



## NOTICE OF SPECIAL BUDGET & FINANCE COMMITTEE MEETING MAY 16, 2023

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 regular meeting of the Budget & Finance Committee to be held on **Tuesday, May 16, 2023, at 3:30 p.m.**, at the SLVWD Conference Room, 12788 Highway 9, Boulder Creek, CA and via videoconference and teleconference.

Any person in need of any reasonable modification or accommodation in order to participate in the meeting may contact the District Secretary's Office at (831) 430-4636 a minimum of 72 hours prior to the scheduled meeting.

This meeting is being conducted as an in-person meeting under the Brown Act, Government Code section 54953, and a quorum of the Board must participate from the location(s) within the District that are identified above. Members of the public may attend the meeting at the identified location(s). Teleconferencing/videoconferencing access as set forth below is being provided as a convenience only and is not guaranteed. The meeting may continue in person even if teleconferencing/videoconferencing capability is disrupted or unavailable.

**The meeting access information is as follows:**

<https://meet.goto.com/718507893>

You can also dial in using your phone.

(For supported devices, tap a one-touch number below to join instantly.)

United States (Toll Free): 1 877 309 2073

- One-touch: [tel:+18773092073,,718507893#](tel:+18773092073,718507893#)

United States: +1 (646) 749-3129

- One-touch: [tel:+16467493129,,718507893#](tel:+16467493129,718507893#)

Access Code: 718-507-893

### 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 Board 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 the District. Normally, presentations must not exceed five (5) 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. Unfinished 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 agenda items.*

a. BIENNIAL DRAFT BUDGET FISCAL YEAR 2023-2025

Committee review of the draft operating budget for FY2023-25, second round.

4. New 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 agenda items.*

5. Informational Material

Here is a link to previous B & F Committee meeting minutes:

[All Finance Meeting Minutes | San Lorenzo Valley Water District \(slvwd.com\)](https://www.slvwd.com/All-Finance-Meeting-Minutes)

6. Adjournment

***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](http://www.slvwd.com) subject to staff's ability to post the documents before the meeting.***

**Certification of Posting**

I hereby certify that on May 10, 2023, I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, and at the SLVWD Boardroom, 12788 Highway 9, Boulder Creek, California, said time being at least 24 hours in advance of the special meeting of the B & F Committee of the San Lorenzo Valley Water District in compliance with California Government Code Section 54956.

Executed at Boulder Creek, California, on May 10, 2023.

\_\_\_\_\_  
Holly B. Hossack, District Secretary

## MEMO

**DATE:** May 11, 2023  
**TO:** Budget & Finance Committee, San Lorenzo Valley Water District  
**FROM:** Rick Rogers, District Manager  
**SUBJECT:** Biennial Draft Budget Fiscal Year (FY) 2023-2025

**WRITTEN BY:** Kendra Reed, Director of Finance

**PRESENTED BY:** Kendra Reed, Director of Finance

### STAFF RECOMMENDATION

It is recommended that the Budget & Finance Committee read the memo, review the second round of operating revenue & expenses, and the non-operating and capital budget for FY2023-2025, and discuss as needed.

### RECOMMENDED MOTION

None

### BACKGROUND

The initial review of the biennial budget for fiscal years 2023-2025 was brought to the 04/11/23 Budget & Finance Committee Meeting and the 04/20/23 Board Meeting. The District's operating revenue and expenses were discussed. A second round is being presented based on feedback from those meetings.

This portion of the Budget will also review the Non-Operating Revenue & Expenses and the Capital Budget.

### **PRIOR COMMITTEE ACTION**

The 1<sup>st</sup> round operating draft was brought to the 04/11/23 Budget & Finance meeting but no action was taken.

### **FISCAL IMPACT**

None

### **ENVIRONMENTAL IMPACT**

None

### **ATTACHMENTS AND RELEVANT LINKS TO DISTRICT WEBSITE**

- Link to 04/11/23 Budget & Finance Committee Meeting
- 2<sup>nd</sup> Round Operating Revenue & Expenses
- Changes in Operating Revenue
- Changes in Operating Expenses
- Non-Operating Revenue
- Non-Operating Expense
- High Level Revenue & Expense Summary
- Capital Budget
- Statement of Revenues, Expenses, and Changes in Reserves
- Capital Budget Summary
- Alternate Capital Budget
- Alternate Statement of Revenues, Expenses, and Changes in Reserves

# FY23-25 Budget – Summary of Revenue & Expenses

## 2<sup>nd</sup> Round Operating Budget

This is the 2<sup>nd</sup> round draft of the operating revenue & expense budget. This round incorporates feedback from the Budget & Finance Committee and Board of Directors.

## Revenue

It was discussed that the consumption numbers were overly optimistic for factoring in Forest Springs/Bracken Brae customers and CZU home customers. Initially, it was assumed that all Forest Springs/Bracken Brae and CZU homes would be back online and using water again. There was discussion regarding the lengthy rebuild process with the County and how many customers were still going through the permitting process and have not even started building. Staff re-evaluated the consumption assumptions as noted below.

### Consumption

- 1<sup>st</sup> ROUND: FY2024/25 consumption is projected at 625,408 units
  - Staff is projecting consumption to remain the same as FY2023/24 with the District's CURRENT customer base.
  - The extra 15,408 units is assuming:
    - All CZU homes are back online and using an average of 6 units of water per connection per month. Average units per month per connection over the past 6 years is 7 units. District is reducing that by 1 unit to account for homes that may not rebuild and keep parcels empty. 62 remaining connections X 6 average units per month X 12 months = 4,464 annual units
    - Bracken Brae and Forest Springs customers average usage is unknown. District is assuming an average of 6 units of water per connection per month. 152 connections X 6 average units per month X 12 months = 10,944 annual units
- 2<sup>ND</sup> ROUND: FY2024/25 consumption is projected at 616,768 units
  - Staff is projecting consumption to remain the same as FY2023/24 with the District's CURRENT customer base.
  - The extra 6,768 units is assuming:
    - 50% of the remaining homes are back online and using an average of 4 units of water per month. 31 connections X 4 average units per month X 12 months = 1,488 annual units
    - Bracken Brae and Forest Springs customers average usage is unknown. District is assuming an average of 4 units of water per connection per month. Staff will use 110 connections, which is the current customer base of homes that were not burnt during the fires. 110 connections X 4 average units per month X 12 months = 5,280 annual units

### Basic Fee

- FY2023/24 no slotted rate increase

- FY2024/25 basic fee increase includes Bracken Brae and Forest Springs customers and all CZU homes back online – this is based on the District’s CURRENT basic waiver policy that grants customers a 3-year waiver from the basic fee. This waiver expires in August of 2023, but this will be re-evaluated and brought to the Budget & Finance Committee and Board of Directors for a possible extension of the waiver.

