



Beaumont-Cherry Valley
Water District

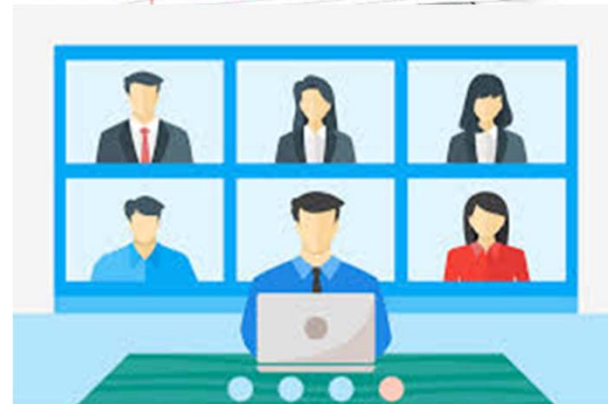
Budget Workshop
December 8, 2021

2022 Proposed Budget
Annual Operating Budget
&
5-Year Capital Improvement
Budget



Budget Workshop Agenda

- Introduction
- 2022 Operating Budget Overview
- 2022 5-Year Capital Improvement Budget Overview



Introduction

District Profile

Service Connections 19,995 (up 336 from September 30, 2020)

City of Beaumont		County of Riverside		
Year	Population	Median Household Income	Per Capita Personal Income	Unemployment Rate
2018	49,630	\$63,900	\$39,955	4.1%
2019	51,475	\$67,000	\$41,385	3.6%
2020	52,686	\$67,000	\$45,800	8.6%

Sources:

Population : State of California Department of Finance

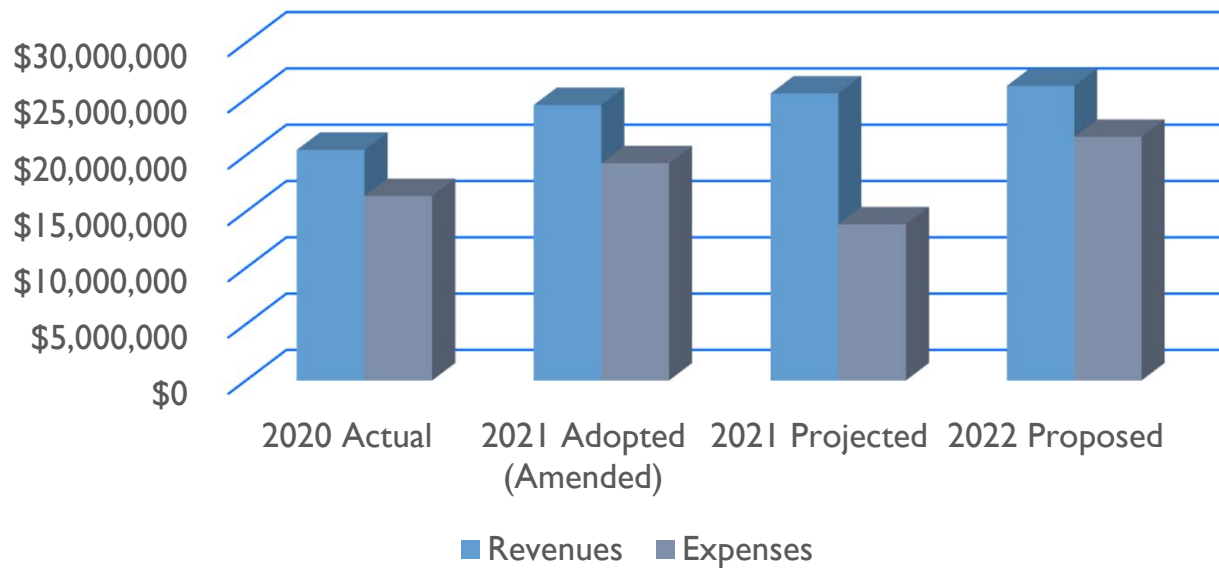
County Data : United States Bureau of Labor Statistics and Bureau of Economic Analysis

United States Census Bureau

2022 BUDGET (GROSS)

	2020 ACTUAL	2021 ADOPTED (AMENDED)	2021 PROJECTED	2022 PROPOSED
Revenue	\$ 20,479,200	\$ 24,466,537	\$ 25,493,200	\$ 26,175,000
Expenses	\$ 16,382,716	\$ 19,284,017	\$ 13,865,800	\$ 21,640,800

