



Memo

To: Board of Directors
From: Larrie Ann Davis
Date: March 20, 2017
Subject: 2017-18 Proposed Cash Budget

Attached is the Proposed Cash Budget for fiscal year 2017-18. Following are some discussion points about the proposed budget:

1. **PURCHASED WATER:** The total current year purchases are expected to be \$472,480. With the rainfall we received this year, we are expecting the figure for Purchased Water to reduce. In this first draft we used the figure of \$450,000 but believe it will be more in the area of \$350,000 as it was in 2009-2011.

Crestline-Lake Arrowhead Water Agency (CLAWA) is in the process of conducting a rate study, but nothing has yet been presented to their Board. Any change in rates should not occur in 2017. The State Water Resource Control Board has extended the emergency water conservation regulations through May 2017.

2. The major Discretionary Appropriations for the coming year are as follows:
 - **Mainline Replacement:** \$150,000 is budgeted for about 2,500 lf of mains. This includes the replacement of the 2" steel line that is a back-loop line between Lakeview and Crest Forest Drives. This item has been carried over from past years.
 - **Storage Tank Work:** We have budgeted \$5,000 for the remainder of the paving needed to the access road leading to the Zurich Tank site.
 - **Well Exploration and Development:** We have budgeted \$250,000 which includes \$150,000 for the development of the Electra Vertical Well. Last year we budgeted \$150,000 for the development of the Valle Vertical Well; this year only \$75,000 as the total cost will be budgeted over a two year period. An additional \$25,000 is budgeted for additional well exploration.
 - **Vehicle Replacement:** The District currently has two Ford F250 Super Duty Diesel vehicles needing replacement soon. The approximate cost of replacing both is \$80,000. The vehicles were listed last year but not included in the total cost of Discretionary Appropriations.
 - **Office and Maintenance Facility:** A total of \$165,000 has been budgeted for improvements in this area, which include office partitions, board room remodel/update, roof replacement and emergency preparedness.
 - **Office Equipment:** We have budgeted \$95,000 in this area. Based on preliminary numbers,

updating the billing software will be in excess of \$100,000. Most companies require an upfront fee and the balance at completion of the job. We have budgeted \$65,000 for the 2017-18 budget year with the remainder paid in the 2018-19 budget year. The remaining \$30,000 budgeted will be used for enhancements and purchase of computer equipment.

3. The total District reserves are estimated to be \$1,558,272 or 54.5% of the Operating Budget. The Reserve for Future Improvements is \$246,904 or 8.6% of the Operating Budget. The Contingency is estimated to be \$313,781 or 11% of the Operating Budget. The Reserve for Purchased Water will be \$697,587 or 24.4% of the Operating Budget.
4. The January 2017 rate increase **was** built into the budget.