



# CAMBRIA COMMUNITY SERVICES DISTRICT

## FINAL BUDGET

### FISCAL YEAR 2024-2025

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## Summary

The Cambria Community Services District (CCSD) final budget for fiscal year (FY) 2024-2025 has been prepared, reflecting several actions approved by the Board of Directors during the current fiscal year. Those actions include reviewing and updating the budget policies, strategic planning goals for the calendar year 2024, and guidance from standing committees covering numerous details associated with the CCSD's finances, operations, capital projects, and policies.

Overall, the District's financial condition continued to improve due to the District's efforts in fiscal conservation and the creation of operational efficiencies leveraging technology, updated policies and procedures, and a new investment strategy. The District completed a rate analysis in FY 2022-2023 to allow the District to cover the cost of anticipated debt service in the wastewater fund and begin implementing multi-year capital improvement projects in both the water and wastewater funds. These rate increases span three years and are prescribed in Resolution 32-2022, adopted on May 19, 2022, which approved the increases for the water and wastewater rates that would require annual Board review. 2024/2025 is the last year of the three-year increase. The prescribed rate increases also include future annual inflationary adjustments to water and wastewater, which will require Board approval. Additional details associated with enterprise fund activities, including recommendations from the CCSD standing committees guiding the preparation of the final budget, are provided in subsequent sections of this report.

While the preliminary budget included revenues and expenditure plans for FY 2024-2025, it did not include reserves since those are incorporated when the Board considers the final budget. The prescribed timing of the final budget, established by Government Code Section 61110, allows staff to perform year-end accounting closure procedures for the CCSD balance sheet in determining the current year's ending reserve balances. The District has completed the FY 2022-2023 audit, and those reserve balances are incorporated into the FY 2024-2025 estimates for the final budget.

General fund budgets are funded through taxes and assessments, which are not increasing parallel to the inflation rate, and several unfunded items continue to exist. The Facilities and Resources budget has absorbed the property tax allocation and operating budget of the previous Parks, Recreation, and Open Space department. Service levels are being evaluated to address operational deficits within the department. Additional details on General Fund budgets and unfunded items are provided in subsequent sections of this report. Options to increase revenues to address unfunded items are limited but will continue to be explored as part of the Board-adopted Strategic Plan.

The following links to the CCSD website can be used for additional information on recent Board and standing committee actions guiding the preparation of the budget:

[Budget Policy updated December 14, 2023](#)

[Three-Year Strategic Goals 2022-2025 adopted March 14, 2024](#)

[May 19, 2022, approval of water and sewer rates effective July 1, 2022](#)

[June 15, 2023, approval of water and sewer rates adjustments effective July 15, 2023](#)

[June 13, 2024, approval of water and sewer rates adjustments effective July 1, 2024](#)

## Combined Final Budget

The following table illustrates the combined CCSD budgets.

