



**Tahoe-Truckee Sanitation Agency**

**Annual Budget**

**Fiscal Year 2018-2019**

Adopted June 13, 2018

**Tahoe-Truckee Sanitation Agency  
Annual Budget  
Fiscal Year 2018-2019**

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## Introduction

The annual budget is prepared to project revenues and expenditures that are anticipated for the daily operation of the Agency for fiscal year 2018-2019 commencing July 1, 2018 through June 30, 2019 and to plan for capital improvements over the next 5 fiscal years. The operating budget format for fiscal year 2018-2019 differs from previous years to provide a simpler distinction of expenditures between departments. The capital improvement plan format is similar to previous years.

The Agency maintains 5 funds; however, they are collectively utilized for (1) maintaining the daily operations of the Agency and (2) construction of capital improvement projects. Daily operations are administered through Funds 00 (Administrative Fund) and 01 (Operation and Maintenance Fund). All 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 Funds 02 (Wastewater Capital Reserve Fund), 04 (State Revolving Fund Wastewater Capital Reserve Fund) and 06 (Replacement, Rehabilitation and Upgrade Fund) depending on the project scope and fund allocation.

Due to the format change, it is difficult to directly correlate the operating budgets for fiscal year 2017-2018 with fiscal year 2018-2019. An appropriate correlation would be a comparison of the overall net income of the fiscal years. The annual budget will (1) provide fund descriptions, (2) review fiscal year 2017-2018 operating budgets (Funds 00 and 01), (3) provide 2018-2019 operating budgets (Funds 00 and 01), (4) provide 5-year capital improvement plans (Funds 02, 04 and 06), and (5) compare the overall net income of fiscal years 2017-2018 and 2018-2019 operating budgets.

## Fund Descriptions

The Agency maintains the following 5 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 operation, 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. Expenditures are used to fund capital facility projects required to be constructed to provide capacity to serve new development and to maintain a high level of sewer service for the benefit of such new development.

## 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 budgeted 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.

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 2017-2018 Operating Budgets Review

The following descriptions and tables provide a review of fiscal year 2017-2018 operating budgets which consists of Funds 00 and 01. It should be noted that Fund 06 is subsidized by balance transfers from Funds 00 and 01, however, the fund is allocated for capital improvements.

Projected actual amounts are projected values to the end of the fiscal year.

## Fund 00: Administrative Fund

The fund is summarized in Table 1 and provides a comparison of the adopted budget and the projected actual budget at end of fiscal year. Projected revenues exceed the adopted revenues by approximately \$1.1M. Adopted expenditures exceed projected expenditures by approximately \$0.2M. The net income of the fund is projected to be approximately \$1.4M.

Table 1: 2017-2018 Fund 00 - Administrative

	<b>Adopted Budget FY 17/18</b>	<b>Projected Actual FY 17/18</b>	<b>Adopted vs Projected <sup>(1)</sup> FY 17/18</b>
<b>REVENUE</b>			
Tax Revenue - Ad Valorem	\$1,700,000	\$2,800,000	(\$1,100,000)
<b>TOTAL REVENUE</b>	<b>\$1,700,000</b>	<b>\$2,800,000</b>	<b>(\$1,100,000)</b>
<b>EXPENDITURE</b>			
Salaries & Wages	\$500,000	\$450,000	\$50,000
Employee Benefits	\$354,000	\$325,000	\$29,000
Director Fees	\$12,000	\$5,500	\$6,500
Transportation Fuel	\$4,000	\$3,000	\$1,000
Insurances	\$110,000	\$85,000	\$25,000
Agency Memberships (CASA, CSDA, misc.)	\$25,000	\$25,000	\$0
Office Expenses	\$75,000	\$55,000	\$20,000
Permits, Licenses, Fees	\$150,000	\$140,000	\$10,000
Contractual Services	\$75,000	\$50,000	\$25,000
Professional Services	\$250,000	\$225,000	\$25,000
Printing & Publications	\$15,000	\$20,000	(\$5,000)
Rents and Leases	\$5,000	\$4,500	\$500
Equipment Repairs & Maintenance	\$1,000	\$0	\$1,000
Training	\$5,000	\$4,000	\$1,000
Uncollectible Accounts	\$5,000	\$7,500	(\$2,500)
Utilities	\$12,000	\$8,500	\$3,500
Equipment	\$7,000	\$1,000	\$6,000
<b>TOTAL EXPENDITURE</b>	<b>\$1,605,000</b>	<b>\$1,409,000</b>	<b>\$196,000</b>
<b>NET INCOME <sup>(2)</sup></b>	<b>\$95,000</b>	<b>\$1,391,000</b>	

