



# Proposed Budget Year 2023-2024



June 30, 2023

# OUR MISSION

*“The mission of the Las Gallinas Valley Sanitary District is to protect public health and our environment, providing wastewater collection, treatment, and resource recovery.”*

# CORE VALUES

- Protect public health and the environment
- Provide high quality customer service
- Use public funds responsibly
- Maintain a safe and challenging workplace

# HIGHLIGHTS OF THE BUDGET


\$17 Million in Capital  
Improvement Projects in  
2023-24



Capital projects comprise  
43% of the budget



Operation & Maintenance  
costs continue to rise due to  
inflationary factors



Reserve build-up to provide  
financial safeguards for  
continued operations

# REQUIREMENTS AND PRIMARY FUNDING SOURCES

The District must provide enough revenue to cover the cost of providing sanitary sewer service

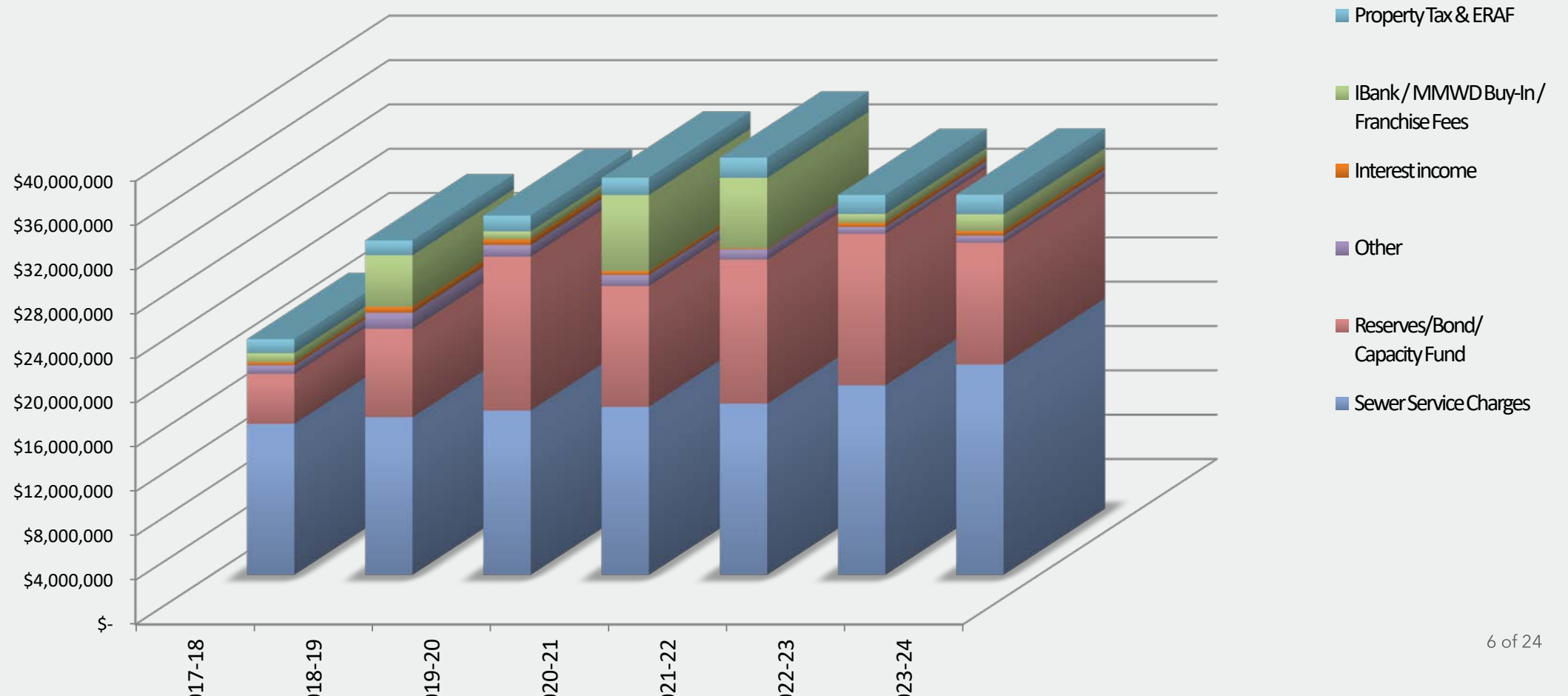
Adhere to existing and new State and Federal regulatory requirements

