



FISCAL YEAR 2002-03 BUDGET

MISSION STATEMENT

To efficiently provide dependable drinking water delivery and wastewater collection services to Vandenberg Village residents, with a commitment to customer service.

Water & Wastewater Enterprise Fund Budgets

Fiscal Year 2002-03

OPERATING BUDGET

CAPITAL BUDGET

Prepared by
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Vandenberg Village Community Services District
Operating Budget
Fiscal Year 2002-03



The Vandenberg Village Community Services District budget reflects a continuing effort on necessary maintenance and repair of the more than \$4 million in plant assets we now have through prior years' investments. Previous years were characterized by investment in system improvements and rehabilitation of plant assets, improved system safety and reliability, and improved maintenance management of our facilities. We made significant progress on these fronts in the past to the point where the budget reflects primary effort on continuing operations and maintenance of plant assets which are in good condition and which are both modernized and reliable.

The Board adopted the operating budget at its regular meeting held on May 7, 2002. However, the projected revenue did not support operational expenses. The Board was faced with the decision to cut back on expenses or increase revenue. In extensive discussions on this choice, the Board indicated resistance for a rate increase, consequently, the expense budget was reduced at the Board's regular meeting held on June 4, 2002.

The final adopted fiscal year 2002-03 budget projects a 1.26 covenant performance for the combined water and wastewater budget. The District's bond covenant requires a 1.20 covenant performance on the combined, i.e., revenues must exceed debt service (principal and interest payments) by 20%. Previously, the District has budgeted at the 1.30 level, so this budget represents a tightening up of operating expenses for fiscal year 2002-03.

On the payroll front, the budget contains a CPI cost of living adjustment of 1.9% for District employees in keeping with the Department of Labor survey for the area for January 2002. This is the method traditionally used to maintain fair and competitive pay in years when not doing a formal position comparability survey. This year's budget includes funds for a contracted salary classification and comparability survey by a professional personnel firm. This is a project that is central to the treatment and morale of employees.

The wastewater budget is established based on the best available expense projection from the City of Lompoc for the Regional Wastewater Treatment Plant. Over the years we have built up a substantial wastewater reserve because of the covenant requirements and a lack of significant operation and maintenance costs for the collection system.

Tommy A. Keller
General Manager

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WATER OPERATING BUDGET
FISCAL YEAR 2002 - 2003**

	Actual FY Ended June 2001	Approved Budget FY 2002	Approved Budget FY 2003	% Total Revenue/ Expense
OPERATING REVENUE				
Water Sales	\$787,108	\$724,000	\$733,400	66.29%
Sub-Total	\$787,108	\$724,000	\$733,400	66.29%
NON-OPERATING REVENUE				
Interest, etc.	\$80,137	\$67,200	\$46,000	4.16%
Bond Charges	326,455	326,900	326,900	29.55%
Sub-Total	\$406,592	\$394,100	\$372,900	33.71%
OPERATING EXPENSE				
Salaries & Benefits	\$258,854	\$280,700	\$297,760	30.15%
Purchased Power	127,924	180,900	190,250	19.26%
Insurance	13,209	13,400	12,700	1.29%
Depreciation	135,822	125,100	120,000	12.15%
Supplies & Repairs	88,318	125,700	108,000	10.93%
Prof/Contract Services	178,627	112,620	125,500	12.71%
Customer Accounts	5,277	6,550	6,550	0.66%
Office	10,077	10,950	11,000	1.11%
Other	3,550	5,500	6,050	0.61%
Sub-Total	\$821,658	\$861,420	\$877,810	88.87%
NON-OPERATING EXPENSE				
Bond Interest	\$128,242	\$119,400	\$109,900	11.13%
Other	3,475	0	0	0.00%
Sub-Total	\$131,717	\$119,400	\$109,900	11.13%
¹TOTAL NET INCOME	\$240,325	\$137,280	\$118,590	

