

Mammoth Community Water District

Budget for the Fiscal Year April 1, 2022- March 31, 2023

March 2022 – Amended March 23, 2022

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 a collaborative effort that incorporates the strategic plan developed by staff and approved by the Board. Leaders from each department are involved in the planning and allocation of resources to effectively and efficiently accomplish our mission. The budget is guided by the experience of past years and anticipates plans for the coming year.

The budget is organized into funds representing type of service (Water or Wastewater), function (Administration, Operation, or Capital) and lifecycle (Replacement or Expansion). Each fund is intended to be self-contained with balanced revenue and expenses and an appropriate reserve. The budget is primarily focused on the 2023 fiscal year (FY) and looks forward to FY 2024-2033 to project available fund balances.

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 from outside experts.

Revenue from water sales is variable based on the availability of surface water supplied by the winter snowpack. In a low-snow year, water conservation measures may be implemented to reduce water use, which results in a corresponding reduction in water sales revenue. Revenue from water sales typically represents less than 10% of the total revenue, so potential reductions in this revenue source will not have a substantial effect on total District revenue.

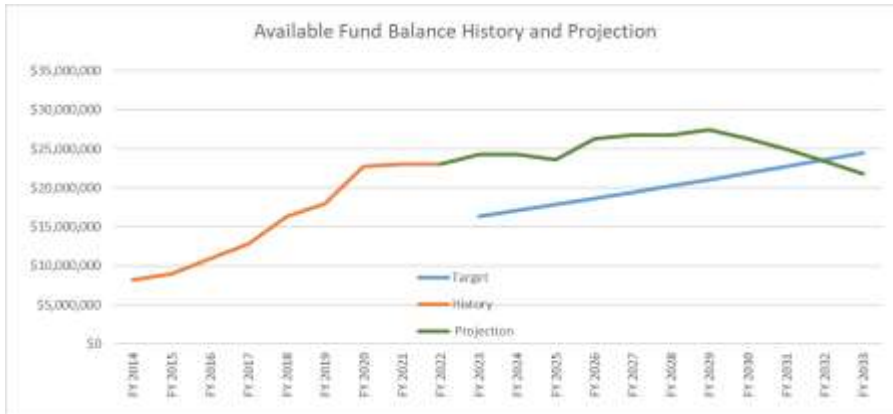
Total revenue for FY 2023 is budgeted at \$15,713,442. Budgeted expenditures on operations, personnel, and capital are \$14,455,784. The difference of \$1,257,658 (approximately 8% of revenue) will be added to our operating and capital reserves to prepare for future needs.

	FY 2022 Budget	FY 2022 Proj.	FY 2023 Budget	Change - FY 2022 Budget to FY 2023		Change FY 2022 Proj. to FY 2023 Budget	
Revenue	\$ 15,180,864	\$ 15,563,700	\$ 15,713,442	\$ 532,578	3.5%	\$ 149,742	1.0%
Personnel Expense (less capital labor)	\$ 5,895,227	\$ 5,980,000	\$ 6,124,328	\$ 229,101	3.9%	\$ 144,328	2.4%
Operating Expense	\$ 3,607,926	\$ 3,117,926	\$ 3,740,263	\$ 132,337	3.7%	\$ 622,337	20.0%
Capital Expense	\$ 5,139,000	\$ 3,735,000	\$ 4,591,192	\$ (547,808)	-10.7%	\$ 856,192	22.9%
Contribution to Reserves	\$ 538,711	\$ 2,730,774	\$ 1,257,658	\$ 718,947		\$ (1,473,116)	

The District has adopted an operations and capital reserve policy that defines targets for financial reserves consistent with prudent planning and risk management. The projected reserve balance at the beginning of FY 2023 is approximately \$22,994,000. The target reserve balance at the end of FY 2023 is approximately \$24,484,000. If revenue and expenses occur as projected, the 2023 reserve balance will be approximately \$21,753,189.

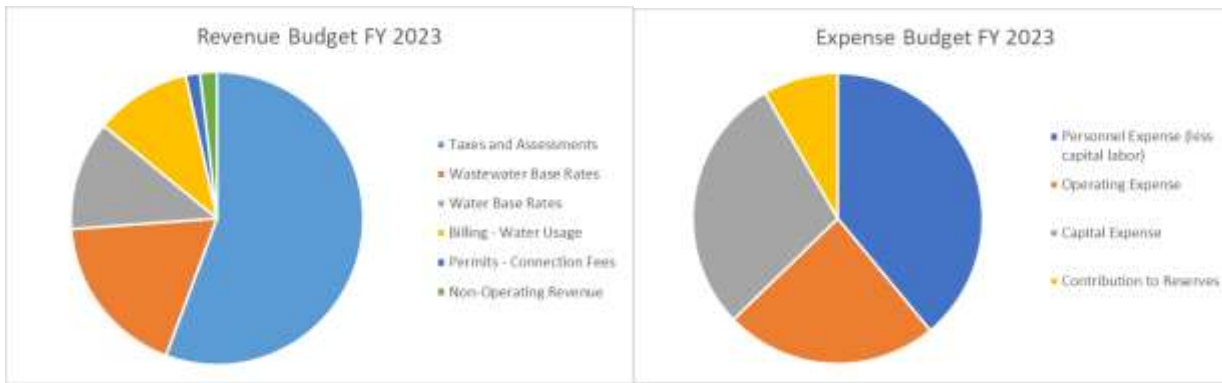
The District’s Reserve Policy and the FY 2023 Fund Reserve Targets are included as Attachment A to this document.

