SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: February 2, 2017

SUBJECT: APPROVAL OF RESOLUTION 17-01, MID-YEAR REVISION TO THE FISCAL YEAR 2016-2017 OPERATING AND CAPITAL IMPROVEMENT BUDGET

RECOMMENDED ACTION: Approval of Resolution 17-01 which approves a mid-year revision to the Fiscal Year 2016-2017 (FY17) 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.

The major budget change for this fiscal year has been the decision to split the 2017 CIP (the River Road/Old River Road Project) into 3 phases, self fund all phases of the Project, start Phase 1 in this fiscal year, and forgo the USDA bond for which the District has conditional approval. The approval of the revised 2017-2024 CIP changed our approach for completing the River Road/Old River Road project and the costs for this fiscal year. The adopted FY 17 Budget includes revenue from the USDA Bond and the large expense of the full 2017 CIP project. These revenues and costs are much different than what we are now planning to do and make it difficult to evaluate the progress of our current approach with the 2017 CIP.

Smaller changes are also appropriate for the Capital Budget. These unbudgeted Capital expenses were opportunities that arose after the FY17 Budget was approved:

- The costs of the El Bonita Well Vault sealing ($25,000), which we realized we needed to do early this fall.
- The cost of paying off the smaller State Loan ($81,768 in addition to the reserve account amount).
- The cost of the Private Placement Loan Interest rate reset ($16,350).

We propose no changes in the Operating Budget; there will be differences shown in the Actual vs Budgeted spreadsheets - these differences illuminate the differences unanticipated events cause in our Budget but also allow following the progress of these differences through the year.

In Fund and Loan Balances, fund balance and reserve amounts are changed to reflect the FY 17 Actual Cash balances and the suggested changes. Of note, the District ends the year with Reserves Above Policy well below $1 million ($463,139). This means we will start the next year using Policy Reserves to help fund the first half of our annual debt payments. We will move out of that situation by mid year when water revenues and assessments come in. The FY 2017-2018 Budget will show that happening.

The Exhibit A attached to Resolution 17-01 shows the budget detail of the District's Mid-Year Revised Budget. The proposed revisions are highlighted in yellow and are all in the Capital section of the Budget.

Approving Resolution 17-01 will have no impact on District finances – District funds are what they are. We have decided to do the River Road/Old River Road Project self financed in phases. 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. 17-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT ADOPTING THE REVISED FY 2016-17 OPERATING AND CAPITAL IMPROVEMENT BUDGET

WHEREAS, the Sweetwater Springs Water District Board of Directors adopted the District's FY 2016-2017 (FY17) Budget on May 5, 2016; and

WHEREAS, certain Capital revenues and expenses identified in the approved FY17 Budget have been substantially changed requiring the Capital portion of the Budget be corrected to better reflect actual expected revenues and expenses; and

WHEREAS, revising the District's FY 2016-2017 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 2016-17 Operating and Capital Improvement Budget (Exhibit A) and authorizes the General Manager to submit the attached budget to the Sonoma County Auditor.

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 February 2, 2017, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Tim Lipinski	_____	_____
Rich Holmer	_____	_____
Gaylord Schaap	_____	_____
Pip Marquez de la Plata	_____	_____

