



**FALLBROOK PUBLIC UTILITY DISTRICT
MEETING OF THE FISCAL POLICY AND INSURANCE COMMITTEE**

AGENDA

**TUESDAY, APRIL 18, 2023
2:30 P.M.**

**FALLBROOK PUBLIC UTILITY DISTRICT
990 E. MISSION RD., FALLBROOK, CA 92028
PHONE: (760) 728-1125**

THIS MEETING WILL BE HELD AT THE ABOVE DATE, TIME, AND LOCATION AND MEMBERS OF THE PUBLIC MAY ATTEND IN PERSON AT THE DISTRICT OFFICE LOCATED AT 990 E. MISSION RD., FALLBROOK, CA 92028. FOR THE CONVENIENCE OF MEMBERS OF THE PUBLIC WHO DO NOT WISH TO ATTEND IN PERSON, FALLBROOK PUBLIC UTILITY DISTRICT PROVIDES A MEANS TO OBSERVE AND PROVIDE PUBLIC COMMENTS AT THE MEETING VIA WEB CONFERENCE USING THE BELOW CALL-IN AND WEBLINK INFORMATION. PLEASE NOTE THAT IN THE EVENT OF TECHNICAL ISSUES THAT DISRUPT THE ABILITY OF MEMBERS OF THE PUBLIC TO VIEW THE MEETING OR PROVIDE PUBLIC COMMENTS THROUGH THE WEB CONFERENCE OPTION, THE MEETING WILL CONTINUE.

Join Zoom Meeting

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PUBLIC COMMENTS: Members of the public may submit public comments and comments on agenda items in one of the following ways:

SUBMIT COMMENTS BEFORE THE MEETING:

- By emailing to our Board Secretary at leckert@fpud.com
- By mailing to the District Offices at 990 E. Mission Rd., Fallbrook, CA 92028
- By depositing them in the District's Payment Drop Box located at 990 E. Mission Rd., Fallbrook, CA 92028

All comments submitted before the meeting by whatever means must be received at least 1 hour in advance of the meeting. All comments will be read to the Board during the appropriate portion of the meeting. Please keep any written comments to 3 minutes.

REMOTELY MAKE COMMENTS DURING THE MEETING: The Board President will inquire prior to Board discussion if there are any comments from the public on each item.

- Via Zoom Webinar go to the "Participants List," hover over your name and click on "raise hand." This will notify the moderator that you wish to speak during oral communication or during a specific item on the agenda.
- Via phone, you can raise your hand by pressing *9 to notify the moderator that you wish to speak during the current item.

MAKE IN-PERSON COMMENTS DURING THE MEETING: The Board President will inquire prior to Board discussion if there are any comments from the public on each item, at which time members of the public attending in person may make comments.

THESE PUBLIC COMMENT PROCEDURES SUPERSEDE THE DISTRICT'S STANDARD PUBLIC COMMENT POLICIES AND PROCEDURES TO THE CONTRARY.

If you have a disability and need an accommodation to participate in the meeting, please call the Board Secretary at (760) 999-2704 for assistance.

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

II. ACTION / DISCUSSION -----(ITEMS A-D)

- A. AMENDMENT OF PROFESSIONAL SERVICE CONTRACT FOR INDEPENDENT FINANCIAL AUDITORS
- B. QUARTERLY INVESTMENT PORTFOLIO PERFORMANCE REPORT
- C. ADJUST ADMINISTRATIVE CODE TO REFLECT MAXIMUM SEWER FLOW AMOUNT
- D. REVIEW PRELIMINARY DRAFT FISCAL YEAR 2023-24 OPERATING AND CAPITAL BUDGET EXPENDITURES

III. ADJOURNMENT OF MEETING

* * * * *

DECLARATION OF POSTING

I, Lauren Eckert, Executive Assistant/Board Secretary of the Fallbrook Public Utility District, do hereby declare that I posted a copy of the foregoing agenda in the glass case at the entrance of the District Office located at 990 East Mission Road, Fallbrook, California, at least 72 hours prior to the meeting in accordance with Government Code § 54954.2.

I, Lauren Eckert, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

April 13, 2023
Dated / Fallbrook, CA

/s/ Lauren Eckert
Executive Assistant/Board Secretary

MEMO

TO: Fiscal Policy & Insurance Committee
FROM: David Shank, Assistant General Manager/CFO
DATE: April 18, 2023
SUBJECT: Amendment of Professional Service Contract for Independent Financial Auditors

Purpose

Provide a recommendation to the Board for the selection of an independent auditor for the next three year term.

Summary

The Fiscal Policy and Insurance Committee (the Committee) has met a several times to discuss selection of an independent auditor. In 2018, White Nelson Diehl Evans, LLP (WNDE) was selected to be the District's Auditor. Over the course of the 5-year agreement, Clifton, Larson, Allen LLP (CLA) acquired WNDE but maintained the District's auditing team.

It is a best management practice to rotate auditors/partners, when it is practical to do so, periodically. A new auditor/partner can provide the Board with a fresh outlook and greater independence from management. The Committee, after considering issuing a Request for Proposals, is recommending that the District continue to use the firm CLA but replace the engagement partner David Foreman with Daphnie Munoz. The Committee's recommendation ensures an independent financial review while minimizing cost to transitioning to a new auditor.

The new CLA team is highly qualified and supported by a network of technical experts. Being a national firm, CLA is able to provide the technical expertise that smaller firms may not have access to. CLA also has experience working with local Special Districts and cities. The proposed pricing for the continuation of service is in line with general inflation over the past several years. Attachment A provides the contract amendment and the fee schedule for the next three years. While the schedule shows the fee for a Single Audit, the District does not anticipate having to conduct one during the term of this agreement.

Recommended Action

That the Board authorize staff to amend its professional services agreement with CLA for a three-year term at a not-to-exceed cost of \$142,515. The three-year contract term begins with fiscal year 2022-23. While the contract is for three years, it can be terminated at any time.



CliftonLarsonAllen LLP
2875 Michelle Drive, Suite 300
Irvine, CA 92606

phone 714-978-1300 fax 714-978-7893
CLAconnect.com

April 4, 2023

Mr. David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
990 E. Mission Rd.
Fallbrook, CA 92028

Dear Mr. Shank,

We are pleased to present our proposed fees to continue to provide audit and related services to Fallbrook Public Utility District (the District) for the three years ending June 30, 2025.

The scope of our services and related proposed fee are included in the attached schedule. In addition to the District's contract for professional services, for each year the audit, we will request a statement of work which provides additional detail on the scope of services and responsibilities of management and the auditors.

Our fees are based on the timely delivery of services provided, the experience of personnel assigned to the engagement, and our commitment to meeting your deadlines as stated in our original proposal to the District.

If you have any questions about our fee, please do not hesitate to contact me

CliftonLarsonAllen LLP

A handwritten signature in cursive script that reads "Daphne Munoz".

Daphne Munoz
Principal

Enclosure

**FALLBROOK PUBLIC UTILITY DISTRICT
MAXIMUM FEES**

	<u>Fiscal Year 2022-23</u>	<u>Fiscal Year 2023-24</u>	<u>Fiscal Year 2024-25</u>
Financial Statement Audit	\$ 39,650	\$ 40,900	\$ 42,100
Single Audit of Federal Grants of the District (1)	6,300	6,615	6,950
	<u> </u>	<u> </u>	<u> </u>
Not-to-Exceed Fee	<u>\$ 45,950</u>	<u>\$ 47,515</u>	<u>\$ 49,050</u>

(1) This fee contemplates auditing one major program. Additional major programs will be audited for an additional cost of \$3,500 each.

