

**ADMINISTRATION AND FINANCE
COMMITTEE MEETING
AND
SPECIAL MEETING OF THE
BOARD OF DIRECTORS**

**Tuesday, June 04, 2024
4:00 P.M.**

Committee Members:

Jennifer Santana, Chair
Charles Treviño, Vice-Chair



248 E. Foothill Blvd, Room 103
Monrovia, CA 91016

(626) 443-2297
www.upperdistrict.org

*The Administration and Finance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Administration and Finance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. To preserve the function of the Committee as advisory to the Board, members of the Board who are not assigned to the Administration and Finance Committee will not vote on matters before the Committee.

Communications

1. Call to Order
2. Public Comment

Discussion/Action

3. Adoption of the Biennial Budget for FY 2024/25 and FY 2025/26 and Cost of Living Adjustment for FY 2024/25 (*Staff memorandum enclosed.*)
4. Additional Discretionary Payment for Upper District's Unfunded Accrued Liability with CalPERS and Contribution to the California Employers' Pension Prefunding Trust Fund (*Staff memorandum enclosed.*)

Oral Reports

5.

Other Matters

6.

Adjournment

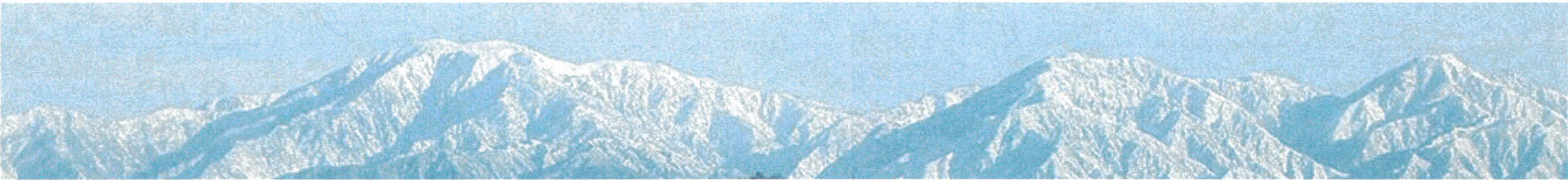
Next Meeting: Tuesday, July 02, 2024 at 4:00 p.m.



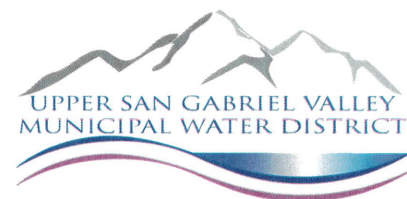
American Disabilities Act Compliance (*Government Code Section 54954.2(a)*)

To request special assistance to participate in this meeting, please contact the Upper District office at (626) 443-2297 or venessa@usgvmwd.org at least 24 hours prior to meeting.





MEMORANDUM



ITEM 3.

DATE: May 31, 2024
TO: Administration and Finance Committee and Board of Directors
FROM: General Manager
SUBJECT: Biennial Budget for Fiscal Years 2024/25 and 2025/26 and Cost-of-Living Adjustment

Recommendation

Staff recommends that the Board of Directors approve the biennial budget for fiscal years 2024/25 and 2025/26, including a cost-of-living adjustment for district wages equivalent to 3.9% effective July 1, 2024.

Background

The formal budget process typically begins in January with midyear reviews of the administrative and program expenses by the respective committees. In March and April, staff presented the proposed initiatives and biennial budgets for fiscal years 2024/25 and 2025/26 to the respective committees as well as a first draft of the consolidated budget to the Administration and Finance Committee and the full board in May. Staff also presented the budget and impacts to Upper District’s rates and charges along with several rate options to the producers and Watermasters’ Basin Water Management Committee.

The Metropolitan Water District of Southern California also went through its budget process, finally adopting biennial budgets for fiscal years 2024/25 and 2025/26 and the water rates and charges for calendar years 2025 and 2026 on April 9th. Metropolitan’s recently adopted rates and charges presented some challenges and opportunities for Upper District. Metropolitan staff initially proposed a total overall rate increase of 21% over the biennium with a full service untreated volumetric rate increase of 11% in 2025 and 6% in 2026. Following a series of discussions and board workshops and consideration of several options, the Metropolitan board adopted Option 1 which came with a lower overall volumetric rate increase of 17% over the biennium, but with a higher property tax rate (.0070% vs .0035%), higher readiness-to-serve (RTS) charge (\$181 million vs. \$167 million) and higher capacity charge (\$13,000 per CFS vs \$10,800 per CFS) for FY 2024/25.

On average, more than 90% of Upper District sales consist of untreated water and since Metropolitan’s adopted rates for untreated water are significantly lower than initially proposed (\$912 per AF vs \$1,006 in CY 2025 and \$984 per AF vs \$1,069 per AF in CY 2026), the forecasted volumetric cost for passthrough to the producers would be lower. However, Metropolitan’s higher RTS for CY 2025 and 2026 compounded by Upper District’s increasing share of the RTS and a relatively fixed source of revenue to offset the charge has put significant pressure on Upper District’s surcharge and the minimum untreated water volume needed to meet the required SRF debt service ratio as shown on Table 1 and Table 2.

