OVERVIEW OF THE CASTAIC LAKE WATER AGENCY

History and Reporting Entity

The Castaic Lake Water Agency (Agency) was organized as the Upper Santa Clara Valley Water Agency on April 20, 1962 by passage of Assembly Bill No. 26, Chapter 28, California Statutes of 1962 to contract with the State of California for the delivery of a portion of the water to be brought over the Tehachapi Mountains from the Sacramento-San Joaquin Delta through the State Water Resources Development System. In 1970, the name of the Upper Santa Clara Valley Water Agency was changed to the Castaic Lake Water Agency.

The Agency was formed to bring a supplemental water supply to its service area from the State Water Resources Development System, more commonly known as the "State Water Project", and provide the necessary treatment and conveyance facilities to treat and deliver this water. On April 30, 1963, the Agency entered into an agreement with the State acting by and through its Department of Water Resources (DWR) for an original contract amount of 41,500 acre-feet (AF) of water per year (AFY) from the system. The Agency increased the contract amount by 12,700 AFY in 1991 by acquiring the Devil's Den Water District (see additional discussion below). It also purchased an additional 41,000 AFY of contract amount from the Kern County Water Agency and the Wheeler Ridge-Maricopa Water Storage District in March 1999. The Agency's current contract amount is 95,200 AFY.

The Agency Law was amended in 1986 by the enactment of Chapter 832, California Statutes of 1986 (the "1986 Amendment"), which enhanced the Agency's ability to provide for water use planning and the financing of additional water facilities for its wholesale service area. Among the provisions of the 1986 Amendment was the expansion of the Board of Directors to eleven members and the authorization to establish and impose Developer Impact Fees and a water standby charge (not yet utilized).

The reporting entity "Castaic Lake Water Agency" also includes the accounts of the Castaic Lake Water Agency Financing Corporation (the Corporation). Although legally separate, the Agency exercises oversight responsibility over the Corporation. The Corporation was formed in 1990 to issue Certificates of Participation (COPs).

On October 25, 1988, the Agency purchased land and equipment owned by Producers Cotton Oil Company. Of the 8,459 acres of land purchased in Kern and Kings Counties, approximately 7,759 acres are within the Devil's Den Water District. The District encompasses 8,676 acres. The land is being leased to an outside party by the Agency under terms of an operating lease agreement.

On September 3, 1999, the Agency purchased the stock of the Santa Clarita Water Company by investing $63 million into the Company. This investment is being repaid over a 30-year period at a 4.23% interest rate (changed from 5.04% in January 2011).

On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 acre-feet (AF) of water supply per year for a 30-year period.

Mission Statement

The Agency's mission is:

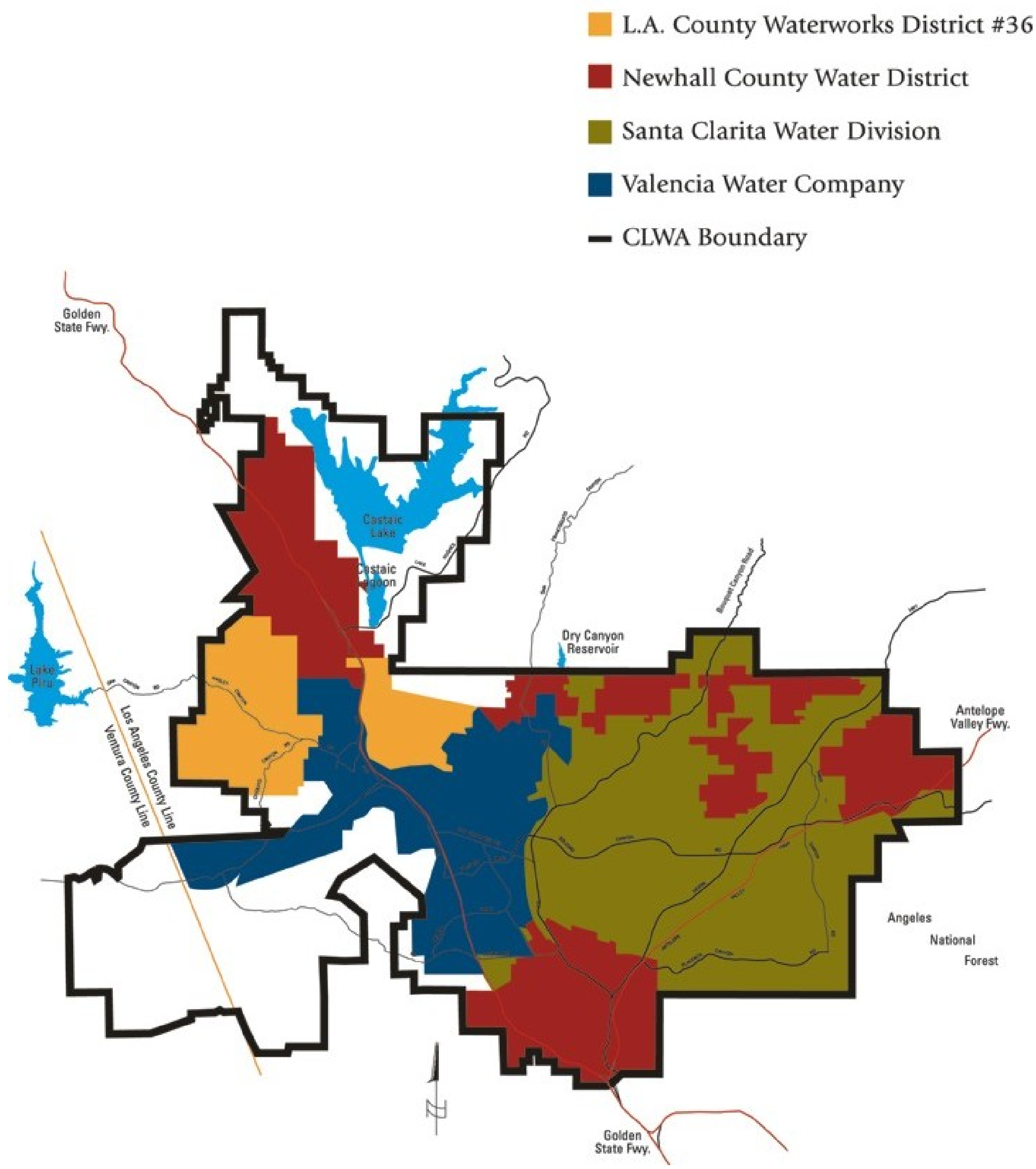
"Providing Reliable, Quality Water at a Reasonable Cost to the Santa Clarita Valley"

To fulfill this mission, the Agency has developed a capital improvement plan which is designed to increase the valley's overall water supply reliability by (1) acquiring and developing additional sources and (2) participating in a variety of water banking, storage and conjunctive use projects.

The Agency and its Service Area

The Agency is located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles. The Agency's wholesale service area has a population of approximately 287,000 and covers an area of approximately 195 square miles or 124,000 acres. The majority of the service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the Upper Santa Clara River. Approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita and other nearby communities.

Castaic Lake Water Agency Service Area



The Agency provides supplemental wholesale water to four local retail water purveyors – CLWA Santa Clarita Water Division (SCWD), Los Angeles County Waterworks District No. 36, Newhall County Water District (NCWD) and the Valencia Water Company. During FY 2011/12, it is estimated that a total of 39,700 acre-feet of water will be provided by the Agency's supplemental water, as follows:

Retail Water Purveyor	Acre-feet
CLWA Santa Clarita Water Division	**17,400**
Valencia Water Company	**16,700**
Newhall County Water District	**5,000**
L.A. County Waterworks District #36	**600**
Total Deliveries to Purveyors	**39,700**

It is estimated that 4,100 acre-feet of water will be provided to SCWD and NCWD from the Saugus 1 and 2 wells which were be placed into service in January 2011. These wells provide replacement water for other wells shut down due to perchlorate contamination. Of the remainder, 35,300 acre-feet of water will be imported water and 300 acre feet will be recycled water.

The Agency began recycled water sales during FY 2003/04. Sales are approximately 300 AF per year. Recycled water is sold to the Valencia Water Company to provide service for the golf course and median landscaping in the Westridge area. Expansion of the recycled water system is underway, and it is anticipated more recycled water will start being sold in FY 2013/14.