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M E M O

TO: Fiscal Policy & Insurance Committee
FROM: David Shank, Assistant General Manager/CFO
DATE: April 18, 2023
SUBJECT: Adjust Administrative Code to Reflect Maximum Sewer Flow Amount

Purpose

Adjust the District's Administrative Code to reflect adjustments to the maximum flow for the calculation of winter billable sewer flows included in 2022 Water, Wastewater, and Recycled Water Rate Study (the Study) completed in December 2022.

Summary

The Study evaluated winter water use and plant influent levels to determine an appropriate Return-to-Sewer factor (RTS). The RTS converts water usage at a customer's water meter to a billable wastewater flow into the District's Wastewater System. The Study recommended an adjustment of the Return-to-Sewer factor (RTS) to 80% of winter flow up from 75% used in the past. To maintain the maximum residential billable sewer flow at 16 units, the current and past maximum billable flow, the maximum winter water use should have been adjusted from 21.33 units to 20 units. Failure to make this adjustment in the system resulted in a maximum residential billable flow of 17.06 units (21.33 x 0.80). This adjustment was omitted in error from the changes to the Administrative Code that were made in December. To minimize the impact of this error the system was adjusted to use a new maximum water use to ensure proper calculation of the bill in March. There are 115 accounts impacted by this and the total all the bill adjustments is \$2,793.94. Staff will notify the affected customers and make billing adjustment to correct this error.

Recommended Action

Staff recommends amending the District's Administrative Code (page 8 of Article 12) to reflect a maximum winter flow to 20 units and process the adjustments to the customer's wastewater bills.

Customer Class	Return to Sewer Factor
Special	
Low / Medium / High	100%
Special 10% RTS (1-10%)	
Low / Medium / High	10%
Special 20% RTS (11-20%)	
Low / Medium / High	20%
Special 30% RTS (21-30%)	
Low / Medium / High	30%
Special 40% RTS (31-40%)	
Low / Medium / High	40%
Special 50% RTS (41-50%)	
Low / Medium / High	50%
Special 60% RTS (51-60%)	
Low / Medium / High	60%
Special 70% RTS (61-70%)	
Low / Medium / High	70%
Special 80% RTS (71-80%)	
Low / Medium / High	80%

Non-residential customers with higher outdoor are evaluated on a case by case basis.

For those Single Family Residences (D, LD, AT, CB), volumetric charges are calculated as follows:

1. The 2-year average winter use is calculated based upon prior year water deliveries that include December, January and February. The average used for wastewater billing is capped at [21.3320](#) units.
2. 80% of this water is assumed to be returned to sewer/billable flow.
3. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
4. Consumption analysis is performed annually. Appeal for consumption is available.
5. No prior history customer (new customer) will be placed at that customer class median of 6. For customers with at least one winter of use data, that data will be used for their winter average.
6. Use must be > 0 unless customer is on standby.

For those Multi-Family Residences (M), volumetric charges are calculated as follows:

7. The average winter use is calculated based upon prior year water deliveries that include December, January and February.
8. 80% of this water is assumed to be returned to sewer/billable flow.
9. The Volumetric Wastewater Charge (\$/kgal) is applied to this flow.
10. Consumption analysis is performed annually. Appeal for consumption is available.
11. No prior history customer (new customer) will addressed on a case by case basis.

All other water customer classes (G, C, A, AS, CA), with the exception of public elementary and public junior high schools:

1. Monthly sewer bill based on actual water sold.

M E M O

TO: Fiscal Policy & Insurance Committee
FROM: Jack Bebee, General Manager
 David Shank, Assistant General Manager/CFO
DATE: April 18, 2023
SUBJECT: Review Preliminary Draft Fiscal Year 2023-24 Operating and Capital Budget Expenditures

Purpose

As laid out in the District's budget development process, the initial steps in developing an annual budget include staff and management developing and reviewing the preliminary operating and capital budgets. This is followed by the Committee's review and consideration. The review is intended to provide detailed cost data and solicit the Committee's feedback and comments. In addition, this year the Adopted Fiscal Year 2022-23 annual budget is also being amended. The budget amendments are related to the atypical emergency repair activities for both the pipeline and system service crews, the additional flows treated at the Santa Margarita Groundwater Treatment Plant (SMGTP) and the final construction period debt service payment for the SMGTP State loan.

Summary

Staff have developed the preliminary Fiscal Year 2023-24 Annual Budget (the Budget). The preliminary draft is broken down into six sections. The sections are as follows:

Draft Total Operating Budget

1. **Cost of Water** – The cost of water includes the cost of water purchased from San Diego County Water Authority (SDCWA) and what the District pays to Camp Pendleton to wheel the District's Santa Margarita River Water (Local Supply) to the SMGTP. These are preliminary numbers since SDCWA has not yet published its CY 2024 rates and charges.
2. **Labor** – The labor budget includes staff non-capital salary expenditures for the fiscal year
3. **Non-labor** – This includes any expenditures for the year that are not labor related and includes services, equipment, materials and training.
4. **Benefits** – The District's expected expenditures for health care, pension and other District provided benefits
5. **Debt Service** – The Districts debt payment schedule

Draft Capital Budget

6. **Capital Improvement Program Budget** – This is the updated capital expenditure projection for the next 10-years.

DRAFT OPERATING BUDGET:

The table below provides a summary of the Preliminary Draft Fiscal Year 2023-24 Operating Budget compared to both Fiscal Years 2020-21 and 2022-2023. The breakdown shows Water Supply Costs, Debt Service, Labor and Non-Labor expenses and Benefit expenditures for the District's operations. In addition, the expenditures related to the Community Benefit Program are also included in both the FY 2022-23 and FY 2023-24 Operating Budgets. The 5.9% overall budget increase is being driven multiple factors. These factors include a 14% increase

in the cost of SDCWA water, Cost of Living Adjustment (COLA) to salaries, scheduled debt service payments and a higher level of production at SMGWTP due to increased local supplies.

Summary of Preliminary Draft Fiscal Year 2023-24 Operating Budget

	FY 2021-22	FY 2022-23			FY 2023-24	Amnd. Bgt to Bgt % Change
	Actual	Orig Budget	Amended Budget	Projected	Recommended	
Water Supply Costs	\$13,245,830	\$13,617,771	\$ 11,780,714	\$11,780,714	\$ 9,656,861	-18.0%
Debt Service	3,621,118	3,730,508	3,822,936	3,822,936	5,463,081	42.9%
Total Labor	5,847,082	6,064,174	6,400,447	6,400,447	6,813,579	6.5%
Total Non-Labor*	5,725,303	6,309,478	5,973,205	5,973,205	7,580,467	26.9%
Operating Expense Total	\$28,439,333	\$29,721,931	\$ 27,977,302	\$27,977,302	\$ 29,513,988	5.5%
Benefits Expenditures (Ops)	3,940,375	4,057,087	4,057,087	4,057,087	4,400,782	8.5%
Total	\$32,379,708	\$33,779,018	\$ 32,034,389	\$32,034,389	\$ 33,914,769	5.9%

*Total Non-Labor Includes \$544,536 for Community Benefit Program

Looking at Fiscal Year 2022-23 Projected Expenditures, staff are currently projecting costs at or under the line item appropriations, with the expectation of the Debt Service appropriations. Staff are recommending the Revenue Bonds, State Revolving Fund, and interest and principal appropriations be amended to match the amended budget amount at the May Board meeting.

