

SANTA YNEZ COMMUNITY SERVICES DISTRICT

MEMORANDUM

To: Board of Directors
From: Loch Dreizler, General Manager
Date: May 17, 2023
Subject: FY 2023-2024 Draft Budget Review and Discussion

Recommendation: Review, discuss, and direct staff to notice the public hearing and bring back the final budget for adoption at the June meeting.

Policy Implications: California government Code §61110 requires the Board to adopt an annual budget before September 1. The California government Code also requires the Board to hold a public hearing and publish a notice at least two weeks before the hearing in a newspaper of general circulation.

The Board adopted Resolution 11-05 on June 15, 2011, and states that the preliminary budget will be prepared in May of each year and reviewed by the Finance Committee. The final budget will be presented at the June meeting.

Alternatives Considered: None

Discussion: The draft budget for FY 2023/24 is attached for review, discussion, and recommendation. The District budget year covers the period of July 1 through June 30 of each year. Our District's primary revenue source is the sewer fees collected from the constituents.

The District approved a rate study prepared by Tuckfield and Associates on March 17, 2021. This rate study covers FY 2021-22 through FY 2025-26. The sewer rate for 23/24 is proposed at \$83.33 per single-family dwelling, reflecting most constituents within the CSD. As a result, the District has remained able to complete projects with manageable debt and plan for projects by proactively implementing responsible sewer rates.

The Publicly Noticed Finance Committee last reviewed the draft budget for the third time on May 9, 2023

Specific Budget Considerations

- Solvang's WWTP - Santa Ynez CSD has little control over Solvang's annual Wastewater Treatment Plant capital expenditures. The District pays approximately 20% of Solvang's WWTP capital improvements. \$180,000 is a previously determined assumption.
- A 3.5% COLA adjustment is recommended as a "benchmark" based on legal counsel's input while the District awaits future negotiations. One alternative is not to implement the COLA on July 1, await negotiation, and issue retroactive pay after the final determination, if necessary.
- Horizon Mainline Extension Project Debt Service is about \$87,000 annually.

