

Mammoth Community Water District
Budget for the Fiscal Year April 1, 2024- March 31, 2025
 March 2024

Jeff Beatty

Introduction

The mission statement of the Mammoth Community Water District includes a commitment to provide excellent water and wastewater services, carefully manage and maintain our local water resources, and conduct our work in a financially sound manner. The annual budget is a component of managing our resources and our finances as we work to accomplish 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 accomplish our mission effectively and efficiently. The budget is guided by the experience of past years and plans for the coming year.

The budget is organized into funds representing the 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 2025 fiscal year (FY) and looks forward to FY 2026-2035 to project available fund balances.

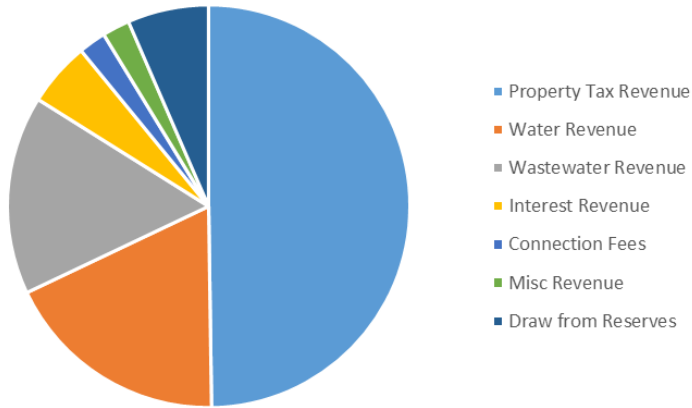
The District receives revenue primarily from property taxes and fixed and variable charges for water and wastewater services from our customers. Other revenue sources are connection fees for new water/wastewater customers, fees for lab and engineering services, and interest on invested funds. The District 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.

Total revenue for FY 2025 is budgeted at \$19,147,800. Budgeted expenditures on operations, personnel, and capital are \$20,508,100. The difference of \$1,360,300 (approximately 7.1% of revenue) will be withdrawn from our operating and capital reserves. Capital labor of \$412,300 is included in both the Personnel Budget and Capital Budget, so it is subtracted from the total to avoid double-counting. Projected revenue for the current year (FY 2024) excludes non-recurring revenue of approximately \$1,645,000 in insurance proceeds to offset the cost of replacing Tank T-8 damaged by snow load.

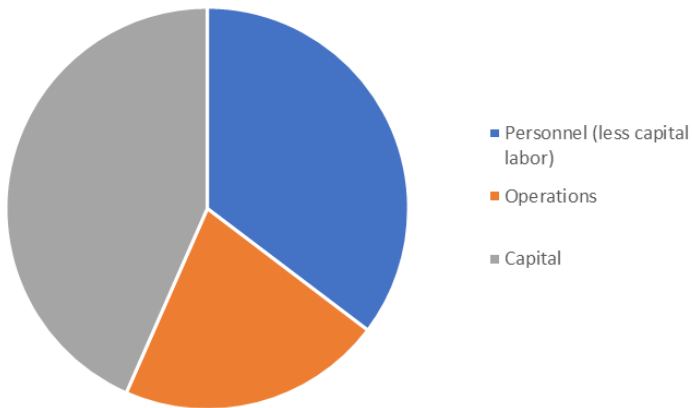
Account	FY 2024 Budget	FY 2024 Proj.	FY 2025 Budget	Change - FY 2024 Budget		Change - FY 2024 Proj. to FY 2025 Budget	
				to FY 2025 Budget			
Total Revenue	17,903,000	18,848,800	19,147,800	1,244,800	7%	299,000	2%
Personnel	7,224,100	6,740,000	7,648,900	424,800	6%	908,900	13%
Operations	3,832,800	3,743,500	4,380,300	547,500	14%	636,800	17%
Capital	4,937,000	5,929,000	8,891,200	3,954,200	80%	2,962,200	50%
Capital Labor	(389,000)	(135,000)	(412,300)	(23,300)	6%	(277,300)	205%
Capital Reserve	2,298,100	2,571,300	(1,360,300)	(3,658,400)		(3,931,600)	

