

**SANTA YNEZ RIVER WATER CONSERVATION DISTRICT,
IMPROVEMENT DISTRICT NO.1**

**FY 2023/2024
FINAL BUDGET**





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MISSION STATEMENT

To provide the residential and agricultural customers in the Santa Ynez River Water Conservation District, Improvement District No.1 service area with reasonably priced, reliable, high quality water supply, and efficient and economical public services.

DISTRICT OVERVIEW, STRUCTURE AND STAFFING

The Santa Ynez River Water Conservation District, Improvement District No.1 (District) was formed in 1959 under the Water Conservation District Law of 1931, Division 21, Section 74000 et seq. of the California Water Code (the Act) for the purpose of furnishing water and related water supply services within the District's boundaries. The District has operated continuously since 1959.

Located in the central portion of Santa Barbara County, the District serves the communities of Santa Ynez, Los Olivos, Ballard, the Santa Ynez Band of Chumash Indians, and the City of Solvang on a limited basis. With a service area population of approximately 7,022 (excluding the City of Solvang), the District currently provides water directly to approximately 2,624 municipal and industrial customers (including domestic/residential, commercial, institutional, rural residential, and fire service) and approximately 97 agricultural customers. The District encompasses an area of approximately 10,850 acres (including approximately 1,300 acres within Solvang).

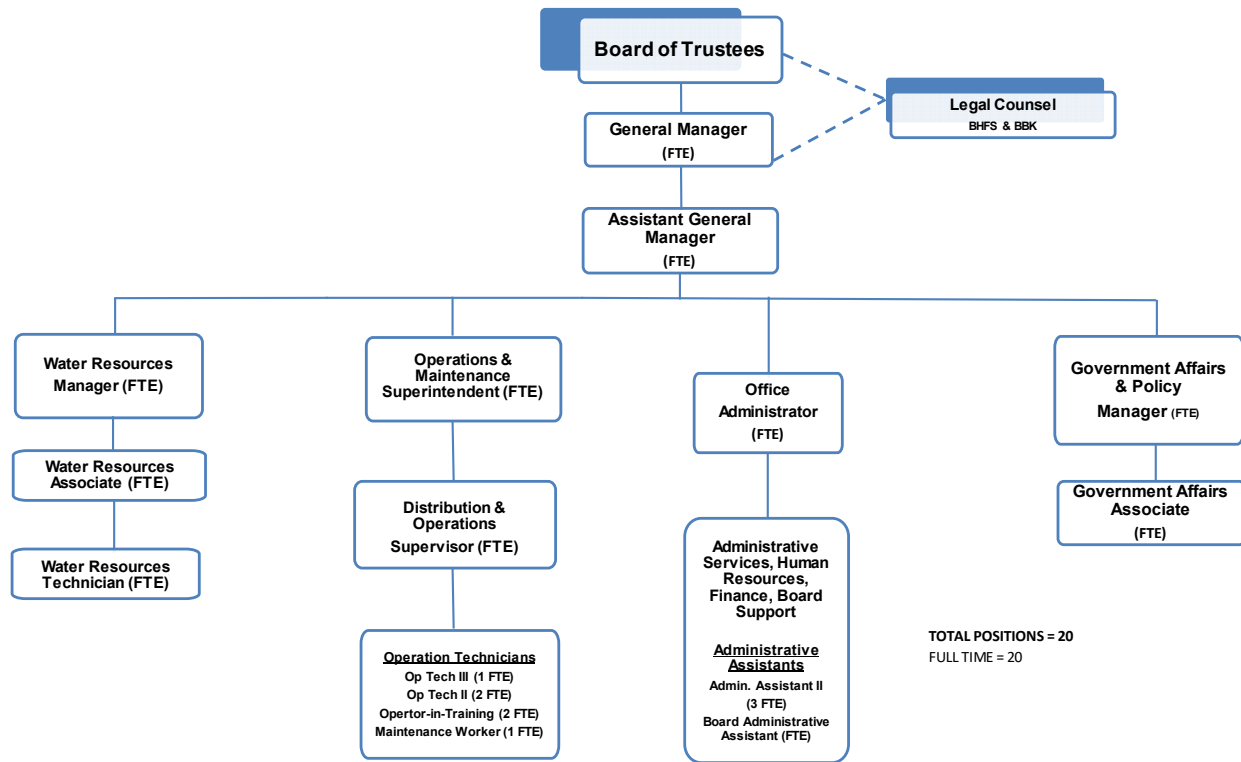
The District obtains its water supplies from the Cachuma Project/State Water Exchange, direct diversions from the Cachuma Project (as needed), contractual deliveries from the State Water Project as a member agency of the Central Coast Water Authority, production from the Santa Ynez Uplands Groundwater Basin, and diversions from the Santa Ynez River alluvium. The District's major activities include acquisition, construction, operation, and maintenance of works and facilities for the development and use of water resources and water rights, including without limitation, works and facilities to divert, store, pump, treat, deliver, and sell water for reasonable and beneficial uses by the District's customers.