## Expenses

### Salaries & Benefits

- Updates made based on MOU negotiations, and updated assumptions based on differences in separated employees vs. new hires
- FY2023/24 – Increase of \$13,502
- FY2024/25 – Increase of \$43,522

### Contract/Professional Services

- FY2023/24
  - Decrease of \$20K for Digital Doc Management
  - Increase of Fuel Reduction Contract of \$25K
  - Increase of \$2K for ESRI Software
  -
- FY2024/25
  - Decrease of \$20K Digital Doc Management
  - Decrease of \$20K Architecture Fees
  - Increase of Fuel Reduction Contract of \$25K
  - Increase of \$2K for ESRI Software

### Maintenance

- FY2024/25
  - Decrease of \$15K for Admin Building Remodel

### General & Administrative

- FY2023/24
  - Increase of \$4,500 for Forgiveness of AR for LIHWAP grant program; will be offset by operating grant
- FY2024/25
  - Increase of \$4,500 for Forgiveness of AR for LIHWAP grant program; will be offset by operating grant

## CHANGES IN OPERATING REVENUE

	FY23/24 Original	FY23/24 New	\$ Change	FY24/25 Original	FY24/25 New	\$ Change
Water Basic	\$ 3,552,000	\$ 3,552,000	\$ -	\$ 3,643,176	\$ 3,643,176	\$ -
Water Usage	\$ 7,722,600	\$ 7,722,600	\$ -	\$ 7,917,665	\$ 7,808,283	\$ (109,382) [1]
Sewer Fund	\$ 173,021	\$ 173,021	\$ -	\$ 173,021	\$ 173,021	\$ -
Sale of Meters	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	\$ 60,000	\$ -
Fire Recovery Surcharge	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Operating Grants	\$ -	\$ 5,000	\$ 5,000 [2]	\$ -	\$ 5,000	\$ 5,000 [2]
Miscellaneous Fees & Charges	\$ 90,000	\$ 90,000	\$ -	\$ 90,000	\$ 90,000	\$ -
	<b>\$ 12,597,621</b>	<b>\$ 12,602,621</b>	<b>\$ 5,000</b>	<b>\$ 12,883,862</b>	<b>\$ 12,779,480</b>	<b>\$ (104,382)</b>

[1] Updates made based on Forest Springs/Bracken Brae & CZU Homes consumption. Forest Springs/Bracken Brae usage, staff accounted for the homes that did not burn down at 4 units per month. For the CZU homes, staff assumed that 50% of the remaining 62 homes to be rebuilt will be using water again by 7/1/24, at 4 units per month. For the first round, staff assumed that all homes would be back online.

[2] \$5K increase each FY for LIHWAP Grant Program.

## CHANGES IN OPERATING EXPENSES

	FY23/24 Original	FY23/24 New	\$ Change		FY24/25 Original	FY24/25 New	\$ Change	
Salaries & Benefits	\$ 6,696,501	\$ 6,710,003	\$ 13,502	[1]	\$ 7,067,717	\$ 7,111,239	\$ 43,522	[1]
Contract/Professional Services	\$ 1,230,813	\$ 1,237,813	\$ 7,000	[2]	\$ 1,238,516	\$ 1,225,516	\$ (13,000)	[2]
Operating Expenses	\$ 464,400	\$ 464,400	\$ -		\$ 491,000	\$ 491,000	\$ -	
Maintenance	\$ 239,600	\$ 239,600	\$ -		\$ 272,850	\$ 257,850	\$ (15,000)	[3]
Facilities	\$ 693,625	\$ 693,625	\$ -		\$ 704,145	\$ 704,145	\$ -	
Gen. & Admin.	\$ 510,710	\$ 515,210	\$ 4,500	[4]	\$ 524,310	\$ 528,810	\$ 4,500	[4]
	\$ 9,835,649	\$ 9,860,651	\$ 25,002		\$ 10,298,538	\$ 10,318,560	\$ 20,022	

[1] Updates made based on MOU negotiations, and updated assumptions based on differences in separated employees vs. new hires

[2] FY23/24 - Decrease of \$20K for Digital Doc Management, offset by increase of Fuel Reduction Contract of \$25K and increase of \$2K for ESRI Software; FY24/25 - Decrease of \$20K Digital Doc Management, Decrease of \$20K Architecture Fees, offset by increase of Fuel Reduction Contract of \$25K, and increase of \$2K for ESRI Software

[3] Decrease of \$15K Admin Bldg Remodel

[4] Increase in Forgiveness of AR for LIHWAP Program; this will be offset by operating grant

