

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT,  
IMPROVEMENT DISTRICT NO.1**



**FINAL BUDGET  
FY 2022/2023**



**BOARD OF TRUSTEES**

**Jeff Holzer**  
Division 1

**Jeff Clay - President**  
Division 2

**Lori Parker**  
Division 3

**Michael Burchardi**  
Division 4

**Brad Joos - Vice President**  
Trustee-At-Large

This Budget was prepared under the direction of:

Paeter Garcia, General Manager

Mary Martone, Assistant General Manager/Secretary to the Board

**STAFF CONTRIBUTORS**

Eric Tambini, Water Resources Manager

Joe Come', Operations & Maintenance Superintendent

## MISSION STATEMENT

*To provide the residential and agricultural customers in the Santa Ynez River Water Conservation District, Improvement District No.1 service area with reasonably priced, reliable, high quality water supply, and efficient and economical public services.*

## DISTRICT OVERVIEW, STRUCTURE AND STAFFING

The Santa Ynez River Water Conservation District, Improvement District No.1 (District) was formed in 1959 under the Water Conservation District Law of 1931, Division 21, Section 74000 et seq. of the California Water Code (the Act) for the purpose of furnishing water and related water supply services within the District's boundaries. The District has operated continuously since 1959.

Located in the central portion of Santa Barbara County, the District serves the communities of Santa Ynez, Los Olivos, Ballard, the Santa Ynez Band of Chumash Indians, and the City of Solvang (limited basis). With a service area population of approximately 7,022 (excluding the City of Solvang), the District currently provides water directly to approximately 2,624 municipal and industrial customers (including domestic/residential, commercial, institutional, rural residential, and fire service) and approximately 97 agricultural customers. The District encompasses an area of approximately 10,850 acres (including approximately 1,300 acres within Solvang).

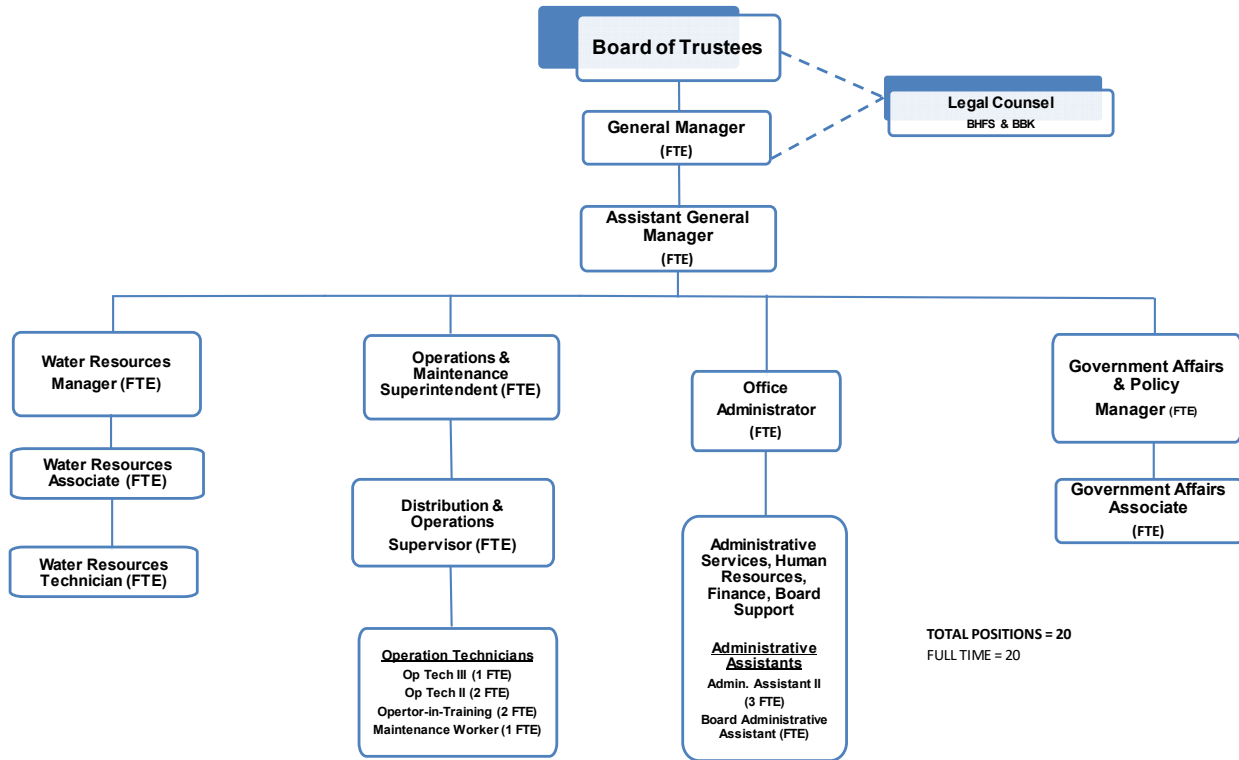
The District obtains its water supplies from the Cachuma Project/State Water Exchange, direct diversions from the Cachuma Project (as needed), contractual deliveries from the State Water Project as a member agency of the Central Coast Water Authority, production from the Santa Ynez Uplands Groundwater Basin, and diversions from the Santa Ynez River alluvium. The District's major activities include acquisition, construction, operation, and maintenance of works and facilities for the development and use of water resources and water rights, including without limitation, works and facilities to divert, store, pump, treat, deliver, and sell water for reasonable and beneficial uses by the District's domestic and agricultural accounts.

