

CACHUMA OPERATION AND MAINTENANCE BOARD

MEMORANDUM

DATE: May 23, 2011
TO: Board of Directors
FROM: Kate Rees, General Manager
Janet Gingras, Administrative Manager
RE: **COMB FY 2011-12 Preliminary Budget**

RECOMMENDATION:

None at this time. For review and discussion only.

DISCUSSION:

A preliminary draft FY 2011-12 Budget was presented to the Operating Committee at the May 4, 2011 meeting as well as to the Administration Committee meeting held on May 9, 2011. The attached preliminary budget was revised to incorporate suggested changes from the Operating and Administration Committee's, and additional modifications were made to more accurately reflect the anticipated funding needs for the Modified Upper Reach Reliability Project during next fiscal year. The project will span two fiscal years, FY 2011-12 and FY 2012-13, with about 70% of the total project cost pushed to FY 2012-13. A summary of the budget accounts is included, as well as the scopes of work for the consultants as back-up materials for the proposed budgeted items.

A cash flow spread sheet is also attached, per the Committee's request, reflecting the recommendation that the City of Santa Barbara pay its total annual COMB assessment in the first quarter so that COMB has sufficient operating capital to front the construction costs for the two Quiota Creek fish passage projects, and for that portion of the Modified Upper Reach Project that will be carried out during FY 2011-12. The cash flow spread sheet shows a net zero cash outlay (at the end of the fiscal year) for all Member Units except for the City for these projects.

The budget includes filling two vacant positions: Operations Supervisor and Water Service Worker I, with a 1% COLA for all employees. The recommendation from the Administration Committee was to include a 1% COLA for FY 2012 with the understanding that all employees will begin contributing 1% to the employee portion of the CalPERS retirement costs. This budget reflects that recommendation. There may be adjustments to salaries and benefits depending on the eventual recommendation of the Administration Committee. For now, the proposed budget reflects the current salaries and benefits package for all employees except for the General Manager's position, which has been budgeted at the top of the advertised salary range.

The budget has been divided into two divisions: Operations Division and Fisheries Division. The corresponding General & Administrative, Operation & Maintenance, and Capital Project work is divided to support the activities of each division. The amounts shown in the FY 2010-11 budget column are a combination of COMB and CCRB's FY 10-11 budget for each activity for comparative purposes.

Operations Division

Operations and Maintenance Expenses

In the Operations Division, the labor line item increased slightly due to a change in personnel. In the prior year, COMB operated with a vacant WSW III/SCADA position due to the acting Operations Supervisor vacating that position. As was mentioned previously, the proposed budget includes filling the Operations Supervisor position as well as a WSW I position, instead of a WSW III position.

The increase in Account 3302, Contract Labor for Buildings and Roads, is due to anticipated road repair in this fiscal year. Alternatively, Account 3303 is decreasing due to expected utilization of COMB staff for reservoir maintenance. The total Operations & Maintenance expenses increased slightly more than 4%.

General and Administrative Expenses

Under the General and Administrative portion of the Operations Division, the decrease in both the audit line item as well as the liability insurance line item is due to the nature of sharing these costs between the Operations and the Fisheries Divisions. The increase in Account 5201 (Health, Workers Comp., D/C, retirees) is due primarily to the addition of two COMB retirees for fiscal year 2012. The salaries for the administrative personnel indicate a decrease but are actually due to a change in the way the costs are split between the Operations Division and the Fisheries Division compared to prior years. This holds true for Account 5318, Computer Consultant, as well. (For information, we are in the process of negotiating a new cost structure with our outside IT services consultant.) The Interest Expense line item under G & A for the Operations Division is the prorated amount of interest the City of Santa Barbara would have earned had they invested the difference between their gross and actual assessment instead of allowing COMB to utilize these funds for its capital improvement projects. (See attached calculation from the City.) General and Administrative expenses decreased by a little over 3%.