_____
Sukey Robb-Wilder
President of the Board of Directors

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

FY 2016-17 OPERATING BUDGET

	FY 14-15 FINAL (CASH)*	FY15-16 BUDGET	FY 15-16 Actual	FY 16-17 BUDGET	FY 16-17 BUDGET REV	Difference FY17-FY16 Budgets	FY 16-17 Original notes
REVENUE							
OPERATING REVENUE							
4031 · Water Bill Revenue							
4031.1. · Capital Debt Reduction Ch	254,854	261,565	261,458	269,302	269,302	7,737	3% rate increase
4031.1. · Water Sales - Base Rate	1,397,015	1,434,921	1,437,538	1,480,664	1,480,664	45,743	3% rate increase
4031.1. · Water Sales - Usage Charges + Other	571,340	587,100	546,963	563,372	563,372	-23,728	Flat sales, 3% increase
4031.1. · Total Water Sales	2,223,209	2,022,021	1,984,501	2,044,036	2,044,036	22,015	
Total OPERATING REVENUE	**2,223,209**	**2,283,586**	**2,245,959**	2,313,338	**2,313,338**	29,752	
NON-OPERATING REVENUE							
4445 · Grant Proceeds	0	0	0		-	-	
1700 · Interest	6,754	7,500	9,142	7,500	7,500	-	
3600 · Construction New Services	13,663	7,000	6,712	7,000	7,000	-	
3601 · Construction Service Upgrades	2,122	2,000	100	2,000	2,000	-	
4032 · Rent	78,455	90,482	99,219	94,346	94,346	3,864	Crystal $1361/mo = $16,322 AT&T $6502/mo = $78,024
4040 · Miscellaneous Income	25,476	1,500	8,891	1,500	1,500	-	USBank CC refunds So. Cty Credit
4117 · SCWA Reimbursement	2,495	2,500	2,495	2,500	2,500	-	
Total NON-OPERATING REVENUE	**128,965**	**110,982**	**126,559**	**114,846**	**114,846**	3,864	
Total Income	**2,352,174**	**2,394,568**	**2,372,518**	**2,428,184**	**2,428,184**	**33,616**	
EXPENSES							
OPERATING EXPENSES							
SALARY & BENEFITS							
Salary							
5910 · Wages	679,152	734,732	783,622	823,000	823,000	88,268	Union MOU includes retirement pay provisions
5912 · Overtime	22,998	31,479	28,379	34,400	34,400	2,921	
5916 · On-Call Pay	30,200	34,083	33,428	37,700	37,700	3,617	
5918 · Extra help - Contract	36,919	36,919	36,907	37,000	37,000	81	
Total Salary	**769,269**	**837,213**	**882,336**	932,100	**932,100**	**94,887**	
Benefits							
5500 · Flex Spending	1,272	0	-296	0	0	-	
5920 · Retirement	114,526	124,311	85,337	84,460	84,460	(39,851)	employees pay employee share
5922 · Payroll Taxes - Employer	14,044	14,438	15,548	16,329	16,329	1,891	
5930 · Health/Dental/Vision/AFL	129,894	145,668	140,619	146,000	146,000	332	
5931 · Retiree health	10,453	7,000	8,140	7,000	7,000	-	
5940 · Workers Comp Insurance	16,939	36,000	31,838	36,000	36,000	-	Year 2 of high rates due to injuries
Total Benefits	**287,128**	**327,417**	**281,186**	289,789	**289,789**	(37,628)	
Total SALARY & BENEFITS	**1,056,397**	**1,164,630**	**1,163,522**	**1,221,889**	**1,221,889**	**57,259**	
SERVICES & SUPPLIES							
Communications							
6040-I · Internet service	1,819	1,800	1,778	1,850	1,850	50	Comcast -$84/month: $1008 GotoMyPC $21.90/mo = $263 Sonic.net $143.7/Qtr. (A) = $575
6040-C · Cell Phones	4,728	4,300	4,417	4,050	4,050	(250)	Verizon $65/mo: $780 Misc parts/holders: $200 Cell phone reimburse $255/mo - $3060
6040-P · Pagers & Radios	642	600	485	620	620	20	American Messaging $35/mo: $420 Misc. parts/batteries: $200
6040-T · Telephones	18,357	19,950	14,670	17,000	17,000	(2,950)	Ans. Service: $2000 Phones: $1,200/mo: $14,400
Total Communications	**25,546**	**26,650**	**21,350**	**23,520**	**23,520**	**(3,130)**	
Insurances							
6101 · Liability & Auto Ins.	31,737	32,200	32,175	32,200	32,200	-	
Total Insurances	**31,737**	**32,200**	**32,175**	**32,200**	**32,200**	**-**	
Maint/Rep - Office & Vehicles				0			