The Attachment A includes a detailed line item budget for all of the District’s administration, operations and maintenance activities, which includes Administrative (two pages), Water (two pages), Recycled Water and Wastewater Services and the Community Benefit Program. The tables show the actual expenditures for Fiscal Year 2020-21, the Original Budget, Amended Budget and Projected expenditures for Fiscal Year 2022-23. The table also shows the Fiscal Year 2023-24 preliminary draft budget. Attachment B is a summary of significant (greater than 5%) change budget to budget in any line item. The code in red to the right in Attachment A corresponds to the description of the change provided in Attachment B. **Use the Reference Codes in Attachment A (on right in red) to find the explanation in Attachment B.**

Water Supply Costs

Attachment C shows a breakdown of the Water Supply Costs for the Budget. The Amended Budget for Fiscal Year 2022-23 shows a slight decrease in the cost of water. The decrease is due to a lower than Budgeted Water Sales forecast and an increase in Local Supply deliveries to the District’s SMGTP. The increased Local Supply delivers is increasing Water Services utility costs and decreasing the Water Supply Cost, which is the amount paid to San Diego County Water Authority (SDCWA), the District’s wholesale water provider.

The Cost of Water decrease is being driven by a decrease in the reliance on SDCWA and an increased Local Supply projections. In spite of SDCWA’s reported 14% increase in water rates, the increase in local supplies provides a lower cost water source. While the Water Supply Costs cannot be finalized until SDCWA has set CY 2024 Rates and Charges, the Budget reflects the latest estimates provided by SDCWA.

Labor

Labor is showing an increase in line with the COLA increase and other changes in the most recent Memorandums of Understanding (MOUs). As shown in Attachment A, the increase varies depending on the impact of the MOUs on the Division staffing. In some cases, as

noted, cost allocations were shifted due to the cost of service analysis included in the 2022 Water, Wastewater and Recycled Water Rate Study. Use the Reference Codes in Attachment A (on right in red) to find the explanation in Attachment B. An additional FTE has also been added to Water Service bringing the FTE count to 70 from 69. Overall, the increase in labor costs are in line with inflation.

Non-labor

The non-labor expenses are broken into eight main categories to make the budget more reader friendly. The expense categories include Director Expenses, Contractor Services, Equipment (Non Capital), Materials/Services/Supplies, Professional Services, Membership/Training/Permit, Santa Margarita Water master and Utilities. Attachment B provides detail on the drivers behind the changes. Use the Reference Codes in Attachment A (on right in red) to find the explanation in Attachment B. Overall Non-labor is up due to inflationary pressures on goods and services and the increased production at SMGTP, which requires additional utility and chemical supplies to operate. The overall increase of 26.3% is being mostly offset by decreased in the Water Supply costs.

Benefits

The increase in benefits is primarily due to the scheduled increase in pension payments. The District's total benefit budget, which includes both operating (88%) and capital (12%) portions and is shown in Attachment C, is increasing 7.3%. The increase is being driven by increases in the District's healthcare costs. New hires are predominantly opting into the family coverage which is a higher cost option for the District. The Board could elect to offset the increases by decreasing its voluntary contribution to the District's Pension/OPEB Liability Trust, which is currently budgeted at \$500,000.

Debt Service

The District's debt service schedule and payments for Fiscal Year 2023-24 are provided in Attachment D. The debt service payment for Fiscal Year 2023-24 is shown below the debt service schedules and is increased as the District begins paying full debt service on debt related to the Santa Margarita Conjunctive Use Project.

DRAFT CAPITAL BUDGET:

Utility districts require long-term investments in extensive capital facilities. The District maintains over 370 miles of buried water and sewer pipe that must be maintained and replaced. The District also has pump stations, lift stations and treatment facilities that require significant expenses to replace and maintain. It is critical to develop plans to reduce the overall cost of operating these facilities by completing pro-active capital projects to replace and rehabilitate these assets versus waiting for system failures. A well-planned Capital Program is critical to the long-term stability of the District.

The annual Capital Improvement Budget is used to implement the District's long-range capital goals. These goals are developed using the District's Strategic Plan, Urban Water Management Plan, Asset Management Plan and Master Plans. These plans are utilized to develop the lowest lifecycle cost to meet water and wastewater needs and maintain system reliability for the District's customers. Projects are selected based on prioritized needs versus available capital funds. Individual project costs are estimated based on current construction cost information. While some projects are well into the design phase and costs can be fairly

accurately estimated, others are based on early stage planning estimates. Additionally, unforeseen changes to priorities can result from changing materials and construction costs, pipeline failures, extreme weather, etc. Changing conditions resulting from these complexities can alter the individual project priorities. Continuous capital project updates are provided throughout the year to provide key performance metrics and to inform the board and the public of any changes to priorities.

A summary of the CIP is provided below.

Water Capital Projects:

The most crucial component of the water capital plan is the pipeline and valve replacement program. The portion of the annual budget for these efforts is based on asset analysis performed in 2017, and routinely updated, with the intent to increase the annual budget in 20-year increments in order to achieve a 100-year replacement cycle. The Board also adopted a capital improvement charge and an escalation value to the charge to help make incremental progress towards reaching the 100 year replacement target. There are 6,872 total valves and 268 miles (1,415,040 feet) of water main in the existing distribution system. Currently the goal is to replace 100 valves and 5,000 linear feet of water main per year. Since the drastic changes to supply chain that occurred during the pandemic, procurement times have increased significantly, causing challenges achieving the pipeline replacement goals. Materials that previously required 6 to 8 weeks lead time are now taking as long as a full year to procure. In the previous fiscal year, a larger pipeline replacement project consisting of 9,500 linear feet and 60 valve replacements was bid as a single contract with the hope of streamlining procurement and exceeding replacement goals. The project was awarded in August of 2022, but field work has not started as of March 2023. Completed pipeline replacement in linear feet since FY 19/20 is shown in the following table:

Year	Goal	Replaced
FY 18/19	5,000	5,386
FY 19/20	5,000	4,950
FY 20/21	8,150	6,620
FY 21/22	7,680	5,670
FY 22/23	7,500	5,900*

*Projected

In FY20/21, the replacement goal was higher because an additional 3,150 linear feet was planned to be replaced as part of the SMRCUP. Because the goal was not met that year, higher goals were set with the intention of catching up in subsequent years. While the challenging procurement issues encountered since FY20/21 have continued to slow down

planned replacements, the original goal of 5,000 linear feet per year has been met, with more than 28,500 linear feet of water main replaced over the past 5 years.

Regardless, the goal for FY23/24 will again be 7,500 linear feet of pipe replaced. This is a realistic goal that can be achieved simply by completing the project already awarded. Simultaneously, staff are working on bid packages for approximately 5,500 linear feet of water main replacement in the area of Winterwarm Drive and Via Arroyo, and 9,000 linear feet in the downtown area. These two projects will be bid and awarded in the coming year, with the expectation that they all be completed by the end of 2025 even if the long material procurement times continue.

The table below shows Budget vs Projected Actuals for FY 2022-23 and the proposed budget for FY 2023-24.

Water Capital Projects	Budget FY 2023	Projected FY 2023	Proposed FY 2024
Pipelines and Valve Replacement Projects by District	\$570,000	\$644,574	\$680,000
Pipeline Replacement Projects by Contractors	\$4,543,350	\$2,662,018	\$5,760,000
Deluz ID Projects	\$100,000	\$261,950	\$100,000
Pump Stations	\$300,000	\$56,562	\$100,000
Meter Replacement	\$25,000	\$38,957	\$20,000
Pressure Reducing Stations	\$65,000	\$37,144	\$40,000
Red Mountain Reservoir Improvements	\$175,000	\$11,155	\$24,000
Steel Reservoir Improvements	\$60,000	\$20,826	\$162,000
SMGTP Improvements	\$200,000	\$202,175	\$200,000
SCADA Upgrades/ Security/Telemetry	\$90,000	\$67,121	\$150,000
Vehicles and Heavy Equipment	-	-	\$143,500
Total PAYGO Water Capital Projects	\$6,128,350	\$4,002,482	\$7,379,500

Wastewater/Recycled Water Capital Projects:

As part of the long-term sewer system replacement plan, the focus will be on relining manholes and mainlines, electrical and controls improvements to Shady Lane Lift Station, and replaced creek crossings.

