



FISCAL YEAR 2001-02 BUDGET

MISSION STATEMENT

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

Vandenberg Village Community Services District Fiscal Year 2001-02 Operating Budget

The Vandenberg Village Community Services District budget provides the necessary funding to support the District's continuing effort in excellent services and work conditions, and the necessary maintenance and repair of the more than \$4 million in plant assets we now have. Last fiscal year was characterized by continuing efforts contributing to improved system safety, reliability and improved maintenance management of our facilities. We made significant progress on computer-assisted maintenance management and accountability, so the District is now benefitting with productivity and efficiency improvements from the efforts of both the field and office staffs. Nevertheless, continuing effort needs to remain a priority.

The fiscal year 2001-02 adopted budgets reflect continued reduction in the annual expenditures and a substantial reduction in the monthly water bill. The Board approved a rate reduction for the fixed monthly service charge for $\frac{5}{8} \times \frac{3}{4}$ " to 1½" meters. This includes all residential customers, most apartment and condominium services and small commercial accounts.

The adopted budgets project a 1.35 covenant performance in the water fund and a 1.66 covenant performance in the wastewater fund. The projected combined water and wastewater covenant performance that counts for bond covenant compliance is 1.43. The District's bond covenant requires a 1.20 covenant performance, i.e., revenues must exceed debt service (principal and interest payments) by 20%.

The power purchase expense budget increased by 40% over last year. In 1994, the District did all of the currently suggested changes in operations and equipment to economize on the cost of, and the consumption of electricity. We do not operate our pumps during the peak period which is the most expensive and is now subject to the rotating blackouts. The ratepayers have reaped the financial benefit of energy conservation measures for seven years (70 to 90 thousand dollars a year savings). With our strong financial position, we are able to absorb this increased cost of power and lower water service rates.

On the payroll front, the budget contains a CPI cost of living adjustment of 3.9% for District employees in keeping with the Department of Labor survey for the area for January 2001. This is the method traditionally used to maintain fair and competitive pay in years when not doing a formal position comparability survey.

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 2001 - 2002**

	Actual FY Ending June 2000	Adopted Budget FY Ending June 2001	Staff Proposed FY Ending June 2002	% Total Revenue/ Expense	Committee Recommended FY Ending June 2002	% Total Revenue/ Expense	Board Approved FY Ending June 2002	% Total Revenue/ Expense
OPERATING REVENUE								
Water Sales	\$814,036	\$775,600	\$783,100	66.52%	\$783,100	66.52%	\$724,000	64.75%
Sub-Total	\$814,036	\$775,600	\$783,100	66.52%	\$783,100	66.52%	\$724,000	64.75%
NON-OPERATING REVENUE								
Interest, etc.	\$50,122	\$50,000	\$67,200	5.71%	\$67,200	5.71%	\$67,200	6.01%
Bond Charges	326,179	325,900	326,900	27.77%	326,900	27.77%	326,900	29.24%
Sub-Total	\$376,300	\$375,900	\$394,100	33.48%	\$394,100	33.48%	\$394,100	35.25%
OPERATING EXPENSE								
Salaries & Benefits	\$260,885	\$278,800	\$276,300	28.68%	\$276,300	28.41%	\$276,300	28.38%
Purchased Power	122,111	131,100	180,900	18.78%	180,900	18.60%	180,900	18.58%
Insurance	11,710	16,700	13,400	1.39%	13,400	1.38%	13,400	1.38%
Depreciation	141,361	138,200	125,100	12.99%	125,100	12.86%	125,100	12.85%
Supplies & Repairs	94,457	110,400	125,700	13.05%	125,700	12.92%	125,700	12.91%
Prof/Contract Services	93,881	223,900	100,300	10.41%	108,900	11.20%	109,620	11.26%
Customer Accounts	5,290	7,500	6,550	0.68%	6,550	0.67%	6,550	0.67%
Office	9,356	9,900	10,950	1.14%	10,950	1.13%	10,950	1.12%
Other	2,579	8,100	4,800	0.50%	5,500	0.57%	5,500	0.57%
Sub-Total	\$741,630	\$924,600	\$844,000	87.61%	\$853,300	87.72%	\$854,020	87.73%
NON-OPERATING EXPENSE								
Bond Interest	\$136,500	\$128,200	\$119,400	12.39%	\$119,400	12.28%	\$119,400	12.27%
Other	4,402	0	0	0.00%	0	0.00%	0	0.00%
Sub-Total	\$140,901	\$128,200	\$119,400	12.39%	\$119,400	12.28%	\$119,400	12.27%
*TOTAL NET INCOME (LOSS)	\$307,805	\$98,700	\$213,800		\$204,500		\$144,680	

***PRINCIPAL PAYMENTS: \$207,700 to be made from net income
This is the cash required for principal payments from July 2001 to June 2002**

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WASTEWATER OPERATING BUDGET
FISCAL YEAR 2001 - 2002**

