



ORO LOMA SANITARY DISTRICT

2655 GRANT AVENUE, SAN LORENZO, CA 94580



**OPERATING AND CAPITAL TWO-YEAR BUDGET
FOR FISCAL YEAR 2013-14 & FISCAL YEAR 2014-15**



ORO LOMA SANITARY DISTRICT

OPERATING & CAPITAL TWO-YEAR BUDGET

FOR

FY 2013 – 2014

FY 2014 – 2015

Board of Directors

Roland J. Dias, President
Laython N. Landis, Vice President
Timothy P. Becker, Secretary
Howard W. Kerr, Director
Frank V. Sidari, Director

General Manager / Treasurer

Jason J. Warner, P.E.

Finance Manager

Anna M. Wilewski-Turon

For copies of this Budget document, contact:

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TEN-YEAR STRATEGIC VISION & GOALS



ORO LOMA SANITARY DISTRICT

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May 7, 2013

Honorable Members of the Board of Directors
Oro Loma Sanitary District
2655 Grant Avenue
San Lorenzo, CA 94580

SUBJECT: TRANSMITTAL LETTER – TWO-YEAR BUDGET FOR FISCAL YEARS 2013-15

Gentlemen:

The Oro Loma Sanitary District mission statement, “To Provide the Best Possible Service at the Lowest Possible Cost,” means the District is committed to providing the best possible wastewater collection, pretreatment, and solid waste (garbage) and recycling services to the public. We adhere to the mission to protect the public health and environment. We recognize that those we serve inherently desire the best value for the services provided. In alignment, we seek to optimize operations and the allocation of resources to produce the greatest long-term value.

Over the past six months, the Board and staff collaborated to develop the District’s first “Ten-Year Strategic Plan,” which builds upon the mission by establishing a ten-year vision with strategic goals. The Strategic Plan is reflected in the budget in many ways. Key examples include funding for construction of two new digesters, the preparation of an asset management program, \$2M allocation per year for collection system renewal, exploration of alternatives to reduce contract flows to EBDA in advance of upcoming contract renegotiations, and investments in our remote lift station infrastructure. Additionally, within the existing staffing allocations, greater investments will be made in developing and implementing training systems to prepare our team to respond to all anticipated challenges.

With the District’s mission, vision, and goals in mind, we respectfully present Oro Loma Sanitary District’s Operating and Capital Two-Year Budget for FYs 2013-2015. This Budget covers the periods from July 1, 2013 to June 30, 2014 (Year 1); and July 1, 2014 to June 30, 2015 (Year 2). It is the financial plan for the coming years, and serves as a source of information about the District and the budgeted costs of services provided to its customers.

In developing this two-year budget, staff also considered the following objectives:

- ❖ Maintain a stable revenue basis sufficient to meet day-to-day and long-term operating and maintenance requirements, renewal and replacement and capital improvement schedules, and provide sufficient short and long-term financial reserves for operation and capital purposes.

- ❖ Provide safe and reliable infrastructure for another 100 years of service and beyond.
- ❖ Continue to rehabilitate, upgrade and modernize existing wastewater treatment plant facilities to enhance environmental quality, increase efficiency and productivity and generate future cost savings. In the Two-Year Budget, \$9.8M is allocated for treatment plant capital projects, from which almost \$8M is dedicated to the “Digester Facilities Improvement” project.
- ❖ Repair, replacement and improvement of the underground collection infrastructure and lift stations, at a cost of approximately \$4.6M over the next two years. The allocation provides funding to achieve the 10-year strategic goal of replacing 20 miles of collection system piping.
- ❖ Continue to minimize energy and chemical expenses through the use of existing cogeneration assets, grease receiving facility, expanded digestion capacity, conservation, and professional operational controls.

FISCAL POLICY

The District’s Board of Directors has a history of maintaining disciplined fiscal policy by closely monitoring operating expenses, capital spending, and by systematically building District reserve levels. The current two-year budget emphasizes long-range planning, budgeting for results, and the District’s continuing commitment to eliminate unnecessary costs. To maintain a balanced budget, the District has been consistently focused on business case logic as a test for expenses, while maintaining quality service.

- ❖ Compared to neighboring jurisdictions, Oro Loma customers have the lowest rates for sewer service charges in Alameda County, and the lowest known rate in the State of California. As of July 1, 2012, the annual residential sewer service rate (\$189) is 62% below the average (\$497) in Alameda County. According to the Board approved resolution, sewer service charges will increase 3% annually for the next three fiscal years.
- ❖ The solid waste (garbage) charges also remain among the lowest in Alameda County. According to a staff survey conducted in October 2012, the District's combined monthly garbage and recycling rate for the most commonly used 35-gallon container is \$19.67, which is 32% less than the average rate in the County (\$28.95). In addition, Oro Loma customers are entitled to two free bulky pickups per calendar year. Based on the long-term agreement with the collection service provider, Waste Management of Alameda County (WMAC), the District's “Contract Fees” were decreased from 10% to 5% to support smaller increases in garbage rates for our customers. Based on the contract, all solid waste fees will be adjusted every September 1 by a combination of factors as follows: [0.5 x April CPI-U for all urban consumer items in San Francisco-Oakland and San Jose, as published by the US Department of Labor, Bureau of Statistics] + [0.5 x the weighted average of Teamsters wage, benefits and pension contract increases for the following year]. It is estimated that the annual increase in garbage rates will be 3% annually, while recycling fees will remain unchanged.

- ❖ The District continues to maintain a “right-sized” workforce. Through attrition, the District’s total number of positions decreased from 61.5 in 1992 to 46 in 1998 through 2012. This head count has been stable for 15 consecutive years. The current budget provides for 45 full-time equivalents in the next two years. The reduction from 61.5 to 45 represents a cost savings of over \$1.5M per year in salary and benefits. Moreover, the District typically operates with fewer positions than allocated. Current staff members assume broader responsibilities, while receiving competitive compensation and benefit packages.

The current bargaining agreements with the District’s labor groups, signed on March 1, 2011 and expiring on June 30, 2016, provide for annual salary adjustments based on the actual Consumer Price Index Wage Earners (CPI-W) for San Francisco-Oakland Bay Area for the period of April to April of the preceding year, at a minimum increase of 1% and a maximum increase of 5%. Budgeted assumptions for salary increases are 3% annually.

- ❖ Over the past three years, the District progressed toward self-sustainability in its energy needs. The District negotiated an agreement for a 468 kW solar array, designed and constructed a grease receiving facility, and, through conservation efforts, reduced its total energy demand by 17%. These efforts have reduced our electrical energy use bill to zero and led to a 75% reduction in natural gas expenses.
- ❖ The District is completely debt free. In September 2009, the District exercised a redemption option and paid off all its outstanding obligations of the Sewer Revenue Refunding Bonds Series 2003.
- ❖ The District focuses on common sense solutions and present worth analysis for capital spending, making aggressive use of in-house engineering design and construction management expertise. The biggest capital projects in the two year budget horizon include the construction of two, 1-million gallon digesters and the replacement of four miles of sewer pipe.

OPERATING BUDGET REVENUES

Operating Budget revenues for 2013-14 (Year 1) are \$18.4M, which is \$854,500 (4.4%) less than the budgeted amount of \$19.2M for FY 2012-13. This is due to various projected increases and decreases in major revenue sources, including planned increases in “Sewer Service Charges” of \$342,900 (3%) due to estimated inflation; and decreases of \$668,800 (45.5%) in Solid Waste, and \$225,000 (7.7%) in Recycling charges. The combined loss of income, approximately \$900,000 annually, is attributed to the 2012 long-term agreement with WMAC, which reduced “Contract Fees” from 10% to 5% (net decrease of approximately \$500,000/year) and eliminated the provision for Personal License Fees (net decrease of \$316,000 annually) associated with the District’s discontinued practice of purchasing garbage trucks and leasing them to WMAC.

Interest rates are at historic lows. At the time of this budget preparation, the two-year Treasury Notes yield was 0.25%, compared to 0.75% in March 2011 and 2.875% in May 2008. Budgeted “Interest Income” revenues were calculated at a 0.4% annual return on available reserves. Due to substantial drops in interest rates over the last two years, a decrease of \$191,700 (62.5%) is noted in that account

over the prior year. “Other/Miscellaneous Revenues” decreased \$68,000 (5.7%), where a majority of the loss is attributed to the discontinuation of grant programs historically offered by StopWaste.

The revenues for FY 2014-15 (Year 2) are budgeted at \$18.8M, an increase of \$444,500 (2.4%) over Year 1, due to the provision for inflationary rate adjustments.

OPERATING BUDGET EXPENSES

In alignment with the District’s philosophy to provide the best long-term value to those we serve, the projected expenses in the Operating Budget for the next two fiscal years are \$20.8 M (Year 1), \$128,300 (0.6%) less than FY 2012-13; and \$21.7 M (Year 2), \$907,900 (4.4%) more than FY 2013-14.

From those amounts in the Operating Budget Expenses:

- ❖ 54.9% in Year 1 and 55.6% in Year 2 are appropriated for expenses relating to the day-to-day operation and maintenance of sewer facilities.
- ❖ 10.7% in Year 1 and 11.1% in Year 2 are appropriated for expenses relating to major repair and maintenance of sewer facilities.
- ❖ 1.9% in Year 1 and 1.9% in Year 2 are appropriated for expenses relating to administration of solid waste services.
- ❖ 13.7% in Year 1 and 13.4% in Year 2 are appropriated for expenses relating to recycling services and associated administration.
- ❖ 1.8% in Year 1 and 1.8% in Year 2 are appropriated for unforeseen contingency and miscellaneous expenses.
- ❖ The remaining 16.9% in Year 1 and 16.2% in Year 2 are dedicated to depreciation expenses in District and EBDA Facilities.

CAPITAL BUDGET - CAPITAL IMPROVEMENT PROGRAM (CIP)

The District’s capital budget applies only to Sewer Services. It is accounted in the cost center known as Capital Improvement Program (CIP). The two-year capital budget is part of the District’s Ten-Year Capital Plan, which details planned projects by cost and implementation year. During each budget cycle, the planned projects for the next two years are moved into the budget, and the Board appropriates funds for their implementation.

In past years, a major source of revenues was “Contributions-Connection Fees.” Historically, the District collected between \$1.3 M to \$0.7 M in developer fees each year to ‘buy in’ to the existing collection and treatment systems. Due to a significant decline in new development, the District experienced a substantial decrease in connection fees. Based on actual contributions received over the last two years, the estimate for the next two years is \$100,000 annually.

“Capital Repayment – CVSD” represents Castro Valley Sanitary District (CVSD) payments for its share of the cost of capital assets which benefit the treatment plant. As mentioned before, a major treatment plant construction project, “Digester Facilities Improvement,” will take place in FY 2013-14. The Digester Facilities Improvement Project accounts for the large fluctuation in CVSD repayments from year to year - \$2,153,600 (Year 1) compared to \$294,900 (Year 2).

Capital requirements of \$14.4M over the next two years will exceed budgeted revenues, contributions and repayment of \$2.6M by \$11.8M. The shortfall will be funded from available reserves.

OUTLOOK

We present this Two-Year Budget in challenging times. The problems with the economy are broad-based, including continuing unemployment, tight credit markets, low interest income on savings, and depressed housing prices compared to 2006 highs. The Federal Government has taken steps to ease the current economic situation, including multiple rounds of stimulus funding and quantitative easing. It remains uncertain whether these remedies will work as intended, for how long, and with what long-term consequences. What is certain is that the next two fiscal years will continue to be a challenging period.

The past policies and practices of the Board of Directors have positioned the District well to respond to the times and continue to meet the funding needs of the business. Over the next two years, a significant portion of the District's reserves will be allocated to capital requirements. After the two year period, the Board will examine cash flow projections to find the proper balance between future revenues and planned expenses.

In summary, even with the anticipated decline in reserves, the District will maintain its strong financial condition with great prospects for the future. The Board of Directors and staff will unceasingly and collectively work in the best interest of our customers. Customers will continue to enjoy excellent sewer, garbage and recycling services, with rates that are the lowest, or among the lowest, in Alameda County – depending upon the type of service. Our results and practices truly reflect the District's mission: "To Provide the Best Possible Service at the Lowest Possible Cost."

Sincerely,



Jason Warner
General Manager / Treasurer



Anna Wilewski-Turon
Finance Manager

ACKNOWLEDGEMENTS

Developing a two-year budget requires a great deal of work and dedication from many employees in the District. The following individuals are hereby recognized for their efforts and contributions to the budget process and final document. They provided assistance in a variety of ways, which enabled the timely completion of this document. Their actions demonstrated a spirit of cooperation and teamwork that has come to be a part of the Oro Loma way.

Budget Management

Jason Warner, General Manager/Treasurer

Budget Projections

William Halsted, District Engineer

Lenny Rather, Supervisor of Field Maintenance

Andreea Simion, Administrative Service Manager

Manuel Talledo-Garcia, Supervisor of Plant Operations

Scott von der Lieth, Supervisor of Plant Maintenance

Anna Wilewski-Turon, Finance Manager

Paul Zolfarelli, Director of Water Quality Services

Graphics & Pictures

Pearl Gonzalez, Office Assistant

Lacey Jiles, Office Assistant

Budget Text, Financial Data, & Budget Coordination

Anna Wilewski-Turon, Finance Manager

Arlene Wong, Accountant

Proofreading

Sally Green, District Secretary

Andreea Simion, Administrative Services Manager

Also, special thanks to the members of the District's Finance & Insurance Committee, Chairman Roland Dias and Director Timothy Becker, for their consistent direction and support of staff's efforts to reach the goals set by the District's Board of Directors.

BUDGET OVERVIEW



Barscreens

Resolution No. 3575

**A RESOLUTION APPROVING THE OPERATING AND CAPITAL
TWO-YEAR BUDGET FOR FISCAL YEARS 2013-2014 AND 2014-2015
FOR ORO LOMA SANITARY DISTRICT**

RESOLVED, by the Sanitary Board of Oro Loma Sanitary District, Alameda County, California, that

Members of the Board have been provided copies of the District's proposed two-year budget for fiscal years 2013-14 and 2014-15; and

The District's Finance & Insurance Committee has reviewed the proposed budget and recommended it be adopted; and

The Board reviewed the proposed budget at a special work session on May 1, 2013; and

The Board has determined that, with necessary Board action, there will be sufficient District revenues and financial reserves to meet the District's financial obligations over the next two fiscal years.

NOW, THEREFORE, BE IT RESOLVED that the Sanitary Board does hereby adopt the budget for fiscal years 2013-2014 and 2014-2015.

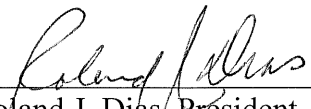
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I certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted by the Sanitary Board of Oro Loma Sanitary District, Alameda County, California, at a meeting thereof held on the 7th day of May 2013, by the following vote of the members thereof:

AYES, Members: Becker, Dias, Kerr, Landis, Sidari

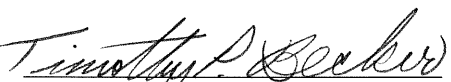
NOES, Members:

ABSENT, Members:



Roland J. Dias, President

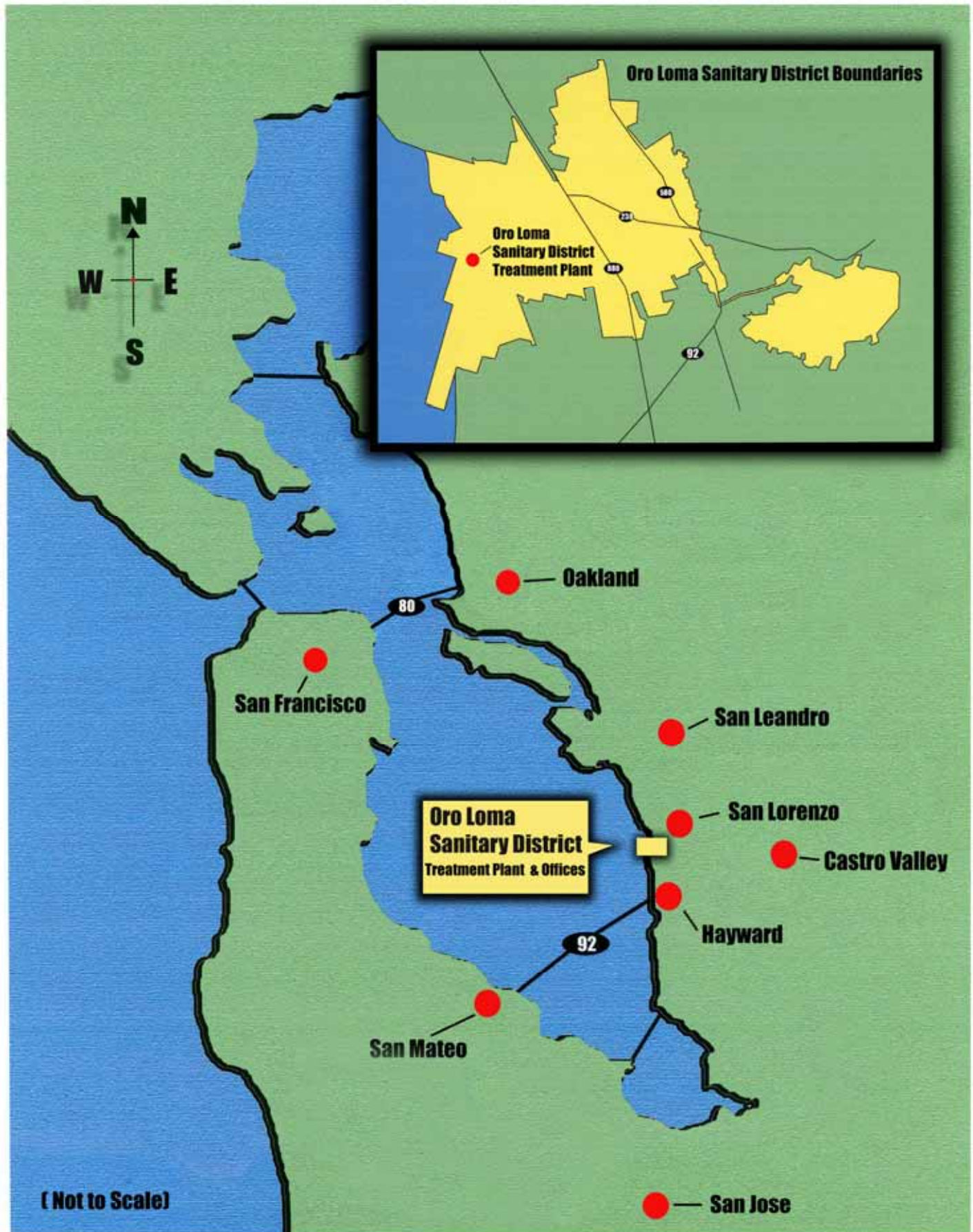
Countersigned:



Timothy P. Becker, Secretary

Oro Loma Sanitary District

Geographical Location & Boundaries



DISTRICT OVERVIEW

Oro Loma Sanitary District (OLSD) was formed in 1911. The District's enabling legislation is the Sanitary Act of 1923 of the State Health & Safety Code, which empowers the District to provide sewer, solid waste, and recycling services as a special district of local government.

District Boundaries (Service Area)

The District encompasses 13 square miles, serving the communities of unincorporated Alameda County, to include San Lorenzo, Ashland, Cherryland, Fairview, portions of Castro Valley, and designated areas of the Cities of Hayward and San Leandro. Oro Loma's service area is located about 13 miles south of Oakland and 30 miles north of San Jose, within Alameda County, on the eastern shore of the San Francisco Bay.

Population Served

135,700 (based on 46,000 households x average of 2.95 persons per household)

Customer Base

The District serves approximately 47,000 customers residing within the District's boundaries. They are comprised of 29,742 single-family dwellings, 14,849 apartment units, 1,261 mobile homes, 1,140 commercial and light industrial customers, and three significant industrial users. In addition, under long-term written agreements, the District provides treatment services to approximately 21,400 customers connected to the District's gravity sewer system because of the area topography. From that amount, 20,400 customers belong to Castro Valley Sanitary District and 1,000 to other jurisdictions adjacent to our boundaries.

Services Provided

Sewer Services

• Sewage Collection

The District collects sewage from approximately 46,000 households and 1,000 businesses.

• Miles of Sewer

There are approximately 273 miles of sewer lines located in the District, maintained by the District.

• Lift Stations

The District has 14 lift stations, which help sewage flow through pipelines to the treatment plant.

• Sewage Treatment and Disposal

The District's treatment plant is jointly owned by Oro Loma Sanitary District (75%) and Castro Valley Sanitary District (25%). It has a permitted capacity of 20 million gallons per day, and treats an average daily dry weather flow of 12.2 million gallons per day. The District treats the wastewater to a secondary level through physical, biological, and chemical processes. The treated water, called effluent, is safely disposed of through a collectively-owned discharge pipe into the deep waters of San Francisco Bay. The plant produces approximately 11 dry tons of biosolids per day. These biosolids are disposed of annually and used as alternative daily cover at the Altamont Landfill.

• Reuse of Treated Wastewater

An annual total of 60 million gallons of treated effluent is re-used for irrigation on the Skywest Golf Course, saving freshwater supplies for residents and businesses.

Solid Waste Services

The District oversees scheduled refuse collection services provided by a private collection company (Waste Management of Alameda County) for more than 47,000 residential and commercial customers.

Recycling Services

The District provides residential and commercial recycling and green waste programs for the entire District, which includes the unincorporated areas of Alameda County and 40% of the City of San Leandro. These programs are intended to reduce solid waste in accordance with the California Integrated Waste Management Act of 1989 and Alameda County Measure D.

Budgeted Employees

FY 2012-13: 44

FY 2013-14: 45

FY 2014-15: 45

DISTRICT RATES

	Customer Type	FY 2012-13	FY 2013-14	FY 2014-15
Sewage Service Rates: Ordinance No. 37 and Resolution No. 3536, dated June 7, 2011	Residential Unit—rate per dwelling per year			
	• Single-family dwellings	\$189.00	\$195.00	\$200.00
	• Multiple-family dwellings	\$189.00	\$195.00	\$200.00
	• Mobile homes	\$153.00	\$158.00	\$163.00
	Commercial Units—rate per 100 cubic feet (cf) of water used	\$2.786	\$2.870	\$2.956
	Significant Industrial Users—rates are based on actual flow and loadings per unit cost:			
	• Flow, per 100 cf water	\$1.825	\$1.879	\$1.936
	• BOD, per pound	\$0.355	\$0.366	\$0.377
	• SS, per pound	\$0.406	\$0.419	\$0.431
	On average, 150 permits per fiscal year are issued involving sewer connections, disconnections, repairs and inspection.			
Sewer Connection Fees: Ordinance No. 35-14	Approximately 15 new units per year are expected to be added to the sewer system, generating connection fee revenue.			
	Residential Units	\$6,555.00	\$6,555.00	\$6,555.00
	Nonresidential Units			
	• Flow, per gallon per day	\$28.29	\$28.29	\$28.29
	• BOD, per pound per day	\$1,301.51	\$1,301.51	\$1,301.51
	• SS, per pound per day	\$1,262.07	\$1,262.07	\$1,262.07
Garbage Rates: Ordinance No. 34-34 <i>(Rates are subject to annual increase per Agreement with Waste Management)</i>	Residential Units:	Effective 9/1/12	Effective 9/1/13, 9/1/14, 9/1/15	
	Unincorporated & Hayward		Rates are subject to annual increase per Agreement with Waste Management by combination factors of: 50% April CPI-U and 50% weighted average of Teamster wage, benefits and pension contract increases.	
	• 20-gallon cart per month	\$ 7.56		
	• 35-gallon cart per month	\$15.07		
	• 64-gallon cart per month	\$30.18		
	• 96-gallon cart per month	\$45.25		
	San Leandro			
	• 20-gallon cart per month	\$ 8.72		
	• 35-gallon cart per month	\$17.48		
	• 64-gallon cart per month	\$34.91		
	• 96-gallon cart per month	\$52.39		
Recycling & Green Waste Rates: Ordinance No. 34-37	Single-family dwellings	\$55.20	\$55.20	\$55.20
	Mobile home/Multi-family	\$51.84	\$51.84	\$51.84
	Commercial Units per cubic yd.			
	• Unincorporated & Hayward	\$ 9.79	\$ 9.79	\$ 9.79
	• San Leandro	\$10.28	\$10.28	\$ 10.28

Adopted Budget	FY 2012-13: \$28,178,050	FY 2013-14: \$31,899,900	FY 2014-15: \$25,022,800
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GOVERNING BODY / BOARD OF DIRECTORS

The District is governed by a five-member Board of Directors, elected in the County's general election, for alternating four-year terms. The election is at large and non-partisan. Directors must reside within the District's boundaries.



Roland J. Dias, President

Term Expires 2016

Chairperson of Finance & Insurance Committee, member of Construction Committee, and representative on EBDA Commission

Mr. Dias is a retired Pacific Bell and AT&T executive who has extensive experience in fiscal budgeting and financial controls. He joined the Board of Directors in 1992.



Laython N. Landis, Vice President

Term Expires 2016

Chairperson of Construction Committee, member of Solid Waste Committee, and representative to ACWMA

Mr. Landis is a retired Pacific Bell executive and has served on the Board of Directors for most of the last 42 years, rejoining the Board in 1992.



Timothy P. Becker, Secretary

Term Expires 2014

Chairperson of Personnel/Safety/Public Information Committee, member of Finance & Insurance Committee, and alternate to ACWMA and alternate on EBDA commission

Mr. Becker has over 25 years of experience in the environmental services industry, and has been managing his own consulting business for almost a decade. He has been a member of the Board of Directors since 2007.



Howard W. Kerr, Director

Term Expires 2014

Chairperson of Solid Waste Committee, member of Operations Committee, alternate Representative to ACSDA

Mr. Kerr is a retired Health Inspector for the City of Oakland, and is a registered environmental health specialist in the State of California. He has been on the Board of Directors since 1986.



Frank V. Sidari, Director

Term Expires 2014

Chairperson of Operations Committee, member of Personnel/Safety/Public Information Committee, and representative to ACSDA

Mr. Sidari is retired and a former partner/owner of the Alameda Disposal Company. Mr. Sidari has been on the Board of Directors since 1994.

The Directors invite the public to attend Board meetings and Board Committee meetings. Board meetings are held on the first and third Tuesday of each month at 3:00 p.m. in the District Administration Building. Board Committee meetings are held at various times. A listing of dates and times are available on the District's website at www.oroloma.org.

TEN-YEAR VISION AND STRATEGIC GOALS

The Board of Directors makes all policy determinations through the enactment of ordinances and resolutions, and has final authority in the implementation of these policies. The Board determines how the District will obtain and spend funds, and reviews and approves the District's Operating and Capital Budget. The Board also appoints the General Manager and Legal Counsel, as well as the members of the District's five standing committees. As a part of its policy foundation, the Board and staff collaborated to establish the following Ten-Year Vision for the District.

Ten-Year Vision of Oro Loma Sanitary District

Safety is paramount. We will maintain a safety program, safety culture, safe work habits and safe work record to reflect our practice of proactive risk identification and mitigation, and commitment to safely completing our work.

Our staff remains our key asset. Despite anticipated attrition, we will practice deliberate knowledge transfer, keep the selection of extraordinary team players as our norm, foster an environment to promote professional development, and offer an appropriate compensation package.

Shaping and responding to new regulation gives us a competitive advantage. We will perform sound planning, engage with the regulatory community, and innovate as we select on optimal response to significant emerging regulations.

Not all new technologies are worth our investment. We will scrutinize available technologies and implement only those that increase our standard for operational resiliency while meeting our high standards for investment of public funds.

Measured risk taking is a part of sound management. We will continue to take prudent business risks that improve the District's ability to respond to future challenges while maintaining our fiscal strength.

The public expects us to manage with the long term in mind. We will maintain a comprehensive understanding of our service and infrastructure needs and provide proper funding to manage their ongoing renewal.

Proactive communication is essential to providing the best service. We will identify issues of public concern and communicate our approach to addressing these issues well in advance of any requirement for significant immediate action.

Excellence over average performance. We will set the standard for operational resiliency, regulatory compliance, and cost efficient operations among sanitary agencies in the State.

The Board adopted Ten-Year Strategic Goals for its Operational and Infrastructure activities. The Operational Goals are listed in each "Department Overview" section. The Infrastructure Goals are listed in the Capital Improvement Program (CIP) section, and the entire Strategic Planning Document is included as an appendix to this budget document.

MANAGEMENT TEAM

OFFICIALS



Jason J. Warner, P.E., General Manager/Treasurer (from 2008)

Directs, manages, and coordinates District activities in accordance with Board policies. Manages the daily activities of the District and keeps the Board informed on projects and programs to facilitate good decision making. As Treasurer of the District, the General Manager also oversees the District=s financial operations and risk management.

DEPARTMENTAL MANAGEMENT

ADMINISTRATION



Anna Wilewski-Turon, Finance Manager (from 1986 to 2013)

Manages the District=s financial control system, including budget preparation, investments, payroll, customer billings, payments, internal audits, and debt services, ensuring that the District is meeting all its fiduciary responsibilities.



Andreea Simion, IPMA-CP, Administrative Services Manager (from 2003)

Manages human resources functions, administrative support services, and public information programs. Oversees the preparation of agendas and minutes for the Board and various committee meetings, and manages the solid waste, recycling, safety, and training programs.

COLLECTIONS



Lenny A. Rather, Supervisor of Field Maintenance (from 1997)

Supervises the maintenance of the collections system and pump stations, and coordinates 24-hour emergency response. Ensures that the District provides exemplary customer service.

ENGINEERING



William D. Halsted, P.E., District Engineer (from 2009)

Directs and manages the Engineering Department. Administers capital and renewal and replacement programs. Oversees the issuance of permits for construction repairs and annexations, and reviews plans and specifications.

TREATMENT PLANT



Paul J. Zolfarelli, Director of Water Quality Services (from 2006)

Directs the Operations and Maintenance of the District's wastewater plant. Ensures that wastewater treatment regulations are met and laboratory functions are performed. Oversees the District's pretreatment programs.



Manuel Talledo-Garcia, Supervisor of Plant Operations (from 2012)

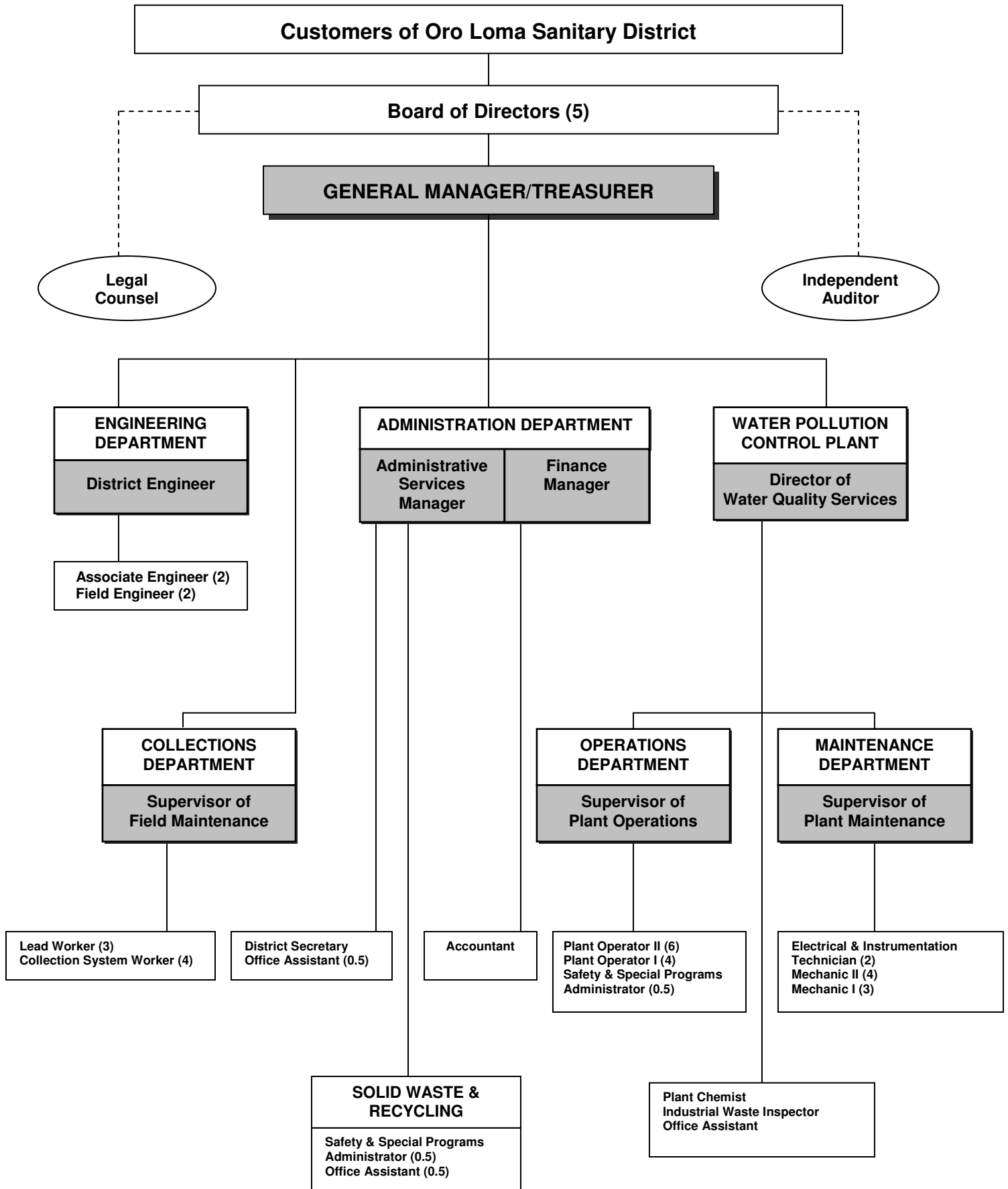
Supervises the continuous operations of the water pollution control plant and water reclamation facilities. Oversees day-to-day sludge processing operations.



Scott Von der Lieth, Supervisor of Plant Maintenance (from 2011)

Supervises equipment maintenance and provides support for operations, collections, and remote site pump stations.

DISTRICT ORGANIZATIONAL CHART



AUTHORIZED POSITIONS & STAFFING TRENDS BY DEPARTMENT

* Management Staff

DEPARTMENT & POSITION TITLE				2010-11	2011-12	2012-13	YEAR 1 2013-14	YEAR 2 2014-15
DEP. #								
(1) COLLECTIONS								
* Supervisor of Field Maintenance				1	1	1	1	1
Lead Worker				3	3	3	3	3
Collection System Worker				3	3	3	3	3
Collection System Trainee				1	1	1	1	1
				8	8	8	8	8
(2) OPERATIONS								
* Director of Water Quality Services				1	1	1	1	1
* Supervisor of Plant Operations				1	1	1	1	1
Plant Chemist				1	1	1	1	1
Plant Operator II				6	6	6	6	6
Plant Operator I				4	4	4	4	4
Industrial Waste Inspector				1	1	1	1	1
Safety & Special Programs Administrator				0.5	0.5	0.5	0.5	0.5
Office Assistant				1	1	1	1	1
				15.5	15.5	15.5	15.5	15.5
(3) MAINTENANCE								
* Supervisor of Plant Maintenance				1	1	1	1	1
Electrical & Instrumentation Technician				2	2	2	2	2
Mechanic II				4	4	4	4	4
Mechanic I				2	2	3	3	3
Utility Worker Trainee				1	1	0	0	0
				10	10	10	10	10
(4) ENGINEERING								
* District Engineer				1	1	1	1	1
Senior Project Engineer				1	0	0	0	1
Associate Engineer				1	0	1	2	1
Assistant Engineer				1	1	0	0	0
Field Engineer				1	2	2	2	2
Engineering Technician				1	0	0	0	0
				6	4	4	5	5
(5) ADMINISTRATION								
* General Manager/Treasurer				1	1	1	1	1
* Administrative Services Manager				1	1	1	1	1
* Finance Manager				1	1	1	1	1
Accountant				1	1	1	1	1
District Secretary				1	1	1	1	1
Office Assistant				0.5	0.5	0.5	0.5	0.5
				5.5	5.5	5.5	5.5	5.5
(7) SOLID WASTE & (8 & 9) RECYCLING								
Safety & Special Program Administrator				0.5	0.5	0.5	0.5	0.5
Office Assistant				0.5	0.5	0.5	0.5	0.5
				1	1	1	1	1
Total Personnel				46	44	44	45	45
Reduction from Prior Year				BASE	-4%	0%	2%	
Reduction from Base Year (FY 1991-92: 61.5 positions)				-25%	-28%	-28%	-27%	

POLICIES, SYSTEMS AND PROCESSES

Oro Loma Sanitary District (the District) is not required by statute to adopt a budget. Nonetheless, in its commitment to maintain fiscal responsibility, the District adopts a two-year budget prior to June 30th of every other year. The budget document outlines the major elements of forthcoming operating and capital plans for each District activity.

The District views its budget process as an ongoing, dynamic, and fiscally responsible activity involving its customers (the ratepayers), its Board of Directors (Board), the General Manager, and the District staff.

FISCAL POLICIES

The District has important responsibilities to its customers – to carefully account for public funds, manage financial resources wisely and prudently, and plan for the adequate funding of the services provided, including adoption of provisions for renewal, replacement and long-term capital improvement.

The following Fiscal and Budgetary Policy Statements are designed to establish guidelines for the fiscal stability of the District. The guiding values of the District's financial management include integrity, prudent stewardship, planning, and full disclosure.

The scope of these policies includes the preparation of the operating and capital budgets, accounting, auditing, financial reporting, cash and investment management, revenue management and monitoring, expenses, capital outlays and debt management control and monitoring, capital and other asset management. The purpose of these policies is to:

- Demonstrate to the District's customers, the investment community, and, if necessary, the bond rating agencies that the District is committed to a strong fiscal operation.
- Present fairly and with full disclosure the financial position and results of the District's financial operation, in conformity with Governmental Accounting Standard Board (GASB) pronouncements in accounting and reporting for proprietary operations; Financial Accounting Standard Board (FASB); Statements and Interpretation, Accounting Principles (APB) Opinions; Accounting Research Bulletins (ARB) Committee on Accounting Procedures.
- Determine and demonstrate compliance with finance-related legal and contractual issues, in accordance with the provision of the California State Health and Safety Code and other pertinent legal documents and mandates, as applicable to sanitary operations.

FISCAL POLICY CONTENT

- **Planning**
Each year, District staff updates a Five-Year Cash Flow Forecast. The forecast includes estimated operating costs of day-to-day operations (O&M), major repairs (R&R), purchase of new capital assets, and improvement and rehabilitation of existing capital assets (CIP), solid waste and recycling services.

- **Renewal and Replacement (R&R) and Capital Improvement Program (CIP) Policies**

The District develops a ten-year (multi-year) plan (Plan) for R&R and CIP cost centers. The R&R component of the plan identifies major repair and maintenance tasks and the CIP component includes all requirements for the capital projects and purchases of capital assets. The Plan is updated annually. The District is enacting its Two-Year Budget based on this Plan. Staff identifies the estimated costs and potential funding sources for each major repair or capital project proposal before it is submitted to the Board for approval.

- **Balanced Budget**

The District strives to pay for all current operating expenses with current revenues. However, given the District's strong reserves, the proposed budget includes the use of available reserves to fund the balance of projected expenses above revenues. The proposed budget anticipates using approximately \$10M of District reserves during this Two-Year Budget period, excluding depreciation and decrease in EBDA equity.

- **Interim and Annual Financial Reporting**

The Board is provided with monthly interim budget reports, comparing actual versus budgetary revenues and expense activities, according to all rules and regulations of standard accounting practices. Annually, the District's books and records are audited by an independent auditor, and a Comprehensive Annual Financial Report (CAFR) is published. For 17 consecutive years, the District's CAFR was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officer Association of the United State and Canada (GFOA).

- **Debt Management Policies**

On September 21, 2009 the District paid off the outstanding principal balance of its Sewer Revenue Refunding Bonds Series 2003. The Supplemental Information section of this document provides reference information about the District Bonding Capacity for General Obligation Bonds. The District is free of any short or long-term debt. It is the District's current policy to not issue any kind of debt obligation.

