

Approved
2018-19 Annual Budget For
Meiners Oaks Water District

Presented
07/17/2018



MEINERS OAKS WATER DISTRICT

July 17, 2018

Approved Budget for Fiscal Year 2018-2019

Budget Summary

The proposed budget for Fiscal Year 2018-19 is briefly summarized in Table 1, which 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 \$1,970,733.66 million and fall to \$ 1,119,678.66 by the end of the year. Because of the shortfall in sales due to the drought, 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

Rates this year according to our last Prop 218 hearing (2015-16) are scheduled to increase 5.0% this year. 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 2018.

Projected Expenses

The itemized expenditures for FY 2018-19 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. 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 have new extraction fees from our wells that will have to be paid to start sometime in 2019. Until that time, member contributions are necessary.
- 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 2018-19 to maintain the solvency and integrity of the District.
- 3) Due to the largest wildfire in California's history (Thomas Fire) and the power outages that accompanied it, the District feels that it should be proactive in the case of another natural disaster. Therefore, the District feels that the purchase of a trailer

mounted standby generator that would provide temporary power in key areas of the District is a prudent purchase.

Projected Revenues

Projected revenues of \$1,105,045.28 for 2018-19 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, which could 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 Districts water portfolio.

Future Water Rates

The District's water rates will change as shown in Table 4. The Water Availability Charge (MWAC) will increase, and the charge per unit of water will also increase as shown. The Meter Capacity Charge (MCC) will be unaffected.

The District has a Board-adopted, comprehensive 5-year capital improvement plan ahead as summarized in Table 5. This next fiscal year spans another rainy season. This year our local area has received 16" of rainfall. That is less than 8" under our annual pre-drought average. Because of that, Meiners Oaks Water District anticipates purchasing water from Lake Casitas this year and possibly the next if we have less than normal rainfall season next year. That, in combination with needed district improvements, is why it is prudent to maintain our rates to keep up with inflation and rising costs over the next few 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) that 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

Approved Budget Summary for Fiscal Year 2018 – 2019

Total Operating expenditures	\$ 1,201,100.00
Capital Outlay	\$ 705,500.00
Total District Expenses	\$ 1,250,600.00
Projected Revenues	\$ 1,105,045.28
Shortfall to be absorbed by reserves	<851,054.72>

Reserves beginning	\$ 1,970,733.66
Reserves ending	\$ 1,119,678.94

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

Expenditures	Month of July	Year To Date	Budget Approp 7/1/2018	Approp. balance 07/01/18	Current July	Approp Bal To Date
Salary	\$ -	\$ -	\$ 448,000.00	\$ 448,000.00	\$ -	\$ 448,000.00
Payroll Taxes	\$ -	\$ -	\$ 37,500.00	\$ 37,500.00	\$ -	\$ 37,500.00
Retirement Contributions	\$ -	\$ -	\$ 38,000.00	\$ 38,000.00	\$ -	\$ 38,000.00
Group Insurance	\$ -	\$ -	\$ 70,000.00	\$ 70,000.00	\$ -	\$ 70,000.00
Company Uniforms	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00	\$ -	\$ 1,500.00
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	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
Workers Compensation	\$ -	\$ -	\$ 17,500.00	\$ 17,500.00	\$ -	\$ 17,500.00
Wells	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 20,000.00
Truck Maintenance	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ 3,000.00
Cell Phones	\$ -	\$ -	\$ 7,500.00	\$ 7,500.00	\$ -	\$ 7,500.00
Commun Equip. Maintenance	\$ -	\$ -	\$ 4,000.00	\$ 4,000.00	\$ -	\$ 4,000.00
System Maintenance	\$ -	\$ -	\$ 55,000.00	\$ 55,000.00	\$ -	\$ 55,000.00
Safety Equipment	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ 3,000.00
Laboratory Services	\$ -	\$ -	\$ 8,000.00	\$ 8,000.00	\$ -	\$ 8,000.00
Membership and Dues	\$ -	\$ -	\$ 7,500.00	\$ 7,500.00	\$ -	\$ 7,500.00
Printing and Binding	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00	\$ -	\$ 1,500.00
Office Supplies	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
Postage and Express	\$ -	\$ -	\$ 13,500.00	\$ 13,500.00	\$ -	\$ 13,500.00
B.O.D. Fees	\$ -	\$ -	\$ 13,500.00	\$ 13,500.00	\$ -	\$ 13,500.00
Engineering & Technical Services	\$ -	\$ -	\$ 35,000.00	\$ 35,000.00	\$ -	\$ 35,000.00
Computer Services	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	\$ -	\$ 15,000.00
Other Prof. & Regulatory Fees	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
Public and Legal Notices	\$ -	\$ -	\$ 1,500.00	\$ 1,500.00	\$ -	\$ 1,500.00
Attorney Fees	\$ -	\$ -	\$ 40,000.00	\$ 40,000.00	\$ -	\$ 40,000.00
GSA Fees	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 50,000.00
VR/SBC/City of VTA Law Suit	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
State Water	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
Audit Fees	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 20,000.00
Small Tools	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00
Election Supplies	\$ -	\$ -	\$ 2,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
Water Purchase	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00
Casitas Standby Charges	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	\$ -	\$ 15,000.00
Treatment Plant	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 20,000.00
Fuel	\$ -	\$ -	\$ 11,000.00	\$ 11,000.00	\$ -	\$ 11,000.00
Travel Exp/Seminars	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00
Meters	\$ -	\$ -	\$ 8,000.00	\$ 8,000.00	\$ -	\$ 8,000.00
Utilities	\$ -	\$ -	\$ 3,500.00	\$ 3,500.00	\$ -	\$ 3,500.00
Power and Pumping	\$ -	\$ -	\$ 80,000.00	\$ 80,000.00	\$ -	\$ 80,000.00
Total Expenditures	\$ -	\$ -	\$ 1,251,100.00	\$ 1,251,100.00	\$ -	\$ 1,251,100.00
Water Distribution System						
Wells 4 and 7	\$ -	\$ -	\$ 150,000.00	\$ 150,000.00	\$ -	\$ 150,000.00
Well 1 and 2 Rehab	\$ -	\$ -	\$ 100,000.00	\$ 100,000.00	\$ -	\$ 100,000.00
18 Valve replacements/Deadends	\$ -	\$ -	\$ 80,000.00	\$ 80,000.00	\$ -	\$ 80,000.00
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Structures and Improvement						
Generator Z-2	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00
Treatment Plant EDR/CEQA	\$ -	\$ -	\$ 80,000.00	\$ 80,000.00	\$ -	\$ 80,000.00
Zone 1 booster/MCC upgrade	\$ -	\$ -	\$ 40,000.00	\$ 40,000.00	\$ -	\$ 40,000.00
Well 1, 2 VFD upgrade	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00
Furniture and Fixtures						
General Managers desk	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office Machines						
New Computer GM	\$ -	\$ -	\$ 2,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
New Laptop GM	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	\$ -	\$ 1,000.00
Field Equipment						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appropriations for Contingencies						
	\$ -	\$ -	\$ 100,000.00	\$ 100,000.00	\$ -	\$ 100,000.00
Total Assets	\$ -	\$ -	\$ 705,500.00	\$ 705,500.00	\$ -	\$ 705,500.00
GRAND TOTAL	\$ -	\$ -	\$ 1,956,600.00	\$ 1,956,600.00	\$ -	\$ 1,956,600.00

