SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-A**

FROM: Steve Mack, General Manager

Meeting Date: March 5, 2015

SUBJECT: APPROVAL OF RESOLUTION 15-03, MID-YEAR REVISION TO THE FISCAL YEAR 2014-2015 OPERATING AND CAPITAL IMPROVEMENT BUDGET

RECOMMENDED ACTION: Approval of Resolution 15-03 which approves a mid-year revision to the Fiscal Year 2014-2015 (FY15) Operating and Capital Budget

FISCAL IMPACT: no impact

DISCUSSION:

Public agency budgeting is never exact – budgets are put together 4-5 months prior to the fiscal year to which they apply and changes happen to the funding needs of the various budget items. Midyear revisions to budgets allow for the correction of major changes/omissions that occur during the year.

There are several changes to the District's financial picture that should be noted:

- Because of the call for reducing water usage during the current drought, water sales revenue are substantially down. The FY14 Budget was based on flat sales. We are projecting a decrease in revenue of approximately $156,000 for the year.

- Facilities Maintenance and Repair have unanticipated increases because of two unplanned well rehabilitations and replacement of Mioxx cells ($61,000) and repairing the District's SCADA system ($30,000).

- On the positive side, the District has no USDA Bond payment this year because of the settlement of the refinancing issue.

There are some other smaller changes based on projected end of year costs and some reordering of the budget - addition of a Net Capital Funding line and correction of the District Funds names and amounts.

These changes affect the transfers and other Operating Budget lines that are subject to summation of the above expenses. For example, Transfers to CIRF is decreased by $240,000 to $260,000.

The effect of these changes on the Budget is a reduction in the Operations section of the Budget by approximately $264,000 and a net reduction on overall District funds of $292,374.

The Exhibit A attached to Resolution 15-03 shows the budget detail of the District's Mid-Year Revised Budget. The proposed revisions are highlighted in yellow.

Approving Resolution 15-03 will have no impact on District finances – District funds are what they are. The mid-year revised budget does give a more accurate picture of what the District is actually doing and what the District's financial condition should be at the end of this fiscal year. The Mid-Year Budget revision will be posted on the District's website.

Resolution No. 15-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT ADOPTING THE REVISED FY 2014-15 OPERATING AND CAPITAL IMPROVEMENT BUDGET

WHEREAS, the Sweetwater Springs Water District Board of Directors adopted the District's FY 2014-2015 (FY15) Budget on May 1, 2014; and

WHEREAS, water bill revenues are sharply reduced due to calls for reducing water consumption during the current drought, certain unanticipated expenses have occurred in Operations and the expense for the USDA Bond payment will not occur in this fiscal year because of the resolution of a refinancing issue.

WHEREAS, in view of these changed circumstances**,** revising the District's FY 2014-2015 Budget at mid fiscal year will provide better financial guidance and information for the District Board, staff and public.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Sweetwater Springs Water District hereby adopts the attached revised FY 2014-15 Operating and Capital Improvement Budget (Exhibit A).

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on March 5, 2015, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Rich Holmer	_____	_____
Gaylord Schaap	_____	_____
Victoria Wikle	_____	_____

