

**2020-21 Annual Budget For  
Meiners Oaks Water District**

**Approved**

**06/16/2020**



## MEINERS OAKS WATER DISTRICT

June 16, 2020

### Approved Interim Budget for Fiscal Year 2020-2021

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#### Postponing a Rate Increase

Meiners Oaks Water District has adopted a “wait-and-see” strategy for its budget and rates for the next fiscal year. Our original intention was to raise rates in July after a Prop 218 public hearing process. Our water rates must eventually increase in order to fund a treatment plant replacement, respond to a lawsuit by the City of Ventura, contribute to Groundwater Sustainability Agency expenses, and advance various capital projects. At this time, however, many of our customers are suffering financial stress resulting from the Covid-19 pandemic. The ultimate effects on the California economy are unknown. Therefore, we believe that 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 rules. Fortunately, MOWD currently has about \$1.6 million in reserves, exceeding the traditionally-expected minimum of \$500,000. That will allow us to delay a rate increase for at least six months if we postpone some projects.

Therefore, MOWD intends to proceed as follow:

1. Postpone about \$190,000 of planned projects and expenses.
2. Adopt an interim budget in June for Fiscal Year 2020-21.
3. Maintain rates at their current level going into the next fiscal year. Even without any rate 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 increase 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 replacement and Lomita tie-in.

#### Budget Summary

The proposed budget for Fiscal Year 2020-21 is summarized in Table 1. The table shows total expenses and revenues for the year, and the effects on MOWD’s reserves. Our decision to postpone a rate increase, in combination with reduced sales caused by the drought, will reduce our reserves. Incorporating the cost of some needed capital projects, our reserves will start at \$1,608,175 and fall to \$ 1,310,059 by the end of the fiscal year. Although some capital projects will be delayed, the budget does include the cost of

engineering work required to advance some planned projects. However, some projects cannot wait, which will require us to use part of our reserves to accomplish those tasks. Such tasks include a nitrate removal study, needed valve replacements, and final engineering on our replacement water treatment plant. It is projected that our reserves will remain adequate to support District operations and maintenance.

**Projected Expenses**

The budgeted expenses for FY 2020-21 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 comparable to the prior three years. Capital expenses differ substantially each year and are not shown in detail for the previous years. Some highlights of the projected expenses are:

- 1) New pumping fees paid to the GSA could exceed \$40,000 per year.
- 2) Our long-term maintenance backlog continues, but it's not as severe as in the recent past. We plan to continue scheduled maintenance projects in 2020-21 to maintain the reliability of our water supply.
- 3) A nitrate removal study for Well No. 8 will be performed, supplemented by grant funding from the Wildlife Conservation Board.
- 4) Ongoing legal costs associated with the Santa Barbara Channel Keepers (SBCK) and the City of San Buenaventura adjudication.

**Projected Revenues**

The projected total revenue of \$1,734,284 for FY 2020-21 is summarized in Table 3, and is based on current rates, reductions in water sales corresponding to Casitas MWD's Stage 3 drought, and current allocation amounts.

**Water Rates**

Rates will be held steady until mid 2020 or beyond, as summarized in Table 4. Our Prop 218 hearing for future years 2020 - 2024 will be postponed until late 2020 or beyond due to the coronavirus pandemic and the unprecedented number of unemployed customers. The District will wait to adjust its water rates until it is more appropriate to do so.

MOWD has adopted a new water allocation program for its customers. Within the next few months, customers will be notified of their new allocations. Afterwards, MOWD may increase its penalty for water use above the allocation amount. Such an increase would be adopted at a regular board meeting open to the public and, as a penalty, is exempt from the Prop 218 process.

After the rainfall last winter, we do not expect to purchase much water from Casitas MWD next year. Nevertheless, if we do the cost would be passed on to our customers via a "Casitas Surcharge," as in previous years.

**Future Water Rates**

Customers will be notified if MOWD opts to proceed with a rate increase after the pandemic wanes. A Prop 218 process would be used and customers would have an opportunity to protest the increase in advance of its adoption.

