

SANTA YNEZ COMMUNITY SERVICES DISTRICT
MEMORANDUM

To: Board of Directors
From: Wendy Berry, Secretary/Treasurer
Date/Time: May 18, 2022
Subject: FY 22-23 Draft Budget Review and Discussion

Recommendation

Review, discuss and direct staff to notice the public hearing and bring back the final budget for adoption at the June meeting.

Policy Implications: California government Code §61110 requires the Board adopt an annual (or biennial budget) before September 1. The 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.

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

Alternatives Considered: None

Discussion:

The draft budget for FY 22/23 is attached for review, discussion, and recommendation. The District budget year covers the period of July 1 through June 30 of each year. The sewer fees collected from the district customer are the primary source of revenue for the district.

The draft budget includes the following information:

- Proposed draft budget for FY 22/23
- Adopted budget/Actual income / expense from FY 20/21 -21/22

The Finance Committee reviewed the draft budget and 10-year Capital Improvement Plan (CIP) on March 29, 2022 and directed no changes. The committee recommended staff prioritize the force main bracing improvement project.

In accordance with the rate study adopted by your Board at it's March 17, 2021 meeting. Budgeted sewer fees will reflect a 4.25% increase for this coming fiscal year. The 2021 rate study covers FY 2021-22 through FY 2025-26.

The current sewer rate is \$76.67/month per single family dwelling (SFD). The SFD category applies to the majority of the district customers. On July 1, 2022, this rate will change to \$79.93/month for FY 22/23.

The District remains financially stable with the ability fund small projects without financing and plan for future projects. By keeping sewer rates in sync with increasing cost of services, the District can better plan and avoid large rate increases.

The unknown factors within the budget for the next fiscal year include:

- How much staff time will be spent at the Chumash Wastewater Treatment Plant. The Tribe reimburses the District for staff time spent at the WWTP. As of March 2022, the average employee time spent at the plant was 15% which is a significant decrease from prior years.
- Solvang WWTP upgrade actual costs. – The City of Solvang has finished the first phase of the upgrade and will be going to their council for direction on the next phases and their capital improvement projects.

The total FY 22-23 revenue projected in the draft budget is \$1,892,949.00 for an overall increase of 2%. The increase in revenue stems from the sewer fee increase, property tax revenue increase, an increase in Chumash reservation operations and a decrease in interest revenue, a decrease in Chumash WWTP operations and a decrease in residents connecting to the District’s sewer system.

The total FY 22/23 expenses projected in the draft budget is \$1,623,150.00 for an increase of 8.6%. The increase stems from an increase for the General Manager salary, from staff working less at the Chumash WWTP, increase in computer operations for new accounting software, and increase in consultant fees.

Draft Budget Summary

The operating budget totals \$1,623,150.00

Administration	\$283,600.00
Building	\$ 14,200.00
Operations	\$912,750.00
WWTP	\$358,400.00
Reservation	\$ 52,000.00
Street Lights	\$ 2,200.00

Income Categories

1. Sewer Revenue. The estimated sewer fee revenue for FY 22/23 that will be placed on the tax roll is \$1,258,000.00 which is 67% of the total estimated revenue.

2. Non-Operating Income. Property tax should be approximately \$200,000 or 95% of the non-operating income. Total interest revenue is estimated at \$11,225 based on the year to date actual of \$10,287.00. The projected non-operating revenue is \$211,225.00.

3. Contract Agencies. It is estimated the Chumash WWTP revenue will be \$358,400.00 and the Tribe be \$52,000.00. The estimated revenue for the WWTP and Tribe are based on actual expenses from the previous year. Total projected revenue for FY 22/23 is \$410,400.00, a 4.6% decrease from FY 21/22 budget.

The District gets reimbursed for all expenses charged to the Chumash WWTP and Tribe. The overhead contribution is a fee to the Chumash WWTP and Tribe based on certain line items in the District's budget such as, office supplies and office machines. The District charges an administration fee of 10% to the Tribe and 5% to the Chumash WWTP. The total admin fee is based on the total expense the District pays for operation of the Chumash WWTP and Tribe collection system.

Expense Categories

This final draft of the budget has operating expenses (less capital) increase of \$129,155.00 or 9% when compared to the 21/22 actual to date. The increase in expenses is attributed to an increase in salaries, consultant fees, utilities, and repair and maintenance.