## Operational Information

- District Pipelines (in miles) = 92
- Number of Booster Pump Stations = 5 with 11 pumps
- Number of Active Wells = 19
- SWP/ID No.1 Turnout = 5 pumps
- Number of water storage reservoirs/tanks = 4 with a total capacity of 16.7 million gallons
- Current number of approved, funded full-time equivalent (FTE) positions = 20

# ORGANIZATION CHART

## FISCAL YEAR 2022/2023



## EXECUTIVE SUMMARY

### FISCAL YEAR 2022/23

#### **BUDGET PROCESS**

The District's fiscal year budget is one of the most important documents prepared by management for the Board of Trustees. The financial accounts and line items reflected in this document and the FY 2022/23 Final Budget describe the annual fiscal year budget beginning July 1, 2022 and ending on June 30, 2023.

The development and adoption of the District's annual budget is based on projected revenues and expenditures, as well as identified projects and programs which provides the financial foundation for District activities. The budget serves as a roadmap for ensuring reasonable costs and predictable customer rates. The budget blends advanced revenue forecasting and effective expenditure management with the infrastructure investment needed to deliver safe, reliable, cost-effective, and sustainable water supplies to the communities served by the District.

Through the process of planning and preparing the budget, management compared the 2016 Water Rate Study results with the prior year financial conditions and year-end estimated outcomes, then forecasted the funding needs of the District in order to continue to provide high levels of water service, meet regulatory requirements, and comply with applicable financial obligations throughout the fiscal year and beyond.

To determine the annual operating budget and capital costs necessary to provide water service, the General Manager and Assistant General Manager work with the Water Resources Manager and the Operations & Maintenance Superintendent to identify and prioritize estimated operating expenditures and capital improvement projects. Once a Final Budget is prepared, it is presented to the Board of Trustees at a public meeting to provide the opportunity for questions, modifications, and direction to staff to finalize the budget for Board approval at a subsequent public meeting. The Final Budget provides a necessary foundation for the District's administrative, operations, and maintenance programs, debt service obligations, and other financial commitments and service objectives for the coming year.

#### **REPORTING BASIS**

The District utilizes the accrual basis for budgeting purposes and for accounting and financial reporting. The accrual method recognizes revenues and expenses in the period in which they are earned and incurred. The accrual method is the Generally Accepted Accounting Principal (GAAP) for financial reporting.

The District reports its activities as an enterprise fund. This method of reporting is used to account for operations that are financed and administered in a manner similar to a private business enterprise. The costs of providing water and services to customers on a continuing basis (including replacement of existing assets) should be financed or recovered primarily through user charges and the costs are borne by the customers who are receiving the benefit of the assets.

The FY 2022/23 Final Budget was developed from the Uniform System of Accounts for Water Utilities which includes a set of tables providing details for revenue and expenditure categories of the District. **The tables contained in this Report are intended to be reviewed in connection with the FY 2022/23 Final Budget document.** The accounting for the

budget is supported by the QuickBooks accounting system which is verified annually by an independent audit performed by Bartlett, Pringle & Wolf. The budget tables show categories of the operating revenues as compared to operating expenditures along with debt service and special studies expenditures, including but not limited to compliance with various state and federal regulatory requirements applicable to fisheries protection in the Lower Santa Ynez River, compliance with water rights orders issued by the State Water Resources Control Board, and implementation of contractual requirements. The District's operating expenses and Capital Improvement Project program are to be fully funded by operating revenues, and as necessary and appropriate from reserve funds. The Capital Improvement Project expenditures can be funded by a combination of operating revenues and reserves.

