

FY 2018-19 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 17-18 Adopted	FY 18-19 Requested	Percent Change	FY 17-18 Adopted	FY 18-19 Requested	Percent Change
Operations	\$1,041,000	\$2,922,800	180.77%	(\$241,965)	\$289,123	(219.49%)
Construction	125,000	451,000	260.80%	119,704	151,000	26.14%
TOTAL:	\$1,166,000	\$3,373,800	189.35%	(\$122,261)	\$440,123	(459.99%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 16-17 Actual	FY 17-18 Budget Estimate	FY 17-18 Revised Estimate	FY 18-19 Projected	Change from FY 17-18 Budget Estimate
Total ESDs	272	274	272	274	0.00%
Total APNs	99	101	99	101	0.00%

E. Summary of Issues and Significant Changes

The requested rate per equivalent single family dwelling for FY 18-19 annual service charges is \$2, 275 representing a 4.9% increase from FY 17-18. Annual sewer service charge revenue, adjusted for the anticipated number of ESDs and an estimated delinquency factor, is projected to increase from the FY 17-18 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 18-19 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

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 2018-19 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Sub-Object No. and Title	Adopted 2017-18	Requested 2018-19	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
40003 (1001) Direct Charges-CY	\$558,301	\$585,585	\$27,284	4.89%
40202 (1061) Direct Charges - PY	1,600	10,000	8,400	525.00%
40999 (1120) Penalties/Costs on Taxes	600	600	0	0.00%
Subtotal Taxes	\$560,501	\$596,185	\$35,684	6.37%
<u>USE OF MONEY</u>				
44002 (1700) Interest on Pooled Cash	\$774	\$14,742	\$13,968	1804.65%
Subtotal Use of Money	\$774	\$14,742	\$13,968	1804.65%
<u>CHARGES FOR SERVICES</u>				
45221 (3400) Sewer/Water Usage Fee	\$21,690	\$22,750	\$1,060	4.89%
Subtotal Charges for Services	\$21,690	\$22,750	\$1,060	4.89%
<u>OTHER FINANCING SOURCE</u>				
47101 (4625) Transfers In-within a Fund	\$700,000	\$0	(\$700,000)	(100.00%)
Subtotal Other Financing Sources	\$700,000	\$0	(\$700,000)	(100.00%)
<u>Intergovernmental</u>				
42358 State Other Funding	\$0	\$0	\$0	N/A
42610 SC Water Agency Revenue	0	2,000,000	2,000,000	N/A
Subtotal Intergovernmental	\$0	\$2,000,000	\$2,000,000	N/A
TOTAL REVENUES	\$1,282,965	\$2,633,677	\$1,350,712	105.28%

EXPENDITURES:

SERVICES AND SUPPLIES

51061 (6140) Maintenance - Equipment	\$50,000	\$35,000	(\$15,000)	(30.00%)
51076 (6246) Maint - FACOPS	100,000	0	(100,000)	(100.00%)
51201 (6522&73) Administration Services	5,000	5,000	0	0.00%
51206 (6630) Accounting/Auditing Services	9,000	9,000	0	0.00%
51211 (6610) Legal Services	7,000	9,000	2,000	28.57%
51231 (6512) Testing/Analysis	40,000	40,000	0	0.00%
51241 (6430) Outside Printing & Binding	500	500	0	0.00%
51244 (6589) Permits/License/Fees	10,000	10,000	0	0.00%
51401 (6820) Rents& Leases-Equipment	3,000	4,000	1,000	33.33%
51421 (6840) Rents&Leases-Bldg/Imp	25,000	25,000	0	0.00%
51803 (6540) Other Contract Services	94,700	1,734,000	1,639,300	1731.05%
51902 (6040) Telecommunication Usage	500	500	0	0.00%
51916 (6521) County Services	5,000	5,500	500	10.00%
51917 (6523) District Operations Chgs	500,000	500,000	0	0.00%

Sub-Object No. and Title	Adopted 2017-18	Requested 2018-19	Difference	Percent Change
EXPENDITURES:				
<u>SERVICES AND SUPPLIES (Contd.)</u>				
51921 (7206) Equipment Usage Charges	25,000	25,000	0	0.00%
52072 (7212) Chemicals	15,000	15,000	0	0.00%
52081 (6262) Medical/Laboratory Supplies	2,000	2,000	0	0.00%
52111 (6461) Office Supplies	3,500	3,300	(200)	(5.71%)
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	18,000	20,000	2,000	11.11%
Subtotal Services and Supplies	\$916,200	\$2,445,800	\$1,529,600	166.95%
<u>OTHER CHARGES</u>				
53402 (7980) Depreciation Expense	\$120,800	\$173,000	\$52,200	43.21%
53501 Contributions/Donations	0	0	0	N/A
Subtotal Other Charges	\$120,800	\$173,000	\$52,200	43.21%
<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	\$0	\$300,000	\$300,000	N/A
Subtotal Other Financing Uses	\$0	\$300,000	\$300,000	N/A
TOTAL EXPENDITURES	\$1,041,000	\$2,922,800	\$1,881,800	180.77%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$241,965)	\$289,123	\$531,088	(219.49%)

FY 2018-19 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 17-18 budget. The rate will increase 4.9% from \$2,169 to \$2,275.

