

LAGUNA BEACH COUNTY WATER DISTRICT

2009 - 2010 ANNUAL BUDGET

LAGUNA BEACH COUNTY WATER DISTRICT

2009 - 2010 Annual Budget

Adopted July 7, 2009

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DISTRICT OVERVIEW

Laguna Beach County Water District

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 Colorado River water supplied by the Metropolitan Water District of Southern California. Currently, all potable water is imported into Laguna Beach County Water District from both the State Water Project and the Colorado River. However, the District is again looking at various projects in the Santa Ana River Basin and elsewhere, as future sources of water.

The District Today

The District provides water services to approximately 23,000 people within an 8.5 square mile area of southern Orange County, including portions of the city of Laguna Beach and a portion of Crystal Cove State Park. The District also provides contract services to the community of Emerald Bay.

On January 1, 2004, Emerald Bay Services District was deannexed from the District's service area. This represents approximately 556 customers or 6 percent of the District's services and accounts for approximately 337 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 7,996 service connections are mostly residential water users. The District purchases about 4,000 acre-feet of water annually. This is equal to approximately 1.3 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 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.

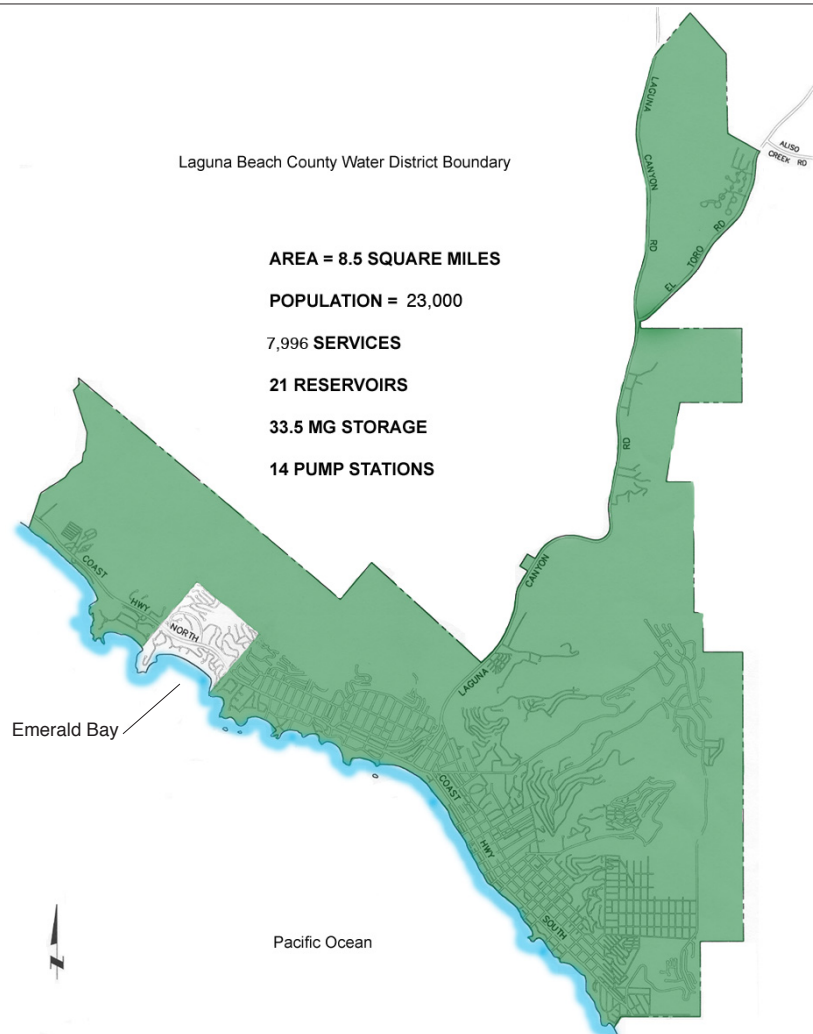
As lead agency in a joint powers relationship with the South Coast Water District, Irvine Ranch Water District, the city of Newport Beach, and the Santa Margarita Water District, the District also operates and maintains the Aufdenkamp and the Coast Supply transmission lines. These pipelines range in 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 and fourth 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
AND OVERVIEW**

OPERATING AND MAINTENANCE BUDGET ASSUMPTIONS

Overall Operation and Maintenance Budget

The proposed fiscal year (FY) 2009/10 budget increases from the FY 2008/09 budget by 1.87 percent.

Labor

The 2009/10 labor budget has increased .53 percent or \$16,070 over the 2008/09 budgeted amounts. This is based on the following factors:

- A. 40 Full-time positions (41 in 2008/09)
 - B. 1 Part-time position (2 in 2008/09)
 - C. Cost of Living Adjustment 2009/10 - 0.00 percent
(Index for March 2009 - <1.60> percent)
-

Benefits

The 2009/10 benefits budget has decreased 3.67 percent or \$37,080 over the 2008/09 budgeted amount. This is based on the following factors:

- A. PERS
 1. Employer Contribution
2009/10 – 6.216 percent (2008/09 – 6.416 percent)
 2. Employee Contribution
2009/10 – 7 percent
 - B. Insurance
 1. Workers Comp Insurance E-Mod Rate 2009/10 - Estimated 103 (2008/09 -103)
 2. Workers Comp Insurance 2009/10 Rates estimated at 100 percent of 2008/09.
 3. Medical insurance increased January 2009 by 5.5 percent; projected increase January 2010 by 4.0 percent. Employees will begin paying a portion of medical insurance premiums.
 4. All other insurance coverage remain at same levels as 2008/09 Budget.
-

Water Purchases

The cost for water purchases will increase by \$206,270 over 2008/09 charges due to a dramatic rate increase from Metropolitan Water District (MWD).

- A. Water Purchases
 1. Estimated volume of water purchases is 4,000 acre feet (AF). This is our Tier 1 allocation from Metropolitan Water District (MWD).
 - B. MWD Water Rates
 1. MWD Water Rate - \$579/AF – July thru August 2009, \$701/AF – September 2009 thru June 2010. (A net increase of 19.7 percent).
 2. MWD RTS Charges - 2009/10 – \$9,360/mo (2008/09 - \$6,555/mo)
 3. MWD Capacity Charges - 2009/10 - \$59,940/yr (2008/09 - \$58,800)
 - C. Municipal Water District of Orange County (MWDOC) Charges -
2009/10 – \$6.25 per meter (5.50 in 2008/09) and \$8.00/AF (6.50 in 2008/09).
-

Water Sales

Water sales are estimated at 3,880/AF. The District is estimating a 3 percent unaccounted for water, which is the difference between the amount of water received and sold.

**2009-2010 O&M
Budget Overview**

The operating budget includes the day-to-day operations of the District, which includes operations and maintenance, customer service, engineering, and administration. This fiscal year, salaries and water supply costs have increased, accounting for much of the \$148,560 increase in expenditures. This equates to 1.87 percent above the previous year's operation budget.

Water Purchases

Water supply costs from Metropolitan Water District of Southern California (MWD) and Municipal Water District of Orange County (MWDOC) will increase by \$204,270 for the 2009/10 Budget. Water purchases are estimated at 4,000 acre-feet, approximately 200 acre feet less from last year due to Metropolitan's water allocation program, which reduced the District's imported supply by 13.3 percent. Our wholesale rates from MWD will increase from \$597 to \$709 an acre-foot. This \$112 increase comes on top of a \$75 an acre-foot increase in 2008/09 for imported water.

Labor and Benefits

Labor and benefits are projected to decrease \$15,558 through a combination of retirements, hiring freeze and a 0.0 percent cost of living adjustment. The District will contribute 6.2 percent of payroll to PERS, versus last year's contribution of 6.4 percent. The increase in health benefits are being offset by the employees being asked to pay a portion of dependent coverage premiums. All other benefit coverages are either based upon no change or have been adjusted accordingly for inflation. Workers' Compensation Insurance rates are projected to decrease and the carriers experience modification rate has remained the same.

**Field Operations and
Maintenance**

The field operations and maintenance component of the budget has decreased by \$5,280. This area covers all operation and maintenance of the District's facilities, which include reservoirs, pump stations, distribution pipelines and appurtenances, vehicle maintenance, and all buildings. No appreciable program changes are projected for this fiscal year. The change in this area is attributed mostly to hiring freeze and decrease in benefits, and cutbacks in existing programs.

**General Manager's
Office**

Expenses relating to the Board, Commission, General Manager, Legal, Audit, 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 \$3,990 or .78 percent to this area is mainly due to salaries and benefits.

**Administration and
Customer Service**

Staff continues to take a proactive approach to public information, community relations, and water use efficiency programs. Due to the hiring an additional full-time employee in the area of customer service, there is an increase of \$49,930 or 5.37 percent in the Administration and Customer Service department. Other expenses included in Administration and Customer Service are human resources, meter reading, records retention and destruction, data management, which includes computer consulting services, hardware, and software for the District, and customer billing.

Finance

The finance section has decreased \$23,370 or 4.09 percent. A decrease in salaries, benefits and insurance comprise the majority of the decreased costs.

Engineering

The engineering section of the budget decreased \$82,530 or 17.20 percent. The engineering department primarily deals with customer inquiries concerning engineering and water quality, designing and managing capital projects, and is a source of support for the Operations Department. Staffing changes and a hiring freeze contributed to the decrease.

2009-2010 Capital Budget

This year, the District proposes to spend \$8,604,800 on capital improvements. This is a significant increase over the 2008-2009 Capital Budget as the District is pursuing local water supply projects to reduce our 100 percent dependence on imported water (as noted below in the Water Supply Reliability Projects). In the past four years, imported water supply costs have increased dramatically. Due to years of drought, the region's limited water reserves, and worsening environmental and regulatory conditions in Northern California's Sacramento-San Joaquin Delta, Southern California's water supplies have been curtailed by as much as 30 percent.

Joint Powers

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 the 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 \$2,245,200 with the District's share being \$1,437,300. The largest portion of the costs are attributed to the removal of the floating cover at El Morro Reservoir No. 1 and replacing it with an aluminum roof at a total cost of \$2,000,000.

Reservoir and Pump Station Improvements

These are projects that are too large to be considered maintenance items. Five projects totaling \$287,500 are being proposed for this fiscal year. The largest project is the rehabilitation of the San Joaquin Pump Station at \$200,000.

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 valve, fire hydrant, and meter replacement. The goal is preventive replacement before these items fail. This year, \$430,000 will be spent in this category.

Cast Iron Pipe Replacement

The District started replacing its old cast iron pipe in the 1970's. It is nearing its goal of finishing the last portions of the old pipe in the 2013-2014 fiscal year. This year, the District proposes to focus on projects in Monterey Drive, High Drive, and Viejo Street, totaling \$570,000.

Master Plan Improvements

The District has completed most of the critical projects outlined in the 1996 Master Plan. Its goal is to complete all of the projects by the 2013-2014 fiscal year. For this budget, the District proposed to improve the flow in the area served by the La Brea Pressure Regulating Station in the north end of the District at a cost of \$463,000.

Office Equipment

The items listed in this category cover necessary office system improvements at a cost of \$275,000.

Equipment and Vehicles

The District replaces equipment and vehicles on a regular basis. For this fiscal year, the District proposes to replace two trucks as well as purchase miscellaneous equipment for \$77,600.

Facility Improvements

This category covers improvements to the remaining District facilities that are not covered under reservoirs, pump stations, or pipelines. This fiscal year, \$28,000 is proposed for replacement of the automatic gate operators at the District office and replacing the HVAC unit at 344 Third Street.

**Water Supply
Reliability 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. In April, Metropolitan implemented its water supply shortage allocation program, reducing the District's water supply reliability to 86.7 percent.

To mitigate the water supply shortage, the expenditures being proposed in this category address securing additional supplies. These projects include continued work on Phase 3 of the Dana Point Ocean Desalination Project, a proposed Laguna Canyon Blending Project, and Santa Ana Basin De-nitrification Project. The District's Master Plan will be produced in conjunction with the 2010 Urban Water Management Plan Update. Budget Based Allocation Rates will be studied that will establish conservation pricing based on an allotment or water budget for each customer. The expenses proposed for this category total \$5,035,000.



REVENUE AND
EXPENDITURES

2009-10 REVENUE AND EXPENDITURES

ALLOCATION OF PROJECTED REVENUE VS. EXPENDITURE

| | PROJECTED 2009-10 |
|---|------------------------------------|
| OPERATING REVENUE | \$ 8,073,560 |
| LESS: OPERATION AND MAINTENANCE EXPENSE | 8,073,560 |
| OPERATING INCOME/(LOSS) | <u>-</u> |
| | |
| CAPITAL REVENUE | 6,517,730 |
| LESS: CAPITAL PROJECTS | 8,724,000 |
| INCREASE TO/(DECREASE FROM) RESERVES | <u><2,206,870></u> |
| | |
| MISCELLANEOUS REVENUE | |
| EMERALD BAY CONTRIBUTION TO DESIGNATED RESERVE | <u>28,000</u> |
| | |
| INCREASE TO/(DECREASE FROM) CASH BALANCE | <u><u>\$ <2,178,870></u></u> |

REVENUE PROJECTION

ANALYSIS OF 2009-10 BUDGET REVENUE PROJECTION

| | BUDGET 2008-09 | BUDGET 2009-10 |
|--|--------------------|-----------------------|
| OPERATING REVENUE | | |
| WATER SALES | \$ 7,519,830 | \$ 7,651,830 |
| FIRE SERVICE | 8,110 | 8,740 |
| FEES & PENALTIES | 75,000 | 75,000 |
| OVERHEAD CHARGE | 12,000 | 15,000 |
| EQUIPMENT CHARGE | 24,000 | 24,000 |
| ANTENAE LEASE REVENUE | 273,550 | 280,990 |
| MISCELLANEOUS | 21,000 | 18,000 |
| TOTAL OPERATING REVENUE | 7,924,490 | 8,073,560 |
| TOTAL OPERATIONS & MAINTENANCE EXPENSE | 7,924,490 | 8,073,560 |
| OPERATING GAIN/(LOSS) | \$ - | \$ - |
| CAPITAL REVENUE | | |
| RESERVE STORAGE | \$ 15,000 | \$20,000 |
| INTEREST REVENUE | 844,230 | 610,880 |
| PROPERTY LEASE REVENUE | 33,000 | 34,640 |
| PROPERTY TAX REVENUE | 1,892,740 | 1,852,210 |
| LOAN | - | 4,000,000 |
| TOTAL CAPITAL REVENUE | 3,058,520 | 6,517,730 |
| CAPITAL EXPENDITURES | | |
| CAPITAL PROJECTS | 3,115,270 | 8,603,400 |
| LOAN PAYBACK | | 121,200 |
| TOTAL CAPITAL EXPENDITURES | 3,115,270 | 8,724,600 |
| INCREASE TO/(DECREASE FROM) DESIGNATED RESERVES | \$ (55,750) | \$ (2,206,870) |
| MISCELLANEOUS REVENUE | | |
| EMERALD BAY CONTRIBUTION TO DESIGNATED RESERVE | \$ 28,000 | \$ 28,000 |
| MISC GAIN/(LOSS) | \$ 28,000 | \$ 28,000 |



BUDGET SUMMARY

2008-09 - 2009-10 OPERATING AND MAINTENANCE BUDGET COMPARISON

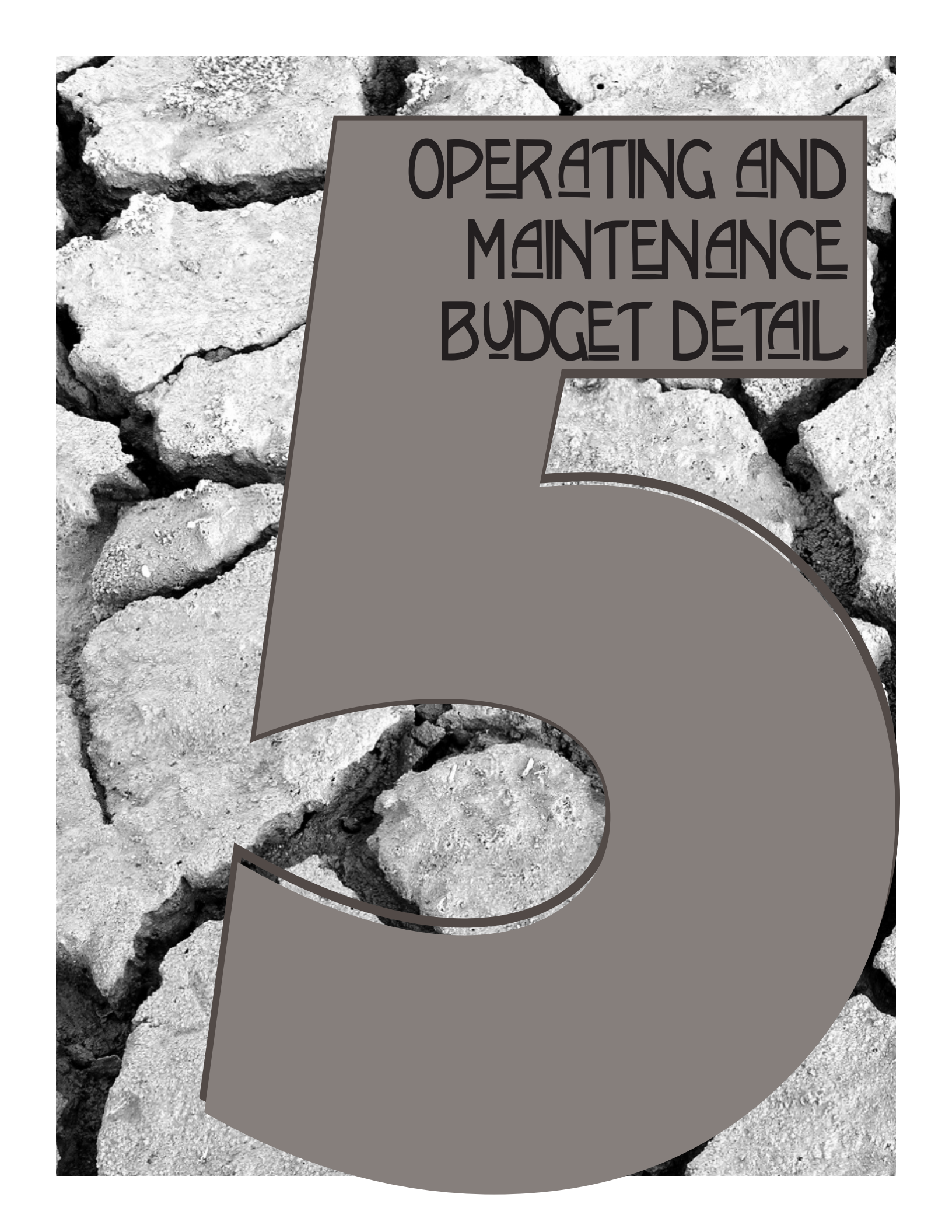
| PAGE REF. DETAIL | DESCRIPTION | BUDGET 2008-2009 | BUDGET 2009-2010 |
|---------------------|--|---------------------|---------------------|
| 5-1 | OPERATIONS - SOURCE OF SUPPLY (51000) | | |
| | SOURCE OF SUPPLY - SYSTEM OPERATIONS (51100) | \$ - | \$ - |
| | SOURCE OF SUPPLY-CSL (51200) | 62,830 | 48,580 |
| | SOURCE OF SUPPLY-ATM (51300) | 90,730 | 54,820 |
| | SOURCE OF SUPPLY-WELLS (51400) | - | - |
| | PURCHASED WATER (51500) | 2,752,760 | 2,959,030 |
| | TOTAL SOURCE OF SUPPLY | 2,906,320 | 3,062,430 |
| 5-2 | OPERATIONS - PUMPING (52000) | | |
| | PUMPING EXPENSE (52100) | 309,050 | 306,030 |
| | PUMPING POWER (52200) | 157,320 | 157,320 |
| | TOTAL PUMPING | 466,370 | 463,350 |
| 5-3 | OPERATIONS - TRANSMISSION & DISTRIBUTION (54000) | | |
| | RESERVOIR EXPENSE (54100) | 416,010 | 387,950 |
| | MAINLINE EXPENSE (54200) | 988,910 | 1,081,380 |
| | METER EXPENSE (54300) | 128,220 | 127,560 |
| | VALVE, VAULT, FIRE HYDRANT EXPENSE (54400) | 259,760 | 269,200 |
| | PAVING EXPENSE (54500) | 50,000 | 48,000 |
| | GENERAL PLANT - EQUIPMENT O&M (54600) | - | - |
| | GENERAL PLANT - BUILDING (54700) | 216,660 | 193,430 |
| | TOTAL TRANSMISSION & DISTRIBUTION | 2,059,560 | 2,107,520 |
| 5-4 | GENERAL MANAGERS OFFICE (55000) | | |
| | GENERAL MANAGERS OFFICE EXPENSE (55100) | 336,900 | 352,780 |
| | COMMISSION/BOARD (55300) | 119,500 | 107,310 |
| | LEGAL (55400) | 38,000 | 38,000 |
| | AUDIT(55500) | 16,300 | 16,600 |
| | TOTAL GENERAL MANAGERS OFFICE | 510,700 | 514,690 |
| 5-5 & 5-6 | ADMINISTRATION AND CUSTOMER SERVICE (56000 & 57000) | | |
| | ADMINISTRATIVE OFFICE EXPENSE (56100) | 201,090 | 165,200 |
| | DATA MANAGEMENT (56200) | 25,500 | 27,000 |
| | RECORDS RETENTION (56300) | 3,500 | 1,500 |
| | PUBLIC INFORMATION (56400) | 23,500 | 18,250 |
| | COMMUNITY RELATIONS (56500) | 4,200 | 6,000 |
| | WATER USE EFFICIENCY (56600) | 40,000 | 169,300 |
| | SCHOOL EDUCATION (56700) | 3,500 | 2,500 |
| | DISTRICT RECOGNITION (56800) | 29,750 | 32,000 |
| | HUMAN RESOURCES (56900) | 129,550 | 129,820 |
| | CUSTOMER SERVICE - FIELD (57100) | 120,150 | 86,460 |
| | METER READING (57200) | 78,170 | 60,180 |
| | CUSTOMER SERVICE - OFFICE (57300) | 271,450 | 282,080 |
| | TOTAL ADMINISTRATION AND CUSTOMER SERVICE | 930,360 | 980,290 |
| 5-7 | FINANCE (58000) | | |
| | FINANCE EXPENSE (58100) | 385,360 | 353,250 |
| | GENERAL OFFICE EXPENSE (58200) | 36,240 | 53,800 |
| | INSURANCE (58300) | 147,600 | 139,860 |
| | INSURANCE CLAIMS (58400) | 2,160 | 1,080 |
| | TOTAL FINANCE | 571,360 | 547,990 |
| 5-8 | ENGINEERING (59000) | | |
| | ENGINEERING OFFICE EXPENSE (59100) | 269,980 | 204,350 |
| | WATER QUALITY EXPENSE (59200) | 209,840 | 192,940 |
| | TOTAL ENGINEERING | 479,820 | 397,290 |
| | TOTAL OPERATING BUDGET | \$ 7,924,490 | \$ 8,073,560 |

2009-10 OPERATING AND MAINTENANCE BUDGET SUMMARY BY EXPENSE

| PAGE REF. DETAIL | DESCRIPTION | BUDGET 2009-2010 |
|---------------------|---|---------------------|
| 5-1 | OPERATIONS - SOURCE OF SUPPLY (51000) | |
| | LABOR | \$ 47,920 |
| | BENEFITS | 30,600 |
| | MATERIALS | 2,737,180 |
| | OUTSIDE SERVICES | 236,710 |
| | VEHICLE/EQUIPMENT | 10,020 |
| | TOTAL SOURCE OF SUPPLY | 3,062,430 |
| 5-2 | OPERATIONS - PUMPING (52000) | |
| | LABOR | 132,350 |
| | BENEFITS | 87,040 |
| | MATERIALS | 20,240 |
| | OUTSIDE SERVICES | 192,720 |
| | VEHICLE/EQUIPMENT | 31,000 |
| | TOTAL PUMPING | 463,350 |
| 5-3 | OPERATIONS - TRANSMISSION & DISTRIBUTION (54000) | |
| | LABOR | 944,180 |
| | BENEFITS | 529,500 |
| | MATERIALS | 96,940 |
| | OUTSIDE SERVICES | 365,240 |
| | VEHICLE/EQUIPMENT | 171,660 |
| | TOTAL TRANSMISSION & DISTRIBUTION | 2,107,520 |
| 5-4 | GENERAL MANAGERS OFFICE (55000) | |
| | LABOR | 232,720 |
| | BENEFITS | 185,330 |
| | MATERIALS | 9,620 |
| | OUTSIDE SERVICES | 87,020 |
| | VEHICLE/EQUIPMENT | - |
| | TOTAL GENERAL MANAGERS OFFICE | 514,690 |
| 5-5 & 5-6 | ADMINISTRATION AND CUSTOMER SERVICE (56000 & 5700) | |
| | LABOR | 522,900 |
| | BENEFITS | 268,760 |
| | MATERIALS | 79,370 |
| | OUTSIDE SERVICES | 109,2600 |
| | VEHICLE/EQUIPMENT | - |
| | TOTAL ADMINISTRATION AND CUSTOMER SERVICE | 980,290 |
| 5-7 | FINANCE (58000) | |
| | LABOR | 208,700 |
| | BENEFITS | 116,030 |
| | MATERIALS | 29,680 |
| | OUTSIDE SERVICES | 193,580 |
| | VEHICLE/EQUIPMENT | - |
| | TOTAL FINANCE | 547,990 |
| 5-8 | ENGINEERING (59000) | |
| | LABOR | 224,050 |
| | BENEFITS | 113,120 |
| | MATERIALS | 4,480 |
| | OUTSIDE SERVICES | 55,640 |
| | VEHICLE/EQUIPMENT | - |
| | TOTAL ENGINEERING | 397,290 |
| | TOTAL OPERATING BUDGET | \$ 8,073,560 |

