



El Dorado Irrigation District Mid-Cycle Operating Budget and Financial Plan Board Approved December 13, 2022

2021–2022 Mid-Cycle Operating Budget and 2022–2026 Financial Plan

The Board adopted the 2021–2022 Mid-Cycle Operating Budget and the 2022–2026 Financial Plan, including the implementation of previously approved 5% rate increases for water and recycled water, with no increase for wastewater for 2022.

Please see the [2020 Proposition 218](#) for additional information. Please note that the Board only approved the rates for 2022, see the chart below for rate increase effects for average customer usage.

Commodity	2022	%
Water	\$6.17	5.0%
Wastewater	\$0.00	0.0%
Water and Wastewater	\$6.17	2.4%
Water, Wastewater, & Recycled Water	\$7.30	2.6%

EL DORADO IRRIGATION DISTRICT

SUBJECT: Consider adopting the 2021-2022 Mid-Cycle Operating Budget and 2022-2026 Financial Plan, including the implementation of previously approved 5% rate increases for 2022 for water and recycled water, with 0% increase for wastewater for 2022.

PREVIOUS BOARD ACTION

March 20, 2000 – Board adopted a multi-year operating budget process.

November 8, 2021 – The Board held a workshop on the 2021-2022 Mid-Cycle Operating Budget and the 2022-2026 Financial Plan.

BOARD POLICIES (BP), ADMINISTRATIVE REGULATIONS (AR), AND BOARD AUTHORITY

BP 3010 Budget

AR 3011 Budget Development

AR 3012 Budget Management and Five-Year Financial Plan

SUMMARY OF ISSUE

In accordance with Board Policy 3010, the Board adopts a two-year budget and conducts a mid-cycle review to determine any changes that may be needed in the second year of the cycle. In anticipation of each two-year budget cycle and mid-cycle review, staff prepares projected operating revenues and expenditures for Board consideration.

On November 8, 2021, the Board held a workshop on the 2021-2022 Mid-Cycle Operating Budget and the District's 2022-2026 Financial Plan. Both the 2022 Operating Budget and 2022-2026 financial forecast were discussed and reflected the revenue requirements needed to meet the District's annual operating and maintenance costs, meet debt service requirements, and maintain a sufficient capital improvement program.

BACKGROUND/DISCUSSION

Operating Budget

In preparation of the annual budget process, Finance staff provides department heads, managers, and supervisors with actual operating costs for the past two years, through the most recent month of the current year, and projections through the current year's end. Based on past and current expenditures, operational commitments for the coming year, workload indicators, and budget goals, staff develops proposed budgets for the upcoming year.

The 2022 revised revenue projections will be about \$8.3 million higher than the 2022 adopted budget. The increase in revenues are specifically driven by approximately \$7.1 million of United States Bureau of Reclamation (USBR) and Federal Emergency Management Agency (FEMA) grants for the Folsom Lake Intake Pump Station project and generator purchases, a \$2.3 million increase in Facility Capacity Charge (FCC) revenue, an increase in projected rate revenues of \$1.4 million, and a decrease in hydroelectric revenue of about \$2.5 million related to the new power contract, coupled with dry conditions and the fire damages to the Project 184 conveyance system.

Staff presented the proposed 2022 Operating Budget, which was shown to increase 5.3% over the 2021 budget.

The significant driver to the increase over the originally adopted 2022 budget was related to a \$1.0 million increase in the Recycled Water Operations budget due to the need to recoat one of the major storage tanks. The need for this required maintenance was identified after development of the most recent five-year financial forecast.

Financial Plan

The Board annually adopts an ongoing five-year Capital Improvement Plan (CIP). Additionally, the District prepares a two-year budget which, in the off years, is adjusted and reapproved to meet changes in the District's financial situation for the upcoming year. In recent years, consistent with Administrative (AR) 3012, the District has linked these two financial documents by annually approving an ongoing five-year financial plan. The five-year financial plan is used to balance the ongoing operational financing needs with the capital needed to fund the ongoing CIP to continue providing safe and reliable services to our customers.

A long-term financial plan helps the District avoid making volatile rate adjustments, better manage the use of debt financing, structure debt payments, plan for the funding of capital projects, and ensure that bondholder obligations will be met.

As set forth in AR 3012, the goals and objectives of the District's financial plan are to:

- Establish necessary operating and maintenance costs, debt expenses, and funding available for pay-as-you-go capital projects.
- Generate revenues sufficient to fund those costs, meet bondholder obligations, and maintain adequate cash reserves.
- Avoid customer "rate shock" through the use of small, annual rate adjustments.
- Maintain strong credit ratings to obtain better interest rates when debt is issued (currently S&P, AA-; Moody's, Aa3).
- Maintain cash reserves between \$60 million and \$80 million.
- Maintain CIP funding levels to replace high-priority capital assets prior to end of life in order to avoid critical asset failures and provide safe and reliable services to our customers.
- Fund large monetary, long-lived assets via debt while using excess operational cash for smaller, pay-as-you-go projects.
- Maintain a 1.7x to 2.0x debt service coverage ratio with FCC revenue included.
- Maintain at least a 1.25x debt coverage ratio when FCC revenue is excluded, with a minimum acceptable ratio of 1.0x.

At the November 8, 2021, Budget Workshop, staff presented the projected operating revenues and expenditures for Board consideration based on past and current expenditures, operational commitments for the coming year, workload indicators, and budget goals.

Table 1 compares the adopted 2021 budget and 2021 year-end revenue projections with the originally adopted 2022 budget and 2022 revised budget proposal. As previously discussed at the November 8, 2021 Budget Workshop, 2022 revenues within this budget proposal are projected to be about \$8.3 million higher than the originally adopted 2022 budget. Rate revenues are projected to increase about \$1.4 million through implementation of the previously adopted 5% rate increases for 2022 for the water and recycled water utilities assuming similar water use by District customers as experienced during 2021. FCC revenues are currently forecasted to be about \$2.3 million higher than originally adopted for 2022. Non-rate revenues are estimated to increase by \$7.1 million related to the grants

for the Folsom Lake Intake Pump Station cost share agreement with Reclamation, and generator purchases. Finally, power revenues are expected to be \$2.5 million lower than the original 2022 budget following the expiration of the PG&E power contract and completion of the new power purchase agreement with Pioneer Community Energy, coupled with dry conditions and fire damages to the Project 184 conveyance system.

Table 1: Revenue Projections for 2021 and 2022 (in millions)

	2021 Adopted Budget	2021 Revised Projections	2022 Adopted Budget	2022 Proposed Budget
Water Sales and Services ⁽¹⁾	\$ 34.809	\$ 38.000	\$ 36.696	\$ 38.500
Wastewater Sales and Services ⁽¹⁾	22.123	21.500	22.301	21.447
Recycled Water Sales ⁽¹⁾	2.395	2.800	2.536	2.963
Hydropower Sales	7.000	2.600	6.000	3.500
Investment Income	0.750	0.458	0.750	0.750
FCCs	16.723	16.723	10.900	13.200
Debt Surcharges	1.583	1.724	0.840	0.840
Property Tax	12.701	13.250	12.955	12.955
Other Income ⁽²⁾	2.588	2.363	2.081	9.181
Recreation	1.498	1.303	1.528	1.528
Total Revenues	\$ 102.170	\$ 100.721	\$96.587	\$104.864

(1) 2022 projections include a previously approved 5% rate increase for water and recycled water rates.

(2) 2021 Revised Projections and 2022 Proposed budget includes \$0.52 million of Timber Management Grant revenue and \$7.10 million of USBR and FEMA generator grant income, respectively.

Analysis of 2021 and 2022 Budgeted Expense Projections

Table 2 identifies the budget by major expense type.

The proposed 2022 net personnel budget reflects a net increase of about \$1.98 million, or 6.4% over the adopted 2021 budget. Gross wages increase by about \$0.55 million, which includes three new positions within the water utility to address the vegetation management needs of the District recently discussed with the Board. Benefits increase by about \$0.57 million, while capitalized labor offsets accounting for staff time working on capital projects are projected to decrease by about \$0.86 million.

Total wages for 2022 include a projected 2.0% cost of living adjustment (COLA). Actual wage increases, including any increase for COLA, are subject to negotiations with the District’s labor force, which are currently underway. The impact of the included COLA to the overall budget is about a 0.7% and salary step increases are about 0.5%. Benefits will increase by about \$0.57 million, of which \$0.53 million is the CalPERS required scheduled increases in contributions for the unfunded actuarial liability (UAL) and an increase in the employer normal cost (NC) contribution rate.

As Table 2 shows, the budgeted materials and services expenses for 2022 are proposed to increase by about \$1.06 million, or 4.1% over the 2021 adopted budget. The main driver for this increase is related to professional services with an increase of \$0.37 million, operating supplies of \$0.22 million, insurance premium increase of \$0.17 million, and equipment purchases of \$0.23 million.

Table 2: 2021 Adopted and Revised Operating Budget Expenses with 2022 Adopted and Proposed Budgets by Expense Type (in millions)

	2021 Adopted Budget	2021 Revised Projections	2022 Adopted Budget	2022 Proposed Budget
Wages	\$ 21.557	\$ 20.354	\$ 22.419	\$ 22.104
Benefits (Table 4)	16.458	15.701	17.116	17.026
Salaries and Benefits	38.015	36.055	39.535	39.130
CIP and Development Reimbursement Labor Offsets	(6.892)	(4.703)	(7.168)	(6.027)
Net personnel expense	31.123	31.352	32.367	33.103
Materials and Services				
-Operating Supplies	4.526	4.374	4.707	4.744
-Chemicals	1.287	1.087	1.338	1.282
-Administration	4.197	4.387	4.365	4.579
-Utilities	5.825	5.430	6.058	5.731
-Professional Services	4.810	4.710	4.484	5.172
-Repair Services	3.785	3.470	3.936	3.586
-Insurance	0.896	0.868	0.932	1.061
-Operating Capital Outlay	0.297	0.426	0.319	0.529
-Contingency	0.250	0.000	0.250	0.250
Total Materials and Services	25.873	24.752	26.389	26.934
Total Expenses	\$ 56.996	\$ 56.104	\$ 58.756	\$ 60.037

Table 3 details the breakdown of employee benefits by type. Overall, the 2022 proposed budget for benefits is 3.5% higher than the 2021 benefits budget, or about \$0.57 million. This increase is attributable to the required CalPERS UAL pension contribution by the District increasing by 6.8%, or about \$526,000. The remainder of the District-paid benefits only increase by about \$42,000 over the 2021 budget.

Table 3: 2021 Adopted and Revised Employee Benefits by Type with Adopted and Proposed 2022 Benefits Budgets (in millions)

Type	2021 Adopted Budget	2021 Revised Projections	2022 Adopted Budget	2022 Proposed Budget
Medical	\$ 4.385	\$ 4.100	\$ 4.560	\$ 4.400
Retiree Health	1.970	1.700	2.049	2.000
Dental	0.300	0.300	0.312	0.300
Vision	0.040	0.040	0.042	0.040
EAP	0.007	0.007	0.007	0.007
Life	0.070	0.066	0.073	0.065
Workers' Compensation	0.260	0.220	0.270	0.250
FICA	1.563	1.510	1.626	1.566
PERS	7.716	7.615	8.025	8.242
Medical Reimbursement	0.061	0.060	0.063	0.060
Vehicle Allowance	0.035	0.035	0.036	0.036
Other Employee Costs	0.051	0.048	0.053	0.060
Total Benefits	\$ 16.458	\$ 15.701	\$ 17.116	\$ 17.026

Debt Service Coverage

The Installment Purchase Agreements associated with the District’s debt issuances require the District, to the fullest extent permitted by law, to fix, prescribe, and collect rates and charges so that the ratio of revenues to operating expenditures, including debt payments, is at least 1.25. The District may make adjustments from time to time in its rates and charges, but cannot reduce those rates and charges unless the District’s net revenues will at all times be sufficient to meet the debt service coverage ratio of 1.25.

