

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: May 24, 2010
TO: Members of the Board of Directors
FROM: Kate Rees, General Manager
RE: **COMB FY 2010-11 Preliminary Budget**

RECOMMENDATION:

None at this time. For review and discussion only.

DISCUSSION:

Attached is the proposed COMB Preliminary Budget for FY 2010-11 for your review and consideration. This memo provides an overview of the preliminary budget and changes from FY 2008-09.

1. Proposed COMB FY 2010-2011 Budget

The budget summary provides details of proposed O&M, General & Administrative, and Special Projects expenses for FY 2010-2011.

The FY 2010-11 proposed budget is \$2,914,378 compared to the FY 2009-10 budget of \$3,365,727. This reflects a 13.4% decrease of about \$451,350 compared to FY 2009-10. Included are summary budget sheets showing the total budget for each category of expenditure, and a comparison to the FY 2009-10 Budget with percentage changes for each account. This is followed by several pages detailing the expenses for each budget category and projected FY 2009-10 expenses through June 30, 2010. Additional back-up materials supporting the budgeted activities are also included, as well as a narrative explanation of each account and preliminary scopes of work (SOW) from the engineering consultants. Several of the SOWs have been reduced which is reflected in the draft budget. Revised final SOWs will be included with the proposed final budget to be considered at the June 28, 2010 meeting.

Contributing factors for the budget difference between the FY 2009-2010 budget and the proposed budget for FY 2010-2011 include: 1) a reduction in O&M expenses because there is no need to purchase a new truck next year, and because staff is recommending that the vacant Water Services Worker I position not be filled to reduce personnel costs; 2) adjustments in PERS, health benefits and workers compensation formulas; 3) and an overall reduction in the Special Projects to be responsive to the Member Units' need to keep budgets as low as possible, as well as the staff time required to support the 2nd Pipeline Project.

ITEM # 9
PAGE 1

A 0% cost of living adjustment for staff is proposed based on an averaged 13 month Consumer Price Index for LA-Riverside and USA. The Board of Directors will consider any adjustments to the General Manager's salary and benefits at the May 24th meeting. The General Manager's salary would normally be split 50% - 50% between the COMB and CCRB budgets. However, because CCRB approved only a six-month budget, 75% of the General Manager's salary and benefits, and 50% of the Administrative Secretary's salary and benefits are included in the proposed FY 2010-11 COMB Budget so that management and Board work can continue through the end of the fiscal year.

2. Debt service for the 2nd Pipeline Project.

Debt service for the 2nd Pipeline Project for the City of Santa Barbara and Goleta Water District is included in the Special Projects section of the budget. A separate budget will be prepared for the 2nd Pipeline Project to track expenditures.

3. Budget Cost Allocations Among the Member Units

This spreadsheet shows the cost allocation of the proposed FY 2010-11 Budget among the Member Units based on Cachuma entitlement percentages. There is also a split between costs paid by all Member Units and costs paid only by the South Coast Member Units for certain categories.

4. Budget Comparisons

This spreadsheet compares the COMB budgets in prior fiscal years to the proposed COMB budget for FY 2010-11.

The preliminary budget has been reviewed by the COMB Operating Committee and the COMB Finance Committee, and was revised (downward) based on their suggested changes. The Finance Committee thoroughly discussed all budgeted items and recommended the proposed budget for the Board's review. Any additional changes will be incorporated into the final budget which will come before the Board at the June 28, 2010 Board meeting.

Respectfully submitted,



Kate Rees
General Manager

CACHUMA OPERATION & MAINTENANCE BOARD

Proposed Allocation for FY 2010 - 2011 Budget

(Admin costs) \$677,856 / (Total Budget less bond repayment) \$2,264,378 = 30%

G&A Salaries = \$ 470,106 (Salaries, Unempl tax, W/C, Pers, Fica, Health)

COMB (All 5 Member Units) Directors Fees at 20%		
MEMBER UNIT	PERCENT %	DOLLARS \$
Goleta Water District	0.2000	2,400.00
City of Santa Barbara	0.2000	2,400.00
Carpinteria Valley Water District	0.2000	2,400.00
Montecito Water District	0.2000	2,400.00
Santa Ynez River Wtr Consv Dist, ID#1	0.2000	2,400.00
	1.0000	\$12,000.00

COMB (All 5 Member Units) G & A Salaries and Benefits at 40%			
MEMBER UNIT	Cachuma Entitlement %	PERCENT %	DOLLARS \$
Goleta Water District	36.25%	0.3625	\$68,165.37
City of Santa Barbara	32.19%	0.3219	60,530.85
Carpinteria Valley Water District	10.94%	0.1094	20,571.84
Montecito Water District	10.31%	0.1031	19,387.17
Santa Ynez River Wtr Consv Dist, ID#1	10.31%	0.1031	19,387.17
	100%	1.0000	\$188,042.40