As of December 31, 2010, the retail water purveyors served about 69,000 connections, as follows:

Retail Water Purveyor	Connections
CLWA Santa Clarita Water Division	**28,904**
L.A. County Waterworks District #36	**1,332**
Newhall County Water District	**9,637**
Valencia Water Company	**30,080**
Total Connections	**69,047**

As previously discussed, in September 1999, the Agency acquired the stock of the Santa Clarita Water Company. The Santa Clarita Water Division (SCWD) of the Agency operates the retail water system and is accounted for as a separate enterprise fund of the Agency. SCWD prepares an independent Budget and Strategic Plan. SCWD serves over 28,000 connections in a service area of approximately 56 square miles with a population of approximately 124,200. SCWD has 51 full-time employees.

Facilities

The Agency owns and operates water conveyance pipelines and water treatment facilities to supply water delivered from the State Water Project (SWP) to the four retail purveyors within its service area. DWR transports water via the California Aqueduct to Castaic Lake and releases water to the Agency through the outlet tower at Castaic Lake. The reservoir is a multiple use reservoir that is the terminal point of the West Branch of the California Aqueduct, and stores approximately 320,000 acre-feet of water. The Agency's major facilities consist of the Earl Schmidt Intake Pump Station (ESIPS), the Earl Schmidt Filtration Plant (ESFP), the Rio Vista Intake Pump Station (RVIPS), the Rio Vista Water Treatment Plant (RVWTP), the Sand Canyon Pump Station (SCPS), the Sand Canyon Reservoir (SCR), the Perchlorate Treatment facility and a system of pipelines and ancillary facilities which convey treated water to the four retail purveyors.

The Agency's major facilities are described in more detail as follows:

- Intake Piping – The ESFP receives water from a connection to the State Water Project's 60-inch diameter outlet conduit from the Castaic Reservoir. A 54-inch diameter conduit extends from the State's outlet conduit to the ESIPS. At the ESIPS there are 54 inch and 42 inch diameter pump suction headers.

- ESIPS – The Earl Schmidt Intake Pump Station is located near the shore of the afterbay below Castaic Dam located at the southern end of Castaic Reservoir. The pump station consists of five vertical turbine pumps rated at 6 mgd each and two vertical turbine pumps rated at 14 mgd each. The pumping units are used when the water level in the reservoir falls below the elevation necessary to permit gravity flow of water from the reservoir to the filtration plant. The pump station can deliver at least 56 mgd to the Earl Schmidt Filtration Plant.

- ESFP – The Earl Schmidt Filtration Plant, located at the southern end of the Castaic Reservoir, treats State Water Project water for domestic uses. The ESFP was completed in 1980 with an original capacity of 12.5 mgd and was expanded to a capacity of 25 mgd in 1988. In 2001, the ESFP was re-rated at 33.6 mgd. In 2005, the ESFP was expanded to 56 mgd. The treatment process includes ozonation, coagulation, contact clarification, and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered, treated and returned to the headworks. The ESFP also includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two steel tanks provide a total of ten million gallons of treated water storage.

- RVIPS – The Rio Vista Intake Pump Station pumps water from the Metropolitan Water District (MWD) Foothill Feeder to the Rio Vista Water Treatment Plant via a 102-inch diameter raw water pipeline.

- RVWTP – The Rio Vista Water Treatment Plant is located in the City of Santa Clarita and treats water for domestic uses. Its current capacity is 30 mgd; however, the site has sufficient land area for a treatment plant with an ultimate capacity of 120 mgd. The plant is currently being expanded to 66 mgd. The treatment process technology includes ozonation, coagulation, contact clarification and filtration through anthracite filters. Chloramination occurs after treatment. Wash water is recovered and returned to the headworks. The RVWTP includes sludge drying facilities, an air-water filter backwash system, and facilities for chemical application of coagulants, disinfectants, pH control, and taste and odor control. Two clearwell reservoirs provide a total of 30 million gallons of treated water storage.

  The RVWTP site includes the seven-acre Water Conservatory Garden and Learning Center. The purpose of this facility is to inform and educate Santa Clarita Valley residents about the source and treatment of their water supply, as well as means to conserve this precious resource. The Garden and other water education programs of the Agency have received numerous awards, honors and grants from the American Water Works Association, the Association of California Water Agencies and the California Department of Education, among others.

- Outlet Piping and Water Distribution Systems – The Agency maintains a network of transmission pipelines, pump stations and reservoirs that conveys treated water from the ESFP and RVWTP.

  The Castaic Conduit serves as the pipeline connection between ESFP and RVWTP. It also serves as one of the main pipelines for conveying treated water to the retail purveyors through a series of turnouts and laterals.

  The portion of the Castaic Conduit between the SWP outlets works and the ESIPS has a normal design capacity of 67 mgd. Downstream of ESFP, the Castaic Conduit was designed with a nominal capacity of 51 mgd along the length of the 54-inch diameter pipeline, which extends approximately five miles southeast through the center of the Agency's service area, eventually transitioning to a 39-inch diameter pipeline with a design capacity of 27 mgd, where it connects with the Honby and Newhall Laterals which, in turn, provide water to the retail purveyors. Approximately two miles of 84-inch pipeline with a nominal capacity of 124 mgd connect the RVWTP to the 39-inch diameter pipeline.

  The Newhall Parallel connects to the 84-inch treated water pipeline and provides additional water to the southern portion of Valencia. The Newhall Parallel begins as a 54-inch pipeline and reduces to a 24-inch pipeline. Additionally, the Agency has constructed three phases of the Magic Mountain Pipeline, a 42-inch pipeline that connects to the Newhall Parallel and will provide water to the western portion of the Agency's area.

The Agency delivers water to the retail purveyors through 25 turnouts, as follows: CLWA Santa Clarita Water Division – 12, Los Angeles County Waterworks District #36 – 2, Newhall County Water District – 4 and Valencia Water Company – 7.

- Recycled Water System – The Agency distributes recycled water from the Los Angeles County Sanitation Districts. The facilities include a 24-inch recycled water pipeline that runs from the Valencia Water Reclamation Plant south to the TPC at Valencia golf course, as well as a recycled water reservoir located near the golf course.

- Sand Canyon Pipeline System – The Sand Canyon System consists of a booster pump station, pipeline and reservoir to convey imported water from the end of the existing Honby Lateral to the southern Sand Canyon area. The reservoir also provides emergency storage. The 48-inch pipeline is approximately five miles in length and delivers water to retail purveyors through six turnouts. The Sand Canyon Pump Station has a capacity of 30,000 gallons per minute (gpm). The Sand Canyon Reservoir can store up to 7 million gallons of water.

- Perchlorate Treatment and Distributions Systems – In 1997 four production wells in the Saugus Formation were found to be contaminated with perchlorate (a chemical used in the manufacture of solid rocket propellants, munitions and fireworks). Two additional production wells in the alluvial aquifer tested positive for perchlorate in 2002 and 2005. Beginning in 2007 the Agency rehabilitated Saugus 1 and 2 wells and constructed a perchlorate treatment facility and distribution pipelines. The treatment facility, which includes an ion exchange process located at the RVIPS, was placed into service in early 2011. Returning the Saugus 1 and 2 wells to service restored lost capacity and helps contain groundwater contamination emanating from the contaminated sites.

- Groundwater Banking Programs – The Agency has three groundwater banking accounts in two separate programs. Two accounts are in the Semitropic Water Storage Districts Groundwater Banking Program. These accounts are currently short-term, ten-year accounts. One account was initiated in 2002 and contains a balance of 16,650 acre-feet of excess State Water Project Table A amount that must be delivered to the Agency (or another Agency groundwater account) prior to the end of 2012. The other account was initiated in 2003 and contains 29,270 acre-feet of excess State Water Project Table A amount that must be delivered to the Agency (or another Agency groundwater account) prior to the end of 2013. At this time, the Agency has completed environmental review to extend each of the programs for an additional ten years, to 2022 and 2023, respectively. For both accounts, the Agency anticipates using the banked water prior to 2022 and 2023, respectively, and 4,950 AF was extracted from the first account during FY 2009/10. The Agency anticipates that if such water is not used, it will be transferred to another groundwater banking program prior to the expiration dates in 2022 and 2023. Withdrawals of water from the accounts in a given year may be limited by hydrology and the demands of other Program participants.

