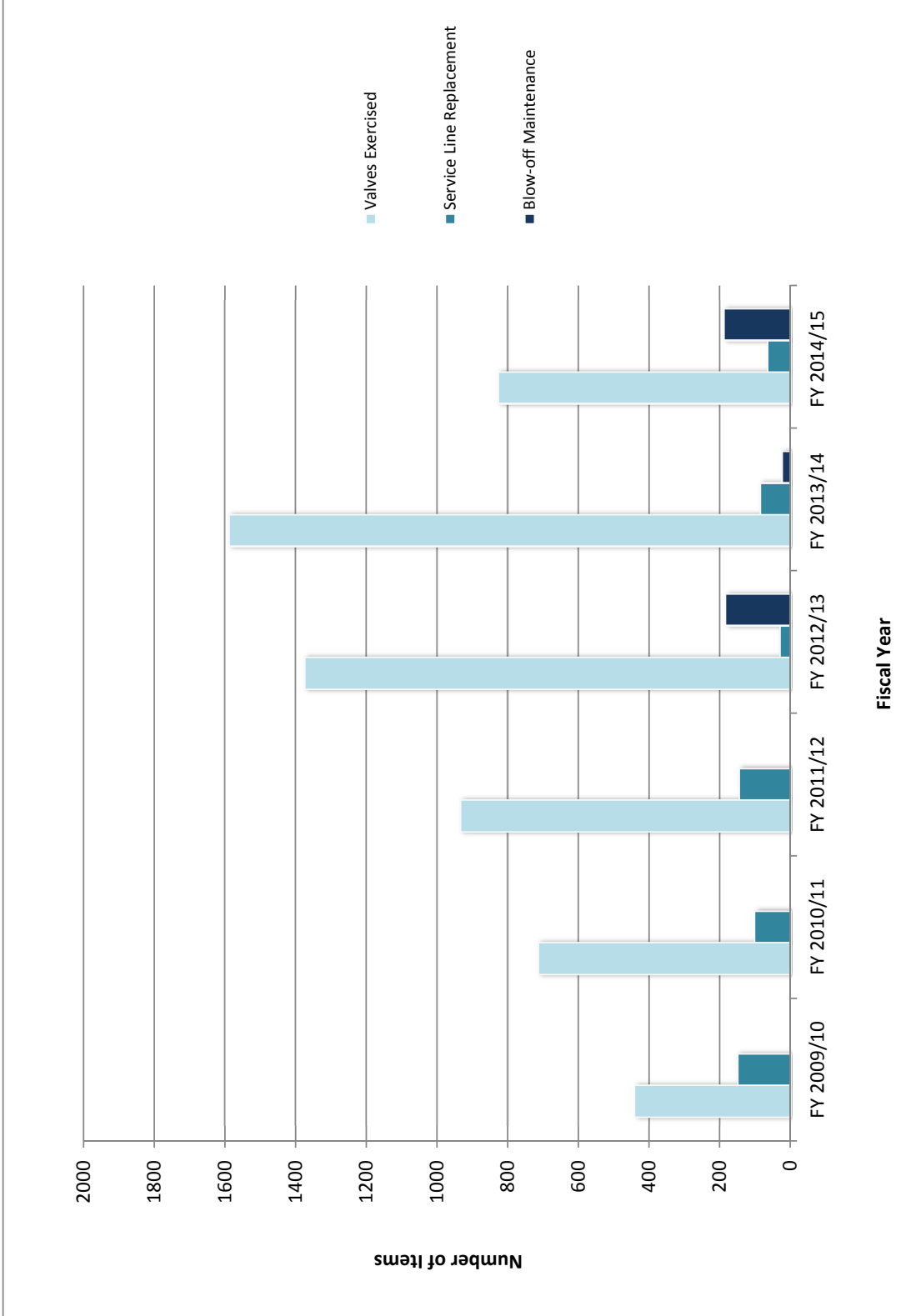
**Performance Measures
 FY 2015/16 Budget
 Customer Complaints: Water Quality**



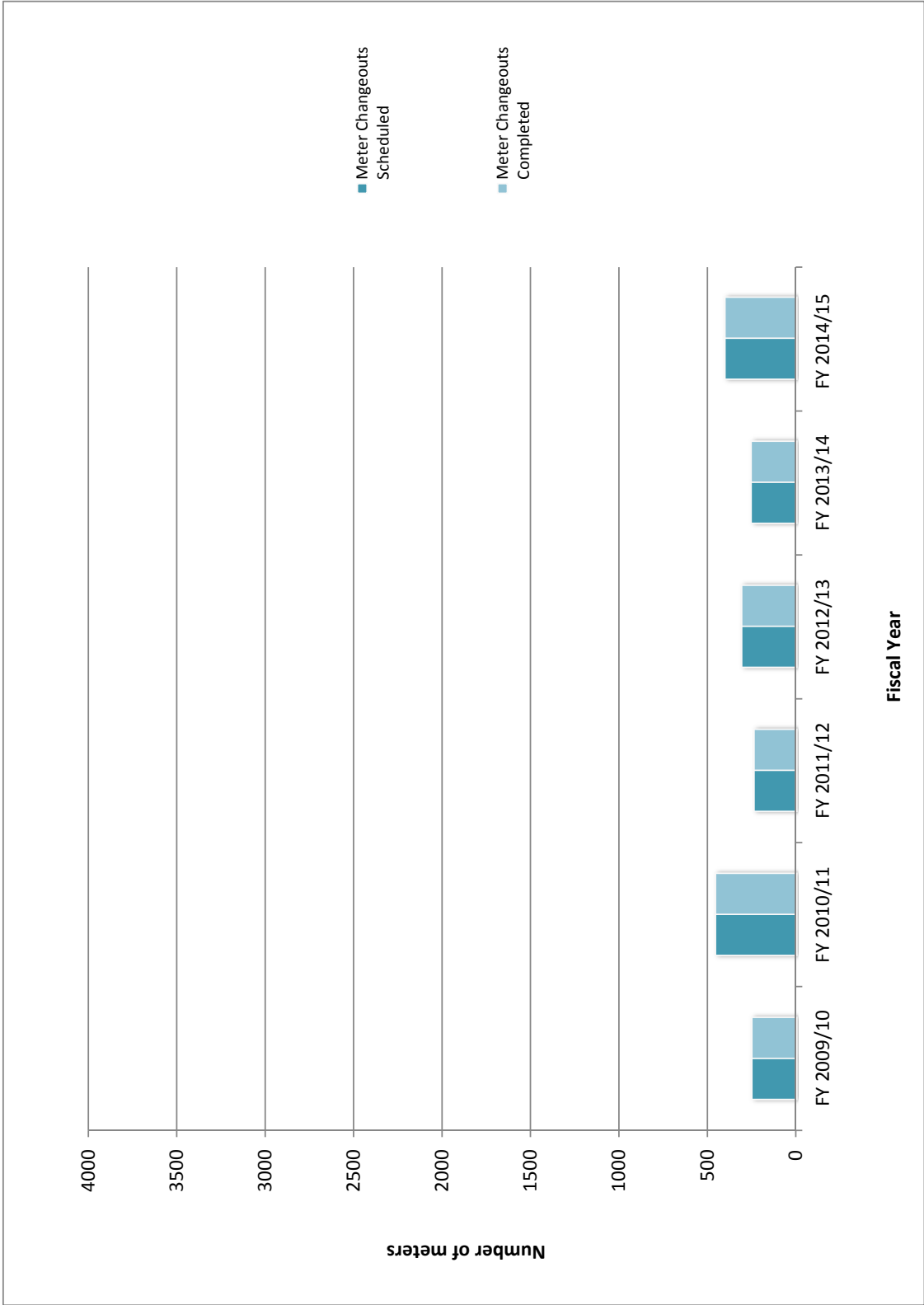
FY 2013/14 - FY 2014/15

Evaluate and optimize operations to improve system efficiency.

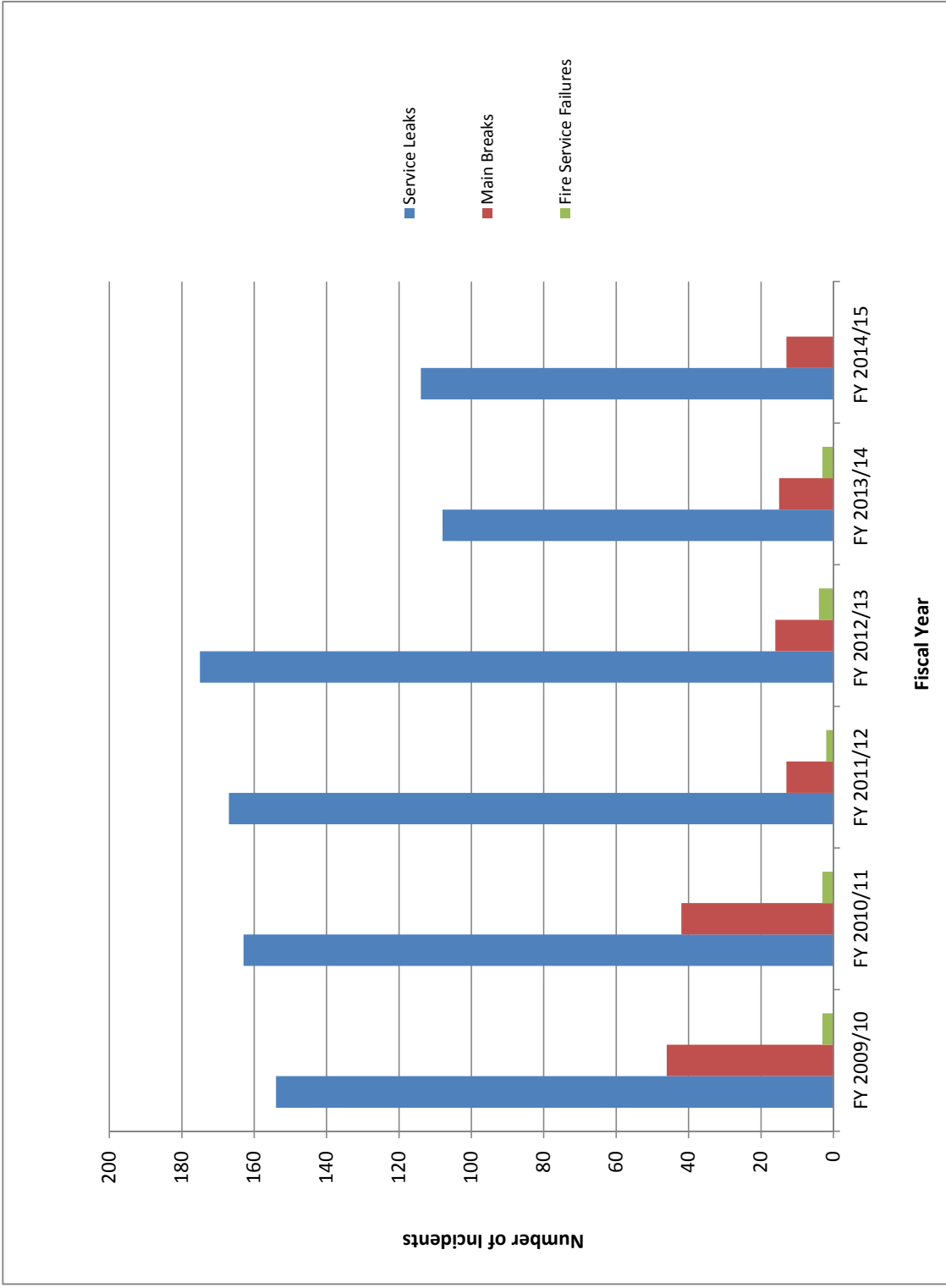
**Performance Measures
FY 2015/16 Budget
Preventative Maintenance**



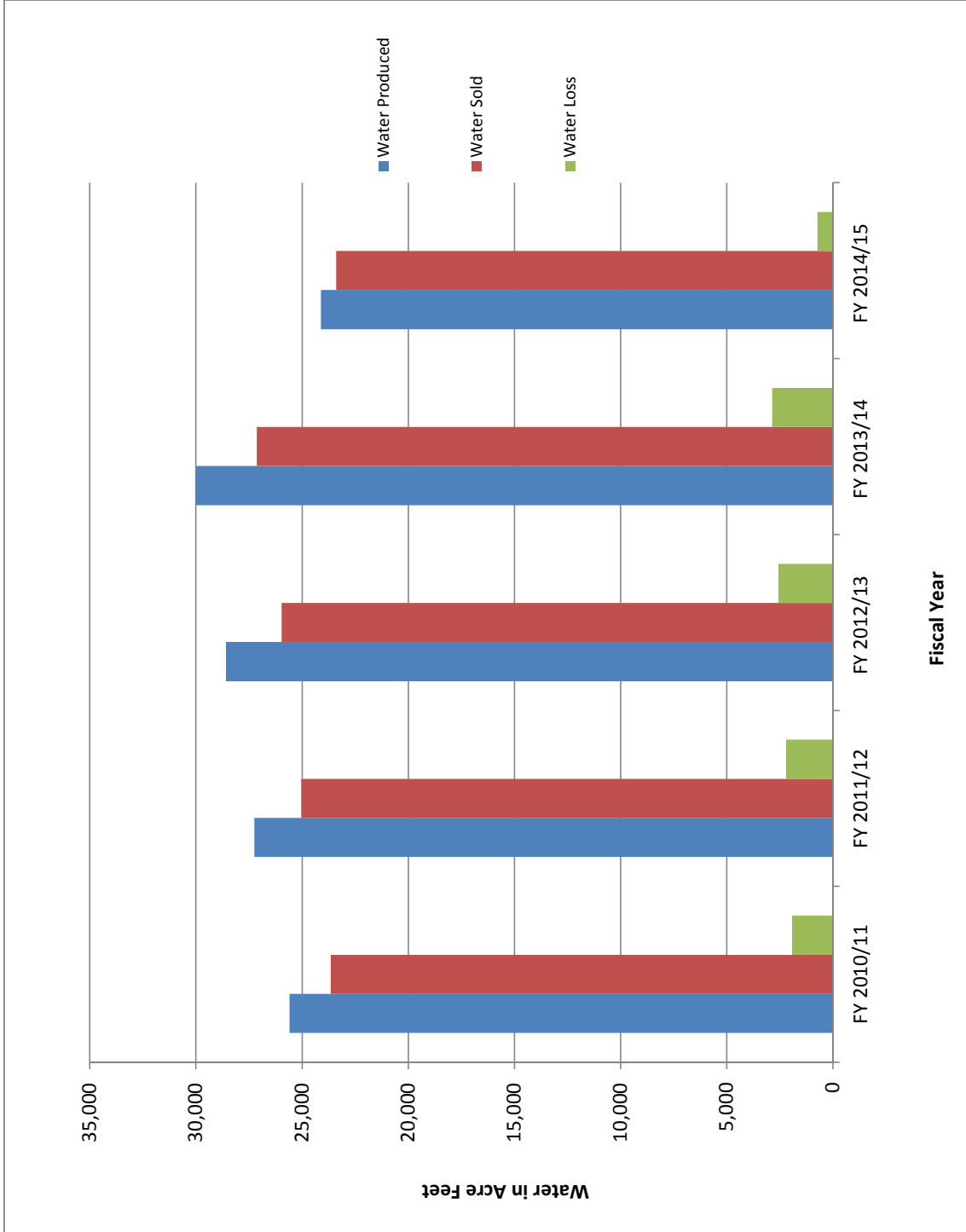
**Performance Measures
 FY 2015/16 Budget
 Preventative Maintenance**



**Performance Measures
 FY 2015/16 Budget
 System Leaks, Breaks and Failures**

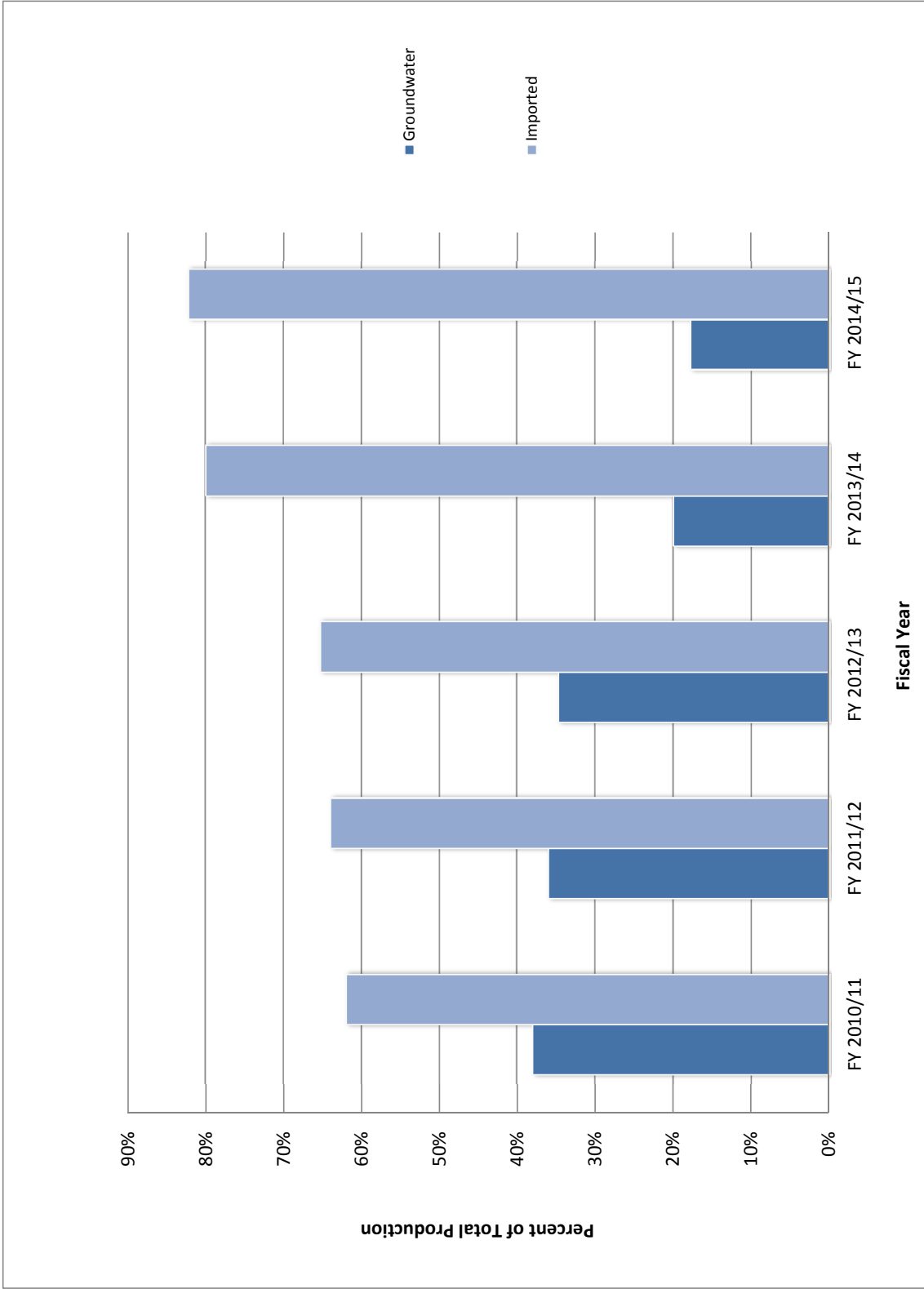


**Performance Measures
 FY 2015/16 Budget
 Water Produced, Sold and Lost**

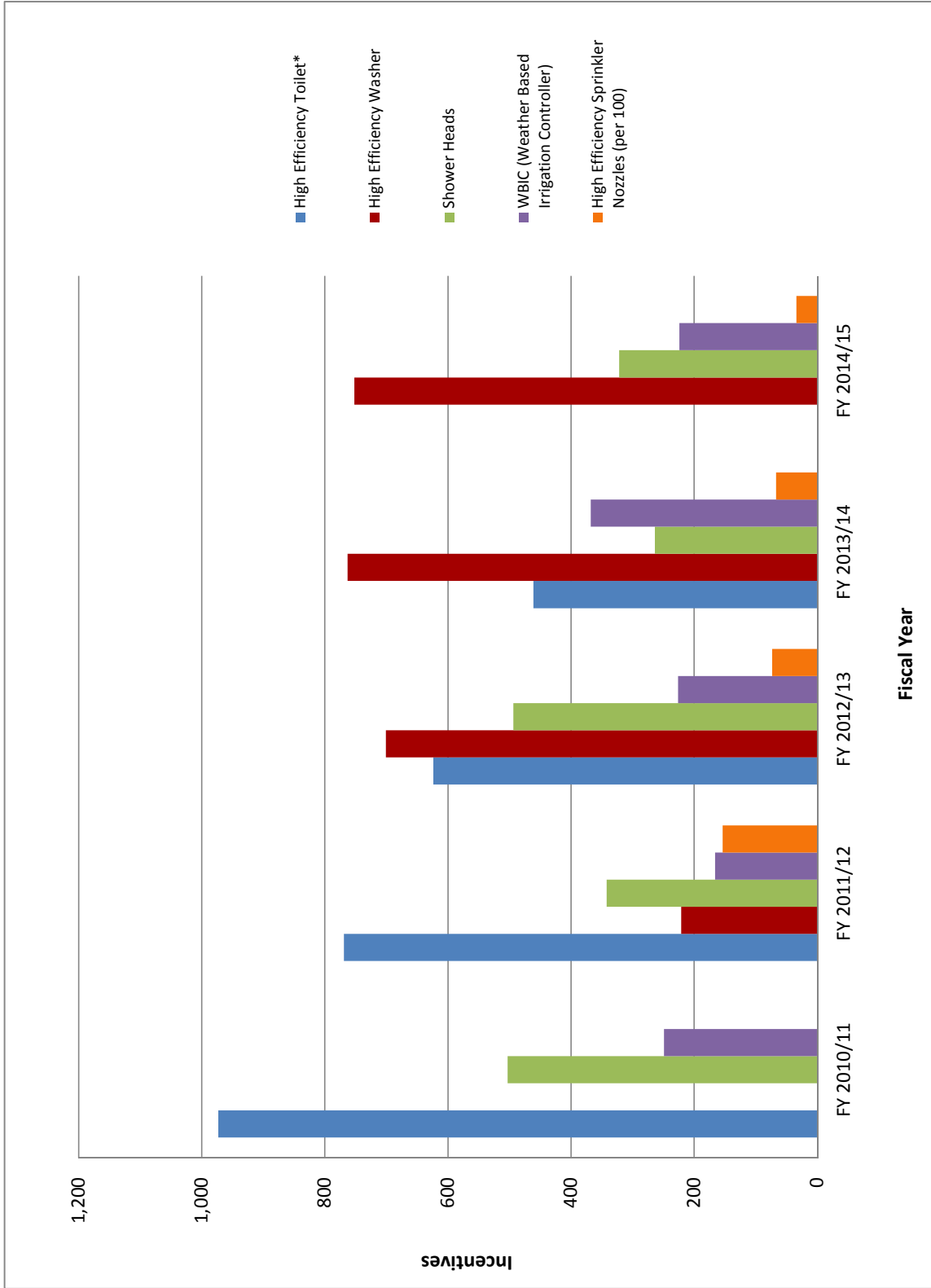


Create alternative water supplies to help meet future water demands and encourage water conservation through implementation of water conservation programs.

**Performance Measures
FY 2015/16 Budget
Water Production**



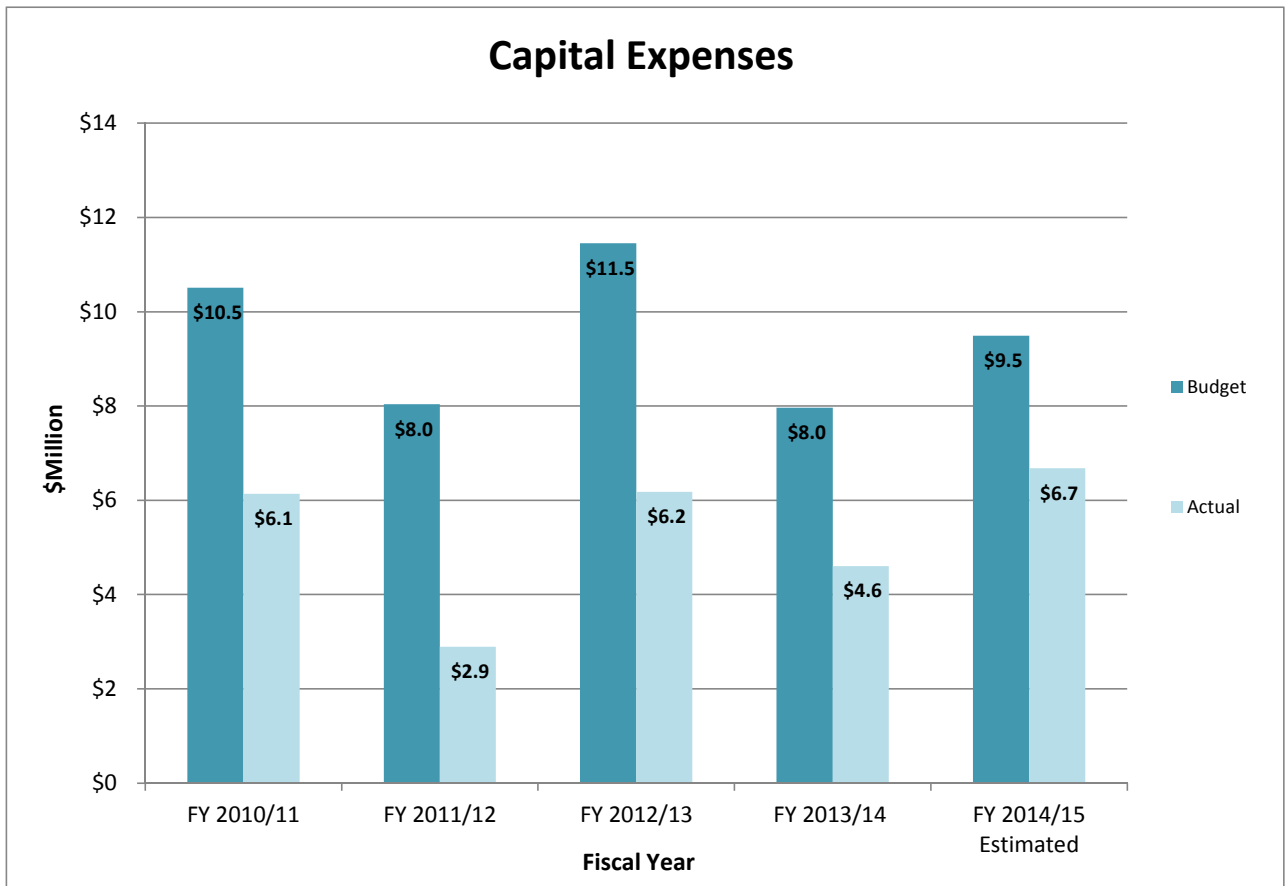
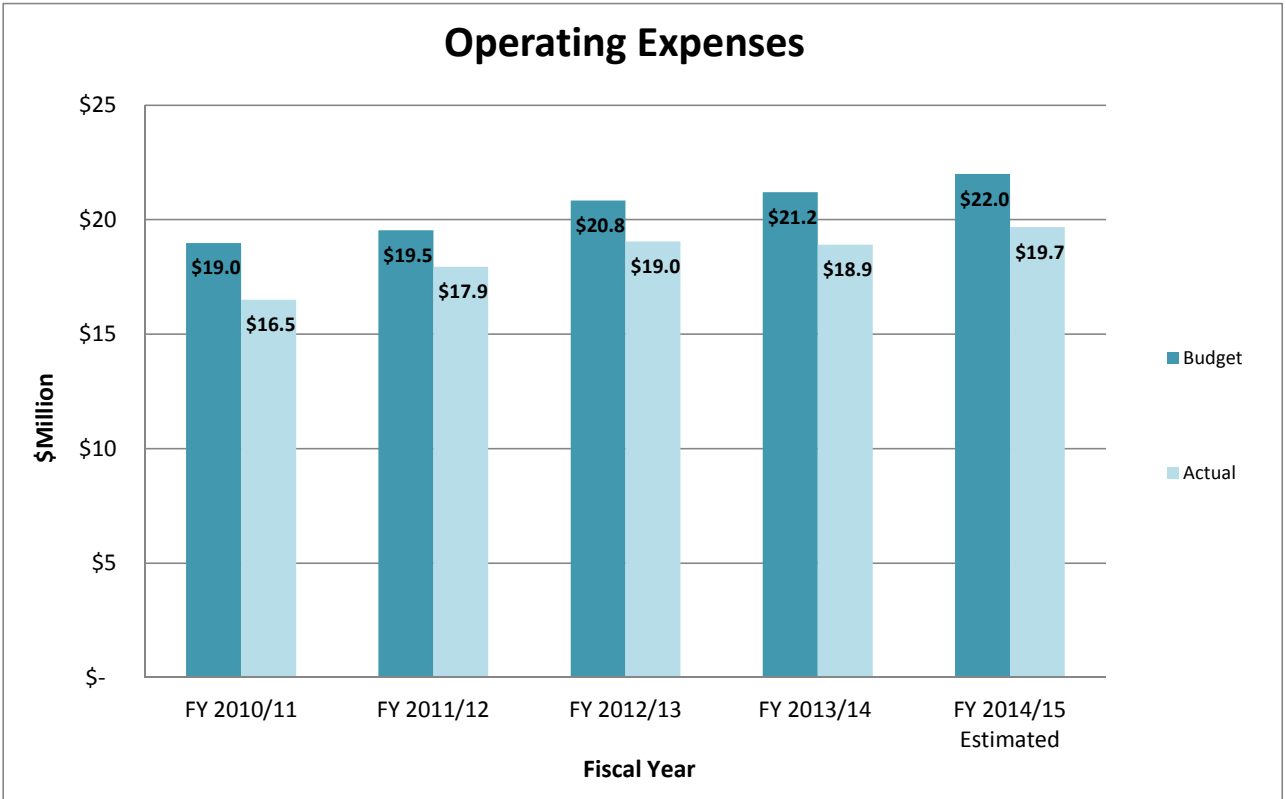
**Performance Measures
FY 2015/16 Budget
Conservation Incentives**



* High Efficiency Toilet Program ended in FY 2013/14.

Strive to be under or at fiscal year operating expense budget and capital expense budget.

**Performance Measures
FY 2015/16 Budget
Financials**



**Performance Measures
FY 2015/16 Budget
Financials**

Financial Measures

	FY 2008/09 Actual	FY 2009/10 Actual	FY 2010/11 Actual	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Capital Expenditures per connection	\$ 57	\$ 119	\$ 219	\$ 102	\$ 215	\$ 175	\$ 319	\$ 227	\$ 318
Operating Expenditures per connection	\$ 552	\$ 554	\$ 588	\$ 633	\$ 664	\$ 701	\$ 740	\$ 720	\$ 766
Operating Revenues per connection	\$ 773	\$ 791	\$ 896	\$ 1,011	\$ 1,079	\$ 1,054	\$ 1,014	\$ 1,054	\$ 997
Debt Service Ratio	*	29.05	7.67	3.43	2.71	2.21	1.69	1.38	1.49

*No Data

Workload Measures

**Performance Measures
FY 2015/16 Budget
Workload Measures**

WORKLOAD MEASURES

	FY 2009/10 Actual	FY 2010/11 Actual	FY 2011/12 Actual	FY 2012/13 Actual	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Actual	FY 2015/16 Budget
Customer Service								
Active service connections	27,900	28,073	28,330	28,688	29,232	29,723	29,502	29,602
Accounts closed and opened	2,853	2,900	3,000	3,660	3,900	4,200	4,980	5,100
Service orders	11,990	12,200	9,800	11,151	11,500	12,200	12,575	13,000
Connections per employee	594	597	567	574	552	561	578	519
Administration								
Retail Operations Committee meetings	12	10	10	10	9	11	9	12
Safety training classes	44	35	35	35	34	36	36	36
Operations								
Valves exercised	2,088	3,165	934	1,375	1,520	2,250	827	2,250
Meter changeouts	251	455	239	309	254	402	402	856
Service line replacements	150	102	146	31	87	100	65	100
Blow-off maintenance	*	*	*	184	25	150	207	150
Number of water quality tests/samples	6,326	6,314	6,314	6,314	5,150	5,700	6,300	4,700
Engineering								
Consumption per service connection	384	373	385	382	400	339	344	269
Major Capital Improvement Projects underway	5	7	5	4	5	6	6	13
Value of Major Capital Improvement Projects underway	\$ 4,504,474	\$ 5,329,140	\$ 2,062,766	\$ 5,165,742	\$ 3,208,069	\$ 4,395,000	\$ 4,439,793	3,991,000

*No Data

Engineering



Close-up view of the Trimble Unit (above) and the antenna (below).



Raymond Chan, Engineering Technician II, using the Trimble Unit to collect coordinates of a pipeline for the Geographic Information System (GIS).

**Santa Clarita Water Division
Financial Summary
FY 2015/16 Budget**

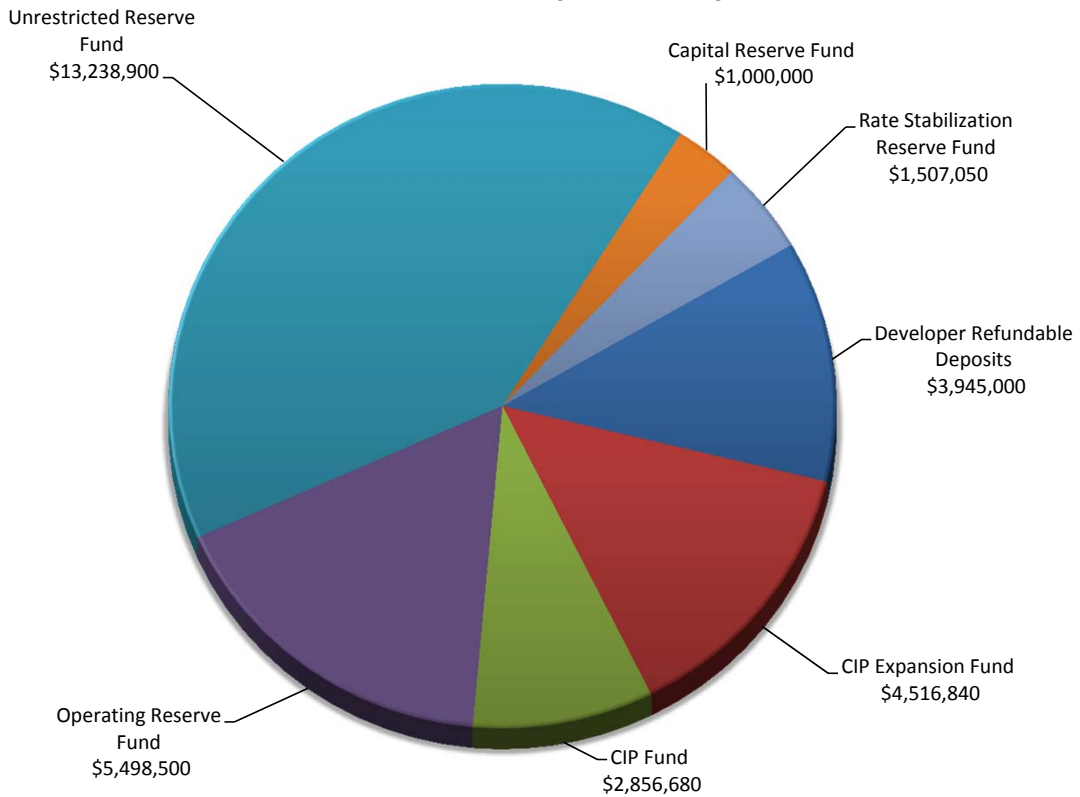
	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2014/15 % Variance	FY 2015/16 Budget	FY 2014/15 Estimated vs. FY 2015/16 Budget % Variance
Santa Clarita Water Division					
Total Operating Revenues	\$30,141,000	\$ 31,091,080	3.1%	\$ 26,535,300	-15.0%
Operating Expenditures					
Source of Supply	8,775,000	8,600,638	-2.0%	8,709,200	1.3%
Pumping	2,416,900	2,523,588	4.2%	2,486,700	-1.5%
Water Treatment	1,133,800	1,043,617	-8.6%	1,213,200	16.2%
Transmission and Distribution	4,604,400	4,344,962	-6.0%	5,004,800	15.2%
Customer Service	980,500	919,762	-6.6%	977,000	6.2%
Engineering	1,320,700	1,158,503	-14.0%	1,018,800	-12.1%
Administrative and General	2,762,500	2,660,836	-3.8%	3,354,500	26.1%
Total Operating Expenses	21,993,800	21,251,906	-3.5%	22,764,200	7.1%
Operating Income	8,147,200	9,839,174	17.2%	3,771,100	-61.7%
Non-Operating Revenue/(Expense)					
Other Income - Cellular Antenna Rental and Miscellaneous	275,000	280,633	2.0%	282,000	0.5%
Rental Income - 22722 Soledad Canyon Road Office Building	130,200	130,159	N/A	134,100	3.0%
Interest Earnings - SCWD Fund	115,000	115,000	0.0%	160,000	39.1%
Interest Earnings - Certificates of Participation (COP)	9,000	7,699	-16.9%	-	-100.0%
Interest Expense - COP Series 2010B (Capital Projects) *	(702,463)	(702,459)	0.0%	(681,988)	-2.9%
Interest Expense - Revenue Bond Series 2011A (Retail Acquisition Repayment) *	(2,377,263)	(2,377,237)	0.0%	(2,227,713)	-6.3%
Total Non-Operating, Net	(2,550,525)	(2,546,205)	-0.2%	(2,333,600)	-8.3%
Net Income Before Debt Principal Payment	5,596,675	7,292,969	23.3%	1,437,500	-80.3%
Principal Payment - COP Series 2010B (Capital Projects) *	(540,000)	(540,000)	0.0%	-	-100.0%
Principal Payment - Revenue Bond Series 2011A (Retail Acquisition Repayment) *	(3,880,000)	(3,880,000)	0.0%	-	-100.0%
Increase/(Decrease) to Fund Balance	1,176,675	2,872,969	59.0%	1,437,500	-50.0%
Total Revenue Requirements	\$30,141,000	\$ 31,091,080	3.1%	\$ 26,535,300	-15.0%

	FY 2015/16 Estimated Beginning Balance	FY 2015/16 Additions	FY 2015/16 Use of Funds	FY 2015/16 Estimated Ending Balance
Santa Clarita Water Division Fund Summary				
Developer Refundable Deposit	\$ 3,945,000	\$ -	\$ -	\$ 3,945,000
Expansion Fund	4,516,840	600,000	(1,038,374)	4,078,466
CIP Fund	2,856,680	5,509,700	(6,366,380)	2,000,000
Operating Reserve Fund	5,498,500	192,600	-	5,691,100
Rate Stabilization Reserve Fund	1,507,050	1,146,480	-	2,653,530
Capital Reserve Fund	1,000,000	-	-	1,000,000
Emergency Reserve Fund	-	1,000,000	-	1,000,000
Unrestricted Reserve Fund	13,238,900	-	(6,411,280)	6,827,620
Total Funds Available	\$ 32,562,970	\$ 8,448,780	\$ (13,816,034)	\$ 27,195,716

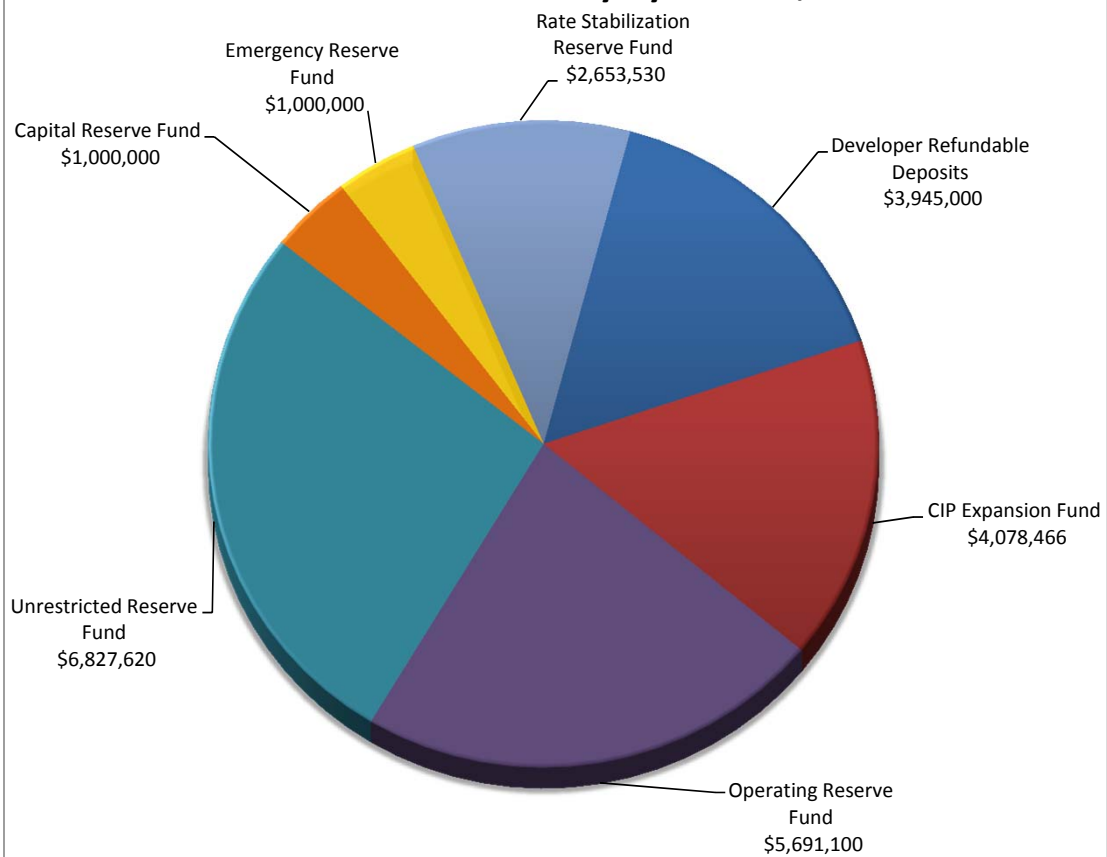
* In June 2015, FY 2014/15 Budget was amended to include the defeasance transactions (prepayment) for 2010B COP (\$275,000 principal and \$5,500 interest) and 2011A Revenue Bond (\$2,030,000 principal and \$40,600 interest) that was paid into an escrow account.

