



Fiscal Year Budget

2016 - 2017

LAGUNA BEACH
COUNTY WATER DISTRICT


Laguna Beach County Water District 2016-2017 Annual Budget

Adopted: June 15, 2016

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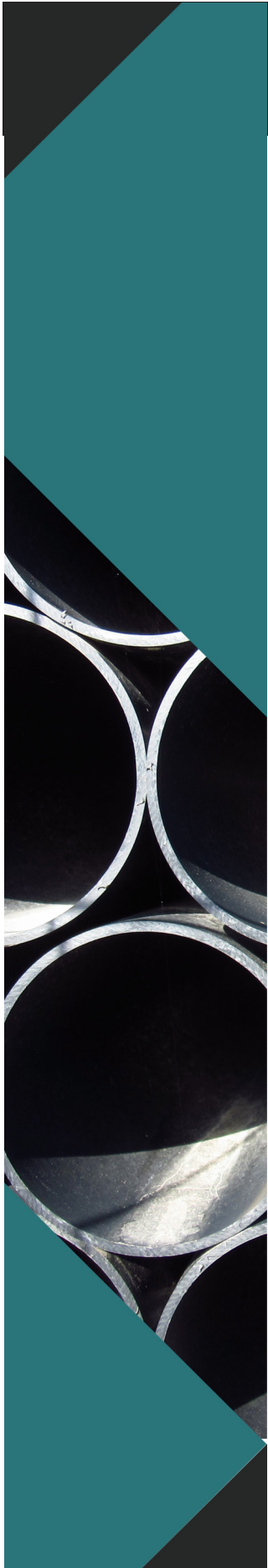
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Table of Contents



1	District Overview	
	History of the District	1
	The District Today	1
	Operations	1
	How the District is Governed	2
	District Service Area Map	2

2	Budget Assumptions	
	Labor	3
	Benefits	3
	Water Purchases	3
	Water Sales	3

3	Revenue and Expenses	
	Revenue and Expenditures	4
	Analysis of Budget Revenue Projection	5

4	Budget Overview	
	Operating Budget	6
	Capital Budget	7
	2015/16 and 2016/17 Operating and Maintenance Budget Comparison	10
	2016/17 Operating and Maintenance Budget Summary by Expense	11
	2016/17 Capital Budget Summary	12

5	2016/17 Operating and Maintenance Budget Detail	
	2016/17 Operating Budget	13
	Operations - Source of Supply	14
	Pumping	15
	Transmission and Distribution	16
	General Manager's Office	17
	Administration and Customer Service	18
	Water Use Efficiency	19
	Finance	20
	Engineering	21

6	2016/17 Capital Budget Detail	
	Capital Budget Detail	22
	Capital Budget Summary	23
	Joint Powers Projects	24
	Reservoir and Pump Station Improvements	25
	Transmission and Distribution	26
	Pipeline Replacement	28
	Office Equipment and Technology	29
	Equipment and Vehicles	30
	Facility Improvements	31
	Water Supply Projects	32

Table of Contents (continued)

7	Resolutions	
	Resolution 814 Adopting the LBCWD 2016/17 Budget	34
	Resolution 815 Establishing the LBCWD's Job Classification Plan and	
	Salary Ranges	36

8	Appendices	
	Laguna Beach County Water District Water Rate History, 1975-Present	41
	Analysis of COLA History	43

District Overview

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

History of the District

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

With its continuing growth, the District was unable to rely solely on its wells and looked to imported water supplies. In 1943, it started purchasing 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 19,121 people within an 8.5 square mile area of southern Orange County, including portions of the city of Laguna Beach and Crystal Cove State Park.

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

The District's approximately 8,090 service connections are mostly residential water users. This year, due to drought restrictions, the District will purchase about 3,450 acre-feet of water. This is equal to approximately 1.12 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.

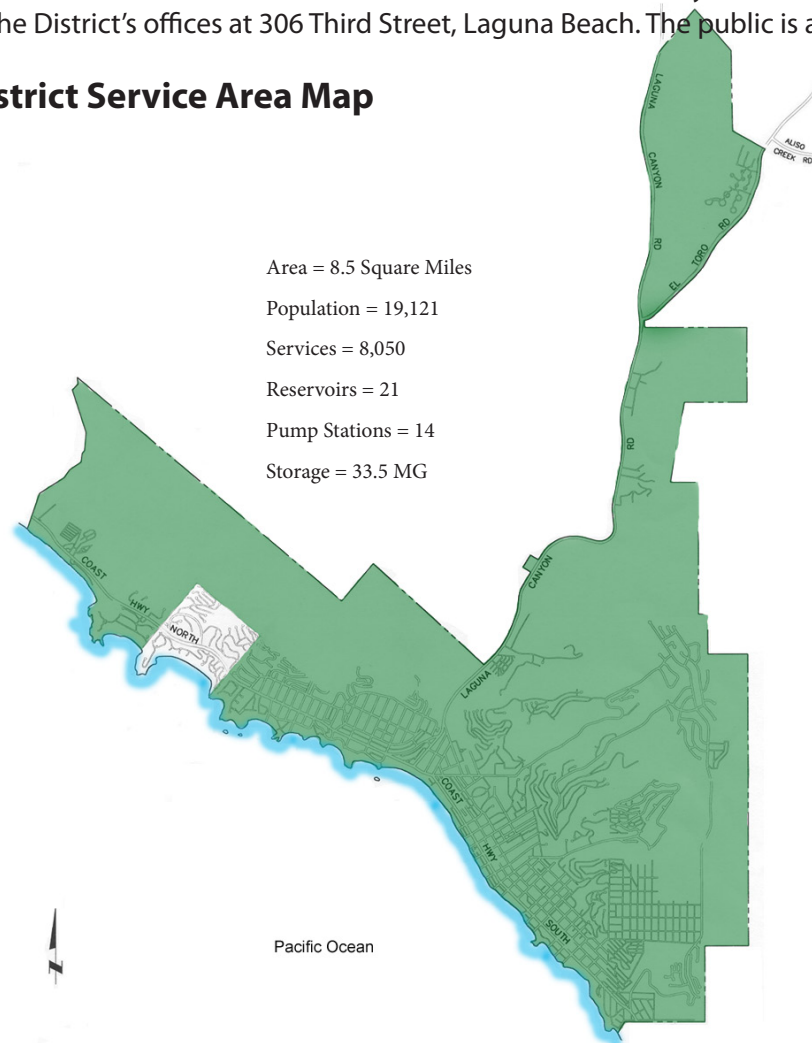
As lead agency in a joint powers relationship with the South Coast Water District, Irvine Ranch Water District, the city of Newport Beach, and the Santa Margarita Water District, the District also operates and maintains the Aufdenkamp and the Coast Supply transmission lines. These pipelines range in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

The proposed fiscal year (FY) 2016/17 Operating Budget decreases from the FY 2015/16 Operating Budget by .98 percent.

Labor

The 2016/17 labor budget has increased 0.80 percent or \$32,880 above the 2015/16 budgeted amounts. This is based on the following factors:

- A. 42 Full-time positions (44 in 2015/16)
- B. 0 Part-time positions (1 in 2015/16)
- C. Cost of Living Adjustment (COLA) 2016/17- 3.5 percent (2015/16 - 2 percent)
- D. Merit range remains at 0 to 2.5 percent based on performance.

Benefits

The 2016/17 benefits budget has increased 2.92 percent or \$40,860 above the 2015/16 budgeted amount. This is based on the following factors:

1. PERS
 - A. Employer Contribution 2016/17 – 8.88 percent (2015/16 – 8.51 percent) plus approximate \$175,000 payment to Unfunded Liabilities (2015/16 – \$150,000)
 - B. Employee Contributions 2016/17 – 6 percent (2015/16 - 5 percent)
 - C. Employee Contributions hired after Jan 1, 2013 - 6.25 percent
2. Insurance
 - A. Workers Comp Insurance E-Mod Rate 2016/17 - Estimated 100 percent (2015/16 - 85 percent)
 - B. Workers Comp Insurance 2016/17 Rates remain the same.
 - C. Medical insurance increased January 2016 by 4 percent (was budgeted at 5 percent); projected increase January 2017 by 4 percent. Employee portion of medical insurance premium 2016/17 - 22.5 percent over single rate (2015/16 - 22.5 percent over single rate)
 - D. Dental Insurance increase of 4 percent.
 - E. All other insurance coverage remain at same levels as 2015/16 Budget.

Water Purchases

The cost for water purchases will decrease by 7.4 percent or \$252,300 under 2015/16 estimate due to the District securing 2,025 acre feet in the Santa Ana Groundwater Basin.

