

FY 2023-24 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 22-23 Adopted	FY 23-24 Requested	Percent Change	FY 22-23 Adopted	FY 23-24 Requested	Percent Change
Operations	\$1,558,600	\$1,305,500	(16.24%)	\$590,904	\$292,970	(50.42%)
Bonds	0	0	N/A	0	0	N/A
Construction	30,000	0	(100.00%)	(371,248)	(7,500)	(97.98%)
TOTAL:	\$1,588,600	\$1,305,500	(17.82%)	\$219,656	\$285,470	29.96%

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 21-22 Actual	FY 22-23 Budget Estimate	FY 22-23 Revised Estimate	FY 23-24 Projected	Change from FY 22-23 Budget Estimate
Total ESDs	551	551	554	556	0.91%
Total APNs	379	379	380	380	0.26%

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 23-24 annual sewer service charges for Penngrove SZ is \$1,974 per ESD, which represents a 8.0% increase over FY 22-23.

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 2023-24 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Account No. and Title	Adopted 2022-23	Requested 2023-24	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
40003 Direct Charges-CY	\$929,800	\$979,330	\$49,530	5.33%
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	\$932,800	\$982,330	\$49,530	5.31%
<u>INTERGOVERNMENTAL REVENUE</u>				
42461 Federal Funding	\$15,000	\$0	(\$15,000)	(100.00%)
Subtotal Intergovernmental Revenue	\$15,000	\$0	(\$15,000)	(100.00%)
<u>USE OF MONEY</u>				
44002 Interest on Pooled Cash	\$3,096	\$12,500	\$9,404	303.75%
Subtotal Use of Money	\$3,096	\$12,500	\$9,404	303.75%
<u>CHARGES FOR SERVICES</u>				
45221 Sewer/Water Usage Fee	\$16,800	\$17,700	\$900	5.36%
Subtotal Charges for Services	\$16,800	\$17,700	\$900	5.36%
<u>OTHER FINANCING SOURCES</u>				
47101 Trans in - Within a Fund	\$0	\$0	\$0	N/A
Subtotal Other Financing Sources	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$967,696	\$1,012,530	\$44,834	4.63%

EXPENDITURES:

SERVICES AND SUPPLIES

51061 Maintenance - Equipment	\$25,000	\$57,000	\$32,000	128.00%
51201 Administration Services	8,100	8,400	300	3.70%
51211 Legal Services	300	300	0	0.00%
51241 Outside Printing & Binding	900	0	(900)	(100.00%)
51244 Permits/License/Fees	3,100	3,600	500	16.13%
51401 Rents & Leases-Equipment	800	0	(800)	(100.00%)
51803 Other Contract Services	258,500	270,000	11,500	4.45%
51902 Telecommunication Usage	300	300	0	0.00%
51917 District Operations Charges	180,900	170,000	(10,900)	(6.03%)
51921 Equipment Usage Charges	16,000	10,100	(5,900)	(36.88%)
52143 Computer Software/Licensing Fees	2,300	2,000	(300)	(13.04%)
52162 Special Departmental Expense	536,000	621,000	85,000	15.86%
52171 Water Conservation Program	1,000	500	(500)	(50.00%)
52193 Utilities	10,000	10,500	500	5.00%
52194 Utilities-Water	400	300	(100)	(25.00%)
Subtotal Services and Supplies	\$1,043,600	\$1,154,000	\$110,400	10.58%

FY 2023-24 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Account No. and Title	Adopted 2022-23	Requested 2023-24	Difference	Percent Change
<u>OTHER CHARGES</u>				
53402 Depreciation Expense	\$100,000	\$130,000	\$30,000	30.00%
53501 Contributions	0	16,500	16,500	N/A
<i>Subtotal Other Charges</i>	<u>\$100,000</u>	<u>\$146,500</u>	<u>\$46,500</u>	<u>46.50%</u>
<u>OTHER FINANCING USES</u>				
57011 Transfers out-within a Fund	\$400,000	\$0	(\$400,000)	(100.00%)
<i>Subtotal Other Financing Uses</i>	<u>\$400,000</u>	<u>\$0</u>	<u>(\$400,000)</u>	<u>(100.00%)</u>
<u>FIXED ASSETS</u>				
19841 Acq-WIP-Intangible	15,000	5,000	(10,000)	(66.67%)
<i>Subtotal Fixed Assets</i>	<u>\$15,000</u>	<u>\$5,000</u>	<u>(\$10,000)</u>	<u>(66.67%)</u>
TOTAL EXPENDITURES	\$1,558,600	\$1,305,500	(\$253,100)	(16.24%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$590,904	\$292,970	(\$297,934)	(50.42%)

FY 2023-24 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 22-23 budget. The rate will increase 8.0%, from \$1,828 to \$1,974.

ESDs times annual rate:	530.00	x	\$1,974		\$1,046,220
Less Estimated Delinquency Factor:	6.1%				(63,890)
					\$982,330

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.:** 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				\$500,000
Projected Interest Rate				2.50%
Projected/Planned Interest on Pooled Cash				\$12,500

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 23-24 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 \$1,828 to \$1,974.

ESDs x Annual Charge	9.00	x	\$1,974	=	\$17,700
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FY 2023-24 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 23-24 includes manhole rehabilitation & access gates (\$10,000) and waste hauling (\$5,000).

