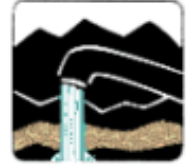


# Sweetwater Springs WATER DISTRICT



Eric Schanz, General Manager

**FY 2023-2024**

**Annual Operating & Capital Improvement Budget**

**Approved June 9, 2023**

**Resolution 23-06**

**Board of Directors**

*Tim Lipinski, President*  
*Larry Spillane, Vice President*  
*Richard Holmer, Financial Coordinator*  
*Sukey Robb-Wilder*  
*Gaylord Schaap*

**The annual budget of the Sweetwater Springs Water District (SSWD) allows the District to accomplish its mission which is to provide its customers with quality water and service in an open, accountable, and cost-effective manner and to manage District resources for the benefit of the community and environment.** The District achieves its mission of producing good quality water by pumping Russian River underflow from five wells – 3 located at the Guerneville El Bonita well site and 2 located at the Monte Rio well site. That water is then treated in two separate treatment facilities at the Highlands site for Guerneville and at the Monte Rio well site for Monte Rio and environs, and distributed through approximately 68 miles of distribution pipes and 3500 service laterals of varying lengths, and stored in 26 tanks and reservoirs. This system is managed and its operation administered by the District staff of 9 full time employees and 2 part-time employees.

In addition to annual ongoing operating costs, the District plans for a Capital Improvement Program aimed at maintaining and improving the capital infrastructure to industry standards to deliver high quality water, reduce system water losses, and maintain adequate system pressure and fire flow. It is expected that the Board will – through the budget process – scrutinize expenses and then approve sufficient revenue to operate the District and fund approved capital projects. Most of the District year-to-year revenue is generated from Water Sales but the District also has an annual assessment on the property tax bill. In addition to ongoing sources of revenue, the District actively seeks out grant funding. Absent adequate revenue sources, in the past capital projects have also been financed through debt.

FY 2023-2024 Budget Report  
Sweetwater Springs Water District

Below is a table summarizing the FY 2023-2024 Combined Operating and Capital Budget. As shown in the table, total revenue is budgeted at \$4.1 million, and total expenses at \$4.9 million. This budget anticipates more expenses than revenues (approximately \$800,000). The District has been approved for grant funding which may lower this deficit, but grant funding can take time to be received. If it is not received at year end, District reserves will be used to cover expenses that are in excess of revenues.

Detailed spreadsheets of the FY 2022-2023 Operating Budget and of the Capital/Capital Debt Budget are included as attachments to this Budget report.

<b>Combined Operating and Capital Budget Summary FY 2023-2024</b>			
	Budget (FY)	2022-23 (Projected)	2023-24 (Budgeted)
<b>REVENUE</b>			
<b>Operating</b>			
Water Sales		\$2,853,000	\$3,212,285
Other		\$181,500	\$146,300
<b>Total Operating Revenue</b>		<b>\$3,034,500</b>	<b>\$3,358,585</b>
<b>Capital</b>			
Assessments		\$750,000	\$750,000
Grants Received		\$701,360	\$0
Other		\$32,215	\$20,000
<b>Total Capital Revenue</b>		<b>\$1,483,575</b>	<b>\$770,000</b>
<b>Total Operating and Capital Revenue</b>		<b>\$4,518,075</b>	<b>\$4,128,585</b>
<b>EXPENDITURES</b>			
<b>Operating</b>			
Salary & Benefits		\$1,417,695	\$1,548,800
Services and Supplies		\$851,726	\$869,320
<b>Total Operating Expenses</b>		<b>\$2,269,421</b>	<b>\$2,418,120</b>
<b>Capital</b>			
CIP Projects		\$2,029,779	\$1,365,509
Other Projects & Equipment		\$62,174	\$435,821
Capital Debt/Sinking Fund Contributions		\$945,000	\$745,000
<b>Total Capital Expenses</b>		<b>\$3,036,953</b>	<b>\$2,546,330</b>
<b>Total Operating and Capital Expenditures</b>		<b>\$5,306,374</b>	<b>\$4,964,450</b>
<b>Surplus/Deficit</b>		<b>-\$788,299</b>	<b>-\$835,865</b>

