




Item Number 3

GM Review CP

Agenda Summary Report

To: Board of Directors
From: Dale McDonald, Administrative Services Manager 
(415) 526-1519 dmcdonald@lqvsd.org
Meeting Date: May 6, 2024
Re: Budget Workshop for Development of Fiscal Year 2024-25 Budget

Item Type: Consent Action Information Other Workshop
Standard Contract: Yes No (See attached) Not Applicable

STAFF RECOMMENDATION

Board to hold a workshop to provide feedback and communicate priorities to management on the development of the preliminary Fiscal Year (“FY”) 2024-25 budget.

BACKGROUND

Board Financial Policy F-40 establishes procedures for preparing budgets and schedules and requires that the annual budget be prepared by the General Manager and Administrative Services Manager. It began with a Mid-Year Budget review for the current FY 2023-24 which was presented to the Board on January 18, 2024.

Staff have held multiple meetings over the past months reviewing preliminary capital expenditures in the upcoming years and adjusting project schedules and expenditure forecasts. Operation & Maintenance needs of the departments have also been reviewed.

Highlights for Discussion

The Capital Improvement Program (CIP) requires the District to identify adequate funding to support the acquisition, construction and replacement of assets identified in the program. In addition, the plan requires that projects the District believes beneficial to the system, but funding has not yet been identified, to be included in the plan.

Capital Outlay shown in the draft CIP FY 2024-25 budget is higher than what was forecast last year, increasing from \$20 Million to \$27.7 Million. The total 7-year CIP expenditure projections have also increased from \$149 Million to \$170 Million. The primary reasons are:

- Unfinished projects planned for completion in FY 2023-24 will carry forward into FY 2024-25, raising the 7-year total CIP on the front end.
- Budgeted construction costs for the Lab /Education Center / Boardroom have increased.
- The placeholders for Year-7 construction projects for the Biosolids Program and Sea Level Rise Mitigation have added \$7.5 Million to the total 7-year CIP projection.



The attached draft CIP looks out seven years to better incorporate long term future year capital expenditures. A 3% annual inflation rate is factored into the CIP for years 2 through 7. New projects have been identified and added to the CIP.

Financing of the John Duckett Pump Station and Highway 101 Terra Linda Trunk Sewer Project should be discussed. Design work on the project resumed with GHD. Engineering worked with GHD to revise the scope of work based on new hydraulic modeling information from Hazen & Sawyer. Design costs of \$1.5 Million are budgeted in FY 2024-25. Construction costs may be revised based on changes to the scope of work, which will be determined during design work on the project. Construction is expected to begin in 2025 and occur over 2 years. It is anticipated that of the \$15 Million in construction costs, most of the work will occur in the 2nd year. Staff has budgeted for a financial advisor to look at the most practical options to fund this project. Options include:

- Adjust the timeframe and therefore the costs of the John Duckett project to shift the CIP burden in FY 2024-25 to \$2 Million and \$13 Million in FY 2025-26. This slight change will help level the CIP over the next 2 years and provide an opportunity for lower debt issuance rates.
- The District can use undesignated capital reserves to begin the project and complete it using debt financing.
- Alternatively, iBank financing can be obtained for the entire project once construction costs are better known.

The Capital Reserve fund currently is holding \$6 Million for the Operations and Control Center / Administration Building construction project. The FY 2024-25 budget will add \$3 Million to this reserve. As the Laboratory / Education Center / Board Room Building construction project is scheduled to occur before construction of the OCC/Admin building, management is planning to use the \$9 Million held in reserve for the construction of the laboratory building. The CIP will be updated to reflect this change before the final budget is adopted.

Revenue

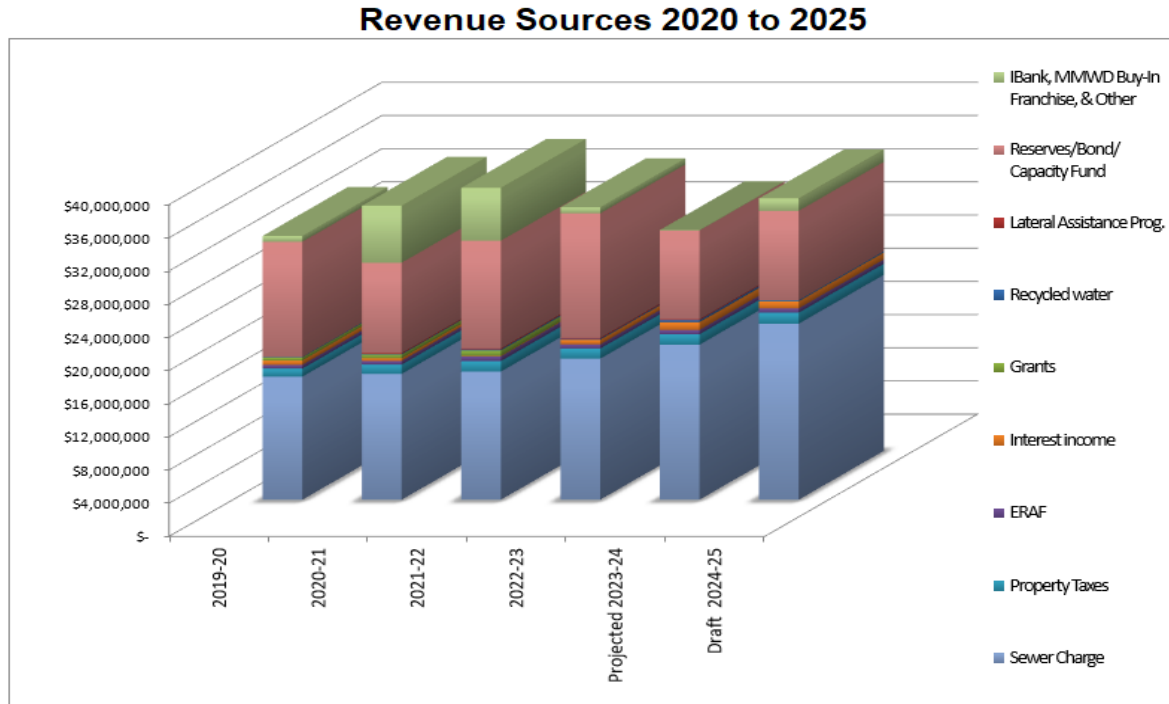
The District is heading into its second year of a four-year rate plan approved by the Board on June 30, 2023. The draft budget factors in a 10% Sewer Service Charge (“SSC”) rate increase for the upcoming year, equal to an increase of \$123 annually for Single Family Residential (“SFR”) users with a base rate of \$1,356 per year. SSC revenue is the primary source of revenue for the District. The rate increase is projected to provide \$2,428,753 in additional revenue in FY 2024-25. Non-residential SSC revenue is expected to remain stable this year, compared to last year when a slight decrease in non-residential revenue occurred as new strength levels were adopted.