Under Special G & A expenses, it is anticipated that the administrative costs for Proposition 50 and 84 grants will be less than the prior year. The Cost / Benefit Analysis line item has been added to this budget to address issues raised in previous discussions regarding O & M and capital improvement project cost sharing among the Member Units. These funds would be used to hire an outside consultant to perform an analysis of alternate cost sharing arrangements for COMB expenses.

Special Projects

The Special Projects section in the Operations Division reflects a decrease in previous O & M projects in anticipation of moving forward with the Modified Upper Reach Reliability Project. Expenditures for this project will be primarily reimbursed through the

Proposition 50 grant (\$3.2 million over two fiscal years)..The budget reflects completing approximately 30% of the project in FY 11-12 with the remaining 70% being completed in the following fiscal year. With the recently approved extension of the Proposition 50 contract with the SWRCB, it is required that this project be completed by March 2013.

Fisheries Division

Operation and Maintenance Expenses

The Fisheries Division Labor Account shows a decrease compared to the prior year due to the change in the composition of personnel previously charged to this account. For FY 2011, half of the General Manager's salary and benefits and the entire Administrative Secretary salary and benefits were being charged to this account. These two personnel costs are now shown separately from the field crew personnel costs. The Fixed Capital line item, Account 4280, includes the purchase of a new field truck with equipment for FY 2012.

General and Administrative Expenses

The Audit and Liability insurance line item show the costs affiliated with the previously mentioned split between the Operations Division and the Fisheries Division. The Health Benefits and Worker Compensation line item show an increase in expenses primarily due to the shift in personnel from CCRB to COMB. Most all of the Administrative expense line items show a decrease due to the new structure on splitting costs. The Interest Expense line item under G & A for the Fisheries Division is the prorated amount of interest the City of Santa Barbara would have earned had they invested the difference in their gross vs. net assessment instead of allowing COMB to utilize these funds for fisheries special projects.

Special Projects

Most of the Special Projects line items have decreased compared to last year with the exception of the SYR Riverware Peer Review, which was added per a COMB Board decision on April 25, 2011. The Quiota Creek Fish Passage Projects at Crossing #2 and #7 are to fund the replacement of a two damaged low flow crossings with 60-foot bottomless arched culverts, and installation of rock weirs and riffles in the streambed for grade control and steelhead habitat improvement. These projects have been awarded grant funding through the Department of Fish and Game.

The total gross proposed FY 2011-12 COMB Budget is \$6,236,078. With projected offsetting revenues of \$3,119,718 from the Trust Fund/Renewal Fund, County Betterment Fund, DFG Grants, and Prop 50 grant, **the net FY 2011-12 COMB Budget is \$3,116,360.** Each Member Unit's share of the budget has been calculated based on the share of the various budgeted items each member unit is responsible for.

Respectfully Submitted,



Kate Rees
General Manager

kr.comb/admin/board memos_052311_prelim FY 11-12 budget

Cachuma Operation & Maintenance Board
Proposed Draft Budget

Fiscal Year 2011 - 2012

5/23/2011

Account Number	Account Name	FY 2010 / 11 Comparative Budget	Estimated Actuals Thru 6/30/11	Proposed Draft Budget	Change	Percentage Change
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OPERATIONS DIVISION