1. Water Purchases

- A. Estimated volume of water purchases is 1,425 acre feet (AF) of imported supply and 2,025 AF of groundwater supply (3,080 AF in 2015/16).

2. MWD Water Rates

- A. Water Rate - \$942/AF - July through December 2016. \$979/AF - January through June 2017
- B. Readiness to Serve Charges (RTS) - 2016/17 - \$210,360/yr (2015/16 - \$230,860/yr)
- C. MWD Capacity Charges - 2016/17 - \$58,140 (2015/16 - \$64,410/yr)

3. MWDOC Charges

- A. 2016/17 - \$10.95 per meter (10.85 in 2015/16)

4. OCWD Groundwater Charges

- A. Groundwater Rate - \$600/AF

Water Sales

Water sales are estimated at 3,280 AF. The District is estimating a 5 percent unaccounted for water loss, which is the difference between the amount of water received and sold.

Water sales revenue from Tier 2, which is used to fund the District's Water Use Efficiency Programs, is estimated to be \$456,900.

Revenue and Expenditures

Allocation of Projected Revenue vs. Expenditures

	PROJECTED
	2016/17
<hr/>	
OPERATING REVENUE	\$9,762,650
LESS: OPERATION AND MAINTENANCE EXPENSE	9,728,850
OPERATING INCOME/(LOSS)	<u>33,800</u>
CAPITAL REVENUE	3,319,820
LESS: CAPITAL PROJECTS	4,518,000
INCREASE TO/(DECREASE FROM) RESERVES	<u>(1,198,180)</u>
INCREASE TO/(DECREASE FROM) CASH BALANCE	<u><u>\$ (1,164,380)</u></u>

Analysis of 2016/17 Budget Revenue Projection

	BUDGET 2015/16	BUDGET 2016/17
OPERATING REVENUE		
WATER SALES	\$ 8,439,560	\$ 9,625,050
FIRE SERVICE	10,860	11,600
FEES & PENALTIES	72,000	72,000
OVERHEAD CHARGE	12,000	12,000
EQUIPMENT CHARGE	18,000	18,000
ANTENAE LEASE REVENUE	352,080	-
INTEREST REVENUE	228,060	-
MISCELLANEOUS	24,000	24,000
TOTAL OPERATING REVENUE	9,156,560	9,762,650
TOTAL OPERATIONS & MAINTENANCE EXPENSE	9,824,770	9,728,850
OPERATING GAIN/(LOSS)	\$ (668,210)	\$ 33,800
CAPITAL REVENUE		
RESERVE STORAGE	\$ 24,000	\$ 22,800
PROPERTY LEASE REVENUE	34,920	35,280
ANTENAE LEASE REVENUE	-	360,000
INTEREST REVENUE	-	310,300
PROPERTY TAX REVENUE	2,485,830	2,591,440
TOTAL CAPITAL REVENUE	2,544,750	3,319,820
CAPITAL EXPENDITURES		
CAPITAL PROJECTS	5,035,910	4,518,000
TOTAL CAPITAL EXPENDITURES	5,035,910	(4,518,000)
INCREASE TO/(DECREASE FROM) DESIGNATED RESERVES	\$ (2,491,160)	\$ (1,198,180)

Budget Overview

2016/17 Operating Budget

The operating budget includes the day-to-day operations of the District, which includes operations and maintenance, customer service, engineering, water use efficiency, human resources, finance, and administration. This fiscal year, water supply costs have decreased, accounting for much of the \$95,920 decrease in expenditures. This equates to .98 percent decrease from the previous year's operating budget.

Water Purchases

In 2016, the District secured its groundwater right of 2,025 acre-feet of water from the Santa Ana Groundwater Basin reducing its 100 percent dependence on imported water supplies. Groundwater supply costs from the Orange County Water District (OCWD) are estimated to be \$600 per acre-foot. Water supply costs from Metropolitan Water District of Southern California (MWD), Municipal Water District of Orange County (MWDOC), and OCWD decreases by \$315,170 for the 2016/17 Budget. Due to the State's continuing drought conditions and the District's ongoing efforts to reduce water use to meet SB X7-7 (20 percent reduction by 2020), water purchases are estimated at 3,450 acre-feet for the fiscal year. The District's wholesale rates from MWD increase from \$942 to \$979 an acre-foot in January 2017. This \$37 increase comes on top of a \$19 per acre-foot increase last year for imported water. In addition, MWDOC increased its meter connection charge from \$10.85 to \$10.95. MWDOC has changed its philosophy regarding collecting revenue from its member agencies by charging more per meter connection and phasing out the per acre-foot charge.

Labor and Benefits

Labor and benefits are projected to increase \$160,310 due to merit increases, a 3.5 percent cost of living adjustment, and a 5.0 percent increase in insurance premiums. The increase is minimal due to the elimination of two management positions. The District will contribute 9.9 percent of payroll to PERS plus \$175,000, versus last year's contribution of 10.5 percent. Employees will contribute 6.0 percent of salary to cover a portion of their contribution of PERS. All other benefit coverages are either based upon no change or have been adjusted accordingly for inflation. Workers' Compensation Insurance rates are expected to remain the same as last year, but the carriers' experience modification rate will increase from 85 to 100.

Field and Maintenance

The field operations and maintenance component of the budget, including labor and benefits less water costs, increased by \$397,140 or 13.2 percent. This area covers operation and maintenance of the District's facilities, which include supply lines, reservoirs, pump stations, distribution pipelines and appurtenances, vehicle maintenance, and buildings. No appreciable program changes are

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projected for this fiscal year. The change in this area is attributed to higher energy, fuel, copper and steel costs, labor and benefits, and shifting staff from other departments.

General Manager's Office

Expenses relating to the Board, Commission, General Manager, Legal, Audit, Human Resources, and professional memberships, such as the Association of California Water Agencies (ACWA) and the American Water Works Association (AWWA), are under the General Manager's Office section. A decrease of \$290,520 or 29.5 percent is mainly due to eliminating one position by transferring human resources duties to the Executive Assistant, and transferring the District's Safety Officer position to Operations.

Administration and Customer Service

Expenses in Administration and Customer Service budget increased \$17,220 or 1.9 percent this year. Expenses included in the Administration and Customer Service area include meter reading, records retention and destruction, data management, and customer billing. The increase is attributed to labor and benefits.

Water Use Efficiency

The water use efficiency program budget increased by \$30,820 or 6.3 percent due to additional costs in labor and benefits. The District continues its proactive approach to public information, community relations, and water efficiency programs. It is important to note that the funds for the District's water use efficiency programs are generated through the District's Tier 2 Rate, with those customers using in excess of their water budget funding programs and projects that either conserve water or bring in additional supplemental water supplies to meet the higher demand.

Finance

The finance section of the budget has increased \$13,430 or 2.0 percent. Labor and benefits, and general office expense comprise the majority of the increased costs, while insurance premiums reflect no increase.

Engineering

The engineering section of the budget increased \$51,090 or 10.0 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. The increase is due to labor and benefits.

2016/17 Capital Budget

This year, the District proposes to spend \$4,518,000 on capital improvements, a decrease of 10 percent over the 2015/16 Capital Budget. This decrease is largely due to the District the reevaluation of Master Plan improvements.

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Joint Powers Projects

The District manages the Aufdenkamp Transmission Main and the Coast Supply Line, which are both jointly owned with other water agencies. This category covers projects specific to these facilities and costs are shared by each agency according to its capacity rights in each pipeline. The total cost of all projects for this fiscal year is \$420,000 with the District's share of costs at \$350,500.

Reservoir and Pump Station Improvements

These projects are too large to be considered maintenance items. Ten projects totaling \$940,000 are proposed for this fiscal year. They include the rehabilitation, upgrades, and replacements at various pump stations and reservoirs. The largest improvement project is the design of the Rim Rock Reservoir Replacement and Temple Hills 600 Relocation Project at \$300,000.

Transmission and Distribution

Capital funds are designated annually for ongoing maintenance programs and miscellaneous projects that are large enough to be considered capital in nature. The majority of work in this category includes service lines, valves, fire hydrants, and meter replacement. The goal is replacement before these items fail. This year, \$740,000 will be spent in this category.

Pipeline Replacement

The District continues on an aggressive program to replace all pipelines that have met their useful service life within the service area. The prioritization of the projects may change as warranted by conditions, length and type of pipe, and number of pipeline repairs in the area. This year, \$900,000 will be spent in this area with the replacement of 3 different sections of pipeline; Sommet Du Monde pipeline, Platz pipeline, and Wykoff Way pipeline.