Revenue Budget FY 2025



Account	Budget FY 2025
Property Tax Revenue	\$ 10,196,000
Water Revenue	\$ 3,723,300
Wastewater Revenue	\$ 3,269,000
Interest Revenue	\$ 1,058,000
Connection Fees	\$ 450,000
Misc Revenue	\$ 451,500
Total Revenue	\$ 19,147,800
Draw from Reserves	\$ 1,360,300
Total	\$ 20,508,100

Expense Budget FY 2025



Account	Budget FY 2025
Personnel (less capital labor)	7,236,600
Operations	4,380,300
Capital	8,891,200
Total	20,508,100

FY 2025 Budget

This presentation contains the following components:

- Revenue Budget
- Budgeted Operations Expenses
- Budgeted Personnel Expenses
- Budgeted Capital Expenditures
- Reserve Fund Balance Projections

Revenue Budget

The total revenue budget of \$19,147,800 for FY 2025 represents a 6.9% increase from the FY 2024 revenue budget and a 1.6% increase from the 2024 revenue projection. Notable components of these increases include:

- Property tax revenue in FY 2024 is projected to be 4% higher than budgeted for the year. The average annual increase for the last five years has been 7.9%. Property tax revenue for FY 2025 is budgeted at 8.1% over the FY 2024 budget and 4% above the FY 2024 projection.
- Water and wastewater base rates are budgeted at a 2% increase from FY 2024. The snowpack so far this winter is close to average, and water use this summer is projected to be close to the long-term average. The summer irrigation season was delayed in 2023 so water use revenue is projected to be 12.2% above the FY 2024 projection.
- Connection fee revenue varies significantly from year to year based on economic conditions and residential and commercial development in town. Connection fee revenue in FY 2024 was significantly above average, and revenue for FY 2025 is budgeted slightly above the long-term average. The possibility of economic slowdown over the next year might decrease the development activity in town.
- Interest revenue is the net of interest paid by the investments in the portfolio and the gain or loss in the market value of the portfolio. Market interest rates have risen substantially over the last year and maturing securities have been reinvested at higher rates. The Federal Reserve expects to decrease short-term interest rates over the next year, but interest rates will continue to be higher than the last five years. The interest revenue is calculated based on the yield of the portfolio with the expectation that securities which mature over the course of the year will be replaced by higher-yielding securities. Loans made under the District's employee home purchase assistance program also provide interest revenue.

Table A shows the budgeted revenue for FY 2025 with comparisons to the budgeted and projected revenue for FY 2024.

Table B shows projections of revenue and expenses for FY 2025 and the following five fiscal years with the projected available reserve balance for each year.

Table A – FY 2025 Budgeted Revenue

Account	Projection		Budget FY 2025	Change - FY 2024		Change FY 2024 Proj.	
	Budget FY 2024	FY 2024		Budget to FY 2025		to FY 2025 Budget	
Billing - Water Usage	1,889,000	1,589,000	1,782,900	(106,100)	-5.6%	193,900	12.2%
Water Base Rates	1,894,000	1,902,400	1,940,400	46,400	2.4%	38,000	2.0%
Wastewater Base Rates	2,696,000	2,705,900	2,760,000	64,000	2.4%	54,100	2.0%
Wastewater Flow - Commercial	501,000	499,000	509,000	8,000		10,000	
Engineering Revenue	40,000	41,000	40,000	-	0.0%	-1,000	-2.4%
Housing Rents	142,000	157,100	172,900	30,900	21.8%	15,800	10.1%
Miscellaneous Revenue *	227,000	106,400	238,600	11,600	5.1%	132,200	124.2%
Permits - Connection Fees	350,000	947,600	450,000	100,000	28.6%	-497,600	-52.5%
Property Tax Revenue	9,428,000	9,803,000	10,196,000	768,000	8.1%	393,000	4.0%
Interest Income	750,000	1,097,400	1,058,000	308,000		-39,400	
Total Revenue	17,917,000	18,848,800	19,147,800	1,230,800	6.9%	299,000	1.6%

* To show the year-over-year comparison more clearly, insurance reimbursement for the Tank T-8 repairs has been excluded from the FY 2024 projection.

