




MEMORANDUM

TO: Board of Directors

FROM: Gerald Grijalva, General Manager

SUBJECT: Discussion and take action to approve Fiscal Year 2021-2022 Operating and Capital Budget

PRESENTER: Jose F. Hernandez, Chief Financial Officer 

DATE: September 23, 2021

APPROVAL OF FISCAL YEAR 2021-2022 OPERATING AND CAPITAL BUDGET:

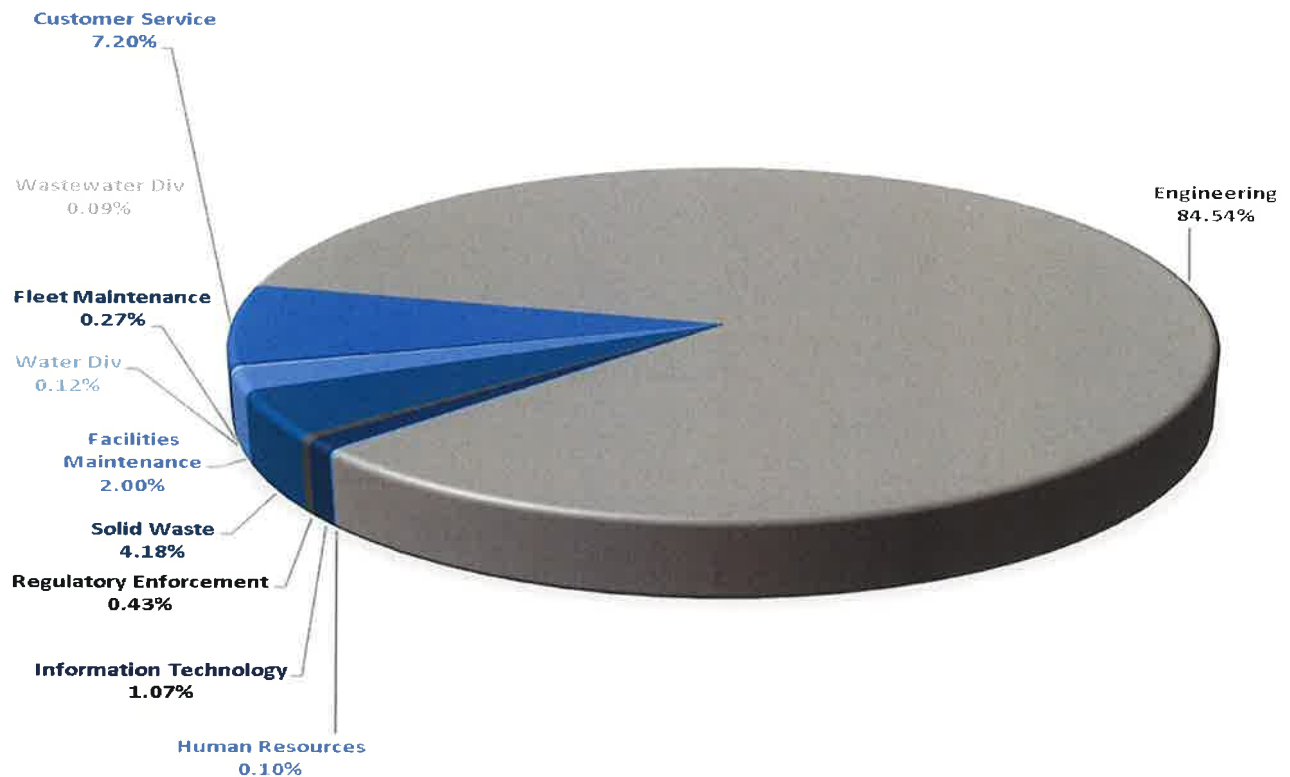
The FY 2021-2022 operating and capital budget was presented to the LVWD Board for review, input and guidance on September 9, 2021, during a budget workshop. The total budget amount for FY 2021-2022 will be \$57,681,952 (\$20,508,852 for operating expenses and \$37,173,100 for capital outlays). The \$20.5 million operating budget represents an increase of \$2.7 million versus last fiscal year's budget, mainly due to the increase in cost of water, and wastewater:

Description	FY 2021	FY 2020	Difference	% Change
Cost of Water - EPWATER	\$ 4,971,000	\$ 3,528,315	\$ 1,442,685	40.89%
Cost of Wastewater Treatment - EPWATER	2,251,550	1,636,427	615,123	37.59%
Cost of Wastewater Treatment - Tornillo	10,360	7,000	3,360	48.00%
Cost of Solid Waste Collection	1,273,164	1,180,644	92,520	7.84%
Payroll	7,172,678	6,647,761	524,917	7.90%
Maintenance & Operating Expenses	3,914,100	3,650,000	264,100	7.24%
Mesa Del Norte Subsidy	158,000	130,000	28,000	21.54%
Rosa Azul Decommissioning		281,250	(281,250)	
Water Right Taxes / Fees	550,000	550,000	-	0.00%
Connection Costs	208,000	208,000	-	0.00%
Total	\$ 20,508,852	\$ 17,819,397	\$ 2,689,455	15.09%

The Administration recommends approving an operating budget of \$20,508,852 and a capital budget of \$37,173,100 for a total of \$57,681,952.

The \$37,173,100 CIP budget represents an increase of \$21,792.492 over last year's CIP budget. Below there is a graph that shows the CIP budget per Department:

ALL DEPARTMENT 'S CAPITAL BUDGETS \$35,673,100

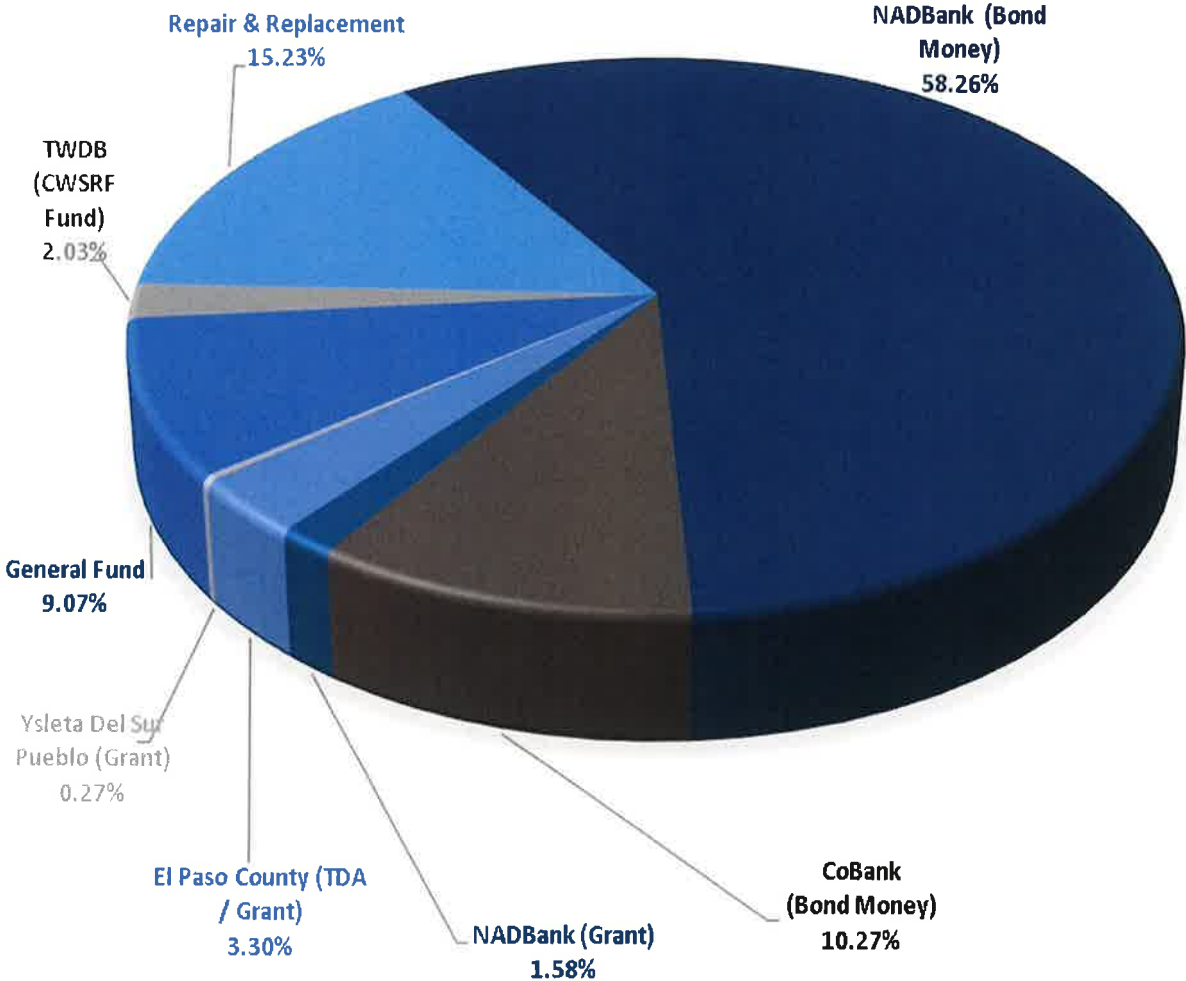


The CIP budget for the Engineering Department represents approximately 85% of the District's total CIP budget. The bulk of the capital improvement efforts are geared towards manhole rehabilitation, lift station rehabilitation, first time wastewater services and water distribution systems. Assessment of 4,000 manholes and Lift Stations have been completed and the District will follow with rehabilitation efforts as needed. LVWD will continue to provide wastewater services to areas where the service is not available by extending sewer pipeline. Sewer model is in process to identify master plan projects.

The Administration recommends approving an operating budget of \$20,508,852 and a capital budget of \$37,173,100 for a total of \$57,681,952.

The District will team up with external funding sources to fund all ongoing and upcoming projects for Fiscal Year 2021-2022 as presented below:

CAPITAL OUTLAYS FUNDING SOURCES \$30,279,526