Sewer service charges provide 50% of the total revenue sources for 2023-24

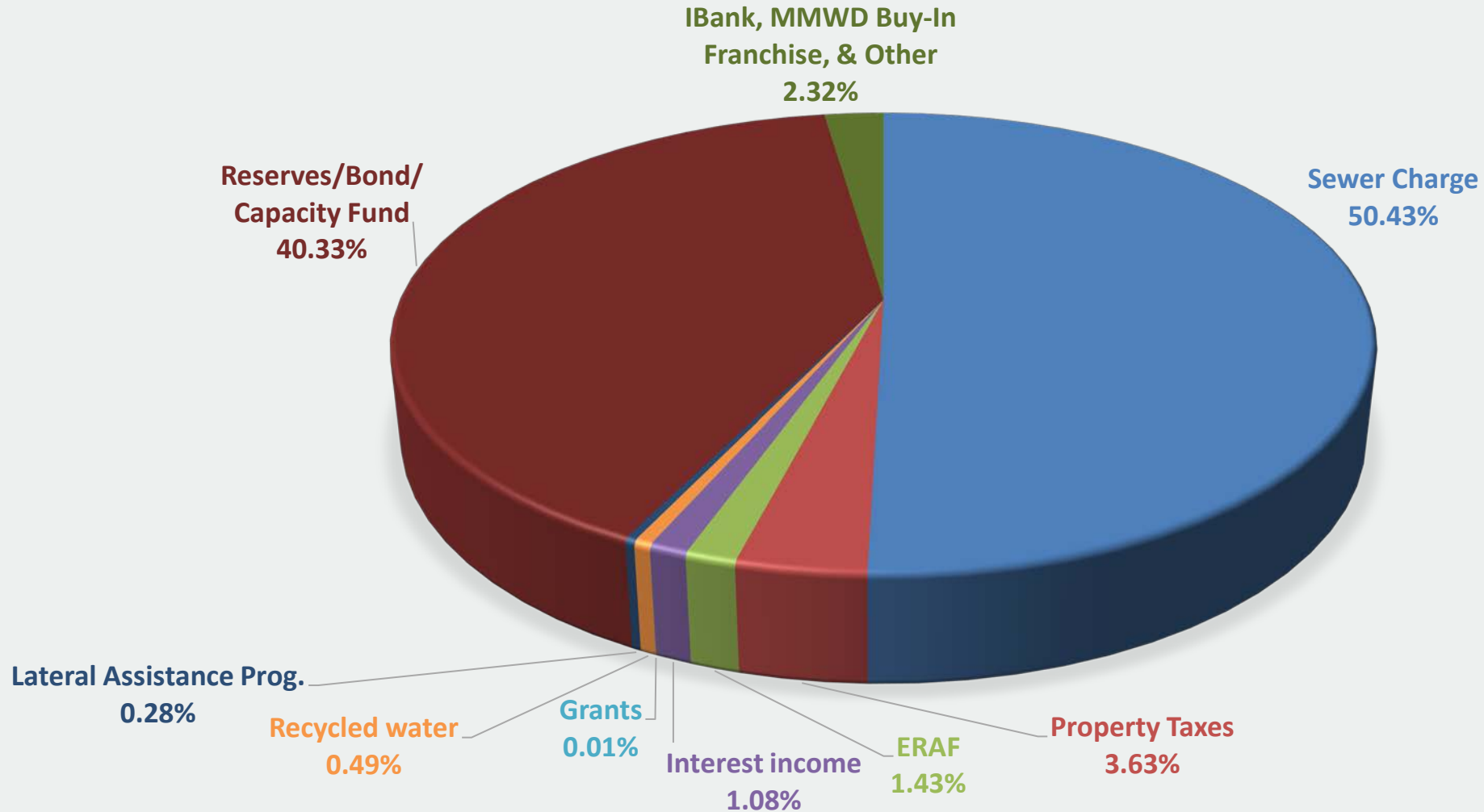
Non-operating revenue, primarily property taxes, provides only 8% of revenue

A Capital Improvement Program (CIP) is required as part of the rate setting and budget process