Operational Information

- District Pipelines (in miles) = 92
- Number of Booster Pump Stations = 5 with 11 pumps
- Number of Active Wells = 19
- SWP/ID No.1 Turnout = 5 pumps
- Number of water storage reservoirs/tanks = 4 with a total capacity of 16.7 million gallons
- Current number of approved, funded full-time equivalent (FTE) positions = 20

ORGANIZATION CHART

FISCAL YEAR 2023/2024



TOTAL POSITIONS = 20
FULL TIME = 20

EXECUTIVE SUMMARY FISCAL YEAR 2023/24

BUDGET PROCESS

The District's fiscal year budget is one of the most important documents prepared by management for the Board of Trustees. The financial accounts and line items reflected in this document and the FY 2023/24 Final Budget describe the annual fiscal year budget beginning July 1, 2023 and ending on June 30, 2024.

The development and adoption of the District's annual budget is based on projected revenues and expenditures, as well as identified projects and programs which provide the financial foundation for District activities. The budget serves as a roadmap for ensuring reasonable costs and predictable customer rates. The budget blends advanced revenue forecasting and effective expenditure management with the infrastructure investment needed to deliver safe, reliable, cost-effective, and sustainable water supplies to the communities served by the District.

Through the process of planning and preparing the budget, management compared the 2016 Water Rate Study results with the prior year financial conditions and year-end estimated outcomes, then forecasted the funding needs of the District in order to continue to provide high levels of water service, meet regulatory requirements, and comply with applicable financial obligations throughout the fiscal year and beyond.

To determine the annual operating budget and capital costs necessary to provide water service, the General Manager and Assistant General Manager work with the Water Resources Manager and the Operations & Maintenance Superintendent to identify and prioritize estimated operating expenditures and capital improvement projects. Once a Preliminary Budget is prepared, it is presented to the Board of Trustees at a public meeting to provide an opportunity for questions, modifications, and direction to staff to finalize the budget for Board approval at a subsequent public meeting. The Final Budget provides a necessary foundation for the District's administrative, operations, and maintenance programs, debt service obligations, and other financial commitments and service objectives for the coming year.

REPORTING BASIS

The District utilizes the accrual basis for budgeting purposes and for accounting and financial reporting. The accrual method recognizes revenues and expenses in the period in which they are earned and incurred. The accrual method is the Generally Accepted Accounting Principal (GAAP) for financial reporting.

The District reports its activities as an enterprise fund. This method of reporting is used to account for operations that are financed and administered in a manner similar to a private business enterprise. The costs of providing water and services to customers on a continuing basis (including replacement of existing assets) should be financed or recovered primarily through user charges and the costs are borne by the customers who are receiving the benefit of the assets.

The FY 2023/24 Final Budget was developed from the Uniform System of Accounts for Water Utilities which includes a set of tables providing details for revenue and expenditure categories of the District. **The tables contained in this Report are intended to be reviewed in connection with the FY 2023/24 Final Budget document.**

The accounting for the budget is supported by the QuickBooks accounting system which is verified annually by an independent audit performed by Bartlett, Pringle & Wolf. The budget tables show categories of the operating revenues as compared to operating expenditures along with debt service and special studies expenditures, including but not limited to compliance with various state and federal regulatory requirements applicable to fisheries protection in the Lower Santa Ynez River, compliance with water rights orders issued by the State Water Resources Control Board, and implementation of contractual requirements. Historically, the District's operating expenses and Capital Improvement Project program are to be fully funded by operating revenues, and as necessary and appropriate from reserve funds. The Capital Improvement Project expenditures can be funded by a combination of operating revenues and reserves.

BUDGET AND RESERVE FUND BACKGROUND

The District's 2016 Water Rate Study, inclusive of the approved Water Rate Schedule, was adopted by the District's Board of Trustees on December 13, 2016 and became effective on February 1, 2017. The Water Rate Study and Schedule provide the foundation for incrementally increased revenues over a five-year period. Rates were developed to meet operating expenses, debt service obligations, capital improvement projects (partially), and other planned expenditures. The Water Rate Study also includes a Reserves analysis and a plan for adding to the District's reserve funds over time to allow for recovery of reserve deficits that occurred over the previous six-year period. The last rate adjustment pursuant to the Water Rate Schedule went into effect on July 1, 2021 and remains in effect for the FY 2023/24 budget cycle. The FY 2023/24 Final Budget proposes to fully fund all expense categories, including Operations and Maintenance (O&M), General and Administrative (G&A), Debt Service, Other Expenses and Special Studies, and Capital Improvement Project program costs, leaving a net balance of \$1,032,597 which will be added to the District's reserves.

