

FY 2019-20 BUDGET

BUDGET SECTION SUMMARY

Section Title: SANITATION ZONE - SEA RANCH

A. Program Description

This budget finances administration, operation, and maintenance of the collection system, pumping stations and two treatment plants serving the Central and North Sea Ranch areas.

B. Financial Summary

| Section | GROSS EXPENDITURES | | | NET COST/USE OF FUND BALANCE | | |
|---------------|---------------------|-----------------------|-------------------|------------------------------|-----------------------|-------------------|
| | FY 18-19 Adopted | FY 19-20 Requested | Percent Change | FY 18-19 Adopted | FY 19-20 Requested | Percent Change |
| Operations | \$744,830 | \$742,000 | (0.38%) | \$64,628 | \$32,720 | (49.37%) |
| Construction | 0 | 125,000 | N/A | (5,103) | 20,915 | (509.86%) |
| TOTAL: | \$744,830 | \$867,000 | 16.40% | \$59,525 | \$53,635 | (9.90%) |

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

| Workload Indicator | FY 17-18 Actual | FY 18-19 Budget Estimate | FY 18-19 Revised Estimate | FY 19-20 Projected | Change from FY 18-19 Budget Estimate |
|--------------------|--------------------|--------------------------------|---------------------------------|-----------------------|---|
| Total ESDs | 599 | 601 | 605 | 605 | 0.67% |
| Total APNs | 597 | 600 | 600 | 600 | 0.00% |

E. Summary of Issues and Significant Changes

The Sea Ranch Sanitation Zone (Sea Ranch SZ) consists of two wastewater collection and treatment systems located in Central and North Sea Ranch. The Central and North Facilities both provide treatment to secondary wastewater treatment standards and are designed to treat average daily dry weather flows of up to 27,000 and 160,000 gallons per day, respectively. Treated wastewater from both facilities is disposed through irrigation. The Sea Ranch Water Company, which is owned by the Sea Ranch Association, is under contract to operate and maintain the Sea Ranch SZ facilities for the Sonoma County Water Agency (Agency). The Agency is working with the Gualala Community Services District and the Sea Ranch Golf Course on potential reuse and storage opportunities.

The requested rate per ESD for FY 19-20 annual sewer service charge is \$1,200, representing a 3.5% increase from FY 18-19.

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 2019-20 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: SANITATION ZONE 1 - SEA RANCH - OPERATIONS
Fund/Department ID: 44405-33130100

| Account No. and Title | Adopted 2018-19 | Requested 2019-20 | Difference | Percent Change |
|---|--------------------|----------------------|-----------------|-------------------|
| REVENUES: | | | | |
| <u>TAXES</u> | | | | |
| 40003 Direct Charges-CY | \$668,697 | \$696,960 | \$28,263 | 4.23% |
| 40202 Direct Charges - PY | 2,500 | 2,700 | 200 | 8.00% |
| 40999 Penalties/Costs on Taxes | 500 | 500 | 0 | 0.00% |
| Subtotal Taxes | \$671,697 | \$700,160 | \$28,463 | 4.24% |
| <u>USE OF MONEY</u> | | | | |
| 44002 Interest on Pooled Cash | \$8,505 | \$9,120 | 615 | 7.23% |
| Subtotal Use of Money | \$8,505 | \$9,120 | \$615 | 7.23% |
| <u>CHARGES FOR SERVICES</u> | | | | |
| 45221 Sewer/Water Usage Fee | \$0 | \$0 | 0 | N/A |
| Subtotal Charges for Services | \$0 | \$0 | \$0 | N/A |
| <u>OTHER FINANCING</u> | | | | |
| 47101 Trans in - within a Fund | \$0 | \$0 | 0 | N/A |
| Subtotal Charges for Other Financing | \$0 | \$0 | \$0 | N/A |
| TOTAL REVENUES | \$680,202 | \$709,280 | \$29,078 | 4.27% |

EXPENDITURES:

SERVICES AND SUPPLIES

| | | | | |
|----------------------------------|---------|---------|-----------|----------|
| 51061 Maintenance - Equipment | \$5,000 | \$800 | (\$4,200) | (84.00%) |
| 51201 Administration Services | 5,500 | 5,300 | (200) | (3.64%) |
| 51211 Legal Services | 3,000 | 1,500 | (1,500) | (50.00%) |
| 51241 Outside Printing & Binding | 1,500 | 1,000 | (500) | (33.33%) |
| 51244 Permits/License/Fees | 30,000 | 25,000 | (5,000) | (16.67%) |
| 51803 Other Contract Services | 550,000 | 475,000 | (75,000) | (13.64%) |

| Account No. and Title | Adopted 2018-19 | Requested 2019-20 | Difference | Percent Change |
|---|----------------------------|------------------------------|---------------------------|---------------------------|
| <u>SERVICES AND SUPPLIES (Cont'd)</u> | | | | |
| 51902 Telecommunications Usage | 3,300 | 3,500 | 200 | 6.06% |
| 51917 District Operations Charges | 105,000 | 86,000 | (19,000) | (18.10%) |
| 51921 Equipment Usage Charges | 1,030 | 600 | (430) | (41.75%) |
| 52171 Water Conservation Program | 1,500 | 2,000 | 500 | 33.33% |
| 52191 Utilities | 8,000 | 7,300 | (700) | (8.75%) |
| <i>Subtotal Services and Supplies</i> | <u>\$713,830</u> | <u>\$608,000</u> | <u>(\$105,830)</u> | <u>(14.83%)</u> |
| <u>OTHER CHARGES</u> | | | | |
| 53402 Depreciation Expense | <u>\$29,000</u> | <u>\$29,000</u> | <u>\$0</u> | <u>0.00%</u> |
| <i>Subtotal Other Charges</i> | <u>\$29,000</u> | <u>\$29,000</u> | <u>\$0</u> | <u>0.00%</u> |
| <u>FIXED ASSETS</u> | | | | |
| 19820 Machinery & Equipment | <u>\$0</u> | <u>\$3,000</u> | <u>\$3,000</u> | <u>N/A</u> |
| <i>Subtotal Fixed Assets</i> | <u>\$0</u> | <u>\$3,000</u> | <u>\$3,000</u> | <u>N/A</u> |
| <u>APPROPRIATIONS FOR CONTINGENCIES</u> | | | | |
| 55011 Appropriations for Contingency | <u>\$2,000</u> | <u>\$2,000</u> | <u>\$0</u> | <u>0.00%</u> |
| <i>Subtotal Appropriations for Contin.</i> | <u>\$2,000</u> | <u>\$2,000</u> | <u>\$0</u> | <u>0.00%</u> |
| <u>OTHER FINANCING USES</u> | | | | |
| 57011 Transfers out-within a Fund | <u>\$0</u> | <u>\$100,000</u> | <u>\$100,000</u> | <u>N/A</u> |
| <i>Subtotal Other Financing Uses</i> | <u>\$0</u> | <u>\$100,000</u> | <u>\$100,000</u> | <u>N/A</u> |
| TOTAL EXPENDITURES | <u>\$744,830</u> | <u>\$742,000</u> | <u>\$100,000</u> | <u>13.43%</u> |
| TOTAL NET COST <i>(Expenditures Minus Revenues)</i> | <u>\$64,628</u> | <u>\$32,720</u> | <u>(\$31,908)</u> | <u>(49.37%)</u> |

FY 2019-20 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - Sea Ranch - Operations

Character Title: Taxes **Character No.:** 44405-33130100-40

40003 Direct Charges - CY

Flat charge revenue from annual sewer service charges is expected to increase from the adopted FY 18-19 budget. The rate will increase 3.5%, from \$1,159 to \$1,200.

| | | |
|------------------------------------|---------------|-----------|
| ESDs times annual rate: | 605 x \$1,200 | \$726,000 |
| Less Estimated Delinquency Factor: | 4% | (29,040) |
| | | \$696,960 |

40202 Direct Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

40999 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money **Character No.:** 44405-33130100-44

44002 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

| | |
|---|-----------|
| Estimated Average Cash Balance | \$480,000 |
| Projected Interest Rate | 1.90% |
| Projected/Planned Interest on Pooled Cash | \$9,120 |

Character Title: Charges for Service **Character No.:** 44405-33130100-45

45221 Sewer/Water Usage Fee

This account is used to record 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.

The budget request for the forthcoming fiscal year assumes no revenue in this account. New hook-ups in this area are unpredictable.

