

# SANTA FE IRRIGATION DISTRICT FY21 BUDGET

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Board of Directors

May 21, 2020



# Santa Fe Irrigation District FY21 Budget Timeline

- **April 16, 2020**
  - FY 2021 Draft Budget highlights presentation
  - Board input received
  - Staff revisited budget assumptions for FY21 and projections for FY20
- **May 7, 2020**
  - Water Resources Committee discussion on CIP and CAP for FY21
  - Committee agreed on recommendation to not modify CIP and modify CAP based on staff recommendation
- **May 14, 2020**
  - Joint Facilities Advisory Committee discussion of FY21 modified Joint Facilities budget & cost sharing
- **May 21, 2020**
  - FY21 Budget revision presentation
- **June 18, 2020**
  - Review of FY21 Budget document & adoption

# Santa Fe Irrigation District FY21 Budget

## FY 2021 SFID BUDGET REVISION SUMMARY - SOURCES OF FUNDS

OPERATING REVENUES	April Presentation	Adjustment	Explanation	May Revision
Potable Water Sales	\$ 21,329,479	\$ (829,045)	9,500AF to 9,000 AF (-\$1.1M) & 10% SDCWA pass-through adjustment (+\$350k)	\$ 20,500,434
Recycled Water Sales	944,272	0	No change	944,272
Fixed Charges	5,550,470	0	No change	5,550,470
SDWD Local Water Reimbursement	197,488	74,469	\$200 per AF transportation for SDWD 372 AF paid to SDCWA	271,956
SDWD Treatment Reimbursement	2,879,280	(54,891)	Corresponding reductions applied to SDWD from joint facilities adjustments (\$133,120 total)	2,824,389
Misc Operating Revenue	420,000	-	No change	420,000
<b>Total Operating Revenue</b>	<b>\$ 31,320,988</b>	<b>\$ (809,466)</b>		<b>\$ 30,511,521</b>
<b>NON-OPERATING REVENUES</b>				
Capacity Charges	\$ 90,000	\$ -	No change	\$ 90,000
Interest Income	378,500	-	No change	378,500
Property Tax	2,500,000	-	No change - already reduction of ~\$125k or 5% from FY20	2,500,000
SDWD Capital Reimbursement	4,486,857	(31,050)	Reduction based on CAP adjustments	4,455,807
Grant Revenue - CalOES / FEMA	621,000	-	No change	621,000
Misc Non-Operating Revenue	157,556	0	No change	157,556
<b>Total Non-Operating Revenue</b>	<b>\$ 8,233,912</b>	<b>\$ (31,050)</b>		<b>\$ 8,202,862</b>
<b>TOTAL REVENUE</b>	<b>\$ 39,554,900</b>	<b>\$ (840,516)</b>		<b>\$ 38,714,384</b>
<b>OTHER SOURCES OF FUNDS</b>				
Transfer from Undesignated Reserve	\$ 601,592	\$ (601,592)	Proposed changes and adjustment to local water forecast has eliminated need for utilization of reserves	\$ -
Transfer from Capital Improvement Fund	4,894,493	(150,950)	Reduction based on CAP budget adjustments	4,743,543
Transfer from Operating Fund	-	-		-
<b>Total Other Sources of Funds</b>	<b>\$ 5,496,085</b>	<b>\$ (752,542)</b>		<b>\$ 4,743,543</b>
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 45,050,985</b>	<b>\$ (1,593,058)</b>		<b>\$ 43,457,926</b>

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- **Potable water sales -\$829,045**
  - 9,500 AF reduced to 9,000 AF, **-\$1.1 million**
  - SDCWA Pass-Through, **\$350,000**
    - Previous 5% estimate increased to 10% based on reduction in sales volume to participating agencies
    - Update published on May 20<sup>th</sup>
    - SDCWA Staff will return to their Board in fall to update rate based on current information
    - SDFID Staff will return after publish of new rate guidance for pass-through and SFID

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- **San Dieguito Water District Reimbursements**

- Based on agreements for cost sharing of local water costs & treatment reimbursement
- Will review impacts in expenditure discussion

# Santa Fe Irrigation District FY21 Budget

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- **Reserves**

- Elimination of undesignated reserves from reductions and changes in local water assumption
- Change in transfer from capital fund based on CAP changes