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

	Units/Mo	Year	Ac/Ft	Annual Ac/Ft			
Total billable base/Mo.	16800	201600	38.56	462.78			
Average sold 2016/Mo.	22080	264960	50.6	608.2			
Water Sales	-5280				Total Assumed Annual Income	\$1,105,045.28	Difference between Income and Expenditures
Base Allocation	16800				Total Annual Expenditures	\$1,251,100.00	-\$146,054.72
\$ per unit	\$2.34				Total Capital Costs 2018-19	\$ 705,500.00	
Monthly	\$39,312.00				Amount needed from reserves	\$851,554.72	Reserve starting amount
Annually	\$471,744.00				Total Annual Expenditures and Capital	\$1,956,600.00	\$1,970,733.66
MWAC							Reserves after Capital work
Billable MWAC	1284						\$1,119,178.94
Proposed MWAC	\$35.91						
Monthly	\$46,108.44						
Annually	\$553,301.28						
Over-allocation units billed					Percent of Fixed vs variable	-43%	
Billable Units	0				Total Fixed Income	\$633,301.28	
Over-Allocation Rate	\$1.00				Total Variable Income	\$471,744.00	
Average Monthly	\$0.00						
Average Annual	\$0.00						
MCC							
Base flow of 30 gpm							
<p>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 .80 = \$ 36.00 All District meter sizes 1" and above are known and billed accordingly</p>							
Estimated	\$80,000.00						

Changes to MOWD Rate Schedule

Meter Capacity Charge

Meter Size	Current FY 2015-16	Proposed		
		FY 2016-17	FY 2017-18	FY 2018-19
5/8"	None	None	None	None
3/4"	None	None	None	None
1"	\$16.00	\$16.00	\$16.00	\$16.00
1.5"	\$36.00	\$36.00	\$36.00	\$36.00
2"	\$104.00	\$104.00	\$104.00	\$104.00
3"	\$256.00	\$256.00	\$256.00	\$256.00
4"	\$776.00	\$776.00	\$776.00	\$776.00
6"	\$1,576.00	\$1,576.00	\$1,576.00	\$1,576.00

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

All	\$1.65	\$2.14	\$2.24	\$2.34
------------	--------	--------	--------	--------

Water Availability Charge

All	\$25.43	\$32.88	\$34.35	\$35.91
------------	---------	---------	---------	---------

Note: The MWAC and MCC are designed to support a percentage of the infrastructure which is instrumental to conveying water to our customers.

Estimated Cash Needed for Capital Projects thru 2022 Table 5

	Capital Replacement	Capital Improvement	Annual Totals
2017-18			
Upgrade blow-offs to Hydrants x 3	\$ 80,000	\$ 45,000	\$ 45,000
Treatment Plant EDR/CEQA	\$ 5,750	-	\$ 80,000
Office Upgrades			\$ 5,750
Replace 18 valves District Wide		\$ 395,000	\$ 395,000
New well pilot study		\$ 60,000	\$ 60,000
Well 4 Rehab	\$ 50,000		\$ 585,750
2018-19			
Treatment Plant rebuild Ph.1		\$ 250,000	
Generator for Meiners Rd Pump Sta.		\$ 75,000	
Drill New Well/Completion	\$ 300,000		
Wells 4&7 VFD/MCC	\$ 250,000		\$ 875,000
2019-20			
Meiners RD Tank EDR	\$ 50,000		
Treatment Plant rebuild Ph.2 Completion		\$ 250,000	
	\$ -	\$ 250,000	\$ 550,000
2020-21			
El Roblar main extension Ph. 1	\$ 250,000		
2021-22			
El Roblar main extension Ph. 2	\$ 250,000	\$ -	\$ 250,000
Totals	\$ 1,235,750	\$ 1,325,000	\$ 2,560,750