Office Equipment and Technology

This category includes network improvements, upgrades to the District's SCADA system, miscellaneous office furnishings in need of replacement, and computer replacements. In this year's budget and in subsequent budgets through FY 2036, \$150,000 is included to fund a State Revolving Fund loan at 2 percent interest rate over 20 years to upgrade the District's current bi-monthly manual read meters with an automated metering infrastructure (AMI/Smart Meters).

Equipment and Vehicles

The District replaces equipment and vehicles based on wear and tear, cost of maintenance, and mileage. Two vehicles are scheduled for replacement this year. In addition, a Hydro-excavator at \$400,000 and small dump truck for \$25,000 will be added to the fleet. Total cost expenses are \$575,000.

Facility Improvements

This category covers improvements to the remaining District facilities that are not covered under reservoirs, pump stations, or pipelines. This fiscal year, \$95,000 has been budgeted to replace older light fixtures with energy efficient

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LED lighting, and analyze the operations department work areas to make improvements to increase efficiency, add storage, and provide better organization and utilization of space.

Water Supply Projects

The District secured its groundwater right of 2,025 acre -feet of water in 2016. Included in this category are the costs of delivery for the groundwater and the payment or “buy-in” fee to Orange County Water District for the use of its assets (wells, pipes, pumps, etc.).

2015/16 & 2016/17 OPERATING AND MAINTENANCE BUDGET COMPARISON

SECTION/PAGE	DESCRIPTION	BUDGET 2015/16	BUDGET 2016/17
5-14	OPERATIONS - SOURCE OF SUPPLY (51000)		
	SOURCE OF SUPPLY - SYSTEM OPERATIONS (51100)	\$ -	\$ -
	SOURCE OF SUPPLY-CSL (51200)	51,180	77,990
	SOURCE OF SUPPLY-ATM (51300)	109,020	145,080
	SOURCE OF SUPPLY-WELLS (51400)	-	-
	PURCHASED WATER (51500)	3,259,400	2,944,230
	TOTAL SOURCE OF SUPPLY	3,419,600	3,167,300
5-15	OPERATIONS - PUMPING (52000)		
	PUMPING EXPENSE (52100)	339,600	429,190
	PUMPING POWER (52200)	190,000	200,000
	TOTAL PUMPING	529,600	629,190
5-16	OPERATIONS - TRANSMISSION & DISTRIBUTION (54000)		
	RESERVOIR EXPENSE (54100)	532,020	600,190
	MAINLINE EXPENSE (54200)	1,121,200	1,256,390
	METER EXPENSE (54300)	93,900	99,040
	VALVE, VAULT, FIRE HYDRANT EXPENSE (54400)	264,180	278,920
	PAVING EXPENSE (54500)	50,400	50,040
	GENERAL PLANT - EQUIPMENT O&M (54600)	-	-
	GENERAL PLANT - BUILDING (54700)	252,500	264,300
	TOTAL TRANSMISSION & DISTRIBUTION	2,314,200	2,548,880
5-17	GENERAL MANAGERS OFFICE (55000)		
	GENERAL MANAGERS EXPENSE (55100)	498,680	374,730
	HUMAN RESOURCES (55200)	289,620	146,790
	COMMISSION/BOARD (55400)	120,000	104,110
	LEGAL (55500)	60,000	50,000
	AUDIT(55600)	15,850	18,000
	TOTAL GENERAL MANAGERS OFFICE	984,150	693,630
5-18	ADMINISTRATION AND CUSTOMER SERVICE (56000 & 57000)		
	ADMINISTRATIVE EXPENSE (56100)	241,020	238,730
	DATA MANAGEMENT (56200)	74,040	71,040
	RECORDS RETENTION (56300)	720	720
	PUBLIC INFORMATION (56400)	50,040	42,360
	DISTRICT RECOGNITION (56800)	30,120	30,540
	CUSTOMER SERVICE (57200)	525,420	555,190
	TOTAL ADMINISTRATION AND CUSTOMER SERVICE	921,360	938,580
5-19	WATER USE EFFICIENCY (57500)		
	OFFICE EXPENSE (57510)	185,940	228,280
	PROGRAMS/REBATES (57520)	160,020	160,020
	OUTREACH/EVENTS/SPONSORSHIPS (57530)	110,040	105,000
	DEVICES/MATERIALS (57540)	15,000	12,000
	SMARTSCAPE INFO/EXPO (57550)	16,980	13,500
	TOTAL WATER USE EFFICIENCY	487,980	518,800
5-20	FINANCE (58000)		
	FINANCE EXPENSE (58100)	442,100	452,530
	GENERAL OFFICE EXPENSE (58200)	78,200	81,200
	INSURANCE (58300)	141,540	141,540
	INSURANCE CLAIMS (58400)	-	-
	TOTAL FINANCE	661,840	675,270
5-21	ENGINEERING (59000)		
	ENGINEERING EXPENSE (59100)	275,220	321,010
	WATER QUALITY EXPENSE (59200)	230,820	236,120
	TOTAL ENGINEERING	506,040	557,130
	TOTAL OPERATING BUDGET	\$ 9,824,770	\$ 9,728,850

2016/17 OPERATING AND MAINTENANCE BUDGET SUMMARY BY EXPENSE

SECTION/PAGE	DESCRIPTION	BUDGET 2016/17
5-14	OPERATIONS - SOURCE OF SUPPLY (51000)	
	LABOR	\$ 105,990
	BENEFITS	71,120
	MATERIALS	2,588,230
	VEHICLE/EQUIPMENT	8,760
	OUTSIDE SERVICES	393,200
	TOTAL SOURCE OF SUPPLY	3,167,370
5-15	OPERATIONS - PUMPING (52000)	
	LABOR	196,690
	BENEFITS	124,640
	MATERIALS	24,040
	VEHICLE/EQUIPMENT	45,000
	OUTSIDE SERVICES	238,820
	TOTAL PUMPING	629,190
5-16	OPERATIONS - TRANSMISSION & DISTRIBUTION (54000)	
	LABOR	1,120,480
	BENEFITS	712,140
	MATERIALS	93,660
	VEHICLE/EQUIPMENT	162,240
	OUTSIDE SERVICES	460,360
	TOTAL TRANSMISSION & DISTRIBUTION	2,548,880
5-17	GENERAL MANAGERS OFFICE (55000)	
	LABOR	296,150
	BENEFITS	241,620
	MATERIALS	14,720
	VEHICLE/EQUIPMENT	1,500
	OUTSIDE SERVICES	139,640
	TOTAL GENERAL MANAGERS OFFICE	693,630
5-18	ADMINISTRATION AND CUSTOMER SERVICE (56000 & 57000)	
	LABOR	477,990
	BENEFITS	197,950
	MATERIALS	21,180
	VEHICLE/EQUIPMENT	21,540
	OUTSIDE SERVICES	219,920
	TOTAL ADMINISTRATION AND CUSTOMER SERVICE	938,580
5-19	WATER USE EFFICIENCY (57500)	
	LABOR	148,600
	BENEFITS	73,620
	MATERIALS	40,680
	VEHICLE/EQUIPMENT	3,000
	OUTSIDE SERVICES	252,900
	TOTAL WATER USE EFFICIENCY	518,800
5-20	FINANCE (58000)	
	LABOR	260,170
	BENEFITS	153,480
	MATERIALS	33,280
	VEHICLE/EQUIPMENT	-
	OUTSIDE SERVICES	228,340
	TOTAL FINANCE	675,270
5-21	ENGINEERING (59000)	
	LABOR	260,170
	BENEFITS	144,580
	MATERIALS	3,900
	VEHICLE/EQUIPMENT	19,200
	OUTSIDE SERVICES	129,280
	TOTAL ENGINEERING	557,130
	TOTAL OPERATING BUDGET	\$ 9,728,850