2009-10 CAPITAL BUDGET SUMMARY

| PAGE REF. DETAIL | DESCRIPTION | BUDGET 2009-2010 |
|---------------------|---|--|
| 6-4 | JOINT POWERS PROJECTS COAST SUPPLY LINE AUFDENKAMP TRANSMISSION LINE TOTAL JOINT POWERS PROJECTS | \$ 1,340,000 97,300 <hr/> 1,437,300 |
| 6-5 | RESERVOIR AND PUMP STATION IMPROVEMENTS RESERVOIR FLO-LOCK SEISMIC VALVE PROJECT SUMMIT RESERVOIR PAVING PROJECT VIEJO PUMP STATION REHABILITATION PROJECT SCADA ASSESSMENT AND UPGRADE PROJECT SAN JOAQUIN PUMP STATION REHABILITATION PROJECT TOTAL PUMP STATION IMPROVEMENTS | 15,000 15,000 7,500 50,000 200,000 <hr/> 287,500 |
| 6-6 | TRANSMISSION AND DISTRIBUTION METER REPLACEMENT VALVE REPLACEMENT FIRE HYDRANT REPLACEMENT CITY PROJECTS TOTAL TRANSMISSION AND DISTRIBUTION PROJECTS | 80,000 200,000 100,000 50,000 <hr/> 430,000 |
| 6-7 | CAST IRON PIPE REPLACEMENT PROJECTS MONTEREY DRIVE AND HIGH DRIVE VIEJO STREET TOTAL CAST IRON REPLACEMENT PROJECTS | 410,000 160,000 <hr/> 570,000 |
| 6-8 | MASTER PLAN IMPROVEMENTS LA BREA AREA FLOW IMPROVEMENT TOTAL MASTER PLAN IMPROVEMENTS | 463,000 <hr/> 463,000 |
| 6-9 | OFFICE EQUIPMENT OFFICE FURNITURE COMPUTERS NETWORK IMPROVEMENTS DISTRICT GIS SYSTEM HANDHELD METER READING DEVICE UTILITY BILLING SYSTEM TOTAL OFFICE EQUIPMENT | 15,000 15,000 20,000 60,000 15,000 150,000 <hr/> 275,000 |
| 6-10 | EQUIPMENT AND VEHICLES PRESSURE TESTER GENERATOR SURFACE PREPARATION TOOL SET DISTRICT VEHICLE NO. 43 REPLACEMENT (1996 F-250 METER MAINTENANCE) DISTRICT VEHICLE NO. 44 REPLACEMENT (1996 F-250 PUMP STATION MAINTENANCE) PAYMENT NO.2 - LEASED DUMP TRUCK TOTAL EQUIPMENT AND VEHICLES | 1,300 1,800 1,000 29,500 29,500 14,500 <hr/> 77,600 |
| 6-11 | FACILITIES IMPROVEMENT REPLACE HEADQUARTERS SECURITY GATES 344 THIRD STREET - REPLACE HEATING AND AIR CONDITIONING TOTAL FACILITIES IMPROVEMENT | 20,000 8,000 <hr/> 28,000 |
| 6-12 | SUPPLY SOURCE RELIABILITY PROJECTS DANA POINT OCEAN DESALINATION PROJECT LAGUNA CANYON BLENDING PROJECT SANTA ANA BASIN DE-NITRIFICATION PROJECT WATER MASTER PLAN BUDGET BASED WATER ALLOCATION RATE STUDY TOTAL SUPPLY SOURCE PROJECTS | 300,000 900,000 3,700,000 100,000 35,000 <hr/> 5,035,000 |
| | TOTAL CAPITAL BUDGET | <hr/> \$ 8,603,400 <hr/> |



OPERATING AND
MAINTENANCE
BUDGET DETAIL

BUDGET DETAIL - OPERATIONS - SOURCE OF SUPPLY

| Operations Program Detail | Labor | Benefits | Materials | Outside Services | Vehicles/ Equipment | Totals |
|--|------------------|------------------|--------------------|------------------|------------------------|---------------------|
| SOURCE OF SUPPLY (51000) | | | | | | |
| SYSTEM OPERATIONS (51100) | | | | | | |
| SYSTEM OPERATION - EXPENSE (51110) | \$ 63,810 | \$ 33,420 | \$ 1,020 | \$ 30,000 | \$ 9,000 | \$ 137,250 |
| SYSTEM OPERATION - REALLOCATION (51120) | (63,810) | (33,420) | (1,020) | (30,000) | (9,000) | (137,250) |
| SOURCE OF SUPPLY - COAST SUPPLY LINE (51200) | | | | | | |
| REACH 1 (51210) | 5,020 | 3,240 | 1,200 | 1,500 | 1,020 | 11,980 |
| REACH 2 (51220) | 4,800 | 3,060 | 120 | 1,200 | 1,020 | 10,200 |
| REACH 3 (51230) | 13,200 | 8,400 | 240 | 2,040 | 2,520 | 26,400 |
| SOURCE OF SUPPLY - AUFDENKAMP TRANS. LINE (51300) | | | | | | |
| REACH 1 (51310) | 13,200 | 8,400 | 1,000 | 2,040 | 2,400 | 27,040 |
| IRWD METER (51320) | - | - | - | - | - | - |
| SMWD METER (51330) | - | - | - | - | - | - |
| REACH 2 (51340) | 7,200 | 4,620 | 480 | 1,800 | 2,040 | 16,140 |
| REACH 3 (51350) | 4,500 | 2,880 | 480 | 1,800 | 1,020 | 10,680 |
| LBCWD METER (51360) | | | 480 | 480 | | 960 |
| | <u>47,920</u> | <u>30,600</u> | <u>4,000</u> | <u>10,860</u> | <u>10,020</u> | <u>103,400</u> |
| PURCHASED WATER (51500) | | | | | | |
| WATER CHARGE (51510) | | | 2,733,180 | | | 2,733,180 |
| METROPOLITAN WATER DISTRICT CHARGES (51520) | | | | 172,270 | | 172,270 |
| MUNICIPAL WD OF ORANGE COUNTY CHARGES (51530) | | | | 53,580 | | 53,580 |
| | | | <u>2,733,180</u> | <u>225,850</u> | | <u>2,959,030</u> |
| TOTAL SOURCE OF SUPPLY (51000) | <u>\$ 47,920</u> | <u>\$ 30,600</u> | <u>\$2,737,180</u> | <u>\$236,710</u> | <u>\$ 10,020</u> | <u>\$ 3,062,430</u> |

BUDGET DETAIL - OPERATIONS - PUMPING

| Operations Program Detail | Labor | Benefits | Materials | Outside Services | Vehicles/ Equipment | Totals |
|--------------------------------|-------------------|------------------|------------------|---------------------|------------------------|-------------------|
| PUMPING (52000) | | | | | | |
| PUMPING EXPENSE(52100) | | | | | | |
| GENERAL EXPENSE (52110) | \$ 132,350 | \$ 87,040 | \$ 20,000 | \$27,000 | \$ 31,000 | \$297,390 |
| SCADA (52120) | | | 240 | 8,400 | | 8,640 |
| POWER (52200) | | | | 157,320 | | 157,320 |
| TOTAL PUMPING | \$ 132,350 | \$ 87,040 | \$ 20,240 | \$192,720 | \$ 31,000 | \$ 463,350 |

BUDGET DETAIL - OPERATIONS - TRANSMISSION AND DISTRIBUTION

| Operations Program Detail | Labor | Benefits | Materials | Outside Services | Vehicles/ Equipment | Totals |
|---|-------------------|-------------------|------------------|-------------------|---------------------|---------------------|
| TRANSMISSION AND DISTRIBUTION (54000) | | | | | | |
| RESERVOIR EXPENSE (54100) | | | | | | |
| RESERVOIR EXPENSE (54110) | \$ 92,820 | \$ 41,510 | \$ 15,000 | \$ 23,600 | \$ 27,000 | \$ 199,930 |
| LANDSCAPING (54120) | | | 600 | 62,040 | | 62,640 |
| TREE TRIMMING (54130) | | | | 53,820 | | 53,820 |
| CHLORINATION/INSPECTION (54140) | | | | 2,100 | | 2,100 |
| SCADA (54150) | | | 180 | 2,100 | | 2,280 |
| EL MORRO (54160) | 2,400 | 1,020 | 240 | 4,000 | 600 | 8,260 |
| WATER TREATMENT (54170) | 26,400 | 12,000 | 12,000 | 480 | 8,040 | 58,920 |
| MAINLINE EXPENSE (54200) | | | | | | |
| MAINLINE EXPENSE (54210) | 536,050 | 309,530 | 36,000 | 24,800 | 84,000 | 990,380 |
| UNIFORMS EXPENSE (54220) | | | 3,900 | 14,300 | | 18,200 |
| COMMUNICATIONS (54230) | | | | 6,800 | | 6,800 |
| OUTSIDE CONTRACTORS (54240) | | | | | | |
| EMERGENCY RESPONSE HOUSING (54250) | | | | 54,000 | | 54,000 |
| TRUCKING/COUNTY FEES (54260) | | | | 6,000 | | 6,000 |
| PROFESSIONAL DEVELOPMENT (54270) | | | 1,200 | 4,800 | | 6,000 |
| METER EXPENSE (54300) | | | | | | |
| METER EXPENSE (54310) | 64,700 | 37,360 | 12,000 | 1,500 | 12,000 | 127,560 |
| OUTSIDE CONTRACTORS (54320) | | | | | | |
| VALVE, VAULT, FIRE HYDRANT EXPENSE (54400) | | | | | | |
| VALVE, VAULT, FIRE HYDRANT EXPENSE (54410) | 138,630 | 80,050 | 3,600 | 2,100 | 40,020 | 264,400 |
| OUTSIDE CONTRACTORS (54420) | | | | 4,800 | | 4,800 |
| PAVING EXPENSE (54500) | | | | | | |
| | | | | 48,000 | | 48,000 |
| EQUIPMENT EXPENSE (54600) | | | | | | |
| EQUIPMENT EXPENSE (54610) | 101,660 | 58,700 | 16,000 | 4,800 | | 181,160 |
| FUEL (54620) | | | 45,000 | 9,600 | | 54,600 |
| OUTSIDE CONTRACTORS (54630) | | | | 36,750 | | 36,750 |
| CAR ALLOWANCE (54640) | | | | 4,800 | | 4,800 |
| REALLOCATION (54650) | (101,660) | (58,700) | (61,000) | (55,950) | | (277,310) |
| BUILDING/WAREHOUSE EXPENSE (54700) | | | | | | |
| BUILDING EXPENSE (54710) | 83,180 | 48,030 | 8,220 | 12,000 | | 151,430 |
| LANDSCAPING (54720) | | | | 5,000 | | 5,000 |
| UTILITIES (54730) | | | | 21,000 | | 21,000 |
| JANITORIAL (54740) | | | 4,000 | 12,000 | | 16,000 |
| TOTAL TRANSMISSION AND DISTRIBUTION | \$ 944,180 | \$ 529,500 | \$ 96,940 | \$ 365,240 | \$ 171,660 | \$ 2,107,520 |

BUDGET DETAIL - GENERAL MANAGERS OFFICE

| General Managers Office Program Detail | Labor | Benefits | Materials | Outside Services | Vehicles/ Equipment | Totals |
|--|-------------------|-------------------|-----------------|---------------------|------------------------|-------------------|
| GENERAL MANAGER (55000) | | | | | | |
| GENERAL MANAGER EXPENSE (55100) | | | | | | |
| OFFICE EXPENSE (55110) | \$ 217,720 | \$ 103,940 | \$ 1,200 | \$ 1,500 | | \$ 324,360 |
| PUBLICATIONS/MEMBERSHIPS (55120) | | | 420 | 15,000 | | 15,420 |
| PROFESSIONAL DEVELOPMENT (55130) | | | 5,000 | 6,000 | | 11,000 |
| GRANT WRITING SERVICES (55140) | | | | 2,000 | | 2,000 |
| COMMISSION/BOARD (55400) | | | | | | |
| OFFICE EXPENSE (55410) | 15,000 | 81,390 | 600 | 420 | | 97,410 |
| PROFESSIONAL DEVELOPMENT (55420) | | | 2,400 | 7,500 | | 9,900 |
| LEGAL (55500) | | | | | | |
| | | | | 38,000 | | 38,000 |
| AUDIT (55600) | | | | | | |
| | | | | 16,600 | | 16,600 |
| TOTAL GENERAL MANAGER'S OFFICE | \$ 232,720 | \$ 185,330 | \$ 9,620 | \$ 87,020 | | \$ 514,690 |

BUDGET DETAIL - ADMINISTRATION AND CUSTOMER SERVICE

| Administration Program Detail | Labor | Benefits | Material | Outside Services | Vehicles/ Equipment | Totals |
|---|-------------------|-------------------|------------------|------------------|------------------------|-------------------|
| ADMINISTRATIVE SERVICES (56000) | | | | | | |
| ADMINISTRATIVE EXPENSE (56100) | | | | | | |
| OFFICE EXPENSE (56110) | \$ 110,360 | \$ 46,240 | \$ 2,000 | \$ 500 | | \$ 159,100 |
| PUBLICATIONS/MEMBERSHIPS (56120) | | | 500 | 200 | | 700 |
| PROFESSIONAL DEVELOPMENT (56130) | | | 400 | 5,000 | | 5,400 |
| DATA MANAGEMENT (56200) | | | | | | |
| CONSULTING SERVICES (56210) | | | 1,000 | 26,000 | | 27,000 |
| RECORDS RETENTION (56300) | | | | | | |
| RECORDS DESTRUCTION (56320) | | | | 1,500 | | 1,500 |
| PUBLIC INFORMATION (56400) | | | | | | |
| WEB SITE DEVELOPMENT (56410) | | | 250 | 3,500 | | 3,750 |
| DISTRICT LOBBY DISPLAY (56420) | | | 500 | | | 500 |
| PUBLIC INFORMATION PROGRAMS (56430) | | | 10,000 | 4,000 | | 14,000 |
| COMMUNITY RELATIONS (56500) | | | | | | |
| COMMUNITY EVENTS (56510) | | | 2,500 | 500 | | 3,000 |
| COMMUNITY OUTREACH (56520) | | | 2,500 | 500 | | 3,000 |
| WATER USE EFFICIENCY (56600) | | | | | | |
| OFFICE EXPENSE (56610) | 92,420 | 48,140 | 240 | | | 140,800 |
| CONSERVATION PROGRAMS (56620) | | | 16,500 | | | 16,500 |
| WATER-WISE GARDEN EDUCATION (56630) | | | 4,000 | 1,000 | | 5,000 |
| GARDEN EDUCATIONAL PROGRAMS (56640) | | | 4,000 | 3,000 | | 7,000 |
| SCHOOL EDUCATION (56700) | | | | | | |
| WATER-WISE EDUCATION PROGRAMS (56710) | | | 1,000 | 500 | | 1,500 |
| EDUCATION EXPENSE (56720) | | | 500 | 500 | | 1,000 |
| DISTRICT RECOGNITION (56800) | | | | | | |
| MISCELLANEOUS DISTRICT ACTIVITIES (56810) | | | 15,000 | 2,000 | | 17,000 |
| EMPLOYEE RECOGNITION PROGRAMS (56820) | | | 15,000 | | | 15,000 |
| HUMAN RESOURCES (56900) | | | | | | |
| OFFICE EXPENSE (56910) | 72,650 | 43,140 | 2,000 | 2,500 | | 120,320 |
| PUBLICATIONS/MEMBERSHIPS (56920) | | | | 1,000 | | 1,000 |
| PROFESSIONAL DEVELOPMENT (56930) | | | | 1,000 | | 1,000 |
| SAFETY TRAINING (56940) | | | | 1,000 | | 1,000 |
| EMPLOYEE EDUCATION (56960) | | | | 4,000 | | 4,000 |
| EMPLOYEE RECRUITMENT (56970) | | | | 2,500 | | 2,500 |
| TOTAL ADMINISTRATION | \$ 275,460 | \$ 137,520 | \$ 77,890 | \$ 60,700 | | \$ 551,570 |

BUDGET DETAIL - ADMINISTRATION AND CUSTOMER SERVICE

| Customer Service Program Detail | Labor | Benefits | Materials | Outside Services | Vehicles/ Equipment | Totals |
|--|-------------------|-------------------|------------------|-------------------|------------------------|-------------------|
| CUSTOMER SERVICE (57000) | | | | | | |
| CUSTOMER SERVICE - FIELD (57100) | | | | | | |
| CUSTOMER SERVICE - FIELD O&M (57110) | \$ 55,260 | \$ 30,000 | \$ 240 | \$ 960 | | \$ 86,460 |
| METER READING (57200) | | | | | | |
| METER READING O&M (57210) | 38,130 | 20,610 | 240 | 1,200 | | 60,180 |
| CUSTOMER SERVICE OFFICE (57300) | | | | | | |
| OFFICE EXPENSE (57310) | 154,050 | 80,630 | 1,000 | 400 | | 236,080 |
| BILL OUTSOURCING (57320) | | | | 30,000 | | 30,000 |
| CONSULTING SERVICES (57330) | | | | 5,000 | | 5,000 |
| UNCOLLECTIBLES (57340) | | | | 8,000 | | 8,000 |
| PROFESSIONAL DEVELOPMENT (57350) | | | | 3,000 | | 3,000 |
| TOTAL CUSTOMER SERVICE (57000) | \$ 247,440 | \$ 131,240 | \$ 1,480 | \$ 48,560 | | \$ 428,720 |
| TOTAL ADMINISTRATION AND CUSTOMER SERVICE | \$ 522,900 | \$ 268,760 | \$ 79,370 | \$ 109,260 | | \$ 980,290 |

BUDGET DETAIL - FINANCE

| Customer Service Program Detail | Labor | Benefits | Materials | Outside Services | Vehicles/ Equipment | Totals |
|--|-------------------|-------------------|------------------|-------------------|------------------------|-------------------|
| FINANCE (58000) | | | | | | |
| FINANCE EXPENSE (58400) | | | | | | |
| OFFICE EXPENSE (58410) | 208,700 | 116,030 | 1,080 | 840 | | 326,650 |
| PUBLICATIONS/MEMBERSHIPS (58420) | | | 300 | 300 | | 600 |
| PROFESSIONAL DEVELOPMENT (58430) | | | 300 | 2,400 | | 2,700 |
| PAYROLL SERVICES (58440) | | | | 6,500 | | 6,500 |
| BANKING SERVICES (58450) | | | | 3,600 | | 3,600 |
| SAFEKEEPING - INVESTMENTS (58460) | | | | 6,000 | | 6,000 |
| CONSULTING SERVICES (58470) | | | | 7,200 | | 7,200 |
| GENERAL OFFICE EXPENSE (58500) | | | | | | |
| OFFICE EXPENSE (58510) | | | 25,000 | | | 25,000 |
| POSTAGE (58520) | | | 3,000 | 12,000 | | 15,000 |
| UTILITIES (58530) | | | | 9,000 | | 9,000 |
| MAINTENANCE - OFFICE EQUIPMENT (58540) | | | | 4,800 | | 4,800 |
| INSURANCE (58600) | | | | | | |
| GENERAL LIABILITY (58610) | | | | 120,000 | | 120,000 |
| PROPERTY (58620) | | | | 15,240 | | 15,240 |
| STORAGE TANKS (58630) | | | | 3,420 | | 3,420 |
| MISCELLANEOUS (58640) | | | | 1,200 | | 1,200 |
| INSURANCE CLAIMS (58700) | | | | | | |
| GENERAL LIABILITY (58710) | | | | 540 | | 540 |
| PROPERTY (58720) | | | | 540 | | 540 |
| TOTAL FINANCE | \$ 456,140 | \$ 247,270 | \$ 31,160 | \$ 242,140 | | \$ 976,710 |

BUDGET DETAIL - ENGINEERING

| Engineering Program Detail | Labor | Benefits | Materials | Outside Services | Vehicles/ Equipment | Totals |
|--------------------------------------|-------------------|-------------------|-----------------|------------------|------------------------|-------------------|
| ENGINEERING (59000) | | | | | | |
| ENGINEERING EXPENSE (59100) | | | | | | |
| OFFICE EXPENSE (59110) | \$ 129,190 | \$ 65,740 | \$ 1,200 | \$ 6,000 | | \$ 202,130 |
| PUBLICATIONS/MEMBERSHIPS (59120) | | | 240 | 480 | | 720 |
| PROFESSIONAL DEVELOPMENT (59130) | | | 300 | 1,200 | | 1,500 |
| CONSULTING SERVICES (59140) | | | | | | |
| WATER QUALITY EXPENSE (59200) | | | | | | |
| ROUTINE SAMPLING (59210) | 47,430 | 23,690 | 1,600 | 16,000 | | 88,720 |
| RESERVOIR SAMPLING (59220) | 37,940 | 18,950 | 540 | 16,000 | | 73,430 |
| BACKFLOW (59230) | 9,490 | 4,740 | 600 | 360 | | 15,190 |
| DHS FEES (59240) | | | | 12,000 | | 12,000 |
| ANNUAL WATER QUALITY REPORT (59250) | | | | 3,600 | | 3,600 |
| TOTAL ENGINEERING | \$ 224,050 | \$ 113,120 | \$ 4,480 | \$ 55,640 | | \$ 397,290 |



**CAPITAL BUDGET
DETAIL**

2009-10 CAPITAL BUDGET SUMMARY

| PAGE REF. DETAIL | DESCRIPTION | BUDGET 2009-2010 |
|---------------------|---|---------------------|
| 6-4 | JOINT POWERS PROJECTS | |
| | COAST SUPPLY LINE | \$ 1,340,000 |
| | AUFDENKAMP TRANSMISSION LINE | 97,300 |
| | TOTAL JOINT POWERS PROJECTS | 1,437,300 |
| 6-5 | RESERVOIR AND PUMP STATION IMPROVEMENTS | |
| | RESERVOIR FLO-LOCK SEISMIC VALVE PROJECT | 15,000 |
| | SUMMIT RESERVOIR PAVING PROJECT | 15,000 |
| | VIEJO PUMP STATION REHABILITATION PROJECT | 7,500 |
| | SCADA ASSESSMENT AND UPGRADE PROJECT | 50,000 |
| | SAN JOAQUIN PUMP STATION REHABILITATION PROJECT | 200,000 |
| | TOTAL PUMP STATION IMPROVEMENTS | 287,500 |
| 6-6 | TRANSMISSION AND DISTRIBUTION | |
| | METER REPLACEMENT | 80,000 |
| | VALVE REPLACEMENT | 200,000 |
| | FIRE HYDRANT REPLACEMENT | 100,000 |
| | CITY PROJECTS | 50,000 |
| | TOTAL TRANSMISSION AND DISTRIBUTION PROJECTS | 430,000 |
| 6-7 | CAST IRON PIPE REPLACEMENT PROJECTS | |
| | MONTEREY DRIVE AND HIGH DRIVE | 410,000 |
| | VIEJO STREET | 160,000 |
| | TOTAL CAST IRON REPLACEMENT PROJECTS | 570,000 |
| 6-8 | MASTER PLAN IMPROVEMENTS | |
| | LA BREA AREA FLOW IMPROVEMENT | 463,000 |
| | TOTAL MASTER PLAN IMPROVEMENTS | 463,000 |
| 6-9 | OFFICE EQUIPMENT | |
| | OFFICE FURNITURE | 15,000 |
| | COMPUTERS | 15,000 |
| | NETWORK IMPROVEMENTS | 20,000 |
| | DISTRICT GIS SYSTEM | 60,000 |
| | HANDHELD METER READING DEVICE | 15,000 |
| | UTILITY BILLING SYSTEM | 150,000 |
| | TOTAL OFFICE EQUIPMENT | 275,000 |
| 6-10 | EQUIPMENT AND VEHICLES | |
| | PRESSURE TESTER | 1,300 |
| | GENERATOR | 1,800 |
| | SURFACE PREPARATION TOOL SET | 1,000 |
| | DISTRICT VEHICLE NO. 43 REPLACEMENT (1996 F-250 METER MAINTENANCE) | 29,500 |
| | DISTRICT VEHICLE NO. 44 REPLACEMENT (1996 F-250 PUMP STATION MAINTENANCE) | 29,500 |
| | PAYMENT NO.2 - LEASED DUMP TRUCK | 14,500 |
| | TOTAL EQUIPMENT AND VEHICLES | 77,600 |
| 6-11 | FACILITIES IMPROVEMENT | |
| | REPLACE HEADQUARTERS SECURITY GATES | 20,000 |
| | 344 THIRD STREET - REPLACE HEATING AND AIR CONDITIONING | 8,000 |
| | TOTAL FACILITIES IMPROVEMENT | 28,000 |
| 6-12 | SUPPLY SOURCE RELIABILITY PROJECTS | |
| | DANA POINT OCEAN DESALINATION PROJECT | 300,000 |
| | LAGUNA CANYON BLENDING PROJECT | 900,000 |
| | SANTA ANA BASIN DE-NITRIFICATION PROJECT | 3,700,000 |
| | WATER MASTER PLAN | 100,000 |
| | BUDGET BASED WATER ALLOCATION RATE STUDY | 35,000 |
| | TOTAL SUPPLY SOURCE PROJECTS | 5,035,000 |
| | TOTAL CAPITAL BUDGET | \$ 8,603,400 |

General

Since its incorporation, Laguna Beach County Water District (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. Categories within the Capital Budget include Joint Powers Facilities, Pump Stations and Reservoirs, Transmission and Distribution, Cast Iron Pipe Replacement, Master Plan Improvements, Office Equipment, Equipment and Vehicles, Facilities Improvements, and Supply Source Projects.