- **Revenue Policies**

The District maintains stable revenues by focusing on its primary objective – *“To provide the best possible service at the lowest possible cost.”* The District estimates its annual revenues during the Two-Year Budget preparation cycle by using an objective, analytical process to examine rates, fees and charges, and to identify the impact of inflation and other cost increases. The proposed budget assumes a 3% sewer rate increase in each of the budget years based on Board Resolution #3536 dated June 7, 2011, which set the rates for five fiscal years 2011-2015, and an anticipated 3% increase in garbage charges based on the provisions in long-term agreement with the contractor providing refuse services.

- **Investment Policies**

The District reviews its Investment Policies annually and adopts them by Board Resolution, as recommended by California Government Code and GASB Statement No. 40. The District's Investment Policy conforms to all California State statutes governing the investment of public funds. It is the policy of the District to invest public funds in a manner that will prioritize security over investment return, while meeting the daily cash flow demands of the District.

- **Financial Reserve Policy**

On an annual basis, after the year-end independent audit is completed, staff produces a schedule of available cash surpluses and deficits (if any). This document is known as the “Five-Year Cash Projection”. The Five-Year Cash Projection is used not only to ensure compliance with District policies, but also to analyze the total reserves and surpluses, and to ensure that the policies do not inadvertently create adverse effects. In Sewer Services activities, under the Unrestricted Net Position category, the District has dedicated and designated reserves of \$4,500,000 for cash fluctuations, in addition to \$500,000 dedicated to various insurance deductibles. In Recycling Activities, \$1,100,000 is dedicated to cash fluctuation. The dedicated reserves for cash fluctuations are necessary due to the fact that the District’s major revenue sources, Residential Sewer Service Charges and Residential Recycling Charges, are collected through the Alameda County property tax roll. The County property tax collections, and subsequently the District’s revenues derived from the collections, are received twice per year, in December and April. This schedule creates an eight-month delay of \$5.60 million. The District also maintains \$7.45M in reserves, dedicated for major repairs (R&R) and construction (CIP) projects.

In this Two-Year Budget, there are annual provisions for \$380,000 in contingency reserves, as an allowance for unanticipated expenses. A budget amendment is required to appropriate these funds and incorporate them into line item accounts.

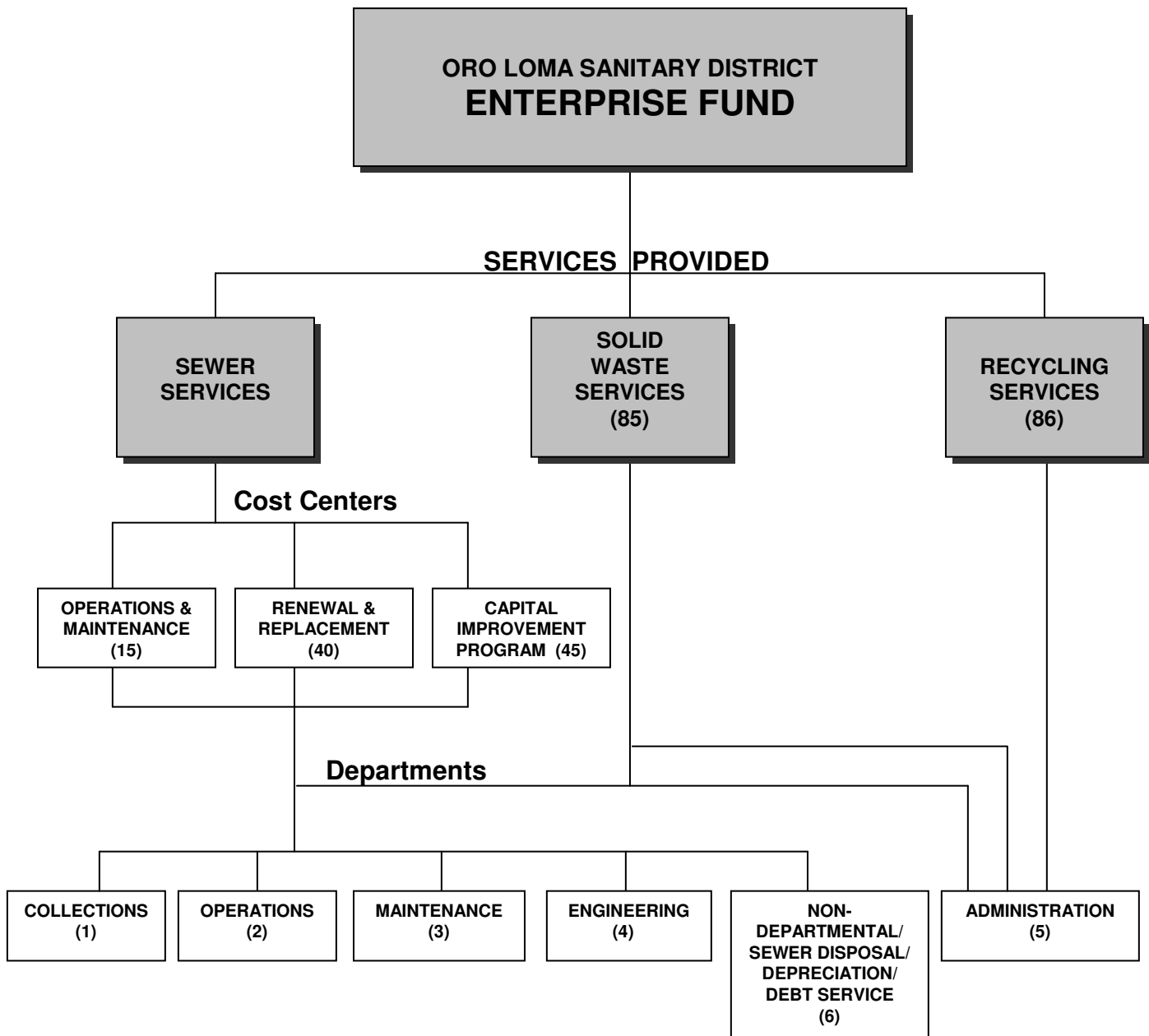
ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

- **Fund Accounting and Proprietary Funds**

The District’s accounts are organized as one Enterprise Fund, a Proprietary Fund type. To facilitate management and budgetary controls, as shown on the chart on the opposite page, the District’s Enterprise Fund is segregated into three Component Funds/Services related to the major types of services provided – Sewer, Solid Waste, and Recycling. Furthermore, each Service, as necessary or appropriate, is divided into Cost Centers. The Cost Centers account for all revenues and expenses connected with a particular function or group of customers to whom services are provided. Each Cost Center may be further divided into Departments responsible for the actual delivery of services, supplies and support to the Cost Centers. The Departments, through Cost Centers into Services, are combined to arrive at the financial position and results of operations reflected in the District’s combined financial statements.

An Enterprise Fund accounts for operations financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The acquisition and capital improvement of the physical plant facilities required to provide these goods and services are financed by cash flow from operations and existing cash resources.

ORO LOMA SANITARY DISTRICT ENTERPRISE FUND CHART



POLICIES, SYSTEMS AND PROCESSES

- **Basis of Accounting**

Basis of accounting refers to the point at which revenues and expenses are recognized and reported in financial statements. Enterprise Funds are used to report an activity for which a fee is charged to external users for goods or services. In an Enterprise Fund, and under accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

- **Budgetary Basis of Accounting**

The Operating Budget for the Enterprise Fund is adopted on a basis consistent with generally accepted accounting principles. Except for costs of capital expenditures, the basis of accounting and the budgetary basis of accounting are the same.

The Capital Budget captures costs for capital projects and the related capital outlays, recorded as increases in Property, Plant and Equipment on the balance sheet of the Enterprise Fund.

The Capital Budget is part of the Sewer Services cost center only.

Budgeted amounts are as originally adopted, and may be amended by action of the District's Sanitary Board.

- **Internal Controls**

The District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals. The internal control structure is designed to provide reasonable assurance, recognizing that the cost of a control should not exceed the potential benefits, and that the valuation costs and benefits require estimates and judgments by management staff.

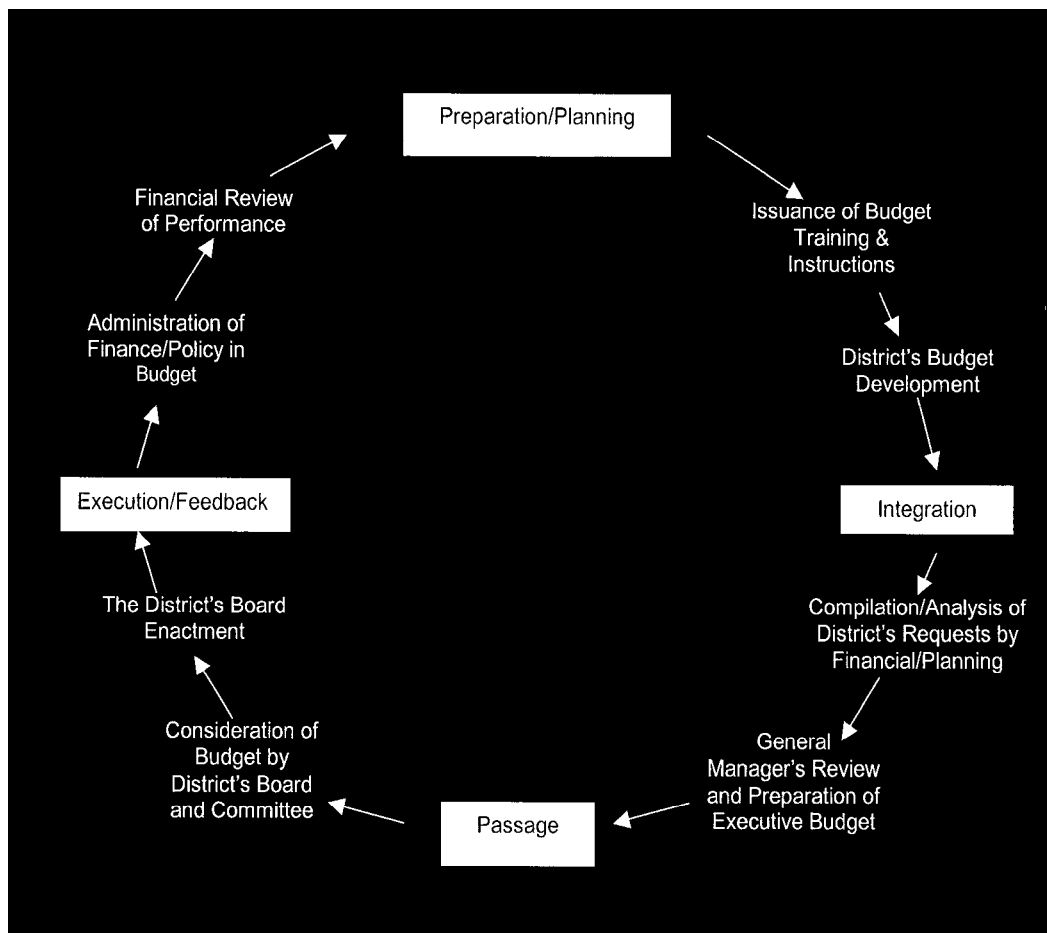
- **Budgetary Controls**

Budgetary controls are maintained to ensure compliance with the annual appropriated budget approved by the Board of Directors. Budgetary controls are maintained at the line-item level. A portion of the allocated budget is set aside as purchase orders and/or contracts for required District activities. No commitment is authorized, nor expense incurred, until it is determined that an adequate balance exists for that purpose. A transfer of funds, not to exceed \$50,000, may be approved by the General Manager. However, the General Manager may not over-expend a departmental budget without obtaining prior Board approval. Any revision that increases the total budget must be approved by the Board of Directors.

The budget is monitored on a monthly basis by the General Manager, Finance Manager and department supervisors, who review revenue and expense reports comparing actual revenues and expenses with budgeted amounts. These reports, along with the District's financial statements, are also reviewed each month by the District's Finance and Insurance Committee, an oversight committee which reports to the full Board.

BUDGET PROCESS

The Two-Year Budget is the primary performance tool used to measure the District's accountability, ensuring the public trust for rate-payer's dollars. The budget communicates to elected officials (Board of Directors), regional and regulatory agencies, and customers on how their investment will be used by providing detailed information on specific resource allocation and expenditures.



The District's fiscal year begins on July 1st and ends on June 30th of the following year. This budget document includes two consecutive fiscal years, FY 2013-2014 (Year 1) and FY 2014-2015 (Year 2).

The Two-Year Budget process/calendar begins in December and concludes in June, upon adoption of the budget during each alternate-year cycle. However, annual budgets may require adjustments due to unexpected market-driven major cost increases of goods or services, and/or postponement or realignment of capital projects. For this reason, the annual budget process may extend beyond one year and overlap with the preceding and/or subsequent year budgets.

POLICIES, SYSTEMS AND PROCESSES

BUDGET PREPARATION CALENDAR

DECEMBER

- Department Heads submit requests for changes in staffing to the General Manager.
- The Personnel/Safety/Public Information Committee reviews the staffing levels for the two-year budget.
- The General Manager submits assumptions and parameters for the upcoming Two-Year Budget to the Finance and Insurance Committee for approval.

JANUARY

- Staff and the Board finalize user fees and charges and cost allocation updates for the upcoming two budget years. If necessary, the calendar for public hearings, updates and adoption of District Ordinances/Resolutions is established.
- Distribution of the budget manual, availability of budget preparation training, and issuance of “personnel budget and justification” forms and “equipment budget” forms to all the supervisors.
- The Finance Manager finalizes personnel/salary/benefits calculations.

FEBRUARY

- Mid-year update to the Board on current year’s budget versus actual, and forecast the beginning balances of cash position and fund balances for current year-end.
- Department Heads requests for new projects or purchases of capital equipment are due to the District Engineer.

MARCH

- The Construction Committee reviews and recommends Board approval of the list of projects and equipment acquisitions for Renewal and Replacement and the Capital Improvement Program.

APRIL

- The Finance Manager develops departmental-level budgets based on requests for sewer service activities received from departments, and incorporates these requests into the preliminary draft document.
- The Finance Manager incorporates the Renewal and Replacement and Capital Improvement budgets into the preliminary draft document.
- The Finance Manager develops and incorporates the Solid Waste and Recycling budgets into the preliminary draft document.
- The General Manager and departmental/activity managers review the preliminary draft document. The Finance Manager incorporates changes from this review into the draft document.

MAY

- The Finance & Insurance Committee reviews a draft of the two-year budget.
- The Board’s Budget Work Session meeting takes place – preliminary budget approval.

JUNE

- Budget adoption by Board Resolution.
- Incorporation/implementation of adopted budget into the financial accounting system.

The budget calendar may be adjusted by staff as deemed appropriate or necessary.

BALANCED BUDGET

The District budget is prepared with itemized budgets for each service, cost center, department and program or project with conservative expense forecasts. The budget should be balanced with current revenues equal or greater than current expenses, using the following strategies: improvement of work efficiency; assurance of effective pricing on materials, services and/or contracts; retention of current service fees based on the cost of services; and usage of current reserves, if necessary.

BUDGET ADJUSTMENTS

A transfer of funds, not to exceed \$50,000, may be approved by the General Manager. However, the General Manager may not over-expend a departmental budget without obtaining Board approval. The General Manager may also transfer staff positions between departments.

BUDGET AMENDMENT

The original adopted budget appropriations on the department level may be increased or decreased by Board action through Budget Amendments. The types of modifications can be categorized as follows:

- Unexpended appropriations automatically lapse at the end of the fiscal year and are included in the ending equity balances.
- Prior year reserve balances may be appropriated to provide for fund items/projects not previously included in the adopted or amended budget.
- Reserve balances exceeding minimum amounts required by the fiscal policy may be appropriated if it is determined to be in the best interest of the District.
- The Board may also appropriate additional reserves in case of emergencies and/or unusual circumstances.

BUDGET DOCUMENT ORGANIZATION

This budget document consists of the following sections:

- **Budget Foreword:** Includes Budget Transmittal Letter, Acknowledgments and a photograph of the District and its vicinity.
- **Budget Overview:** Contains resolution approving the Two-Year Budget, map of geographic location and boundaries, District's history, services provided, rates, information about the governing body and staff, Ten-Year Vision, organizational chart, overview of budget policies, system, process and budget document organization, and budget highlights.
- **Financial Summaries:** Presents combined and other various financial summaries for Operating and Capital budgets as follows:

"Combined Statement of Income" includes actual data from the previous three fiscal years, FY 2009-10, FY 2010-11 and FY 2011-12, extracted from Comprehensive Annual Financial Reports, amended budget for FY 2012-13, and budgeted amounts for the subsequent two years, FY 2013-14 and FY 2014-15. For comparison purposes, the "Combined Statement of Income" includes not only the annual net change between revenue and expenses for the Operating Budget, but also other requirements associated with the purchase or construction of capital assets for Capital Budget or Debt Service. The District redeemed all debts in September 2009, which is noted on this and other statements for comparison purposes only.

"Revenues, Expenses, and Other Requirements by Major Source" for FY 2013-14 (Year 1) and FY 2014-15 (Year 2) – presents the annual Operating Budget and Capital Budget allocation by various major revenue sources and capital contributions/repayments and expenses or capital project requirements. They are presented in: Revenues section by major category of revenues or contributions/repayment; in Expense/Capital Requirements category by major services provided. All budgeted inflows and outflows of resources are compared to the FY 2012-13 amended budget.

"District Total Budget Summary and Annual Percentage Variances" includes not only total revenues and expenses, but also resources necessary to pay for capital outlays. These reports represent the District's Total Budget (Operating and Capital) and percent increases over the previous year.

"District Budget Summary by Services" for FY 2013-14 (Year 1) and for FY 2014-15 (Year 2) provides graphic presentations of total revenues and expenses, capital and related requirements and numerical information for each year of the Two-Year Budget by services provided by the District—sewer, solid waste and recycling.

- **Sewer Services:** Presents information pertaining to all activities related to sewer collection, treatment, and disposal of sewage and biosolids by means of graphs, schedules and narrative descriptions. Sewer services are further divided into three cost centers:
 - **Operating Budget: Operations and Maintenance (O&M)**
The District's Operations and Maintenance cost center provides resources for the day-to-day operations of the sewer services. Budget allocations for revenues and expenses for the next two fiscal years and for prior years are presented as "Financial Summary and Comparison" (page 53), "Schedule of Expenses by Account Category" (page 57), as well as "Schedule of Expenses by Department" (pages 59 and 61) for each fiscal year.

The O&M cost center is further divided into the following functional departments:

- Collections
- Operations
- Maintenance
- Non-departmental (which includes the cost of sewage disposal provided by EBDA)
- Engineering
- Administration

Each department has a Department Overview page, which describes the department's mission statement, description, purpose, staffing, Ten-Year strategic goals, performance measures and results, and significant budget issues or program changes for the next two fiscal years. This page is followed by the "Schedule of Expenses and Other Requirements," which provides a detailed list of budgeted expenses by account, and the changes over the prior years, in both dollars and percentages.

▪ **Operating Budget: Renewal and Replacement (R&R)**

The Renewal and Replacement cost center accounts for revenues and expenses dedicated to major repairs or maintenance of facilities or equipment. Such repairs cost more than \$10,000 per year (\$5,000 for lift stations) and are incurred from time to time. These items are listed by project name in the R&R section of this document. Examples of R&R projects are roof repairs, roadway slurry seals, painting, and studies or remediation costs. The costs of R&R projects are identified and planned for in the "District's Ten-Year Capital Plan".

▪ **Capital Budget: Capital Improvement Program (CIP)**

The Capital Improvement Program cost center provides resources for construction projects involving pipelines, building improvements, new operational facilities, and new equipment, classified as capital assets, which by definition, cost more than \$3,000 and have useful lives of more than one year. The two-year capital budget is part of the "District's Ten-Year Capital Plan," which details planned projects by cost and implementation year.

- **Operating Budget: Solid Waste Services:** Solid Waste Services cost center accounts for administration costs relating to the collection and removal of solid waste (garbage) provided by an authorized service provider, Waste Management of Alameda County, under long-term contract.
- **Operating Budget: Recycling Services:** Recycling Services cost center accounts for residential and commercial/industrial recycling programs, as required by AB939 and Alameda County Measure D mandates. The collection and removal of recycled materials is provided by an authorized service provider, Waste Management of Alameda County, under long-term contract.
- **Supplemental Information:** The budget also contains supplemental information on the following subjects:
 - Risk Management & Insurance
 - Long Term Debt Disclosure
 - Trust Accounts
 - Overhead Rate Analysis
- **Appendices: Glossary of Terms, List of Acronyms**
- **Ten-Year Strategic Vision & Goals**

BUDGET HIGHLIGHTS

TOTAL BUDGETED REVENUES, CONTRIBUTIONS & REPAYMENTS (INFLOWS)

As presented in the following table, the District's total projected inflows for the Two-Year Operating and Capital Budget are: \$20,613,200 for FY 2013-14 (Year 1), and \$19,195,200 for FY 2014-15 (Year 2). Year 1 budgeted inflows reflect a \$394,250 (1.9%) increase from FY 2012-13, and in Year 2, a \$1,418,000 decrease (6.9%) over Year 1.

INFLOWS		YEAR 1 FY 2013-14				YEAR 2 FY 2014-15			
Revenues, Contributions & Repayments by Major Source	2012-13 Amended Budget	Adopted Budget	% of Total	Change Over Prior Year		Adopted Budget	% of Total	Change Over Prior Year	
		\$		\$	%	\$		\$	%
Sewer Service Charges	\$10,707,100	\$11,050,000	60.2	\$ 342,900	3.2	\$11,350,000	60.4	\$ 300,000	2.7
Agency Treatment Charges	2,603,700	2,559,800	13.9	(43,900)	-1.7	2,648,900	14.1	89,100	3.5
Solid Waste	1,468,800	800,000	4.4	(668,800)	-45.5	840,000	4.5	40,000	5.0
Recycling	2,925,000	2,700,000	14.7	(225,000)	-7.7	2,704,200	14.4	4,200	0.2
Interest Income	306,500	114,800	0.6	(191,700)	-62.5	116,000	0.6	1,200	1.0
Other /Miscellaneous Revenues	1,203,000	1,135,000	6.2	(68,000)	-5.7	1,145,000	6.1	10,000	0.9
Operating Budget – Total Revenues	\$19,214,100	\$18,359,600	100.0	\$(854,500)	-4.4	\$18,804,100	100.0	\$ 444,500	2.4
Contributions – Connection Fees	100,000	100,000	4.4	0	0.0	100,000	25.6	0	0.0
Capital Repayments – CVSD	904,850	2,153,600	95.6	1,248,750	138.0	291,100	74.4	(1,862,500)	-86.5
Capital Budget – Total Contrib. & Repayments	\$ 1,004,850	\$ 2,253,600	100.0	\$1,248,750	124.3	\$ 391,100	100.0	\$(1,862,500)	-82.6
Total Revenues, Contributions & Repayments	\$20,218,950	\$20,613,200		\$394,250	1.9	\$19,195,200		\$(1,418,000)	-6.9

The District's eight largest revenue/contribution sources are described below. They are calculated based on Board-approved rates and fees contained in the District's Ordinances and Resolutions, and, if necessary, adjusted upward or downward based on historical revenue/collection data in the previous two years.

OPERATING BUDGET REVENUES - \$18,359,600 is anticipated for FY 2013-14, which is a \$854,500 (4.4%) decline from FY 2012-13, and \$18,804,100 for FY 2014-15, an increase of \$444,500 (2.4%) from FY 2013-14. Following is a description of revenue streams and anticipated changes from year to year.

- Sewer Service Charges** – These charges are the single greatest source of District revenues, and represent more than 60% of annual revenues of the Operating Budget. There are two typical factors responsible for changes in this category: population growth and sewer rates. Historically, population growth has increased sewer service revenues by approximately 1% annually. However, declining availability of land for new housing developments, and the current economic and housing downturn, have eliminated the typical increase in those revenues. The second factor is the sewer rates. After three consecutive years of no increases in sewer service rates between 2009-11, a 3% annual increase was approved by the Board as of July 1, 2011, and for each year for the following five years. The sewer rate increase generates approximately \$300,000 to \$350,000 in additional annual revenues.

- **Agency Treatment Charges** – Under long-term written agreements, the District is providing sewer treatment services to various public agencies, such as the City of Hayward, the City of San Leandro, East Bay Dischargers Authority and Castro Valley Sanitary District (CVSD). The largest group of customers are from Castro Valley Sanitary District. CVSD pays for sewage treatment services based on their share of total plant sewage flow. The CVSD charges include costs for day-to-day operations and maintenance of the treatment plant, accounted for in the O&M cost center, and also costs for major repair and maintenance accounted for in the R&R cost center. Based on three years of historical data, CVSD's reimbursement factor is calculated to be 27%. Fluctuation in sewage flow and variance in costs of long term scheduled maintenance and repair projects of the treatment plant can significantly affect this source of revenue. In the presented Operating Budget, there are overall adjustments to revenues under Agency Treatment Charges based on historical data, in Year 1 – a decrease of \$43,900 (1.7%), and in Year 2 – an increase of \$89,100 (3.5%) due to inflationary adjustments.
- **Solid Waste** – The District provides solid waste (garbage) services to its customers under an agreement with Waste Management of Alameda County (WMAC), a private contractor. As of January 1, 2012, the District entered into a new agreement with the contractor, which reduced the District's revenue stream from 10% to 5% in contract fees and eliminated revenue from personal license fees. These major factors resulted in a decrease of revenue by \$668,800 (45.4%) in Year 1 compared to FY 2012-13. In Year 2, there is a small increase of \$40,000 (5.0%) due to an anticipated CPI rate adjustment specified in the WMAC agreement.
- **Recycling** – These revenues are derived from the fees collected primarily from residential District customers, and from mandated recycling programs, more commonly known as Measure D. The decrease of \$225,000 (7.7%) from FY 2012-13 reflects the elimination of Recycling Grants from the revenue stream. The revenues for FY 2014-15 remain relatively flat.
- **Interest Income** – Represents earnings on designated and undesignated cash reserves of the District. The significant decrease in interest income of \$191,700 (62.5%) in Year 1 from the previous year is a reflection of the current economic situation, defined by low inflation and a transition to secure investments. Interest was calculated assuming a rate of 0.4% per year on available cash and investment balances.
- **Other / Miscellaneous Revenues** – All other remaining revenues not listed above are grouped together for presentation purposes, and show a collective decrease of \$68,000 (5.7%) in Year 1, and an increase of \$10,000 (0.9%) in Year 2.

CAPITAL BUDGET CONTRIBUTIONS & REPAYMENTS :

\$2,253,800 is budgeted for FY 2013-14 and only \$391,100 for 2014-15. The fluctuation from year to year depends on the types of capital projects undertaken by the District. Following are descriptions of anticipated changes from year to year:

- **Contributions-Connection Fees** – This source of revenue is related to the growth and development of land within District boundaries. Statistics show very limited growth in new housing and a conversion from low-density to high-density housing, resulting in an unpredictable source of revenue from year to year. In the prior decade, up until 2008, connection fees have varied from \$700,000 to \$1.3 million per year. Due to the current economic slowdown in new home construction, connection fees are estimated for only 15 units of new housing or \$100,000 for Year 1 and Year 2.

BUDGET HIGHLIGHTS

- Capital Repayments-CVSD** – The Water Pollution Control Plant is jointly owned by OLSD (75%) and CVSD (25%). CVSD repays OLSD for its portion of capital assets purchased, constructed and rehabilitated based on the percent of its ownership specified in the long-term agreement. The cost of all capital assets is accounted for in the Capital Improvement Program (CIP). On the budget financial statements, the amount of repayment for CVSD’s portion of capital assets is listed under the revenue section as “Capital Repayments – CVSD,” and is offset by the identical amount under the “Other Requirements” section “Capital Outlays – CVSD Portion”. Based primarily on capital expenditures dedicated to the Plant, there can be large fluctuations in this revenue from year to year. As presented in the CIP section of the Budget document, in FY 2013-14, \$8.6M is provided for major plant capital projects, from which \$7.25M is dedicated to a single project, the construction of two digesters. In FY 2014-15, \$1.5M is provided for plant capital projects; therefore, CVSD’s share of capital costs (or capital repayment) will be \$2,153,600 in Year 1 and only \$291,100 in Year 2.

TOTAL BUDGETED EXPENSES & CAPITAL REQUIREMENTS (OUTFLOWS)

OUTFLOWS		YEAR 1 FY 2013-14				YEAR 2 FY 2014-15			
EXPENSES & CAPITAL REQUIREMENTS	2012-13 Amended Budget	Adopted Budget	% of Total	Change Over Prior Year		Adopted Budget	% of Total	Change Over Prior Year	
		\$		\$	%	\$		\$	%
Operating Budget									
Sewer Services									
Operations & Maintenance	\$11,644,300	\$11,425,100	54.9	(229,200)	-2.0	\$12,065,200	55.6	\$650,100	5.7
R&R Expenses (Major Repairs)	1,840,000	2,225,000	10.7	385,000	20.9	2,415,000	11.1	190,000	8.5
Solid Waste Services	468,500	403,400	1.9	(65,100)	-13.9	412,040	1.9	8,640	2.1
Recycling Services	2,973,900	2,854,900	13.7	(119,000)	-4.0	2,914,100	13.4	59,200	2.1
Contingency/Misc Expenses	380,000	380,000	1.8	0	0.0	380,000	1.8	0	0.0
Expenses excluding Depreciation & EBDA Equity	17,306,700	17,278,400	83.1	(28,300)	-0.2	18,186,300	83.8	907,900	5.3
Depreciation	3,503,500	3,403,500	16.4	(100,000)	-2.9	3,403,500	15.7	0	0.0
Decrease in EBDA Equity	110,000	110,000	0.5	0	0.0	110,000	0.5	0	0.0
Depreciation & EBDA Equity	3,613,500	3,513,500	16.9	(100,000)	-2.8	3,513,500	16.2	0	0.0
Operating Budget – Total Expenses	20,920,200	20,791,900	100.0	(128,300)	-0.6	21,699,800	100.0	907,940	4.4
Capital Budget Requirements									
Debt Service I (Series 2003)	Paid off	Paid off	0.0	Paid off	0.0	Paid off	0.0	Paid off	0.0
Capital Outlays - OLSD Portion	6,353,000	8,954,400	80.6	2,601,400	40.9	3,031,900	91.2	(5,922,500)	-66.1
Capital Outlays – CVSD Portion	904,850	2,153,600	19.4	1,248,750	138.	291,100	8.8	(1,862,500)	-86.5
Capital Budget- Total Requirements	7,257,850	11,108,000	100.0	3,850,150	53.0	3,323,000	100.0	(7,785,000)	-70.1
Total Operating and Capital Budget Outflows	\$28,178,050	\$31,899,900		3,721,850	13.2	\$25,022,800		(6,877,100)	-21.6

As presented in the table above “Expenses & Capital Requirements,” the District’s total projected outflow for FY 2013-14 (Year 1) is \$31.9M, and \$25.0M for FY 2014-15 (Year 2). The explanation of the changes from the prior year (in dollars and percentages) is as follows:

OPERATING BUDGET- Expenses for FY 2013-14 are \$20,791,900 and will decline by \$128,300 (0.6%) over the FY 2012-13 budget. The FY 2014-15 expenses are \$21,699,800, an increase of \$907,900 (4.4%) over Year 1. Following are descriptions of expenses by category of services provided and anticipated changes from year to year.

- **Sewer Services-O&M** – Due to a substantial decrease in revenue, staff made necessary adjustments to keep day-to-day expenses lower than FY 2012-13 levels. In Year 1, O&M expenses will be \$11.4M, \$229,200 (2.0%) less than the previous fiscal year. This was primarily accomplished by the redistribution of various departmental expenses. For Year 2, expenses are estimated to be \$12.1M. The anticipated increase of \$650,100 (5.7%) in Year 2 is due to provisions for inflationary adjustments, ranging from 1% to 10%, and \$75,000 in Election Expenses, which occurs every other year, and \$85,000 provision for mandatory Proposition 218 notification requirements in regards to anticipated sewer service charge increases.
- **Sewer Services-R&R Expenses** – Amounts of \$2.2M in FY 2013-14 and \$2.4M in FY 2014-15 are provided for major repairs of lift stations, collection lines, point repairs, manhole risings, and the cost of projects such as maintenance of designated treatment plant structures and equipment. Changes in R&R budgeted expenses have a direct impact on Agency Treatment Revenues from CVSD.
- **Solid Waste Services** – \$403,400 (Year 1) and \$412,040 (Year 2) are provided for Solid Waste Services. The \$65,100 (13.9%) decrease from the previous year is primarily due to the redistribution of staff salaries and overhead based on the District's needs. An increase of \$8,640 (2.1%) in FY 2014-15 is due to provisions for inflationary adjustments.
- **Recycling Services** – Total budgeted expenses are \$2.85M for FY 2013-14, and \$2.9M for FY 2014-15. This shows a decrease of \$119,000 (4.0%) in Year 1 and an increase of \$59,200 (2.1%) in Year 2, attributed mainly to staff salary redistributions and inflationary adjustments. The annual major expenses of approximately \$2.4M are for Contract Services, based on a long-term agreement with Waste Management of Alameda County (WMAC). The District pays WMAC for recycling services based on the number of residential units served. Annual changes in total unit count may influence total expenses as well as revenues.
- **Contingency** – The \$380,000 contingency reserve is included in each fiscal year's budget as an allowance for unanticipated expenses. A budget amendment approved by the Board is required to appropriate these funds and incorporate them into line item accounts.
- **Depreciation and Decrease in EBDA Equity** – This account category in the District's two-year budget can have a significant impact on the annual budget comparisons, because it represents approximately 16% of the total Operating Budget for each year. Depreciation expense measures the annual cost of existing or new capital assets connected with the expiration of those assets, and the loss in asset value because of wear, deterioration or obsolescence. The current annual depreciation runs approximately \$3.2M per year. The provision of an additional \$200,000 in Year 1 and Year 2 was added to the current depreciation as an allowance for new capital asset acquisitions and/or expected end of useful life for existing ones. An additional \$110,000 annually was provided for the Decrease in EBDA Equity, which is equivalent to the depreciation of the District share in the jointly owned EBDA discharge system.

BUDGET HIGHLIGHTS

CAPITAL BUDGET REQUIREMENTS FOR CAPITAL OUTLAYS – It is estimated that in Year 1, the District will need \$11.1M and in Year 2 \$3.3M for its capital projects. Following are descriptions of anticipated changes from year to year.

- **Capital Outlays-OLSD Portion** – The budget for capital outlays can significantly fluctuate from year to year. It is linked to the Ten-Year Capital Improvement Program, which addresses scheduled replacement or rehabilitation of the District infrastructure. The sewer collection system is 100% owned by Oro Loma, whereas the Treatment Plant outlays are based on the ownership percentage. As mentioned above, gross amounts of \$11.1M (Year 1) and \$3.3M (Year 2) are provided for acquisition, improvements or rehabilitation of capital assets. Based on the distribution of ownership between OLSD and CVSD, \$8.9M (Year 1) and \$3.0M (Year 2) are appropriated for the District's portion of gross capital asset additions. All planned undertakings are listed by project and described in the CIP section of this document.
- **Capital Outlays-CVSD Portion** – As mentioned above, the budget for CIP projects includes 100% of all costs for each project. On a quarterly basis, CVSD is billed for its share of the cost of the capital asset project costs. On an annual basis, at the end of each fiscal year, CVSD receives the ownership of these assets. For budgeting and accounting purposes, two line items that track CVSD's ownership costs are established. On the revenue side, "Capital Repayments – CVSD" must equal "Capital Outlays – CVSD Portion" on the expenditure side under Other Requirements. For FY 2013-14, CVSD's portion is \$2,153,600 and for FY 2014-15, it is only \$291,100. The large variance is attributed to the construction of two digesters in FY 2013-14.

For the detailed cost and description of various capital projects, please refer to the Sewer Services – Capital Improvement Program (CIP) section of the Budget document.

CONCLUSION

In summary, the District's anticipated revenues, contributions and repayments for FY 2013-14, \$20.6M, and for FY 2014-15, \$19.2M, are not sufficient to cover budgeted expenses and other capital requirements of \$31.9M (Year 1) and \$25.0M (Year 2). Even after the exclusion of non-cash items such as depreciation and EBDA equity, there will be annual shortfalls of \$7.8M in Year 1 and \$2.3M in Year 2. The total anticipated difference of over \$10M will be financed from District reserves.

As a District, we are a customer-driven organization, committed to the needs of the community we serve. We use financial resources only after careful examination of the cost/benefit of every expense. Nevertheless, the quality of the District's operations and public safety continues to be our most important concern. With the approval of the Two-Year budget by the Board of Directors, District management allocates funds that are necessary for the specific services, cost centers and various projects that will be undertaken during the next two years.