# Santa Fe Irrigation District FY21 Budget

## FY 2021 SFID BUDGET REVISION SUMMARY - UTILIZATION OF FUNDS

	April Presentation	Adjustment	Explanation	May Revision
<b>OPERATING EXPENSES</b>				
Imported Water Purchases	\$ 11,277,990	\$ (912,212)	Decrease 500AF due to sales revision (-\$550k), increase local water (-\$550k), 10% pass-through (+\$200	\$ 10,365,778
Local Water Costs	462,500	174,400	\$200 per AF transportation cost for 872AF local water moved by SDCWA in April (500SFID,372 SDWD	636,900
Recycled Water Purchases	943,000	-	No change	943,000
Salaries & Benefits	7,926,498	(138,403)	Utility worker remain vacant in FY21, 10% reduction in overtime for all departments	7,788,095
Administration Expense	1,509,921	(233,500)	Consultant / legal (-\$200k), Conservation (-\$20k), Training (-\$13.5k)	1,276,421
Engineering Expense	425,875	(55,000)	Consultant (-\$50k), Training (-\$5k)	370,875
Operations & Maintenance	1,930,000	(201,550)	Pipe break & other service (-\$114.8k), deferral of AC pipe removal (-\$75k), Training (-\$11.8k)	1,728,450
Joint Facilities	3,924,351	(133,120)	Outside services (-\$154k), solids handling (-\$30k), Pumps (-\$10k), Lab (-\$10k), Training (-\$13.5k), pumping costs / chemical use changes (+\$103.4k)	3,791,231
Capital Contribution (Equal to Depreciation)	3,522,445	(17,948)	Updated figure based on CAP change	3,504,497
<b>Total Operating Expenses</b>	<b>\$ 31,922,580</b>	<b>\$ (1,517,333)</b>		<b>\$ 30,405,247</b>
<b>CAPITAL EXPENSES</b>				
Capital Acquisitions	\$ 1,392,000	\$ (182,000)	Discussed at WRC on 5/7/20 - \$150,950 SFID, \$31,050 SDWD	\$ 1,210,000
Capital Improvements	11,736,405	-	Discussed at WRC on 5/7/20 - no change recommended	11,736,405
<b>Total Capital Expenses</b>	<b>\$ 13,128,405</b>	<b>\$ (182,000)</b>		<b>\$ 12,946,405</b>
<b>TOTAL EXPENSES</b>	<b>\$ 45,050,985</b>	<b>\$ (1,699,333)</b>		<b>\$ 43,351,652</b>
<b>RESERVE CONTRIBUTION</b>				
Transfer to Undesignated Fund Balance	\$ -	\$ 106,274	Revenues in excess of expenditures. Does not assume any specific transfer - may be done to local water	\$ 106,274
Transfer to Capital Improvement Fund	-	-	reserve or any other based on Board review of Policy forthcoming.	-
Transfer to Operating Fund	-	-		-
<b>Total Reserve Contribution</b>	<b>\$ -</b>	<b>\$ 106,274</b>		<b>\$ 106,274</b>
<b>TOTAL USES OF FUNDS</b>	<b>\$ 45,050,985</b>	<b>\$ (1,593,059)</b>		<b>\$ 43,457,926</b>

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- **Water Purchases -\$912,212**
  - Reduced potable water demand by 500 AF = ~523 AF less imported water, **-\$550,000**
  - Increased local water projections by 500 AF to 3,000 AF total, **-\$550,000**
  - Increase in SDCWA pass-through costs, **\$200,000**



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- **Local Water Costs \$174,400**

- Increased local water projections by due to 872 AF movement of water in FY20
- 500 AF SFID & 372 AF SDWD
- \$200 / AF cost
- \$100,000 SFID, \$74,400 SDWD
- In addition to Lake Hodges Dam O&M, temporary repairs

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- **Salaries & Benefits -\$138,403**
  - Current vacant Utility Worker position to be kept vacant, **-\$112,000**
  - 10% reduction in overtime, **-\$27,000**

# Santa Fe Irrigation District FY21 Budget

Staff revisited operating department FY21 Budget proposals to evaluate need and one or more of the following potential conditions for reduction:

- Forecasted potential pandemic impacts will reduce the need for budget due to spending delays. This will require continuous budget monitoring for requisite appropriation level if the pandemic lifts or intensifies.
- Reduce budget to level of spend currently known with no additional funding amount included for potential unknown events in FY21. This will also necessitate any unplanned expenditures to be accommodated within revised budget levels & to be brought to the Board for review, potential approval of a contract, and any increase in appropriation levels as necessary / seen fit (during mid-year budget or otherwise).
- Amend requests based on updated projected spending in FY20 that enables Staff to amend budget based on workload or new trends.

