

**WEST BAY**

SANITARY DISTRICT



*Serving Our Community Since 1902*



**WEST BAY SANITARY DISTRICT**

**GENERAL FUND AND CAPITAL ASSET FUND BUDGETS  
&  
RESERVES**

**FY 2019-20**

**APPROVED**  
June 12, 2019

WEST BAY SANITARY DISTRICT  
GENERAL FUND AND CAPITAL ASSET FUND BUDGETS  
&  
RESERVES  
FY 2019-20

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WEST BAY SANITARY DISTRICT  
GENERAL FUND AND CAPITAL ASSET FUND BUDGETS  
&  
RESERVES  
FY 2019-20

EXECUTIVE SUMMARY

**General Fund**

The proposed General Fund Expenditure Budget (excluding depreciation) of \$29,146,904 reflects a \$134,462 or 0.5% increase from the FY2018-19 Budget. The overall Budget increase is a result of increases to Operating expenses and an offsetting decrease to Non-Operating expenses.

Operating Expenses, excluding depreciation, increased by \$364,841, or 4.4%, due primarily to increases in Salaries & Wages and Employee Benefits line items as newer employees advance within their salary range.

Non-Operating expenses decreased by \$230,379, or (1.1%), resulting from overall reduction of SVCW debt service expense, primarily due to the budgeted \$6.4M balance of the \$13M pay down of the 2018 SVCW bond issue in FY2019-20 bond issue versus \$6.6M allocated for pay down in FY2018-19.

Depreciation is included in the detail of the General Fund Total Operating Expense to indicate the level of increase or decrease in depreciable assets (increases are largely through capital improvement projects) in the budget year. Including this figure in the proposed budget for the upcoming fiscal year may avoid the necessity of a large reconciliation in the final budget year financial statements.

In addition to funding expenditures, the total income and reserves of \$40,912,346 (decrease of 7.6%) is sufficient to provide for the required operating reserves of \$9,498,162 (1.4% increase) and allow a transfer of \$2,267,464 to the Capital Assets Fund. This transfer is a decrease of \$3.6M over FY2018-19. The decrease in total income and reserves reflects the impact of utilizing the \$6.6M Rate Stabilization Reserve in FY2018-19 to partially fund the \$13M pay down on the SVCW 2018 Bond issue.

**Capital Assets Fund**

The proposed Capital Assets Fund Expenditures & Reserve Transfers Budget of \$8,574,050 represents a \$676.5K decrease (7%) from the FY2018-19 Budget. The Budget includes \$3.7M of Subsurface (underground) pipeline replacement projects and pump station upgrades (as

scheduled in the annually updated Collection System Master Plan). This is a slightly less amount than normal since FY2018-19 included approximately  $\frac{3}{4}$  of a mile of unplanned pipe installed on Alpine Rd. as a result of failing asbestos concrete pipe. Between the two years (FY2018-19 & FY2019-20) these expenditures enable the District to maintain the goal of replacing more than 1.5% of the system's aging pipelines each year.

The capital budget also includes \$275K for necessary administrative capital expenses; \$2.7M for Collection Facilities purchases and projects; and \$395K for vehicle and equipment replacements which are funded from the Equipment Replacement Reserve.

A balance of \$17,986,041 of available funds is anticipated at the end of the fiscal year to remain for the following year's capital expenditures.

### **Reserve Funds**

The proposed Capital Assets Fund budget is based on fully funded reserve balances. The Emergency Capital Reserve, in case of a catastrophic event, is funded at a target level of \$5M.

The Capital Projects Reserve, for payment of Capital Projects, is currently funded at the target level of \$3.5M. However, per recommendation from the District's rate consultants and discussed and approved by the District Board, the target balance for this reserve will be increased to \$6.5M - \$7.0M to be fully funded by FY2023-24. Added to the budget since the Budget Workshop was a contribution of \$350K to begin funding this increase.

The Equipment Replacement Reserve, created in FY2015-16, will continue to be funded annually. In FY2019-20 total contributions of \$350K will be added to assist the District in stabilizing expenditures for replacing equipment. This is an increase of \$110K from FY2018-19 funding.

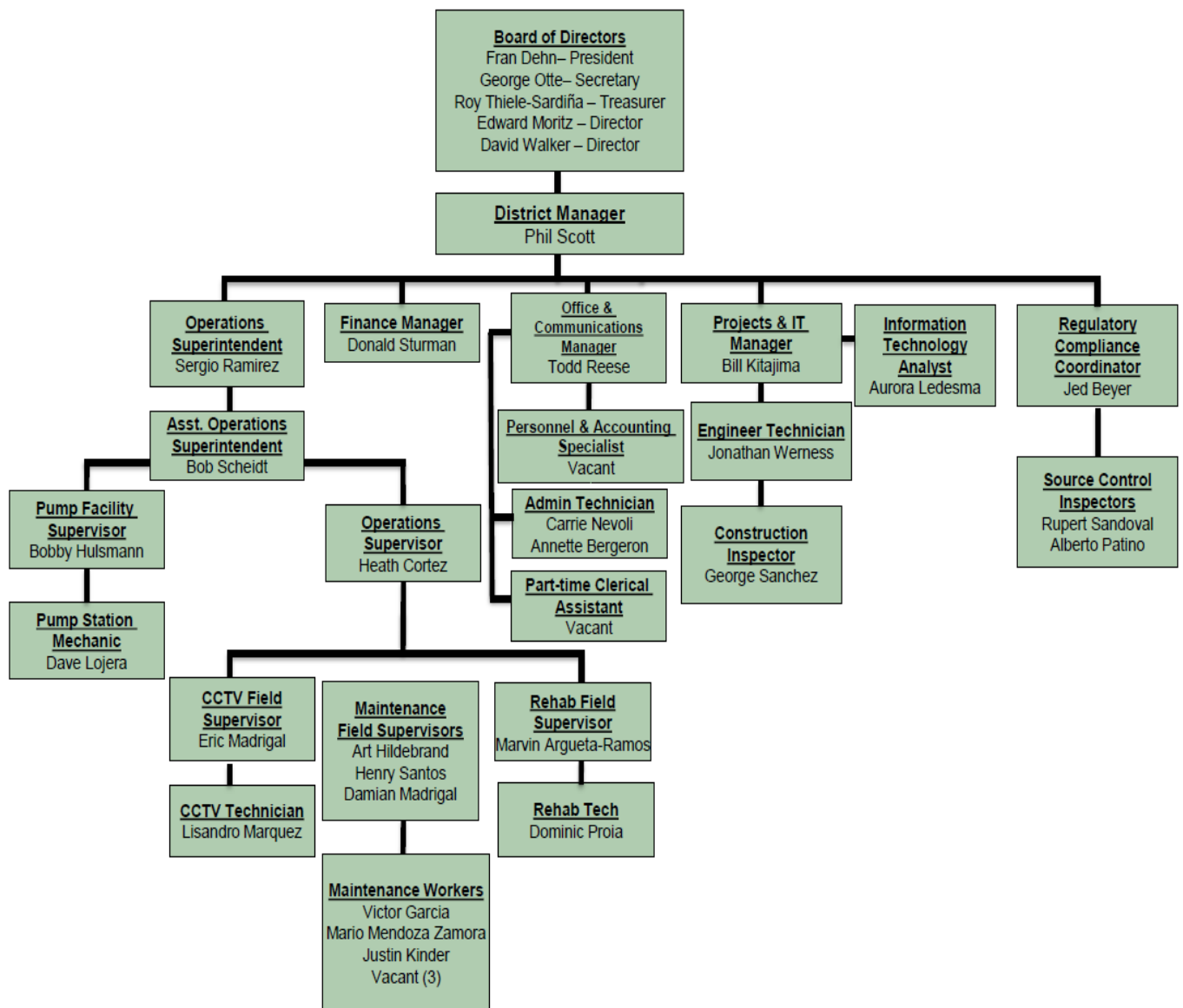
The FY2018-19 Budget included utilization of the \$6.6M Rate Stabilization Reserve to pay down the District's allocation of \$13M in 2018 SVCW bond debt. This pay down will deplete the Rate Stabilization Reserve balances. The FY2019-20 Budget provides for \$1M transfer from the Capital Asset fund to the Rate Stabilization Reserve to begin rebuilding the reserve's balance to the target level. In addition, the District's policy is to transfer any unspent balances remaining in Non-Operating Expenses at year-end to the reserve.