FINANCIAL SUMMARIES



Grease System and Digesters

COMBINED STATEMENT OF INCOME

THREE-YEAR HISTORY FOR COMPARISON TO SUBSEQUENT THREE-YEAR BUDGETS

3- YEAR COMPARISON (ACTUAL)

Description	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Actual
<u>Operating Revenues</u>			
Sewer Service Charges	10,163,527	10,225,987	10,589,226
Refunds - Sewer Service Charges	(42,966)	(42,300)	(50,204)
Agency Treatment Charges	2,078,423	1,967,097	2,172,996
Permits & Inspection Fees	132,534	118,649	105,501
Sanitary Truck Waste Charges	43,921	33,369	34,119
Grease Receiving Charges	7,135	47,248	100,964
East Bay Dischargers Authority (EBDA)	134,880	146,399	183,512
Contract Fees	1,231,477	1,177,161	1,014,122
Recycling Charges - Residential	2,277,284	2,281,257	2,285,609
Recycling Charges - Commercial & Industrial	80,824	99,721	96,011
Landfill Fees - Measure D	358,386	337,996	322,360
Overhead Revenues	753,313	834,272	761,461
	17,218,738	17,226,856	17,615,677
<u>Nonoperating Revenues</u>			
Interest Income	197,078	190,115	157,237
Realized/unrealized gains (losses)	0	0	(157,399)
Personal License Fees	316,524	316,524	316,524
Rents & Leases	65,596	58,563	77,617
Recycling & Other Grants	114,973	466,938	(34,623)
EBDA / LAVWMA Refunds	79,371	79,371	79,371
Recovery of Uncollectable Accounts	203,125	69,587	16,172
Other/Miscellaneous Revenues	0	447,607	200,510
	976,667	1,628,705	655,409
Operating Budget - Total Revenues	18,195,405	18,855,561	18,271,086
<u>Contributions & Repayments</u>			
Contributions - Connection Fees	49,953	99,905	112,127
Capital Repayments - CVSD	388,160	796,730	329,341
Capital Budget - Total Contributions and Repayments	438,113	896,635	441,468
Total Revenues, Contributions & Repayments	18,633,518	19,752,196	18,712,554
<u>Operating Expenses</u>			
Sewage Collections	2,350,901	2,426,428	2,207,219
Sewage Treatment Operations	4,405,258	3,616,626	3,833,846
Sewage Treatment Maintenance	1,846,305	1,831,130	2,419,194
Sewage Disposal & Other Expenses - EBDA	478,693	638,715	696,967
Engineering	637,505	756,806	585,037
Administrative & General	1,168,674	1,320,909	1,215,432
Depreciation	3,148,568	3,134,347	2,993,361
Decrease in EBDA Equity	78,973	98,084	104,088
Solid Waste	435,618	397,390	395,554
Recycling Residential & Commercial	2,657,699	2,688,271	2,662,165
	17,208,194	16,908,706	17,112,863
<u>Nonoperating Expenses</u>			
Debt Service Interest (S-2003)	4,367	0	0
Recycling Grants	0	0	0
Other Miscellaneous Expenses	139,370	1,640,762	0
Uncollectible Accounts	8,824	466	2,217
Write-off of Plant & Equipment	0	389	260,034
	152,561	1,641,617	262,251
Operating Budget - Total Expenses	17,360,755	18,550,323	17,375,114
Net Change, as on Audited Financial Statements	1,272,763	1,201,873	1,337,440
<u>Capital & Other Requirements</u>			
Debt Service Principal (S-2003)	4,145,000	Paid off	Paid off
Capital Outlays - OLSD portion	2,128,107	4,219,189	3,730,157
Capital Outlays - CVSD portion	388,160	796,730	329,341
Capital Budget - Total Capital & Other Requirements	6,661,267	5,015,919	4,059,498
Total Budgeted Expenses and Other Requirements	24,022,022	23,566,242	21,434,612
Total Net Actual Annual Change	(5,388,504)	(3,814,046)	(2,722,058)

(1) The District redeemed all debt as of September 21, 2009

BUDGETED DATA

FY 2013-14 & FY 2014-15 COMBINED STATEMENT OF BUDGETED INCOME

WITH COMPARISON TO FY 2012-13 (AMENDED BUDGET)

3-YEAR COMPARISON (BUDGETED)

Description	(1) FY 2012-13 Amended Budget (Amendment #4)	FY 2013-14 Adopted Budget	FY 2014-15 Adopted Budget
<u>Operating Revenues</u>			
Sewer Service Charges	10,807,100	11,150,000	11,450,000
Refunds - Sewer Service Charges	(100,000)	(100,000)	(100,000)
Agency Treatment Charges	2,373,700	2,309,800	2,398,900
Permits & Inspection Fees	140,000	120,000	130,000
Sanitary Truck Waste Charges	50,000	50,000	50,000
Grease Receiving Charges	72,000	110,000	110,000
East Bay Dischargers Authority (EBDA)	150,000	170,000	170,000
Contract Fees	1,310,800	800,000	840,000
Recycling Charges - Residential	2,281,000	2,288,000	2,290,000
Recycling Charges - Commercial & Industrial	80,000	72,000	74,200
Landfill Fees - Measure D	360,000	340,000	340,000
Overhead Revenues	700,000	600,000	600,000
	18,224,600	17,909,800	18,353,100
<u>Nonoperating Revenues</u>			
Interest Income	306,500	114,800	116,000
Personal License Fees	316,000	0	0
Rents & Leases	90,000	90,000	90,000
Recycling Grants	46,000	0	0
EBDA / LAVWMA Refunds	80,000	80,000	80,000
Recovery of uncollectable accounts	0	10,000	15,000
Other/Miscellaneous Revenues	151,000	155,000	150,000
	989,500	449,800	451,000
Operating Budget - Total Revenues	19,214,100	18,359,600	18,804,100
<u>Contributions & Repayments</u>			
Contributions - Connection Fees	100,000	100,000	100,000
Capital Repayments - CVSD	904,850	2,153,600	291,100
Capital Budget - Total Contributions & Repayments	1,004,850	2,253,600	391,100
Total Revenues, Contributions & Repayments	20,218,950	20,613,200	19,195,200
<u>Operating Expenses</u>			
Sewage Collections	2,772,400	3,436,200	3,375,000
Sewage Treatment Operations	5,122,500	4,689,700	5,236,300
Sewage Treatment Maintenance	2,271,300	2,278,300	2,358,500
Sewage Disposal & Other Expenses - EBDA	652,000	775,000	775,000
Engineering	836,000	847,200	900,800
Administrative & General	1,830,100	1,613,700	1,834,600
Depreciation	3,503,500	3,403,500	3,403,500
Decrease in EBDA Equity	110,000	110,000	110,000
Solid Waste	418,500	398,400	407,000
Recycling	2,927,900	2,854,700	2,913,900
	20,444,200	20,406,700	21,314,600
<u>Nonoperating Expenses</u>			
Debt Service Interests (Series 2003)	(2) paid off	paid off	paid off
Recycling Grants	46,000	0	0
Contingency/Misc Expense	380,000	380,000	380,000
Uncollectible Accounts (Solid Waste & Residential Recycling)	50,000	5,200	5,200
	476,000	385,200	385,200
Operating Budget - Total Expenses	20,920,200	20,791,900	21,699,800
<u>Other Requirements</u>			
Debt Service Principal (Series 2003)	(2) paid off	paid off	paid off
Capital Outlays - OLSD Portion	6,353,000	8,954,400	3,031,900
Capital Outlays - CVSD Portion	904,850	2,153,600	291,100
Capital Budget - Total Requirements	7,257,850	11,108,000	3,323,000
Total Budgeted Expenses and Other Requirements	28,178,050	31,899,900	25,022,800
Total Net Anticipated Annual Budget Change	(7,959,100)	(11,286,700)	(5,827,600)

(1) Source: FY 2012-13 Amended Budget (Amendment #4) and budgeted data for FY 2013-14 & FY 2014-15. For comparison purposes with Statement of Income from previous years, Capital Outlays (OLSD portion) and Debt Service Interest & Principal noted as paid off.

(2) The District redeemed all debt as of September 21, 2009

**DISTRICT TOTAL BUDGET REVENUES, EXPENSES & CAPITAL REQUIREMENTS
BY MAJOR SOURCE / TYPE OF SERVICE FOR FY 2013-2014 & 2014-15
WITH COMPARISON TO FY 2012-13 AMENDED BUDGET**

		Year 1 FY 2013-14				Year 2 FY 2014-15			
Description	2012-13 Amended Budget (Amendment #4)	Adopted Budget	% of Total	Budget Change Over Prior Year		Adopted Budget	% of Total	Budget Change Over Prior Year	
		\$	%	\$	%	\$	%	\$	%
Revenues, Contributions, Repayments by Major Source									
Sewer Service Charges	10,707,100	11,050,000	60.2%	342,900	3.2%	11,350,000	60.4%	300,000	2.7%
Agency Treatment Charges	2,603,700	2,559,800	13.9%	(43,900)	-1.7%	2,648,900	14.1%	89,100	3.5%
Solid Waste	1,468,800	800,000	4.4%	(668,800)	-45.5%	840,000	4.5%	40,000	5.0%
Recycling	2,925,000	2,700,000	14.7%	(225,000)	-7.7%	2,704,200	14.4%	4,200	0.2%
Interest Income	306,500	114,800	0.6%	(191,700)	-62.5%	116,000	0.6%	1,200	1.0%
Other/Miscellaneous Revenues	1,203,000	1,135,000	6.2%	(68,000)	-5.7%	1,145,000	6.1%	10,000	0.9%
Operating Budget - Total Revenues	19,214,100	18,359,600	100.0%	(854,500)	-4.4%	18,804,100	100.0%	444,500	2.4%
Contributions - Connection Fees	100,000	100,000	4.4%	0	0.0%	100,000	25.6%	0	0.0%
Capital Repayments - CVSD	904,850	2,153,600	95.6%	1,248,750	138.0%	291,100	74.4%	(1,862,500)	-86.5%
Capital Budget -Total Contrb.&Repayments	1,004,850	2,253,600	100.0%	1,248,750	124.3%	391,100	100.0%	(1,862,500)	-82.6%
Total Budgeted Revenues, Contributions, Repayments	20,218,950	20,613,200		394,250	1.9%	19,195,200		(1,418,000)	-6.9%
Expenses by Type of Services									
Sewer Services									
Operations & Maintenance	11,644,300	11,415,100	54.9%	(229,200)	-2.0%	12,065,200	55.6%	650,100	5.7%
R&R Expenses (Major Repairs)	1,840,000	2,225,000	10.7%	385,000	20.9%	2,415,000	11.1%	190,000	8.5%
Solid Waste Services	468,500	403,400	1.9%	(65,100)	-13.9%	412,000	1.9%	8,600	2.1%
Recycling Services	2,973,900	2,854,900	13.7%	(119,000)	-4.0%	2,914,100	13.4%	59,200	2.1%
Contingency/Misc Expenses	380,000	380,000	1.8%	0	0.0%	380,000	1.8%	0	0.0%
Expenses excl. Depreciation & EBDA Equity	17,306,700	17,278,400	83.1%	(28,300)	-0.2%	18,186,300	83.8%	907,900	5.3%
Depreciation	3,503,500	3,403,500	16.4%	(100,000)	-2.9%	3,403,500	15.7%	0	0.0%
Decrease in EBDA Equity	110,000	110,000	0.5%	0	0.0%	110,000	0.5%	0	0.0%
Depreciation & Decrease in EBDA Equity	3,613,500	3,513,500	16.9%	(100,000)	-2.8%	3,513,500	16.2%	0	0.0%
Operating Budget - Total Expenses	20,920,200	20,791,900	100.0%	(128,300)	-0.6%	21,699,800	100.0%	907,900	4.4%
Capital Requirements									
Debt Service (Series 2003)	paid off	paid off	0.0%	0	0.0%	paid off	0.0%	0	0.0%
Capital Outlays - OLSD Portion	6,353,000	8,954,400	80.6%	2,601,400	40.9%	3,031,900	91.2%	(5,922,500)	-66.1%
Capital Outlays - CVSD Portion	904,850	2,153,600	19.4%	1,248,750	138.0%	291,100	8.8%	(1,862,500)	-86.5%
Capital Budget-Total Capital Requirements	7,257,850	11,108,000	100.0%	3,850,150	53.0%	3,323,000	100.0%	(7,785,000)	-70.1%
Total Budgeted Expenses & Capital Requirements	28,178,050	31,899,900		3,721,850	13.2%	25,022,800		(6,877,100)	-21.6%
Net Change	(7,959,100)	(11,286,700)				(5,827,600)			
Exclusion of Depreciation/EBDA Equity									
Net Change After Exclusion		(7,773,200)				(2,314,100)			
Reserves, End of Year (estimated)	28,168,000	20,394,800	(estimated)			18,080,700	(estimated)		

(1) Non Cash Items

(2) The District redeemed all debt as of September 21, 2009.

FY 2013-14 & FY 2014-15

DISTRICT TOTAL BUDGET SUMMARY AND ANNUAL % VARIANCES

WITH COMPARISON TO FY 2012-13 AMENDED BUDGET

Description	FY 2012-13 Amended Budget (Amendment #4)	FY 2013-14 Adopted Budget	% Over Prior Year	FY 2014-15 Adopted Budget	% Over Prior Year
<u>Operating Revenues</u>					
Sewer Service Charges	10,807,100	11,150,000	3%	11,450,000	3%
Refunds - Sewer Service Charges	(100,000)	(100,000)	0%	(100,000)	0%
Agency Treatment Charges	2,373,700	2,309,800	-3%	2,398,900	4%
Permits & Inspection Fees	140,000	120,000	-14%	130,000	8%
Sanitary Trucked Waste Charges	50,000	50,000	0%	50,000	0%
Grease Receiving Charges	72,000	110,000	53%	110,000	0%
East Bay Dischargers Authority (EBDA)	150,000	170,000	13%	170,000	0%
Contract Fees	1,310,800	800,000	-39%	840,000	5%
Recycling Charges - Residential	2,281,000	2,288,000	0%	2,290,000	0%
Recycling Charges - Commercial & Industrial	80,000	72,000	-10%	74,200	3%
Landfill Fees - Measure D	360,000	340,000	-6%	340,000	0%
Overhead Revenues	700,000	600,000	-14%	600,000	0%
	18,224,600	17,909,800	-2%	18,353,100	2%
<u>Nonoperating Revenues</u>					
Interest Income	306,500	114,800	-63%	116,000	1%
Personal License Fees	316,000	0	-100%	0	0%
Rents & Leases	90,000	90,000	0%	90,000	0%
Recycling Grants	46,000	0	-100%	0	0%
EBDA / LAVWMA Refunds	80,000	80,000	0%	80,000	0%
Recovery of uncollectible accounts	0	10,000	100%	15,000	50%
Other/Miscellaneous Revenues	151,000	155,000	3%	150,000	-3%
	989,500	449,800	-55%	451,000	0%
Operating Budget - Total Revenues	19,214,100	18,359,600	-4%	18,804,100	2%
<u>Contributions & Repayments</u>					
Contributions - Connection Fees	100,000	100,000	0%	100,000	0%
Capital Repayments - CVSD	904,850	2,153,600	138%	291,100	-86%
Capital Budget - Total Contrb.&Repayments	1,004,850	2,253,600	124%	391,100	-83%
Total Budgeted Revenues, Contributions & Repayments	20,218,950	20,613,200	2%	19,195,200	-7%
<u>Operating Budget Expenses</u>					
Sewage Collections	2,772,400	3,436,200	24%	3,375,000	-2%
Sewage Treatment Operations	5,122,500	4,689,700	-8%	5,236,300	12%
Sewage Treatment Maintenance	2,271,300	2,278,300	0%	2,358,500	4%
Sewage Disposal & Other Expenses - EBDA	652,000	775,000	19%	775,000	0%
Engineering	836,000	847,200	1%	900,800	6%
Administrative & General	1,830,100	1,613,700	-12%	1,834,600	14%
Depreciation	3,503,500	3,403,500	-3%	3,403,500	0%
Decrease in EBDA Equity	110,000	110,000	0%	110,000	0%
Debt Service Interest (S-2003)	paid off	paid off	paid off	paid off	paid off
Solid Waste	468,500	403,400	-14%	412,000	2%
Recycling	2,927,900	2,854,900	-2%	2,914,100	2%
Recycling Grants	46,000	0	-100%	0	0%
Contingency/Misc Expenses	380,000	380,000	0%	380,000	0%
Operating Budget - Total Expenses	20,920,200	20,791,900	-1%	21,699,800	4%
<u>Capital Requirements</u>					
Debt Service Principal (S-2003)	paid off	paid off	paid off	paid off	paid off
Capital Outlays - OLSD portion -Collection	2,610,000	2,475,000	-5%	2,140,000	-14%
Capital Outlays - OLSD portion-Treatment Plant	3,710,000	6,450,000	74%	862,500	-87%
Capital Outlays - OLSD portion -Adm/Eng/SW	33,000	29,400	-11%	29,400	0%
Capital Outlays - CVSD portion	904,850	2,153,600	138%	291,100	-86%
Capital Budget-Total Capital Requirements	7,257,850	11,108,000	53%	3,323,000	-70%
Total Budgeted Expenses & Capital Requirements	28,178,050	31,899,900	13%	25,022,800	-22%
Net Change	(7,959,100)	(11,286,699)	-42%	(5,827,600)	48%
<u>Exclusion of Depreciation/EBDA Equity</u>					
	3,613,500	3,513,500	-3%	3,513,500	0%
Net Change After Exclusion	(4,345,600)	(7,773,200)	-79%	(2,314,100)	70%
Reserves, Beginning of Year (estimated)	32,513,600	28,168,000	-13%	20,394,800	-28%
Reserves, End of Year (estimated)	28,168,000	20,394,800	-28%	18,080,700	-11%

(1) \$80,000 in EBDA/LAVWMA refund for comparison purpose with audited Income Statements are accounted as Operating Budget revenues

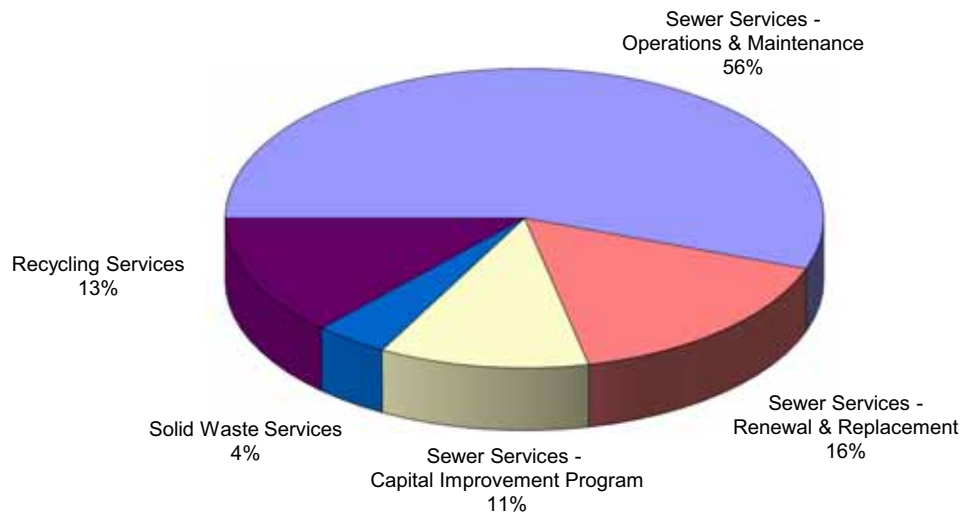
(2) Non Cash Items

(3) The District redeemed all debt as of September 21, 2009.

YEAR 1 FY 2013-14

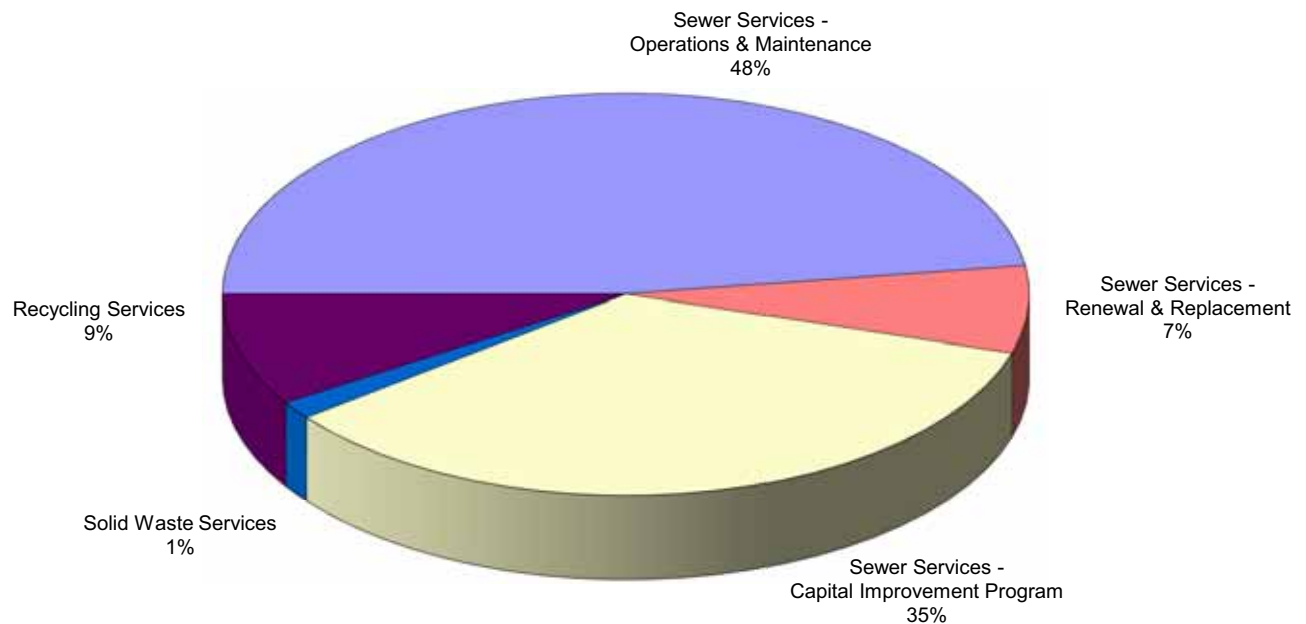
REVENUES, EXPENSES & CAPITAL REQUIREMENTS BY SERVICES / COST CENTERS

Budgeted Revenues & Capital Contributions, Repayments



\$20,613,200

Budgeted Expenses & Capital Requirements



\$31,899,900

YEAR 1 FY 2013-14

DISTRICT BUDGET SUMMARY BY SERVICES / COST CENTERS

Description	Operating Budget		Capital Budget	Operating Budget		FY 2013-14 Adopted Budget
	Sewer Services			Solid Waste Services	Recycling Services	
	O&M (15)	R&R (40)	CIP (45)	(85)	(86 & 89)	
Operating Revenues						
District Sewer Service Charges	8,000,000	3,150,000				11,150,000
Refunds - Sewer Service Charges	(100,000)					(100,000)
Agency Treatment Charges	2,200,000	109,800				2,309,800
Permits and Inspection Fees	120,000					120,000
Sanitary Truck Waste Charges	50,000					50,000
Grease Receiving Charges	110,000					110,000
East Bay Dischargers Authority (EBDA)	170,000					170,000
Contract Fees				800,000		800,000
Recycling Residential Charges					2,288,000	2,288,000
Recycling Commercial Charges					72,000	72,000
Landfill Fees - Measure D					340,000	340,000
Overhead Revenues	600,000					600,000
	11,150,000	3,259,800	0	800,000	2,700,000	17,909,800
Nonoperating Revenues						
Interest Income	50,000	50,000	0	5,600	9,200	114,800
Personal License Fees				0	0	0
Rents & Leases	90,000					90,000
Recycling Grants & Other Grants					0	0
EBDA / LAVWMA Refunds	(1)	→	80,000			80,000
Recovery of uncollectible accounts				10,000		10,000
Other/Miscellaneous Revenues	150,000				5,000	155,000
	290,000	50,000	80,000	15,600	14,200	449,800
Operating Budget - Total Revenues	11,440,000	3,309,800	80,000	815,600	2,714,200	18,359,600
Contributions & Repayments						
Contributions - Connection Fee			100,000			100,000
Capital Repayments - CVSD			2,153,600			2,153,600
Capital Budget-Total Contrib. & Repayments	0	0	2,253,600	0	0	2,253,600
Total Budgeted Revenues, Contributions & Repayments	11,440,000	3,309,800	2,333,600	815,600	2,714,200	20,613,200
Operating Budget Expenses						
Sewage Collections	1,741,200	1,695,000				3,436,200
Sewage Treatment Operations	4,309,700	380,000				4,689,700
Sewage Treatment Maintenance	2,278,300					2,278,300
Sewage Disposal & Other Expenses - EBDA	675,000	100,000				775,000
Engineering	847,200					847,200
Administrative & General	1,563,700	50,000				1,613,700
Depreciation	3,400,000			500	3,000	3,403,500
Decrease in EBDA Equity	(2) 110,000					110,000
Solid Waste				403,400		403,400
Recycling					2,854,900	2,854,900
Recycling Grants					0	0
Contingency/Misc Expenses	300,000			50,000	30,000	380,000
Operating Budget - Total Expenses	15,225,100	2,225,000	0	453,900	2,887,900	20,791,900
Capital Requirements						
Debt Service Principal (S-2003)	(3)					paid off
Capital Outlays - OLSD portion - Collections			2,475,000			2,475,000
Capital Outlays - OLSD portion - Treatment Plant			6,450,000			6,450,000
Capital Outlays - OLSD portion - Adm/Eng/SW			26,400	3,000		29,400
Capital Outlays - CVSD portion - Treatment Plant			2,153,600			2,153,600
Capital Budget -Total Capital Requirements	0	0	11,105,000	3,000	0	11,108,000
Total Budgeted Expenses & Capital Requirements	15,225,100	2,225,000	11,105,000	456,900	2,887,900	31,899,900
Net Change	(3,785,100)	1,084,800	(8,771,400)	358,700	(173,700)	(11,286,700)
Exclusion of Depreciation/EBDA Equity	(2) 3,510,000	0	0	500	3,000	3,513,500
Net Change After Exclusion	(275,100)	1,084,800	(8,771,400)	359,200	(170,700)	(7,773,200)
Reserves, Beginning of Year (estimated)	10,000,000	12,183,000	2,285,000	1,400,000	2,300,000	28,168,000
Reserves, End of Year (estimated)	9,724,900	13,267,800	(6,486,400)	1,759,200	2,129,300	20,394,800

(1) \$80,000 in EBDA/LAVWMA refund for comparison purpose with audited Income Statements are accounted as Operating Budget revenues

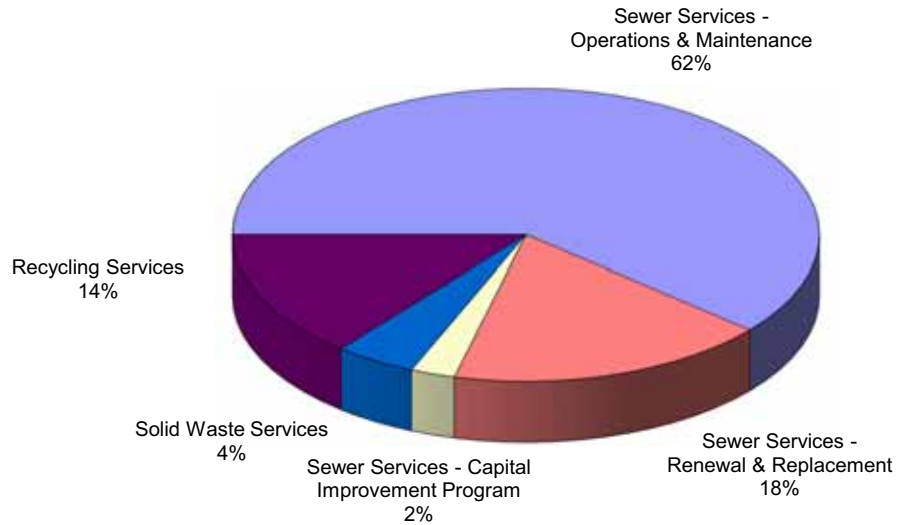
(2) Non Cash Items

(3) The District redeemed all debt as of September 21, 2009.

YEAR 2 FY 2014-15

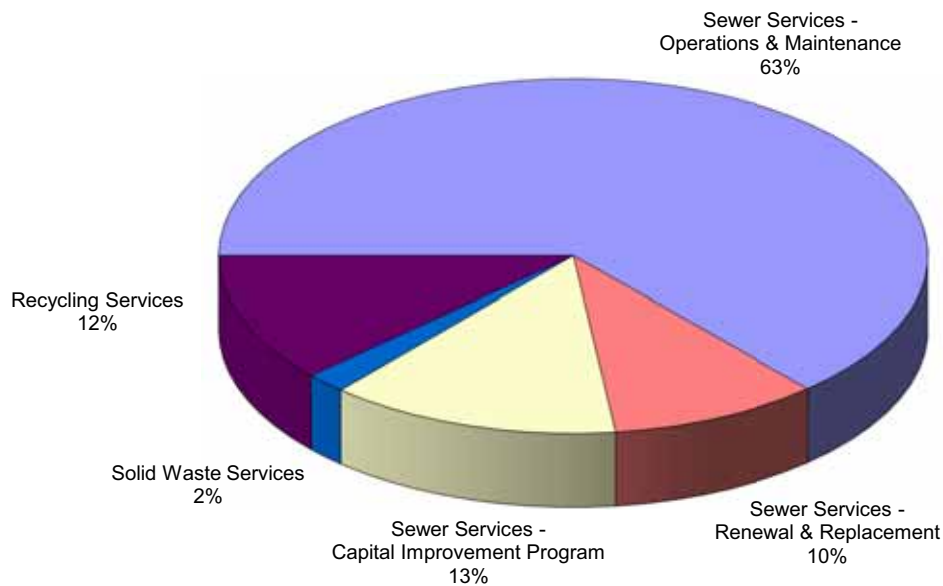
REVENUES, EXPENSES & CAPITAL REQUIREMENTS BY SERVICES / COST CENTERS

Budgeted Revenues & Capital Contributions, Repayments



\$19,195,200

Budgeted Expenses & Capital Requirements



\$25,022,800

YEAR 2 FY 2014-15

DISTRICT BUDGET SUMMARY BY SERVICES / COST CENTERS

Description	Operating Budget			Capital Budget	Operating Budget		FY 2014-15 Adopted Budget
	Sewer Services				Solid Waste	Recycling	
	O&M (15)	R&R (40)	CIP (45)		Services (85)	Services (86 & 89)	
<u>Operating Revenues</u>							
District Sewer Service Charges	8,300,000	3,150,000					11,450,000
Refunds - Sewer Service Charges	(100,000)						(100,000)
Agency Treatment Charges	2,200,000	198,900					2,398,900
Permits and Inspection Fees	130,000						130,000
Sanitary Truck Waste Charges	50,000						50,000
Grease Receiving Charges	110,000						110,000
East Bay Dischargers Authority (EBDA)	170,000						170,000
Contract Fees					840,000		840,000
Recycling Residential Charges						2,290,000	2,290,000
Recycling Commercial Charges						74,200	74,200
Landfill Fees - Measure D						340,000	340,000
Overhead Revenues	600,000						600,000
	11,460,000	3,348,900	0		840,000	2,704,200	18,353,100
<u>Nonoperating Revenues</u>							
Interest Income	50,000	50,000	0		6,800	9,200	116,000
Personal License Fees					0	0	0
Rents & Leases	90,000						90,000
Recycling Grants						0	0
EBDA / LAVWMA Refunds	(1)	→	80,000				80,000
Recovery of uncollectible accounts					10,000	5,000	15,000
Other/Miscellaneous Revenues	150,000						150,000
	290,000	50,000	80,000		16,800	14,200	451,000
Operating Budget - Total Revenues	11,750,000	3,398,900	80,000		856,800	2,718,400	18,804,100
<u>Contributions & Repayments</u>							
Contributions - Connection Fee			100,000				100,000
Capital Repayments - CVSD			291,100				291,100
Capital Budget-Total Contrb.&Repayments	0	0	391,100		0	0	391,100
Total Budgeted Revenues, Contributions & Repayments	11,750,000	3,398,900	471,100		856,800	2,718,400	19,195,200
<u>Operating Budget Expenses</u>							
Sewage Collections	1,820,000	1,555,000					3,375,000
Sewage Treatment Operations	4,526,300	710,000					5,236,300
Sewage Treatment Maintenance	2,358,500						2,358,500
Sewage Disposal & Other Expenses - EBDA	675,000	100,000					775,000
Engineering	890,800	10,000					900,800
Administrative & General	1,794,600	40,000					1,834,600
Depreciation	3,400,000				500	3,000	3,403,500
Decrease in EBDA Equity	110,000						110,000
Solid Waste					412,000		412,000
Recycling						2,914,100	2,914,100
Recycling Grants						0	0
Contingency/Misc Expenses	300,000				50,000	30,000	380,000
Operating Budget - Total Expenses	15,875,200	2,415,000	0		462,500	2,947,100	21,699,800
<u>Capital Requirements</u>							
Debt Service Principal (S-2003)	(3)	0					paid off
Capital Outlays - OLSD portion - Collections			2,140,000				2,140,000
Capital Outlays - OLSD portion - Treatment Plant			862,500				862,500
Capital Outlays - OLSD portion - Adm/Eng/SW			26,400		3,000		29,400
Capital Outlays - CVSD portion			291,100				291,100
Capital Budget - Total Requirements	0	0	3,320,000		3,000	0	3,323,000
Total Budgeted Expenses & Capital Requirements	15,875,200	2,415,000	3,320,000		465,500	2,947,100	25,022,800
Net Change	(4,125,200)	983,900	(2,848,900)		391,300	(228,700)	(5,827,600)
<u>Exclusion of Depreciation/EBDA Equity</u>	(2)						
	3,510,000	0	0		500	3,000	3,513,500
Net Change After Exclusion	(615,200)	983,900	(2,848,900)		391,800	(225,700)	(2,314,100)
Reserves, Beginning of Year (estimated)	9,724,900	13,267,800	(6,486,400)		1,759,200	2,129,300	20,394,800
Reserves, End of Year (estimated)	9,109,700	14,251,700	(9,335,300)		2,151,000	1,903,600	18,080,700

(1) \$80,000 in EBDA/LAVWMA refund for comparison purpose with audited Income Statements are accounted as Operating Budget revenues

(2) Non Cash Items

(3) The District redeemed all debt as of September 21, 2009.

A WORKDAY AT ORO LOMA



Sally Green
District Secretary



Larry Olivan
*Safety & Special Programs
Administrator*



Pearl Gonzalez
Office Assistant

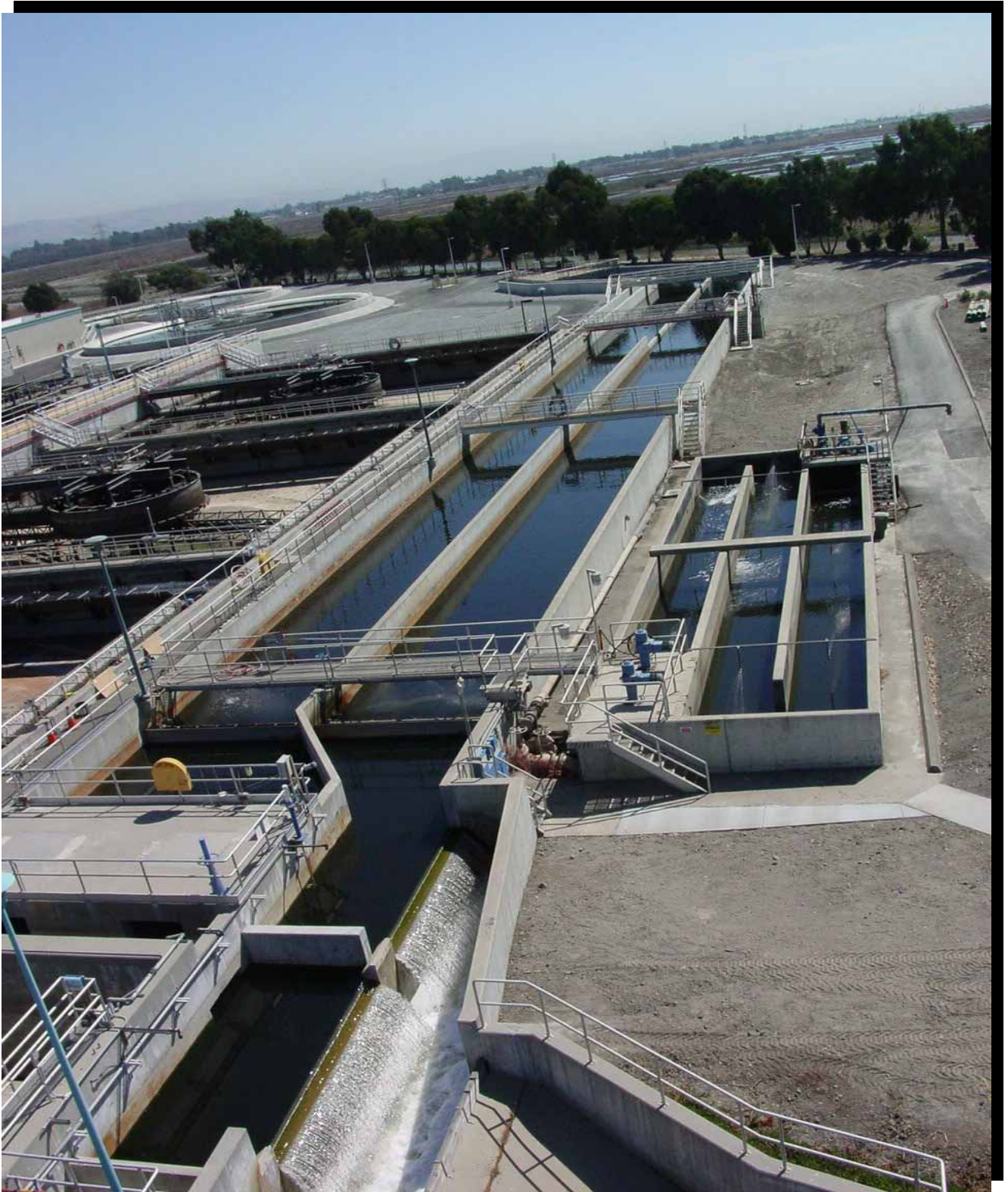


Bennett Cruz
Associate Engineer



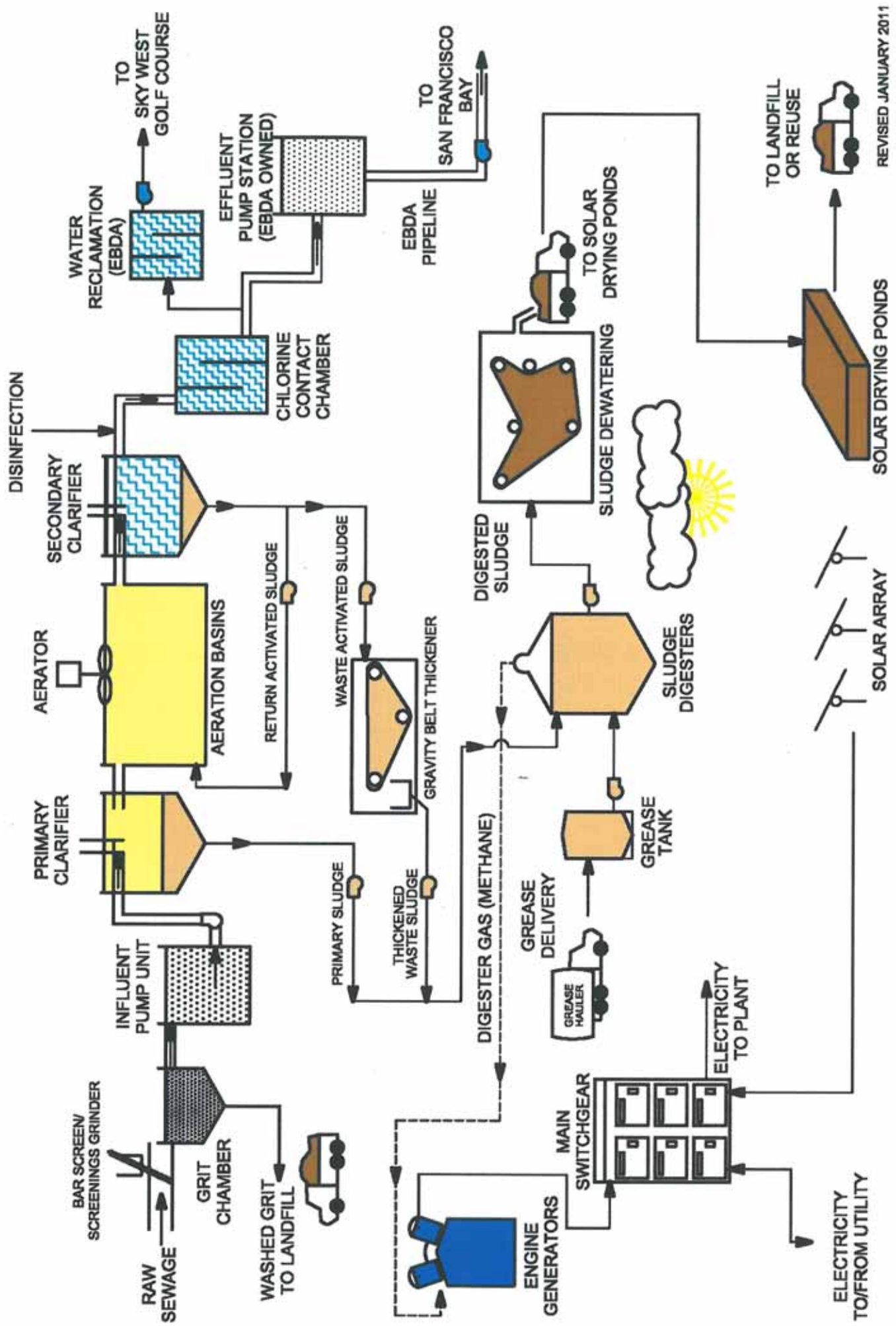
Angelino Santos & Jimmy Dang
Field Engineer Associate Engineer

SEWER SERVICES



Wastewater Plant Disinfection Channel and Outfall

ORO LOMA SANITARY DISTRICT/CASTRO VALLEY SANITARY DISTRICT WATER POLLUTION CONTROL PLANT TREATMENT PLANT PROCESS



REVISED JANUARY 2011

SEWER SERVICES THREE COST CENTERS

The District provides sewer services to its residential, commercial, and industrial customers, as well as some communities of adjacent jurisdictions, under long-term contracts. The financial resources and expenses of these sewer activities, together with capital outlays, are accounted for in the three cost centers below.

❖ OPERATIONS & MAINTENANCE (O&M)

Provides for day-to-day operations and maintenance of the underground and above ground collection systems, operations, and maintenance of the 20 MGD sewage treatment plant and facilities, engineering and administration.

❖ RENEWAL & REPLACEMENT (R&R)

Provides annual resources for scheduled major repairs and maintenance of existing collections system, plant facilities, and equipment. Accumulates and builds long-term reserves for renewal and replacement of sewer systems.