<p>¹PRINCIPAL PAYMENTS: \$220,400 to be paid from net income This is the cash required for principal payments from July 2002 to June 2003.</p>
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**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WASTEWATER OPERATING BUDGET
FISCAL YEAR 2002 - 2003**

	Actual FY Ended June 2001	Approved Budget FY 2002	Approved Budget FY 2003	% Total Revenue/ Expense
OPERATING REVENUE				
Wastewater Services	\$632,834	\$631,400	\$632,200	77.46%
Sub-Total	\$632,834	\$631,400	\$632,200	77.46%
NON-OPERATING REVENUE				
Interest, etc.	\$122,692	\$100,300	\$79,500	9.74%
Bond Charges	104,312	104,500	104,500	12.80%
Sub-Total	\$227,004	\$204,800	\$184,000	22.54%
OPERATING EXPENSE				
Salaries & Benefits	\$102,749	\$137,300	\$146,300	19.82%
Purchased Power	7,242	8,100	8,400	1.14%
Wastewater Treatment	368,119	400,000	380,000	51.47%
Lease Pymt - City	23,608	55,000	55,000	7.45%
Insurance	8,806	9,000	8,500	1.15%
Depreciation	20,399	20,900	21,700	2.94%
Supplies & Repairs	16,497	19,000	18,000	2.44%
Prof/Contract Services	31,759	46,580	49,700	6.73%
Customer Accounts	5,016	5,950	5,950	0.81%
Office	2,944	3,500	3,700	0.50%
Other	2,317	3,100	4,150	0.56%
Sub-Total	\$589,456	\$708,430	\$701,400	95.00%
NON-OPERATING EXPENSE				
Bond Interest	\$42,754	\$39,900	\$36,900	5.00%
Other	0	0	0	0.00%
Sub-Total	\$42,754	\$39,900	\$36,900	5.00%
¹TOTAL NET INCOME	\$227,628	\$87,870	\$77,900	

<p>¹PRINCIPAL PAYMENTS: \$69,600 to be paid from net income This is the cash required for principal payments from July 2002 to June 2003.</p>

BOARD APPROVED

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WATER AND WASTEWATER OPERATIONS
DEBT SERVICE CALCULATION FOR FISCAL YEAR 2002-2003**

DESCRIPTION		
1) Fee Requirement:		
a) Maintenance and Operations Costs		\$1,579,210
b) Less: Depreciation		(141,700)
c) Debt Service Interest	\$105,800	
d) Debt Service Principal ¹	280,000	
Debt Service Sub-Total		385,800
		\$1,823,310
Fees Collected:		
a) Service Charges		\$1,364,800
Bond Charges		431,400
		\$1,796,200
2) Covenant Revenue Calculation:		
a) Total Revenues (Less Interest)		\$1,797,000
b) Interest Earned		125,500
Sub-Total		\$1,922,500
c) Less Operating Costs		(\$1,579,210)
d) Plus Depreciation		141,700
Covenant Revenues		\$484,990
3) 120% Covenant Requirement (Debt Service Interest + Debt Service Principal) x 120%		\$462,960
4) Actual Covenant Performance Covenant Revenues ÷ Debt Service Principal & Interest		1.26

¹ Debt Service Principal of \$280,000 is the amount of bonds to be retired 11/02.

BOARD APPROVED

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WATER OPERATIONS
DEBT SERVICE CALCULATION FOR FISCAL YEAR 2002-2003**

DESCRIPTION		
1) Fee Requirement:		
a) Maintenance and Operations Costs		\$877,810
b) Less: Depreciation		(120,000)
c) Debt Service Interest	\$80,400	
d) Debt Service Principal ¹	212,800	
Debt Service Sub-Total		293,200
		\$1,051,010
Fees Collected:		
a) Service Charges		\$732,600
b) Bond Charges		326,900
		\$1,059,500
2) Covenant Revenue Calculation:		
a) Total Revenues (Less Interest)		\$1,060,300
b) Interest Earnings		46,000
Sub-Total		1,106,300
c) Less Operating Costs		(877,810)
d) Plus Depreciation		120,000
Covenant Revenues		\$348,490
3) 120% Covenant Requirement (Debt Service Interest + Debt Service Principal) x 120%		\$351,840
4) Actual Covenant Performance Covenant Revenues ÷ Debt Service Principal & Interest		1.19

¹ Debt Service Principal of \$212,800 is the amount of bonds to be retired 11/02.

