

Laguna Beach County Water District



2017-2018 Annual Budget

Laguna Beach County Water District 2017-2018 Annual Budget

Adopted: June 22, 2017

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District Overview

Since 1925, the Laguna Beach County Water District (District) has proudly provided retail water service to our customers. The mission of the District is to furnish a high quality, reliable water supply in a financially responsible manner, while promoting water-use efficiency.

History of the District

Until the early 1920's, the residents of Laguna Beach relied on privately owned shallow wells and intermittent rainfall for their water supply. Then, in the mid-20s, poor water quality and well failure combined to make an alternate water source urgent. The Laguna Beach County Water District was created by public vote in 1925. A year later, District voters approved a \$600,000 bond issue to purchase a well site in Huntington Beach, construct a transmission line, and acquire an existing private water company to provide service. The original bond was paid off in 1955.

With its continuing growth, the District was unable to rely solely on its wells and looked to imported water supplies. In 1943, it started purchasing 100 percent of its supply from Colorado River water supplied by the Metropolitan Water District of Southern California. The District remained solely dependent on imported water supplies until 2016 when an historic agreement was reached with the Orange County Water District. The agreement reestablished the District's right to resume its groundwater pumping in the Santa Ana Basin, ensuring that more than half of the District's water supply would be provided locally.

The District Today

The District's water is provided from local groundwater supplies (Santa Ana River Basin) and imported water from the Colorado River and Northern California. In our continuing efforts to supply a reliable source of water for the community, the District continues to look into other water supply projects as future additional sources of water. The District provides water services to approximately 19,117 people within an 8.5 square mile area of southern Orange County, including portions of the city of Laguna Beach and Crystal Cove State Park.

On January 1, 2004, Emerald Bay Services District was deannexed from the District's service area. This represents approximately 1,086 customers (551 services) or 6 percent of the District's services and accounts for approximately 247 acre feet of water provided by the District. The District continues to provide water service and administrative support through an agreement with Emerald Bay Services District.

The District's approximately 8,097 service connections are mostly residential water users. This year, due to drought restrictions, the District will purchase about 3,502 acre-feet of water. This is equal to approximately 1.14 billion gallons delivered on an annual basis. An acre-foot of water is enough to cover a football field one-foot deep or serve two average sized households for a year.

Operations

There are 21 water storage reservoirs with a total storage capacity of 33.5 million

District Overview (continued)

gallons within the District, providing up to approximately ten days of water to the community in the event of an emergency. These reservoirs are located within five elevation zones to ensure reliable distribution to all customers. They are monitored by the District's state-of-the-art telemetry system, allowing District personnel to manage water distribution throughout the system from the District's headquarters. District staff operates and maintains 36 pumps in 14 pumping stations, a total approximate connected horsepower of 2,660. The system encompasses 135 miles of distribution pipelines, which range in diameter from 4 to 16 inches.

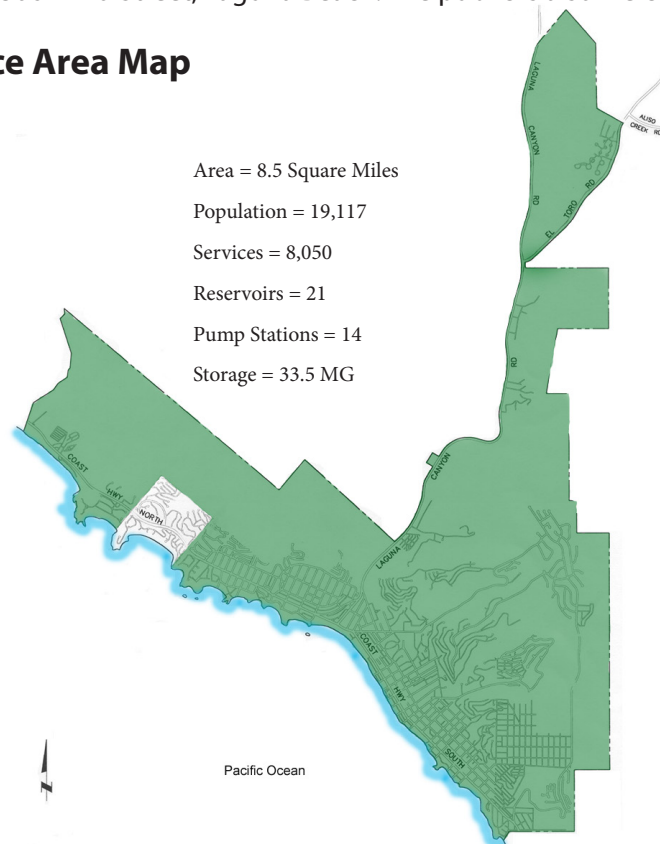
As lead agency in a joint powers relationship with the South Coast Water District, Irvine Ranch Water District, the city of Newport Beach, and the Santa Margarita Water District, the District also operates and maintains the Aufdenkamp and the Coast Supply transmission lines. These pipelines range in size from 24 to 42 inches in diameter and provide the District's imported water supply.

How the District is Governed

The publicly-elected Laguna Beach City Council members serve as the Board of Directors of the Laguna Beach County Water District, providing local control over the policies and decisions affecting water service in the community. The Board meets quarterly. The public is welcome.

A District Commission is appointed by the Board to serve in an advisory capacity to the Board. The Commission meets the second Tuesday of each month at 4:30PM in the District's offices at 306 Third Street, Laguna Beach. The public is also welcome.

District Service Area Map



Budget Assumptions

The proposed fiscal year (FY) 2017/18 Operating Budget increases from the FY 2016/17 Operating Budget by 4.9 percent.

Labor

The 2017/18 labor budget has increased 4.5 percent or \$188,860 above the 2016/17 budgeted amounts. This is based on the following factors:

1. 42 Full-time positions (42 in 2016/17)
2. 0 Part-time positions (1 in 2016/17)
3. Cost of Living Adjustment (COLA) 2017/18 - 3.0 percent (2016/17 - 3.5 percent)
4. Merit range remains at 0 to 2.5 percent based on performance.

Benefits

The 2017/18 benefits budget has increased 15.2 percent or \$218,230 above the 2016/17 budgeted amount. This is based on the following factors:

1. PERS
 - A. Employer Contribution 2017/18 – 8.92 percent (2016/17 – 8.88 percent) plus approximate \$228,140 payment to Unfunded Liabilities (2016/17 – \$175,000)
 - B. Employee Contributions 2017/18 – 7 percent (2016/17 - 6 percent)
 - C. Employer Contributions hired after Jan 1, 2013 - 6.53 percent
 - D. Employee Contributions hired after Jan 1, 2013 - 6.25 percent
2. Insurance
 - A. Workers Comp Insurance E-Mod Rate 2017/18 - Estimated 131 percent (2016/17 - 80 percent)
 - B. Workers Comp Insurance 2017/18 Rates remain the same.
 - C. Medical insurance increased January 2017 by 10 percent (was budgeted at 5 percent); projected increase January 2018 by 4 percent. Employee portion of medical insurance premium 2017/18 - 25 percent over single rate (2016/17 - 22.5 percent over single rate)
 - D. No Dental Insurance increase.
 - E. All other insurance coverage remain at same levels as 2016/17 Budget.

Water Purchases

The cost for water purchases decreases by .8 percent or \$23,220 below the 2016/17 estimate.

1. Water Purchases
 - A. Estimated volume of water purchases is 1,477 acre feet (AF) of imported supply and 2,025 AF of groundwater supply (3,450 AF in 2016/17).
2. MWD Water Rates
 - A. Water Rate - \$979/AF - July through December 2017. \$1,015/AF - January through June 2018
 - B. Readiness to Serve Charges (RTS) - 2017/18 - \$185,080/yr (2016/17 - \$210,360/yr)
 - C. MWD Capacity Charges - 2017/18 - \$51,840 (2016/17 - \$58,140/yr)
3. MWDOC Charges
 - A. 2017/18 - \$11.90 per meter (10.95 in 2016/17)
4. Groundwater Charges
 - A. Groundwater Rate - \$550/AF - 2017/18 (\$600/AF - 2016/17)

Budget Assumptions (continued)

Water Sales

Water sales are estimated at 3,292 AF. The District is estimating a 6 percent unaccounted for water loss, which is the difference between the amount of water received and the amount billed to customers. In October 2014, the District's Board of Directors adopted Resolution 799, setting a 5-year rate setting strategy. The first increase took effect November 1, 2014. All following increases become effective on and after November 1 of each year beginning in 2015.

