



# Port Hueneme Water Agency

250 North Ventura Road • Port Hueneme, CA 93041 • (805) 986-6563

## WATER AGENCY AGENDA STAFF REPORT

**DATE:** June 26, 2023  
**TO:** PHWA Board Members  
**FROM:** Ashley Chaparro, Accounting Manager  
Dennis Martinez, Water General Manager  
**SUBJECT:** PHWA OPERATING BUDGET FOR FISCAL YEAR 2023-2024

### **RECOMMENDATION:**

It is recommended the PHWA Board review and adopt the proposed FY 2023-24 PHWA Operating Budget, and the proposed Fixed and Variable Water Rate components.

### **BACKGROUND/ANALYSIS:**

The PHWA annual budget provides estimated revenues and expenditures based on estimated water purchases, water usage and operating and maintenance costs.

For fiscal year 2023-24, the budget is balanced with projected revenues at \$6,500,358 and projected expenditures at 6,500,358.

The projected revenues include variable and fixed revenues which are based on estimated water usage and the fixed and variable rates obtained from United Water Conservation District (UWCD) and Calleguas Municipal Water District (CMWD).

The projected expenses include water purchases from UWCD and CMWD and Operating and Maintenance costs (O&M).

The Fixed and Variable Costs effective July 1, 2023 are as follows:

#### United Water Conservation District (UWCD)

Variable Rate - \$641.13 per acre-foot. (This rate includes \$363.17 variable rate per AF plus the pump charge of \$277.96 per AF).

Fixed rate per month is \$56,063.62 - a decrease of \$8,095.29 as compared to the fixed rate of \$64,158.91 in FY 2022-23

#### Calleguas Municipal Water District

Variable rate is \$1,730 per acre foot

Fixed rate per month is \$16,743.47.

**PROPOSED FIXED AND VARIABLE RATES (COSTS) FOR FY 2023-24**

In accordance with established procedures and methodology, the PHWA fixed and variable costs for FY 2023-24 have been calculated. The fixed monthly cost includes the fixed cost from both United Water Conservation District’s (UWCD) and Calleguas Municipal Water District’s (CMWD) approved FY 2023-24 budget and are prorated to each member agency based on their water allocation.

The table below reflects the proposed FY 2023-24 monthly fixed O&M Costs, Capital Costs, and Variable Rates (per acre-foot) for Municipal, Industrial, and Irrigation costs.

<b>Customer</b>	<b>Fixed O&amp;M Cost</b>	<b>Capital Cost</b>	<b>Variable Rate</b>
COPH	\$149,552.66	-	\$893.42
NBVC-PH	\$ 45,604.09	-	\$893.42
NBVC-PM	\$ 44,788.84	\$4,102.36	\$893.42
CIBCSD	\$ 42,214.79	-	\$893.42
<b>TOTAL</b>	<b>\$282,160.38</b>	<b>\$4,102.36</b>	<b>\$893.42</b>

For comparative purposes, the table below reflects PHWA’s most recently adopted FY 2022-23 monthly Fixed O&M Costs, Capital Costs, and per acre-foot Variable Rates for Municipal, Industrial, and Irrigation.

<b>Customer</b>	<b>Fixed O&amp;M Cost</b>	<b>Capital Cost</b>	<b>Variable Rate</b>
COPH	\$142,120.94	-	\$962.63
NBVC-PH	\$44,256.41	-	\$962.63
NBVC-PM	\$38,660.91	\$4,178.29	\$962.63
CIBCSD	\$40,106.64	-	\$962.63
<b>TOTAL</b>	<b>\$265,144.90</b>	<b>\$4,178.29</b>	<b>\$962.63</b>

The monthly and annual fixed costs are \$17,015.48 higher than the FY 2022-23 budget; or \$204,185.00 annually. This is due to higher operating and maintenance expenses (\$92,000 salaries and benefits resulting from the cost-of-living adjustments, \$105,000 increase in contract services in anticipation of more capital projects, \$50,000 property insurance and \$160,000 surcharge penalty) offset by lower fixed rates from UWCD.

The variable monthly rate of \$893.42 is lower than the \$962.63 FY 2022-23 budget, primarily due to the fact utilities and chemical expenses were previously coded as variable and are now included in the O&M fixed costs.

The O&M costs include the surcharge penalty of \$211,728 resulting from projected water usage estimated to be under the required water purchases from UWCD.

Note: The budget does not include the \$932,417 related to Pension and OPEB obligations as these are not related to FY 2023-24 budget. This obligation was

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approved by the Board on May 15, 2023 to be paid over a three-year period and will be included in the annual reconciliation as a separate line item.

### **FISCAL IMPACT:**

The proposed FY 2023-24 PHWA Operating Budget is \$6,522,237 or \$22,084 higher than the FY 2022-23 budget of \$6,500,055.

If approved as presented, and per Amendment No. 1 to Agency Operating Agreement, Article 6.2a, the City of Port Hueneme will provide an annual reconciliation after the end of the FY budget (after June 30, 2024) to ensure that actual operating costs are proportioned appropriately to each PHWA member agency.

