

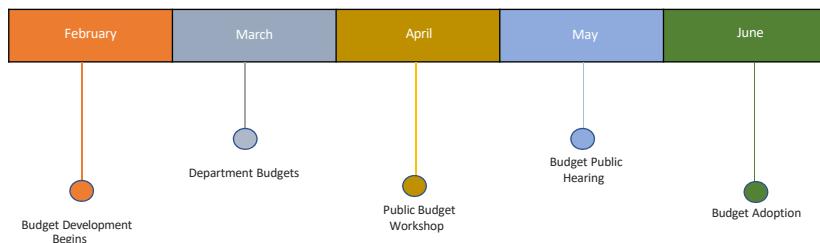


Carmichael Water District

2024-2025 Proposed Annual Budget



Budget Process



- **February** Finance Department- 2024-2025 Budget Timeline
- **March** Budget Managers- Departmental Budgets
- **April** Board - Public Budget Workshop
- **May** Board - Public Hearing and Discussion
- **June** Board - Budget Adoption



Budget Workshop Topics

- 1) Proposed 2024-25 budget overview
 - a. Comparison to FY 2023-24 Budget to Actual as of March 15, 2024
- 2) Revenue budget assumptions and highlights
- 3) Operating expense budget by department and assumptions and highlights
- 4) Labor and benefits detail by division
- 5) District reserves – Short term and long term forecast
 - a. Reserve funding and usage
- 6) Capital improvement plan: Short term and long-term



Proposed 2024-2025 Annual Budget

	2023-24 Amended budget	As of 3-15-24 YTD Actuals	2024-25 Proposed budget	\$ Change	% Change
REVENUE					
Water revenue	\$ 14,625,500	\$ 11,083,129	\$ 17,900,000	\$ 3,274,500	22.39%
Outside boundary sales	1,324,022	671,189	1,452,000	127,978	9.67%
Other revenue	100,000	71,139	107,000	7,000	7.00%
Total water revenue	16,049,522	11,825,457	19,459,000	3,409,478	21.24%
Sales of capital assets: one time source	670,000	47,820	7,000	(663,000)	-98.96%
Grant revenue	3,430,000	462,450	7,650,000	4,220,000	123.03%
Facilities fees	50,000	31,425	50,000	-	0.00%
Investment income	404,365	248,536	400,000	(4,365)	-1.08%
Miscellaneous other income	39,064	24,534	43,000	3,936	10.08%
Total other revenue	4,593,429	814,765	8,150,000	3,556,571	77.43%
TOTAL REVENUE	20,642,951	12,640,222	27,609,000	6,966,049	33.75%
Less: Operating expenditures	(9,469,387)	(5,721,174)	(9,633,165)	163,778	-1.73%
Less: Capital expenditures	(10,041,899)	(5,321,036)	(13,498,319)	3,456,420	-34.42%
Less: Debt service, long term debt funding	(2,994,620)	(2,346,774)	(2,992,131)	(2,489)	0.08%
TOTAL EXPENDITURES	(22,505,906)	(13,388,984)	(26,123,615)	(3,617,709)	16.07%
BUDGETARY SURPLUS (DEFICIENCY)	(1,862,955)	(748,762)	1,485,385	3,348,340	-179.73%
RESERVES (FUNDING)/USES					
Capital reserves	142,920	-	(1,150,000)	(1,292,920)	-904.65%
Facilities fees	(50,000)	-	(50,000)	-	0.00%
Undesignated surplus intended for CIP	1,770,035	-	0	(1,770,035)	-100.00%
NET BUDGETARY SURPLUS (DEFICIENCY)	-	(748,762)	285,385	285,385	100.00%
Bond funded CIP (La Vista)	1,450,000	862,682	-	(1,450,000)	-100.00%



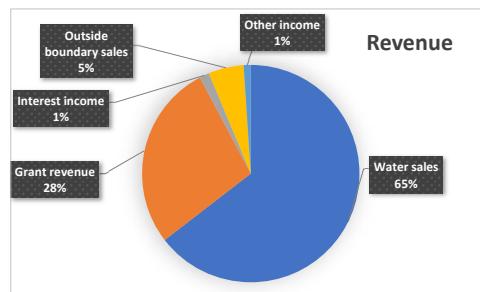
Revenue

Combined revenue **\$27,609,000**

	2023-2024	2024-25		
	Amended Budget	Proposed budget	\$ Change	% Change
Revenue				
Water sales	\$ 14,530,000	\$ 17,820,000	\$ 3,290,000	22.64%
Water service fees and charges	95,500	80,000	(15,500)	-16.23%
Other service fees	100,000	107,000	7,000	7.00%
Grant revenue	3,430,000	7,650,000	4,220,000	123.03%
Interest income	404,365	400,000	(4,365)	-1.08%
Miscellaneous	709,064	50,000	(659,064)	-92.95%
Facility fees	50,000	50,000	-	0.00%
Outside boundary sales	1,324,022	1,452,000	127,978	9.67%
Total revenue	20,642,951	27,609,000	6,966,049	33.75%