The Capital Budget is funded by property taxes, office and lease revenues, and interest earned.

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. Therefore, the District maintains a rigorous schedule of inspection on the pipelines. Preventive maintenance is of paramount concern.

The first pipeline built to import water from the Santa Ana River groundwater basin to the District was the Coast Supply Line (CSL). Originally built in 1926, and replaced several times over the years, it is now jointly owned by the City of Newport Beach, Irvine Ranch Water District (IRWD) and the District. The pipeline ranges in diameter from 27-inches to 24-inches and runs parallel to Pacific Coast Highway from Fernleaf Street in Newport Beach to San Joaquin Street in Laguna Beach. Imported water from Metropolitan Water District of Southern California (MWD) now supplies the CSL at its connection (CM-1) in Newport Beach. The El Morro Reservoirs, which are connected directly to the CSL, are used as flow equalizing structures. El Morro Reservoir No. 1 is jointly owned by LBCWD (67%) and IRWD (33%).

The Aufdenkamp Transmission Line (ATM) is the second pipeline to import domestic water into the District. From an MWD connection in Irvine, it runs through Laguna Canyon, and terminates at Agate Street in Laguna Beach where it splits and feeds South Coast Water District (SCWD) as well as the District. The pipeline ranges in diameter from 42-inches in Irvine to 30-inches at its terminus on Agate Street. Owners in the ATM include IRWD, Santa Margarita Water District, SCWD, and the District.

The projects being considered this year are:

Coast Supply and Aufdenkamp Transmission Line

To address future improvements that were recommended in the Vulnerability Assessment required by EPA, it is recommended that the existing 12 year old SCADA system continue to be upgraded to accept advanced telemetry options. The existing system utilizes 900 mhz radio communication system that is outdated and is no longer being manufactured. The project is being continued from the previous year. Phase 2 of the

project will include addressing discrepancies and continuing with the communication upgrades needed to provide a service life of 10 years.

The District has a 5 Year Plan to leak test all the reaches of both the Aufdenkamp Transmission Line (ATM) and the Coast Supply Line (CSL). The 2009/2010 Budget lists 16,000 feet of Reach 2 of the ATM to be leak tested using the “Sahara” method as performed by the Pressure Pipe Inspection Company Ltd.

The 2009/2010 budget also lists continuation of the cathodic protection program on both the ATM and the CSL by RBF Engineering.

The District plans to replace the meter on the North/South Vault on the CSL and make the improvements needed to leak test Phase 1 of Reach 2 of the ATM.

The District also plans to replace the floating cover and liner at El Morro Reservoir #1. The floating cover has several pin holes, weather worn and has reached the end of its usable service life. It will be replaced with a fixed permanent cover.

CAPITAL BUDGET

| | | Total Cost | LBCWD Cost | NB Cost | IRWD Cost | SMWD Cost | SCWD Cost |
|-------------------------------------|---|--------------------|--------------------|----------------|------------------|-----------------|-----------------|
| Coast Supply Line | | | | | | | |
| 1.1 | Upgrade SCADA Network Phase 2 | | | | | | |
| 1.1.1 | CM-1A | \$ 7,500 | \$ 3,409 | \$ 682 | \$ 3,409 | \$ 0 | \$ 0 |
| 1.1.2 | Signal Peak (IRWD) | 7,500 | 0 | 0 | 7,500 | 0 | 0 |
| 1.1.3 | North-South Valve (LBCWD) | 7,500 | 7,500 | 0 | 0 | 0 | 0 |
| 1.2 | Cathodic Protection Assessment | | | | | | |
| 1.2.1 | Reach 1 | 6,700 | 3,045 | 610 | 3,045 | 0 | 0 |
| 1.2.2 | Reach 2 | 6,700 | 3,350 | 0 | 3,350 | 0 | 0 |
| 1.2.3 | Reach 3 | 6,700 | 6,700 | 0 | 0 | 0 | 0 |
| 1.3 | El Morro #1 Reservoir Cover and Liner Replacement | 2,000,000 | 1,340,000 | 0 | 660,000 | 0 | 0 |
| Aufdenkamp Transmission Line | | | | | | | |
| 1.3 | Upgrade SCADA Network Phase 2 | | | | | | |
| 1.3.1 | CM-12 | 7,500 | 2,218 | 0 | 979 | 2,739 | 1,564 |
| 1.3.2 | PA-17 (IRWD) | 7,500 | 0 | 0 | 7,500 | 0 | 0 |
| 1.3.3 | Lion Country (IRWD) | 7,500 | 0 | 0 | 7,500 | 0 | 0 |
| 1.3.4 | SMWD | 7,500 | 0 | 0 | 0 | 7,500 | 0 |
| 1.3.5 | PC-1 | 7,500 | 2,218 | 0 | 979 | 2,739 | 1,564 |
| 1.3.6 | PC-2 | 7,500 | 3,165 | 0 | 0 | 0 | 4,335 |
| 1.3.7 | Agate Street | 7,500 | 3,165 | 0 | 0 | 0 | 4,335 |
| 1.4 | Leak test 16,000 feet of Reach 2 | 150,000 | 47,150 | 0 | 0 | 0 | 67,850 |
| 1.5 | Reach 3 - Replace 3 plug valves | 10,000 | 4,220 | 0 | 0 | 0 | 5,780 |
| 1.6 | Reach 2 - Rebuild flow control valve | 5,000 | 2,713 | 0 | 0 | 0 | 2,287 |
| 1.7 | Cathodic Protection Assessment | | | | | | |
| 1.9.1 | Reach 1 | 6,700 | 1,983 | 0 | 873 | 2,446 | 1,398 |
| 1.9.2 | Reach 2 | 6,700 | 3,635 | 0 | 0 | 0 | 3,065 |
| 1.9.3 | Reach 3 | 6,700 | 2,827 | 0 | 0 | 0 | 3,873 |
| TOTAL | | \$2,245,200 | \$1,437,298 | \$1,292 | \$695,135 | \$15,424 | \$96,051 |

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 | Reservoir Flo-Lock Seismic Valve Project – This project consists of the inspection and recertification of Flo-Lock Seismic Systems and the upgrades needed to ensure proper operation of seismic valves during an earthquake event at Jaharus, Platz, Zitnik, El Morro, and Ridge Reservoirs. | \$ 15,000 |
| 2.2 | Summit Reservoir Paving Project – The drive-way around summit Reservoir needs to be paved. This project will allow a better access into the facility and will avoid soil leaving the facility during a rain event. This project was held over from the previous year. | 15,000 |
| 2.3 | Viejo Pump Station Rehabilitation Project – This project includes materials and equipment needed to rehabilitate the (3) pumps at Viejo Pump Station. | 7,500 |
| 2.4 | SCADA Assessment and Upgrade Project – This project will include an assessment of the SCADA system to identify discrepancies and upgrades needed to update the system to provide a service life of 10 years. This portion of the project is for the SCADA system that operates the District’s pump stations and reservoirs. | 50,000 |
| 2.5 | San Joaquin Pump Station Rehabilitation Project – The San Joaquin Pump Station is used as a backup in the event of an emergency. This project would increase the size of the existing pumps for improved water flow to the Viejo Reservoir. | 200,000 |
| | TOTAL | <u>\$ 287,500</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 maintenance and 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 maintenance programs and miscellaneous projects that are large enough to be considered capital in nature.

| | | |
|-----|--|--------------------------|
| 3.1 | Meter Replacement - This is an ongoing program to replace damaged or worn out water meters throughout the distribution system. Our experience with residential meters as well as industry standards suggests that a meter may last approximately 17.5 years before it should be replaced. An in-house survey revealed that over 48% of the District’s meters are over 17 years old and 50% of the meters are over 15 years old. This budgeted amount is being increased from the \$25,000 (140 meters up to 450 meters) from the previous year. | \$ 80,000 |
| 3.2 | Valve Replacement - The District has an ongoing program of inspecting and exercising valves throughout the distribution system. A list is generated of valves that no longer function properly. Money is set aside annually to replace these valves. With approximately 1,800 valves in the system, the District should be replacing approximately 30 valves per year assuming that their useful life is 60 years. | 200,000 |
| 3.3 | Fire Hydrant Replacement - The District has an ongoing program of inspecting and exercising fire hydrants throughout the distribution system. A list is generated of hydrants that no longer function properly. Money is set aside annually to replace these hydrants. Our experience with fire hydrants shows that their useful life is about 70 years. With regular maintenance, this number can be extended as long as replacement parts can be found. Using 70 years as the useful life for the 830 fire hydrants within the District, we should be replacing them at a rate of around 12 per year. | 100,000 |
| 3.4 | City Projects - The City of Laguna Beach has ongoing projects that often require the Water 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. | 50,000 |
| | TOTAL | <u><u>\$ 430,000</u></u> |

CAST IRON PIPE REPLACEMENT

The District continues on an aggressive program to replace all cast iron pipe within the District. It is the District's goal to complete all of the CIP replacement by the end of the 2013-2014 fiscal year. The prioritization of the projects may change as warranted by conditions and is based on several factors which include leak reports, location, fireflow conditions, length of project, difficulty of project, and other criteria. As part of the District's ongoing program, the following projects are recommended for this fiscal year:

| | | |
|-----|--|-------------------|
| 4.1 | Monterey Drive and High Drive - Replace approximately 760 lineal feet of 10-inch cast iron pipe with 10-inch PVC pipe in Monterey Drive and approximately 320 lineal feet of 8-inch cast iron pipe with 8-inch PVC in High Drive. | |
| | Construction | \$ 360,000 |
| | Project Management | 50,000 |
| 4.2 | Viejo Street - In conjunction with the La Brea are Master Plan Project, replace approximately 350 lineal feet of 6-inch cast iron pipe with 6-inch PVC pipe in Viejo Street between Hillcrest Drive and North Coast Highway. | |
| | Construction | 140,000 |
| | Project Management | 20,000 |
| | | <hr/> |
| | TOTAL | \$ 570,000 |
| | | <hr/> <hr/> |

MASTER PLAN IMPROVEMENTS

These projects are compiled from the recommendations made in the 1996 Water Master Plan Update. It is the District's goal to complete these projects by the 2013-2014 fiscal year. The prioritization of the projects may change from time to time, and therefore the list is reviewed on a regular basis. From the Master Plan, the following projects are recommended for this fiscal year:

5.1 **La Brea Area Flow Improvement** - It is recommended that 1,660 lineal feet of 6-inch pipeline be installed to provide improve flow in Hillcrest Drive and North Coast Highway and connect to the existing distribution system between Viejo Street and Beverly Street. Several dead-end portions of this area will benefit with flow increases from 500 gpm to over 1,500 gpm.

| | |
|-------------------------------------|---------------------------------|
| Construction on Hillcrest Drive | \$ 253,000 |
| Construction on North Coast Highway | 150,000 |
| Project Management | <u>60,000</u> |
| TOTAL | <u><u>\$ 463,000</u></u> |

OFFICE EQUIPMENT

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

| | | |
|-----|--|--------------------------|
| 6.1 | Office Furniture - Purchase miscellaneous large office furnishings that are in need of replacement. | \$ 15,000 |
| 6.2 | Computers - There are approximately 25 computers being used at the District, with associated peripherals. It is recommended that the District have an annual program of computer replacement as the need occurs. | 15,000 |
| 6.3 | Network Improvements – Installation of a computer mirroring facility is proposed to improve security and add redundancy to the system. Improvement to the existing network wiring is also proposed to handle the current demands on the system. | 20,000 |
| 6.4 | District GIS System – Study the District’s requirements for a GIS system and, if found feasible, begin implementation. | 60,000 |
| 6.5 | Meter Reading Handheld Devices - Purchase two new meter reading devices to replace the District’s current devices that are no longer supported by the manufacturer. | 15,000 |
| 6.6 | Utility Billing System - Replacement of District’s Utility Billing Software, which is over 15 years old and will not meet the needs of the District’s future conservation-based rate structure. | <u>150,000</u> |
| | TOTAL | <u><u>\$ 275,000</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 rolling fleet consists of 28 light-medium duty vehicles (pick-up trucks and admin. vehicles) and 5 heavy duty vehicles (dump trucks and flat-beds). This does not include equipment such as backhoes, bobcats, tractors, portable generators, or portable pumps.

| | | |
|-----|---|-----------|
| 7.1 | (1)-3500-6000 PSI Pressure Tester for troubleshooting hydraulic/pneumatic systems. | \$ 1,300 |
| 7.2 | (1)-Yamaha 3000 Watt Generator for ATM Crew to provide power at remote locations for repair of maintenance of equipment. | 1,800 |
| 7.3 | (1)-Surface Preparation Tool Set (straight die grinder and industrial needle scaler) for the Reservoir Crew for surface preparation for painting and coating of equipment, pressure regulating valves, and piping. | 1,000 |
| 7.4 | Replace Vehicle No. 43 1996 F-250 used by the Meter Maintenance Crew with 82,500 miles. (Equipment to include utility bed, spray in bed liner, Radio for communications, Overhead safety lighting and controls and a back up alarm.) Existing vehicle to be downgraded to Chlorine Truck and remove existing Vehicle No. 51 1991 F-150 from fleet (trade in value at \$500). | |
| | Vehicle cost | \$18,000 |
| | Tax and license | 2,400 |
| | Utility Bed | 7,500 |
| | Emergency lighting and radio | 1,600 |
| | TOTAL COST | \$29,500 |
| | | 29,500 |
| 7.5 | Replace Vehicle No. 44 1996 F-250 - Truck with arrow-board and utility bed used by the Pump Station Maintenance Crew. Vehicle has 91,000 miles on it. We are starting to incur high maintenance costs and replacement is strongly advised (trade in value at \$500). | |
| | Vehicle cost | \$18,000 |
| | Tax and license | 2,400 |
| | Utility Bed | 7,500 |
| | Emergency lighting and radio | 1,600 |
| | TOTAL COST | \$29,500 |
| | | 29,500 |
| 7.6 | Payment No. 2 - Leased Dump Truck | 14,500 |
| | TOTAL | \$ 77,600 |

FACILITIES IMPROVEMENTS

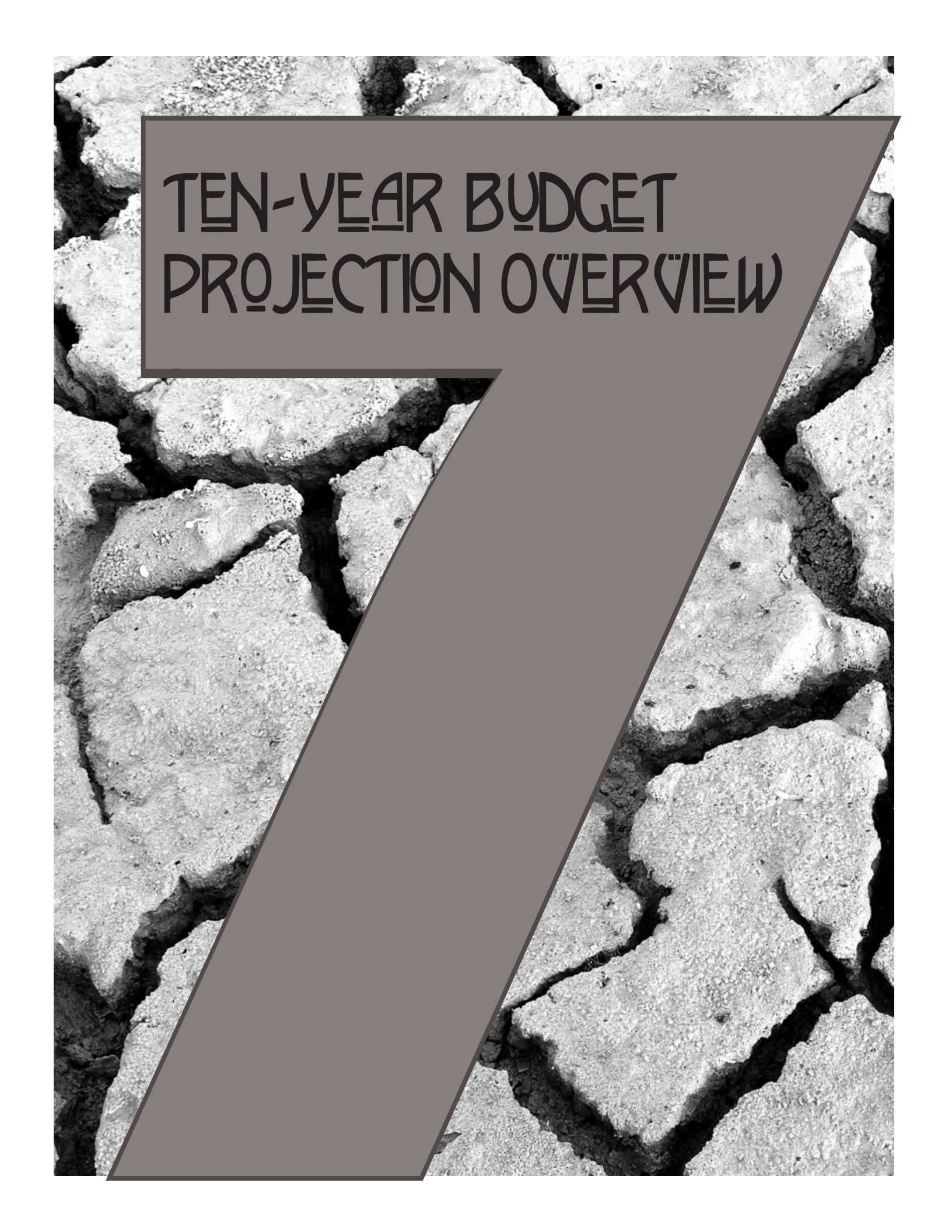
This category covers improvements to the District’s facilities that are not covered under reservoir, pump station, or pipeline facilities. Most of these improvements are located at the 3rd Street complex, at the El Morro Storage Facility, or other off-site location.

| | | |
|-----|--|-------------------------|
| 8.1 | District Office – Replace all 5 of the automatic gates for the District Office parking areas. | \$ 20,000 |
| 8.3 | 344 Third Street – Replace the Heating/Air Conditioning unit on the rental Office Annex. | <u>8,000</u> |
| | TOTAL | <u><u>\$ 28,000</u></u> |

WATER SUPPLY RELIABILITY 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

| | | |
|-----|--|----------------------------|
| 9.1 | Dana Point Ocean Desalination Project - Preliminary studies have shown there is potential for an ocean desalination plant in Dana Point. The District has agreed to participate in further study to determine the viability of the project as an additional source of potable water. | \$ 300,000 |
| 9.2 | Laguna Canyon Blending Project – The District is developing a plan to treat blended groundwater and waste water in Laguna Canyon for use in non-potable applications. The total cost for this project is estimated at \$2,000,000. It will be planned, designed, and constructed over a two-year period. For the 2009-2010 fiscal year, it is estimated that \$900,000 will be spent. The remainder of the project will be budgeted in the 2010-2011 fiscal year. | 900,000 |
| 9.3 | Santa Ana Basin De-nitrification Project – The District plans on partnering with the City of Garden Grove to treat groundwater that is currently not being used in the Santa Ana Basin due to high levels of nitrates. An agreement will be crafted that will allow the District to receive credit for producing basin water. | 3,700,000 |
| 9.4 | Water Master Plan – The last full scale master plan for the District was prepared in 1996. It was updated in 2001. This item is for preparing a new water master plan for the District’s infrastructure that will take into considerations changes in the system since the last master plan. | 100,000 |
| 9.5 | Budget Based Water Allocation Rate Study - A budget based water allocation rate structure establishes conservation pricing based on an allotment or water budget for each customer with tiered pricing to encourage conservation from those who exceed their allotment. Typical water allocations comprise interior and exterior water usage for each customer account based on number of residents, landscape square footage, and actual daily weather and evapotranspiration (ET) data. | 35,000 |
| | TOTAL | <u><u>\$ 5,035,000</u></u> |

The image features a background of cracked, light-colored concrete. A large, grey, diagonal shape, resembling a stylized 'Z' or a large arrow, is overlaid on the image. Inside the top-left portion of this grey shape, the text 'TEN-YEAR BUDGET PROJECTION OVERVIEW' is written in a bold, black, sans-serif font. The text is arranged in two lines: 'TEN-YEAR BUDGET' on the top line and 'PROJECTION OVERVIEW' on the bottom line.

TEN-YEAR BUDGET PROJECTION OVERVIEW

TEN-YEAR BUDGET PROJECTION OVERVIEW

To plan for future capital improvements, the District has drafted a 10-year projection of capital expenses. Also, for future planning in the event of emergencies and unforeseen changes in revenues, contingency reserves have been established. The different categories shown on the table labeled “Ten Year Designated Reserve and Capital Expenditure Projections” are explained below.

Capital Expenditures

Reservoir Replacement – This category sets aside up to \$400,000 each year to assist in future upgrades, major repair and replacements. Emerald Bay Service District contributes \$28,000 annually to this fund.

Supply Lines – This category generally accounts for improvements to the supply lines, including work on valves, vaults, blow-offs, air and vacuum release valves, and cathodic protection stations. LBCWD operates and maintains two major transmission mains that supply water from connections with Metropolitan Water District of Southern California. These mains are shared by, and deliver potable water to, other agencies within Orange County that include the City of Newport Beach, Irvine Ranch Water District, Santa Margarita Water District, and South Coast Water District.

Reservoirs and Pump Stations – This category generally accounts for minor improvements and repairs to reservoirs and pump stations that are not covered by the Reservoir Replacement Fund.

Transmission and Distribution – This category accounts for upgrades of approximately 135 miles of distribution pipelines. It encompasses necessary work and replacement of these pipelines and appurtenances.

Fire Hydrant and Valve Replacement – This is an ongoing program to replace fire hydrants and distribution valves within the system before they become a critical problem. An ongoing inspection of the distribution system has indicated that an acceleration of these two programs should be initiated. To further this process, the budget for this year is \$300,000 for hydrant and valve replacement.

Meter Replacement – This category provides for an ongoing program to replace meters on a regular basis. Our experience with residential meters, as well as industry standards, suggests that a meter may last approximately 17 years before it should be replaced.

Cast Iron Pipeline Replacement – This category is an aggressive program to replace all of the cast iron pipe within the District. Starting in the late 1970’s, it is the District’s goal to complete all of the CIP replacement by the end of the 2013-14 fiscal year. At that point, the District should assess the condition of the distribution system for future replacements.

Capital Expenditures (continued)

Vehicle and Equipment Replacement – This category covers necessary vehicle and equipment replacement. The annual auditor’s report states that replacement of vehicles should be considered between four and ten years. Vehicles and some minor miscellaneous equipment are scheduled to be replaced each year based upon wear and tear, cost of maintenance, and mileage.