_____
Gaylord Schaap
President of the Board of Directors

_____
Attest: Julie A. Kenny
Clerk of the Board of Directors

FY 2014-15 OPERATING BUDGET
Revised March 2015

	FY 12-13 FINAL (CASH)*	FY13-14 BUDGET	FY 13-14 Projected	FY 14-15 BUDGET	REVISED FY 14-15 BUDGET	Difference Rev FY15-FY14 Budgets	Difference FY15-RevFY15 Budgets	FY 14-15 Original notes
REVENUE								
OPERATING REVENUE								
4031 · Water Bill Revenue								
4031.1. · Capital Debt Reduction Cha	238,368	245,800	246,550	253,947	253,947	8,147	-	3% rate increase on projected
4031.1. · Water Sales - Base Rate		1,332,100	1,352,550	1,393,127	1,393,127	61,027	-	3% rate increase on projected
4031.1. · Water Sales - Usage Charg	1,926,866	675,100	704,752	725,894	570,000	(105,100)	(155,894)	FY15 Mid-year actual x .6 which is the FY14 pattern
4031.1. · Total Water Sales		2,007,200	2,057,302	2,119,021	1,963,127	(44,074)	(155,894)	
Total OPERATING REVENUE	**2,165,234**	**2,253,000**	**2,303,852**	**2,372,967**	**2,217,073**	119,967	(155,894)	
NON-OPERATING REVENUE								
4445 · Grant Proceeds	1,875	0	0	-	-	-	-	
1700 · Interest	16,882	7,500	7,000	7,500	7,500	-	-	
1001 · CY Direct Charge Proceeds	-1,198	-			-	-	-	
3600 · Construction New Services	5,859	5,000	5,000	5,000	13,000	-	8,000	
3601 · Construction Service Upgrades	5,123	2,000	2,000	1,000	1,000	(1,000)	-	
4032 · Rent	73,558	75,400	97,550	88,350	88,350	12,950	-	Crystal $1361/mo AT&T $6000/mo
4040 · Miscellaneous Income	1,742	1,000	2,000	1,500	1,500	500	-	USBank CC refunds So. Cty Credit
4117 · SCWA Reimbursement	2,433	2,500	2,500	2,500	2,500	-	-	
Total NON-OPERATING REVENUE	**106,274**	**93,400**	**125,080**	**105,850**	**113,850**	12,450	8,000	
Total Income	**2,271,508**	**2,346,400**	**2,428,932**	**2,478,817**	**2,330,923**	**(15,477)**	(147,894)	
EXPENSES								
OPERATING EXPENSES								
SALARY & BENEFITS								
Salary								
5910 · Wages	707,592	693,626	683,761	697,038	716,000	3,413	18,962	based on mid year actuals
5912 · Overtime	20,922	30,772	31,832	30,562	30,562	(210)	-	
5916 · On-Call Pay	29,485	33,090	29,178	33,090	33,090	-	-	
5918 · Extra help - Contract	36,842	37,100	36,886	$ 34,100	34,100	(3,000)	-	
Total Salary	**794,841**	**794,588**	**781,656**	**794,790**	813,752	**202**	18,962	
Benefits					-		-	
5500 · Flex Spending	165	0		-	-	-	-	
5920 · Retirement	117,363	115,563	126,817	121,115	121,115	5,552	-	
5922 · Payroll Taxes - Employer	14,241	14,021	10,546	14,067	14,067	46	-	
5930 · Health/Dental/Vision/AFL	127,500	143,762	144,106	143,249	143,249	(513)	-	
5931 · Retiree health	2,724	17,324	17,324	7,000	7,000	(10,324)	-	funding CERBT in FY14
5940 · Workers Comp Insurance	21,904	25,746	22,000	18,000	18,000	(7,746)	-	10% increase over 2014 projected rates, reduced experience model
Total Benefits	**283,897**	**316,415**	**320,792**	**303,431**	**303,431**	(12,984)	-	
Total SALARY & BENEFITS	**1,078,738**	**1,111,003**	**1,102,448**	**1,098,221**	**1,117,183**	**(12,782)**	18,962	
SERVICES & SUPPLIES								
Communications								
6040-I · Internet service	1,688	1,800	1,800	1,800	1,800	-	-	Comcast -$81/month: 972 GotoMyPC $19.95/mo = $240 Sonic.net $143.7/Qtr. (A) = $575
6040-C · Cell Phones	3,113	2,900	2,200	4,300	4,300	1,400	-	Verizon $207/mo: $2484 Cell phone texting reimburse: $60X3 (-$180) Misc parts/holders: $200, adding $1,800 for cells for all field staff
6040-P · Pagers & Radios	469	850	400	560	560	(290)	-	American Messaging $30/mo: $360 Misc. parts/batteries: $200
6040-T · Telephones	16,691	16,500	18,150	19,950	19,950	3,450	-	Ans. Service: $100/mo: $1200 Phones: $1380/mo: $16560 Long distance $45/mo: $600 **Added PacketFusion maint contract - $1450**
Total Communications	**21,961**	**22,050**	**22,550**	**26,610**	**26,610**	**4,560**	-	
Insurances								
6101 · Gen. Liability	20,711	21,000	25,413	27,000	27,000	6,000	-	
6102 · Auto/Equipment	12,657	14,000	5,170	5,200	5,200	(8,800)	-	Increased due to anticipated purchase of a new truck
Total Insurances	**33,368**	**35,000**	**30,583**	**32,200**	**32,200**	**(2,800)**	-	
Maint/Rep - Office & Vehicles								
6140 · Vehicle Maintenance	18,473	16,000	14,000	14,000	22,000	6,000	8,000	Transmission and Backhoe repairs