<b>Cambria CSD - Combined Final Budget Fiscal Year 2024-2025</b>	<b>General Fund Budgets</b>	<b>Enterprise Fund Budgets</b>	<b>Budget Subtotals</b>	<b>Eliminating Adjustments</b>	<b>Combined Budgets</b>
<b>Revenues</b>					
Property Taxes	\$ 3,104,709	\$ 25,000	\$ 3,129,709	\$ -	\$ 3,129,709
Fire Assessments	567,460	-	567,460	-	567,460
Franchise Fees	200,000	-	200,000	-	200,000
Administrative Cost Reimbursements	2,491,088	-	2,491,088	(2,491,088)	-
Water Rates	-	3,811,000	3,811,000	-	3,811,000
Sustainable Water Facility Rates	-	1,321,000	1,321,000	-	1,321,000
Wastewater Rates	-	3,975,000	3,975,000	-	3,975,000
Grants	287,838	-	287,838	-	287,838
Interest Income	30,000	39,450	69,450	-	69,450
Other Revenues	109,125	431,641	540,766	-	540,766
<b>Total Revenues</b>	<b>\$ 6,790,220</b>	<b>\$ 9,603,091</b>	<b>\$ 16,393,311</b>	<b>\$ (2,491,088)</b>	<b>\$ 13,902,223</b>
<b>Expenditures</b>					
Personnel Services	\$ 4,013,397	\$ 2,522,164	\$ 6,535,561	\$ -	\$ 6,535,561
Services and Supplies	\$ 1,836,803	\$ 2,709,005	4,545,808	-	4,545,808
Capital Outlay	\$45,000	\$718,000	763,000	-	763,000
Debt Service	\$30,599	\$1,748,485	1,779,084	-	1,779,084
Administrative Cost Allocation	\$643,910	\$1,847,178	\$2,491,088	(\$2,491,088)	-
<b>Total Expenditures</b>	<b>\$ 6,569,709</b>	<b>\$ 9,544,832</b>	<b>\$ 16,114,541</b>	<b>\$ (2,491,088)</b>	<b>\$ 13,623,453</b>
<b>Net Sources Over / (Under) Uses</b>	<b>\$ 220,511</b>	<b>\$ 58,259</b>	<b>\$ 278,770</b>	<b>\$ -</b>	<b>\$ 278,770</b>

Total General Fund revenues are estimated to increase by \$532,433 (9%) from \$6,257,787 for FY 2023-2024 to \$6,790,220 in FY 2024-2025. This increase is due to property tax, franchise fees, and interest earnings. Property taxes are projected to increase \$143,753 (4.8%) from \$2,985,326 in FY 2023-2024 to \$3,129,079 in FY 2024-2025, based on estimates received from the County of San Luis Obispo Treasurer-Tax Collector.

Total General Fund expenditures are estimated to increase by \$229,076 (3.6%) from \$6,340,633 for FY 2023-2024 to \$6,569,709 in FY 2024-2025. This increase is due to projected salary increases and inflation estimates. Overall, the General Fund budgets are anticipated to have a surplus of \$220,511. This surplus is held in the General Fund for emergencies during the year or much-needed maintenance of General Fund properties. Several Maintenance and Repair projects were not funded for Fire and Facilities & Resources and may come before the board for approval during the year. Achieving a balanced budget relies on 100% cost recovery for the Administrative Fund. These administrative cost allocations and other inter-fund transfers are eliminated in the CCSD combined budget to determine net revenues and expenditures after inter-fund activities.

The Enterprise Fund revenues are estimated to increase by \$506,691 (5.6%) from \$9,096,400 in FY 2023-2024 to \$9,603,091 in FY 2024-2025 due to water and wastewater rate increases. Enterprise Fund expenditures are estimated to increase by \$595,197 (6.7%). The increase in expenses is due to projected salary increases, inflationary projections, and an increase in debt service. An overall surplus of \$58,259 is projected for FY 2024-2025, which can be utilized for future capital or debt expenditures.

## General Fund Budgets

The General Fund Budgets consist of the following:

- Fire Fund
- Facilities and Resources Fund

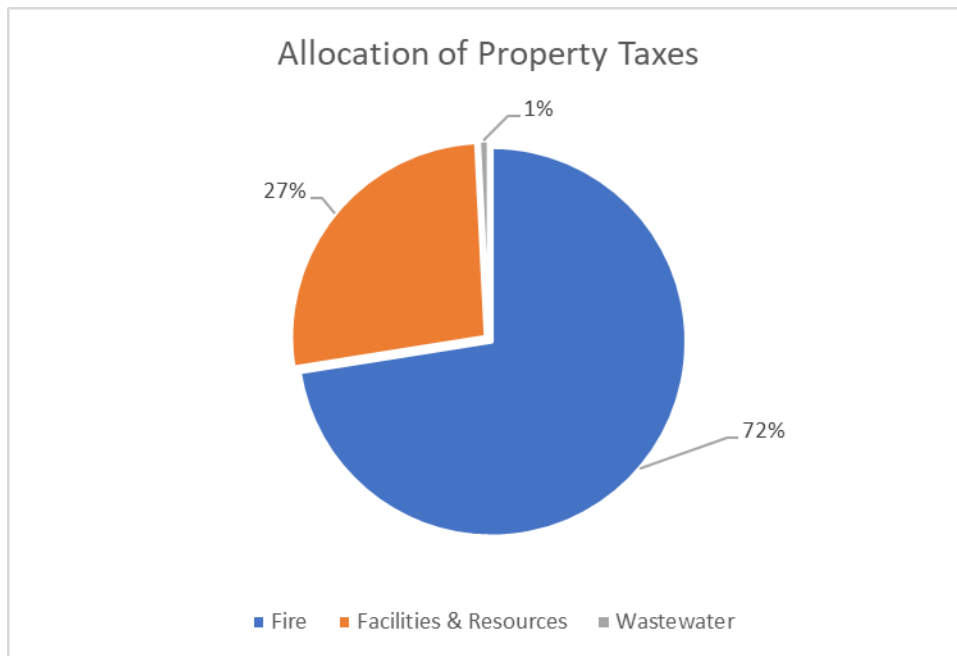
- Administrative Fund (Including the Overhead Allocation spreadsheet)

The combined General Fund budgets are illustrated on page 12, and a summary and detailed schedules for each budget are provided on pages 12 to 29.

### Significant Budget Items

General Fund revenues are primarily property taxes allocated between Fire and Facilities and Resources to fund budgeted expenditures. Other revenues, such as the Fire Assessments, are restricted to the Fire Fund. The Administrative Fund budget includes a schedule on page 54 illustrating how administrative costs are allocated between the various CCSD budgets. The Administrative Cost allocation provides for 100% reimbursement of expenses. Revenue collected in the General Fund is not being used to offset administrative costs to help ensure that the General Fund is balanced and able to perform future deferred maintenance on assets within the General Fund.

The following illustrates the allocation of CCSD property taxes.



### General Fund Trade-Offs

Trade-offs in General Fund budgets link to how much property tax revenue is allocated to one of the budgets versus another budget. The Fire Fund is allocated 72% of the CCSD property taxes, which, together with Fire Assessments of \$567,460, provide most of its funding. The Facilities and Resources Fund receives 27% of the CCSD property taxes, which, with the Veterans Hall rental income, provides for most of its funding. Allocating more property taxes to one fund and decreasing the other would result in trade-offs, changes in staffing, and changes in the service level provided by each department.

When considering trade-offs between General Fund budgets, it is essential to recognize that CCSD has taken on added responsibilities in recent years without funding. Funding for the maintenance of open space, maintenance of the Veterans Hall, and homeless camp cleanup are three primary responsibilities of the Facilities and Resources budget that continue to be underfunded and where service is provided in the best manner possible within available funding. Over time, as the CCSD continues to maintain the Fiscalini Ranch Preserve and take ownership of more open space parcels with insufficient funding, the General Fund budgets for Fire, Facilities, and Resources, and Admin will continue to decline and impact operations and safety. Significant steps have been taken to assess the operations of the Facilities and Resources department to reduce expenditures. One of the most significant steps was to hire another maintenance technician who would be funded by reducing the work we contracted. This provides the department with an increase in productivity and overall cost savings.

Lastly, \$25,000 in property taxes is budgeted for the low-income discounts for wastewater customers. Based on Proposition 218 requirements for the proportional allocation of costs when establishing customer rates and charges, low-income discounts cannot be subsidized by other wastewater customers. Property taxes are the sole source of discretionary revenues appropriate to cover the cost of the discounts.

## **Fire and Emergency Services – See budget schedules on pages 15-19**

### Significant Budget Items

- The CCSD Fire Fund provides 10 full-time personnel, 3 full-time grant-funded personnel, and 1 reserve fire personnel.
- Funded budget items include increased funding for equipment, supplies, and building repairs.
- Capital expenditures total \$15,000 for ballistic vests for active shooter response. Capital project requests that were not funded are for the fire station roof and gutter repairs, Type 1 fire engine, the rescue ski, and the Fire Department gate and fencing.

