

**Lakeway Municipal Utility District
Finance Committee
August 13, 2019
Meeting Minutes**

Attendees: Bud Wellborn, Vice Chair; Bill Cobb; Ann Smith; Hal Hirsch, Secretary; Earl Foster, (General Manager); and Lawrence Christian, (Board Liaison) **Absent:** Vince Maggio, Chair

June Year to Date P&L

June was a non-revenue month. LMUD customers are billed bi-monthly. June Year to date includes nine months of Fiscal Year 2019. Through June:

- Revenue of \$3.3 M is on Plan but \$0.2 M below June YTD 2018. 2019 results reflect a wet springtime. Water Revenues are below Plan while Wastewater Revenues, including support for Rough Hollow, are ahead of Plan. Interest Income from Texpool, CDRS, and FNC are also favorable to Plan. The higher interest rates, that caused the favorable Interest variance, are headed back down now.

Through June, Water sales of 457 M gal are 19% below last year, while Wastewater volumes, including Rough Hollow and District 17 support, are 6% ahead of June YTD 2018.

- Variable Costs are below Plan through June associated with below plan Water sales.
- Expenses are also below Plan reflecting the Engineering Services for the Out of District Wastewater project which are billed directly to the project.
- On a Net basis. (prior to Capital and Bond Repayments), LMUD is up by \$0.6 M which is \$0.2 M better than Plan but \$0.2 M worse than June YTD 2018, again related to the wet Spring weather.

Preliminary 2020 LMUD Budget

Earl took us through his second draft of the budget. Highlights include: roughly \$0.3 M increased costs, or 4.3%, for the Out of District Waste Water Project (primarily labor); systems upgrade with security; and 3% average pay increase. Savings of \$0.2 M stem from the 2018 Bond refinancing. Earl's latest projections for Healthcare rates are flat with 2019, partly due to LMUD Headcount which has now exceeds 25. Benefits Cost, however, will grow due to the added personnel.

LMUD's Property Tax Rate can decrease from \$0.1158 to \$0.1058 which also reflects the property value assessments which increased 4% in aggregate to \$1.36 B. The tax rate applies per \$100 of assessed value. The average homeowner should save \$60 in LMUD Taxes vs. 2019.

The Revenue plan will be finalized using the Rate Model, and will roughly equal the \$6.3 M plan for expenses and debt obligations (bond principal and interest).

The Revenue rates will hold at \$20 base rate for Water and \$14 for Wastewater. The tiered water rates, established over the past three years for conservation best practices, will remain. Earl has the outline, but not the details yet, for the 2020 Capital Plan.

Next Finance Committee Meeting: Tues. Sep 3rd (day following Labor Day) **at 1:30 PM**