

**Proposed**  
**2019-20 Annual Budget For**  
**Meiners Oaks Water District**

**Presented**  
**06/18/2019**



## MEINERS OAKS WATER DISTRICT

June 18, 2019

### Approved Budget for Fiscal Year 2019-2020

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#### **Budget Summary**

The proposed budget for Fiscal Year 2019-20 is briefly summarized in Table 1. It shows total expenses and revenues for the year and the effects on MOWD reserves. Due to the cost of other needed capital improvements, our reserves will start at \$1,734,037.19 million and fall to \$ 1,391,150.21 by the end of the year. Because of the shortfall in sales due to the drought and conservation efforts of our customers, most of the big projects have been suspended in prior years until the District's revenues stabilize. However, some of those projects can no longer wait, so that will require us to use some of our reserves to accomplish those tasks. It is projected that our reserves are still appropriate in this drought to support well enhancements and other system upgrades as well as needed system maintenance.

#### **Rates**

Our Prop 218 hearing 2019-23 will address a needed rate increase of 8.0% in the year 2021 and 4% for each of the subsequent two years. The district will move forward and adjust the water rates as prescribed. However, with proposed changes to our Allocation and Rate Program (ARP), changes to your monthly bill should be expected by late 2019.

#### **Projected Expenses**

The itemized expenditures for FY 2019-20 are shown in Table 2 by category. The adopted budget amounts for the previous three fiscal years are shown in the table for comparison. The operating expenses by category are similar to the prior three years, but capital expenses differ each year because of the different projects undertaken and are not shown in detail for the prior years. Some highlights of projected expenses are:

- 1) The Upper Ventura River Groundwater Sustainability Agency (UVRGSA) will continue to require funding for another 4 years.
- 2) Our long-term maintenance backlog continues yet it's not as extreme as years past. We plan to continue the scheduled maintenance projects in 2019-20 to maintain the solvency and integrity of the District.
- 3) We're experiencing unanticipated major repair costs to replace three of our four district wells and the preparation (engineering) of a new replacement treatment plant.

4) Nitrate removal options for unusable district-owned wells that would enhance or expand our current water portfolio.

### **Projected Revenues**

Projected revenues of \$1,871,213.02 for 2019-20 are based on current allocations according to the Drought Contingency Plan in addition to reductions in water sales enhanced by the Casitas MWD in Stage 3, explained in Table 3. Since a rate increase of 4% was in effect the prior year, and unprecedented conservation efforts by our customers, this approach may underestimate the amount of revenue to be received. Nevertheless, we have asked our customers to continue conserving water; this may reduce our revenues below prior years.

### **Other New Expenses**

The budget includes continued expenses for the (a) UVRGSA Groundwater Sustainability Plan (GSP) required by the State, (b) for a lawsuit by Santa Barbara Channel Keepers (SBCK) and the City of San Buena Ventura, and (c) for the expansion of the District's water portfolio.

### **Future Water Rates**

The District's water rates will change as shown in Table 4 subject to Prop 218 rate process. The Water Availability Charge (MWAC) will not increase, nor will the charge per unit of water. The Meter Capacity Charge (MCC) will be unaffected as well for fiscal year 2019-20. Subsequent years will change per Table 4.

This year our area has received 35" of rainfall as measured at Matilija Canyon this is about 10" above average for the area. It's important to understand and remember that the next rainy season could be very dry and the possibility of purchasing expensive water from Lake Casitas could happen. More importantly, the difference our customers have made conserving our precious resource has been profound. Continued work on conservation and needed District improvements require that we stay vigilant with our rates and keep up with inflation and rising costs over the next five-years. It is also worthy to note that our Drought Contingency Plan will be updated, and we are currently working on an Allocation and Rate Plan (ARP). This could result in a more generous allocation for some, seasonal allowances and bulk amounts for the end-user, discretion of use for namely Commercial and Agriculture users.

Please check our website or call the office for any questions you might have.

Prepared by Mike Hollebrands  
General Manager, Meiners Oaks Water District

## Table 1

### Draft Budget Summary for Fiscal Year 2019 – 2020

Total Operating expenditures	\$ 1,512,100.00
Capital Outlay	\$ 717,000.00
Total Capital and Operating	\$ 2,229,100.00
Projected Revenues	\$ 1,871,213.02
Shortfall to be absorbed by reserves	<357,886.98>

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Reserves beginning	\$ 1,734,037.19
Reserves ending	\$ 1,376,150.21

Note: The budget was amended at the October 15, 2019 meeting to accommodate the purchase of two generators and electrical panel upgrades.