**Santa Clarita Water Division
Fund Balance Summary
FY 2015/16 Budget**

Estimated Fund Summary as of July 1, 2015



Estimated Fund Summary by June 30, 2016



Finance Department

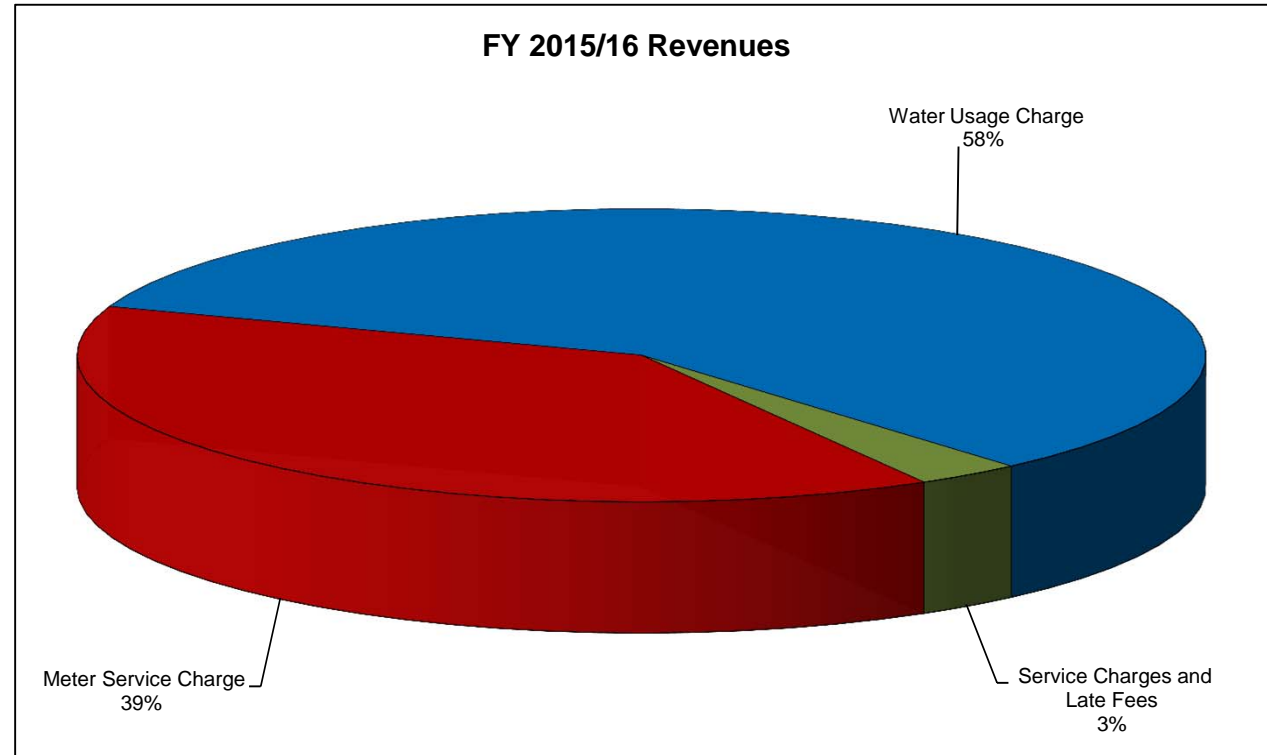
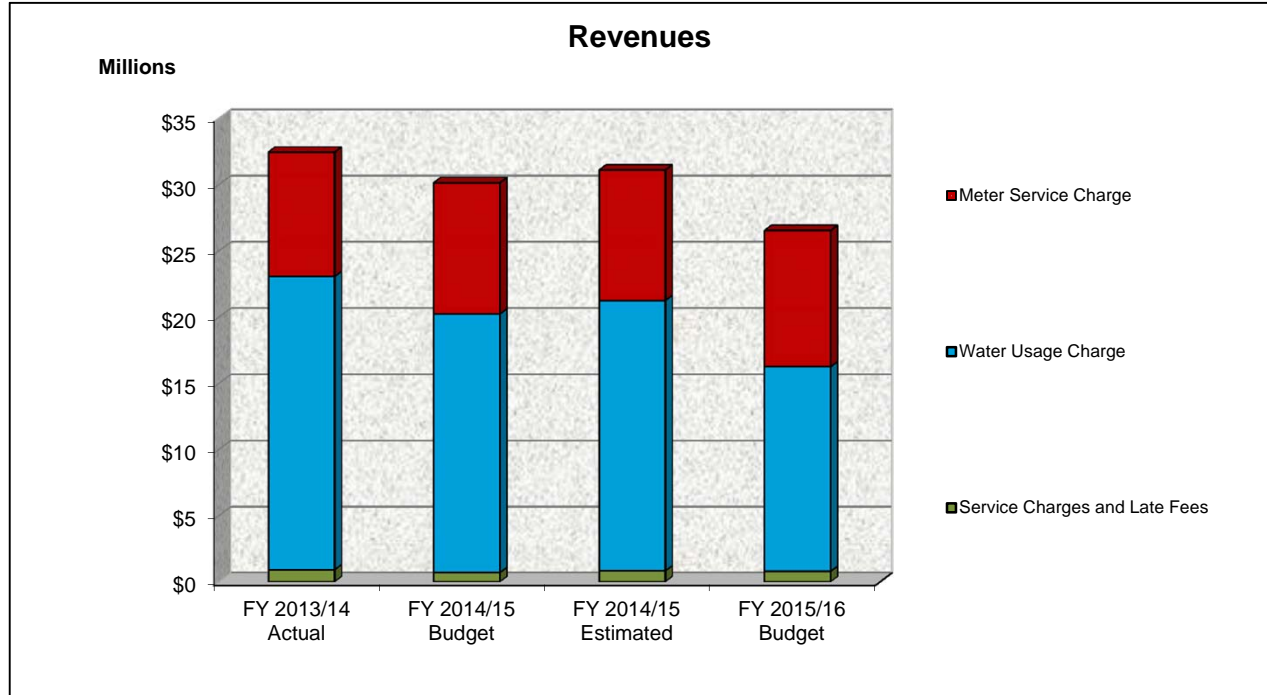


Pictured from left: Jill Walker, Financial Analyst; Riselle Sierra, Accountant; Elizabeth Ooms-Graziano, Retail Administrative Officer; Jeanine Hancock, Administrative Technician; and Debbie Shearer, Accounting Technician II.

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**Santa Clarita Water Division
Operating Revenues
FY 2015/16 Budget**

Operating Revenues	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Meter Service Charge	\$ 9,380,978	\$ 9,898,700	\$ 9,832,524	\$ 10,274,700
Water Usage Charge	22,151,182	19,542,300	20,430,292	15,460,600
Service Charges and Late Fees	916,083	700,000	828,264	800,000
Total Operating Revenues	\$ 32,448,243	\$ 30,141,000	\$ 31,091,080	\$ 26,535,300



**Santa Clarita Water Division
Revenues
FY 2014/15 Budget vs FY 2015/16 Budget**

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change	*
Operating Revenues						
Meter Service Charge	\$ 9,380,978	\$ 9,898,700	\$ 10,274,700	\$ 376,000	4%	
Water Usage Charge	22,151,182	19,542,300	15,460,600	(4,081,700)	-21%	A
Service Charges and Late Fees	916,083	700,000	800,000	100,000	14%	B
Total Operating Revenues	\$ 32,448,243	\$ 30,141,000	\$ 26,535,300	\$ (3,605,700)	-12%	

Growth budgeted at 100 new services

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

- A. Water Usage Charge decreases by \$4,081,700, or 21% due to the 32% SWRCB mandated conservation goals compared to 2013 levels.
- B. Service Charges and Late Fees increase by \$100,000, or 14%, based on prior year estimated actual.

**Santa Clarita Water Division
Revenues
FY 2014/15 Estimated vs. FY 2015/16 Budget**

	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change
Operating Revenues					
Meter Service Charge	\$ 9,380,978	\$ 9,832,524	\$ 10,274,700	\$ 442,176	4%
Water Usage Charge	22,151,182	20,430,292	15,460,600	(4,969,692)	-24% C
Service Charges and Late Fees	916,083	828,264	800,000	(28,264)	-3%
Total Operating Revenues	\$ 32,448,243	\$ 31,091,080	\$ 26,535,300	\$ (4,555,780)	-15%

Growth budgeted at 100 new services

* Changes of more than 10% and more than \$20,000.

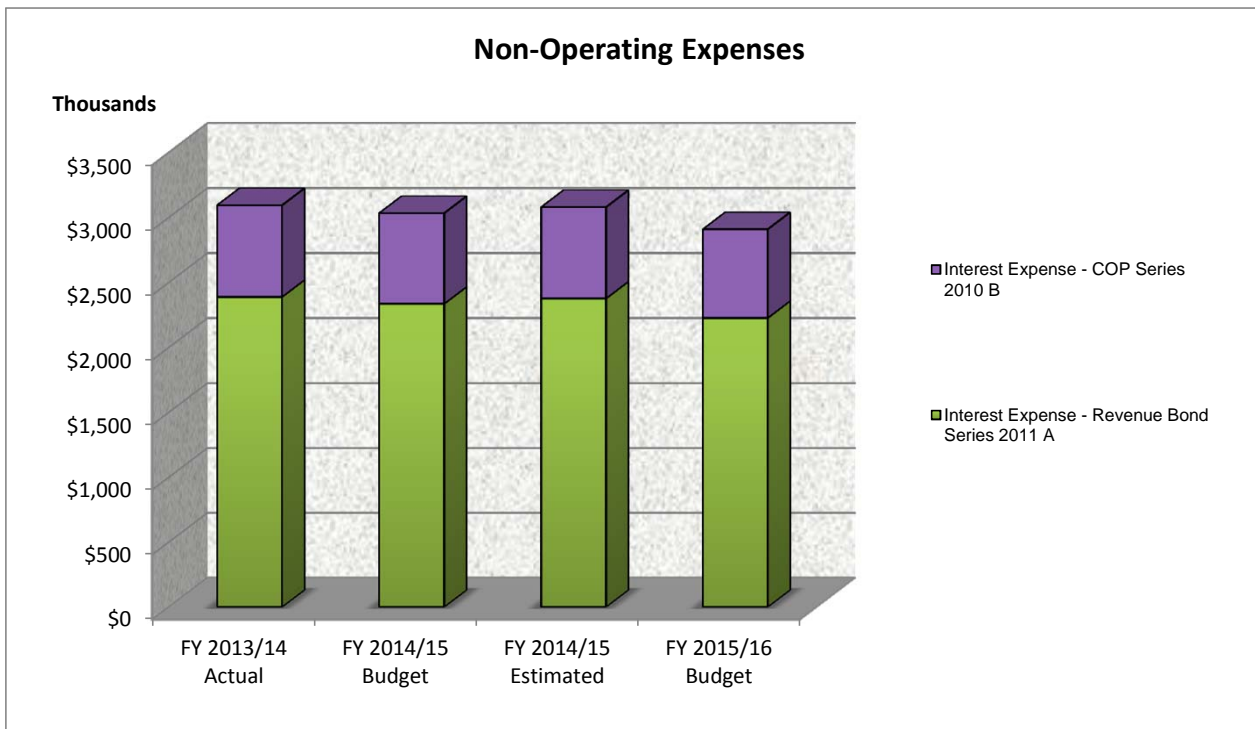
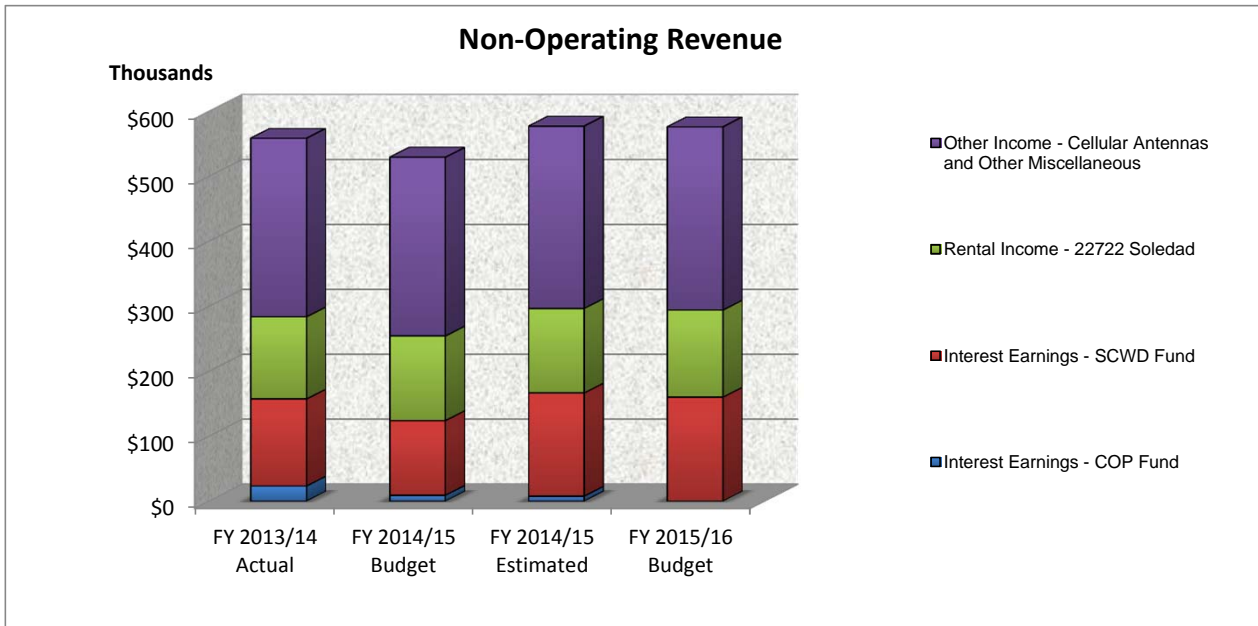
FY 2015/16 Budget compared to FY 2014/15 Estimated:

C. Water Usage Charge decreases by \$4,969,692, or 24% due to the 32% SWRCB mandated conservation goals compared to 2013 levels.

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**Santa Clarita Water Division
Non-Operating Revenue/(Expense)
FY 2015/16 Budget**

Non-Operating Revenue/(Expense)	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Other Income - Cellular Antenna Rental and Miscellaneous	\$ 275,000	\$ 275,000	\$ 280,633	\$ 282,000
Rental Income - 22722 Soledad Canyon Road Office Building	126,364	130,200	130,159	134,100
Interest Earnings - SCWD Fund	134,001	115,000	158,748	160,000
Interest Earnings - COP Fund	23,204	9,000	7,699	-
Interest Expense - COP Series 2010 B (Capital Projects)	(704,755)	(696,963)	(702,459)	(681,988)
Interest Expense - Revenue Bond Series 2011 A (Retail Acquisition)	(2,389,661)	(2,336,663)	(2,377,237)	(2,227,713)
Total Non-Operating, Net	\$ (2,535,847)	\$ (2,504,425)	\$ (2,502,457)	\$ (2,333,600)



**Santa Clarita Water Division
Non-Operating Revenue/(Expense)
FY 2014/15 Budget vs. FY 2015/16 Budget**

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change	*
<u>Non-Operating Revenue/(Expense)</u>						
Other Income - Cellular Antenna Rental and Miscellaneous	\$ 275,000	\$ 275,000	\$ 282,000	\$ 7,000	3%	
Rental Income - 22722 Soledad Canyon Road Office Building	126,364	130,200	134,100	3,900	3%	
Interest Earnings - SCWD Fund	134,001	115,000	160,000	45,000	39%	A
Interest Earnings - COP Fund	23,204	9,000	-	(9,000)	-100%	
Interest Expense - COP Series 2010 B (Capital Projects)	(704,755)	(696,963)	(681,988)	14,975	-2%	
Interest Expense - Revenue Bond Series 2011 A (Retail Acquisition)	(2,389,661)	(2,336,663)	(2,227,713)	108,950	-5%	
Total Non-Operating, Net	\$ (2,535,847)	\$ (2,504,425)	\$ (2,333,600)	\$ 170,825	-7%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

A. Interest Earnings - SCWD Fund increases by \$45,000, or 39%, based on prior year estimated actual.

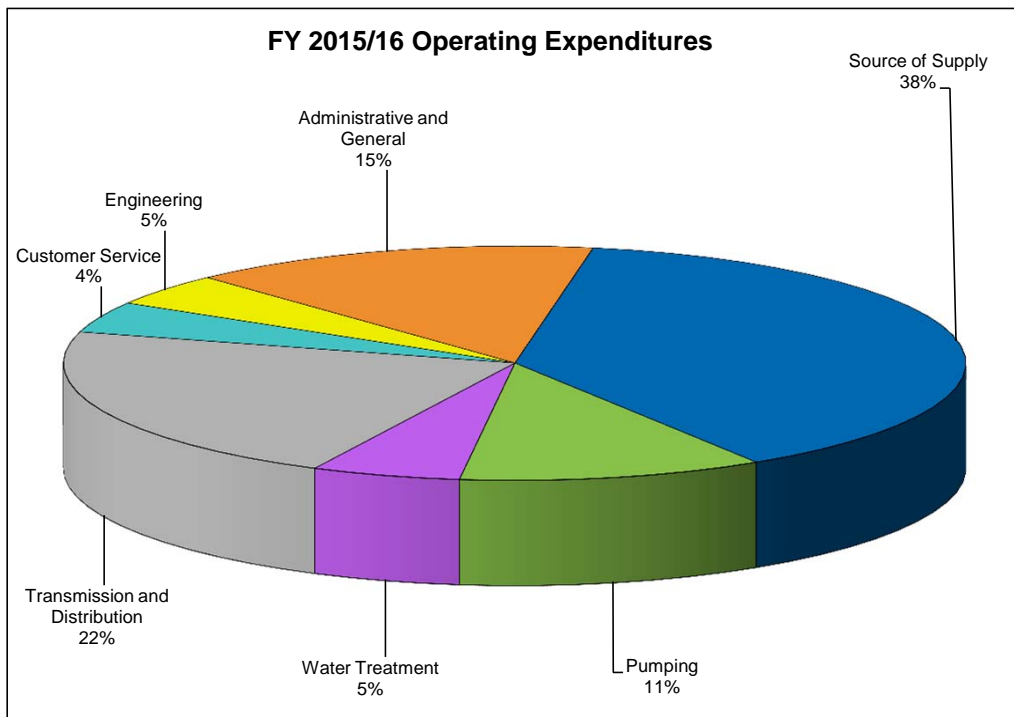
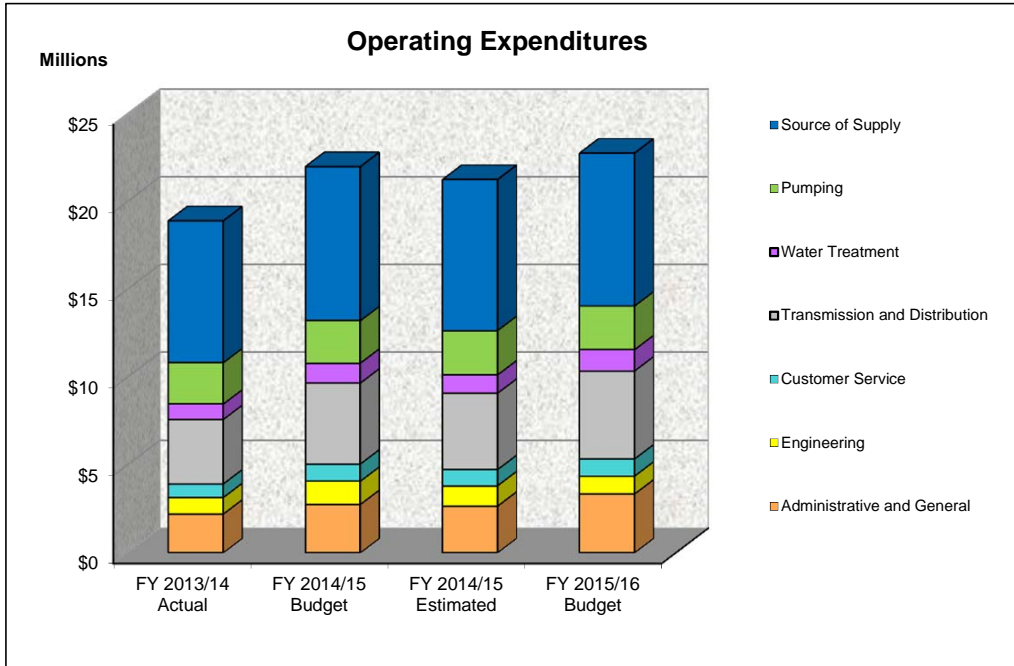
**Santa Clarita Water Division
Non-Operating Revenue/(Expense)
FY 2014/15 Estimated vs. FY 2015/16 Budget**

	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change
<u>Non-Operating Revenue/(Expense)</u>					
Other Income - Cellular Antenna Rental and Miscellaneous	\$ 275,000	\$ 280,633	\$ 282,000	\$ 1,367	0%
Rental Income - 22722 Soledad Canyon Road Office Building	126,364	130,159	134,100	3,941	3%
Interest Earnings - SCWD Fund	134,001	158,748	160,000	1,252	1%
Interest Earnings - COP Fund	23,204	7,699	-	(7,699)	-100%
Interest Expense - COP Series 2010 B (Capital Projects)	(704,755)	(702,459)	(681,988)	20,472	-3%
Interest Expense - Revenue Bond Series 2011 A (Retail Acquisition)	(2,389,661)	(2,377,237)	(2,227,713)	149,525	-6%
Total Non-Operating, Net	\$ (2,535,847)	\$ (2,502,457)	\$ (2,333,600)	\$ 168,857	-7%

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**Santa Clarita Water Division
Operating Expenditure Summary
FY 2015/16 Budget**

Operating Expenses	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Source of Supply	\$ 8,078,601	\$ 8,775,000	\$ 8,600,638	\$ 8,709,200
Pumping	2,349,549	2,416,900	2,523,588	2,486,700
Water Treatment	879,807	1,133,800	1,043,617	1,213,200
Transmission and Distribution	3,665,396	4,604,400	4,344,962	5,004,800
Customer Service	775,894	980,500	919,762	977,000
Engineering	939,888	1,320,700	1,158,503	1,018,800
Administrative and General	2,212,847	2,762,500	2,660,836	3,354,500
Total Operating Expenditures	\$ 18,901,982	\$ 21,993,800	\$ 21,251,906	\$ 22,764,200



**Santa Clarita Water Division
Operating Expenditure Summary
Final FY 2015/16 Budget**

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Source of Supply				
Purchased Water	\$ 7,872,304	\$ 8,484,500	\$ 8,369,985	\$ 8,469,600
Labor	117,405	173,200	141,507	148,100
Burden and Benefits	69,658	98,400	72,566	74,100
Transportation	16,889	17,900	15,674	16,300
Materials and Supplies	940	-	60	100
Outside Services	700	-	-	-
Other	705	1,000	846	1,000
Total Source of Supply	\$ 8,078,601	\$ 8,775,000	\$ 8,600,638	\$ 8,709,200
Pumping				
Power for Pumping	\$ 1,757,778	\$ 1,800,000	\$ 1,853,142	\$ 1,592,700
Labor	214,119	282,500	270,503	348,000
Burden and Benefits	66,961	158,000	148,700	173,300
Transportation	34,830	40,000	39,656	41,800
Materials and Supplies	107,907	50,100	64,918	103,200
Outside Services	150,939	70,000	133,395	213,000
Other	17,015	16,300	13,274	14,700
Total Pumping	\$ 2,349,549	\$ 2,416,900	\$ 2,523,588	\$ 2,486,700
Water Treatment				
Chemicals	\$ 74,070	\$ 200,000	\$ 110,092	\$ 115,000
Labor	340,775	333,400	334,507	459,600
Burden and Benefits	151,230	197,000	196,630	230,900
Transportation	49,223	46,700	48,825	50,300
Materials and Supplies	40,200	68,600	67,732	73,400
Outside Services	220,085	284,000	282,021	280,000
Other	4,224	4,100	3,810	4,000
Total Water Treatment	\$ 879,807	\$ 1,133,800	\$ 1,043,617	\$ 1,213,200
Transmission and Distribution				
Labor	\$ 1,582,859	\$ 1,813,900	\$ 1,725,310	\$ 2,000,900
Burden and Benefits	471,470	970,000	876,187	1,007,500
Transportation	175,275	175,100	175,183	185,700
Materials and Supplies	511,292	601,100	580,090	764,900
Outside Services	835,580	944,400	881,967	924,000
Other	88,920	99,900	106,225	121,800
Total Transmission and Distribution	\$ 3,665,396	\$ 4,604,400	\$ 4,344,962	\$ 5,004,800
Customer Service				
Uncollectibles	\$ 79,072	\$ 90,000	\$ 75,843	\$ 80,000
Labor	323,377	389,000	375,172	351,400
Burden and Benefits	157,567	215,000	198,739	190,100
Transportation	83	300	286	-
Materials and Supplies	131,739	140,600	139,651	148,400
Outside Services	81,646	141,000	126,047	202,200
Other	2,410	4,600	4,024	4,900
Total Customer Service	\$ 775,894	\$ 980,500	\$ 919,762	\$ 977,000
Engineering				
Labor	\$ 378,954	\$ 407,600	\$ 390,052	\$ 408,000
Burden and Benefits	121,626	210,000	181,325	190,500
Transportation	5,653	5,300	5,647	5,800
Materials and Supplies	20,159	23,500	18,662	20,500
Outside Services	402,792	645,100	538,714	375,700
Other	10,704	29,200	24,103	18,300
Total Engineering	\$ 939,888	\$ 1,320,700	\$ 1,158,503	\$ 1,018,800

**Santa Clarita Water Division
Operating Expenditure Summary
Final FY 2015/16 Budget**

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
<u>Administrative and General</u>				
Labor	\$ 606,610	\$ 659,400	\$ 647,651	\$ 763,200
Burden and Benefits	219,650	398,000	375,982	380,500
Shared Labor/Burden and Benefits from CLWA	491,116	540,800	540,227	615,500
Transportation	5,933	6,500	6,424	6,500
Materials and Supplies	51,434	79,400	74,928	104,500
Outside Services	327,945	401,900	389,081	784,200
Directors Compensation	-	12,000	10,549	12,000
Professional Services	173,320	291,100	279,912	290,300
Property, Liability and Retiree Medical Insurance	318,397	358,100	336,490	368,100
Dues and Memberships	43,901	48,300	45,339	73,400
Other	126,475	102,000	84,577	88,300
Administrative and General Transfer Labor	(151,934)	(135,000)	(130,324)	(132,000)
Total Administrative and General	\$ 2,212,847	\$ 2,762,500	\$ 2,660,836	\$ 3,354,500
<u>Total Summary</u>				
Purchased Water	\$ 7,872,304	\$ 8,484,500	\$ 8,369,985	\$ 8,469,600
Power for Pumping	1,757,778	1,800,000	1,853,142	1,592,700
Chemicals	74,070	200,000	110,092	115,000
Uncollectibles	79,072	90,000	75,843	80,000
Labor	3,564,099	4,059,000	3,884,702	4,479,200
Burden and Benefits	1,258,162	2,246,400	2,050,129	2,246,900
Shared Labor/Burden and Benefits from CLWA	491,116	540,800	540,227	615,500
Transportation	287,886	291,800	291,695	306,400
Materials and Supplies	863,671	963,300	946,041	1,215,000
Outside Services	2,019,687	2,486,400	2,351,225	2,779,100
Property, Liability and Retiree Medical Insurance	318,397	358,100	336,490	368,100
Dues and Memberships	43,901	48,300	45,339	73,400
Directors Compensation	-	12,000	10,549	12,000
Professional Services	173,320	291,100	279,912	290,300
Administrative and General Transfer Labor	(151,934)	(135,000)	(130,324)	(132,000)
Other	250,453	257,100	236,859	253,000
Total Operating Expenditures	\$ 18,901,982	\$ 21,993,800	\$ 21,251,906	\$ 22,764,200

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**Santa Clarita Water Division
Summary of Personnel Costs
FY 2015/16 Budget**

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Source of Supply				
Labor	\$ 117,405	\$ 173,200	\$ 141,507	\$ 148,100
Burden and Benefits	69,658	98,400	72,566	74,100
Pumping				
Labor	\$ 214,119	\$ 282,500	\$ 270,503	\$ 348,000
Burden and Benefits	66,961	158,000	148,700	173,300
Water Treatment				
Labor	\$ 340,775	\$ 333,400	\$ 334,507	\$ 459,600
Burden and Benefits	151,230	197,000	196,630	230,900
Transmission and Distribution				
Labor	\$ 1,582,859	\$ 1,813,900	\$ 1,725,310	\$ 2,000,900
Burden and Benefits	471,470	970,000	876,187	1,007,500
Customer Service				
Labor	\$ 323,377	\$ 389,000	\$ 375,172	\$ 351,400
Burden and Benefits	157,567	215,000	198,739	190,100
Engineering				
Labor	\$ 378,954	\$ 407,600	\$ 390,052	\$ 408,000
Burden and Benefits	121,626	210,000	181,325	190,500
Administrative and General				
Labor	\$ 606,610	\$ 659,400	\$ 647,651	\$ 763,200
Shared Labor/Burden and Benefits from CLWA	491,116	540,800	540,227	615,500
Burden and Benefits	219,650	398,000	375,982	380,500
TOTAL				
Labor	\$ 3,564,099	\$ 4,059,000	\$ 3,884,702	\$ 4,479,200
Shared Labor/Burden and Benefits from CLWA*	491,116	540,800	540,227	615,500
Burden and Benefits	1,258,162	2,246,400	2,050,129	2,246,900
Total Personnel Costs	\$ 5,313,377	\$ 6,846,200	\$ 6,475,058	\$ 7,341,600
Burden and Benefits as a % of Salary	35.30%	55.34%	52.77%	50.16%

*** CLWA Shared Positions Allocation - Labor and Associated Benefits**

Administrative Services Manager	23.5%
Senior Accounting Technician	47%
Conservation Coordinator	10%
Controller	30%
Facilities Maintenance Technician	25%
Human Resources Technician	47%
Human Resources/Risk Management Supervisor	47%
Human Resources/Risk Management Administrative Technician	47%
Information Technology Technician - Senior	47%
Information Technology Technician	47%
Safety Officer	47%

**Santa Clarita Water Division
Staff Count
FY 2015/16 Budget**

Authorized Staff	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Retail Administration				
Retail Manager	1	1	1	1
Retail Administrative Officer	1	1	1	1
Executive Assistant	1	1	1	1
Accountant	1	1	1	1
Accounting Technician II	1	1	1	1
Administrative Technician*	0.5	0.5	0.5	0.5
Financial Analyst	1	1	1	1
Conservation Coordinator	-	-	-	1
	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>7.5</u>
Customer Service				
Customer Service Supervisor	1	1	1	1
Administrative Technician*	0.5	0.5	0.5	0.5
Customer Service Representative II	4	4	4	4
	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>	<u>5.5</u>
Engineering**				
Principal Engineer	1	1	-	-
Senior Engineer	-	-	1	1
Civil Engineer	-	-	-	1
Administrative Technician	1	1	1	1
Inspector	2	2	2	2
Associate Water Resources Planner	1	1	-	-
Senior Engineering Technician	1	1	-	-
Engineering Technician II	2	2	2	2
	<u>8</u>	<u>8</u>	<u>6</u>	<u>7</u>
Operations				
Operations Superintendent	1	1	1	1
Administrative Technician	1	1	1	2
Warehouseman/Mechanic	1	1	1	1
Utility Maintenance Supervisor	1	1	1	1
Senior Utility Worker	4	4	4	3
Senior Field Customer Service Representative	-	-	-	1
Field Customer Service Representative II	5	6	6	6
Utility Worker II	8	9	9	9
Production Supervisor	1	1	1	1
Senior Production Operator	2	2	2	3
Production Operator II	6	7	7	9
	<u>30</u>	<u>33</u>	<u>33</u>	<u>37</u>
Total	50	53	51	57

* Allocation of employee to two Departments.

** Excludes two summer interns but labor amounts are included in the Engineering Department's budget.

Operations Department

Department Objective:

Source of Supply – includes securing the supply of imported water and groundwater for resale to the customer.

Pumping – provides all electricity for wells and booster pumps and maintains consistent water pressure in all areas.

Water Treatment – includes monitoring and disinfection of the entire distribution system by sampling and coordinating all lab tests for regulatory compliance to ensure quality water.

Transmission and Distribution – maintains the water system conveyance facilities that transport water from the source to the customer. This includes the maintenance and improvements of all reservoirs, fire hydrants, main lines, service lines and meters.

Major Accomplishments – FY 2014/15

- ◆ Completed Water Loss Audit.
- ◆ Completed assessment of the operating water supply and conveyance plan with other purveyors and CLWA to ensure delivery of valley wide water demands.
- ◆ Optimized well production flow rates to increase run times.
- ◆ Completed removal and replacement of two pressure reducing valve stations at Felbridge Street/Oakmoor Street and Delight Street/Bakerton Avenue.
- ◆ Completed removal and replacement of water storage site access roads at Copper Hill and Sky Blue tanks.
- ◆ Installed 13,500 Automated Meter Reading (AMR) meters as of (46% of system).

Actions – FY 2015/16

- ◆ Complete the upgrade to Whites Canyon Booster based on the ARC Flash study [10/15]. **P1**
- ◆ Implement self-generating chlorine pilot project [10/15]. **P1**
- ◆ Remove and replace two pressure reducing valve stations located at Placerita Canyon Road and Whites Canyon/Americana [10/15]. **P1**
- ◆ Complete the upgrade to North Oaks West Well based on the ARC Flash study [2/16]. **P1**
- ◆ Enforcement of Ordinance No. 43 restrictions to minimize violations and encourage conservation per the SWRCB mandatory restrictions [2/16]. **P1**
- ◆ Complete the upgrade to North Oaks East Well based on the ARC Flash study [4/16]. **P1**
- ◆ Complete the third phase installation of the automated meter reading (AMR) system. [6/16]. **P1**
- ◆ Upgrade the modular at the Warehouse [6/16]. **P1**
- ◆ Conduct annual tank inspection and maintenance program [3/16]. **P2**
- ◆ Complete production meter replacements at Sand Canyon Well and Via Princessa Booster [4/16]. **P2**
- ◆ Conduct annual well inspection and maintenance program [4/16]. **P2**
- ◆ Remove and replace water storage site access road at Sky Blue Tank [4/16]. **P2**
- ◆ Install SCADA sensor equipment [6/16]. **P3**
- ◆ Ensure the Department and capital budgets are appropriately expended by actively managing and controlling expenditures [ongoing].

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

Safety

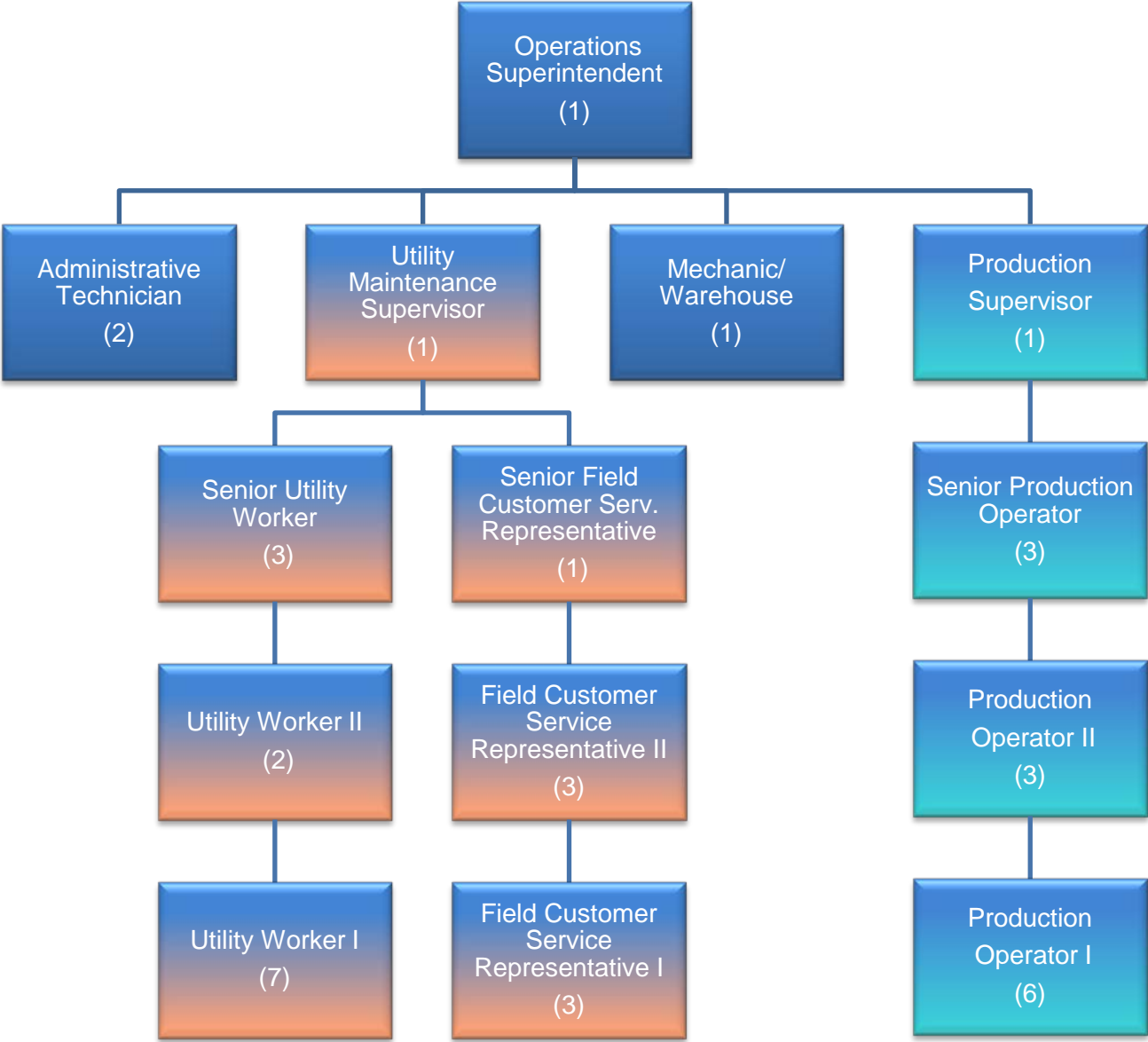
- ◆ Continue to emphasize safety through weekly tailgate and safety meetings [ongoing].