	FY 12-13 FINAL (CASH)*	FY13-14 BUDGET	FY 13-14 Projected	FY 14-15 BUDGET	REVISED FY 14-15 BUDGET	Difference Rev FY15-FY14 Budgets	Difference FY15-RevFY15 Budgets	FY 14-15 Original notes
6151 · Office Maintenance	3,990	4,600	5,200	4,050	4,050	(550)	-	Alarm System - $130/qtr.=$520 **Moved PacketFusion maint. contract to Telephones** The Compute Wizard - $175/mo = $2100/year Copy mach. maint - 800/yr Call One - $400/yr Misc / Other - $250
Total Maint/Rep - Office & Vehicles	**22,463**	**20,600**	**19,200**	**18,050**	**26,050**	5,450	8,000	
Maint/Repair - Facilities								
6085 · Janitorial Services	6,852	7,850	8,000	8,000	8,000	150	-	Altech (office Janitorial): $212/mo = $2544 United Site Svces (port-o-lets): $235/mo = $2880 Sunrise Garbage $1400 Sewer - GVTP ($1100)
6100 · SCADA System	2,659	5,000	2,500	5,000	35,000	30,000	30,000	SCADA Airtime $60.45/mo: $725 SCADA Repair addition - $30,000
6180 · Distribution System Repairs	38,632	52,000	40,000	40,000	24,000	(12,000)	(16,000)	
6235 · Treatment Sys/Well Repairs	41,254	45,000	50,000	42,000	103,000	58,000	61,000	3 well rehabs - $60,000, Mioxx cells - $15,000
6143 · Generator Maintenance	3,097	3,200	3,200	3,200	3,200	-	-	
Total Maint/Repair - Facilities	**92,494**	**113,050**	**103,700**	**98,200**	**173,200**	**60,150**	75,000	
Miscellaneous Expenses								
6280 · Memberships	8,180	9,020	9,020	9,700	9,700	680	-	USA $155 AWWA $420 CSDA $5000 CUWCC $2600 (reimbursed by SCWA) MR Chamber -$50 RR Chamber - $150 Cal Rural $1100 WCWW $200
6303 · Claims	410	1,500	8,586	1,500	1,500	-	-	Allowing $1,000 for remainder of FY14
6593 · Governmental Fees	22,874	20,650	23,000	20,500	20,500	(150)	-	Election costs: 1500, DPH: $19,000
Total Miscellaneous Expenses	**31,464**	**31,170**	**40,606**	**31,700**	**31,700**	530	-	
Office Expense								
6410 · Postage	13,450	16,000	16,000	16,000	16,000	-	-	Billing (2000 pieces @ $.48 X 12 months) = $11,520 Prop 218 mailing: 4000 X .48 = $1,920 1 extra mailing: 3600 X .48 = $1,728 Other mail
6430 · Printing Expense	5,430	8,450	6,500	7,500	7,500	(950)	-	Window Envelopes $1100 Return Envelopes $950 Water Bills + Autopay $1500 Doorhangers $400 Turn Off Notices $600 Letterhead $250 Misc. Inserts $250 Prop 218 notice: $700 Checkblanks $200 Tagbooks $700
6461 · Office Supplies	4,479	4,000	4,000	4,000	4,000	-	-	Supplies $3000 Plants/Landscaping $150 Christmas Tree $40 Christmas party $400 Business lunches $75 Paper products/coffee $250
6800 · Subscriptions/Legal Noti	636	700	775	800	800	100	-	Press Democrat $320 Legal Notices $300 Sonoma West $70 Safety Meeting Outlines $85
6890 · Computers/Software	885	2,800	3,600	700	700	(2,100)	-	Antivirus softsware ($30X6) = $200 Cloud software $70 Misc $400 Quickbooks upgrade $300
6579 · Furniture	0	500	250	500	500	-	-	
Total Office Expense	**24,880**	**32,450**	**31,125**	**29,500**	**29,500**	**(2,950)**	-	
Operating Supplies								
6300 · Chemicals	9,346	17,000	17,000	17,000	17,000	-	-	
6880 · Tools and Equipment	3,439	6,000	6,000	6,500	5,500	500	(1,000)	Leak listener: $2500
6881 · Safety Equipment	404	1,500	1,000	1,000	1,000	(500)	-	
Total Operating Supplies	**13,189**	**24,500**	**24,000**	**24,500**	24,500	**-**	-	
Professional Services					-			
6083 · Laundry Service	3,225	3,400	3,400	3,400	3,400	-	-	Mission $65/week = $3380
6514 · Lab/Testing Fees	10,776	13,000	13,000	13,000	15,000	-	2,000	

