

## General Revenues and Expenses

The District's revenues and expenses in this section are not directly related to the services delivered to potable, recycled, or sewer customers, yet they are operating expenses or revenues.

### **General Revenues**

Capacity fees have a restricted purpose when collected to cover costs including, but not limited to, planning, design, construction, and financing associated with facilities for the District's expansion needs. The District uses a portion of capacity fee revenues to provide general planning and developer support. These fees reimburse the General Fund for the cost of providing these services.

Betterment fees for maintenance are earned by the General Fund for Water Operations Department's maintenance of certain District assets.

Annexation fees are collected when developers buy into the District's potable and recycled water facilities. The fee ensures that future users fund the portion of the facilities that were sized and built for their future use by prior customers. Annexation fees are unrestricted and therefore included in the General Fund revenues.

The 1% Property Tax is a result of Proposition 13 that was approved in 1978 which limited general levy property tax rate for all taxing authorities to a total rate of 1% of the assessed value. Subsequent legislation AB8, established that the receipts from the 1% levy were to be distributed to taxing agencies according to approximately the same proportions received prior to Proposition 13. These general use funds are currently being used as a source of operating revenue.

The District levies availability charges each year in developed areas to be used for upgrades and betterment and in undeveloped areas to provide a funding for planning, mapping, and preliminary design of facilities to meet future development. Current legislation provides that any availability charge in excess of \$10.00 per acre shall be used only for the benefit of the improvement district in which it is assessed.

Included in the General Revenues are a variety of Non-Operating Revenues. These revenues include lease revenue, set-up fees, sewer billing fees, grants, and any miscellaneous revenues. Revenues are received from the lease of District property, mainly for the purpose of cell-sites. When the District enters a new lease there is a one-time fee charged with the set-up of each cell-site. The District incurs expenses related to these leases and the purpose of the fee is to recover the cost to set up the lease.

In addition to the cell-site leases, the District leases land to the Salt Creek Golf Club. The lease terms include a minimum annual rent guarantee plus a percentage of sales over 3%. This lease is a 40-year term with two additional five-year options.

For most of the District's water customers in the city of Chula Vista, the City of Chula Vista (CCV) provides the sewer services. The CCV sewer fees are based on water consumption. Because of the interrelated functions, the CCV contracts with the District for processing and billing of their sewer customers within the District for a fee.

### **General Expenses**

The expenses in this section are general operating expenses not associated with an individual department. These include legal costs, insurance premiums, changes in accrued employee leave balances, and miscellaneous interest. These expenses represent 3.3% of the total Departmental Budget.

Legal expenses are viewed as a District-wide general expense because they benefit all departments and usually are not attributed to any one department. The District retains outside legal services instead of in-house counsel.

Insurance expense is also viewed as District-wide general expense because it benefits all departments and cannot be attributed to any one department. The District participates in a program where it can reduce its premium by implementing training sessions to reduce on-the-job accidents and injuries.

Some employee benefits are charged to the General Expense Department because they are not entirely attributable to a specific department or fiscal year in which they are incurred. For example, when a pay rate increase occurs for an employee, his/her leave balances increase in value due to this change. In this case, the expense is charged to the General Expense Department.



## General Revenues

	FY 2008	FY 2009		FY 2010	Budget	Variance
	Actual	Budget	Estimated	Budget	Variance	%
Capacity Fee Revenues	\$ 1,480,165	\$ 1,301,900	\$ 1,521,707	1,397,000	\$ 95,100	7.3%
Betterment Fees for Maintenance	802,021	895,900	661,998	571,400	(324,500)	(36.2%)
Annexation Fees	526,435	483,600	392,349	120,500	(363,100)	(75.1%)
<u>Tax Revenues</u>						
1% General Tax	3,279,923	3,430,000	3,429,830	3,175,600	(254,400)	(7.4%)
Availability Fees	744,722	707,300	625,065	677,000	(30,300)	(4.3%)
Total Tax Revenues	4,024,645	4,137,300	4,054,895	3,852,600	(284,700)	(6.9%)
<b>General Revenues</b>	<b>\$ 6,833,265</b>	<b>\$ 6,818,700</b>	<b>\$ 6,630,949</b>	<b>\$ 5,941,500</b>	<b>\$ (877,200)</b>	<b>(12.9%)</b>