# HISTORICAL REVENUE



# 2023-2024 TOTAL REVENUE SOURCES



**\$33,910,064**

# Sewer Service Charge Revenue

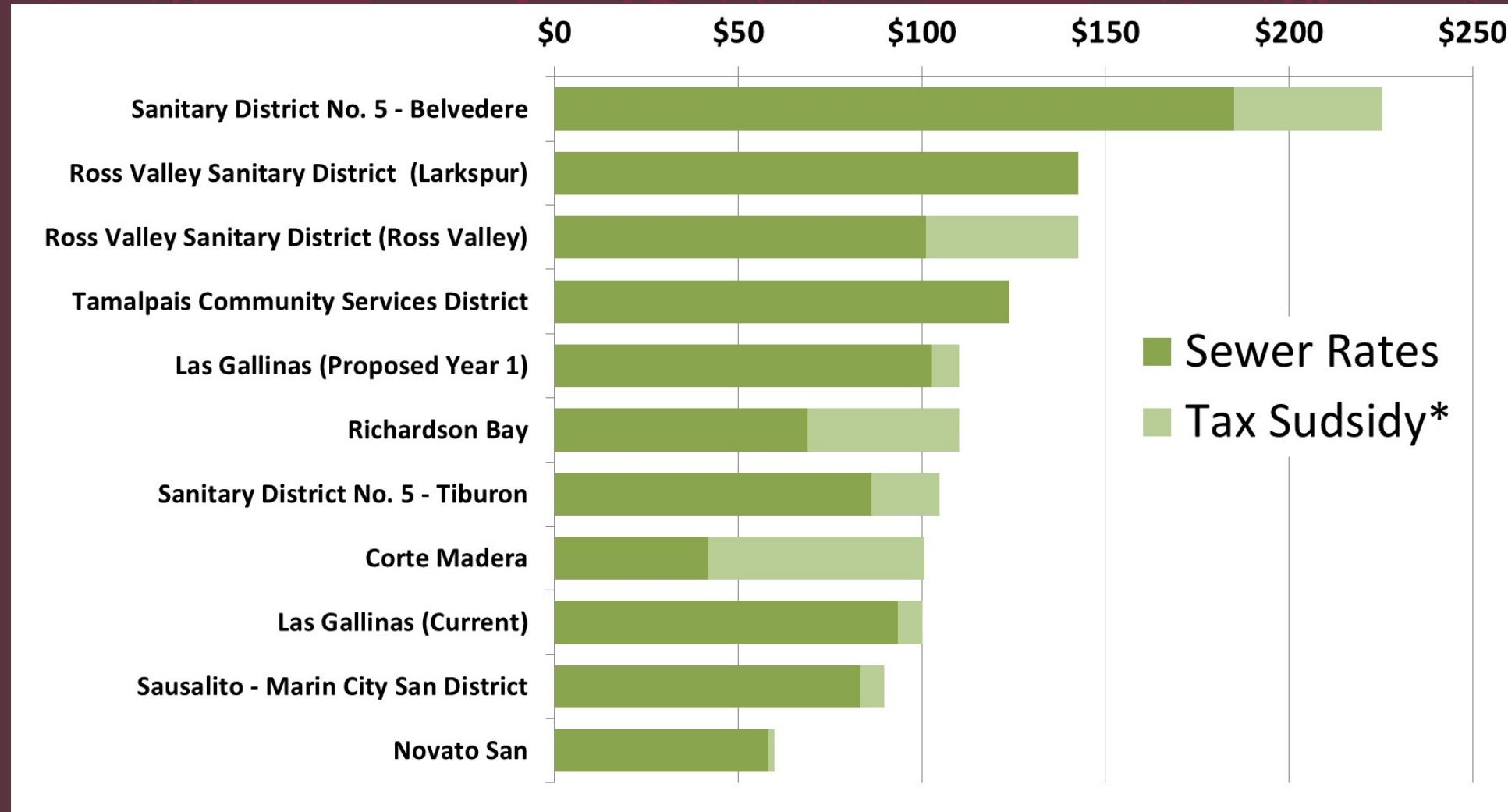
- Operating budget increase of 11%, or \$1.23 M, over the prior year budget.
- SSC rate increase of \$111 for Single Family Residential users, plus a proportional increase for Non-Residential users, is proposed to help offset the operational increase.
- Las Gallinas Sanitary District sewer rates are comparable to other nearby sewer agencies.