### **STRATEGIC GOAL ALIGNMENT: Fire Department**

#### **Provide Optimal Fire Protection, Water Rescue, and Emergency Medical Services on a 24/7 Basis.**

### Budget Assumptions

- 1) Continue to seek grants for various equipment and prepare funding options for the Board to consider if grants are not awarded.
- 2) Analyze the staffing model and propose efficiency and employee retention changes.
- 3) Continue to support employee training in maintaining professional licensing or other industry-related training.
- 4) Continue to support upgrading outdated equipment and apparatus.
- 5) Work to make critical updates to the fire station for safety and efficiency.

## **Facilities and Resources– See budget schedules on pages 20-24**

The Facilities and Resources (F&R) budget funds four (4) full-time equivalent staff positions and related expenditures for installation, maintenance, and repairs of District assets, including real property such as the Veterans Hall Building, Dog Park, public restrooms, open space, community parks and recreation, and Fiscalini Ranch Preserve. The property tax allocation and operating expenditures from the PROS department have been moved to F&R. The PROS department will still be used to track capital projects related to F&R, such as the skate park construction and the Fiscalini Ranch Preserve restroom. Current challenges associated with unfunded budget requests are common for local agencies that can fund facility development but need help to fund long-term maintenance efforts. Continued resource demands for open space maintenance, homeless camp cleanups, and storage of personal property are having a significant budgetary impact on General Fund resources and staff.

### Significant Budget Items

- The CCSD Facilities and Resources Fund provides for four (4) full-time personnel. Staffing levels were increased for the 2024/2025 budget. The District is reducing the amount of contracted work and gaining efficiency with a new employee.
- Capital expenditures were not funded due to structural budget deficits in the F&R department. This year's requests were for the relocation of the F&R building and an ATV.
- Significant unfunded requests exist, such as maintenance of the Veterans Hall.
  - Significant resource constraints affect the staff's ability to maintain open space, streetlights, and public restrooms, which may not meet the community's service level expectations.

### **STRATEGIC GOAL ALIGNMENT: Facilities and Resources**

#### **Manage and Provide Stewardship of District Assets, Parks, Recreation, and Open Space in a Timely, Cost-Effective, and Environmentally Sensitive Manner**

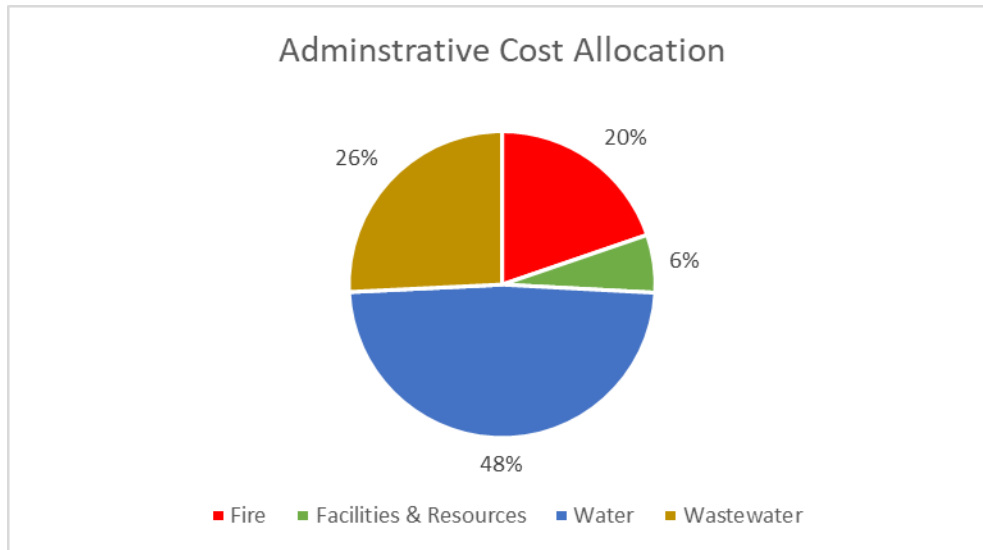
## Budget Assumptions

- 1) Continue to research grant opportunities.
- 2) Continue to support employee training in maintaining professional licensing or other industry-related training.
- 3) Continue discussions & review of the fee structure for the Veterans Hall rental rates.
- 4) Continue the dialogue with the Finance Committee and Board to find alternate funding sources.