The Solid Waste Rate Stabilization Reserve is anticipated to have a balance of \$245,258 by the end of FY2019-20.

# DISTRICT DESCRIPTION

West Bay Sanitary District provides wastewater collection and conveyance services to the City of Menlo Park, Atherton, and Portola Valley, and areas of East Palo Alto, Woodside and unincorporated San Mateo and Santa Clara counties. The District conveys raw wastewater, via the Menlo Park Pump Station and force main, to Silicon Valley Clean Water (SVCW) for treatment and discharge to the San Francisco Bay. West Bay Sanitary District also provides wastewater collection system maintenance services for the Town of Los Alto Hills and the Town of Woodside.

The WBSD organization will be as show:



## GENERAL FUND

### **Description of Services Provided**

The General Fund budget includes the Operations and Maintenance expenses required to operate and maintain existing District infrastructure and facilities. The District's existing facilities include mainline sewer pipeline, pumping stations, flow equalization basins, and O&M equipment and building facilities.

### **Summary of Revenue and Expenses**

Revenues: A summary budget with supporting line item detail is attached at the end of this document. Revenues are received from non-residential and residential customers based on sewer service charges established in the July 2019 rate schedule. Effective July 1, 2019 the residential sewer service charge increases 4.5% to \$1,177/year. The non-residential charge varies based on flow and strength but averages 4.5%. Revenue also includes projected interest income, permit fees, and flow equalization shared costs (increased).

Expenses: Expense categories include Operating and Non-Operating expenses and reserves. *Operating expenses* include salaries, wages and benefits; Director's fees; gas, oil and fuel, insurance and memberships, office and operating supplies; professional services and contract services; repairs and maintenance; training and travel; and utilities.

*Non-Operating* expenses include SVCW costs (Capital Reserves, Operating Expenses, and Bond & State Revolving Fund (SRF) payments); LAFCo fees; and miscellaneous non-operating expenses.

A *reserve* of 5 months of total expenses is maintained to accommodate the biannual receipt of fees from the County tax roll.

### **Discussion of Changes in Operating Expense Budget from FY 2018-19**

Increases – The most significant increases to the Operating budget result from increases to Salaries and Wages of \$251K. This increase reflects the impact of recent retirements of long term employees that were backfilled with junior employees starting at the lower end of the salary range who receive step increases in addition to normal cost of living increases. Additionally, increases related to reorganization of positions within the Administrative staff – Finance Manager and Personnel & Accounting Specialist; and the addition of a retired annuitant to temporary staff.

Employee Benefits increased by \$93K over FY2018-19. A new line item added to the FY2019-20 Budget was \$10K for an employee commuter program to reimburse employees who use public transportation and carpooling. Other increases to Employee Benefits include \$22K increase to Workers Compensation insurance, despite a decrease of the Ex Mod from 1.41 to 1.26; the District's contribution to employee medical insurance premiums increased by \$23K; PERS retirement contributions increased by \$13K; and other expenses directly tied to Salaries &

Wages including disability and life insurance, payroll taxes, and employee leave accruals added \$25K to expenses over FY2018-19. The District will continue to add \$1M per year to pre-fund the retirement unfunded liability into the PARS Irrevocable Trust that it implemented last year.

Insurance Expense increased overall by \$2K. Property, vehicle, and equipment insurance increased by \$4K but is offset by increased dividend to be received from the pooled liability program \$2K.

Memberships increased by \$5.4K resulting from increases to Underground Service Alert (USA), Bay Area Clean Water Agencies (BACWA), Western Recycled Water Coalition (WRWC) and California Special District's Association (CSDA).

Contractual Services increased by \$14K resulting from a \$6K increase for root foaming; \$4K increase for alarm monitoring; Admin building maintenance \$2K; pest control service \$1K; and Smart Cover monitoring \$1K.

Professional Services increased by \$15.3K over FY2018-19. New to the FY2019-20 Budget is \$6.6K for implementation Neo Gov, a new job application platform to streamline the District's recruitment efforts. The annual subscription cost is \$3,633 plus a first year upfront implementation and training cost of \$3,000. Another expense new to the FY2019-20 Budget is the addition of \$6K for audit fees related to the required audit of the recycled water SRF reimbursements. This expense will ultimately be paid for by Sharon Heights Golf and Country Club through their payments on the SRF loan. Also new to the Budget is \$1.5K for the other post-employment benefits (OPEB) valuation which is now required to be updated annually. Lastly, two increases that were made to the Budget were an increase of \$1K for standard operating procedure (SOP) development consulting and \$120 for labor relations consulting.

Repairs and Maintenance increased by \$4K which consists of an increase to the Budget for vehicle repairs and maintenance.

Training, Meetings & Travel increased by \$11.7K. The increase is comprised of safety and SOP classes \$5.7K; safety training \$3K; and computer training classes \$3K.

Utilities expense was increased by \$18.2K. The increase is primarily due to rental of the new VOIP phones including fiber internet \$12K. Increase to cellular service from cell phone upgrades \$6.2K.

Depreciation is a non-cash expense and has no impact on reserves, cash, or transfer to the Capital Assets Fund. It serves to indicate the level of increase or decrease in depreciable assets in the budget year. Depreciation increased by \$600,000 for FY2019-20 from \$1.9M to \$2.5M.

Decreases – The decrease to Election Expense (\$70,000). There are no Board member seats up for re-election in FY2019-20.

Changes – Following the Budget Workshop an increase of \$5.7K to Operating Expenses was added to the Budget to include the Admin Staff reorganization position of Personnel &

Accounting Specialist. This included a \$4.8K increase to Salaries & Wages and \$911 increase to salary related Employee Benefits.

### **Discussion of Changes in Non-Operating Expense Budget from FY 2018-19**

Overall, Non-Operating expenses are projected to be \$230,379 less than FY2018-19. Payment to SVCW for their Operations Fund remains flat at \$6,930,000.