The orange line on the graph below represents the District’s historical available fund balance. The green line represents the projected fund balance. The blue line represents the target fund balance defined by the reserve policy.



This presentation is organized by:

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



Account	Budget FY 2023
Taxes and Assessments	\$ 8,751,054
Wastewater Base Rates	\$ 2,853,000
Water Base Rates	\$ 1,892,464
Billing - Water Usage	\$ 1,671,923
Permits - Connection Fees	\$ 250,000
Non-Operating Revenue	\$ 295,000

Account	Budget FY 2023
Personnel Expense (less capital labor)	\$ 6,124,328
Operating Expense	\$ 3,740,263
Capital Expense	\$ 4,591,192
Contribution to Reserves	\$ 1,257,658

Revenue Budget

The total revenue budget of \$15,713,442 for FY 2023 represents a 3.5% increase from the FY 2022 revenue budget and a 1% increase from the 2022 revenue projection.

- Property tax revenue increased an average of 4.5% annually from FY 2016 to FY 2021. FY 2022 property tax revenue is projected to be 2.9% above budget. Property tax revenue for FY 2023 is budgeted at 7% above the FY 2022 budget and 4% above the FY 2022 projection.
- Water and wastewater base rates are budgeted at a 2% increase from FY 2022. At the time of preparation of the FY 2023 budget the Mammoth Lakes watershed is at 66% of average water content for the season. 2020 was a similar weather year, and water use revenue is based on water consumption in 2020 with the current rates applied.
- Connection fee revenue is assigned to the water and wastewater expansion funds and will be used for capital projects that expand the capacity of our water and wastewater systems. Connection fee revenue varies significantly from year to year based on economic conditions along with residential and commercial development in town. The FY 2023 budget is slightly higher than the projected FY 2022 revenue.
- Interest revenue is the net of dividends paid by the investments in the portfolio and the gain or loss in the market value of the portfolio. Market interest rates are expected to rise by 1.5% to 2.0% in FY 2023, which will cause the value of the portfolio to decline by 3% to 4%. Interest revenue is budgeted at zero because the decline in portfolio value is expected to offset the dividend revenue.

Table A shows the budgeted revenue for FY 2023 with comparisons to the budgeted and projected revenue for FY 2022.

Table B shows projections of revenue and expenses for the next five fiscal years and the projected available reserve balance for each year.

Table A – FY 2023 Budgeted Revenue

Account	Budget FY 2022	Projection FY 2022	Budget FY 2023	Change - FY 2022 Budget to FY 2023		Change FY 2022 Proj. to FY 2023	
Billing - Water Usage	1,506,000	1,849,500	1,671,923	165,923	11.0%	-177,577	-9.6%
Water Base Rates	1,848,917	1,855,400	1,892,464	43,547	2.4%	37,064	2.0%
Wastewater Base Rates	2,809,947	2,805,800	2,853,000	43,053	1.5%	47,200	1.7%
Engineering Revenue	61,000	76,600	75,000	14,000	23.0%	-1,600	-2.1%
Miscellaneous Revenue	178,000	266,100	220,000	42,000	23.6%	-46,100	-17.3%
Permits - Connection Fees	349,000	245,600	250,000	(99,000)	-28.4%	4,400	1.8%
Taxes and Assessments	8,160,000	8,400,000	8,751,054	591,054	7.2%	351,054	4.2%
Interest Income	268,000	64,700	0	(268,000)	-100.0%	-64,700	-100.0%
Total Revenue	15,180,864	15,563,700	15,713,442	532,578	3.5%	149,742	1.0%