Table 1. Historical Metropolitan RTS and Upper District's RTS Share

Fiscal Year	MWD RTS (\$)	UD %	UD RTS (\$)	MWD SBC (\$)	NET RTS (\$)
FY16/17	144,000,000	1.17%	1,687,880	1,903,785	(215,905)
FY17/18	137,500,000	1.35%	1,851,056	1,893,378	(42,322)
FY18/19	136,500,000	1.51%	2,056,890	1,988,345	68,545
FY19/20	134,500,000	1.50%	2,020,578	1,979,684	40,894
FY20/21	133,000,000	1.79%	2,386,467	2,153,132	233,335
FY21/22	135,000,000	1.99%	2,681,327	2,097,013	584,314
FY22/23	147,000,000	2.02%	2,963,609	1,975,451	988,158
FY23/24B	160,500,000	2.27%	3,648,300	1,950,000	1,698,300
FY24/25B	174,000,000	2.62%	4,565,067	1,950,000	2,615,067
FY25/26B	184,500,000	2.83%	5,217,496	1,950,000	3,267,496
			29,078,669	19,840,788	9,237,881

Table 2. Portion of Upper District Covering Net RTS

Fiscal Year	NET RTS (\$)	Minimum Purchase (AF)	Portion of \$103 Surcharge Covering Net RTS (\$)
FY21/22	584,314	30,000	19.48
FY22/23	988,158	30,000	32.94
FY23/24B	1,698,300	35,000	48.52
FY24/25B	2,615,067	44,000	59.43
FY25/26B	3,267,496	52,000	62.84

Staff is not recommending adoption of Upper District's water rates and charges for CY 2025 and 2026 at this time as Upper District continues to work with Watermaster and the producers to develop a viable rate option that addresses the growing revenue gap arising from Metropolitan's RTS charge and also meets the District's revenue requirements. Several options are being explored including keeping the surcharge at its current level (\$103 per AF) with higher minimum purchases, increasing the surcharge for calendar years 2025 and 2026 with lower minimum purchases, passthrough of some or all of Metropolitan's RTS charge with lower minimum purchases and lower surcharge, or a combination of these options. Proposed water rates and charges for calendar years 2025 and 2026 will be presented to the Board later this year. For budget purposes, staff used the minimum untreated water sales needed to meet Upper District's revenue requirements assuming the current surcharge is maintained.

Proposed Biennial Budget for FY 2024/25 and FY 2025/26

Uses of funds for the proposed FY 2024/25 and FY 2025/26 budget years total \$56.55 million and 65.40 million, respectively. The increases between years, \$9.16 million from FY 2023/24 and \$8.84 million from FY 2024/25 are mainly due to higher assumed untreated purchases. Cost reductions identified in prior years will be maintained and carried over for the biennial budgets. These include savings from reduction in total FTE personnel and legislative consultants as well as avoided lease expenses. The biennial budget also reflects additional personnel expense reductions of \$0.14 million in FY 2024/25 and \$0.15 million in FY 2025/26 from retiree health reimbursements from the CERBT trust fund. Enclosed as Attachment 1 are the detailed budget schedules for FY 2024/25 and FY 2025/26. Budget highlights include:

- Projected treated water sales – 3,000 AF
- Minimum untreated water sales needed – 44,000 AF in 2025 and 52,000 AF in 2026
- Upper District surcharge assumed unchanged at \$103 per AF

- Increase in imported water cost due to increases in Metropolitan's rates:
 - For treated water: 11% and 10% increase effective January 1, 2025 and January 1, 2026, respectively.
 - For untreated water: 1% and 8% increase effective January 1, 2025 and January 1, 2026, respectively.
- Increase of \$0.92 million in Upper District's RTS share in FY 2024/25 and \$0.65 million in FY 2025/26
- \$0.27 million from Metropolitan's Member Agency Administered Allocation Program will fund a significant portion of the District's Water Use Efficiency Program
- Net income from operations of \$184 thousand in FY 2024/25 and \$203 thousand in FY 2025/26
- Debt service coverage ratio of 123% in FY 2024/25 and 126% in FY 2025/26
- Annual capital expenditures of \$197 thousand for the biennium
- Reserves – \$13,000 outflow in FY 2024/25 and \$6,000 inflow in FY 2025/26

Cost of Living Adjustment (COLA) Effective July 1, 2024

Each fiscal year, the Board of Directors considers adjustment of District wages and salaries to account for inflation. The Consumer Price Index (CPI) for the Los Angeles -Long Beach-Anaheim areas for the one-year period ending in April has been used historically to measure inflation and as basis for Upper District COLA adjustments. The CPI for the Los Angeles-Long Beach-Anaheim areas for the period April 2023-April 2024 is equivalent to 3.9% (Attachment 2). If approved, the COLA will increase total personnel expenses by \$4,360 per month or \$52,320 per year which are included in the proposed budget.