Long Term Actions

- ◆ *Enhance web-based and social marketing information [ongoing].*
- ◆ *Promote SCWD's training and educational seminar attendance with respect to job related requirements [ongoing].*

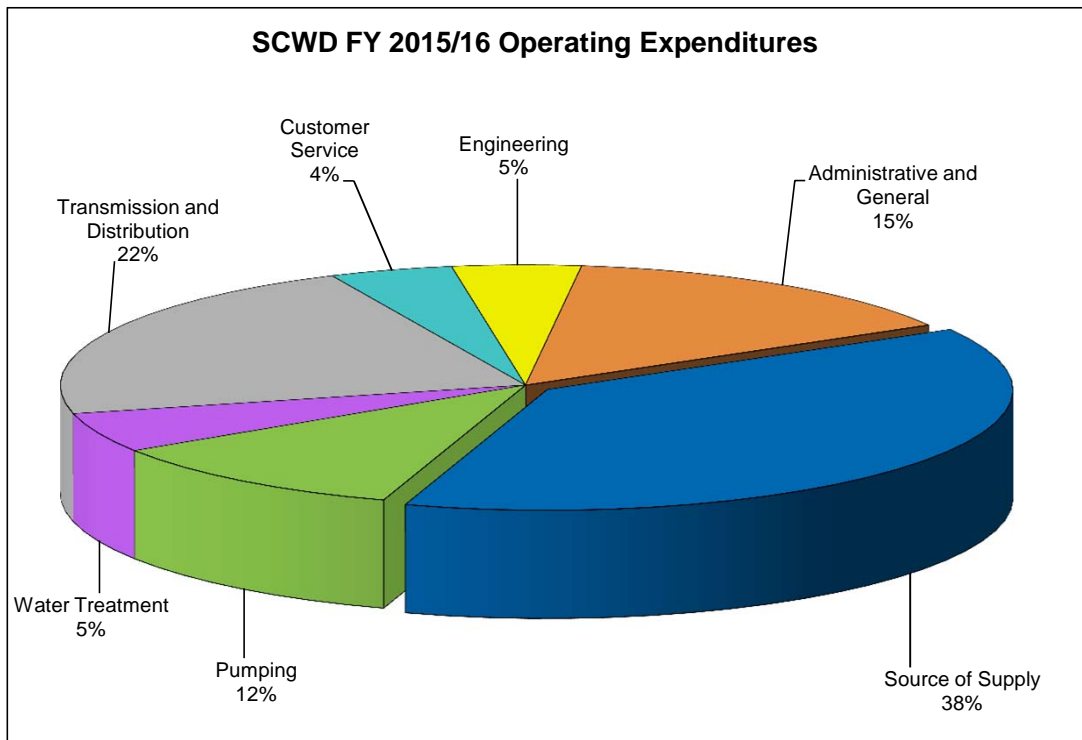
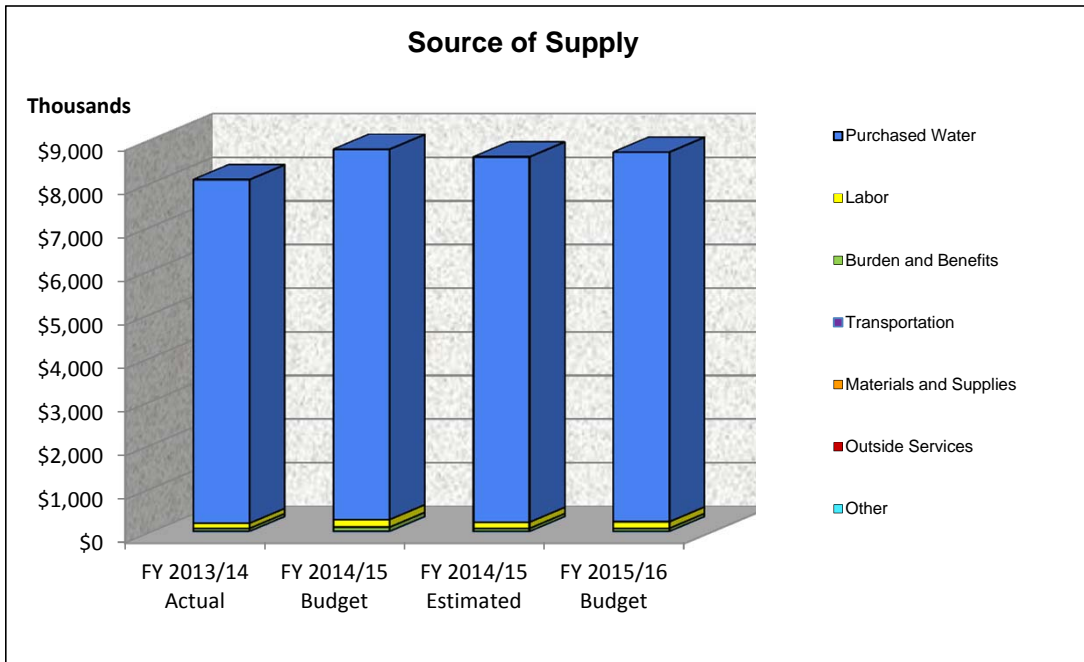
P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

Operations Organizational Chart



**Santa Clarita Water Division
Source of Supply Expenditures
FY 2015/16 Budget**

Source of Supply Expenditures	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Purchased Water	\$ 7,872,304	\$ 8,484,500	\$ 8,369,985	\$ 8,469,600
Labor	117,405	173,200	141,507	148,100
Burden and Benefits	69,658	98,400	72,566	74,100
Transportation	16,889	17,900	15,674	16,300
Materials and Supplies	940	-	60	100
Outside Services	700	-	-	-
Other	705	1,000	846	1,000
Total Source of Supply	\$ 8,078,601	\$ 8,775,000	\$ 8,600,638	\$ 8,709,200



**Santa Clarita Water Division
Source of Supply
FY 2014/15 Budget vs. FY 2015/16 Budget**

Source Of Supply

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change	*
901281501 Operating and Maintenance Expenses						
Purchased Water	\$ 7,872,304	\$ 8,484,500	\$ 8,469,600	\$ (14,900)	0%	
Labor	116,612	171,400	146,500	(24,900)	-15%	A
Overtime	793	1,800	1,600	(200)	-11%	
Burden and Benefits	69,658	98,400	74,100	(24,300)	-25%	B
Transportation	16,889	17,900	16,300	(1,600)	-9%	
Materials and Supplies						
Internal Relations	-	-	100	100		
Office Supplies	-	-	-	-		
Parts and Materials	940	-	-	-		
Outside Services						
Outside Services and Contracting	700	-	-	-		
Equipment Repair	-	-	-	-		
Other						
Cell Phone	-	-	-	-		
Employee Expense	-	100	100	-	0%	
Uniforms	705	900	900	-	0%	
Total Expenses	\$ 8,078,601	\$ 8,775,000	\$ 8,709,200	\$ (65,800)	-1%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

A. Labor decreases by \$24,900, or 15%, based on prior year estimated actual.

B. Burden and Benefits decrease by \$24,300 or 25%, based on prior year estimated actual.

Santa Clarita Water Division
Source of Supply
FY 2014/15 Estimated vs. FY 2015/16 Budget

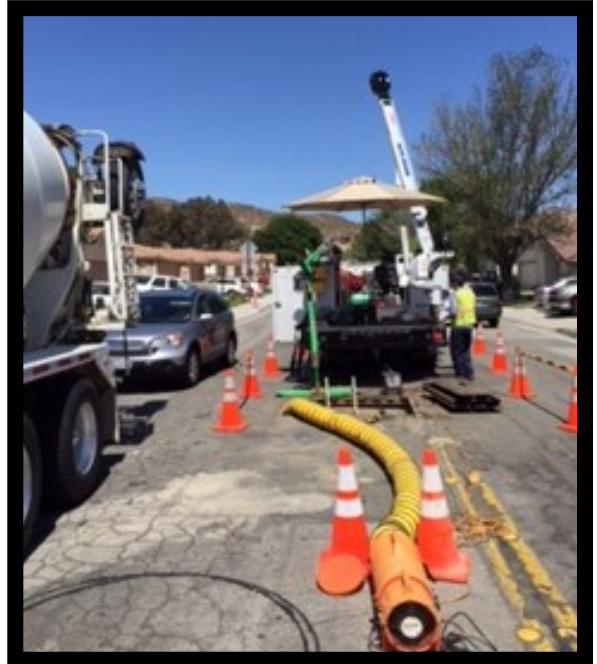
Source Of Supply

	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change
901281501 Operating and Maintenance Expenses					
Purchased Water	\$ 7,872,304	\$ 8,369,985	\$ 8,469,600	\$ 99,615	1%
Labor	116,612	140,467	146,500	6,033	4%
Overtime	793	1,040	1,600	560	54%
Burden and Benefits	69,658	72,566	74,100	1,534	2%
Transportation	16,889	15,674	16,300	626	4%
Materials and Supplies					
Internal Relations	-	60	100	40	67%
Office Supplies	-	-	-	-	
Parts and Materials	940	-	-	-	
Outside Services					
Outside Services and Contracting	700	-	-	-	
Equipment Repair	-	-	-	-	
Other					
Cell Phone	-	-	-	-	
Employee Expense	-	50	100	50	100%
Uniforms	705	796	900	104	13%
Total Expenses	\$ 8,078,601	\$ 8,600,638	\$ 8,709,200	\$ 108,562	1%

Maintenance



Confined Space Air Monitoring - Air monitors (above in a docking station) are worn in confined spaces to detect carbon monoxide, hydrogen sulfide, oxygen deficiency and combustible gases. An alarm will sound if oxygen becomes deficient or harmful gasses are present.

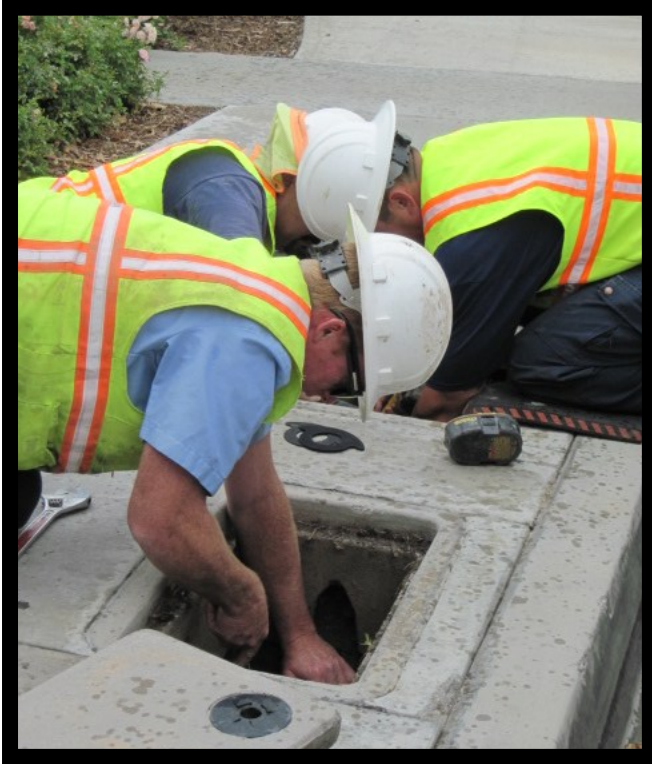


Confined Space Ventilation and Extraction Blower, Canister, and Duct System - Maintenance staff uses this equipment to supply breathable air to a confined space.



Confined Space Entry - Maintenance staff is accessing a vault to perform maintenance on a pressure reducing valve.

Maintenance



Maintenance crew performing a water line service replacement.



Daniel Liles, Utility Worker I, and Jon Mahar, Utility Worker II, exercising a valve with a new, remote controlled valve exercising machine. The new machine maintains a consistent torque and monitors the number of turns to close a valve, thus reducing valve breakage.

Maintenance



Ryan Bye, Senior Production Operator, and Jose Martinez, Production Operator I, are shown pumping non-potable water from a tank during maintenance, which helps reduce water waste.



Non-potable water is pumped into a water truck.

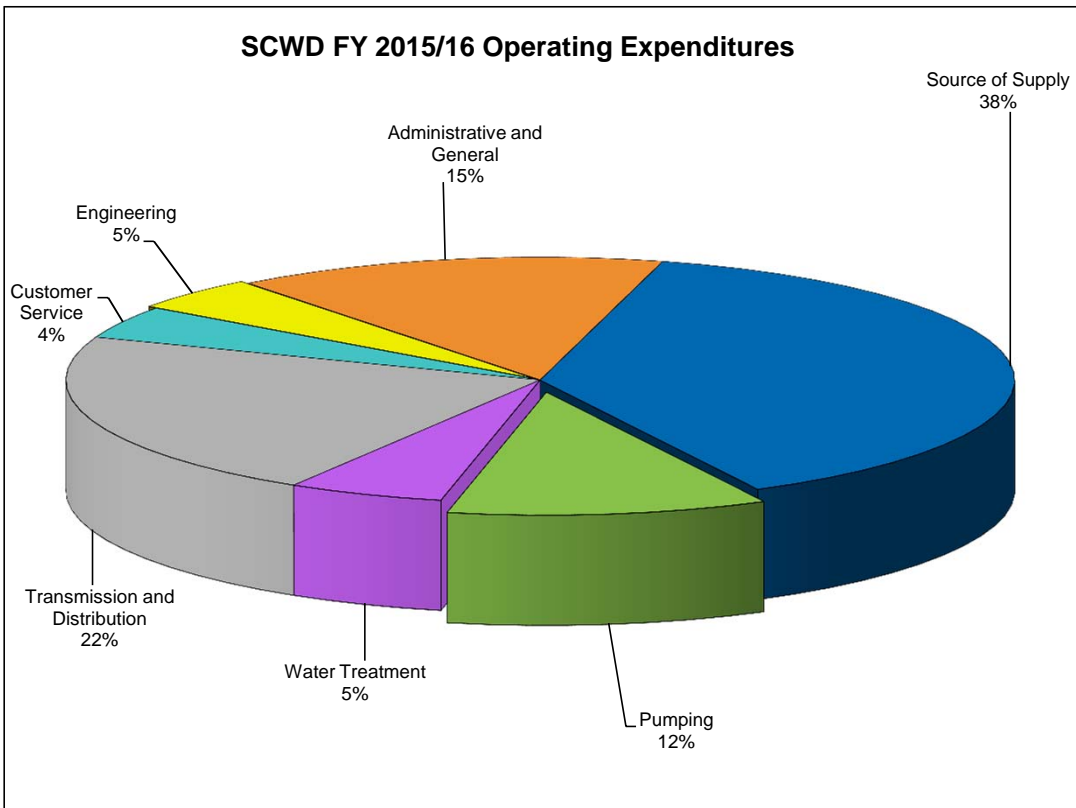
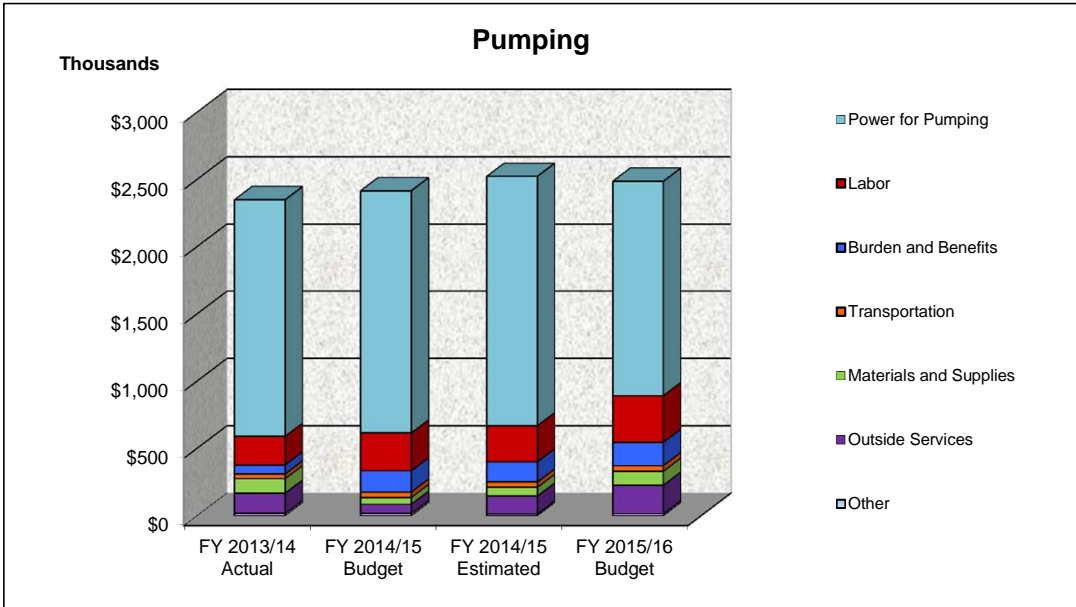


The same water is then used to irrigate trees.

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**Santa Clarita Water Division
Pumping Expenditures
FY 2015/16 Budget**

Pumping Expenditures	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Power for Pumping	\$ 1,757,778	\$ 1,800,000	\$ 1,853,142	\$ 1,592,700
Labor	214,119	282,500	270,503	348,000
Burden and Benefits	66,961	158,000	148,700	173,300
Transportation	34,830	40,000	39,656	41,800
Materials and Supplies	107,907	50,100	64,918	103,200
Outside Services	150,939	70,000	133,395	213,000
Other	17,015	16,300	13,274	14,700
Total Pumping	\$ 2,349,549	\$ 2,416,900	\$ 2,523,588	\$ 2,486,700



**Santa Clarita Water Division
Pumping
FY 2014/15 Budget vs. FY 2015/16 Budget**

Pumping

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change	*
901283501 Operating and Maintenance Expenses						
Power	\$ 1,757,778	\$ 1,800,000	\$ 1,592,700	\$ (207,300)	-12%	A
Labor	201,274	272,000	330,000	58,000	21%	B
Overtime	12,845	10,500	18,000	7,500	71%	
Burden and Benefits	66,961	158,000	173,300	15,300	10%	
Transportation	34,830	40,000	41,800	1,800	5%	
Materials and Supplies						
Internal Relations	-	100	200	100	100%	
Office Supplies	-	-	-	-		
Parts and Materials	107,907	50,000	103,000	53,000	106%	C
Safety Training and Equipment	-	-	-	-		
Small Tools and Power Equipment	-	-	-	-		
Outside Services						
Education and Seminars	-	-	-	-		
Temporary Personnel Services	60,100	-	-	-		
Outside Services and Contracting	88,654	50,000	200,000	150,000	300%	D
Equipment Repair	2,185	20,000	13,000	(7,000)	-35%	
Other						
Cell Phone	-	-	-	-		
Employee Expense	209	300	200	(100)	-33%	
Utilities - SCADA	14,901	14,000	12,500	(1,500)	-11%	
Uniforms	1,905	2,000	2,000	-	0%	
Total Expenses	\$ 2,349,549	\$ 2,416,900	\$ 2,486,700	\$ 69,800	3%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

- A. Power decreases by \$207,300, or 12%, due to the SWRCB mandated 32% conservation goal from 2013 levels which would result in less overall pumping costs.
- B. Labor increases by \$58,000, or 21%, due to the proposed addition of two Production Operator II positions, which would be allocated to Pumping and Water Treatment.
- C. Parts and Materials increase by \$53,000, or 106%, due to the additional pump replacement parts, large fittings and pipe that cost less than the \$5,000 capital threshold.
- D. Outside Services and Contracting increase by \$150,000, or 300%, due to additional generator maintenance, SCADA maintenance, South Coast AQMD requirements and an increase in labor rates for electrical and coating services.

**Santa Clarita Water Division
Pumping
FY 2014/15 Estimated vs. FY 2015/16 Budget**

Pumping

	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change	*
901283501 Operating and Maintenance Expenses						
Power	\$ 1,757,778	\$ 1,853,142	\$ 1,592,700	\$ (260,442)	-14%	E
Labor	201,274	256,269	330,000	73,731	29%	F
Overtime	12,845	14,234	18,000	3,766	26%	
Burden and Benefits	66,961	148,700	173,300	24,600	17%	G
Transportation	34,830	39,656	41,800	2,144	5%	
Materials and Supplies						
Internal Relations	-	200	200	-	0%	
Office Supplies	-	-	-	-		
Parts and Materials	107,907	64,718	103,000	38,282	59%	H
Safety Training and Equipment	-	-	-	-		
Small Tools and Power Equipment	-	-	-	-		
Outside Services						
Education and Seminars	-	-	-	-		
Temporary Personnel Services	60,100	49,395	-	(49,395)	-100%	I
Outside Services and Contracting	88,654	72,895	200,000	127,105	174%	J
Equipment Repair	2,185	11,105	13,000	1,895	17%	
Other						
Cell Phone	-	-	-	-		
Employee Expense	209	140	200	60	43%	
Utilities - SCADA	14,901	11,327	12,500	1,173	10%	
Uniforms	1,905	1,807	2,000	193	11%	
Total Expenses	\$ 2,349,549	\$ 2,523,588	\$ 2,486,700	\$ (36,888)	-1%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Estimated:

- E. Power decreases by \$260,442, or 42%, due to the SWRCB mandated 32% conservation goal from 2013 levels which would result in less overall pumping costs.
- F. Labor increases by \$73,731, or 29%, due to the proposed addition of two Production Operator II positions, which would be allocated to Pumping and Water Treatment.
- G. Burden and Benefits increase by \$24,600, or 17%, due to the proposed addition of two Production II Operators, which would be allocated to Pumping and Water Treatment.
- H. Parts and Materials increase by \$38,282, or 59%, due to the additional pump replacement parts, large fittings and pipe that cost less than the \$5,000 capital threshold.
- I. Temporary Personnel Services decrease by \$49,395, or 100%, due to filling vacant positions.
- J. Outside Services and Contracting increases by \$127,105, or 174%, due to additional generator maintenance, SCADA maintenance, South Coast AQMD requirements and an increase in labor rates for electrical and coating services.

Booster Stations



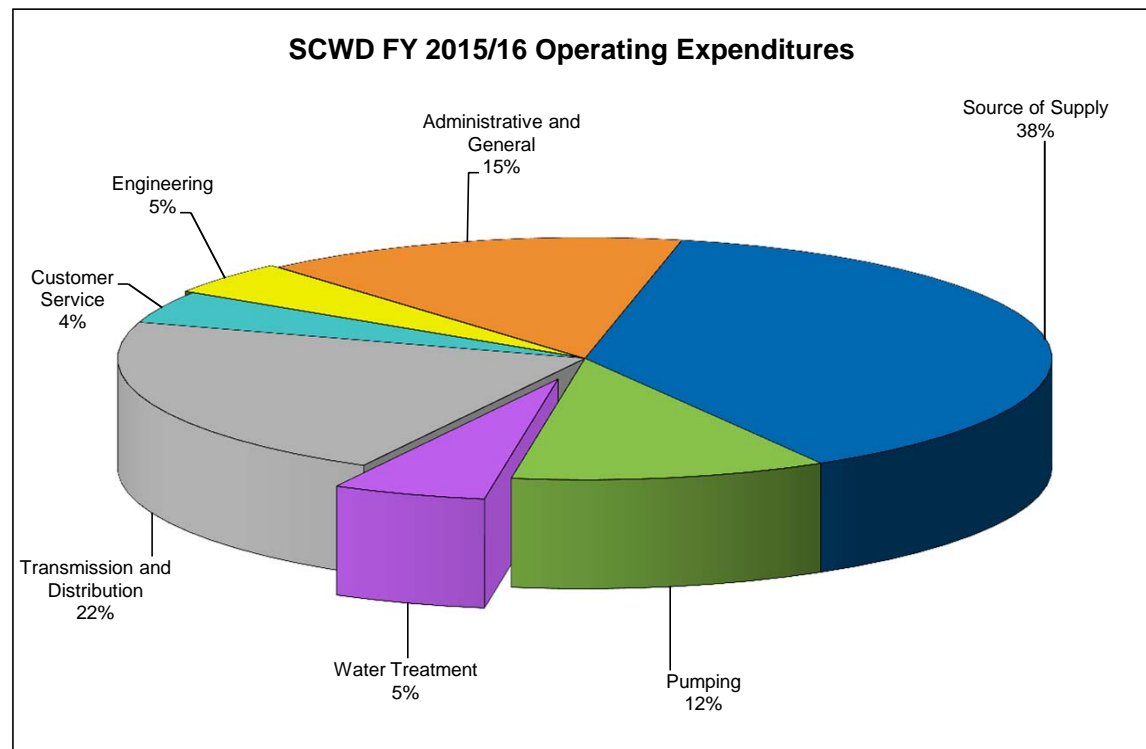
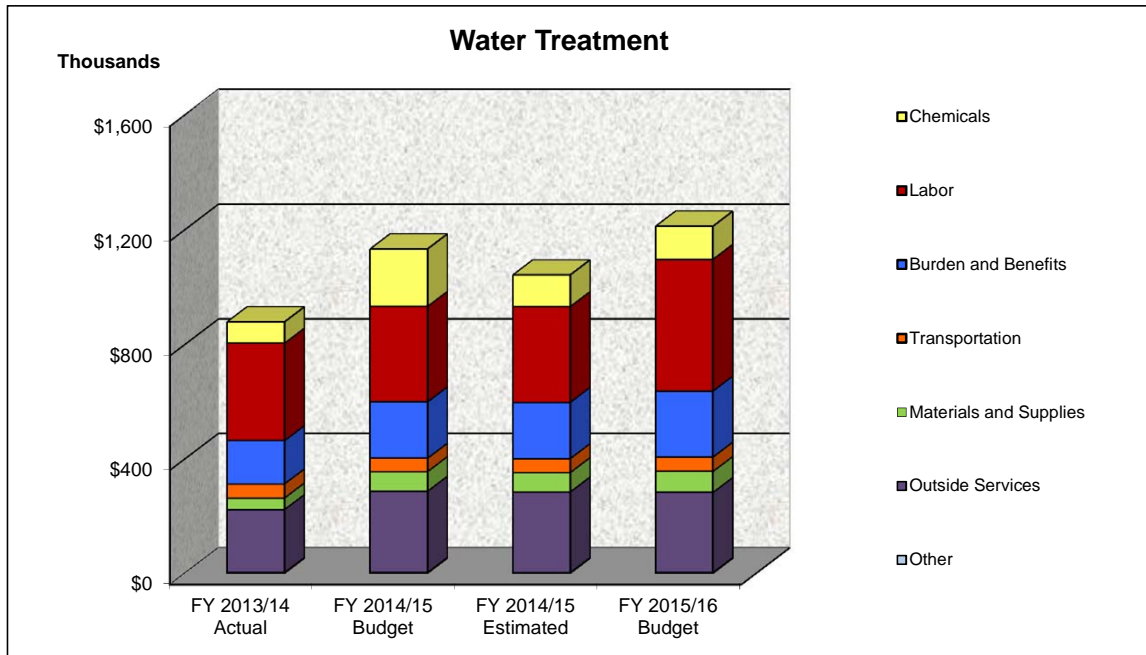
Princessa Station



Catala Station

**Santa Clarita Water Division
Water Treatment Expenditures
FY 2015/16 Budget**

Water Treatment Expenditures	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Chemicals	\$ 74,070	\$ 200,000	\$ 110,092	\$ 115,000
Labor	340,775	333,400	334,507	459,600
Burden and Benefits	151,230	197,000	196,630	230,900
Transportation	49,223	46,700	48,825	50,300
Materials and Supplies	40,200	68,600	67,732	73,400
Outside Services	220,085	284,000	282,021	280,000
Other	4,224	4,100	3,810	4,000
Total Water Treatment	\$ 879,807	\$ 1,133,800	\$ 1,043,617	\$ 1,213,200



**Santa Clarita Water Division
Water Treatment
FY 2014/15 Budget vs. FY 2015/16 Budget**

Water Treatment

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change	*
901240001 Operating and Maintenance						
Chemicals	\$ 74,070	\$ 200,000	\$ 115,000	\$ (85,000)	-43%	A
Labor	321,624	308,000	435,600	127,600	41%	B
Overtime	19,151	25,400	24,000	(1,400)	-6%	
Burden and Benefits	151,230	197,000	230,900	33,900	17%	C
Transportation	49,223	46,700	50,300	3,600	8%	
Materials and Supplies						
Internal Relations	25	100	400	300	300%	
Office Supplies	-	-	-	-		
Parts and Materials	40,175	68,500	73,000	4,500	7%	
Safety Training and Equipment	-	-	-	-		
Small Tools and Power Equipment	-	-	-	-		
Outside Services						
Education and Seminars	-	-	-	-		
Temporary Personnel Services	-	-	-	-		
Outside Services and Contracting	114,282	155,000	150,000	(5,000)	-3%	
Equipment Repair	105,803	129,000	130,000	1,000	1%	
Other						
Cell Phone	428	-	-	-		
Employee Expense	-	300	200	(100)	-33%	
Uniforms	3,796	3,800	3,800	-	0%	
Total Expenses	\$ 879,807	\$ 1,133,800	\$ 1,213,200	\$ 79,400	7%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

- A. Chemicals decrease by \$85,000, or 43%, based on operational improvements in maintaining water quality.
- B. Labor increases by \$127,600, or 41%, due to proposed addition of two Production Operator II positions, which would be allocated to Pumping and Water Treatment.
- C. Burden and Benefits increase by \$33,900, or 17%, due to proposed addition of two Production Operator II positions, which would be allocated to Pumping and Water Treatment.

**Santa Clarita Water Division
Water Treatment
FY 2014/15 Estimated vs. FY 2015/16 Budget**

Water Treatment

	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change	*
901240001 Operating and Maintenance						
Chemicals	\$ 74,070	\$ 110,092	\$ 115,000	\$ 4,908	4%	
Labor	321,624	312,720	435,600	122,880	39%	D
Overtime	19,151	21,787	24,000	2,213	10%	
Burden and Benefits	151,230	196,630	230,900	34,270	17%	E
Transportation	49,223	48,825	50,300	1,475	3%	
Materials and Supplies						
Internal Relations	25	433	400	(33)	-8%	
Office Supplies	-	-	-	-		
Parts and Materials	40,175	67,299	73,000	5,701	8%	
Safety Training and Equipment	-	-	-	-		
Small Tools and Power Equipment	-	-	-	-		
Outside Services						
Education and Seminars	-	-	-	-		
Temporary Personnel Services	-	-	-	-		
Outside Services and Contracting	114,282	154,118	150,000	(4,118)	-3%	
Equipment Repair	105,803	127,903	130,000	2,097	2%	
Other						
Cell Phone	428	-	-	-		
Employee Expense	-	175	200	25	14%	
Uniforms	3,796	3,635	3,800	165	5%	
Total Expenses	\$ 879,807	\$ 1,043,617	\$ 1,213,200	\$ 169,583	16%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Estimated:

- D. Labor increases by \$122,880, or 39%, due to proposed addition of two Production Operator II positions, which would be allocated to Pumping and Water Treatment.
- E. Burden and Benefits increase by \$34,270, or 17%, due to proposed addition of two Production Operator II positions, which would be allocated to Pumping and Water Treatment.

Water Quality



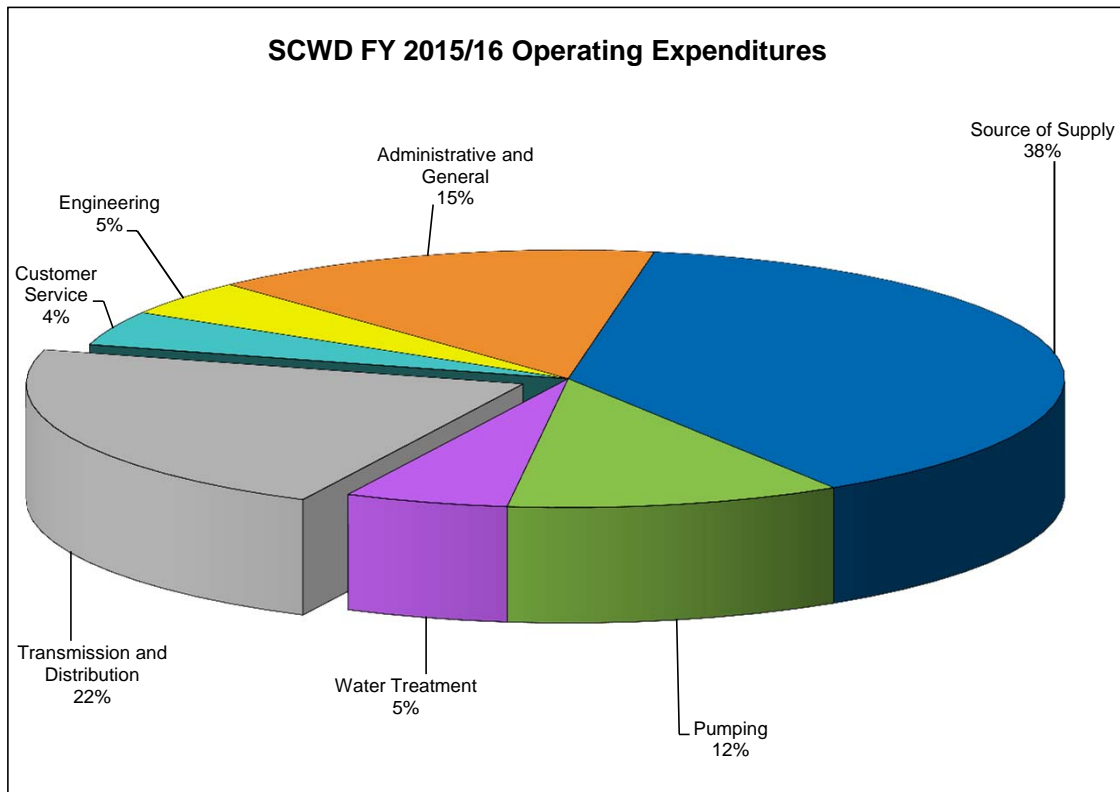
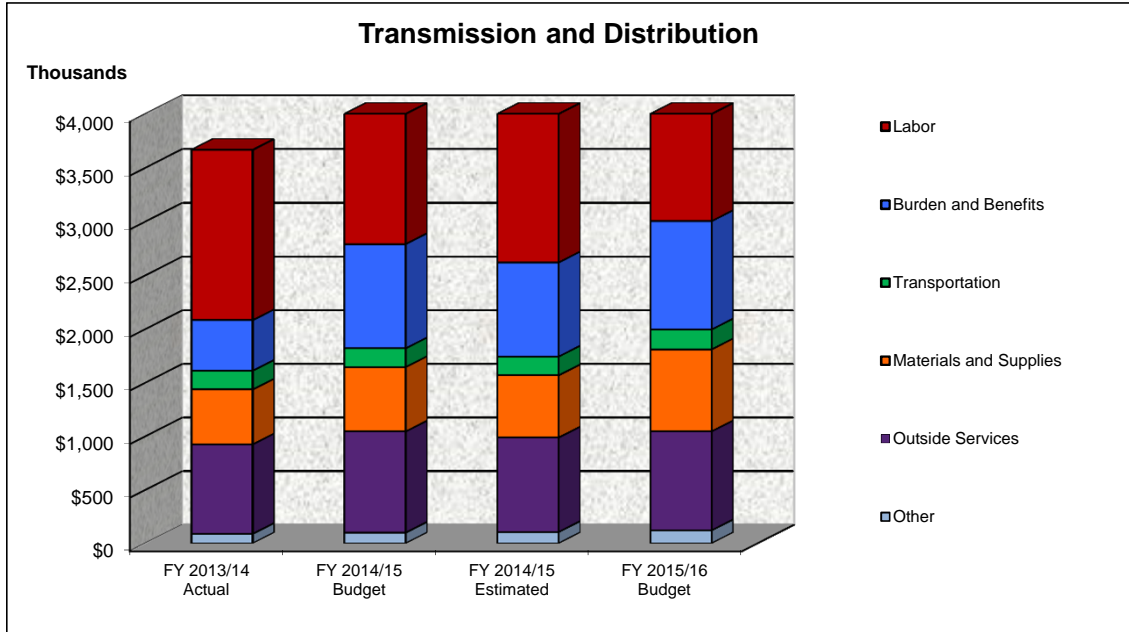
Jose Martinez, Production Operator I, draws water from a water sampling station.



Julio Rosales, Production, performs water quality testing in a mobile lab.

**Santa Clarita Water Division
Transmission and Distribution Expenditures
FY 2015/16 Budget**

Transmission and Distribution Expenditures	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Labor	\$ 1,582,859	\$ 1,813,900	\$ 1,725,310	\$ 2,000,900
Burden and Benefits	471,470	970,000	876,187	1,007,500
Transportation	175,275	175,100	175,183	185,700
Materials and Supplies	511,292	601,100	580,090	764,900
Outside Services	835,580	944,400	881,967	924,000
Other	88,920	99,900	106,225	121,800
Total Transmission and Distribution	\$ 3,665,396	\$ 4,604,400	\$ 4,344,962	\$ 5,004,800



**Santa Clarita Water Division
Transmission and Distribution
FY 2014/15 Budget vs. FY 2015/16 Budget**

Transmission and Distribution

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change	*
901282501 Operating and Maintenance Expenses						
Labor	\$ 1,479,762	\$ 1,694,900	\$ 1,864,800	\$ 169,900	10%	A
Overtime	103,097	119,000	136,100	17,100	14%	
Burden and Benefits	471,470	970,000	1,007,500	37,500	4%	
Transportation	175,275	175,100	185,700	10,600	6%	
Materials and Supplies						
Internal Relations	225	300	400	100	33%	
Office Supplies	5,525	6,800	22,500	15,700	231%	
Parts and Materials	436,129	490,000	606,000	116,000	24%	B
Safety Training and Equipment	34,674	46,000	58,500	12,500	27%	
Small Tools and Power Equipment	34,739	58,000	77,500	19,500	34%	
Outside Services						
Education and Seminars	30,249	42,400	37,500	(4,900)	-12%	
Temporary Personnel Services	127,958	80,000	90,000	10,000	13%	
Outside Services and Contracting	331,444	392,000	371,500	(20,500)	-5%	
Equipment Repair	15,522	30,000	25,000	(5,000)	-17%	
Asphalt and Concrete Patch Services	330,407	400,000	400,000	-	0%	
Other						
Utilities - Mobile Devices, Phone, Electricity and Gas	39,247	43,400	64,000	20,600	47%	C
Employee Expense	1,575	2,800	2,300	(500)	-18%	
Uniforms	12,745	13,100	13,500	400	3%	
Other - Miscellaneous Permits	35,353	40,600	42,000	1,400	3%	
Total Expenses	\$ 3,665,396	\$ 4,604,400	\$ 5,004,800	\$ 400,400	9%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

- A. Labor increases by \$169,900, or 10%, due to the addition of a proposed Administration Technician and a Senior Customer Service Field Representative and step increases for eligible employees.
- B. Parts and Materials increase by \$116,000, or 24%, due to scheduling of 454 more aged meter replacements.
- C. Utilities increase by \$20,600, or 47%, due to the addition of monthly service charges for Global Positioning Systems (GPS) for vehicles.