Property tax revenue growth assumptions by Marin County have risen to 5% for the upcoming FY 2024-25, in alignment with the annual property tax growth rate of 5% the county experienced over the last 20 years. The District is forecasting a slightly higher increase, 5.15%, based in part on the concentration of SFR properties within our District and an anticipated increase in home sales over last year.



Interest income has grown from \$66K in FY 2021-22 to a projected \$936K in FY 2023-24. The increase is not expected to be sustained and interest rates, currently around 5.4%, are expected to decrease at the same time cash will be drawn down to pay for encumbered capital projects.

The graph below shows the composition of District revenue over the past five fiscal years plus the draft budget planned for FY 2024-25.



Total revenue for FY 2024-25 is predicted to be 9.37% higher than last year’s budget and 13.96% higher than what is projected for the end of this fiscal year. Attached is a revenue worksheet broken down into operating, non-operating, and capital / capacity related revenue. Total revenue, excluding the use of reserves and carryover capital funding, for FY 2024-25 is forecast to be \$26,223,489.

Operations and Maintenance

Operation & Maintenance (O&M) expenses are projected to be under budget at the end of this fiscal year, June 30, 2024. No significant changes in operations are planned for next fiscal year. In effect, an incremental roll-forward O&M budget will be implemented for FY 2024-25.

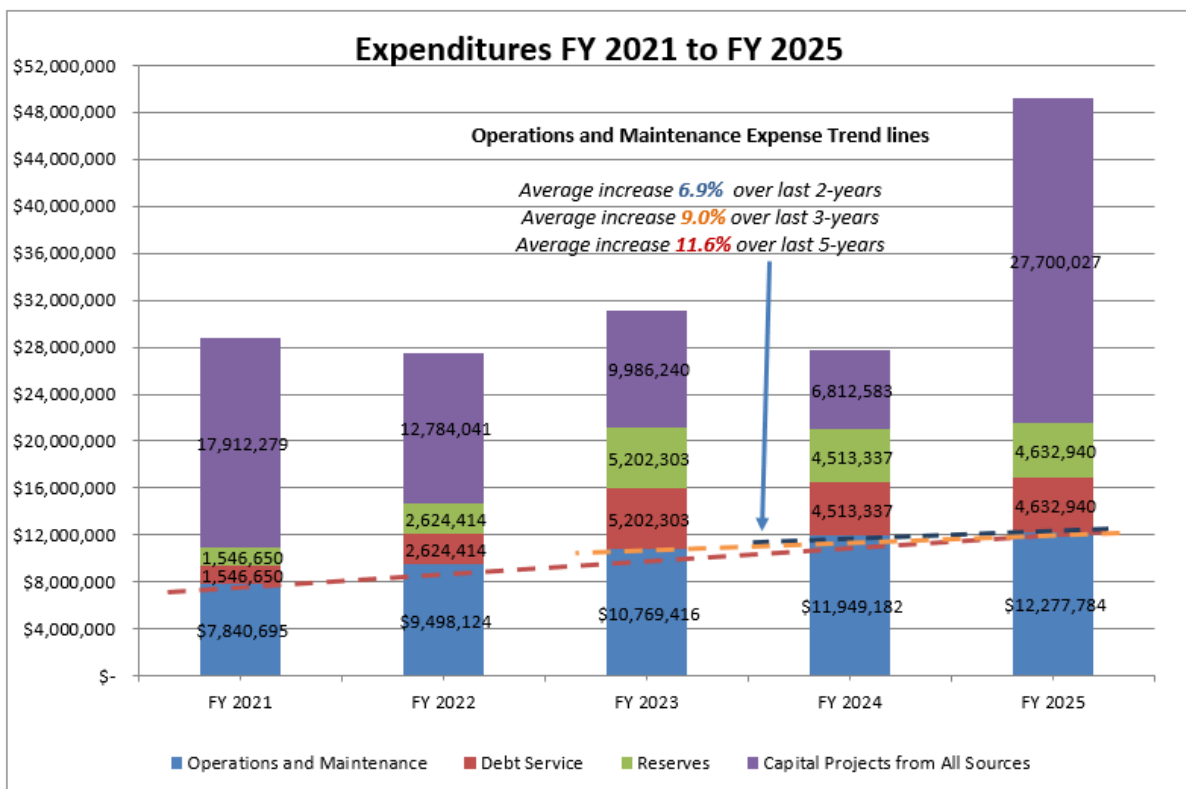
O&M Expenses By Function	Projected As of June 20, 2024	2023-2024 Adopted Budget
Collection System and Pump Stations	2,357,051	2,690,750
Wastewater Treatment	3,968,789	4,488,750
Sewage and Solid Waste Disposal	412,925	403,700
Laboratory	478,839	526,300
Engineering	822,738	1,062,400
Recycled Water Production	85,840	109,200
Administration and General	3,823,000	3,405,800
	11,949,182	12,686,900



The District has reached a point where O&M expenses have stabilized and are more predictable than they have been over the last few years. The impacts of COVID-19 and rising inflation appear to be waning. Successful negotiation of a collective bargaining agreement with Operating

Engineers Local No. 3 (OE3) in 2023 resulted in an annual fixed cost-of-living increase of 3% a year through June 30, 2026. Management assumed the average of the inflation projections of the California Department of Finance SF Metropolitan Statistical Area CPI and Moody's SF Metropolitan Area CPI, equal to 2.65% for FY 2024-25, for creation of the draft FY 2024-25 budget.