**BUDGET AND RESERVE FUND BACKGROUND**

The District's 2016 Water Rate Study, inclusive of the approved Water Rate Schedule, was adopted by the District's Board of Trustees on December 13, 2016 and became effective on February 1, 2017. The Water Rate Study and Schedule provide the foundation for incrementally increased revenues over a five-year period. Rates were developed to meet operating expenses, debt service obligations, capital improvement projects (partially), and other planned expenditures. The Water Rate Study also includes a Reserves analysis and a plan for adding to the District's reserve funds over the same five-year period to allow for recovery of reserve deficits that occurred over the previous six-year period. The last rate adjustment pursuant to the Water Rate Schedule went into effect on July 1, 2021 and remains in effect for the FY 2022/23 budget cycle. The FY 2022/23 Final Budget proposes to fully fund all expense categories, including Operations and Maintenance (O&M), General and Administrative (G&A), Debt Service, Other Expenses and Special Studies, and Capital Improvement Project program costs, leaving a net balance of \$279,031 which will be added to the District's reserves.

Below are the past fiscal year and the most current fiscal quarter-end Reserve balances based on actual accounting and audit information.

Table 1

**RESERVE BALANCES**

	<b>June 30, 2021</b>	<b>March 31, 2022<sup>1</sup></b>
<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>Subtotal</b>	<b>\$3,963,101</b>	<b>\$11,950,385</b>
<b><u>RESTRICTED RESERVE</u></b>		
Dev. Fee; SY Septic	\$109,212	\$109,212
State Water Project Reserve <sup>3</sup>	\$3,000,000	\$3,000,000

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 20, 2022 to reflect payments for the 2004A Bond payable on June 1, 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.

## **BUDGET IN DETAIL**

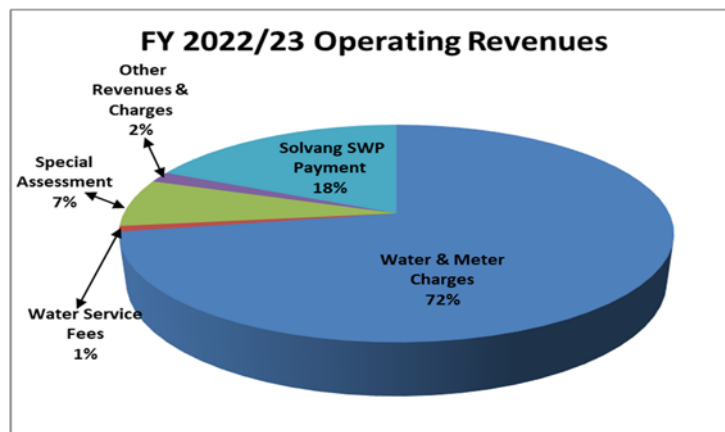
The specific revenue and expenditure categories of the budget account for the adopted water rates and revenues, prior year audit data, and financial account information. The categories are displayed using actual 9-month revenue and expenditure data from the current fiscal year, and are also projected to show the fiscal year-end figures (June 30, 2022). This information is used as part of the evaluation to develop the FY 2022/23 Final Budget.

The FY 2022/23 Final Budget of \$12,315,275 reflects an overall 10% decrease compared to the projected June 30, 2022 year-end results, but is 4.5% less than the financial projections adopted as part of the 2016 Water Rate Study. As noted above, the FY 2022/23 Final Budget assumes that water rates remain static based upon the last rate increase that went into effect July 1, 2021. The water rates are applied to forecasted water sales and meter charges in FY 2022/23 based on actual sales and charges in the current and prior fiscal years. The budget also assumes no increase in the \$875,000 Special Assessment / Ad Valorem Tax, even though the authorized limit for FY 2022/23 is \$2,300,918. Other factors such as capital facilities charges and interest income are integral parts of the forecast. The information below shows that budgeted revenues will meet projected operating expenditures and debt service obligations, and result in a projected net revenue balance of \$3,459,348. This revenue balance will fund the Other Expenses and Special Studies categories as further detailed in the Final Budget, leaving a balance of \$2,675,848 in net operating revenues, which will fully fund the proposed \$2,396,817 Capital Improvement Projects (CIP) Program for FY 2022/23, leaving a net balance of \$279,031 which will contribute to the District's reserves.

## **SUMMARY OF REVENUES**

The District operates according to cost of service, with revenues derived primarily from water sales, the special tax assessment, fixed monthly service charges, and other water services. For the FY 2022/23 Final Budget, the total operating revenues are projected at \$12,315,275 including the SWP revenue of \$2,240,562 from the City of Solvang. Actual projected total revenues are \$10,074,713 without the SWP pass-through payment. Table 2 below summarizes the distribution of the District's projected revenue sources for FY 2022/23.

