

FY 2022-23 BUDGET BUDGET SECTION SUMMARY

Section Title:

| |
|-----------------------------|
| SANITATION ZONE - PENNGROVE |
|-----------------------------|

A. Program Description

This budget finances the maintenance, construction, debt service, and administration of a collection system and pumping station which serves the Penngrove area. Raw sewage is pumped to the City of Petaluma (Petaluma) for treatment and disposal. These services are provided by Petaluma pursuant to an agreement between the two entities. Petaluma charges the Penngrove Sanitation Zone (Penngrove SZ) for treatment on the basis of Equivalent Single Family Dwellings (ESDs).

B. Financial Summary

| Section | GROSS EXPENDITURES | | | NET COST/USE OF FUND BALANCE | | |
|---------------|---------------------|-----------------------|-------------------|------------------------------|-----------------------|-------------------|
| | FY 21-22 Adopted | FY 22-23 Requested | Percent Change | FY 21-22 Adopted | FY 22-23 Requested | Percent Change |
| Operations | \$1,111,800 | \$1,558,600 | 40.19% | \$33,610 | \$590,904 | 1658.12% |
| Bonds | 0 | 0 | N/A | 0 | 0 | N/A |
| Construction | 193,118 | 30,000 | (84.47%) | 128,218 | (371,248) | (389.54%) |
| TOTAL: | \$1,304,918 | \$1,588,600 | 21.74% | \$161,828 | \$219,656 | 35.73% |

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

| Workload Indicator | FY 20-21 Actual | FY 21-22 Budget Estimate | FY 21-22 Revised Estimate | FY 22-23 Projected | Change from FY 21-22 Budget Estimate |
|--------------------|--------------------|--------------------------------|---------------------------------|-----------------------|---|
| Total ESDs | 549 | 549 | 551 | 551 | 0.36% |
| Total APNs | 377 | 377 | 379 | 379 | 0.53% |

E. Summary of Issues and Significant Changes

Agency operations in the Penngrove Sanitation Zone (Penngrove SZ) are limited to administrative services and operation/maintenance of the collection system and pumping station. Wastewater collected by the Penngrove SZ collection system flows through Petaluma's collection system to the Petaluma wastewater treatment plant. Wastewater generated by the Penngrove SZ and Petaluma is treated to meet tertiary standards at Petaluma's treatment plant.

The proposed FY 22-23 annual sewer service charges for Penngrove SZ is \$1,828 per ESD, which represents a 8.0% increase over FY 21-22.

Connection fees continue to be collected for the future expansion and/or replacement of the collection system and for part of Penngrove SZ's share of the cost to upgrade and expand Petaluma's wastewater treatment and reclamation facilities.

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 2022-23 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: SANITATION ZONE 1 - PENNGROVE - OPERATIONS
Fund/Department ID: 44505-33120100

| Account No. and Title | Adopted 2021-22 | Requested 2022-23 | Difference | Percent Change |
|---|--------------------|----------------------|--------------------|-------------------|
| REVENUES: | | | | |
| <u>TAXES</u> | | | | |
| 40003 Direct Charges-CY | \$882,890 | \$929,800 | \$46,910 | 5.31% |
| 40202 Direct Charges - PY | 2,000 | 2,000 | 0 | 0.00% |
| 40999 Penalties/Costs on Taxes | 1,000 | 1,000 | 0 | 0.00% |
| Subtotal Taxes | \$885,890 | \$932,800 | \$46,910 | 5.30% |
| <u>INTERGOVERNMENTAL REVENUE</u> | | | | |
| 42461 Federal Funding | \$0 | \$15,000 | \$15,000 | N/A |
| Subtotal Intergovernmental Revenue | \$0 | \$15,000 | \$15,000 | N/A |
| <u>USE OF MONEY</u> | | | | |
| 44002 Interest on Pooled Cash | \$2,500 | \$3,096 | \$596 | 23.84% |
| Subtotal Use of Money | \$2,500 | \$3,096 | \$596 | 23.84% |
| <u>CHARGES FOR SERVICES</u> | | | | |
| 45221 Sewer/Water Usage Fee | \$14,800 | \$16,800 | \$2,000 | 13.51% |
| Subtotal Charges for Services | \$14,800 | \$16,800 | \$2,000 | 13.51% |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| 47101 Trans in - Within a Fund | \$175,000 | \$0 | (\$175,000) | (100.00%) |
| Subtotal Other Financing Sources | \$175,000 | \$0 | (\$175,000) | (100.00%) |
| TOTAL REVENUES | \$1,078,190 | \$967,696 | (\$110,494) | (10.25%) |

EXPENDITURES:

SERVICES AND SUPPLIES

| | | | | |
|--|------------------|--------------------|-----------------|--------------|
| 51061 Maintenance - Equipment | \$12,000 | \$25,000 | \$13,000 | 108.33% |
| 51201 Administration Services | 7,600 | 8,100 | 500 | 6.58% |
| 51211 Legal Services | 200 | 300 | 100 | 50.00% |
| 51241 Outside Printing & Binding | 300 | 900 | 600 | 200.00% |
| 51244 Permits/License/Fees | 2,900 | 3,100 | 200 | 6.90% |
| 51401 Rents & Leases-Equipment | 800 | 800 | 0 | 0.00% |
| 51803 Other Contract Services | 18,000 | 258,500 | 240,500 | 1336.11% |
| 51902 Telecommunication Usage | 300 | 300 | 0 | 0.00% |
| 51917 District Operations Charges | 189,830 | 180,900 | (8,930) | (4.70%) |
| 51921 Equipment Usage Charges | 23,205 | 16,000 | (7,205) | (31.05%) |
| 52143 Computer Software/Licensing Fees | 3,300 | 2,300 | (1,000) | (30.30%) |
| 52162 Special Departmental Expense | 700,000 | 536,000 | (164,000) | (23.43%) |
| 52171 Water Conservation Program | 5,000 | 1,000 | (4,000) | (80.00%) |
| 52193 Utilities | 9,065 | 10,000 | 935 | 10.31% |
| 52194 Utilities-Water | 300 | 400 | 100 | 33.33% |
| Subtotal Services and Supplies | \$972,800 | \$1,043,600 | \$70,800 | 7.28% |

FY 2022-23 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: SANITATION ZONE 1 - PENNGROVE - OPERATIONS
Fund/Department ID: 44505-33120100

| Account No. and Title | Adopted 2021-22 | Requested 2022-23 | Difference | Percent Change |
|---|------------------------|-------------------------|-------------------------|-----------------------|
| <u>OTHER CHARGES</u> | | | | |
| 53402 Depreciation Expense | \$74,000 | \$100,000 | \$26,000 | 35.14% |
| <i>Subtotal Other Charges</i> | <u>\$74,000</u> | <u>\$100,000</u> | <u>\$26,000</u> | <u>35.14%</u> |
| <u>OTHER FINANCING USES</u> | | | | |
| 57011 Transfers out-within a Fund | \$60,000 | \$400,000 | \$340,000 | 566.67% |
| <i>Subtotal Other Financing Uses</i> | <u>\$60,000</u> | <u>\$400,000</u> | <u>\$340,000</u> | <u>566.67%</u> |
| <u>FIXED ASSETS</u> | | | | |
| 19820 Machinery & Equipment | \$0 | \$0 | \$0 | N/A |
| 19841 Acq-WIP-Intangible | 5,000 | 15,000 | 10,000 | 200.00% |
| <i>Subtotal Fixed Assets</i> | <u>\$5,000</u> | <u>\$15,000</u> | <u>\$10,000</u> | <u>200.00%</u> |
| TOTAL EXPENDITURES | \$1,111,800 | \$1,558,600 | \$446,800 | 40.19% |
| TOTAL NET COST <i>(Expenditures Minus Revenues)</i> | \$33,610 | \$590,904 | \$557,294 | 1658.12% |

FY 2022-23 BUDGET CHARACTER JUSTIFICATION

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

Character Title: Taxes Character No.: 44505-33120100-40

40003 Direct Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 21-22 budget. The rate will increase 8.0%, from \$1,692 to \$1,828.

| | | | | | |
|------------------------------------|--------|---|---------|--|-----------|
| ESDs times annual rate: | 539.00 | x | \$1,828 | | \$985,290 |
| Less Estimated Delinquency Factor: | 5.3% | | | | (52,490) |
| | | | | | \$932,800 |

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: Intergovernmental Revenue Character No.: 44505-33120100-42

42461 Federal Funding

This records an anticipated reimbursement of a Local Hazard Mitigation Plan grant.

Character Title: Use of Money Character No.: 44505-33120100-44

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 | | | \$645,000 |
| Projected Interest Rate | | | 0.48% |
| Projected/Planned Interest on Pooled Cash | | | \$3,096 |

Character Title: Charges for Services Character No.: 44505-33120100-45

45221 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 22-23 ESDs, the Zone will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$1,692 to \$1,828.

| | | | | | |
|----------------------|------|---|---------|---|----------|
| ESDs x Annual Charge | 9.20 | x | \$1,828 | = | \$16,800 |
|----------------------|------|---|---------|---|----------|

FY 2022-23 BUDGET CHARACTER JUSTIFICATION

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

Character Title: Services and Supplies **Character No.:** 44505-33120100-51&52

51061 Maintenance - Equipment

This account records the cost for routine maintenance of equipment. Planned non-routine work for FY 22-23 includes manhole rehabilitation & access gates (\$10,000) and waste hauling (\$10,000).