Commodity Rate: The FY 2017/18 water sales revenue projection is based on the following commodity rates:

2017 Tier 1 Rate:	\$4.86
2017 Tier 2 Rate:	\$8.13
2018 Tier 1 Rate:	\$5.25
2018 Tier 2 Rate:	\$8.61

Water sales revenue from Tier 2, which is used to fund the District's Water Use Efficiency Programs, is estimated to be \$427,430.

Bi-monthly Service Charge: The bi-monthly service charge, which is based on the size of the customer meter, will increase by 8 percent effective November 1, 2017 per Board approval in 2014.

Reserves

In 2015, the Board adopted Resolution 805 which established minimum target balances for reserves. The policy target balance fluctuates from year to year based on projected capital needs, water purchase costs, and level of operating expenses. Based on the revenue and expenditure assumptions and projections contained in this FY 2017/18 budget, a net decrease from reserves is projected to help fund capital needs and balance the budget. The FY 2017/18 ending reserves balance remains above the funding levels required in the District's Reserve Policy.

Revenue & Expenditures

Allocation of Projected Revenue vs. Expenditures

	PROJECTED 2017/18
OPERATING REVENUE	\$10,387,940
LESS: OPERATION AND MAINTENANCE EXPENSE	10,203,060
OPERATING INCOME/(LOSS)	<u>184,880</u>
CAPITAL REVENUE	3,318,720
LESS: CAPITAL EXPENDITURES	5,284,500
CAPITAL INCREASE TO/(DECREASE FROM) RESERVES	<u>(1,965,780)</u>
NET INCREASE TO/(DECREASE FROM) RESERVES	<u><u>\$ (1,780,900)</u></u>

Analysis of 2017/18 Budget Revenue Projection

	BUDGET 2016/17	BUDGET 2017/18
OPERATING REVENUE		
WATER SALES	\$ 9,625,050	\$ 10,210,340
FIRE SERVICE	11,600	11,600
FEES & PENALTIES	72,000	72,000
OVERHEAD CHARGE	12,000	26,000
EQUIPMENT CHARGE	18,000	18,000
MISCELLANEOUS	24,000	50,000
TOTAL OPERATING REVENUE	9,762,650	10,387,940
OPERATION & MAINTENANCE EXPENSE		
	9,728,850	10,203,060
OPERATING GAIN/(LOSS)	33,800	184,880
CAPITAL REVENUE		
RESERVE STORAGE	22,800	22,800
PROPERTY LEASE REVENUE	35,280	35,450
ANTENAE LEASE REVENUE	360,000	371,020
INTEREST REVENUE	310,300	246,180
PROPERTY TAX REVENUE	2,591,440	2,643,270
TOTAL CAPITAL REVENUE	3,319,820	3,318,720
CAPITAL EXPENDITURES	4,518,000	5,284,500
CAPITAL INCREASE TO/(DECREASE FROM) RESERVES	(1,198,180)	(1,965,780)
NET INCREASE TO/(DECREASE FROM) RESERVES	\$ (1,164,380)	\$ (1,780,900)

Budget Overview

2017/18 Operating Budget

The operating budget includes the day-to-day operations of the District, which includes operations and maintenance, customer service, engineering, water use efficiency, human resources, finance, and administration. This fiscal year, labor and benefit costs have increased, accounting for much of the \$474,210 increase in expenditures. This equates to 4.9 percent increase from the previous year's operating budget.

Water Purchases

In 2016, the District secured its groundwater right of 2,025 acre-feet of water from the Santa Ana Groundwater Basin reducing its 100 percent dependence on imported water supplies. Groundwater supply costs are estimated to be \$550 per acre-foot. Water supply costs from Metropolitan Water District of Southern California (MWD), Municipal Water District of Orange County (MWDOC), and OCWD/City of Newport Beach decreased by \$23,220 for the 2017/18 Budget. To improve long-term water reliability and continue the District's efforts to reduce water use to meet SB X7-7 (20 percent reduction by 2020), water purchases are estimated at 3,502 acre-feet for the fiscal year. The District's wholesale rates from MWD increase from \$979 to \$1,015 an acre-foot in January 2018. This \$36 increase comes on top of a \$37 per acre-foot increase last year for imported water. In addition, MWDOC increased its meter connection charge from \$10.95 to \$11.90.

Labor and Benefits

Labor and benefits are projected to increase \$413,080 due to merit increases, a 3.0 percent cost of living adjustment, and a 4.0 percent increase in insurance premiums. The District will contribute 8.9 percent of payroll to PERS plus \$228,140, versus last year's contribution of 9.9 percent plus \$175,000. Employees will contribute 7.0 percent of salary to cover all of their contribution to PERS. All other benefit coverages are either based upon no change or have been adjusted accordingly for inflation. Workers' Compensation Insurance rates are expected to remain the same as last year, but the carriers' experience modification rate will increase from 96 to 131.

Field and Maintenance

The field operations and maintenance component of the budget, including labor and benefits less water costs, increased by \$356,210 or 10.5 percent. This area covers operation and maintenance of the District's facilities, which include supply lines, reservoirs, pump stations, distribution pipelines and appurtenances, vehicle maintenance, and buildings. No appreciable program changes are projected for this fiscal year. The change in this area is attributed to higher energy due to groundwater pumping, chemicals for water treatment, fuel, labor and benefits.

General Manager's Office

Expenses relating to the Board, Commission, General Manager, Legal, Audit, Human Resources, and professional memberships, such as the Association of California Water Agencies (ACWA) and the American Water Works Association (AWWA), are under the General Manager's Office section. An increase of \$52,730 or 7.6 percent is mainly due to labor and benefits, and legal fees.

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Budget Overview (continued)

Administration and Customer Service

Expenses in Administration and Customer Service budget increased \$14,940 or 1.6 percent this year. Expenses included in the Administration and Customer Service area include meter reading, records retention and destruction, data management, and customer billing. The increase is attributed to labor and benefits.

Water Use Efficiency

The water use efficiency program budget decreased by \$122,200, or 23.5 percent, due to a decrease in program, rebate, and outreach needs that were a result of the statewide drought emergency response. The District's water use efficiency efforts focus on establishing a long-term water conservation framework, community education, outreach, program development, and increased program participation, all while improving the District's drought resiliency. It is important to note that funding for the District's water use efficiency programs and operations are generated through the District's Tier 2 Rate, with those customers using in excess of their water budget, funding programs that conserve water and bring in additional supplemental water from outside sources to meet high demand.

Finance

The finance section of the budget has increased \$104,730 or 15.5 percent. Labor and benefits, and general office expense comprise the majority of the increased costs, while insurance premiums reflect increases due to the carriers' experience modification rate increasing from 96 to 131.

Engineering

The engineering section of the budget increased \$91,090 or 16.5 percent. The engineering department provides technical expertise to support operation of the District. The increase is due to labor and benefits.

2017/18 Capital Budget

This year, the District proposes to spend \$5,284,500 on capital improvements, an increase of 17 percent over the 2016/17 Capital Budget. This increase is largely due to the District starting construction on the Rim Rock Reservoir project.

Joint Powers Projects

The District manages the Aufdenkamp Transmission Main and the Coast Supply Line, which are both jointly owned with other water agencies. This category covers projects specific to these facilities and costs are shared by each agency according to its capacity rights in each pipeline. The total cost of all projects for this fiscal year is \$260,000 with the District's share of costs at \$99,500.

Reservoir and Pump Station Improvements

These projects are too large to be considered maintenance items. Six projects totaling \$2,850,000 are proposed for this fiscal year. They include the rehabilitation, upgrades,

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Budget Overview (continued)

and replacements at various pump stations and reservoirs. The largest improvement project is the Rim Rock Reservoir Replacement and Temple Hills 600 Relocation Project at \$2,000,000.

Transmission and Distribution

Capital funds are designated annually for ongoing maintenance programs and miscellaneous projects that are large enough to be considered capital in nature. The majority of work in this category includes service lines, valves, fire hydrants, and meter replacement. The goal is replacement before these items fail. This year, \$925,000 will be spent in this category with \$200,000 being allocated to the Master Plan update.

Office Equipment and Technology

This category includes network improvements, upgrades to the District's SCADA system, miscellaneous office furnishings in need of replacement, and computer replacements. The SCADA System upgrade is the majority of the \$120,000 budget.

Equipment and Vehicles

The District replaces equipment and vehicles based on wear and tear, cost of maintenance, and mileage. Two light duty trucks are scheduled for replacement this year along with a large dump truck and a portable pumping unit. In addition, a new backhoe will be added to the fleet. Total cost expenses are \$450,000.

