

TOMALES VILLAGE COMMUNITY SERVICES DISTRICT

TVCS D SEWER ENTERPRISE

INCOME AND EXPENSE BUDGET

Fiscal Year 2019-2020

SUBMITTED: MAY 8, 2019

DRAFT APPROVED: MAY 8, 2019

FINAL APPROVAL: JULY 10, 2019

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

TO: Stakeholders

DATE: July 10, 2019

FROM: Board of Directors, TVCSD

SUBJECT: Proposed TVCSD Sewer Budget for 2019-2020

OVERVIEW:

This Fiscal Year 2019-20 Budget Proposal is the outcome of a continuing effort by Board Members, staff, and standing committees to analyze District expenses and keep daily operational costs low by implementing efficiencies. Incorporating our ten-year maintenance, repair and improvement plan, this 2019-20 budget includes replacing a high lift pump and motor, three uninterrupted power supply units, a level transmitter and thirty-three sprinkler heads. The estimated cost of this infrastructure maintenance will be \$14,500. Similar projects are scheduled each year and provided for in the annual budgets to maintain the existing infrastructure over the years.

The last major upgrade to the sewer plant obtained in 1999 from North Marin Water District was undertaken in 2007/2008 using debt financing. No rate increase had been imposed to service this debt for eleven years until the past two years' consecutive increases. Additionally, solar bonds were purchased in 2009 to install solar panels to power the plant and irrigation ponds. Payments in 2019/2020 to retire these two debt issues will require \$39,760 in addition to the expenses budgeted. The two consecutive rate increases have generated additional income each year, alleviating the pressure on diminishing cash reserves for debt repayment. This budget includes a modest 3% increase in operating expenses and still provides \$11,716 toward repayment of debt.

Major improvements to the system are projected for 2026/2027. The current two debt issues will be completely retired the previous fiscal year. The challenge facing us will be to maintain adequate cash balances in the coming years until financing for the planned 2026/2027 improvements can be arranged.

SEWER PROGRAM INCOME

Sewer Service Fees (301.10, 301.15, 301.30)

The current service rate is \$81.90 per month per EU, or \$982.80 per year. No rate increase is being recommended in this budget.

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 previous year now in process as we draft this budget.

SUSD Sinking Fund (305.00)

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

Interest Income (311.00)

Interest of \$907 on a loan the SUSD is paying back to the District plus bank account and investment interest. A significant portion of cash reserves are now invested with the State of California Local Agency Investment Fund paying competitive interest on liquid funds.

Levy 4 (315.50)

The Levy 4 Income from Marin County is anticipated to be about \$8,180 for this budget year; however, it does vary somewhat year to year.

EXPENSES

Collection, Treatment and Disposal (410.00 through 413.20)

Ongoing expenses for the community's wastewater collection, treatment and disposal. These costs include laboratory charges for testing, grounds maintenance, treatment supplies, and electrical power, cost of the latter being reduced by the solar system. The 2019/2020 budget reduces maintenance supplies by \$3,000 due to current supply levels, and increases grounds maintenance by the same amount due to higher maintenance costs.

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 for a 27% reduction effective July 2017, concurrent with assuming lab fee, grounds maintenance and supplies costs. The first CPI increase in the monthly contract fee since the renegotiation occurred in January 2019, a 3.6% increase. A second CPI increase in January 2020 of 3% is included in this budget.

Contracted Management and Administrative Services (414.05, 414.47, 414.49, 414.551, 2 and 3)

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 \$25,000 in annual expenses in compensation from prior years. Annual audits are performed as required (414.552) and legal services. (414.551) are provided for if needed. This budget includes \$5,000 in consulting fees for an update of the Strategic Plan adopted in 2011.

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 5% for Property & Liability Insurance. The District pays the minimum fee for workers' compensation insurance for Board members and volunteers because of the small wage total.