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.

51244 Permits/License/Fees

This account records the cost of all permits.

51803 Other Contract Services

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

FY 23-24 Planned Contract Services:

TPW Pavement Preservation	\$ 30,000
Ice Ppiggig Sewer Force Main	50,000
Replace/Upsize Force Main & Lift Station Pumping Capacity	150,000
Sanitation Planning	40,000
	\$ 270,000

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 23-24 Planned Staff Work:

Petaluma TMDL Collection System Repairs	\$ 40,000
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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 2023-24 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.

53501 Contributions

This account records SCADA allocations of \$16,500 for FY23-24.

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. There is no planned transfer for FY 23-24.

FY 2023-24 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 21-22	Estimated FY 22-23	Requested FY 23-24
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$926,980	\$890,865	\$299,961
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	902,228	967,696	1,012,530
Expenditures - (Decrease) fund balance	(973,007)	(1,658,600)	(1,305,500)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	<u>(70,778)</u>	<u>(690,904)</u>	<u>(292,970)</u>
Adjustments to Reserves/Encumbrances:			
Depreciation	50,040	100,000	130,000
Unrealized Gain/Loss	51,507	-	-
Change in prepaid expense	3,346		
Change in Encumbrance	(70,230)	-	-
Post Audit Adjustment	-		
Net Adjustment - Increase/(Decrease) to Fund Balance	<u>34,663</u>	<u>100,000</u>	<u>130,000</u>
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$890,865	\$299,961	\$136,991
Target Fund Balance	\$431,483	\$450,608	\$577,000
<i>Over/(Under) Target Fund Balance</i>	<i>\$459,382</i>	<i>(\$150,647)</i>	<i>(\$440,009)</i>
Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$36,115)	(\$590,904)	(\$162,970)
<u>Fund Balance Components at Beginning of FY</u>	<u>7/1/2021</u>	<u>7/1/2022</u>	
Equity in Pooled Cash	\$1,299,669	\$1,437,654	
Accounts Receivable (AR Module)	12,991	143,850	
Other Receivables (Flat Charges)	142,180	2,763	
Retention Receivable	-	-	
Accounts Payable	(50)	-	
Vouchers Payable	(504,709)	(592,702)	
Due to Federal	-	(6,870)	
Unearned Revenue	-	(499)	
Encumbrances	(23,101)	(93,331)	
Total Beginning Fund Balance	<u>\$926,980</u>	<u>\$890,865</u>	

FY 2023-24 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

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

Account No. and Title	Adopted 2022-23	Requested 2023-24	Difference	Percent Change
REVENUES:				
<u>USE OF MONEY</u>				
44002 Interest on Pooled Cash	\$1,248	\$7,500	\$6,252	500.96%
Subtotal Use of Money	\$1,248	\$7,500	\$6,252	500.96%
<u>OTHER FINANCING SOURCES</u>				
47101 Trans in - Within a Fund	\$400,000	\$0	(\$400,000)	(100.00%)
Subtotal Other Financing Sources	\$400,000	\$0	(\$400,000)	(100.00%)
TOTAL REVENUES	\$401,248	\$7,500	(\$393,748)	(98.13%)
EXPENDITURES:				
<u>FIXED ASSETS</u>				
19831 CIP - Bldg & Impr	\$30,000	\$0	(\$30,000)	(100.00%)
19832 CIP - Infrastructure	0	0	0	N/A
Subtotal Fixed Assets	\$30,000	\$0	(\$30,000)	(100.00%)
TOTAL EXPENDITURES	\$30,000	\$0	(\$30,000)	(100.00%)
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	(\$371,248)	(\$7,500)	\$363,748	(97.98%)

FY 2023-24 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	\$300,000
Projected Interest Rate	<u>2.50%</u>
Projected/Planned Interest on Pooled Cash	\$7,500

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. There is no planned transfer for FY 23-24.

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

19831 CIP - Building & Improvements

This account reflects funds for future capital improvement projects.

FY 2023-24 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 21-22	Estimated FY 22-23	Requested FY 23-24
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$116,944	\$349,041	\$648,643
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	514,383	401,248	7,500
Expenditures - (Decrease) fund balance	(738,135)	(101,646)	-
Net Surplus or Deficit - Increase/(Decrease) to fund balance	<u>(223,752)</u>	<u>299,602</u>	<u>7,500</u>
Adjustments to Reserves/Encumbrances:			
Change in Encumbrances	447,987	-	-
Unrealized Gain/Loss	7,862	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	<u>455,849</u>	<u>-</u>	<u>-</u>
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$349,041	\$648,643	\$656,143
Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$232,097	\$299,602	\$7,500
<u>Fund Balance Components at Beginning of FY</u>	7/1/2021	7/1/2022	
Equity in Pooled Cash	\$438,023	\$290,865	
Retention Receivable	5,736	5,736	
Due from Federal AR	292,011	95,040	
Accounts Payable	(70,088)	-	
Retention Payable	(21,084)	(21,084)	
Vouchers Payable	(58,151)	-	
Encumbrances	(469,503)	(21,516)	
Total Beginning Fund Balance	<u>\$116,944</u>	<u>\$349,041</u>	