

# Proposed Biennial Budget and Proposed Revenue Requirements, Fiscal Years 2016/17 and 2017/18, and Water Rates and Charges, Calendar Years 2017 and 2018: Workshop #3

Finance & Insurance Committee  
March 7, 2016



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## Proposed Biennial Budget Workshop Presentation Overview

- General follow up from Workshop #2
- Follow up on Treatment cost recovery proposal
- Capital Investment Plan
- Next Steps

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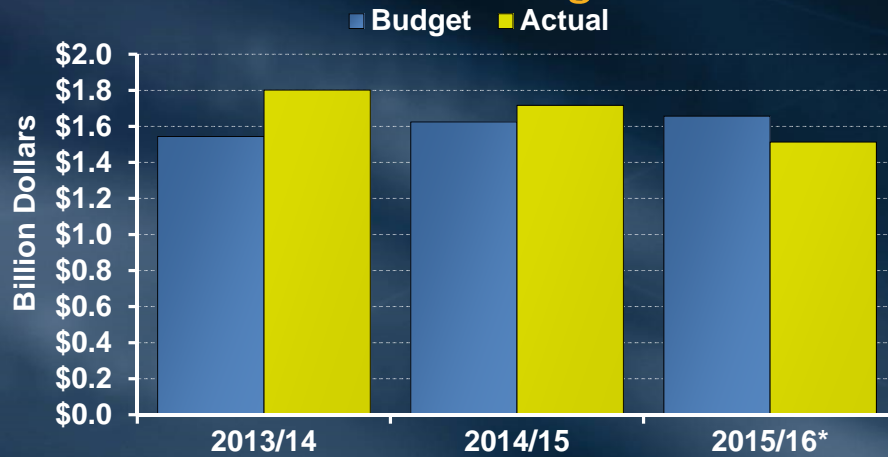
## General follow up from Workshop #2

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## Total Revenues Actuals vs Budget

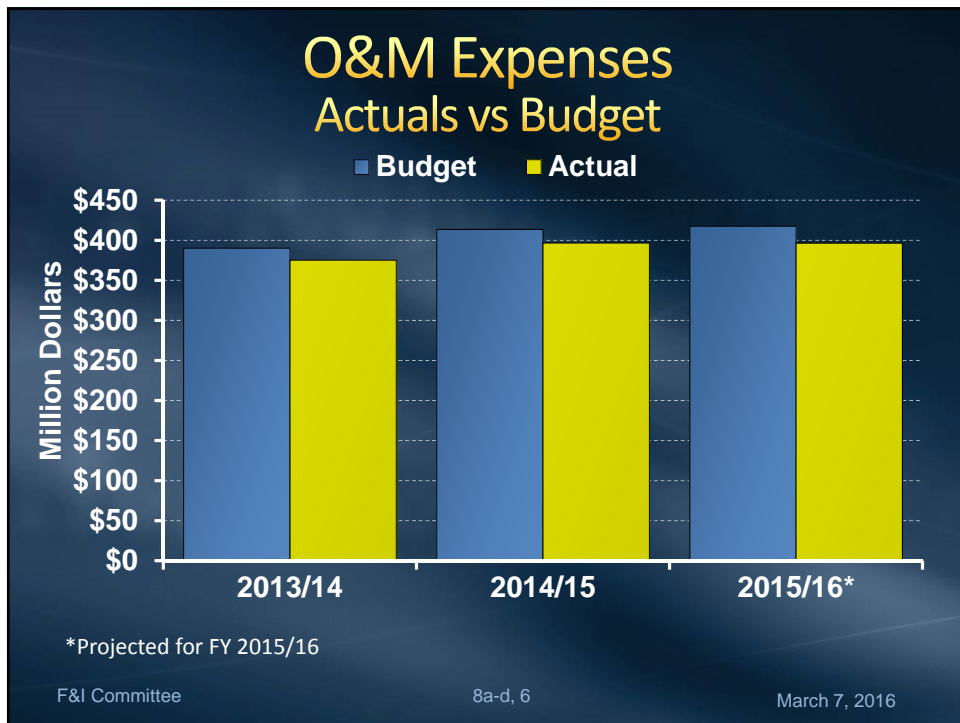
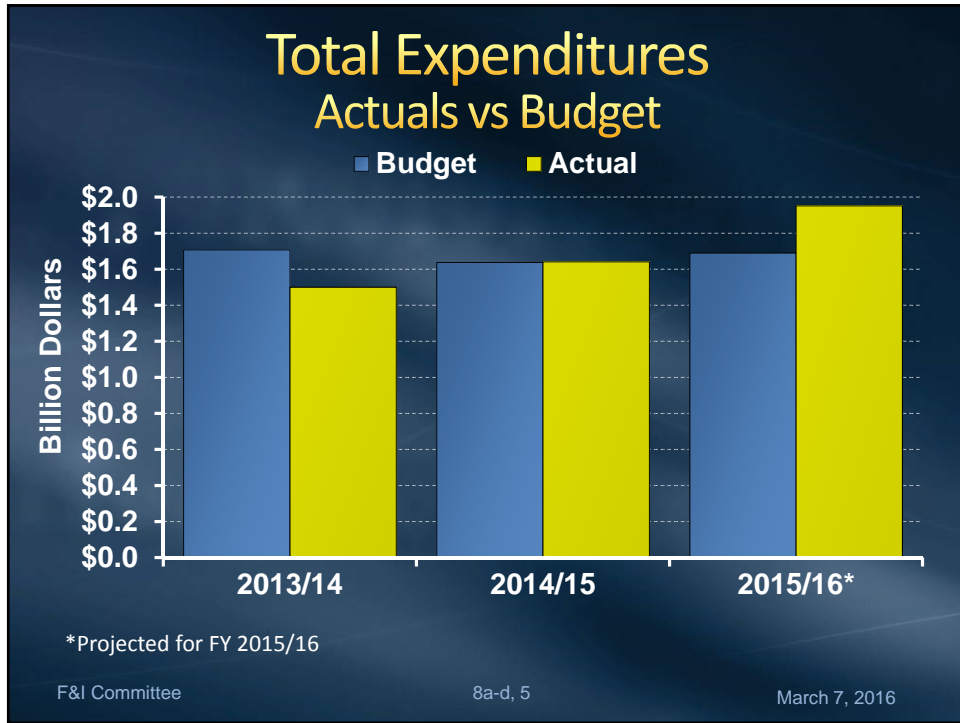