Table 4 shows that the revised projected debt service coverage for 2021 will meet requirements and the District will meet its requirements for 2022 as well.

Table 4: Revised Debt Service Coverage Projections for 2021 and Adopted and Projected Coverages for 2022 (in millions)

	2021 Adopted Budget	2021 Revised Projections	2022 Adopted Budget	2022 Proposed Budget
Estimated Revenues	\$ 102.170	\$ 100.721	\$ 96.587	\$ 104.864
Estimated Operating Expenses	(56.996)	(56.104)	(58.756)	(60.037)
Available Net Revenues	45.174	44.617	37.831	44.827
Debt Service ⁽¹⁾	19.361	19.361	15.008	15.008
Debt Service Ratio	2.33	2.30	2.52	2.99
Internal (1.0) Debt Service Ratio ⁽²⁾	1.47	1.44	1.79	2.11

⁽¹⁾Proposed budget for 2022 assumes the prepayment of the maturing debt of \$6 million in 2021. The District’s prepayment in 2020 reduced the debt service in 2021 by approximately \$6 million.

⁽²⁾Internal 1.0 test is based upon Available Net Revenues being equal to, or greater than, the debt service in a given year. Being equal to would be (available net revenues)/(debt service)=1.00 (District goal = 1.25x).

Beginning with the first Certificate of Participation bond sale in 2003, the District included FCC revenue in meeting its debt coverage requirements. In 2010, however, the Board also imposed an internal requirement that the debt service ratio, excluding FCCs, be at least 1.0, with the goal of at least 1.25x. The test is identical to the bond document test of 1.25x, except it excludes FCCs from the calculation. By creating budgets that meet this test, the District is assured it is meeting all of its obligations for a given year, including operating expenses and debt payments, without relying on volatile FCC revenue.

As reflected in Table 4 above, the District is projecting it will exceed the internal 1.0 ratio for 2021 and 2022. The District has exceeded the 1.25x coverage bond covenant requirement every year since 2003, except for 2004, when the State of California took local property tax revenues to help meet the State’s debt obligations, and in 2009 at the height of the recession. Since 2010, with extensive cost-cutting to operating expenses, power sales contracting, restructuring some of the outstanding debt, and the adoption of a series of rate increases, the District has also met the 1.25x internal coverage goal annually, without FCCs.

Five-Year Financial Plan Review

The 2022-2026 Financial Plan has been updated to reflect some revenue assumption changes for 2022-2026 discussed earlier. The Financial Plan also includes estimated annual capital expenses included in the recently adopted 2022-2026 CIP.

Following is a brief review of the previously adopted Financial Plan and some proposed changes.

Purpose of a Financial Plan

Adopted Financial Plan

The proposed 2022-2026 Financial Plan includes implementation of the adopted rate increases in each of the years 2022-2025 and in 2026 reflects another projected 5% rate increase for water and recycled water, and an increase of 3% for wastewater, subject to adoption by the Board after a future rate setting hearing.

The 2022-2026 plan reflects assumptions for FCC revenues decreasing over time, from an estimate of \$16.7 million for 2021, \$13.2 million for 2022, and then \$10.0 million for 2023 through 2026. Billing surcharge revenues will decrease in 2022 by approximately \$850,000 as one of the two final billing surcharges associated with the treatment water reservoir line and cover program ended in October, 2021. The plan includes grant revenue for 2022 of \$7.0 million for the Folsom Lake Intake Pump Station cost-share and FEMA generator grants in 2022 and 2023 of \$100,000 and \$245,000, respectively.

The Financial Plan has also been adjusted to reflect an increase in the overall cost of operations. Within the proposed five-year plan, the 2022 budget reflects an increase of 5.3% in expenses over 2021, as previously described in this AIS, followed by a 3% CPI increase for 2023 and 2024, and then lowering to 2% in 2025 and 2026.

The graph below reflects the proposed outstanding debt for the District following a \$100 million water bond sale in 2025, as reflected in this five-year financial plan. Similar to the 2020A bond sale, the 2025 bond sale would provide capital needed to fund major future, long-lived CIP assets such as reconstruction of the Sly Park Intertie and the replacement of Flumes 45, 48 and potentially Flume 46, among other significant capital investments previously discussed with the Board.



Financial Plan Update

The District’s proposed 2022-2026 five-year Financial Plan is provided below with separate water and wastewater plans following.

Total District	Proposed <u>2022</u>	Projected <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>
Total Debt Proceeds	-	-	-	100.0	-
Total Revenues	104.9	97.8	100.6	104.3	108.2
Total Maintenance and Operation Costs	60.0	61.8	63.7	65.0	66.3
Net Revenues	44.9	36.0	36.9	39.3	41.9
Pre-existing State Obligations	-	-	-	-	-
Net Revenues Available After Pre-existing Obligations	44.9	36.0	36.9	39.3	41.9
Senior Debt Service	15.0	15.0	15.0	20.4	23.4
Cash Available from Current Year Activities for Capital Projects or Other Improvements	29.9	21.0	21.9	118.9	18.5
Cash Balance - January 1	80.1	86.7	72.4	50.1	129.8
Total Cash Available for Capital Projects or Debt Pre-payment	110.0	107.7	94.3	169.0	148.3
Total CIP	(42.3)	(30.3)	(38.2)	(33.2)	(39.5)
Debt Reserve Paydown on New Debt	-	-	-	-	-
Pre-funding Debt	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Other Receipts-Insurance, FEMA and OES	25.0	1.0	-	-	-
Cash Balance - December 31	86.7	72.4	50.1	129.8	102.8
Senior Debt Service Coverage (1.25x test)	2.99	2.40	2.46	1.93	1.79
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	13.2	10.0	10.0	10.0	10.0
\$\$\$ of FCCs Removed from Calculation	13.2	10.0	10.0	10.0	10.0
Internal Senior Debt Coverage (1.0x test)	2.11	1.73	1.79	1.44	1.36

Water Utility Only	Proposed <u>2022</u>	Projected <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>
Total Debt Proceeds	-	-	-	100.0	-
Total Revenues	69.7	63.8	66.0	68.5	71.2
Total Maintenance and Operation Costs	38.4	39.6	40.7	41.6	42.4
Net Revenues	31.3	24.2	25.2	27.0	28.8
Pre-existing State Obligations	-	-	-	-	-
Net Revenues Available After Pre-existing Obligations	31.3	24.2	25.2	27.0	28.8
Senior Debt Service	11.5	11.5	11.4	17.0	20.3
Cash Available from Current Year Activities for Capital Projects or Other Improvements	19.8	12.7	13.8	109.9	8.5
Cash Balance - January 1	38.6	50.5	40.2	18.9	98.2
Total Cash Available for Capital Projects or Debt Pre-payment	58.4	63.2	54.0	128.8	106.7
Total CIP	(29.7)	(20.9)	(32.0)	(27.5)	(33.5)
Debt Reserve Paydown on New Debt					
Pre-funding Debt	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)
Other Receipts-Insurance, FEMA and OES	25.0	1.0	-	-	-
Cash Balance - December 31	50.5	40.2	18.9	98.2	70.1
Senior Debt Service Coverage (1.25x test)	2.73	2.10	2.20	1.58	1.42
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	7.30	5.90	5.90	5.90	5.90
\$\$\$ of FCCs Removed from Calculation	7.30	5.90	5.90	5.90	5.90
Internal Senior Debt Coverage (1.0x test)	2.09	1.59	1.69	1.24	1.13

Wastewater Utility Only	Proposed <u>2022</u>	Projected <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>
Total Debt Proceeds	-	-	-	-	-
Total Revenues	35.2	34.0	34.7	35.8	37.0
Total Maintenance and Operation Costs	21.6	22.3	23.0	23.4	23.9
Net Revenues	13.5	11.7	11.7	12.4	13.1
Pre-existing State Obligations	-	-	-	-	-
Net Revenues Available After Pre-existing Obligations	13.5	11.7	11.7	12.4	13.1
Senior Debt Service	3.5	3.5	3.5	3.4	3.2
Cash Available from Current Year Activities for Capital Projects or Other Improvements	10.0	8.2	8.2	8.9	9.9
Cash Balance - January 1	41.5	36.2	32.1	31.2	31.6
Total Cash Available for Capital Projects or Debt Pre-payment	51.5	44.4	40.3	40.2	41.5
Total CIP	(12.5)	(9.4)	(6.3)	(5.8)	(6.1)
Debt Reserve Paydown on New Debt Pre-funding Debt	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Other Receipts-Insurance, FEMA and OES	-	-	-	-	-
Cash Balance - December 31	36.2	32.1	31.2	31.6	32.6
Senior Debt Service Coverage (1.25x test)	3.84	3.33	3.32	3.61	4.12
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	5.90	4.10	4.10	4.10	4.10
\$\$\$ of FCCs Removed from Calculation	5.90	4.10	4.10	4.10	4.10
Internal Senior Debt Coverage (1.0x test)	2.16	2.16	2.16	2.41	2.83

Total District	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ 3.6	\$ (5.7)	\$ (10.8)	\$ (19.7)	\$ (27.5)
Reserved					
Operating	15.0	15.5	15.9	16.2	16.6
Capital Replacement Reserves	16.8	16.8	16.8	16.8	16.8
Routine Capital Replacement Reserves	3.4	3.4	3.4	3.4	3.4
Self Insurance Reserves	1.0	1.0	1.0	1.0	1.0
	<u>36.2</u>	<u>36.7</u>	<u>37.1</u>	<u>37.4</u>	<u>37.8</u>
Total unrestricted and reserved cash	<u>39.8</u>	<u>31.0</u>	<u>26.3</u>	<u>17.7</u>	<u>10.3</u>
Restricted-Debt Reserves	4.4	4.4	4.4	4.4	4.4
Restricted-Growth CIP (FCCs)	44.9	39.3	39.2	40.0	35.7
Restricted-CIP from Bonds	-2.3	-2.4	-19.9	67.6	52.3
	<u>46.9</u>	<u>41.4</u>	<u>23.8</u>	<u>112.0</u>	<u>92.4</u>
Total	<u>\$ 86.7</u>	<u>\$ 72.3</u>	<u>\$ 50.1</u>	<u>\$ 129.7</u>	<u>\$ 102.7</u>
days cash	242.01	182.95	150.81	99.63	56.52
Water Utility					
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ 25.1	\$ 19.7	\$ 15.7	\$ 8.4	\$ (0.4)
Reserved					
Operating	9.6	9.9	10.2	10.4	10.6
Capital Replacement Reserves	10.1	10.1	10.1	10.1	10.1
Routine Capital Replacement Reserves	2.0	2.0	2.0	2.0	2.0
Self Insurance Reserves	0.6	0.6	0.6	0.6	0.6
	<u>22.3</u>	<u>22.6</u>	<u>22.9</u>	<u>23.1</u>	<u>23.3</u>
Total unrestricted and reserved cash	<u>47.4</u>	<u>42.3</u>	<u>38.6</u>	<u>31.5</u>	<u>22.9</u>
Restricted-Debt Reserves	3.5	3.5	3.5	3.5	3.5
Restricted-Growth CIP (FCCs)	1.9	-3.2	-3.3	-4.4	-8.6
Restricted-CIP from Bonds	-2.3	-2.4	-19.9	67.6	52.3
	<u>3.1</u>	<u>-2.1</u>	<u>-19.7</u>	<u>66.7</u>	<u>47.2</u>
Total	<u>\$ 50.5</u>	<u>\$ 40.2</u>	<u>\$ 18.9</u>	<u>\$ 98.2</u>	<u>\$ 70.1</u>
days cash	450.67	390.33	345.59	276.67	197.28
Wastewater Utility					
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ (21.5)	\$ (25.4)	\$ (26.5)	\$ (28.1)	\$ (27.1)
Reserved					
Operating	5.4	5.6	5.7	5.9	6.0
Capital Replacement Reserves	6.7	6.7	6.7	6.7	6.7
Routine Capital Replacement Reserves	1.4	1.4	1.4	1.4	1.4
Self Insurance Reserves	0.4	0.4	0.4	0.4	0.4
	<u>13.9</u>	<u>14.1</u>	<u>14.2</u>	<u>14.3</u>	<u>14.4</u>
Total unrestricted and reserved cash	<u>-7.6</u>	<u>-11.3</u>	<u>-12.3</u>	<u>-13.8</u>	<u>-12.6</u>
Restricted-Debt Reserves	0.9	0.9	0.9	0.9	0.9
Restricted-Growth CIP (FCCs)	42.9	42.6	42.6	44.4	44.3
Restricted-CIP from Bonds	0.0	0.0	0.0	0.0	0.0
	<u>43.8</u>	<u>43.5</u>	<u>43.5</u>	<u>45.3</u>	<u>45.2</u>
Total	<u>\$ 36.2</u>	<u>\$ 32.1</u>	<u>\$ 31.2</u>	<u>\$ 31.6</u>	<u>\$ 32.6</u>
days cash	(128.81)	(185.49)	(194.91)	(214.48)	(193.25)

Conclusion

The 2022 operating budget process presented a number of challenging financial considerations and analyses because of the continual increase in the CalPERS UAL pension costs, increasing costs for materials and supplies, increased contractual services for water operations related to addressing tank rehabilitations, and now addressing tank rehabilitations within Recycled Water Operations. Like previous EID budgets, staff approached the process with two overriding priorities: maintaining a reliable level of service to customers that protects public health and safety and the environment while demonstrating fiscal responsibility. Staff believes both of these objectives are met under the proposed 2022 operating budget.