//Attachments

Budget Tables

Upper San Gabriel Valley Municipal Water District Budget Summary

	ACTUAL FY 2022-23	FORECASTED FY 2023-24	BUDGET FY 2023-24	BUDGET FY 2024-25	BUDGET FY 2025-26
Administrative	\$ 2,221,724	\$ 2,877,200	\$ 2,848,200	\$ 2,944,200	\$ 2,892,000
Water Use Efficiency	400,361	781,300	836,300	546,800	558,000
Education and Community Outreach	1,185,687	1,155,900	1,241,900	1,294,600	1,343,600
Water Recycling	2,180,806	2,263,100	2,178,200	2,179,100	2,227,000
Water Quality and Supply	558,582	659,600	589,700	599,900	623,200
Stormwater	40,704	42,700	42,700	39,300	41,300
Water Purchases	<u>41,380,385</u>	<u>59,710,500</u>	<u>39,433,600</u>	<u>48,753,200</u>	<u>57,511,300</u>
Total Operating Expenses	47,968,249	67,490,300	47,170,600	56,357,100	65,196,400
Operating Revenues	<u>50,275,179</u>	<u>68,076,500</u>	<u>47,346,100</u>	<u>56,541,100</u>	<u>65,399,200</u>
Net Reserve Activity from Operations (+/-)	<u>2,306,930</u>	<u>586,200</u>	<u>175,500</u>	<u>184,000</u>	<u>202,800</u>
Capital Expenditures	2,036,771	115,000	217,000	197,000	197,000
Capital Program Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Due to Capital Outlays (+/-)	<u>\$ (2,036,771)</u>	<u>\$ (115,000)</u>	<u>\$ (217,000)</u>	<u>\$ (197,000)</u>	<u>\$ (197,000)</u>
Total Change in Fund Balances (+/-)	<u>\$ 270,159</u>	<u>\$ 471,200</u>	<u>\$ (41,500)</u>	<u>\$ (13,000)</u>	<u>\$ 5,800</u>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
EXPENSE SUMMARY
FISCAL YEAR 2022/23 THROUGH FISCAL YEAR 2025/26**

	FY 2022-23 ACTUAL	FY 2023-24 FORECASTED	FY 2023-24 BUDGET	FY 2024-25 BUDGET	FY 2025-26 BUDGET
<u>Administrative Expenses</u>					
Personnel Expenses					
Employee Salaries	1,312,503	1,440,000	1,455,000	1,559,000	1,637,000
Employee Benefits	241,980	268,000	288,000	366,300	389,500
Retired Employee Benefits	92,240	103,000	103,000	113,700	122,100
Employee Travel/Conference	33,089	40,000	50,000	55,000	60,000
Sub Total	1,679,812	1,851,000	1,896,000	2,094,000	2,208,600
Director Expenses					
Director Compensation	179,669	210,000	216,000	216,000	216,000
Director Benefits	141,716	155,000	155,000	171,000	181,000
Retired Director Benefits	18,848	24,000	33,000	26,700	28,400
Director Public Outreach	16,469	25,000	25,000	25,000	25,000
Director Travel/Conference	33,829	40,000	50,000	55,000	60,000
Sub Total	390,531	454,000	479,000	493,700	510,400
Pension/OPEB Expense					
CalPERS-Employees, Directors, Retirees	436,220	500,000	500,000	337,000	359,000
Sub Total	436,220	500,000	500,000	337,000	359,000
Office Expenses					
Office Supplies/Equipment	71,433	35,000	40,000	40,000	45,000
Equipment Operations & Maintenance	15,327	20,000	26,000	21,000	22,000
Computer Systems	45,956	55,000	60,000	60,000	63,000
Assessments	13,816	78,500	75,000	82,400	86,600
Meeting Expense	16,417	30,000	35,000	35,000	37,000
Sub Total	162,949	218,500	236,000	238,400	253,600
Facility Expenses					
Building Maintenance	48,676	57,000	45,000	61,000	64,000
Liability/Property Insurance	60,454	67,900	65,000	74,700	82,200
Office Lease	83,004	-	-	-	-
Telephone/Utilities	30,583	50,000	45,000	53,000	56,000
Sub Total	222,717	174,900	155,000	188,700	202,200
Professional Services					
Legal/Financial	82,856	100,000	112,000	105,000	110,000
Engineering	121,710	114,100	145,000	145,000	145,000
Auditor	29,985	30,000	31,000	31,400	32,300
Outside Services	87,048	86,000	55,000	55,000	55,000
Public Information/Outreach	-	1,000	3,500	1,500	1,700
Sub Total	321,599	331,100	346,500	337,900	344,000
Other Expenses					
Election Costs	212,000	612,000	500,000	500,000	322,000
Sub Total	212,000	612,000	500,000	500,000	322,000
Allocation to Projects and Programs					
Salaries/Overhead Allocated to Projects	(1,204,104)	(1,264,300)	(1,264,300)	(1,245,500)	(1,307,800)
Sub Total	(1,204,104)	(1,264,300)	(1,264,300)	(1,245,500)	(1,307,800)
Total Administrative Expenses	2,221,724	2,877,200	2,848,200	2,944,200	2,892,000
Water Purchases/Revolving Expense	41,380,385	59,710,500	39,433,600	48,753,200	57,511,300
Program Expenses					
Water Use Efficiency Program	400,361	781,300	836,300	546,800	558,000
Education and Community Outreach Program	1,185,687	1,155,900	1,241,900	1,294,600	1,343,600
Water Quality & Supply Program	558,582	659,600	589,700	599,900	623,200
Recycled Water Program	2,180,806	2,263,100	2,178,200	2,179,100	2,227,000
Stormwater Program	40,704	42,700	42,700	39,300	41,300
Sub Total	4,366,140	4,902,600	4,888,800	4,659,700	4,793,100
Total Administrative/Operating/Program Expenses	47,968,249	67,490,300	47,170,600	56,357,100	65,196,400
Total Capital Outlays	2,036,771	115,000	217,000	197,000	197,000
TOTAL	50,005,020	67,605,300	47,387,600	56,554,100	65,393,400