Table 2

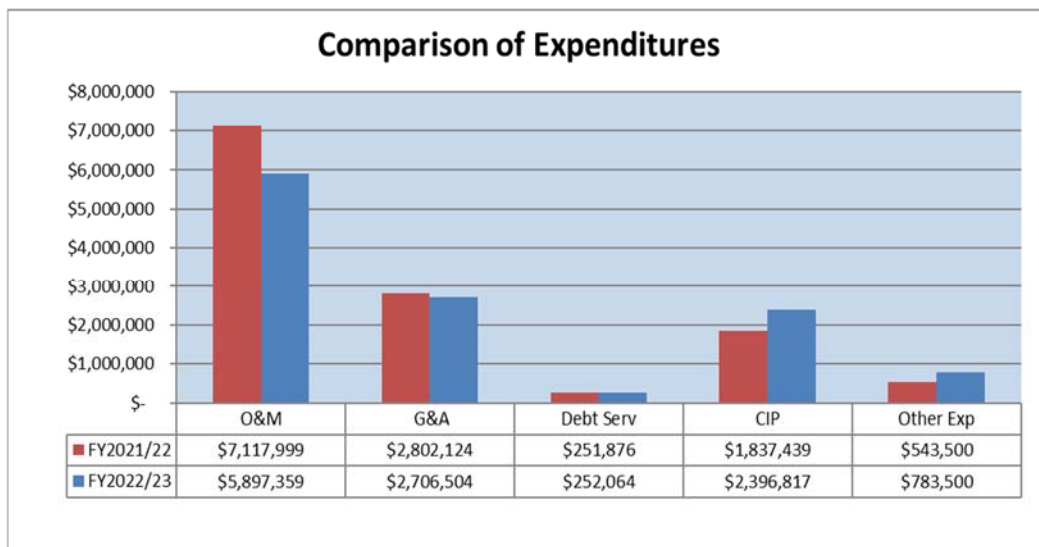


## **SUMMARY OF EXPENDITURES**

Based on the FY 2022/23 Final Budget, the District's projected water sales and other operating revenues, including the FY 2022/23 special tax assessment, will fully fund the overall operating expenditures, including all categories of Operation & Maintenance, General & Administrative, and Debt Service, and result in a net revenue balance of \$3,459,348. This net balance of

operating revenues is proposed to fund the District's Other Expenses and Special Studies categories as further detailed in the Final Budget. Thereafter, a net revenue balance of \$2,675,848 is proposed to fully fund the District's FY 2022/23 CIP program. Table 3 below shows all expenditure categories for FY 2022/23 in comparison to the previous fiscal year.

Table 3

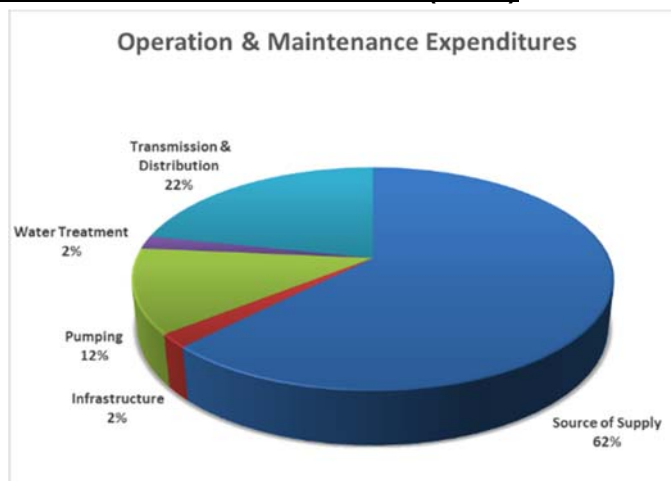


**EXPENDITURES - OPERATION AND MAINTENANCE (O&M)**

The overall budget for O&M expenditures for FY 2022/23 is 20% (\$1,220,640) less than last year's FY 2021/22 budget, with the Source of Supply category having the single largest decrease. This is directly attributable to the California Department of Water Resources (DWR) charges for State Water Project (SWP) deliveries being reduced by \$654,333 for ID No.1 and \$691,321 for the City of Solvang's passthrough expenses for the year. The reductions are a result of reduced costs in the Transportation Minimum expense, Water System Revenue Bond, and Transportation Capital expenses. Additionally, the United States Bureau of Reclamation (USBR) charges for Cachuma Project supplies reflect a \$32,780 reduction in the coming fiscal year. Other categories of Pumping, Water Treatment, and Transmission & Distribution all realized slight increases based upon inflationary and vendor increases. Table 4 below illustrates the distribution of costs for the O&M expense categories.

