



101 Lucas Valley Road, Suite 300
San Rafael, CA 94903
Tel.: 415-472-1734
Fax: 415-499-7715
www.LGVSD.org

MANAGEMENT TEAM
General Manager, Curtis Paxton
Plant Operations, Mel Liebmann
Collections/Safety/Maintenance, Greg Pease
Engineering, Michael P. Cortez
Administrative Services, Dale McDonald

DISTRICT BOARD
Megan Clark
Ronald Ford
Craig K. Murray
Gary E. Robards
Crystal J. Yezman

The Mission of the Las Gallinas Valley Sanitary District is to protect public health and the environment by providing effective wastewater collection, treatment, and recycling services.

SPECIAL BOARD MEETING AGENDA

In accordance with Government Code Section 54956

Megan Clark, Board President, has called for a Special Meeting as follows:

March 29, 2023 1:00 PM

MATERIALS RELATED TO ITEMS ON THIS AGENDA ARE AVAILABLE FOR PUBLIC INSPECTION DURING NORMAL BUSINESS HOURS AT THE DISTRICT OFFICE, 101 LUCAS VALLEY ROAD, SUITE 300, SAN RAFAEL, OR ON THE DISTRICT WEBSITE WWW.LGVSD.ORG

Estimated Time

OPEN SESSION:

1:00 PM

1. PUBLIC COMMENT

This portion of the meeting is reserved for persons desiring to address the Board on matters not on the agenda and within the jurisdiction of the Las Gallinas Valley Sanitary District. Presentations are generally limited to three minutes. All matters requiring a response will be referred to staff for reply in writing and/or placed on a future meeting agenda. Please contact the General Manager before the meeting.

1:05 PM

2. CONSENT CALENDAR:

These items are considered routine and will be enacted, approved or adopted by one motion unless a request for removal for discussion or explanation is received from the staff or the Board.

A. Approve the Warrant List for March 29, 2023

Possible expenditure of funds: Yes, item A.

Staff recommendation: Adopt Consent Calendar – Item A.

1:10 PM

3. BUDGET WORKSHOP ON PRELIMINARY 2023-24 BUDGET

A. Introduction of Preliminary 2023-24 Budget including Revenue, Operation and Maintenance, Debt Service and Capital Outlay Budgets.

B. Receive Revised Budget Calendar and Timeline

3:00 PM

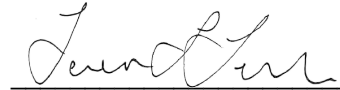
4. ADJOURNMENT

FUTURE BOARD MEETING DATES: APRIL 6 AND APRIL 20, 2023

AGENDA APPROVED:	Megan Clark, President	Patrick Richardson, Legal Counsel
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CERTIFICATION: I, Teresa Lerch, Board Secretary of the Las Gallinas Valley Sanitary District, hereby declare under penalty of perjury that on or before March 28, 2023 1:00 p.m., I posted the Agenda for the Board Meeting of said Board to be held on March 29, 2023, at the District Office, located at 101 Lucas Valley Road, Suite 300, San Rafael, CA.

DATED: March 28, 2023



Teresa L. Lerch
Board Secretary

The Board of the Las Gallinas Valley Sanitary District meets regularly on the first and third Thursday of each month. The District may also schedule additional special meetings for the purpose of completing unfinished business and/or study session. Regular meetings are held at the District Office, 101 Lucas Valley Road, Suite 300, San Rafael, CA.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 472-1734 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

AGENDA ITEM 1

3/29/2023

PUBLIC COMMENT

This portion of the meeting is reserved for persons desiring to address the Board on matters not on the agenda and within the jurisdiction of the Las Gallinas Valley Sanitary District. Presentations are generally limited to three minutes. All matters requiring a response will be referred to staff for reply in writing and/or placed on a future meeting agenda. Please contact the General Manager before the meeting.

