

SANTA YNEZ COMMUNITY SERVICES DISTRICT

MEMORANDUM

To: Board of Directors
From: Loch Dreizler, General Manager
Date: June 21, 2023
Subject: Resolution to Adopt Final FY 2023-2024 Budget

Proposed Motion/Recommendation: Adopt District budget for FY 2023-2024 via the attached resolution 23-621A.

Policy Implications: With Board approval from the May 17, 2023 meeting, the staff published the public hearing notice presenting the Budget for formal adoption.

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 FY 2023/24 draft budget is attached. 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 Board reviewed, without modifications, the attached Budget, and the Finance Committee 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.

Capital Projects

The General Manager, Secretary/Treasurer, and Operations Supervisor manage the capital projects. The capital projects outlined below were taken from the previous Capital Improvement Program (CIP) estimates.

A summary of significant projects next year is as follows:

- Solvang's WWTP Capital Projects are more appropriately recognized in operating expenses.
- Sewer Main Repair Projects – Non-specified repairs \$ 50,000
 - Including but not limited to Manhole Rings and Covers
- Sewer Expansion (planning and outreach) \$ 45,000
- TOTAL** \$ **95,000**

Deferred Capital Projects/Equipment (not included in the Budget)

The first two projects listed below would benefit by moving to the planning/design stage to implement the project more efficiently when funds become available. Then, if capacity fees exceed budget assumptions – these projects might be revisited by the finance or wastewater committee and the Board.

- 130 feet of cure-in-place sewer line - Tivola to Sagunto \$400,000
- Force Main Bracing Hwy 246 – embankment stabilization \$250,000
- 2004 Truck Replacement \$ 55,000
- Sewer Camera Replacement \$ 50,000
- TOTAL** \$ **755,000**

Attachment(s):
 Resolution 23-621A
 2023/24 Proposed Budget