Table 4

**EXPENDITURES - GENERAL AND ADMINISTRATION (G&A)**



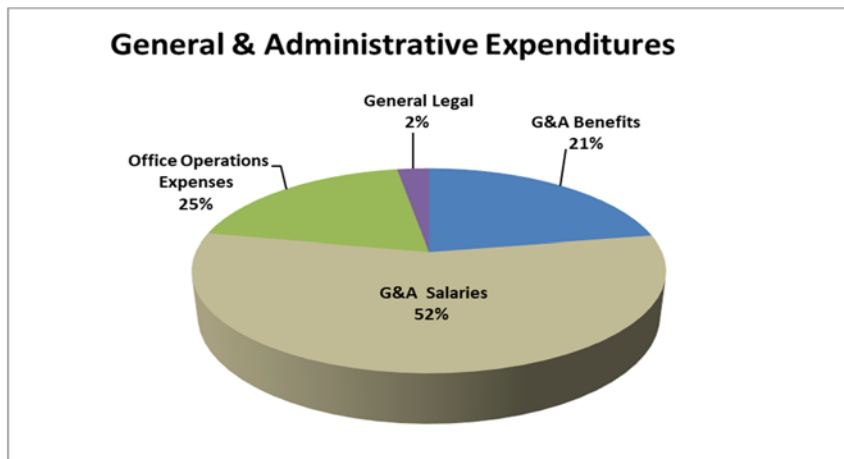


The overall budget for G&A expenditures for FY 2022/23 is 3.5% (\$95,619) less than last year's FY 2021/22 budget. The decrease is primarily due to the removal of the Other Post-Employment Benefits (OPEB) line-item #21001 which was \$235,000 in FY 2021/22. Through discussion with the District's auditors, the decision was made to remove this line-item from the forecasted budget due to the fact that there is no direct "cash" transaction that occurs with reference to this line-item. The OPEB amount is calculated by a third-party actuarial consultant as required and recorded as part of the District's annual audit process. Once the liability is determined, it is added to the District's Balance Sheet for reporting purposes.

Other administrative expenses, including payroll taxes, office maintenance, office supplies, and miscellaneous service contracts are projected to increase slightly due to inflationary and vendor cost increases related to the current economic climate. Notably, the slight increases are partially offset by reductions in health and dental expenses as estimated by ACWA JPIA for calendar year 2023 and removal of beneficiaries from the plan (adult dependents).

The proposed District-wide salaries reflect a slight increase due to a proposed 5.4% Cost of Living Adjustment (COLA) and merit increases in accordance with the District's adopted Personnel Policy and Salary Schedule. The COLA is consistent with industry standards and the District's past practice, and is based upon the Consumer Price Index (CPI) nine-month calculation data (July-March). The COLA adjustment is obtained by averaging the prior nine-month indexes for all urban wage earners and clerical workers and comparing that average to the previous nine-month averaged data for the Los Angeles-Long Beach-Anaheim area of California. Table 5 below illustrates the distribution of costs for the G&A expense categories.

Table 5



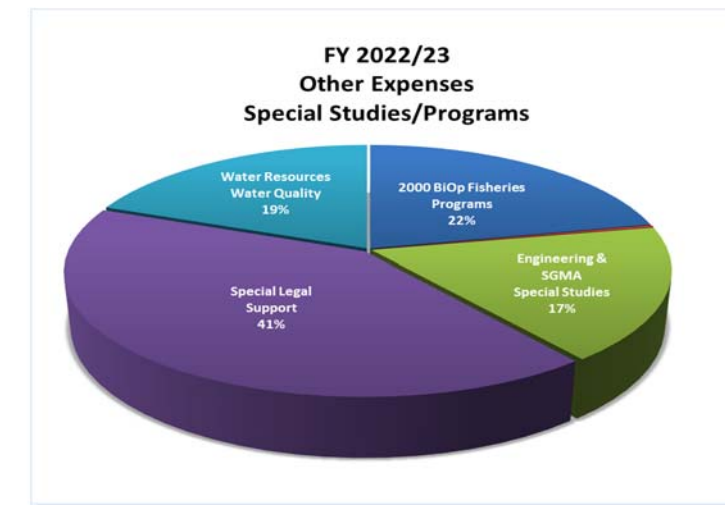
**DEBT SERVICE**

The District's Debt Service accounts for FY 2022/23 include (1) the USBR Safety of Dams repayment (principal and interest) which remains constant for the 50-year term at \$26,976 per year, and (2) the Series 2004A Bond repayment (principal and interest) of \$225,088, which represents the final payment in accordance with the Bond repayment terms. As detailed above, the FY 2022/23 operating revenues, inclusive of the special tax assessment, are projected to fully fund the District's operating expenses plus debt service.