Revenue vs. Expense

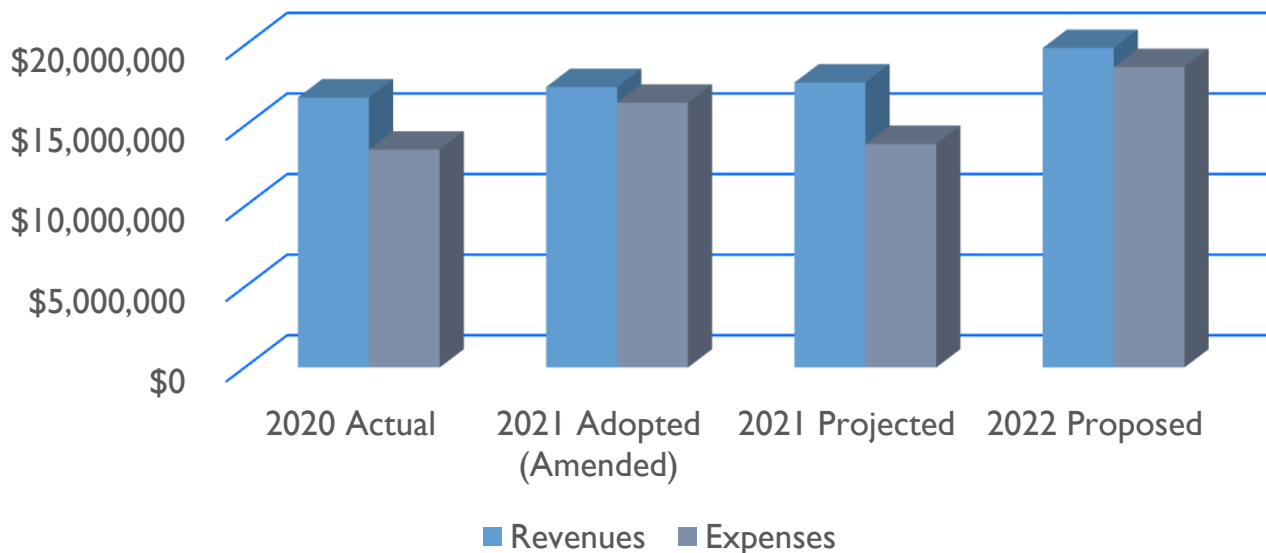


Note: 2021 Adopted (Amended) includes \$.5M mid-year expense adjustment for additional electric cost for well pumping

2022 BUDGET (NET)

	2020 ACTUAL	2021 ADOPTED (AMENDED)	2021 PROJECTED	2022 PROPOSED
Gross Revenue	\$ 20,479,200	\$ 24,466,537	\$ 25,493,200	\$ 26,175,000
Less Capacity Fees	3,726,000	7,061,076	7,813,100	6,354,000
Net Revenue	\$ 16,753,200	\$ 17,405,461	\$ 17,680,100	\$ 19,821,000
Gross Expenses	\$ 16,382,716	\$ 19,284,017	\$ 13,865,800	\$ 21,640,800
Less Depreciation	2,865,579	2,850,000	2,887,000	3,000,000
Net Expenses	\$ 13,517,136	\$ 16,434,017	\$ 10,978,800	\$ 18,640,800
Net Increase/(loss)	\$ 3,236,064	\$ 971,443	\$ 6,701,300	\$ 1,180,200

Revenue vs. Expense



2022 Proposed Revenue Budget: \$26,175,000

Total Operating Revenue **\$18,727,000**
Total Non-Operating Revenue **\$ 7,448,000**

	<u>2020</u> <u>ACTUAL</u>	<u>2021</u> <u>ADOPTED</u>	<u>2021</u> <u>PROJECTED</u>	<u>2022</u> <u>PROPOSED</u>	<u>CHANGE</u>
Operating Revenue					
Water Sales	\$ 9,175,900	\$ 9,412,233	\$ 10,130,500	\$ 10,842,000	\$ 1,429,767
Development and Installation Charges	712,900	660,000	581,300	834,000	174,000
Water Importation Surcharge	3,951,500	3,870,300	4,278,600	4,349,000	478,700
Water Pumping Energy Surcharge	1,820,400	1,816,800	1,901,600	2,467,000	650,200
Other Charges for Service	272,000	329,290	287,300	235,000	(94,290)
Total Operating Revenue	<u>15,932,700</u>	<u>16,088,623</u>	<u>17,179,300</u>	<u>18,727,000</u>	<u>2,638,377</u>
Non-Operating Revenue					
Property Maintenance Fees	\$ 23,100	\$ 26,318	\$ 26,500	\$ 46,000	\$ 19,682
Capacity Fees ⁽¹⁾	3,726,000	7,061,076	7,813,100	6,354,000	(707,076)
Interest Earned	761,400	648,429	167,800	408,000	(240,429)
Grant Revenue	36,000	642,091	306,500	640,000	(2,091)
Total Non-Operating Revenue	<u>4,546,500</u>	<u>8,377,914</u>	<u>8,313,900</u>	<u>7,448,000</u>	<u>(929,914)</u>
Gross Revenue	<u><u>20,479,200</u></u>	<u><u>24,466,537</u></u>	<u><u>25,493,200</u></u>	<u><u>26,175,000</u></u>	<u><u>1,708,463</u></u>

(1) Capacity Fees Projected for 2021 include actuals up to November 23, 2021. All others are until September 30, 2021.