Below are the past fiscal year and the most current fiscal quarter-end Reserve balances based on actual accounting and audit information.

Table 1

RESERVE BALANCES

	June 30, 2022	March 31, 2023¹
<u>BOARD RESERVED</u>		
Debt Repayment Obligation	\$1,667,537	\$866,405 ²
Repair & Replacement	\$4,353,712	\$6,054,018
Plant Expansion	\$5,636,144	\$7,336,450
Subtotal	\$11,657,393	\$14,256,873
<u>RESTRICTED RESERVE</u>		
Dev. Fee; SY Septic	\$109,212	\$109,212
State Water Project Reserve ³	\$3,000,000	\$3,000,000

1. Amounts reflected in this column represent the reserve balance at 9-months of current FY 2022/23. The year-end reserve amount will change at June 30, 2023 to reflect a balance based on actual accounting for projects and debt service expenditures.
2. This amount represents a Debt Payment Obligation reserve balance at 9-months of current FY 2022/23. The year-end reserve amount in this category will change at June 30, 2023 to reflect payments for the SWP payment due on June 1, and the USBR Safety of Dams Repayment Contract payment.
3. One year set aside payment established to guarantee ID No.1's contractual debt obligation in the event of a default by the City of Solvang.

BUDGET IN DETAIL

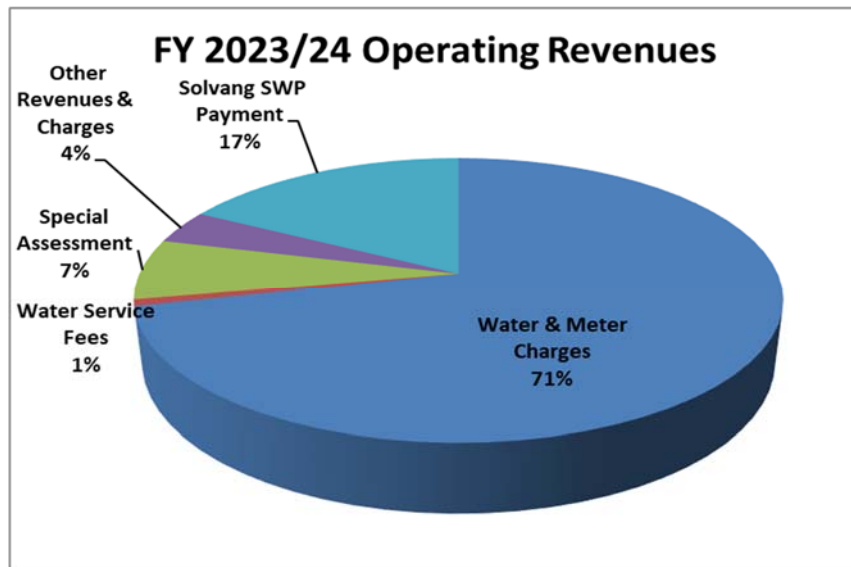
The specific revenue and expenditure categories of the budget account for the adopted water rates and revenues, prior year audit data, and financial account information. The categories are displayed using actual 9-month revenue and expenditure data from the current fiscal year, and are also projected to show the fiscal year-end figures (June 30, 2023). This information is used as part of the evaluation to develop the FY 2023/24 Final Budget.

The FY 2023/24 Final Budget of \$12,520,163 reflects an overall 0.81% decrease compared to the projected June 30, 2023 year-end results, and is 2.6% less than the financial projections adopted as part of the 2016 Water Rate Study. As noted above, the FY 2023/24 Final Budget assumes that water rates remain static based upon the last rate increase that went into effect July 1, 2021. The water rates are applied to forecasted water sales and meter charges in FY 2023/24 based on actual sales and charges in the current and prior fiscal years. The budget also assumes no increase in the \$875,000 Special Assessment/Ad Valorem Tax, even though the authorized limit for FY 2023/24 is \$2,388,353. Other factors such as capital facilities charges and interest income are integral parts of the forecast. The information below shows that budgeted revenues will meet projected operating expenditures and debt service obligations, and result in a projected net revenue balance of \$3,861,627. This revenue balance will fund the Other Expenses and Special Studies categories as further detailed in the Final Budget, leaving a balance of \$3,145,127 in net operating revenues, which will fully fund the proposed \$2,112,530 Capital Improvement Projects (CIP) Program for FY 2023/24, leaving a net balance of \$1,032,597 which will contribute to the District's reserves.

SUMMARY OF REVENUES

The District operates according to cost of service, with revenues derived primarily from water sales, the special tax assessment, fixed monthly service charges, and other water services. For the FY 2023/24 Final Budget, the total operating revenues are projected at \$12,520,163 including the SWP revenue of \$2,143,283 from the City of Solvang. Actual projected total revenues are \$10,376,880 without the SWP pass-through payment. Table 2 below summarizes the distribution of the District's projected revenue sources for FY 2023/24.

