



Tahoe-Truckee Sanitation Agency
Annual Budget
Fiscal Year 2019-2020

Adopted August 14, 2018

**Tahoe-Truckee Sanitation Agency
Annual Budget
Fiscal Year 2019-2020**

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Introduction

The Agency maintains 6 funds; however, they are collectively utilized for (1) maintaining the daily operations of the Agency, (2) construction of capital improvement projects and (3) maintaining an emergency reserve. Daily operations are administered through Fund 00 (Administrative Fund) and Fund 01 (Operation and Maintenance Fund). Administrative activities are included in Fund 00. All operation and maintenance activities are included in Fund 01. Capital improvements which are designated as individual projects estimated at \$25,000 or greater are administered through Fund 02 (Wastewater Capital Reserve Fund) and Fund 06 (Replacement, Rehabilitation and Upgrade Fund) depending on the project scope and fund allocation. The State Revolving Fund Wastewater Capital Reserve Fund is maintained in Fund 04 and emergency reserves are maintained in Fund 07.

This annual budget is prepared to project revenues and expenditures that are anticipated for the daily operation of the Agency for fiscal year 2019-2020 commencing July 1, 2019 through June 30, 2020 and to plan for capital improvements over the next 5 fiscal years. The operating budget format for fiscal year 2019-2020 has been amended from previous budgets to further define department and sub-department operating budgets to provide a simpler division of expenditures. The capital improvement plan format is similar to previous years.

Fund Descriptions

The Agency maintains the following 6 funds through various fund and bank institutions. The fund numbers and descriptions of each fund are as follows:

Fund 00: Administrative Fund

The Administrative Fund facilitates daily financial activities of the administrative department and functions. The revenue source for the fund is provided through the collection of property tax revenue and the expenditures are used to support the administrative department and functions. At the end of each fiscal year, surplus monies in excess of \$50,000 are transferred to the Replacement, Rehabilitation and Upgrade Fund.

Fund 01: Operation and Maintenance Fund

The Operation and Maintenance Fund facilitates daily financial activities to operate and maintain existing Agency facilities. The revenue source for the fund is provided through the collection of sewer service charges. Expenditures are used to support the operations, maintenance, engineering and information technology departments and all other daily functions necessary to operate and maintain the Agency. At the end of each fiscal year, surplus monies in excess of \$250,000 are transferred to the Replacement, Rehabilitation and Upgrade Fund.

Fund 02: Wastewater Capital Reserve Fund

The Wastewater Capital Reserve Fund was established to facilitate the financial activities of capital facility projects required to be constructed to provide capacity to serve new development within the Agency's boundaries and to maintain a high level of sewer service for the benefit of such new development. The revenue source for the fund is provided through the collection of sewer connection fees.

Fund 04: State Revolving Fund Wastewater Capital Reserve Fund

The State Revolving Fund (SRF) Wastewater Capital Reserve Fund was established as a condition of the loan contract under the SRF program to finance the latest wastewater treatment plant expansion project. The Agency is required to and has maintained the fund for at least the life of the loan contract under the SRF program and has deposited sufficient funds to build-up a minimum required rate of one-half of one percent of the SRF loan each year for a period of ten years. The fund is not used to supplement operating budgets or capital improvements.

Fund 06: Replacement, Rehabilitation and Upgrade Fund

The Replacement, Rehabilitation and Upgrade Fund was established to facilitate the financial activities associated with the replacement, rehabilitation, upgrade of existing facilities, maintenance and operation of equipment and appurtenances, not involving treatment plant capacity expansion. At the end of each fiscal year, surplus monies from the Administrative and Operation and Maintenance Funds are deposited into the fund.

Fund 07: Emergency Reserve Fund

The Emergency Reserve Fund was established to designate an emergency fund to manage financial obligations, mitigate risks due to revenue shortfalls and unanticipated expenses, and aid in long-term financial planning. The reserve may be used to fund costs and expenses arising out of or caused by an emergency or disaster; to fund unbudgeted and unanticipated capital improvements, repairs, and replacements; to pay unbudgeted and unanticipated operation, maintenance, management, or administrative expenses that are not covered by regular operating revenue; to pay uninsured losses; and, to cover other cash flow needs due to revenue delays or funding shortfalls.

All funds are deposited within the Local Agency Investment Fund (LAIF) which is an investment program for California local governments and special districts. The program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars of pooled funds, using the investment expertise of the State Treasurer's Office investment staff.

As monies are required for expenditures, they are withdrawn from LAIF and placed in financial institutions for further distribution. All financial transactions in LAIF are recorded and fund balances are disseminated through Agency accounting procedures.

Fiscal Year 2018-2019 Operating Budgets Review

The following descriptions and tables provide a review of fiscal year 2018-2019 Administrative Fund (Fund 00) and Operation and Maintenance Fund (Fund 01) budgets. It should be noted Fund 06 is subsidized by balance transfers from Fund 00 and Fund 01, however, the fund is allocated for capital improvements. As Fund 04 and Fund 07 are not intended to supplement annual operating budgets, they did not accrue expenditures and only accrued revenue from interest activity. Fund 04 and Fund 07 financial activity is shown on Table 18.