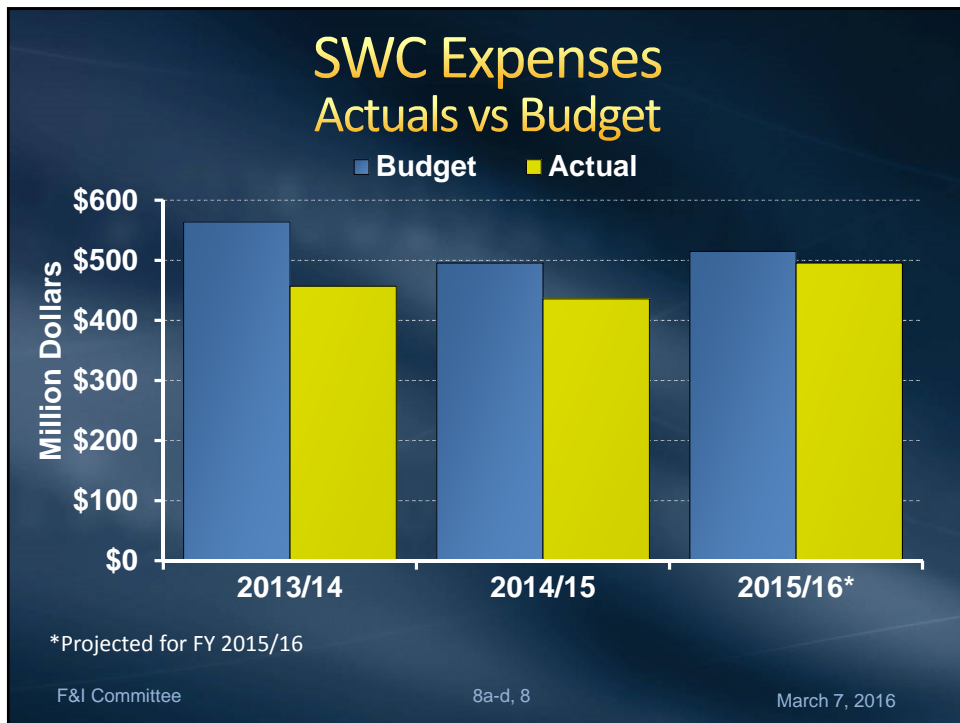
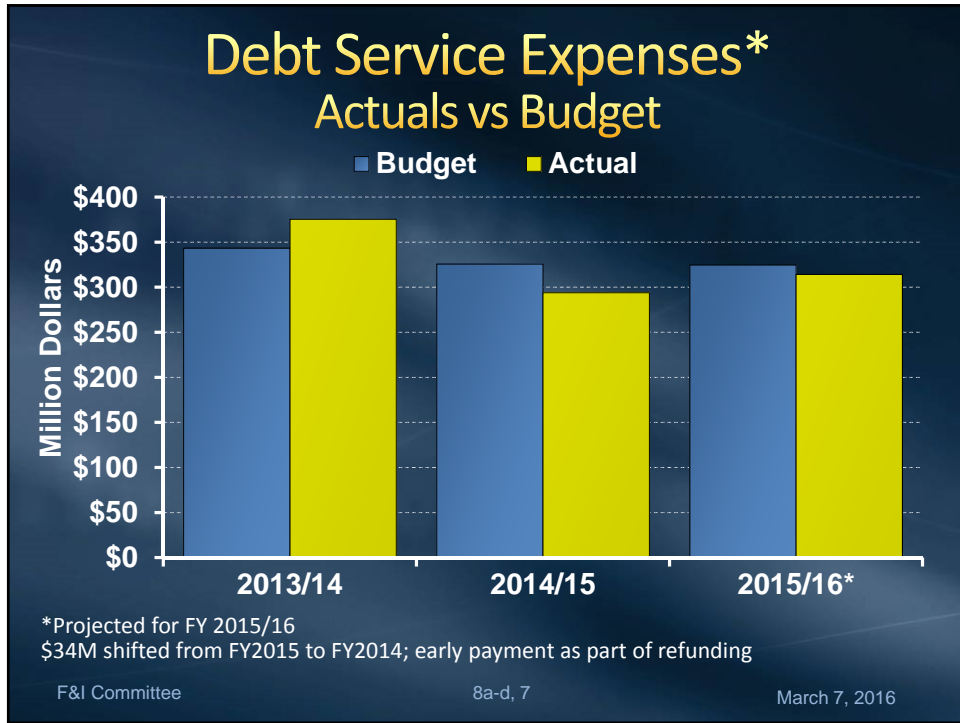
\*Projected for FY 2015/16