Las Gallinas Valley Sanitation District
 Warrant List 3/29/2023

	Date	Num	Vendor	Original Amount	Addition and Adjustment	Total Amount	Description for items
1	3/29/2023	EFT1	ADP Payroll	158,674.12		158,674.12	3/24/2023 Payroll & Processing Charges- 3/6 - 3/19
2	3/29/2023	20094	Aramark Uniform Service	323.17		323.17	Laundry Service w/e 3/13
3	3/29/2023	20095	ArcSine Engineering	19,364.94		19,364.94	STPURWE- Secondary Treatment Programming, Jan-Feb
4	3/29/2023	20096	ArcSine Engineering	21,793.24		21,793.24	SCADA Support - 1/1 - 2/28
5	3/29/2023	20097	AT&T	739.38		739.38	Phone Lines @ Pump Stations
6	3/29/2023	20098	AWWA Career Center	699.00		699.00	Job Posting at the American Water Works Association
7	3/29/2023	20099	Banner Bank Escrow	2,347.10		2,347.10	STPURWE- Retention #48
8	3/29/2023	20100	Bay City Boiler	4,205.00		4,205.00	Annual Maintenance on Burnham Boiler
9	3/29/2023	ACH	Bellecci	19,678.00		19,678.00	On-Call Inspection Services - San Pedro & Rafael Genset
10	3/29/2023	ACH	BWS Distributers	240.35		240.35	Misc. Parts
11	3/29/2023	EFT	CalPERS 457 Plan	8,156.84		8,156.84	EE's Contribution to Deferred Comp.- Pay Period 3/6 - 3/19
12	3/29/2023	EFT	CalPERS Health	51,806.99		51,806.99	CalPERS Health- Active & Employer Retiree Share -April
13	3/29/2023	EFT	CalPERS Retirement	26,342.96		26,342.96	EE & ER Payment to Retirement- Pay Period 3/6 - 3/19
14	3/29/2023	ACH	Caltest Environmental Labs	5,068.20		5,068.20	Outside Lab Testing
15	3/29/2023	20101	Cintas	179.54		179.54	Safewasher & Filter Service
16	3/29/2023	ACH	Cook, Glenn	185.00		185.00	Fee for Lab Analyst Test
17	3/29/2023	ACH	Diego Truck Repair	2,277.18		2,277.18	PM on Freightliner
18	3/29/2023	EFT	Direct Dental	2,741.68		2,741.68	Dental Payments
19	3/29/2023	ACH	GHD	30,807.65		30,807.65	Biosolids Research Project Support, Terra Linda PS Improvements, Composting Feasibility Study
20	3/29/2023	ACH	Grainger	1,246.75		1,246.75	Heater Hose, Misc. Parts
21	3/29/2023	20102	Jackson's Hardware	8.63		8.63	Clamp
22	3/29/2023	20103	Jaycox Construction	3,519.94		3,519.94	Retention Release per CCMI- CNG Fueling Station Repair
23	3/29/2023	20104	Kaulukukui, Joseph	112.00		112.00	Low Income Sewer Rate Assistance
24	3/29/2023	ACH	Kennedy-Jenks	47,175.33		47,175.33	STPURWE- Construction Management and Inspection Services
25	3/29/2023	20105	Marin Ace	110.21		110.21	Misc. Supplies
26	3/29/2023	20106	McMaster-Carr	344.65		344.65	Misc. Supplies
27	3/29/2023	20107	McPhail Fuel Company	1,226.71		1,226.71	Propane
28	3/29/2023	20108	Medical Center of Marin	242.00		242.00	Pre-Employment Physical
29	3/29/2023	20109	Myers & Sons Construction	44,594.90		44,594.90	STPURWE- Construction Management Change Orders

**Las Gallinas Valley Sanitation District
Warrant List 3/29/2023**

	Date	Num	Vendor	Original Amount	Addition and Adjustment	Total Amount	Description for items
30	3/29/2023	20110	Operating Engineers	690.36		690.36	Union Dues- 3/24 Paydate
31	3/29/2023	ACH	Orion Protection Services	353.20		353.20	Nightly Patrol @ Plant- April
32	3/29/2023	20111	Pace Supply	34.26		34.26	Adapter
33	3/29/2023	20112	PG&E	451.04		451.04	Electric Generation Charges 1/26 - 2/26
34	3/29/2023	20113	Piazza Construction	31,896.91		31,896.91	N. San Pedro Pipe Burst Repairs
35	3/29/2023	20114	R. Alexander Associates	1,400.00		1,400.00	Biosolids Compost Market Research Study
36	3/29/2023	ACH	Regional Government Services	3,088.35		3,088.35	Financial Consulting Services- Feb
37	3/29/2023	ACH	RelaDyne	0.00	2,624.92	2,624.92	Diesel & Unleaded Fuel
38	3/29/2023	20115	Rockwell Solutions	565.33		565.33	Oil Monitor Assembly
39	3/29/2023	EFT	Sunlife Assurance Compnay	3,411.75		3,411.75	EE's AD&D, Disability and Life Insurance-April
40	3/29/2023	ACH	Unison Solutions	1,704.58		1,704.58	4000 Hour Separator Kit- Plant
41	3/29/2023	20116	United Site Services	692.43		692.43	Porta Potty @ Plant
42	3/29/2023	ACH	Univar	13,925.03		13,925.03	Sodium Hypochlorite & Bisulfite
43	3/29/2023	20117	USA Bluebook	537.19		537.19	Tube Assembly for Pumps @ Plant
44	3/29/2023	20118	Verizon Wireless	2,842.60		2,842.60	Cell Phone Service
45	3/29/2023	20119	Water Components & Building Supply	282.80		282.80	Misc. Maintenance Supplies
46	3/29/2023	20120	Woodland Center Auto Supply	218.39		218.39	Heater Hose for Collections Truck

Do not change any formulas below this line.

TOTAL \$ 516,305.68 \$ 2,624.92 \$ 518,930.60

EFT1	EFT1 = Payroll (Amount Required)	158,674.12	158,674.12	Approval:
EFT2	EFT2 = Bank of Marin loan payments	0.00	0.00	
PC	Petty Cash Checking	0.00	0.00	Finance
>1	Checks (Operating Account)	139,421.72	139,421.72	
N/A	Checks - Not issued	0.00	0.00	GM
EFT	EFT = Vendor initiated "pulls" from LGVSD	92,460.22	92,460.22	
ACH	ACH = LGVSD initiated "push" to Vendor	125,749.62	128,374.54	Board
	Total	<u>\$ 516,305.68</u>	<u>\$ 518,930.60</u>	

Difference:

\$ _____


STPURWE Costs

68,887.37



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: March 29, 2023
Re: Budget Workshop for Development of Draft Fiscal Year 2023-24 Budget

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

STAFF RECOMMENDATION

Board to hold a workshop and provide feedback to develop priorities for the draft fiscal year 2023-24 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. Staff has been meeting since February 2023 to develop the budget for fiscal year 2023-24. It began with a Mid-Year Budget review for the current fiscal year 2022-23 which was presented to the Board on February 16, 2023. Historically, the Board meets with staff in late March or early April for a budget workshop to discuss revenues, operating and maintenance expenses, debt service, reserve funding, and capital outlay anticipated for the upcoming fiscal year that begins July 1.