❖ CAPITAL IMPROVEMENT PROGRAM (CIP)

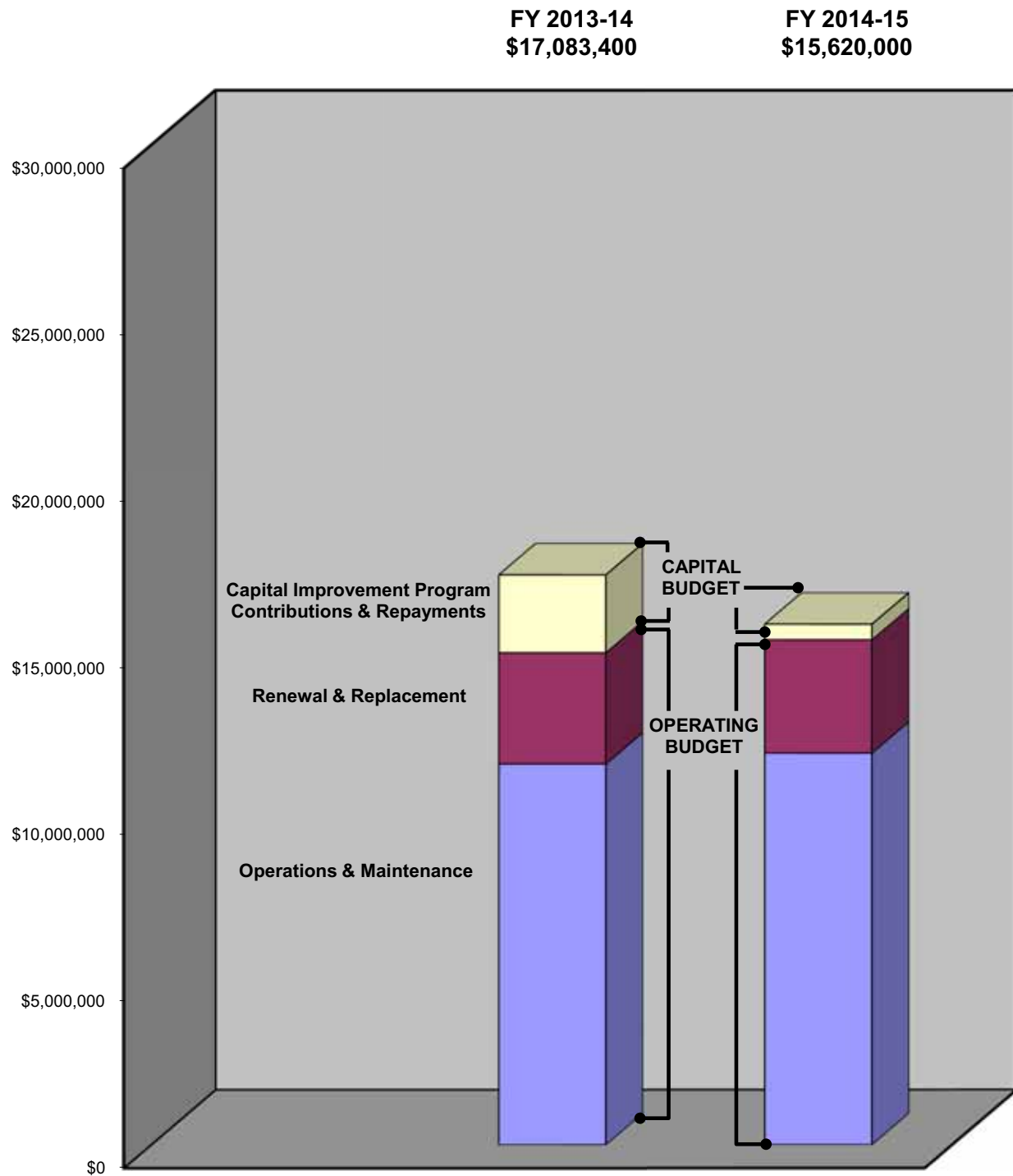
Provides resources and accounts for all major engineering studies and designs for new construction, reconstruction and purchases of new equipment for operational facilities in the District. Sewage treatment plant facilities are jointly owned by OLSD (75%) and CVSD (25%). CVSD repays the District's for its share of cost for plant capital assets and receives ownership in them.

The O&M and R&R cost centers activities are accounted in the Operating Budget, and CIP cost center activities are accounted in the Capital Budget.

FY 2013-14 & FY 2014-15

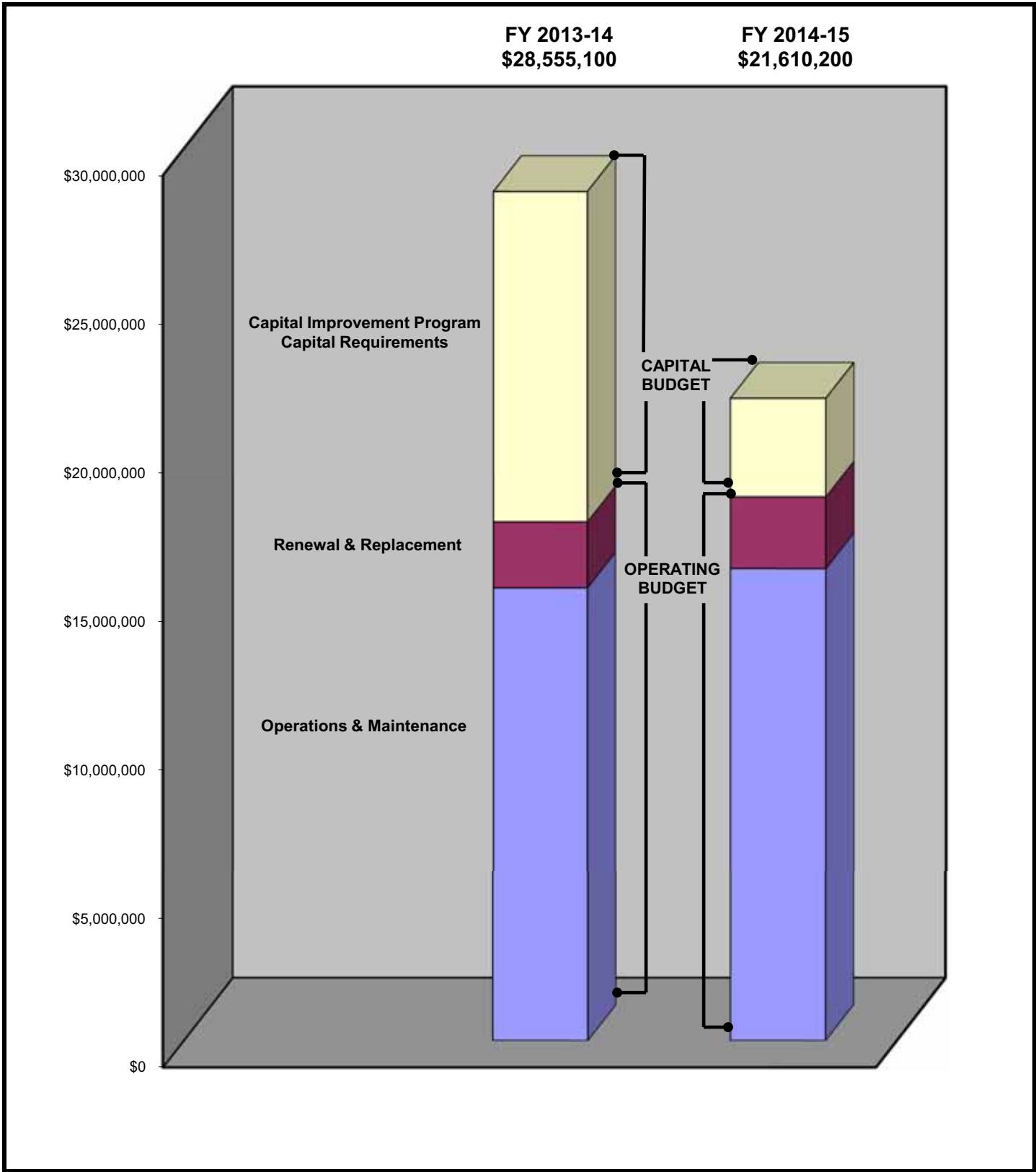
TOTAL SEWER SERVICES - BUDGETED REVENUES & CAPITAL CONTRIB. & REPAYMENTS

INCLUDES OPERATIONS & MAINTENANCE, RENEWAL & REPLACEMENT & CAPITAL IMPROVEMENT PROGRAM



TOTAL SEWER SERVICES - BUDGETED EXPENSES & CAPITAL REQUIREMENTS

INCLUDES OPERATIONS & MAINTENANCE, RENEWAL & REPLACEMENT & CAPITAL IMPROVEMENT PROGRAM



YEAR 1

SEWER SERVICES BUDGET SUMMARY FOR FY 2013-14

Description	Operating Budget		Capital Budget	FY 2013-14 Adopted Budget
	O&M (15 & 25)	R&R (40)	CIP (45)	
<u>Operating Revenues</u>				
Sewer Service Charges	8,000,000	3,150,000		11,150,000
Refunds - Sewer Service Charges	(100,000)			(100,000)
Agency Treatment Charges	2,200,000	109,800		2,309,800
Permits & Inspection Fees	120,000			120,000
Sanitary Trucked Waste Charges	50,000			50,000
Grease Receiving Charges	110,000			110,000
East Bay Dischargers Authority (EBDA)	170,000			170,000
Overhead Revenues	600,000			600,000
	11,150,000	3,259,800	0	14,409,800
<u>Nonoperating Revenues</u>				
Interest Income	50,000	50,000		100,000
Rents & Leases	90,000			90,000
EBDA / LAVWMA Refunds			80,000	80,000
Other/Miscellaneous Revenues	150,000			150,000
	290,000	50,000	80,000	420,000
Operating Budget - Total Revenues	11,440,000	3,309,800	80,000	13,989,800
<u>Contributions & Repayments</u>				
Contributions - Connection Fees			100,000	100,000
Capital Repayments - CVSD			2,153,600	2,153,600
Capital Budget-Total Contrib. & Repayment	0	0	2,253,600	2,253,600
Total Revenues, Contributions & Repayments	11,440,000	3,309,800	2,333,600	17,083,400
<u>Operating Budget Expenses</u>				
Sewage Collections	1,741,200	1,695,000		3,436,200
Sewage Treatment Operations	4,309,700	380,000		4,689,700
Sewage Treatment Maintenance	2,278,300			2,278,300
Sewage Disposal & Other Expenses - EBDA	675,000	100,000		775,000
Engineering	847,200	0		847,200
Administrative & General	1,563,700	50,000		1,613,700
Depreciation	3,400,000			3,400,000
Decrease in EBDA Equity	110,000			110,000
Contingency/Misc Expenses	300,000			300,000
Operating Budget - Total Expenses	15,225,100	2,225,000	0	17,450,100
<u>Capital Requirements</u>				
Debt Service Principal (S-2003)				0
Capital Outlays - OLSD portion - Collections			2,475,000	2,475,000
Capital Outlays - OLSD portion - Treatment Plant			6,450,000	6,450,000
Capital Outlays - OLSD portion - Admin/Eng			26,400	26,400
Capital Outlays - CVSD portion			2,153,600	2,153,600
Capital Budget - Total Capital Requirements	0	0	11,105,000	11,105,000
Total Budgeted Expenses & Capital Requirements	15,225,100	2,225,000	11,105,000	28,555,100
Net Change in Sewer Activities	(3,785,100)	1,084,800	(8,771,400)	(11,471,700)
Exclusion of Depreciation/EBDA Equity	3,510,000	0	0	3,510,000
Net Change After Exclusion	(275,100)	1,084,800	(8,771,400)	(7,961,700)
Reserves, Beginning of Year (estimated)	10,000,000	12,183,000	2,285,000	24,468,000
Reserves, End of Year (estimated)	9,724,900	13,267,800	(6,486,400)	16,506,300

(1) \$80,000 in EBDA/LAVWMA refund for comparison purpose with audited Income Statements are accounted as Operating Budget revenues

(2) Non Cash Items

(3) The District redeemed all debt as of September 21, 2009.

YEAR 2

SEWER SERVICES BUDGET SUMMARY FOR FY 2014-15

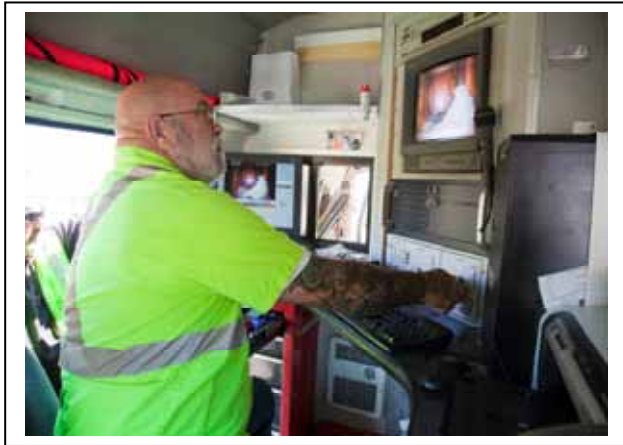
Description	Operating Budget		Capital Budget	FY 2014-15 Adopted Budget
	O&M (15 & 25)	R&R (40)	CIP (45)	
<u>Operating Revenues</u>				
Sewer Service Charges	8,300,000	3,150,000		11,450,000
Refunds - Sewer Service Charges	(100,000)			(100,000)
Agency Treatment Charges	2,200,000	198,900		2,398,900
Permits & Inspection Fees	130,000			130,000
Sanitary Trucked Waste Charges	50,000			50,000
Grease Receiving Charges	110,000			110,000
East Bay Dischargers Authority (EBDA)	170,000			170,000
Overhead Revenues	600,000			600,000
	11,460,000	3,348,900	0	14,808,900
<u>Nonoperating Revenues</u>				
Interest Income	50,000	50,000		100,000
Rents & Leases	90,000			90,000
EBDA / LAVWMA Refunds			80,000	80,000
Other/Miscellaneous Revenues	150,000			150,000
	290,000	50,000	80,000	420,000
Operating Budget - Total Revenues	11,750,000	3,398,900	80,000	15,228,900
<u>Contributions & Repayments</u>				
Contributions - Connection Fees			100,000	100,000
Capital Repayments - CVSD			291,100	291,100
Capital Budget - Total Contrib. Repayment	0	0	391,100	391,100
Total Budgeted Revenues, Contributions & Repayments	11,750,000	3,398,900	471,100	15,620,000
<u>Expenses</u>				
Sewage Collections	1,820,000	1,555,000		3,375,000
Sewage Treatment Operations	4,526,300	710,000		5,236,300
Sewage Treatment Maintenance	2,358,500			2,358,500
Sewage Disposal & Other Expenses - EBDA	675,000	100,000		775,000
Engineering	890,800	10,000		900,800
Administrative & General	1,794,600	40,000		1,834,600
Depreciation	3,400,000			3,400,000
Decrease in EBDA Equity	110,000			110,000
Contingency/Misc Expenses	300,000			300,000
Operating Budget - Total Expenses	15,875,200	2,415,000	0	18,290,200
<u>Capital Requirements</u>				
Debt Service Principal (S-2003)	0			0
Capital Outlays - OLSD portion - Collections			2,140,000	2,140,000
Capital Outlays - OLSD portion - Treatment Plant			862,500	862,500
Capital Outlays - OLSD portion - Admin/Eng			26,400	26,400
Capital Outlays - CVSD portion			291,100	291,100
Capital Budget - Total Capital Requirements	0	0	3,320,000	3,320,000
Total Budgeted Expenses & Capital Requirements	15,875,200	2,415,000	3,320,000	21,610,200
Net Change in Sewer Activities	(4,125,200)	983,900	(2,848,900)	(5,990,200)
Exclusion of Depreciation/EBDA Equity	3,510,000	0	0	3,510,000
Net Change After Exclusion	(615,200)	983,900	(2,848,900)	(2,480,200)
Reserves, Beginning of Year (estimated)	9,724,900	13,267,800	(6,486,400)	16,506,300
Reserves, End of Year (estimated)	9,109,700	14,251,700	(9,335,300)	14,026,100

(1) \$80,000 in EBDA/LAVWMA refund for comparison purpose with audited Income Statements are accounted as Operating Budget revenues

(2) Non Cash Items

(3) The District redeemed all debt as of September 21, 2009.

A WORKDAY AT ORO LOMA



Randy Wilhite
Lead Worker



Collection Crew meeting



Rudy Vera & Christopher Brown
Lead Worker Collection System Worker

OPERATING BUDGET SEWER SERVICES OPERATIONS & MAINTENANCE (O&M)



Primary Clarifier and Aeration Basins

OPERATING BUDGET: SEWER SERVICES OVERVIEW

OPERATIONS & MAINTENANCE (O&M) REVENUES

Mission Statement:

“To provide the best possible service at the lowest possible cost.”

Description of O&M Revenues:

The District’s Operations and Maintenance (O&M) accounts for all revenues derived from fees and charges for providing wastewater collection and treatment services. These revenues are governed and described in the District’s various ordinances, resolutions and/or long-term agreements ratified by the Board.

Goals and Objectives, Performance Measures and Results:

The District’s goal contained in its mission is not an empty promise. District Resolution #3536, dated June 6, 2011, set the sewer rates for the next five fiscal years (from July 1, 2011 to July 1, 2015) providing for modest 3% annual increases, matching anticipated annual inflation. Even with these increases, the District rates will remain the lowest in Alameda County, and are the lowest known rates in the State. Furthermore, due to historically low market rates, the District’s income from interest on reserves is below historical norms. In summary, the District’s revenues for the next two years will remain relatively flat. Despite the anticipated rate increases, the District’s budgeted revenues for Operations and Maintenance will not be sufficient to cover budgeted expenses. This budget anticipates the use of existing reserves to cover the projected revenue shortfall.

Significant Changes in Budgeted Revenues:

- **Sewer Service Charges** – Annual revenues of \$8.0M (Year 1) and \$8.3M (Year 2) for Sewer Service Charges are calculated based on approved sewer rates. As of July 1, 2013, an additional \$150,000 in sewer service revenues will be allocated from Operations and Maintenance (O&M) to Renewal and Replacement (R&R).
- **Agency Treatment Charges** – Under written agreements, the District provides sewer treatment services to other governmental agencies, of which the largest agency served is CVSD. The revenue stream from CVSD is based on its percentage of total plant flow. Based on historical flow data from the last three years, CVSD’s reimbursement factor is calculated at 27%, and the total amount of revenue at \$1,900,000.
- **Permits & Inspection Fees** – Due to the economic downturn and slump in construction activities, \$20,000 less revenues are budgeted for sewer permits for new construction.
- **Grease Receiving Charges** – Based on a successful pilot program in FY 2010-11, annual revenues of \$110,000 are projected from the receipt of diluted restaurant grease.
- **Overhead Revenues** – Annual revenues of \$600,000 are calculated based on various overhead rates, as described on page 121. Due to different salary schedules, overhead, and other factors, the overhead rates can fluctuate significantly from prior years’ estimates.
- **Interest Income** – Represents the return on investments on both designated and undesignated cash reserves of the District. The revenues were estimated at 0.4% per year on available cash and investment balances. Due to historically low market interest rates, a \$51,000 decrease is anticipated in this revenue source in Year 1.

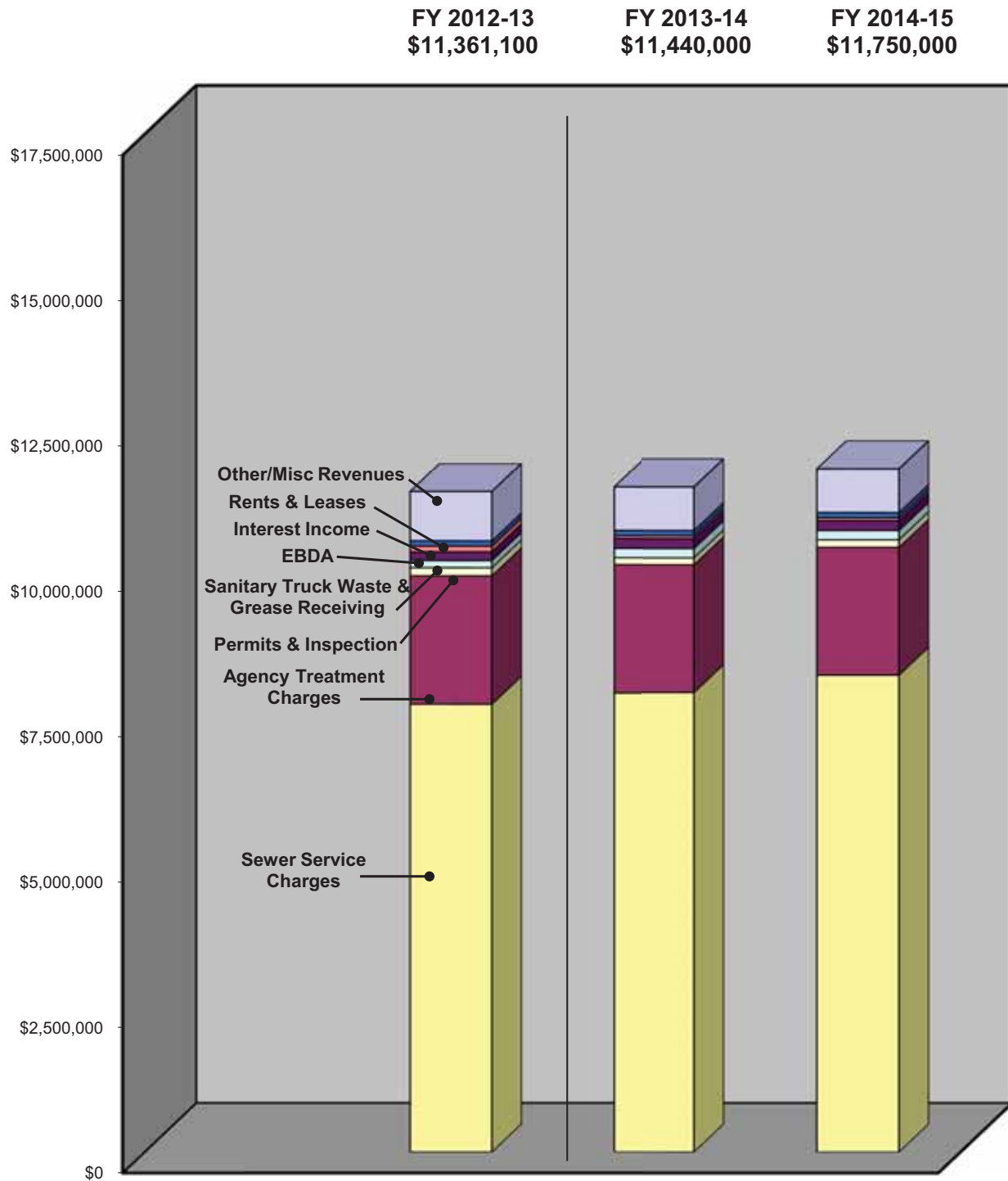
The following pages contain various graphic and numerical presentations of annual budgeted revenues and expenses, different sources, account categories, and comparisons with previous years.

OPERATING BUDGET: FY 2013-14 & FY 2014-15
SEWER SERVICES: OPERATIONS & MAINTENANCE (O&M)
FINANCIAL SUMMARY & COMPARISON

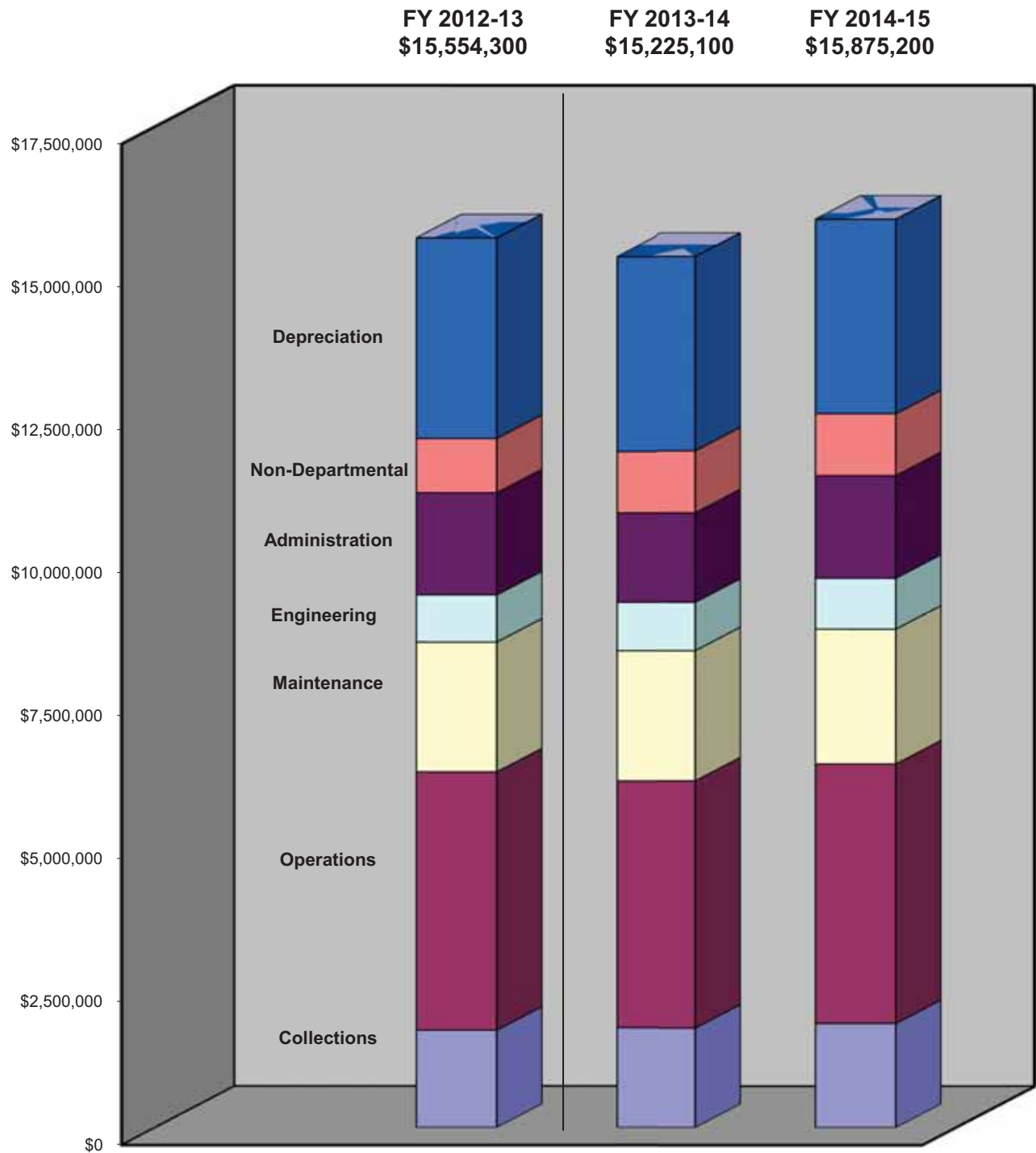
		Year 1 FY 2013-14			Year 2 FY 2014-15		
Account	2012-13 Amended Budget	Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
		\$	\$	%	\$	\$	%
<u>Operating Revenues</u>							
Sewer Service Charges	7,807,100	8,000,000	192,900	2%	8,300,000	300,000	4%
Refunds - Sewer Service Charges	(100,000)	(100,000)	0	0%	(100,000)	0	0%
Agency Treatment Charges	2,200,000	2,200,000	0	0%	2,200,000	0	0%
Permits & Inspection Fees	140,000	120,000	(20,000)	-14%	130,000	10,000	8%
Sanitary Truck Waste Charges	50,000	50,000	0	0%	50,000	0	0%
Grease Receiving Charges	72,000	110,000	38,000	53%	110,000	0	0%
East Bay Dischargers Auth. (EBDA)	150,000	170,000	20,000	13%	170,000	0	0%
Overhead Revenues	700,000	600,000	(100,000)	-14%	600,000	0	0%
	11,019,100	11,150,000	130,900	1%	11,460,000	310,000	3%
<u>Nonoperating Revenues</u>							
Interest Income	101,000	50,000	(51,000)	-50%	50,000	0	0%
Rents & Leases	90,000	90,000	0	0%	90,000	0	0%
Other/Miscellaneous Revenues	151,000	150,000	(1,000)	-1%	150,000	0	0%
	342,000	290,000	(52,000)	-15%	290,000	0	0%
Operating Budget -Total O&M Revenues	11,361,100	11,440,000	78,900	1%	11,750,000	310,000	3%
<u>Expenses</u>							
Sewage Collections	1,697,400	1,741,200	43,800	3%	1,820,000	78,800	5%
Sewage Treatment Operations	4,512,500	4,309,700	(202,800)	-4%	4,526,300	216,600	5%
Sewage Treatment Maintenance	2,271,300	2,278,300	7,000	0%	2,358,500	80,200	4%
Sewage Disposal & Other Exps- EBDA	552,000	675,000	123,000	22%	675,000	0	0%
Engineering	826,000	847,200	21,200	3%	890,800	43,600	5%
Administrative & General	1,785,100	1,563,700	(221,400)	-12%	1,794,600	230,900	15%
Depreciation	3,500,000 (1)	3,400,000	(100,000)	-3% (1)	3,400,000	0	0%
Decrease in EBDA Equity	110,000 (1)	110,000	0	0% (1)	110,000	0	0%
Contingency/Misc Expenses	300,000	300,000	0	0%	300,000	0	0%
	15,554,300	15,225,100	(329,200)	-2%	15,875,200	650,100	4%
Operating Budget - Total O&M Expenses	15,554,300	15,225,100	(329,200)	-2%	15,875,200	650,100	4%
Net Change in Sewer Services (O&M) Cost Center	(4,193,200)	(3,785,100)	408,101	10%	(4,125,200)	(340,101)	-9%
Exclusion of Depreciation/EBDA Equity	3,610,000 (1)	3,510,000		(1)	3,510,000		
Net Change after Exclusion	(583,200)	(275,100)			(615,200)		
Reserves, Beginning of Year (estimated)	9,416,800	10,000,000	(estimated)		9,724,900	(estimated)	
Reserves, End of Year (estimated)	10,000,000	9,724,900	(estimated)		9,109,700	(estimated)	

(1) Non Cash Items

OPERATING BUDGET: FY 2013-14 & FY 2014-15 **SEWER SERVICES: OPERATIONS & MAINTENANCE (O&M) REVENUES** **WITH COMPARISON TO FY 2012-13 BUDGET**



OPERATING BUDGET: FY 2013-14 & FY 2014-15 **SEWER SERVICES: OPERATIONS & MAINTENANCE (O&M) EXPENSES** **WITH COMPARISON TO FY 2012-13 BUDGET**



OPERATING BUDGET: SEWER SERVICES OVERVIEW

OPERATIONS & MAINTENANCE (O&M) EXPENSES

Mission Statement:

“To provide the best possible service at the lowest possible cost.”

Description of O & M Expenses:

The District's Operations and Maintenance (O&M) accounts for all expenses associated with the general sewer cost center. This includes collection, treatment-operations, maintenance, and disposal of sewage to the San Francisco Bay through the EBDA pipeline, engineering support and administrative functions. It also accounts for accumulation of resources for payments connected with contingency reserves, unanticipated expenses, and depreciation of sewer system assets.

Staffing:

The budget for FY 2013-14 and FY 2014-15 funds 45 full time equivalents across five departments, and compensation for five elected officials' fees and benefits. Salary expenses may be distributed to other cost centers or activities, as appropriate and applicable.

Ten-Year Strategic, Performance Measures and Results:

Each department has its own goals, performance measures, and results depending on the area of responsibility and tasks performed. Nevertheless, the overall goal of all employees is to **“Do it Safe, Do it Right, Do it Now.”**

Significant Changes in Budgeted Expenses & Other Requirements:

- The total O&M expense budget for FY 2013-14, in the amount of \$15,225,100, decreased \$329,200 (2%) from FY 2012-13. This is due to a combination of increases and decreases in 45 different account categories. The most significant are: \$215,000 increase in “Salaries” attributed to 3% budgeted for salary adjustments and a new position in the Engineering Department; and \$110,000 increase in Sewage Disposal, due to EBDA's rising cost of regulations connected with disposal of reclaimed water to the San Francisco Bay. Significant decreases are: \$373,500 decrease in “Employee Benefits” mainly due to Board past action to prepay certain costs of pension and medical benefits and correction of estimates to actual; \$125,000 decrease in “Utilities” due to utilization of 468kW Solar Array and the District's 720 kW cogeneration system; and \$100,000 decrease in “Depreciation” expenses. With a declining revenue base, staff's goal is to control spending in the Two-Year Budget. This task is accomplished by careful analysis of actual and/or budgeted expenses in the previous four fiscal years. The result is realignment in each expense account, as presented on the opposite page, with an overall net effect of a -2 % change for FY 2013-14 over FY 2012-13.
- In FY 2014-15, total budgeted expenses are \$15,875,200, which reflect a \$650,100 (4%) increase over FY 2013-14. This is due to a combination of inflationary provisions for some accounts, additional \$75,000 for “Election Expenses” that occur every other year, and \$85,000 for “Contractual Services-Proposition 218” costs associated with printing and mailing ratepayer notifications of upcoming changes in the sewer fees and charges.
- The following pages contain various graphic and numerical presentations of annual budgeted expenses by account category, by department, and comparisons with previous years.

FY 2013-14 & FY 2014-15

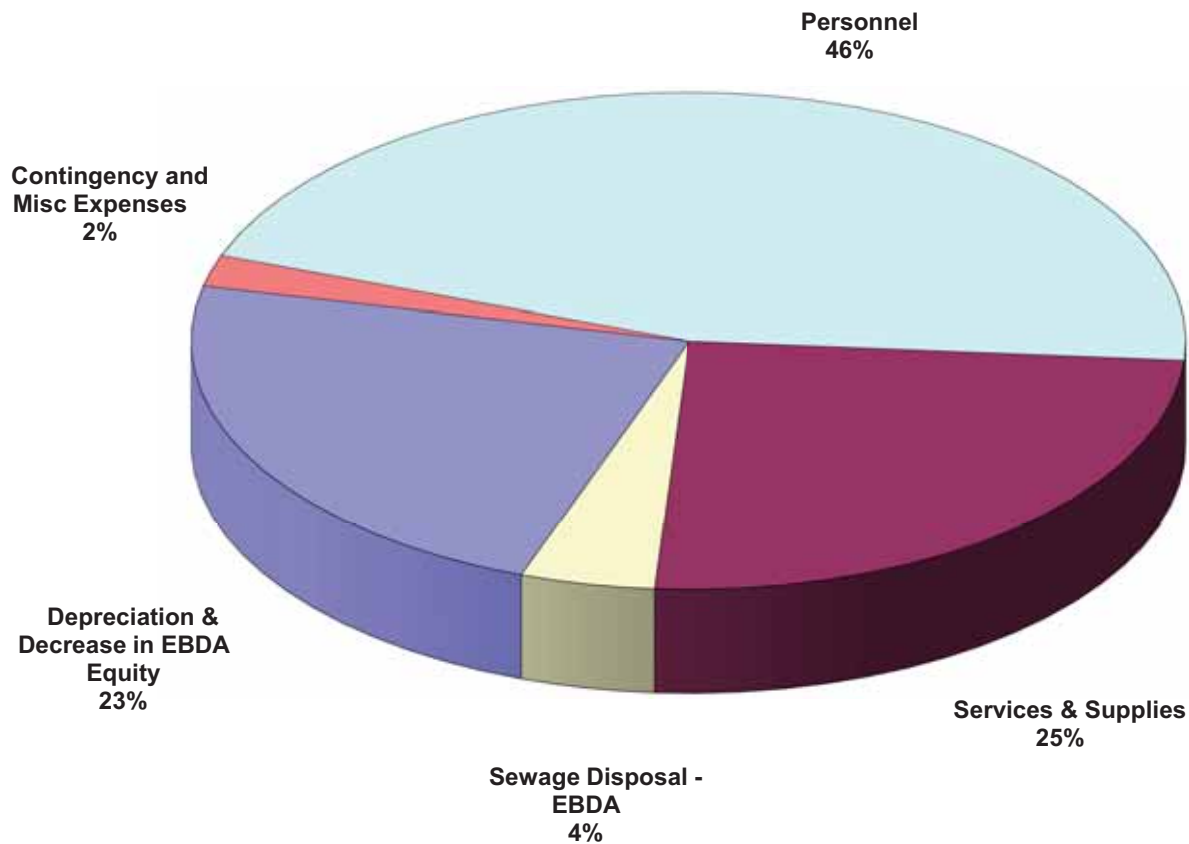
SEWER SERVICES: OPERATIONS & MAINTENANCE (O&M)

SCHEDULE OF EXPENSES BY ACCOUNT CATEGORY

Account #	Account Name	FY 2012-13	Year 1 FY 2013-14			Year 2 FY 2014-15		
		Amended Budget	Budget (\$)	Variance (\$)	Variance (%)	Budget (\$)	Variance (\$)	Variance (%)
4010	Salaries	3,820,000	4,035,000	215,000	6%	4,156,100	121,100	3%
4011	Salaries - Overtime	99,300	72,800	(26,500)	-27%	75,000	2,200	3%
4012	Salaries - Part-time	47,000	12,000	(35,000)	-74%	12,000	0	0%
4013	Salaries - Shift Differerential	46,700	49,200	2,500	5%	49,200	0	0%
4014	Salaries - Standby/Emerg. Resp.	16,500	28,500	12,000	73%	28,500	0	0%
4015	Directors' Fees	92,700	80,000	(12,700)	-14%	80,000	0	0%
4020	Employee Benefits	2,920,500	2,547,000	(373,500)	-13%	2,801,700	254,700	10%
4025	Directors' Benefits	154,000	130,000	(24,000)	-16%	143,000	13,000	10%
4040	Election Expenses	75,000	0	(75,000)	-100%	75,000	75,000	100%
4060	Gas & Oil	78,900	100,000	21,100	27%	102,500	2,500	3%
4070	Insurance	546,200	553,500	7,300	1%	564,600	11,100	2%
4090	Office Expenses	43,000	45,400	2,400	6%	45,600	200	0%
4097	Bank Fees	1,500	2,000	500	33%	2,000	0	0%
4100	Operating Supplies & Equip.	601,400	598,500	(2,900)	0%	602,600	4,100	1%
4101	Operating Supplies-Odor Control	22,000	22,000	0	0%	22,000	0	0%
4102	Operating Supplies-Belt Press	100,000	120,000	20,000	20%	123,900	3,900	3%
4104	Safety Supplies	32,100	34,600	2,500	8%	35,300	700	2%
4105	Operating Supplies - Lift St.	20,000	22,000	2,000	10%	22,000	0	0%
4110	Contractual Services	382,000	357,000	(25,000)	-7%	359,000	2,000	1%
4111	Contractual Services- Dep. Support	110,000	177,000	67,000	61%	178,000	1,000	1%
4112	Contractual Services- Oper.Sludge	300,000	320,000	20,000	7%	329,600	9,600	3%
4113	Contractual Services- Pretreatment	0	4,000	4,000	100%	5,000	1,000	25%
4115	Contractual Services-Alameda Co	80,000	85,000	5,000	6%	85,000	0	0%
4118	Contractual Services-Prop. 218	0	0	0	0%	85,000	85,000	100%
4120	Professional Services	143,300	140,800	(2,500)	-2%	140,800	0	0%
4130	Memberships & Publications	67,000	54,000	(13,000)	-19%	54,000	0	0%
4131	Newsletter	15,000	15,000	0	0%	15,000	0	0%
4140	Rents & Leases	25,500	28,000	2,500	10%	28,000	0	0%
4150	Repairs & Maintenance	259,400	293,000	33,600	13%	293,000	0	0%
4151	Repairs & Maintenance-Waukeshas	150,000	120,000	(30,000)	-20%	120,000	0	0%
4152	Repairs & Maintenance-Belt Press	10,000	15,000	5,000	50%	15,000	0	0%
4155	Repairs & Maintenance - Lift St.	29,000	28,000	(1,000)	-3%	28,000	0	0%
4160	Research & Monitoring	138,500	82,500	(56,000)	-40%	82,500	0	0%
4170	Travel, Meetings & Training	60,800	86,800	26,000	43%	87,300	500	1%
4175	Travel, Meetings -Directors	22,500	20,000	(2,500)	-11%	20,000	0	0%
4180	Recognition Program	42,500	34,000	(8,500)	-20%	34,000	0	0%
4190	Utilities	390,000	265,000	(125,000)	-32%	315,000	50,000	19%
4195	Utilities - Lift St.	60,000	62,500	2,500	4%	65,000	2,500	4%
4196	Utilities - Solar Power	90,000	100,000	10,000	11%	110,000	10,000	10%
4210	Write-off of Uncollectible Accts	0	10,000	10,000	100%	10,000	0	0%
4670	Sewage Disposal - EBDA	540,000	650,000	110,000	20%	650,000	0	0%
4680	Expenses Chargeable to EBDA	12,000	15,000	3,000	25%	15,000	0	0%
4690	Depreciation	3,500,000	3,400,000	(100,000)	-3%	3,400,000	0	0%
4901	Decrease in EBDA Equity	110,000	110,000	0	0%	110,000	0	0%
4900/4200	Contingency/Misc Expenses	300,000	300,000	0	0%	300,000	0	0%
Total O&M Expenses by Fiscal Year		15,554,300	15,225,100	(329,200)	-2%	15,875,200	650,100	4%