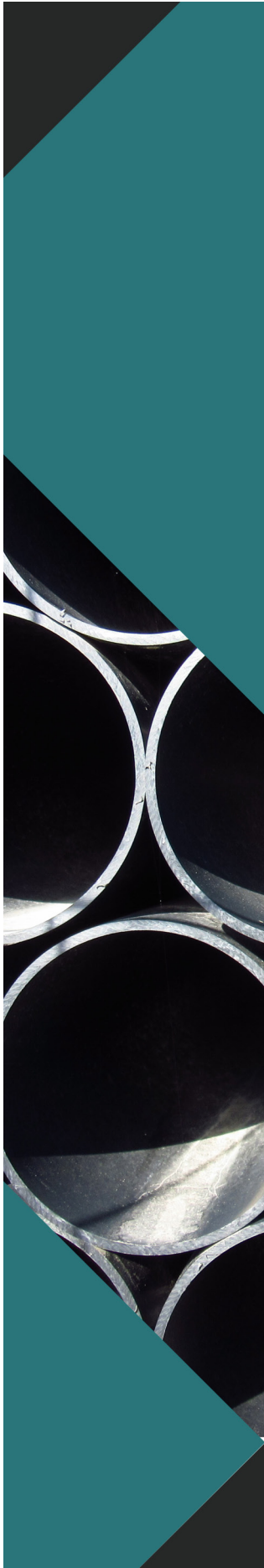
2016/17 CAPITAL BUDGET SUMMARY

SECTION/PAGE	DESCRIPTION	BUDGET 2016/17
6-24	JOINT POWERS PROJECTS EL MORRO RESERVOIRS 1 AND 2	\$ 350,500
	TOTAL JOINT POWERS PROJECTS	350,500
6-25	RESERVOIR AND PUMP STATION IMPROVEMENTS RIMROCK RESERVOIR AND TEMPLE HILLS 600 REPLACEMENT	300,000
	TEMPLE HILLS 800 PAVING	25,000
	PLATZ RESERVOIR CATHODIC PROTECTION	55,000
	RIDGE RESERVOIR CATHODIC PROTECTION	50,000
	JAHRAUS RESERVOIR CORROSION PROTECTION	20,000
	PUMP REPLACEMENT AT PLATZ PUMP STATION	50,000
	RIDGE RESERVOIR LINING REPAIR	300,000
	MOORHEAD RESERVOIR MIXING SYSTEM	40,000
	ALTA LAGUNA RESERVOIR MIXING SYTEM	40,000
	SUMMIT RESERVOIR CORROSION PROTECTION	60,000
	TOTAL RESERVOIR AND PUMP STATION IMPROVEMENTS	940,000
6-26	TRANSMISSION AND DISTRIBUTION SERVICE LINE/SAMPLE STATION REPLACEMENT	150,000
	VALVE REPLACEMENT	250,000
	FIRE HYDRANT REPLACEMENT	120,000
	CITY PROJECTS	30,000
	PROTECTION OF TRANSMISSION AND DISTRIBUTION FACILITIES	50,000
	ALLVIEW TERRACE IMPROVEMENTS	50,000
	LAGUNA CANYON PRESSURE REDUCING STATION	20,000
	HYDROEXCAVATOR DEWATERING STATION	70,000
	TOTAL TRANSMISSION AND DISTRIBUTION PROJECTS	740,000
6-28	PIPE REPLACEMENT PROJECTS SOMMET DU MONDE PIPELINE	350,000
	PLATZ PIPELINE	400,000
	WYKOFF WAY PIPELINE	150,000
	TOTAL CAST IRON REPLACEMENT PROJECTS	900,000
6-29	OFFICE EQUIPMENT/TECHNOLOGY OFFICE FURNITURE	20,000
	COMPUTERS, PERIPHERALS, & NETWORK INFRASTRUCTURE	30,000
	ADVANCED METERING INFRASTRUCTURE DEBT PAYMENT	150,000
	SCADA SYSTEM UPGRADES	80,000
	ONLINE UTILITY EXCHANGE PROGRAM	2,500
	TOTAL OFFICE EQUIPMENT	282,500
6-30	EQUIPMENT AND VEHICLES HYDROEXCAVATOR	400,000
	SKID STEER	50,000
	SMALL DUMP TRUCK	25,000
	DISTRICT VEHICLE NO. 54 REPLACEMENT	35,000
	DISTRICT VEHICLE NO. 63 REPLACEMENT	35,000
	DUMP TRUCK ANNUAL LEASE PAYMENT	15,000
	MINI-EXCAVATOR ANNUAL LEASE PAYMENT	15,000
	TOTAL EQUIPMENT AND VEHICLES	575,000
6-32	FACILITY IMPROVEMENTS OFFICE IMPROVEMENTS	75,000
	WAREHOUSE/STORAGE	20,000
	TOTAL FACILITIES IMPROVEMENT	95,000
6-33	WATER SUPPLY PROJECTS GROUNDWATER DELIVERY	15,000
	OCWD RIGHTS CONSIDERATION	620,000
	TOTAL SUPPLY SOURCE PROJECTS	635,000
	TOTAL CAPITAL BUDGET	\$ 4,518,000

Operating & Maintenance Budget Detail

2016/17 Operating Budget

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



Source of Supply	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
SOURCE OF SUPPLY (51000)						
SYSTEM OPERATIONS (51100)						
SYSTEM OPERATION - EXPENSE (51110)	\$ 89,510	\$ 55,380	\$ 720	\$ 10,020	\$ 24,000	\$ 179,630
SYSTEM OPERATION - REALLOCATION (51120)	(89,510)	(55,380)	(720)	(10,020)	(24,000)	(179,630)
SOURCE OF SUPPLY - COAST SUPPLY LINE (51200)						
REACH 1 (51210)	9,230	6,190	780	900	5,000	22,100
REACH 2 (51220)	9,140	6,130	420	900	5,000	21,590
REACH 3 (51230)	15,950	10,710	420	1,800	5,000	33,880
LBCWD METER (51250)			420			420
SOURCE OF SUPPLY - AUFDENKAMP TRANS. LINE (51300)						
REACH 1 (51310)	25,250	16,940	2,040	2,040	6,000	52,270
IRWD METER (51320)						
SMWD METER (51330)						
REACH 2 (51340)	25,250	16,940	1,980	1,980	6,000	52,150
REACH 3 (51350)	21,170	14,210	1,140	1,140	3,000	40,660
LBCWD METER - AGATE (51360)						
PURCHASED WATER (51500)						
WATER CHARGE (51510)			1,366,030			1,366,030
METROPOLITAN WATER DISTRICT CHARGES (51520)					268,500	268,500
MUNICIPAL WD OF ORANGE COUNTY CHARGES (51530)					94,700	94,700
GROUNDWATER CHARGES (51540)			1,215,000			1,215,000
TOTAL SOURCE OF SUPPLY (51000)	\$ 105,990	\$ 71,120	\$ 2,588,230	\$ 8,760	\$ 393,200	\$ 3,167,300

Pumping

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
PUMPING (52000)						
PUMPING EXPENSE(52100)						
GENERAL EXPENSE (52110)	\$ 196,690	\$ 124,640	\$ 14,040	\$ 45,000	\$ 30,000	\$410,370
SCADA (52120)			10,000		8,820	18,820
POWER (52200)					200,000	200,000
TOTAL PUMPING (52000)	\$ 196,690	\$ 124,640	\$ 24,040	\$ 45,000	\$ 238,820	\$ 629,190

Transmission and Distribution

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
TRANSMISSION AND DISTRIBUTION (54000)						
RESERVOIR EXPENSE (54100)						
RESERVOIR EXPENSE (54110)	\$ 140,060	\$ 83,340	\$ 12,000	\$ 32,400	\$ 50,040	\$ 317,840
LANDSCAPING (54120)			600		70,020	70,620
TREE TRIMMING (54130)					60,000	60,000
CHLORINATION/INSPECTION (54140)					7,500	7,500
SCADA (54150)			180		4,020	4,200
EL MORRO #1 (54160)	7,100	4,480		1,200	15,800	28,580
WATER TREATMENT (54170)	59,140	37,310		15,000		111,450
MAINLINE EXPENSE (54200)						
MAINLINE EXPENSE (54210)	618,660	397,250	38,040	63,600	32,400	1,149,950
UNIFORMS EXPENSE (54220)			9,000		13,980	22,980
PROFESSIONAL DEVELOPMENT (54230)			1,200		8,040	9,240
COMMUNICATIONS (54240)					9,000	9,000
EMERGENCY RESPONSE HOUSING (54250)					55,200	55,200
TRUCKING/COUNTY FEES (54260)					10,020	10,020
OUTSIDE CONTRACTORS (54270)						
METER EXPENSE (54300)						
METER EXPENSE (54310)	48,950	31,430	8,040	8,040	1,560	98,020
OUTSIDE CONTRACTORS (54320)					1,020	1,020
VALVE, VAULT, FIRE HYDRANT EXPENSE (54400)						
VALVE, VAULT, FIRE HYDRANT EXPENSE (54410)	137,150	88,070	9,600	42,000	2,100	278,920
OUTSIDE CONTRACTORS (54420)						
PAVING EXPENSE (54500)						
					50,040	50,040
EQUIPMENT EXPENSE (54600)						
EQUIPMENT EXPENSE (54610)	105,540	67,770	15,000		4,500	192,810
FUEL (54620)			63,000		7,500	70,500
OUTSIDE CONTRACTORS (54630)					42,000	42,000
REALLOCATION (54650)	(105,540)	(67,770)	(78,000)		(54,000)	(305,310)
BUILDING/WAREHOUSE EXPENSE (54700)						
BUILDING EXPENSE (54710)	109,420	70,260	9,000		24,000	212,680
LANDSCAPING (54720)					5,000	5,000
UTILITIES (54730)					29,040	29,040
JANITORIAL (54740)			6,000		11,580	17,580
TOTAL TRANSMISSION AND DISTRIBUTION (54000)	\$ 1,120,480	\$ 712,140	\$93,660	\$ 162,240	\$ 460,360	\$ 2,548,880

