

Since 1918



# PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111

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## Board of Directors

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Division 4

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ALESHIRE & WYNDER LLP  
Attorneys

June 2, 2016

***Agenda for a Meeting  
of the Finance Committee of the Palmdale Water District  
Committee Members: Marco Henriquez-Chair, Robert Alvarado  
to be held at the District's office at 2029 East Avenue Q, Palmdale***

***Monday, June 6, 2016***

***4:00 p.m.***

**NOTE:** To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale (Government Code Section 54957.5). Please call Dawn Deans at 661-947-4111 x1003 for public review of materials.

**PUBLIC COMMENT GUIDELINES:** The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meeting will not be permitted and offenders will be requested to leave the meeting. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Roll call.
- 2) Adoption of agenda.
- 3) Public comments.
- 4) Action Items: (The public shall have an opportunity to comment on any action item as each item is considered by the Committee prior to action being taken.)



*Providing high quality water to our current and future customers at a reasonable cost.*



- 4.1) Consideration and possible action on approval of minutes of special meeting held May 10, 2016.
- 4.2) Discussion and overview of Cash Flow Statement and Current Cash Balances as of April, 2016. (Financial Advisor Egan)
- 4.3) Discussion and overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for April, 2016. (Finance Manager Williams)
- 4.4) Discussion and overview of committed contracts issued and water revenue bond projects. (Assistant General Manager Knudson)
- 4.5) Discussion and overview of Water Budget Rate Structure and 2014 Water Rate Plan adopted September 17, 2014. (General Manager LaMoreaux)
- 4.6) Discussion and possible action on long term financial planning and adoption of remaining three years of approved Proposition 218 Water Rate Plan. (Assistant General Manager Knudson/Finance Manager Williams)
- 5) Information items.
  - 5.1) Status of Debt Service Coverage. (Financial Advisor Egan)
  - 5.2) Other.
- 6) Board members' requests for future agenda items.
- 7) Adjournment.



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DENNIS D. LaMOREAUX,  
General Manager

DDL/dd

**PALMDALE  
WATER DISTRICT  
BOARD MEMORANDUM**

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<b>DATE:</b>	June 1, 2016	June 6, 2016
<b>TO:</b>	FINANCE COMMITTEE	Committee Meeting
<b>FROM:</b>	Mr. Bob Egan, Financial Advisor	
<b>RE:</b>	<i>AGENDA ITEM NO. 4.2 – DISCUSSION AND OVERVIEW OF CASH FLOW STATEMENT AND CURRENT CASH BALANCES AS OF APRIL, 2016.</i>	

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Attached is the Investment Funds Report and current cash balance as of April 30, 2016. The reports will be reviewed in detail at the Finance Committee meeting.

PALMDALE WATER DISTRICT  
INVESTMENT FUNDS REPORT  
April 30, 2016

					<u>April 2016</u>	<u>March 2016</u>
<b>CASH</b>						
1-00-0103-100	Citizens - Checking				338,662.73	255,138.24
1-00-0103-200	Citizens - Refund				439.25	117.13
1-00-0103-300	Citizens - Merchant				34,370.58	136,803.77
				<b>Bank Total</b>	<b>373,472.56</b>	<b>392,059.14</b>
1-00-0110-000	PETTY CASH				300.00	300.00
1-00-0115-000	CASH ON HAND				5,400.00	5,400.00
				<b>TOTAL CASH</b>	<b>379,172.56</b>	<b>397,759.14</b>
<b>INVESTMENTS</b>						
1-00-0135-000	Local Agency Investment Fund			<b>Acct. Total</b>	<b>11,790.36</b>	<b>11,776.77</b>
1-00-0120-000	<b>UBS Money Market Account General (SS 11469)</b>					
	UBS RMA Government Portfolio				2,975,356.71	894,097.41
	UBS Bank USA Dep acct				250,000.00	250,000.00
	Accrued interest				7,099.08	6,864.26
					<b>3,232,455.79</b>	<b>1,150,961.67</b>
<b>US Government Securities</b>						
	<b>CUSIP #</b>	<b>Issuer</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>PAR</b>	<b>Market Value</b>
	912828SJ0	US Treasury Note	02/28/2017	0.87	1,000,000	<b>1,002,270.00</b>
					<b>1,000,000</b>	<b>1,002,150.00</b>
<b>Certificates of Deposit</b>						
		<b>Issuer</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>Face Value</b>	
	1	Safra National Bank	08/16/2016	0.60	240,000	240,062.40
	2	First Bank PR	11/07/2016	0.80	240,000	240,208.80
	3	Compass Bank	02/07/2017	0.95	240,000	240,369.60
	4	GE Cap Retail Bank	04/27/2017	1.84	200,000	201,542.00
	5	Discover Bank	05/02/2017	1.73	240,000	242,136.00
	6	Merrick Bank	06/12/2017	1.00	100,000	100,299.00
	7	Level One Bank	06/19/2017	0.65	101,000	101,185.84
	8	GE Cap Retail Bank	06/22/2017	1.78	200,000	202,232.00
	9	Capitol One Bank	08/14/2017	1.20	240,000	240,984.00
	10	Triumph Bank	09/26/2017	0.80	200,000	200,488.00
	11	MB Finl Bank	10/26/2017	0.85	200,000	199,716.00
					<b>2,201,000</b>	<b>2,209,223.64</b>
					<b>Acct. Total</b>	<b>6,443,949.43</b>
1-00-1110-000	<b>UBS Money Market Account Capital (SS 11475)</b>					
	UBS Bank USA Dep acct				7.56	7.56
	UBS RMA Government Portfolio				-	-
				<b>Acct. Total</b>	<b>7.56</b>	<b>7.56</b>
1-00-0125-000	<b>UBS Access Account General (SS 11432)</b>					
	UBS Bank USA Dep acct				224,043.84	220,069.27
	UBS RMA Government Portfolio				-	-
	Accrued interest				16,762.68	15,051.53
					<b>240,806.52</b>	<b>235,120.80</b>
<b>US Government Securities</b>						
	<b>CUSIP #</b>	<b>Issuer</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>PAR</b>	<b>Market Value</b>
	3133EDMN9	FFCB Bond	06/02/2016	0.37	1,000,000	1,000,070.00
	912828KD1	US Treasury Note	02/15/2019	2.61	1,500,000	1,577,460.00
	912828P53	US Treasury Note	02/15/2019	0.75	1,000,000	996,060.00
					<b>3,500,000</b>	<b>3,573,590.00</b>
<b>Certificates of Deposit</b>						
		<b>Issuer</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>Face Value</b>	
	1	Goldman Sachs Bk	11/07/2016	1.00	240,000	240,511.20
	2	CIT Bank	11/06/2017	1.60	240,000	240,254.40
	3	BMW Bank	11/15/2018	1.96	240,000	244,384.80
	4	American Express	04/29/2019	1.44	240,000	241,972.80
	5	Synchrony Bank	04/14/2020	1.83	240,000	243,736.80
					<b>1,200,000</b>	<b>1,210,860.00</b>
					<b>Acct. Total</b>	<b>5,025,256.52</b>
				<b>Total Managed Accounts</b>	<b>11,481,003.87</b>	<b>9,397,202.93</b>
1-00-1121-000	<b>UBS Rate Stabilization Fund (SS 24016) - District Restricted</b>					
	UBS Bank USA Dep acct				250,000.00	250,000.00
	UBS RMA Government Portfolio				230,278.05	230,269.68
				<b>Acct. Total</b>	<b>480,278.05</b>	<b>480,269.68</b>
				<b>GRAND TOTAL CASH AND INVESTMENTS</b>	<b>12,340,454.48</b>	<b>10,275,231.75</b>
				<b>Increase (Decrease) in Funds</b>	<b>2,065,222.73</b>	
1-00-1130-000	<b>2013A Bonds - Project Funds (BNY Mellon)</b>					
	Construction Funds				<b>671,280.91</b>	<b>678,502.15</b>



**PALMDALE WATER DISTRICT**

## 2016 Cash Flow Report (Based on Jan. 19, 2016 Approved Budget)

2016 Cash Flow Report (Based on Jan. 19, 2016 Approved Budget)														Budget 2017 Carryover Information	
	January	February	March	April	May	June	July	August	September	October	November	December	YTD		
Total Cash Beginning Balance (BUDGET)	12,253,595	11,996,708	12,070,140	9,443,313	11,240,278	11,923,901	11,779,269	10,981,346	11,574,708	9,220,541	9,395,698	9,267,781		(582,380)	
Total Cash Beginning Balance	12,253,595	12,534,672	12,719,333	10,275,232	12,340,454	12,941,311	12,882,221	12,252,811	12,336,185	9,972,031	9,715,868	9,554,261			
Budgeted Water Receipts	1,541,128	1,523,788	1,575,809	1,590,982	1,790,396	1,946,460	2,165,382	2,202,231	2,030,994	1,946,460	1,688,521	1,673,349	21,675,500		
Water Receipts	1,836,145	1,903,857	1,602,349	1,518,640	1,790,396	1,946,460	2,165,382	2,202,231	2,030,994	1,946,460	1,688,521	1,673,349	22,304,784		
DWR Refund (Operational Related)				1,718	28								1,746		
Other													-		
Total Operating Revenue (BUDGET)													-		
Total Operating Revenue (ACTUAL)	1,836,145	1,903,857	1,602,349	1,520,358	1,790,424	1,946,460	2,165,382	2,202,231	2,030,994	1,946,460	1,688,521	1,673,349	22,306,531		
Total Operating Expenses excl GAC (BUDGET)	(1,237,486)	(1,217,967)	(1,591,629)	(1,550,533)	(1,568,100)	(1,439,060)	(1,770,025)	(1,614,651)	(1,795,266)	(1,449,785)	(1,434,170)	(1,550,028)	(18,218,700)		
GAC (BUDGET)	(362,730)		(190,000)			(190,000)			(190,000)		(190,000)		(1,122,730)		
Operating Expenses excl GAC (ACTUAL)	(1,356,117)	(1,347,953)	(1,961,054)	(1,361,831)	(1,568,100)	(1,439,060)	(1,770,025)	(1,614,651)	(1,795,266)	(1,449,785)	(1,434,170)	(1,550,028)	(18,648,040)		
GAC	(62,730)	(183,290)	(275,135)					(190,000)			(190,000)		(901,154)		
Prepaid Insurance (paid)/refunded													-		
Total Operating Expense (ACTUAL)	(1,418,847)	(1,531,243)	(2,236,189)	(1,361,831)	(1,568,100)	(1,439,060)	(1,770,025)	(1,804,651)	(1,795,266)	(1,449,785)	(1,624,170)	(1,550,028)	(19,549,195)		
Non-Operating Revenue Expenses:															
Assessments, net (BUDGET)	664,439	253,955	14,289	2,027,090	739,781	11,042	75,342	127,302	-	-	129,251	2,452,512	6,495,000		
Actual/Projected Assessments, net	684,181	313,172	15,308	2,078,805	818,666	11,042	75,342	127,302	-	-	129,251	2,452,512	6,705,580		
RDA Pass-through (Successor Agency)						223,926							223,926		
Interest	3,168	4,991	9,069	8,540	2,915	2,915	2,915	2,915	2,915	2,915	2,915	2,935	49,108		
Market Adjustment	7,983	(12,780)	7,384	(3,392)									(806)		
Grant Re-imbursement						308,000						177,000	485,000		
Capital Improvement Fees								25,000				25,000	50,000		
DWR Refund (Capital Related)				98,537	37,228				50,000			50,000	235,765		
Other	3,415	26	590	(202)	8,330	8,330	8,330	8,330	8,330	8,330	8,330	8,370	70,509		
Total Non-Operating Revenues (BUDGET)													-		
Total Non-Operating Revenues (ACTUAL)	698,746	305,408	32,351	2,182,288	867,139	554,212	86,587	163,547	61,245	11,245	140,496	2,715,817	7,819,082		
Non-Operating Expenses:															
Budgeted Capital Expenditures	(514,999)	(306,567)	(287,878)	(40,796)	(48,676)	(26,296)	(91,743)	(91,743)	(91,743)	(91,743)	(91,744)	(918,263)	(2,602,191)		
Actual/Projected Capital Expenditures	(93,505)	(302,341)	(24,615)	(62,302)	(297,150)	(279,246)	(372,796)	(286,296)	(341,296)	(225,000)	(175,000)	-	(2,459,548)		
Uncommitted Capital Expenditures													-		
WRB Capital Expenditures										(347,629)			(347,629)		
SWP Capitalized	(717,495)	(170,388)	(196,069)	(170,390)	(170,390)	(170,390)	(717,492)	(170,390)	(201,804)	(170,388)	(170,388)	(170,388)	(3,195,972)		
Butte County Water Transfer						(650,000)						(650,000)	(1,300,000)		
Bond Payments - Interest			(1,084,814)							(1,076,522)			(2,161,336)		
Principal			(537,114)							(1,020,439)			(1,557,553)		
Capital leases - Go West (2012 Lease)	(17,296)	(17,296)	-	(35,624)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(208,585)		
Capital leases - GE Capital (Printer Lease)	(6,672)	(3,336)	-	(7,277)	(3,770)	(3,770)	(3,770)	(3,770)	(3,770)	(3,770)	(3,770)	(3,770)	(47,446)		
Total Non-Operating Expenses (ACTUAL)	(834,969)	(493,362)	(1,842,612)	(275,592)	(488,607)	(1,120,702)	(1,111,354)	(477,752)	(2,661,127)	(764,083)	(366,454)	(841,454)	(11,278,069)		
Total Cash Ending Balance (BUDGET)	11,996,708	12,070,140	9,443,313	11,240,278	11,923,901	11,779,269	10,981,346	11,574,708	9,220,541	9,395,698	9,267,781	10,300,285			
Total Cash Ending Balance (ACTUAL)	12,534,672	12,719,333	10,275,232	12,340,454	12,941,311	12,882,221	12,252,811	12,336,185	9,972,031	9,715,868	9,554,261	11,551,944			
											Budget	10,300,285			
											Difference	1,251,659			
Indicates actual expenditures/revenues:															
Indicates anticipated expenditures/revenues:															

# **PALMDALE WATER DISTRICT BOARD MEMORANDUM**

**DATE:** June 1, 2016 **June 6, 2016**  
**TO:** Finance Committee **Committee Meeting**  
**FROM:** Michael Williams, Finance Manager/CFO  
**VIA:** Mr. Dennis LaMoreaux, General Manager  
**RE:** ***AGENDA ITEM 4.3 – DISCUSSION AND OVERVIEW OF FINANCIAL STATEMENTS, REVENUE, AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR APRIL, 2016***

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**Discussion:**

Presented here are Balance Sheet and Profit/Loss Statement for the period ending April 30, 2016. Also included are Year-To-Year Comparisons and Month-To-Month Comparisons for both revenue and expense. Finally, I have provided individual departmental budget reports for the month of April, 2016.

This is the fourth month of the District's Budget Year 2016. The target percentage is 33%. Revenues ideally are at or above, and expenditures ideally are below.

**Balance Sheet:**

- Page 1 is our balance sheet on April 30, 2016.
- The significant change is in the investments. There is an increase of approximately \$2M. This is due primarily to the assessment payment received.

**Profit/Loss Statement:**

- Page 3 is our profit/loss statement on April 30, 2016.
- Operating revenue is at 29% of budget, a relatively good position at this time of year.
- Cash operating expense is at 32.5% of budget. This too is a relatively good position, just at our target percentage.
- Net operating profit for the month of March was \$333K. Net operating loss year-to-date is at \$394K.
- A couple departments are tracking higher, and I will cover those later in report.
- Page 3-1 is a listing of other revenues, and it includes year-to-date totals.
- Page 6 is showing the distribution of operating expense between labor and operations. Labor costs are currently at 50% of total expenses with salaries making up 34% of that.

**Year-To-Year Comparison P&L:**

- Page 7 is our comparison of April, 2015 to April, 2016.
- Total operating revenue is down \$68K, or 4%.
- Operating expenditures are up \$341K, or 34%.
- Page 7-1 is our comparison of April, 2014 to April, 2016.
- Total operating revenue is down \$32K, or 2%.
- Total operating expenses were down \$496K, or 27%, due primarily to reduced plant expenditures.

- Page 8 and 8-1 is a graphic presentation of the water consumption comparison for 2015 and 2014, respectively. Units billed in acre feet for 2015 comparison were down by 123, or 10%. Total revenue per unit sold is up \$0.23, or 7%, total revenue per connection is down \$1.48 or 2.5%, and units billed per connection is down 2.09, or 10.5%.
- Units billed in acre feet for 2014 comparison were down by 149, or 12%. Total revenue per unit sold is up \$0.36, or 11%, total revenue per connection is down \$2.94, or 5%, and units billed per connection is down 2.55, or 12.5%.

**Revenue Analysis Year-To-Date:**

- Page 9 is our comparison of revenue, year-to-date.
- Operating revenue through April, 2016 is down \$147K, or 2.3%.
- Retail water revenue from all areas are down by \$134K from last year. That's shown by the combined green highlighted area.
- Retail water sales including the drought surcharge, but excluding meter fees, is down \$137K.
- Total revenue is down \$162K.
- Operating revenue is at 29% of budget, last year was at 27.5% of budget. However, our 2016 revenue budget is \$1.5MM less than 2015.

**Expense Analysis Year-To-Date:**

- Page 11 is our comparison of expense, year-to-date.
- Cash Operating Expenses through April, 2016 are down \$425K, or 6%, compared to 2015 due primarily to reduced plant expenditures and water purchases.
- Total Expenses are down \$199K, or 2%.

**Departments:**

- Pages 14 through 24 are detailed individual departmental budgets for your review.
- Page 14 is Directors Budget. Here you see the cost for all Directors attending the ACWA Conference.
- Page 21 is Water Conservation. Here you can see the cost for public relations Landscape Workshop were over budget as well as some other public relations activity.
- As a follow up report on the telephone switches under Finance Department, it was determined that there are at least 4 lines that can be removed with possible four more that are still being investigated.

**Non-Cash Definitions:**

**Depreciation:** This is the spreading of the total expense of a capital asset over the expected life of that asset.

**OPEB Accrual Expense:** Other Post Employment Benefits (OPEB) is the recognized annual required contribution to the benefit. The amount is actuarially determined in accordance with the parameters of GASB 45. The amount represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year.

**Bad Debt:** The uncollectible accounts receivable that has been written off.

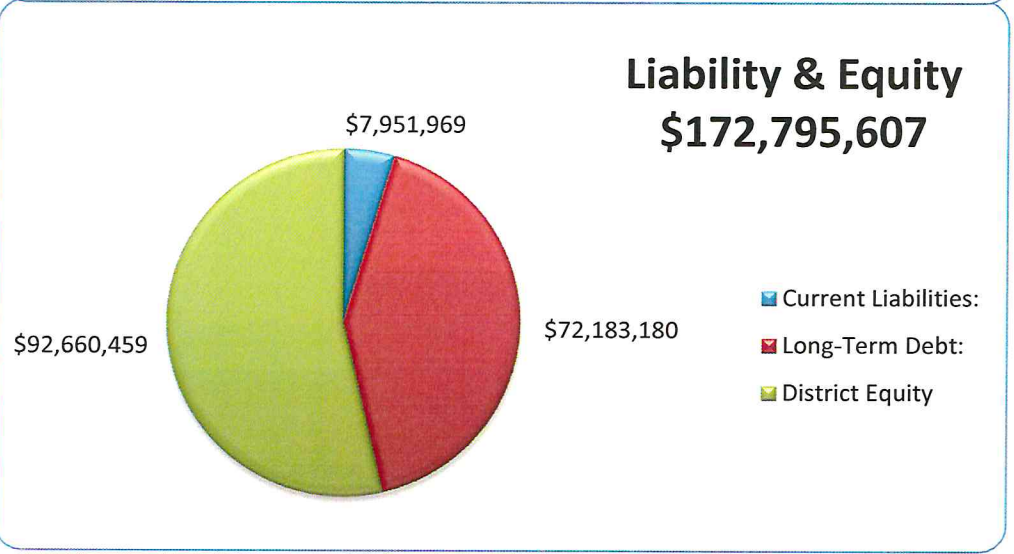
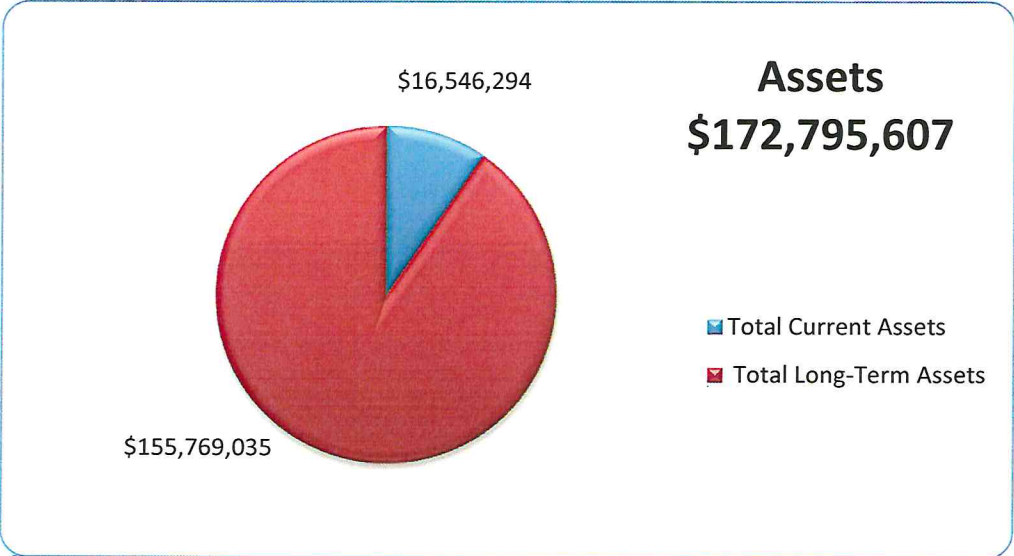
**Service Cost Construction:** The value of material, parts & supplies from inventory used to construct, repair and maintain our asset infrastructure.

**Capitalized Construction:** The value of our labor force used to construct our asset infrastructure.

**Palmdale Water District**  
**Balance Sheet Report**  
**For the Four Months Ending 4/30/2016**

	<u>April 2016</u>	<u>March 2016</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 379,173	\$ 397,759
Investments	↑ 11,481,004	↓ 9,397,203
2013A Bonds - Project Funds	671,281	678,502
	<u>\$ 12,531,457</u>	<u>\$ 10,473,464</u>
<b>Receivables:</b>		
Accounts Receivables - Water Sales	\$ 1,542,377	\$ 1,311,029
Accounts Receivables - Miscellaneous	27,864	34,904
Allowance for Uncollected Accounts	(196,113)	(196,113)
	<u>\$ 1,374,129</u>	<u>\$ 1,149,820</u>
Assessments Receivables	\$ 1,766,874	\$ 3,845,679
Meters, Materials and Supplies	722,462	750,285
Prepaid Expenses	151,372	176,143
<b>Total Current Assets</b>	<b>\$ 16,546,294</b>	<b>\$ 16,395,392</b>
<b>Long-Term Assets:</b>		
Property, Plant, and Equipment, net	\$ 111,468,852	\$ 111,827,232
Participation Rights in State Water Project, net	43,146,233	43,172,741
Investment in PRWA	229,923	213,130
2013A Bonds - Insurance & Surety Bond	219,225	219,892
CalPERS Contributions	704,801	704,801
	<u>\$ 155,769,035</u>	<u>\$ 156,137,795</u>
<b>Restricted Cash:</b>		
Rate Stabilization Fund	480,278	480,270
<b>Total Long-Term Assets &amp; Restricted Cash</b>	<b>\$ 156,249,313</b>	<b>\$ 156,618,065</b>
<b>Total Assets</b>	<b>\$ 172,795,607</b>	<b>\$ 173,013,457</b>
<b>LIABILITIES AND DISTRICT EQUITY</b>		
<b>Current Liabilities:</b>		
Current Interest Installment of Long-term Debt	\$ 179,454	\$ 33
Current Principal Installment of Long-term Debt	1,159,324	1,204,898
Accounts Payable and Accrued Expenses	5,429,857	5,230,492
Deferred Assessments	1,183,333	1,775,000
<b>Total Current Liabilities</b>	<b>\$ 7,951,969</b>	<b>\$ 8,210,423</b>
<b>Long-Term Debt:</b>		
Pension-Related Debt	\$ 9,177,550	\$ 9,177,550
OPEB Liability	11,953,558	11,774,012
2013A Water Revenue Bonds	42,950,463	42,952,713
2012 - Certificates of Participation	8,054,323	8,047,526
2011 - Capital Lease Payable	47,286	16,954
<b>Total Long-Term Liabilities</b>	<b>\$ 72,183,180</b>	<b>\$ 71,968,756</b>
<b>Total Liabilities</b>	<b>\$ 80,135,149</b>	<b>\$ 80,179,179</b>
<b>District Equity</b>		
Revenue from Operations	\$ (1,994,938)	\$ (1,804,326)
Retained Earnings	94,655,397	94,638,604
<b>Total Liabilities and District Equity</b>	<b>\$ 172,795,607</b>	<b>\$ 173,013,457</b>

BALANCE SHEET AS OF APRIL 30, 2016





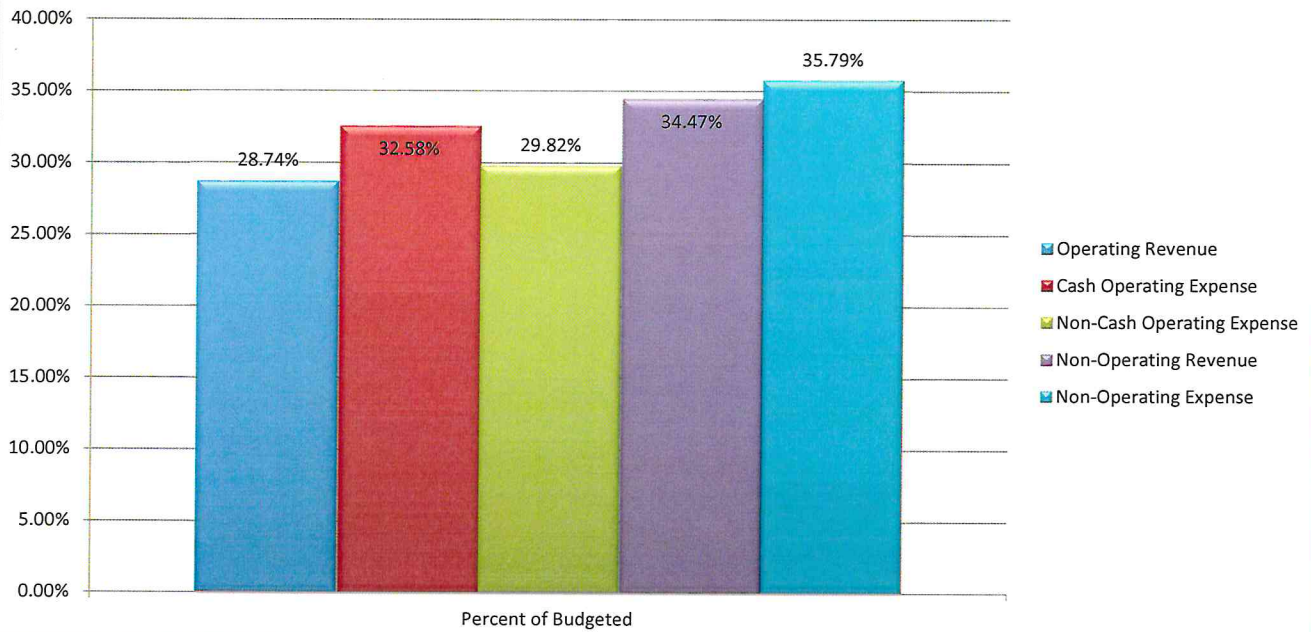
**Palmdale Water District**  
**Consolidated Profit and Loss Statement**  
**For the Four Months Ending 4/30/2016**