# Monthly Sewer Service Charges for Single Family Homes

(assumes 8 HCF of winter water usage)

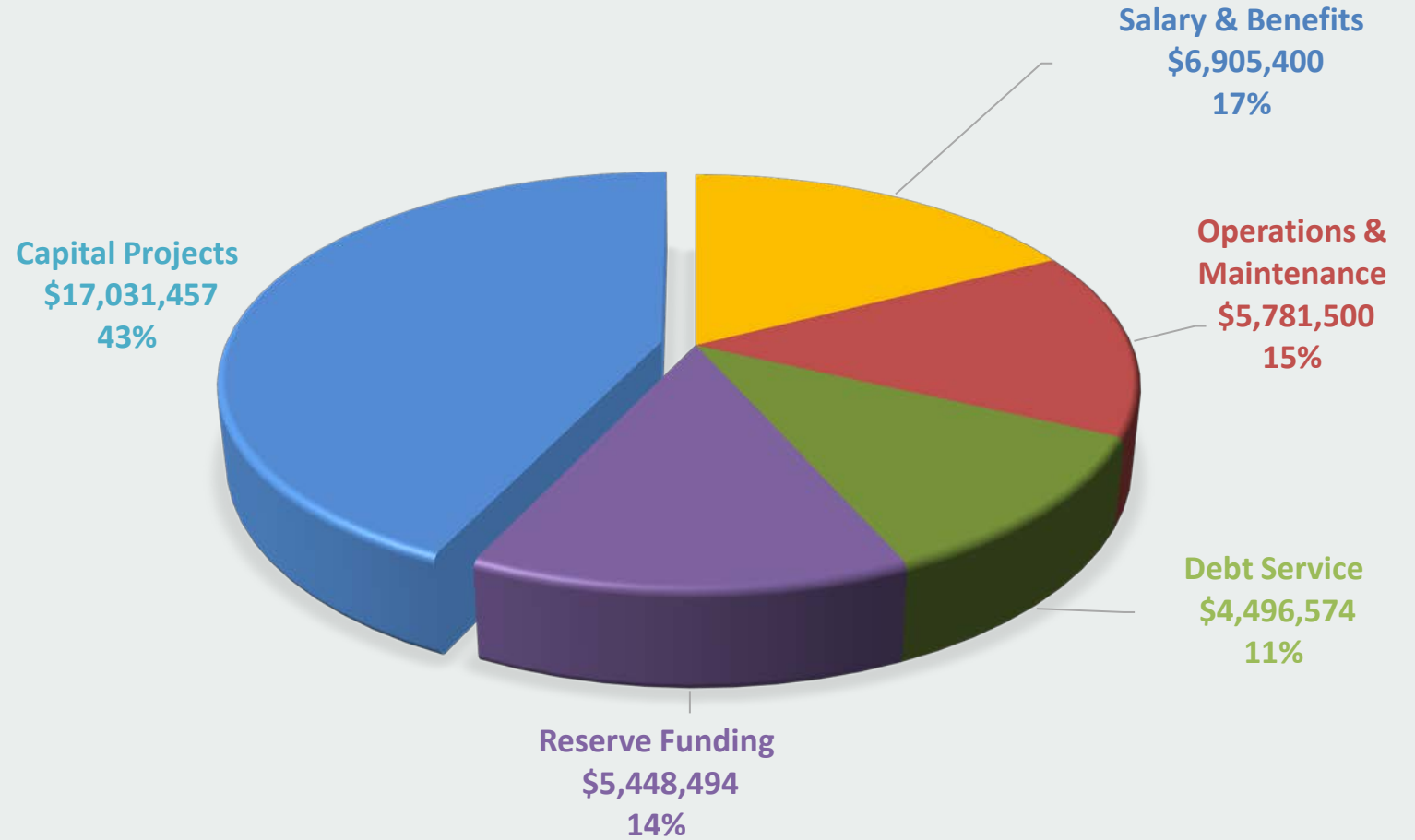
## SURVEY OF SEWER SERVICE RATES



\* The value of tax subsidies have been estimated based on publicly available financial data.