Over the last 2 years, O&M expenses have increased on average by 6.9% a year. Prior years had steeper expense trend lines as shown on the chart below. Increases are leveling.



A primary driver of O&M expense is outside maintenance costs required at the treatment plant and pump stations for which the District has little control over. The 10-month O&M budget details are still being analyzed and professional services needed for next year are being investigated. The draft budget for FY 2024-25 will be updated and presented to the Board later in May.

Proposed Plant Operator-In-Training Program and Addition of New Position

Board Financial Policy F-40-40 grants exclusive authority to the Board to increase the number of authorized staff at the District. Historically, new staff positions are considered as part of the budget process. After a review of operational needs management is recommending the creation of an “Operator-In-Training” (“OIT”) program and the addition of one new staff position, increasing the full-time equivalent positions at the District from thirty-one to thirty-two.



Las Gallinas Valley Sanitary District is a signatory agency with BAYWORK, a network of water and wastewater agencies in the San Francisco Bay Area focused on workforce reliability through regional collaboration. It would be through BAYWORK and the Bay Area Consortium for Water & Wastewater Education (BACWEE), the education branch of the Joint-Powers Authority

Bay Area Clean Water Agencies (BACWA), that the District would work with to develop its OIT program in alignment with regional goals.

BACWEE is kicking off an effort with BACWA and BAYWORK to hire a consultant to help re-define the needs and re-envision the education program. Historically, BACWEE sponsored students to take water/wastewater classes at local community colleges but have found that it is not enough to make job candidates ready for hire. Supporting internships/apprenticeships going forward may help provide a larger pool of qualified candidates for mission-critical jobs in the water/wastewater industry. Developing our OIT program in conjunction with a regional program is beneficial to our District and the wastewater industry as a whole.

An OIT program would allow management to fill one position to work at the Las Gallinas Valley Sanitary District Treatment Plant, learning new skills and helping existing operators with the operation of the plant. Both Central Marin Sanitation Agency and Napa Sanitation District have OIT programs. The first-year cost to implement the program is estimated to be \$60,000. Beginning in FY 2025-26, the annual cost of the program would be between \$120,000 and \$150,000 depending on the candidate's qualifications, whether they qualify for the District's CalPERS retirement plan, and whether they take advantage of the District's paid CalPERS Health family benefit option. There may be opportunities to offset some costs through educational internship/apprenticeship funding sources.

The job classification description for the Plant OIT already exists and the position is on the District's Pay Schedule under the Plant Operator series. Upon Board approval of the budget and authorization to increase staff count, management can begin designing the program and plan for hire of the Operator-in-Training in late 2024.

Reserve Funding

Reserve Policy F-50 requires that the target reserve goals be reviewed as part of the budget process. The District has four reserve funds. Management believes the District is making sufficient progress on reaching the District's target goals and is therefore recommending no changes. A copy of Reserve Fund Policy Table F-50-10 is attached for reference and discussion.

The Capital Reserve Fund target is \$11 Million and the Total Target for all reserves is \$23.5 Million. Any increase in target goals will require additional revenue to be set aside for this purpose. The District does not currently fully fund for depreciation. The Capital Reserve policy does allow for accumulated depreciation to be reviewed and factored into setting the target goal, with the intent to have current ratepayers pay their share for the use of the District's assets.

Next Steps

Feedback from the budget workshop will be incorporated into the preliminary budget, which is scheduled to be presented to the Board on May 16.



The proposed FY 2024-25 budget along with the District's Capital Improvement Program will be considered by the Board at a public hearing on June 20, 2024.

PREVIOUS BOARD ACTION

On June 30, 2023, the Board approved Ordinance No. 192 establishing annual sewer services charges for fiscal years 2023-24 through 2026-27 and approved the budget for fiscal year 2023-24.

ENVIRONMENTAL REVIEW

N/A

FISCAL IMPACT

The workshop itself has no fiscal impact. Board direction and feedback during the workshop will influence the proposed budget for fiscal year 2024-25.

Attachments:

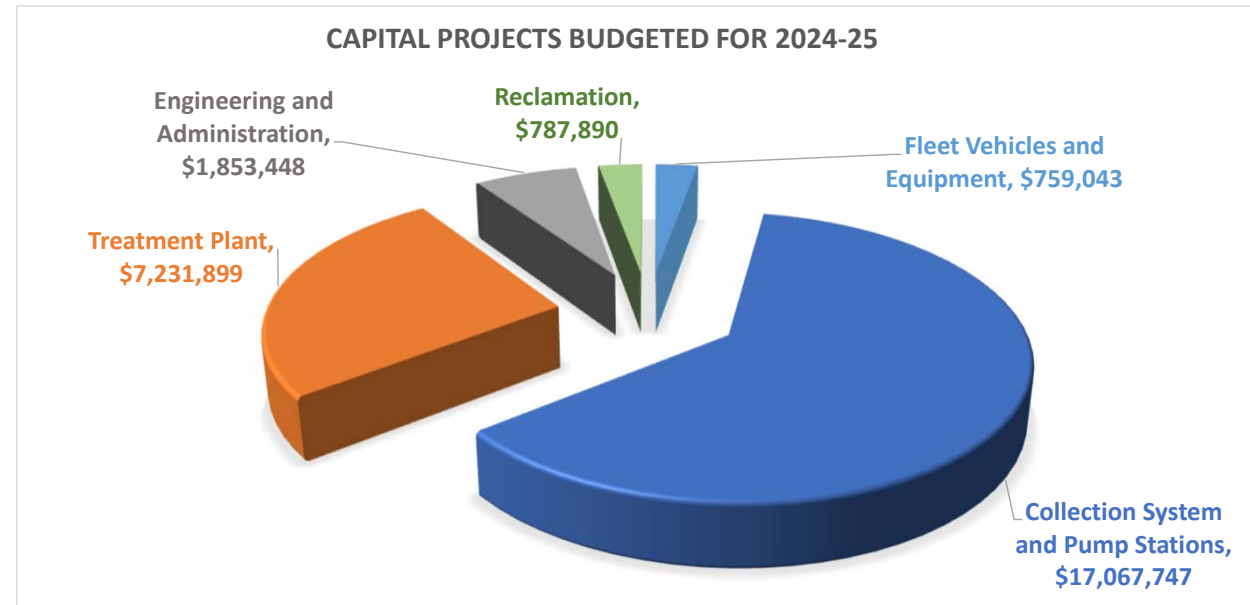
1. Capital Improvement Program (CIP) Worksheets for FY 2024-25, including projected expenditures through 2031.
2. Revenue Worksheet for FY 2024-25 Budget Workshop – Draft Budget.
3. Reserve Funding Policy F-50-10.

(Board Workshop - May 6, 2024)

Line No.	Mgr.	Project No.	Status	Project Name	BUDGET			PROJECTED EXPENDITURES							
					Allocation of Carryover Funds	Funding Balance Request in 2024-25	Draft Budget 2024-25	Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	7-Year Total Expenditures	
PLANNING, SOFTWARE, ADMINISTRATION & OTHER ENGINEERING															
1	MC	20100-05	Active	Integrated Wastewater Master Plan Phase 2 and Phase 3	109,778	240,222	350,000		-						350,000
2	MC	21500-08	Active	Biosolids Program Monitoring Research Support& Flood Protection	442,162	49,686	491,848	-	-	-	-	-	-	-	491,848
3	GP	21600-20	Active	Asset Management CMMS Centricity (Plant, PS, Rec Phases 2-4)	250,000	-	250,000	116,600	-	-	-	-	-	-	366,600
4	MC	24125-03	Active	On-Call Engineering Contract	166,687	39,313	206,000	212,200	218,600	225,200	232,000	239,000	246,200	1,579,200	
5	MC	24125-01	Active	On-Call Construction Contract (2023-2025)	257,500	-	257,500	265,300	273,300	281,500	290,000	298,700	307,700	1,974,000	
6	MC	24125-02	Active	On-Call Inspection Capital Projects	61,800	-	61,800	63,700	65,700	67,700	69,800	71,900	74,100	474,700	
7	MC	23200-01	Active	Hydraulic and Continued Flow Modeling of Collection System	-	77,250	77,250	79,600	82,000	84,500	87,100	-	-	410,450	
8	MC	22125-01	Pending	Sea Level Rise Mitigation Program Planning	60,000	-	60,000	50,000	-	-	-	-	-	110,000	
9	MC	21600-01	Active	Emergency Bypass Pumping Analysis & Response Plan	36,050	-	36,050	-	-	-	-	-	-	36,050	
10	ML	24560-01	Pending	Lab Software LIMS for TNI Standards Reporting	45,000	18,000	63,000	33,500	33,500	-	-	-	-	130,000	
Subtotal:					1,428,977	424,471	1,853,448	820,900	673,100	658,900	678,900	609,600	628,000	5,922,848	

FLEET & EQUIPMENT (To be procured through Vehicle Replacement Fund) and OTHER EQUIPMENT															
21	GP	24460-01	Ordered	2023 Vactor Flusher Truck - clean diesel	332,476	241,267	573,743	-	-	-	-	-	-	-	573,743
22	GP	24460-02	Pending	2023 Ford Transit Cargo Van Hybrid for Camera	50,000	15,000	65,000	-	-	-	-	-	-	-	65,000
23	GP	24460-04	Pending	Equipment for Collection System Response (trailers, hoses)	10,000	300	10,300	10,700	11,100	11,500	11,900	12,300	12,700	80,500	
24	SG		New	Lab Equipment including Comp Sampler and Dishwasher	-	10,000	10,000	-	-	-	-	-	-	10,000	
25	GP	VERF	VERF	Fleet Replacement Vehicles and Utility Collection System Trucks (To VERF)	-	100,000	100,000	100,000	580,000	109,000	112,000	115,000	118,000	1,234,000	
Subtotal:					392,476	366,567	759,043	110,700	591,100	120,500	123,900	127,300	130,700	1,963,243	

- Mid-Year Add = Projects funded mid-fiscal year 2023-24 and carrying forward into 2024-25
- Awaiting Board = New project to be brought to the Board for approval and start in 2023-24
- Budget 24-25 = Projects on CIP in 2023-24 but first funding request in 2024-25
- New = New CIP projects identified and first funding request in 2024-25



