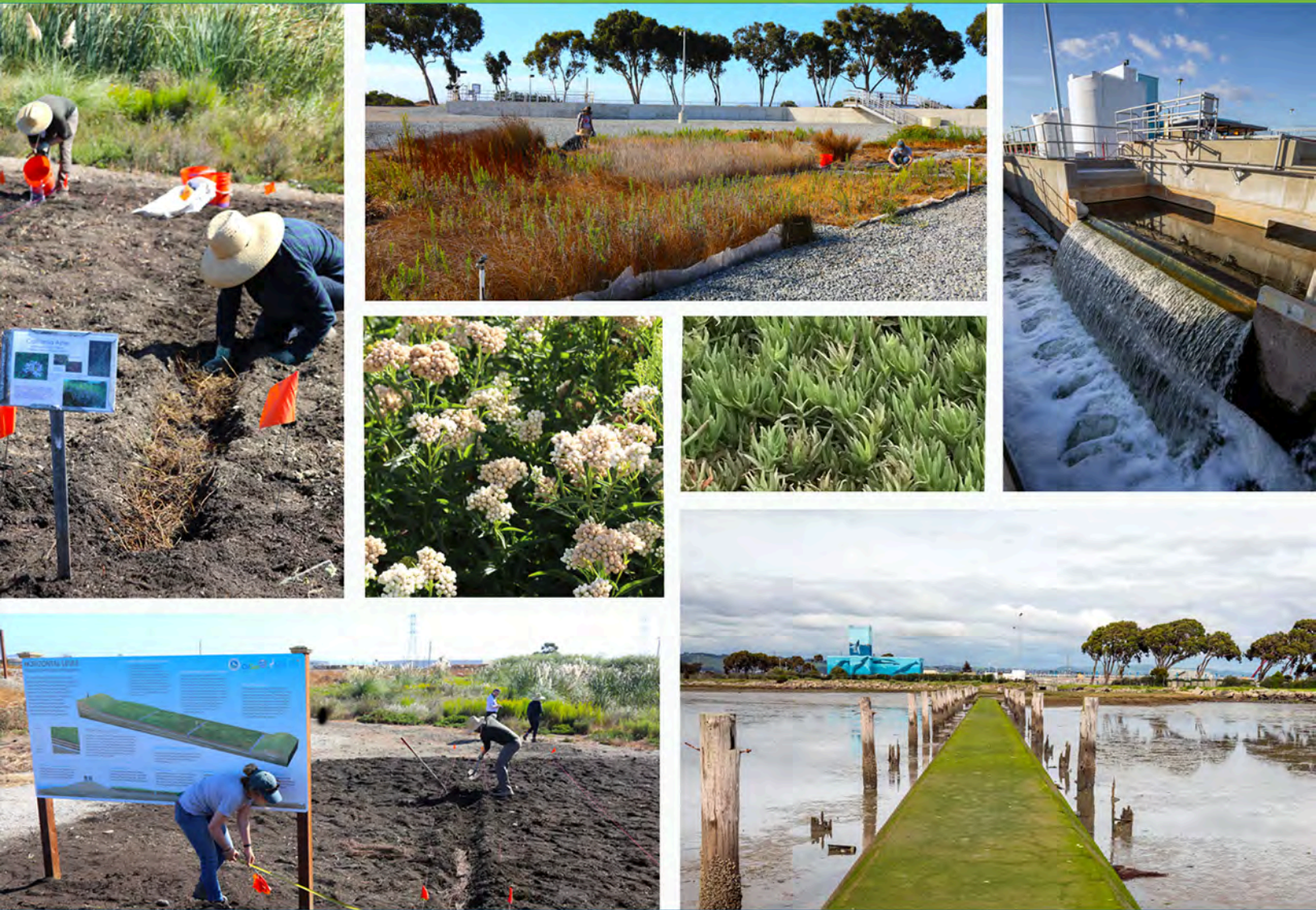




# ORO LOMA SANITARY DISTRICT

## OPERATING AND CAPITAL BUDGET FOR FISCAL YEARS 2019-20 & 2020-21



2655 GRANT AVENUE  
SAN LORENZO, CA 94580

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# **Oro Loma Sanitary District Operating and Capital Budget For Fiscal Years 2019-20 & 2020-21**

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**Resolution No. 3675**

**A RESOLUTION APPROVING  
THE TWO-YEAR OPERATING AND CAPITAL BUDGET  
FOR FISCAL YEARS 2019-20 AND 2020-21  
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 2019-20 and 2020-21; 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 special work sessions on March 15 and May 1, 2019; and

The Board has determined that the District will have sufficient revenues and cash reserves to meet its 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 2019-20 and 2020-21.

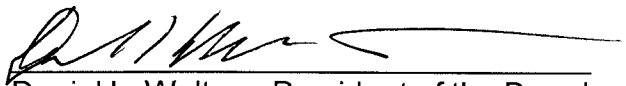


I certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted by the Sanitary Board of Oro Loma Sanitary District, Alameda County, California, at a meeting thereof held on the 21<sup>st</sup> day of May 2019, by the following vote of the members thereof:

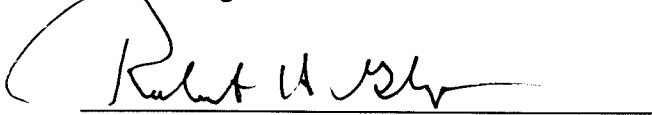
**AYES**, Members: Duncan, Glaze, Simon, Walters, Young

**NOES**, Members:

**ABSENT**, Members:

  
Daniel L. Walters, President of the Board

Countersigned:

  
Robert H. Glaze, Secretary of the Board



**Government Finance Officers Association's  
Distinguished Budget Presentation Award**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Oro Loma Sanitary District  
California**

For the Biennium Beginning

**July 1, 2017**

*Christopher P. Morill*

Executive Director

# Introduction

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# Budget Message

## Budget Message from the General Manager

On behalf of the Board of Directors and staff of the Oro Loma Sanitary District, I am pleased to present the District's Two-Year Operating and Capital Budget for the fiscal years ending June 30, 2020 and 2021, with comparison to the preceding fiscal year. The following table summarizes the spending budgeted for each year.

	FY 2018-19 (Amended)	FY 2019-20 (Adopted)	FY 2020-21 (Adopted)
Operating Budget	\$22.5 million	\$23.8 million	\$25.0 million
Capital Budget	\$19.0 million	\$19.5 million	\$11.4 million
Total	\$41.5 million	\$43.3 million	\$36.4 million

The budget is built upon the District's mission, core values, and its strategic plan. In parallel with budget preparation, the Board led an update to the 10-Year Strategic Vision & Goals. The update commits the District to allocating substantial resources to execute the goals. The goals encompass 5 key areas: financial stability, safety and employee development, regulatory compliance, customer service, and infrastructure. Our vision is to send a generation of employees into retirement without injury, respond well to new regulations, proactively communicate with the public, manage for the highest long-term value, and achieve excellence in our industry. Using the strategic plan as foundation, the budget serves to align the resources and actions of our team to achieve these goals.

One of the top commitments in the plan is to maintain a healthy infrastructure. The District has managed its pumps, pipes, and equipment well and has been enjoying their high performance. To continue this strong position, the budget contains provisions for major sewer line replacements in the Capital Improvement Program (CIP). These include reductions in pipes with roots or heavy sags, and an overall lowering in the number of miles of pipe in the system with significant structural defects. The Board of Directors supports an accelerated plan to replace 40 miles of pipe between 2019 and 2029.

The District is well-positioned for the renewal of East Bay Dischargers Authority (EBDA) Joint Powers Authority Agreement on January 1, 2020. By committing to building the Nutrient Optimization Project and obtaining a National Pollutant Discharge Elimination System (NPDES) permit, the District will be able use an existing outfall pipe to discharge peak flow. This move will significantly lower the District's obligation in EBDA's capital costs in the future. In addition, the District's effluent quality is expected to meet or exceed all projected effluent limits for at least 20 years.

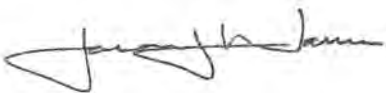
Under the leadership and direction of the Board, the District has a long history of exceeding industry standards:

- Maintains the lowest sewer service rates in Alameda County, and one of the lowest in California. District customers receive top quality sewage collection and treatment services for \$0.81 a day.
- Charges one of the lowest garbage rates in Alameda County.
- Exceeded State mandated requirements for garbage diversion from landfills by implementing innovative recycling programs and public outreach.
- Achieved 540 days (one and a half years) between May 2015 and November 2016 without a sanitary sewer overflow.
- Won the 2013 CWEA Collection System of the Year (250-500 miles) at both the San Francisco Bay Section and State levels. It is the only District in history to have won the State award 4 times.



- Promotes a strong safety culture, and held a record from February 2008 to July 2015 of operating for 2716 days (more than 7 years) without a lost-time injury.
- Won the 2013 California Sanitation Risk Management Authority's SHELL Award which recognizes statewide excellence in management of Safety, Health, Environmental, Liability and Losses, and the 2014 California Water Environment Association Treatment Plant Safety Award at the local, State, and national levels.
- Operates a 720kW biogas-fired cogeneration-powered treatment plant. Combined with the sources listed below, the plant has reduced its energy bill to near zero.
- Continuously seeks renewable energy sources to preserve global resources by implementing a 468kW solar array and a grease receiving facility to reduce natural gas costs by 80%.
- Was awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for 23 consecutive years.
- Received the Government Finance Officers Association's Distinguished Budget Presentation Award for its Two-Year Budgets (FYs 2015-17, FYs 2017-19).
- Won the 2014 California Water Environment Association San Francisco Bay Section Research Achievement Award for its Zeolite-Anammox Pilot Project, which focuses on research supporting cost-effective nutrient removal technology.
- Received the 2014 Special District Leadership Foundation District Transparency Certificate of Excellence, in recognition of its best practices in operations and governance transparency.
- Received the 2017 Bay Hero Award, presented to the Board by the San Francisco Bay Institute in recognition of its far-reaching vision and response to sea level rise, as well as its undaunted efforts to innovate toward a sustainable solution.
- Has been debt-free from September 2009 to September 2018 through prudent cash management and resource allocation.
- Has maintained an above 99% funded status on its Other Post-Retirement Employee Benefit obligations since June 30, 2013.

I appreciate the guidance provided by the District's Finance & Insurance Committee and Board of Directors, and staff members who have dedicated themselves to the excellence of the District's budget process. This is the District's third comprehensive budget presentation using guidelines established by the Government Finance Officers Association (GFOA). Our goal is to enhance the presentation of our budget and financial information, making them meaningful and easily understandable to the District's rate payers and other interested parties. This Budget serves as a financial plan as the District strives on in its commitment to provide services to our community, and to best manage the public's clean water infrastructure. We look forward to another two successful years.



Jason J. Warner, P.E.  
General Manager

# Current Budget Factors, Priorities & Challenges

## **Revenue Base, Fee Increases & Other Revenue Sources**

With a relatively steady residential customer base, revenues are expected to grow annually at the Board-approved rate increase of 7.5% for the next 2 years. Several planned mixed-housing and commercial developments may start, which will generate \$6.7 million in connection fees and, when complete, will bring in new revenues of \$0.2 million per year for over 600 equivalent residential units. While these new connections are not planned in the budget, the housing market remains relatively strong and staff expects the two developments to proceed within the next 2 to 3 years. Commercial revenues, billed based on water consumption, are also expected to grow at 7.5% annually. Sanitary truck waste revenues have dropped by 75% due to the loss of a major hauler and a lack of new customers. Overall, the operating budget is balanced with revenues projected above operating expenses in both years. The District will be using a combination of existing reserves with borrowed funds to support its capital improvement program, totaling \$31.0 million for the next 2 years.

## **Workforce & Compensation**

The District has always done more with less while right-sizing its workforce. Compared to 61.5 employees in 1992, the number of full-time employees has been maintained in the low 40s for more than a decade. Staffing will remain at 44 positions for the next 2 years. In FY 2018-19, we experienced an unusual wave of 5 service retirements. It is expected that 2 or 3 more long-time employees will choose to retire within the next few years. The District faces the challenges of replacing these highly knowledgeable employees with qualified new workers, and planning for adequate training during the transitions. One of our strategic goals is to promote professional development through the educational reimbursement program. Under the program, employees may receive up to \$5,250 in annual reimbursement for meetings and courses approved by the District. To retain the best qualified employees, the District offers a competitive compensation package based on a recent salary survey performed by an independent consultant.

## **Employee Benefits & Pension Liability**

CalPERS adopted a phase-in policy to lower the assumed rate of return from 7.5% to 7.0% by FY 2020-21. With lower investment returns, ongoing pension costs are projected to rise. CalPERS also implemented a shorter amortization period for investment gains and losses, from 30 years to 20 years. These changes, together with lower than expected historical returns, have had significant impact on the District's pension obligation. The required annual unfunded accrued liability payments for the Classic Tier 1 members have more than doubled within the last 2 years, from \$0.21 million for FY 2017-18 to \$0.45 million for FY 2019-20. The District's normal cost contributions as a percentage of payroll rose from 10.848% to 12.142% within those years. Volatility of the unfunded liability also increased, from \$6.04 million in 2015, to \$8.86 million in 2016 and \$7.58 million in 2017. Nevertheless, the District expects this growth trend to slow down in the long run as more Classic Tier 1 employees retire from its workforce and are replaced by new members for whom the District carries a significantly less costly pension liability.