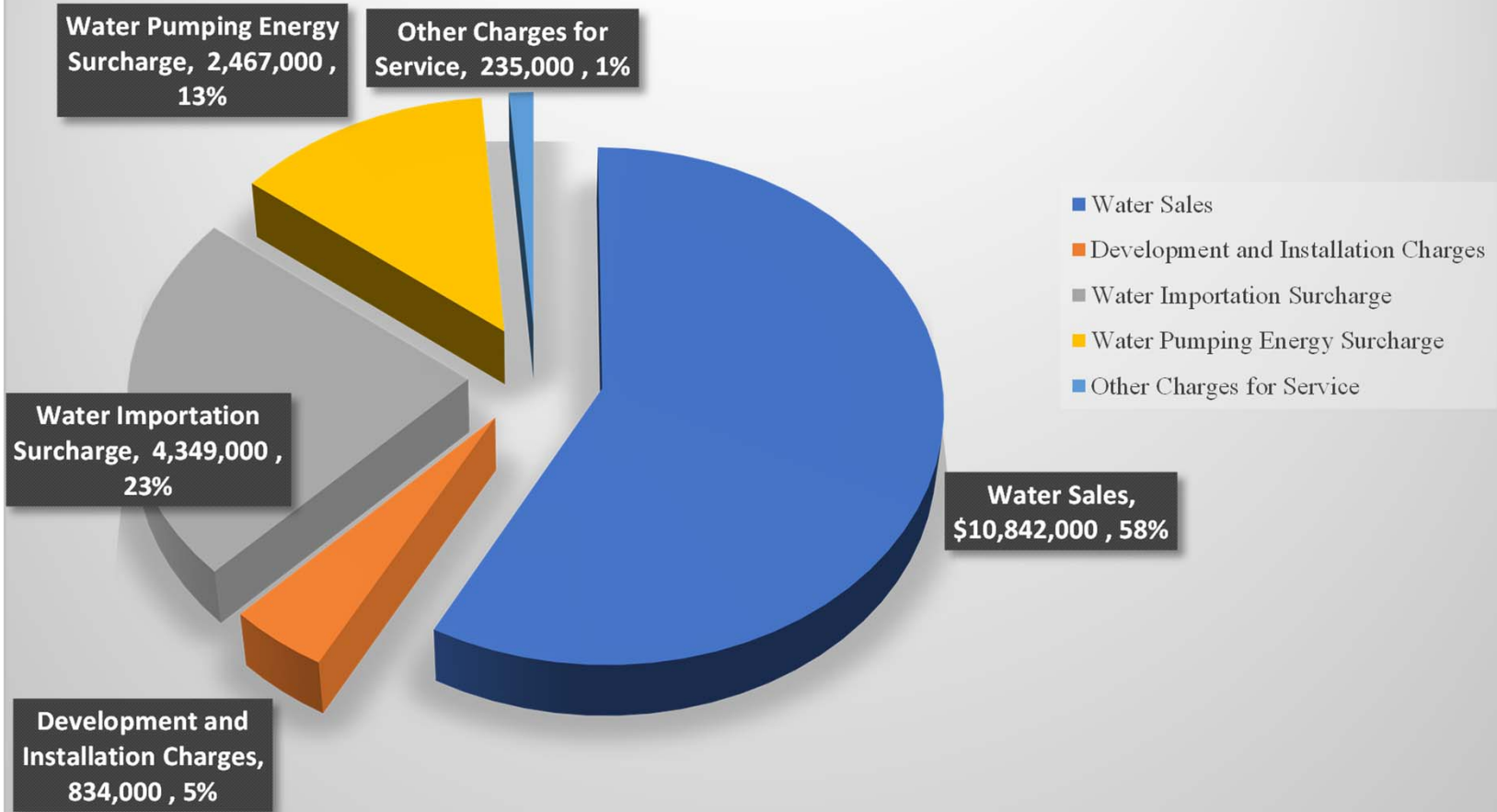
2022 Proposed Revenue Budget: \$26,175,000

TOTAL OPERATING REVENUE: \$18,727,000

Operating Revenue	2022 PROPOSED	Increase/ (Decrease) from 2021 Adopted (Amended)	Assumptions
Water Sales	\$ 10,842,000	\$ 1,429,767	From Water Rate Study Estimate + growth
Development and Installation Charges	\$ 834,000	\$ 174,000	Estimated based on built home inventory in 2021 (Plan checks/meters)
Water Importation Surcharge	\$ 4,349,000	\$ 478,700	From Water Rate Study Estimate + growth
Water Pumping Energy Surcharge	\$ 2,467,000	\$ 650,200	Increased to \$.42/ccf from \$.32 on 10/1/2021
Other Charges for Service	\$ 235,000	\$ (94,290)	Miscellaneous Fees (Penalties, Returned cks, After Hrs Calls, CC Processing Fees etc.)
Total Operating Revenue	\$ 18,727,000	\$ 2,638,377	