Concurrent with the budget preparation, a Sewer Rate Study is being undertaken by Hildebrand Consulting which will recommend a sewer use charge rate structure sufficient to fund the District's operation and maintenance expenses and capital spending programs over the next four years. On March 16, 2023, the Board received an update from Hildebrand Consulting and preliminary recommendations were presented. The Board asked questions and staff was directed to revisit the list of capital project assumptions before they would consider any final recommendations on the sewer use charge rate increase.

Staff has held numerous meetings over the past two-weeks reviewing the preliminary Capital Improvement Plan (CIP) and adjusted identified project schedules and expenditure forecasts. The attached draft CIP plan has been expanded from five to seven years to better forecast future year capital expenditures. A 3% annual inflation rate was added to the CIP for years 2 through 7. New projects have been identified and added to the CIP. Additional detail was added to foster discussion on the impacts of cash vs. finance funding of larger capital projects over the next two to four years and its impacts on rates.



The Proposition 218 Notice, originally scheduled for approval on April 6, has been postponed until May 4 to allow time to adequately consider the impacts the revised CIP program has on the rate structure and recommended rate increases.

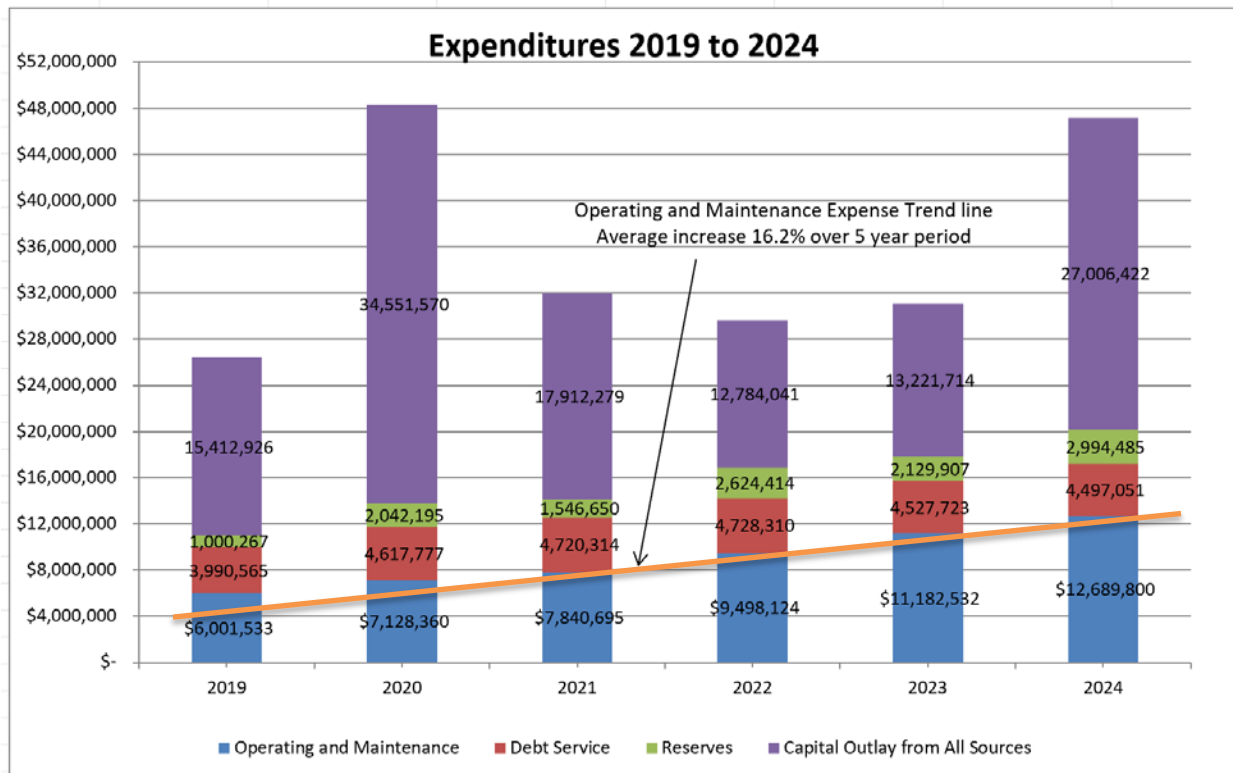
Capital projects and the pace of future capital expenditures will determine the sewer use charge rate increases in the coming years.