	Thru March	April	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
<b>Operating Revenue:</b>						
Wholesale Water	\$ 24,409	\$ -	\$ 24,409		\$ 160,000	15.26%
Water Sales	1,022,489	441,908	1,464,397		7,242,000	20.22%
Meter Fees	3,041,936	1,012,154	4,054,090		12,079,000	33.56%
Water Quality Fees	135,858	61,511	197,368		934,500	21.12%
Elevation Fees	49,037	23,613	72,650		400,000	18.16%
Other (Page 3-1)	180,391	65,139	245,530		860,000	28.55%
Drought Surcharge	105,976	64,320	170,296		-	
<b>Total Operating Revenue</b>	<b>\$ 4,560,096</b>	<b>\$ 1,668,645</b>	<b>\$ 6,228,741</b>	<b>\$ -</b>	<b>\$ 21,675,500</b>	<b>28.74%</b>
<b>Cash Operating Expenses:</b>						
Directors	\$ 37,635	\$ 16,185	\$ 53,820		\$ 145,750	36.93%
Administration-Services	372,949	108,032	480,981		1,588,750	30.27%
Administration-District	405,320	75,296	480,616		1,612,750	29.80%
Engineering	297,884	87,085	384,969		1,279,250	30.09%
Facilities	1,770,566	456,639	2,227,205		6,513,750	34.19%
Operations	524,086	248,905	772,990		2,449,250	31.56%
Finance	307,297	91,253	398,549		1,168,250	34.12%
Water Conservation	70,761	18,933	89,693		239,250	37.49%
Human Resources	112,325	33,018	145,343		420,350	34.58%
Information Technology	187,791	44,729	232,519		867,750	26.80%
Customer Care	348,519	98,635	447,153		1,386,750	32.24%
Source of Supply-Purchased Water	223,821	10,058	233,879		1,725,000	13.56%
Plant Expenditures	108,077	46,090	154,167		-	
GAC Filter Media Replacement	521,064	-	521,064		934,500	55.76%
<b>Total Cash Operating Expenses</b>	<b>\$ 5,288,095</b>	<b>\$ 1,334,856</b>	<b>\$ 6,622,951</b>	<b>\$ -</b>	<b>\$ 20,331,350</b>	<b>32.58%</b>
<b>Net Cash Operating Profit/(Loss)</b>	<b>\$ (727,999)</b>	<b>\$ 333,789</b>	<b>\$ (394,210)</b>	<b>\$ -</b>	<b>\$ 1,344,150</b>	<b>-29.33%</b>
<b>Non-Cash Operating Expenses:</b>						
Depreciation	\$ 1,465,287	\$ 483,686	\$ 1,948,973		\$ 7,200,000	27.07%
OPEB Accrual Expense	587,581	195,860	783,441		2,250,000	34.82%
Bad Debts	22,144	4,838	26,982		50,000	53.96%
Service Costs Construction	22,586	1,881	24,467		125,000	19.57%
Capitalized Construction	(212,175)	-	(212,175)		(1,000,000)	21.22%
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 1,885,422</b>	<b>\$ 686,266</b>	<b>\$ 2,571,688</b>	<b>\$ -</b>	<b>\$ 8,625,000</b>	<b>29.82%</b>
<b>Net Operating Profit/(Loss)</b>	<b>\$ (2,613,420)</b>	<b>\$ (352,477)</b>	<b>\$ (2,965,897)</b>	<b>\$ -</b>	<b>\$ (7,280,850)</b>	<b>40.74%</b>
<b>Non-Operating Revenues:</b>						
Assessments (Debt Service)	\$ 1,340,125	\$ 446,708	\$ 1,786,833		\$ 4,670,000	38.26%
Assessments (1%)	434,875	144,958	579,833		2,025,000	28.63%
DWR Fixed Charge Recovery	-	98,537	98,537		200,000	49.27%
Interest	19,814	5,148	24,962		35,000	71.32%
Capital Improvement Fees	-	-	-		50,000	0.00%
Grants - State and Federal	-	-	-		485,000	0.00%
Other	124,741	(202)	124,539		120,000	103.78%
<b>Total Non-Operating Revenues</b>	<b>\$ 1,919,555</b>	<b>\$ 695,150</b>	<b>\$ 2,614,704</b>	<b>\$ -</b>	<b>\$ 7,585,000</b>	<b>34.47%</b>
<b>Non-Operating Expenses:</b>						
Interest on Long-Term Debt	\$ 559,468	\$ 186,292	\$ 745,760		\$ 2,228,000	33.47%
Amortization of SWP	590,685	196,897	787,582		2,238,000	35.19%
Change in Investments in PRWA	3,503	100,291	103,794		-	
Water Conservation Programs	2,809	3,800	6,609		126,500	5.22%
<b>Total Non-Operating Expenses</b>	<b>\$ 1,156,465</b>	<b>\$ 487,280</b>	<b>\$ 1,643,745</b>	<b>\$ -</b>	<b>\$ 4,592,500</b>	<b>35.79%</b>
<b>Net Earnings</b>	<b>\$ (1,850,331)</b>	<b>\$ (144,607)</b>	<b>\$ (1,994,938)</b>	<b>\$ -</b>	<b>\$ (4,288,350)</b>	<b>46.52%</b>

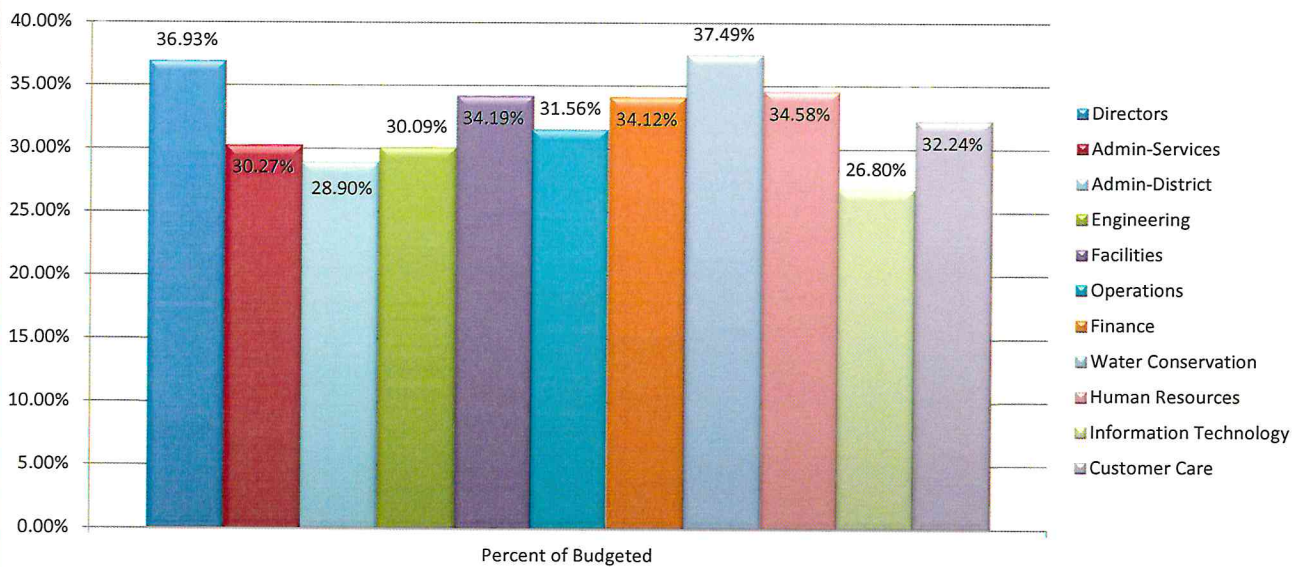
OTHER OPERATING REVENUE
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	Current	YTD
Account Setup Charge(\$25)	\$3,275.00	\$12,560.00
Account Setup Charge/CC (\$35)	\$0.00	\$1,085.00
5/8" Meter W/Itron Assembly(\$212)	(\$212.00)	(\$212.00)
After Hours Service Call	\$95.00	\$365.00
Credit Check(\$10)	(\$10.00)	\$690.00
Grind Down Angle Stop (\$230)	(\$230.00)	(\$230.00)
Lock Broken or Missing(\$15)	\$60.00	\$300.00
Miscellaneous Charge	\$3.70	\$931.70
Non-Compliance Fee Backflow(\$50)	\$0.00	\$350.00
Pulled Meter Service Charge(\$60)	\$0.00	\$360.00
Rejected Payment Notification	\$60.00	\$1,040.00
Repair Angle Stop(\$440.00)	\$440.00	\$2,200.00
Shut-Off Charge(\$30)	\$6,030.00	\$26,070.00
Shut-Off Notice Fee (\$5)	\$5,830.00	\$30,460.00
Standard Trip Charge(\$15)	\$105.00	\$810.00
Waste Water 1st Notice(\$50.00)	\$1,850.00	\$3,250.00
Waste Water 2nd Notice (\$250.00)	\$250.00	\$0.00
Late Fees	\$27,314.89	\$122,679.02
NSF Fee	\$150.00	\$1,250.00

### P & L BUDGET vs. ACTUAL

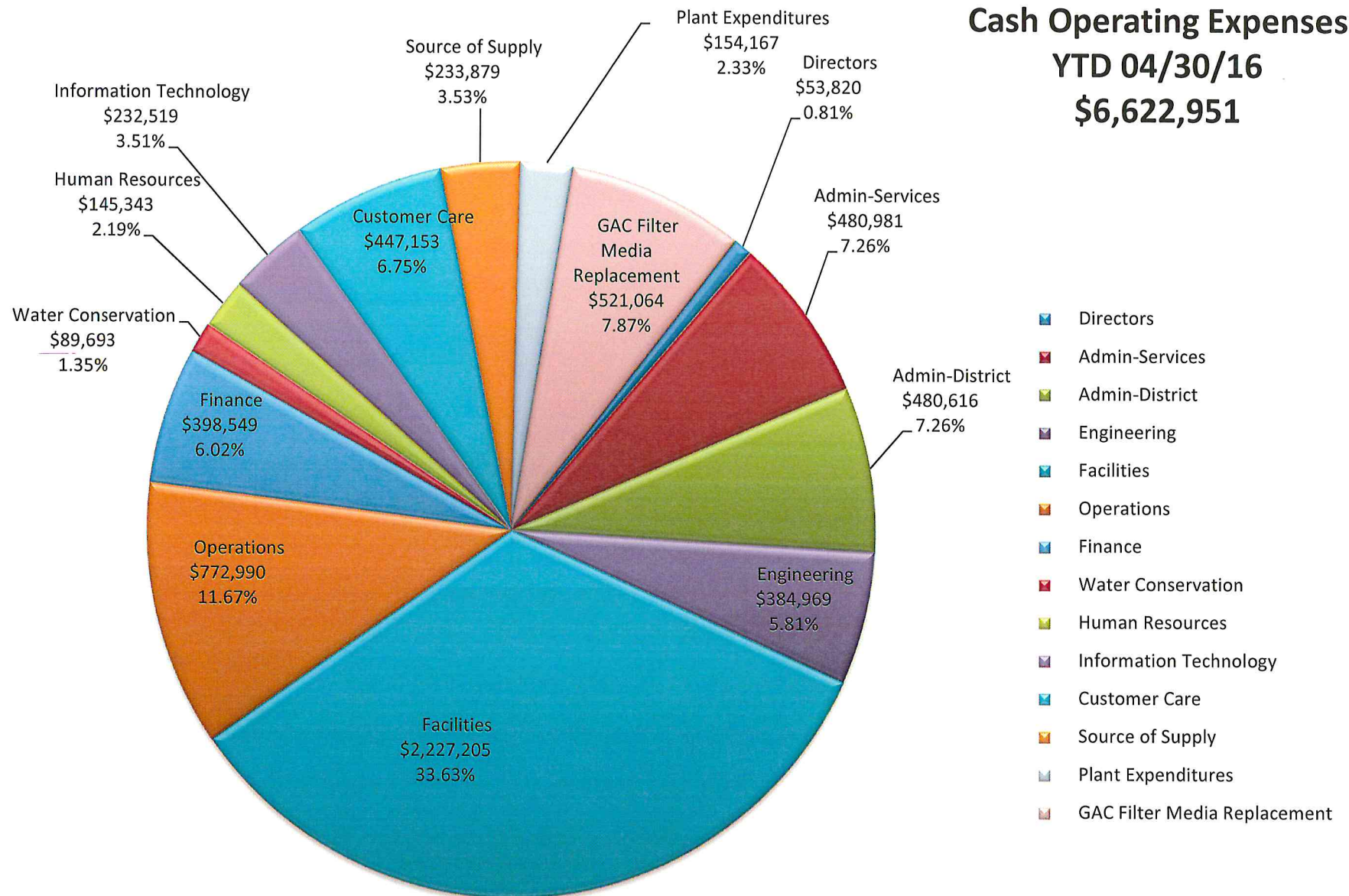


### DEPARTMENTAL - BUDGET vs. ACTUAL

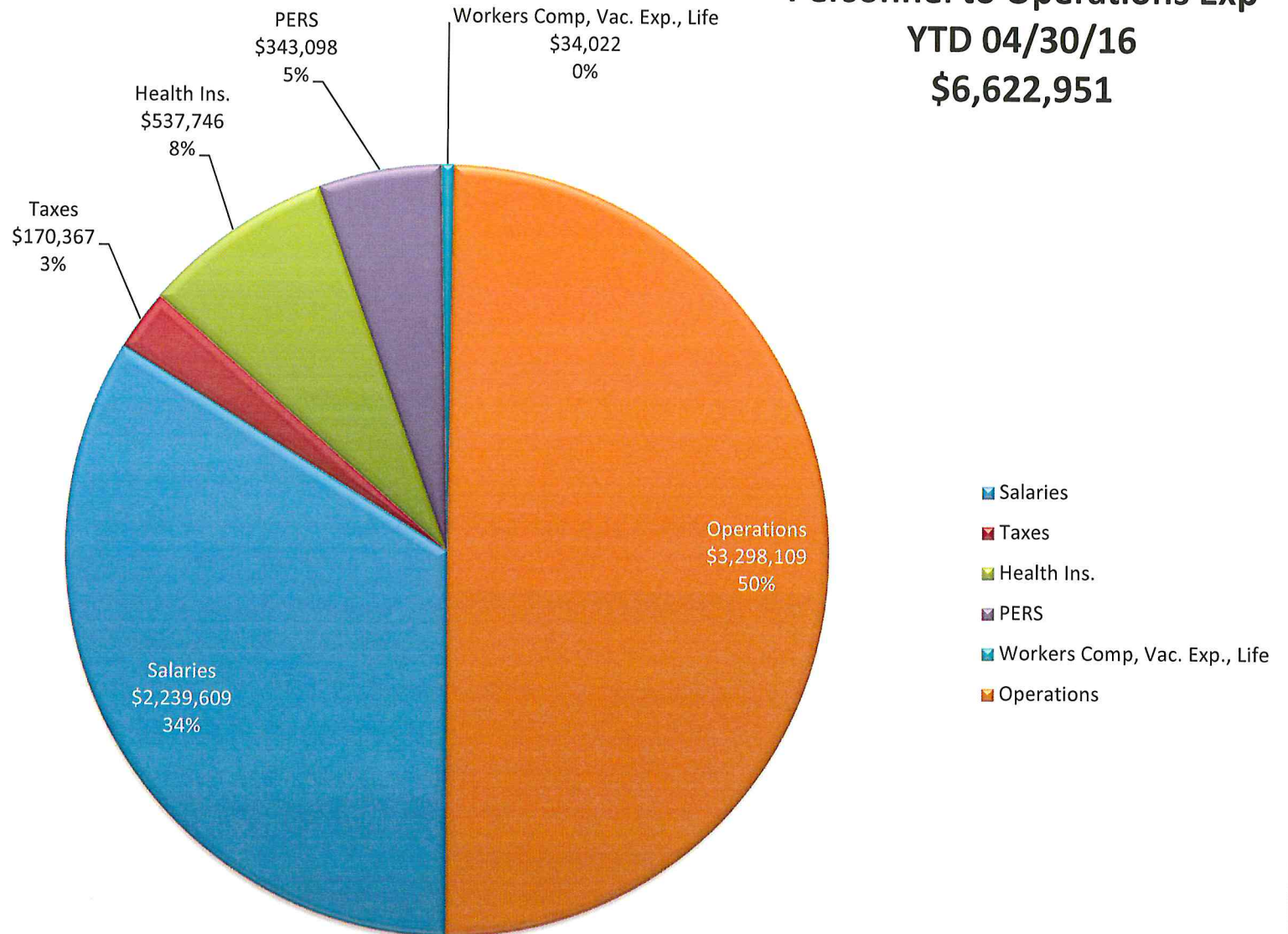




## Cash Operating Expenses YTD 04/30/16 \$6,622,951



**Personnel to Operations Exp**  
**YTD 04/30/16**  
**\$6,622,951**



**Palmdale Water District  
Profit and Loss Statement  
Year-To-Year Comparison - April**

	2015 April	2016 April	Change	% Change	Consumption Comparison		
					Units Billed	2015	2016
<b>Operating Revenue:</b>						526,778	473,159
Wholesale Water	\$ -	\$ -	\$ -		Active	26,482	26,580
Water Sales	498,255	441,908	(56,347)	-11.31%	Vacant	895	824
Meter Fees	969,957	1,012,154	42,197	4.35%			
Water Quality Fees	73,609	61,511	(12,099)	-16.44%	Rev/unit	\$ 3.30	\$ 3.53
Elevation Fees	30,976	23,613	(7,363)	-23.77%	Rev/con	\$ 59.39	\$ 57.91
Other	164,378	65,139	(99,239)	-60.37%	Unit/con	19.89	17.80
Drought Surcharge	-	64,320	64,320				
<b>Total Operating Revenue</b>	<b>\$ 1,737,176</b>	<b>\$ 1,668,645</b>	<b>\$ (68,531)</b>	<b>-3.94%</b>			
<b>Cash Operating Expenses:</b>							
Directors	\$ 12,737	\$ 16,185	\$ 3,448	27.07%			
Administration-Services	188,312	108,032	(80,280)	-42.63%			
Administration-District	-	75,296	75,296				
Engineering	91,975	87,085	(4,890)	-5.32%			
Facilities	258,868	456,639	197,771	76.40%			
Operations	140,717	248,905	108,188	76.88%			
Finance	76,750	91,253	14,502	18.90%			
Water Conservation	19,716	18,933	(783)	-3.97%			
Human Resources	19,363	33,018	13,655	70.52%			
Information Technology	43,147	44,729	1,582	3.67%			
Customer Care	107,972	98,635	(9,337)	-8.65%			
Source of Supply-Purchased Water	(26,005)	10,058	36,063	-138.68%			
Plant Expenditures	59,313	46,090	(13,222)	-22.29%			
GAC Filter Media Replacement	-	-	-				
<b>Total Cash Operating Expenses</b>	<b>\$ 992,864</b>	<b>\$ 1,334,856</b>	<b>\$ 341,992</b>	<b>34.45%</b>			
<b>Non-Cash Operating Expenses:</b>							
Depreciation	\$ 536,292	\$ 483,686	\$ (52,605)	-9.81%			
OPEB Accrual Expense	183,580	195,860	12,280	6.69%			
Bad Debts	278	4,838	4,561	1642.20%			
Service Costs Construction	14,939	1,881	(13,058)	-87.41%			
Capitalized Construction	(122,794)	-	122,794	-100.00%			
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 612,294</b>	<b>\$ 686,266</b>	<b>\$ 73,972</b>	<b>12.08%</b>			
<b>Net Operating Profit/(Loss)</b>	<b>\$ 132,018</b>	<b>\$ (352,477)</b>	<b>\$ (484,495)</b>	<b>-366.99%</b>			
<b>Non-Operating Revenues:</b>							
Assessments (Debt Service)	\$ 446,500	\$ 446,708	\$ 208	0.05%			
Assessments (1%)	141,000	144,958	3,958	2.81%			
DWR Fixed Charge Recovery	65,731	98,537	32,806				
Interest	4,556	5,148	592	12.99%			
Capital Improvement Fees	17,754	-	(17,754)	-100.00%			
Other	4,259	(202)	(4,460)	-104.74%			
<b>Total Non-Operating Revenues</b>	<b>\$ 679,800</b>	<b>\$ 695,150</b>	<b>\$ 15,350</b>	<b>2.26%</b>			
<b>Non-Operating Expenses:</b>							
Interest on Long-Term Debt	\$ 189,396	\$ 186,292	\$ (3,104)	-1.64%			
Amortization of SWP	172,877	196,897	24,020	13.89%			
Change in Investments in PRWA	-	100,291	100,291				
Water Conservation Programs	8,781	3,800	(4,981)	-56.72%			
<b>Total Non-Operating Expenses</b>	<b>\$ 371,054</b>	<b>\$ 487,280</b>	<b>\$ 116,226</b>	<b>31.32%</b>			
<b>Net Earnings</b>	<b>\$ 440,764</b>	<b>\$ (144,607)</b>	<b>\$ (585,371)</b>	<b>-132.81%</b>			

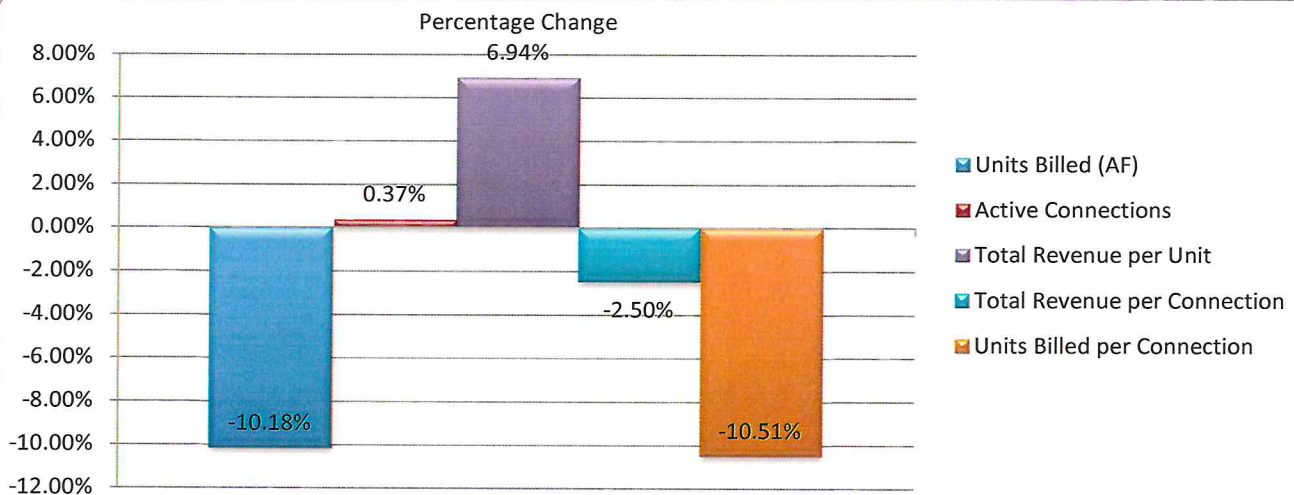
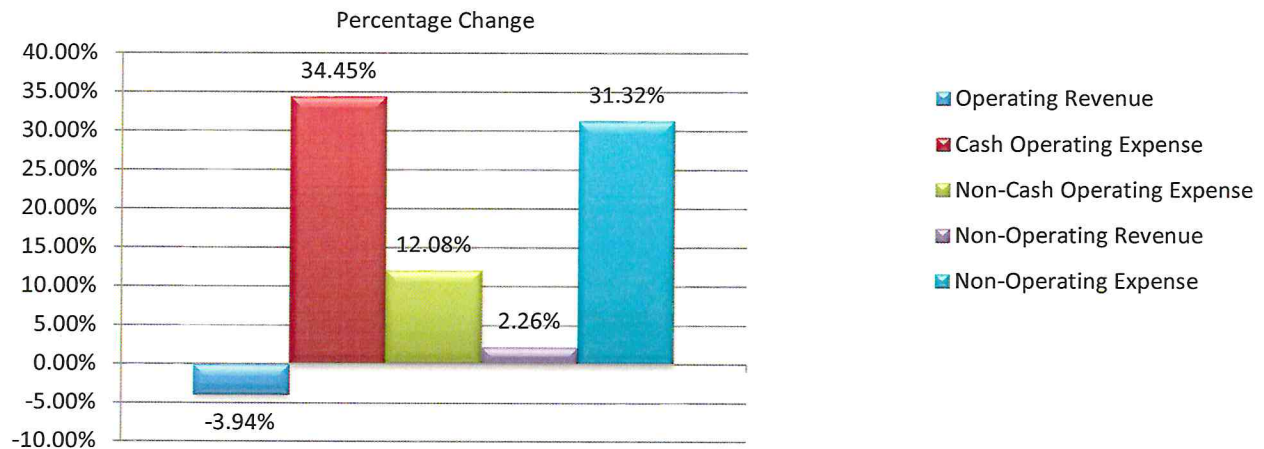


**Palmdale Water District**  
**Profit and Loss Statement**  
**Year-To-Year Comparison-2 Years - April**

	2014 April	2016 April	Change	% Change		Consumption Comparison	
					Units Billed	2014	2016
<b>Operating Revenue:</b>						537,864	473,159
Wholesale Water	\$ 115	\$ -	\$ (115)	-100.00%	Active	26,425	26,580
Water Sales	522,483	441,908	(80,575)	-15.42%	Vacant	931	824
Meter Fees	945,778	1,012,154	66,376	7.02%			
Water Quality Fees	107,423	61,511	(45,912)	-42.74%			
Elevation Fees	32,103	23,613	(8,490)	-26.45%	Rev/unit	\$ 3.16	\$ 3.53
Other	93,537	65,139	(28,397)	-30.36%	Rev/con	\$ 60.85	\$ 57.91
Drought Surcharge	-	64,320	64,320		Unit/con	20.35	17.80
<b>Total Operating Revenue</b>	<b>\$ 1,701,439</b>	<b>\$ 1,668,645</b>	<b>\$ (32,794)</b>	<b>-1.93%</b>			
<b>Cash Operating Expenses:</b>							
Directors	\$ 11,041	\$ 16,185	\$ 5,144	46.59%			
Administration-Services	203,171	108,032	(95,139)	-46.83%			
Administration-District	-	75,296	75,296				
Engineering	78,226	87,085	8,858	11.32%			
Facilities	287,316	456,639	169,323	58.93%			
Operations	547,574	248,905	(298,670)	-54.54%			
Finance	250,560	91,253	(159,308)	-63.58%			
Water Conservation	13,959	18,933	4,974	35.63%			
Human Resources	21,326	33,018	11,692	54.83%			
Information Technology	54,085	44,729	(9,356)	-17.30%			
Customer Care	-	98,635	98,635				
Source of Supply-Purchased Water	26,821	10,058	(16,763)	-62.50%			
Plant Expenditures	390,361	46,090	(344,271)	-88.19%			
GAC Filter Media Replacement	(52,859)	-	52,859	-100.00%			
<b>Total Cash Operating Expenses</b>	<b>\$ 1,831,582</b>	<b>\$ 1,334,856</b>	<b>\$ (496,726)</b>	<b>-27.12%</b>			
<b>Non-Cash Operating Expenses:</b>							
Depreciation	\$ 552,378	\$ 483,686	\$ (68,692)	-12.44%			
OPEB Accrual Expense	166,875	195,860	28,985	17.37%			
Bad Debts	5,904	4,838	(1,066)	-18.05%			
Service Costs Construction	23,706	1,881	(21,825)	-92.06%			
Capitalized Construction	(35,732)	-	35,732	-100.00%			
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 713,131</b>	<b>\$ 686,266</b>	<b>\$ (26,865)</b>	<b>-3.77%</b>			
<b>Net Operating Profit/(Loss)</b>	<b>\$ (843,275)</b>	<b>\$ (352,477)</b>	<b>\$ 490,798</b>	<b>-58.20%</b>			
<b>Non-Operating Revenues:</b>							
Assessments (Debt Service)	\$ 1,544,425	\$ 446,708	\$ (1,097,717)	-71.08%			
Assessments (1%)	413,942	144,958	(268,984)	-64.98%			
DWR Fixed Charge Recovery	-	98,537	98,537				
Interest	10,139	5,148	(4,991)	-49.23%			
Capital Improvement Fees	-	-	-				
Other	10,677	(202)	(10,879)	-101.89%			
<b>Total Non-Operating Revenues</b>	<b>\$ 1,979,183</b>	<b>\$ 695,150</b>	<b>\$ (1,284,034)</b>	<b>-64.88%</b>			
<b>Non-Operating Expenses:</b>							
Interest on Long-Term Debt	\$ 191,596	\$ 186,292	\$ (5,304)	-2.77%			
Amortization of SWP	159,510	196,897	37,387	23.44%			
Change in Investments in PRWA	-	100,291	100,291				
Water Conservation Programs	6,901	3,800	(3,101)	-44.94%			
<b>Total Non-Operating Expenses</b>	<b>\$ 358,007</b>	<b>\$ 487,280</b>	<b>\$ 129,273</b>	<b>36.11%</b>			
<b>Net Earnings</b>	<b>\$ 777,901</b>	<b>\$ (144,607)</b>	<b>\$ (922,509)</b>	<b>-118.59%</b>			