As the following tables reflect end of fiscal year budget actuals, please note the values for each budget item may vary as final journal entry adjustments are made. It should also be noted table values and calculations have been rounded to the nearest dollar.

Fund 00: Administrative Fund

Table 1 provides a summary comparison of the approved budget and the budget actuals at end of fiscal year 2018-2019. Actual revenues exceeded budgeted revenues by approximately \$0.9M or 28% and the actual expenditures exceeded budgeted expenditures by approximately \$0.7M or 33%. Overall, the actual net income of the fund was approximately \$0.9M or 16% greater than the budgeted net income.

Table 1: 2018-2019 Administrative Fund Review

	Approved Budget (\$)	Budget Actual (\$)	Budgeted vs Actual (%)
REVENUE			
Tax Revenue - Ad Valorem	3,000,000	3,848,731	128.3%
TOTAL REVENUE	3,000,000	3,848,731	128.3%
EXPENDITURE			
Salaries & Wages	825,000	1,042,468	126.4%
Employee Benefits			
<i>Retirement</i>	200,000	159,757	79.9%
<i>Workers Compensation</i>	15,000	13,573	90.5%
<i>Medicare</i>	15,000	13,749	91.7%
<i>State Disability Insurance</i>	6,000	9,412	156.9%
<i>Life Insurance</i>	4,000	4,187	104.7%
<i>Health Insurance</i>	190,000	314,383	165.5%
<i>Dental Insurance</i>	20,000	25,385	126.9%
<i>Navia HRA</i>	10,000	12,660	126.6%
<i>OPEB</i>	0	0	-
<i>Vision Reimbursement</i>	5,000	4,893	97.9%
Other Employee Benefits	0	963	-
Total	465,000	558,961	120.2%
Director Fees	7,000	6,300	90.0%
Vehicle			
<i>Fuel</i>	4,000	1,120	28.0%
<i>Maintenance</i>	2,000	821	41.0%
Total	6,000	1,940	32.3%
CSRMA Insurance	90,000	103,083	114.5%
Professional Memberships			
<i>Agency</i>	25,000	24,992	100.0%
<i>Employee</i>	5,000	2,351	47.0%
Total	30,000	27,343	91.1%
Agency Permits and Licenses	150,000	153,612	102.4%

Office Expense			
<i>Bank Fees</i>	15,000	24,332	162.2%
<i>Supplies</i>	25,000	43,358	173.4%
<i>Furniture</i>	4,000	921	23.0%
<i>IT Hardware</i>	6,000	3,970	66.2%
<i>Software</i>	5,000	6,701	134.0%
<i>Advertising</i>	7,500	6,516	86.9%
Total	62,500	85,797	137.3%
Contractual Services			
<i>Invoice Processing</i>	70,000	81,491	116.4%
<i>County Services</i>	60,000	61,457	102.4%
<i>Janitorial</i>	28,000	27,600	98.6%
<i>General Office</i>	10,000	14,072	140.7%
Total	168,000	184,620	109.9%
Professional Services			
<i>Legal</i>	200,000	332,794	166.4%
<i>Accounting & Billing Support</i>	20,000	36,186	180.9%
<i>Auditor</i>	45,000	48,620	108.0%
<i>Other</i>	0	201,053	-
Total	265,000	618,653	233.5%
Conferences and Training	15,000	20,861	139.1%
Uncollectible Accounts	5,000	3,916	78.3%
Utilities			
<i>Heating Fuel</i>	3,500	5,752	164.4%
<i>Electricity</i>	90,000	82,137	91.3%
<i>Water</i>	500	0	0.0%
<i>Natural Gas</i>	5,000	4,286	85.7%
<i>Telephone</i>	4,000	13,083	327.1%
Total	103,000	105,259	102.2%
TOTAL EXPENDITURE	2,191,500	2,912,813	132.9%
NET INCOME	808,500	935,918	115.8%

Fund 01: Operation and Maintenance Fund

Table 2 provides a summary comparison of the approved budget and the budget actuals at end of fiscal year 2018-2019. Actual revenues were approximately \$0.4M less or 97% of budgeted revenues and the actual expenditures were approximately \$0.6M less or 94% of budgeted expenditures. Overall, the positive net income of the fund was approximately \$0.2M or 9% greater than the budgeted net income.