**Operations Budget**

The operating budget encompasses the “expenditures related to the operation, maintenance and repair of water facilities”, as well as the billing, collections, accounting, fiscal management and other overall administration. The total Operating Budget revenue in FY 2023-2024 is projected to be \$3,358,585. The total Operating Budget expenses are projected to be \$2,418,210. The difference -- \$940,465-- will be transferred to the Capital Improvement fund. A water rate increase of 7.5% was approved to meet increasing Operating expenses and to provide for increased allocations to Capital expenses.

FY 2023-2024 Budget Report  
Sweetwater Springs Water District

District operating expenses are rising. Inflation has hit the cost of services and supplies and in particular labor costs as the District is in the midst of succession planning to replace an aging staff. It takes money and time to recruit, train, and retain qualified staff. On the administrative side, a promotional opportunity has been approved for FY 2023-2024 to provide in-house training opportunities for the Administrative Manager position. On the field side, an additional field operator is being added to staff in lieu of hiring contract meter readers. With experience, new field hires hired over the last two years are acquiring the licensing needed for promotions. Finally, the District is long overdue for technology investments in both its administrative and field operations. For FY 2023-2024, the District has invested in a new billing system that will provide a number of technological advancements for staff and customers, including a much-requested online customer portal. For the field, the District is beginning capital planning for a GIS system.

**Capital/Capital Debt Budget**

The Capital Fund is projected to have approximately \$1.1 million in reserves available for spending at the beginning of FY 2023-24. Operating surpluses of just over \$900,000 will assist Capital revenue budgeted at \$770,000 to bring total funds available to about \$2.8 million. Capital expenses including expenditures on capital projects and annual payments on capital debt are budgeted at about \$2.5 million, which will leave just over \$300,000 in reserves available for spending by fiscal year end. Reserves will increase if grants approved are actually received during the year. Grants totaling \$895,450 have been approved but have not yet been received.

The District is moving forward or in the midst of several projects in FY 2023-2024:

Project	Description	FY 2023-24	FY 2024-25	FY 2025-26
<b>Lower Harrison Tank Replacement</b>	Replace existing 130,000 gallon steel tank with new epoxy-coated bolted steel tank, with appurtenances and cathodic protection system	\$500,000		
<b>Moscow Road 2023 slide</b>	Install 15 lf 8" C-900 main that was damaged by mud slide, and 475 lf 8" main outside slide area. Main to be relocated to travel lane furthest from the river.	\$226,000		
<b>Neeley Road Mainline replacement</b>	This is an emergency project in response to a County paving project. Replaces 122 lf 2" galvanized water main with 6" C-900, and replace 17 service lines, plus one new fire hydrant	\$527,509		
<b>Willow Road Drainage</b>	This project is in response to a County infrastructure project. Relocate 100' of 2" main and 2 water services	\$82,000		
<b>Wright Drive Mainline, Tank and Pump Station project</b>	Replace and upgrade approx. 5800' mainline, replace 64 service lines, and replace water tank	\$211,840	TBD	TBD
<b>Other Capital projects</b>	El Bonita well rehab, Lower Summit tank liner, District Master Plan, New utility truck	\$435,821		
<b>TOTAL CAPITAL PROJECTS</b>		<b>\$1,801,330</b>		

The FY 2023-2024 Capital budget will also include in-house projects and capital equipment purchases for the first time. (These expenditures were included in the

FY 2023-2024 Budget Report  
Sweetwater Springs Water District

Operating budget in past years). This year the District is also moving forward with a Master Plan to assist in identifying and prioritizing capital projects. The Master Plan will also include identifying wise technological advances to modernize day-to-day field operations.

Finally, the District debt load remains a significant capital expense, with annual payments at around \$780,000/year. When possible, the District will allocate funds to a designated Sinking Fund used to reduce annual payments over a number of years. A total of \$200,000 was allocated to the Sinking Fund in FY 2022-23, lowering the annual budgeted debt load to \$745,000/year in future years.