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					Allocation of Carryover Funds	Funding Balance Request in 2024-25	Draft Budget 2024-25	Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	7-Year Total Expenditures
COLLECTION SYSTEM (INCL. PUMP STATIONS "PS" & FORCE MAINS)														
38	MC	11200-03	Active	John Duckett PS & HWY 101 Terra Linda Trunk Sewer Design	1,528,758	31,242	1,560,000	-	-	-	-	-	-	1,560,000
39	MC	20300-09	Mid-Year Add	Smith Ranch Pump Station Electrical Upgrades and Generator Conversion	755,000	440,000	1,195,000	200,000	-	-	-	-	-	1,395,000
40	GP	24460-05	Active	Electrical System VFD Replacement (Phase 1)	-	500,000	500,000	-	-	-	-	-	-	500,000
41	GP		After VFD	SCADA Integration for Pump Stations (Phase 2 split from VFD Replacement)	-	530,000	530,000	1,060,000	-	-	-	-	-	1,590,000
42	MC	21300-03	Active	Standby Generators for Minor Pump Stations	25,852	346,548	372,400	-	-	-	-	-	-	372,400
43	MC	21300-04	Active	Pump Station Site Lighting, Safety, & Security Improvements	206,877	-	206,877	-	-	-	-	-	-	206,877
44	MC	22300-01	Pending	Rafael Meadows Pump Station - Fencing, full perimeter	150,000	-	150,000	-	-	-	-	-	-	150,000
45	MC	21350-01	Active	Automatic Transfer Switches for Pump Stations	124,297	-	124,297	-	-	-	-	-	-	124,297
46	MC	21600-03	Pending	Annual Site Improvement - Paving, Fencing, Lighting	26,045	33,955	60,000	61,800	63,700	65,700	67,700	69,800	71,900	460,600
47	GP	18350-01	Pending	Captains Cove Pump Station Upgrades ⁽²⁾	25,000	-	25,000	-	-	-	-	-	-	25,000
48	GP	24540-01	Pending	Marin Lagoon Pump Stations Upgrades ⁽²⁾	20,000	40,000	60,000	61,800	63,700	65,700	67,700	69,800	-	388,700
49	MC	24500-05	Mid-Year Add	Hawthorn Waterproofing Drywell	60,000	-	60,000	-	-	-	-	-	-	60,000
50	MC		Future	Mulligan PS & 18" TS and Hwy 101 Undercrossing Capacity Upgrades	-	-	-	-	981,000	6,720,000	-	-	-	7,701,000
51	MC	20200-01	Active	Force Main Assessment, Install Ports, Cleaning, Location Marking, & Mapping	250,000	-	250,000	258,000	266,000	274,000	-	-	-	1,048,000
52	MC	14300-05	Future	Smith Ranch Rd Combined Force Main	-	-	-	257,500	2,650,000	-	-	-	-	2,907,500
53	MC		Future	Lower Marinwood TS Capacity Upgrade & Relocation	-	-	-	257,500	1,590,000	-	-	-	-	1,847,500
54	MC	24460-06	Active	Sewer Main Collection System Rehabilitation Program 2024	1,861,673	-	1,861,673	-	-	-	-	-	-	1,861,673
55	MC		Budget 24-25	Sewer Main Collection System Rehabilitation Program 2025	-	1,000,000	1,000,000	-	-	-	-	-	-	1,000,000
56	MC	Program	Future	Sewer Main Collection System Rehabilitation Program - future years	-	-	-	1,030,000	1,061,000	1,093,000	1,126,000	1,160,000	1,195,000	6,665,000
57	MC	24460-07	Active	Sewer I&I Reduction Program 2024	500,000	-	500,000	-	-	-	-	-	-	500,000
58	MC		Budget 24-25	Sewer I&I Reduction Program 2025	-	500,000	500,000	-	-	-	-	-	-	500,000
59	MC	Program	Future	Sewer I&I Reduction Program - future years	-	-	-	515,000	531,000	547,000	564,000	581,000	599,000	3,337,000
60	GP	19200-02	Ongoing	Manhole Frame & Cover Adjustment Allowance	50,000	(50,000)	-	-	-	-	-	-	-	-
61	MC		Budget 24-25	Upper Terra Linda TS and Siphon Improvements (capacity)	-	500,000	500,000	4,000,000	-	-	-	-	-	4,500,000
62	MC		Future	Northgate Industrial Park 8" Hwy 101 Undercrossing	-	-	-	-	180,250	1,855,000	-	-	-	2,035,250
63	MC	Placeholder	Placeholder	IWMP Pump Station & Force Main Projects (Placeholder)	-	-	-	-	-	-	1,700,000	5,900,000	4,100,000	11,700,000
64	MC	Placeholder	Placeholder	Sea Level Rise Mitigation Construction (Placeholder)	-	-	-	-	-	-	-	1,090,000	1,120,000	2,210,000
Subtotal:					5,583,502	3,871,745	9,455,247	7,701,600	7,386,650	10,620,400	3,525,400	8,870,600	7,085,900	54,645,797

Green	= Pump Station Capital Assets
Blue	= Force Main Sewer
Peach	= Collection System Sewers

Line No.	Mgr.	Project No.	Status	Project Name	BUDGET			PROJECTED EXPENDITURES					
					Allocation of Carryover Funds	Funding Balance Request in 2024-25	Draft Budget 2024-25	Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31

RECLAMATION														
81	MC	22500-04	Active	Solar PV System Replacement / Solar PPA	169,412	30,588	200,000	44,000	-	-	-	-	-	244,000
82	GP	21500-01	Pending	Reclamation Pump Station Improvements - MCC, Pumps, Wet Well	180,640	-	180,640	-	-	-	-	-	-	180,640
83	MC	24500-04	Pending	Sludge Lagoon Liner Replacement/Repair	77,250	-	77,250	79,500	-	-	-	-	-	156,750
84	MC	24580-02	Active	Diversion Box Valve & Gate Installation	30,000	-	30,000	-	-	-	-	-	-	30,000
85	MC		Pending	Levee Road Restoration	150,000	-	150,000	150,000	62,000	67,200	69,300	71,400	73,600	643,500
86	MC		New	Cattail Dredging in Ponds	-	150,000	150,000	-	-	-	-	-	-	150,000
87	MC		Future	Storage Pond 1 Transfer Pipe Repair	-	-	-	-	-	100,000	-	-	-	100,000
88	MC		Future	St. Vincent's Pump Station Improvements	-	-	-	-	-	-	100,000	257,500	530,000	887,500
89	MC	Placeholder	Placeholder	Biosolids Program Implementation & Construction (Placeholder)	-	-	-	-	-	2,300,000	2,300,000	2,300,000	-	6,900,000
90	MC	Placeholder	Placeholder	Sea Level Rise Mitigation Construction (Placeholder)	-	-	-	-	-	-	567,500	1,090,000	1,120,000	2,777,500
Subtotal:					607,302	180,588	787,890	273,500	62,000	2,467,200	3,036,800	3,718,900	1,723,600	12,069,890