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

	FY 2025 Budget	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection	FY 2030 Projection
Revenue (excluding Connection Fee)	\$ 18,697,800	19,258,734	19,836,496	20,431,591	21,044,539	21,675,875
Connection Fee Revenue	\$ 450,000	463,500	477,405	491,727	506,479	521,673
Personnel Expense (excluding Capital Labor)	\$ 7,236,600	7,526,064	7,827,107	8,140,191	8,465,798	8,804,430
Operating Expense	\$ 4,380,300	4,511,709	4,647,060	4,786,472	4,930,066	5,077,968
Capital R&R Expense	\$ 8,679,700					
Capital Expansion Expense	\$ 211,500		1,077,000			
Long-Range Capital Replacement		6,500,000	6,747,000	7,003,000	7,269,000	7,545,000
Addition (Reduction) to Capital Reserves	\$ (1,598,800)	720,961	615,329	501,928	379,674	248,476
Addition (Reduction) to Expansion Reserves	\$ 238,500	463,500	(599,595)	491,727	506,479	521,673
	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance
Operating/Capital Fund Reserve	\$ 28,776,200	\$ 29,497,161	\$ 30,112,490	\$ 30,614,418	\$ 30,994,092	\$ 31,242,568
Expansion Fund Reserve	\$ 4,653,500	\$ 5,117,000	\$ 4,517,405	\$ 5,009,132	\$ 5,515,611	\$ 6,037,284
Total Fund Reserve	\$ 33,429,700	\$ 34,614,161	\$ 34,629,895	\$ 35,623,550	\$ 36,509,703	\$ 37,279,853

Operations Budget

The FY 2025 operations budget of \$4,380,300 is an increase of \$547,517 (14%) from the FY 2024 budget.

Some significant changes in the FY 2025 budget include:

- An increase of \$253,600 to the professional services budget primarily related to anticipated work in Engineering and Regulatory Services related to easement research, analysis of the Lead and Copper Rule changes, hydrogeological analysis for the Capital Improvement Plan, expected increase in the cost of the annual audit, and a connection fee study.
- An increase of \$129,500 to the electricity budget to account for cost increases as policies are implemented at the state and federal level which decrease the supply and increase the demand for electricity.
- An increase of \$127,300 to the insurance budget to reflect the impact of inflation.
- An increase of \$80,222 to the equipment maintenance and repair (M&R) budget primarily related to expected repairs to equipment in the water treatment plants and work on the water meter radio system.
- An increase of \$48,536 to employee housing expense as a result of additional rental units purchased and expected replacement of flooring in one unit.
- An increase of \$37,896 to the outside services budget, primarily related to analysis planned for the filters in the water treatment plants.
- A decrease of \$164,040 to the building M&R budget in part because the Administration Building HVAC project has been completed and additional work is on hold until the planned seismic study is complete.