Facility and Office Equipment – This category covers the areas typically associated with the office building, warehouse, and other district buildings. The costs shown are an average amount based on the District’s past experience in this category.

Master Plan Projects – This category includes projects compiled from the recommendations made in the 1996 Master Plan Update. It is the District’s goal to complete these projects by the 2013-14 fiscal year.

Water Supply Reliability Projects – The District continues to seek alternate sources of supply as water reliability becomes more of an issue in the region. Among the projects being considered this fiscal year are a well in the Santa Ana River Basin and participation in the South Orange County Water Reliability projects.

Rationale for Reserve Funding

Operating Reserve Fund – The Operating Reserve is funded at a minimum level equal to ten (10) percent of the operating budget, excluding the cost of purchased water. All operating expense categories, including General and Administrative, are included in the calculation of the Operating Reserve. This reserve accommodates unexpected operational changes, unanticipated repairs to District facilities, and legislative impacts or economic events that may affect the District’s operations, which could not be reasonably anticipated at the time the annual budget was prepared. This reserve is replenished from non-operating sources and is used only for operating emergencies or non-budgeted items in excess of \$20,000.

Self Insurance/Emergency Reserve Fund – The Self Insurance/Emergency Reserve is funded at a minimum of two (2) percent to a maximum of four (4) percent of the replacement cost of the existing utility plant, less depreciation. This reserve would assist in coverage against catastrophic loss and costs for those facilities the District does not insure. The District strives to maintain reserves to fund the replacement and reconstruction of major facilities damaged by natural disasters, such as flooding, or earthquakes that are not covered by insurance or reimbursable from the state and federal government. This reserve is replenished from non-operating sources and only used for occurrences described above as designated by the Commission and Board of Directors.

Rate Stabilization Reserve Fund – The Rate Stabilization fund is funded equivalent to ten (10) percent of the District’s annual water purchases. This reserve is set aside to mitigate the impact of any future drought

Rationale for Reserve Funding (continued)

conservation requirements to reduce water usage or in the event of unanticipated increases in water costs or loss of revenue as designated by the Commission and Board of Directors..

Reservoir Replacement Reserve Fund – The Reservoir Replacement Reserve is funded each year by \$400,000, which provides for partial funding for the eventual replacement of reservoir facilities, including pump stations, as they reach the end of their useful lives. This fund is set up as a means of reducing the financial impact of reservoir replacement on both current and future ratepayers. This reserve is funded at fifteen (15) percent of the replacement cost of the existing reservoir and pump station plant and is replenished by non-operating sources.

Cast Iron Pipe Replacement Reserve Fund – The Cast Iron Pipe Replacement Reserve is funded for an amount equivalent to the estimate needed to complete the replacement of cast iron pipe in the system. Cast iron pipe represents some of the oldest pipe remaining in the operational system. This reserve is replenished by non-operating sources as designated by the Commission and Board of Directors.

Master Plan Projects Reserve Fund – The Master Plan Projects Reserve is funded for an amount equivalent to the estimate needed to complete the recommendations in the 1996 Master Plan Update. The improvements recommended represent three types of service or operational priorities: fire, life and safety (includes firestorm) emergency outages, and operational concerns

Water Supply Reliability Reserve Fund – The Water Supply Reliability Reserve provides for funding of projects such as wells, regional storage, ocean desalination, and other related projects that improve water reliability for our customers. Funding for this reserve is accomplished through non-operating sources and/or bond indebtedness as designated by the Commission and Board of Directors.

TEN-YEAR BUDGET PROJECTION OVERVIEW

LAGUNA BEACH COUNTY WATER DISTRICT
ANALYSIS OF 2009-10 BUDGET
TEN YEAR CAPITAL EXPENDITURE PROJECTIONS AND DESIGNATED RESERVES

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | TOTALS |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| CAPITAL PROJECTS | | | | | | | | | | | |
| SUPPLY LINES(JOINT POWERS) | \$ 97,300 | \$ 93,500 | \$ 93,500 | \$ 71,500 | \$ 71,500 | \$ 32,000 | \$ 32,000 | \$ 33,000 | \$ 33,000 | \$ 33,000 | \$ 590,300 |
| EL MORRO #1 ROOF REPL(JOINT POW) | 1,340,000 | | | | | | | | | | 1,340,000 |
| PUMP STATIONS & RESERVOIRS | 287,500 | 323,000 | 331,000 | 341,000 | 351,000 | 362,000 | 373,000 | 385,000 | 385,000 | 385,000 | 3,523,500 |
| TRANSMISSION & DISTRIBUTION: | | | | | | | | | | | |
| GENERAL | - | 50,000 | 75,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 825,000 |
| FH & VALVE REPLACEMENT | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 3,000,000 |
| METER REPLACEMENT | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 | 800,000 |
| CITY CO-OP PROJECTS | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 500,000 |
| CAST IRON REPLACEMENT | 570,000 | 358,000 | 801,000 | 241,000 | 508,000 | 400,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,478,000 |
| PIPELINE REPLACEMENT | 463,000 | 436,000 | 345,000 | 600,000 | 600,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 2,400,000 |
| MASTER PLAN PROJECTS | 275,000 | 40,000 | 40,000 | 40,000 | 40,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 635,000 |
| OFFICE EQUIPMENT | 4,100 | 10,000 | 10,000 | 10,000 | 10,000 | 70,000 | 70,000 | 64,000 | 64,000 | 70,000 | 94,100 |
| EQUIPMENT REPLACEMENT | 73,500 | 155,000 | 117,000 | 75,000 | 85,000 | 70,000 | 70,000 | 64,000 | 64,000 | 70,000 | 843,500 |
| VEHICLE REPLACEMENT | 28,000 | 40,000 | 40,000 | 42,000 | 43,000 | 44,000 | 45,000 | 46,000 | 46,000 | 47,000 | 421,000 |
| FACILITIES IMPROVEMENT | | | | | | | | | | | |
| WATER SUPPLY RELIABILITY: | | | | | | | | | | | |
| DANA POINT OCEAN DESAL PROJ | 300,000 | 190,000 | | | | | | | | | 490,000 |
| LAG CANYON BLENDING PROJECT | 900,000 | 1,100,000 | | | | | | | | | 2,000,000 |
| SA BASIN DENITRIFICATION PROJECT | 3,700,000 | | | | | | | | | | 3,700,000 |
| BUDGET BASED ALLOCATION STUDY | 35,000 | | | | | | | | | | 35,000 |
| WATER MASTER PLAN STUDY | 100,000 | | | | | | | | | | 100,000 |
| TOTALS | \$ 8,603,400 | \$ 3,225,500 | \$ 2,282,500 | \$ 1,950,500 | \$ 2,238,500 | \$ 1,488,000 | \$ 1,600,000 | \$ 1,608,000 | \$ 1,608,000 | \$ 1,615,000 | \$ 26,219,400 |
| LOAN PAYBACK | \$ 121,200 | \$ 419,930 | \$ 419,930 | \$ 419,930 | \$ 419,930 | \$ 1,419,930 | \$ 1,319,930 | \$ 1,219,930 | \$ 1,119,930 | \$ 1,019,930 | \$ 7,900,570 |
| RESERVES | | | | | | | | | | | |
| BALANCE @ 2009-10 | \$ 600,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ 100,000 | BALANCE @ 2018-19 |
| OPERATING RESERVE FUND | 800,000 | - | 100,000 | 100,000 | - | - | - | - | - | - | 1,500,000 |
| SELF INS/EMERG RESERVE FUND | 600,000 | - | - | - | - | - | - | - | - | - | 1,000,000 |
| RATE STABILIZATION RESERVE FUND | | | | | | | | | | | 600,000 |
| TOTAL OPERATING RESERVES | \$ 2,000,000 | \$ 2,100,000 | \$ 2,300,000 | \$ 2,500,000 | \$ 2,600,000 | \$ 2,700,000 | \$ 2,800,000 | \$ 2,900,000 | \$ 3,000,000 | \$ 3,100,000 | \$ 3,100,000 |
| RESERVOIR REPLACEMENT FUND: | | | | | | | | | | | |
| LBCWD SHARE | 3,748,000 | 372,000 | 372,000 | 372,000 | 372,000 | 372,000 | 372,000 | 372,000 | 372,000 | 372,000 | 7,096,000 |
| EDSD SHARE | 140,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 392,000 |
| CIP/PIPELINE REPLACEMENT FUND | - | - | - | - | - | - | - | - | - | - | - |
| MASTER PLAN PROJECTS FUND | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL CAPITAL RESERVES | \$ 3,888,000 | \$ 4,288,000 | \$ 4,688,000 | \$ 5,088,000 | \$ 5,488,000 | \$ 5,888,000 | \$ 6,288,000 | \$ 6,688,000 | \$ 7,088,000 | \$ 7,488,000 | \$ 7,488,000 |
| TOTAL RESERVES | \$ 5,888,000 | \$ 6,388,000 | \$ 6,988,000 | \$ 7,588,000 | \$ 8,088,000 | \$ 8,588,000 | \$ 9,088,000 | \$ 9,588,000 | \$ 10,088,000 | \$ 10,588,000 | \$ 10,588,000 |

TEN-YEAR BUDGET PROJECTION OVERVIEW

LAGUNA BEACH COUNTY WATER DISTRICT
ANALYSIS OF 2009-10 BUDGET
TEN YEAR CASH FLOW PROJECTION

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|----------------------------|-----------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| BEG WORK CASH BAL** | \$ 10,000,000 | \$ 1,933,130 | \$ 2,238,500 | \$ 1,762,970 | \$ 1,697,290 | \$ 1,648,140 | \$ 1,440,350 | \$ 1,312,590 | \$ 1,341,390 | \$ 1,542,250 |
| ADD: | | | | | | | | | | |
| OPER INC/(LOSS) | - | - | - | - | - | - | - | - | - | - |
| NON OPER INCOME | 2,545,730 | 2,750,800 | 2,826,900 | 2,904,750 | 3,109,280 | 3,200,140 | 3,292,170 | 3,356,730 | 3,428,790 | 3,508,720 |
| LOAN INCOME | 4,000,000 | 1,700,000 | | | | | | | | |
| LESS: | | | | | | | | | | |
| CAPITAL PROJECTS | 8,603,400 | 3,225,500 | 2,282,500 | 1,950,500 | 2,238,500 | 1,488,000 | 1,600,000 | 1,608,000 | 1,608,000 | 1,615,000 |
| LOAN PAYBACK | 121,200 | 419,930 | 419,930 | 419,930 | 419,930 | 1,419,930 | 1,319,930 | 1,219,930 | 1,119,930 | 1,019,930 |
| REV OVER/(UND) EXPENDITURE | (2,178,870) | 805,370 | 124,470 | 534,320 | 450,850 | 292,210 | 372,240 | 528,800 | 700,860 | 873,790 |
| NET CASH AFTER REV & EXP | 7,821,130 | 2,738,500 | 2,362,970 | 2,297,290 | 2,148,140 | 1,940,350 | 1,812,590 | 1,841,390 | 2,042,250 | 2,416,040 |
| LESS: | | | | | | | | | | |
| RESERVES | 5,888,000 | 500,000 | 600,000 | 600,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| END WORK CASH BAL | \$ 1,933,130 | \$ 2,238,500 | \$ 1,762,970 | \$ 1,697,290 | \$ 1,648,140 | \$ 1,440,350 | \$ 1,312,590 | \$ 1,341,390 | \$ 1,542,250 | \$ 1,916,040 |
| ACTUAL CASH BAL* | \$ 7,821,130 | \$ 8,626,500 | \$ 8,750,970 | \$ 9,285,290 | \$ 9,736,140 | \$ 10,028,350 | \$ 10,400,590 | \$ 10,929,390 | \$ 11,630,250 | \$ 12,504,040 |
| WATER RATE INCREASE | TIER #1 \$ 0.21 | \$ 0.13 | \$ 0.16 | \$ 0.18 | \$ 0.18 | \$ 0.20 | \$ 0.20 | \$ 0.21 | \$ 0.22 | \$ 0.23 |
| | TIER #2 \$ 0.29 | \$ 0.12 | \$ 0.16 | \$ 0.18 | \$ 0.18 | \$ 0.19 | \$ 0.20 | \$ 0.21 | \$ 0.22 | \$ 0.23 |
| | OTHER \$ 0.25 | \$ 0.13 | \$ 0.16 | \$ 0.18 | \$ 0.18 | \$ 0.20 | \$ 0.20 | \$ 0.21 | \$ 0.23 | \$ 0.23 |
| TOTAL WATER RATE | TIER #1 \$ 3.23 | \$ 3.35 | \$ 3.52 | \$ 3.69 | \$ 3.87 | \$ 4.06 | \$ 4.26 | \$ 4.47 | \$ 4.69 | \$ 4.92 |
| | TIER #2 \$ 3.58 | \$ 3.70 | \$ 3.86 | \$ 4.04 | \$ 4.22 | \$ 4.41 | \$ 4.61 | \$ 4.82 | \$ 5.04 | \$ 5.27 |
| | OTHER \$ 3.42 | \$ 3.55 | \$ 3.71 | \$ 3.89 | \$ 4.07 | \$ 4.27 | \$ 4.47 | \$ 4.68 | \$ 4.91 | \$ 5.14 |

* ACCUMULATIVE BALANCE OF END WORK CASH BAL AND RESERVES

** CASH AND INVESTMENTS AT 06/30/09

TEN-YEAR BUDGET PROJECTION OVERVIEW

LAGUNA BEACH COUNTY WATER DISTRICT
ANALYSIS OF 2009-10 BUDGET
TEN YEAR REVENUE AND EXPENDITURE PROJECTION

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2017-18 |
|-----------------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING REVENUE | | | | | | | | | | |
| WATER SALES | \$ 7,651,830 | \$ 8,090,940 | \$ 8,668,670 | \$ 9,087,320 | \$ 9,450,660 | \$ 9,747,090 | \$ 10,048,340 | \$ 10,359,010 | \$ 10,679,400 | \$ 11,009,810 |
| FIRE SERVICE | 8,740 | 8,740 | 8,740 | 8,740 | 8,740 | 8,740 | 8,740 | 8,740 | 8,740 | 8,740 |
| FEES & PENALTIES | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| O/H CHARGE | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| EQUIP CHARGE | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 |
| ANTENNAE LEASE | 280,990 | 283,800 | 288,060 | 293,820 | 302,630 | 311,710 | 321,060 | 330,700 | 340,620 | 350,830 |
| MISC REVENUE | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 |
| TOTAL OPER REVENUE | 8,073,560 | 8,515,480 | 9,097,470 | 9,521,880 | 9,894,030 | 10,199,540 | 10,510,140 | 10,830,450 | 11,160,760 | 11,501,380 |
| TOTAL O & M EXP | 8,073,560 | 8,515,480 | 9,097,470 | 9,521,880 | 9,894,030 | 10,199,540 | 10,510,140 | 10,830,450 | 11,160,760 | 11,501,380 |
| NET OPER GAIN/(LOSS) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| WATER RATE/CCF | | | | | | | | | | |
| TIER #1 | \$ 3.23 | \$ 3.35 | \$ 3.52 | \$ 3.69 | \$ 3.87 | \$ 4.06 | \$ 4.26 | \$ 4.47 | \$ 4.69 | \$ 4.92 |
| TIER #2 | \$ 3.58 | \$ 3.70 | \$ 3.86 | \$ 4.04 | \$ 4.22 | \$ 4.41 | \$ 4.61 | \$ 4.82 | \$ 5.04 | \$ 5.27 |
| OTHER | \$ 3.42 | \$ 3.55 | \$ 3.71 | \$ 3.89 | \$ 4.07 | \$ 4.27 | \$ 4.47 | \$ 4.68 | \$ 4.91 | \$ 5.14 |
| CAPITAL REVENUE | | | | | | | | | | |
| RESERVE STORAGE | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 | \$ 20,000 |
| INTEREST REVENUE* | 610,880 | 614,270 | 648,780 | 684,030 | 844,740 | 890,890 | 937,320 | 955,340 | 979,930 | 1,011,420 |
| LEASE REVENUE | 34,640 | 34,990 | 35,510 | 36,220 | 37,310 | 38,430 | 39,580 | 40,770 | 41,990 | 43,250 |
| PROP TAX | 1,852,210 | 2,053,540 | 2,094,610 | 2,136,500 | 2,179,230 | 2,222,820 | 2,267,270 | 2,312,620 | 2,368,870 | 2,406,050 |
| LOAN | 4,000,000 | 1,700,000 | | | | | | | | |
| MISC INCOME | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 |
| TOTAL CAP REVENUE | 6,545,730 | 4,450,800 | 2,826,900 | 2,904,750 | 3,109,280 | 3,200,140 | 3,292,170 | 3,356,730 | 3,428,790 | 3,508,720 |
| TOTAL CAP EXPENSE | 8,724,600 | 3,645,430 | 2,702,430 | 2,370,430 | 2,658,430 | 2,907,930 | 2,919,930 | 2,827,930 | 2,727,930 | 2,634,930 |
| NET CAP GAIN/(LOSS) | \$ (2,178,870) | \$ 805,370 | \$ 124,470 | \$ 534,320 | \$ 450,850 | \$ 292,210 | \$ 372,240 | \$ 528,800 | \$ 700,860 | \$ 873,790 |

* BASED ON CASH BAL INCLUDING RESERVES

TEN-YEAR BUDGET PROJECTION OVERVIEW

LAGUNA BEACH COUNTY WATER DISTRICT
ANALYSIS OF 2009-10 BUDGET
TEN YEAR O & M EXPENDITURE PROJECTION

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| OPERATIONS | | | | | | | | | | |
| SOURCE OF SUPPLY | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| GEN SYSTEM O & M | 48,580 | 49,066 | 49,802 | 50,798 | 52,322 | 53,891 | 55,508 | 57,173 | 58,889 | 60,655 |
| COAST SUPPLY LINE O&M | 54,820 | 55,368 | 56,199 | 57,323 | 59,042 | 60,814 | 62,638 | 64,517 | 66,453 | 68,446 |
| AUFDEN SUPPLY LINE O&M | 2,959,030 | 3,350,320 | 3,854,830 | 4,174,390 | 4,385,550 | 4,525,220 | 4,664,990 | 4,809,310 | 4,958,320 | 5,112,190 |
| PURCHASED WATER | | | | | | | | | | |
| TOTAL SOURCE OF SUPPLY | \$ 3,062,430 | \$ 3,454,754 | \$ 3,960,831 | \$ 4,282,511 | \$ 4,496,914 | \$ 4,639,925 | \$ 4,783,136 | \$ 4,931,001 | \$ 5,083,661 | \$ 5,241,292 |
| PUMPING | | | | | | | | | | |
| PUMP STATION O&M | \$ 306,030 | \$ 309,090 | \$ 313,727 | \$ 320,001 | \$ 329,601 | \$ 339,489 | \$ 349,674 | \$ 360,164 | \$ 370,969 | \$ 382,098 |
| PUMP STATION POWER | 157,320 | 158,893 | 161,277 | 164,502 | 169,437 | 174,520 | 179,756 | 185,149 | 190,703 | 196,424 |
| TOTAL PUMPING | \$ 463,350 | \$ 467,984 | \$ 475,003 | \$ 484,503 | \$ 499,038 | \$ 514,010 | \$ 529,430 | \$ 545,313 | \$ 561,672 | \$ 578,522 |
| TRANSMISSION & DISTRIBUTION | | | | | | | | | | |
| RESERVOIR O&M | \$ 387,950 | \$ 391,830 | \$ 397,707 | \$ 405,661 | \$ 417,831 | \$ 430,366 | \$ 443,277 | \$ 456,575 | \$ 470,272 | \$ 484,381 |
| T & D - MAINLINE O&M | 1,081,380 | 1,092,194 | 1,106,577 | 1,130,748 | 1,164,671 | 1,199,611 | 1,236,599 | 1,272,667 | 1,310,847 | 1,350,173 |
| T & D - METER O&M | 127,560 | 128,836 | 130,768 | 133,383 | 137,385 | 141,507 | 145,752 | 150,124 | 154,628 | 159,267 |
| T & D - VALVE, VAULT, FH O&M | 269,200 | 271,892 | 275,970 | 281,490 | 289,934 | 298,633 | 307,591 | 316,819 | 326,324 | 336,114 |
| T & D - PAVING | 48,000 | 48,480 | 49,207 | 50,191 | 51,697 | 53,248 | 54,845 | 56,491 | 58,186 | 59,931 |
| GEN PLANT - EQUIPMENT O&M | - | - | - | - | - | - | - | - | - | - |
| GEN PLANT - BLDG & YARD O&M | 193,430 | 195,364 | 198,295 | 202,261 | 208,328 | 214,578 | 221,016 | 227,646 | 234,476 | 241,510 |
| TOTAL TRANSM & DISTRIBUTION | \$ 2,107,520 | \$ 2,128,595 | \$ 2,160,624 | \$ 2,203,735 | \$ 2,269,847 | \$ 2,337,942 | \$ 2,408,080 | \$ 2,480,323 | \$ 2,554,732 | \$ 2,631,374 |
| GENERAL MANAGERS OFFICE | | | | | | | | | | |
| GM OFFICE EXP | \$ 352,780 | \$ 356,308 | \$ 361,652 | \$ 368,885 | \$ 379,952 | \$ 391,351 | \$ 403,091 | \$ 415,184 | \$ 427,639 | \$ 440,469 |
| COMMISSIONBOARD | 107,310 | 108,383 | 110,009 | 112,209 | 115,575 | 119,043 | 122,614 | 126,292 | 130,081 | 133,983 |
| LEGAL | 38,000 | 38,380 | 38,956 | 39,735 | 40,927 | 42,155 | 43,419 | 44,722 | 46,064 | 47,445 |
| AUDIT | 16,600 | 16,766 | 17,017 | 17,358 | 17,879 | 18,415 | 18,967 | 19,536 | 20,122 | 20,726 |
| TOTAL GM OFFICE | \$ 514,690 | \$ 519,837 | \$ 527,634 | \$ 538,187 | \$ 554,333 | \$ 570,963 | \$ 588,092 | \$ 605,734 | \$ 623,906 | \$ 642,624 |
| ADMINISTRATION AND CUST SERVICE | | | | | | | | | | |
| ADMINISTRATION OFFICE EXP | \$ 165,200 | \$ 166,852 | \$ 169,355 | \$ 172,742 | \$ 177,924 | \$ 183,262 | \$ 188,760 | \$ 194,423 | \$ 200,256 | \$ 206,263 |
| DATA MANAGEMENT | 27,000 | 27,270 | 27,679 | 28,233 | 29,080 | 29,952 | 30,851 | 31,776 | 32,729 | 33,711 |
| RECORD RETENTION | 1,500 | 1,515 | 1,538 | 1,568 | 1,616 | 1,664 | 1,714 | 1,765 | 1,818 | 1,873 |
| PUBLIC INFORMATION EXP | 18,250 | 18,433 | 18,709 | 19,083 | 19,656 | 20,245 | 20,853 | 21,478 | 22,123 | 22,786 |
| COMMUNITY RELATIONS | 6,000 | 6,060 | 6,151 | 6,274 | 6,462 | 6,656 | 6,856 | 7,061 | 7,273 | 7,491 |
| WATER USE EFFICIENCY | 169,300 | 170,999 | 173,558 | 177,029 | 182,340 | 187,610 | 193,444 | 199,248 | 205,225 | 211,382 |
| SCHOOL EDUCATION | 2,500 | 2,563 | 2,614 | 2,693 | 2,773 | 2,857 | 2,942 | 3,030 | 3,121 | 3,214 |
| DISTRICT ACTIVITIES | 32,000 | 32,320 | 32,805 | 33,461 | 34,465 | 35,499 | 36,564 | 37,661 | 38,790 | 39,954 |
| HUMAN RESOURCES | 129,820 | 131,118 | 133,085 | 135,747 | 139,819 | 144,014 | 148,334 | 152,784 | 157,368 | 162,089 |
| CUSTOMER SERVICE - FIELD | 86,460 | 87,325 | 88,634 | 90,407 | 93,119 | 95,913 | 98,790 | 101,754 | 104,807 | 107,951 |
| METER READING | 60,180 | 60,782 | 61,694 | 62,927 | 64,815 | 66,760 | 68,762 | 70,825 | 72,950 | 75,139 |
| CUSTOMER SERVICE - OFFICE | 282,080 | 284,901 | 289,174 | 294,958 | 303,807 | 312,921 | 322,308 | 331,978 | 341,937 | 352,195 |
| TOTAL ADMINISTRATION | \$ 980,290 | \$ 990,093 | \$ 1,004,944 | \$ 1,025,043 | \$ 1,055,794 | \$ 1,087,468 | \$ 1,120,092 | \$ 1,153,695 | \$ 1,188,306 | \$ 1,223,955 |
| FINANCE | | | | | | | | | | |
| FINANCE EXP | 353,250 | 356,783 | 362,134 | 369,377 | 380,458 | 391,872 | 403,628 | 415,737 | 428,209 | 441,055 |
| OFFICE EXP | 53,800 | 54,338 | 55,153 | 56,256 | 58,506 | 60,847 | 63,280 | 65,812 | 68,444 | 71,182 |
| INSURANCE EXP | 139,860 | 141,259 | 143,377 | 146,245 | 150,632 | 155,151 | 159,806 | 164,600 | 169,538 | 174,624 |
| INSURANCE CLAIMS | 1,080 | 1,091 | 1,107 | 1,129 | 1,163 | 1,198 | 1,234 | 1,271 | 1,309 | 1,348 |
| TOTAL FINANCE | \$ 547,990 | \$ 553,470 | \$ 561,772 | \$ 573,007 | \$ 590,760 | \$ 609,068 | \$ 627,949 | \$ 647,420 | \$ 667,501 | \$ 688,210 |
| ENGINEERING | | | | | | | | | | |
| ENGINEERING EXP | \$ 204,350 | \$ 206,394 | \$ 209,489 | \$ 213,679 | \$ 220,090 | \$ 228,692 | \$ 233,493 | \$ 240,498 | \$ 247,713 | \$ 255,144 |
| WATER QUALITY EXP | 192,940 | 194,869 | 197,792 | 201,748 | 207,801 | 214,035 | 220,456 | 227,069 | 233,882 | 240,898 |
| TOTAL ENGINEERING | \$ 397,290 | \$ 401,263 | \$ 407,282 | \$ 415,427 | \$ 427,890 | \$ 440,727 | \$ 453,949 | \$ 467,567 | \$ 481,594 | \$ 496,042 |
| TOTAL O & M EXPENDITURES | \$ 8,073,560 | \$ 8,515,995 | \$ 9,097,990 | \$ 9,522,414 | \$ 9,894,577 | \$ 10,200,103 | \$ 10,510,728 | \$ 10,831,053 | \$ 11,161,373 | \$ 11,502,019 |
| USE | \$ 8,073,560 | \$ 8,515,480 | \$ 9,097,470 | \$ 9,521,880 | \$ 9,894,030 | \$ 10,199,540 | \$ 10,510,140 | \$ 10,830,450 | \$ 11,160,760 | \$ 11,501,380 |
| 1. MET RATE INCREASE | 19.7% | 21.5% | 10.0% | 7.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| 2. INFLATION | 0.0% | 1.0% | 1.5% | 2.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |

TEN-YEAR BUDGET PROJECTION OVERVIEW

LAGUNA BEACH COUNTY WATER DISTRICT
ANALYSIS OF 2009-10 BUDGET
TEN YEAR ESTIMATED WATER PURCHASES

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>WATER PURCHASED</u> | | | | | | | | | | |
| ACRE - FEET | 836 | 2,165 | 2,170 | 2,176 | 2,181 | 2,187 | 2,192 | 2,198 | 2,203 | 2,209 |
| X WATER RATE | \$ 586.00 | \$ 709.00 | \$ 861.44 | \$ 947.58 | \$ 1,013.91 | \$ 1,044.33 | \$ 1,075.66 | \$ 1,107.93 | \$ 1,141.16 | \$ 1,175.40 |
| ACRE - FEET | 3,164 | 1,845 | 1,850 | 1,854 | 1,859 | 1,864 | 1,868 | 1,873 | 1,878 | 1,882 |
| X WATER RATE | \$ 709.00 | \$ 861.44 | \$ 947.58 | \$ 1,013.91 | \$ 1,044.33 | \$ 1,075.66 | \$ 1,107.93 | \$ 1,141.16 | \$ 1,175.40 | \$ 1,210.66 |
| TOTAL WATER PURCHASED | \$ 2,733,172 | \$ 3,124,333 | \$ 3,622,322 | \$ 3,941,805 | \$ 4,152,886 | \$ 4,288,167 | \$ 4,427,854 | \$ 4,572,091 | \$ 4,721,027 | \$ 4,874,814 |
| <u>MET CHARGES</u> | | | | | | | | | | |
| READINESS-TO-SERVE | 112,332 | 112,332 | 112,332 | 112,332 | 112,332 | 112,332 | 112,332 | 112,332 | 112,332 | 112,332 |
| CAPACITY CHARGE | 59,941 | 59,941 | 59,941 | 59,941 | 59,941 | 59,941 | 59,941 | 59,941 | 59,941 | 59,941 |
| <u>MMWDOC CHARGES</u> | | | | | | | | | | |
| METER CHARGE | | | | | | | | | | |
| # OF METERS | 8,573 | 8,594 | 8,605 | 8,616 | 8,627 | 8,637 | 8,648 | 8,659 | 8,670 | 8,681 |
| X METER RATE | \$ 6.25 | \$ 6.25 | \$ 7.00 | \$ 7.00 | \$ 7.00 | \$ 7.50 | \$ 7.50 | \$ 7.50 | \$ 7.50 | \$ 7.50 |
| TOTAL METER CHARGE | 53,581 | 53,715 | 60,236 | 60,312 | 60,387 | 64,781 | 64,862 | 64,943 | 65,024 | 65,106 |
| TOTAL WATER PURCHASED | \$ 2,959,026 | \$ 3,350,321 | \$ 3,854,832 | \$ 4,174,389 | \$ 4,385,546 | \$ 4,525,221 | \$ 4,664,989 | \$ 4,809,307 | \$ 4,956,324 | \$ 5,112,193 |
| USE | \$ 2,959,030 | \$ 3,350,320 | \$ 3,854,830 | \$ 4,174,390 | \$ 4,385,550 | \$ 4,525,220 | \$ 4,664,990 | \$ 4,809,310 | \$ 4,958,320 | \$ 5,112,190 |

TEN-YEAR BUDGET PROJECTION OVERVIEW

LAGUNA BEACH COUNTY WATER DISTRICT
ANALYSIS OF 2009 - 10 BUDGET
TEN YEAR ESTIMATED OPERATING REVENUE

| SERVICE CHARGE | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|---------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| METER SIZE | 2009-10 | | | | | | | | | 2018-19 |
| | METERS | | | | | | | | | METERS |
| 3/4 | 7,282 | \$ 991,371 | \$ 1,042,469 | \$ 1,096,444 | \$ 1,153,316 | \$ 1,213,104 | \$ 1,276,271 | \$ 1,342,395 | \$ 1,411,942 | \$ 1,485,379 |
| 1 | 854 | 290,685 | 304,929 | 319,840 | 335,622 | 352,173 | 374,110 | 393,549 | 413,965 | 435,470 |
| 1 1/2 | 280 | 190,613 | 199,954 | 209,782 | 220,097 | 230,933 | 245,335 | 258,048 | 271,453 | 285,537 |
| 2 | 142 | 154,664 | 162,255 | 170,221 | 178,596 | 187,380 | 196,608 | 206,295 | 216,476 | 227,152 |
| 3 | 14 | 30,497 | 31,994 | 33,565 | 35,215 | 36,948 | 38,768 | 40,679 | 42,685 | 44,791 |
| 4 | 1 | 3,404 | 3,571 | 3,746 | 3,930 | 4,124 | 4,327 | 4,540 | 4,764 | 4,999 |
| TCM | 10 | 22,680 | 22,680 | 22,680 | 22,680 | 22,680 | 22,680 | 22,680 | 22,680 | 22,680 |
| TOTAL SERVICE CHARGE | 8,583 | 1,683,913 | 1,767,852 | 1,856,278 | 1,949,457 | 2,047,342 | 2,158,098 | 2,268,186 | 2,383,965 | 2,506,009 |
| WATER RATE CHARGE | | 4,000 | 4,010 | 4,020 | 4,030 | 4,040 | 4,050 | 4,060 | 4,071 | 4,081 |
| ESTIMATED AF PURCHASED LESS: CONSERVATION(0%) | | 4,000 | 4,010 | 4,020 | 4,030 | 4,040 | 4,050 | 4,060 | 4,071 | 4,081 |
| SUB-TOTAL | | 120 | 120 | 121 | 121 | 121 | 122 | 122 | 122 | 122 |
| LESS: WATER LOSS(3%) | | 3,880 | 3,890 | 3,899 | 3,909 | 3,919 | 3,929 | 3,939 | 3,948 | 3,958 |
| TOTAL BILLABLE AF X CCF/AF | | X 435.6 | X 435.6 | X 435.6 | X 435.6 | X 435.6 | X 435.6 | X 435.6 | X 435.6 | X 435.6 |
| TOTAL BILLABLE CCF X WATER RATE | | 1,690,128 | 1,694,353 | 1,698,589 | 1,702,836 | 1,707,093 | 1,711,360 | 1,715,639 | 1,719,928 | 1,724,228 |
| TOTAL WATER CHARGE | | X 3,223/558 | X 3,323/570 | X 3,352/386 | X 3,381/404 | X 3,410/422 | X 3,439/441 | X 3,468/454 | X 3,497/462 | X 3,526/470 |
| TOTAL OPERATING REVENUE | | 5,967,920 | 6,323,089 | 6,812,392 | 7,137,861 | 7,403,316 | 7,588,994 | 7,780,153 | 7,975,045 | 8,173,390 |
| USE | | \$ 7,651,833 | \$ 8,090,941 | \$ 8,668,670 | \$ 9,087,318 | \$ 9,450,658 | \$ 9,747,092 | \$ 10,048,339 | \$ 10,359,009 | \$ 10,679,399 |
| FIRE SERVICE CHARGE | | \$ 7,651,830 | \$ 8,090,940 | \$ 8,668,670 | \$ 9,087,320 | \$ 9,450,660 | \$ 9,747,090 | \$ 10,048,340 | \$ 10,359,010 | \$ 10,679,400 |
| METER SIZE | # | | | | | | | | | |
| SERVICES CHARGE | | 48 | 48 | 48 | 48 | 48 | 48 | 48 | 48 | 48 |
| 2 | 1 | \$ 48 | \$ 48 | \$ 48 | \$ 48 | \$ 48 | \$ 48 | \$ 48 | \$ 48 | \$ 48 |
| 4 | 40 | 3,840 | 3,840 | 3,840 | 3,840 | 3,840 | 3,840 | 3,840 | 3,840 | 3,840 |
| 6 | 25 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 | 3,600 |
| 8 | 192 | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 768 | 768 |
| 10 | 2 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 |
| TOTAL FIRE CHARGE | 72 | \$ 8,736 | \$ 8,736 | \$ 8,736 | \$ 8,736 | \$ 8,736 | \$ 8,736 | \$ 8,736 | \$ 8,736 | \$ 8,736 |
| USE | | \$ 8,740 | \$ 8,740 | \$ 8,740 | \$ 8,740 | \$ 8,740 | \$ 8,740 | \$ 8,740 | \$ 8,740 | \$ 8,740 |

TEN-YEAR BUDGET PROJECTION OVERVIEW

LAGUNA BEACH COUNTY WATER DISTRICT
ANALYSIS OF 2009-10 BUDGET
TEN YEAR ESTIMATED INTEREST REVENUE

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| BEG CASH BALANCE | \$ 10,000,000 | \$ 7,821,120 | \$ 8,626,460 | \$ 8,750,890 | \$ 9,285,160 | \$ 9,735,960 | \$ 10,028,110 | \$ 10,400,290 | \$ 10,929,030 | \$ 11,629,830 |
| ADD: Operating Revenue | 8,073,560 | 8,515,480 | 9,097,470 | 9,521,880 | 9,894,030 | 10,199,540 | 10,510,140 | 10,830,450 | 11,160,760 | 11,501,380 |
| Interest Revenue | 222,750 | 226,120 | 260,620 | 293,040 | 332,820 | 370,520 | 408,510 | 426,530 | 451,120 | 482,610 |
| Fountain Valley, LLC | 388,120 | 388,120 | 388,120 | 390,940 | 511,870 | 520,310 | 528,750 | 528,750 | 528,750 | 528,750 |
| Lease Rev | 34,640 | 34,990 | 35,510 | 36,220 | 37,310 | 38,430 | 39,580 | 40,770 | 41,990 | 43,250 |
| Prop Tax | 1,852,210 | 2,053,540 | 2,094,610 | 2,136,500 | 2,179,230 | 2,222,820 | 2,267,270 | 2,312,620 | 2,358,870 | 2,406,050 |
| Reserve Storage | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Loan Income | 4,000,000 | 1,700,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Misc Revenue | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 |
| Sub-total | 14,619,280 | 12,966,250 | 11,924,330 | 12,426,580 | 13,003,260 | 13,399,620 | 13,802,250 | 14,187,120 | 14,589,490 | 15,010,040 |
| LESS: Operating Expense | 8,073,560 | 8,515,480 | 9,097,470 | 9,521,880 | 9,894,030 | 10,199,540 | 10,510,140 | 10,830,450 | 11,160,760 | 11,501,380 |
| Capital Projects | 8,603,400 | 3,225,500 | 2,282,500 | 1,950,500 | 2,238,500 | 1,488,000 | 1,600,000 | 1,608,000 | 1,608,000 | 1,615,000 |
| Loan Interest/Prin | 121,200 | 419,930 | 419,930 | 419,930 | 419,930 | 1,419,930 | 1,319,930 | 1,219,930 | 1,119,930 | 1,019,930 |
| Sub-total | 16,798,160 | 12,160,910 | 11,799,900 | 11,892,310 | 12,552,460 | 13,107,470 | 13,430,070 | 13,658,380 | 13,888,690 | 14,136,310 |
| END CASH BALANCE | 7,821,120 | 8,626,460 | 8,750,890 | 9,285,160 | 9,735,960 | 10,028,110 | 10,400,290 | 10,929,030 | 11,629,830 | 12,503,560 |
| AVERAGE CASH BALANCE | 8,910,560 | 8,223,790 | 8,688,675 | 9,018,025 | 9,510,560 | 9,882,035 | 10,214,200 | 10,664,660 | 11,279,430 | 12,066,695 |
| INTEREST RATE | X 2.5 | X 2.75 | X 3.0 | X 3.25 | X 3.5 | X 3.75 | X 4.0 | X 4.0 | X 4.0 | X 4.0 |
| EST INVESTMENT REVENUE | \$ 222,764 | \$ 226,154 | \$ 260,660 | \$ 293,086 | \$ 332,870 | \$ 370,576 | \$ 408,568 | \$ 426,586 | \$ 451,177 | \$ 482,668 |
| USE | \$ 222,760 | \$ 226,150 | \$ 260,660 | \$ 293,090 | \$ 332,870 | \$ 370,580 | \$ 408,570 | \$ 426,590 | \$ 451,180 | \$ 482,670 |
| NOTE: INTEREST | | | | | | | | | | |
| FOUNTAIN VALLEY LLC | \$ 455,625 | \$ 455,625 | \$ 455,625 | \$ 464,063 | \$ 472,500 | \$ 480,938 | \$ 489,375 | \$ 489,375 | \$ 489,375 | \$ 489,375 |
| ADJUSTMENT | (67,500) | (67,500) | (67,500) | (73,125) | 39,375 | 39,375 | 39,375 | 39,375 | 39,375 | 39,375 |
| TOTAL | \$ 388,125 | \$ 388,125 | \$ 388,125 | \$ 390,938 | \$ 511,875 | \$ 520,313 | \$ 528,750 | \$ 528,750 | \$ 528,750 | \$ 528,750 |
| USE | \$ 388,120 | \$ 388,120 | \$ 388,120 | \$ 390,940 | \$ 511,870 | \$ 520,310 | \$ 528,750 | \$ 528,750 | \$ 528,750 | \$ 528,750 |
| ACCUM TOTALS | \$ 610,880 | \$ 614,270 | \$ 648,780 | \$ 684,030 | \$ 844,740 | \$ 890,890 | \$ 937,320 | \$ 955,340 | \$ 979,930 | \$ 1,011,420 |

TEN-YEAR BUDGET PROJECTION OVERVIEW

LAGUNA BEACH COUNTY WATER DISTRICT
ANALYSIS OF 2009-10 BUDGET
TEN YEAR ESTIMATED LEASE REVENUE

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <u>LEASE REVENUE</u> | | | | | | | | | | |
| 344 THIRD ST | \$ 34,640 | \$ 34,986 | \$ 35,511 | \$ 36,221 | \$ 37,308 | \$ 38,427 | \$ 39,580 | \$ 40,768 | \$ 41,991 | \$ 43,250 |
| USE | \$ 34,640 | \$ 34,990 | \$ 35,510 | \$ 36,220 | \$ 37,310 | \$ 38,430 | \$ 39,580 | \$ 40,770 | \$ 41,990 | \$ 43,250 |
| <u>ANTENAE LEASE REV</u> | | | | | | | | | | |
| <u>AT&T/CINGULAR</u> | | | | | | | | | | |
| PLATZ | 28,610 | 28,896 | 29,330 | 29,916 | 30,814 | 31,738 | 32,690 | 33,671 | 34,681 | 35,721 |
| EL MORRO | 32,750 | 33,078 | 33,574 | 34,245 | 35,272 | 36,331 | 37,421 | 38,543 | 39,699 | 40,890 |
| MOORHEAD | 26,400 | 26,664 | 27,064 | 27,605 | 28,433 | 29,286 | 30,165 | 31,070 | 32,002 | 32,962 |
| <u>VERIZON / AIR TOUCH</u> | | | | | | | | | | |
| RIDGE | 7,950 | 8,030 | 8,150 | 8,313 | 8,562 | 8,819 | 9,084 | 9,356 | 9,637 | 9,926 |
| MOORHEAD | 23,080 | 23,311 | 23,660 | 24,134 | 24,858 | 25,603 | 26,372 | 27,163 | 27,978 | 28,817 |
| EL MORRO | 31,140 | 31,451 | 31,923 | 32,562 | 33,538 | 34,545 | 35,581 | 36,648 | 37,748 | 38,880 |
| <u>SPRINT/NEX/TOWERCO</u> | | | | | | | | | | |
| TEMPLE HILLS | 26,190 | 26,452 | 26,849 | 27,386 | 28,207 | 29,053 | 29,925 | 30,823 | 31,747 | 32,700 |
| RIDGE | 26,190 | 26,452 | 26,849 | 27,386 | 28,207 | 29,053 | 29,925 | 30,823 | 31,747 | 32,700 |
| <u>T-MOBILE</u> | | | | | | | | | | |
| EL MORRO | 12,790 | 12,918 | 13,112 | 13,374 | 13,775 | 14,188 | 14,614 | 15,052 | 15,504 | 15,969 |
| RIDGE | 28,690 | 28,977 | 29,412 | 30,000 | 30,900 | 31,827 | 32,782 | 33,765 | 34,778 | 35,821 |
| <u>SO CAL GAS</u> | | | | | | | | | | |
| MOORHEAD | 7,880 | 7,959 | 8,078 | 8,240 | 8,487 | 8,742 | 9,004 | 9,274 | 9,552 | 9,839 |
| <u>CROWN/SPRINT / COX</u> | | | | | | | | | | |
| EL MORRO | 29,320 | 29,613 | 30,057 | 30,659 | 31,578 | 32,526 | 33,501 | 34,506 | 35,542 | 36,608 |
| TOTALS \$ | \$ 280,990 | \$ 283,800 | \$ 288,057 | \$ 293,818 | \$ 302,633 | \$ 311,712 | \$ 321,063 | \$ 330,695 | \$ 340,616 | \$ 350,834 |
| USE \$ | \$ 280,990 | \$ 283,800 | \$ 288,050 | \$ 293,820 | \$ 302,630 | \$ 311,710 | \$ 321,060 | \$ 330,700 | \$ 340,620 | \$ 350,830 |

6/4/2009

TEN-YEAR BUDGET PROJECTION OVERVIEW

LAGUNA BEACH COUNTY WATER DISTRICT
ANALYSIS OF 2009-10 BUDGET
TEN YEAR ESTIMATED PROPERTY TAX REVENUE

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2019 |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| SECURED | \$ 1,902,599 | \$ 1,940,651 | \$ 1,979,464 | \$ 2,019,053 | \$ 2,059,434 | \$ 2,100,623 | \$ 2,142,635 | \$ 2,185,488 | \$ 2,229,198 | \$ 2,273,782 |
| UNSECURED | 76,556 | 78,087 | 79,649 | 81,242 | 82,867 | 84,524 | 86,214 | 87,939 | 89,698 | 91,492 |
| PUBLIC UTILITY | 16,485 | 16,815 | 17,151 | 17,494 | 17,844 | 18,201 | 18,565 | 18,936 | 19,315 | 19,701 |
| HOMEOWNER | 17,633 | 17,986 | 18,345 | 18,712 | 19,087 | 19,468 | 19,858 | 20,255 | 20,660 | 21,073 |
| SUB-TOTAL | \$ 2,013,273 | \$ 2,053,538 | \$ 2,094,609 | \$ 2,136,501 | \$ 2,179,231 | \$ 2,222,816 | \$ 2,267,272 | \$ 2,312,618 | \$ 2,358,870 | \$ 2,406,048 |
| LESS: | | | | | | | | | | |
| STATE BORROWING | 161,062 | - | - | - | - | - | - | - | - | - |
| SUB-TOTAL | \$ 1,852,211 | \$ 2,053,538 | \$ 2,094,609 | \$ 2,136,501 | \$ 2,179,231 | \$ 2,222,816 | \$ 2,267,272 | \$ 2,312,618 | \$ 2,358,870 | \$ 2,406,048 |
| USE | \$ 1,852,210 | \$ 2,053,540 | \$ 2,094,610 | \$ 2,136,500 | \$ 2,179,230 | \$ 2,222,820 | \$ 2,267,270 | \$ 2,312,620 | \$ 2,358,870 | \$ 2,406,050 |



RESOLUTIONS

Resolution 735 - Budget Adoption

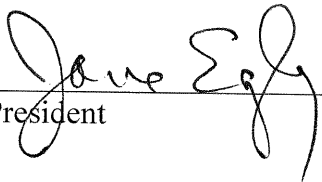
RESOLUTION NO. 735

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAGUNA BEACH COUNTY WATER DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING THE LBCWD 2009-2010 BUDGET

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

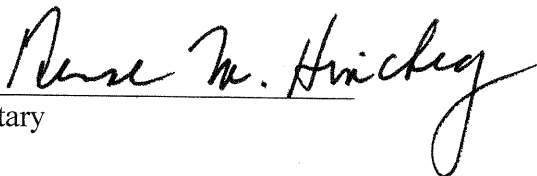
1. That the budget estimate for the General Fund and Capital Fund of the District as submitted for fiscal year 2009-2010 is hereby approved.

ADOPTED, SIGNED, AND APPROVED this 7th day of July, 2009.



President

ATTEST:



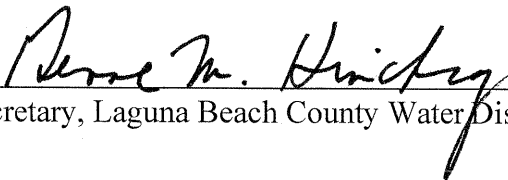
Secretary

CERTIFICATION

I, Renae M. Hinchey, Secretary of the Laguna Beach County Water District, of Orange County, California, do hereby certify that the foregoing Resolution No. 735 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 7th day of July, 2009, by the following vote of Members of the Board:

AYES: Directors: - Egly, Boyd, Iseman, Pearson, Rollinger
NOES: Directors: - None
ABSENT: Directors: - None

And I further certify that Jane Egly as President, and Renae M. Hinchey, as Secretary, signed and approved said Resolution on the 7th day of July, 2009.


Secretary, Laguna Beach County Water District

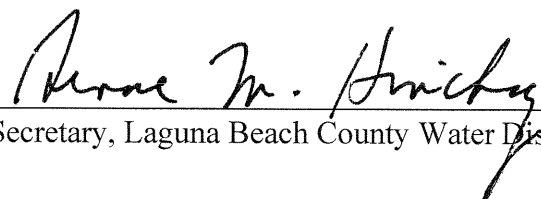
(District Seal)

STATE of CALIFORNIA)

) ss.

COUNTY OF ORANGE)

I, Renae M. Hinchey, Secretary of the Laguna Beach County Water District of Orange County, California, do hereby certify that the foregoing is a full, true and clear copy of Resolution No. 735 passed and adopted by the Board of Directors of said District at a regular meeting hereof held on July 7, 2009. In witness whereof, I have hereunto set by hand and affixed the official seal of said district this 7th day of July, 2009.


