

**Santa Ynez River Water Conservation District,  
Improvement District No.1**



**FISCAL YEAR 2022/23 PRELIMINARY BUDGET**

# OVERVIEW

- ▶ The District's annual operating budget serves as the financial plan for the upcoming year and provides the framework for:
  1. Executing policy directives
  2. Implementing operational plans
  3. Completing essential infrastructure projects through the Capital Improvement Project Program





# BUDGET TIMELINE

## January – February

Staff met and identified ongoing projects and operational needs for the Preliminary Budget.

## March – May

Staff developed Preliminary Budget document.

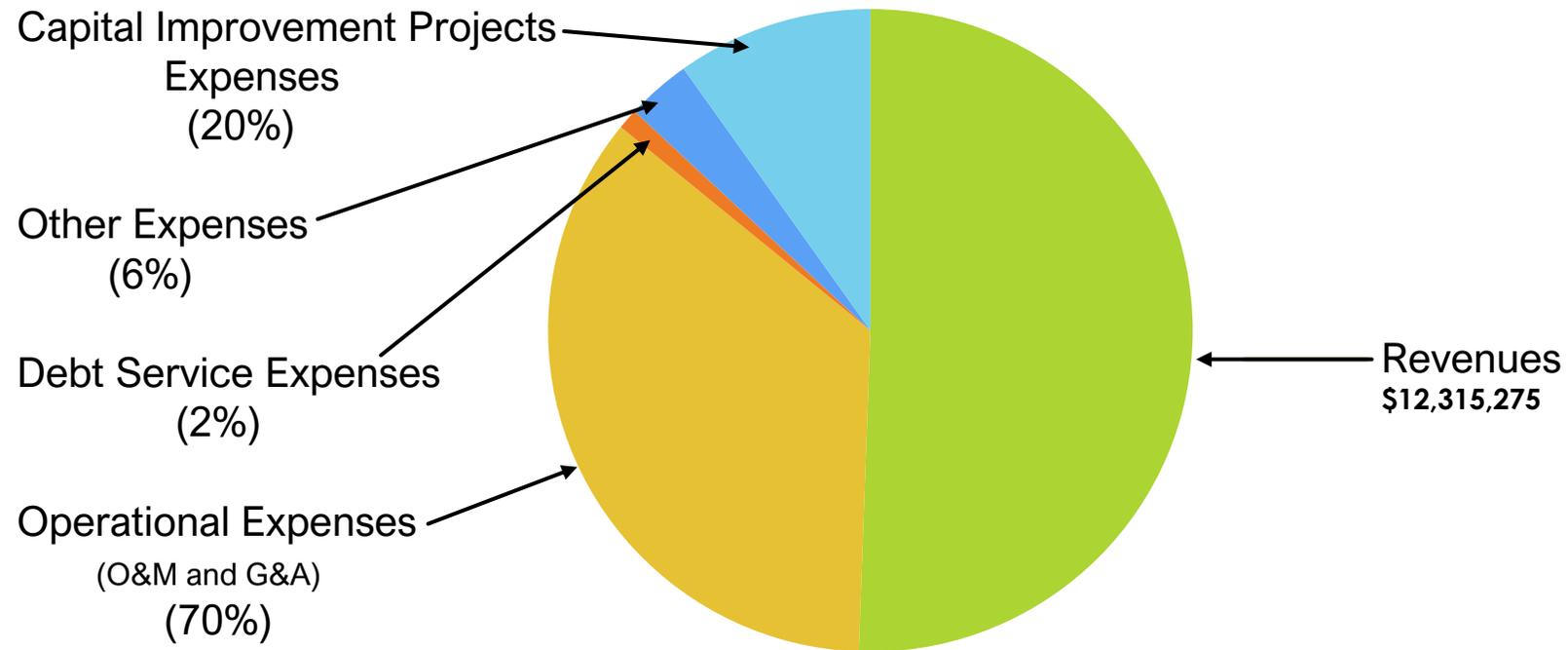
## May 17, 2022

Public meeting held for presentation of FY 2022/23 Preliminary Budget. Opportunity for public comment. Board reviews and provides feedback prior to the Final Budget presentation in June.

## June 21, 2022

Public meeting held for FY 2022/23 Final Budget presentation. Opportunity for public comment. Board reviews and adopts FY 2022/23 Final Budget.