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- **Administrative Expense -\$233,500**
  - Consultant expenditures, **-\$125,000**
  - Legal expenditures, **-\$75,000**
  - Reduction in travel / training, **-\$13,500**

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- **Engineering Expense -\$55,000**
  - Consultant expenditures, **-\$50,000**
  - Reduction in travel / training, **-\$5,000**

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- **Operations & Maintenance Expense -\$201,550**

- Emergency pipeline breaks, **-\$70,000**
- Deferral of AC pipe removal expense recognition, **-\$75,000**
- Additional outside services, **-\$44,800**
- Reduction in travel / training, **-\$11,750**

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- **Joint Facilities Expense -\$133,120**

- Engineering consulting services, **-\$80,000**
- Outside services, **-\$74,000**
- Solids disposal, **-\$30,000**
- Repair / replacement funding, **-\$29,000**
- Lab items, **-\$10,000**
- Reduction in travel / training, **-\$13,500**
- Net increase in water transportation of **\$103,500** (\$163,500 increase in electricity, **\$60,000** chemicals)

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- **Capital Contribution -\$17,948**
  - Reduction in capital acquisition program reduces depreciation in the fiscal year



# Santa Fe Irrigation District FY21 Budget

District Administration	April Request	Revised Request	Variance	Revision Information
Engineering / Administration Vehicle (Replacement of 2 Vehicles)	35,000	-	(35,000)	Delay requisition of new vehicle
<b>Total District Administration</b>	<b>290,000</b>	<b>255,000</b>	<b>(35,000)</b>	
District Operations	April Request	Revised Request	Variance	Revision Information
Parking Lot Improvements - Yard / Rear Lot	60,000	-	(60,000)	Postpone improvements
Carpet replacement on Modular Buildings	50,000	32,000	(18,000)	Replace Engineering building only
Painting for Modular Buildings and awning replacement	25,000	-	(25,000)	Postpone improvements / spot repair
Skip Loader replacement with Backhoe Loader/Breaker	125,000	150,000	25,000	Quotes exceed previous estimate
<b>Total District Operations</b>	<b>460,000</b>	<b>382,000</b>	<b>(78,000)</b>	
Joint Facilities	April Request	Revised Request	Variance	Revision Information
Replacement Forklift	180,000	-	(180,000)	Forklift currently repaired & operating, postpone purchase
30" Filter Influent Valves and Actuators Installation	-	56,000	56,000	June SDCWA shutdown postponed, installation will be performed in Dec.
Unit 34 Replacement	-	37,000	37,000	Did not acquire in FY20
Turbidity Analyzer Replacement	-	18,000	18,000	Removed from operating budget request & place in CAP
<b>Total Joint Facilities</b>	<b>642,000</b>	<b>573,000</b>	<b>(69,000)</b>	
<i>Santa Fe Irrigation District Cost</i>	<i>355,713</i>	<i>317,763</i>	<i>(37,950)</i>	
<i>San Dieguito Water District Cost</i>	<i>286,287</i>	<i>255,237</i>	<i>(31,050)</i>	
<b>Total Capital Acquisition Budget</b>	<b>1,392,000</b>	<b>1,210,000</b>	<b>(182,000)</b>	
<i>Santa Fe Irrigation District Cost</i>	<i>1,105,713</i>	<i>954,763</i>	<i>(150,950)</i>	
<i>San Dieguito Water District Cost</i>	<i>286,287</i>	<i>255,237</i>	<i>(31,050)</i>	

# Santa Fe Irrigation District FY21 Budget

CAPITAL EXPENSES				
Capital Acquisitions	\$ 1,392,000	\$ (182,000)	Discussed at WRC on 5/7/20 - \$150,950 SFID, \$31,050 SDWD	\$ 1,210,000
Capital Improvements	11,736,405	-	Discussed at WRC on 5/7/20 - no change recommended	11,736,405
<b>Total Capital Expenses</b>	<b>\$ 13,128,405</b>	<b>\$ (182,000)</b>		<b>\$ 12,946,405</b>

- **No change in the capital improvement project spend**
  - Largest projects have been awarded (de-watering), previously underway (AMI phase 6), and grant funding is already secured (seismic retro-fit)
  - Smaller expenditures are for planning of projects including in AMMP
  - Budgeted utilization of \$1,239,046 in capital reserve