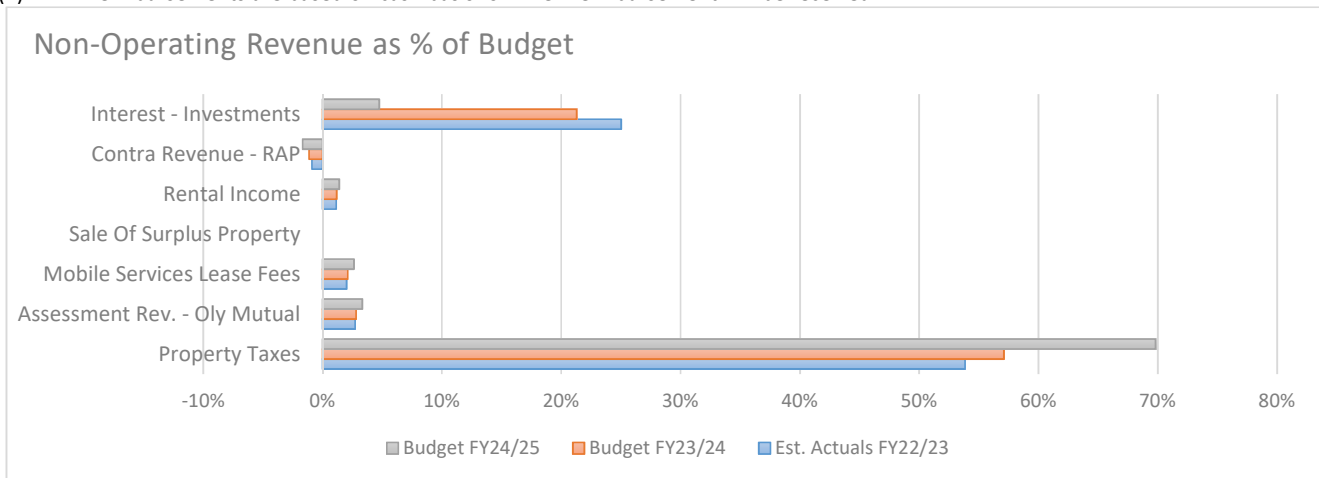


**Non-Operating Revenue Budget**

					2022/23	2023/24
	2022/23	2022/23	2023/24	2024/25	Budget	Budget
	Estimated	Adopted	Proposed	Proposed	Compared to	Compared to
Non-Operating Revenue	Actuals	Budget	Budget	Budget	2023/24	2024/25
					Proposed	Proposed
					Budget	Budget
Property Taxes	\$ 978,000	\$ 882,669	1,007,340	1,037,560	\$ 124,671	\$ 30,220
Assessment Rev. - Oly Mutual	49,480	48,500	49,500	49,500	1,000	-
Assessment Rev. - Lompico	293,510	295,000	294,000	294,000	(1,000)	-
Mobile Services Lease Fees	36,500	25,000	37,200	39,060	12,200	1,860
Rental Income	20,766	18,500	20,766	20,766	2,266	-
Contra Revenue - RAP <sup>(1)</sup>	(16,245)	(25,000)	(20,000)	(25,000)	5,000	(5,000)
Interest - Investments	454,465	128,255	375,424	70,509	247,169	(304,915)
<b>Total Non-Operating Revenue</b>	<b>\$ 1,816,476</b>	<b>\$ 1,372,924</b>	<b>\$ 1,764,230</b>	<b>\$ 1,486,395</b>	<b>\$ 391,306</b>	<b>\$ (277,835)</b>
<b>Capital Contributions</b>						
Capital Grants	\$ -	\$ -	\$ 4,370,022	\$ 50,000	\$ 4,370,022	\$ (4,320,022)
FEMA Reimbursements <sup>(2)</sup>	200,962	8,466,375	3,135,304	11,767,500	(5,331,071)	8,632,196
<b>Total Capital Contributions</b>	<b>\$ 200,962</b>	<b>\$ 8,466,375</b>	<b>\$ 7,505,326</b>	<b>\$ 11,817,500</b>	<b>\$ (961,049)</b>	<b>\$ 4,312,174</b>

(1) RAP - Rate Assistance Program

(2) FEMA reimbursements are based on cash basis for when reimbursement will be received.



**Non-Operating Expense Budget**

					2022/23 Budget	2023/24 Budget	
					Compared to 2023/24 Proposed Budget	Compared to 2024/25 Proposed Budget	
	2022/23 Estimated Actuals	2022/23 Adopted Budget	2023/24 Proposed Budget	2024/25 Proposed Budget			
<b>Interest Expense</b>							
Felton Loan	22,129	22,129	18,124	14,025	(4,005)	(4,100)	
Olympia SRF Loan	31,793	32,712	29,919	27,997	(2,793)	(1,922)	
Probation Tank Loan	74,009	74,009	70,739	67,333	(3,270)	(3,406)	
2019 \$14.5M COP	495,350	495,350	482,100	468,225	(13,250)	(13,875)	
2021 \$15M Loan	342,946	342,167	328,300	313,319	(13,867)	(14,980)	
Solar Lease	5,267	5,263	4,007	2,700	(1,256)	(1,307)	
<b>Interest Expense</b>	<b>\$ 971,494</b>	<b>\$ 971,630</b>	<b>\$ 933,189</b>	<b>\$ 893,599</b>	<b>\$ (38,441)</b>	<b>\$ (39,590)</b>	
				<i>% Change</i>	<i>-4.0%</i>	<i>-4.2%</i>	
<b>Debt Principal Payments</b>							
Felton Loan	Exp. 2027 @ 2.42%	164,671	164,668	168,676	172,775	4,008	4,100
Olympia SRF	Exp. 2037 @ 2.57%	72,607	71,521	74,481	76,403	2,960	1,922
Probation Tank	Exp. 2038 @ 4.15%	77,969	77,969	81,238	84,645	3,269	3,407
2019 \$14.5M COP	Exp. 2049 @ 2.99%	260,000	260,000	270,000	285,000	10,000	15,000
2021 \$15M Loan	Exp. 2041 @ 2.40%	606,584	606,584	621,229	636,228	14,645	14,999
Solar Lease	Exp. 2026 @ 3.67%	33,732	33,731	34,992	36,299	1,261	1,307
<b>Debt Principal Expense</b>	<b>\$ 1,215,563</b>	<b>\$ 1,214,473</b>	<b>\$ 1,250,615</b>	<b>\$ 1,291,350</b>	<b>\$ 36,142</b>	<b>\$ 40,735</b>	
<b>Other Non-Operating Expenses</b>							
Investment in SMGWA <sup>(1)</sup>	\$ -	\$ -	\$ 164,681	\$ -	\$ 164,681	\$ (164,681)	
<b>Other Non-Op Expense</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 164,681</b>	<b>\$ -</b>	<b>\$ 164,681</b>	<b>\$ (164,681)</b>	
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>\$ 2,187,057</b>	<b>\$ 2,186,103</b>	<b>\$ 2,348,486</b>	<b>\$ 2,184,949</b>	<b>\$ 162,383</b>	<b>\$ (163,537)</b>	
				<i>% Change</i>	<i>7.4%</i>	<i>-7.0%</i>	

(1) Santa Margarita Ground Water Agency (SMGWA) - FY23/24 - This amount is based on the SMGWA FY2024 Proposed Budget. FY24/25 is unknown and will be updated at the mid year review.

