

**Item 8-2**  
**Proposed 2009/10 Budget**

**Business and Finance Committee**  
**April 13, 2009**

# 2009/10 Process

- **Dec 12** : Budget and preliminary rates & charges first presented to Member Agency Managers
- **Dec 30** : Initial budget letter transmitted to the Board
- **Jan 6** : Board budget workshop #1
- **Jan 9** : Initial review of revenue requirements; Board sets date for public hearing
- **Feb 12** : Board review of proposed budget and rates
- **Feb 24** : Board budget workshop #2
- **Mar 9** : Public Hearing on rates & charges
- **Mar 24** : Board budget workshop #3
- **Apr 14** : Board considers proposed 2009/10 budget and recommended rates & charges

# Evolution of 2009/10 Budget

- January expenditure proposal – \$1.84 billion
- Proposed budget expenditures – \$1.80 billion
  - Water sales reduced to 1.9 MAF
  - Reduced power to move water through SWP
  - Reduced Departmental O&M
  - Reduced demand management
  - Reduced Pay-as-you-go funding of Capital program
- Proposed budget \$70.3 million lower than 2008/09
- \$88M to be drawn from reserves in 2009/10 \*
  - Draws from reserves of \$45.3 million in 2008/09

\* Assumes 19.7% rate increase on September 1, 2009

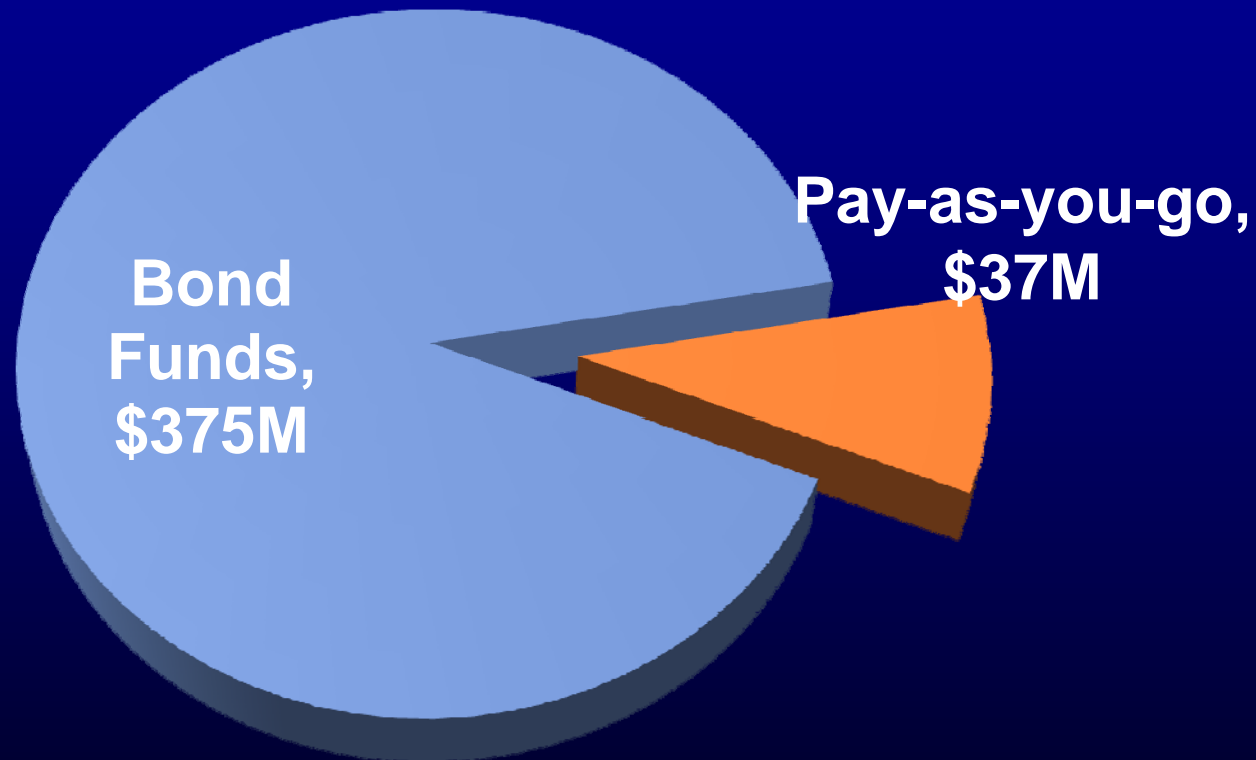