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

Table C – Operating Budget Comparison

Acct-Name	FY24 Budget	FY24 YTD	FY24 Proj	FY25 Budget	FY25-FY24	% Change
6100-Outside Services	233,205	167,375	200,850	271,100	37,896	16%
6101-Property Tax Admin. Fee	220,000	46,371	220,000	220,000	0	0%
6102-Sludge Disposal	46,750	31,439	37,730	46,700	(50)	0%
6105-Software Licenses/Agreements	277,401	236,503	283,800	290,700	13,299	5%
6106-IT Services	62,000	31,360	37,630	53,300	(8,700)	-14%
6108-Banking Fees	48,480	43,264	51,920	60,600	12,120	25%
6110-Professional Services	133,900	46,889	56,270	387,500	253,600	189%
6111-Outside Lab Services	63,000	63,260	75,910	63,000	0	0%
6114-Equipment Rental	10,000	0	0	10,000	0	0%
6115-Employee Housing Expenses	73,464	94,252	113,100	122,000	48,536	66%
6120-Operating Tools/Equipment	47,700	57,733	69,280	33,300	(14,400)	-30%
6123-Employee Engagement	20,110	16,412	19,690	20,600	490	2%
6124-Employee Uniform	23,575	20,313	24,380	21,100	(2,475)	-10%
6125-Gasoline	40,690	26,389	31,670	41,200	510	1%
6126-Diesel Fuel	24,620	38,673	46,410	27,300	2,680	11%
6130-Insurance	176,600	182,057	218,470	303,900	127,300	72%
6140-Legal Services	85,000	56,411	67,690	80,000	(5,000)	-6%
6145-M & R - Line Repair/Equipment	279,878	247,004	296,400	360,100	80,222	29%
6150-M & R - Buildings	329,240	249,617	299,540	165,200	(164,040)	-50%
6155-M & R - Vehicles	109,372	216,685	260,020	129,100	19,728	18%
6160-Memberships/Certifications	47,977	46,527	55,830	53,400	5,423	11%
6165- Meter Sales - Permits	15,000	52,095	62,510	40,000	25,000	167%
6179-Operating Chemicals	326,619	252,776	303,330	344,700	18,081	6%
6180-Operating Supplies	116,880	132,815	159,380	126,800	9,920	8%
6181-Computer Systems/Equipment	54,500	37,010	44,410	70,200	15,700	29%
6185-Postage/Freight	10,094	6,380	7,660	9,300	(794)	-8%
6190-Advertising Publications & PR	28,000	20,763	24,920	27,500	(500)	-2%
6192-Books & Subscriptions	1,985	908	1,090	1,800	(185)	-9%
6200-Safety	37,508	17,498	21,000	27,100	(10,408)	-28%
6205-Permits & Licensing	95,125	84,865	101,840	112,500	17,375	18%
6207-Settlement Cost	14,000	13,944	13,944	14,400	400	3%
6210-Telephone	46,790	35,269	42,320	34,000	(12,790)	-27%
6215-Training & Meetings	85,081	66,461	79,750	83,400	(1,681)	-2%
6220-Travel Expenses	69,300	30,964	37,160	66,100	(3,200)	-5%
6230-Utilities - Electric	342,900	370,536	444,640	472,400	129,500	38%
6231-Utilities - Propane	44,000	26,880	32,260	40,000	(4,000)	-9%
6237-Water Conservation	192,040	36,808	44,170	150,000	(42,040)	-22%
Total	3,832,783	3,104,509	3,886,974	4,380,300	547,517	14%

Negative numbers in the FY25-FY24 column represent a reduction in budget from last fiscal year. Positive numbers represent an increase from last year.

Personnel Budget

The FY 2025 District personnel budget of \$7,648,900 is 5.9% higher than last fiscal year. The increase is due to regularly scheduled performance increases for employees and the increased cost of employee health insurance.

As in FY 2024, the personnel budget includes four temporary employees who will work on the summer construction projects and two summer interns for special work planned in the Laboratory and in Engineering.

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 \$412,300.

The District's Organizational Chart is included as Attachment A.

Table D provides a high-level view of expenses for MCWD personnel and a comparison to FY 2024.

Table D – Personnel Expenses Comparison

	Total Pay	Pension	Insurance	FICA tax	WC Cost	UI Cost	Total Cost
FY 2025 Budget	5,236,000	1,111,000	1,075,000	87,500	99,700	39,700	7,648,900
FY 2024 Budget	4,953,844	1,048,874	975,382	83,377	93,276	69,334	7,224,087
Change '25 - '24	282,156	62,126	99,618	4,123	6,424	(29,634)	424,813
% Change	5.7%	5.9%	10.2%	4.9%	6.9%	-42.7%	5.9%

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 services 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.