## High Level Revenue & Expense Summary

Operating Revenue & Expense	2022/23		2023/24		2022/23		2023/24	
	Estimated	Adopted	Proposed	Proposed	Compared to	Compared to	Budget	Budget
	Actuals	Budget	Budget	Budget	2023/24	2024/25	Proposed	Proposed
							Budget	Budget
<b>Operating Revenue</b>								
Water Basic	\$ 3,548,856	\$ 3,536,400	\$ 3,552,000	\$ 3,643,176	\$ 15,600	\$ 91,176		
Water Usage	7,580,309	8,231,131	7,722,600	7,808,283	(508,531)	85,683		
Sewer Fund	173,019	173,021	173,021	173,021	0	-		
Sale of Meters	100,000	32,000	60,000	60,000	28,000	-		
Fire Recovery Surcharge	988,971	1,000,000	1,000,000	1,000,000	-	-		
Operating Grants	200,000	-	5,000	5,000	5,000	-		
Miscellaneous Fees & Charges	85,131	105,560	90,000	90,000	(15,560)	-		
<b>Total Operating Revenue</b>	<b>\$ 12,676,287</b>	<b>\$ 13,078,112</b>	<b>\$ 12,602,621</b>	<b>\$ 12,779,480</b>	<b>\$ (475,491)</b>	<b>\$ 176,859</b>		
<b>Operating Expenses</b>								
Salaries & Benefits	\$ 5,970,346	\$ 6,607,296	\$ 6,710,003	\$ 7,111,239	102,707	401,236		
Contract/Professional Services	997,151	1,008,645	1,237,813	1,225,516	229,168	(12,297)		
Operating Expenses	480,116	455,450	464,400	491,000	8,950	26,600		
Maintenance	204,332	202,700	239,600	257,850	36,900	18,250		
Facilities	620,042	725,795	693,625	704,145	(32,170)	10,520		
Gen. & Admin.	461,461	468,194	515,210	528,810	47,016	13,600		
<b>Total Operating Expenses</b>	<b>\$ 8,733,448</b>	<b>\$ 9,468,080</b>	<b>\$ 9,860,651</b>	<b>\$ 10,318,560</b>	<b>\$ 392,571</b>	<b>\$ 457,909</b>		
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 3,942,839</b>	<b>\$ 3,610,032</b>	<b>\$ 2,741,970</b>	<b>\$ 2,460,920</b>	<b>\$ (868,062)</b>	<b>\$ (281,050)</b>		
					% Change			
							-24.0%	-10.2%
<b>Non-Operating Revenue &amp; Expense</b>								
<b>Total Non-Operating Revenue</b>	<b>\$ 1,816,476</b>	<b>\$ 1,307,000</b>	<b>\$ 1,759,488</b>	<b>\$ 1,486,395</b>	<b>\$ 452,488</b>	<b>\$ (273,093)</b>		
Interest Expense	\$ 971,494	\$ 971,630	\$ 933,189	\$ 893,599	(38,441)	(39,590)		
Debt Payments	\$ 1,215,563	\$ 1,214,473	\$ 1,250,615	\$ 1,291,350	36,142	40,735		
Other Non-Op Exp	\$ -	\$ -	\$ 164,681	\$ -	164,681	(164,681)		
<b>Total Non-Operating Expenses</b>	<b>\$ 2,187,057</b>	<b>\$ 2,186,103</b>	<b>\$ 2,348,486</b>	<b>\$ 2,184,949</b>	<b>\$ 162,383</b>	<b>\$ (163,537)</b>		
<b>NON-OPERATING INCOME (LOSS)</b>	<b>\$ (370,581)</b>	<b>\$ (879,103)</b>	<b>\$ (588,998)</b>	<b>\$ (698,554)</b>	<b>\$ 290,105</b>	<b>\$ (109,556)</b>		
<b>TOTAL INCOME (LOSS)</b>	<b>\$ 3,572,258</b>	<b>\$ 2,730,929</b>	<b>\$ 2,152,972</b>	<b>\$ 1,762,366</b>	<b>\$ (577,957)</b>	<b>\$ (390,606)</b>		

# CAPITAL BUDGET SUMMARY

## BREAKDOWN OF FUNDING SOURCES

Below is a breakdown of the total project costs broken down into the high level funding sources.

SUMMARY OF FUNDING SOURCE	FY23/24 TOTAL	% OF TOTAL BUDGET	FY24/25 TOTAL	% OF TOTAL BUDGET
FEMA	\$ 13,913,500	43%	\$ 12,363,000	57%
LOANS (NON FEMA PORTION)	\$ 5,952,611	18%	\$ -	0%
IN EXCESS OF LOANS (RESERVES)	\$ 4,653,085	14%	\$ 3,025,000	14%
GRANT	\$ 3,816,166	12%	\$ -	0%
DISTRIC COST SHARE OF FEMA	\$ 1,306,500	4%	\$ 3,457,000	16%
RESERVES	\$ 2,771,250	9%	\$ 2,985,000	14%
	<b>\$ 32,413,112</b>	<b>100%</b>	<b>\$ 21,830,000</b>	<b>100%</b>

- The FEMA projects make up 43% and 57% of the total Capital Budget for FY23/24 & FY24/25, respectively.
- District Cost Share of FEMA is the portion of FEMA that is not reimburseable (10% for CZU fire projects and 25% for the recent storm projects); this makes up 4% and 16% of the total capital budget for FY23/24 and FY24/25, respectively.
- In Excess of Loans – For the \$14.5M & \$15M Loans, most of the projects are coming in over budget, so the overage of those projects will need to come out of reserves; 14% for both FY23/24 & FY24/25.
  - The majority of these excess funds being from FEMA projects.