YEAR 1

**OPERATING BUDGET: SEWER SERVICES
COST CENTER - OPERATIONS & MAINTENANCE (O&M)
EXPENSES BY CATEGORY- FY 2013-14**



Category	\$	%
Personnel	6,954,500	46%
Services & Supplies	3,785,600	25%
Sewage Disposal - EBDA	665,000	4%
Depreciation & Decrease in EBDA Equity	3,510,000	23%
Contingency and Misc Expenses	310,000	2%
Total Expenses & Other Requirements	15,225,100	100%

YEAR 1

SEWER SERVICES: OPERATIONS & MAINTENANCE (O&M)

SCHEDULE OF EXPENSES BY DEPARTMENT FOR FY 2013-14

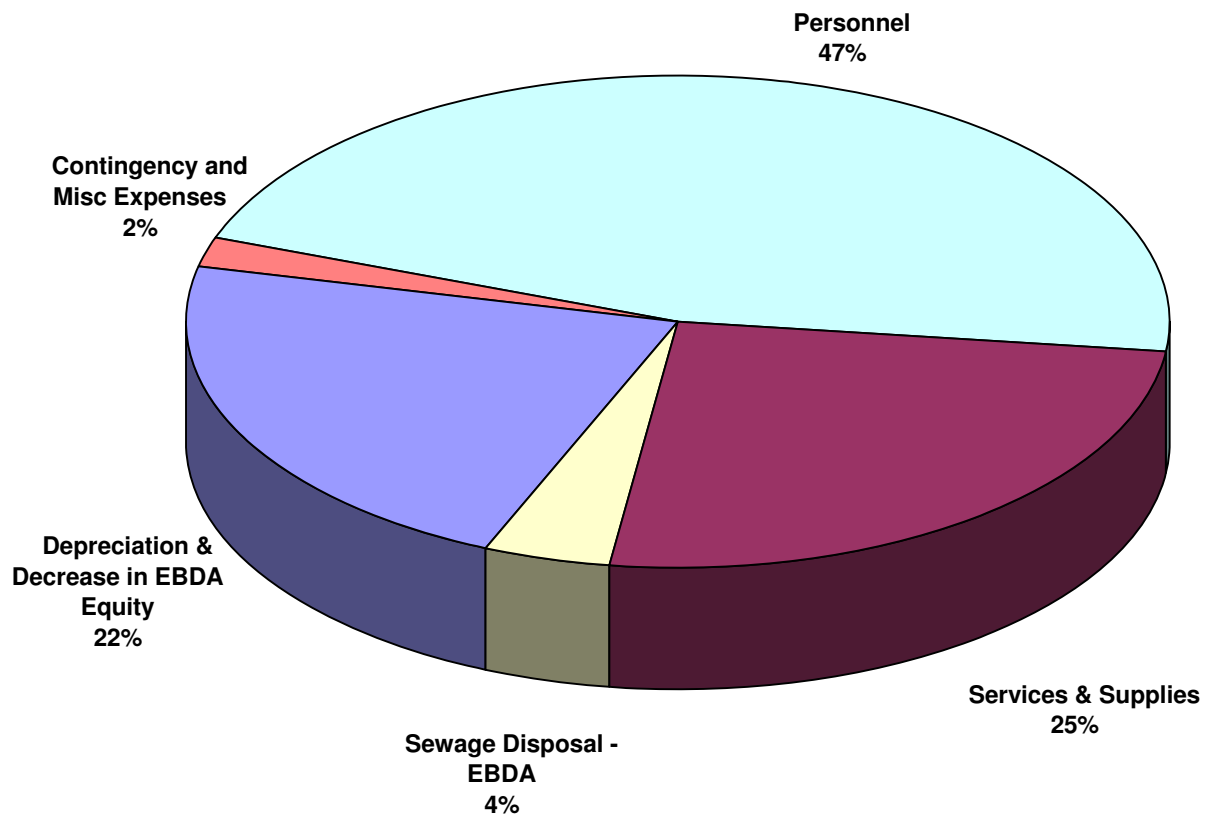
Account #	Account Name	(1) Collections	(2) Operations	(3) Maintenance	(4) Engineering	(5) Administration	(6) Non-Departmental	Total 2013-14
4010	Salaries	729,000	1,596,000	949,000	341,000	420,000	0	4,035,000
4011	Salaries - Overtime	15,000	30,000	20,000	2,800	5,000	0	72,800
4012	Salaries - Part-time	0	0	0	0	12,000	0	12,000
4013	Salaries - Shift Differential	22,000	25,000	200	2,000	0	0	49,200
4014	Salaries - Standby/Emerg. Resp.	23,500	0	5,000	0	0	0	28,500
4015	Directors' Fees	0	0	0	0	80,000	0	80,000
4020	Employee Benefits	450,000	880,000	477,000	325,000	415,000	0	2,547,000
4025	Directors' Benefits	0	0	0	0	130,000	0	130,000
4040	Election Expenses	0	0	0	0	0	0	0
4060	Gas & Oil	50,000	30,000	14,000	5,000	1,000	0	100,000
4070	Insurance	221,400	177,200	94,100	27,600	33,200	0	553,500
4090	Office Expenses	2,500	8,200	5,000	6,700	23,000	0	45,400
4097	Bank Fees	0	0	0	0	2,000	0	2,000
4100	Operating Supplies & Equip.	40,000	495,000	60,000	3,500	0	0	598,500
4101	Operating Supplies-Odor Control	0	22,000	0	0	0	0	22,000
4102	Operating Supplies-Belt Press	0	120,000	0	0	0	0	120,000
4104	Safety Supplies	10,000	10,800	10,000	2,300	1,500	0	34,600
4105	Operating Supplies - Lift St.	22,000	0	0	0	0	0	22,000
4110	Contractual Services	14,000	100,000	165,000	13,000	65,000	0	357,000
4111	Contractual Services- Oper. Support	0	40,000	30,000	72,000	35,000	0	177,000
4112	Contractual Services- Oper.Sludge	0	320,000	0	0	0	0	320,000
4113	Contractual Services- Pretreatment	0	4,000	0	0	0	0	4,000
4115	Contractual Services-Alameda Co	0	0	0	0	85,000	0	85,000
4118	Contractual Services-Prop. 218	0	0	0	0	0	0	0
4120	Professional Services	3,300	10,000	5,000	12,500	110,000	0	140,800
4130	Memberships & Publications	3,500	5,000	6,500	4,000	35,000	0	54,000
4131	Newsletter	0	0	0	0	15,000	0	15,000
4140	Rents & Leases	0	20,000	5,000	0	3,000	0	28,000
4150	Repairs & Maintenance	10,000	7,500	260,000	7,500	8,000	0	293,000
4151	Repairs & Maintenance-Waukeshas	0	0	120,000	0	0	0	120,000
4152	Repairs & Maintenance-Belt Press	0	0	15,000	0	0	0	15,000
4155	Repairs & Maintenance - Lift St.	28,000	0	0	0	0	0	28,000
4160	Research & Monitoring	0	80,000	2,500	0	0	0	82,500
4170	Travel, Meetings & Training	13,000	24,000	23,500	6,300	20,000	0	86,800
4175	Travel, Meetings -Directors	0	0	0	0	20,000	0	20,000
4180	Recognition Program	3,500	5,000	3,500	2,000	20,000	0	34,000
4190	Utilities	18,000	200,000	8,000	14,000	25,000	0	265,000
4195	Utilities - Lift St.	62,500	0	0	0	0	0	62,500
4196	Utilities - Solar Power	0	100,000	0	0	0	0	100,000
4210	Write-off of Uncollectible Accts	0	0	0	0	0	10,000	10,000
4670	Sewage Disposal - EBDA	0	0	0	0	0	650,000	650,000
4680	Expenses Chargeable to EBDA	0	0	0	0	0	15,000	15,000
4690	Depreciation	0	0	0	0	0	3,400,000	3,400,000
4901	Decrease in EBDA Equity	0	0	0	0	0	110,000	110,000
4900/4200	Contingency/Misc Expenses	0	0	0	0	0	300,000	300,000
Total Expenses FY 2013-14		1,741,200	4,309,700	2,278,300	847,200	1,563,700	4,485,000	15,225,100
Comparison with previous year budget								
Total Expenses FY 2012-13		1,697,400	4,512,500	2,271,300	826,000	1,785,100	4,462,000	15,554,300
Difference (\$)		43,800	(202,800)	7,000	21,200	(221,400)	23,000	(329,200)
Difference (%)		3%	-4%	0%	3%	-12%	1%	-2%

YEAR 2

OPERATING BUDGET: SEWER SERVICES

COST CENTER - OPERATIONS & MAINTENANCE (O&M)

EXPENSES BY CATEGORY - FY 2014-15



Category	\$	%
Personnel	7,345,500	47%
Services & Supplies	4,044,700	25%
Sewage Disposal - EBDA	665,000	4%
Depreciation & Decrease in EBDA Equity	3,510,000	22%
Contingency and Misc Expenses	310,000	2%
Total Expenses & Other Requirements	15,875,200	100%

YEAR 2

SEWER SERVICES: OPERATIONS & MAINTENANCE (O&M)

SCHEDULE OF EXPENSES BY DEPARTMENT FOR FY 2014 - 15

Account #	Account Name	(1) Collections	(2) Operations	(3) Maintenance	(4) Engineering	(5) Administration	(6) Non-Departmental	Total 2014-15
4010	Salaries	750,900	1,643,900	977,500	351,200	432,600	0	4,156,100
4011	Salaries - Overtime	15,500	30,900	20,600	2,900	5,100	0	75,000
4012	Salaries - Part-time	0	0	0	0	12,000	0	12,000
4013	Salaries - Shift Differerential	22,000	25,000	200	2,000	0	0	49,200
4014	Salaries - Standby/Emerg. Resp.	23,500	0	5,000	0	0	0	28,500
4015	Directors' Fees	0	0	0	0	80,000	0	80,000
4020	Employee Benefits	495,000	968,000	524,700	357,500	456,500	0	2,801,700
4025	Directors' Benefits	0	0	0	0	143,000	0	143,000
4040	Election Expenses	0	0	0	0	75,000	0	75,000
4060	Gas & Oil	50,000	31,500	15,000	5,000	1,000	0	102,500
4070	Insurance	225,800	180,700	96,000	28,200	33,900	0	564,600
4090	Office Expenses	2,500	8,200	5,200	6,700	23,000	0	45,600
4097	Bank Fees	0	0	0	0	2,000	0	2,000
4100	Operating Supplies & Equip.	44,000	495,000	60,000	3,600	0	0	602,600
4101	Operating Supplies-Odor Control	0	22,000	0	0	0	0	22,000
4102	Operating Supplies-Belt Press	0	123,900	0	0	0	0	123,900
4104	Safety Supplies	10,000	11,100	10,300	2,400	1,500	0	35,300
4105	Operating Supplies - Lift St.	22,000	0	0	0	0	0	22,000
4110	Contractual Services	14,000	100,000	165,000	13,000	67,000	0	359,000
4111	Contractual Services- Oper. Support	0	40,000	30,000	72,000	36,000	0	178,000
4112	Contractual Services- Oper.Sludge	0	329,600	0	0	0	0	329,600
4113	Contractual Services- Pretreatment	0	5,000	0	0	0	0	5,000
4115	Contractual Services-Alameda Co	0	0	0	0	85,000	0	85,000
4118	Contractual Services-Prop. 218	0	0	0	0	85,000	0	85,000
4120	Professional Services	3,300	10,000	5,000	12,500	110,000	0	140,800
4130	Memberships & Publications	3,500	5,000	6,500	4,000	35,000	0	54,000
4131	Newsletter	0	0	0	0	15,000	0	15,000
4140	Rents & Leases	0	20,000	5,000	0	3,000	0	28,000
4150	Repairs & Maintenance	10,000	7,500	260,000	7,500	8,000	0	293,000
4151	Repairs & Maintenance-Waukeshas	0	0	120,000	0	0	0	120,000
4152	Repairs & Maintenance-Belt Press	0	0	15,000	0	0	0	15,000
4155	Repairs & Maintenance - Lift St.	28,000	0	0	0	0	0	28,000
4160	Research & Monitoring	0	80,000	2,500	0	0	0	82,500
4170	Travel, Meetings & Training	13,500	24,000	23,500	6,300	20,000	0	87,300
4175	Travel, Meetings -Directors	0	0	0	0	20,000	0	20,000
4180	Recognition Program	3,500	5,000	3,500	2,000	20,000	0	34,000
4190	Utilities	18,000	250,000	8,000	14,000	25,000	0	315,000
4195	Utilities - Lift St.	65,000	0	0	0	0	0	65,000
4196	Utilities - Solar Power	0	110,000	0	0	0	0	110,000
4210	Write-off of Uncollectible Accts	0	0	0	0	0	10,000	10,000
4670	Sewage Disposal - EBDA	0	0	0	0	0	650,000	650,000
4680	Expenses Chargeable to EBDA	0	0	0	0	0	15,000	15,000
4690	Depreciation	0	0	0	0	0	3,400,000	3,400,000
4901	Decrease in EBDA Equity	0	0	0	0	0	110,000	110,000
4900/4200	Contingency/Misc Expenses	0	0	0	0	0	300,000	300,000
Total Expenses FY 2014-15		1,820,000	4,526,300	2,358,500	890,800	1,794,600	4,485,000	15,875,200
Comparison with previous year budget								
Total Expenses FY 2013-14		1,741,200	4,309,700	2,278,300	847,200	1,563,700	4,485,000	15,225,100
Difference (\$)		78,800	216,600	80,200	43,600	230,900	0	650,100
Difference (%)		5%	5%	4%	5%	15%	0%	4%

SEWER SERVICES: O&M - COLLECTIONS DEPARTMENT

Department Mission Statement:

“Treat every customer like family.”

Department Description and Purpose:

The primary responsibility of the Collections Department is to maintain the integrity of the District’s collection system, which consists of approximately 273 miles of sanitary sewer lines, 6,015 manholes, more than 60 special structures, 14 pump stations, and several inverted siphons. The Collections crew cleans and video inspects over 2 million feet of sewer lines each year, and maintains records of sewer line condition. The crew partners with Engineering to establish repair and replacement priorities, and handling investigation, regulatory reporting, and claims for sewer overflows.

Staffing: Eight authorized positions for FY 2013-14 and FY 2014-15.

10-Year Strategic Goals:

- Zero lost time accidents in all years and zero “reportable injury” years (3 out 10 years).
- Zero collection system overflows.
- Maintain compliance with all SSMP and CIWQS reporting requirements.
- Develop “watch list” of emerging regulations, key regulatory contacts.
- Build field GIS infrastructure, provide GIS access to key collection personnel.
- Measure customer satisfaction and identify areas for improvement.

Performance Measures and Results:

Through continuous sewer line cleaning and digital video inspections, the Collections Department achieved:

- Further reduction of collection system service calls – 260 calls in 2000 to 136 calls in 2012.
- Further reduction of stoppages – 15 stoppages in 2000 to 5 stoppage in 2012.
- Continue to maintain high performing system with a spill rate of less than one per 100 miles per year.
- Prestigious awards from California Water Environment Association (CWEA) – “Collections System of the Year – San Francisco Bay Section” in the 250-500 miles category (1997, 1998, 1999, 2000, 2004 and 2010), and “Collections Supervisor of the Year” (2005). In 2000, 2004 and 2010, the department also received the CWEA State-wide “Collections System of the Year” award.
- Manage departmental expenses within budget.

Significant Budget Issues/Program Changes:

- In FY 2013-14, the Collections Department budget reflects an overall \$43,800 (3%) increase from FY 2012-13. This is due primarily to inflationary adjustment and realignment of costs based on historical data.
- In FY 2014-15, the Collections Department budget reflects an overall \$78,800 (5%) increase from FY 2013-14. Of this, \$21,000 is attributed to 3% provision for salary increases and \$45,000 is to fund expected increases in medical costs. The remaining increase is allocated to other accounts for inflationary adjustments and realignment of costs.

FY 2013-14 & FY 2014-15

SEWER SERVICES: O&M - COLLECTIONS DEPARTMENT

SCHEDULE OF DEPARTMENTAL EXPENSES

15-1-4XXX.XX			Year 1 FY 2013-14			Year 2 FY 2014-15		
Account #	Account Name	2012-13 Amended Budget	Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
			\$	\$	%	\$	\$	%
4010	Salaries	680,000	729,000	49,000	7%	750,900	21,900	3%
4011	Salaries - Overtime	13,200	15,000	1,800	14%	15,500	500	3%
4012	Salaries - Part-time							
4013	Salaries - Traffic Exposure Pay	21,000	22,000	1,000	5%	22,000	0	0%
4014	Salaries - Standby/Emerg. Resp.	16,500	23,500	7,000	42%	23,500	0	0%
4015	Directors' Fees							
4020	Benefits	495,000	450,000	(45,000)	-9%	495,000	45,000	10%
4025	Directors' Benefits							
4040	Election Expenses							
4060	Gas & Oil	40,000	50,000	10,000	25%	50,000	0	0%
4070	Insurance	202,900	221,400	18,500	9%	225,800	4,400	2%
4090	Office Expenses	2,500	2,500	0	0%	2,500	0	0%
4097	Bank Fees							
4100	Operating Supplies & Equip.	44,000	40,000	(4,000)	-9%	44,000	4,000	10%
4101	Operating Supplies-Odor Control							
4102	Operating Supplies-Belt Press							
4104	Safety Supplies	8,500	10,000	1,500	18%	10,000	0	0%
4105	Operating Supplies - Lift St.	20,000	22,000	2,000	10%	22,000	0	0%
4110	Contract Services	14,000	14,000	0	0%	14,000	0	0%
4111	Contract Services-Coll Support							
4112	Contractual Services- Oper.Sludge							
4113	Contractual Services- Pretreatment							
4115	Contract Services-Alameda Co.							
4118	Contractual Services-Prop. 218							
4120	Professional Services	3,300	3,300	0	0%	3,300	0	0%
4130	Memberships & Publications	3,000	3,500	500	17%	3,500	0	0%
4131	Newsletter							
4140	Rents & Leases							
4150	Repairs & Maintenance	12,500	10,000	(2,500)	-20%	10,000	0	0%
4151	Repairs & Maintenance-Waukeshas							
4152	Repairs & Maintenance-Belt Press							
4155	Repairs & Maintenance - Lift St.	26,500	28,000	1,500	6%	28,000	0	0%
4160	Research & Monitoring							
4170	Travel, Meetings & Training	12,500	13,000	500	4%	13,500	500	4%
4175	Travel, Meetings - Directors							
4180	Recognition Program	4,000	3,500	(500)	-13%	3,500	0	0%
4190	Utilities	18,000	18,000	0	0%	18,000	0	0%
4195	Utilities - Lift St.	60,000	62,500	2,500	4%	65,000	2,500	4%
4196	Utilities - Solar Power							
4210	Write-off of Uncollectible Accts							
4670	Sewage Disposal - EBDA							
4680	Expenses Chargeable to EBDA							
4690	Depreciation							
4901	Decrease in EBDA Equity							
4900/4200	Contingency/Misc Expenses							
Total Expenses		1,697,400	1,741,200	43,800	3%	1,820,000	78,800	5%

SEWER SERVICES: O&M - OPERATIONS DEPARTMENT

Department Mission Statement:

“Safe and cost effective wastewater treatment in compliance with all regulatory requirements.”

Department Description and Purpose:

The Operations Department is responsible for the 24/7 operation of the District’s sewage treatment plant and biosolids disposal. The plant has an average dry weather flow of 12.2 MGD, with a design flow of 20 MGD. The treatment plant is jointly owned by Oro Loma Sanitary District (75%) and Castro Valley Sanitary District (CVSD) (25%). Under long term mutual agreements, CVSD reimburses the District for operations and maintenance costs for wastewater treatment, based on its actual contributory sewage flows (approximately 27%), and 25% for capital costs, based on its ownership interest. In addition to operating the plant, staff is involved in the operation and maintenance of the East Bay Dischargers Authority pump station, Skywest Golf Course water reclamation facilities, laboratory services, pretreatment activities, and compliance with numerous governmental regulations regarding treatment and disposal of wastewater and its byproducts.

Staffing: Fifteen and one-half authorized positions for FY 2013-14 and FY 2014-15

10 Year Strategic Goals:

- Protect public health and the environment.
- Zero lost time accidents in all years and zero “reportable injury” years (3 out of 10 years).
- Zero effluent violations
- Develop written operator training program for all areas of the plant.
- Develop annual “watch list” of emerging regulations, key regulatory contacts, and participate when warranted.
- Renegotiate EBDA agreement to reduce/eliminate District responsibility for replacement of conveyance system it does not use.
- Build video library of critical situation response; use video for debrief and future training.
- Optimize plant energy and chemical use through ongoing process control and evaluation.
- Track ongoing discussion of nutrient regulations and potential technical responses.

Performance Measures and Results:

- Achieve 100% regulatory compliance with local, state and federal requirements.
- Ensure that department expenses are managed within the limits of the adopted budget.
- Manage departmental expenses within budget.

Significant Budget Issues/Program Changes:

- In FY 2013-14, the Operations Department budget for expenses reflects an overall \$202,800 (4%) decrease from FY 2012-13. The decrease is due to changes in various accounts as a result of inflationary adjustment and redistributions based on historical expense data for the last three years. The major changes are increases of: \$95,000 in salaries; \$10,800 in gas & oil; \$14,000 in various contractual services, offset by major decreases of: \$ 154,000 in benefits, and \$160,000 in utilities and others.
- In FY 2014-15, the Operations Department budget reflects an overall \$216,600 (5%) increase from FY 2013-14. Over half of this amount is attributed to anticipated increases in salaries and rising health costs. The remaining increases are for inflationary adjustments.

FY 2013-14 & FY 2014-15

SEWER SERVICES: O&M - OPERATIONS DEPARTMENT
SCHEDULE OF DEPARTMENTAL EXPENSES

15-2-4XXX.XX			Year 1 FY 2013-14			Year 2 FY 2014-15		
Account #	Account Name	2012-13 Amended Budget	Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
			\$	\$	%	\$	\$	%
4010	Salaries	1,501,000	1,596,000	95,000	6%	1,643,900	47,900	3%
4011	Salaries - Overtime	52,600	30,000	(22,600)	-43%	30,900	900	3%
4012	Salaries - Part-time							
4013	Salaries - Shift Differential	25,000	25,000	0	0%	25,000	0	0%
4014	Salaries - Standby/Emerg. Resp.							
4015	Directors' Fees							
4020	Employee Benefits	1,034,000	880,000	(154,000)	-15%	968,000	88,000	10%
4025	Directors' Benefits							
4040	Election Expenses							
4060	Gas & Oil	19,200	30,000	10,800	56%	31,500	1,500	5%
4070	Insurance	180,200	177,200	(3,000)	-2%	180,700	3,500	2%
4090	Office Expenses	8,200	8,200	0	0%	8,200	0	0%
4097	Bank Fees							
4100	Operating Supplies & Equip.	493,000	495,000	2,000	0%	495,000	0	0%
4101	Operating Supplies-Odor Control	22,000	22,000	0	0%	22,000	0	0%
4102	Operating Supplies-Belt Press	100,000	120,000	20,000	20%	123,900	3,900	3%
4104	Safety Supplies	10,500	10,800	300	3%	11,100	300	3%
4105	Operating Supplies - Lift St.							
4110	Contractual Services	130,000	100,000	(30,000)	-23%	100,000	0	0%
4111	Contractual Services- Oper. Support	20,000	40,000	20,000	100%	40,000	0	0%
4112	Contractual Services- Oper.Sludge	300,000	320,000	20,000	7%	329,600	9,600	3%
4113	Contractual Services- Pretreatment	0	4,000	4,000	100%	5,000	1,000	25%
4115	Contractual Services-Alameda Co							
4118	Contractual Services-Prop. 218							
4120	Professional Services	10,000	10,000	0	0%	10,000	0	0%
4130	Memberships & Publications	5,000	5,000	0	0%	5,000	0	0%
4131	Newsletter							
4140	Rents & Leases	20,000	20,000	0	0%	20,000	0	0%
4150	Repairs & Maintenance	10,000	7,500	(2,500)	-25%	7,500	0	0%
4151	Repairs & Maintenance-Waukeshas							
4152	Repairs & Maintenance-Belt Press							
4155	Repairs & Maintenance - Lift St.							
4160	Research & Monitoring	95,000	80,000	(15,000)	-16%	80,000	0	0%
4170	Travel, Meetings & Training	22,000	24,000	2,000	9%	24,000	0	0%
4175	Travel, Meetings -Directors							
4180	Recognition Program	4,800	5,000	200	4%	5,000	0	0%
4190	Utilities	360,000	200,000	(160,000)	-44%	250,000	50,000	25%
4195	Utilities - Lift St.							
4196	Utilities - Solar Power	90,000	100,000	10,000	11%	110,000	10,000	10%
4210	Write-off of Uncollectible Accts							
4670	Sewage Disposal - EBDA							
4680	Expenses Chargeable to EBDA							
4690	Depreciation							
4901	Decrease in EBDA Equity							
4900/4200	Contingency/Misc Expenses							
Total Expenses		4,512,500	4,309,700	(202,800)	-4%	4,526,300	216,600	5%

SEWER SERVICES: O&M - MAINTENANCE DEPARTMENT

Departmental Mission Statement:

“We are here for you.”

Department Description and Purpose:

The Maintenance Department provides equipment repair and maintenance services, including electrical instrumentation, process control, and mechanical & electrical services for treatment plant operations, collection system lift stations facilities, vehicles, buildings, and a 720 kilowatt cogeneration and emergency generator facilities. Additionally, the department maintains an on-site pump station and recycled water facility owned by East Bay Dischargers Authority. The Maintenance Department also manages and/or builds small capital improvement projects.

Staffing: Ten authorized positions for FY 2013-14 and FY 2014-15

10 Years Strategic Goals:

- Zero lost time accidents in all years and zero reportable injury years (3 out 10 years).
- Zero lift station overflows.
- Zero permit violations due to equipment failures.
- Maintain average monthly backlog to under 25% of the current month's output.
- Maintain 95% annual uptime on cogeneration system.
- Maintain lift station contingency plan and provide training to allow 90 minute response and bypass at all remote sites.

Performance Measures and Results:

- Maintain zero lift station overflows or effluent violations due to equipment or instrumentation failures.
- Ensure that department expenses do not exceed the adopted budget.
- Manage departmental expenses within budget.

Significant Budget Issues/Program Changes:

- In FY 2013-14, the Maintenance Department expense budget, \$2,278,300, remains almost unchanged from FY 2012-13. However, certain accounts are showing various amounts of fluctuation. Those changes are due to realignment of the expenses amounts based on the historical data for the last three fiscal years, and an inflationary provision for the upcoming budget year.
- In FY 2014-15, the Maintenance Department budget reflects an overall \$80,200 (4%) increase over FY 2013-14. This is due to increases for an anticipated inflationary provision, mainly in salaries, health premiums and gas and oil.

FY 2013-14 & FY 2014-15

SEWER SERVICES: O&M - MAINTENANCE DEPARTMENT
SCHEDULE OF DEPARTMENTAL EXPENSES

15-3-4XXX.XX			Year 1 FY 2013-14			Year 2 FY 2014-15		
Account #	Account Name	2012-13 Amended Budget	Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
			\$	\$	%	\$	\$	%
4010	Salaries	886,000	949,000	63,000	7%	977,500	28,500	3%
4011	Salaries - Overtime	23,000	20,000	(3,000)	-13%	20,600	600	3%
4012	Salaries - Part-time							
4013	Salaries - Traffic Exposure Pay	200	200	0	0%	200	0	0%
4014	Salaries - Standby/Emerg. Resp.	0	5,000	5,000	100%	5,000	0	0%
4015	Directors' Fees							
4020	Employee Benefits	561,000	477,000	(84,000)	-15%	524,700	47,700	10%
4025	Directors' Benefits							
4040	Election Expenses							
4060	Gas & Oil	13,700	14,000	300	2%	15,000	1,000	7%
4070	Insurance	101,000	94,100	(6,900)	-7%	96,000	1,900	2%
4090	Office Expenses	3,600	5,000	1,400	39%	5,200	200	4%
4097	Bank Fees							
4100	Operating Supplies & Equip.	60,000	60,000	0	0%	60,000	0	0%
4101	Operating Supplies-Odor Control							
4102	Operating Supplies-Belt Press							
4104	Safety Supplies	9,700	10,000	300	3%	10,300	300	3%
4105	Operating Supplies - Lift St.							
4110	Contractual Services	165,000	165,000	0	0%	165,000	0	0%
4111	Contractual Services- Mtn. Support	20,000	30,000	10,000	50%	30,000	0	0%
4112	Contractual Services- Oper.Sludge							
4113	Contractual Services- Pretreatment							
4115	Contractual Services-Alameda Co							
4118	Contractual Services-Prop. 218							
4120	Professional Services	5,000	5,000	0	0%	5,000	0	0%
4130	Memberships & Publications	6,000	6,500	500	8%	6,500	0	0%
4131	Newsletter							
4140	Rents & Leases	2,500	5,000	2,500	100%	5,000	0	0%
4150	Repairs & Maintenance	219,400	260,000	40,600	19%	260,000	0	0%
4151	Repairs & Maintenance-Waukeshas	150,000	120,000	(30,000)	-20%	120,000	0	0%
4152	Repairs & Maintenance-Belt Press	10,000	15,000	5,000	50%	15,000	0	0%
4155	Repairs & Maintenance - Lift St.							
4160	Research & Monitoring	2,500	2,500	0	0%	2,500	0	0%
4170	Travel, Meetings & Training	23,500	23,500	0	0%	23,500	0	0%
4175	Travel, Meetings -Directors							
4180	Recognition Program	2,500	3,500	1,000	40%	3,500	0	0%
4190	Utilities	6,700	8,000	1,300	19%	8,000	0	0%
4195	Utilities - Lift St.							
4196	Utilities - Solar Power							
4210	Write-off of Uncollectible Accts							
4670	Sewage Disposal - EBDA							
4680	Expenses Chargeable to EBDA							
4690	Depreciation							
4901	Decrease in EBDA Equity							
4900/4200	Contingency/Misc Expenses							
Total Expenses		2,271,300	2,278,300	7,000	0%	2,358,500	80,200	4%

SEWER SERVICES: O&M - ENGINEERING DEPARTMENT

Department Mission Statement:

“Friendly customer service with quality engineering and project management.”

Department Description and Purpose:

The Engineering Department oversees the design, bidding and construction of projects in the District's Renewal and Replacement (R&R) and Capital Improvement Program (CIP). The department also manages capital facilities planning and budgeting; performs annual updates of the database for revenues collected for District services; inspects the installation of all collection system improvements of private developments and construction projects; collects and interprets data through flow-monitoring devices; reviews plans submitted by public agencies and private companies; issues permits to contractors and/or developers for construction, repairs, or encroachments; processes annexations to the District; and, maintains records of engineering drawings and the District's mapping system.

Staffing: Five authorized positions for FY 2013-14 and FY 2014-15. The budgeted salaries for these positions are allocated to R&R, CIP and/or other projects as direct labor costs of in-house project management, based on estimated time associated with these projects. The remaining portion of Engineering staff salaries are costs associated with general engineering of the District.

10 Years Strategic Goals:

- Zero lost time accidents in all years and zero reportable injury years (3 out 10 years).
- Maintain Ten-Year Capital Planning Document for all District assets.
- Build GIS into central reference source for all District assets and customer service issues.
- Implement Asset Management Program for all District assets by 2023.
- Replace a minimum of 20 miles of collection system pipe by 2023.

Performance Measures and Results:

- Ensure that the department's expenses are managed within the adopted budget.
- Execute planned work in a timely manner (Minimum of 85% of funds budgeted to be spent in given budget year).
- Minimize construction change order costs (for projects closing out during the current fiscal year) to no greater than 5% of the original contract amount.
- Prepare and maintain quality as-built drawings, maps and engineering records.
- Deliver courteous and timely response to customer calls and “over the counter” services.
- Manage departmental expenses within budget.

Significant Budget Issues/Program Changes:

- In FY 2013-14, the Engineering Department budget reflects an overall \$21,200 (3%) increase from FY 2012-13. This amount is a combination of increases and decreases in various accounts due to realignment of budgeted amounts with historical data, and provision for inflationary adjustments.
- In FY 2014-15, the Engineering Department budget reflects a \$43,600 (5%) increase over FY 2013-14. Of this, \$42,800 is attributed to estimated salaries and benefits increases, and the remaining amount is allocated to other accounts for inflationary adjustments or realignment of budgeted costs to historical actual data.

FY 2013-14 & FY 2014-15

SEWER SERVICES: O&M - ENGINEERING DEPARTMENT
SCHEDULE OF DEPARTMENTAL EXPENSES

15-4-XXXX.XX			Year 1 FY 2013-14			Year 2 FY 2014-15		
Account #	Account Name	2012-13 Amended Budget	Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
			\$	\$	%	\$	\$	%
4010	Salaries	320,000	341,000	21,000	7%	351,200	10,200	3%
4011	Salaries - Overtime	5,200	2,800	(2,400)	-46%	2,900	100	4%
4012	Salaries - Part-time	22,000	0	(22,000)	-100%	0	0	0%
4013	Salaries - Traffic Exposure Pay	500	2,000	1,500	300%	2,000	0	0%
4014	Salaries - Standby/Emerg. Resp.							
4015	Directors' Fees							
4020	Employee Benefits	324,500	325,000	500	0%	357,500	32,500	10%
4025	Directors' Benefits							
4040	Election Expenses							
4060	Gas & Oil	5,000	5,000	0	0%	5,000	0	0%
4070	Insurance	22,700	27,600	4,900	22%	28,200	600	2%
4090	Office Expenses	6,700	6,700	0	0%	6,700	0	0%
4097	Bank Fees							
4100	Operating Supplies & Equip.	4,400	3,500	(900)	-20%	3,600	100	3%
4101	Operating Supplies-Odor Control							
4102	Operating Supplies-Belt Press							
4104	Safety Supplies	2,200	2,300	100	5%	2,400	100	4%
4105	Operating Supplies - Lift St.							
4110	Contractual Services	13,000	13,000	0	0%	13,000	0	0%
4111	Contractual Services-Engr Support	50,000	72,000	22,000	44%	72,000	0	0%
4112	Contractual Services- Oper.Sludge							
4113	Contractual Services- Pretreatment							
4115	Contractual Services-Alameda Co							
4118	Contractual Services-Prop. 218							
4120	Professional Services	15,000	12,500	(2,500)	-17%	12,500	0	0%
4130	Memberships & Publications	5,000	4,000	(1,000)	-20%	4,000	0	0%
4131	Newsletter							
4140	Rents & Leases							
4150	Repairs & Maintenance	9,500	7,500	(2,000)	-21%	7,500	0	0%
4151	Repairs & Maintenance-Waukeshas							
4152	Repairs & Maintenance-Belt Press							
4155	Repairs & Maintenance - Lift St.							
4160	Research & Monitoring							
4170	Travel, Meetings & Training	6,300	6,300	0	0%	6,300	0	0%
4175	Travel, Meetings -Directors							
4180	Recognition Program	2,000	2,000	0	0%	2,000	0	0%
4190	Utilities	12,000	14,000	2,000	17%	14,000	0	0%
4195	Utilities - Lift St.							
4196	Utilities - Solar Power							
4210	Write-off of Uncollectible Accts							
4670	Sewage Disposal - EBDA							
4680	Expenses Chargeable to EBDA							
4690	Depreciation							
4901	Decrease in EBDA Equity							
4900/4200	Contingency/Misc Expenses							
Total Expenses		826,000	847,200	21,200	3%	890,800	43,600	5%

SEWER SERVICES: O&M - ADMINISTRATION DEPARTMENT

Department Mission Statement:

“Providing excellent service with a positive attitude.”

Department Description and Purpose: The Administration Department provides administrative support to the Board of Directors, Board Committees and all departments, and undertakes overall general management of the District. Core functions include: accounting, budgeting, investing, human resources, labor relations, information technology, workers’ compensation, public information, performance management, risk management, safety and training, general administration, and representation at various regulatory agencies. The Administration Department also oversees and administers a long-term agreement with Waste Management of Alameda County, for providing solid waste and recycling services to District customers.

Staffing: Five and one-half authorized positions for FY 2013-14 and FY 2014-15. The budgeted salaries for these positions may be allocated to Risk Management and/or Solid Waste and Recycling activities, based on estimated percentages dedicated to those tasks. The remaining salaries in the Administration Department represent costs associated with general administration dedicated to the Sewer Services cost centers (O&M, R&R and CIP).

10 Years Strategic Goals:

- Zero lost time accidents in all years and injuries (3 out of 10 years).
- Maintain lowest residential sewer service charge in Alameda County and among the lowest 5% in the State.
- Timely, accurate, transparent, and useful financial reports.
- Develop and maintain cross training for key admin/finance functions.
- Provide live, knowledgeable customer service point of contact for all incoming calls.
- Identify and communicate required funding needs for operations and projected infrastructure needs.
- Update Strategic Plan every two years with the Budget document.

Performance Measures and Results:

- Prepare Board agenda packets for delivery by 12:00 noon on the Friday before the Board meeting, at least 90% of the time.
- Process payroll and accounts payable, and complete monthly financial statements on time, 100% of the time, and error free at least 99.5 % of the time.
- Publish three to four issues of the “Oro Loma News” newsletter each year.
- Publish the award-winning Comprehensive Annual Financial Report by December 31 each year.
- Coordinate and successfully complete the annual Earth Day Poster Contest for schools (K-12) located in the District’s jurisdiction.
- Manage department expenses within budget.

Significant Budget Issues/Program Changes:

- In FY 2013-14, the budget reflects a decrease of \$221,400 (12%) from FY 2012-13. Of this amount, \$75,000 is attributed to decreases in Election Expenses (elections occur every other year); the remaining balance is attributed to realignment in other expenses.
- In FY 2014-15, the budget reflects an overall \$230,900 (15%) increase from FY 2013-14. Of this amount, \$75,000 is allocated to Election Expenses, \$85,000 to Contractual Services connected with Proposition 218 legal requirement to print and mail notices to ratepayers in case of anticipated sewer rate increases; the rest is for anticipated increases in salaries, health premiums, and an inflationary provision, 3-10% depending upon the line item.