Staff also believes the projected revenues and the operating budget, if adopted, will exceed the 1.25x coverage requirement on the District's bond covenants and the District's internal 1.25x or better goal, excluding FCCs, will also be met.

This proposed 2022 Mid-Cycle Operating Budget and the 2022-2026 Financial Plan accomplish the following:

1. Limit future rate increases to 5% or less, thereby avoiding rate spikes.
2. Generate cash flow each year to fund some pay-as-you-go capital construction projects while using debt financing judiciously for specific large, long-lived capital projects.
3. Meet the required coverage tests for our bond holders and the internal coverage test that excludes FCC revenues.

The adopted rate increase for 2022, as well as those included within the balance of the 2022-2026 forecast, will be critically important to the District's ability to continue funding necessary infrastructure replacement and to maintain and/or improve service levels. As previously shared with the Board, according to the most recent American Water Works Association (AWWA) benchmark statistics, the District consistently performs in the bottom quartile of comparison agencies with respect to interruption of services (leaks and breaks). Sustained investment is necessary to maintain existing performance levels and avoid additional significant interruptions created by failure of arterial infrastructure, such as recent transmission line failures and force main failures.

BOARD OPTIONS

Option 1: Adopt the 2021-2022 Mid-Cycle Operating Budget and 2022-2026 Financial Plan, including the implementation of previously approved 5% rate increases for water and recycled water, with 0% increase for wastewater for 2022.

Option 2: Take other action as directed by the Board.

Option 3: Take no action.

RECOMMENDATION

Option 1

ATTACHMENTS

Appendix 1: Total District Summary of Materials and Services by Account

Appendix 2: Office of the General Manager Materials and Services by Account

Appendix 3: Communications Materials and Services by Account

Appendix 4: Finance Materials and Services by Account

Appendix 5: Human Resources Materials and Services by Account

Appendix 6: Information Technology Materials and Services by Account

Appendix 7: Engineering Materials and Services by Account

Appendix 8: Water Operations Materials and Services by Account

Appendix 9: Wastewater Operations Materials and Services by Account

Appendix 10: Recycled Water Operations Materials and Services by Account

Appendix 11: Hydroelectric Operations Materials and Services by Account

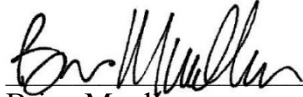
Appendix 12: Recreation Materials and Services by Account



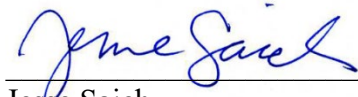
Mark Price
Finance Director



Daniel Corcoran
Operations Director



Brian Mueller
Engineering Director



Jesse Saich
Communications and Media Relations Manager



Jose Perez
Human Resources Director



Tim Ranstrom
Information Technology Director



Brian Poulsen
General Counsel



Jim Abercrombie
General Manager

2022 OPERATING BUDGET

TOTAL DISTRICT SUMMARY - M&S BY ACCOUNT

		2020	2021 Adopted	2021 Year End	2022 Proposed
		Actuals	Budget	Projections	Budget
52105	OFFICE SUPPLIES	76,385.97	71,174.17	68,196.02	71,641.93
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	30,482.63	25,364.41	32,179.59	30,977.16
52107	COMPUTER HW/SW (LESS THAN \$5,000)	125,130.25	73,093.96	99,760.27	104,231.66
52110	OPERATING SUPPLIES	683,698.22	670,814.92	732,476.47	701,918.04
52115	TELECOM SUPPLIES	54,026.03	52,728.56	38,372.62	41,094.88
52120	FUEL, OIL AND LUBRICATION	535,670.16	706,167.56	667,626.96	729,302.20
52122	PROPANE	39,472.58	49,777.52	63,135.62	60,953.13
52125	REPAIR AND MAINTENANCE SUPPLIES	1,539,460.38	1,606,988.58	1,524,952.49	1,695,379.96
52130	CLOTHING/UNIFORMS	54,968.88	103,023.69	51,885.79	71,452.64
52135	SAFETY SUPPLIES	179,362.91	169,296.26	157,798.68	155,233.15
52140	METER REPAIR SUPPLIES	225,748.18	250,000.00	250,000.00	250,000.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	302,155.60	289,109.57	330,407.50	333,977.54
52150	SMALL TOOLS	157,467.94	194,168.29	157,052.56	177,193.89
52155	TIRES	96,629.51	90,000.00	95,000.00	125,000.00
52160	RESALE SUPPLIES	0.00	20,000.00	0.00	20,000.00
52165	SECURITY SUPPLIES	25,204.99	39,134.68	36,460.50	40,894.56
52170	FREIGHT CHARGES	70,016.09	60,105.11	58,710.75	58,519.68
52185	COMPLIANCE REQUIREMENTS	132,013.40	55,000.00	8,892.86	75,500.00
52199	MISCELLANEOUS	552.62	100.00	644.70	894.70
	SUBTOTAL - OPERATING SUPPLIES	4,328,446.34	4,526,047.28	4,373,553.36	4,744,165.11
52210	CHEMICALS	1,089,029.80	1,286,859.93	1,087,292.82	1,281,805.16
	SUBTOTAL - CHEMICALS	1,089,029.80	1,286,859.93	1,087,292.82	1,281,805.16
52305	TELEPHONE	454,932.77	441,821.11	434,522.88	446,100.03
52310	POSTAGE	112,819.86	142,482.11	87,318.23	130,223.05
52315	ADVERTISING	23,580.90	35,453.80	29,240.59	28,842.41
52320	MEETINGS	4,179.04	14,012.50	1,624.00	14,200.00
52325	TRAVEL	10,425.42	73,497.38	17,882.09	69,295.80
52330	TRAINING	148,192.69	261,125.03	181,798.72	282,718.64
52335	DUES AND SUBSCRIPTIONS	313,598.97	363,208.46	393,280.79	384,704.93
52340	BOOKS AND PUBLICATIONS	4,707.75	7,354.66	9,726.66	11,625.95
52345	PRINTING, BINDING AND COPYING	89,296.41	90,827.89	86,929.79	94,029.20
52350	INTERNET SERVICES	50,312.16	53,609.55	52,936.00	57,655.48
52355	PUBLIC RELATIONS EVENTS	2,204.25	3,400.45	463.29	3,500.00
52357	RECRUITMENT	6,398.51	20,000.00	25,000.00	25,000.00
52360	ALARM SERVICES	17,826.48	25,000.00	25,000.00	25,000.00
52365	SOFTWARE LICENSES	213,801.39	88,771.95	234,153.55	181,606.70
52370	SOFTWARE MAINTENANCE	899,813.57	977,066.75	1,080,518.33	1,090,600.19
52385	ENCROACHMENT PERMITS	118.00	500.00	616.07	616.07
52390	MISCELLANEOUS PERMITS	82,011.10	103,386.88	119,497.32	98,941.22
52391	WATER CONTROL BOARD FEES	29,042.05	10,257.50	43.30	10,064.39
52395	OFFICE, STORAGE AND LAND RENTS	42,144.02	54,000.00	54,464.29	52,500.00
52400	BANK SERVICE CHARGES	39,311.20	25,700.00	31,360.77	25,700.00
52405	CREDIT CARD DISCOUNT CHARGES	636,601.93	430,818.75	434,828.29	430,818.75
52415	WATER PURCHASES-USBR	543,130.37	734,390.00	862,656.57	863,963.50
52420	PROPERTY TAXES	121,476.09	120,000.00	65,094.21	125,000.00
52431	SMART IRRIGATION REBATE	34,157.20	35,000.00	35,000.00	40,000.00
52435	MISCELLANEOUS PENALTIES	12,091.39	0.00	474.63	471.00
52440	EMPLOYEE RELATIONS	236.88	202.91	1,110.36	1,110.36
52499	MISCELLANEOUS ADMIN EXP.	212,706.28	84,277.82	121,631.61	84,938.16
	SUBTOTAL - ADMINISTRATION	4,105,116.68	4,196,165.50	4,387,172.31	4,579,225.82
52505	WATER	47,229.41	38,057.75	33,980.11	39,200.00
52510	SEWER	13,399.47	8,267.95	12,625.25	12,625.25
52515	NATURAL GAS	11,810.44	12,472.63	11,679.57	12,271.09
52520	ELECTRICITY	5,703,484.08	5,612,799.08	5,240,190.82	5,502,200.38
52525	GARBAGE	106,489.01	151,743.88	127,865.50	160,813.40
52530	OTHER UTILITY CHARGES	6,150.38	2,000.00	4,019.30	4,019.30
	SUBTOTAL - UTILITIES	5,888,562.79	5,825,341.29	5,430,360.55	5,731,129.42
52605	LEGAL FEES	68,078.50	153,991.07	50,835.84	140,000.00
52610	OTHER LEGAL EXPENSE	0.00	100.00	0.00	100.00
52620	ENGINEERING SERVICES	912,509.00	6,687.50	0.00	4,000.00
52625	AUDIT AND ACCOUNTING SERVICES	36,860.00	38,705.00	38,705.00	45,000.00
52630	LAUNDRY SERVICE	36,855.15	52,757.00	30,240.16	38,192.16
52635	CONSULTING SERVICES	508,516.10	576,392.98	791,865.00	873,843.39
52640	OTHER CONTRACTUAL SERVICES	2,226,828.49	1,832,572.01	1,936,388.65	1,841,908.95
52641	BLM-GABBRO PAYMENTS	0.00	0.00	25,000.00	25,000.00
52645	TEMPORARY LABOR SERVICES	343,450.30	701,519.47	402,340.73	563,955.00
52652	COMPLIANCE REQUIREMENTS SERVICES	524,571.58	613,944.88	655,585.09	668,427.71
52655	GRIT HAULING/DISPOSAL	52,830.52	42,756.36	52,837.95	52,999.38
52660	SLUDGE HAULING/DISPOSAL	475,846.41	459,056.00	447,477.64	549,387.09
52670	ASBESTOS PIPE DISPOSAL	1,887.67	3,370.84	4,441.64	4,441.64
52675	OUTSIDE LAB SERVICES	270,392.34	327,930.17	274,262.86	364,089.19
	SUBTOTAL - PROFESSIONAL SERVICES	5,458,626.06	4,809,783.28	4,709,980.56	5,171,344.50
52705	EQUIPMENT RENT	140,074.51	114,960.07	52,910.89	98,879.29
52710	CONTRACTED REPAIRS AND MAINTENANCE	855,871.91	3,670,168.29	3,416,980.05	3,487,197.84
52715	BACKFLOW REPAIR SERVICES	0.00	169.64	0.00	200.00
	SUBTOTAL - REPAIR SERVICES	995,946.42	3,785,298.00	3,469,890.95	3,586,277.13
52805	INSURANCE PREMIUMS	693,028.00	826,600.00	760,055.67	960,737.00
52810	DAMAGE CLAIMS - 3RD PARTY	21,648.74	70,000.00	108,259.61	100,000.00
	SUBTOTAL - INSURANCE	714,676.74	896,600.00	868,315.27	1,060,737.00
55010	LAND & EASEMENTS	4,800.00	7,000.00	14,707.14	31,250.00
55100	OFFICE FURNITURE AND EQUIPMENT	7,878.52	5,000.00	0.00	6,000.00
55030	BUILDINGS AND IMPROVEMENTS	0.00	40,000.00	40,000.00	40,000.00