Revenue Highlights

- Rate increase of 9.5 % effective January 2025
- Demand for water trending higher as water supplies increase
- Substantially more grant funding and use of VA funds contributing to revenue sources



Operating Expenses

Operating Expense budget of **\$9,633,165**

	2023-2024	2024-25		
	Amended Budget	Proposed budget	\$ Budget	% Budget
Administrative services				
Board of Directors	\$ 131,774	\$ 136,386	\$ 4,612	3.50%
Office of the General Manager	383,841	524,073	140,232	36.53%
Engineering/Technical Services	906,718	679,072	(227,646)	-25.11%
Finance	584,882	643,589	58,707	10.04%
Customer Service	561,615	590,681	29,066	5.18%
Human Resources	185,925	218,602	32,677	17.58%
Information Technology	218,256	196,100	(22,156)	-10.15%
General Administration	679,323	755,821	76,498	11.26%
Public Outreach and Water Efficiency	329,947	300,313	(29,634)	-8.98%
Total Administrative Services	\$ 3,982,281	\$ 4,044,637	\$ 62,356	1.57%
Production				
Administration	\$ 1,312,235	\$ 1,558,169	\$ 245,934	18.74%
Treatment Plant Operations	1,560,420	1,473,475	(86,945)	-5.57%
Well Operations	458,350	414,706	(43,644)	-9.52%
Total Production	\$ 3,331,005	\$ 3,446,350	\$ 115,345	3.46%
Distribution				
Administration	\$ 202,500	\$ 220,200	\$ 17,700	8.74%
Transmission and Distribution Repairs/Maint	1,953,601	1,921,978	(31,623)	-1.62%
Total Distribution	\$ 2,156,101	\$ 2,142,178	\$ (13,923)	-0.65%
Total Operating expense	\$ 9,469,387	\$ 9,633,165	\$ 163,778	4.38%
Capital Infrastructure Construction	\$ 388,899	\$ 493,319	\$ 104,420	26.85%

Expense Highlights

- 5% Board authorized COLA effective July 1, 2024
- Generalized inflationary increases in services, supplies and benefits
- Expense reclasses within Divisions and Departments to align costs with Département purposes
- Allocation of (1) Engineer labor/benefit costs from Admin to Production
- Payment processing fees discussion





Labor and Benefits

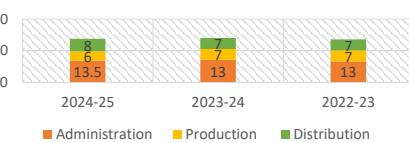
	2023-2024	2024-25		
	Amended Budget	Proposed budget	\$ Budget	% Budget
Administrative Services labor and benefits				
Wages	\$ 1,515,607	\$ 1,499,093	\$ (16,514)	-1.09%
Employer payroll taxes: FICA, MC, SUI, ETT	120,661	116,319	(4,342)	-3.60%
Medical, Dental, Vision, EAP, LTD, Life	358,055	276,058	(81,997)	-22.90%
PERS	170,411	143,534	(26,877)	-15.77%
PERS EPYC (GM)	15,126	15,724	598	3.95%
PERS Unfunded liability	95,765	99,418	3,653	3.81%
Deferred comp match (GM)	5,400	5,200	(200)	-3.70%
Workers' compensation	13,117	12,802	(315)	-2.40%
Retiree medical	245,000	275,000	30,000	12.24%
Total Administrative Services	\$ 2,539,142	\$ 2,443,148	\$ (95,994)	-29.45%
Production labor and benefits				
Wages	\$ 844,044	\$ 911,647	\$ 67,603	8.01%
Employer payroll taxes: FICA, MC, SUI, ETT	63,239	70,749	7,510	11.88%
Medical, Dental, Vision, EAP, LTD, Life	192,650	181,642	(11,008)	-5.71%
PERS	85,525	86,279	754	0.88%
PERS Unfunded liability	50,878	59,773	8,895	17.48%
Workers' compensation	27,599	26,229	(1,370)	-4.96%
Total Production	\$ 1,263,935	\$ 1,336,319	\$ 72,384	10.36%
Distribution labor and benefits (Includes capitalized)				
Wages	\$ 765,584	\$ 938,124	\$ 172,540	22.54%
Employer payroll taxes: FICA, MC, SUI, ETT	57,572	70,652	13,080	22.72%
Medical, Dental, Vision, EAP, LTD, Life	219,750	262,855	43,105	19.62%
PERS	89,127	111,526	22,399	25.13%
PERS Unfunded liability	45,605	63,934	18,329	40.19%
Workers' compensation	23,840	26,706	2,866	12.02%
Total Distribution	\$ 1,201,478	\$ 1,473,797	\$ 272,319	147.62%
Total labor and benefits	\$ 5,004,555	\$ 5,253,264	\$ 248,709	4.97%