FY 2013-14 & FY 2014-15

SEWER SERVICES: O&M - ADMINISTRATION DEPARTMENT
SCHEDULE OF DEPARTMENTAL EXPENSES

15-5-4XXX.XX			Year 1 FY 2013-14			Year 2 FY 2014-15		
Account #	Account Name	2012-13 Amended Budget	Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
			\$	\$	%	\$	\$	%
4010	Salaries	433,000	420,000	(13,000)	-3%	432,600	12,600	3%
4011	Salaries - Overtime	5,300	5,000	(300)	-6%	5,100	100	2%
4012	Salaries - Part-time	25,000	12,000	(13,000)	-52%	12,000	0	0%
4013	Salaries - Traffic Exposure Pay							
4014	Salaries - Standby/Emerg. Resp.							
4015	Directors' Fees	92,700	80,000	(12,700)	-14%	80,000	0	0%
4020	Employee Benefits	506,000	415,000	(91,000)	-18%	456,500	41,500	10%
4025	Directors' Benefits	154,000	130,000	(24,000)	-16%	143,000	13,000	10%
4040	Election Expenses	75,000	0	(75,000)	-100%	* 75,000	75,000	100%
4060	Gas & Oil	1,000	1,000	0	0%	1,000	0	0%
4070	Insurance	39,400	33,200	(6,200)	-16%	33,900	700	2%
4090	Office Expenses	22,000	23,000	1,000	5%	23,000	0	0%
4097	Bank Fees	1,500	2,000	500	33%	2,000	0	0%
4100	Operating Supplies & Equip.							
4101	Operating Supplies-Odor Control							
4102	Operating Supplies-Belt Press							
4104	Safety Supplies	1,200	1,500	300	25%	1,500	0	0%
4105	Operating Supplies - Lift St.							
4110	Contractual Services	60,000	65,000	5,000	8%	67,000	2,000	3%
4111	Contractual Services- Admin. Support	20,000	35,000	15,000	75%	36,000	1,000	3%
4112	Contractual Services- Oper.Sludge							
4113	Contractual Services- Pretreatment							
4115	Contractual Services-Alameda Co	80,000	85,000	5,000	6%	85,000	0	0%
4118	Contractual Services-Prop. 218	0	0	0	0%	85,000	85,000	100%
4120	Professional Services	110,000	110,000	0	0%	110,000	0	0%
4130	Memberships & Publications	48,000	35,000	(13,000)	-27%	35,000	0	0%
4131	Newsletter	15,000	15,000	0	0%	15,000	0	0%
4140	Rents & Leases	3,000	3,000	0	0%	3,000	0	0%
4150	Repairs & Maintenance	8,000	8,000	0	0%	8,000	0	0%
4151	Repairs & Maintenance-Waukeshas							
4152	Repairs & Maintenance-Belt Press							
4155	Repairs & Maintenance - Lift St.							
4160	Research & Monitoring							
4170	Travel, Meetings & Training	20,000	20,000	0	0%	20,000	0	0%
4175	Travel, Meetings -Directors	20,000	20,000	0	0%	20,000	0	0%
4180	Recognition Program	20,000	20,000	0	0%	20,000	0	0%
4190	Utilities	25,000	25,000	0	0%	25,000	0	0%
4195	Utilities - Lift St.							
4196	Utilities - Solar Power							
4210	Write-off of Uncollectible Accts							
4670	Sewage Disposal - EBDA							
4680	Expenses Chargeable to EBDA							
4690	Depreciation							
4901	Decrease in EBDA Equity							
4900/4200	Contingency/Misc Expenses							
Total Expenses		1,785,100	1,563,700	(221,400)	-12%	1,794,600	230,900	15%

SEWER SERVICES: O&M - NON-DEPARTMENTAL

Department Overview:

The Non-Departmental expenses budget section of the O&M cost center accounts for those expenses that cannot be directly assigned to a specific department.

Significant Budget Issues/Program Changes:

- **Write-off of Uncollectable Accounts** – Based on historical information, in FY 2013-14 and FY 2014-15, annual expenses of \$10,000.
- **Sewage Disposal/EBDA** - In FY 2013-14 and FY 2014-15, annual expenses of \$650,000 are appropriated for the District's share of operational costs of the East Bay Dischargers Authority (EBDA) system, which pumps treated effluent from the District's plant into the San Francisco Bay. EBDA was established in 1974 under the Joint Exercise of Powers Act of the State of California by the Cities of Hayward and San Leandro, as well as Oro Loma, Castro Valley, and Union Sanitary Districts, for the purpose of planning, acquiring, constructing, managing and operating joint disposal facilities for the member agencies. EBDA also provides the effluent monitoring required by the San Francisco Regional Water Quality Control Board (SFRWQCB). Based on historical information, this account's appropriation was increased by \$110,000 from FY 2012-13.
- **Expenses Chargeable to EBDA** - \$15,000 annually is provided for expenses that the District incurs on behalf of EBDA. Those expenses are associated with special purchases pertaining to EBDA facilities under the maintenance contract provided by the District. They are 100% reimbursable by EBDA.
- **Depreciation** - Depreciation expense captures annual decreases in the value of District's capital assets due to wear, deterioration, or obsolescence. It is a non-cash expense, and is reflected in the "Provisions for Depreciation" account in the General Ledger. The amount of budgeted depreciation is based on actual information from previous years, plus provisions for the acquisition of new capital assets, and/or expected end-of-life of some existing assets
- **Decrease in EBDA Equity** - The District's long-term investment in EBDA equity interest is 19.305%. The District has the ability to exercise significant influence over the operating and financial policies of EBDA. The annual change in the District's portion of EBDA equity is reported as an expense under "Decrease in EBDA Equity." The annual provisions of \$110,000/year in this Two-Year Budget are established for this purpose. This account is similar in nature to Depreciation.
- **Contingency Reserve/Miscellaneous Expenses** - A \$300,000 contingency reserve is budgeted in each fiscal year as an allowance for unanticipated expenses. A budget amendment is required to appropriate these funds and incorporate them into line item accounts.
- **Debt Service Interest & Principal on Sewer Revenue Refunding Bonds, Series 2003.** – This account was eliminated – The District redeemed all debt as of September 21, 2009.

FY 2013-14 & FY 2014-15

SEWER SERVICES: O&M - NON-DEPARTMENTAL EXPENSES
SCHEDULE OF NON-DEPARTMENTAL EXPENSES

15-6-4XXX.XX			Year 1 FY 2013-14			Year 2 FY 2014-15		
Account #	Account Name	2012-13 Amended Budget	Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
			\$	\$	%	\$	\$	%
4010	Salaries							
4011	Salaries - Overtime							
4012	Salaries - Part-time							
4013	Salaries - Shift Differerential							
4014	Salaries - Standby/Emerg. Resp.							
4015	Directors' Fees							
4020	Employee Benefits							
4025	Directors' Benefits							
4040	Election Expenses							
4060	Gas & Oil							
4070	Insurance							
4090	Office Expenses							
4097	Bank Fees							
4100	Operating Supplies & Equip.							
4101	Operating Supplies-Odor Control							
4102	Operating Supplies-Belt Press							
4104	Safety Supplies							
4105	Operating Supplies - Lift St.							
4110	Contractual Services							
4111	Contractual Services- Oper. Support							
4112	Contractual Services- Oper.Sludge							
4113	Contractual Services- Pretreatment							
4115	Contractual Services-Alameda Co							
4118	Contractual Services-Propos 218							
4120	Professional Services							
4130	Memberships & Publications							
4131	Newsletter							
4140	Rents & Leases							
4150	Repairs & Maintenance							
4151	Repairs & Maintenance-Waukeshas							
4152	Repairs & Maintenance-Belt Press							
4155	Repairs & Maintenance - Lift St.							
4160	Research & Monitoring							
4170	Travel, Meetings & Training							
4175	Travel, Meetings -Directors							
4180	Recognition Program							
4190	Utilities							
4195	Utilities - Lift St.							
4196	Utilities - Solar Power							
4210	Write-off of Uncollectible Accts	0	10,000	10,000	100%	10,000	0	0%
4670	Sewage Disposal - EBDA	540,000	650,000	110,000	20%	650,000	0	0%
4680	Expenses Chargeable to EBDA	12,000	15,000	3,000	25%	15,000	0	0%
4690	Depreciation	3,500,000	3,400,000	(100,000)	-3%	3,400,000	0	0%
4901	Decrease in EBDA Equity	110,000	110,000	0	0%	110,000	0	0%
4900/4200	Contingency/Misc Expenses	300,000	300,000	0	0%	300,000	0	0%
Total Expenses		4,462,000	4,485,000	23,000	1%	4,485,000	0	0%

A WORKDAY AT ORO LOMA



Sara Burke & Chad McCarthy
Plant Chemist Plant Operator I



Darrell Sorenson
Plant Operator II



Rodney Smith
Industrial Waste Inspector



Ronnie McClure
Plant Operator II

OPERATING BUDGET

SEWER SERVICES

RENEWAL AND REPLACEMENT (R&R)



Belt Filter Press

A WORKDAY AT ORO LOMA



Maintenance Department



Rob Fletcher
Mechanic I



Tony Monteiro & Rich Goodman
Electrical and Instrumentation Technicians



Jeff Navarrete
Mechanic II

Overview:

The purpose of the Renewal & Replacement (R&R) cost center is threefold:

1. Provide financial resources and accounting for major repairs and periodic large maintenance tasks of the collection system, treatment plant facilities, and administration buildings.
2. Minimize the financial burden on District ratepayers by accumulating and investing replacement costs incrementally over the service life of each asset, thereby providing long-term user rate stability.
3. Accumulate and maintain invested financial reserves that can be used under the Board's guidance for the purpose of funding major repairs, replacements or new construction in the District's service area. From time to time, the Board may authorize a transfer of accumulated funds from R&R to finance Capital Improvement Program (CIP) projects and capital asset acquisitions.

Significant Budget Issues/Program Changes:

Revenues:

- **District Sewer Service Charges** – \$3,150,000 per year will be allocated to the R&R cost center. These revenues, with other sources of income, are designated not only for current budget expenses, but are also a source of reserve accumulation for future repairs, rehabilitation, construction and reconstruction of sewer systems.
- **Agency Treatment Charges – CVSD** - \$109,800 in FY 2013-14 and \$198,900 in FY 2014-15 are expected to be received from CVSD. These amounts are calculated based on total project cost multiplied by percentage contribution of CVSD sewer flow to the total flow of the treatment plant as specified in the long term agreement. The 27% used in the calculation is based on historical CVSD flow over the last three fiscal years. The changes in budgeted revenues and expenses and actual flow percentage may have a direct correlation to the amount of revenues to be received from CVSD.
- **Interest Income** – \$50,000 (Year 1) and \$50,000 (Year 2) are derived from Interest Income. At the time of this budget preparation, market interest rates are very low (less than 0.25% on Three Year's Treasury Notes). Staff has assumed a 0.4% rate of return on projected reserves in each budget year.

Expenses:

This two year budget reflects the District's commitment of maintaining its existing equipment and infrastructure to reach its strategic goals of zero effluent violations, zero lift station overflows and zero collection system overflows.

Significant renewal and replacement tasks over the next two fiscal years are:

- \$180,000 in FY 2013-14 and \$105,000 in 2014-15 for source detection, updating and calibration of the hydraulic model, and updates and maintenance to the GIS.
- \$1,515,000 in FY 2013-14 and \$1,450,000 in FY 2014-15 for collection system repairs.
- \$380,000 in FY 2013-14 and \$710,000 in FY 2014-15 for repairs within the treatment plant. Projects include maintenance of the roofs of different plant components, and other scheduled recurring maintenance items.
- \$150,000 per year is designated as follows – \$50,000 for unanticipated maintenance of Administration or Engineering buildings, and \$100,000 for annual expenses paid to EBDA according to a long-term agreement.

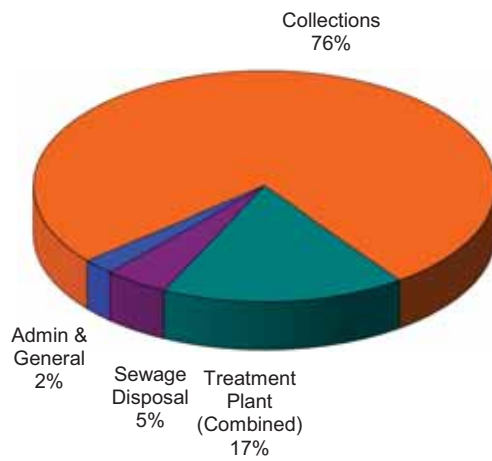
The following pages contain a graphic presentation and a schedule of revenues and expenses related to the R&R cost center, followed by detailed descriptions of each project.

OPERATING BUDGET: SEWER SERVICES

RENEWAL & REPLACEMENT (R&R) COST CENTER FOR FY 2013-14 & 2014-15

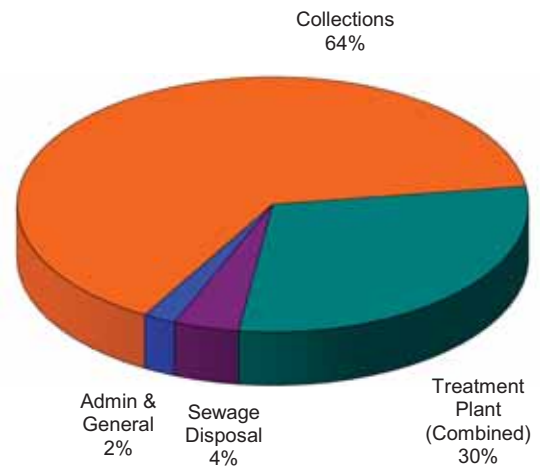
RENEWAL & REPLACEMENT EXPENSES BY CATEGORY

YEAR 1 FISCAL YEAR 2013-14



\$2,225,000

YEAR 2 FISCAL YEAR 2014-15



\$2,415,000

Expenses by Category

Major Repairs-Collections

YEAR 1 FY 2013-14

1,695,000

Major Repairs-Treatment Plant

380,000

Sewage Disposal-EBDA Replacement

100,000

Administrative & General Expenses

50,000

Total R&R Expenses

2,225,000

YEAR 2 FY 2014-15

1,555,000

710,000

100,000

50,000

2,415,000

OPERATING BUDGET :SEWER SERVICES

RENEWAL & REPLACEMENT (R&R) COST CENTER FOR FY 2013-14 & 2014-15

SCHEDULE OF REVENUES & EXPENSES FOR MAJOR REPAIRS

Revenues		Budget Year	
		FY 2013-14	FY 2014-15
	District Sewer Service Charges	3,150,000	3,150,000
	Agency Treatment Charges - CVSD	109,800	198,900
	Interest Income	50,000	50,000
Total R&R Revenues		3,309,800	3,398,900
Project # 40-	Renewal & Replacement Expenses		
	<u>Collections</u>		
	<u>Lift Stations</u>		
104.00	Asset Management	30,000	30,000
100.00	General	30,000	30,000
	Recurring Maintenance (All Lift Stations)		
108.00	Electrical Rehabilitation	35,000	50,000
106.00	Landscaping & Grounds	5,000	5,000
101.00	Painting	25,000	25,000
107.00	Paving Maintenance	5,000	5,000
102.00	Roof Maintenance	5,000	5,000
100.01	Trojan Wet Well Repairs	80,000	
	<u>Collection System</u>		
141.00	(3) Collection System Asset Repair/Maintenance	1,250,000	1,250,000
144.10	Collection System GIS Updates & Maintenance	25,000	25,000
144.00	Collection System Source Detection & Hydraulic Model Updates	80,000	80,000
144.20	Collection System Model Calibration	75,000	
151.10	Easement Clearing & Road Maintenance	50,000	50,000
	Total Collections	1,695,000	1,555,000
	<u>Treatment Plant</u>		
204.00	Asset Management	30,000	30,000
226.01	Belt Filter Press Sludge Pump Flush Piping	25,000	
323.01	Building and Roadway Lighting Repair	30,000	30,000
284.00	Influent Grinder Repairs	25,000	25,000
	Recurring Maintenance		
395.06	Landscaping & Grounds	25,000	25,000
395.01	Painting (\$130,000 for Old Secondary Clarifier)		210,000
395.07	Paving / Roadway / Berm Maintenance	20,000	20,000
395.02	Roof Maintenance (FY 13/14 \$80k Quonset, \$25k for Maintenance)	125,000	20,000
239.00	Safety Improvements	30,000	30,000
222.02	Secondary Clarifier Demolition (OLD)		250,000
900.93	Unanticipated Plant Repair Projects	70,000	70,000
	Total Treatment Plant	380,000	710,000
	<u>Administration / Engineering</u>		
595.40	Computers / Printers / Scanner / Network Upgrades (Engr)	10,000	10,000
595.45	Computers / Printers / Scanner / Network Upgrades (Admin)	10,000	10,000
900.95	Unanticipated Equipment Replacement (GM)	30,000	30,000
	Total Administration / Engineering	50,000	50,000
	Sewage Disposal - EBDA Replacement Assessment	100,000	100,000
	Total R&R Expenses	2,225,000	2,415,000

Equal to Annual Depreciation/ Approved Reserve level

Agency Treatment Charges		
%	FY 2013-14	FY 2014-15
% Based on 3-year average CVSD flow (1)		
27%	8,100	8,100
27%	6,750	0
27%	8,100	8,100
27%	6,750	6,750
27%	0	0
27%	6,750	6,750
27%	0	56,700
27%	5,400	5,400
27%	33,750	5,400
27%	8,100	8,100
27%	0	67,500
27%	18,900	18,900
27%	0	0
	102,600	191,700
18%	1,800	1,800
18%	5,400	5,400
	7,200	7,200
Total	109,800	198,900

Net Change in Renewal & Replacement	1,084,800	983,900
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Reserves, Beginning of Year (Designated for R&R, estimated)	12,183,000	13,267,800
Reserves, End of Year (Designated for R&R, estimated)	13,267,800	14,251,700

Notes: (1) Project expenses are billable to CVSD at the rate of actual quarterly flow. As a result, the actual CVSD portions for these projects may vary from the estimated 27% in this budget.
(2) Project requires further approval by the Construction Committee. (None - for the present budget)
(3) Collection System Asset Repair/Maintenance consists of Manhole Raising, Point Repairs, Line Repairs and Major Structure Repairs.

SEWER SERVICES: RENEWAL & REPLACEMENT

DESCRIPTIONS OF PROJECTS

FY 2013–14 FY 2014–15

COLLECTIONS

Lift Stations

Asset Management

30,000

30,000

This project consists of preparing and maintaining an asset inventory at the lift stations which will include the assets condition, life expectancy, and projected costs over the life of the asset.

General

30,000

30,000

This project consists of funding for unexpected general repairs at the lift stations. Funds will be transferred to the appropriate lift station fund upon use.

Recurring Maintenance – all lift stations

Electrical Rehabilitation

35,000

50,000

Landscaping and grounds

5,000

5,000

Painting

25,000

25,000

Paving Maintenance

5,000

5,000

Roof Maintenance

5,000

5,000

Trojan Wet Well Repairs

80,000

This project provides for the rehabilitation of the wetwell at the Trojan lift station. The work follows a recent condition assessment showing that the concrete within the structure is deteriorated and in need of repair.

Collection System

Collection System Asset Repair/Maintenance

1,250,000

1,250,000

This project consists of all collection system asset repairs:

- Point Repairs: Repairs of sections of pipe between 6 and 25 feet in length.
- Line Repairs: Repairs of sections of pipe between 25 and 400 feet in length.
- Major Structures Repairs: Inspection and repair of the assets listed in the Major Structures Inventory, which includes all freeway crossings, earthquake fault crossings, and trunk sewer junction structures.
- Manhole Raising: Manhole rings and covers must be raised in streets that are overlaid with new pavement to ensure public safety and limit claims due to damaged vehicles.

Collection System GIS Updates and Maintenance

25,000

25,000

The GIS is the District's collection system mapping program. It also serves as the basis for the hydraulic model, provides access to the CCTV data, and will become one of the tools utilized in the future collection system work order program. The GIS will require regular maintenance to maintain the data.

SEWER SERVICES: RENEWAL & REPLACEMENT DESCRIPTIONS OF PROJECTS

Collection System Source Detection and Hydraulic Model Updates 80,000 80,000

This project consists of maintaining the following systems:

- Source Detection: Provides for the installation of flow meters to measure the peak, average, and dry weather flows and wet weather storm events. This data is then incorporated into the hydraulic model for calibration and analysis of deficiencies and bottlenecks in the collection system.
- Hydraulic Model: The model analyzes the hydraulic characteristics of all pipelines in the system.

Collection System Model Calibration 75,000

This project provides funds for the calibration of the hydraulic model which was updated in FY 2012/13.

Easement Clearing and Road Maintenance 50,000 50,000

This project provides for the clearing of brush and road maintenance on the many easement roads utilized by the Collections crews during routine CCTV and Hydro cleaning of the system.

SUB-TOTAL COLLECTION **\$1,695,000** **\$1,555,000**

TREATMENT PLANT

Asset Management 30,000 30,000

This project consists of preparing and maintaining an asset inventory for the treatment plant which will include the asset's condition, life expectancy, and projected costs over the life of the asset.

Belt Filter Press Sludge Pump Flush Piping 25,000

This project will provide for the repair and replacement of the existing sludge pump flush hoses.

Building and Roadway Lighting Repair 30,000 30,000

Ongoing repair and maintenance of the plant lighting system.

Influent Grinder Repairs 25,000 25,000

The two grinders installed on the bar screens are to be repaired every two years. This is required to replace worn and broken teeth. One grinder will be repaired every year, as needed.

Recurring Maintenance

Landscaping and grounds	25,000	25,000
Painting (\$130,000 for Old Secondary Clairifier)		210,000
Paving/Roadway/Berm Maintenance	20,000	20,000
Roof Maintenance	125,000	20,000
(FY 13/14: \$80,000 for Quonset Hut and \$25,000 for the Maintenance Shop)		

Safety Improvements 30,000 30,000

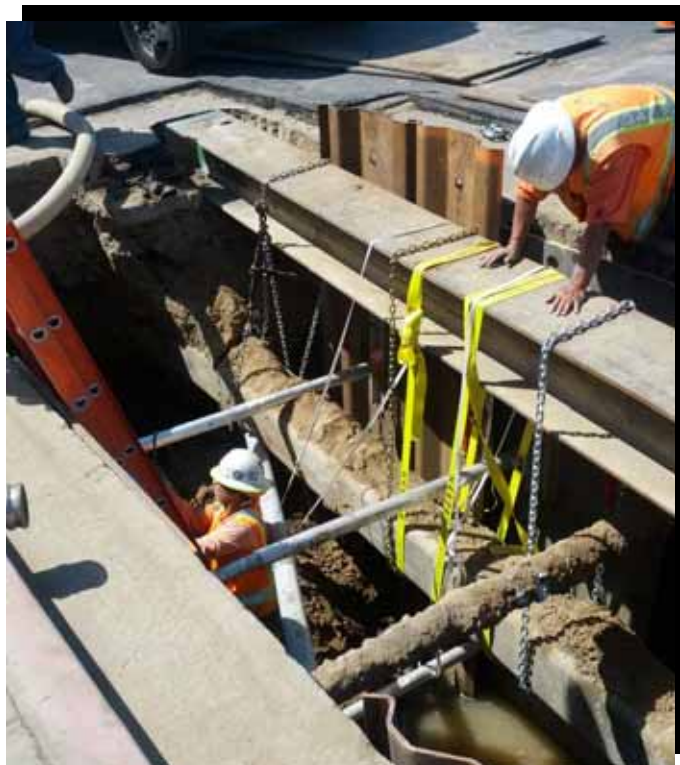
This project is to provide funds for unforeseen safety related projects.

SEWER SERVICES: RENEWAL & REPLACEMENT

DESCRIPTIONS OF PROJECTS

	FY 2013–14	FY 2014–15
Secondary Clarifier Demolition (OLD)		250,000
This project will provide for the removal of the old secondary clarifier mechanisms, selected piping, control panels, and pumps after the completion of the new secondary clarifier improvements project which is scheduled for FY 2013/14.		
Unanticipated Plant Repair Projects	70,000	70,000
This project is for the unanticipated repair or replacement of critical plant equipment.		
SUB-TOTAL PLANT	\$380,000	\$710,000
ADMINISTRATION/ENGINEERING		
Computers / Printers / Scanner / Network Maintenance in Engineering	10,000	10,000
Computers / Printers / Scanner / Network Maintenance in Administration	10,000	10,000
Unanticipated Equipment Replacement (GM)	30,000	30,000
EBDA REPLACEMENT ASSESSMENT		
Annual Contribution to EBDA for member's assessment	100,000	100,000
SUB-TOTAL ADMIN/ENG/EBDA	\$150,000	\$150,000
TOTAL RENEWAL & REPLACEMENT:	\$2,225,000	\$2,415,000

CAPITAL BUDGET SEWER SERVICES CAPITAL IMPROVEMENT PROGRAM (CIP)



Sewer Pipeline Replacement Project

SEWER SERVICES: CAPITAL BUDGET FOR CAPITAL IMPROVEMENT PROGRAM

Overview:

The purpose of the Capital Improvement Program (CIP) cost center is to identify and conduct necessary capital improvements of existing sewer collection and treatment systems based on analysis of condition assessment, technical deficiencies, inefficiencies, or changes in legal requirements and codes. The CIP provides for the capital budget costs of evaluation, design, and construction of capital improvements or acquisition of new capital assets. The Board of Directors, through the Construction Committee, reviews and approves the Capital Budget for CIP project requirements prepared by staff for both the sewage collection system and treatment plant facilities. Many of the District's projects may take several years to complete. The budget for a capital construction project covers the life of the project. The CIP annual capital budget for each fiscal year may be re-evaluated to re-prioritize certain projects, better manage annual cash flows, meet certain tasks or deadlines, and gain an understanding of the impact from the CIP on the sewer rate structure.

The sewage treatment plant facilities are jointly owned by Oro Loma Sanitary District (75%) and Castro Valley Sanitary District (25%). CVSD pays for its share of costs associated with the Treatment Plant's capital improvements or acquisitions. For District's total budget presentation purposes, CVSD payments are recognized under the "Revenues, Contributions & Repayments" section as "Capital Repayments – CVSD". The costs of the CIP requirements are listed on the following pages at 100% cost. On the summary financial statements, those costs are presented under the "Expense & Capital Requirements" section as "Capital Outlays – OLSD Portion", and "Capital Outlays – CVSD Portion", which always equals the amount of "Capital Repayments – CVSD" listed under the "Revenues, Contributions & Repayments" section. At the end of each fiscal year, CVSD receives the ownership title of its portion of capital assets, which are recorded and carried on its own financial statements. OLSD's portion is recorded net of CVSD's portion.

Ten-Year Strategic Goals:

- Maintain Ten-Year Capital Planning Document for all District assets.
- Build GIS into a central reference source for all District assets and customer service issues.
- Implement Asset Management Program for all District assets by 2023.
- Replace a minimum of 20 miles of collection system pipe by 2023.
- Manage line replacement program to limit high frequency footage at or below 18% of District (49 miles).
- Track ongoing discussion of nutrient regulations and potential technical responses.
- Conduct treatment plant electrical load study and implement identified improvements prior to planned cogeneration system overhaul in 2021.

Revenues, Contributions, Repayments for CIP:

The primary sources of revenues, contributions and repayments for CIP activities are:

- **Interest Income:** At present, there are no cash reserves in the CIP fund and no associated budget for Interest Income.
- **Miscellaneous Revenues (EBDA/LAVWMA):** The District is anticipating receipt of approximately \$80,000 per fiscal year from EBDA, in lieu of its share of revenues from the long-term agreement with Livermore Amador Valley Water Management Agency (LAVWMA). These revenues are reported as non-operating revenues on the financial statements, as required by accounting standards and for comparison purposes.
- **Capital Contributions – Connection Fees:** Contributions of capital assets consist of contributed capital assets and connection and other developer fees that are legally restricted for capital expenditures by State law or by Board action. Connection fees represent a one-time contribution of revenues to the District, imposed on contractors and developers for the purpose of financing capital improvements. The intent of these fees is to recover the costs of unused capacity of general purpose sewer facilities within the existing system. These facilities include the treatment plant, lift stations, disposal facilities, and the collection system. In addition, new applicants may be required to contribute additional fees for special

SEWER SERVICES: CAPITAL BUDGET FOR CAPITAL IMPROVEMENT PROGRAM

purpose facilities explicitly constructed for their benefit. Due to the continuous decline in new home construction, only 15 new residential connections (\$100,000) are anticipated per year.

- **Capital Repayments – CVSD:** Castro Valley Sanitary District owns 25% of the treatment plant and pays 25% of treatment plant improvements. Some projects may be negotiated at different percentages. Due to a major treatment plant construction project, Digester Facilities Improvement, it is estimated that CVSD will repay \$2,153,600 in FY 2013-14 and \$291,100 in FY 2014-15 for acquisition of its portion of capital assets. As mentioned above, this amount is offset by Capital Outlays – CVSD's Portion, in the expense section.
- **Other Sources of CIP Funding:** The total cost of all CIP projects over the next two fiscal years significantly exceeds anticipated revenues. Other District financial reserves, as approved by the District's Board, will be required to fund the projected shortfall.

Capital Improvement Program Requirements:

The table on page 87 shows the projected costs of CIP implementation for the next two budget years.

Significant Capital Budget Issues/Program Changes:

Sanitary districts are regulated by State and Federal regulatory agencies. State and Federal legislators pass new environmental regulations each year, many of which directly affect the District. At the same time, the District continually provides for the repair, replacement, and upgrade of its facilities to maintain a reliable operation. To successfully meet all regulatory requirements and ensure operational reliability, the District has developed a 5-year, \$32M Capital Improvement Program intended to upgrade the treatment plant and collection system. It is noteworthy that the District has a nearly perfect record of compliance with the Treatment Plant's National Pollutant Discharge Elimination System (NPDES) Permit, and the Collection System's goal of zero overflows.

This Two-Year Capital Budget reflects the District's commitment to meet the state and federal discharge requirements, and operate the collection system without overflows. The District continues to aggressively replace portions of its sewer infrastructure and increase the quality of information about its system.

Collection System

In the next two fiscal years, the District will execute its capital improvement plan in the collection system to improve the reliability of the lift stations, which includes significant renewal efforts at Monika, Trojan, and Glenbrook Lift Stations, and meet its commitment to the goals of operating the collection system without overflows. and replace 20 miles of collection system pipe with HDPE pipe by 2023. The District has adopted a Collection System Master Plan, including a long-term rehabilitation program, to address issues such as structural defects, excessive inflow and infiltration (I/I), seismic failure, root intrusion, etc. The District has earmarked those sewer lines that could conceivably cause an overflow or service disruption, and will replace four4 miles within the next two years under the Pipeline Replacement Program.

Treatment Plant

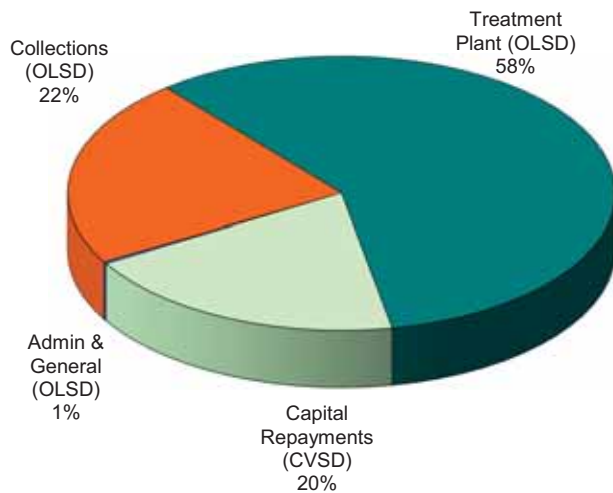
In the next two fiscal years, the District will continue to execute its capital improvement plan in the treatment plant to provide reliable treatment and optimize the District's existing treatment plant infrastructure. The most significant project is the Digester Facility Upgrades Project. This project will provide 2M gallons of digester capacity, allowing the District to take its Digester No. 3 off line. This tank is 55 years old and in need of significant repair to meet projected service demands during a seismic event. The budget also includes funding to renew our existing SCADA infrastructure, replace valves within the treatment plant, automate the barscreen bypass gate, and rebuild the District's Cogeneration Engine No. 1.

CAPITAL BUDGET: SEWER SERVICES

CAPITAL IMPROVEMENT PROGRAM (CIP) COST CENTER FOR FY 2013-14 & 2014-15

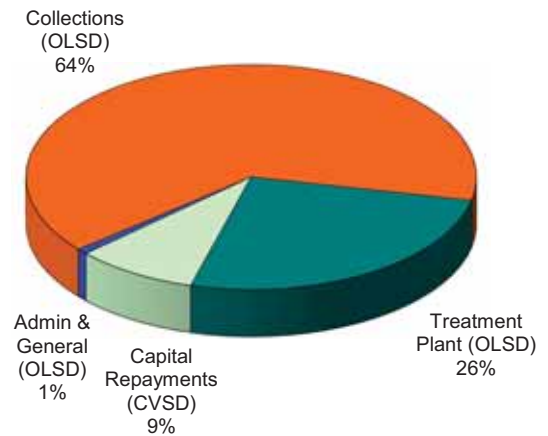
CAPITAL IMPROVEMENT PROGRAM REQUIREMENTS BY CATEGORY

YEAR 1 FISCAL YEAR 2013-14



\$11,105,000

YEAR 2 FISCAL YEAR 2014-15



\$3,320,000

Capital Outlays by Category

Collections (OLSD)

YEAR 1 FY 2013-14

2,475,000

YEAR 2 FY 2014-15

2,140,000

Treatment Plant (OLSD)

6,450,000

862,500

Capital Repayments (CVSD)

2,153,600

291,100

Administrative & General (OLSD)

26,400

26,400

Total CIP Requirements

11,105,000

3,320,000

CAPITAL BUDGET: SEWER SERVICES

CAPITAL IMPROVEMENT PROGRAM (CIP) COST CENTER FOR FY 2013-14 & 2014-15

SCHEDULE OF REVENUES, CONTRIBUTIONS, REPAYMENTS & CIP PROJECT REQUIREMENTS

CIP Revenues, Contributions & Repayments		Budget Year	
		FY 2013-14	FY 2014-15
	Interest Income	0	0
(1)	Miscellaneous Revenues (EBDA / LAVWMA Refunds)	80,000	80,000
	Capital Contributions - Connection Fees	100,000	100,000
(2)	Capital Repayments - CVSD	2,153,600	291,100
Total CIP Revenues, Contributions & Repayments		2,333,600	471,100
Project # 45-	CIP Project Requirements		
	Collections		
	Lift Stations		
	General	50,000	50,000
100.06	(3) Monika/Glenbrook Lift Station Rehabilitation	100,000	
165.00	Lift Station Truck Replacement	65,000	
105.00	Remote Site PLC Upgrades	25,000	75,000
	Collections System		
163.00	Collections Hydro Replacement	185,000	
166.00	Collections Truck Replacement	35,000	
143.01	(3) Pipeline Replacement Program	2,000,000	2,000,000
900.91	Unanticipated Critical Equipment - Collections	15,000	15,000
	Total Collections	2,475,000	2,140,000
	Treatment Plant		
220.00	Aerator Repair & Replacement	60,000	60,000
226.02	(3) Belt Filter Press Soak Tank	60,000	
299.00	Cogeneration Engine #1 Overhaul	175,000	
298.01	Cogeneration Fire Detection	60,000	
281.00	Digester Facilities Improvements	7,250,000	500,000
293.02	(3) Equalization/Wetland Treatment Project	250,000	250,000
305.00	Gate & Valve Replacements (FY 13/14 RAS Valve Extensions)	75,000	50,000
258.00	(3) Headworks Bypass Channel Gate Automation	100,000	
314.00	Lab Equipment Replacement	10,000	20,000
308.00	Maintenance Shop Vehicle Lift	50,000	
248.00	Manlift	70,000	
269.00	Operations Lunch Room Remodel		25,000
222.01	Secondary Clarifier Improvements (NEW)	250,000	
316.00	Vehicles - Sludge Hauling Truck - Lab Cart Replacement	70,000	
213.00	Pre-design Studies / Testing	20,000	20,000
319.00	SCADA Network System Replacements & Upgrades	30,000	155,000
900.93	Unanticipated Critical Equipment - Plant	50,000	50,000
900.96	Unanticipated Equipment Replacement	20,000	20,000
	Total Treatment Plant	8,600,000	1,150,000
	Engineering		
595.40	Computers/Printers/Scanners/Network Upgrades	10,000	10,000
	Total Engineering	10,000	10,000
	Administration		
595.45	Computers/Printers/Scanners/Network Upgrades	10,000	10,000
900.95	Unanticipated Critical Equipment - Admin	10,000	10,000
	Total Administration	20,000	20,000
(4)	Total CIP Requirements	11,105,000	3,320,000

Castro Valley Sanitary District (CVSD) Capital Repayments/Capital Outlays (2)		
%	FY 2013-14	FY 2014-15
25%	15,000	15,000
25%	15,000	0
25%	43,750	0
25%	15,000	0
25%	1,812,500	125,000
25%	62,500	62,500
25%	18,750	12,500
25%	25,000	0
25%	2,500	5,000
25%	12,500	0
25%	17,500	0
25%	0	6,250
25%	62,500	0
25%	17,500	0
25%	5,000	5,000
25%	7,500	38,750
25%	12,500	12,500
25%	5,000	5,000
	2,150,000	287,500
0%	0	0
	0	0
18%	1,800	1,800
18%	1,800	1,800
	3,600	3,600
Total	2,153,600	291,100

(4)	Net Change in Capital Improvement Projects	(8,771,400)	(2,848,900)
	Reserves, Beginning of Year (estimated)	2,285,000	(6,486,400)
	Reserves, End of Year (estimated)	(6,486,400)	(9,335,300)
	Negative Cash Position - Board Action Required		

Capital Projects / Assets Distributions by:		
	FY 2013-14	FY 2014-15
OLSD Portion	8,951,400	3,028,900
CVSD Portion	2,153,600	291,100
	11,105,000	3,320,000

Notes:

(1) Miscellaneous Revenues (EBDA/LAVWMA Refunds) are accounted as Operating Revenues on the Budget Summary pages to match audited "Combined Statement of Income" for FY's 2009-12 with total budgets for FY's 2012-15

(2) Project costs are billable to CVSD based on its 25% ownership in the treatment plant.

(3) Project requires further approval by the Construction Committee.

(4) Other Sources of CIP Funding - Total CIP requirements significantly exceed anticipated revenues, and will require the use of existing CIP reserves, to be approved by the Board of Directors.

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS < \$50,000

	FY 2013–14	FY 2014–15
COLLECTIONS		
<u>Lift Stations General</u>	50,000	50,000
Provides funds for miscellaneous projects at lift stations.		
<u>Collection System</u>		
Collections Vehicle Replacement	35,000	
This project is for the purchase of a collections truck to replace the truck with the highest mileage, which is beginning to have mechanical problems.		
Unanticipated Critical Equipment - Collections	15,000	15,000
Provides for the replacement of critical collections equipment.		
TREATMENT PLANT		
Lab Equipment Replacement	10,000	20,000
This project provides funds to replace the BOD Incubator, Muffle Furnace, Steam Sterilizer, Mettler Balance, and Top Loader Balance.		
Maintenance Shop Vehicle Lift	50,000	
This project provides funds to replace the current two post 9,000 lb automotive lift with a 12,000 lb lift. The current lift is undersized to lift more than half of the vehicles the District services.		
Operations Lunch Room Remodel		25,000
This project is for the repair and remodel of the Operations lunch room. Included in this project is the replacement of worn out floor coverings, counters and cabinets, as well as interior painting. Constructed in 1968 the building has seen few upgrades or improvements and is now due for remodeling.		
Pre-design Studies and Testing	20,000	20,000
This project provides funds to study and evaluate existing equipment, processes, or new technologies.		
Unanticipated Critical Equipment – Plant	50,000	50,000
Provides for the replacement of critical plant equipment in the event of an unexpected failure during the fiscal year.		
Unanticipated Equipment Replacement	20,000	20,000
Provides for the replacement of critical plant equipment.		
ADMINISTRATION/ENGINEERING		
Computers / Printers / Scanners / Network Upgrades (Engineering)	10,000	10,000
Computers / Printers / Scanner / Network Upgrades (Administration)	10,000	10,000
Unanticipated equipment Replacement (Administration)	10,000	10,000
TOTAL SEWER SERVICES	\$280,000	\$230,000
CIP FOR PROJECTS < \$50,000		

Please refer to the following pages for descriptions of projects which cost more than \$50,000

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

MONIKA LANE/GLENBROOK LIFT STATION REHABILITATION

PROJECT LOCATION: The Monika Lift Station is located at the end of Monika Lane. The Glenbrook Lift Station is located at the foot of Glenbrook Lane. Both lift stations are in the City of Hayward.

