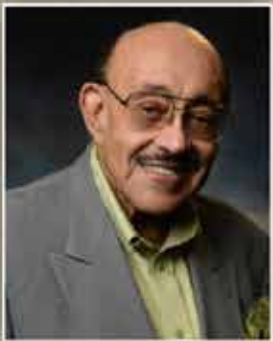


WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

ACHIEVEMENTS IN WATER INDEPENDENCE

Annual Budget 2014/2015



Willard H. Murray, Jr.
Division One



Rob Katherman
Division Two



Lynn Dymally
Division Three



Sergio Calderon
Division Four



Albert Robles
Division Five

**THE WATER REPLENISHMENT DISTRICT
BOARD OF DIRECTORS**

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Mission Statement

“To provide, protect and preserve high quality groundwater through innovative, cost-effective and environmentally sensitive basin management practices for the benefit of residents and businesses of the Central and West Coast Basins.”

Board of Directors

Division 1



*Willard
H. Murray, Jr.*
Secretary

Division 2



Rob Katherman
Director

Division 3



Lynn Dymally
Vice President

Division 4



Sergio Calderon
President

Division 5



Albert Robles
Treasurer

Budget Team

Robb Whitaker,
P.E.
General Manager

Jenna Shaunessy
Manager of Finance
and Administration

Remy Hernandez
Senior Accountant

Scott M. Ota,
CPA, CFF, CIRA, CGMA
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General Manager's Report



Robb Whitaker
General Manager

WATER SUPPLY IN TIMES OF DROUGHT

We are heading into the fifth consecutive year of a drought that has water supply agencies up and down the state and throughout the West imposing mandatory conservation measures and in some instances securing emergency supplies.

For WRD, the drought means that the volume of local storm water captured for replenishment last year was just 10% of average. Imported water for recharge at the spreading grounds was not available at all, and that has been true for five of the last seven years.

Even so, groundwater conditions remained relatively healthy and groundwater production was robust. For most of the District's history, of course, replenishment water was mainly imported, making our groundwater basins especially vulnerable when the supply of imported water for replenishment was limited by drought. That is no longer the case.

While not entirely drought-proof, the District has progressively insulated itself from protracted periods of dry weather by developing local sources of supply to reduce reliance on imported water. Through the implementation of our Water Independence Now Program (WIN), we have greatly increased our use of recycled water as well as our capacity to use larger amounts of storm water for recharge during average or above average years of rain.

Last year, 82% of the water used for spreading and barrier injection consisted of a modest amount of captured storm water and a very substantial amount of locally developed recycled water. By virtue of recent changes in permit requirements for the use of recycled water at the spreading grounds and local supply projects nearing completion or in the final planning stage, WRD will be completely independent of imported supply for replenishment and barrier injection—and genuinely drought-proof—in just a few short years.

WATER SUPPLY AT THE SPREADING GROUNDS

- The District has completed the environmental documentation and design of two new turnout structures to connect the Los Angeles County Sanitation Districts' recycled water delivery pipeline to the Montebello Forebay Spreading Grounds and the San Gabriel River. The structures are key elements of the Groundwater Reliability Improvement Program (GRIP) and upon completion next year will enable the delivery to the spreading grounds of an additional 11,000 acre-feet of recycled water per year on average. The Greater Los Angeles County Integrated Regional Water Management Steering Committee has recommended \$4.5 million in Proposition 84 funding for these structures.
- Environmental documentation and design work continued on GRIP. Anticipated to begin construction in 2016 or 2017, the GRIP Advanced Water Treatment Facility will produce 10,000 acre-feet of water for the spreading grounds. The use of advanced treated water will allow for additional quantities of tertiary recycled water to be spread during years with reduced levels of precipitation.
- The longstanding WRD/Los Angeles County Department of Public Works (LACDPW) partnership has in recent years resulted in the construction of two additional rubber dams on the San Gabriel River, the expansion of the Whittier Narrows Conservation Pool, and the Interconnection Pipeline linking the two spreading grounds. These projects have enabled the capture of an additional 10,000 acre-feet of storm water for recharge during years of average rainfall. We continued work this year with LACDPW and the US Army Corps of Engineers on improvements to the Conservation Pool to capture an additional 1,100 acre-feet for groundwater augmentation.

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WATER SUPPLY AT THE SEAWATER BARRIERS

- Construction is nearly complete on the expansion of WRD's Leo J. Vander Lans Advanced Water Treatment Plant. The expansion will more than double the capacity of the plant from 3,600 acre-feet per year to 8,900 acre-feet. By October, 100% of the water injected into the Alamitos Barrier will be recycled water from that plant.
- Seventy-five percent of the water supplied to the West Coast Basin Barrier last year was produced by the West Basin Municipal Water District's Edward C. Little Advanced Water Treatment Plant. That percentage keeps rising and by the end of the year, all 17,000 acre-feet required for injection into that barrier will be recycled.
- Forty-two percent of the water supplied to the Dominguez Gap Barrier last year was water produced by the City of Los Angeles Terminal Island Advanced Water Treatment Plant. WRD is working with the Los Angeles City Bureau of Sanitation to expand the volume of recycled water produced, with the goal of eliminating the use of imported water by 2017.

GOLDSWORTHY DESALTER

- Constructed in 2002, the Robert W. Goldsworthy Desalter extracts and treats a locally sustainable groundwater supply to reduce dependence on imported water while accelerating the remediation of a significant plume of brackish groundwater trapped inland when the seawater intrusion barriers were placed in operation. To date, the Desalter has treated more than 20,000 acre-feet of brackish water for potable use in the City of Torrance. The Desalter Facility has an existing capacity of 2,200 acre-feet. This year, environmental documentation and final design were completed to expand the capacity of the plant to 4,400 acre-feet. Four million dollars in Proposition 84 funding for the expansion has been recommended by the Greater Los Angeles County Integrated Regional Water Management Steering Committee.

BRIEFLY NOTED

- Work continued on the Programmatic EIR for the District's Groundwater Basins Master Plan. We expect the EIR will be completed by the end of this year.
- Litigation hostile to WRD was dropped by the Central Basin Municipal Water District.
- Legislation opposed by WRD to split the Replenishment Assessment (RA) was held in committee.
- WRD-sponsored legislation to provide a 180-day statute of limitations on legal challenges to the District's RA was enacted.

The drought has resulted in enormous hardship throughout the state. By virtue of years of advance planning and project implementation, WRD remained well-positioned this year to fulfill our mission and to take additional steps on the road to independence from imported water for replenishment.

Robb Whitaker
General Manager

President's Report



Sergio Calderon
President

EPIC DROUGHT

2013 was the driest year in California's recorded history. 2014 looks like more of the same. Drought conditions over the entire state are characterized by the U.S. Drought Monitor as "severe," "extreme," or "exceptional." Our region is in the "extreme" category. Regional precipitation in 2013 was the fourth lowest on record. Rainfall has been below average in 10 of the last fifteen years and is at 35% of average through June.

The Governor declared a Drought Emergency in January, calling for a 20% reduction in water use statewide. Most state reservoirs are below 50% capacity, some are below 30%. For the first time, the State Water Resources Control Board has ordered the curtailment of long-established water rights on major streams. Allocations of State Water Project water are at 5% of entitlements. With drought in its 15th year in the Colorado River Basin, the prospect of reducing allocations from that source is possible as well.

CREATING NEW WATER SUPPLY WHEN IT'S DRY

While not unmindful of the misery and hardship the epic drought has caused the state and the region, it is worth noting that the Water Independence Now (WIN) programs and projects implemented in the past decade by WRD and our partners have nearly insulated the groundwater basins from the adverse impacts formerly experienced in protracted periods of dry weather.

Long ago abandoning an exclusive reliance on imported water to meet groundwater replenishment needs, WRD is one of very few of the 2,000 or so water agencies in the state to develop and use local supply to survive if not thrive when imported water and local storm water are scarce.

Just as necessity is often the mother of invention, drought brings about remarkably inventive responses that in WRD's case have helped smooth the path toward independence from imported supply.

Until two years ago, the blending requirement for the use of recycled water at the spreading grounds was 35% recycled water to 65% storm water and imported water, averaged over a 5-year period. Because of the drought and the resulting scarcity of storm water and imported water, we were approaching the point where recycled water that would otherwise be put to beneficial use at the spreading grounds would instead be wasted to the ocean. Last year, the Regional Water Quality Control Board approved WRD's application to change the averaging period from 5 years to 10 years, thus enabling the continuance of recycled water for groundwater recharge even in multi-year drought cycles.

With State Water Resources Control Board support and responding to the Governor's Water Emergency Declaration, the Regional Board took an even bigger step this year by approving WRD's application to change the recycled water blending requirement from 35% to 45%. Over a running 10-year period

CORE VALUES

The Water Replenishment District executes its role in groundwater management through:

Financial Responsibility:

Long-term prudent financial decisions are made about staffing, operational expenses, rates, bonds and reserves.

Transparent Decision Making:

The board makes decisions in open meetings with the public heard in a respectful manner. Additionally, the public is encouraged to provide input through participation in a variety of focused forums and public hearings.

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and assuming average precipitation, that regulatory change means the use of an additional 11,000 acre-feet of tertiary treated recycled water annually at the spreading grounds and a reduction in the blending requirement from 21,000 acre-feet annually to 10,000 acre-feet annually.

The District intends to meet that 10,000 acre-foot blending requirement with water produced by the Groundwater Reliability Improvement Program (GRIP) Advanced Water Treatment Facility.

Ten years ago, nearly 60% of WRD's total artificial replenishment supply consisted of imported water. In this past year, it was under 20%. Put another way, over 80% of the water used for recharge at the spreading grounds and injection at the barriers was recycled.

Ten years ago, 54% of the artificial replenishment supply to the spreading grounds was recycled water. Last year, it was 100% recycled. Ten years ago, 18% of the water used for seawater barrier injection was recycled. This past year, it was 58%. By the end of this year, 86% of all water injected into the barriers will be recycled and two of the three barrier systems will be at 100%.

STORING WATER WHEN IT'S WET

Just as WRD has prepared for years of drought, we have worked with groundwater pumpers for more than 14 years to prepare for years of surplus. During the episodic periods of major storm events and surplus water conditions in Northern California, there have been instances where more water flows down the Sacramento River and out to sea in a week than Southern California uses in an entire year. It has often been the case that much of that surplus would be available to Southern California if there was adequate storage capacity for it.

WRD and the groundwater community made history in December when the Superior Court granted the motion by WRD, Long Beach, Los Angeles, Lakewood and other parties to amend the Central Basin Judgment to establish a legal framework for the storage and extraction of stored water in the Central Basin. The Judgment Amendment will permit the storage of up to 330,000 acre-feet, which is the available, safe storage capacity of that basin. The legal framework permits a groundwater pumper with adjudicated rights to store water and subsequently extract that stored water without the extraction counting against its water rights and without having to pay the Replenishment Assessment (RA). The Judgment Amendment makes possible the storage of "surplus" imported water in the rare instances when it is available for use in the more frequent instances when it is not, further enhancing the region's water supply reliability.

The court's decision culminated a journey that started in 1999. After a failed facilitated process among the multiple water rights stakeholders and WRD and a two-year state-sponsored mediated effort that resulted in the filing of the petition in April 2009, several legal challenges travelled to the Appellate court for resolution. After several rounds of negotiation and modest changes to the petition, the parties that originally opposed the petition ended up supporting it.

Pursuant to the Judgment Amendment, WRD assumed administrative Watermaster duties from the California Department of Water Resources on July 1, 2014.

NO INCREASE IN THE REPLENISHMENT ASSESSMENT

The very good news on the recycled water and storage fronts perhaps overshadows the important fact that the WRD Board again held the line on the Replenishment Assessment (RA). The cost of groundwater remains about one-third the cost of imported water.

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CONGRATULATIONS & THANKS

- Congratulations to WRD Chief Financial Officer Scott Ota, who was named by the Los Angeles Business Journal as Public Sector Chief Financial Officer of the Year. A decade of awards for WRD's budgeting and financial practices is continuing evidence of Scott's expertise and value to the District.
- Congratulations as well to WRD Chief Hydrogeologist Ted Johnson, who was elected President of the Groundwater Resources Association of California. Such a professional honor conferred by his peers throughout the state speaks volumes about the caliber of Ted's extraordinary work on behalf of the District.
- I want to thank our General Manager and staff for their countless contributions toward making this an exceptionally productive year.
- And thanks to my fellow Directors for their commitment to the goals of the District and their singular focus on achieving them.

Sergio Calderon
President



2014/2015 Budget-in-Brief

FINANCIAL OVERVIEW

REPLENISHMENT ASSESSMENT (RA): UNCHANGED AT \$268/ACRE-FOOT

The District manages the Central and West Coast Groundwater Basins which provide groundwater for approximately 4.5 million residents in 43 cities of Southern Los Angeles County. Its mission statement is, "To provide, protect and preserve high quality groundwater through innovative, cost-effective and environmentally sensitive basin management practices for the benefit of residents and businesses of the Central and West Coast Basins."

The District accomplishes this through its various projects and programs; each of which are explained in detail in other parts of this budget document. The District's budget is divided into three major categories:

1. Operating Expenses – Primarily used to track expenses related to projects, programs and administrative costs
2. Other Special Programs and Supportive Costs
3. Capital and Other Non-Operating Revenues and Expenses

Project, program and administrative costs are tracked in the category of operating expenses. These projects and programs include activities that enhance the replenishment operations, increase the reliability of groundwater resources, improve and protect groundwater quality and ensure that the groundwater supplies are suitable for beneficial use. Direct administrative supportive costs include the Board of Directors, General Manager, Administration, Finance and External Affairs.

Other special programs and supportive costs include expenses related to litigation, Proposition 218 and Senate Bill 620; SB 620 costs relate to the District's efforts to comply with the law establishing the Budget Advisory Committee (BAC) and the biennial election of a seven-member committee. Election expenses are also included in this category of expenses and represent mandatory pass-through costs from the County Registrar-Recorder to manage the election of the District's elected officials.

The District has debt service payments on its 2004, 2008 and 2011 Revenue Certificates of Participation (COP) which are included in the third category of expenses; Capital and Other Non-Operating Revenues and Expenses. Also included are smaller capital expenses attributed to the Replenishment Assessment (RA) on a pay-go basis rather than being funded through 30-year debt instruments.

RELATIONSHIP OF FUNDS, PROJECTS AND PROGRAMS

The District operates two major funds: the Replenishment Fund and the Clean Water Fund. Expenses are allocated to each fund through the various projects and program. For budget purposes, projects and programs are separated into either Replenishment, Clean Water Projects or Dual Purpose Projects and Programs. Dual Purpose Projects and Programs are those that address both replenishment operations and clean water efforts.

Replenishment Fund

The annual amount pumped from the Central and West Coast Basins is greater than the natural replenishment of groundwater aquifers, creating an annual deficit or annual overdraft. WRD is enabled under the California State Water Code to purchase and recharge additional water to make up the overdraft. The Replenishment Fund is the budgetary control for all expenses related to the District's replenishment efforts. This includes the two primary expenses of the District which is Water Supply Purchases, Water Supply Production and Water Conservation; which makes up almost 55% of all annual costs. Total budgeted expenses related to the Replenishment Fund is about \$63 million or 92% of the total budget.

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Clean Water Fund

Consistent with the WRD's mission to provide, protect and preserve high quality groundwater, the WRD annually collects nearly 600 groundwater samples from its monitoring well network and analyzes them for over 100 water quality constituents to produce nearly 60,000 individual data points to help track the water quality in the basins. By analyzing and reviewing the results on a regular basis, any new or growing water quality concerns can be identified and managed effectively. The Clean Water Fund is the budgetary control for all expenses related to the District's efforts to provide clean and safe water to the nearly four million users of groundwater in the District's service area. Total budgeted expenses related to the Clean Water Fund is about \$5 million or 8% of the total budget.

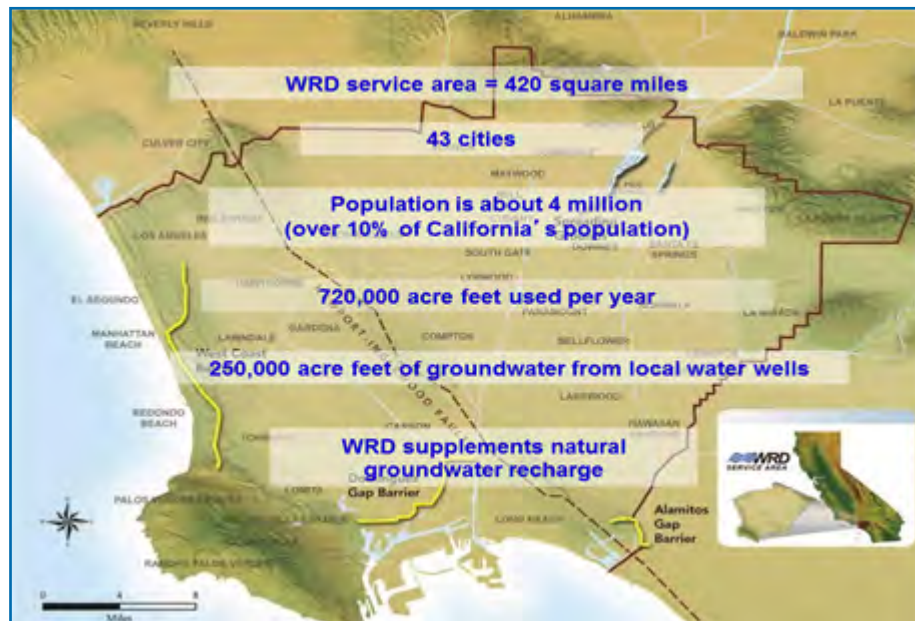


Figure 1 – WRD at a Glance

REVENUES – SOURCES REMAIN THE SAME

The District's primary source of revenue is generated by the Replenishment Assessment (RA); making up 95.0% of the District's revenue or \$64,850,000. The Replenishment Assessment (RA) is collected based on the amount of water pumped from the Central and West Coast Basins.

The District also expects to collect \$2,094,000 or 3.0% of total revenue from water sales to the Orange County Water District (OCWD) and Metropolitan Water District (MWD) subsidies from the Leo J. Vander Lans Advanced Water Treatment Facility. This facility provides advanced treated water to the Alamitos Seawater Intrusion Barrier Project which would otherwise need more expensive non-interruptible imported water. The District anticipates the completion of the Leo J. Vander Lans Advanced Water Treatment Facility Expansion Project during fiscal year 2014/15, which will result in a 5,300 acre-foot increase in capacity and a corresponding increase of \$1,130,000 in revenue.

The Goldsworthy Desalter is located in the West Coast Basin and treats brackish groundwater for sale to the City of Torrance. The anticipated revenue is \$1,341,000 which remains relatively flat and holds steady at 2% of District revenue.

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Comparison to 2013/14 Year's Budgeted Revenues

Budgeted revenues from the prior year were similar to that of the current year. Replenishment Assessment (RA) revenues made up 97% of total revenues or \$65,152,000. Revenues from both the Leo J. Vander Lans AWTF and the Goldsworthy Desalter were \$964,000 (1%) and \$1,245,000 (2%), respectively. Prior year's Replenishment Assessment (RA) was \$268 per acre-foot.

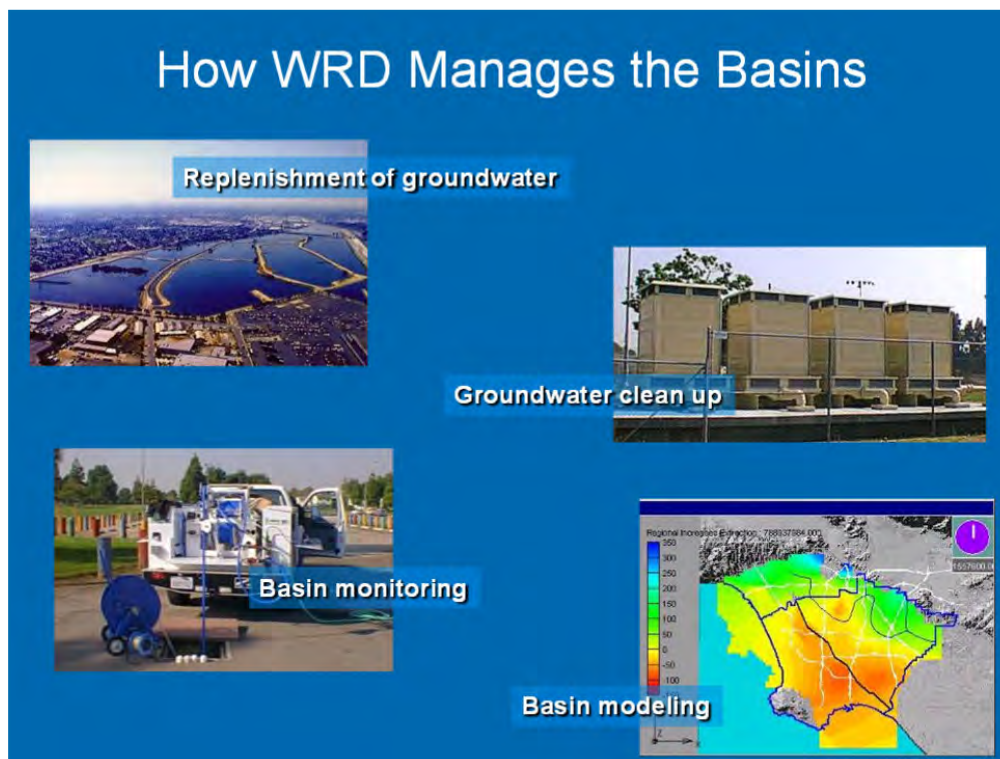


Figure 2 – How WRD Manages the Basins

EXPENSES – CONSERVATIVE FISCAL POLICY KEEPS EXPENSES RELATIVELY FLAT

The most significant budgetary item for the District is water and water-related costs. Of the District's total budgeted expenses of \$68,285,000, about \$41,893,000 (61.4%) is related to either water supply purchases, production of water or water conservation efforts. Details and explanations of the various Projects and Programs are located in their specific sections of this budget document; the total budgeted costs for these replenishment and clean water projects are \$7,364,000 (10.8%) of the 2014/15 adopted budget. Administration costs including GASB 45 related costs are budgeted to be \$4,702,000 (6.9%), Other Special Programs & Supportive Costs \$2,780,000 (4.0%), Capital Improvement Program (CIP) Expenses \$11,186,000 (16.4%) and the Replenishment of District Reserves of \$360,000 (0.5%).

Comparison to 2013/14 Year's Budgeted Expenses

Total budgeted expenses for 2013/14 were \$67,361,000 with 55.6% of those costs relating to water and water-related costs. In 2014/15 total expenses increased \$924,000 to \$68,285,000. Water and water-related costs increased to 61.4% of total expenses. There were several fluctuations which caused the increase of \$924,000 in expenses over the prior year.

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Water-Related Costs

- Water-related costs increased \$4,498,000 due to an increase in water supply purchase costs from District supply sources of \$2,430,000. In fiscal year 2013/14, the District budgeted for 91,600 acre-feet of water; 21,750 acre-feet of imported water and 69,850 acre-feet of less expensive recycled water. In comparison, in fiscal year 2014/15, the District increased water purchases 7,500 acre-feet to 99,100 acre-feet; 19,900 acre-feet of imported water and 79,200 acre-feet of recycled water.
- Water Supply Production-Vander Lans increased from \$2,480,000 in 2013/14 to \$4,544,000 in 2014/15 due to the increased costs associated with the Expansion Project which will completely remove the need for imported water at the Alamos Seawater Intrusion Barrier Project. This is a key component in the District's Water Independence Now (WIN) Program to become completely independent of imported water from Northern California and the Colorado River.

Other Contributing Costs

- Litigation costs and other supportive costs decreased by \$568,000 from \$2,498,000 to \$1,930,000 due to the settlement of the Central Basin Storage Litigation and stabilization of costs pursuant to Article XIII D, Section 6(a)(2) of the California State Constitution (Proposition 218) regarding the Replenishment Assessment (RA) proposed effective July 1, 2013 and 2014.
- The District's 2011 Certificates of Participation were structured so a full year's principal and interest were not payable until fiscal year 2014/15. Therefore, Capital and Other Non-Operating Expenses increased by \$2,785,000, the majority of the increase due to the full principal payment due on the 2011 debt service.
- In fiscal year 2013/14, the District was paid outstanding invoices due from litigant cities. These cash receipts were immediately placed in the Water Purchase Carryover Fund in order to purchase water as soon as it becomes available. This decreased the need to replenish the District's reserves; which were previously used to purchase water due to the non-payment. Replenishment of reserves decreased from \$5,750,000 in 2013/14 to \$360,000 in 2014/15.

FUND BALANCE

The District's fund balance is governed by §60290 of the California State Water Code which states that the "District may establish an annual reserve fund in an amount not to exceed ten million dollars (\$10,000,000) commencing with the 2000/01 fiscal year. The maximum allowable reserve fund may be adjusted annually commencing with the 2001/02 fiscal year to reflect percentage increases or decreases in the blended cost of water from district supply sources."

Based on the percentage increase in the blended cost of water for fiscal year 2014/15 from District supply sources, the maximum allowable reserve in accordance with §60290 of the California State Water Code is now \$24.8 million.

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Additionally, §60291 states that the limitation on the reserve established in §60290 does not apply to funds appropriated for capital projects.

If for some reason, the District has more than \$10,000,000 (adjusted for the blended cost of water), §60328.1 states that the District shall apply the estimated fiscal year end balance in excess of the amount allowed in §60290 to a Replenishment Assessment (RA) rate reduction or to the purchase of water in the succeeding fiscal year.

In the past 5 years, the District has utilized over \$80 million in compliance with §60328.1 as follows:

- In fiscal 2010/11 through 2012/13, the Board of Directors used \$21.27 million of the Water Purchase Carryover Fund for rate stabilization
- A total of 37,315 acre-feet of water was purchased in a 10-month period of time for a total of \$20.6 million from fiscal 2010/11 through 2011/12
- On February 18, 2014, the Board of Directors approved an agreement for the supply of 60,000 acre-feet of untreated imported water for \$40 million

STAFFING

District staffing remains unchanged at 34 professional and administrative staff.

PLANNING FOR THE FUTURE: IMPACTS OF LONG-RANGE PLANS ON FUTURE BUDGETS

Plenty of water had always been available from the Colorado River and even more would flow through the State Water Projects beginning in 1972. Even so, the Board of Directors of the Water Replenishment District were skeptical about the long-term prospects for imported water. When WRD was founded in 1959, who would have guessed that claims by other states to their share of the Colorado River would shrink by half the available supply of water to Southern California within a mere 40 years? And who would have predicted that constraints on the State Water Project would also reduce in half the amount of water originally allocated to our region?

In the past, a large percentage of replenishment water came from sources in Northern California and the Colorado River. The District is moving toward an independence from expensive imported water through the Water Independence Now (WIN) Program, a series of projects that will fully utilize storm water and recycled water sources to restore and protect the groundwater resources of the Central and West Coast Groundwater Basins.

The projects included in the District's 5-Year Capital Improvement Program are listed below:

1. Leo J. Vander Lans Advanced Water Treatment Facility Expansion
2. Groundwater Reliability Improvement Program (GRIP)
3. Regional Groundwater Monitoring Program
4. Safe Drinking Water Program
5. Whittier Narrows Conservation Pool Study
6. Goldsworthy Desalter Expansion
7. Montebello Forebay Recharge Enhancement Study

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The WIN-related projects will allow the District to become completely independent from imported water. The impact to future budgets will be significant. While it is extremely difficult to place a financial value on the reliability of water, it is much easier to quantify the dollar value of replacing imported water by using more recycled water. Fiscal year 2013/14 analysis shows that the District will be able to replace 26,750 acre-feet of imported water needs, costing over \$18 million once the WIN Program is complete. Overall cost savings will be immediate and the value of the investment in capital assets only increases over time as the cost for imported water continues to climb steadily each year.

With the District serving over 4.5 million people and 10% of the State of California's population, it is even more important to become more self-reliant. A big portion of the costs will be debt financed and, therefore, future generations will share not only in the benefits of the WIN Program, but also in the costs. This program will provide a locally, sustainable and reliable water supply for the residents served by WRD.

Scott M. Ota, CPA, CFF, CIRA, CGMA
Chief Financial Officer

Background & History



The Central and West Coast Groundwater Basins provide 40% of the water supply for 10% of the population of the state of California. WRD's Water Independence Now (WIN) program is a series of projects that will fully utilize stormwater and recycled water sources to restore and protect the Central and West Coast Groundwater Basins of southern California. In the past, a large percentage of replenishment water came from sources in northern California and the Colorado River. WIN seeks to completely eliminate this dependence on imported water to ensure the future security of our region by developing local resources to create a locally sustainable groundwater supply.



Background & History

The Water Replenishment District of Southern California (District) was formed by a vote of the people in 1959 for the purpose of protecting the groundwater resources of the Central and West Coast Groundwater Basins (Basins) in Southern Los Angeles County.

The District provides groundwater for nearly 4.5 million residents in 43 cities of Southern Los Angeles County. The 420 square mile service area uses about 250,000 acre-feet of groundwater per year, which equates to 40% of the total demand for water. Prior to the formation of the District, over-pumping of both basins caused many wells to go dry and seawater to intrude into the groundwater aquifers – underground geological formations that store water. In 1957, the accumulated overdraft in the Central Basin alone was almost one million acre-feet, which translates to a tremendous withdrawal of water from aquifers in excess of the amount that naturally, or artificially, replaces it. In both basins, groundwater levels had dropped to below sea level. During the 1950s the Los Angeles County Flood Control District (LACFCD) purchased 500,000 acre-feet of imported water to artificially replenish the basins.

In 1959, the Central Basin Water Association (CBWA) and West Basin Water Association (WBWA), comprised of the major groundwater producers from each basin, jointly proposed and obtained voter approval for formation of the Water Replenishment District of Southern California to manage the Central and West Coast Groundwater Basins.

The District's role expanded as it developed programs to capture stormwater, recharge recycled wastewater, monitor water quality and take advantage of evolving MWD of Southern California water rates. In 1990, legislation was passed to strengthen the District's role in groundwater quality protection and to provide a special assessment ability to the District to fund clean water programs.



Figure 3 – WRD Groundwater Demand

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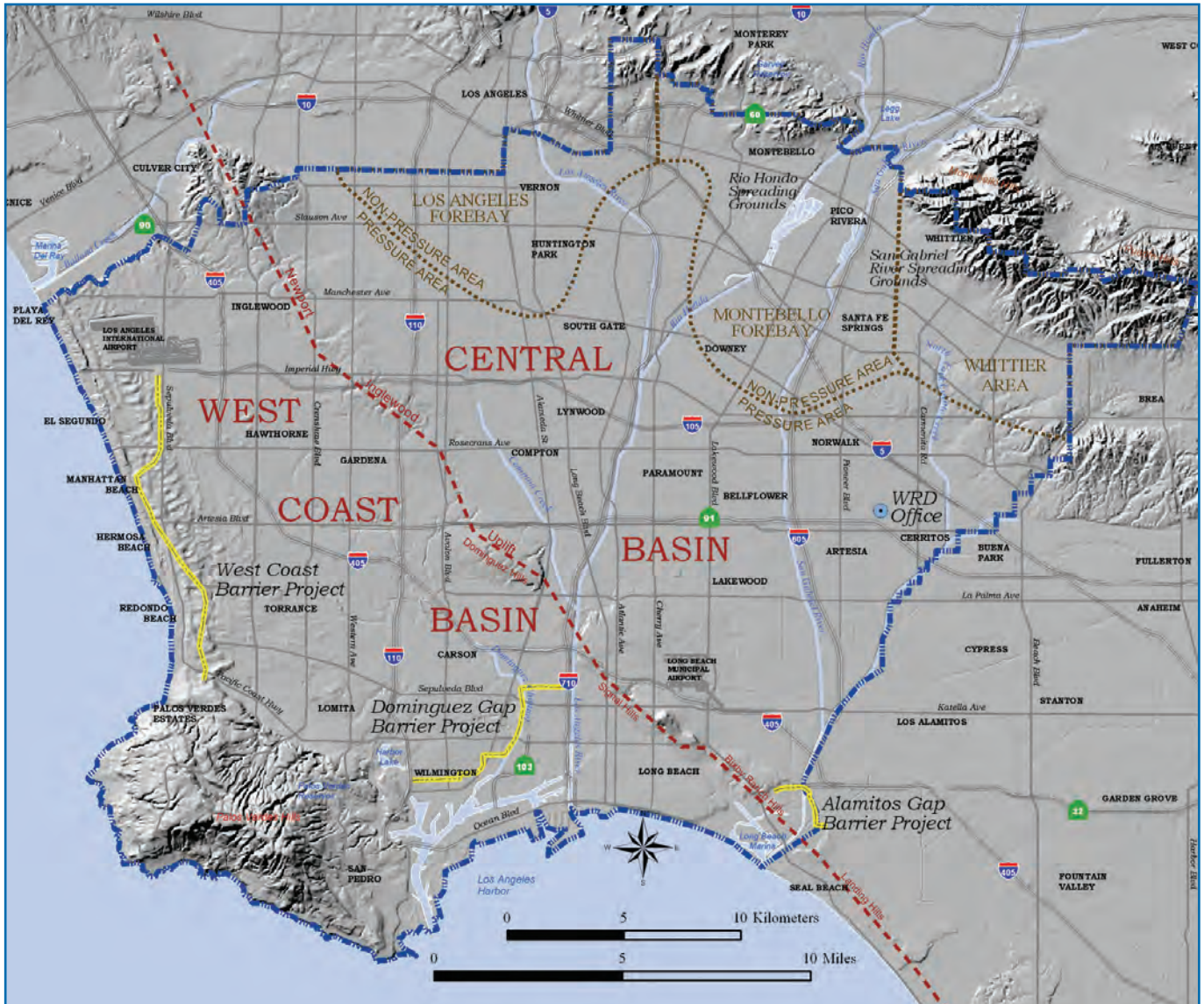


Figure 4 – Service Area Map

Local Economy

The District office is located in Los Angeles County, with approximately 10 million residents; Los Angeles County is the most populous county in the nation. Its population is larger than that of 42 states and if it were a country, it would have the 21st largest economy in the world.

Recent years have been very difficult for the economy of Los Angeles County, however, as expected; there has been a gradual economic improvement. There was a one percent decrease in unemployment which fell from 10.9% in 2012 to 9.8% in 2013. It is expected to continue to fall to 8.7% in 2014 and 7.8% in 2015. Full recovery and a normal unemployment rate (7.5%) is still a few years away.

As in the prior year, the largest gains were in (a) leisure and hospitality, (b) professional, scientific and technical services, (c) health care and social assistance and (d) construction continued its long-term trend of job gains. These four industries combined to contribute more than 73% of the jobs created last year. Construction witnessed a third consecutive year of gains after three years of declines in the wake of the Great Recession. Following the trend of recent years, both manufacturing and government sector jobs lost ground.

The entertainment industry is one of the most visible and important industries in Los Angeles County. There has been a steady rise in local production since the recession; on-location film production rose as did total production days.



Groundwater Conservation Is Not New

The above picture was obtained from the files of the Los Angeles County Flood Control District and shows some of the activity of spreading water in Montebello Forebay in 1935.



First State Water Reaching Spreading Facilities

The first State Project water used for spreading in the Central Basin is shown reaching the spreading facilities in October, 1974. The picture is at the rubber dam used to control spreading water on the San Gabriel River. Water may be released down the river in controlled amounts so it infiltrates and is not wasted or it may be diverted into spreading grounds.



Observation Well

One of the Alamitos Barrier observation wells is shown being drilled. From measurements of water level in these wells, the effectiveness of the barrier is monitored.

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International trade is a major driver of the area's economy. The Los Angeles Customs District—which includes the ports of Long Beach and Los Angeles, Port Hueneme, and Los Angeles International Airport—is the nation's largest. The value of two-way trade passing through Los Angeles rose by 2.7% last year to a record \$414.5 billion and should increase an additional 4.5% this year and 6.9% in 2015.

