

NCSD's 2009-10 budget 'in the black'

By Mike Hodgson/Associate Editor

While many government agencies are struggling financially as the economy circles the drain, Nipomo Community Services District directors last week approved a 2009-10 budget that shows a surplus of more than \$1.1 million.

Total revenues are projected at more than \$8.3 million, or 36 percent more than the 2008-09 budget, with total expenditures pegged at more than \$7.2 million, or about 9 percent more than 2008-09.

Rather than laying off personnel, as many government agencies are, the budget allows for the addition of two utility workers to do preventive maintenance work.

Although three individual operations and maintenance funds will be in the red and the district still needs to find \$23 million for two major projects, the overall budget will have a positive balance — barring any catastrophic unforeseen circumstances.

“This district has been very prudent,” NCSD General Manager Bruce Buel said. “The directors have tried very hard to match the funding with the needs. ...

“What the board has done, to their credit, is develop these five-year financial plans and adopt three-year rate studies that enable them to match revenue with need levels,” he explained.

Operations and maintenance accounts showing deficits are the Town Sewer, Blacklake Street Lighting and Blacklake Sewer Replacement funds.

The Town Sewer Fund is projected to have a deficit of \$32,041, but in a report to NCSD directors, Buel noted a rate increase in April 2008 is allowing the current rates and charges to cover all of the operating costs, including \$372,300 in funded replacement.

Some \$454,490 is being transferred into the account from the Town Sewer Capacity Fund, which has more than \$8.5 million in capital improvement projects budgeted.

A deficit of \$2,564 is projected for the Blacklake Street Lighting Fund because the current charges don't cover all of the costs, although the fund has adequate reserves to cover those needs, Buel said, adding there are no large expenditures foreseen.

The Blacklake Sewer Replacement Fund is facing a deficit of \$59,800, but the board previously approved a loan from property taxes and a sewer surcharge repayment plan, which will cover the shortfall.

Two items of note in the budget involve water as well as sewer service.

“At this point, we have two huge projects we're processing that will pretty much consume all of our time for a while,” Buel said, referring to the Southland Wastewater Treatment Facility upgrade and the pipeline to bring supplemental water from Santa Maria.

The budget calls for allocating a portion of the Town District sewer rate increase revenue to paying the debt service on the treatment plant upgrade, and \$636,000 will be transferred into the Town Sewer Sinking Fund to cover those costs.

Still, Buel noted in his report that the district must secure some \$8 million for the treatment plant upgrade next fiscal year.

The Water Fund is expected to have a \$195,476 balance at the end of the 2009-10 fiscal year, with rates and charges covering all costs including \$700,000 transferred to the Funded Replacement — Water Fund.

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The Town Water Capacity Fund also has adequate reserves to cover nearly \$2.5 million in capital improvement projects.

Almost \$11.4 million in expenses are budgeted for the supplemental water project, but Buel noted the district still needs to find approximately \$15 million in 2009-10 for the pipeline project to bring water from Santa Maria.

Although the state has raided the district's Property Taxes Fund several times over the past 15 years to plug the holes in its leaky budgets, the fund has adequate reserves to cover about \$100,000 in capital improvement projects and pay the debt service on certificates of participation issued in 2003 for pipeline and storage projects.

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