

**Mammoth Community Water District**  
**Budget for the Fiscal Year April 1, 2017- March 31, 2018**  
March 2018

Jeff Beatty

**Introduction**

The mission of the Mammoth Community Water District is to provide excellent water and wastewater services to the Town of Mammoth Lakes. The annual budget is the roadmap to accomplishing our mission. The budget describes the source and expected amounts of revenue, and defines the expected types and amounts of expenditures. Once approved by the Board, the budget defines strategic and operational direction and grants authority to the managers and staff of the District to expend resources to deliver water and wastewater services.

The budget is developed as a collaborative effort beginning with the District’s mission, incorporating the strategic plan developed by staff and approved by the Board, and involving leaders from each department in the planning and allocation of resources to effectively and efficiently accomplish our mission. The budget is guided by the experience of the past year and anticipates plans for the coming year.

The budget is organized into funds representing type of service (Water or Wastewater), function (Administration, Operation, Capital, and New Enterprise) and lifecycle (Replacement or Expansion). Each fund is intended to be self-contained: revenue and expenses balanced and maintaining an appropriate reserve. The budget is primarily focused on the 2018 fiscal year, but looks forward to fiscal years 2019-2022 to project the status of available fund balance.

The District receives revenue primarily from property taxes and fixed and variable charges for water and wastewater services from our customers. Other revenue sources are connection fees for new water/wastewater customers, fees for lab and engineering services, and interest on invested funds. The District spends money on capital assets, personnel and operating expenses, and services for outside expertise.

At the time of proposing this budget, the winter of 2016-2017 has provided ample snowpack, following four years of drought and one year of average snowpack. The District is expecting to primarily use surface water from Lake Mary and allow our groundwater wells to rest and recharge as much as possible. Included in the budget is the expectation there will be increased revenue from water sales as drought conservation measures are reduced, and lower utility costs for gravity-delivered water.

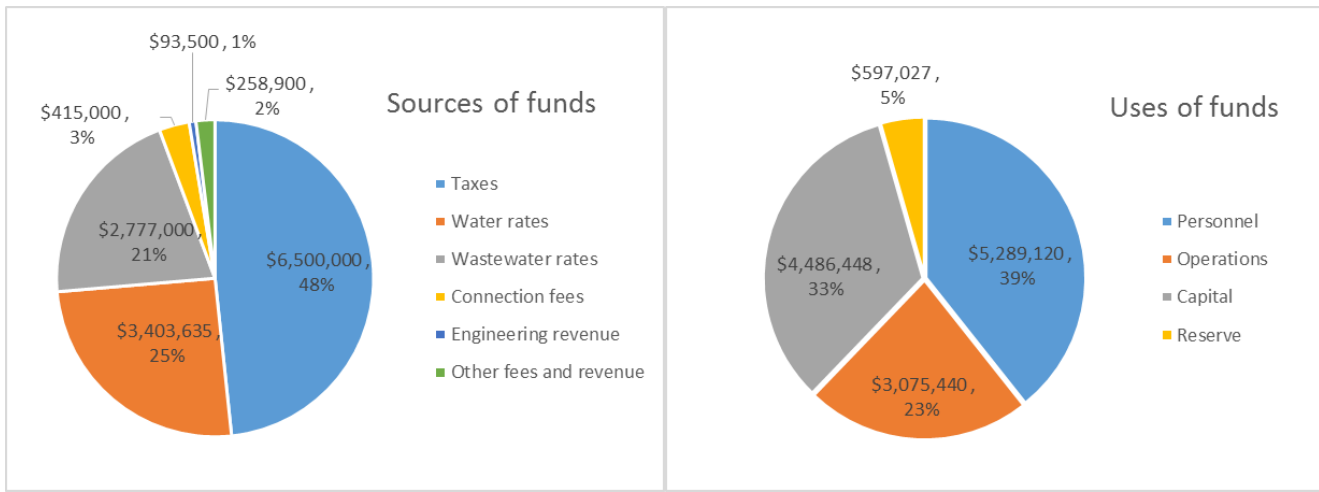
Total revenue is budgeted at \$13,448,035. Budgeted expenditures on operations, personnel, and capital are \$12,851,008. The difference of \$597,027 is allocated to capital replacement and expansion reserves. The District has adopted an operations and capital reserve policy that defines targets for financial reserves consistent with prudent planning and risk management, and defines an annual contribution to reserves. The projected reserve balance at the beginning of fiscal year 2018 is approximately \$13.8 million, the target reserve balance at the end of fiscal year 2022 is approximately \$19.5 million. To achieve the target reserves, the fund reserve policy sets an annual contribution equal to 5% of total revenue.