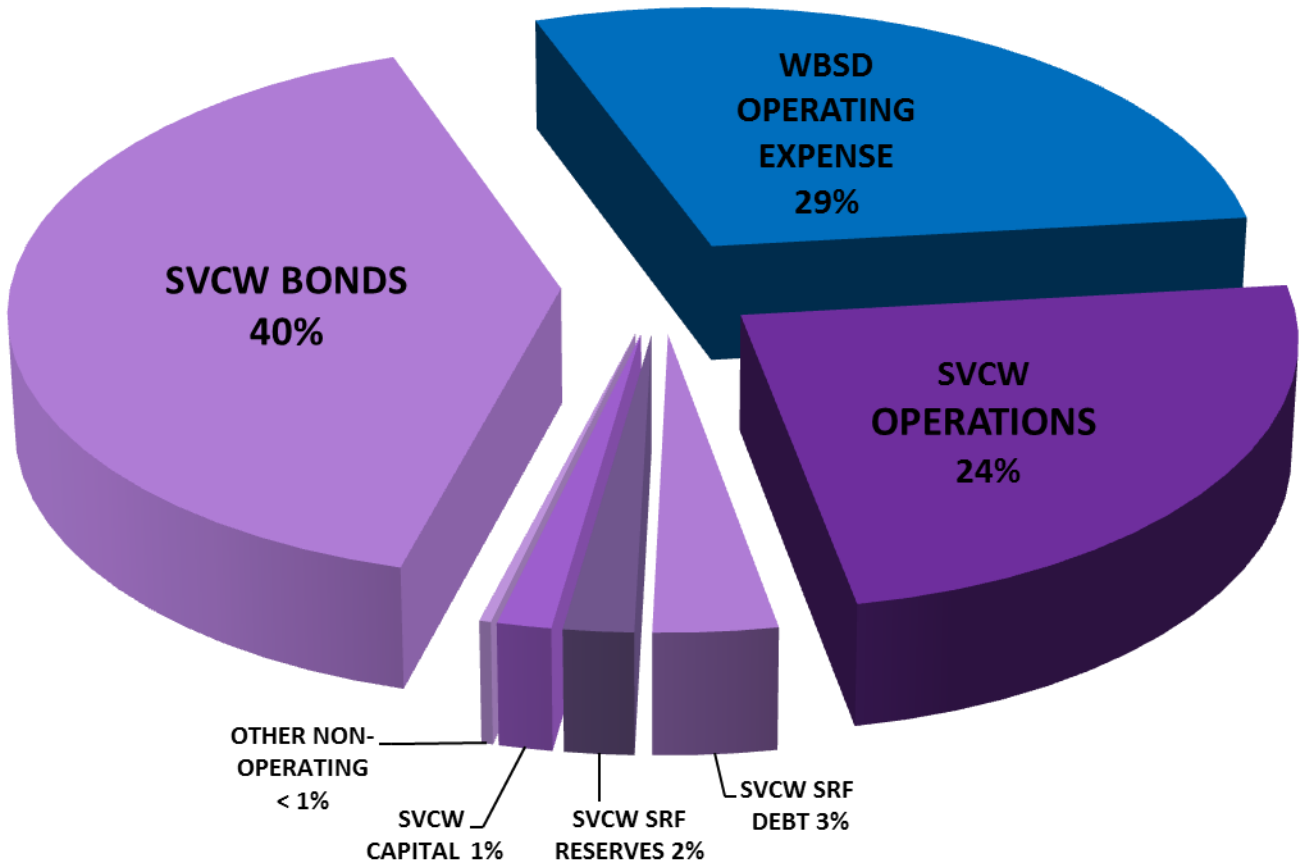
Increases - Contributions to SVCW Capital is \$452,073, an increase of \$28.8K. Further increases in Non-Operating expense result from a \$243.0K increase on the SVCW 2015 bond issue and \$10K increase on the 2018 bond issue.

Decrease – The most significant Budget reduction to Non-Operating Expenses is the decrease of \$262.5K to the SRF Reserve Contribution. The other significant decrease results from the budgeted payment of \$6.4M to complete the pay down of the \$13M District’s allocated share of bond debt for the SVCW Capital Improvement Program for FY2018-19. This reduces the Budget by 184K from the \$6.6M that was budgeted for FY2018-19. The agreement with SVCW for payment of the \$13M is to pay \$6.6M in June of 2019 and \$1.07M per month, July through December of 2019 from reserve fund maturities and cash to pay the balance. Board approval of this FY2019-20 budget in turn formally approves this payment plan to SVCW. Lastly, the \$66K line of credit payment was eliminated as it is included in the SVCW Capital Contribution paid monthly.

Changes – There were no changes to Non-Operating Expenses following the Budget Workshop.



WEST BAY SANITARY DISTRICT  
FISCAL YEAR 2018-2019  
SUMMARY OF EXPENDITURES  
GENERAL FUND



## CAPITAL ASSETS FUND

### **Description of Services Provided**

The Capital budget includes all costs associated with capitalized replacement or rehabilitation of existing facilities. This category includes significant office and O&M equipment that will be in use for more than five years, studies, contracted specialty operations, and rehabilitation or replacements of collection system pipeline or appurtenances that are required for the District to continue to sustain or improve the current level of service.

### **Summary of Revenues and Expenses**

Revenues - Capital budget revenue arises from sewer service charges and connection fees.

Expenses - The budget includes sufficient funds for capital expenditures on Administration projects such as Flow Monitoring Study and GPS surveys; mapping projects; and computer network hardware and software. Capital expenditures include funds for the Collection Facilities such as, replacing the metal storage building at the old treatment plant; new and replacement vehicles and equipment; funds for Subsurface pipeline and pump station rehabilitation and replacement projects; and on-going projects that repeat each year such as CEQA reviews, manhole raising, pumps and check valves replacement, STEP and Grinder pump replacement and allowance for unanticipated capital expenditures.

The Capital Fund expenses also include the building of our Reserve Accounts that include: Emergency Capital Reserve - fully funded at \$5M; Capital Project Reserve – currently funded at \$3.5M, has been increased to a target level of \$6.5M – \$7.0M to be fully funded by FY2023-24. Recycled Water Cash Flow Reserve fully funded at \$8.0M; the ongoing annual contributions to the Equipment Replacement Reserve; and the Rate Stabilization Reserve. In FY2018-19 maturities in the \$8M Recycled Water Cash Flow Reserve continued to be transferred to LAIF to provide for short term cash flow needs of the project while waiting for reimbursement from the State Revolving Fund (SRF). Rates provided in LAIF have been steadily increasing during the year with the yield currently at 2.45% (as of May 31, 2019).

### **Discussion of Changes in the Capital Budget from FY 2018-19**

Administration projects – Significant administration projects for FY 2019-20 include the ongoing Flow Monitoring project for \$30K; the Levee Survey & GPS update project to survey manhole xyz coordinates, rim and invert elevations information to our maps \$60K; and a Corporate Yard Renovation Feasibility Study \$150K.

Total expenditures in Administration projects budgeted in FY2019-20 of \$275,000 are \$135K more than FY2018-19.

Collection Facilities projects – Capital funds allocated to collection facilities projects include the ongoing annual purchase of Smart Cover manhole covers \$9.5K; the Metal Storage Building (Phase 1), carryover of \$420K, plus \$432K (Phase 2); and FERRF improvements include a carryover of \$500K. New projects include \$1M for the Sheet Piling Project and \$300K for Bayfront Resource Recovery (Environmental Impact Report).

Vehicle and equipment replacements constitute much of the Collection Facilities expenditures and are funded by the Vehicle and Equipment Reserve. Vehicle purchases budgeted for FY2019-20 include carryover of \$200K plus \$20K for replacement of the Jetter Unit 220; Mainline CCTV Camera \$25K; Flo Dar Flow Meters \$35K and ADS Flow Meters \$5K (added to the Budget following the Budget Workshop); service truck (Unit 208) \$60K; and the Operations Superintendent SUV (Unit 206) \$50K.

Total expenditures in Collections Facilities projects budgeted in FY2019-20 including those funded from the Equipment Replacement Reserve are \$1.8M more than FY2018-19.

#### Subsurface Lines and Other Projects –

##### Pump Stations:

The Capital Fund budget includes ongoing annual purchase of Pump & Valve Replacements \$40K and Private Pump & Panel Replacements \$20K and \$17K for Pump Station Fence Repair & Replacements.

##### Pipeline Replacement & Rehab Construction Projects:

*Design:* \$350K for Isabella, Gilbert & Bay North, and Coyote Hill.

