

FY 2016-17 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 15-16 Adopted	FY 16-17 Requested	Percent Change	FY 15-16 Adopted	FY 16-17 Requested	Percent Change
Operations	\$1,636,565	\$1,934,328	18.19%	\$251,613	\$468,059	86.02%
Construction	600,000	640,000	6.67%	360,775	475,775	31.88%
TOTAL:	\$2,236,565	\$2,574,328	15.10%	\$612,388	\$943,834	54.12%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 14-15 Actual	FY 15-16 Budget Estimate	FY 15-16 Revised Estimate	FY 16-17 Projected	Change from FY 15-16 Budget Estimate
Total ESDs	273	273	274	274	0.37%
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 16-17 annual service charges is \$2, 068 representing a 3.5% increase from FY 15-16. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 15-16 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 16-17 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 2016-17 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Sub-Object No. and Title	Adopted 2015-16	Requested 2016-17	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
40003 (1001) Direct Charges-CY	\$510,389	\$530,287	\$19,898	3.90%
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	\$512,389	\$532,287	\$19,898	3.88%
<u>USE OF MONEY</u>				
44002 (1700) Interest on Pooled Cash	\$585	\$585	\$0	0.00%
Subtotal Use of Money	\$585	\$585	\$0	0.00%
<u>CHARGES FOR SERVICES</u>				
45221 (3400) Sewer/Water Usage Fee	\$21,978	\$23,397	\$1,419	6.46%
Subtotal Charges for Services	\$21,978	\$23,397	\$1,419	6.46%
<u>OTHER FINANCING Sources</u>				
47101 (4625) Transfers In-within a Fund	\$0	\$910,000	\$910,000	N/A
Subtotal Other Financing Sources	\$0	\$910,000	\$910,000	N/A
<u>RESIDUAL EQUITY TRANSFER</u>				
48004 (4880) Residual Equity Transfers	\$850,000	\$0	(\$850,000)	(100.00%)
Subtotal Residual Equity Transfer	\$850,000	\$0	(\$850,000)	(100.00%)
TOTAL REVENUES	\$1,384,952	\$1,466,269	\$81,317	5.87%

EXPENDITURES:

SERVICES AND SUPPLIES

51061 (6140) Maintenance - Equipment	\$80,000	\$90,000	\$10,000	12.50%
51076 (6246) Maint - FACOPS	100,000	100,000	0	0.00%
51201 (6522&73) Administration Services	4,500	4,500	0	0.00%
51206 (6630) Accounting/Auditing Services	8,000	8,000	0	0.00%
51211 (6610) Legal Services	5,000	5,000	0	0.00%
51226 (6570) Consulting Services	20,000	0	(20,000)	(100.00%)
51231 (6512) Testing/Analysis	80,000	40,000	(40,000)	(50.00%)
51241 (6430) Outside Printing & Binding	1,000	500	(500)	(50.00%)
51244 (6589) Permits/License/Fees	7,000	12,000	5,000	71.43%
51401 (6820) Rents& Leases-Equipment	3,000	3,000	0	0.00%
51421 (6840) Rents&Leases-Bldg/Imp	25,000	25,000	0	0.00%
51803 (6540) Other Contract Services	180,000	210,000	30,000	16.67%
51902 (6040) Telecommunication Usage	500	500	0	0.00%
51916 (6521) County Services	3,000	4,000	1,000	33.33%
51917 (6523) District Operations Chgs	650,000	500,000	(150,000)	(23.08%)

Sub-Object No. and Title	Adopted 2015-16	Requested 2016-17	Difference	Percent Change
EXPENDITURES:				
<u>SERVICES AND SUPPLIES (Contd.)</u>				
51919 (6697) EFS Costs	25,065	29,559	4,494	17.93%
51921 (7206) Equipment Usage Charges	24,000	27,000	3,000	12.50%
52072 (7212) Chemicals	20,000	30,000	10,000	50.00%
52081 (6262) Medical/Laboratory Supplies	2,500	2,000	(500)	(20.00%)
52111 (6461) Office Supplies	5,000	500	(4,500)	(90.00%)
52141 (6880) Minor Equipment/Small Tools	2,000	2,000	0	0.00%
52171 (7247) Water Conservation Prog	1,000	1,000	0	0.00%
52193 (7394) Utilities-Power	20,000	20,000	0	0.00%
Subtotal Services and Supplies	\$1,266,565	\$1,114,559	(\$152,006)	(12.00%)
<u>OTHER CHARGES</u>				
53402 (7980) Depreciation Expense	\$131,000	\$120,769	(\$10,231)	(7.81%)
53501 Contributions/Donations	0	535,000	535,000	N/A
Subtotal Other Charges	\$131,000	\$655,769	\$524,769	400.59%
<u>FIXED ASSETS</u>				
19820 (8560) Machinery & Equipment	\$2,000	\$2,000	\$0	0.00%
Subtotal Fixed Assets	\$2,000	\$2,000	\$0	0.00%
<u>APPROPRIATIONS FOR CONT</u>				
55011 (9000) Appropriations for Contingency	\$2,000	\$2,000	\$0	0.00%
Subtotal Approp for Contingencies	\$2,000	\$2,000	\$0	0.00%
<u>OTHER FINANCING USES</u>				
57011 (8625) Transfers out-within a Fund	\$235,000	\$160,000	(\$75,000)	(31.91%)
Subtotal Other Financing Uses	\$235,000	\$160,000	(\$75,000)	(31.91%)
TOTAL EXPENDITURES	\$1,636,565	\$1,934,328	\$297,763	18.19%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$251,613	\$468,059	\$216,446	86.02%

FY 2016-17 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 15-16 budget. The rate will increase 3.5% from \$1,998 to \$2,068.