For more information, please refer to the attached detailed FY 2023-2024 Operating Budget spreadsheet and FY 2023-2024 Capital Projects/Capital Debt Budget spreadsheet.

**FY 2023-24 BUDGET WORKSHEET**

**7.5% Rate Increase plus Tier 1 Adjustment**

	YEAR END ACTUAL (CASH)	APPROVED BUDGET	ESTIMATED YEAR END ACTUAL	PROPOSED BUDGET	+/- Change (from last year)
REVENUE	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24	
<b>OPERATING REVENUE</b>					
<b>Water Sales</b>					
Base Rate	1,789,021	1,905,526	1,883,000	2,125,436	219,910
Current Charges	693,963	772,346	625,000	697,430	(74,916)
Capital Debt Reduction Charges	328,459	349,022	345,000	389,419	40,397
<b>TOTAL WATER SALES</b>	<b>2,811,443</b>	<b>3,026,894</b>	<b>2,853,000</b>	<b>3,212,285</b>	<b>185,391</b>
<b>Total OPERATING REVENUE</b>	<b>2,811,443</b>	<b>3,026,894</b>	<b>2,853,000</b>	<b>3,212,285</b>	<b>185,391</b>
<b>NON-OPERATING REVENUE</b>					
Grant Proceeds	0	0	20,000	-	-
1700 Interest	3,674	3,500	7,000	6,000	2,500
3600 Construction New Services	16,924	8,000	8,000	8,000	
3601 Construction Service Upgrades	200	6,000	6,000	6,000	
4032 Rent	119,868	121,500	121,500	124,800	3,300
4040 Miscellaneous Income	1,635	1,500	19,000	1,500	-
<b>Total NON-OPERATING REVENUE</b>	<b>142,301</b>	<b>140,500</b>	<b>181,500</b>	<b>146,300</b>	<b>5,800</b>
<b>Total OPERATING INCOME</b>	<b>2,953,744</b>	<b>3,167,394</b>	<b>3,034,500</b>	<b>3,358,585</b>	<b>191,191</b>
<b>EXPENSES</b>					
<b>OPERATING EXPENSES</b>					
<b>SALARY &amp; BENEFITS</b>					
<b>Salary</b>					
5910 Wages	959,019	911,550	920,000	999,600	88,050
5912 Overtime	32,029	37,000	40,000	35,000	(2,000)
5916 On-Call Pay	40,170	37,000	45,000	40,000	3,000
5918 Meter Reader	15,926	37,000	-	-	(37,000)
<b>Total Salary</b>	<b>1,047,144</b>	<b>1,022,550</b>	<b>1,005,000</b>	<b>1,074,600</b>	<b>52,050</b>
<b>Benefits</b>					
5500 Flex Spending	5,995	0	0	0	-
5920 Retirement (District portion)	66,612	72,000	72,000	85,600	13,600
5920.4 Retirement - UL	1,385	1,400	1,385	1,500	100
5922 Payroll Taxes (District share)	17,301	16,000	18,000	18,400	2,400
5930 Health Benefits (District share)	247,681	260,000	282,480	321,600	61,600
5931 Retiree Health	11,760	14,000	14,000	14,100	100
5940 Workers Comp Insurance	22,842	23,000	23,830	32,000	9,000
5941 Life Insurance (GM)	1,000	1,000	1,000	1,000	-
<b>Total Benefits</b>	<b>374,576</b>	<b>387,400</b>	<b>412,695</b>	<b>474,200</b>	<b>86,800</b>
<b>TOTAL SALARY &amp; BENEFITS</b>	<b>1,421,720</b>	<b>1,409,950</b>	<b>1,417,695</b>	<b>1,548,800</b>	<b>138,850</b>
<b>SERVICES &amp; SUPPLIES</b>					
<b>Communications</b>					
6040-I Internet service	3,383	2,700	4,500	4,600	1,900
6040-C Cell Phones/Radios	6,312	6,300	8,200	7,250	950
6040-T Telephones	29,311	30,000	31,000	35,000	5,000
<b>Total Communications</b>	<b>39,006</b>	<b>39,000</b>	<b>43,700</b>	<b>46,850</b>	<b>7,850</b>
<b>Insurances</b>					
6101 Liability & Auto Ins.	40,259	50,000	44,276	50,000	0
<b>Total Insurances</b>	<b>40,259</b>	<b>50,000</b>	<b>44,276</b>	<b>50,000</b>	<b>-</b>
<b>Maintenance - Office &amp; Vehicles</b>					
6140 Vehicle Maintenance	19,103	18,000	17,000	18,000	-
6151 Office Maintenance	4,771	5,000	5,000	5,000	-
<b>Total Maintenance - Office &amp; Vehicles</b>	<b>23,874</b>	<b>23,000</b>	<b>22,000</b>	<b>23,000</b>	<b>-</b>
<b>Maintenance - Facilities</b>					
6085 Janitorial Services	8,302	11,000	11,000	12,000	1,000
6100 SCADA System	3,737	6,500	6,000	8,000	1,500
6180 Distribution System Repairs	28,050	50,000	52,000	60,000	10,000
6235 Treatment Sys/Well Repairs	36,588	75,000	70,000	45,000	(30,000)
6143 Generator Maintenance	7,328	5,000	5,000	5,000	-