1. **Personnel Cost.** Current staff level of six full-time employees remains in the budget. There is no change to the current benefits for the employees. A 5% increase in salaries is included as a projection for budgeting purposes.
2. **Operations Expenses.** There are a few increases within this section for the following purposes:
 - Salaries – district staff is spending less time at the Chumash WWTP and more time at district facilities and hiring a new general manager at an increased salary.
 - Utilities - Increase in actual utility costs for gas and electric.
 - Computer Operations – increase from the new accounting software annual maintenance.
 - Professional Fees – increase in fees to cover the voting by district which includes consultant fees and legal fees.
 - Printing and Publication – for vote by district and general outreach.
3. **General and Administrative.** Projected to increase 8% from salaries for a new general manager and computer operations for software maintenance.
4. **Debt.** The District owes \$1.3 million for the Horizon Drive Line.
5. **Transfer to Reserves.** A transfer of \$269,799.00 from revenue/expense to reserves is projected.

Capital Projects

The General Manager, Secretary/Treasurer, Operations Supervisor manage the capital projects.

The capital projects outlined below were taken from the recent Capital Improvement Program (CIP) lists.

A summary of major projects next year are as follows:

- \$150,000 for the Solvang WWTP upgrade design consultant. This is subject to change as the City of Solvang is in their budget review process.
- \$85,000 to replace the 2004 truck. This truck is used to pull the jetter and is not 4-wheel drive. 4-wheel drive is needed to get to some of the sewer manholes and sewer lines.
- \$85,000 for sewer line rehabilitation.
- \$200,000 force main bracing project.
- \$50,000 to replace the sewer inspection camera and recording equipment.
- \$50,000 for manhole cover replacements.

Total Capital Improvement cost budgeted for FY 22/23 is \$620,000.00.

Attachment:

Draft 2022/2023 Budget

10-Year CIP for 2022/2023

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SANTA YNEZ COMMUNITY SERVICES DISTRICT
Revenue Budget Report -- MultiYear Actuals
For the Year: 2022 - 2023

Page: 1 of 2
Report ID: B250

53 Sewer

Account	Actuals				Current	%	Prelim.	Budget	Final	% Old
	18-19	19-20	20-21	21-22	Budget	Rec.	Budget	Change	Budget	Budget
42000 TAX REVENUE										
42100 Property Tax Revenue			197,017	196,793	185,000	106%	200,000		200,000	108%
Group:			197,017	196,793	185,000	106%	200,000	0	200,000	108%
43000 SEWER FEES										
43100 Sewer Extension Fee Proj			39,555	13,185	0	***%			0	0%
43101 Horizon Drive Capacity				115,848	0	***%			0	0%
43102 Hwy 246 Undercrossing				1,308	0	***%			0	0%
43110 Capacity Fees			85,549	469,833	12,600	***%	9,000		9,000	71%
43200 WWTP Monthly Charge			438,808	297,099	356,200	83%	328,400		328,400	92%
43210 WWTP Admin Fee			21,048	15,403	15,000	103%	15,000		15,000	100%
43215 WWTP Overhead					15,000	0%	15,000		15,000	100%
43220 Tribe Administrative Fee			5,158	3,162	4,000	79%	3,000		3,000	75%
43221 Tribe Overhead					3,000	0%	3,000		3,000	100%
43230 Tribe Monthly Charge			51,584	37,101	37,000	100%	46,000		46,000	124%
43240 Buy-In Fee			7,929	6,924	4,000	173%	1,900		1,900	48%
43300 Sewer Benefit Fees			38,864	38,691	38,000	102%	38,000		38,000	100%
43400 Sewer Service Fees			1,217,750	1,197,235	1,160,000	103%	1,220,000		1,220,000	105%
43500 Plan Check Fees			1,861	2,590	0	***%	175		175	*****%
43600 Inspection Fees			1,380	1,380	230	600%	115		115	50%
43605 Board Room Rental				160	0	***%	200		200	*****%
43800 New Construction/Laterals			450		0	0%			0	0%
43900 Installment Plan			1,781	1,933	1,782	108%	1,934		1,934	109%
Group:			1,911,717	2,201,852	1,646,812	134%	1,681,724	0	1,681,724	102%