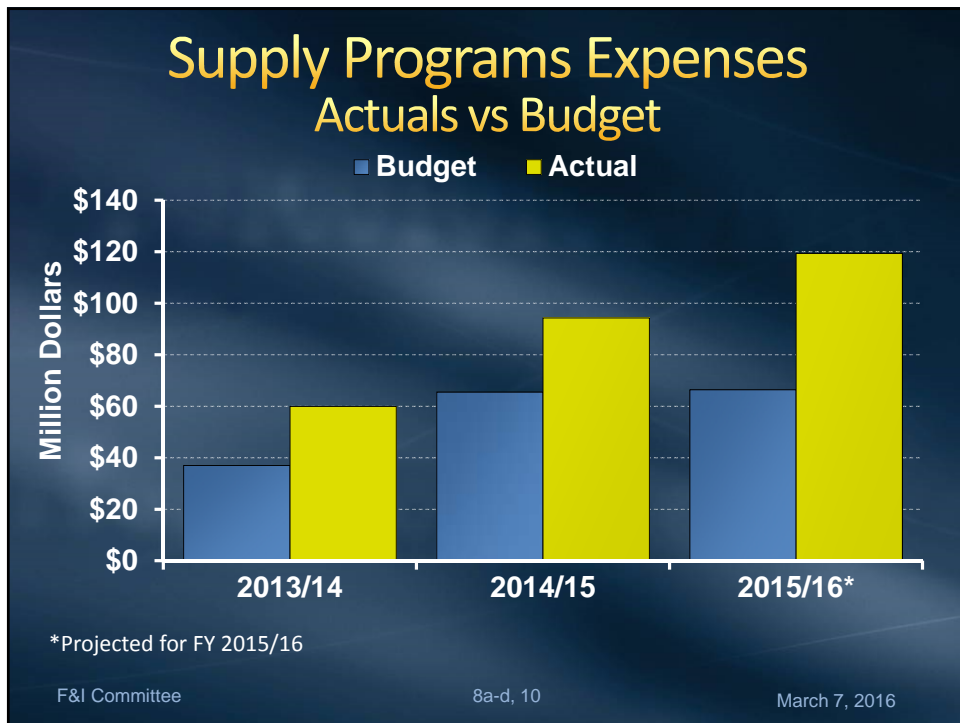
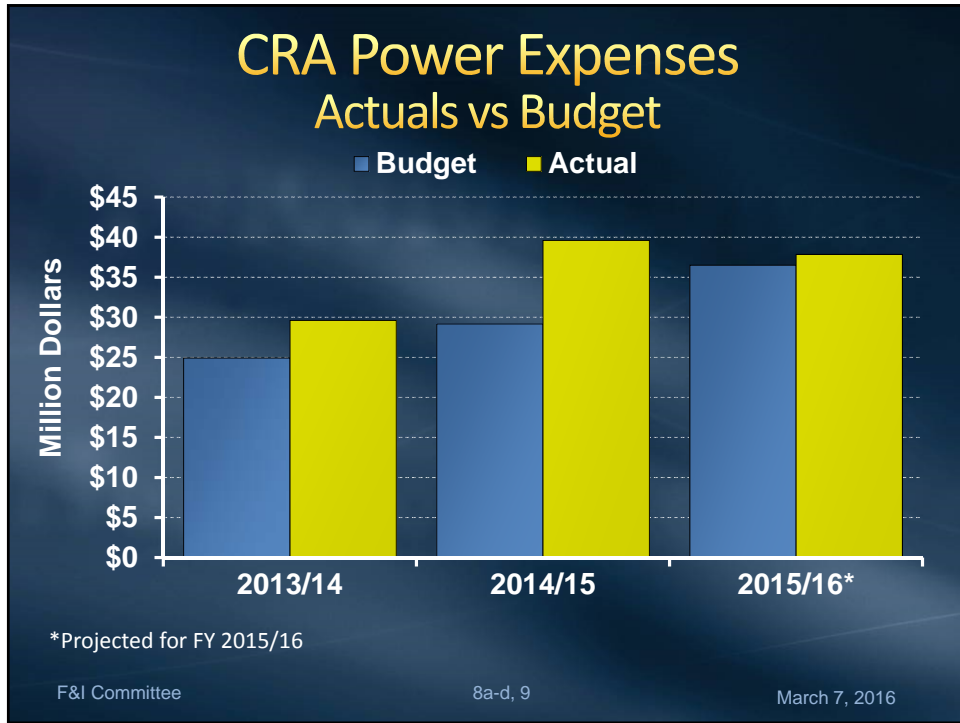
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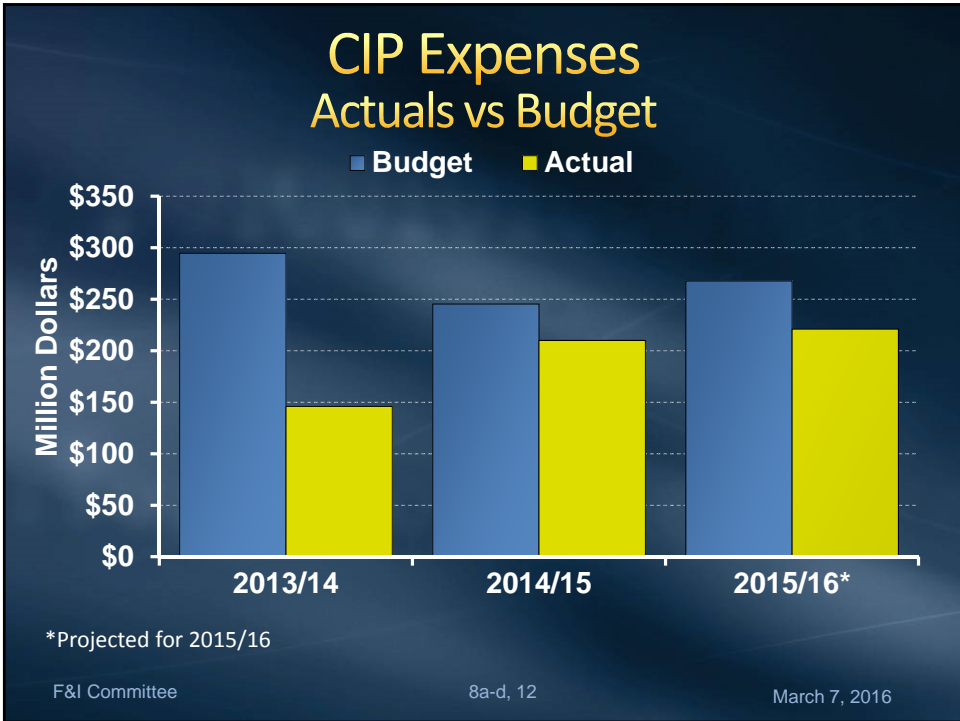
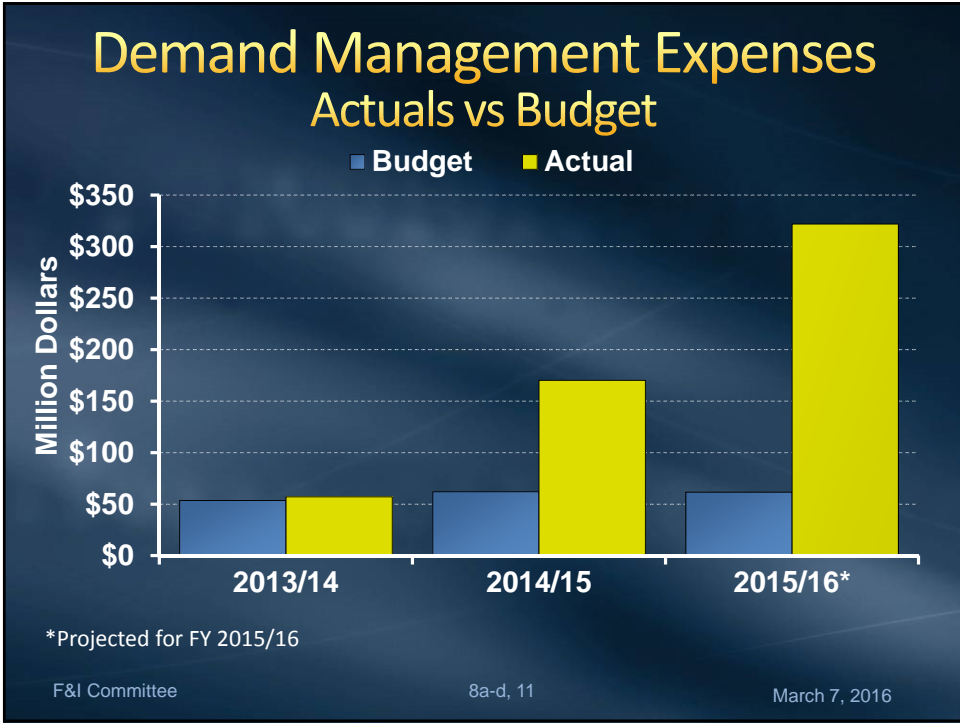
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Follow up on Treatment Cost Recovery  
Proposal from Workshop #2:  
Presentation by Raftelis Financial  
Consultants  
(provided separately)