## **Ongoing Capital Project Requirements**

One of the District's top strategic goals is to maintain reliable infrastructure. The Board recognizes the critical need to replace the District's aging sewer pipes (50-70 years old) and will continue with an accelerated plan to replace an average of 4 miles of pipes per year. In addition, the District will apply for \$25 million in State Revolving Funds to clear the existing backlog of pipe replacements identified for replacement. Other major capital items on the horizon include Cogeneration System Replacement (\$7.1 million), Digesters No. 8 and No. 9 (\$8.8 million), and the Consolidated Operations Building (\$3.5 million). In FY 2018-19, the District issued \$14.2 million in sewer revenue bonds to pay for part of the Nutrient Optimization Project. The borrowing carries an annual debt service of \$850,000 for 25 years. With planned 10-year capital expenses of \$101 million, the District will need to seek financing solutions through some combination of rate increases, deferral of projects, or further debt issuance.

## **Environmental Issues and Challenges**

The District took proactive steps towards nutrient removal by committing to the Nutrient Optimization Project in FY 2018-19. The project enhances effluent quality by reducing the amount of nitrogen discharged into the San Francisco Bay and costs \$24.7 million to complete. The facilities built in this project will provide alternative means of discharging peak flows by utilizing an existing local outfall pipe, for which a National Pollutant Discharge Elimination System (NPDES) permit has been obtained. With these upgrades, the District's effluent quality is expected to meet or exceed all projected effluent limits for at least 20 years.

# Budget Overview

Revenues	Budget	Assumptions / Trends
Total Revenues	<ul style="list-style-type: none"> <li>FY 2018-19: \$22,606,700</li> <li>► FY 2019-20: \$23,956,000 (6.0% increase)</li> <li>► FY 2020-21: \$25,096,500 (4.8% increase)</li> </ul>	<ul style="list-style-type: none"> <li>► Sewer rate increases by 7.5% per year. FY 2019-20: \$275; FY 2020-21: \$296.</li> <li>► No increases to annual lift station surcharges. Blackstone &amp; Canyon Ridge: \$116; Canyon Drive \$60.</li> <li>► Sanitary truck waste revenues dropped by 75% due to loss of a major hauler and lack of new customers.</li> <li>► Garbage rates projected increases: 3.0% per year.</li> <li>► No increases in residential recycling charges.</li> <li>► Investment Income increases significantly in FY 2019-20 from unspent bond proceeds.</li> <li>► Connection fees revenues budgeted at \$200,000 per year although major housing developments may generate significant new revenues. Fee per connection remains at \$6,919.</li> <li>► Capital repayments are based on CVSD's share of treatment plant capital budget. FY 2019-20: \$3,420,800; FY 2020-21: \$1,580,600.</li> </ul>
Operating Revenues	<ul style="list-style-type: none"> <li>FY 2018-19: \$22,207,200</li> <li>► FY 2019-20: \$23,398,000 (5.4% increase)</li> <li>► FY 2020-21: \$24,648,500 (5.3% increase)</li> </ul>	
Non-Operating Revenues	<ul style="list-style-type: none"> <li>FY 2018-19: \$399,500</li> <li>► FY 2019-20: \$558,000 (39.7% increase)</li> <li>► FY 2020-21: \$448,000 (19.7% decrease)</li> </ul>	
Connection Fees & CVSD Capital Repayments	<ul style="list-style-type: none"> <li>FY 2018-19: \$3,378,700</li> <li>► FY 2019-20: \$3,620,800 (7.2% increase)</li> <li>► FY 2020-21: \$1,780,600 (50.8% decrease)</li> </ul>	

Expenses (Operating)	Budget	Assumptions / Trends
Total Expenses	<ul style="list-style-type: none"> <li>FY 2018-19: \$22,483,100</li> <li>► FY 2019-20: \$23,782,400 (5.8% increase)</li> <li>► FY 2020-21: \$24,960,500 (5.0% increase)</li> </ul>	<ul style="list-style-type: none"> <li>► Cost of living adjustments: 5% per year.</li> <li>► Cost of benefit increases: 10% per year. Cost of fund pension liability rising due to CalPERS' lowering of discount rate and change in amortization period.</li> <li>► Supplies/chemical costs increases: 5% per year.</li> <li>► Staffing level to remain at 44 positions.</li> <li>► Election expenses in FY 2020-21: \$300,000.</li> <li>► Public outreach efforts to include annual open house and costs in lieu of hiring a full-time position to implement outreach programs.</li> <li>► Depreciation expense increases by \$0.8 million in FY 2020-21 due to anticipated completion of the \$24.7 million Nutrient Optimization Project.</li> <li>► Debt service interest on new debt. FY 2019-20: \$460,100, FY 2020-21: \$448,300.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>FY 2018-19: \$22,129,900</li> <li>► FY 2019-20: \$22,969,100 (3.8% increase)</li> <li>► FY 2020-21: \$24,159,000 (5.2% increase)</li> </ul>	
Non-Operating Expenses	<ul style="list-style-type: none"> <li>FY 2018-19: \$353,200</li> <li>► FY 2019-20: \$813,300 (130.3% increase)</li> <li>► FY 2020-21: \$801,500 (1.5% decrease)</li> </ul>	

Expenditures (Capital)	Budget	Assumptions / Trends
Capital Expenditures	<ul style="list-style-type: none"> <li>FY 2018-19: \$18,974,500</li> <li>► FY 2019-20: \$19,530,000 (2.9% increase)</li> <li>► FY 2020-21: \$11,465,000 (41.3% decrease)</li> </ul>	<ul style="list-style-type: none"> <li>► Pipeline replacements accelerated: \$5 million/year.</li> <li>► Budget includes design work of pipe replacements to be approved for \$25 million State Revolving Funds.</li> <li>► Other major projects in FY 2019-20: Nutrient Optimization \$11.9 million; Consolidated Operations Building \$500,000; Lift Station Rehabilitation \$350,000; Storm Flow Prediction Model \$300,000.</li> <li>► Other major projects in FY 2020-21: Consolidated Operations Building \$3 million; Digesters No. 8 &amp; 9 \$800,000; Paving \$1.1 million; Roof Replacements \$400,000; Sludge Moving Equipment \$350,000.</li> </ul>

### MISSION STATEMENT

## The **best** possible service at the **lowest** possible cost

**We are committed**, first and foremost, to providing the best possible wastewater collection, pretreatment, treatment, refuse, and recycling services to the public. We do this to protect the public health and the environment. We recognize that those we serve inherently desire the best value for the services provided. In alignment, we seek efficiency in all areas of our business, close focus on our services, and to allocate resources to produce the highest long-term value.



## 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 vision is to send a generation of employees into retirement without impairment.



### **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 emerging 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.

### **Implement only new technologies that 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 deserves that we manage with the long-term value in mind.**

Through sound management and ongoing infrastructure renewal, we will maintain our position as a reliable and low-cost service provider for generations to come.

### **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.

### **Pursue 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 Vision & Goals

## DISTRICT VALUES

### **Do it safe, do it right, do it now.**

This motto captures many of the District's core values. Above all else, we value the long-term safety of our employees. We value excellence and doing the job right, and take action to make the District better over time.

### **Customer Service**

We go above and beyond to deliver quality and respectful service. In most cases, the best service involves doing our job well, so the customer has the ability to focus on other things. When we do meet the customer face to face, our goal is to provide the highest level of service through responsiveness, expertise, and courtesy.

### **Trust**

Trust is foundational to providing an elite level of performance. It is earned through decades of sound stewardship, continually seeking to improve, and living our values each day. Trust includes the public's trust in our service, partners within the community, and internal relationships throughout the District.

### **Teamwork**

We work to protect the public health and the environment. We understand the value of teamwork and are committed to working together internally and partnering with outside agencies and customers. We encourage communication and collaboration.

### **Communication**

We value excellent communications between all levels of the organization and between the District and the community. Communication is essential to advise the public on ways to partner with us in protecting the environment, and solicit feedback on ways in which we can improve our service.

### **Ownership**

We value the attitude of ownership and the associated behavior. Ownership produces positive benefits in the way we care about the District and the way we allocate resources to generate the best long-term value for our customers. It is a mindset that we encourage at every level within the District.





## STRATEGIC GOALS

Financial Stability	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Unless long-term infrastructure needs or new regulatory requirements dictate increases, maintain lowest residential sewer service charges in Alameda County.	Perform annual sewer service charges survey for Alameda County jurisdictions and report the District's ranking within the County.
Maintain solid waste rates among the lowest in Alameda County.	Perform annual solid waste rates survey for Alameda County jurisdictions and report the District's ranking within the County.
Identify and communicate to the Board and to the public future funding needs for operations and projected regulatory/infrastructure upgrades.	Update and report to the Board the cash flow & investment timeline once per quarter. Perform 5-year cash flow projections at least once per year. Include at least one newsletter article per year on long-range District planning.
Build Capital Asset Program funding into rate structure by 2027.	Include required revenue in next 5-year rate study - scheduled for 2021.
Renegotiate EBDA agreement or implement alternative to reduce/eliminate District responsibility for replacement of conveyance system it does not use.	Negotiate and obtain permit for use of existing outfall structure for potential discharge year round. Continue to maintain compliance with existing wet weather permit.
Continue to explore alternatives for the beneficial reuse of biosolids.	Continue to land apply biosolids and monitor industry trends.
Produce timely, accurate, transparent, and useful financial reports.	Issue monthly financials by the 10th of the following month.
Update "10-year Strategic Vision and Goals" document every two years with budget document.	Next update scheduled for April 2021.

# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Safety and Employee Development	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Zero lost time accidents	Continue existing high level of safety training (minimum 20 training sessions per year), co-worker electrical safe work audits, and internal safety audits.
Maintain High Performing Safety Culture.	Maintain average time for correction of safety work orders at or under 30 days (excludes work orders where alternate, safe method of work is available). Hold monthly Safety Committee meetings and distribute minutes to all staff. Perform written management safety audits a minimum of four times per year.
Survey Oro Loma Safety Culture every two years and maintain a minimum of 90% positive responses in the aggregate.	Perform Safety Culture survey in Fall 2020, and present findings to the management team. Identify action plan for any areas in need of improvement.
Maintain policies and procedures by auditing, updating, and training on policies at least every 3 years.	Review all safety procedures in 2019 and update as needed.
Develop written training standards and video-based operator training program for all areas of the plant. All written and video training modules to be completed by 2022.	Organize the plant into 25 modules. Complete a minimum of 10 written training and video training modules by end of FY 2019/2020, subject to budget approval by Board.
Enhance Collections training program to include embedded video, critical situation response, and/or multimedia options. Link videos to Geographic Information System (GIS).	Build video library of difficult-to-locate manholes that reside in easements, adding a minimum of 10 locations per year.
Conduct critical incident response debriefing sessions, including lessons learned for future training.	Perform debrief sessions as events dictate.



# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

### Safety and Employee Development *(cont.)*

10-YEAR STRATEGIC GOAL	INTERMEDIATE
Develop and maintain cross training for key administration/finance functions.	District Secretary to perform payroll functions two times per year, process HR transactions with CalPERS, dental and vision insurance, and ADP, and assist with outreach efforts; Accountant to prepare and analyze monthly financials and attend Finance and Insurance Committee meetings two times per year.
As a District, we will provide financial support and encourage any employee with a plan and desire to improve knowledge, skills, and/or abilities.	Promote the availability of the educational reimbursement program to all staff two times per year.
Conduct annual management development training (commit to a minimum of two days per year).	Coordinate annual management training and develop program for existing management team. Potential topics include communication best practices, conflict resolution, supervision, teamwork, problem solving and decision making, employee motivation, employee recognition, performance management, building trust, and/or other applicable topics.
Consolidate Collections, Operations, and Maintenance into one single building/locker rooms by end of 2021.	Initiate design in FY 2019/20 with target bid date of April 2020. During initial design meetings, obtain and document staff preferences within the basic footprint.
Evaluate the benefits and drawbacks of unmanned night-time plant operations.	Perform a study to evaluate the barriers, potential solutions, and associated costs/benefits of unmanned night-time plant operations in FY 2019/20.

# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Regulatory Compliance	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Zero collection system overflows	Meet cleaning and inspection goals annually. Perform video inspections of repair work within 48 hours of notification by Engineering.
Zero lift station overflows	Continue to perform annual asset management analysis with Engineering. Continue to update critical equipment list and response action plans.
Zero effluent violations	Provide annual training on NPDES Permit Conditions and continue to manage peak secondary flows to below 69 mgd.
Zero permit violations due to equipment failures. Achieve less than 12 off-hours (5:30 p.m. to 7:00 a.m.) calls for plant equipment per year.	Continue to monitor preventive maintenance on equipment on a monthly basis. Develop a feedback report for all O&M staff to communicate whether the District is on track to meet the goal. Perform debriefs on every off-hour call and make recommendations to repair or replace problematic equipment. Develop a matrix detailing key equipment and allowable time to dispatch for use by operations when assessing equipment failures.
Maintain compliance with all SSMP and CIWQS reporting requirements.	Certify monthly "no spill" reports where applicable. Certify all spill reports as they occur. Update SSMP at least once every five years.
Develop "watch list" of emerging regulations, key regulatory contacts, and participate when warranted.	Review BACWA Regulatory Issues Summary with Operations Committee. Participate in Nutrients Discussion at BACWA Level.
Track ongoing discussions of nutrient removal regulations and potential technical responses.	Continue to participate in BACWA's Nutrient Contract Management Group.