	FY 12-13 FINAL (CASH)*	FY13-14 BUDGET	FY 13-14 Projected	FY 14-15 BUDGET	REVISED FY 14-15 BUDGET	Difference Rev FY15-FY14 Budgets	Difference FY15-RevFY15 Budgets	FY 14-15 Original notes
6570 · Consultant Fees	1,953	3,300	3,300	3,300	14,966	11,666	11,666	IEDA $2000 - $11,666 increase Computer Wizard (non-maintenance work) $800 Misc. (John Thompson?) -$500
6590 · Engineering	0	-	0		-	-	-	
6610 · Legal	27,640	28,000	18,000	20,000	20,000	(8,000)	-	
6630 · Audit/Accounting	28,000	30,000	28,000	29,600	29,600	(400)	-	ADP $45.82/2 weeks = $1191.32 Authorize.net $55/mo = $660 Auditor $7,950 Harbortouch $1100/mo = $13,200 E-check fees = $1200 West America fees $230/mo = $2760 1099 = $175 County Accounting Fees = $2618
Total Professional Services	**71,594**	**77,700**	**65,700**	**69,300**	**82,966**	**5,266**	13,666	
Rents & Leases								
6820 · Equipment	1,345	3,300	2,000	2,000	2,000	(1,300)	-	Action rents: $2000
6840 · Building & Warehouse	27,000	27,000	27,000	27,675	27,675	675	-	2.5% rent increase
Total Rents & Leases	**28,345**	**30,300**	**29,000**	**29,675**	29,675	**(625)**	-	
Transportation & Travel					-			
7120 · Seminars & related travel	1,347	4,150	1,200	2,650	2,800	(1,500)	150	JK - $250 LK and CMH - $400 Field: $1500, GM - $500
7201 · Vehicle Gas	26,801	26,500	23,000	25,000	25,000	(1,500)	-	
7300 · Travel Reimbursements	5,846	6,400	6,400	6,400	6,400	-	-	SM - $50/mo = $600 (A) KG $400/mo = $4800 (F) CMH/LK/JK $80/mo = $960 (A)
Total Transportation & Travel	**33,994**	**37,050**	**30,600**	**34,050**	**34,200**	**(3,000)**	150	
Uniforms								
6021.1 · Boots	1,185	1,500	1,500	1,500	1,500	-	-	$205 X 7 = $1450
6021.3 · T-shirts	504	1,200	1,302	1,500	1,500	300	-	
6021.4 · Jackets	385	360	240	240	240	(120)	-	2 jackets
Total Uniforms	**2,074**	**3,060**	**3,042**	**3,240**	**3,240**	**180**	-	
Utilities								
7320 · Electricity	97,781	90,000	98,500	100,000	100,000	10,000	-	New Provider?
7321 · Propane	3,288	4,000	4,000	4,000	4,000	-	-	
Total Utilities	**101,069**	**94,000**	**102,500**	**104,000**	**104,000**	**10,000**	-	
Total SERVICES & SUPPLIES	**476,895**	**520,930**	**502,606**	**501,025**	**597,841**	**76,911**	96,816	
Total OPERATING EXPENSES	**1,555,633**	**1,631,933**	**1,605,054**	**1,599,246**	**1,715,024**	**83,091**	115,778	
OPERATING SURPLUS/DEFICIT	**$715,875**	**$714,467**	**$823,878**	**$879,571**	**$615,899**	**(98,568)**	(263,672)	
FIXED ASSET EXPENDITURES								
8517 · Field/Office equipment	4,136	1,000						
8573 · Vehicles	0	-	0	50,000	50,000	50,000	-	New vehicle
8511.1 · Tank/Facilities Sites	11,702	21,000	21,000	22,000	9,000	1,000	(13,000)	Replace MIOX chlorine system at MRTP - $12,000 Park Ave Tank Liner - $8.000
8511.6 · Leasehold Improvements	0			-	-	-	-	
Total FIXED ASSET EXPENDITURES	**15,838**	**22,000**	**21,000**	**72,000**	**59,000**	**50,000**	(13,000)	
TRANSFERS TO OTHER FUNDS								
8620.7 · Tfers to CIRF for CDR Revenue	0	245,800	246,550	253,947	253,947	8,147	-	
8620.3 · Tfers to CIRF	220,000	390,000	500,000	500,000	260,000	(130,000)	(240,000)	
8620.5 · Tfers to Building Fund	15,000	15,000	15,000	15,000	15,000	-	-	
8620.2 · Tfers to In-House Constr	25,000	25,000	25,000	25,000	25,000	-	-	
Total TRANSFERS TO OTHER FUNDS	260,000	675,800	786,550	793,947	553,947	(121,854)	(240,000)	
SURPLUS/DEFICIT	**440,037**	**16,667**	**16,328**	**13,625**	**2,953**	**(13,715)**	(10,672)	