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
ADMINISTRATIVE BUDGET**

	FY 2023-24 FORECASTED	FY 2023-24 BUDGET	FY 2024-25 BUDGET	FY 2025-26 BUDGET
ADMINISTRATIVE EXPENSES				
Personnel Expenses				
Employee Salaries	1,440,000	1,455,000	1,559,000	1,637,000
Employee Benefits	268,000	288,000	366,300	389,500
Retired Employee Benefits	103,000	103,000	113,700	122,100
Employee Travel/Conference	40,000	50,000	55,000	60,000
Sub Total	<u>1,851,000</u>	<u>1,896,000</u>	<u>2,094,000</u>	<u>2,208,600</u>
Director Expenses				
Director Compensation	210,000	216,000	216,000	216,000
Director Benefits	155,000	155,000	171,000	181,000
Retired Director Benefits	24,000	33,000	26,700	28,400
Director Public Outreach	25,000	25,000	25,000	25,000
Director Travel/Conference	40,000	50,000	55,000	60,000
Sub Total	<u>454,000</u>	<u>479,000</u>	<u>493,700</u>	<u>510,400</u>
Pension/OPEB Expense				
CalPERS-Employees, Directors, Retirees	500,000	500,000	337,000	359,000
Sub Total	<u>500,000</u>	<u>500,000</u>	<u>337,000</u>	<u>359,000</u>
Office Expenses				
Office Supplies/Equipment	35,000	40,000	40,000	45,000
Equipment Operations & Maintenance	20,000	26,000	21,000	22,000
Computer Systems	55,000	60,000	60,000	63,000
Assessments	78,500	75,000	82,400	86,600
Meeting Expense	30,000	35,000	35,000	37,000
Sub Total	<u>218,500</u>	<u>236,000</u>	<u>238,400</u>	<u>253,600</u>
Facility Expenses				
Building Maintenance	57,000	45,000	61,000	64,000
Liability/Property Insurance	67,900	65,000	74,700	82,200
Office Lease	-	-	-	-
Telephone/Utilities	50,000	45,000	53,000	56,000
Sub Total	<u>174,900</u>	<u>155,000</u>	<u>188,700</u>	<u>202,200</u>
Professional Services				
Legal/Financial	100,000	112,000	105,000	110,000
Engineering	114,100	145,000	145,000	145,000
Auditor	30,000	31,000	31,400	32,300
Outside Services	86,000	55,000	55,000	55,000
Public Information/Outreach	1,000	3,500	1,500	1,700
Sub Total	<u>331,100</u>	<u>346,500</u>	<u>337,900</u>	<u>344,000</u>
Other Expenses				
Election Costs	612,000	500,000	500,000	322,000
Sub Total	<u>612,000</u>	<u>500,000</u>	<u>500,000</u>	<u>322,000</u>
Allocation to Projects and Programs				
Salaries/Overhead Allocated to Projects	(1,264,300)	(1,264,300)	(1,245,500)	(1,307,800)
Sub Total	<u>(1,264,300)</u>	<u>(1,264,300)</u>	<u>(1,245,500)</u>	<u>(1,307,800)</u>
TOTAL ADMINISTRATIVE EXPENSES	<u>2,877,200</u>	<u>2,848,200</u>	<u>2,944,200</u>	<u>2,892,000</u>
ADMINISTRATIVE AND OPERATING REVENUES				
Interest	550,000	83,900	240,000	150,000
Sub Total	<u>550,000</u>	<u>83,900</u>	<u>240,000</u>	<u>150,000</u>
Other Administrative Revenues				
Taxes	775,000	500,000	798,000	822,000
Other Income	30,000	26,400	30,900	31,800
Sub Total	<u>805,000</u>	<u>526,400</u>	<u>828,900</u>	<u>853,800</u>
TOTAL ADMINISTRATIVE AND OPERATING REVENUES	<u>1,355,000</u>	<u>610,300</u>	<u>1,068,900</u>	<u>1,003,800</u>
ADMINISTRATIVE AND OPERATING EXPENSES	<u>(2,877,200)</u>	<u>(2,848,200)</u>	<u>(2,944,200)</u>	<u>(2,892,000)</u>
NET	<u>(1,522,200)</u>	<u>(2,237,900)</u>	<u>(1,875,300)</u>	<u>(1,888,200)</u>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
WATER PURCHASES & REVOLVING FUND REVENUES**