Significant components of the \$8,891,237 capital budget include:

- Improvements to the distribution and collections systems;
- Rehabilitation of two water tanks;
- Re-paving around the District offices and WWTP;
- Expansions of the wastewater lines in The Parcel;
- Replacement of four medium- and heavy-duty service trucks due to new CARB requirements that will make these vehicles more expensive and less available in coming years; and,
- The purchase of one additional condominium unit for employee rental housing and anticipated employee home purchase loans.

Additional details about capital projects can be found in the Capital Improvement Plan.

Table E lists capital projects planned for FY 2025.

Table E – Capital Projects

Description	FY 2025 Budget
Distribution System Improvements	572,861
Tank T-7 (or T-2) Rehab	632,000
LMTP backwash tank Rehab	148,000
Collection System Improvements	319,715
Manhole rehab	212,613
Parcel Relief Main - Center St	211,513
WWTP Step Screen	225,504
West Twin LS upgrade (PLC, mechanical)	35,000
East Twin LS rehab	100,120
GIS Utility Network Conversion	199,912
Seismic/snow evaluation/retrofits	100,000
Additional Laurel Pond Monitoring Wells	220,000
MCWD Paving	2,900,000
EHPAP	1,560,000
Ee housing condo purchase	700,000
Projects Total	8,137,237
Capital Equipment	
Replacement for Backhoe	190,000
Replace Truck 70	55,000
Replace Truck 53	93,000
Replace Truck 58	104,000
Replace Truck 39	42,000
Replace Tucker snow cat	270,000
Equipment Total	754,000
Total	8,891,237

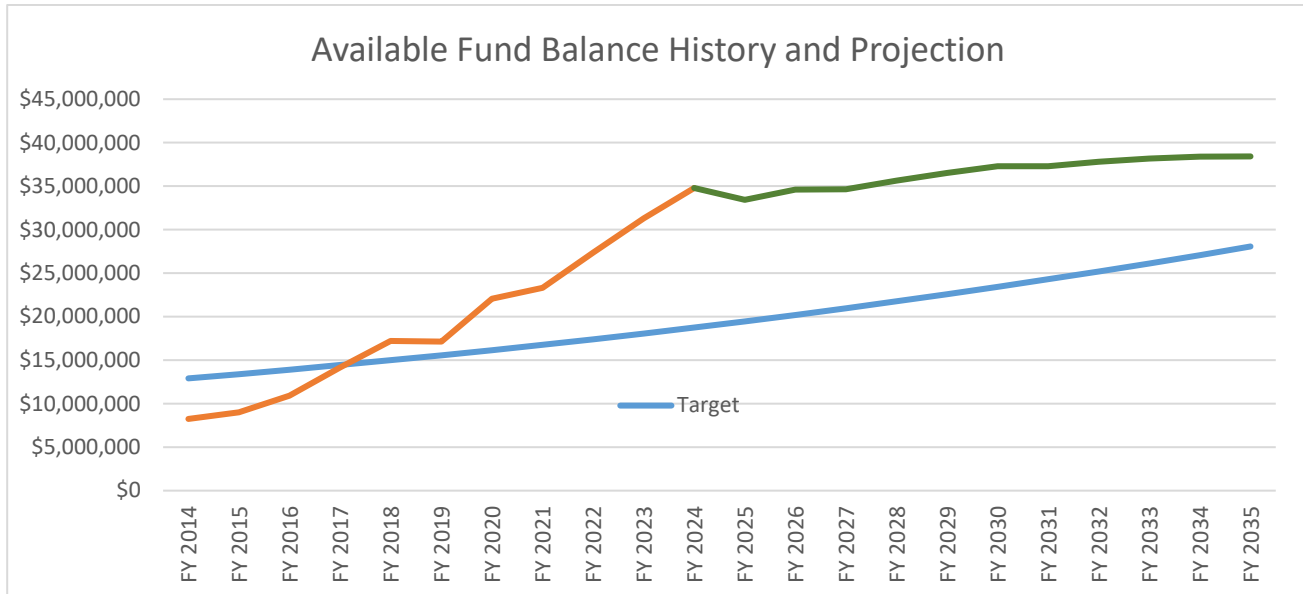
Reserve Fund Balance Projections

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 2025 is approximately \$34,790,000. The target reserve balance at the end of FY 2035 is approximately \$28,068,500. If revenue and expenses occur as projected, the 2035 reserve balance will be approximately \$38,284,900.