# PRELIMINARY BUDGET COMPONENTS

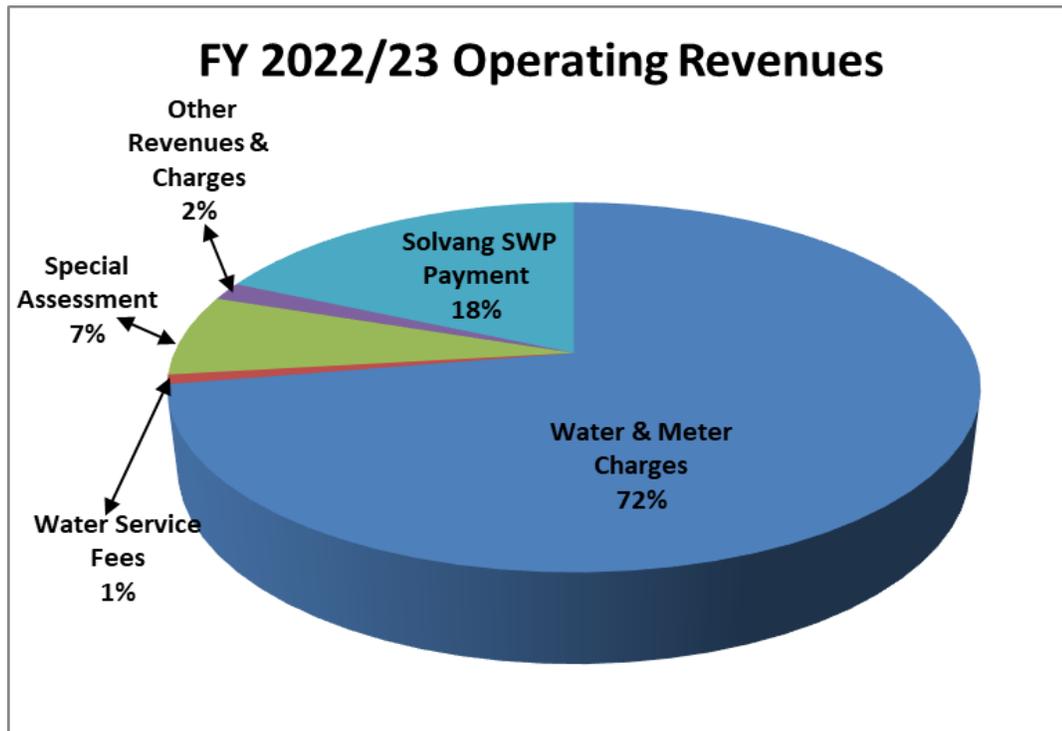


# RESERVES

	June 30, 2021 (Audited)	March 31, 2022 <sup>1</sup>
<b><u>BOARD RESERVED</u></b>		
Debt Repayment Obligation	\$619,153	\$1,960,529 <sup>2</sup>
Repair & Replacement	\$2,817,609	\$4,353,712
Plant Expansion	\$4,100,041	\$5,636,144
	<b>\$7,536,803</b>	<b>\$11,950,385</b>
<b><u>RESTRICTED RESERVES</u></b>		
State Water Project Reserve <sup>3</sup>	3,000,000	\$3,000,000
Development Fee	\$109,212	\$109,212
<b>Grand Total</b>	<b>\$6,963,101</b>	<b>\$14,950,385</b>

1. Amounts reflected in this column represent the reserve balance at 9-months of current FY 2021/22. The year-end reserve amount will change at June 30, 2022 to reflect a balance based on actual accounting for projects and debt service expenditures.
2. This amount represents a Debt Payment Obligation reserve balance at 9-months of current FY 2021/22. The year-end reserve amount in this category will change at June 30, 2022 to reflect payments for the 2004A Bond payable June 30, the SWP payment due on June 1, and the USBR Safety of Dams Repayment Contract payment.
3. One year set aside payment established to guarantee ID No.1's contractual debt obligation in the event of a default by the City of Solvang.

