ORIGINAL

Sweetwater Springs Water District

To: Board of Directors **Agenda Item No.** V-E

From: Chuck Howell, General Manager **Meeting Date:** April 3, 2008

Subject: Discussion/Action re: Draft FY 2008-09 Budget

Recommended Action: Discussion/Action: Regarding the Draft FY 08-09

Fiscal Impact: Projected Total Incomes of $2,067,764, and Projected total expenses of $2,048,552, and $1,352,300 of Capital Improvement Projects

Discussion: This budget includes a projected 4% COLA, actual COLA information for the year will be available in May, and the budget will be adjusted accordingly once that calculation is received. The rate and fee changes approved by the Board last year have succeeded in ensuring that the District has adequate funds to support this years proposed budget.

I am also making the recommendation that the Board consider delaying for another one-year period of time the scheduled increase of the "Multiple Unit Charge" which is scheduled to increase from the present rate of $25.00 to $43.00 as per Ordinance No. 31. Multiple Unit Charges are to be addressed by the Board during this upcoming year as a part of the Rate Case Review.

Projections for water sales are down slightly from last year based upon current actual usage. The "*highlights*" of the projected budget changes from the previous year are as follows.

- *Water Sales continue their trend of decreasing, FY 2007/08 could turn out to be the lowest sales in District history. I would contribute this downward trend to be an indication of serious conservation efforts of our ratepayers. Only the COLA increases have kept the District solvent during these low water sales years.*

- *Retirement costs are up due in part to the retirement of the General Manager*
- *All costs for insurance are increasing as a part of an upward trend in the Health Care industry.*
- *Interest income is down due to the current interest rates being paid on District investments being less favorable as a result of the economy.*
- *Salaries have increased as a part of the MOU with the bargaining unit, which also caps benefit cost increases.*
- *Auto insurance costs are up despite more favorable rates from our carrier SDRMA.*
- *Treatment and System well repairs are up slightly due to the impact of our scheduled re-habilitation program instituted four years ago.*
- *Postage estimates are up due to postal rate increases, and the anticipated additional postage required as a result of the rate case.*
- *Consulting fees are up due to the continuing rate case, and the Districts efforts to recruit a new GM*
- *There is one new District vehicle scheduled for replacement this year. A typical truck costs the District in excess of $35,000*
- *Chemical expenses are up slightly as a result of higher chemical costs. Better calculations are now available following two years use of the new water treatment facilities.*
- *Gasoline costs are up due to the rising costs of fuel.*
- *County fees are up due to the fact that this is an election year.*
- *Lab and testing fees are down due to more in-house testing, and the results of Staff negotiations with DHS regarding the frequency of required testing. We were able to negotiate the elimination of numerous expensive and redundant tests, which added nothing to the safety of the system.*
- *The transfer of $370 from the "Operating Account" to the CIRF fund.*
- *CIP; Construction of four Mainline Replacement Projects, (Monte Cristo, and the Camino Del Arroyo creek crossing, Riverside, and Guernewood park).*

After receiving Board comments and direction, Staff will prepare the FY 2008-09 budget for presentation and Public Hearing at the May Board Meeting. The budget will then become effective 30 days later.

Staff has reviewed the current charges for fees and services and finds them to be acceptable at the present funding levels.

I would recommend that the Board continue the process of reviewing the "Water Rate Study" to ensure that the Board better understands the remaining inequities in the current rate structure, be better equipped with the information necessary to make future decisions regarding rates and charges.