Facility Improvements

This category covers improvements to the remaining District facilities that are not covered under reservoirs, pump stations, or pipelines. This fiscal year, \$120,000 has been budgeted to repair the roof on the annex building, make improvements to the locker room and lunch room area, replace older light fixtures with energy efficient LED lighting, and replace the terracotta tile walkway at District headquarters.

Water Supply Projects

The District secured its groundwater right of 2,025 acre -feet of water in 2016. Included in this category is the payment or "buy-in" fee to Orange County Water District for the use of its assets (wells, pipes, pumps, etc.). A new intertie with the City of Newport Beach is also planned to facilitate simultaneous delivery of MWD water and groundwater.

2016/17 & 2017/18 OPERATING AND MAINTENANCE BUDGET COMPARISON

SECTION/PAGE	DESCRIPTION	BUDGET 2016/17	BUDGET 2017/18
5-14	OPERATIONS - SOURCE OF SUPPLY (51000)		
	SOURCE OF SUPPLY - SYSTEM OPERATIONS (51100)	\$ -	\$ -
	SOURCE OF SUPPLY-CSL (51200)	77,990	52,040
	SOURCE OF SUPPLY-ATM (51300)	145,080	109,320
	SOURCE OF SUPPLY-WELLS (51400)	-	-
	PURCHASED WATER (51500)	2,944,230	2,921,010
	TOTAL SOURCE OF SUPPLY	3,167,300	3,082,370
5-15	OPERATIONS - PUMPING (52000)		
	PUMPING EXPENSE (52100)	429,190	410,920
	PUMPING POWER (52200)	200,000	240,000
	TOTAL PUMPING	629,190	650,920
5-16	OPERATIONS - TRANSMISSION & DISTRIBUTION (54000)		
	RESERVOIR EXPENSE (54100)	600,190	758,670
	MAINLINE EXPENSE (54200)	1,256,390	1,481,000
	METER EXPENSE (54300)	99,040	95,360
	VALVE, VAULT, FIRE HYDRANT EXPENSE (54400)	278,920	280,820
	PAVING EXPENSE (54500)	50,040	50,040
	GENERAL PLANT - EQUIPMENT O&M (54600)	-	-
	GENERAL PLANT - BUILDING (54700)	264,300	279,180
	TOTAL TRANSMISSION & DISTRIBUTION	2,548,880	2,945,070
5-17	GENERAL MANAGERS OFFICE (55000)		
	GENERAL MANAGERS EXPENSE (55100)	374,730	385,920
	HUMAN RESOURCES (55200)	146,790	160,620
	COMMISSION/BOARD (55400)	104,110	110,780
	LEGAL (55500)	50,000	70,020
	AUDIT(55600)	18,000	19,020
	TOTAL GENERAL MANAGERS OFFICE	693,630	746,360
5-18	ADMINISTRATION AND CUSTOMER SERVICE (56000 & 57000)		
	ADMINISTRATIVE EXPENSE (56100)	238,730	251,520
	DATA MANAGEMENT (56200)	71,040	73,860
	RECORDS RETENTION (56300)	720	720
	PUBLIC INFORMATION (56400)	42,360	46,300
	DISTRICT RECOGNITION (56800)	30,540	25,500
	CUSTOMER SERVICE (57200)	555,190	555,620
	TOTAL ADMINISTRATION AND CUSTOMER SERVICE	938,580	953,520
5-19	WATER USE EFFICIENCY (57500)		
	OFFICE EXPENSE (57510)	228,280	245,460
	PROGRAMS/REBATES (57520)	160,020	72,000
	OUTREACH/EVENTS/SPONSORSHIPS (57530)	105,000	58,800
	DEVICES/MATERIALS (57540)	12,000	9,000
	SMARTSCAPE INFO/EXPO (57550)	13,500	11,340
	TOTAL WATER USE EFFICIENCY	518,800	396,600
5-20	FINANCE (58000)		
	FINANCE EXPENSE (58100)	452,530	544,440
	GENERAL OFFICE EXPENSE (58200)	81,200	75,960
	INSURANCE (58300)	141,540	159,600
	INSURANCE CLAIMS (58400)	-	-
	TOTAL FINANCE	675,270	780,000
5-21	ENGINEERING (59000)		
	ENGINEERING EXPENSE (59100)	321,010	410,240
	WATER QUALITY EXPENSE (59200)	236,120	237,980
	TOTAL ENGINEERING	557,130	648,220
	TOTAL OPERATING BUDGET	\$ 9,728,850	\$ 10,203,060

2017/18 OPERATING AND MAINTENANCE BUDGET SUMMARY BY EXPENSE

SECTION/PAGE	DESCRIPTION	BUDGET 2017/18
5-14	OPERATIONS - SOURCE OF SUPPLY (51000)	
	LABOR	\$ 71,840
	BENEFITS	44,160
	MATERIALS	2,388,370
	VEHICLE/EQUIPMENT	8,760
	OUTSIDE SERVICES	569,240
	TOTAL SOURCE OF SUPPLY	3,082,370
5-15	OPERATIONS - PUMPING (52000)	
	LABOR	140,040
	BENEFITS	121,780
	MATERIALS	24,060
	VEHICLE/EQUIPMENT	45,000
	OUTSIDE SERVICES	320,040
	TOTAL PUMPING	650,920
5-16	OPERATIONS - TRANSMISSION & DISTRIBUTION (54000)	
	LABOR	1,217,170
	BENEFITS	885,680
	MATERIALS	205,620
	VEHICLE/EQUIPMENT	153,240
	OUTSIDE SERVICES	483,360
	TOTAL TRANSMISSION & DISTRIBUTION	2,945,070
5-17	GENERAL MANAGERS OFFICE (55000)	
	LABOR	316,920
	BENEFITS	266,360
	MATERIALS	13,200
	VEHICLE/EQUIPMENT	600
	OUTSIDE SERVICES	149,280
	TOTAL GENERAL MANAGERS OFFICE	746,360
5-18	ADMINISTRATION AND CUSTOMER SERVICE (56000 & 57000)	
	LABOR	510,080
	BENEFITS	190,680
	MATERIALS	21,340
	VEHICLE/EQUIPMENT	15,600
	OUTSIDE SERVICES	215,820
	TOTAL ADMINISTRATION AND CUSTOMER SERVICE	953,520
5-19	WATER USE EFFICIENCY (57500)	
	LABOR	151,680
	BENEFITS	88,380
	MATERIALS	28,440
	VEHICLE/EQUIPMENT	3,000
	OUTSIDE SERVICES	125,100
	TOTAL WATER USE EFFICIENCY	396,600
5-20	FINANCE (58000)	
	LABOR	320,220
	BENEFITS	185,820
	MATERIALS	32,640
	VEHICLE/EQUIPMENT	-
	OUTSIDE SERVICES	241,320
	TOTAL FINANCE	780,000
5-21	ENGINEERING (59000)	
	LABOR	306,660
	BENEFITS	181,000
	MATERIALS	9,720
	VEHICLE/EQUIPMENT	23,280
	OUTSIDE SERVICES	127,560
	TOTAL ENGINEERING	648,220
	TOTAL OPERATING BUDGET	\$ 10,203,060