	Actual FY Ending June 2000	Adopted Budget FY Ending June 2001	Staff Proposed FY Ending June 2002	% Total Revenue/ Expense	Committee Recommended FY Ending June 2002	% Total Revenue/ Expense	Board Approved FY Ending June 2002	% Total Revenue/ Expense
OPERATING REVENUE								
Wastewater Services	\$665,260	\$696,600	\$631,400	75.51%	\$631,400	75.51%	\$631,400	75.51%
Sub-Total	\$665,260	\$696,600	\$631,400	75.51%	\$631,400	75.51%	\$631,400	75.51%
NON-OPERATING REVENUE								
Interest, etc.	\$85,949	\$20,400	\$100,300	11.99%	\$100,300	11.99%	\$100,300	11.99%
Bond Charges	104,205	104,100	104,500	12.50%	104,500	12.50%	104,500	12.50%
Sub-Total	\$190,154	\$124,500	\$204,800	24.49%	\$204,800	24.49%	\$204,800	24.49%
OPERATING EXPENSE								
Salaries & Benefits	\$105,993	\$135,500	\$137,300	18.57%	\$137,300	18.41%	\$137,300	18.40%
Purchased Power	6,564	7,200	8,100	1.10%	8,100	1.09%	8,100	1.09%
Wastewater Treatment	340,447	410,000	400,000	54.09%	400,000	53.63%	400,000	53.60%
Lease Pymt - City	31,614	34,000	55,000	7.44%	55,000	7.37%	55,000	7.37%
Insurance	7,085	11,100	9,000	1.22%	9,000	1.21%	9,000	1.21%
Depreciation	20,631	20,400	20,900	2.83%	20,900	2.80%	20,900	2.80%
Supplies & Repairs	11,364	20,200	19,000	2.57%	19,000	2.55%	19,000	2.55%
Prof/Contract Services	30,378	38,500	38,300	5.18%	44,100	5.91%	44,580	5.97%
Customer Accounts	5,093	6,800	5,950	0.80%	5,950	0.80%	5,950	0.80%
Office	2,623	3,200	3,500	0.47%	3,500	0.47%	3,500	0.47%
Other	1,304	4,900	2,500	0.34%	3,100	0.42%	3,100	0.42%
Sub-Total	\$563,094	\$691,800	\$699,550	94.60%	\$705,950	94.65%	\$706,430	94.65%
NON-OPERATING EXPENSE								
Bond Interest	\$45,363	\$42,700	\$39,900	5.40%	\$39,900	5.35%	\$39,900	5.35%
Other	0	0	0	0.00%	0	0.00%	0	0.00%
Sub-Total	\$45,363	\$42,700	\$39,900	5.40%	\$39,900	5.35%	\$39,900	5.35%
*TOTAL NET INCOME (LOSS)	\$246,957	\$86,600	\$96,750		\$90,350		\$89,870	

<p>*PRINCIPAL PAYMENTS: \$65,600 to be made from net income This is the cash required for principal payments from July 2001 to June 2002</p>
--

BOARD APPROVED

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WATER AND WASTEWATER OPERATIONS
DEBT SERVICE CALCULATION FOR FISCAL YEAR 2001-2002**

DESCRIPTION	FY 01-02
1) Fee Requirement:	
a) Maintenance and Operations Costs	\$1,560,450
b) Less: Depreciation	(146,000)
c) Debt Service Interest	\$118,300
d) Debt Service Principal ¹	260,000
Debt Service Sub-Total	378,300
	\$1,792,750
Fees Collected:	
a) Service Charges	\$1,354,600
Bond Charges	431,400
	\$1,786,000
2) Covenant Revenue Calculation:	
a) Total Revenues (Less Interest)	\$1,786,800
b) Interest Earned	167,500
Sub-Total	\$1,954,300
c) Less Operating Costs	(\$1,560,450)
d) Plus Depreciation	146,000
Covenant Revenues	\$539,850
3) 120% Covenant Requirement	
Debt Service Interest + Debt Service Principal x 120%	\$453,960
4) Actual Covenant Performance	
Covenant Revenues ÷ Debt Service Principal & Interest	1.43

¹ Debt Service Principal of \$260,000 reflects amount of bonds to be retired 11/01.

BOARD APPROVED

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WATER OPERATIONS
DEBT SERVICE CALCULATION FOR FISCAL YEAR 2001-2002**

DESCRIPTION	FY 01-02
1) Fee Requirement:	
a) Maintenance and Operations Costs	\$854,020
b) Less: Depreciation	(125,100)
c) Debt Service Interest	\$89,900
d) Debt Service Principal ¹	197,600
Debt Service Sub-Total	287,500
	\$1,016,420
Fees Collected:	
a) Service Charges	\$723,200
b) Bond Charges	326,900
	\$1,050,100
2) Covenant Revenue Calculation:	
a) Total Revenues (Less Interest)	\$1,050,900
b) Interest Earnings	67,200
Sub-Total	1,118,100
c) Less Operating Costs	(854,020)
d) Plus Depreciation	125,100
Covenant Revenues	\$389,180
3) 120% Covenant Requirement	
Debt Service Interest + Debt Service Principal x 120%	\$345,000
4) Actual Covenant Performance	
Covenant Revenues + Debt Service Principal & Interest	1.35

¹ Debt Service Principal of \$197,600 reflects amount of bonds to be retired 11/01.