SANTA YNEZ COMMUNITY SERVICES DISTRICT
Revenue Budget Report -- MultiYear Actuals
For the Year: 2022 - 2023

53 Sewer

Account	Actuals				Current	%	Prelim.	Budget	Final	% Old
	18-19	19-20	20-21	21-22	Budget 21-22	Rec. 21-22	Budget 22-23	Change 22-23	Budget 22-23	Budget 22-23
47000 INTEREST										
47100 Interest Local Agency			176	307	0	***%	150		150	*****%
47110 Interest Money Market -			338	26	0	***%	75		75	*****%
47120 Interest County Santa			541	190	0	***%	1,000		1,000	*****%
47130 Interest Mechanics			6	1	0	***%			0	0%
47140 Interest Five Star Bank			21,787	9,763	20,000	49%	10,000		10,000	50%
Group:			22,848	10,287	20,000	51%	11,225	0	11,225	56%
48000 OTHER REVENUE										
48800 G.O. Bond Income			31	4	0	***%			0	0%
Group:			31	4	0	***%	0	0	0	0%
49000 MISC REVENUE										
49705 Reimbursed Expenses			5,043	894	0	***%			0	0%
49999 Misc.Cash & Checks			125	1,241	0	***%			0	0%
Group:			5,168	2,135	0	***%	0	0	0	0%
Fund:			2,136,781	2,411,071	1,851,812	130%	1,892,949	0	1,892,949	102%
Grand Total:			2,136,781	2,411,071	1,851,812		1,892,949	0	1,892,949	

SANTA YNEZ COMMUNITY SERVICES DISTRICT
Expenditure Budget Report -- MultiYear Actuals
For the Year: 2022 - 2023

53 Sewer

Account	Object	Actuals				Current	%	Prelim.	Budget	Final	% Old
		18-19	19-20	20-21	21-22	Budget	Exp.	Budget	Changes	Budget	Budget
61000	Admin										
51110	Salaries			93,989	60,198	110,000	55%	145,000		145,000	132%
51115	Vacation/Sick Leave Accru			7,955	1,257	15,000	8%	8,500		8,500	57%
51120	Health Insurance Allowanc			16,944	12,334	15,000	82%	20,000		20,000	133%
51130	Retirement			11,224	10,054	5,000	201%	15,000		15,000	300%
51131	UI				65	1,000	7%			0	0%
51133	Training Tax				17	500	3%			0	0%
51140	Taxes Due			1,567	1,574	1,500	105%	3,000		3,000	200%
51999	Misc Payroll Exp				1	0	***%			0	0%
52320	Utilities			320		0	0%	1,700		1,700	*****%
52322	Telephone			3,461	3,187	4,000	80%	4,000		4,000	100%
54411	Repair & Maintenance				345	0	***%			0	0%
54425	Education & Seminars			2,469	588	4,000	15%	3,000		3,000	75%
54430	Membership/Subscriptions			6,469	7,247	7,000	104%	7,000		7,000	100%
54440	Printing & Publication			1,950	4,290	5,000	86%	4,500		4,500	90%
54441	Meetings & Travel			74	635	4,000	16%	2,000		2,000	50%
54521	Supplies				399	0	***%	500		500	*****%
54527	Postage			503	207	1,200	17%	500		500	42%
54528	Office Machine			933	1,378	2,000	69%	1,500		1,500	75%
54529	Computer Operations			5,337	12,847	7,000	184%	12,000		12,000	171%
54530	Office Supplies			998	593	1,500	40%	1,000		1,000	67%
54532	Office Furniture			20,811		0	0%			0	0%
54534	Medical Exams				60	0	***%			0	0%
55620	Permit Fees				400	0	***%	400		400	*****%
56410	Insurance			507	1,225	1,000	123%	1,500		1,500	150%