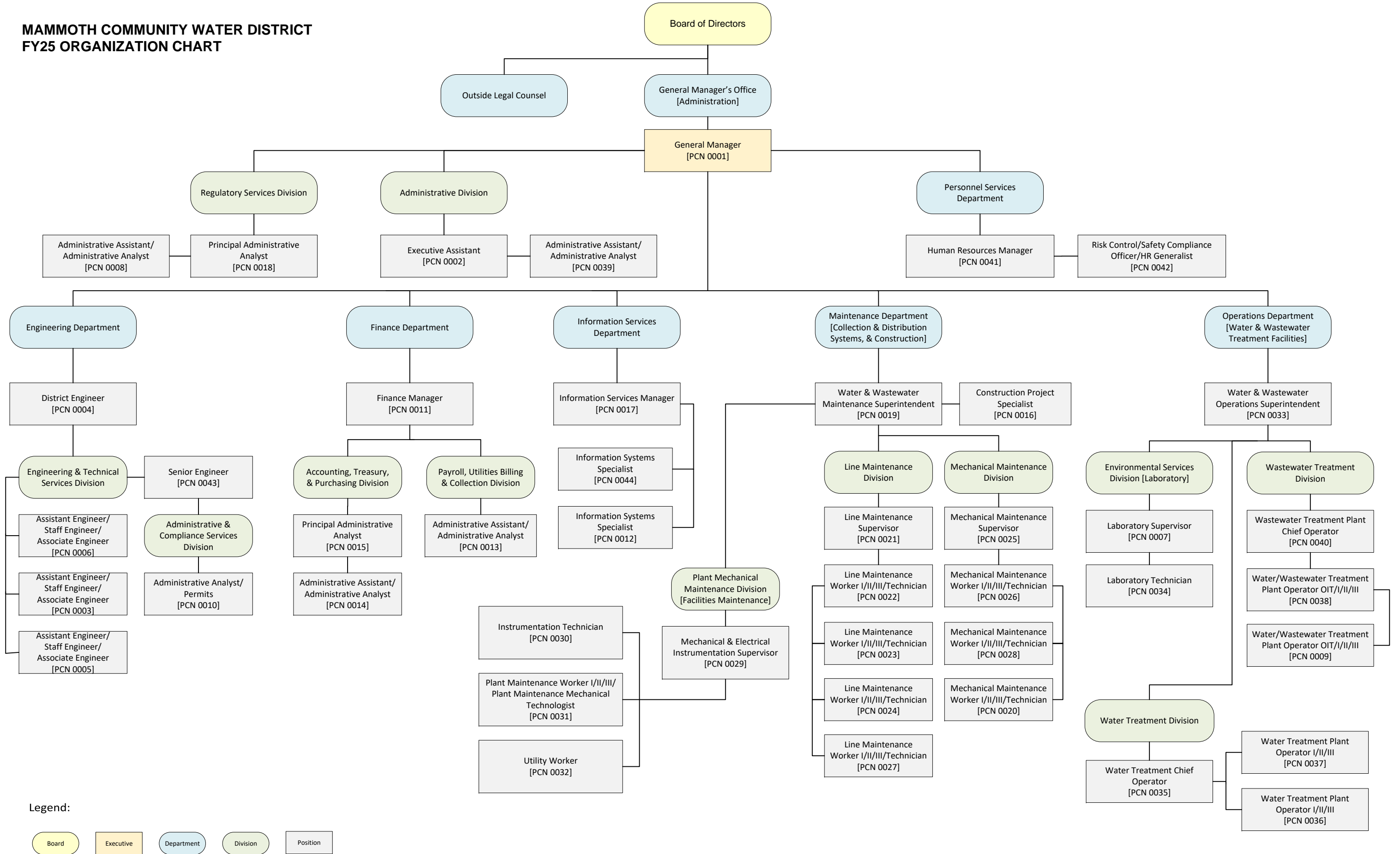
Because of the significant uncertainty about specific future capital projects, the reserve balance projection is based on the expected useful life and expected future replacement cost of all District assets. The expected life of assets varies from 10 years for some equipment to 80 years for some distribution and collection pipes. 75% of the District capital assets are expected to reach the end of their life in the next 45 years. The total replacement cost is divided by 45 to estimate the annual replacement cost, with an inflation increase calculated for each subsequent year.