TREATMENT PLANT (INCL. RECYCLED WATER)														
101	MC	24600-01	Active	Laboratory Building Design (Lab / Education Center / Boardroom)	550,000	1,140,899	1,690,899	-	-	-	-	-	-	1,690,899
102	MC		Budget 24-25	Corporation Yard Design	-	500,000	500,000	-	-	-	-	-	-	500,000
103	MC	21600-06	Active	Digester Room MCC #2 Upgrade Design & Construction	1,282,440	17,560	1,300,000	-	-	-	-	-	-	1,300,000
104	MC	24600-08	Mid-Year Add	Treatment Plant Standby Generator Upgrade	1,000,000	-	1,000,000	-	-	-	-	-	-	1,000,000
105	MC	22600-01	Active	Primary Clarifier #1 Repair	590,000	-	590,000	590,000	-	-	-	-	-	1,180,000
106	MC	24600-15	Awaiting Board	MGD Treatment Plant Capacity Optimization	500,000	875,000	1,375,000	-	-	-	-	-	-	1,375,000
107	MC	24600-02	Pending	Primary Clarifier Repair Sludge Pump Addition	150,000	-	150,000	-	-	-	-	-	-	150,000
108	MC	21600-11	Pending	Annual Site Improvement - Paving, Fencing, Lighting	60,000	90,000	150,000	64,000	66,000	68,000	71,000	74,000	77,000	570,000
109	ML	24600-07	Mid-Year Add	SCADA Improvements at Plant	50,000	-	50,000	-	-	-	-	-	-	50,000
110	MC	24600-03	Pending	Treatment Plant Upgrade Phase 2 Design - Primary Clarifiers	180,113	219,887	400,000	-	-	-	-	-	-	400,000
111	MC	24600-14	Active	Battery Energy Storage System (BESS) ⁽³⁾	16,441	9,559	26,000	-	3,000,000	3,000,000	-	-	-	6,026,000
112	MC	21100-01	Future	Operations & Administration Building Design	-	-	-	1,200,000	-	-	-	-	-	1,200,000
113	MC		New	Secondary Treatment Plant Optimization	-	-	-	500,000	-	-	-	-	-	500,000
114	MC	20600-04	Future	Treatment Plant Upgrade Phase 3 Design- Flow Eq, UV, Headworks	-	-	-	-	500,000	-	-	-	-	500,000
115	MC		Future	Digester Replacement and Solids Improvement Design	-	-	-	-	-	1,300,000	-	-	-	1,300,000
116	MC		Future	Boiler Relocation Project	-	-	-	-	-	-	515,000	-	-	515,000
117	MC	Placeholder	Placeholder	Sea Level Rise Mitigation Construction (Placeholder)	-	-	-	-	-	-	-	1,090,000	1,120,000	2,210,000
Subtotal:					4,378,994	2,852,905	7,231,899	2,354,000	3,566,000	4,368,000	586,000	1,164,000	1,197,000	20,466,899

(Board Workshop - May 6, 2024)

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					Allocation of Carryover Funds	Funding Balance Request in 2024-25	Draft Budget 2024-25	Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31

TOTAL PLANNING, FLEET, COLLECTION, RECLAMATION, & TREATMENT PROJECTS (Non-Financed)														
Total (Non-Financed):					12,391,251	7,696,276	20,087,527	11,260,700	12,278,850	18,235,000	7,951,000	14,490,400	10,765,200	95,068,677