BOARD APPROVED

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WASTEWATER OPERATIONS
DEBT SERVICE CALCULATION FOR FISCAL YEAR 2001-2002**

DESCRIPTION	FY 01-02
1) Fee Requirement:	
a) Maintenance and Operations Costs	\$706,430
b) Less: Depreciation	(20,900)
c) Debt Service Interest	\$28,400
d) Debt Service Principal ¹	62,400
Debt Service Sub-Total	90,800
	\$776,330
Fees Collected:	
a) Service Charges	\$631,400
b) Bond Charges	104,500
	\$735,900
2) Covenant Revenue Calculation:	
a) Total Revenues (Less Interest)	\$735,900
b) Interest Earnings	100,300
Sub-Total	\$836,200
c) Less Operating Costs	(706,430)
d) Plus Depreciation	20,900
Covenant Revenues	\$150,670
3) 120% Covenant Requirement Debt Service Interest + Debt Service Principal x 120%	\$108,960
4) Actual Covenant Performance Covenant Revenues + Debt Service Principal & Interest	1.66

¹ Debt Service Principal of \$62,400 reflects amount of bonds to be retired 11/01.

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.

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, the first step in a multi-year effort is the preliminary study of available and promising technologies. This is a carryover from fiscal year 2000-01 approved budget.

Capital Replacement Plan

Replace Filter Pump and Motor– The existing 30 year-old pump and motor are at the end of their useful lives and are beyond economical repair. This year the District had to make a weld repair to the pump flange because parts are no longer available for the pump body. This pump and motor is the only pump available for the filter system, and operates daily without redundant backup. It needs replacement for reliability and motor efficiency.

Digital Copy Machine with Fax and Printer Options–Replacement of the eight year-old copy machine with newer technology will enhance productivity and efficiency of the office operations. The old machine has provided good service, with over 400,000 copies made from it.

Replace Office Phone System-- The existing phones are old and obsolete. Phone maintenance requirements have been high, and the maintenance contractor advises that parts are getting hard to obtain. This project is also a carryover from fiscal year 2000-01 approved budget.

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. A side benefit of annual replacement is that updated commercial software that comes with the machines can be obtained with negligible cost.

Dot Matrix Printer– Replacement of the most frequently used printer to generate computer reports in the office is appropriate in that the existing 5 year-old printer has exceeded its number of printed-pages-life -expectancy by a factor of two.

Capital Outlay Plan

None

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WATER CAPITAL BUDGET
FISCAL YEAR 2001 - 2002**

		Funding Source	Budget Amount
Capital Improvement Plan			
Treatment Plant	Water Quality Improvement Study by Consultant	Cash Reserves	\$30,000
Sub-Total Capital Improvement Plan			\$30,000
Capital Replacement Plan			
Treatment Plant	Filter Pump and Motor	Replacement Reserves	\$7,000
General Plant	Digital Copy Machine with Fax/Printer Options	Replacement Reserves	7,500
General Plant	Replace Office Phones Sytem	Replacement Reserves	3,300
General Plant	Computer Work Station	Replacement Reserves	1,200
General Plant	Dot Matrix Printer	Replacement Reserves	750
Sub-Total Capital Replacement Plan			\$19,750
Capital Outlay Plan			
Sub-Total Capital Outlay Plan			\$0
Total Water Capital Budget			<u><u>\$49,750</u></u>

SUMMARY AMOUNTS BY FUNDING SOURCE

Replacement Reserves	\$19,750
Cash Reserves	30,000
	<u><u>\$49,750</u></u>

Wastewater Capital Budget Synopsis and Justification

Capital Improvement Plan– None

Capital Replacement Plan

Vehicle-Utility Pickup– Replacement of the oldest, ten year-old service vehicle is necessary as it has high mileage and is continuing to increase in maintenance costs. Purchase through the State's GSA contract is anticipated.

Capital Outlay Plan

Lateral Camera– The District anticipates additional need for video surveillance of the sewer system as it ages and root infestation and claims situations may continue to increase. The District has traditionally contracted for this service for wide areas of work, but this method is not expected to meet our projected needs in the future. Having the video equipment will assist our maintenance efforts, and will help document conditions of dispute with customers which may eliminate, or reduce, claim exposure and perhaps litigation in the future.

**VANDENBERG VILLAGE COMMUNITY SERVICES DISTRICT
WASTEWATER CAPITAL BUDGET
FISCAL YEAR 2001 - 2002**

		Funding Source	Budget Amount
Capital Improvement Plan			
Sub-Total Capital Improvement Plan			\$0
Capital Replacement Plan			
General Plant	Vehicle - Utility Pick-Up	Replacement Reserves	\$24,000
Sub-Total Capital Replacement Plan			\$24,000
Capital Outlay Plan			
General Plant	Lateral Camera	Cash Reserves	\$10,000
Sub-Total Capital Outlay Plan			\$10,000
Total Wastewater Capital Budget			\$34,000

SUMMARY AMOUNTS BY FUNDING SOURCE

Replacement Reserves	\$24,000
Cash Reserves	10,000
	\$34,000