SWEETWATER SPRINGS WATER DISTRICT  
OPERATING AND CAPITAL BUDGET, 2023-24

	YEAR END ACTUAL (CASH)	APPROVED BUDGET	ESTIMATED YEAR END ACTUAL	PROPOSED BUDGET	+/- Change (from last year)
<b>Total Maintenance - Facilities</b>	<b>84,005</b>	<b>147,500</b>	<b>144,000</b>	<b>130,000</b>	<b>(17,500)</b>
<b>Miscellaneous Expenses</b>					
6280 Memberships	10,307	11,000	11,000	11,500	500
6303 Claims	0	1,500	1,000	1,000	(500)
6593 Governmental Fees	20,985	22,000	30,000	31,755	9,755
<b>Total Miscellaneous Expenses</b>	<b>31,292</b>	<b>34,500</b>	<b>42,000</b>	<b>44,255</b>	<b>9,755</b>
<b>Office Expense</b>					
6410 Postage	18,481	20,000	20,000	20,000	-
6430 Printing Expense	8,147	9,000	9,000	8,200	(800)
6461 Office Supplies	8,711	6,000	6,000	6,000	-
6800 Subscriptions/Legal Notices	3,078	3,000	3,500	1,400	(1,600)
6890 Computers/Software	2,304	4,500	4,000	2,500	(2,000)
6895 Billing System	0	27,600	16,000	15,400	(12,200)
6897 Website	0	2,400	2,400	3,000	13,000
<b>Total Office Expense</b>	<b>40,721</b>	<b>72,500</b>	<b>60,900</b>	<b>53,500</b>	<b>(19,000)</b>
<b>Operating Supplies</b>					
6300 Chemicals	15,541	15,000	15,000	20,000	5,000
6880 Tools and Equipment	6,258	7,500	7,500	7,500.00	-
6881 Safety Equipment	11,948	2,500	3,000	3,000	500
<b>Total Operating Supplies</b>	<b>33,747</b>	<b>25,000</b>	<b>25,500</b>	<b>30,500</b>	<b>5,500</b>
<b>Professional Services</b>					
6514 Lab/Testing Fees	13,532	15,000		16,000	1,000
6570 Consultant Fees	107,885	50,000	30,000	23,000	(27,000)
6590 Engineering	9,326	10,000	10,000	10,000	-
6610 Legal	107,072	60,000	40,000	30,000	(30,000)
6630 Audit/Accounting	37,421	38,000	38,000	45,850	7,850
<b>Total Professional Services</b>	<b>275,236</b>	<b>173,000</b>	<b>118,000</b>	<b>124,850</b>	<b>(48,150)</b>
<b>Rents &amp; Leases &amp; Loans</b>					
6820 Equipment	1,265	3,600	3,600	3,800	200
6840 Building & Warehouse	31,276	32,000	32,000	32,000	-
7913 Policy Reserve Loan	135,000	135,000	135,000	135,000	-