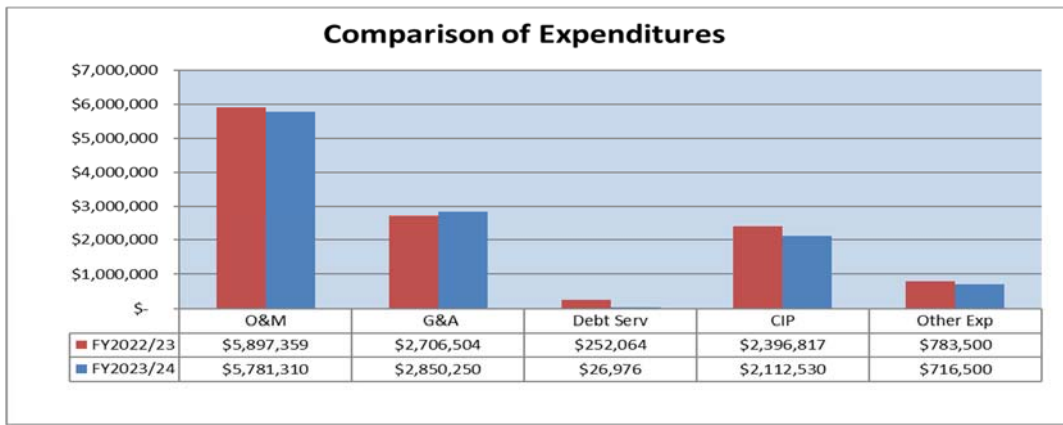
Table 2



SUMMARY OF EXPENDITURES

Based on the FY 2023/24 Final Budget, the District’s projected water sales and other operating revenues, including the FY 2023/24 special tax assessment, will fully fund the overall operating expenditures, including all categories of Operation & Maintenance, General & Administrative, and Debt Service, and result in a net revenue balance of \$3,861,627. This net balance of operating revenues is proposed to fund the District’s Other Expenses and Special Studies categories as further detailed in the Final Budget. Thereafter, a net revenue balance of \$3,145,127 is proposed to fully fund the District’s FY 2023/24 CIP program. Table 3 below shows all expenditure categories for FY 2023/24 in comparison to the previous fiscal year.

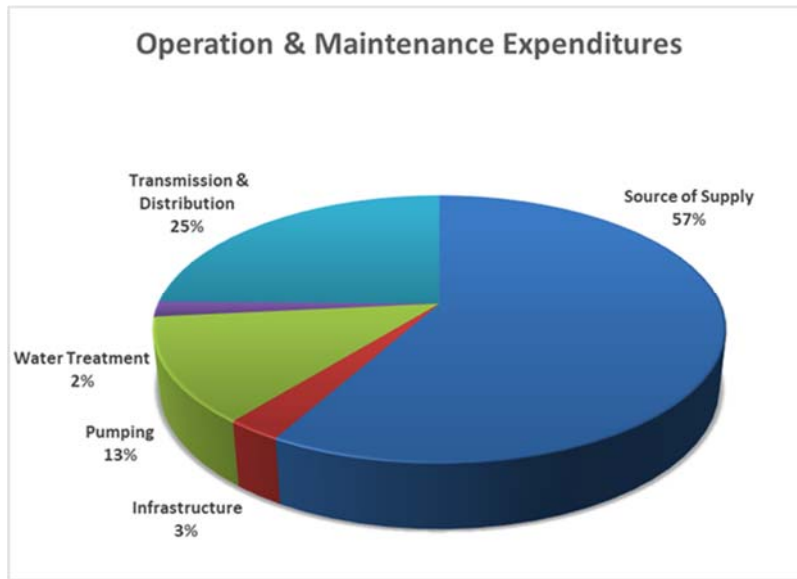
Table 3



EXPENDITURES - OPERATION AND MAINTENANCE (O&M)

The overall budget for O&M expenditures for FY 2023/24 is 2% (\$116,049) less than last year’s FY 2022/23 budget, with the Source of Supply category having the single largest decrease totaling \$311,984. This is directly attributable to a decrease in fixed CCWA costs, as well as CCWA O&M credits used to offset ID No.1’s gross amount due which resulted in a reduction of \$199,611 in the ID No.1’s State Water Project costs for FY 2022/23 and \$97,279 for the City of Solvang’s passthrough expenses for the year. Additionally, the United States Bureau of Reclamation (USBR) charges for Cachuma Project supplies and Renewal/Environmental Fund reflects a \$28,594 overall reduction in the coming fiscal year. The main reason for the decrease is the elimination of the USBR deficit repayment obligation. The Infrastructure category reflects an increase attributable to Santa Barbara County’s Pavement Rehabilitation Project, which is slated to be completed in FY 2023/24 and will affect 26 of the District’s valves. Funding for this is estimated at \$39,000 (\$1,500 per valve box) for the County’s contractor to lower and raise the valve boxes to finished grade. Other categories of Pumping and Transmission & Distribution all realized increases based on inflationary and vendor increases. Table 4 on the next page illustrates the distribution of costs for the O&M expense categories.

