SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: May 5, 2011

SUBJECT: APPROVAL OF FISCAL YEAR 2011-2012 OPERATING AND CAPITAL IMPROVEMENT BUDGET

RECOMMENDED ACTION: A. Hold a public hearing on the proposed Fiscal Year 2011-2012 (FY12) Budget;
B. Consider approval of Resolution 11-10 which approves the FY12 Budget

FISCAL IMPACT: The FY12 Budget includes sources of funds, which are total revenues of $3.5 million plus projected use of reserves of $682,000, and expenses of $4.2 million. The projected end of year Reserves Above Policy amount is $1.16 million.

DISCUSSION:

The FY 12 Budget agenda report comes with several attachments:

- FY 12 Budget Report
- Resolution 11-10 which approves the FY12 Budget
- Exhibit A. FY 12 Detailed Budget which is the line item budget document with complete budget detail.

The Draft FY12 Budget was first presented and discussed at the March Board Meeting with a followup discussion at the April Board Meeting. The Draft Budget came with several assumptions/results:

- Base Rate and Water Usage Charges are increased by 3%; no Capital Debt Reduction Charge (CDRC) increase.
- The trend of lower water sales will continue in FY12, the revenue from the CDRC has been revised to match FY11 actual, and lower interest is expected, which results in less revenue in the Operating Budget (approximately $5,000 less than budgeted in FY11).
- Salaries are increased to match the recently approved Memorandum of Understanding and contracts for nonrepresented employees.

- There is a one-time payment of $243,000 for the CalPERS Side Fund. The District is being charged 7.75% interest on that fund and funds are available to pay it off.
- Supplies and Services were scrutinized to reflect actual expected costs and are down approximately $50,000.
- A notable change from last year's Budget and the earlier draft Budget for this year is the contract with IEDA (the District's labor negotiator) which in the FY11 Budget had an annual cost of approximately $10,000. In the Draft Budget presented at the March 2011 Meeting, staff proposed terminating the contract. Discussions with IEDA have resulted in a proposal for similar services for $2,000 per year which reflects the recognition of less frequently needed services with a recently negotiated contract. Staff recommend making this change and have included this amount in the FY 2012 Budget.
- Other changes to the Draft Budget are additional corrections to line item 6570 Consultant Fees which increased it to $4,300 (from $1,000) and addition of $1,000 to 6630 Audit/Accounting to reflect higher accounting fees from Sonoma County.
- The transfer to the Capital Improvement Reserve Fund (CIRF) is only $40,000 ($200,000 less than FY11) which reflects the one-time payment for the CalPERS Side Fund.

With the Capital section of the Budget, comparisons between FY12 and FY11 are less meaningful because completely different capital projects are undertaken from year to year. The major highlight of the FY12 Budget is the FY 2012 CIP which includes funding from the Sonoma County Community Redevelopment Agency (CRDA), supported by the Russian River Redevelopment Oversight Committee (RRROC). The FY 2013 CIP is also included in this budget because funds for this project will likely be obligated in May or June 2012, during this budget year. The expense of the FY 2013 CIP is not included in Figure 2 of the Budget report because only a small fraction of the FY 2013 CIP expenses will be expended in FY 12 (design costs) and there will be little reimbursement from the CDC.

District Reserves

The FY12 Budget includes the District Reserve Policy approved in September 2009.

- Budget Reserve – a reserve based on 10% of the Operating Budget expenses for emergencies, such as a natural disaster.
- Economic Reserve – 15% of the Operating Budget expenses for economic downturn or other economic crisis.
- Debt Repayment Reserve - 25% of all payments for principal and interest on all District loans to ensure funding is available to repay existing District debt.
- Capital Reserve – 25% of the nominal Capital Budget of $1 million for similar issues with the capital program.

The FY12 Budget shows a Policy Reserve of $1,189,564 and Reserves Above District Policy at the end of the year are $1,156,324. This is a substantial decrease from the prior year, but it must be remembered that Capital Expenses include the FY 2013 CIP cost of $1,299,000 which is not offset by the corresponding, expected 75% CDC/RRROC Grant.

In summary, the FY12 Budget shows a funding plan will allow the District to accomplish its mission of providing good quality water to District customers, fund a major capital improvement project, and end the year in good financial shape.

Resolution No. 11-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT ADOPTING THE FY 2011-12 OPERATING AND CAPITAL IMPROVEMENT BUDGET

BE IT RESOLVED, that the Board of Directors of the Sweetwater Springs Water District hereby adopts the attached FY 2011-12 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 May 5, 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

Sweetwater Springs Water District

Annual Operating & Capital Improvement Budget

2011-12 Fiscal Year

(For the period July 1, 2011 - June 30, 2012)

Board of Directors

Jim Quigley, President
Gaylord Schaap, Vice President
Sukey Robb-Wilder, Financial Coordinator
Wanda Smith
Victoria Wikle

General Manager
Steve Mack

Sweetwater Springs Water District
Annual Operating & Capital Improvement Budget
2011-12 Fiscal Year

Summary

Table 1 is a summary of the FY12 Budget which is described and shown in detail in the following pages. The FY12 Budget is similar in form to last year's budget. Major changes include 3% increases for the Base Rate and Water Usage Charges and inclusion of revenue from the Sonoma County Community Redevelopment Agency (CRDA)/Russian River Redevelopment Oversight Committee (RRROC) for the FY 2012 CIP capital projects.