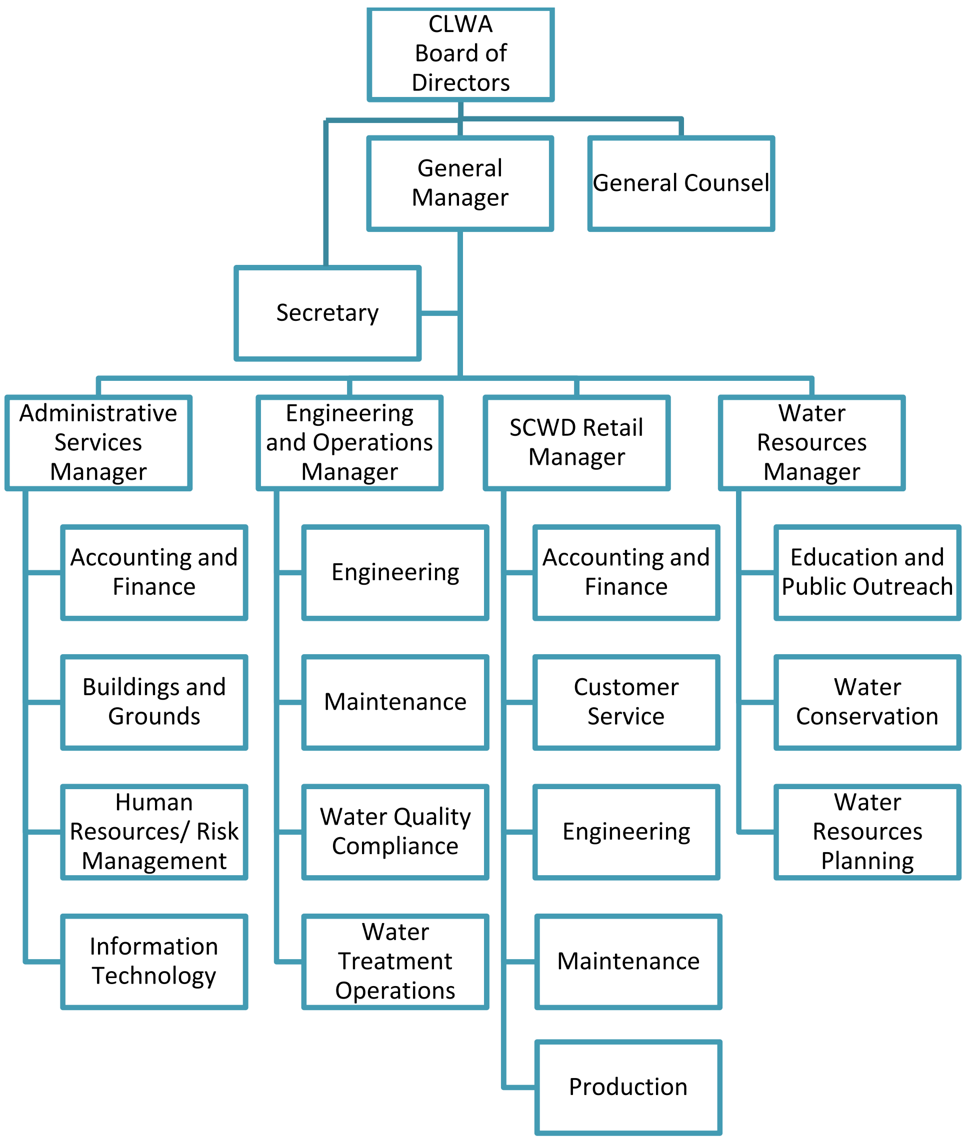
  In September 2005 the Agency initiated participation in the Rosedale-Rio Bravo Water Storage District Groundwater Banking Program.   This program allows the storage of 20,000 acre-feet annually of the Agency's State Water Project Table A amount or other State Water Project supplies, and has a contract term through 2035, renewable according to the terms of the Agency's water supply contract with Department of Water Resources. As of March 31, 2009, the program holds an available balance of 100,000 acre-feet (the maximum available to the Agency).

Governance

The Agency is divided into three elective divisions. The governing board is made up of two directors from each division, two directors at large, and one director appointed by three of the retail water purveyors (Valencia Water Company, Newhall County Water District and Los Angeles County Waterworks District #36). At June 30, 2011, the Agency's governing board consisted of the following individuals:

Director	Division	Term Expires
Thomas Campbell, President	At Large	January 2015
William Cooper, Vice-President	At Large	January 2013
Ed Colley	1	January 2015
R.J. Kelly	1	January 2013
Peter Kavounas	2	January 2015
E.G. “Jerry” Gladbach	2	January 2013
Jacque McMillan	3	January 2015
William Pecsi	3	January 2013
Dean Efstathiou	L.A. County WWD #36	January 2015
B.J. Atkins	NCWD	January 2013
Keith Abercrombie	VWC	January 2013

ORGANIZATION CHART



Revenue Sources

The Agency's major revenue sources are as follows:

- Water Sales – The Agency bills its four retail purveyors monthly for water purchased from the Castaic Lake Water Agency (see discussion of the wholesale water rate in Revenue section for more detail). The Agency also charges its tenant farmer for water used at the Devil's Den Ranch. In FY 2003/04, the Agency began selling recycled water.

- Facility Capacity Fees – The Agency reviews and establishes its facility capacity fee rates on a regular basis through a public hearing process. These fees are paid to the Agency directly by developers or property owners within the Wholesale Service Area shortly before the issuance of building permits by the County of Los Angeles and the City of Santa Clarita. Facility Capacity Fee Revenues are used to pay future users share of the Agency's Debt.

- One Percent Property Tax Revenues – The Counties of Los Angeles and Ventura levy a one percent property tax on behalf of all taxing agencies in the County, including the Agency. The taxes are allocated to the taxing agencies within the County on the basis of a formula established by State Law enacted in 1979 and modified from time to time. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (due to new construction, change of ownership, or a 2% allowance allowed under Article XIIIA of the State Constitution) prorated among the jurisdictions which serve the tax rate area within which the growth occurs.

  In general, these funds are allocated to debt service and capital improvement projects for existing users, as well as to core non-SWP supplies. During a three-year period from January 1, 2007 through December 31, 2009, these funds were also used for rate stabilization.

  In August 2009, the Board adopted a rate structure for calendar years 2010, 2011 and 2012 that is designed to recover operating costs. The rates that have been established are as follows: $400/AF effective January 1, 2010, $478/AF effective January 1, 2011 (including $20/AF designated for operating reserves) and $507/AF effective January 1, 2012 (including $20/AF designated for operating reserves).

- Agency-Set Property Tax Revenues – The Counties of Los Angeles and Ventura also levy for the Agency a special tax rate to pay for the Agency's share of payments to the State of California Department of Water Resources for its fixed and variable and related charges. These revenues, and the interest earned thereon, is restricted to pay only these specific payments.

All revenues of the Agency, except the Agency-set tax revenues and corresponding interest, are irrevocably pledged to the payment of Debt.

Financial Policies

The Agency's Financial Policies include the Reserve Policy, the Investment Policy, the Debt Management Policy, the Interest Rate Swap Policy, the Governmental Fund Balance Classification Policy and the Purchasing Policy. These policies are included in the Appendices.

Reserve Policy

Through FY 2009/10, the Agency's reserve policy has been to set aside as "reserves" an amount equal to three times the annual (fiscal year) COP debt obligation, less the amount held by Trustees. In FY 2009/10, this amount was approximately $59.6 million. Beginning in FY 2010/11, the Agency began implementing new reserve policies intended to maintain at least the same amount of reserves, but also make the policies more specific. The new reserve policies include:

1. Operating Reserves of three months of operating expenditures
2. Debt Service Reserves of annual debt service less restricted debt service reserve funds

3. Capital Reserves of one year of the current pay-as-you-go capital improvement program plus 40% of the next fiscal year program
4. Reserves for Economic Uncertainties and Catastrophic Situations, equal to 700 days of operating expenditures less the Operating Reserves.