### **ATTACHMENTS:**

- A. Proposed FY 2023-24 PHWA Operating Budget (Fund 990)
- B. FY 2023-24 Water Plant Operations Budget (Fund 443)

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**PORT HUENEME WATER AGENCY  
PROPOSED OPERATING BUDGET  
FISCAL YEAR 2023-24**

Fund 990	Audited Financials	BUDGET	PROPOSED
	2021-22	2022-23	BUDGET 2023-24
<b>REVENUE:</b>			
COPH Variable Revenue	1,563,960	1,854,102	\$ 1,647,296
COPH Fixed Revenue	1,476,585	1,705,451	\$ 1,794,632
NBVC PH Variable Revenue	468,369	554,498	\$ 453,399
NBVC PH Fixed Revenue	455,084	531,077	\$ 547,249
CIBCSO Variable Revenue	387,472	459,194	\$ 410,980
CIBCSO Fixed Revenue	416,805	481,280	\$ 506,578
NBVC PM Variable Revenue	497,064	589,154	\$ 537,780
NBVC PM Fixed Revenue	393,384	463,931	\$ 537,466
UWCD Irrigation Revenue	9,796	8,907	\$ 7,694
VCGP Variable Revenue	690	818	\$ 611
AGROMIN Variable Revenue	6,626	7,855	\$ 1,553
Variable Revenue -Unrecoverable Revenue			
Billing Adjustment Revenue (true-up)	(372,360)	(225,213)	
PHWA NBVC PM Note 3B Interest Revenue	44,850	44,000	\$ 47,000
Interest Revenue			
Transfer from reserves			
Miscellaneous Revenue	39,880	25,000	\$ 30,000
<b>TOTAL REVENUE</b>	<b>5,388,204</b>	<b>6,500,055</b>	<b>\$ 6,522,237</b>
<b>EXPENSES:</b>			
Part-Time Wages	1,900	3,000	3,000
Taxes-Fica Employer	47	75	75
Taxes - Medicare Employer	11	17	17
Contract Svcs-City Attorney	6,720	20,000	20,000
Contract Svcs-Outside Auditor	13,000	15,000	17,000
Contract Svcs-Misc Consultant	30,364	50,000	60,000
Property Insurance	23,819	-	50,000
Meetings	0	5,000	-
Conference/Travel	0	6,120	-
Interest Expense	44,850	44,000	47,000
Water Plant Expense (Fd 443)	1,265,604	1,830,460	1,901,791
UWCD Water Purchase (Fixed & Variable)	2,518,060	3,374,208	2,946,304
CMWD Water Purchase (Fixed & Variable)	1,374,984	977,775	1,065,922
Take or Pay Penalty	0	30,000	211,728
UWCD Off-Aqueduct Charges	19,930	50,000	105,000
Land Lease	0	-	-
Reserve Fund	0	50,000	50,000
Analyzer Replace (Budget 990, 70-02)	0	44,400	44,400
3rd Stage RO Project	0	-	-
Membrane Replacement Project	0	-	-
Depreciation Expense			
<b>TOTAL EXPENSES</b>	<b>5,299,289</b>	<b>6,500,055</b>	<b>6,522,237</b>
<b>NET INCOME (LOSS)</b>	<b>88,915</b>	<b>(0)</b>	<b>0</b>

<b>CITY OF PORT HUENEME BUDGET FISCAL YEARS 2023-24</b>				
<b>WATER PLANT OPERATIONS 443</b>				
ACCT	DESCRIPTION	ACTUAL FY 21/22	BUDGET FY 22/23	BUDGET FY 23/24
<b>PERSONNEL</b>				
10-01	Wages - Full Time	\$ 241,396	\$ 258,634	\$ 340,464
10-02	Wages - Part Time		\$ 8,147	\$ 8,147
10-03	Overtime	\$ 21,771	\$ 31,006	\$ 35,000
10-04	Standby Pay	\$ 13,637	\$ 30,000	\$ 20,000
11-02 to 25-02	Taxes & Benefits	\$ 324,831	\$ 166,761	\$ 183,219
<b>TOTAL PERSONNEL</b>		<b>\$ 601,634</b>	<b>\$ 494,548</b>	<b>\$ 586,830</b>
<b>MAINTENANCE &amp; OPERATIONS</b>				
36-08	Contracts/Services - Misc	151,316	194,000	299,000
40-01	Utilities	195,662	200,000	210,000
40-02	Cell Phones	1,415	2,000	2,000
51-01	Conference/Travel	964	6,120	6,120
52-01	Office Supplies	2,337	2,500	4,500
61-03	Chemicals	139,379	214,500	230,000
61-07	General System Maintenance	82,171	180,000	180,000
61-15	Safety Supplies	646	1,020	1,020
65-01	Dues/Memberships	6,080	7,100	7,100
66-01	Water Analysis	14,758	44,400	44,400
66-04	Water Meters		10,200	10,200
90-01	Cost Allocation	174,917	174,917	174,917
90-03	Internal Service Fund Allocation	50,874	99,798	95,704
<b>TOTAL MAINTENANCE &amp; OPERATIONS</b>		<b>820,519</b>	<b>1,136,555</b>	<b>1,264,961</b>
70-02	Equipment (Analyzers)		33,884	50,000
<b>TOTAL CAPITAL OUTLAY</b>		<b>0</b>	<b>33,884</b>	<b>50,000</b>
<b>GRAND TOTAL</b>		<b>1,422,153</b>	<b>1,664,987</b>	<b>1,901,791</b>