



NOTICE OF SPECIAL BUDGET & FINANCE COMMITTEE MEETING

Responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget and reserves; audit; investments; insurance; and other financial matters.

NOTICE IS HEREBY GIVEN that the San Lorenzo Valley Water District has called a special meeting of the Budget & Finance Committee to be held on Monday, **April 9, 2018 at 9:30 a.m.** at the Operations Building, 13057 Highway 9, Boulder Creek, California.

AGENDA

1. Convene Meeting/Roll Call
2. Oral Communications
This portion of the agenda is reserved for Oral Communications by the public for items which are not on the Agenda. Please understand that California law (The Brown Act) limits what the Committee can do regarding issues raised during Oral Communication. No action or discussion may occur on issues outside of those already listed on today's agenda. Any person may address the Committee at this time, on any subject that lies within the jurisdiction of this committee. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. Any Director may request that the matter be placed on a future agenda or staff may be directed to provide a brief response.
3. Old Business: None
Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agendized items.
4. New Business:
Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agendized items.
 - A. BEAR CREEK ESTATES WASTEWATER ENTERPRISE ALLOCATION
Discussion and possible action by the Committee regarding BCE allocation.
 - B. FISCAL YEAR 2018/2019 BUDGET REVIEW
Discussion and possible action by the Committee reviewing the FY 18/19 budget.
 - C. NON-WASTING ENDOWMENT INVESTMENT - HABITAT CONSERVATION PLAN
Discussion and possible action by the Committee regarding Non-Wasting Endowment Investment-habitat conservation plan.

5. Informational Material: None.
6. Adjournment

In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requires that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public Meeting can contact the District Office at (831) 338-2153 a minimum of 72 hours prior to the scheduled meeting.

Agenda documents, including materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents may also be available on the District website at www.slvwd.com subject to staff's ability to post the documents before the meeting.

Certification of Posting

I hereby certify that on April 5, 2018, I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California and the BCRP Bear Creek Estates County Club, 15685 Forest Hill Dr., Boulder Creek, CA 95006, said time being at least 24 hours in advance of the special meeting of the Budget & Finance Committee of the San Lorenzo Valley Water District in compliance with California Government Code Section 54956.

Executed at Boulder Creek, California, on April 5, 2018.

Holly B. Hossack, District Secretary
San Lorenzo Valley Water District

M E M O

TO: Budget & Finance Committee
FROM: Director of Finance
SUBJECT: FY1819 Budget
DATE: April 9, 2018

RECOMMENDATION:

It is recommended that the Budget & Finance Committee review the preliminary budget and discuss.

BACKGROUND:

BUDGET

The budget is a financial tool to help plan and guide the District's revenue and expenses. It is slightly different than the audited financials, mainly in that the budget looks more to cash expenses and excludes depreciation and other non-cash events. It is a long process with a lot of discussions and revisions. This is the initial review of the operating expenses and revenue.

OPERATING REVENUE

The operating revenue for the Water Fund factors in the slatted rate increase. It is based on an annual consumption of 650,000 units of water sold. While this year is tracking higher than 650,000, it is still unclear if summer consumption will remain as high with the new rate structure. Given this years below average rainfall, drought restrictions may pull consumption back down to 650,000. It is more prudent to budget a conservative revenue number. Water Fund revenue is forecasted to be \$9.8M for the basic and consumption rates.

The Sewer Fund does not have a current rate increase in place, therefore, the Sewer Fund revenue is forecasted to be similar to prior years at \$100,000.

OPERATING EXPENSES

Current Water Fund operating expense request is \$8M, compared to the FY1718 budget and projected actuals of ~\$7.3M It is common to see operating expenses grow 3-5% each year due to inflation. This year there currently are 2 new hire requests; a project manager and a water quality operator. There are additional environmental and water testing requests for this year that make up the majority of the difference.

The \$700K increase mainly consists of \$225K-375K from inflation and \$250K for new hires.

The Sewer Fund currently has a FY1819 budget request of \$127K. We are still discussing procedures for determining proper allocation of expenses to the Sewer Fund, allocation expenses are not yet factored in to the budget.

OPERATING INCOME (LOSS)

The Water Fund is currently showing a basic operating income of \$1.8M. This is not factoring in any capital expenses. This is a good starting point for our budget process. Management is still reviewing and trying to find additional savings.

The Sewer Fund is showing an operating loss of \$27K, which will likely grow once allocations are formalized. The District is in the process of meeting with customers to discuss sewer rate increases. I am confident we will be able to come to work towards a reasonable increase to at least cover operating expenses going forward.