Report of Expenses and Budget Appropriations, Current Bills and Appropriations To Date

Expenditures	Month of July	Year To Date	Budget Approp 7/1/2019	Approp. balance 07/01/19	Current July	Approp Bal To Date
Salary	\$ -	\$ -	\$ 500,000.00	\$ 500,000.00	\$ -	\$ 500,000.00
Payroll Taxes	\$ -	\$ -	\$ 45,000.00	\$ 45,000.00	\$ -	\$ 45,000.00
Retirement Contributions	\$ -	\$ -	\$ 42,000.00	\$ 42,000.00	\$ -	\$ 42,000.00
Group Insurance	\$ -	\$ -	\$ 78,000.00	\$ 78,000.00	\$ -	\$ 78,000.00
Company Uniforms	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00
Phone Office	\$ -	\$ -	\$ 9,000.00	\$ 9,000.00	\$ -	\$ 9,000.00
Janitorial Service	\$ -	\$ -	\$ 4,500.00	\$ 4,500.00	\$ -	\$ 4,500.00
Refuse Disposal	\$ -	\$ -	\$ 3,100.00	\$ 3,100.00	\$ -	\$ 3,100.00
Liability Insurance	\$ -	\$ -	\$ 27,000.00	\$ 27,000.00	\$ -	\$ 27,000.00
Workers Compensation	\$ -	\$ -	\$ 18,000.00	\$ 18,000.00	\$ -	\$ 18,000.00
Well Maint.	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 10,000.00
Truck Maintenance	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ 3,000.00
Office Equip. Maintenance	\$ -	\$ -	\$ 6,000.00	\$ 6,000.00	\$ -	\$ 6,000.00
Cell Phones	\$ -	\$ -	\$ 4,000.00	\$ 4,000.00	\$ -	\$ 4,000.00
System Maintenance	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00
Safety Equipment	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ 3,000.00
Laboratory Services	\$ -	\$ -	\$ 12,000.00	\$ 12,000.00	\$ -	\$ 12,000.00
Membership and Dues	\$ -	\$ -	\$ 8,000.00	\$ 8,000.00	\$ -	\$ 8,000.00
Printing and Binding	\$ -	\$ -	\$ 500.00	\$ 500.00	\$ -	\$ 500.00
Office Supplies	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
Postage and Express	\$ -	\$ -	\$ 13,000.00	\$ 13,000.00	\$ -	\$ 13,000.00
B.O.D. Fees	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	\$ -	\$ 15,000.00
Engineering & Technical Services	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 50,000.00
Computer Services	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	\$ -	\$ 15,000.00
Other Prof. & Regulatory Fees	\$ -	\$ -	\$ 45,000.00	\$ 45,000.00	\$ -	\$ 45,000.00
Public and Legal Notices	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00
Attorney Fees	\$ -	\$ -	\$ 90,000.00	\$ 90,000.00	\$ -	\$ 90,000.00
GSA Fees	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 50,000.00
VR/SBC/City of VTA Law Suit	\$ -	\$ -	\$ 100,000.00	\$ 100,000.00	\$ -	\$ 100,000.00
State Water	\$ -	\$ -	\$ 35,000.00	\$ 35,000.00	\$ -	\$ 35,000.00
Audit Fees	\$ -	\$ -	\$ 22,000.00	\$ 22,000.00	\$ -	\$ 22,000.00
Small Tools	\$ -	\$ -	\$ 2,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
Election Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water Purchase	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00
Casitas Standby Charges	\$ -	\$ -	\$ 17,000.00	\$ 17,000.00	\$ -	\$ 17,000.00
Treatment Plant operations	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 20,000.00
Fuel	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 10,000.00
Travel Exp./Seminars	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00
Meters	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 10,000.00
Utilities	\$ -	\$ -	\$ 3,500.00	\$ 3,500.00	\$ -	\$ 3,500.00
Power and Pumping	\$ -	\$ -	\$ 80,000.00	\$ 80,000.00	\$ -	\$ 80,000.00
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,512,100.00</b>	<b>\$ 1,512,100.00</b>	<b>\$ -</b>	<b>\$ 1,512,100.00</b>
<b>Water Distribution System</b>						
Automating Fairview Conn. Design	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 20,000.00
Well 8 nitrate removal/blending	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
4 Valve replacements / Deadends	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 50,000.00
Relocate 6 inch main for Z-2	\$ -	\$ -	\$ 100,000.00	\$ 100,000.00	\$ -	\$ 100,000.00
El Sol to Lomita Tie-in	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 50,000.00
R1 and 2 well conditions report	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
<b>Structures and Improvement</b>						
Generator/Panel upgrades	\$ -	\$ -	\$ 155,000.00	\$ 155,000.00	\$ -	\$ 155,000.00
T.P. Final Eng./Permitting/PH-2	\$ -	\$ -	\$ 150,000.00	\$ 150,000.00	\$ -	\$ 150,000.00
Well 4 development work	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Furniture and Fixtures</b>						
General Managers desk	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Office Machines</b>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Field Equipment</b>						
T.P. computer/Programming	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	\$ -	\$ 15,000.00
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Appropriations for Contingencies</b>						
	\$ -	\$ -	\$ 100,000.00	\$ 100,000.00	\$ -	\$ 100,000.00
<b>Total CIP Spending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 717,000.00</b>	<b>\$ 717,000.00</b>	<b>\$ -</b>	<b>\$ 717,000.00</b>
<b>GRAND TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,229,100.00</b>	<b>\$ 2,229,100.00</b>	<b>\$ -</b>	<b>\$ 2,229,100.00</b>