TOTAL OPERATING REVENUE: \$18,727,000

2022 PROPOSED OPERATING REVENUE



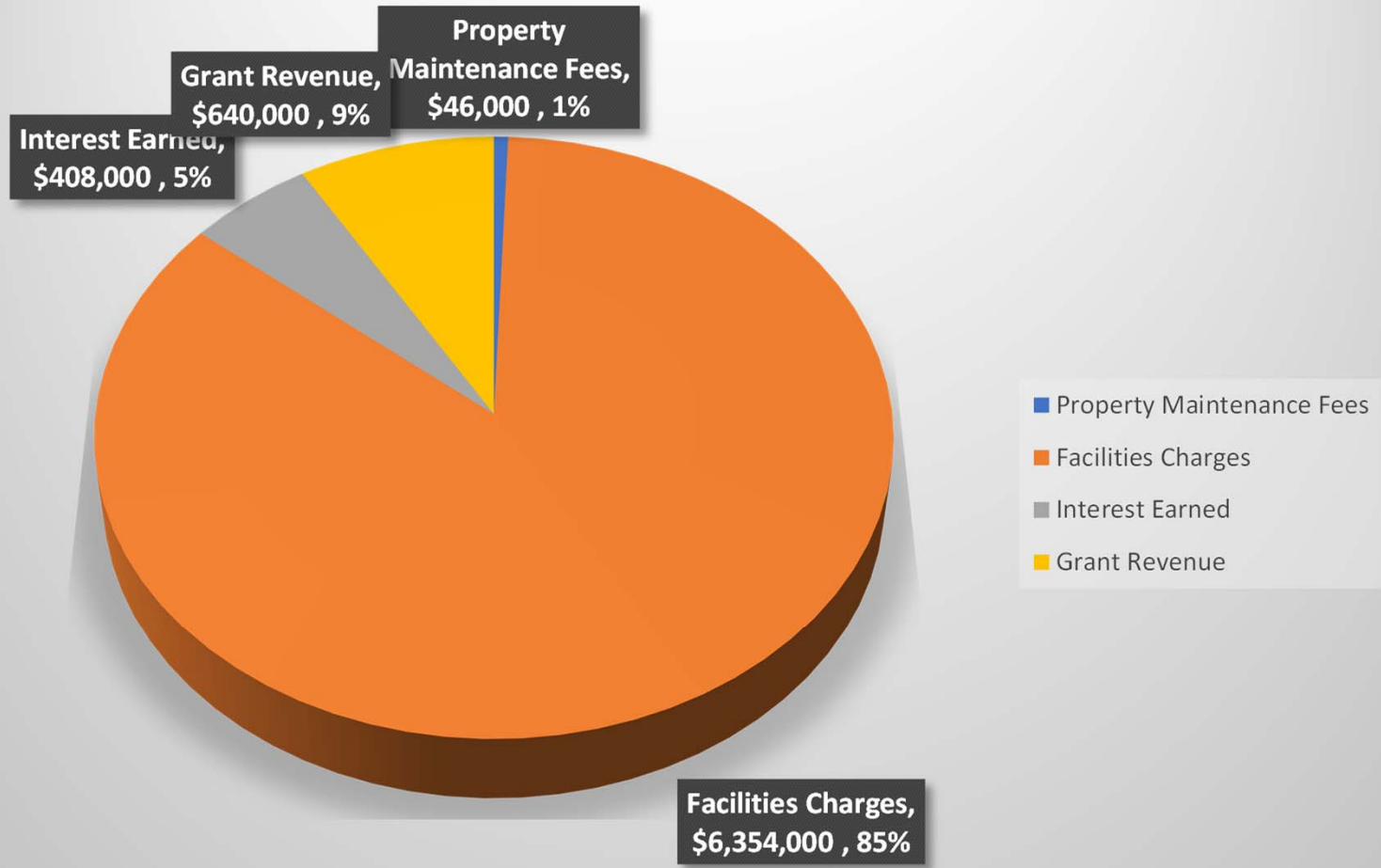
2022 Proposed Revenue Budget: \$26,175,000

TOTAL NON-OPERATING REVENUE: \$7,448,000

Non-Operating Revenue	2022 PROPOSED	Increase/ (Decrease) from 2021 Adopted (Amended)	Assumptions
Property Maintenance Fees	\$ 46,000	\$ 19,682	Increase in maintenance fees for District properties
Capacity (Facility) Fees	\$ 6,354,000	\$ (707,076)	Development activity estimated at 625 EDUs
Interest Earned	\$ 408,000	\$ (240,429)	Anticipated continued decrease in interest rate
Grant Revenue	\$ 640,000	\$ (2,091)	Projected to receive in 2022 for AMR/AMI Project
Total Non-Operating Revenue	\$ 7,448,000	\$ (929,914)	

