

April 17, 2013

***VIA ELECTRONIC MAIL AND HAND DELIVERY***

Tamarin Austin, Staff Counsel  
Regional Water Quality Control Board,  
San Francisco Bay Region  
1001 I Street, 22nd Floor  
Sacramento, California  
[TAustin@waterboards.ca.gov](mailto:TAustin@waterboards.ca.gov)

**SUBJECT:** Submission of Evidence and Policy Statements from Sanitary District No. 1 of Marin County (also known as “Ross Valley Sanitary District”) in response to *Tentative Cease and Desist Order No. R2-2013-XXX*

Dear Ms. Austin:

On behalf of my client, Ross Valley Sanitary District (hereafter “RSVD” or “District”), we hereby provide to the prosecution team our “Submission of Evidence and Policy Statements,” in response to the *Tentative Cease and Desist Order No. R2-2013-XXX* (“Tentative CDO”) and in accordance with the Hearing Procedures provided.

As a preliminary matter, the District appreciates the prosecution team’s willingness to work with us regarding the potential corrective actions indentified in the Tentative CDO. As indicated in previous communications with respect to this matter, the District takes this situation seriously and is working diligently to implement corrective actions. To that end, the District intends to implement and comply with the terms of the Tentative CDO to the best of its ability. However, it is imperative that the San Francisco Bay Regional Water Quality Control Board (“Regional Board”) understand that compliance with the Tentative CDO will take significant effort from District staff, and significant financial resource commitments from the District and its ratepayers. Moreover, it is important to the District Board that the Regional Board understand and be aware of the difficult fiscal realities that the District has faced over the last several years, and continues to face.

**I. Response to Tentative CDO Findings**

While the District does not intend to challenge the Tentative CDO as proposed, it is important for the record that the District state that it does not concede to or agree that the alleged violations have occurred. Accordingly, the District provides the following response and additional information.

First, in response to allegations in the Tentative CDO, the District finds it necessary to provide additional information and context for some of the information included. The Tentative CDO's primary allegations are based on claims that the District has failed to adequately allocate resources for the proper operation, maintenance, and repair of its collection system. (Tentative CDO, pp. 3-5.) To reach this conclusion, the Tentative CDO appears to rely on a rate increase in July 2011 recommended by staff, and the original FY 2012-2013 capital budget as representation of system needs. The Tentative CDO then appears to determine that the District has not allocated adequate resources because the District Board adopted a partial one-year rate increase in July 2011, and revised the FY 2012-2013 original budget to exclude revenue from the sale of revenue bonds.

While the underlying facts are correct, the Tentative CDO does not accurately explain that the approved FY 2011-2012 budget was consistent with previous budgets and still included proposed capital expenditures in the range of \$6.6 million. Nor does the Tentative CDO acknowledge that in fact the District expended \$8.4 million on capital projects in FY 2011-2012. This amount exceeds the annual capital expenditure of other similar agencies in the Bay Area. (See, e.g., [Castro Valley Sanitary District] Budget Overview Summary, Detailed Budget for Fiscal Years 2011/12 & 2012/13 (Attachment 6-A hereto); Napa Sanitation District Fiscal Year 2012/13 Operating and Capital Budget (Attachment 6-B hereto); Novato Sanitary District Final Budget for Fiscal Years 2012-14 (Attachment 6-C hereto); West County Wastewater District Amending Comprehensive Budget for Fiscal Year 2012/13 (Attachment 6-D hereto); West Bay Sanitary District General Fund and Capital Asset Fund Budgets FY 2012-13 (Attachment 6-E hereto).) In other words, the District's capital budget and actual expenditures for FY 2011-2012 were more than adequate to ensure the proper operation, maintenance, and repair of its collection system.

Next, the Tentative CDO does not explain or acknowledge that the FY 2012-2013 original budget was extremely aggressive with respect to proposed capital improvement expenditures, and was not consistent with previous budgets. Specifically, the original FY 2012-2013 budget included a proposed capital improvement program of \$23.3 million. This was a significant increase, and in retrospect would have been difficult for a District of this size to implement. The District Board revised the original budget due to a change in circumstances, and to address the lack of funding available to implement a capital expenditure program of this size and magnitude. The District found it necessary to revise the FY 2012-2013 budget in order to re-evaluate its proposed expenditures, and to responsibly balance system needs as compared to financial resources. The action taken in FY 2012-2013 should be considered as a single action that is not indicative or representative of the District's commitment to operating and maintaining its collection system. Also, the FY 2012-2013 budget revision action did not terminate or reduce expenditures for ongoing maintenance and repair of the system conducted by District staff, and did not include \$1.2 million for capital improvements. (See FY 2012-13 Amended Budget Summary, Attachment 4 hereto.) Thus, although the District did revise its FY 2012-2013 budget, it still maintained adequate resources for operation, repair, and maintenance of the collection system.

Further, the Regional Board should be aware that recently the District Board has been dealing with significant staffing issues, including the investigation of its former general manager. The Marin County District Attorney's office recently filed a complaint and issued a press release indicating that nine felony counts have been filed against the District's former general manager, Brett Nelson Richards. Mr. Richards is alleged to have misappropriated and diverted \$350,000 of District funds loaned to him as part of his compensation package. (See Attachments 2 and 1 hereto.) While the District's Board members and staff are unable to comment publicly with respect to the District Attorney's investigation, the press release clearly indicates that the District has been dealing with significant controversy and has been working diligently to re-establish credibility with the local community.

Considering the fact that the District has provided sufficient funding for capital expenditures, and that FY 2012-2013 was a year of unusual circumstances, the District contends that it is not in violation of State Water Resources Control Board Order No. 2006-0003-DWQ, *Statewide General Waste Discharge Requirements for Sanitary Sewer Systems* ("Sanitary Sewer Order"). Regardless, the District intends to make all diligent efforts to comply.

## **II. Cost to Comply**

As indicated previously, the District wants to ensure that the Regional Board is fully aware of the cost to the District to comply with the Tentative CDO over the next five years. Specifically, the District has estimated that the projects identified on Attachment D will cost the District approximately \$45 million. Costs associated with these projects is in addition to costs associated with replacement and/or rehabilitation of the 45 pipe segment locations identified on Attachment A, as well as costs associated with other requirements contained in the Tentative CDO. Compliance with the Tentative CDO will require the District to obtain significant new funding as the District's current revenue is approximately \$20 million, of which \$6.8 million is passed through directly to the Central Marin Sanitation Agency for wastewater treatment services. (See, e.g., Attachment 4 hereto.) Accordingly, the Tentative CDO as proposed imposes significant costs to the District and its ratepayers. As stated previously, the District intends to take all diligent efforts to comply. However, the cost is significant, and the District must still identify and implement appropriate financing measures to ensure compliance with the Tentative CDO.

## **III. Requested Revisions to Tentative CDO**

Upon reviewing the Tentative CDO, the District has identified the need for some revisions. Most of the revisions identified below are corrective in nature and reflect the need for clarification, with one exception.

The exception is with respect to Provision I.e.ii of the Tentative CDO, which addresses capital improvement subprojects. First, by way of a clarification, this provision refers to Attachment E. This appears to be an error as the attachment in question is

Attachment D. Next, the District appreciates the Regional Board staff's willingness to fold this requirement into the Infrastructure Asset Management Plan ("IAMP"). District staff and its consultants have already embarked on the process of developing the IAMP and are currently evaluating the subprojects identified on Attachment D. As it evaluates these projects for prioritization purposes, and based on new information with respect to parts or portions of these projects that may have already been completed, the District has come to realize that the list of projects and their descriptions are somewhat fluid. It is difficult to determine now with any certainty if the projects listed in Attachment D, which was first developed in 2007, will maintain their current descriptions and actions once the IAMP is completed. To account for this uncertainty, we would recommend that the Tentative CDO provide for some limited flexibility to allow for some changes to Attachment D without triggering the need for an amendment to the Tentative CDO. To accommodate this flexibility, the District believes that it is appropriate for the Executive Officer to retain authority to revise the projects listed in Attachment D after the IAMP is completed and approved by Regional Board staff. Accordingly, we recommend that this provision include a footnote, which states as follows: "The Executive Officer is authorized herein to revise the projects listed and their associated descriptions in Attachment D upon his/her approval of the IAMP." This revision retains Regional Board authority to ensure that any changes to Attachment D are appropriate and in the best interest of the public.

At the very least, a number of references with respect to feet in Attachment D are incorrect and should be revised. The needed corrections are provided on the attached table. (See Attachment 5 hereto.)

Other Suggested Edits:

- Page 1, Finding 3 – The collection system has 19 pump stations, not 20.
- Starting on page 7, references to the Grade 4 and Grade 5 defects should be referred to as structural defects.
- Page 9, Provision I.i – Within this provision it references Provision I.g; however, this reference should be to Provision I.h.

**IV. Evidence List**

1. Marin County District Attorney's Press Release (April 9, 2013) (Attachment 1 hereto).
2. Marin County Complaint against Brett Richards (Marin County Superior Court Case No. SC183948) (Attachment 2 hereto).
3. Marin County Felony Warrant of Arrest (March 6, 2013) (Attachment 3 hereto).

4. Sanitary District No. 1 of Marin County dba Ross Valley Sanitary District, FY 2012-13 Amended Budget Summary (Attachment 4 hereto).
5. Sanitary District No. 1 of Marin County Draft CIP Cost Comparison for Tentative Cease and Desist Order 2013 (Attachment 5 hereto).
6. Examples of budgets from other agencies: [Castro Valley Sanitary District] Budget Overview Summary, Detailed Budget for Fiscal Years 2011/12 & 2012/13 (Attachment 6-A hereto); Napa Sanitation District Fiscal Year 2012/13 Operating and Capital Budget (Attachment 6-B hereto); Novato Sanitary District Final Budget for Fiscal Years 2012-14 (Attachment 6-C hereto); West County Wastewater District Amending Comprehensive Budget for Fiscal Year 2012/13 (Attachment 6-D hereto); West Bay Sanitary District General Fund and Capital Asset Fund Budgets FY 2012-13 (Attachment 6-E hereto).

**V. Other Information**

1. April 9, 2013 Newspaper articles from Marin Independent Journal (Attachment 7 hereto).

**VI. Witness List**

The District intends on calling the following staff and/or consultant to testify at the hearing:

1. Greg Norby, Interim General Manager, Ross Valley Sanitary District, will introduce the item and provide general background with respect to the District's recent past and current actions with respect to financing operations, maintenance, and repair of the District's collection system.
2. Vivian Housen, R.C.E. #46324, Principal, V.W. Housen & Associates, will provide information with respect to previous planning efforts undertaken by the District, current planning efforts under the IAMP, and information with respect to similar programs at other districts.

The District intends on having the following staff available in addition to Mr. Norby and Ms. Housen to provide any needed clarity, answer any questions that may arise, and/or provide rebuttal testimony if necessary with respect to the District's actual operations.

1. Randell Y. Ishii, M.S., P.E., District Engineer, Ross Valley Sanitary District, will be available if called by the District to provide any needed clarity or to answer any questions that may arise with respect to specific past operations and/or capital improvement actions that the District has undertaken. Further,

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the District reserves the right to call Mr. Ishii as a rebuttable witness if necessary.

Thank you, and if you have any questions please contact me at (916) 446-7979 or [tdunham@somachlaw.com](mailto:tdunham@somachlaw.com).

Very truly yours,

A handwritten signature in black ink that reads "Theresa A. Dunham". The signature is written in a cursive style with a large, circular flourish at the beginning of the name.

Theresa A. Dunham

Attachments

cc: See attached list (*via electronic mail only*)

TAD:cr

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**ADVISORY TEAM:**

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**OTHERS:**

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OFFICE OF THE DISTRICT ATTORNEY  
MARIN COUNTY, CALIFORNIA

Prevention \* Prosecution \* Protection

Edward S. Berberian  
District Attorney

Barry G. Borden  
CHIEF DEPUTY DISTRICT  
ATTORNEY

April 9, 2013

Robert R. Guidi  
CHIEF INSPECTOR

**PRESS RELEASE**

Peggy M. Toth  
ADMINISTRATOR

**MISAPPROPRIATION OF PUBLIC FUND CHARGES FILED  
AGAINST FORMER EXECUTIVE DIRECTOR OF ROSS  
VALLEY SANITARY DISTRICT**

The Marin County District Attorney has filed nine felony counts against Brett Nelson Richards, the former Executive Director of the Ross Valley Sanitary District. These charges allege that Brett Richards misappropriated and diverted \$350,000 loaned to him as part of his compensation package. The intended use of these funds was to assist Brett Richards in securing housing in the Bay Area. The eight-month investigation developed evidence that the \$350,000 was moved by Brett Richards through a series of bank accounts and never utilized for its intended purpose. The actions of Brett Richards have resulted in Misappropriation of Public Funds and Embezzlement of Public Fund charges as well as a series of Money Laundering allegations. The investigation to date has not developed any information that any other District employee or elected Board member was complicit in the alleged illegal actions of Brett Richards.

Shortly before the commencement of the criminal investigation Brett Richards resigned his position with the Ross Valley Sanitary District and left the Bay Area. Brett Richards's current whereabouts are unknown and a warrant for his arrest is currently outstanding with bail set in the amount of \$1,000,000. If anyone has information about Brett Richards current location they can contact the Marin County District Attorney's Office at (415) 473-6450 and ask for the Chief Inspector Rob Guidi of the Investigations Unit.

District Attorney Ed Berberian  
County of Marin  
(415) 473-6450

EDWARD S. BERBERIAN  
MARIN COUNTY  
DISTRICT ATTORNEY  
EDWARD S. BERBERIAN  
DISTRICT ATTORNEY  
STATE BAR NUMBER 065187  
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SAN RAFAEL, CA 94903-5207  
TELEPHONE: (415) 473-6450  
FAX NUMBER: (415) 473-3719

SC183948

ATTORNEYS FOR THE PLAINTIFF

SUPERIOR COURT OF CALIFORNIA  
COUNTY OF MARIN

THE PEOPLE OF THE STATE OF CALIFORNIA,	)	NO. SC183948
	)	
PLAINTIFF,	)	AGENCY CASE NO(S).
	)	DI12000043
v.	)	
	)	COMPLAINT
BRETT NELSON RICHARDS,	)	
	)	
DEFENDANT(S).	)	

I, THE UNDERSIGNED, SAY, ON INFORMATION AND BELIEF, THAT IN THE COUNTY OF MARIN, STATE OF CALIFORNIA:

COUNT 001: On or about December 3, 2010, to December 21, 2010, the crime of MISAPPROPRIATION OF PUBLIC FUNDS, in violation of Section 424(a)(1) of the Penal Code, a felony, was committed by BRETT NELSON RICHARDS, who, being a person described in Penal Code Section 424, at the time and place last aforesaid, did willfully and unlawfully and without authority of law appropriate public funds, to wit: \$350,000, to his or her own use.

COUNT 002: For a further and separate cause of complaint, being an offense connected together in its commission with and of the same class of crimes as the charge set forth in Count 001, complainant further complains and says: On or about December 3, 2010, to December 21, 2010, the crime of MISAPPROPRIATION OF PUBLIC FUNDS, in violation of Section 424(a)(2) of the Penal Code, a felony, was committed by BRETT NELSON RICHARDS, who, being a person described in Penal Code Section 424, at the time and place last aforesaid, did willfully and unlawfully use public funds, to wit: \$350,000, for purposes not authorized by law.

COUNT 003: For a further and separate cause of complaint, being an offense connected together in its commission with and of the same class of crimes as the charge set forth in Count 002, complainant further complains and says: On and between December 3, 2010, and December 21, 2010, the crime of EMBEZZLEMENT BY A PUBLIC OR PRIVATE OFFICER, in violation of Section 504 of the Penal Code, a felony, was committed by BRETT NELSON RICHARDS, who, at the time and place last aforesaid, and while the said defendant was the General Manager for the Ross Valley Sanitary District, did willfully and unlawfully, and fraudulently appropriate to a use and purpose not in the due and lawful execution of the said defendant's trust property which said defendant, had in the said defendant's possession and under the said defendant's control by virtue of the said defendant's trust and did unlawfully secrete said property with a fraudulent intent

to appropriate it to such a use and purpose contrary to Penal Code Section 487(a), said property being of a value exceeding nine hundred and fifty dollars (\$950.00).

NOTICE: MANDATORY STATE PRISON INCARCERATION: The said defendant, BRETT NELSON RICHARDS, is hereby notified, as to Counts 1, 2, and 3, that the above felony offenses are not governed by Penal Code Section 1170(h), and that an executed sentence for the offenses herein charged shall be served in the state prison, pursuant to Penal Code Sections 1170.1(a) and 1170(f).

COUNT 004: For a further and separate cause of complaint, being an offense connected together in its commission with and of the same class of crimes as the charge set forth in Count 003, complainant further complains and says: On or about December 3, 2010, the crime of MONEY LAUNDERING, in violation of Section 186.10(a) of the Penal Code, a felony, was committed by BRETT NELSON RICHARDS, who, at the time and place last aforesaid, did willfully and unlawfully conduct a transaction within a seven-day period involving a monetary instrument of a total value exceeding five thousand dollars (\$5,000), to wit: \$7,225, through one or more financial institutions, to wit: Citibank, with the specific intent to promote, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of criminal activity, to wit: MISAPPROPRIATION OF PUBLIC FUNDS.

COUNT 005: For a further and separate cause of complaint, being an offense connected together in its commission with and of the same class of crimes as the charge set forth in Count 004, complainant further complains and says: On or about December 6, 2010, the crime of MONEY LAUNDERING, in violation of Section 186.10(a) of the Penal Code, a felony, was committed by BRETT NELSON RICHARDS, who, at the time and place last aforesaid, did willfully and unlawfully conduct a transaction within a seven-day period involving a monetary instrument of a total value exceeding five thousand dollars (\$5,000), to wit: \$6,240, through one or more financial institutions, to wit: Citibank, with the specific intent to promote, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of criminal activity, to wit: MISAPPROPRIATION OF PUBLIC FUNDS.

COUNT 006: For a further and separate cause of complaint, being an offense connected together in its commission with and of the same class of crimes as the charge set forth in Count 005, complainant further complains and says: On or about December 8, 2010, the crime of MONEY LAUNDERING, in violation of Section 186.10(a) of the Penal Code, a felony, was committed by BRETT NELSON RICHARDS, who, at the time and place last aforesaid, did willfully and unlawfully conduct a transaction within a seven-day period involving a monetary instrument of a total value exceeding five thousand dollars (\$5,000), to wit: \$8,625, through one or

more financial institutions, to wit: Mechanic's Bank, with the specific intent to promote, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of criminal activity, to wit: MISAPPROPRIATION OF PUBLIC FUNDS.

COUNT 007: For a further and separate cause of complaint, being an offense connected together in its commission with and of the same class of crimes as the charge set forth in Count 006, complainant further complains and says: On or about December 13, 2010, to December 17, 2010, the crime of MONEY LAUNDERING, in violation of Section 186.10(a) of the Penal Code, a felony, was committed by BRETT NELSON RICHARDS, who, at the time and place last aforesaid, did willfully and unlawfully conduct a series of transactions involving monetary instruments of a total value exceeding twenty-five thousand dollars (\$25,000), to wit: \$55,200, within a 30-day period, through financial institutions, to wit: Fresno Educational Employee Credit Union and Mechanic's Bank., with the specific intent to promote, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of criminal activity, to wit: MISAPPROPRIATION OF PUBLIC FUNDS.

IT IS FURTHER ALLEGED as to Count 7, that the value of the transaction(s) exceeds fifty thousand dollars (\$50,000) within the meaning of Penal Code 186.10(c)(1)(A).

COUNT 008: For a further and separate cause of complaint, being an offense connected together in its commission with and of the same class of crimes as the charge set forth in Count 007, complainant further complains and says: On or about December 17, 2010, the crime of MONEY LAUNDERING, in violation of Section 186.10(a) of the Penal Code, a felony, was committed by BRETT NELSON RICHARDS, who, at the time and place last aforesaid, did willfully and unlawfully conduct a series of transactions involving monetary instruments of a total value exceeding twenty-five thousand dollars (\$25,000), to wit: \$98,000, within a 30-day period, through financial institutions, to wit: Nevada State Bank., with the specific intent to promote, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of criminal activity, to wit: MISAPPROPRIATION OF PUBLIC FUNDS.

IT IS FURTHER ALLEGED as to Count 8, that the value of the transaction(s) exceeds fifty thousand dollars (\$50,000) within the meaning of Penal Code 186.10(c)(1)(A).

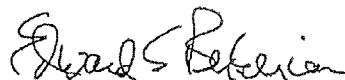
COUNT 009: For a further and separate cause of complaint, being an offense connected together in its commission with and of the same class of crimes as the charge set forth in Count 008, complainant further complains and says: On or about December 21, 2010, the crime of MONEY LAUNDERING, in violation of Section 186.10(a) of the Penal Code, a felony, was committed by BRETT

NELSON RICHARDS, who, at the time and place last aforesaid, did willfully and unlawfully conduct a series of transactions involving monetary instruments of a total value exceeding twenty-five thousand dollars (\$25,000), to wit: \$49,000, within a 30-day period, through financial institutions, to wit: River City Bank., with the specific intent to promote, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of criminal activity, to wit: MISAPPROPRIATION OF PUBLIC FUNDS.

NOTICE: Conviction of this offenses, as to Counts 1, 2, 3, 4, 5, 6, 7, 8, and 9, will require the said defendant, BRETT NELSON RICHARDS, to provide specimens and samples pursuant to Penal Code Section 296. Willful refusal to provide the specimens and samples is a crime.

I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT EXCEPT AS TO THOSE MATTERS STATED ON THE INFORMATION AND BELIEF AND AS TO THOSE MATTERS I BELIEVE THEM TO BE TRUE.

EXECUTED ON 3/5/2013, AT SAN RAFAEL, CALIFORNIA.



EDWARD S. BERBERIAN  
DISTRICT ATTORNEY



SUPERIOR COURT OF CALIFORNIA  
MARIN COUNTY JUDICIAL DISTRICT

FELONY WARRANT OF ARREST

SC183948A


COUNTY OF MARIN  
THE PEOPLE OF THE STATE OF CALIFORNIA, TO ANY PEACE OFFICER OF SAID STATE:

Complaint upon oath having been this day laid before me that the crimes of **FELONY**, to wit: violations of Sections 424(a)(1), Section 424(a)(2), Section 504, and six (6) counts of Section 186.10(a) of the California Penal Code, have been committed and accusing **BRETT NELSON RICHARDS** thereof.

**YOU ARE THEREFORE COMMANDED** forthwith to arrest the above-named defendant and bring said defendant before the Judge in said Superior Court, Marin County Judicial District, Hall of Justice, City of San Rafael, in said County of Marin; or, in case of the Judge's absence or inability to act, before the nearest and most accessible magistrate in Marin County. The defendant is to be admitted to **BAIL IN THE SUM OF.....\$1,000,000.00.**

**ARREST OF THE ABOVE-NAMED DEFENDANT UNDER THIS FELONY WARRANT MAY BE MADE AT ANY TIME OF DAY OR NIGHT. (Pen. Code §840.)**

Issued in San Rafael on 3, 6, 2013

*[Handwritten Signature]*  
Superior Court Judge  
Marin County Superior Court  


**I Certify that the within instrument is a true and correct copy of the original on file in this office.**  
**MARIN COUNTY SHERIFF**  
**STATE OF CALIFORNIA**  
By *[Signature]*  
Sheriff's Office  
Date 3/6/2013

*Dept. 77 (@ 830)*

WMA  
DOB: 8/8/1967  
HGT: 5'8"  
WGT: 190 Lbs.  
HAIR: Brown  
EYES: Blue  
CDL: C6246629 CA

LAST KNOWN ADDRESS: 29256 Revis Road, Coarsegold, CA 93614  
(P.O. Box 3630 , San Rafael, CA 94912)

**Sanitary District No. 1 of Marin County  
dba Ross Valley Sanitary District  
FY 2012-13 Amended Budget Summary**

	<b>Amended FY2012/13 Budget</b>
<b>Expected Revenues</b>	<b>20,269,566</b>
Operations Salaries/Benefits/Other Expenditures	6,038,102
<b>CMSA Charges</b>	<b>6,806,845</b>
Administration	4,988,473
Outside Services	823,488
Capital Projects & Upgrades	1,269,908
<b>Total Budgeted Expenditures</b>	<b>19,926,816</b>
<b>FY2012/13 Budgeted Net Revenue Less Expenditures</b>	<b>342,750</b>



# Sanitary District No.1 of Marin County

## DRAFT CIP Cost Comparison for Tentative Cease and Desist Order 2013

Note: Pipeline Length corrections in "Red" text

Note: Pipeline Length corrections in "Red" text				RVSD 2013
Original CIP ID#	Project Name	Project Description	RVSD Status	Total \$
4	Sir Francis Drake / Winship Projects	Combination of gravity sewer rehabilitation and replacement improvements (referred to as SEWER) and SHECAP projects that replace or upsize 19,400 feet of pipeline	<i>Not performed.</i>	\$ 7,397,865
5	Sequoia Park / Tozzi Creek Projects	SEWER project rehabilitates 22,000 feet of pipeline ( <b>excluding 363 feet already completed</b> )	<i>Partially-performed. Tozzi Creek Crossing completed by contractor in 2008 - 363 feet of HDPE pipeline installed</i>	\$ 8,023,000
7	Olive-Walnut / North-Hill Projects	SEWER projects that replace 11,000 feet of pipeline	<i>Complete. Renamed as "FY 2007 Project 1" in calendar year 2007. NOC filed</i>	
8a	Highway 101 and Riviera Force Main Replacement Projects	Force main projects replace 1,050 feet of pipe. Highway 101 force main has leaked in the past and is adjacent to residential properties. Riviera force main crosses underneath Corte Madera Creek and is subjected to regular tidal variations that will likely lead to increased corrosion.	<i>Not performed.</i>	\$ 383,000
9	Cathodic Improvements and Inspections	Force main projects inspect, replace or add facilities to better monitor and/or protect force mains from corrosion	<i>Not performed.</i>	\$ 611,697
10	Pump Stations 31, 32, 33, 34, 35, 36 Improvements	Pump station projects 34, 35, and 36 provide safe access for maintenance. Pump station 31 and 32 will receive new submersible pumps. All projects include general equipment upgrades.	<i>Not performed. Combined with CIP 8a Highway 101</i>	\$ 1,468,073
11a	Miracle Mile	SHECAP project upsizes 2,000 feet of existing sewers and installs 1,250 feet of new diversion sewer.	<i>Not performed.</i>	\$ 2,137,270
11b	<b>Red Hill Avenue</b>	SEWER project replaces sewers and lower laterals with known maintenance issues.	<i>Not performed.</i>	\$ 666,750
12	Hillside Avenue	SEWER project replaces sewers and lower laterals with known maintenance issues.	<i>Not performed.</i>	\$ 1,387,329
13	Pump Stations 12, 13, 14, and 37 Improvements	Pump stations 12 and 14 projects add pumps to provide adequate wet weather capacity with the largest pump out of service. Pump stations 12 and 37 improvements comprise operations and reliability upgrades.	<i>Not performed. Partial-completion of PS 14 (the rehab of 2004 was completed in 2011). Removed PS 37 and including with PS 15 projects</i>	\$ 2,500,000
13	Pump Stations 12, 13, 14, and 37 Improvements ( <b>This is the subcomponent for PS 37</b> )	Pump stations 12 and 14 projects add pumps to provide adequate wet weather capacity with the largest pump out of service. Pump stations 12 and 37 improvements comprise operations and reliability upgrades.	<i>Not performed. Partial-completion of PS 14 (the rehab of 2004 was completed in 2011). Removed PS 37 and including with PS 15 projects (<b>This is the subcomponent for PS 37</b>)</i>	\$ 100,000



# Sanitary District No.1 of Marin County

## DRAFT CIP Cost Comparison for Tentative Cease and Desist Order 2013

Note: Pipeline Length corrections in "Red" text

Note: Pipeline Length corrections in "Red" text				RVSD 2013
Original CIP ID#	Project Name	Project Description	RVSD Status	Total \$
14	Upper Butterfield	SHECAP project upsizes/replaces <b>3,836</b> feet of sewers and installs 487 feet of new diversion sewers.	<i>Not performed.</i>	\$ 1,940,303
15a	Cascade	SHECAP project upsizes 1,727 feet of existing pipe.	<i>Complete. Combined with CIP 3b Creek Meernaa in calendar year 2008. NOC filed 2008</i>	
15b	Westbrae / Hawthorne	SHECAP project upsizes 1,278 feet of pipe.	<i>Not performed. Staff proposed alignment study to District Board in calendar year 2012 for re-evaluation of construction methods and alignment</i>	\$ 786,000
16a	Laurel Grove / McAllister	SHECAP project upsizes 2,256 feet of pipe.	<i>Not performed.</i>	\$ 1,163,448
16b	Magnolia	SHECAP project upsizes 2,300 feet of pipe. <b>In 2012, District replaced 1,160 feet of the 2,300 feet of pipe at issue.</b>	<i>Partially-performed. Catastrophic failure (collapse) of trunkline in Jan 2012. CCTV crew discovered pipeline size and materials were far different than what SHECAP stated/modeled. Approx. 1,160 feet of 18-inch diameter Techite replaced with 18-inch diameter C905 PVC. New discovery lead staff to propose alignment study to District Board in calendar year 2012. Serious concern that remaining trunkline to Pump Station 14 in as-bad or worse condition.</i>	\$ 3,000,000
17	Greenbrae Force Main Replacement	Force main project replaces 3,800 feet of pipe that is nearing the end of its design life and showing increasing corrosion.	<i>Not performed.</i>	\$ 2,500,000
18	Spruce / Park / Merwin / Broadway	SHECAP projects upsize <b>405</b> feet of existing sewers and install 2,000 feet of new diversion sewer.	<i>Not performed.</i>	\$ 2,145,833
19	Sonoma / Nokomis	SHECAP project replaces 965 feet of sewers and installs 1,800 feet of diversion sewer.	<i>Not performed.</i>	\$ 2,188,652
20	Lower Butterfield / Meadowcroft / Broadmoor / SFD	SHECAP projects upsize <b>3,000</b> feet of sewers and installs <b>493</b> feet of diversion sewer.	<i>Not performed.</i>	\$ 2,428,438
21	Sir Francis Drake / Berry	SHECAP project upsizes 1,100 feet of sewer pipe.	<i>Not performed.</i>	\$ 577,442
22	The Alameda / Brookmead	SHECAP project upsizes <b>670</b> feet of sewer pipe and constructs 1,000 feet of diversion sewer.	<i>Not performed.</i>	\$ 937,120
23	Manor Easement	SHECAP project upsizes 864 feet of sewer.	<i>Not performed.</i>	\$ 414,731
24	Eliseo	SHECAP project upsizes 218 feet of sewer pipe.	<i>Not performed.</i>	\$ 80,744



# Sanitary District No.1 of Marin County

## DRAFT CIP Cost Comparison for Tentative Cease and Desist Order 2013

Note: Pipeline Length corrections in "Red" text

Note: Pipeline Length corrections in "Red" text				RVSD 2013
Original CIP ID#	Project Name	Project Description	RVSD Status	Total \$
25, 26	Pump Stations 20, 21, 30	Pump station projects replace aging equipment and improve facility operation and safety/reliability.	Not performed. Pump Stations 20 and 21 combined with CIP 8a Highway 101. Pump Station 30 is its own project not yet performed, and is proposed to coincide with gravity sewer replacement upstream of pump station (due to poor system configuration of pipelines, hydraulics issues like: surcharged pipelines, uneven subsidence of pipelines, and reverse sloping of pipelines, and ongoing maintenance issues)	\$ 389,039
27	Pump Stations 20, 21, 30 (This is just the PS 30 component)	Pump station projects replace aging equipment and improve facility operation and safety/reliability.	Not performed. Pump Stations 20 and 21 combined with CIP 8a Highway 101. Pump Station 30 is its own project not yet performed, and is proposed to coincide with gravity sewer replacement upstream of pump station (due to poor system configuration of pipelines, hydraulics issues like: surcharged pipelines, uneven subsidence of pipelines, and reverse sloping of pipelines, and ongoing maintenance issues) (This is just the PS 30 component)	\$ 500,000
28, 29	Pump Stations 15, 22, 23, 24, 25 Improvements	Pump station projects replace aging equipment and improve facility operation and safety/reliability.	Not performed. Including Pump Station 37 with this group.	\$ 1,000,000
<b>TOTAL</b>				<b>44,726,734</b>

**BUDGET OVERVIEW SUMMARY**

Detailed Budget

For Fiscal Years 2011/12 &amp; 2012/13

Description	2009/10 Audited	2009/10 Budget	2010/11 Budget	2011/12 Budget	2012/13 Budget	10/11 & 11/12 Differential
<b>REVENUE</b>						
Tax Roll Assessments	\$ 5,259,576	\$ 4,896,145	\$ 5,153,193	\$ 5,131,460	\$ 5,285,404	\$ (21,733)
Manual Billing	-	-	-	327,540	337,366	327,540
Special Assessments	14,300	14,300	14,300	14,300	14,300	-
Contract Administration Fees	906,451	812,773	988,032	1,076,954	1,130,802	88,923
Various Solid Waste Grants	269,419	224,428	238,828	238,000	233,000	(828)
Miscellaneous Solid Waste Revenue	19,701	-	-	-	-	-
WM Public Outreach & Education	26,523	25,000	25,000	27,200	29,500	2,200
WM Collection Events	5,521	40,000	40,000	40,000	40,000	-
Inspection Fees	12,070	10,000	10,000	10,000	10,000	-
Connection Fees	1,962,310	541,970	570,423	34,950	36,000	(535,473)
Annexation Fees	-	1,500	1,500	1,500	1,500	-
Interest/Other Revenue	178,441	186,221	189,407	188,545	191,611	(863)
State Subventions	5,700	5,700	5,700	5,700	5,700	-
State Revenue Share	580,828	536,183	553,688	580,000	580,000	26,312
<b>TOTAL REVENUE</b>	<b>\$ 9,240,839</b>	<b>\$ 7,294,220</b>	<b>\$ 7,790,071</b>	<b>\$ 7,676,149</b>	<b>\$ 7,895,183</b>	<b>\$ (113,922)</b>
<b>EXPENDITURES</b>						
Operation Expenses	\$ 6,407,476	\$ 5,476,206	\$ 5,614,787	\$ 7,044,923	\$ 7,112,367	\$ 1,430,136
Renewal & Replacement	416,821	296,650	303,350	470,249	407,252	166,900
Total Operation Expenditures	\$ 6,824,297	\$ 5,772,856	\$ 5,918,136	\$ 7,515,172	\$ 7,519,620	\$ 1,597,036
Revenues less Expenditures	2,416,542	1,521,364	1,871,935	160,977	375,563	(1,710,958)
Department Surplus/(Deficit)						
Administration	\$ -	\$ 168,608	\$ 241,094	\$ -	\$ -	\$ (241,094)
Wastewater	-	1,193,553	1,342,065	182,771	327,414	(1,159,294)
Solid Waste	-	154,203	263,775	228,207	314,210	(35,569)
Total Department Surplus/(Deficit)	\$ -	\$ 1,516,364	\$ 1,846,935	\$ 410,978	\$ 641,623	\$ (1,435,957)
Capital Improvement Projects	\$ 3,828,555	\$ 2,100,000	\$ 6,370,000	\$ 2,359,850	\$ 8,607,350	\$ (4,010,150)
CIP less Dept. Surplus/(Deficit)	(3,828,555)	(583,636)	(4,523,065)	(1,948,872)	(7,965,727)	2,574,193
Depreciation						
Administration	\$ 54,202	\$ 49,180	\$ 49,180	\$ 54,202	\$ 54,202	\$ 5,022
Wastewater	1,043,692	795,410	795,410	1,043,692	1,043,693	248,282
	\$ 1,097,894	\$ 844,590	\$ 844,590	\$ 1,097,894	\$ 1,097,895	\$ 253,304
CVSan Total Surplus/(Deficit)	<u>(2,730,661)</u>	<u>260,954</u>	<u>(3,678,475)</u>	<u>(850,978)</u>	<u>(6,867,832)</u>	<u>2,827,497</u>
Less Solid Waste Surplus/(Deficit)	<u>-</u>	<u>154,203</u>	<u>263,775</u>	<u>533,449</u>	<u>951,427</u>	<u>269,674</u>
<b>ADMINISTRATION-WASTEWATER SURPLUS/(DEFICIT)</b>	<b>\$ (2,730,661)</b>	<b>\$ 106,751</b>	<b>\$ (3,942,250)</b>	<b>\$ (1,384,428)</b>	<b>\$ (7,819,259)</b>	<b>\$ 2,557,823</b>



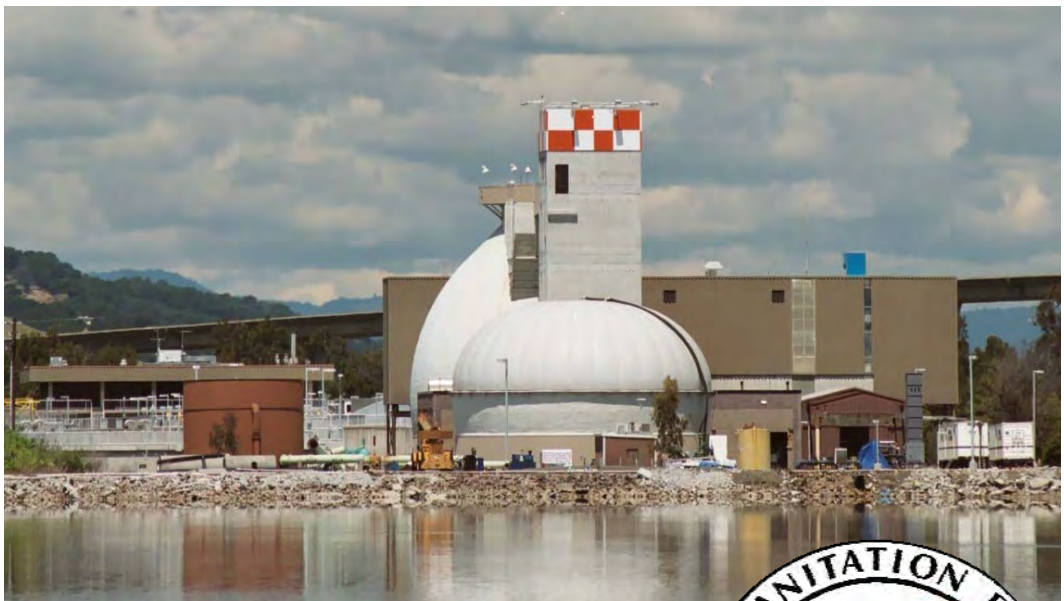


# Napa Sanitation District

Napa, California

## Fiscal Year 2012/13

## Operating and Capital Budget



*Clean Water.  
Healthy Communities.*



# **Napa Sanitation District**

## **Budget Acknowledgements**

### **Board of Directors**

Jill Techel, Chair  
Mark Luce, Vice-Chair  
Mark van Gorder, Director  
Charles Gravett, III, Director  
Charles Shinnamon, Director  
Keith Caldwell, Alternate Director  
Peter Mott, Alternate Director

### **Executive Team**

Tim Healy, General Manager/District Engineer  
Jeff Tucker, Director of Administrative Services/Chief Financial Officer  
Cheryl Schuh, Clerk to the Board/Human Resources Officer

### **Management Team**

#### ***Wastewater Treatment Plant***

Shar Maglione, Wastewater Treatment Plant Manager  
Frank Ziliotto, Operations Supervisor  
Mark Egan, Plant Maintenance Supervisor  
Mark Koekemoer, Laboratory Supervisor

#### ***Collections System***

Todd Herrick, Collection System Manager  
Nick Becker, Collection System Supervisor

#### ***Water & Biosolids Reclamation***

David Martin, Reclamation Systems Director

#### ***Engineering Services***

Brian Thomas, Capital Program Manager

#### ***Administrative Services***

Cyndi Bolden, Senior Accountant



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## NAPA SANITATION DISTRICT

*Dedicated to Preserving the Napa River for Generations to Come*

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**DATE:** June 6, 2012

**TO:** Honorable Board of Directors and  
Customers served by the Napa Sanitation District

**FROM:** Tim Healy, General Manager/District Engineer  
Jeff Tucker, Director of Administrative Services/Chief Financial Officer

**SUBJECT:** FY 2012/13 Operating and Capital Budget

On behalf of the entire Executive and Management Team, we are pleased to present to you the Proposed FY 2012/13 Napa Sanitation District Operating and Capital Budget. This Budget is the financial plan for the coming year and serves as a source of information about the District and its programs.

### Budget Priorities and Direction

Cities and counties throughout California continue to struggle through difficult economic environments. High unemployment has impacted government revenues through lower income taxes, lower sales taxes and lower transient lodging taxes. Foreclosures have impacted property values, property tax assessments and collection rates. Lower average household incomes have made it harder for residents to absorb increases in rates and fees. Governments have responded by increasing efforts to improve the efficiency and effectiveness of vital services, and making strategic budget reductions in services that are in line with the community's needs and values.

The current economic climate shows signs of improving market conditions, but these improvements are tenuous, and the gains may not be experienced by everyone equally. The FY 2012/13 Napa Sanitation District Operating and Capital Budget was developed with a recognition of the continued difficult economic realities facing our residential, commercial and industrial ratepayers, while still working to achieve the high quality service they rightfully expect and meeting state and federal environmental requirements.

The proposed budget represents a continuation of the service levels seen in prior years, with the goal of not increasing the operating budget any more than necessary. The budget allocates resources toward activities that implement the goals and objectives recently established by the Board of Directors in its Strategic Plan, including maintaining a focus on quality customer service, preventive maintenance, and investments in staff and infrastructure that improve efficiency, effectiveness and safety.

The following describes the priorities and decisions made in developing this proposed budget:

### **Sewer Service Charges**

Sewer Service Charges (SSCs), the District's largest source of revenues, are collected annually as assessments on the property tax rolls. Last year, the Board continued a policy of not increasing the sewer service charges any higher than inflation, stating its intention to continue this policy for the next five fiscal years. The FY 2012/13 budget includes an increase in the rate of 2.9%.

### **Other Revenues**

Revenues were projected conservatively using economic indicators and trend analysis, with particular attention placed on any recent downward trends due to economic conditions. Economic-based revenues were projected to assume the downturns from prior years, and investment earnings were assumed to remain flat through next year. More information on the forecast methods can be found in the "Sources of Funds/Revenues" section of the Budget Summary.

### **Staffing**

Three years ago, the District set the path for controlling future salary and benefit costs. The District successfully negotiated long-term agreements with its unions that provide predictability for salary growth while limiting employee benefits. Changes were made to health benefits and in-lieu-of payments to decrease the overall costs for these programs over the next several years. Retirement benefits for new employees were changed, reducing the long-term retirement liabilities for the District. For FY 2012/13, there are no increases in staffing levels for the District, with salary and benefits budgeted in accordance with current agreements. Some position classifications were changed, with corresponding salary adjustments, based on Board approved changes during the 2011/12 fiscal year. All current and future position vacancies will be evaluated to determine whether the position is still necessary and classified correctly for the position prior to rehiring.

### **Services and Supplies**

The proposed budget assumed a zero-growth budget for services and supplies, except for those expenses with contractual or known increases. Any one-time-only expenses that were approved in the prior year budget were removed. Some minor one-time increases are proposed and focus on efficiency improvements or directly support Board priority objectives. The changes from prior fiscal year are noted in each of the department budget narratives in the "Expenditure Budgets by Department" section of the budget document.

### **Capital Program**

The District continues to implement the strategies identified in the Collection System Master Plan, through implementation of stormwater and groundwater inflow & infiltration (I/I) reduction projects. The Wastewater Treatment Plant Master Plan was approved in March 2011, with the capital components included in the capital plan. Placeholders that were in prior year Capital Improvement Plans (CIPs) were removed and replaced with actual projects from the Treatment Plant Master Plan. The CIP includes expansion of the recycled water filtration system and replacement of the Influent Pump Station, both vital projects identified in the Treatment Plant Master Plan and necessary to meet increasing recycled water demand and improve the operational resiliency of the District. These projects will be debt financed, with debt service

anticipated and planned for in the Ten-Year Financial Plan. Other projects focus on the renewal and rehabilitation of existing facilities and assets.

### Financial Overview

In the past, the District maintained three funds (Operating, Expansion and Capital Projects) for budgeting purposes, but collapsed those funds into one fund for financial reporting purposes. As part of a restructuring of the chart of accounts and to better comply with accounting best practices, these three budgetary funds were collapsed into one fund for FY 2012/13. Operating expenses and capital expenses are still accounted for separately, and restricted revenues such as capacity charges are still accounted for separately, to comply with state law.

Operating expenses total \$13.2 million, with debt service expenses increasing that amount by \$2.8 million, for a total of \$16 million. This represents an increase in the operating budget of 1.47%. Intrafund transfers are budgeted at \$5.4 million. The proposed capital budget of \$12,054,600 is less than 1% higher than the FY 2011/12 adjusted budget.

The total operating and capital budget for the District, \$28.1 million, is up 0.9% from last year. This increase is made up from a 5.2% increase in Salaries & Benefits from prior year, 4.4% decrease in Services & Supplies, 0.3% increase in Capital, and 1.7% increase in debt service.

The District is anticipated to decrease its ending fund equity by \$1,560,674 during the fiscal year, due to planned spending on capital projects. All three reserves are fully funded, per District financial policy.

### Summary of the FY 2012/13 Budget

#### **Revenues**

Included in the FY 2012/13 proposed budget is a 2.9% Sewer Service Charge rate increase, equal to the December 2011 Consumer Price Increase-Urban Consumers (CPI) for the San Francisco-Oakland-San Jose area.

FY 2012/13 revenues from all sources are expected to be \$26,523,700, excluding intrafund transfers. When compared to FY 2011/12 adjusted budget, total revenues are projected higher by \$2,292,700 (9.5%). All of the increase can be attributed to the anticipated receipt of loan proceeds (\$2,500,000). Interest on invested funds and rental income are both expected to be lower in FY 2012/13 (down 19.4%). Intergovernmental revenues, mostly from capital grants and contributions from Napa County, are budgeted at \$875,000, compared to \$1,595,500 budgeted in FY 2011/12, which was expected as the recycled water pipeline projects come to completion. Capacity charge revenue is projected higher, at \$1,400,000, compared to \$1,165,980 budgeted in the prior year, because of the fee increase scheduled for July 1. The capital projects fund includes \$2.98 million in revenue from the sale of property at Hartle Court. This was also budgeted in FY 2011/12, but that transaction will not be completed until FY 2012/13.

### **Operating Expenditures**

Operating expenditures for the District are expected to be \$13,207,560 (total operating budget of \$21,399,774, minus intrafund transfers of \$5,370,000, taxes and assessments of \$25,050 and debt service payments of \$2,797,164). This represents an increase in budgeted operating expenditures of \$160,142 or 1.23%. Including interfund transfers, taxes and debt service, the Operating Fund is budgeted to increase \$24,281 or 0.1% from the FY 2011/12 budget.

Salary and benefit expenses are proposed to increase 5.2%. Salaries increased a total of 6.2%, accounting for increases in cost of living at 3.5% per union agreements, step increases for those eligible, and some adjustments to classifications approved in FY 2011/12. Retirement benefit costs are anticipated to increase 7.4% and health insurance premiums by 6.6%. These increases were offset by decreases in medical in lieu payments (13.9% reduction), workers compensation insurance (17.9% reduction) and other post employment benefits (2.8% reduction).

Services and Supplies budgets in total are proposed to be 4.4% less than FY 2011/12. There are anticipated savings in several line items, as the District maintains the direction to have a zero growth budget in those cost areas that are controllable. The most significant decrease is in electricity (\$100,600, or 12.2%) because of the construction and operation of the new FOG receiving station.

### **Capital Expenditures**

The District maintains a Ten-Year Capital Improvement Plan and includes the acquisition and construction of new facilities and assets as well as the renewal and rehabilitation of existing assets, when that rehabilitation extends the useful life of those assets. The capital expenditure budget for FY 2012/13, the first year of the ten-year plan, is \$12,054,600. Of that, \$2,254,482 constitutes expansion expenses and can be paid for with capacity charges. The remaining amount is renewal and rehabilitation and is paid for by other revenues, predominantly from sewer service charges, recycled water revenues, and sale of district-owned property.

The Ten-Year Capital Improvement Plan includes significant new capital projects that were identified as part of the Treatment Plant Master Plan. The plan anticipates the issuance of long-term debt to pay for three significant projects (expansion of the influent pump station, installation of pond aeration and expansion of the recycled water filters). Further details can be found in the Capital Improvement Program and Debt chapters of the proposed budget.

### **Debt and Debt Service**

The District has four distinct debts for which it pays annual debt service. There were no changes in the structure of the District's debt in the prior fiscal year. The District is currently preparing an application for a loan from the State Revolving Fund to pay for specific capital improvements, as detailed further in the section of the budget document on debt. From FY 2012/13 through FY 2014/15, it is anticipated that the District will issue between \$30 and \$35 million in debt to pay for capital projects (the 10-Year Financial Plan assumes \$33.1 million in debt).

Total debt service for FY 2012/13 is expected to be just under \$2.8 million, about \$47,000 more than the prior year. The variable rate debt is assumed to have an annual rate of 2.0%, although the current rate is closer to 0.3%. This spread between the current rate and the budgeted rate is made to ensure

adequate budget exists to make debt service payments in the event that rates increase significantly during the year.

**Fund Equity and Reserves**

The budgeted ending fund equity for FY 2011/12 was originally planned to be \$16,769,530. Currently, the estimated ending fund equity for FY 2011/12 is \$14,936,803. The most significant reason for this difference is that the FY 2011/12 budget assumed that the Hartle Court property owned by the District would be sold within the fiscal year for \$2.9 million. It is now anticipated that the property will be sold in FY 2012/13, and the projected revenues for the FY 2012/13 budget reflect this.

At the beginning of FY 2012/13, the District is estimated to have beginning fund equity totaling \$14,936,803 (excluding restricted funds held with fiscal agent), assuming that current capital projects are completed as planned. (This assumes that any capital projects not completed in FY 2011/12 will be carried forward to FY 2012/13, thus making the cash to pay for the carry forward unavailable for other uses.) As proposed, the ending fund equity for the District is projected to be **\$13,376,129** on June 30, 2013 and is allocated as follows:

- \$1,980,000     **15% Operating Reserve** – This is 15% of the District’s budgeted operating expenditures, excluding taxes, transfers and debt service.
  
- \$1,850,000     **Debt Service Liquidity Reserve** – The District is required to maintain a \$3.7 million liquidity reserve as part of its Letter of Credit agreement with Wells Fargo Bank, as part of the Series 2009A debt. This liquidity must be available on June 30 and on December 31 of each year. This reserve, in combination with the 15% Operating Reserve, serves to meet the entire liquidity requirement.
  
- \$5,650,000     **Operating Cash Flow Reserve** – This amount is necessary on July 1 to cover the anticipated operating expenses of the District between the start of the fiscal year and December, when the District receives the bulk of its cash receipts from sewer service charges billed on property tax statements.
  
- \$3,896,129     **Available for Use** – This is the projected amount of fund equity available to the District for use in operations or on capital at the end of FY 2012/13. This amount has been identified for use in the capital program in future years.

Following is a summary table of the revenue, expenditure and interfund transfer budgets for FY 2012/13, along with information on fund equity and reserves.

**Budget Summary**

	<u>FY 11/12</u> <u>Adjusted Budget</u>	<u>FY 12/13</u> <u>Proposed</u>	<u>Percent</u> <u>Change</u>
<b>Beginning Fund Equity</b>	<b>20,385,825</b>	<b>14,936,803</b>	<b>(26.7%)</b>
<b>Revenue – All funds, excluding transfers</b>			
Sewer Service Charges	\$17,733,620	17,956,000	1.3%
Capacity Charges	1,165,980	1,400,000	20.1%
Waste Hauler Fees	215,480	230,000	6.7%
Recycled Water Sales	276,830	277,000	0.1%
Land Leases	156,110	133,700	(14.4%)
Intergovernmental / Grants	1,595,500	875,000	(45.2%)
Interest on Invested Funds	158,500	120,000	(24.3%)
Sale of Property	2,900,000	2,980,000	2.8%
Proceeds from Loan	0	2,500,000	-
Other Revenues	28,980	52,000	79.4%
<b>Total Revenues</b>	<b>\$24,231,000</b>	<b>\$26,523,700</b>	<b>9.5%</b>
<b>Expenditures – All funds, excluding transfers</b>			
Salaries & Benefits	\$7,655,658	\$8,055,150	5.2%
Services & Supplies	5,391,760	5,152,410	(4.4%)
Taxes & Other	25,050	25,050	0.0%
<b>Subtotal Operating Expenses</b>	<b>\$13,072,468</b>	<b>\$13,232,610</b>	<b>1.2%</b>
Capital Expenditures	\$12,024,281	\$12,054,600	0.3%
Debt Service	2,750,547	2,797,164	1.7%
<b>Subtotal Capital Expenses</b>	<b>\$14,774,829</b>	<b>\$14,851,764</b>	<b>0.5%</b>
<b>Total Expenditures</b>	<b>\$27,847,296</b>	<b>\$28,084,374</b>	<b>0.9%</b>
<b>Ending Fund Equity</b>	<b>\$16,769,530</b>	<b>\$13,376,129</b>	<b>(20.2%)</b>
<b>Reserves</b>			
15% Operating Reserve	\$1,908,000	\$1,980,000	3.8%
Debt Service Liquidity Reserve	1,850,000	1,850,000	0%
Operating Cash Flow Reserve	5,288,000	5,650,000	6.8%
<b>Total Reserves</b>	<b>9,046,000</b>	<b>9,480,000</b>	<b>4.8%</b>
<b>Available for Use (Ending Fund Equity minus Reserves)</b>	<b>\$7,723,530</b>	<b>\$3,896,129</b>	<b>(49.6%)</b>
<b>Intrafund Transfers</b>			
Charges for Capital Services	\$600,000	\$0	(100%)
Transfer from Operations to Capital Projects	\$3,967,778	\$3,970,000	0.0%
Transfer from Expansion to Capital Projects	1,584,700	1,400,000	(11.7%)
<b>Total Intrafund Transfers</b>	<b>\$6,152,478</b>	<b>\$5,370,000</b>	<b>(12.7%)</b>



### **Ten-Year Budget Projections**

The District has been able to weather decreases in revenues in recent years through prudent control of its expenditures. The reduction of capacity charge revenue, as a result of reduced demand for new connections to the system, requires special emphasis and attention be placed on the ongoing review of the Capital Improvement Plan by District management and the Board.

The cost of employee benefits continues to rise for the District. Specifically the cost of health and retirement benefits is a major contributor to increased operating costs over the foreseeable future.

Energy and chemical costs in general will likely continue to rise over the next ten years and require regular monitoring by staff. While the new FOG receiving station is anticipated to result in lower energy costs this fiscal year, the increased demand for recycled water anticipated when the new filters are constructed will offset those savings. Capital project expenditures that are debt financed will increase the District's annual debt service by an estimated \$2,164,000 starting in 2015.

The Ten-Year Financial Plan shows the District able to fund its current and future operating and capital plan. That forecast assumes modest annual increases in sewer service charges (by CPI) and a fee increase for recycled water in FY 2015/16. Further detailed information regarding the District's Ten-Year Financial Plan can be found in the budget document.

### **Identified Areas of Risk in Forecast**

The Ten-Year Financial Forecast includes various assumptions about the rates of increase for revenues and expenditures. There are three assumptions in the forecast that have significant risk associated with them. If these assumptions do not materialize as projected, it will be necessary for the District to reevaluate its operating and capital budgets and make adjustments.

The first major assumption is that HCV Napa will make an anticipated lease payment for the Somky property to the District on July 1, 2013 of \$ 1,356,250 to make up for deferred lease payments. Additionally, the projections assume that HCV Napa will resume making lease payments in FY2013/14 of \$600,000 annually. While HCV Napa is contractually obligated to make these payments, this is still an area of risk to the District. Over the Ten-Year Forecast period, these payments represent over \$7.3 million.

The second major assumption is in the forecast for recycled water usage. As part of the fee setting process in FY 2011/12 to set the recycled water fee for 2016 and beyond, the District assumed that recycled water sales would be 2,350 acre feet. Current sales are approximately 900 acre feet. The increase assumes that Napa State Hospital switches over to recycled water (200 AF), that the MST area votes to pay for a new recycled water pipeline through that area (500 AF), that HCV Napa completes development of the Montelcino Resort and Golf Club (300 AF), and that the St. Regis Resort development is completed (200 AF). If these use targets are not met, there will be insufficient sales to meet the revenue projections. The difference between current use and the assumed use in 2016 represents approximately \$3.1 million over the Ten-Year Forecast period.

The third major assumption is in capacity charge revenues. The current forecast assumes the sale of 200 EDU in capacity charges in FY 2012/13, increasing to 250 in FY 2013/14 and 290 in FY

2014/15 and beyond. If economic development does not increase by these levels, there will be lower than anticipated revenues to pay for capital projects. The difference between the 200 EDU currently anticipated and the 290 per year in the forecast represents about \$9.8 million over the Ten-Year Forecast period.

These three risk areas combined represent about \$20.2 million that would be unavailable for capital projects, about 20% of the Ten-Year Capital Improvement Plan.

### Acknowledgments

The General Manager's Office and the Administrative Services Department staff sincerely appreciate the direction offered by the District's Finance Committee, Long Term Planning Committee and Board of Directors, and the cooperation and assistance of District staff, in developing a responsible and thoughtful budget for FY 2012/13. Many people throughout the organization have put a great deal of effort and skill into producing this document.

Finally, as always, we look forward to your comments and suggestions so that we may continue to refine the document and make it as readable and useful as possible to the District Board, its customers, and the community at large.

Respectfully submitted,



Tim Healy  
General Manager/  
District Engineer



Jeff Tucker  
Director of Administrative Services/  
Chief Financial Officer

**RESOLUTION NO. 12-006**

**RESOLUTION OF THE NAPA SANITATION DISTRICT  
ADOPTING A BUDGET AND CAPITAL IMPROVEMENT  
PROGRAM FOR FISCAL YEAR 2012/13**

**WHEREAS**, the Board of Directors of the Napa Sanitation District is charged with the duty of adopting an annual budget; and,

**WHEREAS**, the Board of Directors of the Napa Sanitation District has studied and considered in detail a Preliminary Operating Budget and Capital Improvement Program for FY 2012/13; and,

**WHEREAS**, the Final Budget (Operating and Capital Improvement Program Expenditures, Revenues and Reserves) has been submitted to the Board of Directors (copy attached); and,


**NOW, THEREFORE BE IT RESOLVED** that the Board of Directors, as the governing body of the Napa Sanitation District, has determined that the attached Final Budget, describing:

- The three budgetary funds maintained by the District in previous years are collapsed into one fund to comply with Generally Accepted Accounting Principles; and,
- Operating Budget Appropriation of \$16,029,774, plus intrafund transfer of \$3,970,000 to support Capital Projects, for a total of \$19,999,774; and,
- Expansion Appropriation of \$1,400,000 in intrafund transfer to support Capital Projects; and,
- Capital Projects Appropriation of \$12,054,600; and,
- Full-Time Equivalent (FTE) Employee authorization of 51 employees, plus 5 Board Directors;

be hereby adopted as the Final Budget for the Napa Sanitation District for FY 2012/13.