**Santa Clarita Water Division
Transmission and Distribution
FY 2014/15 Estimated vs. FY 2015/16 Budget**

Transmission and Distribution

	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change	*
901282501 Operating and Maintenance Expenses						
Labor	\$ 1,479,762	\$ 1,605,562	\$ 1,864,800	\$ 259,238	16%	D
Overtime	103,097	119,748	136,100	16,352	14%	
Burden and Benefits	471,470	876,187	1,007,500	131,313	15%	E
Transportation	175,275	175,183	185,700	10,517	6%	
Materials and Supplies						
Internal Relations	225	250	400	150	60%	
Office Supplies	5,525	5,278	22,500	17,222	326%	
Parts and Materials	436,129	481,207	606,000	124,793	26%	F
Safety Training and Equipment	34,674	39,196	58,500	19,304	49%	
Small Tools and Power Equipment	34,739	54,159	77,500	23,341	43%	G
Outside Services						
Education and Seminars	30,249	42,197	37,500	(4,697)	-11%	
Temporary Personnel Services	127,958	96,957	90,000	(6,957)	-7%	
Outside Services and Contracting	331,444	340,673	371,500	30,827	9%	
Equipment Repair	15,522	17,678	25,000	7,322	41%	
Asphalt and Concrete Patch Services	330,407	384,462	400,000	15,538	4%	
Other						
Utilities - Mobile Devices, Phone, Electricity and Gas	39,247	43,464	64,000	20,536	47%	H
Employee Expense	1,575	2,203	2,300	97	4%	
Uniforms	12,745	12,536	13,500	964	8%	
Other - Miscellaneous Permits	35,353	48,022	42,000	(6,022)	-13%	
Total Expenses	\$ 3,665,396	\$ 4,344,962	\$ 5,004,800	\$ 659,838	15%	

* Changes of more than 10% and more than \$20,000.

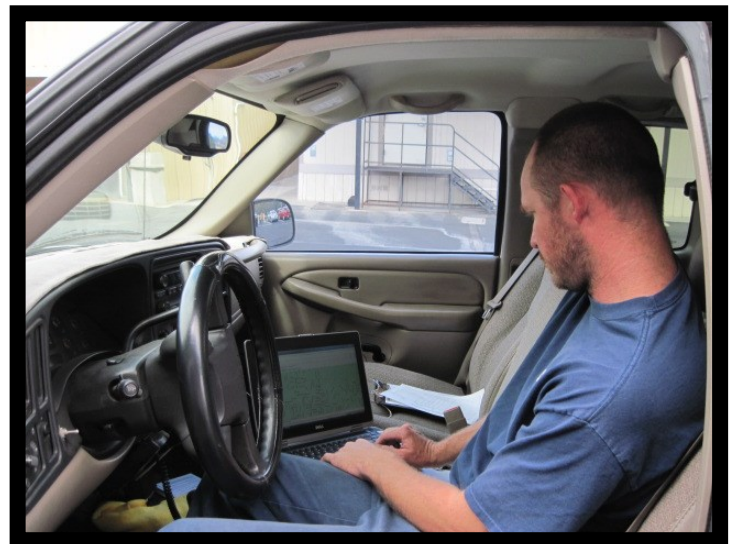
FY 2015/16 Budget compared to FY 2014/15 Estimated:

- D. Labor increases by \$259,238, or 16%, due to the addition of a proposed Administration Technician and a Senior Customer Service Field Representative, step increases for eligible employees and filling two staff vacancies.
- E. Burden and Benefits increase by \$131,313, or 15%, due to the addition of a proposed Administration Technician and a Senior Customer Service Field Representative and filling two staff vacancies.
- F. Parts and Materials increase by \$124,793, or 26%, due to scheduling of 454 more aged meter replacements.
- G. Small Tools and Power Equipment increases by \$23,341, or 43%, which includes the addition of a compactor, Trimble programmer and line locators.
- H. Utilities increase by \$20,536, or 47%, due to the addition of monthly service charges for Global Positioning Systems (GPS) for vehicles.

Automated Meter Reading



Signals are sent from transmitters attached to customers' meters.



Robert Campos, Field Customer Service Representative I, installs the antenna (left). Signals from antennas are relayed to the computer system in a SCWD truck monitored by Travis Dodd, Senior Utility Worker (right).

Customer Service Department

Department Objective:

Generate timely billing statements including regular bills, reminder notices and termination notices. Responsible for incoming calls, opening and closing customer accounts. Investigate and resolve customer questions and concerns on a wide variety of service-related issues including billing questions.

Major Accomplishments – FY 2015/16

- ◆ Completed the first phase of Customer Connect.

Major Actions – FY 2015/16

- ◆ Enforcement of Ordinance No. 43 restrictions to minimize violations and encourage conservation in accordance with the SWRCB mandatory restrictions [2/16]. P1
- ◆ Implement second phase of Customer Connect Portal [12/15]. P2
- ◆ Perform a Customer Satisfaction Survey [6/16]. P2
- ◆ Reevaluate and prioritize outreach targets and methods to maximize rebates and incentive benefits to encourage additional conservation [6/16]. P2
- ◆ Ensure the Department and capital budgets are appropriately expended by actively managing and controlling expenditures [ongoing].

Safety

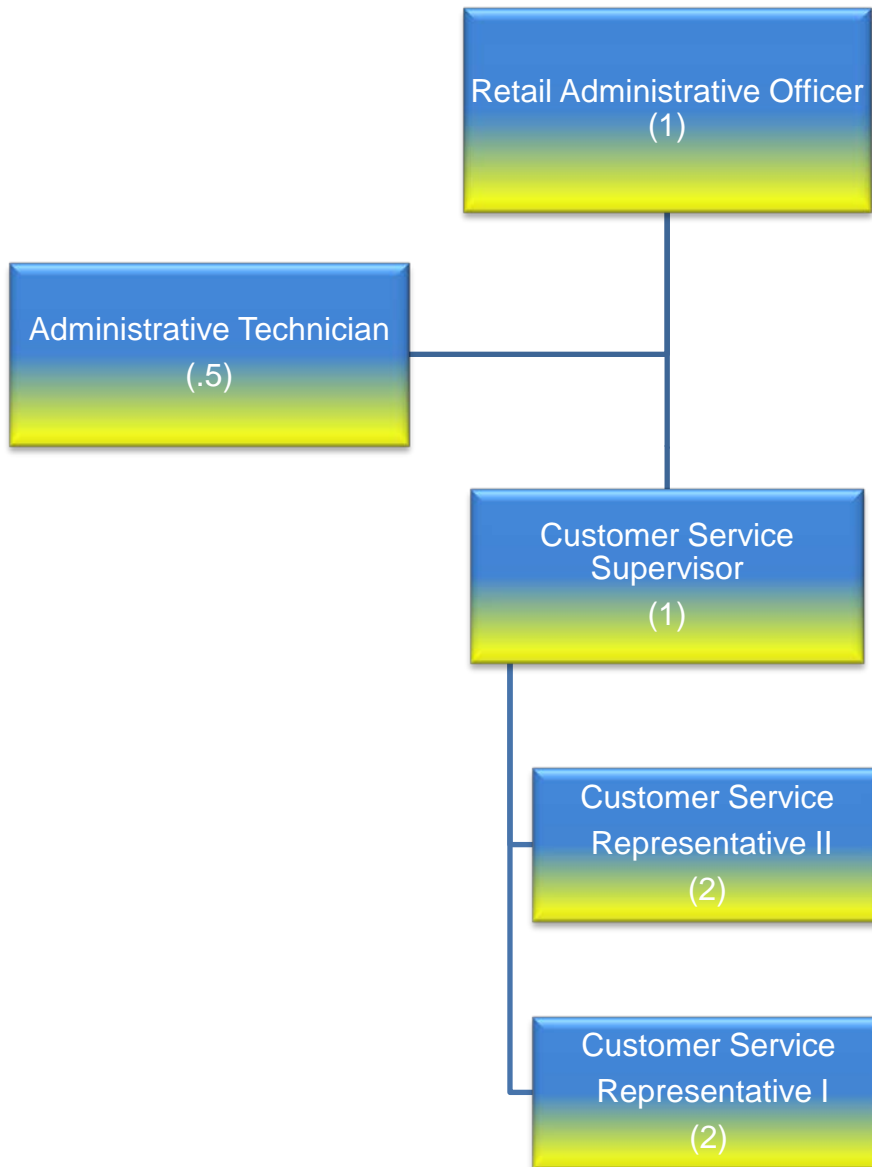
- ◆ Continue to emphasize safety through scheduled safety meetings [ongoing].

Long Term Actions

- ◆ *Enhance web-based and social marketing information [ongoing].*
- ◆ *Promote SCWD's training and educational seminar attendance with respect to job related requirements [ongoing].*

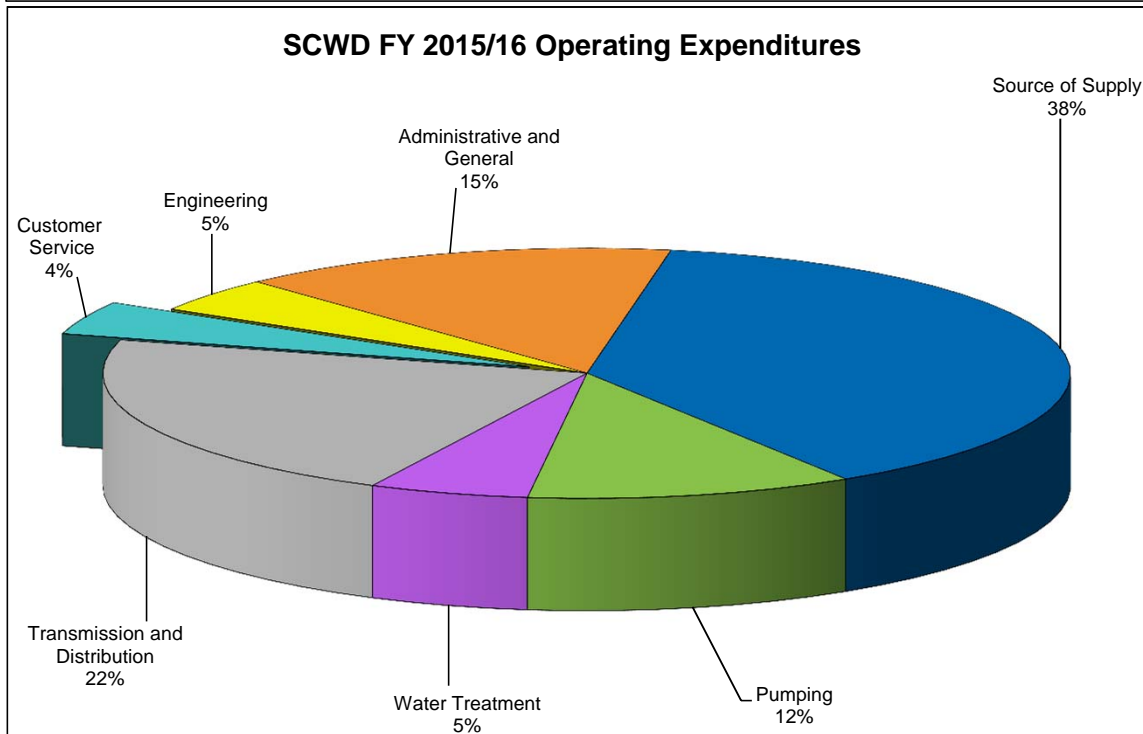
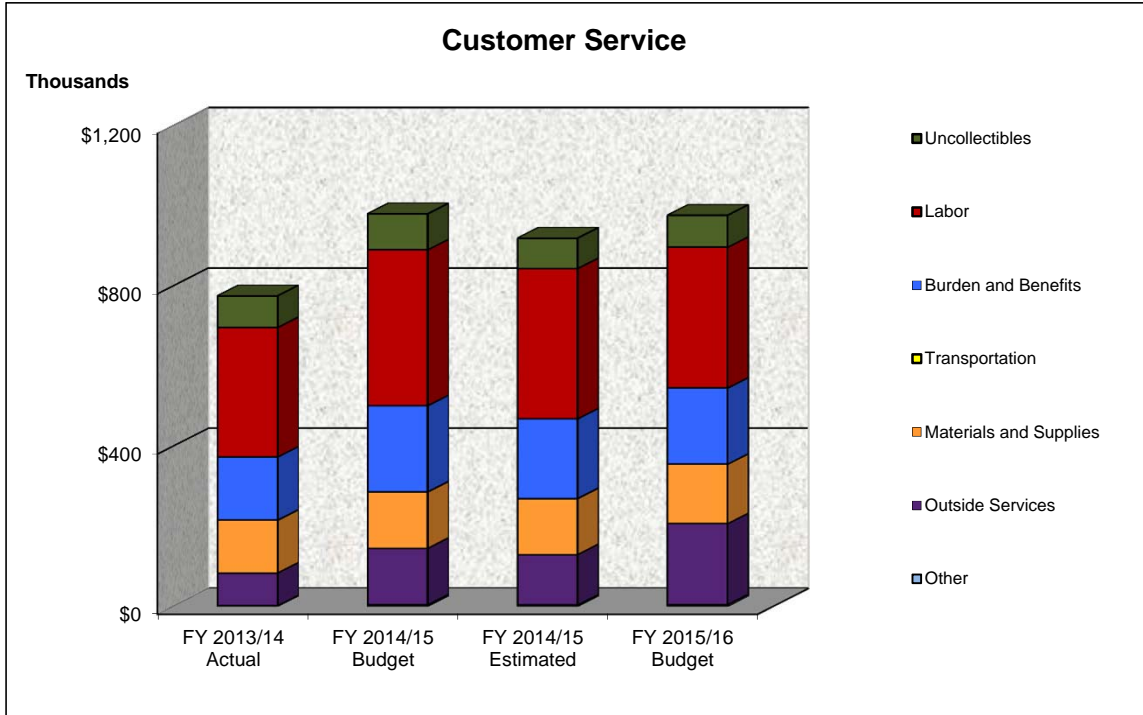
P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

Customer Service Organizational Chart



**Santa Clarita Water Division
Customer Service Expenditures
FY 2015/16 Budget**

Customer Service Expenditures	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Uncollectibles	\$ 79,072	\$ 90,000	\$ 75,843	\$ 80,000
Labor	323,377	389,000	375,172	351,400
Burden and Benefits	157,567	215,000	198,739	190,100
Transportation	83	300	286	-
Materials and Supplies	131,739	140,600	139,651	148,400
Outside Services	81,646	141,000	126,047	202,200
Other	2,410	4,600	4,024	4,900
Total Customer Service	\$ 775,894	\$ 980,500	\$ 919,762	\$ 977,000



**Santa Clarita Water Division
Customer Service
FY 2014/15 Budget vs. FY 2015/16 Budget**

Customer Service

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change	*
901222502 Operating Expenses						
Uncollectibles	\$ 79,072	\$ 90,000	\$ 80,000	\$ (10,000)	-11%	
Labor	323,254	388,000	350,900	(37,100)	-10%	A
Overtime	123	1,000	500	(500)	-50%	
Burden and Benefits	157,567	215,000	190,100	(24,900)	-12%	B
Transportation	83	300	-	(300)	-100%	
Materials and Supplies						
Internal Relations	-	100	300	200	200%	
Office Supplies	1,248	4,000	5,000	1,000	25%	
Postage	124,761	126,000	132,000	6,000	5%	
Parts and Materials	5,730	10,500	11,100	600	6%	
Outside Services						
Education and Seminars	-	2,700	9,200	6,500	241%	
Temporary Personnel Services	25,687	10,000	-	(10,000)	-100%	
Outside Services and Contracting	55,959	128,300	193,000	64,700	50%	C
Other						
Cell Phone	2,410	2,600	2,600	-	0%	
Employee Expense	-	2,000	2,300	300	15%	
Total Customer Service	\$ 775,894	\$ 980,500	\$ 977,000	\$ (3,500)	0%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

- A. Labor decreases by \$37,100, or 10%, due to the banked hours cashout for employee retirement in FY 2014/15.
- B. Burden and Benefits decrease by \$24,900, or 12%, due to lower PERS employer contribution rate for new employees and anticipated decreases in medical and dental rates.
- C. Outside Services and Contracting increase \$64,700, or 35%, due to the reallocation of the Northstar UB/CIS annual maintenance and Customer Connect annual maintenance fees from Administrative and General, and a Customer Survey to be conducted in FY 2015/16.

**Santa Clarita Water Division
Customer Service
FY 2014/15 Estimated vs. FY 2015/16 Budget**

Customer Service

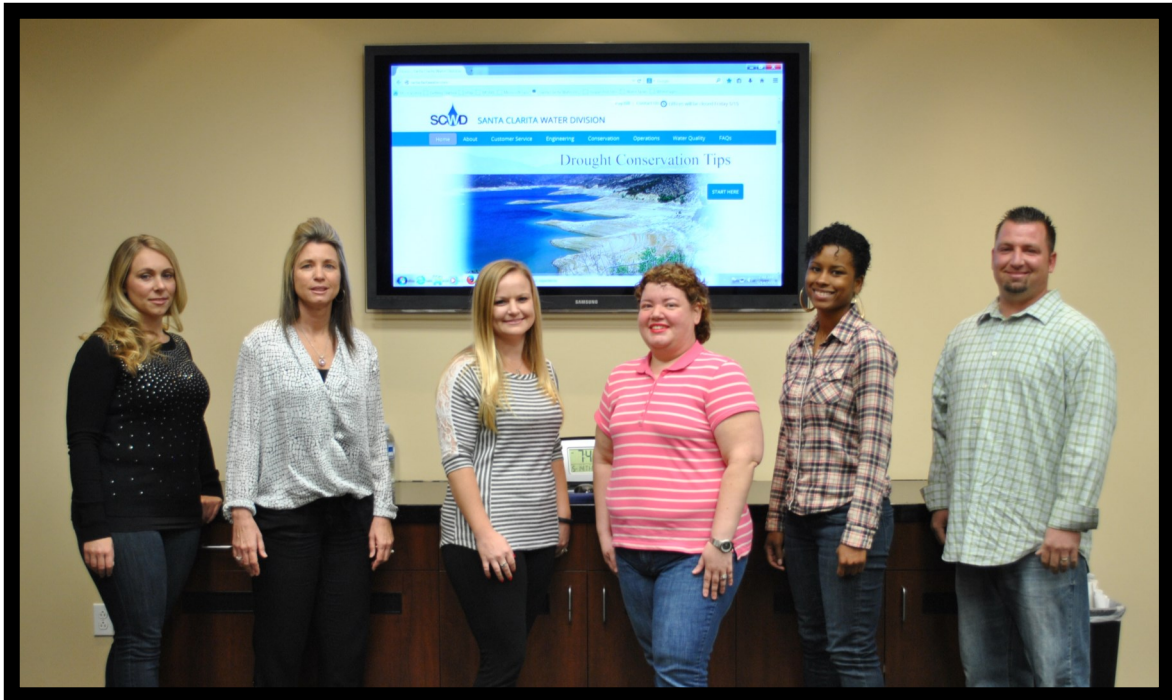
	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change *
901222502 Operating Expenses					
Uncollectibles	\$ 79,072	\$ 75,843	\$ 80,000	\$ 4,157	5%
Labor	323,254	374,533	350,900	(23,633)	-6%
Overtime	123	639	500	(139)	-22%
Burden and Benefits	157,567	198,739	190,100	(8,639)	-4%
Transportation	83	286	-	(286)	-100%
Materials and Supplies					
Internal Relations	-	250	300	50	20%
Office Supplies	1,248	3,424	5,000	1,576	46%
Postage	124,761	127,803	132,000	4,197	3%
Parts and Materials	5,730	8,174	11,100	2,926	36%
Outside Services					
Education and Seminars	-	1,575	9,200	7,625	484%
Temporary Personnel Services	25,687	5,835	-	(5,835)	-100%
Outside Services and Contracting	55,959	118,637	193,000	74,363	63% D
Other					
Cell Phone	2,410	2,524	2,600	76	3%
Employee Expense	-	1,500	2,300	800	53%
Total Customer Service	\$ 775,894	\$ 919,762	\$ 977,000	\$ 57,238	6%

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Estimated:

D. Outside Services and Contracting increase \$74,363, or 46%, due to the reallocation of the Northstar UB/CIS annual maintenance and Customer Connect annual maintenance fees from Administrative and General, and a Customer Survey to be conducted in FY 2015/16.

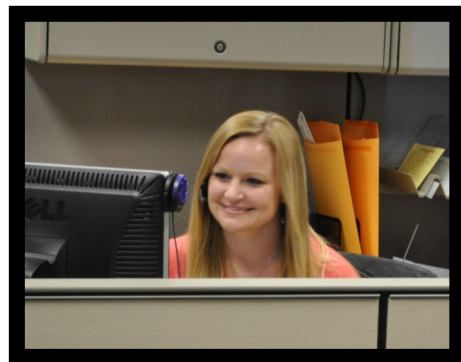
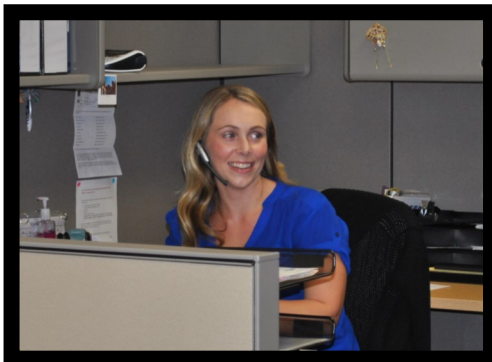
Customer Service



Pictured from left: Chavon Matillo, Customer Service Representative (CSR) II; Mona Restivo, Customer Service Supervisor; Danielle Beard, CSR I; Jackie Otero, CSR I; Qua Vallery, Conservation; and Justin Kolesar, CSR I.



Justin Kolesar, CSR I, (left) and Jackie Otero, CSR I, (right) assisting customers at the counter.



Chavon Matillo, CSR II, (left) and Danielle Beard, CSR I, (right) assisting customers on the phone .

Customer Service

The santaclaritawater.com webpage is shown above. From this page using Customer Connect, customers can pay their bill, view usage, billing and meter reading history, create a service order, set up their account page and view the conservation library. A meter reading history and bill analyzer page are shown below.

METER NUMBER	READ DATE	CURRENT READ	PREVIOUS READ	DAYS	READ TYPE	USAGE	UNIT MEASURE
57378856	01-10-2013	4868	4854	29	METER READ	14.00	F
57378856	02-12-2013	4884	4868	33	METER READ	16.00	F
57378856	03-13-2013	4905	4884	29	METER READ	21.00	F
57378856	04-12-2013	4940	4905	30	METER READ	35.00	F
57378856	05-14-2013	4981	4940	32	METER READ	41.00	F
57378856	06-12-2013	5027	4981	29	METER READ	46.00	F
57378856	07-11-2013	5074	5027	29	METER READ	47.00	F
57378856	08-12-2013	5125	5074	32	METER READ	51.00	F
57378856	09-10-2013	5170	5125	29	METER READ	45.00	F
57378856	10-09-2013	5206	5170	29	METER READ	36.00	F
57378856	11-08-2013	5222	5206	30	METER READ	16.00	F
57378856	12-09-2013	5236	5222	31	METER READ	34.00	F

BE WATER WISE

- REPORTS: BALANCE HISTORY, BILLING HISTORY, BILL ANALYZER, WATER METER READING HISTORY, VIEW BILL
- MY ACCOUNT: ACCOUNT INFO
- OTHER LINKS: SERVICE ORDERS, ONLINE PAYMENT
- LIBRARY: CONSERVATION

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Engineering Department

Department Objectives:

Provide planning, design and construction management of Division capital projects and oversee developer activities to ensure that capital facilities meet division standards.

Major Accomplishments – FY 2014/15

- ◆ Completed the construction of Sand Canyon Road pipeline from Lost Canyon Road to Delone Street.
- ◆ Participated in the development of the CLWA reconnaissance study of local water management alternatives.
- ◆ Completed the construction of Bouquet Canyon Road pipeline from David Way to Shadow Valley Lane.
- ◆ Completed the construction of the Green Mountain Pipeline.

Actions – FY 2015/16

- ◆ Complete installation of Luther Drive Pipeline relocation project [9/15]. P1
- ◆ Complete design of new pipeline in Rainbow Glen Drive [1/16]. P1
- ◆ Complete design to remove and replace Rainbow Glen/Sierra Highway pressure reducing station [1/16]. P1
- ◆ Complete design of North Oaks Booster Station upgrades [1/16]. P1
- ◆ Hire a new Civil Engineer [3/16]. P1
- ◆ Complete design upgrades for Clark Well based on the ARC Flash study [1/16]. P1
- ◆ Complete installation of new suction line at Fair Oaks Booster Station [2/16]. P1 ◆
Complete design of Circle J Pressure Station upgrade [4/16]. P1
- ◆ Complete design of Placerita Booster Pump Station at the SC-12 imported water connection in conjunction with land acquisition [6/16]. P1
- ◆ Identify key and strategic alternative water supply sites/locations and potential users in coordination with the Reconnaissance Study with Castaic Lake Water Agency Service Area Water Resources Management Measures [6/16]. P1
- ◆ Coordinate with CLWA Engineering in the update of Recycled Water Master Plan [6/16]. P1
- ◆ Develop recycled water standards and specifications [6/16]. P1
- ◆ Create recycled water policies and ordinances [6/16]. P1
- ◆ Evaluate options to improve water conveyance efficiency within the Honby Zone [12/15]. P2
- ◆ Ensure the Department and capital budgets are appropriately expended by actively managing and controlling expenditures [ongoing].

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

Safety

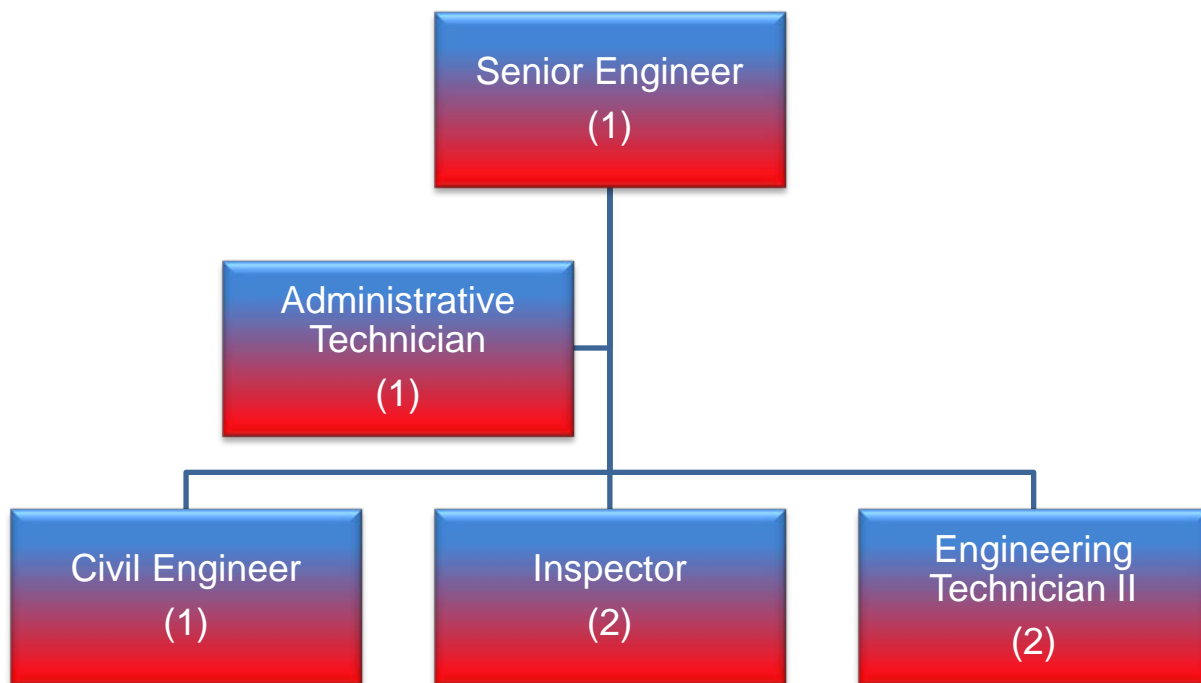
- ◆ Continue to emphasize safety through scheduled safety meetings [ongoing].

Long Term Actions

- ◆ *Enhance web-based and social marketing information [ongoing].*
- ◆ *Promote SCWD's training and educational seminar attendance with respect to job related requirements [ongoing].*

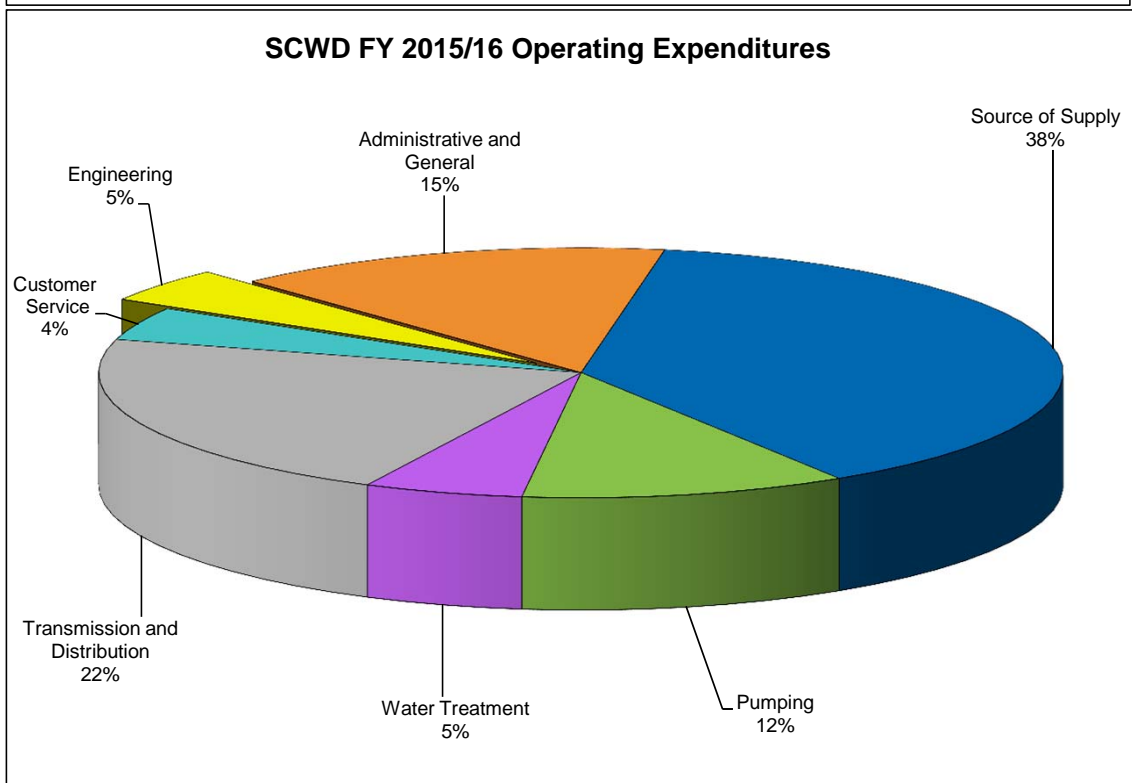
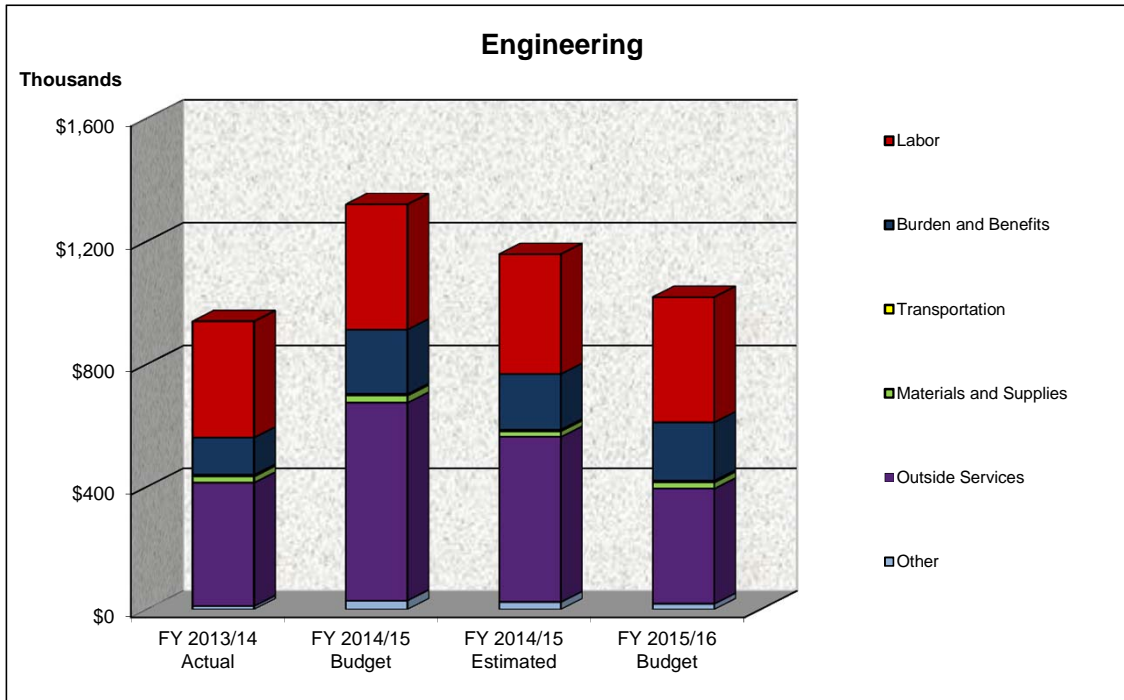
P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

Engineering Organizational Chart



**Santa Clarita Water Division
Engineering Expenditures
FY 2015/16 Budget**

Engineering Expenditures	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Labor	\$ 378,954	\$ 407,600	\$ 390,052	\$ 408,000
Burden and Benefits	121,626	210,000	181,325	190,500
Transportation	5,653	5,300	5,647	5,800
Materials and Supplies	20,159	23,500	18,662	20,500
Outside Services	402,792	645,100	538,714	375,700
Other	10,704	29,200	24,103	18,300
Total Engineering	\$ 939,888	\$ 1,320,700	\$ 1,158,503	\$ 1,018,800



**Santa Clarita Water Division
Engineering
FY 2014/15 Budget vs. FY 2015/16 Budget**

Engineering

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change *
901260001 Operating Expenses					
Labor	\$ 378,954	\$ 407,600	\$ 408,000	\$ 400	0%
Burden and Benefits	121,626	210,000	190,500	(19,500)	-9%
Transportation	5,653	5,300	5,800	500	9%
Materials and Supplies					
Internal Relations	-	100	200	100	100%
Office Supplies	2,147	5,700	6,000	300	5%
Postage	-	700	800	100	14%
Parts and Materials	18,012	17,000	13,500	(3,500)	-21%
Outside Services					
Education and Seminars	3,725	18,300	20,400	2,100	11%
Temporary Personnel Services	18,577	71,000	-	(71,000)	-100% A
Outside Services and Contracting	378,134	551,800	351,000	(200,800)	-36% B
Office Equipment Repair	2,356	4,000	4,300	300	8%
Other					
Cell Phone	1,560	1,600	1,600	-	0%
Dues and Memberships	6,888	14,800	6,700	(8,100)	-55%
Employee Expense	2,256	12,800	10,000	(2,800)	-22%
Total Engineering	\$ 939,888	\$ 1,320,700	\$ 1,018,800	\$ (301,900)	-23%

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

- A. Temporary Personnel Services decrease by \$71,000, or 100%, due to the transfer of temporary personnel for conservation to Administrative and General in FY 2015/16.
- B. Outside Services and Contracting decrease by \$200,800, or 36%, due to the transfer of conservation programs to Administrative and General in FY 2015/16.

**Santa Clarita Water Division
Engineering
FY 2014/15 Estimated vs. FY 2015/16 Budget**

Engineering

	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change	
901260001 Operating Expenses						
Labor	\$ 378,954	\$ 390,052	\$ 408,000	\$ 17,948	5%	
Burden and Benefits	121,626	181,325	190,500	9,175	5%	
Transportation	5,653	5,647	5,800	153	3%	
Materials and Supplies						
Internal Relations	-	150	200	50	33%	
Office Supplies	2,147	4,317	6,000	1,683	39%	
Postage	-	406	800	394	97%	
Parts and Materials	18,012	13,789	13,500	(289)	-2%	
Outside Services						
Education and Seminars	3,725	14,185	20,400	6,215	44%	
Temporary Personnel Services	18,577	67,171	-	(67,171)	-100%	C
Outside Services and Contracting	378,134	454,320	351,000	(103,320)	-23%	D
Office Equipment Repair	2,356	3,038	4,300	1,262	42%	
Other						
Cell Phone	1,560	1,585	1,600	15	1%	
Dues and Memberships	6,888	12,001	6,700	(5,301)	-44%	
Employee Expense	2,256	10,517	10,000	(517)	-5%	
Total Engineering	\$ 939,888	\$ 1,158,503	\$ 1,018,800	\$ (139,703)	-12%	

* Changes of more than 10% and more than \$20,000.

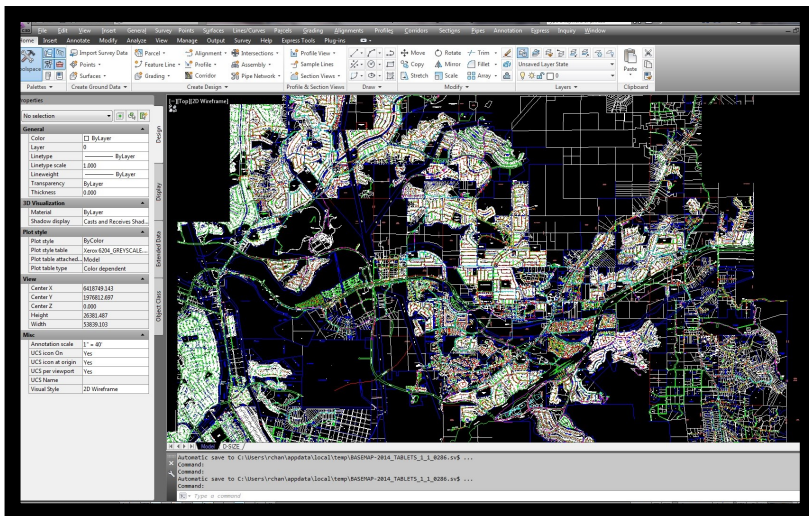
FY 2015/16 Budget compared to FY 2014/15 Estimated:

- C. Temporary Personnel Services decrease by \$67,171, or 100%, due to the transfer of temporary personnel for conservation to Administrative and General in FY 2015/16.
- D. Outside Services and Contracting decrease by \$103,320, or 23%, due to the transfer of conservation programs to Administrative and General in FY 2015/16.

Engineering



Pictured from left: Estella Lecaros, Engineering Technician II; Brent Payne, Senior Engineer; Raymond Chan, Engineering Technician II; Donald Bashor, Inspector; Damian Forrand, Inspector; and Elaine Blanford, Administrative Technician.



AutoCAD and traditional mapping

AutoCAD (left) is used to map and illustrate SCWD's water system. The AutoCAD map includes not only the placement of tanks, pipes and valves, but size and pressure zone information. Raymond Chan, Engineering Technician II, (right) demonstrates traditional mapping.



Russell Sisk, Utility Worker I, (left) referencing a map using AutoCAD 360 on an iPad.
Travis Dodd, Senior Utility Worker, (right) using AutoCAD 360 for iPhone to locate a pipeline.



Ted Clem, Senior Utility Worker, (above) marking an underground service for a DIGALERT ticket.



John Foote, Utility Worker I, (left) referencing a map book that is still used for some portions of the system.

Administrative and General Department

Department Objective:

Direct and communicate activities of the Division and provide support to the Retail Operations Committee. Maintain proactive, strategic and budgetary financial direction for the Division to ensure internal financial controls and accurate financial reporting according to Generally Accepted Accounting Practices and Procedures.

Major Accomplishments – FY 2014/15

- ◆ Received the Distinguished Budget Presentation Award from the Government Finance Officer Association for FY 2014/15 (fourth consecutive year).
- ◆ Received the Excellence Award in Operating Budget FY 2014/15 from the California Society of Finance Officers (fourth consecutive year).
- ◆ Implemented a 3.5% rate increase effective January 1, 2015.