2017/18 CAPITAL BUDGET SUMMARY

SECTION/PAGE	DESCRIPTION	BUDGET 2017/18
6-24	JOINT POWERS PROJECTS	
	AUFDENKAMP TRANSMISSION MAIN (ATM) CORROSION PROTECTION INVESTIGATION	\$ 30,000
	AUFDENKAMP TRANSMISSION MAIN (ATM) AIR/VAC REPLACEMENTS	24,000
	COAST SUPPLY LINE (CSL) ANODE REPLACEMENT	45,500
	TOTAL JOINT POWERS PROJECTS	99,500
6-25	RESERVOIR AND PUMP STATION IMPROVEMENTS	
	RIMROCK RESERVOIR AND TEMPLE HILLS 600 REPLACEMENT	2,000,000
	OAK STREET PUMP STATION REHABILITATION/REPLACEMENT	100,000
	PLATZ RESERVOIR LINING REPAIR AND CATHODIC PROTECTION	300,000
	RIDGE RESERVOIR LINING REPAIR AND CATHODIC PROTECTION	300,000
	FLOW METER INSTALLATIONS	50,000
	EL MORRO RESERVOIR REPAIR	100,000
	TOTAL RESERVOIR AND PUMP STATION IMPROVEMENTS	2,850,000
6-26	TRANSMISSION AND DISTRIBUTION	
	SERVICE LINE/SAMPLE STATION REPLACEMENT	150,000
	VALVE REPLACEMENT	250,000
	HYDRANT REPLACEMENT	120,000
	CITY PROJECTS	30,000
	PROTECTION OF TRANSMISSION AND DISTRIBUTION FACILITIES	50,000
	LAGUNA CANYON PRESSURE REDUCING STATION	75,000
	MASTER PLAN UPDATE	200,000
	TOTAL TRANSMISSION AND DISTRIBUTION PROJECTS	875,000
6-28	OFFICE EQUIPMENT/TECHNOLOGY	
	OFFICE FURNITURE	15,000
	COMPUTERS, PERIPHERALS, & NETWORK INFRASTRUCTURE	25,000
	SCADA SYSTEM UPGRADES	80,000
	TOTAL OFFICE EQUIPMENT	120,000
6-29	EQUIPMENT AND VEHICLES	
	BACKHOE	80,000
	PORTABLE GENERATORS AND PUMPERS	120,000
	DISTRICT VEHICLE NO. 11 REPLACEMENT	100,000
	DISTRICT VEHICLE NO. 61 REPLACEMENT	35,000
	DISTRICT VEHICLE NO. 54 REPLACEMENT	35,000
	DUMP TRUCK ANNUAL LEASE PAYMENT	15,000
	MINI-EXCAVATOR ANNUAL LEASE PAYMENT	15,000
	TOTAL EQUIPMENT AND VEHICLES	400,000
6-30	FACILITY IMPROVEMENTS	
	OFFICE LIGHTING IMPROVEMENTS	15,000
	EMPLOYEE LOUNGE/KITCHEN IMPROVEMENTS	35,000
	ANNEX BUILDING ROOF REPAIRS	25,000
	REPLACEMENT OF EXTERIOR TERRACOTTA TILE WALKWAYS	45,000
	TOTAL FACILITIES IMPROVEMENT	120,000
6-31	WATER SUPPLY PROJECTS	
	GROUNDWATER DELIVERY	200,000
	OCWD RIGHTS CONSIDERATION	620,000
	TOTAL SUPPLY SOURCE PROJECTS	820,000
	TOTAL CAPITAL BUDGET	\$ 5,284,500

Operating & Maintenance

2017/18 Operating & Maintenance Budget Detail

The operating budget includes the day-to-day operations of the District, which includes operations and maintenance, customer service, engineering, water use efficiency, human resources, finance, and administration.

Source of Supply

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
SOURCE OF SUPPLY (51000)						
SYSTEM OPERATIONS (51100)						
SYSTEM OPERATION - EXPENSE (51110)	\$ 122,400	\$ 91,260	\$ 720	\$ 10,020	\$ 30,000	\$ 254,400
SYSTEM OPERATION - REALLOCATION (51120)	(122,400)	(91,260)	(720)	(10,020)	(30,000)	(254,400)
SOURCE OF SUPPLY - COAST SUPPLY LINE (51200)						
REACH 1 (51210)	8,000	4,800	780	900	4,800	19,280
REACH 2 (51220)	6,000	3,600	420	900	4,800	15,720
REACH 3 (51230)	6,000	3,600	420	1,800	4,800	16,620
LBCWD METER (51250)			420			420
SOURCE OF SUPPLY - AUFDENKAMP TRANS. LINE (51300)						
REACH 1 (51310)	22,820	13,820	2,040	2,040	6,000	46,720
IRWD METER (51320)						
SMWD METER (51330)						
REACH 2 (51340)	15,040	9,320	1,980	1,980	6,000	34,320
REACH 3 (51350)	13,980	9,020	1,140	1,140	3,000	28,280
LBCWD METER - AGATE (51360)						
PURCHASED WATER (51500)						
WATER CHARGE (51510)			1,469,920			1,469,920
METROPOLITAN WATER DISTRICT CHARGES (51520)					236,920	236,920
MUNICIPAL WD OF ORANGE COUNTY CHARGES (51530)					100,420	100,420
GROUNDWATER CHARGES (51540)			911,250		202,500	1,113,750
TOTAL SOURCE OF SUPPLY (51000)	\$ 71,840	\$ 44,160	\$ 2,388,370	\$ 8,760	\$ 569,240	\$ 3,082,370

Pumping

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
PUMPING (52000)						
PUMPING EXPENSE(52100)						
GENERAL EXPENSE (52110)	\$ 140,040	\$ 121,780	\$ 14,040	\$ 45,000	\$ 40,020	\$360,880
SCADA (52120)			10,020		40,020	50,040
POWER (52200)					240,000	240,000
TOTAL PUMPING (52000)	\$ 140,040	\$ 121,780	\$ 24,060	\$ 45,000	\$ 320,040	\$ 650,920

Transmission and Distribution

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
TRANSMISSION AND DISTRIBUTION (54000)						
RESERVOIR EXPENSE (54100)						
RESERVOIR EXPENSE (54110)	\$ 207,180	\$ 161,160	\$ 19,980	\$ 32,400	\$ 50,040	\$ 470,760
LANDSCAPING (54120)			600		80,040	80,640
TREE TRIMMING (54130)					45,000	45,000
CHLORINATION/INSPECTION (54140)						
SCADA (54150)			180		4,020	4,200
EL MORRO #1 (54160)	6,110	4,560		1,200	4,800	16,670
WATER TREATMENT (54170)	49,720	36,720	39,960	15,000		141,400
MAINLINE EXPENSE (54200)						
MAINLINE EXPENSE (54210)	663,660	476,600	100,020	63,600	24,000	1,327,880
UNIFORMS EXPENSE (54220)			6,000		13,980	19,980
PROFESSIONAL DEVELOPMENT (54230)			2,400		8,040	10,440
COMMUNICATIONS (54240)					7,500	7,500
EMERGENCY RESPONSE HOUSING (54250)					55,200	55,200
TRUCKING/COUNTY FEES (54260)					12,000	12,000
OUTSIDE CONTRACTORS (54270)					48,000	48,000
METER EXPENSE (54300)						
METER EXPENSE (54310)	48,120	34,220	2,400	8,040	1,560	94,340
OUTSIDE CONTRACTORS (54320)					1,020	1,020
VALVE, VAULT, FIRE HYDRANT EXPENSE (54400)						
VALVE, VAULT, FIRE HYDRANT EXPENSE (54410)	134,820	95,900	15,000	33,000	2,100	280,820
OUTSIDE CONTRACTORS (54420)						
PAVING EXPENSE (54500)						
					50,040	50,040
EQUIPMENT EXPENSE (54600)						
EQUIPMENT EXPENSE (54610)	103,740	73,800	15,000		4,500	197,040
FUEL (54620)			54,000		8,460	62,460
OUTSIDE CONTRACTORS (54630)					45,000	45,000
REALLOCATION (54650)	(103,740)	(73,800)	(69,000)		(57,960)	(304,500)
BUILDING/WAREHOUSE EXPENSE (54700)						
BUILDING EXPENSE (54710)	107,560	76,520	15,000		24,000	223,080
LANDSCAPING (54720)					6,000	6,000
UTILITIES (54730)					24,000	24,000
JANITORIAL (54740)			4,080		22,020	26,100
TOTAL TRANSMISSION AND DISTRIBUTION (54000)	\$ 1,217,170	\$ 885,680	\$ 205,620	\$ 153,240	\$ 483,360	\$ 2,945,070

General Manager's Office

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
GENERAL MANAGER (55000)						
GENERAL MANAGER EXPENSE (55100)						
OFFICE EXPENSE (55110)	\$ 209,220	\$ 127,800	\$ 840	\$ 600	\$ 1,200	\$ 339,660
PUBLICATIONS/MEMBERSHIPS (55120)			480		33,840	34,320
PROFESSIONAL DEVELOPMENT (55130)			2,940		6,000	8,940
GRANT WRITING SERVICES (55140)					3,000	3,000
HUMAN RESOURCES (55200)						
OFFICE EXPENSE (55210)	86,280	58,260	1,980		5,400	151,920
PUBLICATIONS/MEMBERSHIPS (55220)			540		300	840
PROFESSIONAL DEVELOPMENT (55230)			240		2,100	2,340
SAFETY TRAINING (55240)			180		480	660
HEALTH AND WELLNESS PROGRAM (55250)			480		360	840
EMPLOYEE EDUCATION (55260)			3,000			3,000
EMPLOYEE RECRUITMENT (55270)					1,020	1,020
COMMISSION/BOARD (55400)						
OFFICE EXPENSE (55410)	21,420	80,300	720		720	103,160
PROFESSIONAL DEVELOPMENT (55420)			1,800		5,820	7,620
LEGAL (55500)						
					70,020	70,020
AUDIT (55600)						
					19,020	19,020
TOTAL GENERAL MANAGER'S OFFICE (55000)						
	\$ 316,920	\$ 266,360	\$ 13,200	\$ 600	\$ 149,280	\$ 746,360

