



## Memo

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To: Board of Directors  
From: Karl B. Drew  
Date: March 14, 2014  
Subject: 2014-15 Proposed Cash Budget

Attached is the Proposed Cash Budget for fiscal year 2014-15. Following are some discussion points about the proposed budget:

1. **PURCHASED WATER:** The total current year purchases are expected to be \$283,260. The budgeted figure for Purchased Water in 2014-15 is \$350,000. With below normal rainfall this last winter we are projecting that we will need to purchase more water during the upcoming fiscal year.

Crestline-Lake Arrowhead Water Agency discussed possible water restrictions during their board meeting on March 6, 2014. If CLAWA goes into water conservation mode, depending on what year they use as their base year, the purchased water amount could be considerable less than we have in the budget.

We hope to have this item resolved prior to the April 15, 2014 board meeting.

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 year.
  - **Storage Tank Work:** We have budgeted \$667,840 for the completion of the new Zurich II, 200,000 gallon tank at the Zurich tank site. An additional \$120,000 has been budgeted for the preliminary work and demolition of the old Zurich I tank.
  - **Well Exploration and Development:** We have budgeted \$175,000 which includes \$150,000 for the development of three wells; Valle, Electra 64 and Chillon 64. An additional \$25,000 has been budgeted for additional well exploration.
3. The total District reserves are estimated to be \$2,041,709 or 78.4% of the Operating Budget. The Reserve for Future Improvements is \$781,260 or 30% of the Operating Budget. The Contingency is estimated to be \$260,449 or 10.0% of the Operating Budget. The Reserve for Purchased Water will be \$700,000 or 26.9% of the Operating Budget.
4. A rate increase is **not** built into the budget.