

STAFF REPORT

To: Board of Directors

From: Jeffrey Schneider, Assistant General Manager - Finance & Administration

Agenda: April 9, 2024

Report Date: April 5, 2024

Agenda Title: Quarterly Financial Review

Recommendation/Motion:

Information Only.

Background:

Period Budget Analysis

The attached Period Budget Analysis summarizes year-to-date revenue and expenses for the first nine months of Fiscal Year 2023-2024 versus budget. Key highlights include:

- Year-to-date water revenue is (\$595,000) or 6% below budget due to reduced water usage given the mild summer weather pattern and continuing conservation efforts by the District's customers post drought.
 - Water use for the July - March 2024 period is 1.2%, or 4.1 MG lower than the same period in 2023, 18%, or 77 MG lower than 2022, and 23%, or 107 MG lower than 2021.
- Year-to-date non-operating revenue is \$544,000 above budget due to: 1) interest earnings that are \$250,000 above budget; 2) County taxes and ERAF Refund that together are \$180,000 above budget; 3) \$59,000 in FEMA reimbursements related to last year's highway 92 storm damage; and 4) late penalties and other income that exceed budget by a combined \$55,000.

In total, operating and non-operating revenues were \$50,000 below budget.

- Year-to-date expenses are \$871,000 under budget due to:
 - \$206,000 in lower than budgeted SFPUC water purchases.
 - \$151,000 in lower electricity primarily due to limited use of Crystal Springs Pump Station.
 - \$302,000 in salary and benefit savings due to (2) empty positions.
 - \$212,000 of combined savings for other expense accounts due to timing differences relative to the budget.

STAFF REPORT

Board of Directors' Meeting: April 9, 2024

Subject: Quarterly Financial Report

Page: 2

Capital Improvement Program (CIP)

The District spent \$3,661,000 through the first nine months of Fiscal Year 2023-2024 on CIP. Key projects included the Nunes Water Treatment Plant Improvement Project (\$1,726,000); the Poplar Street Pipeline Replacement Project (\$373,000); Highway 92 Pipeline Restoration Project (\$400,000); and the Myrtle/2nd Ave. Valve Replacement Project (\$182,000).

Cash Reserves

The District's cash balance on March 31, 2024 was \$12,782,000.

COASTSIDE COUNTY WATER DISTRICT - PERIOD BUDGET ANALYSIS
For Nine Months Ending March 31, 2024

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance	Comments
OPERATING REVENUE						
1-0-4120-00	Water Revenue -All Areas	9,620,000.00	9,025,352.31	(594,647.69)	-6.18%	Reflects on-going trend of reduced water use - continuing conservation post-drought
1-0-4170-00	Water Taken From Hydrants	39,500.00	36,722.95	(2,777.05)	-7.03%	
TOTAL OPERATING REVENUE		9,659,500.00	9,062,075.26	(597,424.74)	-6.18%	
NON-OPERATING REVENUE						
1-0-4180-00	Late Notice -10% Penalty	48,500.00	82,541.19	34,041.19	70.19%	
1-0-4230-00	Service Connections	7,450.00	13,819.87	6,369.87	85.50%	
1-0-4920-00	Interest Earned	69,000.00	319,483.44	250,483.44	363.02%	LAIF interest earnings are exceeding budgeted levels
1-0-4930-00	Tax Apportionments/Cnty Checks	640,000.00	679,907.26	39,907.26	6.24%	
1-0-4950-00	Miscellaneous Income	3,600.00	60,053.54	56,453.54	1568.15%	Includes \$59k of FEMA reimbursements related to January, 2023 storms
1-0-4955-00	Cell Site Lease Income	145,500.00	165,787.89	20,287.89	13.94%	
1-0-4965-00	ERAF REFUND -County Taxes	550,000.00	689,608.38	139,608.38	25.38%	Reflects higher ERAF due to recent historical tax receipts - well above recent experience
TOTAL NON-OPERATING REVENUE		1,464,050.00	2,011,201.57	547,151.57	37.37%	
TOTAL REVENUES		11,123,550.00	11,073,276.83	(50,273.17)	-0.45%	
OPERATING EXPENSES						
1-1-5130-00	Water Purchased	1,802,045.00	1,596,398.46	205,646.54	11.41%	Reflects lower water purchases in response to lower than budgeted water sales
1-1-5230-00	Pump Exp, Nunes T P	42,000.00	45,370.22	(3,370.22)	-8.02%	
1-1-5231-00	Pump Exp, CSP Pump Station	250,000.00	70,705.11	179,294.89	71.72%	Limited use of Crystal Springs Pump Station - SFPUC purchases have largely been from use of Pilarcitos Reservoir (gravity fed)
1-1-5232-00	Pump Exp, Trans. & Dist.	19,800.00	20,723.11	(923.11)	-4.66%	
1-1-5233-00	Pump Exp, Pilarcitos Canyon	63,800.00	59,575.37	4,224.63	6.62%	
1-1-5234-00	Pump Exp. Denniston	52,000.00	79,784.58	(27,784.58)	-53.43%	Reflects use of local source supply vs SFPUC
1-1-5242-00	CSP Pump Station Operations	9,800.00	14,482.62	(4,682.62)	-47.78%	
1-1-5243-00	CSP Pump Station Maintenance	26,000.00	5,015.35	20,984.65	80.71%	
1-1-5246-00	Nunes T P Operations	75,000.00	67,457.63	7,542.37	10.06%	
1-1-5247-00	Nunes T P Maintenance	92,000.00	72,812.56	19,187.44	20.86%	
1-1-5248-00	Denniston T.P. Operations	39,000.00	13,470.12	25,529.88	65.46%	
1-1-5249-00	Denniston T.P. Maintenance	119,000.00	94,251.07	24,748.93	20.80%	
1-1-5250-00	Laboratory Services	57,000.00	43,910.56	13,089.44	22.96%	
1-1-5260-00	Maintenance -General	293,000.00	387,133.79	(94,133.79)	-32.13%	Reflects \$43k tree removal, \$21k for fence repairs at Miramontes Tank damaged in January 2023 storms, \$18k purchase of Teloger for leak detection; \$27k load bank testing of generators and generator repairs, \$17k contractor labor during emergencies. Offset by lower than planned expenses in other maintenance categories.
1-1-5261-00	Maintenance -Well Fields	50,000.00	7,200.00	42,800.00	85.60%	
1-1-5263-00	Uniforms	11,000.00	13,033.18	(2,033.18)	-18.48%	
1-1-5318-00	Studies/Surveys/Consulting	105,000.00	84,463.77	20,536.23	19.56%	project timing; compensation study now underway as is Rate study
1-1-5321-00	Water Resources	14,800.00	18,171.97	(3,371.97)	-22.78%	
1-1-5322-00	Community Outreach	33,000.00	12,545.14	20,454.86	61.98%	
1-1-5381-00	Legal	82,000.00	61,563.00	20,437.00	24.92%	
1-1-5382-00	Engineering	64,400.00	48,959.78	15,440.22	23.98%	
1-1-5383-00	Financial Services	21,000.00	17,540.00	3,460.00	16.48%	
1-1-5384-00	Computer Services	250,000.00	225,240.04	24,759.96	9.90%	