*Construction:* Subsurface capital projects include \$800K carryover for the Town of Atherton Civic Center (Dinklespeil) project and \$2.5M for Isabella, Gilbert & Bay North.

Total expenditures budgeted for Subsurface Lines & Other in FY2019-20 are \$3,727,000 which is \$3M less than in FY2018-19.

Changes – Following the Budget Workshop an ADS Flow Meter was added to the Capital Budget \$5,000 and will be funded by the Vehicle & Equipment Reserve.

#### **Capital Reserves**

The Capital Assets Fund budget is based on fully funded reserve balances. The Emergency Capital Reserve, in case of a catastrophic event, is funded at a target level of \$5M.

The Capital Projects Reserve, for payment of Capital Projects, will be fully funded at the new target level of \$6.5M – \$7.0M. As was discussed earlier, the target balance for this reserve has

been increased from the previous target level of \$3.5M and is anticipated to be fully funded at new target level by FY2023-24. A contribution of \$350K (added to the Budget following the Budget Workshop) has been budgeted for FY2019-20.

The Rate Stabilization Reserve balance of \$6.6M allocated in FY2018-19 to fund the pay down on the \$13M SVCW 2018 Bonds will receive additional funding of \$1M as well as remaining unspent money from Other Non-Operating Expense in the General Fund to build the reserve back to its target level to stabilize future rate increases.

A transfer of \$350K is budgeted to the Equipment Replacement Reserve which was established in FY2015-16 to stabilize expenditures for purchases of vehicles and large equipment per the WBSD Vehicle and Equipment Replacement List FY2019-20. Budgeted expenditures of \$395K outlined above will leave a projected reserve balance of approximately \$325K at June 30, 2020.

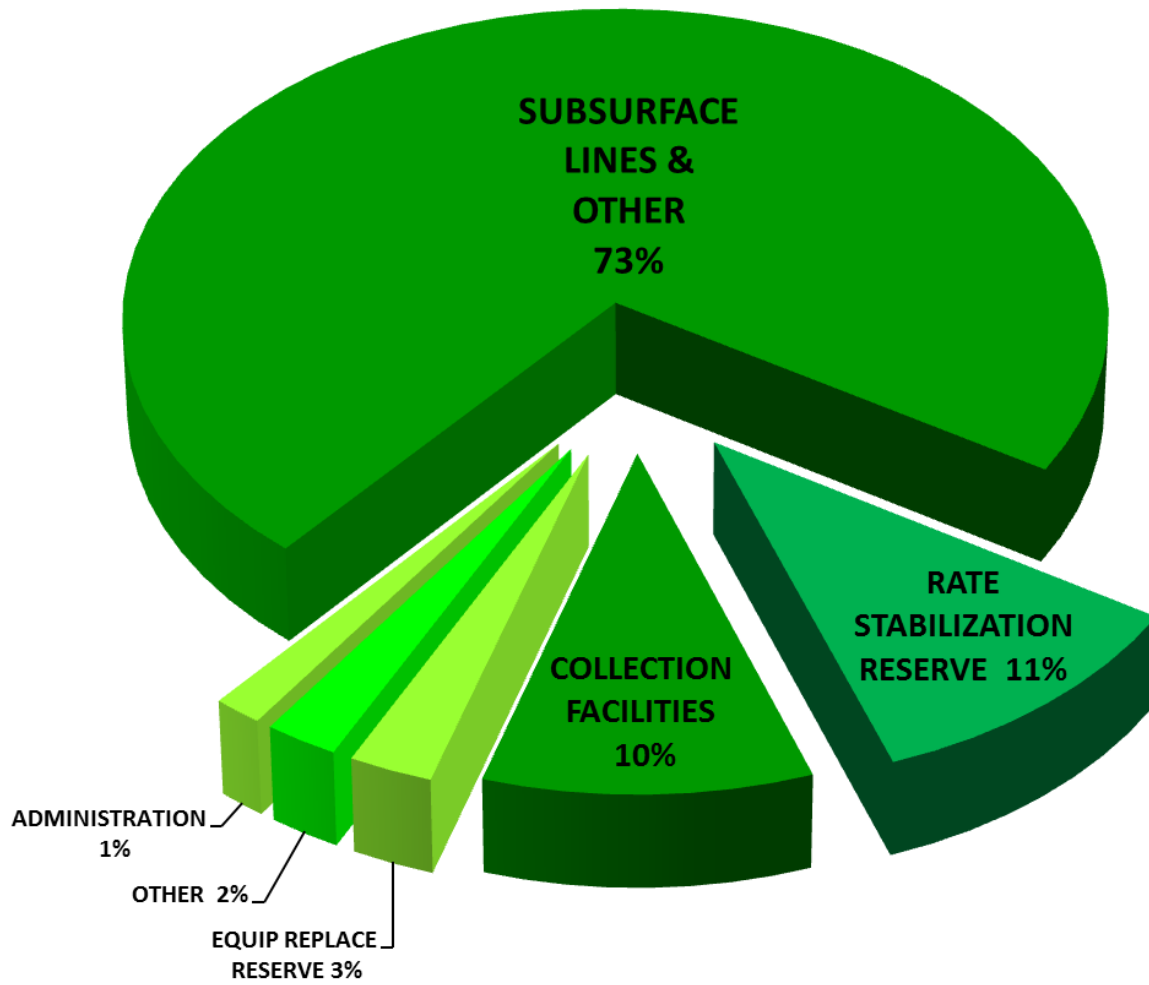
In FY2016-17 the Recycled Water Facility Cash Flow Reserve was established with \$8M to fund expenditure requirements of the recycled water project with SHGCC while awaiting reimbursement from the State Revolving Fund. No further additions to this fund are anticipated.

In FY2019-20 the District will be working to assign the Solid Waste Franchise to the County of San Mateo. In the meantime a budget has been produced for the Solid Waste fund and is projected to consist of a beginning balance of \$225,258; revenues of \$85,000; expenses of \$65,000; with an ending balance of \$245,258. This ending balance constitutes the Solid Waste Rate Stabilization Reserve.