BOARD APPROVED

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WASTEWATER OPERATIONS
DEBT SERVICE CALCULATION FOR FISCAL YEAR 2002-2003**

DESCRIPTION		
1) Fee Requirement:		
a) Maintenance and Operations Costs		\$701,400
b) Less: Depreciation		(21,700)
c) Debt Service Interest	\$25,400	
d) Debt Service Principal ¹	67,200	
Debt Service Sub-Total		92,600
		<u>\$772,300</u>
Fees Collected:		
a) Service Charges		\$632,200
b) Bond Charges		104,500
		<u>\$736,700</u>
2) Covenant Revenue Calculation:		
a) Total Revenues (Less Interest)		\$736,700
b) Interest Earnings		79,500
Sub-Total		\$816,200
c) Less Operating Costs		(701,400)
d) Plus Depreciation		21,700
Covenant Revenues		<u>\$136,500</u>
3) 120% Covenant Requirement (Debt Service Interest + Debt Service Principal) x 120%		<u>\$111,120</u>
4) Actual Covenant Performance Covenant Revenues ÷ Debt Service Principal & Interest		<u>1.47</u>

¹ Debt Service Principal of \$67,200 is the amount of bonds to be retired 11/02.

CAPITAL BUDGET

Vandenberg Village Community Services District was established in 1983 as a local Government agency under California Government Code Section 61000, et. seq., for the purpose of providing water and wastewater services to the community of Vandenberg Village, an unincorporated area of Santa Barbara County north of Lompoc. It is governed by a Board of five locally elected directors.

Board of Directors

Charles E. Blair
S. Maurice Cobb
Lynda A. Moore
Donald D. Rowland
Robert A. Wyckoff

Water Capital Budget Synopsis and Justification

Capital Improvement Plan

Water Quality Improvement Study– As desired by the Board following discussion of possible water quality improvements, a preliminary study of available, promising technologies needs to be done as the first step in a multi-year effort. The estimate of \$30,000 is a very rough guess as to the potential cost. Additional research and effort to pin down the scope of work, and a solicitation for proposals, will be necessary before a precise cost can be determined. This item is a carryover from fiscal year 2001-02.

District Office Remodeling– The office staff, as part of their ongoing effort and commitment in providing the highest quality of customer service, submitted a proposal to remodel the existing office to enhance the convenience and safety of customers. There have been many incidents when customers, particularly the elderly, have difficulty entering the front door due to the winds pushing the door against their efforts of opening an already heavy door. Repeated attempts to alleviate the problem with maintenance measures have failed. Additionally, the remodel would provide closer, and more convenient access to customers using the parking lot behind the office. This project would also provide for handicap access which the current door does not.

Capital Replacement Plan

Vehicle-District Sedan- Replacement of the District 11 year-old sedan is necessary as it continues to increase in maintenance costs due to several mechanical malfunctions. Employees have expressed concern in driving the sedan for fear of a mechanical breakdown. Purchase through the State's GSA contract is anticipated.

Vehicle- Pickup Truck- Replacement of an almost eleven year-old service vehicle is necessary as it has high mileage, requires body paint and continues to increase in maintenance costs. Purchase through the State's GSA contract is anticipated.

Printer- Customer Billing- Replacement of a high speed 13 year-old printer used to generate the monthly bills is necessary in that it has exceeded its life expectancy and any service maintenance is cost prohibitive. The old printer has provided years of good service printing approximately 2,500 bills and 800 reminders each month. It needs replacement for reliability and efficiency.