**OTHER EXPENSES**

For FY 2022/23, the budgeted amount of \$783,000 in the Other Expenses category will be funded by the net revenue balance of \$3,459,348. The FY 2022/23 budget for Other Expenses is \$240,000 higher than what was budgeted in FY 2021/22, which is primarily due to estimated Special Legal costs associated with the current litigation matter involving the Central Coast Water Authority and the Santa Barbara County Flood Control and Water Conservation District. As fully detailed in the 2022/23 Final Budget, the cost categories are projected to shift in several ways, which reflect ongoing work related to the 2019 State Water Resource Control Board Order and related studies for the Cachuma Project, the ongoing federal Endangered Species Act Section 7 re-consultation process for the Cachuma Project, ongoing water right proceedings in the Lower Santa Ynez River, an updated District-wide water system study, and the Sustainable Groundwater Management Act, among other matters. Table 6 below illustrates the distribution of costs for the Other Expenses and Special Studies categories.

Table 6



**CAPITAL IMPROVEMENT PROJECTS (CIP)**

Infrastructure planning and investment is critical to the ongoing reliability of the District’s water production and distribution system. In years past, the District’s CIP program was seriously compromised by shortfalls in operating revenues caused by outdated water rates and a multi-year suspension on the levy of a special tax assessment. Those shortfalls required incremental drawdowns of District reserves simply to meet annual operating expenses and debt service. Consequently, monies were not available to fund the CIP program, and needed capital improvements to the District’s aging water system were deferred.

On the other hand, when operating revenues are healthy and able to meet and exceed operating expenses, net revenues are available to fund the District’s Debt Service and Other Expenses (including Special Studies) and then contribute to building reserves and/or funding the CIP program. In FY 2018/19, revenues began to stabilize, allowing for net revenues to be added to reserves for capital improvements. In FY 2021/22, the District was able to budget for important infrastructure investments. While many of those CIP projects were undertaken and completed, several of them were suspended or delayed due to the COVID-19 pandemic and related orders and restrictions issued by federal, state, and local authorities, as well as production halts and shipping delays for various parts and materials. Those capital projects that were unable to be completed during FY 2021/22 have been rolled forward into the FY 2022/23 Final Budget.

For FY 2022/23, a total of \$2,396,817 is budgeted for the CIP program. This amount is \$559,378 more than the \$1,837,439 CIP budget in FY 2021/22, where nearly half of the increase is attributable to purchasing the remaining meters to complete the District's systemwide meter replacement program. Of particular note, the entire CIP program for FY 2022/23 will be funded from the District's net revenues of \$2,675,848 (after funding Other Expenses and Special Studies) and will not require funding from District reserves. The CIP items include projects needed for replacements, betterments, upgrades, and repairs of the District water supply, production, and distribution system. Projects that were not completed during FY 2021/22 are identified as "Rollforward Projects" below.

**Account 900332 (\$125,000)** – Water Treatment Plant/Building (Rollforward Project) – This account was originally budgeted to include a combination steel building to house a water treatment and control system for the District's office wells, along with a garage bay for District equipment and needed expansion and upgrade of field crew quarters. Final architectural and engineering design work has been completed. The budgeted amount for FY 2022/23 has been reduced from the prior fiscal year, which will be directed to design modifications to incorporate a District-designated Board Room, finalizing the building design, and initial permitting costs and processing.

**900333 (\$285,000)** – Cr6 Blending Station/Facilities (Rollforward Project) – With the resurgence of a new Cr6 water quality standard (10 ppb MCL) that is expected to be re-adopted by the State Water Resources Control Board in the coming fiscal year. Funds are budgeted for engineering and design of treatment and distribution facilities to comply with the new regulation.

**900372 (\$65,750)** – Office Computers, Furniture & Equipment - This account includes replacement of the District's main network server which is at the end of its lifecycle. The server replacement cost includes the purchase of equipment and programming by the District's IT vendor (\$21,050).

Additional funds are included for security controls that will be implemented to reduce cybersecurity risks, which include the migration to 365 exchange that will provide an umbrella that houses several software components and necessary equipment. This project consists of the purchase of equipment, software, and programming by the District's IT vendor (\$14,700).

The remaining funds (\$30,000) will be utilized for the initial phase of implementing a Laserfiche Enterprise Document Management System. Since the District's formation, the District continues to maintain much of its documentation in original form. Limited space has become a factor in meeting document storage needs, and a Laserfiche Document Management System will modernize the business operations of the District and provide more efficiency for searching, locating, and storing documents.

**900318 (\$710,000)** – Meter Replacement/Utility Billing – The Districtwide meter replacement program began in FY 2019/20. This multi-phase replacement program consists of purchasing and installing new meters to replace existing ones that have been in service for approximately 20 years and have diminished capabilities to provide accurate accounting of water use. Phase 1, which began mid-year FY 2019/20, resulted in a total of 292 meters being replaced, along with the purchase of necessary hand-held devices for meter reading. Phase 2 was intended to commence at the beginning of FY 2020/21, but was delayed due to COVID-19. During FY 2021/22, a total of 981 meters were budgeted for and installation and will be completed by June 30, 2022. The FY 2022/23 Final Budget amount (\$710,000) will complete Phase 3 of the meter replacement program.