Labor and Benefits Highlights:

- 5% Board authorized COLA effective July 1, 2024
- Allocation of (1) Engineer costs from Admin to Prod
- 100 % filled positions
- Temporary funding for Distribution Superintendent succession planning



Position Summary



CAPITAL IMPROVEMENTS 2024-25

CIP Highlights

	2023-24	2024-25		
	Amended Budget	Proposed budget	\$ Budget	% Budget
Category				
Vehicles and equipment	\$ 620,000	\$ 360,000	\$ (260,000)	-41.94%
In-house constructed assets	388,899	493,319	104,420	26.85%
Multi -year capital projects	8,633,000	12,245,000	3,612,000	41.84%
Total Capital Improvements	\$ 9,641,899	\$ 13,098,319	\$ 3,456,420	35.85%

- Continued replacement of Advanced Clean Fleet (ACF) regulated vehicles
- Increased outsourcing of District infrastructure replacements
- Distribution: Claremont Pipeline and Garfield-Engle/WTP transmission lines
- Production: Continued ASR wells construction, SCADA upgrade, Barret Road Well destruction, WTP roof replacement



La Sierra Well



District Reserves – Short Term

Reserve Category	FY 2023-24 Projected year End Balance	FY 2024-25 Reserve funding per policy	FY 2024-25 (Use of Reserves)	FY 2024-25 Interest income/other adjustments	FY 2024-25 Projected Year End Balance
Minimum unrestricted reserves:					
Operating reserve	\$ 5,982,004	\$ 80,644		\$ -	\$ 6,062,648
Board designated reserves					
Capital replacement	9,641,899	956,420	-	289,000	10,887,319
Membrane replacement	200,000	200,000	(200,000)	6,000	206,000
Filter skid replacement	1,989,000	650,000	-	60,000	2,699,000
Facility fees	866,558	50,000	-	607	917,165
Sacramento County impact projects	-	200,000	(200,000)	-	-
Rate stabilization	500,000	-			500,000
Ranney Collector Rehab/Replace - PROPOSED	-	300,000			300,000
TOTAL RESERVES PER POLICY	\$ 19,179,461	\$ 2,437,064	\$ (400,000)	\$ 355,607	\$ 21,572,132
Reserved for contractual CIP commitments	2,978,240	(2,437,064)	400,000	(70,222)	870,954
TOTAL PROJECTED RESERVES	\$ 22,157,701	\$ -	\$ -	\$ 285,385	\$ 22,443,086
Legally restricted reserves					
Unspent bond proceeds 2019 COP Series A	5,738,738	(5,783,738)	-	45,000	-
Federal grant funds received in advance	2,500,000	-	(2,500,000)	-	-
TOTAL LEGALLY RESTRICTED RESERVES	\$ 8,238,738	(5,783,738)	(2,500,000)	45,000	-