# PROPOSED BUDGET FY 2023-2024

## EXPENDITURES



# Operating and Maintenance Expenses

Staff salaries will increase once bargaining with Operating Engineers Local 3 is complete

Repair and Maintenance will increase 19% over prior year actuals

Chemical costs will be higher than in prior years, hypochlorite increase 82% and bisulfite 25%

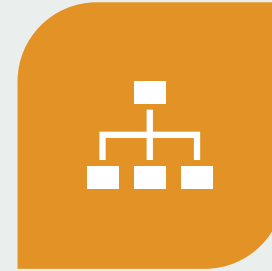
Increased electrical costs at the plant to continue into 2024 until solar system installed

# Proposed New Position

# Grant Management & Procurement



The Board has authority to increase the number of staff



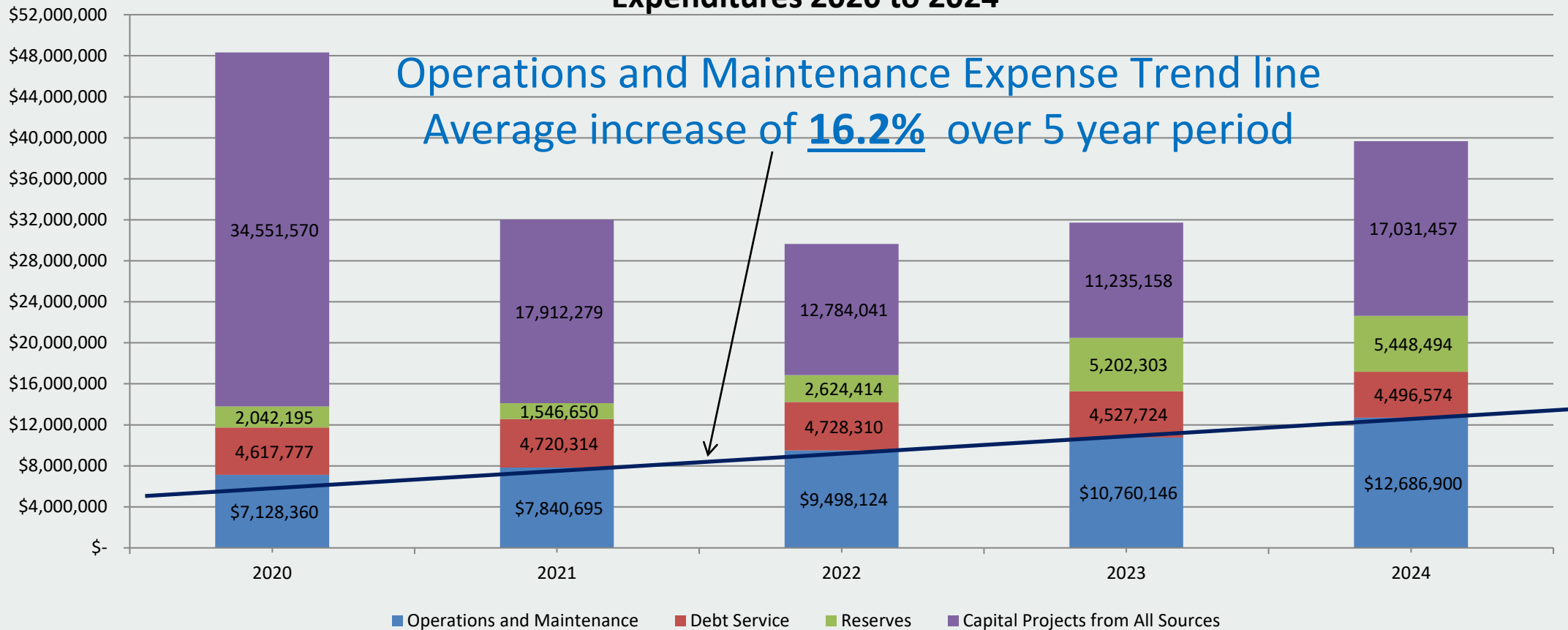
Full-Time staff positions to increase from 30 to 31



One new staff position is funded in the budget to provide administrative and grant support