<b>Total Rev/Exp budget</b>	
Revenue	\$ 13,448,035
Personnel	\$ (5,876,800)
Capital labor	\$ 587,680
Operations	\$ (3,075,440)
Capital	\$ (4,486,448)
Reserve contribution	\$ 597,027

The District will pay off all long-term debt this fiscal year. The final payment of \$33,600 on the FHA Drought Relief Note (A) will be made in January 2018.

This presentation is organized by:

- Revenue budget and fund balance projections
- Budgeted Operations expenses
- Budgeted Personnel expenses
- Budgeted Capital expenditures



**Revenue Budget**

The total revenue budget of \$13,448,035 for fiscal year 2018 represents a 1.5% decrease from fiscal year 2017 projected revenue of \$13,652,000. Most revenue categories increase incrementally with some exceptions:

- The water shortage surcharge is not included in the fiscal year 2018 budget, for a revenue reduction of approximately \$142,000.
- The SCE rebate related to solar power generation ended in fiscal year 2017, for a revenue reduction of approximately \$446,000.
- Water usage revenue is expected to increase by approximately \$271,000.

**Table A** below shows the budgeted revenue for fiscal year 2018 with comparison to the projected revenue for fiscal year 2017. **Table B** below shows projections of revenue and expenses for the next four fiscal years, and the projected available reserve balance for each year.

**Table A**

Description	FY 17 Projection	FY 18 Budget	Difference
Billing, Water Usage	1,404,054	1,674,635	270,581
Water Base Rates	1,695,258	1,729,000	33,742
Water Shortage Surcharge	142,458	0	(142,458)
Wastewater Base Rates	2,749,057	2,777,000	27,943
Late Charges	41,499	40,000	(1,499)
Laboratory Fees	34,339	35,000	661
Labor/Equipment Charges	9,904	5,000	(4,904)
Housing Rents	40,004	40,000	(4)
Carpool Vehicle Rent	2,962	2,900	(62)
Permits, Plan Check	6,875	6,800	(75)
Permits, Inspection	8,707	8,700	(7)
Permits, Connection Fees	415,539	415,000	(539)
Permits, Other		8,000	8,000
Permits, Meters	77,754	75,000	(2,754)
Permits, Construction Fee	3,364	3,000	(364)
Other Revenue	516,262	70,000	(446,262)
Taxes and Assessments	6,487,895	6,500,000	12,105
Gain on Sale of Invest/Surplus	3,801	0	(3,801)
Interest Income	12,055	58,000	45,945
<b>Total</b>	<b>13,651,787</b>	<b>13,448,035</b>	<b>(203,752)</b>

**Table B**

	FY 18 Budget	FY 19 Proj.	FY 20 Proj.	FY 21 Proj.	FY 22 Proj.
Revenue (less connection fees)	13,033,035	13,293,696	13,559,570	13,830,761	14,107,376
Connection fee revenue	415,000	423,300	431,766	440,401	449,209
Personnel expense (less capital labor)	5,289,120	5,394,902	5,502,800	5,612,856	5,725,113
Operations expense	3,075,440	3,136,949	3,199,688	3,263,682	3,328,955
Replacement Capital expense	4,486,448	2,978,762	1,752,709	5,695,483	1,855,554
Expansion capital expense	0	800,000	1,484,837	1,858,755	1,362,755
Beginning Op/Repl fund reserve	13,053,000	13,235,028	15,018,110	18,122,483	17,381,224
Beginning Expansion fund reserve	739,000	1,154,000	777,300	-275,771	-1,694,125
Op/Repl fund contribution	182,028	1,783,083	3,104,373	-741,260	3,197,754
Expansion fund contribution	415,000	-376,700	-1,053,071	-1,418,354	-913,546
Projected ending Op/Repl reserve	13,235,028	15,018,110	18,122,483	17,381,224	20,578,978
Projected ending Expansion reserve	1,154,000	777,300	-275,771	-1,694,125	-2,607,671
Projected District fund reserve	14,389,028	15,795,410	17,846,712	15,687,099	17,971,307

## Operations Budget

The Operations budget for fiscal year 2018, at \$3,075,440, is \$143,921 (4.5%) lower than the budget for the previous year. An effort was made to analyze historical spending, recognize new needs and reduce budget line items where possible.

Some significant changes include:

- A decrease of \$310,400 to expected legal expenses
- An increase of \$130,600 to the building maintenance and repair budget. This increase includes maintenance to the District asphalt and roof repairs for the LMWTP and WWTP press building.