Actions – FY 2015/16

- ◆ Implement a 3.5% rate increase [1/16]. P1
- ◆ Evaluate current rate structure [6/16]. P1
- ◆ Review financial policies to ensure compliance or provide recommendations for revision if necessary [6/16]. P2
- ◆ Evaluate current Reserve Funds [6/16]. P3
- ◆ Ensure the Department and capital budgets are appropriately expended by actively managing and controlling expenditures [ongoing].
- ◆ Enforcement of Ordinance No. 43 restrictions to minimize violations and encourage conservation per the SWRCB mandatory restrictions [2/16]. P1
- ◆ Reevaluate and prioritize outreach targets and methods to maximize rebates and incentive benefits to encourage additional conservation [6/16]. P2
- ◆ Promote various water conservation programs [6/16]. P3
- ◆ Monitor revenue impact of vigorous public water conservation performance as a result of the 32 percent conservation mandate required by SWRCB [ongoing].

Safety

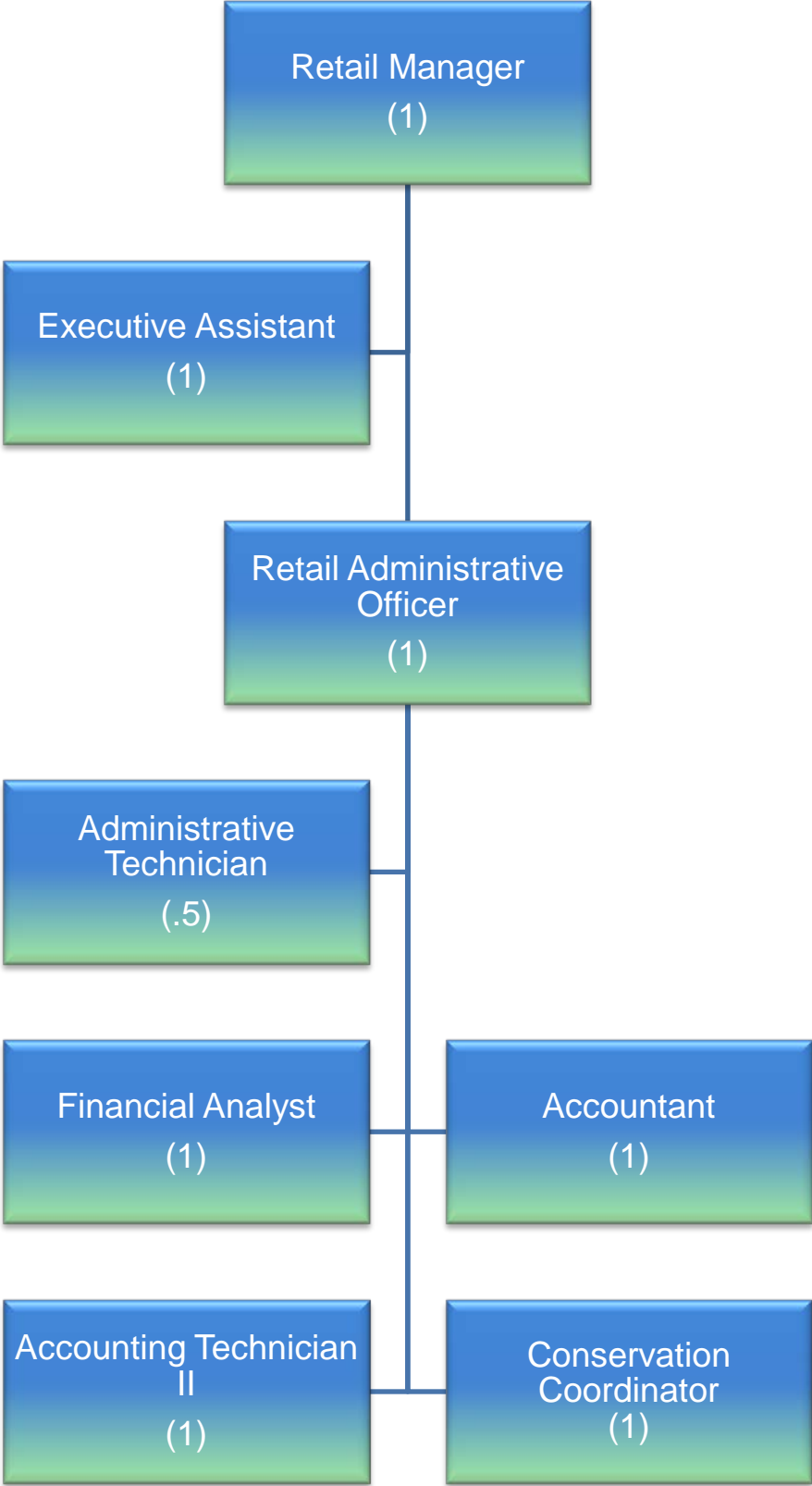
- ◆ Continue to emphasize safety through scheduled safety meetings [ongoing].

Long Term Actions

- ◆ *Enhance web-based and social marketing information [ongoing].*
- ◆ *Promote SCWD's training and educational seminar attendance with respect to job related requirements [ongoing].*

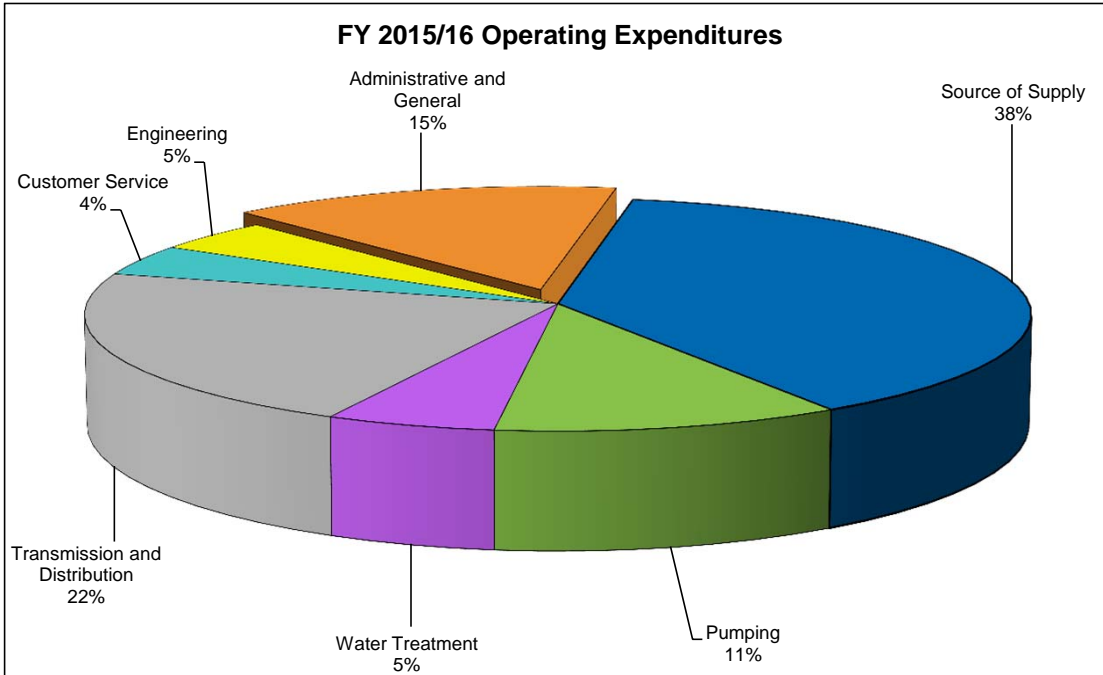
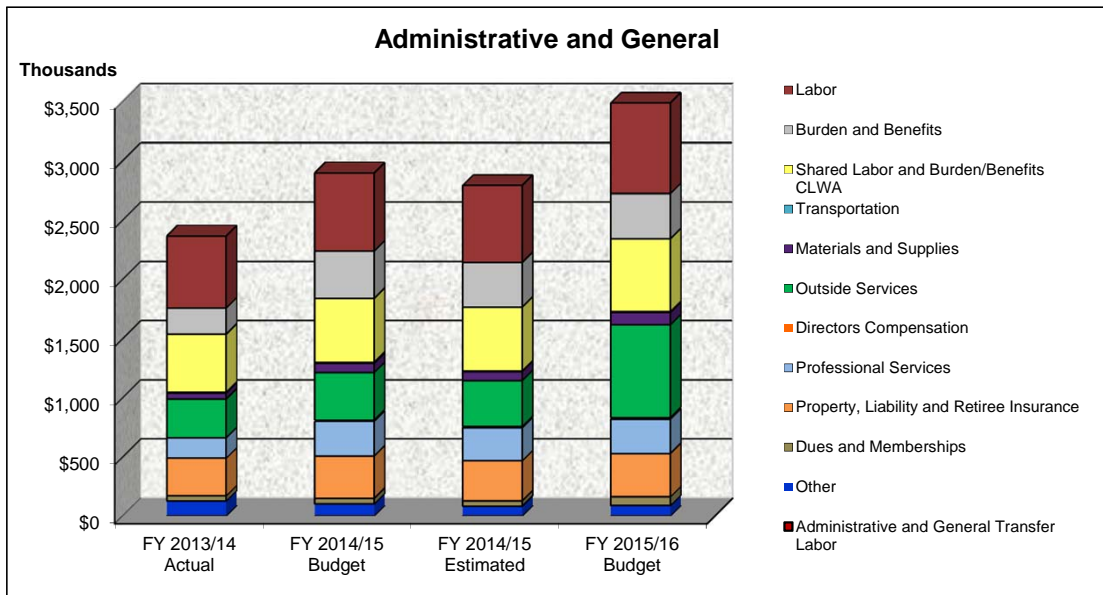
P1, P2 and P3 actions indicate highest, high and normal priority, respectively, and are shown in blue.

Administrative and General Organizational Chart



**Santa Clarita Water Division
Administrative and General Expenditures
FY 2015/16 Budget**

Administrative and General Expenditures	FY 2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2015/16 Budget
Labor	\$ 606,610	\$ 659,400	\$ 647,651	\$ 763,200
Burden and Benefits	219,650	398,000	375,982	380,500
Shared Labor and Burden/Benefits CLWA	491,116	540,800	540,227	615,500
Transportation	5,933	6,500	6,424	6,500
Materials and Supplies	51,434	79,400	74,928	104,500
Outside Services	327,945	401,900	389,081	784,200
Directors Compensation	-	12,000	10,549	12,000
Professional Services	173,320	291,100	279,912	290,300
Property, Liability and Retiree Insurance	318,397	358,100	336,490	368,100
Dues and Memberships	43,901	48,300	45,339	73,400
Other	126,475	102,000	84,577	88,300
Administrative and General Transfer Labor	(151,934)	(135,000)	(130,324)	(132,000)
Total Administrative and General	\$ 2,212,847	\$ 2,762,500	\$ 2,660,836	\$ 3,354,500



**Santa Clarita Water Division
Administrative and General
FY 2014/15 Budget vs. FY 2015/16 Budget**

Administrative and General

	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change	*
901210001 Operating Expenses						
Labor	\$ 606,610	\$ 658,400	\$ 762,600	\$ 104,200	16%	A
Overtime	-	1,000	600	(400)	-40%	
Burden and Benefits	219,650	398,000	380,500	(17,500)	-4%	
Shared Labor and Burden/Benefits from CLWA	491,116	540,800	615,500	74,700	14%	B
Transportation	5,933	6,500	6,500	-	0%	
Materials and Supplies						
Internal Relations	-	200	300	100	50%	
Office Supplies	10,032	24,500	24,000	(500)	-2%	
Postage	2,053	2,700	2,500	(200)	-7%	
Parts and Materials	39,349	52,000	77,700	25,700	49%	C
Outside Services						
Education and Seminars	14,696	20,100	18,300	(1,800)	-9%	
Temporary Personnel Services	25,687	-	80,000	80,000	100%	D
Outside Services and Contracting	279,034	371,000	675,900	304,900	82%	E
Office Equipment Repair	8,528	10,800	10,000	(800)	-7%	
Directors Compensation	-	12,000	12,000	-	0%	
Professional Services - Legal	66,855	110,000	110,300	300	0%	
Professional Services - Other	106,465	181,100	180,000	(1,100)	-1%	
Other						
Telephone - Office and Cell Phone	27,149	26,600	28,700	2,100	8%	
Utilities - Electricity and Gas (Office Building)	29,581	35,000	36,000	1,000	3%	
Miscellaneous including permits	57,345	20,000	15,000	(5,000)	-25%	
Rent	9,710	15,000	5,900	(9,100)	-61%	
Insurance	318,397	358,100	368,100	10,000	3%	
Dues, Memberships and Employee Expense	43,901	48,300	73,400	25,100	52%	F
Franchise Requirements	2,690	5,400	2,700	(2,700)	-50%	
Administrative and General Transfer Labor	(151,934)	(135,000)	(132,000)	3,000	-2%	
Total Administrative and General Expenses	\$ 2,212,847	\$ 2,762,500	\$ 3,354,500	\$ 592,000	21%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

- A. Labor increases by \$104,200, or 16%, due to the proposed new Conservation Coordinator position and anticipated step increases for eligible employees.
- B. Shared Labor and Burden/Benefits increase by \$74,700, or 14%, due to the additional IT Technician position to be shared with CLWA.
- C. Parts and Materials increase by \$25,700, or 49%, due to the transfer of the conservation program from Engineering and an increase in the number of personal computers due for replacement.
- D. Temporary Personnel Services increase by \$80,000, or 100%, due to the transfer of temporary personnel for conservation from Engineering.
- E. Outside Services and Contracting increases by \$304,900, or 82%, due to the transfer of conservation programs from Engineering.
- F. Dues, Memberships and Employee Expense increase by \$25,100, or 52%, due to the transfer of conservation dues and memberships from Engineering.

**Santa Clarita Water Division
Administrative and General
FY 2014/15 Estimated vs. FY 2015/16 Budget**

Administrative and General

	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change	*
901210001 Operating Expenses						
Labor	\$ 606,610	\$ 647,074	\$ 762,600	\$ 115,526	18%	G
Overtime	-	577	600	23	4%	
Burden and Benefits	219,650	375,982	380,500	4,518	1%	
Shared Labor and Burden/Benefits from CLWA	491,116	540,227	615,500	75,273	14%	H
Transportation	5,933	6,424	6,500	76	1%	
Materials and Supplies						
Internal Relations	-	200	300	100	50%	
Office Supplies	10,032	23,431	24,000	569	2%	
Postage	2,053	2,398	2,500	102	4%	
Parts and Materials	39,349	48,899	77,700	28,801	59%	I
Outside Services						
Education and Seminars	14,696	19,667	18,300	(1,367)	-7%	
Temporary Personnel Services	25,687	-	80,000	80,000	100%	J
Outside Services and Contracting	279,034	359,818	675,900	316,082	88%	K
Office Equipment Repair	8,528	9,596	10,000	404	4%	
Directors Compensation	-	10,549	12,000	1,451	14%	
Professional Services - Legal	66,855	107,050	110,300	3,250	3%	
Professional Services - Other	106,465	172,862	180,000	7,138	4%	
Other						
Telephone - Office and Cell Phone	27,149	27,196	28,700	1,504	6%	
Utilities - Electricity and Gas (Office Building)	29,581	34,380	36,000	1,620	5%	
Miscellaneous including permits	57,345	14,485	15,000	515	4%	
Rent	9,710	5,816	5,900	84	1%	
Insurance	318,397	336,490	368,100	31,610	9%	
Dues and Memberships	43,901	45,339	73,400	28,061	62%	L
Franchise Requirements	2,690	2,700	2,700	-	0%	
Administrative and General Transfer Labor	(151,934)	(130,324)	(132,000)	(1,676)	1%	
Total Administrative and General Expenses	\$ 2,212,847	\$ 2,660,836	\$ 3,354,500	\$ 693,664	26%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Estimated:

- G. Labor increases by \$115,526, or 18%, due to the proposed new Conservation Coordinator position and anticipated step increase for eligible employees.
- H. Shared Labor and Burden/Benefits increase by \$75,273, or 14%, due to the additional IT Technician position to be shared with CLWA.
- I. Parts and Materials increase by \$28,801, or 59%, due to the transfer of the conservation program from Engineering and an increase in the number of personal computers due for replacement.
- J. Temporary Personnel Services increase by \$80,000, or 100%, due to the transfer of temporary personnel for conservation from Engineering.
- K. Outside Services and Contracting increases by \$316,082, or 88%, due to the transfer of conservation programs from Engineering.
- L. Dues, Memberships and Employee Expense increase by \$28,061, or 62%, due to the transfer of conservation dues and memberships from Engineering.

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**Santa Clarita Water Division
Burden and Benefits
FY 2014/15 Budget vs. FY 2015/16 Budget**

Burden and Benefits	FY 2013/14 Actual	FY 2014/15 Budget	FY 2015/16 Budget	Change from FY 2014/15 Budget	% Change	
Employee Assistance Program	\$ 2,162	\$ 1,800	\$ 1,800	\$ -	0%	
In-Lieu Sick Salary	17,192	18,000	37,000	19,000	106%	
In-Lieu Medical Insurance	137,052	140,000	160,000	20,000	14%	A
Deferred Compensation	98,272	118,000	137,700	19,700	17%	
PERS Retirement	644,042	772,500	709,900	(62,600)	-8%	
Medical Insurance	578,954	702,300	669,200	(33,100)	-5%	
Dental Insurance	87,562	92,000	90,300	(1,700)	-2%	
Life Insurance	10,971	11,500	12,500	1,000	9%	
Vision Insurance	11,016	12,300	13,500	1,200	10%	
Long Term Disability	22,113	25,000	24,900	(100)	0%	
FICA/Medicare Tax	62,334	68,000	69,000	1,000	2%	
OPEB - Retiree Medical Insurance	452,493	285,000	321,100	36,100	13%	B
Total Burden and Benefits/Distribution	\$ 2,124,163	\$ 2,246,400	\$ 2,246,900	\$ 500	0%	
Transfer Source of Supply Benefits	\$ (83,396)	\$ (98,400)	\$ (74,100)	\$ 24,300	-25%	C
Transfer Pumping Benefits	(134,769)	(158,000)	(173,300)	(15,300)	10%	
Transfer Water Treatment Benefits	(193,090)	(199,000)	(230,900)	(31,900)	16%	D
Transfer Transmission and Distribution Benefits	(898,895)	(970,000)	(1,007,500)	(37,500)	4%	
Transfer Customer Service Benefits	(230,579)	(215,000)	(190,100)	24,900	-12%	E
Transfer Engineering Benefits	(188,430)	(208,000)	(190,500)	17,500	-8%	
Transfer Administrative and General Benefits	(395,004)	(398,000)	(380,500)	17,500	-4%	
Total Transfer of Burden and Benefits	\$ (2,124,163)	\$ (2,246,400)	\$ (2,246,900)	\$ (500)	0%	

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Budget:

- A. In-Lieu Medical Insurance increases by \$20,000, or 14%, due to higher employee participation from new hires in FY 2014/15.
- B. OPEB - Retiree Medical Insurance increases \$36,100, or 13%, due to proposed additional positions.
- C. Transfer Source of Supply Benefits decrease \$24,300, or 25%, based on prior year estimated actual.
- D. Transfer Water Treatment Benefits increase \$31,900, or 16%, due to two new proposed Production Operator II positions.
- E. Transfer Customer Service Benefits decrease \$24,900, or 12% due to anticipated lower medical rates from budgeted FY 2014/15 rates and lower PERS employer contribution rate for new employees.

**Santa Clarita Water Division
Burden and Benefits
FY 2014/15 Estimated vs. FY 2015/16 Budget**

Burden and Benefits

	FY 2013/14 Actual	FY 2014/15 Estimated	FY 2015/16 Budget	Change from FY 2014/15 Estimated	% Change	
Employee Assistance Program	\$ 2,162	\$ 1,615	\$ 1,800	\$ 185	12%	*
In-Lieu Sick Salary	17,192	35,693	37,000	1,307	4%	
In-Lieu Medical Insurance	137,052	155,617	160,000	4,383	3%	
Deferred Compensation	98,272	96,612	137,700	41,088	43%	F
PERS Retirement	644,042	710,489	709,900	(589)	0%	
Medical Insurance	578,954	565,435	669,200	103,765	18%	G
Dental Insurance	87,562	84,202	90,300	6,098	7%	
Life Insurance	10,971	10,985	12,500	1,515	14%	
Vision Insurance	11,016	11,306	13,500	2,194	19%	
Long Term Disability	22,113	21,678	24,900	3,222	15%	
FICA/Medicare Tax	62,334	64,894	69,000	4,106	6%	
OPEB - Retiree Medical Insurance	452,493	282,603	321,100	38,497	14%	H
Total Burden and Benefits/Distribution	\$ 2,124,163	\$ 2,041,129	\$ 2,246,900	\$ 205,771	10%	
Transfer Source of Supply Benefits	\$ (83,396)	\$ (71,566)	\$ (74,100)	\$ (2,534)	4%	
Transfer Pumping Benefits	(134,769)	(148,700)	(173,300)	(24,600)	17%	I
Transfer Water Treatment Benefits	(193,090)	(192,627)	(230,900)	(38,273)	20%	J
Transfer Transmission and Distribution Benefits	(898,895)	(873,187)	(1,007,500)	(134,313)	15%	K
Transfer Customer Service Benefits	(230,579)	(197,739)	(190,100)	7,639	-4%	
Transfer Engineering Benefits	(188,430)	(186,325)	(190,500)	(4,175)	2%	
Transfer Administrative and General Benefits	(395,004)	(370,985)	(380,500)	(9,515)	3%	
Total Transfer of Burden and Benefits	\$ (2,124,163)	\$ (2,041,129)	\$ (2,246,900)	\$ (205,771)	10%	

Notes:

* Changes of more than 10% and more than \$20,000.

FY 2015/16 Budget compared to FY 2014/15 Estimated:

F. Deferred Compensation increases \$41,088, or 43%, due to proposed additional positions.

G. Medical Insurance increases by \$103,765 or 18%, due to proposed additional positions and full year funding for vacant positions.

H. OPEB - Retiree Medical Insurance increases by \$38,497, or 14% due to proposed additional positions and full year funding for vacant positions.

I. Transfer Pumping Benefits increase by \$24,600, or 17%, due to two new proposed Production Operator II positions and full year funding for vacant positions.

J. Transfer Water Treatment Benefits increase by \$38,273, or 20%, due to two new proposed Production Operator II positions and full year funding for vacant positions.

K. Transfer Transmission and Distribution Benefits increase by \$134,313, or 15%, due to proposed Administrative Technician position, proposed Senior Field Customer Service Representative and full year funding for vacant positions.

**Santa Clarita Water Division
Reserve Funds
Final FY 2015/16 Budget**

Operating Reserve Fund - 25% of Annual Operating Expense Budget

The Operating Expense Fund is used for working cash and unscheduled costs relating to the operation of the retail water system. Additions to the Operating Expense Fund are made from retail water revenues. The fund was established in January 2004 to reach the target by June 2014. Currently the Operating Reserve Fund is set at 25% of annual operating expenses.

Rate Stabilization Reserve Fund - 10% of Annual Operating Revenue Budget

The Rate Stabilization Fund covers variations in water sales resulting from unusual seasons, major consumption reduction due to voluntary conservation and to adjust for net loss of revenues in the event of a catastrophic loss of imported water supplies which serves to defer rate increases due to temporary reductions in water sales. Currently the Rate Stabilization Fund is set at 10% of annual revenues reaching the target by June 2016.

Capital Reserve Fund - \$1,000,000

The Capital Reserve Fund is to cover unexpected and unplanned infrastructure and replacement repairs not included in the budget. The Fund was established in November 2013 to reach the target by June 2014. Currently the Capital Reserve Fund is set at a flat amount of \$1,000,000, which is approximately 20% of average annual CIP.

Emergency Reserve Fund - \$1,000,000

The Emergency Reserve Fund is to cover emergency repairs due to unforeseen natural disasters such as earthquake, fire, etc. The Emergency Fund would assist to cover immediate repairs to restore SCWD's operations for continued water delivery to its customers. The fund was established during the FY 2015/16 budget process and to reach the target by June 2016. Currently the Emergency Reserve Fund is set at a flat amount of \$1,000,000.

Unrestricted Reserve Fund

The Unrestricted Fund balance is the residual net resources in excess of the Operating Expense Fund, the Rate Stabilization Fund, the Capital Reserve Fund and the CIP Fund. The Unrestricted Fund can be used to fund future CIP, increase existing or add new Reserve Funds and/or mitigate any future risks and ensure the Division's creditworthiness. Unrestricted amounts are available for any purposes with the Board of Director's approval. The liquidity of the Unrestricted Fund will maintain and possibly strengthen the Division's credit rating.

Reserve Fund	FY 2015/16 Estimated Beginning Balance	Additions to Reserves	Uses of Fund	FY 2015/16 Estimated Ending Balance
Operating Reserve Fund	\$ 5,498,500	\$ 192,600	\$ -	\$ 5,691,100
Rate Stabilization Reserve Fund	1,507,050	1,146,480	-	2,653,530
Capital Reserve Fund	1,000,000	-	-	1,000,000
Emergency Reserve Fund	-	1,000,000	-	1,000,000
Unrestricted Reserve Fund	<u>13,238,900</u>	<u>-</u>	<u>(6,411,280)</u>	<u>6,827,620</u>
Total	<u>\$ 21,244,450</u>	<u>\$ 2,339,080</u>	<u>\$ (6,411,280)</u>	<u>\$ 17,172,250</u>

**Santa Clarita Water Division
Reserve Funds
Final FY 2015/16 Budget**

Reserve Fund	FY 2015/16 Estimated Beginning Balance	Target as of FY Ending 6/30/16	Target as of 6/30/2016*	% of Target	Funding Level
Operating Reserve Fund ¹	\$ 5,498,500	\$ 5,691,100	\$ 5,691,100	100%	25% of Annual Operating Budget
Rate Stabilization Reserve Fund ²	1,507,050	2,653,530	2,653,530	100%	10% of Annual Operating Revenues
Capital Reserve Fund	1,000,000	1,000,000	1,000,000	100%	Flat amount
Emergency Reserve Fund	-	1,000,000	1,000,000	100%	Flat amount
Unrestricted Reserve Fund	<u>13,238,900</u>	<u>6,827,620</u>	<u>6,827,620</u>		
Total Reserve Funds	<u>\$ 21,244,450</u>	<u>\$ 17,172,250</u>	<u>\$ 17,172,250</u>		

* Based on FY 2015/16 Budget

¹ Operating Expense Fund - 25% of Annual Operating Expense Budget

FY 2015/16 Annual Operating Expense Budget	\$ 22,764,200
	<u>25%</u>
Target Balance	\$ 5,691,100

² Rate Stabilization Fund - 10% of Annual Operating Revenue Budget

FY 2015/16 Operating Revenues	\$ 26,535,300
	<u>10%</u>
Target Balance	\$ 2,653,530

**Santa Clarita Water Division
Capital Improvement Projects
FY 2015/16 Budget**

Introduction

The CIP has been developed based on the 2013 Water System Master Plan to determine its existing infrastructure improvements and other project needs for near-term improvements associated with development (based upon the City/County's pending development records). The improvements required for the existing water system totals \$42,683,234 based upon the 2013 master planning efforts. SCWD has an existing CIP for non-master plan improvements that totals \$11,364,000. Developer impact capacity fees are anticipated to be collected from various real estate development projects at the planning phase. The amount of these impact capacity fees is currently forecasted to be \$600,000 during FY 2015/16 and would be utilized to offset costs associated with improvements to storage, booster pumping, supply and distribution as system needs are realized in the future or to reimburse developers who advanced greater system improvement costs.

Capital projects were identified in the Water Master Plan based on established Design Criteria. The Design Criteria establish the minimum capacity or efficiency of all components constituting the water delivery infrastructure. The Design Criteria were developed jointly by SCWD and Civiltec Engineering, Inc. to ensure compliance with federal, state and local regulations related to health, safety and fire fighting, as well as to provide a framework for efficient operation of facilities and logical expansion of the distribution system needed to meet future demand requirements.

The resulting projects were then prioritized by each system component category (e.g., storage, supply, pipelines, etc.). Furthermore, the 2013 Water Master Plan will be utilized as the guideline for all projects.

Capital Projects

Capital projects are defined as non-operating expense items of the budget, which include expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects. Capital projects must have a minimum life of one year or more, but typically have a life of five years or more.

The categories of capital projects are:

- ◆ **Major Capital Improvement 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. Projects associated with the expansion of service due to growth or increase in demand that cost more than \$250,000. Major capital improvement projects are typically included in the 2013 Water Master Plan.

- ◆ **Minor Capital Improvement 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. Projects associated with the expansion of service due to growth or increase in demand that cost \$250,000 or less. Minor capital improvement projects are typically included in the 2013 Water Master Plan.

Capital Improvement Projects

- ◆ Repair and Replacement Projects. Any repair or refurbishment and replacement to SCWD's existing water infrastructure that extends the life a minimum of at least one year but typically five years or more and costs \$5,000 or more.
- ◆ Capital Planning, Studies and Administration. The initial planning costs of future capital improvement projects such as site feasibility studies, permit requirements, evaluations or tests and other non-recurring reports, etc.
- ◆ Capital Equipment. The purchase, replacement, maintenance and upgrading of fixed asset equipment essential to supporting administrative and service needs with a cost of \$5,000 or more and has a minimum of at least one year life but typically five years or more.

Additional detail is included on the following pages for both major and minor capital improvement projects. Details for projects costing over \$250,000 include title, type, source, description, purpose, justification, budgeted cost estimate, benefit/impact, location/extent and schedule. Details for projects costing \$250,000 and below include title, type, description and budgeted cost estimate. The projects are listed in alphabetical order within each category (i.e. Major Capital Improvement Projects, Minor Capital Improvement Projects, Repair and Replacement Projects, Capital Planning, Studies and Administration and Capital Equipment).

**Santa Clarita Water Division
Capital Improvement Program Summary
FY 2015/16 Budget**

SCWD Capital
SCWD Capital Carry-Forward \$ 2,856,680
FY 2015/16 SCWD Capital 5,509,700
Subtotal SCWD Capital \$ 8,366,380

Expansion Capital
Expansion Capital Carry-Forward \$ 30,874
FY 2015/16 Expansion Capital 1,007,500
Subtotal Expansion Capital \$ 1,038,374

FY 2015/16 Total: \$ 9,404,754

Category	Prior Years	FY 2014/15	FY 2014/15	FY 2014/15	FY 2015/16
	Carry-Forward	Budget	Estimate	Carry-Forward	Budget
Major Capital Improvement Projects	\$ 1,430,364	\$ 1,698,000	\$ 691,792	\$ 2,436,572	\$ 204,000
Minor Capital Improvement Projects	-	-	-	-	250,000
Repair and Replacement Projects	687,146	3,250,400	3,265,679	450,982	4,320,700
Capital Equipment	1,117,696	1,828,000	2,725,992	-	1,742,500
Total Capital Projects	3,235,206	6,776,400	6,683,463	2,887,554	6,517,200
Less COP Capital Projects	(1,133,452)	(3,201,000)	(4,334,452)	-	-
Less Expansion Capital Projects	(173,258)	(380,000)	(419,248)	(30,874)	(1,007,500)
Total SCWD Capital Projects	\$ 1,928,496	\$ 3,195,400	\$ 1,929,763	\$ 2,856,680	\$ 5,509,700

Santa Clarita Water Division Capital Fund Summary	FY 2015/16 Beginning Balance	FY 2015/16 Additions	FY 2015/16 Use of Funds	FY 2015/16 Ending Balance
Expansion Fund	\$ 4,516,840	\$ 600,000	\$ (1,038,374)	\$ 4,078,466
CIP Fund	2,856,680	5,509,700	(6,366,380)	2,000,000
Total Fund Balance	\$ 7,373,520	\$ 6,109,700	\$ (7,404,754)	\$ 6,078,466

Expansion
COP

**Santa Clarita Water Division
Capital Improvement Program
FY 2015/16 Budget**

	FY 2013/14 and Prior Years	FY 2014/15	FY 2014/15	FY 2014/15	FY 2015/16	***
Major Capital Improvement Projects	Carry-Forward	Budget	Estimated	Carry-Forward	Budget	Page Location
Reservoirs						
3.0 MG Deane Tank*	\$ 144,943	\$ -	\$ 704	\$ 144,239	\$ -	
3.5 MG Friendly Valley Tank	1,249,120		15,736	1,233,384		
3.25 MG Placerita Tank	7,880	1,066,000	14,931	1,058,949		
1.0 MG Seco Tank		-		-	204,000	169
Pipelines						
Bouquet Canyon Road Pipeline from David Way to Shadow Valley Lane	28,421	632,000	660,421	-	-	
Total Major Capital Improvement Projects	\$ 1,430,364	\$ 1,698,000	\$ 691,792	\$ 2,436,572	\$ 204,000	

	FY 2013/14 and Prior Years	FY 2014/15	FY 2014/15	FY 2014/15	FY 2015/16	***
Minor Capital Improvement Projects	Carry-Forward	Budget	Estimated	Carry-Forward	Budget	Page Location
Infrastructure						
Warehouse Modular	\$ -	\$ -	\$ -	\$ -	\$ 250,000	170
Total Minor Capital Improvement Projects	\$ -	\$ -	\$ -	\$ -	\$ 250,000	

	FY 2013/14 and Prior Years	FY 2014/15	FY 2014/15	FY 2014/15	FY 2015/16	***
Repair and Replacement Projects	Carry-Forward	Budget	Estimated	Carry-Forward	Budget	Page Location
Wells						
Clark Well	-	-	-	-	\$ 20,000	171
Mag Meter - Well	\$ -	\$ 9,000	\$ 9,000	\$ -	16,000	171
North Oaks Central Well	35,000	-	-	35,000	-	
North Oaks East Well	-	-	-	-	129,000	171
North Oaks West Well	-	-	-	-	135,000	172
Self-Generating Chlorine Unit at Clark Well	-	136,000	-	-	-	
Self-Generating Chlorine Unit at Valley Center Well	-	136,000	-	136,000	169,000	173
Sierra Well	50,521	-	50,521	-	-	
Variable Frequency Drive (VFD) Upgrade for Wells	(40,063)	229,000	188,937	-	110,000	174
Well Allowance	-	50,000	50,000	-	246,000	174
Pressure Regulating Stations						
Delight Street/Bakerton Avenue	99	40,000	35,099	-	-	
Felbridge Street/Oakmoor Street	315	40,000	35,315	-	-	
Placerita Canyon Road	-	4,700	4,901	(201)	50,000	175
Prairie Lane at Soledad Canyon Road	21,785	-	8,900	-	-	
Rainbow Glen/Sierra Highway	-	-	-	-	5,200	175
Whites Canyon and Americana	-	4,700	3,915	785	52,000	176
Subtotal Repair and Replacement Projects	\$ 67,657	\$ 649,400	\$ 386,588	\$ 171,584	\$ 932,200	

* Originally bond financed in FY 2013/14 Budget

** Bond financed starting in FY 2013/14

*** CIP Detail Description Page Location Number

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**Santa Clarita Water Division
Capital Improvement Program
FY 2015/16 Budget**

	FY 2013/14 and Prior Years	FY 2014/15	FY 2014/15	FY 2014/15	FY 2015/16	*** Page
Repair and Replacement Projects (Cont.)	Carry-Forward	Budget	Estimated	Carry-Forward	Budget	Location
Booster Pumps						
Booster Allowance	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 317,000	177
Booster Mag Meter	-	20,000	20,000	-	45,000	178
Catala Pressure Station**	12,868	-	12,868	-	-	
Circle J Pressure Station	2,040	43,000	22,189	22,851	30,000	
Circle J Pressure Station (Expansion)	2,040	43,000	14,166	30,874	30,000	
Subtotal Circle J Pressure Station	4,080	86,000	36,355	53,725	60,000	179
Gregory Booster	55,000	-	-	55,000	-	
Honby Booster	71,597	-	15,871	55,726	-	
Imported Water Connection Upgrade	-	-	-	-	83,000	180
Imported Water Mag Meter	-	-	-	-	7,000	180
Lower Fair Oaks Bypass	-	-	-	-	89,000	180
North Oaks Booster	49,000	-	-	49,000	54,000	181
Placerita Booster - SC-12	-	-	-	-	314,000	
Placerita Booster - SC-12 (Expansion)	-	-	-	-	314,000	
Subtotal Placerita Booster - SC-12					628,000	182
Princess Pressure Station**	345,187	-	345,187	-	-	
Soledad Booster	35,000	-	-	35,000	-	
Whites Canyon Booster	35,000	-	13,500	21,500	190,500	183
Reservoirs						
Asphalt Replacement/Repair	-	108,000	108,000	-	138,500	
Asphalt Replacement/Repair (Expansion)	-	108,000	108,000	-	138,500	
Subtotal Asphalt Replacement/Repair	-	216,000	216,000	-	277,000	184
Friendly Valley No. 2 Tank Interior Coating/Retrofit	-	130,000	130,000	-	-	
Friendly Valley No. 2 Tank Interior/Retrofit (Expansion)	-	130,000	130,000	-	-	
Subtotal Friendly Valley No. 2 Interior/Retrofit	-	260,000	260,000	-	-	
Honby No. 1 Tank Exterior Roof	-	-	-	-	160,000	
Honby No. 1 Tank Exterior Roof (Expansion)	-	-	-	-	160,000	
Subtotal Honby No. 1 Tank Exterior Roof	-	-	-	-	320,000	185
Placerita No. 2 Tank Interior Coating/Retrofit	-	-	-	-	230,000	
Placerita No. 2 Tank Interior/Retrofit (Expansion)	-	-	-	-	230,000	
Subtotal Placerita No. 2 Interior/Retrofit	-	-	-	-	460,000	186
Programmed Pipeline and Service Replacement						
Fitch Avenue Bridge Rebuild - Phase 2 and 3	4,761	138,000	80,761	-	-	
Green Mountain Pipeline, et al	10,384	977,000	987,384	-	-	
Honby Zone Distribution Operation Congestion	-	-	-	-	53,000	187
Luther Drive and North Oaks East Pipeline Improvements	-	19,000	9,553	9,447	280,000	188
Rainbow Glen	-	-	-	-	25,000	189
Sand Canyon Pipeline from Lost Canyon Road to Delone Street	(3,388)	335,000	331,612	-	-	
Service Line Replacement Program FY 2014/15	-	500,000	500,000	-	-	
Service Line Replacement Program FY 2015/16	-	-	-	-	500,000	190
Total Repair and Replacement Projects	\$ 687,146	\$ 3,250,400	\$ 3,265,679	\$ 450,982	\$ 4,320,700	

* Originally bond financed in FY 2013/14 Budget

** Bond financed starting in FY 2013/14

*** CIP Detail Description Page Location Number

Expansion

COP

**Santa Clarita Water Division
Capital Improvement Program
FY 2015/16 Budget**

	FY 2013/14 and Prior Years	FY 2014/15	FY 2014/15	FY 2014/15	FY 2015/16	*** Page
Capital Equipment	Carry-Forward	Budget	Estimated	Carry-Forward	Budget	Location
Meters						
Automated Meter Reading (AMR)**	\$ 752,848	\$ 1,257,000	\$ 2,009,848	\$ -	\$ 769,000	191
Computer Software						
Computerized Maintenance Management System (CMMS)	50,715	25,000	2,578	-	-	
CMMS (Expansion)	80,715	25,000	2,579	-	-	
Subtotal CMMS	131,430	50,000	5,157	-	-	
Sungard FinPlus Upgrade Version 5.0	15,018	-	9,595	-	-	
Utility Billing and Customer Information System	37,393	-	37,393	-	-	
VM Failover Software		16,000	13,000	-	-	
Computer Hardware						
Exchange Database Availability Group (DAG)	-	-	-	-	55,000	192
IT Disaster Recovery Equipment	-	75,000	45,000	-	-	
Network Resiliency Upgrade Contingencies	-	-	-	-	50,000	192
SAN System Upgrade (Rio Vista)	-	-	-	-	52,500	192
Upgrade HP Network Switches	-	7,000	7,000	-	-	
VMWare Host Failover	-	25,000	25,000	-	-	
Wireless Upgrade (Rio Vista to Retail Warehouse)	-	-	-	-	25,000	193
Building Improvements						
22722 Soledad Canyon Road Building Roof Replacement	-	-	-	-	85,000	194
Facility Video Surveillance	-	-	-	-	33,000	195
Transportation Equipment						
Crew Truck				-	120,000	196
Dump Truck	-	90,000	84,992	-	-	
Exhaust Filter	-	-	-	-	28,000	196
Service Truck	-	90,000	90,000	-	45,000	196
Vacuum Trailer	-	70,000	70,000	-	-	
Water Quality Vans	-	-	-	-	210,000	197
Communications Equipment						
SCADA - Sensor/Equipment Upgrade	44,436	74,000	118,436	-	135,000	
SCADA - Sensor/Equipment Upgrade (Expansion)	44,436	74,000	118,436	-	135,000	
Subtotal SCADA - (Sensor/Equipment Upgrade)	88,872	148,000	236,872	-	270,000	198
SCADA - Upgrade Imported Water Turnouts	46,068	-	46,068	-	-	
SCADA - Upgrade Imported Water Turnouts (Expansion)	46,067	-	46,067	-	-	
Subtotal SCADA - Imported Water Turnouts	92,135	-	92,135	-	-	
Total Capital Equipment	\$ 1,117,696	\$ 1,828,000	\$ 2,725,992	\$ -	\$ 1,742,500	
Total Capital	\$ 3,235,206	\$ 6,776,400	\$ 6,683,463	\$ 2,887,554	\$ 6,517,200	

* Originally bond financed in FY 2013/14 Budget

** Bond financed starting in FY 2013/14

*** CIP Detail Description Page Location Number

Expansion
COP

Major Capital Improvement Projects – Reservoirs

Title: 1.0 MG Seco Tank

Type:
Reservoirs

Source:
2013 SCWD Water Master Plan Chapter 9, Table 9.46 Storage Tank CIP and Table 9.6 Storage Analysis

Description:
Construct 1.0 MG reservoir and associated site and piping improvements at a new tank site.

