

# BUDGET IN BRIEF

## 2021-22

### MESSAGE FROM THE GENERAL MANAGER

The Fiscal Year 2022 budget demonstrates CVWD's commitment to control operating costs and invest in needed infrastructure to continue to provide quality water at a reasonable cost. The operating budget includes a 5.1% increase and no additional personnel. The capital budget reflects a \$61.8 million increase over the prior year as the District is in the process of multiple large construction projects. Over \$96.5 million of the total capital budget will be paid for from grants (free money), restricted funds, and low-cost loans.

The Fiscal Year 2022 budget also includes the results of a year-long comprehensive cost of service study for the District's Canal, Replenishment, and Domestic Water Funds. The study assisted CVWD in the development of rates and a financial plan designed to meet the District's financial, operational, and capital needs in a manner that equitably distributes costs and maintains the affordability of services. Throughout the study, refinements aimed at mitigating rate increases and maintaining customer affordability were identified and incorporated into the analysis. Notifications were sent to all impacted customers in accordance with California Proposition 218, and opportunities were given for customer feedback during four public hearings. The adopted rates are included in the FY 2022 Budget. This budget-in-brief provides insight into the services provided, and how rates support those efforts.



Oasis Tower Reservoir



**YourWater**  
is our promise.

Where does the money come from?

COMBINED OPERATING & CAPITAL IMPROVEMENT BUDGETS

FISCAL 2021-22 | \$451.8 MILLION

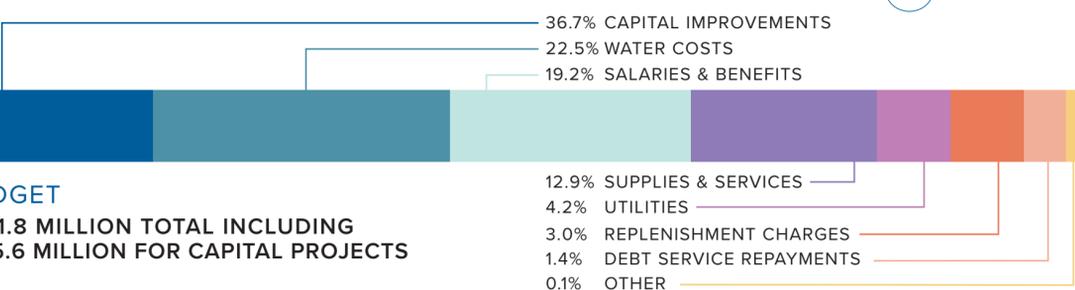
**BOARD OF DIRECTORS**  
John Powell Jr., Board President | Cástulo R. Estrada, Board Vice President  
John Aguilar | Anthony Bianco | Peter Nelson

**Jim Barrett**, General Manager  
**Robert Cheng**, Assistant General Manager  
**Dan Charlton**, Assistant General Manager

18.5%	WATER SALES
17.8%	LOAN AND BOND FINANCING
17.3%	PROPERTY TAXES – STATE WATER PROJECT
9.3%	PROPERTY TAXES – GENERAL
8.9%	SANITATION SERVICES CHARGES
6.9%	USE OF RESERVES
6.3%	REPLENISHMENT CHARGES
4.6%	SERVICE CHARGES
2.9%	CHARGES
2.5%	USE OF RESTRICTED FUNDS
2.4%	INTERGOVERNMENTAL & INVESTMENT REVENUES
1.6%	OTHER
1.0%	GRANTS



Where does the money go?



**BUDGET**

\$451.8 MILLION TOTAL INCLUDING \$165.6 MILLION FOR CAPITAL PROJECTS

## BUDGET KEY POINTS



Silver Rock L4 Pump Station on the Coachella Canal

**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](http://CVWD.org/budget)

### DOMESTIC WATER FUND

Delivers clean water on a consistent basis to customers, ensuring it meets all drinking water standards. This includes maintaining our 97 wells, 64 reservoirs, and over 2,000 miles of pipelines. All of this infrastructure is aging and must be replaced or upgraded over time.

**BUDGET**  
**\$114.8 MILLION**  
including \$21.5 million for capital projects

### 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**  
**\$38.4 MILLION**  
including \$8.7 million for capital projects

### STORMWATER FUND

During heavy rain storms, Coachella Valley's 50 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**  
**\$71.6 MILLION**  
including \$62.3 million for capital projects

### SANITATION FUND

Employees work every day to maintain our five water reclamation plants, and 1,160 miles of sewer collection pipelines. Increasing governmental regulations are making it more difficult and expensive to provide sewer services to homes and businesses.

**BUDGET**  
**\$74.8 MILLION**  
including \$35.2 million for capital projects

### REPLENISHMENT FUNDS

CVWD continually works to maintain our four replenishment facilities where we annually percolate over 165,000 acre feet of water into the aquifer. This helps to ensure a supply of drinking water for the Coachella Valley now and in the future. CVWD is also working to increase golf course connections so that the use of Colorado River water replaces the pumping of drinking water from the aquifer.

**COMBINED BUDGET**  
**\$80.8 MILLION**  
including \$25.2 million for imported water and \$37.9 million for capital projects

### 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**  
**\$71.4 MILLION**  
including \$71 million for imported water

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

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.
- Approximately \$67.5 million is in the legally restricted Developer Fee Reserve and can only be used for extending water and sewer services into new areas.
- 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 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.

RESERVES

SERVICES

## CAPITAL PROJECTS

replacements and upgrades



Reservoir 4606-2

This fiscal year we have \$165.6 million budgeted for capital projects that will improve conditions throughout the community. For the past five years we have been gathering data on all of our assets, above ground and below ground. This data has helped us to prioritize the projects that are most critical to ensure continued service to our customers. We fund many of our projects through rates, but this year we will use \$96.5 million worth of grants, restricted funds, and low-cost loans for funding projects. In addition, we are using \$31.2 million in reserves to ensure that infrastructure replacement needs are being met.

**DOMESTIC WATER: \$21.5 MILLION** for 4 booster station upgrades, 6 reservoirs (large water tanks), 6 water main improvements, 2 well upgrades, and 3 treatment system improvements. These projects will ensure water delivery, improve reliability, and replace pipelines that are leaking.

**CANAL WATER: \$8.7 MILLION** for 1 pump station relocation project, 1 irrigation lateral replacement, 1 check structure replacement project, and design work for the Mid-Canal Reservoir. This will allow for storage of canal water for improved control for flow, and reliable delivery of water to farms and irrigated lands.

**SANITATION: \$35.2 MILLION** for 12 treatment projects, 11 collection rehabilitation and upgrade projects, 21 non-potable 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, eliminate the potential for sewer overflows, and allow several small communities in the East Valley to convert from septic to sewer using grant funding.

**STORMWATER: \$62.3 MILLION** for 16 stormwater improvement projects, including the North Indio Regional Flood Control System and Coachella Valley Stormwater Channel Improvements from Avenue 54 to the Check Drop Structure. These projects will protect various areas of the Coachella Valley from flooding, and remove 2,700 acres of land from a Federal Emergency Management Agency designated Special Flood Hazard Area.

**REPLENISHMENT: \$37.9 MILLION** Projects include the Oasis In-Lieu Recharge Project, Palm Desert Replenishment Project, and 1 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 to allow the District to replenish additional water.

**\$165.6 MILLION TOTAL**