General Manager's Office

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
GENERAL MANAGER (55000)						
GENERAL MANAGER EXPENSE (55100)						
OFFICE EXPENSE (55110)	\$ 194,630	\$ 114,800	\$ 840	\$ 1,500	\$ 1,200	\$ 312,970
PUBLICATIONS/MEMBERSHIPS (55120)			980		33,840	34,820
PROFESSIONAL DEVELOPMENT (55130)			2,940		6,000	8,940
GRANT WRITING SERVICES (55140)					3,000	3,000
FINANCIAL ANALYSIS (55160)					15,000	15,000
HUMAN RESOURCES (55200)						
OFFICE EXPENSE (55210)	80,100	53,670	1,020		480	135,270
PUBLICATIONS/MEMBERSHIPS (55220)			480		540	1,020
PROFESSIONAL DEVELOPMENT (55230)			240		2,040	2,280
SAFETY TRAINING (55240)			240		1,500	1,740
HEALTH AND WELLNESS PROGRAM (55250)			1,020		480	1,500
EMPLOYEE EDUCATION (55260)			3,480			3,480
EMPLOYEE RECRUITMENT (55270)			480		1,020	1,500
COMMISSION/BOARD (55400)						
OFFICE EXPENSE (55410)	21,420	73,150	1,200		720	96,490
PROFESSIONAL DEVELOPMENT (55420)			1,800		5,820	7,620
LEGAL (55500)						
					50,000	50,000
AUDIT (55600)						
					18,000	18,000
TOTAL GENERAL MANAGER'S OFFICE (55000)	\$ 296,150	\$ 241,620	\$ 14,720	\$ 1,500	\$ 139,640	\$ 693,630

Administration & Customer Service

	Labor	Benefits	Material	Vehicles/ Equipment	Outside Services	Totals
ADMINISTRATION/CUSTOMER SERVICE (56000 & 57000)						
ADMINISTRATIVE EXPENSE (56100)						
OFFICE EXPENSE (56110)	\$ 157,030	\$ 70,280	\$ 1,020	\$ 1,500	\$ 540	\$ 230,370
PUBLICATIONS/MEMBERSHIPS (56120)					120	120
PROFESSIONAL DEVELOPMENT (56130)			240		8,000	8,240
DATA MANAGEMENT (56200)						
CONSULTING SERVICES (56210)			2,040		69,000	71,040
RECORDS RETENTION (56300)						
RECORDS MANAGEMENT (56320)					720	720
PUBLIC INFORMATION (56400)						
PUBLIC INFORMATION OUTREACH (56410)			2,040		26,400	28,440
COMMUNITY PARTICIPATION (56420)			4,440		1,620	6,060
SCHOOL EDUCATION (56430)			1,200		3,000	4,200
WATER-WISE GARDEN (56440)			2,040		1,620	3,660
DISTRICT RECOGNITION (56800)						
MISCELLANEOUS DISTRICT ACTIVITIES (56810)			1,020		12,480	13,500
EMPLOYEE RECOGNITION PROGRAMS (56820)			2,640		14,400	17,040
CUSTOMER SERVICE OFFICE (57200)						
OFFICE EXPENSE (57210)	320,960	127,670	3,240	20,040	3,660	475,570
PROFESSIONAL DEVELOPMENT (57230)			1,260		4,260	5,520
BILL OUTSOURCING (57240)					37,080	37,080
CONSULTING SERVICES (57250)					27,000	27,000
UNCOLLECTIBLES (57260)					10,020	10,020
TOTAL ADMIN AND CUSTOMER SERVICE (56000 & 57000)	\$ 477,990	\$ 197,950	\$ 21,180	\$ 21,540	\$ 219,920	\$938,580

Water Use Efficiency

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
WATER USE EFFICIENCY (57500)						
WATER USE EFFICIENCY (57500)						
OFFICE EXPENSE (57510)	\$ 148,600	\$ 73,620	\$ 1,020	\$ 3,000	\$ 2,040	\$ 228,280
PROGRAMS/REBATES (57520)			10,020		150,000	160,020
OUTREACH/EVENTS/SPONSORSHIPS (57530)			8,040		96,960	105,000
DEVICES/MATERIALS (57540)			12,000			12,000
SMARTSCAPE INFO/EXPO (57550)			9,600		3,900	13,500
TOTAL WATER USE EFFICIENCY (57500)	\$ 148,600	\$ 73,620	\$ 40,680	\$ 3,000	\$ 252,900	\$ 518,800

Finance

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
FINANCE (58000)						
FINANCE EXPENSE (58100)						
OFFICE EXPENSE (58110)	\$ 260,170	\$ 153,480	\$ 600		\$ 1,200	\$ 415,450
PUBLICATIONS/MEMBERSHIPS (58120)					360	360
PROFESSIONAL DEVELOPMENT (58130)			480		3,600	4,080
PAYROLL SERVICES (58140)					11,040	11,040
BANKING SERVICES (58150)					12,600	12,600
SAFEKEEPING - INVESTMENTS (58160)						
CONSULTING SERVICES (58170)					9,000	9,000
GENERAL OFFICE EXPENSE (58200)						
OFFICE EXPENSE (58210)			28,000			28,000
POSTAGE (58220)			4,200			4,200
UTILITIES (58230)					36,000	36,000
MAINTENANCE - OFFICE EQUIPMENT (58240)					13,000	13,000
INSURANCE (58300)						
GENERAL LIABILITY (58310)					120,000	120,000
PROPERTY (58320)					18,000	18,000
STORAGE TANKS (58330)					2,400	2,400
MISCELLANEOUS (58340)					1,140	1,140
INSURANCE CLAIMS (58400)						
GENERAL LIABILITY (58410)						
PROPERTY (58420)						
TOTAL FINANCE (58000)	\$ 260,170	\$ 153,480	\$ 33,280		\$ 228,340	\$ 675,270

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

	Labor	Benefits	Materials	Vehicles/ Equipment	Outside Services	Totals
OFFICE EXPENSE (59110)	\$ 152,420	\$ 81,550	\$ 1,020	\$ 7,800	\$ 2,400	\$ 245,190
PUBLICATIONS/MEMBERSHIPS (59120)			240		2,400	2,640
PROFESSIONAL DEVELOPMENT (59130)			960		7,200	8,160
CONSULTING SERVICES (59140)					10,020	10,020
GEOGRAPHICAL INFORMATION SYSTEM - GIS (59150)					55,000	55,000

WATER QUALITY EXPENSE (59200)

ROUTINE SAMPLING (59210)	56,600	33,110	1,200	5,040	21,000	116,950
RESERVOIR SAMPLING (59220)	34,400	20,130	240	6,000	16,020	76,790
BACKFLOW (59230)	16,750	9,790	240	360	840	27,980
DHS FEES (59240)					10,000	10,000
ANNUAL WATER QUALITY REPORT (59250)					4,400	4,400

TOTAL ENGINEERING (59000)

\$ 260,170	\$ 144,580	\$ 3,900	\$ 19,200	\$ 129,280	\$ 557,130
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Capital Budget Detail

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

Categories within the Capital Budget include:

Joint Powers Projects

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

Reservoir and Pump Station Improvements

This category funds reservoir and pump station improvement projects.

Transmission and Distribution

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

Pipeline Replacement

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

Master Plan Improvements

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

Office Equipment/Technology

This category funds office improvements.

Equipment and Vehicles

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

Facility Improvements

This category funds improvements to District headquarter facilities.