Office Expenses (414.41 – 414.45)

Postage, copying, web hosting, office supplies and equipment expenses, including software subscriptions, are kept to a minimum. The first class postage rate increase is included in the budget.

District Office Rent (414.48)

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

Publications and Notices (414.60)

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

Newsletter (414.61)

The budget provides for the expenses of two newsletters this year.

Dues and Subscriptions (414.62)

Dues are limited to California Special Districts Association membership and the charges for 811 – Call Before You Dig inquiries in our area.

Solar Lease Agreement (414.67)

The Solar System was purchased with the sale of Clean Renewable Energy Bonds. The bond payment each year requires cash outlay of \$17,941 and the solar administrative fee is \$750. These are no-interest bonds, and the \$750 is the only budgeted expense for the debt.

Plant and Building Maintenance (414.71)

A nominal amount is provided for upkeep of the structures at the sewer plant independent of the collection, treatment and disposal systems. Examples would be paint, minor repairs and light bulbs.

Repairs and Maintenance (414.72-414.79)

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 major repair and upgrades of the collection, treatment and disposal systems. The 2019/2020 projects are described in the Overview section of this budget.

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 and resource materials 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.

Election, LAFCO, County Administration (417.20-417.40)

Required annual assessments for LAFCO services and County election and sewer service fee collections

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

Interest expense at 2.50% on the SWRCB Revolving Fund loan.

Net Change in Cash Balance

The District does not budget for depreciation. Instead it focuses on maintaining adequate cash levels. Budgeted expenses for 2019/2020 total \$190,510. In addition to these operating expenses, \$38,025 cash outlay is needed for required long-term debt. With \$202,226 in total income, the resulting drain on cash planned for 2019/2020 is \$26,309.

**Tomales Village Community Services District 2019/2020 Sewer Program Budget
Adopted 7/10/2019**

		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	116,737
Total 301.00 · Service Charges		183,984
305.00	· SUSD Debt Funding	8,062
311.00	· Interest Income	2,000
315.50	· Levy 4	8,180
Total Income		202,226
		Expense
410.00	· Sewage Collection Electric	460
411.03	· Sewage Treatment Electric	240
4111.05	- Lab Costs	8,663
411.10	- Plant Maintenance Supplies	4,734
412.00	· Sewage Disposal Other	828
412.00	· Sewage Disposal Electric	340
413.20	- Grounds Maintenance	5,000
414.05	· Administrator's Fees	47,375
414.10	- Payroll Tax Expense	550
414.22	· Licenses and Permits	1,376
414.31	· Property & Liability Insurance	7,737
414.33	· Worker's Comp Insurance	854
414.41	· Postage and Delivery	360
414.42	- Printing and Copies	100
414.43	· Office Supplies	150
414.44	· Sonic - Web Hosting	100
414.45	· Equipment Expense	620
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	4,000
414.50	· O&M Contractual Services	51,677
414.551	· Legal Fees	2,500
414.552	· Accounting	5,300
414.553	· Consulting	5,000
414.61	· Newsletter Expense	500
414.60	- Publication and Notices	175
414.62	· Dues and Subscriptions	1,225
414.67	· Solar Lease Admin Fee	750
414.71	- Plant and Building Maintenance	150
414.74	- Treatment Pond Maint pump, motor, power supply	9,500
414.77	- Irrigation Field Maint sprinklers, level transmitter	5,000
Total 414.70 · Major Repairs and CIP		14,500
414.81	· Travel	700
414.85	- Training	200
414.90	· Telephone and Internet Services	2,500
417.30	· LAFCO Charges	190
417.40	· County Administration Fees	137
420.20	· Interest Expense - SRF Loan	2,319
Total Expense		190,510
Net Income		11,716
Cash repayment on initial SUSD advance		1,735
Cash outlay for loan and bond payments		(39,760)
Total Other Sources and Uses of Cash		(38,025)
Net Change in Cash Balances		(26,309)