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 Interim Budget Summary for the Fiscal Year 2020 – 2021

Total Operating expenditures	\$ 1,586,400
Capital Outlay	\$ 446,000
Total Capital and Operating	\$ 2,032,400
Projected Revenues	\$ 1,734,284
Shortfall to be absorbed by reserves	<298,116>

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Reserves beginning	\$ 1,608,175
Reserves ending	\$ 1,310,059

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

Expenditures	Month of July	Year To Date	Budget Approp 7/1/2020	Approp. balance 07/01/20	Current July	Approp Bal To Date
Salary	\$ -	\$ -	\$ 575,000.00	\$ 575,000.00	\$ -	\$ 575,000.00
Payroll Taxes	\$ -	\$ -	\$ 60,000.00	\$ 60,000.00	\$ -	\$ 60,000.00
Retirement Contributions	\$ -	\$ -	\$ 51,000.00	\$ 51,000.00	\$ -	\$ 51,000.00
Group Insurance	\$ -	\$ -	\$ 86,000.00	\$ 86,000.00	\$ -	\$ 86,000.00
Company Uniforms	\$ -	\$ -	\$ 2,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
Phone Office	\$ -	\$ -	\$ 9,000.00	\$ 9,000.00	\$ -	\$ 9,000.00
Janitorial Service	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
Refuse Disposal	\$ -	\$ -	\$ 3,400.00	\$ 3,400.00	\$ -	\$ 3,400.00
Liability Insurance	\$ -	\$ -	\$ 40,000.00	\$ 40,000.00	\$ -	\$ 40,000.00
Workers Compensation	\$ -	\$ -	\$ 18,000.00	\$ 18,000.00	\$ -	\$ 18,000.00
Well Maint.	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 10,000.00
Truck Maintenance	\$ -	\$ -	\$ 3,500.00	\$ 3,500.00	\$ -	\$ 3,500.00
Office Equip. Maintenance	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
Cell Phones	\$ -	\$ -	\$ 4,500.00	\$ 4,500.00	\$ -	\$ 4,500.00
System Maintenance	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00
Safety Equipment	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ 3,000.00
Laboratory Services	\$ -	\$ -	\$ 11,000.00	\$ 11,000.00	\$ -	\$ 11,000.00
Membership and Dues	\$ -	\$ -	\$ 8,000.00	\$ 8,000.00	\$ -	\$ 8,000.00
Printing and Binding	\$ -	\$ -	\$ 3,500.00	\$ 3,500.00	\$ -	\$ 3,500.00
Office Supplies	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
Postage and Express	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 10,000.00
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	\$ -	\$ -	\$ 17,000.00	\$ 17,000.00	\$ -	\$ 17,000.00
Other Prof. & Regulatory Fees	\$ -	\$ -	\$ 40,000.00	\$ 40,000.00	\$ -	\$ 40,000.00
Public and Legal Notices	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00
Attorney Fees	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00
GSA Fees	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 50,000.00
VR/SBC/City of VTA Law Suit	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00
State Water	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 20,000.00
Audit Fees	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
Small Tools	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ 3,000.00
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	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 20,000.00
Treatment Plant operations	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ 20,000.00
Fuel	\$ -	\$ -	\$ 13,000.00	\$ 13,000.00	\$ -	\$ 13,000.00
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>\$ 1,586,400.00</b>	<b>\$ 1,586,400.00</b>	<b>\$ -</b>	<b>\$ 1,586,400.00</b>
<b>Water Distribution System</b>						
Automating Fairview Conn. Design	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Well 8 nitrate removal/blending	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
4 Valve replacements / Deadends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Relocate 6 inch main for Z-2	\$ -	\$ -	\$ 150,000.00	\$ 150,000.00	\$ -	\$ 150,000.00
El Sol to Lomita Tie-in engineering	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
Repairs to Meiners Rd 80K gallon tank	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 50,000.00
<b>Structures and Improvements</b>						
T.P. Final Eng. 100% design	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 50,000.00
Treatment Plant set-aside Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Vehicles</b>						
1 Ton Service Truck	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00
<b>Furniture and Fixtures</b>						
General Managers desk	\$ -	\$ -	\$ 2,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
<b>Office Machines</b>						
New meter reading handhelds/Software	\$ -	\$ -	\$ 6,000.00	\$ 6,000.00	\$ -	\$ 6,000.00
<b>Field Equipment</b>						
Leak Detector	\$ -	\$ -	\$ 2,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
Vibraplate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Welder for new truck	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Air Compressor for new truck	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Crane For new truck	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Appropriations for Contingencies	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 100,000.00
<b>Total CIP Spending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 396,000.00</b>	<b>\$ 396,000.00</b>	<b>\$ -</b>	<b>\$ 446,000.00</b>
<b>GRAND TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,982,400.00</b>	<b>\$ 1,982,400.00</b>	<b>\$ -</b>	<b>\$ 2,032,400.00</b>