## STRATEGIC GOALS

Regulatory Compliance (cont.)	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Maintain lift station contingency plan and provide training to allow an average remote site and bypass set-up of 90 minutes at all remote sites.	Update contingency plan annually. Perform a minimum of three timed, scenario-based emergency response launches per year (i.e. measure time to select, hitch, and exit plant with appropriate tow vehicle and equipment).
Maintain policies and procedures within guidelines of "industry best".	Audit procedures annually. Perform update on any policy or procedure older than three years.
Continue to meet requirements of County and State solid waste mandates.	Continue outreach to commercial and multi-family customers and implement programs requested within 30 days.
Reduce residential recycling contamination by 50% by 2024, in advance of the expiration of our existing Solid Waste Services Agreement.	Dedicate resources to labeling all carts in the District, establish baseline recycling contamination, perform waste characterizations biannually. Negotiate two alternative (non-recyclable/non-compostable) fee structures with Waste Management and present to Board for consideration at the time of the Ordinance No. 34 update.
Maintain 100% participation in organics recycling in schools.	Continue outreach and education to schools.
Strive to achieve less than 10% good stuff in the trash.	Update communication plan in 2020 to include this messaging in future outreach efforts.
Be carbon free for indirect GHG emissions by 2040; achieve a 50% reduction in direct GHG emissions compared to 2000 levels by 2040.	Develop policy for District and personal electric vehicles.

# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Customer Service	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Measure customer satisfaction related to sewer, solid waste, and recycling activities every two years. Identify areas for improvement.	Administer customer satisfaction survey every two years (Summer 2020) and present results to the Board.
Measure Collections customer satisfaction and identify areas for improvement by written surveys.	Present annual findings to the Board in August of each year.
Provide live, knowledgeable customer service point of contact for all incoming calls.	Ongoing. Provide training as needed.
Increase the public's knowledge of its role in protecting the environment.	A minimum of one article in each newsletter on the public's role in preventing overflows and/or diverting materials from the landfill.
Maintain maintenance backlog to below 100 work orders at least two months each year.	Maintain compliance with the 10-year standard each year.
Maintain 95% annual uptime on cogeneration system.	Maintain compliance with the 10-year standard each year. (Planned outages for engine rebuilds to be excluded from measurement)
Cooperate with the County in its efforts to address illegal dumping and litter in the District.	Expand outreach related to bulky pick-ups. Increase historic use over 2018 baseline of 12K pickups by 25%. Promote the availability of the County's 'Adopt-a-Street' program. Use all outreach channels to communicate the connection between proper disposal and a healthy environment.
Maintain a Communications Plan for District outreach efforts. Update the plan every five years.	Update existing plan in FY 2020/21.



# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Infrastructure	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Maintain 10-Year Capital Planning Document for all District Assets (Update Monthly).	Continue to update 10-year plan as new information becomes available.
Improve the condition of the collection system by approximately 3% each year for the next 10 years. Existing baseline includes 76 miles with a defect score of 3 or greater. The goal is to reduce the value from 76 to 57 miles by 2029.	Design and perform pipe replacements and spot repairs within total two-year budget amount of \$12.5M. (\$5M/year Line Replacements, \$1.25M/year Spot Repairs.)
Replace a minimum of 40 miles of collection system pipes between 2019 and 2029 (increase miles of HDPE from 32.7 (10/31/18) to 72.7).	Replace an average of 4 miles of pipe every year.
Manage line replacement program to limit high-frequency footage (an indicator of system health) at or below 10% of the District's system (27 miles). Use debt financing in FY 2020/21 to meet the strategic plan goals for the collection system.	Continue to monitor improvements to high-frequency footage gained from line replacement program. Communicate progress to Board on a monthly basis. Submit application for SRF funding in FY 2019/20 in the amount of \$15M. In support of SRF loan application, comply with CEQA, develop 50% plan set, write a project report, and submit our Climate Action Plan prior to submittal of loan application.
Build GIS into central reference source for all District Assets and customer service issues.	Continue to maintain minimum 10 District staff capable to use GIS for customer service response. Perform refresher training in 2020.
Implement Asset Management Program for all District assets by 2023.	Complete Phase 3 of Asset Management Plan: Input cost and condition data for all plant assets by June 2021.
In response to ongoing climate change trends - do no new harm - all new construction to take into account sea level rise projections.	Continue to build all new infrastructure above the 100 year sea rise projections.
Zero overflows due to capacity limitations.	Perform source detection analysis on the main trunks feeding the Grant Ave. and Lewelling Blvd. interceptors and update the hydraulic model in FYs 2018/2019 and 2019/2020.

# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Infrastructure (cont.)	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Conduct treatment plant electrical load study and implement identified improvements prior to planned cogeneration system replacement in 2025.	Monitor results from other agencies' recent experiences upgrading their cogeneration systems, organics receiving facilities, and biofueling facilities.
Reduce off-hours lift station maintenance calls to under 10 per year.	Perform annual analysis of trouble calls related to lift stations. Develop action plan for any re-occurring or common risk.
Consider development of 'non-potable' recycled water project to protect the long-term supply of drinking water in our service area.	Perform a targeted feasibility analysis on a 'non-potable' recycled water project. Perform analysis on potential demand within the service area, perform outreach to potential high water use customers, required facilities, and estimate costs by June 2020. Perform outreach to EBMUD, HARD, City of Hayward, City of San Leandro, and Alameda County Flood Control District.

## District Overview

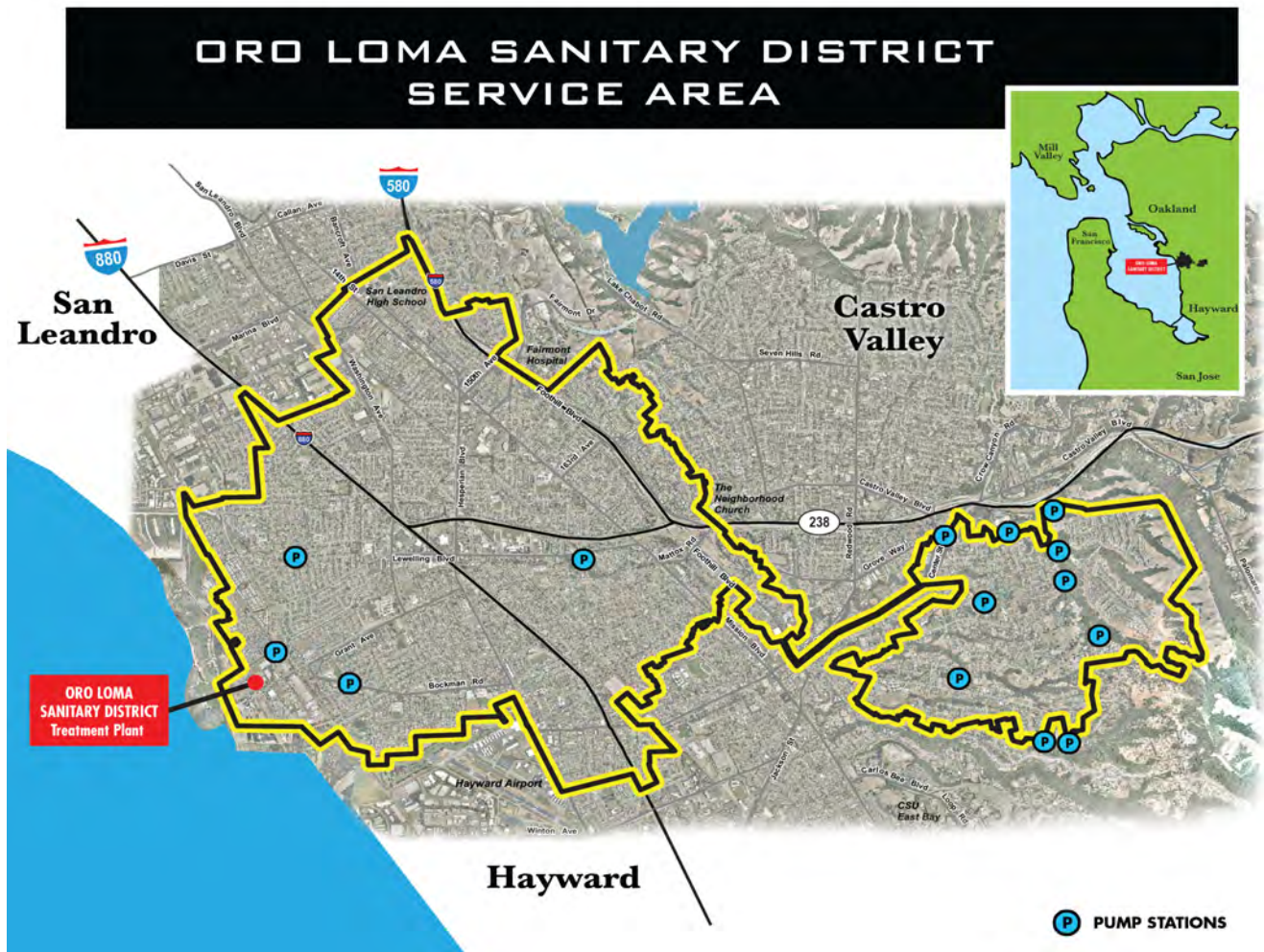
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# District Profile

## Location & Service Area

Oro Loma Sanitary District was originally formed to serve an 800-acre area. Today, the District encompasses 13 square miles, serving the communities of unincorporated Alameda County, including San Lorenzo, Ashland, Cherryland, Fairview, portions of Castro Valley, and designated areas of the Cities of Hayward and San Leandro. The District's service area is located about 13 miles south of Oakland and 30 miles north of San Jose on the eastern shore of the San Francisco Bay.



## How Oro Loma Began

Up till 1911, San Lorenzo was a rural farming community. Around that time, large farms and estates began to be subdivided and sold for individual home sites. With a growing population building new homes on smaller lots, community leaders saw the need for a public sewer system.

A public meeting was held on August 7, 1911, where the Board of Supervisors voted to approve the petition of 29 civic-minded men to create a new sanitary district. The petitioners were from diverse backgrounds. Collectively, they worked together for a common cause that would benefit the entire community for over the last century. The resolution that was passed by the Board of Supervisors required a special election to vote on the formation of a new district and to elect one Sanitary Assessor and five members of the Sanitary Board. The election was held on September 16, 1911. The sanitary district was overwhelmingly approved and thus began Oro Loma Sanitary District's long service to the community.

## Form of Government

The District was formed in 1911, and is one of the oldest sanitary agencies in Alameda County, California. It was subsequently reorganized under the Sanitary District 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.

## Scope of Services

Sewer Services	<ul style="list-style-type: none"> <li>Miles of sewer lines - 273</li> <li>Number of lift stations - 13</li> <li>Permitted sewage treatment capacity - 20 million gallons per day (mgd)</li> <li>Average daily flow – 11 mgd</li> <li>Treatment processes - Primary and secondary, disinfection</li> <li>Disposal of effluent - through East Bay Discharges Authority (EBDA), a joint-powers agency</li> <li>Disposal of biosolids - 11 dry tons per day, hauled annually to the Altamont Landfill and used as alternative daily cover</li> <li>Water reclamation - 60 million gallons per year (1.3%) of treated effluent is reused for irrigation at the Skywest Golf Course</li> </ul>
Solid Waste Services	<ul style="list-style-type: none"> <li>Serving unincorporated areas of Alameda County and parts of Hayward and San Leandro</li> <li>Contracted to Waste Management of Alameda County</li> </ul>
Recycling Services	<ul style="list-style-type: none"> <li>Serving unincorporated areas of Alameda County and parts of San Leandro</li> <li>Include residential and commercial recycling, green waste and organics/foodwaste</li> <li>Contracted to Waste Management of Alameda County</li> </ul>

## Demographics

Population Served (Number of persons)	<p>139,400 within Oro Loma Sanitary District</p> <p>64,000 within Castro Valley Sanitary District</p> <p>2,850 within Cities of Hayward and San Leandro</p>
Customer Base (Number of customer accounts)	<p>47,261 within the District's jurisdiction</p> <ul style="list-style-type: none"> <li>Residential – 46,107 (97.50%)</li> <li>Commercial and light industrial – 1,151 (2.49%)</li> <li>Significant industrial - 3 (0.01%)</li> </ul> <p>21,370 within other jurisdictions</p> <ul style="list-style-type: none"> <li>Castro Valley Sanitary District - 20,400</li> <li>Cities of Hayward and San Leandro - 970</li> </ul>

