



TOMALES VILLAGE COMMUNITY SERVICES DISTRICT

TVCS D SEWER ENTERPRISE

INCOME AND EXPENSE BUDGET

Fiscal Year 2018-2019

SUBMITTED: MAY 9, 2018

DRAFT APPROVED: MAY 9, 2018

FINAL APPROVAL: MAY 9, 2018

Tomales Village Community Services District

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

DATE: May 9, 2018

TO: Stakeholders

FROM: Board of Directors, TVCSD

SUBJECT: Proposed TVCSD Sewer Budget for 2018-2019

OVERVIEW:

This Fiscal Year 2018-19 Budget Proposal is the outcome of a continuing effort by Board Members, Staff, and standing committees to analyze District expenses, lower daily operational costs, and implement efficiencies. We have utilized our Asset Management Plan, our 10-Year Financial Plan and Capital Improvement Plans in this work to anticipate our maintenance, repair and improvement needs. In this 2018-19 budget year we will use cameras to inspect the entire collection system, repair erosion around the air gap apron, and improve our SCADA programming. The estimated cost will be \$16,500. Similar projects are scheduled each year and provided for in the annual budgets.

Loans to improve the sewer system in 2008-2011 were required to upgrade the sewer plant obtained from North Marin County Water District in 1999. Additionally solar bonds were purchased in 2009 to install solar panels to produce electricity at the plant and irrigation ponds. No rate increase had been imposed to service this debt for eleven years until last year. Each year cash reserves were drawn down to meet the debt service requirements. After public hearing a year ago, the Board approved a \$9.45 monthly increase to be effective July 2017 and a second \$9.45 monthly increase to be effective July 2018. Together these two consecutive increases will generate an additional \$27,700 in income each year, alleviating the pressure on our diminishing cash reserves. Payments in 2018/2019 to retire the debt will require \$39,228 in addition to the expenses budgeted. This budget includes a modest 1.9% increase in operating expenses and provides \$17,796 toward repayment of debt.

SEWER PROGRAM INCOME

Sewer Service Fees (301.10, 301.15, 301.30)

The current service rate is \$72.45 per month per EU, or \$869.40 per year. A stepped rate increase approved on June 14, 2017 is reflected in this budget. An additional \$9.45/month per EU becomes effective July 1, 2018, raising the sewer service rate to \$81.90 per month per EU.

Shoreline Unified School District Service Fees (301.20)

SUSD utilizes one-third of the capacity of the sewer system. Each year they are charged for one-third of the costs of operating the sewer program; the charge is derived from actual operating costs of the prior year.

SUSD Sinking Fund (305.00)

This is SUSD's debt service requirement for their portion of the State Revolving Loan Fund.

Interest Income (311.00)

Interest on a loan the SUSD is paying back to the District plus small amounts of bank account interest.

Levy 4 (315.50)

The Levy 4 Income from Marin County is anticipated to be about \$8200 for this budget; however, it does vary year to year and may be higher.

EXPENSES

Collection, Treatment and Disposal (410.00 through 413.20)

Ongoing expenses for the community's wastewater collection, treatment and disposal. Due to new State mandated regulations for increased monitoring and laboratory testing, expenses have increased for wastewater treatment.

Operation and Maintenance Services (414.50)

The current contract is tied to the Consumer Price Index and has slowly risen over the years since 1999. The District renegotiated the contract and its scope of work with our contractor in an effort to reduce costs.

Contracted Management and Administrative Services (414.05, 414.47, 414.49, 414.551, 414.552)

Three part-time contractors to perform general management, (414.05) financial services (414.47) and secretarial services (414.49) have increased district transparency while saving the District over \$30,000 in expenses for compensation from prior years. Annual audits are performed as required (414.552) and legal services are provided for if needed. (414.551.)

Board Stipends (414.465) and Payroll Tax Expense (414.10)

This budget proposes \$5000 for Board stipends to acknowledge time and effort for District oversight. Legally, Special District stipends are limited to \$100 per meeting per Board member with a maximum of 6 meetings per month. TVCSD policy states that our Board members are to be paid \$50 per meeting for up to 2 meetings per month as some Board members also sit on

standing committees. Stipends are reported as compensation and the required payroll taxes are paid.

Licenses and Permits (414.22)

Permits are required for sewer system operation from the County of Marin and the California State Water Resources Control Board.

Insurance (414.31, 414.33)

The District's insurance carrier, SDRMA, has increased our rates 6% for Property & Liability Insurance.

Office Expenses (414.41 – 414.45)

Postage, copying, web hosting, office supplies and equipment have been reduced in this budget due to improved efficiencies in printing and web hosting.

District Office Rent (414.48)

This budget allocates \$1,200 for our Tomales office space above Diekmann's Store.

Newsletter (414.61)

Newsletter costs have been reduced in recent years.