# OPERATING REVENUES SUMMARY



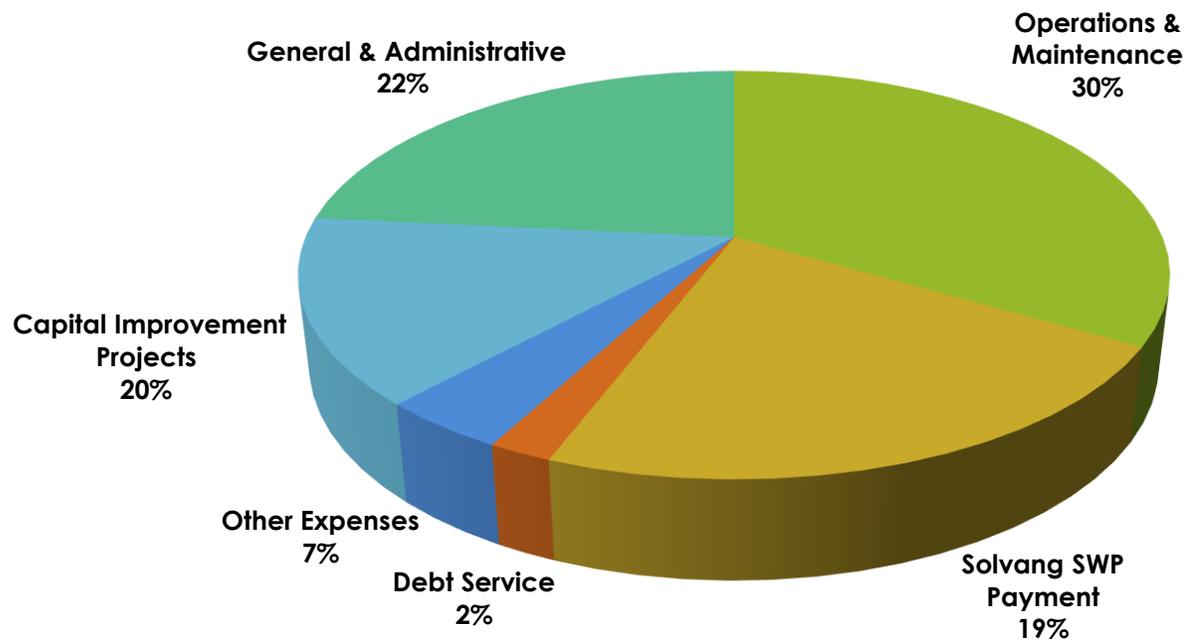
- ▶ Water & Meter Charges - \$8,901,713
- ▶ Water Service Fees - \$103,000
- ▶ Special Assessment - \$875,000
- ▶ Other Revenues - \$195,000
- ▶ Solvang SWP - \$2,240,562
  
- ▶ **Total Revenues - \$12,315,275**

# REVENUE HIGHLIGHTS

- ▶ Preliminary Budget total revenues for FY 2022/23 are 4.7% less than the FY 2021/22 adopted budget.
- ▶ Water rates assumed to remain unchanged for FY 22/23 budget cycle.
- ▶ Special Ad Valorem Tax Assessment assumed to remain unchanged from FY 2021/22 at \$875,000 (Maximum that could be collected by the District is \$2,300,918).
- ▶ Interest Income account reduced due to declining interest rates.
- ▶ City of Solvang SWP passthrough revenues are lower for FY 2022/23 by \$691,321.
- ▶ **Overall revenues projected to decrease \$579,536.**



# EXPENDITURES SUMMARY



- ▶ Operations & Maintenance - \$5,897,359. Solvang SWP Passthrough expense represents 19% or \$2,240,562 of O&M Total.
- ▶ General & Administrative - \$2,706,504
- ▶ Debt Service - \$252,064
- ▶ Other Expenses & Special Studies - \$783,500
- ▶ Capital Improvement Projects - \$2,396,817
- ▶ **Total Expenditures - \$12,036,244**

# EXPENDITURES HIGHLIGHTS

- ▶ Projected expenditures for FY 2022/23 are 4.2% less than the FY 2021/22 adopted budget.
- ▶ Operations & Maintenance expenditures decreased \$1,220,640 from the FY 2021/22 budget due to decreased costs attributable to the State Water Project's reduction in the Transportation Minimum and Capital expenses and payoff of the Water System Revenue Bond, as well as a decrease of \$32,780 in USBR charges for the Cachuma Project supply.
- ▶ General & Administrative expenditures decreased from the FY 2021/22 budget by \$95,619 primarily due to removal of the annual OPEB expense from the Preliminary Budget and reductions in health care premiums and bond redemption costs which offset expense adjustments and inflationary vendor cost increases for goods and services.