PROJECT DESCRIPTION: Rehabilitation of the Monika Lift Station, which includes replacement of pumps, controls and control panel upgrade, wet well rehabilitation, and hatch replacement. The scope of work at Glenbrook will be limited to electrical upgrades only. The two projects will be combined because the electrical design for each station is very similar and combining them will lead to cost efficiencies.

PROJECT JUSTIFICATION: Monika Lane Lift Station was built in 1978. The main electrical panel was upgraded six years ago, and the control panel was upgraded in the early 1990s. The lift station is due for rehabilitation of the wet well, control system, and pumps. The current pumps are obsolete, and parts are difficult and expensive to purchase. Additionally, this lift station experienced 14 pump failures in 2012. The new pumps will be Flygt pumps, which have proven to be successful with passing rags and preventing pump failures at our other lift stations.

RELATIONSHIP TO OTHER PROJECTS: Remote Site PLC Upgrade.

IMPACT ANALYSIS: Categorically exempt

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 5,000	\$ 5,000	
Design (District)			
Design (Consultant)			
Construction Management (Consultant)			
Construction (Contractor)	95,000	95,000	
Project Contingency			
Total	\$100,000	\$100,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM
DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

LIFT STATION TRUCK REPLACEMENT

PROJECT LOCATION: Lift Stations Vehicle, Part of Maintenance Fleet

PROJECT DESCRIPTION: Purchase of a new lift station truck, similar to the existing truck.

PROJECT JUSTIFICATION: The District has utilized a specialty lift station truck for the last three decades. The truck is outfitted with a hoist to lift pumps, maintenance tools, lift station consumables, and is capable of towing all emergency response equipment. The existing truck is over ten years old and is considered critical for the District's emergency response.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: Categorically exempt.

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)			
Design (District)			
Design (Consultant)			
Construction Management (Consultant)			
Equipment Cost	\$ 65,000	\$65,000	
Project Contingency			
Total	\$65,000	\$65,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

REMOTE SITE PLC UPGRADE

PROJECT LOCATION: Collection System, Lift Stations

PROJECT DESCRIPTION: Each of the District's 13 remote lift stations is controlled by a programmable logic controller (PLC). These controllers vary in age from 10-23 years, with most dating to the early 1990s. They include motherboards similar to those used in desktop computers. The hardware is subjected to ambient heating and cooling, as well as other stresses associated with remote facilities. The proposed project will involve a condition assessment of the PLCs and associated panels at all 13 lift stations, and provide for the immediate replacement of the two in the worst condition. The replacement of the remaining PLCs will be planned as needed.

PROJECT JUSTIFICATION: The PLCs, which are utilized to operate lift stations and communicate the operational status of the lift stations with the treatment plant SCADA system, are 20 +/- years old. The typical life expectancy of a PLC is 10-15 years.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: Categorically exempt.

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 5,000	\$ 2,500	\$ 2,500
Design (District)			
Design (Consultant)	3,000	3,000	3,000
Construction Management (Consultant)			
Construction (Contractor)	89,000	19,500	69,500
Project Contingency			
Total	\$100,000	\$25,000	\$75,000

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM
DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

COLLECTIONS HYDRO REPLACEMENT

PROJECT LOCATION: Collections Fleet

PROJECT DESCRIPTION: Replacement of Collections Hydro vehicle

PROJECT JUSTIFICATION: The District maintains three high pressure cleaning trucks, the oldest of which was purchased in 2000. The 2000 hydro is currently in need of a new engine and other upgrades. The new vehicle will be ordered to be identical to the last two purchased; all three hydros will be the same build. The 2000 Collection Hydro will be surplusd.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: N/A.

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2011-12	FY 2012-13
Project Management (District)			
Design (District)			
Design (Consultant)			
Construction Management (Consultant)			
Equipment List	\$185,000	\$185,000	
Project Contingency			
Total	\$185,000	\$185,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

PIPELINE REPLACEMENT PROGRAM

PROJECT LOCATION: Various locations throughout the collection system

PROJECT DESCRIPTION: Rehabilitation of pipelines identified through the closed circuit television (CCTV) inspection based upon their structural condition or maintenance history.

PROJECT JUSTIFICATION: This work will be performed to fix chronic maintenance and structural issues identified within the existing collection system. The projects will be designed in the spring, and construction will take place beginning in the summer of each fiscal year. The proposed funding level was established to provide a 150-year replacement interval and to align with the District's Ten-Year Strategic Plan of replacing 20 miles of collection system pipe between 2013 and 2023.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: Negative Declaration.

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 400,000	\$ 200,000	\$ 200,000
Design (District)	80,000	40,000	40,000
Design (Consultant)			
Construction Management (Consultant)			
Construction (Contractor)	3,520,000	1,760,000	1,760,000
Project Contingency			
Total	\$4,000,000	\$2,000,000	\$2,000,000

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM
DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

AERATOR REPAIR AND REPLACEMENT

PROJECT LOCATION: Treatment Plant: Aeration Basins

PROJECT DESCRIPTION: Ongoing renewal of the aerators by plant staff.

PROJECT JUSTIFICATION: Staff has been rebuilding aerators in-house for several years. On average, two aerators are rebuilt per year. To date, 22 have been rebuilt and there are two aerators remaining. Staff is scheduled to rebuild the remaining two aerators in the coming budget cycle.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: N/A

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Staff Hours and Materials (District)	\$120,000	\$60,000	\$60,000
Total	\$120,000	\$60,000	\$60,000

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

BELT FILTER PRESS SOAK TANK

PROJECT LOCATION: Treatment Plant: Belt Filter Press Building

PROJECT DESCRIPTION: A byproduct of processing the sludge from the treatment plant is struvite. Struvite is a phosphate mineral that builds up on the belt and rollers of the belt filter press causing accelerated wear and damage. This project will provide a system for washing the belt filter press with a solution that will dissolve the struvite and then recapture the wash solution for reuse. The system will allow the costly wash agent to be recirculated many times to allow its full benefit before it is discarded.

PROJECT JUSTIFICATION: Extend the life of the belt filter press belts and rollers.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: N/A

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 5,000	\$ 5,000	
Design (District)			
Design (Consultant)			
Construction Management (Consultant)			
Construction (Contractor)	55,000	55,000	
Project Contingency			
Total	\$60,000	\$60,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM
DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

COGENERATION ENGINE #1 OVERHAUL

PROJECT LOCATION: Treatment Plant: Cogeneration System

PROJECT DESCRIPTION: Overhaul of cogeneration engine #1

PROJECT JUSTIFICATION: Every two years, one of the two cogeneration engines is scheduled to be rebuilt. The overhaul raises emissions quality and helps insure reliable operation. Cogeneration engine #1 was last rebuilt in FY 2010-11 and is now scheduled for a rebuild in FY 2013-14.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: N/A

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 15,000	\$ 15,000	
Parts and Supplies	80,000	80,000	
Design (Consultant)			
Professional Services (Consultant)	35,000	35,000	
Staff Time	35,000	35,000	
Contingency	10,000	10,000	
Total	\$175,000	\$175,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

COGENERATION FIRE DETECTION

PROJECT LOCATION: Treatment Plant: Cogeneration System Room

PROJECT DESCRIPTION: Installation of smoke detectors within the cogeneration room. The smoke detectors will be connected to the SCADA system to shut down the cogens, gas compression, and ventilation systems in the event of a fire.

PROJECT JUSTIFICATION: In the event of a fire in the cogeneration room, the gas compressor and ventilation system would continue to provide fuel to the fire. Shutting down the system will aid in the extinguishment of a fire, potentially reducing the damage.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: N/A

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)			
Parts and Supplies			
Design (Consultant)	\$ 2,500	\$ 2,500	
Professional Services (Consultant)	55,000	55,000	
Staff Time	2,500	2,500	
Contingency			
Total	\$60,000	\$60,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

DIGESTER FACILITIES IMPROVEMENTS

PROJECT LOCATION: Treatment Plant: Digesters 6 and 7 will be built in the area directly south of Digester 5 and the heavy equipment barn.

PROJECT DESCRIPTION: Construction of two one-million gallon concrete digesters with flat concrete covers, heat exchangers, mixing and recirculation pumps, and gas, grease, and sludge piping. The new digesters will operate similar to existing Digesters 1, 2, 4 and 5.

PROJECT JUSTIFICATION: With its existing digester facilities, the District can't meet its target retention time of 15 days under all conditions. Additionally, the existing digesters have structural deficiencies that make them vulnerable to earthquake damage. In partnership with a consulting engineer, staff evaluated the alternatives of rehabilitating existing storage vs. building new. Building the two new digesters will provide for the ability to meet the 15-day retention time target and expand the District's grease receiving program.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: Mitigated Negative Declaration (Completed)

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 322,850	\$ 302,000	\$ 20,850
Construction Management (Consultant)	258,150	241,500	16,650
Construction (Contractor)	7,169,000	6,706,500	462,500
Total	\$7,750,000	\$7,250,000	\$500,000

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

EQUALIZATION/WETLAND TREATMENT PROJECT

PROJECT LOCATION: Parcel 7-10; east of the Treatment Plant

PROJECT DESCRIPTION: Design of an 8M gallon storage basin for wet weather equalization, a demonstration wetland for dry weather flows, and a demonstration of an “ecotone slope.”

PROJECT JUSTIFICATION: The benefit of the project is to provide equalization (storage) of peak flows. Equalization is beneficial because it will immediately reduce our peak flows to EBDA and set the Districts (Castro Valley and Oro Loma) up well for the upcoming renegotiation of the EBDA agreement, likely nutrients limits, contaminants of emerging concern, and the potential flooding of portions of our service area due to projected sea level rise.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: An initial study will be performed to identify the proper CEQA process.

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 20,000	\$ 10,000	\$ 10,000
Parts and Supplies			
Design (Consultant)	480,000	240,000	240,000
Professional Services (Consultant)			
Staff Time			
Contingency			
Total	\$500,000	\$250,000	\$250,000

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

GATE AND VALVE REPLACEMENTS

PROJECT LOCATION: Return activated sludge (RAS) valves at the Treatment Unit and various other locations around the treatment plant

PROJECT DESCRIPTION: Many of the gates and valves throughout the treatment plant have been in operation since 1968. Depending upon their specific service, some have reached the end of their useful life. This project will provide funds for the ongoing replacement of gates and valves to maintain system reliability.

Additionally, in FY 2013-14 the funds will be used to extend the valve actuators on the RAS valves onto the Treatment Unit. Under current conditions, an operator must get on his hands and knees and reach through the handrail to turn the valves. The extension will allow staff to operate the valves safely without reaching through the handrail.

PROJECT JUSTIFICATION: The extension of the treatment unit RAS valve actuators is intended to increase the safety of plant staff.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: N/A

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 4,000	\$ 2,000	\$ 2,000
Design (District)			
Design (Consultant)			
Construction Management (Consultant)			
Construction (Contractor)	121,000	73,000	48,000
Project Contingency			
Total	\$125,000	\$75,000	\$50,000

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM
DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

HEADWORKS BYPASS CHANNEL GATE
AUTOMATION

PROJECT LOCATION: Treatment Plant: Headworks

PROJECT DESCRIPTION: To provide for the installation of an automatic gate actuator on the largest of the two bypass channel gates.

PROJECT JUSTIFICATION: During storm events, operators alleviate flow restrictions at the barscreen by opening the barscreen bypass gate. The gate is operated using a handheld, chainsaw motor-powered operator. The motorized operator requires two people and limits bypass operations during lone man shifts. Replacing the hand held operator will enable staff to operate the gates remotely, efficiently (on a lone operator shift), and more safely than the existing operation. Timely bypass operations are essential to manage the peak effluent flow below 69 MGD.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: N/A.

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 2,000	\$ 2,000	
Design (District)			
Design (Consultant)	15,000	15,000	
Construction Management (Consultant)			
Construction (Contractor)	83,000	83,000	
Project Contingency			
Total	\$100,000	\$100,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

MANLIFT

PROJECT LOCATION: Treatment Plant

PROJECT DESCRIPTION: Within the design of the Digester Facilities Improvements project, there are several valves and cleanouts that are in elevated locations. These cleanouts were added to facilitate the hydro flushing of the sludge and grease lines by plant staff. To provide access, a manlift will be required. The lift will also be used for light maintenance and other elevated maintenance activities.

PROJECT JUSTIFICATION: To provide access to elevated cleanouts.

RELATIONSHIP TO OTHER PROJECTS: Digester Facilities Improvements.

IMPACT ANALYSIS: N/A

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 1,000	\$ 1,000	
Equipment Purchase	69,000	69,000	
Total	\$70,000	\$70,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

SECONDARY CLARIFIER IMPROVEMENTS (NEW)

PROJECT LOCATION: Treatment Plant: New Secondary Clarifiers

PROJECT DESCRIPTION: To provide for the installation of a set of baffles to prevent solids washout during periods of high flows. The baffles will increase the hydraulic capacity of the new secondary clarifiers.

PROJECT JUSTIFICATION: The old secondary clarifiers are at the end of their useful life and in need of replacement. The cost to rebuild the old secondary clarifiers will far exceed the cost to modify the new secondary clarifiers to handle peak flows. After this project is completed, the old secondary clarifiers will no longer be necessary to handle the peak flows and can be demolished. The tanks will be left for use as flow diversion.

RELATIONSHIP TO OTHER PROJECTS: Secondary Clarifier Demolition (OLD)

IMPACT ANALYSIS: None

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 2,000	\$ 2,000	
Design (District)			
Design (Consultant)			
Construction Management (Consultant)	8,000	8,000	
Construction (Contractor)	240,000	240,000	
Project Contingency			
Total	\$250,000	\$250,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM
DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

PLANT VEHICLE REPLACEMENTS

PROJECT LOCATION: Maintenance and Operations Fleet

PROJECT DESCRIPTION: Purchase of two new vehicles for use in the Treatment Plant:

- Laboratory Cart
- Maintenance Truck

PROJECT JUSTIFICATION: The existing laboratory cart is 25 years old and the cost to maintain it has exceeded its value. The existing cart has no surplus value. The maintenance truck is needed to replace the oldest truck in the maintenance vehicle fleet, which has exceeded its useful life.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: N/A

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)			
Equipment Purchase	\$70,000	\$70,000	
Total	\$70,000	\$70,000	

SEWER SERVICES: CAPITAL IMPROVEMENT PROGRAM

DESCRIPTIONS OF PROJECTS WITH COSTS >\$50,000

SCADA NETWORK AND PLC REPLACEMENTS & UPGRADES

PROJECT LOCATION: Treatment Plant

PROJECT DESCRIPTION: Replace PLC and SCADA network infrastructure throughout the plant that has reached the end of its useful life.

PROJECT JUSTIFICATION: The plant's network of PLCs and associated equipment is 17-22 years old and has exceeded its typical design life of 10-15 years. Following the replacement of the data highway, system failures have significantly reduced. However, given the age and criticality of the SCADA system, staff will continue to replace portions of the infrastructure with the goal of replacing all the 1991 vintage hardware before 2021.

RELATIONSHIP TO OTHER PROJECTS: None

IMPACT ANALYSIS: N/A

FINANCIAL REQUIREMENTS:

Project Components	Total Project Budget	Annual Allocation	
		FY 2013-14	FY 2014-15
Project Management (District)	\$ 10,000	\$ 5,000	\$ 5,000
Design (District)			
Design (Consultant)	50,000	25,000	25,000
Construction Management (Consultant)			
Construction (Contractor)			
Project Contingency	125,000		125,000
Total	\$185,000	\$30,000	\$155,000



Generator #3

OPERATING BUDGET SOLID WASTE SERVICES



New high-tech truck that runs on compressed natural gas

SOLID WASTE SERVICES OVERVIEW

Overview:

The District is responsible for providing solid waste (garbage) collection and removal services within its boundaries. By agreement, the collection service is provided by Waste Management of Alameda County (WMAC). Garbage is collected on a weekly basis in 20-, 32-, 64-, or 96-gallon wheeled carts. Service rates depend upon the size of the containers. WMAC processes the billing, and submits contract fees to the District, as outlined in the OLSD/WMAC Agreement for Services.

Staffing:

Two half-time positions are allocated to this activity. However, responsibilities are distributed among several administrative positions, whose salaries are allocated to Solid Waste on a percentage basis.

Highlights:

- In 2012, the Agreement for Services with WMAC was amended and extended to 2024, with one two-year extension, solely at the District's discretion, potentially followed by one six-year extension by mutual agreement. As part of the program, Oro Loma customers are entitled to two free bulky pickups per calendar year. District garbage rates remain one of the lowest in Alameda County.
- The Agreement includes performance incentives to insure quality solid waste programs and services are provided. For example, Oro Loma's "Excellence in Service" monetary awards to WMAC drivers recognize and award drivers who provide outstanding service to Oro Loma customers. The agreement provides for liquidated damages imposed on the hauler for omissions such as spillage, missed pickups and late cart deliveries. These incentives and penalties benefit the District's customers in terms of improved quality of service.
- In 2010, Oro Loma authorized the implementation of a "Bagster Program" in the District, to offer an additional convenience to customers. For a fee, any residential customer is able to discard unwanted materials any time, and call WMAC to collect and remove the debris.

Significant Budget Issues/Program Changes:

- Overall, in FY 2013-14
 - Solid Waste revenues are expected to decrease by \$683,500 (46%) from FY 2012-13. This change is a combination of four factors: the first two are connected with the 2012 contract with WMAC - a decrease in "Contract Fees" from 10% to 5%, and the elimination of "Personal License Fees." The third factor is the decrease in "Interest Income," due to historically low interest rates. The fourth factor is a new source of revenue derived from the District's 5% share of "Recovery of Uncollectable Accounts from WMAC." Formerly, these accounts were written off.
 - Solid Waste expenses are expected to decrease by \$65,100 (12%) due to the elimination of insurance expenses from the disposition of garbage trucks previously owned by the District; and, based on historical trends, a substantial decrease in the amount provided for "Uncollectible Accounts."
- Overall, in FY 2014-15
 - Solid Waste revenues are expected to increase by \$41,200 (5%) mainly from contract fees based on contract provisions for inflation adjustments.
 - Solid Waste expenses are expected to increase by \$8,600 (2%) over the prior year, due to inflationary adjustments.

FY 2013-14 & FY 2014-15

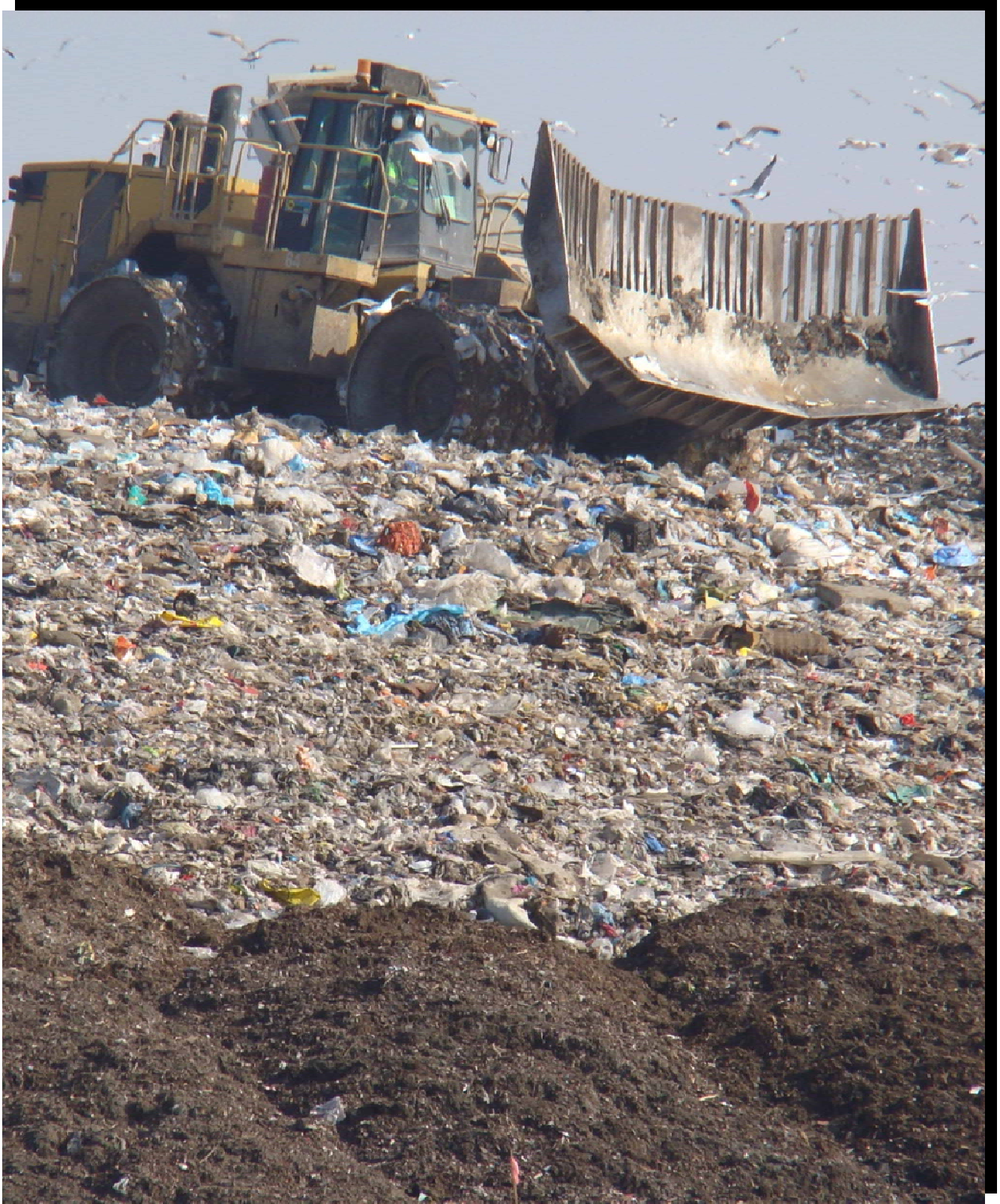
OPERATING BUDGET: SOLID WASTE SERVICES

SCHEDULE OF REVENUES & EXPENSES

COST CENTER (85)

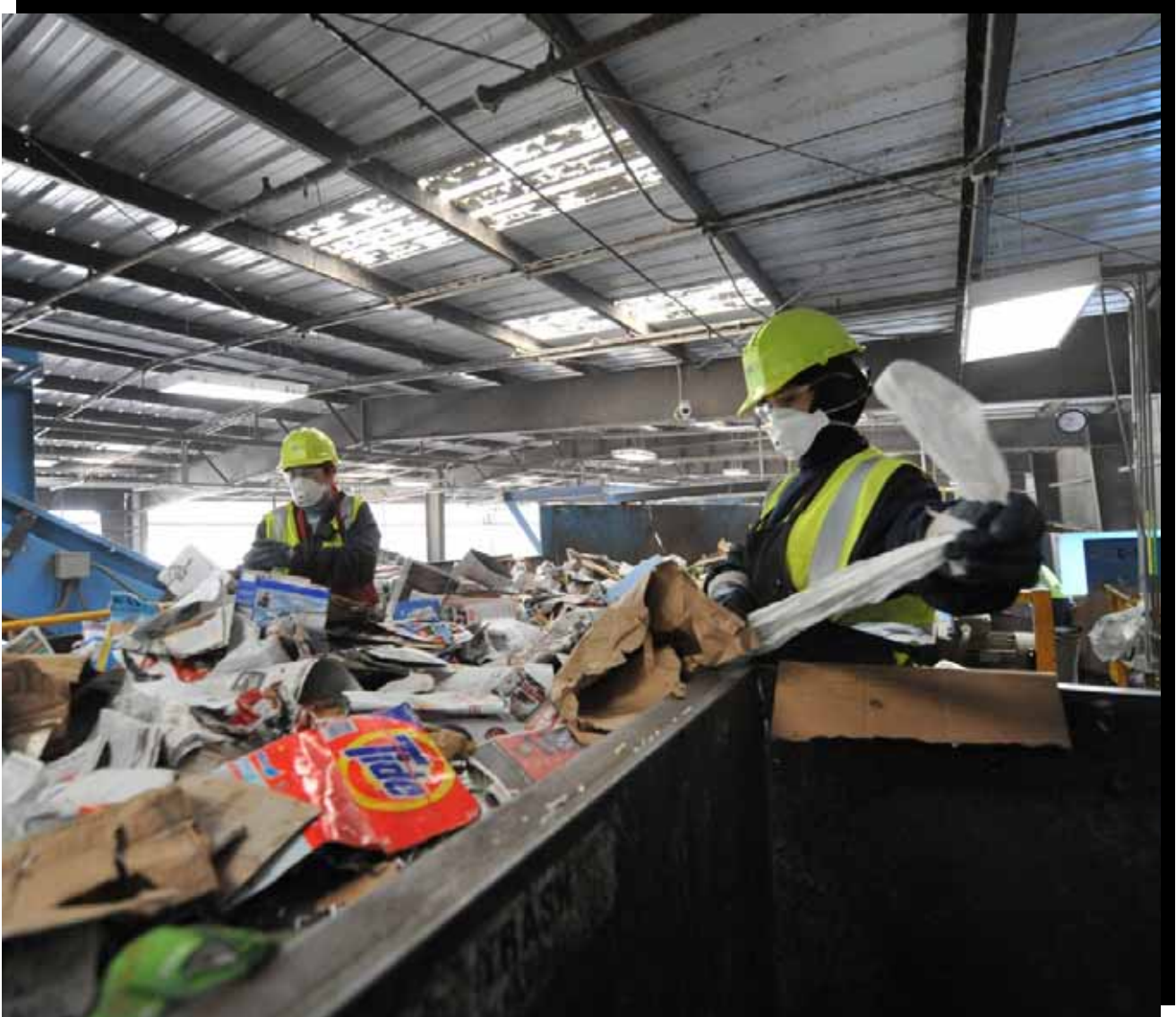
Account #	Account Name	2012-13 Amended Budget	Year 1 FY 2013-14			Year 2 FY 2014-15		
			Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
			\$	\$	%	\$	\$	%
85-0-3XXX	Revenues							
3241,2,3,5	WMAC Contract fees	1,310,800	800,000	(510,800)	-39%	840,000	40,000	5%
3244	Personal license fees	158,000	0	(158,000)	-100%	0	0	0%
3250	Interest income	30,300	5,600	(24,700)	-82%	6,800	1,200	21%
3277	Recovery 5% WMAC Uncol. Acct.	0	10,000	10,000	100%	10,000	0	0%
	Total Revenues	1,499,100	815,600	(683,500)	-46%	856,800	41,200	5%
85-7-4XXX	Expenses							
4010	Salaries	145,000	145,000	0	0%	149,000	4,000	3%
4011	Salaries - Overtime	1,000	1,000	0	0%	1,000	0	0%
4015	Directors' Fees	9,000	9,000	0	0%	9,000	0	0%
4022	Overhead	183,000	179,800	(3,200)	-2%	184,400	4,600	3%
4070	Insurance	16,900	0	(16,900)	-100%	0	0	0%
4090	Office Expenses	4,000	4,000	0	0%	4,000	0	0%
4104	Safety Supplies	500	500	0	0%	500	0	0%
4110	Contractual Services	4,000	4,000	0	0%	4,000	0	0%
4120	Professional Services	30,000	30,000	0	0%	30,000	0	0%
4130	Memberships & Publications	2,000	2,000	0	0%	2,000	0	0%
4131	Newsletter	20,000	20,000	0	0%	20,000	0	0%
4150	Repairs & Maintenance	500	500	0	0%	500	0	0%
4170	Travel, Meetings & Training	1,000	1,000	0	0%	1,000	0	0%
4180	Recognition Program	600	600	0	0%	600	0	0%
4190	Utilities	1,000	1,000	0	0%	1,000	0	0%
4200	WMAC Reimbursable Expenses	0	0	0	0%	0	0	0%
4210	Uncollectible Accounts	50,000	5,000	(45,000)	-90%	5,000	0	0%
4690	Depreciation	500	500	0	0%	500	0	0%
4900	Contingency	50,000	50,000	0	0%	50,000	0	0%
		519,000	453,900	(65,100)	-13%	462,500	8,600	2%
	Other Requirements							
4620	Capital Outlays	3,000	3,000	0	0%	3,000	0	0%
		3,000	3,000	0	0%	3,000	0	0%
	Total Expenses & Other Requirements	522,000	456,900	(65,100)	-12%	465,500	8,600	2%
Net Change in Solid Waste		977,100	358,700	(618,400)	-63%	391,300	32,600	-9%
Exclusion of Depreciation			500			500		
Net Change After Exclusion			359,200			391,800		
Reserves, Beginning of Year (estimated)			1,400,000	(estimated)		1,759,200	(estimated)	
Reserves, End of Year (estimated)			1,759,200	(estimated)		2,151,000	(estimated)	

(1) Non Cash Items



Loader at Altamont Landfill

OPERATING BUDGET RECYCLING SERVICES



Waste Management Davis Street Transfer Station

RECYCLING SERVICES OVERVIEW

Overview:

In response to California's Integrated Waste Management Act of 1989 (AB939) and Alameda County's voter-approved Measure D, the District implemented mandatory recycling programs in 1993. The programs include biweekly collection of residential recycling, and weekly collection of green waste, food scraps, used motor oil and used oil filters. In addition, a commercial recycling program, consisting of an economic incentive in the form of a reduced "per cubic yard" collection rate, is available. In 2011, the District has reached 77% landfill reduction, which exceeds the state-mandated 50% goal and 75% Alameda County goal. Oro Loma continues to evaluate ways to increase diversion further. Recycling and green waste collection services are provided by Waste Management of Alameda County (WMAC) under a long-term agreement for services, described in the Solid Waste Services section.

As part of the agreement, a WMAC Recycling Coordinator devotes 20 hours per week to Oro Loma commercial and multi-family customers, in an effort to increase recycling and bring those customers into compliance with the Alameda County Mandatory Recycling Ordinance. The ordinance mandates that all commercial customers generating 4+ cu. yd. refuse per week and all multi-family dwellings with 5+ units implement recycling programs.

Staffing:

The Administration Department staff provides support to Recycling Services in the areas of contract administration and compliance, accounting and customer service. Salaries for several administrative positions are allocated to recycling activities, based on percentages of time dedicated to these activities.

Ten-Year Strategic Goals:

- Maintain compliance with Measure D diversion goal of 75%
- Meet minimum commercial organic recycling standards or make decision to "opt-in" to mandatory recycling ordinance
- Actively monitor Stopwaste activities, communicate key issue to the District Board and proactively communicate concerns to Oro Loma representative and staff at partner agencies
- Implement internal District recycling principles to meet or exceed model guidelines

Performance Measures and Results:

- Implement recycling program for all commercial customers generating 4+ cubic yards garbage per week
- Implement recycling programs for all multi-family dwellings with 5+ units
- Achieve 50% participation rate in the commercial recycling program, calculated as a percentage of total commercial accounts
- Achieve 50% participation rate in the commercial organics program, calculated as a percentage of organics generating businesses based on SIC and/or NAICS codes
- Introduce bins for organics collection in the District's lunchrooms

Significant Budget Issues/Program Changes:

- The purpose of Recycling Services is to account for revenues and expenses associated with residential and commercial recycling programs in Cost Center (86).
- The District has in place residential, multi-family, commercial, and schools recycling programs. The District renewed its contract with the City of San Leandro in 2011, and is therefore required to reimburse to the City, on an annual basis, a portion of the Landfill Fees (Measure D funds) received by Oro Loma, as well as provide free recycling services to the public schools within the City of San Leandro.
- The District implemented a residential food scrap recycling program at no additional cost to Oro Loma customers. The program is beneficial to the environment because it reduces the amount of material disposed at the landfill. Historically, approximately 22% of residential customers have been participating in the food scrap recycling program. Green waste/organic recycling services are also available now to all commercial customers in the District at no additional cost (one 96-gal cart per week)

As of July 1, 2013, accounting for the Recycling Residential Services (Cost Center 86) was combined with Recycling Commercial Services (Cost Center 89) for ease of administration and discontinuance of all grants in Cost Center 89. From now on, all recycling services are accounted for in Recycling Services (Cost Center 86).

Revenues:

- Overall revenues for FY 2013-14 reflect a \$226,000 (8%) decrease over FY 2012-13. This is due primarily to changes in the following accounts: expiration of provisions for revenue from “Personal License Fees,” decreases in “Landfill Fees - Measure D,” decrease in “Recycling Charges – Commercial” due to a provision in the new contract with the service provider, reduction in “Interest Income,” and elimination of provision for “Recycling Grants,” which are no longer made available by the issuing agencies (State, ACWMA, etc.).
- The revenues for FY 2014-15 remain relatively flat, as compared to FY 2013-14.

Expenses:

- Expenses for FY 2013-14 are estimated to decrease by \$119,000 (4%). The change is attributed to: elimination of part-time salaries, reduction in overhead rate, and reallocation of staff time; decreases in contractual services, which were recalculated based on data of historical costs; decrease in City of San Leandro Measure D expenses, which are directly linked to decrease in revenues “Landfill Fees-Measure D,” elimination of grant expenses.
- Expenses for FY 2014-15 reflect an overall \$59,200 (2%) increase from FY 2013-14. This represents an allowance for inflationary provisions.

FY 2013-14 & FY 2014-15

OPERATING BUDGET: RECYCLING SERVICES **SCHEDULE OF REVENUES & EXPENSES**

COST CENTER (86)

			Year 1 FY 2013-14			Year 2 FY 2014-15		
Account #	Account Name	2012-13 Amended Budget	Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
			\$	\$	%	\$	\$	%
86-0-3XXX	Revenues							
3244	Personal License Fees	158,000	0	(158,000)	-100%	0	0	0%
3246	Recycling Charges - Residential	2,281,000	2,288,000	7,000	0%	2,290,000	2,000	0%
3247	Landfill Fees - Measure D	360,000	340,000	(20,000)	-6%	340,000	0	0%
3248	Recycling Charges - Commercial	80,000	72,000	(8,000)	-10%	74,200	2,200	3%
3250	Interest Income	15,200	9,200	(6,000)	-39%	9,200	0	0%
3290	Other Miscellaneous Revenues	0	5,000	5,000	100%	5,000	0	0%
3950	Recycling Grants	46,000	0	(46,000)	-100%	0	0	0%
	Total Revenues	2,940,200	2,714,200	(226,000)	-8%	2,718,400	4,200	0%
86-8-4XXX	Expenses							
4010	Salaries	187,400	190,000	2,600	1%	195,600	5,600	3%
4011	Salaries - Overtime	1,000	1,000	0	0%	1,000	0	0%
4012	Salaries - Part Time	2,000	0	(2,000)	-100%	0	0	0%
4022	Overhead	238,250	221,600	(16,650)	-7%	228,100	6,500	3%
4090	Office Expenses	4,550	4,600	50	1%	4,700	100	2%
4114	Contractual Services-WMAC	2,377,000	2,330,000	(47,000)	-2%	2,377,000	47,000	2%
4115	Contract Services - Alameda Co.	20,000	20,000	0	0%	20,000	0	0%
4120	Professional Services	2,000	2,000	0	0%	2,000	0	0%
4130	Memberships & Publications	5,000	5,000	0	0%	5,000	0	0%
4131	Newsletter	20,000	20,000	0	0%	20,000	0	0%
4132	Calendar	20,000	20,000	0	0%	20,000	0	0%
4170	Travel, Meetings & Training	500	500	0	0%	500	0	0%
4210	Uncollectible Accounts	200	200	0	0%	200	0	0%
4211	San Leandro Measure D Exp.	50,000	40,000	(10,000)	-20%	40,000	0	0%
4690	Depreciation	3,000	3,000	0	0%	3,000	0	0%
4900	Contingency	30,000	30,000	0	0%	30,000	0	0%
4950	Recycling Grants	46,000	0	(46,000)	-100%	0	0	0%
		3,006,900	2,887,900	(119,000)	-4%	2,947,100	59,200	2%
	Other Requirements							
4620	Capital Outlays	0	0	0	0%	0	0	0%
		0	0	0	0%	0	0	0%
	Total Expenses & Other Requirements	3,006,900	2,887,900	(119,000)	-4%	2,947,100	59,200	2%
Net Change in Residential Recycling		(66,700)	(173,700)	(107,000)	160%	(228,700)	(55,000)	-32%
Exclusion of Depreciation		(1) 3,000				(1) 3,000		
Net Change After Exclusion			(170,700)			(225,700)		
Reserves, Beginning of Year (estimated)			2,300,000	(estimated)		2,129,300	(estimated)	
Reserves, End of Year (estimated)			2,129,300	(estimated)		1,903,600	(estimated)	

(1) Non Cash Items

SUPPLEMENTAL INFORMATION



Local School Educational Wastewater Plant Tour

RISK MANAGEMENT AND INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District joined other sanitary districts throughout the State to form the California Sanitation Risk Management Authority (CSRMA), a public entity that currently operates as a common risk management and insurance program for its members. The purpose of the CSRMA JPA is to spread the adverse effects of losses among the member agencies, and to purchase excess insurance as a group, thereby reducing its costs. Through this organization, the District participates in a general and automobile liability program, with layers of insurance coverage as of January 1, 2013, as follows:

\$ 0 to \$ 250,000	Oro Loma Insurance Fund (self-insured)
\$ 250,001 to \$ 500,000	Risk Sharing Layer/CSRMA Pool
\$ 500,001 to \$15,500,000	Memo of Coverage with CSRMA Pool
\$15,500,001 to \$25,500,000	Layer of excess, commercial insurance
Above \$25,500,000	Oro Loma Insurance Fund (self-insured)

Through CSRMA, the District purchases liability, property, errors and omissions, and workers' compensation insurance. On a quarterly basis, costs accumulated in the Risk Management and Insurance Cost Center are recovered from the responsible departments of the Sewer Services and, in the past, Solid Waste functions.

Trend Information: The District has incurred or budgeted the following costs associated with Risk Management Insurance.

	ACTUAL COSTS BY CATEGORY					Budget	Two-Year Budget	
	2007-08	2008-09	2009-10	2010-11	2011-12	Current Yr 2012-13	Year 1 2013-14	Year 2 2014-15
Administration	\$ 133,119	\$ 120,970	\$ 138,573	\$ 140,364	\$ 165,183	\$191,100	\$203,500	\$ 200,100
Insurance Premiums	177,205	182,372	178,830	204,567	200,772	312,000	290,000	304,500
Losses & Settlements	73,885	124,192	179,282	92,562	2,443	60,000	60,000	60,000
Total	\$385,209	\$427,534	\$496,685	\$437,493	\$368,398	\$563,100	\$553,500	\$564,600

These costs were absorbed by the responsible Departments as follows:

	ACTUAL COSTS BY DEPARTMENT					Budget	Two-Year Budget	
	2007-08	2008-09	2009-10	2010-11	2011-12	Current Yr 2012-13	Year 1 2013-14	Year 2 2014-15
Collections	\$ 93,415	\$ 216,775	\$ 277,213	\$ 102,454	\$ 105,355	\$ 202,900	\$ 221,400	\$ 225,800
Operations	126,475	92,970	101,159	102,877	124,405	180,200	177,200	180,700
Maintenance	71,062	51,898	53,041	54,482	64,126	101,000	94,100	96,000
Engineering	43,902	29,312	29,895	135,061	26,024	22,700	27,600	28,200
Administration	39,924	27,984	30,250	30,798	35,531	39,400	33,200	33,900
Solid Waste	10,431	8,595	5,127	11,821	12,957	16,900	0	0
Total	\$385,209	\$427,534	\$496,685	\$437,493	\$368,398	\$563,100	\$553,500	\$564,600

The budgeted costs for the District's Risk Management and Insurance Cost Center for the current and next two fiscal years are presented on the next page.

