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CAYUCOS SANITARY DISTRICT

200 Ash Avenue
PO Box 333
Cayucos, California 93430-0333
805-995-3290

GOVERNING BOARD

R. Enns, President
D. Chivens, Vice-President
S. Lyon, Director
R. Frank, Director
H. Miller, Director

COMMITTEE MEMBERS

S. Lyon, Director
H. Miller, Director

STAFF MEMBERS

R. Koon, District Manager
G. Good, Admin. Accounting
Manager

BOARD OF DIRECTORS BUDGET COMMITTEE MEETING AGENDA

TUESDAY, MAY 10, 2022 AT 10:00AM
200 ASH AVENUE, CAYUCOS, CALIFORNIA 93430

1. CALL MEETING TO ORDER

2. PUBLIC COMMENT:

As this is a special meeting, members of the public may speak before consideration of the item that appears on this agenda, however, there is no opportunity afforded under the Brown Act to speak on a non-agendized items.

3. DISCUSSION AND REVIEW OF THE PROPOSED DRAFT BUDGETS FOR FY 2022-2023

A. OPERATING BUDGET

B. CAPITAL IMPROVEMENT PROJECT BUDGET

4. ADJOURNMENT

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AGENDA ITEM: 3
DATE: May 10, 2022

CAYUCOS SANITARY DISTRICT

TO: BUDGET COMMITTEE
FROM: RICK KOON, DISTRICT MANAGER
GAYLE GOOD, ADMINISTRATIVE ACCOUNTING MANAGER
DATE: MAY 6, 2022
SUBJECT: PROPOSED FY 22/23 ANNUAL OPERATING AND CIP BUDGETS

DISCUSSION:

Attached for review is the proposed FY22/23 Annual Budget. Based upon projected revenues and anticipated expenditures, adequate resources are available for the continuing and proposed obligations of the District. Inflationary effects and staffing needs have been considered as necessary to carry out the District’s budgetary goals and objectives.

Revenue Projections

Sewer Income: Sewer income remains steady and sufficient as the final tier of the approved 2017 Rate Structure was implemented July 1, 2021. Modest increases are due to conversion of completed construction projects increasing the number of EDUs served.

Will-Serve Income: The new Will-Serve Connection and Inspection rate structure was approved at the April 2022 Board meeting and will be fully implemented in June. It is projected to increase the associated revenue by 52%.

Rental Income: The only change to rental income, other than scheduled annual increases, is the inclusion of rent of \$3,600 annually for the land on which the new solar field sits.

Solid Waste Income: There is a possibility that Mission Country Disposal/Waste Management will opt to proceed with a rate increase which will be subject to the Proposition 218 process. Potential increases were not accounted for in this budget due to attendant uncertainties.

Property Tax: The County has anticipated the District’s share of property tax to increase to \$1,072,200 next fiscal year.

Expense Projections

Payroll: Due to the Consumer Price Indices reflecting increases up to 8.5%, staff is recommending the Board approve a COLA increase to staff wages. This proposed budget includes a COLA of 3%. Please see attachment for fiscal impact of 3%, 5% and 7% for your consideration.

Staffing: Due to staffing readjustments and needs, staff recommends considering hiring a new Collections Trainee. The salary and attendant costs for one new employee are included in this proposed budget.

Operating Expenses: As the WRRF has been up and running for nearly an entire fiscal year, we are able to refine the estimated expenses with this budget. Expenses for Administration and Operations remain steady with higher-than-normal increases to fuel and utilities. Increases for all categories reflect current inflationary economics.

Debt Service/Loan Interest

Western Alliance Series B Loan: With the \$750,000 lump sum payment toward principal on the Western Alliance Series B loan the Board authorized from the proceeds in our Cetera account, we were able to have the payment structure re-amortized, saving \$184,250 in interest over the life of the loan. FY22/23 P&I payments will be \$793,543.