TOTAL NON-OPERATING REVENUE: \$ 7,448,000

PROPOSED NON-OPERATING REVENUE



2022 Proposed Expense Budget: \$21,640,800

	2020	2021	2021	2022	CHANGE
	ACTUAL	ADOPTED (AMENDED)	PROJECTED	PROPOSED	
Operating Expenses					
Board of Directors	\$ 43,624	\$ 322,305	\$ 152,000	\$ 197,000	\$ (125,305)
Engineering	404,266	684,430	480,100	698,000	13,570
Professional Services	210,759	723,030	398,200	631,000	(92,030)
Finance and Administrative Services	5,154,303	5,670,616	4,681,300	6,236,100	565,484
Human Resources & Risk Management	124,342	308,055	160,500	282,200	(25,855)
Information Technology	376,287	514,543	438,900	637,000	122,457
Source of Supply	7,377,929	7,620,375	5,057,400	8,393,000	772,625
Transmission and Distribution	1,599,156	1,821,554	1,297,200	2,439,000	617,446
Inspections	39,857	62,175	102,400	72,000	9,825
Customer Service and Meter Reading	288,937	360,622	304,500	380,000	19,378
Maintenance and General Plant	763,256	1,196,312	793,300	1,675,500	479,188
Gross Operating Expenses	\$ 16,382,716	\$ 19,284,017	\$ 13,865,800	\$ 21,640,800	\$ 2,356,783
Gross Revenue	\$ 20,479,200	\$ 24,466,537	\$ 25,493,200	\$ 26,175,000	\$ 1,708,463
Gross Expenses	\$ 16,382,716	\$ 19,284,017	\$ 13,865,800	\$ 21,640,800	\$ 2,356,783
Net Increase/(loss)	\$ 4,096,484	\$ 5,182,519	\$ 11,627,400	\$ 4,534,200	\$ (648,319)

2022 Proposed Expense Budget: \$21,640,800

Operating Expenses	2021 PROPOSED	Increase/ (Decrease) from 2021 Adopted (Amended)	Assumptions
Board of Directors	\$ 197,000	\$ (125,305)	Election Cost \$100K decrease, Health Ins. \$54K decrease
Engineering	698,000	13,570	Advertising/Legal Notices for Proposals \$8K increase
Professional Services	631,000	(92,030)	Developer - funded GIS updates \$225K decrease, General Legal \$38K decrease, Other Prof. Svcs. \$170K increase
Finance and Administrative Services	6,236,100	565,484	Depreciation & actuarially determined adjustments \$327K increase (all non-cash), salaries and benefits \$170K increase
Human Resources & Risk Management	282,200	(25,855)	Other Prof. Svcs. \$47K decrease
Information Technology	637,000	122,457	Licenses, Maint., Support, Cyber Security \$88K increase

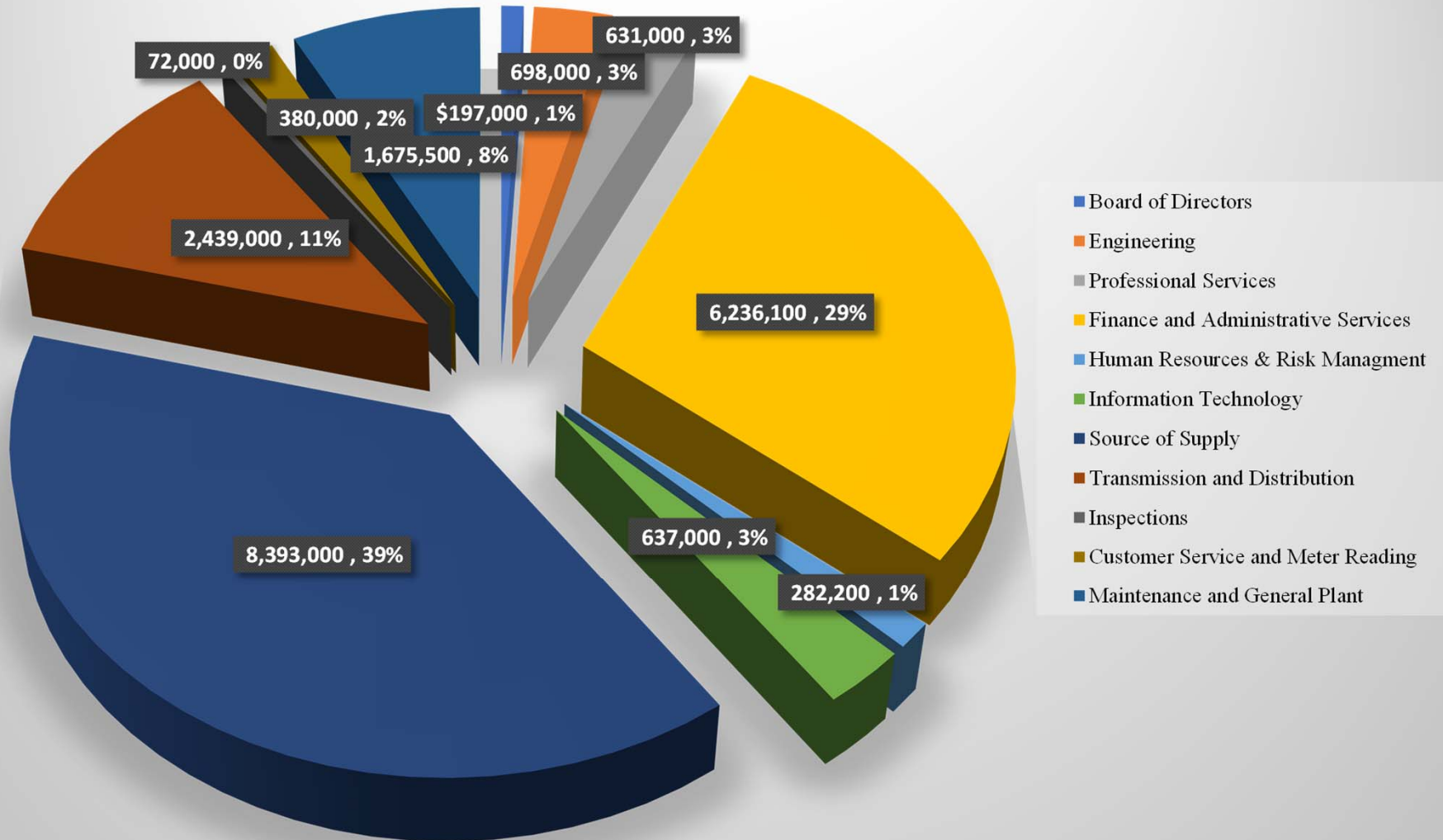
2022 Proposed Expense Budget (Continued): \$21,640,800