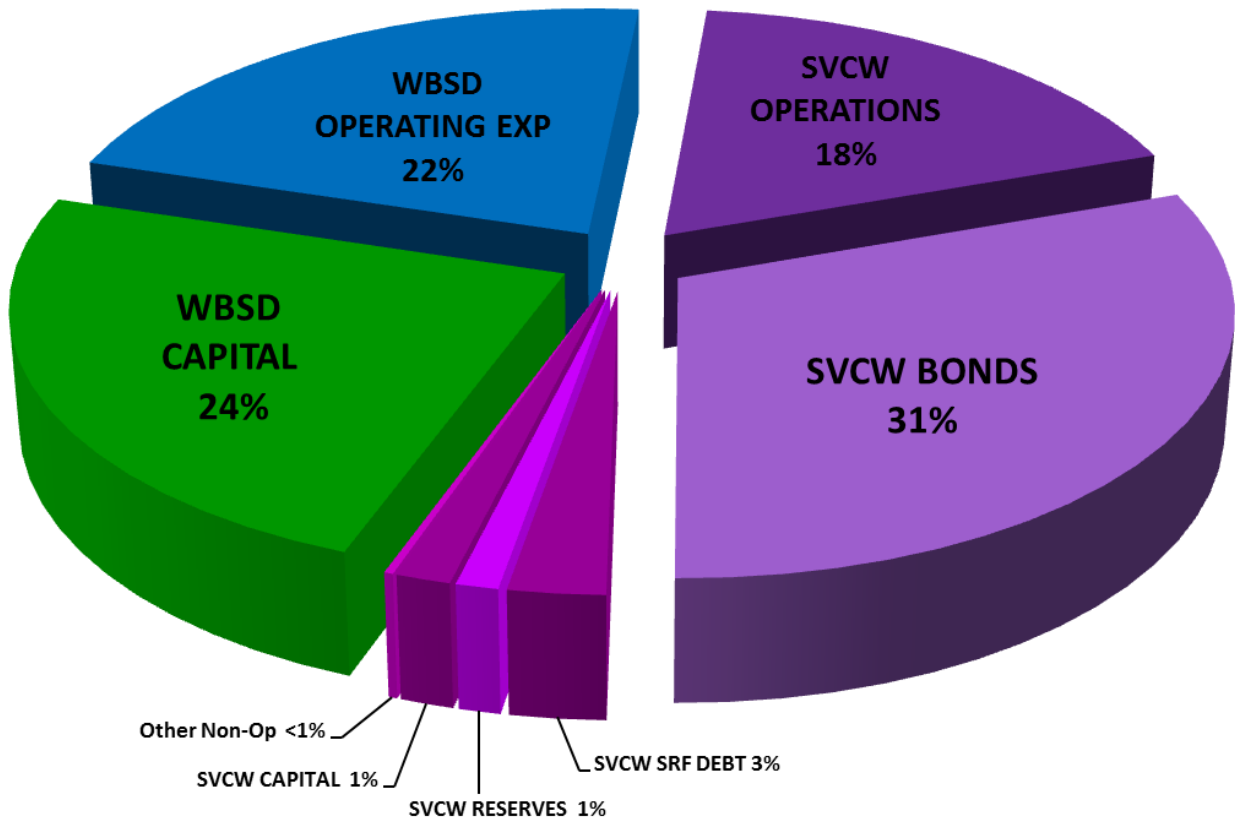
In FY2017-18 the Recycled Water SRF Reserve was created to meet the requirements of the SRF loan to hold 1.1 times the annual payment due in reserve. This reserve is held by West Bay and was funded by Sharon Heights Golf and Country Club. If no default occurs during the life of the SRF loan the reserve will be utilized for the last SRF payment or remitted back to Sharon Heights including interest accrued.

All aforementioned reserves, except the Equipment Replacement Reserve and the Solid Waste Rate Stabilization Reserve, have been included in the District's Investment Management portfolio to maximize the interest earning capabilities of these monies which currently yield approximately 2%.

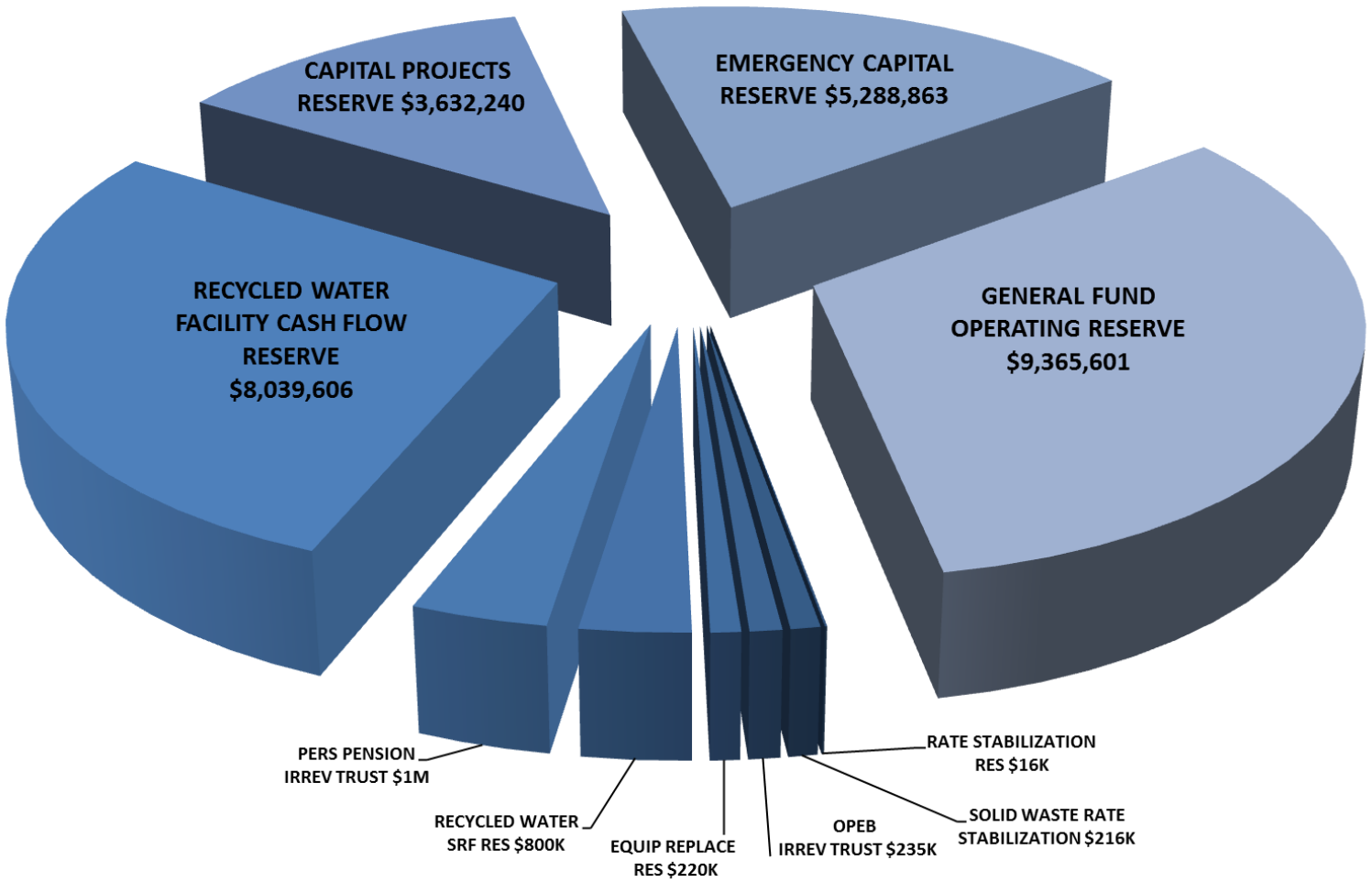
WEST BAY SANITARY DISTRICT  
FISCAL YEAR 2018-2019  
SUMMARY OF EXPENDITURES  
CAPITAL ASSET FUND