Board Action: Date: _____ Approved: _____ Denied: _____

Smith _____ Keach _____ Schaap_____ Wikle_____ McLean _____

Modified Accrual Basis

Sweetwater Springs Water District
Operating Budget Comparison
*Net of Depreciation and Retirement Prior Service Cost

	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08 Projected	FY 08-09 BUDGET
REVENUE						
OPERATING REVENUE						
4031 · Water Bill Revenue						
4031.1. · Capital Debt Reduction Charge	0	0	0	170,550	170,500	170,500
4031.1. · Water Sales	1,590,182	1,552,888	1,587,747	1,717,504	1,787,000	1,766,064
Total OPERATING REVENUE	1,590,182	1,552,888	1,587,747	1,891,301	1,957,500	1,936,564
NON-OPERATING REVENUE						
4445 · Grant Proceeds	0	0	35,413	1,633	4,741	0
1700 · Interest	28,610	25,438	41,855	64,948	75,000	50,000
3600 · Construction New Services	21,527	34,801	28,113	26,222	19,233	6,000
3601 · Construction Service Upgrades	0	0	0	0	9,890	8,000
4032 · Rent	127,879	56,078	65,994	61,580	63,540	65,000
4040 · Miscellaneous Income	46,462	21,783	4,481	30,452	2,000	2,200
Total NON-OPERATING REVENUE	224,477	138,100	175,856	184,835	174,404	131,200
Total Income	1,814,659	1,690,988	1,763,603	2,076,136	2,131,904	2,067,764
EXPENSES						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	512,609	524,974	570,657	585,380	545,000	646,120
5912 · Overtime	28,848	33,516	33,128	38,963	33,000	39,200
5916 · On-Call Pay	14,050	13,850	17,900	20,795	20,810	25,784
5918 · Extra help - Contract	39,011	35,640	31,131	53,571	39,709	32,000
Total Salary	594,517	607,980	652,816	698,709	638,519	743,104
Benefits						
5500 · Flex Spending	1,732	-1,377	-2,661	1,333	0	0
5920 · Retirement	100,164	76,027	88,367	84,094	75,194	91,856
5920.1 · Retirement - Prior Service cost	0	114,358	0	0	0	
5922 · Payroll Taxes - Employer Paid	14,798	13,387	15,137	12,360	14,342	13,212
5930 · Health/Dental/Vision/AFLAC Ins.	87,825	99,973	111,256	103,527	109,365	115,535
5940 · Workers Comp Insurance	26,757	48,436	45,678	39,361	29,000	33,108

Modified Accrual Basis

Sweetwater Springs Water District
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	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08 Projected	FY 08-09 BUDGET
Total Benefits	231,276	350,804	257,777	240,674	227,901	253,711
Total SALARY & BENEFITS	825,793	958,784	910,593	939,383	866,420	996,815
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,183	1,495	1,262	1,662	1,600	1,800
6040-C · Cell Phones	2,080	2,954	2,478	2,036	2,800	3,000
6040-LD · Long Distance	563	594	658	660	450	700
6040-P · Pagers & Radios	519	611	746	1,104	700	1,000
6040-T · Telephones	12,361	12,802	10,906	11,788	12,200	15,100
Total Communications	16,706	18,457	16,051	17,250	17,750	21,600
Insurances						
6101 · Gen. Liability	38,132	48,476	50,831	50,206	50,547	53,000
6102 · Auto/Equipment	11,814	9,849	4,638	6,763	10,672	11,200
Total Insurances	49,946	58,325	55,469	56,969	61,219	64,200
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	16,736	9,568	4,624	18,108	9,000	10,000
6151 · Office Maintenance	1,385	1,526	1,207	2,122	1,250	3,850
Total Maint/Rep - Office & Vehicles	18,121	11,094	5,831	20,230	10,250	13,850
Maint/Repair - Facilities						
6085 · Janitorial Services	4,762	4,929	5,444	5,536	5,300	6,200
6180 · Distribution System Repairs	55,455	64,185	63,755	78,421	78,000	70,000
6235 · Treatment Sys/Well Repairs	29,441	73,960	61,404	29,624	30,000	53,000
6143 · Generator Maintenance	5,108	8,772	3,922	903	1,800	600
Total Maint/Repair - Facilities	94,766	151,846	134,525	114,484	115,100	129,800
Miscellaneous Expenses						
6280 · Memberships	7,432	3,211	3,587	3,653	4,000	4,200
6303 · Claims	1,235	774	510	6,847	100	2,500
6593 · Governmental Fees	13,692	6,743	20,405	18,507	5,700	11,000
Total Miscellaneous Expenses	22,360	10,728	24,502	29,008	9,800	17,700