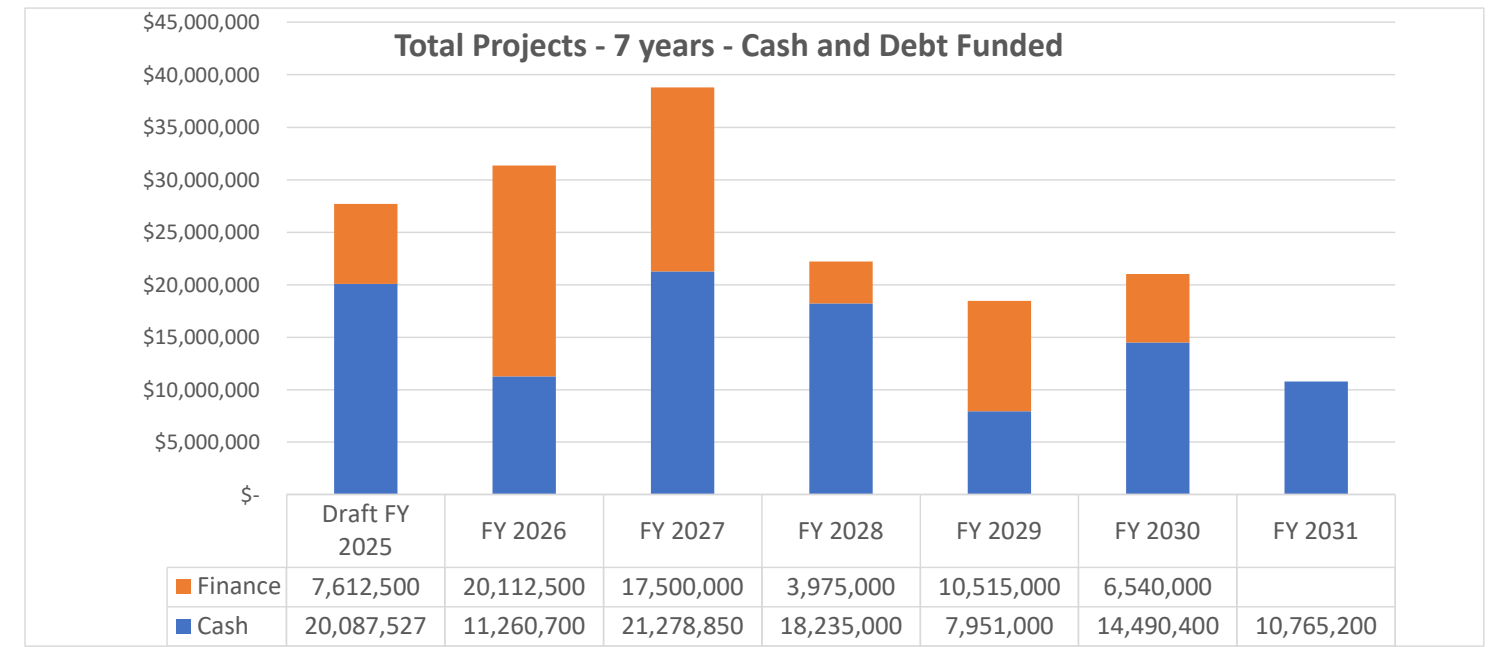
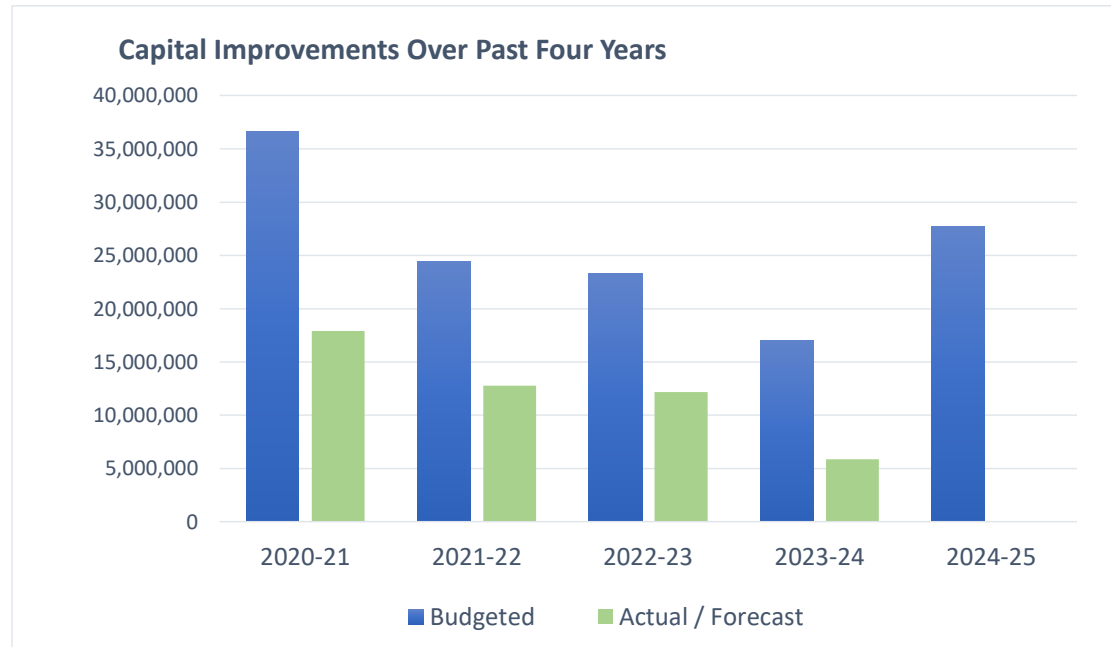
FINANCED AND BOND PROJECTS															
135	MC		Budget 24-25	John Duckett PS & HWY 101 Terra Linda TS Crossing Construction		7,612,500	7,612,500	7,612,500	-	-	-	-	15,225,000		
136	MC		Future	Laboratory Building Construction - (Lab / Education Center / Boardroom)		-	-	7,500,000	3,500,000	-	-	-	11,000,000		
137	MC		Future	Corporation Yard Construction		-	-	5,000,000	-	-	-	-	5,000,000		
138	MC		Future	Administration and Operations Control Building Construction & Soft Costs (Cash) ⁽¹⁾		-	-	-	9,000,000	-	-	-	9,000,000		
139	MC		Future	Administration and Operations Control Building Construction & Soft Costs (Financed)		-	-	-	6,500,000	-	-	-	6,500,000		
140	MC	20600-04	Future	Treatment Plant Upgrade Phase 2 Construction - Primary Clarifiers		-	-	-	7,500,000	-	-	-	7,500,000		
141	MC		Future	Treatment Plant Upgrade Phase 3 Construction - Flow Eq, UV, Headworks		-	-	-	-	3,975,000	3,975,000	-	7,950,000		
142	MC		Future	Digester Replacement and Solids Improvement Construction		-	-	-	-	-	6,540,000	6,540,000	13,080,000		
Subtotal:						-	7,612,500	7,612,500	20,112,500	26,500,000	3,975,000	10,515,000	6,540,000	-	75,255,000
Total Debt Funded								7,612,500	20,112,500	17,500,000	3,975,000	10,515,000	6,540,000	-	54,930,964

⁽¹⁾ - Buildup of \$9M in cash reserves prior to project, 2022-23 through 2026-27

⁽²⁾ - Funded by Captains Cove & Marin La:

GRAND TOTAL CAPITAL OUTLAY:														
					12,391,251	15,308,776	27,700,027	31,373,200	38,778,850	22,210,000	18,466,000	21,030,400	10,765,200	170,323,677