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Account	Object	Actuals				Current	%	Prelim.	Budget	Final	% Old
		18-19	19-20	20-21	21-22	Budget	Exp.	Budget	Changes	Budget	Budget
56510	Legal Services			31,789	41,696	40,000	104%	40,000		40,000	100%
56511	Audit Contract			6,701	9,500	9,500	100%	9,500		9,500	100%
56512	Consultant Fees			27,650		23,500	0%			0	0%
56979	Lafco Fee					1,500	0%	1,500		1,500	100%
56980	Bank Service Charges			1,821	780	1,500	52%			0	0%
56981	Retirement Service Fee			1,366	1,344	1,500	90%	1,500		1,500	100%
	Account:			244,838	172,221	262,200	66%	283,600	0	283,600	108%
62000	Building										
52320	Utilities			5,153	4,575	6,000	76%	5,200		5,200	87%
52323	Alarm System			481	1,199	1,500	80%	1,500		1,500	100%
54411	Repair & Maintenance			4,021	4,330	5,000	87%	4,500		4,500	90%
54521	Supplies			1,460	262	1,500	17%	1,000		1,000	67%
56410	Insurance			2,130		3,000	0%	2,000		2,000	67%
	Account:			13,245	10,366	17,000	61%	14,200	0	14,200	84%
63000	Operations										
51110	Salaries			250,302	223,962	250,000	90%	315,000		315,000	126%
51120	Health Insurance Allowanc			72,650	68,477	97,000	71%	76,450		76,450	79%
51121	Health Insurance				408	0	***%			0	0%
51130	Retirement			36,359	30,123	18,000	167%	45,000		45,000	250%
51131	UI				569	0	***%	800		800	*****%
51132	Disability				113	0	***%			0	0%
51133	Training Tax				49	0	***%			0	0%
51140	Taxes Due			4,877	4,072	6,000	68%	4,500		4,500	75%
52320	Utilities			8,674	11,017	10,000	110%	13,000		13,000	130%
52322	Telephone			9,547	6,734	10,000	67%	10,000		10,000	100%

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SANTA YNEZ COMMUNITY SERVICES DISTRICT
Expenditure Budget Report -- MultiYear Actuals
For the Year: 2022 - 2023

Page: 3 of 5
Report ID: B240

53 Sewer

Account	Object	Actuals				Current	%	Prelim.	Budget	Final	% Old
		18-19	19-20	20-21	21-22	Budget	Exp.	Budget	Changes	Budget	Budget
52324	Dig Alert			665	377	700	54%	800		800	114%
54411	Repair & Maintenance				1,839	0	***%	6,000		6,000	*****%
54421	Gas, Oil & Fuel			3,476	3,274	4,000	82%	4,000		4,000	100%
54422	Vehicle			2,290	3,158	8,000	39%	5,000		5,000	63%
54425	Education & Seminars			478	437	3,000	15%	4,000		4,000	133%
54430	Membership/Subscriptions			3,176	1,653	6,000	28%	4,000		4,000	67%
54440	Printing & Publication			392	3,647	1,000	365%	4,000		4,000	400%
54441	Meetings & Travel			117	882	3,000	29%	3,000		3,000	100%
54520	Operating Supplies			5,926	3,363	7,000	48%	6,000		6,000	86%
54523	Small Tools & Equipment			2,004	1,822	5,000	36%	5,000		5,000	100%
54527	Postage			1,056	73	1,000	7%	1,000		1,000	100%
54528	Office Machine			1,643	287	2,000	14%	2,000		2,000	100%
54529	Computer Operations			1,166	17,097	8,000	214%	10,000		10,000	125%
54530	Office Supplies			1,757	467	1,500	31%	1,500		1,500	100%
54533	Uniforms			1,637	2,070	1,500	138%	2,000		2,000	133%
54534	Medical Exams			185	185	0	***%	500		500	*****%
55510	Property Tax Fee County o			2,070	2,478	3,000	83%	2,200		2,200	73%
55530	Horizon			2,343		0	0%			0	0%
55620	Permit Fees			936	471	1,500	31%	1,000		1,000	67%
55630	Collection System			8,827	274	6,000	5%	6,000		6,000	100%
55640	Pump Station			6,907	15,505	15,000	103%	15,000		15,000	100%
55650	Lab Testing			4,830	2,817	5,000	56%	5,000		5,000	100%
55720	Solvang WWTP Monthly Char			240,000	200,000	240,000	83%	240,000		240,000	100%
55730	Solvang WWTP Projects			89,236	337,718	0	***%			0	0%

SANTA YNEZ COMMUNITY SERVICES DISTRICT
Expenditure Budget Report -- MultiYear Actuals
For the Year: 2022 - 2023