Table 4



EXPENDITURES - GENERAL AND ADMINISTRATION (G&A)

The overall budget for G&A expenditures for FY 2023/24 increased 5% (\$143,746) compared to last year's FY 2022/23 budget.

Administrative expenses, including dues and subscriptions, miscellaneous service contracts, various utilities, and liability insurance are projected to increase slightly due to inflationary and vendor cost increases related to the current economic climate.

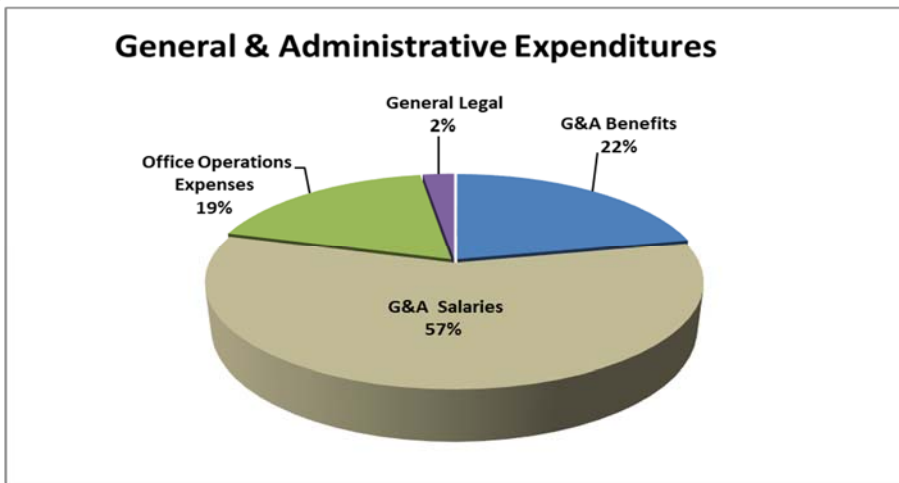
Other increases to this category are tied to Cost of Living (COLA) and merit increases to employee salaries in accordance with the District's adopted Personnel Policy and Salary Schedule, which in turn affect retirement and payroll tax expenses. The District-wide COLA adjustment is being proposed at 7%. The COLA is consistent with industry standards and is based upon the Consumer Price Index 12-month calculation data (March-February). The COLA adjustment is obtained by averaging the most recent 12-month indexes for all urban wage earners and clerical workers and comparing that average to the previous 12-month averaged data for the Los Angeles-Long Beach-Anaheim area of California.

Additionally, premiums for health, dental, and vision coverage are anticipated to have an inflationary increase of 10%, 2%, and 2% respectively according to ACWA JPIA. The FY 2023/24 Final Budget also includes a proposed modification to the District's current dental benefit and the proposed addition of standard life insurance to be included in the District's employee benefits package. With regard to dental coverage, staff reviewed the District's plan and found that it is not comparable to what other local agencies are providing to their employees. Currently the District provides the most basic plan, with the lowest coverage thresholds, which results in the highest out-of-pocket employee cost for dental procedures. When reviewing other plan offerings, enhanced features include a higher annual maximum benefit threshold, increased coverage for basic fillings, root canals, and oral surgery, and partial coverage for orthodontics (which is not provided in the District's current plan). By offering a more comprehensive plan, inclusive of the enhanced features, the District's benefit package will be more comparable to other agencies and will help ID No.1 employees manage increasing out-of-pocket expenses for dental care.

The annual cost increase from the current plan to the enhanced plan is \$13,980. The addition of a basic life insurance policy is also being proposed to bring the District’s overall benefits package more in-line with industry standard and comparable to what other agencies are offering. The District polled nine local water agencies and all of them provide life insurance to their employees. The annual cost for a basic life insurance policy to be provided through ACWA JPIA for each District employee (1.5 x annual salary, maximum of \$150,000) is \$7,260. Overall, the two proposed modifications to ID No.1’s benefits package is \$21,240 or 0.17% of the overall budget. These enhancements are designed to reflect the District’s commitment to personnel, consistent with industry trends, and to support the District’s efforts in successful employee recruitment and retention.

Table 5 below illustrates the distribution of costs for the G&A expense categories.