Investment Policy

The Board of Directors annually adopts an Investment Policy that conforms to California State Law, Agency ordinances and resolutions, prudent money management and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity and yield. Agency funds are normally invested in the State Treasurer's Local Agency Investment Fund, the Los Angeles County Pooled Investment Fund, Certificates of Deposit, Government Agency Obligations or other specifically authorized investments.

Debt Management Policy

The Agency's Debt Management Policy includes the Agency's written guidelines and restrictions that affect the amount and type of debt issued, the issuance process and the management of the debt portfolio. The policy is designed to provide justification for the structure of debt issuance, identify policy goals and demonstrate a commitment to long-term financial planning. The Interest Rate Swap Policy and the Build America Bonds Compliance Policy supplement the Debt Management Policy.

Governmental Fund Balance Policy

In May 2011, the Agency adopted a fund balance policy based on the published Government Accounting Standards Board (GASB) Statement No. 54, which established accounting and financial reporting standards for all governments that report governmental funds. This statement divides the fund balance into five classifications: (1) non-spendable, (2) restricted, (3) committed, (4) assigned, and (5) unassigned. The new governmental fund balance policy will be reflected in the FY 2010/11 Comprehensive Annual Financial Report (CAFR).

Purchasing Policy

The Board of Directors has adopted a Purchasing Policy which provides uniform procedures for acquiring equipment, goods and services for the Agency. Improvements or units of construction work are subject to the competitive bidding requirements of Public Contract Code, section 21530 et seq.

<u>Long-Term Commitments</u>

The following is a description of the Agency's long-term debt, State Water Contract and other obligations:

Certificates of Participation (COPs) – COPs have been issued to finance the Agency's Capital Program. Future users' share of the debt service is funded from Facility Capacity Fees. Existing users' share is funded from One Percent Property Tax revenues. The following is a summary of the four issues to date. Additional information is provided in the Long-Term Commitments section of the budget.

<u>1994, 2004 COPs and 2008A COPs</u>
On June 1, 1990, $132 million of certificates of participation were executed and delivered to provide funds to acquire and construct the Rio Vista Water Treatment Plant and related facilities. On August 31, 1994, $124.6 million of certificates of participation were executed and delivered to provide funds to advance refund all 1990 certificates. On May 5, 2004, the Agency refunded $28,475,000 of the 1994 certificates (2004 Series A). On June 10, 2004, the Agency refunded $37,350,000 of the 1994 certificates and concurrently entered into a variable to fixed swap agreement for $40,000,000 (2004 Series B). The unrefunded 1994 COP's totaled $40,565,000 after the refunding. On May 9, 2008, the Agency refunded all of the 2004B certificates (2008 Series A); the swap agreement remains in effect for the 2008A certificates.

The Certificates are payable by installment payments according to their respective Installment Agreements. Interest is payable semi-annually August 1 and February 1, and principal is due annually on August 1. The remaining balance after FY 2010/11 payments is $77,325,000 as follows: $18,105,000 unrefunded (Series 1994); $20,670,000 for 2004 Series A; and $38,550,000 for 2008 Series A. Estimated payments totaling $10,115,890 are due during FY 2011/12. Approximately $7.9 million in payments will be from Facility Capacity Fee Revenues and $2.2 million from one percent property tax revenues. The payments are estimated because the 2008 Series A certificates are covered by the swap agreement, and interest rates will vary throughout the year.

<u>1999 and 2006A COPs</u>
In August 1999, the Agency issued $75.8 million in COPs to provide funds to (a) reimburse the Agency for the acquisition of approximately 41,000 acre-feet of supplemental water from the DWR and (b) to acquire certain capital improvements to the Agency's Wholesale System. In December 2006, the Agency advance refunded $45,520,000 of the 1999 certificates (2006 Series A). The remaining balance after FY 2010/11 payments is $88,028,876 as follows: $45,008,876 unrefunded and $43,020,000 Series 2006A. The unrefunded portion comprised of $23,408,499 original amount of the capital appreciation certificates plus the interest compounded as of June 2011. No regular payments of interest are made on capital appreciation certificates prior to maturity. Interest on capital appreciation certificates is compounded annually and added to the principal amount outstanding. Payments totaling $3,317,610 are due during FY 2011/12. Approximately $2.6 million in payments will be from Facility Capacity Fee Revenues and $748,000 from one percent property tax revenues.

<u>2001A and 2010A COPs</u>
In March, 2001, the Agency issued $80 million in COPs to provide funds to acquire certain capital improvements to the Agency's Wholesale System. In June 2010, the Agency advance refunded all of the certificates (2010 Series A). The remaining balance is $69,295,000. Payments totaling $5,318,706 are due during FY 2011/12. Approximately $4.7 million in payments will be from Facility Capacity Fee Revenues and $655,000 from one percent property tax revenues. Starting in FY 2011/12, the annual payments will be approximately $5.3 million per year.

<u>2006C COPs</u>
In December, 2006, the Agency issued $89.8 million in to provide funds to acquire certain capital improvements to the Agency's Wholesale System. Interest is payable semi-annually August 1 and February 1, and principal is due annually on August 1. The balance after FY 2010/11 is $85,050,000. Payments totaling $5,856,563 are due during FY 2011/12. Approximately $4.3 million in payments will be from Facility Capacity Fee Revenues and $1.6 million from one percent property tax revenues.

State Water Project Contract – On April 30, 1963, the Agency entered into a water supply contract with the Department of Water Resources under which the Agency agreed to make payments which include, among other charges, capital charges and operation and maintenance charges. These contracts are deemed to be voter approved indebtedness for purposes of Article XIIIA of the California Constitution, and the Agency levies a tax sufficient to provide for all payments.

Buena Vista/Rosedale-Rio Bravo Water Acquisition - On May 22, 2007, the Agency entered into a 30-year agreement with the Buena Vista Water Storage District and the Rosedale-Rio Bravo Water Storage District for the acquisition of 11,000 acre-feet (AF) of water supply per year for a 30-year period. The purchase price was established in FY 2006/07 at $486.85 per AF, or $5,335,350. The purchase price will be adjusted each calendar year by the Consumer Price Index (All Urban Consumers – All Items – Southern California Area). The current purchase price is $522.30 per AF.

<u>Basis of Budgeting</u>

For budgetary reporting purposes, the Agency uses a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual for the Agency (generally 60 days after yearend) are recognized when due. The primary sources susceptible to accrual for the Agency are property tax, interest earnings on investments and operating revenues. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

This is the same basis of accounting used for the Agency's audited financial statements.

Fund Structure

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for carrying out specific activities or attaining certain objects in accordance with specific regulations, restrictions or limitations. The funds of the Agency are:

Government Funds

General Fund (Operating). This is the general operating fund of the Agency. It is used to account for all expenditures except those required to be accounted for in another fund.

Capital Improvement Program Fund (also known as the Pledged Revenue Fund). This fund is used to account for all financial resources and revenues collected by the Agency except those required to be accounted for in another fund. Major sources of revenue are Facility Capacity Fees and One Percent Property Tax Revenues. This fund is accounted for by three revenue sources: Facility Capacity Fee, One Percent Property Tax and Certificates of Participation.

State Water Contract Fund. This fund is to account for all revenues derived from a tax collected to pay for participation in the State Water Project. Its use is restricted for costs of the State Water Project.

Debt Service Fund. This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Certificates of Participation. This fund is used to account for accumulation of resources and payments for debt service for various Certificates of Participation issued by the Agency.

Budgetary Control

The Board of Directors annually adopts a balanced operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the Agency's operations and capital projects. The Board of Directors monitors the budget through monthly Finance and Expenditures reports, Quarterly Investment Reports and Midyear and Yearend Budget reports.

The Board of Directors must approve all supplemental appropriations to the Budget and transfers between major funds. The legal level of budgetary control is at the fund level. The General Manager is authorized to direct the Administrative Services Manager to transfer within individual fund budgets.