2022 OPERATING BUDGET

TOTAL DISTRICT SUMMARY - M&S BY ACCOUNT (continued)

55080 VEHICLES
 55090 TOOLS AND EQUIPMENT
 55110 COMPUTER HARDWARE
SUBTOTAL - CAPITAL OUTLAY
 58110 CONTINGENCY
SUBTOTAL - CONTINGENCY

TOTAL

2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget
392,273.99	26,075.00	28,500.00	0.00
219,546.72	213,544.52	342,632.18	446,975.50
0.00	5,765.50	0.00	5,000.00
624,499.23	297,385.02	425,839.32	529,225.50
0.00	250,000.00	0.00	250,000.00
0.00	250,000.00	0.00	250,000.00
23,204,904.06	25,873,480.30	24,752,405.14	26,933,909.64

**2022 OPERATING BUDGET
OGM - M&S BY ACCOUNT**

	2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget
52105	2,250.78	3,300.00	2,297.79	4,354.04
52106	1,305.18	3,300.00	23.18	4,000.00
52107	1,748.11	6,500.00	799.48	8,000.00
52110	500.66	0.00	0.00	0.00
52115	116.49	0.00	0.00	0.00
52135	60.77	0.48	0.00	0.00
52170	280.08	14.29	255.11	255.11
	6,262.07	13,114.77	3,375.55	16,609.14
52305	11,006.81	11,400.00	11,539.98	12,237.96
52310	323.06	250.00	0.00	500.00
52315	0.00	0.00	200.68	500.00
52320	3,820.23	12,000.00	166.07	12,000.00
52325	2,954.04	19,000.00	231.54	19,000.00
52330	4,134.00	25,000.00	6,420.05	25,000.00
52335	19,908.03	21,750.00	25,909.09	26,801.95
52340	1,770.09	1,500.00	2,743.18	3,243.18
52345	2,303.15	500.00	50.00	1,050.00
52350	482.21	2,500.00	395.84	5,024.88
52355	0.00	0.00	0.00	1,000.00
52365	0.00	0.00	0.00	1,500.00
52370	4,340.00	7,750.00	6,048.93	6,048.93
52499	142,325.54	0.00	0.00	0.00
	193,367.16	101,650.00	53,705.36	113,906.89
52605	15,970.50	115,000.00	25,835.84	115,000.00
52635	115,900.00	210,000.00	128,750.00	206,071.43
52640	24,323.18	65,000.00	4,201.36	104,201.36
52645	3,960.77	60,000.00	0.00	75,000.00
	160,154.45	450,000.00	158,787.20	500,272.79
	0.00	0.00	0.00	0.00
52805	450,049.35	500,000.00	420,539.97	712,282.00
52810	21,648.74	70,000.00	108,259.61	100,000.00
	471,698.09	570,000.00	528,799.58	812,282.00
55110	0.00	0.00	0.00	5,000.00
	0.00	0.00	0.00	5,000.00
58110	0.00	250,000.00	0.00	250,000.00
	0.00	250,000.00	0.00	250,000.00
TOTAL	831,481.77	1,384,764.77	744,667.68	1,698,070.82

**2022 OPERATING BUDGET
COMM - M&S BY ACCOUNT**

		2020	2021 Adopted	2021 Year End	2022 Proposed
		Actuals	Budget	Projections	Budget
52105	OFFICE SUPPLIES	57.45	102.59	116.91	116.91
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	193.94	0.00	0.00	0.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	649.50	0.00	804.50	804.50
	SUBTOTAL - OPERATING SUPPLIES	900.89	102.59	921.41	921.41
52305	TELEPHONE	2,220.00	2,312.50	2,312.50	2,312.50
52315	ADVERTISING	6,989.10	8,623.39	5,826.96	5,826.96
52320	MEETINGS	7.00	12.50	0.00	0.00
52325	TRAVEL	159.68	176.91	210.80	210.80
52330	TRAINING	6,640.00	9,000.00	8,927.18	5,000.00
52335	DUES AND SUBSCRIPTIONS	1,524.98	2,657.25	11,242.14	11,242.14
52345	PRINTING, BINDING AND COPYING	11,756.00	12,642.86	17,664.29	17,664.29
52355	PUBLIC RELATIONS EVENTS	2,204.25	3,400.45	463.29	2,500.00
	SUBTOTAL - ADMINISTRATION	31,501.01	38,825.86	46,647.16	44,756.70
52640	OTHER CONTRACTUAL SERVICES	11,140.28	19,893.36	20,405.41	20,405.41
	SUBTOTAL - PROFESSIONAL SERVICES	11,140.28	19,893.36	20,405.41	20,405.41
	TOTAL	43,542.18	58,821.81	67,973.98	66,083.52

**2022 OPERATING BUDGET
FIN - M&S BY ACCOUNT**

	2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget
52105	27,363.86	28,260.00	29,715.13	30,015.13
52106	6,194.05	5,750.00	2,083.91	2,500.00
52107	3,297.84	2,750.00	5,150.00	6,000.00
52110	37,621.04	72,100.00	40,300.00	40,300.00
52115	709.92	1,750.00	3,250.00	3,250.00
52120	470,556.41	650,100.00	600,000.00	650,000.00
52122	17,181.77	17,200.00	22,200.00	22,200.00
52125	36,372.36	13,750.00	16,671.63	15,001.16
52130	2,389.97	40,450.00	6,849.91	6,749.91
52135	15,013.27	10,050.00	10,500.00	10,500.00
52140	225,748.18	250,000.00	250,000.00	250,000.00
52145	283,229.85	276,000.00	315,272.21	315,106.00
52150	32,756.45	42,072.02	45,250.00	36,000.00
52155	96,620.39	90,000.00	95,000.00	125,000.00
52165	727.44	100.00	807.36	407.36
52170	4,778.96	5,250.00	5,318.68	5,443.68
52199	552.62	100.00	644.70	644.70
	1,261,114.38	1,505,682.02	1,449,013.52	1,519,117.93
52305	23,202.14	23,405.93	23,052.00	23,168.07
52310	107,476.10	136,272.88	83,547.39	125,550.00
52315	3,370.16	5,878.93	500.00	500.00
52320	0.00	250.00	0.00	250.00
52325	99.02	1,135.00	150.00	385.00
52330	2,633.95	19,300.00	11,262.50	13,500.00
52335	105,898.94	136,862.27	134,275.46	133,150.00
52340	59.99	1,250.00	1,550.00	2,500.00
52345	54,019.01	55,400.00	44,900.00	55,400.00
52365	1,714.94	1,715.00	0.00	0.00
52370	34,143.65	44,625.00	48,443.23	45,500.00
52390	3,632.63	3,529.70	2,100.00	2,200.00
52400	38,565.73	25,000.00	31,225.05	25,000.00
52405	595,152.38	400,818.75	407,536.36	400,818.75
52431	34,157.20	35,000.00	35,000.00	40,000.00
52435	91.39	0.00	3.63	0.00
52440	123.25	0.00	0.00	0.00
52499	2,600.00	5,350.00	4,517.86	4,250.00
	1,006,940.48	895,793.46	828,063.49	872,171.82
52505	8,484.68	3,057.75	3,715.09	4,200.00
52510	13,399.47	8,267.95	12,625.25	12,625.25
52520	163,086.40	163,424.65	160,359.41	168,377.38
52525	15,731.54	13,000.00	14,000.00	15,500.00
	200,702.09	187,750.35	190,699.75	200,702.63
52605	7,738.50	0.00	0.00	0.00
52625	36,860.00	38,705.00	38,705.00	45,000.00
52630	5,237.61	5,500.00	5,601.70	5,500.00
52635	10,662.68	8,500.00	48,520.00	8,000.00
52640	190,765.00	162,825.00	155,407.73	169,100.00
52645	7,688.08	0.00	0.00	0.00
52652	215.00	0.00	0.00	0.00
	259,166.87	215,530.00	248,234.43	227,600.00
52705	2,235.23	3,000.00	0.00	0.00
52710	140,255.55	124,000.00	111,566.07	156,216.07
	142,490.78	127,000.00	111,566.07	156,216.07
52805	1,200.00	1,600.00	1,428.57	1,600.00
	1,200.00	1,600.00	1,428.57	1,600.00
55100	7,878.52	5,000.00	0.00	6,000.00
55080	322,802.18	26,075.00	28,500.00	0.00
55090	62,232.56	43,407.75	10,000.00	102,000.00
	392,913.26	74,482.75	38,500.00	108,000.00
TOTAL	3,264,527.86	3,007,838.58	2,867,505.82	3,085,408.45

**2022 OPERATING BUDGET
HR - M&S BY ACCOUNT**

	2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget
52105	2,706.79	3,500.00	3,500.00	3,500.00
52106	534.06	2,700.00	3,000.00	3,000.00
52107	703.61	4,000.00	4,000.00	4,000.00
52110	757.52	750.68	0.00	0.00
52115	410.70	733.39	0.00	0.00
52130	13.86	0.00	200.00	200.00
52135	16,547.81	1,652.25	8,974.64	8,974.64
52165	4,374.53	23,000.00	23,000.00	23,000.00
52170	403.82	400.00	700.00	700.00
	26,452.70	36,736.32	43,374.64	43,374.64
	SUBTOTAL - OPERATING SUPPLIES			
52305	4,641.88	5,000.00	4,100.00	4,100.00
52315	5,077.71	15,000.00	15,000.00	15,000.00
52320	190.36	1,250.00	1,250.00	1,250.00
52325	1,246.84	13,000.00	11,500.00	11,500.00
52330	44,977.58	80,000.00	85,000.00	85,000.00
52335	6,517.00	11,355.36	12,000.00	12,000.00
52340	1,023.75	2,200.00	1,700.00	1,700.00
52345	965.00	1,000.89	1,000.00	1,000.00
52357	6,398.51	20,000.00	25,000.00	25,000.00
52360	17,826.48	25,000.00	25,000.00	25,000.00
52365	9,930.00	10,000.00	10,000.00	10,000.00
52370	36,304.88	47,000.00	45,000.00	45,000.00
52390	375.00	500.00	0.00	0.00
52435	0.00	0.00	471.00	471.00
52440	113.63	202.91	1,110.36	1,110.36
52499	2,088.41	1,474.84	1,808.04	1,808.04
	137,677.03	232,984.00	239,939.39	239,939.39
	SUBTOTAL - ADMINISTRATION			
	0.00	0.00	0.00	0.00
	SUBTOTAL - UTILITIES			
52605	30,435.00	25,000.00	25,000.00	25,000.00
52635	12,410.69	53,613.96	45,000.00	45,000.00
52640	39,660.84	41,000.00	41,000.00	41,000.00
52645	0.00	1,500.00	0.00	0.00
	82,506.53	121,113.96	111,000.00	111,000.00
	SUBTOTAL - PROFESSIONAL SERVICES			
52710	0.00	4,000.00	15,000.00	15,000.00
	0.00	4,000.00	15,000.00	15,000.00
	SUBTOTAL - REPAIR SERVICES			
	0.00	0.00	0.00	0.00
	SUBTOTAL - CAPITAL OUTLAY			
	0.00	0.00	0.00	0.00
	TOTAL			
	246,636.26	394,834.28	409,314.04	409,314.04