Table 5



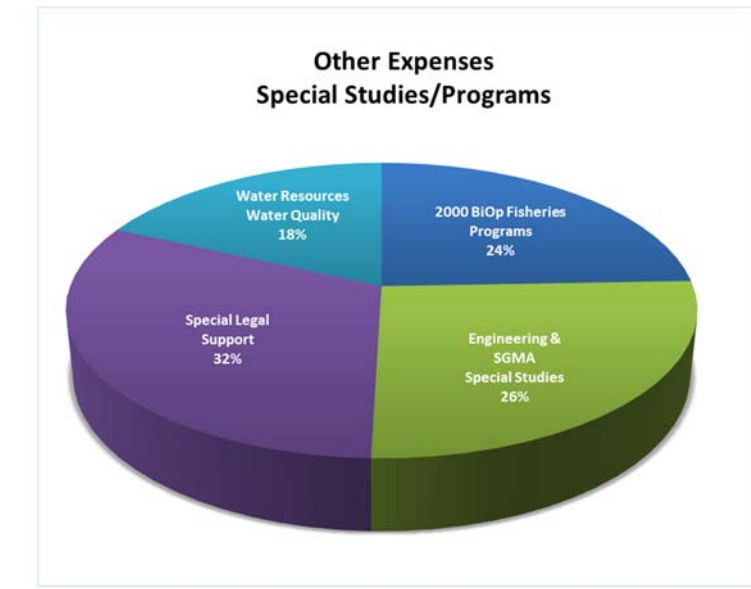
DEBT SERVICE

The District’s Debt Service category for FY 2023/24 includes the USBR Safety of Dams repayment (principal and interest) which remains constant for the 50-year term at \$26,976 per year. The 2023/24 Final Budget reflects a 89% decrease in Debt Service as a result of the District satisfying its Series 2004A Bond debt (principal and interest) during FY 2022/23 in accordance with the repayment terms. As detailed above, the FY 2023/24 operating revenues, inclusive of the special tax assessment, are projected to fully fund the District’s operating expenses plus debt service.

OTHER EXPENSES

For FY 2023/24, the budgeted amount of \$716,500 in the Other Expenses category will be funded by the net revenue balance of \$3,861,627. The FY 2023/24 budget for Other Expenses is \$97,000 less than what was budgeted in FY 2022/23. As fully detailed in the 2023/24 Final Budget, the primary cost categories reflect ongoing work related to the 2019 State Water Resource Control Board Order and related studies for the Cachuma Project, the ongoing federal Endangered Species Act Section 7 re-consultation process for the Cachuma Project, ongoing water right proceedings in the Lower Santa Ynez River, and the Sustainable Groundwater Management Act, among other matters. Table 6 below illustrates the distribution of costs for the Other Expenses and Special Studies categories.

Table 6



CAPITAL IMPROVEMENT PROJECTS (CIP)

Infrastructure planning and investment is critical to the ongoing reliability of the District’s water production and distribution system. In years past, the District’s CIP program was seriously compromised by shortfalls in operating revenues caused by outdated water rates and a multi-year suspension on the levy of a special tax assessment. Those shortfalls required incremental drawdowns of District reserves simply to meet annual operating expenses and debt service. Consequently, monies were not available to fund the CIP program, and needed capital improvements to the District’s aging water system were deferred.

On the other hand, when operating revenues are healthy and able to meet and exceed operating expenses, net revenues are available to fund the District’s Debt Service and Other Expenses (including Special Studies) and then contribute to building reserves and/or funding the CIP program. In FY 2018/19, revenues began to stabilize, allowing for net revenues to be added to reserves for capital improvements. In FY 2021/22 and 2022/23, the District was able to budget for important infrastructure investments. While many of those CIP projects were undertaken and completed, several of them were suspended or delayed due to the COVID-19 pandemic and related orders and restrictions issued by federal, state, and local authorities, as well as production halts, shipping delays, and inventory shortfalls for various parts and materials. These delays again affected progress or completion of several CIP projects during FY 2022/23, and as a result they have been rolled into the FY 2023/24 Final Budget.

For FY 2023/24, a total of \$2,112,530 is budgeted for the CIP program. This amount is \$284,287 less than the \$2,396,817 CIP budget in FY 2022/23. Of particular note, the entire CIP program for FY 2023/24 will be funded from the District’s net revenues of \$3,145,127 (after funding Other Expenses and Special Studies) and will not require funding from District reserves. The CIP items include projects needed for replacements, betterments, upgrades, and repairs of the District water supply, production, and distribution system. Projects that were not completed during FY 2022/23 are identified as “Rollforward Projects” below.

Account 900332 (\$125,000) – Water Treatment Plant/Building (Rollforward Project) – This account was originally budgeted to include a combination steel building to house a water treatment and control system for the District’s office wells, along with a garage bay for District equipment and needed expansion and upgrade of field crew quarters. Final architectural and engineering design work has been completed. The budgeted amount for FY 2023/24 remains unchanged from the FY 2022/23 amount. All funds will be directed to design modifications to incorporate a District-designated Board Room, finalizing the building design, and initial permitting costs and processing.