Budget Process

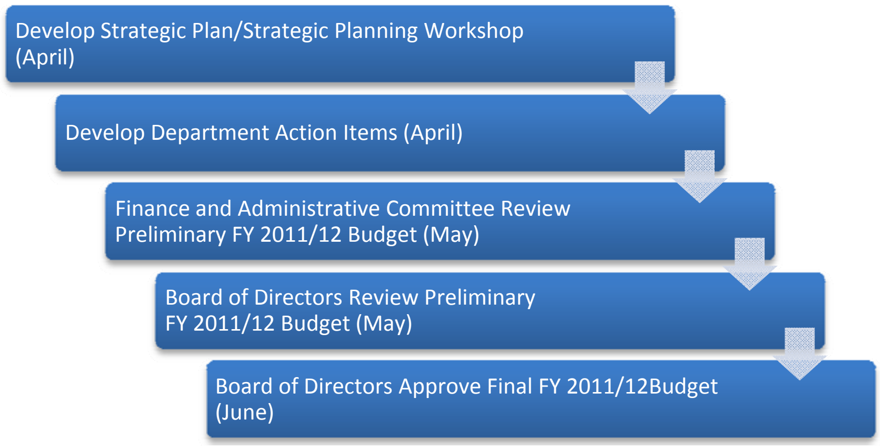
The budget planning and preparation process is an important Agency activity and provides an opportunity for the Board of Directors, management and staff to reassess goals and objectives for the upcoming and future years. A key part of the budget process is the use of the Strategic Plan to relate the mission statement of the Agency to annual work program objectives to be achieved during FY 2011/12 and in the future.

During March and April of each year, management and staff update current and develop new objectives for the upcoming fiscal year. Specific actions are discussed and refined with the Committees and the Board of Directors in April and May. The process is used to develop the Preliminary Budget that is presented to the Finance and Administration Committee and the Board of Directors in May.

This is the initial review of the budget by the Board of Directors. The Board reviews the Preliminary Budget and makes changes as it deems appropriate.

Also during April, the Board of Directors holds a Strategic Planning Workshop to refine the Strategic Plan and finalize the objectives for the upcoming fiscal year. This is the basis for the Final Budget. Staff revises and updates the

Preliminary Budget reflecting the Board's direction and resubmits it as the proposed Final Budget in June for Board review and adoption. The Final Budget is approved by motion and majority vote of the Board. All of these meetings are posted for public participation. In addition, the Preliminary FY 2011/12 Budget is posted on the Agency's website to allow for public review. The Final FY 2011/12 Budget is also posted on the Agency's website after it is adopted.



<u>Strategic Planning</u>

During FY 2007/08, the Agency revamped its strategic planning process. In previous years, the strategic plan focused on a one to five year planning horizon and overlapped the annual budget planning process. The revamped process provides longer term view for the strategic plan which continues to guide the budget process, but depends on the budget process to set fiscal year and short-term objectives. As part of this process, the Agency revised the strategic plan definitions. The new definitions include the following:

- **Catalytic Project**. High leverage, high impact activity, project or program that will achieve the greatest positive impact on the performance measures. A catalytic project may also be a collection of programs and activities.
- **Goal**. A description of a desired end state, condition or outcome expressed in qualitative terms.
- **Objective**. A description of the result that is expected to be achieved. An objective is time specific and measurable. Fiscal year objectives are the yearly organizational levels of achievement expected.
- **Performance Measure**. A qualitative or quantitative indicator of successful goal attainment. A "good" performance measure is a reasonable approximation or representation of goal attainment. The performance measure cited should also be one that the Agency can effect, gather data on and measure.
- **Strategic Goal**. A discrete aim for future achievement that is necessary to meet a component of the Agency's mission.
- **Strategic Plan**. A long term plan defining the Agency's mission, goals, and objectives and implementing actions.
- **Strategy/Tactic/Action/Program/Project/Activity**. Means by which we will achieve an objective and move towards a goal. A tactic is a specific action whereas a strategy is a broader concept to gain leverage and solve a particular problem.

The General Fund/Operating Budget portion of the budget includes the fiscal year actions by department and division. The Strategic Plan covers the other items and is included as a stand-alone section in the budget document.

1940

1945	World War II ends.
1947	First tract homes built in Seco Canyon.

1950

1951	State Engineer A.D. Edmonston proposes Feather River Project, to include dam and reservoir near Oroville, a power transmission system and an aqueduct to convey water from the Delta to the San Francisco Bay area, San Joaquin Valley and Southern California.
1956	State Legislature creates the California Department of Water Resources to oversee development of the State Water Project.
1957	First California Water Plan outlines development plans to move water from northern California to Southern California.
	Work begins on Oroville site.
1959	Governor Edmund G. Brown advocates the State Water Project.
	Burns-Porter Act passed, authorizing $1.75 billion in bonds to construct State Water Project.

Balancing the Budget

A balanced budget is a basic budgetary constraint intended to ensure that a government does not spend beyond its means. For the General Fund – Operating Budget, the Agency's stated goal is the expenditures do not exceed revenues. However, during FY 2006/07, the Board of Directors recognized that many increases in expenditures had occurred because the Agency was in a transitional period. Not only had the Agency been implementing a number of organizational changes; it had been expanding and changing its infrastructure, which impacted system operations. As a result, expenses had increased dramatically over recent years and it was difficult to estimate the ultimate impact on operating costs. A stated financial goal of the Board is to cover operating expenses with operating revenues. However, due to this transition period and a desire to provide rate stability for purveyors and Santa Clarita Valley ratepayers, the Board of Directors adopted a three-year program of 15% rate increases for the wholesale water rate for the period of January 1, 2007 through December 31, 2010. One percent property tax revenues were being used to offset shortages between wholesale water rate revenues and operating expenses and maintain a fund balance of $300,000 in the Operating Fund. The goal was to fully cover operating expenses with operating revenues by 2010. After that, it was expected that rate increases would continue to be required, and would be calculated to recover operating expenditures. More than $7.5 million was provided for rate stabilization.

In August 2009, the Board adopted a rate structure for calendar years 2010, 2011 and 2012 that is designed to recover operating costs. The rates that have been established are as follows: $400 per acre foot effective January 1, 2010, $478 per acre foot effective January 1, 2011 (including $20 per acre foot designated for operating reserves) and $507 per acre foot effective January 1, 2012 (including $20 per acre foot designated for operating reserves). This rate structure is intended to result in a balanced budget.

This definition of balancing the budget does not apply to the Agency's capital budgets and funds.

In developing the FY 2011/12 Budget, Management reviews the short-term and long-term forecast information to develop a budget that balances anticipated revenues and expenditures.

Performance Measurement

The Strategic Plan and fiscal year objectives are the basis for performance measurement. Major accomplishments for the previous fiscal year are reported in the Budget. During the fiscal year, staff report to the Board of Directors on the status of all objectives at midyear and at yearend, allowing the Board to monitor progress and adjust priorities as necessary. Accomplishments and objectives for each Department and Division are shown in the Operating Expenditures section, as well as workload measures. Performance and financial measures are included in the Performance Measurement section.

Capital Budget Process

The fiscal year capital budget is generally based on the *Data Document Providing Economic Justification for Proposed Facility Capacity Fees*. This document is prepared every one to three years to provide data concerning the estimated cost of facilities to supply water for new development, and the proposed method and basis for allocating the costs among those lands on which new development occurs. The report considers the estimated long-term costs of the CIP activities of the Agency.

The Agency's proposed CIP activities are developed to fulfill the Agency's stated mission, which is to provide reliable, quality water at a reasonable cost to the Santa Clarita Valley. The proposed CIP is structured to include facilities for the treatment, storage and transmission of water as well as the acquisition of additional water supplies. The proposed CIP also contains elements to increase reliability through a combination of additional water supplies, water banking, storage and conjunctive use.

The *Data Document Providing Economic Justification for Proposed Facility Capacity Fees* analyzes projected water demand, proposed and actual development, the economic climate, water conservation activities and the status of the CIP. This information is used to develop each fiscal year CIP and to apportion costs between existing and new users. Existing users fund their portion of the CIP through One Percent Property Tax revenues and new users fund their portion of the CIP through the Facility Capacity Fees. The Facility Capacity Fees are adjusted as necessary depending on the CIP and development activity.

The current document is the *2010 Data Document*, which was the basis for revised Facility Capacity Fees adopted by the Board of Directors in March 2011. Fee increases will take effect on January 1, 2012 and then again on January 1, 2013.

