



SOUTH SAN LUIS OBISPO COUNTY SANITATION DISTRICT

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STAFF REPORT

Date: May 6, 2020
To: Board of Directors
From: Jeremy Ghent, District Administrator
Via: Mychal Jones, Plant Superintendent; and Amy Simpson, Bookkeeper/Secretary
Subject: **2020/21 FISCAL YEAR BUDGET; SET PUBLIC HEARING FOR JUNE 3, 2020**

RECOMMENDATIONS:

1. That the Board Provide Input Regarding the Proposed 2020-21 Fiscal Year (FY) Budget and,
2. Set a Noticed Public Hearing for June 3, 2020.

DISCUSSION:

A draft of the District Budget for Fiscal Year 2020-21 is attached. This budget covers the period of July 1, 2020 to June 30, 2021. Currently the District has a combined cash reserve of \$9,631,748 and annual operating revenue of \$5,549,000.

The draft budget is largely a status quo budget and proposes to meet the operational, maintenance and capital needs of the District. Using past experiences and best professional judgement, the draft budget for fiscal year 2020-21 was prepared using conservative estimates and assumptions, mindful of the need to operate the facility in a safe, cost effective, efficient manner while complying with applicable federal, state and local requirements. Revenue values for wastewater and connection fees were projected from past revenues.

Tabulated below are summary values extracted from the Consolidated Budget.

Consolidated Budget
(Attachment No. 1)

Revenues by Fund Source

	Fund 19	Fund 20	Fund 26	Totals
Total Revenues	\$ 5,549,000	\$ 18,936,000	\$ -	\$ 24,485,000

Expenditures by Fund Source

Total Operating Expenditures	\$ 2,964,500	\$ -	\$ -	\$ 2,964,500
Total Capital Outlay	\$ 161,000	\$ 7,265,000	\$ 1,552,000	\$ 8,978,000
Total Other Funding and Uses	\$ 1,983,500	\$ 11,557,600	\$ (1,552,000)	\$ 11,989,100
Debt Service	\$ 440,000	\$ -	\$ -	\$ 440,000
MOU with City of Pismo		\$ 113,400	\$ -	\$ 113,400
Total Expense	\$ 5,549,000	\$ 18,936,000	\$ -	\$ 24,485,000

Net Income

	\$ -	\$ -	\$ -	\$ -
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Fund 19

Fund 19 revenues are primarily wastewater service charges collected from Arroyo Grande, Grover Beach and Oceano. Other revenues are primarily generated from brine disposal with minor contributions from lease payments and other reimbursements.

Fund 19 supports the following general categories of District activities:

- Personnel – Salaries, Wages and Benefits & Other Personnel Costs
- Permits, Fees and Licenses
- Communications and Computer Support
- Administrative Costs, including Professional Services – Temporary Labor, Advertisements/Recruitment, Insurance Liability, Zone 1/1A Property Tax, Office and Safety Supplies
- Disposal Services – Solids Handling, Brine Disposal Sampling
- Utilities – Electricity, Gas, Rubbish, Water
- Maintenance, Tools & Replacements – Equipment and Structures Maintenance
- Materials, Services and Supplies – Plant Chemicals, Temporary Labor, Fuel
- Training, Education and Memberships – Professional Certificates/Licenses
- Scheduled Maintenance: \$367,000
- New Capital Equipment: \$161,000
- Transfer out of Fund 19 Funds to Support Fund 26 Projects - \$1,552,000

Staffing

The staff roster consists of District Administrator (1), Secretary/Bookkeeper (1), Plant Superintendent (1), Plant Supervisor (1), Plant Senior Operator (1), Laboratory Technician (1), Operator in Training - Plant Operator II (3), There are nine (9) full time positions funded in the draft budget. All 9 positions are currently filled.

Proposed Operation and Maintenance Projects:

1. Budget of \$161,000, New Capital Equipment proposed within line No. 19-8010.
2. Budget of \$195,000, Equipment Maintenance, is proposed under Line Item No. 19-8030

Fund 20

Fund 20 revenue is provided primarily from connection fees from the three-member agencies. A minor amount of revenue is received from interest on the fund balance account. This fund is the designated fund in support of the redundancy project. Revenues from loans and bonds (\$18,710,000) for the Redundancy Project will be received in this account during the fiscal year.

This fund supports capacity, expansion, and studies.

- Wastewater Redundancy Project: Line item 20-7080 provides \$7.1 million to complete FY 20/21 Efforts on the Redundancy Project
- An expenditure of \$113,400 is proposed under Line Item No. 20-7094 MOU with City of Pismo Beach for a joint Environmental Impact Report. This is a carryover from the prior year.