The Los Angeles County economy will continue to advance on many fronts through 2014 and 2015, barring any unforeseen shocks to the national economy. Population crossed the 10 million threshold in 2013 and should continue to grow at just under one percent per year. Total personal income will move away from the recession-low of just over \$390 billion. In 2013, personal income increased 1.8% to \$451.1 billion and is expected to surpass \$493.0 billion in 2015.

As for the business sector, 2014 will bring opportunities for emerging as well as existing industries. Over the short to medium term, expansion will continue in the major industries of technology, which includes manufacturing and service industries in aerospace, information technology, electronics, and biomedical technology.

California's water supply continues to pose many new and complex challenges for water suppliers in the state. In recent years, the District has been an active participant and leader in addressing these concerns. On January 17, 2014, Governor Brown issued an official drought proclamation for California. Last year was the driest in the state in 199 years of record keeping. Some communities that depend on local surface water supplies are already rationing water. The situation in Southern California is far less dire; which embraced water conservation and the use of recycled water following the droughts of the 1970s and 1990s. Through coordination and planning with other local and regional water suppliers, the District continues to engage in developing long-term solutions to the various water supply challenges. These efforts are evidenced in the District's participation in regional conjunctive use programs as well as local groundwater storage and recovery projects. It is through participation in these and other programs, such as the District's Water Independence Now (WIN) Program, that will enable the District to continue to meet its long-term water supply needs.

The WIN program is specifically designed to make use of local water supplies to become completely independent of imported water from the Colorado River and the California State Water Project. Prior to 1961-62, the West and Central Groundwater Basins received about 36% of the replenishment water from storm water and 64% from imported water. Today, the demand for imported water has dropped dramatically due to the many projects and cooperative interagency programs WRD has helped develop. Imported water has dropped to 20% of the current replenishment water demand; supplemented with 40% recycled water and 40% storm water. The increase in replenishment due to natural recharge is a direct result of storm water capture projects which increases the ability to benefit from local storm events. The WIN Program will completely eliminate the need for imported water by replacing the 20% of current imported water needs with recycled water. This will be accomplished through completion of the Groundwater Reliability Improvement Program (GRIP), expansion of the Leo J. Vander Lans Advanced Water Treatment Facility and the use of 100% recycled water at the West Coast and Dominguez Gap Seawater Intrusion Barrier Projects.

Source: *Los Angeles County Profile*; Los Angeles County Economic Development Corporation.

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Table 1
Demographics and Economics Statistics - County of Los Angeles
Last Ten Fiscal Years

Year	Los Angeles County Unemployment Rate (1)	California Unemployment Rate (1)	U.S. Unemployment Rate (1)	Population (1)	Personal Income (thousands of dollars) (2)	Personal Income per Capita (2)
2005	5.40%	6.24%	5.50%	9,809,557	\$357,186,377	\$36,498
2006	4.80%	5.42%	5.10%	9,787,327	\$385,724,212	\$39,610
2007	5.10%	4.89%	4.60%	9,773,894	\$400,366,343	\$41,273
2008	7.50%	5.35%	4.60%	9,796,812	\$417,454,378	\$42,881
2009	11.60%	7.21%	5.80%	9,805,233	\$394,980,563	\$40,356
2010	12.60%	11.33%	9.30%	9,827,070	\$410,674,615	\$41,791
2011	12.30%	12.36%	9.60%	9,847,712	\$418,901,973	\$42,538
2012	11.10%	10.60%	8.20%	9,884,632	\$429,872,761	\$43,489
2013	9.60%	8.60%	7.60%	9,962,789	\$442,935,636	\$44,459
2014	8.20%	7.60%	6.10%	10,017,068	\$456,177,277	\$45,540

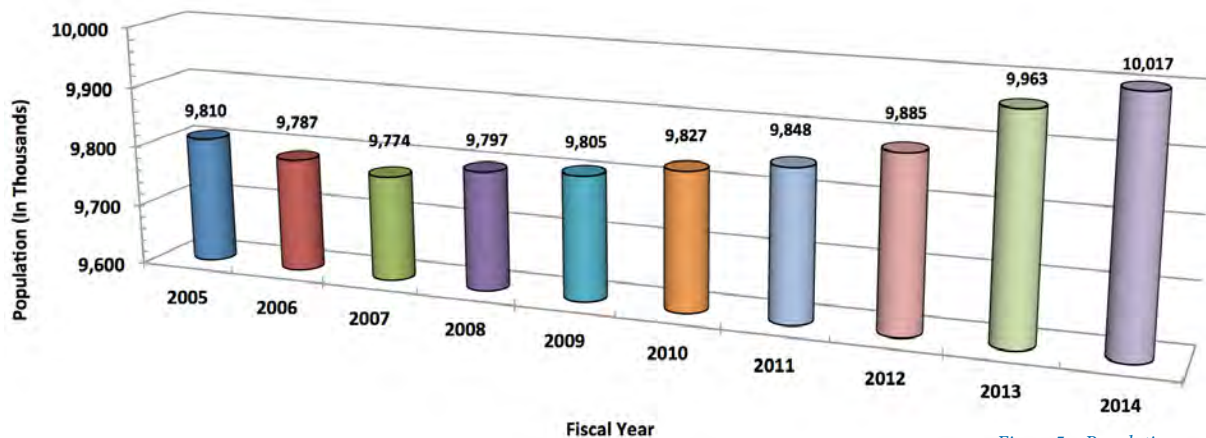


Figure 5 - Population

Notes:

1. Table: Population Estimates and Components of Change by County. Sources: California Department of Finance, California Labor Market Info, Los Angeles Business Journal, U.S. Bureau of Labor Statistics
2. Personal Income per Capita was computed using Census Bureau midyear population estimates. Sources: Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce, CalGov.com Los Angeles County Employment Forecast

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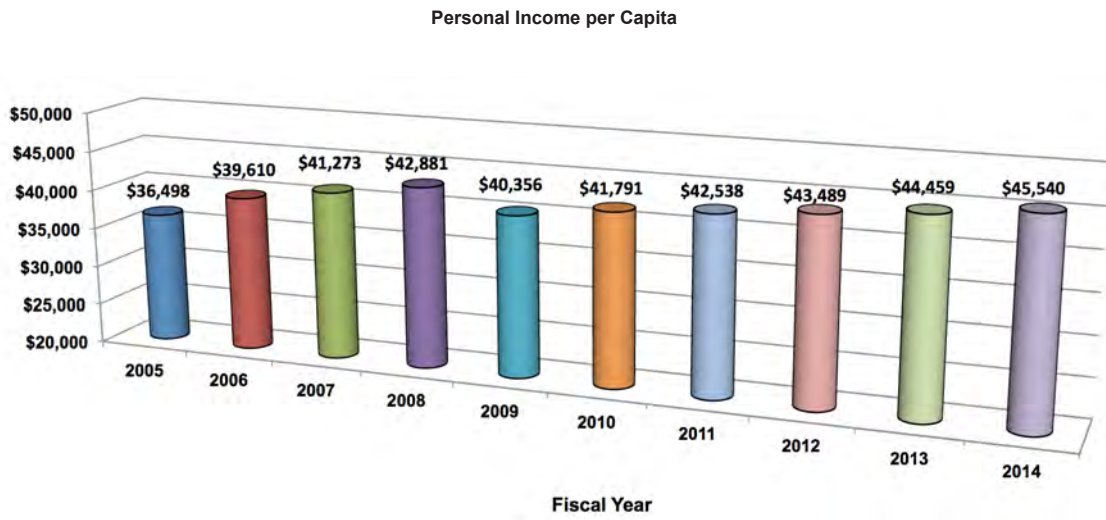


Figure 6 - Per Capita



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GOVERNMENT

The District is divided into five elected divisions. The governing board is made up of one elected director from each division. The General Manager is appointed by the Board of Directors. The District's budget process consists of activities that encompass the development, implementation and evaluation of a fiscal plan for the utilization of the District's assets and resources.

Organizational Chart
Water Replenishment District of Southern California

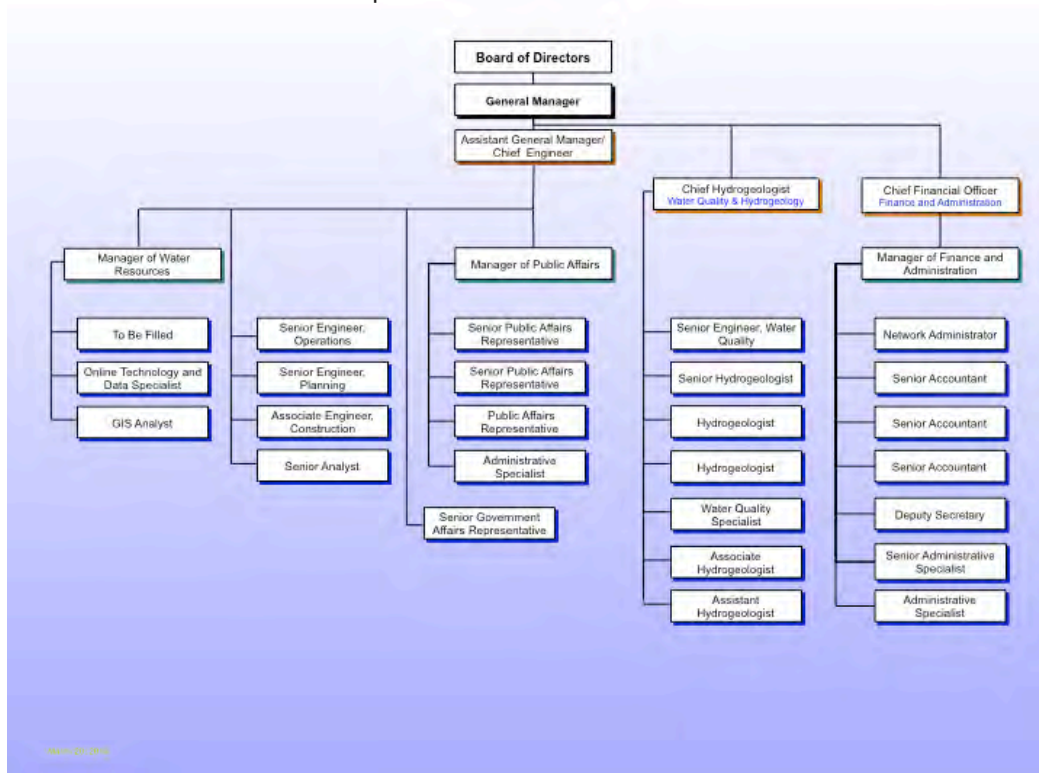
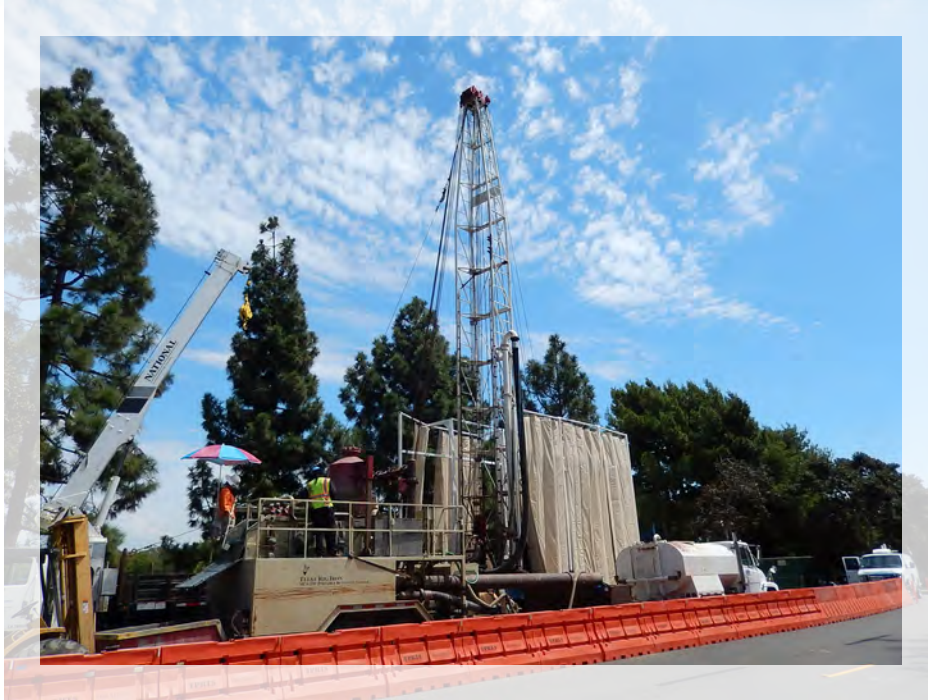


Figure 7 – Organizational Chart

Financial Policies



Monitoring Well Drilling at Alamitos Seawater Barrier

The Alamitos Seawater Barrier protects the fresh groundwater from being invaded by the underground portion of the Pacific Ocean. Monitoring wells drilled along the coast helps determine the effectiveness of the barrier.



Relevant Financial Policies

BUDGET CONTROLS AND REVISIONS

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise. The intent of the District is that the costs of managing the groundwater basins on a continuing basis be financed or recovered primarily through user charges replenishment assessments, capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating Revenues result from exchange transactions associated with the District's principal activity. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as grant funding and investment income, result from non-exchange transactions in which the District gives (receives) value without directly receiving (giving) value in exchange. Operating expenses, such as water purchases, are the result of the District's exchange transactions along with associated expenses for running the District's day-to-day operations. Non-operating expenses, such as interest paid on debt service or election costs are the result of expenses that do not relate to the District's day-to-day operations.

FINANCIAL REPORTING

The District's basic financial statements are presented in conformance with the provisions of Government Accounting Standards Board (GASB) Statement No. 34, "Basis Financial Statement and Management's Discussion and Analysis for State and Local Governments" (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

BUDGETARY POLICIES

The District adopts an annual budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. More detail of budget control and revisions can be found in the Budget Process section of this document.

REPLENISHMENT ASSESSMENT (RA) POLICY

On or before the second Tuesday of May each year, the Board of Directors (BOD), by statute, must set the Replenishment Assessment rate for the ensuing fiscal year. In order to prepare for this action, the District holds public hearings in the spring of each year to determine to what extent the estimated costs for the ensuing year shall be paid for by a Replenishment Assessment (RA). In preparing for these hearings, the District develops an annual operating budget and updates its five-year capital plan. These documents outline the funds needed to:

1. Purchase replenishment water
2. Protect and preserve the groundwater supply
3. Pay for the related administrative expenses

The new rate structure becomes effective each year on July 1.

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INVESTMENT POLICY

The Board of Directors has adopted an investment policy that conforms to California State law, District ordinance and resolutions, prudent money management, and the “prudent person” standards. The objectives of the investment policy are safety, liquidity, and yield. In 2009, at the direction of the Board of Directors, the District implemented its Community Banking Program and invested in several local community banks that are fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured as required by state law. The Board of Directors reviews the adopted investment policy on an annual basis and approves any changes.

CAPITAL ASSETS

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Provision for depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

- Utility plant and equipment – 30 years
- Monitoring and injection equipment – 3 to 20 years
- Service connection – 50 years
- Office furniture and equipment – 5 to 10 years

PROCUREMENT POLICY

Purchases will be made in accordance with the District’s Procurement Policies & Procedures as outlined in chapter 10 of the District’s Administration Code. The District gives preference to local businesses when the District enters into contracts for supplies, materials and equipment, construction and professional services totaling under \$25,000. Summarized below are the significant provisions of the District’s procurement policies and procedures:

1. All contracts for construction work, materials, equipment, supplies and professional services shall be in writing and, at a minimum, include the relevant scope of work, duration and terms of payment.
2. All contracts valued less than \$10,000 may be approved and signed by the General Manager or other District’s representative authorized by the Board of Directors. The General Manager may not execute multiple contracts on behalf of the District with the same person or entity within a one-year period that cumulatively total \$10,000 or more without the Board of Directors’ prior approval.
3. All contracts valued \$10,000 or more shall be authorized by the Board of Directors and signed by the President and the Secretary except that the Board of Directors may, by resolution for a specific expense, authorize the General Manager or the other District’s representative to sign contracts in the name of the District, not to exceed \$25,000.
4. Where the contract amount is less than \$25,000, an informal solicitation may be made by the General Manager by informal quotes through telephone, mail or electronic inquiry, comparison of prices on file or other. Every attempt shall be made to receive at least three price quotations.

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5. Before making any contract for construction work or purchase of materials, supplies, and equipment that total \$25,000 or more within any 12 month period, the District shall advertise for bids by issuing a Contract Solicitation.
6. Advertising should be in a newspaper of general circulation in Los Angeles County at least once a week for four consecutive weeks. Advertisement for bids shall set forth all of the following information:
 - a. That plans and specifications for the work to be done can be seen and obtained at the District's office;
 - b. That the Board of Directors will receive sealed bids for the contract;
 - c. That the contract will be awarded to the lowest responsive and responsible bidder;
 - d. That bids will be publicly opened at a given time and place.
7. Bids shall be opened in public at the time and place stated in the notice inviting bids. Two District employees and/or representatives shall be present at the bid openings. As each bid is opened, the bidder's name and bid amount shall be announced. At the conclusion of the bid opening, the name of the apparent low bidder and its bid amount shall be announced. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than 30 calendar days after the bid opening.
8. Before making any contract for professional services, the District may solicit a Request for Proposal (RFP) for such services. However, a RFP is not required for professional services contracts. The District from time to time may issue a request for qualifications for the purpose of developing a list of qualified consultants to provide professional services for future work. Prior to issuing a request for qualifications, District staff shall obtain the approval from the Board of Directors.
9. Request for qualifications may be advertised in a publication of the respective professional society or by any other means reasonably calculated to reach its intended audience. Upon review and receipt of the qualifications from the interested consultants, the District shall develop the list of qualified consultants based upon criteria established by the District.

DEBT MANAGEMENT

Each year during the budgeting process the Board of Directors of the Water Replenishment District of Southern California reviews the District's capital improvement plan to determine the ensuing year's capital needs. Based on this review, the Board of Directors determines whether there is a need for any additional long-term debt financing or whether projects can be funded on a pay-go basis. If the Board of Directors determines that additional debt financing is necessary, the Board holds public workshops in order to obtain stakeholder input relating to any increases to the RA due to annual debt service payments. Additionally, as part of this process, the District prepares a five-year financial projection in order to ascertain the long-term impact to the RA.

AUDITING

Once a year, the District hires an independent accounting firm to perform the annual financial and compliance audits of the District's basic financial statements and supplemental schedules in accordance with general accepted auditing standards.

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INTERNAL CONTROL STRUCTURE

District Management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The District is a member of the Association of California Water Agencies/Joint Power Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

RESERVE POLICIES

Based on §60290 of the California State Water Code, the District may establish an annual reserve fund in an amount not to exceed ten million dollars (\$10,000,000). This ten million dollars may be adjusted for the percentage increase or decrease in the blended cost of water from District water supply sources on an annual basis. Based on a percentage increase in the blended cost of water for fiscal year 2014/15 from District supply sources, the maximum allowable reserve in accordance with §60290 of the California State Water Code is \$24.8 million.

Additionally, §60291 states that the limitation on the reserve established in §60290 does not apply to funds appropriated for capital projects.

If for some reason, the District has more than \$10,000,000 (adjusted for the blended cost of water), §60328.1 states that the District shall apply the estimated fiscal year end balance in excess of the amount allowed in §60290 to a Replenishment Assessment (RA) rate reduction or to the purchase of water in the succeeding fiscal year.

Description of Reserve Categories:

- **Water Purchase Reserve** – This category of funds represents amounts carried over from previous years when imported spreading water was unavailable for purchase. The District only uses these funds to purchase water in future years when water becomes available.
- **Restricted for Capital Projects** – This category of funds represents amounts reserved due to commitments made by the Board of Directors for capital projects which includes the WRD capital replacement plan for the Leo J. Vander Lans AWTF and the Goldsworthy Desalter as well as the proceeds from the 2011 Certificates of Participation held in trust by US Bank. By law, these funds can only be spent for capital projects.

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- **Debt Service** – The WRD’s Master Trust Agreement provides for the funding of a Reserve Fund for all debt issuances. The Reserve Fund is funded with a portion of the net proceeds of the 2004, 2008 and 2011 debt issuances. These funds are held in trust by US Bank and will only be available to the WRD after the debt is completely paid off; 30 years from the date of the issuance of the debt.
- **Cal Trans Trust** – These funds are held in trust by WRD with the California Department of Transportation for dewatering of the 105 freeway. The trust funds decrease to pay for the Replenishment Assessment (RA) for water pumped from below the freeway.
- **GASB 45 Requirement** – This category of funds accounts for the WRD’s Annual Required Contribution (ARC) related to Other Post Employment Benefits (OPEB) in compliance with the Government Accounting Standards Board (GASB) Statement Number 45 enacted by the GASB due to the growing concerns over the potential magnitude of government employer obligations for post-employment benefits. This is a financial reporting provision required by all government employers.
- **Unreserved** – This category of funds is restricted to \$10,000,000, adjusted for the annual increase or decrease in the blended cost of water from District water supply sources, as documented in §60290 of the California State Water Code. For fiscal year 2014/15, the adjusted amount is \$24.8 million.



Budget Process



Reverse Osmosis System



Reverse Osmosis is an advanced water treatment process that ensures the highest water quality for injection into the seawater intrusion barrier.



Budget Process

The budget process is not simply an exercise in balancing one year at a time, it is strategic in nature, encompassing a multi-year financial and operating plan that allocates resources on the basis of identified goals and objectives. These goals and objectives were established by the Board of Directors and District staff through the District's Strategic Plan and the five-year Capital Improvement Program. We moved beyond the traditional concept of line item expense control and provided incentives and flexibility to project/program managers that has led to improved program efficiency and effectiveness. The District's staff continually assesses program and financial performance to encourage progress toward achieving the goals and objectives of the District.

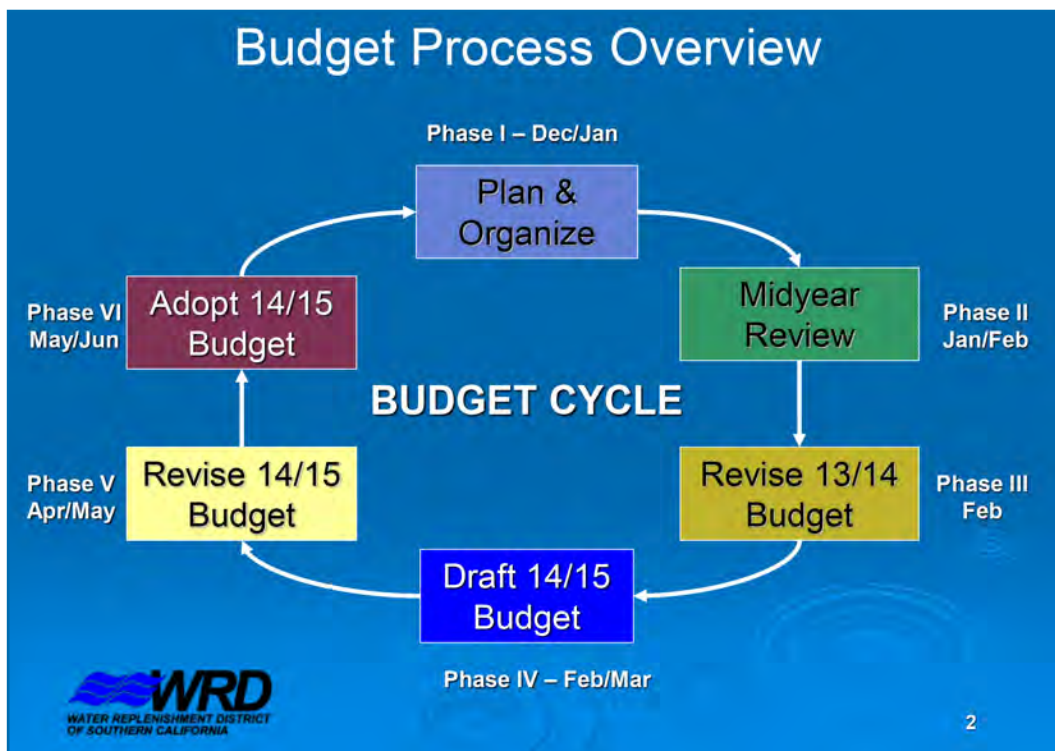


Figure 8 – Budget Process

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The District's water sales have historically remained relatively constant. As we show in the figure below, the replenishment assessment rate charged to District customers did not increase in fiscal year 2014/15 and remained stable at \$268 per acre-foot. There are several fluctuations within the budget which allowed the District to maintain the rate at \$268 which are explained in the section titled "Budget-in-Brief".

BUDGET CONTROLS AND REVISIONS

The District's budget is prepared on an annual basis and since the budget is an estimate, at times it is necessary to make adjustments to meet the priorities and needs of the District.

The first milestone in this process is the midyear budget review. During this process, the District compiles the first three months of actual financial data and projects the final nine months of data to obtain a new 12 month projected budget. The Finance Department compares the adjusted 12 month projection to the original budget adopted by the Board of Directors and presents the results to the Finance Committee and the Board.

The budget is revised when expenses are anticipated to exceed estimates. A report outlining the reasons for increasing any budget appropriation is prepared and submitted to the Board of Directors for consideration.

Increases in budget appropriations must be approved by the Board of Directors. Budget transfers affecting personnel and capital outlay must be approved by the General Manager. Reallocations or transfers within a department or project/program require the approval of the General Manager or Department Manager.

In the District's continuing commitment to transparency and accountability, the Board established the Audit and Budget Advisory Committee (ABAC) in 2011. This Committee was established so the Board could receive input directly from its pumpers relating to the two most important financial functions of the District: the independent Comprehensive Annual Financial Audit (CAFA) and the annual budget process.

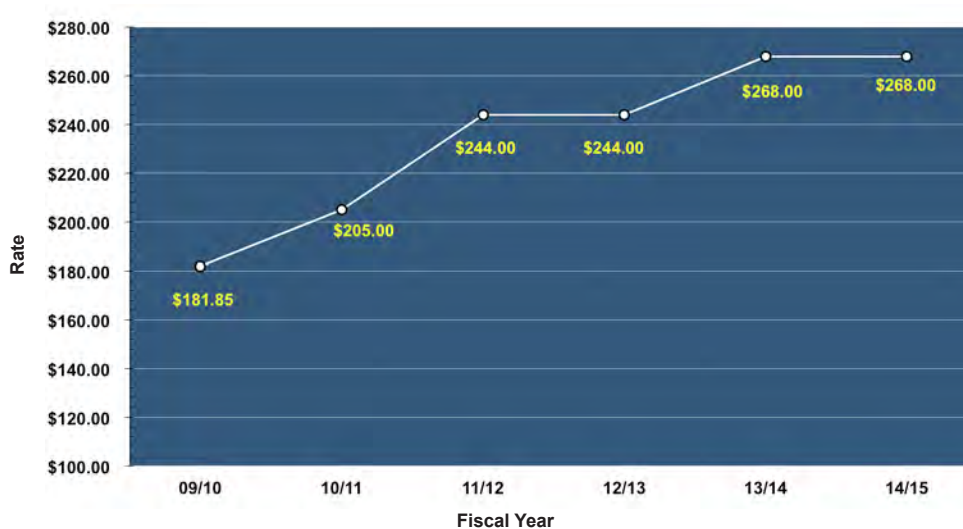


Figure 9 – Replenishment Assessment

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Subsequent to the Audit and Budget Advisory Committee, Senate Bill 620 (SB 620) added provisions to Section 60233 of the California State Water Code establishing a Budget Advisory Committee (BAC) for the purposes of reviewing the District's replenishment assessment, the annual budget and reserve funds maintained by the District. This Committee replaces the Audit and Budget Advisory Committee (ABAC) previously established by the WRD Board of Directors.

The Budget Advisory Committee consists of seven members who serve a two-year term, are elected from among representatives of producers and who are owners or operators of groundwater producing facilities that are subject to the replenishment assessment. No later than the second Tuesday in April of each year, the Budget Advisory Committee will make its recommendation to the WRD Board of Directors on the annual replenishment assessment and the draft budget.

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PROPOSITION 218 - NOTICE OF PUBLIC HEARING ON THE DISTRICT'S 2014/15 REPLENISHMENT ASSESSMENT

Proposition 218 (Prop 218), also known as the Right to Vote on Taxes Act, was adopted by California voters in November 1996. Prop 218 amended the California Constitution (Articles XIII C and XIII D) which, as it relates to assessments, requires the local government agencies to have a vote of effected property owners for any proposed new or increased assessment before it could be levied. Prop 218 imposes a number of substantive requirements on property-related fees. These substantive requirements are found in Article XIII D, Section 6(b) of the California Constitution. The Cost of Service Report has been prepared by the District to explain how the Replenishment Assessment (RA) complies with these requirements. The Cost of Service Report describes the services the District anticipates performing during the fiscal year and analyzes the costs of providing these services. The costs associated with those services are described using the best available information, along with an evaluation of the fair and equitable Replenishment Assessment (RA) necessary to cover these costs. The Cost of Service Report is available via the District's web site at www.wrd.org.

The May 1, 2014 Hearing was conducted pursuant to Article XIII D, Section 6 of the California Constitution. On March 13, 2014 the District mailed notices of the May 1, 2014 Hearing to stakeholders throughout its service area. One hundred seventy-five (175) notices were sent to water rights holders within its jurisdiction that services 4.5 million residents in 43 cities covering over 420 square miles.

The District approved its Replenishment Assessment (RA) of \$268 for fiscal year 2014/15 at the public hearing on May 1, 2014. The Replenishment Assessment (RA) was approved after an extensive and transparent budget process to inform all parcel owners and groundwater pumping rights holders in the District's service area. The funds generated from the Replenishment Assessment (RA) cover the cost of water purchased to replenish the two largest and most utilized groundwater basins in Southern California. Moreover, the new Replenishment Assessment (RA) is critical to helping achieve the District's goal in becoming 100% independent from costly and unreliable imported water.

BUDGET CALENDAR

- October** Internal budget meetings with District Staff to communicate the expectations, responsibilities and projected timeline to all staff involved in the budget.
- November** Budget interviews with Project and Program Managers in order to complete the Midyear Budget Review of the District's operations. This review process starts with three months of actual financial data from July 1 through September 30, nine months of financial projections and a twelve month analysis of all of the data. The Midyear Budget Review serves as the basis for planning the ensuing year's budget.
- December** Staff prepares their budget requests for the ensuing year's budget. The Finance Department compiles all of staff's budget requests into a draft report which accounts for all of the District's financial needs. The draft budget is reviewed by the General Manager and the budget team. The resulting draft budget is presented to the public through several budget workshops, ending with the final budget workshop and the Board of Directors setting the assessment no later than the second Tuesday in May.
- December 18, 2013** – Special Finance/Audit Committee meeting, presentation of the 2013/14 Midyear Budget Review
- January** Assess the ensuing year's draft budget based on comments received from the Finance/Audit Committee and adjust as necessary
- February** **February 6, 2014** – Special Meeting of the Board of Directors, presentation of the 2013/14 Midyear Budget Review
- Budget Workshop #1**
February 13, 2014 – Finance/ Audit Committee meeting, presentation of the first draft of the 2014/15 Budget

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- February (cont)** **Budget Workshop #2**
February 24, 2014 – SB620 Budget Advisory Committee (BAC) meeting, presentation of the first draft of the 2014/15 Budget to the BAC, a Special Non-Board Adjunct Committee of the Board of Directors in compliance with Senate Bill 620.
- Based on input received from the public budget workshops; Finance staff continues to refine the budget.
- March** **Budget Workshop #3**
March 6, 2014 – Meeting of the Board of Directors
- Presentation of the first draft of the 2014/15 Draft Budget;
 - Receive and file the Engineering Survey and Report and adopt resolution No. 14-976;
- Budget Workshop #4**
March 13, 2014 – Finance/Audit Committee meeting, presentation of the 2014/15 Draft Budget
- Budget Workshop #5**
March 18, 2014 – Second meeting of the Budget Advisory Committee, presentation of the 2014/15 Draft Budget. The BAC must provide their recommendation on the draft budget to the Board of Directors
- Budget Workshop #6**
March 20, 2014 – Meeting of the Board of Directors, presentation of the 2014/15 Draft Budget
- April** **Budget Workshop #7**
April 3, 2014 – Meeting of the Board of Directors
- Presentation of the 2014/15 Draft Budget
 - Receive and file the Budget Advisory Committee recommendation
 - Convene public hearing on the fiscal year 2014/15 proposed replenishment assessment per Water Code §60306
- Budget Workshop #8**
April 10, 2014 – Finance/Audit Committee meeting, presentation of the 2014/15 Draft Budget
- Budget Workshop #9**
April 17, 2013 – Meeting of the Board of Directors
- Presentation of the 2014/15 Draft Budget
 - Continue public hearing on the fiscal year 2014/15 proposed replenishment assessment per Water Code §60306
 - Receive and file the Regional Groundwater Monitoring Report for Water Year 2012/13
- May** **Budget Workshop #10**
May 1, 2013 – Meeting of the Board of Directors,
- Budget workshop on the 2014/15 draft budget;
 - Continue and close public hearing on the fiscal year 2014/15 proposed replenishment assessment per Water Code §60306;
 - Open and close public hearing pursuant to Article XIII D, Section 6(a)(2) of the California State Constitution (Proposition 218) regarding proposed replenishment assessment;
 - Board of Directors adopts Resolution 14-981 and sets the 2014/15 Replenishment Assessment,
 - Receive and file the Budget Advisory Committee (BAC) recommendation on the 2014/15 draft budget
 - Adopt 2014/15 draft budget

Financial Highlights



*“Information is like water,
the purer, the better.”*



Financial Highlights

BASIS OF ACCOUNTING

The basis of accounting refers to the timing of revenue and expense recognition for financial reporting. In preparing the budget, the District applies the same methodology. The District operates as a utility enterprise, and all enterprise funds are accounted for using the full accrual basis where revenues are recognized when earned, and expenses are recognized when they are incurred. During the year end June 30, 2012, the District implemented certain provisions of Government Accounting Standards Board (GASB) No 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, specifically the accounting for rate-regulated activities which allows deferral of the recognition of revenues until the related costs or charges associated with the rates assessed are incurred. The District's accounting and financial reporting systems are maintained in compliance with generally accepted accounting principles and standards of the Government Accounting Standards Board (GASB).