Secretary, Laguna Beach County Water District

(District Seal)

Resolution 736 - Fee Schedule

RESOLUTION NO. 736**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAGUNA BEACH COUNTY WATER DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING A FEE SCHEDULE FOR THE FISCAL YEAR 2009/10 AND REPEALING ALL RESOLUTIONS AND MOTIONS INCONSISTENT HEREWITH TO THE EXTENT OF SUCH INCONSISTENCY**

WHEREAS, the Laguna Beach County Water District (“District”) is a County Water District formed and existing pursuant to the County Water District Law, commencing at Section 30000 of the Water Code of the State of California, and is a subsidiary district of the City of Laguna Beach; and

WHEREAS, the Board of Directors of the District is charged by the District’s principal act, specifically Water Code Section 31007, to set rates and charges sufficient to pay the operating expenses of the District;

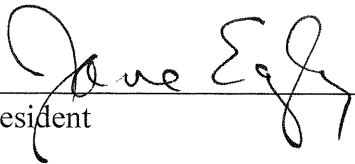
WHEREAS, the District faces increased costs of providing water service to its customers; and

WHEREAS, the District, has complied with the notice requirements of Article XIIID, of the California Constitution, with respect to noticing proposed rate increases, accepting protests regarding such proposed rate increases, and holding a public hearing regarding the proposed rate increases;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the District, that:

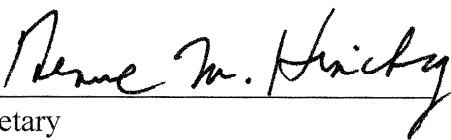
1. The Laguna Beach County Water District of Orange County, California is the sole provider of water within District boundaries.
2. That with respect to the 2009-2010 Fee Schedule of the District: (a) the revenues from the fees and charges will not exceed the revenue required to provide the service, (b) the revenues from the fee or charge will only be used for the purpose the fee or charge was imposed, (c) the amount of fee or charge imposed on a customer will not exceed the proportional cost of the service, and (d) service charges are only imposed for services that are used by the property owner or customer or which are immediately available to the property owner or customer, and (e) no fee or charge may be imposed for general governmental services, where the service is available to the public in substantially the same manner as it is to the property owners.
3. That the 2009-2010 Fee Schedule of this District as submitted by the General Manager be and hereby is approved, and all resolutions and motions inconsistent therewith to the extent of such inconsistency are repealed.
4. That such Fee Schedule will be reviewed at least annually and any changes thereto shall be approved by subsequent resolution.

ADOPTED, SIGNED, AND APPROVED this 7th day of July, 2009.



President

ATTEST:



Secretary

CERTIFICATION

I, Renae M. Hinchey, Secretary of the Laguna Beach County Water District, of Orange County, California, do hereby certify that the foregoing Resolution No. 736 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 7th day of July, 2009, by the following vote of Members of the Board:

AYES: Directors: - Egly, Boyd, Iseman, Pearson, Rollinger
NOES: Directors: - None
ABSENT: Directors: - None

And I further certify that Jane Egly as President, and Renae M. Hinchey, as Secretary, signed and approved said Resolution on the 7th day of July, 2009.



Secretary, Laguna Beach County Water District

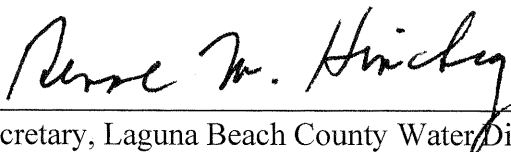
(District Seal)

STATE of CALIFORNIA)

) ss.

COUNTY OF ORANGE)

I, Renae M. Hinchey, Secretary of the Laguna Beach County Water District of Orange County, California, do hereby certify that the foregoing is a full, true and clear copy of Resolution No. 736 passed and adopted by the Board of Directors of said District at a regular meeting hereof held on July 7, 2009. In witness whereof, I have hereunto set by hand and affixed the official seal of said district this 7th day of July, 2009.



Secretary, Laguna Beach County Water District

(District Seal)

**LAGUNA BEACH COUNTY WATER DISTRICT
2009 – 2010 FEE SCHEDULES**

| SCHEDULE NO. | SECTION | PAGE |
|---------------------|---|-------------|
| -- | INTRODUCTION | 2 |
| 01 | ESTABLISHMENT OF WATER SERVICE | 3 |
| 02 | GENERAL METERED WATER SERVICE RATE | 5 |
| 03 | PRIVATE FIRE PROTECTION SERVICE RATES | 6 |
| 04 | TEMPORARY FIRE HYDRANT METER SERVICE | 7 |
| 05 | MISCELLANEOUS CHARGES | 8 |
| 06 | SERVICE INSTALLATION CHARGES | 10 |
| 07 | RESERVE STORAGE FEES | 11 |
| 08 | UNMETERED WATER SERVICE TO TRACT HOMES DURING CONSTRUCTION | 12 |
| 09 | ENGINEERING FEES AND MISCELLANEOUS CHARGES | 13 |
| 10 | EQUIPMENT RATES | 14 |

INTRODUCTION

SERVICE AREA

Portions of the City of Laguna Beach, adjacent unincorporated areas of Orange County and miscellaneous contiguous areas as may be requested.

FEE SCHEDULE UPDATES

The Board of Directors of the Laguna Beach County Water District updates this Fee Schedule annually.

Fee Schedule No. 01**ESTABLISHMENT OF WATER SERVICE****ESTABLISHMENT FEE**

Laguna Beach County Water District assesses a one-time non-refundable Establishment Fee for each account opened. The fee will be payable at the time of application for service and will be assessed on the customer's first bill. The amount of the fee is \$15.

CUSTOMER INFORMATION

When establishing service, each new customer will be required to provide the following information:

Residential Customers

1. Customer Name
2. Service Address and Phone Number
3. Billing Address if different than Service Address
4. Social Security Number of Primary Customer
5. Landlord's Name, Address, and Phone Number if customer is a tenant.

Non-Residential Customers

1. Business or Organization Name
2. Service Address and Phone Number
3. Billing Address if different than Service Address
4. Federal Identification Number
5. Name of Contact Person

ESTABLISHMENT OF ACCOUNTS**CREDIT WORTHINESS**

All customers will be assumed credit worthy when they initially establish service from the District. A customer will be deemed not credit worthy if they:

1. Have two unpaid checks returned by the bank during the course of any twelve (12) consecutive month period.
2. Fail or refuse to accurately provide all information required by the District to establish service.
3. Are a former customer with an unpaid balance or have been sent to collections by the District.

Any customer who is deemed not credit worthy (as defined above) will be required to place on deposit with the District an amount equal to 2 times their average bi-monthly charges for water before service is established or continued. After eighteen (18) consecutive months of good payment history, the customer's deposit will be refunded without interest.

REESTABLISHMENT OF ACCOUNT FOR BANKRUPTCY CASES**General**

To protect the interests of its customers and the financial integrity of the Laguna Beach County Water District, the following procedures are required for any customer who files bankruptcy:

- A. As of the date the bankruptcy petition is filed, the existing account will be closed and a closing bill generated. The closing bill and/or claim will be mailed directly to the Trustee/Administrator of the bankruptcy case for payment, and a copy mailed to the customer for reference.
1. Any deposits paid on the account prior to the filing of the bankruptcy petition will be applied toward payment of the closing bill.
 2. A copy of the bankruptcy petition and/or the case number must be given to the District before a new account can be processed and/or before service is restored.
- B. A new account will be established as of the date the bankruptcy petition is filed and a deposit will be required as specified in paragraph C below.
- C. A new account may be established after payment of a deposit in the following amount:

Residential: \$200.00 per unit

The deposit may be made in equal installments of \$100.00 each, commencing with the beginning of service and one payment two (2) weeks later. Failure to adhere to the payment schedule shall cause the nonpayment procedures set forth under (Nonpayment Charges) to be implemented.

Commercial:

Restaurants: \$500.00 per unit.

Businesses (excluding restaurants): An amount equal to the monthly average of the previous twelve (12) billings, or if service has been provided for less than 12 months, the number of billings available. The amount of deposit must be at least \$100.00 and may not exceed \$1,000.00.

The entire amount of the deposit must be paid before service can be reestablished.

- D. Deposits will not be used for payment of services, except for the closing bill.

NOTE: For purpose of this schedule, the type of bankruptcy filed (i.e., Chapter 7, 11, or 13, etc.) does not affect the manner in which the account is handled. The same procedure applies to all bankruptcy cases and accounts. In some cases the Bankruptcy Judge may determine the amount of deposit allowable.

Fee Schedule No. 02

GENERAL METERED WATER SERVICE RATES

APPLICABILITY

Applicable to all measured water service furnished for general domestic use.

BI-MONTHLY SERVICE CHARGE (ALL CUSTOMER CLASSES)

Bimonthly Service Charge – This is a service charge, which is added to the bill during the billing period. It covers operation and maintenance expenses for the entire water system regardless of water consumed.

| <u>METER SIZE</u> | <u>BI-MONTHLY SERVICE CHARGE</u> |
|-------------------|----------------------------------|
| 3/4" Meter | \$ 22.69 |
| 1" Meter | 56.73 |
| 1 1/2" Meter | 113.46 |
| 2" Meter | 181.53 |
| 3" Meter | 363.06 |
| 4" Meter | 567.28 |
| 6" Meter | 1,134.55 |

WATER AND DELIVERY CHARGE

Water and Delivery Charge – Charge for actual water used during a two-month billing period, based on the total number of units registered by the meter. (One unit equals 748 gallons or 100 cubic feet)

SINGLE-FAMILY RESIDENTIAL

| <u>ITEM</u> | <u>TIER 1 WATER RATE (\$/CCF) UP TO 30 UNITS</u> | <u>TIER 2 WATER RATE (\$/CCF) 31 UNITS AND OVER</u> |
|-----------------|--|---|
| All Meter Sizes | 3.23 | 3.58 |

ALL OTHER CUSTOMER CLASSES

| <u>ITEM</u> | <u>UNIFORM WATER USE CHARGE (\$/CCF)</u> |
|-----------------|--|
| All Meter Sizes | 3.42 |

Fee Schedule No. 03**PRIVATE FIRE PROTECTION SERVICE RATES****APPLICABILITY**

Applicable to all private fire protection services.

RATES

| <u>FIRE MAIN DIAMETER</u> | <u>YEARLY CHARGE</u> |
|-------------------------------|--------------------------|
| 2" | \$ 48.00 |
| 4" | 96.00 |
| 6" | 144.00 |
| 8" | 192.00 |
| 10" | 240.00 |

CONDITIONS

1. The fire protection service connection will be installed at the expense of the applicant.
2. The maximum diameter will be not more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal services does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity will be installed at the expense of the applicant.
4. The customer's private fire protection service, as well as the customer's domestic water service, must have approved backflow prevention devices.
5. There shall be no cross connection between the fire protection system supplied with water from the District to any other source of supply. Any such unauthorized cross connection may be grounds for immediate disconnection of the fire protection service without liability to the District.
6. As part of the private fire protection service installation, there shall be a detector check or other similar device acceptable to the District, which will indicate the use of water. Any unauthorized usage will be charged as indicated in Fee Schedule 02, General Metered Water Service Rates, and/or may be grounds for the District to discontinue the private fire protection service without liability to the District.
7. Any rates for private fire protection service sizes not shown on this schedule will be based on \$2 per inch of service diameter per month. No charges will be assessed on any private fire protection service if it is metered through the domestic meter.

Fee Schedule No. 04**TEMPORARY FIRE HYDRANT METER SERVICE****APPLICABILITY**

Applicable to all measured water service furnished from a fire hydrant connection.

RATES

| | <u>RATE PER METER</u> |
|--|--|
| DEPOSIT | \$ 525.00 |
| MINIMUM SERVICE CHARGE: 14 days at \$6.00 per day | 84.00 |
| DAILY SERVICE CHARGE | 6.00 per day over the 14-day minimum charge |
| WATER RATE (\$/CCF) | 3.42 |

CONDITIONS

1. The District reserves the right to discontinue the service without notice if water is not used for a period of 60 consecutive days.
2. The customer shall notify the District to have service discontinued. The regular rates, including the minimum charge, shall continue until such notice has been received, unless the service is discontinued under #1 above.
3. The District will relocate a meter within the project three times at no additional cost. Additional relocations will be at a charge of \$15 for each move. A request for meter relocation must be made 24 hours in advance of the time needed.
4. If any damage to the District facilities is caused as a result of this connection, the applicant is liable for such damage and will be billed.
5. The billing cycle begins the day that the meter is set.
6. The Deposit will be used for payment of services on the closing bill. Any money left is refundable after the meter is returned to the District in good working condition.

Fee Schedule No. 05**MISCELLANEOUS CHARGES****NONPAYMENT CHARGES****Delinquent Notices**

Payment is due on the date that appears on the bill. Delinquent Notices are mailed 22 days after the original bill is mailed. A \$10 late fee will be applied to all delinquent notices if the payment is not received in our office. The delinquent notice allows 15 additional days to pay before a 48-hour tag is issued.

A one-time only reversal of this fee will be considered if the customer states they did not receive the original invoice or insists that the payment was mailed on time.

48-Hour Turn-Off Notice

A \$15 fee will be applied to the 48-hour door-tag notice. The 48-hour notice is issued the day after the final payment date printed on the Delinquent Notice. The 48-hour door tag indicates the date and time the water will be disconnected for non-payment. No extensions will be granted until a 48-hour door tag has been issued.

A one-time only reversal of this fee will be considered if the customer states they did not receive the 48-hour door tag.

Extensions

A \$10 fee will be applied to the bill if any further extensions are requested beyond the date listed on the 48-hour door tag. An extension may be granted for up to one week for the \$10 fee. A maximum of 2 extensions may be granted for the current billing cycle for \$10 each.

Reconnection

If water is disconnected for non-payment after the 48-hour notice is given, the reconnection fee is \$40 during normal business hours and \$60 for evening, weekend or holiday reconnections. Normal business hours are from 8:00 a.m. to 5:00 p.m. Monday through Friday.

Trim Notice

It is the customer's responsibility to keep landscaping and obstructions clear of the meter box. Customers are notified by door tag and given the opportunity to remove the obstruction. A \$25 fee will be applied to the bill if it is necessary for District staff to trim and/or remove landscaping or obstructions from around the meter box.

Unpaid Check Charges

A \$9.00 service fee will be charged for each check returned from the bank for non-sufficient funds. All returned checks must be paid for in cash.

AutoPay

If a payment is returned resulting from the automatic payment process, a \$15 service fee will be charged.

COPY OF PUBLIC RECORDS

A request for a copy of an identifiable written public record, or information produced there from or a certified copy of such record shall be accompanied by payment of \$0.10 for each page. In some cases it may be necessary to send a document or document(s) to a printer or commercial copying service; and in such cases, the person requesting copies shall pay the total direct cost.

Fee Schedule No. 06

SERVICE INSTALLATION CHARGES

APPLICABILITY

Applicable to all measured water service furnished for general domestic use.

CHARGES

Installation Charge - The installation charges for all services within the District shall be based upon a time and material cost. Prior to installation, the District will make an estimate of these costs, and a deposit in that amount shall be collected from the applicant. Should the total cost be less than the estimate, a refund will be made. In the event the cost exceeds the estimate, then the applicant shall pay the difference.

| <u>ITEM</u> | <u>INSTALLATION CHARGES</u> | | | |
|---------------|-----------------------------|---------------|-------------------|---------------|
| | <u>3/4 inch</u> | <u>1 inch</u> | <u>1-1/2 inch</u> | <u>2 inch</u> |
| Meter | \$ 175 | \$ 250 | \$ 750 | \$ 1,100 |
| Meter box | 125 | 125 | 150 | 150 |
| Service | Estimate | Estimate | Estimate | Estimate |
| TOTAL DEPOSIT | Estimate | Estimate | Estimate | Estimate |

CONDITIONS

1. Increase in Size of Existing Meter and/or Service - The installation charge will be determined by the District for each change requested.

If the customer's rate of consumption results in excessive wear of the meter, or is such that the meter is unable to measure the flow of water accurately, the District may increase the size of the meter and service and require payment of the actual cost of installing the new meter and service.

2. Decrease in Size of Meter and/or Service - The installation charge will be determined by the District for each change requested. No credit or rebate will be given for existing meters.

Fee Schedule No. 07

RESERVE STORAGE FEES

APPLICABILITY

Applicable to all measured water service furnished for general domestic use.

RATES

| <u>METER SIZE</u> | <u>RESERVE STORAGE CHARGE (per meter)</u> | <u>CREDIT</u> | <u>TOTAL CHARGE PAYABLE</u> |
|-------------------|---|---------------|-----------------------------|
| 3/4" | \$ 820 | \$ 820 | \$ 0 |
| 1" | 1,270 | 820 | 450 |
| 1-1/2" | 1,820 | 820 | 1,000 |
| 2" | 2,320 | 820 | 1,500 |

CONDITIONS

1. The above rates are reserve storage fees for single metered lots that are not considered under the acreage reserve storage fee.
2. The Board of Directors has determined that a credit equal to the charge for a 3/4" meter will be considered when figuring the reserve storage charge for each and every lot.
3. For all new land and subdivision developments requesting water the District, at the option of the District Commissioners, may collect a reserve storage charge upon an acreage basis. The current reserve storage charge is \$10,369 per acre. This fee is updated annually. The basis for the reserve storage fee is the acreage of the property being served divided by the total net acreage within the boundaries of the District, times the sum of the District's utility plant value.
4. Reserve storage fees for meters that are upsized will take into consideration fees paid for previously installed meters. There will be no refunds for downsizing.

Fee Schedule No. 08**UNMETERED WATER SERVICE
TO TRACT HOMES DURING CONSTRUCTION****APPLICABILITY**

Applicable to tract homes being constructed as part of a total real estate development.

RATES

A charge of \$25.00 will be assessed for each single-family or multiple family dwelling unit for the entire construction period.

CONDITIONS

1. This rate is available only to real estate developers who undertake the construction of all or a substantial portion of the houses in a tract as part of the tract development. It does not apply to builders of houses in tracts subdivided for lot sales.
2. The water service under this rate schedule applies only to use of water for construction of residences. It does not include water use for slab flooding, for garden irrigation, for model homes or for general tract improvement work.
3. All unmetered services to each dwelling unit of the development must be turned on if spacer service is to be rendered.
4. The charge will be paid prior to reconstruction of water facilities in the development.
5. Spacer service must be discontinued prior to the time the dwelling unit or units are occupied and at this time a meter will be installed.
6. The District may discontinue service under the schedule if, in the opinion of the District, spacer water is being misused or if the duration of spacer water usage exceeds a reasonable period of time. In this event, the District reserves the right to install meters in place of the spacers and bill the owner of the property.

Fee Schedule No. 09

ENGINEERING FEES AND MISCELLANEOUS CHARGES

APPLICABILITY

Applicable to fees and charges required for work done in the Engineering Department.

ENGINEERING FEES - Non-Refundable

PLAN CHECK:

| | |
|-------------|----------|
| 1 Lot | \$ 50.00 |
| 2 - 5 Lots | 150.00 |
| Over 5 Lots | 250.00 |

| | |
|---------------------------|-------|
| CONSTRUCTION INSPECTION | (1) |
| CALTRANS PERMIT | 50.00 |
| WATER AVAILABILITY LETTER | 35.00 |

MISCELLANEOUS CHARGES

| | |
|---------------------------------|----------------|
| ARCH BEACH REIMBURSABLE FEE | 90.00 per lot |
| MAIN EXTENSIONS | (1) |
| SERVICE RELOCATION | (1) |
| SERVICE ABANDONMENT | T & M Estimate |
| BACKFLOW DEVICE INSPECTION/TEST | (2) |
| FIRE HYDRANT FLOW TEST | 300.00 |

- (1) These services will be provided on a time-and-material basis. A \$100 non-refundable fee for main extensions and a \$50 non-refundable fee for any other item will be collected prior to preparing a cost estimate for the work. The cost of the fee will go towards the total cost of the project. This is an estimate only and is valid for 60 days. Actual time and material costs may run over or under the estimate which may result in either added charges or a refund.
- (2) Any inspection or test will be charged \$50.00 per visit

Resolution 737 - Job Classification and Salary Range

RESOLUTION NO. 737

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. 723 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 July 10, 2009, the beginning of the second payroll period in July, the "Salary Schedule" of the "Job Classification Plan" is hereby fixed and established as follows:

MONTHLY SALARY SCHEDULE

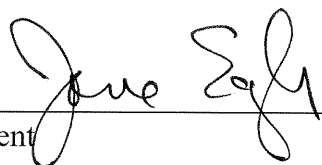
| Grade | Minimum | Control Point | Maximum |
|--------------|----------------|----------------------|----------------|
| 31 | 11,577 | 14,472 | 16,642 |
| 30 | 10,067 | 12,584 | 14,472 |
| 29 | 8,754 | 10,943 | 12,584 |
| 28 | 7,959 | 9,948 | 11,440 |
| 27 | 7,404 | 9,254 | 10,643 |
| 26 | 6,887 | 8,609 | 9,900 |
| 25 | 6,406 | 8,008 | 9,209 |
| 24 | 5,960 | 7,449 | 8,567 |
| 23 | 5,544 | 6,930 | 7,969 |
| 22 | 5,157 | 6,447 | 7,414 |
| 21 | 4,797 | 5,997 | 6,900 |
| 20 | 4,569 | 5,711 | 6,568 |
| 19 | 4,351 | 5,439 | 6,255 |
| 18 | 4,144 | 5,180 | 5,957 |
| 17 | 3,947 | 4,933 | 5,673 |
| 16 | 3,759 | 4,698 | 5,403 |
| 15 | 3,580 | 4,475 | 5,146 |
| 14 | 3,409 | 4,261 | 4,901 |
| 13 | 3,247 | 4,059 | 4,667 |
| 12 | 3,020 | 3,776 | 4,342 |

3. That effective July 10, 2009, the beginning of the second payroll period in July, the following pay grade numbers shall replace those as set forth in Section 11 of Ordinance No. 65 of this District and be and the same are hereby allocated and assigned to the following employment positions of the Laguna Beach County Water District, as follows, to wit:

| <u>EMPLOYMENT POSITION CLASSIFICATION</u> | <u>PAY GRADE NUMBER</u> |
|--|--------------------------------|
| GENERAL MANAGER'S OFFICE: | |
| General Manager | 31 |
| Executive Assistant | 20 |
| ADMINISTRATION/CUSTOMER SERVICE: | |
| Assistant General Manager | 30 |
| Human Resources Manager | 23 |
| Customer Service Supervisor | 22 |
| Customer Service/Water Use Efficiency Technician | 20 |
| Community Relations/Water Use Efficiency Specialist | 16 |
| Customer Service Representative II | 16 |
| Customer Service Representative | 13 |
| Meter Reader | 13 |
| Customer Service Technician | 13 |
| Customer Service/Office Assistant – Part time | flat |
| FINANCE: | |
| Manager of Finance | 27 |
| Accountant | 22 |
| Senior Accounting Technician | 17 |
| ENGINEERING: | |
| Water Quality Specialist | 21 |
| Construction Inspector/Water Quality | 21 |
| Office Assistant | 13 |
| OPERATIONS | |
| Manager of Operations | 29 |
| Facilities Maintenance Supervisor | 24 |
| Field Maintenance Supervisor | 24 |
| Maintenance Worker III | 21 |
| Maintenance Worker II | 17 |
| Maintenance Worker I | 13 |
| General Facilities Worker | 12 |

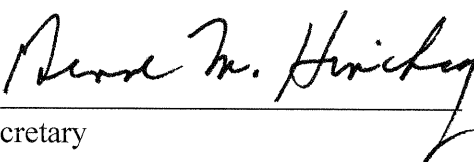
4. That Resolution No. 723 and all other resolutions and motions inconsistent herewith be and the same are hereby repealed to the extent of such inconsistency. This resolution shall be in effect on July 10, 2009, beginning with the first payroll period in July.

ADOPTED, SIGNED AND APPROVED this 7th day of July, 2009.



President

ATTEST:



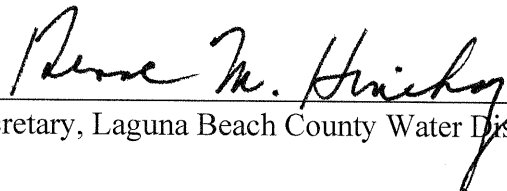
Secretary

CERTIFICATION

I, Renae M. Hinchey, Secretary of the LAGUNA BEACH COUNTY WATER DISTRICT, of Orange County, California, do hereby certify that the foregoing Resolution No.737 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 7th day of July, 2009, by the following vote of members of the Board:

AYES: Directors: - Egly, Boyd, Iseman, Pearson, Rollinger
NOES: Directors: - None
ABSENT: Directors: - None

And I further certify that Jane Egly, as President, and Renae M. Hinchey, as Secretary, signed and approved said Resolution on the 7th day of July, 2009.



Secretary, Laguna Beach County Water District

(District Seal)

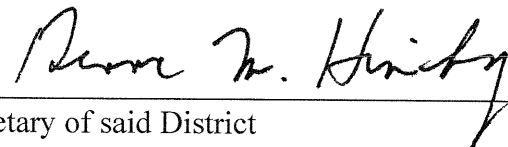
STATE of CALIFORNIA)

) ss.