2022 OPERATING BUDGET
IT - M&S BY ACCOUNT

		2020	2021 Adopted	2021 Year End	2022 Proposed
		Actuals	Budget	Projections	Budget
52105	OFFICE SUPPLIES	427.75	243.77	98.86	98.86
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	170.29	0.00	570.00	570.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	69,088.21	20,000.00	30,000.00	30,000.00
52110	OPERATING SUPPLIES	3,026.60	5,069.36	1,485.48	1,485.48
52115	TELECOM SUPPLIES	2,759.42	3,794.52	1,523.54	1,523.54
52125	REPAIR AND MAINTENANCE SUPPLIES	71.28	84.88	269.64	269.64
52130	CLOTHING/UNIFORMS	27.95	0.00	49.54	49.54
52135	SAFETY SUPPLIES	19.84	35.43	0.00	0.00
52150	SMALL TOOLS	0.00	0.00	20.18	20.18
52170	FREIGHT CHARGES	883.93	23.88	34.73	34.73
	SUBTOTAL - OPERATING SUPPLIES	76,475.27	29,251.84	34,051.96	34,051.96
52305	TELEPHONE	226,984.41	200,000.00	202,186.59	202,186.59
52325	TRAVEL	284.20	288.95	1,559.95	5,000.00
52330	TRAINING	11,222.53	20,040.23	12,944.91	20,000.00
52335	DUES AND SUBSCRIPTIONS	5,298.16	5,000.00	1,000.00	1,000.00
52350	INTERNET SERVICES	48,547.19	50,000.00	51,430.61	51,430.61
52365	SOFTWARE LICENSES	185,579.91	50,000.00	125,000.00	125,000.00
52370	SOFTWARE MAINTENANCE	682,916.14	680,000.00	690,000.00	690,000.00
52530	OTHER UTILITY CHARGES	2,731.51	2,000.00	4,019.30	4,019.30
	SUBTOTAL - ADMINISTRATION	1,163,564.05	1,007,329.18	1,088,141.36	1,098,636.50
52635	CONSULTING SERVICES	194,967.43	75,000.00	150,000.00	125,000.00
52640	OTHER CONTRACTUAL SERVICES	40,818.36	40,000.00	42,326.46	74,500.00
52645	TEMPORARY LABOR SERVICES	22,267.38	0.00	0.00	0.00
	SUBTOTAL - PROFESSIONAL SERVICES	258,053.17	115,000.00	192,326.46	199,500.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	20,473.78	25,000.00	13,742.89	13,742.89
	SUBTOTAL - REPAIR SERVICES	20,473.78	25,000.00	13,742.89	13,742.89
	SUBTOTAL - CAPITAL OUTLAY	0.00	0.00	0.00	0.00
	TOTAL	1,518,566.27	1,176,581.02	1,328,262.68	1,345,931.36

**2022 OPERATING BUDGET
ENG - M&S BY ACCOUNT**

	2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget
52105	4,427.29	4,928.84	3,222.14	5,050.00
52106	3,887.24	5,500.00	0.00	2,500.00
52107	13,970.88	7,250.80	9,910.46	14,200.00
52110	25,165.13	35,073.32	27,430.14	35,150.00
52115	417.07	1,286.96	754.32	1,208.02
52125	461.67	1,000.00	1,335.16	3,250.00
52130	1,313.03	1,429.82	2,832.49	4,250.00
52135	2,925.00	2,950.70	2,464.82	4,550.00
52145	2,442.16	4,000.00	3,589.20	7,000.00
52150	5,507.65	4,140.13	1,061.14	4,400.00
52165	0.00	1,500.00	1,091.89	1,091.89
52170	984.69	960.47	1,482.45	1,525.45
52185	0.00	0.00	0.00	500.00
52199	0.00	0.00	0.00	250.00
	61,501.81	70,021.04	55,174.22	84,925.36
52210	0.00	0.00	0.00	1,000.00
	0.00	0.00	0.00	1,000.00
52305	34,196.23	38,544.39	37,653.73	36,768.63
52310	687.31	849.29	573.45	650.00
52315	1,183.08	3,112.64	2,514.88	2,350.00
52320	0.00	500.00	207.93	700.00
52325	1,802.52	6,770.52	3,689.14	14,200.00
52330	13,840.24	24,531.26	16,089.13	37,500.00
52335	34,175.98	65,325.90	44,365.80	36,500.00
52340	237.30	805.89	453.57	900.00
52345	2,331.24	2,383.32	1,369.50	1,750.00
52365	16,476.54	25,056.95	23,841.95	21,000.00
52370	60,050.74	79,434.52	109,598.14	89,000.00
52390	2,908.75	5,194.20	500.00	1,000.00
52499	65,156.73	75,000.00	111,061.77	75,000.00
	233,046.66	327,508.88	351,918.98	317,318.63
52525	3,284.69	3,500.00	3,336.86	3,500.00
	3,284.69	3,500.00	3,336.86	3,500.00
52610	0.00	100.00	0.00	100.00
52630	174.22	250.00	116.38	250.00
52635	87,899.80	140,060.27	175,858.04	170,000.00
52640	143,745.44	104,020.86	60,029.79	66,166.07
52641	0.00	0.00	25,000.00	25,000.00
52645	11,384.70	160,544.11	1,920.45	65,000.00
52650	0.00	0.00	0.00	0.00
52652	3,320.00	5,928.57	446.43	450.00
52675	14,318.00	20,000.00	43,957.14	31,000.00
	260,842.16	430,903.81	307,328.21	357,966.07
52710	205.00	500.00	1,071.43	1,071.43
52715	0.00	169.64	0.00	200.00
	205.00	669.64	1,071.43	1,271.43
	0.00	0.00	0.00	0.00
TOTAL	558,880.32	832,603.37	718,829.70	765,981.48

**2022 OPERATING BUDGET
WATER - M&S BY ACCOUNT**

	2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget
52105	9,567.28	9,203.76	6,044.11	7,793.33
52106	7,334.09	579.07	7,195.13	7,810.11
52107	9,109.62	0.00	4,129.98	7,494.39
52110	228,966.31	187,715.38	202,525.27	197,714.99
52115	10,463.18	14,520.62	10,642.20	11,559.34
52120	50,316.82	37,225.37	36,601.50	44,608.29
52122	5,910.25	5,875.85	10,768.73	10,985.56
52125	689,297.97	719,605.08	712,386.47	775,655.58
52130	20,106.21	32,193.55	20,548.91	32,694.12
52135	73,893.56	75,805.72	43,255.57	58,814.11
52145	3,265.40	3,792.19	1,928.46	1,970.04
52150	54,321.63	70,046.26	49,897.86	70,759.53
52165	12,072.19	6,762.85	5,316.04	8,821.88
52170	13,208.75	17,761.30	9,281.93	18,066.04
	1,187,833.26	1,181,087.00	1,120,522.14	1,254,747.31
52210	533,588.17	527,711.86	461,319.32	607,305.16
	533,588.17	527,711.86	461,319.32	607,305.16
52305	53,942.66	57,114.60	49,936.30	58,219.83
52310	888.53	2,513.00	2,411.18	2,471.18
52315	4,022.10	0.00	1,132.14	1,132.14
52320	81.77	0.00	0.00	0.00
52325	1,376.84	6,645.43	0.00	0.00
52330	12,032.19	20,409.70	14,491.86	20,959.71
52335	118,047.88	88,739.82	129,581.57	129,581.57
52340	803.53	837.66	821.16	821.16
52345	3,571.64	6,326.14	66.07	66.07
52370	2,794.30	7,268.34	9,471.81	7,372.60
52385	0.00	0.00	616.07	616.07
52390	19,586.90	32,010.55	34,728.02	34,989.61
52391	19,433.28	257.50	64.39	64.39
52395	4,000.00	0.00	0.00	0.00
52415	543,130.37	734,390.00	862,656.57	863,963.50
52499	535.60	452.98	985.63	985.63
	784,247.59	956,965.72	1,106,962.77	1,121,243.46
52515	138.96	472.63	271.09	271.09
52520	2,575,384.26	2,445,569.26	2,118,226.71	2,224,138.05
52525	5,903.03	3,095.34	6,911.54	7,113.63
	2,581,426.25	2,449,137.23	2,125,409.34	2,231,522.77
52620	910,058.00	0.00	0.00	0.00
52635	60,020.00	37,814.29	9,340.00	35,375.00
52640	518,092.57	405,870.44	644,884.94	685,538.79
52652	169,997.16	347,527.02	299,338.29	357,879.63
52660	61,556.80	0.00	0.00	70,000.00
52670	1,887.67	3,370.84	4,441.64	4,441.64
52675	89,712.34	131,994.50	66,143.93	158,393.40
	1,811,324.54	926,577.09	1,024,148.79	1,311,628.47
52705	67,489.85	13,000.00	25,797.38	25,797.38
52710	474,663.37	2,900,000.00	2,972,769.63	1,925,394.46
	542,153.22	2,913,000.00	2,998,567.00	1,951,191.84
	0.00	0.00	0.00	0.00
55010	0.00	0.00	8,457.14	25,000.00
55090	41,141.35	97,123.18	299,965.52	278,987.84
55110	0.00	5,765.50	0.00	0.00
	41,141.35	102,888.68	308,422.66	303,987.84
TOTAL	7,481,714.38	9,057,367.58	9,145,352.02	8,781,626.85

**2022 OPERATING BUDGET
WW - M&S BY ACCOUNT**

	2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget
52105	13,304.97	9,638.46	9,808.36	10,055.27
52106	6,977.88	4,202.39	7,370.29	3,349.04
52107	20,516.17	12,808.94	19,732.77	19,732.77
52110	235,173.60	224,043.71	342,442.96	288,618.75
52115	15,834.95	2,201.66	6,320.80	6,320.80
52120	9,079.53	14,537.71	25,188.89	28,565.09
52122	1,811.97	2,492.41	2,940.70	3,195.91
52125	594,398.11	600,113.22	548,530.70	625,000.00
52130	16,807.07	12,124.18	9,651.11	9,651.11
52135	42,398.83	48,580.20	64,339.55	45,950.91
52145	8,651.98	1,714.90	589.54	589.54
52150	32,583.59	35,523.57	34,857.71	30,370.68
52165	2,782.97	2,914.55	2,678.20	2,678.20
52170	39,779.69	31,216.76	37,253.96	28,808.00
	1,040,101.31	1,002,112.66	1,111,705.54	1,102,886.05
52210	416,790.84	599,148.07	458,433.61	523,500.00
	416,790.84	599,148.07	458,433.61	523,500.00
52305	49,191.07	52,977.70	51,089.71	53,120.09
52310	2,414.98	1,579.73	563.66	563.66
52315	0.00	0.00	533.30	533.30
52325	1,401.12	3,480.57	540.66	4,000.00
52330	12,966.33	18,445.63	14,923.21	22,158.93
52335	12,730.00	16,575.00	18,262.68	18,070.34
52340	307.58	500.00	1,270.86	1,073.71
52345	422.54	1,074.68	598.84	598.84
52365	0.00	0.00	8,650.89	9,106.70
52370	1,045.16	2,500.00	13,330.45	10,178.66
52385	118.00	500.00	0.00	0.00
52390	48,138.47	54,251.43	73,474.18	51,751.61
52395	35,644.02	49,000.00	50,000.00	50,000.00
52435	12,000.00	0.00	0.00	0.00
52499	0.00	0.00	763.82	400.00
	176,379.27	200,884.74	234,002.27	221,555.84
52515	11,671.48	12,000.00	11,408.48	12,000.00
52520	2,620,583.37	2,674,202.12	2,642,228.38	2,774,339.80
52525	10,089.86	44,148.54	9,133.32	42,500.00
52530	3,418.87	0.00	0.00	0.00
	2,645,763.58	2,730,350.66	2,662,770.18	2,828,839.80
52630	31,443.32	47,007.00	24,522.09	32,442.16
52635	5,160.50	1,404.46	31,426.43	31,426.43
52640	299,666.92	229,293.33	663,159.82	354,214.29
52652	136,229.50	50,000.00	31,063.84	60,741.07
52655	52,830.52	42,756.36	52,837.95	52,999.38
52660	414,289.61	459,056.00	447,477.64	479,387.09
52675	166,362.00	175,935.67	164,161.79	174,695.79
	1,105,982.37	1,005,452.82	1,414,649.55	1,185,906.20
52705	36,768.38	57,500.00	5,916.43	40,332.14
52710	125,956.95	464,796.48	234,426.38	245,000.00
	162,725.33	522,296.48	240,342.80	285,332.14
55010	4,800.00	7,000.00	6,250.00	6,250.00
55030	0.00	40,000.00	40,000.00	40,000.00
55090	100,266.23	51,351.59	20,767.18	42,487.66
	105,066.23	98,351.59	67,017.18	88,737.66
TOTAL	5,652,808.93	6,158,597.02	6,188,921.13	6,236,757.69