Highlights for Discussion

- Capital Improvement Plan (CIP) expenditures proposed for 2023-24 are higher than what was used to develop the preliminary sewer rate study, total increasing from \$23.3M to \$27M. The primary reasons:
 - Increased budget proposed for the Sewer Main Collection Rehabilitation Program to \$2M and newly added Sewer Inflow & Infiltration (I&I) Reduction Program at \$500K.
 - Primary Clarifier #1 Repair increased from \$300K to \$1M.
 - Digester Room MCC Upgrade Project increased from \$682K to \$1.4M.
 - Thickened Waste Activated Sludge (TWAS) Enclosure, Sludge Basin, and Reception Pad project added \$1.4M.
- Integrated Wastewater Masterplan (IWMP) placeholder for Treatment Plant Projects has been removed from CIP projections between years 3 and 7 as many of the identified projects in the draft IWMP are now listed in the CIP separately.
- Reprioritization of projects and elimination of placeholders will result in higher capital outlay over the next 3 years but lower capital outlay in years 4 through 7. Forecasted average capital spending is \$23.4M, excluding financed projects in years 2023-24 and 2024-25. This is down from \$24.1M that was factored into the preliminary sewer rate increase recommendation earlier this month.
- Financing vs. Cash funded projects. In addition to the Operations and Control Center and John Duckett Pump Station projects, three large projects at the Treatment Plant have been identified as candidates for financing, bonds, and/or infrastructure grants:
 - Operations and Control Center Building estimated project costs for construction and related soft costs has increased to \$40M. The current plan is to cash fund \$6M and obtaining financing for the remaining \$34M.
 - John Duckett Pump Station estimated project costs for construction and related soft costs has increased to \$15.2M. Construction is expected to begin in 2023-24. The project may be good candidate for iBank financing, freeing up \$7.5M in cash that would otherwise be required in 2023-24.
 - Flow Equalization, Primary Clarification, Ultraviolet (UV) Filtration, and Headworks improvements have been bundled together as Treatment Plant Upgrade Phase 2. Total project cost over 3 years is \$18.6M.
 - Corporation Yard Design & Construction added to the CIP, total project cost is \$6.6M.
 - Digester Replacement and Solids Improvement added to the CIP, \$13M anticipated in 2026-27.

Operations and Maintenance

Operations & Maintenance (O&M) expenses will be higher in 2023-24, primarily due to inflation factors related to ongoing expenses. O&M expenses have increased on average 16.2% year-over-year during the last 5 years, as shown on the chart below.



- The O&M increase includes the addition of added 9 full-time equivalent employee positions over the last 5 years. The District currently has two vacancies, but both are anticipated to be filled before the start of the new fiscal year and are factored into the budget projections.
 - Salary & Benefits expenses are 15% of the preliminary budget.
 - Operations & Maintenance expenses are 12% of the preliminary budget.
- One new position is proposed for 2023-24 with skills to provide complex accounting functions, procurement, and to manage the District's grant program and compliance. The position will be able to provide additional financial support to the Engineering Department and assist with project management accounting, which is anticipated to increase as the volume of work associated with capital projects grows.
- Sewer Service Charge (SSC) rate increase will be needed. For every 1% increase in the SSC rate, the District will bring in an estimated \$170K in additional revenue to help offset the increased capital and operating costs. The preliminary review of the operating budget being developed for 2023-24 identifies an increase of \$1.2M over the prior year budget. A rate increase of 14% would be required to offset just this operational increase. Capital outlay and reserve funding would add to the need for a higher rate increase.



Reserve Funding

Reserve Policy F-50, a copy of which is attached, requires that the target reserve goals be reviewed as part of the budget process. The Capital Reserve Fund target is \$4M. Any increase in target goals will require additional revenue to be set aside. 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 utilization of the District's assets.

Next Steps

Feedback from the budget workshop will be shared with Hildebrand Consulting and be used to develop the recommended sewer service charge rate increases over the next four years. The rate increases and Proposition 218 Notice will be considered on May 4 and be incorporated into the proposed budget, which will be presented to the Board on May 18.

The final budget will be brought back to the Board at a public hearing in July along with the final proposed sewer rate increases.

PREVIOUS BOARD ACTION

On June 16, 2022, the Board approved the budget for fiscal year 2022-23.

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 2023-24.

Attachments:

1. Capital Improvement Plan (CIP) Worksheets for FY 2023-24, including projected expenditures through 2030.
2. Board Financial Reserves Policy F-50, revised May 19, 2022.

(Budget Workshop - March 29, 2023)

Line No.	Mgr.	Project No.	Project Name	DRAFT BUDGET		Year 1 Budget 2023-24	Carryover Balance for Future Years	PROJECTED EXPEDITURES						
				Allocation of Carryover Funds	Funding Balance Request in 2023-24			Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	
PLANNING, SOFTWARE, & OTHER ENGINEERING														
1	MC	20100-05	Integrated Wastewater Master Plan Phase 2 and Phase 3	100,000	-	100,000	-	-	-	-	-	-	-	
2	MC	21500-08	Biosolids Program Monitoring Research Support& Flood Protection	340,000	-	340,000	129,955	350,200	-	-	-	-	-	
3	GP	22600-03	Asset Management CMMS Centricity (Plant, PS, Rec Phases 2-4)	224,668	650,332	875,000	-	525,300	116,600	-	-	-	-	
4	MC	22125-01	Sea Level Rise Mitigation Program Planning	40,000	60,000	100,000	-	103,000	106,000	109,000	-	-	-	
5	MC	23200-01	Hydraulic Modeling of Collection System	72,707	2,293	75,000	-	77,250	79,500	81,750	84,000	86,250	88,500	
6	MC	21600-01	Emergency Bypass Pumping Analysis & Response Plan	35,000	-	35,000	35,000	36,050	-	-	-	-	-	
7	MC	20125-01	On-Call Engineering Contract	28,607	71,393	100,000	-	103,000	106,000	109,000	112,000	115,000	118,000	
8	MC	22125-03	On-Call Inspection	4,910	55,090	60,000	-	61,800	63,600	65,400	67,200	69,000	70,800	
9	MC	22125-04	On-Call Construction Contract (2021-2023)	-	100,000	100,000	-	103,000	106,000	109,000	112,000	115,000	118,000	
10	MC	22125-02	Standard Specifications and Drawings Update Project	35,000	-	35,000	-	-	-	-	-	-	-	
11	DM	20100-01	Accounting Caselle ERP Integration	20,000	-	20,000	-	-	-	-	-	-	-	
12	DM	22100-01	Website Improvement Design and Implementation	25,000	-	25,000	-	-	-	-	-	-	-	
Subtotal:				925,892	939,108	1,865,000	164,955	1,359,600	577,700	474,150	375,200	385,250	395,300	