# District Profile

## Community Profile

### Population, Per Capita Income & Unemployment Statistics

Indicator	Communities within the District's Boundaries Located in			
	San Lorenzo, Ashland, Cherryland, Fairview	Hayward	San Leandro	All Areas
Population	87,510	10,215	41,646	139,371
Per Capita Income	\$32,206	\$27,774	\$30,865	\$31,480
Unemployment rate	4.3%	3.5%	3.3%	3.9%

### Major Employers Within The District

Employer	Type of Business	Number of Employees
Alameda Health System	Hospital	1468
San Lorenzo Unified School District	School district	1157
County of Alameda	Government services	539
Ghirardelli Chocolate	Food manufacturing	406
The Hillshire Brands	Food manufacturing	400
Hayward Unified School District	School district	355
San Leandro Unified School District	School district	302
Save Mart	Grocery store	254
Target	Department store	200
Tharco	Packaging materials manufacturing	171
Kaiser Foundation Health Plan	Medical clinic	167
Safeway	Grocery store	140

### Top 20 Commercial Customers

Customer	Type of Business	Sewer Charges % of Sewer	
		2017 (last available)	Revenues
Santini Foods	Food manufacturing	\$ 656,949	4.7%
The Hillshire Brands	Food manufacturing	141,640	1.0%
Ghirardelli Chocolate	Food manufacturing	138,187	1.0%
Hayward Area Recreation & Park District	Recreation and parks	116,882	0.8%
Madison Bayfair	Shopping mall	116,064	0.8%
Fairmont Hospital Complex	Hospital, medical clinics and correctional facilities	96,066	0.7%
San Lorenzo Unified School District	School district	79,821	0.6%
County of Alameda General Services	Government services	53,819	0.4%
Greenhouse Marketplace	Retail businesses	43,354	0.3%
Hayward Unified School District	School district	37,866	0.3%
San Leandro Hospital (SLCO)	Hospital	32,653	0.2%
Guadalajara Enterprises	Retail businesses	27,658	0.2%
Lorenzo Manor Shopping Center	Retail businesses	24,654	0.2%
Fusion Delight	Restaurant	24,411	0.2%
Lauderworld	Laundromat	21,007	0.2%
San Leandro Unified School District	School district	19,373	0.1%
Kaiser Foundation Health Plan	Medical clinics	18,515	0.1%
Packaging Corporation of America	Packaging materials manufacturing	18,127	0.1%
Allsafe Self Storage	Storage facility	17,582	0.1%
Save Mart Supermarket	Grocery store	16,924	0.1%
Total from Top 20 Commerical Customers		\$ 1,701,552	12.2%

#### Impact of Community Demographics on the District:

Haulers dispose grease collected from local restaurants for a tipping fee ranging from \$0.04 to \$0.09 per gallon. Grease is favorable to District operations as it increases digester gas production which is an essential part of the sewage treatment process. This activity generates over \$100,000 annually in Grease Receiving Charges revenues but has recently experienced a slight decline due to increasing number of grease acceptance facilities in the area.

The food waste recycling program has been fully implemented in schools in San Lorenzo. Food waste are generated mainly from school lunchrooms and are recycled for composting, thereby reducing the need for landfills. The District is continuously promoting this program to its commercial customers, and emphasizes on public outreach to increase community awareness.

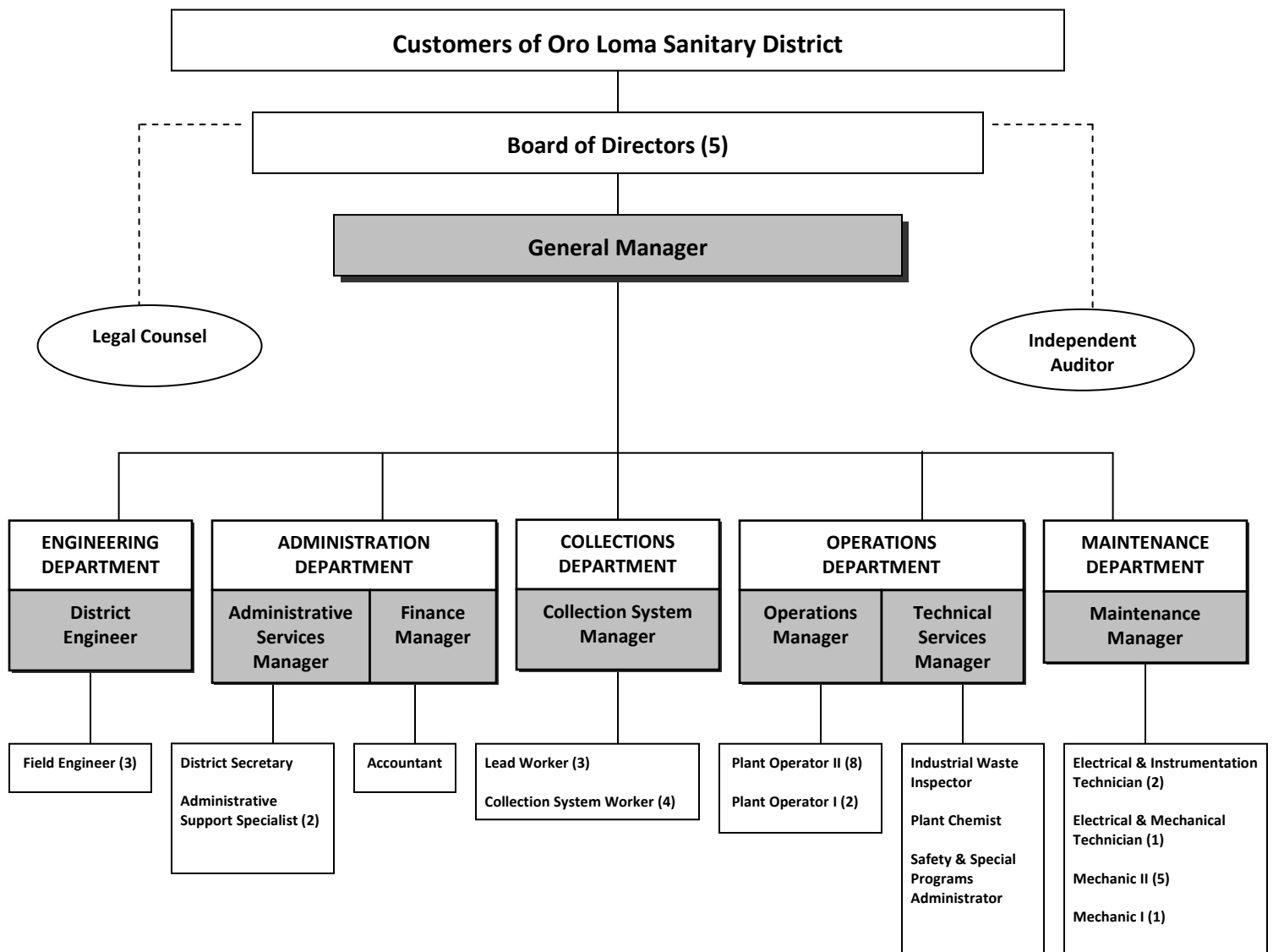


# District Profile

## Service Fees

	Customer Type	FY 2018-19	FY 2019-20	FY 2020-21
<b>Sewage Service Rates</b> Ordinance No. 37 and Resolution No. 3627	Residential - rate per dwelling per year			
	• Single-family dwellings	\$256	\$275	\$296
	• Multiple-family dwellings	\$256	\$275	\$296
	• Mobile homes	\$209	\$224	\$241
	Commercial - rate per 100 cubic feet (cf) of water used	\$3.782	\$4.066	\$4.371
	Significant Industrial Users - rates are based on actual flow and loadings per unit cost			
	• Flow, per 100 cf water	\$2.478	\$2.664	\$2.864
	• BOD, per pound	\$0.482	\$0.518	\$0.557
	• SS, per pound	\$0.551	\$0.592	\$0.636
<b>Permit &amp; Inspection Fees</b>		\$280	\$280	\$280
<b>Sewer Connection Fees</b> Ordinance No. 35	Residential per unit	\$6,919	\$6,919	\$6,919
	Nonresidential			
	• Flow, per gallon per day	\$29.70	\$29.70	\$29.70
	• BOD, per pound per day	\$1,420.38	\$1,420.38	\$1,420.38
	• SS, per pound per day	\$1,377.34	\$1,377.34	\$1,377.34
<b>Garbage Rates</b> Ordinance No. 34	Residential	Effective 9/1/18	Effective 9/1/19, 9/1/20	
	Unincorporated & Hayward		Annual rate increases are based on a combination of factors: 50% April CPI-U and 50% weighted average of teamster wage, benefits and pension contract increases.	
	• 20-gallon cart per month	\$9.10		
	• 35-gallon cart per month	\$18.15		
	• 64-gallon cart per month	\$36.35		
	• 96-gallon cart per month	\$54.49		
	San Leandro			
	• 20-gallon cart per month	\$10.50		
	• 35-gallon cart per month	\$21.06		
	• 64-gallon cart per month	\$42.05		
	• 96-gallon cart per month	\$63.10		
<b>Recycling &amp; Green Waste Rates</b> Ordinance No. 34	Single-family dwellings per year	\$55.20	\$55.20	\$55.20
	Multi- and mobile homes per year	\$51.84	\$51.84	\$51.84
	Commercial per cubic yard			
	• Unincorporated & Hayward	\$11.78	Increases per terms of agreement	
	• San Leandro	\$12.38	Increases per terms of agreement	

# Organization Chart



# Board of Directors

The District is governed by a 5-member Board of Directors, elected in the County's general election for alternating 4-year terms. The public is welcome to attend the District's Board meetings held on the first and third Tuesdays of each month at 3:00 p.m., and Committee meetings at various times throughout the month. A listing of dates and times is available on the District's website at [www.oroloma.org](http://www.oroloma.org).



## **Dan Walters, President**

*Term Expires 2020*

*Chairperson of Construction Committee, member of Finance & Insurance Committee, representative to EBDA Commission, and representative to EBEDA.*

Mr. Walters is a local business owner who has been actively serving the community for decades. He has over 30 years of experience in chemical engineering, innovation and business management. Mr. Walters was appointed to the Board of Directors in 2015, and was elected in 2016.



## **Rita Duncan, Vice President**

*Term Expires 2022*

*Chairperson of Personnel/Safety/Public Information Committee, member of Operations Committee, representative to ACSDA, and member of CASA Federal Legislative Committee.*

Ms. Duncan retired as Director of Human Resources of a Bay Area manufacturing company. She was also formerly the Director of the Math, Engineering, Achievement & Education Outreach Program for the Stanford School of Engineering. Ms. Duncan was appointed to the Board in January 2016 and elected in November 2018.



## **Bob Glaze, Secretary**

*Term Expires 2020*

*Chairperson of Finance & Insurance Committee, member of Personnel/Safety/Public Information Committee, and alternate representative to EBDA Commission.*

Mr. Glaze is a longtime San Leandro resident and has been active in local politics for many years. An electrical contractor for over 35 years, he has experience in finance, information technology and Board governance. Mr. Glaze was appointed to the Board of Directors in October 2018.



## **Fred Simon, Director**

*Term Expires 2022*

*Chairperson of Operations Committee, member of Solid Waste Committee, and alternate representative to ACWMA.*

Mr. Simon is a professional civil engineer with over 20 years of experience, having worked at Contra Costa Water District and East Bay Municipal Utility District. He is a resident of the Heron Bay community in San Leandro. Mr. Simon was elected to the Board in November 2018.



## **Shelia Young, Director**

*Term Expires 2022*

*Chairperson of Solid Waste Committee, member of Construction Committee, representative to ACWMA, alternate representative to ACSDA, and member of ACDSA Executive Board.*

Ms. Young is currently a business/environmental consultant who managed her own business for 30 years prior to service as Mayor of the City of San Leandro. She was named Mayor Emeritus in 2008. Ms. Young was elected to the Board of Directors in 2014 and was re-elected in 2018.

### **Note:**

ACSDA – Alameda County's chapter of the California Special Districts Association

ACWMA – Alameda County Waste Management Authority, also known as Stopwaste.org

CASA – California Association of Sanitation Agencies

EBDA – East Bay Dischargers Authority

EBEDA – East Bay Economic Development Alliance

# Management Team

## Officials



### **Jason Warner, 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, the General Manager also oversees the District's financial operations and risk management.

## Departmental Management

### Administration



### **Andreea Simion, 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 coordinates the solid waste, recycling programs and public outreach programs.



### **Arlene Wong, Finance Manager (from 2013)**

Manages the District's financial controls and reporting system, including budgeting, cash flow, investments, billings, payments, payroll, financial audits and compliance. Ensures that the District is meeting its fiduciary responsibilities. Assists other managers in budget monitoring and project costing.

### Collections



### **Christopher Brown, Collection System Manager (from 2018)**

Manages the inspection, assessment, and maintenance of the sewer collection system. Performs regulatory reporting and maintains continuous emergency response. Ensures that exemplary customer service is provided when the crew performs sewer line work throughout District neighborhoods.

# Management Team

## Engineering



### **William Halsted, District Engineer (from 2009)**

Manages the Engineering Department. Administers the Capital and Renewal & Replacement programs for the collection system and remote site lift stations. Oversees the Geographic Information System (GIS) and Asset Management programs, issuance of permits for construction, repairs and annexations, reviews plans and specifications.