Table 1. Sweetwater Springs Water District FY 12 Budget Summary

May 5, 2011	FY 09-10 FINAL (CASH)	10-11 BUDGET	10-11 REVISED	FY 10-11 Projected	FY 11-12 BUDGET	Difference FY12-FY11
OPERATING BUDGET						
Water Bill Revenue	2,012,339	1,997,000	1,997,000	1,982,000	2,030,250	33,250
Other Revenue	127,912	119,200	129,808	114,981	121,700	(8,108)
Total Income	2,140,251	2,116,200	2,126,808	2,096,981	2,151,950	25,142
EXPENSES						
Total SALARY & BENEFITS	1,024,704	1,051,800	1,051,800	1,026,621	1,358,520	306,720
Total SERVICES & SUPPLIES	511,277	536,080	536,080	486,183	490,390	(45,690)
Total OPERATING EXPENSES	1,535,981	1,587,880	1,587,880	1,512,804	1,848,910	261,030
OPERATING SURPLUS/DEFICIT	$604,270	$528,320	$538,928	$584,177	$303,040	(235,888)
Total FIXED ASSET EXPENDITURES	10,507	1,050	1,050	4,873	3,500	2,450
Total TRANSFERS TO OTHER FUNDS	572,426	507,000	507,000	507,000	296,000	(211,000)
Total Expenses and Transfers	2,118,914	2,095,930	2,095,930	2,024,677	2,148,410	52,480
SURPLUS/DEFICIT	21,337	20,270	30,878	72,304	3,540	(27,338)
CAPITAL BUDGET						
REVENUE/SOURCES OF FUNDS						
ASSESSMENTS	745,328	777,000	777,000	815,000	777,000	-
Interest	34,027	60,000	60,000	25,000	25,000	(35,000)
TRANSFERS FROM OPERATIONS	557,426	492,000	492,000	481,000	281,000	(211,000)
GRANTS AND REIMBURSEMENTS	740,892	1,065,000	1,606,724	1,606,724	563,250	(1,043,474)
PRIVATE PLACEMENT LOAN	958,118	440,000	1,205,560	550,249	0	(1,205,560)
TOTAL REVENUE	3,035,791	2,834,000	4,141,284	3,477,973	2,346,703	(1,794,581)
EXPENSES						
TOTAL DEBT PAYMENTS	1,091,314	1,091,314	1,091,314	1,091,314	1,091,314	-
CAPITAL EXPENSES	1,158,608	1,600,000	3,586,830	2,117,281	2,527,532	(1,059,298)
TOTAL EXPENSES	2,249,922	2,691,314	4,678,144	3,208,595	3,618,846	(1,059,298)
SURPLUS/DEFICIT	785,870	142,686	(536,860)	269,378	(1,272,143)	(735,283)
FUND AND LOAN BALANCES (EOY)						
Total District Policy	1,085,081	1,085,152	1,085,152	1,085,152	1,189,564	104,412
TOTAL Reserves EOY	3,652,274	3,821,553	3,687,764	3,531,174	2,345,888	(1,341,877)
Reserves Above (below) Policy	2,567,193	2,736,401	2,602,612	2,446,022	1,156,324	(1,446,289)

Summary of FY12 Revenues and Expenses. Figures 1 and 2 respectively show District FY 12 sources of funds and expenses. Note that sources of funds are enhanced by approximately $500,000 from the CRDA/RRROC Grant and Salaries expense is increased by a one-time payment of $240,000 for retirement expenses. Approximately 16% of the sources of funds is from District Reserves for capital improvements.

Figure 1. FY 2012 Sources of Funds
Total = $3.5 Million Revenues + $682,000 Reserves

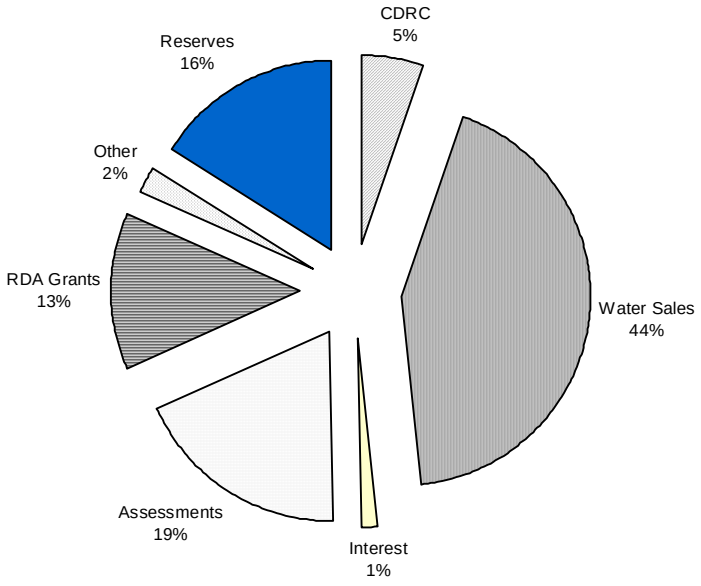
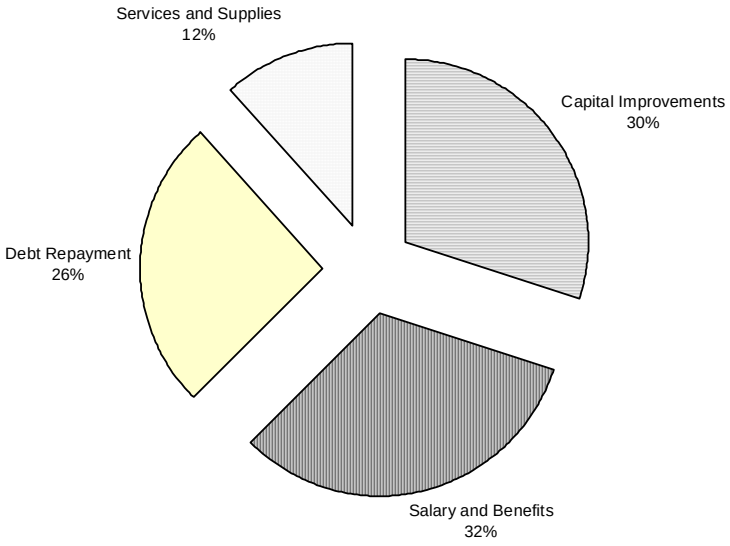