	FY 2023-24 FORECASTED	FY 2023-24 BUDGET	FY 2024-25 BUDGET	FY 2025-26 BUDGET
WATER PURCHASE EXPENSE				
Tier 1 Treated	3,692,100	3,692,100	3,960,700	4,369,300
Tier 1 Untreated	51,918,400	31,635,000	39,732,000	47,424,000
MWD Capacity Charge	353,200	353,200	392,000	394,000
MWD Readiness-to-Serve Charge	3,648,300	3,648,300	4,565,100	5,217,500
Sub Total	<u>59,612,000</u>	<u>39,328,600</u>	<u>48,649,800</u>	<u>57,404,800</u>
REVOLVING EXPENSE				
San Gabriel River Watermaster	98,500	105,000	103,400	106,500
Sub Total	<u>98,500</u>	<u>105,000</u>	<u>103,400</u>	<u>106,500</u>
TOTAL WATER PURCHASES/REVOLVING FUND EXPENS	<u>59,710,500</u>	<u>39,433,600</u>	<u>48,753,200</u>	<u>57,511,300</u>
IMPORTED WATER PURCHASE REVENUES				
Water Rate Revenues				
Tier 1 Treated	3,692,100	3,692,100	3,960,700	4,369,300
Tier 1 Untreated	51,918,400	31,635,000	39,732,000	47,424,000
Upper Surcharge Tier 1 Treated	309,000	309,000	309,000	309,000
Upper Surcharge Tier 1 Untreated	3,832,100	3,811,000	4,532,000	5,356,000
Capacity Charge Revenue	353,200	353,200	392,000	394,000
Gross MWD Stand-by Charge - Revenue Reconciliation	1,950,000	1,950,000	1,950,000	1,950,000
MSGB Watermaster-Ready-to-Serve	75,600	75,600	75,600	75,600
TOTAL WATER PURCHASE REVENUES	<u>62,130,400</u>	<u>41,825,900</u>	<u>50,951,300</u>	<u>59,877,900</u>
Revolving/Other Revenue				
MSGB Watermaster-SG River Watermaster	98,500	105,000	103,400	106,500
TOTAL REVOLVING FUND REVENUES	<u>98,500</u>	<u>105,000</u>	<u>103,400</u>	<u>106,500</u>
TOTAL WATER PURCHASE & REVOLVING FUND REVENUES	<u>62,228,900</u>	<u>41,930,900</u>	<u>51,054,700</u>	<u>59,984,400</u>
WATER PURCHASE EXPENSES	<u>(59,710,500)</u>	<u>(39,433,600)</u>	<u>(48,753,200)</u>	<u>(57,511,300)</u>
NET	2,518,400	2,497,300	2,301,500	2,473,100

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
WATER USE EFFICIENCY**

	FY 2023-24 FORECASTED	FY 2023-24 BUDGET	FY 2024-25 BUDGET	FY 2025-26 BUDGET
WATER USE EFFICIENCY PROGRAM EXPENSES				
Residential Programs				
Member Agency Administered Programs	280,000	335,000	167,500	167,500
Regional Rebate Program	150,000	40,000	50,000	50,000
Sub Total	<u>430,000</u>	<u>375,000</u>	<u>217,500</u>	<u>217,500</u>
Commercial/Industrial/Institution Programs				
Member Agency Administered Programs	100,000	210,000	105,000	105,000
Regional Rebate Program	-	-	-	-
Sub Total	<u>100,000</u>	<u>210,000</u>	<u>105,000</u>	<u>105,000</u>
Allocation to Conservation Programs				
Salaries & Overhead	251,300	251,300	224,300	235,500
Sub Total	<u>251,300</u>	<u>251,300</u>	<u>224,300</u>	<u>235,500</u>
TOTAL WATER USE EFFICIENCY EXPENSES	<u><u>781,300</u></u>	<u><u>836,300</u></u>	<u><u>546,800</u></u>	<u><u>558,000</u></u>
WATER USE EFFICIENCY REVENUES				
MWD Member Agency Allocation/Rebate Funding	530,000	585,000	322,500	322,500
TOTAL WATER USE EFFICIENCY REVENUES	<u><u>530,000</u></u>	<u><u>585,000</u></u>	<u><u>322,500</u></u>	<u><u>322,500</u></u>
WATER USE EFFICIENCY EXPENSES	<u>(781,300)</u>	<u>(836,300)</u>	<u>(546,800)</u>	<u>(558,000)</u>
NET	(251,300)	(251,300)	(224,300)	(235,500)

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
EDUCATION & COMMUNITY OUTREACH**

