

CAPITAL PROJECTS

replacements and upgrades

DOMESTIC WATER: \$40.6 MILLION 3 **Booster Station Upgrades**, 2 **Reservoirs** (large water tanks) under construction, 7 **Water main improvements**, 1 **well upgrade** and 2 **treatment system improvements**. These projects will ensure water delivery, improve reliability, and replace pipelines that are leaking.

CANAL WATER: \$19.7 MILLION 1 **pump station relocation project**, 5 **irrigation lateral replacements**, and construction of the **Mid-Canal Storage Project**. The Mid-Canal project will allow for additional storage of canal water for improved flow control and reliable delivery of water to farms and irrigated lands.

SANITATION: \$35.0 MILLION 8 **treatment projects**, 10 **collection rehabilitation and upgrade projects**, 23 **nonpotable water connection projects**, and 3 **grant-funded projects** for new sewer pipelines within disadvantaged communities. These projects will improve the efficiency of the treatment process, enable CVWD to meet increased demands for recycled water, reduce the potential for sewer overflows, and allow several small communities in the East Valley to convert from septic to sewer using grant funding.

STORMWATER: \$41.5 MILLION 13 **stormwater improvement projects**, including the North Indio Regional Flood Control System and Coachella Valley Stormwater Channel Improvements from Avenue 54 to the Thermal Drop Structure. These projects will protect various areas of the Coachella Valley from flooding, and remove 2,700 acres of land from a FEMA designated Special Flood Hazard Area.

REPLENISHMENT: \$4.4 MILLION Projects include completion of the **Oasis In-Lieu Recharge Project**, construction for the **Palm Desert Replenishment Project**, and 1 **non-potable connection project**. The Oasis project will allow the District to retain thousands of acre feet of water in the aquifer by using Colorado River water for irrigation instead of pumping, and the expansion of the current Palm Desert Replenishment Facility will allow the District to replenish additional water.

\$141.3 MILLION TOTAL

FY 2024 includes \$141.3 million in budgeted capital projects that will improve infrastructure throughout the community. CVWD completed a five-year project to gather data on all of the District's assets, which has helped to prioritize the projects that are most critical to ensure continued service to customers. Many projects are funded through rates, but this year the District will use \$81.9 million worth of grants, restricted funds, and low-cost loans for funding projects. In addition, CVWD is using \$22.2 million in reserves to ensure that infrastructure replacement needs are being met.



COACHELLA VALLEY WATER DISTRICT

BUDGET IN BRIEF 2023-24



MESSAGE FROM THE GENERAL MANAGER

The Fiscal Year (FY) 2024 budget demonstrates CVWD's ability and commitment to adapt to changing conditions as the District continues to provide quality water at a reasonable cost. As the FY 2024 budget was in its beginning stages of development in early January, the State of California had just received the first of over twelve atmospheric river storms, resulting in historic rain and snowpack conditions. We begin the new fiscal year with most of the State's reservoirs at capacity, and have 100% of our allocation of State Water Project (SWP) water for the first time since 2006. That is a dramatic change from where we began FY 2023, with the implementation of Level 2 drought measures contained in the Water Shortage Contingency Plan, drought penalties to encourage conservation, an expanded turf rebate program to encourage permanent water reductions, and an expected 5% allocation of SWP water.

While the change in water conditions for FY 2024 is good news, CVWD is mindful of the continuing long term strain on the Colorado River, and is participating in several voluntary programs in partnership with the United States Bureau of Reclamation to help reduce short-term use over the next few years to shore up reservoir levels on the Colorado River.

The Budget was formally adopted by the Board on June 13, 2023 after study sessions in March, April, and May. Expense increases have been held to inflationary levels, and rates were reviewed for all funds. The Board approved a 5.5% rate increase for the Domestic Water fund and an 8.5% average rate increase for the Sanitation fund. These increases average about \$2 more per month for a typical residential Domestic water customer and \$2 more per month for a Sanitation customer. This demonstrates the Board's commitment to manage the affordability of CVWD's rates.