Note: (1) Adopted Budget minus Projected Actual Budget

(2) Revenue minus Expenditure

## Fund 01: Operation and Maintenance Fund

The fund is summarized in Table 2 and provides a comparison of the adopted budget and the projected actual budget at end of fiscal year. Adopted revenues exceed the projected revenues by approximately \$0.1M. Adopted expenditures exceed projected expenditures by approximately \$2.5M. The net income of the fund is projected to be approximately \$2.3M.

Table 2: 2017-2018 Fund 01 - Operation and Maintenance

	<b>Adopted Budget FY 17/18</b>	<b>Projected Actual FY 17/18</b>	<b>Adopted vs Projected <sup>(1)</sup> FY 17/18</b>
<b>REVENUE</b>			
Service Charges			
Residential	\$9,700,000	\$9,700,000	\$0
Non-Residential	\$2,900,000	\$2,800,000	\$100,000
<b>TOTAL REVENUE</b>	<b>\$12,600,000</b>	<b>\$12,500,000</b>	<b>\$100,000</b>
<b>EXPENDITURE</b>			
Salaries & Wages	\$5,561,500	\$4,300,000	\$1,261,500
Employee Benefits	\$3,485,000	\$3,000,000	\$485,000
Transportation Fuel	\$15,000	\$17,500	(\$2,500)
Memberships & Certifications	\$14,500	\$12,500	\$2,000
Operating Supplies	\$1,295,000	\$950,000	\$345,000
Contractual Services	\$567,000	\$450,000	\$117,000
Rents and Leases	\$22,000	\$12,000	\$10,000
Repairs & Maintenance	\$261,000	\$225,000	\$36,000
Instrumentation & Electrical	\$75,000	\$90,000	(\$15,000)
Research & Monitoring	\$80,000	\$65,000	\$15,000
Training	\$46,000	\$40,000	\$6,000
Utilities	\$1,273,000	\$1,000,000	\$273,000
<b>TOTAL EXPENDITURE</b>	<b>\$12,695,000</b>	<b>\$10,162,000</b>	<b>\$2,533,000</b>
<b>NET INCOME <sup>(2)</sup></b>	<b>(\$95,000)</b>	<b>\$2,338,000</b>	

Note: (1) Adopted Budget minus Projected Actual Budget

(2) Revenue minus Expenditure

## Fiscal Year 2018-2019 Operating Budgets

### Fund 00: Administrative Fund

The fund has been restructured to include all administrative staff and simplify the categories for allocating expenditures. Estimated revenue is \$3.0M, expenditures are estimated at approximately \$2.2M, and the expected net income is approximately \$0.8M. Revenues are similar to the previous projected actual fiscal year amount. Expenditures have increased by approximately \$0.8M which is attributable to the reclassification of administration staff and other associated administrative costs. Table 3 provides the fund budget with a breakdown of the restructured expenditure allocations.