At the Water Reclamation Plant (WRP), planned work includes the replacement of the scrubber and other aging mechanical equipment and pumps, security fence improvements, and continuing storm water basin improvements.

For the recycled water system, the primary focus will be on rebuilding the distributions system pumps, as well as strategic planning to procure outside funding for future service area expansions.

The table below shows Budget vs Projected Actuals for FY 2022-23 and the proposed budget for FY 2023-24.

Recycled Water Capital Projects	Budget FY 2023	Projected FY 2023	Proposed FY 2024
Recycled Water Improvements	\$465,000	\$539,678	\$119,000
Total Recycled Water Capital Projects	\$465,000	\$539,678	\$119,000
Waste Water Capital Projects	Budget FY 2023	Projected FY 2023	Proposed FY 2024
WRP Improvements	\$281,000	\$211,833	\$855,000
Collection System Improvements	\$400,000	\$422,190	\$390,000
Outfall Improvements	\$50,000	\$19,991	\$25,000
Vehicles and Heavy Equipment	-	-	\$495,000
Total Waste Water Capital Projects	\$731,000	\$654,014	\$1,765,000

Administrative Capital Projects:

Administrative capital projects in the coming year will be focused on replacement of the main office roof, installation of electric vehicle charging facilities, and the heavy equipment and fleet replacement plan. Eighty percent of the vehicle charging facilities cost will be reimbursed by and SDG&E grant program. The table below shows Budget vs Projected Actuals for FY 2022-23 and the proposed budget for FY 2023-24.

Administrative Capital Projects	Budget FY 2023	Projected FY 2023	Proposed FY 2024
Administrative Upgrades	\$105,000	\$85,131	\$50,000
Engineering and Operations Information Systems	\$30,000	\$31,786	\$0
Facility Improvements/Upgrades/Security	\$410,000	\$421,849	\$496,000
District Yard Improvements	\$0	\$0	\$420,000
Vehicles and Heavy Equipment*	\$255,000	\$308,039	-
Total Administrative Capital Projects	\$800,000	\$846,805	\$966,000

*Beginning in FY24, Vehicles and Equipment are shown in the corresponding Water/Wastewater category.

Total Capital Budget Summary:

	Budget FY 2023	Projected FY 2023	Proposed FY 2024
Total all Capital Budget Projects	\$8,124,350	\$6,042,979	\$10,229,500

Next steps:

Any comments or changes requested by the Committee will be incorporated and a more complete draft document provided for a mid-May Committee meeting. It should be noted that the revenues and financial projections can only be developed once the SDCWA's rates and the District's fixed charge allocations are available. Staff anticipate having a Final Draft Fiscal Year 2021-22 Budget for the Committee to review in early June.

The following Attachments have been included to provide time to review in advance of the meeting:

- Attachment A – Draft Fiscal Year 2023-24 Operating Budget for labor and non-labor expenses and benefit allocations for the District's Services

- Attachment B – Summary of Significant Percent Changes by Budget Category
- Attachment C – Draft Fiscal Year 2023-24 Cost of Water
- Attachment D – Draft Fiscal Year 2023-24 benefit expenditures.
- Attachment E – Fiscal Year 2023-24 debt service schedule.

Recommended Action

This item is for discussion only. No action is required.

Attachment A

FPUD Expense Summary
Fiscal Year 2023-24 Operating Budget

Description	Div	FY 2021-22	FY 2022-23		FY 2023-24	% Change	Reference Code
		Actual	Amended Budget	Projected	Budget	Bgt to Bgt	
Administrative Services							
Office of the General Manager	50						
Labor Expenses:							
Salaries		\$ 464,134	\$ 471,492	\$ 462,735	\$ 506,019	7.3%	1-1
Non-Labor Expenses:							
Director Expenses		37,965	40,000	40,000	40,000	0.0%	
Contractor Services	C	12,587	14,500	14,500	14,500	0.0%	
Materials/Services/Supplies	M	96,312	84,800	85,022	83,800	-1.2%	
Equipment (Non Capital)	E	-	-	-	-	NA	
Professional Services	P	583,898	410,000	416,031	410,000	0.0%	
Memberships/Training/Permits	T	75,996	88,000	88,115	91,000	3.4%	
Santa Margarita Watermaster		124,730	135,073	125,188	131,447	-2.7%	
Total Non-Labor		<u>\$ 931,488</u>	<u>\$ 772,373</u>	<u>\$ 768,856</u>	<u>\$ 770,747</u>	-0.2%	
Division Operating Total		<u>\$ 1,395,622</u>	<u>\$ 1,243,865</u>	<u>\$ 1,231,591</u>	<u>\$ 1,276,766</u>	2.6%	
Finance & Customer Service	53						
Labor Expenses:	54						
Salaries		\$ 752,123	\$ 856,036	\$ 824,929	\$ 920,737	7.6%	1-1
Non-Labor Expenses:							
Contractor Services	C	33,939	24,000	28,703	24,000	0.0%	
Equipment (Non Capital)	E	1,287	4,500	1,500	4,500	0.0%	
Materials/Services/Supplies	M	149,692	145,200	141,993	147,700	1.7%	
Professional Services	P	184,165	181,500	176,940	123,500	-32.0%	1-2
Memberships/Training/Permits	T	1,830	2,700	2,700	2,700	0.0%	
Utilities	U	-	-	-	-	NA	
Total Non-Labor		<u>\$ 370,913</u>	<u>\$ 357,900</u>	<u>\$ 351,836</u>	<u>\$ 302,400</u>	-15.5%	
Division Operating Total		<u>\$ 1,123,035</u>	<u>\$ 1,213,936</u>	<u>\$ 1,176,765</u>	<u>\$ 1,223,137</u>	0.8%	
Warehouse & Purchasing	60						
Labor Expenses:							
Salaries		\$ 177,031	\$ 174,529	\$ 192,708	\$ 213,567	22.4%	1-3
Non-Labor Expenses:							
Contractor Services	C	171,762	135,000	135,000	150,000	11.1%	1-4
Equipment (Non Capital)	E	189	500	1,000	1,000	100.0%	1-5
Materials/Services/Supplies	M	121,728	119,500	148,500	124,500	4.2%	
Professional Services	P	-	-	-	-	NA	
Memberships/Training/Permits	T	709	1,000	1,000	1,000	0.0%	
Utilities	U	41,925	45,000	52,000	45,000	0.0%	
Total Non-Labor		<u>\$ 336,313</u>	<u>\$ 301,000</u>	<u>\$ 337,500</u>	<u>\$ 321,500</u>	6.8%	
Division Operating Total		<u>\$ 513,344</u>	<u>\$ 475,529</u>	<u>\$ 530,208</u>	<u>\$ 535,067</u>	12.5%	
Human Resources	70						
Labor Expenses:							
Salaries		\$ 233,498	\$ 249,371	\$ 247,964	\$ 270,962	8.7%	1-1
Non-Labor Expenses:							
Contractor Services	C	55,302	20,000	13,000	13,000	-35.0%	1-6
Equipment (Non Capital)	E	-	-	72	-	NA	
Materials/Services/Supplies	M	17,368	27,400	15,500	18,300	-33.2%	1-7
Professional Services	P	6,829	10,000	10,000	10,000	0.0%	
Memberships/Training/Permits	T	67,356	98,050	72,583	102,450	4.5%	
Education Funding	NA	9,092	7,000	7,000	5,000	-28.6%	1-8
Utilities	U	-	-	-	-	NA	
Total Non-Labor		<u>\$ 155,946</u>	<u>\$ 162,450</u>	<u>\$ 118,155</u>	<u>\$ 148,750</u>	-8.4%	
Division Operating Total		<u>\$ 389,444</u>	<u>\$ 411,821</u>	<u>\$ 366,119</u>	<u>\$ 419,712</u>	1.9%	