Administration & Customer Service

	Labor	Benefits	Material	Vehicles/ Equipment	Outside Services	Totals
ADMINISTRATION/CUSTOMER SERVICE (56000 & 57000)						
ADMINISTRATIVE EXPENSE (56100)						
OFFICE EXPENSE (56110)	\$ 168,600	\$ 77,940	\$ 600	\$ 600	\$ 540	\$ 248,280
PUBLICATIONS/MEMBERSHIPS (56120)					120	120
PROFESSIONAL DEVELOPMENT (56130)			120		3,000	3,120
DATA MANAGEMENT (56200)						
CONSULTING SERVICES (56210)			1,020		72,840	73,860
SOFTWARE LICENSE RENEWALS (56220)						
RECORDS RETENTION (56300)						
RECORDS MANAGEMENT (56320)					720	720
PUBLIC INFORMATION (56400)						
PUBLIC INFORMATION OUTREACH (56410)			3,600		26,400	30,000
COMMUNITY PARTICIPATION (56420)			3,600		3,240	6,840
SCHOOL EDUCATION (56430)			1,020			1,020
WATER-WISE GARDEN (56440)			3,640		4,800	8,440
DISTRICT RECOGNITION (56800)						
MISCELLANEOUS DISTRICT ACTIVITIES (56810)			1,020		12,480	13,500
EMPLOYEE RECOGNITION PROGRAMS (56820)			2,640		9,360	12,000
CUSTOMER SERVICE OFFICE (57200)						
OFFICE EXPENSE (57210)	341,480	112,740	3,240	15,000	4,200	476,660
PROFESSIONAL DEVELOPMENT (57230)			840		6,660	7,500
BILL OUTSOURCING (57240)					37,080	37,080
CONSULTING SERVICES (57250)					23,340	23,340
UNCOLLECTIBLES (57260)					11,040	11,040
TOTAL ADMIN AND CUSTOMER SERVICE (56000 & 57000)	\$ 510,080	\$ 190,680	\$ 21,340	\$ 15,600	\$ 215,820	\$953,520

Water Use Efficiency

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
WATER USE EFFICIENCY (57500)						
WATER USE EFFICIENCY (57500)						
OFFICE EXPENSE (57510)	\$ 151,680	\$ 88,380	\$ 1,020	\$ 3,000	\$ 1,380	\$ 245,460
PROGRAMS/REBATES (57520)					72,000	72,000
OUTREACH/EVENTS/SPONSORSHIPS (57530)			14,400		44,400	58,800
DEVICES/MATERIALS (57540)			9,000			9,000
SMARTSCAPE INFO/EXPO (57550)			4,020		7,320	11,340
TOTAL WATER USE EFFICIENCY (57500)	\$ 151,680	\$ 88,380	\$ 28,440	\$ 3,000	\$ 125,100	\$ 396,600

Finance

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
FINANCE (58000)						
FINANCE EXPENSE (58100)						
OFFICE EXPENSE (58110)	\$ 320,220	\$ 185,820	\$ 600		\$ 600	\$ 507,240
PUBLICATIONS/MEMBERSHIPS (58120)					600	600
PROFESSIONAL DEVELOPMENT (58130)			480		4,920	5,400
PAYROLL SERVICES (58140)					10,200	10,200
BANKING SERVICES (58150)					12,000	12,000
SAFEKEEPING - INVESTMENTS (58160)						
CONSULTING SERVICES (58170)					9,000	9,000
GENERAL OFFICE EXPENSE (58200)						
OFFICE EXPENSE (58210)			27,960			27,960
POSTAGE (58220)			3,600			3,600
UTILITIES (58230)					38,400	38,400
MAINTENANCE - OFFICE EQUIPMENT (58240)					6,000	6,000
INSURANCE (58300)						
GENERAL LIABILITY (58310)					135,000	135,000
PROPERTY (58320)					21,000	21,000
STORAGE TANKS (58330)					2,400	2,400
MISCELLANEOUS (58340)					1,200	1,200
INSURANCE CLAIMS (58400)						
GENERAL LIABILITY (58410)						
PROPERTY (58420)						
TOTAL FINANCE (58000)	\$ 320,220	\$ 185,820	\$ 32,640		\$ 241,320	\$ 780,000

Engineering**ENGINEERING (59000)****ENGINEERING EXPENSE (59100)**

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
OFFICE EXPENSE (59110)	\$ 223,320	\$ 124,880	\$ 1,020	\$ 7,800	\$ 2,400	\$ 359,420
PUBLICATIONS/MEMBERSHIPS (59120)			240		2,400	2,640
PROFESSIONAL DEVELOPMENT (59130)			1,020		7,200	8,220
CONSULTING SERVICES (59140)						
GEOGRAPHICAL INFORMATION SYSTEM - GIS (59150)					39,960	39,960

WATER QUALITY EXPENSE (59200)

ROUTINE SAMPLING (59210)	24,000	15,840	2,400	5,040	25,620	72,900
RESERVOIR SAMPLING (59220)	55,680	37,160	4,800	10,080	16,020	123,740
BACKFLOW (59230)	3,660	3,120	240	360	1,500	8,880
DHS FEES (59240)					27,960	27,960
ANNUAL WATER QUALITY REPORT (59250)					4,500	4,500

TOTAL ENGINEERING (59000)

\$ 306,660	\$ 181,000	\$ 9,720	\$ 23,280	\$ 127,560	\$ 648,220
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Capital Budget Detail

Since its incorporation, the District has provided a reliable source of high quality potable water and excellent service to the community at a reasonable cost. The Capital portion of the budget has always been an integral part of the District's overall program of system maintenance and improvement. The Capital Budget is funded by property taxes, office lease revenue, reserve storage fees, and interest income.

Categories within the Capital Budget include:

Joint Powers Projects

The District manages two jointly owned water transmission lines that convey potable water into the District. These pipelines are the District's only source of supply.

Reservoir and Pump Station Improvements

This category funds reservoir and pump station improvement projects.

Transmission and Distribution

This category funds valve, fire hydrant, and meter replacement projects.

Pipeline Replacement

This category funds the replacement of pipelines in the District's distribution system.

Master Plan Improvements

This category funds improvements to the District's distribution system as outlined in the District's Master Plan.

Office Equipment/Technology

This category funds office improvements.

Equipment and Vehicles

The items listed in this category cover replacement of District equipment and vehicles.

Facility Improvements

This category funds improvements to District headquarter facilities.

Water Supply Projects

The District continues to seek alternate sources of water supplies as water reliability becomes more critical and imported supplies continue to be cut back.

2017/18 CAPITAL BUDGET SUMMARY

SECTION/PAGE	DESCRIPTION	BUDGET 2017/18
6-24	JOINT POWERS PROJECTS	
	AUFDENKAMP TRANSMISSION MAIN (ATM) CORROSION PROTECTION INVESTIGATION	\$ 30,000
	AUFDENKAMP TRANSMISSION MAIN (ATM) AIR/VAC REPLACEMENTS	24,000
	COAST SUPPLY LINE (CSL) ANODE REPLACEMENT	45,500
	TOTAL JOINT POWERS PROJECTS	99,500
6-25	RESERVOIR AND PUMP STATION IMPROVEMENTS	
	RIMROCK RESERVOIR AND TEMPLE HILLS 600 REPLACEMENT	2,000,000
	OAK STREET PUMP STATION REHABILITATION/REPLACEMENT	100,000
	PLATZ RESERVOIR LINING REPAIR AND CATHODIC PROTECTION	300,000
	RIDGE RESERVOIR LINING REPAIR AND CATHODIC PROTECTION	300,000
	FLOW METER INSTALLATIONS	50,000
	EL MORRO RESERVOIR REPAIR	100,000
	TOTAL RESERVOIR AND PUMP STATION IMPROVEMENTS	2,850,000
6-26	TRANSMISSION AND DISTRIBUTION	
	SERVICE LINE/SAMPLE STATION REPLACEMENT	150,000
	VALVE REPLACEMENT	250,000
	HYDRANT REPLACEMENT	120,000
	CITY PROJECTS	30,000
	PROTECTION OF TRANSMISSION AND DISTRIBUTION FACILITIES	50,000
	LAGUNA CANYON PRESSURE REDUCING STATION	75,000
	MASTER PLAN UPDATE	200,000
	TOTAL TRANSMISSION AND DISTRIBUTION PROJECTS	875,000
6-28	OFFICE EQUIPMENT/TECHNOLOGY	
	OFFICE FURNITURE	15,000
	COMPUTERS, PERIPHERALS, & NETWORK INFRASTRUCTURE	25,000
	SCADA SYSTEM UPGRADES	80,000
	TOTAL OFFICE EQUIPMENT	120,000
6-29	EQUIPMENT AND VEHICLES	
	BACKHOE	80,000
	PORTABLE GENERATORS AND PUMPER	120,000
	DISTRICT VEHICLE NO. 11 REPLACEMENT	100,000
	DISTRICT VEHICLE NO. 61 REPLACEMENT	35,000
	DISTRICT VEHICLE NO. 54 REPLACEMENT	35,000
	DUMP TRUCK ANNUAL LEASE PAYMENT	15,000
	MINI-EXCAVATOR ANNUAL LEASE PAYMENT	15,000
	TOTAL EQUIPMENT AND VEHICLES	400,000
6-30	FACILITY IMPROVEMENTS	
	OFFICE LIGHTING IMPROVEMENTS	15,000
	EMPLOYEE LOUNGE/KITCHEN IMPROVEMENTS	35,000
	ANNEX BUILDING ROOF REPAIRS	25,000
	REPLACEMENT OF EXTERIOR TERRACOTTA TILE WALKWAYS	45,000
	TOTAL FACILITIES IMPROVEMENT	120,000
6-31	WATER SUPPLY PROJECTS	
	GROUNDWATER DELIVERY	200,000
	OCWD RIGHTS CONSIDERATION	620,000
	TOTAL SUPPLY SOURCE PROJECTS	820,000
	TOTAL CAPITAL BUDGET	\$ 5,284,500