## Non-Operating Revenues

	FY 2008	FY 2009		FY 2010	Budget	Variance
	Actual	Budget	Estimated	Budget	Variance	%
Property Rental	\$ 962,929	\$ 1,052,600	\$ 1,029,506	\$ 1,043,400	(9,200)	(0.9%)
Sewer Billing Fees	358,053	359,900	359,180	359,800	(100)	(0.0%)
Set-up Fee for Lease Site	9,000	14,000	48,301	-	(14,000)	(100.0%)
Grants	74,175	50,500	85,742	-	(50,500)	(100.0%)
Revenue from Shared Facility	26,430	26,400	26,387	29,100	2,700	10.2%
Miscellaneous	867,239	129,700	3,325,892	153,300	23,600	18.2%
<b>Non-Operating Revenues</b>	<b>\$ 2,297,826</b>	<b>\$ 1,633,100</b>	<b>\$ 4,875,008</b>	<b>\$ 1,585,600</b>	<b>\$ (47,500)</b>	<b>(2.9%)</b>

## General and Non-Operating Revenues by Business

	FY 2010 Budget			
	Potable	Recycled	Sewer	Total
Capacity Fee Revenues	\$ 1,397,000	\$ -	\$ -	\$ 1,397,000
Betterment Fees for Maintenance	571,400	-	-	571,400
Annexation Fees	120,500	-	-	120,500
<u>Tax Revenues</u>				-
1% Property Tax	3,175,600	-	-	3,175,600
Availability Fees	626,700	-	50,300	677,000
Total Tax Revenues	3,802,300	-	50,300	3,852,600
<u>Non-Operating Revenues</u>				
Property Rental	1,043,400	-	-	1,043,400
Sewer Billing Fees	359,800	-	-	359,800
Set-up Fee for Lease Site	-	-	-	-
Grants	-	-	-	-
Revenue from Shared Facility	-	-	29,100	29,100
Miscellaneous	153,300	-	-	153,300
Total Non-Operating Revenues	1,556,500	-	29,100	1,585,600
<b>Total General and Non-Operating Revenues</b>	<b>\$ 7,447,700</b>	<b>\$ -</b>	<b>\$ 79,400</b>	<b>\$ 7,527,100</b>

*Note: For General and Non-Operating Revenues, the Potable Fund serves as the District's General Fund for accounting purposes.*

## General Expenses

	FY 2008	FY 2009		FY 2010	Budget	Variance
	Actual	Budget	Estimated	Budget	Variance	%
<u>Administrative Expenses</u>						
Legal Fees	\$ 1,405,594	\$ 467,500	1,053,575	\$ 454,300	\$ (13,200)	(2.8%)
General Insurance	447,333	504,800	485,796	411,500	(93,300)	(18.5%)
Interest	-	-	-	-	-	0.0%
Total Administrative Expenses	1,852,927	972,300	1,539,372	865,800	(106,500)	(11.0%)
<u>Benefits</u>						
Benefits <sup>(1)</sup>	694,712	(188,300)	383,300	(300)	188,000	0,000.0%
<b>Total General Expenses</b>	<b>\$ 2,547,639</b>	<b>\$ 784,000</b>	<b>\$ 1,922,672</b>	<b>\$ 865,500</b>	<b>\$ 81,500</b>	10.4%

<sup>(1)</sup> FY 2009 budget amount is negative because of Vacancy Factor (salary savings) of \$424,300. This is netted against other District-wide Labor and Benefit Expenses. In prior years Vacancy Factor was budgeted in the individual departments.