## **Administrative Services– See budget schedules on pages 25-29**

The CCSD Administrative Fund budget includes the cost of the general manager and staff responsible for the District's accounting and finances, human resources, clerk and records retention, centralized aspects of contract management, and related administrative functions.

The following chart illustrates the CCSD allocation of administrative costs.



Overall, combined enterprise fund budgets pay 74% of the CCSD administrative costs, with water fund budgets (including WRF budgets) covering 48% and wastewater funds covering 26%. General fund budgets pay the remaining 26%, with those costs covered by Fire (20%) and F&R (6.0%).

## Significant Budget Items

- The Administrative Fund budget assumes that administrative costs are 100% reimbursed by other operating budgets.

## Budget Assumptions

- 1) Support the most current strategic plan and three-year goals the Board of Directors adopted.
- 2) Study the District Fees & Charges Schedule to determine if rates must be amended to cover the service cost.
- 3) Continue with progress on the following Organizational Goals:
  - a) Develop and review the annual budget and continue with quarterly financial updates.
  - b) Begin the FY 2023-2024 audit.
- 4) Continuing work with standing committees on various Board-assigned tasks.
- 5) Continue to support employee training in maintaining professional licensing or other industry-related training.
- 6) Implement improved workflow solutions to gain efficiency.

## **Enterprise Fund Budgets**

The CCSD Enterprise Fund budgets consist of the following:

- Water Fund
- WRF Operations Fund
- WRF Capital Fund
- Wastewater Fund

The combined Enterprise Fund budgets are illustrated on page 30, including the combined summary information for the three (3) water fund budgets (Water, WRF Operations, and WRF Capital Funds) and the Wastewater Fund. Detailed schedules for the enterprise budget are on pages 30-53.

### Significant Budget Items

As with the General Fund budgets, some significant items are common to all enterprise fund budgets, while others are budget-specific. Rate-setting, for instance, applies to all funds.

The approval of three-year increases to water and wastewater rates on May 19, 2022, effective July 1, 2022, increases the funding for the District's enterprise services, planned capital project activities, and debt service. WRF fees are not increasing and will remain as prescribed in year three of the 2018 rate study.

### Trade-Offs

In contrast to the General Fund budgets, where trade-offs exist between the budget units depending on the allocation of property tax and general fund discretionary revenues, the enterprise funds have their own dedicated revenues, and trade-offs are budget-specific. For CCSD water services, there are three "component units" of the budget – the Water Fund, the WRF Operations Fund, and the WRF Capital Fund and trade-offs may also exist between those three components.

## **STRATEGIC GOAL ALIGNMENT: Water Services Meet the Ongoing Challenges of Effectively and Reliably Managing Water Resources in our Sensitive Ecosystem**

### Budget Assumptions

The Utilities Department Manager manages Enterprise Funds. A couple of important goals for FY 2024-2025 exist for both water and wastewater operations, including the following:

- The July 1, 2024, rate increases for water and wastewater fund capital improvements and improved proactive maintenance. Implementing those efforts cost-effectively will help maximize the beneficial outcomes of rate increases.
- Continue to improve regulatory reporting and responsiveness to resource agencies.
- Advancing the Capital Improvement Program (CIP).