	FY 14-15 FINAL (CASH)*	FY15-16 BUDGET	FY 15-16 Actual	FY 16-17 BUDGET	FY 16-17 BUDGET REV	Difference FY17-FY16 Budgets	FY 16-17 Original notes
6140 · Vehicle Maintenance	25,338	16,000	14,784	18,000	18,000	2,000	
6151 · Office Maintenance	6,220	5,700	5,717	6,200	6,200	500	Alarm System - $130/qtr.=$520 PacketFusion maint. contract - $1500/year The Compute Wizard - $175/mo = $2100/year Copy mach. maint - 1200/yr Call One - $325/yr Landscaping - $300/yr Misc / Other - $250
Total Maint/Rep - Office & Vehicles	**31,558**	**21,700**	**20,501**	**24,200**	**24,200**	2,500	
Maint/Repair - Facilities						-	
6085 · Janitorial Services	7,185	8,140	7,397	8,500	8,500	360	Altech (office Janitorial): $212/mo = $2544 United Site Svces (port-o-lets): $260/mo = $3120 Sunrise Garbage $1600 Sewer - GVTP ($1200)
6100 · SCADA System	33,196	5,000	6,801	5,000	5,000	-	
6180 · Distribution System Repairs	26,352	35,000	12,749	50,000	50,000	15,000	Not accounting for "In- House Const." off-set
6235 · Treatment Sys/Well Repairs	97,275	60,000	53,319	45,000	45,000	(15,000)	estimating (1) well rehab
6143 · Generator Maintenance	2,810	3,500	1,814	2,000	2,000	(1,500)	This is an off-year for the bi-annual maintenace service.
Total Maint/Repair - Facilities	**166,818**	**111,640**	**82,080**	**110,500**	**110,500**	**(1,140)**	
Miscellaneous Expenses							
6280 · Memberships	9,486	9,700	10,076	10,400	10,400	700	USA $165 AWWA $420 CSDA $5700 CUWCC $2600 (reimbursed by SCWA) MR Chamber -$50 RR Chamber - $150 Cal Rural $1100 WCWW $200
6303 · Claims	2,054	1,500	0	1,500	1,500	-	
6593 · Governmental Fees	18,872	20,500	15,772	18,400	18,400	(2,100)	Elections costs: $1,000 Notice of Determination $230 Parcel List $265 LAFCO $6,400 Hazmat $1100 Operator license fees $400 System fees $10,000
Total Miscellaneous Expenses	**30,412**	**31,700**	**25,848**	**30,300**	**30,300**	(1,400)	
Office Expense						-	
6410 · Postage	16,537	16,000	11,403	16,000	16,000	-	Billing (2000 pieces @ $.485 X 12 months) = $11,650 Prop 218 mailing: 4000 X .485 = $1,940 1 extra mailing: 3600 X .485 = $1,750 Other mail
6430 · Printing Expense	5,206	7,500	4,666	7,500	7,500	-	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	3,973	4,000	5,734	4,000	4,000	-	Supplies $3000 Plants/Landscaping $150 Christmas Tree $80 Christmas party $400 Business lunches $75 Paper products/coffee $250
6800 · Subscriptions/Legal Noti	974	1,100	759	1,100	1,100	-	Press Democrat $320 Legal Notices $400 Sonoma West $70 Safety Meeting Outlines $85
6890 · Computers/Software	2,732	3,000	598	3,000	3,000	-	Antivirus softsware $120 Cloud software $70 Misc $400 Quickbooks upgrade $300 3 workstations - $2000 (KG/LK/CMH)