Capital Projects

Capital projects are defined as non-operating expense items of the budget, which includes expenditures for fixed asset/equipment purchases as well as the accumulation of expenditures associated with construction projects. Capital Projects typically have a life of five years or more. The categories of capital projects are:

- Major Capital Projects. The acquisition of land, facilities, works, improvements and supplies of water; and enhancements or enlargements to existing capacity and facilities for obtaining, importing, transporting and delivering additional quantities of water. Major capital projects are typically included in the Agency's Capital Improvement Program and Data Document, and cost more than $1,000,000.

- Minor Capital Projects. Minor capital projects include the acquisition of land, facilities, works and improvements; and enhancements or enlargements to existing capacity and facilities. Minor capital projects take less time to develop and are not generally included in the Agency's Data Document. Minor capital projects cost $1 million or less.

- Capital Planning, Studies and Administration. Non-operating expenses, including but not limited to (1) studies in support of major capital projects and (2) non-recurring studies.

- New Capital Equipment. The purchase of fixed asset equipment with a cost of $5,000 or more.

- Repair and Replacement. Minor changes or additions to existing Agency-owned grounds or buildings and the electrical, lighting, plumbing, air conditioning or heating systems contained therein, which correct unsafe or unhealthful working conditions, increase operating efficiency, promote improved service to the public, and provide for the installation of equipment and security devices.

Capital Improvement Project Cost Allocation

Capital improvement projects are funded by Facility Capacity Fee and one percent property tax revenues. During FY 2006/07, the Agency implemented a new work order, financial software and project accounting system to facilitate cost accounting. Agency staff charges direct costs to capital projects. Burden and benefit rates are applied and the total amount is charged to each project budget.

Risk Management

The Agency recognizes that losses have a negative financial impact on the Agency. Minimizing the exposure to loss is a goal of the Agency. The Agency strives to minimize losses through its safety and training programs and through its risk transfer program. The Agency has adopted a Risk Transfer Manual which recognizes that a critical step in minimizing the exposure to loss is to execute effective risk transfer. The Agency uses a set of standard contracts to minimize potential liability exposures by transferring the legal and financial responsibility for losses to the party best able to control them.

Insurance

The Agency is a member of the Association of California Water Agencies Joint Power Insurance Authority (JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The JPIA arranges and administers programs of insurance for the pooling of self-insured losses, and purchases excess insurance coverage for its members. The JPIA began operations on October 1, 1979 and has continued without interruption since that time. As of June 30, 2010, the Agency limits and deductibles for liability, property, and workers compensation programs of the JPIA are as follows:

- General and auto liability, public officials and employees' errors and omissions: total risk financing self-insurance limits of $1,000,000, combined single limit per occurrence. The JPIA purchased additional excess coverage layers of $49,000,000 for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.
- Property losses are paid at the replacement cost for buildings, fixed equipment and personal property on file, if replaced within two years after the loss; otherwise such losses are paid on a actual cash value basis, subject to a $5,000 deductible per loss, and actual cash value for mobile equipment, subject to a $1,000 deductible per loss, and licensed vehicles, subject to a $500 deductible per loss. The JPIA purchased excess coverage for a combined total of $100,000,000 per occurrence.
- Boiler and machinery coverage for the replacement cost up to $100,000,000 per occurrence, subject to various deductibles depending on the type of equipment.
- Workers compensation insurance up to State statutory limits for all work-related injuries/illnesses covered by State law, and employer's liability coverage up to $4,000,000. The JPIA is self-insured up to $2,000,000 and excess coverage has been purchased.

In addition to the above, the Agency has the following insurance coverage:

- Crime coverage up to $1,000,000 per loss, including public employee dishonesty, including public officials who are required by law to give bonds for the faithful performance of their service, forgery or alteration and computer fraud, subject to a $1,000 deductible.

Employee Compensation

Salaries

General wage increases are established by a program of alternating cost-of-living adjustments (COLAs) and market surveys. The program is for market surveys to be performed every other year and for resulting general wage increases to be implemented in July with a new fiscal year. In the intervening years, the Board of Directors review Consumer Price Index (CPI) and other relevant information and, where appropriate, grant COLA in July.

Due to the ongoing economic difficulties, the Board of Directors did not grant COLA in July 2009 or July 2010, and deferred the scheduled market survey until Spring 2012. The Board of Directors adopted a 2% COLA effective January 1, 2011, and will not consider further general wage increases until July 2012.

Retirement

The Agency is a member of the California Public Employees Retirement System (PERS). For FY 2011/12, PERS will require the Agency to pay the employer contribution at a rate of 12.954%, an increase from the FY 2010/11 rate of 11.983%. The Agency also pays the employee's contribution of 7%, which brings the Agency's total contribution to 19.954% in FY 2011/12.

Fiscal Year	Employer Contribution
2012/13	13.4% (projected)
2011/12	12.954
2010/11	11.983%
2009/10	11.935%
2008/09	11.935%
2007/08	11.975%
2006/07	12.293%
2005/06	12.18%

Health Insurance

The Agency provides a range of medical insurance plans through PERS. Recent increases in medical insurance costs have been relatively modest because PERS converted from statewide rates to zone rates and rates in southern California tend to be less than in northern California. The FY 2011/12 Budget assumes an increase/decrease of 15% effective January 1, 2012. The Agency is currently reviewing its medical insurance program to ensure long-term fiscal stability.

Year	Change from Previous Year – Blue Shield Family Premium
2012	**15% (projected)**
2011	**17.0%**
2010	**3.0%**
2009	**3.6%**
2008	**10.1%**
2007	**13.8%**
2006	**8.77%**
2005	**(8.71%)**

Dental and vision insurance are provided through the Association of California Water Agencies (ACWA). The FY 2011/12 Budget assumes an increase/decrease of 5% effective January 1, 2012 for dental insurance and no increase for vision insurance.

Retiree Benefits/Other Post-Employment Benefits (OPEB)

CLWA offers full medical and dental insurance to retirees and their dependents. In FY 2010/11, CLWA had 23 retirees.

The Governmental Accounting Standards Board (GASB) recently published Statement No. 45, requiring governmental agencies that fund post-employment benefits on a pay-as-you-go basis, such as the Agency (beginning with the fiscal year ending June 30, 2009), to account for and report the outstanding obligations and commitments related to such post-employment benefits in essentially the same manner as for pensions. The Agency offers post-employment health care benefits (medical and dental), which have historically been funded on a pay-as-you-go basis. Beginning in FY 2008/09, the Agency implemented pre-funding for retiree health insurance and now fully pre-funds the ARC (annually required contribution) on an annual basis. In FY 2010/11 and FY 2011/12, the Agency's pre-funding rate is 12% of salaries.

Workers' Compensation Insurance

CLWA receives Workers' Compensation insurance from the ACWA Joint Powers Insurance Authority (ACWA-JPIA). Premiums are based on CLWA's size and experience ratings. The JPIA uses the same formula developed by the Workers' Compensation Insurance Rating Bureau to generate an experience modification factor which will reflect CLWA's loss experience in comparison with other employers in the same classifications. Premiums are paid quarterly based on actual payroll for the previous quarter. The rates vary by employee classification. No increase is anticipated for FY 2011/12.

<u>Community Profile</u>

The Agency is located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles. The Agency's wholesale service area has a population of approximately 287,000 and covers an area of approximately 195 square miles or 124,000 acres. The majority of the service area is located in Los Angeles County, encompassing most of the valley and adjacent hill country along the Upper Santa Clara River. Approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. The service area is a semi-arid region and includes the City of Santa Clarita, plus surrounding unincorporated portions of Los Angeles and Ventura Counties. Communities in the unincorporated areas include Castaic, Stevenson Ranch and Val Verde.

The Agency's service area is considered a premier community for raising families and building businesses. The area is known for its attractive residential neighborhoods, low crime rate and excellent schools.

The Santa Clarita Valley is part of a comprehensive transportation network, which includes three major freeways, commuter rail which serves over 2,000 passengers daily and easy access to the ports of Los Angeles and Long Beach. The three Metrolink commuter rail stations in Santa Clarita carry over 2,000 passengers a day to and from the San Fernando Valley and Downtown Los Angeles. The City also has nearly 40 miles of bicycle and pedestrian trails.

