

FY 2015-16 BUDGET BUDGET SECTION SUMMARY

Section Title: OCCIDENTAL COUNTY SANITATION DISTRICT

A. Program Description

This budget finances operation, maintenance, and administration of a collection system, a treatment plant, and disposal facilities which serve the Occidental area.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 14-15 Adopted	FY 15-16 Requested	Percent Change	FY 14-15 Adopted	FY 15-16 Requested	Percent Change
Operations	\$1,301,272	\$1,636,565	25.77%	(\$109,117)	\$251,613	(330.59%)
Construction	625,000	600,000	(4.00%)	323,350	360,775	11.57%
TOTAL:	\$1,926,272	\$2,236,565	16.11%	\$214,233	\$612,388	185.85%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 13-14 Actual	FY 14-15 Budget Estimate	FY 14-15 Revised Estimate	FY 15-16 Projected	Change from FY 14-15 Budget Estimate
Total ESDs	273	273	273	273	0.00%
Total APNs	122	122	122	122	0.00%

E. Summary of Issues and Significant Changes

The requested rate per equivalent single family dwelling for FY 15-16 annual service charges is \$1,998, representing a 5.2% increase from FY 14-15. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 14-15 budget. This revenue change is due to the rate increase.

The Occidental County Sanitation District (Occidental CSD) treatment plant is designed to treat an average daily dry weather flow of up to 50,000 gallons per day to secondary treatment standards. Each year, between October 1 and May 14, treated wastewater from the Occidental CSD can be discharged into Dutch Bill Creek. During the balance of the year, treated wastewater is used for irrigation.

The Occidental CSD is facing very serious financial and operational difficulties. Even though rates for the Occidental CSD are the highest in Sonoma County and represent a significant concern for businesses in the district, the very small rates base results in revenues being insufficient to cover routine operating expenses. Additionally, without capital upgrades of its facilities, the Occidental CSD's ability to comply with the conditions of its operating permit remains in doubt.

For FY 15-16 revenues will once again not cover routine operating expenses. Transfers from the Agency's General Fund will be made to coverage shortage and will be recovered from the Occidental CSD.

The Occidental CSD is pursuing a new project that must be completed by 2018 to comply with a Cease and Desist Order issued to the District by the North Coast Regional Water Quality Board (Regional Board). At this time a range of alternatives are being explored. In addition to complying with the Cease and Desist Order, the compliance project also needs decrease operating costs to levels that can be fully covered by the Occidental CSD's rate base.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2015-16 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: OCCIDENTAL CSD - OPERATIONS
Fund/Department ID: 43101-33060100

Sub-Object No. and Title	Adopted 2014-15	Requested 2015-16	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
40003 (1001) Direct Charges-CY	\$485,100	\$510,389	\$25,289	5.21%
40202 (1061) Direct Charges - PY	1,500	1,500	0	0.00%
40999 (1120) Penalties/Costs on Taxes	500	500	0	0.00%
Subtotal Taxes	\$487,100	\$512,389	\$25,289	5.19%
<u>USE OF MONEY</u>				
44002 (1700) Interest on Pooled Cash	\$2,400	\$585	(\$1,815)	(75.63%)
Subtotal Use of Money	\$2,400	\$585	(\$1,815)	(75.63%)
<u>CHARGES FOR SERVICES</u>				
45221 (3400) Sewer/Water Usage Fee	\$20,889	\$21,978	\$1,089	5.21%
Subtotal Charges for Services	\$20,889	\$21,978	\$1,089	5.21%
<u>RESIDUAL EQUITY TRANSFER</u>				
48004 (4880) Residual Equity Transfers	\$900,000	\$850,000	(\$50,000)	(5.56%)
Subtotal Residual Equity Transfer	\$900,000	\$850,000	(\$50,000)	(5.56%)
TOTAL REVENUES	\$1,410,389	\$1,384,952	(\$25,437)	(1.80%)

EXPENDITURES:

SERVICES AND SUPPLIES

51902 (6040) Telecommunication Usage	\$500	\$500	\$0	0.00%
51061 (6140) Maintenance - Equipment	65,000	80,000	15,000	23.08%
51076 (6246) Maint - FACOPS	0	100,000	100,000	N/A
52081 (6262) Medical/Laboratory Supplies	2,500	2,500	0	0.00%
52111 (6461) Office Supplies	2,500	5,000	2,500	100.00%
51241 (6430) Outside Printing & Binding	0	1,000	1,000	N/A
51231 (6512) Testing/Analysis	60,000	80,000	20,000	33.33%
51916 (6521) County Services	2,500	3,000	500	20.00%
51917 (6523) District Operations Chgs	480,000	650,000	170,000	35.42%
51803 (6540) Other Contract Services	110,000	180,000	70,000	63.64%
51226 (6570) Consulting Services	10,000	20,000	10,000	100.00%
51201 (6522&73) Administration Services	5,000	4,500	(500)	(10.00%)
51244 (6589) Permits/License/Fees	6,000	7,000	1,000	16.67%
51211 (6610) Legal Services	5,000	5,000	0	0.00%

Sub-Object No. and Title	Adopted 2014-15	Requested 2015-16	Difference	Percent Change
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EXPENDITURES:

SERVICES AND SUPPLIES (Contd.)

51206 (6630) Accounting/Auditing Servi	10,000	8,000	(2,000)	(20.00%)
51919 (6697) EFS Costs	1,072	25,065	23,993	2238.15%
51401 (6820) Rents& Leases-Equipment	2,000	3,000	1,000	50.00%
51421 (6840) Rents&Leases-Bldg/Imp	25,000	25,000	0	0.00%
52141 (6880) Minor Equipment/Small Tools	1,000	2,000	1,000	100.00%
51921 (7206) Equipment Usage Charges	20,000	24,000	4,000	20.00%
52072 (7212) Chemicals	30,000	20,000	(10,000)	(33.33%)
52171 (7247) Water Conservation Prog	6,200	1,000	(5,200)	(83.87%)
52193 (7394) Utilities-Power	20,000	20,000	0	0.00%
Subtotal Services and Supplies	\$864,272	\$1,266,565	\$402,293	46.55%

OTHER CHARGES

53402 (7980) Depreciation Expense	\$110,000	\$131,000	\$21,000	19.09%
Subtotal Other Charges	\$110,000	\$131,000	\$21,000	19.09%

FIXED ASSETS

19820 (8560) Machinery & Equipment	\$25,000	\$2,000	(\$23,000)	(92.00%)
Subtotal Fixed Assets	\$25,000	\$2,000	(\$23,000)	(92.00%)

OTHER FINANCING USES

57011 (8625) Transfers out-within a Fund	\$300,000	\$235,000	(\$65,000)	(21.67%)
Subtotal Other Financing Uses	\$300,000	\$235,000	(\$65,000)	(21.67%)

APPROPRIATIONS FOR CONT

55011 (9000) Appropriations for Contingency	\$2,000	\$2,000	\$0	0.00%
Subtotal Approp for Contingencies	\$2,000	\$2,000	\$0	0.00%

TOTAL EXPENDITURES	\$1,301,272	\$1,636,565	\$335,293	25.77%
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TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$109,117)	\$251,613	\$360,730	(330.59%)
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FY 2015-16 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Occidental CSD - Operations

Character Title: Taxes **Character No.:** 43101-33060100-40

40003 (1001) Direct Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 14-15 budget. The rate will increase 5.2% from \$1899 to \$1998.

ESDs times annual rate:	262 x \$1,998	\$523,476
Less Estimated Delinquency Factor:	2.5%	(13,087)
		\$510,389

(See Account 45221 for Total ESDs)

40202 (1061) Direct Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

40999 (1120) Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money **Character No.:** 43101-33060100-44

44002 (1700) Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$90,000
Projected Interest Rate	0.65%
	\$585

Character Title: Charges for Services **Character No.:** 43101-33060100-45

45221 (3400) Sewer/Water Usage Fee

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

Based on projected FY 15-16 ESDs, the District will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$1,783 to \$1,899.

ESDs x Annual Charge	11 x \$1,998	=	\$21,978
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48004 (4880) Residual Equity Transfers

This account records a transfer from SCWA General Fund to provide funds to operate the treatment plant.

51902 (6040) Telecommunication Usage

This account records expenses paid by the Occidental CSD for outside communication and wireless services.