ESDs times annual rate:	263 x \$2,068	\$543,884
Less Estimated Delinquency Factor:	2.5%	(13,597)
		\$530,287

(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	\$87,000
Projected Interest Rate	0.60%
Projected/Planned Interest on Pooled Cash	\$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 account 40003, Direct Charges-CY. in the following year. based on projected FY 16-17 ESDs, the District will experience an increase in revenue for invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$1,998 to \$2,068.

ESDs x Annual Charge	11 x \$2,068	=	\$22,748
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Character Title: Other Financing Sources **Character No.:** 43101-33060100-49

47101 (4625) OT - W/in Special Dist - BOS

This account records a transfer from SCWA General Fund to provide funds to operate the treatment plant. These funds will no be recovered.

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 16/17 is the building lateral replacement.

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.

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.

51231 (6512) Testing and Analysis

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

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.

51244 (6589) Permits/License/Fees

This account records the cost of all permits.

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.

51803 (6540) Other Contract Services

This account reflects the costs for various outside services.

51902 (6040) Telecommunication Usage

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

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.

51206 (6630) Accounting/Auditing Services

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

Character Title: Services and Supplies (Continued) Character No.: 43101-33060100-51 & 52

51919 (6697) EFS Costs

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

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).

52081 (6262) Medical/Lab Supplies

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

52111 (6400) Office Supplies

Supplies/Expenses covers the costs of operational supplies used by the District.

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.

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.

Character Title: Other Charges Character No.: 43101-33060100-53

53402 (7980) Depreciation

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

Character Title: Fixed Assets Character No.: 43101-33060100-19

19820 (8560) Machinery & Equipment

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

Character Title: Appropriations for Contingencies Character No.: 43101-33060100-55

55011 (9000) Appropriations for Contingencies

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

Character Title: Other Financing Uses Character No.: 43101-33060100-57

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.

FY 2016-17 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 14-15	Estimated FY 15-16	Requested FY 16-17
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	(\$63,580)	\$89,681	\$356,563
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,469,608	1,384,223	1,466,269
Expenditures - (Decrease) retained earnings	(1,345,626)	(1,550,022)	(1,934,328)
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Net Surplus or Deficit - Inc/(Dec) to retained earnings	123,982	(165,799)	(468,059)
Adjustments to Reserves/Encumbrances:			
53402 (7980) Depreciation	114,969	131,000	131,000
Unrealized Gain/loss	(596)	-	-
Change in Water Conservation Reserve	51,349	-	-
Change in Encumbrance	(136,444)	301,681	-
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Net Adjustment - Increase/(Decrease) to Retained Earnings	29,278	432,681	131,000
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Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$89,681	\$356,563	\$19,504
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$153,261	\$266,882	(\$337,059)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/14	7/1/15	
Cash	\$94,481	\$234,261	
Other Receivables (Flat Charges)	163,451	167,249	
Reserve for Water Conservation	(51,349)	-	
Retention Payable	(121)	(50)	
Encumbrances	(165,237)	(301,681)	
Accounts Payable	(104,805)	(450)	
Vouchers Payable	-	(9,648)	
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Total Beginning Retained Earnings	(\$63,580)	\$89,681	

FY 2016-17 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Sub-Object No. and Title	Adopted 2015-16	Requested 2016-17	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
44002 (1700) Interest on Pooled Cash	\$4,225	\$4,225	\$0	0.00%
Subtotal Use of Money	\$4,225	\$4,225	\$0	0.00%
<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	\$235,000	\$160,000	(\$75,000)	(31.91%)
Subtotal Other Financing Sources	\$235,000	\$160,000	(\$75,000)	(31.91%)
TOTAL REVENUES	\$239,225	\$164,225	(\$75,000)	(31.35%)
EXPENDITURES:				
<u>FIXED ASSETS</u>				
19831 (8510) CIP - Bldg & Impr	\$0	\$0	\$0	N/A
19832 (9400) CIP - Infrastructure	600,000	640,000	40,000	6.67%
Subtotal Fixed Assets	\$600,000	\$640,000	\$40,000	6.67%
TOTAL EXPENDITURES	\$600,000	\$640,000	\$40,000	6.67%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$360,775	\$475,775	\$115,000	31.88%

FY 2016-17 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	\$595,000
Projected Interest Rate	0.60%
Projected/Planned Interest on Pooled Cash	\$3,570

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

46022 (4303) Capital Grants-State

No State Grants are anticipated for FY 16-17.

46021 (4304) Capital Grants-Federal

No Federal Grants are anticipated for FY 16-17.

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 16-17.

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 16-17:

Truck Fill Station	Order # TBD	\$640,000
Design and implementation of a truck filling station at the lift station site. The project will include site improvements, piping and pumping modifications and electrical upgrades.		

FY 2016-17 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 14-15	Estimated FY 15-16	Requested FY 16-17
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$587,864	\$599,217	\$576,566
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	\$300,145	238,138	\$164,225
Expenditures - (Decrease) retained earnings	(475)	(610,286)	(\$640,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	299,670	(372,148)	(475,775)
Adjustments to Reserves/Encumbrances:			
Change in Encumbrance	(291,973)	349,497	-
Unrealized Gain/loss	3,657	-	-
Loss on Disposal of Asset	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(288,316)	349,497	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$599,217	\$576,566	\$100,791
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$11,353	(\$22,651)	(\$475,775)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/14	7/1/15	
Cash	\$659,627	\$948,714	
Vouchers Payable	(14,239)	-	
Encumbrances	(57,524)	(349,497)	
Deposit with Others	-	-	
Total Beginning Retained Earnings	\$587,864	\$599,217	