FLEET & EQUIPMENT (To be procured through Vehicle Replacement Fund) and OTHER EQUIPMENT													
20	GP	VERF	Fleet Replacement Vehicles	-	100,000	100,000	-	-	106,000	109,000	-	115,000	118,000
21	GP	VERF	Utility Collection System Replacement Trucks	-	-	-	-	515,000	-	-	560,000	-	-
22	GP	VERF	Equipment for Collection System Reponse (trailers, hoses)	-	10,000	10,000	-	10,300	10,609	10,927	11,255	11,593	11,940
23	MC	21300-03	Standby/Towable Generators for Minor Pump Stations	281,125	-	281,125	-	-	-	-	-	-	-
Subtotal:				281,125	110,000	391,125	-	525,300	116,609	119,927	571,255	126,593	129,940

(Budget Workshop - March 29, 2023)

Line No.	Mgr.	Project No.	Project Name	DRAFT BUDGET			Carryover Balance for Future Years	PROJECTED EXPEDITURES						
				Allocation of Carryover Funds	Funding Balance Request in 2023-24	Year 1 Budget 2023-24		Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	
COLLECTION SYSTEM (INCL. PUMP STATIONS "PS" & FORCE MAINS)														
32	MC	11200-03	John Duckett PS & HWY 101 Terra Linda Trunk Sewer Design	1,520,368	-	1,520,368	-	-	-	-	-	-	-	
33	GP	Pending	Electrical System VFD Upgrade & SCADA Integration for (7) PS	250,000	250,000	500,000	-	1,030,000	1,060,000	-	-	-	-	
34	MC	21350-01	Automatic Transfer Switches for Pump Stations	225,000	-	225,000	-	-	-	-	-	-	-	
35	MC	21300-04	Pump Station Site Lighting, Safety, & Security Improvements	206,877	-	206,877	-	-	-	-	-	-	-	
36	MC	21600-03	Annual Site Improvement - Paving, Fencing, Lighting	7,155	27,845	35,000	-	36,050	37,100	38,150	39,200	40,250	41,300	
37	MC	20200-01	Install Ports (access points) in PS Force Mains	-	30,000	30,000	-	30,900	31,800	-	-	-	-	
38	GP	18350-01	Captains Cove Pump Station Upgrades ⁽²⁾	25,000	-	25,000	-	-	-	-	-	-	-	
39	GP	21300-06	Hawthorn Pump Station Fencing - Second Fence line	18,387	-	18,387	-	-	-	-	-	-	-	
40	MC	New	Descanso Pump Station I&I Investigate & Repair	-	-	-	-	46,350	106,000	163,500	-	-	-	
41	MC	New	Marin Lagoon Pump Stations Upgrades ⁽²⁾	-	-	-	-	-	424,000	436,000	224,000	230,000	236,000	
42	MC	New	Captains Cove and Marin Lagoon Pump Station Telemetry ⁽²⁾	-	-	-	-	-	265,000	-	-	-	-	
43	MC	New	McInnis Pump Station Improvements	-	-	-	-	-	79,500	-	-	-	-	
44	MC	New	Smith Ranch Pump Station Generator Diesel Conversion	-	-	-	-	-	-	109,000	560,000	-	-	
45	MC	22300-01	Rafael Meadows Pump Station - Civil, fencing, other	-	-	-	-	-	-	-	-	-	472,000	
46	MC	20200-01	Force Main Assessment, Cleaning, Location Marking, & Mapping	250,000	-	250,000	60,000	257,500	-	-	-	-	-	
47	MC	14300-05	Smith Ranch Rd Combined Force Main	-	-	-	-	257,500	2,650,000	-	-	-	-	
48	MC	Ongoing	Sewer Main Collection System Rehabilitation Program	1,000,000	1,000,000	2,000,000	-	1,030,000	1,060,000	1,090,000	1,122,700	1,156,381	1,191,072	
49	MC	New	Sewer I&I Reduction Program (annual per SSMP)	-	500,000	500,000	-	515,000	530,000	545,000	560,000	575,000	590,000	
50	GP	19200-02	Manhole Frame & Cover Adjustment Allowance	50,000	-	50,000	62,029	51,500	53,000	54,500	56,000	57,500	59,000	
51	MC	New	Northgate North 12" TS & Siphon Improvements	-	500,000	500,000	-	5,150,000	-	-	-	-	-	
52	MC	New	Northgate Industrial Park 8" Hwy 101 Undercrossing	-	-	-	-	180,250	1,855,000	-	-	-	-	
53	MC	New	Lower Marinwood TS Capacity Upgrade & Relocation	-	-	-	-	257,500	1,590,000	-	-	-	-	
54	MC	New	Mulligan 18" TS and Hwy 101 Undercrossing Capacity Upgrades	-	-	-	-	-	-	981,000	6,720,000	-	-	
55	MC		IWMP Pump Station & Force Main Projects (Placeholder)	-	-	-	-	-	-	-	5,600,000	5,750,000	5,900,000	
56	MC		Sea Level Rise Mitigation Construction (Placeholder)	-	-	-	-	-	-	1,090,000	1,120,000	1,150,000	2,360,000	
Subtotal:				3,552,787	2,307,845	5,860,632	122,029	8,842,550	9,741,400	4,507,150	16,001,900	8,959,131	10,849,372	

