



MEINERS OAKS WATER DISTRICT

April 29, 2020

Minutes of Budget & Rate Committee Meeting

Committee	Budget & Rate Committee
Meeting Date	April 29, 2020, at 10:00 AM by video teleconference
Attendance	Mike Hollebrands – General Manager Mike Krumpschmidt – Director Jim Kentosh – Director General Public – None
Topics	Budget and Rates for FY 2020-21

The committee developed a revised “wait-and-see” strategy for budgeting and rates for the next fiscal year. Our original intention was to raise rates corresponding to our new Allocation Program, after a Prop 218 public hearing process. Water rates must eventually increase due to expected expenses for a treatment plant upgrade, the lawsuit by Ventura, GSA expenses, and various capital projects. At this time, however, many of our customers are suffering financial strain caused by the Covid-19 pandemic. Considering that no one knows how it will end, this is not a good time to raise rates for our customers. In addition, a public Prop 218 process would be hindered by social distancing limits. Fortunately, MOWD currently has about \$1.6 million in reserves, exceeding the traditionally-expected minimum of \$500,000.

Therefore, the committee recommends the following:

1. Postpone about \$250,000 of planned projects and expenses.
2. Adopt an interim budget in June for FY 2020-21.
3. Maintain rates at their current level going into the next fiscal year. Even without any increase, reserves should remain above a million dollars by the FY’s end.
4. Wait to see what happens with the pandemic and its financial fallout.
5. As the crisis abates, the Board may decide to adopt a revised mid-year budget and undertake a Prop 218 process to revise rates at that time.

One anticipated outcome of the pandemic is that, as in 2008, grants might become available for “shovel-ready” projects to boost the economy. To be ready, we plan to proceed with the design of our treatment plant upgrade and Lomita tie-in.