Modified Accrual Basis

Sweetwater Springs Water District
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*Net of Depreciation and Retirement Prior Service Cost

	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08 Projected	FY 08-09 BUDGET
Office Expense						
6410 · Postage	9,228	9,860	11,777	11,985	14,000	17,000
6430 · Printing Expense	3,762	5,783	4,224	5,360	4,600	5,000
6461 · Office Supplies	4,576	4,064	4,279	5,457	4,469	4,000
6800 · Subscriptions/Legal Notices	923	2,351	1,765	1,175	585	1,275
6890 · Computers/Software	1,526	684	220	1,779	3,804	2,500
6579 · Furniture	0	1,059	764	831	0	500
Total Office Expense	20,015	23,802	23,029	26,587	27,458	30,275
Operating Supplies						
6226 · Misc. Operating Supplies	4,630	6,353	0	39	0	0
6300 · Chemicals	16,884	10,326	11,646	4,315	10,500	11,000
6880 · Tools and Equipment	3,693	5,431	7,527	6,509	5,000	5,000
6881 · Safety Equipment	767	470	1,743	1,128	1,700	2,700
Total Operating Supplies	25,974	22,580	20,917	11,991	17,200	18,700
Professional Services						
6083 · Laundry Service	1,898	2,009	2,238	2,384	2,780	1,980
6521 · County charges	3,740	8,650	2,361	6,648	1,700	7,100
6587 · LAFCO charges	0	3,086	2,434	3,161	3,865	4,100
6500 · Specialized Svces - Misc	501	541	664	109	40	2,000
6514 · Lab/Testing Fees	23,271	21,801	14,292	11,673	6,500	7,000
6570 · Consultant Fees	14,209	11,638	10,820	32,719	22,235	50,000
6590 · Engineering	2,465	3,555	13,977	582	3,071	2,000
6591 · Engineering - re Cal Water	0	0	0	0	0	0
6610 · Legal	15,208	14,356	19,209	20,150	17,000	22,000
6630 · Audit/Accounting	29,786	12,138	10,456	10,664	10,843	11,000
Total Professional Services	91,077	77,773	76,451	88,089	68,034	107,180
Rents & Leases						
6820 · Equipment	1,759	531	623	1,441	1,856	3,200
6840 · Building & Warehouse	24,650	27,000	27,000	27,000	27,000	27,000
Total Rents & Leases	26,409	27,531	27,623	28,441	28,856	30,200

Modified Accrual Basis

Sweetwater Springs Water District
Operating Budget Comparison
*Net of Depreciation and Retirement Prior Service Cost

	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08 Projected	FY 08-09 BUDGET
Transportation & Travel						
7120 · Seminars & related travel	3,300	3,589	2,572	4,815	1,100	4,500
7201 · Vehicle Gas	16,840	16,037	21,031	22,120	22,000	31,000
7300 · Travel Reimbursements	11,706	11,372	12,047	12,165	12,350	23,200
Total Transportation & Travel	31,846	30,998	35,649	39,100	35,450	58,700
Uniforms						
6021.1 · Boots	374	814	817	800	1,020	1,300
6021.3 · T-shirts	367	1,161	1,105	1,533	1,137	1,600
6021.4 · Jackets	167	468	252	464	450	900
Total Uniforms	908	2,443	2,175	2,797	2,607	3,800
Utilities						
7320 · Electric and Propane	104,830	93,871	93,008	97,154	89,800	110,032
Total Utilities	104,830	93,871	93,008	97,154	89,800	110,032
Total SERVICES & SUPPLIES	502,959	529,447	515,229	532,100	483,524	606,037
Total OPERATING EXPENSES	1,328,753	1,488,231	1,425,823	1,471,484	1,349,944	1,602,852
OPERATING SURPLUS/DEFICIT	**485,907**	**202,757**	**337,781**	**604,652**	**781,960**	**464,912**
FIXED ASSET EXPENDITURES						
8517 · Field/Office equipment	6,439	0	0	38,955	41,256	1,200
8573 · Vehicles	63,869	0	0	29,432	0	34,500
8570 · Furniture	0	0	0	4,616	0	0
8511.1 · Tank/Facilities Sites	0	2,207	0	3,797	0	0
8511.6 · Leasehold Improvements	0	0	0	7,141	0	0
8511.4 · Warehouse Improvements	3,972	0	0	0	0	0
Total FIXED ASSET EXPENDITURES	74,280	2,207	0	83,941	41,256	35,700
TRANSFERS TO OTHER FUNDS						