# YEAR-TO-YEAR COMPARISON

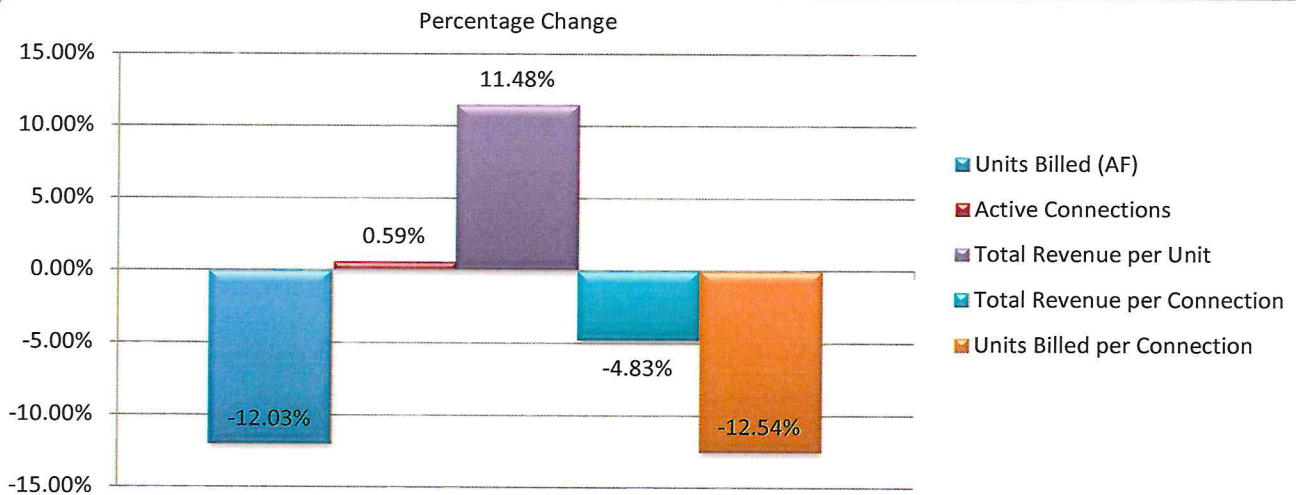
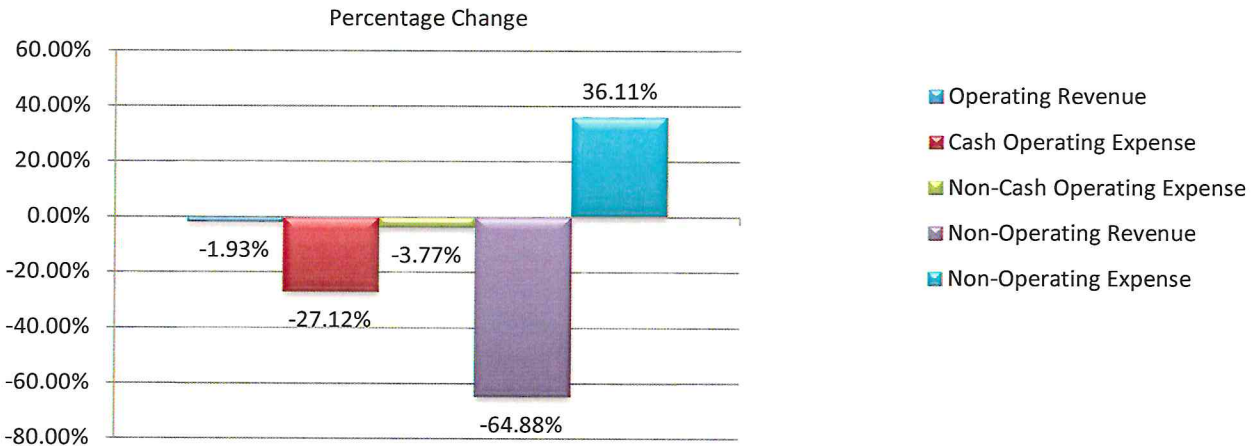
## April 2015 -To - April 2016



	2015	2016	Change	
Units Billed (AF)	1,209	1,086	-123	-10.18%
Active Connections	26,482	26,580	98	0.37%
Non-Active	895	824	-71	-7.93%
Total Revenue per Unit	\$3.30	\$3.53	\$0.23	6.94%
Total Revenue per Connection	\$59.39	\$57.91	-\$1.48	-2.50%
Units Billed per Connection	19.89	17.80	-2.09	-10.51%

# YEAR-TO-YEAR COMPARISON

## April 2014 -To - April 2016



	2014	2016	Change	
Units Billed (AF)	1,235	1,086	-149	-12.03%
Active Connections	26,425	26,580	155	0.59%
Non-Active	931	824	-107	-11.49%
Total Revenue per Unit	\$3.16	\$3.53	\$0.36	11.48%
Total Revenue per Connection	\$60.85	\$57.91	-\$2.94	-4.83%
Units Billed per Connection	20.35	17.80	-2.55	-12.54%



**Palmdale Water District**  
**Revenue Analysis**  
**For the Four Months Ending 4/30/2016**  
**2016**

	Thru March	April	Year-to-Date	Adjusted Budget	% of Budget
<b>Operating Revenue:</b>					
Wholesale Water	\$ 24,409	\$ -	\$ 24,409	\$ 160,000	15.26%
Water Sales	1,022,489	441,908	1,464,397	7,242,000	20.22%
Meter Fees	3,041,936	1,012,154	4,054,090	12,079,000	33.56%
Water Quality Fees	135,858	61,511	197,368	934,500	21.12%
Elevation Fees	49,037	23,613	72,650	400,000	18.16%
Other	180,391	65,139	245,530	860,000	28.55%
Drought Surcharge	105,976	64,320	170,296	-	
<b>Total Water Sales</b>	<b>\$ 4,560,096</b>	<b>\$ 1,668,645</b>	<b>\$ 6,228,741</b>	<b>\$ 21,675,500</b>	<b>28.74%</b>
<b>Non-Operating Revenues:</b>					
Assessments (Debt Service)	\$ 1,340,125	\$ 446,708	\$ 1,786,833	\$ 4,670,000	38.26%
Assessments (1%)	434,875	144,958	579,833	2,025,000	28.63%
DWR Fixed Charge Recovery	-	98,537	98,537	200,000	49.27%
Interest	19,814	5,148	24,962	35,000	71.32%
Capital Improvement Fees	-	-	-	50,000	0.00%
Grants - State and Federal	-	-	-	485,000	0.00%
Other	124,741	(202)	124,539	120,000	103.78%
<b>Total Non-Operating Revenues</b>	<b>\$ 1,919,555</b>	<b>\$ 695,150</b>	<b>\$ 2,614,704</b>	<b>\$ 7,585,000</b>	<b>34.47%</b>
<b>Total Revenue</b>	<b>\$ 6,479,651</b>	<b>\$ 2,363,795</b>	<b>\$ 8,843,446</b>	<b>\$ 29,260,500</b>	<b>30.22%</b>

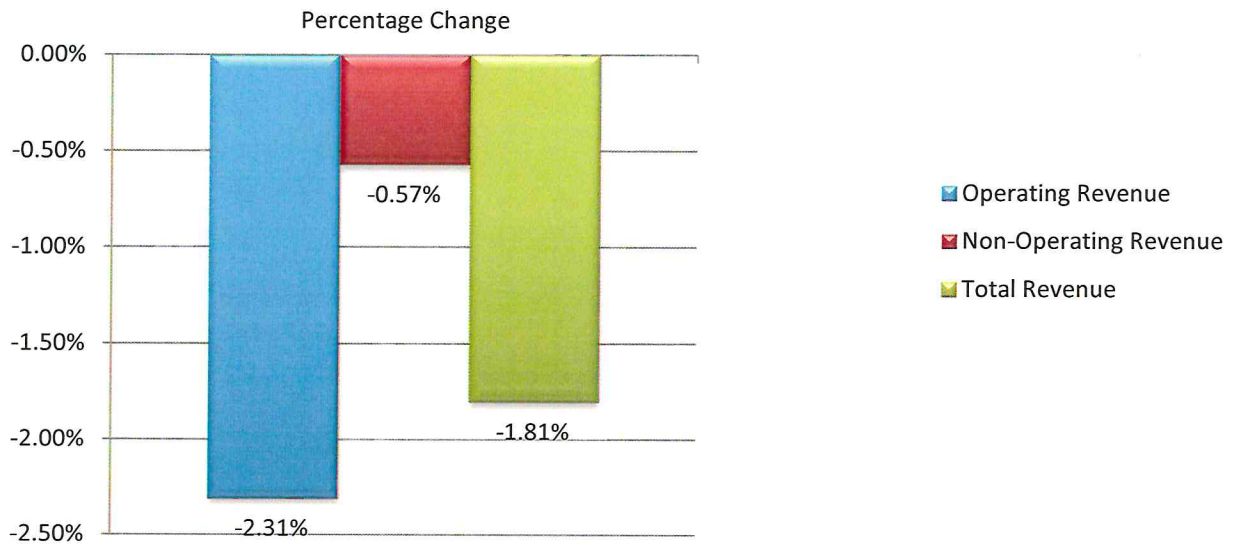
**2015 to 2016 Comparison**

	Thru March	April	Year-to-Date	% Change
	\$ 21,745	\$ -	\$ 21,745	816.21%
	(192,174)	(56,347)	(248,521)	-14.51%
	130,720	42,197	172,917	4.46%
	(27,040)	(12,099)	(39,138)	-16.55%
	(12,851)	(7,363)	(20,214)	-21.77%
	(105,383)	(99,239)	(204,622)	-45.46%
	105,976	64,320	170,296	
	<b>\$ (79,006)</b>	<b>\$ (68,531)</b>	<b>\$ (147,537)</b>	<b>-2.31%</b>
	\$ 625	\$ 208	\$ 833	0.05%
	11,875	3,958	15,833	2.81%
	(39,207)	32,806	(6,401)	
	(665)	592	(73)	-0.29%
	(120,948)	(17,754)	(138,702)	-100.00%
	-	-	-	
	117,891	(4,460)	113,431	1021.17%
	<b>\$ (30,429)</b>	<b>\$ 15,350</b>	<b>\$ (15,079)</b>	<b>-0.57%</b>
	<b>\$ (109,435)</b>	<b>\$ (53,181)</b>	<b>\$ (162,616)</b>	<b>-1.81%</b>

	Thru March	April	Year-to-Date	Adjusted Budget	% of Budget
<b>Operating Revenue:</b>					
Wholesale Water	\$ 2,664	\$ -	\$ 2,664	\$ 225,000	1.18%
Water Sales	1,214,663	498,255	1,712,918	8,550,500	20.03%
Meter Fees	2,911,216	969,957	3,881,173	11,506,000	33.73%
Water Quality Fees	162,897	73,609	236,507	1,146,500	20.63%
Elevation Fees	61,888	30,976	92,864	525,000	17.69%
Other	285,774	164,378	450,152	1,450,000	31.04%
Drought Surcharge	-	-	-	-	
<b>Total Water Sales</b>	<b>\$ 4,636,438</b>	<b>\$ 1,737,176</b>	<b>\$ 6,373,614</b>	<b>\$ 23,178,000</b>	<b>27.50%</b>
<b>Non-Operating Revenues:</b>					
Assessments (Debt Service)	\$ 1,339,500	\$ 446,500	\$ 1,786,000	\$ 5,100,000	35.02%
Assessments (1%)	423,000	141,000	564,000	1,950,000	28.92%
DWR Fixed Charge Recovery	39,207	65,731	104,938	100,000	104.94%
Interest	20,479	4,556	25,035	35,000	71.53%
Capital Improvement Fees	\$ 120,948	\$ 17,754	138,702	50,000	277.40%
Other	6,849	4,259	11,108	5,000	222.16%
<b>Total Non-Operating Revenues</b>	<b>\$ 1,949,984</b>	<b>\$ 679,800</b>	<b>\$ 2,629,783</b>	<b>\$ 7,240,000</b>	<b>36.32%</b>
<b>Total Revenue</b>	<b>\$ 6,586,422</b>	<b>\$ 2,416,975</b>	<b>\$ 9,003,397</b>	<b>\$ 30,418,000</b>	<b>29.60%</b>

# REVENUE COMPARISON YEAR-TO-DATE

April 2015-To-April 2016





**Palmdale Water District  
Operating Expense Analysis  
For the Four Months Ending 4/30/2016  
2016**

						2015 to 2016 Comparison			
	Thru March	April	Year-to-Date	Adjusted Budget	% of Budget	Thru March	April	Year-to-Date	% Change
<b>Cash Operating Expenses:</b>									
Directors	\$ 37,635	\$ 16,185	\$ 53,820	\$ 145,750	36.93%	\$ 10,486	\$ 3,448	\$ 13,934	34.93%
Administration-Services	372,949	108,032	480,981	1,588,750	30.27%	156,098	(4,984)	151,114	18.64%
Administration-District	405,320	75,296	480,616	1,612,750	29.80%				
Engineering	297,884	87,085	384,969	1,279,250	30.09%	(27,136)	(4,890)	(32,027)	-7.68%
Facilities	1,770,566	456,639	2,227,205	6,513,750	34.19%	420,071	197,771	617,842	38.39%
Operations	524,086	248,905	772,990	2,449,250	31.56%	(51,098)	108,188	57,090	7.97%
Finance	307,297	91,253	398,549	1,168,250	34.12%	(355,933)	14,502	(341,431)	-46.14%
Water Conservation	70,761	18,933	89,693	239,250	37.49%	(1,831)	(783)	(2,614)	-2.83%
Human Resources	112,325	33,018	145,343	420,350	34.58%	14,655	13,655	28,311	24.19%
Information Technology	187,791	44,729	232,519	867,750	26.80%	(16,891)	1,582	(15,310)	-6.18%
Customer Care	348,519	98,635	447,153	1,386,750	32.24%	238,191	(9,337)	228,854	104.83%
Source of Supply-Purchased Water	223,821	10,058	233,879	1,725,000	13.56%	(254,872)	36,063	(218,809)	-35.92%
Plant Expenditures	108,077	46,090	154,167	-		(823,918)	(13,222)	(837,140)	-84.45%
GAC Filter Media Replacement	521,064	-	521,064	934,500	55.76%	(74,980)	-	(74,980)	-12.58%
<b>Total Cash Operating Expenses</b>	<b>\$ 5,288,095</b>	<b>\$ 1,334,856</b>	<b>\$ 6,622,951</b>	<b>\$ 20,331,350</b>	<b>32.58%</b>	<b>\$ (767,160)</b>	<b>\$ 341,992</b>	<b>\$ (425,168)</b>	<b>-6.42%</b>
<b>Non-Cash Operating Expenses:</b>									
Depreciation	\$ 1,465,287	\$ 483,686	\$ 1,948,973	\$ 7,200,000	27.07%	\$ (134,905)	\$ (52,605)	\$ (187,511)	-8.78%
OPEB Accrual Expense	587,581	195,860	783,441	2,250,000	34.82%	36,841	12,280	49,121	6.69%
Bad Debts	22,144	4,838	26,982	50,000	53.96%	21,320	4,561	25,880	
Service Costs Construction	22,586	1,881	24,467	125,000	19.57%	28,590	(13,058)	15,532	173.82%
Capitalized Construction	(212,175)	-	(212,175)	(1,000,000)	21.22%	62,101	122,794	184,895	-46.56%
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 1,885,422</b>	<b>\$ 686,266</b>	<b>\$ 2,571,688</b>	<b>\$ 8,625,000</b>	<b>29.82%</b>	<b>\$ 13,946</b>	<b>\$ 73,972</b>	<b>\$ 87,917</b>	<b>3.42%</b>
<b>Non-Operating Expenses:</b>									
Interest on Long-Term Debt	\$ 559,468	\$ 186,292	\$ 745,760	\$ 2,228,000	33.47%	\$ (13,043)	\$ (3,104)	\$ (16,147)	-2.12%
Amortization of SWP	590,685	196,897	787,582	2,238,000	35.19%	72,054	24,020	96,074	13.89%
Change in Investments in PRWA	3,503	100,291	103,794	-		3,503	100,291	103,794	
Water Conservation Programs	2,809	3,800	6,609	126,500	5.22%	(41,446)	(4,981)	(46,426)	-87.54%
<b>Total Non-Operating Expenses</b>	<b>\$ 1,156,465</b>	<b>\$ 487,280</b>	<b>\$ 1,643,745</b>	<b>\$ 4,592,500</b>	<b>35.79%</b>	<b>\$ 21,069</b>	<b>\$ 116,226</b>	<b>\$ 137,295</b>	<b>9.11%</b>
<b>Total Expenses</b>	<b>\$ 8,329,982</b>	<b>\$ 2,508,402</b>	<b>\$ 10,838,384</b>	<b>\$ 33,548,850</b>	<b>32.31%</b>	<b>\$ (732,145)</b>	<b>\$ 532,190</b>	<b>\$ (199,955)</b>	<b>-1.81%</b>

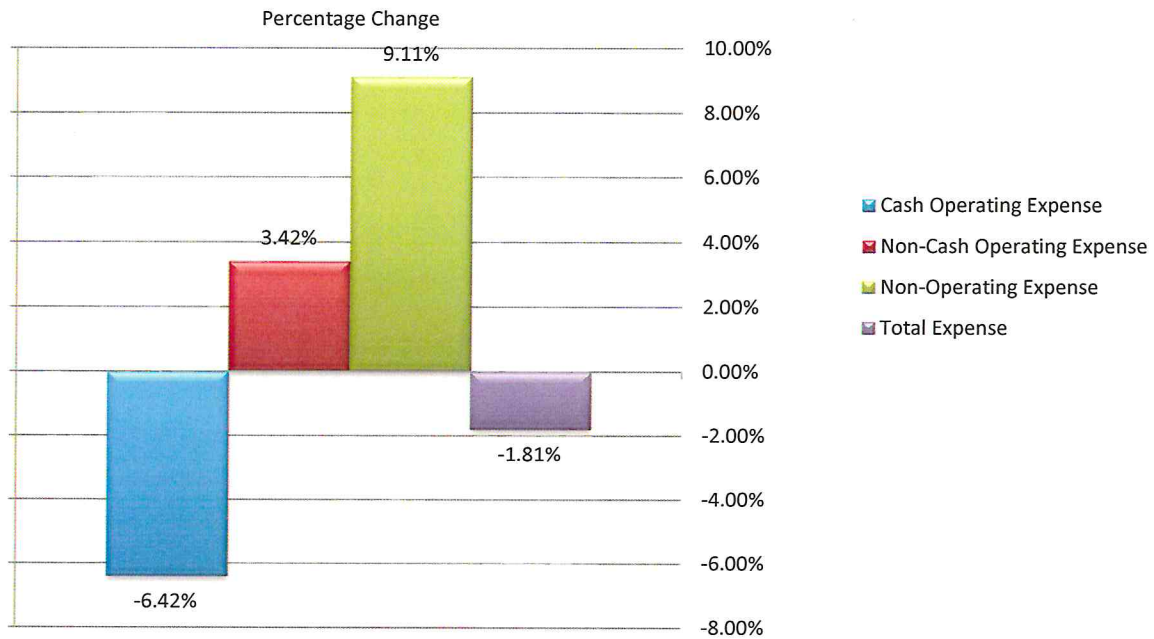
**Palmdale Water District  
Operating Expense Analysis  
For the Four Months Ending 4/30/2016  
2015**

2015 to 2016 Comparison

	Thru March	April	Year-to-Date	Adjusted Budget	% of Budget
<b>Cash Operating Expenses:</b>					
Directors	\$ 27,149	\$ 12,737	\$ 39,887	\$ 118,500	33.66%
Administration-Services	622,172	188,312	810,483	2,667,250	30.39%
Administration-District	-	-	-	-	-
Engineering	325,021	91,975	416,996	1,252,750	33.29%
Facilities	1,350,495	258,868	1,609,363	5,998,000	26.83%
Operations	575,184	140,717	715,901	2,624,000	27.28%
Finance	663,230	76,750	739,980	2,950,750	25.08%
Water Conservation	72,592	19,716	92,308	284,000	32.50%
Human Resources	97,670	19,363	117,033	326,100	35.89%
Information Technology	204,682	43,147	247,829	782,750	31.66%
Customer Care	110,328	107,972	218,300	-	-
Source of Supply-Purchased Water	597,722	11,510	609,232	2,400,000	25.38%
Water Purchases-Prior Year OAP	-	(36,045)	(36,045)	250,000	-14.42%
Water Recovery	(119,029)	(1,470)	(120,499)	(100,000)	120.50%
Plant Expenditures	931,994	59,313	991,307	1,146,500	86.46%
GAC Filter Media Replacement	596,045	-	596,045	1,896,000	31.44%
<b>Total Cash Operating Expenses</b>	<b>\$ 6,055,255</b>	<b>\$ 992,864</b>	<b>\$ 7,048,118</b>	<b>\$ 22,596,600</b>	<b>31.19%</b>
<b>Non-Cash Operating Expenses:</b>					
Depreciation	\$ 1,600,192	\$ 536,292	\$ 2,136,484	\$ 6,450,000	33.12%
OPEB Accrual Expense	550,740	183,580	734,320	2,000,000	36.72%
Bad Debts	824	278	1,102	100,000	1.10%
Service Costs Construction	(6,004)	14,939	8,935	125,000	7.15%
Capitalized Construction	(274,276)	(122,794)	(397,070)	(1,000,000)	39.71%
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 1,871,476</b>	<b>\$ 612,294</b>	<b>\$ 2,483,770</b>	<b>\$ 7,675,000</b>	<b>32.36%</b>
<b>Non-Operating Expenses:</b>					
Interest on Long-Term Debt	\$ 572,511	\$ 189,396	\$ 761,907	\$ 2,111,000	36.09%
Amortization of SWP	518,631	172,877	691,508	1,679,000	41.19%
Change in Investments in PRWA	-	-	-	-	-
Water Conservation Programs	44,255	8,781	53,035	200,000	26.52%
<b>Total Non-Operating Expenses</b>	<b>\$ 1,135,396</b>	<b>\$ 371,054</b>	<b>\$ 1,506,450</b>	<b>\$ 3,990,000</b>	<b>37.76%</b>
<b>Total Expenses</b>	<b>\$ 9,062,127</b>	<b>\$ 1,976,212</b>	<b>\$ 11,038,339</b>	<b>\$ 34,261,600</b>	<b>32.22%</b>

## EXPENSE COMPARISON YEAR-TO-DATE

### April 2015-To-April 2016



**Palmdale Water District**  
**2016 Directors Budget**  
For the Four Months Ending Saturday, April 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ 19,050	\$ 50,000	\$ -	\$ 30,950	38.10%
Employee Benefits					
1-01-4005-000 Payroll Taxes	1,457	5,500		4,043	26.50%
1-01-4010-000 Health Insurance	26,417	76,250		49,833	34.65%
Subtotal (Benefits)	27,874	81,750	-	49,833	34.10%
Total Personnel Expenses	<u>\$ 46,924</u>	<u>\$ 131,750</u>	<u>\$ -</u>	<u>\$ 80,783</u>	<u>35.62%</u>
OPERATING EXPENSES:					
1-01-4050-000 Directors Travel, Seminars & Meetings	6,896	14,000		7,104	49.26%
Subtotal Operating Expenses	6,896	14,000	-	7,104	49.26%
Total O & M Expenses	<u>\$ 53,820</u>	<u>\$ 145,750</u>	<u>\$ -</u>	<u>\$ 87,887</u>	<u>36.93%</u>

**Palmdale Water District  
2016 Directors Budget  
For The Month Of April 2016**

	<u>2016</u>	<u>2015</u>		<u>Directors Pay</u> <u>2016</u>	<u>2015</u>	<u>Health Ins.</u> <u>2016</u>	<u>2015</u>
Personnel Budget:			Alvarado	1350	1500	1,600	1,591
1-01-4000-000 Directors Pay	\$ 4,950	\$ 7,350	Dino	1,500	3,000	1,134	1,125
Employee Benefits			Dizmang	0	750	0	0
1-01-4005-000 Payroll Taxes	379	558	Estes	1,950	0	1,591	1,566
1-01-4010-000 Health Insurance	6,168	4,868	Henriquez	0	0	1,257	0
Subtotal (Benefits)	6,547	5,426	Mac Laren	150	2,100	587	586
Total Personnel Expenses	<u>\$ 11,497</u>	<u>\$ 12,776</u>		<u>4,950</u>	<u>7,350</u>	<u>6,168</u>	<u>4,868</u>
OPERATING EXPENSES:				<u>Operating</u> <u>2016</u>	<u>2015</u>		
1-01-4050-000 Directors Travel, Seminars & Meetings	4,688	80	Alvarado	695	20		
Subtotal Operating Expenses	4,688	80	Dino	720	20		
Total O & M Expenses	<u>\$ 16,185</u>	<u>\$ 12,856</u>	Dizmang	0	20		
			Estes	695	0		
			Henriquez	1,085	0		
			Mac Laren	1,493	20		
				<u>4,688</u>	<u>80</u>		



**Palmdale Water District**  
**2016 Administration District Wide Budget**  
**For the Four Months Ending Saturday, April 30, 2016**

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-5070-001 On-Call	\$ 25,460	\$ 95,000		\$ 69,540	26.80%
Subtotal (Salaries)	\$ 25,460	\$ 95,000	\$ -	\$ 69,540	26.80%
Employee Benefits					
1-02-5070-002 PERS-Unfunded Liability	\$ 126,272	\$ 404,750		278,478	31.20%
1-02-5070-003 Workers Compensation	28,450	125,000		96,550	22.76%
1-02-5070-004 Vacation Benefit Expense	3,388	35,000		31,612	9.68%
1-02-5070-005 Life Insurance	2,184	8,000		5,816	27.30%
Subtotal (Benefits)	\$ 160,294	\$ 572,750	\$ -	\$ 412,456	27.99%
Total Personnel Expenses	\$ 185,754	\$ 667,750	\$ -	\$ 481,996	27.82%
OPERATING EXPENSES:					
1-02-5070-006 Other Operating	\$ 884	\$ 20,000		19,116	4.42%
1-02-5070-007 Consultants	30,577	160,000		129,423	19.11%
1-02-5070-008 Insurance	98,111	300,000		201,889	32.70%
1-02-5070-009 Groundwater Adjudication	18,384	80,000		61,616	22.98%
1-02-5070-010 Legal Services	27,701	160,000		132,299	17.31%
1-02-5070-011 Memberships/Subscriptions	14,323	150,000		135,677	9.55%
1-02-5070-012 Elections	104,882	75,000		(29,882)	139.84%
Subtotal Operating Expenses	\$ 294,863	\$ 945,000	\$ -	\$ 650,137	31.20%
Total Departmental Expenses	\$ 480,616	\$ 1,612,750	\$ -	\$ 1,132,134	29.80%

**Palmdale Water District**  
**2016 Administration Services Budget**  
For the Four Months Ending Saturday, April 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries	\$ 292,772	\$ 982,000		\$ 689,228	29.81%
1-02-4000-100 Overtime	2,158	8,250		6,092	26.16%
Subtotal (Salaries)	\$ 294,931	\$ 990,250	\$ -	\$ 695,319	29.78%
Employee Benefits					
1-02-4005-000 Payroll Taxes	\$ 22,236	\$ 74,000		51,764	30.05%
1-02-4010-000 Health Insurance	44,800	135,000		90,200	33.19%
1-02-4015-000 PERS	30,973	117,500		86,527	26.36%
Subtotal (Benefits)	\$ 98,009	\$ 326,500	\$ -	\$ 228,491	30.02%
Total Personnel Expenses	\$ 392,940	\$ 1,316,750	\$ -	\$ 923,810	29.84%
OPERATING EXPENSES:					
1-02-4050-100 General Manager Travel	\$ 1,321	\$ 5,000		3,679	26.42%
1-02-4060-100 General Manager Conferences & Seminars	1,455	4,000		2,545	36.38%
1-02-4130-000 Bank Charges	51,360	140,000		88,640	36.69%
1-02-4150-000 Accounting Services	19,300	27,500		8,200	70.18%
1-02-4175-000 Permits	1,431	10,000		8,569	14.31%
1-02-4180-000 Postage	5,727	27,500		21,773	20.82%
1-02-4190-100 Public Relations - Publications	-	35,000		35,000	0.00%
1-02-4190-900 Public Relations - Other	-	1,000		1,000	0.00%
1-02-4200-000 Advertising	1,322	4,000		2,678	33.06%
1-02-4205-000 Office Supplies	6,126	18,000		11,874	34.03%
Subtotal Operating Expenses	\$ 88,041	\$ 272,000	\$ -	\$ 183,959	32.37%
Total Departmental Expenses	\$ 480,981	\$ 1,588,750	\$ -	\$ 1,107,769	30.27%