Table 2: 2018-2019 Operation and Maintenance Fund Review

	Approved Budget (\$)	Budget Actual (\$)	Budgeted vs Actual (%)
REVENUE			
Service Charges			
Income from Service Charges	13,000,000	12,630,188	97.2%
TOTAL REVENUE	13,000,000	12,630,188	97.2%
EXPENDITURE			
Salaries & Wages			
Operations	1,650,000	1,744,325	105.7%
Laboratory	600,000	408,471	68.1%
Maintenance	825,000	939,751	113.9%
Instr. & Elect.	400,000	379,475	94.9%
Engineering	475,000	444,899	93.7%
Safety	95,000	107,972	113.7%
IT	250,000	249,415	99.8%
<i>Total</i>	<i>4,295,000</i>	<i>4,274,307</i>	<i>99.5%</i>
Employee Benefits			
Retirement	1,200,000	695,193	57.9%
Workers Compensation	55,000	85,633	155.7%
Medicare	65,000	59,397	91.4%
State Disability Insurance	40,000	45,015	112.5%
Life Insurance	25,000	20,530	82.1%
Health Insurance	1,300,000	1,363,656	104.9%
Dental Insurance	70,000	73,655	105.2%
Navia HRA	40,000	39,476	98.7%
OPEB	0	0	100.0%
Vision Reimbursement	20,000	10,551	52.8%
Other Employee Benefits	0	58,547	-
<i>Total</i>	<i>2,815,000</i>	<i>2,451,652</i>	<i>87.1%</i>
Vehicle			
Fuel	22,000	20,192	91.8%
Maintenance	20,000	37,838	189.2%
<i>Total</i>	<i>42,000</i>	<i>58,029</i>	<i>138.2%</i>
Professional Memberships	15,000	13,081	87.2%
Office Expense			
Furniture	6,000	4,639	77.3%
IT Hardware	50,000	14,943	29.9%
Software	30,000	104,700	349.0%
Advertising	10,000	3,979	39.8%
<i>Total</i>	<i>96,000</i>	<i>128,261</i>	<i>133.6%</i>

Professional Services			
Engineering	100,000	26,420	26.4%
<i>Total</i>	<i>100,000</i>	<i>26,420</i>	<i>26.4%</i>
Conferences and Training	25,000	28,465	113.9%
Utilities			
Heating Fuel	31,500	60,881	193.3%
Electricity	810,000	808,889	99.9%
Water	4,500	1,500	33.3%
Natural Gas	45,000	37,883	84.2%
Telephone	36,000	36,391	101.1%
<i>Total</i>	<i>927,000</i>	<i>945,544</i>	<i>102.0%</i>
Contractual Services			
Operations	1,250,000	1,191,982	95.4%
Laboratory	55,000	50,256	91.4%
Maintenance	75,000	79,360	105.8%
Instr. & Elect.	40,000	13,742	34.4%
Safety	35,000	19,347	55.3%
IT	50,000	404	0.8%
Engineering	150,000	2,287	1.5%
<i>Total</i>	<i>1,655,000</i>	<i>1,357,379</i>	<i>82.0%</i>
Supplies, Repairs and Maintenance			
Operations	50,000	36,814	73.6%
Laboratory	15,000	96,350	642.3%
Maintenance	200,000	292,189	146.1%
Instr. & Elect.	130,000	125,004	96.2%
Safety	75,000	51,958	69.3%
IT	80,000	43,279	54.1%
<i>Total</i>	<i>550,000</i>	<i>645,594</i>	<i>117.4%</i>
TOTAL EXPENDITURE	10,520,000	9,928,733	94.4%
NET INCOME	2,480,000	2,701,455	108.9%

Fiscal Year 2019-2020 Operating Budgets

The following descriptions and tables provide the Administrative Fund and Operation and Maintenance Fund budgets for fiscal year 2019-2020. It should be noted the budget formats for some of the funds vary from fiscal year 2018-2019 to provide individual department budget information and uniformity between Fund 00 and Fund 01.

Fund 00: Administrative Fund

The fund budget format has been condensed and simplified to provide budget amounts for major categories. Table 3 provides the actual budget amounts from fiscal year 2018-2019, the budget

amounts for fiscal year 2019-2020 and the difference between fiscal years in amounts and percentages.

The budgeted fiscal year 2019-2020 revenue from the ad valorem tax is budgeted to be approximately equal to that received in fiscal year 2018-2019 even though the appropriations limits calculation is significantly lower at \$3.2M. The budgeted expenditures are approximately \$3.1M which is an increase of approximately \$160K or 6% from fiscal year 2018-2019. Overall, the fund has a projected net income of approximately \$0.8M which is 12% lower than last fiscal year. The primary reasons for the reduction are increased costs associated with Employee Benefits and the Agency's CSRMA insurance.

The final Fund 00: 2019-2020 Administrative Fund Budget is shown in **Appendix A**.

Table 3: 2019-2020 Administrative Fund Budget

	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
REVENUE				
Tax Revenue - Ad Valorem	3,848,731	3,900,000	51,269	1.3%
TOTAL REVENUE	3,848,731	3,900,000	51,269	1.3%
EXPENDITURE				
Salaries & Wages	1,042,468	1,040,000	(2,468)	(0.2%)
Employee Benefits	558,961	753,450	194,489	34.8%
Director Fees	6,300	7,000	700	11.1%
Vehicle	1,940	1,950	10	0.5%
CSRMA Insurance	103,083	175,000	71,917	69.8%
Professional Memberships	27,343	27,710	367	1.3%
Agency Permits and Licenses	153,612	0	(153,612)	(100.0%)
Office Expense	85,797	132,850	47,053	54.8%
Contractual Services	184,620	154,500	(30,120)	(16.3%)
Professional Services	618,653	644,000	25,347	4.1%
Conferences and Training	20,861	31,500	10,639	51.0%
Uncollectible Accounts	3,916	2,000	(1,916)	(48.9%)
Utilities	105,259	105,200	(59)	(0.1%)
TOTAL EXPENDITURE	2,912,813	3,075,160	162,347	5.6%
NET INCOME	935,918	824,840	(111,078)	(11.9%)

Fund 01: Operation and Maintenance Fund

The Operation and Maintenance Fund is the cumulative budget of the operations, maintenance, engineering and information technology (IT) departments. The budget format has been formatted to be similar to Fund 01, however, the following sections will provide individual department budget expenditure information allowing the Agency to assess each department.