**2022 OPERATING BUDGET
RW - M&S BY ACCOUNT**

	2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget
52105	11.33	0.00	0.00	0.00
52110	7,682.82	0.00	1,277.00	1,277.00
52115	871.41	0.00	0.00	0.00
52125	35,326.99	56,594.36	34,012.28	40,000.00
52150	523.05	934.02	2,639.34	2,639.34
52170	1,652.40	966.08	333.96	333.96
	46,068.00	58,494.46	38,262.59	44,250.30
52210	138,650.79	160,000.00	167,539.89	150,000.00
	138,650.79	160,000.00	167,539.89	150,000.00
52305	866.64	833.57	850.45	850.45
	866.64	833.57	850.45	850.45
52520	250,475.35	234,169.53	230,026.91	241,528.26
	250,475.35	234,169.53	230,026.91	241,528.26
52635	1,705.00	10,000.00	0.00	50,000.00
52640	3,840.00	7,618.30	4,464.29	2,500.00
52652	20,362.00	0.00	232.14	232.14
	25,907.00	17,618.30	4,696.43	52,732.14
52710	0.00	18,000.00	2,787.50	1,030,000.00
	0.00	18,000.00	2,787.50	1,030,000.00
	0.00	0.00	0.00	0.00
TOTAL	461,967.78	489,115.86	444,163.76	1,519,361.15

2022 OPERATING BUDGET
HYDRO - M&S BY ACCOUNT

	2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget	
52105	OFFICE SUPPLIES	11,437.61	9,496.75	7,908.41	8,158.41
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	2,842.03	2,332.95	8,931.68	6,248.02
52107	COMPUTER HW/SW (LESS THAN \$5,000)	5,966.86	17,784.22	12,575.54	10,000.00
52110	OPERATING SUPPLIES	114,100.33	114,262.47	90,212.13	104,563.85
52115	TELECOM SUPPLIES	22,261.93	23,441.41	14,621.50	11,233.18
52120	FUEL, OIL AND LUBRICATION	5,717.40	4,304.48	5,836.57	6,128.82
52122	PROPANE	12,973.56	20,001.13	20,675.32	20,000.00
52125	REPAIR AND MAINTENANCE SUPPLIES	161,276.00	179,341.04	188,874.85	199,203.57
52130	CLOTHING/UNIFORMS	11,472.73	12,826.14	6,307.61	12,857.96
52135	SAFETY SUPPLIES	21,231.68	25,221.48	16,930.54	20,032.77
52145	VEHICLE REPAIR/MAINT SUPPLIES	1,973.14	2,102.48	7,811.96	7,811.96
52150	SMALL TOOLS	28,140.17	37,202.29	22,157.98	28,504.16
52155	TIRES	9.12	0.00	0.00	0.00
52165	SECURITY SUPPLIES	4,409.46	3,857.28	2,068.88	3,895.23
52170	FREIGHT CHARGES	7,092.09	3,012.33	3,126.21	2,852.71
52185	COMPLIANCE REQUIREMENTS	132,013.40	55,000.00	8,892.86	75,000.00
	SUBTOTAL - OPERATING SUPPLIES	542,917.51	510,186.45	416,932.03	516,490.66
	SUBTOTAL - CHEMICALS	0.00	0.00	0.00	0.00
52305	TELEPHONE	44,173.21	45,694.81	47,094.05	48,368.43
52310	POSTAGE	1,029.88	997.21	197.55	463.21
52315	ADVERTISING	189.75	338.84	1,702.27	1,000.00
52320	MEETINGS	79.68	0.00	0.00	0.00
52325	TRAVEL	408.42	21,000.00	0.00	13,000.00
52330	TRAINING	37,294.87	41,398.21	11,739.88	50,600.00
52335	DUES AND SUBSCRIPTIONS	3,729.00	7,942.86	12,629.75	9,358.93
52340	BOOKS AND PUBLICATIONS	505.51	261.11	1,187.89	1,387.89
52365	SOFTWARE LICENSES	100.00	2,000.00	66,660.71	15,000.00
52370	SOFTWARE MAINTENANCE	78,218.70	108,488.89	158,625.77	197,500.00
52390	MISCELLANEOUS PERMITS	5,914.69	5,901.00	8,086.20	7,000.00
52391	STATE WATER CONTROL BOARD FEES	9,608.77	10,000.00	(21.09)	10,000.00
52395	OFFICE, STORAGE AND LAND RENTS	2,500.00	5,000.00	4,464.29	2,500.00
52420	PROPERTY TAXES	121,476.09	120,000.00	65,094.21	125,000.00
52499	MISCELLANEOUS ADMIN EXP.	0.00	0.00	2,494.50	2,494.50
	SUBTOTAL - ADMINISTRATION	305,228.57	369,022.93	379,955.98	483,672.96
52520	ELECTRICITY	80,669.03	80,885.87	75,229.01	78,990.47
52525	GARBAGE	12,111.88	11,000.00	8,291.13	12,199.77
	SUBTOTAL - UTILITIES	92,780.91	91,885.87	83,520.14	91,190.24
52605	LEGAL FEES	13,934.50	13,991.07	0.00	0.00
52620	ENGINEERING SERVICES	2,451.00	6,687.50	0.00	4,000.00
52635	CONSULTING SERVICES	19,790.00	40,000.00	202,970.54	202,970.54
52640	OTHER CONTRACTUAL SERVICES	842,709.72	660,550.72	197,877.06	210,783.04
52645	TEMPORARY LABOR SERVICES	0.00	68,000.00	0.00	0.00
52652	COMPLIANCE REQUIREMENTS SERVICES	194,190.42	210,489.29	322,717.68	247,338.14
	SUBTOTAL - PROFESSIONAL SERVICES	1,073,075.64	999,718.58	723,565.27	665,091.71
52705	EQUIPMENT RENT	28,727.99	36,460.07	17,749.77	27,749.77
52710	CONTRACTED REPAIRS AND MAINTENANCE	87,746.36	124,659.31	63,796.82	98,772.98
	SUBTOTAL - REPAIR SERVICES	116,474.35	161,119.38	81,546.59	126,522.75
52805	INSURANCE PREMIUMS	241,778.65	325,000.00	338,087.13	246,855.00
	SUBTOTAL - INSURANCE	241,778.65	325,000.00	338,087.13	246,855.00
55080	VEHICLES	69,471.81	0.00	0.00	0.00
55090	TOOLS AND EQUIPMENT	15,906.58	5,162.00	11,899.48	7,000.00
	SUBTOTAL - CAPITAL OUTLAY	85,378.39	5,162.00	11,899.48	7,000.00
	TOTAL	2,457,634.02	2,462,095.21	2,035,506.61	2,136,823.32

**2022 OPERATING BUDGET
REC - M&S BY ACCOUNT**

	2020 Actuals	2021 Adopted Budget	2021 Year End Projections	2022 Proposed Budget
52105	4,830.86	2,500.00	5,484.32	2,500.00
52106	1,043.87	1,000.00	3,005.41	1,000.00
52107	79.45	2,000.00	12,657.54	4,000.00
52110	30,704.21	31,800.00	26,803.48	32,807.96
52115	180.96	5,000.00	1,260.27	6,000.00
52122	1,595.03	4,208.13	6,560.88	4,571.66
52125	22,256.00	36,500.00	22,871.77	37,000.00
52130	2,838.06	4,000.00	5,446.23	5,000.00
52135	7,272.15	5,000.00	11,333.55	6,410.71
52145	2,593.07	1,500.00	1,216.13	1,500.00
52150	3,635.40	4,250.00	1,168.34	4,500.00
52160	0.00	20,000.00	0.00	20,000.00
52165	838.40	1,000.00	1,498.14	1,000.00
52170	951.68	500.00	923.71	500.00
	78,819.14	119,258.13	100,219.77	126,790.34
	0.00	0.00	0.00	0.00
52305	4,507.72	4,537.61	4,707.55	4,767.48
52310	0.00	20.00	25.00	25.00
52315	2,749.00	2,500.00	1,830.36	2,000.00
52325	692.74	2,000.00	0.00	2,000.00
52330	2,451.00	3,000.00	0.00	3,000.00
52335	5,769.00	7,000.00	4,014.29	7,000.00
52345	13,927.83	11,500.00	21,281.09	16,500.00
52350	1,282.76	1,109.55	1,109.55	1,200.00
52390	1,454.66	2,000.00	608.93	2,000.00
52400	745.47	700.00	135.71	700.00
52405	41,449.55	30,000.00	27,291.93	30,000.00
52499	0.00	2,000.00	0.00	0.00
	75,029.73	66,367.16	61,004.41	69,192.48
52505	38,744.73	35,000.00	30,265.02	35,000.00
52520	13,285.67	14,547.65	14,120.40	14,826.42
52525	59,368.01	77,000.00	86,192.66	80,000.00
	111,398.41	126,547.65	130,578.08	129,826.42
52640	112,066.18	96,500.00	102,631.80	113,500.00
52645	298,149.37	411,475.36	400,420.29	423,955.00
52652	257.50	0.00	1,786.71	1,786.71
	410,473.05	507,975.36	504,838.80	539,241.71
52705	4,853.06	5,000.00	3,447.32	5,000.00
52710	6,570.90	9,212.50	1,819.34	2,000.00
	11,423.96	14,212.50	5,266.66	7,000.00
55090	0.00	16,500.00	0.00	16,500.00
	0.00	16,500.00	0.00	16,500.00
TOTAL	687,144.29	850,860.80	801,907.72	888,550.96



Consider Adopting 2021-2022 Operating Budget and 2022-2026 Financial Plan

El Dorado Irrigation District

December 13, 2021



Presentation Summary

- Previous Board Action
- Summary of Issues
- Staff Analysis/Evaluation
- Board Discussion/Guidance

Previous Board Action

- March 20, 2000 – Board adopted a multi-year operating budget process
- November 8, 2021 – Board held a workshop on the 2021-2022 Operating Budget and 2022-2026 Financial Plan
- November 8, 2021 – 2022-2026 Capital Improvement Plan was adopted.