**900371 (\$61,250)** – Office Building/Shop Improvements (Rollforward Project) – This account includes construction modifications to the existing staff room at the District office to create a semi-private office space for the Office Administrator position, as well as minor renovations to the office kitchen to upgrade counter tops, cabinets, electrical outlets, and fixtures that have been in place since the 1960s. Both modifications/upgrades are estimated at a total cost of \$56,250. The remaining \$5,000 will be utilized for upgrades to the shop area, including additional shelving for tools and equipment, workbenches, and related work stationing for the field crew.

**900376 (\$20,000)** – Communication/Telemetry Equipment (SCADA) – This account includes \$20,000 to add Well No.15 to the SCADA monitoring network. The project will include on-site telemetry equipment (e.g., radio, controller, and other appurtenances), and programming of the on-site controller, as well as integration into and programming of the newly upgraded SCADA system.

**900181 (\$1,000)** – ESRI CAD-GIS – This account includes \$1,000 for equipment needs and/or software upgrades necessary to continue operation of the District’s GIS system that is used to update the District’s atlas.

**900378 (\$10,000)** – Major Tools, Shop & Garage Equipment – Funds will be used as needed for the purchase and/or replacement of major tools and equipment during the fiscal year.

**900350 (\$332,781)** – Upland Wells (Partial Rollforward Project) – Funds will be used to upgrade the electrical panels at Well Nos. 7, 25, and 28 for a total of \$182,781. The work associated with these three well sites are Rollforward Projects from FY 2021/22 due to lengthy fabrication time extending over 50 weeks which caused significant parts and materials delays. The current electrical panels at each site are substantially obsolete and pose potential safety hazards. The panel components need to be improved to current day standards which will improve efficiency and operational safety. Funds to complete this task include design work, construction drawings, specifications, arch flash analyses, and installation work for Well Nos. 7 and 25. Costs for the Well No. 28 electrical panel will include Final design work, construction drawings, bid support from a licensed electrical engineer, and a materials purchase deposit. Installation work for Well No. 28 will be budgeted in the next fiscal year.

New project work under this line-item (\$150,000) includes costs for pump and motor replacements at Well Nos. 15 and 24.

**900106 (\$60,000)** – Rehabilitate/Replace/New Transmission Mains/Laterals/Valves (Partial Rollforward Project) – Funds will be used for the replacement of mainline valves that are broken or inoperable at seven locations, as well as valve insertions at various locations within the District (\$28,000). This was budgeted last fiscal year 2021/22; however, all work was not completed due to various circumstances including materials shipping delays and workload prioritization.

Additionally, \$23,700 will be utilized for engineering services to develop plans, specifications, and surveying to relocate the District’s water line located on the old Highway 154 bridge spanning Alamo Pintado Creek. The need for this project is due to Caltrans’ removal and replacement of the old Highway 154 bridge (now used as a pedestrian bridge). The construction portion of the project will be included in the next fiscal year budget.

The remaining \$8,300 will be utilized for any mainline breaks or mainline reconfiguration that may occur or be necessary during the fiscal year.

**900170 (\$96,522)** – 6 CFS Well Field (Rollforward Project) – Funds (\$66,522) will be used to upgrade the electrical panels at the 6 CFS well field. The current electrical panels are substantially obsolete and pose potential safety hazards. The panel components need to be improved to current day standards which will improve efficiency and operational safety. This is a Rollforward Project from FY 2021/22 due to lengthy fabrication time extending over 50 weeks which caused significant parts and materials delays. Funds to complete this task include Final design work, construction drawings, bid support from a licensed electrical engineer, and a materials purchase deposit. Construction will be budgeted in the next fiscal year.

This account also includes \$30,000 for the replacement of a pump and motor at the 6 CFS well field.

**900335 (\$5,000)** – SWP Pump Station/Pipeline - This account includes funds for the needed replacement of valves and mechanical equipment at the Mesa Verde Pump Station to ensure reliable deliveries of SWP entitlement and Cachuma exchange water.

**900373 (\$47,000)** – Fleet Vehicle Replacement (Rollforward Project) – This account includes funds for the purchase of one replacement fleet vehicle (field truck). This vehicle will replace an existing 2004 model with approximately 152,000 miles. The Board awarded the bid for the vehicle purchase in October of 2021 and the order was placed that same month. To date, the vehicle has not been received due to factory shut downs. The vehicle is due to be received sometime in FY 2022/23.