Publications and Notices (414.60)

This budget provides for the publication of required notices, such as the budget hearing in the Point Reyes Light.

Dues and Subscriptions (414.62)

Dues and subscriptions have been reduced in recent years to eliminate unnecessary subscriptions.

Solar Lease Agreement (414.67)

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. The bond payment for this fiscal year will be \$17,941 and the solar administrative fee is \$750.

Repairs and Maintenance (414.70-414.79)

This section of the budget is now being used to appropriate funds for the infrastructure costs from the 10-year CIP plan as described above in the Overview. Each year approximately \$15,000 is budgeted for repair and maintenance in this area, and in the last year, 2026/2027, major improvements costing \$162,000 are projected. New debt will probably be incurred at that time; existing debt will be paid off by then.

Computer Repairs (414.72)

In addition to the infrastructure repairs, and additional \$150 is provided for non-system computer repairs.

Travel (414.81)

Mileage reimbursement for the General Manager at no more than the IRS approved rate

Training (414.85)

Reimbursement for required and related training for staff and Board

Telephone and Internet Services (414.90)

AT&T charges for sewer plant phone and internet and for office internet. Costs have been reduced by eliminating telephone service at the office.

LAFCO (417.30)

Required annual assessment for LAFCO services

Interest Expense on the State Water Resources Control Board Revolving Fund Loan (420.20)

Interest at 2.50% on the SWRCB Revolving Fund loan. The Solar Bonds have no interest due.

Other Sources and Uses of Cash

The budget provides \$17,796 toward repayment of the two debt issues. SUSD makes annual payments of \$1,637 toward paying off an advance we made to help them get started. These contribute to funding the total debt principal payments of \$39,228 for the year so that the negative drain on cash reserves is reduced to \$19,794.

Recommendations:

It is recommended that the Financial Advisory Committee and the Board of Director's take the following action:

- Review and Adopt final Sewer Budget on May 9, 2018
- Adopt Resolution 18-5 to implement the rate increase of \$9.75/month per EU for 2018-19
- Adopt Resolution 18-4 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 May 9, 2018 Board of Director's Meeting.

**Tomales Village Community Services District
2018/2019 Sewer Program Budget**

Income		
301.10 · Service Charges - Monthly		983
301.15 · Service Charges - Annual Fees		1,966
301.20 · Service Charges - SUSD		64,299
301.30 · Service Charges - County		
	301.35 · Solar Portion - Debt Serv	8,280
	301.30 · Service Charges - County - Other	108,457
Total 301.00 · Sewer Service Charges		183,984
305.00 · SUSD Debt Serv SRF		8,062
311.00 · Interest Income		1,500
315.50 · Levy 4		8,180
Total Income		201,726
Expense		
410.00 · Sewage Collection Electric		405
411.00 · Sewage Treatment Electric		240
411.05 - Lab Costs		8,663
411.10 - Plant Maintenance Supplies		7,734
412.00 · Sewage Disposal-Other		828
412.10 · Sewage Disposal Electric		340
413.20 - Grounds Maintenance		2,000
414.05 · Administrator's Fees		46,661
414.10 - Payroll Tax Expense		550
414.22 · Licenses and Permits		1,376
414.31 · Property & Liability Insurance		7,369
414.33 · Worker's Comp Insurance		700
414.41 · Postage and Delivery		110
414.42 - Printing and Copies		100
414.43 · Office Supplies		150
414.44 · Sonic - Web Hosting		100
414.45 · Equipment Expense		250
414.465 · Board Member Stipend		5,000
414.467 · Board Training		1,000
414.47 · Clerical/Bookkeeping		12,000
414.48 · Office Rent		1,200
414.49 · Secretary		4,500
414.50 · O&M Contractual Services		49,148
414.551 · Legal Fees		2,500
414.552 · Accounting		5,300
414.61 · Newsletter Expense		500
414.60 - Publication and Notices		175
414.62 · Dues and Subscriptions		1,150
414.67 · Solar Lease Admin Fee		750
414.72 - Computer Repairs		150
Sewer Plant Repairs and Maintenance From CIP Plan		
CCTV Inspection of entire collection system		10,000
System integration and SCADA programming		2,500
Repair erosion around air gap apron		4,000
Total 414.70 · Repairs and Maintenance CIP		16,500

**Tomales Village Community Services District
2018/2019 Sewer Program Budget**

414.81 · Travel	770
414.83 · Conferences and Seminars	200
414.90 · Telephone and Internet Services	2,500
417.30 · LAFCO Charges	160
420.20 · Interest Expense - SRF Loan	2,851
Total Expense	183,930
Net Income	17,797
Cash receipt for initial SUSD advance	1,637
Cash outlay for loan and bond payments	-39,228
Net Change in Cash Balances	-19,794