<b>Total Rents, Leases &amp; Loans</b>	<b>167,541</b>	<b>170,600</b>	<b>170,600</b>	<b>170,800</b>	<b>200</b>
<b>Transportation &amp; Travel</b>					
7120 Seminars & related travel	810	5,000	4,000	3,000	(2,000)
7201 Vehicle Gas	37,622	40,000	40,000	42,000	2,000
7300 Travel Reimbursements	4,468	6,500	5,000	4,100	(2,400)
<b>Total Transportation &amp; Travel</b>	<b>42,900</b>	<b>51,500</b>	<b>49,000</b>	<b>49,100</b>	<b>(2,400)</b>
<b>Uniforms</b>					
6021.1 Boots	1,895	1,500	1,500	1,715	215
6021.3 T-shirts	2,675	1,800	500	1,500	(300)
6021.4 Jackets	0	250	250	250	-
<b>Total Uniforms</b>	<b>4,570</b>	<b>3,550</b>	<b>2,250</b>	<b>3,465</b>	<b>(85)</b>
<b>Utilities</b>					
7320 Electricity	126,478	126,000	126,000	139,000	13,000
7321 Propane	1,958	3,500	3,500	4,000	500
<b>Total Utilities</b>	<b>128,436</b>	<b>129,500</b>	<b>129,500</b>	<b>143,000</b>	<b>13,500</b>
<b>Total SERVICES &amp; SUPPLIES</b>	<b>911,587</b>	<b>919,650</b>	<b>851,726</b>	<b>869,320</b>	<b>(50,330)</b>
<b>FIXED ASSET EXPENDITURES</b>					
8517 Field/Office equipment	0	5,000	5,000	-	-
8573 Vehicles	0	50,000	0	-	(50,000)
8511.1 Tank/Facilities Sites	1,025	24,000	24,000	-	(24,000)
8511.6 Leasehold Improvements	0	0	0	-	-
<b>Total FIXED ASSET EXPENDITURES</b>	<b>1,025</b>	<b>79,000</b>	<b>29,000</b>	<b>0</b>	<b>(79,000)</b>
<b>Total OPERATING EXPENSES</b>	<b>2,334,332</b>	<b>2,408,600</b>	<b>2,298,421</b>	<b>2,418,120</b>	<b>9,520</b>
<b>TRANSFERS TO OTHER FUNDS</b>					
8620.7 Tfers to CIRF for CDR Revenue	332,402	349,022	349,022	389,419	40,397
8620.3 Tfers to CIRF	430,000	365,000	345,000	535,000	170,000
8620.5 Tfers to Building Fund	15,000	15,000	15,000	15,000	-
8620.2 Tfers to In-House Constr	25,000	25,000	25,000	-	(25,000)

	YEAR END ACTUAL (CASH)	APPROVED BUDGET	ESTIMATED YEAR END ACTUAL	PROPOSED BUDGET	+/- Change (from last year)
Total TRANSFERS TO OTHER FUNDS	802,402	754,022	734,022	939,419	185,397
<b>OPERATING SURPLUS/DEFICIT AFTER TFERS</b>	<b>-182,990</b>	<b>4,772</b>	<b>2,057</b>	<b>1,046</b>	<b>-3,726</b>