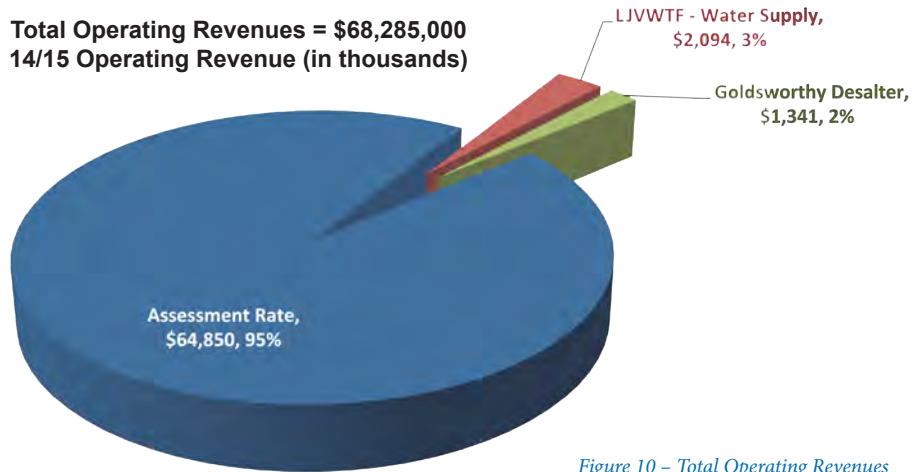


Figure 10 – Total Operating Revenues

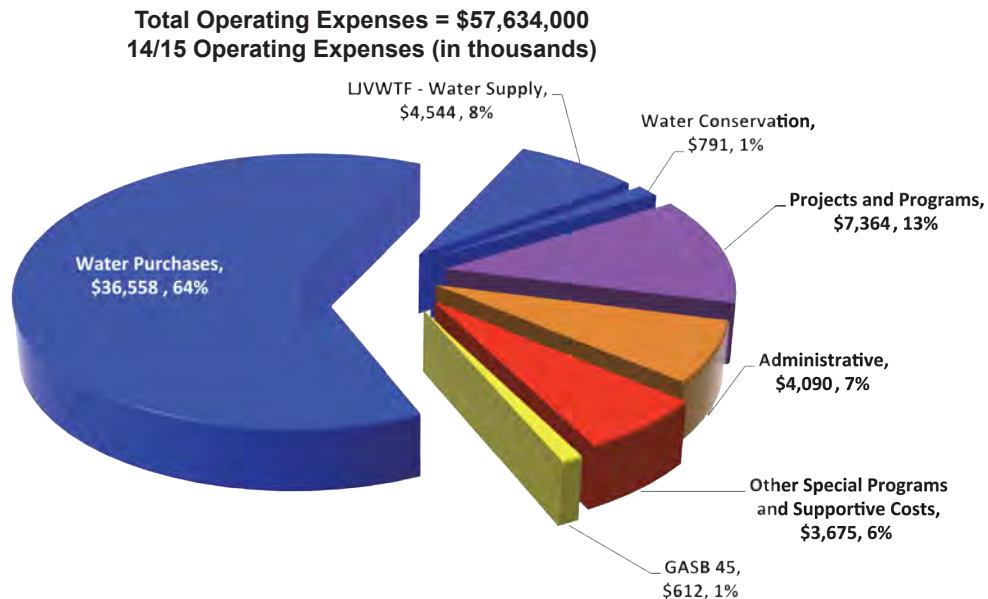


Figure 11 – Total Operating Expenses

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Table 2 shows the District's comparative accrual basis Statement of Revenues, Expenses, and Changes in Net Assets. These statements reflect the operations and maintenance expenses and does not include capital expenses, except for the payments to cover debt service.

REVENUE SOURCES

The District's major revenue sources are as follows:

Replenishment Assessment (RA) – The District bills the users of groundwater on a monthly basis for water pumped from the basins. The basins' top ten users of groundwater are as follows:

1. Golden State Water Company
2. Long Beach, City of
3. Downey, City of
4. California Water Service Company
5. Lakewood, City of
6. Los Angeles, City of- Department of Water and Power
7. Cerritos, City of
8. South Gate, City of
9. Compton, City of
10. Vernon, City of

LEO J. VANDER LANS AWTF – WATER SUPPLY

The revenue from the Leo J. Vander Lans AWTF comes from the sale of the product water to Orange County Water District as well as a subsidy received from Central Basin Municipal Water District through a Local Resources Program (LRP) offered by MWD.

GOLDSWORTHY DESALTER

Overpumping of the West Coast Basin caused seawater to intrude into some aquifers in coastal area cities affecting the local groundwater supply. To respond to seawater intrusion, the District constructed the Goldsworthy Desalter that is capable of removing 2,000 gallons of brackish water per minute from the City of Torrance's drinking water supply. The product water is then sold to the City of Torrance.

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Table 2
2014/15 Proposed Statement of Revenues, Expenses and Changes in Net Assets

	2012/13 Actual	2013/14 Projected	2014/15 Budget
Operating Revenue			
Replenishment Assessment	\$57,959,000	\$65,124,000	\$64,850,000
LJVWTF - Water Supply	\$1,187,000	\$964,000	\$2,094,000
Goldsworthy Desalter Sales	\$1,106,000	\$1,461,000	\$1,341,000
Total Operating Revenue	\$60,252,000	\$67,549,000	\$68,285,000
Operating Expenses			
Water Purchases	\$22,471,000	\$34,278,000	\$36,558,000
Water Conservation	\$424,000	\$737,000	\$791,000
LJVWTF - Water Supply	\$1,746,000	\$2,254,000	\$4,544,000
Projects/Programs	\$5,770,000	\$6,731,000	\$7,364,000
General Administration	\$5,997,000	\$4,029,000	\$4,090,000
GASB 45 (Required Retirement Funding)	\$745,000	\$777,000	\$612,000
Other Special Programs & Supportive Costs	\$1,767,000	\$3,508,000	\$3,675,000
Total Operating Expenses	\$38,920,000	\$52,314,000	\$57,634,000
Use of Water Purchase Carryover Fund	\$(3,000,000)	\$-	\$-
Subtotal	\$35,920,000	\$52,314,000	\$57,634,000
Operating Income (Loss)	\$24,332,000	\$15,235,000	\$10,651,000
Other Revenue (Expenses)			
Interest Income	\$65,000	\$250,000	\$80,000
Interest Expense	\$(4,770,000)	\$(8,838,000)	\$(10,485,000)
Other (Property Tax & Misc)	\$675,000	\$400,000	\$114,000
Total Other Revenue (Expenses)	\$(4,030,000)	\$(8,188,000)	\$(10,291,000)
Replenishment of Operating Reserves	\$(8,655,000)	\$(5,750,000)	\$(360,000)
Encumbered for Bond Compliance	\$-	\$-	\$-
Change in Net Assets	\$11,647,000	\$1,297,000	\$-

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Table 3
Summary of Personnel by Department
2014/15 Budget

	2012/13 Actual	2013/14 Budget	2014/15 Budget	Change from 2013/14 Budget
General Management				
General Manager	1	1	1	-
Hydrogeology Department				
Chief Hydrogeologist	1	1	1	-
Senior Engineer	1	1	1	-
Senior Hydrogeologist	1	1	1	-
Hydrogeologist	2	2	2	-
Water Quality Specialist	1	1	1	-
Associate Hydrogeologist	1	1	1	-
Assistant Hydrogeologist	1	1	1	-
Engineering Department				
Assistant General Manager/Chief Engineer	1	1	1	-
Manager of Water Resources	-	-	1	1
Senior Engineer	3	3	2	(1)
Resource Planner	1	1	1	-
Geographic Information Systems Analyst	-	-	1	1
Associate Engineer	1	1	1	-
Online Technology and Data Specialist	1	1	1	-
Senior Administrative Specialist	1	1	-	(1)
Senior Analyst	-	-	1	1
Finance Department				
Chief Financial Officer	1	1	1	-
Manager of Finance & Administration	1	1	1	-
Senior Accountant	1	3	3	-
Accountant	2	1	1	-
Accounting Technician	1	-	-	-
External Affairs Department				
Manager of Public Affairs	1	1	1	-
Senior Government Affairs Representative	1	2	1	(1)
Senior Public Affairs Representative	1	1	2	1
Public Affairs Representative	2	1	2	1
Associate Government Affairs Representative	1	1	-	(1)
Administrative Specialist	1	1	-	(1)
Administration and Human Resources				
Deputy Secretary	1	1	1	-
Senior Administrative Specialist	-	-	1	1
Administrative Specialist	2	2	1	(1)
Network Administrator	1	1	1	-
Total	34	34	34	-

Revenues



Leo J. Vander Lans Advanced Water Treatment Facility in Long Beach, California



The Leo J. Vander Lans Advanced Water Treatment Facility treats water from the Long Beach Water Reclamation Plant using microfiltration, reverse osmosis, and ultraviolet light. Once treated, the water will be blended with imported potable water and pumped into the Alamitos Seawater Barrier.



Revenues

BASIS FOR OPERATING REVENUE ESTIMATES

The District has statutory authority to set and collect a Replenishment Assessment (RA) from all entities that own or lease water rights on each acre-foot of groundwater that they pump from the basins.

For fiscal year 2014/15, the District estimates that it will collect about \$64.85 million from the replenishment assessment rate. This estimate is based on groundwater pumping of 242,000 acre-feet at the replenishment assessment of \$268 per acre-foot. The estimates related to pumping are drawn from the District's annual Engineering Survey and Report (ESR) which can be found on the District's website. The District also estimates the collection of \$195,000 of other revenue, primarily property tax-sharing and interest income.

The Replenishment Assessment (RA) and other revenue consists of two components: funds for replenishment and funds for clean water. Most of the District's efforts are related to the replenishment of the Central and West Coast Groundwater Basins. The revenue collected through the Replenishment Assessment (RA) and other revenue (e.g., property taxes and interest income) is split 94% to the Replenishment Fund and 6% to the Clean Water Fund based on the anticipated use of the revenue.

BASIS FOR CAPITAL REVENUE ESTIMATES

The District receives revenue from two capital assets, the Leo J. Vander Lans Advanced Water Treatment Facility and the Goldsworthy Desalter.

The Leo J. Vander Lans Advanced Water Treatment Facility supplies advanced treated water to the Alamitos Seawater Barrier Project in order to keep seawater from intruding into the fresh groundwater supplies in the Central Basin. The revenue from the Facility comes from the sale of water production to the Orange County Municipal Water District as well as a subsidy received from the Central Basin Municipal Water District through a Local Resource Program offered by the Metropolitan Water District (MWD). In fiscal year 2014/15, the District expects to complete the Leo J. Vander Lans Expansion Project which will double the capacity of the treatment plant and completely replace the need for imported water with highly treated recycled water at the Alamitos Seawater Intrusion Barrier Project. This is a key component in the District's Water Independence Now (WIN) Program and will increase the District's anticipated revenue from \$964,000 in fiscal 2013/14 to \$2,094,000 in 2014/15.

Fund Allocation – The primary purpose of this project is to provide a more reliable means of replenishing the basins through the use of advanced treated recycled water, 100% of this revenue is allocated to the Replenishment Fund.

The Goldsworthy Desalter has been operating since 2002 to remove 18,000 acre-feet of brackish groundwater from a seawater intrusion plume in the Torrance area that was stranded inland in the West Coast Basin Seawater Intrusion Barrier after the barrier project was put into operation in the 1950s and 1960s. The production well and desalting facility are located within the City of Torrance and the product water that would otherwise be useless due to the Saline Plume located in the West Coast Basin is delivered for potable use to the City's distribution system. The treatment capacity is about 2,200 acre-feet per year. The City is responsible for the operation and maintenance of the treatment plant under contract with WRD. The revenue from the Desalter comes from the sale of water production to the City of Torrance as well as a subsidy received from the City of Torrance through a Local Resource Program offered by the Metropolitan Water District (MWD) and is estimated to be \$1,341,000 for fiscal year 2014/15.

Fund Allocation – The purpose of the Desalter is directly related to remediating degraded groundwater quality and costs are thus attributed 100% to the Clean Water Fund.

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Table 4
Comparative Revenue by Year by Fund

Description	Allocation		2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Projected	2014/15 Budget
	Replenishment Fund	Clean Water Fund					
Replenishment Fund							
Replenishment Assessment	94%		\$42,647,000	\$42,837,000	\$54,482,000	\$61,217,000	\$60,959,000
LJVWTF - Water Supply	100%		\$1,193,000	\$1,178,000	\$1,187,000	\$964,000	\$2,094,000
Other Revenues	94%		\$587,000	\$593,000	\$696,000	\$457,000	\$183,000
Subtotal Replenishment Fund			\$44,427,000	\$44,608,000	\$56,365,000	\$62,638,000	\$63,236,000
Clean Water Fund							
Replenishment Assessment		6%	\$2,723,000	\$2,734,000	\$3,477,000	\$3,907,000	\$3,891,000
Goldsworthy Desalter Sales		100%	\$621,000	\$1,373,000	\$1,106,000	\$1,461,000	\$1,341,000
Other Revenues		6%	\$37,000	\$38,000	\$44,000	\$29,000	\$12,000
Subtotal Clean Water Fund			\$3,381,000	\$4,145,000	\$4,627,000	\$5,397,000	\$5,244,000
Total All Funds			\$47,808,000	\$48,753,000	\$60,992,000	\$68,035,000	\$68,480,000

Comparative Revenue by Fund (in thousands)

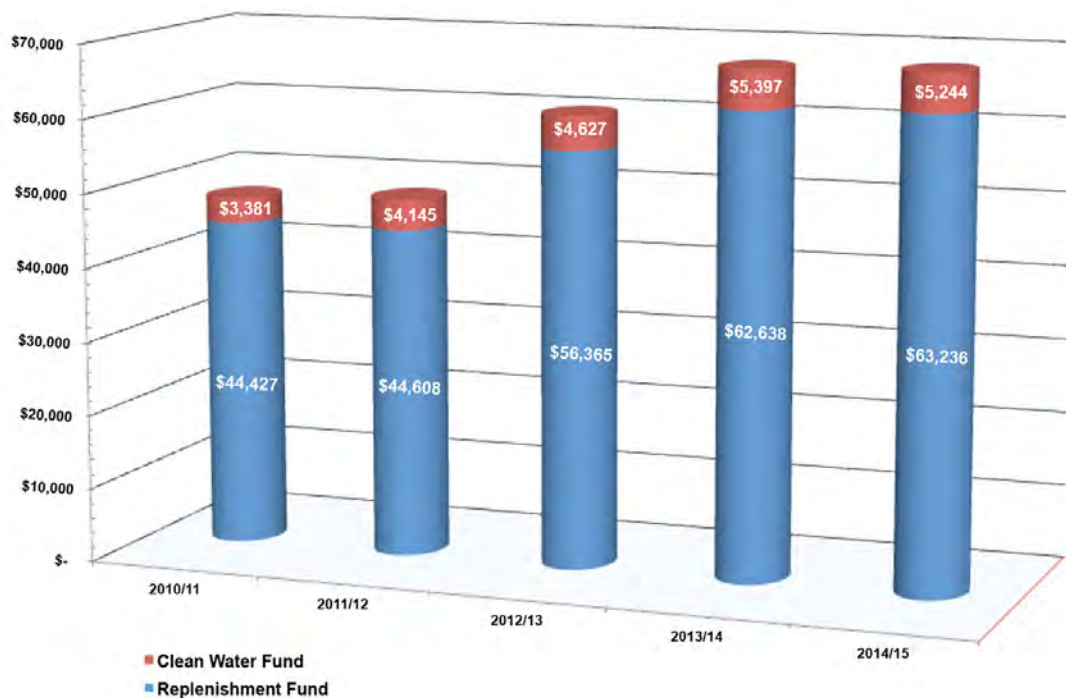


Figure 12 – Comparative Revenue by Fund (in thousands)

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Groundwater is a very economical source of water. For example, the District's Replenishment Assessment (RA) is \$268 per acre-foot. The cost of pumping and treating water to bring it up to drinking water standards adds slightly to the cost. In contrast, the price for one acre-foot of treated imported water is projected to be about \$1,062, a savings of approximately \$794 per acre-foot.

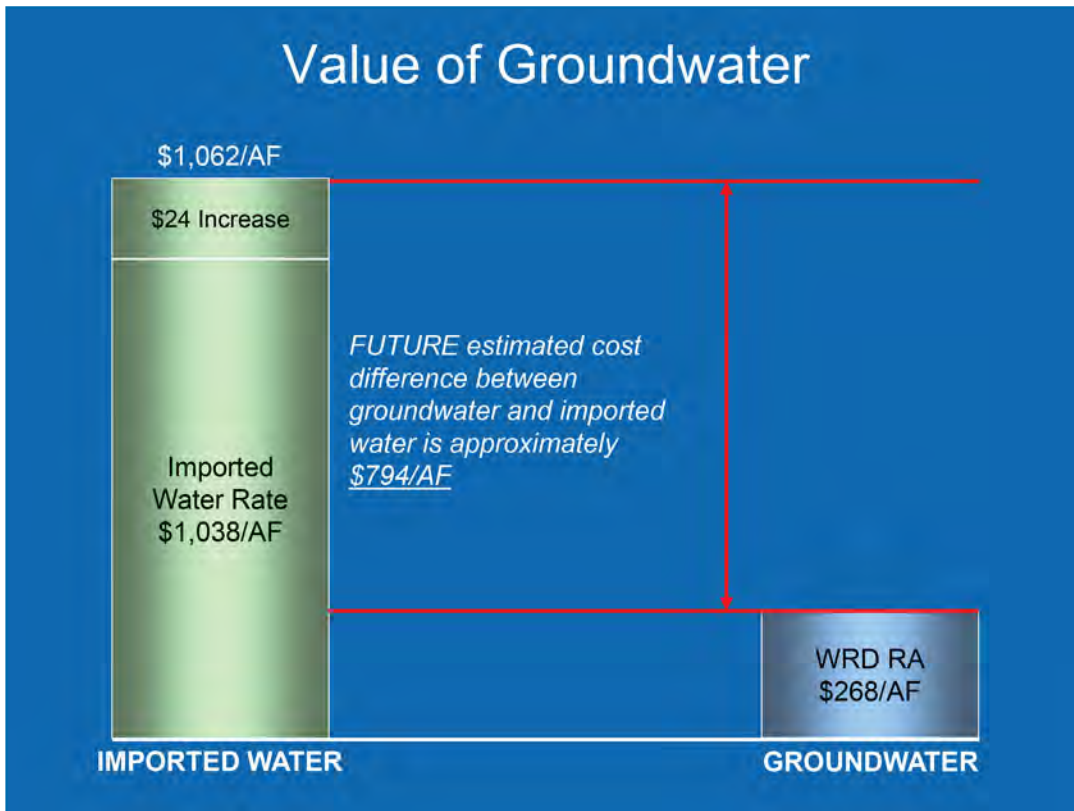
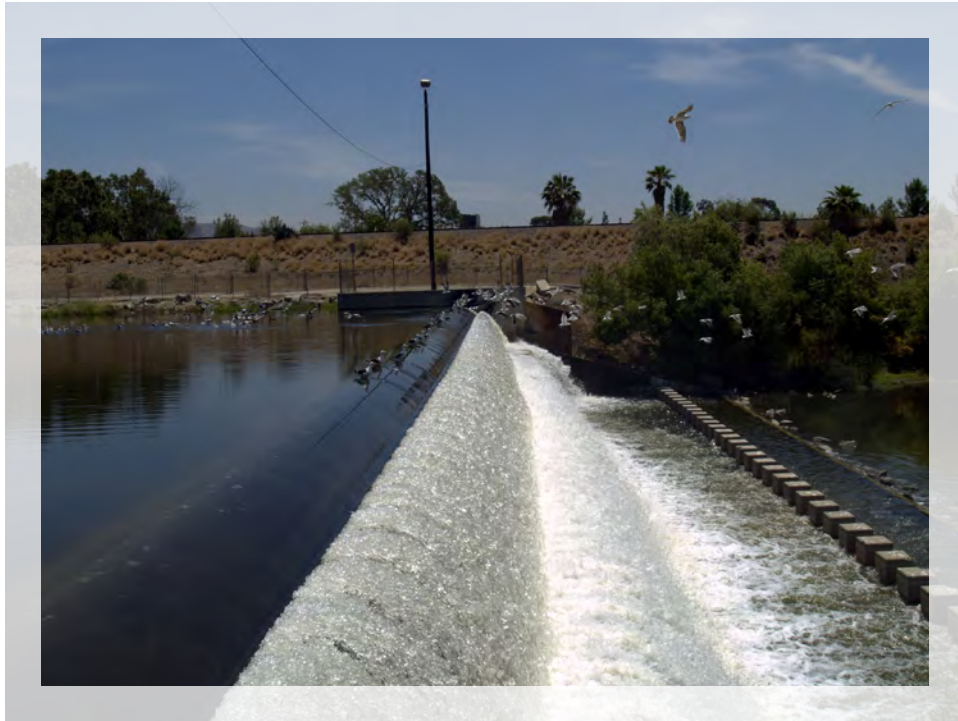


Figure 13 – Value of Groundwater

Expenses



San Gabriel River Flowing over a Drop Structure



Water in the San Gabriel River is diverted into groundwater recharge ponds to sink into the underground and replenish the region water supply.



Expenses

OPERATING AND CAPITAL EXPENSES BY FUND ALLOCATION

California Water Code Sections 60220 through 60226 describe the broad purposes and powers of the District to perform any acts necessary to replenish, protect, and preserve the groundwater supplies of the District. In order to meet statutory responsibilities, WRD has instituted numerous projects and programs in a continuing effort to effectively manage groundwater replenishment and groundwater quality in the Central and West Coast Basins (Basins). These projects and programs include activities that enhance the replenishment program, increase the reliability of the groundwater resources, improve and protect groundwater quality, and ensure that the groundwater supplies are suitable for beneficial uses.

These projects and programs have had a positive influence on the basins, and WRD will continue these activities into the ensuing year as a necessary act to replenish, protect, preserve and enhance the groundwater resources in the basins. The following sections discuss the projects and programs that WRD will continue or initiate during the upcoming budget year. Tables 5A and 5B break down the expenses by fund. The percentages are calculated by relating the costs to the purpose benefited by those costs – replenishment or clean water. The capital expenses are funded through long-term financing.

BASIS FOR CHANGE FROM 2013/14 PROJECTED TO 2014/15 BUDGET

Groundwater continues to be an extraordinary value. The cost difference between groundwater and imported water is approximately \$794 per acre-foot. When examining Table 6 – 2014/15 Budgeted Expenses Analysis, it shows that budgeted expenses of \$68,119,000 for 2014/15 will exceed the projected expenses of \$61,152,000 for 2013/14. The increase of \$6,967,000 is due to the following:

- The District has an increase to its recycled water cost in Fiscal Year 2014/15. There is an increase in recycled spreading water of 5,000 acre-feet for a total cost increase of \$1,285,000. There is also an increase 2,000 acre-feet of recycled water purchased for the West Coast Seawater Barrier Project which accounts for an additional \$1,720,000.
- The increase to Water Supply – Vander Lans of \$2,290,000 is due to the facility expansion, which doubles the capacity of the plant. With doubling the output, there is a corresponding increase to costs. The cost of source water increases along with the operating contract with the Long Beach Water Department. Materials and equipment such as ultra violet lamps and reverse osmosis membranes also increases.
- In the Fiscal Year 2014/15, the District budgeted \$10,485,000 for its Debt Service Obligation, which is an increase of \$1,647,000 over the prior year. This is due to full payment of principal and interest related to the District's 2011 Certificates of Participation.

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Table 5A
WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA
FISCAL YEAR 2014/15
Schedule of Expenses by Fund Allocation - Replenishment Fund

Description	Allocation		2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Projected	2014/15 Budget
	Replenishment Fund	Clean Water Fund					
Replenishment Fund (RF)							
RF Operating Expenses							
Water Purchases	100%		\$36,507,000	\$23,909,000	\$22,471,000	\$34,278,000	\$36,558,000
Water Conservation***	50%		\$383,000	\$433,000	\$212,000	\$369,000	\$396,000
Water Supply - Vander Lans	100%		\$1,942,000	\$2,598,000	\$1,746,000	\$2,254,000	\$4,544,000
Montebello Forebay Recycled Water	100%		\$359,000	\$228,000	\$298,000	\$602,000	\$654,000
Groundwater Resource Planning	100%		\$1,269,000	\$1,287,000	\$862,000	\$925,000	\$503,000
Dominguez Gap Barrier Recycled Water	100%		\$381,000	\$173,000	\$204,000	\$236,000	\$270,000
Replenishment Operations	100%		\$298,000	\$3,260,000	\$299,000	\$599,000	\$289,000
Groundwater Reliability Improvement Program (GRIP)	100%		\$92,000	\$65,000	\$-	\$194,000	\$329,000
Geographic Information Systems (GIS)	50%		\$48,000	\$39,500	\$91,000	\$121,000	\$181,000
Groundwater Monitoring	50%		\$362,000	\$372,500	\$428,000	\$500,000	\$612,000
Hydrogeology Program	50%		\$304,000	\$373,000	\$526,000	\$386,000	\$489,000
Water Education***	50%		\$659,000	\$676,000	\$340,000	\$394,000	\$319,000
Board of Directors	94%		\$352,000	\$334,000	\$330,000	\$340,000	\$337,000
General Manager	94%		\$324,000	\$357,000	\$357,000	\$350,000	\$383,000
Administration	94%		\$5,368,000	\$4,912,000	\$4,951,000	\$3,097,000	\$3,126,000
GASB 45 (Required Retirement Funding)	94%		\$815,000	\$535,000	\$700,000	\$730,000	\$575,000
Other Special Programs & Supportive Costs	94%		\$1,059,000	\$1,518,000	\$1,661,000	\$3,298,000	\$3,455,000
Subtotal RF Operating Expenses			\$50,522,000	\$41,070,000	\$35,476,000	\$48,672,000	\$53,020,000
RF Non-Operating Expenses							
Other Expenses	94%		\$2,063,000.00	\$4,014,000.00	\$4,484,000	\$8,308,000	\$9,856,000
Subtotal RF Non-Operating Expenses			\$2,063,000	\$4,014,000	\$4,484,000	\$8,308,000	\$9,856,000
RF Capital Expenses							
Water Supply - Vander Lans	100%		\$626,000	\$2,364,000	\$8,813,000	\$24,932,000	\$1,622,000
Cal Trans Pipeline	100%		\$1,000	\$1,000	\$-	\$-	\$-
Groundwater Resource Planning	100%						
Groundwater Monitoring	50%		\$126,000	\$994,000	\$1,233,000	\$1,900,000	\$-
GRIP	100%		\$348,000	\$428,000	\$1,290,000	\$3,850,000	\$6,500,000
Alamitos Barrier Observation Wells (Partner w/LAFCD)	100%		\$-	\$-	\$-	\$-	\$-
Whittier Narrows Conservation Pool Study	100%		\$-	\$-	\$-	\$626,000	\$1,812,000
Replenishment Operation	100%		\$-	\$-	\$60,000	\$-	\$-
Subtotal RF Capital Expenses			\$1,101,000	\$3,787,000	\$11,396,000	\$31,308,000	\$9,934,000
Total Replenishment Fund			\$51,623,000	\$44,857,000	\$46,872,000	\$79,980,000	\$62,954,000

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Table 5B
Schedule of Expenses by Fund Allocation - Clean Water Fund

Description	Allocation		2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Projected	2014/15 Budget
	Replenishment Fund	Clean Water Fund					
Clean Water Fund (CWF)							
CWF Operating Expenses							
Water Conservation***		50%	\$24,000	\$27,000	\$212,000	\$368,000	\$395,000
Goldsworthy Desalter		100%	\$860,000	\$1,036,000	\$899,000	\$1,093,000	\$1,189,000
Water Quality Improvement Program		100%	\$424,000	\$529,000	\$429,000	\$279,000	\$775,000
Safe Drinking Water Program		100%	\$1,000	\$93,000	\$11,000	\$3,000	\$155,000
Geographic Information Systems (GIS)		50%	\$48,000	\$39,500	\$91,000	\$120,000	\$181,000
Groundwater Monitoring		50%	\$362,000	\$372,500	\$428,000	\$499,000	\$611,000
Hydrogeology Program		50%	\$304,000	\$373,000	\$526,000	\$386,000	\$488,000
Water Education***		50%	\$43,000	\$43,000	\$339,000	\$394,000	\$319,000
Board of Directors		6%	\$23,000	\$22,000	\$21,000	\$22,000	\$21,000
General Manager		6%	\$21,000	\$23,000	\$23,000	\$22,000	\$24,000
Administration		6%	\$343,000	\$313,000	\$316,000	\$198,000	\$199,000
GASB 45 (Required Retirement Funding)		6%	\$52,000	\$34,000	\$45,000	\$47,000	\$37,000
Other Special Programs & Supportive Costs		6%	\$68,000	\$97,000	\$106,000	\$210,000	\$220,000
Subtotal CWF Operating Expenses			\$2,573,000	\$3,002,000	\$3,446,000	\$3,642,000	\$4,614,000
CWF Non-Operating Expenses		6%	\$115,000	\$256,000	\$286,000	\$530,000	\$629,000
Subtotal CWF Non-Operating Expenses			\$115,000	\$256,000	\$286,000	\$530,000	\$629,000
CWF Capital Expenses							
Goldsworthy Desalter		100%	\$-	\$126,000	\$199,000	\$3,800,000	\$4,000,000
Montebello Forebay Optimization Study/Pipeline		100%	\$-	\$-	\$-	\$-	\$-
Groundwater Master Plan Programmatic EIR		100%	\$-	\$-	\$600,000	\$-	\$-
Groundwater Monitoring		50%	\$126,000	\$995,000	\$733,000	\$1,900,000	
Safe Drinking Water Program		100%	\$112,000	\$29,000	\$-	\$600,000	\$1,000,000
Subtotal CWF Capital Expenses			\$238,000	\$1,150,000	\$1,532,000	\$6,300,000	\$5,000,000
Subtotal Clean Water Fund			\$2,811,000	\$4,152,000	\$4,978,000	\$9,942,000	\$9,614,000
Subtotal O&M Expenses			\$53,095,000	\$44,072,000	\$38,920,000	\$52,314,000	\$57,634,000
Subtotal Non Operating Expenses			\$2,178,000	\$4,270,000	\$4,770,000	\$8,838,000	\$10,485,000
Subtotal Capital Expenses			\$1,339,000	\$4,937,000	\$12,928,000	\$37,608,000	\$14,934,000
Total Expenses By Funds			\$56,612,000	\$53,279,000	\$56,618,000	\$98,760,000	\$83,053,000

***Water Conservation and Water Education—% allocation between RF and CWF are as follows:
Fiscal Years 2010/11, 2011/12 and 2012/13 Actual—94% and 6%
Fiscal Year 2013/14 Projected and 2014/15 Budget—50% and 50%

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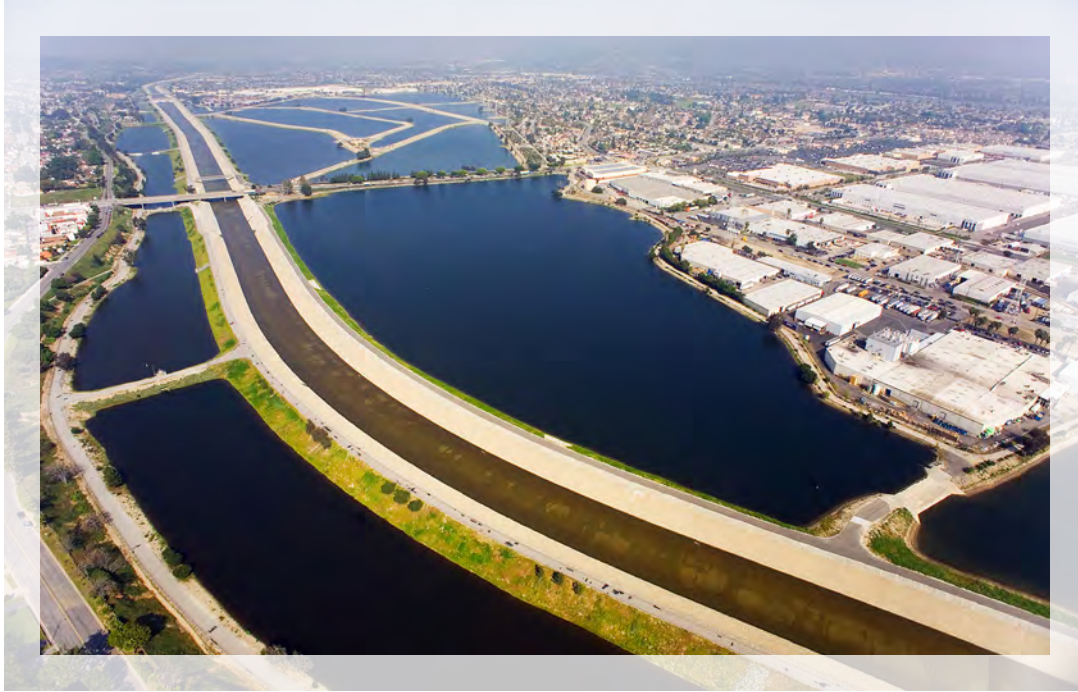
Table 6
2014/15 Expenses Analysis

Operations and Maintenance	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Projected	2014/15 Budget	Change from 2013/14 Projection
Water Purchases	\$36,507,000	\$23,909,000	\$22,471,000	\$34,278,000	\$36,558,000	\$2,280,000
Water Conservation	\$407,000	\$460,000	\$424,000	\$737,000	\$791,000	\$54,000
Water Supply - Vander Lans	\$1,942,000	\$2,598,000	\$1,746,000	\$2,254,000	\$4,544,000	\$2,290,000
Projects/Programs	\$5,813,000	\$8,960,000	\$5,770,000	\$6,731,000	\$7,364,000	\$633,000
General Administration	\$6,431,000	\$5,961,000	\$5,998,000	\$4,029,000	\$4,090,000	\$61,000
GASB 45 (Required Retirement Funding)	\$867,000	\$569,000	\$745,000	\$777,000	\$612,000	\$(165,000)
Other Special Programs & Supportive Costs	\$1,127,000	\$1,615,000	\$1,767,000	\$3,508,000	\$3,675,000	\$167,000
Subtotal Operating Expenses	\$53,094,000	\$44,072,000	\$38,921,000	\$52,314,000	\$57,634,000	\$5,320,000
Other Expenses	2,178,000	4,270,000	4,770,000	8,838,000	10,485,000	1,647,000
Subtotal Non-Operating Expenses	\$2,178,000	\$4,270,000	\$4,770,000	\$8,838,000	\$10,485,000	\$1,647,000
Total Expenses	\$55,272,000	\$48,342,000	\$43,691,000	\$61,152,000	\$68,119,000	\$6,967,000

Table 7
2014/15 Expenses by Department

Description	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Projected	2014/15 Budget
Water Purchases	\$36,507,000	\$23,909,000	\$22,471,000	\$34,278,000	\$36,558,000
Water Conservation	\$407,000	\$460,000	\$424,000	\$737,000	\$791,000
Water Supply - Vander Lans	\$1,942,000	\$2,598,000	\$1,746,000	\$2,254,000	\$4,544,000
Goldsworthy Desalter	\$860,000	\$1,036,000	\$899,000	\$1,093,000	\$1,189,000
Montebello Forebay Recycled Water	\$359,000	\$228,000	\$298,000	\$602,000	\$654,000
Groundwater Resource Planning	\$1,269,000	\$1,287,000	\$862,000	\$925,000	\$503,000
Water Quality Improvement Program	\$424,000	\$529,000	\$429,000	\$279,000	\$775,000
Geographic Information Systems (GIS)	\$95,000	\$79,000	\$182,000	\$241,000	\$362,000
Groundwater Monitoring	\$724,000	\$745,000	\$855,000	\$999,000	\$1,223,000
Safe Drinking Water Program	\$1,000	\$93,000	\$11,000	\$3,000	\$155,000
Hydrogeology Program	\$608,000	\$746,000	\$1,052,000	\$772,000	\$977,000
Dominguez Gap Barrier Recycled Water	\$381,000	\$173,000	\$204,000	\$236,000	\$270,000
Replenishment Operations	\$298,000	\$3,260,000	\$299,000	\$599,000	\$289,000
Groundwater Reliability Improvement Program (GRIP)	\$92,000	\$65,000	\$-	\$194,000	\$329,000
Water Education	\$702,000	\$719,000	\$679,000	\$788,000	\$638,000
Board of Directors	\$375,000	\$356,000	\$351,000	\$362,000	\$358,000
General Manager	\$345,000	\$380,000	\$380,000	\$372,000	\$407,000
Administration	\$5,711,000	\$5,225,000	\$5,267,000	\$3,295,000	\$3,325,000
GASB 45 (Required Retirement Funding)	\$867,000	\$569,000	\$745,000	\$777,000	\$612,000
Other Special Programs & Supportive Costs	\$1,127,000	\$1,615,000	\$1,767,000	\$3,508,000	\$3,675,000
Total Operating Expenses	\$53,094,000	\$44,072,000	\$38,921,000	\$52,314,000	\$57,634,000

Fund Balances



Rio Hondo Spreading Grounds

Spreading grounds are used to capture storm water, recycled water, and imported water, slow the water down, and allow it time to sink to the underground and replenish the groundwater supplies.