In the following tables, fiscal year 2019-2020 budget amounts for each department is compared to its corresponding 2018-2019 budget. In order to create a single fund budget for the Operating and Maintenance Fund, the department budgets are cumulated together to generate the Operation and Maintenance Fund budget.

The operations department includes operations and laboratory sub-departments. The maintenance department includes mechanical, instrumentation & electrical (I&E), and warehouse sub-departments. The engineering department includes engineering and safety sub-departments. The information technology (IT) department does not have sub-departments. The following tables identify the reallocated budget amounts per budget category for each sub-department.

Operations Budget

The operations sub-department has a budgeted increase in expenditures of approximately \$0.5M or 9% from fiscal year 2018-2019 which is primarily attributed to reallocating the costs of Agency Permits and Licenses and increases in Employee Benefits.

Table 4: 2019-2020 Operations Budget

Description	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
Salaries & Wages	1,744,325	1,800,000	55,675	3.2%
Employee Benefits	1,027,059	1,188,000	160,941	15.7%
Vehicles	5,450	8,500	3,050	56.0%
Professional Memberships	3,335	4,000	665	19.9%
Agency Permits & Licenses	0	170,000	170,000	NA
Office Expense	149	6,500	6,351	4263.6%
Contractual Services	1,191,982	1,237,500	45,518	3.8%
Professional Services	NA	NA	NA	NA
Conferences & Training	3,500	7,000	3,500	100.0%
Utilities	943,158	950,000	6,842	0.7%
Supplies, Repair & Maintenance	36,814	52,500	15,686	42.6%
Total	4,955,771	5,424,000	468,229	9.4%

Laboratory Budget

The laboratory sub-department has a budgeted increase in expenditures of approximately \$120K or 15% from fiscal year 2018-2019 which is primarily attributed to increases in Salaries and Wages and Employee Benefits.

Table 5: 2019-2020 Laboratory Budget

Description	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
Salaries & Wages	408,471	450,000	41,529	10.2%
Employee Benefits	257,493	303,500	46,007	17.9%
Vehicles	1,440	4,000	2,560	177.8%
Professional Memberships	1,131	1,500	369	32.6%
Agency Permits & Licenses	0	6,000	6,000	-
Office Expense	685	5,500	4,815	702.9%
Contractual Services	50,256	58,000	7,744	15.4%
Professional Services	NA	NA	NA	NA
Conferences & Training	400	2,000	1,600	400.0%
Utilities	NA	NA	NA	NA
Supplies, Repair & Maintenance	96,350	106,000	9,650	10.0%
Total	816,227	936,500	120,273	14.7%

Mechanical Budget

The mechanical sub-department has a budgeted increase in expenditures of approximately \$0.3M or 14% from fiscal year 2018-2019 which is primarily attributed to increases in Salaries and Wages, Employee Benefits and Contractual Services. It is anticipated that the department will hire a Mechanic Supervisor within the fiscal year.

Table 6: 2019-2020 Mechanical Budget

Description	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
Salaries & Wages	939,751	1,081,500	141,749	15.1%
Employee Benefits	645,535	754,500	108,965	16.9%
Vehicles	48,611	50,000	1,389	2.9%
Professional Memberships	5,672	4,500	(1,172)	(20.7%)
Office Expense	58,996	46,000	(12,996)	(22.0%)
Contractual Services	79,360	107,000	27,640	34.8%
Professional Services	NA	NA	NA	NA
Conferences & Training	1,608	10,000	8,392	521.8%
Utilities	650	1,000	350	54.0%
Supplies, Repair & Maintenance	292,129	309,500	17,371	5.9%
Total	2,072,312	2,364,000	291,688	14.1%

Instrumentation and Electrical Budget (I&E)

The instrumentation and electrical (I&E) sub-department has a budgeted increase in expenditures of approximately \$140K or 19.3% from fiscal year 2018-2019 which is primarily attributed to increases in Salaries and Wages, Employee Benefits and Supplies, Repair & Maintenance.

Table 7: 2019-2020 I&E Budget

Description	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
Salaries & Wages	379,475	438,500	59,025	15.6%
Employee Benefits	195,403	225,000	29,597	15.1%
Vehicles	1,403	3,000	1,597	113.8%
Professional Memberships	1,412	2,000	588	41.6%
Office Expense	3,682	5,000	1,318	35.8%
Contractual Services	13,742	43,000	29,258	212.9%
Professional Services	NA	NA	NA	NA
Conferences & Training	200	6,000	5,800	2900.0%
Utilities	NA	NA	NA	NA
Supplies, Repair & Maintenance	125,004	136,500	11,497	9.2%
Total	720,320	859,000	138,680	19.3%

Warehouse Budget

The warehouse sub-department was part of the mechanical department in fiscal year 2018-2019 budget and therefore does not have a complete year of detailed historical data. With the fiscal year 2019-2020 budget and future budgets, the warehouse will be monitored and assessed as its own individual sub-department.