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 account represents the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

51241 Outside Printing & Binding

This account represents the cost of printing services.

51244 Permits/License/Fees

This account records the cost of all permits.

51401 Rents/Leases-Equipment

This account represents the cost for rents and leases of equipment.

51803 Other Contract Services

This account reflects expenses for outside contract services as may be necessary.

FY 22-23 Planned Contract Services:

| | |
|---|------------|
| Permitting Assistance | \$ 10,000 |
| Local Hazard Mitigation Plan | 20,000 |
| Replace/Upsize Force Main & Lift Station Pumping Capacity | 150,000 |
| Sanitation Planning | 30,000 |
| SCADA | 44,000 |
| SMART Lids Monitoring | 4,500 |
| | \$ 258,500 |

51902 Telecommunication Usage

This account records expenses paid by the Penngrove SZ for outside communication and wireless services.

51917 District Operations Charges

This account records the cost of labor and overhead associated with operations and maintenance of the Penngrove SZ's facilities.

FY 22-23 Planned Staff Work:

| | |
|---|-----------|
| Petaluma TMDL Collection System Repairs | \$ 40,000 |
|---|-----------|

51921 Equipment Usage Charges

This account records the cost of equipment usage.

52143 Computer Software/Licensing Fees

This item provides funds for various software packages.

52162 Special Departmental Expense

The Penngrove SZ does not have a sewer treatment plant. Rather, the Penngrove SZ has an agreement with Petaluma to accept and treat sewage. The amount requested for the forthcoming year reflects the current year budget consistent with planned rate increases by Petaluma.

**FY 2022-23 BUDGET
CHARACTER JUSTIFICATION**

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

Character Title: Services and Supplies (Cont'd) **Character No.:** 44505-33120100-51 & 52

52171 Water Conservation Program

This account records the cost of indoor water use efficiency programs including but not limited to indoor water use assessments/audits, fixture replacements and rebates with the goal of inflow reduction.

52193 Utilities

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

52194 Utilities Water

This account records the cost of payments made for water utilities.

Character Title: Other Charges **Character No.:** 44505-33120100-53

53402 Depreciation

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

Character Title: Other Financing Uses **Character No.:** 44505-33120100-57

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. FY 22-23 planned transfer for future work on the Replace/Upsize Force Main & Lift Station Pumping Capacity Project (\$400,000).

**FY 2022-23 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY**

Department: Sonoma County Water Agency - Sanitation
Fund: SANITATION ZONE 1 - PENNGROVE - OPERATIONS
Fund/Department ID: 44505-33120100

| DESCRIPTION OF FUND ACTIVITY | Actual FY 20-21 | Estimated FY 21-22 | Requested FY 22-23 |
|--|----------------------|-----------------------|-----------------------|
| Undesignated/Unreserved <u>BEGINNING</u> Fund Balance | | | |
| Available for Budgeting (See Detailed Components Below) | \$243,582 | \$926,980 | \$867,370 |
| Annual Revenues and Expenditures: | | | |
| Revenues - Increase fund balance | 1,611,711 | 1,078,190 | 967,696 |
| Expenditures - (Decrease) fund balance | (898,032) | (1,211,800) | (1,558,600) |
| Net Surplus or Deficit - Increase/(Decrease) to fund balance | <u>713,679</u> | <u>(133,610)</u> | <u>(590,904)</u> |
| Adjustments to Reserves/Encumbrances: | | | |
| Depreciation | 52,239 | 74,000 | 100,000 |
| Unrealized Gain/Loss | 234 | - | - |
| Change in prepaid expense | (3,726) | | |
| Change in Encumbrance | (451) | - | - |
| Post Audit Adjustment | (78,578) | | |
| Net Adjustment - Increase/(Decrease) to Fund Balance | <u>(30,282)</u> | <u>74,000</u> | <u>100,000</u> |
| Undesignated/Unreserved <u>ENDING</u> Fund Balance | | | |
| Available for Budgeting | \$926,980 | \$867,370 | \$376,466 |
| Target Fund Balance | \$347,896 | \$482,530 | \$521,800 |
| <i>Over/(Under) Target Fund Balance</i> | <i>\$579,084</i> | <i>\$384,840</i> | <i>(\$145,334)</i> |
| Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i> | \$683,398 | (\$59,610) | (\$490,904) |
| <u>Fund Balance Components at Beginning of FY</u> | <u>7/1/20</u> | <u>7/1/21</u> | |
| Equity in Pooled Cash | \$811,856 | \$1,299,669 | |
| Accounts Receivable (AR Module) | - | 12,991 | |
| Other Receivables (Flat Charges) | 15,943 | 142,180 | |
| Retention Receivable | - | - | |
| Accounts Payable | - | (50) | |
| Vouchers Payable | (561,567) | (504,709) | |
| Prepaid Expense | - | - | |
| Due from State AR | - | - | |
| Encumbrances | (22,650) | (23,101) | |
| Total Beginning Fund Balance | <u>\$243,582</u> | <u>\$926,980</u> | |