There are a number of recreational and historical facilities located in the Santa Clarita Valley, including the Six Flags Magic Mountain amusement park and Gene Autry's Melody Ranch. The service area is adjacent to the Angeles National Forest, and includes nearby Castaic Lake, the Placerita Canyon Nature Center and Vasquez Rocks County Park.

Also located in the Santa Clarita Valley are the COC Performing Arts Center; Canyon Theatre Guild, Disney Studios, Santa Clarita Repertory Theater, as well as the Friendly Valley, Valencia Country Club, Robinson's Ranch, Tournament Players Club and Vista Valencia golf courses.

The City of Santa Clarita's strong and diverse economy continues to expand, making Santa Clarita the ideal destination for Southern California businesses. Maintenance of a highly supportive environment for business development is achieved through the cooperation of the local Chamber of Commerce and the City government. In addition, companies benefit greatly from the area's land and leasing opportunities, as well as from the highly-skilled labor pool, variety of transportation choices, housing, quality of life, climate, and scenery. Going into 2008, local jobs in Santa Clarita had grown by 5.6% annually prior to the economic downturn, where growth is expected to slow down to 2.9%. However, Santa Clarita continues to have one of the lowest unemployment rates in Los Angeles County. Santa Clarita's top employers include Six Flags Magic Mountain, William S. Hart and Saugus Union School Districts, Princess Cruises, College of the Canyons, U.S. Postal Service, Henry Mayo Newhall Memorial Hospital, Quest Diagnostics, Newhall School District and The Master's College.

Economy

The Agency is largely located in the northwestern portion of Los Angeles County approximately 35 miles from downtown Los Angeles, although approximately 20 square miles of the service area extends into unincorporated rural portions of Ventura County. In 2007, the gross product of Los Angeles County was $464.4 billion. Los Angeles County has not been immune to the national and world economic downturn and, as a result, March 2011 unemployment rate was 12.2% compared to the State of California's 12.3% (California Labor Market Information). In May 2011, the unemployment rate for the City of Santa Clarita was 7.1%.

Growth in the Community and Impacts to the Agency

The Agency evaluates land use data and housing construction in the service area in conjunction with the retail water purveyors and projections from the "One Valley One Vision" (OVOV), a joint planning effort by the City of Santa Clarita and the Los Angeles County Department of Regional Planning. These joint planning efforts are the basis of the Agency's 2010 Urban Water Management Plan. The 2010 Urban Water Management Plan (UWMP) projections indicate a 1.8 percent annual growth rate of population in the service area.

This document provides information on water use, water resources, recycled water, water quality, reliability planning, demand management measures and water shortage contingency planning. The 2010 UWMP projects future demands for residential, industrial, institutional, landscape, agricultural and other purposes, and lists available and planned supplies to meet that demand. The 2010 UWMP has found that, based on conservative water supply and demand assumptions over the next forty years in combination with conservation of non-essential demand during certain dry years, the 2010 UWMP successfully achieves this goal. The operating and capital programs in the FY 2011/12 Budget support the 2010 UWMP.

From 2007 through 2011, deliveries to the Agency have been impacted by litigation and regulatory constraints involving exporting water from the Delta by the State Water Project, as summarized below.

- United States Fish and Wildlife Service (FWS) Biological Operation (BO). In December 2008, the FWS issued a BO concluding the operation of the SWP jeopardizes protected species (Delta smelt), and developed a Reasonable and Prudent Alternative (RPA) for operations. In early 2009, the State Water Contractors (SWC) organization and others filed legal challenges to the RPA. In December 2010, the BO and RPA were invalidated and remanded to FWS for further review.

- National Marine Fishery Service (NMFS) BO. In June 2009, the NMFS issued a BO concluding the operation of the SWP jeopardizes protected species (salmon species), and developed an RPA for operations. In 2009, the State Water Contractors (SWC) organization and others filed legal challenges to the RPA. In May 2010, the court ruled that operations can continue current operations pending further review. A decision is expected sometime in 2011.

- Consistency Determination Litigation. Because Delta smelt and salmon species are also protected under the California Endangered Species Act (CESA), the State Water Project is required to obtain take authorization for operations from the California Department of Fish and Game (DFG). In July 2009 and September 2009, DFG issued “consistency determinations” pursuant to CESA and determined that SWP operations should be consistent with the RPAs set forth in the FWS and NMFS BOs. DFG’s decisions were challenged in state court by the SWC organization and others. These cases are currently stayed pending outcome of the cases above.

- Longfin Smelt Protections. Regulatory actions related to longfin smelt also have the potential to affect the availability and reliability of SWP supplies. In February 2008, longfin smelt were listed as a “candidate” species under CESA and DFG imposed certain interim restrictions on the SWP. In February 2009, shortly before longfin smelt were officially listed as a “threatened” species under CESA, DFG issued a take permit with operating restrictions based in large part on the restrictions imposed by the FWS BO for Delta smelt. In March 2009, a legal challenge was filed against the permit, and the litigation is currently stayed pursuant to stipulation of the parties.

- Development of Delta Plan and Delta Flow Criteria Pursuant to New State Laws. In November 2009, the California Legislature enacted SBX7-1 as part of a multi-pronged water package related to water supply reliability, ecosystem health and the Delta. As part of the package, the State Water Resources Control Board (SWRCB) was directed to develop flow criteria for the Delta to protect public trust resources, including fish, wildlife, recreation and scenic enjoyment and the DFG was required to identify quantifiable biological objectives and flow criteria for species of concern in the Delta. In August 2010, the SWRCB issued Resolution No. 2010-0039 approving its report entitled “Development of Flow Criteria for the Sacramento-San Joaquin Delta Ecosystems” (Flow Criteria). The SWRCB report concludes substantially higher flows are needed through the Delta than have occurred in previous decades in order to benefit various fish species. Separately, in September 2010, DFG issued a draft report entitled “Quantifiable Biological Objectives and Flow Criteria for Aquatic and Terrestrial Species of Concern Dependant on the Delta (DFG Report). The DFG Report is based on similar biological objectives and recommends Delta flows similar to those set forth in the SWRCB’s Flow Criteria. Both the SWRCB and DFG acknowledge the recommended flow criteria do not have any regulatory or adjudicatory effect. However, these reports may influence the Bay Delta Conservation Plan (BDCP) process, an ongoing effort to increase long-term supply reliability and to restore habitat in the Delta.

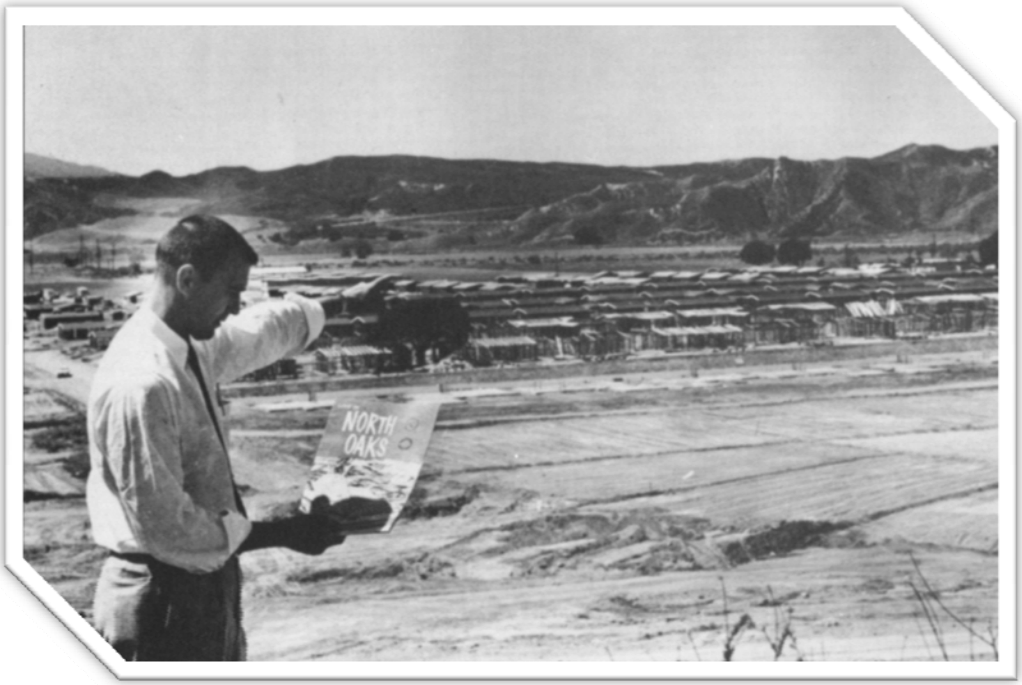
Resulting Effect on SWP Supplies

DWR’s latest published report on SWP supply reliability, the 2009 SWP Reliability Report, includes assumptions to account for institutional, environmental, regulatory and legal factors affecting SWP supplies, including but not limited to water quality constraints, fishery protections, other requirements and the operational limitations imposed by the FWS and NMFS BOs. The 2009 Reliability Report assumes that all of these restrictions and limitations will remain in place over the next twenty-five years and that no actions to improve the Delta will occur, even though numerous legal challenges, various Delta restoration processes and new legal requirements for Delta improvements are currently underway. *This presents a conservative projection of SWP reliability, and this conservative projection is used in the draft 2010 UWMP*.

