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## **SECTION 1 – EXECUTIVE SUMMARY**

## FISCAL YEAR 2010 BUDGET

### Summary

This fiscal year 2009-2010 budget presents a spending plan that will allow the District to provide a high level of customer service, extend the life of existing facilities through aggressive planned maintenance and adding necessary additional amenities. The TSD Board of Directors is currently examining rates for all three operational segments (Wastewater, Recycled Water, and Potable Water). The preliminary budget reflects a reduction to Wastewater segment rates by 5% (from \$44 to \$41.80 per household per month). The budget also reflects increases to Recycled and Potable water rates (consistent with current wholesale water supply rates) that will allow the District to meet its operational and capital funding requirements.

### Budget Overview

The FY 2010 Budget includes total operating expenses of \$12,310,944 and total operating revenue of \$12,945,804. The budget shows an operating expense increase of \$IM (approximately 8%) over the FY 2009 Budget.

Budgeted capital expenditures for FY2010 total \$2,847,417 primarily in the Wastewater and Recycled water segments. Table I provides a forecast of Districtwide revenues and expenditures as well as historical data for each category.

**Table I**

	Actual FY 2007 Yearend	Actual FY 2008 Yearend	Adopted FY 2009 Budget	Estimated FY 2009 Yearend	Proposed FY 2010 Budget
<b>OPERATING REVENUES</b>					
Fees, sales	\$ 10,972,386	\$ 11,399,349	\$ 11,015,991	\$ 10,627,292	\$ 11,580,074
Service charges	1,204,963	1,210,679	1,238,681	1,218,234	1,247,193
Other revenue	537,602	415,808	154,900	116,170	118,537
<b>TOTAL OPERATING REVENUES</b>	<b>12,714,950</b>	<b>13,025,836</b>	<b>12,409,572</b>	<b>11,961,696</b>	<b>12,945,804</b>
<b>OPERATING EXPENSES</b>					
Wastewater treatment, Potable & R/W purchase	6,736,749	7,580,612	7,498,780	7,056,626	8,064,011
VRSD Contract	2,255,625	2,414,904	2,519,122	2,669,874	3,009,466
Operating materials & supplies	-	(393)	-	1,221	-
Contract services	6,520	250	-	1,333	-
Professional services	85,407	65,467	148,375	152,593	82,344
Insurance	32,901	30,740	44,916	44,916	42,754
Management & administrative	59,377	58,544	87,307	67,243	92,185
Permits, licenses and fees	141,439	103,015	140,500	98,948	138,550
Depreciation	853,881	863,111	868,864	868,864	881,634
<b>TOTAL OPERATING EXPENSES</b>	<b>10,171,900</b>	<b>11,116,249</b>	<b>11,307,698</b>	<b>10,961,619</b>	<b>12,310,944</b>
<b>OPERATING INCOME/(LOSS)</b>	<b>2,543,051</b>	<b>1,909,587</b>	<b>1,101,874</b>	<b>1,000,077</b>	<b>634,860</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest/Investment earnings	867,304	871,880	765,261	497,552	421,543
Gain/(Loss) on sales/disp of capital assets	2,090	-	-	-	-
Debt service	(436,559)	(403,784)	(410,992)	(410,900)	(174,272)
Other, net	438,352	345,845	73,498	130,781	89,505
Contributed capital assets	49,868	-	-	-	-
Capital grants	-	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES(EXPENSES)</b>	<b>921,054</b>	<b>813,941</b>	<b>427,767</b>	<b>217,432</b>	<b>336,776</b>
<b>NET REV(EXP) BEFORE INTERFUND TRANSFERS</b>	<b>\$ 3,464,105</b>	<b>\$ 2,723,528</b>	<b>\$ 1,529,641</b>	<b>\$ 1,217,509</b>	<b>\$ 971,636</b>
<b>NET REV(EXP) BEFORE CAPITAL PROJECTS</b>	<b>\$ 3,464,105</b>	<b>\$ 2,723,528</b>	<b>\$ 1,529,641</b>	<b>\$ 1,217,509</b>	<b>\$ 971,636</b>
Current FY Capital Projects	2,229,671	3,158,991	8,972,646	2,689,940	2,847,417
<b>NET SURPLUS/(DEFICIT) AVAILABLE</b>	<b>\$ 1,234,434</b>	<b>\$ (435,462)</b>	<b>\$ (7,443,005)</b>	<b>\$ (1,472,431)</b>	<b>\$ (1,875,781)</b>

**FY 2010 Budget Line Item Descriptions**

Individual program budgets are based on an assessment of the work to be accomplished and the resources necessary to successfully complete anticipated work. Besides the descriptions below, additional detail is provided on the individual budget pages when appropriate.