Summary of Issues

- Staff analysis/evaluation
- 2021-2022 revenue projections
- 2021-2022 operating budget expense projections
- Debt service coverage
- 2022-2026 five-year financial forecast

2021-2022

Revenue Projections



Revenues for 2021-2022 (in millions)

Table 1: Revenue Projections for 2021 and 2022 (in millions)

	2021 Adopted Budget	2021 Revised Projections	2022 Adopted Budget	2022 Proposed Budget
Water Sales and Services ⁽¹⁾	\$ 34.809	\$ 38.000	\$ 36.696	\$ 38.500
Wastewater Sales and Services ⁽¹⁾	22.123	21.500	22.301	21.447
Recycled Water Sales ⁽¹⁾	2.395	2.800	2.536	2.963
Hydropower Sales	7.000	2.600	6.000	3.500
Investment Income	0.750	0.458	0.750	0.750
FCCs	16.723	16.723	10.900	13.200
Debt Surcharges	1.583	1.724	0.840	0.840
Property Tax	12.701	13.250	12.955	12.955
Other Income ⁽²⁾	2.588	2.363	2.081	9.181
Recreation	1.498	1.303	1.528	1.528
Total Revenues	\$ 102.170	\$ 100.721	\$96.587	\$104.864

(1) 2022 projections include a previously approved 5% rate increase for water and recycled water rates.

(2) 2021 Revised Projections and 2022 Proposed budget includes \$0.52 million of Timber Management Grant revenue and \$7.10 million of USBR and FEMA generator grant income, respectively.



2021-2022

Operating Budget

Development Process



Budget Development Approach

2022 Proposed Operating Budget Approach

- Revised budget not-to-exceed 4% growth over 2021 budget
- Personnel and materials and services items to maintain current service levels

Budget Development Approach

2022 Proposed Operating Budget

- 2022 proposed budget is 5.3% higher than the 2021 adopted budget (approximately \$3.0 million)
- 2022 proposed budget is 2.2% higher than the 2022 originally adopted budget
- 2022 proposed budget includes 3 new vegetation management personnel in the water utility

Budget Development Approach

2022 Proposed Operating Budget cont'd

- Drivers for the 5.3% growth
 - Personnel expenses \$1,980,000 (about 6.4%)
 - Gross Wages \$550,000
 - 3 Vegetation management positions
 - Step increases 0.5%
 - COLA 0.7%
 - Capitalized labor and Development Services offset
 - Decreased \$860,000
 - Benefits \$570,000
 - Employer PERS contribution \$526,000
 - Medical insurance premiums \$14,000
 - Retiree health contribution \$30,000



Budget Development Approach

2022 Proposed Operating Budget cont'd

- Drivers for the 5.3% growth cont'd

- Materials and Services \$1,060,000 (about 4.1%)

• Operating supplies	\$ 220,000
• Administration	380,000
• Insurance	170,000
• Other	(10,000)
• Utilities	(100,000)
• Repair services	(200,000)
• Equipment purchases	230,000
• Professional services	<u>370,000</u>
	\$1,060,000



2021-2022
**Operating Budget
Expense Projections**



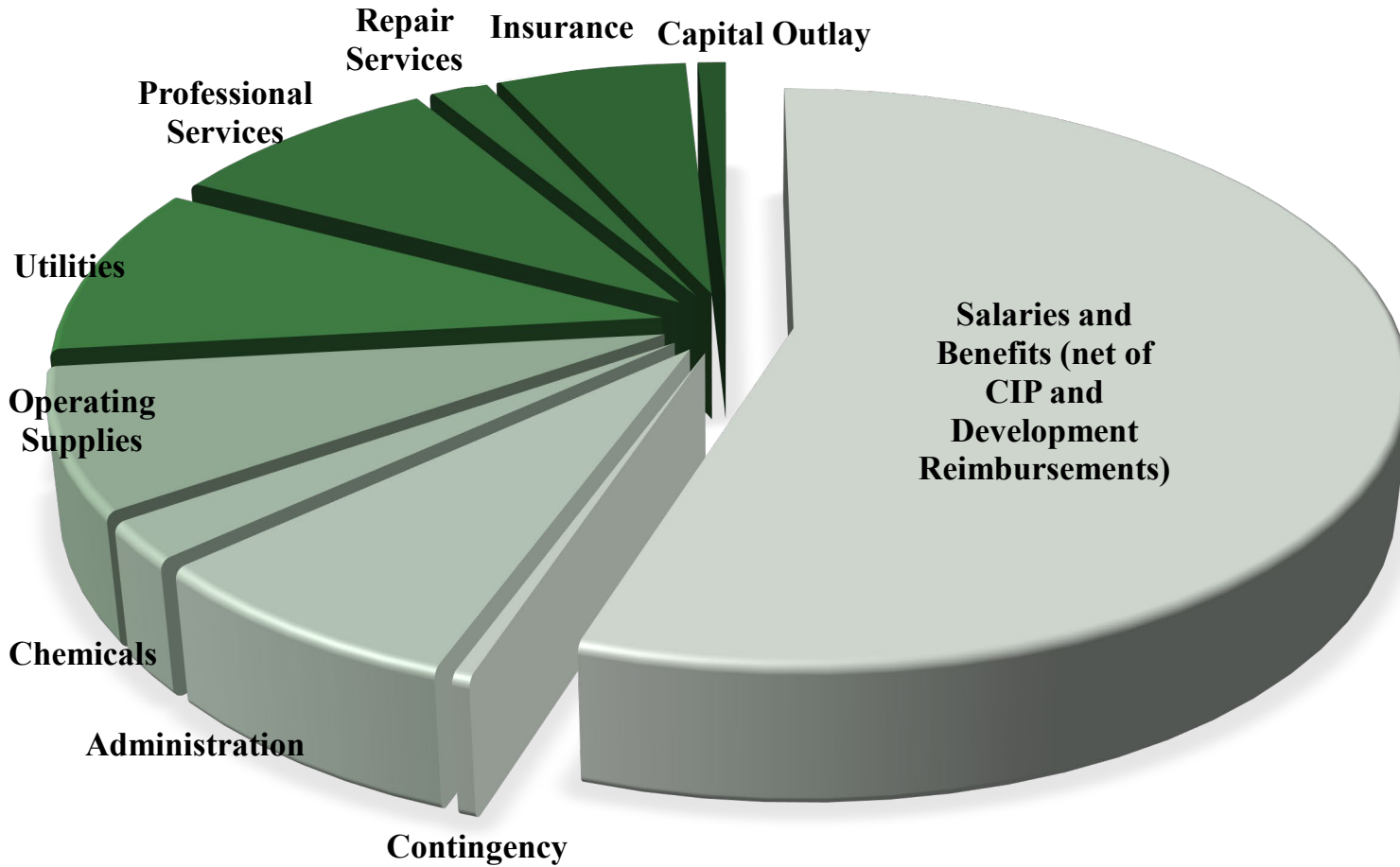
2021-2022 Operating Budget Summary

by Expense Type (in millions)

	2021 Adopted Budget	2021 Revised Projections	2022 Adopted Budget	2022 Proposed Budget
Wages	\$ 21.557	\$ 20.354	\$ 22.419	\$ 22.104
Benefits (Table 4)	16.458	15.701	17.116	17.026
Salaries and Benefits	38.015	36.055	39.535	39.130
CIP and Development				
Reimbursement Labor Offsets	(6.892)	(4.703)	(7.168)	(6.027)
Net personnel expense	31.123	31.352	32.367	33.103
Materials and Services				
-Operating Supplies	4.526	4.374	4.707	4.744
-Chemicals	1.287	1.087	1.338	1.282
-Administration	4.197	4.387	4.365	4.579
-Utilities	5.825	5.430	6.058	5.731
-Professional Services	4.810	4.710	4.484	5.172
-Repair Services	3.785	3.470	3.936	3.586
-Insurance	0.896	0.868	0.932	1.061
-Operating Capital Outlay	0.297	0.426	0.319	0.529
-Contingency	0.250	0.000	0.250	0.250
Total Materials and Services	25.873	24.752	26.389	26.934
Total Expenses	\$ 56.996	\$ 56.104	\$ 58.756	\$ 60.037



2022 Proposed Operating Budget Summary by Expense Type



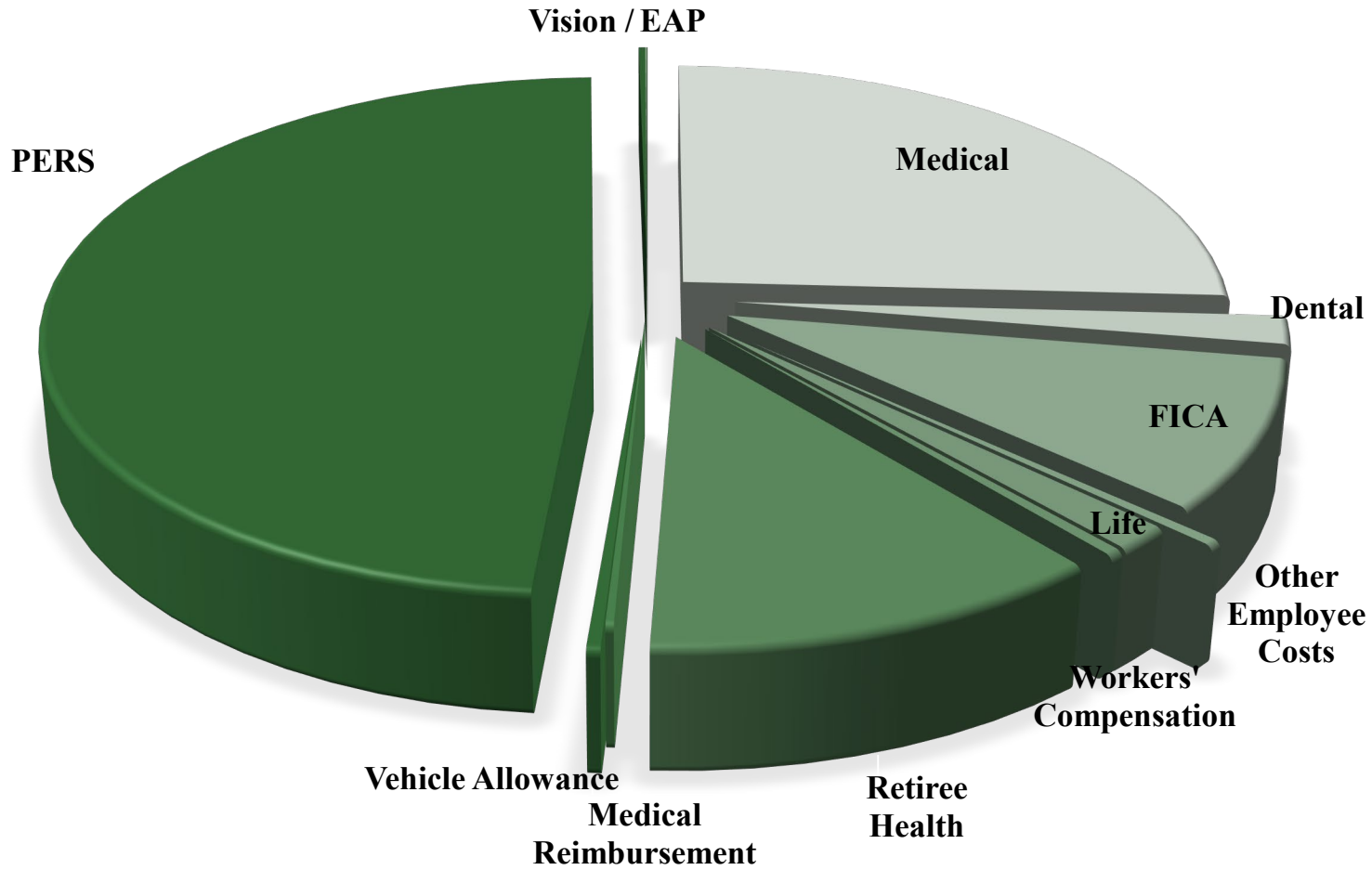
2021-2022 Employee Benefits by Type (in millions)

Type	2021 Adopted Budget	2021 Revised Projections	2022 Adopted Budget	2022 Proposed Budget
Medical	\$ 4.385	\$ 4.100	\$ 4.560	\$ 4.400
Retiree Health	1.970	1.700	2.049	2.000
Dental	0.300	0.300	0.312	0.300
Vision	0.040	0.040	0.042	0.040
EAP	0.007	0.007	0.007	0.007
Life	0.070	0.066	0.073	0.065
Workers' Compensation	0.260	0.220	0.270	0.250
FICA	1.563	1.510	1.626	1.566
PERS	7.716	7.615	8.025	8.242
Medical Reimbursement	0.061	0.060	0.063	0.060
Vehicle Allowance	0.035	0.035	0.036	0.036
Other Employee Costs	0.051	0.048	0.053	0.060
Total Benefits	\$ 16.458	\$ 15.701	\$ 17.116	\$ 17.026



2022 Proposed Operating Budget Summary

Benefits by Expense Type



2021-2022

Debt Service Coverage



2021-2022 Debt Service Coverage

(in millions)

	2021 Adopted Budget	2021 Revised Projections	2022 Adopted Budget	2022 Proposed Budget
Estimated Revenues	\$ 102.170	\$ 100.721	\$ 96.587	\$ 104.864
Estimated Operating Expenses	(56.996)	(56.104)	(58.756)	(60.037)
Available Net Revenues	45.174	44.617	37.831	44.827
Debt Service ⁽¹⁾	19.361	19.361	15.008	15.008
Debt Service Ratio	2.33	2.30	2.52	2.99
Internal (1.0) Debt Service Ratio ⁽²⁾	1.47	1.44	1.79	2.11

⁽¹⁾Proposed budget for 2022 assumes the prepayment of the maturing debt of \$6 million in 2021. The District's prepayment in 2020 reduced the debt service in 2021 by approximately \$6 million.