Purpose:
Add 1.0 MG of storage to improve emergency storage for the Seco Pressure Zone.

Justification:
The Water Master Plan provides guidelines and recommendations for storage in each pressure zone to provide for daily operational demands, fire storage requirements and additional storage to provide for emergencies such as power failures or pipeline breaks. According to the Water Master Plan systems analysis, the Seco zone has adequate storage to meet operational demands and required fire storage but recommends 1.0 MG of additional storage to enhance system reliability in case of emergencies based on current and near term demands (see Table 9.6, Page 9). Excess storage from adjacent pressure zones is not available.

Budgeted Cost Estimate:

The budgeted cost for the project is as follows:

- \$ 204,000 in FY 2015/16 for site investigations and land acquisition
- \$ 211,000 in FY 2016/17 for CEQA study and design
- \$ 830,000 in FY 2017/18 for construction
- \$ 830,000 in FY 2018/19 to complete construction

Total Estimated Budget is \$2,075,000.

Benefit/Impact:
Sufficient storage provides for maximum day demands, fire flow and other emergencies and adds redundancy to a booster pump/reservoir system. In the event of a power outage, water storage helps to maintain service to the pressure zone until power can be restored. Additional storage provides time to mobilize a portable backup generator if necessary.

Location/Extent:
A possible joint venture with the developer of Tract 66561 may provide a tank site.

Schedule:
Siting studies including land acquisition are programmed for FY 2015/16. The CEQA study and design are programmed for FY 2016/17. Construction is programmed to start in FY 2017/18 and be completed in FY 2018/19.

Minor Capital Improvement Projects – Infrastructure

Title: Warehouse Modular

Type:

Office Equipment

Source:

Operations

Description:

The modular will have eight offices, one SCADA room, conference room, storage closet, IT room and a restroom.

Purpose:

The current modular is too small to accommodate our staff and SCADA operating system.

Justification:

The existing leased modular no longer has room to accommodate staff and future growth.

Budgeted Cost Estimate:

- \$250,000 in FY 2015/16

Benefit/Impact:

The new modular will have enough room to accommodate existing staff and equipment with room for growth.

Location/Extent:

21110 West Golden Triangle Road

Schedule:

The project is scheduled to be complete by January 2016.

Repair and Replacement – Wells

Projects Under \$250,000

Title: Clark Well

Type:
Wells

Description:

Remove and replace the electrical equipment for the station, making upgrades based on the Arc Flash analysis study.

Budgeted Cost Estimate:

- \$20,000 in FY 2015/16 for design
- \$129,000 in FY 2016/17 for construction

Total Estimated Budget \$149,000.

Title: Mag Meter - Well

Type:
Wells

Description:

Replace the propeller meter with a mag meter.

Budgeted Cost Estimate:

- \$16,000 in FY 2015/16

Title: North Oaks East Well

Type:
Wells

Description:

Remove and replace the electrical equipment for the station, making upgrades based on the Arc Flash analysis study.

Budgeted Cost Estimate:

- \$129,000 in FY 2015/16

Repair and Replacement – Wells

Projects Under \$250,000

Title: North Oaks West Well

Type:
Wells

Description:

Remove and replace the electrical equipment for the station, making upgrades based on the Arc Flash analysis study.

Budgeted Cost Estimate:

- \$135,000 in FY 2015/16

Repair and Replacement – Wells

Projects Over \$250,000

Title: Self-Generating Chlorine Unit at Valley Center Well

Type:
Wells

Description:
Installation of a self-generating chlorine unit (pilot program).

Purpose:
A more efficient treatment process; minimize labor and reduce chemicals being stored.

Justification:
This is a pilot program to evaluate if this process could be beneficial to SCWD's operation.

Budgeted Cost Estimate:

- \$136,000 in FY 2014/15
- \$169,000 in FY 2015/16

Total Estimated Budget is \$305,000.

Benefit/Impact:
To reduce labor and increase treatment efficiency.

Location/Extent:
Valley Center Well

Schedule:
To be completed during FY 2015/16.

Repair and Replacement – Wells

Projects Under \$250,000

Title: Variable Frequency Drive (VDF) Upgrade for Wells

Type:
Wells

Description:
Install variable frequency drives to well facilities to improve operational flow control.

Budgeted Cost Estimate:

- \$110,000 in FY 2015/16

Title: Well Allowance

Type:
Wells

Description:
To provide funding for unforeseen repairs, motors, pumps, controllers, etc.

Budgeted Cost Estimate:

- \$246,000 in FY 2015/16

Repair and Replacement – Pressure Regulating Stations

Projects Under \$250,000

Title: Placerita Canyon Road

Type:

Pressure Regulating Stations

Description:

Removal and installation of new regulators and vault. Design for this project was completed during FY 2014/15.

Budgeted Cost Estimate:

- \$4,700 in FY 2014/15 for design
- \$50,000 in FY 2015/16 for construction

Total Estimated Budget is \$54,700.

Title: Rainbow Glen/Sierra Highway

Type:

Pressure Regulating Stations

Description:

Design of the removal and installation of new regulators and vault.

Budgeted Cost Estimate:

- \$5,200 in FY 2015/16 for design
- \$50,000 in FY 2016/17 for construction

Total Estimated Budget is \$55,200.

Repair and Replacement – Pressure Regulating Stations

Projects Under \$250,000

Title: Whites Canyon and Americana

Type:

Pressure Regulating Stations

Description:

Removal and installation of new regulators and vault. Design for this project was completed during FY 2014/15.

Budgeted Cost Estimate:

- \$4,700 in FY 2014/15 for design
- \$52,000 in FY 2015/16 for construction

Total Estimated Budget is \$56,700.

Repair and Replacement – Booster Pumps

Projects Over \$250,000

Title: Booster Allowance

Type:
Booster Pumps

Source:
SCWD Engineering and Operations Departments

Description:
To provide funding for unforeseen repairs, motors, pumps, controllers, etc.

Purpose:
To keep the booster pump stations working effectively and efficiently.

Justification:
Repairs to these pumps are in excess of \$5,000 and increase the life of a pump 10 to 15 years.

Budgeted Cost Estimate:

- \$317,000 in FY 2015/16

Benefit/Impact:
The ability to respond to system disruption expeditiously.

Location/Extent:
TBD

Schedule:
To be completed during FY 2015/16.

Repair and Replacement – Booster Pumps

Projects Under \$250,000

Title: Booster Mag Meter

Type:
Booster Pumps

Description:
Replace the propeller meter with a mag meter and install vault.

Budgeted Cost Estimate:

- \$45,000 in FY 2015/16

Repair and Replacement – Booster Pumps

Projects Over \$250,000

Title: Circle J Pressure Station

Type:
Booster Pumps

Source:
SCWD Operations Department

Description:
To replace all of the pumping equipment as well as replacing all of the electrical equipment in order to meet code.

Purpose:
To develop a more reliable system and meet the electrical code.

Justification:
The station does not meet the electrical code. This station is also relied on to provide fire protection.

Cost Estimate:

- \$ 86,000 in FY 2014/15 for design
- \$ 60,000 in FY 2015/16 for design
- \$417,000 in FY 2016/17 for construction

Total Estimated Budget \$563,000.

Benefit/Impact:
Increased reliability

Location/Extent:
Circle J Pressure Station

Schedule:
Design began in FY 2014/15 and is scheduled to be completed in FY 2015/16; construction is scheduled to be completed in FY 2016/17.

Repair and Replacement – Booster Pumps

Projects Under \$250,000

Title: Imported Water Connection Upgrade

Type:
Booster Pumps

Description:
Design an alternate discharge point for the pressure relief valves at three imported water connections.

Budgeted Cost Estimate:

- \$83,000 in FY 2015/16 for design

Title: Imported Water Mag Meter

Type:
Booster Pumps

Description:
This would be an inventory meter for the imported water connections that are gravity fed. SCWD shares the meter signal at these locations with CLWA.

Budgeted Cost Estimate:

- \$7,000 in FY 2015/16

Title: Lower Fair Oaks Bypass

Type:
Booster Pumps

Description:
Install a new Fair Oaks Booster suction line to increase water quality at the Fair Oaks Tanks.

Budgeted Cost Estimate:

- \$89,000 in FY 2015/16

Repair and Replacement – Booster Pumps

Projects Over \$250,000

Title: North Oaks Booster

Type:
Booster Pumps

Source:
SCWD Operations Department

Description:
Complete removal and rebuild of the booster station.

Purpose:
To increase the reliability of the station and to bring the station up to current standards.

Justification:
The station has had leaks; submersible pumps will be replaced with vertical turbine pumps.

Cost Estimate:

- \$ 49,000 in FY 2013/14 for design
- \$ 54,000 in FY 2015/16 for design
- \$377,000 in FY 2016/17 for construction

Total Estimated Budget \$480,000.

Benefit/Impact:
A more efficient and reliable booster station.

Location/Extent:
North Oaks Booster Station

Schedule:
Design began in FY 2013/14 and is scheduled to be completed in FY 2015/16; construction will commence and be completed in FY 2016/17.

Repair and Replacement – Booster Pumps

Projects Over \$250,000

Title: Placerita Booster Station - SC-12

Type:

Booster Pumps

Source:

2013 SCWD Water Master Plan Chapter 9, Table 9.47 - Pump Station CIP

Description:

Equip SC-12 with a booster station and reconfigure to pump to the Placerita Pressure Zone.

Purpose:

The new booster station will increase the capacity of SC-12 from 1,500 gpm to 3,500 gpm.

Justification:

Demands in the east end of the system are greater than current turnout capacity. SCWD currently uses a diesel pump to increase flow from SC-12. The diesel pump is limited and there is planned growth in the east end of the valley.

Budgeted Cost Estimate:

- \$628,000 in FY 2015/16 for site investigation, land acquisition, CEQA compliance and design
- \$1,598,000 in FY 2016/17 for construction

Total Estimated Budget is \$2,226,000

Benefit/Impact:

The proposed booster station will address the Placerita Zone emergency refill deficit by increasing capacity and will also address the North Oaks Pressure Zone deficit by decreasing dependent maximum daily demand.

Location:

SC-12

Schedule:

Design phase is scheduled for FY 2015/16 and construction is planned for FY 2016/17.

Repair and Replacement – Booster Pumps

Projects Under \$250,000

Title: Whites Canyon Booster

Type:
Booster Pumps

Description:

Replace the electrical equipment for the facility with approved equipment. Run a new SCE feed line to the station across Whites Canyon Road. Replace existing chain link fence and install a block wall enclosure.

Budgeted Cost Estimate:

- \$ 35,000 in FY 2012/13 for design
- \$190,500 in FY 2015/16 for construction

Total Estimated Budget \$225,500

Repair and Replacement – Reservoirs

Projects Over \$250,000

Title: Asphalt Replacement/Repair Program

Type:

Reservoirs

Source:

SCWD Operations Department

Description:

This project would remove, replace and/or recondition the asphalt at the Sky Blue Tank facility.

Purpose:

To minimize damage to the facility.

Justification:

Identified by the SCWD Operations Department for reconditioning.

Budgeted Cost Estimate:

- \$277,000 in FY 2015/16

Benefit/Impact:

Increased life expectancy for the facility

Location/Extent:

Sky Blue Tank Facility

Schedule:

To be completed during FY 2015/16.

Repair and Replacement – Reservoirs

Projects Over \$250,000

Title: Honby No. 1 Tank Exterior Roof

Type:

Reservoirs

Source:

CSI Services, Inc. annual inspection and SCWD Operations Department

Description:

Remove and replace the exterior coating system.

Purpose:

Increase the life expectancy of the tank.

Justification:

During the tank inspection it was determined that the tank exterior coating has reached its life expectancy and needs to be replaced.

Budgeted Cost Estimate:

- \$320,000 in FY 2015/16

Benefit/Impact:

Extend the life of the tank.

Location/Extent:

Honby Tank #1

Schedule:

To be completed during FY 2015/16.

Repair and Replacement – Reservoirs

Projects Over \$250,000

Title: Placerita No. 2 Tank Interior

Type:
Reservoirs

Source:
CSI Services, Inc. dive inspection and SCWD Operations Department

Description:
Remove and replace the interior coating of the tank. Retrofit the tank with flex-tends and relocate the drains to the side walls of the tank to withstand seismic activity.

Purpose:
To increase the life expectancy of the tank and prepare to withstand a seismic event.

Justification:
Tank inspection revealed existing coating has surpassed its useful service life and needs to be replaced. Retrofit is for seismic resistance.

Budgeted Cost Estimate:

- \$460,000 in FY 2015/16

Benefit/Impact:
Extend the life of the steel structure of the tank and enhance capability of resisting seismic events.

Location/Extent:
Placerita Tank

Schedule:
To be completed during FY 2015/16.

Repair and Replacement – Programmed Pipeline and Service Replacement

Projects Under \$250,000

Title: Honby Zone Distribution Operational Congestion

Type:
Pipelines

Description:
Design and analyze the Honby Zone and its operation for inefficiencies and possible infrastructure undersize.

Budgeted Cost Estimate:

- \$53,000 in FY 2015/16

Repair and Replacement – Programmed Pipeline and Service Replacement

Projects Over \$250,000

Title: Luther Drive and North Oaks East Pipeline Improvements¹

Type:

Programmed Pipeline and Service Replacement

Source:

SCWD Operations Department

Description:

Construct 575 linear feet (LF) of new 14-inch polyvinyl chloride (PVC) pipeline from Luther Drive to the North Oaks Central Well and construct new discharge piping from the North Oaks East well to the new pipeline. Update easements to reflect new pipeline location in FY 2015/16. Easement updates and the design will be completed in FY 2014/15.

Purpose:

Relocate pipelines on private property and update easements to improve access for operations and maintenance. Construct upgrades to North Oaks East discharge line and facilities.

Justification:

Provide better access for operations and maintenance to pipelines that are located on private property within the Santa Clarita Christian School grounds and Confetti Apartments.

Budgeted Cost Estimate:

Design was completed in FY 2014/15. Construction is programmed for FY 2015/16. Budgeted costs for the project are as follows:

- \$ 19,000 in FY 2014/15 for design
- \$ 280,000 in FY 2015/16 for construction

Total Estimated Budget is \$299,000

Benefit/Impact:

The new pipelines will be relocated to provide better access for operations and maintenance within private property and will extend the pipeline service life by upgrading the existing pipe to PVC.

Location/Extent:

Pipeline extends from Luther Drive south on a private road owned by Confetti Apartments and west on Santa Clarita Christian School grounds to the North Oaks Central Well.

Schedule:

Construction of the new pipeline will be completed in FY 2015/16.

¹ The original project “Luther Drive Pipeline Relocation” identified in the FY 2014/15 Budget was renamed to reflect an expanded scope to include piping improvements to be constructed on the Santa Clarita Christian School grounds.

Repair and Replacement – Programmed Pipeline and Service Replacement

Projects Under \$250,000

Title: Rainbow Glen

Type:

Programmed Pipeline and Service Replacement

Description:

Construct 800 linear feet (LF) of new 10-inch polyvinyl chloride (PVC) pipeline in Rainbow Glen Drive near Scarlett Meadow Drive to improve fire flow in Rainbow Glen Sub-Zone.

Budgeted Cost Estimate:

- \$ 25,000 in FY 2015/16 for design
- \$159,000 in FY 2016/17 for construction

Total Estimated Budget is \$184,000

Repair and Replacement – Programmed Pipeline and Service Replacement

Projects Over \$250,000

Title: Service Line Replacement Program FY 2015/16

Type:

Programmed Pipeline and Service Replacement

Source:

SCWD Operations Department

Description:

Remove old service lines or components.

Purpose:

Preventative maintenance that would replace service lines in areas that have excessive leak history and relocate meters that pose a high risk.

Justification:

Current in-ground materials are failing and creating frequent leaks.

Budgeted Cost Estimate:

- \$500,000 in FY 2015/16

Benefit/Impact:

More reliable distribution system and reduced customer service outages. Risk mitigation on services that pose a financial threat.

Location/Extent:

Various locations

Schedule:

To be completed during FY 2015/16.

Capital Equipment – Meters

Projects Over \$250,000

Title: Automated Meter Reading (AMR)

Type:
Meters

Source:
SCWD Operations Department

Description:
Installation of a drive-by Automated Meter Reading system.

Purpose:
To increase meter reading accuracy, improve customer service and strengthen a safe working environment.

Justification:
The current meter reading method is labor intensive. AMR will increase efficiency and minimize safety hazards.

Budgeted Cost Estimate:

- | | |
|----------------------------|-----------------------------|
| • \$ 600,000 in FY 2008/09 | • \$ 0 in FY 2013/14 |
| • \$ 150,000 in FY 2009/10 | • \$1,257,000 in FY 2014/15 |
| • \$ 0 in FY 2010/11 | • \$ 769,000 in FY 2015/16 |
| • \$ 875,000 in FY 2011/12 | • \$ 800,000 in FY 2016/17 |
| • \$ 0 in FY 2012/13 | • \$ 724,000 in FY 2017/18 |

Total Estimated Budget is \$5,175,000

Benefit/Impact:
The AMR system will provide faster read times. This system will also allow staff to attend training and other programs without interrupting reading schedules. It will reduce human error and enhance staff safety. This program will allow SCWD to utilize employees, currently dedicated to reading meters, for other projects without adding additional employees and increasing payroll costs. This program will also allow SCWD to migrate to an Advanced Metering Infrastructure (AMI) system in the future.

Location/Extent:
All metered service connections and various SCWD water company properties.

Schedule:
Fiscal Year 2015/16:

- Installation of 3,550 SmartPoint transmitters including labor to convert approximately 5,550 meters - 1,550 single services (1550 meters) and 2,000 double services (4000 meters) that require one transmitter.

Capital Equipment – Computer Hardware

Projects Under \$250,000

Title: Exchange Database Availability Group (DAG)

Type:
Computer Hardware

Description:
A high availability (HA) and data recovery solution for the Exchange Server. This solution will create a load balancing feature to better distribute email workloads.

Budgeted Cost Estimate:

- \$55,000 in FY 2015/16

Title: Network Resiliency Upgrade Contingencies

Type:
Computer Hardware

Description:
The ability to provide and maintain an acceptable level of service in the event of any type of disaster.

Budgeted Cost Estimate:

- \$50,000 in FY 2015/16

Title: SAN System Upgrade (Rio Vista)

Type:
Computer Hardware

Description:
Storage Area Network (SAN) units to replace original SAN units that are considered at the end of their life cycle based on industry standards.

Budgeted Cost Estimate:

- \$52,500 in FY 2015/16

Capital Equipment – Computer Hardware

Projects Under \$250,000

Title: Wireless Upgrade (Rio Vista to Retail Warehouse)

Type:

Computer Hardware

Description:

Wireless communication upgrade to replace older unit and accommodate the amount of workstations on the network.

Budgeted Cost Estimate:

- \$25,000 in FY 2015/16

Building Improvements - Roofing

Projects Under \$250,000

Title: 22722 Soledad Canyon Road Building Roof Replacement

Type:

Building Improvements

Description:

Replace the existing old clay tile roof with CertainTeed lifetime fiberglass TL presidential shingles on SCWD's rental building on Soledad Canyon Road to prevent leaks.

Budgeted Cost Estimate:

- \$85,000 in FY 2015/16

Capital Equipment – Building Improvements

Projects Under \$250,000

Title: Facility Video Surveillance

Type:

Communications Equipment

Description:

Design a surveillance system for SCWD storage and pumping facilities.

Budgeted Cost Estimate:

- \$33,000 in FY 2015/16 for design

Capital Equipment – Transportation Equipment

Projects Under \$250,000

Title: Crew Truck

Type:

Transportation Equipment

Description:

The vehicle category and Mileage Guideline: Heavy duty trucks, vans or vehicles (class 3 and under) having a GVWR of 8,501 pounds or more: 125,000 miles or 10 years of age. The replacement is for unit #19; this truck is 10 years old, has 70,000 miles and does not meet AQMD regulations. The truck would be replaced with a Freightliner M2 class/Ford F-750 class truck.

Cost Estimate:

- \$120,000 in FY 2015/16

Title: Exhaust Filter

Type:

Transportation Equipment

Description:

Install a new exhaust filter to meet AQMD regulation on unit # 108. This vehicle is currently used under an exemption that limits its use.

Cost Estimate:

- \$28,000 in FY 2015/16

Title: Service Truck

Type:

Transportation Equipment

Description:

The vehicle category and Mileage Guideline: Heavy duty trucks, vans or vehicles (class 3 and under) having a GVWR of 8,501 pounds or more: 125,000 miles or 10 years of age. The replacement is for unit #29; this truck is 13 years old and has 128,000 miles.

Cost Estimate:

- \$45,000 in FY 2015/16

Capital Equipment – Transportation Equipment

Projects Under \$250,000

Title: Water Quality Vans

Type:

Transportation Equipment

Description:

Replace the two current water quality vans with vans that are more suitable for the use as a mobile water quality lab.

Cost Estimate:

- \$210,000 in FY 2015/16

Capital Equipment – Communications Equipment

Projects Over \$250,000

Title: SCADA (Sensor/Equipment Upgrade)

Type:

Communications Equipment

Source:

SCWD Operations Department

Description:

Installation of sensors to expand the use of the SCADA system.

Purpose:

Improve the response time for systematic issues such as pressure and flow, as well as tracking and modeling of the infrastructure.

Justification:

To build a more robust and reliable system.

Budgeted Cost Estimate:

- \$270,000 in FY 2015/16

Benefit/Impact:

Tracking infrastructure and asset management as well as increasing reliability of the system.

Location/Extent:

Production and storage facilities.

Water Quality



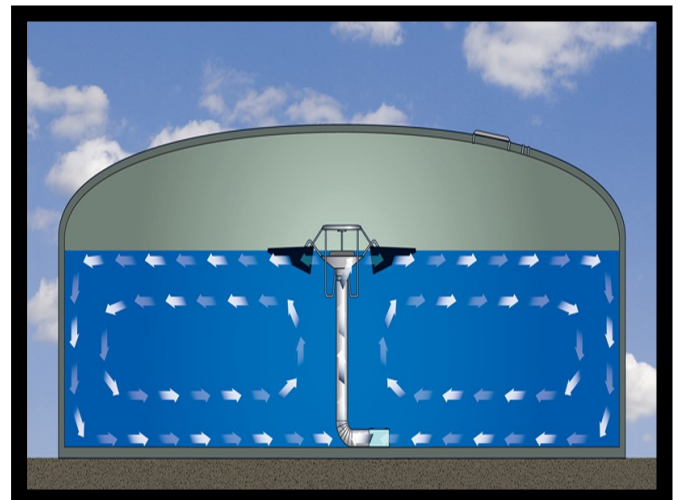
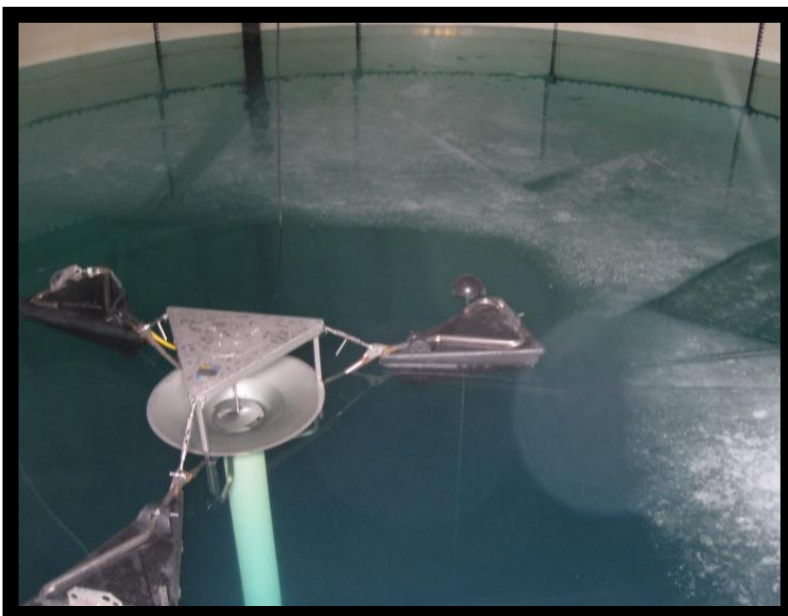
SolarBee is a mixing system for potable water tanks. Solar panels (above) on the roof of the Mesa Tank (below) provide power to the mixing system inside the tank. Mixing the water improves water quality, reduces chemical use and improves the system operating efficiency.



Water Quality



SolarBee mixing unit inside an empty potable water tank (above).



SolarBee mixing unit floating inside a potable water tank (left) and a diagram of how a SolarBee circulates water inside of a tank (right).

**Santa Clarita Water Division
Recap of Long Term Commitments
FY 2015/16 Budget**

Interfund Loan

CLWA acquired Santa Clarita Water Company's stock through condemnation in September 1999 for a purchase price of \$63 million. The acquisition was treated as an Interfund Loan. At the time of the purchase, the CLWA Financial Advisor prepared a financial analysis of SCWC's cash flow. This analysis showed that it was financially feasible to fund the acquisition of the company with its own revenue stream. The interest rate on CLWA's Interfund Loan was 5.04%. SCWD began making payments on the loan in FY 2000/01.

In June 2010 CLWA refunded the 2001 COPs with the 2010 refunding COPs, achieving an all-in true interest cost of 4.23%. As a result, the Board of Directors adopted Resolution Number 2765 on January 26, 2011, adopting the revised payment schedule for the SCWD Interfund Loan at the interest rate of 4.23%.

On September 15, 2011, SCWD refinanced the CLWA Interfund Loan by selling \$52,290,000 of Upper Santa Clara Valley Joint Powers Authority revenue bonds with an average interest rate of 3.52% for a net present value savings of \$3,671,785.53, or 6.32%, over the life of the bond issue.

Certificates of Participation (COPs)

2010B COPs

SCWD sold \$14,475,000 million of COPs through the issuance of premium COPs, which generated \$15,293,202 million in cash to pay issuance costs and to generate construction proceeds of \$15 million.

In June 2015, SCWD defeased \$280,500 (\$275,000 principal and \$5,500 interest) by creating a separate irrevocable trust to prepay the principal and portion of the interest due in FY 2015/16. The defeasance transaction was completed in order to increase the debt service coverage ratio for FY 2015/16. The amount was placed in an escrow account from which principal and interest will be used to make the scheduled principal and a portion of interest payments due on August 1, 2015.

Revenue Bonds

2011A Revenue Bonds

SCWD sold \$52,290,000 million of Revenue Bonds (Upper Santa Clara Valley Joint Powers Authority), which generated \$58,830,049 million in cash to pay issuance cost and to generate the proceeds of \$58,286,314 to refund the Interfund Loan to CLWA.

In June 2015, SCWD defeased \$2,070,600 (\$2,030,000 principal and \$40,600 interest) by creating a separate irrevocable trust to prepay the principal and portion of the interest due in FY 2015/16. The defeasance transaction was completed in order to increase the debt service coverage ratio for FY 2015/16. The amount was placed in an escrow account from which principal and interest will be used to make the scheduled principal and a portion of interest payments due on August 1, 2015.

**Santa Clarita Water Division
2010B COP Payment Schedule - Summary
FY 2015/16 Budget**

Fiscal Year	Principal	Coupon	Interest	Total	Principal Remaining
2010/11	\$ -		\$ 518,907.64	\$ 518,907.64	\$ 14,475,000.00
2011/12	245,000	2.000%	716,037.50	961,037.50	14,230,000.00
2012/13	250,000	2.000%	711,087.50	961,087.50	13,980,000.00
2013/14	255,000	3.000%	704,762.50	959,762.50	13,725,000.00
2014/15	265,000	3.000%	696,962.50	961,962.50	13,460,000.00
* 2015/16	275,000	4.000%	687,487.50	962,487.50	13,185,000.00
2016/17	285,000	4.000%	676,287.50	961,287.50	12,900,000.00
2017/18	290,000	3.000%	666,237.50	956,237.50	12,610,000.00
2018/19	305,000	3.250%	656,931.25	961,931.25	12,305,000.00
2019/20	315,000	5.000%	644,100.00	959,100.00	11,990,000.00
2020/21	330,000	5.000%	627,975.00	957,975.00	11,660,000.00
2021/22	345,000	5.000%	611,100.00	956,100.00	11,315,000.00
2022/23	365,000	5.000%	593,350.00	958,350.00	10,950,000.00
2023/24	380,000	5.000%	574,725.00	954,725.00	10,570,000.00
2024/25	400,000	5.250%	554,725.00	954,725.00	10,170,000.00
2025/26	420,000	5.250%	533,200.00	953,200.00	9,750,000.00
2026/27	445,000	5.250%	510,493.75	955,493.75	9,305,000.00
2027/28	465,000	5.250%	486,606.25	951,606.25	8,840,000.00
2028/29	490,000	5.250%	461,537.50	951,537.50	8,350,000.00
2029/30	515,000	5.250%	435,156.25	950,156.25	7,835,000.00
2030/31	545,000	5.250%	407,331.25	952,331.25	7,290,000.00
2031/32	570,000	5.250%	378,062.50	948,062.50	6,720,000.00
2032/33	600,000	5.250%	347,350.00	947,350.00	6,120,000.00
2033/34	635,000	5.250%	314,931.25	949,931.25	5,485,000.00
2034/35	665,000	5.250%	280,806.25	945,806.25	4,820,000.00
2035/36	700,000	5.250%	244,975.00	944,975.00	4,120,000.00
2036/37	740,000	5.500%	206,250.00	946,250.00	3,380,000.00
2037/38	780,000	5.500%	164,450.00	944,450.00	2,600,000.00
2038/39	820,000	5.500%	120,450.00	940,450.00	1,780,000.00
2039/40	865,000	5.500%	74,112.50	939,112.50	915,000.00
2040/41	915,000	5.500%	25,162.50	940,162.50	-
	\$ 14,475,000.00		\$ 14,631,551.39	\$ 29,106,551.39	\$ -

* Deceased (prepaid) FY 2015/16 Principal \$275,000 and Interest \$5,500 in June 2015.

**Santa Clarita Water Division
2011A USCVJPA Bond - Payment Schedule Summary
FY 2015/16 Budget**

Fiscal Year	Principal	Coupon	Interest	Total	Principal Remaining
2011/12	\$ -		\$ 925,919.17	\$ 925,919.17	\$ 52,290,000.00
2012/13	1,200,000	3.000%	2,432,962.50	3,632,962.50	51,090,000.00
2013/14	1,685,000	3.000%	2,389,687.50	4,074,687.50	49,405,000.00
2014/15	1,850,000	3.000%	2,336,662.50	4,186,662.50	47,555,000.00
* 2015/16	2,030,000	4.000%	2,268,312.50	4,298,312.50	45,525,000.00
2016/17	2,230,000	4.000%	2,183,112.50	4,413,112.50	43,295,000.00
2017/18	2,455,000	5.000%	2,077,137.50	4,532,137.50	40,840,000.00
2018/19	2,705,000	5.000%	1,948,137.50	4,653,137.50	38,135,000.00
2019/20	2,950,000	4.000%	1,821,512.50	4,771,512.50	35,185,000.00
2020/21	3,210,000	5.000%	1,682,262.50	4,892,262.50	31,975,000.00
2021/22	3,490,000	4.000%	1,527,262.50	5,017,262.50	28,485,000.00
2022/23	3,785,000	5.000%	1,357,887.50	5,142,887.50	24,700,000.00
2023/24	4,110,000	5.000%	1,160,512.50	5,270,512.50	20,590,000.00
2024/25	4,460,000	5.000%	946,262.50	5,406,262.50	16,130,000.00
2025/26	4,825,000	5.000%	714,137.50	5,539,137.50	11,305,000.00
2026/27	5,220,000	5.250%	456,487.50	5,676,487.50	6,085,000.00
2027/28	6,085,000	5.250%	159,731.25	6,244,731.25	0.00
	\$ 52,290,000.00		\$ 26,387,987.92	\$ 78,677,987.92	\$ -

* Defeased (prepaid) FY 2015/16 Principal \$2,030,000 and Interest \$40,600 in June 2015.

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**Santa Clarita Water Division
5-Year Forecast Assumptions
FY 2015/16 Budget**

Revenues

The financial forecast for revenues assumes a modest 3.5 percent rate increase effective January 1, 2016 as approved by the Board of Directors on September 25, 2013. Although the Board of Directors also approved another 3.5 percent rate increase effective January 1, 2017, SCWD is anticipating a 15 percent rate increase for the years 2017 through 2019 due to anticipated increases in the CLWA wholesale water rate. In 2020 and 2021, the anticipated rate increase is estimated to be 3.5 percent.

SCWD is in the process of engaging a rate consultant for a rate study in FY 2015/16 due to the anticipated wholesale water rate increase, the continued drought and the mandatory 32 percent conservation from the SWRCB which caused large reduction in revenues in FY 2014/15 and anticipating the same in FY 2015/16. The goal of the rate study is for SCWD to be financially stable in order to maintain the water system and to prevent major leaks which will minimize service interruptions to our customers. The rate also needs to enhance conservation, be fair and equitable to our customers.

Customer Account Growth and Consumption

Although the Santa Clarita Valley housing development is rebounding, SCWD is forecasting a conservative 2 percent growth in the ¾-inch metered accounts; all other accounts are projected to grow near 0.5 percent due to possible permit restriction if the drought worsens.

SCWD's consumption forecast assumes that in FY 2015/16, most of the customers have already reached maximum conservation levels and will maintain their current usage because conservation has become a permanent way of life in California. Consumption will minimally increase due to growth.

Purchase Water

The current purchase water rate is based on CLWA's new wholesale water rate structure approved by the CLWA Board of Directors through June 30, 2016. CLWA is currently developing a new rate structure with Raftelis Financial Consultants, Inc. CLWA's wholesale water rate is a "pass-through" charge.

While the CLWA rate study is in the preliminary stages, it is anticipated SCWD's rate increases will be approximately 15 percent each year for the first three years of the new rate structure.

SCWD is forecasting a 15 percent purchased water annual rate increase from FY 2016/17 through FY 2020/21 for both the fixed and variable rates.

Historically, the imported/groundwater ratio has been a 60/40 blend (sixty percent imported water and forty percent groundwater). Due to the ongoing drought situation, the blend was changed to 82/18 for both FY 2013/14 and FY 2014/15.

5-Year Forecast Assumptions

The projected imported/groundwater ratios for FY 2016/17 through FY 2020/21 are as follows:

- FY 2016/17 – 80/20 blend
- FY 2017/18 – 80/20 blend
- FY 2018/19 – 80/20 blend
- FY 2019/20 – 75/25 blend
- FY 2020/21 – 75/25 blend

The blend will be adjusted accordingly depending on the weather and operational circumstances.

Debt Service

SCWD has two existing debt service schedules, COP Series 2010 B for capital projects and Revenue Bond Series 2011 A for refunding of the CLWA Interfund Loan. At this time, SCWD is not anticipating any new debt issuance and plans on funding CIP as 100% pay-as-you-go through FY 2020/21.

The current forecast is to keep the 3.5 percent rate increase effective January 1, 2016 through December 31, 2016 with a 15 percent increase effective January 1, 2017. Due to the 15 percent increase forecasted in FY 2016/17 and lower revenues due to conservation, SCWD anticipated to defease (prepay) all the principal due in FY 2016/17 and a portion of the interests in FY 2015/16 to meet bond covenant debt service coverage at a minimum of 1.2.

**Santa Clarita Water Division
Financial Summary
5-year Forecast**

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Total Operating Revenues	\$ 28,310,300	\$ 32,881,000	\$ 38,109,100	\$ 42,077,500	\$ 43,891,800
Operating Expenditures					
Source of Supply	\$ 9,317,200	\$ 10,703,400	\$ 12,295,100	\$ 13,882,800	\$ 15,954,800
Pumping	2,578,500	2,676,400	2,780,700	2,890,600	3,005,100
Water Treatment	1,237,500	1,262,200	1,287,500	1,313,200	1,339,500
Transmission and Distribution	5,165,100	5,330,900	5,502,600	5,680,400	5,864,400
Customer Service	996,500	1,016,500	1,036,800	1,057,500	1,078,700
Engineering	1,051,100	1,084,600	1,119,300	1,155,100	1,192,200
Administrative and General	3,454,100	3,557,100	3,663,400	3,773,300	3,886,800
Total Operating Expenses	\$ 23,800,000	\$ 25,631,100	\$ 27,685,400	\$ 29,752,900	\$ 32,321,500
Operating Income	\$ 4,510,300	\$ 7,249,900	\$ 10,423,700	\$ 12,324,600	\$ 11,570,300
Non-Operating Revenue/(Expense)					
Other Income - Cellular Antenna Rental and Other					
Miscellaneous Fees	\$ 1,149,900	\$ 1,172,800	\$ 1,196,300	\$ 1,220,200	\$ 1,244,600
Interest Earnings	95,800	85,300	85,200	85,000	84,900
Interest Expense - COP Series 2010 B (Capital Projects)	* (670,588)	(666,238)	(656,931)	(644,100)	(627,975)
Interest Expense - Revenue Bond Series 2011 A (Retail Acquisition Repayment)	* (2,138,513)	(2,077,138)	(1,948,138)	(1,821,513)	(1,682,263)
Total Non-Operating, Net	\$ (1,563,401)	\$ (1,485,276)	\$ (1,323,569)	\$ (1,160,413)	\$ (980,738)
Net Income Before Debt Principal Payment	\$ 2,946,899	\$ 5,764,624	\$ 9,100,131	\$ 11,164,188	\$ 10,589,563
Principal Payment - COP Series 2010 B (Capital Projects)	* -	(290,000)	(305,000)	(315,000)	(330,000)
Principal Payment - Revenue Bond Series 2011 A (Retail Acquisition Repayment)	* -	(2,455,000)	(2,705,000)	(2,950,000)	(3,210,000)
Increase/(Decrease) to Fund Balance	\$ 2,946,899	\$ 3,019,624	\$ 6,090,131	\$ 7,899,188	\$ 7,049,563
Total Revenue Requirements	\$ 28,310,300	\$ 32,881,000	\$ 38,109,100	\$ 42,077,500	\$ 43,891,800
Total Debt Service Coverage	2.05	1.55	2.08	2.38	2.21

* Defease FY 2016/17 Principal of 2010B (\$285,000) and 2011A Revenue Bonds (\$2,230,000) and associated interest of \$5,700 and \$44,600 respectively.