This Budget-in-Brief provides additional details on revenues and expenditures, and services we provide.

BOARD OF DIRECTORS

John Powell Jr., Board President | **Cástulo R. Estrada**, Board Vice President
John Aguilar | **Anthony Bianco** | **Peter Nelson**

Jim Barrett, General Manager

Robert Cheng, Assistant General Manager

Dan Charlton, Assistant General Manager



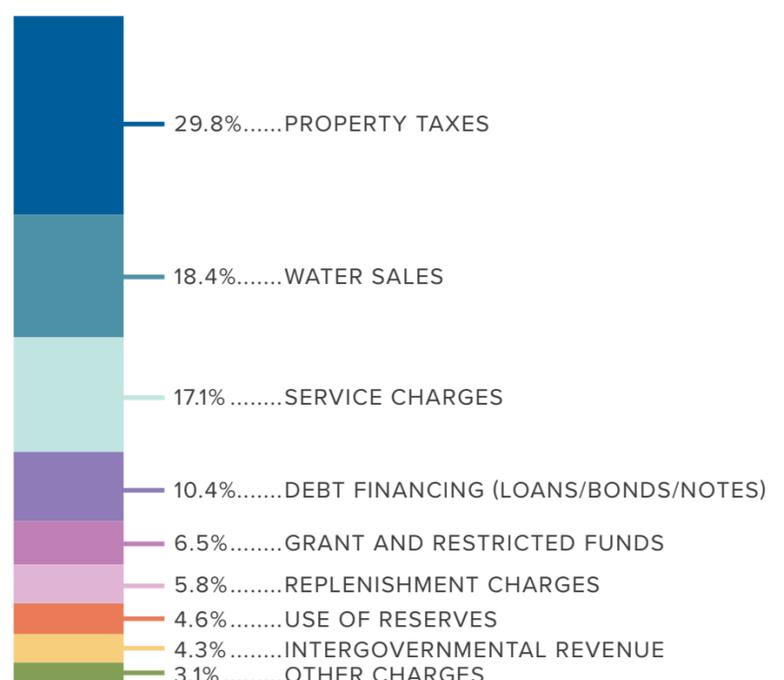
YourWater
is our promise.

Whitewater Replenishment Facility

Where does the money come from?

COMBINED OPERATING & CAPITAL IMPROVEMENT BUDGETS

FISCAL 2023-24 | \$485.4 MILLION

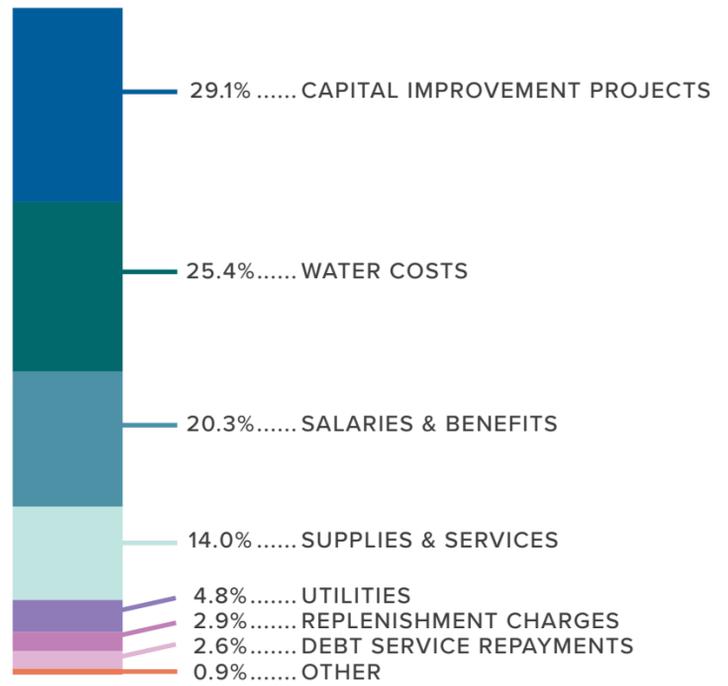




Where does the money go?