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Capital Investment Plan

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## FY 2016/17 - 2017/18 Capital Investment Plan Highlights

- Total 2-Year project plan - \$486 million
  - Anticipated expenditures - \$400 million
- Over 80% proposed for Infrastructure Reliability work
  - Aging infrastructure - \$270 M
  - PCCP rehabilitation - \$37 M
  - Seismic upgrades - \$42 M
  - Other infrastructure improvements - \$64 M
- Prioritized to maintain reliability & comply with regulations

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## FY 2016/17 - 2017/18 Capital Investment Plan

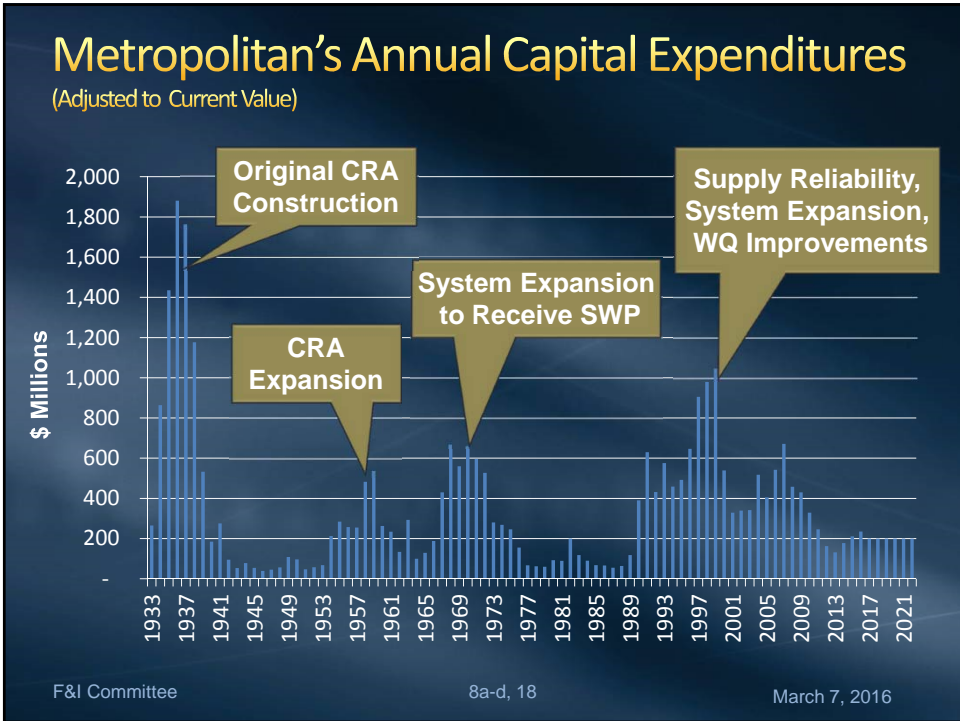
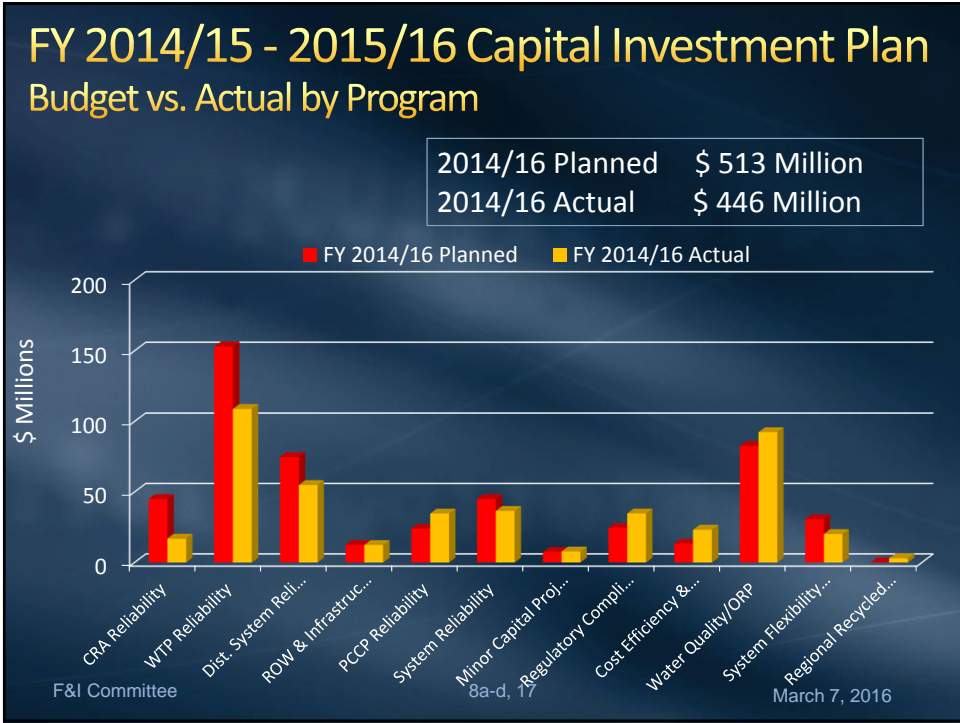
- CIP Background
  - Expenditure history/projections
- Process
  - Budgeting activities
  - Project drivers & identification
  - Project evaluation/prioritization
  - Budget development
- Major Projects