900333 (\$285,000) – Cr6 Blending Station/Facilities (Rollforward Project) – With the resurgence of a new Cr6 water quality standard (10 ppb MCL) that is expected to be re-adopted by the State Water Resources Control Board in the coming fiscal year. Funds are budgeted for engineering and design of treatment and distribution facilities to comply with the new regulation.

900372 (\$36,500) – Office Computers, Furniture & Equipment (Partial Rollforward) – This account includes rollforward funds (\$30,000) that will be utilized for the initial phase of implementing a Laserfiche Enterprise Document Management System. Since the District’s formation, the District continues to maintain much of its documentation in original form. Limited space has become a factor in meeting document storage needs, and a Laserfiche Document Management System will modernize the business operations of the District and provide more efficiency for searching, locating, and storing documents. Completion of this project was slated for FY 2022/23; however, the completion of other IT projects (i.e., new server) were prioritized to ensure compatibility with a new Laserfiche System.

Additional funds will be utilized for the replacement of three office computers as part of the District’s routine computer replacement program. Costs include the purchase of equipment, software, and network set-up by the District’s IT vendor, estimated at \$6,500.

900318 (\$151,800) – Meter Replacement/Utility Billing (Partial Rollforward) – The Districtwide meter replacement program began in FY 2019/20. This multi-phase replacement program consists of purchasing and installing new meters to replace existing ones that have been in service for approximately 20 years and have diminished capabilities to provide accurate accounting of water use. During FY 2022/23, a total of 981 meters were budgeted and installation is anticipated to be 98% complete by June 30, 2023. The FY 2023/24 Final Budget amount (\$151,800) will be utilized to complete the remaining meter installations which includes large agricultural meters, program implementation, technical support, and provide residual meter inventory necessary to be retained on-hand.

900371 (\$26,000) – Office Building/Shop Improvements – This account includes construction of an open-sided carport to house the District’s fleet and equipment to mitigate weather damage currently being incurred for lack of protective cover (\$10,000). Additional funds will be utilized for the demolition and installation of a new cedar fence located at the District office (\$6,000). The remaining \$10,000 will be utilized for upgrades to the shop area, including secured shelving for tools and equipment, workbenches, security, required electrical upgrades, and related work stationing for the field crew, which was a recommendation from the District’s recent site visit by ACWA JPIA.

900181 (\$1,000) – CAD-GIS – This account includes \$1,000 for equipment needs and/or software upgrades necessary to continue operation of the District’s GIS system that is used to maintain the District’s digital atlas.

900378 (\$102,230) – Major Tools, Shop & Garage Equipment – Funds will be utilized to purchase a compact track loader with forks, bucket, and mowing/brush cutter attachments. This piece of equipment will enhance field efficiency and be utilized on a regular basis for a variety of applications, such as grading and dirt work associated with mainline repairs and service installations, moving materials and equipment at various District sites, and routine weed abatement at several District locations, which is typically completed by outside contractors at a significant cost.

900350 (\$328,200) – Upland Wells (Partial Rollforward Project) – Funds will be used to upgrade the electrical panels at Well Nos. 7 and 28 for a total of \$253,129. The work associated with these two well sites are Rollforward Projects from FY 2022/23 due to lengthy fabrication time extending over 50 weeks and significant delays in the availability of parts and materials. The current electrical panels are substantially obsolete and pose potential safety hazards. The panel components need to be improved to current day standards, which will improve efficiency and operational safety. Costs to complete this task include materials, construction, and installation.

New project work under this line-item (\$75,000) includes costs for rehabilitation or replacement of a well pump and motor in the Santa Ynez Uplands.

900106 (134,400) – Rehabilitation/Replacement of Mains/Laterals/Valves (Rollforward Projects) – Funds will be used for the replacement of five (5) mainline valves that are broken or inoperable, plus valve insertions at various locations within the District (\$30,000). This work was budgeted for FY 2022/23, yet not fully completed due to workload prioritization.

Additionally, \$104,400 will be utilized to replace the District's water main that is currently located on the old Highway 154 bridge spanning Alamo Pintado Creek in Los Olivos (now used as a pedestrian bridge). Because Caltrans is demolishing the old bridge and installing a new one, the District must replace its water main to span the Creek as part of the new bridge. Expenses include engineering services at \$8,400, contractor labor and equipment costs at \$70,000, and materials costs of \$26,000.

900170 (\$219,200) – 6 CFS Well Field (Rollforward Project) – Funds will be used to upgrade the electrical panels at the 6 CFS Well Field. The work associated with this site is a Rollforward Project from FY 2022/23 due to lengthy fabrication time extending over 50 weeks and significant delays in the availability of parts and materials. The current electrical panels are substantially obsolete and pose potential safety hazards. The panel components need to be improved to current day standards, which will improve efficiency and operational safety. Costs to complete this task include materials, construction, engineering, and installation.