OPERATION & MAINTENANCE EXPENSES

LABOR***						
3100	LABOR - Operations Field Crew	821,762	810,000	871,553	49,791	
TOTAL		821,762	810,000	871,553	49,791	6.06%
VEHICLES & EQUIPMENT						
3201	VEHICLE/EQUIP MTCE	25,000	25,000	25,000	0	
3202	FIXED CAPITAL	10,000	10,000	10,000	0	
3203	EQUIPMENT RENTAL	5,000	5,000	5,000	0	
3204	MISC	5,000	5,000	5,000	0	
TOTAL		45,000	45,000	45,000	0	0.00%
CONTRACT LABOR						
3301	CONDUIT, METER, VALVE	12,000	12,000	12,000	0	
3302	BUILDINGS & ROADS	10,000	10,000	20,000	10,000	
3303	RESERVOIRS	25,000	25,000	10,000	(15,000)	
3304	ENGINEERING, MISC SVCS	30,000	27,000	30,000	0	
TOTAL		77,000	74,000	72,000	(5,000)	6.49%
MATERIALS & SUPPLIES						
3401	CONDUIT, METER, VALVE & MISC	25,000	25,000	25,000	0	
3402	BUILDINGS & ROADS	12,000	12,000	12,000	0	
3403	RESERVOIRS	10,000	10,000	10,000	0	
TOTAL		47,000	47,000	47,000	0	0.00%
OTHER EXPENSES						
3501	UTILITIES	6,500	6,500	6,800	300	
3502	UNIFORMS	2,500	2,500	4,500	2,000	
3503	COMMUNICATIONS	20,000	20,000	20,000	0	
3504	USA & OTHER SERVICES	4,000	4,000	4,000	0	
3505	MISC	8,000	8,000	8,000	0	
3506	TRAINING	4,000	4,000	3,000	(1,000)	
TOTAL		45,000	45,000	46,300	1,300	2.89%
TOTAL O & M EXPENSE		1,035,762	1,021,000	1,081,853	46,091	4.45%

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Cachuma Operation & Maintenance Board

Proposed Draft Budget

Fiscal Year 2011 - 2012

5/23/2011

Account Number	Account Name	FY 2010 / 11 * Comparative Budget	Estimated Actuals Thru 6/30/11	Proposed Draft Budget	Change	Percentage Change
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OPERATIONS DIVISION

GENERAL AND ADMINISTRATIVE EXPENSES**

5000	DIRECTORS FEES	12,000	12,000	12,000	(0)	
5100	AUDIT	20,000	20,000	13,000	(7,000)	
5101	LEGAL	75,000	75,000	75,000	0	
5150	UNEMPLOYMENT TAX	0	2,000	0	0	
5200	LIABILITY & PROPERTY INSURANCE	38,000	38,000	31,500	(6,500)	
5201	HEALTH, W/C, D/C, Retirees	127,886	127,800	142,048	14,162	
5250	PERS	41,362	41,362	42,085	723	
5339	FICA/MEDICARE	19,827	19,827	20,246	419	
5300	GENERAL MANAGER	103,600	103,600	115,500	11,900	
5301	ADMINISTRATIVE MANAGER	96,200	96,200	67,340	(28,860)	
5306	ADMINISTRATIVE ASSISTANT	59,436	59,436	43,170	(16,266)	
5304	ADMINISTRATIVE SECRETARY	55,211	55,211	38,648	(16,563)	
5310	POSTAGE / OFFICE SUPPLIES	10,000	7,000	11,200	1,200	
5311	OFFICE EQUIPMENT / LEASES	9,000	6,200	9,800	800	
5312	MISC. ADMIN. EXP.	12,000	12,000	12,000	0	
5313	COMMUNICATIONS	8,000	6,000	8,400	400	
5314	UTILITIES	7,000	8,000	8,500	1,500	
5315	MEMBERSHIP DUES	6,050	6,050	7,295	1,245	
5316	ADMIN. FIXED ASSETS	5,000	5,000	5,000	0	
5318	COMPUTER CONSULTANT	15,000	15,000	21,000	6,000	
5325	EMPLOYEE EDUCATION/TRAINING	3,000	3,000	3,000	0	
5330	ADMIN TRAV & CONFERENCES	3,000	3,000	3,000	0	
5331	PUBLIC INFO	1,000	1,000	1,000	0	
5332	TRANSPORTATION	1,000	1,000	1,000	0	
7006	INTEREST EXPENSE	0	0	20,000	20,000	
TOTAL GENERAL & ADMINISTRATIVE		728,572	723,686	711,732	(16,841)	-2.31%