Joint Powers Projects

The District operates two jointly owned water delivery systems, the Coast Supply Line (CSL) and the Aufdenkamp Transmission Main (ATM). Both systems were constructed to deliver imported water from the Metropolitan Water District of Southern California (MWD) to the District and its partners.

The Coast Supply Line (CSL) ranges in diameter from 24 to 27-inches and takes imported water from MWD at a connection point in Newport Beach along the coast down to San Joaquin Street in Laguna Beach. The partners in this system include City of Newport Beach, Irvine Ranch Water District (IRWD), and the District. The El Morro Reservoir No. 1 serves as flow equalization for the pipeline and is also jointly owned.

The Aufdenkamp Transmission Main (ATM) ranges in diameter from 30 to 42-inches and takes imported water from MWD at a connection point in Irvine through Laguna Canyon and along the coast to Agate Street in Laguna Beach. IRWD, SMWD, SCWD and the District are all partners in this jointly owned facility.

1.1	Aufdenkamp Transmission Main (ATM) Corrosion Protection Investigation – This project involves investigating issues in bonding continuity along the first reach of the ATM between Jeffrey and Sand Canyon in Irvine. Recent monitoring of the cathodic test stations in the area indicate that the pipeline is not being adequately protected for corrosion in this area.	\$ 30,000
	Construction \$100,000, LBCWD Share \$30,000	
1.2	Aufdenkamp Transmission Main (ATM) Air/Vac Replacements – Four air and vacuum release valves along the ATM are in poor condition and require replacement.	24,000
	Construction \$60,000, LBCWD Share \$24,000	
1.3	Coast Supply Line Anode Replacement – The anode bed at the Pelican Hills Golf Course Tunnel is nearly depleted and replacement of the anodes is necessary in order to protect the Coast Supply Line from corrosion	45,500
	Construction \$100,000, LBCWD Share \$45,500	
	TOTAL	\$ 99,500

Reservoir and Pump Station Improvements

The District currently has 22 reservoirs and 14 pump stations that serve areas within the District from sea level to over 1,000 feet in elevation. All of these reservoirs and pump stations must be maintained. Constant preventive maintenance is performed throughout the year that is part of the Operations and Maintenance Budget. Larger improvement projects occur on a regular basis and are included in this Capital Budget.

2.1	Rimrock Reservoir Replacement & Temple Hills 600 Relocation – In FY 2015-2016, a project was developed to investigate the condition of the reservoir and perform rehabilitation work. After investigation was completed, it was determined that the costs associated with rehabilitation of the reservoir were much greater than anticipated and that replacement was a more appropriate option. Staff reviewed the replacement option and determined that relocating the storage reservoir and pump station at Temple Hills 600 to the Rimrock site at the same time would increase overall operational efficiency by eliminating one reservoir from the system. This will be further investigated in the preliminary design. Design work began in 2016-2017 with construction planned for FY 2017-2018.	Design: \$300,000 (FY 2016-2017) Construction: \$2,000,000 (FY 2017-2018) Construction: \$1,500,000 (FY 2018-2019)	\$ 2,000,000
2.2	Oak Street Pump Station Rehabilitation/Replacement - This project involves the repair and replacement of the pumping station at Oak Street. The pump station is the oldest operating pump station in the system and is now being more frequently utilized with the introduction of the groundwater supply. The equipment in the pump station along with the building itself are in need of replacement. Design of a new pumping facility will take place in FY 2017-2018 with construction to follow in FY 2018-2019.	Design: \$100,000 (FY 2017-2018) Construction: \$350,000 (FY 2018-2019)	100,000
2.3	Platz Reservoir Lining Repair and Cathodic Protection System – This project involves the replacement of the cathodic protection system at Platz Reservoir and applying a new lining to the reservoir for corrosion protection.		300,000
2.4	Ridge Reservoir Lining Repair and Cathodic Protection System - This project involves the repair and replacement of the cathodic protection system at Ridge Reservoir and applying a new lining to the reservoir for corrosion protection.		300,000
2.5	Flow Meter Installations - This project involves installation of metering at three pump stations to provide better operational control of the delivery system as well as the ability to trouble shoot pumping issues.		50,000
2.6	El Morro Reservoir Repairs - This reservoir was removed from service and inspected last year and requires concrete and minor corrosion repairs. The work will require removal and replacement of minor concrete work, epoxy patching, and corrosion control.		<u>100,000</u>
	TOTAL		<u><u>\$ 2,850,000</u></u>

Transmission and Distribution

From the Aufdenkamp Transmission Main and Coast Supply Line, the District's water is fed into smaller transmission and distribution lines. Most of the work required within this category includes valves, fire hydrants and meters replacement. The programs of meter, fire hydrant, and valve replacement were developed to address those facilities identified as potential problems during the District's yearly inspection program. The goal is preventive replacement before these items fail. Capital funds are designated annually for ongoing replacement programs and miscellaneous projects that are large enough to be considered capital in nature.

- | | | |
|-----|--|------------|
| 3.1 | Service Line/Sample Station Replacement - This program replaces service lines that have met their usable service life throughout the distribution system. Typical life for a service line is 30 years. With approximately 8,100 service lines in use, this budget is established to replace 80 services in the next fiscal year. | \$ 150,000 |
| 3.2 | Valve Replacement - As part of regular valve maintenance, the District inspects and exercises valves throughout the system on a continual basis. As part of that program, valves are identified for replacement based on loss of function. This budget is established to replace 30 valves in the next fiscal year. | 250,000 |
| 3.3 | Hydrant Replacement - As part of the District's hydrant maintenance program, hydrants are tested and evaluated on an ongoing basis. This budget is established to replace 10 hydrants in the next fiscal year. | 120,000 |
| 3.4 | City Projects - The City of Laguna Beach has ongoing projects that often require the District to modify or relocate its facilities. Smaller items, such as the raising of valve cans or meter boxes due to street paving make up the bulk of this item. | 30,000 |
| 3.5 | Protection of Transmission and Distribution Facilities - These projects protect District transmission and distribution facilities in cases of realignment, protect in place, relocation, and otherwise modifying District facilities due to other utilities or projects. It also covers protection of District facilities in preparation and recovery from disaster, and unplanned and unforeseen occurrences (i.e. fire, flood, earthquake protection, infrastructure failure). | 50,000 |
| 3.6 | Laguna Canyon Pressure Reducing Station - In the Master Plan document, replacement of the 3,500 feet of 8-inch pipe in Laguna Canyon Road with 12-inch pipe was recommended to improve fire flow in the canyon area. In addition, a 6-inch pipe in Arroyo Drive was recommended to be increased in diameter to 12-inches to increase fire flow in the canyon area. Upon further examination, a more feasible and cost effective approach is to construct a pressure reducing station along Laguna Canyon Road that would allow higher pressure water from the ATM pipeline to enter the local distribution system in the canyon in the event of a fire. This project will implement a new pressure reducing station rather than replace 4,700 feet of pipeline. | 75,000 |

Transmission and Distribution (continued on next page)

Transmission and Distribution (continued)

<p>3.7 Master Plan Update - The District completed the latest Master Plan in 2012 based on water consumption data from prior years. With changes in both water supply and system demands along with routine system improvements, an update to the master plan is needed. This planning document is expected to provide the basis for the District's capital improvement program for the next ten years.</p>	<u>200,000</u>
TOTAL	<u>\$ 875,000</u>

Office Equipment And Technology

The items listed under this category cover necessary office system improvements as well as larger office needs.