Figure 2. FY 2012 Expenses
Total = $4.2 Million



2011-12 Fiscal Year (FY12) Budget

The annual budget of the Sweetwater Springs Water District (SSWD) allows the District to accomplish its mission which is to provide its customers with quality water and service in an open, accountable, and cost-effective manner and to manage District resources for the benefit of the community and environment. The District achieves its mission of producing good quality water by pumping Russian River underflow from five wells – 3 located at the Guerneville El Bonita well site and 2 located at the Monte Rio well site. That water is then treated in two separate treatment facilities at the Highlands site for Guerneville and at the Monte Rio well site and distributed through approximately 85 miles of distribution pipes and stored in 26 tanks and reservoirs. This system is managed and its operation administered by the District staff of 10 full time employees. The District has an aggressive capital improvement program aimed at maintaining and improving the capital infrastructure to deliver high quality water, reduce system water losses, and maintain adequate system pressure and fireflow. The annual budget identifies the revenues and expenses that accomplish these tasks.

The FY 12 Budget follows the format established in prior years and includes a 3% increase to the Base Rate and Water Usage Charges. There is no change to the Capital Debt Reduction Charge.

3% increase to the Base Rate and Water Usage Charges: Most of the revenues for the FY12 Budget come from water rates paid in bimonthly bills by District customers (Figure 1). District staff did a comprehensive multi-year analysis to show that with small annual increases in rates, the District can develop sustainable funding for needed capital projects to maintain District facilities once the current catch up capital improvement program is completed. The financial analysis showed that annual 3% increases will build into $500,000 available annually for capital projects. More information on the District's water rates and a water rate calculator can be found on the District's website at www.sweetwatersprings.com**.**

FY 2012 CIP and FY 2013 CIP (Table 2): The FY12 Capital Budget includes CIP IV-B, Project 2, which is replacement of approximately 3,100 lf of existing main and appurtenances Western, Eastern and Northern Avenues and Orchard Lane and installation of 1,000 lf of new 8–inch main and appurtenances on Foothill Drive in Monte Rio from B Street northwesterly to end of existing 8–inch main and make connection to other side of Foothill where section of road is closed to through traffic. The Foothill Drive project is being supported by approximately $500,000 from the RRROC/CRDA. The Western, Eastern and Northern Avenue project is outside the Russian River Redevelopment Area and is not eligible for support.

The FY12 Budget also includes the obligation for funding the FY 2013 CIP, replacement of approximately 1760 ft of main line, 22 services, on Starrett Hill Road in Monte Rio; replacement of approximately 1440 ft of main line, 24 services, in Lovers Lane in Guernewood Park; replacement of approximately 1,375 ft of main line, 17 services, on Middle Terrace in Monte Rio; and elimination of dead end mains and creation of loops by installing 1,950 lf of new main and appurtenances in Canyon Seven Rd between

Sequoia Rd and Paradise Ln in Rio Nido, which is estimated to cost approximately $1.3 million. This expense is included in the FY12 Budget because it will be obligated in May or June of the fiscal year. However most of the expense will occur in FY13.

District Reserve Policy: A formal District Reserve Policy was approved in September 2009. The Reserve Policy allows the District to gauge its financial health and adequately plan for its future and allows ratepayers to follow this planning. The District Reserve Policy has the following components:

- Budget Reserve – a reserve based on 10% of the Operating Budget expenses for emergencies, such as a natural disaster.
- Economic Reserve – 15% of the Operating Budget expenses for economic downturn or other economic crisis.
- Debt Repayment Reserve - 25% of all payments for principal and interest on all District loans to ensure funding is available to repay existing District debt.
- Capital Reserve – 25% of the nominal Capital Budget of $1 million for similar issues with the capital program.

The sum of all district funds is shown in the budget as Total Reserves End of Year (EOY). This is the sum of the District discretionary funds, listed in the budget, minus $200,000 cash balance for operating purposes, at the end of the year. The difference between Total Reserves EOY and Total District Policy Reserves is Reserves Above District Policy. The District goal is to keep this number positive. The amount above the District Policy Reserve is the amount the District has for future capital projects. The Reserves Above District Policy is a good measure of where we are in funding an ongoing capital program.