Table B – Projected Revenue, Expenses, and Available Fund Balances

	FY 2023 Budget	FY 2024 Projection	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection
Revenue (excluding Connection Fee)	\$ 15,463,442	15,772,711	16,088,165	16,409,928	16,738,127	17,072,889
Connection Fee Revenue	\$ 250,000	257,500	265,225	273,182	281,377	289,819
Personnel Expense (excluding Capital Labor)	\$ 6,124,328	6,369,301	6,624,073	6,889,036	7,164,598	7,451,181
Operating Expense	\$ 3,740,263	3,852,471	3,968,045	4,087,086	4,209,699	4,335,990
Capital R&R Expense	\$ 3,791,192	5,794,800	4,489,000	2,951,000	5,243,000	3,719,296
Capital Expansion Expense	\$ 800,000	0	2,016,000	0	0	0
Addition (Reduction) to Capital Reserves	\$ 1,807,659	(243,861)	1,007,047	2,482,806	120,830	1,566,422
Addition to Expansion Reserves	\$ (550,000)	257,500	(1,750,775)	273,182	281,377	289,819
	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance
Operating/Capital Fund Reserve	\$ 21,047,659	\$ 20,803,798	\$ 21,810,845	\$ 24,293,651	\$ 24,414,481	\$ 25,980,903
Expansion Fund Reserve	\$ 3,204,000	\$ 3,461,500	\$ 1,710,725	\$ 1,983,907	\$ 2,265,284	\$ 2,555,102
Total Fund Reserve	\$ 24,251,659	\$ 24,265,298	\$ 23,521,570	\$ 26,277,557	\$ 26,679,765	\$ 28,536,006

Operations Budget

The FY 2023 operations budget of \$3,740,263, reflects an increase of \$132,337 (4%) from the FY 2022 budget

Some significant changes in the FY 2023 budget include:

- Increase of \$134,400 to Utilities-Electric with the expectation the District will primarily use groundwater, with higher pumping cost.
- Increase of \$40,983 to Operating Chemicals to reflect increased cost of materials
- Increase of \$27,000 to Settlement Cost budget to reflect the impact of inflation on the annual Trout Fund payment and an increase to the LADWP fund transfer.
- Increase of \$25,105 to Outside Services primarily related to the impact of higher fuel prices on the cost of hauling sludge to the Fallon landfill.
- Increase of \$24,560 to M&R-Vehicles partially related to increased frequency of required BIT inspections.
- Increase of \$18,500 to Water Conservation as a result of the addition of outdoor conservation rebates.
- Decreases in several expense categories to align with projected expenses in FY 2022: e.g. M&R-Equipment, Permit Materials, Sludge Disposal, Legal Services

Table C shows the operating budget for each category with comparisons to the prior year’s budget and projection.

Table C – Operating Budget Comparison

Acct-Name	FY 2022 Budget	FY 2023 Budget	Increase (Decrease)	
6100-Outside Services	156,570	181,675	25,105	16%
6101-Property Tax Admin. Fee	224,000	220,000	(4,000)	-2%
6102-Sludge Disposal	75,000	46,750	(28,250)	-38%
6105-Software Licenses/Agreements	246,314	234,105	(12,209)	-5%
6106-IT Services	37,000	37,000	-	0%
6108-Banking Fees	39,254	45,840	6,586	17%
6110-Professional Services	256,629	230,150	(26,479)	-10%
6111-Outside Lab Services	60,675	71,000	10,325	17%
6114-Equipment Rental		10,000	10,000	
6115-Employee Housing Expenses	73,020	73,464	444	1%
6120-Operating Tools/Equipment	41,050	46,200	5,150	13%
6123-Employee Engagement	14,700	28,360	13,660	93%
6124-Employee PPE/Uniform	21,135	21,225	90	0%
6125-Gasoline	38,650	38,340	(310)	-1%
6126-Diesel Fuel	11,990	14,640	2,650	22%
6130-Insurance	156,600	170,500	13,900	9%
6140-Legal Services	105,500	85,000	(20,500)	-19%
6145-M & R - Line Repair/Equipment	280,663	250,038	(30,625)	-11%
6150-M & R - Buildings	174,650	151,040	(23,610)	-14%
6155-M & R - Vehicles	68,500	93,060	24,560	36%
6160-Memberships/Certifications	47,851	51,717	3,866	8%
6165-Permit Materials	50,000	15,000	(35,000)	-70%
6179-Operating Chemicals	236,176	277,159	40,983	17%
6180-Operating Supplies	129,510	114,500	(15,010)	-12%
6181-Computer Systems/Equipment	80,900	69,300	(11,600)	-14%
6185-Postage/Freight	8,770	9,698	928	11%
6190-Advertising Publications & PR	23,900	23,500	(400)	-2%
6192-Books & Subscriptions	850	1,250	400	47%
6200-Safety	26,730	29,440	2,710	10%
6205-Permits & Licensing	81,730	90,840	9,110	11%
6207-Settlement Cost	87,000	114,000	27,000	31%
6210-Telephone	46,974	46,563	(411)	-1%
6215-Training & Meetings	75,935	73,060	(2,875)	-4%
6220-Travel Expenses	56,900	47,850	(9,050)	-16%
6230-Utilities - Electric	416,600	551,000	134,400	32%
6231-Utilities - Propane	32,700	35,000	2,300	7%
6237-Water Conservation	123,500	142,000	18,500	15%
Grand Total	3,607,926	3,740,263	132,337	4%

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

Personnel Budget

The FY 2023 District personnel budget of \$6,426,811 is 4.6% higher than last fiscal year. The number of permanent positions at MCWD remains at 42 for FY 2023. The District’s Organizational Chart is included as Attachment B.