Digital Camera - The replacement of the existing digital camera purchased about five years ago with newer technology is necessary. The digital camera is used to document maintenance and repair activities, and unusual events that could become claims against the district, or to document potential claims of our own for insurance purposes.

Computer Work Station- Replacement of one work station each year has been part of the District's yearly plan to avoid one-time budget impacts of replacing all work stations in one budget year, and to continually upgrade our systems to stay abreast of technology.

SCADA Receiver– It may be necessary to replace one of the receivers which transmits signals from the SCADA to the remote sites. The receivers have not been replaced since the system was put in operation in 1996. Costs are shared: 80% water, 20% wastewater.

Capital Outlay Plan

AC/DC Convertor– A portable current convertor to assist in our maintenance efforts. With the purchase of the sewer lateral camera, it became necessary to have a portable source of current. This convertor is intended to be used on the utility vehicles in lieu of a portable generator when a portable source of current is needed for video and other work with small electric tools.

Pipe Rack- Improved storage is needed at the shop for pipes, gate valves, etc which are located on the ground and exposed to the elements. We anticipate buying the metal to make the racks and build the storage unit with in-house labor. The project is intended to protect the spare parts inventory from deterioration and to improve safety for our personnel.

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WATER CAPITAL BUDGET
FISCAL YEAR 2002-03

	FUNDING SOURCE	BUDGET AMOUNT
Capital Improvement Plan		
Water Quality Improvement Study by Consultant	Cash Reserves	\$30,000
District Office Remodeling	Cash Reserves	31,000
Sub-Total Capital Improvement Plan		\$61,000
Capital Replacement Plan		
District Sedan	Replacement Reserves	\$18,000
Truck - Unit #2	Replacement Reserves	20,000
Printer for customer billing	Replacement Reserves	2,600
Digital Camera	Replacement Reserve	750
Computer Workstation	Replacement Reserves	1,200
SCADA Receiver (80% of cost)	Replacement Reserves	1,600
Datamatic Program (meter reading)	Replacement Reserves	5,000
Sub-Total Capital Replacement Plan		\$49,150
Capital Outlay Plan		
AC/DC Convertor	Cash Reserves	\$800
Pipe Rack	Cash Reserves	6,000
Sub-Total Capital Outlay Plan		\$6,800
Total Water Capital Budget		\$116,950

SUMMARY AMOUNTS BY FUNDING SOURCE

Replacement Reserves		\$49,150
Cash Reserves		67,800
		\$116,950

Wastewater Capital Budget Synopsis & Justification

Capital Improvement Plan– **None**

Capital Replacement Plan

Line Sewer Mains - As part of our ongoing maintenance management of our facilities, the lining of the sewer mains is necessary to prevent the infiltration of roots.

SCADA Receiver - See water synopsis. 20% of cost allocated to the wastewater fund.

Capital Outlay Plan

Sonde and Locator- A sonde and locator would enhance the capabilities of our sewer lateral video. This equipment will give us the capability of locating sewer lines as it is able to bend around corners and curve as it makes its way down the sewer line.

VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WASTEWATER CAPITAL BUDGET
FISCAL YEAR 2002-03

	FUNDING SOURCE	BUDGET AMOUNT
Capital Improvement Plan		
	Cash Reserves	
Sub-Total Capital Improvement Plan		\$0
Capital Replacement Plan		
Line Sewer Mains	Replacement Reserves	\$72,000
SCADA Receiver (20% of cost)	Replacement Reserves	400
Sub-Total Capital Replacement Plan		\$72,400
Capital Outlay Plan		
Sonde and Locator	Cash Reserves	\$2,700
Sub-Total Capital Outlay Plan		\$2,700
Total Wastewater Capital Budget		<u>\$75,100</u>

SUMMARY AMOUNTS BY FUNDING SOURCE

Replacement Reserves	\$72,400	
Cash Reserves	2,700	
		<u>\$75,100</u>