	FY 2023-24 FORECASTED	FY 2023-24 BUDGET	FY 2024-25 BUDGET	FY 2025-26 BUDGET
EDUCATION & COMMUNITY OUTREACH EXPENSES				
Watershed Programs				
Natural Vegetation Restoration Program	18,000	20,000	20,000	20,000
Sub Total	18,000	20,000	20,000	20,000
Educational Programs				
Educational Activities	40,000	60,000	60,000	60,000
Memberships	135,000	135,000	140,000	145,000
Educational Materials/Grant Program	35,000	55,000	55,000	60,000
Educational Outreach Programs/Events	152,000	161,000	155,000	160,000
Sub Total	362,000	411,000	410,000	425,000
Outreach and Information Programs				
Public Workshops/Seminars	25,000	40,000	40,000	40,000
Conservation Devices/Items	40,000	40,000	40,000	45,000
Bottled Water Program	15,500	15,500	15,500	15,500
Community/Industry Sponsorships	25,000	35,000	35,000	35,000
Displays/Fairs/Presentations	3,000	5,000	5,000	5,000
Conferences/Meetings	7,000	7,000	10,000	12,000
Public Information	100,000	100,000	100,000	100,000
Technical Assistance	70,000	70,000	70,000	70,000
Legal/Financial	2,000	10,000	10,000	10,000
Sub Total	287,500	322,500	325,500	332,500
Allocation to Conservation Programs				
Salaries & Overhead	488,400	488,400	539,100	566,100
Sub Total	488,400	488,400	539,100	566,100
TOTAL EDUCATION & COMMUNITY OUTREACH EXPENSES	1,155,900	1,241,900	1,294,600	1,343,600
EDUCATION & COMMUNITY OUTREACH REVENUES				
Educational Outreach Program/Events	8,000	-	-	-
TOTAL EDUCATION & COMMUNITY OUTREACH REVENUE	8,000	-	-	-
EDUCATION & COMMUNITY OUTREACH EXPENSES	(1,155,900)	(1,241,900)	(1,294,600)	(1,343,600)
NET	(1,147,900)	(1,241,900)	(1,294,600)	(1,343,600)

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
WATER QUALITY AND SUPPLY PROGRAM**

	FY 2023-24 FORECASTED	FY 2023-24 BUDGET	FY 2024-25 BUDGET	FY 2025-26 BUDGET
WATER QUALITY AND SUPPLY PROGRAM EXPENSES				
Engineering for Water Supply Projects	113,900	32,000	73,000	73,000
Legislative Consultant	125,000	130,000	125,000	125,000
Sub Total	<u>238,900</u>	<u>162,000</u>	<u>198,000</u>	<u>198,000</u>
Other Expenses				
Urban Water Management Plan/Related Studies	-	-	15,000	20,000
Integrated Resources Plan	-	-	10,000	10,000
Water Supply Reliability Plan/Emergency Preparedness	-	5,000	5,000	5,000
Legal and Financial	4,000	6,000	5,000	5,000
Salaries & Overhead Allocation	416,700	416,700	366,900	385,200
Sub Total	<u>420,700</u>	<u>427,700</u>	<u>401,900</u>	<u>425,200</u>
TOTAL WATER QUALITY AND SUPPLY EXPENSES	<u>659,600</u>	<u>589,700</u>	<u>599,900</u>	<u>623,200</u>
WATER QUALITY AND SUPPLY PROGRAM REVENUES				
Interest	48,000	75,200	81,200	50,000
TOTAL WATER QUALITY AND SUPPLY REVENUES	<u>48,000</u>	<u>75,200</u>	<u>81,200</u>	<u>50,000</u>
WATER QUALITY AND SUPPLY PROGRAM EXPENSES	<u>(659,600)</u>	<u>(589,700)</u>	<u>(599,900)</u>	<u>(623,200)</u>
NET	<u>(611,600)</u>	<u>(514,500)</u>	<u>(518,700)</u>	<u>(573,200)</u>

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
RECYCLED WATER REVENUES & EXPENSES**

	FY 2023-24 FORECASTED	FY 2023-24 BUDGET	FY 2024-25 BUDGET	FY 2025-26 BUDGET
RECYCLED WATER EXPENSES				
Water Purchases-Recycled Water	447,000	624,000	553,000	573,000
SWRCB Loan Repayment	791,000	791,000	791,000	791,000
Salaries & Overhead Allocation	65,200	65,200	75,900	79,700
Standby Charge Design/Implementation	18,200	18,500	18,200	18,700
Engineering - General	26,100	52,500	40,000	40,000
Prop 84 Passthrough Payments	251,200	-	-	-
Lobbyist	95,000	95,000	95,000	95,000
Legal and Financial	1,000	3,000	3,000	3,000
Public Information	5,000	5,000	5,000	5,000
Operation and Maintenance Phase I/IIA	387,400	361,000	407,200	421,300
Operation and Maintenance Phase IIB	176,000	163,000	190,800	200,300
TOTAL RECYCLED WATER EXPENSES	2,263,100	2,178,200	2,179,100	2,227,000
RECYCLED WATER REVENUES				
Recycled Water Sales	447,000	624,000	553,000	573,000
Upper Recycled Water Surcharge Revenue	1,034,000	1,323,000	1,259,000	1,276,000
Metropolitan Water District LRP Funds	100,000	128,000	120,000	120,000
Parcel/Standby Charge	2,050,000	2,050,000	2,050,000	2,050,000
Prop 84 Passthrough Grant	216,600	-	-	-
Interest	37,000	14,300	21,200	13,000
TOTAL RECYCLED WATER REVENUES	3,884,600	4,139,300	4,003,200	4,032,000
RECYCLED WATER EXPENSES	(2,263,100)	(2,178,200)	(2,179,100)	(2,227,000)
NET	1,621,500	1,961,100	1,824,100	1,805,000

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
STORMWATER REVENUE & EXPENSE**