## DISCUSSION ITEMS

- The District’s current rate structure simply cannot sustain the amount of capital projects that are being proposed.
  - The FEMA Disasters have had a huge financial impact on the District.
- FEMA reimbursement process is long and drawn out. Staff’s estimates are optimistic in regards to timing of funding we may receive from FEMA.
  - Our main goal is to get the large raw & potable water projects from the CZU fires obligated so we can start taking draw downs on project expenses incurred to date. Staff then plans to submit invoices monthly, so eventually we will also have reimbursement checks coming in monthly to help with cash flow concerns.
- Fire Recovery Surcharge – need to have a discussion on how to handle the funds
  - From staff’s perspective, the funds received to date from rate payers for the Fire Recovery Surcharge have already reimbursed the District for the upfront costs that were paid out during the fires.

- It is clear from increasing project costs and difference in initial project estimates vs. more realistic project estimates, the \$5 million the District is collecting for the fire surcharge, will not be sufficient in recovering costs.

## ALTERNATE CAPITAL BUDGET

- Capital projects may need to be put on hold until the District finds additional funding sources.
  - Staff proposes that the loan and grant projects take priority, as we have designated funds for those. All other projects should be put on hold until the District is able to re-evaluate its funding.
    - Staff has prepared an alternate Capital Budget that will illustrate how it will change reserves by putting some of the projects on hold. See alternate Capital Budget Below.
    - Assuming our FEMA reimbursements start coming in once the projects are obligated, this will allow the District to catch up in FY24/25 to where the Capital Budget can be re-evaluated to see which projects to bring back on board. See alternate Statement of Revenues, Expenses, and Changes in Reserves
  - Staff would like the Budget & Finance Committee’s input on this.
  - Please note that there are various capital expenditures that are not budgeted that come out of reserves each FY.

SUMMARY OF FUNDING SOURCE	FY23/24 TOTAL	% OF TOTAL BUDGET	FY24/25 TOTAL	% OF TOTAL BUDGET
FEMA	\$ 9,310,000	39%	\$ 18,000	1%
LOANS (NON FEMA PORTION)	\$ 4,836,445	20%	\$ -	0%
IN EXCESS OF LOANS (RESERVES)	\$ 5,769,251	24%	\$ 3,025,000	99%
GRANT	\$ 3,816,166	16%	\$ -	0%
DISTRIC COST SHARE OF FEMA	\$ 25,000	0%	\$ 2,000	0%
RESERVES	\$ -	0%	\$ -	0%
	<b>\$ 23,756,862</b>	<b>100%</b>	<b>\$ 3,045,000</b>	<b>100%</b>

**CAPITAL BUDGET**

PROJECT TYPE	PROJECT NAME	FUNDING (1)	FY23/24 BUDGET	FY24/25 BUDGET
Pipe	Redwood Park Tank Pipeline (Country Club)	\$14.5M COP	\$ 50,000	\$ -
Pipe	Sequoia Pipeline	\$14.5M COP	\$ 50,000	\$ -
Tank	Redwood Park (Swim) Tank	\$14.5M COP	\$ 1,100,000	\$ -
Enviro.	Fall Creek Fish Ladder	\$14.5M COP	\$ 2,300,000	\$ -
Pipe	Lyon Zone Pipe	\$14.5M COP	\$ 4,005,000	\$ -
Pipe	Hermosa Oak Fernwood Main Replacement	\$15M Loan	\$ 568,377	\$ -
Pipe	Juanita Woods Water Main Replacement	\$15M Loan	\$ 721,000	\$ -
Pipe	Zayante Drive Water Main Replacement	\$15M Loan	\$ 899,037	\$ -
Tank	Blue Ridge Tank Replacement	\$15M Loan	\$ 976,516	\$ -
Pipe	Orman Road Water Main Replacement	\$15M Loan	\$ 1,051,932	\$ -
Pipe	CZU Bennett Spring Supply /Transmission Main	\$15M LOAN / FEMA	\$ -	\$ 1,400,000
Pipe	CZU Sweetwater Supply Line	\$15M LOAN / FEMA	\$ 300,000	\$ 1,375,000
Pipe	CZU Eckley Pumping Station / Main Line	\$15M LOAN / FEMA	\$ 400,000	\$ -
Pipe	CZU Harmon Street 2"	\$15M LOAN / FEMA	\$ 580,000	\$ -
Building & Equip.	CZU Five Mile Box & Turbidity Station	\$15M LOAN / FEMA	\$ 610,000	\$ -
Pipe	CZU South Zone Distribution Piping	\$15M LOAN / FEMA	\$ 1,000,000	\$ 250,000
Tank	CZU Big Steel Tank Piping	\$15M LOAN / FEMA	\$ 1,250,000	\$ -
Pipe	CZU Peavine Supply	\$15M LOAN / FEMA	\$ 1,500,000	\$ -
Pipe	CZU Alta Via Distribution System Piping	\$15M LOAN / FEMA	\$ 2,100,000	\$ -
Pipe	CZU Big Steel Zone Piping	\$15M LOAN / FEMA	\$ 1,345,000	\$ -
Pipe	2023 Storm - Bennet Spring Raw Water Pipeline Damange	FEMA 75%	\$ -	\$ 800,000
Pipe	2023 Storm - Bull Creek Raw Water Pipeline Damage	FEMA 75%	\$ -	\$ 1,000,000
Pipe	2023 Storm - Stewart Street Slide/Main Breaks	FEMA 75%	\$ -	\$ 700,000
Pump Station	2023 Storm - Madrone Booster Pump Station	FEMA 75%	\$ 50,000	\$ -
Pipe	2023 Storm - Huckleberry Island Main Failure	FEMA 75%	\$ 750,000	\$ -
Pipe	2023 Storm - Brookside Drive Road Washout/Pipe Damage	FEMA 75%	\$ 800,000	\$ -
Repair	Lyon Slide Repair	FEMA 75%	\$ 1,000,000	\$ 10,000,000
Repair	2023 Storm - Quail Hollow Road Damage	FEMA 75%	\$ 1,000,000	\$ -
Repair	2023 Storm - Lyon Access Road Slide	FEMA 75%	\$ 1,000,000	\$ -
Building & Equip.	CZU Lyon Wtp Accessory Building	FEMA 90%	\$ 20,000	\$ -
Meters	CZU Services & Water Meter Replacement	FEMA 90%	\$ 50,000	\$ 20,000
Pipe	CZU Clear Creek 5 Mile Supply Line	FEMA 90%	\$ 100,000	\$ 3,200,000
Intake	CZU Foreman Creek Intake/Raw Water	FEMA 90%	\$ 1,165,000	\$ -
Pipe	CZU Cool Creek Intake & Piping	FEMA 90%	\$ -	\$ 100,000
Meters	Ami Meter Grant - Route 11-14	GRANT	\$ 200,000	\$ -
Consolidation	Bracken Brae/Forest Springs Consolidation	GRANT	\$ 2,700,000	\$ -
Tank Maint.	Bear Creek Tank Coating	RESERVES	\$ -	\$ 300,000
Booster	Madrone Booster Pump Redesign	RESERVES	\$ -	\$ 100,000
Equip.	Dump Truck	RESERVES	\$ -	\$ 100,000
Pump Station	El Solyo Boster Pump Station	RESERVES	\$ -	\$ 60,000
Tank	Bear Creek Tank Assessment	RESERVES	\$ -	\$ 225,000
Tank	Spring Tank	RESERVES	\$ -	\$ 225,000
Tank	Charlie Tank	RESERVES	\$ -	\$ 225,000
	BCEWW Improvements/CSA 7	RESERVES	\$ 5,000	\$ -
Equip.	Fork Lift Quail 5	RESERVES	\$ 45,000	\$ -
Study	Loch Lomond Feasibility Study	RESERVES	\$ 100,000	\$ -
Equip.	Quail Tank Scada Upgrade	RESERVES	\$ 100,000	\$ -
Equip.	Brookdale Trtu Scada Upgrades	RESERVES	\$ 160,000	\$ -
Tank	Highland Tank	RESERVES	\$ 200,000	\$ 1,500,000
Meters	600 Meter Replacement Program (15/Day)	RESERVES	\$ 236,250	\$ 250,000
Tank Maint.	Brookdale Tank Coating	RESERVES	\$ 300,000	\$ -
Tank Maint.	Blair Tank Coating	RESERVES	\$ 325,000	\$ -
Pipe	Kings Creek Bridge	RESERVES	\$ 400,000	\$ -
Pipe	Monaco Ln. Bridge	RESERVES	\$ 400,000	\$ -
Tank	Felton Heights Tank (1)	RESERVES	\$ 500,000	\$ -
			\$ 32,413,112	\$ 21,830,000