I hereby certify that the foregoing Resolution was duly and regularly adopted by the Board of Directors of the Napa Sanitation District, at its regularly scheduled meeting on the 6<sup>th</sup> day of June, 2012, by the following vote:

AYES: GRAVETT, SHINNAMON, MOTT, TECHEL  
NOES: NONE  
ABSENT: LUCE  
ABSTAIN: NONE

  
\_\_\_\_\_  
Chair, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

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## Napa Sanitation District Overview

### *Mission*

It is the mission of the Napa Sanitation District to collect, treat, beneficially reuse, and dispose of wastewater in an effective and economical manner that respects the environment, maintains the public's health and meets or exceeds all local, state and federal regulations.

### *History*

Napa Sanitation District, located in the Napa Valley in Northern California, has been serving the public since it was organized under the California Health and Safety Code in November 1945.

The District provides wastewater collection, treatment and disposal services to the residents and businesses in the City of Napa and surrounding unincorporated areas of Napa County. As a special district, the Napa Sanitation District is an independent local agency governed by a Board of Directors made up of three elected officials from the City and County and two public appointees.

Until 1998, wastewater was processed at both the Imola Treatment Plant located north of Imola Avenue and west of Soscol Avenue, and the Soscol Water Recycling Facility (SWRF) near Napa County Airport. In 1998, all wastewater treatment activities were shifted to the SWRF. The Imola Avenue treatment facility was demolished in 2002 after completion of the Napa County Flood Control District Project relocating the railroad tracks onto the District's Imola property. The District's Administration, Engineering and Collection System offices are still located at the Imola Avenue site, with plans to relocate them to the SWRF in 2013.

### *Public Services*

There are over 36,200 connections within the District's Sphere of Influence of approximately 20 square miles of service area. Through a network of approximately 270 miles of underground sewer mains, assisted by a system of three lift stations, the sewage makes its way to the SWRF for treatment.

The SWRF is a secondary and tertiary biological physical-chemical treatment facility that treats a mixture of domestic and industrial wastewater. The District wastewater processes include primary



*Soscol Water Recycling Facility*

treatment, activated sludge facilities, oxidation ponds, clarifiers, sludge digestion and solids dewatering facilities.

The SWRF has a dry weather treatment design capacity of 15.4 million gallons per day (MGD). The wastewater is treated and discharged in various manners, depending on the source of the wastewater and the time of year.

The District's regulating body, the Regional Water Quality Control Board, permits discharge to the Napa River from November 1 through April 30 (the wet season period). The average annual wet weather season discharge of treated water to the Napa River is approximately 13.8 MGD. The District provides full secondary treatment at its wastewater facility whenever discharging to the Napa River.

From May 1 through October 31 (the dry season period) discharge to the Napa River is prohibited and wastewater is either stored in stabilization ponds or treated and beneficially reused for landscape irrigation in industrial parks, golf courses, parks, pasturelands and vineyards. This high quality "Title 22 Unrestricted Use" recycled water is provided to all recycled water users.



*Recycled water storage*



Valves at Riverpark Lift Station

### **Strategic Planning Goals and Objectives**

In May 2011, the Board of Directors updated its Strategic Plan, articulating the long-term goals, objectives and priorities of the District. The following are excerpts from the Strategic Plan.

#### **Mission**

The mission of the District is to collect, treat, beneficially reuse and dispose of wastewater in an effective and fiscally responsible manner that respects the environment, maintains the public's health and meets or exceeds all local, state and federal regulations.

#### **Goal 1: Infrastructure Reliability**

The goal is to build, maintain and operate a cost-effective and reliable wastewater treatment system for the District's service area. Systematic replacement of the District's aging infrastructure is priority number one. A long term capital facilities plan is needed, drawing on accurate information about current facility conditions and projects of future service area needs: five, ten or more years from now. The District must ensure that treatment capacity will be in place to address current and projected future needs. The District must also ensure a reliable energy supply during emergency conditions as well as during normal times.

##### Goal 1 Objectives:

- 1A: Implement Treatment Plant Master Plan critical projects (pond aeration, recycled water equalization and filters, and influent pump station)
- 1B: Build new administration building and corporation yard
- 1C: Construct recycled water pipeline through NSH and complete design of MST pipeline

- 1D: Complete cost/benefit analysis of wet weather inflow/infiltration
- 1E: Complete SCADA master plan implementation
- 1F: Prepare impact analysis of Napa Pipe development

#### **Goal 2: Financial Stability**

The goal is to ensure adequate fiscal resources to fulfill the District's mission. The District Board has a fiduciary responsibility to ensure that adequate financial resources are in place to operate the District and carry out its mission.

##### Goal 2 Objectives:

- 2A: Update the Financial Master Plan, and incorporate the Ten-Year Financial Plan into the annual budget
- 2B: Complete a rate study for recycled water
- 2C: Establish administrative policy, operational guidelines and fee structure for FOG receiving station
- 2D: Inventory and perform condition assessments for the District's capital assets
- 2E: Develop non-rate, revenue-generating opportunities that fit within the District's mission, either on its own or through private/public investment

#### **Goal 3: Operational Capability**

The goal is to implement and maintain effective operational practices. The District Board wants to operate the District at or above best practices, utilizing proven technology. Customers, ratepayers and internal staff all deserve high quality service.

##### Goal 3 Objectives:

- 3A: Prepare safety and security vulnerabilities study and public communications plan
- 3B: Develop policy and programs regarding the impact of wineries based on the 2009 Winery Study
- 3C: Convert the District's existing ordinances into code
- 3D: Study the feasibility of turning more waste products into usable products (e.g., phosphorous capture, biosolids beneficial reuse)

#### **Goal 4: Employee Development**

The goal is to maintain a dynamic and skilled workforce through employee engagement, professional development and opportunities for advancement. The District Board wants to create a



positive and respectful working environment that encourages all employees to do the best job possible for the ratepayers of the District.

**Goal 4 Objectives:**

- 4A: Implement action plan from Fall 2010 Employee Survey, and complete second employee survey in Fall 2011
- 4B: Develop a management succession plan and identify and train back-up staff for all mission-critical positions

**Goal 5: Community Outreach and Communication**

The goal is to provide ratepayers with the information they need to understand the District’s mission, operations, finances and rate structures. The District Board wants to ensure that the District operates in a transparent manner and serves as a resource to all ratepayers of the service area.

**Goal 5 Objectives:**

- 5A: Be proactive in developing partnerships with local businesses and other public agencies to achieve common goals
- 5B: Redesign the NSD website to include improved customer service information, rates and budget data, pollution prevention tips and BMPs, and a listing of District accomplishments
- 5C: Develop and disseminate to stakeholders Best Management Practices (BMPs) for major pollutants of concern
- 5D: Develop a program of ongoing customer satisfaction surveys for plug-up calls and cleanout installations

The Strategic Plan provides detail on these goals and specific objectives, a copy of which can be found in Appendix C of this document. On a quarterly basis, progress on these goals and objectives is reported to the Board of Directors and posted on the District’s website.

***Financial Policies Summary***

The District maintains, and regularly reviews and revises, a comprehensive set of Financial Policies to govern the overall financial management and health of the District.

**Policy areas include:**

- Reserves
- Revenue
- Budgeting and Capital Asset Management

- Debt Issuance and Management
- Investments
- Financial Reporting
- Accounting

Several of the Financial Policies have direct impact on the construction of the budget:

- **Balanced Budget** – the District maintains a balanced budget and does not use long-term debt to fund short-term or operational expenses.
- **Operating Reserves** – the District maintains an operating reserve at least equal to 15% of budgeted annual operating expenses, excluding debt service and transfers.
- **Liquidity** – the District maintains a liquidity reserve to ensure adequate cash is on hand to cover expenses in those months where expenses outpace revenues. The majority of the District’s revenues are received in December and in April through property assessments.
- **Revenues** – the District estimates revenues conservatively and does not use one-time or unpredictable revenues to fund ongoing expenses.
- **Maintenance** – the District protects its investment in its capital assets by budgeting for their adequate maintenance as a priority.
- **Debt** – the District will not issue debt unless it can pay the debt service and still meet its other obligations from current revenues.

A complete copy of the Financial Policies can be found in Appendix D of this document.

***Compliance with Financial Policies***

The District is in full compliance with the Financial Policies adopted in May 2010, as described above and provided in their entirety in Appendix D.

Specifically, the District has taken the following actions to ensure compliance with the Financial Policies:

Financial Policy Compliance		
NSD Policy	Target	FY 12/13
Balanced Budget	Revenues minus operating expenditures > \$0	\$10,493,926
Operating Reserve	15% of Operating Budget	14.96%
Debt Service Liquidity	\$1.85 million	\$1.85 million
Cash Flow Reserve	As necessary	\$5.65 million
Debt Coverage Ratio	1.25x coverage	2.75x

- The annual operational expenditures for the District are less than the annual revenue forecasted to be received, meeting the requirement for a balanced budget. Additionally, there are adequate revenues available to transfer to the Capital Projects Fund to meet the forecasted 10-year needs in the Capital Improvement Plan.
- In FY 2012/13, the District has designated an Operating Reserve of 15% of budgeted operating revenues (\$1,980,000), a Debt Service Liquidity Reserve of \$1.85 million, and a Cash Flow/Liquidity Reserve of \$5,650,000. These three reserves meet the minimum requirements established in the Financial Policies.
- The District has estimated revenues conservatively for the current fiscal year. Additionally, one-time revenue sources have not been used to balance the operating budget, and there are no “unpredictable” revenues forecast in the budget or used to balance the budget.
- The budget includes adequate resources for the maintenance of District assets. There are no “deferred maintenance” projects, either in the operating budget or in the capital budget. Maintenance and renewal/rehabilitation projects take priority over new projects in annual and long-term planning.
- The District has adequately budgeted to meet all of its debt service requirements, and has maintained its debt service coverage ratio at a level significantly higher than is required by bond covenants.

### ***Performance Measurement***

The District created and issued its second Performance Measurement Report in March 2012. The report identifies 61 performance measures that, when taken as a whole, should give the reader a sense of how well the utility is performing and being managed.

The report uses the Effective Utility Management (EUM) framework for presenting the performance information. EUM was developed in 2009 by six major water and wastewater associations and the United States Environmental Protection Agency to help utility managers make practical, systematic changes to achieve excellence in utility performance.

This framework is specific to water and wastewater utilities and provides for the possibility of

comparing the District to other wastewater utilities once more providers begin using EUM for measuring and reporting on performance.

The performance measures are organized into EUM’s Ten Attributes of Effectively Managed Water Sector Utilities:

1. Product Quality
2. Customer Service
3. Employee and Leadership Development
4. Operational Optimization
5. Financial Viability
6. Infrastructure Stability
7. Operational Resiliency
8. Community Sustainability
9. Water Resource Adequacy
10. Stakeholder Understanding & Support

The District rates “satisfactory” in 52 measures (85%). These measures include, among many others, meeting NPDES discharge limits for BOD and total suspended solids, having fewer sewer overflows than the state average, lower than average worker injury rates, solid financial measures, and proactive practices on preventive maintenance.

The District rates “watch” on five measures (8%). A “watch” designation signifies that the District is in danger of not meeting its goals, that the trend is indeterminate, or that there is insufficient data to make an assessment. Measures in this category include the reuse of recycled water by customers, employee survey responses regarding looking for work outside the District, the revenue-to-expenditure ratio, pollution prevention inspection of restaurants, and long-term recycled water supply adequacy.

The District rates “unsatisfactory” on four measures (6%). “Unsatisfactory” signifies that the District has not met its goals or that the trend is negative. Measures here include succession planning, asset inventory, the uptime for pumps at the Influent Pump Station, and critical parts and equipment resiliency.

Most of the performance measures in the report have been included in the narratives of the “Expenditure by Department” section of this budget document. A complete copy of the 2011 Performance Measurement Report can be found in Appendix E of this budget.



**Organization**

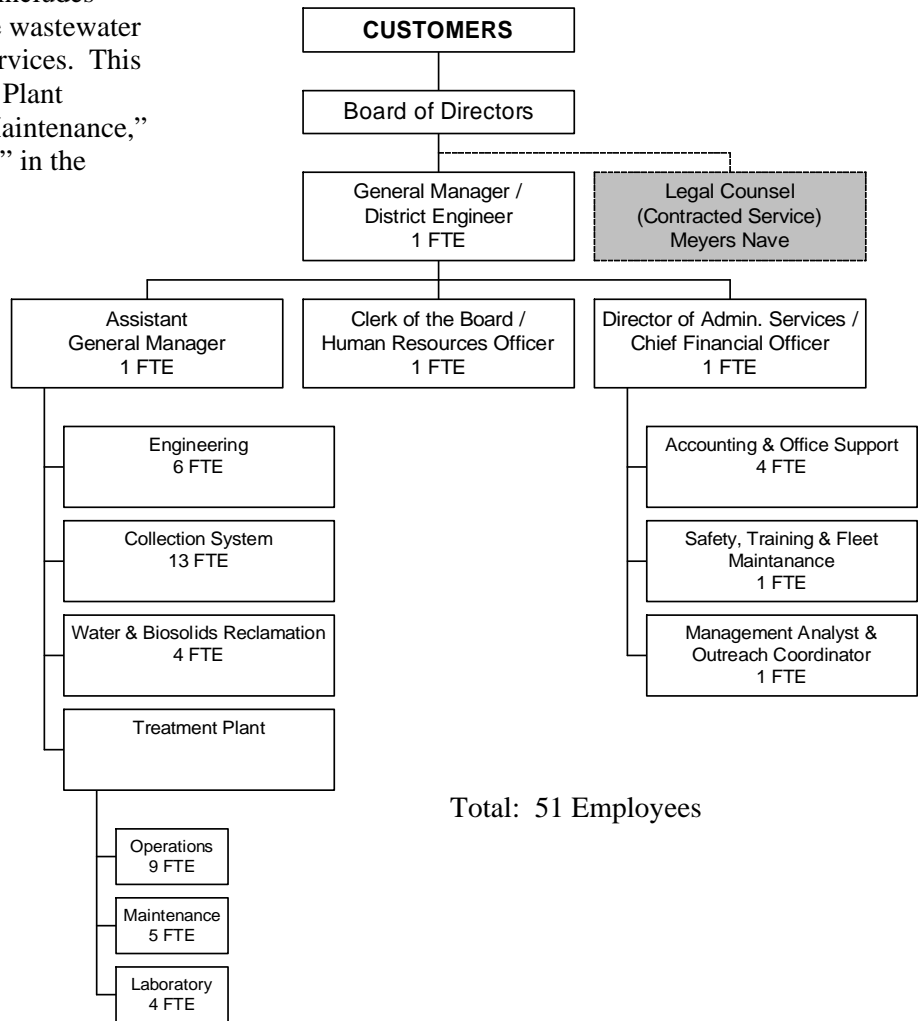
The Napa Sanitation District is governed by a Board of Directors. Two directors are members of the Napa City Council. One director is a member of the Napa County Board of Supervisors. Two directors are citizen appointees, one appointed by the City and one by the County. The District is managed by a General Manager.

There are five main departments in the District:

- **Administration:** includes finance and accounting services, human resources, risk management, safety and training, fleet management, pollution prevention and outreach, and general administrative services. This Department includes “Board of Directors,” “General Manager’s Office,” “Administrative Services,” “Safety, Training & Fleet Maintenance,” “Pollution Prevention,” and “Non-Departmental Expenses” in the Expenditure Budgets by Department section of this budget document.
- **Wastewater Treatment Plant:** includes operation and maintenance of the wastewater treatment plant and laboratory services. This Department includes “Treatment Plant Operations,” “Treatment Plant Maintenance,” and “Treatment Plant Laboratory” in the

Expenditure Budgets by Department section of this budget document.

- **Collection System Maintenance:** includes preventive and corrective maintenance and operation of the sewer system. This Department includes “Collection System Maintenance” in the Expenditure Budgets by Department section of this budget document.
- **Water and Biosolids Reclamation:** includes recycled water system management and disposal of biosolids through land application. This Department includes “Water & Biosolids Reclamation” in the Expenditure Budgets by Department section of this budget document.
- **Engineering:** includes development review, capital project management, project design/engineering and inspection. This Department includes “Engineering” in the Expenditure Budgets by Department section of this budget document.



Total: 51 Employees

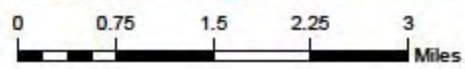
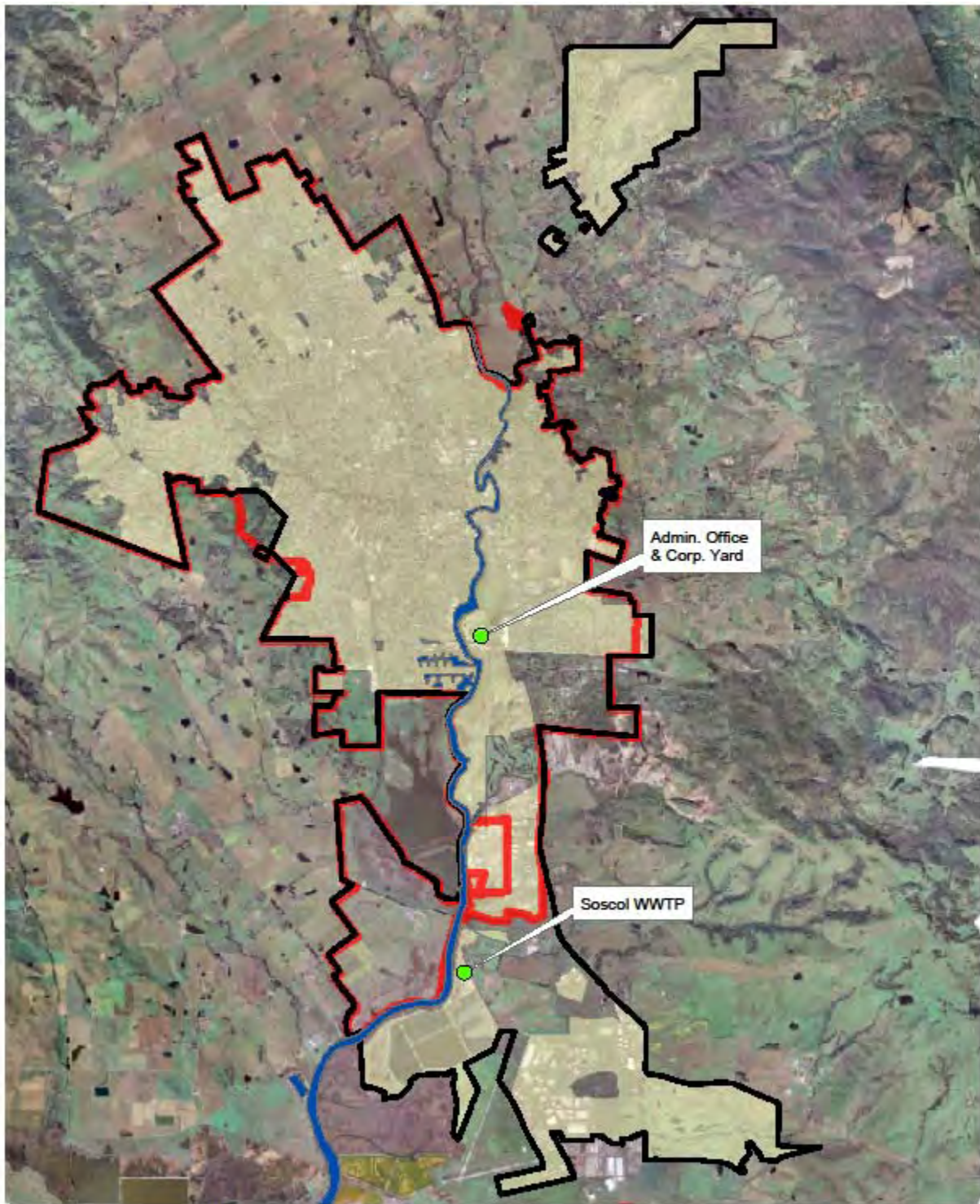
**Napa Sanitation District  
Position Control Roster**




As adopted on July 1

<b>Position Series</b>	<b>FY 09/10 Adopted</b>	<b>FY 10/11 Adopted</b>	<b>FY 11/12 Adopted</b>	<b>FY 12/13 Proposed</b>
<b>General Manager's Office</b>				
General Manager	1	1	1	1
Assistant General Manager	1	1	1	1
<b>Administrative Services</b>				
Director of Administrative Services/Chief Financial Officer	1	1	1	1
Clerk to the Board/Human Resources Officer	1	1	1	1
Senior Accountant	1	1	1	1
Accountant	1	1	1	1
Senior Office Assistant	1	1	1	1
Office Assistant	1	1	1	1
Management Analyst & Outreach Coordinator	-	1	1	1
<b>Safety, Training and Fleet Maintenance</b>				
Safety, Training & Fleet Maintenance Officer	1	1	1	1
<b>Collections System Maintenance</b>				
Collection System Manager	1	1	1	1
Collection System Supervisor	1	1	-	1
Collection System Technician	-	-	1	1
Collection System Worker III	2	2	2	1
Collection System Worker IT/I/II	9	9	9	9
<b>Treatment Plant Operations</b>				
Plant Manager	1	1	1	1
Operations Supervisor	1	1	1	1
Operator OIT/I/II/III	7	7	7	7
<b>Treatment Plant Maintenance</b>				
Plant Maintenance Supervisor	1	1	1	1
Equipment Maintenance Specialist I/II	3	3	3	3
Plant Attendant	1	1	1	1
<b>Treatment Plant Laboratory</b>				
Lab Supervisor	1	1	1	1
Laboratory Technician I/II	3	3	3	3
<b>Engineering</b>				
Senior Civil Engineer	1	1	1	1
Junior/Assistant/Associate Engineer	2	3	3	3
Senior Engineering Technician	1	-	-	-
District Inspector I/II	-	-	-	2
Senior Construction Inspector	1	1	1	-
Construction Inspector	1	1	1	-
<b>Pollution Prevention</b>				
Pollution Prevention & Source Control Officer	1	-	-	-
<b>Water &amp; Biosolids Reclamation</b>				
Reclamation Systems Director	1	1	1	1
Reclamation Maintenance Worker I/II	-	-	-	3
Plant Attendant	3	3	3	-
<b>Totals</b>	<b>51</b>	<b>51</b>	<b>51</b>	<b>51</b>

Napa Sanitation District

Map of NSD Service Area



-  NSD Sphere of Influence
-  Napa City Sphere of Influence
-  NSD Service Area

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## **Budget Summary**

### ***Fund Structure***

Prior to FY 2012/13, the District maintained three enterprise-type funds for budgeting purposes, with these three funds consolidated into one enterprise fund in the audited financial statements. These three funds were the Operating Fund, the Expansion Fund and the Capital Projects Fund.

Starting in FY 2012/13, the three funds are consolidated into one enterprise fund. This fund includes all District revenues, including restricted revenues. The fund also includes all District expenditures, including operating expenditures, debt service and capital expenditures. Under the new structure, restricted revenues (including associated interest earnings) are still accounted for separately and discretely, as required by state law.

### ***Basis of Accounting***

The budget is adopted on a modified accrual basis of accounting consistent with Generally Accepted Accounting Principles (GAAP). Under the modified accrual basis, revenues are recognized when they are susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related liability is incurred. Capital expenditures and debt principal payments are included in the annual adopted budget and used as a limit on expenditures, but these expenses are removed when recorded in the financial statements to conform to GAAP.

### ***Basis of Budgeting***

The District’s budgetary procedures conform to state regulations and Generally Accepted Accounting Principles. While the District uses full accrual accounting in its annual financial statements, the District uses a modified accrual basis of accounting for budgeting and reporting on budgeted versus actual expenditures in its monthly and quarterly reports. The following are some of the differences between the way the District budgets and the way it accounts for revenues and expenses in its financial statements:

- Grant revenues are budgeted on a modified cash basis rather than an accrual basis;
- Fixed assets are depreciated for some financial reporting, but are fully expensed in the year acquired for budgetary purposes; and
- Capital expenditures and debt principal payments are budgeted as expenses for budget authority and compliance purposes but are removed in annual financial reporting.

The District budgets this way so that it is easier for rate payers and stakeholders to see and track different types of expenses within the budget.

### ***Budget Appropriation***

Budgets are adopted for all expenditures of the District. Total operating expenses and total capital expenses are adopted as separate appropriations. The General Manager is authorized to transfer an unlimited amount of appropriation between operating departments so long as the total operating expense appropriation does not increase. The General Manager is also authorized to transfer appropriation between capital projects.

Only the Board of Directors can increase the total allowable operating and capital appropriations. The General Manager is authorized to hire regular employees up to the number approved by the Board of Directors, in accordance with the Position Control Roster.

Budget appropriations lapse at the end of the fiscal year. Unspent amounts on specific capital and operations projects may be carried over to the following fiscal year only with the authorization of the Board of Directors.

### ***Budget Development Process***

The budget process begins each year with a review of current expenditures, to determine how well the budget plan is working. Unanticipated expenses are identified, and revenue and expenditure patterns are analyzed. This information is presented to the Finance Committee, a subcommittee of the full Board of Directors. With this information, the Finance Committee, the General Manager and the Chief Financial Officer develop recommendations on assumptions and policy direction for the next budget year. These recommendations are brought to the full Board of Directors for input and approval.

With this direction, department managers develop line item proposals. At the same time, the Capital

Program Manager works with department managers to update the Ten-Year Capital Improvement Plan (CIP). Proposals are made to the Chief Financial Officer and General Manager, who review the proposals and make changes, as appropriate.

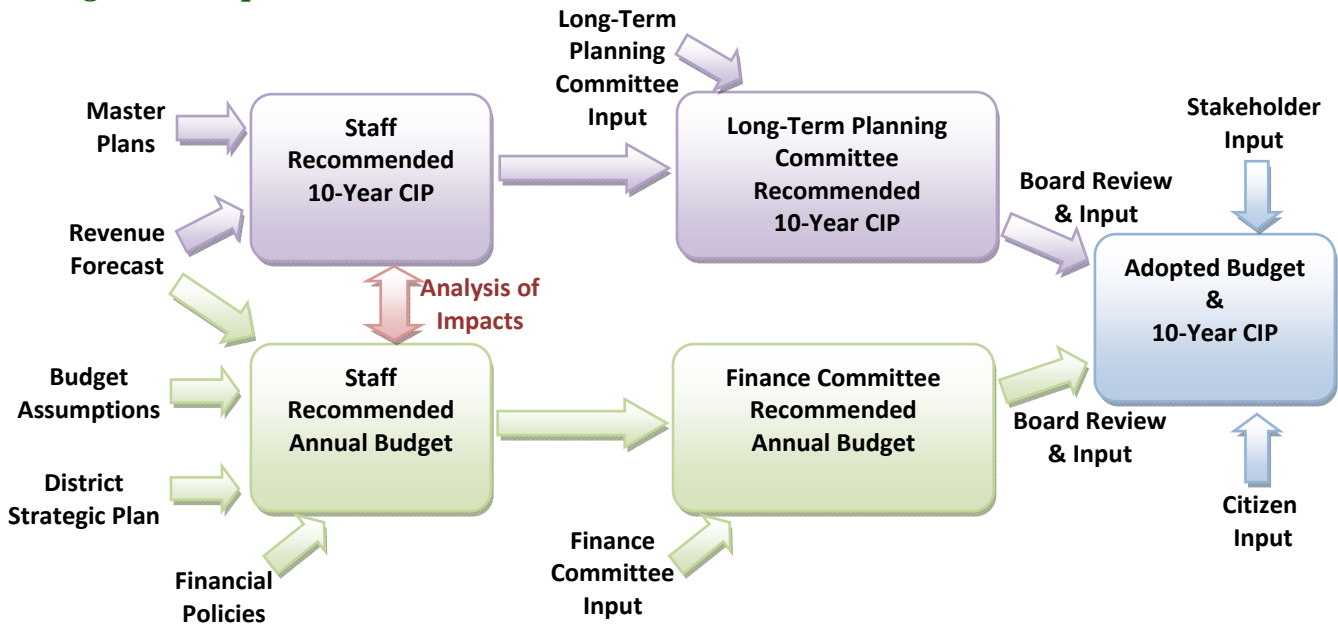
The proposed Operating Budget is provided to the Finance Committee, a subcommittee of the Board of Directors, who reviews the budget for consistency with the Board’s budget direction and to ensure that there are adequate resources aligned to meet Board priorities. The Proposed CIP is provided to the Long Term Planning Committee, a subcommittee of the Board of Directors, to review the CIP. Both committees make reports and recommendations to the full Board of Directors.

The proposed budget and CIP are presented to the Board of Directors, and meetings are held to seek input from interested stakeholders and the general public. The Board can direct staff to make changes to the proposed budget. All of the changes are then compiled and presented to the Board for final adoption of the budget and CIP.

**Budget Amendment Process**

During the year, the budget can be increased through a budget amendment resolution, voted on and approved by a majority of the Board of Directors during a regular board meeting. There is no legal restriction on the amount or frequency that the budget can be amended.

**Budget Development Process**



**Budget Calendar for FY 2012/13**

- Jan. 24, 2012** Finance Committee meeting, to discuss budget development calendar, assumptions for next year, and policy direction.
- Feb. 1, 2012** Budget direction discussed and confirmed with Board of Directors.
- Jan. to March** Staff develops proposed budget and Ten-Year CIP.
- April 9, 2012** Finance Committee reviews Operating Budget and makes recommendations.
- April 23, 2012** Long Term Planning Committee reviews Ten-Year CIP and makes recommendations.
- May 2, 2012** Board of Directors receives and discusses the Proposed Operating Budget for FY 2012/13
- May 4, 2012** Mailing of Notices for Sewer Service Charge increase.
- May 16, 2012** Board of Directors receives and discusses the Ten-Year CIP for FY 2012/13 through FY 2021/22.
- June 6, 2012** Board of Directors adopts the FY 2012/13 Operating and Capital Budget and Ten-Year CIP.

### Sources of Funds/Revenues

The District has a stable revenue foundation, with 68% of the District’s revenues coming from sewer service charges collected as assessments on property tax bills. Other significant revenue sources include capacity charges, recycled water sales, waste hauler fees, land leases, interest earnings and the sale of property.

**Sewer service charges (SSC’s)** are the fees charged to residences and businesses for sewer use. For most residences and businesses, these fees are paid annually as assessments on property tax bills. Some industrial and commercial customers are charged monthly, rather than annually, based either on water usage or actual sewer flows.

Sewer service charges are a highly distributed revenue source for the District. The top ten sewer service customers represent only 9.7% of revenue from this category. This lack of concentration equates to a more stable revenue stream and is less susceptible to fluctuations in the economy or local business climate.

Sewer service charges are subject to California’s Proposition 218, which requires that increases to the fee be noticed to all property owners, with the opportunity to protest the increase through letters and statements at a public hearing. If there is a majority of the property owners in protest of the fee increase, the increase cannot proceed.

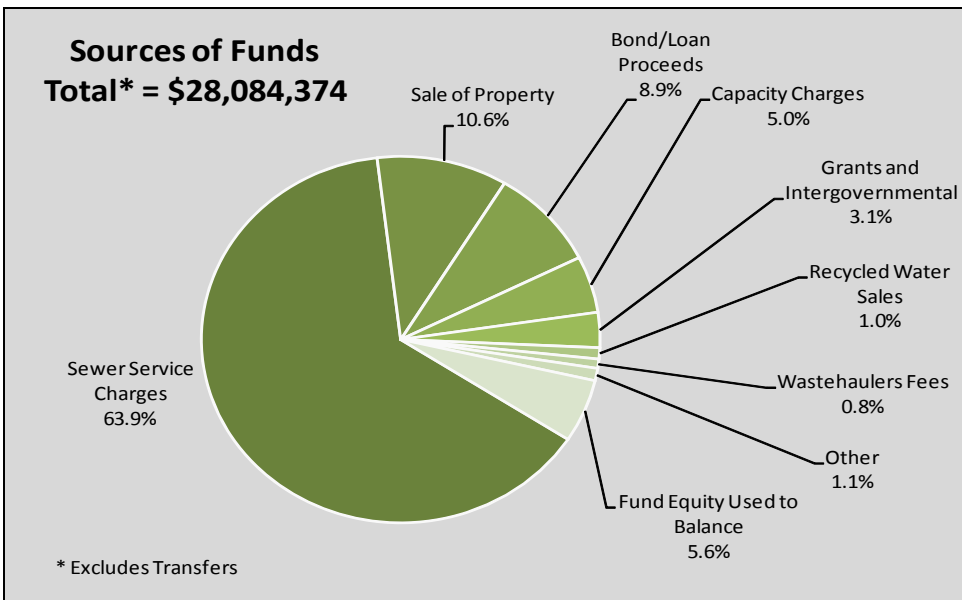
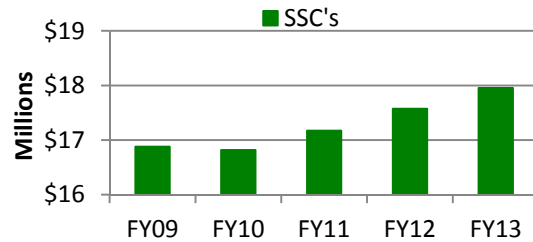
The District followed the Proposition 218 process in 2011, providing the necessary notices and holding public hearings. At that time, the fee was set to

increase annually by the Consumer Price Index for All Urban Consumers in the San Francisco/Oakland/San Jose region. The fee is set to increase by CPI in FY 2012/13 and for the following three fiscal years. For FY 2012/13, the annual fee will increase from \$435.44 to \$448.07 per Equivalent Dwelling Unit (EDU).

### Sewer Service Charges 5-Year History

	Charge per EDU	% Increase
FY 09	\$416.00	
FY 10	\$421.00	1.2%
FY 11	\$429.00	1.8%
FY 12	\$435.44	1.5%
FY 13	\$448.07	2.9%

Sewer service charges revenue is forecasted for FY 2012/13 based on the actual number of EDUs (40,080) and the sewer service charge fee of \$448.07 per EDU. The total budgeted revenue is adjusted by a small percentage to account for delinquencies and non-payments.

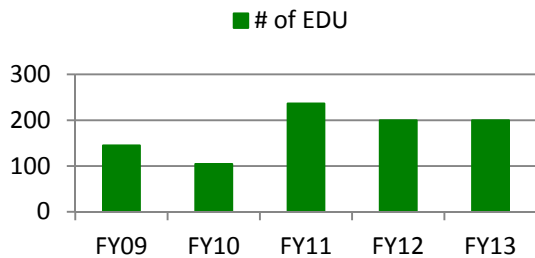


**Grants and intergovernmental** revenues are those revenues that are paid to the District by another government, specifically for performing some

specific task. In FY 2012/13, the District is completing projects funded from a U.S. Bureau of Reclamation grant for construction of the recycled water pipeline through the Napa State Hospital property, extension of the pipeline east on Imola Avenue, for design and engineering of the continuation of that pipeline into the Milliken-Sarco-Tulocay (MST) Creeks area, and for engineering of the expansion of recycled water facilities at the Soscol Water Recycling Facility.

The District is also expecting to receive revenues from the County of Napa. These revenues are to reimburse the District for expenses related to membership in the North Bay Water Reuse Authority, and for expenses related to the design and engineering of the recycled water pipeline through the MST area.

**Capacity charges**, sometimes referred to as “connection fees,” are fees paid for the issuance of a permit to connect to the District’s sewer system. Capacity charges are forecasted for the next year based on the cost per EDU and an assumed growth rate of 200 EDU being developed during the fiscal year. This growth projection is higher than the low point seen in FY 2008/09 and 2009/10 and is comparable to FY 2010/11 and FY 2011/12. The projection is significantly lower than the levels seen in the middle of last decade, and do not include significant projects anticipated in the community, such as the development of the St. Regis resort or the Ritz-Carlton Hotel.



In September 2010, the Board of Directors approved a phased-in increase to the capacity charges. Prior to that date, the fee had not increased since 1995. The fee increased to \$6,000 on January 1, 2012, then will increase again to \$7,000 on July 1, 2012. The fee will remain \$7,000 through the FY 12/13 fiscal year. Next fiscal year, the fee will increase to \$8,300 per EDU, and thereafter increase annually with inflation.

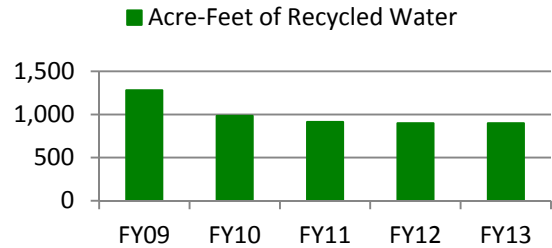
**Capacity Charges Fee Schedule**

1995 - 2011	\$5,660 per EDU
Jan. 1, 2012	Increase to \$6,000 per EDU
July 1, 2012	Increase to \$7,000 per EDU
July 1, 2013	Increase to \$8,300 per EDU
Every July 1 thereafter	Increase by an inflation factor

**Recycled Water Sales** are collected from customers who purchase recycled water from the District. Most recycled water is used for landscape irrigation.

The demand for recycled water is almost exclusively during the May to October period.

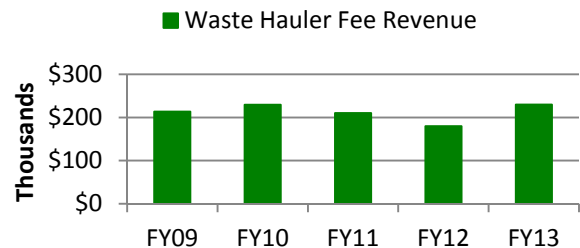
Recycled water sales are forecast to be 900 acre-feet (293.3 million gallons), which is based on historical use adjusted for increases or decreases in anticipated use. For example, the anticipated use of water at Chardonnay Golf Course has decreased, as they have converted part of the golf course to vineyard use. The anticipated use is then multiplied by the cost to calculate projected revenue.



The current cost is \$0.94 per 1,000 gallons, with an increase anticipated in January 2013 based on an inflation factor. Rates will increase with CPI annually through 2015. In 2016, the rates will increase to \$1.57 per 1,000 gallons in the peak demand period, with lower rates for off-peak use and for those customers that enter long-term contracts for significant water use.

Recycled water sales are affected by the weather. Cooler, wetter spring and summer months result in less need to irrigate and therefore lower volumes of water are sold.

**Waste Hauler Fees** are fees collected from private companies who have been permitted to collect septage from private residences and companies not connected to the District’s sewerage works and dispose of that waste at the wastewater treatment plant. In FY 2012/13, the District will start accepting Fats, Oil and Grease (FOG) waste generated at food service establishments.





**REVENUE - ALL SOURCES**

Account Description	Actual FY 09/10	Actual FY 10/11	Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Interest on Invested Funds	178,239	144,452	158,500	120,000	120,000	(24.3%)
Rent - Building/Land	301,069	168,403	156,110	130,800	133,700	(14.4%)
<b>Use of Money/Property</b>	<b>\$479,308</b>	<b>\$312,855</b>	<b>\$314,610</b>	<b>\$250,800</b>	<b>\$253,700</b>	<b>(19.4%)</b>
Bldg Permit Review Svcs	10,813	11,785	10,980	18,050	18,000	63.9%
Hauler Fees	229,733	210,381	215,480	180,000	230,000	6.7%
Capacity Charges	591,859	1,339,100	1,165,980	1,000,000	1,400,000	20.1%
Sewer Usage Fees	16,819,571	17,173,259	17,733,620	17,575,000	17,956,000	1.3%
Recycled Water Sales	257,622	230,890	276,830	265,000	277,000	0.1%
<b>Charges for Services</b>	<b>\$17,909,598</b>	<b>\$18,965,415</b>	<b>\$19,402,890</b>	<b>\$19,038,050</b>	<b>\$19,881,000</b>	<b>2.5%</b>
Federal Grants - Stimulus/ARRA	-	225,875	1,000,000	1,000,000	250,000	(75.0%)
Other Government Agencies	-	468,128	595,500	600,000	625,000	5.0%
<b>Intergovernmental</b>	<b>-</b>	<b>\$ 694,003</b>	<b>\$ 1,595,500</b>	<b>\$ 1,600,000</b>	<b>\$ 875,000</b>	<b>(45.2%)</b>
Forfeitures and Penalties	-	78,603	10,000	14,000	14,000	40.0%
Miscellaneous	1,049,867	168,571	8,000	60,000	20,000	150.0%
Bond/Loan Proceeds	-	-	-	-	2,500,000	-
Sale of Capital Assets	-	96,063	2,900,000	-	2,980,000	2.8%
<b>Miscellaneous Revenues</b>	<b>\$1,049,867</b>	<b>\$343,237</b>	<b>\$2,918,000</b>	<b>\$74,000</b>	<b>\$5,514,000</b>	<b>89.0%</b>
<b>Transfers</b>	<b>\$6,537,774</b>	<b>\$4,500,480</b>	<b>\$6,169,778</b>	<b>\$6,169,778</b>	<b>\$5,370,000</b>	<b>(13.0%)</b>
<b>TOTAL ALL REVENUES</b>	<b>\$25,976,547</b>	<b>\$24,815,990</b>	<b>\$30,400,778</b>	<b>\$27,132,628</b>	<b>\$31,893,700</b>	<b>4.9%</b>

Revenues are forecasted based on a three-year average of volume multiplied by the current fee for the specific type of waste. Fees increase at the same inflation factor used for sewer service charges. Forecast fee revenues for FY 2012/13 are down for septic haulers, based on trends seen the past three years, but the overall revenue is expected to increase due to the acceptance of FOG.

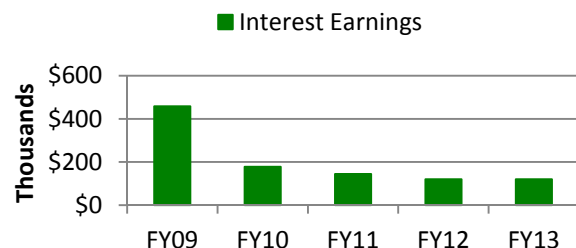
**Land Leases** generate revenue for the District. The District currently leases several parcels of land. The leases have inflation factors identified within them. The revenue forecast is set based on these contracts.

In 2010, the largest of the land leases, the lease of the Somky Ranch to HCV Napa for development of a golf course, was rewritten. From July 2010 through June 2013, the lease payments will be deferred until the construction loan for the resort and golf facility is acquired. The deferred lease payments will then be paid all at once, including 4% compounded interest on the deferred payments. This new arrangement resulted in a reduction in lease revenues in FY 2011/12 and continues through FY 2012/13.

**Interest Earnings** is the revenue the District receives on idle cash and reserves that it maintains in its accounts. Cash is invested by the County of Napa Treasurer on the District's behalf and in accordance with state law, and posted to the District's funds quarterly.

For most of FY 2010/11 and FY 2011/12, the Federal Funds rate was between 0.00%-0.25%. This is the rate to which most allowable investments trend. These rates equate to an investment rate for the District of approximately 0.75%, depending on liquidity needs and the specific investments made. The financial markets do not expect the Federal Funds rate to increase until calendar year 2014.

For FY 2012/13, the District has assumed an earnings rate of 0.75% for the entire year.



**Sale of Capital Assets** is revenue anticipated from the sale of District-owned property on Hartle Court to the Gasser Foundation. The property ownership will transfer when the District’s new administration building and corporation yard are completed at the Soscol Water Recycling Facility.

Bond/loan proceeds represents the cash expected in FY 2012/13 from a State Revolving Fund (SRF) loan. The loan, currently expected to be between \$30 million and \$35 million, will be used to replace the Influent Pump Station, expand the recycled water filtration system, and add aerators to the oxidation ponds. These projects are more thoroughly described in the Capital Improvement Plan section of this document, with the financing plan describe in the Ten-Year Financing Plan and Debt sections of this document.

**Charges for Capital Services** were used in the previous fiscal years. They are an accounting “book entry” and contra-revenue. When staff spent time on a capital project, the associated salary and benefit expenses were initially recorded as an operating expense. These operating expenditures were then recorded as a capital expense to capitalize the expenses, with the offsetting contra-revenue. To better conform to accounting principles, these operating expenses will continue to be capitalized, but the offset will be shown as an intrafund transfer, so that the District does not artificially increase its revenues through book entries. The historical data

regarding Charges for Capital Services revenue in the tables and graphs have been removed so that current year revenues can be compared to prior year revenues.

**Uses of Funds/Expenditures**

The District expenses can be described in four major categories: salaries and benefits, services and supplies, capital expenses and debt service.

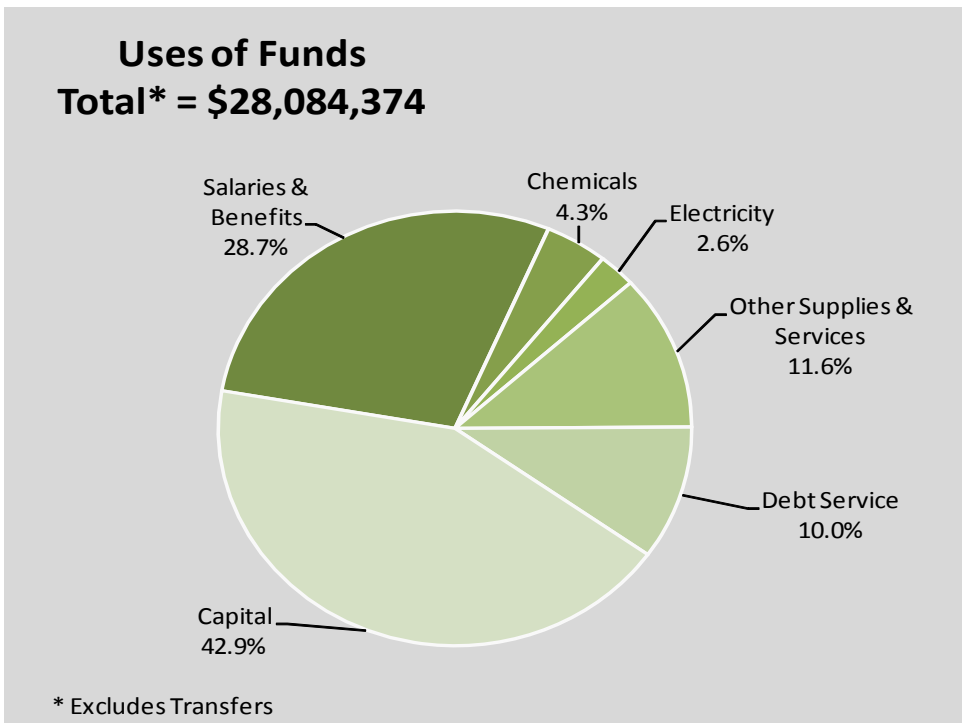
**Salaries and benefits** are those expenses related to payroll and staffing. They include salary and wages of employees, overtime, payroll taxes such as Medicare, health insurance benefits, and retirement benefits. This category also includes expenses for funding the District’s OPEB (“Other Post Employment Benefits”) liability.

In accordance with labor agreements, salaries for represented employees increase by the Consumer Price Index (CPI), with a minimum of 2% and a maximum of 4.25%. In FY 2012/13, the CPI was 3.5%, so the budget includes a salary increase of this amount. Individual salaries were also impacted, with some employees moving up steps within their current classification, and vacancies budgeted at the bottom step. In FY 2011/12, there were some reclassifications of employees that impacted salary. Overall, salaries increased 6.2% from prior year.

Health benefits are known for the first two quarters in FY 2012/13. The budget assumes an 8% increase in employer costs for the last two quarters.

Retirement benefits are budgeted based on a percentage of budgeted salary. That percentage is determined by CalPERS based on actuarial assumptions regarding retirement rates and investment earnings. For FY 2012/13, the retirement costs increased 7.4% from the prior year.

Payments in lieu of health benefits were down almost 14% from prior year, based on changes made in union contracts in 2009, and workers’ compensation



**EXPENSES – OPERATING AND CAPITAL**

<u>Account Description</u>	<u>Actual FY 09/10</u>	<u>Actual FY 10/11</u>	<u>Budget FY 11/12</u>	<u>Estimated FY 11/12</u>	<u>Budget FY 12/13</u>	<u>Percent Change</u>
Salaries & Benefits	6,976,505	6,421,686	7,631,108	7,053,451	8,055,150	5.2%
Services & Supplies	4,648,205	4,513,514	5,391,760	4,812,993	5,152,410	(4.4%)
Capital Expenses	4,952,377	7,009,518	12,024,281	12,024,281	12,054,600	0.3%
Debt Service	2,111,790	2,571,936	2,750,548	2,497,521	2,797,164	1.7%
Other Expenses	24,616	23,607	25,050	23,636	25,050	0.0%
Transfers Out	4,396,288	3,375,000	5,552,478	5,552,478	5,370,000	(3.3%)
<b>Total All Expenses</b>	<b>\$23,109,781</b>	<b>\$23,915,261</b>	<b>\$33,375,225</b>	<b>\$31,964,360</b>	<b>\$33,454,374</b>	<b>0.2%</b>

insurance costs are lower than prior year by almost 18%.

Overall, salaries and benefits increased 5.2% over the prior fiscal year.

**Services and supplies** include the purchase of supplies and equipment to maintain and operate the various systems in the District. It also includes a number of service contracts and professional contracts. In the pie chart in this section, this category has been further broken down into chemicals and electricity, as these are the two largest supply expenses.

Total supplies and services for FY 2012/13 are budgeted to be 4.4% lower than the prior fiscal year. This is due to the removal of one-time only projects that were budgeted in FY 2011/12 and a 12.2% reduction in electricity costs, even with the assumption of a rate increase. This is because of the District’s new FOG Receiving Station and subsequent increased use of the cogeneration engine to produce more electricity for plant needs.

**Capital expenses** include expenses to build or acquire any capital asset, or to rehabilitate and extend the useful life of existing assets. Details of these expenses can be found in the 10-Year Capital Improvement Plan (CIP), later in this budget document.

In FY 2010/11, the District completed its master plan for the wastewater treatment plant. This master plan included almost \$67 million in capital projects that have been incorporated into the 10-Year CIP. FY 2011/12 saw the beginning of implementing this plan, with the rest of the plan incorporated into the current fiscal year capital budget and the 10-Year CIP. The 10-Year Financial Plan includes a

projection for the issuance of new debt to finance these improvements.

**Debt service** includes the principal and interest payments for all of the District’s outstanding loans.

There was no change in the debt structure from prior year. A complete schedule of outstanding debts and debt service can be found later in this document.

**Transfers** were used in prior years to move money from the Operating Fund or Expansion Fund into the Capital Projects Fund. With the collapse of these three funds into one fund beginning in FY 2012/13, it is no longer necessary to make transfers between funds. However, because of the restricted nature of some revenue sources and the need to account for these revenues and any associated interest earnings separate from other sources, intrafund (within the same fund) transfers are still necessary.

**Fund Equity**

Fund equity, for the basis of the District’s budgeting and financial planning purposes, is defined as current assets including restricted assets, less current liabilities excluding capital-related liabilities. This number is meant to represent the amount of cash that the District has available to commit to operating or capital expenses now or in the future, and is comparable to Fund Balance in governmental-type funds.

For FY 2011/12, the estimated Ending Fund Equity is 26.7% lower than the Beginning Fund Equity. This represents a decrease of \$5,449,022, and is the result of planned spending of capital expenditures during the year. To the extent that planned capital projects are not fully expended in FY 2011/12, the remaining project budget will be carried forward into FY 2012/13 through a budget amendment.

**Financial Overview**

	FY 09/10 Actuals	FY 10/11 Actuals	FY 11/12 Budget	FY 11/12 Estimate	FY 12/13 Proposed
<b>Beginning Fund Equity</b>	14,128,948	16,309,619	20,385,825	20,385,825	14,936,803
<b>Revenues</b>					
Use of Money/Property	484,196	312,855	314,610	250,800	253,700
Charges for Services	18,210,953	19,043,600	19,402,890	19,038,050	19,881,000
Intergovernmental	0	702,878	1,595,500	1,600,000	875,000
Loan Proceeds	0	0	0	0	2,500,000
Miscellaneous Revenues	132,913	160,116	2,918,000	74,000	3,014,000
<b>Total Revenues</b>	<b>18,828,062</b>	<b>20,219,449</b>	<b>24,231,000</b>	<b>20,962,850</b>	<b>26,523,700</b>
<b>Operating Expenditures</b>					
Salaries and Benefits	6,333,282	6,421,686	7,655,658	7,053,451	8,055,150
Services and Supplies	4,648,202	4,513,514	5,391,760	4,812,993	5,152,410
Taxes and Assessments	24,616	23,607	25,050	23,636	25,050
Debt Service	2,785,994	2,571,936	2,750,547	2,497,512	2,797,164
<b>Total Operating Expenditures</b>	<b>13,792,094</b>	<b>13,530,743</b>	<b>15,823,015</b>	<b>14,387,591</b>	<b>16,029,774</b>
Capital Expenditures	4,208,080	7,009,518	12,024,281	12,024,281	12,054,600
GAAP Adjustments	-1,352,783	-4,397,018	0	0	0
<b>Total Expenditures</b>	<b>16,647,391</b>	<b>16,143,243</b>	<b>27,847,296</b>	<b>26,411,872</b>	<b>28,084,374</b>
<b>Ending Fund Equity</b>	<b>16,309,619</b>	<b>20,385,825</b>	<b>16,769,530</b>	<b>14,936,803</b>	<b>13,376,129</b>
15% Operating Reserve	1,710,809	1,881,000	1,908,000	1,908,000	1,980,000
Debt Service Liquidity Reserve	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Operating Cash Flow Reserve	4,600,000	5,069,000	5,288,000	5,288,000	5,650,000
<b>Total Reserves</b>	<b>8,160,809</b>	<b>8,800,000</b>	<b>9,046,000</b>	<b>9,046,000</b>	<b>9,480,000</b>
<b>Available for Use</b> (Fund Equity minus Reserves)	<b>8,148,810</b>	<b>11,585,825</b>	<b>7,723,530</b>	<b>5,890,803</b>	<b>3,896,129</b>

*The numbers above are net of transfers in and out.*

The third reserve is an **operating cash flow reserve**. This reserve is the amount of cash necessary for the District to have on hand on July 1 to cover its anticipated expenses through the summer and fall, until the District receives the bulk of its operating revenues (sewer services charges collected as property assessments) in December.

Any fund equity maintained by the District in excess of the three reserve amounts (\$3,896,129 for FY 2012/13) is considered available for use. The Ten-Year Financial Plan and Ten-Year Capital Improvement Plan anticipate the use of this fund equity to help pay for future year capital expenditures.

For FY 2012/13, ending fund equity is expected to decrease \$1,560,674 (10.4%) from the FY 2011/12 estimated ending fund equity because of spending on planned capital projects.

**Reserves**

The District maintains three cash reserves. The first reserve is an **operating reserve** designed to assist the District during emergencies. This reserve is maintained at 15% of annual operating expenses, excluding debt service and transfers.

The second reserve is a **debt service liquidity reserve**. The District is required as part of bond covenants to maintain a debt service liquidity reserve of \$3.7 million, measured twice a year on June 30 and December 31. This reserve (\$1,885,000) is combined with the operating reserve to meet the debt service liquidity reserve. This reserve is in addition to and does not include the funds held in trust by the Bank of New York for future debt service payments.

**GFOA Budget Award**

The Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award to Napa Sanitation District, California for its annual budget for the fiscal year beginning July 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. District staff believes that this current FY 2012/13 budget continues to conform to program requirements and will be submitting it to GFOA to determine its eligibility for another award.