Forward movement on CIP will need to address staff roles and responsibilities, how the project priorities are phased, how professional and construction services are procured, and the refinement of scope, schedules, and budgets for individual projects. Overall project prioritization has been completed, reviewed, and endorsed by the Resources and Infrastructure Committee, and continued coordination with the committee will be a staff priority in FY 2024-2025. Details on specific projects and programs are discussed in the following sections on each enterprise budget. Capital Improvement Program Project Prioritization schedules are included on page 62.

Continued coordination between the Finance and Resources & Infrastructure committees will also be essential to advancing the capital improvement program.

### **Water Fund – See budget schedules on pages 33-39**

Budgeted revenues and expenditures are estimated at \$4,134,450, resulting in a balanced budget.

### Significant Budget Items

- Staffing levels are consistent with the current FY 2023-2024 staffing.
- Capital expenditures total \$448,000, including projects approved at the Resource & Infrastructure Committee meeting and by the Finance Committee.

### Water Fund Trade-Offs

The Capital Outlay expenditures include trade-offs that will continue to be considered by staff, the Resource and Infrastructure Committee, and the Board of Directors during FY 2024-2025.



Capital projects are listed in priority order on page 68. Many of the projects in the water fund have been implemented over multiple years, and funding has been accumulated over several fiscal years. The proposed capital projects, as discussed above, include multi-year and new project requests. Maintaining the Water Fund surplus is essential to fund future capital projects.

### Budget Assumptions

Water system goals for FY 2024-2025 include the following:

- Update of Urban Water Management Plan.
- Update San Simeon Creek Basin Management O&M Manual.
- Continue to support employee training in maintaining professional licensing and other industry-related professional development.
- Establish specific goals relating to Capital Improvement Projects.
- During quarterly budget reviews, continue to provide status updates on CIP efforts.
- Continue to develop details on scope, schedules, and budgets for individual high-priority projects.

### **WRF Fund – See budget schedules on pages 40-47**

The projected operating surplus in the FY 2024-2025 WRF Operations Fund budget is \$190,000.

### Significant Budget Items

- Staffing levels are consistent with the current FY 2023-2024 staffing.
- Capital expenditures total \$190,000 and include projects approved by the Resources & Infrastructure Committee and by the Finance Committee.

### WRF – Trade-Offs

The continuing costs of permitting WRF facilities are uncertain. The amounts currently budgeted and contracted for environmental services will be encumbered at the end of FY 2023-2024, offsetting the need for new funding in FY 2024-2025.

## **STRATEGIC GOAL ALIGNMENT: Water Services Advance Coastal Development Permit (CDP) to Achieve County and Coastal Commission Approval**

### WRF - Budget Assumptions

WRF goals for FY 2024-2025 include the following:

- Continue to support employee training in maintaining professional licensing or other industry-related professional development.
- Continue working on the Section 7 consultation and acquiring the Regular Coastal Development Permit.
- Installation of Media Preservation.

### **Wastewater Fund – See budget schedules on pages 48-53**

Budgeted revenues are estimated to be \$4,139,641, and expenditures are estimated to be \$4,081,382.04, resulting in a surplus of \$58,258.96.

### Significant Budget Items

- Staffing levels are consistent with the current FY 2023-2024 staffing.
- Capital expenditures total \$80,000 to help fund a new fuel tank and an EV Truck. The purchase of an EV truck was added to the preliminary budget after it went through the R&I and Finance Committee. Staff deemed this addition essential to take advantage of an opportunity to purchase the first District EV vehicle.

## Trade-Offs

The most significant is the historical issue of the deferral of plant maintenance and capital improvement activities. The 2022 Prop 218 rate increase addressed a portion of this historic issue.

## Budget Assumptions

Wastewater system goals for FY 2024-2025 include the following:

- Continue managing the Sustainable Solution Turnkey (SST) project.
- Complete various maintenance & repair projects at the plant.
- Continue to support employee training in maintaining professional licensing or other industry-related professional development.
- Establish specific goals relating to Capital Improvement Projects.
- During quarterly budget reviews, continue to provide status updates on CIP efforts.
- Continue to develop details on scope, schedules, and budgets for individual high-priority projects.