4.1	Office Furniture - Purchase miscellaneous large office furnishings that are in need of replacement.	\$ 15,000
4.2	Computers, Peripherals, Network Infrastructure - Annual program of computer, peripheral, and network infrastructure replacement as the need occurs. Purchase of five (5) HP PC's, Remote Desktop Server, HA Firewall for Internet Redundancy, and NAS 16TB unit for Server Backup.	25,000
4.3	SCADA System Improvements - This project involves upgrades to the Supervisory Control and Data Acquisition system (SCADA) in order to increase the abilities of the operations staff. This allows staff more effective remote control of system operations as well as increased data available for remote viewing. This system will also incorporate more data from the water quality management systems in order to better control water quality.	<u>80,000</u>
	TOTAL	<u><u>\$ 120,000</u></u>

Equipment and Vehicles

The annual auditor's report states that replacement of vehicles should be considered between four and ten years. Presently, approximately half of the fleet is over 10 years old. Approximately two or three vehicles and some minor miscellaneous equipment are scheduled to be replaced each year based upon wear and tear, cost of maintenance, and mileage. The current fleet consists of 33 light-medium duty vehicles (pick-up trucks and administration vehicles) and 6 heavy duty vehicles (dump trucks and flat-beds). This does not include equipment such as backhoes, bobcats, tractors, portable generators, or portable pumps.

5.1	Backhoe - A new backhoe is needed to facilitate field maintenance and repairs. This will increase overall productivity and the speed of field repair work.	\$ 80,000
5.2	Portable Generators and Pumpers - The District has been replacing generators and pumpers to stay in compliance with current AQMD regulations. This budget has been established to replace one generator and pumper that is currently out of compliance in FY 2017-18.	120,000
5.3	Replace Vehicle No. 11 - This vehicle is a replacement for the 1988 F-800 large dump truck. The vehicle is used for hauling materials to and from jobsites. The vehicle has 30,000 miles on it and is 29 years old.	100,000
5.4	Replace Vehicle No. 61 - This vehicle is a replacement for a 2008 Ford Explorer used by the operations superintendent. The vehicle is 9 years old and has 130,000 miles on it. The vehicle will be replaced with a light duty pickup truck.	35,000
5.5	Replace Vehicle No. 54 - This vehicle is a replacement for a 2004 Ford F-150 used by the street crew. This vehicle is 13 years old and has 166,000 miles on it.	35,000
5.6	Dump Truck Annual Lease Payment	15,000
5.7	Mini-Excavator Annual Lease Payment	15,000
	TOTAL	\$ 400,000

Facility Improvements

This category covers improvements to the District's facilities that are not covered under reservoir, pump station, or pipeline facilities. Most of these improvements are located at the Third Street complex, at the El Morro Storage Facility or other off-site locations.

6.1	Interior/Exterior Office Lighting Improvements - Replace older office light fixtures with LED lighting and add additional lighting to exterior of building including the customer parking area and garden walkways.	\$ 15,000
6.2	Employee Lounge/Kitchen Improvements - Office space was reorganized in FY 16-17 to accommodate more effective collaboration and communication in the operations department. With this change, the lunch room can now be improved to allow room for all operations staff to utilize for lunch and breaks as well as training and meetings. Modifications to the adjoining locker room will also be done to provide additional space and new lockers for field personnel use.	35,000
6.3	Annex Building Roof Repairs - With the replacement of the annex building doors in FY 16-17, moisture damage was found and repaired. The cause of the damage appears to be issues with the old roof on the annex building. This project would replace the wood roof and asphalt shingles with a metal roof similar to the adjacent canopy roof.	25,000
6.4	Replace Terracotta Tile Walkways in District Garden - The existing walkways at the office headquarters have been in place since the District's office remodel in 1990. Over the years tree roots, weather, water, use, and age have created an uneven, cracked, chipped, and unstable walkway for customers and visitors. This covers replacement of the existing terracotta tiled exterior garden walkways and entranceway at District Headquarters.	<u>45,000</u>
TOTAL		<u><u>\$ 120,000</u></u>

Water Supply Projects

The District relies totally on imported water supply. As the reliability of the region's supply becomes more fragile, finding new sources that can augment that supply is a high priority. Several projects fall within this category. These projects will improve the District's source of supply, as well as its flexibility in the event of a major catastrophe.

7.1	Groundwater Delivery - As part of increasing the flexibility of delivery options on the Coast Supply Pipeline, a new interconnection with Newport Beach is planned in order to facilitate simultaneous delivery of MWD water and groundwater. The project would include a new vault along the CSL with appropriate control valves directly connected to Newport Beach's distribution system.	\$ 200,000
7.2	OCWD Consideration Payment - By agreement with Orange County Water District (OCWD) to resolve the District's right to pump 2,025 acre-feet of groundwater per its 1933 judgement, the District will pay a Consideration Payment of \$620,000 annually for five years to OCWD. This payment is a "buy-in-fee" for OCWD assets (wells, pipes, pumps, etc.) currently in place that LBCWD will benefit from.	<u>620,000</u>
TOTAL		<u><u>\$ 820,000</u></u>

Resolutions

RESOLUTION NO. 823**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAGUNA BEACH COUNTY WATER DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING THE LBCWD 2017/18 BUDGET**

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of Laguna Beach County Water District, does hereby resolve and order as follows:

1. That the budget estimate for the General Fund and Capital Fund of the District as submitted for fiscal year 2017/18 is hereby approved.

ADOPTED, SIGNED, AND APPROVED this 22nd day of June, 2017.



President

ATTEST:



Secretary

RESOLUTION NO. 824

A RESOLUTION OF THE LAGUNA BEACH COUNTY WATER DISTRICT, OF ORANGE COUNTY, CALIFORNIA, ESTABLISHING A JOB CLASSIFICATION PLAN AND SALARY RANGES; AND REPEALING RESOLUTION NO. 815 AND ALL OTHER RESOLUTIONS AND MOTIONS INCONSISTENT HEREWITH TO THE EXTENT OF SUCH INCONSISTENCY.

NOW, THEREFORE BE IT RESOLVED, The Board of Directors of the Laguna Beach County Water District, does hereby resolve and order as follows:

1. That pursuant to the authorization contained in Ordinance No. 91, adopted June 2, 1987, authorizing the Salary Schedule of Section 11 entitled "Basic Pay Plan" of Ordinance No. 65, adopted February 6, 1973, as amended, to be established from time to time by resolution of this District, the Board of Directors does hereby resolve and order as follows:
2. That effective the first pay date in July 2017, the "Salary Schedule" of the "Job Classification Plan" is hereby fixed and established as follows:

MONTHLY SALARY SCHEDULE


Grade #	Minimum	Control Point	Maximum
30	13,150	16,437	18,903
29	10,734	13,417	15,429
28	9,335	11,669	13,419
27	8,116	10,146	11,667
26	7,058	8,823	10,146
25	6,564	8,205	9,436
24	6,251	7,814	8,986
23	5,954	7,443	8,559
22	5,670	7,087	8,150
21	5,399	6,750	7,762
20	5,143	6,428	7,392
19	4,899	6,122	7,041
18	4,664	5,830	6,704
17	4,442	5,554	6,387
16	4,231	5,289	6,082
15	4,029	5,037	5,793

3. That effective the first pay date period in July 2017, the following pay grade numbers shall replace those as set forth in Section 11 of Ordinance No. 65 of this District and are hereby allocated and assigned to the following employment positions of the Laguna Beach County Water District, as follows:

<u>EMPLOYMENT POSITION CLASSIFICATION</u>	<u>PAY GRADE NUMBER</u>
GENERAL MANAGER’S OFFICE:	
General Manager	Board Approved
Human Resources and Office Administrator	26
ADMINISTRATION / CUSTOMER SERVICE	
Assistant General Manager	30
Customer Service Supervisor	27
Water Use Efficiency Administrator	23
Public Affairs Specialist	22
Customer Service Representative II	17
Meter Reader/Customer Service Technician	16
Customer Service Representative I	15
Customer Service Technician I	15
Facilities Maintenance Technician	15
ENGINEERING:	
Manager of Engineering & Operations	30
Senior Engineering Associate	26
Construction Inspector	24
Water Quality Specialist	24
Engineering Technician	23
FINANCE:	
Manager of Finance	28
Accountant	24
Senior Accounting Technician	19
OPERATIONS:	
Operations Superintendent	28
Field Maintenance Supervisor	27
Foreman	25
Maintenance Worker III	23
Safety Officer	23
Underground Facility Locator	21
Maintenance Worker II	19
Maintenance Worker I	16
Office Assistant	15

4. Final Resolution NO. 815 and all other resolutions and motions inconsistent herewith be and the same are hereby repealed to the extent of such inconsistency. This resolution shall be in effect the first pay date in July 2017.