# Santa Fe Irrigation District FY21 Budget

RESERVE CONTRIBUTION				
Transfer to Undesignated Fund Balance	\$ -	\$ 106,274	Revenues in excess of expenditures. Does not assume any specific transfer - may be done to local water reserve or any other based on Board review of Policy forthcoming.	\$ 106,274
Transfer to Capital Improvement Fund	-	-		-
Transfer to Operating Fund	-	-		-
<b>Total Reserve Contribution</b>	<b>\$ -</b>	<b>\$ 106,274</b>		<b>\$ 106,274</b>

- **Change in expenditures & local water assumption leaves positive cash flow**
  - Board decisions to-be-made will change or modify this figure:
    - Staff to return to Board with Reserve Policy considerations, including addition of local water reserve
    - Discussion on implementation of SFID rate increase up to 3%
    - Update on SDCWA rate increase and pass-through level to customers

# Santa Fe Irrigation District FY21 Budget

## Santa Fe Irrigation District Fiscal Year 2021 Budget Summary Sources of Funds

OPERATING REVENUES	FY 2019	FY 2020		FY 2021	% Change	% Change
	Actual	Budget	Projected	Budget	Bgt to Bgt	Proj to Bgt
Potable Water Sales	\$ 17,597,554	\$ 21,539,324	\$ 18,144,642	\$ 20,500,434	-4.8%	13.0%
Recycled Water Sales	710,586	862,619	816,996	944,272	9.5%	15.6%
Fixed Charges	5,535,581	5,550,830	5,493,491	5,550,470	0.0%	1.0%
SDWD Local Water Reimbursement	74,993	58,885	58,885	271,956	361.8%	361.8%
SDWD Treatment Reimbursement	2,109,102	2,836,723	2,632,668	2,824,389	-0.4%	7.3%
Misc Operating Revenue	524,321	210,000	470,043	420,000	100.0%	-10.6%
<b>Total Operating Revenue</b>	<b>\$ 26,552,138</b>	<b>\$ 31,058,381</b>	<b>\$ 27,616,725</b>	<b>\$ 30,511,521</b>	<b>-1.8%</b>	<b>10.5%</b>
<b>NON-OPERATING REVENUES</b>						
Capacity Charges	\$ 139,296	\$ 125,000	\$ 95,251	\$ 90,000	-28.0%	-5.5%
Interest Income	646,818	560,000	663,007	378,500	-32.4%	-42.9%
Property Tax	2,518,010	2,473,807	2,600,000	2,500,000	1.1%	-3.8%
SDWD Capital Reimbursement	309,105	4,160,558	794,505	4,455,807	7.1%	460.8%
Grant Revenue - CalOES / FEMA	-	-	-	621,000	-	-
Misc Non-Operating Revenue	185,611	114,657	269,079	157,556	37.4%	-41.4%
<b>Total Non-Operating Revenue</b>	<b>\$ 3,798,839</b>	<b>\$ 7,434,022</b>	<b>\$ 4,421,843</b>	<b>\$ 8,202,862</b>	<b>10.3%</b>	<b>85.5%</b>
<b>TOTAL REVENUE</b>	<b>\$ 30,350,978</b>	<b>\$ 38,492,403</b>	<b>\$ 32,038,567</b>	<b>\$ 38,714,384</b>	<b>0.6%</b>	<b>20.8%</b>
<b>OTHER SOURCES OF FUNDS</b>						
Transfer from Undesignated Reserve	\$ 1,589,198	\$ -	\$ -	\$ -	-	-
Transfer from Capital Improvement Fund	115,973	4,540,478	-	4,743,543	4.5%	-
Transfer from Operating Fund	-	-	-	-	-	-
<b>Total Other Sources of Funds</b>	<b>\$ 1,705,171</b>	<b>\$ 4,540,478</b>	<b>\$ -</b>	<b>\$ 4,743,543</b>	<b>4.5%</b>	<b>-</b>
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 32,056,149</b>	<b>\$ 43,032,881</b>	<b>\$ 32,038,567</b>	<b>\$ 43,457,926</b>	<b>1.0%</b>	<b>35.6%</b>

Note: Totals may not foot due to rounding.