USDA Loan: Payments on the USDA loan (40 yrs @ 1.75%) began February 1, 2022. P&I for FY22/23 will be \$846,557. In addition, pursuant to the terms of their Letter of Conditions, we will continue to save \$85,052.64 annually until we have accumulated a balance equal to one annual loan payment.

RECOMMENDATION:

Review and discuss the proposed Operating and Capital Improvement budgets for FY22/23.

Attachments:

Budget Summary
Detailed Comparison Budget
COLA Projection and Analysis
CIP Budget Recommendations

Proposed Budget Summary FY 22/23

Income:

Sewer Income	\$	3,176,150.00
Will Serve Income	\$	88,200.00
Rental Income	\$	42,600.00
Solid Waste Income	\$	89,600.00
SLOCO Tax Assessments	\$	1,072,200.00
Savings Interest Income	\$	50.00
Investment Interest Income	\$	8,500.00
Other Misc. Income	\$	4,600.00
Category Total	\$	4,481,900.00

Payroll:

Admin Gross Wages Regular	\$	386,700.00
Coll Gross Wages Regular	\$	173,400.00
Treatment Gross Wages Regular	\$	298,200.00
Director Payroll	\$	8,000.00
Vested Payroll Benefits	\$	5,700.00
Admin Payroll Taxes/Benefits	\$	137,100.00
Coll Payroll Taxes/Benefits	\$	117,900.00
Treatment Payroll Taxes/Benefits	\$	123,100.00
Director Payroll Taxes	\$	600.00
Category Total	\$	1,250,700.00

Operating Expenses:

Special Projects	\$	13,000.00
Admin Operating Expenses	\$	247,350.00
Collections Operating Expenses	\$	223,250.00
Treatment Operating Expenses	\$	461,500.00
Debt Service - Interest	\$	635,000.00
Debt Service - Principal	\$	1,042,500.00
Category Total	\$	2,622,600.00

Total Income	\$	4,481,900.00
Less Total Expenses	\$	3,873,300.00
Net Income	\$	608,600.00

Proposed Budget FY 22/23 May 2022

	Expenses to Date	FY 21/22	Target 83%	FY 22/23	
5680 · Admin Vision	620.40	800.00	77.55%	900.00	
Total 5600 · ADMIN PAYROLL TAXES & BENEFITS	115,707.32	138,700.00	83.42%	137,100.00	
5700 · COLL PAYROLL TAXES & BENEFITS					
5710 · Coll FICA	9,926.09	11,000.00	90.24%	10,700.00	
5720 · Coll Medicare	2,321.42	2,600.00	89.29%	2,500.00	
5750 · Coll PERS Health	50,674.30	59,000.00	85.89%	68,100.00	
5760 · Coll PERS Retirement	32,257.29	36,700.00	87.9%	31,900.00	
5770 · Coll Dental	2,773.35	3,600.00	77.04%	3,800.00	
5780 · Coll Vision	620.40	800.00	77.55%	900.00	
Total 5700 · COLL PAYROLL TAXES & BENEFITS	98,572.85	113,700.00	86.7%	117,900.00	
5800 · TREAT PAYROLL TAXES & BENEFITS					
5810 · Treat FICA	10,032.76	10,900.00	92.04%	18,500.00	
5820 · Treat Medicare	2,346.37	2,500.00	93.86%	4,300.00	
5850 · Treat PERS Health	20,269.72	23,700.00	85.53%	47,600.00	
5860 · Treat PERS Retirement	32,580.32	33,500.00	97.26%	49,400.00	
5870 · Treat Dental	1,386.60	2,400.00	57.78%	2,500.00	
5880 · Treat Vision	344.30	500.00	68.86%	800.00	
Total 5800 · TREAT PAYROLL TAXES & BENEFITS	66,960.07	73,500.00	91.1%	123,100.00	
5900 · DIRECTOR PAYROLL TAXES & BENEFI					
5910 · Directors FICA	424.70	400.00	106.18%	500.00	
5920 · Directors Medicare	99.33	100.00	99.33%	100.00	
Total 5900 · DIRECTOR PAYROLL TAXES & BENEFI	524.03	500.00	104.81%	600.00	
Total 5000 · PAYROLL EXPENSES	922,720.03	1,086,400.00	84.93%	1,250,700.00	
6000 · OPERATING EXPENSES					
6050 · SPECIAL PROJECTS					
6051 · Manhole Reconditioning	0.00	12,500.00	0.0%	12,500.00	
6052 · Sewer Map Replacements	0.00	500.00	0.0%	500.00	
Total 6050 · SPECIAL PROJECTS	0.00	13,000.00	0.0%	13,000.00	
6100 · ADMIN OPERATING EXPENSES					
6110 · Answering Service		1,000.00	0.0%	-	
6120 · Copy & Dup	336.01	1,000.00	33.6%	1,000.00	
6130 · Equipment Lease	1,974.92	2,700.00	73.15%	2,700.00	
6150 · Equipment Repair/Maint	0.00	2,000.00	0.0%	2,000.00	
6160 · Janitorial/Building Maint.	3,563.50	5,000.00	71.27%	5,000.00	
6170 · Postage	8,450.90	8,500.00	99.42%	9,000.00	
6180 · Printing/Advertising	765.12	1,500.00	51.01%	1,500.00	
6190 · Office Supplies	3,729.98	5,000.00	74.6%	5,000.00	
6200 · Bank Service Charges	3,809.80	3,300.00	115.45%	500.00	
6201 · Administrative(Admin) Fees/Chgs	874.51	1,200.00	72.88%	1,200.00	
6205 · Recycling Expenses	523.73	750.00	69.83%	750.00	
6210 · Misc. Business Expense	107.95	1,000.00	10.8%	1,000.00	