## Capital Projects and Capital Debt Budget (Cash)

	2022-23 (Estimate) (Actual)	2023-24 Budget (7.5% incr.)	2024-25 Estimate							
<b>Total CIRF Balance Beginning of Year</b>	<b>\$1,994,980</b>	<b>\$980,692</b>	<b>\$314,781</b>							
<b>REVENUE</b>										
Assessments/New Services	\$750,000	\$750,000	\$750,000							
CDR Transfer from Operations	\$349,022	\$389,419	\$408,890							
Operating Surplus Transfer from Operations	\$365,000	\$535,000	\$545,000							
Interest	\$16,579	\$20,000	\$20,000							
New Construction	\$15,636	\$0	\$0							
Grants Received	\$701,360	\$0	\$0							
<b>Total Revenue</b>	<b>\$2,197,597</b>	<b>\$1,694,419</b>	<b>\$1,723,890</b>							
<b>Total Available for Capital Projects</b>	<b>\$4,192,577</b>	<b>\$2,675,111</b>	<b>\$2,038,671</b>							
<b>EXPENDITURES</b>										
	TOTAL PROJECT COST	PAID (PY)	OBLIGATED BUT NOT YET PAID	<b>GRANT INFORMATION</b>						
				GRANTS APPROVED	GRANTS RECEIVED CY	GRANTS RECEIVED PY	GRANTS APPROVED BUT NOT YET REC'D			
<b>CIP Projects</b>										
CIP 2021	\$1,790,551	\$124,411	\$0	\$1,666,140	\$0	\$0	\$818,280	\$701,360	\$116,920	\$0
Lower Harrison	\$581,675	\$8,200	\$62,255	\$75,000	\$500,000	\$0	\$581,675	\$0	\$0	\$581,675
MR Well 5	\$120,047	\$72,392	\$0	\$37,798	\$0	\$0	\$100,000	\$0	\$0	\$100,000
2023 Emer. Flood Disaster Assist (Moscow	\$17,640	\$0	\$0	\$17,640	\$0	\$0	\$100,000	\$0	\$0	\$100,000
County MR Bridge	\$854,000	\$0	\$25,000	\$25,000	\$30,000	\$0	\$53,325	\$0	\$0	\$53,325
County Willow Rd Drainage (Rio Nido)	\$82,000	\$0	\$0	\$0	\$82,000	\$0	\$0	\$0	\$0	\$0
County Moscow Road 2019 slide	\$50,000	\$4,545	\$12,628	\$293	\$0	\$0	\$0	\$0	\$0	\$0
County Moscow Road 2023 slide	\$240,000	\$0	\$205,672	\$200,000	\$40,000	\$0	\$0	\$0	\$0	\$0
County Neeley Road Emergency Proj	\$527,509	\$0	\$527,509	\$0	\$527,509	\$0	\$0	\$0	\$0	\$0
Wright Drive main pressure zone*		\$0	\$0			\$0	\$160,450	\$0	\$0	\$160,450
Wright Drive upper pressure zone	\$3,087,093	\$0	\$0	\$211,840	\$0	\$0	\$0	\$0	\$0	\$0
Natoma Tank		\$0	\$0			\$0	\$0	\$0	\$0	\$0
Schoeneman pressure zone	\$900,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Schoeneman tank	\$600,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total CIP Projects</b>	<b>\$2,233,711</b>	<b>\$1,179,509</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,179,509</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Capital Expenses</b>										
Annual transfer to Policy Reserves				\$8,174	\$35,821	\$0				
In-House Project/Site Improvements				\$25,000	\$120,000	\$0	Lower Summit Tank liner (\$15G); El Bo Well Rehab (\$80G); In-House projects			
District Master Plan				\$0	\$200,000	\$0				
Vehicle				\$0	\$80,000	\$0				
<b>Total Other Capital Projects/Equipment</b>				<b>\$33,174</b>	<b>\$435,821</b>	<b>\$0</b>				
<b>Debt Payments (for next FY)</b>										
Debt tfer (reduced by Sinking Fund adj.)				\$745,000	\$745,000	\$745,000				
Debt Sinking Fund				\$200,000	\$0	\$0				
<b>Total Debt</b>				<b>\$945,000</b>	<b>\$745,000</b>	<b>\$745,000</b>				
<b>Total CIP/Debt Expenditures</b>				<b>\$3,211,885</b>	<b>\$2,360,330</b>	<b>\$745,000</b>				
<b>Total CIRF Balance End of Year (Est.)</b>	<b>\$980,692</b>	<b>\$314,781</b>	<b>\$1,293,671</b>							