Operating Expenses	2021 PROPOSED	Increase/ (Decrease) from 2021 Adopted (Amended)	Assumptions
Source of Supply	8,393,000	772,625	State Water Purchase \$479K increase, Electricity-Wells \$139K increase, Maint. & Repair-Pumping Equip. \$160K increase
Transmission and Distribution	2,439,000	617,446	Salaries and benefits \$307K increase, Temporary Labor \$166K increase, maintenance and repair on other appurtenances \$89K
Inspections	72,000	9,825	Salaries and benefits increase
Customer Service and Meter Reading	380,000	19,378	Salaries and benefits increase
Maintenance and General Plant	1,675,500	479,188	Paving \$379K increase
Total Gross Operating Expenses	\$21,640,800	\$ 2,356,783	

TOTAL OPERATING EXPENSES:

\$21,640,800

2022 PROPOSED OPERATING EXPENSES



Unfunded Retirement Benefits OPEB & Pension Liability

Current Liability

Current Unfunded Retirement Benefits (Pension) <i>(Current & Future Retirees)</i>	\$2.6M
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Current OPEB Liability (Retiree Health) <i>(Current & Future Retirees)</i>	\$2.1M
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Total Pension and OPEB as of 12/31/2020	\$4.7M
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Previously Recommended by Consultant, **at a minimum:**

Annual Retiree Health set aside:	\$ 104,000
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Annual Pension Payment:	\$ 45,000
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Required Employer Contributions - Unfunded Accrued Liability amount <i>(Payments on Amortization Bases)</i>	\$ 196,800
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Required Employer Contributions - Normal Cost (Estimated) <i>(Percentage of Payroll (15.87% - misc, 8.09% - PEPR))</i>	\$ 333,200
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OPEB Annual Pay As You Go <i>(Current Retirees)</i>	\$ 28,440
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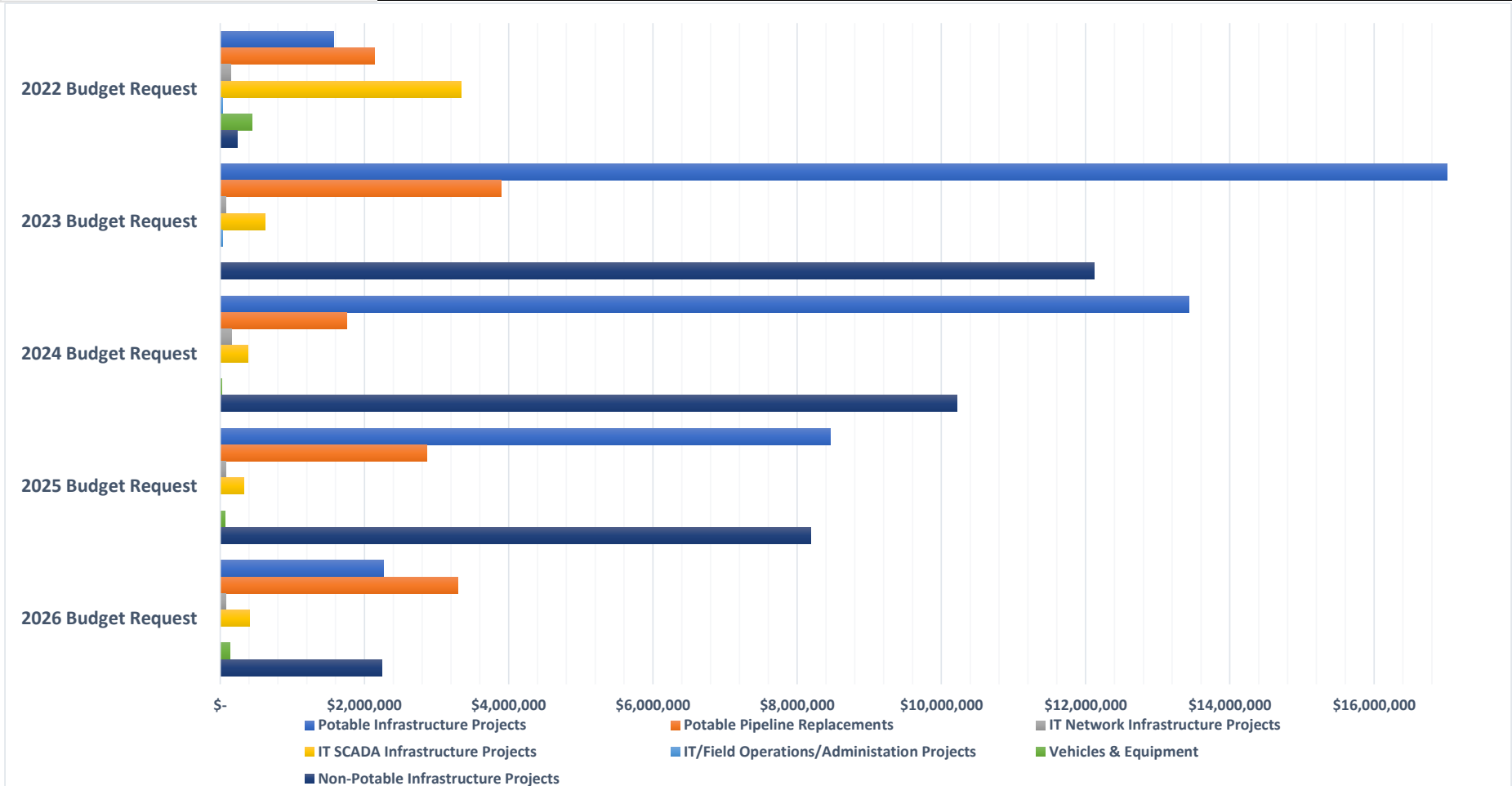
2022 Operating Budget Summary - Recap