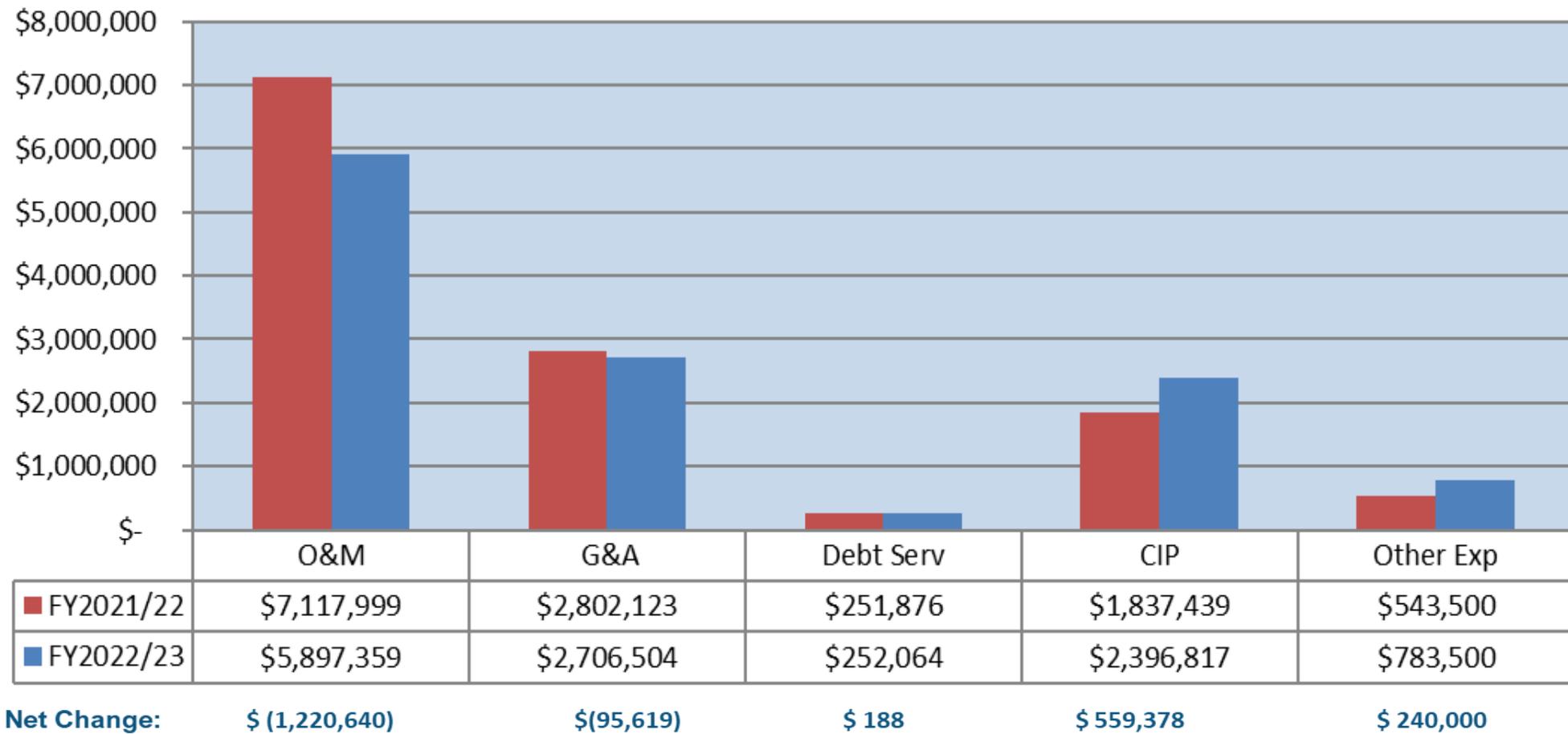
# EXPENDITURES HIGHLIGHTS

## continued . . .

- ▶ Debt Service increased \$188 for the Series 2004A Bond based on Bond repayment terms. The final payment of the Bond will be recorded FY 2022/23 in the amount of \$225,088 .
- ▶ Other Expenses & Special Studies increased \$240,000 from the FY 2021/22 Budget due primarily to Special Legal costs associated with the pending litigation matter involving CCWA against the Santa Barbara County Flood Control and Water Conservation District, and expenses related to ongoing work on SGMA.
- ▶ Capital Improvement Projects increased by \$559,378 from the FY 2021/22 budget. Various projects were rolled forward from FY 2021/22 due to COVID-19 restrictions, as well as expenses related to the final phase of the Meter Replacement Program, and new CIP Projects for the year.
- ▶ **Overall expenditures decreased by \$516,693 from the FY 2021/22 Budget.**



## Comparison of Expenditures



# CAPITAL IMPROVEMENT PROJECTS

ACCOUNT	PROJECT	BUDGET
900332	Water Treatment Plant/Building	\$ 125,000
900333	Cr6 Blending Station/Facilities	\$ 285,000
900372	Office Computers, Furniture & Equipment	\$ 65,750
900318	Meter Replacement/Utility Billing	\$ 710,000
900371	Office Building/Shop Improvements	\$ 61,250
900376	Communication/Telemetry Equip. (SCADA)	\$ 20,000
900181	ESRI CAD-GIS	\$ 1,000
900378	Major Tools, Shop & Garage	\$ 10,000
900350	Upland Wells	\$ 332,781
900106	Rehab/Replace/New Transmission Lines	\$ 60,000
900170	6 CFS Well Field	\$ 96,522
900335	SWP Pump Station/Pipeline	\$ 5,000
900373	Fleet Vehicle Replacement	\$ 47,000
900171	4 CFS Well Field	\$ 102,313