**Palmdale Water District**  
**2016 Engineering Budget**  
For the Four Months Ending Saturday, April 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	\$ 258,431	\$ 852,000		\$ 593,569	30.33%
1-03-4000-100 Overtime	2,509	6,750		4,241	37.18%
Subtotal (Salaries)	\$ 260,940	\$ 858,750		\$ 597,810	30.39%
Employee Benefits					
1-03-4005-000 Payroll Taxes	19,808	64,000		44,192	30.95%
1-03-4010-000 Health Insurance	60,198	155,000		94,802	38.84%
1-03-4015-000 PERS	26,334	101,000		74,666	26.07%
Subtotal (Benefits)	\$ 106,340	\$ 320,000	\$ -	\$ 213,660	33.23%
Total Personnel Expenses	\$ 367,280	\$ 1,178,750	\$ -	\$ 811,470	31.16%
OPERATING EXPENSES:					
1-03-4155-000 Contracted Services	10,900	64,000		53,100	17.03%
1-03-4165-000 Memberships/Subscriptions	1,055	2,500		1,445	42.20%
1-03-4250-000 General Materials & Supplies	987	3,000		2,013	32.89%
1-03-8100-100 Computer Software - Maint. & Support	4,747	31,000		26,253	15.31%
Subtotal Operating Expenses	\$ 17,689	\$ 100,500	\$ -	\$ 82,811	17.60%
Total Departmental Expenses	\$ 384,969	\$ 1,279,250	\$ -	\$ 894,281	30.09%



**Palmdale Water District**  
**2016 Facilities Budget**  
For the Four Months Ending Saturday, April 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
<b>Personnel Budget:</b>					
1-04-4000-000 Salaries	\$ 602,461	\$ 2,083,750		\$ 1,481,289	28.91%
1-04-4000-100 Overtime	25,525	90,000		64,475	28.36%
Subtotal (Salaries)	\$ 627,986	\$ 2,173,750	\$ -	\$ 1,545,764	28.89%
<b>Employee Benefits</b>					
1-04-4005-000 Payroll Taxes	48,871	166,500		117,629	29.35%
1-04-4010-000 Health Insurance	166,629	444,500		277,871	37.49%
1-04-4015-000 PERS	58,274	257,500		199,226	22.63%
Subtotal (Benefits)	\$ 273,774	\$ 868,500	\$ -	\$ 594,726	31.52%
Total Personnel Expenses	\$ 901,760	\$ 3,042,250	\$ -	\$ 2,140,490	29.64%
<b>OPERATING EXPENSES:</b>					
1-04-4155-000 Contracted Services	\$ 397,767	\$ 488,000		\$ 90,233	81.51%
1-04-4175-000 Permits-Dams	7,229	50,000		42,771	14.46%
1-04-4215-100 Natural Gas - Wells & Boosters	22,998	225,000		202,002	10.22%
1-04-4215-200 Natural Gas - Buildings	3,209	9,000		5,791	35.66%
1-04-4220-100 Electricity - Wells & Boosters	403,492	1,480,000		1,076,508	27.26%
1-04-4220-200 Electricity - Buildings	17,528	88,000		70,472	19.92%
1-04-4225-000 Maint. & Repair - Vehicles	13,925	35,000		21,075	39.79%
1-04-4230-100 Maint. & Rep. Office Building	14,279	15,000		721	95.19%
1-04-4235-110 Maint. & Rep. Equipment	357	6,500		6,143	5.50%
1-04-4235-400 Maint. & Rep. Operations - Wells	53,367	75,000		21,633	71.16%
1-04-4235-405 Maint. & Rep. Operations - Boosters	15,529	50,000		34,471	31.06%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	669	10,000		9,331	6.69%
1-04-4235-415 Maint. & Rep. Operations - Facilities	14,996	15,000		4	99.97%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	109,058	225,000		115,942	48.47%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	2,906	15,000		12,094	19.37%
1-04-4235-430 Maint. & Rep. Operations - Palmdale Dam	87	7,500		7,413	1.16%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	-	10,000		10,000	0.00%
1-04-4235-440 Maint. & Rep. Operations - Large Meters	16,897	10,000		(6,897)	168.97%
1-04-4235-445 Maint. & Rep. Operations - Telemetry	408	4,000		3,592	10.20%
1-04-4235-450 Maint. & Rep. Operations - Hypo Generators	-	10,000		10,000	0.00%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	16,692	45,000		28,308	37.09%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	1,456	5,000		3,544	29.11%
1-04-4235-470 Maint. & Rep. Operations - Meters Exchanges	116,205	225,000		108,795	51.65%
1-04-4270-300 Telecommunication - Other	1,743	4,000		2,257	43.58%
1-04-4300-200 Testing - Large Meters	6,917	12,500		5,583	55.33%
1-04-4300-300 Testing - Edison Testing	-	30,000		30,000	0.00%
1-04-6000-000 Waste Disposal	5,242	20,000		14,758	26.21%
1-04-6100-100 Fuel and Lube - Vehicle	10,883	105,000		94,117	10.37%
1-04-6100-200 Fuel and Lube - Machinery	7,076	40,000		32,924	17.69%
1-04-6200-000 Uniforms	9,363	22,500		13,137	41.61%
1-04-6300-100 Supplies - General	20,545	47,500		26,955	43.25%
1-04-6300-200 Supplies - Hypo Generators	3,628	6,500		2,872	55.81%
1-04-6300-300 Supplies - Electrical	836	3,000		2,164	27.86%
1-04-6300-400 Supplies - Telemetry	203	5,000		4,797	4.07%
1-04-6300-800 Supplies - Construction Materials	16,512	35,000		18,488	47.18%
1-04-6400-000 Tools	7,302	25,000		17,698	29.21%
1-04-7000-100 Leases -Equipment	6,140	12,500		6,360	49.12%
Subtotal Operating Expenses	\$ 1,325,445	\$ 3,471,500	\$ -	\$ 2,146,055	38.18%
Total Departmental Expenses	\$ 2,227,205	\$ 6,513,750	\$ -	\$ 4,286,545	34.19%

**Palmdale Water District**  
**2016 Operation Budget**  
For the Four Months Ending Saturday, April 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
<b>Personnel Budget:</b>					
1-05-4000-000 Salaries	\$ 328,115	\$ 1,012,500		\$ 684,385	32.41%
1-05-4000-100 Overtime	11,675	56,000		44,325	20.85%
Subtotal (Salaries)	\$ 339,790	\$ 1,068,500	\$ -	\$ 728,710	31.80%
<b>Employee Benefits</b>					
1-05-4005-000 Payroll Taxes	26,104	84,500		58,396	30.89%
1-05-4010-000 Health Insurance	70,289	183,500		113,211	38.30%
1-05-4015-000 PERS	34,018	137,750		103,732	24.70%
Subtotal (Benefits)	\$ 130,412	\$ 405,750	\$ -	\$ 275,338	32.14%
Total Personnel Expenses	\$ 470,202	\$ 1,474,250	\$ -	\$ 1,004,048	31.89%
<b>OPERATING EXPENSES:</b>					
1-05-4155-000 Contracted Services	\$ 4,459	\$ 93,500		\$ 89,041	4.77%
1-05-4175-000 Permits	13,103	40,000		26,897	32.76%
1-05-4215-200 Natural Gas - WTP	573	3,000		2,427	19.10%
1-05-4220-200 Electricity - WTP	23,882	125,000		101,118	19.11%
1-05-4230-110 Maint. & Rep. - Office Equipment	126	500		374	25.17%
1-05-4235-110 Maint. & Rep. Operations - Equipment	6,262	11,500		5,238	54.46%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	6,622	6,000		(622)	110.37%
1-05-4235-415 Maint. & Rep. Operations - Facilities	20,868	45,000		24,132	46.37%
1-05-4235-450 Maint. & Rep. Operations - Hypo Generator	64,008	18,000		(46,008)	355.60%
1-05-4235-500 Maint. & Rep. Operations - Wind Turbine	680	10,000		9,320	6.80%
1-05-6000-000 Waste Disposal	2,020	20,000		17,980	10.10%
1-05-6200-000 Uniforms	4,987	16,000		11,013	31.17%
1-05-6300-100 Supplies - General	5,895	15,000		9,105	39.30%
1-05-6300-600 Supplies - Lab	21,239	40,000		18,761	53.10%
1-05-6300-700 Outside Lab Work	25,645	92,000		66,355	27.88%
1-05-6400-000 Tools	1,490	6,500		5,010	22.93%
1-05-6500-000 Chemicals	100,928	400,000		299,072	25.23%
1-05-7000-100 Leases -Equipment	-	3,000		3,000	0.00%
3-05-4300-100 Filter Media Testing/Inspection	-	30,000		30,000	0.00%
Subtotal Operating Expenses	\$ 302,788	\$ 975,000	\$ -	\$ 642,212	31.06%
Total Departmental Expenses	\$ 772,990	\$ 2,449,250	\$ -	\$ 1,646,260	31.56%

**Palmdale Water District**  
**2016 Finance Budget**  
For the Four Months Ending Saturday, April 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-06-4000-000 Salaries	\$ 214,833	\$ 670,250		\$ 455,417	32.05%
1-06-4000-100 Overtime	236	3,000		2,764	7.88%
Subtotal (Salaries)	\$ 215,069	\$ 673,250	\$ -	\$ 458,181	31.94%
Employee Benefits					
1-06-4005-000 Payroll Taxes	16,200	49,000		32,800	33.06%
1-06-4010-000 Health Insurance	34,110	83,000		48,890	41.10%
1-06-4015-000 PERS	22,924	87,000		64,076	26.35%
Subtotal (Benefits)	\$ 73,233	\$ 219,000	\$ -	\$ 145,767	33.44%
Total Personnel Expenses	\$ 288,303	\$ 892,250	\$ -	\$ 603,947	32.31%
OPERATING EXPENSES:					
1-06-4155-000 Contracted Services	\$ 1,700	\$ 6,000		\$ 4,300	28.33%
1-06-4155-100 Contracted Services - Infosend	91,126	225,000		133,874	40.50%
1-06-4165-000 Memberships/Subscriptions	220	500		280	44.00%
1-06-4230-110 Maintenance & Repair - Office Equipment	-	500		500	0.00%
1-06-4250-000 General Material & Supplies	321	3,000		2,679	10.69%
1-06-4260-000 Business Forms	1,283	7,500		6,217	17.10%
1-06-4270-100 Telecommunication - Office	7,681	12,000		4,319	64.01%
1-06-4270-200 Telecommunication - Cellular Stipend	6,670	18,500		11,830	36.05%
1-06-7000-100 Leases - Equipment	1,246	3,000		1,754	41.54%
Subtotal Operating Expenses	\$ 110,247	\$ 276,000	\$ -	\$ 165,753	39.94%
Total Departmental Expenses	\$ 398,549	\$ 1,168,250	\$ -	\$ 769,701	34.12%



**Palmdale Water District**  
**2016 Water Conservation Budget**  
For the Four Months Ending Saturday, April 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-07-4000-000 Salaries	\$ 50,431	\$ 129,000		\$ 78,569	39.09%
1-07-4000-100 Overtime	-	1,000		1,000	0.00%
Subtotal (Salaries)	\$ 50,431	\$ 130,000		\$ 79,569	38.79%
Employee Benefits					
1-07-4005-000 Payroll Taxes	3,878	10,000		6,122	38.78%
1-07-4010-000 Health Insurance	15,241	38,000		22,759	40.11%
1-07-4015-000 PERS	2,676	17,250		14,574	15.51%
Subtotal (Benefits)	\$ 21,795	\$ 65,250	\$ -	\$ 43,455	33.40%
Total Personnel Expenses	\$ 72,226	\$ 195,250	\$ -	\$ 122,024	36.99%
OPERATING EXPENSES:					
1-07-4190-300 Public Relations - Landscape Workshop/Training	\$ 5,116	\$ 1,000		\$ (4,116)	511.59%
1-07-4190-400 Public Relations - Contests	-	1,000		1,000	0.00%
1-07-4190-500 Public Relations - Education Programs	-	2,500		2,500	0.00%
1-07-4190-700 Public Relations -General Media	7,375	25,000		17,625	29.50%
1-07-4190-900 Public Relations - Other	3,027	2,000		(1,027)	151.37%
1-07-4500-000 Drought Enforcement	-	7,500		7,500	0.00%
1-07-6300-100 Supplies - Misc.	1,949	5,000		3,051	38.97%
Subtotal Operating Expenses	\$ 17,467	\$ 44,000	\$ -	\$ 26,533	39.70%
Total Departmental Expenses	\$ 89,693	\$ 239,250	\$ -	\$ 148,557	37.49%

**Palmdale Water District**  
**2016 Human Resources Budget**  
For the Four Months Ending Saturday, April 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-08-4000-000 Salaries	\$ 35,518	\$ 116,000		80,482	30.62%
1-08-4000-100 Salaries - Overtime	\$ 4				
1-08-4000-200 Salaries - Intern Program	16,450	40,000		23,551	41.12%
Subtotal (Salaries)	\$ 51,972	\$ 156,000		\$ 104,033	33.32%
Employee Benefits					
1-08-4005-000 Payroll Taxes	3,996	15,250		11,254	26.20%
1-08-4010-000 Health Insurance	8,027	18,250		10,223	43.98%
1-08-4015-000 PERS	1,987	7,250		5,263	27.40%
Subtotal (Benefits)	\$ 14,009	\$ 40,750	\$ -	\$ 26,741	34.38%
Total Personnel Expenses	\$ 65,981	\$ 196,750	\$ -	\$ 130,774	33.54%
OPERATING EXPENSES:					
1-08-4050-000 Staff Travel	\$ 14,731	\$ 27,500		\$ 12,769	53.57%
1-08-4060-000 Staff Conferences & Seminars	8,870	25,000		16,130	35.48%
1-08-4070-000 Employee Expense	30,156	60,000		29,844	50.26%
1-08-4095-000 Employee Recruitment	-	3,000		3,000	0.00%
1-08-4100-000 Employee Retention	2,874	20,000		17,126	14.37%
1-08-4105-000 Employee Relations	929	3,500		2,571	26.53%
1-08-4110-000 Consultants	3,797	1,000		(2,797)	379.68%
1-08-4120-100 Training-Safety	9,478	35,000		25,522	27.08%
1-08-4120-200 Training-Speciality	438	25,000		24,562	1.75%
1-08-4121-000 Safety Program	292	1,000		708	29.15%
1-08-4165-000 Membership/Subscriptions	589	1,600		1,011	36.81%
1-08-4165-100 HR/Safety Publications	-	1,000		1,000	0.00%
1-08-6300-500 Supplies - Safety	7,210	20,000		12,790	36.05%
Subtotal Operating Expenses	\$ 79,363	\$ 223,600	\$ -	\$ 144,237	35.49%
Total Departmental Expenses	\$ 145,343	\$ 420,350	\$ -	\$ 275,011	34.58%

**Palmdale Water District**  
**2016 Information Technology Budget**  
For the Four Months Ending Saturday, April 30, 2016

YTD ACTUAL	ORIGINAL BUDGET	ADJUSTMENTS	ADJUSTED BUDGET	PERCENT
2016	2016	2016	REMAINING	USED

Personnel Budget:

1-09-4000-000 Salaries	\$ 66,667	\$ 225,500	\$ 158,833	29.56%
1-09-4000-100 Overtime	1,447	2,500	1,053	57.87%
Subtotal (Salaries)	\$ 68,114	\$ 228,000	\$ 159,886	29.87%

Employee Benefits

1-09-4005-000 Payroll Taxes	5,182	16,000	10,818	32.39%
1-09-4010-000 Health Insurance	14,601	38,000	23,399	38.42%
1-09-4015-000 PERS	7,784	29,500	21,716	26.39%
Subtotal (Benefits)	\$ 27,567	\$ 83,500	\$ -	33.01%

Total Personnel Expenses

\$ 95,680	\$ 311,500	\$ -	\$ 214,766	30.72%
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OPERATING EXPENSES:

1-09-4155-000 Contracted Services	\$ 14,713	\$ 121,500	\$ 106,787	12.11%
1-09-4165-000 Memberships/Subscriptions	150	2,000	1,850	7.50%
1-09-4270-000 Telecommunications	25,657	79,250	53,593	32.37%
1-09-8000-100 Computer Equipment - Computers	8,834	20,000	11,166	44.17%
1-09-8000-200 Computer Equipment - Laptops	6,493	16,000	9,507	40.58%
1-09-8000-300 Computer Equipment - Monitors	-	2,000	2,000	0.00%
1-09-8000-500 Computer Equipment - Toner Cartridges	71	3,000	2,929	2.37%
1-09-8000-550 Computer Equipment - Telephony	-	2,500	2,500	0.00%
1-09-8000-600 Computer Equipment - Other	10,699	40,000	29,301	26.75%
1-09-8100-100 Computer Software - Maint. and Support	7,543	60,000	52,457	12.57%
1-09-8100-140 Computer Software - Starnik	31,600	130,000	98,400	24.31%
1-09-8100-150 Computer Software - Dynamics GP Support	29,615	60,000	30,385	49.36%
1-09-8100-200 Computer Software - Software and Upgrades	1,464	20,000	18,536	7.32%
Subtotal Operating Expenses	\$ 136,839	\$ 556,250	\$ -	24.60%

Total Departmental Expenses

\$ 232,519	\$ 867,750	\$ -	\$ 634,177	26.80%
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**Palmdale Water District**  
**2016 Customer Care Budget**  
For the Four Months Ending Saturday, April 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-10-4000-000 Salaries	\$ 282,362	\$ 929,250		\$ 646,888	30.39%
1-10-4000-100 Overtime	3,504	10,000		6,496	35.04%
Subtotal (Salaries)	\$ 285,866	\$ 939,250	\$ -	\$ 653,384	30.44%
Employee Benefits					
1-10-4005-000 Payroll Taxes	22,635	71,500		48,865	31.66%
1-10-4010-000 Health Insurance	97,434	217,000		119,566	44.90%
1-10-4015-000 PERS	31,857	119,000		87,143	26.77%
Subtotal (Benefits)	\$ 151,926	\$ 407,500	\$ -	\$ 255,574	37.28%
Total Personnel Expenses	\$ 437,792	\$ 1,346,750	\$ -	\$ 908,958	32.51%
OPERATING EXPENSES:					
1-10-4155-000 Contracted Services	\$ 5,550	\$ 22,000		\$ 16,450	25.23%
1-10-4230-110 Maintenance & Repair-Office Equipment	-	500		500	0.00%
1-10-4250-000 General Material & Supplies	3,811	7,500		3,689	50.81%
1-10-4260-000 Business Forms	-	10,000		10,000	0.00%
Subtotal Operating Expenses	\$ 9,361	\$ 40,000	\$ -	\$ 30,639	23.40%
Total Departmental Expenses	\$ 447,153	\$ 1,386,750	\$ -	\$ 939,597	32.24%

# **PALMDALE WATER DISTRICT BOARD MEMORANDUM**

**DATE:** June 2, 2016 **June 6, 2016**  
**TO:** FINANCE COMMITTEE **Committee Meeting**  
**FROM:** Mr. Matthew R. Knudson, Assistant General Manager  
**VIA:** Mr. Dennis LaMoreaux, General Manager  
**RE:** ***AGENDA ITEM NO. 4.4 – DISCUSSION AND OVERVIEW OF COMMITTED CONTRACTS ISSUED AND WATER REVENUE BOND PROJECTS.***

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Attached are the monthly spreadsheets to update the Board on actual and projected expenses related to the 2016 Capital Projects, Water Quality Fee funded projects, and Series 2013A Water Revenue Bond funded projects.

**Committed Contract:** These expenses are for projects that are contractually committed to by the District and are accounted for in the approved 2016 Budget. The amounts highlighted are actual payments issued and the future payments are estimated based on the remaining contractual commitment.

**Water Quality Fee Funded Projects:** These expenses are related to the Granular Activated Carbon (GAC) replacements at the Water Treatment Plant and Underground Booster Station in order to comply with water quality regulations. These expenses are funded through the \$0.13/CCF charged on all water delivered to our customers.

**Budgeted – Not Committed:** These projected expenses are related to capital projects/equipment that are planned and budgeted for, but not yet contractually committed. Each of these projects will be brought to the Board for consideration and approval prior to contractually committing funds.

**Water Revenue Bond – Series 2013A:** This spreadsheet summarizes and provides the payout detail on the various projects that are funded from the Water Revenue Bond (WRB) proceeds issued in 2013. There was \$8,500,000 available for various infrastructure replacement and water supply projects, with \$9,430,009 contractually committed for the projects listed on the attached spreadsheet. The \$930,009 over the available funds from the WRB will be funded from the 2016 and 2017 Operating Budget.

**Supporting Documents:**

- 2016 Capital Project Expenses Spreadsheet
- Water Revenue Bond – Series 2013A Summary and Payout Detail



Palmdale Water District  
2016 Capital Project Expenses  
Updated: May 31, 2016

AGENDA ITEM NO. 4.4

Committed Contracts (Actual / Projected Expenses)																			
Project Title	Project Type	Contract	Vendor/Contractor/Consultant	Jan - Nov, 2015	Dec, 2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016 Total	2017 Total
Upper Amargosa Recharge Project - WRB Fund Carry-over	Water Supply and Groundwater Management	1,250,000	City of Palmdale / AVEK / WW40	-	-												347,629	347,629	582,380
PRGRRP - Financial Model	Water Supply Project / Planning	29,000	PFM, Inc.	-	-					14,465	14,535							29,000	
2015 Urban Water Management Plan	Planning / Regulatory	64,380	Kennedy/Jenks Consultants	-	4,186	10,456	9,089	7,105	4,007	11,370	18,167							60,194	
Water System Master Plan Update	Water System Infrastructure Planning	196,043	MWH	141,860	-	20,904				18,071	11,203							50,178	
Hydrologic and Energy Database	Water Supply and Demand Management	67,000	DCSE	65,970	-				1,030									1,030	
Security Improvements Project	Asset Management - Equipment Replacement	301,799	Siemens	205,283	-	36,716					59,800							96,516	
Security Improvements Project - Eng.	Asset Management - Equipment Replacement	58,730	Exante360	31,938	-						4,482							4,482	
Dredging & Lake Outlet Repairs	Asset Management - Equipment Replacement	40,639	Parker / Layne	-	-		40,639											40,639	
Well No. 15 - Rehabilitation	Asset Management - Equipment Replacement	189,907	Layne / Amarillo	-	-	17,621	134,286		38,000									189,907	
Well No. 30 - Rehabilitation	Asset Management - Equipment Replacement	74,222	Layne	-	-		74,222											74,222	
Well No. 22 - Rehabilitation	Asset Management - Equipment Replacement	57,936	Layne						21,525	36,411								57,936	
Water Main Replacement - Tierra Subida Ave. (Paving)	Asset Management - Infrastructure Replacement	46,253	RBC	-	-		46,253											46,253	
Well No. 25 - Rehabilitation	Asset Management - Equipment Replacement	16,365	Rottman Drilling									16,365						16,365	
Well No. 26 - Rehabilitation	Asset Management - Equipment Replacement	14,433	Roadrunner Pump Service									14,433						14,433	
Hi-Speed Scanners and Engineering Plotter	Asset Management - Equipment Replacement	44,015	Insight / Source Graphics								20,102	23,913						44,015	
Recharge and Recovery Project - Pilot	Water Supply Project / Planning	97,000	Kennedy/Jenks Consultants												97,000			97,000	
Spec. 1503 - El Camino Water Main Replacement	Asset Management - Infrastructure Replacement	70,000	PWD								30,000	30,000	10,000					70,000	
Replacement Solar Inverter	Asset Management - Infrastructure Replacement	24,995	Princeton Power Systems								24,995							24,995	
Tire Machine	Asset Management - Equipment Replacement	4,434	CarQuest							4,434								4,434	
Emergency Repairs on Well 18/19 Tank	Asset Management - Infrastructure Repairs	57,850	Superior Tank Solutions	-	57,850													-	
Office Space Remodel for Customer Care	Asses Management - Ergonomics Improvements	12,010	Rothman Business Interiors				2,547	5,496		3,117	850							12,010	
Office Space for Electronic Tech.	Work Flow and Communication Improvements	25,863	Yourway Const, / Circulating Air	-	-					25,863								25,863	
Valve Exercising Truck	Equipment Replacement	122,277	Wondries / CTEC	-	-					122,277								122,277	
New Vehicle - Durango	Equipment Replacement	32,184	Victorville Motors	-	-			32,184										32,184	
Surveying / GIS Equipment	Equipment Replacement	17,799	Allen Associates, Inc.	-	-				17,799									17,799	
Fleet Lighting Improvements	Safety	10,000	PWD	1,500	-						6,000	1,500	2,500					10,000	
Generator/Engine Emissions - 25th and 45th Booster Sta.	Regulatory	20,000	Emission Complaint Controls							4,526								4,526	
ARC Flash	Safety	137,500	Carollo	-	-	6,020					26,296	26,296	26,296	26,296	26,296			137,500	
AC Pipe Disposal	Safety / Regulatory Compliance	26,875	Alliance	-	26,875													-	
Lobby Design	Customer Service Improvement / Feasibility Design	56,600	ITZEN	49,344	-	4,650						2,606						7,256	
Subtotal		1,887,109		495,895	88,911	96,367	307,036	44,785	82,361	236,008	220,956	115,113	38,796	26,296	123,296	-	347,629	1,638,643	582,380

Water Quality Fee Funded Projects																		
Project Title	Project Type	Contract	Vendor/Contractor/Consultant	Jan - Nov, 2015	Dec, 2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016 Total
GAC Replacement - WTP	Water Quality Improvement / Regulatory	655,135	Calgon Carbon	573,109				275,135					190,000			190,000		655,135
GAC Replacement - WTP AC1230CX Reactivated	Water Quality Improvement / Regulatory	183,200	Evoqua	298,286			183,200											183,200
GAC Replacement - Underground Booster	Water Quality Improvement / Regulatory	62,730	Evoqua			62,730												62,730
Subtotal		901,065		871,395	-	62,730	183,200	275,135	-	-	-	-	190,000	-	-	190,000	-	901,065

Budgeted - Not Committed (Projected Expenses)																		
Project Title	Project Type	Estimate	Vendor/Contractor/Consultant	Jan - Nov, 2015	Dec, 2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016 Total
Meter Replacement Program	Asset Management - Equipment Replacement	600,000	TBD									200,000	200,000	200,000				600,000
Water Main and Service Line Replacement Projects	Asset Management - Infrastructure Replacement	230,000	TBD										130,000		75,000	25,000		230,000
Water System Master Plan - CEQA	Planning / Regulatory	75,000	TBD										25,000	15,000	25,000	10,000		75,000
WTP Security - Feasibility and Phase 1	Asset Management - Equipment Replacement	25,000	TBD									10,000	15,000					25,000
Drainage Improvements @ WTP	Asset Management - Site Improvements	50,000	TBD	-	-								50,000					50,000
Recharge and Recovery Project Pilot	Water Supply Project / Planning	203,000	TBD												100,000	103,000		203,000
Conference Room Projectors - Installation	Asset Management - Equipment Replacement	10,000	TBD								10,000							10,000
Entry Way Building @ WTP	Safety	10,000	TBD										10,000					10,000
Subtotal		1,203,000			-	-	-	-	-	-	10,000	210,000	430,000	215,000	200,000	138,000	-	1,203,000

# Water Revenue Bond - Series 2013A

Updated: May 31, 2016

Project	Work Order	Description	Allocated Based on Bond	Contractual Commitment	Payout to Date	Grant Funds/Operating Budget	Uncommitted Bond \$
Spec. 1204	603-12	Ave. Q - Q-3, Division and Sumac	\$ 725,000	\$ 765,085	\$ 765,085	\$ -	\$ (40,085)
Spec. 1201	606-11	20th, Puerta, Sweetbriar, and 22nd St. E.	\$ 1,450,000	\$ 1,487,261	\$ 1,487,261	\$ -	\$ (37,261)
Spec. 1205	605-12	Frontier, 31st St. E., etc. between Ave. Q and Q-4	\$ 1,200,000	\$ 1,291,539	\$ 1,291,539	\$ 485,000	\$ (91,539)
Spec. 1207	607-12	10th St. E. between Ave. P and Palmdale Blvd.	\$ 1,400,000	\$ 1,327,806	\$ 1,327,806	\$ -	\$ 72,194
LRDSR	501-04	Littlerock Sediment Removal (EIR/EIS/Permits)	\$ 975,000	\$ 645,443	\$ 555,319	\$ -	\$ 329,557
LCGRRP	400-12	Littlerock Recharge and Recovery (Feasibility)	\$ 1,500,000	\$ 769,891	\$ 769,891	\$ -	\$ 730,109
UAR	TBD	Upper Amargosa Recharge (Project Capacity)	\$ 1,250,000	\$ 1,250,000	\$ 93,380	\$ 445,009	\$ -
Spec. 0905	601-09	15th St. E. between Ave. P and Ave. Q (Material)	\$ -	\$ 362,984	\$ 362,984	\$ -	\$ (362,984)
PRGRRP	501-04	Palmdale Regional Recharge and Recovery (Permits)	\$ -	\$ 1,530,000	\$ 1,186,755		\$ (1,530,000)
<b>Totals:</b>			\$ 8,500,000	\$ 9,430,009	\$ 7,840,021	\$ 930,009	\$ (930,009)