The personnel budget includes the cost of three workers who will work part of the year on seasonal projects in the Engineering, Line Maintenance, and Mechanical departments. The District also uses contract workers for the summer construction projects. The cost of these workers is included in the Capital budget.

The cost of District labor on capital projects is included in the Capital budget. To avoid double counting, the capital labor of MCWD employees is subtracted from the total personnel budget when presenting the combined budget overview. The capitalized labor component is \$302,483.

Table D provides a high-level view of expenses for MCWD personnel and a comparison to FY 2022.

Table D – Personnel Expenses Comparison

	Total Pay	Pension	Insurance	FICA tax	WC Cost	UI Cost	Total Cost
FY 2023 Budget	4,358,967	931,966	991,774	64,987	67,418	11,700	6,426,811
FY 2022 Budget	4,147,514	884,252	986,279	60,193	63,848		6,142,086
Change FY '23 - FY '22	211,453	47,714	5,495	4,794	3,570	11,700	284,725
% Change	5.1%	5.4%	0.6%	8.0%	5.6%		4.6%

Capital Budget

The District has approximately \$69 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 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. This capital budget of \$4,591,192 includes improvements to the distribution and collections systems, rehabilitation of a water tank, work on the wastewater filters, completion of a production well and expansions of the wastewater lines near Center Street.

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.

Table E lists capital projects planned for the next nine years. The timing and cost of future projects is speculative, particularly beyond five years. Engineering analysis has determined what infrastructure will likely be needed to meet water supply and treatment demands at buildout, but many variables are unknown. The cost for future-year projects is factored up for inflation.

Table E – Capital Projects

Description	FY 2023 Budget	FY 2024 Budget	FY 2025 Budget	FY 2026 Budget	FY 2027 Budget	FY 2028 Budget	FY 29-31 Budget
Well 32	250,000	-	-				
Water Distribution System Improvements	599,214	1,030,000	530,000	546,000	563,000	580,000	1,230,000
Wastewater Collections System Improvements	416,254	391,000	403,000	415,000	428,000	441,000	1,168,000
Well Rehab (Well 1)	125,000						
Well Rehab (Well 25)	125,000						
Bluffs LS Controls	44,457						
Tank Rehab T-4	456,075						
Tank T-8 Replacement	50,000	1,500,000					
WWTP Filter Redundancy	250,782	290,000					
TOML Bike Path Water Fill Station	50,000						
LMTP Filter Rehab	318,000						
SCADA Server Replacement	205,910					247,296	
Employee Housing	600,000	309,000	318,000	328,000	338,000	348,000	600,000
Hwy 203 Sewer Main	400,000						
Parcel Relief Main - Center St	400,000						
PLC Upgrade		247,000	255,000				307,000
Well Rehab		300,000		300,000		300,000	
LMTP Upgrades		150,000			113,000	116,000	307,000
WWTP Upgrades		206,000	212,000	219,000	725,000	732,000	615,000
Lift Station Rehab		75,800					
Groundwater Treatment Upgrades					150,000	150,000	
Water Tank Rehab		515,000	530,000	546,000	563,000	580,000	369,000
Replacement Wells			2,016,000		2,138,000		2,337,000
Cost of Service Study							86,000
Rehab Primary Clarifier		41,000	-	44,000			
WWTP Filter Replacement							
Rehab North EQ Basin				328,000			
Zone 2B Storage		515,000					4,337,000
Expansion Wells			2,016,000				2,337,000
Administrative Infrastructure Expansion							615,000
Knolls Transmission Line Expansion							
Meridian Sewer Expansion							4,075,000
Old Mammoth Interceptor Expansion							
Projects Total	4,290,692	5,569,800	6,280,000	2,726,000	5,018,000	3,494,296	18,383,000
Capital Equipment							
Vehicle replacement		225,000	225,000	225,000	225,000	225,000	1,475,000
Replace #39 (Ranger)	45,000						
Replace #52 (F250)	65,000						
Replace #58 (Silverado)	55,000						
Replace #48 (Frontier)	35,000						
East Twin LS Genset	42,000						
Sewer Inspection Equipment	58,500						
Equipment Total	300,500	225,000	225,000	225,000	225,000	225,000	1,475,000
Total	4,591,192	5,794,800	6,505,000	2,951,000	5,243,000	3,719,296	19,858,000