



## NOTICE OF BUDGET & FINANCE COMMITTEE MEETING August 2, 2022

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, August 2, 2022, at 2:00 p.m.**, via video/teleconference.

There will not be any physical location for this meeting. Pursuant to AB 361 and San Lorenzo Valley Water District Resolution No. 4 (21-22) this meeting will be conducted by video/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. The meeting access information is as follows:

<https://global.gotomeeting.com/join/526036549>

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,,526036549#>

United States: +1 (571) 317-3129

- One-touch: <tel:+15713173129,,526036549#>

Access Code: 526-036-549

### AGENDA

1. Convene Meeting  
Introduce New Members  
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: 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.*

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 agenda items.*

A. OPERATING MARGINS

Discussion by the Committee and staff regarding Operating Margins.

5. Informational Material

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

[All Finance Meeting Minutes | San Lorenzo Valley Water District \(slvwd.com\)](#)

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.*

M E M O

TO: Budget & Finance Committee

FROM: Director of Finance

SUBJECT: Operating Margin

DATE: August 2, 2022

RECOMMENDATION:

It is recommended that the Budget & Finance Committee review and discuss the District's operating margin.

BACKGROUND:

This item is being brought to the Budget & Finance Committee for discussion at the direction of the District Manager for informational purposes.

Operating margin is calculated by taking the operating income and dividing it by revenue. It essentially represents how well a company can generate profits through its core operations. It also shows the proportion of revenues that are available to cover non-operating costs, such as paying interest.

The following document outlines the District's operating margin for the past few years. FY2122 are unaudited numbers through May 31, 2022. The District is currently in the year end audit process, so revenues and expenses through year end June 30, 2022 are in process. The operating margin has been between 0.27-0.29 with the exception of FY2021, when the District was hit by the CZU fires, significantly increasing the District's operating expenses, which in turn lowered the operating margin.

**REVENUE BY CATEGORY**

<b>DESCRIPTION</b>	<b>FY2122 (thru May)</b>	<b>FY2021</b>	<b>FY1920</b>	<b>FY1819</b>
WATER USAGE	6,401,894	7,843,162	7,689,328	6,931,998
BASIC CHARGES	3,178,937	3,295,855	3,175,865	2,985,659
FIRE RECOVERY SURCHARGE	821,973	-	-	-
METERS, PENALTIES & OTHER	91,262	162,605	136,563	101,322
SEWER CHARGES	158,615	161,007	134,148	111,820
<b>TOTAL OPERATING REVENUE</b>	<b>10,652,682</b>	<b>11,462,629</b>	<b>11,135,904</b>	<b>10,130,799</b>

**EXPENSES BY CATEGORY**

<b>DESCRIPTION</b>	<b>FY2122 (thru May)</b>	<b>FY2021</b>	<b>FY1920</b>	<b>FY1819</b>
SALARY & BENEFITS	4,866,191	6,036,430	5,594,324	4,865,859
CONTRACT/PROF. SERVICES	1,288,040	1,823,155	777,556	1,037,612
OPERATING EXPENSES	373,641	509,163	415,672	375,948
MAINTENANCE	186,665	200,846	200,153	153,892
FACILITIES	525,668	698,229	569,129	568,165
GEN. & ADMIN.	581,429	426,594	367,720	339,555
<b>TOTAL OPERATING EXPENSES</b>	<b>7,821,633</b>	<b>9,694,417</b>	<b>7,924,554</b>	<b>7,341,031</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,831,049</b>	<b>1,768,211</b>	<b>3,211,350</b>	<b>2,789,768</b>
<b>OPERATING MARGIN</b>	<b>0.27</b>	<b>0.15</b>	<b>0.29</b>	<b>0.28</b>