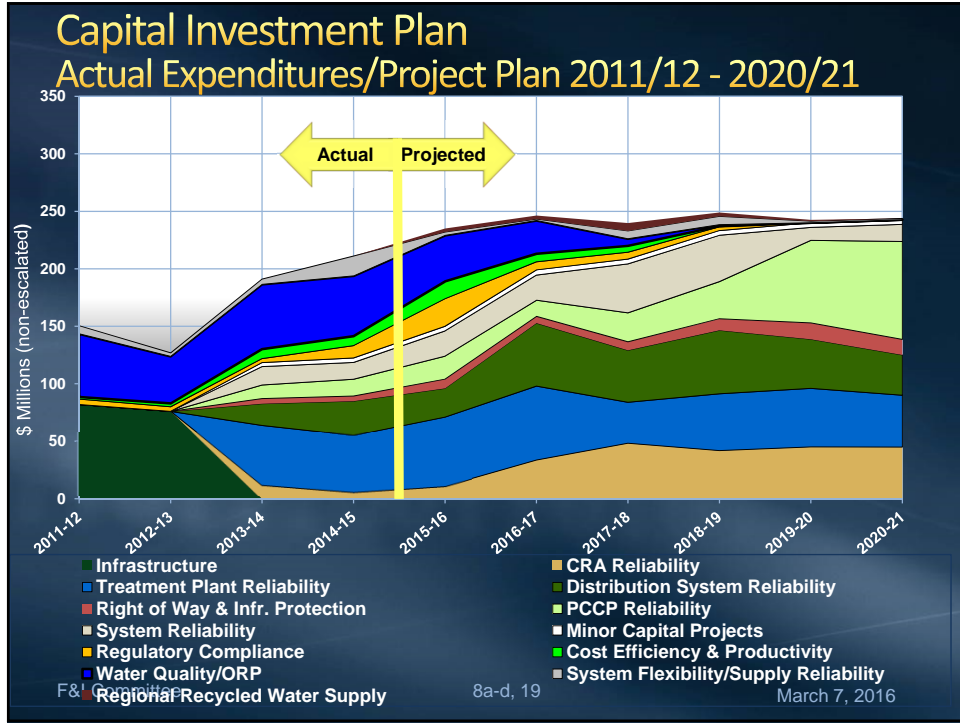
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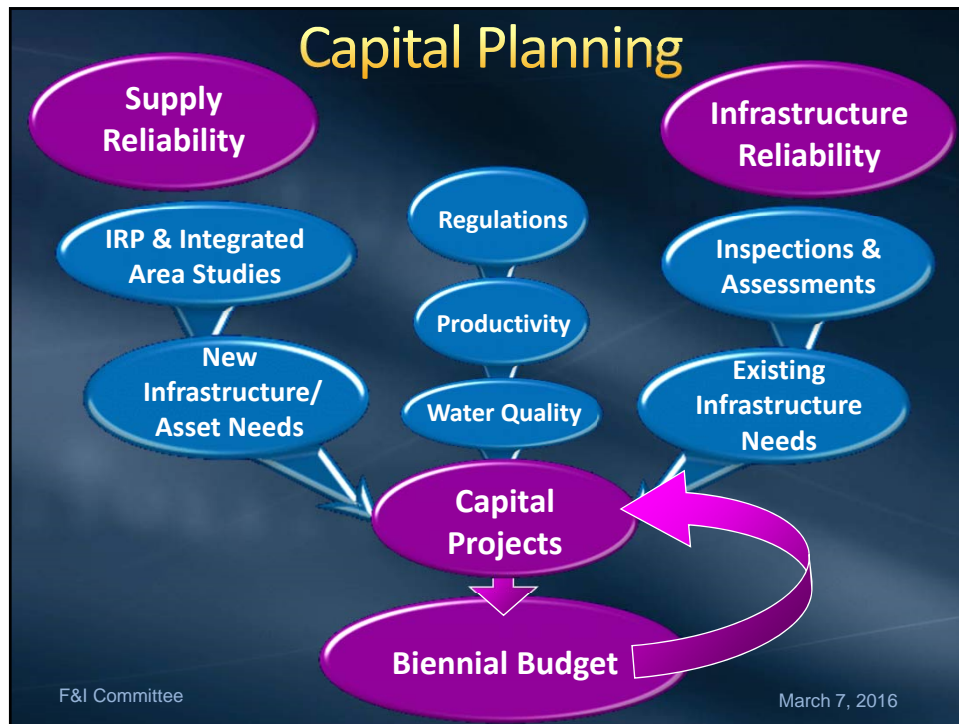




