SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: February 3, 2011

SUBJECT: APPROVAL OF RESOLUTION 11-05, MID-YEAR REVISION TO THE FISCAL YEAR 2010-2011 OPERATING AND CAPITAL IMPROVEMENT BUDGET

RECOMMENDED ACTION: Approval of Resolution 11-05 which approves a mid-year revision to the FY11 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 issue for this fiscal year is the 2012 CIP. Staff recognized early on that design costs for that project should have been included. Once design got started it became apparent that a preferred starting date for construction would be in June 2011 prior to the FY12 fiscal year. Because the contract will be awarded most likely in May and this implies obligation of the entire construction cost (even though most of the actual invoices will be paid in FY12) it is appropriate to include estimated 2012 CIP costs in the FY11 Budget.

The only other Capital Budget change is the zeroing out of the Private Placement Loan. Those funds are completely expended because of the District practice of using PPL funds to pay invoices for CIP projects. These projects are being supported by grants from RRROC/RDA which funds are reimbursed after the invoices have been paid. Funds from RDA are deposited in the CIRF. There is no effect on total District fund balances.

There are two small changes to the Operating Budget related to the agreement with the Sonoma County Water Agency which provides funding for California Urban Water Conservation Coalition (CUWCC) and $10,000 for toilet rebates. The revenue from that agreement will show up in Miscellaneous Income; expenses will come out of Memberships (CUWCC) and credits from Water Sales Revenues (rebates).

The Exhibit A attached to Resolution 11-05 shows the Capital portion of the District's Mid-Year Revised Budget. The proposed revisions are highlighted in yellow. The Operating Budget was not shown because of the relatively small changes.

Approving Resolution 11-05 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.

Resolution No. 11-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT ADOPTING THE REVISED FY 2010-11 OPERATING AND CAPITAL IMPROVEMENT BUDGET

WHEREAS, the Sweetwater Springs Water District Board of Directors adopted the District's FY 2010-2011 Budget on May 6, 2010; and

WHEREAS, expenses for the 2012 CIP have occurred and will occur during FY 11 ; and these expenses have been or will be approved by the Board of Directors, as shown in Exhibit A; and

WHEREAS, the District has recently approved an agreement with the Sonoma County Water Agency (SCWA) which will bring unanticipated revenues to the District in FY 11; and

WHEREAS, revising the District's FY 2010-2011 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 2010-11 Operating and Capital Improvement Budget 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 3, 2011, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Jim Quigley	_____	_____
Wanda Smith	_____	_____
Gaylord Schaap	_____	_____
Victoria Wikle	_____	_____

_____
Jim Quigley
President of the Board of Directors

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

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
REVISED CAPITAL BUDGET, 2010-2011

	A	B	C	D	E	F	G	H	I
129					**Exhibit A**	**09-10 REVISED**	**FY 10-11 BUDGET**	**FY 10-11 Mid-Year Revision**	**NOTES**
130	**CAPITAL BUDGET**								
131	**REVENUE/SOURCES OF FUNDS**								
132		**Annual Assessment - New Services**				27,000	27,000	27,000	
133		**Annual Assessment (County)**				710,000	710,000	710,000	
134		**Prior Year Assessment**				40,000	40,000	40,000	
135		**Capital Debt Reduction Charge**				252,426	227,000	227,000	
136		**Interest**				95,000	60,000	60,000	
137		**Federal Grants**				0			
138		**Neeley Road Slide claim reimbursement**							
139		**County Reimb. for FEMA Viaduct Project**							
140		**Cal Trans Reimb. For Culvert Project**							
141		**CDC Grants, CIP IV-A, Projects 1 and 2**							
142		**CDC Grants, CIP IV-A FY09 Carryover**				437,720			
143		**CDC Grants, CIP IV-B, Project 1**				899,250			
144		**CDC Grants, CIP IV-B, Project 2**				30,000	1,065,000	1,065,000	
145		**Private Placement Funding (Carryover)**				222,945			
146		**Private Placement Funding (CIP IV-B)**				438,750	440,000	1,205,560	PPL was totally spent reimbursing CIP expenses
147		**Transfers to CIRF from Operations**				280,000	240,000	240,000	
148		**Transfers to State Loans from Operations**							
149		**Transfers to In-House Constr. from Operations**				25,000	25,000	25,000	
150		**TOTAL REVENUE**				**3,458,091**	**2,834,000**	**3,599,560**	
151									
152	**EXPENSES**								
153		**DEBT PAYMENTS**							
154		**Gen. Obligation Bonds Payments**				687,000	687,000	687,000	
155		**State Loan Payments**				170,300	170,300	170,300	
156		**Loan to Neeley Road Slide claim**							
157		**Private Placement Loan**				234,014	234,014	234,014	
158		**TOTAL DEBT PAYMENTS**				**1,091,314**	**1,091,314**	**1,091,314**	
159									
160		**Guerne Way Improvements**							
161		**Tank/Facilities Improvements**							