Requisition No.	Payee	Date Approved	Invoice No.	Project	Payment Amount
2	Issuance Costs	Jul 8, 2013	N/A	WRB	\$ 24,815.84
3	BV Construction - Progress Payment #1	Jul 9, 2013	1	Spec. 1204	\$ 98,552.53
4	JT Eng. - Design Progress Payment	Jul 17, 2013	5187	Spec. 1207	\$ 9,108.00
5	BV Construction - Progress Payment #2	Aug 5, 2013	2	Spec. 1204	\$ 145,175.44
6	BV Construction - Progress Payment #3-4	Sep 4, 2013	3 and 4	Spec. 1204	\$ 167,790.43
7	Aspen - EIR/EIS Progress Payment	Sep 30, 2013	1116.002-01	LRDSR	\$ 18,499.60
8	BV Construction - Progress Payment #5	Sep 30, 2013	5	Spec. 1204	\$ 46,862.08
9	BV Construction - Progress Payment #6	Oct 24, 2013	6	Spec. 1204	\$ 51,052.05
10	Aspen - EIR/EIS Progress Payment	Oct 24, 2013	1116.002-02	LRDSR	\$ 8,410.32
11	BV Construction - Progress Payment #7	Nov 7, 2013	7	Spec. 1204	\$ 87,960.50
12	BV Construction - Progress Payment #8	Dec 4, 2013	8	Spec. 1204	\$ 70,650.08
13	Aspen - EIR/EIS Progress Payment	Dec 4, 2013	1116.002-03	LRDSR	\$ 11,054.97
14	Kennedy/Jenks - Progress Payment	Jan 2, 2014	78236	LCGRRP	\$ 24,066.25
14	BV Construction - Progress Payment #1	Jan 2, 2014	1	Spec. 1201	\$ 29,925.00
14	BV Construction - Progress Payment #9	Jan 2, 2014	9	Spec. 1204	\$ 58,787.84
14	Aspen - EIR/EIS Progress Payment	Jan 2, 2014	1116.002-04	LRDSR	\$ 36,178.95
14	JT Eng. - Design Progress Payment	Jan 2, 2014	5200	Spec. 1207	\$ 9,518.00
15	BV Construction - Progress Payment #2 & #3	Jan 21, 2014	2 & 3	Spec. 1201	\$ 114,095.00
16	Aspen - EIR/EIS Progress Payment	Feb 24, 2014	1116.002-05	LRDSR	\$ 4,917.47
16	BV Construction - Progress Payment #4 & #5	Feb 24, 2014	4 & 5	Spec. 1201	\$ 131,743.15
17	BV Construction - Retention Payment	Mar 3, 2014	10	Spec. 1204	\$ 38,254.26
17	Kennedy/Jenks - Progress Payment	Mar 3, 2014	79010 & 80391	LCGRRP	\$ 113,652.66
18	BV Construction - Progress Payment #6	Mar 31, 2014	6	Spec. 1201	\$ 126,834.50
18	Aspen - EIR/EIS Progress Payment	Mar 31, 2014	1116.002-06 and 07	LRDSR	\$ 17,080.04
19	Kennedy/Jenks - Progress Payment	Apr 16, 2014	78236	LCGRRP	\$ 28,228.60
19	BV Construction - Progress Payment #7	Apr 16, 2014	7	Spec. 1201	\$ 252,741.80
20	BV Construction - Progress Payment #8	May 15, 2014	8	Spec. 1201	\$ 69,825.00
20	Aspen - EIR/EIS Progress Payment	May 15, 2014	1116.002-08	LRDSR	\$ 33,388.96
20	Kennedy/Jenks - Progress Payment	May 15, 2014	82422 & 80900	LCGRRP	\$ 135,858.74
21	BV Construction - Progress Payment #9	Jun 4, 2014	9	Spec. 1201	\$ 67,260.00
21	Aspen - EIR/EIS Progress Payment	Jun 4, 2014	1116.002-09	LRDSR	\$ 31,845.93
22	BV Construction - Progress Payment #10	Jun 30, 2014	10	Spec. 1201	\$ 139,498.00
23	Kennedy/Jenks - Progress Payment	Jun 30, 2014	83735	LCGRRP	\$ 30,172.21
23	Aspen - EIR/EIS Progress Payment	Jun 30, 2014	1116.002-10	LRDSR	\$ 10,672.32
24	BV Construction - Progress Payment #11	Jul 21, 2014	11	Spec. 1201	\$ 141,217.50
24	Kennedy/Jenks - Progress Payment	Jul 21, 2014	84147	LCGRRP	\$ 26,431.83
24	Aspen - EIR/EIS Progress Payment	Jul 21, 2014	1116.002-11	LRDSR	\$ 6,274.20

25	BV Construction - Progress Payment #12	Aug 19, 2014	12	Spec. 1201	\$ 84,386.60
25	Aspen - EIR/EIS Progress Payment	Aug 19, 2014	1116.002-12	LRDSR	\$ 11,115.51
26	BV Construction - Progress Payment #13	Sept 10, 2014	13	Spec. 1201	\$ 47,654.85
26	Aspen - EIR/EIS Progress Payment	Sept 10, 2014	1116.002-13	LRDSR	\$ 37,715.30
27	BV Construction - Progress Payment #14	Sept 29, 2014	14	Spec. 1201	\$ 122,741.90
27	PWD - Reimbursement	Sept 29, 2014	N/A	Spec. 0905	\$ 260,611.31
28	Cedro Construction - Progress Payment #1	Oct 14, 2014	1	Spec. 1207	\$ 310,752.41
28	City of Palmdale - Recharge Project	Oct 14, 2014	PWD-2014	UAR	\$ 38,402.47
29	Aspen - EIR/EIS Progress Payment	Oct 23, 2014	1116.002-14	LRDSR	\$ 56,223.72
29	Kennedy/Jenks - Progress Payment	Oct 23, 2014	87036	LCGRRP	\$ 80,732.32
30	BV Construction - Progress Payment #15	Nov 12, 2014	15	Spec. 1201	\$ 84,974.65
30	Aspen - Bio and Cultural Report	Nov 12, 2014	3277.001-01	Spec. 1205	\$ 10,608.08
30	Cedro Construction - Progress Payment #2	Nov 12, 2014	2	Spec. 1207	\$ 195,802.84
31	ANM Construction - Paving	Nov 17, 2014	011115-1	Spec. 0905	\$ 102,373.00
32	Aspen - Bio and Cultural Report	Nov 26, 2014	3277.001-02	Spec. 1205	\$ 1,147.81
32	Aspen - EIR/EIS Progress Payment	Nov 26, 2014	1116.002-15	LRDSR	\$ 76,161.79
33	Kennedy/Jenks - Progress Payment	Dec 29, 2014	88741	LCGRRP	\$ 71,831.14
33	BV Construction - Progress Payment #16 (Retention)	Dec 29, 2014	16 - Retention	Spec. 1201	\$ 74,363.05
33	Aspen - EIR/EIS Progress Payment	Dec 29, 2014	1116.002-16	LRDSR	\$ 6,136.99
34	Cedro Construction - Progress Payment #3	Jan 7, 2015	3	Spec. 1207	\$ 294,189.21
35	BV Construction - Progress Payment #1	Jan 26, 2015	1	Spec. 1205	\$ 152,445.08
35	Aspen - EIR/EIS Progress Payment	Jan 26, 2015	1116.002-17	LRDSR	\$ 13,105.63
36	Kennedy/Jenks - Progress Payment	Feb 2, 2015	89538	LCGRRP	\$ 78,066.17
37	BV Construction - Progress Payments #2 and #3	Feb 19, 2015	2 and 3	Spec. 1205	\$ 195,962.20
37	Aspen - EIR/EIS Progress Payment	Feb 19, 2015	1116.002-18	LRDSR	\$ 8,814.60
38	BV Construction - Progress Payment #4	Mar 9, 2015	4	Spec. 1205	\$ 123,500.00
38	Cedro Construction - Progress Payment #4	Mar 9, 2015	4	Spec. 1207	\$ 70,371.25
39	BV Construction - Progress Payment #5	Mar 31, 2015	5	Spec. 1205	\$ 144,210.00
39	Aspen - EIR/EIS Progress Payment	Mar 31, 2015	1116.002-19	LRDSR	\$ 12,057.52
39	Kennedy/Jenks - Progress Payment	Mar 31, 2015	90983	LCGRRP	\$ 134,407.47
40	Cedro Construction - Progress Payment #5	Apr 13, 2015	5	Spec. 1207	\$ 116,680.99
41	BV Construction - Progress Payment #6	Apr 27, 2015	6	Spec. 1205	\$ 125,003.43
41	Aspen - EIR/EIS Progress Payment	Apr 27, 2015	1116.002-20	LRDSR	\$ 7,540.62
42	Cedro Construction - Progress Payment #6	May 19, 2015	6	Spec. 1207	\$ 103,592.13
43	BV Construction - Progress Payment #7	Jun 8, 2015	7	Spec. 1205	\$ 72,296.90
43	Aspen - Native American Monitoring	Jun 8, 2015	3277.001-03	Spec. 1205	\$ 7,702.52
43	Aspen - EIR/EIS Progress Payment	Jun 8, 2015	1116.002-21	LRDSR	\$ 44,109.14
44	Aspen - EIR/EIS Progress Payment	Jun 23, 2015	1116.002-22	LRDSR	\$ 34,285.59
44	Cedro Construction - Progress Payment #7	Jun 23, 2015	7	Spec. 1207	\$ 60,299.73
45	BV Construction - Progress Payment #8	Jul 15, 2015	8	Spec. 1205	\$ 111,492.00
45	Kennedy/Jenks - Progress Payment	Jul 15, 2015	93555	LCGRRP	\$ 46,443.99
45	Kennedy/Jenks - Progress Payment	Jul 15, 2015	93556	PRGRRP	\$ 251,714.21
46	Aspen - EIR/EIS Progress Payment	Jul 21, 2015	1116.002-23	LRDSR	\$ 16,484.80
46	Aspen - Native American Monitoring	Jul 21, 2015	3277.001-04	Spec. 1205	\$ 4,152.75
46	City of Palmdale - Recharge Project	Jul 21, 2015	PWD-2015	UAR	\$ 54,977.18
47	BV Construction - Progress Payment #9	Aug 11, 2015	9	Spec. 1205	\$ 107,542.76
47	Kennedy/Jenks - Progress Payment	Aug 11, 2015	94435	PRGRRP	\$ 238,422.35
48	Aspen - EIR/EIS Progress Payment	Sept 14, 2015	1116.002-24	LRDSR	\$ 9,024.21
48	Cedro Construction - Final Payment/Retention	Sept 14, 2015	Final Retention	Spec. 1207	\$ 157,491.76
49	Aspen - EIR/EIS Progress Payment	Sept 28, 2015	1116.002-25	LRDSR	\$ 1,034.50
49	Kennedy/Jenks - Progress Payment	Sept 28, 2015	95632	PRGRRP	\$ 190,705.91
50	Aspen - Native American Monitoring	Oct. 12, 2015	3277.001-05	Spec. 1205	\$ 5,581.50
50	BV Construction - Progress Payment #10	Oct. 12, 2015	10	Spec. 1205	\$ 92,241.20
51	Aspen - Native American Monitoring	Nov. 4, 2015	3277.001-06	Spec. 1205	\$ 4,707.50

51	Kennedy/Jenks - Progress Payment	Nov. 4, 2015	96460	PRGRRP	\$ 129,704.49
52	Aspen - Native American Monitoring	Dec. 28, 2015	96461	Spec. 1205	\$ 3,013.50
52	Kennedy/Jenks - Progress Payment	Dec. 28, 2015	97775	PRGRRP	\$ 159,241.36
53	Kennedy/Jenks - Progress Payment	Jan. 21, 2016	98545	PRGRRP	\$ 67,612.54
53	Aspen - EIR/EIS Progress Payment	Jan. 21, 2016	1116.002-25 & 27	LRDSR	\$ 3,751.40
54	BV Construction - Progress Payment #11	Feb. 3, 2016	11	Spec. 1205	\$ 67,200.17
55	BV Construction - Retention Payment	Feb. 23, 2016	Retention	Spec. 1205	\$ 62,731.78
55	Kennedy/Jenks - Progress Payment	Feb. 23, 2016	99318	PRGRRP	\$ 58,537.45
56	Aspen - EIR/EIS Progress Payment	Mar. 28, 2016	1116.003-01	LRDSR	\$ 33,898.64
56	Kennedy/Jenks - Progress Payment	Mar. 28, 2016	99918	PRGRRP	\$ 57,193.72
57	Kennedy/Jenks - Progress Payment	Apr. 19, 2016	100572	PRGRRP	\$ 7,364.72
58	Aspen - EIR/EIS Progress Payment	May 23, 2016	1116.003-02	LRDSR	\$ 5,535.88
58	Kennedy/Jenks - Progress Payment	May 23, 2016	101354	PRGRRP	\$ 26,258.21

**PALMDALE WATER DISTRICT  
RESOLUTION NO. 14-16**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
PALMDALE WATER DISTRICT APPROVING CHANGES IN  
RATES, FEES, AND CHARGES FOR WATER SERVICE**

**WHEREAS**, the Palmdale Water District (the "District") is authorized to collect charges and set rates for water service pursuant to the Irrigation District Law, codified at Division 11 of the Water Code, specifically at Sections 22280 through 22284;

**WHEREAS**, the District's current water rates are set forth at Appendix C of the Rules and Regulations of the Palmdale Water District;

**WHEREAS**, District staff has undertaken a review of the District's financial position and determined the current water rate revenues are not sufficient to offset the cost of providing the water service, including, among other things, increased operation and maintenance expenses, increased costs for necessary infrastructure repairs and enhancements, increased water quality regulations, and increased water supply costs;

**WHEREAS**, on April 17, 2014, the District retained Bartle & Wells, an independent water rate consultant, pursuant to an open bid process to perform a financial study of the District's existing water rates and rate structure and the District's existing and future reasonably estimated costs of providing water service;

**WHEREAS**, on July 16, 2014 and July 23, 2014, Bartle & Wells made presentations to the Board of Directors that concluded the current rates and rate structure will not be sufficient to cover the reasonably estimated costs of providing the District's water service over the next five fiscal years, and, proposed a revised rate structure and annual rate increases options depending on the level of maintenance and improvements expected to take place in the next five years, including 5%, 5.5% and 6% annual rate increases;

**WHEREAS**, the District's charges and fees for water service are subject to the requirements of Proposition 218 (Cal. Const. Art. XIII D, Section 6), including notice, hearing, and protest requirements applicable to increases of water rates;

**WHEREAS**, on July 23, 2014, pursuant to Proposition 218, the Board approved and directed staff to provide notice of the proposed rate structure changes and 5.5% annual rate increases, set forth in draft Appendix C, attached hereto, (the "Proposed Rates");

**WHEREAS**, on August 1, 2014, District staff mailed notice of (1) the Proposed Rates, (2) a September 17, 2014 public hearing, and (3) the method of protesting the Proposed Rates, to all the record owners of parcels within the District's service area that are subject to the District's fees and charges, using the last equalized assessment tax roll of the Los Angeles County Assessor and the District's customer billing records;



**WHEREAS**, the District held three public workshops on August 14, 2014, August 21, 2014, and September 8, 2014 to provide the public additional information regarding the Proposed Rates;

**WHEREAS**, from August 1, 2014, to 7:00 p.m. on September 17, 2014, the District accepted valid protests to the Proposed Rates;

**WHEREAS**, on September 17, 2014, the District held a public hearing at which District staff presented a total of 340 valid protests to the Board, resulting in less than a majority protest pursuant to Article XIII D, Section 6 of the California Constitution;

**WHEREAS**, although the lack of a majority protest authorizes the Board to adopt the Proposed Rates up to 5.5% for the next five fiscal years, the Board is not required to implement all of the annual rate increases;

**WHEREAS**, each year through its budget process, the Board reviews the estimated costs of providing the District's service in the ensuing year and determines at that time the amount of the increase it will implement for the ensuing year;

**WHEREAS**, the District has previously decided not to exercise its full authority to increase rates, including on May 13, 2009, when the Board approved a 46% rate increase for 5 years and only implemented 15% rate increases in those years; and

**WHEREAS**, the adoption of this resolution is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273 because the resolution pertains to the adoption of charges necessary to maintain services within the District's existing service area.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED** that the Board of Directors of the Palmdale Water District does hereby resolve as follows:

1. The foregoing recitals are hereby found to be true and correct and incorporated herein by this reference.
2. The District has received and accepted 340 valid protests to the Proposed Rates as of 7:00 p.m. on September 17, 2014.
3. The District adopts and approves the Proposed Rates as set forth in draft Appendix C to the District's Rules and Regulations, attached hereto.
4. The Current Appendix C shall be replaced by the draft Appendix C, attached hereto, reflecting the District's authority to impose and collects rates for the provision of water service in accordance therewith.
5. In the event the Board determines, through its annual budget process, not to implement the full 5.5% annual rate increase set forth in Appendix C for any of the following five fiscal years, it shall amend Appendix C to reflect the actual rate adopted for that year.




6. The General Manager is authorized and directed to give due notice of exemption of this resolution from the provisions of CEQA, pursuant to Title 14 California Code of Regulations section 15062.

7. Effective Date. All sections of this Resolution shall be in full force and effect immediately.

PASSED AND ADOPTED on this 17th day of September, 2014 by the Board of Directors, the governing body of the Palmdale Water District.

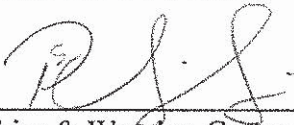
PALMDALE WATER DISTRICT

  
KATHY MAC LAREN, President

ATTEST

  
JOE ESTES, Secretary

APPROVED AS TO FORM:

By:   
Aleshire & Wynder, General Counsel

## Appendix C

### Palmdale Water District Proposed Rate Structure

**Water Quality Fee (\$/ccf):** 5-yr moving average of (GAC costs) / (billed water usage [hcf])

**User Classification**

Single Family Residential "SFR"  
Multi Family Residential "MFR"  
Commercial-Industrial "CI"  
Irrigation Only "IRR"  
Other "OTHER"

**Water Budget Allocation - Essential Usage**

Indoor Allocation  
3-yr average of minimum monthly usage  
3-yr average of minimum monthly usage  
Essential Outdoor Allocation  
3-yr average of minimum monthly usage

**User Classification**

Single Family Residential "SFR"  
Multi Family Residential "MFR"  
Commercial-Industrial "CI"  
Irrigation Only "IRR"  
Other "OTHER"

**Water Budget Allocation - Efficient Usage**

Indoor Allocation + Efficient Outdoor Allocation  
3-yr moving average by month  
3-yr moving 3 month average  
Efficient Outdoor allocation  
3-yr moving average by month

**Service Charge**

**Meter Size**

1" and Below  
1-1/2"  
2"  
3"  
4"  
6"  
8"  
10"

**Monthly Service Charge**

\$31.27  
\$93.80  
\$143.85  
\$260.62  
\$427.44  
\$844.50  
\$1,344.96  
\$1,928.84

**Commodity Rates (\$/ccf\*)**

**Tiers**

Tier 1  
Tier 2  
Tier 3  
Tier 4  
Tier 5  
Tier 6

**CY 2014**

\$0.73  
\$0.84  
\$2.37  
\$3.57  
\$4.61  
\$5.93

**Elevation Booster Surcharge (\$/ccf\*)**

**Area**

B  
A1  
A2  
A3

**CY 2014**

-  
5-Year Moving Average of Actual Pumping Costs  
5-Year Moving Average of Actual Pumping Costs  
5-Year Moving Average of Actual Pumping Costs

*\*Water use is metered in units of ccf (hundred cubic feet)*

**All Classes**

**Tier**

Tier 1  
Tier 2  
Tier 3  
Tier 4  
Tier 5  
Tier 6

**Water Budget Allocation**

0 - 100% Essential Usage  
100% Essential Usage - 100% Efficient Usage  
101-130% Efficient Usage  
131-160% Efficient Usage  
161-190% Efficient Usage  
Above 191% Efficient Usage

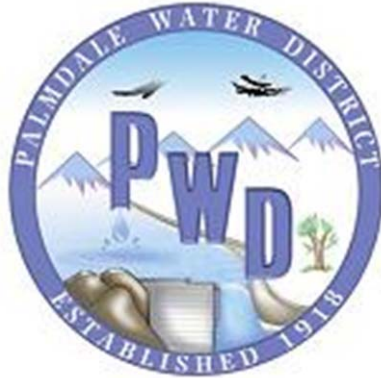
Appendix C

Meter Charges	% Increase	5.5%	5.5%	5.5%	5.5%	5.5%
Meter Size	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
1" and Below	\$31.27	\$32.99	\$34.80	\$36.71	\$38.73	\$40.86
1.5"	93.80	98.96	104.40	110.14	116.20	122.59
2"	143.85	151.76	160.11	168.92	178.21	188.01
3"	260.62	274.95	290.07	306.02	322.85	340.61
4"	427.44	450.95	475.75	501.92	529.53	558.65
6"	844.50	890.95	939.95	991.65	1,046.19	1,103.73
8"	1,344.96	1,418.93	1,496.97	1,579.30	1,666.16	1,757.80
10"	1,928.84	2,034.93	2,146.85	2,264.93	2,389.50	2,520.92

Commodity Rates	% Increase	5.5%	5.5%	5.5%	5.5%	5.5%
	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Tier 1	\$0.73	\$0.77	\$0.81	\$0.85	\$0.90	\$0.95
Tier 2	\$0.84	\$0.89	\$0.94	\$0.99	\$1.04	\$1.10
Tier 3	\$2.37	\$2.50	\$2.64	\$2.79	\$2.94	\$3.10
Tier 4	\$3.57	\$3.77	\$3.98	\$4.20	\$4.43	\$4.67
Tier 5	\$4.61	\$4.86	\$5.13	\$5.41	\$5.71	\$6.02
Tier 6	\$5.93	\$6.26	\$6.60	\$6.96	\$7.34	\$7.74

Drought Surcharges			
Stage No.	Policy	% Shortage	Drought Surcharge per CCF*
1	Water Rationing	20% reduction in water deliveries	\$0.45
2	Water Rationing	30% reduction in water deliveries	\$0.77
3	Water Rationing	40% reduction in water deliveries	\$1.19

# Palmdale Water District



## Water Rate Study

**September 16, 2014**



### **BARTLE WELLS ASSOCIATES**

Independent Public Finance Advisors

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# SECTION 1: INTRODUCTION & BACKGROUND

## District History

Palmdale Water District is located within the Antelope Valley in Los Angeles County, 60 miles north of the City of Los Angeles. The District was established in 1918 as the Palmdale Irrigation District by a vote of the public to supply irrigation water to the approximately 4,500 acres of agricultural land. As the region developed and grew, new industries emerged in the area, notably the aerospace industry in the 1950's with the activation of Air Force Plant 42 and the growth of Edwards Airforce Base. As the region has developed, the District has moved away from a primarily agricultural customer base to a primarily residential customer base.

The population of Palmdale CA, as of 2012 is approximately 155,000, and the District's service area population is expected to more than double over the next 25 years which will increase water demands significantly. The main driver of this growth is the single family residential customer class.

## District Background

The District maintains 413 miles of pipelines, 23 active ground water wells, 17 reservoir sites, 15 booster stations, 14 pressure regulating stations, 9 seismic valves, and 9 hydro-pneumatic tanks. The storage capacity of the water system is over 50 million gallons (mg) or 154.4 acre feet, according to the 2010 Urban Water Management Plan Update.

Surface water is stored in Lake Palmdale, a reservoir with a capacity of over 4,100 acre feet, and Littlerock Reservoir, which has a capacity of 3,500 acre feet. The District receives an annual entitlement from the State Water Project of 21,300 acre feet, which may be reduced in times of drought. The fixed costs of participating in the State Water Project are billed to customers through an assessment on property taxes; however the District pays separately for transportation costs when water is purchased.

Palmdale Water District obtains approximately 60% of total water produced from surface water and 40% from groundwater. Surface water from the State Water Project and the Littlerock Reservoir is gathered in Lake Palmdale and treated at a recently upgraded (2009) 35 mgd water treatment plant. The District filters water from the treatment plant through a granular activated carbon (GAC) process, which improves taste and odor of the water. The granular activated carbon is currently funded through a \$ 0.20 surcharge on each CCF (hundred cubic foot) of water purchased.

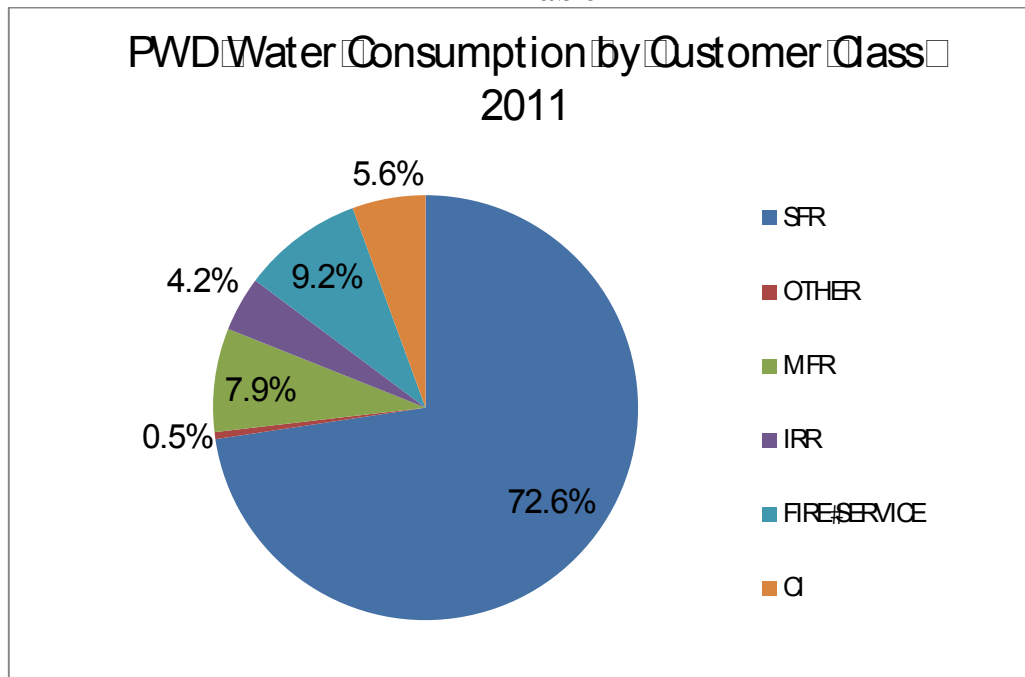
The District supplies a non-contiguous area of approximately 140 square miles, with a primary service area of 46 square miles. Elevations of the service area range from approximately 2,600 feet to 3,800 feet above sea level. The District service area slopes upward toward the San Gabriel Mountains and is divided into four elevation zones, B, A1, A2, and A3. Customers located in

elevations above B pay an elevation booster surcharge to recover greater pumping costs related to serving those customers.

### Customer Base

The current customer base is primarily Single Family Residential “SFR,” with a number of Multi Family Residential “MFR,” Irrigation “IRR,” and Commercial-Industrial “CI” customers. A “Fire Service” class covers compound meters utilized by Commercial-Industrial customers, and an “Other” customer class primarily consists of construction meters. **Table 1** shows a breakdown of water consumption by customer class in CY 2011.

**Table 1**



### Current Rates

Rates were last updated in 2009, in which the District contracted with Raftelis Financial Consultants, Inc (“RFC”) to conduct a water rate study and implement a water budget rate structure. The budget structure establishes a level of “efficient usage” for individual customers defined by each customer’s class. Current rates for CY 2014 are shown in **Table 2** and **Table 3**.

Usage above the “efficient usage” tier is charged a progressively higher rate based on conservation costs and the costs of purchasing supplemental supply, with tier breakpoints determined by a percentage of each individual customer’s water budget. The percentage of the water budget that determines tier breakpoints is the same for all customer classes.