BUDGET

\$485.4 MILLION TOTAL INCLUDING \$141.3 MILLION FOR CAPITAL PROJECTS



BUDGET KEY POINTS

OPERATING RESERVES ACCOUNT FOR

90 DAYS
CASH ON HAND

- The reserves are broken into several types and most of the money is designated by the Board of Directors for specific uses. The District follows guidelines outlined by the Government Finance Officers Association.
- A large component of the reserves is for capital projects.
- The emergency reserve is for the restoration of critical services in the event of floods, earthquakes, and other disasters.
- The rate stabilization reserve exists so that in the event of a major revenue shortfall (for instance, a prolonged drought) we would not immediately implement rate increases to maintain existing services.
- A vehicle replacement reserve helps us maintain our fleet of heavy equipment and service vehicles.
- The debt service reserve is often required by lenders - the requirement is that we must have the largest debt payment over the life of the loan on hand at all times.
- State Water Project (SWP) Reserves exist to stabilize the fluctuation in SWP water deliveries. The reserve can be used to pay for additional deliveries in wet years.



Reservoir 6726-3 near Lake Calhoun

SIX MAIN WATER-RELATED FUNDS:

DOMESTIC | CANAL | STORMWATER | SANITATION | REPLENISHMENT | STATE WATER PROJECT

Each service operates as a separate business and must generate its own revenue stream.

For full budget details visit CVWD.org/budget

1 DOMESTIC WATER FUND

Delivers clean water on a consistent basis to customers, ensuring it meets all drinking water standards. This includes maintaining our 94 wells, 67 reservoirs, and over 2,000 miles of pipelines. All of this infrastructure is aging and must be replaced or upgraded over time.

BUDGET

\$143.5 MILLION

including \$40.6 million for capital projects

2 CANAL/IRRIGATION & DRAINAGE FUND

The 123-mile Coachella Canal and 485-mile distribution system is over 70 years old and in need of upgrades. This infrastructure delivers Colorado River water to over 1,000 farms and golf courses. The District is also challenged with maintaining 187 miles of drains that were built over 50 years ago.

BUDGET

\$60 MILLION

including \$19.7 million for capital projects

3 STORMWATER FUND

During heavy rain storms, Coachella Valley's 169 miles of stormwater channels direct flood water away from people, communities, businesses, and farms and send it into the Whitewater River Stormwater Channel. Several areas of the valley need improved flood control, which will cost \$400 million in the next five to ten years.

BUDGET

\$59 MILLION

including \$41.5 million for capital projects

4 SANITATION FUND

Employees work every day to maintain our five water reclamation plants, and 1,170 miles of sewer collection pipelines. Increasing regulations make it necessary for many water suppliers to invest in new treatment technologies, which adds to the cost of providing service.

BUDGET

\$79.7 MILLION

including \$35.0 million for capital projects

5 REPLENISHMENT FUNDS

CVWD continually works to maintain four replenishment facilities where 4.56 million acre-feet of imported water has been replenished into the aquifer since 1973. Replenishment helps to ensure a supply of drinking water for the Coachella Valley now and in the future. CVWD is also working to increase connections so that the use of Colorado River water replaces the pumping of drinking water from the aquifer.

COMBINED BUDGET

\$47.2 MILLION

including \$19.4 million for imported water and \$4.5 million for capital projects

6 STATE WATER PROJECT FUND

In 1963, CVWD entered into a water supply contract with the State of California Department of Water Resources, becoming one of the original 29 State Water Project (SWP) contractors. This action entitled CVWD to certain amounts of water from the SWP (currently at 138,350 acre feet per year) to replenish the Coachella Valley groundwater basin. The amount of water delivered annually varies based on the amount of rain and snowpack in the Sierra Nevada watersheds.

BUDGET

\$94 MILLION

including \$92.6 million for imported water

Motorpool and Internal Service Fund are included in the total for each Enterprise Fund.

SERVICES