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
REVISED CAPITAL BUDGET, 2010-2011

	A	B	C	D	E	F	G	H	I
162		**Hwy. 116 ("S"Curves" Main Repl. And MRTP Bottleneck Pipe Replacement**							
163		**CIP III**				50,000	85,000	85,000	
164		**CIP IV-A**							
165		**CIP IV-A, FY09 Carryover**				660,665			
166		**CIP IV-B, Project 1**				1,328,000			
167		**CIP IV-B, Project 2**				40,000	1,475,000	1,475,000	
168		**2012 CIP**						1,264,532	New Line - Coastland Contract Amount ($170,532); Estimated Construction Project Costs obligated in FY11
169		**Crespo Tank Replacement Project**							
170		**In-House Construction Projects**				40,000	40,000	40,000	
171			**Total Capital Expenses**			2,118,665	1,600,000	2,864,532	
172		**TOTAL EXPENSES**				**3,209,979**	**2,691,314**	**3,955,846**	
173		**SURPLUS/DEFICIT**				**248,112**	**142,686**	**-356,286**	2012 CIP obligated in FY11 but will be mostly spent in FY12
174									
175	**FUND AND LOAN BALANCES (EOY)**								
176	**DISTRICT RESERVES AND FUND AND LOAN BALANCES**								
177		**Operating Balance**				200,000	200,000	200,000	
178		**Budget Reserve (10% of Operating Exp)**				158,770	158,788	158,788	
179		**Economic Reserve (15% of Operating Exp)**				238,155	238,182	238,182	
180		**Debt Repayment Reserve (15% of Debt pmt)**				238,155	238,182	238,182	
181		**Capital Reserve**				250,000	250,000	250,000	
182	**Total District Policy**					1,085,081	1,085,152	1,085,152	
183	**TOTAL Reserves EOY**					**3,652,274**	**3,821,553**	**3,878,338**	
184	**Reserves Above (below) Policy**					**2,567,193**	**2,736,401**	**2,793,186**	
185									
186	**DISTRICT FUNDS**								
187		**CIRF**				1,839,241	2,394,998	2,451,783	Reflects obligation for 2012 CIP in FY11
188		**OPERATING RESERVE**				225,000	396,970	396,970	
189		**OPERATIONS**				788,542	200,000	200,000	
190		**CD**				601,884	631,978	631,978	
191		**IN HOUSE CONSTRUCTION**				106,757	91,757	91,757	
192		**BUILDING**				90,850	105,850	105,850	
193									
194									

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REVISED CAPITAL BUDGET, 2010-2011

	A	B	C	D	E	F	G	H	I
195	**DISTRICT LOANS**								
196		**PPL**				1,205,560	765,560	-	Reflects actual spending down of PPL to pay CIP expenses prior to reimbursement from the CDC