Other Financial Assumptions/Highlights of the FY12 Budget include:

- Less water will be sold in FY12 – our assumption is that a 3% rate increase will result in a 2.5% revenue increase in water sales.
- Salaries are increased to match the recently approved Memorandum of Understanding and contracts for nonrepresented employees.
- There is a one-time payment of $243,000 for the CalPERS Side Fund. The District is being charged 7.75% interest on that fund and funds are available to pay it off.
- Supplies and Services were scrutinized to reflect actual expected costs and are down approximately $50,000. A notable change is reducing the contract with IEDA, the labor negotiations consultant to $2,000 (from approximately $10,000).
- The transfer to the Capital Improvement Reserve Fund (CIRF) is only $40,000 to reflect the one-time payment for the CalPERS Side Fund.
- District Revenues are not sufficient to sustain annual capital improvements on the scale funded in FY12. The CRDA/RRROC $1.5 million grant is a big assist for the FY 12 and FY 13 CIP, but an additional $2.5 million in assistance is needed to complete the 2012-2018 CIP.

Line Item Highlights of the FY12 Budget:

<u>The FY12 Operating Budget provides for ongoing costs consistent with previous years' expenditures, except where identified below.</u>

The operating budget encompasses the "expenditures related to the operation, maintenance and repair of water facilities", as well as the billing, collections, accounting, fiscal management and other overall administration.

Water Bill Revenue line items have been adjusted to reflect the 3% increases in the Base Rate and Water Usage Charges and slightly reduced water sales. **Capital Debt Reduction Charge** (CDRC) revenue has been reduced to reflect the actual revenue produced in FY11 as there is no change in the charge. Operating interest is reduced to reflect continuing lower interest on deposited funds.

Under **Expenses, Wages** are up approximately $33,000 to reflect the salary and benefit changes from the Memorandum of Understanding with represented District Employees and renewed contracts with nonrepresented employees. **Benefits** are much higher than in FY11 reflecting a one-time expense of $243,000 to pay off the District's CalPERS Side Fund. Wages and Benefits are a major District expense – 74% of the FY12 Operating Budget expenses.

Total Supplies and Services are lower than the FY11 approved budget, and slightly less than the midyear projection. There are small increases in several line items to reflect higher costs, but savings in others. **Office Maintenance** is similar to FY11 reflecting the adjustment to the current computer maintenance cost. **Maintenance/Repair – Facilities** is a big cost item in Supplies and Services and has been reduced substantially to reflect expected costs in FY12. **Governmental Fees** has been reduced to reflect expected costs – they were adjusted upward in FY11. **Professional Services** continues to decrease to reflect staff's ability to keep consultants' costs down. **Electric and Propane**, has been split into two line items as they are big cost centers which cost move due to different causes – propane is a commodity; electricity costs change more slowly.

Fixed Asset Expenditures are a little lower than the FY11 level which is lower than historical amounts, because the District is not expecting to replace a vehicle in FY11. The expense for roofing the Monte Rio treatment building is included.

The Operating Budget has a surplus of approximately $303,000 which is transferred as revenue to the Capital Improvement Budget as Capital Improvement Reserve Fund (CIRF), Building Fund, In-House Construction Fund, and CDRC revenue. This is lower than FY11 because of the one-time $243,000 expense to pay off the CalPERS Side Fund.

The FY12 Capital Budget major expenses are the FY 2012 (estimated cost $1.35 million)and FY 2013 CIP (estimated cost $1.3 million), described above and in Table 2.

Capital Interest revenue is estimated conservatively to reflect expected continuing low interest rates this coming year.

Capital Debt is a major expense item – approximately $1.1 million and 26% of total District annual expenses. District Capital Debt includes:

- General Obligation Bonds – $12 million in bonds that were approved to purchase the District and make needed capital improvements. Paid off in 2032. Annual payment - $684,000.
- State Loans - two loans for approximately $3 million which were approved in 1995-6 for needed improvements. Paid off in 2021-2. Annual payment - $170,168.50.
- Private Placement Loan. $3 million loan acquired in 2008 for needed capital improvements. Paid off in 2028. Annual payment - $234,012.

FY 2012 and FY 2013 CIP have funding assistance from the RDA/RRROC grant (Table 2).

The Private Placement Loan of $3 million acquired in September 2008 has been completed expended funding District capital projects (CIP IV-A and CIP IV-B).

District Reserves and Funds and Loan Balances show the District's continuing healthy financial picture.

As discussed above reserve balances are a good measure of the health of the District's finances. For FY12, District Policy Reserves are at $1,189,564 and Reserves Above District Policy at the end of the year are $1,156,324**.**

Table 2. Sweetwater Springs Water District 2012-2013 Capital Improvement Program (CIP)		
Year	Projects	Estimated Cost
2012		
	Western, Eastern and Northern Avenues and Orchard Lane (GV) - Replace 3,100 lf of existing main and appurtenances. (outside Russian River Redevelopment Area, funding assistance not requested)	$684,000
	Foothill Drive (MR) – Install 1,000 lf of new 8 – inch main and appurtenances from B Street northwesterly to end of existing 8 – inch main and make connection to other side of Foothill where section of road is closed to through traffic.	$671,000
	2012 Total	**$1,355,000**
	75% FY 2012 CIP CRDA Funding Request (Foothill Drive portion only)	**$503,250**
2013		
	Starrett Hill Road (MR) Replace approximately 1760 ft of main line, 22 services.	$380,000
	Lovers Lane (GV) Replace approximately 1440 ft of main line, 24 services.	$300,000
	Middle Terrace (MR) Replace approximately 1,375 ft of main line, 17 services.	$290,000
	Canyon Seven Rd (GV) – Eliminate dead end mains and create loops by installing 1,950 lf of new main and appurtenances in Canyon Seven Rd between Sequoia Rd and Paradise Ln.	$329,000
	2013 Total	**$1,299,000**
	75% FY 2013 CIP CRDA Funding Request	**$974,250**
	Total 2012-2013 CIP Cost Estimate	**$2,654,000**
	Total CRDA Funding Request	**$1,477,500**