Fund Balances

FUND BALANCE, TRUST FUNDS AND RESERVE LEVEL

Based on §60290 of the Water Code, the District may establish an annual reserve fund in an amount not to exceed ten million dollars (\$10,000,000). This ten million dollars may be adjusted for the percentage increase or decrease in the blended cost of water from District water supply sources on an annual basis. There has been a 149% increase in the blended cost of water from District supply sources based on the rolling average calculation from the 2001/02 base year and the 2014/15 budget year. When applied to the \$10,000,000 in §60290 of the California State Water Code the operating reserve increases to approximately \$24,800,000.

If for some reason, the District has more than \$24,800,000 (adjusted for the blended cost of water), §60328.1 states that the District shall apply the estimated fiscal year end balance in excess of the amount allowed in §60290 to a replenishment assessment rate reduction or to the purchase of water in the succeeding fiscal year. Additionally, §60291 also states that the limitation on the reserve established in §60290 does not apply to funds appropriated for capital projects.

As of June 30, 2014, the District has \$8,625,000 in operating reserve. The following pages provide specific breakdowns of District cash and investments.

RESTRICTED FUNDS – Restricted by the Board of Directors to recognize future commitments of resources prior to the actual expense.

Restricted for Capital Projects – Funds committed to the Safe Drinking Water Program or set aside for long term capital replacement costs at the Leo J. Vander Lans Advanced Water Treatment Facility and the Robert W. Goldsworthy Desalter.

Safe Drinking Water Program

Source of Funds:	Replenishment Assessment	
Use of Funds:	Encumbered for Safe Drinking Water Projects	
Huntington Park Well #17 – Central Basin		\$ 40,000

Capital Replacement / Construction

Source of Funds:	Replenishment Assessment	
Use of Funds:	Encumbered for Projects Below	
Leo J. Vander Lans Water Treatment Facility		\$702,000
Goldsworthy Desalter		140,000
		<u>\$842,000</u>

Grant Reimbursements

Source of Funds:	Federal and State Grants	
Use of Funds:	Encumbered for Future Capital Projects	
To be deposited with Bond Trustee – US Bank		\$4,204,000

Total Restricted for Capital Projects \$5,086,000

Water Purchase Carryover Fund – This category represents funds restricted by the Board of Directors as follows:

Source of Funds:	Replenishment Assessment	
Use of Funds:	Restricted for Water Purchases	
Restricted Balance in Account		<u><u>\$41,536,000</u></u>

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Debt Service Reserve Fund – Based on the rate covenant, pursuant to the District’s Master Agreement, the net revenues less payments made by the WRD for purchase and delivery of water, availability payments for water and In Lieu Payments made during the fiscal year is equal to a minimum of 120% of the Debt Service on Senior Obligations for the fiscal year.

Based on the current litigation, the opinion of Bond Counsel and in order to maintain the District’s AA+ rating from both Standard and Poor’s and Fitch Ratings, the District has restricted the use of funds remaining after payment of principal and interest on its Senior Obligations.

Source of Funds: Replenishment Assessment
Use of Funds: Restricted for Debt Service

2004 Trustee Reserve Fund	\$ 1,100,000
2008 Trustee Reserve Fund	1,504,000
2011 Trustee Reserve Fund	7,913,000
Total Restricted Debt Service Reserve	<u>\$ 10,517,000</u>

Other Post Employment Benefit Obligations (OPEB)

Source of Funds: Replenishment Assessment
Use of Funds: Post Employment Benefits

This category of funds accounts for the WRD’s Annual Required Contribution (ARC) related to Other Post Employment Benefits (OPEB) in compliance with the Government Accounting Standards Board (GASB) statement number 45.

Restricted Balance in Account	<u>\$ 777,000</u>
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Table 8
Projected Unreserved Fund Balances at June 30, 2015

Description	Estimated Unreserved Fund Balances 6/30/14	Estimated Revenues	Estimated Expenses	COPs Debt Service	Replenishment of Operating Revenues	Estimated Unreserved Fund Balances 6/30/15
Replenishment Fund	\$8,107,000	\$63,236,000	\$(53,020,000)	\$(8,347,000)	\$(360,000)	\$9,616,000
Clean Water Fund	\$518,000	\$5,244,000	\$(4,614,000)	\$(2,138,000)	\$-	\$(990,000)
Total All Funds	\$8,625,000	\$68,480,000	\$(57,634,000)	\$(10,485,000)	\$(360,000)	\$8,626,000

Table 9
Projected Unreserved Funds Balance Five Year Forecast

Description	2014/15 Projected	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast
Beginning Funds Balance	\$8,625,000	\$8,626,000	\$9,958,000	\$10,588,000	\$11,086,000
Add: Estimated Revenues	\$68,480,000	\$70,732,000	\$76,790,000	\$79,388,000	\$81,796,000
Total Funds Available	\$77,105,000	\$79,358,000	\$86,748,000	\$89,976,000	\$92,882,000
Less: Estimated Expenses	\$(57,634,000)	\$(59,110,000)	\$(60,670,000)	\$(62,760,000)	\$(64,970,000)
Annual Debt Service	\$(10,485,000)	\$(10,290,000)	\$(15,490,000)	\$(16,130,000)	\$(16,130,000)
Replenishment of Reserves	\$(360,000)	\$-	\$-	\$-	\$-
Ending Funds Balance	\$8,626,000	\$9,958,000	\$10,588,000	\$11,086,000	\$11,782,000

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Table 10
June 30, 2014 Reserve Fund Balances:

Restricted Funds:

Capital Projects	\$ 5,086,000
Water Purchase Carryover Fund	41,536,000
Debt Service Reserve Fund	10,517,000
GASB 45 OPEB Liability	777,000
Total Restricted Funds	\$ 57,916,000
Operating Reserve Fund	\$ 8,625,000

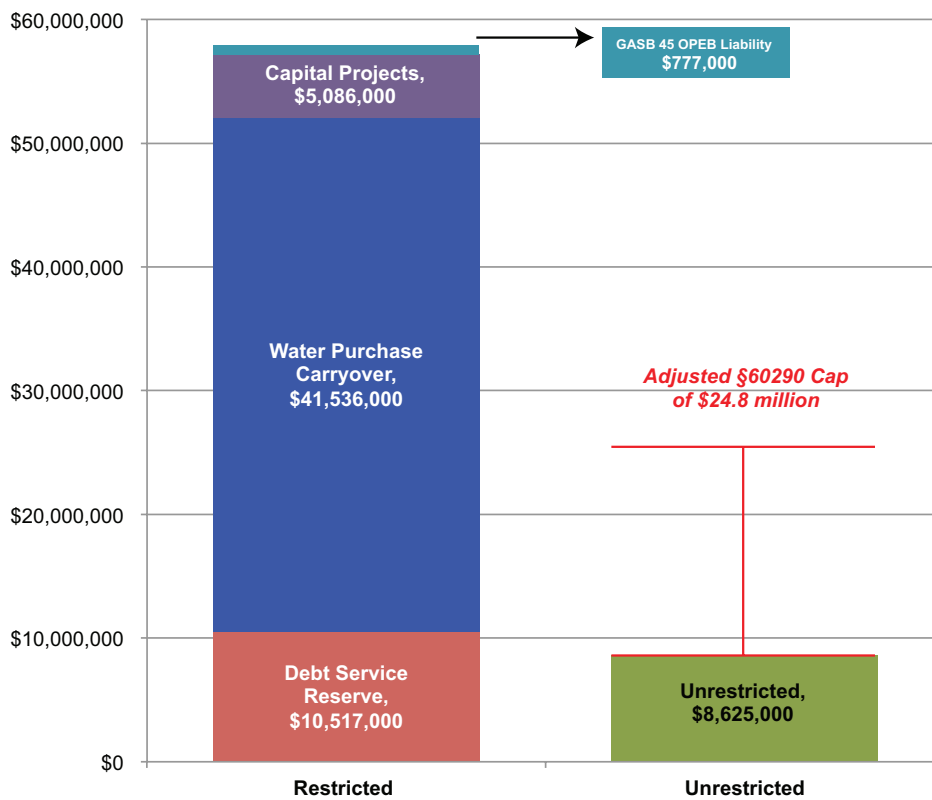


Figure 14 – Reserve Funds as of June 30, 2014

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CASH AND INVESTMENTS

At the direction of the Board of Directors, on February 20, 2009 the District implemented its Community Banking Program and has invested in several community banks in addition to the Local Area Investment Fund (LAIF).

Table 11
Cash and Investments By Institution
(Rounded to nearest thousand)

Cash and Investments:

Manufacturers Bank ¹	\$36,463,000
ProAmerica Bank ¹	12,305,000
Bank of the West ¹	3,162,000
Banc of California (formally Beach Business Bank) ¹	241,000
Broadway Federal Bank 1	244,000
US Bank (formerly CalNational Bank) ¹	243,000
First Bank ¹	241,000
One United Bank ¹	248,000
Preferred Bank ¹	246,000
Union Bank ¹	240,000

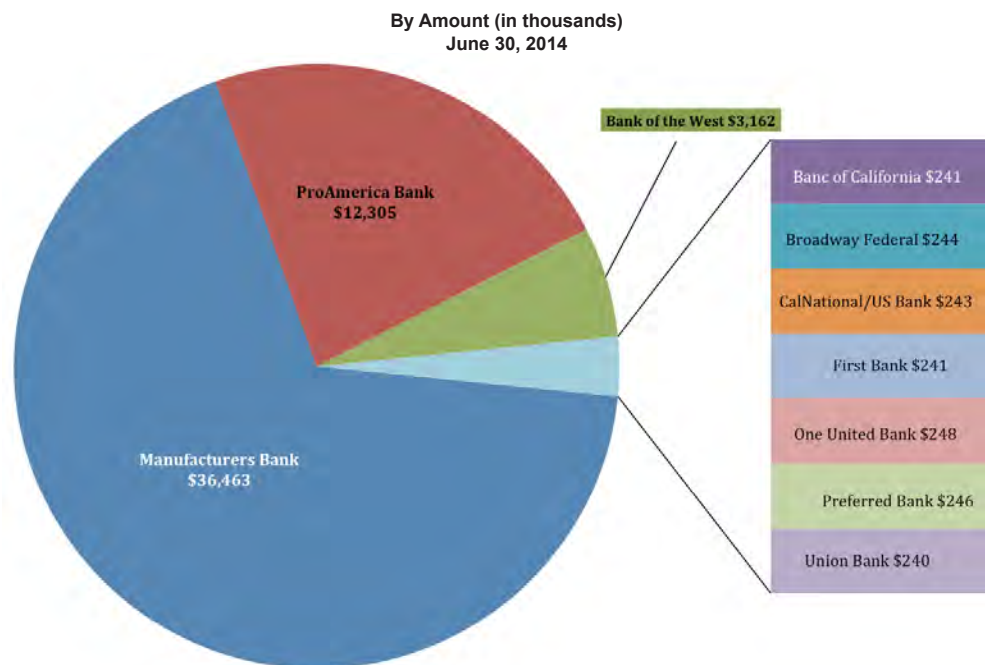


Figure 15 – Cash & Investments by Institution as of June 30, 2014

Footnotes:

¹ Cash & Cash Equivalents and Certificates of Deposit: Amounts are either insured by the Federal Deposit Insurance Corporation (FDIC) or secured by the bank's assets. Funds are also held in Certificate of Deposit Account Registry Service (CDARS) and Insured Cash Sweep (ICS); a very safe way to invest funds while continuing to be FDIC insured.

Any slight differences are due to rounding. For presentation purposes, staff has rounded dollar values to the nearest thousand.

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TRUST FUNDS – A relationship whereby funds are legally held and managed by another party or organization for the benefit of another person or specific purpose.

The Water Replenishment District has a number of trust funds related to District's Capital Improvement Program. The District's Trustee, U.S. Bank, holds the majority of the funds which were received from the issuance of Certificates of Participation. The remaining amount relates to the funds received from the California Department of Transportation (CalTrans) settlement of \$8 million which was received in June 2004.

The balance of trust funds as of June 30, 2014 was as follows:

Restricted for Capital Projects – Funds held in trust with US Bank for use in accordance with the Official Statement and the Master Trust Agreement.

Proceeds from the 2011 Certificates of Participation

Source of Funds: 2011 Debt Issuance
Use of Funds: Restricted for Capital Projects Only

In Trust for Capital Projects Only	\$ 42,181,000
Less: Reimbursement in Transit	(12,908,000)
Net after Reimbursement in Transit	<u>\$ 29,273,000</u>

Debt Service Reserve Fund – Based on the District's Master Trust Agreement for the 2004, 2008 and 2011 Revenue Certificates of Participation (COP), the District must maintain a Reserve Fund, held by an independent Trustee to pay principal and interest in the event the WRD does not have the funds to properly pay its debt. These funds are unavailable to the District until the debt matures 30 years after issuance of the debt.

Source of Funds: 2004, 2008, 2011 Debt Issuance
Use of Funds: Restricted based on Master Trust Agreement

2004 Trustee Reserve Fund	\$ 967,000
2008 Trustee Reserve Fund	1,306,000
2011 Trustee Reserve Fund	5,821,000
Total In Trust - Debt Service Reserve	<u>\$ 8,094,000</u>

CalTrans Trust – These funds are held in trust by WRD as part of a settlement with the California Department of Transportation (CalTrans) for dewatering the 105 freeway.

Source of Funds: CalTrans Settlement
Use of Funds: Restricted for CalTrans Project and RA

Originally, the CalTrans settlement of \$8 million was received in June 2004. Since that time, the District has been reimbursed for costs associated with the project, as well as for charges tied to the amount of water pumped from the basin for dewatering the freeway.

In Trust for CalTrans Project	<u>\$ 5,534,000</u>
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Capital Improvement Program



Microfiltration System at the LJV Facility

The Microfiltration System is a very robust water treatment process. It removes potential harmful particles from the recycled water produced at the Leo J. Vander Lans facility.



Capital Improvement Program (CIP)

The WRD's primary responsibilities are to protect the basins by replenishing groundwater, deter seawater intrusion, and remove contaminants from the groundwater. Furthermore, with the recent drought and future uncertainty of imported water, the District is moving forward with the WIN program, a series of projects that will fully utilize stormwater and recycled water sources to protect the basins and to ensure sustainable, reliable local groundwater supply to WRD's stakeholders. The Figure 16 below depicts the past 10 years of imported water cost versus the cost of groundwater.

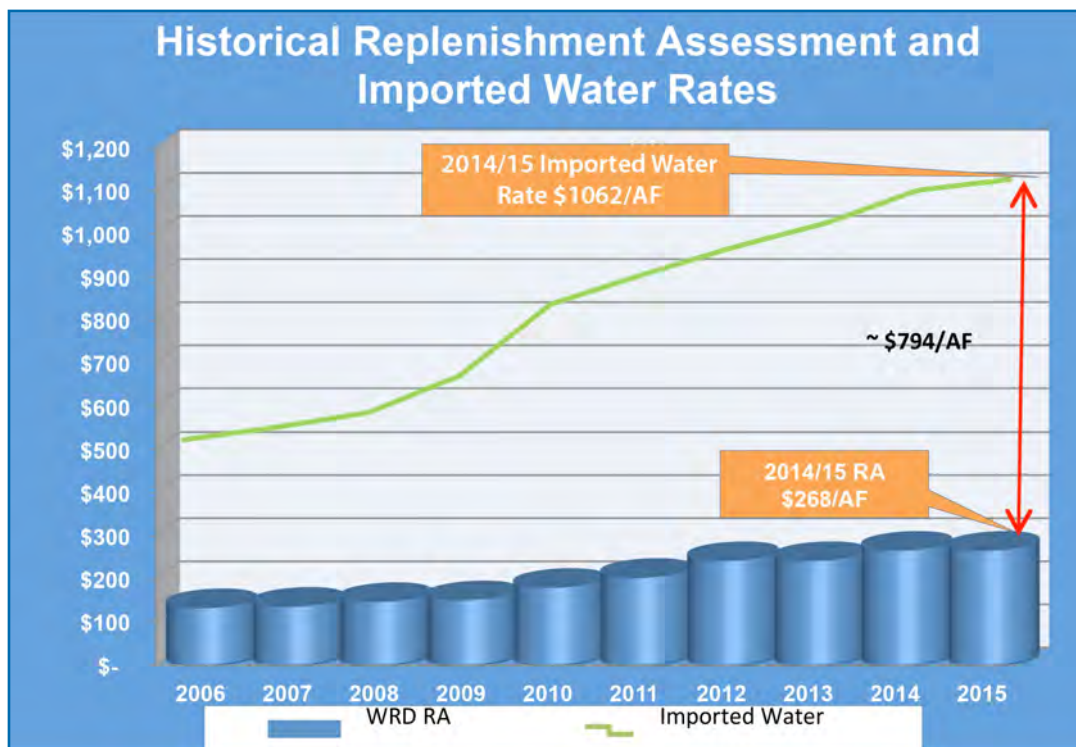


Figure 16

The only way to stabilize groundwater rates is to become independent of imported water obtained through the State Water Projects and the Colorado River.

The District's CIP intends to serve as a comprehensive planning document that identifies capital project expenses in conjunction with anticipated revenue sources (e.g. grant funding, etc.) for the current and the next five fiscal years. In consultation with the stakeholders and as additional information becomes available, expense and revenue estimates for the later fiscal years will be amended as appropriate to reflect changing conditions.

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For the purpose of financial and budget planning, the CIP accounts for all capital projects generally meet one or more of the following criteria:

- Non-operation, maintenance, or capital outlay items (e.g. computer software, office furniture, etc.), which are necessary to support the day-to-day functions of the District.
- Typically non-recurring, one-time expenses.
- Expenses spanning over two fiscal years or longer.
- Total project costs exceeding \$20,000.

The final CIP serves as a planning document, complementing the development of the District's annual operating budget.

The projects included in the current CIP are listed below:

1. Leo J Vander Lans AWTF Expansion
2. Groundwater Reliability Improvement Program (GRIP)
3. Regional Groundwater Monitoring Program
4. Safe Drinking Water Program
5. Whittier Narrows Conservation Pool Study
6. Goldsworthy Desalter Expansion
7. Montebello Forebay Recharge Enhancement Study

The project fact sheets on the following pages will provide an overview of these projects.

Table 12
Capital Improvement Program
Five Years Projected Capital Expenses by Projects

Project Description	2014/15 Budget	2015/16 Projected	2016/17 Projected	2017/18 Projected	2018/19 Projected
Leo J. Vander Lans AWTF Expansion	\$1,622,000	\$-	\$-	\$-	\$-
Groundwater Reliability Improvement Program (GRIP)	\$6,500,000	\$250,000	\$60,600,000	\$35,750,000	
Regional Groundwater Monitoring Program	\$-	\$-	\$-	\$-	\$-
Safe Drinking Water Program	\$1,000,000	\$1,700,000	\$-	\$-	\$-
Whittier Narrows Conservation Pool Study	\$1,812,000	\$1,812,000	\$-	\$-	\$-
Goldsworthy Desalter Expansion	\$4,000,000	\$10,000,000	\$-	\$-	\$-
Montebello Forebay Recharge Enhancement Study	\$-	\$-	\$-	\$-	\$-
Total Capital Expenses	\$14,934,000	\$13,762,000	\$60,600,000	\$35,750,000	\$-

Note: The District is currently compiling an updated five year Capital Improvement Program for review and approval by the Board of Directors. The District will update the CIP for costs related to Fiscal Year 2018/19 as soon as available.

Leo J. Vander Lans AWTF Expansion

Fact Sheet

PROJECT TITLE

Leo J. Vander Lans Advanced Water Treatment (AWTF) Facility Expansion

PROJECT DESCRIPTION

The Leo J. Vander Lans AWTF Expansion will provide the additional capacity needed to provide 100% recycled water to the Alamitos Barrier. The source water for the expansion will be tertiary treated recycled water from the LACSD Long Beach WRP. The water will be discharged into the LACDPW's pipeline for conveyance to the Alamitos Gap Barrier. Since the existing Leo J. Vander Lans AWTF was designed and constructed with consideration for a future expansion, much of the site preparation work and water conveyance pipelines have already been completed.

PROJECT COSTS

- Design and construction - considering grant funding: \$31 million for AWTF (\$26.5 million in the next five years)
- Operation and maintenance: \$6 million per year.
- Source water from Long Beach WRP.

PROJECT BENEFITS

- Conservation of recycled water that is currently wasted to the ocean.
- Secures a reliable source of water to meet 100% of Alamitos Barrier demands.

CURRENT STATUS

- Construction of the AWTF is in progress to expand the facility from 3 to 8 MGD so that it can provide up to 100% recycled water to the Alamitos Barrier.
- Construction of the AWTF started in January, 2013.

LOCATION MAP



Groundwater Reliability Improvement Program

Fact Sheet

PROJECT TITLE

Groundwater Reliability Improvement Program (GRIP)

PROJECT PURPOSE

This project will reduce non-interruptible imported water demand by 21,000 acre-feet per year by using recycled water that would otherwise be wasted to the ocean.

PROJECT COSTS

- Design and construction: Estimated at \$106.9 million – dependent on quantity of water requiring advanced treatment
- Operation and maintenance: dependent on the level of treatment required, assumed at \$750 per acre-foot
- Source water (based of LACSD shared savings program)
 - o Source water for GRIP AWTF component
 - o Source water for GRIP Tertiary component
 - o Negotiated rate for existing 50,000 acre-feet of tertiary recycled water.

PROJECT BENEFITS

- Conservation of 21,000 acre-feet per year of recycled water that is currently wasted to the ocean and a reduction in imported water purchases by a like amount.
- Secure rights to existing 50,000 acre-feet per year of tertiary water.

PROJECT DESCRIPTION

GRIP will offset 21,000 acre-feet per year of imported water purchases with locally available recycled water.

The level of treatment required for this 21,000 acre-feet of recycled water is currently being assessed. For planning purposes, it is assumed that 10,000 acre-feet of this water will require advanced treatment from a new treatment facility (GRIP AWTF) and the remaining 11,000 acre-feet will be tertiary water from existing treatment facilities (GRIP Tertiary)

CURRENT STATUS

- Preliminary Engineering and Feasibility Study completed in November 2012.
- Initiated EIR in 2013 with expected completion in early February 2014.
- Initiation of 30 percent of design work to begin in 2013.

LOCATION MAP



Regional Groundwater Monitoring Program

Fact Sheet

PROJECT TITLE

Regional Groundwater Monitoring Program

PROJECT DESCRIPTION

The Regional Groundwater Monitoring Program provides for the collection of basic information used for effective groundwater basin management including groundwater level data and water quality data. The information generated by this program is stored in the District's GIS and provides the basis to better understand the dynamic changes in the Central and West Coast Basins. WRD staff, comprised of hydrogeologists and engineers provides the in-house capability to collect, analyze and report groundwater data.

PROJECT PURPOSE

This program provides for the collection of basic information used for groundwater basin management including groundwater level data and water quality data.

PROJECT COSTS

Capital cost of \$3.8 million in the next five years, which includes two standard wells (~1,800 feet deep each), one deep research well (~3,000 feet deep), and 4 shallow wells.

PROJECT BENEFITS

The construction of these monitoring wells will further the District's ability to track contamination migration, monitor water levels in current data gap areas, and provide hydrogeologic data for special projects.

LOCATION MAP



Safe Drinking Water Program

Fact Sheet

PROJECT TITLE

Safe Drinking Water Program

PROJECT PURPOSE

To provide incentives to groundwater producers to pump and treat contaminated groundwater rather than abandoning affected wells.

PROJECT COSTS

Capital funding assistance for VOC treatment facilities not to exceed \$1 million per year.

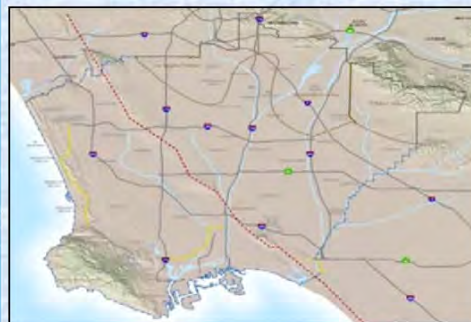
PROJECT BENEFITS

Clean-up of groundwater contamination that may otherwise migrate and affect other wells. Monetary incentives provided by the District encourage groundwater pumpers to pump and treat contaminated groundwater rather than abandoning the well.

PROJECT DESCRIPTION

The Safe Drinking Water Program includes two categories. Under Category A, pumpers with wells contaminated by high levels of VOCs are provided grants for the design & construction of a wellhead treatment system to remove contamination. Under Category B, pumpers are provided zero-interest loans for wellhead treatment for non-VOC primary and secondary constituents such as iron and manganese.

LOCATION MAP (Basin Wide Program)



Whittier Narrows Conservation Pool Study

Fact Sheet

PROJECT TITLE

Whittier Narrows Conservation Pool Study

PROJECT PURPOSE

This project will reduce imported water demand by 1,100 acre-feet per year by conserving stormwater that would otherwise be wasted to the ocean.

PROJECT COSTS

- Net cost to WRD: \$574,000. Total project cost \$4.25 million, \$3.68M of which provided by outside funding sources.
 - \$1.1 million for Conservation Study
 - \$2.0 million for Dam Safety Study
 - \$0.6 million from Prop 84 IRWM

PROJECT BENEFITS

- Conservation of 1,100 acre-feet per year of stormwater that would otherwise be wasted to the ocean. This water will offset untreated Tier 1 imported water purchases.

CURRENT STATUS

- Conservation Study expected to be initiated in FY13/14

PROJECT DESCRIPTION

The Whittier Narrows Conservation Pool Study will allow for the increase of the conservation pool elevation from 201.6' to 205' and allow for the capture and conservation of approximately 1,100 acre-feet per year of local stormwater.

This increase requires no capital improvements, but does, however, require approval of the U.S. Army Corps of Engineers and updates to various studies and environmental documents related to the dam operations at an increased conservation pool elevation.

LOCATION MAP



Goldsworthy Desalter Expansion

Fact Sheet

PROJECT TITLE

Goldsworthy Desalter Expansion

PROJECT PURPOSE

Extraction and remediation of a trapped saline plume in the West Coast Basin by expanding the District's existing Goldsworthy Desalter.

PROJECT COSTS

- Expected costs for the coming years will involve design and construction of the plant expansion.

PROJECT BENEFITS

- Remediation of trapped saline plume in the West Coast Basin and the development of a potable water source.

CURRENT STATUS

The District has conducted a feasibility study in late 2012 that evaluated several options for expanding the capacity of the desalter.

The IS/MND was completed in March, 2013 with design work expected to begin shortly thereafter. Construction is expected to begin in FY 13/14.

PROJECT DESCRIPTION

The Goldsworthy Desalter Expansion would increase the treatment capacity of the existing desalter by approximately 3,000 acre-feet per year. It is anticipated that the product water from this facility expansion would be used by the City of Torrance.

Additional measures may be necessary in the future to fully contain and remediate the saline plume, which extends outside of the Torrance area. WRD continues to work with stakeholders in the West Coast Basin in determining long term solutions for removal of the saline plume.

LOCATION MAP



Montebello Forebay Recharge Enhancement Study

Fact Sheet

PROJECT TITLE

Montebello Forebay Recharge Enhancement Study

PROJECT PURPOSE

The purpose of this study is to identify opportunities for increased groundwater recharge of locally available water supplies in the Montebello Forebay area of the Central Basin.

PROJECT COSTS

- Update and Preliminary Analysis: \$600,000

PROJECT BENEFITS

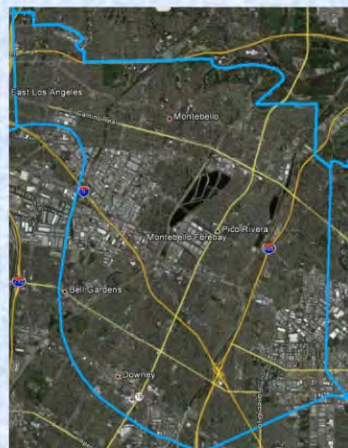
- Additional recharge opportunities identified as part of this study will offset more costly and less reliable imported water purchases.

PROJECT DESCRIPTION

The Montebello Forebay, located in the northeastern portion of the Central Basin, provides the vast majority of artificial recharge to the Central Basin aquifers.

The Montebello Forebay Recharge Enhancement Study will build on information collected through previous studies and reflect currently operating conditions in the Montebello Forebay. Data collected will be used to identify opportunities for enhanced recharge and extraction.

LOCATION MAP



Long-Term Debt



Leo J Vander Lans AWTF Expansion

WRD issued a series of 2011 Revenue COP to fund projects related to the WIN Program. The WIN program is designed to help WRD become completely independent of imported spreading water. Leo J. Vander Lans AWTF Expansion is one of the major projects related to the WIN Program.



Long-Term Debt

In 2004, the District successfully issued \$15,410,000 of Revenue COP. The Certificates were executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2004, among the District and U.S. Bank National Association. The proceeds from the sale of the Certificates were used to (i) finance the acquisition, construction and installation of certain clean water and replenishment projects and purchase of a headquarters building; (ii) fund a debt service reserve fund for the Certificates, and (iii) pay the costs incurred in connection with the execution and delivery of the Certificates.

The District was very proud to receive an initial underlying AA- and AA bond rating in 2004 from Standard and Poor's and Fitch Ratings, respectively. Both rating agencies stated that the District received the outstanding ratings due to the following:

- A large service area encompassing 43 cities and approximately 4.5 million residents of Los Angeles County
- The District's competitive advantage as a provider of relatively low-cost water to regional retail water systems; and
- A moderate capital plan that will be partly financed with pay-as-you-go resources.

Additionally, the District obtained bond insurance from MBIA Inc. for an overall insured rating of AAA from both Standard and Poor's and Fitch Ratings services.

The District's bonds are secured by a pledge of net system revenues, mainly Replenishment Assessment (RA) fees paid to the District by regional retail water systems when they pump groundwater.

In 2008, the District issued an additional \$18,365,000 in Revenue COP. The proceeds were used to (i) finance additional tenant improvements to the District's Administration Building, (ii) finance the drilling of groundwater monitoring wells and the Rio Hondo/San Gabriel Interconnection Pipeline Project, (iii) fund a debt service reserve fund for the Certificates and (iv) pay the costs incurred in connection with the execution and delivery of the Certificates.

The District received an underlying bond rating of AA from Fitch and received a two level upgrade from Standard and Poor's to an AA+. Due to the cost versus benefit of purchasing bond insurance, the District did not choose to purchase additional bond insurance.

The District issued its 2011 Series Revenue COP for \$69,195,000 to fund projects related to the WIN Program, as well as components of the Safe Drinking Water Program and the Regional Groundwater Monitoring Program. The two major projects related to the WIN Program are the (GRIP) and the Leo J. Vander Lans AWTF Expansion. These programs are designed to help the Water Replenishment District become completely independent of imported spreading water. Additionally, inexpensive imported spreading water has not been available for purchase since May 2007. WIN programs will provide a local supply of water to meet the District's imported water needs, thus, making it unnecessary to rely on imported water to maintain the integrity of the groundwater basins.

The District now has AA+ bond ratings from both Standard and Poor's and Fitch Ratings.

Annual Budget 2014/2015

There is currently no debt service limit or ceiling documented in the California State Water Code for the WRD. The costs associated with the CIP projects will be primarily funded through long-term debt. The operating impact associated with the 2004, 2008 and 2011 Series Bonds for fiscal year 2014/15 budgeted for \$10.485 million as follows:

Table 13
Debt Payment Schedule for Fiscal Year 2014/15

	Interest	Principal	Debt Service Coverage	Total
2004 Certificates of Participation	\$553,000	\$405,000	\$575,000	\$1,533,000
2008 Certificates of Participation	952,000	345,000	778,000	2,075,000
2011 Certificates of Participation	3,238,000	1,060,000	2,579,000	6,877,000
Total	\$4,743,000	\$1,810,000	\$3,932,000	\$10,485,000

Table 14
Future annual debt service payments are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$1,875,000	\$4,676,032	\$6,551,032
2017	1,945,000	4,607,171	6,552,171
2018	2,020,000	4,532,863	6,552,863
2019-2023	11,475,000	21,289,562	32,764,562
2024-2028	14,345,000	18,411,653	32,756,653
2029-2033	18,295,000	14,468,863	32,763,863
2034-2038	23,575,000	9,191,162	32,766,162
2039	23,760,000	2,448,569	26,208,569
Total	\$97,290,000	\$79,625,875	\$176,915,875

Based on the information shown in Table 14, the District anticipates the need for additional debt service to complete the Groundwater Reliability Improvement Program (GRIP) starting Fiscal Year 2016/17. The District is currently working on alternatives to replace advanced treated recycled water with less expensive tertiary treated water which will decrease the amount of funds the District will have to borrow to complete GRIP. The impact on future budgets will depend on the amount of money borrowed as well as the interest rates at the time of issuance. Regardless, the debt service will be funded through the Replenishment Assessment (RA).

Replenishment Projects & Programs



The projects and programs identified under Replenishment Projects and Programs are ones that have been developed with the main purpose of producing an alternative source of water for the District's replenishment program.



Replenishment Projects and Programs

WATER PURCHASES

Annually, the District faces overdraft because more groundwater is pumped out of the basins than is naturally replaced. Therefore, the District purchases replenishment water from external sources (artificial replenishment water) to help make up the overdraft. The artificial replenishment water enters the basins either by percolation into the underground aquifers at the Montebello Forebay spreading grounds (Rio Hondo, San Gabriel River, and Whittier Narrows Reservoir), or through direct injection into the aquifers at the West Coast Basin, Dominguez Gap, and Alamitos seawater barrier projects.

The District currently has available to it recycled and imported water sources for use as artificial replenishment water. These two sources are described below:

Recycled Water:

Recycled water is sewer water that is treated at local wastewater treatment plants to meet high quality standards so that it can be reused as a valuable water resource instead of being wasted to the ocean. Other agencies use recycled water to irrigate parks, golf courses, plants and crops, or for industrial purposes. WRD and numerous other agencies also use recycled water for groundwater recharge. In semi-arid areas such as Southern California where groundwater and imported water are in short supply, recycled water has proven to be a safe and reliable additional resource to supplement the water supply. Recycled water is used at the spreading grounds after undergoing tertiary treatment and also at the seawater barrier wells after tertiary and additional treatment by microfiltration, reverse osmosis, and in some cases ultraviolet light.

Imported Water:

This source originates from Northern California (State Water Projects) and the Colorado River and is brought to the District by the MWD of Southern California. Raw imported water is used at the spreading grounds for aquifer replenishment. Treated imported water is used at the seawater intrusion barriers and for in-lieu replenishment when available. Because of treatment and transportation costs, it is the most expensive source for recharge water. The supply is under full upstream control, and its availability at the spreading grounds is limited and variable, especially during drought years.

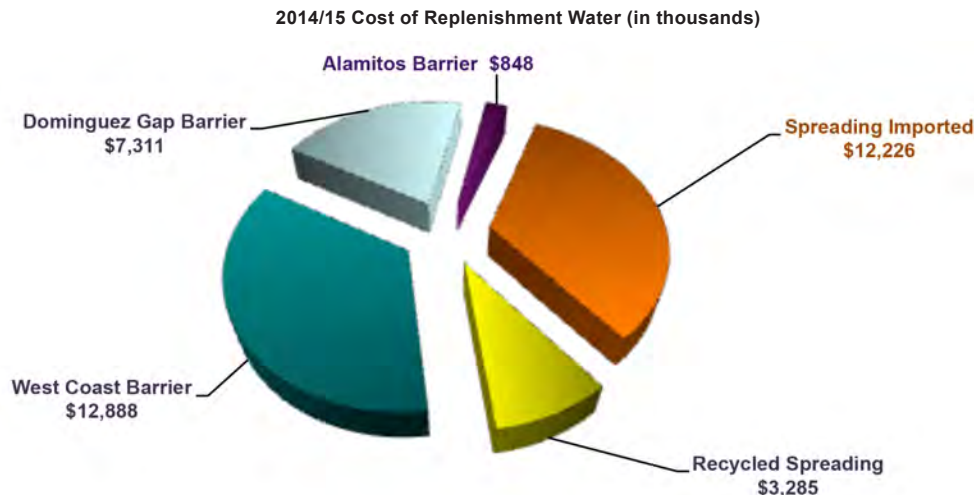


Figure 17 – 2014/15 Cost of Replenishment Water (in thousands)

RECOMMENDED QUANTITIES OF REPLENISHMENT WATER

WRD estimates its projected need for artificial replenishment water by calculating the annual amount of water shortage (overdraft) that is expected to occur. Details of these calculations are presented in the annual Engineering Survey and Report. The artificial replenishment water is placed into the groundwater basin at the spreading grounds or seawater barrier injection wells using recycled and imported water.