## Detailed Tables of Revenues and Operating Expenditures



*Recycled Water Pump Station – Soscol Water Recycling Facility*

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**Napa Sanitation District  
FY 2012/13 Proposed Budget**

**REVENUE - ALL SOURCES**

<b>Account</b>	<b>Account Description</b>	<b>Actual FY 09/10</b>	<b>Actual FY 10/11</b>	<b>Budget FY 11/12</b>	<b>Estimated FY 11/12</b>	<b>Proposed FY 12/13</b>	<b>Percent Change</b>
45100	Interest on Invested Funds	178,239	144,452	158,500	120,000	120,000	(24.3%)
45300	Rent - Building/Land	301,069	168,403	156,110	130,800	133,700	(14.4%)
	<b>Use of Money/Property</b>	<b>\$479,308</b>	<b>\$312,855</b>	<b>\$314,610</b>	<b>\$250,800</b>	<b>\$253,700</b>	<b>(19.4%)</b>
46210	Bldg Permit Review Svcs	10,813	11,785	10,980	18,050	18,000	63.9%
46260	Hauler Fees	229,733	210,381	215,480	180,000	230,000	6.7%
46610	Capacity Charges	591,859	1,339,100	1,165,980	1,000,000	1,400,000	20.1%
46615	Sewer Usage Fees	16,819,571	17,173,259	17,733,620	17,575,000	17,956,000	1.3%
47110	Recycled Water Sales	257,622	230,890	276,830	265,000	277,000	0.1%
	<b>Charges for Services</b>	<b>\$17,909,598</b>	<b>\$18,965,415</b>	<b>\$19,402,890</b>	<b>\$19,038,050</b>	<b>\$19,881,000</b>	<b>2.5%</b>
43840	Federal Grants - Stimulus/ARRA	-	225,875	1,000,000	1,000,000	250,000	(75.0%)
43950	Other Government Agencies	-	468,128	595,500	600,000	625,000	5.0%
	<b>Intergovernmental</b>	<b>-</b>	<b>\$ 694,003</b>	<b>\$ 1,595,500</b>	<b>\$ 1,600,000</b>	<b>\$ 875,000</b>	<b>(45.2%)</b>
44300	Forfeitures and Penalties	-	78,603	10,000	14,000	14,000	40.0%
47900	Miscellaneous	1,049,867	168,571	8,000	60,000	20,000	150.0%
	Bond/Loan Proceeds	-	-	-	-	2,500,000	-
48100	Sale of Capital Assets	-	96,063	2,900,000	-	2,980,000	2.8%
	<b>Miscellaneous Revenues</b>	<b>\$1,049,867</b>	<b>\$343,237</b>	<b>\$2,918,000</b>	<b>\$74,000</b>	<b>\$5,514,000</b>	<b>89.0%</b>
	<b>Transfers</b>	<b>\$6,537,774</b>	<b>\$4,500,480</b>	<b>\$6,169,778</b>	<b>\$6,169,778</b>	<b>\$5,370,000</b>	<b>(13.0%)</b>
	<b>TOTAL ALL REVENUES</b>	<b>\$25,976,547</b>	<b>\$24,815,990</b>	<b>\$30,400,778</b>	<b>\$27,132,628</b>	<b>\$31,893,700</b>	<b>4.9%</b>

**Napa Sanitation District  
FY 2012/13 Proposed Budget**

**OPERATING EXPENDITURES - ALL DEPARTMENTS**

Account	Account Description	Actual FY 09/10	Actual FY 10/11	Budget FY 11/12	Adjust- ments	Adjusted FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
51100	Salaries and Wages	3,843,763	3,936,277	4,137,380	(3,700)	4,133,680	3,811,539	4,391,100	6.2%
51115	Overtime	138,790	140,393	152,350	-	152,350	138,450	148,250	(2.7%)
51120	Holiday Pay	4,892	4,335	9,450	-	9,450	6,180	9,000	(4.8%)
51130	Vacation Payout	36,932	23,800	-	3,700	3,700	3,622	-	(100.0%)
51210	Director Pay	29,058	30,102	32,450	-	32,450	31,146	32,500	0.2%
51300	Medicare	58,489	60,954	59,799	-	59,799	56,132	63,600	6.4%
51305	F.I.C.A. / Social Security	-	-	-	-	-	-	2,000	-
51400	Employee Insurance - Premiums	860,172	983,413	1,184,190	-	1,184,190	1,116,292	1,262,500	6.6%
51405	Workers Compensation	54,550	62,332	80,509	-	80,509	62,588	66,100	(17.9%)
51410	Unemployment Compensation	-	7,398	3,500	-	3,500	21,500	4,500	28.6%
51600	Retirement	1,265,795	1,299,779	1,542,485	-	1,542,485	1,385,315	1,657,000	7.4%
51605	Other Post Employment Benefits	452,957	242,603	253,481	-	253,481	253,481	246,400	(2.8%)
51990	Other Employee Benefits	252,937	208,505	200,064	-	200,064	167,206	172,200	(13.9%)
<b>Subtotal Salaries &amp; Benefits</b>		<b>\$6,998,335</b>	<b>\$6,999,891</b>	<b>\$7,655,658</b>	<b>-</b>	<b>\$7,655,658</b>	<b>\$7,053,451</b>	<b>\$8,055,150</b>	<b>5.2%</b>
52125	Accounting/Auditing Services	-	-	65,000	-	65,000	53,000	75,000	15.4%
52130	Information Technology Services	-	-	277,150	-	277,150	284,550	277,800	0.2%
52140	Legal Services	225,011	182,809	185,000	-	185,000	170,000	185,000	-
52145	Engineer Services	-	-	7,000	-	7,000	7,000	7,000	-
52150	Temporary/Contract Help	27,582	27,572	30,450	12,300	42,750	36,648	58,600	37.1%
52205	Actuarial Services	-	-	5,000	-	5,000	3,700	-	(100.0%)
52220	Medical/Laboratory Services	50,052	47,497	50,450	-	50,450	41,059	47,700	(5.5%)
52305	Training Services	-	-	8,050	-	8,050	10,560	12,000	49.1%
52310	Consulting Services	180,025	412,633	129,250	5,000	134,250	93,350	204,760	52.5%
52325	Waste Disposal Services	-	-	33,550	-	33,550	32,800	35,550	6.0%
52330	Hazardous Waste Disposal Services	-	-	4,200	-	4,200	4,200	4,200	-
52335	Security Services	-	-	4,650	-	4,650	4,712	5,000	7.5%
52340	Landscaping Services	-	-	16,750	-	16,750	18,480	14,900	(11.0%)
52345	Janitorial Services	68,422	68,864	57,600	-	57,600	21,700	57,600	-
52490	Other Professional Services	415,551	374,771	320,700	305,650	626,350	530,732	381,900	(39.0%)
52500	Maintenance - Equipment	84,737	87,147	210,400	22,300	232,700	181,153	211,750	(9.0%)
52505	Maintenance - Buildings/Improvements	37,153	68,926	58,400	1,900	60,300	61,060	82,800	37.3%
52515	Maintenance - Software	-	-	28,000	-	28,000	27,495	33,050	18.0%
52520	Maintenance - Vehicles	100,930	73,608	74,900	-	74,900	55,326	66,850	(10.7%)
52600	Rents and Leases - Equipment	78,496	71,567	52,300	-	52,300	52,615	59,650	14.1%
52605	Rents and Leases - Buildings/Land	-	-	40,000	-	40,000	36,454	26,300	(34.3%)
52700	Insurance - Liability	196,330	199,100	197,500	-	197,500	202,316	202,600	2.6%
52710	Insurance - Claims	-	-	32,500	-	32,500	5,000	20,000	(38.5%)
52800	Communications/Telephone	-	-	52,900	-	52,900	51,374	55,000	4.0%
52810	Advertising/Marketing	-	-	33,400	-	33,400	27,755	33,400	-
52820	Printing and Binding	-	-	3,000	-	3,000	-	3,000	-
52825	Bank Charges	-	-	2,350	-	2,350	1,350	1,500	(36.2%)
52830	Publications and Legal Notices	5,014	8,418	6,450	-	6,450	3,825	5,900	(8.5%)
52840	Permits/License Fees	-	-	91,700	-	91,700	84,151	93,100	1.5%
52900	Training/Conference Expenses	44,504	54,126	85,250	-	85,250	69,956	77,400	(9.2%)
52905	Business Travel/Mileage (Meetings)	-	-	1,750	-	1,750	910	2,400	37.1%
53100	Office Supplies	48,512	42,349	32,400	-	32,400	26,332	29,050	(10.3%)
53105	Office Supplies - Furniture/Fixtures	-	-	1,000	-	1,000	-	1,600	60.0%
53110	Freight/Postage	10,059	9,526	10,900	-	10,900	5,610	8,900	(18.3%)
53115	Books/Media/Subscriptions	55,847	22,474	3,700	-	3,700	4,481	4,800	29.7%
53120	Memberships/Certifications	85,925	124,122	59,260	-	59,260	51,483	59,950	1.2%
53200	Utilities - Gas	107,238	98,080	59,400	-	59,400	22,310	23,000	(61.3%)
53205	Utilities - Electric	817,701	736,185	823,900	-	823,900	819,900	723,300	(12.2%)
53215	Utilities - Fire Suppression Systems	-	-	3,800	-	3,800	790	4,800	26.3%
53220	Utilities - Water	-	-	900	-	900	600	600	(33.3%)
53250	Fuel	89,655	102,715	109,100	-	109,100	110,953	118,500	8.6%
53300	Clothing and Personal Supplies	17,334	18,129	21,500	-	21,500	18,605	21,400	(0.5%)
53315	Medical/Laboratory Supplies	-	-	68,150	-	68,150	60,689	61,650	(9.5%)
53320	Safety Supplies	51,249	71,571	27,750	-	27,750	41,236	32,450	16.9%
53330	Janitorial Supplies	-	-	18,800	-	18,800	12,720	16,950	(9.8%)
53340	Chemicals	1,294,282	1,039,764	1,172,700	-	1,172,700	983,759	1,198,100	2.2%
53350	Maintenance Supplies	413,930	428,166	352,400	6,300	358,700	387,100	402,300	12.2%
53360	Infrastructure Repair Supplies	6,872	8,182	11,200	-	11,200	10,650	11,200	-
53400	Minor Equipment/Small Tools	36,984	47,878	35,700	-	35,700	41,034	43,600	22.1%
53410	Computer Equipment/Accessories	-	-	7,500	-	7,500	5,000	5,300	(29.3%)
53415	Computer Software/Licensing Fees	-	-	700	-	700	794	800	14.3%
53600	Special Department Expense	32,103	38,779	30,350	-	30,350	17,142	20,050	(33.9%)
53635	Service Awards	9,581	-	11,500	-	11,500	11,200	11,500	-
53650	Business Related Meals/Supplies	-	-	1,750	-	1,750	700	1,700	(2.9%)
53665	Wellness Reimbursement	7,228	10,435	7,900	-	7,900	6,673	9,200	16.5%
53670	Education Reimbursement	-	-	450	-	450	-	-	(100.0%)
<b>Subtotal Services &amp; Supplies</b>		<b>\$4,598,307</b>	<b>\$4,475,393</b>	<b>\$5,038,310</b>	<b>\$353,450</b>	<b>\$5,391,760</b>	<b>\$4,812,993</b>	<b>\$5,152,410</b>	<b>(4.4%)</b>
54100	Principal on Bonds/COPs	2,111,790	1,469,599	1,481,920	-	1,481,920	1,370,000	1,559,498	5.2%
54310	Interest on Bonds/COPs	-	987,412	1,249,387	-	1,249,387	1,108,512	1,216,366	(2.6%)
54320	Administration on Bonds/COPs	-	139,924	19,240	-	19,240	19,000	21,300	10.7%
54500	Taxes and Assessments	24,616	23,607	25,050	-	25,050	23,636	25,050	-
57900	Intrafund Expenditures	4,396,288	3,375,000	5,552,478	-	5,552,478	5,552,478	5,370,000	(3.3%)
<b>Subtotal Other</b>		<b>\$6,532,694</b>	<b>\$5,995,542</b>	<b>\$8,328,075</b>	<b>-</b>	<b>\$8,328,075</b>	<b>\$8,073,626</b>	<b>\$8,192,214</b>	<b>(1.6%)</b>
<b>TOTALS</b>		<b>\$18,129,336</b>	<b>\$17,470,826</b>	<b>\$21,022,043</b>	<b>\$353,450</b>	<b>\$21,375,493</b>	<b>\$19,940,069</b>	<b>\$21,399,774</b>	<b>0.1%</b>



## Expenditure Budgets by Department



*Treatment Plant Operators at SCADA panels, Soscol Water Recycling Facility*

## Board of Directors

### *Description*

The Board of Directors is the policy making body that determines the overall direction of the District and services provided to the customers. The rules for connecting and discharging to the system, and the rates and charges for services, are set by the Board.

The Board of Directors comprises two directors who are members of the Napa City Council, one director who is a member of the Napa County Board of Supervisors, and two citizen appointees, one appointed by the city and one by the county. The Board of Directors hires the General Manager and contracts for the District Legal Counsel and the annual financial audit.

The Board adopts the annual Operating Budget, Ten-Year Capital Improvement Plan, Ten-Year Financial Plan and sets the priorities for the District.

### *Department Goals*

The Board of Directors Department goal is to articulate the short and long-term policy direction for the District to ensure:

- infrastructure reliability
- financial stability
- operational capability
- employee development
- community outreach and communication

### *Link to District Goals in Strategic Plan*

The Board of Directors establishes the Strategic Plan's long-term goals, objectives and priorities.

### *Accomplishments in FY 2011/12*

- Successfully oversaw the policy direction of the District and set levels of service for the customers.
- Provided policy direction to staff regarding the recycled water rate study and established a new recycled water rate methodology.
- Provided guidance and adopted policy for the FOG receiving station.
- Adopted, revised and monitored a long-term policy document for prioritizing the delivery of recycled water outside the current service areas.
- Oversaw negotiations to sell District-owned parcels and approve plans to relocate

administration, engineering and collection system functions.

- Provided direction to staff on efforts to increase non-rate revenues and decrease the District's reliance on non-green energy sources.
- Oversaw implementation of the District's second employee survey.

### *Changes from FY 2011/12 Service Levels*

There is no change in service levels from the prior fiscal year. The budget reflects the shift of Board compensation from Accounts Receivable to payment through payroll.

### *Objectives for FY 2012/13*

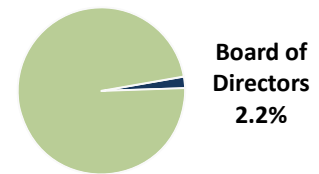
- Continue to oversee the policy direction of the District and set levels of service for its customers.
- Continue to participate in inter-agency communications and planning for delivering recycled water to the Milliken-Sarco-Tulocay (MST) creeks area.
- Continue to provide direction regarding the new administration building and corporate yard.
- Provide policy guidance regarding the impacts of wineries based on the 2009 Winery Study.
- Continue to provide guidance on the issuance of new debt for the construction and expansion of facilities at the Soscol Water Recycling Facility.
- Provide guidance on restructuring the methodology for assessing capacity charges on development.
- Work with senior management to update the District's Strategic Plan.

**Performance Measures**

These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document.

Performance measures for this department are inherently captured in the performance measures of other departments. As such, there are no specific performance measures listed.

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 482,560	\$ 30,581	\$ 33,547	\$ 31,626	\$ 35,500	5.8%
Services & Supplies	\$ 509,974	\$ 234,273	\$ 261,850	\$ 183,150	\$ 259,860	(0.8%)
Other*	\$ 4,396,288	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,388,822</b>	<b>\$ 264,854</b>	<b>\$ 295,397</b>	<b>\$ 214,776</b>	<b>\$ 295,360</b>	<b>(0.0%)</b>

\* In FY 09/10, interfund transfers, depreciation and insurance were budgeted in this department. Starting in FY 10/11, these expenses were moved to "Non-Departmental Expenses."

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Director-Member of Napa City Council (CC)	2	2	2	2
Director-Member of Napa Board of Supervisors (BOS)	1	1	1	1
Director-Public Representative Appointed by BOS	1	1	1	1
Director-Public Representative Appointed by CC	1	1	1	1
<b>Totals</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

## General Manager's Office

### Description

The General Manager is responsible to the Board of Directors for all aspects of the administration, operation and planning activities of the staff of the District. The General Manager is the hiring authority for all positions.

The General Manager's Office includes the General Manager position and the Assistant General Manager position.

### Department Goals

The General Manager's Office goals are:

- Implement the policy direction of the Board of Directors.
- Provide leadership and management throughout the District.

### Link to District Goals in Strategic Plan

The General Manager's Office is responsible to ensure that all of the departments and respective management are performing toward the District's established goals. As part of the Quarterly Report to the Board of Directors, the General Manager reports on the status of each District goal, objective, and the specific projects outlined in the Strategic Plan.

The General Manager's Office is specifically responsible for acquiring the agreements to move forward on the new administration building and corporate yard (**Goal One: Infrastructure Reliability, Objective 1B**), implementing the action plan from the 2010 employee survey and conducting the 2011 employee survey (**Goal Four: Employee Development, Objective 4A**), and developing partnerships with stakeholders to achieve common goals (**Goal Five: Community Outreach and Communications, Objective 5A**).

### Accomplishments in FY 2011/12

- Provided direction to all departments, aligning efforts to promote and be consistent with the District's goals and policy directives.
- Represented the District at the North Bay Water Reuse Authority, specifically working to bring federal money to the District for the Napa State Hospital Recycled Water Pipeline construction and the design of the MST Recycled Water Pipeline.
- Continued to represent the District in negotiations regarding District-owned parcels and work with partners on plans for design,

- engineering and construction of the new administration building and corporation yard.
- Implemented the 2011 Employee Survey and developed a work plan based on the results.

### Changes from FY 2011/12 Service Levels

- The FY 2011/12 budget includes \$10,000 to conduct an employee survey. This was removed from the FY 12/13 budget, as the next survey will not be until FY 13/14.
- The budget removes a one-time expense in FY 11/12 of \$14,000 for the General Manager to attend the Water/Wastewater Leadership Center.
- The budget removes a one-time expense in FY 11/12 of \$25,000 for a recycled water rate study.
- The budget includes a one-time expense of \$40,000 for a study and recommendation on the District's capacity fee structure.
- The budget includes a one-time expense of \$20,000 for an Employee Master Plan study to project employee needs based on various other District master plans.
- The budget includes \$15,000 to update the District's Strategic Plan.

### Objectives for FY 2012/13

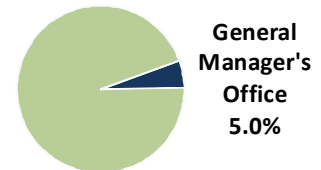
- Continue to provide direction to all departments, aligning efforts to promote and be consistent with the District's goals and policy directives.
- Complete a study of the District's Capacity Fee Structure and make recommendations to the Board regarding structure changes to improve fairness and equity in the fee calculation methodology.
- Implement a work plan for improvements at the District based on findings in the 2011 Employee Survey.
- Complete negotiations regarding District-owned parcels and work with partners to construct the new administration building and corporation yard.
- Continue enhancement of employee development programs for managers, supervisors and staff.
- Complete Employee Master Plan based on other District master plans.
- Develop proposal for non-rate revenue-generating opportunities using District-owned land that promotes the District's mission.
- Determine the job duties and classification for replacement of the AGM position, as appropriate, within the context of succession planning for key District positions.

**Performance Measures**

*These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document.*

Performance measures for this department are inherently captured in the performance measures of other departments. As such, there are no specific performance measures listed.

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 545,299	\$ 443,720	\$ 553,066	\$ 312,352	\$ 565,300	2.2%
Services & Supplies	\$ 35,873	\$ 40,655	\$ 105,450	\$ 78,822	\$ 134,400	27.5%
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 581,172</b>	<b>\$ 484,375</b>	<b>\$ 658,516</b>	<b>\$ 391,174</b>	<b>\$ 699,700</b>	<b>6.3%</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
General Manager	1	1	1	1
Assistant General Manager/District Engineer	1	1	1	1



## Administrative Services

### Description

Administrative Services provides administrative and financial support for all other departments of the District. The division includes accounting, payroll, budget and financial planning, human resources and risk management. The division also includes duties in support of the Board of Directors, responding to public inquiries, records management, and general administrative support.

### Department Goals

The Administrative Services Department goals are:

- Provide financial management system to help managers and directors provide stewardship of the District.
- Provide time sensitive and necessary Human Resources support throughout the District.
- Provide general administrative support to employees and serve the requests of the general public.

### Link to District Goals in Strategic Plan

The Administrative Services Department supports the District's "**Goal Two: Financial Stability.**"

This Department is responsible for updating the Financial Master plan and incorporating it into the budget document (**Objective 2A**). This department is responsible for recycled water rates (**Objective 2B**), recommending administrative policy and a fee structures for the FOG receiving station (**Objective 2C**), and developing non-rate, revenue-generating ideas for the District (**Objective 2E**). The Department also produces a Quarterly Financial Report to the General Manager and Board of Directors to report on the financial stability of the District.

The Administrative Services Department also supports the District's "**Goal Three: Organizational Capability**" by taking the lead in converting the District's ordinances into code (**Objective 3C**). The Department also supports "**Goal Four: Employee Development**" by taking the lead on developing management succession plans (**Objective 4B**).

### Accomplishments in FY 2011/12

- Created the District's first Comprehensive Annual Financial Report (CAFR), an enhanced version of financial statements, and submitted it

for peer evaluation with the Government Finance Officers Association (GFOA).

- Completed the rate study for recycled water fees and worked with the Board and stakeholders on developing a new fee structure.
- Received the California Association of Sanitation Agency's 2011 Award for Organizational Excellence, for the District's Performance Measurement Report. Presented the report at the annual AWWA/WEF Utility Management Conference and at the CASA spring conference.
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the FY 2011/12 Budget.
- Developed administrative policy and fee structure for FOG receiving station.
- Implemented a new Employee Evaluation Program, including new evaluation forms and training for supervisors.

### Changes from FY 2011/12 Service Levels

- The budget includes a one-time expense of \$25,000 to update the District's Employee Handbook and Personnel Policies

### Objectives for FY 2012/13

- Continue to provide general administrative, human resource and financial support to managers, supervisors and staff, in support of District activities.
- Complete an update of the District's Employee Handbook.
- Complete the creation of a District Code.
- Update the District's procurement policies to improve clarity and conform to existing law and best practices.
- Submit FY 2012/13 budget document and FY 2011/12 CAFR for GFOA peer review.
- Complete third year's Performance Measurement Report.
- Provide additional support for the continued development of succession plans and document key business processes for business continuity planning.
- Take lead on assessing the inventory and condition assessment system for the District's capital assets.

**Performance Measures**

These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document. **Numbers for 2012 are estimates, while numbers for 2013 are goals.**

**Experience Turnover Rate**

(Lower is better)

2009	2010	2011	2012	2013
7.84%	3.92%	3.01%	0.00%	3.00%

**Revenue-to-Expense Ratio**

(positive number is goal)

2009	2010	2011	2012	2013
-0.06	0.05	-0.02	0.00	0.05

**Debt Service Coverage Ratio**

(greater than 125% is required)

2009	2010	2011	2012	2013
294%	275%	328%	335%	280%

**Sewer Service Charge Bill Affordability**

(goal is to remain under 1.0% per EPA guidance)

2009	2010	2011	2012	2013
0.65%	0.67%	0.70%	0.70%	0.70%

**Other Measures**

These are measures that are not in the Performance Measurement Report, but are still important to evaluate the performance of the department. **Numbers for 2012 are estimates, while numbers for 2013 are goals.**

**Accounts receivable at 90+ days as of June 30**

(Goal is to remain under \$30,000)

2009	2010	2011	2012	2013
\$433,728	\$8,042	\$93,517	\$30,000	\$20,000

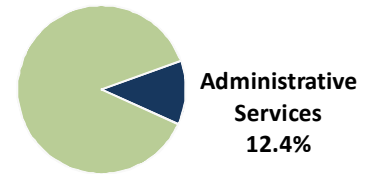
**Employee Survey Results** – These are the percentage of employees who rated the following statement either positively or were neutral:

**“The forms and process used for annual employee performance evaluations are user friendly.”**

2009	2010	2011	2012	2013
na	40%	89%	na	90%

(Note: the next employee survey will be in 2013.)

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 831,353	\$ 1,001,155	\$ 1,073,299	\$ 1,036,710	\$ 1,127,100	5.0%
Services & Supplies	\$ 483,870	\$ 453,484	\$ 485,970	\$ 476,551	\$ 516,300	6.2%
Other	\$ 36	\$ 36	\$ 50	\$ 36	\$ 50	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,315,259</b>	<b>\$ 1,454,675</b>	<b>\$ 1,559,319</b>	<b>\$ 1,513,297</b>	<b>\$ 1,643,450</b>	<b>5.4%</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Director of Admin Services/Chief Financial Officer	1	1	1	1
Clerk to the Board/Human Resources Officer	1	1	1	1
Senior Accountant	1	1	1	1
Accountant	1	1	1	1
Management Analyst and Outreach Coordinator	-	1	1	1
Senior Office Assistant	1	1	1	1
Office Assistant	1	1	1	1
<b>Totals</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>

## Safety, Training and Fleet Maintenance

### Description

Many of the District's activities are inherently dangerous, as they involve work in heavy traffic, repairs and installations of pipe in deep trenches susceptible to collapse, and entrance into confined spaces that potentially contain toxic gases or other hazardous conditions. This program oversees workplace safety and provides safety training for all staff to ensure safe working practices and compliance with safety regulations. This includes reviews of contractor safety programs to ensure that the District's contractors also work and operate safely.

This program also includes maintenance and management of the District's fleet vehicles, communications management and general safety and security protocols.

### Department Goals

The Safety, Training and Fleet Maintenance Department goals are:

- Implement programs that result in improved safety and lower accidents and incidents rates
- Facilitate proper management of fleet vehicles to ensure they are safe and reach their intended useful lifespan

### Link to District Goals in Strategic Plan

This Department supports all of the goals of other departments by ensuring that the workplace is safe and employees are adequately trained. The Department specifically supports the District's "**Goal Three: Operational Capability**" by being responsible for preparing a safety and security vulnerabilities study and public communications plan (**Objective 3A**).

### Accomplishments in FY 2011/12

- Completed the 10-year plan for fleet maintenance, rehabilitation and replacement that integrates with the Capital Improvement Plan.
- Trained new Management Analyst and Outreach Coordinator on plant tour safety protocols, to ensure minimal risk to plant visitors.
- Coordinated the development of an Arc-Flash hazard demarcation and training program to comply with NPFA-70E regulations.

- Began implementation of a CalOSHA-required low voltage electrical safety program. Once set up, the District intends to maintain this program in-house.
- Coordinated the biennial safety review by the agency's liability insurance provider.
- Conducted the following trainings:
  - Confined space team training
  - Safety Committee and Investigation Team training
  - CPR / 1<sup>st</sup> Aid / AED training
  - Flagging/Traffic Control training
  - Arc-Flash training

### Changes from FY 2011/12 Service Levels

- The FY 2012/13 Budget includes training for several district-wide classes that are required once every three years (\$3,950).
- Some one-time only expenses for Arc Flash analysis and the development of an electrical safety program were removed from the base budget (\$18,350).
- The budget includes other additions and deletions to safety trainings, in accordance with the established training schedule.

### Objectives for FY 2012/13

- Maintain 10-year plan for fleet maintenance, rehabilitation and replacement.
- Maintain current safety programs, such as the electrical safety program and Arc-Flash trainings for new and current employees.
- Prepare for and coordinate the safety review conducted by CSRMA, the District's workers compensation insurance carrier.
- Continue on 5-year plan to implement fully the lockout-tagout Standard Operating Procedures (SOP) development and revision project, in conjunction with plant maintenance staff.
- Complete a safety and security vulnerabilities study and public communications plan.



**Performance Measures**

These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document. **Numbers for 2012 are estimates, while numbers for 2013 are goals.**

**District's Experience Modification (XMOD) Rate**  
(lower is better; NSD is compared to the CSRMA risk pool member average)

	08/09	09/10	10/11	11/12	12/13
NSD	65	66	60	63	66
Avg	83	85	81	na	na

**Total Recordable Incidence Rate**  
(Injuries and illnesses per 200,000 hours worked; NSD is compared to the wastewater industry average)

	2009	2010	2011	2012	2013
NSD	6.53	4.19	6.43	6.00	5.00
Avg	4.1	4.1	na	na	na

**Lost Time Hours**  
(lower is better)

2009	2010	2011	2012	2013
0	0	16	40	0

**Number of Insurance Claims**  
(number of claims per 200,000 hours of work)

08/09	09/10	10/11	11/12	12/13
0	2.38	6.43	5.00	2.50

**Severity of Insurance Claims**  
(cost of claims per 200,000 hours of work)

08/09	09/10	10/11	11/12	12/13
0	\$18,267	\$11,922	\$12,000	\$10,000

**Online Safety Training Hours Completed by Staff**

2009	2010	2011	2012	2013
1,201	1,438	1,269	1,300	1,300

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 144,430	\$ 90,472	\$ 161,502	\$ 147,794	\$ 165,000	2.2%
Services & Supplies	\$ 27,927	\$ 75,617	\$ 65,650	\$ 64,831	\$ 51,100	(22.2%)
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 172,357</b>	<b>\$ 166,089</b>	<b>\$ 227,152</b>	<b>\$ 212,625</b>	<b>\$ 216,100</b>	<b>(4.9%)</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Safety, Training & Fleet Maintenance Officer	1	1	1	1
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

## Collection System

### Description

The purpose of the Collection System Department is to clean and maintain, inspect, repair, replace or rehabilitate sewers to assure the structural integrity of the District's sewer system in a manner that results in the most economical operation while maintaining regulatory compliance.

### Department Goals

The Collection System Department goal is to respond to the sewer maintenance needs of the community in a timely manner, first proactively by performing preventive maintenance to avoid problems, and then by responding to customer problems within 30 minutes, 24 hours a day.

### Link to District Goals in Strategic Plan

The Collection System Department supports the District's "**Goal One: Infrastructure Reliability**" by taking both preventive and corrective actions to maintain the infrastructure of the sewer system, and by assisting the Engineering staff in the design of capital projects. The Department supports "**Goal Two: Financial Stability**" by capturing inventory and condition assessment information on the sewer collection system that will be necessary to complete **Objective 2D**. In support of "**Goal Five: Community Outreach and Communication**," the Department reviews and responds to any issues that arise out of ongoing customer satisfaction surveys for plug-up calls and cleanout installations (**Objective 5D**).

### Accomplishments in FY 2011/12

- Put together an emergency bypass trailer that would allow the department to respond quickly if the need for a bypass operation were to arise.
- Dewatered and CCTV inspected 5 inverted siphons
- Rehabilitated two manholes with an epoxy liner to prevent further corrosion of the structures.
- Root foamed 25,694 feet of sewer main, 90 laterals and 20 manholes to reduce the root intrusion into these facilities.
- Installed 600 feet of 15" sanitary sewer main in Browns Valley Road between Thompson Avenue and Larkin Way to alleviate surcharging and potential upstream overflows during heavy rain events.
- Performed preventive maintenance on laterals and mains (Calendar Year 2011), including:

- Cleaned 56% of the sewer mains in the District system.
- Cleaned 1,454 sewer laterals
- Video inspected 10% of the sewer mains in the District's system as well as 2,186 sewer laterals
- Responded to 589 emergency calls (CY 2011):
  - 191 were after hours, weekend or holidays
  - 3 were plugged mains, 361 were homeowners laterals, 225 were District plugged laterals
- Completed 1,947 Underground Service Alert (USA) Mark & Locates (CY 2011)
- Repaired and replaced clean-outs, laterals and mains (CY 2011):
  - Repaired 15 clean-outs and raised or lowered 75 clean-outs
  - Installed 132 District clean-outs
  - Replaced 2 District sewer laterals, repaired 14 sewer laterals, and rehabilitated 26 sewer laterals.
  - Performed spot repairs on sanitary sewer mains in Carol Drive and Coombs Street
  - Completed 4 cement jobs, replacing sidewalks after removing them for lateral replacements or repairs.

### Changes from FY 2011/12 Service Levels

The budget includes \$125,000 to perform pipe assessment for 11,300 feet of the District's large diameter unlined reinforced concrete trunk mains. This is the second year of a 2-year project to complete the assessment.

### Objectives for FY 2012/13

- Continue to respond to the needs of the community in a timely and professional manner within 30 minutes, while trying to reduce the number of emergency service calls.
- Continue to maintain efficiency of preventive maintenance operations, cleaning at least 40% of District sewer mains per year.
- Work to eliminate higher maintenance sewer mains by replacing or repairing them.
- Continue with the sewer lateral preventive maintenance program.
- Replace or rehabilitate 40 street laterals.
- Video inspect 10% of the sewer mains in the District's system
- Move forward in gathering, storing and disseminating asset and work information in an economical way with completeness and accuracy, including sharing with other departments in the District and others as needed.

**Performance Measures**

These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document. Numbers for 2012 are estimates, while numbers for 2013 are goals.

**Category 1 Sewer Overflows per 100 miles of pipeline**  
(NSD compared to California average)

	2009	2010	2011	2012	2013
NSD	0.3	0.7	0.5	0.0	0.0
CA	1.3	1.3	1.1	na	na

**Category 1 Gallons of Spilled Sewage per 100 miles of pipeline**  
(NSD compared to California average)

	2009	2010	2011	2012	2013
NSD	112	2,100	170	0.0	0.0
CA	6,030	57,639	29,701	na	na

**Plugged Main Lines Not Resulting in Category 1 SSO**

	2009	2010	2011	2012	2013
	16	12	2	2	0

**Planned Maintenance as Ratio of Total Maintenance**  
(Goal is 80%)

2009	2010	2011	2012	2013
93.6%	93.6%	96.6%	90.0%	80.0%

**Percent of Main Lines Cleaned**  
(Goal is 40%)

2009	2010	2011	2012	2013
43.6%	44.0%	56.1%	40%	40%

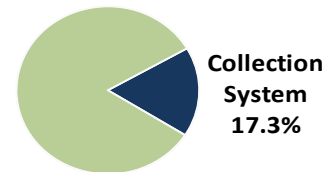
**Sewer Main Condition Assessment**  
(% of sewer mains video inspected)  
(Goal is 10% per year)

2009	2010	2011	2012	2013
9.6%	8.7%	10.3%	10.0%	10.0%

**Service Calls for District Plugged Laterals**

2009	2010	2011	2012	2013
322	254	225	225	200

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 1,512,263	\$ 1,628,576	\$ 1,723,963	\$ 1,672,397	\$ 1,848,500	7.2%
Services & Supplies	\$ 310,563	\$ 303,614	\$ 503,150	\$ 485,249	\$ 447,800	(11.0%)
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,822,826</b>	<b>\$ 1,932,190</b>	<b>\$ 2,227,113</b>	<b>\$ 2,157,646</b>	<b>\$ 2,296,300</b>	<b>3.1%</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Collection System Manager	1	1	1	1
Collection System Supervisor	1	1	-	1
Collection System Technician	-	-	1	1
Collection System Worker III	2	2	2	1
Collection System Worker IT/I/II	9	9	9	9
<b>Totals</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>

## Treatment Plant Operations

### Description

The Treatment Plant Operations Department receives, treats and distributes wastewater and solids conveyed to the treatment plant in an environmentally sound and cost effective manner. This is done with a strong ethical foundation of protecting public health and the environment, while meeting our responsibilities to the rate payers.

The department operates the plant, performs some basic preventive maintenance of plant equipment and structures, recommends improvements in plant process, assists with engineering and special studies, and prepares all regulatory reports applicable to the treatment plant.

### Department Goals

The Treatment Plant Operations Department's goal is to adhere to all federal, state and local guidelines while effectively administering the requirements for permits and regulations.

### Link to District Goals in Strategic Plan

The Treatment Plant Operations Department supports the District's "**Goal One: Infrastructure Reliability**" by providing support to the Engineering Department's work on implementing the Treatment Plant Master Plan critical projects (**Objective 1A**) and SCADA projects (**Objective 1E**). To support "**Goal Two: Financial Stability**," this Department will provide the operational guidelines for the FOG receiving station (**Objective 2C**).

### Accomplishments in FY 2011/12

- Incurred no violations of the District's Discharge permit.
- Additional optimization to step-feed configuration of activated sludge to reduce caustic application by approximately 50%.
- Worked with the Engineering Department on design of SCADA Phase IV. Design completed and construction to begin in late spring.
- Optimized the ORP control system, reducing the amount of chemicals needed for treatment and reducing on-call operator time.
- Automated valve actuator at the H pad allowing operators to make all basin flow adjustments from the SCADA system.
- FOG station construction completed.

- Chemical addition to effluent for pH control.
- Conversion of OPS32 to WIMS.
- CIWQS electronic regulatory reporting.
- Upgraded inline instrumentation for monitoring chlorination and dechlorination.

### Changes from FY 2011/12 Service Levels

- Reduced budget for natural gas needed during Cogeneration engine maintenance (\$36,400).
- Added budget to update the Plant Spill Prevention Plan (\$15,000).
- Electricity budget was reduced as the FOG station should result in lower demand for purchased electricity (\$100,000).

### Objectives for FY 2012/13

- Continual process optimization of the plant control systems to achieve a reduction in chemical and energy costs.
- Continue installation of additional online instrumentation.
- Continue producing an effluent that meets the new NPDES permit requirements.
- Completion of SCADA Phase IV.
- Complete polymer trials to select a polymer vendor.
- Purchase new OIS tablets for operator interface with SCADA remotely during plant checks.
- Install a Wi-Fi system to support new OIS pads and staff interface with the plant's computer systems.
- Optimize production of biogas in digester resulting from new FOG receiving program.
- Initiate electronic reporting for biosolids.
- Assist engineering in the design of the IPS expansion project.
- Assist engineering in the design of the recycle water expansion project.

**Performance Measures**

These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document. Numbers for 2012 are estimates, while numbers for 2013 are goals.

**Treatment for BOD and TSS Removal**

(Must be higher than 85% - winter monthly average)

	2009	2010	2011	2012	2013
BOD	97.9%	97.7%	97.9%	97.6%	98%
TSS	97.1%	97.2%	96.9%	97%	97%

**Total Allowable BOD and TSS**

(Must be lower than 30 mg/L - winter monthly average)

	2009	2010	2011	2012	2013
BOD	5.8	5.2	5.6	5.5	5.5
TSS	9.0	6.5	7.5	7.0	9.0

**Polymer per MG processed – Winter and Summer**

	2009	2010	2011	2012	2013
Wnt	44.0	34.8	39.0	39	35
Smr	96.2	73.8	63.6	64	73

**Hypochlorite per MG processed**

	2009	2010	2011	2012	2013
Wnt	89.2	67.3	64.9	66	65
Smr	191.9	194.6	157.1	162	160

**Percent Electricity Produced by Cogen Engine**

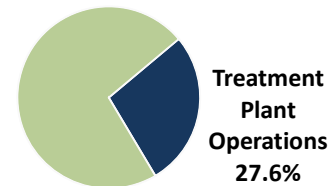
	2009	2010	2011	2012	2013
	22.6%	23.0%	26.8%	31%	40%

**Electricity Consumed per Million Gallons Treated**

(Megawatt-hours per MG processed)

	2009	2010	2011	2012	2013
Wnt	0.9	0.8	0.8	0.8	0.8
Smr	3.9	3.8	3.3	4.0	3.3

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 1,260,628	\$ 1,328,631	\$ 1,399,830	\$ 1,247,582	\$ 1,395,200	(0.3%)
Services & Supplies	\$ 2,241,652	\$ 2,045,617	\$ 2,343,650	\$ 2,096,131	\$ 2,245,250	(4.2%)
Other	\$ 190	\$ 190	\$ 200	\$ 188	\$ 200	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,502,470</b>	<b>\$ 3,374,438</b>	<b>\$ 3,743,680</b>	<b>\$ 3,343,901</b>	<b>\$ 3,640,650</b>	<b>(2.8%)</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Plant Manager	1	1	1	1
Operations Supervisor	1	1	1	1
Operator OIT/II/III	7	7	7	7
<b>Totals</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>

## Treatment Plant Maintenance

### Description

The Treatment Plant Maintenance Department provides corrective and preventive maintenance and equipment installation at the wastewater treatment plant and recycled water facilities, lift stations and other assigned areas.

Priorities are set through consultation with Treatment Plant Operations staff to ensure plant reliability and permit compliance.

### Department Goals

The Treatment Plant Maintenance Department goals are:

- Provide corrective and preventive maintenance cost effectively and efficiently.
- Maintain critical operational systems so that there is reliability and operational resiliency.

### Link to District Goals in Strategic Plan

The Treatment Plant Maintenance Department supports the District's "**Goal Two: Financial Stability**" by performing planned and corrective maintenance on plant equipment and assisting the Administrative Services Department on its project to inventory and perform condition assessments for the District's capital assets (**Objective 2D**).

### Accomplishments in FY 2011/12

- Completed CIP # 3526 rebuilding of three hot water heat exchanger pumps.
- Completed design of CIP # 3533 Duel Fuel Burner for Boiler.
- Completed CIP #3535 installed air dryer for plant air system.
- Completed CIP #3536 installed power monitoring equipment for our Energy Management Program.
- Completed CIP # 3543 rebuilding of one Digester Recirculation Motor and Pump.
- Completed rebuild of gas compressor.
- Started upgrade of pump seal water delivery systems.
- Provided technical support for the SCADA Phase IV implementation project.
- Provided technical support for the FOG Receiving Station.
- Installed water filtration unit for the "three water" system.

- Developed Control of Hazardous Energy form.
- Completed Electrical Arc-Flash survey of Treatment Plant, Lift Stations and implemented Arc-Flash labeling standard.

### Changes from FY 2011/12 Service Levels

- FY 2012/13 Budget removes the one-time only expense of \$160,000 for marsh maintenance.
- FY 2012/13 Budget removes the one-time only expense of \$17,800 for HVAC study of Operations Building.
- FY 2012/13 Budget removes the one-time only expense of \$4,500 for calibration of gas sensors
- FY 2012/13 Budget adds the one-time only expense of \$10,000 for roof repairs.
- FY 2012/13 Budget adds the one-time only expense of \$41,800 for a rebuild of the #2 recycled water pump.
- FY 2012/13 Budget adds the one-time only expense of \$7,500 for tools and safety equipment related to Arc-Flash requirement implementation.

### Objectives for FY 2012/13

- Fully implement the cost and inventory modules within the Maintenance Program.
- Enhance and organize the inventory system to reduce down time.
- Continue to implement an effective life cycle equipment replacement schedule for better budgetary expense projections.
- Implement Treatment Plant Electrical Arc Flash work standard.
- Continue with pump seal water delivery upgrades.
- Implement SOP's of equipment for Control of Hazardous Energy.



**Performance Measures**

These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document. **Numbers for 2012 are estimates, while numbers for 2013 are goals.**

**Planned Maintenance Ratio of Hours Worked**  
(Higher is better)

2009	2010	2011	2012	2013
59.8%	51.0%	49.9%	50%	55%

**Uptime for Cogeneration Engine**

2009	2010	2011	2012	2013
76%	68%	82%	85%	85%

**Uptime for Pumps at Influent Pump Station**

2009	2010	2011	2012	2013
100%	93%	67%	80%	80%

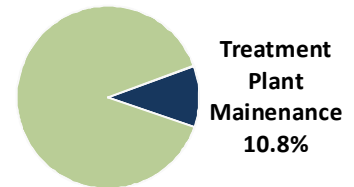
**Other Measures**

These are measures that are not in the Performance Measurement Report, but are still important to evaluate the performance of the department. **Numbers for 2012 are estimates, while numbers for 2013 are goals.**

**Number of work orders completed**

2009	2010	2011	2012	2013
1,602	1,791	1,409	1,500	1,500

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 581,381	\$ 663,772	\$ 711,847	\$ 682,575	\$ 768,200	7.9%
Services & Supplies	\$ 479,825	\$ 472,943	\$ 776,950	\$ 638,770	\$ 658,500	(15.2%)
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,061,206</b>	<b>\$ 1,136,715</b>	<b>\$ 1,488,797</b>	<b>\$ 1,321,345</b>	<b>\$ 1,426,700</b>	<b>(4.2%)</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Plant Maintenance Supervisor	1	1	1	1
Equipment Maintenance Specialist I/II	3	3	3	3
Plant Attendant	1	1	1	1
<b>Totals</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

## Treatment Plant Laboratory

### *Description*

The Treatment Plant Laboratory provides support to Plant Operations with consistently high quality analytical laboratory services.

Laboratory analyses fall into one of three categories:

- 1) Required for regulatory compliance within District's operating permits;
- 2) Needed for operational control of the complex treatment processes; or
- 3) Requested by staff or contracted consultants in support of special studies.

### *Department Goals*

The Treatment Plant Laboratory Department's goal is to provide laboratory services efficiently and reliably, while abiding by the protocols and policies of the Quality Assurance Manual, Standard Operating Procedures and laboratory safety program.

### *Link to District Goals in Strategic Plan*

The Treatment Plant Laboratory Department supports the District's goals in the Strategic Plan through its support of the Plant Operations, Plant Maintenance, and Engineering Departments, and the Pollution Prevention Program. There are no specific objectives in the Strategic Plan that this department is responsible for completing.

### *Accomplishments in FY 2011/12*

- Reviewed, integrated and implemented the District's 2011 NPDES permit requirements into Laboratory sampling and analysis workload.
- Installed, integrated and implemented a Laboratory Information Management System (LIMS) for laboratory data management, QA/QC tracking and productivity streamlining.
- Produced high quality analytical data for real-time operational changes.
- Incorporated pretreatment sampling/analysis events to provide pretreatment regulatory compliance for the District.

### *Changes from FY 2011/12 Service Levels*

- FY 2012/13 Budget added \$4,500 for LIMS software maintenance contract.

### *Objectives for FY 2012/13*

- Finalize integration and implementation of the Laboratory Information Management System (LIMS) for laboratory data management, QA/QC tracking and productivity streamlining.
- Update of the Napa Sanitation District Enforcement Response Plan (ERP) to reflect current practices and 40CFR compliance.
- Update the Laboratory QA/QC Manual and SOP's to reflect the EPA Method Update Rule and new LIMS practices.
- Continue to produce high quality analytical data for real-time operational changes.
- Continue to incorporate pretreatment sampling/analysis events to provide pretreatment regulatory compliance for the District.



**Performance Measures**

These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document.

Performance measures for this department are inherently captured in the performance measures of other departments, most notably Plant Operations. As such, there are no specific performance measures listed from the Performance Measurement Report.

**Other Measures**

These are measures that are not in the Performance Measurement Report, but are still important to evaluate the performance of the department. Numbers for 2012 are estimates, while numbers for 2013 are goals.

**Number of regulatory analyses processed**

2009	2010	2011	2012	2013
5,435	4,961	3,828	3,900	3,900

**Number of Process Control analyses processed**

2009	2010	2011	2012	2013
10,382	10,081	15,888	15,900	16,000

**Number of special request analyses processed**

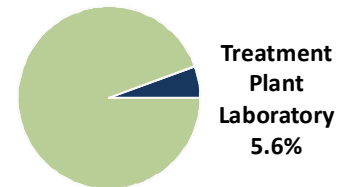
2009	2010	2011	2012	2013
1,230	0	32	32	1,500

**Number of Quality Control/Assurance analyses processed**

2009	2010	2011	2012	2013
7,176	6,575	660 <sup>(a)</sup>	660	660

(a) New LIMS system does not quantify QA/QC conducted on process/regulatory samples. QA/QC analyses is based on required Laboratory QA/QC analyses for Laboratory ELAP certification.

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 488,847	\$ 541,220	\$ 561,878	\$ 547,011	\$ 604,400	7.6%
Services & Supplies	\$ 153,674	\$ 139,399	\$ 137,950	\$ 120,575	\$ 133,350	(3.3%)
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 642,521</b>	<b>\$ 680,619</b>	<b>\$ 699,828</b>	<b>\$ 667,586</b>	<b>\$ 737,750</b>	<b>5.4%</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Lab Supervisor	1	1	1	1
Lab Technician I/II	3	3	3	3
<b>Totals</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>

## Engineering

### Description

Engineering provides technical assistance to the operational departments within the District. The group is responsible for managing most of the District's capital projects and prepares project charters for projects that are included in the District's Ten-Year Capital Improvement Plan.

Engineering is responsible for reviewing development plans for conformance with District standards and inspection of sanitary sewer facilities. In some cases, the group prepares the design plans and specifications and provides construction management and inspection for collection system projects.

### Department Goals

The Engineering Department goals are:

- Plan and implement the 10-Year Capital Improvement Plan.
- Plan projects to ensure that the renewal or replacement of existing assets is completed according to condition assessments and estimated useful lives of assets.
- Complete the first review of development plans submitted for District approval within 30 calendar days.
- Provide technical assistance to other District departments as need.

### Link to District Goals in Strategic Plan

The Engineering Department supports the District's "Goal 1: Infrastructure Reliability" by providing project management and leadership on all of the infrastructure projects identified:

- Treatment Plant Master Plan projects, such as pond aeration, recycled water equalization and filters, and influent pump station (**Objective 1A**)
- Build new administration building and corporation yard (**Objective 1B**)
- Recycled water pipeline through Napa State Hospital and MST area (**Objective 1C**)
- Conduct wet weather inflow/infiltration cost/benefit analysis (**Objective 1D**)
- SCADA project implementation (**Objective 1E**)
- Working with Napa Pipe developers on an impact analysis (**Objective 1F**)

### Accomplishments in FY 2011/12

- Initiated in-house design of Basin L Rehabilitation Project 2.
- Completed in-house design of the Basin L Rehabilitation Project 1 and initiated project construction.
- Initiated design of the IPS Replacement and Recycled Water Phase 1 Expansion projects that were recommended in the WWTP MP.
- Conducted smoke testing and reporting for the I&I Flow Measurement Program.
- Completed the construction of the NSH Recycled Water Pipeline.
- Completed the SCADA Phase 4 Project design and initiated construction.
- Completed the FOG Receiving Station project design and initiated construction.
- Responded to approximately 310 phone requests and 210 counter requests for development related information.
- Issued permits and collected fees for about 90 residential units and 50 commercial units.
- Conducted approximately 775 activities related to construction inspection of NSD collection system facilities, include locating sewers, permit processing, preconstruction meetings, inspections, and updating record drawings.

### Changes from FY 2011/12 Service Levels

- FY 2012/13 Budget removes \$12,300 from Temporary Help for the implementation of the TrakIt permitting system, but adds \$30,000 for temporary project management to cover for planned staff leave.
- FY 2012/13 Budget removes the every three year expense of aerial photographs.
- FY 2012/13 Budget removes the one-time expense of Linko software training.

### Objectives for FY 2012/13

- Develop and utilize capital program management system to monitor and report progress of active capital projects.
- Initiate capital projects that are scheduled to begin within the fiscal year and finalize those projects that are scheduled to be completed within the fiscal year.
- Review and return development plans within 30 days of submittal to District.
- Respond to requests for information from the general public and other local agencies within three working days of request.

**Performance Measures**

These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document. **Numbers for 2012 are estimates, while numbers for 2013 are goals.**

**Development Review Response Time**

(% of applications where 30-day goal is met)

2009	2010	2011	2012	2013
78.6%	98.9%	94.8%	96%	96%

**Capital Expenses as Percent of Operating Expenses**

2009	2010	2011	2012	2013
64%	37%	64%	65%	65%

**Renewal & Replacement of Assets**

(as a % of asset net worth – 2% minimum, 4% goal)

2009	2010	2011	2012	2013
3.8%	1.4%	2.8	2.5%	4.0%

**Other Measures**

These are measures that are not in the Performance Measurement Report, but are still important to evaluate the performance of the department.

**Numbers for 2012 are estimates, while numbers for 2013 are goals.**

**Number of construction inspections**

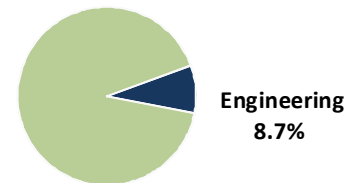
2009	2010	2011	2012	2013
1,620	785	583	775	775

(The reduction in construction inspections between 2009 and 2010 is due to a change in the calculation methodology starting in July 2009.)

**Number of development plans reviewed**

2009	2010	2011	2012	2013
70	115	108	90	100

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 731,155	\$ 835,717	\$ 924,724	\$ 896,634	\$ 1,020,300	10.3%
Services & Supplies	\$ 75,546	\$ 185,634	\$ 117,340	\$ 118,115	\$ 125,250	6.7%
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 806,701</b>	<b>\$ 1,021,351</b>	<b>\$ 1,042,064</b>	<b>\$ 1,014,749</b>	<b>\$ 1,145,550</b>	<b>9.9%</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Senior Civil Engineer	1	1	1	1
Junior/Assistant/Associate Engineer	2	3	3	3
Senior Engineering Technician	1	-	-	-
District Inspector I/II	-	-	-	2
Senior Construction Inspector	1	1	1	-
Construction Inspector	1	1	1	-
<b>Totals</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

## Pollution Prevention

### Description

The Pollution Prevention Program is a cross-departmental program designed to ensure that discharges to the collection system and treatment plant are in compliance with the District's Sewer Use Ordinance and will not pose a hazard to the public, District employees or District facilities and treatment processes.

The District's Pretreatment Program controls the amount of pollutants that are discharged to the sanitary sewer system through active regulation of numerous industrial and commercial businesses in Napa. Program activities include periodic on-site inspections, permit writing and administration, sampling of various discharges, and enforcement when necessary. The Program supports increased water recycling and reuse, as well as wastewater treatment prior to discharge to the sanitary sewer to reduce pollutant loadings to the treatment facility.

The Pollution Prevention Program also supports education and outreach through school programs, community events and treatment plant tours.

### Program Goals

The Pollution Prevention Program goals are:

- Decrease Fats, Oil and Grease (FOG) deposited in the Collection System, thus reducing maintenance expenses and reducing the risk of Sanitary Sewer Overflows (SSOs).
- Prevent pollutants from being discharged into the sewer system through active regulation, promotion of Best Management Practices, and outreach to the public.

### Link to District Goals in Strategic Plan

This program supports “**Goal Five: Community Outreach and Communication**” in the redesign of the District's website to include improved customer service information, rates and budget data, pollution prevention tips and Best Management Practices (BMPs), and a listing of District accomplishments (**Objective 5B**). This program is also responsible for developing and disseminating BMPs for major pollutants of concern (**Objective 5C**).

### Accomplishments in FY 2011/12

- Worked with partners to implement a one day medication collection event at Queen of the Valley Medical Center.

- Participated in the annual Earth Day event, helping to coordinate the event and provide educational materials to the general public.
- Implemented a dental mercury amalgam management survey to dentists as part of a coordinated effort to monitor and limit mercury discharge to the San Francisco Bay and its tributaries, including the Napa River.
- Completed and disseminated Best Management Practices (BMPs) for FOG, dry cleaners and plumbers.
- Continued participation in the toilet retrofit rebate program and PG&E High Efficiency Clothes Water Initiative, both designed to reduce water consumption and flow into the sewer system.
- Trained staff on new software (Linko Data Systems) to track pre-treatment and pollution prevention inspections and data, including Notices of Violation and Notices of Exceedance.
- Completed the design and implementation of the NSD website.
- Completed implementation of the Linko Data Systems software.

### Changes from FY 2011/12 Service Levels

- FY 2012/13 budget reduces the amount spent by the District on toilet retrofit and hi efficiency washer rebates due to grant funding (\$12,200).

### Objectives for FY 2012/13

- Expand the medication collection program to include more drop-off sites.
- Conduct plant tours and make public presentations.
- Develop and disseminate to stakeholders BMPs for three pollutants of concern.
- Develop classroom presentations targeting elementary, middle and high school students.
- Implement the new comprehensive outreach strategy for pollution prevention and other programs.
- Continue to develop and refine the inspection program for Fats, Oil and Grease (FOG) and categorical dischargers.
- Develop performance goals for increased and improved inspection of non-categorical dischargers.
- Continue monitoring, sampling, reports, and billing for all categorical dischargers.

**Performance Measures**

These measures, from the Performance Measurement Report, are those that this program directly or indirectly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document. Numbers for 2012 are estimates, while numbers for 2013 are goals.

**Restaurant Inspections (Fats, Oil & Grease)**

2009	2010	2011	2012	2013
67	161	42	100	200

**Other Measures**

These are measures that are not in the Performance Measurement Report, but are still important to evaluate the performance of the program. Numbers for 2012 are estimates, while numbers for 2013 are goals.

**Plant Tours Conducted and Presentations Made**

2009	2010	2011	2012	2013
14	10	36	30	30

**Main Line Sanitary Sewer Overflows Due to FOG**

(goal is zero)

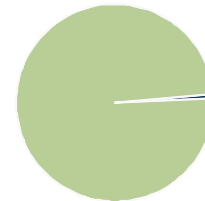
2009	2010	2011	2012	2013
4	5	0	0	0

**Lateral Overflows or Backups Due to FOG**

(goal is zero)

2009	2010	2011	2012	2013
4	1	5	3	0

**Percent of Operating Budget**



Pollution Prevention  
0.7%

**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 18,731	\$ 13,355	\$ 15,205	\$ 14,633	\$ 16,150	6.2%
Services & Supplies	\$ 66,374	\$ 88,593	\$ 87,500	\$ 65,740	\$ 74,100	(15.3%)
Other	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 85,105</b>	<b>\$ 101,948</b>	<b>\$ 102,705</b>	<b>\$ 80,373</b>	<b>\$ 90,250</b>	<b>(12.1%)</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Pollution Prevention/Source Control Officer	1	-	-	-
<b>Totals</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Positions in All Departments Allocated to Pollution Prevention Activities**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Plant Lab - Laboratory Supervisor	-	0.25	0.25	0.25
Administration - Mgmt Analyst & Outreach Coord.	-	0.50	0.75	0.75
Engineering - Inspector	-	0.66	0.66	0.66
Engineering - Engineer	-	0.08	0.15	0.15
Pollution Prevention - PP/SCO	1.00	-	-	-

**Steering Committee**

Plant Operations - Plant Manager	-	0.10	0.05	0.05
Engineering - Senior Civil Engineer	-	0.05	0.05	0.05
Administration - Director of Admin Services/CFO	-	0.10	0.10	0.10
<b>Totals</b>	<b>1.00</b>	<b>1.74</b>	<b>2.01</b>	<b>2.01</b>

## Water & Biosolids Reclamation

### *Description*

This department is responsible for the effective and efficient distribution of recycled water and management of biosolids in a manner that respects the environment, maintains public health and conforms to local, state and federal regulations.

After the treatment of wastewater, the District generates recycled water known as “Title 22 Unrestricted Use” which is permitted under State of California Regulations for almost any use except potable (drinking water) reuse. The District delivers this water to vineyards, golf courses, cemeteries, parks and athletic fields, and for landscape irrigation purposes.

Biosolids are managed by this department through land application. This method avoids expensive off-site hauling and disposal of biosolids, with significant savings to the ratepayers.

### *Department Goals*

The Water & Biosolids Reclamation Department goals are:

- Dispose of recycled water during the summer months through sales to customers and on District-owned property.
- Dispose of 100% of biosolids through land application on District-owned property.

### *Link to District Goals in Strategic Plan*

The Water & Biosolids Reclamation Department supports the District’s “**Goal 1: Infrastructure Reliability**” through its support of the Engineering Department’s project to complete construction of the recycled water pipeline through Napa State Hospital and the design of the MST pipeline (**Objective 1C**). The Department also supports “**Goal Two: Financial Stability**” through its assistance to the Administrative Services Department to conduct a rate study for recycled water (**Objective 2B**). This Department also supports “**Goal Three: Operational Capability**” as it provides support for studies into turning more waste products into usable products (**Objective 3D**).

### *Accomplishments in FY 2011/12*

- Completed annual recycled water user site inspections, issuing no Notice of Non-compliance.
- Continued the sprinkler system rehabilitation project by restoring 10 sprinklers at the Jameson Reclamation Site.
- Connected 2 infill use sites at Napa Valley Gateway Business Park for recycled water use.
- Applied 1183 dry tons of dewatered biosolids on District land.
- Distributed 516 million gallons (1,583 acre feet) recycled water.
- Completed Fish Friendly Farming planning process for Jameson and Somky ranches.
- Completed re-automation of the Jameson Booster station which will free up staff time for other activities

### *Changes from FY 2011/12 Service Levels*

- The FY 2012/13 budget includes the third year of a 3-year project to prune the trees along Jameson and Somky site frontage for safety purposes.
- The FY 2012/13 budget removes the lease of land by the airport, and associated maintenance tasks (\$15,350).
- The FY 2012/13 budget includes the one-time expense of Phase 2 Suscol Creek Restoration (\$13,000).
- The FY 2012/13 budget establishes an ongoing expense dedicated to annual repair and maintenance of recycled water mains, and increased cathodic protection testing for the expanded recycled water system (\$34,000).

### *Objectives for FY 2012/13*

- Complete an update to the “Program” portion of the Reuse Manual.
- Complete activities necessary to achieve “Fish Friendly Certification” at the reuse sites, with certification anticipated in FY 2012/13.
- Continue the Jameson Reuse Site sprinkler rehabilitation project, to increase the efficiency of recycled water application.
- Complete the third year of a 3-year project to prune the trees along Jameson and Somky site frontage for safety purposes.



**Performance Measures**

These measures, from the Performance Measurement Report, are those that this department most directly impacts. The full report, including the definitions, calculation methodologies, and an analysis of the data can be found in Appendix E of this budget document. **Numbers for 2012 are estimates, while numbers for 2013 are goals.**

**Recycled Water Service Availability**

(% of time RW is available to customers – May to Oct.)

2009	2010	2011	2012	2013
100%	100%	97.8%	98%	100%

**Recycled Water Reuse by Customers**

(% of recycled water sold to customers – May to Oct.)

