



San Miguel CSD FY19-20 Operation and Maintenance Budget Presentation

SPECIAL BOARD MEETING

5-2-2019

Background

▶ The District operates five departments (funds)

Daily operational revenue sources are listed in each section

▶ Two enterprise departments (funded through user rates/ fees)

- ▶ Wastewater (fund 40)
- ▶ Water (fund 50)

▶ Two governmental departments (funded through property taxes)

- ▶ Fire Department (fund 20)
- ▶ Street Lighting (fund 30)

▶ One franchise department (funded through franchise fees)

- ▶ Solid Waste (fund 60)

Revenue streams

- ▶ Following are the basic revenue streams receive by the District.
 - ▶ Property tax - Fire and Lighting
 - ▶ Revenue estimates are provided by the County, actual revenues received are usually above the estimates.
 - ▶ Rates - Wastewater and Water
 - ▶ These rates are based on the rate study which was passed in June 2018 and implemented August 15th 2018 (resolution 2018-19)
 - ▶ The proposed revenues for wastewater and water are based on the implementation of the second rate increase of the approved rate study.
 - ▶ Grants
 - ▶ The District was awarded a \$177,750 Prop 1 grant which will be disbursed in FY19-20 (this is only reimbursement for already expended funds)
 - ▶ A \$250,000 DWR grant is **pending approval** which is expected to be disbursed in FY19-20
 - ▶ Franchise fees are received from San Miguel Garbage as part of a contract

Proposed Revenues / Expenses

Fire Department (fund 20)

▶ Estimated Revenue (property tax/ grants)	\$416,055
▶ Estimated Expenses	\$414,650
▶ Budget transfers	
▶ Retirement/ health liabilities	\$685
<u>Proposed Net</u>	\$405

Activities affecting the proposed budget:

- ▶ Increased staffing cost
- ▶ Updated training materials for firefighter
- ▶ Upgrades to office computer systems
- ▶ Upgrades to communications equipment
- ▶ Increase in revenues related to plan check and inspection fees

Proposed Revenues / Expenses Street Lighting Department (fund 30)

▶ Estimated Revenue (property tax)	\$113,842
▶ Estimated Expenses	\$81,626
▶ Budget transfers	
▶ Retirement/ health liabilities	\$343
<u>Proposed Net</u>	<u>\$31,873</u>

Activities affecting the proposed budget:

- ▶ The District is currently working to add additional street lights throughout the District. The goal is to have 24 street lights on Mission street retrofitted to LED and 10 new lights installed throughout town by the end of FY 19-20.
- ▶ As a cost saving measure, the District will be working to replace the existing street light ballast and bulbs throughout town with LED.

Proposed Revenues / Expenses

Wastewater Department (fund 40)

▶ Budgeted Rate Revenue	\$867,202
▶ Includes \$173,440 in additional revenue from FY19-20 rate increase	
▶ Budgeted Property Tax Revenue	\$58,942
▶ Budgeted Grant Revenue (DWR)	\$250,000
▶ Total Budgeted Revenue	\$1,176,144
▶ Budgeted Operational Expenses	\$596,009
▶ Budgeted Grant expenses	\$250,000
▶ Budgeted Transfers	
▶ Future plant maintenance and retirement/ health liabilities	\$107,707
▶ Transfer to Capital for the construction of the WWTF (2018 rate study)	\$220,000
▶ Total Budgeted Expenses	\$1,173,716
▶ Proposed Net (fund 40)	\$2,248

(NOT SHOWN IN TOTALS ----\$177,750 IRWM Grant Is expected in FY 19-20 as reimbursement for prior year expenses)

Proposed Revenues / Expenses cont.