Character Title: Other Financing

Character No.: 44405-33130100-47

47101 Transfers in-within a Fund

There is no planned operating transfer for FY 19/20.

Character Title: Services and Supplies

Character No.: 44405-33130100-51 & 52

51061 Maintenance - Equipment

This account records the costs for routine maintenance of equipment.

51201 Administration Services

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

51211 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.

51241 Outside Printing & Binding

This item is requested to cover the costs of printing service.

51244 Permits/License/Fees

This account records the cost of all permits.

51803 Other Contract Services

This account reflects the contract costs for the Sea Ranch Water Company to operate both the North and Central treatment plants and to the Gualala Community Service District for treatment of raw wastewater for the North Sea Ranch treatment plant - \$375,000.

Additionally, a Capacity Analysis for Fee Study in the amount of \$100,000 is planned for FY 19-20.

51902 Telecommunication Usage

This account records expenses paid by the Sea Ranch SZ for outside communication and wireless services, as well as for the cost of alarm services.

51917 District Operations Charges

This account records the cost of labor and overhead associated with operations and maintenance of the Zone's facilities. We anticipate the need for continued groundwater monitoring, collection system inflow and infiltration investigation, system improvement planning, and general oversight of operations.

Character Title: Services and Supplies (Cont'd) Character No.: 44405-33130100-51 & 52

51921 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

52171 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. Rebates in the amount of \$2,000 planned for FY 19/20.

52191 Utilities

This account records the cost of payments made for utilities such as gas and water.

Character Title: Other Charges Character No.: 44405-33130100-53

53402 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: Fixed Assets Character No.: 44405-33130100-19

19820 Machinery and Equipment

This records the cost of purchased equipment over the cost of \$5,000.

Character Title: Appropriations for Contingencies Character No.: 44405-33130100-55

55011 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

Character Title: Other Financing Uses Character No.: 44405-33130100-57

57011 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 any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year. There is a planned transfer in FY 19-20 in the amount of \$100,000.

FY 2019-20 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Fund: SANITATION ZONE 1 - SEA RANCH - OPERATIONS
Fund/Department ID: 44405-33130100

| DESCRIPTION OF FUND ACTIVITY | Actual FY 17-18 | Estimated FY 18-19 | Requested FY 19-20 |
|--|--------------------|-----------------------|-----------------------|
| Undesignated/Unreserved <u>BEGINNING</u> Fund Balance | | | |
| Available for Budgeting (See Detailed Components Below) | \$571,937 | \$639,072 | \$726,265 |
| Annual Revenues and Expenditures: | | | |
| Revenues - Increase fund balance | 678,416 | 672,731 | 709,280 |
| Expenditures - (Decrease) fund balance | (635,780) | (614,538) | (742,000) |
| Net Surplus or Deficit - Increase/(Decrease) to fund balance | 42,636 | 58,193 | (32,720) |
| Adjustments to Reserves/Encumbrances: | | | |
| Depreciation (53402) | 23,248 | 29,000 | 29,000 |
| Unrealized Gain/Loss | 1,253 | - | - |
| Change in Encumbrance | (2) | - | - |
| Net Adjustment - Increase/(Decrease) to Fund Balance | 24,499 | 29,000 | 29,000 |
| Undesignated/Unreserved <u>ENDING</u> Fund Balance | | | |
| Available for Budgeting | \$639,072 | \$726,265 | \$722,545 |
| Target Fund Balance | \$305,030 | \$291,769 | \$304,000 |
| <i>Over/(Under) Target Fund Balance</i> | \$334,042 | \$434,496 | \$418,545 |
| Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i> | \$67,134 | \$87,193 | (\$3,720) |
| <u>Fund Balance Components at Beginning of FY</u> | 7/1/17 | 7/1/18 | |
| Cash | \$613,463 | \$688,643 | |
| Accounts Receivable | 8,438 | 13,485 | |
| Accounts Payable | (49,964) | (63,056) | |
| Encumbrance | - | - | |
| Total Beginning Fund Balance | \$571,937 | \$639,072 | |

FY 2019-20 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: **SANITATION ZONE 1 - SEA RANCH - CONSTRUCTION**
Fund/Department ID: **44410-33130200**

| Account No. and Title | Adopted 2018-19 | Requested 2019-20 | Difference | Percent Change |
|-----------------------|--------------------|----------------------|------------|-------------------|
|-----------------------|--------------------|----------------------|------------|-------------------|