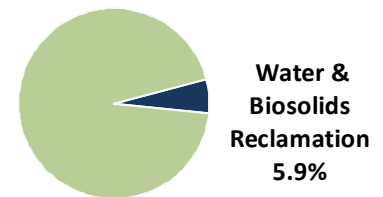
2009	2010	2011	2012	2013
62.4%	54.5%	56.4%	54.9%	65%

**Biosolids Put to Beneficial Reuse**

(% of biosolids applied to seeded & harvested acres)

2009	2010	2011	2012	2013
56%	18%	90%	100%	100%

**Percent of Operating Budget**



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	\$ 401,688	\$ 422,692	\$ 496,797	\$ 464,137	\$ 509,500	2.6%
Services & Supplies	\$ 213,029	\$ 197,933	\$ 236,750	\$ 245,393	\$ 241,100	1.8%
Other	\$ 2,136,180	\$ 23,381	\$ 24,800	\$ 23,412	\$ 24,800	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,750,897</b>	<b>\$ 644,006</b>	<b>\$ 758,347</b>	<b>\$ 732,942</b>	<b>\$ 775,400</b>	<b>2.2%</b>

**Position Authorizations**

Position Series	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Reclamation Systems Director	1	1	1	1
Reclamation Maintenance Worker I/II	-	-	-	3
Plant Attendant	3	3	3	-
<b>Totals</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>



## Non-Departmental Expenses

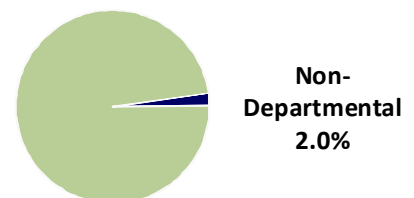
### Description

These expenses are not directly attributable to a specific department or program. They include expenses that are allocated at the District level, such as District memberships in organizations and associations, liability insurance, refunds of sewer service charges, debt service payments, and interfund transfers.

### Changes from FY 2011/12 Service Levels

- There were no changes from FY 2011/12 service levels. The allocation for insurance claims was reduced to match current experience.

Percent of Operating Budget



**Proposed Budget**

	Actual FY 09/10	Actual FY 10/11	Adj. Budget FY 11/12	Estimated FY 11/12	Proposed FY 12/13	Percent Change
Salaries & Benefits	-	-	-	-	-	-
Services & Supplies	-	\$ 237,631	\$ 269,550	\$ 239,665	\$ 265,400	(1.5%)
<b>TOTAL OPERATING EXPENDITURES</b>	-	\$ 237,631	\$ 269,550	\$ 239,665	\$ 265,400	(1.5%)
Debt Service, Transfers and Taxes	-	\$ 5,971,935	\$ 8,303,025	\$ 8,049,990	\$ 8,167,164	(1.6%)
<b>TOTAL EXPENDITURES</b>	-	\$ 6,209,566	\$ 8,572,575	\$ 8,289,655	\$ 8,432,564	(1.6%)

## Capital Improvement Plan



*Construction during Lower Alphabet Street Sewer Improvement project*

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## Capital Improvement Plan

### Program Description

The Capital Improvement Plan (CIP) is designed to identify capital expenditures for the next ten years and to plan appropriately for how to complete those projects within projected revenues and staffing capacity. The plan includes the replacement and rehabilitation of existing capital assets as well as the acquisition or construction of new capital assets.

### Definition of Capital Expenditures

Capital expenditures, or capital outlays, are cash outlays by the District that result in the acquisition or construction of a capital asset. A capital asset is any asset of significant value (over \$5,000) that has a useful life of over one year. Examples include land, buildings, machinery, vehicles and equipment. All capital assets acquired or constructed are included in the Capital Improvement Plan. Land is always considered a capital asset, regardless of value.

### Capital Plan Development Process

Annually, the District updates its Ten-Year Capital Improvement Plan. The plan undergoes several levels of review and alteration. First, a project is individually evaluated to determine whether it is necessary to do the project, or if a less expensive alternative is available. If the project is still the best alternative, then an evaluation is done to determine when the project should be done, based on the condition of the existing assets or the operational and maintenance needs for the project.

Management and supervisory staff also are provided an opportunity to identify new capital projects through the Project Charter process. New projects are proposed to the Capital Program Manager and the District Engineer who evaluate the projects and determine their need and level of priority. Once vetted through this process, new projects are added to the CIP as funding allows.

### Vehicle Replacement Guidelines

The District maintains a fleet of vehicles used solely for purposes related to the direct maintenance and operations of the District. When a vehicle is purchased, it is identified at that time how long that vehicle should continue to serve its intended function, provided that the vehicle is maintained properly. The replacement of that vehicle is then scheduled in the Capital Improvement Plan, to

ensure that the District has adequately planned for the replacement costs associated with the vehicle.

Every year, a team of District staff reviews the list of vehicles owned by the District and the replacement schedule. The team makes the following recommendations:

- Move vehicles back or forward on the replacement schedule based on the maintenance history of the vehicle and any current maintenance problems;
- Move vehicles back or forward on the schedule based on regulatory requirements (such as CARB requirements for diesel engines);
- Move vehicles between organizational units when the use of the vehicle changes;
- Identify whether a vehicle scheduled for replacement should be recommended for surplus, or when it could still be used effectively by another department; and
- Identify when service needs have changed that could necessitate that a vehicle be replaced by a different type of vehicle.

Senior management reviews the recommendations of the Fleet Team, accepts or rejects recommendations, and incorporates accepted changes into the Ten-Year Capital Improvement Plan. All decisions to declare a vehicle surplus and replace the vehicle are brought to the NSD Board of Directors for approval, in accordance with District procurement policy.

The replacement of fleet vehicles represents 3.2% of the entire Ten-Year Capital Improvement Plan. All revenues collected from the sale of any vehicles declared surplus is used to offset the cost of new vehicles.



*The Dystor cover is scheduled for replacement in FY 2015/16.*

**Sources of Capital Expenditure Funding**

There are several sources of funding for capital projects. The District collects capacity charges on new development to pay for its share of expanding the collection and treatment systems. The District also collects sewer service charges revenue in excess of operational needs to pay for replacement and rehabilitation projects. The fees collected as part of development plan review are used for capital projects, as well as grant and intergovernmental revenue.

**Use of Capacity Charges for Expansion**

The District imposes a capacity charge on new development (see the Budget Summary section, page 26, for more information on this revenue source).

In August 2009, the District completed a study of capacity charges. The study determined that from FY 1995/96 to FY 2007/08, there was significantly more money spent to provide new capacity (expansion) than there was capacity charge revenue collected. As of July 1, 2008, the expansion fund (capacity charges) was in deficit to existing ratepayers and the capital projects fund by \$12.6 million.

As new projects are completed, their benefit to existing users and to new development is evaluated, and a split of expenses between the two is assigned. At the end of the fiscal year, the deficit is adjusted based on the amount of revenue received in capacity charges and the amount of capital expenditure for expansion projects. The following represents a summary of this accounting:

<u>FY 2008/09 Actual</u>	
Beginning Deficit (7/1/08)	(\$12,607,167)
Revenues	1,387,193
Expansion Projects	1,663,801

<u>FY 2009/10 Actual</u>	
Beginning Deficit	(\$12,883,775)
Revenues	600,664
Expansion Projects	2,191,370

<u>FY 2010/11 Actual</u>	
Beginning Deficit	(\$14,474,480)
Revenues	2,183,802
Expansion Projects	2,811,161

<u>FY 2011/12 Estimated</u>	
Beginning Deficit	(\$15,101,839)
Revenues	1,875,000
Expansion Projects	4,626,194

<u>FY 2012/13 Budget</u>	
Beginning Deficit	(\$17,853,033)
Revenues	1,400,000
Expansion Projects	2,254,482
Ending Deficit	(18,707,515)

A budget deficit and situation where expenses on expansion projects exceeds revenues means that the current ratepayers in the system are paying more than their allocated share of capital expenses, as the deficit is made up using sewer service charges and other revenues from operational sources.

A copy of the Capacity Charges Report for Fiscal Year 2010/11 can be found in Appendix F of this budget document.

**Changes from Prior CIP**

During the 2011/12 fiscal year, the 10-Year CIP was amended by the Board of Directors. The following is a summary of the major changes made to the plan during the year:

- The relining of sewer mains in Trancas Street (CIP #2023) was added for FY12 (\$200,000).
- Additional appropriation was added for the FOG Receiving Station (CIP #3008) based on construction bids (\$290,000).
- The purchase of positive displacement pump (CIP #3548) was added to the CIP as a replacement for existing equipment that failed (\$14,000).
- Replacement of a Ford F250 diesel truck (CIP #3549) was moved forward on the replacement schedule because of necessary repairs that made it more cost effective to surplus the truck instead of replace it (50,000).
- A portion of the FY 2011/12 capital budget for the administration building and corporation yard (CIP #6004) was moved from FY 2011/12 to FY 2012/13 to better align with anticipated expenditures (\$1,800,000).



### Summary of FY 2012/13 Capital Projects

The following is a summary of FY 2012/13 capital projects. **Dollar amounts noted are the amount budgeted for FY 2012/13, and not the entire amount of the project.** For complete financial information, see the table of projects that follows, starting on page 70.

**Vehicles** – District vehicles are all purchased and owned by the District. Each vehicle is placed on the Ten-Year CIP so that their replacement can be planned. Vehicles are not replaced unless necessary. Vehicles at the end of their useful life are declared surplus property by the Board of Directors and sold at auction. Total vehicle replacement costs for FY 2012/13 is \$148,000.

**Collection System** – Collection System projects represent routine replacement or rehabilitation of existing pipeline or equipment. These projects are designed to replace or improve assets to extend their useful lives or to improve their function by reducing how rainwater and groundwater can enter the collection system. Collection system projects for the fiscal year total \$1,314,800.

**Collection System Equipment** – The Collection Department will be replacing some equipment on the CCTV truck and the eel on the plug-up truck, in addition to vehicles mentioned above. Total replacement cost is \$35,000.

**Lift Stations** – Lift stations are pump stations within the sewer collection system. There are no projects in FY 2012/13 within this category.

**Treatment** – There are two main projects in this area. FY 12/13 is the second year of a three-year project to install new aeration equipment into Pond 1. This will allow the ponds to be more efficient at removing waste, and thus increasing the amount of wastewater that can be treated by the pond system. The second project is the Phase 1 Recycled Water Expansion that will enter the second year of a four-year design and construction cycle. The project will double the amount of recycled water that can be produced and allow recycled water to be produced at any time of the year, not just during the summer months. The FY 12/13 expenditure for these two projects is \$1,045,100.

**Treatment – Equipment** – These projects include a number of equipment replacements, such as



Stonecrest Lift Station

replacement of the activated sludge diffuser (\$311,500), digester recirculation pumps (22,500), and the river outfall gate (\$75,000). New equipment includes purchase of a space chemical pump for use in emergency situations or for unexpected corrective maintenance (\$14,000), the design and purchase of a spare digester mixer to provide redundancy in case the existing mixer goes down (\$281,700), purchase of carbon dioxide (CO<sub>2</sub>) tanks, and installation of an area drain and isolation valves near Pond 1 (\$50,000). The total FY 2012/13 expenditure is \$804,700, excluding vehicles.

**Treatment Plant – Structures** – Included here is the second year of the four-year project to design and construct a replacement for the Influent Pump Station (\$1,167,700).

**SCADA** – This section includes the regular replacement of SCADA servers (\$25,000). Servers are replaced every 5 years to limit the risk of failure during operation.

**Recycling-District** – This section includes projects and equipment necessary for the District to maintain its fields, conduct spray disposal of water, and land apply biosolids. Projects include the continued design and installation of a recycled water jockey pump (\$77,300) and the replacement of a tractor.

**Recycling-Expansion** – This section includes projects to expand the recycled water distribution system into the community. Expenses here include continued efforts through the North Bay Water Reuse Project to apply for and manage federal and state grants (\$420,000), and the completion of the Napa State Hospital Recycled Water Pipeline and Imola Avenue Extension (\$200,000).

**10-Year CIP Summary**

	<b><u>FY 2012/13</u></b>	<b><u>10-Year CIP</u></b>
Collection System	\$1,314,800	\$31,961,800
Collection System Equipment	129,000	1,574,000
Lift Stations	0	761,000
Treatment	1,045,100	21,625,100
Treatment Equipment	858,700	6,377,700
Treatment Structures	1,167,700	18,018,700
SCADA	25,000	769,000
Recycling-District	77,300	4,814,300
Recycling-Expansion	698,000	3,448,000
Other	6,739,000	9,015,000
<b>Total</b>	<b>\$12,054,600</b>	<b>\$98,364,600</b>

**Other** – Development technical support (\$202,000) is the capitalization of staff time spent reviewing the plans and inspections associated with contributed capital. The building of the new administration building and corporation yard is also included in the CIP (\$6,537,000).

***Unfunded Projects***

The Capital Improvement Plan includes projects that have been clearly identified and programmed. It also includes some “placeholder” projects, where the specific project has not been identified but there is money allocated nonetheless. These placeholders are included in the plan to recognize that there is the need to plan for future replacement and rehabilitation projects, even though the specific projects have not yet been scoped and planned. Providing a placeholder for these future projects will ensure that there are adequate resources to pay for these projects once they are known.

There are also projects that have been identified in master plan documents that have not been included in the CIP. Because there are insufficient resources to pay for all recommended projects, staff has determined that the following projects could be delayed until some future date when resources are identified to complete them. It is also staff’s determination that delaying these projects will not result in a deferred maintenance scenario, nor will the delay pose an unreasonable risk for system failure or permit violation:

- Flocculating Clarifier Weir – this project was on previous Capital Improvement Plans and was recommended in the Master Plan. This project is on hold and may not be necessary, as the District is currently evaluating whether one or both of the flocculating clarifiers

should be converted to a Dissolved Air Floatation (DAF) clarifier.

- The District completed an Energy Alternatives Study that looked for ways the District could generate its own electricity, including solar and wind sources. The FOG Receiving Station recommendation came out of this study and was completed in FY 11/12. It was determined that the Return on Investment for other projects in the study, such as wind and solar energy production, is not sufficient to justify them at this time, so they have not been included in the CIP. Staff will continue to monitor rebates and equipment costs. A future project will be recommended if cost effective.
- Demolition of North Napa Pump Station and Force Main – The North Napa Pump Station and Force Main were decommissioned after the siphon was installed under the Napa River. The pump station and force main were left intact in case unexpected operational issues with the siphon necessitated their reinstatement. The siphon has now operated successfully for several years. In the future, it is anticipated that the pump station and force main should be properly abandoned.
- The CIP does not include the construction costs to expand the recycled water pipeline system beyond the NSH project terminus on Imola Avenue near Skyline Park. Any future expansion of the system into the MST area will be the financial responsibility of the County of Napa and the future water users of that area. Additionally, there is no project in the CIP to expand recycled water pipeline to the west into the Carneros area.



*Construction of the FOG Receiving Station*



### ***Impact of Projects on Operating Budget***

While most of the capital projects planned for FY 2012/13 are replacements and rehabilitations of existing capital assets, some the FY 2012/13 capital projects will have a significant impact on the current and future operations and maintenance budgets of the District.

The I&I Reduction projects in the Collection System (CIP #2019, #2021, #20xx) are designed to decrease the amount of rainwater and groundwater that get into the system. This reduces future costs by reducing the need to build bigger pipes as well as reduces the amount of influent that the plant needs to treat.

The FOG Receiving Station that was completed in FY 2011/12 (CIP #3008) will allow the District to receive fats, oil and grease and insert it directly into the digester. This material metabolizes quickly and creates methane gas. This gas is collected and used to power the cogeneration engine, which produces electricity for the plant. The effect of this project will be to reduce electricity costs (estimated at \$200,000 annually when fully implemented) while generating additional revenue through the collection of FOG tipping fees (estimated at \$50,000 annually). The cogeneration engine will also run more efficiently, resulting in lower maintenance needs.

The pond aeration project (CIP #3009) will result in increased electricity usage from pumping more air into Pond 1 (estimated at about \$25,000 per year), but the increased waste hauler fees from the newly created ability to accept winery waste is expected to offset this cost.

The increased capacity of the recycled water system (equalization and increased filters – CIP #3010) will result in increased supply costs (electricity) of approximately \$200,000 when fully operational and producing an additional 1,700 acre feet of water annually. The associated project to convert one flocculating clarifier to a DAF will result in decreased polymer (chemical) use that is expected to be greater than the estimated increased electricity costs from the new filters. The net impact of this project should be to reduce operating expenses by approximately \$100,000 annually.

The Influent Pump Station replacement (CIP #4012) will allow greater flows to be pumped into the plant from the Collection System, but as the existing system is decades old, it is anticipated that the new

system will be more efficient and not result in increased energy costs. The new system will decrease maintenance costs, as the existing system requires significant effort to maintain. Estimated avoided costs of rebuilding IPS pump is approximately \$70,000.

The expansion of the recycled water pipeline (CIP #5506 and #5507) will lead to increased maintenance and operating costs for that pipeline over time. These costs, including rehabilitation projects for all of the recycled water pipelines, are expected in future years and included in the CIP. The FY 2012/13 operating budget includes an additional \$34,000 to pay for annual cathodic protection testing, leak detection and repairs on the new recycled water pipeline.

The recycled water jockey pump (CIP #5012) will decrease the need to operate the large pumps when demand is low, thus reducing the wear on the larger pumps. This should reduce overall maintenance efforts and parts expenses for pump rebuilds over time, as well as decrease electricity usage. Estimated avoided costs for rebuilding the recycled water pumps is \$25,000, with annual savings of electricity estimated from \$3,000 to \$5,000.

**FY 2012/13**  
**CIP Project Descriptions**

**2000 COLLECTION SYSTEM**

<b>2001</b>	<b>Mainline Sewer Rehabilitation</b> <i>Ongoing program to conduct spot repairs to damaged sewer lines using NSD crews or an outside contractor, extending the useful life of these assets.</i>	<b>FY 2012/13:</b>	<b>\$77,600</b>
<b>2002</b>	<b>Manhole Raising / Rehabilitation</b> <i>Ongoing program to fund the raising of manhole rims in streets that have been resurfaced. NSD crews replace damaged manholes in this program.</i>	<b>FY 2012/13:</b>	<b>\$169,700</b>
<b>2003</b>	<b>Lateral Replacement / Rehabilitation</b> <i>Ongoing program to rehabilitate street laterals as required using NSD crews or an outside contractor.</i>	<b>FY 2012/13:</b>	<b>\$63,400</b>
<b>2004</b>	<b>Cleanout Installation / Rehabilitation</b> <i>Ongoing program using NSD crews to install lateral clean-outs at the property line where one does not exist.</i>	<b>FY 2012/13:</b>	<b>\$69,900</b>
<b>2009</b>	<b>Inflow &amp; Infiltration (I&amp;I) Reduction Program</b> <i>This is the final year of this program that conducts smoke testing and flow monitoring for I&amp;I reduction projects in this program. A consultant will revise the Collection System Master Plan hydraulic model to determine the most cost effective method to address capacity deficiencies in the collection system.</i>	<b>Project Total:</b>	<b>\$773,487</b>
		<b>FY 2012/13:</b>	<b>\$162,000</b>
<b>2021</b>	<b>Basin L - I&amp;I Reduction Project 2</b> <i>The project will be designed and constructed to reduce I&amp;I in Basin L (north of Imola Avenue, south of Napa Creek, and west of the Napa River).</i>	<b>Project Total:</b>	<b>\$1,250,000</b>
		<b>FY 2012/13:</b>	<b>\$435,000</b>
<b>20xx</b>	<b>Basin L - I&amp;I Reduction Project 3</b> <i>The project will be designed and constructed to reduce I&amp;I in Basin L (north of Imola Avenue, south of Napa Creek, and west of the Napa River). Staff will use the results of the winter 09/10 flow monitoring and coordination with City paving projects to determine the project location.</i>	<b>Project Total:</b>	<b>\$1,270,000</b>
		<b>FY 2012/13:</b>	<b>\$337,200</b>

**2500 COLLECTION SYSTEM EQUIPMENT**

<b>2504</b>	<b>CCTV Transporter Replacement</b> <i>The project replaces the motorized unit that the CCTV truck cameras attach to when travelling through the sewer lines and evaluating the conditions of pipelines. This unit is replaced every three years, on average.</i>	<b>Project Total:</b>	<b>\$20,000</b>	<b>FY 2012/13:</b>	<b>\$20,000</b>
<b>25xx</b>	<b>Locatable Mini-Camera Replacement</b> <i>The project replaces the mini-camera used to inspect sewer service laterals. Due to the nature of the working conditions, these cameras need to be replaced every other year, on average.</i>	<b>Project Total:</b>	<b>\$10,000</b>	<b>FY 2012/13:</b>	<b>\$10,000</b>
<b>25xx</b>	<b>Eel Replacement</b> <i>The eel is used to clean lateral lines during sewer backups. The eel has reached the end of its useful life and needs to be replaced. The eel is typically replaced every four years.</i>	<b>Project Total:</b>	<b>\$5,000</b>	<b>FY 2012/13:</b>	<b>\$5,000</b>
<b>25xx</b>	<b>Vehicle 716 - Kubota Backhoe Replacement</b> <i>The backhoe has reached the end of its useful life and needs to be replaced.</i>	<b>Project Total:</b>	<b>\$42,000</b>	<b>FY 2012/13:</b>	<b>\$42,000</b>
<b>25xx</b>	<b>Vehicle 173 - Plugup Truck Replacement</b> <i>The truck has reached the end of its useful life and needs to be replaced.</i>	<b>Project Total:</b>	<b>\$52,000</b>	<b>FY 2012/13:</b>	<b>\$52,000</b>

**FY 2012/13**  
**CIP Project Descriptions**

**2800 LIFT STATIONS**

*There are no new FY 12/13 Lift Station projects.*

**3000 TREATMENT**

**3009 Pond Aeration** **Project Total: \$2,200,000**      **FY 2012/13: \$697,300**  
*This project adds an additional 125-horsepower in mechanical aerators to the oxidation ponds to increase BOD loading treatment capacity. This project is recommended in the Wastewater Treatment Plant Master Plan.*

**3010 Phase 1 Recycled Water Expansion** **Project Total: \$13,900,000**      **FY 2012/13: \$347,800**  
*This project will expand the District's recycled water production capacity to 3,700 AFY by constructing secondary effluent equalization, 1,400 square feet of sand filters, a new pump station and other ancillary facilities and piping necessary to integrate the new facilities into the existing treatment plant. This project is recommended in the Wastewater Treatment Plant Master Plan.*

**3500 TREATMENT - EQUIPMENT**

**3540 Spare Digester Mixer** **Project Total: \$400,000**      **FY 2012/13: \$281,700**  
*Purchase a spare digester mixer to have available as a backup for quick installation should the existing mixer fail. This project includes the preparation of a plan to replace the mixer and is recommended in the Wastewater Treatment Plant Master Plan.*

**3541 Activated Sludge Diffuser Replacement** **Project Total: \$900,000**      **FY 2012/13: \$311,500**  
*The existing diffusers will reach the end of their useful life within the next three years. This project will redesign the existing diffuser layout to accommodate a new type of diffuser type for more efficient operation of the existing activated sludge basin. This project is recommended in the Wastewater Treatment Plant Master Plan.*

**3543 Digester Recirc Pumps** **Project Total: \$67,500**      **FY 2012/13: \$22,500**  
*The pumps and motors are nearing the end of their lifecycle. One pump may be rebuilt if its condition deteriorates during the fiscal year.*

**35xx River Outfall Gate Replacement** **Project Total: \$75,000**      **FY 2012/13: \$75,000**  
*The project is to replace the gate at the end of the pipe where treated water is discharged to the river.*

**35xx Area Drain & Pond 1 Isolation Valves** **Project Total: \$50,000**      **FY 2012/13: \$50,000**  
*This project will install valves to control the flow from Pond 1 to the Area Drain pump station. Currently, flow is blocked by a custom-made inflatable plug.*

**35xx CO2 Storage Tanks** **Project Total: \$50,000**      **FY 2012/13: \$50,000**  
*The project is to purchase and install carbon dioxide tanks. Carbon dioxide has been necessary in the past two years to adjust pH levels prior to the processed water going through the chlorine contact basin. The past two years, the tanks were rented. It has been determined that pH adjustment with carbon dioxide will be necessary in the future, and more permanent storage tank would be cost effective.*

**35xx Spare Chemical Pump** **Project Total: \$14,000**      **FY 2012/13: \$14,000**  
*The existing chemical pumps are nearing the end of their useful life. This pump will be purchased as a spare in the event one of the pumps fails.*



**FY 2012/13 Capital Project Schedule**  
**Allocation of Capacity Charges**

#	Name	FY 12/13	% Funded by Capacity Charges	% Funded by Other Revenue	Total Capacity Charges	Total Other Revenue
<b><u>2000 COLLECTION SYSTEM</u></b>						
2001	Mainline Sewer Rehab	77,600		100.0%	-	77,600
2002	Manhole Raising / Rehab	169,700		100.0%	-	169,700
2003	Lateral Replacement / Rehab	63,400		100.0%	-	63,400
2004	Cleanout Installation / Rehab	69,900		100.0%	-	69,900
2009	I&I Reduction Program	162,000	39.4%	60.6%	63,828	98,172
2021	Basin L - I&I Reduction Project 2	435,000	39.4%	60.6%	171,390	263,610
20xx	Basin L - I&I Reduction Project 3	337,200	39.4%	60.6%	132,857	204,343
<b><u>2500 COLLECTION SYSTEM - EQUIPMENT</u></b>						
2504	CCTV Transporter Replacement	20,000		100.0%	-	20,000
25xx	Locatable Mini-Camera Replacement	10,000		100.0%	-	10,000
25xx	Eel Replacement	5,000		100.0%	-	5,000
25xx	Vehicle 716 - Kubota	42,000		100.0%	-	42,000
25xx	Vehicle 173 - Plugup Truck	52,000		100.0%	-	52,000
<b><u>3000 TREATMENT</u></b>						
3009	WWTP MP - Pond Aeration	697,300	100.0%	0.0%	697,300	-
3010	WWTP MP - RW Expansion - Phase 1	347,800	39.4%	60.6%	137,033	210,767
<b><u>3500 TREATMENT - EQUIPMENT</u></b>						
3540	WWTP MP - Spare Digester Mixer	281,700		100.0%	-	281,700
3541	WWTP MP - Activated Sludge Diffuser Replaceme	311,500		100.0%	-	311,500
3543	Digester Recirc Pumps	22,500		100.0%	-	22,500
35xx	Ops - River Outfall Gate Replacement	75,000		100.0%	-	75,000
35xx	Ops - Area Drain & Pond 1 Isolation Valves	50,000		100.0%	-	50,000
35xx	Ops - CO2 Storage Tanks	50,000		100.0%	-	50,000
35xx	Main - Spare Chemical Pump	14,000		100.0%	-	14,000
35xx	Vehicle 157 - Ford Ranger	27,000		100.0%	-	27,000
35xx	Vehicle 163 - Ford Ranger 4x4	27,000		100.0%	-	27,000
<b><u>4000 TREATMENT - STRUCTURES</u></b>						
4012	WWTP MP - IPS Expansion	1,167,700	39.4%	60.6%	460,074	707,626
<b><u>4500 SCADA</u></b>						
45xx	SCADA Server Replacement	25,000		100.0%	-	25,000
<b><u>5000 RECYCLING - DISTRICT</u></b>						
5012	WWTP MP - Recycled Water Jockey Pump	77,300		100.0%	-	77,300
<b><u>5500 RECYCLING - EXPANSION</u></b>						
5501	North Bay Water Reuse Project	390,000	100.0%	0.0%	390,000	-
5506	NSH Pipeline Construction	308,000		100.0%	-	308,000
<b><u>6000 OTHER</u></b>						
6003	Development Technical Support	202,000	100.0%	0.0%	202,000	-
6004	Office/Corp Yard Relocation	6,537,000		100.0%	-	6,537,000
<b>TOTALS</b>		<b>\$12,054,600</b>			<b>\$2,254,482</b>	<b>\$9,800,118</b>

Napa Sanitation District  
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**10-Year Capital Improvement Plan**

# Name	FY 11/12 Amended	FY 12/13 Budget	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	FY 17/18 Proposed	FY 18/19 Proposed	FY 19/20 Proposed	FY 20/21 Proposed	FY 21/22 Proposed	Total 10-Year CIP
<b>2000 COLLECTION SYSTEM</b>	<b>2,908,360</b>	<b>1,314,800</b>	<b>2,377,000</b>	<b>2,543,000</b>	<b>2,610,000</b>	<b>4,661,000</b>	<b>4,374,000</b>	<b>3,660,000</b>	<b>4,730,000</b>	<b>3,482,000</b>	<b>2,210,000</b>	<b>31,961,800</b>
2001 Mainline Sewer Rehab	75,320	77,600	80,000	82,000	85,000	87,000	90,000	93,000	95,000	98,000	101,000	888,600
2002 Manhole Raising / Rehab	164,000	169,700	175,000	180,000	185,000	191,000	197,000	203,000	209,000	215,000	221,000	1,945,700
2003 Lateral Replacement / Rehab	61,530	63,400	65,000	67,000	69,000	71,000	73,000	76,000	78,000	80,000	83,000	725,400
2004 Cleanout Installation / Rehab	67,900	69,900	72,000	74,000	76,000	79,000	81,000	84,000	86,000	89,000	91,000	801,900
20xx North Napa 18" ACP (Trower to Garfield Ln)	-	-	346,000	181,000	-	-	-	-	-	-	-	527,000
20xx North Napa 18" ACP (El Centro to Trower)	-	-	145,000	76,000	-	-	-	-	-	-	-	221,000
20xx Soscol Ave 14" ACP (Trancas to La Homa)	-	-	145,000	76,000	-	-	-	-	-	-	-	221,000
20xx Park Street - Upper Section	-	-	-	278,000	141,000	-	-	-	-	-	-	419,000
20xx Post St / Evans (from Silverado Tr to Juarez)	-	-	-	302,000	148,000	-	-	-	-	-	-	450,000
20xx Redwood Rd (Carol Dr to Linda Vista)	-	-	-	-	289,000	153,000	-	-	-	-	-	442,000
20xx Soscol Ave (8th to Oil Company Rd)	-	-	-	-	-	763,000	1,018,000	-	-	-	-	1,781,000
2009 I&I Reduction Program	244,252	162,000	-	-	-	-	-	-	-	-	-	162,000
2019 Basin L - I&I Reduction Project 1	1,080,341	-	-	-	-	-	-	-	-	-	-	-
2021 Basin L - I&I Reduction Project 2	815,017	435,000	-	-	-	-	-	-	-	-	-	435,000
20xx Basin L - I&I Reduction Project 3	-	337,200	933,000	-	-	-	-	-	-	-	-	1,270,200
20xx Basin L - I&I Reduction Project 4	-	-	416,000	1,227,000	-	-	-	-	-	-	-	1,643,000
20xx Basin I/J - I&I Reduction Project 1	-	-	-	-	542,000	287,000	-	-	-	-	-	829,000
2022 Browns Valley Rd & First St	200,000	-	-	-	-	1,605,000	2,915,000	3,204,000	2,976,000	-	-	10,700,000
2023 Trancas Street Relining	200,000	-	-	-	-	-	-	-	-	-	-	-
20xx Trunk Sewers	-	-	-	-	1,075,000	1,425,000	-	-	-	-	-	2,500,000
20xx Trunk Sewers	-	-	-	-	-	-	-	-	1,286,000	1,714,000	-	3,000,000
20xx Trunk Sewers	-	-	-	-	-	-	-	-	-	1,286,000	1,714,000	3,000,000
<b>2500 COLLECTION SYSTEM - EQUIPMENT</b>	<b>25,362</b>	<b>129,000</b>	<b>37,000</b>	<b>394,000</b>	<b>226,000</b>	<b>19,000</b>	<b>10,000</b>	<b>350,000</b>	<b>360,000</b>	<b>33,000</b>	<b>16,000</b>	<b>1,574,000</b>
2504 CCTV Transporter Replacement	-	20,000	-	-	-	-	-	-	-	-	-	20,000
2504 CCTV Transporter Replacement	-	-	-	-	20,000	-	-	-	-	-	-	20,000
2505 Lateral Jetter Replacement	-	-	-	-	-	-	10,000	-	-	-	-	10,000
2506 Bypass System	5,921	-	-	-	-	-	-	-	-	-	-	-
25xx Locatable Mini-Camera Replacement	-	10,000	-	-	-	-	-	-	-	-	-	10,000
25xx Locatable Mini-Camera Replacement	-	-	-	10,000	-	-	-	-	-	-	-	10,000
25xx Locatable Mini-Camera Replacement	-	-	-	-	-	10,000	-	-	-	-	-	10,000
25xx Locatable Mini-Camera Replacement	-	-	-	-	-	-	-	10,000	-	-	-	10,000
25xx Locatable Mini-Camera Replacement	-	-	-	-	-	-	-	-	10,000	-	-	10,000
25xx Eel Replacement	-	5,000	-	-	-	-	-	-	-	-	-	5,000
25xx Eel Replacement	-	-	-	-	5,000	-	-	-	-	-	-	5,000
25xx Eel Replacement	-	-	-	-	-	-	-	5,000	-	-	-	5,000
25xx Eel Replacement	-	-	-	-	-	-	-	-	-	-	5,000	5,000
2511 Vehicle 168 - Ford F-550	19,441	-	-	-	-	-	-	-	-	-	-	-
25xx Vehicle 180 - Ford Ranger	-	-	-	-	-	-	-	-	-	23,000	11,000	34,000
25xx Vehicle 154 - Ford Ranger	-	-	-	29,000	-	-	-	-	-	-	-	29,000
25xx Vehicle 716 - Kubota	-	42,000	-	-	-	-	-	-	-	-	-	42,000
25xx Vehicle 015 - Water Trailer	-	-	-	11,000	-	-	-	-	-	-	-	11,000
25xx Vehicle 166 - Ford F-350	-	-	37,000	-	-	-	-	-	-	-	-	37,000
25xx Vehicle 013 - Pipe Dolly	-	-	-	14,000	-	-	-	-	-	-	-	14,000
25xx Vehicle 173 - Plugup Truck	-	52,000	-	-	-	-	-	-	-	-	-	52,000
25xx Vehicle 706 - 410 Backhoe	-	-	-	165,000	-	-	-	-	-	-	-	165,000
25xx Vehicle 714 - 510 Backhoe	-	-	-	165,000	-	-	-	-	-	-	-	165,000
25xx Vehicle 510 - Water Truck	-	-	-	-	201,000	-	-	-	-	-	-	201,000
25xx Vehicle 175 - Hybrid Escape	-	-	-	-	-	-	-	38,000	-	-	-	38,000
25xx Vehicle 504 - TV Truck	-	-	-	-	-	-	-	297,000	-	-	-	297,000
25xx Vehicle 100 - Backhoe Trailer	-	-	-	-	-	-	-	-	26,000	-	-	26,000
25xx Vehicle 405 - Dump Truck	-	-	-	-	-	-	-	-	115,000	-	-	115,000
25xx Vehicle 512 - Rodder	-	-	-	-	-	-	-	-	178,000	-	-	178,000
25xx Vehicle18 - Cement Trailer	-	-	-	-	-	-	-	-	41,000	-	-	41,000
25xx Vehicle 16 - 18ft Trailer	-	-	-	-	-	9,000	-	-	-	-	-	9,000

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**10-Year Capital Improvement Plan**

# Name	FY 11/12 Amended	FY 12/13 Budget	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	FY 17/18 Proposed	FY 18/19 Proposed	FY 19/20 Proposed	FY 20/21 Proposed	FY 21/22 Proposed	Total 10-Year CIP
<b>2800 LIFT STATIONS</b>	<b>126,507</b>	<b>-</b>	<b>45,000</b>	<b>25,000</b>	<b>-</b>	<b>100,000</b>	<b>105,000</b>	<b>151,000</b>	<b>110,000</b>	<b>110,000</b>	<b>115,000</b>	<b>761,000</b>
2806 West Napa Odor Control	119,107	-	-	-	-	-	-	-	-	-	-	-
2807 West Napa VFD Replacement	7,400	-	-	-	-	-	-	-	-	-	-	-
28xx Riverpark PS VFD/Electric Sys	-	-	-	-	-	-	-	36,000	-	-	-	36,000
28xx Main - West Napa Channel Gate Replacement	-	-	45,000	-	-	-	-	-	-	-	-	45,000
28xx Main - Stonecrest Pump Rebuild	-	-	-	-	-	-	-	45,000	-	-	-	45,000
28xx Main - Riverpark Ventilation & Odor Control	-	-	-	25,000	-	-	-	-	-	-	-	25,000
28xx Main - West Napa Pump Rebuild	-	-	-	-	-	-	-	70,000	-	-	-	70,000
28xx Lift Station Equipment Renewal & Replacement	-	-	-	-	-	100,000	-	-	-	-	-	100,000
28xx Lift Station Equipment Renewal & Replacement	-	-	-	-	-	-	105,000	-	-	-	-	105,000
28xx Lift Station Equipment Renewal & Replacement	-	-	-	-	-	-	-	-	110,000	-	-	110,000
28xx Lift Station Equipment Renewal & Replacement	-	-	-	-	-	-	-	-	-	110,000	-	110,000
28xx Lift Station Equipment Renewal & Replacement	-	-	-	-	-	-	-	-	-	-	115,000	115,000
<b>3000 TREATMENT</b>	<b>1,317,459</b>	<b>1,045,100</b>	<b>10,310,000</b>	<b>5,370,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444,000</b>	<b>567,000</b>	<b>3,889,000</b>	<b>21,625,100</b>
3008 FOG Receiving Station	803,292	-	-	-	-	-	-	-	-	-	-	-
3009 WWTP MP - Pond Aeration	122,500	697,300	1,380,000	-	-	-	-	-	-	-	-	2,077,300
3010 WWTP MP - RW Expansion - Phase 1	391,667	347,800	8,930,000	5,370,000	-	-	-	-	-	-	-	14,647,800
30xx WWTP MP - RW Expansion - Phase 2	-	-	-	-	-	-	-	-	444,000	567,000	3,889,000	4,900,000
<b>3500 TREATMENT - EQUIPMENT</b>	<b>1,024,113</b>	<b>858,700</b>	<b>1,487,000</b>	<b>1,084,000</b>	<b>1,720,000</b>	<b>771,000</b>	<b>16,000</b>	<b>140,000</b>	<b>-</b>	<b>123,000</b>	<b>178,000</b>	<b>6,377,700</b>
35xx WWTP Clarifier Mechanical Overhaul	-	-	55,000	-	-	-	-	-	-	-	-	55,000
3526 Digester Hot Water Pumps (3)	11,000	-	-	-	-	-	-	-	-	-	-	-
3520 Plant Security Cameras	9,682	-	-	-	-	-	-	-	-	-	-	-
3523 Portable Pump Replacement	56,989	-	-	-	-	-	-	-	-	-	-	-
3527 DAFT Overflow Pumps (2) Cornell	10,000	-	10,000	10,000	-	-	-	-	-	-	-	20,000
3528 Oven Replacements	5,000	-	-	-	-	-	-	-	-	-	-	-
3529 Laboratory Information Management System	91,000	-	-	-	-	-	-	-	-	-	-	-
3530 Sample Refrigerator	9,500	-	-	-	-	-	-	-	-	-	-	-
3531 Automated BOD Analyzer	43,000	-	-	-	-	-	-	-	-	-	-	-
3532 Acid Dishwasher	10,000	-	-	-	-	-	-	-	-	-	-	-
3533 Duel Fuel Boiler Burner	75,000	-	-	-	-	-	-	-	-	-	-	-
3534 Man Lift for Plant	10,000	-	-	-	-	-	-	-	-	-	-	-
3535 Compressed Air Dryer	5,000	-	-	-	-	-	-	-	-	-	-	-
3536 Energy Management System	40,000	-	-	-	-	-	-	-	-	-	-	-
3537 Ammonia Analyzer	62,500	-	-	-	-	-	-	-	-	-	-	-
3538 H Pad Actuator and Programming	30,000	-	-	-	-	-	-	-	-	-	-	-
3539 Pond 4 PS Service Water	75,000	-	-	-	-	-	-	-	-	-	-	-
3540 WWTP MP - Spare Digester Mixer	118,333	281,700	-	-	-	-	-	-	-	-	-	281,700
3541 WWTP MP - Activated Sludge Diffuser Replacem	95,556	311,500	493,000	-	-	-	-	-	-	-	-	804,500
3542 WWTP MP - Tertiary Treatment Improvements	75,556	-	-	-	-	-	-	-	-	-	-	-
35xx WWTP MP - 3W System Improvements	-	-	80,000	220,000	-	-	-	-	-	-	-	300,000
35xx WWTP MP - Solids Handling Improvements	-	-	106,000	245,000	449,000	-	-	-	-	-	-	800,000
3543 Digester Recirc Pumps	22,500	22,500	23,000	-	-	-	-	-	-	-	-	45,500
3544 Secondary PS Pump Rebuild (3)	35,000	-	-	-	-	-	-	-	-	-	-	-
3507 Turbidimeters (7) Tertiary Replacements	-	-	11,000	-	-	-	-	-	-	-	-	11,000
3509 Residual Analyzers (Deox) Replacements	30,000	-	-	-	-	-	-	-	-	-	-	-
3548 Positive Displacement Pump	14,000	-	-	-	-	-	-	-	-	-	-	-
35xx Gas Compressor (ES)	-	-	61,000	-	-	-	-	-	-	-	-	61,000
35xx Digester Draft Tube Overhaul	-	-	37,000	-	-	-	-	-	-	-	-	37,000
35xx Wash Pumps (2)	-	-	12,000	-	-	-	-	-	-	-	-	12,000
35xx Ultrapure Water System Replacements	-	-	6,000	-	-	-	-	-	-	-	-	6,000
35xx Effluent Overflow Meter	-	-	-	363,000	449,000	-	-	-	-	-	-	812,000
35xx Ops - River Outfall Gate Replacement	-	75,000	-	-	-	-	-	-	-	-	-	75,000
35xx Ops - Area Drain & Pond 1 Isolation Valves	-	50,000	-	-	-	-	-	-	-	-	-	50,000
35xx Ops - CO2 Storage Tanks	-	50,000	-	-	-	-	-	-	-	-	-	50,000
35xx Ops - Floc Polymer Tank Replacement	-	-	-	-	35,000	-	-	-	-	-	-	35,000
35xx Ops - Pond 1 Dredge	-	-	-	-	131,000	369,000	-	-	-	-	-	500,000
35xx Ops - RAS System Flow Meter	-	-	10,000	-	-	-	-	-	-	-	-	10,000
35xx Ops - AB Caustic Equipment Bldg Replacement	-	-	-	-	-	15,000	-	-	-	-	-	15,000
35xx Lab - Southend Hood Replacement	-	-	35,000	-	-	-	-	-	-	-	-	35,000



Napa Sanitation District  
FY 2012/13 Budget

**10-Year Capital Improvement Plan**

#	Name	FY 11/12 Amended	FY 12/13 Budget	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	FY 17/18 Proposed	FY 18/19 Proposed	FY 19/20 Proposed	FY 20/21 Proposed	FY 21/22 Proposed	Total 10-Year CIP
35xx	Lab - Northend Hood Replacement	-	-	35,000	-	-	-	-	-	-	-	-	35,000
35xx	Lab - Sampler 3740 Replacement	-	-	6,000	-	-	-	-	-	-	-	-	6,000
35xx	Lab - DO Probe Replacements	-	-	5,000	-	-	-	-	-	-	-	-	5,000
35xx	Lab - Sampler 3710FR Replacement	-	-	6,000	-	-	-	-	-	-	-	-	6,000
35xx	Lab - Sampler 3710FR Replacement	-	-	6,000	-	-	-	-	-	-	-	-	6,000
35xx	Lab - Sampler 3710FR Replacement	-	-	6,000	-	-	-	-	-	-	-	-	6,000
35xx	Lab - Sampler 3710FR Replacement	-	-	6,000	-	-	-	-	-	-	-	-	6,000
35xx	Lab - Sampler 3710FR Replacement	-	-	6,000	-	-	-	-	-	-	-	-	6,000
35xx	Lab - Lab Grade Dishwasher Replacement	-	-	10,000	-	-	-	-	-	-	-	-	10,000
35xx	Lab - Oven Replacement	-	-	-	5,000	-	-	-	-	-	-	-	5,000
35xx	Lab - Refrigerator/Freezer Replacement	-	-	-	6,000	-	-	-	-	-	-	-	6,000
35xx	Lab - Amperometric Titrator Replacement	-	-	-	5,000	-	-	-	-	-	-	-	5,000
35xx	Lab - Bioassay System Replacement	-	-	-	-	40,000	-	-	-	-	-	-	40,000
35xx	Lab - Microscope Replacement	-	-	-	-	-	9,000	-	-	-	-	-	9,000
35xx	Lab - Balance Replacement	-	-	-	-	-	7,000	-	-	-	-	-	7,000
35xx	Lab - Sampler 3710FR Replacement	-	-	-	-	-	6,000	-	-	-	-	-	6,000
35xx	Lab - Autoclave Replacement	-	-	-	-	-	-	11,000	-	-	-	-	11,000
35xx	Lab - UV Spectrophotometer Replacement	-	-	-	-	-	-	5,000	-	-	-	-	5,000
35xx	Lab - BOD Incubator Replacement	-	-	-	-	-	-	-	-	-	8,000	-	8,000
35xx	Lab - Sampler 4700 Replacement	-	-	-	-	-	-	-	-	-	6,000	-	6,000
35xx	Lab - Sampler 4700 Replacement	-	-	-	-	-	-	-	-	-	6,000	-	6,000
35xx	Lab - Sampler 4700 Replacement	-	-	-	-	-	-	-	-	-	6,000	-	6,000
35xx	Lab - Sampler 4700 Replacement	-	-	-	-	-	-	-	-	-	6,000	-	6,000
35xx	Lab - Sampler 4700 Replacement	-	-	-	-	-	-	-	-	-	6,000	-	6,000
35xx	Main - Spare Chemical Pump	-	14,000	-	-	-	-	-	-	-	-	-	14,000
35xx	Main - Stationary Gas Detector Replacement	-	-	100,000	-	-	-	-	-	-	-	-	100,000
35xx	Main - New Shop & Warehouse	-	-	-	-	70,000	-	-	-	-	-	-	70,000
35xx	Main - Rotork Actuator Replacement	-	-	80,000	-	-	-	-	-	-	-	-	80,000
35xx	Main - Rotork Actuator Replacement	-	-	-	80,000	-	-	-	-	-	-	-	80,000
35xx	Main - Rotork Actuator Replacement	-	-	-	-	80,000	-	-	-	-	-	-	80,000
35xx	Main - Rotork Actuator Replacement	-	-	-	-	-	80,000	-	-	-	-	-	80,000
35xx	Main - Rotork Actuator Replacement	-	-	-	-	-	-	-	85,000	-	-	-	85,000
35xx	Main - Rotork Actuator Replacement	-	-	-	-	-	-	-	-	-	85,000	-	85,000
35xx	Main - Rehab Pond 1 Storage Structure	-	-	-	50,000	-	-	-	-	-	-	-	50,000
35xx	Main - Belt Press Polymer Skid Replacement	-	-	30,000	-	-	-	-	-	-	-	-	30,000
35xx	Main - Headworks Odor Control Upgrade	-	-	-	50,000	50,000	-	-	-	-	-	-	100,000
35xx	Main - Septage Pump & Motor Replacement	-	-	25,000	-	-	-	-	-	-	-	-	25,000
35xx	Main - Septage Card Reader Replacement	-	-	-	-	20,000	-	-	-	-	-	-	20,000
35xx	Main - Primary Clarifier Mech/Struct Rehabilitation	-	-	-	-	150,000	150,000	-	-	-	-	-	300,000
35xx	Main - Secondary Clarifier Mech/Struct Rehabilitation	-	-	-	-	150,000	150,000	-	-	-	-	-	300,000
35xx	Main - Digester Sludge Feed Replacement	-	-	-	50,000	-	-	-	-	-	-	-	50,000
35xx	Main - TWAS Pump Replacement	-	-	-	-	40,000	-	-	-	-	-	-	40,000
3524	Vehicle 169 - Ford F-550	18,497	-	-	-	-	-	-	-	-	-	-	-
3545	Vehicle 28-30 - Electric Cart #1	7,000	-	-	-	-	-	-	-	-	-	-	-
3546	Vehicle 28-30 - Electric Cart #2	7,000	-	-	-	-	-	-	-	-	-	-	-
3547	Vehicle 28-30 - Electric Cart #3	7,000	-	-	-	-	-	-	-	-	-	-	-
35xx	Vehicle 150 - Ford F-250 Diesel	50,000	-	-	-	-	-	-	-	-	-	-	-
35xx	Vehicle 157 - Ford Ranger	-	27,000	-	-	-	-	-	-	-	-	-	27,000
35xx	Vehicle 163 - Ford Ranger 4x4	-	27,000	-	-	-	-	-	-	-	-	-	27,000
35xx	Vehicle 151 - Ford F-250 Diesel	-	-	48,000	-	-	-	-	-	-	-	-	48,000
35xx	Vehicle 308 - Honda ATV	-	-	12,000	-	-	-	-	-	-	-	-	12,000
35xx	Vehicle 162 - Ford F-250 Diesel	-	-	57,000	-	-	-	-	-	-	-	-	57,000
35xx	Vehicle 165 - Ford F-350	-	-	51,000	-	-	-	-	-	-	-	-	51,000
35xx	Vehicle 167 - Ford F-350	-	-	44,000	-	-	-	-	-	-	-	-	44,000
35xx	Vehicle 158 - Ford F-250 Diesel	-	-	-	-	56,000	-	-	-	-	-	-	56,000
35xx	Vehicle 176 - Escape Hybrid	-	-	-	-	-	-	-	38,000	-	-	-	38,000
35xx	Vehicle 28-39 - Electric Truck	-	-	-	-	-	-	-	17,000	-	-	-	17,000
35xx	Vehicle 513 - 10 Yard Dump	-	-	-	-	-	-	-	-	-	-	178,000	178,000

Napa Sanitation District  
FY 2012/13 Budget

**10-Year Capital Improvement Plan**

# Name	FY 11/12 Amended	FY 12/13 Budget	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	FY 17/18 Proposed	FY 18/19 Proposed	FY 19/20 Proposed	FY 20/21 Proposed	FY 21/22 Proposed	Total 10-Year CIP
<b>4000 TREATMENT - STRUCTURES</b>	<b>484,340</b>	<b>1,167,700</b>	<b>9,688,000</b>	<b>4,945,000</b>	<b>599,000</b>	<b>939,000</b>	-	-	<b>60,000</b>	<b>208,000</b>	<b>412,000</b>	<b>18,018,700</b>
4010 WWTP Paving	8,471	-	-	-	-	-	-	-	-	-	-	-
4006 Influent PS Bypass Piping	200,000	-	-	-	-	-	-	-	-	-	-	-
4007 Pond Transfer Structures - Pond 1 to 2	18,500	-	-	-	-	-	-	-	-	-	-	-
40xx Building HVAC	-	-	179,000	-	-	-	-	-	-	-	-	179,000
4010 WWTP Site Paving	-	-	-	-	150,000	-	-	-	-	-	-	150,000
40xx Replace Dystor covers	-	-	-	429,000	-	-	-	-	-	-	-	429,000
4011 Flocculating Clarifier Weirs	117,000	-	-	-	-	-	-	-	-	-	-	-
4012 WWTP MP - IPS Expansion	140,369	1,167,700	9,509,000	4,403,000	-	-	-	-	-	-	-	15,079,700
40xx WWTP MP - Headworks Improvements	-	-	-	95,000	401,000	704,000	-	-	-	-	-	1,200,000
40xx WWTP MP - Primary Treatment Improvements	-	-	-	18,000	48,000	235,000	-	-	-	-	-	301,000
40xx WWTP MP - Second Digester	-	-	-	-	-	-	-	-	60,000	208,000	316,000	584,000
40xx Pond Improvements - Phase 2	-	-	-	-	-	-	-	-	-	-	96,000	96,000
<b>4500 SCADA</b>	<b>1,055,126</b>	<b>25,000</b>	<b>495,000</b>	<b>54,000</b>	<b>154,000</b>	-	<b>25,000</b>	-	<b>16,000</b>	-	-	<b>769,000</b>
4501 SCADA MP Phase 3	7,500	-	-	-	-	-	-	-	-	-	-	-
4503 SCADA MP Phase 4	1,047,626	-	-	-	-	-	-	-	-	-	-	-
45xx SCADA MP Phase 5	-	-	495,000	-	-	-	-	-	-	-	-	495,000
45xx Telemetry Upgrades	-	-	-	-	154,000	-	-	-	-	-	-	154,000
45xx SCADA PLC Replacement	-	-	-	38,000	-	-	-	-	-	-	-	38,000
45xx SCADA Server Replacement	-	25,000	-	-	-	-	-	-	-	-	-	25,000
45xx SCADA Server Replacement	-	-	-	16,000	-	-	-	-	-	-	-	16,000
45xx SCADA Server Replacement	-	-	-	-	-	-	25,000	-	-	-	-	25,000
45xx SCADA Server Replacement	-	-	-	-	-	-	-	-	16,000	-	-	16,000
<b>5000 RECYCLING - DISTRICT</b>	<b>268,748</b>	<b>77,300</b>	<b>196,000</b>	<b>550,000</b>	<b>611,000</b>	<b>410,000</b>	<b>570,000</b>	<b>483,000</b>	<b>530,000</b>	<b>620,000</b>	<b>767,000</b>	<b>4,814,300</b>
5012 WWTP MP - Recycled Water Jockey Pump	38,222	77,300	85,000	-	-	-	-	-	-	-	-	162,300
5005 Jameson Pressure Station Rehab	49,526	-	-	-	-	-	-	-	-	-	-	-
50xx WWTP MP - Line Recycled Water Reservoir	-	-	-	69,000	131,000	-	-	-	-	-	-	200,000
50xx Main - VFD Replacement	-	-	-	140,000	-	-	-	-	-	-	-	140,000
5014 Jameson Sprinkler Replacement - Field A	80,000	-	-	-	-	-	-	-	-	-	-	-
50xx Jameson Sprinkler Replacement - Field B	-	-	80,000	-	-	-	-	-	-	-	-	80,000
50xx Jameson Sprinkler Replacement - Field C	-	-	-	-	80,000	-	-	-	-	-	-	80,000
50xx Jameson Sprinkler Replacement - Field D	-	-	-	-	-	-	80,000	-	-	-	-	80,000
50xx Jameson Sprinkler Replacement - Field E	-	-	-	-	-	-	-	80,000	-	-	-	80,000
50xx Equipment/Rehabs	-	-	-	-	400,000	-	-	-	-	-	-	400,000
50xx Equipment/Rehabs	-	-	-	-	-	410,000	-	-	-	-	-	410,000
50xx Equipment/Rehabs	-	-	-	-	-	-	425,000	-	-	-	-	425,000
50xx Equipment/Rehabs	-	-	-	-	-	-	-	435,000	-	-	-	435,000
50xx Equipment/Rehabs	-	-	-	-	-	-	-	-	450,000	-	-	450,000
50xx Equipment/Rehabs	-	-	-	-	-	-	-	-	-	465,000	-	465,000
50xx Equipment/Rehabs	-	-	-	-	-	-	-	-	-	-	475,000	475,000
5013 Bulk Spreader	50,000	-	-	-	-	-	-	-	-	-	-	-
5011 Pull Flail Chopper Replacement	25,000	-	-	-	-	-	-	-	-	-	-	-
50xx Pull Flail Chopper Replacement	-	-	31,000	-	-	-	-	-	-	-	-	31,000
50xx Vehicle 710 - 8830 Tractor	-	-	-	215,000	-	-	-	-	-	-	-	215,000
5010 Vehicle 164 - Ford Ranger 4x4	26,000	-	-	-	-	-	-	-	-	-	-	-
50xx Vehicle 717 - Kubota L-4310	-	-	-	54,000	-	-	-	-	-	-	-	54,000
50xx Vehicle 718 - Landini Tractor	-	-	-	72,000	-	-	-	-	-	-	-	72,000
50xx Vehicle 171 - Ford F-350	-	-	-	-	-	-	65,000	-	-	-	-	65,000
50xx Vehicle 174 - Ford F-350 SB	-	-	-	-	-	-	-	-	-	106,000	-	106,000
50xx Vehicle 311 - Kubota	-	-	-	-	-	-	-	24,000	-	-	-	24,000
50xx Vehicle 312 - Kubota	-	-	-	-	-	-	-	24,000	-	-	-	24,000
50xx Vehicle 178 - Ford F-350 SRW	-	-	-	-	-	-	-	-	-	49,000	-	49,000
50xx Vehicle 721 - John Deer 8430T Tractor	-	-	-	-	-	-	-	-	-	-	292,000	292,000
<b>5500 RECYCLING - EXPANSION</b>	<b>3,618,336</b>	<b>698,000</b>	<b>459,000</b>	<b>991,000</b>	<b>525,000</b>	<b>375,000</b>	<b>250,000</b>	<b>150,000</b>	-	-	-	<b>3,448,000</b>
5501 North Bay Water Reuse Project	346,336	390,000	150,000	150,000	150,000	150,000	150,000	150,000	-	-	-	1,290,000
5506 NSH Pipeline Construction	2,722,000	308,000	-	-	375,000	225,000	100,000	-	-	-	-	1,008,000
5507 MST RW Pipeline Planning & Engineering	550,000	-	-	-	-	-	-	-	-	-	-	-
55xx Split N/S Lines, surge protection	-	-	309,000	841,000	-	-	-	-	-	-	-	1,150,000

Napa Sanitation District  
FY 2012/13 Budget

**10-Year Capital Improvement Plan**

# Name	FY 11/12 Amended	FY 12/13 Budget	FY 13/14 Proposed	FY 14/15 Proposed	FY 15/16 Proposed	FY 16/17 Proposed	FY 17/18 Proposed	FY 18/19 Proposed	FY 19/20 Proposed	FY 20/21 Proposed	FY 21/22 Proposed	Total 10-Year CIP
<b>6000 OTHER</b>	<b>1,195,930</b>	<b>6,739,000</b>	<b>299,000</b>	<b>242,000</b>	<b>269,000</b>	<b>228,000</b>	<b>258,000</b>	<b>241,000</b>	<b>248,000</b>	<b>255,000</b>	<b>236,000</b>	<b>9,015,000</b>
6003 Development Technical Support	195,930	202,000	208,000	214,000	220,000	228,000	234,000	241,000	248,000	255,000	236,000	2,286,000
6004 Office/Corp Yard Relocation	1,000,000	6,537,000	-	-	-	-	-	-	-	-	-	6,537,000
60xx Vehicle 161 - Ford Winstar	-	-	36,000	-	-	-	-	-	-	-	-	36,000
60xx Vehicle 170 - Ford Ranger 4x4	-	-	29,000	-	-	-	-	-	-	-	-	29,000
60xx Vehicle 605 - Ford Taurus	-	-	26,000	-	-	-	-	-	-	-	-	26,000
60xx Vehicle 172 - Ford Ranger 4x4	-	-	-	28,000	-	-	-	-	-	-	-	28,000
60xx Vehicle 011 - CSET Trailer	-	-	-	-	22,000	-	-	-	-	-	-	22,000
60xx Vehicle 155 - Ford Ranger	-	-	-	-	27,000	-	-	-	-	-	-	27,000
60xx Vehicle 607 - Ford Taurus	-	-	-	-	-	-	24,000	-	-	-	-	24,000
<b>PROJECT TOTALS</b>	<b>12,024,281</b>	<b>\$12,054,600</b>	<b>\$25,393,000</b>	<b>\$16,198,000</b>	<b>\$6,714,000</b>	<b>\$7,503,000</b>	<b>\$5,608,000</b>	<b>\$5,175,000</b>	<b>\$6,498,000</b>	<b>\$5,398,000</b>	<b>\$7,823,000</b>	<b>\$98,364,600</b>
<i>Cumulative Total (FY12/13 - FY21/22)</i>		<i>\$12,054,600</i>	<i>\$37,447,600</i>	<i>\$53,645,600</i>	<i>\$60,359,600</i>	<i>\$67,862,600</i>	<i>\$73,470,600</i>	<i>\$78,645,600</i>	<i>\$85,143,600</i>	<i>\$90,541,600</i>	<i>\$98,364,600</i>	

## Ten-Year Financial Plan



*Visitors check out microorganisms in the Plant Laboratory during the 2010 Open House event.*

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## Ten-Year Financial Plan

### Plan Description

Also called a Financial Master Plan or a Ten-Year Financial Forecast, the Ten-Year Financial Plan is a projection of operating and capital expenditures, along with projections of rates and the revenues they are anticipated to generate over that time. The Ten-Year Financial Plan evaluates whether the revenues are adequate to cover the projected costs.