# Expenditures

## 2009/10 Proposed Budget

Millions of Dollars	2007/08 Actual	2008/09 Budget	2008/09 Projected	2009/10 Budget	2009/10 Budget Compared to 2008/09 Budget
State Water Contract	\$464.3	\$488.6	\$413.2	\$478.8	\$ (9.8)
Supply Programs	71.9	147.2	80.6	125.5	(21.7)
Colorado River Power	18.9	45.9	40.0	49.8	3.8
Debt Service	272.9	313.8	281.9	330.7	17.0
Demand Management	49.3	53.7	76.4	59.8	6.2
O&M	351.1	349.0	352.0	340.9	(8.2)
<b>Subtotal Expenditures</b>	<b>\$1,228.4</b>	<b>\$1,398.2</b>	<b>\$1,244.0</b>	<b>\$1,385.5</b>	<b>\$(12.7)</b>
CIP	419.4	468.9	399.7	412.1	(56.8)
<b>Total Expenditures</b>	<b>\$1,647.8</b>	<b>\$1,867.0</b>	<b>\$1,643.7</b>	<b>\$1,796.7</b>	<b>\$(70.3)</b>

Totals may not foot due to rounding.

# Funding the \$412M Capital Program 2009/10 Proposed Budget



**Pay-as-you-go funding in 2008/09 = \$30 million.**

# Receipts

## 2009/10 Proposed Budget

Millions of Dollars	2007/08 Actual	2008/09 Budget	2008/09 Projected	2009/10 Budget	2009/10 Budget Compared to 2008/09 Budget
Water Sales	\$967.8	\$1,022.1	\$976.0	\$1078.6	\$56.5
Taxes & Annexation	100.4	96.9	96.8	91.4	(5.4)
Fixed Charges	114.0	119.7	119.7	136.3	16.7
Interest	64.9	43.0	33.2	34.2	(8.8)
Power & Misc	48.2	42.3	31.5	32.9	(9.5)
<b>Subtotal Receipts</b>	<b>\$1,295.3</b>	<b>\$1,324.0</b>	<b>\$1,257.2</b>	<b>\$1,373.5</b>	<b>\$ 49.5</b>

Totals may not foot due to rounding.