# Operating and Maintenance Expenses

Expenditures 2020 to 2024



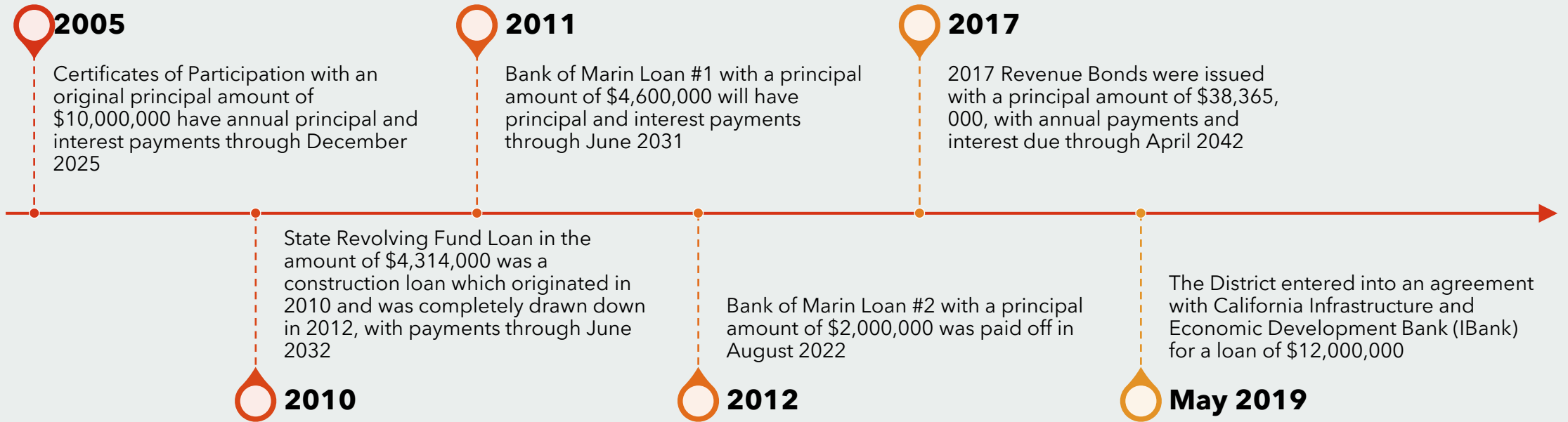
# Other Operating Expenses

Outside services are impacted by inflationary factors

Consultants effectively support the District by providing specialized services

Feasibility studies are included in the operating budget

# Debt Service



# Debt Service Coverage Ratio (DSCR)

	<b>Budget 2022-23</b>	<b>Actual 2022-23</b>	<b>Budget 2023-24</b>
<b>Net Operating Income / Debt Service</b>	<b>1.75</b>	<b>2.00</b>	<b>2.01</b>

- Key measure of an agency's ability to repay its loans, take on new financing and make dividend payments
- A higher DSCR means lower finance costs for future capital improvement loans
- A DSCR of at least 2 is considered very strong and shows that an agency can cover two times its debt



# Reserves

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Operating and Rate Stabilization Reserve to increase \$639K to \$4.25M. Target goal is \$10M.

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Emergency Repair reserve to increase \$166K to \$1.17M. Target goal is \$1,500,000.

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Capital Reserves to increase \$3.67M to \$9.32M, with the majority being set aside for the new administration, operations, and lab buildings. Target goal is \$11M.

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Vehicle and Equipment Reserve to decrease \$404K to \$443K as new equipment is purchased. Target goal is \$1M.

# Restricted Funds

A restricted fund is a reserve account that contains money that can be used only for specific purposes.

The District has four Restricted Funds.

- Capacity / Connection Fee Fund
- Captains Cove Fund
- Marin Lagoon Fund
- Recycled Water Capital Repair and Replacement Fund

# Capital Projects



The District is required to budget for the adequate maintenance of capital equipment and facilities



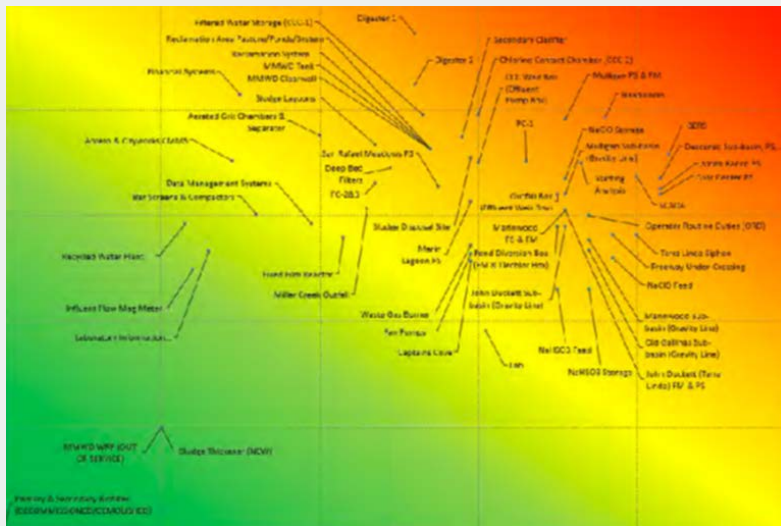
The District is required to identify and set priorities for all major capital assets to be acquired, constructed or replaced by the District



District policy requires the CIP be included in the adopted budget and that the status of the CIP is updated annually as part of the budget process

# Capital Projects in 2023-2024

Project costs range from \$8K to \$2.8M. Total capital outlay including the \$3M allocated to capital reserve for new buildings is \$20M.