	FY 14-15 FINAL (CASH)*	FY15-16 BUDGET	FY 15-16 Actual	FY 16-17 BUDGET	FY 16-17 BUDGET REV	Difference FY17-FY16 Budgets	FY 16-17 Original notes
6579 · Furniture	0	500	487	500	500	-	
Total Office Expense	**29,422**	**32,100**	**23,646**	32,100	**32,100**	**-**	
Operating Supplies							
6300 · Chemicals	15,617	18,000	10,370	18,500	18,500	500	
6880 · Tools and Equipment	2,938	5,500	3,750	6,000	6,000	500	Pipe locator: $1,000., Cut-off saw $900.
6881 · Safety Equipment	990	1,000	90	1,000	1,000	-	
Total Operating Supplies	**19,545**	**24,500**	**14,210**	**25,500**	**25,500**	**1,000**	
Professional Services				0			
6083 · Laundry Service	2,183	3,400	2,207	3,000	3,000	(400)	Mission $90/2 weeks = $2340
6514 · Lab/Testing Fees	12,245	15,000	13,392	15,000	15,000	-	
6570 · Consultant Fees	22,565	13,000	16,900	18,000	18,000	5,000	IEDA $12,500 Open Spatial (Mapping): $4,200 Computer Wizard (non-maintenance work) $800 Misc. (John Thompson?) -$500
6590 · Engineering	0	-		0		-	
6610 · Legal	15,287	20,000	12,053	20,000	20,000	-	
6630 · Audit/Accounting	34,572	34,500	30,566	34,500	34,500	-	ADP $54/2 weeks = $1300 Authorize.net $500 Auditor $8,000 Harbortouch $16,000 E-check fees = $1200 West America fees $230/mo = $2760 1099 = $175 County Accounting Fees = $700
Total Professional Services	**86,852**	**85,900**	**75,118**	**90,500**	**90,500**	**4,600**	
Rents & Leases							
6820 · Equipment	2,347	2,000	967	2,000	2,000	-	Action rents: $2000
6840 · Building & Warehouse	27,495	28,100	28,045	28,800	28,800	700	2% rent increase: $2,400/mo = $28,800
Total Rents & Leases	**29,842**	**30,100**	**29,012**	**30,800**	**30,800**	**700**	
Transportation & Travel							
7120 · Seminars & related trave	2,898	2,650	702	2,650	2,650	-	JK - $250 LK and CMH - $400 Field: $1500, GM - $500
7201 · Vehicle Gas	19,254	25,000	19,113	23,000	23,000	(2,000)	
7300 · Travel Reimbursements	5,731	6,400	5,606	6,400	6,400	-	SM - $50/mo = $600 (A) KG $400/mo = $4800 (F) CMH/LK/JK $80/mo = $960 (A)
Total Transportation & Travel	**27,883**	**34,050**	**25,421**	**32,050**	**32,050**	**(2,000)**	
Uniforms							
6021.1 · Boots	1,230	1,500	991	1,500	1,500	-	$205 X 7 = $1450
6021.3 · T-shirts	2,250	1,500	352	1,500	1,500	-	
6021.4 · Jackets	0	240	0	240	240	-	2 jackets
Total Uniforms	**3,480**	**3,240**	**1,343**	**3,240**	**3,240**	**-**	
Utilities							
7320 · Electricity	85,748	100,000	87,614	90,000	90,000	(10,000)	
7321 · Propane	2,262	2,000	2,415	3,000	3,000	1,000	
Total Utilities	**88,010**	**102,000**	**90,029**	**93,000**	**93,000**	**(9,000)**	
Total SERVICES & SUPPLIES	**571,105**	**535,780**	**440,732**	**527,910**	**527,910**	**(7,870)**	
Total OPERATING EXPENSES	**1,627,502**	**1,700,410**	**1,604,254**	**1,749,799**	**1,749,799**	**49,389**	
OPERATING SURPLUS/DEFICIT	**$724,672**	**$694,158**	**$768,264**	**678,385**	**$678,385**	**$ (15,773)**	
FIXED ASSET EXPENDITURES							
8517 · Field/Office equipment	8,113	-	3,327				
8573 · Vehicles	35,656	50,000	30,366	45,000	45,000	(5,000)	New vehicle
8511.1 · Tank/Facilities Sites	7,119	22,000	28,940	22,000	22,000	-	Monte Rio Tanks Road - $10,000 Park Ave Tank Liner - $8.000,
8511.6 · Leasehold Improvements					-	-	
Total FIXED ASSET EXPENDITURES	**50,888**	**72,000**	**62,633**	**67,000**	**67,000**	**(5,000)**	
TRANSFERS TO OTHER FUNDS							
8620.7 · Tfers to CIRF for CDR Revenue	253,947	261,565	261,565	270,375	270,375	8,810	
8620.3 · Tfers to CIRF	260,000	320,000	320,000	330,000	330,000	10,000	
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	553,947	621,565	621,565	640,375	640,375	18,810	