**Table C** below shows the operating budget for each category with the comparison to the prior year budget.

**Table C**

<b>Account</b>	<b>FY 18 Budget</b>	<b>FY 17 Budget</b>	<b>Difference</b>
Ee PPE, Unif, Other	23,300	19,170	4,130
Outside Services/Contractual	1,009,935	943,885	66,050
Employee Housing Expenses	36,656	31,176	5,480
Expendable Tools	28,800	29,600	(800)
Gasoline	30,800	33,200	(2,400)
Diesel Fuel	12,900	14,400	(1,500)
Insurance	160,000	160,000	0
Leased Lines	12,000	12,000	0
Legal Services	113,000	423,400	(310,400)
M & R, Line Repair/Equipment	86,380	87,880	(1,500)
M & R, Buildings	316,250	185,650	130,600
M & R, Vehicles	74,100	64,200	9,900
Memberships/Certifications	36,640	47,710	(11,070)
Operating Chemicals	134,000	121,000	13,000
Operating Supplies	144,170	107,670	36,500
Computer Systems/Equip	73,800	103,150	(29,350)
Postage/Freight	8,500	11,250	(2,750)
Advertising Publications & Pri	21,800	31,150	(9,350)
Books & Subscriptions	3,600	3,290	310
Safety	5,750	10,220	(4,470)
Permits & Licensing	69,540	69,140	400
Settlement Cost	66,000	61,000	5,000
Telephone	36,470	34,165	2,305
Training & Meetings	53,300	50,900	2,400
Travel Expenses	50,385	44,025	6,360
Utilities, Electric & Gas W/S	375,164	401,000	(25,836)
Water Conservation	90,600	110,600	(20,000)
Interest	1,600	8,530	(6,930)
<b>Grand Total</b>	<b>3,075,440</b>	<b>3,219,361</b>	<b>(143,921)</b>

Negative numbers represent a reduction in budget from last fiscal year, positive numbers represent an increase from last year.

## **Personnel Budget**

The total District Personnel budget of \$5,691,918 is a 2.3% increase from the budget last fiscal year. The percentage increase for wages is 2.5%, pension cost increase is 2.7%, the cost of health, vision, dental, life, and disability insurance increases by 3.4%. Workers Compensation cost decreases by 5.9%, a result of historical costs rolling out of the three year look-back period used to calculate the insurance premium.

In addition to permanent employees of MCWD, the District contracts with Sierra Employment to provide labor for operations and capital projects. The cost of contract labor in operations is \$184,880. The cost of capital labor is included in the budgets for each project. To avoid double counting, the capital labor of MCWD employees is subtracted from the total personnel budget when presenting the budget overview. The capitalized labor component is \$587,680.

The number of permanent positions at MCWD remains at 42 for fiscal year 2017. The organization chart for the District is included as **Exhibit 1**.

**Table D** below provides a high-level view of expenses for MCWD personnel and comparison to fiscal year 2017.

**Table D**

	<b>Total Pay</b>	<b>Pension</b>	<b>Insurance</b>	<b>FICA tax</b>	<b>WC Cost</b>	<b>Total Cost</b>
	<b>3,638,867</b>	<b>795,051</b>	<b>986,041</b>	<b>54,314</b>	<b>217,646</b>	<b>5,691,918</b>
% of Total Pay		22%	27%	1%	6%	156%
% Increase from FY 2017	2.5%	2.7%	3.4%	1.9%	-5.9%	2.3%

## **Capital Budget**

The District has approximately \$75 million (net of depreciation) in capital assets including: wells, distribution and collection lines for water and wastewater, water and wastewater treatment plants, buildings, vehicles, and equipment. These assets are essential to our mission of reliably providing water and wastewater service to our customers.

The Capital budget of \$4,486,448 represents the cost of incrementally refurbishing or replacing our infrastructure as it wears out in service and adding new infrastructure to increase the efficiency of operations.

Each current year project is given a Business Risk Evaluation (BRE) rank based on the likelihood and consequence of failure to complete the project. This ranking serves to prioritize projects within and across years.

Significant capital expenditures planned in fiscal year 2018 include:

- \$1,557,964 – Exploratory well(s)
- \$539,888 – Ongoing water line replacement program
- \$459,016 – Ongoing sewer line rehabilitation program
- \$344,526 – Trash removal system for the WWTP
- \$166,595 – Rehab the recycled water storage basin
- \$154,876 – Replace steel water line at Timber Ridge

