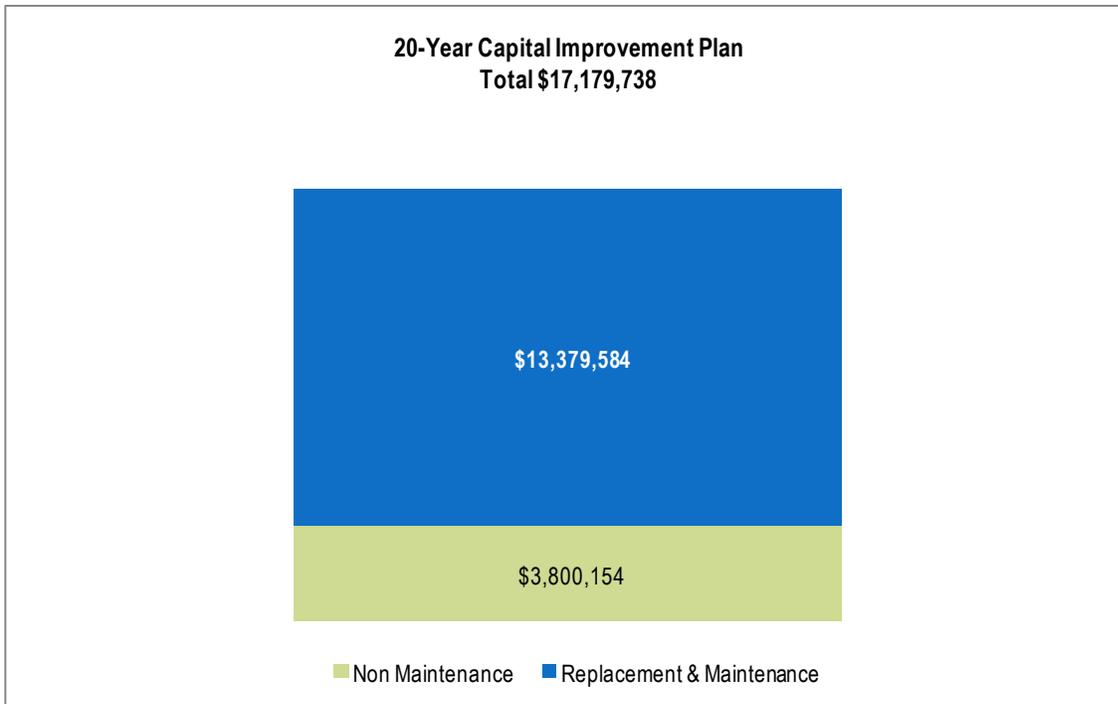


Long-Range Planning

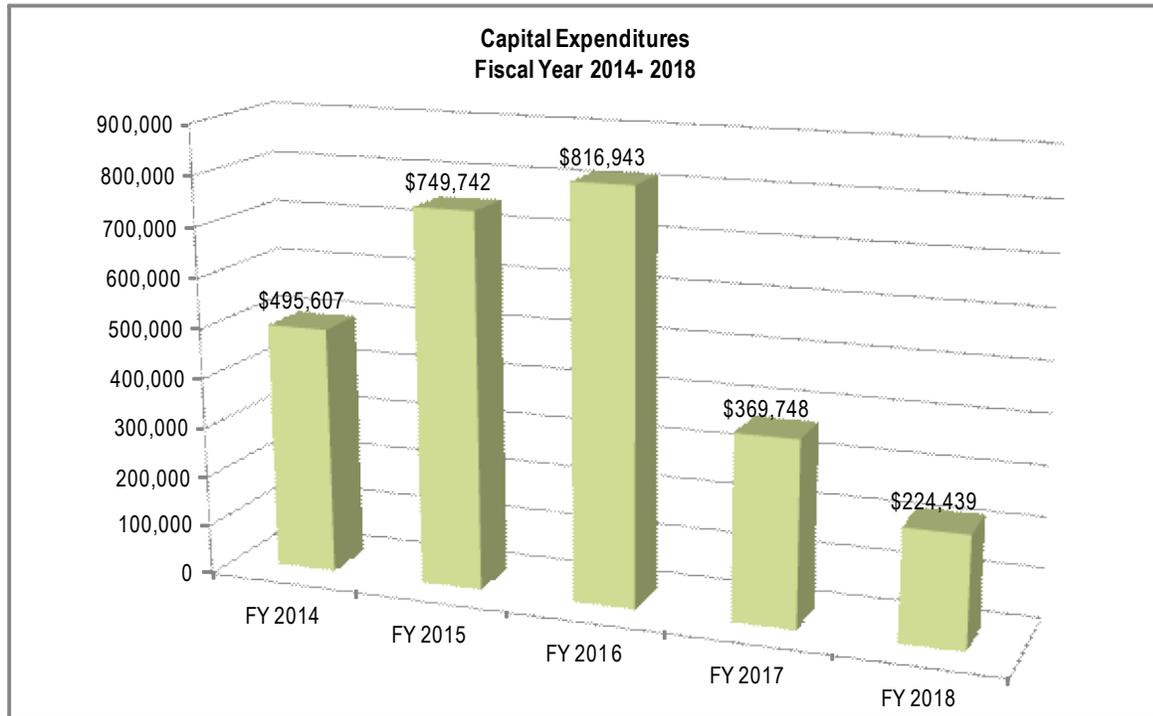
As a wastewater treatment facility, the Agency's operations are capital intensive. The replacement value of the current facilities is estimated to be in excess of \$40 million. Given the large capital requirements associated with the Agency's operations, long-term planning is essential in order to have the financial resources available to replace assets when necessary. The Agency upgraded its master plan in FY 2011 which included a detailed analysis of its assets and capital needs through FY 2029. The Agency maintains both a five-year and twenty-year capital plan which is evaluated annually. Depending on the nature of the investment and the Agency's debt capacity, the Agency may finance the costs either with debt financing or pay-as-you-go financing.



