

Supplemental Documents for the
May 09, 2017 Board of Trustees Meeting
for Vallejo Sanitation and Flood Control District

**AGENDA ITEM #7A – MARE ISLAND SEWER AND WATER MAIN
REPLACEMENT PROJECT NO. 151716 - ADOPTION OF MITIGATED
NEGATIVE DECLARATION AND PROJECT APPROVAL**

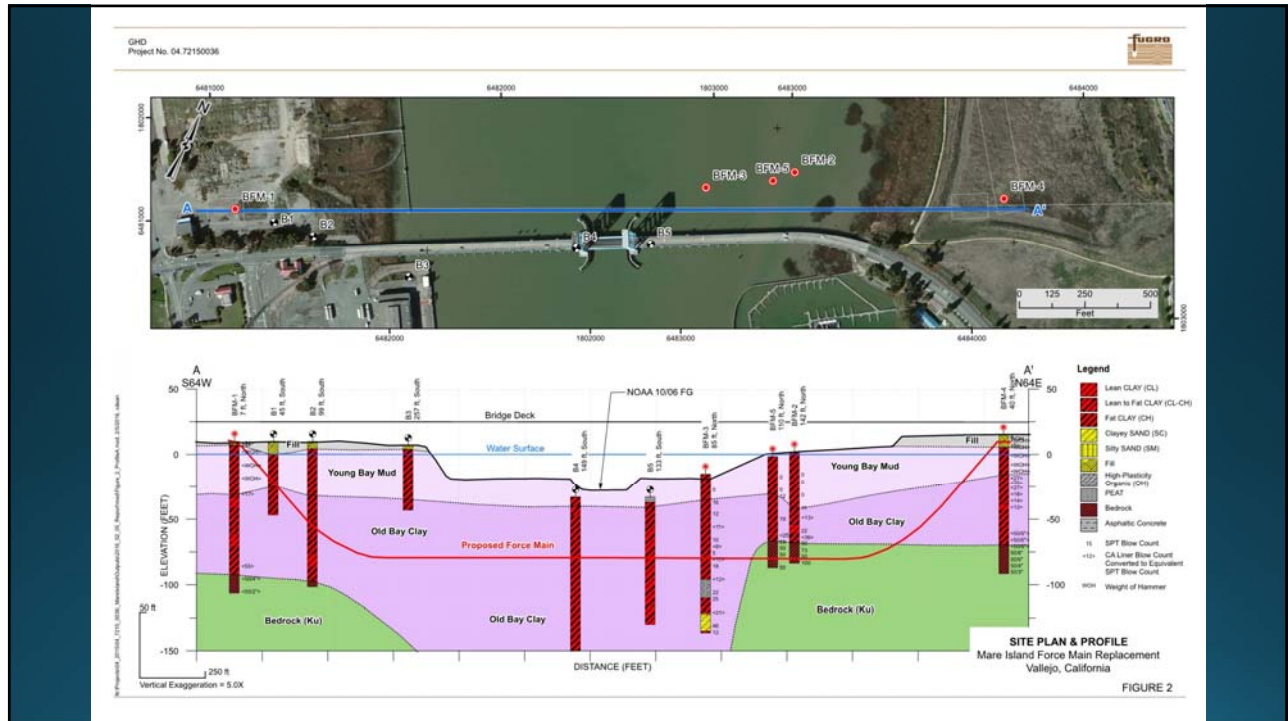
Mare Island Sewer and Water Main Replacement Project



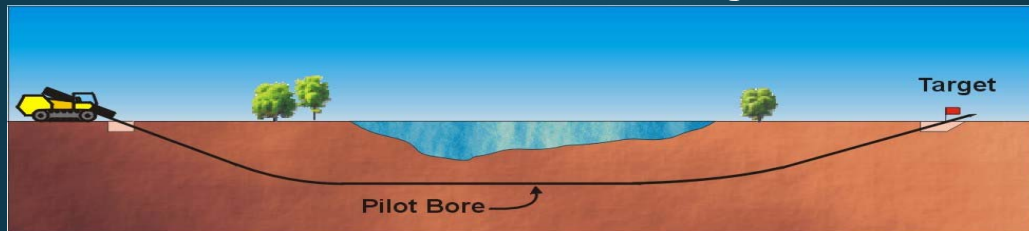
OVERALL SITE PLAN
SCALE: 1"=50'