**Santa Clarita Water Division
Active Service Connections
5-year Forecast**

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Growth in Accounts					
3/4" and smaller	2.0%	2.0%	1.5%	1.5%	1.5%
Other Accounts	0.3%	0.5%	0.5%	0.5%	0.5%
Total Growth	503	527	409	415	420

Meter Size					
5/8" x 3/4" (Code 1)	6,629	6,762	6,863	6,966	7,070
3/4" (Code 2)	18,275	18,641	18,921	19,205	19,493
1" (Code 3)	3,429	3,446	3,463	3,480	3,497
1 1/2" (Code 4)	717	721	725	729	733
2" (Code 5)	1,165	1,171	1,177	1,183	1,189
3" (Code 6)	43	43	43	43	43
4" (Code 7)	108	109	110	111	112
6" (Code 8)	24	24	24	24	24
8" (Code 9)	8	8	8	8	8
Total Accounts	30,398	30,925	31,334	31,749	32,169

**Customer Consumption
5-year Forecast**

Description	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2019/20
Usage					
Residential - Single Family					
Tier 1	3,141,081	3,172,492	3,196,285	3,220,257	3,244,409
Tier 2	1,321,229	1,334,442	1,344,450	1,354,533	1,364,692
Tier 3	328,102	331,383	333,869	336,373	338,895
Subtotal Residential - Single Family	4,790,412	4,838,317	4,874,604	4,911,163	4,947,996
Landscape	1,195,016	1,198,004	1,200,999	1,204,001	1,207,011
All Others	2,002,768	2,007,775	2,012,794	2,017,826	2,022,871
Total Usage, Ccf	7,988,196	8,044,096	8,088,397	8,132,990	8,177,878

Increase/Decrease in Consumption

Residential - Single Family					
Tier 1	0%	0%	0%	0%	0%
Tier 2	0%	0%	0%	0%	0%
Tier 3	-1%	0%	0%	0%	0%
Subtotal Residential - Single Family	-1%	0%	0%	0%	0%
Landscape	-2%	0%	0%	0%	0%
All Others	0%	0%	0%	0%	0%
Total Annual Consumption Increase/(Decrease)	0.3%	0.7%	0.6%	0.6%	0.6%

**Santa Clarita Water Division
Capital Improvement Expenditures
5-year Forecast**

Description	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Upgrade Projects					
Bond Funded	\$ -	\$ -	\$ -	\$ -	\$ -
Pay As You Go Funded					
Reservoirs	\$ 211,000	\$ 1,872,000	\$ 5,430,000	\$ 3,869,000	\$ -
Pipeline and Service Replacements	707,000	1,063,000	550,000	810,000	500,000
Tank Maintenance (painting)	205,500	140,500	325,000	316,500	470,000
Meters (AMR)	800,000	724,000	-	-	-
Capital Equipment	204,000	369,000	234,000	219,000	227,000
Other Projects	2,273,400	1,122,900	992,700	754,900	584,500
Subtotal Upgrade Projects	\$ 4,400,900	\$ 5,291,400	\$ 7,531,700	\$ 5,969,400	\$ 1,781,500
Expansion Projects					
Wells and Other Projects	\$ 1,338,000	\$ 265,500	\$ 325,000	\$ 316,500	\$ 470,000
SCADA	74,000	74,000	74,000	74,000	-
Subtotal Expansion Projects	\$ 1,412,000	\$ 339,500	\$ 399,000	\$ 390,500	\$ 470,000
Total Project Expenditures	\$ 5,812,900	\$ 5,630,900	\$ 7,930,700	\$ 6,359,900	\$ 2,251,500

**Santa Clarita Water Division
Water Supplies and Water Supply Costs
5-year Forecast**

<u>SCWD Total Water Supplies</u>	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
CLWA Imported Water Supplies, acre-ft/yr	14,752	14,876	14,974	13,944	14,037
CLWA Groundwater Supplies, acre-ft/yr *	3,000	3,000	3,000	3,000	3,000
SCWD Groundwater Supplies, acre-ft/yr	4,438	4,469	4,493	5,648	5,679
Total acre-ft/yr	22,190	22,345	22,467	22,592	22,716

<u>Water Supply Blend</u>					
Percent from CLWA (Imported and Groundwater)	80%	80%	80%	75%	75%
Percent from SCWD (Groundwater)	20%	20%	20%	25%	25%
Total	100%	100%	100%	100%	100%

<u>CLWA Purchased Water Supplies</u>	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
CLWA Imported Water Supplies, acre-ft/yr	14,752	14,876	14,974	13,944	14,037
CLWA Groundwater Supplies, acre-ft/yr *	3,000	3,000	3,000	3,000	3,000
Total acre-ft/yr	17,752	17,876	17,974	16,944	17,037

<u>CLWA Purchased Water Supply Cost</u>					
Fixed Charge, Annual	\$6,407,300	\$7,368,400	\$8,473,700	\$9,744,800	\$11,206,500
Variable Charge- Imported	2,104,500	2,440,700	2,823,100	3,023,600	3,499,800
Variable Charge - Groundwater	561,000	645,000	744,000	855,000	984,000
Calculated CLWA Purchased Water Cost, \$	\$9,072,800	\$10,454,100	\$12,040,800	\$13,623,400	\$15,690,300

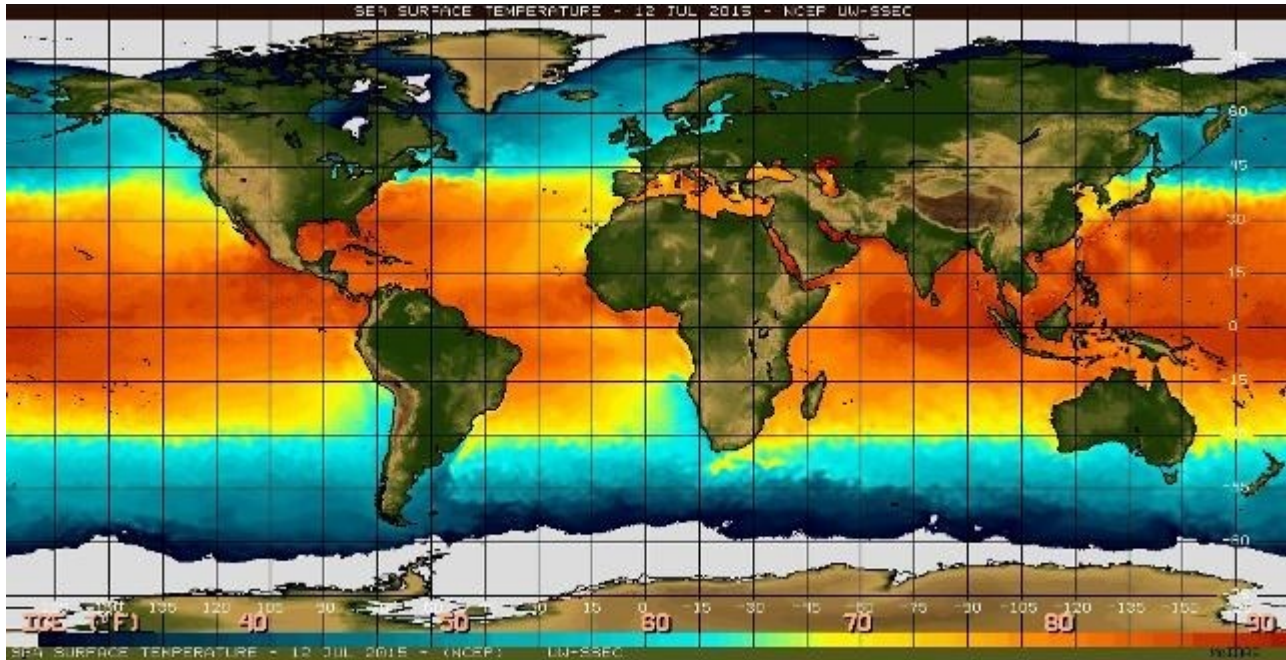
* Maximum 250 AF/mo.

**Santa Clarita Water Division
Debt Service and Debt Coverage
5-year Forecast**

	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Total Operating Revenues	\$ 28,310,300	\$ 32,881,000	\$ 38,109,100	\$ 42,077,500	\$ 43,891,800
Operating Expenditures					
Source of Supply	\$ 9,317,200	\$ 10,703,400	\$ 12,295,100	\$ 13,882,800	\$ 15,954,800
Pumping	2,578,500	2,676,400	2,780,700	2,890,600	3,005,100
Water Treatment	1,237,500	1,262,200	1,287,500	1,313,200	1,339,500
Transmission and Distribution	5,165,100	5,330,900	5,502,600	5,680,400	5,864,400
Customer Service	996,500	1,016,500	1,036,800	1,057,500	1,078,700
Engineering	1,051,100	1,084,600	1,119,300	1,155,100	1,192,200
Administrative and General	3,454,100	3,557,100	3,663,400	3,773,300	3,886,800
Total Operating Expenses	\$ 23,800,000	\$ 25,631,100	\$ 27,685,400	\$ 29,752,900	\$ 32,321,500
Operating Income	\$ 4,510,300	\$ 7,249,900	\$ 10,423,700	\$ 12,324,600	\$ 11,570,300
Non-Operating Revenue					
Other Income - Cellular Antenna Rental and Other Miscellaneous Fees	\$ 1,149,900	\$ 1,172,800	\$ 1,196,300	\$ 1,220,200	\$ 1,244,600
Interest Earnings	95,800	85,300	85,200	85,000	84,900
Total Non-Operating Revenue	\$ 1,245,700	\$ 1,258,100	\$ 1,281,500	\$ 1,305,200	\$ 1,329,500
Total Net Revenues	\$ 5,756,000	\$ 8,508,000	\$ 11,705,200	\$ 13,629,800	\$ 12,899,800
Parity Debt Service					
COP Series 2010B	* \$ 670,588	\$ 956,238	\$ 961,931	\$ 959,100	\$ 957,975
USCVJPA Revenue Bonds, Series 2011A	* 2,138,513	4,532,138	4,653,138	4,771,513	4,892,263
Total Debt Service	\$ 2,809,101	\$ 5,488,376	\$ 5,615,069	\$ 5,730,613	\$ 5,850,238
Debt Service Coverage	2.05	1.55	2.08	2.38	2.21
Revenues Available for Other Purposes	\$ 2,946,899	\$ 3,019,624	\$ 6,090,131	\$ 7,899,188	\$ 7,049,563

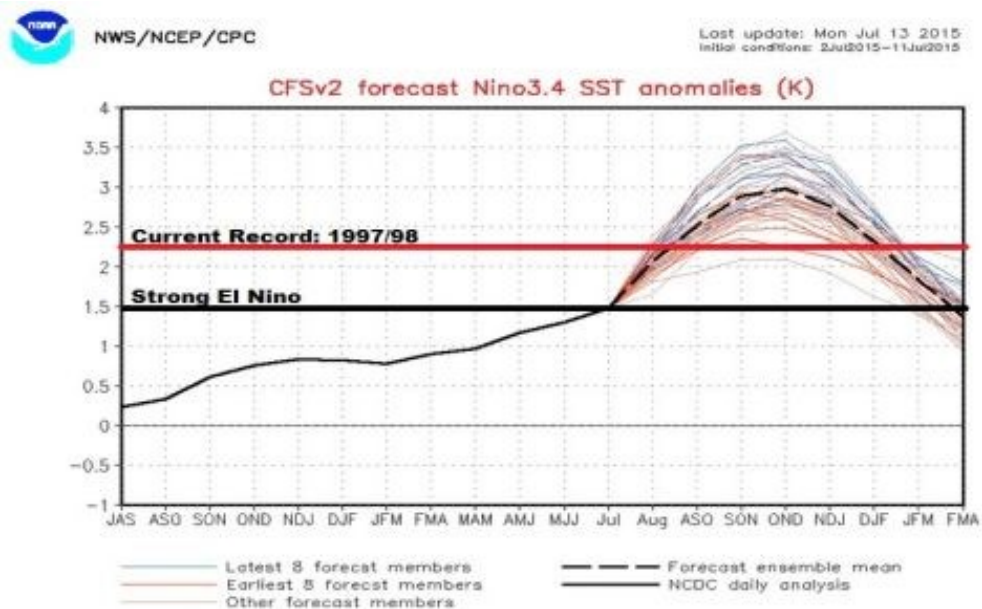
* Defeasement FY 2016/17 Principal of 2010B (\$285,000) and 2011A Revenue Bonds (\$2,230,000) and associated interest of \$5,700 and \$44,600 respectively.

El Niño Forecast



El Niño is defined as the warming of Pacific Ocean sea surface temperatures (SSTs) off the coast of South America, as shown in the above image.

SSEC—Space, Science and Engineering Center—University of Wisconsin-Madison



The strongest El Niño to date was in 1997/1998 and, if forecasts are correct, this year could be as strong or stronger. Current forecasts shown above for El Niño show it rising above the 1997 levels and lasting through winter before eventually weakening.

Image: NWS National Weather Service

**Santa Clarita Water Division
Budget Glossary
FY 2015/16 Budget**

Accounts Receivable. SCWD extends credit to customers in the normal course of operations. Management deems at least 99% of all accounts receivable as collectible at fiscal year end.

Accrual Basis of Accounting. The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at the time).

Acre-Foot/Acre-Feet (AF). A unit of measure equivalent to 325,851 gallons of water.

Advanced Metering Infrastructure (AMI). This technology (1) improves customer service response time by providing real time meter reads, hourly consumption and reduces field personnel service calls and (2) supports conservation efforts using detailed consumption data. Integrated with the UB/CIS software will increase meter reading accuracy and efficiency.

Agency. Refers to both CLWA and SCWD.

Alluvial Aquifer or Alluvium. The shallow aquifer underlying the Santa Clara River, which runs through the Santa Clarita Valley.

American Water Works Association (AWWA). An international scientific and educational society dedicated to the improvement of drinking water quality and supply. The Agency is a member of AWWA.

Aquifer. An underground layer of permeable rock, sediment (usually sand or gravel), or soil that yields water.

Assets. Resources having monetary and economic value that are owned or held by the Agency.

Asset Management. A set of systematic and coordinated activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their life cycles for the purpose of achieving its organizational strategic plan.

Association of California Water Agencies (ACWA). A statewide organization comprised of a coalition of public water agencies. The Agency is a member of ACWA.

Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA). 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.

Automated Meter Reading (AMR). Automatic collection of water meter data using remote reading devices.

Balanced Budget. A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means.

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, three

Budget Glossary

directors at large, and one director appointed by each of the two retail water purveyors excluding SCWD and VWC, 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.

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.

CAFR. Comprehensive Annual Financial Report.

California Public Utilities Commission (CPUC). Commission governing the business operations of private utilities in so much as they affect the rates of the services sold.

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 SCWD for the construction, rehabilitation and modernization of SCWD's 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 (Agency or CLWA). The Castaic Lake Water Agency is the area's wholesaler, which imports water from the State Water Project and is used to supplement the local retailer's groundwater supply. CLWA acquired SCWD in 1999.

CEQA. California Environmental Quality Act.

Certificate of Participation (COP). 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.

CIP Fund. Funds allocated for SCWD projects through Retail Water sales excluding COP financed projects and expansion projects due to development.

COLA. Cost-of-Living Adjustments.

Computerized Maintenance Management System (CMMS). A CMMS software package maintains a computer database of information about an organization's maintenance operations.

COP Fund. Funds allocated for specific projects through COP financing.

Budget Glossary

CPI. Consumer Price Index.

Customer Class. SCWD has five customer class categories based on the 2009 Camp Dresser & McKee Inc. Comprehensive and Impact Capacity Fee Analysis:

- Residential
- Business
- Industrial
- Landscape
- All others

Customer Information System (CIS). Computer database and information system that contains all billing and personal data pertaining to utility customers usually combined with Utility Billing (UB).

Department of Water Resources (DWR). The state agency responsible for financing, constructing and operating State Water Project facilities.

Developer. A person or entity that invests in and develops potentialities of real estate, especially by subdividing the land into home sites and then building houses and selling them.

Developer Refundable Deposit. Initial funds received from developers to do engineering studies and construction related to SCWD's water system for their specific development. The unused amount is refundable.

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.

Earl Schmidt Filtration Plant (ESFP). One of two treatment plants operated by CLWA.

Enterprise Fund. A fund established to account for operations that are financed and operated in a manner similar to business enterprises where (1) the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) the governing body or higher governmental authority has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control and accountability for other purposes.

Equipment. The purchase, replacement, maintenance and upgrading of equipment essential to supporting administrative and service needs with a cost of \$5,000 or more.

Equipment Purchases. The purchases of office equipment, furniture, automobiles, trucks, pumps, shop equipment and other items.

Expansion Fund. Impact Capacity Fees received from developers that would be utilized to offset costs associated with improvements to storage, booster pumping, supply and distribution as system needs are realized in future development.

Budget Glossary

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.

FICA. Federal Insurance Compensation Act.

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.

Financial Information System (FIS). An accounting software that records and processes accounting transactions.

Fiscal Year (FY). The timeframe in which the Budget applies. For SCWD 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. The current funds on hand resulting from historical collection and use of monies. The difference between assets and liabilities reported in SCWD's Operating Fund plus residual equities or balances or changes therein, from the results of operations.

Fund Summary. SCWD's list of all available funds designated for each specific purpose.

GFOA. Government Finance Officers Association of the United States and Canada.

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 Obligation Bonds. Bonds, the payment for which the full faith and credit of the issuing government are pledged.

Geographic Information System (GIS). GIS is a system designed to capture, store, manipulate, analyze, manage and present all types of geographically referenced data.

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.

Budget Glossary

GPM. Gallons per Minute.

HE. High Efficiency.

HOA. Homeowners association.

Interfund Loan. Payments from SCWD to CLWA for the purchase of Santa Clarita Water Company (SCWC) in 1999.

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.

Investment in Excellence Program. An internal program established to enhance SCWD's cultures and values and strengthen the work environment.

Impact Capacity Fees. Fee imposed when a customer requests a new service connection. The Impact Capacity funds are used by SCWD to plan, design and construct new facilities to support the additional demand placed on the water system by the new service connections.

Integrated Regional Water Management (IRWM). A collaborative, stakeholder-driven process to integrate planning and implementation efforts and facilitate regional cooperation with the goals of reducing water demands, improving operational efficiency, increasing water supply, improving water quality and promoting resources stewardship over the long term. The Upper Santa Clara River IRWM plan, adopted in July 2008, examines current and future water-related needs, identifies regional objectives for water-related resource management, develops strategies to address identified needs and then evaluates and offers various projects to meet the regional objectives.

IT. Information Technology.

LACWD No. 36. Los Angeles County Waterworks District No. 36, one of the four Santa Clarita Valley retail purveyors.

LAIF. Local Agency Investment Fund.

MG. Million Gallons.

MGD. Million Gallons per Day.

MOU. Memorandum of Understanding.

Major Capital Improvement Projects. Projects associated with the expansion of service due to growth or increase in demand and cost more than \$250,000.

Materials and Supplies. Cost of the various materials and supplies purchased to operate and maintain SCWD. Examples of supplies include stationery, safety glasses, cables, valves, nuts and bolts.

Meter Service Charge. A monthly charge for water availability based on meter size.

Budget Glossary

Minor Capital Improvement Projects. Projects associated with the expansion of service due to growth or increase in demand that cost \$250,000 or less.

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.

Operating Budget. The normal, ongoing operating costs to operate SCWD including salaries, employer expenses, professional and outside services and other operating expenses.

O&M. Operations and Maintenance.

Other Post-Employment Benefits (OPEB). Post-employment benefits that an employee will begin to receive at the start of retirement, but it does not include pension benefits paid to the retired employee.

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.

Potable Water. Water that meets the drinking water standards of the US Environmental Protection Agency.

Public Employees’ Pension Reform Act (PEPRA). In September 2012, the legislature passed and the Governor signed into law the “California Public Employees’ Pension Reform Act of 2013” (PEPRA) (Government Code Sections 7522, *et seq.*). PEPRA limits the pension benefits offered to new employees and increases flexibility for employee and employer cost sharing for current employees.

Public Employees Retirement System (PERS). An agent, multiple-employer, public retirement system to which the Agency contributes that acts as a common investment and administrative agent for participating public entities within the State of California.

Purchase Water. Imported water purchased from CLWA to supplement SCWD’s groundwater supply.

Redundancy. A fail-safe in the water distribution system to ensure continued service when a critical portion of the water system is out of service due to unforeseen conditions.

Reliability. Providing a consistent level of water.

Repair and Replacement Projects. Any repair or replacement to SCWD’s existing water infrastructure that extends the life a minimum of five years or more and costs \$5,000 or more.

Replacements. Projects related to replacement of existing infrastructure.

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.

Budget Glossary

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.

Revenue. Income generated by taxes, notes, bonds, investment income, land rental, user charges and water rates.

SCWC. Santa Clarita Water Company, 1973 merger of Bouquet Canyon Water Company and Solemint Water Company.

SCWD. Santa Clarita Water Division, changed the name of Santa Clarita Water Company after acquisition by the Agency in 1999.

Santa Clarita Valley Family of Water Suppliers. To help Santa Clarita residents use water more efficiently, Castaic Lake Water Agency, Santa Clarita Water Division, Los Angeles Waterworks District No.36, Newhall County Water District and Valencia Water Company teamed up to promote water conservation through its "Put Your Water to Work" campaign by offering tips and information to be more water wise.

Saugus Formation. The deep aquifer that underlies the Alluvial Aquifer.

Services. The normal, ongoing operating costs incurred to operate SCWD. Examples include repair, maintenance, auditing, security and engineering.

Southern California Edison (SCE). The primary electricity supply company for most of Southern California.

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 SCWD's mission.

Strategic Plan. A long-term plan defining SCWD's mission, goals and objectives and implementing actions.

Studies and Administration. Expenses related to planning, feasibility studies and other non-recurring reports, evaluations or tests.

Supervisory Control and Data Acquisition (SCADA). The Supervisory Control and Data Acquisition system collects operational data from remote units to monitor and control water and facilities throughout SCWD's service area.

TEAM. Together Everyone Achieves More.

Total 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.

Budget Glossary

UWMP. Urban Water Management Plan.

Upgrades. Projects related to the repair or refurbishment of existing infrastructure.

Utilities. This includes gas, electricity, water, sewer and telephone service.

Utility Billing (UB). Billing software system for utilities usually combined with Customer Information System (CIS).

WVC. Valencia Water Company, one of the four Santa Clarita Valley retail purveyors.

Variable Water Commodity Charges. Includes water usage charge and pass-through charges for purchased water from CLWA and power from Southern California Edison.

Water Commodity Charges. Includes local SCWD water usage charge and pass-through charges for purchased water from CLWA and power purchased from Southern California Edison.

Water Master Plan. An engineering study that recommends and prioritizes capital improvements based on long-range planning efforts through analysis and assessment of the capacity of existing and planned infrastructure with respect to established design criteria. The 2008 Water Master Plan was updated in 2013.

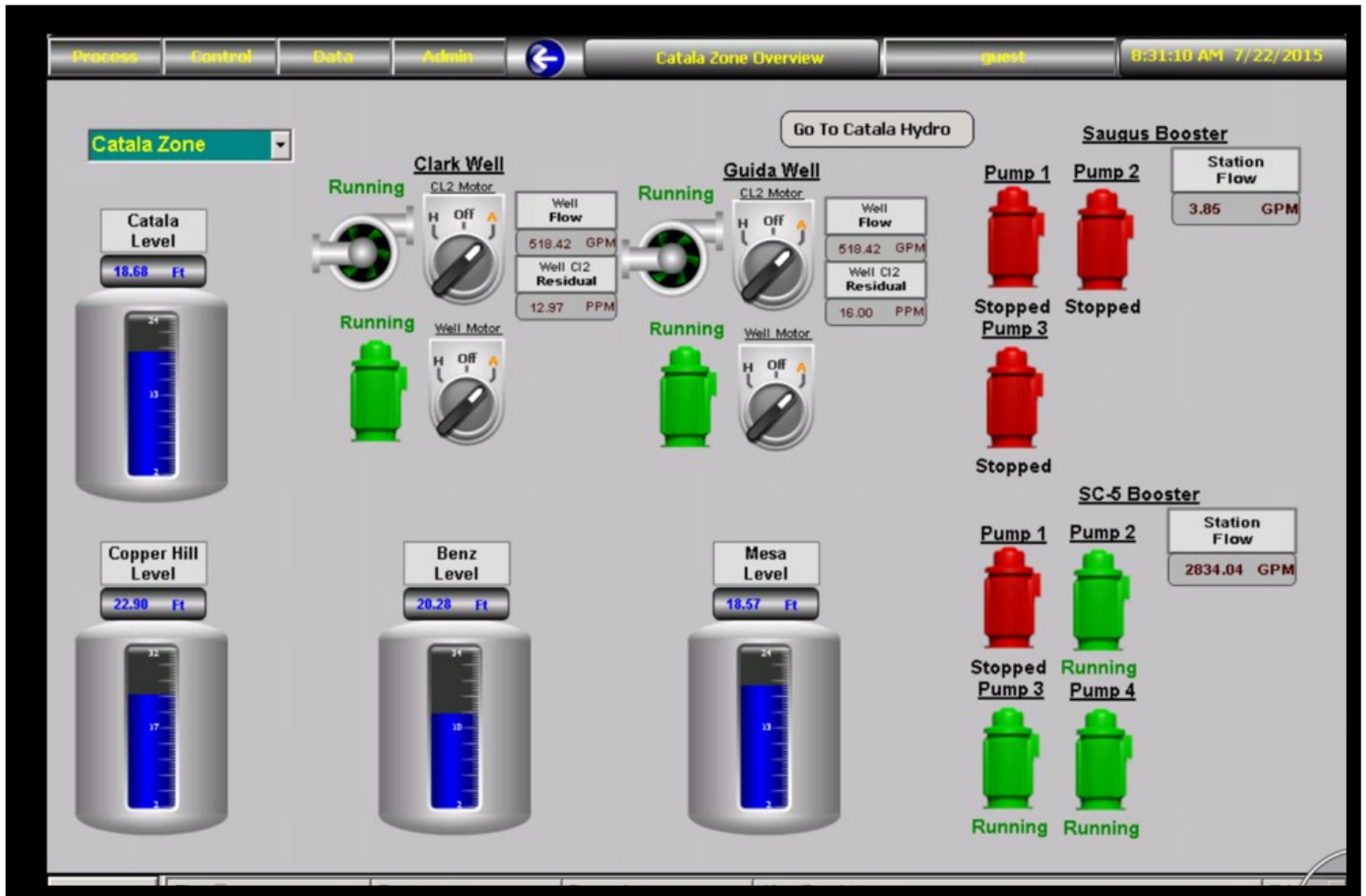
Water Rates. Retail water rates charged to SCWD customers. The water rates for residential customers are based on an accelerated block structure (three tiers). As more units are consumed, a higher unit rate is charged. Water rates for irrigation customers are the flat rate from residential tier three and all other customers are the flat rate from residential tier two.

Water System. The whole and each and every part of the water system of SCWD, comprising all facilities for the supply, storage, treatment and distribution of water, together with all additions, extensions and improvements to such system.

WIBC. Weather-based irrigation controller

WUE. Water use efficiency.

Supervisory Control and Data Acquisition (SCADA)



Screen image of SCADA system showing well levels in the Catala Zone.

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**SANTA CLARITA WATER DIVISION
RESERVE FUND POLICY
(RETAIL WATER SYSTEM)**

INTRODUCTION

This policy has been developed to maintain prudent management of a retail water system which requires that reserve funds be established and maintained to fund scheduled and unscheduled expenses including operation and maintenance, debt service, emergencies, capital improvement, repair and replacement, and for the stabilization of retail water rates.

STATEMENT OF PURPOSE

The purposes of the Castaic Lake Water Agency's Reserve Policy for the retail water system is to ensure the Agency's financial stability and to have sufficient funding available to meet its operating, capital and debt service cost obligations. This policy establishes the level of reserves necessary for maintaining the Agency's credit worthiness and ratings and for adequately providing for:

- Cash flow requirements and working capital.
- Economic uncertainties and other financial hardships, including performance of the regional economy and water supply reliability.
- Infrastructure replacements.
- Emergency repairs.
- Local disasters, natural disasters or catastrophic events.
- Loss of significant revenue sources due to variations in water sales resulting from variable weather conditions or conservation.
- Unfunded mandates including costly regulatory requirements.

Types of Reserves

1. **Operating Reserve Fund.** Covers unscheduled costs relating to the operation of the retail water system, including, but not limited to, unforeseen repairs, emergencies, unexpected increases in treatment costs, regulatory changes, unforeseen legal expenses and disruption of a source of supply. The target balance for the Operating Reserve Fund shall be set at 25% of the Retail Annual Operating Expense Budget. Funds from the Operating Reserve Fund shall be used exclusively for operating expenses of the retail water system, unless otherwise authorized by the Board of Directors. The Operating Reserve Fund was fully funded by June 2014. When the fund has reached its target balance, additional allocations to the Operating Reserve Fund, to replace funds expended over the fiscal year or to increase the balance to match increases in the Annual Operating Expense Budget, shall be included in the annual budget. If the balance in the Operating Reserve Fund drops below 50% of the target amount during a fiscal year, staff will advise the Board of Directors and recommend appropriate action. In any year, the balance in the Operating Reserve Fund shall not exceed 25% of that year's Operating Expense Budget.

2. **Rate Stabilization Reserve Fund.** Offsets revenue reductions resulting from reduced retail water sales during periods when consumption is 10% or more below average consumption. The Rate Stabilization Reserve Fund shall have a target balance of 10% of Retail Annual Operating Revenue Budget and shall be fully funded by June 2016. When the fund has reached its target balance, additional allocations to the Rate Stabilization Reserve Fund to replace funds expended over the fiscal year or to increase the balance to match increases in the Annual Operating Revenue Budget, shall be included in the annual budget. If the balance in the Rate Stabilization Reserve Fund drops below 50% of the target amount during a fiscal year, staff will advise the Board of Directors and recommend appropriate action. In any year, the balance in the Operating Rate Stabilization Reserve Fund shall not exceed 10% of that year's Operating Revenue Budget.
3. **Capital Reserve Fund.** Covers any unexpected and unplanned infrastructure and replacement repairs not included in the budget. The Capital Reserve Fund shall have a target balance of \$1,000,000 and was fully funded by June 2014. When the fund has reached its target balance, additional allocation to the Capital Reserve Fund to replace funds expended over the fiscal year shall be included in the annual budget. If the balance in the Capital Reserve Fund drops below 50% of the target amount during a fiscal year, staff will advise the Board of Directors and recommend appropriate action. In any year, the balance in the Capital Reserve Fund shall not exceed \$1,000,000.
4. **Emergency Reserve Fund.** Covers any emergency repairs due to unforeseen natural disasters such as earthquake, fire, etc. The Emergency Fund covers immediate repairs to restore SCWD's operations for continued water delivery to its customers. The Emergency Fund shall have a target balance of \$1,000,000 and be fully funded by June 2016. When the fund has reached its target balance, additional allocation to the Emergency Reserve Fund to replace funds expended over the fiscal year shall be included in the annual budget. If the balance in the Emergency Reserve Fund drops below 50% of the target amount during a fiscal year, staff will advise the Board of Directors and recommend appropriate action. In any year, the balance in the Emergency Reserve Fund shall not exceed \$1,000,000.

Reporting

The annual Budget document will include a reserve analysis, showing reserve amounts and targets for each type of reserve. Should a major change in conditions compromise reserve levels, the Retail Manager will provide an analysis to the Board of Directors. This analysis would include an explanation of why reserve levels are below targeted levels and/or a recommended course of action to improve reserve levels.

(Originally Adopted January 2004)

**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).
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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)

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**SANTA CLARITA WATER DIVISION
DEBT MANAGEMENT POLICY
(RETAIL WATER SYSTEM)**

INTRODUCTION

This policy documents Santa Clarita Water Division (“SCWD” or the “Division”) of the Castaic Lake Water Agency (the “Agency”) goals for the use of debt instruments and provides guidelines for the use of debt for financing SCWD infrastructure and project needs. The Division’s overriding goal in issuing debt is to respond to, and provide for, the infrastructure, capital project and other financing needs of the retail water system while ensuring that debt is issued and managed prudently in order to maintain a sound fiscal position and protect credit quality.

SCWD will pay for all infrastructures, projects, and other financing needs from a combination of current revenues, available reserves, if any, and prudently issued debt. SCWD believes that debt can provide an equitable means of financing projects for its customers 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 customers, both current and future, (ii) it is the most cost-effective means available (iii) it is fiscally prudent, responsible, and diligent under the prevailing economic conditions and (iv) if there are other important policy reasons thereof. SCWD issues debt instruments, administers Division-held debt proceeds and makes debt service payments only when all the financing needs mentioned above are met.

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 Santa Clarita Water Division for its Retail water system. Note that the wholesale water system (Castaic Lake Water Agency) has its own debt management policy.

Purpose and Use of Debt

The Division 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 Division’s Capital Improvement Program and Water Master Plan. Bond proceeds can be issued to fund the planning, design, land acquisition, construction, attached fixtures or equipment and moveable pieces or equipment, or other costs as permitted by law.

Purpose of Policy

The purpose of this 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

SCWD 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

Types of Debt

Revenue Bonds, Notes, Certificates of Participation, special tax or special assessment bonds, capital leases, commercial paper, and lease-purchase financings will be treated as debt and subject to these same policies.

I. GENERAL PROVISIONS

The Division 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 Division's annual budget.

SCWD 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 Division's Debt Management Policy, Reserve Policy, and the Agency's 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 Division's approach to debt management:

- ◆ SCWD will issue debt only in the case where there is an identified source of repayment. Debt 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.
- ◆ SCWD 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 Agency's Board of Directors ("Board").
- ◆ Debt issuance for a capital project will not be considered unless such project has been incorporated into the Division's capital planning process, or as otherwise approved by the Board.

II. CONDITIONS FOR DEBT ISSUANCE

The following guidelines formally establish parameters for evaluating, issuing, and managing the Division's debt. The guidelines outlined below are not intended to serve as a list of rules to be applied

to the Division's debt issuance process, but rather to serve as a set of practices to promote sound financial management.

In issuing debt, the Division's objectives will be to:

- ◆ Achieve the lowest cost of capital
- ◆ Ensure ratepayer equity for SCWD's customers
- ◆ Maintain the adopted credit rating strategy and access to credit enhancement
- ◆ Preserve financial flexibility

Standards for Use of Debt Financing

When appropriate, SCWD 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.

SCWD 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 Division. The Division'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 Division's overall financing objectives and current market conditions.

SCWD will evaluate alternative debt structures (and timing considerations) to ensure the most cost-efficient financing under prevailing market conditions.

Credit Enhancement – SCWD 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 Division may purchase a surety policy or replace an existing cash-funded Debt Service Reserve Fund when deemed prudent and advantageous. SCWD may permit the use of guaranteed investment agreements for the investment of reserve funds pledged to the repayment of any of the Division's debt when it is approved by the Board

Call Provisions – In general, the Division's securities should include optional call provisions. SCWD 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 – SCWD 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 Division'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 Division 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 Division will analyze the risks associated with the variable rate debt and the impact on the Division'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 SCWD outstanding debt.

Derivatives – The use of derivatives is covered by the Agency's Derivatives Policy. This policy states that it has been developed to guide the Division in its use of interest rate risk mitigation products such as interest rate swaps and other such financing techniques. These financing products can increase the Division's financial flexibility and provide opportunities for interest rate savings or enhanced investment yields. Careful monitoring of such products is required to preserve Division 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 Division outstanding debt. More detailed information is contained in the Derivatives Policy.

Upper Santa Clara Valley Joint Powers Authority – The Division is a member of the Upper Santa Clara Valley Joint Powers Authority. The Division will consider issuing revenue bonds through the Authority on a case-by-case basis. The Division 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 Division 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 Division will consider the following issues when analyzing potential refinancing opportunities:

Debt Service Savings – The Division 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 SCWD may determine that a different savings target is appropriate; SCWD 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
- ◆ Other factors that may be particularly relevant to the Division at the time.

The decision to take all savings upfront or on a deferred basis must be explicitly approved by the Board.

Restructuring – The Division 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 – SCWD 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 debt should not extend beyond the reasonably expected useful life of the asset being financed. SCWD 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, SCWD shall take into consideration both the financial impact on a net present value basis as well as the rating/credit impact. SCWD 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, SCWD shall consider and review the latest credit rating agency reports and guidelines to ensure the Division’s credit ratings and financial flexibility remain at levels consistent with the most highly rated comparable public agencies.

Method of Issuance

SCWD will determine, on a case-by-case basis, whether to sell its bonds competitively or through negotiation.

Competitive Sale – In a competitive sale, the Division’s debt 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 – SCWD recognizes that some bond issues are best sold through negotiation with a selected underwriter. SCWD 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 SCWD 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 SCWD
- ◆ As a result of an underwriter's familiarity with the project/financing, that enables SCWD to take advantage of efficiency and timing considerations

Private Placement – From time to time SCWD 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 and/or Retail Administrative Officer shall be responsible for maintaining the Division's relationships with Standard & Poor's Ratings Services, Fitch Ratings, and Moody's Investors Service to the extent the Division has ratings from such firm. SCWD shall, from time to time, maintain relationships with these agencies as circumstances dictate. The Division may choose based upon market conditions the number of ratings to obtain for any individual debt issuance. In addition to general communication, the Treasurer and/or Retail Administrative Officer should attempt to meet, (either in person or via phone or email) with credit analysts at least once each fiscal year. The Treasurer and/or Retail Administrative Officer 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 and/or Retail Administrative Officer will periodically ensure that SCWD is in compliance with all legal covenants for each debt issue.

Continuing Disclosure – The Treasurer and/or Retail Administrative Officer will periodically comply for all debt issued 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 Division'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, SCWD 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 and/or Retail Administrative Officer 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 October 2009)

CASTAIC LAKE WATER AGENCY DISCLOSURE PROCEDURES POLICY

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)

CASTAIC LAKE WATER AGENCY DERIVATIVES POLICY

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)

**SANTA CLARITA WATER DIVISION
PURCHASING AND BIDDING POLICY
(RETAIL WATER SYSTEM)**

SECTION 1: APPLICABILITY OF POLICY

INTRODUCTION

This Purchasing and Bidding Policy provides uniform procedures for acquiring goods, services and equipment¹ for the retail operations of the Santa Clarita Water Division (SCWD) of the Castaic Lake Water Agency (CLWA). These procedures do not apply to the wholesale operations of CLWA, which uses its own Purchasing Manual.

STATEMENT OF PURPOSE

This Purchasing and Bidding Policy authorizes the conditions under which the financial department head is authorized to release SCWD funds. All purchases of goods, services and equipment to be paid for by SCWD must comply with the methods, authority and dollar limits set forth in this Policy. This Purchasing and Bidding Policy does not apply to nondiscretionary operating expenditures including, but not limited to, utilities, payroll, employee benefits, water purchases and payroll taxes.

This Policy does not supersede statutory law in existence at the time SCWD purchases or contracts for goods, services or equipment. California statutes that govern such purchases and/or contracts shall control to the extent they are in conflict with this Policy. Pursuant to statute, SCWD operates in accordance with the County Water District Law (Cal. Water Code §§ 30000).

The procedures stated in this Purchasing and Bidding Policy shall be followed for:

- (1) The procurement of equipment, materials, or supplies to be furnished, sold, or leased to SCWD, whether contained in the budget or not.
- (2) Repairs.
- (3) Maintenance, which means the routine, recurring and usual work for the preservation, protection and keeping of SCWD facilities for their intended purposes in a safe and continually usable condition for which they were designed, improved, constructed, altered or repaired. "Facilities" means any plants, buildings, structures, ground facilities, utility systems or real property.
- (4) Services, including engineering and other professional services.
- (5) Construction (excluding repairs and maintenance).