# Key Assumptions

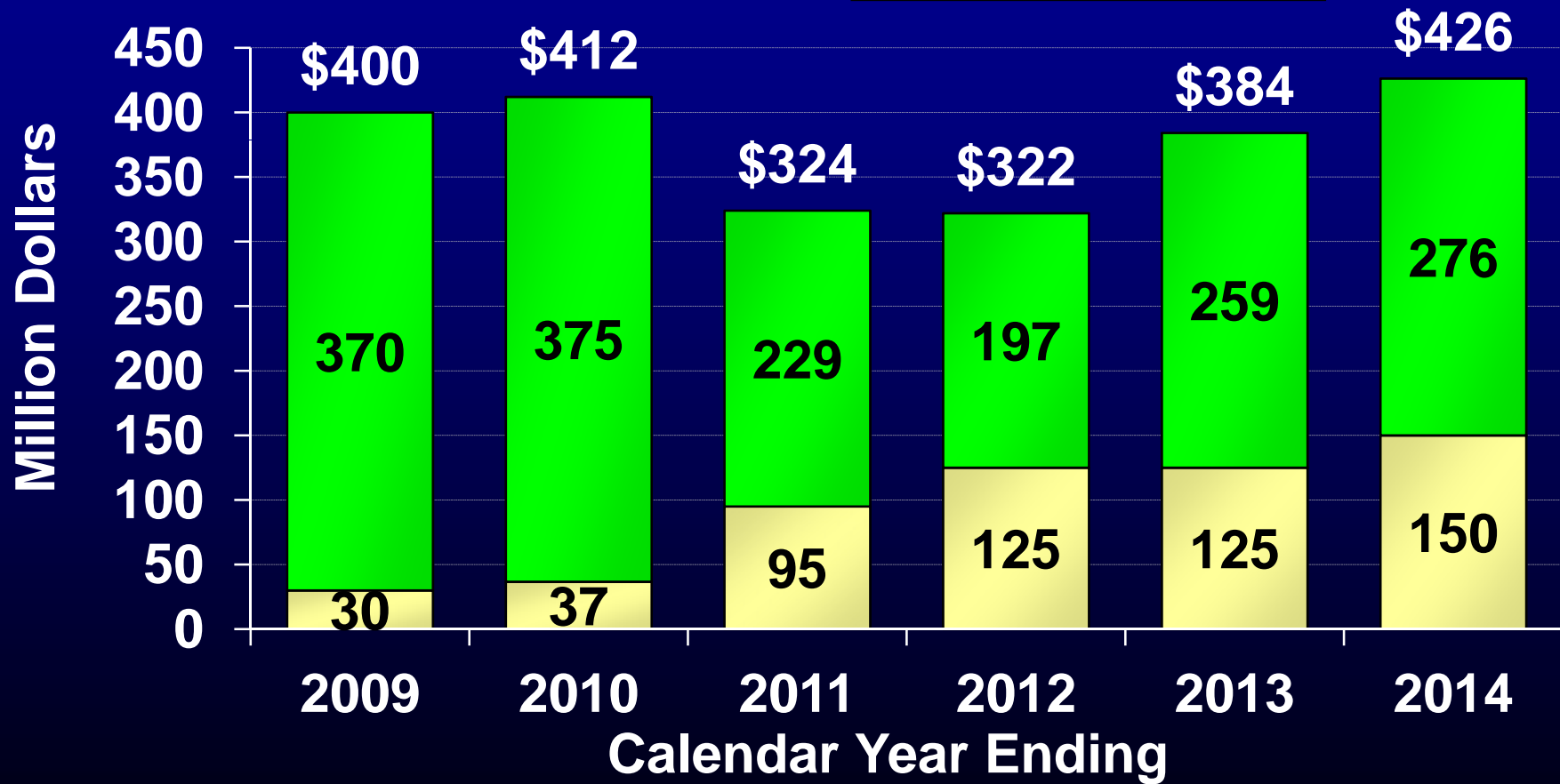
## Five Year Forecast - 2009/10 to 2013/14

- **Rate increases**
  - 19.7% on September 1, 2009
  - 21.5% on January 1, 2011
- **Water Sales**
  - 1.9 MAF in 2009/10 and 2010/11
  - 2.0 MAF in 2011/12 and beyond.
- **CRA diversions average 1.0 MAF / year**
- **SWP deliveries increase 100 TAF in 2011 based on interim Delta improvements**
- **Department O&M increases**