Table 8: 2019-2020 Warehouse Budget

Description	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
Salaries & Wages	NA	67,934	NA	NA
Employee Benefits	NA	28,427	NA	NA
Vehicles	NA	900	NA	NA
Professional Memberships	NA	200	NA	NA
Office Expense	NA	1,100	NA	NA
Contractual Services	NA	650	NA	NA
Professional Services	NA	NA	NA	NA
Conferences & Training	NA	1,000	NA	NA
Utilities	NA	NA	NA	NA
Supplies, Repair & Maintenance	NA	0	NA	NA
Total	NA	100,211	NA	NA

Engineering Budget

The engineering sub-department has a budgeted increase in expenditures of approximately \$0.9M or 136% from fiscal year 2018-2019 which is primarily attributed to increases in Contractual Services and Professional Services to include reallocations of costs previously allocated to different departments. The large expenditures within Contractual services are the GIS program and digital scanning of the Truckee River Interceptor. The large expenditure within Professional Services is the Master Sewer Plan.

Table 9: 2019-2020 Engineering Budget

Description	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
Salaries & Wages	444,899	475,000	30,101	6.8%
Employee Benefits	197,139	232,500	35,361	17.9%
Vehicles	381	2,500	2,119	556.9%
Professional Memberships	774	1,500	726	93.8%
Office Expense	10,020	10,500	480	4.8%
Contractual Services	2,287	243,000	240,713	10523.7%
Professional Services	26,420	650,000	623,580	2360.2%
Conferences & Training	4,151	7,000	2,849	68.6%
Utilities	1,092	1,000	(92)	(8.5%)
Supplies, Repair & Maintenance	60	1,500	1,440	2380.6%
Total	687,225	1,624,500	937,275	136.4%

Safety Budget

The safety sub-department has a budgeted increase in expenditures of approximately \$35K or 15% from fiscal year 2018-2019 which is primarily attributed to increases in Salaries and Wages, Employee Benefits and Supplies, Repair & Maintenance.

Table 10: 2019-2020 Safety Budget

Description	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
Salaries & Wages	107,972	117,000	9,028	8.4%
Employee Benefits	41,536	49,500	7,964	19.2%
Vehicles	NA	NA	NA	NA
Professional Memberships	569	1,000	431	75.7%
Office Expense	2,217	5,500	3,283	148.0%
Contractual Services	19,347	21,500	2,153	11.1%
Professional Services	NA	NA	NA	NA
Conferences & Training	18,163	22,500	4,337	23.9%
Utilities	NA	0	NA	NA
Supplies, Repair & Maintenance	51,958	60,500	8,542	16.4%
Total	241,762	277,500	35,738	14.8%

Information Technology (IT) Budget

The information technology (IT) budget department has a budgeted increase in expenditures of approximately \$0.2M or 41% from fiscal year 2018-2019 which is primarily attributed to increases in Salaries and Wages and Employee Benefits. It is anticipated that the department will hire an IT Specialist within the fiscal year.

Table 11: 2019-2020 IT Budget

Description	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
Salaries & Wages	249,415	360,000	110,585	44.3%
Employee Benefits	87,487	127,500	40,013	45.7%
Vehicles	744	2,000	1,256	168.7%
Professional Memberships	188	500	312	166.0%
Office Expense	52,511	71,500	18,989	36.2%
Contractual Services	404	500	96	23.6%
Professional Services	NA	NA	NA	NA
Conferences & Training	442	7,000	6,558	1482.4%
Utilities	644	1,000	356	55.2%
Supplies, Repair & Maintenance	43,279	45,000	1,721	4.0%
Total	435,116	615,000	179,884	41.3%

The department budgets have been cumulated to provide the fiscal year 2019-2020 Operation and Maintenance Fund budget. Table 12 identifies the combined budget category amounts for all departments and provides a summary comparison of the actual budget amounts from fiscal year 2018-2019, the budget amounts for fiscal year 2019-2020 and the difference between fiscal years in amounts and percentages.

The budgeted revenue is approximately \$125k or 1% greater than last fiscal year’s revenue. The expenditures exceed the fiscal year 2018-2019 budget by approximately \$2.3M or 23%. The overall net income is approximately \$0.5M. As indicated above, the major factors to the increase in fiscal year 2019-2020 are Salaries and Wages and Employee Benefits for all departments; Agency Permits and Licenses in Operations; and Contractual and Professional Services for Engineering.

The final Fund 01: 2019-2020 Operation and Maintenance Fund budget is shown in **Appendix B**

Table 12: 2019-2020 Operation and Maintenance Fund Budget

	FY 18/19 Actual (\$)	FY 19/20 Budget (\$)	FY 19/20 vs FY 18/19 (\$)	FY 19/20 vs FY 18/19 (%)
REVENUE				
Service Charges				
Income from Service Charges	12,630,188	12,754,000	123,812	1.0%
TOTAL REVENUE	12,630,188	12,754,000	123,812	1.0%
EXPENDITURE				
Salaries & Wages	4,274,307	4,790,000	515,693	12.1%
Employee Benefits	2,451,652	2,909,000	457,348	18.7%
Vehicle	58,029	71,000	12,971	22.4%
Professional Memberships	13,081	15,500	2,419	18.5%
Agency Permits & Licenses	0	176,000	176,000	NA
Office Expense	128,261	152,000	23,739	18.5%
Contractual Services	1,357,379	1,711,500	354,121	26.1%
Professional Services	26,420	650,000	623,580	2360.2%
Conferences and Training	28,465	62,500	34,035	119.6%
Utilities	945,544	953,000	7,456	0.8%
Supplies, Repairs and Maintenance	645,594	711,500	65,906	10.2%
TOTAL EXPENDITURE	9,928,733	12,202,000	2,273,267	22.9%
NET INCOME	2,701,455	552,000	(2,149,455)	(79.6%)