# Santa Fe Irrigation District FY21 Budget

## Santa Fe Irrigation District Fiscal Year 2021 Budget Summary Uses of Funds

OPERATING EXPENSES	FY 2019	FY 2020		FY 2021	% Change	% Change
	Actual	Budget	Projected	Budget	Bgt to Bgt	Proj to Bgt
Imported Water Purchases	\$ 9,724,114	\$ 11,349,339	\$ 9,079,184	\$ 10,365,778	-8.7%	14.2%
Local Water Costs	102,250	138,000	138,000	636,900	361.5%	361.5%
Recycled Water Purchases	719,982	906,920	842,764	943,000	4.0%	11.9%
Salaries & Benefits	7,101,351	8,037,816	7,659,918	7,788,095	-3.1%	1.7%
Administration Expense	1,129,731	1,511,098	1,238,173	1,276,421	-15.5%	3.1%
Engineering Expense	181,789	265,875	177,240	370,875	39.5%	109.3%
Operations & Maintenance	1,594,047	1,887,700	1,416,665	1,728,450	-8.4%	22.0%
Joint Facilities	2,998,773	4,146,473	3,668,840	3,791,231	-8.6%	3.3%
Capital Contribution (Equal to Depreciation)	3,242,425	2,805,594	3,324,497	3,504,497	24.9%	5.4%
<b>Total Operating Expenses</b>	<b>\$ 26,794,462</b>	<b>\$ 31,048,815</b>	<b>\$ 27,545,281</b>	<b>\$ 30,405,247</b>	<b>-2.1%</b>	<b>10.4%</b>
<b>CAPITAL EXPENSES</b>						
Capital Acquisitions	\$ 1,049,918	\$ 1,222,000	\$ 908,161	\$ 1,210,000	-1.0%	33.2%
Capital Improvements	2,864,894	10,752,500	2,968,800	11,736,405	9.2%	295.3%
<b>Total Capital Expenses</b>	<b>\$ 3,914,812</b>	<b>\$ 11,974,500</b>	<b>\$ 3,876,961</b>	<b>\$ 12,946,405</b>	<b>8.1%</b>	<b>233.9%</b>
<b>LONG TERM DEBT EXPENSES</b>						
Bond Debt Service	\$ 1,346,875	\$ -	\$ -	\$ -	-	-
<b>Total Long-Term Debt Expenses</b>	<b>\$ 1,346,875</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENSES</b>	<b>\$ 32,056,149</b>	<b>\$ 43,023,315</b>	<b>\$ 31,422,242</b>	<b>\$ 43,351,652</b>	<b>0.8%</b>	<b>38.0%</b>
<b>RESERVE CONTRIBUTION</b>						
Transfer to Undesignated Reserve	\$ -	\$ 9,566	\$ 71,444	\$ 106,274	48.8%	48.8%
Transfer to Capital Improvement Fund	-	-	544,882	-	-	-100.0%
Transfer to Operating Fund	-	-	-	-	-	-
<b>Total Reserve Contribution</b>	<b>\$ 0</b>	<b>\$ 9,566</b>	<b>\$ 616,326</b>	<b>\$ 106,274</b>	<b>1010.9%</b>	<b>-82.8%</b>
<b>TOTAL USES OF FUNDS</b>	<b>\$ 32,056,149</b>	<b>\$ 43,032,881</b>	<b>\$ 32,038,567</b>	<b>\$ 43,457,926</b>	<b>1.0%</b>	<b>35.6%</b>

Note: Totals may not foot due to rounding.

# Santa Fe Irrigation District FY21 Budget

## SFID BUDGET - UTILIZATION OF FUNDS

OPERATING EXPENSES	FY20 Budget	FY20 Projection	May Revision
Imported Water Purchases	\$ 11,349,339	\$ 9,079,184	\$ 10,365,778
Local Water Costs	138,000	138,000	636,900
Recycled Water Purchases	906,920	842,764	943,000
Salaries & Benefits	8,037,816	7,659,918	7,788,095
Administration Expense	1,511,098	1,238,173	1,276,421
Engineering Expense	265,875	177,240	370,875
Operations & Maintenance	1,887,700	1,416,665	1,728,450
Joint Facilities	4,146,473	3,668,840	3,791,231
Capital Contribution (Equal to Depreciation)	2,805,594	3,324,497	3,504,497
<b>Total Operating Expenses</b>	<b>\$ 31,048,815</b>	<b>\$ 27,545,281</b>	<b>\$ 30,405,247</b>

<b>FY21 Budget</b>	
\$ 14,955,072	
-5.6%	vs. FY20 Budget
5.6%	vs. FY20 Proj.

# Questions?