53 Sewer

Account	Object	Actuals				Current	%	Prelim.	Budget	Final	% Old
		18-19	19-20	20-21	21-22	Budget	Exp.	Budget	Changes	Budget	Budget
55740	Projects/GIS			6,725	2,500	10,000	25%	10,000		10,000	100%
56410	Insurance			26,628	22,163	40,000	55%	30,000		30,000	75%
56510	Legal Services			17,242	30,105	20,000	151%	35,000		35,000	175%
56512	Consultant Fees				4,970	0	***%	45,000		45,000	*****%
	Account:			814,121	1,005,156	783,200	128%	912,750	0	912,750	117%
64000	WWTP										
51110	Salaries			210,145	147,146	160,000	92%	160,000		160,000	100%
51120	Health Insurance Allowanc			55,900	35,224	65,000	54%	25,000		25,000	38%
51130	Retirement			32,918	19,732	7,000	282%	20,000		20,000	286%
51131	UI				211	0	***%	500		500	*****%
51133	Training Tax				23	0	***%			0	0%
51140	Taxes Due			4,235	2,685	5,000	54%	2,500		2,500	50%
52322	Telephone			614	585	700	84%	700		700	100%
54411	Repair & Maintenance			1,175	7,316	5,000	146%	5,000		5,000	100%
54430	Membership/Subscriptions			2,848	3,767	3,000	126%	3,000		3,000	100%
54441	Meetings & Travel				92	0	***%	1,000		1,000	*****%
54520	Operating Supplies			70,848	59,573	65,000	92%	65,000		65,000	100%
54533	Uniforms			121	397	500	79%	700		700	140%
54535	Overhead Contribution					15,000	0%	15,000		15,000	100%
54536	Admin Fee					15,000	0%	15,000		15,000	100%
55650	Lab Testing			24,110	21,971	25,000	88%	25,000		25,000	100%
56410	Insurance			17,778	17,940	20,000	90%	20,000		20,000	100%
	Account:			420,692	316,662	386,200	82%	358,400	0	358,400	93%
65000	Tribe Collection System										
51110	Salaries			26,907	20,636	18,000	115%	25,000		25,000	139%

05/13/22
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SANTA YNEZ COMMUNITY SERVICES DISTRICT
Expenditure Budget Report -- MultiYear Actuals
For the Year: 2022 - 2023

Page: 5 of 5
Report ID: B240

53 Sewer

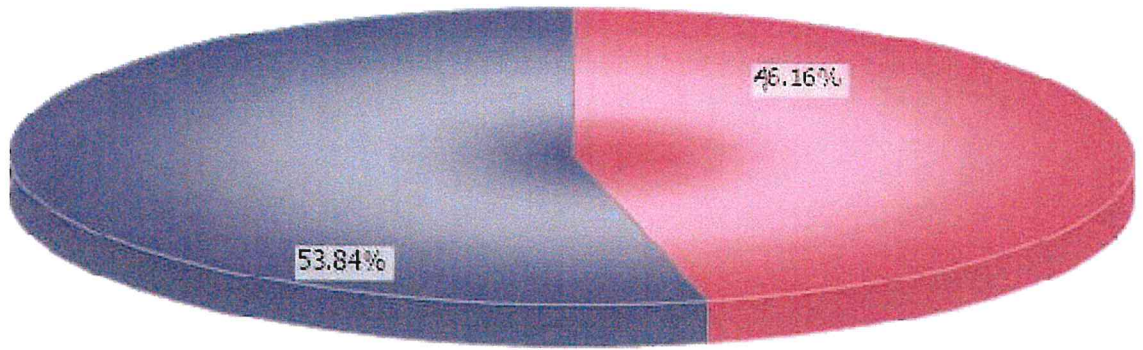
Account	Object	Actuals				Current	%	Prelim.	Budget	Final	% Old
		18-19	19-20	20-21	21-22	Budget	Exp.	Budget	Changes	Budget	Budget
51120	Health Insurance Allowanc			7,356	4,869	4,500	108%	3,000		3,000	67%
51130	Retirement			3,496	2,293	4,000	57%	2,000		2,000	50%
51131	UI				23	0	***%	100		100	*****%
51133	Training Tax				1	0	***%			0	0%
51140	Taxes Due			510	318	500	64%	700		700	140%
52320	Utilities			4,989	4,214	5,000	84%	5,000		5,000	100%
52322	Telephone				246	0	***%			0	0%
54411	Repair & Maintenance			5,979	5,853	2,000	293%	6,000		6,000	300%
54421	Gas, Oil & Fuel			190	57	0	***%	200		200	*****%
54535	Overhead Contribution					3,000	0%	3,000		3,000	100%
54536	Admin Fee					4,000	0%	3,000		3,000	75%
56410	Insurance			2,382	3,487	3,000	116%	4,000		4,000	133%
	Account:			51,809	41,997	44,000	95%	52,000	0	52,000	118%
66000	Street Lights										
52320	Utilities			1,044	975	1,395	70%	2,200		2,200	158%
	Account:			1,044	975	1,395	70%	2,200	0	2,200	158%
	Fund:			1,545,749	1,547,377	1,493,995	104%	1,623,150	0	1,623,150	109%
											%
	Grand Total:			1,545,749	1,547,377	1,493,995		1,623,150	0	1,623,150	