COUNTY OF ORANGE)

I, Renae M. Hinchey, Secretary of the Laguna Beach County Water District of Orange County, California, do hereby certify that the foregoing is a full, true and clear copy of Resolution No. 737 passed and adopted by the Board of Directors of said District at a regular meeting hereof held on July 7, 2009. In witness whereof, I have hereunto set by hand and affixed the official seal of said District this 7th day of July, 2009.

(District Seal)



Secretary of said District



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 | |
| | 1/1/1997 | | SAME | 2.20 | | 431 | 1% |
| BOARD MOTION | 3/1/1999 | | SAME | 2.31 | 5% | SAME | |
| BOARD MOTION | 4/1/2000 | | SAME | 2.43 | 5% | SAME | |
| BOARD MOTION | 7/1/2001 | | SAME | 2.50 | 3% | SAME | |
| BOARD MOTION | 7/1/2002 | 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 | 7/1/2003 | | SAME | 2.64 | 6% | 435 | 1% |
| | 1/1/2004 | | SAME | 2.64 | | 451 | 3% |
| BOARD MOTION | 7/1/2004 | | SAME | 2.74 | 4% | 451 | |
| | 1/1/2004 | | SAME | 2.74 | | 476 | 6% |
| RESOLUTION # 680 | 7/1/2005 | | SAME | 2.82 | 3% | 473 | -1% |
| | 1/1/2006 | | SAME | 2.82 | | 482 | 2% |
| RESOLUTION # 700 | 7/1/2006 | 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% |
| | 1/1/2007 | | SAME | 2.85 | | 490 | 2% |
| RESOLUTION #710 | 7/1/2007 | 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 | |
| | 1/1/2008 | | SAME | 2.94 | | 520 | 6% |
| | 7/1/2008 | | SAME | 2.94 | | 529 | 2% |
| RESOLUTION #729 | 12/1/2009 | 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% |

* Offsets Property Tax Revenue Loss

Revised 01/01/09

2008 RETAIL DOMESTIC WATER COMMODITY RATES AND FIXED CHARGES

| Water Agency | Uniform Rate \$/ccf | Rate with Tiers per Billing Period | | | | | | | | Billing Period | Fixed Charge [9] \$/Period | Typical Residential Meter (Inch) | | | |
|-----------------------------------|---------------------|------------------------------------|--------|-----------|--------|-----------|--------|-----------|--------|----------------|----------------------------|----------------------------------|--------------|------|-----|
| | | ccf up to | \$/ccf | ccf up to | \$/ccf | ccf up to | \$/ccf | ccf up to | \$/ccf | | | | above \$/ccf | | |
| Anaheim, City of | 1.490 | | | | | | | | | bi-monthly | 10.00 | 5/8 or 3/4 | | | |
| Brea, City of | | 12 | 1.950 | | | | | | 2.320 | monthly | 5.15 | 5/8 or 1 | | | |
| Buena Park, City of | 1.354 | | | | | | | | | bi-monthly | 16.70 | 5/8 or 3/4 | | | |
| East Orange CWD Retail | 1.640 | | | | | | | | | bi-monthly | 38.00 [9] | 3/4 | | | |
| El Toro WD | 1.57 | | | | | | | | | monthly | 8.85 | 3/4 | | | |
| Emerald Bay Serv. Distr. | | 30 | 2.700 | | | | | | 2.980 | bi-monthly | 21.60 | 3/4 | | | |
| Fountain Valley, City of | 1.710 | | | | | | | | | bi-monthly | [9] | 5/8 or 3/4 | | | |
| Fullerton, City of [1] | | 10 | 1.510 | 27 | 1.730 | | | | 1.950 | bi-monthly | 10.24 | 5/8 or 3/4 | | | |
| Garden Grove, City of | | 36 | 2.050 | 250 | 2.120 | 500 | 2.190 | | 2.250 | bi-monthly | 10.08 [9] | 5/8 | | | |
| Golden State WC [8] | | 16 | 2.067 | | | | | | 2.378 | monthly | 12.25 | 5/8 | | | |
| Huntington Beach, City of | 1.557 | | | | | | | | | monthly | 10.90 [9] | 3/4 | | | |
| Irvine Ranch WD High ET [5][6][8] | | 7.00 | 0.910 | 18.0 | 1.070 | 27.0 | 2.140 | 36.0 | 4.280 | 8.560 | monthly | 7.50 | 5/8 or 3/4 | | |
| Irvine Ranch WD Low ET [5][6][8] | | 6.00 | 0.910 | 14.0 | 1.070 | 21.0 | 2.140 | 28.0 | 4.280 | 8.560 | monthly | 7.50 | 5/8 or 3/4 | | |
| La Habra, City of [3] | | 170 | 1.820 | | | | | | 1.970 | monthly | 8.13 | 5/8 | | | |
| La Palma, City of [10] | 2.040 | | | | | | | | | bi-monthly | 26.00 | 5/8 or 3/4 | | | |
| Laguna Beach CWD | | 30 | 3.020 | | | | | | 3.290 | bi-monthly | 21.60 | 3/4 | | | |
| Mesa Consolidated WD | 2.500 | | | | | | | | | bi-monthly | 15.00 | 5/8 | | | |
| Moulton Niguel WD | | 10 | 0.860 | 20 | 0.960 | 30 | 1.160 | 50 | 1.360 | 1.460 | monthly | 6.60 | 3/4 | | |
| Newport Beach, City of | 2.080 | | | | | | | | | bi-monthly | 9.00 | 3/4 | | | |
| Orange, City of | | 20 | 0.818 | 70 | 1.368 | | | | 1.475 | bi-monthly | 16.33 | 5/8 or 3/4 | | | |
| Orange Pk Acres Mut. WC | | 10 | 1.984 | 40 | 2.318 | | | | 2.896 | monthly | 20.00 | all | | | |
| San Clemente summer [7] | | 13 | 1.630 | 21 | 2.450 | | | | 5.700 | monthly | 8.38 | 1 | | | |
| San Clemente winter [7] | | 9 | 1.630 | 15 | 2.450 | | | | 5.700 | monthly | 8.38 | 1 | | | |
| San Juan Capistrano July [4] | | 25 | 2.610 | 50 | 3.570 | | | | 7.130 | monthly | 11.24 | 5/8 | | | |
| San Juan Capistrano Jan. [4] | | 12 | 2.610 | 24 | 3.570 | | | | 7.130 | monthly | 11.24 | 5/8 or 1 | | | |
| Santa Ana, City of | | 44 | 2.284 | | | | | | 2.695 | bi-monthly | 7.00 | 5/8 | | | |
| Santa Margarita WD [8] | | 6 | 1.380 | 35 | 1.560 | 70 | 2.050 | | 2.460 | monthly | 5.74 | 3/4 | | | |
| Seal Beach, City of [2] | | 12.0 | 1.400 | 22.5 | 2.020 | 27.5 | 2.320 | | 2.790 | bi-monthly | 35.12 | 5/8 | | | |
| Serrano WD | 2.17 | | | | | | | | | bi-monthly | 46.40 | 5/8 or 3/4 | | | |
| South Coast WD | | 5 | 1.130 | 25 | 2.250 | 50 | 3.380 | 125 | 4.510 | 5.630 | bi-monthly | 33.78 | 3/4 | | |
| Trabuco Canyon WD Warm | | 9 | 1.890 | 27 | 1.990 | 36 | 2.080 | 45 | 2.170 | 64 | 2.26 | 2.840 | monthly | 8.25 | 5/8 |
| Trabuco Canyon WD Cool | | 6 | 1.890 | 18 | 1.990 | 24 | 2.080 | 30 | 2.170 | 43 | 2.26 | 2.840 | monthly | 8.25 | 5/8 |
| Tustin, City of | | 12 | 0.490 | 40 | 1.560 | 60 | 1.670 | | 1.840 | bi-monthly | 22.26 | 5/8 or 3/4 | | | |
| Westminster, City of [8] | | 14 | 0.570 | 28 | 1.360 | | | | 2.710 | bi-monthly | 21.97 [9] | 5/8 or 3/4 | | | |
| Yorba Linda WD | 1.790 | | | | | | | | | monthly | 8.35 | all | | | |

ccf = hundred cubic feet. 1 ccf is about 748 gallons.

- [1] Fullerton monthly tiers for single-family residences shown; Fullerton has 50% lower tiers for multi-family residences.
- [2] Seal Beach rate applies to the entire monthly usage. For example, 20 ccf in 1 month all charged a 2.020 /ccf
- [3] La Habra's upper tier rate is applicable only May-Sept.
- [4] San Juan Capistrano's tier ccfs vary by user type, month and lot size. Shown tiers are for a single family residential lot < 7,000 s.f.
- [5] Irvine Ranch WD's tier ccfs vary with the actual evapotranspiration [ET] of the billing period.
A High ET month of 200 ccf/acre and a Low ET month of 65 ccf/acre was used to calculate these tier ccfs.
- [6] IRWD provides water to three service areas with rates that differ. The rates presented identify 89% of the water usage w/ in the District.
- [7] San Clemente "summer" = May-December; "winter" = January-April. Tiers shown are for SFR with lot size < 7,000 s.f.
San Clemente average commodity rate is \$1.78 /ccf
- [8] The following agencies have a tax or surcharge on top of the rates shown:
Irvine Ranch WD and Santa Margarita WD have a Power Surcharge for high elevation areas, not included here.
Golden State Water Co. 1.4% PUC surcharge
Westminster 4.0% general utility users' tax
- [9] Fixed Charge is usually "meter charge"; various names are used, and the following should be noted:
East Orange CWD fixed charge shown is for a 3/4" meter residence: \$20 "Capital Project Fee".
Fountain Valley has a fixed charge only for usage 4 ccf or less per month; otherwise no fixed charge.
Garden Grove has a "Capital Recovery" charge included in the fixed charge shown.
Westminster has a fixed Customer charge = \$21.97 for 56 days for meters <= 3/4", pro-rated for periods different than 56 days.
- [10] La Palma's commodity rate applies to each ccf above the first 5 ccf.

**2008 MONTHLY RESIDENTIAL WATER BILL
for Three Levels of Potable Water Use**

| OCWD Basin Agency | Bill * with ccf of water used in 1 month: typical single family usage [1] | | |
|---------------------------------|--|----------|-----------|
| | 10 ccf | 20 ccf | 30 ccf |
| Anaheim, City of | \$ 19.90 | \$ 34.80 | \$ 49.70 |
| Buena Park, City of | \$ 21.89 | \$ 35.43 | \$ 48.97 |
| East Orange CWD Retail | \$ 35.40 | \$ 51.80 | \$ 68.20 |
| Fountain Valley, City of | \$ 17.10 | \$ 34.20 | \$ 51.30 |
| Fullerton, City of | \$ 20.22 | \$ 37.51 | \$ 55.53 |
| Garden Grove, City of | \$ 25.54 | \$ 46.04 | \$ 66.54 |
| Golden State WC | \$ 32.92 | \$ 54.83 | \$ 78.61 |
| Huntington Beach, City of | \$ 26.47 | \$ 42.04 | \$ 57.61 |
| Irvine Ranch WD High ET | \$ 17.08 | \$ 29.92 | \$ 57.74 |
| Irvine Ranch WD Low ET | \$ 17.24 | \$ 34.36 | \$ 83.58 |
| La Palma, City of | \$ 23.20 | \$ 43.60 | \$ 64.00 |
| Mesa Consolidated WD | \$ 32.50 | \$ 57.50 | \$ 82.50 |
| Newport Beach, City of | \$ 25.30 | \$ 46.10 | \$ 66.90 |
| Orange, City of | \$ 16.35 | \$ 24.53 | \$ 38.21 |
| Orange Pk Acres Mut. WC | \$ 39.84 | \$ 63.02 | \$ 86.20 |
| Santa Ana, City of | \$ 26.34 | \$ 49.18 | \$ 75.31 |
| Seal Beach, City of | \$ 31.56 | \$ 57.96 | \$ 101.26 |
| Serrano WD | \$ 34.05 | \$ 55.75 | \$ 77.45 |
| Tustin, City of | \$ 20.31 | \$ 35.91 | \$ 52.61 |
| Westminster, City of | \$ 19.82 | \$ 42.39 | \$ 70.57 |
| Yorba Linda WD | \$ 26.25 | \$ 44.15 | \$ 62.05 |
| Non-Basin Agency | | | |
| Brea, City of | \$ 24.65 | \$ 47.11 | \$ 70.31 |
| El Toro WD | \$ 24.55 | \$ 40.25 | \$ 55.95 |
| Emerald Bay Services Distr | \$ 37.80 | \$ 66.20 | \$ 96.00 |
| La Habra, City of | \$ 26.33 | \$ 44.53 | \$ 62.73 |
| Laguna Beach CWD | \$ 41.00 | \$ 72.55 | \$ 105.45 |
| Moulton Niguel WD | \$ 15.20 | \$ 24.80 | \$ 36.40 |
| San Clemente summer | \$ 24.68 | \$ 46.72 | \$ 100.47 |
| San Clemente winter | \$ 25.50 | \$ 66.25 | \$ 123.25 |
| San Juan Capistrano July | \$ 37.34 | \$ 63.44 | \$ 118.34 |
| San Juan Capistrano Jan. | \$ 37.34 | \$ 82.64 | \$ 225.14 |
| Santa Margarita WD | \$ 20.26 | \$ 35.86 | \$ 51.46 |
| South Coast WD | \$ 36.59 | \$ 67.57 | \$ 107.02 |
| Trabuco Canyon WD warm | \$ 27.25 | \$ 47.15 | \$ 67.32 |
| Trabuco Canyon WD cool | \$ 27.55 | \$ 47.63 | \$ 68.97 |

* Monthly bill includes commodity charge based on rates shown in Table 1 plus fixed charge. If fixed charge is bimonthly, half of the bimonthly charge is used. ccf = hundreds of cubic feet.

See notes on Table 1.

[1] Typical single-family water usage varies within Orange County due to local climate, lot size and other factors; see Agency detail pages.

RETAIL AGENCY WATER SOURCES, FY 2007-08

Source of Water, %

| Retail Water Agency | Metropolitan Water [1] | Ground Water | Surface Water | Re-cycled/ Non-Pot. Water [2] | Total | Comments |
|---------------------------|------------------------|--------------|---------------|-------------------------------|-------|--|
| Anaheim, City of | 21% | 79% | | | 100% | Long-Term "in-Lieu" water counted w/Met |
| Brea, City of | 40% | 60% | | | 100% | Groundwater from the San Gabriel Basin |
| Buena Park, City of | 24% | 76% | | | 100% | |
| East Orange CWD Retail | 63% | 37% | | | 100% | |
| El Toro WD | 96% | | | 4% | 100% | |
| Emerald Bay Services Dis | 100% | | | | 100% | EBSD contracts w/ Laguna Bch CWD for water |
| Fountain Valley, City of | 17% | 77% | | 6% | 100% | |
| Fullerton, City of | 29% | 71% | | | 100% | In Lieu included in MET percent |
| Garden Grove, City of | 31% | 69% | | | 100% | Long-Term "in-Lieu" water counted w/Met |
| Golden State WC | 33% | 67% | | | 100% | Long-Term "in-Lieu" water counted w/GW |
| Huntington Beach, City of | 20% | 80% | | | 100% | |
| Irvine Ranch WD | 39% | 45% | | 16% | 100% | Long-Term "in-Lieu" water counted w/Met |
| La Habra, City of | 43% | 57% | | | 100% | Well outage- normally 70% groundwater |
| La Palma, City of | 28% | 72% | | | 100% | |
| Laguna Beach CWD | 100% | | | | 100% | |
| Mesa Consolidated WD | 14% | 81% | | 5% | 100% | Colored water included with groundwater |
| Moulton Niguel WD | 81% | | | 19% | 100% | |
| Newport Beach, City of | 21% | 79% | | <1% | 100% | |
| Orange, City of | 18% | 79% | 3% | | 100% | |
| Orange Pk Acres Mut. Wt | 33% | 67% | | | 100% | |
| San Clemente | 90% | 4% | | 5% | 100% | |
| San Juan Capistrano | 77% | 21% | | 2% | 100% | 2% Non-Potable groundwater |
| Santa Ana, City of | 20% | 80% | | <1% | 100% | |
| Santa Margarita WD | 81% | 0% | | 19% | 100% | |
| Seal Beach, City of | 23% | 77% | | | 100% | |
| Serrano WD | | 54% | 46% | | 100% | |
| South Coast WD | 86% | 3% | | 11% | 100% | Includes South Laguna service area. |
| Trabuco Canyon WD | 73% | 5% | 5% | 17% | 100% | |
| Tustin, City of | 30% | 70% | | | 100% | Desalter water included with groundwater |
| Westminster, City of | 19% | 81% | | | 100% | |
| Yorba Linda WD | 44% | 56% | | | 100% | |

[1] Metropolitan Water District of Southern California (MET) imports water to Southern California from the Colorado River Basin and from Northern California. Long-Term "In-Lieu" water deliveries that indirectly replenish aquifers are counted here as Metropolitan water, and are not counted as Groundwater, unless indicated otherwise.

[2] Recycled municipal wastewater and/or Non-Potable surface or ground water.

n.r. No response was given to this item.

AGENCY POPULATION AND WATER SYSTEM FACILITIES, 2008

| Water Agency | Population Served [1] | POTABLE WATER SYSTEM | | | | | | | | | | NON-POTABLE * | | |
|---------------------------|-----------------------|----------------------------|------------------------|--------------------------------|--|-------------------------------------|---|--|---------------------------------|---------------------------------|----------------------------|---|--------------------------------------|--|
| | | Miles of 8" or Larger Pipe | Number of Active Wells | Capacity of Active Wells (GPM) | Number of Potable Water Tanks & Resvs. | Potable Water Storage Capacity (MG) | Untreated Water Stored for Potable Use (MG) | Surface Water Treatment Capacity (MGD) | Number of Booster Pump Stations | Capacity of Booster Pumps (GPM) | Miles of 8" or Larger Pipe | Number of Non-Pot. Water Tanks & Resvs. | Non-Pot. Water Storage Capacity (MG) | |
| Anaheim, City of | 352,980 | 750 | 21 | 55,970 | 13 | 29 | 920 | 15 | 9 | 17,010 | | | | |
| Brea, City of | 40,069 | 162 | 0 | - | 6 | 67 | | | 4 | 8,300 | | | | |
| Buena Park, City of | 82,985 | 216 | 8 | 16,000 | 1 | 20 | | | 1 | 4,000 | | | | |
| East Orange CWD Retail | 3,665 | 17 | 2 | 1,700 | 3 | 1.8 | | | 2 | 2,000 | | | | |
| El Toro WD | 51,623 | 148 | 0 | | 6 | 137 | | | 8 | 18,300 | | 1 | 12 | |
| Emerald Bay Serv. Distr. | 1,268 | 2 | 0 | | | | | | | | | | | |
| Fountain Valley, City of | 58,424 | 142 | 5 | 14,600 | 2 | 10 | | | 2 | 14,000 | 7 | 0 | 0 | |
| Fullerton, City of | 137,426 | 300 | 11 | 22,950 | 16 | 69.5 | | | 12 | 19,000 | | | | |
| Garden Grove, City of | 174,515 | 360 | 12 | 32,175 | 8 | 53 | | | 5 | 41,000 | | | | |
| Golden State WC | 168,683 | 224 | 28 | 21,175 | 15 | 13 | | | 13 | 20,930 | | | | |
| Huntington Beach, City of | 203,490 | 376 | 10 | 30,000 | 4 | 55 | | | 3 | 44,365 | | | | |
| Invine Ranch WD | 327,513 | 1,131 | 27 | 52,513 | 38 | 149 | | | 45 | 93,120 | 399 | 15 | 9,300 | |
| La Habra, City of | 62,957 | 63 | 1 | 1,600 | 3 | 17.5 | | | 5 | 6,639 | | | | |
| La Palma, City of | 15,413 | 34 | 2 | 3,400 | 2 | 4.5 | | | 2 | 5,975 | | | | |
| Laguna Beach CWD | 20,528 | 132 | 0 | | 21 | 34 | | | 14 | 19,100 | | | | |
| Mesa Consolidated WD | 109,624 | 300 | 9 | 15,000 | 2 | 28 | | | 2 | 29,000 | | | | |
| Moulton Niguel WD | 169,559 | 740 | 0 | 0 | 29 | 83.4 | | | 27 | 81,000 | 140 | 12 | 344.7 | |
| Newport Beach, City of | 65,317 | 169 | 4 | 11,000 | 3 | 200 | | | 5 | 37,000 | | | | |
| Orange, City of | 139,946 | 259 | 16 | 28,279 | 18 | 43 | | | 16 | 50,095 | | | | |
| Orange County WD | | | | | | | | | | | 32 | 1 | 6.0 | |
| Orange Pk Acres Mut. WC | 1,750 | 15 | 1 | 900 | 1 | 1 | | | 5 | n.r. | | | | |
| San Clemente | 55,158 | 175 | 1 | 440 | 14 | 23 | | | 16 | 26,000 | 6 | | | |
| San Juan Capistrano | 40,357 | 164 | 8 | 5,080 | 9 | 14.0 | | | 8 | 10,350 | 12 | 1 | 0.5 | |
| Santa Ana, City of | 353,540 | 236 | 20 | 45,090 | 8 | 49 | | | 7 | 72,490 | | | | |
| Santa Margarita WD | 151,977 | 579 | 1 | 600 | 31 | 167 | | | 22 | 165,495 | 114 | 8 | 1,478 | |
| Seal Beach, City of | 25,588 | 66 | 3 | 8,000 | 2 | 7 | | | 2 | 6,500 | | | | |
| Serrano WD | 6,597 | 43 | 3 | 3,900 | 2 | 9 | 387 | 4 | 2 | 5,800 | | | | |
| South Coast WD [1] | 37,653 | 119 | 1 | 780 | 13 | 21.6 | | | 10 | 23,230 | 29 | 3 | 4.7 | |
| Trabuco Canyon WD | 14,961 | 57 | 2 | 850 | 7 | 10 | | 4 | 5 | 8,100 | 3 | 1 | 44 | |
| Tustin, City of | 67,706 | 67 | 10 | 10,400 | 6 | 12 | | | 4 | 11,000 | | | | |
| Westminster, City of | 94,555 | 150 | 11 | 19,502 | 2 | 16 | | | 1 | 9,000 | | | | |
| Yorba Linda WD | 76,747 | 253 | 9 | 12,600 | 13 | 49 | | | 12 | 38,000 | | | | |
| Totals | 3,112,574 | 7,448 | 226 | 414,504 | 298 | 1,392 | 1,307 | 23 | 269 | 940,799 | 742 | 42 | 11,190 | |

* "Non-Potable" system is for landscape irrigation and other non-domestic uses. The water served includes recycled water and/or non-potable ground and surface water. n.r. No response was given to this item.
 [1] Population as of Jan. 1 2008 per Center for Demographic research, CSU Fullerton. Draft unpublished data set. Population is for the actual service area of the water agency. Population for a City water department will be different than for the City if the water service area is different than the City area.

