

SANTA YNEZ COMMUNITY SERVICES DISTRICT

MEMORANDUM

To: Board of Directors
From: Loch Dreizler, General Manager
Alicia Marin, Office Manager
Date: April 17, 2023
Subject: Review and discuss the Draft Budget for Fiscal Year 2024/2025

Recommendation: Review and discuss the Draft Budget for Fiscal Year 2024/2025 and, if necessary, suggest changes to Staff and the Finance Committee for the final draft.

Proposed Motion: Not required for this meeting. Formal Approval will be in May or June.

Policy Implications: California government Code §61110 requires the Board to adopt an annual budget before September 1. The California government Code also requires the Board to hold a public hearing and publish a notice at least two weeks before the hearing in a newspaper of general circulation.

The Board adopted Resolution 11-05 on June 15, 2011, and states that the preliminary budget will be prepared in May of each year and reviewed by the Finance Committee. The final budget will be presented at the June meeting.

Alternatives Considered: None

Discussion: The FY 2024/25 draft budget is attached for review, discussion, and recommendation. The District budget year covers the period of July 1 through June 30 of each year. Our District's primary revenue source is the sewer fees collected from the constituents.

The District approved a rate study prepared by Tuckfield and Associates on March 17, 2021. This rate study covers FY 2021-22 through FY 2025-26. The sewer rate for 24/25 is proposed at \$86.87 per single-family dwelling, reflecting most constituents within the CSD. As a result, the District has remained able to complete projects with manageable debt and plan for projects by proactively implementing responsible sewer rates.

The Publicly Noticed Finance Committee last reviewed the draft budget for the third time on March 28, 2024

Specific Budget Considerations

- Solvang's WWTP - Santa Ynez CSD has little control over Solvang's annual Wastewater Treatment Plant capital expenditures. The District pays approximately 20% of Solvang's WWTP capital improvements. \$180,000 is a previously determined assumption. Staff is also working with the City of Solvang to get their most recent estimate of future capital improvements.
- Horizon Mainline Extension Project Debt Service is \$86,815.89 annually, with the final payment due July 23, 2041.
- A 3.5% COLA and health benefit allowance increase is recommended based on the CPI-U (Consumer Price Index for All Urban Consumers – Los Angeles, Long Beach, Anaheim) indicates a 3.5 percent increase over the last 12 months through December 2023.

https://www.bls.gov/regions/west/news-release/2024/consumerpriceindex_losangeles_20240111.htm

Or staff can work with the Finance Committee to determine an alternative baseline for the District to consider in the future.

Capital Projects

The General Manager, Secretary/Treasurer, and Operations Supervisor manage the capital projects. The capital projects outlined below were taken from the previous Capital Improvement Program (CIP) estimates.

A summary of proposed of our proposed capital projects:

| | |
|---|---------------------------|
| 1. Manhole relining (2) | \$80,000 |
| 2. Sewer line expansion design | \$65,000 |
| 3. <u>Dutile Iron lining or replacement</u> | <u>\$750,000/1,500,00</u> |
| TOTAL | \$895,000/1,645,000 |

Note: Solvang's WWTP Capital Projects are more appropriately recognized in operating expenses and, therefore, not recognized as part of our capital projects

Attachment:

2024/25 Proposed Budget – to be distributed before the Board meeting.