District Reserves- Long Term

	2023-24 Amended Budget	2024-25 Proposed budget	2025-26 Estimated	2026-27 Estimated	2027-28 Estimated
Cash and cash equivalents	\$ 23,927,736	\$ 22,157,701	\$ 22,443,086	\$ 24,368,650	\$ 24,389,839
Revenue	20,642,951	27,609,000	26,541,060	21,140,582	21,758,089
O&M expenditures	(10,449,007)	(10,580,296)	(10,586,011)	(10,837,464)	(11,094,565)
Capital expenditures	(9,641,899)	(13,098,319)	(10,347,985)	(6,563,884)	(10,501,078)
Debt service, long term debt funding	(2,015,000)	(2,045,000)	(2,080,000)	(2,115,000)	(2,155,000)
(To) and from reserves					
Filter skid and membranes	(650,000)	(1,050,000)	(1,050,000)	(1,050,000)	(1,050,000)
Membrane reserves	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Facility fees	(50,000)	(50,000)	(51,500)	(53,045)	(54,636)
Ranney Collector		(300,000)	(300,000)	(300,000)	(300,000)
County impact proj reserve-One time funding	592,920				
Change in Working Capital-Excess (Deficiency)	(1,770,035)	285,385	1,925,564	21,189	(3,597,190)
Ending cash and cash equivalents	\$ 22,157,701	\$ 22,443,086	\$ 24,368,650	\$ 24,389,839	\$ 20,792,649
Less: Board designated reserves (Without int inc)					
Operating reserve	5,982,004	6,062,648	6,083,005	6,226,232	6,374,782
Capital reserves	9,641,899	10,887,319	10,347,985	6,563,884	10,501,078
Membrane reserves	200,000	206,000	406,000	606,000	806,000
Filter Skid replacement	1,989,000	2,699,000	3,349,000	3,999,000	4,649,000
<i>Ranney Collector Rehab/replacement - Proposed</i>					
Facility fees	866,558	917,165	968,665	1,021,710	1,076,346
Sacramento County impact projects	-	-	-	-	-
Rate stabilization	500,000	500,000	500,000	500,000	500,000
Total designated reserves	19,179,461	21,572,132	21,654,655	18,916,826	23,907,207
Reserved for contractual CIP commitments	2,978,240	870,954	2,713,995	5,473,012	(3,114,558)



CIP 5 Year Plan

Administration and Distribution

PROJECT DESCRIPTIONS	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	Amended Budget	Proposed budget	Estimated	Estimated	Estimated
ADMIN					
Vehicle and equipment replacement	-	-	-	130,000	-
District wide security improvements - Parking lot, patio	208,000	-	-	-	250,000
Master plan update	-	40,000	200,000	400,000	600,000
Rate Study, Business plan/financial analysis	-	-	-	-	-
HVAC Unit Replacement (2 units)	-	-	-	-	-
Financial Software Replacement/Asset management	-	-	-	-	-
ADMIN TOTALS	208,000	40,000	200,000	530,000	850,000
DISTRIBUTION					
Vehicles: Superintendent's truck (#14 FY2023-24)	50,000	-	-	-	-
Service truck(FY 2024-25 #13)	90,000	90,000	90,000	90,000	90,000
Service truck (FY 2024-25#3 F550)	-	90,000	90,000	90,000	90,000
Other Distribution equipment	40,000	90,000	90,000	90,000	90,000
Tow behind Air compressor	50,000	-	-	-	-
Backhoe replacement (Salvage revenue offset: \$80K)	250,000	-	-	-	-
Self constructed infrastructure	388,899	493,319	517,985	543,884	571,078
San Juan Water Line Project Package ("5000x10")	2,500,000	-	-	-	-
La Vista Project - Angelina Ave Water line "Supplemental funds for bond shortage (~2500x12")	-	500,000	200,000	2,800,000	4,650,000
Garfield-Engle/WTP Transmission lines - Phases 1 through 10 (Pending grant funding)	-	2,500,000	5,000,000	-	-
Clarendon/Jeffrey/Cold ("4300x10")	-	-	-	-	-
DISTRIBUTION TOTALS	3,368,899	3,763,319	5,897,985	3,433,884	5,401,078

CIP 5 YR Highlights

- Continued replacement of Advanced Clean Fleet (ACF) regulated vehicles
- Increased outsourcing of District infrastructure replacements
- Garfield-Engle/WTP transmission lines