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance	Comments
1-1-5410-00	Salaries/Wages-Administration	1,037,739.00	900,521.00	137,218.00	13.22%	vacant positions earlier in the fiscal year
1-1-5411-00	Salaries & Wages -Field	1,450,735.00	1,364,691.96	86,043.04	5.93%	vacant positions earlier in the fiscal year
1-1-5420-00	Payroll Tax Expense	177,184.00	160,705.35	16,478.65	9.30%	vacant positions earlier in the fiscal year
1-1-5435-00	Employee Medical Insurance	378,000.00	340,323.62	37,676.38	9.97%	vacant positions earlier in the fiscal year
1-1-5436-00	Retiree Medical Insurance	33,700.00	30,790.74	2,909.26	8.63%	
1-1-5440-00	Employees Retirement Plan	482,000.00	460,184.97	21,815.03	4.53%	vacant positions earlier in the fiscal year
1-1-5445-00	Supplemental Retirement 401a	0.00	0.00	0.00	0.00%	
1-1-5510-00	Motor Vehicle Expense	66,000.00	51,861.31	14,138.69	21.42%	
1-1-5620-00	Office Supplies & Expense	303,000.00	276,342.02	26,657.98	8.80%	
1-1-5625-00	Meetings / Training / Seminars	30,000.00	26,217.87	3,782.13	12.61%	
1-1-5630-00	Insurance	133,000.00	141,231.39	(8,231.39)	-6.19%	
1-1-5687-00	Membership, Dues, Subscript.	88,000.00	81,880.92	6,119.08	6.95%	
1-1-5689-00	Labor Relations	4,500.00	0.00	4,500.00	100.00%	
1-1-5700-00	San Mateo County Fees	24,000.00	15,346.35	8,653.65	36.06%	
1-1-5705-00	State Fees	45,000.00	44,198.61	801.39	1.78%	
TOTAL OPERATING EXPENSES		7,824,503.00	6,954,103.54	870,399.46	11.12%	
CAPITAL ACCOUNTS						
1-1-5715-00	Debt Svc/CIEDB 11-099 (I-BANK)	335,343.00	335,342.63	0.37	0.00%	
1-1-5716-00	Debt Svc/CIEDB 2016 (I-BANK)	321,923.00	321,923.20	(0.20)	0.00%	
1-1-5717-00	Chase Bank - 2018 Loan	437,233.00	436,994.55	238.45	0.05%	
1-1-5718-00	First Foundation Bank - 2022	417,501.00	417,501.19	(0.19)	0.00%	
TOTAL CAPITAL ACCOUNTS		1,512,000.00	1,511,761.57	238.43	0.02%	
TOTAL EXPENSES		9,336,503.00	8,465,865.11	870,637.89	9.33%	
CONTRIBUTION TO CIP/RESERVES		1,787,047.00	2,607,411.72			