### CIP Budget Development Schedule

Month	Activity
June	Update/revise evaluation criteria
July - August	Site visits - Treatment plants, CRA, distribution system
August - December	Submit project proposals
September - December	Conduct evaluations
	Update schedules/forecasts
November	Review by PM's
November - December	Review by ES/WSO/BT Groups
	Update CIP Steering Committee
January	Finalize project prioritization
February	Finalize proposed CIP Appendix

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## CIP Prioritization

- CIP Evaluation Team evaluates/scores projects
- Scoring criteria:
  - Projects prioritized to ensure service demands are met
  - Code requirements
  - Safety
- Scores provide first cut at prioritization
- Add'l reviews by Group Mgrs., Steering Comm., & Exec. Mgmt.

## Scoring/Prioritization Criteria

- Justification
  - Delivery reliability
  - Regulatory compliance
    - Water quality, health & safety, environmental
  - Supply reliability
  - Business operations
- Project directives
  - Compliance notices
  - Board actions
- Potential service disruption
- Cost efficiency/productivity

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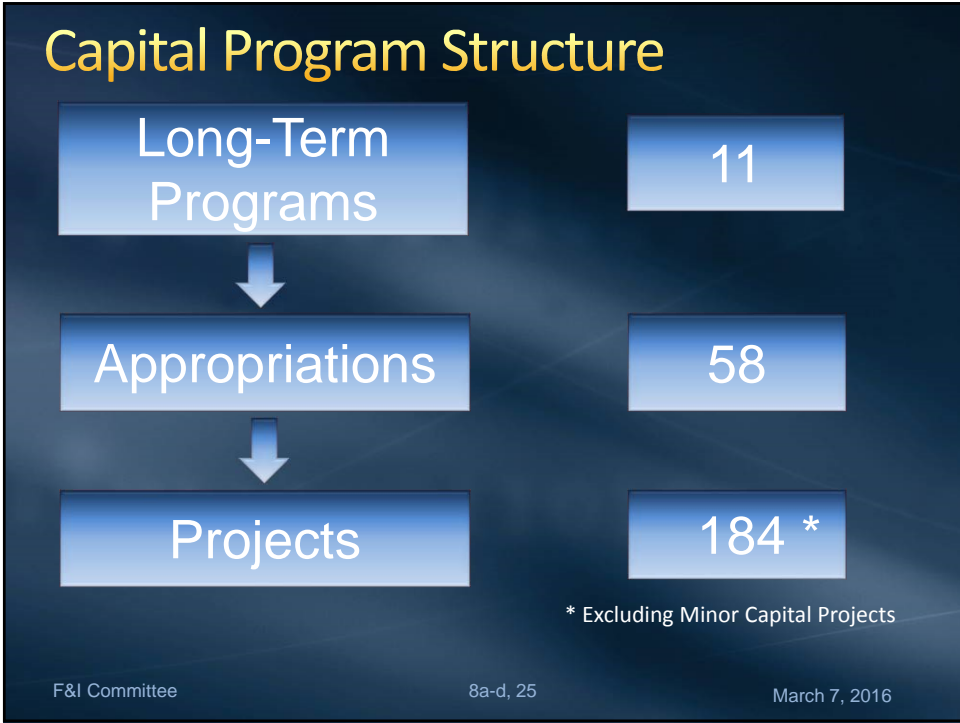
## Scoring/Prioritization Criteria

- Risk Multiplier
  - Likelihood of facility/component failure
  - Likelihood of water quality, health & safety, or environmental impact
  - Likelihood of missed opportunity
  - Likelihood of not meeting service demands