**900171 (\$102,313)** – 4 CFS Well Field (Partial Rollforward Project) – This account includes \$22,000 for roof repairs to a wooden vault and installation of a new drain line. This project is required to maintain the integrity of the well. New project work under this line-item (\$30,000) includes the cost for a pump and motor replacement at the 4 CFS well field.

The remaining \$50,313 will be used to complete the installation of a manual transfer switch for emergency generator use at the 4 CFS well field. Additionally, a voltage monitor will be installed within the existing electrical panels due to voltage fluctuations delivered by PG&E at this location. Estimated contractor costs include all materials and labor (\$46,976). Electrical engineer time for bidding support, submittal review, and construction support is estimated at \$5,425.

**900195 (\$50,313)** – Refugio 2 Booster Pump Station – Funds will be utilized to complete the installation of a manual transfer switch for emergency generator use at the Refugio 2 Booster Pump Station site. Additionally, a voltage monitor will be installed within the existing electrical panels due to voltage fluctuations delivered by PG&E at this location. Estimated contractor costs include all materials and labor (\$46,976). Electrical Engineer time for bidding support, submittal review, and construction support is estimated at \$5,425.

**900196 (\$174,573)** – Alamo Pintado Booster Pump Station (Partial Rollforward Project) – Funds from this account will be used to upgrade the electrical panel, add a manual transfer switch, and complete an arch flash analysis at the Alamo Pintado Booster Pump Station, which is substantially obsolete and poses a potential safety hazard. The current electrical panel and components need to be improved to current day standards which will improve efficiency and operational safety. Part of the work associated with this project is a Rollforward Project from FY 2021/22 due to lengthy materials fabrication and delivery times estimated between 15 and 25 weeks.

**900197 (\$63,793)** – Refugio 3 Booster Pump Station (Rollforward Project) – Funds from this account will be used to upgrade the electrical panel at the Refugio 3 Booster Pump Station, which is substantially obsolete and poses a potential safety hazard. The current electrical panel and components need to be improved to current day standards which will improve efficiency and operational safety. Lengthy materials fabrication and delivery times are estimated between 25 and 35 weeks.

**900198 (\$76,522)** – Meadowlark Booster Pump Station (Partial Rollforward Project) – Funds from this account will be used for two different projects. The first project is the construction of an open sided metal roof pole barn structure to house the District's large equipment, trailers, and materials to mitigate weather damage currently being incurred for lack of protective cover. Approximately \$10,000 in materials and supplies is anticipated to be spent on this project. The construction work will be completed by the District's field team.

The remaining \$66,522 will be used to upgrade the electrical panels at the Meadowlark Booster Pump Station. The current electrical panels are substantially obsolete and pose potential safety hazards. The panel components need to be improved to current day standards which will improve efficiency and operational safety. This project is a Rollforward Project from FY 2021/22 due to lengthy fabrication time extending over 50 weeks which caused significant parts and materials delays. Funds to complete this task include Final design work, construction drawings, bid support from a licensed electrical engineer, and a materials purchase deposit. Construction will be budgeted in the next fiscal year.

**900102 (\$110,000)** – Zone 1, 2, 3 Reservoir – Funds for this project will be used for cleaning, inspection, and repair work at the 3.2-million-gallon concrete water storage tank (Zone 3 Reservoir). Work will include clean-out and resealing floor joints, preparing and recoating the 12" inlet over-flow piping, crack sealing for columns and column footings, and waterproofing of footings and columns as needed.

If additional CIP expenditures are needed, funding will come from the Repair and Replace and/or Plant Expansion Reserves. If such funding is not sufficient or undesirable, the projects will be deferred or re-prioritized.

### **FY 2022/23 FINAL BUDGET CONCLUSION**

The FY 2022/23 Final Budget revenues of **\$12,315,275** are projected to be sufficient to meet total O&M expenses, G&A expenses, and Debt Service obligations of **\$8,855,927** with a net revenue balance of **\$3,459,348**. This net revenue balance of \$3,459,348 will be used to fund the \$783,500 of Other Expenses (including Special Studies) for necessary engineering, design, legal, and consulting work to maintain protection and preservation of the District's water rights and to ensure compliance with various regulatory orders and requirements applicable to the District's rights and water supply portfolio, including but not limited to state-mandated water quality standards and fishery protections applicable to the Cachuma Project in accordance with State Water Resources Control Board Orders and the federal Endangered Species Act. The remaining net revenue balance of **\$2,675,848** will be used to fully fund the District's FY 2022/23 CIP program as detailed above in the amount of **\$2,396,817**. The remaining net revenue balance of **\$279,031** will be added to the District's Reserves.

### **RECOMMENDATION**

That the Board of Trustees adopt Resolution No. 822 approving and adopting the FY 2022/23 Final Budget and requesting the collection of an assessment levy of \$875,000 for Fiscal Year 2022/23.