DEPT	DESCRIPTION	FY1819 BUDGET REQUEST	FY1718 EST. ACTUALS	FY1718 BUDGET ADOPTED	% Change Est FY1718 Actuals	% Change FY1718 Budget	\$ Change Est FY1718 Actuals	\$ Change FY1718 Budget	1 YR PRIOR ACTUALS	2 YR PRIOR ACTUALS	NOTES
ADMINISTRATIVE	SALARIES & BENEFITS	484,225	441,569	429,397	10%	13%	42,656	54,828	687,865	91,322	
	CONTRACT/PROFESSIONAL SERVICES	620,000	673,900	673,900	-8%	-8%	(53,900)	(53,900)	616,637	248,567	
	OPERATING EXPENSES	1,000	536	1,000	87%	0%	464	-	1,425	2,987	
	MAINTENANCE	16,000	12,693	24,500	26%	-35%	3,307	(8,500)	16,467	56,460	
	FACILITIES	26,000	23,603	28,000	10%	-7%	2,397	(2,000)	25,268	37,960	
	GEN. & ADMIN.	168,000	148,734	148,200	13%	13%	19,266	19,800	122,297	131,947	
	TOTAL ADMINISTRATIVE	1,315,225	1,301,035	1,304,997	1%	1%	14,190	10,228	1,469,959	569,243	
	CONTRACT/PROFESSIONAL SERVICES	320,000	328,900	328,900	-3%	-3%	(8,900)	(8,900)	286,223	166,389	Includes \$20K for election fees
	CONTRACT/PROFESSIONAL SERVICES	300,000	345,000	345,000	-13%	-13%	(45,000)	(45,000)	330,415	82,178	
	GEN. & ADMIN.	8,000	5,734	8,000	40%	0%	2,266	-	6,991	12,879	
TRAINING, CONFERENCES & MEETINGS	40,000	40,000	35,000	0%	14%	-	5,000	24,806	28,715		
MEMBERSHIP & DUES	95,000	75,000	80,000	27%	19%	20,000	15,000	64,098	53,064		
INSURANCE - PROPERTY											
FINANCE	SALARIES & BENEFITS	1,082,892	1,024,558	997,621	6%	9%	58,334	85,271	765,718	510,244	Software 30K, billing/meters 30K, HR 32K, Audit 21K
	CONTRACT/PROFESSIONAL SERVICES	126,000	113,000	114,000	12%	11%	13,000	12,000	100,023	102,767	
	OPERATING EXPENSES	1,000	3,000	500	-67%	100%	(2,000)	500	2,700	2,355	
	MAINTENANCE	10,350	14,921	7,500	-31%	38%	(4,571)	2,850	2,058	-	
	GEN. & ADMIN.	160,800	140,467	145,750	14%	10%	20,333	15,050	150,070	111,649	
	TOTAL FINANCE	1,381,042	1,295,946	1,265,371	7%	9%	85,096	115,671	1,020,569	727,015	
	GEN. & ADMIN.	110,000	95,000	95,000	16%	16%	15,000	15,000	97,788	65,413	Fees based on revenue, will increase with revenues
BANK CHARGES	34,000	34,000	34,000	0%	0%	-	-	33,795	35,628		
POSTAGE											
ENGINEERING	SALARIES & BENEFITS	246,165	98,980	101,632	149%	142%	147,186	144,533	49,477	147,541	New hire: Project Manager, part of staffing study
	CONTRACT/PROFESSIONAL SERVICES	15,000	25,000	25,000	-40%	-40%	(10,000)	(10,000)	13,714	12,658	
	MAINT & OPERATIONS OF VEHICLES	-	-	-	-	-	-	-	-	1,061	
	FACILITIES	1,200	1,342	1,200	-11%	0%	(142)	-	1,236	1,856	
	GEN. & ADMIN.	6,500	5,432	3,200	20%	103%	1,068	3,300	1,812	1,114	
	TOTAL ENGINEERING	268,865	130,754	131,032	106%	105%	138,111	137,833	66,241	164,230	
OPERATIONS	SALARIES & BENEFITS	1,532,639	1,436,167	1,447,440	7%	6%	96,472	85,199	1,583,483	1,459,984	
	CONTRACT/PROFESSIONAL SERVICES	100,000	87,894	100,000	14%	0%	12,106	-	77,042	59,892	
	OPERATING EXPENSES	147,000	184,794	135,000	-20%	9%	(37,794)	12,000	202,634	179,199	
	MAINTENANCE	109,500	101,253	100,500	8%	9%	8,247	9,000	77,999	105,096	
	FACILITIES	192,000	180,957	176,000	6%	9%	11,043	16,000	175,907	143,160	
	GEN. & ADMIN.	9,500	7,334	12,000	30%	-21%	2,166	(2,500)	8,963	12,228	
	TOTAL OPERATIONS	2,090,639	1,998,399	1,970,940	5%	6%	92,240	119,699	2,126,029	1,959,559	
ENVIRONMENTAL	SALARIES & BENEFITS	264,605	234,514	253,271	13%	4%	30,091	11,334	149,592	138,591	Stream flow 142K, temp monitoring 36K, fish monitoring 40K, patrol 23K
	CONTRACT/PROFESSIONAL SERVICES	315,997	250,000	357,661	26%	-12%	65,997	(41,664)	206,350	229,708	
	OPERATING EXPENSES	5,500	3,804	2,500	45%	120%	1,696	3,000	571	543	
	MAINTENANCE	10,000	4,267	10,000	134%	0%	5,733	-	2,455	1,053	
	FACILITIES	600	652	300	-8%	100%	(52)	300	550	185	
	GEN. & ADMIN.	115,600	45,610	61,300	153%	89%	69,990	54,300	23,364	93,082	
	TOTAL ENVIRONMENTAL	712,302	538,847	685,032	32%	4%	173,455	27,270	382,883	463,163	
	GEN. & ADMIN.	75,000	13,517	25,000	455%	200%	61,483	50,000	13,959	60,895	Outreach 45K, rebates 25K
	WATER CONSERVATION PROGRAM	15,000	-	15,000	-	0%	15,000	-	2,815	9,710	
	WATERSHED GRANTS DATA COLLECT EDUCATION PROGRAM	17,500	29,100	17,500	-40%	0%	(11,600)	-	6,590	19,800	