The Agency's primary facilities were constructed in 1979 and were built with excess capacity. This excess capacity combined with the relatively slow growth in housing development (1.0% annually) eliminates the need for major capital improvements that expand the Agency's current facilities. The majority of the Agency's Capital Expenditures are for the repair and replacement of the existing facilities with some investments related to new processes for the treatment and disposal of solid waste which will either improve service or lower costs to the ratepayer. Approximately 75% of the Agency's Capital Expenditures are for maintenance with the remaining 25% for non-maintenance improvements on average and over the long-term. For the five-year period ending in FY 2018, the Agency's capital expenditures are 93% maintenance and replacement.

Five-Year Capital Improvement Plan (CIP)

The Agency's CIP contains planned CAPEX for the period. The 5-Year CIP is presented during the Agency's budget workshop and is approved in addition to the annual budget. The Agency's current five-year CIP totals approximately \$2.7 million, or an average annual amount of approximately \$530,000, and will be funded with cash.



FY 2014 Capital Expenditure Budget

The capital expenditure budget for FY 2014 totals \$495,607 and includes the following maintenance projects: 1) Interceptor System Slip Lining, 2) Boom Truck Replacement, and 3) Equipment Replacement

Interceptor System	Pipeline
Scope	Overhaul and upgrade pipeline. The main trunk line ranges from 18-inches to 21-inches in diameter and transports the entire flow from CSA-53B and the Big Bear City areas. The line is approximately fifty years old and based on previous video inspections the line is beginning to show signs of deterioration. The project will consist of slip-lining approximately 2,400 feet of the main trunk line located in the vicinity of Aeroplane Blvd. and Valley Blvd.
Impact on Operations	This project will improve the mainline performance and reduce the potential of inflow and infiltration entering the sewer system.
Start/Finish	September 1, 2013 / September 15, 2013
Budgeted Expenditure	\$354,820

Transportation Equipment Boom Truck Replacement

Scope	The Agency purchased a 1981 used boom truck approximately twenty years ago. The boom truck is utilized for a number of critical tasks such as removing effluent pumps for maintenance, removing lift station pumps, carbon replacement, pipeline installation and additional tasks that require heavy lifting. The existing boom truck is not only extremely old but lacks sufficient lifting capacity
Scope, cont.	to remove the pumps at the Lake Pump Station. The scope of work will include soliciting bids for a new or slightly used boom truck that has ample capacity to meet the lifting requirements.
Impact on Operations	The replacement of the boom truck will improve the reliability and safety of the Agency's operations.
Start / Finish	July 1, 2013 / September 1, 2013
Budgeted Expenditure	\$65,000

Treatment Plant, Processing Acrison 560 Polyblend Unit

Scope	The Agency utilizes the Acrison polyblend unit to pump polymer from the sludge building to the oxidation ditches during high flow events to improve solids settling in the secondary clarifiers to minimize the potential for solids washout occurring. This unit is critical to the operation of the treatment plant and helps ensure a high quality effluent. The existing unit is approximately fifteen years old and is scheduled for replacement. The project will include the purchase and installation of a new polyblend pump system to replace the existing unit.
Start / Finish	July 1, 2013 / September 1, 2013
Budgeted Expenditure	\$14,907

Treatment Plant, Processing Polyblend Unit

Scope	The Agency utilizes the polyblend unit to pump polymer to the belt feed pump for sludge building operation. The pump is a crucial component of the sludge building operation, a constant flow of polymer is required to ensure the optimum efficiency of sludge de-watering for the belt press operation. The existing unit is approximately fifteen years old and is scheduled for replacement. The project will include the purchase and installation of a new polyblend unit to replace the existing unit.
Start / Finish	July 1, 2013 / September 1, 2013
Budgeted Expenditure	\$10,138