BREAKDOWN BY FUNDING SOURCE	FY23/24 BUDGET	FY24/25 BUDGET
\$14.5M COP	\$ 3,802,822	\$ -
\$15M Loan	\$ 2,149,789	\$ -
\$15M LOAN / FEMA	\$ 9,085,000	\$ -
FEMA 75%	\$ 3,465,000	\$ 9,375,000
FEMA 90%	\$ 1,363,500	\$ 2,988,000
GRANT	\$ 3,816,166	\$ -
IN EXCESS \$15M LOAN (RESERVES)	\$ 2,067,073	\$ 3,025,000
IN EXCESS \$14.5M LOAN (RESERVES)	\$ 2,586,012	\$ -
RESERVES	\$ 2,771,250	\$ 2,985,000
FEMA DISTRICT COST SHARE (RESERVES)	\$ 1,306,500	\$ 3,457,000
<b>Total Capital Projects</b>	<b>\$ 32,413,112</b>	<b>\$ 21,830,000</b>

	\$ -	\$ -
<b>INFLOWS FROM CAPITAL CONTRIBUTIONS</b>		
Financed FEMA Reimbursement	\$ 8,176,500	\$ -
Reserve Funded FEMA Reimb.	\$ 4,828,500	\$ 12,363,000
	\$ 13,005,000	\$ 12,363,000
<b>EST. PHYSICAL CASH INFLOW</b>	<b>\$ 3,135,304</b>	<b>\$ 11,767,500</b>

Statement of Revenues, Expenses and Changes in Reserves

DISTRICT FUNDS	FY2223 Est. Actuals	DISTRICT FUNDS	FY2223 Proposed Budget	DISTRICT FUNDS	FY2324 Proposed Budget	DISTRICT FUNDS	FY2425 Proposed Budget
<i>Beginning Reserve Balance</i>	\$ 6,013,945	<i>Beginning Reserve Balance</i>	\$ 5,802,146	<i>Beginning Reserve Balance</i>	\$ 8,387,034	<i>Beginning Reserve Balance</i>	\$ (1,434,025)
<b>Revenues</b>		<b>Revenues</b>		<b>Revenues</b>		<b>Revenues</b>	
Operating Revenues <sup>(1)</sup>	\$ 12,676,287	Operating Revenues <sup>(1)</sup>	\$ 13,078,112	Operating Revenues <sup>(1)</sup>	\$ 12,602,621	Operating Revenues <sup>(1)</sup>	\$ 12,779,480
Non-operating Revenues	1,816,476	Non-operating Revenues	1,372,924	Non-operating Revenues	1,759,488	Non-operating Revenues	1,486,395
<b>Total Revenues</b>	<b>\$ 14,492,763</b>	<b>Total Revenues</b>	<b>\$ 14,451,036</b>	<b>Total Revenues</b>	<b>\$ 14,362,109</b>	<b>Total Revenues</b>	<b>\$ 14,265,875</b>
<b>Expenses</b>		<b>Expenses</b>		<b>Expenses</b>		<b>Expenses</b>	
Operating Expenses	\$ 8,733,448	Operating Expenses	\$ 9,468,080	Operating Expenses	\$ 9,860,651	Operating Expenses	\$ 10,318,560
Non-operating Expenses	2,187,057	Non-operating Expenses	2,186,103	Non-operating Expenses	2,348,486	Non-operating Expenses	2,184,949
Overhead Absorption <sup>(2)</sup>	(165,000)	Overhead Absorption <sup>(2)</sup>	(150,000)	Overhead Absorption <sup>(2)</sup>	(300,000)	Overhead Absorption <sup>(2)</sup>	(300,000)
<b>Total Expenses</b>	<b>\$ 10,755,505</b>	<b>Total Expenses</b>	<b>\$ 11,504,183</b>	<b>Total Expenses</b>	<b>\$ 11,909,137</b>	<b>Total Expenses</b>	<b>\$ 12,203,510</b>
<b>Capital Improvement Expenses &amp; Funding</b>		<b>Capital Improvement Expenses &amp; Funding</b>		<b>Capital Improvement Expenses &amp; Funding</b>		<b>Capital Improvement Expenses &amp; Funding</b>	
Capital Projects	\$ 6,122,852	Capital Projects	\$ 13,304,250	Capital Projects	\$ 34,263,112	Capital Projects	\$ 21,830,000
Grant/FEMA Funded <sup>(3)</sup>	(330,000)	Grant/FEMA Funded <sup>(3)</sup>	(8,466,375)	Grant/FEMA Funded <sup>(3)</sup>	(6,951,470)	Grant/FEMA Funded <sup>(3)</sup>	(11,767,500)
Debt Funded	(4,428,683)	Debt Funded	(5,927,000)	Debt Funded	(15,037,611)	Debt Funded	-
<b>Capital Project Expenses</b>	<b>\$ 1,364,169</b>	<b>Capital Project Expenses</b>	<b>\$ (1,089,125)</b>	<b>Capital Project Expenses</b>	<b>\$ 12,274,031</b>	<b>Capital Project Expenses</b>	<b>\$ 10,062,500</b>
Increase (Decrease)	\$ 2,373,089	Increase (Decrease)	\$ 4,035,977	Increase (Decrease)	\$ (9,821,059)	Increase (Decrease)	\$ (8,000,134)
<b>Ending Reserve Balance</b>	<b>\$ 8,387,034</b>	<b>Ending Reserve Balance</b>	<b>\$ 9,838,124</b>	<b>Ending Reserve Balance</b>	<b>\$ (1,434,025)</b>	<b>Ending Reserve Balance</b>	<b>\$ (9,434,159)</b>
<b>Reserve Balances</b>		<b>Reserve Balances</b>		<b>Reserve Balances</b>		<b>Reserve Balances</b>	
Operating Reserve	\$ 3,275,043	Operating Reserve	\$ 3,550,530	Operating Reserve	\$ 3,697,744	Operating Reserve	\$ 3,869,460
Capital Reserve	2,869,946	Capital Reserve	3,750,000	Capital Reserve	(8,362,147)	Capital Reserve	(17,537,330)
Compensated Absences	191,667	Compensated Absences	191,667	Compensated Absences	180,000	Compensated Absences	183,333
Restricted - Fire Recovery	1,760,378	Restricted - Fire Recovery	1,916,667	Restricted - Fire Recovery	2,760,378	Restricted - Fire Recovery	3,760,378
Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000
Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000
	\$ 8,387,034		\$ 9,838,124		\$ (1,434,025)		\$ (9,434,159)