**Table 2**

<b>Palmdale Water District Current Rates CY 2014</b>	
<b>Water Quality Fee (\$/ccf*):</b>	\$0.20
<b>User Classification</b>	<b>Water Budget Allocation</b>
Single Family Residential "SFR"	Indoor Allocation + Outdoor Allocation
Multi Family Residential "MFR"	3-yr moving average by month
Commercial-Industrial "CI"	3-yr moving average by month
Irrigation Only "IRR"	Outdoor allocation
Other "OTHER"	3-yr moving average by month
<b>Service Charge</b>	
<b>Meter Size</b>	<b>Monthly Service Charge</b>
5/8"	\$27.51
1"	\$52.26
1-1/2"	\$93.51
2"	\$143.03
3"	\$258.57
4"	\$423.62
6"	\$836.24
8"	\$1,331.38
10"	\$1,909.05
<b>Commodity Rates (\$/ccf*)</b>	
<b>Tiers</b>	<b>CY 2014</b>
Tier 1	\$0.73
Tier 2	\$2.90
Tier 3	\$3.70
Tier 4	\$4.81
Tier 5	\$5.81
<b>Elevation Booster Surcharge (\$/ccf*)</b>	
<b>Area</b>	<b>CY 2014</b>
B	-
A1	\$0.13
A2	\$0.41
A3	\$0.89
<i>*Water use is metered in units of ccf (hundred cubic feet)</i>	
<b>All Customer Classes</b>	
<b>Tier</b>	<b>% of water budget allocation</b>
Tier 1	0-100%
Tier 2	101-130%
Tier 3	131-160%
Tier 4	161-190%
Tier 5	Above 191%

**Table 3**

Formulas and Variables CY 2014
<b>Indoor Allocation = <math>GPCD \times \text{Household Size} \times \text{Days per billing cycle} / (748 \text{ gallons/ccf})</math></b>
<b>Outdoor Allocation = <math>(ETo / (12 \text{ in})) \times IA \times LF \times \text{Conservation Factor} / (100 \text{ ft}^3 / 1 \text{ ccf})</math></b>
Landscape Factor (LF) = .7
Residential IA Default = 50%*Total Parcel Area
Irrigation IA Default = 100%*Total Parcel Area
Default Household Size = 4
GPCD = 66 gallons per occupant
Conservation Factor = 100%

Under current rates, each individual customer faces unique tier breakpoints based on a number of different factors:

**Single Family Residential (“SFR”)** customers receive an indoor allocation based on the number of occupants using 66 gallons per day and an additional outdoor allocation based on monthly Evapotranspiration (ETo) data from a local weather station, the Irrigable Area (IA) of their property, and a Landscape Factor (LF).

Single Family Residential customers may submit a variance factor to the District to change their default indoor allocation. The District estimates that no more than 10% of customers have submitted a variance for their water usage, with the default indoor budget allowance of approximately 11 CCF based on a four person household, and a default irrigable area of 50% of the square footage of the parcel.

**Irrigation (“IRR”)** customers receive an outdoor allocation which has the same basis as the Single Family Residential outdoor allocation, but based on 100% of the square footage of the parcel size.

**Multi Family, Commercial/Industrial, Other (“MFR,” “CI,” “OTHER”)** customers receive an allocation based on their historical usage in the same month during the past three years.

**Evapotranspiration (ETo)** is the sum of evaporation and plant transpiration from the Earth's land and ocean surface to the atmosphere. The evapotranspiration factor increases during summer months, providing larger outdoor allocations for both Single Family Residential and Irrigation customers during summer months, and smaller outdoor allocations during winter months. Monthly ETo values are collected from CIMIS station 197 from Apr 05 – Nov 08.

**Irrigable Area (IA)** is determined by the total square footage of the parcel from assessor's data.

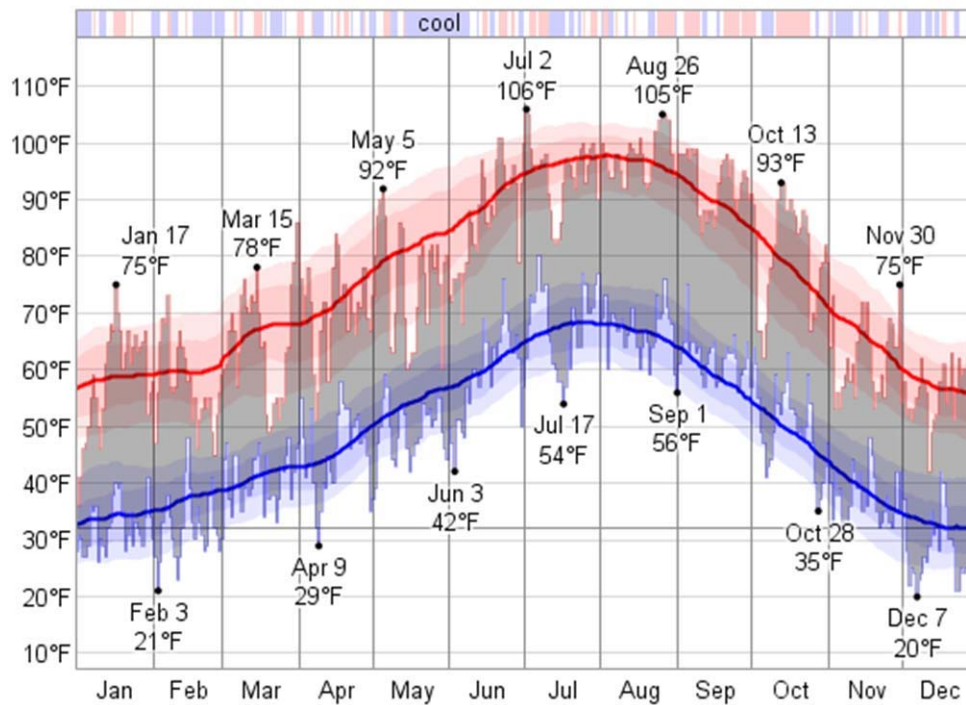
**Landscape Factor (LF)** is based on the water necessary to irrigate moderate usage plants with a Plant Factor (PF) of 0.5 and Irrigation Efficiency (IE) of .71 according to the **State of California AB 1881 Plant Factor/Irrigation Efficiency Standard**. The Landscape Factor (LF) is equivalent to the Plant Factor (PF)/Irrigation Efficiency (IE).

**Conservation Factor** only applies to the outdoor allocation and is meant to be lowered during times of drought. Under current rates, the District does not have the authority to alter the conservation factor, which is set to 100% as a default.

## Water Usage & Weather

Palmdale is located in a high desert climate, with hot and dry summers, cool and windy winters, and low humidity and rainfall. Historical temperatures in CY 2011, water usage and average monthly evapotranspiration data are shown in **Tables 4 – 6** respectively.

**Table 4**  
**Historical Temperatures: Palmdale, CA CY 2011.**

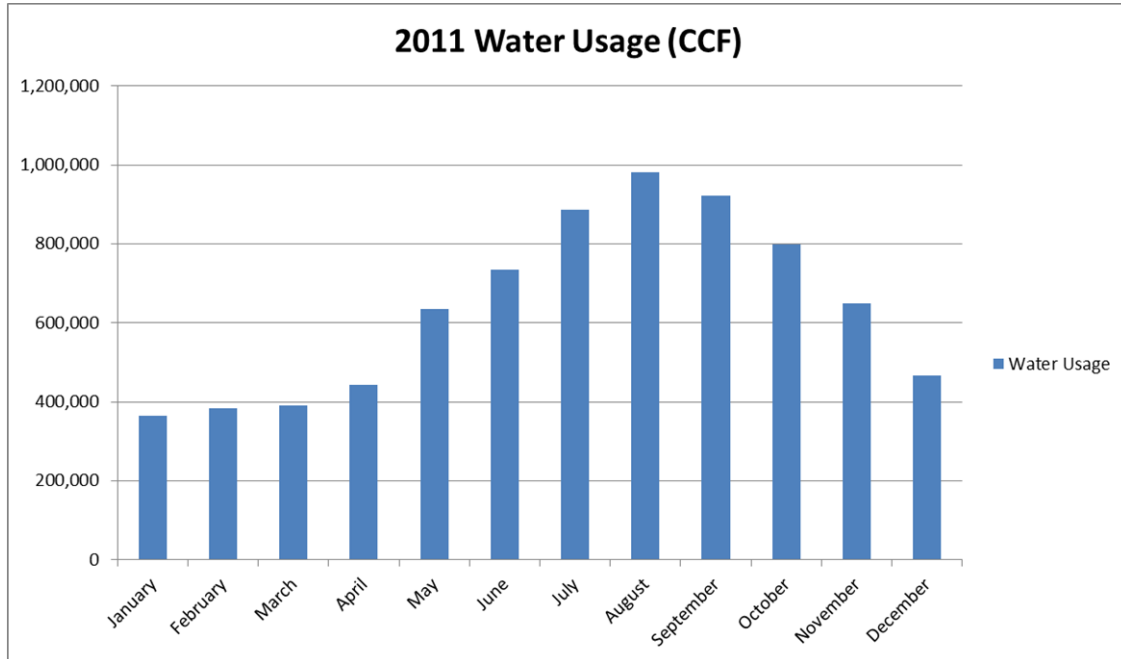


Source: Weatherspark.com

BWA has selected CY 2011 as a base year for this study due to the availability and quality of the District's data in that year. Water usage fluctuates in correlation with the temperature of the service area, with higher levels of usage during summer months, and lower levels of usage during winter months.

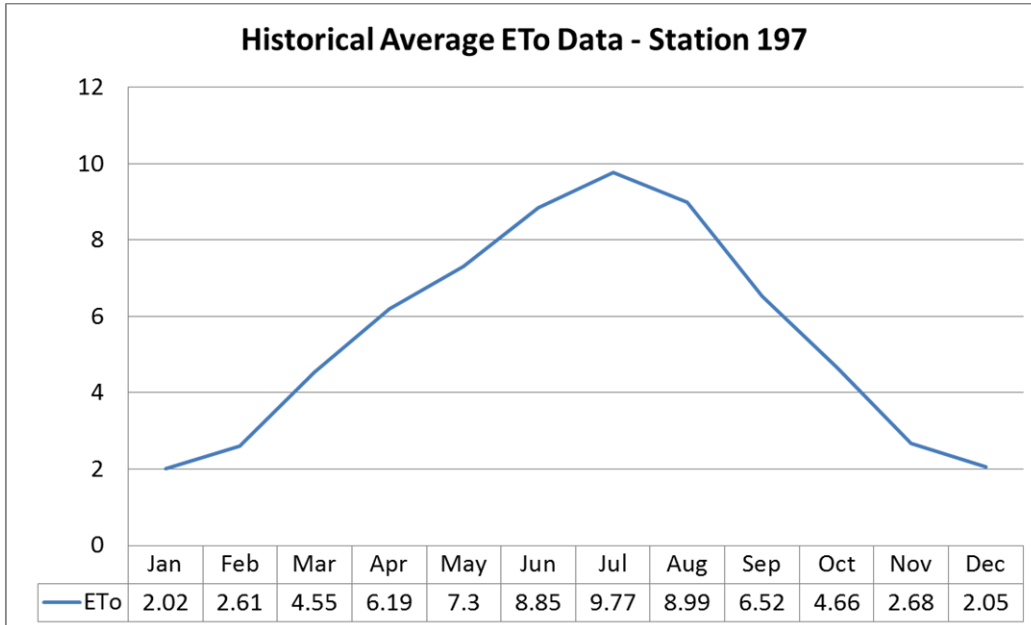


**Table 5**



Customer water usage hits peak levels in June – August, while lowest levels of usage occur in December – March. ETo data follows this same trend, allowing customers larger water budgets when they need to use more water for outdoor needs.

**Table 6**



## 2009 Study Tier Cost Allocation

**Table 7**  
**2011 Water Sales Calculation**

Annual Usage (CCF)		2011 Rates	Water Sales Revenue	
6,573,543	85.87%	\$0.67	\$4,404,274	54.13%
525,592	6.87%	\$2.63	\$1,382,307	16.99%
244,057	3.19%	\$3.36	\$820,032	10.08%
127,404	1.66%	\$4.37	\$556,755	6.84%
184,715	2.41%	\$5.27	\$973,448	11.96%
<b>7,655,311</b>	<b>100.00%</b>		<b>\$8,136,816</b>	<b>100.00%</b>

The 2009 rate structure was designed based on recovering all basic operating costs of the system in Tier 1 (the budgeted allocation). Higher costs in higher tiers were justified based on conservation program costs and developing additional sources of supply.

In the 2009 study, the costs of supplemental water was determined to be \$1,000 per acre foot for additional State Water Project water, and \$2,300 per acre foot for the District's "Cash for Grass" program. Customer usage above Tier 1 resulted in excess revenues, which have been used to keep charges low. **Table 7** shows the 2011 breakdown of commodity revenues by Tier, with approximately 46% of water sales collected on usage above Tier 1.

□

## 2009 Approved Rates

**Table 8**  
**Approved Meter Charges (2009)**

Meters	2009	2010	2011	2012	2013	2014	Total Increase
5/8"	\$25.97	\$29.61	\$31.97	\$34.53	\$37.29	\$40.28	55.10%
1"	\$50.66	\$57.75	\$62.37	\$67.36	\$72.75	\$78.57	55.09%
1.5"	\$91.81	\$104.65	\$113.04	\$122.08	\$131.85	\$142.39	55.09%
2"	\$141.20	\$160.97	\$173.85	\$187.75	\$202.77	\$219.00	55.10%
3"	\$256.43	\$292.33	\$315.72	\$340.97	\$368.25	\$397.71	55.09%
4"	\$421.05	\$480.00	\$518.40	\$559.87	\$604.65	\$653.03	55.10%
6"	\$832.59	\$949.15	\$1,025.08	\$1,107.09	\$1,195.65	\$1,291.31	55.10%
8"	\$1,326.44	\$1,512.14	\$1,633.11	\$1,763.76	\$1,904.86	\$2,057.25	55.10%
10"	\$1,902.60	\$2,168.96	\$2,342.48	\$2,529.88	\$2,732.27	\$2,950.85	55.10%

**Table 9****Approved Commodity Rates (2009)**

Tiers	2009	2010	2011	2012	2013	2014	Total Increase
Tier 1	\$0.64	\$0.73	\$0.79	\$0.85	\$0.92	\$0.99	
%		14.06%	8.22%	7.59%	8.24%	7.61%	54.69%
Tier 2	\$2.50	\$2.85	\$3.08	\$3.32	\$3.59	\$3.88	
%		14.00%	8.07%	7.79%	8.13%	8.08%	55.20%
Tier 3	\$3.20	\$3.65	\$3.94	\$4.26	\$4.60	\$4.96	
%		14.06%	7.95%	8.12%	7.98%	7.83%	55.00%
Tier 4	\$4.16	\$4.74	\$5.12	\$5.53	\$5.97	\$6.45	
%		13.94%	8.02%	8.01%	7.96%	8.04%	55.05%
Tier 5	\$5.03	\$5.73	\$6.19	\$6.69	\$7.22	\$7.80	
%		13.92%	8.03%	8.08%	7.92%	8.03%	55.07%

Source: 2009 Resolution 09-08

Rates approved by the District from 2009 to 2014 accounted for a 55.10% increase over 5 years in both Meter and Commodity charges, as shown in **Table 8** and **Table 9**, respectively.

### Implemented Rate Increases

**Table 10****Implemented Meter Charges**

Meters	2009	2014	Total Increase
5/8"	\$25.97	\$27.51	5.93%
1"	\$50.66	\$52.26	3.16%
1.5"	\$91.81	\$93.51	1.85%
2"	\$141.20	\$143.03	1.30%
3"	\$256.43	\$258.57	0.83%
4"	\$421.05	\$423.62	0.61%
6"	\$832.59	\$836.24	0.44%
8"	\$1,326.44	\$1,331.38	0.37%
10"	\$1,902.60	\$1,909.05	0.34%

**Table 11****Implemented Commodity Rates**

Tiers	2009	2014	Total Increase
Tier 1	\$0.64	\$0.73	14.06%
Tier 2	\$2.50	\$2.90	16.00%
Tier 3	\$3.20	\$3.70	15.63%
Tier 4	\$4.16	\$4.81	15.63%
Tier 5	\$5.03	\$5.81	15.51%

Actual District rate increases since 2009 have been significantly lower than approved rates. **Table 10** shows Meter Charges were increased slightly from 2009 to 2014. For Commodity Rates, the District was able to eliminate the 2010 14% rate increase, reduce the 2011 8% increase to 5%, eliminate the 2012 8% rate increase, keep the 2013 8% rate increase, and reduce the 8% increase in 2014 to 2%. **Table 11** shows the total 5 year increase was approximately 15%.

## SECTION 2: PROPOSED RATES DEVELOPMENT

### Summary of Rate Structure Recommendations

After a thorough analysis of the District's rate structure and consultation with District staff and legal counsel, BWA believes the following rate structure alterations will further District goals of conservation and maintain equity and fairness across all customer classes:

1. A new cost allocation methodology which more accurately represents District costs being recovered by revenues based on peak system demand and conservation program costs
2. The addition of sub-allocation tiers for all customer classes based on their "essential usage" to further encourage conservation
3. A 55% fixed 45% variable cost recovery from water rates which will balance revenue stability with conservation incentive
4. Standardization of 1" and below meter charges for all customer classes to resolve pressure issues with 5/8" meters.
5. 3-year 3-month rolling averaging of the "Commercial/Industrial" customer class water usage to smooth out variances in usage (currently 3-year 1-month)
6. New policies for establishing the water quality fee and elevation booster surcharge based on five year running averages of actual costs
7. The development of a drought surcharge based on Board Resolution No. 09-04

Table 12

Operating Expenses	
Directors	\$114,500
Administration	3,490,000
Engineering	1,079,800
Facilities	3,408,500
Operations (Less Elevation Costs)	5,108,739
Finance	2,968,750
Human Resources	215,300
Information Technology	828,600
Water Purchases	2,400,000
OAP Chrg (Prior Year)	250,000
Water Recovery	-100,000
Capital Expenses	
Plant Expenditures	\$2,143,500
Acquisition of PP&E	886,000
Capital Leasing	217,500
<b>Total</b>	<b>\$23,011,189</b>

Cost Allocations	
Total Fixed Costs	54.99%
Total Variable Costs	45.01%
Billing % of Fixed Costs	30.03%
Meter % of Fixed Costs	69.97%
Base % of Variable Costs	66.07%
Peak % of Variable Costs	33.93%

Fixed Costs			
Billing		Meter	
5%	\$5,725	50%	\$57,250
20%	\$698,000	40%	\$1,396,000
10%	\$107,980	55%	\$593,890
10%	\$340,850	40%	\$1,363,400
15%	\$766,311	40%	\$2,043,495
30%	\$890,625	20%	\$593,750
15%	\$32,295	40%	\$86,120
15%	\$124,290	40%	\$331,440
20%	\$480,000	30%	\$720,000
20%	\$50,000	30%	\$75,000
20%	-\$20,000	30%	-\$30,000
<b>Subtotal</b>	<b>\$3,476,076</b>		<b>\$7,230,345</b>
10%	\$214,350	50%	\$1,071,750
10%	\$88,600	50%	\$443,000
10%	\$21,750	50%	\$108,750
<b>Subtotal</b>	<b>\$324,700</b>		<b>\$1,623,500</b>
<b>Total</b>	<b>\$3,800,776</b>		<b>\$8,853,845</b>
<b>% of Total</b>	<b>16.5%</b>		<b>38.5%</b>

Variable Costs	
Base	
25%	\$28,625
25%	\$872,500
20%	\$215,960
40%	\$1,363,400
30%	\$1,532,622
35%	\$1,039,063
35%	\$75,355
35%	\$290,010
30%	\$720,000
30%	\$75,000
30%	-\$30,000
	<b>\$6,182,534</b>
20%	\$428,700
20%	\$177,200
25%	\$54,375
	<b>\$660,275</b>
	<b>\$6,842,809</b>
	<b>29.7%</b>

Total Fixed Costs \$12,654,621

Total Variable Costs \$6,842,809



BWA examined the O&M cost structure of the District and determined that actual costs are approximately 75% fixed and 25% variable.

Under Article 10 Section 2 of the California Constitution, public agencies are required to maximize beneficial use of water service, allocate costs in proportion to the cost of serving each customer class, and discourage waste. Section 2 states that:

*It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.*

Based on the direction of District staff to encourage water conservation while maintaining revenue stability, BWA recommends that approximately 55% of District costs should be recovered by fixed charges, and 45% from variable charges. This mix of fixed vs. variable revenues is consistent with the current rate structure and balances revenue stability with conservation incentive.

In **Table 12**, BWA analyzed the District's expenses and determined a cost allocation which recovers approximately 55% of District costs from fixed charges, 45% from variable charges, and acknowledges that variable revenues in higher tiers are used to pay for fixed costs of the system.

**Billing:** covers costs associated with billing and customer service.

**Meter:** covers fixed costs related to sizing of facilities to meet basic consumer demands

**Base:** covers the cost per unit of water to satisfy basic customer demand

**Peak:** covers sizing of facilities and additional production costs to meet maximum demand on the water system.

Of the costs to be recovered by fixed charges, 30% represents costs associated with billing and customer service, while 70% represents costs associated with meter capacity. 66% of costs recovered by variable charges are allocated to supply base needs, while 34% are allocated to peak costs.

Revenue offsets from miscellaneous revenue sources unrelated to rates are subtracted from total expenses in **Table 13** to determine the level of expenses needed to be recovered from rates.

**Table 13**

<b>Revenue Offsets</b>	
Other Operating Revenue	\$1,700,000
Wholesale Water (AVEK & LCID)	225,000
Interest	35,000
Market Adj. on Investments	(10,000)
Capital Improvement Fees	150,000
Grants - State & Federal	485,000
Other Non-Operating Revenue	185,000
<b>Subtotal</b>	<b>\$2,770,000</b>

<b>Costs to Be Recovered From Meter Charges and Water Sales</b>	
Operating Expenses	\$19,764,189
Capital Expenses	3,247,000
Less: Revenue Offsets	(2,770,000)
<b>Total</b>	<b>\$20,241,189</b>

Costs including elevation pumping, water conservation and costs for the GAC Media will be recovered from surcharges and are not included in the prior cost allocation. These costs are shown in **Table 14**.

**Table 14****Costs to Be Recovered by Other Charges**

<b>Elevation Costs</b>	
Pumping Costs	\$344,761
<b>Subtotal</b>	<b>\$344,761</b>

<b>Conservation Program Costs</b>	
Water Conservation Department	\$270,000
Non-Operating Water Conservation	\$143,000
<b>Subtotal</b>	<b>\$413,000</b>

<b>Water Quality Costs</b>	
GAC Media	\$1,638,000
<b>Subtotal</b>	<b>\$1,638,000</b>

## Unit Cost Development □

**Table 15**

Units Cost Development	
55% Fixed	\$11,131,306
45% Variable	\$9,109,883
<b>Total</b>	<b>\$20,241,189</b>

Variable Revenue Recovery	Rates	Base Water Charge (66.1%)	Peak Costs (33.9%)
\$9,109,883	Total Cost	\$6,019,098	\$3,090,785
	Total "Units of Service"	8,190,000	
	Unit Cost	\$0.73	
	Units of Service	per ccf	

Fixed Revenue Recovery	Rates	Billing & Customer Service (30%)	Meter Charge (70%)	Total
\$11,131,306	Total Cost	\$3,343,253	\$7,788,053	\$11,131,306
	Total "Units of Service"	321,828	38,904	
	Unit Cost	\$10.39	\$16.68	\$27.07
	Units of Service	per annual monthly bill	equiv meter per month	total monthly meter

In **Table 15**, BWA divided the costs allocated to “Base” by a conservative CY 2014 estimate of annual water usage (8,190,000) to derive a \$0.73 charge per CCF.

“Billing and Customer Service” costs are divided by an estimate of annual monthly bills for the year based on CY 2014 meter data to derive a charge per monthly bill. “Meter Charges” are divided by the number of total District equivalent meters (based on a meter) to arrive at an annual charge per meter equivalent, then divided by 12 to arrive at a per month charge.

Table 16

Current 5 - Tier Structure

2011 Actual Water Usage by Tier - All Customers		
Tier 1	6,573,543	85.87%
Tier 2	525,592	6.87%
Tier 3	244,057	3.19%
Tier 4	127,404	1.66%
Tier 5	184,715	2.41%
<b>Total</b>	<b>7,655,311</b>	<b>100.00%</b>

Table 17

Proposed 6 - Tier Structure

Essential Usage Tier (New Tier 1) Water Usage Calculation

Indoor allocation = GPCD \* Household Size \* Days per billing cycle / (748 gallons/ccf)

Default Indoor Allocation = 66\*4\*365/12/748

10.74

Single Family Residential 2011 Estimated Water Usage - Essential Usage Tier

Approximate Indoor Usage	Indoor Usage (within 11 ccf tier)	Total SFR Usage	% Indoor Usage	Actual Water Usage - Tier 1	Est % Ind
11	2,789,105	5,559,923	50.16%	4,625,343	

2014 Estimated Water Usage With New Tier - All Customers		
Tier 1	4,219,605	51.52%
Tier 2	2,813,070	34.35%
Tier 3 (Old T2)	562,302	6.87%
Tier 4 (Old T3)	261,103	3.19%
Tier 5 (Old T4)	136,303	1.66%
Tier 6 (Old T5)	197,617	2.41%
<b>Total</b>	<b>8,190,000</b>	<b>100.00%</b>

In **Table 17**, BWA estimated the amount of usage in the new recommended Tier 1 “essential usage” tier based on CY 2011 consumption data, shown in **Table 16**, and a consumption block analysis. The estimation of the new Tier 1 usage is based on the Single Family Residential customer class (a 4 person household using 66 gallons per day = 11 ccf/month). Due to the low number of variances submitted (estimated below 10%), the default indoor allocation of approximately 11 CCF per month was used to determine that an estimated 60% of usage in the current Tier 1 is indoor usage.

**Table 18**

<b>Estimated 2014 Usage / 2011 Allocation</b>	
Tier 1	7,032,675
Tier 2	562,302
Tier 3	261,103
Tier 4	136,303
Tier 5	197,617
<b>Total</b>	<b>8,190,000</b>

CY 2014 usage in each tier, shown in **Table 17**, was estimated based on the percentage usage in each tier in 2011 multiplied by total estimated 2014 usage of 8,190,000 CCF, shown in **Table 18**. The new Tier 1 “essential usage” tier is estimated at 4,219,605 CCF or 60% of 7,032,675 CCF, and the new Tier 2 is estimated at 2,813,070 CCF or 40% of 7,032,675 CCF.



## Peak Factor Development

Maximum day peaking factors represent the ratio of maximum day demand to average day demand on the water system.

Palmdale Water District Approximate Max Day Demand to Average Day Demand Ratio\*: 2

In **Table 19**, BWA allocated the full max day peaking factor to Tier 6 and lowered the peaking factor for each tier based the methodology that wasteful users have higher peaking. Users who stay within their essential needs receive the lowest cost water, while efficient users pay for a small portion of peaking costs. Users who exceed their efficient budget allocations pay for increasingly expensive water based on system peaking costs. These peaking factors are used in **Table 20** to allocate peaking costs of the system to each tier.

**Table 19**

Allocation of Maximum Day Demand Ratio to Tiers		
	% Allocation	Peak Factor
Tier 1	0%	0
Tier 2	2.50%	0.05
Tier 3	37.50%	0.75
Tier 4	62.50%	1.25
Tier 5	75.00%	1.5
Tier 6	100.00%	2

\*Max Day Peaking Factors have historically varied from 1.63 to 2.11 since 1990, according to the 2001 Water System Master Plan Section 3.

Palmdale Water District draft Master Plan 2008 Update Section 3, page 3-14 gives a peaking factor of 1.90 for the ratio of average day and max day demands.

## Marginal Cost Allocation to Tiers

**Table 20**  
Peaking Cost Recovery

Peaking Costs		Estimated 2014 Usage (ccf)		Peak Allocation Factor	PF Weighted by Water Use	Peak Cost % Recovered by Tier	Peak Cost \$
\$3,090,785	Tier 1	4,219,605	51.5%	-	0.00	0%	
	Tier 2	2,813,070	34.3%	0.05	0.02	9%	\$292
	Tier 3	562,302	6.9%	0.75	0.05	28%	\$875
	Tier 4	261,103	3.2%	1.25	0.04	22%	\$677
	Tier 5	136,303	1.7%	1.50	0.02	14%	\$424
	Tier 6	197,617	2.4%	2.00	0.05	27%	\$820
	<b>Total</b>	<b>8,190,000</b>	<b>100.0%</b>		<b>0.18</b>	<b>100%</b>	<b>\$3,090,785</b>

**Table 21**  
Water Conservation Cost Recovery

Conservation Costs		Usage In Tier	Cost Distribution	Revenues Collected	
\$413,000	Tier 1	4,219,605	0%	\$0	
	Tier 2	2,813,070	0%	\$0	
	Tier 3	562,302	10%	\$41,300	
	Tier 4	261,103	15%	\$61,950	
	Tier 5	136,303	25%	\$103,250	
	Tier 6	197,617	50%	\$206,500	
	<b>Total</b>	<b>8,190,000</b>	<b>100.00%</b>	<b>\$413,000</b>	

The commodity rates are made up of 3 components: the base rate of \$0.73 per CCF for each tier calculated in **Table 15**, a marginal based on peaking costs on Tier 2 through Tier 6 calculated in **Table 20**, and a water conservation marginal cost per CCF on Tier 3 through Tier 6 calculated in **Table 21**. **Table 22** shows the proposed commodity rate schedule for CY 2014.