Water Supply Projects

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

2016/17 CAPITAL BUDGET SUMMARY

SECTION/PAGE	DESCRIPTION	BUDGET 2016/17
6-24	JOINT POWERS PROJECTS	
	EL MORRO RESERVOIRS 1 AND 2	\$ 350,500
	TOTAL JOINT POWERS PROJECTS	<u>350,500</u>
6-25	RESERVOIR AND PUMP STATION IMPROVEMENTS	
	RIMROCK RESERVOIR AND TEMPLE HILLS 600 REPLACEMENT	300,000
	TEMPLE HILLS 800 PAVING	25,000
	PLATZ RESERVOIR CATHODIC PROTECTION	55,000
	RIDGE RESERVOIR CATHODIC PROTECTION	50,000
	JAHRAUS RESERVOIR CORROSION PROTECTION	20,000
	PUMP REPLACEMENT AT PLATZ PUMP STATION	50,000
	RIDGE RESERVOIR LINING REPAIR	300,000
	MOORHEAD RESERVOIR MIXING SYSTEM	40,000
	ALTA LAGUNA RESERVOIR MIXING SYTEM	40,000
	SUMMIT RESERVOIR CORROSION PROTECTION	60,000
	TOTAL RESERVOIR AND PUMP STATION IMPROVEMENTS	<u>940,000</u>
6-26	TRANSMISSION AND DISTRIBUTION	
	SERVICE LINE/SAMPLE STATION REPLACEMENT	150,000
	VALVE REPLACEMENT	250,000
	FIRE HYDRANT REPLACEMENT	120,000
	CITY PROJECTS	30,000
	PROTECTION OF TRANSMISSION AND DISTRIBUTION FACILITIES	50,000
	ALLVIEW TERRACE IMPROVEMENTS	50,000
	LAGUNA CANYON PRESSURE REDUCING STATION	20,000
	HYDROEXCAVATOR DEWATERING STATION	70,000
	TOTAL TRANSMISSION AND DISTRIBUTION PROJECTS	<u>740,000</u>
6-28	PIPE REPLACEMENT PROJECTS	
	SOMMET DU MONDE PIPELINE	350,000
	PLATZ PIPELINE	400,000
	WYKOFF WAY PIPELINE	150,000
	TOTAL CAST IRON REPLACEMENT PROJECTS	<u>900,000</u>
6-29	OFFICE EQUIPMENT/TECHNOLOGY	
	OFFICE FURNITURE	20,000
	COMPUTERS, PERIPHERALS, & NETWORK INFRASTRUCTURE	30,000
	ADVANCED METERING INFRASTRUCTURE DEBT PAYMENT	150,000
	SCADA SYSTEM UPGRADES	80,000
	ONLINE UTILITY EXCHANGE PROGRAM	2,500
	TOTAL OFFICE EQUIPMENT	<u>282,500</u>
6-30	EQUIPMENT AND VEHICLES	
	HYDROEXCAVATOR	400,000
	SKID STEER	50,000
	SMALL DUMP TRUCK	25,000
	DISTRICT VEHICLE NO. 54 REPLACEMENT	35,000
	DISTRICT VEHICLE NO. 63 REPLACEMENT	35,000
	DUMP TRUCK ANNUAL LEASE PAYMENT	15,000
	MINI-EXCAVATOR ANNUAL LEASE PAYMENT	15,000
	TOTAL EQUIPMENT AND VEHICLES	<u>575,000</u>
6-32	FACILITY IMPROVEMENTS	
	OFFICE IMPROVEMENTS	75,000
	WAREHOUSE/STORAGE	20,000
	TOTAL FACILITIES IMPROVEMENT	<u>95,000</u>
6-33	WATER SUPPLY PROJECTS	
	GROUNDWATER DELIVERY	15,000
	OCWD RIGHTS CONSIDERATION	620,000
	TOTAL SUPPLY SOURCE PROJECTS	<u>635,000</u>
	TOTAL CAPITAL BUDGET	<u><u>\$ 4,518,000</u></u>

Joint Powers Projects

The Coast Supply Line (CSL) delivers domestic water to the District from an MWD connection in Newport Beach. Originally built in 1926, it is 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) 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 the District (67 percent) and IRWD (33 percent). The Aufdenkamp Transmission Line (ATM) delivers domestic water to the District from an MWD connection in Irvine. The transmission line runs through Laguna Canyon and terminates at Agate Street where it splits and feeds South Coast Water District (SCWD) and 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, SMWD, SCWD, and the District.

El Morro Water Quality Management System - In FY 2015-2016, staff implemented the first reservoir water quality management system in the District. This system was installed at Summit and Hastie reservoirs to assist operations in controlling water chemistry within the distribution system. Staff have determined that it is likely three of these systems, strategically placed, would provide the best control of system water quality. Staff will develop a plan for implementation and solicit proposals from equipment manufacturers. It is expected that development, purchasing, and implementation would occur in FY 2016-2017.

	Total	LBCWD	NB	IRWD	SMWD	SCWD
EL MORRO RESERVOIR 1 & 2						
1.1 El Morro Reservoir 1 & 2						
1.1.1 Fire/Circulating Pump	\$ 40,000	\$ 33,500	\$ 0	\$ 6,500	\$ 0	\$ 0
1.1.2 Water Quality Management System	380,000	317,000	0	63,000	0	0
TOTAL	\$ 420,000	\$ 350,500	\$ 0	\$ 69,500	\$ 0	\$ 0

Reservoir and Pump Station Improvements

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

2.1	Rimrock Reservoir Replacement & Temple Hills 600 Relocation – In FY 2015-2016, a project was developed to investigate the condition of the reservoir and perform rehabilitation work. After investigation was completed, it was determined that the costs associated with rehabilitation of the reservoir which much greater than anticipated and that replacement of the reservoir was a more appropriate option. Staff reviewed the replacement option and determined that relocating the storage reservoir and pump station at Temple Hills 600 to the Rimrock site at the same time would increase overall operational efficiency by eliminating one reservoir from the system. This will be further investigated in the preliminary design. Design: \$300,000 (FY 2016-2017) Construction: \$3,500,000 (FY 2017-2018)	\$300,000
2.2	Temple Hills 800 Paving - This project involves the repair and replacement of paving for the Temple Hills 800 reservoir site. Construction is planned for FY 2016-2017.	25,000
2.3	Platz Reservoir Cathodic Protection System – This project involves the repair and replacement of the cathodic protection system at Platz Reservoir.	55,000
2.4	Ridge Reservoir Cathodic Protection System - This project involves the repair and replacement of the cathodic protection system at Platz Reservoir.	50,000
2.5	Jahraus Reservoir Corrosion Protection - This project involves the repair of miscellaneous corrosion at the Jahraus Reservoir.	20,000
2.6	Pump Replacement at Platz Pump Station - This project involves the replacement of one of the three (3) pumps at the Platz Pump Station.	50,000
2.7	Ridge Reservoir Lining Repair - This project involves the recoating of the interior lining of the Ridge Reservoir as a mitigation for corrosion. The lining was recently inspected and recoating is necessary to protect the life of the asset.	300,000
2.8	Moorhead Reservoir Mixing System - This project involves the installation of mixing equipment at the Moorhead Reservoir to improve system water quality.	40,000
2.9	Alta Laguna Reservoir Mixing System - This project involves the installation of mixing equipment at the Alta Laguna Reservoir to improve system water quality.	40,000
3.0	Summit Reservoir Corrosion Protection - This project involves the repair of miscellaneous corrosion at the Summit Reservoir.	60,000
TOTAL		\$940,000

Transmission and Distribution

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

- | | | |
|-----|---|---------|
| 3.1 | Service Line/Sample Station Replacement - This is a program to replace service lines that have met their useable service life throughout the distribution system. Studies show that the average useable service life is approximately 30-35 years. The District has approximately 8500 services lines in the distribution system. The District should replace 240 services per year assuming that its usefull life is 35 years. The 2015-16 budget includes funding to replace 80 services. | 150,000 |
| 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. Funds are set aside annually to replace these valves. With approximately 1,800 valves in the system, the District is replacing 30 valves per year assuming that their useful life is 60 years. | 250,000 |
| 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. Funds are 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 10 per year. | 120,000 |
| 3.4 | City Projects - The City of Laguna has ongoing projects that often require the District to modify or relocate its facilities. Smaller items, such as the raising of valve cans or meter boxes due to street paving make up the bulk of this item. | 30,000 |
| 3.5 | Protection of Transmission and Distribution Facilities - These projects protect District transmission and distribution facilities in cases of realignment, protect in place, relocation, and raising of valve and vault covers in situations of other utility or outside projects. It also covers protection of District facilities in preparation and recovery from disaster, unplanned, and unforeseen occurrences (i.e. fire, flood, earthquake protection, infrastructure failure). | 50,000 |
| 3.6 | Allview Terrace Improvements - This project will address both the fire flow issues in the area as well as the low system pressures. It is anticipated that a small pump station will be needed along with increase pipeline diameters. A study of the potential options is planned for 2016-2017.
Planning \$40,000 (FY 2016-2017) | 50,000 |

Transmission and Distribution (continued on next page)

Transmission and Distribution (continued)

- 3.7 **Laguna Canyon Pressure Reducing Station** - In the Master Plan document, replacement of the 3,500 feet of 8-inch pipe in Laguna Canyon Road with 12-inch pipe was recommended to improve fire flow in the canyon area. In addition, a 6-inch pipe in Arroyo Drive was recommended to be increase in diameter to 12-inch also to increase fire flow in the canyon area. Upon further examination, a pressure reducing station along Laguna Canyon Road that would allow higher pressure water from the ATM pipeline to enter the local distribution system in the canyon in the event of a fire appears to be feasible and cost effective. This project will implement a new pressure reducing station rather than replace 4,700 feet of pipeline. The design effort will be underway in FY 2016-2017 with construction to follow in FY 2017-2018.
- Design \$20,000 (FY 2016-2017) \$ 20,000
- 3.8 **Hydroexcavator Dewatering Station** - A new hydroexcavator is proposed in the equipment budget for next year. As part of the operation of the equipment a station is needed to dewater excavated material prior to hauling spoils for disposal. The station consists of a concrete slab with drainage to allow the material to dry. 70,000
- TOTAL** \$ 740,000

Pipeline Replacement

The District continues on an aggressive program to replace all pipelines that have met their useful service life within its service area. The prioritization of the projects may change as warranted by conditions and is based several factors which include leak reports, location, fire flow conditions, length and type of pipe, and number of pipeline repairs in the area.