100% SUBMITTAL

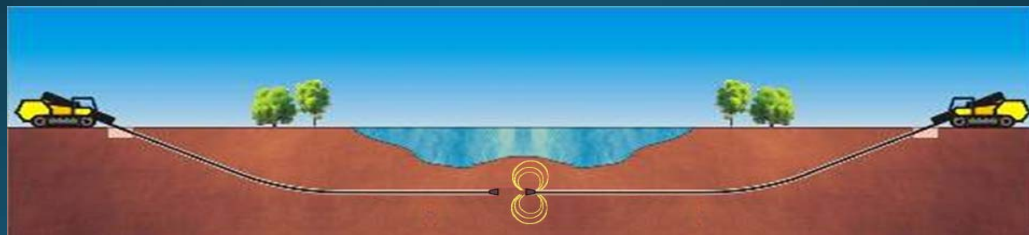
<p>Vallejo Sanitation and Flood Control District Mare Island Sewer and Water Main Replacement Project OVERALL SITE PLAN</p>		<p>Project: 11188888 Date: 04/18/17 Scale: AS SHOWN Author: J. BROWN Check: MATT BENT Title: 100% SUBMITTAL</p>	



Horizontal Directional Drilling



HDD Intersect Method



**AGENDA ITEM #9A – BIENNIAL BUDGET FOR FISCAL YEARS 2017-18
AND 2018-19**

PRELIMINARY BIENNIAL BUDGET

FOR FISCAL YEARS 2017-18 AND 2018-19

Goals for Tonight

- ▶ Budget presentation
- ▶ Board of Trustee discussion
- ▶ Board/public questions & answers
- ▶ Board provides staff direction
- ▶ Board adopts resolution to place budget on agenda in June

Budget Calendar

▶ January through April

Staff development of budgets

▶ May

Presentation of budget to Board of Trustees and public

Staff incorporates feedback/revisions to budget as directed by the Board of Trustees

▶ June

Board of Trustees considers and adopts budget

Budget Development

Budget
Kickoff

Departments
Prepare
Budgets

Finance
Presents
Budget to
Board

Board
Considers
Budget &
Adopts

Q&A
Meetings

District
Manager
Reviews

Board
Provides
Staff
Direction

Budget Development Resources

- ▶ Calendar
- ▶ Profile
- ▶ Rebranding
- ▶ Strategic plan
- ▶ Demographics/operating indicators
- ▶ Budget principles
- ▶ Revenues
- ▶ Expenses
- ▶ Cost allocations
- ▶ Ten-year CIP
- ▶ Project reports

Budget Highlights

- ▶ Salaries and benefits-increased (detail follows)
- ▶ Materials, supplies and services expenses-increased based on actuals
- ▶ Debt service-decreased, final payment on 1993 Certificates of Participation.
- ▶ Insurance costs-remain relatively flat
- ▶ Service charge revenues FY 2017/18-no rate increase, more units, higher winter quarter average
- ▶ Service charge revenues FY 2018/19-projected 9% wastewater increase
- ▶ Interest revenue-increased, financial market conditions.
- ▶ Property tax revenue-increased, higher assessed values
- ▶ Other financing sources-grants, City reimbursement (project)

Salaries and Benefits

- ▶ Base salaries-increased 2.5% per MOU and CPI estimate
- ▶ Overtime-increased given wastewater and stormwater emergency events, vacancies
- ▶ Payroll tax-increase tied to base salaries and overtime
- ▶ CalPERS employer contribution rates:
 - Classic - 24.322% and 24.04%
 - PEPRA - 6.571% and 6.538%
- ▶ Retired medical expense-current retiree health costs, funding of future retiree medical
- ▶ Health insurance-increased 8% per year
- ▶ Dental, vision, life, short-term disability and employee assistance program (EAP) insurances-increased 3% per year

Position Justifications

- ▶ Administration-Human Resources Technician/Analyst (upgrade)
Retirements, replacements, Human Resources Administrator retirement
- ▶ Engineering-Associate/Senior Engineer
Dedicated to Asset Management Program (AMP), increased capital improvement projects, workload cannot be added to current staff
- ▶ Field Operations-CST II/Equipment Operator and CST I/II (2)
 - ❖ Preventive maintenance to prevent lower lateral blockages (reduce overflows)
 - ❖ Fish and Wildlife permit workload, Fire Prevention Weed Abatement-late spring through summer, prime construction season, regulatory timelines
 - ❖ Facilitate more support to Engineering and Upper Lateral Program, Standby rotation