- 33 Approved Ongoing Projects
- 11 New Projects in the Budget
- 4 Pending Projects

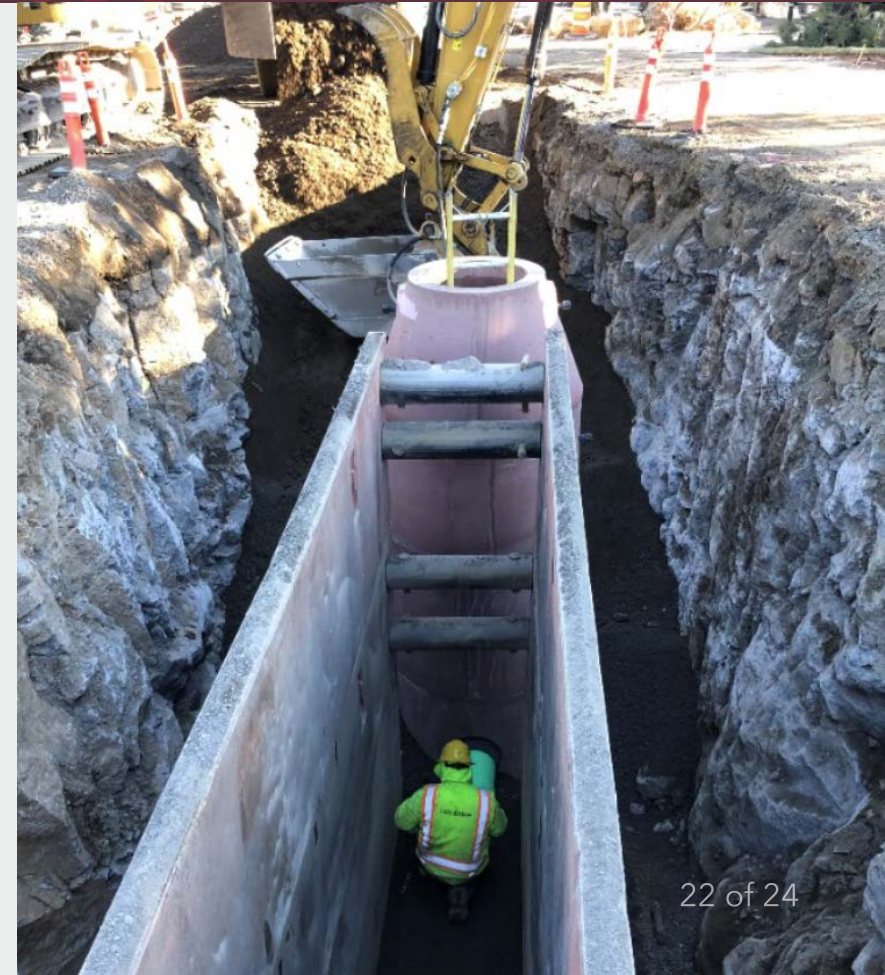
# Capital Project and Engineering Treatment Plant Improvements

- Primary Clarifier # 1 Rehabilitation
- Digester MCC-2 Upgrades
- TWAS Enclosure/Sludge Basin and Reception Pad



# Capital Project and Engineering Collection System Improvements

- John Duckett Pump Station and Hwy 101 Undercrossing
- Sewer Collection System Upgrades



# Capital Project and Engineering Reclamation Area Improvements

- Solar Photovoltaic System - November 2023 Construction
- Center Pivot #1 Replacement (*the District maintains five pivots for disbursement of treated effluent*)
- Pump station improvements to Motor Control Centers, pumps, and wet well



# SUMMARY

- Sewer Service Charge increase will bring in \$1.8M in revenue.
- Total revenue of \$23.8M is expected.
- \$10M in capital carryover funds towards capital projects.
- \$5.7M from unrestricted working cash to capital projects.
- The proposed budget of \$39,663,425 is balanced.



## QUESTIONS AND DISCUSSION