SANTA YNEZ COMMUNITY SERVICES DISTRICT
Cash Reserve Worksheet
For the Year: 2022 - 2023

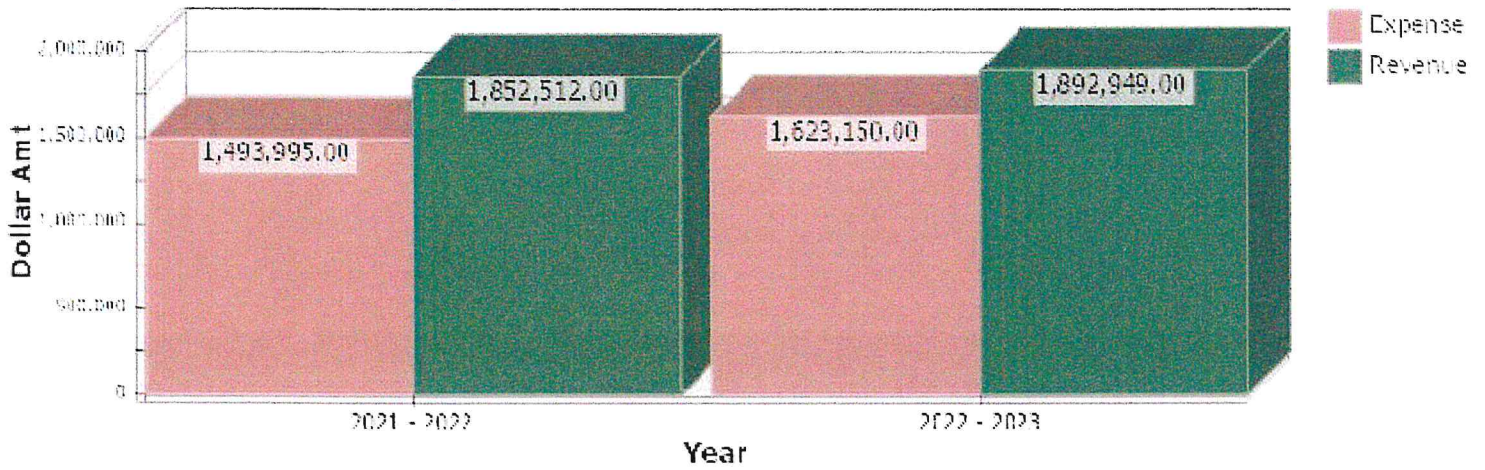
Fund	Cash Available	Proposed Revenues	Proposed Expenditures	AP/AR Outstanding	Cash Remaining	% of Exp.
53 Sewer	5,728,917.08	1,892,949.00	1,623,150.00	0.00	5,998,716.08	369.57%
Totals	5,728,917.08	1,892,949.00	1,623,150.00	0.00	5,998,716.08	

Santa Ynez Community Services District Expenditure/Revenue Comparison For Year 2022 - 2023

■ Expenditure
■ Revenue



Santa Ynez Community Services District Expenditure/Revenue Comparison For Year 2021 - 2023



Santa Ynez Community Services District Expenditure Budget by Account For Year 2022 - 2023