<p>4.1 Sommet Du Monde Pipeline – This project involves the replacement of approximately 800 feet of asbestos cement pipe and associated appurtenances currently located along the Top of the World Trail. The City plans to do improvements along this trail that will impact the pipeline and potentially restrict access to the pipeline in the future. This project will relocate the pipeline within an existing easement in the paved road Sommet Du Monde. Design and construction are planned for FY 2016-2017.</p>	<p>Design & Construction \$350,000 (FY 2016-2017) \$ 350,000</p>
<p>4.2 Platz Pipeline Replacement: This project will replace approximately 1,000 feet of existing 10-inch ACP that connects the Platz Reservoir to Laguna Canyon Road. The project was designed and construction is expected to begin in FY 2015-2016. Construction will continue and be complete in FY 2016-2017.</p>	<p>Design \$40,000 (Completed FY 2015-2016) Construction \$400,000 (FY 2015-2016)/(FY2016-2017) 400,000</p>
<p>4.3 Wykoff Way Pipeline Replacement: In FY 2015-16, a budget was established to replace the pipeline in Wykoff Way. During the design effort, it was determined that a full replacement would not be necessary. The design was revised to move all services from the 4-inch asbestos cement pipe (ACP) which has exhibited failures in the past to the existing 12-inch</p>	<p>Design \$40,000 (Completed FY 2015-2016) Construction \$150,000 (FY 2015-2016)/(FY2016-2017) 150,000</p>
TOTAL	<p><u><u>\$ 900,000</u></u></p>

Office Equipment And Technology

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.	\$ 20,000
6.2	Computers, Peripherals, Network Infrastructure - Annual program of computer, peripheral, and network infrastructure replacement as the need occurs.	30,000
6.3	Advanced Metering Infrastructure (AMI/SmartMeters) Debt Payment - This project will assist the District in improving its water management practices by converting current meters into smart meters with advanced metering technology capabilities. AMI will help the District conserve water and better manage water loss by providing the technology necessary to mitigate leaks through real-time meter reading capabilities. Customers will benefit by having daily access to their water usage through a web based or mobile device portal. Total cost of the project is estimated at \$2,700,000. The District will fund the project with a State Revolving Fund Loan at a 2 percent interest rate over 20 years.	150,000
6.4	SCADA System Upgrades - This project involves upgrades to the Supervisory Control and Data Acquisition (SCADA) system in order to increase the abilities of the operations staff. This will allow staff more effective remote control of system operations as well as increased data available for remote viewing. This system will also incorporate more data from the water quality management systems in order to better control water quality.	80,000
6.5	Online Utility Exchange Program - This program will be used to reduce the District's loss in revenue due to bad debt. The program screens new customer applicants and makes deposit recommendations based on the credit worthiness of each individual applicant.	<u>2,500</u>
	TOTAL	<u><u>\$ 282,500</u></u>

Equipment and Vehicles

The annual auditor's report states that replacement of vehicles should be considered between four and ten years. Presently, approximately half of the fleet is over 10 years old. Approximately two or three vehicles and some minor miscellaneous equipment are scheduled to be replaced each year based upon wear and tear, cost of maintenance, and mileage. The current fleet consists of 28 light-medium duty vehicles (pick-up trucks and administration 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	Hydroexcavator- The hydroexcavator is a new piece of equipment that allows for more rapid and safe excavations. Many agencies have moved toward this method of excavation as it lessens the likelihood of worker injury and damage to other underground facilities. Staff reviewed recent after hours repair costs and estimate that the proper use of a hydroexcavator will save the district \$80,000 annually in additional costs not including any savings from damage to other facilities or worker injuries. Staff estimate the life of this asset at 8-10 years.	\$ 400,000
7.2	Skidsteer- The skid steer is a small loader with two lifting arms used for moving materials and equipment as well as loading trucks. The District's existing skid steer is 25 years old and in need of replacement.	50,000
7.3	Small Dump Truck - Currently, we have only one dump truck that is used to move materials to and from construction jobs. That vehicle is in use 90% of the time. A second dump truck would allow for more efficient field work.	25,000
7.4	Replace Vehicle No. 54 - This vehicle is a replacement for a 2004 Ford F-150 used by the transmission main crew. The vehicle is 12 years old and has 165,000 miles on it.	35,000
7.5	Replace Vehicle No. 63 - This vehicle is a replacement for a 2008 Ford Ranger used by the operations supervisor. This vehicle is 8 years old and has over 205,000 miles on it.	35,000
7.6	Dump Truck Annual Lease Payment	15,000
7.7	Mini-Excavator Annual Lease Payment	15,000
		<u><u>\$ 575,000</u></u>

Facility Improvements

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

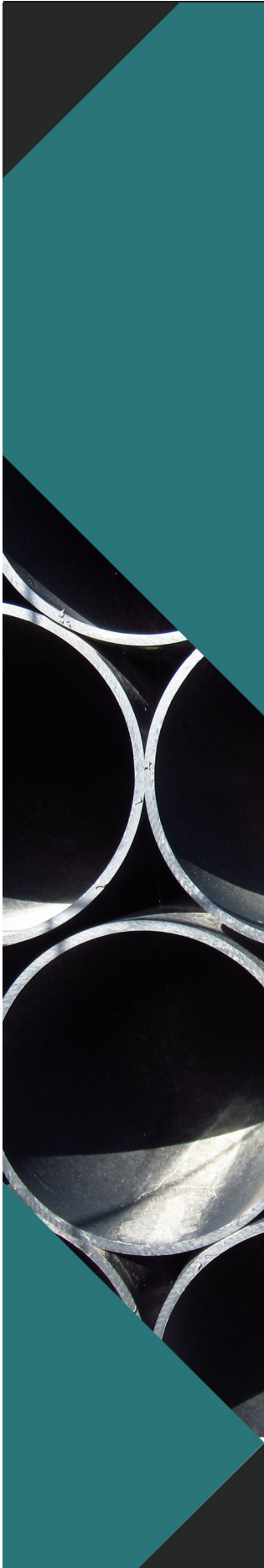
8.1	Office Improvements - Replace older office light fixtures with LED lighting, analyze operations work areas to optimize space and accommodate better work flow and inventory control, and make improvements to increase efficiency.	\$ 75,000
8.2	Warehouse/Storage - Improvements to the warehouse and other storage areas to provide for better organization and utilization of space. Install shelving, storage bins, containers, etc. for inventory control	<u>20,000</u>
	TOTAL	<u><u>\$ 95,000</u></u>

Water Supply Projects

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

9.1	Groundwater Delivery - As part of developing delivery options for providing ground-water to the District, staff will be working with Irvine Ranch Water District to perform analysis on the operations of the two systems to determine any improvements that may be needed.	\$ 15,000
9.2	OCWD Consideration Payment - By agreement with Orange County Water District (OCWD) to resolve the District's right to pump 2,025 acre-feet of groundwater per its 1933 judgement, the District will pay a Consideration Payment of \$620,000 annually for five years to OCWD. This payment is a "buy-in-fee" for OCWD assets (wells, pipes, pumps, etc.) currently in place that LBCWD will benefit from.	<u>620,000</u>
	TOTAL	<u><u>\$635,000</u></u>

Resolutions



RESOLUTION NO. 814**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAGUNA BEACH COUNTY WATER DISTRICT OF ORANGE COUNTY, CALIFORNIA, ADOPTING THE LBCWD 2016/17 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 2016/17 is hereby approved.

ADOPTED, SIGNED, AND APPROVED this 15th day of June, 2016.