## Treatment Plant



### **Jimmy Dang, Technical Services Manager (from 2017)**

Manages the laboratory, pretreatment compliance, safety, training, and Capital and Renewal & Replacement programs related to the treatment facility. Oversees the long-term planning for the treatment plant, prepares design documents, and manages construction and other aspects of project management related to treatment facilities.



### **Manuel Talledo-Garcia, Operations Manager (from 2012)**

Manages continuous operations of the treatment plant and water reclamation facilities. Oversees processes for energy optimization, grease acceptance for digesters efficiency and sludge dewatering. Maintains primary responsibility for regulatory compliance with the District's National Pollutant Discharge Elimination System (NPDES) permit.



### **Scott von der Lieth, Maintenance Manager (from 2011)**

Manages treatment facilities and equipment maintenance and provides support to the Operations and Collections Departments. Maintains efficient response to remote site pump station failures. Collaborates with the Engineering Department in various projects. Maintains primary responsibility for compliance with the Air Board's regulations.

# Position Summary Schedule

## AUTHORIZED POSITIONS & STAFFING TRENDS BY DEPARTMENT

\* Management Staff

Department & Position Title	2017-18	2018-19	2019-20	2020-21
<b>Collections</b>				
* <b>Collection System Manager</b>	1	1	1	1
Lead Worker	3	3	3	3
Collection System Worker	3	3	4	4
	<u>7</u>	<u>7</u>	<u>8</u>	<u>8</u>
<b>Operations</b>				
* <b>Operations Manager</b>	1	1	1	1
* <b>Technical Services Manager</b>	0	0	1	1
Plant Chemist	1	1	1	1
Plant Operator II	8	8	8	8
Plant Operator I	2	2	2	2
Safety & Special Programs Administrator	0.5	0.5	1	1
Industrial Waste Inspector	0	0	1	1
Administrative Support Specialist	1	1	0	0
	<u>13.5</u>	<u>13.5</u>	<u>15</u>	<u>15</u>
<b>Maintenance</b>				
* <b>Maintenance Manager</b>	1	1	1	1
Electrical & Instrumentation Technician	2	2	2	2
Electrical & Mechanical Technician	1	1	1	1
Mechanic II	4	4	5	5
Mechanic I	2	2	1	1
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
<b>Engineering</b>				
* <b>District Engineer</b>	1	1	1	1
* <b>Senior Project Engineer</b>	1	1	0	0
Field Engineer	2	2	3	3
Junior Engineer	1	1	0	0
Industrial Waste Inspector	1	1	0	0
	<u>6</u>	<u>6</u>	<u>4</u>	<u>4</u>
<b>Administration</b>				
* <b>General Manager</b>	1	1	1	1
* <b>Administrative Services Manager</b>	1	1	1	1
* <b>Finance Manager</b>	1	1	1	1
Accountant	1	1	1	1
District Secretary	1	1	1	1
Safety & Special Program Administrator (Solid Waste)	0.5	0.5	0	0
Administrative Support Specialist	1	1	2	2
	<u>6.5</u>	<u>6.5</u>	<u>7</u>	<u>7</u>
<b>Total Positions</b>	<b>43</b>	<b>43</b>	<b>44</b>	<b>44</b>



# **Financial Structure, Policy & Process**

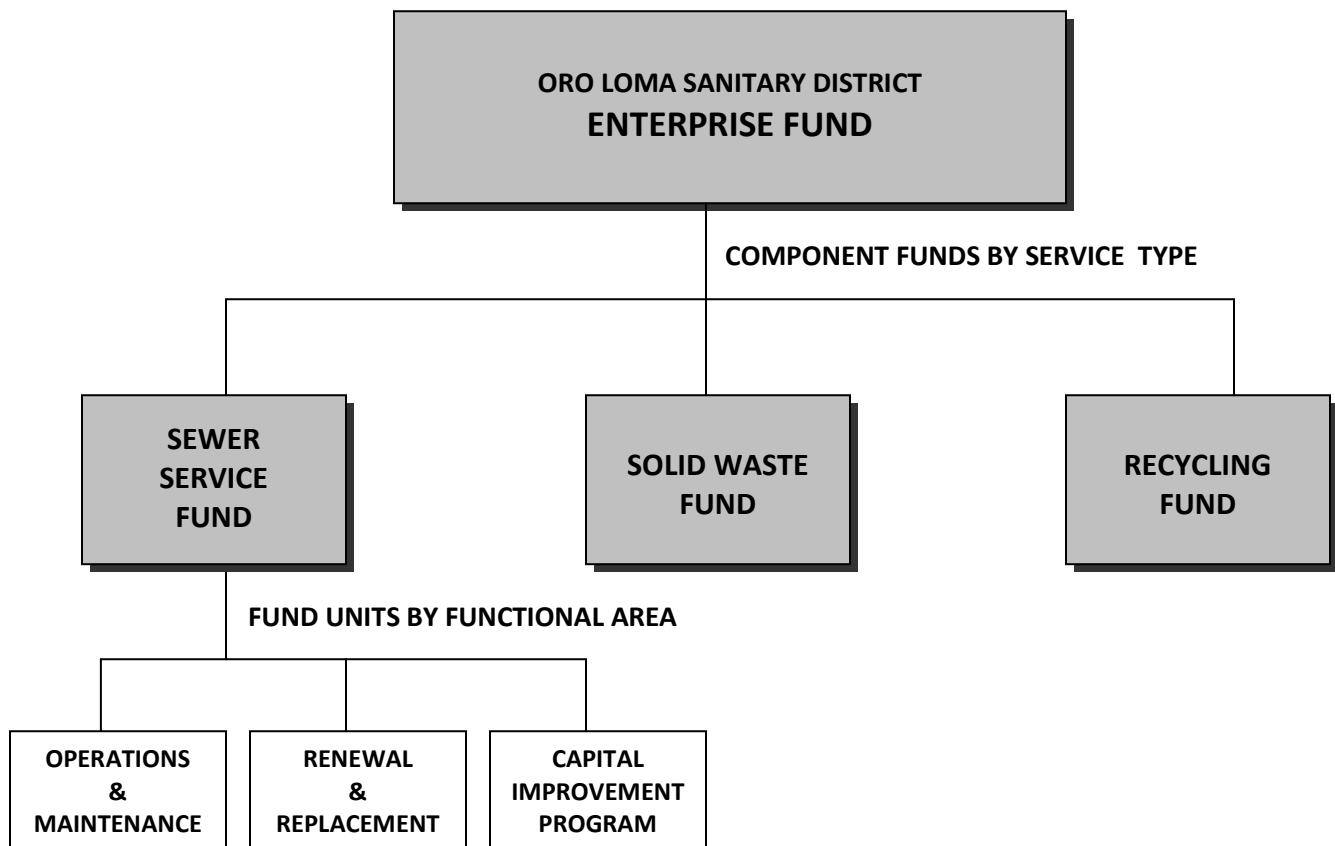
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# Fund Structure & Basis of Budgeting

## Fund Structure

The District utilizes an enterprise fund structure to account for services it provides to the public. The cost for these services are recovered primarily through user fees, much like a business in the private sector.

Under the District's single enterprise fund are component funds that account for revenues and expenses of the District's three service types – Sewer Service, Solid Waste, and Recycling. The Sewer Service component fund is further divided into three units – Operations and Maintenance (O&M), Renewal and Replacement (R&R), and Capital Improvement Program (CIP), to account for the different functions within the Sewer Service type.



## Basis of Budgeting

The District uses the accrual basis of budgeting. Revenues are recognized when earned, and expenses are recorded when the liability is incurred. This basis of budgeting is consistent with the basis of accounting used in the audited financial reports. The District takes the economic resources measurement focus, with the objective to determine operating income, changes in net position, and cash flows.

# Budget Process

The biennial budget process begins in January every other year and concludes with the adoption by the Board, typically around May or June. The budget development is guided by several factors: the strategic vision, goals and objectives, the long-range capital plan, the 5-year cash flow projection, as well as external influences such as economic conditions and regulatory issues. During the initial phase, budget assumptions are developed and staffing level is examined.

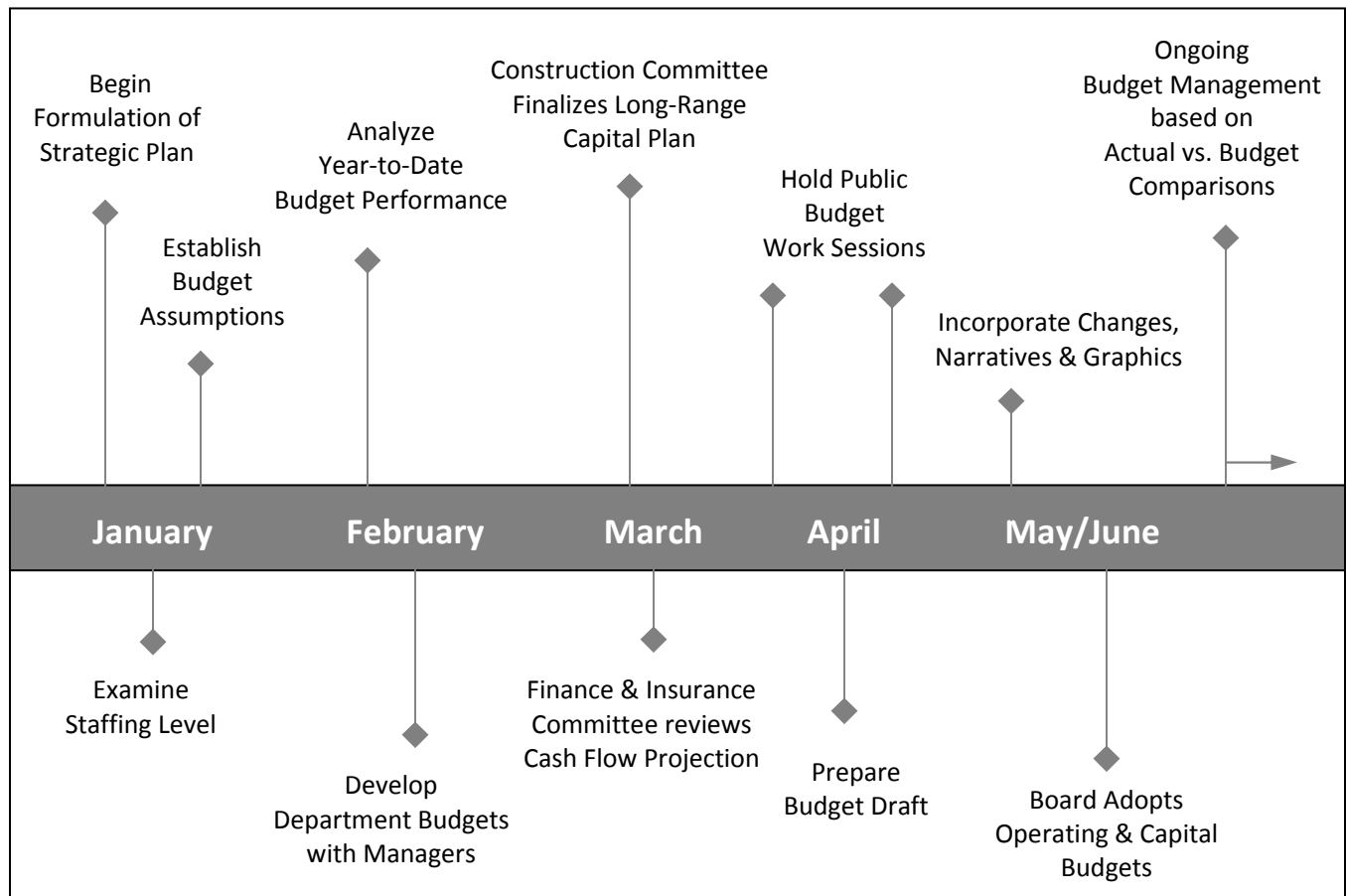
The next phase of the budget process takes place in February and involves the analysis of year-to-date operating revenues and expenses, and discussions with Department managers on anticipated needs. In March, the Construction Committee reviews and finalizes the long-range capital plan. Staff presents the 5-year cash flow projection to the Finance & Insurance Committee, which makes recommendations on budget variables such as sewer rates and other funding sources.

Public budget work sessions are typically held between late March and end of April to obtain public input. During these meetings, the Board reviews and approves the proposed staffing level, capital plan, rate structure and financing options. The results are incorporated into the final budget with narratives and graphics. The document is presented to the Board for adoption before the end of June.

The budget management process continues throughout the 2 years with ongoing actual vs. budget analyses. To realign the spending plan with changes in project priorities and circumstances, staff presents the need for budget amendments through various Committees to the Board for approval.

The following timeline provides the entire budget process at a glance.

## Budget Timeline



# Department Units

## Collections Department

**Mission Statement:** *Treat every customer like family*

The primary responsibility of the Collections Department is to protect human health and the water quality of the Bay by maintaining the integrity of the District's sewage collection system, which consists of approximately 273 miles of sewer lines, 6,050 manholes, 126 special structures, 14 lift stations, and several siphons. The Collections crew cleans and video-inspects approximately 2 million feet of sewer lines each year and maintains records of sewer line condition. The crew partners with the Engineering Department to establish repair and replacement priorities and to handle regulatory reporting for sewer overflows.