SECTION 2. AUTHORITY OF GENERAL MANAGER AND RETAIL MANAGER TO EXECUTE CONTRACTS

The CLWA General Manager and the SCWD Retail Manager are hereby empowered to execute contracts without express Board authority for the purchase of goods, services

¹ The phrase "goods, services and equipment," as used in this Policy, is a general reference to all manner of SCWD purchases and contracts, including contracts for public works construction.

and equipment up to the limits established herein, which for the General Manager is up to \$100,000 and for the Retail Manager is up to \$50,000. In times of their absence, both may delegate this power.

SECTION 3. METHODS OF ACQUISITION FOR (1) EQUIPMENT, MATERIALS, OR SUPPLIES, (2) REPAIRS AND, (3) MAINTENANCE-

Except as otherwise provided in Section 6, the following methods of acquisition shall be used for (1) equipment, materials, or supplies, (2) repairs, and (3) maintenance. (See Table 3-1 and Flow Charts.) In each case, the appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information to enable SCWD staff or the CLWA Board of Directors to make an advised decision will be determined by SCWD staff based on the amount and type of information (1) required by SCWD to adequately communicate its requirements to potential vendors, and contractors, and (2) required by potential vendors, and contractors to adequately describe a responsive proposal.

- (A) Items up to \$100. The acquisition shall be made from a vendor or contractor who, in the judgment of the department supervisor responsible for the acquisition, will provide the best product or service at the most favorable price. Purchase Order is not required.
- (B) Items \$101 to \$5,000.² The acquisition shall be made from a vendor, or contractor who, in the judgment of the department supervisor responsible for the acquisition, will provide the best product or service at the most favorable price. Purchase Order is required.

The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the department supervisor. An acquisition made pursuant to this Subsection may or may not be listed in the budget.

- (C) Items \$5,001 to \$10,000. The acquisition shall be made from a vendor, or contractor who, in the judgment of the department head responsible for the acquisition, will provide the best product or service at the most favorable price. The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the department head. An acquisition may be made pursuant to this Subsection may or may not be listed in the budget. Purchase Order is required.
- (D) Items \$10,001 to \$25,000. The department head responsible for the acquisition shall, by written or verbal requests to at least two (2) potential vendors or contractors, obtain at least two (2) written or verbal quotes and the acquisition must be made from the party that the Retail Manager determines will provide the best product or service at the most favorable price. The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the department head. If fewer than two vendors or contractors are available, or if the product or service is not readily

² For purposes of complying with this Policy, costs may be estimated by the department supervisor or by other SCWD staff as directed by the Retail Manager.

obtainable on the open market, 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 may or may not be listed in the budget. Purchase Order and written or verbal quotes are required.

- (E) Items \$25,001 to \$50,000. The Retail Manager shall, by written or verbal requests to at least three (3) potential vendors or contractors, obtain at least two (2) written quotes and the acquisition must be made from the party that the Retail Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the Retail Manager. If fewer than three vendors or contractors are available, or if the product or service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a verbal report to the Retail Operations Committee. An acquisition made pursuant to this Subsection must be listed in the budget. If not listed in the budget, the same procedures may be followed by the General Manager. Purchase Order and written quotes are required.

- (F) Items \$50,001 to \$100,000. The General Manager shall, by written or verbal request to at least three (3) potential vendors or contractors, obtain at least two (2) written quotes and the acquisition must be made from the party that the General Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential vendors, or contractors and obtaining performance, quality and price information shall be determined by the General Manager. If fewer than three vendors or contractors are available, or if the product or service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a written report to the Retail Operations Committee. 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 (G) below shall apply. Written agreement and written quotes are required.

- (G) Items greater than \$100,000. The Retail Manager may acquire such items by issuing a written request for proposals/quotations to three (3) or more potential vendors, or contractors, and then purchasing the item from the vendors, or contractors that offers SCWD the best product or service at the most favorable price. Consideration of proposals/quotations received shall be made through an evaluation panel or other procedure, as established by the Retail Manager and recommendations shall be submitted to the CLWA Board for approval. If the item is (1) of a specified brand or type which is the only article that will properly meet the needs of SCWD, 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 CLWA Board. Written agreement and written quotes are required.

Table 3-1

	Amount	Item In Budget?	Documentation	Authorization Required
A	\$0 – \$100	Yes/No	N/A	Department supervisor
B	\$101 – \$5,000	Yes/No	Purchase Order	Department supervisor
C	\$5,001 – \$10,000	Yes/No	Purchase Order	Department head
D	\$10,001 – \$25,000	Yes/No	P.O.; Two Written or Verbal Quotes	Retail Manager
E	\$25,001 – \$50,000	Yes	P.O.; Two Written Quotes;	Retail Manager
F	\$25,001 – \$50,000	No	P.O.; Two Written Quotes;	General Manager
F	\$50,001 – \$100,000	Yes	Two Written Quotes; Written Agreement	General Manager
F	\$50,001 – \$100,000	No	Two Written Quotes; Written Agreement	Board
G	Over \$100,000	Yes/No	Request for Proposals or Quotations (three minimum); Written Agreement	Board

SECTION 4. METHODS OF ACQUISITION FOR CONSTRUCTION OF CAPITAL IMPROVEMENT PROJECTS.

Except as otherwise provided in Section 6, the following methods of acquiring construction services, excluding repairs and maintenance, shall be used in the circumstances indicated. (See Table 4-1 and Flow Charts.)

- (A) Items up to \$10,000. The department head responsible for the construction work shall, by written or verbal request to potential contractors obtain a quote that set forth a fixed price and a complete description of the proposed work. The work must be awarded to the contractor that the department head or Retail Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential contractors and obtaining information about experience, qualifications and price shall be determined by the department head or Retail Manager.
- (B) Items \$10,001 to \$25,000. The department head responsible for the construction work or the Retail Manager - shall, by written or verbal request to potential contractors, obtain at least two (2) written bids that set forth a fixed price and a complete description of the proposed work. The work must be awarded to the bidder that the Retail Manager determines will provide the best service at the most favorable price. The appropriate method of identifying potential contractors and obtaining information about experience, qualifications and price shall be determined by the Retail Manager. If fewer than two contractors are available, or if the service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records.
- (C) Items \$25,001 to \$100,000. The Retail Manager or the General Manager shall, by written request to potential contractors and preparation of a complete set of

plans and specifications that is made available to potential contractors, obtain at least two (2) written bids that set forth a fixed price and a complete description of the proposed work. The Retail Manager shall determine the appropriate method of identifying potential contractors. A construction contract based on SCWD's bid documents shall be used for the work, but formal bidding procedures (see description of formal procedures in Section 4(C) below) are not required and the Retail Manager and the General Manager may consider quality, experience and other relevant factors in addition to price in awarding the contract. If fewer than two contractors are available, or if the service is not readily obtainable on the open market, this procedure shall be adjusted as required and the reasons for such adjustments shall be noted on the acquisition records and in a written report to the Retail Operations Committee. If listed in the budget, a contract awarded pursuant to this Subsection may be executed by the General Manager if the contract amount is between \$50,000 and \$100,000, and may be executed by the Retail Manager if the contract amount is between \$25,000 and \$50,000. If not listed in the budget, the contract must be authorized by the CLWA Board.

- (D) Items greater than \$100,000. For construction projects in this category formal bidding procedures shall consist of a notice inviting sealed proposals sent to at least three (3) qualified contractors, as determined by SCWD staff and confirmed by the Retail Manager, before a specified time and date for the construction or performance of the improvement or work. Sealed proposals shall be opened at a set date and time, and all legal formalities shall be followed in evaluating proposals and determining the lowest responsible bidder. Contract awards, if any, shall be made by the CLWA Board to the lowest responsible bidder, subject to the terms of the contract documents.

The Board shall require the successful bidder to file with SCWD good and sufficient bonds for faithful performance of the contract and payment of claims for labor and material.

- (E) Contract Documents. Standard construction contract form approved by General Counsel must be utilized for execution by the General Manager or Retail Manager.

Table 4-1

	Amount	Documentation	Authorization Required
A	\$0 – \$25,000	Purchase Order; Obtain Written Bids	Department supervisor
B	\$25,001 – \$100,000	Written Request for Bids; Plans and Specifications; Obtain Written Bids; Written Contract	If in budget, Retail Manager (\$25,000 - \$50,000), General Manager (\$50,000 - \$100,000); otherwise Board Approval
C	Over \$100,000	Bid Documents with Plans and Specifications to 3+; Formal Construction Contract	Board Must Award Contract

SECTION 5. ALTERNATIVE METHOD OF DELIVERY FOR CONSTRUCTION SERVICES – DESIGN-BUILD PROJECTS

When the Board determines that a design-build delivery system is in the best interests of SCWD, it may exempt the project from the requirements of this Policy and award a design-build contract through an appropriate competitive process. SCWD staff and the CLWA Board shall look for guidance in this process to Government Code §14661 (d) (3) (A) (i).

SECTION 6. METHODS OF ACQUISITION – EMERGENCY

The requirements of Sections 3 and 4 shall not be applicable in the event of an emergency and a written finding by the Retail Manager that it is immediately necessary to acquire equipment, materials, or supplies, perform repairs, including maintenance or acquire services, including construction. The Retail Manager is authorized to make the required purchase(s) or enter into the required contract(s). The Retail Manager shall, however, report any such action involving a cost of more than \$50,000 to the Retail Operations Committee as soon as practicable. This report shall identify the emergency and the actual or probable impact the emergency would have had on SCWD's operations.

SECTION 7. INFORMATION TECHNOLOGY SERVICES

The procurement of services, equipment, software, training and other elements of SCWD's retail system that involve information technology, communications and telemetry (collectively, "information technology") shall place paramount importance on the qualifications and experience of the consultants and contractors under consideration. Notwithstanding anything to the contrary in Section 3 or 4 above, the award of contracts for information technology services shall be made to the vendor, consultant or contractor that, as determined by the process established for evaluating proposals, is the most qualified to provide the services and/or equipment required. When an information technology project has both design and construction elements and the construction elements will constitute less than 20% of the entire project, as determined by SCWD staff, the project shall be let as one contract.

SECTION 8. AUTHORITY OF THE GENERAL MANAGER OR RETAIL MANAGER TO EXECUTE CONSTRUCTION CHANGE ORDERS

The General Manager and/or the Retail Manager are hereby empowered to bind SCWD by change order up to the amounts identified below based on the contract amount:

<u>Contract Amount</u>	<u>Change Order Authority</u>
Less than \$500,000	Up to \$50,000
\$500,000 to \$1,000,000	Up to \$75,000
Over \$1,000,000 to \$5,000,000	Up to \$100,000
Greater than \$5,000,000	\$200,000

The Board may grant different change order authority on a project-specific basis. Board approval is required for all change orders that exceed the specific levels of authority given to the General Manager and Retail Manager in this Policy. The General Manager or Retail Manager shall brief the appropriate committee and the Board on the details of all final approved change orders.

SECTION 9. PROFESSIONAL SERVICE CONTRACTS

The Retail Manager shall have the authority to approve all professional service contracts as defined in the County Water District Law (Water Code Section 30000 et seq.) or work authorizations including engineering service contracts other than on calls up to \$50,000 annually that the Retail Manager determines will provide the best service at the most favorable price. All professional service contracts or work authorizations over \$50,000 and up to \$100,000 annually shall require the General Manager's approval. All professional service contracts or work authorizations in excess of \$100,000 annually shall require a written request for proposals to three (3) or more potential consultants. Consideration of proposals received shall be made through an evaluation panel or other procedure, as established by the Retail Manager and recommendations shall be submitted to the CLWA Board for approval to the consultant that offers SCWD the best service at the most favorable price. The Retail 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 CLWA Board. When the amount exceeds the approved change authorization, details of the change shall be noted on the acquisition records and in a general report to the Retail Operations Committee and the CLWA Board as soon as practicable.

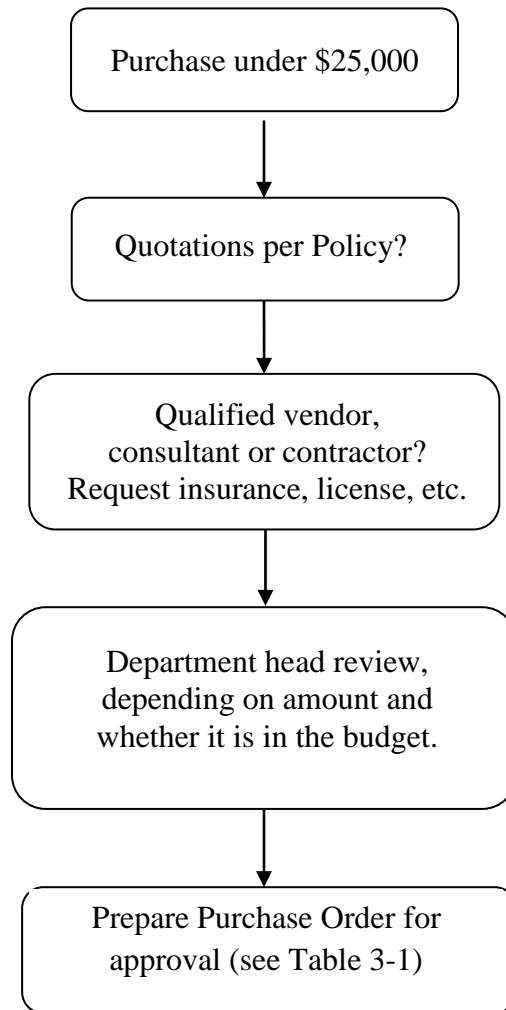
SECTION 10. ENGINEERING SERVICES CONTRACT/ON-CALL ONLY

Every four years, a Request for Statement of Qualifications (RFQ) shall be issued for on call engineering services to conduct evaluations, perform studies, prepare preliminary and final designs, prepare technical specifications, provide engineering support during construction and provide other miscellaneous services for SCWD's water distribution, pumping and conveyance facilities. The RFQ shall solicit Statement of Qualifications (SOQs) from engineering firms interested in being placed in SCWD's engineering consultant pool. The consultants would provide a wide range of engineering services for projects for SCWD's water distribution, pumping and conveyance facilities in accordance with CLWA's existing policies and procedures. Consultants in the preapproved engineering consultant pool would provide services to SCWD on an on-call basis for work authorizations with a value not to exceed \$250,000 annually. For work authorizations greater than \$250,000, a project-specific Request for Proposal process would be used (see Section 9). Consideration of SOQs received shall be made through an evaluation panel or other procedure, as established by the Retail Manager and recommendations of SCWD's engineering consultant pool list shall be submitted to the CLWA Board for approval. All other engineering services shall be subject to Section 9 above.

(Originally Adopted April 2010)

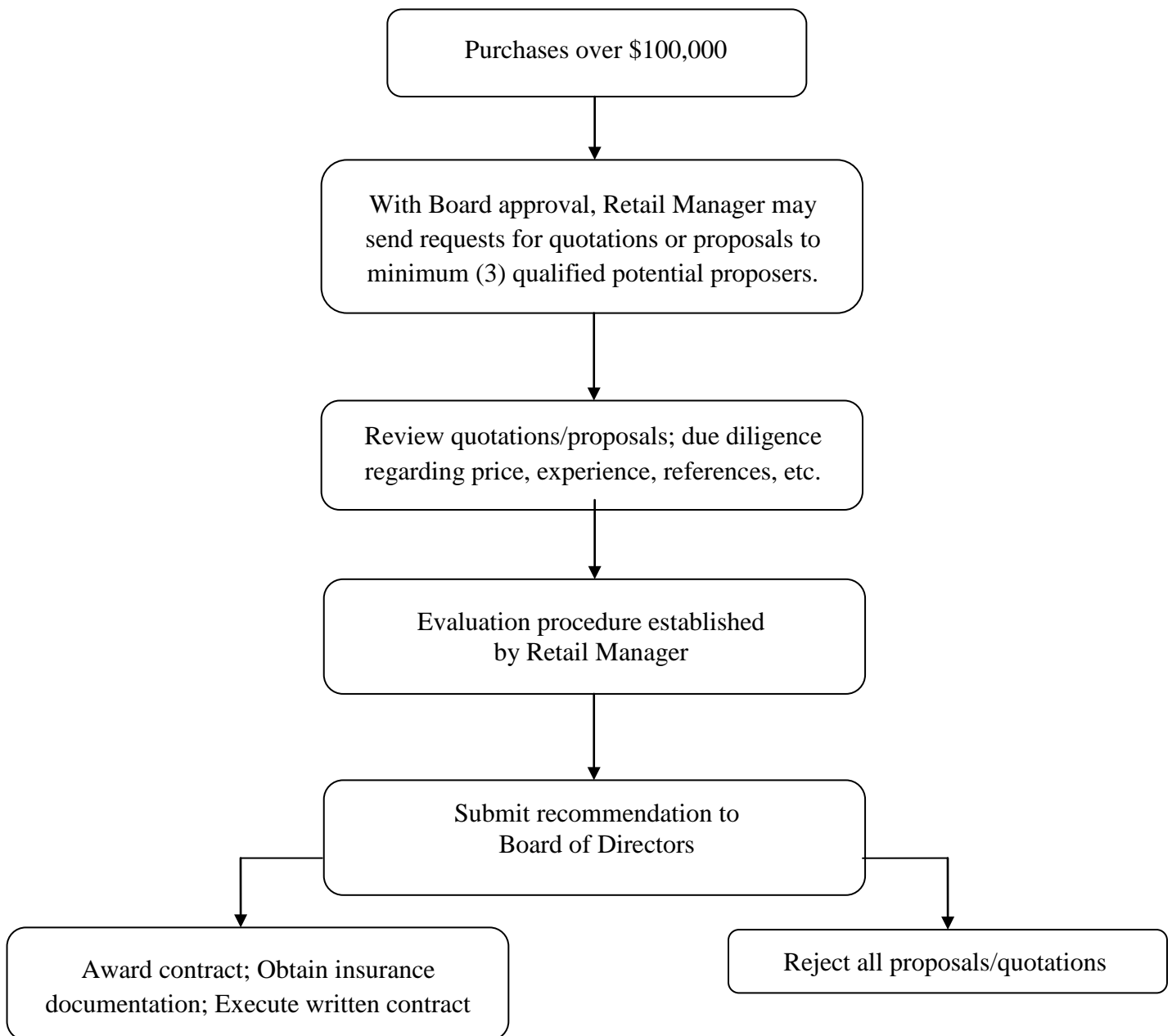


Process Flow Chart Purchases Under \$25,000



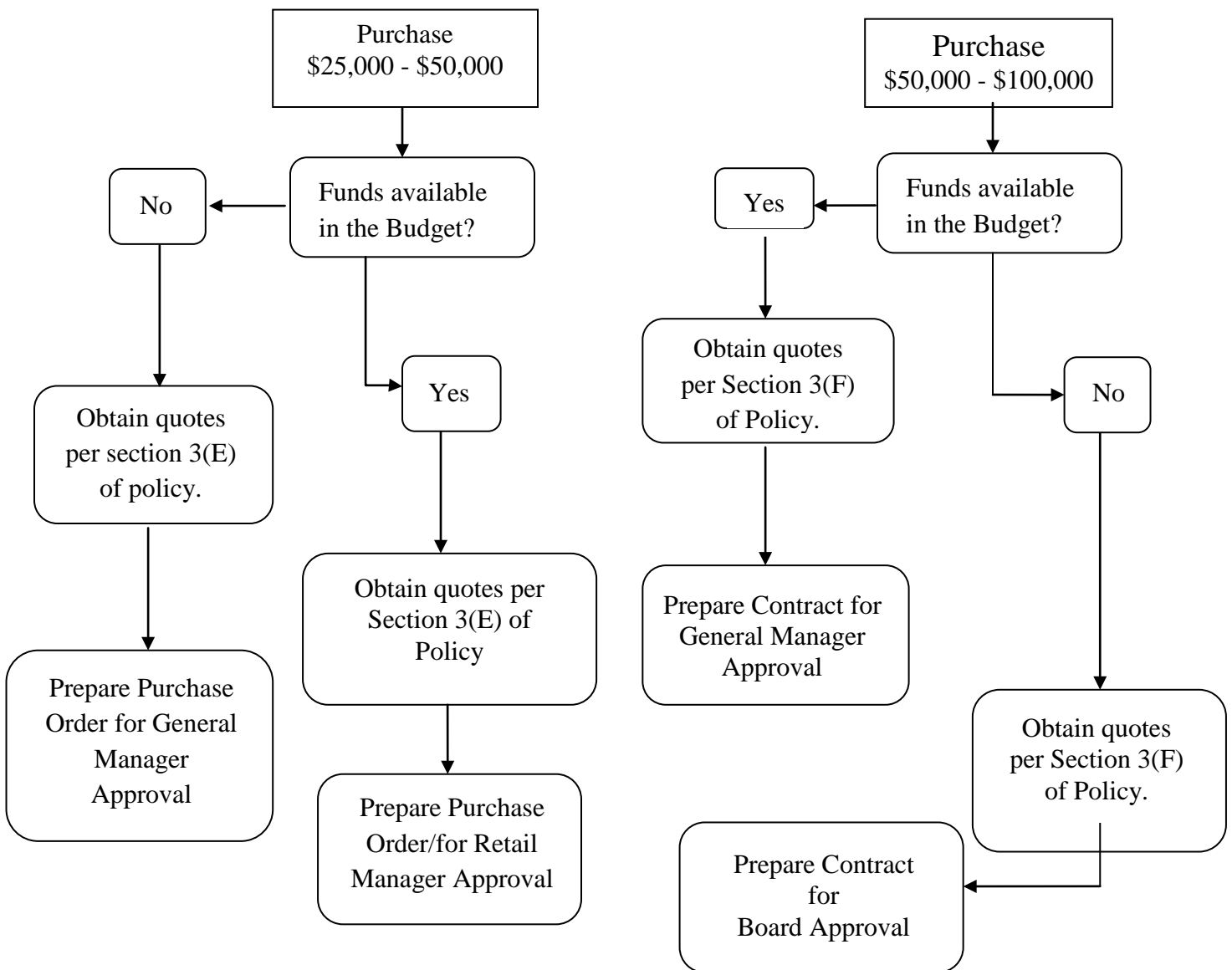


Process Flow Chart Purchases Over \$100,000



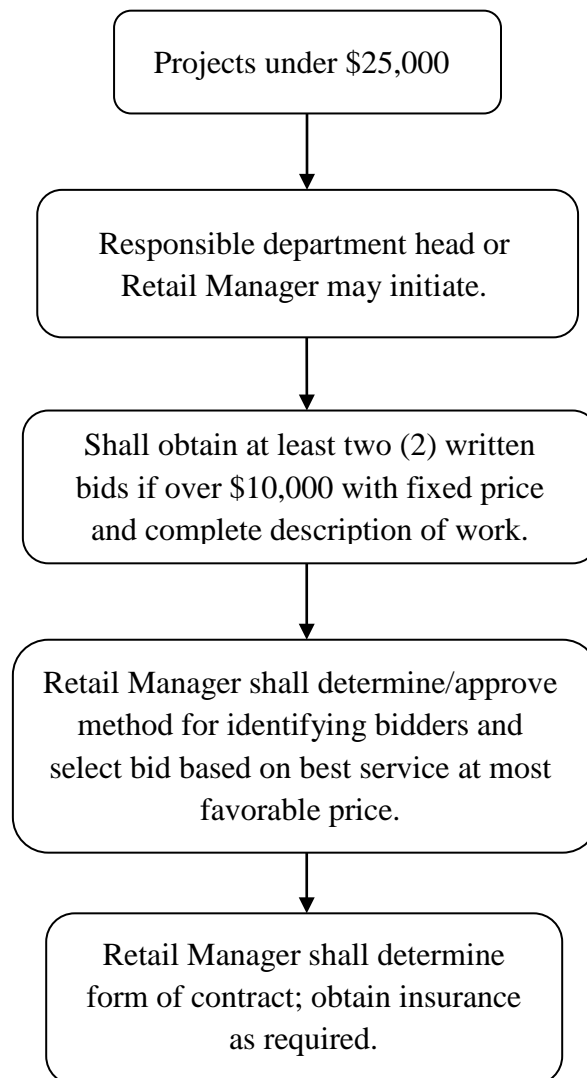


Process Flow Chart
 Purchases \$25,000 - \$100,000



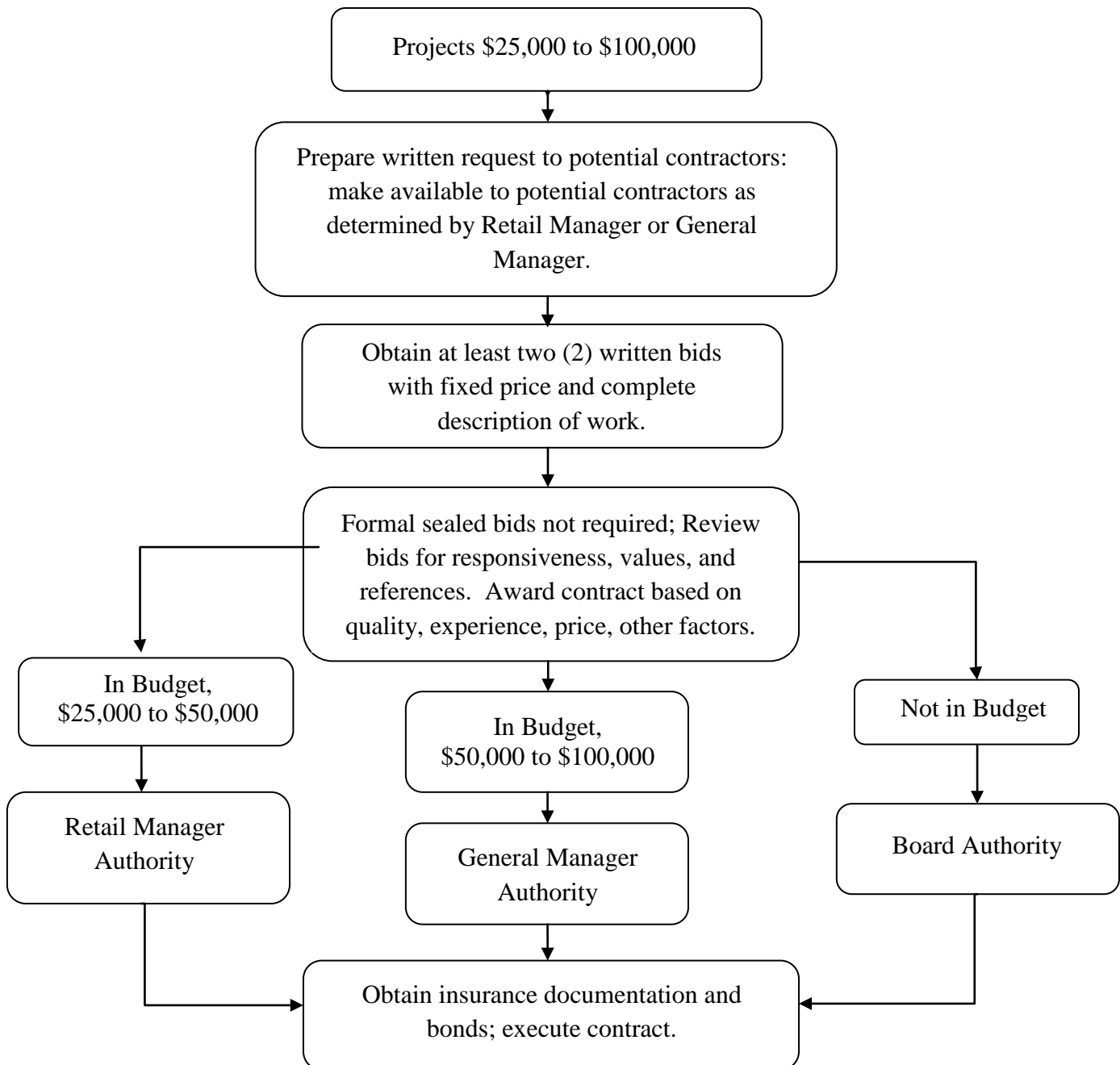


Construction/CIP Process Flow Chart Projects Under \$25,000



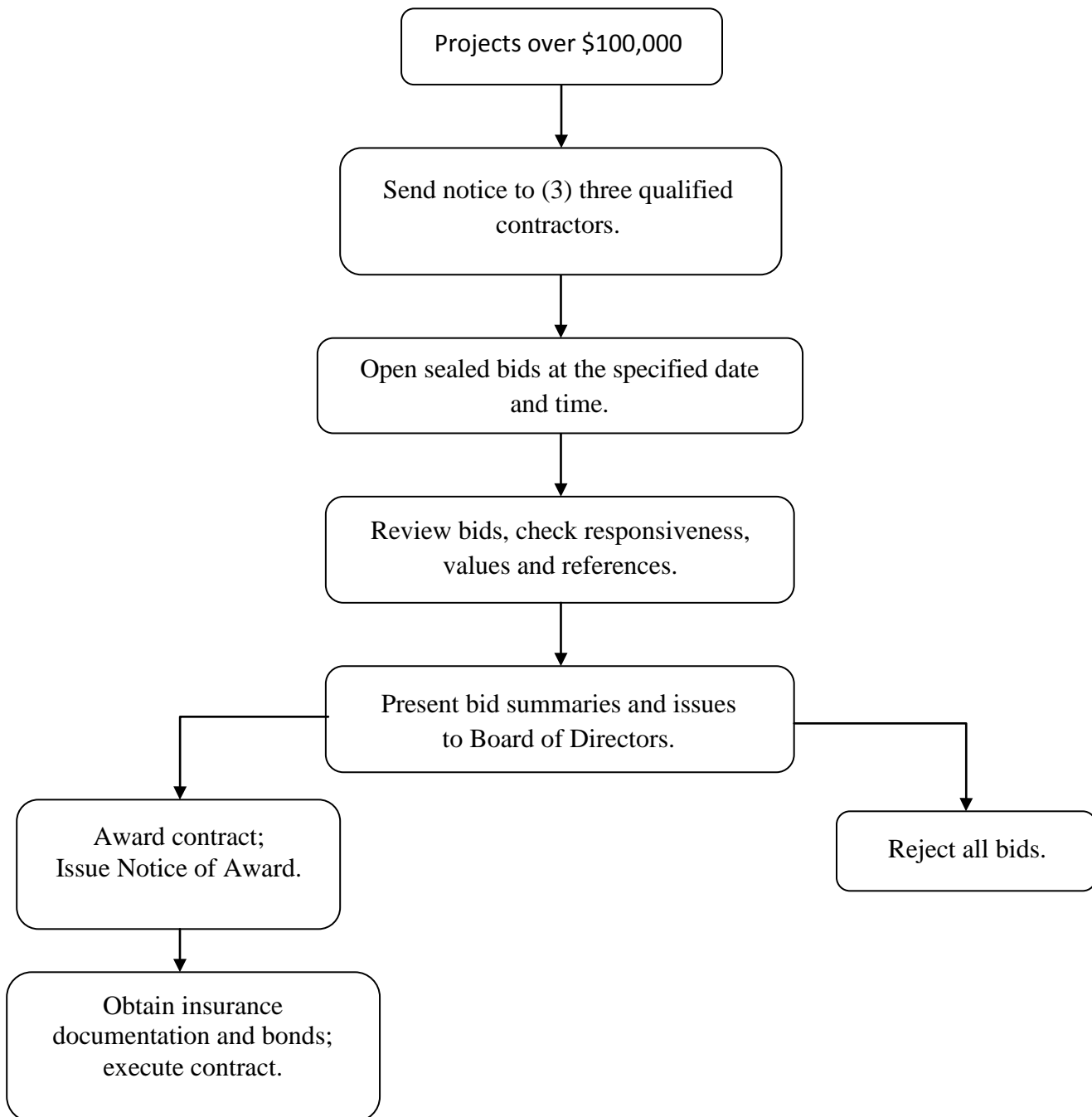


Construction/CIP Process Flow Chart Projects \$25,000 - \$100,000





Construction/CIP Process Flow Chart Projects Over \$100,000



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RESOLUTION NO. 3043

RESOLUTION OF THE CASTAIC LAKE WATER AGENCY
BOARD OF DIRECTORS ADOPTING THE SANTA CLARITA WATER DIVISION
BUDGET FOR FISCAL YEAR 2015/16

WHEREAS, the Santa Clarita Water Division of Castaic Lake Water Agency complies with the Board Procedures Manual requirement 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 Preliminary FY 2015/16 Budget and also reviewed the modifications and adjustments in the Final FY 2015/16 Budget that includes the State Water Resources Control Board 32% conservation mandate specific to Santa Clarita Water Division; and

WHEREAS, the Board of Directors has reviewed the Final FY 2015/16 Budget, including sections on the Operating Budget and Capital Expenditures.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Castaic Lake Water Agency hereby:

1. Authorize the Retail Manager to amend FY2014/15 Budget to reflect the defeasement transaction for the 2010B COP \$280,500 (\$275,000 for principal and \$5,500 for interest), 2011A Revenue Bond \$2,070,600 (\$2,030,000 for principal and \$40,600 for interest) and related expenses estimated at \$12,000.
2. Adopts the attached Santa Clarita Water Division Fiscal Year 2015/16 Budget.
3. Appropriates the Operating Expenditures, Capital Expenditures and Debt Principal and Interest Payment for each fund for FY 2015/16 shown on the attached Financial Summary.
4. Authorizes the General Manager or Retail Manager to make interfund transfers up to the amounts shown on the attached Financial Summary.
5. Authorizes the General Manager or Retail Manager to make inter-account transfers up to the Operating Expenditures, Capital Expenditures and Debt Principal and Interest Payment amounts shown on the attached Financial Summary.



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 10, 2015, the foregoing Resolution No. 3043 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 10, 2015


Secretary

Santa Clarita Water Division
Financial Summary
Preliminary FY 2015/16 Budget

	FY 2014/15 Budget	FY 2014/15 Estimated	FY 2014/15 % Variance	FY 2015/16 Budget	FY 2014/15 Estimated vs. FY 2015/16 Budget % Variance
Santa Clarita Water Division					
Total Operating Revenues	\$30,141,000	\$ 31,091,080	3.1%	\$ 26,535,300	-15.0%
Operating Expenditures					
Source of Supply	8,775,000	8,600,638	-2.0%	8,709,200	1.3%
Pumping	2,416,900	2,523,588	4.2%	2,486,700	-1.5%
Water Treatment	1,133,800	1,043,617	-8.6%	1,213,200	16.2%
Transmission and Distribution	4,604,400	4,344,962	-6.0%	5,004,800	15.2%
Customer Service	980,500	919,762	-6.6%	977,000	6.2%
Engineering	1,320,700	1,158,503	-14.0%	1,018,800	-12.1%
Administrative and General	2,762,500	2,660,836	-3.8%	3,354,500	26.1%
Total Operating Expenses	21,993,800	21,251,906	-3.5%	22,764,200	7.1%
Operating Income	8,147,200	9,839,174	17.2%	3,771,100	-61.7%
Non-Operating Revenue/(Expense)					
Other Income - Cellular Antenna Rental and Miscellaneous	275,000	280,633	2.0%	282,000	0.5%
Rental Income - 22722 Soledad Canyon Road Office Building	130,200	130,159	N/A	134,100	3.0%
Interest Earnings - SCWD Fund	115,000	115,000	0.0%	160,000	39.1%
Interest Earnings - Certificates of Participation (COP)	9,000	7,699	-16.9%	-	-100.0%
Interest Expense - COP Series 2010B (Capital Projects)	(696,963)	(702,459) *	0.8%	(681,988)	-2.9%
Interest Expense - Revenue Bond Series 2011A (Retail Acquisition Repayment)	(2,336,663)	(2,377,237) *	1.7%	(2,227,713)	-6.3%
Total Non-Operating, Net	(2,504,425)	(2,546,205)	1.6%	(2,333,600)	-8.3%
Net Income Before Debt Principal Payment	5,642,775	7,292,969	22.6%	1,437,500	-80.3%
Principal Payment - COP Series 2010B (Capital Projects)	(265,000)	(540,000) *	50.9%	-	-100.0%
Principal Payment - Revenue Bond Series 2011A (Retail Acquisition Repayment)	(1,850,000)	(3,880,000) *	52.3%	-	-100.0%
Increase/(Decrease) to Fund Balance	<u>3,527,775</u>	<u>2,872,969</u>	<u>-22.8%</u>	<u>1,437,500</u>	<u>-50.0%</u>
Total Revenue Requirements	\$30,141,000	\$ 31,091,080	3.1%	\$ 26,535,300	-15.0%

Santa Clarita Water Division Fund Summary	FY 2015/16 Estimated Beginning Balance	FY 2015/16 Additions	FY 2015/16 Use of Funds	FY 2015/16 Estimated Ending Balance
Developer Refundable Deposit	\$ 3,945,000	\$ -	\$ -	\$ 3,945,000
Expansion Fund	4,516,840	600,000	(1,038,374)	4,078,466
CIP Fund	2,856,680	5,509,700	(6,366,380)	2,000,000
Operating Reserve Fund	5,498,500	192,600	-	5,691,100
Rate Stabilization Reserve Fund	1,507,050	1,146,480	-	2,653,530
Capital Reserve Fund	1,000,000	-	-	1,000,000
Emergency Reserve Fund	-	1,000,000	-	1,000,000
Unrestricted Reserve Fund	13,238,900	-	(6,411,280)	6,827,620
Total Funds Available	\$ 32,562,970	\$ 8,448,780	\$ (13,816,034)	\$ 27,195,716

* Defeasement (prepay) FY 2015/16 Principal of 2010B (\$275,000) and 2011A Revenue Bonds (\$2,030,000) and the associated interest of \$5,500 and \$40,600 respectively. FY 2014/15 Budget will be amended if the Board approves the Defeasance Agreements on June 10, 2015.

California Drought

2011

- First year of drought.

January
17, 2014

- Governor Brown declares a drought, proclaims a State of Emergency and directs all state officials to take necessary actions to make water immediately available.
- Proclamation includes asking all Californians to reduce water consumption by 20 percent.

July 15,
2014

- State Water Resources Control Board (SWRCB) approves emergency regulation to increase water conservation and enforcement (Resolution 2014-0038).
- SWRCB issues a list of prohibited activities to meet 20 percent goal.

April 1,
2015

- Governor Brown issues Executive Order to achieve an overall statewide 25 percent reduction in potable water use.

May 2015

- Voluntary conservation does not reach the previous 20 percent statewide goal (January 17, 2014 proclamation).

May 5,
2015

- SWRCB adopts Resolution No. 2015-0032 to determine conservation goals for each urban water supplier.
- Based on 175 gallons per capita day (GPCD) use during July – September 2014, Santa Clarita Water Division is placed in Tier 8.

May 18,
2015

- Office of Administrative Law adopts additional regulations intended to safeguard urban water supplies due to continued drought and achieve the 25 percent statewide potable water usage reduction in accordance with Governor Brown's April 1, 2015 Executive Order.
- SCWD is required to meet a 32 percent reduction in water use.

June 10,
2015

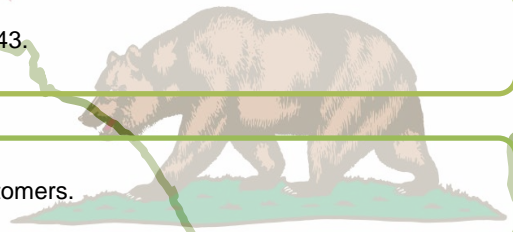
- Agency Board approves Drought Ordinance No. 43 to establish four levels of water supply shortage, each with escalating water conservation restrictions and water use reduction goals.
- Agency (SCWD) adopts Resolution No. 3041 to declare a Level 2 Water Shortage pursuant to Ordinance No. 43.

June 11,
2015

- SCWD begins enforcing Drought Ordinance No. 43.

June 2015

- 31 percent conservation achieved by SCWD customers.





Santa Clarita Water
A Division of Castaic Lake Water Agency
FY 2015/16 Budget

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