Fiscal Year 2018-2019 Capital Improvements Plans Review

The following descriptions and tables provide a review of fiscal year 2018-2019 capital improvements projects as identified in the 2018-2019 Wastewater Capital Reserve Fund (Fund 02) and the Replacement, Rehabilitation and Upgrade Fund (Fund 06) budgets. As previously stated, Fund 06 is subsidized by balance transfers from Funds 00 and 01, however, the fund is allocated for capital improvements. As Fund 04 and Fund 07 are not intended to supplement capital improvements, they did not accrue expenditures and only accrued revenue from interest activity. Fund 04 and Fund 07 financial activity is shown on Table 18.

Fund 02: Wastewater Capital Reserve Fund (WWCRF)

Table 13 provides a summary comparison of the adopted budget and the budget actuals at the end of the 2018-2019 fiscal year for the associated capital improvements. Actual expenditures for the fund were approximately \$1.5M less or 71% of budgeted expenditures as some of the projects were not completed.

Table 13: 2018-2019 Wastewater Capital Reserve Fund Review

DESCRIPTION	Approved Budget (\$)	Budget Actual (\$)	Budgeted vs Actual (%)
Barscreens, Washers, Compactors	1,500,000	0	0.0%
TRI Improvements *	1,375,000	1,351,948	98.3%
Operation and Maintenance Carts	25,000	0	0.0%
SUB TOTOAL	2,900,000	1,351,948	46.6%
Debt Payment of SRF Loan (73.2%)	2,377,168	2,377,168	100.0%
TOTAL	5,277,168	3,729,116	70.7%

Note: * Project Complete

Fund 06: Replacement, Rehabilitation and Upgrade Fund

Table 14 provides a summary comparison of the adopted budget and the budget actuals at the end of the 2018-2019 fiscal year for the associated capital improvements. Actual expenditures for the fund were approximately \$0.7M less or 82% of budgeted expenditures as some of the projects were not completed.

Table 14: 2018-2019 Replacement, Rehabilitation and Upgrade Fund Review

DESCRIPTION	Approved Budget (\$)	Budget Actual (\$)	Budgeted vs Actual (%)
Clarifier Coating Improvement *	375,000	189,473	50.5%
Lab Equipment Replacement *	50,000	35,561	71.1%
Admin. Office Improvement	125,000	34,673	27.7%
Accounting Software Upgrade	75,000	44,313	59.1%
Bldg. #27 Switchgear Improvement *	575,000	554,665	96.5%
EPDM Roof Replacement *	150,000	126,907	84.6%
Translucent Panel Rehabilitation	50,000	16,477	33.0%
RAS AFD Upgrades	30,000	15,291	51.0%
TRI Improvements *	1,375,000	1,331,128	96.8%
Portable PD Pump	75,000	0	0.0%
Centrifuge Rebuild	50,000	0	0.0%
Robicon Drive Upgrade	100,000	0	0.0%
Admin. MCC Panel Improvements	50,000	0	0.0%
Joerger Drive Reconstruction *	100,000	92,253	92.3%
SUB TOTOAL	3,180,000	2,440,741	76.8%
Debt Payment on SRF Loan (26.8%)	870,329	870,329	100.0%
TOTAL	4,050,329	3,311,070	81.7%

Note: * Project Complete

Fiscal Year 2019-2020 Capital Improvements Plans

Fund 02: Wastewater Capital Reserve Fund (WWCRF)

The projected connection fee revenue for fiscal year 2019-2020 is \$1.5M. Table 15 provides a breakdown of wastewater capital improvements funded by connection fees for projects to provide capacity to serve new development and to maintain a high level of sewer service for the benefit of such new development. Included in each fiscal year is payment on the SRF loan in the amount of approximately \$2.6M or 73% of the repayment obligation. The 5-year capital improvement plan total is approximately \$28.9M. Fiscal Year 2019-2020 WWCRF budget is approximately \$3.5M.