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SUPPLY & TREATMENT	SALARIES & BENEFITS	1,496,595	1,304,761	1,273,271	15%	18%	191,834	223,324	1,262,459	956,857	New Hire: Water Quality, part of staffing study	
	CONTRACT/PROFESSIONAL SERVICES	180,000	239,996	195,000	-25%	-8%	(59,996)	(15,000)	121,486	180,835		
	OPERATING EXPENSES	204,000	175,000	212,600	17%	-4%	29,000	(8,600)	236,528	212,974		
	MAINTENANCE	35,000	28,444	31,000	23%	13%	6,556	4,000	33,322	19,544		
	FACILITIES	342,000	327,400	295,000	4%	16%	14,600	47,000	288,035	243,369		
	GEN. & ADMIN.	8,000	5,130	7,000	56%	14%	2,870	1,000	8,471	2,491		
	TOTAL SUPPLY & TREATMENT	2,265,595	2,080,731	2,013,871	9%	12%	184,864	251,724	1,950,302	1,616,070		
	CONTRACT/PROFESSIONAL SERVICES											
	CONTRACT/PROFESSIONAL SERVICES	100,000	186,742	120,000	-46%	-17%	(86,742)	(20,000)	77,997	119,782		
	OUTSIDE WATER ANALYSIS	80,000	53,254	75,000	50%	7%	26,746	5,000	43,489	61,053		
WASTEWATER	SALARIES & BENEFITS	29,000	29,000	29,000	0%	0%	-	-	22,998	18,987	DOES NOT INCLUDE ALLOCATIONS YET	
	CONTRACT/PROFESSIONAL SERVICES	64,000	38,692	55,000	65%	16%	25,308	9,000	66,751	33,791		
	OPERATING EXPENSES	23,000	25,236	21,500	-9%	7%	(2,236)	1,500	18,319	12,285		
	MAINTENANCE	1,000	-	500	-	100%	1,000	500	-	-		
	FACILITIES	10,000	10,138	9,800	-1%	2%	(138)	200	8,405	15,486		
	TOTAL WASTEWATER	127,000	103,067	115,800	23%	10%	23,933	11,200	116,473	80,548		
	CONTRACT/PROFESSIONAL SERVICES											
CONTRACT/PROFESSIONAL SERVICES	26,000	25,000	25,000	4%	4%	1,000	1,000	36,806	20,294			
OUTSIDE WATER ANALYSIS	38,000	13,692	30,000	178%	27%	24,308	8,000	29,945	13,497	Routine testing 10K, IEC required 28K		
	TOTAL WATER FUND	8,033,668	7,345,712	7,371,243	9%	9%	687,956	662,425	7,015,983	5,499,281		
	TOTAL WASTEWATER FUND	127,000	103,067	115,800	23%	10%	23,933	11,200	116,473	80,548		
	TOTAL DISTRICT	8,160,668	7,448,778	7,487,043	10%	9%	711,890	673,625	7,132,456	5,579,829		