**Table 22**

2014 Proposed Commodity Rate Schedule

Commodity Rates / CCF	CY 2014 Rates	Estimated Usage (ccf)
Tier 1	\$0.73	4,219,605
Tier 2	\$0.84	2,813,070
Tier 3	\$2.37	562,302
Tier 4	\$3.57	261,103
Tier 5	\$4.61	136,303
Tier 6	\$5.93	197,617

Current 2014 Rates

\$0.73  
\$0.73  
\$2.90  
\$3.70  
\$4.81  
\$5.81

Difference From 2014 Rates

\$0.00  
\$0.11  
(\$0.53)  
(\$0.13)  
(\$0.20)  
\$0.12

**Table 23**

**2014 Proposed Meter Charge Schedule**

AWWA Meter Equivalents	Meter Size	Meter Charge	CY 2014 Monthly Service Charge	Difference From CY
1.00	5/8"	\$27.07	\$27.51	(\$0.44)
2.50	1"	\$52.09	\$52.26	(\$0.17)
5.00	1-1/2"	\$93.80	\$93.51	\$0.29
8.00	2"	\$143.85	\$143.03	\$0.82
15.00	3"	\$260.62	\$258.57	\$2.05
25.00	4"	\$427.44	\$423.62	\$3.82
50.00	6"	\$844.50	\$836.24	\$8.26
80.00	8"	\$1,344.96	\$1,331.38	\$13.58
115.00	10"	\$1,928.84	\$1,909.05	\$19.79

The monthly meter charge consists of the \$16.68 capacity charge per meter equivalent per month and the \$10.39 flat rate per bill for billing and customer service costs calculated in **Table 15**. Meter equivalents are increased by meter size based on the American Water Works Association recommended meter equivalents to derive the recommended CY 2014 Meter Charge Schedule in **Table 23**.

Meter Equivalents recognize that service costs per customer vary due to the system investment required based on capacity of the meter. For example, a 1-1/2" meter has equivalent capacity related costs to five 5/8" meters, according to AWWA.

## 1" and Below Meter Charge Development



**Table 24**

Meter Type	Number of Meters	# of Monthly Bills	Meter Equivalents
5/8"	21,733	260,796	21,733
1"	4,384	52,608	10,960
<b>Total</b>	<b>26,117</b>	<b>313,404</b>	<b>32,693</b>

Annual Cost Allocation		Cost Per Bill	Cost Per Meter Per Month	Total Charge
Customer Service Costs	\$3,255,742	\$10.39	\$20.88	\$31.27
Meter Capacity Costs	\$6,544,695			
<b>Total Costs</b>	<b>\$9,800,437</b>			

#

#

#  
Table 24 shows the calculation of meter charges. 1" and below meters represent approximately 32,693 meter equivalents. These equivalents are multiplied by the cost per meter equivalent of \$16.68 to determine \$6,544,695 should be recovered from 1" inch and below meters. In CY 2014 there were approximately 26,117 1" and below meters for a cost of \$20.88 per meter per month.

#

The cost per monthly bill of \$10.39 is added to the \$20.88 cost per meter per month for a total charge per meter of \$31.27.

## Recommended Rate Structure Changes



**Combine Meter Charges of 1” and Below Customers:** BWA recommends that the District charge all customers with 1” and below meters the same fixed charge to resolve inequity due to pressure problems which cause typical 5/8” customers to purchase larger meters.

**Addition of Sub Allocation Tier for all Customer Classes (New Tier 1):** BWA recommends that the District implement a sub allocation tier that reflects essential water usage to further encourage water conservation for each class of customer.

**Single Family Residential (“SFR”):** BWA recommends SFR essential usage (New Tier 1) be based on indoor usage only.

**Multi-Family (“MFR”):** BWA recommends that MFR essential usage (New Tier 1) be based on a 3-year average of minimum monthly usage to reflect the lowest winter month. The average will be based on the minimum usage month of the past 3 full calendar years (January to December).

**Commercial-Industrial (“CI”):** BWA recommends that CI essential usage (New Tier 1) be based on a 3-year average of minimum monthly usage to reflect the lowest winter month. The average will be based on the minimum usage month of the past 3 full calendar years (January to December). Efficient usage (New Tier 2) is recommended to be based on a 3-year rolling 3-month average based on an average of the current month and surrounding two months of the past 3 full calendar years (January to December).

**Irrigation Only (“IRR”):** BWA recommends that IRR essential usage (New Tier 1) be based on the current outdoor usage formula with an “Essential Usage” Landscape Factor (ESLF) of .42 based on low use plants. The current landscape factor of .7 is based on moderate use plants, and is renamed “Efficient Usage Landscape Factor” (EFLF).

**Other (“OTHER”):** BWA recommends that OTHER essential usage (New Tier 1) be based on a 3-year average of minimum monthly usage to reflect the lowest winter month. The average will be based on the minimum usage month of the past 3 full calendar years (January to December).

**Elevation Booster Surcharge:** Actual pumping cost data are tracked by the District, and costs are recommended to be recovered for each elevation based on the following formula: **(5 – Year Rolling Average of Actual Pumping Costs)/(Elevated Units[ccf]).**

**Water Quality Surcharge:** Water Quality Costs are recommended to be recovered based on actual costs of Granular Activated Carbon Media and billed water usage utilizing the following formula: **(5 –Year Rolling Average of GAC Media Costs) / (Billed Water Usage [ccf]).**

The recommended rate structure for CY 2014 is shown in **Table 25** with the proposed formulas and variables displayed in **Table 26**.



**Table 25**

Palmdale Water District Proposed Rate Structure CY 2014	
<b>Water Quality Fee (\$/ccf):</b>	5-yr moving average of (GAC costs) / (billed water usage [hcf])
<b>User Classification</b>	<b>Water Budget Allocation - Essential Usage</b>
Single Family Residential "SFR"	Indoor Allocation
Multi Family Residential "MFR"	3-yr average of minimum monthly usage
Commercial-Industrial "CI"	3-yr average of minimum monthly usage
Irrigation Only "IRR"	Essential Outdoor Allocation
Other "OTHER"	3-yr average of minimum monthly usage
<b>User Classification</b>	<b>Water Budget Allocation - Efficient Usage</b>
Single Family Residential "SFR"	Indoor Allocation + Efficient Outdoor Allocation
Multi Family Residential "MFR"	3-yr moving average by month
Commercial-Industrial "CI"	3-yr moving 3 month average
Irrigation Only "IRR"	Efficient Outdoor allocation
Other "OTHER"	3-yr moving average by month
<b>Service Charge</b>	
<b>Meter Size</b>	<b>Monthly Service Charge</b>
1" and Below	\$31.27
1-1/2"	\$93.80
2"	\$143.85
3"	\$260.62
4"	\$427.44
6"	\$844.50
8"	\$1,344.96
10"	\$1,928.84
<b>Commodity Rates (\$/ccf*)</b>	
<b>Tiers</b>	<b>CY 2014</b>
Tier 1	\$0.73
Tier 2	\$0.84
Tier 3	\$2.37
Tier 4	\$3.57
Tier 5	\$4.61
Tier 6	\$5.93
<b>Elevation Booster Surcharge (\$/ccf*)</b>	
<b>Area</b>	<b>CY 2014</b>
B	-
A1	5-Year Moving Average of Actual Pumping Costs
A2	5-Year Moving Average of Actual Pumping Costs
A3	5-Year Moving Average of Actual Pumping Costs
<i>*Water use is metered in units of ccf (hundred cubic feet)</i>	
<b>All Classes</b>	
<b>Tier</b>	<b>Water Budget Allocation</b>
Tier 1	0 - 100% Essential Usage
Tier 2	100% Essential Usage - 100% Efficient Usage
Tier 3	101-130% Efficient Usage
Tier 4	131-160% Efficient Usage
Tier 5	161-190% Efficient Usage
Tier 6	Above 191% Efficient Usage

**Table 26#**

Proposed Formulas and Variables
Indoor Allocation = $GPCD * \text{Household Size} * \text{Days per billing cycle} / (748 \text{ gallons/ccf})$
Essential Outdoor Allocation = $(ET_o / (12 \text{ in})) * IA * ESLF / (100 \text{ ft}^3 / 1 \text{ ccf})$
Efficient Outdoor Allocation = $(ET_o / (12 \text{ in})) * IA * EFLF / (100 \text{ ft}^3 / 1 \text{ ccf})$
Essential Landscape Factor (ESLF) = .42 (Based on low use plants)
Efficient Landscape Factor (EFLF) = .7 (Based on moderate use plants)
Residential IA Default = 50%
Irrigation IA Default = 100%
Default Household Size = 4
GPCD = 66 gallons per occupant

#



**ESLF:** Essential Landscape Factor (ESLF) is based on the water necessary to irrigate low usage plants with a Plant Factor (PF) of 0.3 and Irrigation Efficiency (IE) of .71 based on the **State of California Code of Regulations Title 23 Section § 492.4 Water Efficient Landscape Worksheet**, which states that low usage plants have a plant factor between 0 to 0.3. The Landscape Factor (LF) is equivalent to the Plant Factor (PF)/Irrigation Efficiency (IE).#

**EFLF:** Efficient Landscape Factor (EFLF) is based on the water necessary to irrigate moderate usage plants with a Plant Factor (PF) of 0.5 and Irrigation Efficiency (IE) of .71 according to the **State of California AB 1881 Plant Factor/Irrigation Efficiency Standard**. The Landscape Factor (LF) is equivalent to the Plant Factor (PF)/Irrigation Efficiency (IE).

## Multi Family Recommended Variance Process



In some cases customers in the “Multi Family” customer class may have their water budget allocation calculated based on no usage in extenuating circumstances such as renovations or foreclosures.

To resolve the issue of artificially low water budget allocations, BWA recommends District allow the customer to submit an application for variance in recorded usage for that period.

The standard calculation for “Multi Family Residential” for each month of variance will be based on the follow formula: **(# of Building Units) \* (GPCD \* Unit Occupants \* Days per Billing Cycle) / (748 gallons/ccf)**

**Default Unit Occupants= 4**

**GPCD = 66 gallons per occupant**



## Drought Surcharge □

Revenue that is lost during mandatory cutbacks is revenue the District still requires to cover its costs whether or not water is available from the State or elsewhere. Not all fixed costs are recovered from the District's fixed charges, and the District relies upon estimated use to recover its fixed costs, which is not available during times of drought. Additionally, there are additional costs to the District during drought and mandatory cutbacks, including, but not limited to, enforcement of State mandated restrictions on customers and additional reporting to the State.

A drought surcharge is recommended based on the Board Resolution No. 09-04, which calls for 3 stages of mandatory cutbacks of 20%, 30%, and 40% of water deliveries. The rate was developed in **Table 27** by estimating the amount of variable revenue lost from lower water sales at each stage of drought, and subtracting the reduction in estimated purchased water costs from the State Water Project to determine lost revenues.

The lost revenue was divided by the amount of "nonessential" usage, or usage above the new Tier 1, to develop a per CCF drought rate for each stage. For CY 2014, BWA recommends a .45 cent surcharge on all nonessential usage for Stage 1 (20% mandatory reduction), a .77 cent surcharge for Stage 2 (30% mandatory reduction), and a \$1.19 charge for Stage 3 (40% mandatory reduction).



## Drought Surcharge Calculation

**Table 27#**

### Rationing Stages to Address Water Supply Shortages

Stage No.	Policy	% Mandatory Cutback
1	Water Rationing	20% reduction in water deliveries
2	Water Rationing	30% reduction in water deliveries
3	Water Rationing	40% reduction in water deliveries

Board Resolution No. 09-04

2014 Estimated Water Usage With New Tier - All Customers			Estimated Variable Revenue	
Tier 1	4,219,605	51.52%	\$0.73	\$3,080,312
Tier 2	2,813,070	34.35%	\$0.84	\$2,362,979
Tier 3	562,302	6.87%	\$2.37	\$1,332,656
Tier 4	261,103	3.19%	\$3.57	\$932,139
Tier 5	136,303	1.66%	\$4.61	\$628,355
Tier 6	197,617	2.41%	\$5.93	\$1,171,866
<b>Total</b>	<b>8,190,000</b>	<b>100%</b>		<b>\$9,508,307</b>
<b>Non-Essential Usage</b>	<b>3,970,395</b>			

Stage 1 - 20% Water Delivery Cutback			Estimated Variable Revenue	
Tier 1	3,375,684	51.52%	\$0.73	\$2,464,249
Tier 2	2,250,456	34.35%	\$0.84	\$1,890,383
Tier 3	449,842	6.87%	\$2.37	\$1,066,125
Tier 4	208,883	3.19%	\$3.57	\$745,711
Tier 5	109,042	1.66%	\$4.61	\$502,684
Tier 6	158,093	2.41%	\$5.93	\$937,493
<b>Total</b>	<b>6,552,000</b>	<b>100%</b>		<b>\$7,606,645</b>
<b>Non-Essential Usage</b>	<b>3,176,316</b>			

Stage 1 Lost Revenue
\$1,901,661
Less: SWP Cost Reductions
\$1,421,661
 \$0.45 per ccf

Stage 2 - 30% Water Delivery Cutback			Estimated Variable Revenue	
Tier 1	2,953,724	51.52%	\$0.73	\$2,156,218
Tier 2	1,969,149	34.35%	\$0.84	\$1,654,085
Tier 3	393,612	6.87%	\$2.37	\$932,859
Tier 4	182,772	3.19%	\$3.57	\$652,497
Tier 5	95,412	1.66%	\$4.61	\$439,848
Tier 6	138,332	2.41%	\$5.93	\$820,306
<b>Total</b>	<b>5,733,000</b>	<b>100%</b>		<b>\$6,655,815</b>
<b>Non-Essential Usage</b>	<b>2,779,276</b>			

Stage 2 Lost Revenue
\$2,852,492
Less: SWP Cost Reductions
\$2,132,492
 \$0.77 per ccf

Stage 3 - 40% Water Delivery Cutback			Estimated Variable Revenue	
Tier 1	2,531,763	51.52%	\$0.73	\$1,848,187
Tier 2	1,687,842	34.35%	\$0.84	\$1,417,787
Tier 3	337,381	6.87%	\$2.37	\$799,594
Tier 4	156,662	3.19%	\$3.57	\$559,283
Tier 5	81,782	1.66%	\$4.61	\$377,013
Tier 6	118,570	2.41%	\$5.93	\$703,120
<b>Total</b>	<b>4,914,000</b>	<b>100%</b>		<b>\$5,704,984</b>
<b>Non-Essential Usage</b>	<b>2,382,237</b>			

Stage 3 Lost Revenue
\$3,803,323
Less: SWP Cost Reductions
\$2,843,323
 \$1.19 per ccf

	Stage 1 Cutback	Stage 2 Cutback	Stage 3 Cutback
	20%	30%	40%
2014 Budgeted Water Purchases	\$2,400,000	\$1,920,000	\$1,440,000
SWP Cost Reduction	\$480,000	\$720,000	\$960,000



## SECTION 3: RECOMMENDED RATE INCREASES

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Capital Improvement Program

**Table 28**

	2015	2016	2017	
Debt Service - New Capital Projects	-	-	1,000,000	Funds an estimated \$13.8 million in new capital projects (Based on a 5% 30-year issue)
Studies and Planning Documents	200,000	200,000	200,000	Documents to assist in developing long-term guidelines for the District
Replacement / New Equipment	300,000	300,000	300,000	Covers projects such as fleet, pumps, motors, and minor treatment and distribution equipment
General Projects	500,000	500,000	500,000	Covers tank maintenance program and small facility improvement projects
Replacement Capital Projects	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	Covers water main replacement projects, well and booster rehab/replacement projects, and long term debt coverage on capital replacement funding
<b>Annual Project Expenditures</b>	<b>3,500,000</b>	<b>3,500,000</b>	<b>4,500,000</b>	

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Recommended Rate Increases

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After gathering input from District staff and the Board of Directors throughout the study, a plan was approved by the Board to fund the District's capital improvement program, shown in **Table 28**. The plan enables the District to obtain bond proceeds of approximately \$13.8 million in CY 2016 for new projects and approves rate increases of **5.5%, 5.5%, 5.5%, 5.5%, 5.5%**. These increases are estimated to be required from CY 2015 – CY 2019, and are projected to meet escalating District expenses, as well as the reserve target in CY 2024. The impact of these rate increases on the District's cash flow is displayed on **Table 29**.

Table 29#

Palmdale Water District Revenues & Expenses (Cash Basis) - 2016 Bond Issue												
	Projected 2013	Proposed 2014	Escalation %	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Cash Balance</b>	\$8,852,185	\$10,775,511		\$10,775,511	\$9,697,193	\$9,230,054	\$8,583,584	\$8,593,339	\$9,254,221	\$10,830,669	\$12,420,086	\$14,019,644
<b>Operating Revenue</b>				5.5%	5.5%	5.5%	5.5%	5.5%	3.0%	3.0%	3.0%	3.0%
Wholesale Water (AVEK & LCD)	\$200,000	\$225,000		\$237,375	\$250,431	\$264,204	\$278,736	\$294,066	\$302,888	\$311,975	\$321,334	\$330,974
Water Sales	9,135,000	9,053,000		9,550,915	10,076,215	10,630,407	11,215,080	11,831,909	12,186,866	12,552,472	12,929,046	13,316,918
Meter Fees	11,025,000	11,255,000		11,874,025	12,527,096	13,216,087	13,942,971	14,709,835	15,151,130	15,605,664	16,073,834	16,556,049
Water Quality Fees	1,650,000	1,638,000		1,687,140	1,737,754	1,789,887	1,843,583	1,898,891	1,955,858	2,014,533	2,074,969	2,137,218
Elevation Fees	565,000	525,000		553,875	584,338	616,477	650,383	686,154	706,739	727,941	749,779	772,272
Other	1,685,000	1,700,000	3.0%	1,751,000	1,803,530	1,857,636	1,913,365	1,970,766	2,029,889	2,090,786	2,153,509	2,218,114
<b>Operating Revenue</b>	<b>\$24,260,000</b>	<b>\$24,396,000</b>		<b>\$25,654,330</b>	<b>\$26,979,365</b>	<b>\$28,374,698</b>	<b>\$29,844,118</b>	<b>\$31,391,621</b>	<b>\$32,333,369</b>	<b>\$33,303,370</b>	<b>\$34,302,471</b>	<b>\$35,331,546</b>
<b>Operating Expenses</b>												
Rate Assistance Program	\$0	\$0	3.0%	\$150,000	\$154,500	\$159,135	\$163,909	\$168,826	\$173,891	\$179,108	\$184,481	\$190,016
Directors	100,500	114,500	3.0%	117,935	121,473	125,117	128,871	132,737	136,719	140,821	145,045	149,397
Administration	2,172,750	3,598,000	3.0%	2,885,375	2,971,936	3,061,094	3,152,927	3,247,515	3,344,940	3,445,289	3,548,647	3,655,107
Engineering	1,252,250	1,187,300	3.0%	1,222,919	1,259,607	1,297,395	1,336,317	1,376,406	1,417,698	1,460,229	1,504,036	1,549,157
Facilities	2,912,000	3,763,000	3.0%	3,875,890	3,992,167	4,111,932	4,235,290	4,362,348	4,493,219	4,628,015	4,766,856	4,909,861
Operations	5,109,000	5,173,500	3.0%	5,328,705	5,488,566	5,653,223	5,822,820	5,997,504	6,177,430	6,362,752	6,553,635	6,750,244
Finance	2,871,000	2,890,750	3.0%	2,977,473	3,066,797	3,158,801	3,253,565	3,351,172	3,451,707	3,555,258	3,661,916	3,771,773
Water Conservation	234,750	275,000	3.0%	283,250	291,748	300,500	309,515	318,800	328,364	338,215	348,362	358,813
Human Resources	186,250	273,800	3.0%	282,014	290,474	299,189	308,164	317,409	326,932	336,739	346,842	357,247
Information Technology	661,500	828,600	3.0%	853,458	879,062	905,434	932,597	960,574	989,392	1,019,073	1,049,646	1,081,135
Water Purchases	2,500,000	2,400,000	5.0%	2,520,000	2,646,000	2,778,300	2,917,215	3,063,076	3,216,230	3,377,041	3,545,893	3,723,188
OAP Chrg (Prior Year)	436,485	250,000	3.0%	257,500	265,225	273,182	281,377	289,819	298,513	307,468	316,693	326,193
Water Recovery	(750,000)	(100,000)	3.0%	(103,000)	(106,090)	(109,273)	(112,551)	(115,927)	(119,405)	(122,987)	(126,677)	(130,477)
Water Quality (GAC Media) (1)	1,345,000	1,638,000	3.0%	1,687,140	1,737,754	1,789,887	1,843,583	1,898,891	1,955,858	2,014,533	2,074,969	2,137,218
Plant Expenditures (Includes Meter Replacements)	685,000	2,143,500	3.0%	900,000	900,000	900,000	900,000	900,000	-	-	-	-
General Projects	-	-	3.0%	500,000	500,000	500,000	515,000	530,450	546,364	562,754	579,637	597,026
Replacement Capital Projects	-	-	3.0%	2,500,000	2,500,000	2,500,000	2,575,000	2,652,250	2,731,818	2,813,772	2,898,185	2,985,131
<b>Operating Expenses</b>	<b>\$19,716,485</b>	<b>\$24,435,950</b>		<b>\$26,238,659</b>	<b>\$26,959,218</b>	<b>\$27,703,915</b>	<b>\$28,563,598</b>	<b>\$29,451,850</b>	<b>\$29,469,668</b>	<b>\$30,418,082</b>	<b>\$31,398,165</b>	<b>\$32,411,028</b>
<b>Net Operating Income</b>	<b>\$4,543,515</b>	<b>(\$39,950)</b>		<b>(\$584,329)</b>	<b>\$20,146</b>	<b>\$670,783</b>	<b>\$1,280,520</b>	<b>\$1,939,770</b>	<b>\$2,863,702</b>	<b>\$2,885,288</b>	<b>\$2,904,306</b>	<b>\$2,920,517</b>
<b>Non-Operating Revenue</b>												
Assessments (Debt Service) (2)	\$4,756,500	\$4,400,000	DWR Debt Service	\$3,718,000	\$3,718,000	\$3,718,000	\$3,718,000	\$3,718,000	\$3,718,000	\$3,718,000	\$3,718,000	\$3,718,000
Assessments (1%)	1,720,314	1,600,000	SWP PMT	2,336,380	2,336,380	2,336,380	2,336,380	2,336,380	2,336,380	2,336,380	2,336,380	2,336,380
Successor Agency Component (Prop Tax)	515,391	200,000	3.0%	-	-	-	-	-	-	-	-	-
Interest	30,000	35,000	3.0%	36,050	37,132	38,245	39,393	40,573	41,792	43,046	44,337	45,667
Market Adj. on Investments	(30,000)	(10,000)	3.0%	(10,300)	(10,609)	(10,927)	(11,255)	(11,593)	(11,941)	(12,299)	(12,668)	(13,048)
Capital Improvement Fees	244,949	150,000	3.0%	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716
Grants - State & Federal	-	485,000	3.0%	-	-	-	-	-	-	-	-	-
Other	175,000	185,000	3.0%	190,550	196,267	202,154	208,219	214,466	220,900	227,527	234,352	241,383
<b>Non-Operating Revenue</b>	<b>\$7,412,154</b>	<b>\$7,045,000</b>		<b>\$6,425,180</b>	<b>\$6,436,304</b>	<b>\$6,447,762</b>	<b>\$6,459,563</b>	<b>\$6,471,719</b>	<b>\$6,484,239</b>	<b>\$6,497,135</b>	<b>\$6,510,417</b>	<b>\$6,524,098</b>
<b>Non-Operating Expenses</b>												
Payments for State Water Project	\$2,821,029	\$2,336,380	N/A	\$2,336,380	\$2,336,380	\$2,336,380	\$2,336,380	\$2,336,380	\$2,336,380	\$2,336,380	\$2,336,380	\$2,336,380
Principal Paid on Long Term Debt	1,840,455	1,473,000	Debt Service	1,473,000	1,473,000	1,473,000	1,473,000	1,473,000	1,473,000	1,473,000	1,473,000	1,473,000
Interest Paid on Long Term Debt	1,778,719	2,245,000	Debt Service	2,245,000	2,245,000	2,245,000	2,245,000	2,245,000	2,245,000	2,245,000	2,245,000	2,245,000
Capital Leasing	239,557	217,500	0.0%	217,500	217,500	54,375	-	-	-	-	-	-
Water Conservation	125,000	143,000	3.0%	147,290	151,709	156,260	160,948	165,776	170,749	175,872	181,148	186,583
Acquisition of PP&E	3,227,583	886,000	Capital Program	-	-	-	-	-	-	-	-	-
Studies and Planning Documents	-	-	3.0%	200,000	200,000	200,000	206,000	212,180	218,545	225,102	231,855	238,810
Replacement / New Equipment	-	-	3.0%	300,000	300,000	300,000	309,000	318,270	327,818	337,653	347,782	358,216
Additional Debt Service -- Capital Projects	-	-	Debt Service	0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<b>Non-Operating Expenses</b>	<b>\$10,032,343</b>	<b>\$7,300,880</b>		<b>\$6,919,170</b>	<b>\$6,923,589</b>	<b>\$7,765,015</b>	<b>\$7,730,328</b>	<b>\$7,750,606</b>	<b>\$7,771,493</b>	<b>\$7,793,006</b>	<b>\$7,815,165</b>	<b>\$7,837,989</b>
<b>Net Non-Operating Income</b>	<b>(\$2,620,189)</b>	<b>(\$255,880)</b>		<b>(\$493,990)</b>	<b>(\$487,285)</b>	<b>(\$1,317,253)</b>	<b>(\$1,270,765)</b>	<b>(\$1,278,888)</b>	<b>(\$1,287,254)</b>	<b>(\$1,295,872)</b>	<b>(\$1,304,748)</b>	<b>(\$1,313,890)</b>
<b>Net Income</b>	<b>\$1,923,326</b>	<b>(\$295,830)</b>		<b>(\$1,078,319)</b>	<b>(\$467,138)</b>	<b>(\$646,470)</b>	<b>\$9,755</b>	<b>\$660,883</b>	<b>\$1,576,448</b>	<b>\$1,589,416</b>	<b>\$1,599,558</b>	<b>\$1,606,627</b>
<b>Cash Balance</b>	<b>\$10,775,511</b>	<b>\$10,479,681</b>		<b>\$9,697,193</b>	<b>\$9,230,054</b>	<b>\$8,583,584</b>	<b>\$8,593,339</b>	<b>\$9,254,221</b>	<b>\$10,830,669</b>	<b>\$12,420,086</b>	<b>\$14,019,644</b>	<b>\$15,626,271</b>
<b>Capital Plan (Not including GAC Media)</b>	<b>\$3,912,583</b>	<b>\$3,029,500</b>		<b>\$3,500,000</b>	<b>\$3,500,000</b>	<b>\$4,500,000</b>	<b>\$4,605,000</b>	<b>\$4,713,150</b>	<b>\$4,824,545</b>	<b>\$4,939,281</b>	<b>\$5,057,459</b>	<b>\$5,179,183</b>
<b>Reserve Target Met (Based on Resolution No. 13-13) (4)</b>	<b>NO</b>	<b>NO</b>		<b>NO</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>

(1) Paid for from .20 cent Water Quality Charge

(2) Assessments set based on DWR state water project costs.

(3) "Net water revenues" (revenues including assessments less O&amp;M) must be equal to one hundred and ten percent (110%) of debt service and (100%) of policy cost.