FY 2022-23 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Fund: **SANITATION ZONE 1 - PENNGROVE - CONSTRUCTION**
Fund/Department ID: **44510-3312020**

| Account No. and Title | Adopted 2021-22 | Requested 2022-23 | Difference | Percent Change |
|---|--------------------|----------------------|--------------------|-------------------|
| REVENUES: | | | | |
| <u>USE OF MONEY</u> | | | | |
| 44002 Interest on Pooled Cash | \$4,900 | \$1,248 | (\$3,652) | (74.53%) |
| Subtotal Use of Money | \$4,900 | \$1,248 | (\$3,652) | (74.53%) |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| 47101 Trans in - Within a Fund | \$60,000 | \$400,000 | \$340,000 | 566.67% |
| Subtotal Other Financing Sources | \$60,000 | \$400,000 | \$340,000 | 566.67% |
| TOTAL REVENUES | \$64,900 | \$401,248 | \$336,348 | 518.26% |
| EXPENDITURES: | | | | |
| <u>FIXED ASSETS</u> | | | | |
| 19831 CIP - Bldg & Impr | \$0 | \$30,000 | \$30,000 | N/A |
| 19832 CIP - Infrastructure | 193,118 | 0 | (193,118) | (100.00%) |
| Subtotal Fixed Assets | \$193,118 | \$30,000 | (\$163,118) | (84.47%) |
| TOTAL EXPENDITURES | \$193,118 | \$30,000 | (\$163,118) | (84.47%) |
| TOTAL NET COST <i>(Expenditures Minus Revenues)</i> | \$128,218 | (\$371,248) | (\$499,466) | (389.54%) |

**FY 2022-23 BUDGET
CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - Penngrove - Construction

Character Title: Use of Money **Character No.:** 44510-3312020-44

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 | \$260,000 |
| Projected Interest Rate | 0.48% |
| Projected/Planned Interest on Pooled Cash | \$1,248 |

Character Title: Other Financing Sources **Character No.:** 44510-3312020-47

47101 Transfers 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. 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. Planned FY 22-23 transfer of \$400,000.

Character Title: Fixed Assets **Character No.:** 44510-3312020-19

19831 CIP - Building & Improvements

This account reflects funds for future capital improvement projects.

FY 2022-23 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Fund: Sanitation Zone - Penngrove - Construction
Fund/Department ID: 44510-3312020

| DESCRIPTION OF FUND ACTIVITY | Actual FY 20-21 | Estimated FY 21-22 | Requested FY 22-23 |
|--|----------------------|-----------------------|-----------------------|
| Undesignated/Unreserved <u>BEGINNING</u> Fund Balance | | | |
| Available for Budgeting (See Detailed Components Below) | \$410,766 | \$116,944 | \$79,019 |
| Annual Revenues and Expenditures: | | | |
| Revenues - Increase fund balance | 762,501 | 323,869 | 401,248 |
| Expenditures - (Decrease) fund balance | (613,108) | (361,794) | (30,000) |
| Net Surplus or Deficit - Increase/(Decrease) to fund balance | <u>149,393</u> | <u>(37,925)</u> | <u>371,248</u> |
| Adjustments to Reserves/Encumbrances: | | | |
| Change in Encumbrances | (443,288) | - | - |
| Unrealized Gain/Loss | 73 | - | - |
| Net Adjustment - Increase/(Decrease) to Fund Balance | <u>(443,215)</u> | <u>-</u> | <u>-</u> |
| Undesignated/Unreserved <u>ENDING</u> Fund Balance | | | |
| Available for Budgeting | \$116,944 | \$79,019 | \$450,267 |
| Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i> | (\$293,822) | (\$37,925) | \$371,248 |
| <u>Fund Balance Components at Beginning of FY</u> | <u>7/1/20</u> | <u>7/1/21</u> | |
| Equity in Pooled Cash | \$413,975 | \$438,023 | |
| Retention Receivable | 3,209 | 5,736 | |
| Due from Federal AR | 33,763 | 292,011 | |
| Accounts Payable | (13,966) | (70,088) | |
| Retention Payable | - | (21,084) | |
| Vouchers Payable | - | (58,151) | |
| Encumbrances | (26,215) | (469,503) | |
| Total Beginning Fund Balance | <u>\$410,766</u> | <u>\$116,944</u> | |