ESDs times annual rat	264 x \$2,275	\$600,600
Less Estimated Delinquency Factor:	2.5%	(15,015)
		\$585,585

(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		\$780,000
Projected Interest Rate		1.89%
Projected/Planned Interest on Pooled Cash		\$14,742

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 18-19 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 \$2,198 to

ESDs x Annual Char	10 x \$2,275	=	\$22,750
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Character Title: Intergovernmental

Character No.: 43101-33060100-49

42610 SC Water Agency Revenue

This account records a transfer from SCWA General Fund to provide funds to operate the treatment plant. These funds will no be recovered. No longer using the OT account per SC Auditors.

51061 (6140) Maintenance - Equipment

This account records the costs for routine maintenance of equipment.

51076 (6246) Main - FACOPS

This account records the costs for non-routine maintenance of equipment.

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.

51206 (6630) Accounting/Auditing Services

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

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

Disposal Fees	691,000
Hauling Fees	1,000,000
High Efficiency Direct Install Program	3,000
Permitting Assistants	\$40,000
	<u>\$1,734,000</u>

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.

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.

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.

55011 (9000) Appropriations for Contingencies

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

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 2018-19 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 16-17	Estimated FY 17-18	Requested FY 18-19
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$335,426	\$1,355,348	\$891,945
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	2,156,317	1,286,328	2,633,677
Expenditures - (Decrease) retained earnings	(1,182,535)	(1,860,020)	(2,922,800)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	973,782	(573,692)	(289,123)
Adjustments to Reserves/Encumbrances:			
53402 (7980) Depreciation	114,969	110,289	173,000
Unrealized Gain/loss	9,187	-	-
Change in Encumbrance	(78,016)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	46,140	110,289	173,000
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$1,355,348	\$891,945	\$775,822
Target Fund Balance	\$333,288	\$443,739	\$1,222,900
<i>Over/(Under) Target Fund Balance</i>	<i>\$1,022,060</i>	<i>\$448,206</i>	<i>(\$447,078)</i>
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$1,019,922	(\$463,403)	(\$116,123)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/16	7/1/17	
Cash	\$372,507	\$1,634,281	
Other Receivables (Flat Charges)	169,260	9,361	
Retention Payable	(187)	(75)	
Retention Receivable	-	210	
Prepaid Expense	1,114	-	
Encumbrances	(205,712)	(283,728)	
Vouchers Payable	(1,556)	(4,701)	
Total Beginning Retained Earnings	\$335,426	\$1,355,348	

FY 2018-19 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Sub-Object No. and Title	Adopted 2017-18	Requested 2018-19	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
44002 (1700) Interest on Pooled Cash	\$5,296	\$0	(\$5,296)	(100.00%)
Subtotal Use of Money	\$5,296	\$0	(\$5,296)	(100.00%)
<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	\$0	\$300,000	\$300,000	N/A
Subtotal Other Financing Sources	\$0	\$300,000	\$300,000	N/A
TOTAL REVENUES	\$5,296	\$300,000	\$294,704	5564.65%
EXPENDITURES:				
<u>FIXED ASSETS</u>				
19832 (9400) CIP - Infrastructure	\$125,000	\$451,000	\$326,000	260.80%
Subtotal Fixed Assets	\$125,000	\$451,000	\$326,000	260.80%
TOTAL EXPENDITURES	\$125,000	\$451,000	\$326,000	260.80%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$119,704	\$151,000	\$31,296	26.14%

FY 2018-19 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	\$0
Projected Interest Rate	<u>1.89%</u>
Projected/Planned Interest on Pooled Cash	\$0

Character Title: Miscellaneous Revenue

Character No.: 43102-33060200-46

46021 (4304) Capital Grants-Federal

No Federal Grants are anticipated for FY 18-19.

46022 (4303) Capital Grants-State

No State Grants are anticipated for FY 18-19.

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 18-19.

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 18-19:

Lift Station Control Panel Replacement		\$251,000
Truck Full Station	O0043	\$200,000

FY 2018-19 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 16-17	Estimated FY 17-18	Requested FY 18-19
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$815,563	\$780,266	\$18,583
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	385,381	875,317	300,000
Expenditures - (Decrease) retained earnings	(424,926)	(1,637,000)	(\$451,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(39,545)	(761,683)	(151,000)
Adjustments to Reserves/Encumbrances:			
Change in Encumbrance	-	-	-
Unrealized Gain/loss	4,248	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	4,248	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$780,266	\$18,583	(\$132,417)
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$35,297)	(\$761,683)	(\$151,000)
<u>Retained Earnings Components at Beginning of FY</u>	7/1/16	7/1/17	
Cash	\$1,149,863	\$1,114,569	
Vouchers Payable	\$0	(\$3)	
Encumbrances	(334,300)	(334,300)	
Total Beginning Retained Earnings	\$815,563	\$780,266	