(4) Reserve target is currently \$16.2 million

## Meter Revenue Projection

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#  
**Table 30**

<b>A. Meter Charges</b>	<b>% Increase</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.5%</b>
<b>Meter Size</b>	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>
1" and Below	\$31.27	\$32.99	\$34.80	\$36.71	\$38.73	\$40.86
1.5"	93.80	98.96	104.40	110.14	116.20	122.59
2"	143.85	151.76	160.11	168.92	178.21	188.01
3"	260.62	274.95	290.07	306.02	322.85	340.61
4"	427.44	450.95	475.75	501.92	529.53	558.65
6"	844.50	890.95	939.95	991.65	1,046.19	1,103.73
8"	1,344.96	1,418.93	1,496.97	1,579.30	1,666.16	1,757.80
10"	1,928.84	2,034.93	2,146.85	2,264.93	2,389.50	2,520.92

<b>B. Meter Growth</b>	<b>% Meter Growth</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.50%</b>
<b>Meter Size</b>	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>
1" and Below	26,117	26,248	26,379	26,511	26,644	26,777
1.5"	306	308	310	312	314	316
2"	336	338	340	342	344	346
3"	7	7	7	7	7	7
4"	41	41	41	41	41	41
6"	8	8	8	8	8	8
8"	0	0	0	0	0	0
10"	4	4	4	4	4	4
<b>Total</b>	<b>26,819</b>	<b>26,954</b>	<b>27,089</b>	<b>27,225</b>	<b>27,362</b>	<b>27,499</b>

<b>C. Est. Meter Revenue</b>						
<b>Meter Size</b>	<b>CY 2014</b>	<b>CY 2015</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>
1" and Below	\$816,679	\$865,922	\$917,989	\$973,219	\$1,031,922	\$1,094,108
1.5"	28,703	30,480	32,364	34,364	36,487	38,738
2"	48,334	51,295	54,437	57,771	61,304	65,051
3"	1,824	1,925	2,030	2,142	2,260	2,384
4"	17,525	18,489	19,506	20,579	21,711	22,905
6"	6,756	7,128	7,520	7,933	8,370	8,830
8"	0	0	0	0	0	0
10"	7,715	8,140	8,587	9,060	9,558	10,084
<b>Monthly Totals</b>	<b>\$927,536</b>	<b>\$983,377</b>	<b>\$1,042,434</b>	<b>\$1,105,067</b>	<b>\$1,171,611</b>	<b>\$1,242,101</b>
<b>Annual Revenue</b>	<b>\$11,130,429</b>	<b>\$11,800,524</b>	<b>\$12,509,206</b>	<b>\$13,260,803</b>	<b>\$14,059,336</b>	<b>\$14,905,207</b>
Difference From Cashflow	-\$124,571	-\$73,501	-\$17,890	\$44,716	\$116,365	\$195,372

**Table 30** shows the projected meter charges, meter growth, and meter revenues from the proposed rate increases. BWA estimates conservative meter growth of 0.5% per year to avoid over estimating revenues. Growth in new housing development remains flat in recent years due to the economic downturn, and it is unclear when growth will return to historical levels.

#

Table 31#

D. Commodity Rates	% Increase	5.5%	5.5%	5.5%	5.5%	5.5%
	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Tier 1	\$0.73	\$0.77	\$0.81	\$0.85	\$0.90	\$0.95
Tier 2	\$0.84	\$0.89	\$0.94	\$0.99	\$1.04	\$1.10
Tier 3	\$2.37	\$2.50	\$2.64	\$2.79	\$2.94	\$3.10
Tier 4	\$3.57	\$3.77	\$3.98	\$4.20	\$4.43	\$4.67
Tier 5	\$4.61	\$4.86	\$5.13	\$5.41	\$5.71	\$6.02
Tier 6	\$5.93	\$6.26	\$6.60	\$6.96	\$7.34	\$7.74

E. Water Usage	% Increase	0.0%	0.0%	0.0%	0.0%	0.0%
	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Tier 1	4,219,605	4,219,605	4,219,605	4,219,605	4,219,605	4,219,605
Tier 2	2,813,070	2,813,070	2,813,070	2,813,070	2,813,070	2,813,070
Tier 3	562,302	562,302	562,302	562,302	562,302	562,302
Tier 4	261,103	261,103	261,103	261,103	261,103	261,103
Tier 5	136,303	136,303	136,303	136,303	136,303	136,303
Tier 6	197,617	197,617	197,617	197,617	197,617	197,617
<b>Total</b>	<b>8,190,000</b>	<b>8,190,000</b>	<b>8,190,000</b>	<b>8,190,000</b>	<b>8,190,000</b>	<b>8,190,000</b>

F. Est. Commodity Revenue						
	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Tier 1	\$3,080,312	\$3,249,096	\$3,417,880	\$3,586,664	\$3,797,645	\$4,008,625
Tier 2	2,362,979	2,503,632	2,644,286	2,784,939	2,925,593	3,094,377
Tier 3	1,332,656	1,405,756	1,484,478	1,568,823	1,653,169	1,743,137
Tier 4	932,139	984,359	1,039,191	1,096,634	1,156,688	1,219,352
Tier 5	628,355	662,431	699,232	737,397	778,288	820,542
Tier 6	1,171,866	1,237,079	1,304,269	1,375,411	1,450,505	1,529,552
<b>Total</b>	<b>\$9,508,307</b>	<b>\$10,042,353</b>	<b>\$10,589,336</b>	<b>\$11,149,869</b>	<b>\$11,761,887</b>	<b>\$12,415,585</b>
Difference From Cashflow	\$455,307	\$491,438	\$513,121	\$519,462	\$546,807	\$583,676

#

Table 31 shows the proposed commodity rates and projected water usage and commodity revenues under the proposed rate increases. BWA forecasts 0% growth in water usage due to the addition of the new sub allocation tier (Tier 1) to further encourage water conservation, and due to level annual water usage in recent years.

## 5-Year Drought Rate Surcharge

Table 32#

Drought Surcharges

Stage No.	Policy	% Shortage	Drought Surcharge per CCF*				
			CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
1	Water Rationing	20% reduction in water deliveries	\$0.45	\$0.47	\$0.50	\$0.53	\$0.56
2	Water Rationing	30% reduction in water deliveries	\$0.77	\$0.81	\$0.86	\$0.90	\$0.95
3	Water Rationing	40% reduction in water deliveries	\$1.19	\$1.26	\$1.33	\$1.41	\$1.49

\*Charged to usage above Tier 1

Table 32 shows the recommended drought surcharges over five years. Drought rate increases from 2015-2019 were calculated based on approved rate increases, projected purchased water costs, and level annual water usage. The drought surcharge will only apply to nonessential usage (usage in Tiers 2 – 6.)

Table 33

## Sample Bill Impacts: Single Family

SFR Proposed Rates Calculation CY 2015			
SFR User	CCF	Meter Size(s)	Meter Charge
June	20	1	\$32.99
			\$0.00
ETO	June		
Sqr Footage	8.77	12 Inches/ft	
Area Factor	3500	100 ft3 /1 ccf	
Landscape Factor	50%		
Household Size	70%		
	4		
Outdoor Allocation	8.95		
Indoor Allocation	10.74		
Tier 1	0.00 - 10.74	Indoor	
Tier 2	10.74 - 19.69	Indoor + Outdoor	
Tier 3	19.69 - 25.59	130%	
Tier 4	25.59 - 31.50	160%	
Tier 5	31.50 - 37.41	190%	
Tier 6	> 37.41	>191%	
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.77	10.74	\$8.27
Tier 2	\$0.89	8.95	\$7.97
Tier 3	\$2.50	0.31	\$0.78
Tier 4	\$3.77	0.00	\$0.00
Tier 5	\$4.86	0.00	\$0.00
Tier 6	\$6.26	0.00	\$0.00
Total		20.00	\$17.01
Monthly Service Charge			\$32.99
Total Bill:			\$50.00
SFR Current Rates Calculation CY 2014			
SFR User	CCF	Meter Sizes	Meter Charge
June	20	1	\$52.26
		0	\$0.00
Indoor + Outdoor	19.69		
Tier 1	0.00 - 19.69	Indoor + Outdoor	
Tier 2	19.69 - 25.59	130%	
Tier 3	25.59 - 31.50	160%	
Tier 4	31.50 - 37.41	190%	
Tier 5	> 37.41	>191%	
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.73	19.69	\$14.37
Tier 2	\$2.90	0.31	\$0.90
Tier 3	\$3.70	0.00	\$0.00
Tier 4	\$4.81	0.00	\$0.00
Tier 5	\$5.81	0.00	\$0.00
Total		20.00	\$15.28
Monthly Service Charge			\$52.26
Total Bill:			\$67.54
Difference in Bills			-\$17.53
% Difference			-25.96%

SFR Proposed Rates Calculation CY 2015			
SFR User	CCF	Meter Size(s)	Meter Charge
June	20	5/8	\$32.99
			\$0.00
ETO	June		
Sqr Footage	8.77	12 Inches/ft	
Area Factor	3500	100 ft3 /1 ccf	
Landscape Factor	50%		
Household Size	70%		
	4		
Outdoor Allocation	8.95		
Indoor Allocation	10.74		
Tier 1	0.00 - 10.74	Indoor	
Tier 2	10.74 - 19.69	Indoor + Outdoor	
Tier 3	19.69 - 25.59	130%	
Tier 4	25.59 - 31.50	160%	
Tier 5	31.50 - 37.41	190%	
Tier 6	> 37.41	>191%	
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.77	10.74	\$8.27
Tier 2	\$0.89	8.95	\$7.97
Tier 3	\$2.50	0.31	\$0.78
Tier 4	\$3.77	0.00	\$0.00
Tier 5	\$4.86	0.00	\$0.00
Tier 6	\$6.26	0.00	\$0.00
Total		20.00	\$17.01
Monthly Service Charge			\$32.99
Total Bill:			\$50.00
SFR Current Rates Calculation CY 2014			
SFR User	CCF	Meter Sizes	Meter Charge
June	20	5/8	\$27.51
		0	\$0.00
Indoor + Outdoor	19.69		
Tier 1	0.00 - 19.69	Indoor + Outdoor	
Tier 2	19.69 - 25.59	130%	
Tier 3	25.59 - 31.50	160%	
Tier 4	31.50 - 37.41	190%	
Tier 5	> 37.41	>191%	
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.73	19.69	\$14.37
Tier 2	\$2.90	0.31	\$0.90
Tier 3	\$3.70	0.00	\$0.00
Tier 4	\$4.81	0.00	\$0.00
Tier 5	\$5.81	0.00	\$0.00
Total		20.00	\$15.28
Monthly Service Charge			\$27.51
Total Bill:			\$42.79
Difference in Bills			\$7.22
% Difference			16.87%



Table 34

## Sample Bill Impacts: Multi Family

MFR Proposed Rates Calculation CY 2015			
MFR User	CCF	Meter Size(s)	Meter Charge
June	120	1	\$32.99
			\$0.00
Location Class Annual Minimum Monthly Usage			
3 Year Average:	75.00		
Location Class Average Monthly Usage			
3 Year Average:	120.00		
Tier 1	0.00 - 75.00	Min Mo 3 Yr Avg	
Tier 2	75.00 - 120.00	Mo 3 Yr Avg	
Tier 3	120.00 - 156.00	130%	
Tier 4	156.00 - 192.00	160%	
Tier 5	192.00 - 228.00	190%	
Tier 6	> 228.00	>191%	
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.77	75.00	\$57.75
Tier 2	\$0.89	45.00	\$40.05
Tier 3	\$2.50	0.00	\$0.00
Tier 4	\$3.77	0.00	\$0.00
Tier 5	\$4.86	0.00	\$0.00
Tier 6	\$6.26	0.00	\$0.00
Total		120.00	\$97.80
Monthly Service Charge			\$32.99
Total Bill:			\$130.79
MFR Current Rates Calculation CY 2014			
MFR User	CCF	Meter Sizes	Meter Charge
June	120	1	\$52.26
		0	\$0.00
Location Class Average Monthly Usage			
3 Year Average:	120.00		
Tier 1	0.00 - 120.00	Mo 3 Yr Avg	
Tier 2	120.00 - 156.00	130%	
Tier 3	156.00 - 192.00	160%	
Tier 4	192.00 - 228.00	190%	
Tier 5	> 228.00	>191%	
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.73	120.00	\$87.60
Tier 2	\$2.90	0.00	\$0.00
Tier 3	\$3.70	0.00	\$0.00
Tier 4	\$4.81	0.00	\$0.00
Tier 5	\$5.81	0.00	\$0.00
Total		120.00	\$87.60
Monthly Service Charge			\$52.26
Total Bill:			\$139.86
Difference in Bills			-\$9.07
% Difference			-6.49%

MFR Proposed Rates Calculation CY 2015			
MFR User	CCF	Meter Size(s)	Meter Charge
June	120	1.5	\$98.96
			\$0.00
Location Class Annual Minimum Monthly Usage			
3 Year Average:	75.00		
Location Class Average Monthly Usage			
3 Year Average:	120.00		
Tier 1	0.00 - 75.00	Min Mo 3 Yr Avg	
Tier 2	75.00 - 120.00	Mo 3 Yr Avg	
Tier 3	120.00 - 156.00	130%	
Tier 4	156.00 - 192.00	160%	
Tier 5	192.00 - 228.00	190%	
Tier 6	> 228.00	>191%	
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.77	75.00	\$57.75
Tier 2	\$0.89	45.00	\$40.05
Tier 3	\$2.50	0.00	\$0.00
Tier 4	\$3.77	0.00	\$0.00
Tier 5	\$4.86	0.00	\$0.00
Tier 6	\$6.26	0.00	\$0.00
Total		120.00	\$97.80
Monthly Service Charge			\$98.96
Total Bill:			\$196.76
MFR Current Rates Calculation CY 2014			
MFR User	CCF	Meter Sizes	Meter Charge
June	120	1.5	\$93.51
		0	\$0.00
Location Class Average Monthly Usage			
3 Year Average:	120.00		
Tier 1	0.00 - 120.00	Mo 3 Yr Avg	
Tier 2	120.00 - 156.00	130%	
Tier 3	156.00 - 192.00	160%	
Tier 4	192.00 - 228.00	190%	
Tier 5	> 228.00	>191%	
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.73	120.00	\$87.60
Tier 2	\$2.90	0.00	\$0.00
Tier 3	\$3.70	0.00	\$0.00
Tier 4	\$4.81	0.00	\$0.00
Tier 5	\$5.81	0.00	\$0.00
Total		120.00	\$87.60
Monthly Service Charge			\$93.51
Total Bill:			\$181.11
Difference in Bills			\$15.65
% Difference			8.64%

Table 35

## Sample Bill Impacts: Irrigation

Irrigation Proposed Rates Calculation CY 2015			
Irrigation User	CCF	Meter Size(s)	Meter Charge
June	103	1	\$32.99
			\$0.00
ETO	June 8.77		
Sqr Footage	20000	12 Inches/ft	
Area Factor	100%	100 ft3 /1 ccf	
ESLF	42%		
EFLF	70%		
Essential Outdoor	61.39		
Efficient Outdoor	102.32		
Tier 1	0.00 - 61.39	Essential Outdoor	
Tier 2	61.39 - 102.32	Efficient Outdoor	
Tier 3	102.32 - 133.01	130%	
Tier 4	133.01 - 163.71	160%	
Tier 5	163.71 - 194.40	190%	
Tier 6	> 194.40	> 191%	
Commodity Rate	Rate	Usage (CCF)	
Tier 1	\$0.77	61.39	\$47.27
Tier 2	\$0.89	40.93	\$36.42
Tier 3	\$2.50	0.68	\$1.71
Tier 4	\$3.77	0.00	\$0.00
Tier 5	\$4.86	0.00	\$0.00
Tier 6	\$6.26	0.00	\$0.00
Total		103.00	\$85.40
Monthly Service Charge			\$32.99
Total Bill:			\$118.39
Irrigation Current Rates Calculation CY 2014			
Irrigation User	CCF	Meter Sizes	Meter Charge
June	103	1	\$52.26
		0	\$0.00
Efficient Outdoor	102.32		
Tier 1	0.00 - 102.32	Efficient Outdoor	
Tier 2	102.32 - 133.01	130%	
Tier 3	133.01 - 163.71	160%	
Tier 4	163.71 - 194.40	190%	
Tier 5	> 194.40	> 191%	
Commodity Rate	Rate	Usage (CCF)	
Tier 1	\$0.73	102.32	\$74.69
Tier 2	\$2.90	0.68	\$1.98
Tier 3	\$3.70	0.00	\$0.00
Tier 4	\$4.81	0.00	\$0.00
Tier 5	\$5.81	0.00	\$0.00
Total		103.00	\$76.67
Monthly Service Charge			\$52.26
Total Bill:			\$128.93
Difference in Bills			-\$10.54
% Difference			-8.17%

Irrigation Proposed Rates Calculation CY 2015			
Irrigation User	CCF	Meter Size(s)	Meter Charge
June	103	1.5	\$98.96
			\$0.00
ETO	June 8.77		
Sqr Footage	20000	12 Inches/ft	
Area Factor	100%	100 ft3 /1 ccf	
ESLF	42%		
EFLF	70%		
Essential Outdoor	61.39		
Efficient Outdoor	102.32		
Tier 1	0.00 - 61.39	Essential Outdoor	
Tier 2	61.39 - 102.32	Efficient Outdoor	
Tier 3	102.32 - 133.01	130%	
Tier 4	133.01 - 163.71	160%	
Tier 5	163.71 - 194.40	190%	
Tier 6	> 194.40	> 191%	
Commodity Rate	Rate	Usage (CCF)	
Tier 1	\$0.77	61.39	\$47.27
Tier 2	\$0.89	40.93	\$36.42
Tier 3	\$2.50	0.68	\$1.71
Tier 4	\$3.77	0.00	\$0.00
Tier 5	\$4.86	0.00	\$0.00
Tier 6	\$6.26	0.00	\$0.00
Total		103.00	\$85.40
Monthly Service Charge			\$98.96
Total Bill:			\$184.36
Irrigation Current Rates Calculation CY 2014			
Irrigation User	CCF	Meter Sizes	Meter Charge
June	103	1.5	\$93.51
		0	\$0.00
Efficient Outdoor	102.32		
Tier 1	0.00 - 102.32	Efficient Outdoor	
Tier 2	102.32 - 133.01	130%	
Tier 3	133.01 - 163.71	160%	
Tier 4	163.71 - 194.40	190%	
Tier 5	> 194.40	> 191%	
Commodity Rate	Rate	Usage (CCF)	
Tier 1	\$0.73	102.32	\$74.69
Tier 2	\$2.90	0.68	\$1.98
Tier 3	\$3.70	0.00	\$0.00
Tier 4	\$4.81	0.00	\$0.00
Tier 5	\$5.81	0.00	\$0.00
Total		103.00	\$76.67
Monthly Service Charge			\$93.51
Total Bill:			\$170.18
Difference in Bills			\$14.18
% Difference			8.33%

Table 36

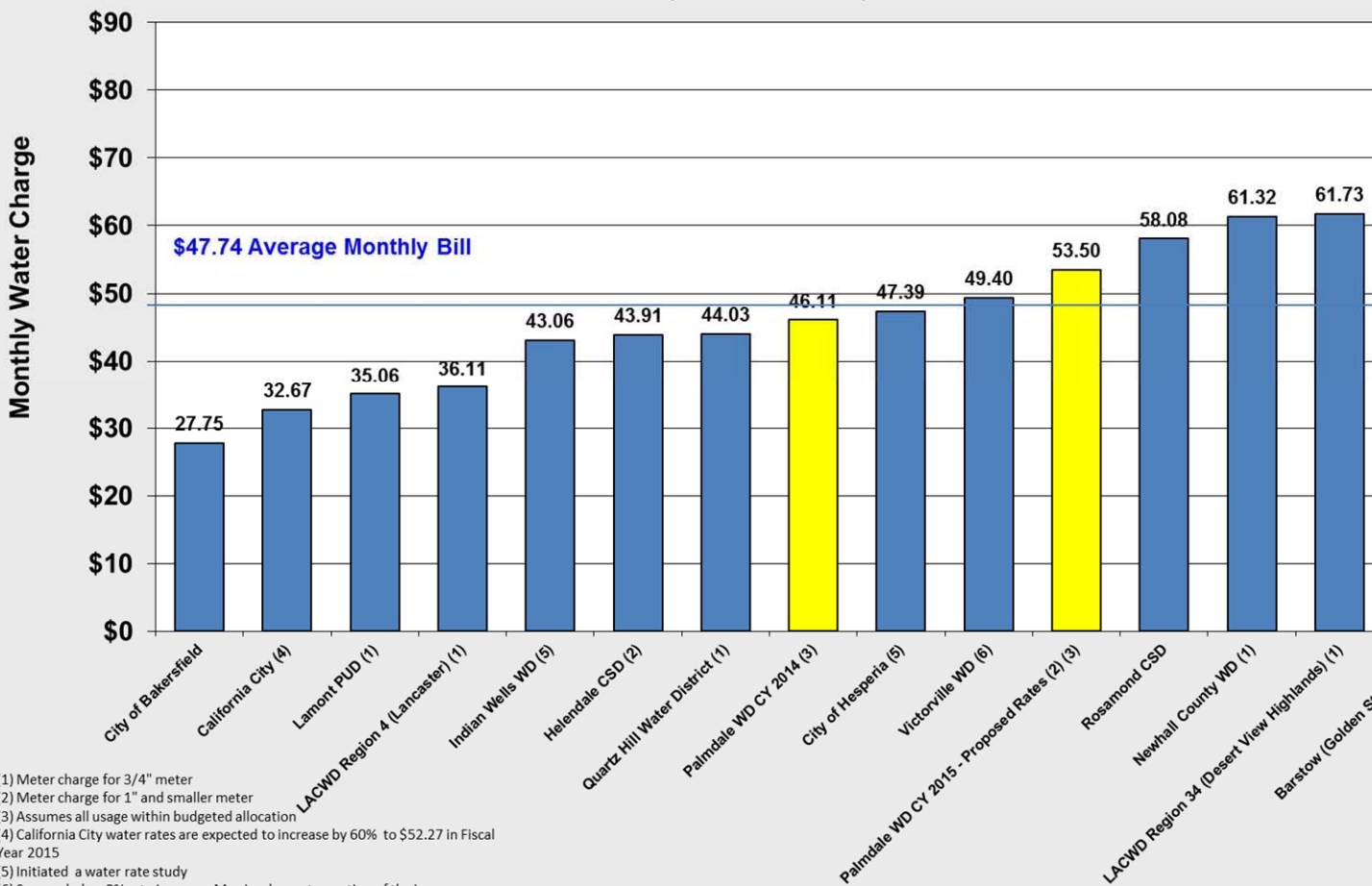
## Sample Bill Impacts: Commercial/ Industrial

Commercial Proposed Rates Calculation CY 2015			
Commercial June	CCF 400	Meter Size(s) 4 1	Meter Charge \$450.95 \$32.99
Location Class Annual Minimum Monthly Usage			
3 Year Average:	320.00		
Location Class Average Monthly Usage			
3 Year 3 Month Average:	400.00		
Tier 1	0.00 - 320.00	Min Mo 3 Yr Avg	
Tier 2	320.00 - 400.00	Mo 3 Yr 3 Mo Avg	
Tier 3	400.00 - 520.00		130%
Tier 4	520.00 - 640.00		160%
Tier 5	640.00 - 760.00		190%
Tier 6	> 760.00		>191%
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.77	320.00	\$246.40
Tier 2	\$0.89	80.00	\$71.20
Tier 3	\$2.50	0.00	\$0.00
Tier 4	\$3.77	0.00	\$0.00
Tier 5	\$4.86	0.00	\$0.00
Tier 6	\$6.26	0.00	\$0.00
Total		400.00	\$317.60
Monthly Service Charge			\$483.94
Total Bill:			\$801.54
Commercial Current Rates Calculation CY 2014			
Commercial June	CCF 400	Meter Sizes 4 1	Meter Charge \$423.62 \$52.26
Location Class Average Monthly Usage			
3 Year Average:	400		
Tier 1	0.00 - 400.00	Mo 3 Yr Avg	
Tier 2	400.00 - 520.00		130%
Tier 3	520.00 - 640.00		160%
Tier 4	640.00 - 760.00		190%
Tier 5	> 760.00		>191%
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.73	400.00	\$292.00
Tier 2	\$2.90	0.00	\$0.00
Tier 3	\$3.70	0.00	\$0.00
Tier 4	\$4.81	0.00	\$0.00
Tier 5	\$5.81	0.00	\$0.00
Total		400.00	\$292.00
Monthly Service Charge			\$475.88
Total Bill:			\$767.88
Difference in Bills			\$33.66
% Difference			4.38%

Commercial Proposed Rates Calculation CY 2015			
Commercial June	CCF 150	Meter Size(s) 1.5	Meter Charge \$98.96 \$0.00
Location Class Annual Minimum Monthly Usage			
3 Year Average:	120.00		
Location Class Average Monthly Usage			
3 Year 3 Month Average:	150.00		
Tier 1	0.00 - 120.00	Min Mo 3 Yr Avg	
Tier 2	120.00 - 150.00	Mo 3 Yr 3 Mo Avg	
Tier 3	150.00 - 195.00		130%
Tier 4	195.00 - 240.00		160%
Tier 5	240.00 - 285.00		190%
Tier 6	> 285.00		> 191%
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.77	120.00	\$92.40
Tier 2	\$0.89	30.00	\$26.70
Tier 3	\$2.50	0.00	\$0.00
Tier 4	\$3.77	0.00	\$0.00
Tier 5	\$4.86	0.00	\$0.00
Tier 6	\$6.26	0.00	\$0.00
Total		150.00	\$119.10
Monthly Service Charge			\$98.96
Total Bill:			\$218.06
Commercial Current Rates Calculation CY 2014			
Commercial June	CCF 150	Meter Sizes 1.5 0	Meter Charge \$93.51 \$0.00
Location Class Average Monthly Usage			
3 Year Average:	150		
Tier 1	0.00 - 150.00	Mo 3 Yr Avg	
Tier 2	150.00 - 195.00		130%
Tier 3	195.00 - 240.00		160%
Tier 4	240.00 - 285.00		190%
Tier 5	> 285.00		> 191%
Commodity Rate			
	Rate	Usage (CCF)	
Tier 1	\$0.73	150.00	\$109.50
Tier 2	\$2.90	0.00	\$0.00
Tier 3	\$3.70	0.00	\$0.00
Tier 4	\$4.81	0.00	\$0.00
Tier 5	\$5.81	0.00	\$0.00
Total		150.00	\$109.50
Monthly Service Charge			\$93.51
Total Bill:			\$203.01
Difference in Bills			\$15.05
% Difference			7.41%

Table 37

**Palmdale Water District**  
**Survey of Monthly Residential Water Rates**  
 (5/8" meter, 20 ccf monthly usage)  
 Survey Conducted July 2014



**PALMDALE WATER DISTRICT**  
**Debt Service Coverage (\$000s)**

<b>Fiscal Year Ending September 30</b>	<b>Audited 2012</b>	<b>Audited 2013</b>	<b>Audited 2014</b>	<b>Audited 2015</b>	<b>Mar 2015 - Feb 2016</b>	<b>Apr 2015 - Mar 2016</b>	<b>May 2015 - Apr 2016</b>
<b>OPERATING REVENUES</b>	22,597	24,125	23,342	21,248	21,321	21,284	21,215
Rate Stabilization Fund		(480)					
	22,597	23,645	23,342	21,248	21,321	21,284	21,215
<b>OPERATING EXPENSES</b>							
Gross operating expenses	22,216	20,665	22,405	20,974	19,829	19,288	19,324
Overhead adjustment	(43)	(217)	(509)	(26)			
SWP Fixed operations and maint	(915)	(720)	(363)	(126)	(126)	(126)	(126)
Non-Cash Related OPEB Expense	(1,565)	(1,455)	(1,786)	(1,828)			
Capital portion included above							
<b>TOTAL EXPENSES</b>	19,693	18,273	19,748	18,994	19,703	19,162	19,198
<b>NET OPERATING REVENUES</b>	2,904	5,372	3,594	2,254	1,617	2,121	2,017
<b>NON-OPERATING REVENUE</b>							
Ad valorem property taxes	1,704	2,573	2,132	2,146	2,154	2,158	2,162
Interest income	25	44	45	43	47	52	57
Capital improvement fees	1,258	245	14	367	348	247	229
Other income	843	421	306	768	467	426	454
<b>TOTAL NON-OPERATING INCOME</b>	3,830	3,284	2,497	3,324	3,016	2,882	2,901
<b>NET REV AVAILABLE FOR DEBT SERVICE</b>	6,734	8,655	6,091	5,578	4,633	5,003	4,919
<b>NET DEBT SERVICE</b>							
1998 Certificates of Participation	1,507						
2004A Certificates of Participation	2,127	1,373	1,373				
2012 Issue - Bank of Nevada				1,372	1,373	1,373	1,373
2013A Water Revenue Bond		2,247	2,344	2,350	2,339	2,339	2,339
2012 Capital Lease		190	190	190	218	218	218
<b>TOTAL DEBT SERVICE</b>	3,634	3,810	3,908	3,912	3,930	3,930	3,930
<b>DEBT SERVICE COVERAGE</b>	<b>1.85</b>	<b>2.27</b>	<b>1.56</b>	<b>1.43</b>	<b>1.18</b>	<b>1.27</b>	<b>1.25</b>
<b>NET REV AVAILABLE AFTER D/S</b>	3,100	4,846	2,183	1,665	704	1,074	989