Wastewater Department (fund 40)

Activities affecting the proposed budget:

- ▶ This Fiscal year District will be continuing with the development of Plans and specifications for the expansion of the Machado Wastewater Facility, per the order issued by the Central Coast Water Resources Control Board. The District was given until March 2021 to have improvements completed at the WWTF to ensure we do not exceed our rated capacities violating our permit.
- ▶ Part of the WWTF expansion will require a change in operations and personnel. These costs are incorporated into the proposed budget.
- ▶ It is possible that construction will begin in this fiscal year, however funds for construction are not included in this proposed budget.
- ▶ In order to ensure that the District has sufficient funds to perform the projected 10 year maintenance of the plant funds will be allocated from the annual budget every year.
- ▶ **Based on the adopted rate study, \$279,000 in rate revenue was proposed to be transferred to capital for purposes of WWTF construction. However only \$220,000 is proposed based on the current financial condition.**

Proposed Revenues / Expenses

Water Department (fund 50)

▶ Budgeted Rate Revenue	\$859,010
▶ Includes \$63,630 in additional revenue from FY19-20 rate increase	
▶ <u>Total Budgeted Revenue</u>	<u>\$859,010</u>
▶ Budgeted Operational Expenses	\$814,098
▶ Budgeted Transfers	
▶ Retirement/ health liabilities	\$8,050
▶ <u>Total Budgeted Expenses</u>	<u>\$822,148</u>
▶ <u>Proposed Net (fund 50)</u>	<u>\$36,862</u>

(NOT SHOWN IN TOTALS ----\$30,000 Grant Is expected in FY 19-20 as reimbursement for prior year expenses)

Proposed Revenues / Expenses cont. Water Department (fund 50)

Activities affecting the proposed budget:

- ▶ This fiscal year the District will be replacing the 10th and 11th street water lines in conjunction with a CDBG grant from SLO County.
(this will come back to the Board for approval before releasing for bids)
- ▶ The District will be continuing the Steinbeck Litigation.
- ▶ The District will be pursuing new well sites.
- ▶ The Groundwater Sustainability Plan will be completed this year.

Proposed Revenues / Expenses

Solid Waste Department (fund 60)

<u>Budgeted Revenue Franchisee fees</u>	<u>\$32,323</u>
▶ Budgeted Expenses	\$23,979
▶ Includes funds for site preparation and management of new recycling options for the community.	
▶ Budget transfers	
▶ Retirement/ health liabilities	\$343
▶ <u>Total Budgeted Expenses</u>	<u>\$24,322</u>
<u>Proposed Net</u>	<u>\$8,001</u>

Activities affecting the proposed budget:

- ▶ This Fiscal year District will be increasing community outreach regarding garbage services, recycling options and information to help the community stay clean.
- ▶ The District is currently working on bringing additional recycling opportunities to the community which will be implemented in FY19-20.

Proposed Revenues / Expenses

All departments

▶ Budgeted overall Revenue	\$2,805,084
▶ Budgeted overall Expenses	\$2,260,246
▶ Budgeted Transfers	\$337,128
<u>Proposed overall Net</u>	<u>\$207,710</u>

	Overall amount	% total budget
Daily operations	\$892,149	39%
Salaries	\$562,698	24%
Projects	\$290,000	13%
Payroll expenses and liabilities	\$225,830	10%
Legal	\$210,000	09%
Transfers for MAINT. and RETIREMENT	\$117,128	05%

Personnel

▶ Current authorized staffing

- ▶ *The District currently has six full time positions:*
 - ▶ Board Clerk/ Accounts Manager, Account Clerk, Bookkeeper
 - ▶ Director of Utilities, Utility Operator 1, Utility Worker
- ▶ *The District currently has three part time positions:*
 - ▶ General Manager, Fire Chief, Assistant Fire Chief
- ▶ The Fire Department is currently allotted 20 paid-call firefighter positions

▶ Proposed staffing changes for FY 19-20:

- ▶ Reorganization of the utility personnel in to two areas; Field operators and WWTF Operators
- ▶ Two additional WWTF operator positions are proposed for FY 19-20. These are only budgeted for 6 months. Being likely hired around or after January of 2020

Personnel allocation

- ▶ Nearly all personnel work across different departments, this means that they are paid out of multiple departments.
- ▶ Below is a breakdown, by percentage of time, showing where time is used of the current personnel

Position	Fund					Total
	Fire	Lighting	Wastewater	Water	Solid Waste	
Board Clerk/ Account Manager	5%	1%	40%	52%	2%	100%
Account Clerk	2%	0%	48%	50%	0%	100%
Bookkeeper	5%	2%	40%	52%	1%	100%
General Manager	30%	5%	30%	30%	5%	100%
Director of Utilities	0%	5%	45%	45%	5%	100%
Operator 1	0%	1%	44%	54%	1%	100%
Utility worker	0%	1%	44%	54%	1%	100%
Fire Chief	100%	0%	0%	0%	0%	100%
Asst Fire Chief	100%	0%	0%	0%	0%	100%

Personnel Allocation Cont.