Table 15: Wastewater Capital Reserve Fund 5-Year Plan

Item	Description	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
1	Barscreens, Washers, Compactors	350,000	350,000	2,400,000		
2	Operation and Maintenance Carts	25,000		25,000		25,000
3	Equipment/Vehicle Warehouse		2,250,000			
4	Maintenance/IT Shop Improvements					750,000
5	Digester & Plant Heating Improvements			3,500,000		
6	BNR Improvements			1,750,000		
7	Portable Emergency Pump Systems	400,000				
8	Plant Air Compressor	25,000				
9	Flow Equalization Basin				4,000,000	
10	Security Improvements	50,000				
11	Utility/Snow Vehicle	50,000				
Subtotal		900,000	2,600,000	7,675,000	4,000,000	775,000
Debt Payment on SRF Loan (73.2%)		2,587,684	2,587,684	2,587,684	2,587,684	2,587,684
Total		3,487,684	5,187,684	10,262,684	6,587,684	3,362,684

The projects and descriptions for the WWCRF capital improvement projects are as follows:

1. Barscreens, Washers, Compactors: New barscreens, washers, compactors, headworks building modifications, flow diversion structures, bypass pumping, etc.
2. Operation and Maintenance Carts: Purchase of additional O&M carts.
3. Equipment/Vehicle Warehouse: Construction of new warehouse for storage of vehicles, heavy equipment, and various other items.
4. Maintenance/IT Shop Improvements: Relocation of mechanical and maintenance/I&E shops.
5. Digester & Plant Heating Improvements: Construction of new digester building to house new boilers, pumps, and other major mechanical equipment to support digestion, heating, and gas handling systems.
6. BNR Improvements: Modification of existing denitrification influent structures to reduce dissolved oxygen concentrations entering the denitrification cells.

7. Portable Emergency Pump Systems: Purchase of new trailer mounted bypass pumps for emergency bypass flow systems.
8. Plant Air Compressor: Purchase of new trailer mounted portable air compressor.
9. Flow Equalization Basin: Construction of a new raw influent flow equalization basin.
10. Security Improvements: Installation of new security cameras.
11. Utility/Snow Vehicle: Purchase of a new vehicle for safe and efficient collection of river and well samples.

Fund 06: Replacement, Rehabilitation and Upgrade Fund

Table 16 provides a breakdown of capital improvements funded by monies transferred from Funds 00 and 01 to fund capital improvements projects associated with the replacement, rehabilitation, and upgrade of existing treatment plant, maintenance, and operation and administrative equipment, and appurtenances, not involving treatment capacity expansion, but for improvement, reliability and upgrading of existing equipment. Included in each fiscal year is payment on the SRF loan in the amount of approximately \$0.9M or 27% of the repayment obligation. The 5-year capital improvement plan total is approximately \$14.9M. Fiscal Year 2019-2020 Replacement, Rehabilitation and Upgrade Fund budget is approximately \$2.3M.

Table 16: Replacement, Rehabilitation and Upgrade Fund 5-Year Plan

Item No.	Description	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
1	Plant Coating Improvements		450,000	460,000		
2	Lab Equipment Replacements	25,000	25,000	75,000	25,000	50,000
3	Admin. Office Improvement	66,000	250,000			
4	Accounting Software Upgrade	90,000				
5	EPDM Roof Replacement	420,000	50,000	50,000	500,000	50,000
6	Translucent Panel Rehabilitation					60,000
7	VFD Replacements	30,000		30,000		30,000
8	TRI Improvements				3,800,000	
9	Centrifuge Rebuild	50,000	50,000			
10	Robicon Drive Upgrade	35,000				
11	Lab Improvement		75,000			
12	Vehicle Replacement		30,000		30,000	
13	WWTP Pilot Study Rehabilitation		75,000			
14	Communications Network Replacement				200,000	
15	Facilities Security System	50,000	5,000			
16	Lime System Improvements			150,000		
17	Wasting Pumps Upgrade			350,000		
18	Plant Concrete Repair	450,000				400,000
19	Facility Asphalt Sealing			100,000		
20	Telephone Upgrade		30,000			
21	2 Water System Improvement				500,000	
22	2 Water Vault Improvement			100,000		
23	Secondary Clarifier Launder Covers		75,000			
24	Corten/Fascia Installation Project	150,000				
25	Chlorine Scrubber Replacement			1,000,000		

26	Odorous Air Expansion			50,000		
27	BNR Blower Replacement	25,000		25,000		25,000
Subtotal		1,391,000	1,115,000	2,390,000	5,055,000	615,000
Debt Payment on SRF Loan (26.8%)		870,329	870,329	870,329	870,329	870,329
Total		2,261,329	1,985,329	3,260,329	5,925,329	1,485,329

The projects and descriptions for the Replacement, Rehabilitation and Upgrade Fund capital improvement projects are as follows:

1. Plant Coating Improvements: New coating application on various equipment and facilities.
2. Lab Equipment Replacements: Replacement of various aged equipment (as needed).
3. Admin. Office Improvement: Remodeling of administration building front office.
4. Accounting Software Upgrade: Purchase and implementation of new accounting software.
5. EPDM Roof Replacement: Repair and replacement of various plant EPDM roofing systems.
6. Translucent Panel Rehabilitation: Refurbish existing Kalwall architectural panels.
7. VFD Replacements: Replacements of various variable frequency drives throughout plant.
8. TRI Improvements: CIPP lining of TRI between TRI Manhole Nos. 32 and 35.
9. Centrifuge Rebuild: Rebuild dewatering centrifuges.
10. Robicon Drive Upgrade: Replace VFD in BNR Influent Pump Station.
11. Lab Improvement: Remodeling of Agency labs.
12. Vehicle Replacement: Replacement of aged vehicles.
13. WWTP Pilot Study Rehabilitation: Rehabilitation of BNR pilot plant for testing of various operating strategies.
14. Communications Network Replacement: Replacement of aged network communications equipment and cabling.
15. Facilities Security System: Replace existing cameras and front gate.
16. Lime System Improvements: Replace conveyance system for hydrated lime.
17. Wasting Pumps Upgrade: Replace WAS pumps.
18. Plant Concrete Repair: Perform various concrete repairs throughout the plant.
19. Facility Asphalt Sealing: Reseal asphalt surfaces through the plant.
20. Telephone Upgrade: Replace existing aged PBX system and telephones.
21. 2 Water System Improvement: Upgrade reclaimed water storage, pumping, and distribution system.
22. 2 Water Vault Improvement: Construct new vault around existing buried isolation valves for improved access for maintenance and replacements.
23. Secondary Clarifier Launder Covers: New hinged covers over secondary clarifier launders to minimize algae.
24. Corten/Fascia Installation Project: New corten/fascia structures to reduce structural damage from roof runoff.
25. Chlorine Scrubber Replacement: Replace aged chlorine gas neutralizing scrubber.
26. Odorous Air Expansion: Expand odorous air collection system network.
27. BNR Blower Replacement: Replace BNR aeration blowers

Unfunded Accrued Liability

The Agency participates in the California Public Employees' Retirement System (CalPERS) which includes a plan for Classic and PEPRA (Public Employees' Pension Reform Act) employees. Based on the annual valuation reports prepared by CalPERS, the estimated unfunded accrued liability (UAL) for each plan for 06/30/19 are approximately \$16M for Classic Employees and \$27k for PEPRA Employees.

There is a cost benefit to the Agency to reduce the UAL amortization schedule from the current 30-year schedule to a 5-year schedule as it would provide a savings of approximately \$11M in accrued interest. Table 17 provides the anticipated payment schedule to reduce the UAL on the 5-year amortization schedule. Monies for payment for the UAL is provided by Fund 06 but distributed from Fund 00. It should be noted the UAL may vary as CalPERS performs future valuation reports.

Table 17: CalPERS UAL 5-Year Amortization Schedule

<u>Fiscal Year</u>	<u>Payment</u>
2019-2020	3,535,087
2020-2021	3,616,977
2021-2022	3,716,444
2022-2023	3,818,647
2023-2024	3,923,659

End of Fiscal Year Fund Balances

Table 18 lists the expected fund balances at the end of fiscal year 2019-2020. Each fund is shown with direct revenues (services charges and connection fees), interest revenue, budgeted expenditures and end of year balance. The total of all funds is approximately \$46.7M.

Table 18: 2019-2020 End of Year Fund Balances

<u>Description</u>	<u>Fund 00</u>	<u>Fund 01</u>	<u>Fund 02</u>	<u>Fund 04</u>	<u>Fund 06</u>	<u>Fund 07</u>
Beginning Balance	50,000	250,000	18,843,917	3,018,944	25,553,118	4,024,683
Direct Revenue	3,900,000	12,754,000	1,500,000	0	0	0
Interest Revenue	9,000	38,000	450,000	73,000	625,000	97,500
Expenditure	3,075,160	12,217,500	3,487,684	0	2,201,329	0
CalPERS UAL Payment	0	0	0	0	3,550,000	0
End of FY 19/20 Balance	883,840	824,500	17,306,233	3,091,944	20,426,789	4,122,183

Summary

The annual budget for fiscal year 2019-2020 provides detailed operating budgets and capital improvement plans for the Agency in order to meet the waste discharge requirements and provide a high level of service to its customers. The changes in budget formats provide detailed budget information for each of the Agency’s departments. As the budgets are regularly monitored and more data is collected, the Agency will be able to better determine department operating and maintenance costs and make financial decisions on its assets accordingly.

It is recommended the capital improvement projects be reevaluated for future budgets as the Master Sewer Plan is completed and the operation and maintenance budget be reformatted as more data is collected from the departments.

Appendix A

**Fiscal Year 2019-2020
Fund 00: Administrative Fund Budget**

	Budget (\$)
REVENUE	
Tax Revenue - Ad Valorem	3,900,000
TOTAL REVENUE	3,900,000
EXPENDITURE	
Salaries & Wages	1,040,000
Employee Benefits	753,450
Director Fees	7,000
Vehicle	1,950
CSRMA Insurance	175,000
Professional Memberships	27,710
Office Expense	132,850
Contractual Services	154,500
Professional Services	644,000
Conferences and Training	31,500
Uncollectible Accounts	2,000
Utilities	105,200
TOTAL EXPENDITURE	3,075,160
NET INCOME	824,840

Appendix B

Fiscal Year 2019-2020

Fund 01: Operation and Maintenance Fund Budget

	Budget (\$)
REVENUE	
Service Charges	
Income from Service Charges	12,754,000
TOTAL REVENUE	12,754,000
EXPENDITURE	
Salaries & Wages	4,790,000
Employee Benefits	2,909,000
Vehicle	71,000
Professional Memberships	15,500
Agency Permits & Licenses	176,000
Office Expense	152,000
Contractual Services	1,711,500
Professional Services	650,000
Conferences and Training	62,500
Utilities	953,000
Supplies, Repairs and Maintenance	711,500
TOTAL EXPENDITURE	12,202,000
NET INCOME	552,000