Modified Accrual Basis

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Operating Budget Comparison
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	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08 Projected	FY 08-09 BUDGET
8620.3 · Tfers to CIRF	170,500	168,000	170,600	240,500	440,500	370,000
8620.4 · Tfers to Operating Reserves	200,000	0	0	0		0
8620.5 · Tfers to Building Fund	15,000	15,000	15,000	15,000	15,000	15,000
8620.2 · Tfers to In-House Constr	70,000	70,000	70,000	20,000	25,000	25,000
Total TRANSFERS TO OTHER FUNDS	455,500	253,000	255,600	275,500	480,500	410,000
DISASTER EXPENSE						
5141 · Disaster Wages - Staff	0	0	7,282	0	0	0
7895 · Disaster Costs - Svces/Supplies	0	0	14,863	0	0	0
Total DISASTER EXPENSE	0	0	22,145	0	0	0
SURPLUS/DEFICIT	**-43,873**	**-52,450**	**60,036**	**245,211**	**260,204**	**19,212**

Cash Basis

Sweetwater Springs Water District
Capital Improvement Budget
FY 2008-09

	FY 05-06	FY 06-07	FY 07-08 Projected	FY 08-09 BUDGET
REVENUE				
Annual Assessment - New Services	26,850	23,195	28,575	27,000
Annual Assessment (County)	714,681	713,394	713,000	710,000
Prior Year Assessment	10,393	26,815	16,000	40,000
Interest	50,706	67,128	61,000	60,000
Federal Grants	27,246	58,911	153,712	
County Reimb. for FEMA Viaduct Project	0	0	0	51,483
Cal Trans Reimb. For Culvert Project	0	0	0	35,000
CDC Grants	0	0	0	983,500
Private Placement Funding (Loan proceeds)	0	0	0	3,000,000
Transfers to CIRF from Operations	0	70,000	440,500	370,000
Transfers to State Loans from Operations	170,600	170,500	0	0
Transfers to In-House Constr. from Operations	70,000	20,000	25,000	25,000
TOTAL REVENUE	1,070,476	1,149,943	1,437,787	5,301,983
EXPENSES				
Gen. Obligation Bonds Payments	682,339	687,000	682,000	687,000
State Loan Payments	170,300	170,149	170,300	170,300
Private Placement Loan				185,000
Guerne Way Improvements	27,228			
Tank/Facilities Improvements	3,779			
Hwy. 116 ("S"Curves" Main Repl. And MRTP Bottleneck Pipe Replacement		243,462	31,778	
Hwy. 116 main relocation - Cal Trans Culvert Project			35,000	
Monte Vista main relocation - County FEMA Viaduct Project			51,843	
CIP III	27,246	92,736	35,000	35,000
CIP IV-A			4,085	200,000
Crespo Tank Replacement Project			48,438	
In-House Construction Projects			12,000	75,000
TOTAL EXPENSES	910,892	1,193,347	1,070,444	1,352,300
SURPLUS/DEFICIT	159,584	-43,404	367,343	3,949,683
Approx. CIRF Balance at FYE (after tfer of next year's bond payments):	669,763.00	552,347.00	923,000.00	4,922,183.00
Approx. FED CONSTRUCTION Balance at FYE:	3,594.00	3,740.00	0.00	0.00
Approx. IN-HOUSE CONSTR. Balance at FYE:	160,289.00	126,012.00	139,000.00	89,000.00