Annual Budget 2014/2015

Table 15
Cost of Replenishment Water for Fiscal Year 2014/15

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Increase (Decrease) Over Prior Year
Imported Water			
Spreading - Tier 1 Untreated Imported			
MWD Untreated Tier 1 - Spreading	\$9,488,000	\$9,360,000	\$(128,000)
MWD RTS Charge	\$500,000	\$976,000	\$476,000
CBMWD Administrative Surcharge	\$1,500,000	\$1,504,000	\$4,000
CBMWD Water Service Charge	\$386,000	\$386,000	\$-
Total Spreading - Tier 1 Untreated Imported	\$11,874,000	\$12,226,000	\$352,000
Alamitos Barrier - Imported			
MWD Treated Tier 1 - Alamitos Barrier	\$2,198,000	\$366,000	\$(1,832,000)
MWD Capacity Charge	\$55,000	\$60,000	\$5,000
LBWD RTS	\$264,000	\$46,000	\$(218,000)
LBWD Administrative Surcharge	\$13,000	\$2,000	\$(11,000)
Total Alamitos Barrier - Imported	\$2,530,000	\$474,000	\$(2,056,000)
Dominguez Barrier - Imported			
MWD Tier 1 - Barriers	\$2,858,000	\$3,206,000	\$348,000
MWD RTS Charge	\$341,000	\$387,000	\$46,000
WBMWD Capacity Charge	\$197,000	\$238,000	\$41,000
WBMWD Administrative Surcharge	\$271,000	\$340,000	\$69,000
WBMWD Water Service Charge	\$50,000	\$56,000	\$6,000
Total Dominguez Barrier - Imported	\$3,717,000	\$4,227,000	\$510,000
West Coast Barrier - Imported			
MWD Tier 1 - Barriers	\$-	\$-	\$-
MWD RTS Charge	\$114,000	\$128,000	\$14,000
WBMWD Capacity Charge	\$66,000	\$79,000	\$13,000
WBMWD Administrative Surcharge	\$90,000	\$112,000	\$22,000
WBMWD Water Service Charge	\$17,000	\$19,000	\$2,000
Total West Coast Barrier - Imported	\$287,000	\$338,000	\$51,000
In-lieu			
MWD Member Agency	No IL Program	No IL Program	\$-
WBMWD Member Agency	No IL Program	No IL Program	\$-
Total for In-lieu Payments	\$-	\$-	\$-
Recycled Water			
Dominguez Barrier - Recycled			
LADWP Recycled Water	\$2,790,000	\$3,084,000	\$294,000
Total Dominguez Barrier - Recycled	\$2,790,000	\$3,084,000	\$294,000
Spreading - Recycled			
SDLAC - Tertiary Water (WN, SJC, Pomona)	\$2,000,000	\$3,285,000	\$1,285,000
Total Spreading - Recycled	\$2,000,000	\$3,285,000	\$1,285,000
West Coast Barrier - Recycled			
WBMWD Recycled Water	\$10,830,000	\$12,550,000	\$1,720,000
Total West Coast Barrier - Recycled	\$10,830,000	\$12,550,000	\$1,720,000
Alamitos Recycled - WRD			
WRD Recycled Water - Vander Lans	\$100,000	\$374,000	\$274,000
Total Alamitos Recycled - WRD	\$100,000	\$374,000	\$274,000
Total Water Purchases	\$34,128,000	\$36,558,000	\$2,430,000

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Table 16
Quantity of Water Purchases in Acre-Feet for
Fiscal Year 2014/15

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Increase (Decrease) Over Prior Year
By Acre-Feet			
Imported Water:			
Spreading Imported	16,000	16,000	-
West Coast Barrier Imported	-	-	-
Dominguez Gap Imported	3,250	3,500	250
Alamitos Imported	2,500	400	(2,100)
In Lieu - MWD Member Agency	-	-	-
In Lieu - West Basin Customer	-	-	-
Recycled Water:			
Spreading Recycled (SJC & WN)	50,000	55,000	5,000
West Coast Barrier Recycle	15,000	17,000	2,000
Dominguez Gap Recycled	3,250	3,500	250
Alamitos Recycled	1,600	3,700	2,100
Total Water Purchases	91,600	99,100	7,500

HOW MUCH IS AN ACRE-FOOT OF WATER?

An acre-foot is about 326,000 gallons.

It is the amount of water used by two average families in a year.

Equals the amount needed to fill a football field one foot deep in water.



Figure 18 - Definition of Acre-Foot

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PROJECT 001 LEO J. VANDER LANS ADVANCED WATER TREATMENT FACILITY – WATER SUPPLY

Background

This facility provides advanced treatment to recycled water through a process train that includes microfiltration (MF), reverse-osmosis (RO), and advanced oxidation (AOP) using hydrogen peroxide and ultraviolet (UV) light. The product water from this facility replaces the imported water that used to supply the Alamitos Seawater Intrusion Barrier, thereby improving the reliability and quality of supply to the barrier.

The Long Beach Water Department (LBWD) operates and maintains the treatment plant under contract with WRD. Expected costs for this budget year are primarily for the expenses of operation and maintenance of the plant and for groundwater monitoring requirements from the permit.

Because the primary purpose of this project is to provide a more reliable means of replenishing the basin through injection, 100% of the costs are considered to be drawn from the Replenishment Fund.

Table 17
Project 001 - WATER SUPPLY
Vander Lans Budget Summary

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Increase (Decrease) Over Prior Year
Professional Services	\$1,453,000	\$2,640,000	\$1,187,000
R&M / Materials / Equipment	\$484,000	\$1,545,000	\$1,061,000
Other Expenses	\$4,000	\$18,000	\$14,000
Other General & Administrative	\$313,000	\$341,000	\$28,000
Total	\$2,254,000	\$4,544,000	\$2,290,000

2013/14 Accomplishments

- Implemented the construction for expansion of the Vander Lans Facility. The construction was about 90 percent complete as of June 2014.
- Awarded approximately \$1.37 million through the Federal Title XVI funding grant to cover the costs for construction.
- Successfully obtained approval of Recycled Water Permit for the plant expansion from the Regional Water Quality Control Board.
- Presented papers at several national and regional professional conferences on WRD's innovative and creative approach to facility expansion.
- Continued compliance monitoring of plant effluent and groundwater to ensure that the operation of the project satisfied regulatory requirements
- Continued to conduct recycled water testing to ensure satisfaction of water quality criteria for the County of Los Angeles Department of Public Works
- Approximately 818 acre feet of recycled water was produced and injected into the Alamitos Barrier

2014/15 Objectives

- Complete construction for plant expansion to increase production capacity from the current 3 million gallons per day (mgd) to 8 mgd.
- Officially receive the recycled water permit for plant expansion from the Regional Water Board.
- Continue to comply with regulatory requirements for monitoring and compliance.

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- Continue to conduct recycled water testing to ensure satisfaction of water quality criteria for the County of Los Angeles Department of Public Works.
- Continue operation of the plant with increased recycled water production.

Basis for Change 2013/14 Projected to 2014/15 Budget

The reason for the increase of \$2,290,000 is due to the facility expansion, which doubles the capacity of the plant. With doubling the output, there is a corresponding increase to costs. The cost of source water increases along with the operating contract with the Long Beach Water Department. Materials and equipment such as ultra violet lamps and reverse osmosis membranes also increases.

PROJECT 004 MONTEBELLO FOREBAY RECYCLED WATER

Background

Recycled water has been and continues to be a cost-effective, reliable source of water for surface spreading in the Montebello Forebay and injection at the seawater intrusion barriers. In light of the prolonged drought, record-low rainfalls, and increasing uncertainty in the future availability of imported supplies, recycled water has become increasingly attractive as a locally sustainable solution to improving the reliability of the local groundwater supply.

WRD participates in a variety of activities to ensure that the use of recycled water for groundwater recharge purposes continues to remain safe. From an operational standpoint, the District will continue to fulfill groundwater monitoring as required by the permits and submit the results to the regulatory agencies to demonstrate that the current practices and operation of utilizing recycled water, along with other sources of water, remains safe.

<i>Table 18</i> Project 004 - Montebello Forebay Recycled Water Budget Summary			
EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$274,000	\$350,000	\$76,000
R&M / Materials / Equipment	\$35,000	\$33,000	\$(2,000)
Other Expenses	\$97,000	\$103,000	\$6,000
Other General & Administrative	\$196,000	\$168,000	\$(28,000)
Total	\$602,000	\$654,000	\$52,000

In addition to providing regular monitoring and sampling associated with the spreading grounds, WRD, in conjunction with other agencies, participates in research efforts to more fully investigate the effectiveness of soil aquifer treatment during percolation. These studies are partially sponsored by the WaterReuse Foundation and the American Water Works Association Research Foundation (AWWARF). The overall objectives are to characterize the percolation process and quantify the purifying properties of the underlying soil on constituents of concern such as nitrogen, total organic compounds (TOC), biodegradable dissolved organic carbon (BDOC), and emerging contaminants, such as pharmaceuticals, endocrine disruptors, and personal care products.

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Recycled water represents a significant portion of the source water portfolio for the three seawater intrusion barrier projects (Alamitos Gap, West Coast, and Dominguez Gap Barriers). Work associated with the use of recycled water at those barrier facilities is managed under the specific project (e.g., Leo J. Vander Lans Water Treatment Facility) that delivers the source water to the barriers or under the program related to recycled water use at the specified barrier.

Projects under this program help to improve the reliability and utilization of an available local resource, i.e., recycled water, which is used to improve replenishment capabilities. Therefore, projects under this program are funded entirely from the Replenishment Fund.

2013/14 Accomplishments

- Continued to comply with Montebello Forebay Spreading Ground groundwater recharge permit requirements, including monitoring of bi-monthly monitoring wells and semi-annual production wells and quarterly monitoring of intakes to spreading facilities.
- Proactively provided input to California WaterReuse including concrete recommendations on measures to increase the use of recycled water, as a drought response, which provided an impetus for the next bullet item.
- Successfully negotiated an amendment of the Montebello Forebay Spreading Ground groundwater recharge permit, which effectively increased the recycled water contribution limit from 35% to 45%, allowing continued use of recycled water for spreading purposes in current drought when less stormwater and imported water is available.
- Presented at several conferences (including the 2014 California WaterReuse Annual Conference, 2013 National WaterReuse Symposium, and Direct Potable Reuse conference) to highlight the District's experience of complying with the latest regulations for recycled water used for groundwater recharge, using Vander Lans expansion as a successful case study.
- Abstract accepted to the 2014 National WaterReuse Symposium (scheduled September 2014), and invited to speak at the 2014 Water Environment Federation Technology (WEFTEC) Conference (scheduled September 2014) to discuss the multi-barrier treatment approach to microorganism removal, using Vander Lans expansion as a case study.
- Participated in the California Department of Public Health's (CDPH) efforts to finalize the regulatory requirements for groundwater recharge with recycled water, which became effective on June 18, 2014.

2014/15 Objectives

- Continue to comply with Montebello Forebay Spreading Ground groundwater recharge permit requirements of bi-monthly monitoring wells and semi-annual production wells and with quarterly monitoring of intakes to spreading facilities.
- Collaborate with other agencies and organizations on research investigations of percolation of recycled water.
- Evaluate opportunities to increase recycled water reuse for groundwater recharge at the spreading grounds.

Basis for Change 2013/14 Projected to 2014/15 Budget

No significant changes.

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PROJECT 005 GROUNDWATER RESOURCE PLANNING

Background

The Groundwater Resources Planning Program was instituted to evaluate basin management issues and to provide a means of assessing project impacts over the Central and West Coast Groundwater Basins. Prior to moving forward with a new project, an extensive evaluation is undertaken. Within the Groundwater Resources Planning Program, new projects and programs are analyzed based on benefits to overall basin management. This analysis includes performing an extensive economic evaluation to compare estimated costs with anticipated benefits. As part of this evaluation process, all new capital projects are brought to the District's Technical Advisory Committee (TAC) for review and recommendation. Projects deemed worthy by the TAC and District Board will be recognized as independent projects and may be included within the District's Project Work plan.

WRD will continue to coordinate with basin stakeholders to bring to reality workable groundwater storage programs. Meanwhile, the District will also continue to determine the effects of such programs on the overall management of the basins and the specific impacts to aspects such as water levels, annual overdraft, accumulated overdraft, etc. The management alone of such a program will definitely require close review and administration by District staff.

<i>Table 19</i> Project 005 - Groundwater Resource Planning Budget Summary			
EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$500,000	\$369,000	\$(131,000)
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$11,000	\$12,000	\$1,000
Other General & Administrative	\$414,000	\$122,000	\$(292,000)
Total	\$925,000	\$503,000	\$(422,000)

During the coming year, work under this program will continue to focus on storage issues, operational alternatives for the Central and West Coast Basins, and implementation of the District's Water Independence Now, or WIN program. The WIN program seeks to replace the District's imported water demands at the three seawater intrusion barriers and spreading grounds with locally available recycled water sources.

The District is also expected to continue to evaluate the projects identified in the Project Work plan. Specifically, funds have been allocated to perform a further evaluation of projects in order to make them more competitive for future grant funding opportunities.

District staff will continue to closely monitor and participated in the ongoing development and refinement of the Integrated Regional Water Management Plan (IRWMP) for the Los Angeles region. Participation in this process is necessary if the District wishes to secure grant funding under Proposition 84 or other future state grant funding opportunities. District staff will also continue to monitor other State and Federal grant programs to determine applicability to the District's list of potential projects. WRD will continue to work with Federal agencies such as the U.S. Bureau of Reclamation to identify potential opportunities for funding.

Projects under the Groundwater Resources Planning Program serve to improve replenishment operations and general basin management. Accordingly, this program is also wholly funded through the Replenishment Fund.

2013/14 Accomplishments

- Developed agendas and provided background information for Technical Advisory Committee meetings, included detailed project summary information and economic analyses.

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- Developed Five-Year Capital Improvement Program, which was approved by the WRD Board of Directors on October 3, 2013, for Fiscal Years 2013/14-2017/18.
- Monitored ongoing activities at other regional water agencies and assessed potential impacts of their actions on WRD.
- Participated in the Greater Los Angeles Integrated Regional Water Management Planning Process (GLAC IRWM). Successfully had two WRD related projects, Goldsworthy Desalter Expansion and Turnout Structures, included in the GLAC IRWM Proposition 84, Round 3 grant application.
- Continued coordination efforts with the U.S. Army Corps of Engineers and Los Angeles County Department of Public Works to complete the update of studies to allow for the capture of additional stormwater behind Whittier Narrows Dam.
- Continued development of a Programmatic Environmental Impact Report for the Groundwater Basins Master Plan.
- Attended monthly and quarterly meetings of the Central and West Basin Water Associations, providing each with an update on ongoing District activities.
- Provided support for the final approval of the Central Basin Third Amended Judgment, which was entered on December 18, 2013.
- Evaluated potential groundwater storage and supply options to optimize District replenishment functions

2014/15 Objectives

- Complete PEIR for Groundwater Basins Master Plan.
- Initiate follow up studies that arise as a result of the development of the Groundwater Basins Master Plan, particularly increased utilization of the Montebello Forebay.
- Review and update the District's 5-year capital improvement program.
- Continue to provide as needed technical support for Judgment amendments for development of conjunctive use framework.
- Continue to attend meetings of the Central and West Basin Water Associations to keep them apprised of ongoing district activities.
- Continue management of grant funding received by the District.
- Monitor local, State and Federal grant funding opportunities and assess applicability to District projects.
- Continue participation in Integrated Regional Water Management Planning process for Greater Los Angeles Region.
- Continue to monitor other water agencies and assess the impact of their actions on WRD.
- Evaluate alternative sources for imported water for the replenishment of the Montebello Forebay Spreading Grounds.

Basis for Change 2013/14 Projected to 2014/15 Budget

This program's staff labor costs has decreased due to reallocation of staff time to other projects or programs.

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PROJECT 18 DOMINGUEZ GAP BARRIER RECYCLED WATER PROJECT

Background

This Project involves the delivery of recycled water from the City of Los Angeles Terminal Island Treatment Plant (TITP) to the Dominguez Gap Barrier (DGB). The portion of the TITP effluent destined for the Barrier first undergoes a set of advanced treatment, consisting of microfiltration, reverse osmosis, and chlorination, at the Advanced Water Treatment Facility. Plans are underway to expand the design capacity of TITP from the current 6.0 million gallons per day (mgd) to 10.0 mgd. One of the goals of the TITP expansion is to eliminate the use of imported water at the DGB.

The Regional Water Quality Control Board issued the Waste Discharge Requirements and Water Reclamation Requirements (WDRs/WRRs) to allow injection of the water on October 2, 2003. Additional improvements were implemented to satisfy water quality requirements of the County of Los Angeles Department of Public Works (LACDPW) before deliveries began in February 2006.

Table 20
**Project 018 - Dominguez Gap Barrier
Recycled Water Budget Summary**

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$96,000	\$100,000	\$4,000
R&M / Materials / Equipment	\$12,000	\$15,000	\$3,000
Other Expenses	\$12,000	\$24,000	\$12,000
Other General & Administrative	\$116,000	\$131,000	\$15,000
Total	\$236,000	\$270,000	\$34,000

The maximum percent of recycled water for this project is 50 percent. The City of Los Angeles Bureau of Sanitation (LABOS) and Los Angeles Department of Water and Power (LADWP) is responsible for the treatment and delivery of the recycled water and all the water quality sampling associated the final recycled water and imported water. The District conducts groundwater monitoring, which is required to observe changes in aquifer water quality conditions and to anticipate potential problems before recycled water reaches drinking water wells. This monitoring commenced with the start of the recycled water deliveries in February 2006. Baseline monitoring was completed to establish preexisting groundwater quality conditions prior to the start of deliveries.

Recycled water use at the barriers improves the reliability of a water supply that is needed on a continuous basis, in order to prevent seawater intrusion. Traditionally, water purchases for the barriers have been viewed as a replenishment function. Therefore, this program is funded entirely through the Replenishment Fund.

2013/14 Accomplishments

- Continued to prepare compliance monitoring reports and coordinate reporting and compliance with co-permittees, i.e. LADWP, LABOS, and LACDPW.
- Continued to conduct groundwater monitoring in accordance with the permit requirements.
- Participated in interagency meetings to discuss the expansion of the Terminal Island Treatment Plant and to brief the regulatory agencies, and provided support in updating the original Title 22 Engineering Report.
- Updated and improved the computer model of the groundwater flow system in the vicinity of the Dominguez Gap Seawater Intrusion Barrier.

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2014/15 Objectives

- Meet all regulatory permit requirements and deadlines.
- Continue to conduct groundwater monitoring in accordance with permit requirements.
- Continue to provide support in updating the original Title 22 Engineering Report and participate in meetings with other co-permittees and regulatory agencies to discuss the amendment of the existing permit to allow increased use of recycled water use at the DGB.

Basis for Change 2013/14 Projected to 2014/15 Budget

No significant changes noted.

PROJECT 23 REPLENISHMENT OPERATIONS

Background

WRD actively monitors the operations and maintenance practices at the spreading grounds and seawater barrier wells owned and operated by the Los Angeles County Department of Public Works (LACDPW). Optimizing replenishment opportunities is fundamentally important to WRD, in part because imported and recycled water deliveries directly affect the District's annual budget. Consequently, the District seeks to ensure that the conservation of stormwater is maximized, and that imported and recycled water replenishment are optimized.

WRD coordinates regular meetings with LACDPW, Metropolitan Water District of Southern California, Sanitation Districts of Los Angeles County, and other water interests to discuss replenishment water availability, spreading grounds operations, scheduling of replenishment deliveries, seawater barrier improvements, upcoming maintenance activities, and facility outages or shutdowns. The District tracks groundwater levels in the Montebello Forebay weekly to assess general basin conditions and to determine the level of artificial replenishment needed. Additionally, WRD monitors the amount of recycled water used at the spreading grounds and seawater barriers, to maximize its use while complying with regulatory limits.

As its name implies, this program deals primarily with replenishment issues, and its costs are borne completely by the Replenishment Fund.

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$59,000	\$28,000	\$(31,000)
R&M / Materials / Equipment	\$24,000	\$24,000	\$-
Other Expenses	\$39,000	\$42,000	\$3,000
Other General & Administrative	\$477,000	\$195,000	\$(282,000)
Total	\$599,000	\$289,000	\$(310,000)

2013/14 Accomplishments

- Completed working cooperatively with the LACDPW to complete the Dominguez Gap Barrier Condition Assessment.
- Continued working cooperatively with the City of Los Angeles Department of Water and Power (LADWP), City of Los Angeles Bureau of Sanitation (LABOS), and LACDPW on the Terminal Island Treatment Plant Expansion to provide increased recycled water to the Dominguez Gap Barrier.
- Continued monitoring of groundwater levels at the Rio Hondo and San Gabriel River Spreading Grounds.

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- Continued participating in bi-monthly meetings with replenishment agencies to maximize groundwater recharge opportunities.
- Continued to evaluate new potential replenishment opportunities (e.g., replenishment water sources, spreading grounds improvements).
- Continued working with LACDPW and Sanitation Districts of Los Angeles County (CSDLAC) on the spreading grounds improvements consisting of the installation of turnout structures to the San Gabriel River (001B) and the San Gabriel Spreading Grounds (Basin 2).
- Completed work with the LACDPW to complete the installation of additional groundwater observation wells at the western leg of the Alamitos Gap Barrier Project.
- Completed work with the consultant on the chloride calibration of the groundwater model completed for the West Basin Municipal Water District.

2014/15 Objectives

- Continue working cooperatively with the LADWP, LABOS, and LACDPW on the Terminal Island Treatment Plant Expansion to provide increased recycled water to the Dominguez Gap Barrier.
- Continue participating in bimonthly meetings with replenishment agencies to maximize groundwater recharge opportunities.
- Continue to evaluate new potential replenishment opportunities (e.g., replenishment water sources, spreading grounds improvements).
- Complete work with LACDPW and CSD on the spreading grounds improvements – Installation of 001B and Basin 2 Turnout Structures.

Basis for Change 2013/14 Projected to 2014/15 Budget

This program's staff labor costs have decreased due to reallocation of staff time to other projects or programs.

PROJECT 033 GROUNDWATER RELIABILITY IMPROVEMENT PROGRAM

Background

The Water Replenishment District of Southern California (WRD), which serves approximately 4.5 million people in 43 cities, currently replenishes the Central and West Coast Basins with over 95,000 acre-feet per year of water. Approximately 64,000 acre-feet of this total is met using recycled water with another 21,000 acre-feet of water being imported into the basin. The future availability of this imported water is uncertain. Given the prolonged statewide drought and uncertain future of imported water supplies for Southern California, WRD is in the process of implementing the District's Water Independence Now, or WIN program. The WIN program seeks to replace the District's imported water demands at the three seawater intrusion barriers and spreading grounds with locally available recycled water sources.

A corner stone of WIN program is the Groundwater Replenishment Improvement Program (GRIP). The goal of the GRIP is to replace imported water currently being used at the spreading grounds for replenishing the area's groundwater supplies by replacing it with 21,000 acre feet per year of recycled

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water, a locally sustainable water resource. The GRIP was instituted to identify new and reliable water supplies for use as replenishment water. One of these options is the construction of an advanced water treatment facility (AWTF), entitled the GRIP (AWTF), to further purify recycled water from LACSD's San Jose Creek Water Reclamation Plant using micro filtration and reverse osmosis followed by disinfection with advanced oxidation (utilizing ultra-violet light and hydrogen peroxide). The highly treated recycled water will be transported through a pipeline to spreading basins located along the San Gabriel River for percolation into the Central Basin to offset the demand for imported water. The GRIP facility will provide 10,000 acre-feet per year of highly treated recycled water that is currently being disposed of in the San Gabriel River, and which ultimately flows to the ocean. An additional 11,000 acre-feet per year of tertiary treated recycled water will also be directed to the spreading basins for groundwater recharge in the same manner which has been in operation for over 50 years.

During the coming year, work under this program will continue to focus on moving forward with the environmental and regulatory permitting aspects of this effort. Initially, work will be directed at advancing programs and projects that have been identified as possible options to provide the quantity of replenishment water needed to offset the current imported demands.

The primary purpose of this project is to identify new and reliable water supplies for use as replenishment water, therefore, it is 100% funded from the Replenishment Fund.

Table 22
Project 033 - Groundwater Reliability Improvement Program (GRIP) Budget Summary

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$171,000	\$181,000	\$10,000
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$23,000	\$16,000	\$(7,000)
Other General & Administrative	\$-	\$132,000	\$132,000
Total	\$194,000	\$329,000	\$135,000

2013/14 Accomplishments

- Completed preparation of draft Environmental Impact Report (EIR) and circulated document for public review and comment.
- Completed environmental documentation for two new turnout structures to be located at the San Gabriel Coastal Basin Spreading Grounds (SGCBSG).
- Completed 90% design of new turnout structures.
- Initiated permitting of new turnout structures.

2014/15 Objectives

- Complete final EIR and adoption of EIR by WRD Board of Directors.
- Complete permitting and begin construction of new turnout structures at the SGCBSG.
- Initiate final design of GRIP AWTF.
- Continue public outreach for GRIP AWTF.

Basis for Change 2013/14 Projected to 2014/15 Budget

The decrease in professional services is due to a reduction in legislative consultant costs. This program's staff labor costs have increased due to reallocation of staff time from other projects or programs.

Clean Water Projects & Programs



*The projects and programs identified under
Clean Water Projects and Programs have
been developed primarily to preserve
high quality groundwater.*



Clean Water Projects and Programs

PROJECT 002 GOLDSWORTHY DESALTER

Background

The Robert W. Goldsworthy Desalter (Desalter) has been operating since 2002 to remove impacted groundwater from a saline plume stranded inland of the West Coast Basin Barrier after the barrier was put into operation. The production well and desalting facility are operated by the City of Torrance, and the product water is delivered for potable use to the City's distribution system.

As with the Vander Lans Facility, future costs for this project will involve O&M activities and replacement costs. The purpose of the desalter is directly related to remediating degraded groundwater quality, and costs are thus attributed 100% to the Clean Water Fund.

Additional measures may be necessary in the future to fully contain and remediate the saline plume. WRD is pursuing long-term solutions to this problem and continues to work with the City of Torrance, the Technical Advisory Committee, and other stakeholders on the future of saline plume removal in the West Coast Basin.

2013/14 Accomplishments

- Announcement by DWR indicates that the Desalter Expansion project is the recipient of \$3 million under the 2014 Water Desalination Grant.
- Completed CEQA process after filing of Notice of Determination for the Desalter Expansion project in compliance with Public Resources Codes.
- Initiated final design for Desalter Expansion and completed 90% design as of June 2014.
- Completed bid documents for drilling of two new wells for the Desalter Expansion project.
- Executed licensing agreements with City of Torrance for site to construct two new wells for the Desalter Expansion project.
- Submitted application and short-listed the Desalter Expansion project under the Los Angeles area for IRWM Round 3 grant application.

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$265,000	\$272,000	\$7,000
R&M / Materials / Equipment	\$330,000	\$382,000	\$52,000
Other Expenses	\$262,000	\$325,000	\$63,000
Other General & Administrative	\$236,000	\$210,000	\$(26,000)
Total	\$1,093,000	\$1,189,000	\$96,000

2014/15 Objectives

- Complete drilling of two new wells for the Desalter source water supply.
- Execute public bidding, award construction contract, and initiate construction for the expansion of Goldsworthy Desalter.
- Receive grant funding award under IRWM Round 3.
- Continue to treat the degraded groundwater from the saline plume and turn it into potable water to supply to the City of Torrance.
- The Desalter will continuously be monitored for water quality to ensure all permit or legal requirements are satisfied.

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Basis for Change 2013/14 Projected to 2014/15 Budget

No significant changes noted.

PROJECT 006 WATER QUALITY IMPROVEMENT PROGRAM

Background

This comprehensive program represents the District's ongoing efforts to address water quality issues that affect its projects and the pumpers' facilities. The District monitors and evaluates potential impacts of pending water quality regulations and proposed legislation. WRD reviews the justifications and the rationale accompanying the proposed requirements and, if warranted, joins in coordinated efforts with other interested agencies to resolve significant issues of concerns during the early phases of the regulatory and/or legislative processes.

The District continues to evaluate and project water quality compliance in production wells, monitoring wells, and recharge/injection waters of the basins. And where potential issues are identified, appropriate remedial actions are developed along with the associated cost estimates to achieve compliance.

The WRD service area includes a large and diverse industrial base. Consequently, many potential groundwater contamination sources exist within the District boundaries, including but not limited to leaking underground storage tanks, refineries and petrochemical plants, dry cleaning facilities, auto repair shops, metal works facilities, and others. Such potential contamination sources may pose a threat to the drinking water aquifers. WRD, therefore, established the Groundwater Contamination Prevention Program as a key component of the Groundwater Quality Program, in an effort to minimize or eliminate existing and potential threats to groundwater supplies.

WRD is also participating in the Water Augmentation Study, a multi-year investigation by the Council for Watershed Health for the purpose of evaluating the feasibility and impact of using low impact development strategy to capture storm runoff that would have otherwise been discharged to the surface water.

Much of the work for the coming year will involve additional investigations at well sites known to have contaminated water, continued tracking of water quality regulations and proposals affecting production and replenishment operations, further characterization of contaminant migration into the deeper aquifers, and evaluating the need to initiate cleanup activities at contaminated sites. All work under this program is related to water quality and cleanup efforts and therefore, is funded entirely by the Clean Water Fund.

The District continues to administer the Title 22 Groundwater Monitoring Program in the Central Basin, which provides source water monitoring of wells for 22 pumpers with 84 active wells. In addition to performing the required compliance monitoring, the District prepares the annual Consumer Confidence Reports for these pumpers.

Table 24
**Project 006 - Groundwater Quality Improvement
Program Budget Summary**

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$32,000	\$471,000	\$439,000
R&M / Materials / Equipment	\$11,000	\$11,000	\$-
Other Expenses	\$61,000	\$77,000	\$16,000
Other General & Administrative	\$175,000	\$216,000	\$41,000
Total	\$279,000	\$775,000	\$496,000

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2013/14 Accomplishments

- Coordinated and administered meetings of the Groundwater Contamination Forum as a means for key stakeholders in the Central Basin and West Coast Basin to share data and provide updates on major groundwater contaminated sites.
- Continued to work in close consultation with project managers of the USEPA, DTSC, and LARWQCB to provide data and technical support to expedite the investigation and cleanup of high-priority groundwater contaminated sites in the Central Basin and West Coast Basin.
- Completed the Central Basin Groundwater Contamination Study and issued the final USGS report.
- Continued to administer meetings of the Los Angeles Forebay Groundwater Task Force and work with regulatory agencies and water purveyors to investigate the extent of the regional VOC and perchlorate plumes in the Los Angeles Forebay.
- Monitored potential impacts of pending legislation and regulations on water quality, in particular the transfer of California Department of Public Health's Drinking Water Program to the State Water Resources Control Board (SWRCB) and the SWRCB's release of the draft statewide permit for drinking water systems.
- Hosted the District's 10th Annual Groundwater Quality Workshop for a total of 140 water purveyors to promote professional learning and networking. Presented groundwater quality trends in Central Basin and West Coast Basin.
- Continued to partner with the Council for Watershed Health on the Water Augmentation Study and with the Southern California Water Committee to evaluate additional stormwater recharge opportunities.
- Amended the existing laboratory contract with Eurofins Eaton Analytical, Inc. which provides laboratory services for several of the District's projects, to extend the contract term by six months.
- Presented at the 2013 American Water Works Association CA-NV conference and at the 2013 Water Environment Federation Technology (WEFTEC) conference to highlight how the expanded Alamitos Barrier Recycled Water Project satisfies the latest state regulations for recycled water used for groundwater recharge.
- Invited to present at the 2014 American Water Works Association CA-NV Water Education Summit (scheduled August 2014) to highlight specific strategies to maneuver through the latest state regulations for recycled water used for groundwater recharge.
- Successfully issued a Request for Proposal for laboratory services for the District's Title 22 Monitoring Program and executed a 3-year service contract with Weck Laboratories.

2014/15 Objectives

- Install two 500-foot groundwater monitoring wells in the City of Santa Fe Springs to determine if shallow contamination from a Superfund Site and other nearby environmental release sites has migrated to deeper drinking water aquifers.
- Install two 500-foot groundwater monitoring wells in the City of Vernon to assess the extent of regional perchlorate and volatile organic compound contamination in groundwater in the Los Angeles Forebay.

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- Continue to coordinate and administer meetings of the Groundwater Contamination Forum as a means for key stakeholders in the Central Basin and West Coast Basin to share data and provide updates on major groundwater contaminated sites.
- Continue to work in close consultation with project managers of the USEPA, DTSC, and LARWQCB to provide data and technical support to expedite the investigation and cleanup of high-priority groundwater contaminated sites in the Central Basin and West Coast Basin.
- Continue to administer meetings of the Los Angeles Forebay Groundwater Task Force and work with regulatory agencies and water purveyors to investigate the extent of the regional VOC and perchlorate plumes in the Los Angeles Forebay.
- Continue to partner with the Council for Watershed Health on the Water Augmentation Study and with Southern California Water Committee to evaluate additional stormwater recharge opportunities.
- Administer the Title 22 Groundwater Monitoring Program for the Central Basin pumpers, which consists of administration of contract laboratory, including scheduling of sample collection as required by the California Department of Public Health for contract laboratory, and preparation of Consumer Confidence Reports.
- Continue to perform sampling for the Unregulated Contaminant Monitoring Rule (UCMR3) for half of the program participants. UCMR3 is a three year special sampling program required by the Environmental Protection Agency (EPA).

Basis for Change 2013/14 Projected to 2014/15 Budget

The increase to professional services is primarily due to the investigation into the source of the perchlorate contamination of groundwater

PROJECT 012 SAFE DRINKING WATER PROGRAM

Background

WRD's Safe Drinking Water Program (SDWP) has operated since 1991 and is intended to promote the cleanup of groundwater resources at specific well locations. Through the installation of wellhead treatment facilities at existing production wells, the District hopes to remove contaminants from the underground supply and deliver the extracted water for potable purposes. Projects implemented through this program are accomplished through direct input and coordination with well owners.

The current program focuses on the removal of VOCs and offers financial assistance for the design and equipment of the selected treatment facility. The program is designed to help groundwater pumpers remove VOCs from affected wells to enable the well to meet public drinking water standards. This increases groundwater pumping capacity and reduces dependence on limited and expensive imported water supplies. In addition, removal of VOCs from the groundwater supply helps prevent the contaminants from spreading to other areas.

Another component of the program offers no-interest loans for other constituents of concern that affect a specific production well. The capital costs of wellhead treatment facilities range from \$800,000 to over \$2,000,000. Due to financial constraints, this initial cost is generally prohibitive to most pumpers. Financial assistance through the District's SDWP makes project implementation much more feasible. The program places a greater priority on projects involving VOC contamination or other anthropogenic (man-made) constituents, classified as Priority A Projects. Any treatment projects for naturally-occurring

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constituents would be classified as Priority B Projects and funded on a secondary priority, on a case-by-case basis, and only if program monies are still available during the fiscal year.