2022 Operating Budget Summary

Revenue	\$ 26,175,000
Non Operating Revenue (Capacity/Facility /Fees)	<u>(6,354,000)</u>
Net Revenue	\$ 19,821,000
Expense	\$ 21,640,800
Depreciation Expense Tracking (Capital Replacement Reserve)	<u>(3,000,000)</u>
Net Expense	\$ 18,640,800
Total Net Revenue	\$ 19,821,000
Total Net Expense	\$ 18,640,800
Net Increase	<u>\$ 1,180,200</u>
Annual OPEB set aside (Other Pension Benefits: Retiree Health)	\$ 104,000
Annual Pension Payments:	<u>\$ 45,000</u>
Total set aside for Capital Replacement Reserve	\$ 1,031,200

5-YEAR Capital Improvement Budget 2022-2026

Capital Improvement Program	Footnotes	Estimated Carry							5-Year Budget Total
		Over 2021 Budget	2022 Budget Request	2023 Budget Request	2024 Budget Request	2025 Budget Request	2026 Budget Request		
Potable Infrastructure Projects		\$ 15,253,000	\$ 1,569,200	\$ 18,636,900	\$ 13,430,700	\$ 8,460,400	\$ 2,268,700	\$ 59,618,900	
Potable Pipeline Replacements		1,851,700	2,140,200	3,892,400	1,758,000	2,861,500	3,293,000	15,796,800	
IT Network Infrastructure Projects	(1)	(15,900)	144,800	78,000	163,000	78,000	78,000	525,900	
IT SCADA Infrastructure Projects		1,288,000	3,345,700	628,400	386,000	323,200	408,700	6,380,000	
IT/Field Operations/Administration Projects		139,100	33,200	33,200	-	-	-	205,500	
Vehicles & Equipment		145,000	438,100	-	19,800	71,400	131,600	805,900	
Non-Potable Infrastructure Projects		4,286,400	239,800	12,117,700	10,210,100	8,182,600	2,241,800	37,278,400	
Total		\$ 22,947,300	\$ 7,911,000	\$ 35,386,600	\$ 25,967,600	\$ 19,977,100	\$ 8,421,800	\$ 120,611,400	