CAPITAL BUDGET								
REVENUE/SOURCES OF FUNDS								
Annual Assessment - New Services	18,388	27,000	9,952	27,000	27,000	-	-	
Annual Assessment (County)	709,327	710,000	779,424	710,000	710,000	-	-	
Prior Year Assessment	23,644	40,000	33,833	40,000	40,000	-	-	
Capital Debt Reduction Charge	0	230,000	246,550	253,947	253,947	23,947	-	
Interest	24,165	25,000	19,004	25,000	25,000	-	-	
CDC Grants, CIP 2013	912,863		-	-	-	-	-	
Funds from Reserves			540,000	655,000	695,000		40,000	$975,000 for FY16 CIP
Transfers to CIRF from Operations	220,000	390,000	500,000	500,000	260,000	(130,000)	(240,000)	
Transfers to In-House Constr. from Operatio	25,000	25,000	25,000	25,000	25,000	-	-	
TOTAL REVENUE	**1,933,387**	**1,447,000**	**2,153,763**	**2,235,947**	**2,035,947**	**588,947**	(200,000)	
EXPENSES								
DEBT PAYMENTS								
Gen. Obligation Bonds Payments	682,448	687,000	72,495	72,495	-	(614,505)	(72,495)	No payment in FY15

	FY 12-13 FINAL (CASH)*	FY13-14 BUDGET	FY 13-14 Projected	FY 14-15 BUDGET	REVISED FY 14-15 BUDGET	Difference Rev FY15-FY14 Budgets	Difference FY15-RevFY15 Budgets	FY 14-15 Original notes
Cap One Revenue Bond			583,947	566,508	566,508	566,508	-	
State Loan Payments	170,172	170,300	170,172	170,300	170,300	-	-	
Private Placement Loan	234,013	234,014	234,014	234,014	234,014	-	-	
TOTAL DEBT PAYMENTS	**1,086,633**	**1,091,314**	**1,060,628**	**1,043,317**	**970,822**	(47,997)	(72,495)	
CIP IV-B, Project 2	-11,060	-				-	-	
2013 CIP		-	-			-	-	
2013 CIP Carryover	1,451,921			-		-	-	
2014 CIP Design and Construction Mgmgt	126,626	138,036	138,000			(138,036)	-	
2014 CIP Construction	24,940	835,964	841,000	-		(835,964)	-	
2015 CIP Design and Construction Mgmt	31,470	178,149	75,000	103,149	103,149	(75,000)	-	
2015 CIP Construction		700,000	-	1,060,000	934,197	234,197	(125,803)	based on recent cost estimate; revised based on contract price
2016 CIP Design and Construction Mgmt				175,000	175,000		-	Canyon 1 design expenses in 2015 ($75,000) and CM in 2016
2016 CIP Construction				800,000	800,000		-	Canyon 1
In-House Construction Projects	27,541	25,000	20,000	25,000	25,000	-	-	
Total Capital Expenses	**1,651,438**	**1,877,149**	**1,074,000**	**2,163,149**	**2,037,346**	**160,197**	(125,803)	
TOTAL EXPENSES	**2,738,071**	**2,968,463**	**2,134,628**	**3,206,466**	**3,008,168**	**39,705**	(198,298)	
End of FY15 Accrual Expenses				**2,331,466**	**2,133,168**		(198,298)	Total Expenses minus 2016 CIP Construction and 2016 CIP CM