FPUD Expense Summary
Fiscal Year 2023-24 Operating Budget

Description	Div	FY 2021-22	FY 2022-23		FY 2023-24	% Change	Reference
		Actual	Amended Budget	Projected	Budget	Bgt to Bgt	Code
Administrative Services							
Information Management	51						
Labor Expenses:							
Salaries		\$ 98,436	\$ 98,800	\$ 99,389	\$ 107,306	8.6%	1-1
Non-Labor Expenses:							
Contractor Services	C	63,071	65,150	65,000	101,025	55.1%	1-9
Equipment (Non Capital)	E	20,152	25,000	25,824	30,000	20.0%	1-10
Materials/Services/Supplies	M	167,389	193,068	179,580	183,338	-5.0%	1-11
Professional Services	P	-	75,000	-	50,000	-33.3%	1-12
Memberships/Training/Permits	T	-	-	-	-		NA
Utilities	U	-	-	-	-		NA
Total Non-Labor		<u>\$ 250,612</u>	<u>\$ 358,218</u>	<u>\$ 270,404</u>	<u>\$ 364,363</u>	1.7%	
Division Operating Total		<u>\$ 349,048</u>	<u>\$ 457,018</u>	<u>\$ 369,792</u>	<u>\$ 471,669</u>	3.2%	
Engineering Services	52						
Labor Expenses:							
Salaries		\$ 481,245	\$ 530,440	\$ 529,000	\$ 585,757	10.4%	1-1
Non-Labor Expenses:							
Contractor Services	C	-	10,000	13,000	10,000	0.0%	
Equipment (Non Capital)	E	-	-	-	-		NA
Materials/Services/Supplies	M	42,700	42,000	37,705	47,000	11.9%	1-13
Professional Services	P	-	-	-	-		NA
Memberships/Training/Permits	T	64	500	500	500	0.0%	
Utilities	U	-	-	-	-		NA
Total Non-Labor		<u>\$ 42,764</u>	<u>\$ 52,500</u>	<u>\$ 51,205</u>	<u>\$ 57,500</u>	9.5%	
Division Operating Total		<u>\$ 524,009</u>	<u>\$ 582,940</u>	<u>\$ 580,205</u>	<u>\$ 643,257</u>	10.3%	
Safety & Risk	57						
Labor Expenses:							
Salaries		\$ 190,607	\$ 217,428	\$ 185,407	\$ 241,955	11.3%	1-1
Non-Labor Expenses:							
Contractor Services	C	20,953	25,000	29,000	40,000	60.0%	1-14
Equipment (Non Capital)	E	39,719	70,000	70,314	66,550	-4.9%	
Materials/Services/Supplies	M	24,290	30,200	29,743	30,200	0.0%	
Professional Services	P	269,838	350,000	465,690	599,865	71.4%	1-15
Memberships/Training/Permits	T	2,367	3,000	2,800	2,700	-10.0%	1-16
Utilities	U	-	-	-	-		NA
Total Non-Labor		<u>\$ 357,167</u>	<u>\$ 478,200</u>	<u>\$ 597,547</u>	<u>\$ 739,315</u>	54.6%	
Division Operating Total		<u>\$ 547,774</u>	<u>\$ 695,628</u>	<u>\$ 782,954</u>	<u>\$ 981,270</u>	41.1%	
Vehicle Services & Shop	65						
Labor Expenses:							
Salaries		\$ 76,845	\$ 114,913	\$ 88,163	\$ 100,745	-12.3%	1-17
Non-Labor Expenses:							
Contractor Services	C	29,229	27,500	32,273	34,000	23.6%	1-18
Equipment (Non Capital)	E	71	-	-	-		NA
Materials/Services/Supplies	M	296,244	290,000	295,464	300,000	3.4%	
Professional Services	P	-	-	-	-		NA
Memberships/Training/Permits	T	-	-	-	-		NA
Utilities	U	-	-	-	-		NA
Total Non-Labor		<u>\$ 325,545</u>	<u>\$ 317,500</u>	<u>\$ 327,737</u>	<u>\$ 334,000</u>	5.2%	
Division Operating Total		<u>\$ 402,390</u>	<u>\$ 432,413</u>	<u>\$ 415,900</u>	<u>\$ 434,745</u>	0.5%	
Total Labor		\$ 2,473,920	\$ 2,713,010	\$ 2,630,296	\$ 2,947,047	8.6%	
Total Non-Labor Expenses		<u>2,770,747</u>	<u>2,800,141</u>	<u>2,823,239</u>	<u>3,038,575</u>	8.5%	
Operating Total		<u>\$ 5,244,667</u>	<u>\$ 5,513,151</u>	<u>\$ 5,453,535</u>	<u>\$ 5,985,622</u>	8.6%	
Allocated Benefits Expenditures*		1,667,186	1,815,073	1,815,073	1,903,450	4.9%	
Total Budget		<u>\$ 6,911,853</u>	<u>\$ 7,328,223</u>	<u>\$ 7,268,608</u>	<u>\$ 7,889,072</u>	7.7%	

* Includes transfer to Pension/OPEB Trusts

FPUD Expense Summary
Fiscal Year 2023-24 Operating Budget

Description	Div	FY 2021-22		FY 2022-23		FY 2023-24	% Change	Reference
		Actual	Amended Budget	Projected	Budget	Bgt to Bgt	Code	
Water Services	30							
Treatment	30							
Labor Expenses:								
Salaries		\$ 149,204	\$ 266,697 ⁽¹⁾	\$ 297,273	\$ 418,098		56.8%	2-1
Non-Labor Expenses:								
Contractor Services	C	154,232	80,000	70,000	136,000		70.0%	2-2
Equipment (Non Capital)	E	4,826	5,000	3,474	8,000		60.0%	2-3
Materials/Services/Supplies	M	197,371	352,773 ⁽¹⁾	435,242	395,121		12.0%	2-4
Professional Services	P	-	-	-	-		NA	
Memberships/Training/Permits	T	20,190	-	-	-		NA	
Utilities	U	240,318	385,000 ⁽¹⁾	423,882	939,454		144.0%	2-5
Total Non-Labor		<u>\$ 616,936</u>	<u>\$ 822,773</u>	<u>\$ 932,598</u>	<u>\$ 1,478,575</u>		79.7%	
Division Operating Total		<u>\$ 766,140</u>	<u>\$ 1,089,470</u>	<u>\$ 1,229,871</u>	<u>\$ 1,896,673</u>		74.1%	

(1) Budget Amendment for increase of \$29,273 for labor required for additional deliveries to SMGTP. Budget Amendment for increase of \$174,275 for Utilities and Chemicals and Laboratory Supplies required for additional flows received to SMGTP.

Production & Distribution	31							
Labor Expenses:								
Salaries		\$ 757,957	\$ 561,891 ⁽¹⁾	\$ 665,200	\$ 564,591		0.5%	
Non-Labor Expenses:								
Contractor Services	C	70,448	101,000	95,000	192,581		90.7%	2-6
Equipment (Non Capital)	E	7,837	20,000	10,000	20,000		0.0%	
Materials/Services/Supplies	M	209,157	224,000	187,541	259,700		15.9%	2-7
Professional Services	P	-	-	-	-		NA	
Memberships/Training/Permits	T	68,261	80,000	85,000	90,000		12.5%	2-8
Utilities	U	76,505	90,000	70,000	92,000		2.2%	
Total Non-Labor		<u>\$ 432,208</u>	<u>\$ 515,000</u>	<u>\$ 447,541</u>	<u>\$ 654,281</u>		27.0%	
Division Operating Total		<u>\$ 1,190,165</u>	<u>\$ 1,076,891</u>	<u>\$ 1,112,741</u>	<u>\$ 1,218,872</u>		13.2%	

(1) Amended Standby Budget down by \$90,050. Amended Water-Pipeline Maintenance & Construction, Wastewater-Collections and Wastewater-Treatment Budgets by increases of \$43,175, \$20,970 and \$25,905 respectively.