### Expense & Staffing Trends:

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Expense Category	Actual	Budget	Budget	Budget
Salaries & Benefits	\$1,067,802	\$1,259,700	\$1,469,200	\$1,572,200
Fuel & Supplies	98,617	123,700	122,600	128,800
Contractual & Professional Services	108,084	114,000	138,000	141,500
Other Expenses	212,290	268,000	263,600	279,700
Total Expenses	\$1,486,794	\$1,765,400	\$1,993,400	\$2,122,200

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Position	Actual	Budget	Budget	Budget
Collection System Manager	1	1	1	1
Lead Worker	3	3	3	3
Collection System Worker	4	3	4	4
Total Staff Count	8	7	8	8

### Strategic Goals & Objectives:

- Zero collection system overflows.
- Enhance training program to include embedded video, critical situation response, and/or multimedia options. Link videos to Geographic Information System (GIS).
- Maintain compliance with all Sewer System Management Plan (SSMP) and California Integrated Water Quality System (CIWQS) reporting requirements.
- Develop watch list of emerging regulations, key regulatory contacts, and participate when warranted.
- Measure customer satisfaction and identify areas for improvement by written surveys.

### Performance Measures:

The Collection crew provides courteous service and is responsive to customer calls. Typically a crew member will be on site within 10 minutes of a call received during work hours. An after-hour standby crew member usually reports to the site in under 30 minutes. Customer satisfaction is measured by survey cards provided to the callers. The results from these surveys have generally been positive, but serve to highlight and teach out the practices of the highest scoring crew members. Production goals are established each year for footage cleaned and inspected. The goal is to safely operate without a sewage overflow.

## Proactive Sewer Line Maintenance & Results

Year	Total Cleaned & CCTV'd (ft)	Monthly Average (ft)	Sewer Service Calls	Sewer Stoppages	Sewer Overflows
2018	1,578,653	131,554	103	4	4
2017	1,873,595	156,133	115	7	5
2016	2,092,466	174,372	100	2	1
2015	2,006,671	167,223	118	3	3
2014	2,017,473	168,123	149	1	3

### New Issues & Challenges:

The Collections Department faces the ongoing challenge of preventing sewer overflows while maintaining an aging sewer infrastructure. In addition to reducing the backlog of defective pipe from 76 miles in 2019 to 57 miles in 2029, it is the District's goal to enhance the condition of the collections system by replacing an average of 4 miles of pipe every year. Collections and Engineering staff work hand in hand to limit high-frequency footage (an indicator of system health) at 10% of the District's system (27 miles). The District plans to replace 40 miles of pipe in the next 10 years, the highest pace in its history.

# Department Units

## Operations Department

**Mission Statement:** *Safe and cost-effective wastewater treatment in compliance with all regulatory requirements*

The Operations Department is responsible for the 24/7 operation of the District's sewage treatment plant. The plant has an average daily flow of 11 MGD and 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 which fluctuate between 25% and 27%, and a fixed rate of 25% for most capital costs. In addition to operating the plant, staff is involved in the operation and maintenance of the East Bay Dischargers Authority (EBDA) pump station, Skywest Golf Course water reclamation facilities, laboratory services, pretreatment activities, and compliance with regulations regarding treatment and disposal of wastewater and biosolids.

### Expense & Staffing Trends:

Expense Category (O&M only)	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
Salaries & Benefits	\$2,114,674	\$2,614,000	\$2,878,800	\$3,101,900
Fuel & Supplies	502,044	631,000	676,000	709,900
Contractual & Professional Services	478,588	585,000	640,000	640,200
Other Expenses	435,032	568,500	602,600	728,300
<b>Total Expenses</b>	<b>\$3,530,338</b>	<b>\$4,398,500</b>	<b>\$4,797,400</b>	<b>\$5,180,300</b>

Position	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
Operations Manager	1	1	1	1
Technical Services Manager - Plant	0	0	1	1
Plant Chemist	1	1	1	1
Plant Operator II	8	8	8	8
Plant Operator I	2	2	2	2
Safety & Special Programs Administrator	0.5	0.5	1	1
Industrial Waste Inspector	0	0	1	1
Administrative Support Specialist	1	1	0	0
<b>Total Staff Count</b>	<b>13.5</b>	<b>13.5</b>	<b>15</b>	<b>15</b>

### Strategic Goals & Objectives:

- Zero effluent violations.
- Develop written training standards and video-based operator training program for all areas of the plant by 2022.
- Develop annual watch list of emerging regulations, key regulatory contacts, and participate when warranted.
- Continue to explore alternatives for the beneficial reuse of biosolids and monitor industry trends.
- Renegotiate EBDA agreement or implement alternative to reduce or eliminate District responsibility for replacement of conveyance system it does not use.
- Conduct critical incident response debriefing sessions and document lessons learned for future training.
- Track ongoing discussions of nutrient removal regulations and potential technical responses.
- Conduct treatment plant electrical load study and implement identified improvements prior to planned cogeneration system replacement in 2025.
- Evaluate the benefits and drawbacks of unmanned night-time plant operations.



## Performance Measures:

The Operations Department works continuously around the clock to manage the wastewater process and respond to emergency needs. The department has built a strong track record of achieving 100% compliance with effluent standards for the past 13 years. Effluent quality from the treatment facility regularly tops the other high-performing partner agencies in EBDA.

The District remains a leader in resource recovery and self-generation of power needed for the treatment process. For each of the past 5 years, the District has netted its annual electrical utility bill to zero. The Operations Department achieves these outstanding results through the use of a 720kW cogeneration system, a 468kW solar array, and sound energy use.

### Average Monthly Effluent Quality

Year	CBOD (mg/l)	CBOD % of Removal	TSS (mg/l)	TSS % of Removal
2018	4	98%	5	99%
2017	5	98%	7	98%
2016	4	99%	5	99%
2015	5	98%	6	99%
2014	4	98%	6	99%

### Annual Plant Power Demand & Self Sufficiency

Year	Plant Power Demand (kW)	Cogen Generation (kW)	Solar Generation (kW)	Self Sufficiency
2018	6,790,364	5,930,400	597,386	96%
2017	7,125,613	5,845,020	555,903	90%
2016	6,733,399	6,210,728	507,818	100%
2015	6,876,778	5,975,648	825,867	99%
2014	7,206,859	5,952,120	797,291	94%

## New Issues & Challenges:

The Operations Department faces increasing challenges in work-schedule coverage as it strives to operate the treatment plant round-the clock with existing staffing. A study will be performed to evaluate the barriers, potential solutions, and associated costs and benefits of unmanned night-time plant operations. Another major concern for the Department is managing peak flow from rain storms. The area has been experiencing continuous winters of heavy rain. Even with an equalization basin that is capable of storing diverted peak flows, Operators still need to monitor the treatment process closely to ensure regulatory compliance.

In the coming year, as new Nutrient Optimization facilities are completed and put into service, Operations staff will need to get trained and implement new procedures into their routines. The Department is committed to maintain a high operating standard during this learning process.

# Department Units

## Maintenance Department

**Mission Statement:** *We are here for you*

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 the 720kW cogeneration and emergency generator facilities. The department performs routine preventive maintenance to ensure optimal efficiency of machinery and equipment. Additionally, our mechanics maintain the pump station and recycled water facility owned by East Bay Dischargers Authority (EBDA). The Department also works closely with project engineers and is actively involved in many capital improvement projects.

### Expense & Staffing Trends:

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Expense Category (O&M only)	Actual	Budget	Budget	Budget
Salaries & Benefits	\$1,287,222	\$1,653,900	\$1,839,700	\$1,979,600
Fuel & Supplies	61,210	73,000	73,000	76,600
Contractual & Professional Services	777,191	667,500	767,500	719,700
Other Expenses	129,220	145,600	175,200	180,900
<b>Total Expenses</b>	<b>\$2,254,842</b>	<b>\$2,540,000</b>	<b>\$2,855,400</b>	<b>\$2,956,800</b>

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Position	Actual	Budget	Budget	Budget
Maintenance Manager	1	1	1	1
Electrical & Instrumentation Technician	2	2	2	2
Electrical & Mechanical Technician	1	1	1	1
Mechanic II	4	4	5	5
Mechanic I	2	2	1	1
<b>Total Staff Count</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

### Strategic Goals & Objectives:

- Zero lift station overflows.
- Zero permit violations due to equipment failures. Achieve less than 12 off-hour calls for plant equipment per year.
- Keep maintenance backlog to below 100 work orders for a minimum of 2 months per year.
- Maintain 95% annual uptime on cogeneration system.
- 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.
- Maintain off-hour lift station maintenance calls to under 10 per year.

## Performance Measures:

The Maintenance Department strives to fulfill work order requests in a timely manner while keeping up with its own preventive maintenance routine. Maintenance staff analyzes all aspects of the treatment plant and lift stations, and continuously look for ways to enhance reliability and efficiency of the District's equipment.

### Corrective Work Order Fulfillments

Year	Previous Outstanding	New Work Orders	Work Orders Completed	Current Outstanding
2018	55	904	928	31
2017	42	913	900	55
2016	38	881	877	42
2015	51	833	846	38
2014	57	710	716	51

### Preventive Work Order Fulfillments

Year	Previous Outstanding	New Work Orders	Work Orders Completed	Current Outstanding
2018	78	2108	2088	98
2017	44	2155	2121	78
2016	76	2596	2628	44
2015	36	2512	2472	76
2014	68	1917	1949	36

## New Issues & Challenges:

The Maintenance Department faces a new industry trend that suppliers are carrying less stock inventory, making it difficult for the District to obtain parts on short notice. In response, Maintenance staff has developed a critical equipment list and performs an annual audit of spare parts. For any critical piece of equipment, staff ensures that parts are on the shelf at the District, or they are readily available from the suppliers.

To minimize flow disruptions caused by lift station issues, the Department has developed several forward-looking indicators of lift station health. These include daily pump starts, a review of average pump output, communications quality, thermal scans, and megger testing. An anomaly in any of these data points will trigger an analysis and potential corrective action. The Department also performs frequent audits of the lift station level controls, back-up floats, and remote communications. These proactive efforts, combined with a committed crew, have resulted in an elite level of lift station reliability.

In staffing, the Maintenance Manager will be retiring before the end of FY 2019-20. The District will have to face the challenge of finding a replacement who possesses both knowledge and leadership qualities to maintain the high performance of the group.

# Department Units

## Engineering Department

**Mission Statement:** *Friendly customer service with quality engineering and project management*

The Engineering Department performs planning, design, bidding, construction and management services related to the ongoing renewal and expansion of District facilities. The Department also performs asset management and assessment; develops long-range capital planning; performs annual updates of revenue bases; inspects collection system improvements; collects and interprets data through flow-monitoring devices; reviews plans submitted by public agencies, contractors and homeowners; issues permits for construction, repairs and encroachments; processes annexations to the District; and, maintains records of engineering drawings and the District's mapping system.

### Expense & Staffing Trends:

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Expense Category (O&M only)	Actual	Budget	Budget	Budget
Salaries <sup>1</sup> & Benefits	\$535,979	\$703,700	\$586,000	\$627,600
Fuel & Supplies	16,002	15,400	15,600	15,800
Contractual & Professional Services	130,681	121,000	151,000	155,100
Other Expenses	59,836	58,800	66,600	69,200
<b>Total Expenses</b>	<b>\$742,499</b>	<b>\$898,900</b>	<b>\$819,200</b>	<b>\$867,700</b>

<sup>1</sup> Salaries shown in this table represent staff time contributed to general Engineering tasks and exclude salaries charged to Renewal & Replacement (R&R) and Capital Improvement Program (CIP) projects. Approximately 50% of gross Engineering salaries is allocated to R&R and CIP budgets.

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Position	Actual	Budget	Budget	Budget
District Engineer	1	1	1	1
Senior Project Engineer	1	1	0	0
Field Engineer	2	2	3	3
Junior Engineer	1	1	0	0
Industrial Waste Inspector	1	1	0	0
<b>Total Staff Count</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>4</b>

### Strategic Goals & Objectives:

- Zero overflows due to capacity limitations.
- Build Geographic Information System (GIS) into central reference source for all District assets and customer service issues. Maintain minimum of 10 District staff capable to use GIS for customer service response.
- Maintain 10-year capital plan for District assets, updating it monthly.
- Manage line replacement program to limit high frequency footage (an indicator of system health) at or below 10% of the District's system (27 miles). Submit application for State Revolving Fund in FY 2019-20.
- Improve the condition of the collection system by approximately 3% per year for the next 10 years, reducing pipes with a defect score of 3 or greater from 76 miles to 57 miles by 2029.
- Replace a minimum of 40 miles of collection system pipes between 2019 and 2029. Increase miles of HDPE collection system pipes from 32.7 miles to 72.7 miles.
- Implement asset management program for all District assets by 2023.
- Consider development of a non-potable recycled water project to protect the long-term supply of drinking water, by performing a feasibility study and analysis of potential demand within the service area.