SURPLUS/DEFICIT	**-804,684**	**-1,521,463**	**19,135**	**-970,520**	**-972,222**		(1,702)	
Net Capital Funding	348,928	347,353	544,463	526,254	348,077	724	(178,177)	=Net Operating Revenues + Assessments +CDRC+Cap Interest-Total Debt Payments
RESERVES AND FUND BALANCES (EOY)								
DISTRICT RESERVES								
Operating Budget Cash Reserve (15% of Operating Expenses	244,790	244,790	239,887	239,887	257,254	12,464	17,367	Revised Title and calculation per Ord 41
Operating Reserve (25% of Operating Expenses)	407,983	407,984	399,812	399,812	428,756	20,772	28,945	Combined per Ord 41
Debt Repayment Reserve (25% of Debt pmt)	272,829	272,829	260,829	260,829	242,706	(30,123)	(18,124)	
Capital Reserve	250,000	250,000	250,000	250,000	250,000	-	-	
Total District Policy	1,175,602	1,175,602	1,150,528	1,150,528	1,178,715	3,113	28,187	
							-	
TOTAL Reserves EOY	**4,371,989**	**3,502,993**	**3,745,006**	**2,887,057**	**2,594,683**	**(908,310)**	(292,374)	Sum of District Funds below
Reserves Above (below) Policy	**3,196,387**	**2,327,391**	**2,594,478**	**1,736,530**	**1,415,968**	**(911,423)**	(320,562)	
ACCRUAL TOTAL Reserves EOY				**3,762,057**	**3,469,683**		(292,374)	Total Reserves Plus Expected 2016 CIP actual 2016 expenses
Accrual Reserves Above (below) Policy				**2,611,530**	**2,290,968**		(320,562)	Reserves Above Policy Plus Expected 2016 CIP actual 2016 expenses
DISTRICT FUNDS								
CIRF (776401, new 7106-0600)	2,232,623	1,725,893	1,997,001	1,144,195	97,033	(1,628,859)	(1,047,161)	
OPERATING RESERVE (776039, new 0300)	396,970	407,984	407,645	404,942	428,756	20,772	23,814	
OPERATIONS (776013, new 0100)	630,624	244,790	244,790	244,790	257,254	12,464	12,464	
CAPITAL AND DEBT POLICY RESERVE (1100)					492,706	492,706	492,706	
IN HOUSE CONSTRUCTION (776211, new 0500)	113,106	113,106	118,106	118,106	118,106	5,000	-	
BUILDING (776021, new 0200)	135,850	150,850	150,850	165,850	165,850	15,000	-	
CAP ONE AND CITIZENS BANK LOAN (new 1200)					800,522	800,522	800,522	new
***FEDERAL* LOANS AND BONDS (776203, new 0400)**	689,303	687,000	656,442	639,003	64,284	(622,716)	(574,719)	No payment in FY 15
STATE LOANS (776500& 776609, new 0700,0900)	173,512	173,370	170,172	170,172	170,172	(3,198)	-	
STATE LOANS RESERVES (776518&776617)	171,370	171,370	171,370	171,370	171,370	-	-	Restricted to last payment for State Loans; not included in Total Reserves