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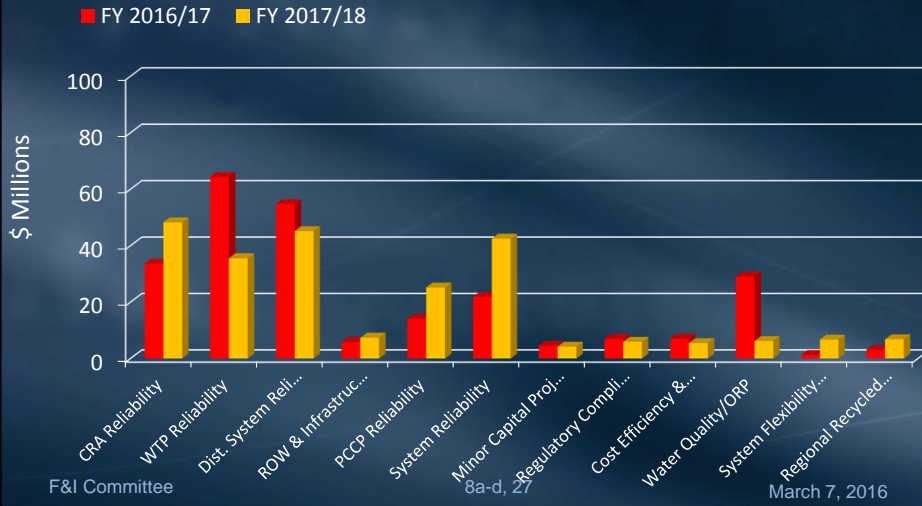
Capital Programs – FY 2016/17 & 2017/18	2-Year Project Plan
Colorado River Aqueduct Reliability	\$ 82 M
Distribution System Reliability	\$ 100 M
Treatment Plant Reliability (5 Plants)	\$ 100 M
System Reliability	\$ 64 M
ROW & Infrastructure Protection	\$ 13 M
PCCP Reliability	\$ 39 M
Water Quality/Oxidation Retrofit	\$ 35 M
System Flexibility/Supply Reliability	\$ 8 M
Regulatory Compliance	\$ 13 M
Minor Capital Projects	\$ 9 M
Cost Efficiency & Productivity	\$ 13 M
Regional Recycled Water Supply	\$ 10 M
<b>TOTAL</b>	<b>\$ 486 M</b>

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# FY 2016/17 - 2017/18 Capital Investment Plan Budget by Program

2016/17 Project Plan - \$246.4 Million  
2017/18 Project Plan - \$239.7 Million



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# CIP Project Highlights



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## CRA Reliability - Major Projects

Project Description	2 - Year Project Plan	Total Project Estimate (non-escalated)
Switch House Seismic Upgrades	\$ 10 million	\$ 12 million
Pumping Plant Sump System Rehab.	\$ 9 million	\$ 22 million
Sand Trap Upgrades	\$ 9 million	\$ 13 million
Main Pump Power Cables	\$ 7 million	\$ 12 million
Pumping Plant Crane Replacement	\$ 6 million	\$ 7 million

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## Treatment Plant Reliability - Major Projects

Project Description	2 - Year Project Plan	Total Project Estimate (non-escalated)
Jensen Electrical Upgrades	\$21 million	\$69 million
Diemer Basin Rehabilitation	\$19 million	\$58 million
Weymouth Filter Rehabilitation	\$14 million	\$41 million
Diemer Filter Seismic Upgrades	\$12 million	\$42 million

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## Distribution System Reliability - Major Projects

Project Description	2 - Year Project Plan	Total Project Estimate (non-escalated)
Palos Verdes Reservoir Cover & Liner Replacement	\$29 million	\$35 million
Etiwanda Pipeline Lining Repairs	\$12 million	\$46 million
Orange County Feeder Relining	\$ 3 million	\$34 million
Sepulveda Canyon Control Facility Improvements	\$ 7 million	\$48 million

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## System Reliability - Major Projects

Project Description	2 - Year Project Plan	Total Project Estimate (non-escalated)
Union Station HQ Bldg Seismic Upgrades	\$15 million	\$42 million
Wadsworth Pumping Plant Controls & Electrical Protection	\$13 million	\$26 million

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## FY 2016/17 - 2017/18 CIP Summary

- Thorough & rigorous review of all projects
- Prioritized to maintain reliability & regulatory compliance
- Continued focus on Infrastructure Reliability
- Capital project priorities & needs reviewed annually

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## Next Steps

March 8, 2016	Public Hearing
March 22, 2016	F&I Committee, Workshop #4
April 11, 2016	F&I Committee, Recommend Biennial Budget and calendar year rates and charges Workshop #5, if needed
April 12, 2016	Board Action, Approve Biennial Budget and Water Rates and Charges

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