New candidates for participation are on the rise. A total of seventeen (17) facilities are already completed and online and one facility has successfully completed removal of the contamination and no longer needs treatment.

Projects under the SDWP involve the treatment of contaminated groundwater for subsequent beneficial use. This water quality improvement assists in meeting the District's groundwater cleanup objectives. Thus, funding for the costs of the program is drawn wholly from the Clean Water Fund.

2013/14 Accomplishments

The Safe Drinking Water Program continues to receive requests for assistance for treatment, primarily for secondary contamination

removal; however, due to budget constraints, funding was not allocated this fiscal year.

2014/15 Objectives

The Safe Drinking Water Program currently has candidates for assistance for secondary priority contamination removal. While continued funding of this program is anticipated for next year, the District has established a goal of funding up to \$1,000,000 per year under this program. Actual funding has been limited by qualified projects. The program is under redevelopment to establish new methods of funding assistance.

Basis for Change 2013/14 Projected to 2014/15 Budget

In fiscal year 2013/14, the District budgeted \$100,000 for planning and design costs for one safe drinking water project. These funds were not spent in 2013/14 however the District anticipates a project to be built in fiscal year 2014/15 and has budgeted \$120,000 for planning and design of this project.

Table 25
**Project 012 - Safe Drinking Water Program
Budget Summary**

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$1,000	\$124,000	\$123,000
R&M / Materials / Equipment	\$-	\$2,000	\$2,000
Other Expenses	\$2,000	\$9,000	\$7,000
Other General & Administrative	\$-	\$20,000	\$20,000
Total	\$3,000	\$155,000	\$152,000

Dual Purpose Projects & Programs



Leo J Vander Lans Water Quality Treatment Plant

This WRD Facility takes treated municipal wastewater and provides substantial additional treatment including microfiltration, reverse osmosis, and ultraviolet light to produce an ultra-pure water for groundwater recharge. The plant will more than double in size in November 2014.



Dual Purpose Projects and Programs

PROJECT 010 GEOGRAPHIC INFORMATION SYSTEM (GIS)

Background

The District maintains an extensive database and Geographic Information System (GIS) in-house. The database includes water level and water quality data throughout the entire WRD service area with information drawn not only from the District's Regional Groundwater Monitoring Program, but also from water quality data received from the California Department of Public Health and the District's administration of the Title 22 Monitoring Program in the Central Basin. The system requires continuous update and maintenance but serves as a powerful tool for understanding basin characteristics and overall basin health.

GIS, in conjunction with the regional groundwater model, is used to provide better planning and basin management. The system is used to organize and store an extensive database of spatial information, including well locations, water level data, water quality information, well construction data, production data, aquifer locations, and computer model files. Staff uses the system daily for project support and database management. Specific

information is available to any District pumper or stakeholder upon request and can be delivered through the preparation of maps, tables, reports, or other compatible format. Additionally, the District's web-based Interactive Well Search tool is available to the public; this web site provides users with limited access to WRD's water quality and production database.

District staff will continue to streamline and refine the existing data management system and website as well as satisfy both internal and external data requests. Continued use, upkeep, and maintenance of the GIS are planned for the coming year. The use of the system supports both replenishment activities and groundwater quality efforts. Accordingly, the cost for this program is equally split between the Replenishment and Clean Water Funds.

2013/14 Accomplishments

- Utilized GIS for development of annual overdraft values used in the Engineering Survey and Report.
- Developed graphics for use in the District's Regional Groundwater Monitoring Report.
- Continued refinement of well location information based on new GPS data.
- Continued integration of GIS with Google Earth for use in presentations and analysis.
- Provided graphics and analysis results, as needed, for District presentations and public outreach materials.
- Hired a new GIS Analyst to focus on further development, refinement and utilization of the District's GIS system.

<i>Table 26</i> Project 010 - Geographic Information Systems (GIS) Program Budget Summary			
EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$20,000	\$20,000	\$-
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$25,000	\$28,000	\$3,000
Other General & Administrative	\$196,000	\$314,000	\$118,000
Total	\$241,000	\$362,000	\$121,000

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2014/15 Objectives

- Continue comprehensive review of existing datasets and quality assurance measures to ensure continued data integrity.
- Continue integration of existing GIS system with third party mapping tools such as Google Earth to increase utilization of GIS data sets.
- Update existing GIS and database management system and make necessary improvements to increase utilization of data.
- Streamline flow of water quality data from the laboratory to District maintained databases.
- Assess options for further improving GIS data dissemination to groundwater basin stakeholders.

Basis for Changes 2013/14 Projected to 2014/15 Budget

This program's staff labor costs has decreased due to reallocation of staff time to other projects or programs.

PROJECT 011 REGIONAL GROUNDWATER MONITORING

Background

The Regional Groundwater Monitoring Program continues to be very successful and currently consists of a network of over 350 WRD and USGS-installed monitoring wells at nearly 60 locations throughout the District. Monitoring well data is supplemented with information from production wells to capture the most accurate information available. WRD staff, comprised of hydrogeologists and engineers, provides the in-house capability to collect, analyze and report groundwater data. This information is stored in the District's GIS and provides the basis to better understand the characteristics of the Central and West Coast Basins.

Water quality samples from the monitoring wells are collected periodically. Automatic dataloggers record water levels daily in most monitoring wells.

Dataloggers are downloaded and water levels measured by WRD field staff a minimum of four times per year. These water quality and water level data are available online at <http://gis.wrd.org>. On an annual basis, staff prepares a report that documents groundwater production, groundwater level, and groundwater quality conditions throughout the District.

Table 27
Project 011 - Regional Groundwater Monitoring Budget Summary

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$566,000	\$558,000	\$(8,000)
R&M / Materials / Equipment	\$58,000	\$75,000	\$17,000
Other Expenses	\$114,000	\$150,000	\$36,000
Other General & Administrative	\$261,000	\$440,000	\$179,000
Total	\$999,000	\$1,223,000	\$224,000

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Most of the work during the coming year will involve continued bi-monthly, quarterly, and semiannual monitoring and reporting activities. The program will also work cooperatively with the U.S. Geological Survey (USGS) to address specific water quality issues, and update the hydrogeology conceptual model. Work associated with the Regional Groundwater Monitoring Program also supports activities relating to both replenishment and water quality projects. The program, therefore, is funded 50% each from the Replenishment and Clean Water Funds.

2013/14 Accomplishments

- Completed Spring and Fall groundwater quality sampling at WRD monitoring wells including analysis of over 100 chemical constituents and contaminants.
- Collected quarterly groundwater levels at WRD monitoring wells and compiled daily datalogger data to prepare historical water level hydrographs.
- Constructed a new nested monitoring well in Lakewood.
- Published the annual Regional Groundwater Monitoring Report summarizing groundwater data from monitoring wells and production wells in the Central and West Coast Basins for Water Year 2012/13.

2014/15 Objectives

- Collect Spring and Fall groundwater quality samples at WRD monitoring wells. Analyze samples for over 100 chemical constituents and contaminants.
- Collect quarterly groundwater levels at WRD monitoring wells and compile daily datalogger data and prepare historical water level hydrographs.
- Identify emerging contaminants of concern to the water supply community and groundwater basin managers and assess the need to monitor in the Central and West Coast Basins.
- Integrate Regional Groundwater Monitoring Program data into a basin-wide Salt and Nutrient Management Plan USGS Regional Flow Model.
- Publish and share data collected for this program in the annual Regional Groundwater Monitoring Report and WRD Web Sites.

Basis for Change 2013/14 Projected to 2014/15 Budget

This program's staff labor costs has decreased due to reallocation of staff time to other projects or programs.

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PROJECT 025 HYDROGEOLOGY PROGRAM

Background

This program accounts for hydrogeologic analysis of the Central, West Coast, and surrounding groundwater basins. These scientific efforts are necessary for specific issues, projects, programs and basin management issues that face the District. The program includes evaluation of replenishment needs and forecasting at the spreading grounds and barrier wells, computer modeling, and assessing the overall health of the basins by analyzing water levels and water quality data, including salt and nutrient loading.

Staff work performed under this program includes the preparation of the annual Engineering Survey and Report, including the calculation and determination of important hydrogeologic factors such as annual overdraft, accumulated overdraft, change in storage, and replenishment needs. Extensive amounts of data are compiled and analyzed by internal State-certified hydrogeologists and registered engineers to determine these values. Maps are created showing

water levels in the basins and production patterns and amounts. The updates, maintenance, and use of the Regional Groundwater Flow Model developed by the USGS and WRD are part of this program. This model is a significant analytical tool utilized by WRD to determine basin benefits and impacts of changes proposed in the management of the Central and West Coast Basins.

A focused effort to better characterize the hydrogeologic conditions in the District is also underway and will continue into the ensuing year. This long-term project involves compiling and interpreting extensive data which were generated during the drilling and logging of the WRD/USGS monitoring wells and collected from historical information for production wells and oil wells within the District, and from seismic reflection data obtained in 2013. The ultimate goal of this project is to incorporate this data in WRD's GIS and models, and use the system to generate aquifer depths, extents, and thicknesses throughout the District to assist staff, pumpers, and stakeholders to better plan for groundwater resource projects such as new well drilling, storage opportunities, or modeling. The data will also be made available on WRD's website to be used as a reference source for hydrogeologic interpretations and fulfilling project-related data requests.

Hydrogeological analysis is also needed for projects associated with groundwater quality concerns and specific cleanup projects. Work by in-house staff may include investigative surveys, data research, oversight of specific project studies, etc. Such efforts are used to relate water quality concerns with potential impact to basin resources.

Special projects arise occasionally under this program such as well profiling of production wells to define areas of poor water quality entering the well. Other special projects include the publication of the Technical Bulletin Series, which provides hydrogeologic data to the pumpers in the basin, analysis of optimum and minimum groundwater quantities, and groundwater tracer investigations. A State-mandated Salt Nutrient Management Plan is being prepared under this Program and will be completed in 2014.

The Hydrogeology Program addresses both groundwater replenishment objectives and groundwater quality matters. This dual service warrants that the cost of the program be split evenly between the Replenishment and Clean Water Funds.

Table 28
**Project 025 - Hydrogeology Program
Budget Summary**

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$408,000	\$728,000	\$320,000
R&M / Materials / Equipment	\$18,000	\$18,000	\$-
Other Expenses	\$161,000	\$66,000	\$(95,000)
Other General & Administrative	\$185,000	\$165,000	\$(20,000)
Total	\$772,000	\$977,000	\$205,000

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2013/14 Accomplishments

- Preparation of the 2014 Engineering Survey and Report leading to the adoption of the 2014/2015 Replenishment Assessment (RA).
- Preparation of the second annual Cost of Service Report, including an in-depth analysis of the geology of the WRD Service area. This report, along with the ESR, led to the adoption of the 2014/2015 Replenishment Assessment (RA).
- Significant progress with USGS to update and improve the regional groundwater computer model. Completed 3-D sequence stratigraphic framework and incorporation into EarthVision software. Completed aerial recharge analysis. Completed 3-D textural model in Rockware. Built framework for the Modflow Model with 11 layers. Converted model to new format – Unstructured Grids.
- Completed work on the State-Mandated Salt/Nutrient Management Plan for the Central Basin and West Coast Basin.
- Presentation of technical materials and papers at groundwater conferences.
- Completed modeling updates for Dominguez Gap Barrier and Alamitos Barrier.
- Initiated work on a groundwater tracer experiment at the 3 seawater barriers to assess whether the noble gas xenon can be effectively used as a surrogate to follow recycled water through the aquifers.

2014/15 Objectives

- Completion of 2015 Engineering Survey and Report.
- Completion of 2015 Cost of Service Report
- Complete the new stratigraphic framework model with USGS.
- Complete the USGS Modflow groundwater computer model.
- Complete several Technical Bulletins, including drought and Bouton's artesian well.
- Complete the Salt / Nutrient Management Plan.
- Publish and present technical papers at conferences.
- Continued progress on barrier well xenon tracer test.
- Update the Dominguez Gap Barrier and Alamitos Barrier groundwater models.
- Resume well profiling program.
- Assist groundwater purveyors on data needs for new production wells.

Basis for Change 2013/14 Projected to 2014/15 Budget

Part of the increase to professional services is due to a study on the saline plume stranded in the West Basin after the West Coast Seawater Barrier Project was implemented in the 1950s and 1960s. The majority of the increase is related to laboratory costs for well testing which was deferred in the prior year.

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PROJECT EAC – WATER CONSERVATION

Background

The Water Conservation activities focus on successfully giving its constituents, pumpers, and cities the resources to meet the State mandate of 20% water savings by 2020. Through custom WRD conservation programs that have long term conservation achievements, stakeholders get results to meet 20 x 2020.

With the State's record drought, the WRD's conservation program is increasing training to be more proactive and make conservation a lifestyle. The External Affairs Department took the initiative to expand and rename its signature program, The Lillian Kawasaki ECO Gardener Program. This past year we hosted over 2,500 participants in the ECO Gardener and Smart Gardener residential training classes and expect to increase the program in 2014/15. WRD partnered with the Los Angeles County Department of Public Works, City of Torrance and West Basin Municipal Water District to enhance water conservation awareness to the general public as well as businesses through special events and workshops.

<i>Table 29</i> Project EAC - Water Conservation Budget Summary			
EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$-	\$30,000	\$30,000
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$477,000	\$426,000	\$(51,000)
Other General & Administrative	\$260,000	\$335,000	\$75,000
Total	\$737,000	\$791,000	\$54,000

2013/14 Accomplishments

- The Lillian Kawasaki ECO Gardener programs exceeded our record of 2000 annual participants to over 2,500 in 10 cities;
- Piloted the Waterwise School Program with over 500 students with school assemblies and hands-on garden bed activities;
- Certified over 300 city maintenance crews through ECO Pro Training;
- Trademarked "The Lillian Kawasaki ECO Gardener Program";
- Trained over 300 landscapers through ECO Landscaper Training.

2014/15 Objectives

- To increase the number of gardening classes through the WRD service area;
- To submit the Lillian Kawasaki Urban Landscape Demo site for certification by the State of California as a conservation touring site;
- Include all garden training videos on our website;
- Develop a youth gardening curriculum for schools and city parks.

Basis for Change 2013/14 Projected to 2014/15 Budget

No significant changes noted.

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PROJECT EAE – EDUCATION & OUTREACH

Background

Water Education and Outreach activities focuses on successfully positioning WRD with its stakeholders and promoting responsible public agency citizenship, by providing tours, participating in community events and developing successful means of communication to promote WRD policies, programs and interests.

The External Affairs Department took the initiative to expand its groundwater educational and outreach programs with Water Independence Now (WIN) presentations at conferences and conventions with great success. WRD extended the Think Watershed Floating Lab Program by increasing the number of school participation with over 25,000 students with two boats in the fleet. The District also expanded its Groundwater Education Partnerships by offering free programming through the California Science Center (over 20,000 participant students and families), Mono Lake Committee's "Treasure Beneath Our Feet" (1,532 students), Cabrillo Marine Aquarium's After-School Program, the "Ocean on Wheels" Program for students and families(over 20,000 participants) with vital water education and conservation training. The Groundwater Festival exceeded our expectations with over 3,000 participants.

<i>Table 30</i> Project EAE - Water Education Budget Summary			
EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$117,000	\$43,000	\$(74,000)
R&M / Materials / Equipment	\$9,000	\$4,000	\$(5,000)
Other Expenses	\$388,000	\$324,000	\$(64,000)
Other General & Administrative	\$274,000	\$267,000	\$(7,000)
Total	\$788,000	\$638,000	\$(150,000)

2013/14 Accomplishments

- The Lillian Kawasaki ECO Gardener Program set a new attendance record with over 2,500 participants in 10 cities;
- The "Conservation is Cool" Aquatic Youth Program kicked off the summer of 2014 with five events and over 2,500 participants;
- The Groundwater Reliability Improvement Program (GRIP) outreach campaign was a success with over 100 entities providing support letters for the Program;
- Received the ACWA Clair A. Hill Award for Excellence which recognizes innovative programs in water resource management;
- Surpassed our social media outreach goal for 2014;
- The 7th annual groundwater festival exceeded our expectations with an attendance of over 3,000 participants;
- Held our first art competition with over 80 entries and recognized five winners at the Groundwater Festival.

2014/15 Objectives

- To further promote the District through its programs and projects
- To expand outreach efforts through Social Media
- To develop a more proactive outreach effort on the use of recycled water for replenishment
- To educate the public on the mission of the District through the WRD's 55th Anniversary

Basis for Change 2013/14 Projected to 2014/15 Budget

No significant changes noted.

General Administration Departments



WRD Board Members

Administrative costs, or departmental costs, include costs for the departments of Board of Directors, General Manager, Finance, Administration and External Affairs. For simplicity, these departments do not include project and program operations and maintenance costs. Departments include direct costs related to that department's activities. In addition, Finance and Administration include indirect costs such as office supplies, liability insurance, and general legal or legislative fees that are not direct costs to projects.



General Administration

BOARD OF DIRECTORS

Background

The Board of Directors is the policy-making and governing body of the District. It represents the highest authority within the management structure of the District. Certain portions of its authority are delegated to staff in the interest of efficiency, stability, and prudent management.

The Board of Directors develops the District's vision and strategic plan and sets policy to assist the General Manager and staff with implementing the vision and strategic plan. The various responsibilities of the board members include directing District activities, outreach, and cooperation with legislators, regulators, cities, pumpers, consultants, water agencies and other government agencies.

There are five members of the Board of Directors; each is elected from one of five divisions within the District service area, within which such Director resides.

The officers of the Board are the President, Vice President, Secretary, Treasurer, and Deputy Secretary. Officers are elected by the Board at the first regular meeting of the Board in January following the District election. With the exception of the Deputy Secretary, all Board officers are Board members.

The President of the Board presides over all meetings of the Board and has all authority afforded the presiding officer, including the power to constitute Standing and Ad Hoc Committees and to assign Board members to serve on such committees.

The Vice President of the Board presides over any meeting at which the President is not present, and performs such other services as may be requested by the President.

The Secretary of the Board records and certifies the minutes of all Board meetings and is responsible for the maintenance of District records. The Secretary may delegate such duties to the Deputy Secretary.

The Treasurer of the Board is responsible for the financial affairs of the District, including financial reporting and investment activities. The Treasurer must also serve on the Finance Committee of the Board.

The Deputy Secretary is recommended by the General Manager and approved by the Board.

2013/14 Accomplishments

See President's Message

2014/15 Objectives

See President's Message

Basis for Change 2013/14 Projected to 2014/15 Budget

No significant changes noted. Expenses have remained flat.

Table 31
Board of Directors Budget Summary

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$-	\$-	\$-
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$92,000	\$88,000	\$(4,000)
Other General & Administrative	\$270,000	\$270,000	\$-
Total	\$362,000	\$358,000	\$(4,000)

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GENERAL MANAGER

Background

The General Manager's goals and objectives are aligned with those of the Board of Directors.

The role of the General Manager includes implementing policies set by the Board, managing the daily activities of the District, and keeping the Board informed on projects and programs to facilitate good decision making.

Table 32
General Manager's Budget Summary

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$-	\$-	\$-
R&M / Materials / Equipment	\$-	\$-	\$-
Other Expenses	\$26,000	\$24,000	\$(2,000)
Other General & Administrative	\$346,000	\$383,000	\$37,000
Total	\$372,000	\$407,000	\$35,000

2013/14 Accomplishments

See Report from the General Manager

2014/15 Objectives

See Report from the General Manager

Basis for Change 2013/14 Projected to 2014/15 Budget

No significant changes noted. Expenses have remained flat.

ADMINISTRATION

Background

Administration includes the Finance Department, Administration Department and External Affairs Department.

It represents all indirect expenses and labor to support the general operations of WRD, including: office rent, office utilities, general office expenses, general maintenance and repairs, general legal/litigation support, financial services, independent auditors, computer support, building lease, and insurance.

Table 33
Administration Rollup Budget Summary

EXPENSE CATEGORY	2013/14 Projection	2014/15 Budget	Over/(Under) Budget
Professional Services	\$470,000	\$545,000	\$75,000
R&M / Materials / Equipment	\$255,000	\$198,000	\$(57,000)
Other Expenses	\$556,000	\$576,000	\$20,000
Other General & Administrative	\$2,014,000	\$2,006,000	\$(8,000)
Total	\$3,295,000	\$3,325,000	\$30,000

Finance Department

The Finance Department is responsible for the daily financial business of the District. It reports to the Finance Committee of the Board the monthly financial statements, reserves, cash and investment reports, and demands list. The department is responsible for the budget process and ensuring that the District meets all its fiduciary responsibilities.

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Administration Department

The Administration Department is responsible for planning and managing the operations of maintaining official records and documents, preparing agendas and minutes for the Board and its various committees, and handling all human resource issues.

External Affairs Department

The WRD External Affairs Department supports the District's mission to provide an adequate supply of safe and clean water to the residents and businesses in the Central and West Coast groundwater basins. The External Affairs Department is responsible for developing and promoting relationships with legislative, business, environmental and community interests.

The government affairs strategy is centered on continued relationship building with state and federal legislative interests which include legislators, committee staff and other government relation associations and experts. For the fiscal year 2014/15, a focus will also be on ensuring and augmenting state and federal funding for WRD projects and programs. WRD will also monitor relevant legislation and respond proactively. Additionally, WRD will continue a strong intergovernmental program with local elected and public officials.

2013/14 Accomplishments

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for our June 30, 2013 Comprehensive Annual Financial Report (CAFR).
- Received the Award of Excellence in Budgeting from the California Society of Municipal Finance Officers (CSMFO) for our 2013/14 operating budget.
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for our 2013/14 operating budget.
- Completed the Cost and Service Report for 2014/15 consistent with the proportionality requirements of Article XIII D, Section 6 of the California Constitution.
- Received the Municipal Information Systems Association of California (MISAC) award which recognizes outstanding governance and operational practices relating to quality information technology practices.
- Completed upgrade to our Information Technology offsite data recovery system.
- Hosted annual State of the District and Groundwater Festival Events.
- Perform training for the ECO Gardener, ECO Pro and ECO Landscaper Programs.

2014/15 Objectives

- Obtain Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for our June 30, 2014 Comprehensive Annual Financial Report (CAFR).
- Receive the Award of Excellence in Budgeting from the California Society of Municipal Finance Officers (CSMFO) for our 2014/15 operating budget.
- Receive the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for our 2014/15 operating budget.

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- Complete the Cost and Service Report for 2015/16 consistent with the proportionality requirements of Article XIII D, Section 6 of the California Constitution.
- Receive the Municipal Information Systems Association of California (MISAC) award which recognizes outstanding governance and operational practices relating to quality information technology practices.
- Host Groundwater Festival and State of the District Meeting.
- Continue strong relationships with local, state and federal legislators.

Basis for Change 2013/14 Projected to 2014/15 Budget

No significant changes noted.



Performance Measures



Squirrt poses with a young participant at the 7th Annual Groundwater Festival



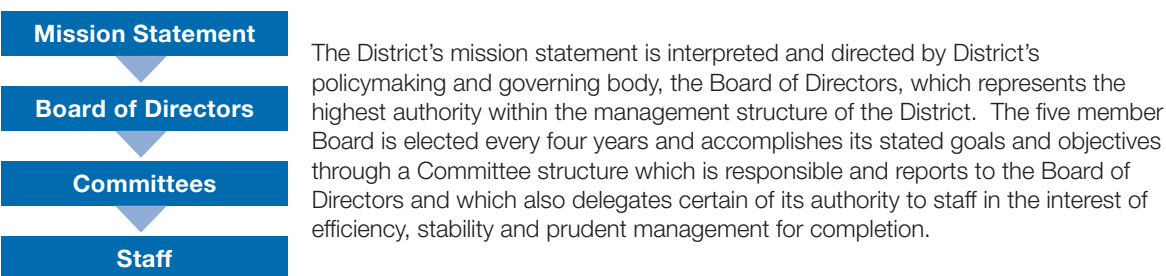
WRD's Groundwater Festival "Treasure Beneath Our Feet", an annual educational event that draws over 4,000 participants to commemorate National Groundwater Awareness Week. Over 35 vendors provide an array of hands-on conservation activities in the area of water, air, waste and wildlife.



Performance Measures

As codified in the District's Administrative Code, the Water Replenishment District of Southern California's performance metrics are guided and determined by the District's Mission Statement:

“To provide, protect and preserve high quality groundwater through innovative, cost-effective and environmentally sensitive basin management practices for the benefit of residents and businesses of the Central and West Coast Basins.”



The Board of Director's goals for the District and staff are to:

1. Provide Safe and Reliable Groundwater
2. Obtain Independence from Imported Water Sources
3. Promote Organizational Excellence
4. Advance Groundwater Awareness

The Standing Committees of the Board of Directors are as follows:

- Water Resources Committee
- Groundwater Quality Committee
- Finance/Audit Committee
- Administrative Committee
- External Affairs Committee

WATER RESOURCES COMMITTEE, THE AD HOC GRIP COMMITTEE, THE AD HOC CONTRACTS COMMITTEE, AND THE AD HOC VANDER LANS FACILITY EXPANSION COMMITTEE

Supported by: The Engineering and Hydrogeology Departments

The Water Resources Committee shall study, advise and make recommendations with regard to the following:

1. The operation, protection and maintenance of the District's replenishment water facilities;
2. Policies, sources and means related to the stewardship of the Central and West Coast Groundwater Basins including, but not limited to, importing and distributing water, transferring water and wheeling as required by the District;
3. Policies regarding recycling, reuse and underground storage of water and use thereof;
4. Environmental compliance and requirements and the effect on the District of existing and proposed federal, state and local environmental statutes and regulations;
5. Engineering aspects of all replenishment water projects;
6. Provide input related to the District's Capital Improvement Program as it relates to replenishment water projects; and,
7. Policies related to the District's conjunctive use efforts including but not limited to California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA).

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2013/14 Performance Metrics – Water Resources Committee

Board Action	Staff Performance Measure	Board Objective	District Goal*
<p><u>Date of Board Action: July 17, 2013</u></p> <p>Adopt Resolution No. 13-952 approving a Non-Consumptive Water Use Permit to the City of Compton, for assignment to DeMenno Kerdoon, for groundwater clean-up activities in the DeMenno Kerdoon site.</p>	<p>Staff Progress: Complete</p> <p>Work with DeMenno Kerdoon through the City of Compton, a water right's holder, to issue a non-consumptive use permit for groundwater treatment in order to remedy contamination issues.</p>	Address Groundwater Contamination	1
<p><u>Date of Board Action: July 17, 2013</u></p> <p>Approve a contract amendment with Egoscue Law Group to perform strategic planning and outreach support services for the Groundwater Reliability Improvement Program (GRIP).</p>	<p>Staff Progress: In progress; efforts continue on GRIP Outreach</p> <p>Manage contract with Egoscue Law Group to promote public education and stakeholder participation relating to the District's Groundwater Reliability Improvement Program in order to become independent of imported water supplies.</p>	Educate and promote stakeholder involvement on the value the District's Groundwater Reliability Improvement Program	2 & 4
<p><u>Date of Board Action: July 17, 2013</u></p> <p>Adopt Resolution No. 13-961 adopting a Mitigated Negative Declaration and making related CEQA findings for the Goldsworthy Desalter Expansion Project.</p>	<p>Staff Progress: Complete</p> <p>Work with contractor to prepare an Initial/Mitigated Negative Declaration which reflects independent judgment and analysis and finds that, on the basis of the whole, there is no substantial evidence that the project will have a significant effect on the environment.</p>	Provide alternative water supply to the City of Torrance and mitigate the saline plume within the West Coast Groundwater Basin	1
<p><u>Date of Board Action: August 15, 2013</u></p> <p>Approve a contract amendment with Test America Laboratories, Inc. for additional sampling and laboratory testing.</p>	<p>Staff Progress: Continuous; Part of the continuing Groundwater Monitoring Program</p> <p>Manage contract with Test America Laboratories, Inc., which tests the water collected by District's hydrogeologists and provides important data that is shared with all purveyors.</p>	Monitor groundwater aquifers as part of the District's Regional Groundwater Monitoring Program	1
<p><u>Date of Board Action: August 15, 2013</u></p> <p>Adopt Resolution No. 13-962 granting a Non-Consumptive Water Use Permit to the City of Santa Fe Springs, for assignment to Ashland Chemical Company, for groundwater clean-up activities at the Ashland Chemical site.</p>	<p>Staff Progress: Complete</p> <p>Work with Ashland Chemical Company through the City of Santa Fe Springs, a water right's holder, to issue a non-consumptive use permit for groundwater treatment in order to remedy contamination issues.</p>	Address Groundwater Contamination	1

*District Goal

- 1 - Provide safe and reliable groundwater
- 2 - Obtain independence from imported water sources
- 3 - Promote organizational excellence
- 4 - Advance groundwater awareness

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<p><u>Date of Board Action: February 6, 2014</u></p> <p>Approve Contract Amendment No. 1 with Todd Engineers to prepare the Salt/Nutrient Management Plan for the Central Basin and West Coast Basin extending the term to December 31, 2014.</p>	<p>Staff Progress: Salt Nutrient Management Plan being finalized; Estimated submittal date to the Los Angeles Regional Water Quality Control Board by August 31, 2014</p> <p>Manage contract with Todd Engineers to prepare the Salt/Nutrient Management Plan for the Central Basin and West Coast Basin in accordance with the Recycled Water Policy issued by the State Water Resources Control Board.</p>	<p>Increase the Use of Recycled Water to Develop Sustainable Water Supplies Throughout the State</p>	<p>1 & 2</p>
<p><u>Date of Board Action: February 18, 2014</u></p> <p>Authorize the General Manager to execute a Contract Amendment No. 1 with Carollo Engineers Inc. in the amount of \$74,500 plus contingencies, not to exceed \$82,000.</p>	<p>Staff Progress: Complete</p> <p>Working with Carollo Engineers to add discharge pipelines and related pump stations to the Goldsworthy Desalter final design of the expansion</p>	<p>Provide alternative water supply to the City of Torrance and mitigate the saline plume within the West Coast Groundwater Basin</p>	<p>1</p>
<p><u>Date of Board Action: February 18, 2014</u></p> <p>Adopt Resolution No. 14-979 authorizing the General Manager to negotiate and pre-purchase electrical service equipment as specified by Southern California Edison (SCE), which are required for the construction of 001B and Basin No. 2 turnout structures, and authorize the General Manager to solicit bids for the purchase of pumps, flow meters, valves, sluice gate, and other equipment necessary to facilitate the turnout structures construction. Part of the District's Groundwater Reliability Program</p>	<p>Staff Progress: Complete</p> <p>Changes in design and permitting for both the proposed Turnout Structure No. 001B and No. 2 Projects have negated the need to pre-purchase and/or advance procure any "owner furnished" type equipment. Both Turnout Structure Projects will now be consolidated into a single Contract/Bid Document package that should be ready to bid early Q3 of fiscal 2014/15.</p>	<p>Advance the District's Groundwater Reliability Improvement Program</p>	<p>2</p>
<p><u>Date of Board Action: February 18, 2014</u></p> <p>Authorize the General Manager to enter into a Water Purchase Agreement with Central Basin Municipal Water District for the purchase of up to 60,000 acre-feet of Untreated Tier 1 Imported Water</p>	<p>Staff Progress: Contract complete; waiting for water delivery</p> <p>Enter into agreement with CBMWD to purchase imported spreading water to replenish the Central Basin</p>	<p>Perform effective basin management</p>	<p>1</p>
<p><u>Date of Board Action: March 6, 2014</u></p> <p>Receive and file the Engineering Survey and Report (ESR) which determines, among other things, the groundwater conditions in the District and the replenishment needs and costs for the ensuing water year</p>	<p>Staff Progress: Complete</p> <p>Perform analysis of groundwater basin and provide information to the Board of Directors in the ESR</p>	<p>Perform effective basin management</p>	<p>1</p>

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<p><u>Date of Board Action: March 20, 2014</u></p> <p>Approve a contract amendment with Nellor Environmental Associates (NEA), Inc. to extend the termination date to December 31, 2014 and increase the contract amount by an additional \$20,000 for professional services associated with expanding the District's use of recycled water for groundwater recharge.</p>	<p>Staff Progress: Complete</p> <p>Work with NEA to proactively address issues related to the renewed permit from the Los Angeles Regional Water Quality Control Board for the Leo J. Vander Lans Advanced Water Treatment Facility in favor of recycled water recharge. The Los Angeles Regional Water Quality Control Board approved an increase in the percentage of recycled water used at the Montebello Forebay Spreading Grounds from 35% to 45%.</p>	<p>Perform effective basin management</p>	<p>1</p>
<p><u>Date of Board Action: March 20, 2014</u></p> <p>Approve a no-cost contract amendment with the United States Bureau of Reclamation (USBR) to extend the term to February 28, 2015 for contributed funds agreement for the Groundwater Reliability Improvement Program (GRIP) environmental document.</p>	<p>Staff Progress: Staff continues to work with the USBR.</p> <p>To qualify for federal funding, the District must work with USBR to ensure compliance with the National Environmental Policy Act (NEPA). This contract extension will allow USBR to review the Environmental Impact Report and conduct the necessary work for NEPA compliance.</p>	<p>Advance the District's Groundwater Reliability Improvement Program</p>	<p>2</p>
<p><u>Date of Board Action: March 20, 2014</u></p> <p>Authorize the advertisement of the two turnout structures for construction bids, and approve the issuance of request for proposals (RFP) for construction management services for GRIP.</p>	<p>Staff Progress: In Progress</p> <p>The District has substantially completed the final design for two turnout structures and is prepared to advertise the project for construction bids.</p>	<p>Advance the District's Groundwater Reliability Improvement Program</p>	<p>2</p>
<p><u>Date of Board Action: March 20, 2014</u></p> <p>Authorize the General Manager to execute a contract amendment with BASE Water Resources Consulting & Management LLC for interim Assistant General Manager services not to exceed \$96,000 for a six-month period.</p>	<p>Staff Progress: Contract amended, services continue</p> <p>BASE consulting is currently working with the District to provide technical engineering support services in order to continue to provide safe and reliable groundwater until the District can hire a new Assistant General Manager</p>	<p>Maintain continuity of District capital projects</p>	<p>1</p>
<p><u>Date of Board Action: April 3, 2014</u></p> <p>Approve a \$15,000 contract increase with Downey Brand LLP for continued on-call legal assistance with recycled water permitting issues for a total not to exceed budget amount of \$25,000.</p>	<p>Staff Progress: Complete</p> <p>The District retained the services of the law firm for legal assistance with regulatory permitting for the Leo J. Vander Lans Advanced Water Treatment Facility when dealing with the State Water Resources Control Board and the Los Angeles Regional Water Quality Control Board. Staff has worked successfully with Downey Brand and the permit was approved.</p>	<p>Increase the use of Recycled Water</p>	<p>2</p>

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<p><u>Date of Board Action: April 17, 2014</u></p> <p>Receive and file the Regional Groundwater Monitoring Report for Water Year 2012/13 which tracks groundwater levels and groundwater quality</p>	<p>Staff Progress: Complete</p> <p>Major components of the staff implemented program include: establishing and maintaining a network of monitoring wells, collecting and performing in-depth analysis of water levels and water quality samples, and incorporating the information in WRD's Geographic Information System (GIS) for efficient database storage and retrieval.</p>	<p>Perform effective basin management</p>	<p>1</p>
<p><u>Date of Board Action: May 1, 2014</u></p> <p>Approve membership in the California Groundwater Coalition in the amount of \$9,500 in support of the coalition's goal of educating and informing California policy makers on the importance of groundwater</p>	<p>Staff Progress: Complete</p> <p>The California Groundwater Coalition was formed at the urging of California state and local elected officials who believe that increased efforts are needed to educate and inform policy makers and the public about California's groundwater resources and the role groundwater plays in providing a safe and reliable water supply for California. Staff is working with Coalition to educate and inform the public and policy makers.</p>	<p>Advance groundwater awareness with state and local elected officials</p>	<p>4</p>
<p><u>Date of Board Action: May 1, 2014</u></p> <p>Authorize the General Manager to execute two license agreements with City of Torrance, one for the Delthorne park site and the other for the Civic Center Complex site for the Goldsworthy Desalter expansion.</p>	<p>Staff Progress: Complete</p> <p>Agreements have been executed for the two well sites in order to augment source water supply and complement the Desalter expansion.</p>	<p>Provide alternative water supply to the City of Torrance and mitigate the saline plume within the West Coast Groundwater Basin</p>	<p>1</p>
<p><u>Date of Board Action: May 15, 2014</u></p> <p>Approve a no cost time extension contract amendment with CH2M HILL extending the term to December 31, 2014, subject to approval of form by District Counsel, for technical support services for work related to the ongoing development of the District's Groundwater Basins Master Plan (Plan) and the Programmatic Environmental Impact Report (PEIR).</p>	<p>Staff Progress: Estimated Completion Date – Q3 fiscal 2014/15</p> <p>CH2M Hill provides technical support services for work related to ongoing development of the District's Groundwater Basins Master Plan and the Programmatic Environmental Impact Report (PEIR). The PEIR was delayed. Contract amendment extended time to December 31, 2014. Staff is working with CH2M Hill to complete the PEIR.</p>	<p>Perform effective basin management</p>	<p>1</p>
<p><u>Date of Board Action: May 15, 2014</u></p> <p>Adopt Resolution No. 14-983 – Approving the Adoption of the 2013 Updated Greater Los Angeles County (GLAC) Region Integrated Regional Water Management (IRWM) Plan.</p>	<p>Staff Progress: Complete</p> <p>Adopting the GLAC IRWM Plan will enable participants in the GLAC IRWM to apply for future grant funding under various grant programs. Resolution was filed with the GLAC IRWM.</p>	<p>Provide the most cost-effective capital project infrastructure by securing grant funding</p>	<p>1</p>

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<p><u>Date of Board Action: May 15, 2014</u></p> <p>Approve Contract Amendment No. 4 to Contract 674 with CDM Smith to include engineering support services for the Leo J. Vander Lans Facility Expansion Project in an amount not to exceed \$200,000 and authorize the General Manager or his designee to utilize contingent funds as needed.</p>	<p><u>Staff Progress: In Progress, Project set to be completed in Q1 Fiscal 2014/15</u></p> <p>CDM Smith is the design engineer on record and has been providing engineering support during the construction. This amendment will ensure proper engineering support is provided through the end of construction. Staff is currently managing the contract to complete construction.</p>	<p>Complete Construction of the Leo J. Vander Lans Advanced Water Treatment Facility Expansion</p>	<p>2</p>
<p><u>Date of Board Action: June 19, 2014</u></p> <p>Approve a no cost time extension contract amendment with GEI Consultants, extending the term to June 30, 2015, subject to approval of form by District Counsel for services related to history of WRD and water resources of the Central Basin and West Coast Basin.</p>	<p><u>Staff Progress: On-going</u></p> <p>Continue work with GEI Consultants related to the history of water resources in the Central and West Coast Basins. This project is on-going.</p>	<p>Perform effective basin management</p>	<p>1</p>
<p><u>Date of Board Action: June 19, 2014</u></p> <p>Authorize the issuance of the request for proposals (RFP) for the construction management of the Goldworthy Desalter expansion.</p>	<p><u>Staff Progress: Complete – RFP Issued</u></p> <p>Final design for the expansion of the Goldworthy Desalter is complete. In accordance with the District's Administrative Code, staff must obtain Board approval to issue any RFP. The RFP has been issued.</p>	<p>Provide alternative water supply to the City of Torrance and mitigate the saline plume within the West Coast Groundwater Basin</p>	<p>1</p>
<p><u>Date of Board Action: June 19, 2014</u></p> <p>Approve a Cost Share Memorandum of Understanding (MOU) between WRD and the Los Angeles County Flood Control District for the preparation of DWR Proposition 84, Round 3 Implementation Grant Application, in the amount of \$16,873.81, plus a contingency, for a total amount not to exceed \$20,000.</p>	<p><u>Staff Progress: Complete</u></p> <p>Provide funding for the Greater Los Angeles County Integrated Regional Water Management Region coordinator to prepare the grant application. Staff will ensure that the District's portion of the cost is paid.</p>	<p>Provide the most cost-effective capital project infrastructure by securing grant funding</p>	<p>1</p>

GROUNDWATER QUALITY COMMITTEE

Supported by: The Engineering and Hydrogeology Departments

The Groundwater Quality Committee shall study, advise and make recommendations with regard to the following:

1. The operation, protection and maintenance of the District's water quality facilities;
2. Engineering aspects of all water quality projects;
3. The effect on the District of existing and proposed federal, state and local water quality statutes and regulations;
4. Provide input related to the District's Capital Improvement Program as it relates to water quality projects.