REVENUES:

USE OF MONEY

| | | | | |
|-------------------------------|----------------|----------------|------------------|-----------------|
| 44002 Interest on Pooled Cash | \$5,103 | \$4,085 | (\$1,018) | (19.95%) |
| Subtotal Use of Money | \$5,103 | \$4,085 | (\$1,018) | (19.95%) |

OTHER FINANCING SOURCES

| | | | | |
|---|------------|------------------|------------------|------------|
| 47101 Trans in - Within a Fund | \$0 | \$100,000 | \$100,000 | N/A |
| Subtotal Other Financing Sources | \$0 | \$100,000 | \$100,000 | N/A |

| | | | | |
|-----------------------|----------------|------------------|-----------------|-----------------|
| TOTAL REVENUES | \$5,103 | \$104,085 | \$98,982 | 1939.68% |
|-----------------------|----------------|------------------|-----------------|-----------------|

EXPENDITURES:

FIXED ASSETS

| | | | | |
|------------------------------|------------|------------------|------------------|------------|
| 19832 CIP- Infrastructure | \$0 | \$125,000 | \$125,000 | N/A |
| Subtotal Fixed Assets | \$0 | \$125,000 | \$125,000 | N/A |

| | | | | |
|---------------------------|------------|------------------|------------------|------------|
| TOTAL EXPENDITURES | \$0 | \$125,000 | \$125,000 | N/A |
|---------------------------|------------|------------------|------------------|------------|

| | | | | |
|---|------------------|-----------------|-----------------|------------------|
| TOTAL NET COST <i>(Expenditures Minus Revenues)</i> | (\$5,103) | \$20,915 | \$26,018 | (509.86%) |
|---|------------------|-----------------|-----------------|------------------|

FY 2019-20 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Construction

Character Title: Use of Money

Character No.: 44410-33130200-44

44002 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

| | |
|---|--------------|
| Estimated Average Cash Balance | \$215,000 |
| Projected Interest Rate | <u>1.90%</u> |
| Projected/Planned Interest on Pooled Cash | \$4,085 |

Character Title: Other Financing Sources

Character No.: 44410-33130200-47

47101 Trans in - Within A Fund

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. A FY 19/20 transfer is planned for the Helms Lift Station Control Panel Replacement project (\$100,000).

Character Title: Fixed Assets

Character No.: 44410-33130200-19

19832 CIP - Infrastructure

This account is used for expenses associated with future facility upgrades. Planned construction project for FY 19/20 is a control panel replacement at the Helms Lift Station (\$125,000).

FY 2019-20 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Fund: SANITATION ZONE 1 - SEA RANCH - CONSTRUCTION
Fund/Department ID: 44410-33130200

| DESCRIPTION OF FUND ACTIVITY | Actual FY 17-18 | Estimated FY 18-19 | Requested FY 19-20 |
|--|--------------------|-----------------------|-----------------------|
| Undesignated/Unreserved <u>BEGINNING</u> Fund Balance | | | |
| Available for Budgeting (See Detailed Components Below) | \$303,634 | \$326,869 | \$331,972 |
| Annual Revenues and Expenditures: | | | |
| Revenues - Increase fund balance | \$22,452 | 5,103 | 104,085 |
| Expenditures - (Decrease) fund balance | - | - | (125,000) |
| Net Surplus or Deficit - Increase/(Decrease) to fund balance | 22,452 | 5,103 | (20,915) |
| Adjustments to Reserves/Encumbrances: | | | |
| Unrealized Gain/Loss | 783 | - | - |
| Net Adjustment - Increase/(Decrease) to Fund Balance | 783 | - | - |
| Undesignated/Unreserved <u>ENDING</u> Fund Balance | | | |
| Available for Budgeting | \$326,869 | \$331,972 | \$311,057 |
| Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i> | \$23,235 | \$5,103 | (\$20,915) |
| <u>Fund Balance Components at Beginning of FY</u> | 7/1/17 | 7/1/18 | |
| Cash | \$303,634 | \$326,869 | |
| Encumbrances | - | - | |
| Total Beginning Fund Balance | \$303,634 | \$326,869 | |