(Budget Workshop - March 29, 2023)

Line No.	Mgr.	Project No.	Project Name	DRAFT BUDGET			Carryover Balance for Future Years	PROJECTED EXPEDITURES					
				Allocation of Carryover Funds	Funding Balance Request in 2023-24	Year 1 Budget 2023-24		Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30
RECLAMATION													
70	GP	21500-01	Reclamation Pump Station Improvements - MCC, Pumps, Wet Well	150,000	-	150,000	130,640	257,500	-	-	-	-	-
71	MC	22300-03	St. Vincent's Pump Station Improvements	-	100,000	100,000	-	257,500	530,000	-	-	-	-
72	MC	22500-04	Solar PV System Replacement	265,000	(15,000)	250,000	-	-	-	-	-	-	-
73	MC	23500-05	Center Pivot No. 1 Replacement	25,500	-	25,500	-	-	-	-	-	-	-
74	MC	Pending	Sludge Lagoon Liner Replacement/Repair	70,000	5,000	75,000	-	77,250	79,500	-	-	-	-
75	MC	New	Storage Pond 1 Transfer Pipe Repair	-	100,000	100,000	-	-	-	-	-	-	-
76	MC	20500-05	Marsh Pond Vegetation Removal & Long-Term Vegetation Management Plan	-	-	-	171,115	61,800	-	-	67,200	-	-
77	MC	11500-09	Miller Creek Vegetation Maintenance repair, maint. (FY 23-24 final year)	25,000	50,000	75,000	-	-	-	-	-	-	-
78	MC	Pending	Levee Road Restoration	-	-	-	-	-	63,600	-	67,200	-	-
79	MC	New	Reclamation Levee Capping - SLR mitigation	-	-	-	-	-	-	-	280,000	287,500	-
80	MC		Biosolids Program Implementation & Construction (Placeholder)	-	-	-	-	-	-	-	-	6,900,000	-
81	MC		Sea Level Rise Mitigation Construction (Placeholder)	-	-	-	-	-	-	1,090,000	1,120,000	1,150,000	2,360,000
Subtotal:				535,500	240,000	775,500	301,755	654,050	673,100	1,090,000	1,534,400	8,337,500	2,360,000

TREATMENT PLANT (INCL. RECYCLED WATER)													
92	MC	21100-01	Operations Control Center (OCC) & Admin Building Design	1,444,165	200,000	1,644,165	-	-	-	-	-	-	-
93	MC	New	Corporation Yard Design	-	500,000	500,000	-	-	-	-	-	-	-
94	MC	New	Corporation Yard Construction	-	-	-	-	5,150,000	-	-	-	-	-
95	MC	22600-03	Primary Clarifier #1 Repair	295,000	705,000	1,000,000	-	-	-	-	-	-	-
96	MC	New	Primary Clarifier Sludge Pump Addition	-	150,000	150,000	-	-	-	-	-	-	-
97	MC	20600-04	Treatment Plant Upgrade Phase 2 - Flow Eq, Primary Clarifiers, UV, Headworks	600,000	250,000	850,000	2,846,113	9,785,000	7,950,000	-	-	-	-
98	MC	21600-06	Digester Room MCC #2 Upgrade Design & Construction	625,988	774,012	1,400,000	-	-	-	-	-	-	-
99	MC	New	TWAS Enclosure / Sludge Basin and Reception Pad	-	1,400,000	1,400,000	-	-	-	-	-	-	-
100	MC	New	Fueling Station Project (diesel & gas)	-	500,000	500,000	-	-	-	-	-	-	-
101	MC	21600-09	Plant Lighting Improvements and Other Electrical Ethan.	50,000	60,000	110,000	-	-	-	-	-	-	-
102	MC	21600-11	Annual Site Improvement - Paving, Fencing, Lighting	-	60,000	60,000	-	61,800	63,600	65,400	67,200	69,000	-
103	MC	New	Boiler Relocation Project	-	-	-	-	515,000	-	-	-	-	-
104	MC	New	Vac Truck Recycled Water Filling Station & Wash Rack	-	-	-	-	-	63,600	-	-	-	-
105	MC	New	Digester Replacement and Solids Improvement	-	-	-	-	-	-	13,080,000	-	-	-
106	MC		Sea Level Rise Mitigation Construction (Placeholder)	-	-	-	-	-	-	1,090,000	1,120,000	1,150,000	2,360,000
Subtotal:				3,015,153	4,599,012	7,614,165	2,846,113	15,511,800	8,077,200	14,235,400	1,187,200	1,219,000	2,360,000