CIP 5 Year Plan

Production and Grant Funded

	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	Amended Budget	Proposed budget	Estimated	Estimated	Estimated
PRODUCTION					
Vehicle replacement (2026-27 #38...)	-	-	-	-	-
Equipment: Compressor replacement	-	-	-	-	-
WTP:	-	-	-	-	-
SCADA Improvement w/PLC, instrumentation upgrades and new server	140,000	90,000	-	50,000	-
BWTP Water pump rehab (3 Raw water)	250,000	800,000	650,000	100,000	-
Electrical Switchgear, Generator, Breaker Replacement	100,000	-	-	-	150,000
BWTP Water Pump rehab (4 Treated water)	125,000	125,000	100,000	-	100,000
BWTP Building rehab (Exterior and interior): Lab rehab, then exterior gutters, siding, etc.	1,400,000	-	-	-	-
Ranney collector cleaning (Approved 2-21-23) (Cleaned all three 2023-24)	88,203	-	-	-	-
Raw Water Building/Dewey pump station HVAC	-	350,000	-	200,000	-
B & G Building/Dewey pump station Tertiary	-	50,000	250,000	-	-
BWTP Roof replacement	-	30,000	-	2,000,000	4,000,000
WELLS	-	250,000	-	-	-
ASR Study (La Sierra, Ladera, Winding Way)	-	50,000	250,000	250,000	-
Surge protector/generator for Well sites (Garfield)	-	-	-	-	-
Dewey tank and booster pump station rehab (pumps only)	-	-	-	-	-
Garfield Well Replacement- ASR Well #4	-	-	-	-	-
Well valve project	-	-	-	-	-
Barrett Road Well Demolition	-	-	-	-	-
PRODUCTION TOTALS	2,453,203	1,695,000	1,350,000	2,600,000	4,250,000
RATE FUNDED FUNDED PROJECTS TOTAL	6,030,102	5,498,319	7,447,985	6,563,884	10,501,078
GRANT FUNDED PROJECTS					
Production	-	-	-	-	-
La Sierra Well- ASR Well #4 (Engle/Carfield) (\$2.0M USBR, 5.0 DW)	2,100,000	3,600,000	-	-	-
Ladera Well Replacement- ASR Well #2 (Fed grant \$2.5M + Artesian VA \$)	1,250,000	2,000,000	3,000,000	-	-
Winding Way Well Replacement- ASR Well #3 (DW grant \$2.5M + Artesian VA \$)	261,797	2,000,000	3,000,000	-	-
Distribution	-	-	1,400,000	-	-
WTP Transmission lines (west) phase I- WTP to Marshal Phase 1 (\$960K EPA/STAG Funding)	3,611,797	7,600,000	6,000,000	-	-
GRANT FUNDED PROJECTS TOTAL	3,611,797	13,098,319	13,447,985	6,563,884	10,501,078
GRAND TOTAL CIP	9,641,899	13,098,319	13,447,985	6,563,884	10,501,078

CIP 5 YR Highlights

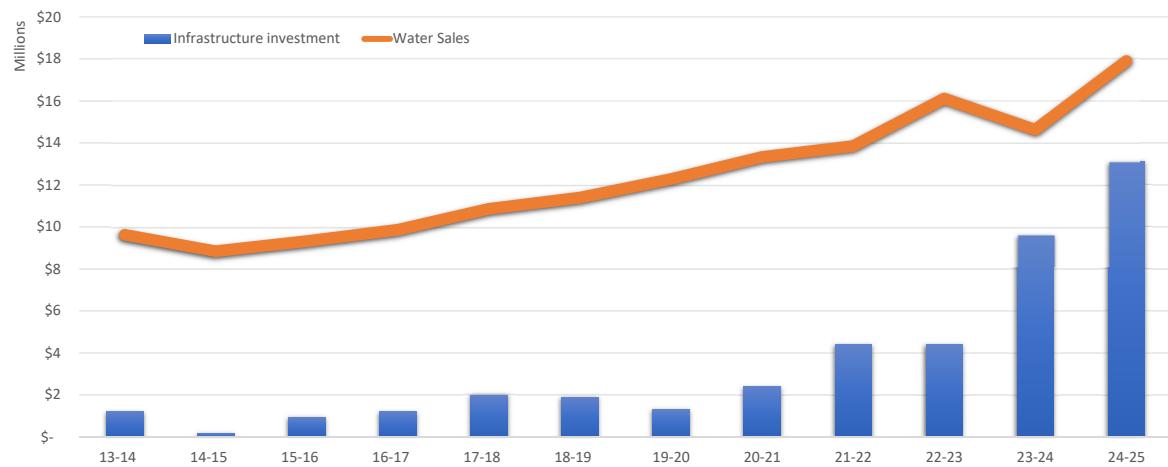
- SCADA Upgrade/improvements
- ASR wells





CIP Expenditures

Infrastructure investment And water sales



Discussion and questions