**CAYUCOS SANITARY DISTRICT
Capital Improvement Projects
FY 2022-2023**

- **Sewer Main Repairs:** *\$55,000*

These are areas of sewer mains that our camera has identified in need of repair. These projects consist of multiple point repairs, offsets or other anomalies and are targeted to take advantage of economy of savings. The budgeted amount is intended to allow for 2 or 3 replacements.

- **WRRF Electric Vehicle:** *\$45,000*

This purchase is for one new Electric Vehicle. The car will allow staff to transport lab samples to the testing facility each weekend and holiday as well as running small errands without resorting to the use of personal transport.

- **Generator & Building Improvements:** *\$25,000*

During times of electric instability, it is important for the main office to maintain connectivity. This project would allow for pouring of a concrete pad, installation of the generator, and landscaping replanting as appropriate.

CSWP Projects

- **Design of the Chaney to Toro Main Line Replacements:** *\$35,000*

This project will look at replacing the two 12” VCP lines between Chaney and Toro Creek Road with a single larger PVC pipe to allow for temporary storage of sewage prior to Lift Station 5.

- **RWQCB/CCC Recycled Water Program:** *\$20,000*

As part of the District’s NPDES Permit, we are required to develop and implement this program to address maximizing the use of recycled water.

- **New Vertical Turbine Effluent Pump :** *\$45,000*

The installation of this new pump will allow the Treatment Plant to discharge a higher flow under high inflow events. The existing pump will be used as an emergency backup.

Total - \$225,000

**Proposed COLA & Standby Pay Increases
FY 2022/2023**

Impact of Cost of Living Adjustment						
	Admin	O&M	WRRF	Taxes & PERS	Combined	Overall FY Increase
Current annual salary	\$ 357,000.00	\$ 106,500.00	\$ 250,000.00	\$ 105,000.00	\$ 818,500.00	
3% increase	\$ 367,710.00	\$ 109,695.00	\$ 257,500.00	\$ 108,150.00	\$ 843,055.00	\$ 24,555.00
5% increase	\$ 374,850.00	\$ 111,825.00	\$ 262,500.00	\$ 110,250.00	\$ 859,425.00	\$ 40,925.00
7% increase	\$ 381,990.00	\$ 113,955.00	\$ 267,500.00	\$ 112,350.00	\$ 875,795.00	\$ 57,295.00