	<u>FY 2023-24 FORECASTED</u>	<u>FY 2023-24 BUDGET</u>	<u>FY 2024-25 BUDGET</u>	<u>FY 2025-26 BUDGET</u>
STORMWATER EXPENSES				
Salaries & Overhead Allocation	42,700	42,700	39,300	41,300
TOTAL STORMWATER EXPENSES	<u>42,700</u>	<u>42,700</u>	<u>39,300</u>	<u>41,300</u>
STORMWATER REVENUES				
Interest	-	-	-	-
TOTAL STORMWATER REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
STORMWATER EXPENSES	<u>(42,700)</u>	<u>(42,700)</u>	<u>(39,300)</u>	<u>(41,300)</u>
NET	(42,700)	(42,700)	(39,300)	(41,300)

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
RATE STABILIZATION FUND BUDGET**

	FY 2023-24 FORECASTED	FY 2023-24 BUDGET	FY 2024-25 BUDGET	FY 2025-26 BUDGET
RATE STABILIZATION FUND EXPENSES				
Miscellaneous	-	-	-	-
TOTAL RATE STABILIZATION FUND EXPENSES	-	-	-	-
RATE STABILIZATION FUND REVENUES				
Interest	22,000	5,400	10,600	6,500
TOTAL RATE STABILIZATION FUND REVENUES	22,000	5,400	10,600	6,500
TOTAL RATE STABILIZATION FUND EXPENSES	-	-	-	-
NET	22,000	5,400	10,600	6,500

**UPPER SAN GABRIEL VALLEY MUNICIPAL WATER DISTRICT
CAPITAL PROGRAM BUDGET**

	FY 2023-24 FORECASTED	FY 2023-24 BUDGET	FY 2024-25 BUDGET	FY 2025-26 BUDGET
CAPITAL EXPENDITURES				
Direct Reuse	-	100,000	100,000	100,000
USG Connections	15,000	15,000	95,000	95,000
Legal and Financial	-	2,000	2,000	2,000
Sub Total	<u>15,000</u>	<u>117,000</u>	<u>197,000</u>	<u>197,000</u>
Other Capital Outflows				
District Office Building	100,000	100,000	-	-
Sub Total	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
TOTAL CAPITAL OUTLAYS	<u>115,000</u>	<u>217,000</u>	<u>197,000</u>	<u>197,000</u>
CAPITAL PROGRAM INFLOWS				
Interest	-	-	-	-
TOTAL CAPITAL INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL OUTFLOWS	<u>(115,000)</u>	<u>(217,000)</u>	<u>(197,000)</u>	<u>(197,000)</u>
NET	<u>(115,000)</u>	<u>(217,000)</u>	<u>(197,000)</u>	<u>(197,000)</u>

Western Information Office

Search Western Region [Go](#)

Western Home Western Geography ▾ Western Subjects ▾ Western Archives ▾ Contact Western

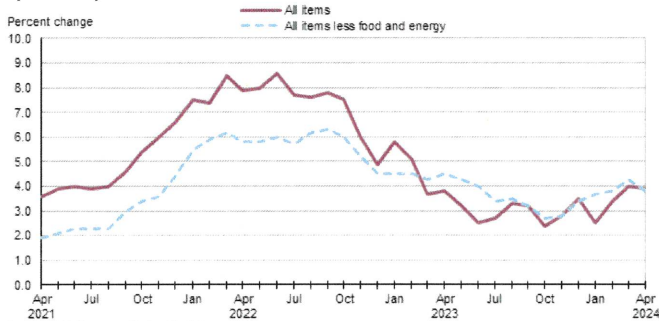
Consumer Price Index, Los Angeles area — April 2024

Area prices were up 0.6 percent over the past month, up 3.9 percent from a year ago

Prices in the Los Angeles area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), advanced 0.6 percent in April, the U.S. Bureau of Labor Statistics reported today. (See [table A](#).) Regional Commissioner Chris Rosenlund noted that the April increase was influenced by higher prices for gasoline and shelter. (Data in this report are not seasonally adjusted. Accordingly, month-to-month changes may reflect seasonal influences.)

Over the last 12 months, the CPI-U increased 3.9 percent. (See [chart 1](#) and [table A](#).) Food prices advanced 3.3 percent. Energy prices advanced 6.4 percent, largely the result of an increase in the price of gasoline. The index for all items less food and energy increased 3.8 percent over the year. (See [table 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Los Angeles-Long Beach-Anaheim, CA, April 2021–April 2024



Source: U.S. Bureau of Labor Statistics.

[View Chart Data](#)

Food

Food prices increased 0.9 percent for the month of April. (See [table 1](#).) Prices for food at home rose 0.2 percent, led by higher prices for meats, poultry, fish, and eggs (1.1 percent). Prices for food away from home advanced 1.6 percent for the same period.

Over the year, food prices advanced 3.3 percent. Prices for food at home increased 2.3 percent since a year ago, led by higher prices for meats, poultry, fish, and eggs (5.7 percent). Prices for food away from home increased 4.7 percent.

Energy

The energy index rose 2.1 percent over the month. The increase was mainly due to higher prices for gasoline (7.2 percent). Prices for natural gas service decreased 15.0 percent and prices for electricity decreased 1.6 percent for the same period.