900373 (\$55,000) – Fleet Vehicle Replacement – This account includes funds for the purchase of one replacement fleet vehicle (field truck). This vehicle will replace an existing 2012 model with approximately 131,000 miles. The vehicle slated for replacement is beginning to incur ongoing repair costs and its reliability is diminishing.

900171 (\$70,400) – 4 CFS Well Field (Rollforward Project) – Funds will be utilized to complete the installation of a manual transfer switch for emergency generator use at the 4

CFS well field. Additionally, a voltage monitor will be installed within the existing electrical panels due to voltage fluctuations delivered by PG&E at this location. Delivery and equipment delays have resulted in the project work being rolled into FY 2023/24. Estimated costs include all materials and labor (\$64,269). Additional engineering services for construction support and an arc flash analysis are estimated at \$6,131.

900195 (\$44,400) – Refugio 2 Booster Pump Station (Rollforward Project) – Funds will be utilized to complete the installation of a manual transfer switch for emergency generator use at the Refugio 2 Booster Pump Station. Additionally, a voltage monitor will be installed within the existing electrical panels due to voltage fluctuations delivered by PG&E at this location. Delivery and equipment delays have resulted in the project work being rolled into FY 2023/24. Estimated costs include all materials and labor (\$38,265). Additional engineering services for construction support and an arc flash analysis are estimated at \$6,135.

900196 (\$164,700) – Alamo Pintado Booster Pump Station (Partial Rollforward Project) – Funds will be used to upgrade the electrical panels at the Alamo Pintado Booster Pump Station. The work associated with this site is a Rollforward Project from FY 2022/23 due to lengthy fabrication time extending over 50 weeks and significant delays in the availability of parts and materials. The current electrical panels are substantially obsolete and pose potential safety hazards. The panel components need to be improved to current day standards, which will improve efficiency and operational safety. Costs to complete this task include materials, construction, engineering, and installation.

900197 (\$59,900) – Refugio 3 Booster Pump Station (Rollforward Project) – Funds will be used to upgrade the electrical panels at the Refugio 3 Booster Pump Station. The work associated with this site is a Rollforward Project from FY 2022/23 due to lengthy fabrication time extending over 50 weeks and significant delays in the availability of parts and materials. The current electrical panels are substantially obsolete and pose potential safety hazards. The panel components need to be improved to current day standards, which will improve efficiency and operational safety. Costs to complete this task include materials, construction, engineering, and installation.

900198 (\$308,800) – Meadowlark Booster Pump Station (Partial Rollforward Project) – Funds from this account will be used for two projects. First is the construction of an open sided pole barn structure to house the District's large equipment, trailers, and materials to mitigate weather damage currently being incurred for lack of protective cover. Costs for this project are approximately \$10,000 and construction work will be completed by the District's field team.

The remaining \$298,800 will be used to upgrade the electrical panels at the Meadowlark Booster Pump Station. The work associated with this site is a Rollforward Project from FY 2022/23 due to lengthy fabrication time extending over 50 weeks and significant delays in the availability of parts and materials. The current electrical panels are substantially obsolete and pose potential safety hazards. The panel components need to be improved to current day standards, which will improve efficiency and operational safety. Costs to complete this task include materials, construction, engineering, and installation.

If additional CIP expenditures are needed, funding will come from the Repair and Replace and/or Plant Expansion Reserves. Alternatively, the projects could be deferred or re-prioritized.

FY 2023/24 FINAL BUDGET CONCLUSION

The FY 2023/24 Final Budget revenues of **\$12,520,163** are projected to be sufficient to meet total O&M expenses, G&A expenses, and Debt Service obligations of **\$8,658,536** with a net revenue balance of **\$3,861,627**. This net revenue balance of \$3,861,627 will be used to fund the \$716,500 of Other Expenses for special studies, engineering, design, legal, and consulting work to maintain protection and preservation of the District's water rights and to ensure compliance with various regulatory orders and requirements applicable to the District's rights and water supply portfolio, including but not limited to state-mandated water quality standards and fishery protections applicable to the Cachuma Project in accordance with State Water Resources Control Board Orders and the federal Endangered Species Act. The remaining net revenue balance of **\$3,145,127** will be used to fully fund the District's FY 2023/24 CIP program as detailed above in the amount of **\$2,112,530**. The remaining net revenue balance of **\$1,032,597** will be added to the District's Reserves.

RECOMMENDATION

That the Board of Trustees adopt Resolution No. 834 approving and adopting the Fiscal Year 2023/24 Final Budget and requesting the collection of an assessment levy of \$875,000 for Fiscal Year 2023/2024.