WEST BAY SANITARY DISTRICT  
FISCAL YEAR 2018-2019  
SUMMARY OF EXPENDITURES  
GENERAL FUND & CAPITAL ASSET FUND



**WEST BAY SANITARY DISTRICT  
FISCAL YEAR 2018-19  
SUMMARY OF  
RESERVE FUND BALANCES  
@ 6/30/2019**



**GENERAL FUND  
APPROVED  
BUDGET FY2019/2020**





# GENERAL FUND

	2018/19 BUDGET	2019/20 BUDGET	VARIANCE	%
<b>FUND INCOME</b>				
<b>OPERATING INCOME</b>				
NON-RESIDENTIAL	\$5,547,500	\$7,670,995	2,123,495	38.3%
RESIDENTIAL	\$21,905,186	\$22,890,920	985,733	4.5%
SEWER SERVICE CHARGES	\$27,452,686	\$30,561,914	3,109,228	11.3%
FLOW EQUALIZATION COST SHARING	\$339,367	\$351,138	11,772	3.5%
PERMIT AND INSPECTION FEES	\$100,000	\$100,000	0	0.0%
OTHER OPERATING INCOME (LAH & WS)	\$350,000	\$350,000	0	
<b>TOTAL OPERATING INCOME</b>	<b>\$28,242,053</b>	<b>\$31,363,053</b>	<b>3,121,000</b>	<b>11.1%</b>
<b>NON-OPERATING INCOME</b>				
INTEREST INCOME (MMK & LAIF)	\$50,000	\$50,000	0	0.0%
OTHER NON OPERATING INCOME	\$1,000	\$1,000	0	0.0%
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$51,000</b>	<b>\$51,000</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL INCOME</b>	<b>\$28,293,053</b>	<b>\$31,414,053</b>	<b>3,121,000</b>	<b>11.0%</b>
Xfr from Res: Rate Stabl \$6.6M (FY18-19) to fund \$13M pay down of SVCW 2018 Bonds	\$6,600,000	-	(6,600,000)	
<b>GENERAL FUND AVAILABLE BALANCE</b>	<b>\$9,365,601</b>	<b>\$9,498,293</b>	<b>132,693</b>	<b>1.4%</b>
<b>TOTAL AVAILABLE FOR FISCAL YEAR</b>	<b>\$44,258,654</b>	<b>\$40,912,346</b>	<b>(3,346,307)</b>	<b>-7.6%</b>
<b>FUND EXPENDITURES</b>				
TOTAL OPERATING EXPENSE (Excluding Depreciation)	\$8,347,703	\$8,712,544	364,841	4.4%
TOTAL NON-OPERATING EXPENSE	\$20,664,739	\$20,434,360	(230,379)	-1.1%
<b>TOTAL CURRENT EXPENSE (Excluding Depreciation)</b>	<b>\$29,012,442</b>	<b>\$29,146,904</b>	<b>134,462</b>	<b>0.5%</b>
<b>GENERAL FUND OPERATING RESERVE</b>	<b>\$9,365,601</b>	<b>\$9,498,293</b>	<b>132,693</b>	<b>1.4%</b>
<b>SUBTOTAL TOTAL CURRENT EXP &amp; OPERATING RES</b>	<b>38,378,042</b>	<b>\$38,645,197</b>	<b>267,155</b>	<b>0.7%</b>
<b>AMOUNT TO TRANSFER TO/(FROM) CA FUND</b>	<b>\$5,880,611</b>	<b>\$2,267,149</b>	<b>(3,613,462)</b>	<b>-61.4%</b>

**FUND EXPENDITURES - DETAIL**

	2018/19 BUDGET	2019/20 BUDGET	VARIANCE	
<b>OPERATING EXPENSE</b>				
SALARIES & WAGES	\$3,379,871	\$3,631,382	251,511	7.4%
EMPLOYEE BENEFITS	\$2,515,426	\$2,609,186	93,760	3.7%
DIRECTOR'S FEES	\$40,260	\$40,260	0	0.0%
ELECTION EXPENSE	\$70,000	\$0	(70,000)	
DEPRECIATION	\$1,900,000	\$2,500,000	600,000	31.6%
GASOLINE, OIL AND FUEL	\$70,000	\$70,000	0	0.0%
INSURANCE	\$112,000	\$114,000	2,000	1.8%
MEMBERSHIPS	\$46,000	\$51,450	5,450	11.8%
OFFICE EXPENSE	\$35,500	\$35,500	0	0.0%
OPERATING SUPPLIES	\$353,195	\$363,095	9,900	2.8%
CONTRACTUAL SERVICES	\$449,500	\$463,500	14,000	3.1%
PROFESSIONAL SERVICES	\$529,950	\$545,220	15,270	2.9%
PRINTING AND PUBLICATIONS	\$62,500	\$62,500	0	0.0%
RENTS AND LEASES	\$40,000	\$40,000	0	0.0%
REPAIRS AND MAINTENANCE	\$283,000	\$287,000	4,000	1.4%
RESEARCH AND MONITORING	\$33,000	\$33,000	0	0.0%
TRAINING, MEETINGS & TRAVEL	\$57,500	\$69,200	11,700	20.3%
UTILITIES	\$165,000	\$183,250	18,250	11.1%
OTHER OPERATING EXPENSE	\$170,000	\$179,000	9,000	5.3%
TRANSFER OVERHEAD EXPENSE TO SOLID WASTE FUND	(\$65,000)	(\$65,000)	0	0.0%
<b>TOTAL OPERATING EXPENSE (Including Depreciation)</b>	<b>\$10,247,703</b>	<b>\$11,212,544</b>	<b>964,841</b>	<b>9.4%</b>
<b>TOTAL OPERATING EXPENSE (Excluding Depreciation)</b>	<b>\$8,347,703</b>	<b>\$8,712,544</b>	<b>364,841</b>	<b>4.4%</b>
<b>NON-OPERATING EXPENSE</b>				
CONTRIBUTIONS TO SVCW (OPERATIONS)	\$6,930,000	\$6,930,000	0	0.0%
CONTRIBUTIONS TO SVCW (CAPITAL)	\$423,245	\$452,073	28,828	6.8%
SVCW BOND 2009 (\$55 million)	\$1,300,000	\$1,300,000	0	0.0%
SVCW BOND 2014 (\$65 million)	\$1,145,000	\$1,145,000	0	0.0%
SVCW BONDS 2015 (\$60 million)	\$826,950	\$1,070,000	243,050	29.4%
SVCW BONDS (2018)	\$1,838,480	\$1,848,774	10,294	0.6%
SVCW - New Bonds (FY2018-19) - Funded from Rate Stabilization Reserve *	\$6,600,000	\$6,416,000 *	(184,000)	
SVCW - SRF DEBT SERVICE (2011 Debt)	\$225,000	\$225,000	0	0.0%
SVCW - SRF DEBT SERVICE (2012 Debt)	\$740,000	\$740,000	0	0.0%
SVCW - SRF RESERVE CONTRIBUTION	\$545,000	\$282,513	(262,487)	
SVCW - LINE OF CREDIT	\$66,064	\$0	(66,064)	-100.0%
OTHER NON-OPERATING EXPENSE	\$6,000	\$6,000	0	0.0%
CONTRIBUTIONS TO LAFCo	\$19,000	\$19,000	0	0.0%
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>\$20,664,739</b>	<b>20,434,360</b>	<b>(230,379)</b>	<b>-1.1%</b>
<b>TOTAL CURRENT EXPENSE (Excluding Depreciation)</b>	<b>\$29,012,442</b>	<b>\$29,146,904</b>	<b>134,462</b>	<b>0.5%</b>
<b>RESERVES</b>				
RESERVE FOR OPERATIONS (5 months Total Exp)	\$9,365,601	\$9,498,293	132,693	1.4%
<b>TOTAL RESERVES</b>	<b>\$9,365,601</b>	<b>9,498,293</b>	<b>132,693</b>	<b>1.4%</b>
<b>TOTAL EXPENSE, LIABILITIES AND RESERVES</b>	<b>\$38,378,042</b>	<b>\$38,645,197</b>	<b>267,155</b>	<b>0.7%</b>
<b>AMOUNT TO TRANSFER TO/(FROM) CA FUND</b>	<b>\$5,880,611</b>	<b>\$2,267,149</b>	<b>(3,613,462)</b>	<b>-61.4%</b>

**CAPITAL ASSET FUND**

**APPROVED**

**BUDGET FY2019/2020**



**CAPITAL ASSETS FUND**

**2018/19 BUDGET    2019/20 BUDGET    VARIANCE**

**FUND INCOME & RESERVES**

BEGINNING BALANCE FOR FISCAL YEAR	\$18,229,252	\$24,957,942 *	\$6,728,690	37%
ANTICIPATED CONNECTION CHARGES REVENUE	\$500,000	\$500,000	\$0	0%
INTEREST INCOME (FY18/19- 2.1%; FY19/20 - 2.1%)	\$75,000	\$75,000	\$0	
PROJECTED TRANSFER FROM GENERAL FUND	\$5,880,611	\$2,267,149	(\$3,613,462)	-61%
<b>TOTAL INCOME &amp; RESERVES</b>	<b>\$24,684,863</b>	<b>\$27,800,091</b>	<b>\$3,115,228</b>	<b>13%</b>