This Plan addresses the following questions. Over the next 10 years...

- What are the District’s projected revenues, and what assumptions are used?
- What are the District’s projected operating costs, and what assumptions are used?
- What are the projected capital costs for the District?
- Will the District use pay-as-you-go financing or debt financing for its capital projects?
- Are sewer service charge rates sufficient?

### Revenue Forecast

#### Sewer Service Charges

Prior to 2006, the District last increased its sewer service charge in 1995. For FY07 through FY09, the District increased the sewer service charge by 15% per year to \$315 in FY07, \$362 in FY08 and \$416 in FY09. Since then, the District has increased the fee by the Consumer Price Index (CPI).

In 2011, the District went through the Proposition 218 process, thereby setting the sewer service charge to increase with CPI through fiscal year 2015/16. The forecast assumes an annual CPI increase of 2.7% in FY 13/14, and 2.5% thereafter.

#### Recycled Water Fees

Recycled water fees are becoming a more significant source of revenue for the District. These are the fees charged to users of recycled water. The current fee is \$0.94 per 1,000 gallons of water (\$306.30 per acre-foot), and increases every January 1 based on CPI. Fees are set via service contract with the end users. All end user agreements expire in October 2015.

In 2012, the District adopted new recycled water rates that go into effect in 2016. The rates will be as follows:

Rate	Description
\$1.57/kgal	Peak demand usage (April - October)
\$1.25/kgal	Large contract users
\$1.20/kgal	Off peak usage (Nov. – Feb.)
\$1.05/kgal	March

Rates will increase with CPI starting in 2017.

The forecast assumes that the District will increase recycled water sales from the current 900 acre feet to 2,350 acre feet. Future customers include land owners in the MST area, the Napa State Hospital, St. Regis Resort, and Montelcino Resort. Currently, none of these potential users are taking recycled water.

#### Capacity Charges

At the beginning of FY 2012/13, capacity charges increased to \$7,000 per Equivalent Dwelling Unit (EDU). The charge will increase to \$8,300 per EDU in July 2013. Thereafter, the rate will increase with the San Francisco Engineering News Record’s Construction Cost Index (ENR-CCI), an inflation measure for capital infrastructure costs.

Development has been significantly lower than historical trends. The Ten-Year Financial Plan anticipates that the current conditions will remain through FY13 (200 EDU), with development returning to trends that more closely match the city and county’s growth plans starting in FY14 (250 EDU) and FY15 (290 EDU).

#### Leases and Rents

According to the lease agreement with HCV Napa, the developer will pay the District the lease payments that it has deferred for the past two years, plus interest at 4% annually. This payment is expected to be just over \$1.35 million, due on June 30, 2013. Thereafter, HCV will begin to make lease payments of \$600,000 annually. Other lease revenues include existing leases with Eagle Vines Golf Club (approx. \$110,000 annually) and with Sprint (approx. \$25,000 annually).

#### Other Revenues

There are a number of other smaller revenues collected by the District. They have been forecasted based on historical collection and any anticipated increases in rates due to CPI or other factors.

The Ten-Year Financial Plan assumes that part of the Hartle Court property owned by the District will be sold in FY13, with the proceeds used toward the new Administration Building and Corporation Yard

CIP project. The Ten-Year Financial Plan does not include any other revenues from the sale of assets.

### ***Operating Cost Forecast***

Operating expenses for the District includes salaries and benefits, maintenance and operations of the collection and treatment system, and the purchase of materials and supplies. The District must also fund its annual debt service.

Salaries are controlled by Memoranda of Understanding (MOU) and limit annual growth to CPI, with a minimum and maximum range between 2% and 4.25%. Over the ten years, the CPI for salaries is assumed to increase between 2.5% and 2.7% annually. Some benefits, such as OPEB and retirement expenses, are calculated as a percentage of salary, while other benefits, such as health care, increase based on joint purchase agreements. Health care costs are assumed to increase at an 8% rate, and retirement expenses as a percentage of salary are expected to increase an additional 2% starting in FY 2013/14. Medical in-lieu payments will continue their 14% per year decrease through the end of the MOU term. Workers compensation insurance is expected to remain flat. For the Ten-Year Financial Plan, salaries and benefits combined are projected to increase 3.7% in FY 2013/14 and 3.6% annually thereafter.

Services and supplies are budgeted to increase 2.0% annually to account for increases in inflation. It is assumed that there is no change in current service levels. The new FOG receiving station is anticipated to reduce the amount of electricity purchased once it is operational. However, several newly planned capital improvements at the plant, most notably the expansion of the recycled water filters (CIP #3010) will require additional electricity to operate. For this reason, the forecast for electricity costs does not increase or decrease from current levels. Chemical consumption typically rises at a rate higher than 2%, but this has been managed in recent years through the introduction of capital projects and changes in operations that have reduced the overall amount of chemicals used per million gallons of water processed. Other service and supply categories have decreased or remained the same over the past few years. Combining all of these factors, a 2% annual growth rate is reasonable.

### ***Capital Costs***

There are several master plans that influence the overall Ten-Year Capital Improvement Plan. The

Recycled Water Strategic Plan and Collection System Master Plan were completed several years ago, while the Treatment Plant Master Plan was completed in March 2011. These plans serve to identify the capital improvements that should be made within each area over the next 20 years.

When all of the recommendations from the master plans are combined, there is insufficient revenue to pay for all of the projects within the next ten years. The budget and 10-Year Capital Improvement Plan, described in detail in the previous section of this budget document, represent the priority projects from these plans. The Ten-Year Financial Plan incorporates the Ten-Year Capital Improvement Plan.

### ***Pay- Go vs. Debt Financing***

**Debt financing** means that the District would either sell bonds or enter into a loan (such as a State Revolving Fund loan) to get money to pay for capital projects, then pay back that money over time with interest. **Pay-as-you-go financing**, also called “pay-go” means that the District needs to accumulate the money for the project and already have it prior to the work being completed.

District policy states that the District shall have a preference to finance capital improvements using pay-go financing and shall issue long-term debt only to finance capital improvements that cannot be readily financed from current revenues. Debt financed projects must be major, non-recurring improvements with a minimum of five years of useful life.

The Ten-Year Financial plan assumes that debt would be issued for specific projects, with all other projects in the CIP being financed as pay-go.

The Ten-Year Financial Plan assumes that the District would use \$30 to \$35 million in debt financing through the State Revolving Fund (SRF), starting in FY 13, for the pond aeration project (\$2 million), the first phase of the recycled water filters expansion (\$15-\$17 million), and replacement or expansion of the Influent Pump Station (\$14-\$16 million). (The spreadsheet assumes \$33.1 million in debt.)

The plan assumes that the debt would be for a 20 year term, and that the District would pay a true interest cost (TIC) of 2.7%. This interest rate is conservative, as the current rate for SRF loans is



2.3%, with 2.7% being the highest rate issued for this type of debt in the past several years.

**Ten-Year Cash Flow**

The table here and on the next page shows the Ten-Year Financial/Cash Flow Forecast for the District. The table includes starting fund equity and ending fund equity on an annual basis, forecasts for operating and non-operating revenue and operating expenses. The table includes projections for debt service based on the assumptions noted previously about the size of debt issuance and the term and rate. Because it is a cash flow model, the forecast

includes expenses for capital outlay for the year it is expensed, as well as proceeds from issuing debt. Also, at the end of each year, there is an adjustment made to the ending fund equity numbers to account for necessary reserves to come up with an amount of equity that is available for use.

This model assumes that all fund equity available at the end of one year is rolled over for use in the following year. The model also assumes that there is no underspending of operating expenses, although traditionally there is a small percentage of operating budget that is not spent each year.

<b>10-Year Financial/Cash Flow Forecast</b>					
	2012/13	2013/14	2014/15	2015/16	2016/17
<b>Starting combined fund balance</b>	<b>\$14,936,803</b>	<b>\$13,376,000</b>	<b>\$14,823,000</b>	<b>\$14,582,000</b>	<b>\$12,923,000</b>
<b>Operating revenue</b>					
Sewer service charges	17,956,000	18,648,000	19,251,000	19,872,000	20,513,000
Capacity Charges	1,400,000	2,075,000	2,467,000	2,529,000	2,592,000
Recycled Water Sales	277,000	311,000	398,000	620,000	1,046,000
Miscellaneous Revenue	<u>282,000</u>	<u>290,000</u>	<u>297,000</u>	<u>304,000</u>	<u>312,000</u>
<b>Total Operating Revenue</b>	<b>19,915,000</b>	<b>21,324,000</b>	<b>22,413,000</b>	<b>23,325,000</b>	<b>24,463,000</b>
<b>Non-Operating Revenue</b>					
Interest	120,000	334,000	371,000	365,000	323,000
Rents and leases	133,700	2,093,000	740,000	743,000	747,000
Grants/Intergovernmental	875,000	100,000	0	0	0
Sale of Property	2,980,000	0	0	0	0
Proceeds from Sale of Bonds/SRF Loan	<u>2,500,000</u>	<u>19,300,000</u>	<u>11,300,000</u>	<u>0</u>	<u>0</u>
<b>Total - Non-Operating Revenue</b>	<b>6,608,700</b>	<b>21,827,000</b>	<b>12,411,000</b>	<b>1,108,000</b>	<b>1,070,000</b>
<b>Total Revenue</b>	<b>26,523,700</b>	<b>43,151,000</b>	<b>34,824,000</b>	<b>24,433,000</b>	<b>25,533,000</b>
<b>Operating Expense</b>					
Salaries and benefits	8,055,150	8,353,000	8,645,000	8,948,000	9,261,000
Services and supplies	5,152,410	5,180,000	5,284,000	5,490,000	5,600,000
Taxes and Other	25,050	26,000	27,000	28,000	29,000
Debt Service - Existing	2,797,164	2,752,000	2,747,000	2,748,000	2,744,000
Debt Service-New	<u>0</u>	<u>0</u>	<u>2,164,000</u>	<u>2,164,000</u>	<u>2,164,000</u>
<b>Total Operating Expense</b>	<b>16,029,774</b>	<b>16,311,000</b>	<b>18,867,000</b>	<b>19,378,000</b>	<b>19,798,000</b>
<b>Capital projects</b>	<b>12,054,600</b>	<b>25,393,000</b>	<b>16,198,000</b>	<b>6,714,000</b>	<b>7,503,000</b>
<b>Total - All Expenses</b>	<b>28,084,374</b>	<b>41,704,000</b>	<b>35,065,000</b>	<b>26,092,000</b>	<b>27,301,000</b>
<b>Net revenue (deficit)</b>	<b>(1,560,674)</b>	<b>1,447,000</b>	<b>(241,000)</b>	<b>(1,659,000)</b>	<b>(1,768,000)</b>
<b>Ending combined fund equity</b>	<b>\$13,376,129</b>	<b>\$14,823,000</b>	<b>\$14,582,000</b>	<b>\$12,923,000</b>	<b>\$11,155,000</b>
RW Repair & Replacement Reserve	\$0	\$0	\$0	\$0	\$0
15% Operating Reserve	\$1,980,000	\$2,030,000	\$2,095,000	\$2,161,000	\$2,230,000
Debt Service Liquidity Reserve	\$1,850,000	\$1,561,000	\$1,561,000	\$1,561,000	\$1,332,000
Cash Flow Reserve	\$5,650,000	\$5,850,000	\$6,964,000	\$6,888,000	\$7,033,000
<b>Fund Equity Available for Use</b>	<b>\$3,896,129</b>	<b>\$5,382,000</b>	<b>\$3,962,000</b>	<b>\$2,313,000</b>	<b>\$560,000</b>

**10-Year Financial/Cash Flow Forecast (cont.)**

	2017/18	2018/19	2019/20	2020/21	2020/22
<b>Starting combined fund balance</b>	<b>\$11,155,000</b>	<b>\$11,566,000</b>	<b>\$12,760,000</b>	<b>\$13,028,000</b>	<b>\$14,777,000</b>
<b>Operating revenue</b>					
Sewer service charges	21,173,000	21,853,000	22,555,000	23,277,000	24,022,000
Capacity Charges	2,657,000	2,723,000	2,792,000	2,861,000	2,933,000
Recycled Water Sales	1,076,000	1,103,000	1,150,000	1,203,000	1,256,000
Miscellaneous Revenue	<u>320,000</u>	<u>328,000</u>	<u>336,000</u>	<u>344,000</u>	<u>353,000</u>
<b>Total Operating Revenue</b>	<b>25,226,000</b>	<b>26,007,000</b>	<b>26,833,000</b>	<b>27,685,000</b>	<b>28,564,000</b>
<b>Non-Operating Revenue</b>					
Interest	279,000	289,000	319,000	326,000	369,000
Rents and leases	750,000	754,000	758,000	762,000	766,000
Grants/Intergovernmental	0	0	0	0	0
Sale of Property	0	0	0	0	0
Proceeds from Sale of Bonds/SRF Loan	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total - Non-Operating Revenue</b>	<b>1,029,000</b>	<b>1,043,000</b>	<b>1,077,000</b>	<b>1,088,000</b>	<b>1,135,000</b>
<b>Total Revenue</b>	<b>26,255,000</b>	<b>27,050,000</b>	<b>27,910,000</b>	<b>28,773,000</b>	<b>29,699,000</b>
<b>Operating Expense</b>					
Salaries and benefits	9,585,000	9,920,000	10,267,000	10,626,000	10,998,000
Services and supplies	5,712,000	5,826,000	5,943,000	6,062,000	6,183,000
Taxes and Other	30,000	31,000	32,000	33,000	34,000
Debt Service - Existing	2,745,000	2,740,000	2,738,000	2,741,000	2,736,000
Debt Service-New	<u>2,164,000</u>	<u>2,164,000</u>	<u>2,164,000</u>	<u>2,164,000</u>	<u>2,164,000</u>
<b>Total Operating Expense</b>	<b>20,236,000</b>	<b>20,681,000</b>	<b>21,144,000</b>	<b>21,626,000</b>	<b>22,115,000</b>
<b>Capital projects</b>	<b><u>5,608,000</u></b>	<b><u>5,175,000</u></b>	<b><u>6,498,000</u></b>	<b><u>5,398,000</u></b>	<b><u>7,823,000</u></b>
<b>Total - All Expenses</b>	<b>25,844,000</b>	<b>25,856,000</b>	<b>27,642,000</b>	<b>27,024,000</b>	<b>29,938,000</b>
<b>Net revenue (deficit)</b>	411,000	1,194,000	268,000	1,749,000	(239,000)
<b>Ending combined fund equity</b>	<b>\$11,566,000</b>	<b>\$12,760,000</b>	<b>\$13,028,000</b>	<b>\$14,777,000</b>	<b>\$14,538,000</b>
RW Repair & Replacement Reserve	\$0	\$0	\$20,000	\$65,000	\$134,000
15% Operating Reserve	\$2,300,000	\$2,373,000	\$2,449,000	\$2,527,000	\$2,527,000
Debt Service Liquidity Reserve	\$1,332,000	\$1,332,000	\$1,077,000	\$1,077,000	\$1,077,000
Cash Flow Reserve	<u>\$7,188,000</u>	<u>\$7,334,000</u>	<u>\$7,581,000</u>	<u>\$7,755,000</u>	<u>\$7,930,000</u>
<b>Fund Equity Available for Use</b>	<b>\$746,000</b>	<b>\$1,721,000</b>	<b>\$1,901,000</b>	<b>\$3,353,000</b>	<b>\$2,870,000</b>

***Sensitivity Analysis***

The Ten-Year Financial Plan and Cash Flow Forecast represents what staff believes is the most realistic projections of revenues and expenditures based on current conditions, rate policies, contracts and trends. However, there are some assumptions that, if incorrect, could significantly impact the range of revenues and expenditures. The most important of these assumptions are listed here, followed by a forecast range and takes into consideration the possibilities.

**Capacity charges**, as noted previously, assume the current rate of development (200 EDU) for next year, then increases to 290 EDU over the next two years. On the upside potential, this assumption is lower than the development levels seen during the early to mid 2000s. Also, the forecast does not include capacity charge revenue from any of the significant hotels or resorts currently approved by the City or County, or working their way through the development review process. These include the Ritz Carlton hotel (351 rooms), St. Regis resort (245 rooms), a hotel near the new movie theater (120 rooms), the Montelcino resort (unknown number of

rooms), a hotel on Soscol Avenue (90 rooms), and others. On the downside potential, none of these projects are currently under development, and it is possible that overall development may not exceed the currently lower levels of development.

**Annual sewer service charges** increase with CPI. On the upside potential, the new developments noted in the paragraph above would result in increased annual sewer service charges. On the downside, lower levels of development could keep this number from growing much beyond current revenue levels.

In the Ten-Year Forecast, **recycled water revenues** are assumed to increase to 2,350 acre feet of sales per year. Current levels of sale are at approximately 900 acre feet. The increase is based on building facilities to increase the amount of recycled water that can be produced, and on several new customers coming on line. It is possible that even more water could be sold if the pipelines were built out into the Carneros area, while it is also possible that the anticipated new customers do not take recycled water and sales stay at around 900 acre feet per year.

The Montelcino resort **leases land** from the District for the planned golf course. The developer currently has a balloon lease payment due on June 30, 2013 for approximately \$1.35 million, followed by annual lease payments of \$600,000. If this revenue does not materialize, there will be a detrimental impact to the revenue forecast.

Capital projects would be impacted by the upside and downside revenue potentials. If the large hotel development projects area realized, it is likely that

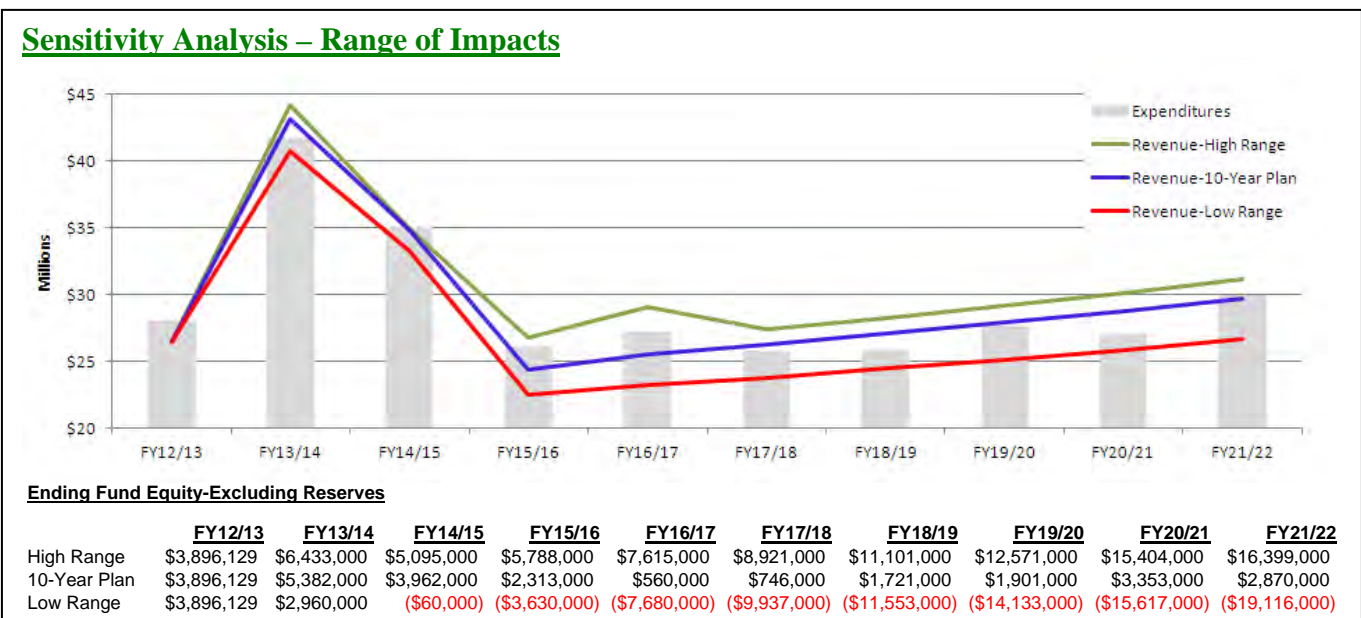
some capital projects would need to move up earlier in the capital plan. Most notably would be the construction of the second digester, which is not currently anticipated to begin construction on FY 2022/23, which is a year beyond the current planning horizon. Also, if recycled water demand is higher or lower than anticipated, the Recycled Water Expansion Phase 2 project could move sooner or be pushed back.

The chart below shows the potential range in revenues in comparison to the Ten-Year Financial Forecast. It also shows planned expenditures. Beneath the chart is a table that shows the potential impacts to the ending fund equity.

### Sewer Service Charge Rate Adequacy

The District collects the annual sewer service charge on the county property tax rolls. By law, the revenue from this charge cannot exceed the cost of providing the associated services, including ongoing operating expenses, the timely replacement and rehabilitation (R&R) of capital assets, and current and future debt service. As noted previously in the Revenue Forecast section, the District intends to continue to increase the annual charge by CPI.

The following table shows the calculation to determine whether the sewer service charge is sufficient to meet the operating expenses and R&R needs for the District’s capital assets. To meet this need, it is assumed that the R&R amount should be between 2% and 4% of depreciable net fixed assets. The table shows that over the next five years the District is projected to meet its needs with the proposed sewer service charge.



## Calculation of Sewer Service Charges Rate – Based on Asset-Life-Cycle Cost

	Budget 2012/13	2013/14	2014/15	2015/16	2016/17
<b>Operating Expense</b>					
Salaries and benefits	8,055,150	8,353,000	8,645,000	8,948,000	9,261,000
Services and supplies	5,152,410	5,180,000	5,284,000	5,490,000	5,600,000
Taxes and Other	25,050	26,000	27,000	28,000	29,000
	<b>13,232,610</b>	<b>13,559,000</b>	<b>13,956,000</b>	<b>14,466,000</b>	<b>14,890,000</b>
<b>Debt Service Totals</b>					
Debt Service - Existing	2,797,164	2,752,000	2,747,000	2,748,000	2,744,000
Debt Service-New	0	0	2,164,000	2,164,000	2,164,000
	<b>2,797,164</b>	<b>2,752,000</b>	<b>4,911,000</b>	<b>4,912,000</b>	<b>4,908,000</b>
Allocation of Debt Service to SSC	60.6%	60.6%	60.6%	60.6%	60.6%
Allocated Debt	1,695,081	1,667,712	2,976,066	2,976,672	2,974,248
<b>Operating Expenses + Allocated Debt</b>	<b>14,927,691</b>	<b>15,226,712</b>	<b>16,932,066</b>	<b>17,442,672</b>	<b>17,864,248</b>
Depreciable Net Fixed Assets	136,000,000	155,000,000	165,000,000	170,000,000	177,000,000
% Annual Renewal & Replacement	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Cap Contribution for R&amp;R</b>	<b>4,080,000</b>	<b>4,650,000</b>	<b>4,950,000</b>	<b>5,100,000</b>	<b>5,310,000</b>
<b>Total Expenses</b>	<b>19,007,691</b>	<b>19,876,712</b>	<b>21,882,066</b>	<b>22,542,672</b>	<b>23,174,248</b>
<b>Offsetting Revenues</b>					
Recycled Water Sales	277,000	311,000	398,000	620,000	1,046,000
Miscellaneous Revenue	282,000	290,000	297,000	304,000	312,000
Interest	120,000	334,000	371,000	365,000	323,000
Rents and leases	133,700	2,093,000	740,000	743,000	747,000
	<b>812,700</b>	<b>3,028,000</b>	<b>1,806,000</b>	<b>2,032,000</b>	<b>2,428,000</b>
<b>Expenses less revenues</b>	<b>18,194,991</b>	<b>16,848,712</b>	<b>20,076,066</b>	<b>20,510,672</b>	<b>20,746,248</b>
Projected # of EDU	40,274	40,524	40,814	41,104	41,394
<b>Calculated SSC Rate at 3% R&amp;R</b>	<b>\$451.78</b>	<b>\$415.77</b>	<b>\$491.89</b>	<b>\$498.99</b>	<b>\$501.19</b>
<b>Forecasted Rate</b>	<b>\$448.07</b>	<b>\$460.17</b>	<b>\$471.67</b>	<b>\$483.46</b>	<b>\$495.55</b>
<b>Difference</b>	<b>-\$3.71</b>	<b>\$44.40</b>	<b>-\$20.22</b>	<b>-\$15.53</b>	<b>-\$5.64</b>
Rate at 2% R&R	418.01	377.52	451.46	457.64	458.43
Rate at 4% R&R	485.55	454.02	532.32	540.35	543.95
<b>% of R&amp;R at Forecasted Rate</b>	<b>2.9%</b>	<b>4.2%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.9%</b>

There is a one-time only rental payment anticipated in FY 2013/14 that significantly impacts the difference between the calculated SSC Rate at 3% R&R and the Forecasted Rate. Without that payment, the Calculated SSC Rate would be \$449.26 resulting in 3.3% R&R at the Forecasted Rate.

## Debt



*Administration office location after winter rain storm*

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## Debt

The Napa Sanitation District issues long term debt for the construction of significant capital assets. Debt service is the annual or semi-annual payments the District makes to repay the principal and interest on its debt.

### *Debt Policy & Debt Limitations*

As a matter of policy, the District has a preference to use pay-as-you-go financing for its capital projects and only uses debt financing for improvements that it cannot readily finance from current revenues. Exceptions can be made on a case-by-case basis for no-interest and extremely-low-interest loan programs to pay for capital projects.

Debt can only be used for major, non-recurring capital items, and the debt repayment timeline cannot exceed the expected useful life of the asset being financed.

Debt can only be issued when it has been shown that the District has the ability to pay all of its current obligations from current revenues and still have available 125% of the expected debt service amount to pay the debt service.

The District's complete debt policy can be found in Appendix D, Section 5.

### *Current Debt Obligations*

**2003 SRF** – In 2003, the District entered into a 20-year loan with the State of California's State Water Resource Control Board Revolving Fund (SRF). The proceeds from this loan, \$901,376, were used for replacement of pipes in the collection system. The interest rate on this loan is 2.5%, with annual debt service of \$60,247. (See Debt Service Table 1.) Outstanding principal on this debt obligation is \$573,198 as of July 1, 2012.

**2008 SRF** – In 2008, the District entered into a 20-year loan with the State Water Resources Control Board. This loan, which came in two phases, was for a total of \$1,559,673 and was used to replace aging infrastructure in the collection system. This is a zero-percent interest loan; however, the annual debt service payment of \$93,581 includes a 16.667% state match and is recorded as imputed interest. (See Debt Service Tables 2 and 3.) Outstanding principal on this debt obligation is \$1,352,855 as of July 1, 2012.

**Series 2009A** – This 20-year loan is guaranteed through a 3-year renewable Letter of Credit with Wells Fargo Bank, and was used to refinance the 2001 WateReuse loan. In October 2009, this variable-rate loan was issued for \$9,120,000, with an initial interest rate of 1.55%. That rate has gone up slightly since then. For budget purposes, it has been assumed that the rate will increase to 3.35%, with debt services budgeted at \$633,598. (See Debt Service Table 4.) Outstanding principal on this debt obligation is \$8,160,000 as of July 1, 2012.

**Series 2009B** – This 20-year Certificate of Participation was sold as a fixed-rate bond through competitive bid, and has a true interest cost of about 3.6%. The \$26,675,000 in proceeds was used to refinance the 1998 COPs, saving the District over \$250,000 annually in debt service payments. Annual debt service for this bond is \$1,965,979. (See Debt Service Table 5.) Outstanding principal on this debt obligation is \$24,640,000 as of July 1, 2012.

### *Debt Covenants*

A debt covenant is a requirement imposed on the District by a debt holder. These requirements range from requirements to pay the principal and interest payments on particular days of the year, to preparing and filing audited financial statements, to very specific financial performance requirements.

There are two debt covenants that have a financial impact to the District. The first covenant applies to all of the District's debt, and is a debt service coverage requirement. Debt service coverage is the ratio of net revenues (revenues minus operating expenses) to annual debt service requirements. The District is required by the bond covenant to maintain a debt service coverage ratio of at least 1.25. For FY 2012/13, the District's coverage ratio is budgeted to be 2.70, or over double what is required.

The second debt covenant with a financial impact to the District is specific to the Series 2009A debt. The agreement with Wells Fargo Bank requires the District to maintain in cash \$3,700,000 on December 31 and June 30 of each fiscal year. It is estimated that for FY 2012/13, the District will have in excess of \$10 million on each of these reporting dates.

**Debt Capacity**

Debt Capacity is the difference between the amount of debt the District has outstanding (sold and authorized) and the maximum amount of debt the District can incur within its legal, public policy and financial limitations.

The District does not issue general obligation debt, and as such, there is no legal limitation on the amount of debt it can issue. The District is limited by the debt policies that it sets for itself (described above and in Appendix D) and by financial limitations. Financial limitations include two factors:

- 1) willingness of the bond market to loan the District money, and 2) limitations on future debt placed on the District by current debt.

First, the amount of debt the District can issue is limited by whether there are financial and other institutions and other buyers in the market willing to purchase the bonds that the District wants to issue. In tight capital markets, or if the financial health of the District is in question, the amount of debt the District can issue under favorable terms can be limited.

Second, the debt coverage ratio imposed by existing debt holders also applies to any future debt the District may want to issue. By forecasting operating revenues and expenditures and applying the 1.25 debt coverage ratio, a debt capacity can be calculated.

Currently, the District has the capacity to issue approximately \$90 million in additional debt (3% TIC, 20 year term), assuming that there was a buyer for that debt in the bond market, the District could pay the debt service, and other District financial policies are maintained.

<b>Debt Coverage Ratio Calculation</b>		
	<b>Proposed FY 12/13</b>	<b>Estimated FY 15/16</b>
Revenue		
Sewer Service Charges	\$17,956,000	\$19,872,000
Capacity Charges	1,400,000	2,529,000
Recycled Water	277,000	620,000
Interest	120,000	361,000
Rents & Leases	133,700	743,000
Other Revenue (excl. sale of property and grant revenue)	907,000	304,000
<b>Operating Expenses</b>	<b>(13,232,610)</b>	<b>(14,466,000)</b>
<b>Net Revenue</b>	<b>\$7,561,090</b>	<b>\$9,963,000</b>
Parity Debt Service (incl. administration fees)		
2003 SRF	\$60,247	\$60,247
2008 SRF	116,040	93,581
2009A VRDB	651,098	650,500
2009B COP	1,969,779	1,965,054
2013 Proposed New	0	2,164,000
<b>Total Debt Service</b>	<b>\$2,797,164</b>	<b>\$4,933,382</b>
<b>Parity Debt Coverage Ratio</b> (net revenue ÷ total debt service) (must be greater than 1.25)	<b>2.70</b>	<b>2.02</b>

**Future Debt Issues**

The 10-Year Capital Improvement Plan and the 10-Year Financial Plan assume that the District will contract with the state for a State Revolving Fund loan toward the end of FY 2012/13, generating approximately \$33.1 million in proceeds for use on three capital projects: recycled water expansion, replacement of the Influent Pump Station, and installation of aeration in Pond 1. For purposes of cash flow projections and calculations of projected debt coverage ratios, it was assumed that the debt would be issued for a 20-year term, with a 2.7% true interest cost (TIC), which is slightly higher than the average rate for State Revolving Fund loans.

**Napa Sanitation District  
Debt Service**

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Table 1  
Napa Sanitation District  
2003 SWRCB Revolving Fund Loan

2.5%, 20 year term  
\$901,376

Fiscal Year Jul 1	Annual Interest	Principal Payment	Ending Principal	Total Payment
2011/12	15,450	44,797	573,198	<b>60,247</b>
2012/13	14,330	45,917	527,281	<b>60,247</b>
2013/14	13,182	47,064	480,217	<b>60,247</b>
2014/15	12,005	48,241	431,976	<b>60,247</b>
2015/16	10,799	49,447	382,529	<b>60,247</b>
2016/17	9,563	50,683	331,845	<b>60,247</b>
2017/18	8,296	51,950	279,895	<b>60,247</b>
2018/19	6,997	53,249	226,646	<b>60,247</b>
2019/20	5,666	54,580	172,065	<b>60,247</b>
2020/21	4,302	55,945	116,121	<b>60,247</b>
2021/22	2,903	57,343	58,777	<b>60,247</b>
2022/23	1,469	58,777	-	<b>60,247</b>
2023/24	-	-	-	-
2024/25	-	-	-	-
2025/26	-	-	-	-
2026/27	-	-	-	-
2027/28	-	-	-	-
2028/29	-	-	-	-
2029/30	-	-	-	-

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Source: District Documents

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**Napa Sanitation District  
Debt Service**

Table 2  
Napa Sanitation District  
2008 SWRCB Revolving Fund Loan  
E. Spring St. Sewer Rehabilitation Phase I

20 year term  
\$1,376,804

Fiscal Year Jul 1	Imputed Interest	Principal Payment	Ending Principal	Total Payment
2011/12	23,379	59,229	1,194,011	<b>82,609</b>
2012/13	22,274	60,334	1,133,677	<b>82,609</b>
2013/14	21,149	61,460	1,072,217	<b>82,609</b>
2014/15	20,002	62,606	1,009,611	<b>82,609</b>
2015/16	18,834	63,774	945,837	<b>82,609</b>
2016/17	17,645	64,964	880,873	<b>82,609</b>
2017/18	16,433	66,176	814,697	<b>82,609</b>
2018/19	15,198	67,410	747,287	<b>82,609</b>
2019/20	13,941	68,668	678,619	<b>82,609</b>
2020/21	12,660	69,949	608,670	<b>82,609</b>
2021/22	11,355	71,254	537,417	<b>82,609</b>
2022/23	10,026	72,583	464,834	<b>82,609</b>
2023/24	8,672	73,937	390,897	<b>82,609</b>
2024/25	7,292	75,316	315,580	<b>82,609</b>
2025/26	5,887	76,721	238,859	<b>82,609</b>
2026/27	4,456	78,153	160,706	<b>82,609</b>
2027/28	2,998	79,611	81,096	<b>82,609</b>
2028/29	1,513	81,096	-	<b>82,609</b>
2029/30	-	-	-	-

Source: District Documents

**Napa Sanitation District  
Debt Service**

Table 3  
Napa Sanitation District  
2008 SWRCB Revolving Fund Loan  
E. Spring St. Sewer Rehabilitation Phase II

20 year term  
\$182,869

Fiscal Year Jul 1	Imputed Interest	Principal Payment	Ending Principal	Total Payment
2011/12	3,079	7,893	158,844	<b>10,972</b>
2012/13	2,933	8,039	150,804	<b>10,972</b>
2013/14	2,785	8,188	142,617	<b>10,972</b>
2014/15	2,633	8,339	134,278	<b>10,972</b>
2015/16	2,479	8,493	125,785	<b>10,972</b>
2016/17	2,323	8,650	117,136	<b>10,972</b>
2017/18	2,163	8,809	108,327	<b>10,972</b>
2018/19	2,000	8,972	99,355	<b>10,972</b>
2019/20	1,835	9,138	90,217	<b>10,972</b>
2020/21	1,666	9,306	80,911	<b>10,972</b>
2021/22	1,494	9,478	71,433	<b>10,972</b>
2022/23	1,319	9,653	61,780	<b>10,972</b>
2023/24	1,141	9,831	51,948	<b>10,972</b>
2024/25	959	10,013	41,935	<b>10,972</b>
2025/26	774	10,198	31,737	<b>10,972</b>
2026/27	586	10,386	21,351	<b>10,972</b>
2027/28	394	10,578	10,773	<b>10,972</b>
2028/29	199	10,773	-	<b>10,972</b>
2029/30	-	-	-	-

Source: District Documents

**Napa Sanitation District  
Debt Service**

Table 4

Napa Sanitation District

Adjustable Rate Refunding Revenue Certificates of Participation, Series 2009A  
(2001 Refunding Project)

3.35% (Estimated)\*, 20 year term  
\$9,120,000

Fiscal Year Jul 1	Annual Interest *	Principal Payment	Ending Principal	Total Payment
2011/12	294,317	340,000	8,160,000	<b>634,317</b>
2012/13	278,598	355,000	7,805,000	<b>633,598</b>
2013/14	265,485	370,000	7,435,000	<b>635,485</b>
2014/15	252,002	380,000	7,055,000	<b>632,002</b>
2015/16	238,000	395,000	6,660,000	<b>633,000</b>
2016/17	223,465	410,000	6,250,000	<b>633,465</b>
2017/18	208,396	425,000	5,825,000	<b>633,396</b>
2018/19	192,794	440,000	5,385,000	<b>632,794</b>
2019/20	176,659	455,000	4,930,000	<b>631,659</b>
2020/21	159,827	475,000	4,455,000	<b>634,827</b>
2021/22	142,447	490,000	3,965,000	<b>632,447</b>
2022/23	124,371	510,000	3,455,000	<b>634,371</b>
2023/24	105,747	525,000	2,930,000	<b>630,747</b>
2024/25	86,426	545,000	2,385,000	<b>631,426</b>
2025/26	66,393	565,000	1,820,000	<b>631,393</b>
2026/27	45,650	585,000	1,235,000	<b>630,650</b>
2027/28	24,196	605,000	630,000	<b>629,196</b>
2028/29	1,867	630,000	-	<b>631,867</b>
2029/30	-	-	-	-

Source: 2009A Official Statement

\* Includes 1.5% Wells Fargo Letter of Credit Fee and Administrative Fees

**Napa Sanitation District  
Debt Service**

Table 5  
Napa Sanitation District  
Refunding Revenue Certificates of Participation, Series 2009B  
(1998 Refunding Project)

3% to 4% Range, 3.6% True Interest Cost (TIC), 20 year term  
\$26,675,000

Fiscal Year Jul 1	Annual Interest	Principal Payment	Ending Principal	Total Payment
2011/12	932,404	1,030,000	24,640,000	<b>1,962,404</b>
2012/13	900,979	1,065,000	23,575,000	<b>1,965,979</b>
2013/14	857,379	1,105,000	22,470,000	<b>1,962,379</b>
2014/15	800,754	1,160,000	21,310,000	<b>1,960,754</b>
2015/16	741,254	1,220,000	20,090,000	<b>1,961,254</b>
2016/17	691,779	1,265,000	18,825,000	<b>1,956,779</b>
2017/18	653,229	1,305,000	17,520,000	<b>1,958,229</b>
2018/19	613,554	1,340,000	16,180,000	<b>1,953,554</b>
2019/20	572,064	1,380,000	14,800,000	<b>1,952,064</b>
2020/21	527,518	1,425,000	13,375,000	<b>1,952,518</b>
2021/22	479,371	1,470,000	11,905,000	<b>1,949,371</b>
2022/23	427,781	1,520,000	10,385,000	<b>1,947,781</b>
2023/24	372,634	1,575,000	8,810,000	<b>1,947,634</b>
2024/25	313,431	1,635,000	7,175,000	<b>1,948,431</b>
2025/26	251,087	1,690,000	5,485,000	<b>1,941,087</b>
2026/27	184,200	1,760,000	3,725,000	<b>1,944,200</b>
2027/28	112,500	1,825,000	1,900,000	<b>1,937,500</b>
2028/29	38,000	1,900,000	-	<b>1,938,000</b>
2029/30	-	-	-	-

Source: 2009B Official Statement



**Napa Sanitation District  
Debt Service Summary  
Tables 1 - 5**

	Table 1 2003 SRF \$901,376	Table 2 2008 SRF Phase I \$1,652,171	Table 3 2008 SRF Phase II \$219,444	Table 4 Series 2009A \$9,120,000	Table 5 Series 2009B \$26,675,000	
Fiscal Year Jul 1	Total	Total	Total	Total	Total	FY Total All Debt Service
2010/11	60,247	82,609	10,972	636,049	1,967,929	<b>2,757,805</b>
2011/12	60,247	82,609	10,972	634,317	1,962,404	<b>2,750,548</b>
2012/13	60,247	82,609	10,972	633,598	1,965,979	<b>2,753,404</b>
2013/14	60,247	82,609	10,972	635,485	1,962,379	<b>2,751,691</b>
2014/15	60,247	82,609	10,972	632,002	1,960,754	<b>2,746,583</b>
2015/16	60,247	82,609	10,972	633,000	1,961,254	<b>2,748,081</b>
2016/17	60,247	82,609	10,972	633,465	1,956,779	<b>2,744,071</b>
2017/18	60,247	82,609	10,972	633,396	1,958,229	<b>2,745,453</b>
2018/19	60,247	82,609	10,972	632,794	1,953,554	<b>2,740,176</b>
2019/20	60,247	82,609	10,972	631,659	1,952,064	<b>2,737,550</b>
2020/21	60,247	82,609	10,972	634,827	1,952,518	<b>2,741,173</b>
2021/22	60,247	82,609	10,972	632,447	1,949,371	<b>2,735,646</b>
2022/23	60,247	82,609	10,972	634,371	1,947,781	<b>2,735,979</b>
2023/24	-	82,609	10,972	630,747	1,947,634	<b>2,671,961</b>
2024/25	-	82,609	10,972	631,426	1,948,431	<b>2,673,437</b>
2025/26	-	82,609	10,972	631,393	1,941,087	<b>2,666,061</b>
2026/27	-	82,609	10,972	630,650	1,944,200	<b>2,668,431</b>
2027/28	-	82,609	10,972	629,196	1,937,500	<b>2,660,276</b>
2028/29	-	82,609	10,972	631,867	1,938,000	<b>2,663,448</b>
2029/30	-	-	-	-	-	-



# NOVATO SANITARY DISTRICT

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500 DAVIDSON STREET • NOVATO • CALIFORNIA 94945 • PHONE (415) 892-1694 • FAX (415) 898-2279  
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Manager-Engineer-Secretary

KENTON L. ALM  
Legal Counsel

## *FINAL BUDGET*

*FOR*

*FISCAL YEARS 2012-14*

*Including Preliminary Budget for Fiscal Year 2013-14*

*Approved August 27, 2012*

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***SECTION I***

***LETTER OF TRANSMITTAL AND SUMMARY OF FUND  
BALANCES***



# NOVATO SANITARY DISTRICT

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## BOARD OF DIRECTORS

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BEVERLY B. JAMES  
Manager-Engineer-Secretary

KENTON L. ALM  
Legal Counsel

August 27, 2012

Honorable Board of Directors  
Novato Sanitary District  
Novato, California 94945

Dear Board Members:

The proposed Final District Budget for the 2012-13 fiscal year and Preliminary Budget for fiscal year 2013-14 are attached for your consideration and approval.

The FY 2012-13 Final Budget includes the following components:

- Summary of the Operations Budget Revenues and Expenditures,
- Breakout by Department of the Operating Fund Budget,
- Activity for Vehicle Replacement Fund,
- Activity for the Self Insurance Fund,
- Activity for Rate Stabilization, Emergency Repair Fund, and Southgate Reserve Fund,
- Capital Improvement Revenue and Expenditures Budget,
- Debt Service Fund Summary for State Revolving Fund (SRF) Loan and Certificates of Participation (COP) Bond Fund

## OVERVIEW OF FISCAL YEAR 2012-13 DISTRICT ACTIVITIES

This year's annual sewer service charge increase from \$464 to \$495 per service unit or 6.7% was adopted on June 25, 2012. The sewer service charge is divided with \$285 (58%) allocated to the Operating Budget, and \$210 (42%) allocated to the Capital Budget.

The issues that affect the Operating Budget include:

- Operating sewer service charge revenue increase of 1.6%,
- Payoff of the PERs side fund in 2011-12 decreasing pension costs,
- Contract limiting treatment cost increase to CPI,
- Anticipated settlement of administrative civil liability.

The issues that significantly affect the Capital Budget include:

- Capital sewer service charge revenue increase of 12.3%,
- Connection charge decrease of 34%,
- Completion of grant-funded projects.

- On-going major capital projects, including Pump Station Rehabilitation, Collection System Improvements, and Recycled Water Project.

**BUDGET STRUCTURE**

Our budget is prepared on a cash basis. Table 1 summarizes the Operating and Capital Revenue and Expenditures and compares the immediate past year with the proposed budget. Total revenues are project to decrease slightly due to lower capital revenue as noted above. More detailed information regarding the variances between the two budget years are included below both by department and account.

**Table 1: Summary of Revenues and Expenditures for FY 12 and FY 13**

	<b>FY 11/12 Adopted Budget</b>	<b>FY 12/13 Proposed Budget</b>	<b>% Change FY 12 to FY 13</b>
<b>Operating Revenues</b>	\$ 8,954,956	\$ 9,149,171	2%
<b>Capital Revenues</b>	9,593,415	9,304,740	-3%
<b>Debt Service</b>			
<b>Total Revenues</b>	<b>\$ 18,548,371</b>	<b>\$ 18,453,911</b>	<b>-.5%</b>
<b>Operating Expenditures</b>	10,261,048	9,316,303	-9%
<b>Capital Expenditures</b>	5,147,752	445,440	91%
<b>Debt Service</b>	6,064,321	6,924,029	14%
<b>COP Bond Expenditures(CIP)</b>	7,480,248	7,654,000	2%
<b>Total Expenditures</b>	<b>\$ 28,953,369</b>	<b>\$ 24,339,772</b>	<b>-16%</b>

**FISCAL YEAR 2012-13 OPERATING BUDGET DETAILS**

***Operating Revenues***

The proposed FY 2012-13 Operating Budget by Revenue source is shown in Table 2 below along with the figures for the past two fiscal years. Total operating revenues are expected to increase by 2% or \$194,215 from FY 2011-12. It should be noted that the Operating Revenue have remained relatively flat over the past three years with a total increase of only \$55,000 or 0.6%. This is significantly less than inflation over the same period.

**Operating Sewer Service Charges** are expected to increase by \$135,000 or 1.6% for operations. The revenue increase is slightly lower than the percent of sewer service charge increase due to lower water use in the 2011-12 winter season.

**Permits and Fees** expected to increase by \$11,000 or 92% due to anticipated applications for connections and repairs.

**Interest Income** expected to decrease by \$2,500 or 17% due to the market conditions.

**Ranch Income** expected to increase by 15% due to a resolution to the calculation of the Rancher's invoices.

**Recycled Water revenue** expected to increase by 838% or \$67,000 in the upcoming year due to the startup of recycled water plant in the next couple of months.

**Table 2: Operating Budget Revenue Three-Year Summary**

<b>Funding Sources by Category</b>	<b>FY 10-11 Adopted Budget</b>	<b>FY 11-12 Adopted Budget</b>	<b>FY 12-13 Proposed Budget</b>	<b>% Change FY 12 to FY 13</b>
Operating Sewer Service Charges	\$8,023,872	\$8,210,842	\$8,345,700	1.6%
Permit & Inspection fees	36,500	12,000	23,000	92%
Interest Income	125,000	15,000	12,500	-17%
Engineering/Admin Chgs	200,000	200,000	175,000	-13%
Franchise Fees	45,000	46,575	47,370	2%
AB 939 Collector Fees	280,493	297,586	297,586	0%
Oil and Beverage Grant	62,845	54,953	63,015	15%
Ranch Income	76,851	60,000	60,000	0%
Recycled Water Revenue	8,000	8,000	75,000	838%
Other Revenue	235,100	50,000	50,000	0%
<b>Total Operating Revenue</b>	<b>\$9,093,661</b>	<b>\$8,954,956</b>	<b>\$9,149,171</b>	<b>2%</b>

***Operating Expenditures***

A summary of proposed and past two fiscal years Operating Expenditures are shown in Table 3 by Department. Operating expenditures are expected to decrease by 9% or \$944,700 between fiscal year 2011-12 and 2012-13. The three-year operating expenditure increase is 3.2% with some of the savings in treatment plant operation and maintenance costs being directed to collection system operation and maintenance in response to stricter requirements. Table 4 details the budget categories that significantly contributed to the difference between the 2011-12 and 2012-13 operating budgets.



**Collection** department's increase of 25% or \$288,000 is primarily due to a one-time administrative civil liability settlement for sanitary sewer overflows.

**Administration/Engineering** decrease of 35% or approximately \$1.4 million is primarily due to the side fund pay off last fiscal year of \$1.2 million.

**Recycled Water** increase of 100% or \$75,000 is due to the start up of our new recycled water facility in this fiscal year.

**Table 3: Operating Budget Expenditures 3-year Summary:**

Expenditures by Department	FY 10-11 Adopted Budget	FY 11-12 Adopted Budget	FY 12-13 Proposed Budget	% Change FY 12 to FY 13
Collections	\$1,170,905	\$1,156,257	\$1,444,345	25%
Treatment	2,806,147	2,678,750	2,744,000	2%
Reclamation	474,083	531,787	526,413	-1%
Laboratory	728,818	693,008	676,740	-2%
Pump Stations	724,074	887,148	924,862	4%
Administration/Engineering	2,778,456	3,953,497	2,564,643	-35%
Hazardous Household Wste	343,338	360,601	360,300	0%
Recycled Water	0	0	75,000	100%
<b>Total Expenditures</b>	<b>\$9,025,821</b>	<b>\$10,261,048</b>	<b>\$9,316,303</b>	<b>-9%</b>

**Table 4: Operating Budget Significant Budget Variances 2011-12 to 2012-13**

Main Budget Variances – FY 12 to FY 13	Budget Impact
1. Recycled Water Plant scheduled to come on line.	\$ 75,000
2. Paid off CALPers side fund.	(1,215,000)
3. No election this year.	(60,000)
4. Unusual equipment maintenance- Treatment Plant	54,000
5. Outside services for Collections and Pump Stations	70,000
6. Permits and Fees due to SB 709	279,000
7. Treatment Plant -Contract Operations	(152,750)

**FISCAL YEAR 2012-13 CAPITAL BUDGET DETAILS**

**Capital Revenues**

The proposed FY 2012-13 Capital Budget by Revenue source is shown in Table 5 below along with the figures for the past two fiscal years. Total capital revenues are expected to decrease by 3% or \$288,675 from FY 2011-12.

**Capital Sewer Service Charge Revenues** are expected to increase by 12% due to the rate increase of 6.7%.

**Connection Fees** are expected to decline by about 34% or \$234,100 due to decline in upcoming construction development plans.

**Grant Revenues** are expected to decrease by 45% or \$727,200 due to the completion of the ARRA project also known as our Recycled Water Project, partially funded by this grant.

**Table 5: Capital Budget Revenue 3-year Summary**

Funding Sources by Category	FY 10-11 Adopted Budget	FY 11-12 Adopted Budget	FY 12-13 Proposed Budget	% Change FY 12 to FY 13
Capital Sewer Service Charges	\$5,407,578	\$5,472,815	\$6,149,430	12%
Property Taxes	1,875,000	1,775,000	1,780,000	0%
Connection Charges	162,200	681,600	447,500	-34%
Collector/Special Equalization Chgs	16,000	10,000	6,000	-40%
Interest Income	50,000	25,000	20,000	-20%
Grant and Other Revenue	859,480	1,629,000	901,810	-45%
<b>Total Capital Revenues:</b>	<b>\$8,370,258</b>	<b>\$9,593,415</b>	<b>\$9,304,740</b>	<b>- 3%</b>

**Capital Expenditures**

The proposed Capital Improvement Budget for 2012-13 totals \$15,023,469 or \$3,688,852 less than last year. The decrease is due to the fact that the Recycled Water Project is almost completed.

Capital projects for 2012-13 will primarily be funded from restricted COP proceeds. Of the total capital projects for 2012-13, \$7,654,000 will be funded from COP proceeds and \$445,440 will be funded through grant, property taxes, and connection proceeds. The debt service of \$6,924,029 will be funded primarily from sewer service charges, property taxes and connection charges. Table 6 shows the Capital Debt Service and Capital Project Costs for three fiscal years.

Table 6: Capital Budget Expenditures, 3-year Summary

Capital Expenditures	FY 10-11 Adopted Budget	FY 11-12 Adopted Budget	FY 12-13 Proposed Budget	% Change FY 12 to FY 13
Capital Projects	\$17,776,600	\$12,628,000	\$ 8,099,440	-36%
Debt Service	5,404,179	6,064,321	6,924,029	14%
Total	<b>\$23,180,779</b>	<b>\$18,692,321</b>	<b>\$15,023,469</b>	<b>-20%</b>

## DESIGNATED FUNDS

### ***Vehicle Replacement Fund***

The District maintains a Vehicle Replacement Fund in order to spread the cost of replacing vehicles over time and by various District departments. The fund balance at June 30, 2012 was \$289,575. The proposed 2012-13 additions from the Operating Budget accounts total \$150,000. This year we plan to sell three vehicles and to purchase a rodder as detailed on Page 16 of the budget at a net cost estimated at \$150,000. Revenue from the sale of the surplus vehicles is anticipated to total \$35,000. This will result in an anticipated fund balance on June 30, 2013 of about \$238,795.

### ***Self-Insurance Reserve Fund***

The District purchases general and auto liability coverage through the California Sanitation Risk Management Authority (CSRMA). Coverage for Errors and Omissions is included in the CSRMA pooled liability insurance program. The District also purchases property insurance through CSRMA to cover buildings, structures and equipment.

The District s' deductible on its comprehensive liability policy is \$25,000 per occurrence to reduce liability for claims in excess of \$25,000. The Self-Insurance Reserve Fund is maintained to cover claims losses within the deductible amounts of these policies and to cover insurance contingencies.

Since the District is self-insured for Unemployment Insurance, the Self-Insurance Reserve Fund now also includes anticipated costs of Unemployment Insurance claims.

The June 30, 2012 fund balance is \$164,016. This includes a transfer of \$50,892 from the Operating Fund to cover losses in 2011-12. With the anticipated interest earned in this fund, and the amount proposed to be transferred back to the Operating Fund to reimburse for claims this year, the projected June 30, 2013 balance is \$164,516.

### ***Rate Stabilization and Emergency Repair Funds***

The proposed budget includes \$600,000 in each of these two funds. These funds were created by Board policy adopted in September 2001.

**COMPARISON OF ANNUAL SEWER SERVICE CHARGES LEVIED BY NEIGHBORING AGENCIES**

It is of interest to compare the District's proposed rate with those of other nearby sanitation agencies. The following table makes possible such a comparison. For the most part, the rates for other agencies are those projected for the 2012-13 fiscal year.

<b>AGENCY</b>	<b>RATE (\$/yr)</b>
City of Santa Rosa	1,098
City of Petaluma	966
Sausalito-Marín City San Dist	701
City of Mill Valley	677
Sanitary District No. 1	638
San Rafael Sanitation Dist	638
Sausalito-Marín City San Dist	616
Las Gallinas Valley Sanitary Dist	590
<b>NOVATO SANITARY DISTRICT</b>	<b>495</b>
Vallejo San & Flood Dist	483
Napa Sanitation Dist	435

The 2012-13 budget is able to accomplish the Novato Sanitary District's commitments to achieving the key goals set forth in the Strategic Plan while maintaining reasonable rates for its customers.

Sincerely,



BEVERLY B. JAMES  
Manager-Engineer

Attachment

**ADDITIONAL CHARTS AND GRAPHS FOR FURTHER ANALYSIS**

*See following pages*

Table A-1 shows the estimated fund flow based on actual 2011-12 expenditures and projected expenditures for 2012-13 to 2015-16.

**Table A-1**

**Novato Sanitary District**

**PROJECTED FLOW OF OPERATING FUNDS FY 2011-12 THROUGH 2015-16**

ANTICIPATED FLOW OF FUNDS	Actual 2011-12	Projected 2012-13	Projected 2013-14	Projected 2014-15	Projected 2015-16
<b>OPERATING</b>					
Beginning Balance	7,612,914	7,122,091	6,954,164	6,441,870	5,760,236
Revenues Other Than SC/PT	646,818	802,676	826,756	851,559	877,106
Property Taxes	0	0	0	0	0
Service Charge Revenue	8,203,158	8,345,700	8,359,905	8,528,320	8,697,485
<b>Fund Transfers</b>					
From Self Insurance Reserve	50,892	45,000	15,000	15,000	15,000
To Self Insurance Reserve	(50,892)	(45,000)	(25,000)	0	(25,000)
From Rate Stabilization Fund	0	0	0	0	0
To Emergency Repair Reserve	0	0	0	0	0
From Southgate Reserve	0	0	0	0	0
From Capital Imp. Reserve	0	0	0	0	0
Expenditures	(9,340,799)	(9,316,303)	(9,688,955)	(10,076,513)	(10,479,574)
To reconcile P/Y Southgate transfers not made					
Ending Bal - Working Capital	7,122,091	6,954,164	6,441,870	5,760,236	4,845,253
Vehicle Replacement	289,795	299,795	309,795	319,795	329,795
Self-Insurance Reserve	164,016	164,016	157,096	150,038	142,839
Rate Stabilization Fund	600,000	600,000	600,000	600,000	600,000
Emergency Repair Reserve Fund	600,000	600,000	600,000	600,000	600,000
Southgate Reserve Fund	679,989	679,989	679,989	679,989	679,989
<b>Total Operating Reserves</b>	<b>9,455,891</b>	<b>9,297,964</b>	<b>8,788,750</b>	<b>8,110,058</b>	<b>7,197,876</b>
Operating Service Units	29,072	29,283	29,333	29,408	29,483
Operating Service Charge Rates	276	276	285	290	295
<b>Increase over Previous Year</b>	<b>0.0%</b>	<b>0.0%</b>	<b>3.3%</b>	<b>1.8%</b>	<b>1.7%</b>

SIF = Self-Insurance Fund

RSF = Rate Stabilization Fund

ERR = Emergency Repair Reserve

SRF = Southgate Reserve Fund

The projections assume continuation of the policy of maintaining total operating fund reserves in accordance with the reserve policy adopted by the Board of Directors in 2001. That policy establishes specific reserve levels for operating cash flow, service charge stabilization and emergency repairs.