51061 (6140) Maintenance - Equipment

This account records the costs for routine maintenance of equipment.

51076 (6246) Maint - FACOPS

This account records the costs for non-routine maintenance of equipment. The planned project for FY 15/16 is the building lateral replacement.

52081 (6262) Medical/Lab Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

52111 (6400) Office Supplies

This account records the supplies and expenses associated with operations and maintenance of the District's Facilities.

51241 (6430) Outside Printing & Binding

This item is requested to cover the costs of printing services, which are primarily furnished by the County Reprographics Department.

51231 (6512) Testing and Analysis

This account records expenses incurred to comply with all regulatory testing requirements.

51916 (6521) County Services

This item records the expense for special district accounting services.

51917 (6523) District Operations

This account records the cost of labor and overhead associated with operations and maintenance of the Occidental CD Facilities.

51803 (6540) Other Contract Services

This account reflects the costs for various outside services..

51226 (6570) Consultant Services

This account records the cost of consulting including Permitting & Assisting.

51201 (6573) Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

51244 (6589) Permits/License/Fees

This account records the cost of all permits.

51211 (6610) Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

51206 (6630) Accounting/Auditing Services

This account represents the cost of accounting and audit services provided by an outside certified public accounting services.

51919 (6697) EFS Costs

This item represents the share of costs for the County's future operating system.

51401 (6820) Rents/Leases-Equipment

Rents and Leases - Equipment covers the costs of renting copiers, fax machines and other equipment as needed.

51421 (6840) Rents/Leases-Buildings/Land

This item is requested to provide funds for the lease agreement for storage and irrigation of wastewater effluent.

52141 (6880) Minor Equipment/Small Tools

This item is requested to provide funds for the purchase of office furniture, small tools, instruments and equipment that are individually under \$5,000.

51921 (7206) Equipment Usage Charges

This item is requested to provide funds for equipment usage.

52072 (7212) Chemicals

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the discharge requirements of the Occidental CSD NPDES permit, as required by the Regional Water Quality Control Board, as well as to meet requirements imposed by the ACL (including the use of sodium bisulfite and caustic soda).

52171 (7247) Water Conservation Program

This account records the cost of the High Efficiency Fixture Direct Install Program with the goal of inflow reduction and the retrofit of old high water using fixtures.

52193 (7394) Utilities-Power

This account records the cost of utilities such as gas and electricity.

53402 (7980) Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

19820 (8560) Machinery & Equipment

This account records cost for equipment over \$5,000, as needed.

57011 (8625) Transfers out-within a Fund

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

55011 (9000) Appropriations for Contingencies

This account is normally used to set aside funding for unanticipated expenditures or revenue shortfalls.

FY 2015-16 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Fund: Occidental CSD - Operations

Fund/Department ID: 43101-33060100

DESCRIPTION OF FUND ACTIVITY	Actual FY 13-14	Estimated FY 14-15	Requested FY 15-16
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$439,884	(\$63,579)	\$163,335
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,239,428	1,412,457	1,384,952
Expenditures - (Decrease) retained earnings	(1,748,665)	(1,295,543)	(1,636,565)
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Net Surplus or Deficit - Inc/(Dec) to retained earnings	(509,237)	116,914	(251,613)
Adjustments to Reserves/Encumbrances:			
53402 (7980) Depreciation	98,436	110,000	131,000
Change in Water Conservation Reserve	1,495	-	-
Change in Encumbrance	(94,157)	-	-
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Net Adjustment - Increase/(Decrease) to Retained Earnings	5,774	110,000	131,000
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Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	(\$63,579)	\$163,335	\$42,722
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$503,463)	\$226,914	(\$120,613)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/13	7/1/14	
Cash	\$407,329	\$94,481	
Other Receivables (Flat Charges)	159,885	163,451	
Reserve for Water Conservation	(52,844)	(51,349)	
Retention Payable	(84)	(121)	
Encumbrances	(71,080)	(165,237)	
Accounts Payable	-	(104,805)	
Vouchers Payable	(3,322)	-	
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Total Beginning Retained Earnings	\$439,884	(\$63,580)	

FY 2015-16 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: OCCIDENTAL CSD -CONSTRUCTION
Fund/Department ID: 43102-33060200