(Budget Workshop - March 29, 2023)

Line No.	Mgr.	Project No.	Project Name	DRAFT BUDGET		Year 1 Budget 2023-24	Carryover Balance for Future Years	PROJECTED EXPEDITURES						
				Allocation of Carryover Funds	Funding Balance Request in 2023-24			Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	

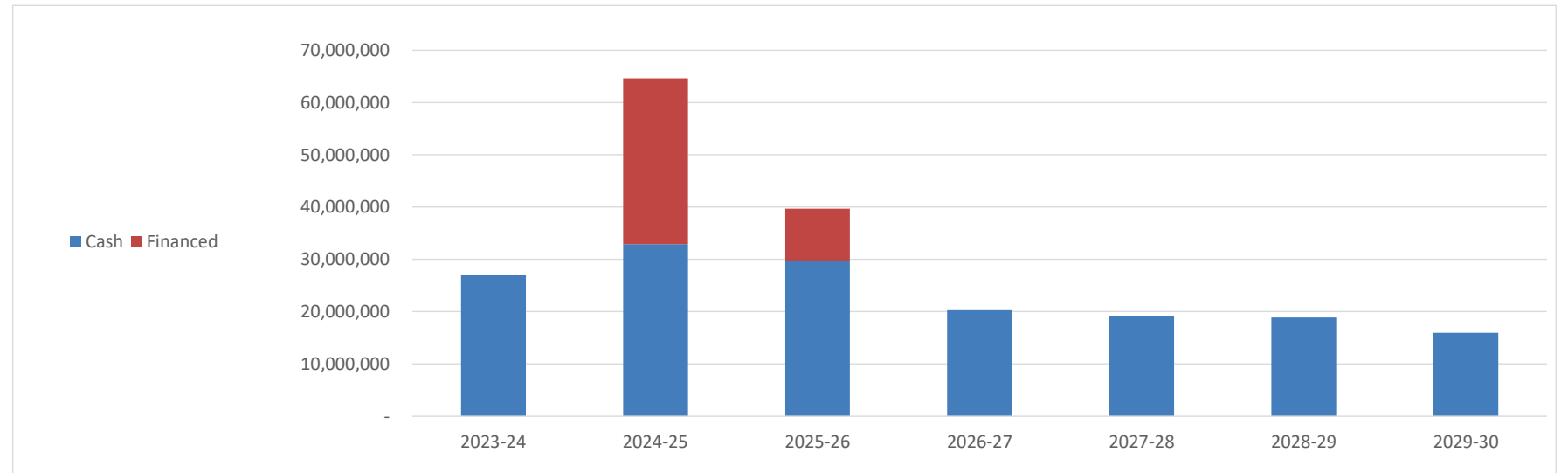
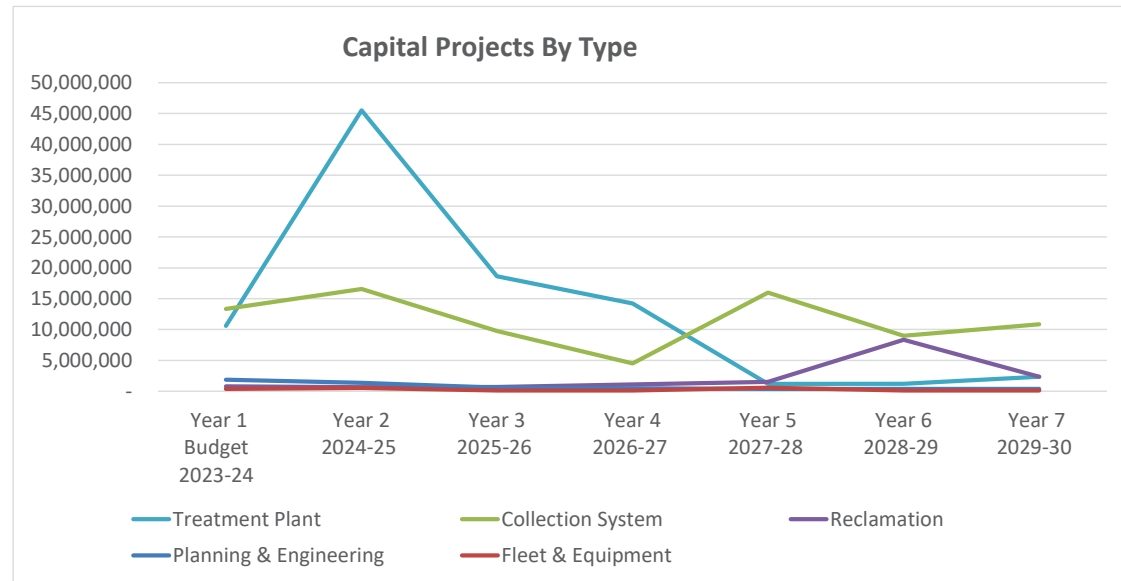
TOTAL PLANNING, FLEET, COLLECTION, RECLAMATION, & TREATMENT PROJECTS (Non-Financed)