Even with the conservative projection of SWP reliability, the draft 2010 UWMP finds that there are sufficient water supplies available for pending and future residential and commercial developments within the Agency service area for the foreseeable future through 2050.

BUDGET CALENDAR FY 2011/12	
April 4, 2011	***Retail Operations Committee*** **review of proposed fiscal year Actions.**
April 14	***Water Resources and Outreach Committee*** **review of proposed fiscal year Actions.**
April 15-16	***Board of Directors*** **Develop Strategic Plan.**
April 19	***Finance and Administration Committee*** **review of proposed fiscal year Actions.**
April 19	***Finance and Administration Committee*** **Provide direction for the upcoming FY budget.**
April 28	***Planning and Engineering Committee*** **review of proposed fiscal year Actions.**
April 28	***Planning and Engineering Committee*** **Review proposed CLWA major capital projects.**
May 2	***Retail Operations Committee*** **Review SCWD Preliminary FY Budget.**
May 11	***Board of Directors*** **Presentation of SCWD Preliminary FY Budget.**
May 17	***Finance and Administration Committee*** **Review CLWA Preliminary FY Budget.**
May 25	***Board of Directors*** **Approve SCWD Final FY Budget.**
May 25	***Board of Directors*** **Presentation of CLWA Preliminary FY Budget**
May 26	***Planning and Engineering Committee*** **Final review of proposed major capital projects.**
May 31	***Retail Operations Committee*** **Recommend approval of SCWD Final FY Budget.**
June 14	***Finance and Administration Committee*** **Recommend approval of CLWA Final FY Budget.**
June 22	***Board of Directors*** **Approve CLWA Final FY Budget.**

The 1940's …



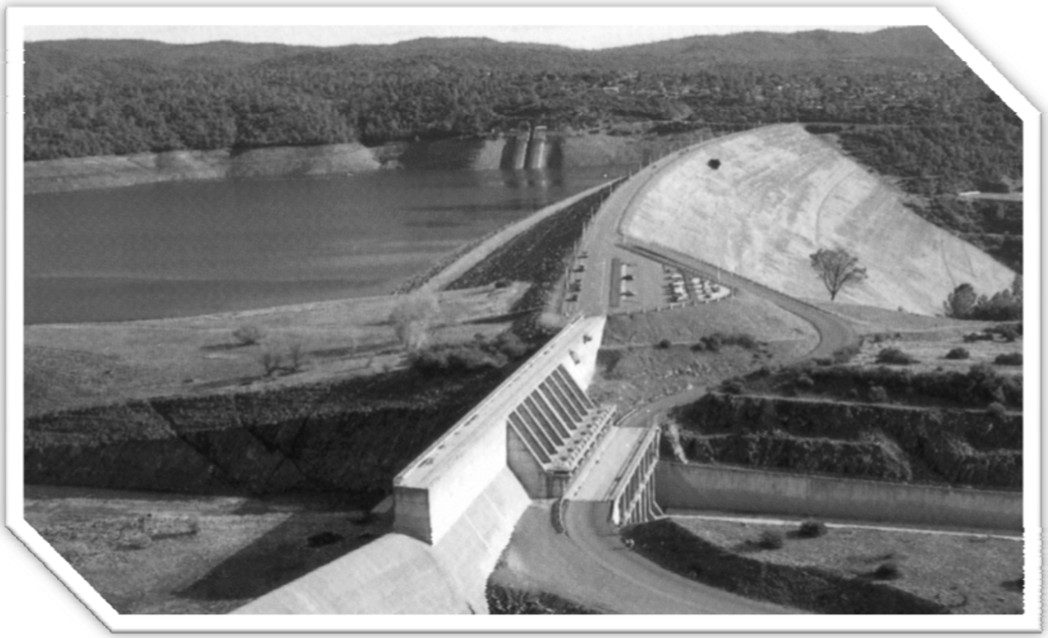
1947 – The first tract homes are built in Seco Canyon.

BUDGET ACRONYMS

AB	Assembly Bill
ACWA	Association of California Water Agencies
ACWA/JPIA	Association of California Water Agencies/Joint Powers Insurance Authority
ACOE	U.S. Army Corps of Engineers
Act	California Urban Water Management Planning Act
AF	acre-foot/acre-feet
AFY	acre-feet per year
Agency	Castaic Lake Water Agency
AWRM	Alternative Water Resources Management Program
AWWARF	American Water Works Association Research Foundation
AWWA	American Water Works Association
BDCP	Bay Delta Conservation Plan
BMPs	Best Management Practices
BO	Biological Opinion
BVWSD	Buena Vista Water Storage District
CCF	One Hundred Cubic Feet
CCR	Consumer Confidence Report
CEQA	California Environmental Quality Act
CESA	California Endangered Species Act
CIP	Capital Improvement Plan
CLWA	Castaic Lake Water Agency
COPs	Certificates of Participation
CUWCC	California Urban Water Conservation Council
CVP	Central Valley Project
DBP	Disinfection by-products
D/DBP	Disinfectants and Disinfectant By-Products
Delta	Sacramento-San Joaquin Delta
DFG	California Department of Fish and Game
DHS	California Department of Health Services
DOF	Department of Finance
DPH	Department of Public Health
DTSC	Department of Toxic Substances Control
DWR	Department of Water Resources
Edison	Southern California Edison
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
EPA	Environmental Protection Agency
ESA	Endangered Species Act
ESFP	Earl Schmidt Filtration Plant
ESIPS	Earl Schmidt Intake Pump Station
ETo	evapotranspiration
FWS	United States Fish and Wildlife Service
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GPCD	gallons per capita per day
gpd	gallons per day
gpm	gallons per minute
GWMP	Groundwater Management Plan
IRWMP	Integrated Regional Water Management Plan
KCWA	Kern County Water Agency
L.A. Co. WWD #36	Los Angeles County Water Works District #36
LACDRP	Los Angeles County Department of Regional Planning
LACSD	Sanitation Districts of Los Angeles County
LADWP	Los Angeles Department of Water and Power

Metropolitan	Metropolitan Water District of Southern California
MAF	million acre-feet
MGD	Million gallons per day
mg/l	milligrams per liter
MOU	Memorandum of Understanding
NCWD	Newhall County Water District
NEPA	National Environmental Protection Act
NMFS	National Marine Fishery Service
NPDES	National Pollutant Discharge Elimination System
OMB	Federal Office of Management and Budget
OVOV	One Valley One Vision
PUC	California Public Utilities Commission
RWQCB	Regional Water Quality Control Board
RVIPS	Rio Vista Intake Pump Station
RVWTP	Rio Vista Water Treatment Plant
RRB	Rosedale-Rio Bravo
RRBWSD	Rosedale-Rio Bravo Water Storage District
SCVWUESP	Santa Clarita Valley Water Use Efficiency Strategic Plan
SCWD	Santa Clarita Water Division
SWSD	Semitropic Water Storage District
SCWC	Southern California Water Committee
SWP	State Water Project
TDS	Total Dissolved Solids
TMDl	Total Maximum Daily load
USCR	Upper Santa Clara River
UWMP	Urban Water Management Plan
VWC	Valencia Water Company
Valley	Santa Clarita Valley

The 1950's …



1951 - Oroville Dam and power transmission system is proposed as part of the Feather River Project.

State Water Project – California Aqueduct