## Performance Measures:

In addition to managing construction projects, Engineering staff works closely with the Collections crew to identify sewer pipes and infrastructure in critical need for repair or replacement. Engineering staff has developed an in-house ranking system known as Pipeline Defect Grading Criteria (PDGC) to assess severity of pipe defects. Critical pipe defects under 25 feet are considered Point Repairs and are scheduled for repair within a 12-month period. Line segments over 25 feet in length are replaced under the Pipeline Replacement Project.

## Engineering Service Levels

Year	Point Repairs Completed	Miles of Sewer Lines Replaced	Sewer Permits Issued	Inspections Completed
2018	123	3.8	266	476
2017	102	4.7	280	441
2016	93	3.4	299	606
2015	114	3.0	271	625
2014	122	2.9	258	796

## New Issues & Challenges:

The District's sewer line infrastructure is continuing to age. At the beginning of the last budget cycle, 17% of the 273 total miles of sewer pipe were 70 years or older. Today, 2 years later, that number is 31%, and at the end of this budget cycle, it will be 47%. In other words, in just over 3 years, half of the collection system will be 70 years or older, a typical point where sewer pipes start to experience failures. As the system ages, more resources are required for maintenance, repair, and replacement. The most challenging task in the Engineering Department is to prioritize sewer line repair or replacement work within budgetary constraints and meet the objective of zero sewer overflows.

In recent years, the District has implemented a more robust pipe replacement program from 3 miles per year to an average of 4 miles per year. In response to the collection system's aging, the District will be applying for a \$25 million loan from the Clean Water State Revolving Fund (CWSRF) in FY 2019-20. The funds will be used to replace 20 miles of pipe within the following 3 years.

# Department Units

## Administration Department

**Mission Statement:** *Providing excellent service with a positive attitude*

The Administration Department provides administrative support to the Board of Directors, Board Committees and other District departments. Core functions include: public administration, finance and budgeting, investment portfolio management, human resources, labor relations, information technology, public information, performance management and parts of risk management. The Administration Department also oversees other District functions which include solid waste and recycling services.

### Expense & Staffing Trends:

<b>Administration Functions</b>	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Expense Category (O&M only)	Actual	Budget	Budget	Budget
Salaries & Benefits	\$914,685	\$1,109,300	\$1,272,000	\$1,375,300
Fuel & Supplies	24,157	27,600	27,600	28,900
Contractual & Professional Services	389,515	419,400	419,400	419,400
Other Expenses	128,580	321,400	189,400	493,700
<b>Total Expenses</b>	<b>\$1,456,938</b>	<b>\$1,877,700</b>	<b>\$1,908,400</b>	<b>\$2,317,300</b>

<b>Solid Waste Functions</b>	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Expense Category	Actual	Budget	Budget	Budget
Salaries & Benefits	\$164,895	\$190,000	\$178,400	\$186,800
Fuel & Supplies	857	3,500	3,500	3,500
Contractual & Professional Services	21,999	93,500	193,500	93,500
Other Expenses	167,080	225,100	222,400	231,200
<b>Total Expenses</b>	<b>\$354,831</b>	<b>\$512,100</b>	<b>\$597,800</b>	<b>\$515,000</b>

<b>Recycling Functions</b>	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Expense Category	Actual	Budget	Budget	Budget
Salaries & Benefits	\$167,376	\$181,100	\$169,500	\$177,900
Fuel & Supplies	105	2,000	2,000	2,000
Contractual & Professional Services	2,313,642	2,502,000	2,702,000	2,502,000
Other Expenses	209,809	231,300	233,200	242,000
<b>Total Expenses</b>	<b>\$2,690,931</b>	<b>\$2,916,400</b>	<b>\$3,106,700</b>	<b>\$2,923,900</b>



## Department Units

Position	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
General Manager	1	1	1	1
Administrative Services Manager	1	1	1	1
Finance Manager	1	1	1	1
Accountant	1	1	1	1
District Secretary	1	1	1	1
Safety & Special Programs Administrator	0.5	0.5	0	0
Administrative Support Specialist	1	1	2	2
<b>Total Staff Count</b>	<b>6.5</b>	<b>6.5</b>	<b>7</b>	<b>7</b>

### Strategic Goals & Objectives:

#### General Administration:

- Maintain lowest residential sewer service charges in Alameda County, unless long-term infrastructure needs or new regulatory requirements dictate higher rates.
- Measure customer satisfaction related to sewer activities every 2 years. Identify areas for improvement.
- Produce timely, accurate, transparent, and useful financial reports, within 10 days of month-end.
- Develop and maintain cross-training for key administration/finance functions.
- Provide live, knowledgeable customer service point of contact for all incoming calls.
- Identify and communicate required funding needs for operations and regulatory/infrastructure upgrades.
- Build capital asset program funding into rate structure by 2027.
- Increase the public's knowledge of the District's role in environmental protection, by including at least 1 article in each District newsletter on the public's role in preventing overflows and/or diverting materials from the landfill.
- Maintain policies and procedures within guidelines of "industry best". Audit procedures annually and perform update on any policy or procedures older than 3 years.
- Update 10-year strategic plan every biennial budget cycle.
- Maintain a Communications Plan for District outreach efforts. Update the Plan every 5 years.

#### Risk Management (in collaboration with Treatment Plant Safety personnel):

- Zero lost-time accidents.
- Maintain high performing safety culture. Maintain average time for correction of safety work orders at or under 30 days. Perform written management safety audits at least 4 times a year.
- Conduct the Oro Loma Safety Culture survey every 2 years, and maintain a minimum of 90% positive responses in the aggregate.
- Maintain policies and procedures by auditing, updating, and training on policies at least every 3 years.

#### Solid Waste & Recycling:

- Continue to meet County and State solid waste mandates.
- Maintain solid waste rates among the lowest in Alameda County.
- Measure customer satisfaction related to solid waste and recycling activities every 2 years. Identify areas for improvement.

## Department Units

- Reduce residential recycling contamination by 50% by 2024, dedicate resources to labeling all carts in the District.
- Strive to achieve less than 10% of recyclable materials in the trash.
- Maintain 100% participation in organics recycling in schools.
- Cooperate with the County in its efforts to address illegal dumping and litter in the District. Use all outreach channels to communicate the connection between proper disposal and a healthy environment.

### **Performance Measures:**

- The District has maintained the lowest sewer service rate in Alameda County, and the lowest known rate in the State of California for the last 10 years.
- The District won the 2016 CSRMA Workers' Compensation Excellence Award.
- The District received the GFOA Distinguished Budget Presentation Award for its the Two-Year Budgets for FYs 2015-17 & FYs 2017-19.
- The District won the 2014 Special Districts Leadership Foundation's Transparency Certificate of Excellence, in recognition of its best practices in operations and governance transparency.
- In 2018, a customer survey on the District's sewer, garbage and recycling services was sent to 2100 random customers within the District. 94% of responding garbage customers and 58% of sewer customers expressed satisfaction with their service (39% of sewer customers selected "I don't know".)
- As of April 30, 2019, the District has achieved 595 days without a lost time injury.
- The District won the 2014 CWEA Plant Safety Award at both local and State levels, and the national Water Environment Federation Safety Award.

### **New Issues & Challenges:**

Within the last 5 years, 20 employees (45% of the workforce) left the District. This was an unprecedented turnover rate. Recruiting highly qualified candidates to fill the void left by the experienced employees has been difficult. We have been successful so far, but with the Bay Area economy flourishing and the unemployment rate at an all-time low, further challenges await. We must continue to promote the District to a new generation of workers who value serving as a team and contributing to the health of the San Francisco Bay.

The Board puts high emphasis on public outreach and communication. The Department has been working to expand the District's public outreach program while maintaining current staffing levels.

In the solid waste arena, State and County mandates are in place for recycling and green waste/organics collection programs. These programs require continued outreach and education to bring all customers into compliance. Additionally, SB 1383: Short-Lived Climate Pollutants presents a significant new challenge with jurisdictions being asked to conduct outreach, monitoring, inspection, enforcement, and reporting activities.

The Board adopted a set of financial policies and standard procedures, and regularly reviews and updates them. These policies and procedures provide a framework for the District to prudently manage its resources, and to be accountable stewards for the public it serves.

### **Balanced Budget Policy**

One of the District's fiscal responsibilities is to maintain a balanced budget, in which revenues are sufficient to cover expenses required to meet planned needs. Over the past two decades, the Board has elected to fund capital improvements by using existing reserves and strives to maintain a healthy cash flow by implementing modest rate increases. To assist in its decision-making, the Board regularly examines a 5-year cash flow analysis prepared by staff. The most recent analysis projects a decline of year-end cash balance from \$18.5 million in 2018 to (\$4.0) million in 2024 with no new borrowing while spending \$5 million per year on accelerated sewer line replacements. The capital improvement program will total \$68 million during the next 5 years. Although part of the Nutrient Optimization Project is being financed by the 2018 Sewer Revenue Bonds, new funding sources need to be examined to provide for the shortfall in cash. For the operating budget for the next 2 years, revenues (FY 2019-20: \$24.0 million; FY 2020-21: \$25.1 million) are sufficient to cover planned operating expenses (FY 2019-20: \$23.8 million; FY 2020-21: \$25.0 million).

### **Budgetary Controls Policy**

The Board maintains budgetary controls by reviewing monthly financial reports to ensure compliance with the adopted budget. The General Manager has authority to reallocate up to \$50,000 between funds or projects based on actual need, while increases in the total budget always require Board approval. The adopted budget is typically amended by the Board shortly after the year begins to carry over prior year unused appropriations for projects in progress. Subsequent budget amendments occur continuously throughout the remainder of the year as priorities are revised and new needs are identified. The District has consistently met its budgetary control requirements by managing operating expenses at between 85% to 96% of budget.

### **Investment Policy**

The Investment Policy provides the framework for investing public funds held by the District. It follows the State of California's guidelines and defines the risks associated with investing funds, lists the authorized financial institutions and custodians, identifies the permissible instruments and maturities, and describes the internal control and reporting requirements. The Finance & Insurance Committee oversees the ongoing compliance of this policy and the Board reviews it annually, at which time the list of authorized brokers/dealers is also updated. The District invests up to 30% of its funds in certificates of deposits (maximum allowed by State law), and diversifies its remaining portfolio among Federal agency bonds, corporate bonds, and treasury notes.

### **Financial Reserves Policy**

The Financial Reserves Policy sets the required cash reserves so that there are sufficient funds to meet the needs of operating the District in the event of unforeseen interruption of incoming revenues. The Board has set the reserve level at half of the annual sewer revenues from Alameda County for the corresponding fiscal year. If reserves drop below the policy level, staff will communicate the inadequate reserve status on a monthly basis to the Finance & Insurance Committee and to the Board through Committee meeting minutes. The Board will determine the necessary actions in response to the shortfall.

### **Capital Assets Policy**

The Capital Assets Policy defines the threshold of a fixed asset to be \$10,000 with useful life of more than 1 year. It addresses the acquisition and disposal processes of an asset, as well as measures to safeguard assets through periodic inventory. Assets that meet the defined criteria are capitalized in the accounting system at fiscal year-end, and depreciated over their useful lives. Fully depreciated assets will remain on the District's records until they are approved by the Board for disposal through annual surplus review.

# Financial Policies

## **Internal Control Policy**

The District established a framework for internal control, using the California State Controller's guidelines. It follows the standards adopted by the American Institute of Certified Public Accountants (AICPA) and the internal control framework provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The objective of this policy is to safeguard tangible and intangible assets, and to prevent and detect errors and fraud, including its computer information system. The District's organizational structure anchors on a system of accountability, ascending from employees to management, to the General Manager, and to the elected Board of Directors. The Board maintains internal control through committees overseeing 5 key areas – Construction; Finance & Insurance; Operations; Personnel, Safety & Public Information; and, Solid Waste. Other measures such as segregation of duties, requirement of dual signatures on payments, and limiting the possession of District credit cards are implemented as additional control. The independent auditor has certified that there were no identified deficiencies or material weaknesses in the District's internal control.

## **Cash Management Policy**

The Cash Management Policy establishes specific procedures for collecting, depositing and disbursing District cash. It defines the role and responsibility of various staff in day-to-day tasks such as cash receipts, accounts payable and petty cash disbursements, payroll processing, and bank reconciliation. The Finance & Insurance Committee reviews check registers and audits selected payments at monthly committee meetings. Bank reconciliations are performed by the Finance Manager and approved by the General Manager. Separate personnel handles the deposit of cash and the issuance of payments, and a restricted group of designated persons is authorized to initiate fund transfers, allowable only between District accounts. In addition, payroll is processed by 2 individuals to prevent fraud. The District maintains a structured financial environment in which the risks of unauthorized cash transactions are significantly reduced.

## **Purchasing Policy**

The Purchasing Policy provides the framework for the procurement of goods and services. It defines the levels of purchasing authority and responsibilities, documentation required, and describes the competitive bidding process. The authorization limit for department managers is \$15,000 and for the General Manager it is \$100,000. The policy also provides guidelines on procurement of construction projects under the California Public Construction Code (PCC) and the California Uniform Public Construction Cost Accounting Act (UPCCAA). The District follows these established guidelines and is in compliance.