**FUND CAPITAL EXPENDITURES - SEE DETAIL**

ADMINISTRATION - Includes prior FY carryover of \$175K for Billing Software	\$140,000	\$275,000	\$135,000	96%
COLLECTION FACILITIES - Includes prior FY carryover of \$425K for Metal Storage Building Replacement	\$934,500	\$2,662,050	\$1,727,550	185%
SUBSURFACE LINES AND OTHER	\$6,726,500	\$3,727,000	(\$2,999,500)	-45%
CONSTRUCTION PROJECTS ENVIRONMENTAL REVIEW	\$10,000	\$10,000	\$0	0%
MANHOLE RAISING (PAVING PROJECTS)	\$100,000	\$100,000	\$0	0%
ALLOWANCE FOR UNANTICIPATED EXPENSES	\$100,000	\$100,000	\$0	0%
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$8,011,000</b>	<b>\$6,874,050</b>	<b>(\$1,136,950)</b>	<b>-14%</b>
EMERGENCY CAPITAL RESERVES TRANSFER	\$0	\$0	\$0	
CAPITAL PROJECT RESERVES TRANSFER	\$0	\$350,000	\$350,000	#DIV/0!
EQUIPMENT REPLACEMENT RESERVES TRANSFER	\$240,000	\$350,000	\$110,000	46%
RATE STABILIZATION/BOND RESERVE	\$1,000,000	\$1,000,000	\$0	
RECYCLED WATER FACILITY CASH FLOW RESERVE		\$0	\$0	
<b>TOTAL CAPITAL EXPENDITURES, RESERVE TRANSFERS, &amp; CIP CARRYOVER</b>	<b>\$9,251,000</b>	<b>\$8,574,050</b>	<b>(\$676,950)</b>	<b>-7%</b>
<b>PROJECTED AVAILABLE FUND AT YEAR END</b>	<b>\$15,433,863</b>	<b>\$19,226,041</b>	<b>\$3,792,178</b>	<b>25%</b>

\* Anticipated Fund Balance 6/30/2019  
**\$24,957,942**

**CAPITAL ASSETS FUND  
CAPITAL EXPENDITURE DETAIL**

	<u>2018/19 BUDGET</u>	<u>2019/20 BUDGET</u>	<u>VARIANCE</u>	
<b>ADMINISTRATION</b>				
DISTRICT OFFICE EXTERIOR	\$10,000	\$10,000	\$0	0%
DISTRICT OFFICE INTERIOR	\$10,000	\$10,000	\$0	0%
LEVEE SURVEY & GPS UPDATE	\$60,000	\$60,000	\$0	0%
FLOW MONITORING STUDY	\$30,000	\$30,000	\$0	0%
SERVER REPLACEMENT PROGRAM	\$15,000	\$15,000	\$0	0%
PHONE SYSTEM	\$15,000	\$0	(\$15,000)	-100%
CORPORATE YARD RENOVATION FEASIBILITY STUDY		\$150,000	\$150,000	
<b>TOTAL ADMINISTRATION</b>	<b>\$140,000</b>	<b>\$275,000</b>	<b>\$135,000</b>	<b>96%</b>
<b>COLLECTION FACILITIES</b>				
SMART COVERS (2)	\$9,500	\$9,500	\$0	0%
REPLACE METAL STORAGE BUILDING (Phase 1 - FY2018/19) (Carryover )	\$425,000	\$420,000	(\$5,000)	-1%
REPLACE METAL STORAGE BUILDING (Phase 2 - FY2019/20)		\$432,550	\$432,550	
FERRF IMPROVEMENTS & DEMOLITION OF OLD TREATMENT PLANT WORKS	\$500,000	\$500,000	\$0	0%
SHEET PILING PROJECT		\$1,000,000	\$1,000,000	
BAYFRONT RESOURCE RECOVERY (Environmental Impact Report)		\$300,000	\$300,000	
<b>EQUIPMENT REPLACEMENT - Funded From The Equipment Replacement Fund</b>				
FORD F250 Unit 224 (OPERATIONS SUPERVISOR)	\$35,000	\$0	(\$35,000)	-100%
JETTER - UNIT 220 Replace	\$200,000	\$220,000	\$20,000	10%
RECYCLED WATER TRUCK (RESTORATION) - UNIT 222	\$40,000	\$0	(\$40,000)	
MONITORING, SAMPLING, CONFINED SPACE EQUIPMENT	\$35,000	\$0	(\$35,000)	-100%
MAINLINE CCTV CAMERA		\$25,000	\$25,000	
FLO DAR EQUIPMENT (FLOW METERS)		\$35,000	\$35,000	
ADS FLOW METER		\$5,000	\$5,000	
SERVICE TRUCK - UNIT 208	\$0	\$60,000	\$60,000	
OPERATIONS SUPERINTENDENT SUV - UNIT 206	\$0	\$50,000	\$50,000	
TOTAL EQUIPMENT REPLACEMENT	\$310,000	\$395,000	\$85,000	27%
Equipment purchases funded from Equipment Replacement Reserve	(\$310,000)	(\$395,000)	(\$85,000)	27%
<b>TOTAL COLLECTION FACILITIES</b>	<b>\$934,500</b>	<b>\$2,662,050</b>	<b>\$1,727,550</b>	<b>185%</b>

	<u>2018/19 BUDGET</u>	<u>2019/20 BUDGET</u>	<u>VARIANCE</u>	
<b>SUBSURFACE LINES &amp; OTHER</b>				
<b>PUMP STATIONS</b>				
PUMP & VALVE REPLACEMENT PROGRAM	\$40,000	\$40,000	\$0	0%
PRIVATE PUMP & PANEL REPLACEMENTS	\$20,000	\$20,000	\$0	0%
PUMP STATION FENCE REPAIR & REPLACEMENTS	\$16,500	\$17,000	\$500	
<b>PIPELINE REPLACEMENT &amp; REHAB DESIGN</b>				
			\$0	
<i>Isabella, Gilbert &amp; Bay North, Coyote Hill - Phase 1</i>	\$350,000	\$350,000	\$0	
			\$0	
<b>PIPELINE REPLACEMENT &amp; REHAB CONSTRUCTION</b>				
			\$0	
<i>Belle Haven III (Carryover)</i>	\$5,500,000	\$0	(\$5,500,000)	
<i>Town of Atherton Civic Center - Dinklespeil (Carryover)</i>	\$800,000	\$800,000		
<i>ISABELLA, GILBERT &amp; BAY NORTH - Phase 1</i>	\$0	\$2,500,000	\$2,500,000	
<b>TOTAL SUBSURFACE LINES AND OTHER</b>	<b>\$6,726,500</b>	<b>\$3,727,000</b>	<b>(\$2,999,500)</b>	<b>-45%</b>
<b>CONSTRUCTION PROJECTS ENVIRONMENTAL REVIEW</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$0</b>	<b>0%</b>
<b>MANHOLE RAISING (PAVING PROJECTS)</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>0%</b>
<b>ALLOWANCE FOR UNANTICIPATED CAPITAL EXPENDITURES</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>0%</b>
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$8,011,000</b>	<b>\$6,874,050</b>	<b>(\$1,136,950)</b>	<b>-14%</b>
<b>RESERVE TRANSFERS</b>				
<b>EMERGENCY CAPITAL RESERVES TRANSFER</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>CAPITAL PROJECT RESERVES TRANSFER</b>	<b>\$0</b>	<b>\$350,000</b>	<b>\$350,000</b>	
<b>EQUIPMENT REPLACEMENT RESERVES TRANSFER</b>	<b>\$240,000</b>	<b>\$350,000</b>	<b>\$110,000</b>	<b>46%</b>
<b>RATE STABILIZATION/BOND RESERVE</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$0</b>	
<b>RECYCLED WATER FACILITY CASH FLOW RESERVE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>TOTAL RESERVE TRANSFERS</b>	<b>\$1,240,000</b>	<b>\$1,700,000</b>	<b>\$460,000</b>	<b>37%</b>
<b>TOTAL CAPITAL EXPENDITURES, RESERVE TRANSFERS, &amp; CIP CARRYOVER</b>	<b>\$9,251,000</b>	<b>\$8,574,050</b>	<b>(\$676,950)</b>	<b>-7%</b>