**Table E** lists capital projects planned for the next ten years.

**Table E**

FUND	PROJECT DESCRIPTION	BRE	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	5-YR TOTAL	Yr 6-10	10-YR TOTAL
21	Admin bldg needs assessment	21	50,000					50,000		50,000
21/31	Admin bldg replacement					3,000,000		3,000,000		3,000,000
22	Deep monitoring well (MCWD portion)	24	105,000					105,000		105,000
22	Exploratory well(s)	21	1,557,964					1,557,964		1,557,964
22	Lake Mary Rd Valves	18	37,880					37,880		37,880
22	Well Improv/Rehab Program	18	90,000	144,000	147,736	151,569	155,502	688,807	800,000	1,488,807
22	Water Capital Asset Replacement	17	85,000	87,205	89,468	91,789	94,171	447,633	500,000	947,633
22	Water Line Replacement Program	17	539,888	440,000	450,000	400,000		1,829,888	2,000,000	3,829,888
22	Timber Ridge steel line replace	13	154,876					154,876		154,876
22	Groundwater Mgmt Plan(HydroDav)	8	100,000					100,000		100,000
22	LMWTP filter platform	8	11,186					11,186		11,186
22	LMWTP Filter Improvements	2	25,000	125,000				150,000		150,000
22	Aquifer storage assessment		30,000					30,000		30,000
22	LM Inflow/Outflow Stations Impr	8		5,000	15,000			20,000		20,000
22	Knolls PLC	2		11,600				11,600		11,600
22	Timber Ridge PLC	2		11,600				11,600		11,600
22	Aquifer storage and recovery			100,000						
22	Production well(s)			750,000				750,000		750,000
22	Mammoth Creek EIR			15,000				15,000		15,000
22	CIMIS Station			30,000				30,000		30,000
22	Lake Mary dam low flow measurement			10,000				10,000		10,000
22	Arc Flash Study			95,000				95,000		95,000
22	Storage tank rehab			150,000	150,000			300,000		300,000
22	Well 6 replacement					1,500,000		1,500,000		1,500,000
22	Well 17 replacement							-	1,500,000	1,500,000
22	Future Capital replacement projects							-	5,700,000	5,700,000
22/23	Update phone system	18	25,000					25,000		25,000
22/23	Eng/Ops Bldg HVAC	12	43,000					43,000		43,000
22/23	Water/WW Rate study					120,000		120,000		120,000
23	Aeration Basin Baffles	23	8,600					8,600		8,600
23	Trash removal system	22	344,526					344,526		344,526
23	Rehab Recycled Water Storage EQ Basin	21	166,595					166,595		166,595
23	Laurel Pond 4 Monitor Wells	21	30,000	200,000				230,000		230,000
23	WWTP foam detection	21	10,338					10,338		10,338
23	WWTP belt press water source	20	39,403					39,403		39,403
23	Sewer Line Rehab Program	18	459,016	470,925	483,143	495,679		1,908,763	1,750,000	3,658,763
23	Arc Flash Study	17	93,236					93,236		93,236
23	Digester chopper pump rebuild	17	63,000					63,000		63,000
23	Aeration train piping repair	17	30,045					30,045		30,045
23	Sewer WWTP Capital Asset Replacement	13	75,000	76,946	78,942	80,990	83,092	394,970	375,000	769,970
23	Snowcreek GC Pond Fill Control	12	62,807					62,807		62,807
23	WWTP DO SCADA link	8	21,088					21,088		21,088
23	Turbine For Effluent Line						1,000,000	1,000,000		1,000,000
23	Digester Turbo Blowers in WWTP	5					150,000	150,000		150,000
23	Future Capital replacement projects							-	4,400,000	4,400,000
32	Water Modeling									-
32	Connection Fee/ Permit Fee Study				40,000			40,000		40,000
32	Future Well Site Eval and Procurement			500,000	500,000	1,000,000	1,000,000	3,000,000		3,000,000
32	Zone 2B Storage							-	3,092,000	3,092,000
32	Knolls Trans Line Expansion							-	2,124,000	2,124,000
32	Water Main Expansion			100,000	102,595	105,256	107,987	415,838		415,838
33	Wastewater Modeling							-		-
33	Connection Fee/ Permit Fee Study				40,000			40,000		40,000
33	Meridian Sewer Expansion							-	2,853,000	2,853,000
33	Shady Rest Relief Main- Center Street					253,000	254,000	507,000		507,000
33	Hwy 203 Expansion				402,000			402,000		402,000
33	Old Mammoth Interceptor Expansion			200,000	400,000			600,000		600,000
96	Employee Housing			220,000	230,000	240,000	250,000	940,000	1,200,000	2,140,000
			<b>4,258,448</b>	<b>3,742,276</b>	<b>3,128,884</b>	<b>7,438,284</b>	<b>3,094,751</b>	<b>21,662,644</b>	<b>26,294,000</b>	<b>44,806,644</b>
	<b>Capital Equipment</b>									
	Vehicle replacement		98,000	35,000	105,000	110,000	120,000	468,000	500,000	968,000
	Scissor lift		10,000					10,000		
	Bobcat snow blower attachment		10,000					10,000		
	Sewer camera with lateral capability		90,000					90,000		
	Snowblower		20,000					20,000		
	<b>Total Capital</b>		<b>4,486,448</b>	<b>3,777,276</b>	<b>3,233,884</b>	<b>7,548,284</b>	<b>3,214,751</b>	<b>22,130,644</b>	<b>26,794,000</b>	<b>45,774,644</b>