	FY 14-15 FINAL (CASH)*	FY15-16 BUDGET	FY 15-16 Actual	FY 16-17 BUDGET	FY 16-17 BUDGET REV	Difference FY17-FY16 Budgets	FY 16-17 Original notes
SURPLUS/DEFICIT	119,837	593	84,066	9,475	9,475	8,882	
CAPITAL BUDGET							
REVENUE/SOURCES OF FUNDS							
Annual Assessment - New Services	52,719	27,000	27,949	27,000	27,000	-	
Annual Assessment (County)	720,216	710,000	722,085	710,000	710,000	-	
Prior Year Assessment	55,059	40,000	25,447	40,000	40,000	-	
Capital Debt Reduction Charge	253,947	261,565	261,565	269,302	269,302	7,737	
Interest	11,995	25,000	8,367	8,000	8,000	(17,000)	Reduced to reflect lower amount and lower interest rates
Funds from Reserves	683,000	630,000	808,385		600,000	(30,000)	No USDA Bond; reserves needed for Phase 1 of 2017 CIP
USDA 2016 Bond				2,100,000			No USDA Bond
Transfers to CIRF from Operations	260,000	320,000	343,184	330,000	330,000	10,000	
Transfers to In-House Constr. from Operatio	25,000	25,000	25,000	25,000	25,000	-	
TOTAL REVENUE	**2,061,936**	**2,038,565**	**2,221,982**	**3,509,302**	**2,009,302**	**(29,263)**	
EXPENSES							
DEBT PAYMENTS							
Gen. Obligation Bonds Payments	0	64,284	64,284	64,284	64,284	-	USDA refinance resolution
Cap One Revenue Bond	566,508	566,508	567,492	566,508	566,508	-	
State Loan Payments	170,172	170,300	170,172	170,300	252,068	81,768	add $81,768 for paying off smaller State loan
Private Placement Loan	234,013	234,014	234,013	234,014	250,364	16,350	add $16,350 for PPL reset costs
TOTAL DEBT PAYMENTS	**970,693**	**1,035,106**	**1,035,961**	**1,035,106**	**1,133,224**	98,118	
2014 CIP Design and Construction Mgmgt	1,234					-	
2014 CIP Construction				-	-		
2014 Mill Street Emergency							
2015 CIP Design and Construction Mgmt		-	-	-	-		
2015 CIP Construction	971,912	-	-				
2016 CIP Design and Construction Mgmt	64,917	135,000	135,000				
2016 CIP Construction		800,000	891,584				Constract Award amount plus encrhmnt permit
2017 CIP Bond Counsel for Financing				50,000		-	Estimated cost of bond counsel for financing
2017 CIP Design and Construction Mgmt		175,000	123,395	157,000	92,000	(83,000)	Design of 2017 CIP in FY16, CM in FY17
2017 CIP Construction		895,400		1,980,000	$732,000	(163,400)	Based on preliminary design costs
2018 CIP Design and Construction Mgmt							No design costs for 2018 CIP
2018 CIP Construction							No costs; Award in FY2018 (Treatment Plant Filter)
El Bonita Well Vault Improvements					25,000	25,000	Contruct seals for well vaults at El Bonita Well Field for flooding prevention; make operational improvements for the well vaults.
In-House Construction Projects	37,463	25,000	36,042	25,000	25,000	-	
Mapping Project	14,811	-				-	
Total Capital Expenses	**1,090,337**	**2,030,400**	**1,186,021**	**2,212,000**	**874,000**	**(1,156,400)**	
TOTAL EXPENSES	**2,061,030**	**3,065,506**	**2,221,982**	**3,247,106**	**2,007,224**	**(1,058,282)**	
End of FY17 Accrual Expenses				**3,247,106**	**2,007,224**		Total Expenses = Accrual Expenses because no FY18 Obligation in FY17
SURPLUS/DEFICIT	**906**	**-1,026,941**	**0**	**263,269**	**2,078**	**1,029,019**	
Net Capital Funding	**503,080**	**349,052**	**436,702**	**359,743**	**260,552**	**(88,500)**	Net Operating Revenues + Assessments +CDRC+Cap Interest-Total Debt Payments
FUND AND LOAN BALANCES (EOY)							
DISTRICT RESERVES AND FUND AND LOAN BALANCES							
Operating Budget Cash Reserve	303,535	255,061	255,061	262,174	262,174	7,113	
Operating Budget Reserve (10%+15% of Operating Exp)	399,812	425,102	425,102	436,956	436,956	11,854	
Debt Repayment Reserve (25% of Debt pmt)	260,829	258,777	258,777	258,777	258,777		
Capital Reserve	250,000	250,000	250,000	250,000	250,000	-	
Total District Policy	1,214,176	1,188,939	1,188,939	1,207,907	1,207,907	18,969	
TOTAL Reserves EOY	**2,988,435**	**2,442,556**	**2,259,513**	**2,495,106**	**1,671,066**	**(771,490)**	
Reserves Above (below) Policy	**1,774,259**	**1,253,616**	**1,070,574**	**1,287,199**	**463,159**	**(790,457)**	
ACCRUAL TOTAL Reserves EOY				2,495,106	**1,671,066**		No FY18 Obligations