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
OPERATING AND CAPITAL BUDGET, 2011-2012

OPERATING BUDGET	FY 09-10 FINAL (CASH)	10-11 BUDGET	10-11 REVISED	FY 10-11 Projected	FY 11-12 BUDGET	Difference FY12-FY11	NOTES FOR THIS YEAR
REVENUE							
OPERATING REVENUE							
4031 · Water Bill Revenue							
4031.1. · Capital Debt Reduction (	215,928	227,000	227,000	212,000	216,000	(11,000)	
4031.1. · Water Sales	1,796,411	1,770,000	1,770,000	1,770,000	1,814,250	44,250	2.5% increase to reflect 3% rate increase - won't realize full amount
Total OPERATING REVENUE	**2,012,339**	**1,997,000**	**1,997,000**	**1,982,000**	**2,030,250**	33,250	
NON-OPERATING REVENUE							
4445 · Grant Proceeds	0	0	0	0	-	-	
1700 · Interest	40,332	40,000	40,000	37,000	35,000	(5,000)	Don't see interest rates going up
3600 · Construction New Services	3,293	5,000	5,000	2,873	5,000	-	
3601 · Construction Service Upgrade	2,304	2,000	2,000	2,000	2,000	-	
4032 · Rent	77,869	70,000	70,000	60,000	65,000	(5,000)	Reflects some missed Crystal payments.
4040 · Miscellaneous Income	4,114	2,200	2,200	2,500	2,200	-	
4117 · SCWA Reimbursement			10,608	10,608	12,500	1,892	$10,000 rebates, $2500 CUWCC
Total NON-OPERATING REVENUE	**127,912**	**119,200**	**129,808**	**114,981**	**121,700**	(8,108)	
Total Income	2,140,251	2,116,200	2,126,808	2,096,981	2,151,950	25,142	
EXPENSES							
OPERATING EXPENSES							
SALARY & BENEFITS							
Salary							
5910 · Wages	690,858	702,200	702,200	692,400	735,285	33,085	MOU, nonrepresented contracts
5912 · Overtime	24,900	33,000	33,000	32,000	29,848	(3,152)	
5916 · On-Call Pay	26,955	26,500	26,500	26,610	33,090	6,590	
5918 · Extra help - Contract	33,899	33,500	33,500	33,400	$ 37,100	3,600	
Total Salary	**776,612**	**795,200**	**795,200**	**784,410**	**835,320**	40,120	
Benefits							
5500 · Flex Spending	1,679	0	0	0	-	-	
5920 · Retirement	97,211	98,600	98,600	90,591	112,000	13,400	
5920.1 · Retirement - Prior Se	0	0	0		243,000	243,000	one time payment for Retirement Side Fund
5922 · Payroll Taxes - Employ	13,881	14,300	14,300	10,900	14,200	(100)	
5930 · Health/Dental/Vision/A	111,192	116,000	116,000	113,000	125,900	9,900	
5931 · Retiree health	2,270	0	0	2,520	2,800	2,800	
5940 · Workers Comp Insurar	21,859	27,700	27,700	25,200	25,300	(2,400)	
Total Benefits	**248,092**	**256,600**	**256,600**	**242,211**	**523,200**	266,600	
Total SALARY & BENEFITS	**1,024,704**	**1,051,800**	**1,051,800**	**1,026,621**	**1,358,520**	306,720	
SERVICES & SUPPLIES							
Communications							
6040-I · Internet service	1,390	1,800	1,800	1,600	1,800	-	Comcast -$70/month: 840 GotoMyPC $19.95/mo = $240 Sonic.net $143.7/Qtr. (A) = $575
6040-C · Cell Phones	2,819	3,100	3,100	3,100	3,450	350	SCADA - $65/mo. = $780 Verizon - $135/mo (F) = $1,620 Verizon $70/mo (A) = $840 Misc. parts/holders etc. - $200 (F)

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
OPERATING AND CAPITAL BUDGET, 2011-2012