Table 3: 2018-2019 Fund 00 - Administrative

	<b>Budget FY 18/19</b>
<b>REVENUE</b>	
Tax Revenue	\$3,000,000
<b>TOTAL REVENUE</b>	<b>\$3,000,000</b>
<b>EXPENDITURE</b>	
Salaries & Wages	\$825,000
Employee Benefits	
<i>Retirement</i>	\$200,000
<i>Workers' Compensation</i>	\$15,000
<i>Medicare</i>	\$15,000
<i>State Disability Insurance</i>	\$6,000
<i>Life Insurance</i>	\$4,000
<i>Health Insurance</i>	\$190,000
<i>Dental Insurance</i>	\$20,000
<i>Navia HRA</i>	\$10,000
<i>OPEB</i>	\$0
<i>Vision Reimbursement</i>	\$5,000
Total	\$465,000
Director Fees	\$7,000
Vehicle	
<i>Fuel</i>	\$4,000
<i>Maintenance</i>	\$2,000
Total	\$6,000
CSRMA Insurance	\$90,000
Professional Memberships	
<i>Agency</i>	\$25,000
<i>Employee</i>	\$5,000
Total	\$30,000
Agency Permits and Licenses	\$150,000
Office Expense	
<i>Bank Fees</i>	\$15,000
<i>Supplies</i>	\$25,000
<i>Furniture</i>	\$4,000
<i>IT Hardware</i>	\$6,000
<i>Software</i>	\$5,000
<i>Advertising</i>	\$7,500
Total	\$62,500
Contractual Services	
<i>Invoice Processing</i>	\$70,000
<i>County Services</i>	\$60,000
<i>Janitorial</i>	\$28,000
<i>General Office</i>	\$10,000
Total	\$168,000

Professional Services	
<i>Legal</i>	\$200,000
<i>Accounting &amp; Billing Support</i>	\$20,000
<i>Auditor</i>	\$45,000
Total	\$265,000
Conferences and Training	\$15,000
Uncollectible Accounts	\$5,000
Utilities	
<i>Heating Fuel</i>	\$3,500
<i>Electricity</i>	\$90,000
<i>Water</i>	\$500
<i>Natural Gas</i>	\$5,000
<i>Telephone</i>	\$4,000
Total	\$103,000
<b>TOTAL EXPENDITURE</b>	<b>\$2,185,500</b>
<b>NET INCOME <sup>(1)</sup></b>	<b>\$814,500</b>

Note: (1) Revenue minus Expenditure

## Fund 01: Operation and Maintenance Fund

The fund has been amended to remove previously allocated administrative staff, include the transfer of previous capital improvement projects that did not exceed the \$25,000 criteria, and simplify the categories for expenditure allocation. Revenues are estimated at \$13.0M and expenditures at approximately \$10.5M which is approximately an increase of \$0.4M from the projected actual amount for the previous fiscal year. The expected net income is approximately \$2.5M. Table 4 provides the fund budget with a breakdown of the restructured expenditure allocations.

Table 4: 2018-2019 Fund 01 - Operation and Maintenance

	Budget FY 18/19
<b>REVENUE</b>	
Service Charges	
<i>Residential</i>	\$10,000,000
<i>Non-Residential</i>	\$3,000,000
<b>TOTAL REVENUE</b>	<b>\$13,000,000</b>
<b>EXPENDITURE</b>	
Salaries & Wages	
<i>Operations</i>	\$1,650,000
<i>Laboratory</i>	\$600,000
<i>Maintenance</i>	\$825,000
<i>Instr. &amp; Elect.</i>	\$400,000
<i>Engineering</i>	\$475,000
<i>Safety</i>	\$95,000
<i>IT</i>	\$250,000
Total	\$4,295,000