Position Justifications

- ▶ Operations/Facilities Maintenance-Electrician/Instrumentation Tech
 - NPDES compliance-plant instrumentation, plant operating systems programming needs/integration, SOP development, programming training, AMP
- ▶ Operations/Facilities Maintenance-Senior Office Assistant
 - Work order management, procurement, SOP development, training tracking, AMP support, permit tracking and compliance
- ▶ Facilities Maintenance-Maintenance Superintendent
 - Proactive versus reactive, permit compliance, AMP, optimize life cycle of infrastructure, implement best management practices, SOP development and training

Materials, Supplies and Services and Other

- ▶ CPI
- ▶ Advertisement-project bids
- ▶ Consulting
 - ❖ Classification/compensation studies
 - ❖ Information Technology Masterplan
 - ❖ Records scanning
 - ❖ Sanitary sewer rate study
 - ❖ Fair Labor Standards Act (FLSA) audit
 - ❖ Engineering consulting
 - ❖ Infor maintenance management system upgrade/computer maintenance
 - ❖ Plant process optimization
 - ❖ Asset Management Program Phase II
- ▶ Contingency
- ▶ Equipment rental
- ▶ Public outreach/rate increase
- ▶ Treatment supplies/chemicals
- ▶ Regulatory compliance
 - ❖ Permits/licenses
 - ❖ Environmental-pollution reduction
 - ❖ Lab services/supplies
 - ❖ Stormwater trash removal
- ▶ Repairs/maintenance (middle age infrastructure)
 - ❖ Facilities
 - ❖ Equipment
 - ❖ Pump Stations
- ▶ Services
 - ❖ Wellness program
 - ❖ Temporary
 - ❖ Weed Control
 - ❖ Homeless cleanup
- ▶ Uniforms
- ▶ Utilities

Capital Improvement Program

- ▶ Proactive planning
- ▶ Ten Year CIP Plan
- ▶ Annual projects total \$10.7M - \$18.2M
- ▶ Mare Island Sewer and Water Main Replacement \$10.5M
- ▶ Infiltration and inflow projects (I&I) \$1.25M annual required

District-Wide Budget

	FY 2016/17		Increase/(Decrease)		FY 2017/18		Increase/(Decrease)	
	Adopted Budget	Proposed Budget	\$	%	Proposed Budget	Proposed Budget	\$	%
Funding Requirements:								
Operating:								
Salaries & Benefits	\$15,021,276	\$15,437,401	\$416,125	3%	\$15,437,401	\$17,307,131	\$1,869,730	12%
Materials, Supplies & Services	2,845,749	3,293,423	447,674	16%	3,293,423	3,369,630	76,207	2%
Other	4,133,597	4,837,246	703,649	17%	4,837,246	4,588,853	(248,393)	-5%
Debt	6,899,201	4,559,753	(2,339,448)	-3%	4,559,753	4,750,609	190,856	4%
Interest Expense	0	2,133,195	2,133,195		2,133,195	2,013,507	(119,688)	-6%
Insurance	596,034	596,820	786	0%	596,820	597,763	943	0%
Subtotal, operating	\$29,495,857	\$30,857,838	\$1,361,981	5%	\$30,857,838	\$32,627,493	\$1,769,655	6%
Capital Improvement	5,246,045	18,185,002	12,938,957	247%	18,185,002	14,550,935	(3,634,067)	-20%
Total, requirements	\$34,741,902	\$49,042,840	\$14,300,938	41%	\$49,042,840	\$47,178,428	(\$1,864,412)	-4%
Funding Sources:								
Service Charges	\$29,872,256	\$33,664,092	\$3,791,836	13%	\$33,664,092	\$36,431,510	\$2,767,418	8%
Connection Fees	300,000	300,000	0	0%	300,000	300,000	0	0%
Other Revenues	1,764,700	2,146,011	381,311	22%	2,146,011	2,187,288	41,277	2%
Property Taxes	910,350	892,500	(17,850)	-2%	892,500	892,500	0	0%
Interest	849,629	880,629	31,000	4%	880,629	880,629	0	0%
Other Financing sources	0	6,600,000	6,600,000		6,600,000	1,872,000	(4,728,000)	-72%
Use (Increase) of Reserves connection fee	0	5,000,000	5,000,000		5,000,000	3,000,000	(2,000,000)	-40%
Use (Increase) of Reserves debt service	0	0	0		0	2,600,000	2,600,000	
Use (Increase) of Unrestricted	1,044,967	(440,392)	(1,485,359)	-142%	(440,392)	(985,499)	(545,107)	124%
Total, funding sources	\$34,741,902	\$49,042,840	\$14,300,938	41%	\$49,042,840	\$47,178,428	(\$1,864,412)	-4%