SPECIAL G & A EXPENSES

5510	Integrated Regional Water Mgmt Plan	25,000	25,000	15,000	(10,000)	
5513	Cost / Benefit Analysis	0	0	25,000	25,000	
TOTAL SPECIAL G & A EXPENSES		25,000	25,000	40,000	15,000	60.00%

OPERATIONS DIVISION

SPECIAL PROJECTS

6062	SCADA	26,500	26,500	18,500	(8,000)	
6090	COMB Bldg/Grounds Repair	50,000	50,000	30,000	(20,000)	
6092	SCC Improv Plan & Design	130,000	130,000	50,000	(80,000)	
6096	SCC Structure Rehabilitation	60,000	60,000	37,500	(22,500)	
6097	GIS and Mapping	41,000	41,000	10,000	(31,000)	
6101	SCC Emergency Pipeline Repairs	0	0	205,000	205,000	
6102	Lauro Debris Basin Maintenance	0	0	76,175	76,175	
6103	Upper Reach Reliability Project - Phase I	0	0	1,200,000	1,200,000	
TOTAL SPECIAL PROJECTS		307,500	307,500	1,627,175	1,319,675	

TOTAL OPERATIONS DIVISION BUDGET		2,096,834	2,077,186	3,460,760	1,363,926	65.05%
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Cachuma Operation & Maintenance Board
Proposed Draft Budget
 Fiscal Year 2011 - 2012

5/23/2011

Account Number	Account Name	FY 2010 / 11 * Comparative Budget	Estimated Actuals Thru 6/30/11	Proposed Draft Budget	Change	Percentage Change
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FISHERIES DIVISION

OPERATION & MAINTENANCE EXPENSES

LABOR						
4100	LABOR - Biology Field Crew	601,208	423,000	425,339	(175,869)	
TOTAL		601,208	423,000	425,339	(175,869)	-29.25%
VEHICLES & EQUIPMENT						
4270	VEHICLE/EQUIP MTCE	13,000	13,000	13,000	0	
4280	FIXED CAPITAL	15,000	15,000	30,000	15,000	
4290	MISCELLANEOUS	2,500	2,500	2,500	0	
TOTAL		30,500	30,500	45,500	15,000	49.18%
CONTRACT LABOR						
4220	METERS & VALVES	3,000	3,000	3,000	0	
4221	FISH PROJECTS MAINTENANCE	15,000	15,000	15,000	0	
TOTAL		18,000	18,000	18,000	0	0.00%
MATERIALS & SUPPLIES						
4390	MISCELLANEOUS	6,000	6,000	6,000	0	
TOTAL		6,000	6,000	6,000	0	0.00%
OTHER EXPENSES						
4502	UNIFORMS	2,500	2,500	2,500	0	
TOTAL		2,500	2,500	2,500	0	0.00%
TOTAL O & M EXPENSE		658,208	480,000	497,339	(160,869)	-24.44%

FISHERIES DIVISION

GENERAL AND ADMINSTRATIVE EXPENSES***

5407	LEGAL	25,000	25,000	25,000	0	
5441	Audit	0	0	6,000	6,000	
5442	UNEMPLOYMENT TAX	2,000	2,200	0	(2,000)	
5443	LIABILITY & PROPERTY INSURANCE	10,000	10,000	13,500	3,500	
5401	HEALTH BENEFITS & W/C	29,749	29,749	39,396	9,647	
5402	PERS	19,799	19,799	18,037	(1,762)	
5403	FICA/MEDICARE	9,581	9,581	8,677	(904)	
5405	GENERAL MANAGER	44,000	44,000	49,500	5,500	
5408	ADMINISTRATIVE MANAGER	28,860	28,860	28,860	0	
5409	ADMINISTRATIVE ASSISTANT	18,502	18,502	18,502	(0)	
5404	ADMINISTRATIVE SECRETARY	16,563	16,563	16,563	0	
5410	POSTAGE / OFFICE SUPPLIES	10,000	10,000	4,800	(5,200)	
5411	OFFICE EQUIPMENT / LEASES	6,500	6,500	4,200	(2,300)	
5412	MISC. ADMIN. EXP.	10,000	11,000	6,000	(4,000)	
5413	COMMUNICATIONS	10,000	10,000	3,600	(6,400)	
5414	UTILITIES	7,000	7,000	4,500	(2,500)	
5415	MEMBERSHIP DUES	4,000	4,000	2,791	(1,210)	
5416	ADMIN. FIXED ASSETS	5,000	5,000	5,000	0	
5418	COMPUTER CONSULTANT	20,000	20,000	9,000	(11,000)	
5425	EMPLOYEE EDUCATION/SUBSCRIPTION	4,000	4,000	3,000	(1,000)	
5430	ADMIN TRAV & CONFERENCES	6,000	6,000	3,000	(3,000)	
5431	PUBLIC INFO	0	0	1,000	1,000	
5432	TRANSPORTATION	1,000	1,000	1,000	0	
5399	INTEREST EXPENSE	0	0	14,930	14,930	
TOTAL GENERAL & ADMINISTRATIVE		287,554	288,754	286,855	(699)	-0.24%