Pipeline Maintenance & Construction	32							
Labor Expenses:								
Salaries		\$ 457,011	\$ 715,878 ⁽¹⁾	\$ 715,878	\$ 567,965		-20.7%	2-9
Non-Labor Expenses:								
Contractor Services	C	29,500	40,000	40,000	46,000		15.0%	2-10
Equipment (Non Capital)	E	13,475	10,000	10,000	10,000		0.0%	
Materials/Services/Supplies	M	125,337	40,000	78,446	45,000		12.5%	2-11
Professional Services	P	-	-	-	-		NA	
Memberships/Training/Permits	T	-	-	-	-		NA	
Utilities	U	-	-	-	-		NA	
Total Non-Labor		<u>\$ 168,312</u>	<u>\$ 90,000</u>	<u>\$ 128,446</u>	<u>\$ 101,000</u>		12.2%	
Division Operating Total		<u>\$ 625,323</u>	<u>\$ 805,878</u>	<u>\$ 844,323</u>	<u>\$ 668,965</u>		-17.0%	

(1) Budget Amendment for increase of \$232,747 for labor allocated to emergency repairs and amended Standby Budget by increase of \$43,175.

FPUD Expense Summary
Fiscal Year 2023-24 Operating Budget

Description	Div	FY 2021-22	FY 2022-23		FY 2023-24	% Change	Reference
		Actual	Amended Budget	Projected	Budget	Bgt to Bgt	Code
Water Services		30					
System Services		42					
Labor Expenses:							
Salaries		\$ 509,671	\$ 553,515 ⁽¹⁾	\$ 553,515	\$ 518,301	-6.4%	2-12
Non-Labor Expenses:							
Contractor Services	C	70,000	106,000	100,000	100,000	-5.7%	2-13
Equipment (Non Capital)	E	1,850	-	1,347	-		NA
Materials/Services/Supplies	M	114,247	105,000	127,683	117,000	11.4%	2-14
Professional Services	P	-	-	-	-		NA
Memberships/Training/Permits	T	-	-	-	-		NA
Utilities	U	-	-	-	-		NA
Total Non-Labor		<u>\$ 186,096</u>	<u>\$ 211,000</u>	<u>\$ 229,030</u>	<u>\$ 217,000</u>	2.8%	
Division Operating Total		<u>\$ 695,767</u>	<u>\$ 764,515</u>	<u>\$ 782,545</u>	<u>\$ 735,301</u>	-3.8%	
(1) Budget Amendment for increase of \$74,253 for labor allocated to emergency repairs.							
Total Labor		\$ 1,873,843	\$ 2,097,982	\$ 2,231,866	\$ 2,068,956	-1.4%	
Total Non-Labor		<u>1,403,552</u>	<u>1,638,773</u>	<u>1,737,614</u>	<u>2,450,856</u>	49.6%	
Operating Total		<u>\$ 3,277,395</u>	<u>\$ 3,736,755</u>	<u>\$ 3,969,480</u>	<u>\$ 4,519,812</u>	21.0%	
Allocated Benefits Expenditures		<u>1,262,791</u>	<u>1,214,646</u>	<u>1,214,646</u>	<u>1,337,251</u>	10.1%	
Total Direct Water Costs		<u>\$ 4,540,186</u>	<u>\$ 4,951,400</u>	<u>\$ 5,184,126</u>	<u>\$ 5,857,063</u>	18.3%	
Allocation of Administrative Services		<u>4,423,586</u>	<u>4,690,063</u>	<u>4,651,909</u>	<u>5,049,006</u>	7.7%	
Total Budget		<u>\$ 8,963,772</u>	<u>\$ 9,641,463</u>	<u>\$ 9,836,035</u>	<u>\$ 10,906,070</u>	13.1%	

FPUD Expense Summary
Fiscal Year 2023-24 Operating Budget

Description	Div	FY 2021-22	FY 2022-23		FY 2023-24	% Change	Reference Code
		Actual	Amended Budget	Projected	Budget	Bgt to Bgt	
Wastewater Services		32					
Collections		31					
Labor Expenses:							
Salaries		\$ 533,263	\$ 500,812 ⁽¹⁾	\$ 510,234	\$ 624,127	24.6%	3-1
Non-Labor Expenses:							
Contractor Services	C	40,763	75,000	55,000	93,500	24.7%	3-2
Equipment (Non Capital)	E	4,158	5,000	5,786	5,000	0.0%	
Materials/Services/Supplies	M	165,421	170,000	150,130	219,000	28.8%	3-3
Professional Services	P	-	-	-	-	NA	
Memberships/Training/Permits	T	-	900	1,809	2,000	122.2%	3-4
Utilities	U	162,034	122,300	112,000	118,000	-3.5%	
Total Non-Labor		<u>\$ 372,377</u>	<u>\$ 373,200</u>	<u>\$ 324,724</u>	<u>\$ 437,500</u>	17.2%	
Division Operating Total		<u>\$ 905,640</u>	<u>\$ 874,012</u>	<u>\$ 834,958</u>	<u>\$ 1,061,627</u>	21.5%	
			(1) Amended Standby Budget by increase of \$20,970.				
Treatment		30					
Labor Expenses:							
Salaries		\$ 834,959	\$ 921,605 ⁽¹⁾	\$ 859,976	\$ 912,841	-1.0%	
Non-Labor Expenses:							
Contractor Services	C	397,018	353,000	300,000	348,000	-1.4%	
Equipment (Non Capital)	E	3,915	7,000	7,400	17,000	142.9%	3-5
Materials/Services/Supplies	M	316,524	297,500	246,653	287,500	-3.4%	
Professional Services	P	-	-	-	-	NA	
Memberships/Training/Permits	T	84,703	95,000	95,000	95,000	0.0%	
Utilities	U	158,752	157,600	157,600	144,000	-8.6%	3-6
Total Non-Labor		<u>\$ 960,911</u>	<u>\$ 910,100</u>	<u>\$ 806,653</u>	<u>\$ 891,500</u>	-2.0%	
Division Operating Total		<u>\$ 1,795,870</u>	<u>\$ 1,831,705</u>	<u>\$ 1,666,629</u>	<u>\$ 1,804,341</u>	-1.5%	
			(1) Amended Standby Budget by increase of \$25,905.				
Total Labor		\$ 1,368,222	\$ 1,422,416	\$ 1,370,210	\$ 1,536,968	8.1%	
Total Non-Labor		1,333,288	1,283,300	1,131,377	1,329,000	3.6%	
Operating Total		<u>\$ 2,701,510</u>	<u>\$ 2,705,716</u>	<u>\$ 2,501,587</u>	<u>\$ 2,865,968</u>	5.9%	
Allocated Benefits Expenditures		922,051	920,272	920,272	992,703	7.9%	
Total Direct Wastewater Costs		\$ 3,623,560	\$ 3,625,989	\$ 3,421,859	\$ 3,858,671	6.4%	
Allocation of Administrative Services		2,419,149	2,564,878	2,544,013	2,761,175	7.7%	
Total Budget		<u>\$ 6,042,709</u>	<u>\$ 6,190,867</u>	<u>\$ 5,965,872</u>	<u>\$ 6,619,846</u>	6.9%	