G & A Salaries + Benefits = \$470,106 x 40% = \$188,042.40

COMB (All 5 Member Units) Remaining G & A \$282,064			
MEMBER UNIT	Cachuma Entitlement %	PERCENT %	DOLLARS \$
Goleta Water District	36.25%	0.3625	\$30,674.39
City of Santa Barbara	32.19%	0.3219	\$27,238.86
Carpinteria Valley Water District	10.94%	0.1094	\$9,257.32
Montecito Water District	10.31%	0.1031	\$8,724.22
Santa Ynez River Wtr Consv Dist, ID#1	10.31%	0.1031	\$8,724.22
	100%	1.0000	\$84,619.00

30% of \$282,064 = \$84,619.

South Coast Member Units Only G & A			
MEMBER UNIT	Cachuma Entitlement %	So Co Percent %	DOLLARS \$
Goleta Water District	36.25%	0.4042	\$158,929.26
City of Santa Barbara	32.19%	0.3588	\$141,078.22
Carpinteria Valley Water District	10.94%	0.1220	\$47,969.74
Montecito Water District	10.31%	0.1150	\$45,217.38
Santa Ynez River Wtr Consv Dist, ID#1	10.31%	0.0000	\$0.00
	100%	1.0000	\$393,194.60

SCMU only G&A = \$677,856 - 12,000 - 188,042 - 84,619 = \$393,194.60

Total G & A		DOLLARS \$
Goleta Water District		\$260,169.01
City of Santa Barbara		\$231,247.93
Carpinteria Valley Water District		\$80,198.90
Montecito Water District		\$75,728.77
Santa Ynez River Wtr Consv Dist, ID#1		\$30,511.39
		\$677,856.00

ITEM # 9
PAGE 9

TOTAL O & M, SPECIAL G & A and SPECIAL PROJECTS ASSESSMENT		
MEMBER UNIT	So Co Percent %	DOLLARS \$
Goleta Water District	40.42	\$600,298.22
City of Santa Barbara	35.89	533,064.82
Carpinteria Valley Water District	12.20	181,165.86
Montecito Water District	11.50	170,733.09
	100.00	\$1,485,262.00

O&M 1,112,762 + Special G & A \$25,000 + Special projects \$48,760-50,000-51,260 = 1,485,262.

COMB Building & Grounds Repair / Sanitary Survey		
MEMBER UNIT	PERCENT %	DOLLARS \$
Goleta Water District	0.3625	\$36,706.75
City of Santa Barbara	0.3219	32,595.59
Carpinteria Valley Water District	0.1094	11,077.84
Montecito Water District	0.1031	10,439.91
Santa Ynez River Wtr ConservDist,ID#1	0.1031	10,439.91
	1.0000	\$101,260.00

Bond Repayment		
MEMBER UNIT	PERCENT %	DOLLARS \$
Goleta Water District	0.5297	\$344,279.66
City of Santa Barbara	0.4703	305,720.34
Carpinteria Valley Water District	0.0000	0.00
Montecito Water District	0.0000	0.00
Santa Ynez River Wtr ConservDist,ID#1	0.0000	0.00
	1.0000	\$650,000.00

Bond Assessment (GWD and City of Santa Barbara Only)

MEMBER UNIT TOTALS (Fiscal Year 2010-11)	Actual % Budget	DOLLARS \$
Goleta Water District	42.60%	\$1,241,453.65
City of Santa Barbara	37.83%	\$1,102,628.68
Carpinteria Valley Water District	9.35%	\$272,442.61
Montecito Water District	8.81%	\$256,901.77
Santa Ynez River Wtr Conserv Dist, ID#1	1.41%	\$40,951.30
TOTAL	100.00%	\$2,914,378.00

QUARTERLY PAYMENT		
MEMBER UNIT TOTALS	DOLLARS \$	Quarterly
Goleta Water District	\$1,241,453.65	\$310,363.41
City of Santa Barbara	1,102,628.68	275,657.17
Carpinteria Valley Water District	272,442.61	68,110.65
Montecito Water District	256,901.77	64,225.44
Santa Ynez River Wtr Conserv Dist, ID#1	40,951.30	10,237.82
TOTAL	\$2,914,378.00	\$728,594.50

Formula for allocating costs:

- 1) Directors fees subtracted from admin costs and are allocated equally among all member units using .20 as multiplier
- 2) Admin Costs are divided by total budget to reach percentage
- 3) G & A Salaries are subtracted from admin costs - 40% of that number is used to allocate for all 5 MU's
- 4) Remaining G & A is multiplied by percentage derived above for normal allocation among all member units
- 5) The remaining G & A is allocated at SCMU % only
- 6) O & M is SCMU only
- 7) Bldg/grounds repair/Sanitary Survey - all 5 member units normal allocation
- 8) Bond Repayment - GWD and City of Santa Barbara Only