**RESERVE FUNDS**

**APPROVED**

**BUDGET FY2019/2020**



RESERVE FUNDS	Reserve Balance @ 6/30/2018	2018/19 Contributions	2018/19 Withdrawals/ Expenditures	Projected Reserve Balance @ 6/30/2019	2019/20 BUDGET Contributions	2019/20 Withdrawals/ Expenditures	Reserve Balance @ 6/30/2020
<b>GENERAL FUND</b>							
GENERAL FUND OPERATING RESERVE (5 MONTHS OPERATING EXPENSE)	\$7,931,098	\$1,435,000	(\$3,012,386) *	\$6,353,713	\$3,144,580		\$9,498,293
PRE-FUNDING OPEB UNFUNDED LIABILITY (RESERVE/TRUST ACCOUNT)	\$247,323	\$0.00		\$247,323	\$0		\$247,323
PRE-FUNDING PERS PENSION UNFUNDED LIABILITY (RESERVE/TRUST ACCOUNT)	\$0.00	\$1,000,000		\$1,000,000	\$1,000,000		\$2,000,000
<b>CAPITAL ASSETS FUND</b>							
EMERGENCY CAPITAL RESERVE (TARGET \$5 MILLION)	\$5,314,622		(\$1,373,945) *	\$3,940,677	\$1,059,323		\$5,000,000
CAPITAL PROJECT RESERVE (TARGET \$3.5 MILLION)	\$3,638,450		(\$1,397,934) *	\$2,240,516	\$1,609,484		\$3,850,000
RATE STABILIZATION	\$5,577,745	\$1,000,000	(\$887,604) *	\$5,690,142	\$1,000,000	(\$5,690,142) **	1,000,000
EQUIPMENT REPLACEMENT RESERVE	\$209,428	\$240,000	(\$79,382)	\$370,046	\$350,000	(\$395,000)	\$325,046
* PROJECTED RESERVE WITHDRAWALS TO PAYDOWN \$6.6M of the \$13M 2018 SVCW BONDS							
** PROJECTED WITHDRAWAL FROM RATE STABLE RES TO PAY BACK \$6.6M WITHDRAWN FROM OTHER RESERVES TO PAY DOWN ON 2018 SVCW BONDS							
<b>RECYCLED WATER CASH FLOW RESERVE</b>							
RECYCLED WATER FACILITY CASH FLOW RESERVE	\$3,899,478		(\$3,703,501)	\$195,977	\$7,918,649		\$8,114,626
RECYCLED WATER FACILITY CASH FLOW RESERVE - Transferred to LAIF	\$4,215,148	\$3,703,501		\$7,918,649		(\$7,918,649)	0
<b>TOTAL</b>	<b>\$8,114,626</b>	<b>\$3,703,501</b>	<b>(\$3,703,501)</b>	<b>\$8,114,626</b>	<b>\$7,918,649</b>	<b>(\$7,918,649)</b>	<b>\$8,114,626</b>
RECYCLED WATER SRF RESERVE (SHGCC)	\$810,212			\$810,212			\$810,212
<b>SOLID WASTE RATE STABILIZATION FUND</b>							
SOLID WASTE RATE STABILIZATION	\$194,258	96,000	(\$65,000)	225,258	85,000	(\$65,000)	245,258
<b>TOTAL RESERVE BALANCES</b>	<b>32,037,763</b>	<b>7,474,501</b>	<b>(10,519,751)</b>	<b>28,992,513</b>	<b>16,167,036</b>	<b>(14,068,791)</b>	<b>31,090,759</b>



**EQUIPMENT REPLACEMENT RESERVE**

**APPROVED**

**BUDGET FY2019/2020**



<b>EQUIPMENT REPLACEMENT RESERVE</b>	<b>2018/19 BUDGET</b>	<b>Projected Actual @ 6/30/2019</b>	<b>2019/20 BUDGET</b>
<b>RESERVE CONTRIBUTIONS</b>			
BEGINNING BALANCE	\$209,428	\$209,428	\$370,046
RESERVE CONTRIBUTIONS	\$240,000	\$240,000	\$350,000
<b>TOTAL AVAILABLE BALANCE</b>	<b>\$449,428</b>	<b>\$449,428</b>	<b>\$720,046</b>
<b>RESERVE EXPENDITURES</b>			
FLO DAR MONITORS (2)	\$35,000	\$19,581	
RECYCLED WATER TRUCK (RESTORATION) - UNIT 222	\$40,000	\$25,000	
FORD F250 - Unit 224 (OPERATIONS SUPERVISOR)	\$35,000	\$34,801	
JETTER - UNIT 220 Replace (carryover)	\$200,000	\$0	\$220,000
MAINLINE CCTV CAMERA			\$25,000
FLO DAR EQUIPMENT (FLOW METERS)			\$35,000
ADS FLOW METER			\$5,000
SERVICE TRUCK - UNIT 208			\$60,000
OPERATIONS SUPERINTENDENT SUV - UNIT 206			\$50,000
<b>TOTAL EXPENDITURES</b>	<b>\$310,000</b>	<b>\$79,382</b>	<b>\$395,000</b>
<b>RESERVE BALANCE</b>	<b>\$139,428</b>	<b>\$370,046</b>	<b>\$325,046</b>

**SOLID WASTE RESERVE**

**APPROVED**

**BUDGET FY2019/2020**



## SOLID WASTE RATE STABILIZATION RESERVE

### RESERVE INCOME

OPERATING INCOME  
FRANCHISES

**TOTAL INCOME**

2018/19  
BUDGET

Projected Actual  
@ 6/30/2019

2019/20  
BUDGET

\$85,000

\$96,000

\$85,000

**\$85,000**

\$96,000

**\$85,000**

### RESERVE EXPENDITURES - DETAIL

#### ALLOCATED OPERATING EXPENSE

RATE STUDIES

MAILINGS

PUBLIC RELATIONS

OVERHEAD EXPENSE ALLOCATION FROM GENERAL FUND

\$11,000

\$5,000

\$1,000

\$48,000

\$11,000

\$5,000

\$1,000

\$48,000

\$11,000

\$5,000

1,000

\$48,000

**TOTAL ALLOCATED OPERATING EXPENSE**

**\$65,000**

\$65,000

**\$65,000**

**CONTRIBUTION TO SOLID WASTE RESERVE FUND**

**\$20,000**

\$31,000

**\$20,000**

**SOLID WASTE RATE STABILIZATION RESERVE BEGINNING BALANCE**

**\$193,692**

**\$194,258**

**\$225,258**

**SOLID WASTE RATE STABILIZATION RESERVE FUND BALANCE**

**\$213,692**

**\$225,258**

**\$245,258**