FPUD Expense Summary
Fiscal Year 2023-24 Operating Budget

Description	Div	FY 2021-22	FY 2022-23	FY 2023-24	% Change	Reference
		Actual	Amended Budget	Projected	Budget	Bgt to Bgt
Recycled Water Services		31				
Production		30				
Labor Expenses:						
Salaries		\$ 101,968	\$ 149,640	\$ 139,990	\$ 229,979	53.7% 4-1
Non-Labor Expenses:						
Contractor Services	C	34,403	36,000	36,000	36,000	0.0%
Equipment (Non Capital)	E	8,723	4,000	4,000	4,000	0.0%
Materials/Services/Supplies	M	105,833	89,500	105,228	96,500	7.8% 4-2
Professional Services	P	-	-	-	-	NA
Memberships/Training/Permits	T	-	-	-	-	NA
Utilities	U	68,036	68,000	68,000	62,000	-8.8% 4-3
Total Non-Labor		<u>\$ 216,995</u>	<u>\$ 197,500</u>	<u>\$ 213,228</u>	<u>\$ 198,500</u>	0.5%
Division Operating Total		<u>\$ 318,963</u>	<u>\$ 347,140</u>	<u>\$ 353,218</u>	<u>\$ 428,479</u>	23.4%
Distribution		31				
Labor Expenses:						
Salaries		\$ 29,130	\$ 10,438	\$ 21,125	\$ 29,165	179.4% 4-4
Non-Labor Expenses:						
Contractor Services	C	-	-	1,622	-	NA
Equipment (Non Capital)	E	-	-	-	-	NA
Materials/Services/Supplies	M	6	25,000	8,500	19,000	-24.0% 4-5
Professional Services	P	-	-	-	-	NA
Memberships/Training/Permits	T	-	-	-	-	NA
Utilities	U	715	-	(140)	-	NA
Total Non-Labor		<u>\$ 720</u>	<u>\$ 25,000</u>	<u>\$ 9,982</u>	<u>\$ 19,000</u>	-24.0%
Division Operating Total		<u>\$ 29,850</u>	<u>\$ 35,438</u>	<u>\$ 31,107</u>	<u>\$ 48,165</u>	35.9%
Total Labor		\$ 131,098	\$ 160,078	\$ 161,114	\$ 259,144	61.9%
Total Non-Labor		217,716	222,500	223,210	217,500	-2.2%
Operating Total		<u>\$ 348,813</u>	<u>\$ 382,578</u>	<u>\$ 384,324</u>	<u>\$ 476,644</u>	24.6%
Allocated Benefits Expenditures		88,347	107,097	107,097	167,377	56.3%
Total Direct Recycled Water Costs		<u>\$ 437,160</u>	<u>\$ 489,675</u>	<u>\$ 491,421</u>	<u>\$ 644,021</u>	31.5%
Allocation of Administrative Services		69,119	73,282	72,686	78,891	7.7%
Total Budget		<u>\$ 506,279</u>	<u>\$ 562,957</u>	<u>\$ 564,107</u>	<u>\$ 722,912</u>	28.4%

FPUD Expense Summary
Fiscal Year 2023-24 Operating Budget

Description	Div	FY 2021-22		FY 2022-23		FY 2023-24	% Change	Reference Code
		Actual	Amended Budget	Projected	Budget	Bgt to Bgt		
Community Benefit Program	15							
Community Benefit Program	0							
Labor Expenses:								
Salaries		\$ -	\$ 6,961	\$ 6,961	\$ 1,464		-79.0%	5-1
								NA
Non-Labor Expenses:								
Contractor Services	C	-	28,491 (1)	57,764	544,536		1811.2%	5-2
Equipment (Non Capital)	E	-	-	-	-			NA
Materials/Services/Supplies	M	-	-	-	-			NA
Professional Services	P	-	-	-	-			NA
Memberships/Training/Permits	T	-	-	-	-			NA
Utilities	U	-	-	-	-			NA
Total Non-Labor		<u>\$ -</u>	<u>\$ 28,491</u>	<u>\$ 57,764</u>	<u>\$ 544,536</u>		1811.2%	NA
Division Operating Total		<u>\$ -</u>	<u>\$ 35,452</u>	<u>\$ 64,725</u>	<u>\$ 546,000</u>		1440.1%	
(1) Budget Amendment reduction of \$510,548.								
Total Labor		\$ -	\$ 6,961	\$ 6,961	\$ 1,464		-79.0%	
Total Non-Labor		-	28,491	57,764	544,536		1811.2%	
Operating Total		\$ -	\$ 35,452	\$ 64,725	\$ 546,000		1440.1%	
Allocated Benefits Expenditures		-	-	-	-			NA
Total Direct Water Costs		\$ -	\$ 35,452	\$ 64,725	\$ 546,000		1440.1%	
Allocation of Administrative Services		-	-	-	-			NA
Total Budget		<u>\$ -</u>	<u>\$ 35,452</u>	<u>\$ 64,725</u>	<u>\$ 546,000</u>		1440.1%	

Attachment 6

FY 2023-24 Operating Budget Justifications (+/- 5%)

Administration

- 1-1** Increased budget for 5% COLA and expected merit salary increases
- 1-2** Decreased budget due to rate study expenses charged in previous two Fiscal Years
- 1-3** Increased budget for 5% COLA and expected merit salary increases; Warehouse supervisor allocating more time to Warehouse instead of Vehicles and Community Benefit Program
- 1-4** Increased budget due to additional Building Services for landscaping
- 1-5** Increased budget due to additional equipment necessary for Warehouse Specialist
- 1-6** Decreased budget to align with projections for Contract Services
- 1-7** Decreased budget to align with projections for Recruiting Expenses
- 1-8** Decreased budget due less FTE's utilizing Educational Funding
- 1-9** Increased budget to reflect fixed monthly contract with DataNet Solutions (was previously budgeted in two line items)
- 1-10** Increased budget due to price escalation of Equipment costs
- 1-11** Decreased budget due to restructuring of DataNet's contract, also includes cost of business network connection to the plant.
- 1-12** Decreased budget reflects a smaller scale project related to information management system integration
- 1-13** Increased budget due to rising costs for Software and License expenses
- 1-14** Increased budget due to additional required Safety training
- 1-15** Increased budget due to additional Property Insurance for SMGTP and increased claims
- 1-16** Decreased budget due to reduction in Safety subscriptions that are no longer needed
- 1-17** Decreased budget due to Warehouse supervisor allocating less time to Vehicles and more time to Warehouse
- 1-18** Increased budget due to Contract Services used by Fleet

Water Services

- 2-1** Increased budget for 5% COLA and expected merit salary increases; 1 FTE added and additional labor hours allocated to SMGTP for additional expected flows
- 2-2** Increased budget due to additional SCADA maintenance for Contract Services required for SMGTP
- 2-3** Increased budget due to additional SCADA maintenance tools needed for SMGTP
- 2-4** Increased budget due to additional Chemicals, Laboratory Supplies and delivery fees needed for estimated SMGTP water deliveries
- 2-5** Increased budget due to additional power needed for estimated SMGTP water deliveries

- 2-6** Increased budget due to increased costs in Contractor Services for brush removal
- 2-7** Increased budget due to increased cost of Chemicals
- 2-8** Increased budget to align with projections for increased Dues, Fees and Memberships
- 2-9** Decreased budget to reflect normal level of emergency repairs
- 2-10** Increased budget due to additional temp labor required for Service Material Project
- 2-11** Increased budget due to increased costs for Materials
- 2-12** Decreased budget to reflect normal level of emergency repairs
- 2-13** Decreased budget due to reduction of intern
- 2-14** Increased budget due to Materials costs for backflow replacements

Wastewater Services

- 3-1** Increased budget for 5% COLA and expected merit salary increases; SCADA maintenance allocated to Collections per Cost of Service Study; and less hours allocated to CIP for Collections Division
- 3-2** Increased budget due to increased costs for Contract Services for sewer monitoring and SCADA maintenance
- 3-3** Increased budget due to increased costs for Chemicals
- 3-4** Increased budget due to additional laterals installation
- 3-5** Increased budget due to additional SCADA maintenance tools
- 3-6** Decreased budget due to expected Tesla energy savings

