

## **Tomales Village Community Services District**

P.O. Box 303 Tomales, CA 94971 707/878-2767

DATE: May 11, 2016

TO: Stakeholders

FROM: Board of Directors, TVCSD

SUBJECT: Proposed TVCSD Budget for 2016-17

### **OVERVIEW:**

This Fiscal Year 2016-17 Budget Proposal is the outcome of a newly constituted Board, all new Staff and the ongoing work of its two standing committees, the Financial Advisory Committee and the Park Advisory Committee. It represents an ongoing effort to examine expenses, lower costs, and implement efficiency recommendations. Our goal has been to present a balanced cash budget and to work towards an asset management plan that will allow the district to budget for future necessary capital improvements. Ratepayer participation is encouraged and always welcome in an effort to maximize transparency and represent the ratepayers needs and interests.

This budget includes separate part time contracts for staffing the District with a General Manager, Financial Services and Administrative Support in order to insure checks and balances between the roles. It is noteworthy that we have been able to reduce our costs with this change. There are ongoing budget outlays for maintenance of the sewer system and a continuation of TV inspection of a section of our collection system. No new capital improvements are scheduled for this budget. We do have one new sewer hook-up which is new income. The solar rebate income has now expired.

Over the coming year, we will be developing a five and ten year financial plan, completing a TVCSD Policy Manual, and continuing discussions with our partner, SUSD, to revise our Memorandum of Agreement. We will continue to implement recommendations for increased district efficiency and we hope to finalize a Rate Analysis, both being Board actions for third-party professional assistance to assess and improve our abilities for economic sustainability and overall transparency.

### **SEWER DIVISION: RESTRICTED FUNDS, OPERATING INCOME**

#### **Sewer Service Fees**

The current service rate is \$63 per month per equivalent unit, or \$756 per year. A rate increase is not recommended for this budget. We hope to submit new data to RCAC so that they can finalize a Rate Study to evaluate TVCSD rates and assist in the analysis of our ability to remain solvent and be able to address future capital improvements.

## **California Solar Initiative (CSI) Rebate**

The Solar System generates energy to reduce monthly PG&E costs, and we have received PG&E rebates based on these costs for the past 5 years. The CSI Rebate of approximately \$12,500 annually has ended in 2015-16. This budget does not recommend an additional rate increase to help pay the annual solar lease agreement.

NOTE: The 2009 rate increase of \$5/month per EU was established to help offset the initial annual costs of the solar system and is set aside in a separate account for the repayment of the annual Bond issue for the Solar Project. However, this rate increase does not cover the entire cost of the annual lease agreement.

No major capital replacements in the Solar system are anticipated.

## **EXPENSES:**

### **Solar Lease Agreement**

The Solar System was purchased with the sale of Clean Renewable Energy Bonds. The Bond agreement sets up the sale as a lease until the bonds are paid off over a ten-year period. This lease payment and administrative fee is \$18,691.18 each year.

## **SEWER DIVISION: UNRESTRICTED FUNDS, OPERATING INCOME**

### **Solar System**

This includes a maintenance budget item of \$400 since the system is now entering its sixth year.

### **SUSD Sinking Fund**

This is SUSD's debt service requirement for their portion of the State Revolving Fund loan. This Budget will decrease their annual payment by \$8,355 due to our reduction in overall District expenses.

### **Connection Fees**

One new sewer connection fee of \$10,000 is anticipated for this fiscal year.

### **Levy 4**

The Levy 4 Unitary Tax from the County is anticipated to be about \$10,000 but it does vary from year to year and we have projected \$8200 for this budget.

## **NON OPERATING INCOME**

### **Interest Income**

Approximately \$1492 interest on a loan the SUSD is paying back to the District is expected.

### **NON OPERATING INCOME: Transfer In**

## **EXPENSES**

### **Collection, Treatment and Disposal**

Expenses in the cleaning of the FOG separator have increased dramatically and we are currently investigating mitigation to contain costs. Treatment has been budgeted at \$8,100, which is up from \$1,686 the prior year.

### **New equipment and maintenance costs:**

- CCTV collection lines, videoing another section of the collection system for \$5,000
- Plant and Building Maintenance of \$1,000
- Irrigation Field Maintenance of \$6,000
- Equipment Repairs of \$1,150
- Computer Repairs (SCADA) of \$250

### **Board Member Stipends**

This budget includes the roll-out of a new TVCSD board stipend policy for attendance at Board meetings and Standing Committee meetings to acknowledge the effort of board member time and oversight. This stipend is budgeted at \$50 per meeting with a maximum of two meetings per month per board member.