	FY 14-15 FINAL (CASH)*	FY15-16 BUDGET	FY 15-16 Actual	FY 16-17 BUDGET	FY 16-17 BUDGET REV	Difference FY17-FY16 Budgets	FY 16-17 Original notes
Accrual Reserves Above (below) Policy				1,287,199	**463,159**		Ditto
DISTRICT FUNDS							
CIRF (7106-0600)	529,149	(85,318)	($247,764)	(37,859)	(825,642)	(740,324)	
OPERATIONS (0100)	399,812	255,061	$324,421	263,943	249,830	(5,231)	
OPERATING RESERVE (0300)	303,535	425,102	$425,102	425,102	425,102	-	
CAPITAL AND DEBT POLICY RESERVE (1100)	510,829	508,777	$510,829	508,777	508,777	-	
IN HOUSE CONSTRUCTION (0500)	104,315	123,106	$93,525	104,315	104,315	(18,791)	
BUILDING (0200)	165,850	180,850	$180,850	195,850	195,850	15,000	
CAP ONE AND CITIZENS BANK LOAN (1200)	804,505	800,522	802,112	800,522	802,112	1,590	
FEDERAL LOANS AND BONDS	-	64,284	-	64,284	64,284	-	Not a fund at the County
STATE LOANS (0700,0900)	170,438	170,172	170,438	170,172	146,438	(23,734)	Smaller loan payed off.
STATE LOANS RESERVES (0800&1000)	171,370	171,370	171,370	171,370	146,739	(24,631)	Not in Total Reserves