To minimize costs, the District has made plans to complete projects in house. The District is projecting cost savings of \$609,195 by performing projects in-house.

The Administration recommends approving an operating budget of \$20,508,852 and a capital budget of \$37,173,100 for a total of \$57,681,952.

Lower Valley has made an ongoing effort to reduce unaccounted for water. Unaccounted for water is projected to decrease from 14% for FY 2019-2020 to 11% for FY 2020-2021. The District has to replace more than 13,426 meters that are more than 10 years old. The District will use moneys from a TWDB, Series 2020 bond issuance to replace approximately 4,500 meters in FY 2021-2022. This was the goal for FY 2020-2021, but due to external unanticipated situations outside the District's control, this could not be achieved. These new meters will contribute to identify leak detection, reduce tampering and also to have more accurate readings. As a result, LVWD expect to lower the water loss during FY 2021-2022 and will continue the ongoing efforts to achieve the water loss benchmark of 10 percent, established by the Texas Commission on Environmental Quality (TCEQ).

Please see below FY 2021-2022 Operating and Capital Budget for your consideration and approval:

Lower Valley Water District Fiscal Year 2022 Budget	
Description	Amount
Cost of Water - EPWATER	\$ 4,971,000
Cost of Wastewater Treatment - EPWATER	2,251,550
Cost of Wastewater Treatment - Tornillo	10,360
Cost of Solid Waste Collection	1,273,164
Payroll	7,172,678
Maintenance & Operating Expenses	3,914,100
Mesa Del Norte Subsidy	158,000
Water Right Taxes / Fees	550,000
Connection Costs	208,000
Total Operating Expenses	\$ 20,508,852
Capital Outlays (funded with the General Fund)	\$ 6,314,450
Capital Outlays (funded with Other Sources)	30,858,650
Total Capital Outlays	\$ 37,173,100
Total Budget	\$ 57,681,952

The Administration recommends approving an operating budget of \$20,508,852 and a capital budget of \$37,173,100 for a total of \$57,681,952.