- Below is a breakdown, by percentage of time, showing where time is proposed of the current and proposed personnel for the coming fiscal year

Position	Fund					TOTAL
	Fire	Lighting	Wastewater	Water	Solid Waste	
Board Clerk/ Account Manage	5%	1%	40%	52%	2%	100%
Account Clerk	2%	0%	48%	50%	0%	100%
Bookkeeper	5%	2%	40%	52%	1%	100%
General Manager	30%	5%	30%	30%	5%	100%
Director of Utilities	0%	5%	45%	45%	5%	100%
Field operator lead	0%	1%	13%	85%	1%	100%
Field Operator	0%	1%	13%	85%	1%	100%
WWTP Operator Lead	0%	0%	95%	5%	0%	100%
WWTP Operator	0%	0%	95%	5%	0%	100%
Seasonal Labor	0%	0%	50%	50%	0%	100%
Fire Chief	100%	0%	0%	0%	0%	100%
Asst Fire Chief	100%	0%	0%	0%	0%	100%

Standard allocation

- ▶ Over the last decade the District has used a “Standard allocation” to allocate universal costs across all the departments.
- ▶ For the last several years that allocation has been:
 - ▶ **16.5% Fire**, **3% Lighting**, **40% Wastewater**, **40% Water**, **.5% Solid Waste**
 - ▶ This percentage breakdown is based on the total salaries within a department vs the total salaries for the District.
- ▶ To account for the changes in work loads and personnel this percentage needs to be updated.
 - ▶ The breakdown is still be based on the total salaries within a department vs the total salaries for the District.
 - ▶ The proposed allocation is as follows:
 - ▶ **22% Fire**, **2% Lighting**, **36% Wastewater**, **38% Water**, **2% Solid Waste**
- ▶ The revised allocation is what is reflected in the proposed budget.

Capital projects in process/planned FIRE

- ▶ In order to meet the needs of a growing population and additional burden on the fire protection services the San Miguel Fire Department is exploring options for expansion of the current fire station allowing for increased staffing ability's.
 - ▶ The district is currently, and has been experiencing a constant influx of single family home construction over the past 8 years.
 - ▶ In addition to single family home construction developers have proposals for multifamily housing projects in process with County Planning.
 - ▶ Continuous population growth will result in a demand for commercial projects to fulfill the needs of a growing population.
 - ▶ All of which will place an increased demand on fire and life safety services.
 - ▶ Additionally the CSD is discussing the option of relocating the daily admin operations to the new treatment facility.
- ▶ What has been done so far.
 - ▶ Conceptual drawings have been developed by staff and multiple concepts have been discussed.
 - ▶ Infrastructure modifications to the current Fire Station / CSD offices have been completed. Items include completion of the fire sprinkler system, backup generator installation, mechanical systems installation and installation of a solar array.
 - ▶ Review of the structures construction documentation and discussions of potential additions, modifications and or accessory structures required to fulfill the future needs of the community.
 - ▶ Department staff has been in contact with local designers and builders to discuss potential design and construction cost.
- ▶ What is the estimated cost in this budget cycle and where is it funded from
 - ▶ Being that we are in the preplanning stage of this proposed project actual cost are unavailable at this time. Potential grant funding and limited use of Capital Restricted funds would be the proposed funding sources.