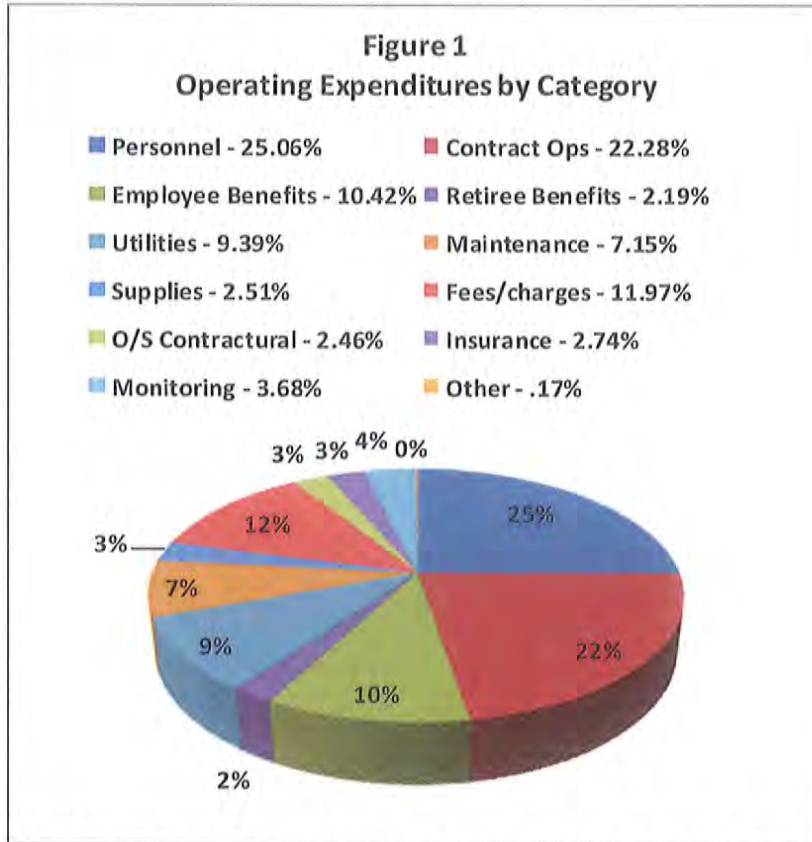


Figure 1 above shows proposed expenditures by expenditure category. Figure 1 shows that 37.7% of the budget involves personnel-related costs, including salaries, benefits, training and memberships. The remaining areas of expense are directly or indirectly related to the operation of facilities necessary to meet water quality and solid waste program mandates.

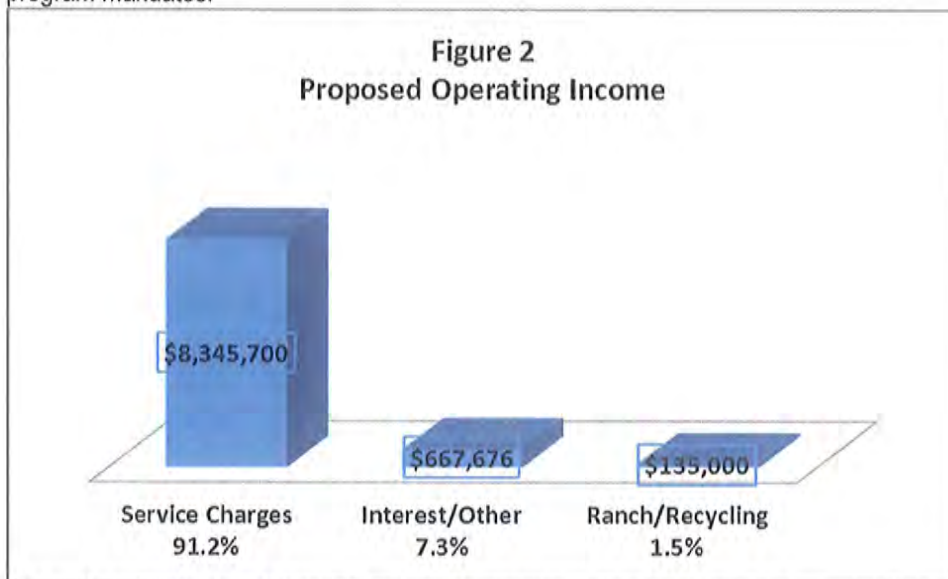


Figure 2 shows the breakdown of proposed operating revenues by source.



**HISTORY OF OPERATING TAX AND SERVICE CHARGE LEVIES**

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Operating Service Unit Charges</b>	<b>County Collection Fee</b>	<b>Total Levy</b>	<b>Equivalent Connections July 1</b>	<b>Average Levy per Connection</b>	<b>Increase or Decrease</b>
<b>2011-12</b>	<b>0</b>	<b>8,203,158</b>	<b>52,542</b>	<b>8,255,700</b>	<b>29,072</b>	<b>283.97</b>	<b>0.9%</b>
<b>Proposed 2012-13</b>	<b>0</b>	<b>8,345,700</b>	<b>61,000</b>	<b>8,406,700</b>	<b>29,273</b>	<b>287.18</b>	<b>2.0%</b>

**Novato Sanitary District  
2012-14 Final Budget  
Summary of Working Capital  
And Capital Improvement Reserve Fund Balances**

	Budget 10/11	Budget 11/12	Actual Rev/Exp 2011-12	Preliminary Budget 2012-13	Final Budget 2012/13	Preliminary Budget 2013/14
<b>Working Capital Fund at July 1st Beginning of Each Year</b>	7,164,360	7,618,784	7,612,914	7,122,091	7,122,091	6,954,959
<b>Operating Revenue (See pg 2)</b>	9,093,661	8,954,956	8,849,976	9,304,226	9,149,171	9,508,421
<b>Operating Expenditures (See pg 3)</b>	9,025,821	10,261,048	9,340,798	9,308,303	9,316,303	9,420,632
<b>Net Operating Revenue</b>	67,840	(1,306,092)	(490,823)	(4,077)	(167,132)	87,789
<b>Working Capital Fund at the End of Each Year</b>	<b>7,232,200</b>	<b>6,312,692</b>	<b>7,122,091</b>	<b>7,118,014</b>	<b>6,954,959</b>	<b>7,042,748</b>
<b>Capital Improvement Reserve Fund at July 1st Beginning of Each Year</b>	3,006,193	1,913,656	(4,293,777)	13,213,888	13,213,888	7,495,159
<b>Capital Revenue (See pg 20)</b>	8,370,258	9,593,415	9,227,228	9,501,525	9,304,740	9,239,220
<b>COP Proceeds (See pg 23)</b>	6,000,000	22,000,000	21,899,891			
<b>SRF Loan Proceeds(Final) " "</b>	5,980,876	2,039,575	2,039,575			
<b>Total Capital Revenues</b>	20,351,134	33,632,990	33,166,694	9,501,525	9,304,740	9,239,220
<b>Capital Expenditures (See pg 21)</b>	17,776,600	12,628,000	9,709,679	8,199,460	8,099,440	7,316,000
<b>Debt Service " "</b>	5,404,179	6,064,321	5,949,349	6,924,009	6,924,029	6,930,028
<b>Total Capital Expenditures</b>	23,180,779	18,692,321	15,659,028	15,123,469	15,023,469	14,246,028
<b>Capital Improvement Reserve Fund Balance at the End of Each Year</b>	<b>176,548</b>	<b>(7,185,250)</b>	<b>13,213,888</b>	<b>7,591,944</b>	<b>7,495,159</b>	<b>2,488,351</b>
<b>Reserved</b>			14,431,619	6,783,619	6,783,619	0
<b>Unreserved</b>			5,904,361	7,926,339	7,666,500	9,531,100
<b>Working Capital and Capital Improvement Fund Balances at The End of Each Year</b>	<b>7,408,748</b>	<b>(872,558)</b>	<b>20,335,980</b>	<b>14,709,959</b>	<b>14,450,119</b>	<b>9,531,100</b>
<b>Debt Coverage Ratio(1)</b>						
<b>Net Operating Revenue</b>	67,840	(1,306,092)	(490,823)	(4,077)	(167,132)	87,789
<b>Capital Revenue</b>	20,351,134	33,632,990	33,166,694	9,501,525	9,304,740	9,239,220
<b>Annual Debt Service</b>	5,404,179	6,064,321	5,949,349	6,924,009	6,924,029	6,930,028
<b>Coverage Ratio</b>	3.77	5.55	5.57	1.37	1.34	1.33

(1) Net Operating Revenue + Capital Revenue / Annual Debt Service = Debt Coverage Ratio

	11/12	12/13	13/14
<b>Beginning Balance each year</b>	-	14,431,619	6,783,619
<b>Cop Proceeds</b>	21,899,891	0	0
<b>Less Withdrawals</b>	(7,480,248)	(7,654,000)	(6,785,619)
<b>Interest earned and Reinvested</b>	11,976	6,000	2,000
<b>Cash Balance for COP Expenditures</b>	14,431,619	6,783,619	0

***SECTION II***

***OPERATING FUND SUMMARY SCHEDULES***

**Novato Sanitary District  
2012-14 Final Budget  
Operating Revenue Summary**

	Budget 10/11	Budget 11/12	Actual Rev 2011-12	Preliminary Budget 2012-13	Final Budget 2012/13	Preliminary Budget 2013/14
41010 · Sewer Service Charges (1)	8,023,872	8,210,842	8,203,158	8,501,550	8,345,700	8,672,450
41030 · Plan Check & Inspection Fee	7,500	500	0	500	500	500
41040 · Permit & Inspection Fee	25,000	7,500	6,340	7,500	7,500	7,500
41060 · Interest Income	125,000	15,000	15,477	12,500	12,500	15,000
41080 · Engineering & Admin Charges	200,000	200,000	197,310	175,000	175,000	175,000
41090 · Non-domestic Permit Fees (2)	4,000	4,000	15,101	15,000	15,000	4,000
41100 · Garbage Franchise Fees	45,000	46,575	45,000	46,575	47,370	47,370
41105 · AB 939 Collector Fees	280,493	297,586	297,586	297,586	297,586	297,586
41107 · Oil/Bev/Tire Grants (3)	62,845	54,953	47,237	63,015	63,015	63,015
41130 · Ranch Income	76,851	60,000	31,100	60,000	60,000	60,000
41135 · Recycled Water Revenue	8,000	8,000	8,060	75,000	75,000	108,000
41140 · Other Revenue (4)	235,100	40,000	(17,380)	40,000	40,000	48,000
41142 · Loss on disposal of assets	-	10,000	988	10,000	10,000	10,000
<b>Totals</b>	<b>9,093,661</b>	<b>8,954,956</b>	<b>8,849,976</b>	<b>9,304,226</b>	<b>9,149,171</b>	<b>9,508,421</b>

**Comments:**

(1) Service charge revenue is based on proposed rate increase and County Estimate for 2012/13 fiscal year.

Note: Total charge is \$495 split between operations(\$285) and capital (\$210) for 2012/13

Total charge is \$533 split between operations(\$290) and capital (\$224) for 2013/14.

(2) Includes application fees, permits and monitoring charges.

(3) Oil/Bev/Tire Grants \$22,490/ JPA Reimb Fees \$40,355.

(4) Other revenue includes septic tank hauling fees, and other miscellaneous revenue.

In addition, in prior year we recognized generator deposits as income inadvertently, in the current year this error was reversed. Thus, the significant difference between estimated and actual revenues of apprx \$55k.

**APPROPRIATIONS LIMITATION**

The appropriations limitation, pursuant to Article XIII B of the California Constitution, will be determined prior to submission of the final budget in August.

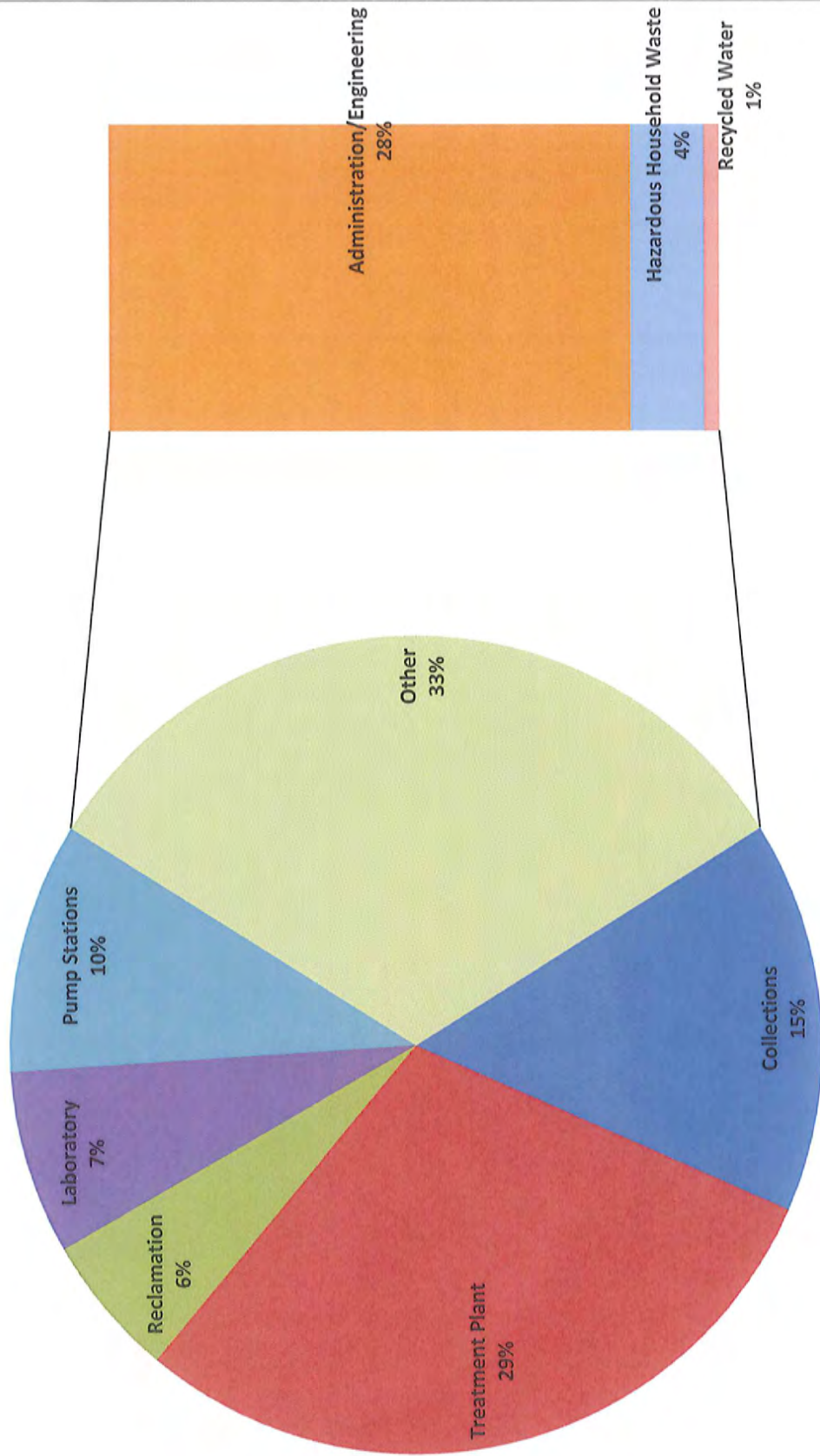
**Novato Sanitary District  
2012-14 Final Budget  
Operating Budget - Summary of Expenditures**

	Budget 10/11	Budget 11/12	Actual Exp 2011-12	Preliminary Budget 2012-13	Final Budget 2012-13	Preliminary Budget 2013/14
<b>Collections</b>	1,170,905	1,156,257	967,461	1,444,345	1,444,345	1,242,877
<b>Treatment Plant</b>	2,806,147	2,678,750	2,560,633	2,736,000	2,744,000	2,833,350
<b>Reclamation</b>	474,083	531,787	455,391	526,413	526,413	465,713
<b>Laboratory</b>	728,818	693,008	600,327	676,740	676,740	751,881
<b>Pump Stations</b>	724,074	887,148	749,465	924,862	924,862	870,985
<b>Administration/Engineering</b>	2,778,456	3,953,497	3,696,631	2,564,643	2,564,643	2,777,016
<b>Hazardous Household Waste</b>	343,338	360,601	310,890	360,300	360,300	370,810
<b>Recycled Water</b>	0	0	0	75,000	75,000	108,000
	9,025,821	10,261,048	9,340,798	9,308,303	9,316,303	9,420,632

**Novato Sanitary District  
2012-14 Final Operating Budget  
Operating Fund and Working Capital Reserve Fund**

		2012-13 Budget	
		Prelim	Final
<b><u>OPERATING FUND</u></b>			
<b>Fund Balance 6/30/11</b>		0	0
	Revenues 2011-12	8,849,976	8,849,976
	Expenditures 2011-12	(9,340,798)	(9,340,798)
	Transfer from Self-Insurance Fund for Claims	50,892	50,892
	Transfer to Self-Insurance Reserve Fund	(50,892)	(50,892)
	Transfer from Working Capital Reserve Fund	490,823	490,823
<b>Fund Balance 6/30/12</b>		0	0
	Anticipated Revenues 2012-13	9,304,226	9,149,171
	Anticipated Expenditures 2012-13	(9,308,303)	(9,316,303)
	Anticipated Transfer from Self-Insurance Fund for Claims	(45,000)	(45,000)
	Anticipated Transfer to Self-Insurance Reserve Fund	45,000	45,000
	Anticipated Transfer from Southgate Reserve Fund	0	-
	Anticipated Transfer to/from Working Capital Reserve Fund	4,077	167,132
<b>Anticipated Fund Balance 6/30/13</b>		0	0
<b><u>WORKING CAPITAL RESERVE FUND</u></b>			
<b>Fund Balance 6/30/11</b>		7,612,914	7,612,914
	Transfer from Operating Fund 2011-12	(490,823)	(490,823)
	Transfer to Rate Stabilization Reserve	0	-
	Transfer to Emergency Repair Reserve	0	-
<b>Fund Balance 6/30/12</b>		7,122,091	7,122,091
	Anticipated Transfer to/from Operating Fund 2012-13	(4,077)	(167,132)
<b>Anticipated Fund Balance 6/30/13</b>		7,118,014	6,954,959

# Final 2012-2014 Operating Budget By Department





Novato Sanitary District												
2012-13 Final Operating Budget												
Operating Budget Detail by Account Category												
Treatment Facilities	Recl	L-M	Pump Stations	Collection System	A-E	Recycled Water	Total	Percent	Over/Under PY Budget	% Over/Under PY Budget		
Salaries and Wages	30,758	201,512	331,138	583,833	994,388		2,141,629	22.99%	43,992	2.10%		
O & M Services						50,000	50,000	0.54%	50,000	100.00%		
Employee Benefits	12,655	79,327	164,724	277,512	399,308		933,526	10.02%	(8,392)	-0.89%		
CalPERS Side Fund Payoff						0	-	0.0%	(1,215,597)	-100.00%		
Retiree Health Benefits					195,847		195,847	2.10%	(34,638)	-15.03%		
Directors' Fees					45,000		45,000	0.48%	5,000	12.50%		
Election Expense					0		-	0.00%	(60,000)	-100.00%		
Gasoline, Oil & Fuel	4,000	2,500	4,000	25,000	8,000		43,500	0.47%	(1,000)	-2.25%		
Insurance	55,000				145,000		200,000	2.15%	4,400	2.25%		
Ins Claims Expense					45,000		45,000	0.48%	(10,600)	-19.06%		
Agency Dues					42,000		42,000	0.45%	2,000	5.00%		
Memberships					7,500		7,500	0.08%	300	4.17%		
Office Expense					30,000		30,000	0.32%	2,000	7.14%		
Safety	1,000	1,000	2,000	5,000	1,000		10,000	0.11%	10,000	100%		
Software Maint	2,000	23,000	10,000	25,000			60,000	0.64%	9,500	18.81%		
Operating Supplies	2,000	25,000	9,000	30,000	9,000	1,000	76,000	0.82%	(13,616)	-14.61%		
Operating Chemicals			50,000			15,000	65,000	0.70%	(32,000)	-32.99%		
Sludge Disposal-Contractual	215,000						215,000	2.31%	29,000	15.59%		
Accounting & Auditing					21,000		21,000	0.23%	(1,000)	-4.55%		
Attorney					160,000		160,000	1.72%	(30,000)	-15.79%		
Outside Consulting					220,000		220,000	2.36%	(8,760)	-3.83%		
IT/Misc. Electrical					50,000		50,000	0.54%	10,000	25.00%		
Printing & Publication					15,000		15,000	0.16%	(2,000)	-11.76%		
Repairs & Maintenance	80,000	10,000	115,000	82,000	40,000		332,000	3.56%	21,000	6.75%		
Unusual Equipment Maint	0						104,000	1.12%	54,000	108.00%		
Small Tools	1,000		2,000	1,000			4,000	0.04%	(500)	-11.11%		
Outside Services			70,000	75,000			145,000	1.56%	70,000	93.33%		
Ditch/Dike Maintenance	20,000						20,000	0.21%	2,000	11.11%		
Research & Monitoring		290,000					290,000	3.11%	14,600	5.30%		
Travel, Mtgs & Train.					50,000		50,000	0.54%	5,000	11.11%		
Pollution Prevention/Pub. Ed.		40,000					40,000	0.43%	8,000	25.00%		
Gas & Electricity	570,000		90,000				783,000	8.40%	7,000	0.90%		
Water	10,000		5,000	6,000			21,000	0.23%	3,000	16.67%		
Telephone			20,000	2,000	15,000		37,000	0.40%	-	0.00%		
Other/Operational Assistance				1,000			1,000	0.01%	(1,000)	-50.00%		
Permits & Fees	70,000	3,000	42,000	291,000			428,000	4.59%	279,000	187.25%		
Co. Collection Fees					61,000		61,000	0.65%	1,000	1.67%		
Ser. Chg. System Exp					5,000		5,000	0.05%	(4,000)	-44.44%		
Vehicle Replacement	7,000	1,400	10,000	40,000	5,600		64,000	0.69%	-	0.00%		
Capital Outlay							-	0.00%	-	0.00%		
AB 939 Solid Waste Programs					360,301		360,301	3.87%	(300)	-0.08%		
Contract Operations	1,945,000						1,945,000	20.88%	(152,750)	-7.28%		
<b>Total</b>	<b>2,744,000</b>	<b>526,413</b>	<b>676,739</b>	<b>1,444,345</b>	<b>2,924,944</b>	<b>75,000</b>	<b>9,316,303</b>	<b>100.00%</b>	<b>(944,745)</b>	<b>-9.21%</b>		
	29.45%	5.65%	7.26%	15.50%	31.40%	1%	100.00%					

***SECTION III***

***OPERATING FUND BUDGET***

**Novato Sanitary District  
2012-14 Final Budget  
Operating Budget - Collections**

	Budget 10/11	Budget 11/12	Actual Exp 2011-12	Preliminary Budget 2012-13	Final Budget 2012/13	Preliminary Budget 2013/14
60010 · Salaries & Wages	487,569	562,400	524,836	583,833	583,833	601,299
60020 · Employee Benefits	314,836	251,857	230,222	277,512	277,512	302,578
60060 · Gas, Oil & Fuel	15,000	25,000	18,230	25,000	25,000	30,000
60085 · Safety(1)	0	0	0	5,000	5,000	5,000
60091 · Software Maint	20,000	25,000	16,484	25,000	25,000	25,000
60100 · Operating Supplies	18,000	27,000	22,902	30,000	30,000	32,000
60150 · Repairs & Maint	45,000	60,000	57,423	82,000	82,000	60,000
60152 · Small Tools	2,000	1,000	59	1,000	1,000	2,000
60153 · Outside Services	65,000	55,000	37,873	75,000	75,000	75,000
60192 · Water	4,000	5,000	6,683	6,000	6,000	7,000
60193 · Telephone	2,000	2,000	1,898	2,000	2,000	2,000
60200 · Other(Garbage Coll)	2,500	2,000	742	1,000	1,000	1,000
60201 · Permits & Fees	160,000	100,000	10,111	291,000	291,000	60,000
60290 · Vehicle Replacemnt	35,000	40,000	40,000	40,000	40,000	40,000
	<b>1,170,905</b>	<b>1,156,257</b>	<b>967,461</b>	<b>1,444,345</b>	<b>1,444,345</b>	<b>1,242,877</b>

**Comments:**

(1) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.

**Novato Sanitary District  
2012-14 Final Budget  
Operating Budget - Treatment Facilities**

	Budget 10/11	Budget 11/12	Actual Exp 2011-12	Preliminary Budget 2012-13	Final Budget 2012/13	Preliminary Budget 2013/14
<b>61000-1 · Fixed Fee(1)</b>	1,707,983	1,880,000	1,843,921	1,945,000	1,945,000	2,003,350
<b>61000-2 · Insurance &amp; Bonds</b>	37,100	51,750	55,482	55,000	55,000	55,000
<b>61000-3 · Major Repr/Replacemnt</b>	92,000	104,000	36,635	104,000	104,000	110,000
<b>61000-4 · Water/Permits/Ph(2)</b>	16,000	62,000	57,913	70,000	70,000	65,000
<b>61000-5 · Gas &amp; Electricity</b>	542,815	581,000	566,681	562,000	570,000	600,000
	<b>2,395,898</b>	<b>2,678,750</b>	<b>2,560,633</b>	<b>2,736,000</b>	<b>2,744,000</b>	<b>2,833,350</b>

**Comments:**

(1) Fixed fee - Veolia working on calculation for upcoming year, one piece of information missing to calculate fee for 12/13 therefore, used previously estimated budget.

(2) Water/Permits/Phone account should include funds for State Water Resources Control Board not previously included in prior year. Amount of permits this year was approximately \$45k.

Note: 2010/11 required an additional \$410,249 before Veolia's contract was effective.

**Novato Sanitary District  
2012-2014 Final Budget  
Operating Budget -Reclamation**

	Budget 10/11	Budget 11/12	Actual Exp 2011-12	Preliminary Budget 2012-13	Final Budget 2012/13	Preliminary Budget 2013/14
63010 · Salaries & Wages	29,219	29,945	31,165	30,758	30,758	31,435
63020 · Employee Benefits	15,864	13,342	12,849	12,655	12,655	13,278
63060 · Gasoline & Oil	5,000	8,000	5,537	4,000	4,000	4,000
63085 · Safety(1)	0	0	0	1,000	1,000	1,000
63091 · Software Maint	2,500	2,500	0	2,000	2,000	3,000
63100 · Operating Supplies	3,000	3,000	2,103	2,000	2,000	3,000
63115 · Sludge Disposal	130,000	186,000	185,165	215,000	215,000	150,000
63150 · Repairs & Maint	85,000	85,000	81,484	80,000	80,000	90,000
63151 · Unusual Equipment Maint	50,000	50,000	26,466	0	0	0
63152 · Small Tools	1,500	1,000	0	1,000	1,000	1,000
63157 · Ditch/Dike Maint	20,000	18,000	840	20,000	20,000	20,000
63191 · Gas & Electricity	115,000	95,000	92,577	120,000	120,000	130,000
63192 · Water	8,000	8,000	8,210	10,000	10,000	10,000
63201 · Permits & Fees	2,000	25,000	1,995	21,000	21,000	2,000
63290 · Vehicle Replacemnt	7,000	7,000	7,000	7,000	7,000	7,000
	<b>474,083</b>	<b>531,787</b>	<b>455,391</b>	<b>526,413</b>	<b>526,413</b>	<b>465,713</b>

**Comments:**

- (1) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.

**Novato Sanitary District  
2012-14 Final Budget  
Operating Budget - Laboratory/Monitoring**

	Budget 10/11	Budget 11/12	Actual Exp 2011-12	Preliminary Budget 2012-13	Final Budget 2012/13	Preliminary Budget 2013/14
<b>64010 · Salaries &amp; Wages</b>	245,579	214,893	185,845	201,512	201,512	210,009
<b>64020 · Employee Benefits</b>	139,840	98,315	70,172	79,328	79,328	83,472
<b>64060 · Gasoline &amp; Oil</b>	2,000	4,000	2,539	2,500	2,500	3,000
<b>64085 · Safety(1)</b>	0	0	0	1,000	1,000	1,000
<b>64091 · Software Maintenance</b>	13,000	13,000	14,550	23,000	23,000	13,000
<b>64100 · Operating Supplies</b>	40,000	40,000	21,420	25,000	25,000	30,000
<b>64150 · Repairs &amp; Maintenance</b>	11,000	11,000	8,864	10,000	10,000	10,000
<b>64160 · Research &amp; Monitoring</b>	248,000	275,400	256,652	290,000	290,000	355,000
<b>64170 · Pollution Prev/Public Ed</b>	25,000	32,000	36,073	40,000	40,000	42,000
<b>64201 · Permits &amp; Fees</b>	3,000	3,000	2,811	3,000	3,000	3,000
<b>64290 · Vehicle Replacement</b>	1,400	1,400	1,400	1,400	1,400	1,400
	<b>728,819</b>	<b>693,008</b>	<b>600,327</b>	<b>676,740</b>	<b>676,740</b>	<b>751,881</b>

**Comments:**

- (1) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.

**Novato Sanitary District  
2012-2014 Final Budget  
Operating Budget - Pump Stations**

	Budget 10/11	Budget 11/12	Actual Exp 2011-12	Preliminary Budget 2012-13	Final Budget 2012/13	Preliminary Budget 2013/14
<b>65010 · Salaries &amp; Wages</b>	290,611	328,917	257,354	331,138	331,138	354,996
<b>65020 · Employee Benefits</b>	176,964	145,231	111,391	164,724	164,724	174,989
<b>65060 · Gasoline &amp; Oil</b>	3,000	2,500	2,879	4,000	4,000	4,000
<b>65085 · Safety(1)</b>	0	0	0	2,000	2,000	3,000
<b>65091 · Software Maintenance</b>	10,000	10,000	0	10,000	10,000	12,000
<b>65100 · Operating Supplies</b>	9,000	9,000	7,695	9,000	9,000	10,000
<b>65101 · Operating Chemicals</b>	4,000	97,000	96,605	50,000	50,000	45,000
<b>65150 · Repairs &amp; Maintnnce</b>	90,000	135,000	136,820	115,000	115,000	115,000
<b>65152 · Small Tools</b>	2,500	2,500	1,897	2,000	2,000	2,000
<b>65153 · Outside Services(2)</b>	0	0	0	70,000	70,000	20,000
<b>65191 · Gas &amp; Electricity</b>	95,000	100,000	93,292	90,000	90,000	90,000
<b>65192 · Water</b>	10,000	5,000	5,658	5,000	5,000	5,000
<b>65193 · Telephone</b>	21,000	21,000	22,184	20,000	20,000	20,000
<b>65201 · Permits &amp; Fees</b>	2,000	21,000	3,691	42,000	42,000	5,000
<b>65290 · Vehicle Replacement</b>	10,000	10,000	10,000	10,000	10,000	10,000
	<b>724,075</b>	<b>887,148</b>	<b>749,465</b>	<b>924,862</b>	<b>924,862</b>	<b>870,985</b>

**Comments:**

- (1) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.
- (2) Previously included in Admin budget in O/S Contractual Services, specifically for Pump Stations therefore reclassified to this department.



**Novato Sanitary District  
2012-2014 Final Budget  
Operating Budget - Administration**

	Budget 10/11	Budget 11/12	Actual Exp 2011-12	Preliminary Budget 2012-13	Final Budget 2012/13	Preliminary Budget 2013/14
66010 · Salaries & Wages	935,135	961,482	968,191	994,388	994,388	1,087,327
66020 · Employee Benefits	531,153	443,233	372,299	399,308	399,308	440,575
66020 · Employee Benefits - Side Fund	0	1,205,537	1,205,537	0	0	0
66021 · Retiree Health Benefits(1)	224,068	230,485	214,864	195,847	195,847	211,514
66030 · Director's Fees	50,000	40,000	44,100	45,000	45,000	45,000
66040 · Election Expense	0	60,000	39,456	0	0	45,000
66060 · Gasoline & Oil	5,000	5,000	5,387	8,000	8,000	9,000
66070 · Insurance	154,000	195,600	142,355	145,000	145,000	150,000
66071 · Insurance Claim Expense	25,000	55,600	50,892	45,000	45,000	45,000
66075 · Agency Dues	40,000	40,000	38,849	42,000	42,000	45,000
66080 · Memberships	6,000	7,200	6,679	7,500	7,500	8,000
66085 · Safety(2)	0	0	0	1,000	1,000	1,000
66090 · Office Expense	30,000	28,000	26,850	30,000	30,000	31,000
66100 · Engineering Supplies	8,000	10,000	9,144	9,000	9,000	10,000
66121 · Accounting & Auditing	24,500	22,000	19,685	21,000	21,000	22,000
66122 · Attorney Fees	300,000	190,000	125,870	160,000	160,000	165,000
66123 · O/S Contractual	220,000	228,760	218,348	220,000	220,000	220,000
66124 · IT/Misc Electrical	40,000	40,000	31,512	50,000	50,000	40,000
66130 · Printing & Publications	17,000	17,000	15,194	15,000	15,000	18,000
66150 · Repairs & Maintenance	40,000	40,000	38,528	40,000	40,000	40,000
66170 · Travel, Meetings & Training	40,000	45,000	42,636	50,000	50,000	53,000
66193 · Telephone	14,000	14,000	12,532	15,000	15,000	15,000
66202 · County Fees-Property Taxes	30,000	31,000	23,796	31,000	31,000	33,000
66203 · County Fees-Sewer Ser Chg	30,000	29,000	28,746	30,000	30,000	32,000
66250 · Service Charge Sys Exp	9,000	9,000	9,579	5,000	5,000	5,000
66290 · Vehicle Replacement	5,600	5,600	5,600	5,600	5,600	5,600
	<b>2,778,456</b>	<b>3,953,497</b>	<b>3,696,631</b>	<b>2,564,643</b>	<b>2,564,643</b>	<b>2,777,016</b>

Comments:

- (1) Based on increase of 5% a year from actual expenditures in 2011/12
- (2) New account for safety related expenses allocated to Collection, Reclamation, Lab, Pump Stations and Administration.

Novato Sanitary District								
Final Operating Budget 2012-14								
PERSONNEL DETAIL								
Number	Position	Dept.	Pay Range	Total				
				2012/13 Salaries	2013/14 Salaries			
1.00	Manager-Engineer.....	A/E		178,728	182,660			
1.00	Deputy - Manager Engineer.....	A/E	MC122.5	157,476	160,940			
1.50	Senior Engineer.....	.75AE/.25PS	MC116.5	168,270	228,918			
1.00	Field Services Superintendent.....	.5AE/.25PS/.25Rec	MC117	120,384	123,032			
0.46	Administrative Services Specialist .....	A/E	MC117.5	58,666	59,956			
0.50	Administrative Assistant .....	A/E	MC103.5	25,638	53,832			
1.00	Administrative Secretary.....	A/E	MC106	70,380	71,928			
1.00	Finance Officer.....	A/E	MC112.5	96,684	98,811			
1.00	Staff Engineer.....	.5AE/.5CS	47	89,832	91,808			
1.00	Construction Inspector.....	A/E	44.5	79,536	81,286			
1.00	Information System Specialist II.....	.5AE/.5CS	43.5	75,744	77,410			
1.00	Environmental Services Supervisor.....	L/M	MC115.5	92,076	98,724			
1.00	ECA II.....	L/M	45.5	75,744	77,410			
0.00	Instrument Technician/Electrician.....	.75AE/.25PS	46.5	-	-			
1.00	Collection System Superintendent.....	.67CS/.33PS	MC115	109,188	111,590			
1.00	Collection System Leadworker.....	.67CS/.33PS	47	89,832	91,808			
1.00	Collection System Worker III.....	.67CS/.33PS	43.5	68,712	70,224			
4.00	Collection System Worker II(1).....	.67CS/.33PS	40.5	255,504	374,346			
2.50	Collection System Worker I(1).....	.67CS/.33PS	38.5	127,557	54,968			
0.00	Engineering Intern.....	A/E	N/A	-	-			
1.00	Collection System Temp.....	C/S	N/A	30,000	-			
0.00	Lab. Intern (NMWD)	L/M	N/A	28,000	28,000			
0.40	Hourly Electrician	.75AE/.25PS	N/A	40,000	40,000			
	Allowance for Overtime.....	C/S		30,000	30,000			
	Allowance for Overtime.....	A/E		7,500	7,500			
	Allowance for Overtime.....	L/M		2,000	2,000			
	Allowance for Standby Duty Pay.....	C/S		20,000	20,000			
				-	-			
	CCSR.....	PS		1,500	1,500			
	Subtotal			2,098,951	2,238,654			
	Allowance for Possible COLA - across the board .....	2.20%		42,679	46,412			
				2,141,630	2,285,066			
23.36			2012/13	2013/14				
	Administration and Engineering (A/E)	=	994,388	1,087,327				
	Laboratory and Monitoring (L/M)	=	201,512	210,009				
	Collection System	67% =	583,833	601,299				
	Pump Stations	33% =	331,138	354,996				
	Reclamation Facilities	=	30,758	31,435				
	Total/Check		2,141,630	2,285,066				

**Novato Sanitary District  
2012-2014 Final Budget  
Operating Budget -Hazardous Household Waste**

				Preliminary	Final	Preliminary
	Budget	Budget	Actual Exp	Budget	Budget	Budget
	10/11	11/12	2011-12	2012-13	2012-13	2013/14
<b>67400 · Management Services</b>	91,764	105,064	84,948	106,764	106,764	109,967
<b>67500 · Household Hazardous Wst</b>	211,000	218,000	206,199	202,500	202,500	208,575
<b>67520 · Permanent HHW Facility</b>	9,000	9,000	1,809	5,000	5,000	5,150
<b>67530 · Used Oil /Beverage Program</b>	16,574	13,537	3,073	22,537	22,537	23,213
<b>67540·Educ./Publicity/Ads Outreach(1)</b>	-	0	0	8,500	8,500	8,755
<b>67600 · Other</b>	5,000	5,000	4,863	5,000	5,000	5,150
<b>67610 · City AB 939 Admin Service</b>	10,000	10,000	10,000	10,000	10,000	10,000
	<b>343,338</b>	<b>360,601</b>	<b>310,890</b>	<b>360,301</b>	<b>360,301</b>	<b>370,810</b>

Comments:

(1) New account for Education/Publicity/Ads/Outreach - 67540, previously included with Acct 67520

**Novato Sanitary District  
2012-2014 Final Budget  
Operating Budget - Recycled Water**

			Preliminary	Final	Preliminary
		Est Exp	Budget	Budget	Budget
	Budget 11/12	2011-12	2012-13	2012/13	2013/14
(1)					
68010 · O & M Services	0	0	50,000	50,000	50,000
68100 · Operating Supplies	0	0	1,000	1,000	2,000
68101 · Operating Chemicals	0	0	15,000	15,000	20,000
68150 · Repairs & Maintnnce	0	0	5,000	5,000	25,000
68191 · Gas & Electricity	0	0	3,000	3,000	10,000
68201 · Permits & Fees	0	0	1,000	1,000	1,000
68290 · Vehicle Replacement	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>75,000</b>	<b>75,000</b>	<b>108,000</b>

**Comments:**

(1) New account series to track new operation of our Recycled Water Facility.

***SECTION IV***

***VEHICLE REPLACEMENT BUDGET***



***SECTION V***

***SELF INSURANCE FUND BUDGET***



**Novato Sanitary District  
2012-14 Final Budget  
Self Insurance Fund**

		2012-13 Budget	
		Prelim	Final
<b>FUND BALANCE 6/30/11 . . . . .</b>		<b>164,016</b>	<b>164,016</b>
	Interest Earned on Fund		
	Balance	750	-
	Transfer to Operating Fund to		
	Reimburse Fund for Claims	(50,892)	(50,892)
	Transfer from Operating Fund to		
	Self-Insurance Reserve Fund	50,892	50,892
<b>FUND BALANCE 6/30/12 . . . . .</b>		<b>164,766</b>	<b>164,016</b>
	Anticipated Interest Earned on Fund		
	Balance	750	500
	Anticipated Transfer to Operating Fund		
	from Insurance Fund for Claims	(45,000)	(45,000)
	Transfer from Operating Fund to		
	Self-Insurance Reserve Fund	45,000	45,000
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>		<b>165,516</b>	<b>164,516</b>
Comments:			
	1) The District has general and automobile liability coverage in the amount of \$10,000,000 with a \$25,000 deductible through the California Sanitation Risk Management Authority (CSRMA). Coverage for Errors and Omissions is included in the CSRMA pooled liability insurance program.		
	2) The District also has a property insurance policy through CSRMA to cover buildings, structures and equipment. This policy provides \$40,000,000 coverage with a \$25,000 deductible.		
	3) The self-insurance reserve fund has been set up to cover possible District claims falling within the deductible amounts on these policies.		
	4) Beginning FY 2011-12 this account includes payment of Unemployment Insurance claims.		

***SECTION VI***

***RATE STABILIZATION, EMERGENCY REPAIR AND  
SOUTHGATE RESERVE FUNDS***

**Novato Sanitary District  
2012-14 Final Budget  
Rate Stabilization and Emergency Repair Reserve Funds**

		2012-13 Budget	
		Prelim	Final
<b><u>RATE STABILIZATION FUND**</u></b>			
<b>FUND BALANCE 6/30/11 . . . . .</b>		600,000	600,000
	Contribution to/from Operating Fund to Rate Stabilization Fund 2011-12	0	0
<b>FUND BALANCE 6/30/12 . . . . .</b>		600,000	600,000
	Anticipated Contribution to/from Operating Fund to Rate Stabilization Account 2011-12	0	0
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>		600,000	600,000
<b><u>EMERGENCY REPAIR RESERVE FUND**</u></b>			
<b>FUND BALANCE 6/30/11 . . . . .</b>		600000	600000
	Contribution to/from Operating Fund to Emergency Repair Reserve Fund 2011-12	0	0
<b>FUND BALANCE 6/30/12 . . . . .</b>		600,000	600,000
	Anticipated Contribution from Operating Fund to Rate Stabilization Account 2012-13	0	0
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>		600,000	600,000
**	In October 2001, the District Board adopted an Operating Reserve Fund Policy that included establishing a Service Charge Rate Stabilization Fund in the amount of \$600,000 and an Emergency Repair Reserve Fund in the amount of \$600,000.		



***SECTION VII***

***CAPITAL IMPROVEMENT BUDGET***

**Novato Sanitary District  
2012-14 Final Budget  
Revenue Summary - Capital Improvement Budget**

				Preliminary	Final	Preliminary
			Actual Rev	Budget	Budget	Budget
	Budget 10/11	Budget 11/12	2011-12	2012-13	2012/13	2013/14
<b>Capital Improvement Income</b>						
51010 · Sewer Service Charges(1)	5,407,578	5,472,815	5,467,973	6,264,300	6,149,430	6,698,720
51015 · Property Taxes	1,875,000	1,775,000	1,795,489	1,700,000	1,780,000	1,780,000
51020 · Connection Charges(2)	162,200	681,600	880,541	447,500	447,500	469,500
51030 · Collector Sewer Charges	4,000	4,000	0	2,000	2,000	2,000
51040 · Special Equalization Chrg	12,000	6,000	77	4,000	4,000	4,000
51060 · Interest	50,000	25,000	21,652	15,000	20,000	15,000
51062 · ARRA/IRWM Grant Revenue	859,480	1,609,000	832,441	601,370	601,370	250,000
51070 · Other Revenue(3)		20,000	229,055	467,355	300,440	20,000
<b>Total Capital Improvement Income</b>	<b>8,370,258</b>	<b>9,593,415</b>	<b>9,227,228</b>	<b>9,501,525</b>	<b>9,304,740</b>	<b>9,239,220</b>
<b>Comments:</b>						
(1) Service charge revenue is based on proposed rate increase and County estimate.						
<b>Note: Total charge is \$495 split between operations(\$285) and capital (\$210) for 2012/13</b>						
<b>Total charge is \$514 split between operations(\$290) and capital (\$224) for 2013/14.</b>						
(2) Connection Charges projected to be 50 new connections at \$8,940 each and						
50 new connections the following year at \$9,390 each.						
(3) Includes reimbursement from NBWRA for NMWD's previous participation of \$280,440.						
Units - 29,283						

**Novato Sanitary District  
Capital Improvement Budget  
2012-2014 Final Budget**

				Preliminary	Final	Preliminary
			Actual Exp	Budget	Budget	Budget
	Budget 10/11	Budget 11/12	2011-12	2012-13	2012-13	2013/14
72110 · Drainage PS 3&7 Outfall Rehab	50,000	0	839	50,000	50,000	150,000
72111 · SCADA Phase II	20,000	20,000	17,179	10,000	10,000	10,000
72403 · Pump Station Rehabilitation	3,700,000	1,500,000	1,114,075	1,350,000	1,600,000	1,250,000
72508 · N. Bay Water Recycling Auth	90,000	50,000	50,631	380,440	380,440	100,000
72509 · NTP Soil & Groundwater Inv	5,000	5,000	0	0	0	0
72604 · Laboratory Improvements	30,000	60,000	2,033	10,000	10,000	10,000
72607 · WWTP Upgrade-Contract A1	50,000	15,000	13,138	10,000	10,000	0
72608 · WWTP Upgrade - Contract A2	5,000	10,000	0	0	0	0
72609 · WWTP Upgrade - Contract B	6,000,000	700,000	561,206	50,000	50,000	10,000
72611 · Bayside Sewer	10,000	10,000	305	3,000	3,000	3,000
72612 · Southgate Sewer-	3,000	3,000	458	1,000	1,000	1,000
72706 · Collection System Improv	3,000,000	2,000,000	932,175	1,400,000	1,220,000	2,200,000
72706-1 · Lateral Replacemnt Program(1)	-	0	0	30,000	30,000	30,000
72707 · Hamilton Wetlands/Outfall Monit	5,000	5,000	348	0	0	2,000
72708 · Cogeneration	50,000	50,000	534	50,000	50,000	700,000
72801 · Annual Minor Projects	25,000	25,000	1,040	0	0	10,000
72802 · Annual Sewer Adj. for City Proj	25,000	25,000	7,458	25,000	25,000	20,000
72803 · Annual Collection Sys Repairs	270,000	200,000	241,841	200,000	200,000	200,000
72804 · Annual Reclamation Fac Imp	200,000	400,000	380,791	350,000	300,000	250,000
72805 · Annual Trtmt Plnt/Pump St Impr	200,000	150,000	189,801	270,000	500,000	150,000
72808 · Strategic Plan Update	50,000	50,000	16,849	10,000	10,000	0
73001 · WWTP Upgrade - Contract C (Solids handling)	787,500	800,000	246,645	2,500,000	2,500,000	700,000
73002 · WWTP Up-Cont D-Rec(ARRA-25%)	2,951,100	6,500,000	5,914,766	1,250,000	900,000	20,000
73003 · Admin Building Upgrade/Maintenance Bldg	250,000	50,000	17,567	250,000	250,000	1,500,000
78500 · Interest - SRF/COP Bond	170,972	6,064,321	5,949,349	2,785,972	2,785,972	2,681,858
78500 · Principal	5,233,207		0	4,138,057	4,138,057	4,248,170
<b>Totals</b>	<b>23,180,779</b>	<b>18,692,321</b>	<b>15,659,028</b>	<b>15,123,469</b>	<b>15,023,469</b>	<b>14,246,028</b>

Comments:

(1) Lateral Replacement Program included in 76706-Collection System Improvements in prior budget.

12/13                  13/14

(2) COP Expenditures                                  7,654,000          7,154,000



**Novato Sanitary District  
Final Budget 2012-14  
Capital Improvement and Working Capital Reserve Funds**

		2012-13 Budget	
		Prelim	Final
<b>CAPITAL IMPROVEMENT FUND</b>			
	<b>Fund Balance 6/30/11</b>	0	0
	Revenues 2011-12	9,227,228	9,227,228
	Expenditures 2011-12	(9,709,680)	(9,709,680)
	Debt Service Payments -SRF Loan and COP Bond	(5,949,349)	(5,949,349)
	Transfer from Capital Improvement Reserve Fund 2011-12	6,431,801	6,431,801
	<b>Fund Balance 6/30/12</b>	0	0
	Anticipated Revenues 2012-13	9,501,525	9,304,740
	Anticipated Expenditures 2012-13	(8,199,440)	(8,099,440)
	Debt Service Payments SRF Loan and COP Bond	(6,924,029)	(6,924,029)
	Anticipated Transfer to/from Capital Improvement Reserve Fund	5,621,944	5,718,729
	<b>Anticipated Fund Balance 6/30/13</b>	0	0
<b>WORKING CAPITAL RESERVE FUND</b>			
	<b>Fund Balance 6/30/11</b>	(4,293,777)	(4,293,777)
	Transfer from Capital Improvement Fund Fund 2011-12	(6,431,801)	(6,431,801)
	Transfers from COP Bond Proceeds	21,899,891	21,899,891
	Transfers from SRF Loan Proceeds	2,039,575	2,039,575
	Transfer to Rate Stabilization Reserve	0	0
	Transfer to Emergency Repair Reserve	0	0
	<b>Fund Balance 6/30/12</b>	13,213,888	13,213,888
	Anticipated Transfer to Capital Improvement Fund 2012-13	(5,621,944)	(5,718,729)
	<b>Anticipated Fund Balance 6/30/13</b>	7,591,944	7,495,159

***SECTION VIII***

***DEBT SERVICE FUNDS***

**Novato Sanitary District  
2012-14 Preliminary Budget  
State Revolving Fund Loan  
and  
COP Bond Fund**

	2012-13	Budget
	Prelim	Final
<b><u>State Revolving Fund Loan</u></b>		
<b>FUND BALANCE 6/30/11 . . . . .</b>	79,199,108	79,199,108
SRF Deposits 2011-12	2,039,975	2,039,975
Principal Payment 2011-12	(3,274,949)	(3,274,949)
Interest payments 2011-12	(1,963,382)	(1,963,382)
Transfer from Capital Improvement Fund 2011-12	1,963,382	1,963,382
<b>FUND BALANCE 6/30/12 . . . . .</b>	77,964,134	77,964,134
Principal Payment 2012-13	(3,338,056)	(3,338,056)
Interest payments 2012-13	(1,900,274)	(1,900,274)
Transfer from Capital Improvement Fund 2012-13	1,900,274	1,900,274
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>	74,626,078	74,626,078
<b><u>COP Bond Financing Issued October 2011</u></b>		
<b>FUND BALANCE 6/30/11 . . . . .</b>	0	
COP Proceeds from Bond Issuance	21,899,891	21,899,891
Interest payments 2011-12	(268,170)	(268,170)
Transfer from Capital Improvement Fund 2011-12	268,170	268,170
<b>FUND BALANCE 6/30/12 . . . . .</b>	21,899,891	21,899,891
Principal Payment 2012-13	(800,000)	(800,000)
Interest payments 2012-13	(885,698)	(885,698)
Transfer from Capital Improvement Fund 2012-13	885,698	885,698
<b>ANTICIPATED FUND BALANCE 6/30/13 . . . . .</b>	21,099,892	21,099,892



**West County Wastewater District  
Committee/Board Agenda Memorandum**

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**TO:** Honorable Board of Directors  
**FROM:** E.J. Shalaby, General Manager *ES*  
**REPORT BY:** Beverli A. Marshall, Manager of Finance & Admin. Services  
**SUBJECT:** Amending Comprehensive Budget for Fiscal Year 2012/13

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**RECOMMENDATION**

Staff recommends that the Board adopt a resolution amending the Comprehensive Budget for Fiscal Year 2012/13.

**FISCAL IMPACT**

The adopted Comprehensive Budget for Fiscal Year 2013 is \$16.53 million for Fiscal Year 2012/13. The planned increases and additional requests result in a total amended budget of \$19.90 million. Sufficient funds exist in the Operating Fund and Capital Improvement Fund balances to cover the increase.

**STRATEGIC PLAN COMPLIANCE**

This recommendation complies with the West County Wastewater District Strategic Plan: 5.0 Financial Management.

**BACKGROUND AND DISCUSSION**

On June 21, 2011, the Board of Directors adopted the Comprehensive Biennial Budget for Fiscal Years 2011/2012 & 2012/2013. This report outlines the proposed changes to the adopted Comprehensive Budget for Fiscal Year 2012/13 for the Board's consideration. The expenses are based on projected needs and past experience.

The attachment department budget sheets (Attachment B) reflect an increase in the Operating budget of \$423,350, which includes estimates for increases in wages and benefits based on a wage survey (Attachment C) conducted by an outside consultant and the unfunding of two positions to implement unattended operations at the WPCP. The final changes in wages and benefits will not be known until the District completes bargaining with the three represented units.

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BOARD MEMBERS: L. Battaglia M. Caine A. Granzella G. Schmidt P. Soltow, Jr.  
BOARD ATTORNEY: A. Cabral GENERAL MANAGER: E.J. Shalaby  
ATTACHMENT 6-D

The planned changes in the Operating budget and the additional requests (Exhibit 1) increase the Operating budget by \$614,539, which is a total increase of approximately five percent (5.1%). The amendment request also includes an increase in the Capital Improvement Budget of \$2.73 million to carry over projects not completed by June 30, 2012. The total amended budget for Fiscal Year 2012/13 is \$20.02 million.

#### *Operating Revenues*

The District receives the majority of its funding for operating and maintenance of services from residential user charges. The adopted sewer use charge (SUC) for Fiscal Year 2012/2013 for single family residences is \$304 per connection. Multi-family and mobile home residential parcel rates increase to \$274 per connection.

The overall increase in operating revenue over the adopted budget for Fiscal Year 2011/2012, based on all sources, is approximately four percent (4%). Revenue in excess of that needed to cover operating expenses will be transferred to the Capital Improvement Fund to cover projects approved in the Capital Improvement Plan.

#### *Operating Expenses*

The proposed Budget for Fiscal Year 2012/13 is based on projected expenses for Fiscal Year 2011/12 with adjustments for estimated or known increases or decreases in expenses. Based on the analysis provided by NBS for the SUC and user fees, the District will keep the budgeted expense increases to no more than three and one-half percent (3.5%). The notable increases in the budget are in the following areas. Specific amendments to the adopted Biennial Budget are outlined in Attachment B.

#### *Capital Improvement Revenues*

Historically, the District received most of its funding for capital improvement projects from development fees. Due to the downturn in the economy, this funding source has been drastically reduced. The District receives a small amount of property tax (ad valorem), but this has also been reduced due to the decline in property values. Therefore, the District is dependent upon its funding of last resort, the sewer use charge (SUC). In Fiscal Year 2012/13, the District will contribute \$1.5 million with the remaining expenses funded by the Capital Improvement Fund balance.

#### *Capital Improvement Expenses*

The Five-Year Capital Improvement Plan addresses large-scale improvements and equipment needs that invest in the District's infrastructure and operations to improve the overall system, reduce ongoing maintenance costs and prevent system failures. The adopted Capital Improvement Program budget is \$4.66 million for Fiscal Year 2012/13. Based on project status, staff requests that \$2,725,286 be carried over from 2011/12 CIP funds to complete budgeted projects.

This item was discussed at the May 23, 2012, and June 13, 2012, Administration & Finance Committee meetings. Staff will be available to answer questions.

**SUPPORTING DOCUMENTS**

Attachment A: Resolution

Exhibit 1: Requested Change to the Adopted Budget for FY 2012/2013

Exhibit 2: Amended Position Control List

Attachment B: Department Budget Sheets

Attachment C: Wage Survey by Fox Lawson

Attachment D: Five-Year Fund Analysis - Operating Fund

Attachment E: Five-Year Fund Analysis - Capital Improvement Program Fund

**COMMITTEE RECOMMENDATION**

*The Board recommended at the Administration & Finance Committee meeting on June 13, 2012, that this item be referred to a future Board meeting for consideration and approval.*

**ACTION TAKEN BY BOARD**

RESOLUTION OF THE BOARD OF DIRECTORS OF WEST COUNTY  
WASTEWATER DISTRICT, COUNTY OF CONTRA COSTA, CALIFORNIA

RESOLUTION NO. 12-00\_\_\_

AMENDING THE COMPREHENSIVE BUDGET FOR FISCAL YEAR 2012/13, DECLARING  
TAX REQUIREMENTS FOR PURPOSES OF MAINTENANCE, OPERATIONS AND CURRENT  
PROJECTS FOR FISCAL YEAR 2012/13 AND AMENDING THE POSITION CONTROL LIST

WHEREAS, it is the duty of the Board of Directors of the West County Wastewater District to estimate the necessary revenue to meet lawful obligations and operating expenses of the District; and

WHEREAS, the Administration & Finance Committee recommended that the Board discuss and consider the proposed budget amendments for Fiscal Year 2012/13; and

WHEREAS, the Board of Directors has reviewed the proposed amendments to the Comprehensive Budget for Fiscal Year 2012/13; and

WHEREAS, sufficient revenue is anticipated for the fiscal year to cover budgeted operating expenditures and sufficient capital improvement revenue is anticipated, in addition to drawing down the fund balance, to cover capital improvement projects for the fiscal year.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the West County Wastewater District, Contra Costa County, California hereby amends the Comprehensive Budget for Fiscal Year 2012/13 and the Capital Improvement Plan for Fiscal Years 2011/12 through 2015/16 and amends the Position Control List.