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2013/14 Performance Metrics – Groundwater Quality Committee

Board Action	Staff Performance Measure	Board Objective	District Goal
<p><u>Date of Board Action: December 5, 2013</u></p> <p>Approve a no cost time extension contract amendment with the California Department of Water Resources (DWR) and the United States Geological Survey (USGS) for the Central Basin Groundwater Contamination Study.</p>	<p>Staff Progress: Study Complete</p> <p>The Central Basin Groundwater Contamination Study is an effort to identify potential pathways for shallow contamination to reach the deeper drinking water aquifers.</p>	Address Groundwater Contamination	1
<p><u>Date of Board Action: December 5, 2013</u></p> <p>Approve a three-year agreement with Weck Laboratory, Inc. for Title 22 monitoring program and laboratory services.</p>	<p>Staff Progress: Complete</p> <p>Prepare contract amendment for Board approval and work with Weck Laboratory for water testing and lab services related to the Title 22 monitoring program, which is related to groundwater contamination.</p>	Address Groundwater Contamination	1
<p><u>Date of Board Action: March 6, 2014</u></p> <p>Adopt Resolution No. 14-978 granting a Non-Consumptive Water Use Permit to the City of Norwalk for assignment to Defense Logistics Agency-Energy for groundwater clean-up activities at the Norwalk Tank Farm site.</p>	<p>Staff Progress: Complete</p> <p>Work with Defense Logistics Agency-Energy through the City of Norwalk, a water right's holder, to issue a non-consumptive use permit for groundwater treatment in order to remedy contamination issues.</p>	Address Groundwater Contamination	1
<p><u>Date of Board Action: March 6, 2014</u></p> <p>Adopt Resolution No. 14-977 granting a Non-Consumptive Water Use Permit to the City of Norwalk for assignment to Santa Fe Pacific Pipeline (SFPP) for groundwater cleanup activities at the Norwalk Tank Farm site.</p>	<p>Staff Progress: Complete</p> <p>Work with SFPP through the City of Norwalk, a water right's holder, to issue a non-consumptive use permit for groundwater treatment in order to remedy contamination issues.</p>	Address Groundwater Contamination	1
<p><u>Date of Board Action: March 6, 2014</u></p> <p>Renew membership with the WaterReuse Research Foundation in the amount of \$12,000 for calendar year 2014.</p>	<p>Staff Progress: Complete</p> <p>The Research Foundation is an educational, nonprofit public benefit 501(c)(3) corporation that conducts applied research on behalf of the water and wastewater community for the purpose of advancing the science of water reuse, recycling, reclamation, and desalination</p>	Advance groundwater awareness with state and local elected officials	4
<p><u>Date of Board Action: March 6, 2014</u></p> <p>Approve a no-cost contract amendment with Eurofins Eaton Analytical, Inc. extending the term to December 31, 2014.</p>	<p>Staff Progress: Water Quality Efforts Continue</p> <p>Eurofins Eaton Analytical, Inc. performs analytical testing for the majority of the District's water quality samples including the Regional Groundwater Monitoring Program, Water Quality Program, etc. Staff continues to work with Eurofins.</p>	Address Groundwater Contamination	1

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<p><u><i>Date of Board Action: March 6, 2014</i></u></p> <p>Authorize the General Manager to advertise for competitive bids towards the construction of monitoring wells for the Central Basin Groundwater Contamination Study and to release a request for proposals (RFP) for professional services for the construction oversight of the environmental drilling project.</p>	<p>Staff Progress: Complete</p> <p>District staff advertised for competitive bids and issued a RFP. The Board of Directors approved the results on June 19, 2014.</p>	<p>Address Groundwater Contamination</p>	<p>1</p>
<p><u><i>Date of Board Action: May 1, 2014</i></u></p> <p>Extend the termination date of the Professional Services Agreement with Egoscue Law Group (ELG) to June 30, 2015 for the Salt/Nutrient Management Plan.</p>	<p>Staff Progress: Salt Nutrient Management Plan being finalized; Estimated submittal date to the Los Angeles Regional Water Quality Control Board by August 31, 2014</p> <p>Manage contract with ELG to prepare the Salt/Nutrient Management Plan for the Central Basin and West Coast Basin in accordance with the Recycled Water Policy issued by the State Water Resources Control Board</p>	<p>Increase the Use of Recycled Water to Develop Sustainable Water Supplies Throughout the State</p>	<p>1 & 2</p>
<p><u><i>Date of Board Action: May 1, 2014</i></u></p> <p>Extend the termination date of the Professional Services Agreement with WorleyParsons to December 31, 2014 for assistance with contaminated sites investigation and cleanups.</p>	<p>Staff Progress: In Progress</p> <p>As part of the District's Groundwater Contamination Prevention Program (GCPP), WRD tracks investigation and remediation progress at high-priority contaminated sites. WorleyParsons provides as-needed technical assistance on selected issues in support of the GCPP. Staff continues to work with WorleyParsons.</p>	<p>Address Groundwater Contamination</p>	<p>1</p>
<p><u><i>Date of Board Action: June 19, 2014</i></u></p> <p>Approve a no cost time extension contract amendment with CH2M HILL, extending the term to June 30, 2015, subject to approval of form by District Counsel for evaluation of potential well sites for the Goldsworthy Desalter, prepare drilling specifications, and perform drilling oversight.</p>	<p>Staff Progress: Contract Amended, Construction in Progress</p> <p>Contract extension needed due to delays in confirming locations for new production wells. The subject contract extension and resulting work is entering the next phase of project development/execution. The Well Construction Bid package was released to potential bidders with construction anticipated to commence later this year. CH2M Hill is still slated to provide well drilling/construction observation services.</p>	<p>Provide alternative water supply to the City of Torrance and mitigate the saline plume within the West Coast Groundwater Basin</p>	<p>1</p>

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<p><u>Date of Board Action: June 19, 2014</u></p> <p>Authorize the General Manager to advertise for competitive bids towards the construction of the production and groundwater monitoring wells for the LADWP Manhattan Well Field.</p>	<p><u>Staff Progress: Construction in Progress</u></p> <p>City of Los Angeles Department of Water and Power (LADWP) cannot fully utilize their groundwater rights due to deterioration of its municipal supply and monitoring wells. A joint effort with the WRD will benefit both agencies by providing WRD the opportunity to collect additional groundwater monitoring data.</p>	<p>Perform effective basin management</p>	<p>1</p>
<p><u>Date of Board Action: June 19, 2014</u></p> <p>(A) Construction Contract: Enter into an agreement with Gregg Drilling and Testing, subject to approval of form by District Counsel, for the construction of monitoring wells in the amount of \$327,754, plus contingencies, for a total amount not to exceed \$327,754, plus contingencies, for a total amount not to exceed \$360,529.</p> <p>B) Well Installation Oversight Contract: Enter into a professional services agreement with Ardent Environmental Group, subject to approval of form by District Counsel, for the oversight of monitoring well construction in the amount of \$54,754, plus contingencies, for a total amount not to exceed \$61,000.</p>	<p><u>Staff Progress: Construction in Progress</u></p> <p>As part of the District's Groundwater Contamination Prevention Program, WRD tracks investigation and remediation progress at high-priority sites in the Central and West Coast Basins. The District has concluded a cooperative agreement with the United States Geological Survey (USGS) to identify locations where shallow groundwater contamination could possibly flow down into deeper drinking water aquifers. These monitoring wells will help evaluate the contamination threat to the deeper aquifers</p> <p>Construction of monitoring wells are still in progress</p>	<p>Address Groundwater Contamination</p>	<p>1</p>

FINANCE/AUDIT COMMITTEE & AD HOC BUDGET COMMITTEE

Supported by: The Finance Department

The Finance/Audit & Ad Hoc Budget Committee shall study, advise and make recommendations with regard to the following:

1. Financial activities of the District by reviewing the monthly demands, financial statements, reimbursements and other key financial issues of the District;
2. Be the oversight Committee responsible to the Board of Directors for coordinating the annual budget process and monitoring the budget as necessary to ensure that the operations of the District are conducted pursuant to it;
3. Be responsible to the Board for the District's investment policy and monitoring the District's investment portfolio. The Committee is to monitor any short, intermediate, and long-term capital needs of the District;
4. Acts as the Audit Committee relating to the Comprehensive Annual Financial Audit (CAFA) conducted by the District's independent financial auditor; and,
5. Shall not make recommendations to the Board of Directors on any matters which are the purview of other committees.

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2013/14 Performance Metrics – Finance/Audit Committee

<p><u>Date of Board Action: December 19, 2013</u></p> <p>Adopt Resolution No. 13-971 authorizing the application for the 2014 Grant Funding Cycle (Round 3) of the Water Desalination Grant Program through the Department of Water Resources (DWR) for the Goldsworthy Desalter Expansion Project</p>	<p>Staff Progress: Complete</p> <p>On March 20, 2013, the Board approved resolution 13-954 authorizing WRD to submit an application for the 2013 Water Desalination Grant Funding. Due to DWR's delay in releasing the 2013 proposal, an updated resolution is required as part of the new grant proposal, now referenced as 2014 Grant Funding Cycle (Round 3). WRD could be awarded up to \$3 million for funding of the Goldsworthy Desalter Expansion Project.</p>	<p>Provide the most cost-effective capital project infrastructure by securing grant funding</p>	<p>1</p>
<p><u>Date of Board Action: January 9, 2014</u></p> <p>Establishment of the Budget Advisory Committee (BAC)</p>	<p>Staff Progress: Complete</p> <p>The District originally established the Audit and Budget Advisory Committee to provide stakeholder input to two of the most important financial functions of the District; the Comprehensive Annual Financial Audit and the Annual Budget. Senate Bill 620 established the Budget Advisory Committee (BAC) into law through the California State Water Code</p>	<p>Provide public transparency and accountability and comply with the California State Water Code</p>	<p>3</p>
<p><u>Date of Board Action: February 6, 2014</u></p> <p>Receive and file the District's June 30, 2013 Comprehensive Annual Financial Report.</p>	<p>Staff Progress: Complete</p> <p>Ensure that the financial statements fairly present, in all material respects, the financial position of the District and obtain an unqualified (positive) opinion</p>	<p>Provide public transparency and accountability and comply with the California State Water Code</p>	<p>3</p>
<p><u>Date of Board Action: February 6, 2014</u></p> <p>Receive and file the 2013/14 Midyear Budget Review and any re-allocations made by the Board of Directors.</p>	<p>Staff Progress: Complete</p> <p>Provide the Board of Directors and the public an update of the District's 2013/14 budget</p>	<p>Provide public transparency and accountability</p>	<p>3</p>
<p><u>Date of Board Action: April 3, 2014</u></p> <p>Budget Advisory Committee (BAC) – Receive the BAC recommendation which is to approve the fiscal year 2014/15 budget presented by staff at the March 18, 2014 BAC meeting, reflecting a zero increase in the replenishment assessment for fiscal year 2014/15</p>	<p>Staff Progress: Complete</p> <p>SB620 requires that the BAC provide the Board of Directors its recommendation related to the District's annual budget and use of reserve funds</p>	<p>Provide public transparency and accountability and comply with the California State Water Code</p>	<p>3</p>
<p><u>Date of Board Action: April 3, 2014</u></p> <p>Open the Public Hearing on the 2014/15 replenishment assessment as required by Water Code §60306, provide opportunity for public comment, receive any staff reports and testimony, and continue the Public Hearing to the next scheduled Board meeting – 2014/15 budget process.</p>	<p>Staff Progress: Complete</p> <p>Provide the Board of Directors and the public with an open Public Hearing process including 10 public budget workshops relating to the 2014/15 Replenishment Assessment and related Annual Budget</p>	<p>Provide public transparency and accountability and comply with the California State Water Code</p>	<p>3</p>

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<p><u><i>Date of Board Action: April 17, 2014</i></u></p> <p>Continue the Public Hearing from the April 3, 2014 Board meeting, receive any staff reports and public comment, and continue the Public Hearing to May 1, 2014 – 2014/15 budget process.</p>	<p>Staff Progress: Complete</p> <p>Provide the Board of Directors and the public with an open Public Hearing process including 10 public budget workshops relating to the 2014/15 Replenishment Assessment and related Annual Budget</p>	<p>Provide public transparency and accountability and comply with the California State Water Code</p>	3
<p><u><i>Date of Board Action: May 1, 2014</i></u></p> <p>Continue the Public Hearing from the April 17, 2014 Board meeting, receive any staff reports and public comment, and close the Water Code required Public Hearing on the fiscal year 2014/15 replenishment assessment.</p>	<p>Staff Progress: Complete</p> <p>Provide the Board of Directors and the public with an open Public Hearing process including 10 public budget workshops relating to the 2014/15 Replenishment Assessment and related Annual Budget</p>	<p>Provide public transparency and accountability and comply with the California State Water Code</p>	3
<p><u><i>Date of Board Action: May 1, 2014</i></u></p> <p>Open the Public Hearing pursuant to Article XIII D, Section 6(a)(2) of the California Constitution (Proposition 218) regarding the replenishment assessment proposed to be effective July 1, 2014 and provide opportunity for public comment and protest, receive and staff reports and testimony, and close the Public Hearing.</p>	<p>Staff Progress: Complete</p> <p>Receive public comment and make staff report to the Board of Directors.</p>	<p>Provide public transparency and accountability and comply with the California State Water Code</p>	3
<p><u><i>Date of Board Action: May 1, 2014</i></u></p> <p>Adopt Resolution No. 14-981 to establish the FY 2014/15 replenishment assessment at \$268 per acre-foot and instruct staff to file an appropriate Notice of Exemption for the action.</p>	<p>Staff Progress: Complete</p> <p>Provide the Board of Directors and the public with an open Public Hearing process including 10 public budget workshops relating to the 2014/15 Replenishment Assessment and related Annual Budget</p>	<p>Provide public transparency and accountability and comply with the California State Water Code</p>	3
<p><u><i>Date of Board Action: May 1, 2014</i></u></p> <p>Adopt the FY 2014/15 budget reflecting a zero increase in the replenishment assessment for fiscal year 2014/15 and receive the Budget Advisory Committee's recommendation on the 2014/15 Budget.</p>	<p>Staff Progress: Complete</p> <p>Provide transparent budget process by holding 10 budget workshops and public hears in accordance with the California State Water Code and Article XIII D, Section 6(a)(2) of the California State Constitution (Proposition 218)</p>	<p>Provide public transparency and accountability and comply with the California State Water Code</p>	3
<p><u><i>Date of Board Action: June 19, 2014</i></u></p> <p>Approve the District's Investment Policy and adopt Resolution No. 14-984.</p>	<p>Staff Progress: Complete</p> <p>Present the investment policy to the Finance Committee and the Board of Directors on an annual basis for approval</p>	<p>Part of financial best practices and to provide public transparency and accountability</p>	3
<p><u><i>Date of Board Action: Annual</i></u></p> <p>Obtain annual Excellence Award in Operating Budgeting from the California Society of Municipal Finance Officers (CSMFO)</p>	<p>Staff Progress: Complete</p> <p>Prepare the 2013/14 adopted budget for submittal to the CSMFO</p>	<p>Pursue agency recognition for excellence in financial practices</p>	3

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<i>Date of Board Action: Annual</i> Obtain annual Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA)	<i>Staff Progress: Complete</i> Prepare the 2013/14 adopted budget for submittal to the GFOA	Pursue agency recognition for excellence in financial practices	3
<i>Date of Board Action: Annual</i> Obtain annual Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA)	<i>Staff Progress: Complete</i> Prepare the June 30, 2013 Comprehensive Annual Financial Report (CAFR) for submittal to the GFOA	Pursue agency recognition for excellence in financial practices	3
<i>Date of Board Action: n/a</i> Maintain the District AA+ Bond Rating from Fitch Ratings and Standard and Poor's	<i>Staff Progress: On-going</i> Provide rating agencies with a detailed financial update of the District; including cash flow, financial forecasts, debt service analyses, litigation updates, etc.	Provide public transparency and accountability	3
<i>Date of Board Action: n/a</i> Manage Post-Employment Benefits Irrevocable Trust with the California Employers' Retiree Benefit Trust (CERBT)	<i>Staff Progress: Complete</i> Manage irrevocable trust and fund in accordance with Government Accounting Standards Board (GASB) No. 45	Maintain the security of assets and to comply with the GASB Statement No. 45	3
<i>Date of Board Action: Annual</i> Continue implementation of the Board of Directors' Community Banking Program	<i>Staff Progress: On-going</i> Monitor banks within the District's Community Banking Program and update program as necessary	Obtain the best possible services to support the District's financial function	3

ADMINISTRATIVE COMMITTEE

Supported by: The Administrative Department

The Administrative Committee shall study, advise and make recommendations with regard to the following:

1. Administrative and personnel policies and procedures to be considered by the Board of Directors;
2. Be responsible for the policies and procedures pertaining to the oversight and management of the organization, including but not limited to the District's organization and the flow of the authority and responsibility; and,
3. Periodic independent reviews and studies of the organization, classification of positions and related compensation ranges as outlined in the memorandum of understanding with the employees bargaining unit.

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2013/14 Performance Metrics – Administrative Committee

Board Action	Staff Performance Measure	Board Objective	District Goal
<p><u>Date of Board Action: July 17, 2013</u></p> <p>Authorize District credit card for the Manager of Finance and Administration</p>	<p>Staff Progress: Complete</p> <p>Streamline financial processes by changing the District's Administrative Code allowing the Manager of Finance and Administration use of a District-issued credit card</p>	Evaluate and streamline processes and procedures	3
<p><u>Date of Board Action: August 15, 2013</u></p> <p>Establish a record retention category for electronic mail in the Administrative Code.</p>	<p>Staff Progress: Complete</p> <p>Clarify Administrative Code by establishing a separate records retention policy for electronic mail with a retention period of six months.</p>	Evaluate and streamline processes and procedures	3
<p><u>Date of Board Action: May 15, 2014</u></p> <p>Adopt Resolution No. 14-982 – A resolution of the Board of Directors of the Water Replenishment District of Southern California requesting the Board of Supervisors of the County of Los Angeles to permit the Registrar-Recorder/County Clerk to render election services for an election of said District to be held on November 4, 2014.</p>	<p>Staff Progress: Complete</p> <p>In compliance with the provisions of the Election Code Section 10400, et. seq., an appropriate resolution must be filed with the County of Los Angeles Board of Supervisors to permit the Registrar-Recorder/County Clerk to render election services to consolidate with the statewide general election scheduled for November 4, 2014.</p>	Comply with applicable laws related to local election procedures	3
<p><u>Date of Board Action: n/a</u></p> <p>Maintain the District's Administrative Code</p>	<p>Staff Progress: On-going</p> <p>Update the District's Administrative Code document based on Board Action</p>	Evaluate and streamline processes and procedures	3
<p><u>Date of Board Action: n/a</u></p> <p>Manage all requests for public information in accordance with the California Public Records Act (CPRA)</p>	<p>Staff Progress: On-going</p> <p>Ensure accurate and timely responses to any and all for public information in accordance with the CPRA</p>	Provide public transparency and accountability	3
<p><u>Date of Board Action: n/a</u></p> <p>Prepare public meeting agendas for the Board of Directors, Water Resources, Groundwater Quality, Finance/Audit, Administration, and External Affairs Committees</p>	<p>Staff Progress: On-going</p> <p>Ensure that meeting agendas are properly posted and mailed in accordance with the Ralph M. Brown Act, enacted by the California State Legislature</p>	Evaluate and streamline processes and procedures	3
<p><u>Date of Board Action: n/a</u></p> <p>Manage Human Resource function for the District</p>	<p>Staff Progress: On-going</p> <p>Provide support to the Board of Directors and staff relating to all aspects of Human Resources</p>	Hire and retain a highly motivated, quality staff	3
<p><u>Date of Board Action: n/a</u></p> <p>Manage mandatory training for Board of Directors and staff (i.e., AB1234, AB1825)</p>	<p>Staff Progress: Complete</p> <p>Ensure Board Members and staff attend appropriate training as required by California law</p>	Provide public transparency and accountability	3
<p><u>Date of Board Action: n/a</u></p> <p>Provide litigation support services for the production of documentation associated with discovery requests</p>	<p>Staff Progress: On-going</p> <p>Prepare all relevant documents in support of litigation efforts</p>	Provide public transparency and accountability	3

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EXTERNAL AFFAIRS COMMITTEE

Supported by: The External Affairs Department

The External Affairs Committee shall study, advise and make recommendations with regard to the following:

1. Proposals and recommendations concerning Local, Regional, State and Federal legislation, or amendments thereto, that may affect the District;
2. Opportunities for members of the Board to assist in outreach activities, including efforts to inform members of the Legislature or the Congress of the District's position with regard to proposed legislation;
3. The effectiveness of legislative advocacy efforts;
4. The development and implementation of school education programs, including the expectations and goals for these programs;
5. The effectiveness of the District's external affairs programs and general communications efforts directed at member agencies and the general public; and
6. The selection of public information consultants and the scope of their assignments.

2013/14 Performance Metrics – External Affairs Committee

Board Action	Staff Performance Measure	Board Objective	District Goal
<p><u>Date of Board Action: July 17, 2013</u></p> <p>Approve contract amendment with Treefox to continue to grow the District's multimedia, social media and education outreach programs</p>	<p><u>Staff Progress: On-going</u></p> <p>District's outreach program is on-going and the External Affairs Department continues to work with Treefox to produce different multimedia outreach ideas.</p>	<p>To utilize new and existing technology to further the District's outreach efforts</p>	4
<p><u>Date of Board Action: August 3, 2012</u></p> <p>Extend contracts for federal legislative and advocacy support services to Pacific Atlantic Partners and Brownstein Farber Hyatt and Schreck (BFHS). BFHS will be utilized on an as needed basis.</p>	<p><u>Staff Progress: On-going</u></p> <p>The District's legislative outreach at the Federal level is performed on a continual basis relating to federal legislation as well as grant funding and bond initiatives.</p>	<p>To maintain contact and to educate Federal legislators with the assistance of advocacy support services</p>	4
<p><u>Date of Board Action: December 5, 2013</u></p> <p>Approve amendment to the contract with WaterWise consulting for an additional year for the Lillian Kawasaki Eco Gardener Program.</p>	<p><u>Staff Progress: On-going</u></p> <p>The Eco Gardener Program is designed to be a year-round educational program for water smart gardening. Topics include drought-tolerant plants and irrigation basics. The Eco Gardener Program continues to be a successful program.</p>	<p>Promote Water Conservation</p>	4

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<p><u>Date of Board Action: March 6, 2014</u></p> <p>Authorize the General Manager to execute agreements for providing 50% matching funds, not to exceed a total of \$130,000, for the following conservation partnership programs: (1) Star Youth Education Program not to exceed \$5,000; (2) Community Conservation Program not to exceed \$5,000; and (3) Interagency Conservation Partnership with the City of Torrance, City of Compton, and West Basin Municipal Water District not to exceed \$120,000.</p>	<p>Staff Progress: On-going</p> <p>Water Conservation is an important part of the District's on-going effort in maintaining a safe and reliable source of water for the Central and West Coast Basins. Partnering with agencies to work cooperatively helps leverage conservation program.</p>	<p>Promote Water Conservation</p>	<p>4</p>
<p><u>Date of Board Action: March 6, 2014</u></p> <p>Authorize the General Manager to execute a two-year contract with PR Newswire, not to exceed \$18,915 per year.</p>	<p>Staff Progress: Complete</p> <p>PR Newswire currently distributes communication content for the District. The new contract would save the District over \$31,000 over a two year period while providing greater flexibility in reaching various audiences.</p>	<p>Evaluate and streamline processes and procedures</p>	<p>4</p>
<p><u>Date of Board Action: April 17, 2014</u></p> <p>Send a letter of support for the Bay Delta Conservation Plan.</p>	<p>Staff Progress: Complete</p> <p>The Bay Delta Conservation Plan (BDCP) provides a comprehensive conservation strategy for the Sacramento-San Joaquin Delta, as part of California's overall water management portfolio. The Conservation Plan is designed to restore and protect ecosystem health, water supply and water quality. The water received from the Bay Delta is important to the overall water supply to Southern California. As directed by the Board, staff has sent a letter of support to the BDCP.</p>	<p>Promote Water Awareness</p>	<p>4</p>
<p><u>Date of Board Action: n/a</u></p> <p>Host annual Groundwater Festival</p>	<p>Staff Progress: Complete</p> <p>Provide an educational opportunity to promote water conservation, groundwater awareness and reach out to the community served</p>	<p>Develop and implement Communication Outreach Program</p>	<p>4</p>
<p><u>Date of Board Action: n/a</u></p> <p>Host annual State of the District Event</p>	<p>Staff Progress: Complete</p> <p>Coordinate the annual State of the District event, including inviting key local political leaders, stakeholders and the public to learn about the District's recent accomplishments and future plans to provide safe and reliable groundwater</p>	<p>Develop and implement Communication Outreach Program</p>	<p>4</p>
<p><u>Date of Board Action: n/a</u></p> <p>Continue to build strong relationships with local, state and federal legislators</p>	<p>Staff Progress: On-going</p> <p>Maintain consistent contact with local, state and federal legislators; manage annual legislative trips to Sacramento and Washington DC to educate and build relationships with legislators</p>	<p>Develop and implement legislative strategy</p>	<p>4</p>

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FULL-TIME EQUIVALENT (FTE) AND LABOR ALLOCATION

The Water Replenishment District's financial accounting system allows expenses to be tracked by fund, project, task and subtask. This allows for flexibility when determining performance measures on a project-by-project basis. Part of this flexibility allows the District to allocate its labor costs very specifically. The following tables represent the 2014/15 Budgeted Summary of Personnel by Department and by Program along with the District's complete 2014/15 labor allocation for all employees. Transparency is the most important aspect to the District when reporting its financial information.

The definition of a full-time equivalent (FTE) is the number of working hours that represents one full-time employee during a fixed period of time, such as one fiscal year. FTE simplifies work measurement by converting work load hours into the number of people required to complete that work. FTE calculation is a two-step process that determines how many hours of work there are in a department and how many hours one full-time employee works. The total work load hours are then divided by the working hours of one employee. This calculates the number of full-time equivalents that are needed. FTE analysis is the method of measurement of current work activities with related time and cost measures. This helps the District understand the drivers of work load levels, organizational performance and productivity improvement opportunities.

2014/15 FTE by Program

Table 34 shows a detailed analysis of the number of full-time equivalents required by each of the District's projects, programs, or administrative support department. The table shows that the District's staffing on its various projects remain relatively stable. The only increase of note is due to increased efforts within the project and program areas, specifically relating to capital projects. Due to the lack of imported seasonal spreading water since May 2007 the district has been focusing on initiating its Water Independence Now (WIN) Program. The WIN Program requires additional effort within the various projects and programs that are focused on increasing the reliability of local water sources.

2014/15 Labor Allocation Worksheet

The annual labor allocation worksheet (Table 35) is designed to provide an accurate cost allocation of labor and overhead to each individual project, program, and administrative departments.

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Table 34
Full Time Equivalents (FTE) by Program

Program Name	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Budget	2014/15 Budget
Operations and Maintenance					
Leo J Vander Lans	0.63	0.88	0.41	0.90	0.78
Water Conservation	1.17	0.98	0.83	1.80	0.92
Robert Goldsworthy Desalter	0.22	0.21	0.34	0.49	0.22
Montebello Forebay Reclaimed Water	0.49	0.55	0.54	1.19	1.00
Groundwater Resources Planning	1.55	1.46	1.32	2.30	0.70
Water Quality Program	1.26	1.55	0.99	1.13	1.22
Title 22 Program	0.00	0.00	0.33	0.51	0.42
Geographic Information System	0.58	0.32	0.97	1.25	2.17
Regional GW Monitoring Program	2.36	1.99	2.21	1.54	2.40
Dominquez Barrier Recycled Wtr	0.46	0.44	0.43	0.68	0.73
Replenishment Program	0.52	0.66	0.83	2.40	1.00
Hydrogeology	1.16	1.50	1.71	0.87	0.80
Education & Outreach	1.98	2.54	2.55	1.95	3.95
Safe Drinking Water	0.00	0.03	0.08	0.00	0.12
Total	12.38	13.11	13.54	17.01	16.43
Capital Projects					
Leo J Vander Lans	0.37	0.19	1.40	0.75	0.40
Robert Goldsworthy Desalter	0.00	0.13	0.16	0.32	0.90
WRD Building	0.26	0.00	0.00	0.00	0.00
Groundwater Monitoring - New Wells	0.08	0.00	0.01	0.00	0.15
GRIP	0.69	0.59	1.01	1.11	3.02
Safe Drinking Water	0.08	0.17	0.00	1.16	0.00
Total	1.48	1.08	2.58	3.34	4.47
Finance/Admin/EA					
Finance/Admin/EA	16.16	16.30	15.88	12.30	11.80
General Manager					
General Manager	1.00	1.00	1.00	1.00	1.00
Grand Total	31.02	31.49	33.00	33.65	33.70

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Table 35
14/15 Labor Allocation Worksheet—Administration

	Finance / Admin / EA	GM	Board of Directors	Total
General Manager				
General Manager		100%		100%
Administration (4 Staff)				
Deputy Secretary	100%			100%
Senior Administrative Specialist	100%			100%
Administrative Specialist	100%			100%
Network Administrator	100%			100%
Finance (6 staff)				
Chief Financial Officer	100%			100%
Mgr of Admin & Finance	100%			100%
Sr Accountant	100%			100%
Sr. Accountant	100%			100%
Sr. Accounting	100%			100%
Accountant	100%			100%
EA (6 Staff)				
Mgr of External Affairs	80%			80%
Sr. Gov't/Sr. Public Affairs Rep - Vacant				0%
Public Affairs Rep				0%
Public Affairs Rep				0%
Public Affairs Rep				0%
Administrative Specialist				0%
Hydrogeology (8 Staff)				
Chief Hydrogeologist				0%
Sr. Engineer				0%
Sr. Hydrogeologist				0%
Hydrogeologist				0%
Hydrogeologist				0%
Water Quality Specialist				0%
Associate Hydrogeologist				0%
Assistant Hydrogeologist				0%
Engineering (9 Staff)				
Chief of Engineering and Planning				0%
Senior Engineer				0%
Senior Engineer				0%
Senior Engineer				0%
Associate Engineer				0%
Data Specialist				0%
Senior Analyst				0%
Senior Analysis				0%
Sr. Gov't Affairs Rep	100%			100%

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Table 35 cont'd
14/15 Labor Allocation Worksheet—Operations and Maintenance

	Leo J Vander Lans	Water Conservation	Robert Goldsworthy Desalter	Montebello Forebay Recycled Water	Groundwater Resources Planning	Water Quality Program	Title 22 Program	Geographic Information System (GIS)	Regional Groundwater Monitoring Program	Safe Drinking Water Program	Dominguez Gap Barrier Recycled Water	Replenishment Operations	Hydrogeology Program	GRIP	Education & Outreach	Total
General Manager																
General Manager																0%
Administration (4 Staff)																
Deputy Secretary																0%
Senior Administrative Specialist																0%
Administrative Specialist																0%
Network Administrator																0%
Finance (6 staff)																
Chief Financial Officer																0%
Mgr of Admin & Finance																0%
Sr Accountant																0%
Sr. Accountant																0%
Sr. Accounting																0%
Accountant																0%
EA (6 Staff)																
Mgr of External Affairs		5%													10%	15%
Sr. Gov't/Sr. Public Affairs Rep - Vacant															90%	90%
Public Affairs Rep		50%													40%	90%
Public Affairs Rep		10%													80%	90%
Public Affairs Rep															90%	90%
Administrative Specialist		20%													80%	100%
Hydrogeology (8 Staff)																
Chief Hydrogeologist	5%		5%	5%		5%			10%		5%	15%	40%	5%		95%
Sr. Engineer	10%			15%		40%			5%		15%	5%		10%		100%
Sr. Hydrogeologist			5%	10%		10%			5%		5%	50%	10%	5%		100%
Hydrogeologist									90%							90%
Hydrogeologist	25%								50%		25%					100%
Water Quality Specialist	10%			15%		50%			5%		5%		15%			100%
Associate Hydrogeologist				35%					35%			15%	15%			100%
Assistant Hydrogeologist	5%			10%		10%			35%		10%	10%				80%
Engineering (9 Staff)																
Chief of Engineering and Planning	3%	2%	2%	5%	5%	2%	2%	2%		2%	3%	5%		7%		40%
Senior Engineer	10%		10%													20%
Senior Engineer	5%			5%												10%
Senior Engineer					40%			40%	5%		5%			10%		100%
Associate Engineer	5%					5%	40%			10%						60%
Data Specialist					25%			75%								100%
Senior Analyst		5%												40%	5%	50%
Senior Analysis								100%								100%
Sr. Gov't Affairs Rep																0%

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Table 35 cont'd
14/15 Labor Allocation Worksheet—Capital Projects

	Leo J Vander Lans	Goldworthy Expansion & Wells	2014 New Monitoring Wells	GRIP General	West Coast Barrier Sampling	Total	Grand Total
General Manager							
General Manager						0%	100%
Administration (4 Staff)							
Deputy Secretary						0%	100%
Senior Administrative Specialist						0%	100%
Administrative Specialist						0%	100%
Network Administrator						0%	100%
Finance (6 staff)							
Chief Financial Officer						0%	100%
Mgr of Admin & Finance						0%	100%
Sr Accountant						0%	100%
Sr. Accountant						0%	100%
Sr. Accounting						0%	100%
Accountant						0%	100%
EA (6 Staff)							
Mgr of External Affairs				5%		5%	100%
Sr. Gov't/Sr. Public Affairs Rep - Vacant				10%		10%	100%
Public Affairs Rep				10%		10%	100%
Public Affairs Rep				10%		10%	100%
Public Affairs Rep				10%		10%	100%
Administrative Specialist						0%	100%
Hydrogeology (8 Staff)							
Chief Hydrogeologist			5%			5%	100%
Sr. Engineer						0%	100%
Sr. Hydrogeologist						0%	100%
Hydrogeologist			10%			10%	100%
Hydrogeologist						0%	100%
Water Quality Specialist						0%	100%
Associate Hydrogeologist						0%	100%
Assistant Hydrogeologist					20%	20%	100%
Engineering (9 Staff)							
Chief of Engineering and Planning	5%	15%		40%		60%	100%
Senior Engineer	25%	45%		10%		80%	100%
Senior Engineer		10%		80%		90%	100%
Senior Engineer						0%	100%
Associate Engineer	10%	20%				40%	100%
Data Specialist						0%	100%
Senior Analyst				50%		50%	100%
Senior Analysis						0%	100%
Sr. Gov't Affairs Rep						0%	100%

Resolution Adopting Replenishment Assessment



WRD Board Meeting in Action

The Board of Directors is the policymaking and governing body of the District. It represents the highest authority within the management structure of the District; however, it delegates certain of its authority to staff in the interest of efficiency, stability, and prudent management.