Capital projects in process / planned

Machado Wastewater Treatment Facility

- ▶ The District is under state mandate to upgrade the current facility to meet projected hydraulic influent flow.
 - ▶ Received Notice from State Water Resources Control Board on June 18th 2018
 - ▶ The District was given a **deadline of March 2021 to complete** the required upgrades and improvements.
- ▶ What has been done so far.
 - ▶ An engineering study was completed and approved in January 2019 outlining the needs and probable requirements of the treatment plant
 - ▶ Started environmental compliance review (CEQA)
- ▶ What is planned for this budget cycle.
 - ▶ Complete CEQA requirements
 - ▶ Complete construction drawings
 - ▶ Gain plan approval from SWRCB, APCD, and the County

Capital projects in process / planned Machado Wastewater Treatment Facility cont.

- ▶ What is the estimated cost in this budget cycle and where is it funded from
 - ▶ This budget cycle, it is anticipated that the engineering phase will cost \$250,000
 - ▶ July 2018 after a 218 protest period the Board approved a rate increase to ensure enough operating revenue to meet daily operations expenses.
 - ▶ The rate increase incorporated Capital funds and debt service for the construction of the WWTF
 - ▶ In 2018 the District was advised that we were approved for a Integrated Regional Water Management Disadvantaged communities.
 - ▶ \$177,750 for the Engineering Study for the upgrade of the Wastewater Treatment Facility.
 - ▶ The District applied for, and is preliminarily approved for, a \$250,000 grant for the construction drawings of the Wastewater Treatment Facility.
 - ▶ **Waiting on final approval by DFA**

Capital projects in process / planned

10TH and 11TH street Water main replacement

- ▶ The water mains on 10th street, crossing mission street and 11th street crossing the railroad tracks have experienced numerous failures in the recent past. Due to the location, age and materials used the likelihood of a catastrophic failure is high.
- ▶ What has been done so far.
 - ▶ 2018 the Board authorized funding to develop plans and specifications for the replacement of the water lines on 10th and 11th streets crossing mission and the railroad tracks.
 - ▶ The areas were surveyed and plans were developed and approved.
 - ▶ Reapplied for CDBG funding from the County.
- ▶ What is planned for this budget cycle.
 - ▶ Gain approval for grant funds
 - ▶ Acquire permits from the County and UPRR
 - ▶ Complete construction of the replacement water line sections
- ▶ What is the estimated cost in this budget cycle and where is it funded from
 - ▶ Water line replacement cost is estimated at \$489,000
 - ▶ It will be funded by \$350,000 in CDBG funds and the balance from Water Capital reserve

THIS PROJECT WILL NOT BE ABLE TO PROCEED WITHOUT GRANT FUNDING

Capital projects in process / planned

SLT Water main replacement

- ▶ The water main from the SLT tank to Oak drive catastrophically failed in 2018 staff is currently working on a plan to replace the water line in conjunction with an adjacent housing development.
- ▶ What has been done so far.
 - ▶ 2018 the Board authorized funding to develop plans and specifications for the replacement of the water line between the SLT tank and Oak drive
 - ▶ The existing water line was surveyed and plans developed in FY 2018-19
 - ▶ Began coordination with the adjacent development.
- ▶ What is planned for this budget cycle.
 - ▶ Finalize plans and complete any necessary CEQA or permitting
 - ▶ Complete construction of the replacement water line sections
- ▶ What is the estimated cost in this budget cycle and where is it funded from
 - ▶ Water line replacement cost is estimated at \$250,000
 - ▶ It will be funded from Water Capital reserve

THIS PROJECT WILL BE REQUIRED TO BE COMPLETED WITH OR WITHOUT GRANT FUNDING OR THE RELATED DEVELOPMENT

Capital projects in process / planned

Magdalena Water main replacement

- ▶ Due to an adjacent development the water main on Magdalena will need to be extended to River Road and the existing line replaced prior to the paving of Magdalena.
- ▶ What has been done so far.
 - ▶ Preliminary communication with the developer to determine schedule and impact to the District
- ▶ What is planned for this budget cycle.
 - ▶ Develop necessary plans and complete any necessary CEQA or permitting
 - ▶ Complete construction of the water line sections
- ▶ What is the estimated cost in this budget cycle and where is it funded from
 - ▶ Water line replacement cost is estimated at \$200,000
 - ▶ It will be funded from Water Capital reserve

Questions?