**Table 3**  
**MOWD Approved Interim Budget for FY 2020 - 2021**  
***Projected Revenue***

**1) Fixed Meter Charges**

Meter size	No. of Accts	Monthly WAC	Monthly MCC	Annual Revenue
5/8"-3/4"	1499	\$35.91	\$0.00	\$645,949
1"	258	\$35.91	\$16.00	\$160,713
1 1/2"	9	\$35.91	\$36.00	\$7,766
2"	18	\$35.91	\$104.00	\$30,221
3"	3	\$35.91	\$256.00	\$10,509
4"	1	\$35.91	\$776.00	\$9,743
6"	1	\$35.91	\$1,576.00	\$19,343
<b>TOTAL FIXED REVENUE</b>				<b>\$884,244</b>

1789

	Units	Rate	Annual Revenue
<b>2) Water Sales</b>			
Total annual sales	256,000	\$2.34	\$599,040
Over-alloc usage	56,000	\$1.00	\$56,000
<b>TOTAL WATER SALES REVENUE</b>			<b>\$655,040</b>

<b>3) Delinquent Fees</b>	<b>Annual Revenue</b>
Total Annual Fees Collected	\$30,000
<b>TOTAL DELINQUENT REVENUE</b>	<b>\$30,000</b>

<b>4) Property Taxes</b>	<b>Annual Revenue</b>
	\$140,000
<b>TOTAL PROPERTY TAX REVENUE</b>	<b>\$140,000</b>

<b>5) Interest Income</b>	<b>Annual Revenue</b>
	\$25,000
<b>TOTAL INCOME FROM INTEREST</b>	<b>\$25,000</b>

**TOTAL PROJECTED ANNUAL REVENUE** **\$1,734,284**

**Table 4**  
**Approved interim Water Rates 2020 - 2021**  
*(Unchanged since July 2018)*

**1) Monthly Water Availability Charge (WAC)**

Meter size	<u>Current</u> <u>2020-21</u>
All	\$35.91

**2) Monthly Meter Capacity Charge (MCC)**

Meter size	<u>2020-21</u>
5/8" & 3/4"	\$0.00
1"	\$16.00
1.5"	\$36.00
2"	\$104.00
3"	\$256.00
4"	\$776.00
6"	\$1,576.00

**3) Usage Rate per HCF of water used**

Meter size	<u>2020-21</u>
All	\$2.34

**4) Over-Allocation Penalty**

Meter size	<u>2020-21</u>
All	\$1.00/Unit

**5) Casitas Surcharge**

Meter size	<u>2020-21</u>
All	The cost of purchasing water from Casitas MWD is collected as a "Casitas Surcharge" added to a customer's bill in proportion to the amount of water used that month. (NO CHANGE)

**6) Other Fees and Charges**

See our website for special rates and conditions.

Note: 1 Unit = 100 cubic feet = HCF = 748 gallons