CRESCENTA VALLEY WATER DISTRICT

2700 FOOTHILL BOULEVARD
LA CRESCENTA, CALIFORNIA

To be held on
June 29, 2022 at 3:00 PM

Agenda for the Meeting of the Finance Committee
of the Crescenta Valley Water District

Posted June 28, 2022 at 3:00 PM

TELECONFERENCING NOTICE

Under AB 361 and District Resolution No. 772, the District will continue to hold Board and Committee meetings by teleconference, due to the continuing State of Emergency for COVID-19 and the ongoing imminent risks to the health or safety of the attendees from COVID-19.

[This meeting will be held by teleconference only.]

Any member of the public may participate using a touchtone phone. You may select any of the following phone numbers (there are more than one for increased reliability during this time of increased phone traffic)

(669) 900-6833	**(346) 248-7799**	**(929) 205-6099**
(253) 215-8782	**(301) 715-8592**	**(312) 626-6799**

Then, enter Access Code: 858 0360 7970

[Pursuant to the above Executive Order, the public may not attend the meeting in person]

Those members of the public who are able to and would like to additionally participate with a computer through videoconference may access the Zoom videoconferencing tool available at the following link –https://us02web.zoom.us/j/85803607970

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by contacting the District by phone or in writing at customerservice@cvwd.com. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

Call to Order

Adoption of Agenda

Public Comment:

At this time, members of the public shall have an opportunity to address the Committee on items of interest that are within the subject matter jurisdiction of this Committee. This opportunity is non-transferable, and speakers are limited to three (3) minutes each. Under the provisions of the Brown Act, the Board is prohibited from taking action on items not listed on the agenda, except under certain circumstances.

Action Item(s)

The public shall have an opportunity to comment on any action item as each item is considered by the Committee. This opportunity is non-transferrable and speakers are limited to one two-minute (2) comment each.

1. Discussion on the projected impacts of additional conservation

Committee Members' Request for Future Agenda Items

Adjournment

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CRESCENTA VALLEY WATER DISTRICT
STAFF REPORT

Information Item No. 1
June 29, 2022

To: Finance Committee
From: James Lee – Director of Finance and Administration
Subject: **Projected Impacts of Additional Conservation**

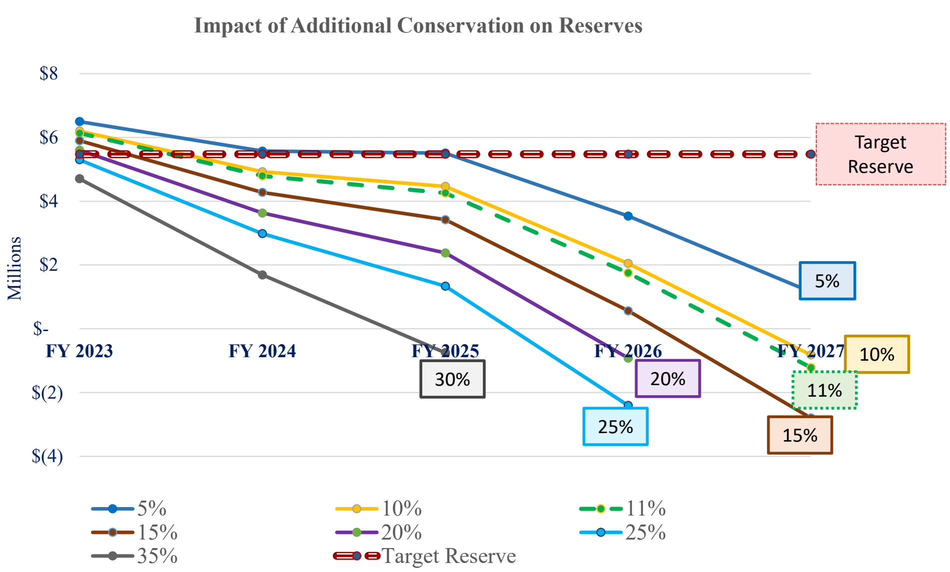
BACKGROUND:

During the June 14, 2022 Board meeting, Mr. Sanjay Gaur of Water Resources Economics led a discussion regarding drought rates and the various mechanisms and policy considerations associated with drought stage rates and the merits of each alternative. The discussion also included consideration for other tools to navigate a future with potentially lasting reduction in demand, including a budget-based rate structure, utilizing the property tax roll for certain rates, and a move toward a "service-based" business model that would recover a greater proportion of fixed costs.

Based on discussion, the Board directed staff to facilitate a series of committee workshops. The first discussion is a "sensitivity analysis" of financial impacts from various degrees of conservation in order to determine whether drought rates should be developed and implemented sooner – within the next 6-9 months – or later – over the next approximately two years.

ANALYSIS:

Staff developed a sensitivity analysis for each additional 5% of conservation and its impact on: 1) the Water Fund reserve balance; and 2) the reduction to future CIP from revenue reductions. The benefit of this sensitivity analysis is to show a range, illustrating an approximate magnitude of impact rather than the specific impact.



RESERVE FUND BALANCE

The blue line represents the baseline, which is the 5% additional conservation that was figured into the FY 2022-23 budget. The FY 2022-23 budget accounts for a $2M draw from reserves, with the red line representing the reserve fund target.[1] The yellow, brown, purple, teal, and gray lines represent additional conservation at 10%, 15%, 20%, 25%, and 30%, respectively. The green dotted line represents 11% conservation, which is the additional conservation from the currently budgeted water sales of ~3,600 AF

[1] The reserve fund target is shown as constant for presentation purposes. The target moves with revenue, as water sales is a component of the reserve fund.

to ~3,370 AF. This 3,370 AF represents the 20% reduction the District would need to achieve if the Governor were to issue an executive order specifying mandatory reductions of 20% using 2020 as the baseline year.[2]

FUNDS AVAILABLE FOR CIP The FY 2022-23 CIP budget had been reduced by $2.5M as part of a "modular" CIP plan for the upcoming year while the District monitors further developments with conservation, inflation, and supply chain issues. The table shows a the impact for each additional level of conservation in terms of funds available for CIP.

Impact of Additional Conservation on Funds Available for CIP

Conservation %	5%	10%	11% (3,370 AF)	15%	20%	25%	30%
Reduction of Available Funds	-	($298,827)	($358,592)	($597,653)	($896,480)	($1,195,307)	($1,494,134)

RECOMMENDATION

Review and discuss sensitivity analyses with the Committee and develop next steps.

Prepared by:

Arturo Montes
Finance & Administration Manager

Submitted by:

James Lee
Director of Finance & Administration

Attachment(s):
- none

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[2] Until recently, the conservation target was expected to be a 20% reduction based on 2013 as the baseline year as opposed to 2020. The target based on a 2013 baseline would be ~3,750 AF as opposed to ~3,370 AF.