The District's Reserve Policy and the FY 2025 Fund Reserve Targets are included as Attachment B 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.



MAMMOTH COMMUNITY WATER DISTRICT FY25 ORGANIZATION CHART



MAMMOTH COMMUNITY WATER DISTRICT

OPERATING AND CAPITAL RESERVE POLICY

Approved: March 17, 2016

Amended: March 21, 2024

POLICY

It is fiscally responsible to set aside cash reserves to prepare for planned and unexpected expenses in the future. To ensure equity between current and future ratepayers, a portion of each year's revenue should be reserved for the replacement of assets that are currently in use. Customers who receive the benefit of the water and wastewater infrastructure should contribute to the replacement of those assets as they age so the cost is shared appropriately between current and future ratepayers.

For each of the funds below, a benchmark for appropriate reserves is provided, and a description of circumstances when use of reserve funds is recommended.

The recommended annual contribution to reserves will be the lesser of 5% of revenue or the difference between the total target reserve balance and the total current reserve balance.

Fund 10 – Administrative Operation:

- Operating reserve equal to average current liabilities for Fund 10, plus 20% of the liability for employee sick and vacation leave balances.
- Reserve balance should be used to pay current liabilities when current revenue is insufficient to meet obligations.

Fund 20 – Water Operation:

- Operating reserve equal to six months of operating expenses.
- Water operating reserves should be used when short-term fluctuations in expenses or revenue cause water revenue to be insufficient to meet operating expenses.

Fund 30 – Wastewater Operation:

- Operating reserve equal to six months of operating expenses.
- Wastewater operating reserves should be used when short-term fluctuations in operating expenses or revenue cause wastewater revenue to be insufficient to meet operating expenses.

Fund 21 – Administrative Capital Replacement:

- Reserve, when combined with the reserve of Fund 31, equal to the expected cost of required upgrades to improve the efficiency of the District administration buildings.
- Reserves will be used to replace or upgrade the administration buildings.

- Funds expected to be spent more than four years in the future may be invested in a long-term capital reserve fund as specified by the MCWD Statement of Investment Policy

Fund 22 – Water Capital Replacement:

- Capital Repair and Replacement: The expected life of capital assets varies significantly based on the type of asset. Approximately 75% of District infrastructure will reach the end of expected life over the next 45 years. A reserve of 2.3% of the asset replacement cost approximates the annual replacement cost.
- Reserves will be used for the unexpected replacement of a major component of the water infrastructure (e.g. well, treatment plant), for changes to the infrastructure required to meet new regulatory mandates, or for the planned replacement of assets where the cost of the replacement is greater than the current revenue available.
- Funds expected to be spent more than four years in the future may be invested in a long-term capital reserve fund as specified by the MCWD Statement of Investment Policy

Fund 23 – Wastewater Capital Replacement:

- Capital Repair and Replacement: The expected life of capital assets varies significantly based on the type of asset. Approximately 75% of District infrastructure will reach the end of expected life over the next 45 years. A reserve of 2.3% of the asset replacement cost approximates the annual replacement cost.
- Reserves will be used for the unexpected replacement of a major component of the wastewater infrastructure (e.g. lift stations, treatment plant), for changes to the infrastructure required to meet new regulatory mandates, or for the planned replacement of assets where the cost of the replacement is greater than the current revenue available.
- Funds expected to be spent more than four years in the future may be invested in a long-term capital reserve fund as specified by the MCWD Statement of Investment Policy

Fund 31 – Administrative Capital Expansion:

The purpose of the fund is to provide capital for all future expansion of administrative support services required for operations and infrastructure at build-out. The balance of the fund may be negative or positive, depending on the cash flow of revenue and expansion capital projects. The fund balance should be zero when all infrastructure and administrative support expansion services needed for the customer base at build-out is built and in operation.