	FY 09-10 FINAL (CASH)	10-11 BUDGET	10-11 REVISED	FY 10-11 Projected	FY 11-12 BUDGET	Difference FY12-FY11	NOTES FOR THIS YEAR
6040-LD · Long Distance	507	700	700	600	-	(700)	Folding this line item into 6040-T
6040-P · Pagers & Radios	622	900	900	900	850	(50)	Cook - $53/mo (F) = $636 Misc. parts/batteries = $200 (F)
6040-S · SCADA software maint.	499	500	500	500	500	-	
6040-T · Telephones	12,526	13,800	13,800	13,000	14,400	600	Ans. Svc. $130/mo = $1560 Phones (AT&T) $1,000/mo = $12,000 Long distance = $600
Total Communications	**18,363**	**20,800**	**20,800**	**19,700**	**21,000**	200	
Insurances							
6101 · Gen. Liability	39,435	40,000	40,000	30,757	32,500	(7,500)	Reflects slight increase over FY 10-11
6102 · Auto/Equipment	4,682	10,500	10,500	8,172	8,400	(2,100)	
Total Insurances	**44,117**	**50,500**	**50,500**	**38,929**	**40,900**	(9,600)	
Maint/Rep - Office & Vehicles							
6140 · Vehicle Maintenance	7,222	12,000	12,000	12,000	12,000	-	
6151 · Office Maintenance	5,064	4,800	4,800	4,800	5,000	200	Alarm System - $130/qtr.=$520 PacketFusion maint. contract - $800/year The Compute Wizard - $155/mo = $1860/year Copy mach. maint - 550/yr US Netcom - $900/yr Misc / Other - $200
Total Maint/Rep - Office & Vehicles	**12,286**	**16,800**	**16,800**	**16,800**	**17,000**	200	
Maint/Repair - Facilities						-	
6085 · Janitorial Services	6,178	7,100	7,100	7,100	7,100	-	Altech (office Janitorial): $212/mo = $2544 United Site Svces (port-o-lets): $200/mo = $2400 Sunrise Garbage $1150 Sewer - GVTP ($1000)
6180 · Distribution System Re	45,026	64,000	64,000	55,000	42,000	(22,000)	Less material needed, minimal cost increase. Because of all the capital improvmeents, the material cost associated with leak repairs is declining. The improvements are allowing the field crew to focus more of their time on In-House Construction projects involving distribution improvements as opposed to leak repairs
6235 · Treatment Sys/Well Re	81,747	56,000	56,000	28,000	34,000	(22,000)	Over the last several years the maintenance mthods have improved at the well fields: the materials being used in the wells have improved and the knowledge of the operators and the tools we have for following trends of the individual wells have improved. The benefits are starting to show. The treatment plans have also seen improvements in maintenance methods, materials, and tools to better monitor equipment.
6143 · Generator Maintenanc	2,892	1,200	1,200	700	2,500	1,300	bi-annual maint year FY 11/12
Total Maint/Repair - Facilities	**135,843**	**128,300**	**128,300**	**90,800**	**85,600**	(42,700)	
Miscellaneous Expenses							

	FY 09-10 FINAL (CASH)	10-11 BUDGET	10-11 REVISED	FY 10-11 Projected	FY 11-12 BUDGET	Difference FY12-FY11	NOTES FOR THIS YEAR
6280 · Memberships	4,729	5,200	5,200	5,200	8,000	2,800	USA $150 AWWA $355 CSDA $3750 CUWCC $2500 (reimbursed by SCWA) MR Chamber -$50 RR Chamber - $150 Cal Rural $850 WCWW $150
6303 · Claims	0	1,500	1,500	3,500	1,500	-	
6593 · Governmental Fees	23,800	21,700	21,700	14,000	18,500	(3,200)	LAFCO $4400 Maps $50 Encroachment permit: $445 CDPH $13500
Total Miscellaneous Expenses	**28,529**	**28,400**	**28,400**	**22,700**	**28,000**	(400)	
Office Expense						-	
6410 · Postage	12,268	15,000	15,000	15,000	15,500	500	Billing (2000 pieces @ $.44 X 12 months) = $10,560 Prop 218 mailing: 4000 X .44 = $1,760 1 extra mailing: 3600 X .44 = $1,584 Other mail (slight postage increase on plus 1 oz. letters)
6430 · Printing Expense	7,842	6,500	6,500	6,500	7,200	700	Window Envelopes $1000 Return Envelopes $950 Water Bills + Autopay $1500 Doorhangers $175 Turn Off Notices $300 Letterhead $200 CCRs $600 Misc. Inserts $250 Prop 218 notice: $600 Checkblanks $200 Flushing sched $500 Tagbooks $700
6461 · Office Supplies	3,958	6,500	6,500	6,000	5,000	(1,500)	Supplies $3500 Plants/Landscaping $150 Christmas Tree $80 Christmas party $400 Business lunches $75 Paper products/coffee $500
6800 · Subscriptions/Legal N	808	1,000	1,000	900	1,000	-	Press Democrat $240 Legal Notices $400 Sonoma West $70 Safety Meeting Outlines $80
6890 · Computers/Software	1,200	1,700	1,700	1,700	4,600	2,900	Antivirus softsware ($30X5) = $300 Workstations for CMH/LK/KG: $2850 FM Pro software: $900 QB Pro $250 Misc $400
6579 · Furniture	664	500	500	0	500	-	Better table for office area
Total Office Expense	**26,740**	**31,200**	**31,200**	**30,100**	**33,800**	2,600	
Operating Supplies							
6300 · Chemicals	16,723	16,000	16,000	16,000	17,000	1,000	
6880 · Tools and Equipment	3,724	6,000	6,000	6,000	5,000	(1,000)	
6881 · Safety Equipment	1,119	1,800	1,800	1,500	1,500	(300)	
Total Operating Supplies	**21,566**	**23,800**	**23,800**	**23,500**	**23,500**	(300)	
Professional Services							
6083 · Laundry Service	2,568	2,600	2,600	2,600	3,000	400	Mission $55/week = $2860