Cachuma Operation & Maintenance Board
Proposed Draft Budget
Fiscal Year 2011 - 2012

5/23/2011

Account Number	Account Name	FY 2010 / 11 * Comparative Budget	Estimated Actuals Thru 6/30/11	Proposed Draft Budget	Change	Percentage Change
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FISHERIES DIVISION

SPECIAL PROJECTS

6201	BO/FMP Implementation	156,000	130,000	121,500	(34,500)	
6202	GIS and Mapping	20,000	20,000	10,000	(10,000)	
6203	Grants Technical Support	10,000	10,000	10,000	0	
6204	SYR Hydrology Technical Support	68,000	68,000	25,000	(43,000)	
6205	USGS Stream Gauge Program	73,000	73,000	75,000	2,000	
6206	Tri County Fish Team Funding	5,000	5,000	5,000	0	
6207	Oak Tree Restoration Program	150,000	144,000	80,000	(70,000)	
6208	Legislative & Steelhead Funding Support	8,000	2,000	8,000	0	
6209	SYR Riverware Model Peer Review	0	0	60,000	60,000	
6300	Habitat Enhancements					
6303	Tributary Projects Support	25,000	25,000	2,000	(23,000)	
6304	Quiota Creek Engineering Designs	79,000	79,000	33,000	(46,000)	
6307	Quiota Creek Crossing 2	0	0	735,501	735,501	
6308	Quiota Creek Crossing 7	0	0	826,123	826,123	
TOTAL SPECIAL PROJECTS		594,000	556,000	1,991,124	1,397,124	235.21%

TOTAL FISHERIES DIVISION BUDGET	1,539,762	1,324,754	2,775,318	1,235,556	80.24%
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Total COMB Gross Budget	3,636,596	3,401,940	6,236,078	2,599,482	71.48%
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Projected Offsetting Revenues:

Renewal Fund / Trust Fund	(268,094)
Santa Barbara County Betterment Fund	(90,000)
Dept. of Fish and Game Grant - Crossing 2	(735,501)
Dept. of Fish and Game Grant - Crossing 7	(826,123)
Upper Reach Reliability Project - Prop 50 Grant	(1,200,000)
Total Offsetting Revenues	(3,119,718)

TOTAL COMB NET BUDGET			3,116,360		
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Notes:

- * FY 2010-11 Comparative Budget reflects combination of CCRB and COMB prior year budgets for each line item
- ** General & Administrative Expenses are allocation at 70% Operations Division and 30% Fisheries Division with the exception of Directors, Fees, Legal Fees, Membership dues, Admin Fixed Assets, Education, Travel, Public Info, Transportation, Interest Expense
- *** Operations Division Labor reflects: Operations Supervisor filled / WSW 3 filled with WSW 1
- Labor accounts reflect a 1% COLA increase for FY 2012
- CalPERS line item reflects employee contribution of 1% for current employees - 3.5% for new employees