ADOPTED, SIGNED AND APPROVED this 22nd day of June, 2017.



President

ATTEST:



Secretary

Appendices

**LAGUNA BEACH COUNTY WATER DISTRICT
WATER RATE HISTORY
1975 TO PRESENT**

RESOLUTION OR ORDINANCE #	EFFECTIVE DATE	SERVICE CHARGE BI-MONTHLY		WATER CHARGE (PER CCF)	%WATER CHARGE INCREASE	MWD WATER RATE (AF)	%MWD WATER RATE INCREASE
ORD. #69	07/01/75	3/4" - 5.00 1 1/2" - 11.25 3" - 25.00	1" - 7.50 2" - 15.00 4" - 40.00	0.28			
	07/01/77					75	
RES. # 301	07/01/78	3/4" - 7.50 1 1/2" - 16.88 3" - 37.50	1" - 11.25 2" - 22.50 4" - 60.00	0.52	86%	84	12%
	07/01/81		SAME	SAME		121	44%
RES. # 367	07/01/82		SAME	0.62	19%	192	59%
RES. # 377	07/01/83		SAME	0.71	15%	SAME	
RES. # 384 (AMENDS SEC 2-377)	07/01/83		SAME	0.83	17%	SAME	
RES. # 395	07/01/84		SAME	0.87	5%	SAME	
RES. # 406 (AMENDS SEC 2-395)	07/01/85		SAME	0.91	5%	224	17%
RES. # 424 (AMENDS SEC 2-406)	07/01/86		SAME	0.96	5%	230	3%
RES. # 499 (REPEALS 377,384,395)	07/01/91		SAME	1.11	16%	261	13%
RES. # 503 (REPEALS ORD.67,69, RES.301,367,395,424,499)	07/01/92	3/4" - 10.00 1 1/2" - 22.50 3" - 50.00	1" - 15.00 2" - 30.00 4" - 80.00	1.37	23%	322	23%
BOARD MOTION	01/06/93		SAME	1.65	20%*	SAME	
RES. # 523 (REPEALS RES. #503)	07/01/93		SAME	1.98	20%	385	20%
	07/01/94		SAME	1.98		412	7%
BOARD MOTION	02/01/95		SAME	2.12	7%	SAME	
	07/01/95		SAME	2.12		426	3%
BOARD MOTION	09/01/95	3/4" - 11.50 1 1/2" - 45.00 3" - 100.00	1" - 23.00 2" - 60.00 4" - 160.00	2.20	4%	SAME	
	01/01/97		SAME	2.20		431	1%
BOARD MOTION	03/01/99		SAME	2.31	5%	SAME	
BOARD MOTION	04/01/00		SAME	2.43	5%	SAME	
BOARD MOTION	07/01/01		SAME	2.50	3%	SAME	
BOARD MOTION	07/01/02	3/4" - 15.00 1 1/2" - 60.00 3" - 130.00	1" - 30.00 2" - 75.00 4" - 205.00	2.50			
BOARD MOTION	07/01/03		SAME	2.64	6%	435	1%
	01/01/04		SAME	2.64		451	3%
BOARD MOTION	07/01/04		SAME	2.74	4%	451	
	01/01/04		SAME	2.74		476	6%
RESOLUTION # 680	07/01/05		SAME	2.82	3%	473	-1%
	01/01/06		SAME	2.82		482	2%
RESOLUTION # 700	07/01/06	3/4" - 18.00 1 1/2" - 72.00 3" - 156.00	1" - 36.00 2" - 90.00 4" - 246.00	2.85	1%	479	-1%
	01/01/07		SAME	2.85		490	2%
RESOLUTION #710	07/01/07	3/4" - 20.00 1 1/2" - 80.00 3" - 173.00	1" - 40.00 2" - 100.00 4" - 273.00	2.94	3%	490	
	01/01/08		SAME	2.94		520	6%
	07/01/08		SAME	2.94		529	2%

continued next page

**LAGUNA BEACH COUNTY WATER DISTRICT
WATER RATE HISTORY
1975 TO PRESENT**

RESOLUTION OR ORDINANCE #	EFFECTIVE DATE	SERVICE CHARGE BI-MONTHLY		WATER CHARGE (PER CCF)	%WATER CHARGE INCREASE	MWD WATER RATE (AF)	%MWD WATER RATE INCREASE
RESOLUTION # 729	12/01/08	3/4" - 21.60 1 1/2" - 107.98 3" - 345.52	1" - 53.99 2" - 172.76 4" - 539.88	30 - 3.02 over - 3.29 (single fam) 3.17 (all others)	3%	604	14%
RESOLUTION # 736	07/01/09	3/4" - 22.69 1 1/2" - 113.46 3" - 363.06	1" - 56.73 2" - 181.53 4" - 567.28	30 - 3.23 over - 3.58 (single fam) 3.42 (all others)	7%	586 701	-3% 16%
RESOLUTION # 765	01/01/11	3/4" - 24.04 1 1/2" - 120.18 3" - 360.55	1" - 60.09 2" - 192.29 4" - 600.92	Tier 1 - 3.56 (Budgeted) Tier 2 - 5.96 (Inefficient)	10% 66%	744	6%
RESOLUTION # 765	01/01/12	3/4" - 24.77 1 1/2" - 123.84 3" - 371.53	1" - 61.92 2" - 198.15 4" - 619.21	Tier 1 - 3.66 (Budgeted) Tier 2 - 6.10 (Inefficient)	3% 2%	794	7%
RESOLUTION # 765	01/01/13	3/4" - 25.52 1 1/2" - 127.59 3" - 382.78	1" - 63.80 2" - 204.15 4" - 637.97	Tier 1 - 3.77 (Budgeted) Tier 2 - 6.26 (Inefficient)	3% 3%	847	7%
RESOLUTION # 765	01/01/14	3/4" - 26.28 1 1/2" - 131.42 3" - 394.27	1" - 65.71 2" - 210.28 4" - 657.11	Tier 1 - 3.89 (Budgeted) Tier 2 - 6.45 (Inefficient)	3% 3%	890	5%
RESOLUTION # 799	11/01/14	3/4" - 27.57 1 1/2" - 137.85 3" - 413.55	1" - 68.92 2" - 220.56	Tier 1 - 4.25 (Budgeted) Tier 2 - 7.21 (Inefficient)	9% 12%	923	4%
RESOLUTION # 799	11/01/15	3/4" - 29.87 1 1/2" - 149.33 3" - 448.00	1" - 74.67 2" - 238.93	Tier 1 - 4.61 (Budgeted) Tier 2 - 7.65 (Inefficient)	8% 6%	942	2%
RESOLUTION #799	11/01/16	3/4" - 32.36 1 1/2" - 161.82 3" - 485.45	1" - 80.91 2" - 258.91	Tier 1 - 4.86 (Budgeted) Tier 2 - 8.13 (Inefficient)	5% 6%	979	4%

* Offsets Property Tax Revenue Loss

Revised 05/18/17

LAGUNA BEACH COUNTY WATER DISTRICT COLA HISTORY		
MARCH OF:	CPI	LBCWD COLA
1987		4.00%
1988		3.00%
1989		4.70%
1990		5.50%
1991		3.10%
1992		3.86%
1993		1.50%
1994		1.80%
1995		1.40%
1996	1.70%	1.70%
1997	1.50%	1.60%
1998	0.60%	3.00%
1999	2.10%	3.00%
2000	3.50%	3.40%
2001	3.20%	3.20%
2002	2.80%	2.80%
2003	4.50%	2.80%
2004	1.80%	1.80%
2005	3.90%	3.00%
2006	4.50%	4.36%
2007	4.00%	3.86%
2008	3.60%	3.45%
2009	-1.60%	0.00%
2010	2.40%	2.40%
2011	3.50%	3.50%
2012	2.00%	2.00%
2013	1.30%	2.00%
2014	1.00%	1.00%
2015	0.20%	2.00%
2016	1.30%	3.50%
2017	2.50%	3.00%