**Wastewater Treatment (LVWMD)** – Triunfo’s portion of the FY 2010 Joint Venture wastewater treatment budget total \$4,108,105, down approximately \$55,000 from FY09 budget.

**Wastewater Treatment (Tillman)** – The City of Los Angeles provides contract wastewater treatment for the Bell Canyon area at the Tillman Water Reclamation Facility. Wastewater treatment expenses associated with this service are approximately \$57,000.

**Recycled Water Purchased** – Proposed expenditures for recycled water purchases for FY 2010 are \$1,247,051.

**Potable Water Purchased** – The budget anticipates increases to the acre-foot charge for water (22%, from \$769/acre foot to \$938/acre foot) on January 1, 2010.

**VRSD Contract** – The total budget for the operation and management TSD by the Ventura Regional Sanitation District increased from approximately \$2.5 million to approximately \$3.0 million. It should be noted that the \$345,000 of the approximate half-million increase is related to the Bell Canyon grinder pump corrective action program (Budget page 2-6).

Budget to budget comparisons of the labor or “staff time” components of the VRSD contract can be found (along with notes) on the bottom sections of appropriate budget pages.

**Operating Materials & Supplies** – Operating materials and supplies are typically purchased through the VRSD contract.

**Contract Services**– There are no TSD direct contract services proposed for FY 2010 outside of what is proposed within the VRSD contract.

**Professional Services** – The legal service budget includes projected legal fees (\$61,320) in FY 2010. Also included in the Professional Services category are the annual financial audits for Triunfo and the Joint Powers Authority (\$18,500 and \$2,300, respectively).

**Insurance** – The cost of property and liability insurance is expected decrease from the FY09 budgeted amount of \$44,750 to \$42,754 in FY10.

**Management & Administrative** – FY10 budget anticipates \$92,185 in this category. Included in this category are dues and memberships, CAFR related expenses, and Board member expense and reimbursements. Line item detail for this category can be found on pages 2-3, 2-4, 3-2, and 4-2.

**Permits, licenses and fees** – Expenses in this category include Ventura County Tax Collection Fee (\$20,000), estimated Wastewater related fees (\$1,750), Tillman capital purchase rights (to City of Los Angeles - \$114,800), and anticipate Potable Water segment permits and fees (\$2,000).

**Depreciation** – This Budget includes full depreciation for both sanitation and water facilities.

**Debt Service** – Information pertaining to Wastewater segment debt is found on pages 2-17, 2-18 and 2-19. Potable water segment debt detail is found on page 4-8.

**Other, net** – This category includes a combination of expenses and revenues with a *negative* net total of \$50,495. The line item components included in the total are: underwriter marketing fees (\$6,272), potential wastewater segment debt retirement costs (\$10,000) and deferred debt costs (\$38,495). Off-setting the expense (in this category) is cell phone site revenue estimate to be \$144,272 in FY10.

**Capital Projects** – Capital projects planned for FY 2010, in addition to the Tapia and Tillman system improvements, include projects in the sanitation, recycled water, and potable water areas. Specific projects and costs are detailed in the Wastewater Capital, Recycled Water Capital, and Potable Water Capital budget pages.

## **CONCLUSION**

The Budget for FY 2010 is presented in the following Sections 2 through 4. Included in the document are:

- Segment summaries of direct revenue and expense, by category, found on the first page of each section; and
- Comparative columns on the individual budget pages. The columns detail actual expense and revenue information for fiscal year 2007 and 2008 as well as 2009 and 2010 budget figures.

Also provided are the Joint Venture Budget by Las Virgenes Municipal Water District (Section 5), and a budget glossary (Section 6).