(1) The Fire Recovery Surcharge is included in the operating revenue. The District will track CZU Wildfire costs against the revenues generated by the Surcharge. These expenses may be operating, capital or debt related expenditures and will be maintained in a restricted account.

(2) Overhead absorption is typically employee labor time that is capitalized for work performed on capital project in lieu of an outside consultant.

(3) FEMA/Grant reimbursements are being based on cash basis accounting to represent the actual cash flow needs. Accrual based accounting will recognize the 90% & 75% FEMA portion at the time being spent in the audit.

**ALTERNATE CAPITAL BUDGET**

PROJECT TYPE	PROJECT NAME	FUNDING (1)	FY23/24 BUDGET	FY24/25 BUDGET
Pipe	Redwood Park Tank Pipeline (Country Club)	\$14.5M COP	\$ 50,000	\$ -
Pipe	Sequoia Pipeline	\$14.5M COP	\$ 50,000	\$ -
Tank	Redwood Park (Swim) Tank	\$14.5M COP	\$ 1,100,000	\$ -
Enviro.	Fall Creek Fish Ladder	\$14.5M COP	\$ 2,300,000	\$ -
Pipe	Lyon Zone Pipe	\$14.5M COP	\$ 4,005,000	\$ -
Pipe	Hermosa Oak Fernwood Main Replacement	\$15M Loan	\$ 568,377	\$ -
Pipe	Juanita Woods Water Main Replacement	\$15M Loan	\$ 721,000	\$ -
Pipe	Zayante Drive Water Main Replacement	\$15M Loan	\$ 899,037	\$ -
Tank	Blue Ridge Tank Replacement	\$15M Loan	\$ 976,516	\$ -
Pipe	Orman Road Water Main Replacement	\$15M Loan	\$ 1,051,932	\$ -
Pipe	CZU Bennett Spring Supply /Transmission Main	\$15M LOAN / FEMA	\$ -	\$ 1,400,000
Pipe	CZU Sweetwater Supply Line	\$15M LOAN / FEMA	\$ 300,000	\$ 1,375,000
Pipe	CZU Eckley Pumping Station / Main Line	\$15M LOAN / FEMA	\$ 400,000	\$ -
Pipe	CZU Harmon Street 2"	\$15M LOAN / FEMA	\$ 580,000	\$ -
Building & Equip.	CZU Five Mile Box & Turbidity Station	\$15M LOAN / FEMA	\$ 610,000	\$ -
Pipe	CZU South Zone Distribution Piping	\$15M LOAN / FEMA	\$ 1,000,000	\$ 250,000
Tank	CZU Big Steel Tank Piping	\$15M LOAN / FEMA	\$ 1,250,000	\$ -
Pipe	CZU Peavine Supply	\$15M LOAN / FEMA	\$ 1,500,000	\$ -
Pipe	CZU Alta Via Distribution System Piping	\$15M LOAN / FEMA	\$ 2,100,000	\$ -
Pipe	CZU Big Steel Zone Piping	\$15M LOAN / FEMA	\$ 1,345,000	\$ -
Meters	CZU Services & Water Meter Replacement	FEMA 90%	\$ 50,000	\$ 20,000
Meters	Ami Meter Grant - Route 11-14	GRANT	\$ 200,000	\$ -
Consolidation	Bracken Brae/Forest Springs Consolidation	GRANT	\$ 2,700,000	\$ -
			\$ 23,756,862	\$ 3,045,000