Fund 32 – Water Capital Expansion:

The purpose of the fund is to provide for all future expansion of the water infrastructure required to meet the needs of all future customers. The revenue source is water connection fees. Expenditures will be for capital projects that expand the capacity of the system to meet the needs of new users. The balance of the fund may be negative or positive, depending on the cash flow of connection fee revenue and expansion capital projects. There is no target fund balance; the balance will be the sum of accumulated contributions less expenditures, and the fund balance should be zero when all

infrastructure needed for the customer base at build-out has been built and is in operation.

Fund 33 – Wastewater Capital Expansion:

The purpose of the fund is to provide for all future expansion of the wastewater infrastructure required to meet the needs of all future customers. The revenue source is wastewater connection fees. Expenditures will be for capital projects that expand the capacity of the system to meet the needs of new users. The balance of the fund may be negative or positive, depending on the cash flow of connection fee revenue and expansion capital projects. There is no target fund balance, the balance will be the sum of accumulated contributions less expenditures, and the fund balance should be zero when all infrastructure needed for the customer base at build-out has been built and is in operation.

Fund 96 – New Enterprise:

- Recommended reserve equal to two years' average participation in the employee down payment assistance program.
- Reserves will be used if participation in the employee down payment assistance program in any year is greater than the annual contribution to the fund from District property tax revenues or to purchase additional housing units to meet the needs of the District's employee housing program.

Fund 97 – Trout Habitat Enhancement:

The District has an ongoing obligation according to the Trout Habitat agreement to contribute \$10,000/year (increased annually for inflation) for twenty years ending 2032 and administer the accumulated funds for trout habitat enhancement. There is no target fund balance; the balance will be the sum of accumulated contributions less expenditures according to the settlement agreement.

Fund 98 – LADWP Settlement:

The District has a future obligation of \$3.2 million (increased by CPI each year between 2014 and final settlement) to LADWP as part of the agreement entered into by the District and LADWP in July 2013. The date of the final payment will be affected by the amount of water used by the District's customers but will be between the years of 2063 and 2073. The annual contribution to meet the future obligation is approximately \$50K.

MAMMOTH COMMUNITY WATER DISTRICT
FISCAL YEAR 2025
OPERATING AND CAPITAL RESERVE FUND TARGETS

Fund 10	Administrative Operation	\$150,000
Fund 20	Water Operation	\$2,064,500
Fund 30	Wastewater Operation	\$1,961,500
Fund 21	Administrative Replacement	\$1,030,000
Fund 22	Water Capital Replacement	\$4,300,000
Fund 23	Wastewater Capital Replacement	\$4,800,000
Fund 31	Administrative Expansion	\$1,030,000
Fund 32	Water Expansion	\$2,540,000 (current balance)
Fund 33	Wastewater Expansion	\$835,000 (current balance)
Fund 96	New Enterprise	\$1,030,000
Fund 97	Trout Settlement	\$146,000
Fund 98	LADWP Settlement	\$2,150,000

The projected available fund balance (cash – liabilities) at the beginning of fiscal year 2025 is projected to be approximately \$34,790,000. The target reserve balance for the end of fiscal year 2025 is \$19,451,500. The proposed operating and capital budget for fiscal year 2025 will result in a withdrawal from operating and capital reserves of approximately \$1,360,300. If budgeted revenue and expenses occur as planned, we will end fiscal year 2025 with a reserve balance of approximately \$33,429,700.