Employee Benefits	
<i>Retirement</i>	\$1,200,000
<i>Workers' Compensation</i>	\$55,000
<i>Medicare</i>	\$65,000
<i>State Disability Insurance</i>	\$40,000
<i>Life Insurance</i>	\$25,000
<i>Health Insurance</i>	\$1,300,000
<i>Dental Insurance</i>	\$70,000
<i>Navia HRA</i>	\$40,000
<i>OPEB</i>	\$0
<i>Vision Reimbursement</i>	\$20,000
Total	\$2,815,000
Vehicle	
<i>Fuel</i>	\$22,000
<i>Maintenance</i>	\$20,000
Total	\$42,000
Professional Memberships	\$15,000
Office Expense	
<i>Furniture</i>	\$6,000
<i>IT Hardware</i>	\$50,000
<i>Software</i>	\$30,000
<i>Advertising</i>	\$10,000
Total	\$96,000
Professional Services	
<i>Engineering Consultation</i>	\$100,000
Total	\$100,000
Conferences and Training	\$25,000
Utilities	
<i>Heating Fuel</i>	\$31,500
<i>Electricity</i>	\$810,000
<i>Water</i>	\$4,500
<i>Natural Gas</i>	\$45,000
<i>Telephone</i>	\$36,000
Total	\$927,000
Contractual Services	
<i>Operations</i>	\$1,250,000
<i>Laboratory</i>	\$55,000
<i>Maintenance</i>	\$75,000
<i>Instr. &amp; Elect.</i>	\$40,000
<i>Safety</i>	\$35,000
<i>IT</i>	\$50,000
<i>Engineering</i>	\$150,000
Total	\$1,655,000
Supplies, Repairs and Maintenance	
<i>Operations</i>	\$50,000
<i>Laboratory</i>	\$15,000
<i>Maintenance</i>	\$200,000

<i>Instr. &amp; Elect.</i>	\$130,000
<i>Safety</i>	\$75,000
<i>IT</i>	\$80,000
<hr/>	<hr/>
Total	\$550,000
<b>TOTAL EXPENDITURE</b>	<b>\$10,520,000</b>
<b>NET INCOME <sup>(1)</sup></b>	<b>\$2,480,000</b>

Note: (1) Revenue minus Expenditure

## Fiscal Year 2018-2019 Capital Improvement Plans

### Fund 02: Wastewater Capital Reserve Fund

The projected connection fee revenue for fiscal year 2018-2019 is \$1.2M. Table 5 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 \$2.4M or 73.2% of the repayment obligation. The 5-year capital improvement plan total is approximately \$28.8M.

*Table 5: Wastewater Capital Reserve Fund 5-year plan*

DESCRIPTION	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Equipment/Vehicle Warehouse					\$2,250,000
Digester & Plant Heating Improvements		\$3,500,000			
Barscreens, Washers, Compactors	\$1,500,000				
TRI Improvements <sup>(1)</sup>	\$1,375,000			\$2,250,000	
Operation and Maintenance Carts	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
BNR Improvements			\$1,750,000		
Emergency Bypass Pump		\$200,000			
Flow Equalization Basin					\$4,000,000
<b>SUB TOTAL</b>	<b>\$2,900,000</b>	<b>\$3,725,000</b>	<b>\$1,775,000</b>	<b>\$2,275,000</b>	<b>\$6,275,000</b>
DEBT PAYMENT ON SRF LOAN (73.2%)	\$2,377,168	\$2,377,168	\$2,377,168	\$2,377,168	\$2,377,168
<b>TOTAL</b>	<b>\$5,277,168</b>	<b>\$6,102,168</b>	<b>\$4,152,168</b>	<b>\$4,652,168</b>	<b>\$8,652,168</b>

Note: (1) Assumes 50% allocation

### Fund 04: State Revolving Fund Wastewater Capital Reserve Fund

This fund has the ability to fund capital improvement projects, however, the Agency does not intend to allocate any capital improvements to this fund. Therefore, there is no associated 5-year capital improvement plan. The fund will increase in accordance with interest earned in LAIF.

## Fund 06: Replacement, Rehabilitation and Upgrade Fund

Table 6 provides a breakdown of capital improvements funded by monies transferred from Funds 00 and 01 to fund capital facility 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 26.8% of the repayment obligation. The 5-year capital improvement plan total is approximately \$12.7M.