Fiscal Year 2017-2018 Revenues

Revenue Description	WW	SW	UL	Combined
Single Family Residential	\$ 19,108,507	\$ 868,369	\$ 571,568	\$ 20,548,444
Multi-Family Residential	6,460,363	293,585	37,343	6,791,291
Commercial	4,467,327	1,206,565	49,332	5,723,224
Vacant Residential (SW)		8,948	-	8,948
Special Agreement	592,119	-	67	592,186
Service Charges	\$ 30,628,316	\$ 2,377,466	\$ 658,310	\$ 33,664,093
Connection Fees	150,000	150,000	-	300,000
Other Revenues	2,109,635	15,590	20,786	2,146,011
Property Taxes	892,500	-	-	892,500
Investment Income	276,000	589,629	15,000	880,629
Total Revenue	\$ 34,056,451	\$ 3,132,685	\$ 694,096	\$ 37,883,233

Fiscal Year 2018-2019 Revenues

Revenue Description	WW	SW	UL	Combined
Single Family Residential	\$ 20,828,271	\$ 868,368	\$ 571,568	\$ 22,268,207
Multi-Family Residential	7,041,797	293,585	37,343	7,372,725
Commercial	4,869,387	1,206,565	49,332	6,125,284
Vacant Residential (SW)		8,948	-	8,948
Special Agreement	656,279	-	67	656,346
Service Charges	\$ 33,395,734	\$ 2,377,466	\$ 658,310	\$ 36,431,510
Connection Fees	150,000	150,000	-	300,000
Other Revenues	2,150,912	15,590	20,786	2,187,288
Property Taxes	892,500	-	-	892,500
Investment Income	276,000	589,629	15,000	880,629
Total Revenue	\$ 36,865,146	\$ 3,132,685	\$ 694,096	\$ 40,691,927

Debt Service - Wastewater

	2018		2019	
	Payment	Principal Outstanding	Payment	Principal Outstanding
2014 Revenue Bonds	\$ 2,312,275	\$ 26,270,000	\$ 2,311,675	\$ 25,345,000
2011 Revenue Bonds	327,275	1,905,000	338,075	1,655,000
1993 Certificates of Participation	2,652,750	5,155,000	2,647,000	2,640,000
2008 State Revolving Fund Loan	317,450	2,023,307	317,450	1,754,417
2004 State Revolving Fund Loan	907,072	4,214,099	907,072	3,412,380
	\$ 6,516,822	\$ 39,567,406	\$ 6,521,272	\$ 34,806,797

Reserves Fiscal Year 2017-2018

	Wastewater Fund 481	Upper Lateral Fund 483	Storm Water Fund 486
Beginning Balance			
Unrestricted	\$ 6,725,401	\$ 1,463,721	\$ 9,954,318
Connections	4,686,183	-	19,671,124
Debt Service	7,464,736	-	-
Revenues	\$ 34,056,451	\$ 694,096	\$ 3,132,685
Operating Expenses and Debt Service	(27,563,270)	(384,878)	(2,909,689)
Capital Improvement	(14,577,902)	(460,500)	(3,146,600)
Other Financing sources	6,600,000	0	0
Use (Increase) of Unrestricted	(1,484,721)	(151,282)	(2,923,604)
Ending Balance			
Unrestricted	\$ 8,240,680	\$ 1,312,439	\$ 9,030,714
Connections	1,686,183		17,671,124
Debt Service	7,464,736		

Reserves Fiscal Year 2018-2019

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Debt Service	7,464,736	-	-
Revenues	\$ 36,865,146	\$ 694,096	\$ 3,132,685
Operating Expenses and Debt Service	(29,078,589)	(443,251)	(3,105,654)
Capital Improvement	(10,355,435)	(450,000)	(3,745,500)
Other Financing sources	1,872,000	0	0
Use (Increase) of Unrestricted	(696,878)	(199,155)	(3,718,469)
Ending Balance			
Unrestricted	\$ 11,143,802	\$ 1,113,284	\$ 7,312,245
Connections	686,183		15,671,124
Debt Service	4,864,736		

Next Steps

- ▶ Board of Trustee discussion, provide staff direction
- ▶ Board of Trustees adopts resolution to place budget on agenda in June
- ▶ Staff prepares final budget document
- ▶ Board of Trustees considers and adopts budget in June

Reserves Fiscal Year 2017-2018

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