\* \* \*

I HEREBY CERTIFY that the foregoing resolution was duly and regularly adopted by the Board of Directors of the West County Wastewater District, Contra Costa County, California, at a regular meeting thereof held on the 19<sup>th</sup> day of June, 2012, by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Secretary of the Board of Directors  
West County Wastewater District  
Contra Costa County, California

**AMENDMENTS TO COMPREHENSIVE BUDGET  
and CAPITAL IMPROVEMENT PLAN  
for Fiscal Year 2012/13**

**EXHIBIT 1**

Item #	<u>Description</u>	<u>Department</u>	<u>Funding Solution</u>	<u>Expenses</u>
<b><u>Operations &amp; Maintenance - NOT Included in Proposed Budget</u></b>				
1	Increase training budget to include Annual Confined Space Training	Collection System	Sewer Use Charge	\$ 5,000
2	1.0 FTE Senior Engineering Technician - GIS and CCTV Collection System assessments	Engineering	Sewer Use Charge	\$ 102,478
3	1.0 FTE District Inspector - Master Plan identified projects mid-year hire	Engineering	Sewer Use Charge	\$ 63,711
4	Employment related legal costs	Administration	Operating Fund Carryover	\$ 20,000
<b>Total Operations</b>				<b>\$ 191,189</b>
<b><u>Capital Improvement Program</u></b>				
1	Sewer Permit/Cashiering Software 11AD101	Administration	CIP Fund Carryover	\$ 92,191
2	DO Security Upgrades 11AD103	Administration	CIP Fund Carryover	\$ 138,686
3	Board Room Upgrades	Administration	CIP Fund Carryover	\$ 25,000
4	2010-2011 Pipeline Replacements 11CS204	Collection System	CIP Fund Carryover	\$ 806,373
5	Garrity Creek Phase II 12CS203	Collection System	CIP Fund Carryover	\$ 9,884
6	Collins Avenue 12CS206	Collection System	CIP Fund Carryover	\$ 99,464
7	Systemwide Master Plan 12EG301	Engineering	CIP Fund Carryover	\$ 301,465
8	Plant Perimeter Monitoring 10PP503	Plant Process Improvements	CIP Fund Carryover	\$ 255,000
9	Lakeside-Hilltop Green Force Main Study	Plant Process Improvements	CIP Fund Carryover	\$ 50,000
10	Flow Monitoring for Richmond Plant	Plant Process Improvements	CIP Fund Carryover	\$ 100,000
11	Replace 480v Breakers & Switchgear 12PS604	Plant Structures	CIP Fund Carryover	\$ 271,985
12	Digester Gas Siloxane Removal 10PS606	Plant Structures	CIP Fund Carryover	\$ 74,818
13	Plant Roof Replacements 11PS603	Plant Structures	CIP Fund Carryover	\$ 99,412
14	WCA: Cathodic Protection 12PS605	Plant Structures	CIP Fund Carryover	\$ 326,113
15	Vactor Spoils Process Facility 12PS602	Plant Structures	CIP Fund Carryover	\$ 34,895
16	Replace Vehicle for District Van	Equipment	CIP Fund Carryover	\$ 40,000
<b>Total CIP</b>				<b>\$ 2,725,286</b>
<b>TOTAL RECOMMENDATIONS</b>				<b>\$ 2,916,475</b>



**WEST COUNTY WASTEWATER DISTRICT**  
*POSITION CONTROL LIST*  
*Amended June 19, 2012*  
*Resolution No. 12-0\_\_*

<u>Classifications</u>	<u>Authorized Positions</u>
<u>Administrative Services:</u>	
<i>General Manager</i>	1
 <i>Manager of Finance &amp; Administrative Services</i>	 1
Finance Supervisor	1
Administrative Analyst	1
Human Resources Analyst	1
Secretary to the Board	1
Accountant*	1
Accounting Technician I/II	2
Secretary	2
Procurement Specialist	1
Administrative Clerk*	<u>1</u>
<b>Subtotal</b>	<b>13</b>
 <u>Engineering &amp; Collection System Operations:</u>	
<i>District Engineer</i>	1
 Senior Engineer	 1
Associate Engineer*	1
District Inspector	2
Senior Engineering Technician	3
Engineering Technician	<u>1</u>
	9
 Collection System Supervisor	 1
Collection System Crew Leader I/II	4
Collection System Crew Member I/II	<u>7</u>
	12
<b>Subtotal</b>	<b>21</b>
 <u>Water Pollution Control Plant</u>	
<i>Plant Superintendent</i>	1
 Environmental Compliance Supervisor	 1
Environmental Compliance Inspector	1
Laboratory Technician	<u>2</u>
	4
 Operations Supervisor	 1
Shift Supervisor	5

Shift Supervisor*	1
Senior Plant Operator/Plant Operator/OIT	4
Senior Plant Operator/Plant Operator/OIT*	<u>2</u>
	13
Maintenance Supervisor	1
Assistant Maintenance Supervisor*	1
Sr. Maintenance/Instrumentation Technician	1
Senior Maintenance Technician	2
Maintenance Technician/Technician-in-Training	4
Utility Worker	<u>1</u>
	10
<b>Subtotal</b>	<b>28</b>
<b>TOTAL DISTRICT</b>	<b>62</b>

\* Indicates positions unfunded in Adopted/Amended Budget

**ALL DEPARTMENTS**

**FINANCIAL SUMMARY: EXPENDITURES & REVENUE**

	<b>FY 2010 ACTUAL</b>	<b>FY 2011 ACTUAL</b>	<b>FY 2012 ADOPTED</b>	<b>FY 2012 PROJECTED</b>	<b>% Change over FY 2012 ADOPTED</b>	<b>FY 2013 ADOPTED</b>	<b>FY 2013 AMENDED</b>	<b>% Change over FY 2012 ADOPTED</b>
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	4,428,205	4,305,870	4,738,538	4,352,331	-8.2%	4,569,268	4,924,958	3.9%
Premium Pay	234,682	354,713	234,126	245,671	4.9%	234,126	256,512	9.6%
Health Benefits	1,167,913	910,533	832,853	830,098	-0.3%	869,212	852,825	2.4%
Retirement Cont.	1,438,563	1,428,483	1,571,565	1,455,004	-7.4%	1,533,690	1,636,057	4.1%
Retirement Medical	719,999	763,617	764,897	843,423	10.3%	737,396	813,958	6.4%
Misc. Benefits	813,315	522,467	317,031	283,784	-10.5%	308,732	314,281	-0.9%
Legal Fees	35,230	162,400	154,070	144,335	-6.3%	144,070	125,160	-18.8%
Professional Services	1,142,009	942,789	737,321	656,822	-10.9%	808,397	810,969	10.0%
Prof. Memberships	35,038	48,486	50,701	49,509	-2.4%	50,701	50,057	-1.3%
Printing/Advertising	61,620	34,684	69,736	43,913	-37.0%	69,736	44,323	-36.4%
Insurance Premiums	138,054	85,491	130,622	75,000	-42.6%	130,622	80,000	-38.8%
Utilities	785,131	910,131	873,176	937,336	7.3%	898,747	967,328	10.8%
Travel & Training	71,688	57,134	97,898	57,297	-41.5%	98,398	60,755	-37.9%
Misc. Services	55,038	88,594	86,299	141,902	64.4%	106,899	154,257	78.7%
Bldg & Maint Services	36,979	96,502	86,901	106,155	22.2%	87,660	88,314	1.6%
WCA Expenses	91,085	148,273	163,500	250,000	52.9%	163,500	154,350	-5.6%
Election Costs	-	370	-	-		40,000	53,000	
Permits	53,457	36,714	67,159	37,239	-44.6%	67,159	38,162	-43.2%
Supplies	812,507	993,958	891,649	849,991	-4.7%	886,192	878,844	-1.4%
Equipment	27,830	58,372	154,972	136,928	-11.6%	64,472	146,487	-5.5%
	<b>12,148,343</b>	<b>11,949,581</b>	<b>12,023,016</b>	<b>11,496,737</b>	<b>-4.4%</b>	<b>11,868,976</b>	<b>12,450,598</b>	<b>3.6%</b>
<b><u>Funded Positions:</u></b>								
Operating Fund FTE	54.00	55.00	55.00	55.00	0.0%	53.00	53.00	-3.6%
Other Funds FTE	-	-	-	-	0.0%	-	-	0.0%
	<b>54.00</b>	<b>55.00</b>	<b>55.00</b>	<b>55.00</b>	<b>0.0%</b>	<b>53.00</b>	<b>53.00</b>	<b>-3.6%</b>

**REVENUE**

<b><u>By Type:</u></b>								
Sewer Use Charge	9,803,681	12,182,304	11,970,577	11,680,568	-2.4%	12,808,517	12,498,208	4.4%
Fees	186,881	106,732	117,405	118,943	1.3%	120,927	135,362	15.3%
Rents & Leases	170,448	246,948	246,948	239,969	-2.8%	246,948	200,000	-19.0%
Contract Services	134,890	338,434	336,196	291,541	-13.3%	440,866	424,805	26.4%
Taxes	-	-	-	-		-	-	
Interest Earnings	18,969	11,534	5,985	13,935	132.8%	5,985	13,935	132.8%
Misc. Revenue	316,049	42,062	5,025	5,394	7.3%	5,025	5,000	-0.5%
Transfers In/(Out)	930,516	(359,390)	(500,000)	(800,000)	60.0%	(1,500,000)	(1,500,000)	200.0%
	<b>11,561,434</b>	<b>12,568,624</b>	<b>12,182,136</b>	<b>11,550,349</b>	<b>-5.2%</b>	<b>12,128,269</b>	<b>11,777,310</b>	<b>-3.3%</b>

## BOARD OF DIRECTORS

### FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	93,934	93,403	95,526	89,157	-6.7%	95,526	89,157	-6.7%
Premium Pay	-	874	-	-		-	-	
Health Benefits	38,469	42,548	34,540	44,544	29.0%	36,781	44,643	29.2%
Retirement Cont.	18,898	18,694	18,990	20,073	5.7%	19,081	20,073	5.7%
Retirement Medical	18,244	23,834	15,513	14,265	-8.0%	15,513	14,265	-8.0%
Misc. Benefits	5,613	2,748	3,717	3,071	-17.4%	3,768	3,071	-17.4%
Legal Fees	19,732	136,637	109,070	114,160	4.7%	109,070	114,160	4.7%
Professional Services	235,801	26,843	9,820	1,120	-88.6%	9,820	1,120	-88.6%
Prof. Memberships	24,370	21,002	8,003	8,000	0.0%	8,003	8,000	0.0%
Printing/Advertising	48,145	22,773	46,546	30,000	-35.5%	46,546	30,000	-35.5%
Insurance Premiums	-	49	-	-		-	-	
Utilities	-	-	-	1,000		-	2,500	
Travel & Training	17,029	18,303	20,528	15,157	-26.2%	20,528	15,157	-26.2%
Misc. Services	30,717	2,500	2,906	650	-77.6%	2,906	8,600	195.9%
Bldg & Maint Services	-	-	-	-		-	-	
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	370	-	-		40,000	53,000	
Permits	-	-	-	-		-	-	
Supplies	70	725	720	2,871	298.7%	720	2,871	298.7%
Equipment	-	6,528	-	4,500		-	4,500	
	551,022	417,831	365,879	348,569	-4.7%	408,263	411,118	12.4%
<b><u>Funded Positions:</u></b>								
Operating Fund FTE								
Other Funds FTE								

### REVENUE

<b><u>By Type:</u></b>			
Sewer Use Charge	534,838		
Fees	-		
Rents & Leases	162,619		
Contract Services	-		
Taxes	-		
Interest Earnings	-		
Misc. Revenue	67,647		
Transfers In/(Out)	541,844		
	1,306,948		

## ADMINISTRATIVE SERVICES

### FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	783,763	785,885	1,028,300	871,751	-15.2%	1,028,300	1,020,674	-0.7%
Premium Pay	31,386	13,419	2,250	4,130	83.6%	2,250	5,821	158.7%
Health Benefits	129,999	152,509	135,079	152,812	13.1%	139,881	155,289	15.0%
Retirement Cont.	262,911	251,502	326,120	286,998	-12.0%	330,855	330,698	1.4%
Retirement Medical	333,189	271,184	166,996	141,572	-15.2%	166,996	165,757	-0.7%
Misc. Benefits	159,460	122,227	42,955	64,009	49.0%	43,131	60,681	41.3%
Legal Fees	15,498	25,763	45,000	30,175	-32.9%	35,000	11,000	-75.6%
Professional Services	198,312	270,123	249,032	283,563	13.9%	214,907	252,526	1.4%
Prof. Memberships	2,412	8,726	24,000	25,000	4.2%	24,000	25,000	4.2%
Printing/Advertising	5,847	7,865	6,368	12,597	97.8%	6,368	13,000	104.1%
Insurance Premiums	138,054	84,178	130,000	75,000	-42.3%	130,000	80,000	-38.5%
Utilities	25,633	22,545	26,473	21,640	-18.3%	27,387	22,507	-15.0%
Travel & Training	32,247	20,130	22,600	17,353	-23.2%	23,100	20,547	-9.1%
Misc. Services	7,975	29,646	33,524	78,795	135.0%	33,524	81,586	143.4%
Bldg & Maint Services	4,065	12,029	11,100	32,908	196.5%	11,388	12,870	15.9%
WCA Expenses	70,273	91,861	103,500	205,000	98.1%	103,500	108,000	4.3%
Election Costs	-	-	-	-		-	-	
Permits	-	-	-	-		-	-	
Supplies	46,107	16,267	17,000	37,988	123.5%	17,000	39,263	131.0%
Equipment	12,227	9,036	25,000	24,923	-0.3%	10,000	35,371	41.5%
	2,259,358	2,194,895	2,395,297	2,366,216	-1.2%	2,347,588	2,440,590	1.9%
<b><u>Funded Positions:</u></b>								
Operating Fund FTE	9.00	10.00	11.00	11.00	0.0%	11.00	10.00	-9.1%
Other Funds FTE	-	-	-	-	0.0%	-	-	0.0%
	9.00	10.00	11.00	11.00	0.0%	11.00	10.00	-9.1%

### REVENUE

<b><u>By Type:</u></b>								
Sewer Use Charge	1,702,959	11,989,251	11,970,577	11,048,017	-7.7%	12,808,517	11,821,378	-1.2%
Fees	452	-	-	-		-	-	
Rents & Leases	-	-	-	-		-	-	
Contract Services	-	-	-	-		-	-	
Taxes	-	-	-	-		-	-	
Interest Earnings	18,969	11,534	5,985	13,935	132.8%	5,985	13,935	132.8%
Misc. Revenue	70,476	40,589	5,000	5,394	7.9%	5,000	5,000	0.0%
Transfers In/(Out)	-	(359,390)	(500,000)	(500,000)	0.0%	(1,500,000)	(1,500,000)	200.0%
	1,792,856	11,681,984	11,481,562	10,567,346	-8.0%	11,319,503	10,340,313	-9.9%

## ENGINEERING

### FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	512,529	416,960	550,267	439,949	-20.0%	550,267	594,670	8.1%
Premium Pay	4,773	25,082	9,450	3,065	-67.6%	9,450	3,219	-65.9%
Health Benefits	79,196	72,467	62,448	73,197	17.2%	65,993	74,736	19.7%
Retirement Cont.	178,958	121,683	178,382	144,840	-18.8%	180,972	192,673	8.0%
Retirement Medical	41,275	65,879	89,363	71,309	-20.2%	89,363	96,429	7.9%
Misc. Benefits	97,405	79,209	20,801	19,675	-5.4%	20,870	18,307	-12.0%
Legal Fees	-	-	-	-		-	-	
Professional Services	181,107	231,465	35,110	11,423	-67.5%	35,110	11,850	-66.2%
Prof. Memberships	860	1,754	2,368	2,500	5.6%	2,368	2,500	5.6%
Printing/Advertising	38	1,619	250	1,072	328.8%	250	1,072	328.8%
Insurance Premiums	-	146	-	-		-	-	
Utilities	13,709	12,266	12,148	12,392	2.0%	12,574	12,847	5.8%
Travel & Training	1,328	1,246	4,850	5,824	20.1%	4,850	6,080	25.4%
Misc. Services	9,213	115	1,167	200	-82.9%	1,202	200	-82.9%
Bldg & Maint Services	1,331	9,183	10,482	9,549	-8.9%	10,482	9,836	-6.2%
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	-	-	-		-	-	
Permits	228	-	-	-		-	-	
Supplies	7,783	8,943	6,832	9,683	41.7%	6,832	9,968	45.9%
Equipment	5,113	1,615	3,150	7,308	132.0%	3,150	7,308	132.0%
	<b>1,134,846</b>	<b>1,049,634</b>	<b>987,069</b>	<b>811,986</b>	<b>-17.7%</b>	<b>993,734</b>	<b>1,041,693</b>	<b>5.5%</b>
<b><u>Funded Positions:</u></b>								
Operating Fund FTE	6.00	6.00	6.00	6.00	0.0%	6.00	6.00	0.0%
Other Funds FTE	-	-	-	-	0.0%	-	-	0.0%
	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>0.0%</b>	<b>6.00</b>	<b>6.00</b>	<b>0.0%</b>

### REVENUE

#### **By Type:**

Sewer Use Charge	537,267	-	-	-		-	-	
Fees	48,530	46,062	50,668	32,639	-35.6%	52,188	49,058	-3.2%
Rents & Leases	-	-	-	-		-	-	
Contract Services	-	-	-	-		-	-	
Taxes	-	-	-	-		-	-	
Interest Earnings	-	-	-	-		-	-	
Misc. Revenue	969	3	25	-	-100.0%	25	-	-100.0%
Transfers In/(Out)	303,141	-	-	-		-	-	
	<b>889,907</b>	<b>46,065</b>	<b>50,693</b>	<b>32,639</b>	<b>-35.6%</b>	<b>52,213</b>	<b>49,058</b>	<b>-3.2%</b>

## COLLECTION SYSTEM OPERATIONS

### FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	792,509	811,059	794,573	803,891	1.2%	794,573	850,547	7.0%
Premium Pay	48,658	101,055	52,400	61,614	17.6%	52,400	62,757	19.8%
Health Benefits	187,642	202,321	193,401	186,901	-3.4%	193,401	189,721	-1.9%
Retirement Cont.	255,158	269,345	273,573	267,653	-2.2%	273,573	295,704	8.1%
Retirement Medical	109,230	133,302	129,039	186,599	44.6%	129,039	164,060	27.1%
Misc. Benefits	119,213	62,638	69,498	54,352	-21.8%	69,498	60,420	-13.1%
Legal Fees	-	-	-	-		-	-	
Professional Services	102,738	87,327	73,190	75,222	2.8%	73,190	69,723	-4.7%
Prof. Memberships	660	1,776	1,230	2,400	95.1%	1,230	2,600	111.4%
Printing/Advertising	-	36	72	88	22.2%	72	91	25.9%
Insurance Premiums	-	311	622	-	-100.0%	622	-	-100.0%
Utilities	19,069	31,680	32,285	24,044	-25.5%	32,285	24,765	-23.3%
Travel & Training	6,526	7,590	16,400	10,031	-38.8%	16,400	9,772	-40.4%
Misc. Services	3,659	15,361	13,266	22,594	70.3%	33,831	16,983	28.0%
Bldg & Maint Services	2,544	5,721	5,636	5,425	-3.7%	5,636	5,588	-0.9%
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	-	-	-		-	-	
Permits	20,511	3,849	14,500	6,497	-55.2%	14,500	6,497	-55.2%
Supplies	85,474	117,850	121,800	138,228	13.5%	121,800	138,228	13.5%
Equipment	2,655	33,244	87,000	69,827	-19.7%	11,500	69,827	-19.7%
	<b>\$ 1,756,246</b>	<b>\$ 1,884,465</b>	<b>\$ 1,878,485</b>	<b>\$ 1,915,365</b>	<b>2.0%</b>	<b>\$ 1,823,550</b>	<b>\$ 1,967,281</b>	<b>4.7%</b>
<b><u>Funded Positions:</u></b>								
Operating Fund FTE	12.00	12.00	12.00	12.00	0.0%	12.00	12.00	0.0%
Other Funds FTE	12.00	12.00	12.00	12.00	0.0%	12.00	12.00	0.0%

#### REVENUE

<b><u>By Type:</u></b>			
Sewer Use Charge	1,994,073		
Fees	(350)		
Rents & Leases	-		
Contract Services	-		
Taxes	-		
Interest Earnings	-		
Misc. Revenue	6,183		
Transfers In/(Out)	-		
	<b>1,999,906</b>	<b>-</b>	<b>-</b>

## ENVIRONMENTAL COMPLIANCE

### FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	436,916	296,644	415,973	262,713	-36.8%	415,973	511,869	23.1%
Premium Pay	1,681	14,712	4,550	5,220	14.7%	4,550	5,480	20.5%
Health Benefits	64,923	55,473	53,405	48,354	-9.5%	56,923	49,467	-7.4%
Retirement Cont.	149,772	98,745	136,288	86,490	-36.5%	138,267	165,846	21.7%
Retirement Medical	51,276	54,117	67,067	78,169	16.6%	67,067	100,642	50.1%
Misc. Benefits	75,563	81,676	30,881	15,765	-48.9%	30,944	27,756	-10.1%
Legal Fees	-	-	-	-		-	-	
Professional Services	42,169	109,922	101,570	123,963	22.0%	101,570	155,016	52.6%
Prof. Memberships	842	853	1,500	952	-36.5%	1,500	981	-34.6%
Printing/Advertising	7,590	2,367	16,500	156	-99.1%	16,500	161	-99.0%
Insurance Premiums	-	165	-	-		-	-	
Utilities	9,401	2,913	1,691	921	-45.5%	1,750	949	-43.9%
Travel & Training	6,225	4,021	14,746	5,409	-63.3%	14,746	5,572	-62.2%
Misc. Services	437	8,253	7,374	5,529	-25.0%	7,374	9,195	24.7%
Bldg & Maint Services	-	1,274	1,530	652	-57.4%	1,530	672	-56.1%
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	-	-	-		-	-	
Permits	11,907	1,907	12,000	2,543	-78.8%	12,000	2,619	-78.2%
Supplies	32,512	40,393	14,955	34,199	128.7%	14,955	42,681	185.4%
Equipment	2,498	7,057	10,822	4,103	-62.1%	10,822	4,226	-61.0%
	<b>\$ 893,712</b>	<b>\$ 780,493</b>	<b>\$ 890,852</b>	<b>\$ 675,138</b>	<b>-24.2%</b>	<b>896,470</b>	<b>\$ 1,083,131</b>	<b>21.6%</b>
<b><u>Funded Positions:</u></b>								
Operating Fund FTE	4.00	4.00	4.00	4.00	0.0%	4.00	4.00	0.0%
Other Funds FTE					0.0%			0.0%
	4.00	4.00	4.00	4.00	0.0%	4.00	4.00	0.0%

### REVENUE

#### **By Type:**

Sewer Use Charge	736,711	-	-	-		-		
Fees	82,719	-	-	-		-		
Rents & Leases	-	-	-	-		-		
Contract Services	-	-	-	-		-		
Taxes	-	-	-	-		-		
Interest Earnings	-	-	-	-		-		
Misc. Revenue	4,518	1,470	-	-		-		
Transfers In/(Out)	-	-	-	-		-		
	<b>823,948</b>	<b>1,470</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	



## WPCP OPERATIONS

### FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b>By Type:</b>								
Wages	1,072,513	1,193,108	1,174,835	1,211,253	3.1%	1,008,019	1,153,165	-1.8%
Premium Pay	106,778	127,137	112,226	123,819	10.3%	112,226	130,009	15.8%
Health Benefits	528,433	237,830	220,369	199,712	-9.4%	234,758	205,659	-6.7%
Retirement Cont.	337,598	430,975	397,901	411,817	3.5%	347,962	387,109	-2.7%
Retirement Medical	87,820	109,386	190,793	198,807	4.2%	163,702	139,616	-26.8%
Misc. Benefits	242,689	81,849	88,799	84,224	-5.2%	80,131	91,122	2.6%
Legal Fees	-	-	-	-		-	-	
Professional Services	46,596	35,545	36,772	17,659	-52.0%	36,772	34,304	-6.7%
Prof. Memberships	4,459	10,285	9,500	9,257	-2.6%	9,500	9,535	0.4%
Printing/Advertising	-	-	-	-		-	-	
Insurance Premiums	-	350	-	-		-	-	
Utilities	587,084	520,624	472,698	585,685	23.9%	486,991	603,357	27.6%
Travel & Training	6,460	3,588	14,940	1,111	-92.6%	14,940	1,144	-92.3%
Misc. Services	892	7,785	7,658	23,660	209.0%	7,658	26,904	251.3%
Bldg & Maint Services	-	6,734	6,957	4,568	-34.3%	7,165	4,705	-32.4%
WCA Expenses	20,812	56,412	60,000	45,000	-25.0%	60,000	46,350	-22.8%
Election Costs	-	-	-	-		-	-	
Permits	6,305	7,585	13,154	10,872	-17.3%	13,154	11,198	-14.9%
Supplies	504,730	461,427	469,188	350,643	-25.3%	483,008	361,162	-23.0%
Equipment	-	-	1,500	3,204	113.6%	1,500	1,500	0.0%
	<b>\$ 3,553,169</b>	<b>\$ 3,290,620</b>	<b>\$ 3,277,290</b>	<b>\$ 3,281,289</b>	<b>0.1%</b>	<b>3,067,487</b>	<b>\$ 3,206,839</b>	<b>-2.1%</b>
<b>Funded Positions:</b>								
<i>Operating Fund FTE</i>	13.00	13.00	13.00	13.00	0.0%	11.00	12.00	-7.7%
<i>Other Funds FTE</i>	13.00	13.00	13.00	13.00	0.0%	11.00	12.00	-7.7%

### REVENUE

#### By Type:

Sewer Use Charge	2,343,494	193,053	-	632,551		-	676,830	
Fees	55,530	60,670	66,737	86,304	29.3%	68,739	86,304	29.3%
Rents & Leases	7,829	246,948	246,948	239,969	-2.8%	246,948	200,000	-19.0%
Contract Services	-	-	-	-		-	-	
Taxes	-	-	-	-		-	-	
Interest Earnings	-	-	-	-		-	-	
Misc. Revenue	162,331	-	-	-		-	-	
Transfers In/(Out)	-	-	-	-		-	-	
	<b>2,569,184</b>	<b>500,671</b>	<b>313,685</b>	<b>958,824</b>	<b>205.7%</b>	<b>315,687</b>	<b>963,134</b>	<b>207.0%</b>

# WPCP MAINTENANCE

## FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	735,240	695,539	653,486	637,772	-2.4%	650,959	676,122	3.5%
Premium Pay	41,406	72,434	53,250	47,792	-10.3%	53,250	49,192	-7.6%
Health Benefits	139,251	139,834	131,661	117,105	-11.1%	139,396	125,439	-4.7%
Retirement Cont.	235,268	233,667	232,672	225,332	-3.2%	235,206	234,638	0.8%
Retirement Medical	78,965	105,915	106,126	146,880	38.4%	105,716	129,094	21.6%
Misc. Benefits	113,372	91,788	59,272	40,599	-31.5%	59,277	51,147	-13.7%
Legal Fees	-	-	-	-		-	-	
Professional Services	285,607	139,725	155,979	110,657	-29.1%	155,979	133,977	-14.1%
Prof. Memberships	1,435	4,090	4,100	1,400	-65.9%	4,100	1,442	-64.8%
Printing/Advertising	-	23	-	-		-	-	
Insurance Premiums	-	292	-	-		-	-	
Utilities	111,451	6,929	3,891	4,617	18.7%	4,029	4,756	22.2%
Travel & Training	1,873	2,256	3,834	2,412	-37.1%	3,834	2,484	-35.2%
Misc. Services	2,145	24,295	13,170	10,475	-20.5%	13,170	10,789	-18.1%
Bldg & Maint Services	26,293	37,845	25,940	34,372	32.5%	25,940	35,403	36.5%
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	-	-	-		-	-	
Permits	13,700	17,616	24,952	16,349	-34.5%	24,952	16,840	-32.5%
Supplies	113,059	251,790	173,964	217,025	24.8%	173,964	223,536	28.5%
Equipment	5,337	149	6,500	9,936	52.9%	6,500	10,234	57.4%
	<b>\$ 1,772,306</b>	<b>\$ 1,824,187</b>	<b>\$ 1,648,797</b>	<b>\$ 1,622,724</b>	<b>-1.6%</b>	<b>1,656,273</b>	<b>\$ 1,705,093</b>	<b>3.4%</b>
<b><u>Funded Positions:</u></b>								
Operating Fund FTE	10.00	10.00	9.00	9.00	0.0%	9.00	9.00	0.0%
Other Funds FTE	-	-	-	-	0.0%	-	-	0.0%
	10.00	10.00	9.00	9.00	0.0%	9.00	9.00	0.0%

### REVENUE

<b><u>By Type:</u></b>								
Sewer Use Charge	1,733,558	-	-	-		-	-	
Fees	-	-	-	-		-	-	
Rents & Leases	-	-	-	-		-	-	
Contract Services	-	-	-	-		-	-	
Taxes	-	-	-	-		-	-	
Interest Earnings	-	-	-	-		-	-	
Misc. Revenue	3,925	-	-	-		-	-	
Transfers In/(Out)	85,531	-	-	-		-	-	
	<b>1,823,014</b>	-	-	-		-	-	

## LIFT STATIONS

### FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	-	-	2,500	-	-100.0%	2,500	-	-100.0%
Premium Pay	-	-	-	-		-	-	
Health Benefits	-	-	-	-		-	-	
Retirement Cont.	-	-	40	-	-100.0%	41	-	-100.0%
Retirement Medical	-	-	-	-		-	-	
Misc. Benefits	-	-	234	-	-100.0%	234	-	-100.0%
Legal Fees	-	-	-	-		-	-	
Professional Services	49,679	32,739	42,902	10,729	-75.0%	42,902	11,051	-74.2%
Prof. Memberships	-	-	-	-		-	-	
Printing/Advertising	-	-	-	-		-	-	
Insurance Premiums	-	-	-	-		-	-	
Utilities	12,367	123,885	123,852	128,957	4.1%	127,581	132,825	7.2%
Travel & Training	-	-	-	-		-	-	
Misc. Services	-	267	440	-	-100.0%	440	-	-100.0%
Bldg & Maint Services	2,746	23,716	23,756	18,680	-21.4%	24,019	19,240	-19.0%
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	-	-	-		-	-	
Permits	806	5,757	2,553	979	-61.7%	2,553	1,008	-60.5%
Supplies	21,150	73,911	46,245	46,352	0.2%	46,800	47,743	3.2%
Equipment	-	743	21,000	13,128	-37.5%	21,000	13,522	-35.6%
	\$ 86,748	\$ 261,019	\$ 261,022	\$ 218,824	-16.2%	265,570	\$ 225,389	-13.7%
<b><u>Funded Positions:</u></b>								
Operating Fund FTE								
Other Funds FTE								

### REVENUE

<b><u>By Type:</u></b>			
Sewer Use Charge	220,781		
Fees	-		
Rents & Leases	-		
Contract Services	-		
Taxes	-		
Interest Earnings	-		
Misc. Revenue	-		
Transfers In/(Out)	-		
	220,781		

# CROCKETT SANITARY DISTRICT

## FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	-	5,159	8,427	13,794	63.7%	8,500	14,553	72.7%
Premium Pay	-	-	-	-		-	-	
Health Benefits	-	6,206	1,530	3,116	103.6%	1,633	3,172	107.3%
Retirement Cont.	-	1,501	2,774	4,541	63.7%	2,839	4,715	69.9%
Retirement Medical	-	-	-	2,240		-	2,072	
Misc. Benefits	-	127	530	826	55.9%	532	869	64.0%
Legal Fees	-	-	-	-		-	-	
Professional Services	-	180	3,243	7,661	136.3%	3,434	7,891	143.4%
Prof. Memberships	-	-	-	-		-	-	
Printing/Advertising	-	-	-	-		-	-	
Insurance Premiums	-	-	-	-		-	-	
Utilities	-	-	-	-		-	-	
Travel & Training	-	-	-	-		-	-	
Misc. Services	-	-	-	-		-	-	
Bldg & Maint Services	-	-	-	-		-	-	
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	-	-	-		-	-	
Permits	-	-	-	-		-	-	
Supplies	1,521	11,670	7,732	6,217	-19.6%	7,900	6,404	-17.2%
Equipment	-	-	-	-		-	-	
	\$ 1,521	\$ 24,843	\$ 24,237	\$ 38,397	58.4%	24,837	\$ 39,677	63.7%
<b><u>Funded Positions:</u></b>								
<i>Operating Fund FTE</i>								
<i>Other Funds FTE</i>								

### REVENUE

#### **By Type:**

Sewer Use Charge	-	-	-	-		-	-	
Fees	-	-	-	-		-	-	
Rents & Leases	-	-	-	-		-	-	
Contract Services	46,352	75,253	27,872	62,332	123.6%	28,563	45,629	63.7%
Taxes	-	-	-	-		-	-	
Interest Earnings	-	-	-	-		-	-	
Misc. Revenue	-	-	-	-		-	-	
Transfers In/(Out)	-	-	-	-		-	-	
	46,352	75,253	27,872	62,332	123.6%	28,563	45,629	63.7%

# NORTH RICHMOND STORM DRAIN PUMP STATION

## FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<u>By Type:</u>								
Wages	-	7,045	11,861	20,461	72.5%	11,861	12,513	5.5%
Premium Pay	-	-	-	32		-	34	
Health Benefits	-	1,069	115	3,996	3368.3%	123	4,311	3641.2%
Retirement Cont.	-	2,039	3,905	6,736	72.5%	3,962	4,054	3.8%
Retirement Medical	-	-	-	3,323		-	1,782	
Misc. Benefits	-	175	276	1,225	344.3%	276	804	191.7%
Legal Fees	-	-	-	-		-	-	
Professional Services	-	6,871	25,191	14,824	-41.2%	130,200	133,511	430.0%
Prof. Memberships	-	-	-	-		-	-	
Printing/Advertising	-	-	-	-		-	-	
Insurance Premiums	-	-	-	-		-	-	
Utilities	2,251	18,004	17,387	15,172	-12.7%	17,914	15,627	-10.1%
Travel & Training	-	-	-	-		-	-	
Misc. Services	-	372	6,794	-	-100.0%	6,794	-	-100.0%
Bldg & Maint Services	-	-	500	-	-100.0%	500	-	-100.0%
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	-	-	-		-	-	
Permits	-	-	-	-		-	-	
Supplies	101	10,981	7,362	6,785	-7.8%	7,362	6,989	-5.1%
Equipment	-	-	-	-		-	-	
	\$ 2,251	\$ 46,556	\$ 73,390	\$ 72,554	-1.1%	\$ 178,991	\$ 179,625	144.8%
<u>Funded Positions:</u>								
Operating Fund FTE								
Other Funds FTE								

### REVENUE

#### By Type:

Sewer Use Charge	-	-	-	-		-	-	
Fees	-	-	-	-		-	-	
Rents & Leases	-	-	-	-		-	-	
Contract Services	37,546	75,892	84,399	93,283	10.5%	205,840	206,568	144.8%
Taxes	-	-	-	-		-	-	
Interest Earnings	-	-	-	-		-	-	
Misc. Revenue	-	-	-	-		-	-	
Transfers In/(Out)	-	-	-	-		-	-	
	37,546	75,892	84,399	93,283	10.5%	205,840	206,568	144.8%

Note: Increases in the Professional Services line items for FY12 and FY13 reflect necessary, non-recurring maintenance work.

# RICHMOND GOLF & COUNTRY CLUB

## FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages	801	135	690	-	-100.0%	690	-	-100.0%
Premium Pay	-	-	-	-		-	-	
Health Benefits	-	78	279	-	-100.0%	298	-	-100.0%
Retirement Cont.	-	41	227	-	-100.0%	230	-	-100.0%
Retirement Medical	-	-	-	-		-	-	
Misc. Benefits	-	5	21	-	-100.0%	21	-	-100.0%
Legal Fees	-	-	-	-		-	-	
Professional Services	-	2,049	3,513	-	-100.0%	3,513	-	-100.0%
Prof. Memberships	-	-	-	-		-	-	
Printing/Advertising	-	-	-	-		-	-	
Insurance Premiums	-	-	-	-		-	-	
Utilities	4,166	(3,629)	3,531	499	-85.9%	3,637	514	-85.5%
Travel & Training	-	-	-	-		-	-	
Misc. Services	-	-	-	-		-	-	
Bldg & Maint Services	-	-	500	-	-100.0%	500	-	-100.0%
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	-	-	-		-	-	
Permits	-	-	-	-		-	-	
Supplies	-	-	601	-	-100.0%	601	-	-100.0%
Equipment	-	-	-	-		-	-	
	\$ 4,967	\$ (1,322)	\$ 9,362	\$ 499	-94.7%	\$ 9,490	\$ 514	-94.5%
<b><u>Funded Positions:</u></b>								
Operating Fund FTE								
Other Funds FTE								

### REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b><u>By Type:</u></b>								
Sewer Use Charge	-	-	-	-		-	-	
Fees	-	-	-	-		-	-	
Rents & Leases	-	-	-	-		-	-	
Contract Services	22,248	2,820	10,766	469	-95.6%	10,914	514	-95.2%
Taxes	-	-	-	-		-	-	
Interest Earnings	-	-	-	-		-	-	
Misc. Revenue	-	-	-	-		-	-	
Transfers In/(Out)	-	-	-	-		-	-	
	22,248	2,820	10,766	469	-95.6%	10,914	514	-95.2%

**WEST COUNTY JUSTICE CENTER**

**FINANCIAL SUMMARY: EXPENDITURES & REVENUE**

	<b>FY 2010 ACTUAL</b>	<b>FY 2011 ACTUAL</b>	<b>FY 2012 ADOPTED</b>	<b>FY 2012 PROJECTED</b>	<b>% Change over FY 2012 ADOPTED</b>	<b>FY 2013 ADOPTED</b>	<b>FY 2013 AMENDED</b>	<b>% Change over FY 2012 ADOPTED</b>
<b>EXPENDITURES</b>								
<b><u>By Type:</u></b>								
Wages		899	1,600	1,590	-0.6%	1,600	1,688	5.5%
Premium Pay		-	-	-		-	-	
Health Benefits		190	13	360	2649.7%	13	388	2864.5%
Retirement Cont.		280	527	523	-0.6%	534	547	3.8%
Retirement Medical		-	-	258		-	240	
Misc. Benefits		24	35	36	4.1%	38	102	193.4%
Legal Fees		-	-	-		-	-	
Professional Services		-	1,000	-	-100.0%	1,000	-	-100.0%
Prof. Memberships		-	-	-		-	-	
Printing/Advertising		-	-	-		-	-	
Insurance Premiums		-	-	-		-	-	
Utilities		-	-	-		-	-	
Travel & Training		-	-	-		-	-	
Misc. Services		-	-	-		-	-	
Bldg & Maint Services		-	500	-	-100.0%	500	-	-100.0%
WCA Expenses		-	-	-		-	-	
Election Costs		-	-	-		-	-	
Permits		-	-	-		-	-	
Supplies		-	25,150	-	-100.0%	5,150	-	-100.0%
Equipment		-	-	-		-	-	
	\$ -	\$ 1,394	\$ 28,825	\$ 2,768	-90.4%	\$ 8,835	\$ 2,966	-89.7%
<b><u>Funded Positions:</u></b>								
<i>Operating Fund FTE</i>								
<i>Other Funds FTE</i>								

**REVENUE**

**By Type:**

Sewer Use Charge	-	-	-	-		-	-	
Fees	-	-	-	-		-	-	
Rents & Leases	-	-	-	-		-	-	
Contract Services	12,658	9,498	33,148	5,797	-82.5%	10,160	3,411	-89.7%
Taxes	-	-	-	-		-	-	
Interest Earnings	-	-	-	-		-	-	
Misc. Revenue	-	-	-	-		-	-	
Transfers In/(Out)	-	-	-	-		-	-	
	12,658	9,498	33,148	5,797	-82.5%	10,160	3,411	-89.7%

# NORTH RICHMOND WATER RECLAMATION PROJECT

## FINANCIAL SUMMARY: EXPENDITURES & REVENUE

	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 ADOPTED	FY 2012 PROJECTED	% Change over FY 2012 ADOPTED	FY 2013 ADOPTED	FY 2013 AMENDED	% Change over FY 2012 ADOPTED
<b>EXPENDITURES</b>								
<u><b>By Type:</b></u>								
Wages	-	34	500	-	-100.0%	500	-	-100.0%
Premium Pay	-	-	-	-		-	-	
Health Benefits	-	7	12	-	-100.0%	12	-	-100.0%
Retirement Cont.	-	10	165	-	-100.0%	167	-	-100.0%
Retirement Medical	-	-	-	-		-	-	
Misc. Benefits	-	1	13	-	-100.0%	13	-	-100.0%
Legal Fees	-	-	-	-		-	-	
Professional Services	-	-	-	-		-	-	
Prof. Memberships	-	-	-	-		-	-	
Printing/Advertising	-	-	-	-		-	-	
Insurance Premiums	-	-	-	-		-	-	
Utilities	-	174,914	179,220	142,409	-20.5%	184,597	146,682	-18.2%
Travel & Training	-	-	-	-		-	-	
Misc. Services	-	-	-	-		-	-	
Bldg & Maint Services	-	-	-	-		-	-	
WCA Expenses	-	-	-	-		-	-	
Election Costs	-	-	-	-		-	-	
Permits	-	-	-	-		-	-	
Supplies	-	-	100	-	-100.0%	100	-	-100.0%
Equipment	-	-	-	-		-	-	
<b>\$</b>	<b>-</b>	<b>\$ 174,967</b>	<b>\$ 180,009</b>	<b>\$ 142,409</b>	<b>-20.9%</b>	<b>\$ 185,388</b>	<b>\$ 146,682</b>	<b>-18.5%</b>
<u><b>Funded Positions:</b></u>								
<i>Operating Fund FTE</i>								
<i>Other Funds FTE</i>								

### REVENUE

**By Type:**

Sewer Use Charge	-	-	-	-		-	-	
Fees	-	-	-	-		-	-	
Rents & Leases	-	-	-	-		-	-	
Contract Services	16,086	174,971	180,009	129,660	-28%	185,388	168,684	-6.3%
Taxes	-	-	-	-		-	-	
Interest Earnings	-	-	-	-		-	-	
Misc. Revenue	-	-	-	-		-	-	
Transfers In/(Out)	-	-	-	-		-	-	
<b>\$</b>	<b>16,086</b>	<b>174,971</b>	<b>180,009</b>	<b>129,660</b>	<b>-28.0%</b>	<b>185,388</b>	<b>168,684</b>	<b>-6.3%</b>





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April 4, 2012

Beverli Marshall  
Manager of Finance & Administrative Services  
West County Wastewater District  
2910 Hilltop Drive  
Richmond, CA 94806

**Subject:** Compensation Analysis and FLSA Review of Selected Positions

Ms. Marshall:

As requested by the West County Wastewater District (District), we have completed market compensation analysis for all current District positions.

The purpose of this analysis is to provide guidance regarding market competitive salary levels for each position. In addition, we have evaluated each position from a Fair Labor Standards Act (FLSA) perspective to determine if any would qualify as 'exempt' under the Department of Labor's exemption guidelines. As discussed, the analyses and recommendations provided in this report follow the same methodology that was applied to other positions that were analyzed in December 2010 and May 2011.

This letter outlines our methodology and findings for the competitive market compensation analysis and the results of the FLSA exemption tests. Detailed market pricing worksheets for each position have been provided as attachments to this report.

We appreciate having the opportunity to assist you with this analysis. Should you have any questions of need additional information, please call me at 425-586-1079.

Sincerely;

Devin Grdnic, M.A., CCP

Cc: Bruce Lawson  
Managing Director

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## METHODOLOGY

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FLA follows strict methodology when conducting compensation analyses to ensure the most consistent and accurate results. The data sources, industry 'scopes', and benchmark comparisons were all carefully selected to provide the District with the most relevant and accurate market comparisons.

*Note: 'Scopes' are organizational characteristics (such as revenue size, industry, budget, number of employees, etc.) used when selecting market comparisons.*

**Data Sources** – Market data were collected from a variety of published salary surveys. By utilizing data from multiple surveys and selecting multiple scopes for each job match, we are able to provide the District with more position matches, thereby increasing the overall accuracy of the compensation analysis. Surveys used in this study include:

- American Water Works Association
- CompAnalysis – Greater San Francisco Bay Area Compensation Survey
- Towers Watson – Accounting & Finance
- Towers Watson – Administrative Professional
- Towers Watson – Human Resources
- Towers Watson – Information Technology & eCommerce
- Towers Watson – Middle Management
- Towers Watson – Business and Office Support
- Towers Watson – Supervisory Management
- Towers Watson – Technician & Skilled Trades
- Towers Watson – Technical Support
- Mercer Metro Benchmark – West Coast
- Mercer – Finance, Accounting & Legal
- Mercer – Information Technology

**Position Matching** – FLA follows the guidelines established by *WorldatWork* (the professional compensation association) for job matching, which states that a job should be matched if 70% of the job duties/responsibilities are similar. This means that the job matches utilized for this study were made on the basis of job content - not job title. Information regarding the duties and responsibilities of each job were provided to FLA in the form of current job descriptions, organizational charts, and bargaining agreements.

In addition to the 70% job content match rule discussed above, position matches were made in relation to the relative span of control and operational characteristics of both the District and the market.

**Data Aging** - Because salary survey data were used to market price the positions, it was necessary to age all survey data to a single effective date. The effective date of July 1, 2012 was chosen to coincide with the District's fiscal year. To determine the percentage a survey needs to be aged, the effective date of the survey is obtained, subtracted from the effective date chosen, then multiplied by the forecasted salary increase for 2012. The forecasted increase percent was obtained from the annual *WorldatWork Salary Budget Survey*.

## METHODOLOGY

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**Geographic Adjustments** – Because geographic markets have different labor and economic conditions that affect labor rates, we have applied geographic cost of labor differentials to all market salary data. This process normalizes the data to the Richmond, CA geographic labor market. Geographic differential figures are obtained by referencing the *Economic Research Institute's Geographic Differential Labor Report*. This is a standard reference used by compensation professionals.

*Note: Cost of labor differentials are applied to compensation data as a matter of professional practice, as this ensures the data are reflective of any systemic differences in the cost of labor for a specific geographic area. In contrast, cost of living differentials, which reflect the overall differences in the cost of living for a geographic area, are generally not included in compensation analyses. The reason being that employers do not have any control over the standard of living in an area, or the opposable cost of goods and/or services.*

**Analysis and Accuracy** – FLA conducted independent tests of statistical variance to eliminate any market matches that significantly skewed the overall results for any position match. In addition, as discussed above, geographic differentials and aging factors were applied to all data to ensure a consistent effective date and location basis. As a result, the compensation data represents a Richmond-specific market salary, with an effective date of July 1, 2012.

The results of the market pricing for each job are provided in summary form in the Findings section of this report. Detailed market pricing worksheets for each job are provided as an attachment to this report.

**FLSA Review** – Each position was evaluated for federal FLSA exemption status using the guidelines and rules published by the US Department of Labor - Wage and Hour Division. The results of the exemption tests are discussed in the Findings section of this report.

*Note: The FLSA review was conducted in accordance with federal FLSA standards. The State of California's FLSA standards may vary on a case-by-case for individual positions.*

## FINDINGS & RECOMMENDATIONS

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### Compensation Comparisons

The Benchmark Comparisons on the following three pages provide comparisons between the District's current actual salaries and top step salaries and that of the defined labor market, specifically:

- **Analysis #1 (Page 6)** – Indicates the relationship between the District's current actual salaries (or average actual salary for positions with multiple incumbents) and the market 50<sup>th</sup> percentile actual salaries.
- **Analysis #2 (Page 7)** - Provides the relationship between the District's current actual salaries and the market 75<sup>th</sup> percentile actual salaries.
- **Analysis #3 (Page 8)** - Provides the relationship between the District's **top step** salary and the market 75<sup>th</sup> percentile actual salaries.

In the comparisons, the percentage difference has been calculated between the District's salary figure and the market salary figure, in terms of the market's salary. For example, a positive percentage figure indicates the District pays *above* the market, and a negative figure indicates Intercity pays *below* the market. This percentage difference is shown for each benchmark job, and as an overall figure at the bottom of the chart.

The overall percentage difference figure at the bottom of the page is not simply an average of all of the individual averages, but rather, reflects the sum of all Intercity salary rates minus the sum of all market salary rates, divided by the sum of all market salary rates. This provides a more accurate comparison rather than averaging averages.

In addition, the recommended FLSA designation is provided for each position.

## FINDINGS & RECOMMENDATIONS

### Analysis #1 (Actual Salaries vs. Market 50<sup>th</sup>)

Bench No	Job Title	Unit	No. Incs.	WCWD Actual Salary	Market 50th	% Diff	FLSA
1	Accounting Technician I	ACU	1	\$59,384	\$47,134	26.0%	Non-Exempt
2	Accounting Technician II	ACU	1	\$68,692	\$57,491	19.5%	Non-Exempt
3	Accountant	ACU	n/a	n/a	\$84,455	n/a	Exempt
4	Administrative Analyst	Unrep	1	\$77,428	\$71,502	8.3%	Non-Exempt
5	Collection System Crew Leader I	FOU	1	\$69,836	n/a	n/a	Non-Exempt
6	Collection System Crew Leader II	FOU	3	\$75,836	\$74,234	2.2%	Non-Exempt
7	Collection System Crew Member I	FOU	2	\$56,758	n/a	n/a	Non-Exempt
8	Collection System Crew Member II	FOU	5	\$64,766	\$63,308	2.3%	Non-Exempt
9	Collection System Supervisor	MEU	1	\$107,692	\$105,962	1.6%	Exempt
10	District Engineer	Unrep	1	\$132,990	\$143,983	-7.6%	Exempt
11	District Inspector	FOU	1	\$81,770	\$67,438	21.3%	Non-Exempt
12	Engineering Technician	FOU	1	\$60,970	\$57,906	5.3%	Non-Exempt
13	Environmental Compliance Inspector	FOU	1	\$79,690	\$73,994	7.7%	Non-Exempt
14	Environmental Compliance Supervisor	MEU	1	\$81,406	\$103,190	-21.1%	Exempt
15	Finance Supervisor	MEU	1	\$81,874	\$93,210	-12.2%	Exempt
16	Human Resources Analyst	Unrep	1	\$94,796	\$86,125	10.1%	Exempt
17	Laboratory Analyst	FOU	2	\$77,974	\$72,630	7.4%	Non-Exempt
18	Maintenance Technician	FOU	4	\$70,213	\$65,899	6.5%	Non-Exempt
19	Manager of Finance & Admin Services	Unrep	1	\$142,662	\$129,622	10.1%	Exempt
20	Plant Maintenance Supervisor	MEU	1	\$107,692	\$99,073	8.7%	Exempt
21	Plant Operations Supervisor	MEU	1	\$107,692	\$104,300	3.3%	Exempt
22	Plant Operator	FOU	3	\$70,087	\$66,824	4.9%	Non-Exempt
23	Plant Superintendent	Unrep	1	\$151,320	\$137,482	10.1%	Exempt
24	Procurement Specialist	FOU	1	\$65,000	\$72,634	-10.5%	Non-Exempt
25	Secretary	ACU	2	\$54,613	\$57,139	-4.4%	Non-Exempt
26	Secretary to the Board	Unrep	1	\$94,094	\$81,589	15.3%	Non-Exempt
27	Senior Engineer	MEU	1	\$115,544	\$108,150	6.8%	Exempt
28	Senior Engineering Technician	FOU	2	\$74,906	\$68,823	8.8%	Non-Exempt
29	Senior Maintenance Technician	FOU	2	\$78,624	\$72,641	8.2%	Non-Exempt
30	Senior Plant Operator	FOU	2	\$81,406	\$74,526	9.2%	Non-Exempt
31	Shift Supervisor	MEU	6	\$93,626	\$85,960	8.9%	Non-Exempt
32	Sr. Maintenance/Instrument. Tech	FOU	1	\$80,002	\$76,508	4.6%	Non-Exempt
33	Utility Worker	FOU	1	\$54,574	\$48,701	12.1%	Non-Exempt
<b>Overall Average:</b>						<b>4.8%</b>	

## FINDINGS & RECOMMENDATIONS

### Analysis #2 (Actual Salaries vs. Market 75<sup>th</sup>)

Bench No	Job Title	Unit	No. Incs.	WCWD Actual Salary	Market 75th (Calculated)	% Diff	FLSA
1	Accounting Technician I	ACU	1	\$59,384	\$52,560	13.0%	Non-Exempt
2	Accounting Technician II	ACU	1	\$68,692	\$64,109	7.1%	Non-Exempt
3	Accountant	ACU	n/a	n/a	\$94,177	n/a	Exempt
4	Administrative Analyst	Unrep	1	\$77,428	\$79,733	-2.9%	Exempt
5	Collection System Crew Leader I	FOU	1	\$69,836	n/a	n/a	Non-Exempt
6	Collection System Crew Leader II	FOU	3	\$75,836	\$82,780	-8.4%	Non-Exempt
7	Collection System Crew Member I	FOU	2	\$56,758	n/a	n/a	Non-Exempt
8	Collection System Crew Member II	FOU	5	\$64,766	\$70,596	-8.8%	Non-Exempt
9	Collection System Supervisor	MEU	1	\$107,692	\$118,160	-8.9%	Exempt
10	District Engineer	Unrep	1	\$132,990	\$160,558	-17.2%	Exempt
11	District Inspector	FOU	1	\$81,770	\$75,201	8.7%	Non-Exempt
12	Engineering Technician	FOU	1	\$60,970	\$64,572	-5.6%	Non-Exempt
13	Environmental Compliance Inspector	FOU	1	\$79,690	\$82,512	-3.4%	Non-Exempt
14	Environmental Compliance Supervisor	MEU	1	\$81,406	\$115,069	-29.3%	Exempt
15	Finance Supervisor	MEU	1	\$81,874	\$103,940	-21.2%	Exempt
16	Human Resources Analyst	Unrep	1	\$94,796	\$96,040	-1.3%	Exempt
17	Laboratory Analyst	FOU	2	\$77,974	\$80,991	-3.7%	Non-Exempt
18	Maintenance Technician	FOU	4	\$70,213	\$73,485	-4.5%	Non-Exempt
19	Manager of Finance & Admin Services	Unrep	1	\$142,662	\$144,544	-1.3%	Exempt
20	Plant Maintenance Supervisor	MEU	1	\$107,692	\$110,478	-2.5%	Exempt
21	Plant Operations Supervisor	MEU	1	\$107,692	\$116,307	-7.4%	Exempt
22	Plant Operator	FOU	3	\$70,087	\$74,517	-5.9%	Non-Exempt
23	Plant Superintendent	Unrep	1	\$151,320	\$153,309	-1.3%	Exempt
24	Procurement Specialist	FOU	1	\$65,000	\$80,996	-19.7%	Non-Exempt
25	Secretary	ACU	2	\$54,613	\$63,717	-14.3%	Non-Exempt
26	Secretary to the Board	Unrep	1	\$94,094	\$90,982	3.4%	Non-Exempt
27	Senior Engineer	MEU	1	\$115,544	\$120,600	-4.2%	Exempt
28	Senior Engineering Technician	FOU	2	\$74,906	\$76,746	-2.4%	Non-Exempt
29	Senior Maintenance Technician	FOU	2	\$78,624	\$81,003	-2.9%	Non-Exempt
30	Senior Plant Operator	FOU	2	\$81,406	\$83,105	-2.0%	Non-Exempt
31	Shift Supervisor	MEU	6	\$93,626	\$95,856	-2.3%	Non-Exempt
32	Sr. Maintenance/Instrument. Tech	FOU	1	\$80,002	\$85,316	-6.2%	Non-Exempt
33	Utility Worker	FOU	1	\$54,574	\$54,307	0.5%	Non-Exempt
<b>Overall Average:</b>						<b>-6.0%</b>	

## FINDINGS & RECOMMENDATIONS

### Analysis #3 (Top Step vs. Market 75<sup>th</sup>)

Bench No	Job Title	Unit	No. Incs.	WCWD Top Step	Market 75th (Calculated)	% Diff	FLSA
1	Accounting Technician I	ACU	1	\$61,464	\$52,560	16.9%	Non-Exempt
2	Accounting Technician II	ACU	1	\$71,084	\$64,109	10.9%	Non-Exempt
3	Accountant	ACU	n/a	\$97,604	\$94,177	3.6%	Exempt
4	Administrative Analyst	Unrep	1	\$94,094	\$79,733	18.0%	Exempt
5	Collection System Crew Leader I	FOU	1	\$69,836	n/a	n/a	Non-Exempt
6	Collection System Crew Leader II	FOU	3	\$74,516	\$82,780	-10.0%	Non-Exempt
7	Collection System Crew Member I	FOU	2	\$62,140	n/a	n/a	Non-Exempt
8	Collection System Crew Member II	FOU	5	\$64,766	\$70,596	-8.3%	Non-Exempt
9	Collection System Supervisor	MEU	1	\$107,692	\$118,160	-8.9%	Exempt
10	District Engineer	Unrep	1	\$153,972	\$160,558	-4.1%	Exempt
11	District Inspector	FOU	1	\$81,770	\$75,201	8.7%	Non-Exempt
12	Engineering Technician	FOU	1	\$63,726	\$64,572	-1.3%	Non-Exempt
13	Environmental Compliance Inspector	FOU	1	\$79,690	\$82,512	-3.4%	Non-Exempt
14	Environmental Compliance Supervisor	MEU	1	\$107,692	\$115,069	-6.4%	Exempt
15	Finance Supervisor	MEU	1	\$99,502	\$103,940	-4.3%	Exempt
16	Human Resources Analyst	Unrep	1	\$94,796	\$96,040	-1.3%	Exempt
17	Laboratory Analyst	FOU	2	\$79,690	\$80,991	-1.6%	Non-Exempt
18	Maintenance Technician	FOU	4	\$70,980	\$73,485	-3.4%	Non-Exempt
19	Manager of Finance & Admin Services	Unrep	1	\$142,662	\$144,544	-1.3%	Exempt
20	Plant Maintenance Supervisor	MEU	1	\$107,692	\$110,478	-2.5%	Exempt
21	Plant Operations Supervisor	MEU	1	\$107,692	\$116,307	-7.4%	Exempt
22	Plant Operator	FOU	3	\$73,190	\$74,517	-1.8%	Non-Exempt
23	Plant Superintendent	Unrep	1	\$151,320	\$153,309	-1.3%	Exempt
24	Procurement Specialist	FOU	1	\$79,014	\$80,996	-2.4%	Non-Exempt
25	Secretary	ACU	2	\$65,832	\$63,717	3.3%	Non-Exempt
26	Secretary to the Board	Unrep	1	\$94,094	\$90,982	3.4%	Non-Exempt
27	Senior Engineer	MEU	1	\$115,362	\$120,600	-4.3%	Exempt
28	Senior Engineering Technician	FOU	2	\$74,906	\$76,746	-2.4%	Non-Exempt
29	Senior Maintenance Technician	FOU	2	\$78,624	\$81,003	-2.9%	Non-Exempt
30	Senior Plant Operator	FOU	2	\$81,406	\$83,105	-2.0%	Non-Exempt
31	Shift Supervisor	MEU	6	\$93,626	\$95,856	-2.3%	Non-Exempt
32	Sr. Maintenance/Instrument. Tech	FOU	1	\$80,002	\$85,316	-6.2%	Non-Exempt
33	Utility Worker	FOU	1	\$57,018	\$54,307	5.0%	Non-Exempt
<b>Overall Average:</b>						<b>-1.4%</b>	



## FINDINGS & RECOMMENDATIONS

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### Comparison Summaries

Following is an overview of how the District's current actual salaries and top step salary ranges compare to the market for each of the three analyses described above. The following guidelines are used when determining the competitive nature of current pay practices:

- **+/-5% (Highly Competitive)**
- **+/-10% (Competitive)**
- **+/-10-15% (Possible misalignment with market)**
- **>15% (Significant misalignment with market)**

### *Actual Salaries*

The District's current actual salaries are approximately 4.8% **above** the market 50<sup>th</sup> percentile (median), and 6.0% **below** the market 75<sup>th</sup> percentile.

### *Top Step Salaries*

The District's current top step salaries are approximately 1.4% **below** the market 75<sup>th</sup> percentile.

### Findings

Based on the results of the market analysis, the District's current actual salaries are highly competitive with the market 50<sup>th</sup> percentile and slightly below the market 75<sup>th</sup>. This finding suggests the District's salaries are competitive with the third quartile of the defined labor market.

While the above figures represent the overall results of the market study, comparisons for individual benchmarks varied between -29.3% and +26.0%. The reason some positions are above/below the market may be due to hire date, seniority, or performance of both the District's employees and the employees in jobs represented in the market. The District should evaluate any positions noted to be more than 15% below market to determine if an adjustment is warranted.