900195	Refugio 2 Booster Pump Station	\$ 50,313
900196	Alamo Pintado Booster Pump Station	\$ 174,573
900197	Refugio 3 Booster Pump Station	\$ 63,793
900198	Meadowlark Booster Pump Station	\$ 76,522
900102	Zones 1, 2, 3 Reservoirs	\$ 110,000
<b>TOTAL CAPITAL IMPROVEMENT PROGRAM</b>		<b>\$2,396,817</b>



# Fiscal Year Budget Comparison

Budget Item	Final 2021/22 Budget	Preliminary 2022/23 Budget	Increase (Decrease)
<b>REVENUES</b>			
Sales & Service	\$ 8,808,928	\$ 8,901,713	\$ 92,785
Assessments, Fees & Other Revenue	\$ 4,085,883	\$ 3,413,562	\$ (672,321)
<b>Total Revenues</b>	<b>\$12,894,811</b>	<b>\$ 12,315,275</b>	<b>\$ (579,536)</b>
<b>EXPENDITURES</b>			
Source of Supply	\$ 5,043,188	\$ 3,672,609	\$ (1,370,579)
Infrastructure	\$ 128,000	\$ 115,000	\$ (13,000)
Pumping	\$ 706,587	\$ 721,500	\$ 14,913
Water Treatment	\$ 63,000	\$ 111,732	\$ 48,732
Transmission & Distribution	\$ 1,177,223	\$ 1,276,518	\$ 99,295
General & Administrative	\$ 2,802,123	\$ 2,706,504	\$ (95,619)
Debt Service	\$ 251,876	\$ 252,064	\$ 188
Other Expenses (Studies, Legal & Engineering, NARE)	\$ 543,500	\$ 783,500	\$ 240,000
Construction In Progress	\$ 1,837,439	\$ 2,396,817	\$ 559,378
<b>Total Expenditures</b>	<b>\$12,552,936</b>	<b>\$ 12,036,244</b>	<b>\$ (516,692)</b>
<b>GRAND TOTAL REVENUES LESS EXPENSES</b>	<b>\$ 341,875</b>	<b>\$ 279,031</b>	<b>\$ (62,844)</b>

# BUDGET SUMMARY

- ▶ Projected revenues will fully fund all expenditure categories of O&M, G&A, Debt Service, Other Expenses & Special Studies, and the Capital Improvement Projects Program.
- ▶ After all expenditures have been paid, a net revenue balance of \$279,031 will be added to District Reserves.



# DISCUSSION