RESOLUTION NO. 14-981

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA LEVYING A REPLENISHMENT ASSESSMENT ON THE PRODUCTION OF GROUNDWATER FROM THE GROUNDWATER SUPPLIES WITHIN THE DISTRICT DURING THE FISCAL YEAR COMMENCING JULY 1, 2014 AND ENDING ON JUNE 30, 2015 AS PROVIDED IN SECTION 60317 OF CALIFORNIA WATER CODE AND MAKING FINDINGS AND DETERMINATIONS REGARDING SAID ASSESSMENT IN ACCORDANCE WITH SECTIONS 60315 AND 60316 OF THE WATER CODE OF THE STATE OF CALIFORNIA

WHEREAS, the Board of Directors (“the Board”) of the Water Replenishment District of Southern California (“the District”) on December 5, 2013 in compliance with California Water Code § 60300, timely ordered an Engineering Survey and Report (“ESR”) to be made regarding the groundwater supplies and groundwater quality issues within the District; and

WHEREAS, the ESR has been prepared pursuant to the Board’s request and the ESR has been available for inspection by any interested party for the time required by law; and

WHEREAS, the Board, by Resolution No. 14-976, has declared that funds shall be raised to purchase water for replenishment of groundwater supplies within the District during the ensuing fiscal year, 2014-2015, and to accomplish all acts reasonably necessary pursuant to said replenishment, including, but not limited to, the development and operation of capital projects, and that such funds shall be raised by a replenishment assessment as provided in Chapter 2 of Part 6 of the California Water Code, and further finding that the funds to be raised will benefit, directly or indirectly, all of the persons or real property and improvements within the District; and

WHEREAS, the Board, by Resolution No. 14-976, has declared that funds shall be raised to remove contaminants from groundwater supplies and to exercise any other power under California Water Code § 60224, including, but not limited to, the development and operation of capital projects, and that such funds shall be raised by a replenishment assessment as provided in Chapter 2 of Part 6 of the California Water Code, and further finding that the funds so raised will benefit, directly or indirectly, all of the persons or real property and improvements within the District; and

WHEREAS, the District prepared a Cost of Service Report dated April 3, 2014, which has been made available to the public, describing the services the District anticipates performing in Fiscal Year 2014-2015, estimating the costs of providing those services, and calculating a Replenishment Assessment that ensures that those costs are spread amongst water producers in an equitable manner; and

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WHEREAS, on April 3, 2014, as required by California Water Code § 60307, the Board opened a public hearing for the purpose of determining whether and to what extent the estimated cost of water replenishment programs and the estimated cost of water quality programs for the ensuing year shall be paid for by a replenishment assessment ; and

WHEREAS, notice of the April 3, 2014 hearing was published as required by law; and

WHEREAS, the April 3, 2014 hearing was continued to April 17, 2014, and was further continued to May 1, 2014 at which time the hearing was closed; and

WHEREAS, in addition to the public hearings on the Replenishment Assessment, the District also held budget workshops that were open to the public, where the District provided the public with information concerning its Fiscal Year 2014-2015 budget, which is directly related to the Replenishment Assessment; and

WHEREAS, in addition to the April 3, 2014 public hearing, on May 1, 2014 the Board also held a public hearing pursuant to Article XIII D, Section 6(a)(2) of the California Constitution regarding the proposed Replenishment Assessment; and

WHEREAS, all evidence and testimony relevant to the ESR and the Board's determination that such a Replenishment Assessment shall be levied was heard at these public hearings and at the budget workshops; and

WHEREAS, all other findings required by law have already been made, including, but not limited to, any findings required by California Water Code § 60231; and

WHEREAS, the Board voted at its May 1, 2014 public meeting to make the findings and resolutions set forth below.

NOW, THEREFORE, BE IT RESOLVED AND DECLARED BY THE BOARD OF DIRECTORS OF THE WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA AS FOLLOWS:

1. That said Board pursuant to § 60315 of the Water Code of the State of California finds as follows:
 - a) The annual overdraft of the preceding water year, 2012-2013 was -153,000 acre-feet as provided in the 2014 ESR and any updates.
 - b) The estimated annual overdraft for the current water year, 2013-2014 is 119,800 acre-feet as provided in the 2014 ESR and any updates.

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- c) The estimated annual overdraft for the ensuing water year, 2014-2015 is 96,800 acre-feet as provided in the 2014 ESR and any updates.
- d) The accumulated overdraft as of the last day of the preceding water year was 757,500 acre-feet as provided in the 2014 ESR and any updates.
- e) The estimated accumulated overdraft as of the last day of the current water year is 780,700 acre-feet as provided in the 2014 ESR and any updates.
- f) The total production of groundwater from the groundwater supplies within the District during the preceding water year was 238,678 acre-feet as provided in the 2014 ESR and any updates.
- g) The estimated total production of groundwater from groundwater supplies within the District for the current water year is 240,000 acre-feet as provided in the 2014 ESR and any updates.
- h) The estimated total production of groundwater from the groundwater supplies within the District for the ensuing water year is 242,000 acre-feet as provided in the 2014 ESR and any updates.
- i) In the preceding water year, because of the dry winter resulting in below normal replenishment water, groundwater levels in the WRD service area decreased on average 4 feet and 68,000 acre-feet were removed from storage. In the Montebello Forebay area alone, the average water level drop was nearly 13 feet. The 2014 ESR and any updates provide details of water levels and basin conditions.
- j) During the current water year, rainfall and stormwater recharge is below average and the State is in a condition of serious drought. Therefore, groundwater levels are expected to fall this year, especially in the Montebello Forebay area. The 2014 ESR and any updates provide details of water levels and basin conditions.
- k) The quantity of water that should be purchased by the District for the replenishment of the groundwater supplies of the District during the ensuing water year is 99,100 acre-feet, which includes 71,000 acre-feet at the spreading grounds and 28,100 acre-feet at the seawater barrier wells. Details of the calculations for these amounts are presented in the 2014 Engineering Survey and Report and any updates, and on Board decisions at the May 1, 2014 public meeting.
- l) The source and estimated cost of the water available for the replenishment described in Section (k) is presented in the 2014 ESR and any updates.

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- m) The estimated net costs of replenishing the groundwater supplies with the water so purchased are \$36,558,000. The derivation of this amount is described in the 2014 ESR, the 2014 Cost of Service Report, and any updates to these documents, and on Board decisions at the May 1, 2014 public meeting. The estimated rate of the replenishment assessment required to fund these purchases based on the anticipated pumping in the ensuing year described in Section (h) is \$151.07 per acre-foot of groundwater pumped.

The estimated additional costs to the District for its replenishment program costs, estimated capital costs, and other costs relating to accomplishing replenishment of the groundwater supplies, are \$26,675,165. The estimated rate of the replenishment assessment required to fund these costs based on the anticipated pumping in the ensuing year described in Section (h) is \$110.23 per acre-foot of groundwater pumped. A listing of the projects and programs and their intended objective – replenishment and/or clean water – is provided in the 2014 ESR and Cost of Service Reports, and any updates to these documents.

- n) It is not anticipated that additional replenishment funds need to be raised in the ensuing year for future replenishment water that should be purchased in the ensuing year but cannot be purchased due to an anticipated unavailability of replenishment water in the ensuing year.
- o) The estimated rate of the replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year for the purposes of accomplishing replenishment activities (replenishment water plus replenishment projects and programs) is \$261.29 per acre-foot.
- p) Contaminants should be removed from groundwater supplies during the ensuing fiscal year pursuant to the District's projects and programs described in the 2014 ESR and any updates, the April 3, 2014 Cost of Service Report and any updates, the District's capital improvement program, and the District's draft annual budget document. The estimated costs to the District for the groundwater quality program for the 2014-2015 fiscal year are estimated at \$5,246,245. The estimated additional rate of replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year for those purposes is \$21.68 per acre-foot.
- q) The programs for the removal of contaminants or other actions under Water Code § 60224 are multi-year programs.

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- r) The estimated amount of reserves on hand at the end of the fiscal year of 2014-2015 will not exceed the applicable limitations provided in Water Code Sections 60290 and 60291.
2. After accounting for other revenue, possible debt financing, or use of reserves, the estimated rate of the replenishment assessment required to be levied upon the production of groundwater from the groundwater supplies within the District during the ensuing fiscal year, 2014-2015, for the purpose of accomplishing such replenishment and water quality programs by the District is \$268.00 per acre-foot of yearly groundwater production. After accounting for the use of an estimated \$3,629,800 in other revenue, possible debt financing for capital improvement projects, and District reserve funds as necessary, said replenishment assessment will produce the approximate necessary funds to pay the following costs: \$251.98 per acre-foot for the cost of purchasing water, financing capital improvement projects and other costs relating to accomplishing groundwater replenishment, and \$16.02 per acre-foot for clean water programs. Of the \$251.98 per acre-foot allocated to accomplishing groundwater replenishment, \$34.49 per acre-foot is allocated to capital projects. Of the \$16.02 per acre-foot allocated to clean water programs, \$8.84 per acre-foot may be allocated to capital projects. General and administrative expenses of the District will be met on a pro tanto basis given each function's (replenishment and clean water) load factor on operations.
3. Prior to accounting for other revenue, possible debt financing, or use of reserves, the entire cost of purchasing water for replenishment for the ensuing fiscal year shall be paid for by the assessment identified in Section 2 above. The cost of removing contaminants from groundwater supplies and taking other actions authorized under Water Code § 60224 shall be paid for by the assessment identified in Section 2 above, from possible debt financing for capital improvement projects, and from reserve funds as necessary maintained in accordance with Water Code § 60290. The costs of those capital projects to be undertaken in the ensuing fiscal year, but for which no capital construction accounts have been established pursuant to Water Code § 60291, shall also be paid for by the reserve fund maintained in accordance with Water Code § 60290.
4. All of the estimated costs for the ensuing fiscal year for water replenishment programs and for groundwater quality programs by the District as found in Section 1 of this Resolution shall be paid for by a replenishment assessment levied pursuant to Water Code § 60317 and by the reserve fund maintained in accordance with Water Code § 60290. There is hereby levied on the production of groundwater from groundwater supplies within the District during the fiscal year commencing July 1, 2014, and ending June 30, 2015, a replenishment assessment in the amount of \$268.00 per acre-foot produced during said fiscal year.
5. This Replenishment Assessment complies with the California Environmental Quality Act ("CEQA"), based on any one of the following grounds:

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- (a) That the District's groundwater replenishment program is exempt from CEQA pursuant to CEQA Guidelines §15261(a), in that it is an ongoing project commencing at a date such that an environmental impact report has not been required, and the 2014-2015 program is part of that ongoing project.
 - (b) Funds generated by the RA will be used for (1) operating expenses, (2) financial reserve needs, (3) purchasing or leasing supplies, equipment and materials, and (4) funds for capital projects necessary to maintain service within existing service areas. That Finding is based on documents and information provided in the record of these proceedings, including but not limited to the annual Engineering Survey Report, the 2014 Cost of Service Report, the proposed 2014-2015 budget, and the staff's written reports and PowerPoint presentations to the Board. Further, the funds raised by the RA will not be used to expand the area or territory in which the District provides services or to fund capital projects that would expand the District's service area or system. Accordingly, the District finds that its adoption of Resolution No. 13-956 is exempt from CEQA pursuant to, among other bases, CEQA Section 20180(b) (8) and CEQA Guidelines 15261 and 15273, and the Board directs staff to file an appropriate Notice of Exemption.
 - (c) Notwithstanding the exemptions cited above, an Environmental Impact Report ("EIR") for the District's groundwater replenishment program was previously prepared and that EIR and program have been approved by the District's Board. Subsequent to the preparation of that EIR, the District prepared and certified a number of Mitigated Negative Declarations and Negative Declarations for various water quality and water supply projects (collectively, the "NDs"). The District has examined the imposition of a water replenishment assessment for the 2014-2015 fiscal year to determine whether an additional environmental document must be prepared. Based on this examination, the 2014 Engineering Survey and Report and all other evidence in the administrative record of the District's proceedings herein, the District concludes that: (1) the imposition of a water replenishment assessment for the 2014-2015 fiscal year would not have any effects that were not examined in the EIR and NDs; (2) pursuant to CEQA Guidelines §15162, no new effects would occur and no new mitigation measures would be required; and (3) the imposition of a water replenishment assessment for the 2014-2015 fiscal year is within the scope of the groundwater replenishment program covered by the EIR and NDs and such activity is adequately described in said EIR, and no new environmental document is required.
6. The Replenishment Assessment will be imposed on persons and entities that extract groundwater from the Central Basin and West Coast Basin. Extraction of groundwater from those Basins is governed by court judgments entered in 1962 and 1965 pursuant to groundwater adjudication lawsuits. Those judgments

granted certain parties an allocation to pump water based on prescriptive water rights and not based on any aspect of ownership of land overlying either Basin. Accordingly, since the pumping rights granted by the Judgments were based on prescriptive water rights, the parties do not pump the groundwater pursuant to any tenancy or fee interest in the overlying land or any rights that attach as a result of a tenancy or fee interest in overlying land. Further, neither of the Judgments for the Central and West Coast Basins included a determination of the amount or extent to which any party to said Judgment may extract groundwater from said basin without exceeding the natural safe yield of said basin.

7. The Replenishment Assessment is a charge for water basin management services provided by the District to persons exercising an allocation of pumping groundwater from adjudicated basins per a privilege granted under the court judgments referenced above. These services, which include water replenishment and water quality services, benefit those charged. All persons receiving the services or benefitting from the services by exercising pumping allocations are subject to the Replenishment Assessment. Services are not provided to those who are not charged the Replenishment Assessment and do not benefit those who are not charged the Replenishment Assessment. The amount of the Replenishment Assessment does not exceed the District's reasonable costs to provide services, confer benefits and/or grant privileges as described in this paragraph. Consequently, the Replenishment is not a "tax" within the meaning of Article XIII C, Section 1(e) of the California Constitution.
8. The Los Angeles County Superior Court has made an interlocutory ruling (but has not entered a final judgment) that the Replenishment Assessment is a "property-related fee" subject to the requirements of Article XIII D, Section 6 of the California Constitution. The District disagrees with the Court's ruling and will appeal it when a final judgment is entered. Subject to the District's reservation of rights to challenge on appeal the Court's ruling, the Board makes the following findings:
 - (a) Notice of the May 1, 2014 Public Hearing was mailed by the District to the holders of adjudicated pumping rights in the basins.
 - (b) The purpose of this mailing was to ensure that every adjudicated pumping rights holder in the basins was kept informed of the Replenishment Assessment proposal.
 - (c) Such notice contained all information required by Article XIII D, Section 6(a) (1) of the California Constitution.
 - (d) Such notice was mailed not less than 45 days prior to May 1, 2014.
 - (e) From the date such notice was mailed through the close of the public testimony portion of the May 1, 2014 Public Hearing, the District accepted written testimony and protests, all of which were entered into the record of

the Public Hearing and made available for inspection by the public and by members of the Board.

- (f) At the May 1, 2014 Public Hearing, the Board considered all written testimony and protests and heard oral comments from all who wished to speak regarding the proposed Replenishment Assessment.
- (g) The Board determines that written protests against the proposed Replenishment Assessment were not presented by a majority of adjudicated rights holders subject to the proposed Replenishment Assessment. The Board reaches this finding based on its examination of the protests.
- (h) The purpose of the Replenishment Assessment is to fund the District's water basin management services. These services are a package of services that make high quality water available to those exercising adjudicated pumping rights, and consist of: monitoring the level and quality of groundwater in the basins; purchasing and producing water needed to replenish the basins; preventing seawater contamination of the groundwater supply; funding replenishment operations; and other activities that make the basins a reliable and low-cost source of safe, high-quality water. Every activity of the District is a part of the water basin management services.
- (i) The rate of the Replenishment Assessment is such that proceeds of the Replenishment Assessment will not exceed the funds required to provide the water basin management services.
- (j) Revenues derived from the Replenishment Assessment will not be used for any purpose other than providing water basin management services.
- (k) The amount of the Replenishment Assessment imposed upon any parcel or person does not exceed the proportional cost of water basin management services attributable to that parcel or person.
- (l) No Replenishment Assessment is imposed upon any person who neither actually uses water basin management services nor has water basin management services immediately available to them.
- (m) Water basin management services are not a "general government service" that is available to the general public.
- (n) The Board finds that the memorandum dated April 3, 2014 from Robb Whitaker to the Board regarding "Cost of Service Report—Supplemental Information" (which is incorporated herein by reference) is true and correct.

- (o) The Board notes that, in addition to replenishment assessment proceeds, the District receives an allocation of ad valorem property tax revenues. Such revenues are not subject to the requirements of Article XIII D of the Constitution. It is the intent of the Board that the District's Grants and Sponsorship Program, memberships and dues, water education expenses, and other community programs, be funded from these property tax revenues.

[RECORD OF THE VOTE AND SIGNATURES ON FOLLOWING PAGE]

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PASSED, APPROVED AND ADOPTED THIS 1st day of May 2014 by the following vote:

AYES: 4
NOES: 0
ABSENT: 1
ABSTAIN: 0

WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA



Robert Katherman, President


ATTEST:



Albert Robles, Secretary

DATE May 1, 2014

APPROVED AS TO FORM:



H. Francisco Leal
District Counsel

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Table 1
GROUNDWATER CONDITIONS AND REPLENISHMENT SUMMARY

	WATER YEAR		
	Oct 1 - Sep 30		
	2012-2013	2013-2014 ^(a)	2014-2015 ^(a)
Total Groundwater Production	238,678 AF	240,000 AF	242,000 AF
Annual Overdraft	(153,000) AF	(119,800) AF	(96,800) AF
Accumulated Overdraft	(757,500) AF	(780,700) AF	
Quantity Required for Artificial Replenishment for the Ensuing Year			
Spreading			
	Imported for Spreading in Montebello Forebay		16,000 AF
	Recycled for Spreading in Montebello Forebay		55,000
	Subtotal Spreading		71,000
Injection			
	Alamitos Seawater Barrier Imported Water (WRD side only)		400
	Alamitos Seawater Barrier Recycled Water (WRD side only)		3,700
	Dominguez Gap Seawater Barrier Imported Water		3,500
	Dominguez Barrier Seawater Barrier Recycled Water		3,500
	West Coast Seawater Barrier Imported Water		0
	West Coast Seawater Barrier Recycled Water		17,000
	Subtotal Injection		28,100
In-lieu ^(b)			
	Subtotal In-lieu		-
	Total		99,100 AF

(a) Estimated values

(b) In-Lieu Program currently not established for ensuing year

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Table 2
QUANTITY AND COST OF REPLENISHMENT WATER FOR THE ENSUING WATER YEAR

		Item	Quantity (AF)	Total Cost				
Summary - All Water		Spreading - Tier 1 Untreated Imported	16,000	\$ 12,226,100				
		Spreading - Recycled	55,000	\$ 3,285,000				
		Alamitos Barrier - Imported	400	\$ 473,998				
		Alamitos Barrier - Recycled	3,700	\$ 373,700				
		Dominguez Barrier - Imported	3,500	\$ 4,227,118				
		Dominguez Barrier - Recycled	3,500	\$ 3,083,500				
		West Coast Barrier - Imported	0	\$ 338,064				
		West Coast Barrier - Recycled	17,000	\$ 12,550,500				
		In-Lieu MWD Member	0	\$ -				
		In-Lieu WBMWD Customer	0	\$ -				
	TOTAL	99,100	\$ 36,557,980					
Detailed Breakout of Water Costs and Surcharges to WRD								
		Item	Quantity	Oct-Dec	Jan-Jun	Jul-Sep	Melded	Total
Imported Water	CBMWD							
		MWD Untreated Tier 1 - Spreading (\$/af)	16,000	\$ 593	\$ 582	\$ 582	\$ 585	\$ 9,360,000
		MWD RTS (\$/af)	16,000	\$ 60	\$ 60	\$ 62	\$ 61	\$ 976,000
		CBMWD Administrative Surcharge (\$/af)	16,000	\$ 93	\$ 93	\$ 96	\$ 94	\$ 1,504,000
		CBMWD Water Service Charge (\$/cfs/month)	450	\$ 71	\$ 71	\$ 73	\$ 72	\$ 386,100
		Total to CBMWD						\$ 12,226,100
		LBWD						
		MWD Treated Tier 1 - Alamitos Barrier (\$/af)	400	\$ 890	\$ 925	\$ 925	\$ 916	\$ 366,400
		MWD Capacity Charge (\$/cfs/month)	6.8	\$ 717	\$ 742	\$ 742	\$ 736	\$ 59,998
		LBWD RTS (\$/af)	400	\$ 113	\$ 113	\$ 117	\$ 114	\$ 45,600
	LBWD Administrative Surcharge (\$/af)	400	\$ 5	\$ 5	\$ 5	\$ 5	\$ 2,000	
	Total to LBWD						\$ 473,998	
	WBMWD							
	MWD Treated Tier 1-DG/WC Barriers (\$/af)	3,500	\$ 890	\$ 925	\$ 925	\$ 916	\$ 3,206,000	
	MWD RTS (\$/af)	3,500	\$ 143	\$ 148	\$ 148	\$ 147	\$ 514,500	
	MWD Capacity Charge (\$/cfs/month)	46.8	\$ 550	\$ 569	\$ 569	\$ 564	\$ 316,742	
	WBMWD Administrative Surcharge (\$/af)	3,500	\$ 128	\$ 128	\$ 132	\$ 129	\$ 451,500	
	WBMWD Water Service Charge (\$/cfs/month)	130	\$ 48	\$ 48	\$ 50	\$ 49	\$ 76,440	
	Total to West Basin MWD						\$ 4,565,182	
	IN-LIEU							
	MWD Member Agency (\$/af)	0	-	-	-	-	No IL Program	
	WBMWD Member Agency (\$/af)	0	-	-	-	-	No IL Program	
	Total for In-Lieu Payments						\$ -	
Recycled Water	LADWP							
		Recycled Water for Dominguez Barrier (\$/af)	3,500	\$ 875	\$ 875	\$ 900	\$ 881	\$ 3,083,500
		Total to LADWP						\$ 3,083,500
		SDLAC						
		Tertiary Water - WN, SJC, Pomona (\$/af) ≤50k	50,000	\$ 36	\$ 36	\$ 40	\$ 37	\$ 1,850,000
		Tertiary Water - WN, SJC, Pomona (\$/af) >50k	5,000	\$ 284	\$ 284	\$ 294	\$ 287	\$ 1,435,000
		Total to SDLAC						\$ 3,285,000
		WBMWD						
		WBMWD Recycled Water Rate (S/af) ≤4,500	4,500	\$ 1,103	\$ 1,103	\$ 1,145	\$ 1,114	\$ 5,013,000
		WBMWD Recycled Water Rate (S/af) 4,500+	12,500	\$ 598	\$ 598	\$ 619	\$ 603	\$ 7,537,500
	Total to WBMWD						\$ 12,550,500	
	LBWD							
	Source Water for Vander Lans Plant (\$/af)	3,700	\$ 100	\$ 100	\$ 104	\$ 101	\$ 373,700	
	Total to WRD						\$ 373,700	
	TOTAL	99,100					\$ 36,557,980	

Table 3
WRD PROJECTS AND PROGRAMS

PROJECT / PROGRAM		DISTRICT FUNCTION	
		Replenishment	Clean Water
001	Leo J. Vander Lans Water Treatment Facility Project	100%	
002	Robert W. Goldsworthy Desalter Project		100%
004	Recycled Water Program	100%	
005	Groundwater Resources Planning Program	100%	
006	Groundwater Quality Program		100%
010	Geographic Information System	50%	50%
011	Regional Groundwater Monitoring Program	50%	50%
012	Safe Drinking Water Program		100%
018	Dominguez Gap Barrier Recycled Water Injection	100%	
023	Replenishment Operations (Spreading & Barriers)	100%	
025	Hydrogeology Program	50%	50%
033	Groundwater Resources Improvement Program (GRIP)	100%	0%
035	West Coast Seawater Barrier Monitoring Well Sampling	50%	50%

Glossary of Terms



2014 Art Competition winners at the Groundwater Festival with NBC 4 News Reporter Patrick Healy.

WRD's popular Educational Partnership Program provides students with information on the agency's role as the groundwater manager for the Central and West Coast Basins. Students get a lively classroom presentation on groundwater, participate in hands-on water projects, attend field trips, and enter essay and poster drawing contest.



Glossary of Terms

Acre-foot (af):	The volume of water necessary to cover one acre to a depth of one foot, equal to 325,900 gallons. An acre-foot is the amount of water used by two households in one year.
Aquifer:	The geologic formation of sand and gravel where groundwater is stored and can be easily pumped out by wells.
Condensation:	Stage of the water cycle when water transforms from gas into a vapor and becomes a suspended in the atmosphere, visually represented by clouds.
Conservation:	Not wasting, using something wisely
Contamination:	An impurity in air, soil or water that can cause harm to human health or the environment.
Desalination:	A process that converts seawater or brackish water to fresh water.
Discharge:	To expel; water that naturally moves from an aquifer to a surface stream or lake.
Drought:	An extended period of dry weather.
Evaporation:	State of the water cycle when water transforms from a liquid into a gas.
Groundwater:	Water under the ground's surface. It fills up the pore spaces (voids) between grains of gravel, sand, silt, or clay, and is a common source of water for drinking and irrigation.
Groundwater flow:	The movement of groundwater beneath the earth's surface.
Hydrologic cycle:	See "Water Cycle"
Imported water:	Water that the WRD purchases from the Colorado River or Northern California to put into the groundwater basins to supplement insufficient local rainfall.
Irrigation:	To supply water to crops, parks, golf courses and lawns.
Permeable:	Any material that allows water to penetrate through.
Precipitation:	Stage of the water cycle when water vapor molecules become too large and heavy to remain in the atmosphere and fall to the ground in the form of rain, snow, sleet, hail, etc.
Quality:	To be at a high degree of excellence; something that is good or well done.
Recharge:	To refill the groundwater basin by infiltrating rain water, imported water, or recycled water down into the aquifers.
Recycle:	To produce a new item from an old item; to reuse parts of
Recycled Water:	Water that has been collected after prior use, then highly treated at wastewater treatment plants so that it can be safely used again, such as for groundwater recharge.
Runoff:	Water that does not become absorbed by the earth but flows across the surface of the land into a stream or lake.
Saturation zone:	The area where water fills the spaces between soil, sand and rock underground.
Treatment:	The process in which water is cleaned and purified.
Water Cycle:	The never-ending movement of water through the atmosphere, ground and back again; also called the hydrologic cycle.
Water Table:	The top of the saturation zone.
Well:	A hole or shaft drilled into the earth to pump water to the surface.
Wheeling:	Use of conveyance facilities by parties other than the owner.
WRD:	The Water Replenishment District of Southern California, an agency responsible for managing two of the most utilized groundwater basins in Southern California . These basins, the Central and West Coast, extend 420 square-miles through southern Los Angeles County and are among the region's most reliable natural water resources.

List of Acronyms



Youth of South Gate area with 'Conservation is Cool' Program

WRD implemented its Water Conservation and Education Program in an effort to broaden water education throughout South Los Angeles County. WRD visited five Aquatic Centers in the summer to disseminate the "Conservation is Cool" Program that provides youth with information on groundwater and conservation tips.



List of Acronyms

ABAC	Audit and Budget Advisory Committee	CWF	Clean Water Fund
ACWA/JPIA	Association of California Water Agencies/Joint Power Insurance Authority	CWH	Council for Watershed Health
AF	Acre-Feet (equivalent to 325,851 gallons)	CWS	California Water Service Company
AFY	Acre-Feet per Year	CWSC	California Water Service Company
ARC	Annual Required Contribution	DGB	Dominguez Gap Barrier
AWTF	Advanced Water Treatment Facility	DTSC	California Department of Toxic Substances Control
AWWARF	American Water Works Association Research Foundation	DWR	Department of Water Resources
BDOC	Biodegradable dissolved organic carbon	EIR	Environmental Impact Report
BMP	Best Management Practice	EPA	U.S. Environmental Protection Agency
CAFA	Comprehensive Annual Financial Audit	ESR	Engineering Survey and Report
CAFR	Comprehensive Annual Financial Report	FDIC	Federal Deposit Insurance Corporation
CASGEM	California Statewide Groundwater Elevation Monitoring	FTE	Full-time Equivalent
CBWA	Central Basin Water Association	GASB	Government Accounting Standards Board
CBWCB	Central Basin and West Coast Basin	GFOA	Government Finance Officers Association
CCR	Consumer Confidence Report	GIS	Geographic Information System
CDIR	California Department of Industrial Relations	GPS	Global Positioning System
CDPH	California Department of Public Health	GLAC	Greater Los Angeles County
CDPW	California Department of Public Works	GRIP	Groundwater Reliability Improvement Program
CDWR	California Department of Water Resources	GSWC	Golden State Water Company
CEC	Constituents of Emerging Concern	GWAM	Groundwater Augmentation Model
CEQA	California Environmental Quality Act	IRWMP	Integrated Regional Water Management Plan
CERBT	California Employers' Retiree Benefit Trust	IS/MND	Initial Study/Mitigated Negative Declaration
CIP	Capital Improvement Program	JLAC	Joint Legislative Audit Committee
COP	Certificates of Participation	LABOS	Los Angeles Bureau of Sanitation
CPR	Common Pool Resource	LACDPW	Los Angeles County Department of Public Works (Flood Control)
CPRA	California Public Records Act	LACSD	Los Angeles County Sanitation Districts
CSDLAC	County Sanitation Districts of Los Angeles County	LACFCD	Los Angeles County Flood Control District
CSMFO	California Society of Municipal Finance Officers	LADWP	City of Los Angeles Department of Water and Power
		LAIF	Local Agency Investment Fund
		LAMS4	Los Angeles County Municipal Stormwater Permit

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LARWQCB	Los Angeles Regional Water Quality Control Board	RWQCB	LA California Regional Water Quality Control Board – Los Angeles
LAX	Los Angeles International Airport	SAT	Soil Aquifer Treatment
LBWD	City of Long Beach Water Department	SBPAT	Structural Best Management Practices Prioritization and Analysis Tool
LCP	Labor Compliance Program	SCWC	Southern California Water Committee
LEED	Leadership in Energy & Environmental Design	SDLAC	Sanitation Districts of Los Angeles County
LGCR	Local Government Compensation Report	SDWP	Safe Drinking Water Program
LRP	Local Resources Program	SGSG	San Gabriel Spreading Grounds
LUST	Leaking Underground Storage Tank	SJC	San Jose Creek
MAR	Managed Aquifer Recharge	SWRCB	State Water Resources Control Board
MF	Microfiltration	TAC	Technical Advisory Committee
MFI	Modified Fouling Index	TDS	Total Dissolved Solids
MFSG	Montebello Forebay Spreading Grounds	TITP	Terminal Island Treatment Plant
MGD	Million gallons per day	TLKEGP	The Lillian Kawasaki ECO Gardener Program
MISAC	Municipal Information Systems Association of California	TOC	Total organic compounds
MODFLOW	MODular three-dimensional finite-difference groundwater FLOW model	UCMR	Unregulated Contaminant Monitoring Rule
MOU	Memorandum of Understanding	USBR	United States Bureau of Reclamation
MWD	Metropolitan Water District of Southern California	USEPA	United States Environmental Protection Agency
NEPA	National Environmental Policy Act	USGS	United States Geological Survey
OCWD	Orange County Water District	UV	Ultraviolet
OPEB	Other Post Employment Benefits	VOC	Volatile organic compound
PEIR	Programmatic Environmental Impact Report	WAS	Water Augmentation Study
PLA	Project Labor Agreement	WBMWD	West Basin Municipal Water District
PPA	Projects, Programs, Administration	WBWA	West Basin Water Association
RA	Replenishment Assessment	WEFTEC	Water Environment Federation Technical Exhibition and Conference
RF	Replenishment Fund	WIN	Water Independence Now Program
RFP	Request for Proposal	WN	Whittier Narrows
RFQ	Request for Quote	WPRSF	Water Purchase and Rate Stabilization Fund
RHSG	Rio Hondo Spreading Grounds	WRD	Water Replenishment District of Southern California
RO	Reverse-osmosis	WRP	Water Reclamation Plant
RTS	Readiness-to-Serve	WRR	Water Reclamation Requirements

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