NUMBER OF WATER SERVICES AND SALES, BY SERVICE TYPE FY 2007-08

| Number of Water Services | | | | | | | | | | Sales (Acre-Feet) | | | | |
|---------------------------|------------------------------|--|--------------|-------------------------|---------|---------------------------|---------------------------|---|--|-------------------|-------------------------|---------|--|--|
| Single Family Residential | Multi-Family Residential [1] | Commercial, Industrial and Institutional [2] | Agricultural | Recycled & Non-Domestic | Totals | Retail Water Agency | Single Family Residential | Multi-Family Residential [1] | Commercial, Industrial and Institutional [2] | Agricultural | Recycled & Non-Domestic | Totals | | |
| 49,721 | 4,235 | 8,489 | 0 | 0 | 62,445 | Anaheim, City of | 27,231 | 14,646 | 29,178 | n.r. | 0 | 71,055 | | |
| 9,748 | 180 | 1,947 | 1 | 0 | 11,876 | Brea, City of | 4,564 | 1,033 | 5,004 | 92 | 0 | 10,693 | | |
| 15,850 | 200 | 3,700 | 0 | 0 | 19,750 | Buena Park, City of | 7,330 | 2,618 | 7,505 | 0 | 0 | 17,453 | | |
| 1,177 | 26 | 3 | 1 | 0 | 1,207 | East Orange CWD Retail | 1,041 | w/s.f. | 35 | 1 | 0 | 1,077 | | |
| 5,676 | 2,609 | 1,739 | 0 | 1 | 10,025 | El Toro WD | 3,301 | 3,502 | 4,327 | 0 | 379 | 11,509 | | |
| 523 | | 19 | | | 542 | Emerald Bay Serv. Distr. | 300 | | 34 | | | 334 | | |
| 15,164 | 172 | 1,466 | 2 | 14 | 16,818 | Fountain Valley, City of | 6,353 | 740 | 3,361 | 0 | 1,452 | 11,906 | | |
| 26,575 | 1,935 | 2,911 | 4 | | 31,425 | Fullerton, City of | 15,831 | 4,810 | 9,565 | 15 | | 30,221 | | |
| 29,234 | 1,725 | 3,177 | 4 | 0 | 34,140 | Garden Grove, City of | 13,958 | 6,148 | 12,187 | 14 | 0 | 32,307 | | |
| 41,290 | 1,500 | 3,960 | 3 | 0 | 46,753 | Golden State WC | 16,945 | 4,400 | 8,210 | 425 | 0 | 29,980 | | |
| 44,051 | 4,117 | 4,154 | 0 | | 52,322 | Huntington Beach, City of | 15,144 | 6,704 | 8,849 | 0 | 0 | 30,697 | | |
| 83,987 | 2,454 | 7,795 | 23 | 4,363 | 98,622 | Irvine Ranch WD | 28,202 | 5,569 | 23,204 | 8,385 | 23,700 | 89,061 | | |
| 11,018 | 580 | 1,109 | 0 | 0 | 12,707 | La Habra, City of | 10,942 | 565 | 1,094 | all other w/ comm | | 12,601 | | |
| 4,204 | w/s.f. | 163 | | | 4,367 | La Palma, City of | 2,228 | all other combined with sing. fam. res. | | | | 2,228 | | |
| 6,764 | 1,245 | all other w/ mult. fam. res | | | 8,009 | Laguna Beach CWD | 2,474 | 1,148 | all other combined w/ mult. fam. res. | | | 3,622 | | |
| 16,415 | 3,448 | 4,011 | 0 | 43 | 23,917 | Mesa Consolidated WD | 6,772 | 5,829 | 6,582 | 0 | 1,095 | 20,278 | | |
| 33,799 | 14,611 | 4,194 | 0 | 1,206 | 53,810 | Moulton Niguel WD | 20,456 | 2,744 | 8,634 | 0 | 7,587 | 39,421 | | |
| 18,539 | 4,898 | 1,233 | 0 | 7 | 24,677 | Newport Beach, City of | 6,761 | 2,529 | 2,720 | 0 | 265 | 12,275 | | |
| 26,160 | 5,774 | 4,108 | 14 | 0 | 36,056 | Orange, City of | 15,562 | 4,882 | 10,804 | 254 | 0 | 31,502 | | |
| 515 | 0 | 0 | 0 | 0 | 515 | Orange Pk Acres Mut. WC | 960 | 0 | 0 | 0 | 0 | 960 | | |
| 12,057 | 3,482 | 1,603 | 0 | 2 | 17,144 | San Clemente | 5,310 | 1,537 | 3,612 | 0 | 617 | 11,076 | | |
| 6,952 | 3,029 | 993 | 17 | 67 | 11,058 | San Juan Capistrano | 4,825 | 1,033 | 2,657 | 182 | 167 | 8,864 | | |
| 35,842 | 3,335 | 5,323 | 0 | 14 | 44,514 | Santa Ana, City of | 16,641 | 11,338 | 13,871 | 0 | 133 | 41,983 | | |
| 35,503 | 12,743 | 3,656 | 0 | 1,210 | 53,112 | Santa Margarita WD | 17,942 | 2,762 | 8,461 | 0 | 5,774 | 34,939 | | |
| 4,283 | 557 | 283 | 0 | 0 | 5,123 | Seal Beach, City of | 3,920 | all other combined with sing. fam. res. | | | | 3,920 | | |
| 2,290 | 0 | 13 | 5 | 0 | 2,308 | Serrano WD | 3,055 | 0 | 92 | 10 | 0 | 3,157 | | |
| 9,574 | 1,555 | 1,038 | 0 | 169 | 12,336 | South Coast WD | 3,547 | 1,300 | 2,482 | 0 | 849 | 8,177 | | |
| 3,776 | 31 | 170 | 4 | 23 | 4,004 | Trabuco Canyon WD | 2,142 | 30 | 667 | 277 | 981 | 4,097 | | |
| 12,170 | 896 | 1,443 | 5 | 0 | 14,514 | Tustin, City of | 7,179 | 2,728 | 2,004 | 22 | 0 | 11,933 | | |
| 17,577 | 991 | 1,620 | 0 | 0 | 20,188 | Westminster, City of | 6,752 | 2,629 | 3,111 | 0 | 0 | 12,492 | | |
| 21,580 | 228 | 1,724 | 13 | 1 | 23,546 | Yorba Linda WD | 16,680 | w/single | 6,034 | 112 | 0 | 22,826 | | |
| 602,014 | 76,556 | 72,044 | 96 | 7,120 | 757,830 | Totals | 294,348 | 91,224 | 184,284 | 9,789 | 42,999 | 622,643 | | |

n.r. No response was given to this item.
 [1] M-F sector includes apartments, master-metered condominiums, mobile homes, et al. that are not billed individually.
 [2] C-I-I sector includes businesses, schools, parks, hydrants, landscape irrigation, and any water usage that does not fall into other categories.

PER-CAPITA WATER USAGE, FY 2007-08

| | M&I | | | | M&I Excluding Recycled | | | | Residential | | | |
|-----------------------------|------------------------|-------------------------------|----------------------|-----------------------------|---------------------------|-----------------------------------|-----------------------|---|----------------------------------|-----------------------|---|-----------------------------|
| | T | A | T-A=M&I | M&I [1] | R | M&I - R | P | (M&I-R)/P | Res | P | Res/P | Comments |
| | Total Water Usage (AF) | Agricultural Water Usage (AF) | M&I Water Usage (AF) | M&I Per Capita Usage (gpcd) | Recycled Water Usage (AF) | M&I Excluding Recycled Usage (AF) | Population Served [2] | M&I No Recycled Per Capita Usage (gpcd) | Residential Water Sales [3] (AF) | Population Served [2] | Residential Per Capita Sales [3] (gpcd) | |
| Retain Water Agency | 73,461 | 0 | 73,461 | 186 | 0 | 73,461 | 352,980 | 186 | 41,877 | 352,980 | 106 | includes unincorp. SW Anah. |
| Anaheim, City of | 11,511 | 92 | 11,419 | 254 | 0 | 11,419 | 40,069 | 254 | 5,597 | 40,069 | 125 | |
| Brea, City of | 17,454 | 0 | 17,454 | 188 | 0 | 17,454 | 82,985 | 188 | 9,948 | 82,985 | 107 | |
| Buena Park, City of | 1,186 | 1 | 1,185 | 288 | 0 | 1,185 | 3,665 | 288 | 1,041 | 3,665 | 253 | |
| East Orange CWD Retail | 11,422 | 0 | 11,422 | 197 | 379 | 11,043 | 51,623 | 191 | 6,803 | 51,623 | 118 | |
| El Toro WD | 334 | 0 | 334 | 235 | 0 | 334 | 1,268 | 235 | 300 | 1,268 | 211 | |
| Emerald Bay Services Distr. | 12,450 | 0 | 12,450 | 190 | 1,452 | 10,998 | 58,424 | 168 | 7,093 | 58,424 | 108 | |
| Fountain Valley, City of | 31,744 | 15 | 31,729 | 206 | 0 | 31,729 | 137,426 | 206 | 20,641 | 137,426 | 134 | |
| Fullerton, City of | 28,927 | 14 | 28,913 | 148 | 0 | 28,913 | 174,515 | 148 | 20,106 | 174,515 | 103 | |
| Garden Grove, City of | 30,695 | 425 | 30,270 | 160 | 0 | 30,270 | 168,683 | 160 | 21,345 | 168,683 | 113 | |
| Golden State WC | 31,857 | 0 | 31,857 | 140 | 0 | 31,857 | 203,490 | 140 | 21,848 | 203,490 | 96 | includes Sunset Beach |
| Huntington Beach, City of | 96,783 | 8,385 | 88,398 | 241 | 23,700 | 64,698 | 327,513 | 176 | 33,771 | 327,513 | 92 | not including OPA |
| Invine Ranch WD n.i. OPA | 10,330 | 0 | 10,330 | 146 | 0 | 10,330 | 62,957 | 146 | n.r. | 62,957 | 163 | |
| La Habra, City of | 3,874 | 0 | 3,874 | 140 | 0 | 2,415 | 15,413 | 140 | 3,622 | 20,528 | 157 | not including Emerald Bay |
| La Palma, City of | 20,957 | 0 | 20,957 | 171 | 1,095 | 19,862 | 109,624 | 162 | 12,601 | 109,624 | 103 | |
| Laguna Beach CWD n.i. EB | 42,670 | 0 | 42,670 | 225 | 7,987 | 35,083 | 169,559 | 185 | 23,200 | 169,559 | 122 | |
| Mesa Consolidated WD | 18,341 | 0 | 18,341 | 251 | 265 | 18,076 | 65,317 | 247 | 9,290 | 65,317 | 127 | |
| Moulton Niguel WD | 34,539 | 254 | 34,285 | 219 | 0 | 34,285 | 139,946 | 219 | 20,444 | 139,946 | 130 | |
| Newport Beach, City of | 952 | 0 | 952 | 485 | 0 | 952 | 1,750 | 485 | 960 | 1,750 | 489 | |
| Orange, City of | 11,673 | 0 | 11,673 | 189 | 617 | 11,057 | 55,158 | 179 | 6,847 | 55,158 | 111 | |
| Orange Pk Acres Mut. WC | 9,883 | 182 | 9,701 | 214 | 167 | 9,534 | 40,357 | 219 | 5,858 | 40,357 | 129 | |
| San Clemente | 43,140 | 0 | 43,140 | 109 | 133 | 43,007 | 353,540 | 109 | 27,979 | 353,540 | 71 | |
| San Juan Capistrano | 38,675 | 0 | 38,675 | 227 | 5,774 | 32,901 | 151,977 | 193 | 20,704 | 151,977 | 122 | |
| Santa Ana, City of | 4,036 | 0 | 4,036 | 141 | 0 | 4,036 | 25,588 | 141 | n.r. | 25,588 | 413 | |
| Santa Margarita WD | 3,339 | 10 | 3,329 | 450 | 0 | 3,329 | 6,597 | 450 | 3,055 | 6,597 | 413 | |
| Seal Beach, City of | 8,350 | 0 | 8,350 | 198 | 849 | 7,501 | 37,653 | 178 | 4,846 | 37,653 | 115 | includes S Laguna area. |
| Serrano WD | 4,376 | 277 | 4,099 | 244 | 981 | 3,118 | 14,961 | 186 | 2,172 | 14,961 | 130 | |
| South Coast WD | 13,506 | 22 | 13,484 | 178 | 0 | 13,484 | 67,706 | 178 | 9,907 | 67,706 | 131 | |
| Trabuco Canyon WD | 13,746 | 0 | 13,746 | 130 | 0 | 13,746 | 94,555 | 130 | 9,381 | 94,555 | 89 | |
| Tustin, City of | 24,650 | 112 | 24,538 | 285 | 0 | 24,538 | 76,747 | 285 | 16,680 | 76,747 | 194 | |
| Westminster, City of | 657,276 | 9,789 | 647,487 | 186 | 42,999 | 604,488 | 3,112,574 | 173 | 379,423 | 3,071,573 | 110 | |
| Yorba Linda WD | | | | | | | | | | | | |
| Total or Average | | | | | | | | | | | | |

AF= acre-feet
gpcd= gallons per capita per day

[1] Municipal, Commercial & Industrial, and Institutional (M&I) water is all water use except for Agricultural water use. Total water usage includes Recycled water usage and system losses. M&I Per Capita can be considered to be Urban water use per resident. M&I Per Capita lacks validity when comparing areas with dissimilar climate, land use, and other factors.

[2] Population as of Jan. 1 2008 per Center for Demographic research, CSU Fullerton. Draft unpublished data set. Population is for the actual service area of the water agency. Population for a City water department will be different than for the City if the water service area is different than the City area.

[3] Sales of water to residences (includes detached and multiple-residential housing). Data is per the retail water agencies (see Table 5). Some of the retail water agencies were not able to separate Residential Sales from total Sales. Sales numbers do not include system losses. Residential Per Capita lacks validity when comparing areas with dissimilar climate, lot size, seasonal rental, and other factors.

**WHY RETAIL WATER RATES VARY
IN ORANGE COUNTY**

**December 1999
Updated February 2009**

Orange County Water Agencies Water Rates, Water System Operations and Financial Information

Why Retail Water Rates Vary in Orange County

Summary

- Retail water rate setting is a complicated and complex process that varies somewhat from jurisdiction to jurisdiction. Each year as the Orange County Water Rates Survey is compiled, it is important to review the rate setting process and the factors involved. Retail water rate setting involves capturing the **external** costs of importing from Metropolitan or producing the water from local sources, the **internal** costs of distribution and service and establishing the financing or **funding** sources for these costs.
- There are understandable reasons, both physical and philosophical, that cause retail rates to vary from agency to agency. These will be discussed below.
- Providing a reliable and high quality water supply system for existing and future users is a capital-intensive process. Water rates are significantly affected by the level of capital funding required, the financing mechanisms and the other sources of revenue available to an agency. These issues will also be discussed below.

Detailed Discussion

Discussed below are the following sections pertaining to retail water rate setting:

- Sources and Uses of Funds Available to a Water Utility
- Geographical Factors Affecting Water Rates
- Rate Design - Identifying Costs and Funding Them
- Purpose and Function of "Reserve Funds"

Sources and Uses of Funds Available to a Water Utility

The sources of funds available to a water utility **for any use** (not restricted in the type of use) include:

Retail water sales, fixed service charges on monthly or bimonthly basis plus variable charges based on water use, wholesale water sales for those agencies that provide water

to other agencies, fees charged for services rendered (such as engineering and plan check fees), delinquent penalties for non-payment, investment earnings on funds set aside, rents from properties and tax revenues from the general 1% property tax levy (not all agencies receive these funds).

Sources of funds that are restricted for use **only for capital improvements** include:

Voter authorized taxes and assessments, developer and customer contributions such as connection charges, development impact fees and contributed facilities, standby charges, proceeds from long-term financings, redevelopment funds, grants in aid of construction and investment earnings. If these sources of funds are not used or only partially cover the capital improvements necessary, water sales revenue must be structured to carry a heavier burden.

The uses of funds for a water utility include (1) the **external** costs of getting the supply to the agency, water costs, pumping, storage and water treatment; (2) the **internal** costs of transmission, distribution and storage to serve the consumers, customer service (billing, meter reading, etc.) and general and administrative expenses (including insurance, office and office maintenance costs and office staff); (3) the **funding** requirements for debt service and capital improvements (new construction, replacements and upgrades and rehabilitation).

Geographical Factors Affecting Water Rates

It is likely that the two most predominant geographical factors affecting retail water rates from area to area are (1) whether an area receives local groundwater from the lower Santa Ana River groundwater basin managed by Orange County Water District (OCWD), and (2) how much pumping is required to provide water throughout an agency's service area.

Portions of the county overlie the OCWD groundwater basin area. Water supplies produced from the basin area cost around \$435 per AF (includes a replenishment assessment paid to OCWD for basin operations and to purchase imported replenishment water to balance the basin needs, energy and other operational costs for well production and an estimate of annual amortized costs for land and facilities). This cost is considerably less than the cost of receiving imported water from MWD at around \$595 per AF. These costs just discussed, \$435 per AF for groundwater and \$595 for imported water, are essentially the production costs and do not include the costs of distribution, storage, treatment or pumping (except to pump the groundwater to system pressure). Translating these basic **source costs** down to the consumer and given the assumption that the groundwater basin areas can produce 65% of their supplies from the groundwater basin, the average source costs for the two areas would be:

Non-Basin Area: 100% MWD Import = \$595/AF or \$1.37/ccf

Basin Area: 65% Groundwater and 35% Import = \$491/AF or \$1.13/ccf

This factor is one of the major factors affecting rates to the consumer.

The next geographical factor affecting retail rates is the proximity to the MWD feeders. MWD feeders are Metropolitan facilities and paid for by water rates paid when purchasing imported water; these costs are already in the \$595 per AF cost of water paid to Metropolitan. The local agency feeders have had to be constructed, operated, maintained and repaired with local agency funding in addition to the water rates paid to Metropolitan. Once again, the agencies overlying the groundwater basin are generally those agencies which lie in close proximity to the MWD feeders as they crisscross the northern portion of the county, and hence, these agencies do not incur additional costs for facilities to distribute the MWD supplies. Some of the agencies had to build transmission pipelines 20 to 30 miles to get the water into their service area from where the MWD lines stop. Considerable costs are incurred for these extensions.

Another significant geographical factor is that of system elevation and the pumping necessary to lift the water to the service elevation of the homes and businesses. For example, Trabuco Canyon WD must pump virtually 100% of its import supplies to serve its consumers in the 1100 foot to 1400 foot service elevations of the foothills of the Santa Ana Mountains. The cost for pumping to the higher elevations must be factored into the retail rate. Some agencies charge a similar rate throughout their service area while other agencies charge more to residents living at a higher elevation. For example, the first block of water in the IRWD service area costs \$0.91 per ccf, however, a pumping surcharge of \$0.42 per ccf is imposed for the pumping required to get the water to the higher elevation of the Portola Hills service area of IRWD, thus raising the rate on the first block of water sold in Portola Hills, Zone 9 to \$1.33 per ccf.

In addition, those areas with hilly terrain include multiple service elevations and the associated facilities, capital costs and O&M costs for additional pump stations, reservoirs and pressure reducing stations. Both San Juan Capistrano and Laguna Beach are examples of this type of terrain that ultimately leads to higher consumer costs.

Also, in communities surrounded by vast areas of open-space vegetation, provision of sufficient storage for fire fighting is an added cost.

The last geographical factor influencing water rates is that of treatment requirements. For example, the areas furthest away from the MWD sources are required to rechlorinate the supplies as they are conveyed to the service areas to protect against bacterial growth. Also, some areas of the groundwater basin contain contaminants or constituents such as high salts or color that must be removed - sometimes a very expensive process that can drive the costs of local water to that of MWD water or beyond.

Rate Design - Identifying Costs and Funding Them

Rate Design involves figuring out the revenue needs and how to structure and establish the rates within a service area to generate the required revenue. The costs of a water system vary for geographical reasons, but they also vary due to the age of the system, the level of development required to meet the customer mix in the service area (newly developing areas, types of businesses and their water needs and the need to meet fire flow requirements) and due to the cost allocation methodology to the various customer groups and also due to the philosophical factors of an agency such as providing lifeline service at minimal costs.

Times have changed since the passage of Proposition 13 in 1978 which lowered tax revenue and eliminated the use of general obligation bonds as a financing vehicle for capital improvements, unless voter approval is secured. Decisions must be made regarding how to fund new growth - whether through bonds other than general obligation bonds, a connection or meter fee, a fixed charge collected through an assessment district or directly with revenue generated through water sales. All of these options will affect what the consumer sees when he pays his monthly or bimonthly water bill.

There are many theories for the allocation of both fixed and variable costs within a retail water service area and how to fund them through the water rates. Some propose that all fixed costs be funded via a fixed revenue source such as the fixed monthly or bimonthly service charge to consumers and that the commodity rate be structured to cover the variable costs of water such as the cost of the source water itself, treatment costs and pumping costs. Others subscribe to different theories. The theory adopted by the local jurisdiction needs to reflect the philosophy of the constituents.

Lastly, the level of conservation and recycling in a community also affects the retail water rates. These efforts typically require capital expenditures and may actually result in somewhat higher costs in the short run but will save costs in the long run as the availability of these sources (or reduced demand) offsets the need for higher cost imported supplies.

In addition, the lot size and home size of the community served will also affect the rate structure design and the actual rates charged.

Purpose and Function of "Reserve Funds"

The level of "reserve funds" is indirectly related to the process of setting rates, but still very important. Reserve funds are misunderstood by some and construed to be "bad", yet reserve funds have a necessary and usually specific purpose. True "reserves", similar to our own personal savings accounts that are used for unexpected purposes or that have been set aside for specific planned uses, can be distinguished from "encumbered" funds that are necessary for specific financial or legal purposes.

Reserve funds include many types of funds with specific uses; these include (1) Working Capital Funds to meet cash flow purposes, (2) Construction Funds from bond proceeds that generally must be spent within three years of issuance, (3) Rate Stabilization Funds to moderate short term rate fluctuations, (4) Debt Service Funds to collect funds and make debt service payments when due, (5) Conservation Revenue Funds which all agencies may not have but which collect payments from high water users and reinvests in the system for conservation purposes and (6) Self Insurance Funds, similar to normal business insurance funds. The only "true" reserves are made up of (7) Capital Replacement Funds, which all agencies do not necessarily have, which consist basically of funds set aside for future improvements and (8) Emergency Repair Funds which is a contingency fund to handle emergencies (also a normal business requirement).

Variances exist in these funds when compared from agency to agency. In part, the differences are explained by the development cycle of a water supply system. Initially in the development cycle, when an agency is "young," an agency incurs disproportionately high costs because investments are made not only to meet the existing needs but also as an investment to minimize future costs (e.g., only certain components of a treatment plant can be phased on a capacity basis, a pipeline is constructed to supply existing demands and some level above that for meeting future demands). In the next part of the cycle, as an agency "ages," smaller investments are required on an incremental basis as demands build because the system is supported by past investments; however, it is also at this time that preparations must be made to bridge to the third phase, which is that of an older system that requires high repair, maintenance and replacement obligations (this is when capital replacement funds come in handy). An agency can approach Replacement Funds in three manners or a combination thereof, (1) "pre-paying" by setting aside funds for the future, (2) "pay-as-you-go" in which annual capital requirements are generated directly from water sales, or (3) "post pay" in which debt is issued and the payments for the improvements are made over time into the future. How replacements are handled is up to the discretion of the governing board with input from the community at the time of rate setting and budget adoption.

Conclusion

Retail water rate setting is a complicated and complex process that results in variations in retail water rates from jurisdiction to jurisdiction in Orange County. Each year as the Orange County Water Rates Survey is compiled, it is important to review the rate setting process and the factors involved. These factors have been briefly discussed herein and are summarized in **Exhibits A** and **B** attached.

water rates 2007.doc
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Exhibit A**Factors Causing Differences in Water Rates Between Agencies**

1. Source of Supply - Metropolitan vs. local groundwater
2. Distance to Metropolitan import pipelines
3. Service area elevation and pumping required
4. Make-up of adjacent service areas
5. Ability to interconnect with surrounding agencies
6. Age of system
7. Service area mix of commercial, industrial, single family, etc.
8. Density and lot sizes
9. Customer income
10. Funding of capital - pay as you go vs. debt financing
11. Funding of repairs, replacements and depreciation
12. Water only vs. water and sewer by same agency
13. Recycling supplies and conservation philosophy
14. Recovery of administrative services by municipalities
15. Level of grant funding or other funding incentives
16. Rate setting philosophy and methodology
17. Funding of growth through developers or water rates
18. Level of taxes to agency
19. Necessary level of reserves (cash flow, replacement, rate stabilization, etc.)
20. Public input during ratemaking
21. Availability of redevelopment funding
22. Metering policy - per unit or per complex
23. Level of treatment required for local supplies

Exhibit B
Effect of Various Factors on Retail Water Rates [1] in Orange County

| Category/Factor | Effect of Factor on Retail Water Rate [1] | |
|--|--|-----------------------------------|
| | Lower Rate | Higher Rate |
| Cost of Supply | | |
| • Purchases of Metropolitan water (as % of total supply) | Small % Met | Large % Met |
| • Production of Local Ground/Surface Water (as % of total supply) | Large % Local | Small % Local |
| • Proximity to a Metropolitan feeder | Near Met Feeder | Far from Met Feeder |
| • Service Area Elevation | Low | High |
| • Treatment Required | No/Little Treatment | Much Treatment |
| • Water Use Efficiency and Non-Potable Water System | Large reduction in potable demand | Small reduction in potable demand |
| Distribution System Costs (capital costs + O&M) | | |
| • Terrain | Flat | Hilly |
| • Shape of Service Area | Compact | Branched/Severed |
| • Age of Capital Facilities | Older | Newer |
| • Ability to issue tax-free debt instruments | Able | Unable |
| • Interest Rate on Loans | Low-Interest | High-Interest |
| Customer Service | | |
| • Number of Customers | Many | Few |
| • Level of Service | Low | High |
| Alt. Sources of Revenue (other than sale of water + fixed charge) | | |
| • Property Tax and Special Assessments | Large Collection | None/Small Collection |
| • Investment Earnings | Large | Small |
| • Metropolitan Incentives | Large | None/Small |

[1] Water bill divided by the number of ccf of water used.

**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% |