Total (Non-Financed):	8,310,457	8,195,965	16,506,422	3,434,852	26,893,300	19,186,009	20,426,627	19,669,955	19,027,474	16,094,612
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FINANCED AND BOND PROJECTS

114	MC		Operations Control Center Building Construction & Soft Costs (Cash)	-	3,000,000	3,000,000	6,524,270	6,000,000	524,270	-	-	-	-
115	MC		Operations Control Center Building Construction & Soft Costs (Financed)	-	-	-	-	24,000,000	10,000,000	-	-	-	-
116	MC		John Duckett PS & HWY 101 Terra Linda TS Crossing Const. (Cash)	-	7,500,000	7,500,000	-	-	-	-	-	-	-
117	MC		John Duckett PS & HWY 101 Terra Linda TS Crossing Const. (Financed)	-	-	-	-	7,725,000	-	-	-	-	-
Subtotal:				-	10,500,000	10,500,000	6,524,270	37,725,000	10,524,270	-	-	-	-

GRAND TOTAL CAPITAL OUTLAY:	8,310,457	18,695,965	27,006,422	9,959,122	64,618,300	29,710,279	20,426,627	19,098,700	18,900,881	15,964,672
Total Financed						31,725,000	10,000,000			



F-50 RESERVES**Purpose**

This policy establishes reserves, explains the purpose and reasons for the size of each reserve, and provides for the oversight of reserves.

The District requires reserves for operations and capital needs. Reserves provide financing safeguards for the District's operations. Such funds are available for extraordinary expenses and to fund cash flow. In addition, reserve fund investments generate earnings to supplement other revenues.

F-50-10 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	\$9,085,466	\$1,000,000	\$1,000,000	\$4,000,000.	\$15,085,466
06/30/21 Balance	\$2,651,898	\$1,094,425	\$1,000,000	\$3,425,644	\$8,171,967
Percent Reached	29%	101%	100%	86%	
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.	
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.	
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F-50-20 Use of Reserves. Upon recommendation of the General Manager, the Board shall identify the reserve to be utilized and authorize the General Manger to transfer reserve funds to the respective operational or capital funds. Any use shall be reflected in any revised budget.

Resolution No. 2022-2255	Date Approved: May 19, 2022
President of the Board	Last Revised: May 19, 2022



Revised Budget Calendar and Timeline for the Adoption of the 2023-2024 Budget

Date	Task	Status
February 7, 2023	Budget Kickoff Meeting / CIP Discussion with Managers	Done
February 16, 2023	Mid Year Budget Review FY 22/23 and Forecast EOY w/ Board	Done
February 16, 2023	Discussion on Rate Study Parameters with Hildebrand	Done
February 23, 2023	Preliminary Budget developed with Managers (O&M and CIP)	Done
March 16, 2023	Rate Structure Workshop with Hildebrand and Board - <i>Special Meeting</i>	Done
March 29, 2023	Budget Workshop with the Board - CIP and Reserve Funding - <i>Special Meeting</i>	
Mid April	Prepare Preliminary Non-Residential Commercial Sewer Rate Calculations ⁽¹⁾	
April 21, 2023	Preliminary Budget for FY 23/24 Finalized by GM	
May 4, 2023	Draft Sewer Use Charge Study report presented to Board * Review and approve draft 218 Notice for Sewer Rate Increase for mailing	
May 18, 2023	Board Meeting to Set Budget and Sewer Service Charge Public Hearings Dates * Presentation of Cost of Sewer Service and Rate Study recommendations * Resolution Fixing Time and Place for Budget Hearing * Resolution Fixing Time and Place on Serwer Service Charges	
May 30, 2023	218 Notices Mailed to Property Owners - complete by date ⁽²⁾	
May 8, 2023	Update Budget w/ Employee Costs CPI Data	
May 16, 2023	Budget Workshop with the Board - <i>Special Meeting</i> * Closed Session re: Labor Negotiations * Preliminary Budget for FY 23/24 presented to Board * Closed Session on Labor Negotiations	
June 1, 2023	Board to Give Direction on Employee Costs to be Included in Budget * Closed Session on Labor Negotiations * Approve Modification of Managers Employment Contracts - <i>if terms acceptable</i> * Approve Memorandum of Understanding with OE3 - <i>if terms acceptable</i>	
June 15, 2023	Review Proposed Budget w/ Board, set Rate Increase for use in final budget	
June 15, 2023	Adopt Pay Scale of Wages effective July 1, 2023	
June 29, 2023	Publication of Legal ad No. 1 for Budget and Sewer Rates Public Hearings	
July 6, 2023	Final approval of Sewer Use Charge Study report by Board	
July 13, 2023	Publication of Legal ad No. 2 for Budget and Sewer Rates Public Hearings	
July 20, 2023	Budget and Sewer Service Charge Hearings and Adoption at Regular Board Meeting * Resolutions Certifying Legal Notice Has Been Given * Public Hearing for Sewer Service Charge * Public Hearing for the Budget * Resolution Confirming the Annual Sewer Service Charge and Supplemental Charges * Resolution Fixing and Approving the Budget * Resolution Providing for the Collection of Sewer Service Charges on the Tax Roll * Resolution Determining the Appropriation of Tax Proceeds	

(1) Timing dependent on MMWD providing the data. Request after April 1.

(2) Minimum time is 45 days in advance of public hearing date of July 20. The deadline for mailing would be June 5.