President

ATTEST:



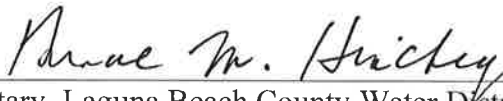
Secretary

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. 814 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 15th day of June, 2016, by the following vote of Members of the Board:

AYES:	Directors: - Boyd, Dicterow, Iseman, Whalen
NOES:	Directors: - None
ABSENT:	Directors: - Zur Schmiede

And I further certify that Kelly H. Boyd, as President, and Renae M. Hinchey, as Secretary, signed and approved said Resolution on the 15th day of June, 2016.



 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. 814 passed and adopted by the Board of Directors of said District at a regular meeting hereof held on June 15, 2016. In witness whereof, I have hereunto set by hand and affixed the official seal of said district this 15th day of June, 2016.

(District Seal)



 Secretary, Laguna Beach County Water District

RESOLUTION NO. 815

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. 802 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 1, 2016, the first 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
30	12,767	15,958	18,352
29	10,421	13,026	14,980
28	9,063	11,329	13,028
27	7,880	9,850	11,327
26	6,852	8,566	9,850
25	6,373	7,966	9,161
24	6,069	7,586	8,724
23	5,781	7,226	8,310
22	5,505	6,881	7,913
21	5,242	6,553	7,536
20	4,993	6,241	7,177
19	4,756	5,944	6,836
18	4,528	5,660	6,509
17	4,313	5,392	6,201
16	4,108	5,135	5,905
15	3,912	4,890	5,624

3. That effective July 1, 2016, the first 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 are hereby allocated and assigned to the following employment positions of the Laguna Beach County Water District, as follows:

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

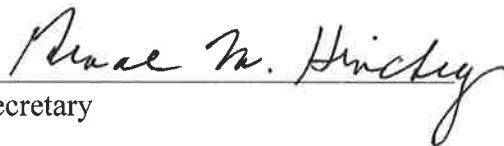
4. That Resolution No. 802 and all other resolutions and motions inconsistent herewith be and the same are hereby repealed to the extent of such inconsistency. This resolution shall be in effect on July 1, 2016, the first payroll period in July.

ADOPTED, SIGNED AND APPROVED this 15th day of June, 2016.



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. 815 was duly adopted at a regular meeting of the Board of Directors of said District, held on the 15th day of June, 2016, by the following vote of members of the Board:

AYES: Directors: - Boyd, Dicterow, Iseman, Whalen
 NOES: Directors: - None
 ABSENT: Directors: - Zur Schemiede

And I further certify that Kelly Boyd, as President, and Renae M. Hinchey, as Secretary, signed and approved said Resolution on the 15th day of June, 2016.



 Secretary, Laguna Beach County Water District

(District Seal)


STATE of CALIFORNIA)

) ss.

COUNTY OF ORANGE)

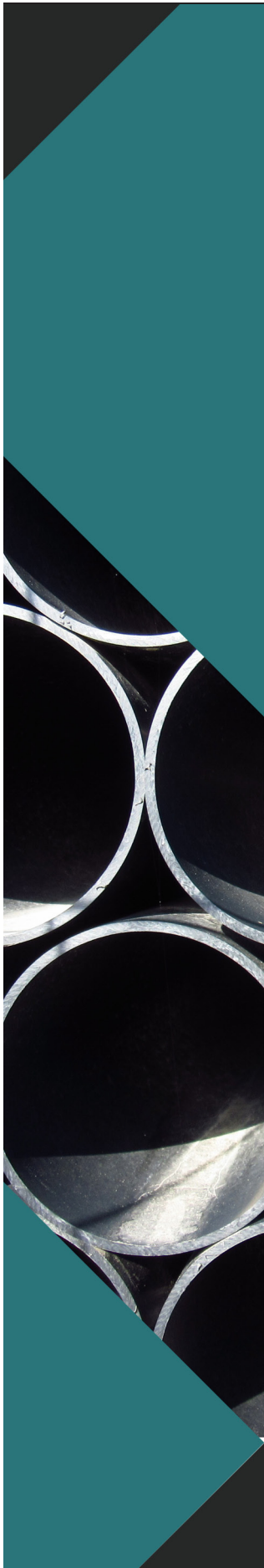
I, Renae M. Hinchey, Secretary of the Laguna Beach County Water District of Orange County, California, do hereby certify that the foregoing is a full, true and clear copy of Resolution No. 815 passed and adopted by the Board of Directors of said District at a regular meeting hereof held on June 15, 2016. In witness whereof, I have hereunto set by hand and affixed the official seal of said District this 15th day of June, 2016.

(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	
	01/01/97		SAME	2.20		431	1%
BOARD MOTION	03/01/99		SAME	2.31	5%	SAME	
BOARD MOTION	04/01/00		SAME	2.43	5%	SAME	
BOARD MOTION	07/01/01		SAME	2.50	3%	SAME	
BOARD MOTION	07/01/02	3/4" - 15.00 1 1/2" - 60.00 3" - 130.00	1" - 30.00 2" - 75.00 4" - 205.00	2.50			
BOARD MOTION	07/01/03		SAME	2.64	6%	435	1%
	01/01/04		SAME	2.64		451	3%
BOARD MOTION	07/01/04		SAME	2.74	4%	451	
	01/01/04		SAME	2.74		476	6%
RESOLUTION # 680	07/01/05		SAME	2.82	3%	473	-1%
	01/01/06		SAME	2.82		482	2%
RESOLUTION # 700	07/01/06	3/4" - 18.00 1 1/2" - 72.00 3" - 156.00	1" - 36.00 2" - 90.00 4" - 246.00	2.85	1%	479	-1%
	01/01/07		SAME	2.85		490	2%
RESOLUTION #710	07/01/07	3/4" - 20.00 1 1/2" - 80.00 3" - 173.00	1" - 40.00 2" - 100.00 4" - 273.00	2.94	3%	490	
	01/01/08		SAME	2.94		520	6%
	07/01/08		SAME	2.94		529	2%

continued next page

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

RESOLUTION OR ORDINANCE #	EFFECTIVE DATE	SERVICE CHARGE BI-MONTHLY		WATER CHARGE (PER CCF)	%WATER CHARGE INCREASE	MWD WATER RATE (AF)	%MWD WATER RATE INCREASE
RESOLUTION # 729	12/01/08	3/4" - 21.60 1 1/2"-107.98 3" - 345.52	1" - 53.99 2" - 172.76 4" - 539.88	30 - 3.02 over - 3.29 (single fam) 3.17 (all others)	3%	604	14%
RESOLUTION # 736	07/01/09	3/4" - 22.69 1 1/2"-113.46 3" - 363.06	1" - 56.73 2" - 181.53 4" - 567.28	30 - 3.23 over - 3.58 (single fam) 3.42 (all others)	7%	586 701	-3% 16%
RESOLUTION # 765	01/01/11	3/4" - 24.04 1 1/2"-120.18 3" - 360.55	1" - 60.09 2" - 192.29 4" - 600.92	Tier 1 - 3.56 (Budgeted) Tier 2 - 5.96 (Inefficient)	10% 66%	744	6%
RESOLUTION # 765	01/01/12	3/4" - 24.77 1 1/2"-123.84 3" - 371.53	1" - 61.92 2" - 198.15 4" - 619.21	Tier 1 - 3.66 (Budgeted) Tier 2 - 6.10 (Inefficient)	3% 2%	794	7%
RESOLUTION # 765	01/01/13	3/4" - 25.52 1 1/2"-127.59 3" - 382.78	1" - 63.80 2" - 204.15 4" - 637.97	Tier 1 - 3.77 (Budgeted) Tier 2 - 6.26 (Inefficient)	3% 3%	847	7%
RESOLUTION # 765	01/01/14	3/4" - 26.28 1 1/2"-131.42 3" - 394.27	1" - 65.71 2" - 210.28 4" - 657.11	Tier 1 - 3.89 (Budgeted) Tier 2 - 6.45 (Inefficient)	3% 3%	890	5%
RESOLUTION # 799	11/01/14	3/4" - 27.57 1 1/2"-137.85 3" - 413.55	1" - 68.92 2" - 220.56 4" - 689.25	Tier 1 - 4.25 (Budgeted) Tier 2 - 7.21 (Inefficient)	9% 12%	923	4%
RESOLUTION # 799	11/01/15	3/4" - 29.87 1 1/2"-149.33 3" - 448.00	1" - 74.67 2" - 238.93 4" - 746.66	Tier 1 - 4.61 (Budgeted) Tier 2 - 7.65 (Inefficient)	8% 6%	942	2%
RESOLUTION #799	11/01/16	3/4" - 32.36 1 1/2"-161.82 3" - 485.45	1" - 80.91 2" - 258.91 4" - 809.09	Tier 1 - 4.99 (Budgeted) Tier 2 - 8.13 (Inefficient)	8% 6%	979	4%

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