Energy prices advanced 6.4 percent over the year, largely due to higher prices for gasoline (8.7 percent). Prices paid for electricity rose 6.6 percent, while prices for natural gas service fell 9.2 percent during the past year.

All items less food and energy

The index for all items less food and energy increased 0.4 percent in April. Higher prices for medical care (0.7 percent) and shelter (0.4 percent) were partially offset by lower prices for apparel (-1.3 percent) and education and communication (-0.2 percent).

Over the year, the index for all items less food and energy increased 3.8 percent. Components contributing to the increase included shelter (5.4 percent) and medical care (2.8 percent). Partly offsetting the increases were price decreases in household furnishings and operations (-2.7 percent) and new and used motor vehicles (-1.7 percent).

Table A. Los Angeles-Long Beach-Anaheim, CA, CPI-U 1-month and 12-month percent changes, all items index, not seasonally adjusted

Month	2020		2021		2022		2023		2024	
	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month	1-month	12-month
January	0.8	3.1	0.2	0.9	1.1	7.5	1.9	5.8	1.0	2.5
February	0.3	3.4	0.4	1.0	0.3	7.4	-0.3	5.1	0.5	3.4
March	-0.7	1.9	0.5	2.2	1.5	8.5	0.1	3.7	0.7	4.0
April	-0.3	0.7	1.1	3.6	0.5	7.9	0.7	3.8	0.6	3.9
May	0.4	0.9	0.6	3.9	0.8	8.0	0.1	3.2		
June	0.5	1.4	0.6	4.0	1.1	8.6	0.5	2.5		
July	0.6	1.9	0.6	3.9	-0.2	7.7	0.0	2.7		
August	0.1	2.0	0.2	4.0	0.1	7.6	0.7	3.3		

News Release Information

24-993-SAN
Wednesday, May 15, 2024

Contacts

Technical information:

(415) 625-2270
BLInfoSF@bls.gov
www.bls.gov/regions/west

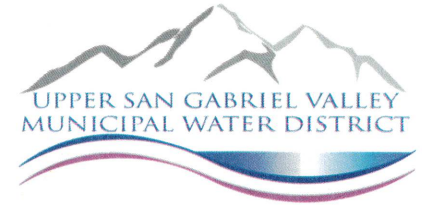
Media contact:

(415) 625-2270

Related Links

[CPI historical databases](#)

MEMORANDUM



ITEM 4.

DATE: May 31, 2024
TO: Administration and Finance Committee and Board of Directors
FROM: General Manager
SUBJECT: Additional Discretionary Payment for Upper District's Unfunded Accrued Liability with CalPERS and Contribution to the California Employers' Pension Prefunding Trust Fund

Recommendation

Staff recommends that the Board of Directors:

1. Authorize an additional discretionary payment of \$1 million to CalPERS to reduce Upper District's unfunded accrued liability related to pension.
2. Authorize additional contribution to the California Employers' Pension Prefunding Trust Program (CEPPT) Program of \$1 million.

Background

Additional Discretionary Payment for CalPERS UAL

In 2022, the Board of Directors authorized an additional discretionary payment (ADP) of \$1 million to CalPERS to reduce Upper District's unfunded accrued liability related to pension. Based on CalPERS's most recent actuarial valuation report dated July 2023, Upper District's unfunded accrued liability for pension is \$2.57 million with a funded ratio of 79.4%. Had the \$1 million ADP not been made in 2022, Upper District's unfunded accrued liability would have been \$3.57 million, and its funded status would have gone down as well.

Working with a CalPERS actuary, staff ran scenarios assuming an additional payment of \$1 million. Results showed that that this additional payment could potentially save the District about \$0.76 million in interest payments over 20 years using CalPERS' current discount rate of 6.8%. In addition, Upper District pension plan's funded status will increase from 79.4% to about 89% by the end of fiscal year 2023/24.

Additional Deposit to the CEPPT, a Section 115 Irrevocable Trust

In 2022, the Board authorized the establishment of a CEPPT trust fund with an initial trust funding of \$500,000. CEPPT is a self-funded, not-for-profit, Section 115 trust administered by CalPERS for pension contributions. The market value of Upper District's CEPPT fund as of the quarter ended March 31, 2024 is \$560,300 which translates to an annual yield of 7.83%.

Staff recommends that the Board of Directors consider making an additional deposit to Upper District's CEPPT trust account amounting to \$1 million. Prefunding pension obligations through a Section 115 trust like the CEPPT has the following advantages:

1. Offer potentially better yields than the Local Agency Investment Fund (LAIF) over time.
2. Demonstrates fiscal responsibility which may favorably impact credit rating.
3. Assets can be accessed to stabilize rates and offset future contribution increases - acts as a rainy day fund during adverse budgetary or economic conditions.
4. Contributions to the trust are voluntary and therefore controlled by Upper District.
5. Funds deposited into the trust can only be used to pay pension obligations and can provide budget flexibility in years when available resources are tight.

Due mainly to higher than anticipated investment earnings and tax revenues, current projections for the year indicate there will be positive net operating revenue sufficient to cover the proposed additional discretionary UAL payment of \$1 million. Upper District also has sufficient reserves to cover an additional deposit to the CEPPT fund of \$1 million.

//Attachments