**Revenue Breakdown  
Table 3**

**Table 3**

Base allocation includes 1274 active accounts at 10 units each  
 Extra dwellings = 580 at 7 units of water each  
 Fixed allocation equals 1284 times 10 units plus 580 extra dwellings times 7 units  
 Variable equals unit amounts used above the fixed

Fixed =	15039
Variable =	9218

	Units	Ac/Ft	
Average HCF 3 yr sold	291087	180474	Fixed
		110613	Variable

**Water Sales**

Total Fixed Units	15039
\$ per unit Fixed	\$2.34
Monthly Fixed	\$35,192.42
Annually	\$422,309.02
Variable Units	9218
\$ per unit variable	\$4.68
Monthly Variable	\$43,139.09
Annually	\$517,669.12
<b>Total Combined</b>	<b>\$939,978.14</b>

**MWAC**

Billable MWAC	1864
Proposed MWAC	\$35.91
Monthly	\$66,936.24
Annually	\$803,234.88

**Over-allocation units billed**

Billable Units	0
Over-Allocation Rate	\$5.00
Average Monthly	\$0.00
Average Annual	\$0.00

Note: This is the amount used over and above each customer's allocated amount.

**MCC**

Base flow of 30 gpm

The rate is set at \$.80 per gpm over 30  
 This amount is calculated based upon the flow of a meter  
 in gallons per minute of capacity. Larger meters have  
 a larger capacity therefore placing a larger instant demand  
 on the system.

Example: 1.5" meter has a capacity of 75 gpm  
 75-30 = 45 gpm  
 45 x .85 = \$ 38.25

All District meter sizes 1" and above are known and  
 billed accordingly

Estimated	\$80,000.00
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**GSA Fees**

If based on dwellings	
Number of dwellings	0
Fee amount per year	\$48,000.00
Cost per dwelling/Mo.	#DIV/0!

Total Assumed Annual Income	\$1,871,213.02	Difference between Income and Expenditures	
Total Annual Expenditures	\$1,512,100.00		
Total Capital Costs 2019-20	\$ 717,000.00		
Amount needed from reserves	\$357,886.98	Reserve starting amount	\$1,734,037.19
Total Annual Budget	\$2,229,100.00	Reserves ending	\$1,376,150.21
Percent of Fixed vs variable	-53%		
Total Fixed Income	\$883,234.88		
Total Variable Income	\$939,978.14		

## Changes to MOWD Rate Schedule

### *Meter Capacity Charge*

Meter Size	Current	Proposed			
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
5/8"	None	None	None	None	None
3/4"	None	None	None	None	None
1"	\$16.00	\$16.00	\$16.00	\$16.00	\$16.00
1.5"	\$36.00	\$36.00	\$36.00	\$36.00	\$36.00
2"	\$104.00	\$104.00	\$104.00	\$104.00	\$104.00
3"	\$256.00	\$256.00	\$256.00	\$256.00	\$256.00
4"	\$776.00	\$776.00	\$776.00	\$776.00	\$776.00
6"	\$1,576.00	\$1,576.00	\$1,576.00	\$1,576.00	\$1,576.00

### *Charge per Unit of water (1 Unit = 748 gallons)*

All	\$2.34	\$2.34	\$2.52	\$2.62	\$2.72
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### *Water Availability Charge*

All	\$35.91	\$35.91	\$38.78	\$40.33	\$41.94
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Note: The MWAC and MCC as fixed charges are designed to support a percentage of the infrastructure is instrumental to conveying water to our customers.