	FY 09-10 FINAL (CASH)	10-11 BUDGET	10-11 REVISED	FY 10-11 Projected	FY 11-12 BUDGET	Difference FY12-FY11	NOTES FOR THIS YEAR
6521 · County charges	1,712						moved
6587 · LAFCO charges	4,761						moved
6514 · Lab/Testing Fees	8,767	9,000	9,000	11,000	13,000	4,000	Cost increase for testing & high # of test.
6570 · Consultant Fees	14,086	20,000	20,000	20,000	4,300	(15,700)	SCADA $1000 Computer Wizard (non-maintenance work) $800 Misc. (John Thompson) -$500 IEDA $2000
6590 · Engineering	425	1,000	1,000	4,000	8,000	7,000	
6592 · Engineering - re Other	0	0	0	2,000	-	-	Fife Creek Commons (t/b/reimbursed)
6610 · Legal	17,874	22,000	22,000	15,000	15,000	(7,000)	
6630 · Audit/Accounting	18,788	22,000	22,000	22,000	24,300	2,300	ADP $260/mo = $3120 Authorize.net $55/mo = $660 Auditor $6,500 United Bank $640/mo = $7600 West America fees $230/mo = $2760 Pam Rones 1099 = $350 Online Checks fee $30/mo = $360 County Accounting Fees = $2600
Total Professional Services	**68,981**	**76,600**	**76,600**	**76,600**	**67,600**	(9,000)	
Rents & Leases							
6820 · Equipment	1,755	3,500	3,500	1,000	2,000	(1,500)	Pitney Bowes Mail Machine $327/qtr. = $1308 (A) A-Action rents $2,000
6840 · Building & Warehouse	27,000	27,000	27,000	27,000	27,000	-	Building: $1,800 / month Warehouse $450/month
Total Rents & Leases	**28,755**	**30,500**	**30,500**	**28,000**	**29,000**	(1,500)	
Transportation & Travel							
7120 · Seminars & related tra	1,862	4,000	4,000	2,000	4,000	-	JK - $250 LK and CMH - $400 Field: $1,200 (as long at State provides expense reimbursement program
7201 · Vehicle Gas	21,692	20,000	20,000	22,000	24,000	4,000	
7300 · Travel Reimbursement	5,453	6,400	6,400	6,000	6,400	-	SM - $50/mo = $600 (A) KG $400/mo = $4800 (F) CMH/LK/JK $80/mo = $960 (A)
Total Transportation & Travel	**29,007**	**30,400**	**30,400**	**30,000**	**34,400**	4,000	
Uniforms							
6021.1 · Boots	1,119	1,330	1,330	1,330	1,330	-	$190 X 7 = $1330
6021.3 · T-shirts	1,215	1,200	1,200	916	1,200	-	
6021.4 · Jackets	272	250	250	250	360	110	2 jackets
Total Uniforms	**2,606**	**2,780**	**2,780**	**2,496**	**2,890**	110	
Utilities							
7320 · Electricity	90,704	96,000	96,000	102,858	103,000	10,700	This year electric and propane are being broken out separately.
7321 · Propane	3,780		0	3,700	3,700	-	
Total Utilities	**94,484**	**96,000**	**96,000**	**106,558**	**106,700**	10,700	

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
OPERATING AND CAPITAL BUDGET, 2011-2012

	FY 09-10 FINAL (CASH)	10-11 BUDGET	10-11 REVISED	FY 10-11 Projected	FY 11-12 BUDGET	Difference FY12-FY11	NOTES FOR THIS YEAR
Total SERVICES & SUPPLIES	**511,277**	**536,080**	**536,080**	**486,183**	**490,390**	(45,690)	
Total OPERATING EXPENSES	1,535,981	1,587,880	1,587,880	1,512,804	1,848,910	261,030	Side Fund repayment explains difference
OPERATING SURPLUS/DEFICIT	**$604,270**	**$528,320**	**$538,928**	**$584,177**	**$303,040**	(235,888)	
FIXED ASSET EXPENDITURES							
8517 · Field/Office equipment	10,507	1,050	1,050	1,050			
8573 · Vehicles	0						
8570 · Furniture	0				-	-	
8511.1 · Tank/Facilities Sites	0			3,823	3,500	3,500	Reroof MRTPcontrol bldg 11/12
8511.6 · Leasehold Improvements	0				-	-	
8511.4 · Warehouse Improvements	0						
Total FIXED ASSET EXPENDITURES	**10,507**	**1,050**	**1,050**	**4,873**	**3,500**	2,450	
TRANSFERS TO OTHER FUNDS						-	
8620.7 · Tfers to CIRF for CDR Reven	252,426	227,000	227,000	227,000	216,000	(11,000)	
8620.3 · Tfers to CIRF	280,000	240,000	240,000	240,000	40,000	(200,000)	Retirement Side Fund payment affect
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	572,426	507,000	507,000	507,000	296,000	(211,000)	
DISASTER EXPENSE							
5141 · Disaster Wages - Staff	0	0	0	0	-		
7895 · Disaster Costs - Svces/Supplie	0	0	0	0	-		
Total DISASTER EXPENSE	0	0	0	0	0		
SURPLUS/DEFICIT	**21,337**	**20,270**	**30,878**	**72,304**	**3,540**	**(27,338)**	