BREAKDOWN BY FUNDING SOURCE	FY23/24 BUDGET	FY24/25 BUDGET
\$14.5M COP	\$ 2,686,656	\$ -
\$15M Loan	\$ 2,149,789	\$ -
\$15M LOAN / FEMA	\$ 9,085,000	\$ -
FEMA 75%	\$ -	\$ -
FEMA 90%	\$ 225,000	\$ 18,000
GRANT	\$ 3,816,166	\$ -
IN EXCESS \$15M LOAN (RESERVES)	\$ 2,067,073	\$ 3,025,000
IN EXCESS \$14.5M LOAN (RESERVES)	\$ 3,702,178	\$ -
RESERVES	\$ -	\$ -
FEMA DISTRICT COST SHARE (RESERVES)	\$ 25,000	\$ 2,000
<b>Total Capital Projects</b>	<b>\$ 23,756,862</b>	<b>\$ 3,045,000</b>

	\$ -	\$ -
<b>INFLOWS FROM CAPITAL CONTRIBUTIONS</b>		
Financed FEMA Reimbursement	\$ 8,176,500	\$ -
Reserve Funded FEMA Reimb.	\$ 225,000	\$ 18,000
	\$ 8,401,500	\$ 18,000
<b>EST. PHYSICAL CASH INFLOW</b>	<b>\$ 3,135,304</b>	<b>\$ 11,767,500</b>



ALTERNATE: Statement of Revenues, Expenses and Changes in Reserves

DISTRICT FUNDS	FY2223 Est. Actuals	DISTRICT FUNDS	FY2223 Proposed Budget	DISTRICT FUNDS	FY2324 Proposed Budget	DISTRICT FUNDS	FY2425 Proposed Budget
<i>Beginning Reserve Balance</i>	\$ 6,013,945	<i>Beginning Reserve Balance</i>	\$ 5,802,146	<i>Beginning Reserve Balance</i>	\$ 8,387,034	<i>Beginning Reserve Balance</i>	\$ 9,072,225
<b>Revenues</b>		<b>Revenues</b>		<b>Revenues</b>		<b>Revenues</b>	
Operating Revenues <sup>(1)</sup>	\$ 12,676,287	Operating Revenues <sup>(1)</sup>	\$ 13,078,112	Operating Revenues <sup>(1)</sup>	\$ 12,602,621	Operating Revenues <sup>(1)</sup>	\$ 12,779,480
Non-operating Revenues	1,816,476	Non-operating Revenues	1,372,924	Non-operating Revenues	1,759,488	Non-operating Revenues	1,486,395
<b>Total Revenues</b>	<b>\$ 14,492,763</b>	<b>Total Revenues</b>	<b>\$ 14,451,036</b>	<b>Total Revenues</b>	<b>\$ 14,362,109</b>	<b>Total Revenues</b>	<b>\$ 14,265,875</b>
<b>Expenses</b>		<b>Expenses</b>		<b>Expenses</b>		<b>Expenses</b>	
Operating Expenses	\$ 8,733,448	Operating Expenses	\$ 9,468,080	Operating Expenses	\$ 9,860,651	Operating Expenses	\$ 10,318,560
Non-operating Expenses	2,187,057	Non-operating Expenses	2,186,103	Non-operating Expenses	2,348,486	Non-operating Expenses	2,184,949
Overhead Absorption <sup>(2)</sup>	(165,000)	Overhead Absorption <sup>(2)</sup>	(150,000)	Overhead Absorption <sup>(2)</sup>	(300,000)	Overhead Absorption <sup>(2)</sup>	(300,000)
<b>Total Expenses</b>	<b>\$ 10,755,505</b>	<b>Total Expenses</b>	<b>\$ 11,504,183</b>	<b>Total Expenses</b>	<b>\$ 11,909,137</b>	<b>Total Expenses</b>	<b>\$ 12,203,510</b>
<b>Capital Improvement Expenses &amp; Funding</b>		<b>Capital Improvement Expenses &amp; Funding</b>		<b>Capital Improvement Expenses &amp; Funding</b>		<b>Capital Improvement Expenses &amp; Funding</b>	
Capital Projects	\$ 6,122,852	Capital Projects	\$ 13,304,250	Capital Projects	\$ 23,756,862	Capital Projects	\$ 3,045,000
Grant/FEMA Funded <sup>(3)</sup>	(330,000)	Grant/FEMA Funded <sup>(3)</sup>	(8,466,375)	Grant/FEMA Funded <sup>(3)</sup>	(6,951,470)	Grant/FEMA Funded <sup>(3)</sup>	(11,767,500)
Debt Funded	(4,428,683)	Debt Funded	(5,927,000)	Debt Funded	(15,037,611)	Debt Funded	-
<b>Capital Project Expenses</b>	<b>\$ 1,364,169</b>	<b>Capital Project Expenses</b>	<b>\$ (1,089,125)</b>	<b>Capital Project Expenses</b>	<b>\$ 1,767,781</b>	<b>Capital Project Expenses</b>	<b>\$ (8,722,500)</b>
Increase (Decrease)	\$ 2,373,089	Increase (Decrease)	\$ 4,035,977	Increase (Decrease)	\$ 685,191	Increase (Decrease)	\$ 10,784,866
<b>Ending Reserve Balance</b>	<b>\$ 8,387,034</b>	<b>Ending Reserve Balance</b>	<b>\$ 9,838,124</b>	<b>Ending Reserve Balance</b>	<b>\$ 9,072,225</b>	<b>Ending Reserve Balance</b>	<b>\$ 19,857,091</b>
<b>Reserve Balances</b>		<b>Reserve Balances</b>		<b>Reserve Balances</b>		<b>Reserve Balances</b>	
Operating Reserve	\$ 3,275,043	Operating Reserve	\$ 3,550,530	Operating Reserve	\$ 3,697,744	Operating Reserve	\$ 3,869,460
Capital Reserve	2,869,946	Capital Reserve	3,750,000	Capital Reserve	2,144,103	Capital Reserve	3,750,000
Compensated Absences	191,667	Compensated Absences	191,667	Compensated Absences	180,000	Compensated Absences	183,333
Restricted - Fire Recovery	1,760,378	Restricted - Fire Recovery	1,916,667	Restricted - Fire Recovery	2,760,378	Restricted - Fire Recovery	3,760,378
Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000	Restricted Reserve - Debt	180,000
Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000	Restricted Reserve - Oly AD	110,000
	\$ 8,387,034		\$ 9,838,124		\$ 9,072,225		\$ 19,857,091

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