RISK MANAGEMENT & INSURANCE

SCHEDULE OF EXPENSES & DISTRIBUTION TO VARIOUS DEPARTMENTS

COST CENTER (20)

Account	Account Name	2012-13 Adopted Budget	Year 1 FY 2013-14			Year 2 FY 2014-15		
			Adopted Budget	Budget Change Over Prior Year		Adopted Budget	Budget Change Over Prior Year	
			\$	\$	%	\$	\$	%

RISK MANAGEMENT & INSURANCE COSTS BY ACCOUNT CLASSIFICATION

20-0-4XXX								
4010	Salaries	74,100	76,000	1,900	3%	78,300	2,300	3%
4011	Salaries - Overtime	0	4,000	4,000	100%	4,100	100	3%
4022	Overhead	72,700	80,000	7,300	10%	74,200	(5,800)	-7%
4070	Insurance Premiums	312,000	290,000	(22,000)	-7%	304,500	14,500	5%
4090	Office Expenses	2,000	2,000	0	0%	2,000	0	0%
4100	Operating Supplies & Equipment	12,000	13,000	1,000	8%	13,000	0	0%
4110	Contract Services	18,800	16,000	(2,800)	-15%	16,000	0	0%
4120	Professional Services	1,000	1,000	0	0%	1,000	0	0%
4130	Memberships & Publications	5,000	5,000	0	0%	5,000	0	0%
4170	Travel, Meetings & Training	2,500	3,500	1,000	40%	3,500	0	0%
4180	Recognition Program	3,000	3,000	0	0%	3,000	0	0%
4400	Loss Settlement	60,000	60,000	0	0%	60,000	0	0%
Total Costs by Account Classification		563,100	553,500	(9,600)	-2%	564,600	11,100	2%

RISK MANAGEMENT & INSURANCE COSTS BY CATEGORY

Administration	191,100	203,500	12,400	6%	200,100	(3,400)	-2%
Insurance Premiums	312,000	290,000	(22,000)	-7%	304,500	14,500	5%
Losses & Settlements	60,000	60,000	0	0%	60,000	0	0%
Total Costs by Account Classification	563,100	553,500	(9,600)	-2%	564,600	11,100	2%

RISK MANAGEMENT & INSURANCE DISTRIBUTION TO DEPARTMENTAL EXPENSE

Collections (40%)	202,900	221,400	18,500	9%	225,800	4,400	2%
Operations (32%)	180,200	177,200	(3,000)	-2%	180,700	3,500	2%
Maintenance (17%)	101,000	94,100	(6,900)	-7%	96,000	1,900	2%
Engineering (5%)	22,700	27,600	4,900	22%	28,200	600	2%
Administration (6%)	39,400	33,200	(6,200)	-16%	33,900	700	2%
Solid Waste (0%) *	16,900	0	(16,900)	-100%	0	0	0%
Total Costs by Account Classification	563,100	553,500	(9,600)	-2%	564,600	11,100	2%

3/8/2013

The District is anticipating a 2% decrease in FY 2013-14 over the prior year in budgeted Risk Management & Insurance costs, mainly due to reductions in insurance premiums (7%) and small increases in administration costs. For FY 2014-15, the District expects an increase of 2% over the prior year for inflationary adjustment. Due to personnel increase in engineering department and cost redistribution to different cost centers, there are significant changes in insurance cost apportionment to different departments between FY 2012-13 and the two new budget years. Due to retirement of garbage trucks, Solid Waste services no longer participates in distribution of insurance costs.

* As of August 2012, the District does not own any Solid Waste equipment and vehicles. For this reason all property and liability insurances were discontinued.

LONG TERM DEBT DISCLOSURE

Overview

Currently, the District has no outstanding General Obligation or Revenue Bonds.

The following information is provided for historical comparison on bonding capacity and information purposes only.

General Obligation Bonds

The proceeds of the District's property tax levies were used to pay principal and interest on outstanding General Obligation Bonds, which were retired as of December 1998. Potential debt service assessment data for fiscal years ending 2011, 2012 and 2013 was set by the County of Alameda and presented below:

	2011	2012	2013
Oro Loma Sanitary District No. 2	\$ 3,079,179,042	\$ 3,054,183,247	\$ 3,033,240,871
Oro Loma Sanitary District No. 5	6,760,775,697	6,690,787,603	6,810,687,283
Oro Loma Sanitary District Castro Valley Annex	71,377,490	71,287,023	72,243,523
Total asset valuation at full value	\$ 9,911,332,229	\$ 9,816,257,873	\$ 9,916,171,677

Increase/ Decrease over prior year

-2%

+1%

+1%

The State of California (State) Constitution Article XIII provides for a maximum general property tax rate statewide of \$1.00 per \$100 of assessed value. Assessed value is calculated at 100% of market value as defined by Article XIII. The State Legislature has determined the method of distribution of receipts from the \$1.00 levy among counties, cities, school districts and other districts. Counties, cities and districts may levy such additional tax rate as is necessary to provide for voter-approved debt service.

The County assesses properties, bills for, collects, and distributes property taxes on the time schedules that follow:

	<u>Secured</u>	<u>Unsecured*</u>
Valuation dates	March 1	March 1
Lien/levy dates	March 1	March 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 April 10	August 31

* The term "unsecured" refers to taxes on personal property other than real estate, land and building. These taxes are secured on the property being taxed.

Bonding Capacity

The California Health & Safety Code, Section 6651, “Bonded Indebtedness Limit,” limits the District’s maximum bonding capacity to 15% of the assessed valuation at 25% of full value of the real and personal property of the District, which was established by the County of Alameda as follows:

	2011	2012	2013
Total asset valuation at full value	<u>\$ 9,911,332,229</u>	<u>\$ 9,816,257,873</u>	<u>\$ 9,196,171,677</u>
Assessed valuation at 25% of full value	<u>2,477,833,057</u>	<u>2,454,064,468</u>	<u>2,479,042,919</u>
Limit (15% thereof)	371,674,959	368,109,670	371,856,438
Bonds authorized and unissued General Obligation Bonds	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>
Bond capacity	<u>\$ 371,074,959</u>	<u>\$ 367,509,670</u>	<u>\$ 371,256,438</u>
Tax rate for General Obligation Bonds	None outstanding. All have been retired as of December 1998		

Sewer Revenue Refunding Bonds Series 2003

On September 21, 2009, the District exercised its redemption option and redeemed the balance of the Sewer Revenue Refunding Bonds Series 2003. All Bonds were paid in full.

TRUST ACCOUNT

The District currently maintains a trust account known as the “Flex Plan Trust”, which accounts for assets that do not belong to the District, but are held by the District as a trustee for others—its employees. Due to the nature of the trust, the cost of the “Flex Plan Trust” is not part of the Budget Summaries as a separate item; however, the Employer Contribution is included as part of the cost of the “Employee Benefits” under each employee’s assigned department.

This presentation is for informational purposes only.

Flex Plan Trust:

The District has established flexible benefit plans for its full-time employees to give them more choices in the use of benefit monies, and to control overall benefit costs to the District for the long term. The Flex Plan Trust is funded by both District and employee contributions. From these contributions, the various insurance premium payments, medical cost reimbursements, and cash withdrawals are paid. Over the past three calendar years, annual medical inflation (for the Kaiser Plan) ranged between 6.8% to over 9.5% compared to overall inflation (CPI-U) between 1.4% and 2.6%. The following is a schedule of anticipated contributions and disbursements for the next two fiscal years, based on staffing of 45 fulltime positions, and assuming that medical insurance costs will increase by 10% in calendar year 2014 and 10% in calendar year 2015.

	BUDGET	
	Year 1 FY 2013-14	Year 2 FY 2014-15
TRUST CASH CONTRIBUTIONS		
Employer Contributions	\$884,000	\$972,400
Employee Contributions	<u>12,000</u>	<u>13,200</u>
Total Contributions	\$896,000	\$985,600
TRUST CASH DISBURSEMENTS		
Medical Insurance	\$720,800	\$792,900
Dental Insurance	79,000	86,900
Vision Insurance	7,200	7,900
Life Insurance	13,200	14,500
Medical Reimbursements	18,300	20,100
Cash Withdrawals	<u>57,500</u>	<u>63,300</u>
Total Disbursements	\$896,000	\$985,600

OVERHEAD RATE ANALYSIS

The indirect costs of operations are significant, and play an important part in the cost accounting process. Neglecting to account for these incidental expenses would significantly undervalue the cost of projects or services. Therefore, it is both prudent and good management practice to estimate indirect costs and to recover such costs from the recipient of the services or goods in the form of “Overhead Charges.”

During the budget preparation process, the District’s overhead charges are analyzed, utilizing actual historical figures from the last two fiscal years, the current budget, and the projected budgets for the next two years. The Finance and Insurance Committee reviews the data and gives a recommendation to the full Board. The Board then approves the overhead rates, which are used for various charges during the next two fiscal years.

The following overhead rates are established for FY 2013-14 and FY 2014-15:

Overhead Rates	Approved for Fiscal Years 2013-15
Insurance/Risk Management	90%
Internal Services (In-house cost centers) (R&R, CIP, Solid Waste, Recycling, CVSD)	116%
External Services (Developers Account and Others, Includes cost of depreciation)	197%
East Bay Dischargers Authority (EBDA) (Based on the agreement between member Agencies-applies to OLSD pump and Skywest)	100%



Plastic and paper recyclables at the materials recovery facility

The budget contains specialized and technical terminology and acronyms that are unique to public finances and budgeting for sanitary districts. To assist the reader in understanding these terms and acronyms, a "Glossary of Terms" and "Acronyms" has been included herein.

Account – A record of a business transaction; a reckoning of money received or paid.

Accounting System – The total structure of records and procedures that discovers, records, classifies, summarizes, and reports information on the financial position and results of operations of the District as a governmental entity.

Accrual – The recognition of a revenue or expense in a budget year even though the actual cash may not be received or paid until the following budget year.

Adoption – Formal action by the District's Board of Directors. Adoption of the budget sets the limits for the fiscal year.

Administration – District department in the Sewer Services cost center that provides administrative support to the Board, accounting, human resources, and public information, and oversees management of solid waste and recycling Services.

Agency Treatment Charges – Revenues derived from long-term contracts with other governmental entities to whom the District provides treatment for sewers, such as Castro Valley Sanitary District, the City of Hayward, and the City of San Leandro and others.

Alameda County Waste Management Authority (www.stopwaste.org) – A public agency formed in 1976 by a Joint Exercise of Powers Agreement among the County of Alameda, each of the 14 cities within the county, and two sanitary districts, that provide refuse and recycling collection services. The Authority has a 17-member board composed of elected officials appointed by each member

agency. The Authority is responsible for preparation of the Alameda County Integrated Waste Management Plan and Alameda County Hazardous Waste Management Plan. It manages a long-range program for the development of solid waste facilities, and offers a wide variety of programs in the areas of source reduction and recycling, market development, technical assistance and public education. Funding of such programs is provided by per ton disposal fees.

Allocation of expenses and/or other costs

The manner in which revenues/expenses and other costs/outlays are calculated/accounted for in the different areas of service provided by the District:

- 1) "Sewer Services" accounts for sewer activities related to the District's sewer system operations and infrastructure, and it is further divided as follows:
 - Sewer Operation & Maintenance (O&M)
 - Renewal & Replacement (R&R)
 - Capital Improvement Program (CIP)
- 2) "Solid Waste Services" accounts for all services relating to solid waste (garbage) collection and disposal provided under an agreement with Waste Management of Alameda County (WMAC).
- 3) "Recycling Services" accounts for all services related to recycling programs for residential and commercial customers, provided under an agreement with WMAC.

Area Served – Geographical area where the District provides its services.

Assets – Resources owned by the District, which have monetary value.

Authorized positions – Number of employee positions authorized to be filled within the

GLOSSARY OF TERMS

budget fiscal year, after budget adoption by the Board of Directors.

Average Dry Weather Flow – The average non-storm flow over 24 hours during the dry months of the year (May through September). It is composed of the average sewage flow and the average dry weather inflow/infiltration.

Budget – The District's financial plan for a given period of time, which includes revenues, expenses, and other capital and financial outlays that finance the various services the District provides to its customers. The District's budget document is considered to be a spending plan and a policy guide for each of the two fiscal years. It contains an Operating Budget and a Capital Budget.

- **Operating Budget** – The financial plan for accountability for all revenues and expenses, which is leading to calculating operating income or loss.
- **Capital Budget** – The financial plan for spending on capital assets that will produce future income or support business operations over a number of years. The District's Capital Budget is part of the overall District Budget and applies only to the Sewer Services activities – see Capital Improvement Program (CIP).

Capital Assets – Assets owned by the District that have a useful life of more than one year and cost over \$3,000. Capital assets include land, buildings, machinery, equipment, and major improvements or rehabilitation that extends the useful life of an asset by one year or more.

Capital Improvement Program (CIP) – Sewer Services cost center that accounts for annual revenues, capital contributions, and repayments, and allocates designated resources for capital improvement requirements/outlays for construction, purchases of new facilities or

capital assets, or major reconstruction of existing infrastructure.

Capital Outlays – The purchase, construction, or rehabilitation of capital assets with a minimum value of \$3,000 each and a useful life of one year or more.

Capital Plan – The District maintains a Ten Year Construction Plan (Plan). It details planned projects by cost and implementation year. During each budget cycle, the planned projects for the next two years are moved into the budget document and the Board approves necessary funds for their implementation. The Plan forecasts not only capital project requirements (CIP), but also accounts for long-term needs for major repairs and maintenance of the sewer system (R&R).

Castro Valley Sanitary District (CVSD) – CVSD owns 25% of the sewage treatment plant (Plant) and repays to OLSD 25% of the costs spent for the capital assets being purchased, constructed and rehabilitated. Those costs are accounted in the Capital Improvement Plan (CIP). On the financial statements, the amount of repayments for CVSD portion of capital assets is listed under the revenue section as “Capital Repayments – CVSD” and it is offset by the identical amount under the expense section “Capital Outlays – CVSD portion.” At the end of each fiscal year, CVSD assumes ownership of its capital assets and reports them on its financial statements. Under a long-term agreement, OLSD provides sewer treatment services to all CVSD customers. For those services, CVSD pays based on the percentage of CVSD flows to the total flows of the plant. The revenues received from CVSD are recognized as “Agency Treatment Charges.”

Collection Department – District department in the Sewer Services – Operations & Maintenance (O&M) cost center. It maintains the integrity of the District's 273 miles of sanitary sewer lines,

14 lift stations, over 6,010 manholes, and special structures.

Commercial & Industrial Recycling Charges

Revenues derived from commercial customers who participate in a commercial recycling program.

Contingency – Reserves included in each fiscal year budget as an allowance for unanticipated expenses.

Contract Fees – Revenues derived from the long-term agreement with the District's solid waste (garbage) provider WMAC.

Contributions - Connection Fees – Governed by the current District Ordinance No. 35. The connection fees represent a one-time contribution of resources to the District, imposed on contractors and developers. The intent of these fees is to recover the cost of unused capacity of the general purpose sewer facilities within the existing system.

Cost of Living Adjustment (COLA), or Consumer Price Index (CPI-W) – An increase in wage compensation to offset the adverse condition of inflation on salaries, or a provision for price increases based on the historical index of general inflation. At OLSD, contract adjustments are based upon the Consumer Price Index-Wage Earners San Francisco-Oakland Bay Area (CPI-W) for the period of April of the preceding year through April of the current year.

Debt Services – A combination of the current year(s) portion of interest expense, and the current year(s) principal on long-term debt issued by the District (Sewer Revenue Refunding Bonds-Series 2003). – No longer in use. The District is debt free.

Decrease in EBDA Equity – see East Bay Dischargers Authority.

Departments – District Departments include Administration, Collections, Engineering, Operations, and Maintenance. There is also a Solid Waste Department in the Solid Waste Services cost center and Recycling Department in Recycling Services cost center.

Departmental Expenses – Expenses incurred by the District's departments, including salaries and wages, employee benefits, contract and professional services, supplies, utilities and all other costs associated with department functions and/or areas of responsibility.

Depreciation – Expenses incurred with the expiration of a capital asset, the loss in asset value because of wear, deterioration, or obsolescence.

East Bay Dischargers Authority (EBDA) – A Joint Powers Authority established in 1974 by the Cities of Hayward and San Leandro and three sanitary districts: Castro Valley Sanitary District (CVSD), Oro Loma Sanitary District (OLSD), and Union Sanitary District (USD). The OLSD equity interest in EBDA is 19.305%. The purpose of EBDA is to manage and operate common-use areas for sewage transportation and disposal facilities for its member agencies. EBDA also holds a discharge permit, which allows the member agencies to dispose of their treated water into San Francisco Bay. The annual services between OLSD and EBDA are reflected on both sides, revenues as well as expenses:

- *Operating Revenues: EBDA* – Payment from EBDA to OLSD for the operation and maintenance of certain EBDA facilities by Oro Loma personnel under a long-term agreement.
- *Nonoperating Revenue: EBDA/LAVWMA Refund* – Payment from EBDA to OLSD for interest received by EBDA from a long-term agreement with LAVWMA. The total interest received by EBDA is distributed to

GLOSSARY OF TERMS

the JPA member agencies as specified in the agreement with LAVWMA.

- **Operating Expenses: Sewage Disposal – EBDA** – Annual provision for OLSD's share of all EBDA expenses associated with the transportation, disposal, and administration of the EBDA disposal system.
- **Nonoperating Expenses: Decrease in EBDA Equity** – Annual decrease in EBDA equity due to depreciation of EBDA assets.

Engineering Department – District department in the Sewer Services – O&M cost center. It is responsible for management of CIP and R&R projects, issuance of various sewer and construction permits, and maintenance of record drawings and the mapping system.

Enterprise Fund – Accounts for operations financed and operated in a manner similar to private business enterprises, where the intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

Fiscal Year (FY) – A 12-month time frame between July 1st and June 30th to which the annual budget applies, and at the end of which the District determinates its financial position and the results of its operation.

Fixed Assets – See Capital Assets

Fund – A fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific services or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Garbage Rates – A fee which is paid by customers for solid waste (garbage) removal

services provided by the District's authorized contractor, WMAC.

Grants – Contributions by other governmental entities or organizations to provide funding for a specific project. The majority of District grants were historically associated with recycling services.

Grease Receiving Charges – Income from customers who dispose grease directly at the treatment plant.

Interest Income – Revenue received by the District from cash, investments, and LAIF.

Landfill Fees – Measure D Revenues – The Alameda County Waste Reduction and Recycling Initiative, known as Measure D, levies a surcharge on solid waste landfilled in unincorporated Alameda County. Fifty percent of these revenues are distributed to cities and sanitary districts that meet criteria contained in the law. The District meets the criteria.

Line Item – A budgeting process in which individual departments develop a budget for every account.

Maintenance Department – District department in the Sewer Services – O&M cost center. It provides maintenance services for the treatment plant, operations, collection system pumping facilities, vehicles, and buildings.

Measure D – See Landfill Fees.

Nonoperating – Enterprise fund revenues or expenses that are incidental to, or byproducts of, the fund's primary service activities.

Operating Expenses – The cost of services provided to customers.

Operating Revenues – The funds received by the District as income to pay for ongoing operations.

Operations Department – District department in the Sewer Services – O&M cost center. It provides for the continuous operation of the District's sewage treatment plant.

Operation & Maintenance (O&M) – Sewer Services cost center that accounts for annual revenues and expenses and, in the past, annual repayment of long-term debt obligations, related to the day-to-day operations of sewer services. District departments in the Sewer Services-O&M are: Collections, Operations, Maintenance, engineering, Administration, and Non-department, which accounts for such items as depreciation, contingency and EBDA costs.

Ordinance – A law set forth by a governmental or legislative body; in the District, by its Board of Directors.

Other or Miscellaneous – Refers to revenues or expenses grouped together for the purpose of accountability, as the amounts are too small to create a line item.

Other Revenues – Miscellaneous revenues derived from different sources, combined in one line item for presentation purposes.

Overhead Rates – The purpose of overhead rates is to recover the cost of benefits, nonproductive time, and other resources, such as administration and engineering services.

Overhead Revenues – Annual income generated from the application of overhead rates to the actual salaries of staff, for time spent on projects and assignments in renewal and replacement, capital improvement projects, solid waste and recycling activities.

Permits and Inspection Fees – A fee imposed in order to cover the cost of issuing sewer permits, inspecting sewer work, and maintaining permanent District records. Those fees are governed by the current Ordinance No. 35. Annual collection of permits and inspection fees becomes a source of line item revenues in the budget.

Personal License Fees – The District purchased a fleet of 14 “One Pass” vehicles and leased them to WMAC for a personal license fee under the prior agreement. Revenues from this source were allocated equally (half and half) to Solid Waste Services and Recycling Services, based on the use of the trucks for collection of garbage and green waste recycling. The fees expired as of August 2012.

Proposition 218 – Passed by California voters on November 5, 1996 with effective date July 1, 1997, it amended the California Constitution by adding Article XIIC and XIID to require local governments to obtain the approval of property owners in a local ballot measure, before levying a new or increased tax assessment of those property owners. In 2006, the California Supreme Court ruled that Proposition 218 applies to local water, recycling and sewer charges.

Recycling Services – All District undertakings related to providing residential and commercial/ industrial recycling programs as required by AB939 and Alameda County Measure D.

Recycling Charges (Residential/Commercial)
All revenues derived from the mandated recycling programs and fees, collected from residential and commercial customers of the District.

Renewal and Replacement (R&R) – Sewer Services cost center that accounts for annual revenues and expenses associated with the major repairs on maintenance of collections and

GLOSSARY OF TERMS

treatment facilities or equipment that cost more than \$ 10,000 per year (\$5,000 for lift stations) and are incurred from time to time.

Rents and Leases – Annual income received from customers, pursuant to operating leases or rental agreements.

Residential Recycling Charges – Annual income received from the District's customers for mandatory recycling services provided under AB 939, based on annual recycling charges governed by the current Ordinance No. 34 and collected on the Alameda County property tax bill.

Resolution – A special or temporary order of a legislative body (the Board of Directors) requiring less formality than a statute or ordinance.

Resolution # 3536 dated June 7, 2011

Established sewer rates and other fees for the period July 1, 2011 to June 30, 2016.

Revenues – Line items in the budget document representing income received from a particular service, goods sold, or investment provided or received by the District.

Sanitary Trucked Waste Charges – Annual income from the portable toilet industry, which disposes of waste directly at the treatment plant.

Sewer Services – All District undertakings related to the collection, treatment, and disposal of liquids and biosolids, and debt payments related to the sewer services provided to customers. Sewer Activities are divided into three cost centers: Operations and Maintenance (O&M), Renewal and Replacement (R&R), and Capital Improvement Program (CIP).

Sewer Rates – A fee that is paid by the customer for sewer services provided by the District. The fees for various types of customers

are regulated by the current Ordinance No. 37 and Resolution No. 3536. All residential customers are charged an annual rate, which is collected via the property tax bill issued by Alameda County. All commercial customers are charged a fee based on their consumption of water, and this fee is collected through water bills issued by East Bay Municipal Water District. Major industrial customers are charged for their sewer service based on actual flow and loadings (BOD, SS) verified by the District's Industrial Waste Inspector and billed directly by the District.

Sewer Service Charges – Annual revenues received from all District customers for sewer services, minus any refunds or adjustments, as provided under the current Ordinance No. 37.

Solid Waste Services – All District undertakings related to the collection and removal of solid waste (garbage) provided by the authorized service provider, WMAC, under a long-term agreement.

Two-Year Budget – A budget that consists of revenue, expenses, capital outlays, and fund balances for two continuous fiscal years.

Waste Management – Waste Management of Alameda County, Inc. - Contractor (WMAC). As of January 1, 2012, the Agreement for Services with WMAC was amended and extended to 2024, with one two-year extension, solely at the District's discretion, potentially followed by one six-year extension by mutual agreement. The agreement provides for the collection and disposal of solid waste (garbage), recycling, and green waste materials generated within the District's service area. As part of the program, Oro Loma customers are entitled to two free bulky pickups per calendar year. District garbage rates are among the lowest in Alameda County.

AB939

Assembly Bill AB939, the Integrated Waste Management Act of 1989, implements mandatory recycling programs in California.

BFP

Belt Filter Press

BOARD

The Board of Oro Loma Sanitary District, comprised of five elected officials.

BOD

Biochemical Oxygen Demand – A measurement of the strength of wastewater

CAFR

Comprehensive Annual Financial Report

CalPERS

California Public Employees Retirement System

CASA

California Association of Sanitation Agencies – non-profit organization ensuring clean water for California

CCTV

Closed circuit television

CEPT

Chemically Enhanced Primary Treatment – The addition of chemicals (ferric chloride/polymer) to increase the effectiveness of pollutant removal

CEQA

California Environmental Quality Assessment, which provides for legal review by regulatory agencies of the general public.

CIP

Capital Improvement Program – District cost center/fund

CIWQS

California Integrated Water Quality System

COLA

Cost of Living adjustment

CPI

Consumer Price Index

CPI-U

Consumer Price Index - for all urban consumers

CPI-W

Consumer Price Index - for wage earners

CPVC

Chlorinated Polyvinyl Compound – plastic pipe

CSRMA

California Sanitation Risk Management Authority – JPA that provides the majority of the District' insurances

CVSD

Castro Valley Sanitary District – partner/owner of treatment plant facility (25% ownership)

CWEA

California Water Environment Association – professional organization issuing certification for various trades

DISTRICT

Oro Loma Sanitary District

DWF

Dry Weather Flow

EBDA

East Bay Dischargers Authority – JPA that provides effluent disposal services for five agencies. The District owns 19.305% of the EBDA Agency.

EPA

Environmental Protection Agency of the United States – federal regulatory agency

Acronyms

FASB

Financial Accounting Standards Board

FY

Fiscal Year

GIS

Geographic Information System

GAL

Gallon – a unit of liquid volume

GASB

Governmental Accounting Standards Board

GFOA

Government Finance Officer Association of United States and Canada – professional organization for finance

H₂S

Hydrogen Sulfide – a corrosive substance commonly found in sewer systems and treatment works

HDPE

High-density polyethylene

HVAC

Heating, ventilation, air conditioning

I/I

Inflow/Infiltration – those waters that enter the wastewater flow from the environment, rather than from a building plumbing system

JPA

A joint powers authority – separate public agency formed pursuant to a joint exercise of powers agreement

KW

Kilowatt – measure of power

KWH

Kilowatt-hour – measure of energy

LAIF

Local Agency Investment Fund

LAVWMA

Livermore-Amador Valley Water Management Agency – agency that provides effluent disposal for Tri-Valley agencies and discharges effluent into the EBDA pipeline

MEASURE D

Voter approved initiative that implemented mandatory recycling programs

MGD

Million gallons per day

MOU

Memorandum of Understanding – an agreement between labor groups and management.

NAICS

North America Industry Classification System (NAICS Codes) – universal numbering method that helps identify the industry affiliation of a company

NPDES

National Pollution Discharge Elimination System – federally mandated program to allow the District to discharge its effluent

O&M

Operation and Maintenance – District cost center/fund.

OLSD

Oro Loma Sanitary District

P.E.

Professional Engineer

PLC

Programmable Logic Controller – electronic device that provides preset controls for plant equipment

PROPOSITION 218

Proposition that amended the California Constitution, requiring local governments to obtain approval from property owners in a local ballot measure before levying new or increased tax assessments on those property owners; it applies to local water, recycling and sewer charges

PWE

Present worth of expenditures

PWWF

Peak wet weather flow

R&R

Renewal and Replacement – a District cost center/fund

RAS

Return Activated Sludge – sludge that settles in the secondary clarifier and is returned back to the aeration system

SCADA

Supervisory Control and Data Acquisition – description of the functions and abilities of the treatment plant's computer system

SFRWQCB

San Francisco Regional Water Quality Control Board – the local water quality regulatory agency

SIC (codes)

Standard Industrial Classification (SIC codes) – universal numbering method that helps identify the industry affiliation of a company

SS

Suspended Solids – measurement of residual solids, a method for the determination of sewage strength and treatment plant efficiency

SSMP

Sewer System Management Plan

SSO

Sanitary sewer overflow

VCP

Vitrified clay pipe

WAS

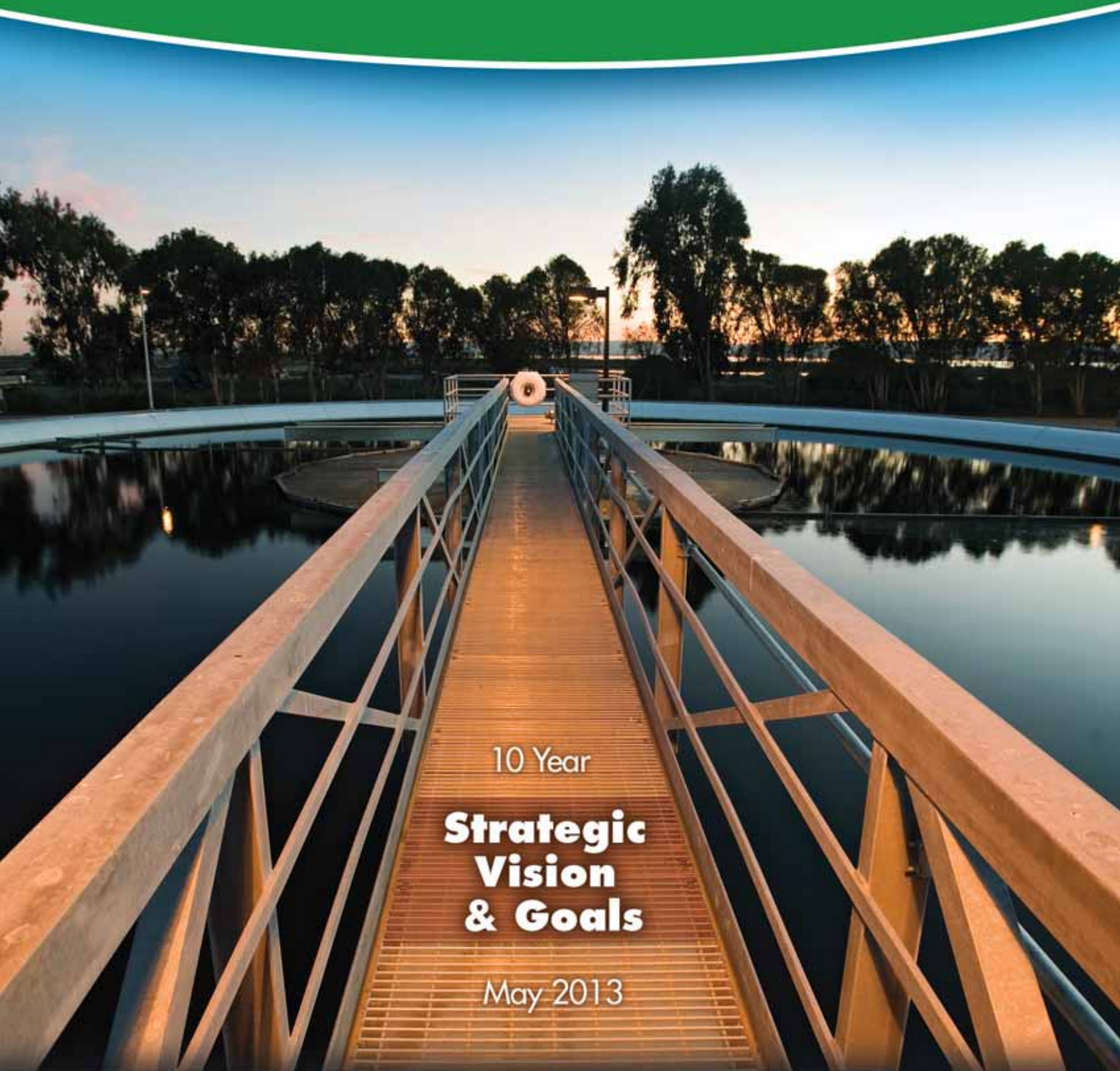
Waste Activated Sludge – sludge that is removed from the activated sludge system each day, as part of the treatment process

WMAC

Waste Management of Alameda County



ORO LOMA SANITARY DISTRICT



10 Year

Strategic Vision & Goals

May 2013





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Supervisor of Plant Operations

Scott von der Lieth

Supervisor of Plant Maintenance



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LETTER FROM THE GENERAL MANAGER

I am pleased to present Oro Loma Sanitary District's 10-Year Strategic Plan. It is the product of input from all staff, the management team, key stakeholders and Board of Directors. The Plan reflects our commitment to continual improvement in all areas of the business.

Our vision is to work injury free, maintain an extraordinary staff, respond well to new regulations, selectively implement new technologies, proactively communicate with the public, manage for the best long-term value, and achieve excellence in our industry. The Strategic Plan is intended to align the actions of our team with the allocation of resources to achieve the established vision.

The Plan anticipates a changing regulatory environment, significant staff turnover, the expiration of the EBDA agreement, and opportunities to leverage available technologies to improve our operation and infrastructure investments over the next ten years. It also includes a focus on measuring and improving customer service, improving our existing high safety culture and performance, and maintaining award winning financial transparency and long-term cost effectiveness.

We work in a constantly changing environment. With this in mind, staff will review and update the Plan with each two-year budget cycle.

I appreciate the Board, our partners, and staff, whose contributions made this a better document. I look forward to working with our team to make the vision a reality.

Respectfully Submitted,

Jason Warner



Mission Statement

The best possible service at the lowest possible cost

The best possible service at the lowest possible cost means...

We are committed, first and foremost, to providing the best possible wastewater collection, pretreatment, treatment, refuse, and recycling service to the public. We do this to protect the public health and environment. We also recognize that those we serve inherently desire the best value for the services provided. In alignment, we seek to optimize operations and the allocation of resources to produce the highest long term value.



Vision of OLSD



Safety is paramount. We will maintain a safety program, safety culture, safe work habits, and safe work record to reflect our practice of proactive risk identification and mitigation, and commitment to safely completing our work.

Our staff remains our key asset. Despite anticipated attrition, we will practice deliberate knowledge transfer, keep the selection of extraordinary team players as our norm, foster an environment to promote professional development, and offer an appropriate compensation package.

Shaping and responding to new regulations gives us a competitive advantage. We will perform sound planning, engage with the regulatory community, and innovate as we select optimal responses to significant emerging regulations.

Not all new technologies are worth our investment. We will scrutinize available technologies and implement only those that increase our standard for operational resiliency while meeting our high standards for investment of public funds.

Measured risk taking is part of sound management. We will continue to take prudent business risks that improve the District's ability to respond to future challenges while maintaining our fiscal strength.

The public expects us to manage with the long term in mind. We will maintain a comprehensive understanding of our service and infrastructure needs and provide proper funding to manage their ongoing renewal.

Proactive communication is essential to providing the best service. We will identify issues of public concern and communicate our approach to addressing these issues well in advance of any requirement for significant action.

Excellence over average performance. We will set the standard for operational resiliency, regulatory compliance, and cost efficient operations among sanitary agencies in the State.



10 Year **Strategic Goals**





10 Year Strategic Goals

STRATEGIC AREA	AREA ELEMENT	10-YEAR STRATEGIC GOALS
Operational		
	SAFETY	<p>Zero lost time accidents.</p> <p>Maintain High Performing Safety Program - Win SHELL and CWEA State Safety Award (2 times each).</p> <p>Zero 'reportable injury' years (3 out of 10 years).</p> <p>Increase the Oro Loma Safety Culture Rating, based upon annual survey, by 10% over 2011 baseline.</p> <p>Maintain policies and procedures by auditing, updating, and training on policies at least every 3 years.</p>
	COLLECTIONS	<p>Zero collection system overflows.</p> <p>Enhance training program to include embedded video, critical situation response, and/or multimedia options.</p> <p>Maintain compliance with all SSMP and CIWQS reporting requirements.</p> <p>Develop 'watch list' of emerging regulations, key regulatory contacts, and participate when warranted.</p> <p>Measure customer satisfaction and identify areas for improvement.</p> <p>Build field GIS infrastructure and provide GIS access to key collections personnel.</p>



10 Year Strategic Goals

STRATEGIC AREA	AREA ELEMENT	10-YEAR STRATEGIC GOALS
Operational		
	MAINTENANCE	
		<p>Zero lift station overflows.</p> <p>Zero permit violations due to equipment failures.</p> <p>Maintain maintenance backlog to below 100 work orders for a minimum of two months per year.</p> <p>Maintain 95% annual uptime on cogeneration system.</p> <p>Maintain lift station contingency plan and provide training to allow an average remote site response and bypass set-up of 90 minutes at all remote sites.</p>
	OPERATIONS	
		<p>Zero effluent violations.</p> <p>Develop written operator training program for all areas of the plant.</p> <p>Develop annual 'watch list' of emerging regulations, key regulatory contacts, and participate when warranted.</p> <p>Renegotiate EBDA agreement to reduce/eliminate District responsibility for replacement of conveyance system it does not use.</p> <p>Build video library of critical situation response. Use videos for debrief and future training.</p>



10 Year Strategic Goals

STRATEGIC AREA	AREA ELEMENT	10-YEAR STRATEGIC GOALS
Operational		
	SOLID WASTE AND RECYCLING	
		<p>Maintain compliance with Measure D diversion goal of 75%.</p> <p>Meet minimum commercial organics recycling standards or make decision to 'opt-in' to mandatory recycling ordinance.</p> <p>Measure customer satisfaction and identify areas for improvement.</p> <p>Actively monitor Stopwaste activities, communicate key issues to OLSD Board, and proactively communicate concerns to Oro Loma representative and staff at partner agencies.</p> <p>Achieve 90% participation in organics recycling in schools.</p> <p>Implement District recycling principles to meet or exceed model guidelines.</p>



10 Year Strategic Goals

STRATEGIC AREA	AREA ELEMENT	10-YEAR STRATEGIC GOALS
Operational		
	ADMINISTRATIVE SERVICES	
		<p>Maintain lowest residential sewer service charge in Alameda County and among the lowest 5% in the State.</p> <p>Develop and implement quantitative measurement of customer service.</p> <p>Identify specific areas for improvement in solid waste and sewer services.</p> <p>Produce timely, accurate, transparent, and useful financial reports. Timely reporting defined as within 10 days of month close for monthly reports.</p> <p>Develop and maintain cross training for key administration/finance functions.</p> <p>Provide live, knowledgeable customer service point of contact for all incoming calls.</p> <p>Identify and communicate required funding needs for operations and projected infrastructure needs.</p> <p>Maintain policies and procedures within guidelines of 'industry best'</p> <p>Align District pension and other employee benefits with current State law.</p> <p>Update 10 year strategic plan every 2 years with Budget document.</p>



10 Year Strategic Goals

STRATEGIC AREA	AREA ELEMENT	10-YEAR STRATEGIC GOALS
Infrastructure		
	GENERAL	
		<p>Maintain 10 Year Capital Planning Document for all District assets (update monthly).</p> <p>Build GIS into central reference source for all District assets and customer service issues.</p> <p>Implement Asset Management Program for all District assets by 2023.</p>
	COLLECTION SYSTEM	
		<p>Zero overflows due to capacity limitations.</p> <p>Replace a minimum of 20 miles of collection system pipe by 2023 (increase miles of HDPE from 12.82 to 32.82).</p> <p>Manage line replacement program to limit high frequency footage at or below 18% of District (49 miles).</p>



10 Year Strategic Goals

STRATEGIC AREA	AREA ELEMENT	10-YEAR STRATEGIC GOALS
Infrastructure		
	TREATMENT PLANT	
		Track ongoing discussions of nutrient regulations and potential technical responses. Conduct treatment plant electrical load study and implement identified improvements prior to planned cogeneration system overhaul in 2021.
	ADMINISTRATION AND FINANCE	
		Integrate customer service interface into GIS.
	LIFT STATIONS	
		Reduce off hours maintenance calls to under 10 per year.

Definitions

1. **Mission Statement:** A declaration of the District's approach in providing the needed services. All activities of the District should be in light of and in support of the Mission Statement.
2. **Vision Statement:** A statement that articulates the Board of Director's strategic vision goals. The goals outline the highest level achievements established in the Strategic Plan. The Vision creates and drives strategy and tactics identified elsewhere in the Plan. The Board develops and adopts the Vision Statement. The Vision Statement will be reviewed bi-annually and will typically change more frequently than the Mission Statement to reflect the direction in which the Board takes the District over the ten-year horizon of the Strategic Plan.
3. **Strategic Focus Areas:** The broad areas of District operations, planning, and management that will contain Strategic Goals, spread out over a ten-year period, to ensure optimum fulfillment of the Vision. These also organize the Plan.
4. **Strategic Goals:** Specific and measurable activities or targets that address strategy of fulfilling the Vision.
5. **Actions and Projects:** Day-to-day actions and projects (not covered in detail in the Strategic Plan) will be designed so that the Strategic Goals are accomplished.