⁽²⁾Internal 1.0 test is based upon Available Net Revenues being equal to, or greater than, the debt service in a given year. Being equal to would be (available net revenues)/(debt service)=1.00 (District goal = 1.25x).



2022-2026

Financial Plan & Impact of Debt Transactions



2022-2026 Financial Plan

Revenues

- Rates

- 2022-2025 rates were adopted following Cost of Service Study and Proposition 218 process

- Water and Recycled Water utilities

- 5% rate increases 2022-2025

- 5% rate increase 2026 (not approved or adopted)

- Wastewater utility

- 0% rate increase 2022

- 1% rate increase 2023-2024

- 3% rate increase 2025

- 3% rate increase 2026 (not approved or adopted)

2022-2026 Financial Plan

Revenues cont'd

- Rates cont'd

- Implementation of rates will help produce funds for
 - Replacement of aging infrastructure as shown in the CIP
 - Maintain debt coverage as required by bond covenants

2022-2026 Financial Plan

Revenues cont'd

- FCC revenue
 - 2022 estimated at \$13.2 million
 - 2023-2026 estimated at \$10.0 million
- Hydropower sales
 - 2022-2026 estimated at \$3.5 million
- Surcharge revenue
 - Water line and cover #2 has ended and beginning in 2022 will reduce water surcharge revenue by \$850,000/year

2022-2026 Financial Plan

Revenues cont'd

- Grant revenue

- 2022

- \$7.0 million Folsom Lake Intake Pump Station
 - \$0.1 million for generator purchases

- 2023

- \$0.245 million for generator purchases

2022-2026 Financial Plan

Expenses

- 2022 5.3% increase
- 2023-2024 estimate 3% CPI increase
- 2025-2026 estimate 2% CPI increase

2022-2026 Financial Plan

Proposed 2022-2026 Financial Plan

- Debt

- Bond issue in 2025, currently estimated at \$100 million
 - Sly Park Intertie reconstruction
 - Flume 45, flume 48, and potentially flume 46 replacements
- Projected debt outstanding following above transaction
 - December 31, 2018 - \$309.6 million
 - December 31, 2024 - \$312.8 million
 - December 31, 2025 - \$395.8 million
 - December 31, 2026 - \$378.3 million

Projected Outstanding Debt 2018-2026

Debt Outstanding 2018-2026
with 2025 Bond Sale



2022-2026 Financial Plan

Proposed 2022-2026 Financial Plan

- Other non revenue cash flow
 - Insurance proceeds Caldor Fire-estimated
 - 2021- \$5.0 million
 - 2022- \$25.0 million
 - FEMA/CalOES
 - 2023- \$1.0 million

As negotiations continue with the above entities concerning the District's incurred losses staff will update the Board on significant changes to assumed recoveries.

2022-2026 Five-Year Forecast

(in millions)

Total District	Proposed 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026
Total Debt Proceeds	-	-	-	100.0	-
Total Revenues	104.9	97.8	100.6	104.3	108.2
Total Maintenance and Operation Costs	60.0	61.8	63.7	65.0	66.3
Net Revenues	44.9	36.0	36.9	39.3	41.9
Pre-existing State Obligations	-	-	-	-	-
Net Revenues Available After Pre-existing Obligations	44.9	36.0	36.9	39.3	41.9
Senior Debt Service	15.0	15.0	15.0	20.4	23.4
Cash Available from Current Year Activities for Capital Projects or Other Improvements	29.9	21.0	21.9	118.9	18.5
Cash Balance - January 1	80.1	86.7	72.4	50.1	129.8
Total Cash Available for Capital Projects or Debt Pre-payment	110.0	107.7	94.3	169.0	148.3
Total CIP	(42.3)	(30.3)	(38.2)	(33.2)	(39.5)
Debt Reserve Paydown on New Debt Pre-funding Debt	-	-	-	-	-
Other Receipts-Insurance, FEMA and OES	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
	25.0	1.0	-	-	-
Cash Balance - December 31	86.7	72.4	50.1	129.8	102.8
Senior Debt Service Coverage (1.25x test)	2.99	2.40	2.46	1.93	1.79
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	13.2	10.0	10.0	10.0	10.0
\$\$\$ of FCCs Removed from Calculation	13.2	10.0	10.0	10.0	10.0
Internal Senior Debt Coverage (1.0x test)	2.11	1.73	1.79	1.44	1.36

2022-2026 Five-Year Forecast

(in millions) cont'd

Water Utility Only	Proposed <u>2022</u>	Projected <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>
Total Debt Proceeds	-	-	-	100.0	-
Total Revenues	69.7	63.8	66.0	68.5	71.2
Total Maintenance and Operation Costs	38.4	39.6	40.7	41.6	42.4
Net Revenues	31.3	24.2	25.2	27.0	28.8
Pre-existing State Obligations	-	-	-	-	-
Net Revenues Available After Pre-existing Obligations	31.3	24.2	25.2	27.0	28.8
Senior Debt Service	11.5	11.5	11.4	17.0	20.3
Cash Available from Current Year Activities for Capital Projects or Other Improvements	19.8	12.7	13.8	109.9	8.5
Cash Balance - January 1	38.6	50.5	40.2	18.9	98.2
Total Cash Available for Capital Projects or Debt Pre-payment	58.4	63.2	54.0	128.8	106.7
Total CIP	(29.7)	(20.9)	(32.0)	(27.5)	(33.5)
Debt Reserve Paydown on New Debt Pre-funding Debt	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)
Other Receipts-Insurance, FEMA and OES	25.0	1.0	-	-	-
Cash Balance - December 31	50.5	40.2	18.9	98.2	70.1
Senior Debt Service Coverage (1.25x test)	2.73	2.10	2.20	1.58	1.42
Internal Senior Debt Coverage					
Total FCCs in Revenue Above \$\$\$ of FCCs Removed from Calculation	7.30	5.90	5.90	5.90	5.90
Internal Senior Debt Coverage (1.0x test)	2.09	1.59	1.69	1.24	1.13

2022-2026 Five-Year Forecast

(in millions) cont'd

Wastewater Utility Only	Proposed 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026
Total Debt Proceeds	-	-	-	-	-
Total Revenues	35.2	34.0	34.7	35.8	37.0
Total Maintenance and Operation Costs	21.6	22.3	23.0	23.4	23.9
Net Revenues	13.5	11.7	11.7	12.4	13.1
Pre-existing State Obligations	-	-	-	-	-
Net Revenues Available After Pre-existing Obligations	13.5	11.7	11.7	12.4	13.1
Senior Debt Service	3.5	3.5	3.5	3.4	3.2
Cash Available from Current Year Activities for Capital Projects or Other Improvements	10.0	8.2	8.2	8.9	9.9
Cash Balance - January 1	41.5	36.2	32.1	31.2	31.6
Total Cash Available for Capital Projects or Debt Pre-payment	51.5	44.4	40.3	40.2	41.5
Total CIP	(12.5)	(9.4)	(6.3)	(5.8)	(6.1)
Debt Reserve Paydown on New Debt Pre-funding Debt	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Other Receipts-Insurance, FEMA and OES	-	-	-	-	-
Cash Balance - December 31	36.2	32.1	31.2	31.6	32.6
Senior Debt Service Coverage (1.25x test)	3.84	3.33	3.32	3.61	4.12
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	5.90	4.10	4.10	4.10	4.10
\$\$\$ of FCCs Removed from Calculation	5.90	4.10	4.10	4.10	4.10
Internal Senior Debt Coverage (1.0x test)	2.16	2.16	2.16	2.41	2.83

2022-2026 Five-Year Forecast

(in millions) cont'd

Total District	Projected <u>2022</u>	Projected <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ 3.6	\$ (5.7)	\$ (10.8)	\$ (19.7)	\$ (27.5)
Reserved					
Operating	15.0	15.5	15.9	16.2	16.6
Capital Replacement Reserves	16.8	16.8	16.8	16.8	16.8
Routine Capital Replacement Reserves	3.4	3.4	3.4	3.4	3.4
Self Insurance Reserves	1.0	1.0	1.0	1.0	1.0
	<u>36.2</u>	<u>36.7</u>	<u>37.1</u>	<u>37.4</u>	<u>37.8</u>
Total unrestricted and reserved cash	<u>39.8</u>	<u>31.0</u>	<u>26.3</u>	<u>17.7</u>	<u>10.3</u>
Restricted-Debt Reserves	4.4	4.4	4.4	4.4	4.4
Restricted-Growth CIP (FCCs)	44.9	39.3	39.2	40.0	35.7
Restricted-CIP from Bonds	-2.3	-2.4	-19.9	67.6	52.3
	<u>46.9</u>	<u>41.4</u>	<u>23.8</u>	<u>112.0</u>	<u>92.4</u>
Total	<u>\$ 86.7</u>	<u>\$ 72.3</u>	<u>\$ 50.1</u>	<u>\$ 129.7</u>	<u>\$ 102.7</u>
days cash	242.01	182.95	150.81	99.63	56.52



2022-2026 Five-Year Forecast

(in millions) cont'd

Estimated CIP Expenditures by Funding Source

	2022	2023	2024	2025	2026
	Est. Expenditures	Est. Expenditures	Est. Expenditures	Est. Expenditures	Est. Expenditures
Water FCCs	\$ 5,518,451	\$ 11,056,500	\$ 6,020,000	\$ 6,944,000	\$ 10,101,000
WW FCCs	7,472,500	4,476,500	4,081,000	2,254,000	4,200,000
Water Bonds	10,322,715	60,000	17,500,000	12,550,000	15,300,000
Water Rates	13,906,702	9,744,321	8,433,160	7,959,834	8,069,377
WW Rates	4,830,712	4,683,290	1,770,860	3,155,600	1,507,100
RW rates	210,000	262,500	402,500	350,000	350,000
	\$ 42,261,081	\$ 30,283,111	\$ 38,207,520	\$ 33,213,434	\$ 39,527,477



Board Options

- **Option 1:** Adopt the 2021-2022 Mid-Cycle Operating Budget and 2022-2026 Financial Plan, including the implementation of previously approved 5% rate increases for water and recycled water, with 0% increase for wastewater for 2022.
- **Option 2:** Take other action as directed by the Board.
- **Option 3:** Take no action.

Recommendation



Option 1

Discussion / Questions