Sub-Object No. and Title	Adopted 2014-15	Requested 2015-16	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
44002 (1700) Interest on Pooled Cash	\$1,650	\$4,225	\$2,575	156.06%
Subtotal Use of Money	\$1,650	\$4,225	\$2,575	156.06%
<u>MISCELLANEOUS REVENUE</u>				
46021 (4304) Capital Grants-Federal	\$0	\$0	\$0	N/A
46022 (4303) Capital Grants-State	0	0	0	N/A
Subtotal Miscellaneous Revenue	\$0	\$0	\$0	N/A
<u>OTHER FINANCING SOURCES</u>				
47101 (4625) Transfers In -within a Fund	\$300,000	\$235,000	(\$65,000)	(21.67%)
Subtotal Other Financing Sources	\$300,000	\$235,000	(\$65,000)	(21.67%)
<u>RESIDUAL EQUITY TRANSFER</u>				
48004 (4880) Residual Equity Transfers	\$0	\$0	\$0	N/A
Subtotal Residual Equity Transfer	\$0	\$0	\$0	N/A
AL REVENUES	\$301,650	\$239,225	(\$62,425)	(20.69%)
EXPENDITURES:				
<u>FIXED ASSETS</u>				
19831 (8510) CIP - Bldg & Impr	\$25,000	\$0	(\$25,000)	(100.00%)
19832 (9400) CIP - Infrastructure	600,000	600,000	0	0.00%
Subtotal Fixed Assets	\$625,000	\$600,000	(\$25,000)	(4.00%)
EXPENDITURES	\$625,000	\$600,000	(\$25,000)	(4.00%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$323,350	\$360,775	\$37,425	11.57%

FY 2015-16 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Occidental CSD - Construction

Character Title: Use of Money **Character No.:** 43102-33060200-44

44002 (1700) Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$650,000
Projected Interest Rate	0.65%
Projected/Planned Interest on Pooled Cash	\$4,225

Character Title: Miscellaneous Revenue **Character No.:** 43102-33060200-46

46022 (4303) Capital Grants-State

No State Grants are anticipated for FY 15-16.

46021 (4304) Capital Grants-Federal

No Federal Grants are anticipated for FY 15-16.

Character Title: Other Financing Sources **Character No.:** 43102-33060200-47

47101 (4625) Transfers in-within a Fund

This account records the transfer of cash from the Operation Fund to the Construction Fund to finance Buildings/Improvements for FY 15-16.

Character Title: Residual Equity Transfer **Character No.:** 43102-33060200-48

48004 (4880) Residual Equity Transfers

This account records a transfer from SCWA General Fund to provide funds for capital projects. No transfer is anticipated in FY 15-16.

Character Title: Fixed Assets **Character No.:** 43102-33060200-19

19832 (9400) CIP-Infrastructure

This account is used for expenses associated with facility improvements or expansion. The following project are planned for FY 15-16:

NPDES Permit Compliance	Order # TBD	\$600,000
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This project will implement infrastructure improvements necessary to comply with District's NPDES permit. The requested amount will fund design efforts.

FY 2015-16 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Fund: Occidental CSD - Construction

Fund/Department ID: 43102-33060200

DESCRIPTION OF FUND ACTIVITY	Actual FY 13-14	Estimated FY 14-15	Requested FY 15-16
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$108,653	\$587,864	\$366,492
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	\$600,724	303,628	239,225
Expenditures - (Decrease) retained earnings	(1,428,229)	(525,000)	(600,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>(827,505)</u>	<u>(221,372)</u>	<u>(360,775)</u>
Adjustments to Reserves/Encumbrances:			
Change in Encumbrance	11,002	-	-
Loss on Disposal of Asset	1,295,714	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>1,306,716</u>	<u>-</u>	<u>-</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$587,864	\$366,492	\$5,717
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$479,211	(\$221,372)	(\$360,775)
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/13</u>	<u>7/1/14</u>	
Cash	\$275,036	\$659,627	
Vouchers Payable	(98,357)	(14,239)	
Encumbrances	(68,526)	(57,524)	
Deposit with Others	500	-	
Total Beginning Retained Earnings	\$108,653	\$587,864	