Fund 26

Fund 26 expenditures are wholly supported by transfers from other funds. The draft budget calls for a transfer from Fund 19 (\$1,552,000). Fund 26 funds regular capital replacement projects.

Proposed Fund 26 Project Budgets:

1. \$1,427,000 is proposed under Line Item No. 26-8065 Structure/Grounds Replacement & Improvement.
2. \$25,000 is proposed under Line Item No. 26-8070 Emergency Equipment Repair.

Conclusion

The draft budget emphasizes maintenance, and construction of the redundancy project, cleaning of the #2 Digester, Cleaning and inspection of District trunk mains, and design of a cogeneration unit.

Attachments:

- Attachment 1: Consolidated Budget
- Attachment 2: Notice of Public Hearing

Consolidated Budget Fiscal Year 2020/2021

	Fund 19 Operating Fund	Fund 20 Expansion Fund	Fund 26 Replacement Fund	FY 2020/21	Prior Year FY 2019/20
Revenues					
Gross Revenues					
Service Charges and Fees	5,305,000			5,305,000	5,305,000
Connection Fees		156,000		156,000	156,000
Interest	112,000	70,000		182,000	176,000
Brine Revenue	132,000			132,000	132,000
Bond and USDA Funding		18,710,000		18,710,000	18,710,000
Total Revenues	5,549,000	18,936,000	-	24,485,000	24,479,000
Expenditures & Other Uses					
Operating Expenditures					
Salaries and Wages	831,000			831,000	829,000
Employee Benefits and Other Personnel Costs	496,100			496,100	491,500
Permits, Fees and Licenses	58,600			58,600	48,500
Communications	16,800			16,800	14,600
Administrative Costs	470,800			470,800	354,000
Disposal Services	64,000			64,000	63,000
Utilities	240,500			240,500	234,800
Maintenance, Tools & Replacements	367,000			367,000	330,200
Materials, Services and Supplies	371,200			371,200	374,700
Training, Education & Memberships	48,500			48,500	59,000
Total Operating Expenditures	2,964,500	-	-	2,964,500	2,799,300
Total Other Charges					
Debt Service	440,000			440,000	440,000
MOU with City of Pismo Beach		113,400		113,400	113,400
Total Other Charges	440,000	113,400	-	553,400	553,400
Capital Outlay					
Capital Replacement/Maintenance (Fund 26)			1,552,000	1,552,000	919,325
Capital Equipment	161,000	7,265,000		7,426,000	7,506,000
Total Capital Outlay	161,000	7,265,000	1,552,000	8,978,000	8,425,325
Other Financing Sources & Uses					
Transfers Out Fund 26	1,552,000		(1,552,000)	-	-
Contingency					23,675
Redundancy Designations	431,500	(431,500)		-	-
Designated Funding Redundancy		11,989,100		11,989,100	12,677,300
Total Other Financing Sources & Uses	1,983,500	11,557,600	(1,552,000)	11,989,100	12,700,975
Total Funding Source	5,549,000	18,936,000	-	24,485,000	24,479,000
Total Expense	5,549,000	18,936,000	-	24,485,000	24,479,000
Net Change (Deficit)	-	-	-	-	-

**NOTICE OF PUBLIC HEARING
SOUTH SAN LUIS OBISPO COUNTY
SANITATION DISTRICT
ADOPTION OF FISCAL YEAR 2020-2021 BUDGET**

DATE: June 3, 2020
TIME: 6:00 p.m.
PLACE: Arroyo Grande City Council Chambers
215 E. Branch Street
Arroyo Grande, CA 93420

PLEASE TAKE NOTICE:

1. The District Administrator has prepared a proposed final Budget, which is available for inspection, during regular business hours, 7:30 a.m. to 4:00 p.m., Monday through Friday, at the District Office located at 1600 Aloha Place, Oceano, California.

At 6:00 p.m., on June 3, 2020, through a virtual Zoom meeting or at the Arroyo Grande City Council Chambers, 215 E. Branch Street, Arroyo Grande, CA, 93420, South San Luis Obispo County Sanitation District Board of Directors will meet to consider and to adopt the final Fiscal Year 2020-2021 Budget.

2. At the time and place specified in this Notice, any person may appear to be heard regarding any item in the Budget or regarding the addition of any other items.
3. The hearing on the Budget may be continued if necessary.

If you should have questions related to the Budget, please contact Amy Simpson, District Bookkeeper/Secretary, at (805) 481-6903.