CAPITAL BUDGET							
REVENUE/SOURCES OF FUNDS							
Annual Assessment - New Services	14,658	27,000	27,000	65,000	27,000	-	
Annual Assessment (County)	696,522	710,000	710,000	710,000	710,000	-	
Prior Year Assessment	34,148	40,000	40,000	40,000	40,000	-	
Capital Debt Reduction Charge	252,426	227,000	227,000	216,000	216,000	(11,000)	
Interest	34,027	60,000	60,000	25,000	25,000	(35,000)	
Federal Grants	0						
Cal Trans Reimb. For Culvert Project	52,547						
CDC Grants, CIP IV-A FY09 Carryover	437,720						
CDC Grants, CIP IV-B, Project 1	233,969		541,724	541,724			
CDC Grants, CIP IV-B, Project 2	16,657	1,065,000	1,065,000	1,065,000			
CDC Grants, 2012 CIP					503,250		Recommended by RRROC, needs CDC approval
CDC Grants, 2013 CIP					60,000		ditto
2012 CIP FY11 Carryover Funding					700,453		carryover of funds obligated in FY11
Private Placement Funding (Carryover)	659,239						
Private Placement Funding (CIP IV-B)	298,879	440,000	1,205,560	550,249	-	(1,205,560)	
Transfers to CIRF from Operations	280,000	240,000	240,000	240,000	40,000	(200,000)	effect of Side Fund repayment
Transfers to State Loans from Operations							
Transfers to In-House Constr. from Opera	25,000	25,000	25,000	25,000	25,000	-	
TOTAL REVENUE	**3,035,791**	**2,834,000**	**4,141,284**	**3,477,973**	**2,346,703**	(1,794,581)	

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
OPERATING AND CAPITAL BUDGET, 2011-2012

	FY 09-10 FINAL (CASH)	10-11 BUDGET	10-11 REVISED	FY 10-11 Projected	FY 11-12 BUDGET	Difference FY12-FY11	NOTES FOR THIS YEAR
EXPENSES							
DEBT PAYMENTS							
Gen. Obligation Bonds Payments	687,000	687,000	687,000	687,000	687,000	-	
State Loan Payments	170,300	170,300	170,300	170,300	170,300	-	
Loan to Neeley Road Slide claim							
Private Placement Loan	234,014	234,014	234,014	234,014	234,014	-	
TOTAL DEBT PAYMENTS	**1,091,314**	**1,091,314**	**1,091,314**	**1,091,314**	**1,091,314**	**-**	
CIP III	50,000	85,000	85,000	85,000		(85,000)	done paying this
CIP IV-A, FY09 Carryover	660,665						should be completed in FY11
CIP IV-B, Project 1	405,422		722,298	722,298			should be completed in FY11
CIP IV-B, Project 2	22,210	1,475,000	1,475,000	1,234,983			should be completed in FY11
2012 CIP			1,264,532	61,000			Design started in FY11, construction contract will be obligated in May-June 2011, most payments in FY12
2012 CIP Carryover					1,203,532		Carryover=FY11 obligation minus design costs
2013 CIP					1,299,000		Obligation for 2013 CIP expected in May 2012, actual expenses in 2013, except design costs of $100,000
In-House Construction Projects	20,311	40,000	40,000	14,000	25,000	(15,000)	
Total Capital Expenses	**1,158,608**	**1,600,000**	**3,586,830**	**2,117,281**	**2,527,532**	**(1,059,298)**	
TOTAL EXPENSES	**2,249,922**	**2,691,314**	**4,678,144**	**3,208,595**	**3,618,846**	**(1,059,298)**	
SURPLUS/DEFICIT	**785,870**	**142,686**	**(536,860)**	**269,378**	**(1,272,143)**	**(735,283)**	reflects paying off side fund, paying for 2012 and 2013 CIP's, RRROC Grant, negative amount comes from CIRF transfer and 2013 CIP prior to CDC grant proceeds in FY13
FUND AND LOAN BALANCES (EOY)							
DISTRICT RESERVES AND FUND AND LOAN BALANCES							
Operating Balance	200,000	200,000	200,000	200,000	200,000	**-**	
Budget Reserve (10% of Operating E	158,770	158,788	158,788	158,788	184,891	**26,103**	
Economic Reserve (15% of Operatin	238,155	238,182	238,182	238,182	277,337	**39,155**	
Debt Repayment Reserve (15% of De	238,155	238,182	238,182	238,182	277,337	**39,155**	
Capital Reserve	250,000	250,000	250,000	250,000	250,000	**-**	
Total District Policy	1,085,081	1,085,152	1,085,152	1,085,152	1,189,564	**104,412**	
TOTAL Reserves EOY	**3,652,274**	**3,821,553**	**3,687,764**	**3,531,174**	**2,345,888**	**(1,341,877)**	Reflects obligation for 2013 CIP in FY12
Reserves Above (below) Policy	**2,567,193**	**2,736,401**	**2,602,612**	**2,446,022**	**1,156,324**	**(1,446,289)**	Reflects obligation for 2013 CIP in FY12
DISTRICT FUNDS							
CIRF	1,839,241	2,384,998	2,251,209	2,083,619	786,476	**(1,464,733)**	Reflects obligation for 2013 CIP
OPERATING RESERVE	225,000	396,970	396,970	396,970	462,228	**65,258**	
OPERATIONS	788,542	200,000	200,000	200,000	200,000	**-**	
CD	601,884	631,978	631,978	631,978	663,577	**31,599**	
IN HOUSE CONSTRUCTION	106,757	91,757	91,757	102,757	102,757	**11,000**	
BUILDING	90,850	115,850	115,850	115,850	130,850	**15,000**	