⁽³⁾ - Potential offset by two funding programs, Inflation Reduction Act 25% to 40% and PG&E SGIP between 25% and 35%



**LAS GALLINAS VALLEY SANITARY DISTRICT
REVENUE
FY 2024-2025 BUDGET WORKSHOP MAY 6, 2024**

Revenue Description	2022-23 Final Audited Actual	2023-24 Adopted Budget	2023-24 10-month Actuals	2023-24 Projected End of Year	2024-25 Draft Budget	% Change Over Prior Year Budget
OPERATING REVENUE						
Sewer Service User Charges	\$ 16,999,751	\$ 18,959,072	\$ 17,792,902	\$ 18,682,547	\$ 21,111,300	10.19%
Recycled Water (MMWD / NMWD)	246,090	165,400	106,544	130,327	\$ 143,400	-15.34%
Inspections/Permits/Application Fee	45,135	75,150	44,363	57,038	\$ 59,900	-25.46%
Miscellaneous Operating Revenue	102,434	15,285	40,516	40,616	\$ 40,700	
Total Operating Revenue	17,393,410	19,214,907	17,984,324	18,910,527	21,355,300	10.02%
NON-OPERATING REVENUE						
Property Tax	1,175,740	1,229,409	1,162,859	1,246,233	1,296,100	5.15%
Suppl. Property Tax Assess.	42,191	32,501	15,337	16,495	26,700	-21.73%
Educational Revenue Augmentation Fund	496,224	507,904	149,622	509,426	526,400	3.51%
Homeowner Property Tax Relief	4,280	2,371	2,112	2,271	2,400	1.21%
Franchise Fees Marin Sanitary Service	166,059	197,991	143,927	173,630	185,500	-6.73%
Private Sewer Lateral Assistance Program	110,665	81,700	89,988	94,988	100,000	18.30%
Interest Income	3,934	2,790	92,234	129,128	90,300	96.91%
Interest on Reserves and Investments	543,096	396,100	641,716	784,320	705,800	43.88%
Reimbursements / Pass thru	28,067	25,000	11,514	15,514	25,000	
	2,570,257	2,475,766	2,309,308	2,972,005	2,958,200	16.31%
CAPITAL CONTRIBUTIONS / CAPACITY RELATED						
Annex, Capital Facility Charges, Connection Fees	325,673	870,286	425,416	573,994	671,771	
Interest on Capacity/Connection Fee Fund	2,815	1,733	22,687	22,852	34,278	
Interest on Bond Funds	6	4	2	2	3	
Marin Municipal Water District Inter-Governmental	388,733	631,177	53,779	80,669	631,177	
IBank Loan Disbursements	-	567,760	-	-	567,760	
Federal Grants	3,120	-	-	-	-	
State Grants	-	5,000	-	3,120	5,000	
	720,347	2,075,960	501,884	680,637	1,909,989	-8.69%
TOTAL REVENUES	\$ 20,684,015	\$ 23,766,633	\$ 20,795,516	\$ 22,563,169	\$ 26,223,489	9.37%

F-50-10 Designated Reserve Fund Policies

PURPOSE	OPERATING & RATE STABILIZATION RESERVE Fund unexpected expense increases or offset loss of Sewer Service Charge revenue. Replenish any reserves used over a 6-to-10-year period.	VEHICLE & EQUIPMENT RESERVE (VERF) Fund capital vehicle replacement based on VERF program. Replenish any reserves used to adequately fund program for 3 to 4 years.	EMERGENCY REPAIR RESERVE Fund emergency repairs. Replenish the reserve over a 2 to 3 year period.	CAPITAL RESERVE Provide capital for major capital projects including upgrades and expansions.	TOTAL COMBINED RESERVES
CURRENT STATUS					
Target Goal • <i>(as of 6/30/23)</i>	\$10,000,000	\$1,000,000	\$1,500,000	\$11,000,000	\$23,500,000
Balance • <i>(as of 06/30/23)</i>	\$4,248,594	\$499,376	\$1,166,667	\$9,184,772	\$15,099,409
Percent Reached •	42%	50%	78%	83%	
Risks	The reserve is used to absorb unexpected cost increases and spread them over more than one year. Provide for this reserve by funding from property tax and ERAF funds.	Aging vehicle fleet without proper replacement funding risks operational interruptions and sewer overflow response delays.	Balance may be used to fund working capital needs. Fund would not be large enough to address a catastrophic event.	Without a reserve, projects are funded with current year revenue in excess of O&M needs; or the District has to rely on bond financing. At the time the reserve balance was established the District had operating and capital reserves of \$10M.	

** For the latest Target Goal, Balance, and Percentage Reached refer to the most recently adopted budget.*

LONG-TERM GOALS					
Basis for Target Goal	7 months of operating and debt service cash flow based on most current budget; amount to be evaluated annually based on proposed budget. Reserve can be used to stabilize and avoid dramatic rate increases.	VERF program that determines useful vehicle life, varying from 5 to 10 years. Vehicle schedule used to develop target goal annually as part of budget process.	The cost to repair a major pump station or other infrastructure.	To provide capital for major capital projects that span two or more years. Accumulated depreciation to be reviewed and factored into setting target to have current ratepayer pay for the utilization of the District's assets.	
The district will build up the reserves based on: (a) the annual Construction CPI and (b) annual allocations of property tax and ERAF funds, as available.					
Considerations	Due to the timing of revenue receipts an increased margin would be more comfortable. A sudden increase in costs would have to be absorbed by operating reserves since the rate setting process occurs every 4 to 5 years.	May not be sufficient to fund three or more unexpected large vehicle or equipment purchases.	The reserve would be able to absorb one major repair or several smaller ones; a catastrophic event would require federal or state funding.	Should be sufficient for cash funding or regular projects but may not be enough for larger infrastructure replacements where debt may be incurred.	