*Table 6: Replacement, Rehabilitation and Upgrade Fund 5-year plan*

DESCRIPTION	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Clarifier Coating Improvement	\$375,000	\$300,000			
Lab Equipment Replacement	\$50,000	\$35,000	\$25,000	\$25,000	
Lab Improvement			\$75,000		
Vehicle Replacement		\$30,000	\$30,000	\$30,000	\$30,000
Admin. Office Improvement	\$125,000	\$250,000			
WWTP Pilot Study Rehabilitation			\$75,000		
Communications Network Replacement					\$200,000
Accounting Software Upgrade	\$75,000				
Bldg. #27 Switchgear Improvement	\$575,000				
EPDM Roof Replacement	\$150,000	\$100,000	\$100,000		
Translucent Panel Rehabilitation	\$50,000		\$50,000		\$50,000
RAS AFD Upgrades	\$30,000				
TRI Improvements <sup>(1)</sup>	\$1,375,000			\$2,250,000	
Facilities Security System		\$25,000			
Lime System Improvements				\$150,000	
Portable PD Pump	\$75,000				
Wasting Pumps Upgrade		\$350,000			
Clino & AWT Improvements		\$125,000			
Ballast Pond Repair		\$150,000			
Centrifuge Rebuild	\$50,000	\$50,000			
Robicon Drive Upgrade	\$100,000				
Admin. MCC Panel Improvements	\$50,000				
Facility Asphalt Sealing			\$100,000		
Joerger Drive Reconstruction	\$100,000				
Telephone Upgrade			\$30,000		
2 Water System Improvement					\$500,000
2 Water Vault Improvement			\$50,000		
<b>SUB TOTOAL</b>	<b>\$3,180,000</b>	<b>\$1,415,000</b>	<b>\$535,000</b>	<b>\$2,455,000</b>	<b>\$780,000</b>
DEBT PAYMENT ON SRF LOAN (26.8%)	\$870,329	\$870,329	\$870,329	\$870,329	\$870,329
<b>TOTAL</b>	<b>\$4,050,329</b>	<b>\$2,285,329</b>	<b>\$1,405,329</b>	<b>\$3,325,329</b>	<b>\$1,650,329</b>

Note: (1) Assumes 50% allocation

## Net Income of Operating Budgets for Fiscal Years 2017-2018 and 2018-2019

A methodology to perform quality assurance when creating operating budgets for industries where processes are usually constant from year to year, similar to the Agency, is to compare budget values from previous years. Unfortunately, this methodology is not applicable to all categories of current Agency operating budgets as the expenditure categories have been amended, however, it is applicable to the overall net income total.

Table 7 provides an overall net income total comparison based on the net incomes of the operating budgets. There is an approximate \$0.4M difference in overall net income total between the projected actual budget of fiscal year 2017-2018 and budgeted fiscal year 2018-2019.

*Table 7: Overall Net Income Comparison*

	<b>Projected Actual FY 17/18</b>	<b>Budget FY 18/19</b>
Fund 0 Revenue	\$2,800,000	\$3,000,000
Fund 0 Expenditure	\$1,409,000	\$2,185,500
<b>Net Income Subtotal</b>	<b>\$1,391,000</b>	<b>\$814,500</b>
Fund 1 Revenue	\$12,500,000	\$13,000,000
Fund 1 Expenditure	\$10,162,000	\$10,520,000
<b>Net Income Subtotal</b>	<b>\$2,338,000</b>	<b>\$2,480,000</b>
<b>Net Income Total</b>	<b>\$3,729,000</b>	<b>\$3,294,500</b>

### Summary

The annual budget for fiscal year 2018-2019 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. There are changes in net income totals within the operating budgets due to changes in the budget structure, however, the overall net income totals are similar with a deviation of approximately \$0.4M or 11.6%. The capital improvement plans are planned for the next 5 years and are expected to improve service and supplement future capacity accordingly.

It is recommended the operating budgets and capital improvement plans be regularly monitored and future planning be performed to assist in assessing facility needs.