ITEM # 9
PAGE 10

CACHUMA OPERATION & MAINTENANCE BOARD BUDGET COMPARISON - 2006 TO 2011

5/24/10

	05-06 Adopted	05-06 Actual	06-07 Adopted	06-07 Actual	07-08 Adopted	07-08 Actual	08-09 Adopted	08-09 Actuals	09-10 Adopted	10-11 Proposed
LABOR	677,921	663,241	705,332	705,000	826,565	685,821	854,201	842,663	866,401	821,762
OPES & MAINTENANCE	265,801	171,589	310,990	294,300	332,000	238,637	333,000	292,309	313,000	291,000
TOTAL O&M EXPENSE	943,722	834,829	1,016,322	999,300	1,158,565	924,458	1,187,201	1,134,971	1,199,401	1,112,762
GENERAL & ADMINISTRATIVE	539,581	475,389	509,030	422,607	546,486	440,610	628,213	524,759	641,326	702,656
TOTAL OPSINTCE & G & A	1,483,303	1,310,218	1,525,352	1,421,907	1,705,051	1,364,968	1,813,414	1,659,761	1,840,727	1,616,616
PERCENT OF CHANGE BY YEAR O&M-G&A	7%	2%	3%	9%	12%	-20%	33%	22%	11%	-1%
COMB SPECIAL PROJECTS										
Seismic Consultant	-	1,200	-	-	-	-	-	-	-	-
COMB Ofc. Bldg.	-	-	-	-	-	-	-	-	-	-
COMB Bldg/Grounds Repair	50,000	62,523	50,000	45,000	50,000	42,455	75,000	33,192	50,000	50,000
SCC Hydrologic Capacity Sy	-	-	-	-	-	-	-	-	-	-
Flow Meter Upgrades & SCADA	60,000	44,339	60,000	30,000	30,000	18,773	50,000	31,192	50,000	46,500
Bradbury Dam Radial Gates	-	2,966	-	-	-	-	-	-	-	-
Bradbury Dam Surcharge	-	-	-	-	-	-	-	-	-	-
Hillon Creek Watering System	-	-	-	-	-	-	-	-	-	-
SCC Improv Plan & Design	95,000	66,471	300,000	200,000	250,000	482,116	800,000	1,058,801	175,000	130,000
SCC Life Expectancy Study	95,000	75,401	-	-	-	-	-	-	-	-
North Portal Rehabilitation	-	-	-	-	-	-	-	-	-	-
SCC Valve & Control Sta. Rehab	600,000	469,553	600,000	585,000	450,000	718,200	450,000	152,607	-	35,000
Lauro Debris Basin Rehabilitation	50,000	14,068	-	15,000	600,000	120,556	-	1,144,345	-	-
SCC Structure Rehabilitation	305,000	275,446	400,000	416,000	450,000	430,821	250,000	92,969	100,000	60,000
GIS and Mapping	75,000	14,275	100,000	100,000	40,000	11,187	50,000	9,148	50,000	41,000
2005 Storm Damage	200,000	109,749	100,000	7,000	100,000	132,750	-	17,474	-	-
Zaca Fire Damage	-	-	-	-	-	59,135	-	12,203	-	-
IRWMP	-	-	-	-	-	-	20,000	60,000	-	-
Sanitary Survey	-	-	-	-	-	-	-	58,811	-	51,260
Lauro Revegitation Mitigation	-	-	-	-	-	-	-	12,203	-	35,000
Quegga Mussel	-	-	-	-	-	-	-	-	-	-
Hydrology Work	-	-	-	-	-	-	-	-	-	-
COMB SPECIAL PROJECTS	1,530,000	1,135,992	1,610,000	1,398,000	1,970,000	2,015,992	1,695,000	2,670,744	425,000	448,760
Legal Litigation	-	-	-	-	-	-	-	-	-	-
Spec Counsel Costs /FMP-BO EIS/R	100,000	56,748	100,000	95,000	100,000	89,801	-	-	-	-
TOTAL LEGAL LITIGATION	100,000	56,748	100,000	95,000	100,000	89,801	-	-	-	-
COMB Bond Debt repayment	3,113,309	2,604,868	3,255,352	2,974,507	3,775,051	3,479,761	3,505,414	4,330,484	3,365,727	2,974,372
TOTAL COMB BUDGET	5,113,309	4,004,868	5,225,352	4,974,507	6,775,051	6,479,761	6,305,414	7,330,484	6,365,727	5,974,372
PERCENT OF CHANGE BY YEAR	0.49%	-11%	4%	16%	17%	19%	-7%	25%	-4%	-13%