Footnotes

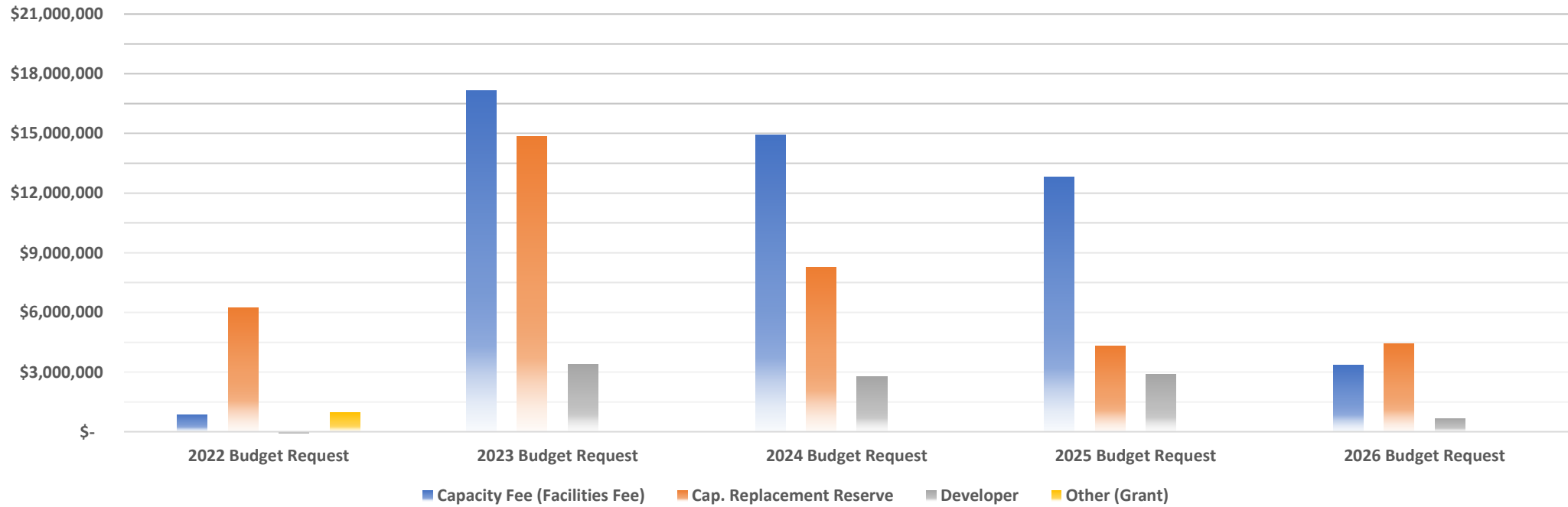
General 5-Year Budget Total includes Estimated 2021 Carryover

(1) Unspent funds from Workstation Replacement project for 2020 were not carried over to 2021, causing the negative carryover for 2021

5-YEAR Capital Improvement Budget 2022-2026

Funding Source	Footnotes	Estimated Carry							5-Year Budget Total
		Over 2021 Budget	2022 Budget Request	2023 Budget Request	2024 Budget Request	2025 Budget Request	2026 Budget Request		
Capacity Fee (Facilities Fee)		\$ 12,282,400	\$ 873,000	\$ 17,173,600	\$ 14,905,000	\$ 12,790,100	\$ 3,369,300	\$ 61,393,400	
Cap. Replacement Reserve		8,673,200	6,236,900	14,835,500	8,288,800	4,312,400	4,415,600	46,762,400	
Developer	(1)	1,802,800	(173,200)	3,377,500	2,773,800	2,874,600	636,900	11,292,400	
Other (Grant)		188,900	974,300	-	-	-	-	1,163,200	
Total		\$ 22,947,300	\$ 7,911,000	\$ 35,386,600	\$ 25,967,600	\$ 19,977,100	\$ 8,421,800	\$ 120,611,400	

CAPITAL IMPROVEMENT BUDGET BY FUNDING SOURCE



Footnotes

General 5-Year Budget Total includes Estimated 2021 Carryover

(1) Pipeline Project 8" Sundance TR, Mary lane, Tioga Tr West, budgeted for 2021, will not be constructed

Preliminary Fiscal Year 2021 Operating Budget Carryover Schedule

Account No.	Account Description	Carryover Amount	Carryover Description
01-30-310-580036	Other Professional Services	7,500	Miscellaneous fee (administrative cost recoveries) study contract with Raftelis Financial Consultants, Inc. approved by Board on 8/12/2020.
01-30-320-500176	District Professional Development	17,000	Leadership Academy/Management Training contract with HR Dynamics
01-30-320-580036	Other Professional Services	18,500	Compensation Study contract with Koff Associates approved by Board on 7/14/2021
01-40-410-520061	Maintenance & Repair-Pumping Equipment	48,900	Parts and labor for Well 25 motor repair
01-40-410-520061	Maintenance & Repair-Pumping Equipment	5,500	Parts and labor for Well 23 motor repair
01-40-440-540078	Reservoirs Maintenance	54,500	Reservoir cleaning for 2021
Operating Budget Carryover Total		151,900	

Background

Staff requests that \$151,900 in unspent funds budgeted for fiscal year 2021 be carried over to the 2022 fiscal year. This is a preliminary list of encumbered or known individual operating expenses in the amount of \$5,000 or more that are anticipated to be spent under a contract or purchase order. Funding for equipment and vehicle purchases and capital projects that are not yet complete is carried forward as a matter of routine. Any request for the carryover of operating funds is reviewed in detail by the Finance and Administrative Services Department and must be justified by the requesting Department.

Any Questions or Comments?