Recycled Water Services

- 4-1** Increased budget for 5% COLA and expected merit salary increases; also Chief Plant Operator and Operations Manager allocating 10% of labor here per Cost of Service Study
- 4-2** Increased budget to align with projections for Chemicals
- 4-3** Decreased budget due to expected Tesla energy savings
- 4-4** Increased budget for 5% COLA and expected merit salary increases; also increased budget due to additional labor allocated to Recycle Service Monitor and Test
- 4-5** Decreased budget to align with projections for Stores Inventory

Community Benefit Program

- 5-1** Decreased budget due to fewer labor hours required from Operating staff
- 5-2** Increased budget due to increased expenditures in Community Benefit Program

Attachment 7

	FY 2021-22 Actual	FY 2022-23		FY 2023-24 Budget	Budget to Budget Change (%)
		Amended Budget	Projected		
Variable Costs:					
SDCWA Variable Cost	\$ 9,678,651	\$ 7,774,062	\$ 7,774,062	\$ 4,988,190	-35.8%
SMRCUP Supply Cost*	179,645	612,878	612,878	1,219,265	98.9%
Fixed Costs:					
SDCWA Supply Reliability	\$ 667,258	\$ 684,192	\$ 684,192	\$ 724,812	5.9%
SDCWA Storage	1,036,863	1,048,488	1,048,488	1,050,204	0.2%
SDCWA Customer service	559,905	555,840	555,840	561,006	0.9%
MWD Capacity	258,523	237,030	237,030	200,804	-15.3%
MWD Readiness to Serve	260,989	264,456	264,456	303,831	14.9%
SDCWA IAC	603,996	603,768	603,768	608,748	0.8%
Total Water Supply Costs	\$ 13,245,830	\$ 11,780,714	\$ 11,780,714	\$ 9,656,861	-18.0%

* This estimate does not include the SMGTP LRP credit of \$305/AF @ 3,100 estimated AF; \$945,500.

Attachment 8

Breakdown of District's Employee Benefit Costs

Description	FY 2021-22	FY 2022-23		FY 2023-24	Budget to
	Actual	Amended Budget	Projected	Budget	Budget Change (%)
Auto Allowance	\$ 18,962	\$ 21,750	\$ 23,500	\$ 21,750	0.0%
Insurance - Dental	66,565	73,817	72,697	84,731	14.8%
Insurance - Vision	13,649	14,606	13,267	14,818	1.5%
Insurance - Health	1,078,333	1,135,576	1,096,942	1,310,890	15.4%
Insurance - Life and Disability	48,937	50,481	58,082	57,390	13.7%
Insurance - Worker's Comp	117,551	167,266	167,266	153,532	-8.2%
Performance Bonus	35,029	26,921	8,211	20,800	-22.7%
FICA - Employer's share	462,748	478,138	516,434	529,000	10.6%
CalPERS Annual Contribution	602,815	688,148	688,148	803,005	16.7%
CalPERS Unfunded Liability Payment	1,112,995	1,285,994	1,285,994	1,237,755	-3.8%
Pension/OPEB Liability Trust Payment *	500,000	500,000	500,000	500,000	0.0%
Employer's share (401 & 457)	49,167	95,095	78,256	125,489	32.0%
District Share of Retiree Medical Insurance	53,607	50,812	57,626	53,318	4.9%
Merit Increase Bonus	-	20,000	30,789	33,000	65.0%
Uniforms & Boots	52,491	43,607	46,580	45,543	4.4%
Total	\$ 4,212,848	\$ 4,652,210	\$4,643,792	\$ 4,991,021	7.3%

*\$500,000 transferred to the District's Section 115 Pension Trust.

Attachment 9

Fiscal Year 2023-24 Debt Service Schedule

Year Ending June 30	Red Mountain State Revolving Fund Loan		Wastewater Revenue Refunding Bonds		QECCB* Loan		SMRCUP State Revolving Funds		District Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
	2023	316,573	79,277	1,115,000	616,022	387,783	133,884	-	
2024	324,764	71,087	1,120,000	610,746	410,388	111,302	1,600,373	1,214,422	\$ 5,463,081
2025	333,166	62,685	1,130,000	603,575	433,953	87,409	1,630,780	1,184,015	\$ 5,465,583
2026	341,786	54,065	1,145,000	584,934	458,515	62,150	1,661,765	1,153,030	\$ 5,461,244
2027	350,628	45,222	1,185,000	546,700	484,114	35,465	1,693,339	1,121,456	\$ 5,461,925
2028	359,700	36,151	1,230,000	498,400	254,219	7,296	1,725,512	1,089,283	\$ 5,200,561
2029	369,006	26,844	1,280,000	448,200	-	-	1,758,297	1,056,498	\$ 4,938,846
2030	378,553	17,297	1,335,000	395,900	-	-	1,791,704	1,023,091	\$ 4,941,546
2031	388,347	7,503	1,390,000	341,400	-	-	1,825,747	989,048	\$ 4,942,046
2032	-	-	1,445,000	284,700	-	-	1,860,436	954,359	\$ 4,544,495
2033	-	-	1,505,000	225,700	-	-	1,895,784	919,011	\$ 4,545,495
2034	-	-	1,565,000	164,300	-	-	1,931,804	882,991	\$ 4,544,095
2035	-	-	1,630,000	100,400	-	-	1,968,509	846,287	\$ 4,545,195
2036	-	-	1,695,000	33,900	-	-	2,005,910	808,885	\$ 4,543,695
2037	-	-	-	-	-	-	2,044,022	770,773	\$ 2,814,795
2038	-	-	-	-	-	-	2,082,859	731,936	\$ 2,814,795
2039	-	-	-	-	-	-	2,122,433	692,362	\$ 2,814,795
2040	-	-	-	-	-	-	2,162,759	652,036	\$ 2,814,795
2041	-	-	-	-	-	-	2,203,852	610,943	\$ 2,814,795
2042	-	-	-	-	-	-	2,245,725	569,070	\$ 2,814,795
2043	-	-	-	-	-	-	2,288,394	526,401	\$ 2,814,795
2044	-	-	-	-	-	-	2,331,873	482,922	\$ 2,814,795
2045	-	-	-	-	-	-	2,376,179	438,616	\$ 2,814,795
2046	-	-	-	-	-	-	2,421,326	393,469	\$ 2,814,795
2047	-	-	-	-	-	-	2,467,332	347,464	\$ 2,814,795
2048	-	-	-	-	-	-	2,514,211	300,584	\$ 2,814,795
2049	-	-	-	-	-	-	2,561,981	252,814	\$ 2,814,795
2050	-	-	-	-	-	-	2,610,658	204,137	\$ 2,814,795
2051	-	-	-	-	-	-	2,660,261	154,534	\$ 2,814,795
2052	-	-	-	-	-	-	2,710,806	103,989	\$ 2,814,795
2053	-	-	-	-	-	-	2,762,311	52,484	\$ 2,814,795

*Qualified Energy Conservation Revenue Bonds. Debt service is not adjusted for interest rate subsidy payments.

Debt Service Budget Summary

Debt Issuance	Service				Total Debt Service
	Water	Wastewater	Recycled Water		
2018 SRF Loan	\$ 2,814,795	\$ -	\$ -	\$ -	\$ 2,814,795
2011 SRF Loan	395,851	-	-	-	395,851
2021 WWRRB*	-	1,211,522	519,224	-	1,730,746
2010 QECCB	-	521,690	-	-	521,690
Total	\$ 3,210,646	\$ 1,733,212	\$ 519,224	\$ -	\$ 5,463,081

* 70% is allocated to wastewater and 30% of the debt service is allocated to recycled water.