## FINDINGS & RECOMMENDATIONS

### Salary Range Recommendations

Based on the above market data and our understanding of the District's compensation policies, we would recommend the District utilize the following salary ranges for these positions:

Bench No	Job Title	Unit	WCWD Current		New Range			Range Spread
			Top Step	Minimum	Midpoint	Maximum		
1	Accounting Technician I	ACU	\$61,464	\$42,463	\$47,134	\$51,805	22%	
2	Accounting Technician II	ACU	\$71,084	\$51,794	\$57,491	\$63,188	22%	
3	Accountant	ACU	\$97,604	\$76,086	\$84,455	\$92,824	22%	
4	Administrative Analyst	Unrep	\$94,094	\$64,416	\$71,502	\$78,588	22%	
5	Collection System Crew Leader I	FOU	\$69,836	n/a	n/a	n/a	n/a	
6	Collection System Crew Leader II	FOU	\$74,516	\$66,877	\$74,234	\$81,591	22%	
7	Collection System Crew Member I	FOU	\$62,140	n/a	n/a	n/a	n/a	
8	Collection System Crew Member II	FOU	\$64,766	\$57,034	\$63,308	\$69,582	22%	
9	Collection System Supervisor	MEU	\$107,692	\$95,461	\$105,962	\$116,463	22%	
10	District Engineer	Unrep	\$153,972	\$129,714	\$143,983	\$158,252	22%	
11	District Inspector	FOU	\$81,770	\$60,755	\$67,438	\$74,121	22%	
12	Engineering Technician	FOU	\$63,726	\$52,168	\$57,906	\$63,644	22%	
13	Environmental Compliance Inspector	FOU	\$79,690	\$66,661	\$73,994	\$81,327	22%	
14	Environmental Compliance Supervisor	MEU	\$107,692	\$92,964	\$103,190	\$113,416	22%	
15	Finance Supervisor	MEU	\$99,502	\$83,973	\$93,210	\$102,447	22%	
16	Human Resources Analyst	Unrep	\$94,796	\$77,590	\$86,125	\$94,660	22%	
17	Laboratory Analyst	FOU	\$79,690	\$65,432	\$72,630	\$79,828	22%	
18	Maintenance Technician	FOU	\$70,980	\$59,368	\$65,899	\$72,430	22%	
19	Manager of Finance & Admin Services	Unrep	\$142,662	\$116,777	\$129,622	\$142,467	22%	
20	Plant Maintenance Supervisor	MEU	\$107,692	\$89,255	\$99,073	\$108,891	22%	
21	Plant Operations Supervisor	MEU	\$107,692	\$93,964	\$104,300	\$114,636	22%	
22	Plant Operator	FOU	\$73,190	\$60,202	\$66,824	\$73,446	22%	
23	Plant Superintendent	Unrep	\$151,320	\$123,858	\$137,482	\$151,106	22%	
24	Procurement Specialist	FOU	\$79,014	\$65,436	\$72,634	\$79,832	22%	
25	Secretary	ACU	\$65,832	\$51,477	\$57,139	\$62,801	22%	
26	Secretary to the Board	Unrep	\$94,094	\$73,504	\$81,589	\$89,674	22%	
27	Senior Engineer	MEU	\$115,362	\$97,432	\$108,150	\$118,868	22%	
28	Senior Engineering Technician	FOU	\$74,906	\$62,003	\$68,823	\$75,643	22%	
29	Senior Maintenance Technician	FOU	\$78,624	\$65,442	\$72,641	\$79,840	22%	
30	Senior Plant Operator	FOU	\$81,406	\$67,141	\$74,526	\$81,911	22%	
31	Shift Supervisor	MEU	\$93,626	\$77,441	\$85,960	\$94,479	22%	
32	Sr. Maintenance/Instrument. Tech	FOU	\$80,002	\$68,926	\$76,508	\$84,090	22%	
33	Utility Worker	FOU	\$57,018	\$43,875	\$48,701	\$53,527	22%	

Note: Red jobs indicate ranges that would not need to be changed per current market values

The midpoint for each salary range is anchored to the market 50<sup>th</sup> percentile (median). The range spreads have been calculated at 22% to ensure consistency with the District's current compensation structure. Given the competitive nature of the District's current salary practices, positions highlighted in red would not require salary range adjustments as their current ranges exceed market values.

The District may consider alternative salary structure options, such as (1) increasing the range spreads to reflect current market practices, or (2) anchoring the midpoints against a higher competitive standard such as the market 75<sup>th</sup> percentile.

## ATTACHMENTS

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### Market Pricing Worksheets

Definitions to items on the following pages:

**Benchmark title** – The District’s current job title

**Survey Data Updated to** – all data updated to be effective 7/1/2012

**Update Trend Factor** – the trend factor utilized in calculating the age factor for updating the data; this factor is referenced from *WorldAtWork’s* Salary Budget Survey

**Job Matches Summary** - a summary description of the jobs that were matched from the published sources

**Survey Source** – the name of the published source referenced

**Page No** – the page number from which data were obtained, if applicable

**No. Inc’s** – the number of incumbents reported for that particular match, if available

**Survey Position Match** – the title of the job matched from the survey source

**Scope Info** - reflects the criteria for which data were available

**Base** – reflects the market base salaries cited from the published source, updated to be effective for 7/1/201 and adjusted for the Richmond area

**Salary Range** – reflects the minimum, midpoint and maximum that has been aged to 7/1/2012 and adjusted for the Richmond area

**Range Spread** – reflects the calculated salary range spread

# WEST COUNTY WASTEWATER DISTRICT

## Operating Fund: Five-Year Fund Analysis

	FY 10 ACTUALS	FY 11 ACTUALS	FY 12 ADOPTED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROJECTED	FY 15 PROJECTED	FY 16 PROJECTED	FY 17 PROJECTED
<b>Fund Balance</b>	7,183,711	6,825,075	7,442,578	7,442,578	7,496,191	6,631,714	6,080,144	6,010,769	6,474,213
<b>Revenues</b>									
Sewer Use Charge	9,762,875	12,182,304	11,970,577	11,680,568	12,498,208	13,373,083	14,309,198	15,310,842	15,310,842
Service Fees	198,805	106,732	96,797	118,943	135,362	139,423	143,606	147,914	152,351
Rents & Leases	170,448	246,948	231,648	239,969	200,000	50,000	50,000	50,000	50,000
Contract Service Fees	134,889	339,517	336,196	291,541	424,805	424,805	424,805	424,805	424,805
Interest	18,969	11,534	5,985	13,935	13,935	13,263	12,160	12,022	12,948
Miscellaneous Revenue	316,050	40,592	5,025	5,394	5,000	5,000	5,000	5,000	5,000
<b>TOTAL REVENUE</b>	<b>10,602,036</b>	<b>12,927,627</b>	<b>12,646,228</b>	<b>12,350,350</b>	<b>13,277,310</b>	<b>14,005,574</b>	<b>14,944,769</b>	<b>15,950,582</b>	<b>15,955,947</b>
<b>Expenditures</b>									
Salaries	4,662,887	4,539,810	4,972,664	4,598,002	5,276,470	5,461,147	5,652,287	5,850,117	6,025,620
Benefits	4,139,790	3,753,537	3,486,346	3,412,309	3,687,121	3,816,170	3,949,736	4,087,977	4,210,616
Contract Services	134,890	323,154	336,196	256,627	369,463	382,394	395,778	409,630	421,919
Non-Personnel	2,953,621	3,334,233	3,227,810	3,229,800	3,308,733	3,397,433	3,516,343	3,639,415	3,748,598
<b>TOTAL EXPENDITURES</b>	<b>11,891,188</b>	<b>11,950,734</b>	<b>12,023,016</b>	<b>11,496,737</b>	<b>12,641,787</b>	<b>13,057,144</b>	<b>13,514,144</b>	<b>13,987,139</b>	<b>14,406,753</b>
Annual Surplus/Shortfall	(1,289,152)	976,893	623,212	853,613	635,523	948,430	1,430,625	1,963,444	1,549,194
<b>Gross Fund Balance</b>	<b>5,894,559</b>	<b>7,801,968</b>	<b>8,065,790</b>	<b>8,296,191</b>	<b>8,131,714</b>	<b>7,580,144</b>	<b>7,510,769</b>	<b>7,974,213</b>	<b>8,023,406</b>

Operating Transfers - In/(Out)	930,516	(359,390)	(500,000)	(800,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(2,000,000)
<b>Adjusted Fund Balance</b>	<b>6,825,075</b>	<b>7,442,578</b>	<b>7,565,790</b>	<b>7,496,191</b>	<b>6,631,714</b>	<b>6,080,144</b>	<b>6,010,769</b>	<b>6,474,213</b>	<b>6,023,406</b>

Restricted/Designated Reserve	1,989,119	1,995,073	2,002,302	1,949,674	2,064,179	2,105,714	2,151,414	2,198,714	2,240,675
<b>Unrestricted Fund Balance</b>	<b>4,835,956</b>	<b>5,447,505</b>	<b>5,563,488</b>	<b>5,546,517</b>	<b>4,567,535</b>	<b>3,974,429</b>	<b>3,859,355</b>	<b>4,275,499</b>	<b>3,782,731</b>

1. Assumes full use of adopted SUC rate increases for FY 12 - 16.
2. Assumes overall increase in expenditures of 3.5% beginning in FY 14.
3. Restricted fund balance based on reserves set by Board resolutions (6-3-97H and 6-16-98A).
4. Sufficient funds (approximately 50% of annual budgeted operating expenditures) will be maintained in the Adjusted Fund Balance to cover cash flow needs.

**WEST COUNTY WASTEWATER DISTRICT**  
Capital Improvement Fund: Five-Year Fund Analysis

	FY 10 ACTUALS	FY 11 ACTUALS	FY 12 ADOPTED	FY 12 PROJECTED	FY 13 PROPOSED	FY 14 PROJECTED	FY 15 PROJECTED	FY 16 PROJECTED	FY 17 PROJECTED
<b>Fund Balance</b>	15,122,677	12,893,653	11,154,690	11,154,690	8,233,528	3,317,051	3,742,533	3,212,619	1,280,292
<b>Revenues</b>									
Taxes	940,734	834,524	1,063,626	834,524	842,870	859,727	876,922	894,460	912,349
Interest	67,260	47,898	3,188	6,822	7,000	3,317	3,743	3,213	1,280
Connection Fees	-	1,000,000	70,000	85,633	70,000	70,000	70,000	70,000	70,000
Miscellaneous Revenue	-	4,088	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>1,007,993</b>	<b>1,886,510</b>	<b>1,136,814</b>	<b>926,979</b>	<b>919,870</b>	<b>933,044</b>	<b>950,664</b>	<b>967,673</b>	<b>983,630</b>
<b>Expenditures</b>									
Salaries	-	84,796	92,963	108,360	98,541	101,990	105,049	108,201	111,447
Benefits	-	36,956	40,808	81,270	43,256	44,770	46,337	47,959	49,638
Construction	3,369,223	2,509,790	1,598,157	907,924	4,927,547	1,037,180	1,858,441	3,453,456	3,453,456
Equipment	360,449	1,077,908	320,050	360,050	90,000	252,790	243,500	100,000	250,000
Lateral Grant Payments	248,310	245,793	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Misc. Expenses	189,551	29,620	2,255,998	1,291,836	1,927,003	320,832	477,250	440,384	440,384
<b>TOTAL EXPENDITURES</b>	<b>4,167,533</b>	<b>3,984,863</b>	<b>4,557,976</b>	<b>2,999,440</b>	<b>7,336,347</b>	<b>2,007,562</b>	<b>2,980,578</b>	<b>4,400,000</b>	<b>4,554,925</b>
Annual Surplus/Shortfall	(3,159,540)	(2,098,353)	(3,421,162)	(2,072,461)	(6,416,477)	(1,074,518)	(2,029,914)	(3,432,327)	(3,571,295)
<b>Gross Fund Balance</b>	<b>11,963,137</b>	<b>10,795,300</b>	<b>7,733,528</b>	<b>9,082,230</b>	<b>1,817,051</b>	<b>2,242,533</b>	<b>1,712,619</b>	<b>(219,708)</b>	<b>(2,291,003)</b>

Operating Transfers - In/(Out)	930,516	359,390	500,000	800,000	1,500,000	1,500,000	1,500,000	1,500,000	2,000,000
<b>Adjusted Fund Balance</b>	<b>12,893,653</b>	<b>11,154,690</b>	<b>8,233,528</b>	<b>9,882,230</b>	<b>3,317,051</b>	<b>3,742,533</b>	<b>3,212,619</b>	<b>1,280,292</b>	<b>(291,003)</b>

Restricted/Designated Reserve	1,289,365	1,115,469	823,353	988,223	331,705	374,253	321,262	128,029	(29,100)
<b>Unrestricted Fund Balance</b>	<b>11,604,288</b>	<b>10,039,221</b>	<b>7,410,176</b>	<b>8,894,007</b>	<b>2,985,346</b>	<b>3,368,280</b>	<b>2,891,357</b>	<b>1,152,263</b>	<b>(261,903)</b>

1. Assumes 1% increase in property tax revenue beginning FY 13.
2. Restricted fund balance established at 10% of Adjusted Fund Balance to cover emergency program expenditures.
3. Sufficient funds (approximately 50% of annual budgeted expenditures) will be maintained in the Adjusted Fund Balance to cover cash flow needs.

**WEST BAY SANITARY DISTRICT**

**GENERAL FUND AND CAPITAL ASSET FUND BUDGETS**

**FY 2012-13**



**June 13, 2012**

WEST BAY SANITARY DISTRICT  
GENERAL FUND AND CAPITAL ASSET FUND BUDGETS  
FY 2012-13

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WEST BAY SANITARY DISTRICT  
GENERAL FUND AND CAPITAL ASSET FUND BUDGETS  
FY 2012-13

EXECUTIVE SUMMARY

**General Fund**

The proposed General Fund Expenditure Budget (excluding depreciation) of \$13,024,268 reflects a \$1,037,946 or 7.4% decrease from the FY 2011-12 Budget. Though the District has budgeted for a \$400,000 increase in the District's payment towards the South Bayside System Authority (SBSA) bonds, this is approximately \$1M less than previously scheduled due to the SBSA utilizing a "Line of Credit" and delaying the issuance of significant bond amounts until the latter part of the fiscal year. The District has also continued to budget for the expense of the \$10M, and \$55M SBSA bonds as well as the contribution to SBSA Operations, Retiree Health and Capital Reserves. Not including depreciation, the significant increases in the operating budget were in the areas of Benefits, Contractual Services, Repairs and Maintenance, and Other Operating Expenses. Overall, Operating Expenses have decreased by 0.3%.

Depreciation has been included, this year, in the detail of the General Fund Total Operating Expense to indicate the level of increase or decrease in depreciable assets 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 statement.

In addition to funding expenditures, the total income and reserves of \$23,049,931 is sufficient to provide for the required operating reserves of \$5,443,445 (7.3% decrease) and allow a transfer of \$4,582,218 to the Capital Assets Fund. This is an increased transfer over FY 2011-12 and is primarily due to the rate increase in July 2012, decrease in expenses, and decrease in required operating reserves.

This budget does not include any increase in salaries or benefits as may be set forth in the Memorandum of Understanding as a result of upcoming negotiations with the Teamsters Local 350.

**Capital Assets Fund**

The proposed Capital Assets Fund Expenditures & Reserve Transfers Budget of \$5,767,500 represents a \$24,000 increase (0.4%) from the FY 2011-12 Budget and includes \$3,500,000 of pipeline replacement projects (as scheduled in the Collection System Master Plan 2011). This enables the District to replace more than 1.5% of the system's aging pipelines.

The capital budget includes necessary administrative capital expenses such as the Flow Monitoring Study and Server Replacement Program. The capital budget also carries over from the prior fiscal year two Collection Facility projects such as replacing the Metal Building at the Menlo Treatment plant, and the replacement of the Motor Control panel at the Willow Road Pump Station. This year also includes the replacement of vital sewer line cleaning equipment



such as the Jet/Vac Combo unit and mobile and stationary radios for maintenance communications.

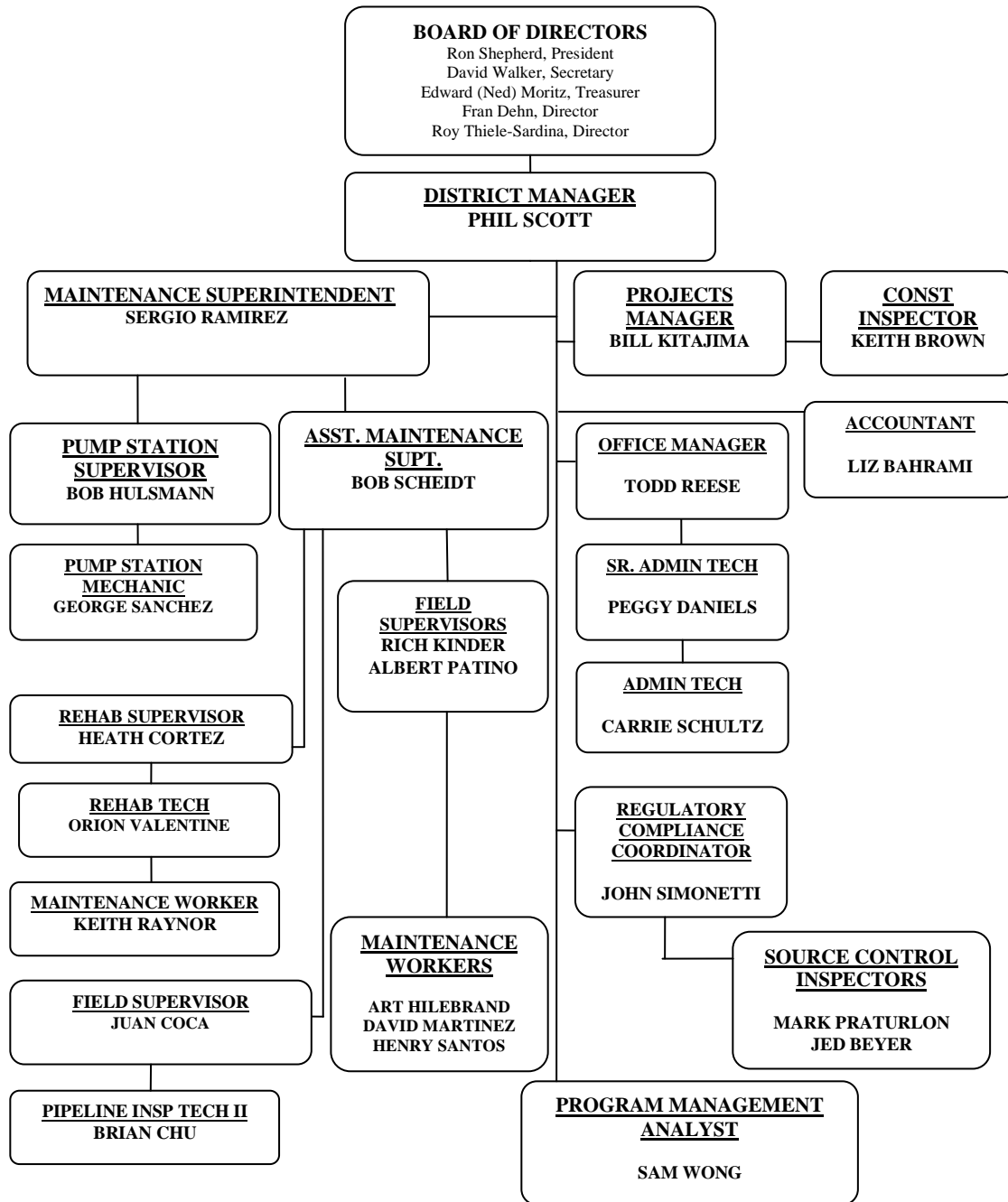
The proposed Capital Assets Fund budget also includes another contribution of \$350,000 each for both the Emergency Capital Reserves in case of a catastrophic event and the Capital Projects Reserve. A balance of \$2,198,294 of available funds is anticipated at the end of the fiscal year to remain for the following year's capital expenses.

Due to the increases in SBSA debt service, increases in the amount of Capital Projects, and building of emergency and capital reserves, the trend has been over the past two years that we have less to transfer over from one fiscal year to the next. As a result rate increases are needed over the next few years to fund the revenue requirement for the above mentioned programs.

# 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 South Bayside System Authority (SBSA) for treatment and discharge to the San Francisco Bay.

The proposed WBSD organization is as shown:



## 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 2012 rate schedule. Effective July 1, 2012 the residential sewer service charge increases to \$752/year. The non-residential charge varies based on flow and strength. Revenue also includes projected interest income (increase from last year), permit fees (increase from last year), 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; travel and training; and utilities.

*Non-Operating* expenses include SBSA costs (Capital Reserves, Operating Expenses, and Bond payments); LAFCo fees; and miscellaneous expenses such as non-residential sewer rate refunds.

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 Expenses Budget from FY 11-12

Increases - Significant increases to the Operating budget include: employee benefits increased by only \$91,112 and may be changed depending on results of negotiations with the Teamsters Local 350; and Contractual Services was increased due to Root Control by \$80,000 due to the re-application of Phase I, (lines require root treatment only every three years except after the initial application which is done after only two years; phase I was done only two years ago). Repairs and Maintenance was increased due to the expense of "cloud" service for data storage and backup and increases in alarm maintenance agreements. Other Expenses was increased to fund the Line Of Credit and permit fees for City of Menlo Park and the Air Quality Resources Board for standby generators.

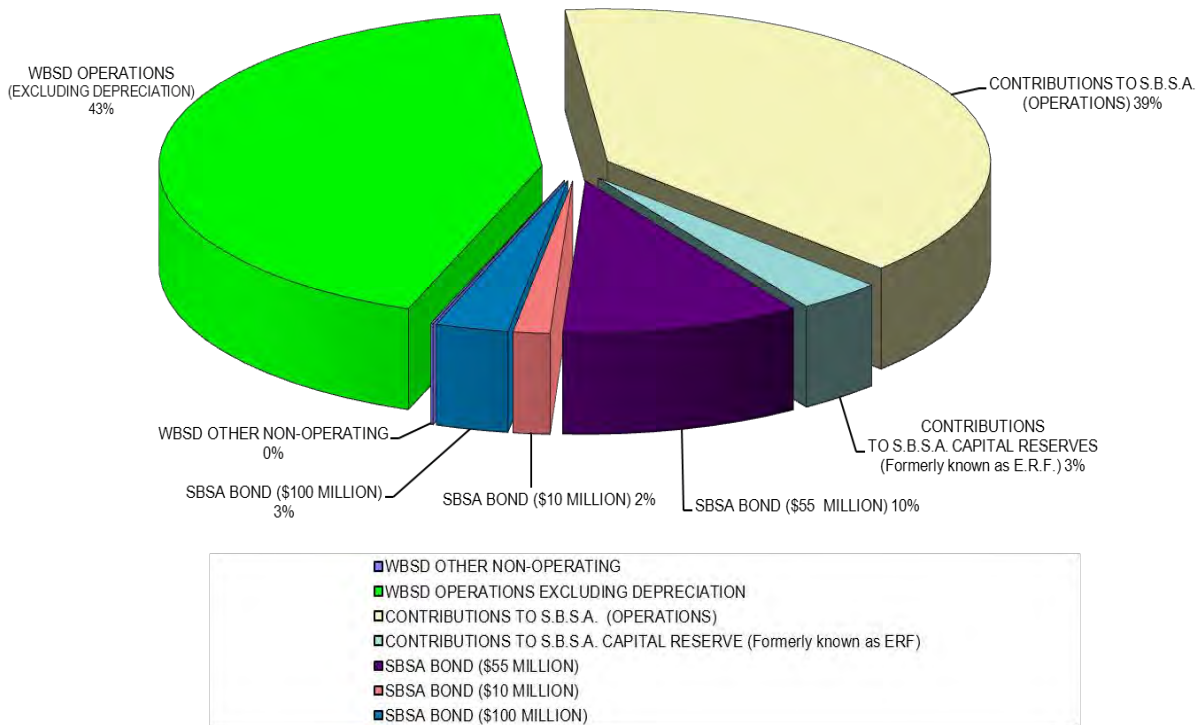
Changes made as a result of, or adjusted since, the Budget Workshop include the elimination the Election Expense since no election will be held for 2012 and the inclusion of depreciation expense of approximately \$1,025,000. Depreciation is a non-cash expense and has no impact on reserves, cash or transfer to the Capital Assets Fund.

Decreases – A Significant decrease to the Operating budget is the decrease in Professional Services as a result of the conclusion of the litigation with the San Francisco Baykeeper.

**Discussion of Changes in Non-Operating Expenses Budget from FY 2011-12**

Decrease – Non-Operating Expenses decreased primarily due to the SBSA’s ability to obtain a line of credit and not issue the expected \$70M of bonds expected in 2011-12. For FY 2012-13, SBSA is expected to issue \$100M in bonds but not until April of 2013. Payment on the \$100M bond is estimated to be \$1,600,000/year. This requires the District to budget \$400,000 to fund the expected increase in debt service for the final quarter of the fiscal year. Fiscal year payment on the \$10 million bond is \$201,644 and payment on the \$55 million bond is \$1,310,081. Payment to SBSA for the Capital Reserve Fund is \$486,986. Payment to SBSA Operations will be \$5,097,595 - according to SBSA- which is approximately a \$10,000 increase over last year.

**WEST BAY SANITARY DISTRICT  
FISCAL YEAR 2012-2013  
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 three years, studies, contracted specialty operations, and rehabilitation or replacements 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. 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, and allowance for unanticipated capital expenditures. On-going line items have been added this year to fund the scheduled replacement of pump station pumps and check valves and also a line item to fund the replacement of grinders and telemetry panels at homes belonging to the On-Site Wastewater Disposal Zone- OWDZ.

The Capital Fund expenses also include the building of Emergency Capital Reserves and Capital Project Reserves.

### Discussion of Changes in Capital Budget from FY 11-12

Administration projects – Significant administration projects for the FY 2011-12 include \$15,000 for a replacing servers as scheduled each year, and to fund the ongoing Flow Monitoring project for \$80,000; and perform a Levee Survey & GPS update project to survey the FEF grounds and add survey manhole xyz coordinates, and rim and invert elevations information to our maps for \$60,000.

Collection Facilities projects – Vehicle and equipment replacements constitute most of these Collection Facility projects such as \$350,000 to replace the 205 Jet/Vac Combo unit which has exceeded its useful life and requires frequent significant repairs, \$30,000 to replace the aging District Manager vehicle, and \$25,000 to replace all the mobile, stationary and hand-held radios in the District since the FCC now requires them all to be narrow band compliant. We will also be purchasing another Mini-Cam for the Hydro-jet cleaning crew to perform immediate assessment of the quality of the cleaning of the line, budgeted at \$15,000.

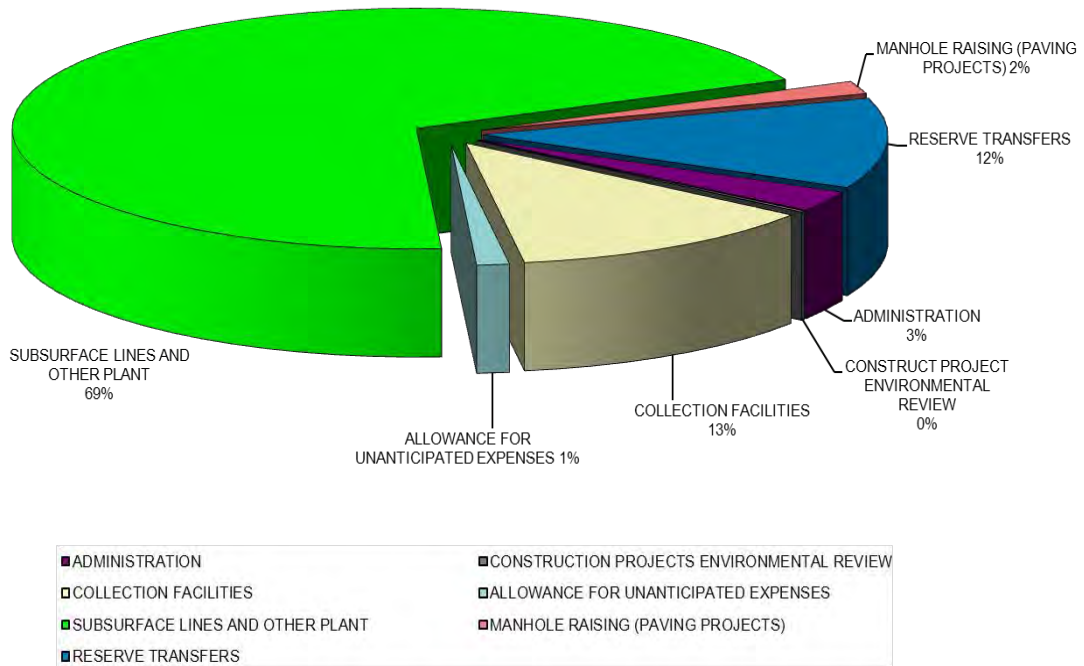
Two projects were carried over from last year that were not completed; the Metal Storage Building - \$290,000 and the Willow Road Pump Station Motor Control Panel - \$90,000.

Subsurface Lines and Other Projects – This category includes \$3.5 million dollars for the Chilco Corrugated Metal Pipe Lining, Hedge Road Pipe Replacement, and Suburban Park pipeline replacement projects. There is also \$350,000 for design of the following year’s projects including pipe replacement projects and pump station projects such as Sausal Vista.

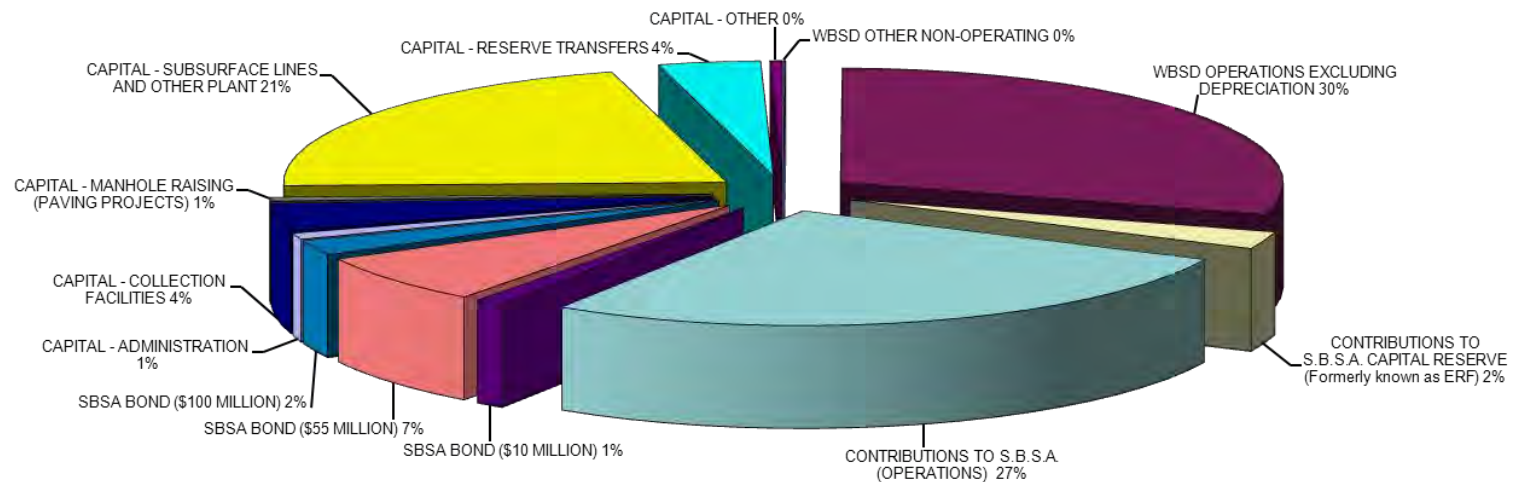
Ongoing CIPs –

The District is will continue allocation for Emergency Capital reserves in FY 2012-13 at a rate of \$350,000 per year with a \$5M target. Over the time it takes to accumulate the targeted amount the District will continue to maintain a line of credit to use only in the case of a catastrophic event. The District will also continue to build a reserve for Capital projects to accommodate the payment of the Capital projects in between the semi-annual receipt of fees from the County tax roll. This will require the allocation of \$350,000 per year with a target of \$3.5M.

**WEST BAY SANITARY DISTRICT  
FISCAL YEAR 2012-2013  
SUMMARY OF EXPENDITURES  
CAPITAL ASSET FUND**



**WEST BAY SANITARY DISTRICT  
FISCAL YEAR 2012-2013  
SUMMARY OF EXPENDITURES  
GENERAL FUND AND CAPITAL ASSET FUND**



- WBSD OTHER NON-OPERATING
- WBSD OPERATIONS EXCLUDING DEPRECIATION
- CONTRIBUTIONS TO S.B.S.A. CAPITAL RESERVE (Formerly known as E.R.F.)
- CONTRIBUTIONS TO S.B.S.A. (OPERATIONS)
- SBSA BOND (\$10 MILLION)
- SBSA BOND (\$55 MILLION)
- SBSA BOND (\$100 MILLION)
- CAPITAL - ADMINISTRATION
- CAPITAL - COLLECTION FACILITIES
- CAPITAL - MANHOLE RAISING (PAVING PROJECTS)
- CAPITAL - SUBSURFACE LINES AND OTHER PLANT
- CAPITAL - RESERVE TRANSFERS
- CAPITAL - OTHER

**RESOLUTION NO. 1808 (2012)**

IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT

COUNTY OF SAN MATEO, STATE OF CALIFORNIA

\*\*\*\*\*

BE IT RESOLVED that the annexed Fiscal Year 2012/2013 General Fund and Capital Assets Fund Budgets for West Bay Sanitary District is hereby approved.

\*\*\*\*\*

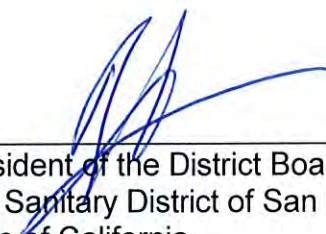
Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 13<sup>th</sup> day of June, 2012, by the following vote:

Ayes: SHEPHERD, WALKER, DEHN, MORITZ


Noes: NONE

Abstain: NONE

Absent: THIELE-SARDINA

  
\_\_\_\_\_  
President of the District Board of the West  
Bay Sanitary District of San Mateo County,  
State of California

Attest:

  
\_\_\_\_\_  
Secretary of the District Board of the  
West Bay Sanitary District of San Mateo  
County, State of California



**GENERAL FUND**  
**APPROVED**  
**BUDGET FY2012/2013**



# GENERAL FUND

	2011/12 BUDGET	2012/13 BUDGET	VARIANCE	%
<b>FUND INCOME</b>				
<b>OPERATING INCOME</b>				
NON-RESIDENTIAL	\$3,458,446	\$3,614,076	155,630	4%
RESIDENTIAL	\$12,727,385	\$13,872,850	1,145,465	9%
SEWER SERVICE CHARGES	\$16,185,831	\$17,486,926	1,301,095	8%
FLOW EQUALIZATION COST SHARING	\$43,560	\$43,560	0	0%
PERMIT AND INSPECTION FEES	\$50,000	\$50,000	0	0%
<b>TOTAL OPERATING INCOME</b>	<b>\$16,279,391</b>	<b>\$17,580,486</b>	<b>1,301,095</b>	<b>8%</b>
<b>NON-OPERATING INCOME</b>				
INTEREST INCOME (FY09/10 - 2.0%; FY10/11 - 0.5%)	\$25,000	\$25,000	0	0%
OTHER NON OPERATING INCOME	\$1,000	\$1,000	0	0%
			0	
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$26,000</b>	<b>\$26,000</b>	<b>0</b>	<b>0%</b>
<b>TOTAL INCOME</b>	<b>\$16,305,391</b>	<b>\$17,606,486</b>	<b>1,301,095</b>	<b>8%</b>
<b>GENERAL FUND AVAILABLE BALANCE</b>	<b>\$5,873,839</b>	<b>\$5,443,445</b>	<b>(430,394)</b>	<b>-7%</b>
<b>TOTAL AVAILABLE FOR FISCAL YEAR</b>	<b>\$22,179,230</b>	<b>\$23,049,931</b>	<b>870,701</b>	<b>4%</b>
<b>FUND EXPENDITURES</b>				
TOTAL OPERATING EXPENSE (Including Depreciation)	\$5,560,342	\$5,544,462	(15,880)	0%
TOTAL NON-OPERATING EXPENSE	\$8,501,872	\$7,479,806	(1,022,066)	-12%
<b>TOTAL CURRENT EXPENSE (Excluding Depreciation)</b>	<b>\$14,062,215</b>	<b>\$13,024,268</b>	<b>(1,037,947)</b>	<b>-7%</b>
<b>GENERAL FUND OPERATING RESERVE</b>	<b>\$5,873,839</b>	<b>\$5,443,445</b>	<b>(430,394)</b>	<b>-7%</b>
<b>SUBTOTAL TOTAL CURRENT EXP &amp; OPERATING RES</b>	<b>\$19,936,054</b>	<b>\$18,467,713</b>	<b>(1,468,341)</b>	<b>-7%</b>
<b>AMOUNT TO TRANSFER TO/(FROM) CA FUND</b>	<b>\$2,243,176</b>	<b>\$4,582,218</b>	<b>2,339,042</b>	<b>104%</b>

**FUND EXPENDITURES - DETAIL**

	2011/12 BUDGET	2012/13 BUDGET	VARIANCE	
<b>OPERATING EXPENSE</b>				
SALARIES & WAGES	\$2,467,132	\$2,494,214	27,082	1%
EMPLOYEE BENEFITS	\$1,033,119	\$1,124,231	91,112	9%
DIRECTOR'S FEES	\$28,365	\$28,365	0	0%
ELECTION EXPENSE	\$40,000	\$0	(40,000)	-100%
DEPRECIATION	\$0	\$1,025,000	1,025,000	
GASOLINE, OIL AND FUEL	\$70,000	\$75,000	5,000	7%
INSURANCE	\$86,600	\$86,600	0	0%
MEMBERSHIPS	\$21,100	\$21,100	0	0%
OFFICE EXPENSE	\$30,000	\$30,000	0	0%
OPERATING SUPPLIES	\$328,177	\$327,577	(600)	0%
CONTRACTUAL SERVICES	\$231,000	\$323,000	92,000	40%
PROFESSIONAL SERVICES	\$662,325	\$386,350	(275,975)	-42%
PRINTING AND PUBLICATIONS	\$52,500	\$62,500	10,000	19%
RENTS AND LEASES	\$24,000	\$28,000	4,000	17%
REPAIRS AND MAINTENANCE	\$227,525	\$253,525	26,000	11%
RESEARCH AND MONITORING	\$8,000	\$8,000	0	0%
TRAVEL AND MEETINGS	\$50,500	\$50,500	0	0%
UTILITIES	\$120,000	\$132,500	12,500	10%
OTHER OPERATING EXPENSE	\$115,000	\$153,000	38,000	33%
TRANSFER OVERHEAD EXPENSE TO SOLID WASTE FUND	(\$35,000)	(\$40,000)	(5,000)	14%
<b>TOTAL OPERATING EXPENSE (Including Depreciation)</b>	<b>\$5,560,342</b>	<b>\$6,569,462</b>	<b>1,009,120</b>	<b>18.1%</b>
<b>TOTAL OPERATING EXPENSE (Excluding Depreciation)</b>	<b>\$5,560,342</b>	<b>\$5,544,462</b>	<b>(15,880)</b>	<b>-0.3%</b>
<b>NON-OPERATING EXPENSE</b>				
CONTRIBUTIONS TO S.B.S.A. (OPERATIONS)	\$5,087,416	\$5,097,595	10,179	0%
CONTRIBUTIONS TO S.B.S.A. CAPITAL RESERVE (Formerly known as ERF)	\$485,628	\$456,986	(28,642)	-6%
SBSA Bond (\$10 million)	\$201,077	\$201,644	567	0%
SBSA BOND (\$55 million)	\$1,314,251	\$1,310,081	(4,170)	0%
SBSA BOND (\$100 million)	\$1,400,000	\$400,000	(1,000,000)	-71%
OTHER NON-OPERATING EXPENSE	\$6,000	\$6,000	0	0%
CONTRIBUTIONS TO LAFCo	\$7,500	\$7,500	0	0%
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>\$8,501,872</b>	<b>\$7,479,806</b>	<b>(1,022,066)</b>	<b>-12%</b>
<b>TOTAL CURRENT EXPENSE (Excluding Depreciation)</b>	<b>\$14,062,214</b>	<b>\$13,024,268</b>	<b>(1,037,946)</b>	<b>-7%</b>
<b>RESERVES</b>				
RESERVE FOR OPERATIONS (5 months Total Exp)	\$5,873,839	\$5,443,445	(430,394)	-7%
<b>TOTAL RESERVES</b>	<b>\$5,873,839</b>	<b>\$5,443,445</b>	<b>(430,394)</b>	<b>-7%</b>
<b>TOTAL EXPENSE, LIABILITIES AND RESERVES</b>	<b>\$19,936,053</b>	<b>\$18,467,713</b>	<b>(1,468,340)</b>	<b>-7%</b>

**CAPITAL ASSET FUND**

**APPROVED**

**Budget FY2012/2013**



**CAPITAL ASSETS FUND**

**FUND INCOME & RESERVES**

	<u>2011/12 BUDGET</u>	<u>2012/13 BUDGET</u>	<u>VARIANCE</u>	
BEGINNING BALANCE FOR FISCAL YEAR	\$5,437,672 *	\$3,258,576 **	(\$2,179,096)	-40%
TOTAL PROJECTED FUND BALANCE	\$6,673,900	\$3,258,576	(\$3,415,324)	-51%
ANTICIPATED CONNECTION CHARGES REVENUE	\$50,000	\$50,000	\$0	0%
INTEREST INCOME (FY11/12 - 1.5%; FY12/13 - 1.5%)	\$75,000	\$75,000	\$0	0%
EMERGENCY RESERVE LINE OF CREDIT FEE	(\$40,000)	\$0	\$40,000	
PROJECTED TRANSFER FROM GENERAL FUND	\$2,243,176	\$4,582,218	\$2,339,042	104%
<b>TOTAL INCOME &amp; RESERVES</b>	<b>\$7,765,848</b>	<b>\$7,965,794</b>	<b>\$199,946</b>	<b>3%</b>

**FUND CAPITAL EXPENDITURES - SEE DETAIL**

ADMINISTRATION	\$165,000	\$160,000	(\$5,000)	-3%
COLLECTION FACILITIES	\$637,500	\$722,500	\$85,000	13%
SUBSURFACE LINES AND OTHER PLANT	\$4,056,000	\$4,000,000	(\$56,000)	-1%
CONSTRUCTION PROJECTS ENVIRONMENTAL REVIEW	\$10,000	\$10,000	\$0	0%
MANHOLE RAISING (PAVING PROJECTS)	\$100,000	\$100,000	\$0	0%
ALLOWANCE FOR UNANTICIPATED EXPENSES	\$75,000	\$75,000	\$0	0%
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$5,043,500</b>	<b>\$5,067,500</b>	<b>\$24,000</b>	<b>0%</b>
EMERGENCY CAPITAL RESERVES TRANSFER	\$350,000	\$350,000	\$0	0%
CAPITAL PROJECT RESERVES TRANSFER	\$350,000	\$350,000	\$0	0%
<b>TOTAL CAPITAL EXPENDITURES &amp; RESERVE TRANSFERS</b>	<b>\$5,743,500</b>	<b>\$5,767,500</b>	<b>\$24,000</b>	<b>0.4%</b>
PROJECTED AVAILABLE FUND AT YEAR END	\$2,022,348	\$2,198,294	\$175,946	9%
* Actual Fund Balance 6/30/2011	\$6,673,900			
** Anticipated Fund Balance 6/30/2012	\$3,258,576			

**CAPITAL ASSETS FUND  
CAPITAL EXPENDITURE DETAIL**

	<u>2011/12 BUDGET</u>	<u>2012/13 BUDGET</u>	<u>VARIANCE</u>	
<b>ADMINISTRATION</b>				
DISTRICT OFFICE INTERIOR	\$10,000	\$10,000	\$0	0%
NAS FOR USERS (HARD DISK STORAGE)	\$15,000	\$0	(\$15,000)	-100%
GIS MAPPING UPDATE	\$0	\$0	\$0	
LEVEE SURVEY & GPS UPDATE	\$60,000	\$50,000	(\$10,000)	-17%
FLOW MONITORING STUDY	\$80,000	\$80,000	\$0	0%
SERVER REPLACEMENT PROGRAM	\$0	\$15,000	\$15,000	
ALARM ADDITIONS	\$0	\$5,000	\$5,000	
<b>TOTAL ADMINISTRATION</b>	<b>\$165,000</b>	<b>\$160,000</b>	<b>(\$5,000)</b>	<b>-3%</b>
<b>COLLECTION FACILITIES</b>				
JET/VAC COMBO UNIT	\$0	\$350,000	\$350,000	
UNIT 201 - REPLACEMENT (2002)	\$0	\$30,000	\$30,000	
NARROW BAND- MOBILE, PORTABLE AND BASE RADIOS	\$0	\$25,000	\$25,000	
SMART COVERS (3)	\$12,500	\$12,500	\$0	0%
AUTOMATIC TRANSFER SWITCH/WIRING	\$10,000	\$0	(\$10,000)	-100%
REPLACE METAL STORAGE BUILDING	\$300,000	\$290,000	(\$10,000)	-3%
MINI CAM	\$15,000	\$15,000	\$0	0%
UNIT 215 - 1/2 INCH JETTER OF F550 4X4	\$120,000	\$0	(\$120,000)	-100%
UNIT 206 - REPLACE 1995 GMC SONOMA	\$30,000	\$0	(\$30,000)	-100%
UNIT 210 - REPLACE 1996 FORD SUPER DUTY (PUMP TRUCK)	\$120,000	\$0	(\$120,000)	-100%
REPLACE MAGLINE CONCRETE SAW TRAILER (6X8)	\$2,000	\$0	(\$2,000)	-100%
REPLACE 1989 SIGNAL TRAFFIC ARROW BRD - SOLAR MSG BRD	\$20,000	\$0	(\$20,000)	-100%
JACK HAMMER ATTACHMENT FOR BOB CAT	\$8,000	\$0	(\$8,000)	-100%
<b>TOTAL COLLECTION FACILITIES</b>	<b>\$637,500</b>	<b>\$722,500</b>	<b>\$85,000</b>	<b>13%</b>

**OPEN PROJECTS**

	<u>2011/12 BUDGET</u>	<u>2012/13 BUDGET</u>	<u>VARIANCE</u>	
<b>2006/2007PROJECTS</b>				
WILLOW ROAD PS CONTROL PANEL-DESIGN	\$16,000	\$0	(\$16,000)	
WILLOW ROAD PS CONTROL PANEL-CONSTRUCTION	\$90,000	\$90,000	\$0	0%
SAUSAL VISTA FEASIBILITY & PREDESIGN	\$100,000	\$0	(\$100,000)	
<b>2012/2013 PROJECTS</b>				
PUMP & VALVE REPLACEMENT PROGRAM	\$0	40,000.00	\$40,000	
PRIVATE PUMP & PANEL REPLACEMENTS	\$0	20,000.00	\$20,000	
PIPELINE REPLACEMENT & REHAB ENGINEERING	\$350,000	350,000.00	\$0	0%
<i>*NPA, Sausal Vista PS, Marsh Rd Relief Design, Stowe Lane</i>				
PIPELINE REPLACEMENT & REHAB CONSTRUCTION	\$3,500,000	3,500,000.00	\$0	0%
<i>**Chilco CMP, Frederick, Hedge</i>				
<b>TOTAL SUBSURFACE LINES AND OTHER</b>	<b>\$4,056,000</b>	4,000,000.00	<b>(\$56,000)</b>	-1%
CONSTRUCTION PROJECTS ENVIRONMENTAL REVIEW	\$10,000	\$10,000	\$0	0%
MANHOLE RAISING (PAVING PROJECTS)	\$100,000	\$100,000	\$0	0%
ALLOWANCE FOR UNANTICIPATED CAPITAL EXPENDITURES	\$75,000	\$75,000	\$0	0%
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$5,043,500</b>	<b>\$5,067,500</b>	<b>\$24,000</b>	0%
EMERGENCY CAPITAL RESERVES TRANSFER	\$350,000	\$350,000	\$0	0%
CAPITAL PROJECT RESERVES TRANSFER	\$350,000	\$350,000	\$0	0%
<b>TOTAL CAPITAL EXPENDITURES &amp; RESERVE TRANSFERS</b>	<b>\$5,743,500</b>	<b>\$5,767,500</b>	<b>\$24,000</b>	0.4%

**RESERVE FUNDS**

**APPROVED**

**BUDGET FY2012/2013**

**WORKSHEET**





<b>GENERAL FUND</b>	<b>2011/12 BUDGET</b>	<b>2012/13 BUDGET</b>	<b>VARIANCE</b>	<b>% Var</b>	<b>Fiscal Year End Fund Balance</b>
GENERAL FUND OPERATING RESERVE (5 MONTHS OPERATING EXPENSE)	\$5,873,839	\$5,443,445	(430,394)	-7.3%	\$5,443,445
 <b>CAPITAL ASSETS FUND</b>					
EMERGENCY CAPITAL RESERVE (TARGET \$5 MILLION)	\$350,000	\$350,000	0	0.0%	\$2,200,000
CAPITAL PROJECT RESERVE (TARGET \$3.5 MILLION)	\$350,000	\$350,000	0	0.0%	\$700,000.00
 <b>SOLID WASTE FUND</b>					
RATE STABILIZATION RESERVE	\$11,000	19,000	8,000	72.7%	\$30,000
 <b>TOTAL RESERVES</b>	 \$6,234,839	 5,812,445	 (422,394)	 -6.8%	 \$8,373,445

**SOLID WASTE FUND**

**APPROVED**

**BUDGET FY2012/2013**



**SOLID WASTE FUND**

	<u>2011/12 BUDGET</u>	<u>2012/13 BUDGET</u>	<u>VARIANCE</u>
<b>FUND INCOME</b>			
OPERATING INCOME			
FRANCHISES	\$64,000	\$73,000	9,000
<b>TOTAL INCOME</b>	<b>\$64,000</b>	<b>\$73,000</b>	<b>9,000</b>
<b>FUND EXPENDITURES</b>			
TOTAL OPERATING EXPENSE	\$53,000	\$54,000	1,000
<b>TOTAL CURRENT EXPENSE</b>	<b>\$53,000</b>	<b>\$54,000</b>	<b>1,000</b>
LIABILITIES AND RESERVES	\$11,000	\$19,000	8,000
<b>TOTAL EXPENSE, LIABILITIES AND RESERVES</b>	<b>\$64,000</b>	<b>\$73,000</b>	<b>\$9,000</b>
<b>SOLID WASTE FUND AVAILABLE BALANCE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>FUND EXPENDITURES - DETAIL</b>	<b>2011/12 BUDGET</b>	<b>2012/13 BUDGET</b>	<b>VARIANCE</b>
<b>OPERATING EXPENSE</b>			
RATE STUDIES	\$5,000	\$8,000	3,000
MAILINGS	\$5,000	\$5,000	0
PUBLIC RELATIONS	\$1,000	1,000	0
OVERHEAD EXPENSE ALLOCATION FROM GENERAL FUND	\$35,000	\$40,000	5,000
PREVIOUS YEARS EXPENSE (HHW)	\$7,000	\$0	(7,000)
<b>TOTAL OPERATING EXPENSE</b>	<b>\$53,000</b>	<b>\$54,000</b>	<b>1,000</b>
<b>TOTAL CURRENT EXPENSE</b>	<b>\$53,000</b>	<b>\$54,000</b>	<b>1,000</b>
<b>RESERVES</b>			
RATE STABILIZATION RESERVE	\$11,000	19,000	8,000
<b>TOTAL RESERVES</b>	<b>\$11,000</b>	<b>19,000</b>	<b>8,000</b>
<b>TOTAL EXPENSE, LIABILITIES AND RESERVES</b>	<b>\$64,000</b>	<b>73,000</b>	<b>9,000</b>

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# Marin Independent Journal

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TOP STORY: ROSS VALLEY SANITARY DISTRICT

# Ex-official charged

## DA: Richards absconded with \$350,000 home loan

**By Richard Halstead**  
Marin Independent Journal

Brett Richards, former general manager of the Ross Valley Sanitary District, has been charged with nine felony counts including misappropriation of public funds, em-

bezzlement and money-laundering in connection with his failure to repay a \$350,000 housing loan.

Richards, 45, could face a maximum 10 years in prison and

See **RICHARDS**, page 2



Brett Richards

## Turmoil during Richards' tenure

*Editor's note: Lj political columnist Dick Spotswood first raised questions about Brett Richards' housing loan in June 2012.*

**B**RETT Richards has been a controversial figure since he was hired to lead the Ross Valley Sanitary District in 2008.

When former Fairfax mayor Frank Egger was appointed to the district's board in 2010,



DICK SPOTSWOOD

he was one of the first to question the actions of the then general manager. That's when Richards proposed Ross Valley issue \$70 million in sewage rehabilitation bonds.

See **SPOTSWOOD**, page 2

# RICHARDS: Fomer official charged over housing loan

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fining him \$1.5 million if found guilty. A warrant has been issued for his arrest, and Marin County District Attorney Ed Berberian has recommended bail be set at \$1 million when he is apprehended because he is a flight risk. Richards' current whereabouts are unknown.

Berberian, who announced the charges Monday after an eight-month investigation, said: "The warrant is in our national system, and we are looking for him. History tells us that we usually catch up with these folks at some point."

According to the affidavit filed to secure his arrest warrant, Richards received a \$350,000 loan from the sanitary district on Dec. 3, 2010 for the purpose of obtaining housing in the Marin County area; however, the affidavit states, "There are no banking records showing that any of the proceeds from the \$350,000 was used to purchase a residence in the bay area as intended by the Ross Valley Sanitary District's Board of Directors."

Instead, the document states, "The bank records showed that most of the funds have been spent on living expenses, a new truck, and vacations, or have been withdrawn in cash."

Berberian said, "He was supposed to use this money for a specific purpose, which we believe the facts are going to show he didn't do."

Richards resigned from his \$197,000-a-year job and dropped from sight in July 2012 after Marin Independent Journal col-

umnist Dick Spotswood raised questions regarding whether Richards used the loan to purchase housing.

Berberian said Richards was charged with money laundering because he deposited the loan money in numerous banks and moved it around "in order to hide what he did."

"The law defines those actions as money laundering," Berberian said.

The district attorney's investigation shows that Richards wasted no time putting the sanitary district's money to use once he deposited the \$350,000 in his personal Citibank account on Dec. 3, 2010. On the same day, Richards withdrew \$7,225, and three days later he withdrew another \$6,240. On Dec. 8 Richards transferred \$8,625 to a Mechanics Bank account and on Dec. 13 he transferred a total of \$55,200 to accounts in Mechanics Bank and the Fresno Educational Employee Credit Union.

According to the district attorney, on Dec. 17 Richards withdrew \$196,000 in the form of four \$49,000 cashier's checks, made payable to himself; two of these checks were used to open an account at Nevada State Bank, one was used to open an account at River City Bank and one was deposited at Mechanics Bank.

Then on Dec. 28, 2010, the district attorney says Richards embarked on a European vacation, during which he withdrew \$7,492 from ATMs in Paris, Venice and Barcelona.

The affidavit also states that after Richards de-

posited one of the \$49,000 cashier checks in River City Bank on Dec. 21, 2010 he moved the funds to a new account at Exchange Bank on Jan. 24, 2011. The document also notes that Richards used a mail drop in Michigan to receive his bank statements from Nevada State Bank.

Separate court records show that throughout 2010, Richards was involved in divorce proceedings with his wife Tiffani Renee Richards, who petitioned to dissolve the marriage. Records show that in April 2010 the court ordered a garnishment of Richards' wages to provide \$3,250 per month in spousal support to his wife. The divorce became final in March 2011. Berberian declined to say whether Richards gave any of the loan money to his ex-wife.

The affidavit for warrant of arrest provides insight into how Richards was able to obtain the \$350,000 loan without supplying a deed of trust as collateral. The documents recounts that the sanitary district's interim legal counsel at the time, Sanford Skaggs, noticed that the contract amendment granting Richards the \$350,000 lacked a requirement for a deed of trust, and on Nov. 2, 2010 Skaggs prepared a memorandum to the board's president, Marcia Johnson, and secretary, Peter Sullivan, discussing that fact.

According to the affidavit, however, instead of sending the memorandum directly to district board members, Skaggs sent it to Richards. Each of the

board members has told district attorney investigators that they were never provided a copy of the memorandum. Skaggs could not be reached for comment Monday.

As recently as last fall, Richards was blogging about his past experience in Marin from an undisclosed location in Florida. On his website at [www.rossvalleysewertruth.com](http://www.rossvalleysewertruth.com), Richards wrote, "Am I crazy? I hope you'll read on and decide for yourself. In fact, this blog is an invitation for you to be the jury. This web site is a trial of the events of a California public agency, The Ross Valley Sanitary District and including the actions by a number of public officials, between 2008 and 2012." By the first of this year the website had been shut down without explanation.

The Ross Valley Sanitary District can ill afford to lose money. The district is under pressure from the San Francisco Bay Regional Water Quality Control Board to spend more funds to repair its network of aging pipes to prevent sewage spills, and may have to consider rate hikes to consider.

District board president Frank Egger said, "The board wants that \$350,000 back. We are looking at every avenue available to us to retrieve those funds."

Johnson, the former board president, and Sullivan, who is still on the board, could not be reached for comment late Monday.

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## SPOTSWOOD: Turmoil marked Richards' tenure

From page 1

When that was rejected, Richards suggested the agency consider filing bankruptcy.

The turmoil resulted in the ballot-box defeat of incumbent director Marcia Johnson, a key Richards supporter, and the election of Mary Sylla. That election was the first real sign that Richards' tenure was limited, since the board then had a three-vote majority for big change.

Public unhappiness with Richards exploded when it emerged that the board had quietly granted him a \$350,000 "housing assistance loan." It turns out he never bought a house. It's that transaction which forms the heart of the charges of embezzlement, falsification of accounts and money laundering.

The \$350,000 was moved from the district's account in late 2010 via a Bank of Marin wire transfer to Richards' personal Citibank account. The transfer order was signed by sewage board

directors Johnson and Patrick Guasco.

The key to this fiasco was the sewage agency's failure to request any security for the loan. A search of California's 58 county recorders' offices showed that the former district executive director owns no interest in any California real property.

The reality is, even if the twice-bankrupt Richards is convicted and ordered to make restitution, it's less than certain he has sufficient locatable assets to pay a \$350,000 debt. The district may have insurance covering \$149,000 of the loss. If so, taxpayers will then have to swallow the remaining \$200,000.

In the "Affidavit for Warrant and Arrest," it was disclosed that the sanitary district's former attorney, Sanford Skaggs, wrote a memo pointing out the absence of security in the draft "housing" loan agreement. Instead of sending the memo to his client, the district board, he

oddly sent it to Richards, the beneficiary of the document's defect.

There's no evidence that Richards ever shared it with the board. The five directors certainly didn't pick up on the lack of security, or if they did, failed to publicly raise the issue.

Skaggs' failure to directly communicate his concern with the board may be professional negligence. On that basis, the district could consider a civil malpractice action against its former attorney. This tactic may be the only way to make ratepayers whole.

There may be a perfectly reasonable explanation for Richards' actions. That's what a jury will ultimately determine after he is apprehended.

The professional standard any district attorney follows before filing charges requires concluding that allegations can be proved beyond a reasonable doubt. By filing these charges, District Attorney Ed Berberian believes that he can meet

that high standard.

Now the current reform board, led by Egger and backed by directors Sylla and Pamela Meigs, must bring the agency's mangled finances under control and rigorously pursue rehabilitation of the district's antiquated sewage lines.

Ironically, fixing Ross Valley's sewer lines was the one task that Richards understood, even though he pursued it in a manner that antagonized just about every other neighboring jurisdiction.

Ultimately a public agency board's most important duty is to oversee staff and serve as trustee for its funds. The sewage directors who facilitated this fiasco were, at the very least, less than diligent.

That fact is something that current directors Guasco and Peter Sullivan must publicly explain whether or not they run for reelection in 2014.

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