# Projected CIP Financing 2009/10 Proposed Budget

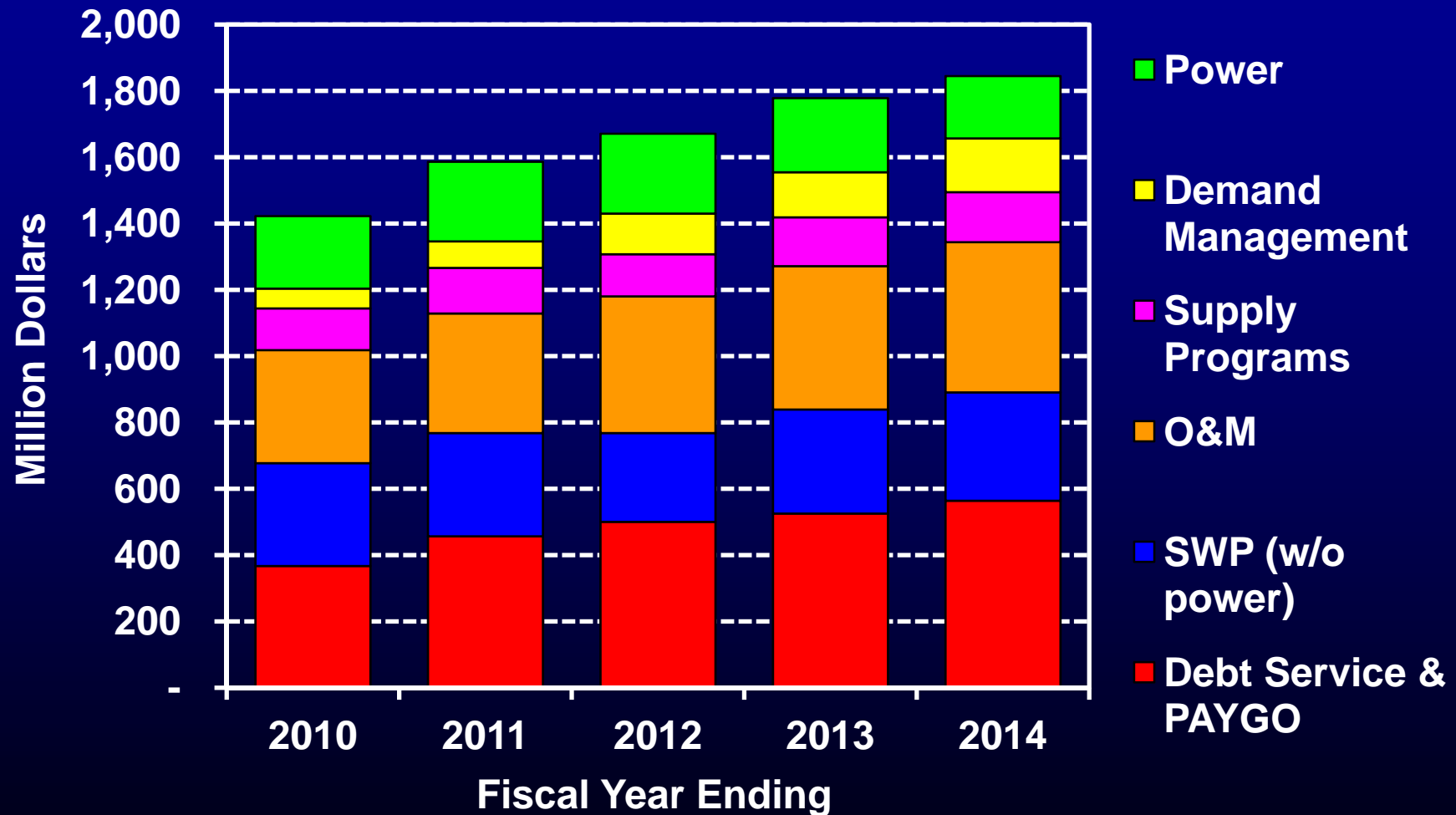
■ Bonds  
■ PAYGO

**25% Cumulative  
PAYGO**



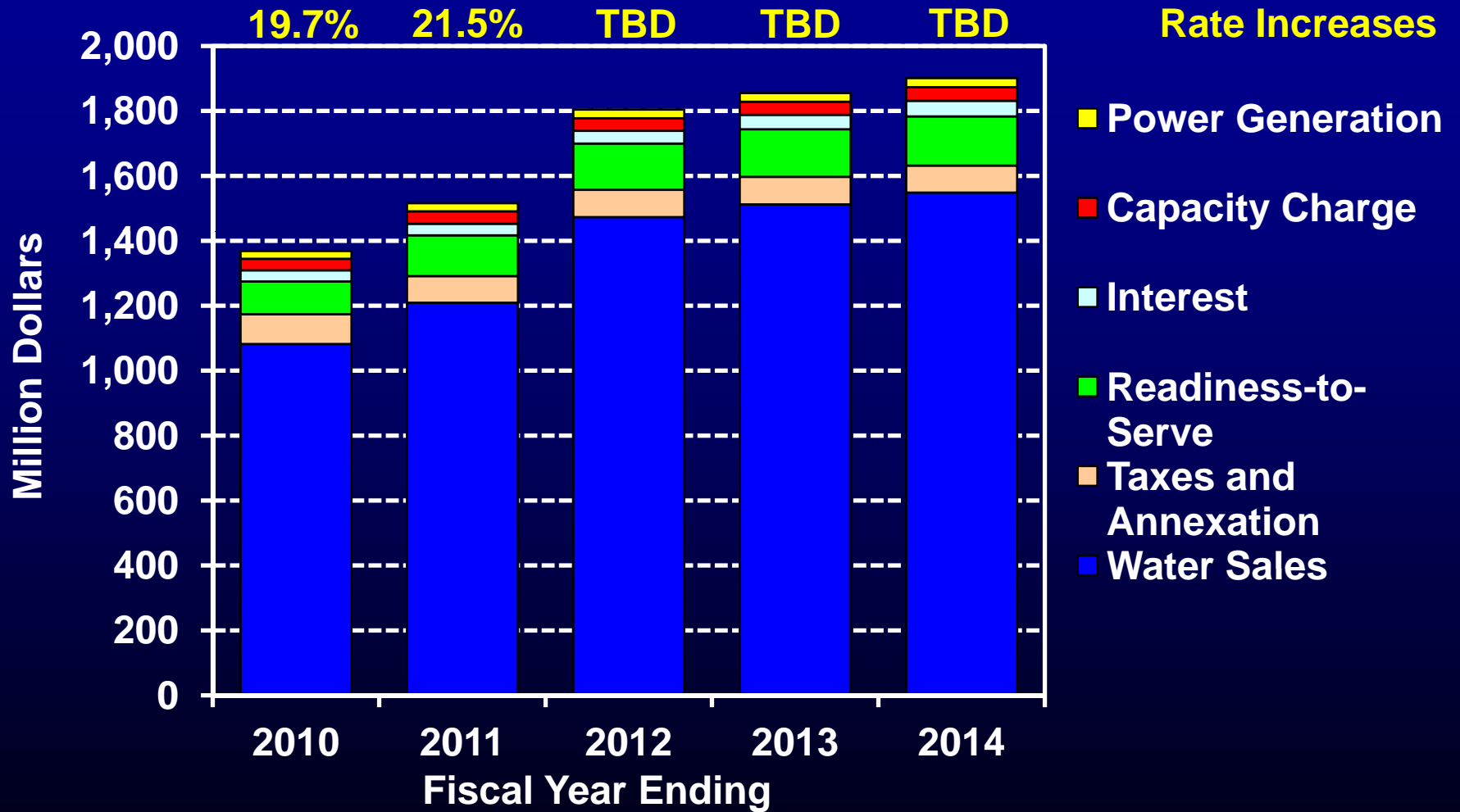


# Five-Year Forecast Expenditure Trend



# Five-Year Forecast

## Revenue Forecast



# 2009/10 Budget Summary

- 1.9 million acre-feet total sales
- \$1.8 billion total expenditure budget
  - \$412 million for CIP
- \$70 million decrease in expenditures compared to 2008/09 budget
- Delta Supply Surcharge of \$69 per acre-foot
- Overall increase in water rates and charges of 19.7%
- \$88 million use of Reserve Funds

# Board Budget Options and Recommendation

- **Option #1 – Adopt CEQA determination and**
  - **Approve the 2009/10 Budget;**
  - **Appropriate \$1.05 billion for the projected annual cash outlays for O&M, operating equipment, CRA power costs, SWP cost, and demand management and supply programs;**
  - **Appropriate as continuing appropriations, \$330.7 million for 2008/09 debt service;**
  - **Authorize the use of \$36.7 million in operating revenues to fund R&R and General Fund construction during 2009/10; and**
  - **Authorize the use of \$30 million in operating revenues to fund R&R and General Fund construction during 2008/09.**

# Board Budget Options and Recommendation (cont.)

- **Option #2 – Adopt CEQA determination and**
  - **Approve the 2009/10 Budget with changes as recommended by the Board**
  
- **Recommendation – Option #1**