### **Contract Services**

This budget reflects our new competitive bidding policy and RFP procedures and we have new contracts for services in an effort to insure market efficiency and to increase transparency of the process.

- **General Management Services**  
As a result of the Matrix Efficiency Study recommendation that TVCSD only required part time administration, we now have a contract for services for 32 hours per month for strictly management.
- **Financial Management Service**  
To separate duties and increase financial controls within the District, we have a financial services contract person for 6 hours per week.
- **Administrative Support**  
We have secretarial services budgeted at 4 hours per week and have a person who is hired from Nelson Staffing Solutions.
- **Operation and Maintenance Services**

This budget is based on the existing agreement with current Plant Operators Phillips and Associates. The current agreement is tied to the CPI. We plan to negotiate the terms of this agreement in the upcoming year to determine competitive market value for these services.

In order to contain costs, this budget proposes savings by decreasing our regular board meetings by two meetings per year, August and December. This will save staff time and board stipends. This budget also proposes that the General Manager will only attend quarterly board meetings and the Financial Services staff will only attend two meetings per year for the development of the budget and to oversee the annual audit.

**Recommendations:**

It is recommended that the Financial Advisory Committee and the Board of Directors take the following action:

- Review and Adopt final Budget at a July Public Hearing
- Adopt Resolution 16-03 continuing the existing rate at the July Board of Director's Meeting
- Adopt Resolution 16-04 to keep the standard hook-up fees at \$10,000 and keep the Ad Valorum tax rate at \$0.02 per \$100 valuation at the July Board of Director's Meeting.

**2016/2017 Sewer Budget**

	<b>16/17 Budget</b>
<b>Income</b>	
301.10 · Service Charges - Monthly	756
301.15 · Service Charges - Annual Fees	1,512
301.20 · Service Charges - SUSD	61,258
301.30 · Service Charges - County	
301.35 · Solar Portion - County	7,680
301.30 · Service Charges - County - Other	90,191
<b>Total 301.30 · Service Charges - County</b>	<b>97,871</b>
<b>Total 301.00 · Service Charges</b>	<b>161,397</b>
303.00 - Connection Fees	10,000
305.00 · SUSD Sinking Fund	8,062
311.00 · Interest Income	1,492
315.50 · Levy 4	8,200
<b>Total Income</b>	<b>189,151</b>
<b>Expense</b>	
410.00 · Sewage Collection	375
411.00 · Sewage Treatment	8,100
412.00 · Sewage Disposal	336
414.00 · Administration and General	
414.05 · Administrator's Fees	45,477
414.22 · Licenses and Permits	1,346
414.30 · Insurance	-
414.31 · Property & Liability Insurance	6,000
414.33 · Worker's Comp Insurance	500
<b>Total 414.30 · Insurance</b>	<b>6,500</b>
414.40 · Office Expense	
414.41 · Postage and Delivery	350
414.42 · Printing and Copies	50
414.43 · Office Supplies	310
414.44 · Sonic - Web Hosting	250
414.45 · Equipment Expense	250
414.46 · Board Meeting Expense	
414.465 · Board Member Stipend	5,000
414.467 · Board Training	1,000
414.466-Board Payroll Taxes	550
<b>Total 414.40 · Board Expense</b>	<b>7,760</b>
414.47 · Clerical/Bookkeeping	10,220
414.48 · Office Rent	1,200
414.49 · Secretary	6,856
<b>Total 414.40 · Office Expense</b>	<b>26,036</b>
414.50 · O&M Contractual Services	71,000
414.552 · Accounting	4,750
414.61 · Newsletter Expense	710
414.62 · Dues and Subscriptions	1,510
414.67 · Solar Lease Admin Fee	750
414.70 · Repairs and Maintenance	
414.71 · Plant and Building Maintenance	1,000
414.72 · Computer Repairs	250
414.73 · Equipment Repairs	1,150
414.76 · Collection System Maintenance	5,000
414.77 · Irrigation Field Maintenance	6,000
414.78 · Solar Panel Maintenance	400
<b>Total 414.70 · Repairs and Maintenance</b>	<b>13,800</b>
414.83 · Meetings and Seminars	320
414.90 · Telephone and Internet Services	2,640
<b>Total 414.00 · Administration and General</b>	<b>174,839</b>
417.30 · LAFCO Charges	124
420.20 · Interest Expense - SRF Loan	3,877
<b>Total Expense</b>	<b>187,651</b>
<b>Net Income</b>	<b>1,500</b>
Cash outlay for loan and bond payments	-38,526
<b>Net Change in Cash Balances</b>	<b>-37,026</b>