## **Other Policies & Procedures**

In addition to the above, the District has a Rebate Policy which outlines the process of providing sewer rebates to commercial customers who divert part of their water usage from the sewer system. Typically the diversion goes into their production process or to irrigation. The Revenues & Expenses Classification Policy defines the list of general ledger revenue and expense accounts to ensure proper financial reporting. The Record Retention Policy sets the standards and protocol for the retention and destruction of documents, in conformity to guidelines provided by the Secretary of State.

## **Financial Information & Trends**

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# 4-Year Consolidated Financial Schedule

	2017-18 Actual	2018-19 Budget	2019-20 Budget	% Change Over Prior Budget	2020-21 Budget	% Change Over Prior Budget
<b>Operating Revenues</b>						
District Service Charges	\$ 13,974,088	\$ 14,648,400	\$ 15,797,800	8%	\$ 16,901,600	7%
Refunds - District Service Charges	-	(100,000)	(100,000)	0%	(100,000)	0%
Agency Treatment Charges	3,094,690	2,883,800	2,894,700	0%	2,983,900	3%
Permits & Inspection Fees	280,541	128,000	140,000	9%	140,000	0%
Sanitary Truck Waste Charges	68,214	90,000	20,000	-78%	20,000	0%
Grease Receiving Charges	102,208	128,000	130,000	2%	130,000	0%
Solid Waste Contract Fees	1,062,218	1,050,000	1,081,500	3%	1,114,000	3%
Recycling Charges	2,454,142	2,409,000	2,409,000	0%	2,409,000	0%
Landfill Fees - Measure D	385,751	320,000	350,000	9%	350,000	0%
Overhead Recovery	646,413	650,000	675,000	4%	700,000	4%
<b>Total Operating Revenues</b>	<b>\$ 22,068,265</b>	<b>\$ 22,207,200</b>	<b>\$ 23,398,000</b>	<b>5%</b>	<b>\$ 24,648,500</b>	<b>5%</b>
<b>Operating Expenses</b>						
Sewage Collections	\$ 3,471,954	\$ 3,599,800	\$ 3,888,400	8%	\$ 3,692,200	-5%
Sewage Operations	4,657,149	5,868,500	5,382,400	-8%	5,470,300	2%
Sewage Maintenance	2,387,698	2,620,000	3,040,400	16%	3,391,800	12%
Engineering	752,469	898,900	829,200	-8%	877,700	6%
Administration	1,481,993	2,024,200	2,042,400	1%	2,451,300	20%
Sewage Disposal - EBDA	1,011,446	883,200	955,000	8%	955,000	0%
Depreciation	2,825,630	2,750,000	2,970,000	8%	3,725,000	25%
Decrease in Carrying Value of EBDA	93,247	100,000	200,000	100%	200,000	0%
Solid Waste	353,546	479,100	564,800	18%	482,000	-15%
Recycling	2,690,932	2,906,200	3,096,500	7%	2,913,700	-6%
Pension & OPEB Expenses (GASB 68 & 75)	1,683,662	-	-	0%	-	0%
<b>Total Operating Expenses</b>	<b>\$ 21,409,726</b>	<b>\$ 22,129,900</b>	<b>\$ 22,969,100</b>	<b>4%</b>	<b>\$ 24,159,000</b>	<b>5%</b>
<b>Operating Income</b>	<b>\$ 658,539</b>	<b>\$ 77,300</b>	<b>\$ 428,900</b>	<b>455%</b>	<b>\$ 489,500</b>	<b>14%</b>
<b>Non-Operating Revenues</b>						
Investment Income	\$ 344,043	\$ 121,000	\$ 330,000	173%	\$ 220,000	-33%
Rents & Leases	92,795	96,500	100,000	4%	100,000	0%
Gain on Disposal of Capital Assets	6,140	-	-	0%	-	0%
Recovery of Uncollectible Accounts	11,902	10,000	10,000	0%	10,000	0%
Penalties & Miscellaneous Revenues	124,671	92,000	118,000	28%	118,000	0%
EBDA / LAVWMA Agreement Refund	79,371	80,000	-	-100%	-	0%
<b>Total Non-Operating Revenues</b>	<b>\$ 658,922</b>	<b>\$ 399,500</b>	<b>\$ 558,000</b>	<b>40%</b>	<b>\$ 448,000</b>	<b>-20%</b>
<b>Non-Operating Expenses</b>						
Decrease in Fair Value of Investments	\$ 223,552	\$ -	\$ -	0%	\$ -	0%
Write-Offs of Uncollectible Accounts	1,284	13,200	13,200	0%	13,200	0%
Bond Interest Expense	-	-	460,100	100%	448,300	-3%
Contingency	-	340,000	340,000	0%	340,000	0%
<b>Total Non-Operating Expenses</b>	<b>\$ 224,836</b>	<b>\$ 353,200</b>	<b>\$ 813,300</b>	<b>130%</b>	<b>\$ 801,500</b>	<b>-1%</b>
<b>Income Before Contributions</b>	<b>\$ 1,092,625</b>	<b>\$ 123,600</b>	<b>\$ 173,600</b>	<b>40%</b>	<b>\$ 136,000</b>	<b>-22%</b>
Connection Fees	\$ 399,277	\$ 200,000	200,000	0%	200,000	0%
<b>Change in Net Position</b>	<b>\$ 1,491,902</b>	<b>\$ 323,600</b>	<b>\$ 373,600</b>	<b>15%</b>	<b>\$ 336,000</b>	<b>-10%</b>
<b>Net Position - Beginning of Year</b>	<b>\$ 94,041,721</b>	<b>\$ 94,390,135</b>	<b>\$ 94,713,735</b>	<b>0.3%</b>	<b>\$ 95,087,335</b>	<b>0.4%</b>
<b>Prior Period Adjustments (OPEB-GASB 75)</b>	<b>\$ (1,143,488)</b>					
<b>Net Position - End of Year</b>	<b>\$ 94,390,135</b>	<b>\$ 94,713,735</b>	<b>\$ 95,087,335</b>	<b>0.4%</b>	<b>\$ 95,423,335</b>	<b>0.4%</b>

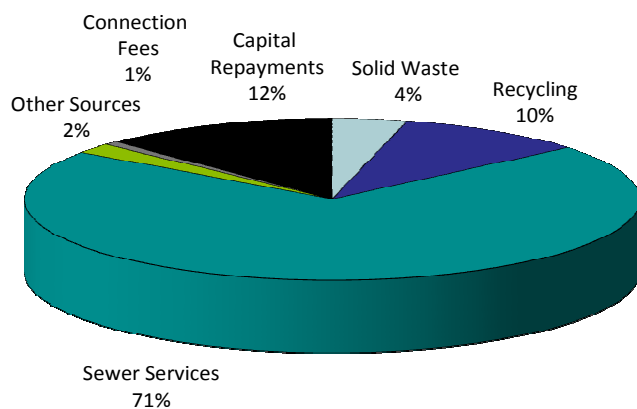
# Revenue Sources

The District derives its revenues from the following sources:

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
<b>Revenues</b>				
Sewer Services	\$18,166,154	\$18,428,200	\$19,557,500	\$20,775,500
Solid Waste	1,062,218	1,050,000	1,081,500	1,114,000
Recycling	2,839,893	2,729,000	2,759,000	2,759,000
Other Sources (Non-Operating Revenues)	658,922	399,500	558,000	448,000
<b>Total Revenues</b>	<b>\$22,727,187</b>	<b>\$22,606,700</b>	<b>\$23,956,000</b>	<b>\$25,096,500</b>
<b>Other Contributions, Repayments &amp; Grants</b>				
Connection Fees	\$399,277	\$200,000	\$200,000	\$200,000
Capital Repayments (from Castro Valley Sanitary District)	483,020	3,178,700	3,420,800	1,580,600
<b>Total Contributions, Repayments &amp; Grants</b>	<b>\$882,297</b>	<b>\$3,378,700</b>	<b>\$3,620,800</b>	<b>\$1,780,600</b>
<b>Total Revenues, Contributions, Repayments &amp; Grants</b>	<b>\$23,609,484</b>	<b>\$25,985,400</b>	<b>\$27,576,800</b>	<b>\$26,877,100</b>
<b>Change in Budget from Prior Year</b>			<b>6.1%</b>	<b>-2.5%</b>

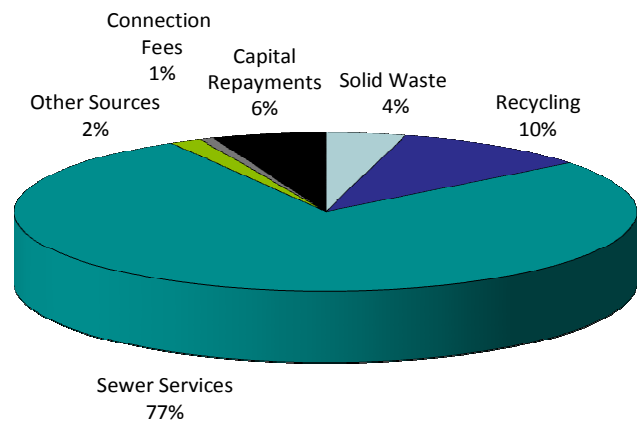
## Revenues, Contributions, Repayments & Grants

FY 2019-20



\$27,576,800

FY 2020-21



\$26,877,100

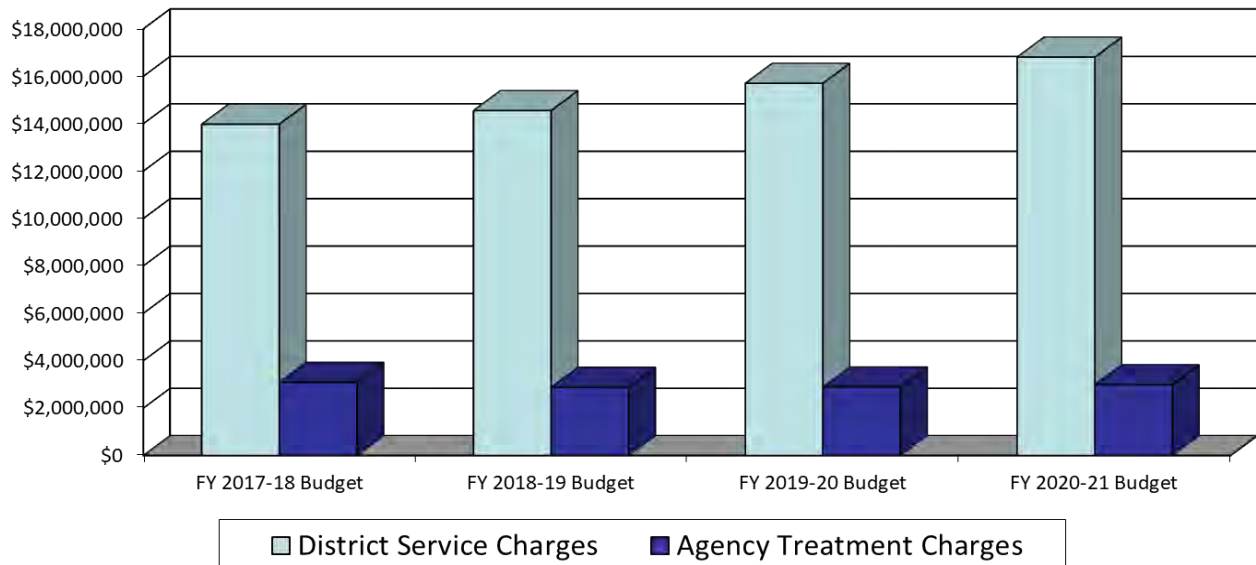
# Revenue Trends

## Sewer Service Revenues (Operating)

District Service Charges include Board-approved sewer rate increases of 7.5% per year which first took effect in FY 2015-16. The annual single family residence sewer rate is \$275 for FY 2019-20, and \$296 for FY 2020-21. Agency Treatment Charges fluctuate from year to year and are heavily dependent on Renewal & Replacement projects being planned for each year, as Castro Valley Sanitary District shares approximately 25% of treatment plant project costs. On the other hand, Agency Treatment Charges from the Cities of Hayward and San Leandro have grown at a steady pace as a result of average annual rate increases of 3.4% within those jurisdictions. The District provides treatment services for these communities and receives 90% of the revenues charged by the City of Hayward and 75% charged by the City of San Leandro. As more sewer agencies engage in taking waste from portable toilet providers, the budget for Sanitary Truck Waste Charges reflects the anticipated decline in the District's customer base. Other sewer service revenues are expected to be stable.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
District Service Charges	\$13,974,088	\$14,548,400	\$15,697,800	\$16,801,600
Agency Treatment Charges	3,094,690	2,883,800	2,894,700	2,983,900
Permits & Inspection Fees	280,541	128,000	140,000	140,000
Sanitary Truck Waste Charges	68,214	90,000	20,000	20,000
Grease Receiving Charges	102,208	128,000	130,000	130,000
Overhead Recovery	646,413	650,000	675,000	700,000
<b>Operating Revenues - Sewer Services</b>	<b>\$18,166,154</b>	<b>\$18,428,200</b>	<b>\$19,557,500</b>	<b>\$20,775,500</b>
<b>Change in Budget from Prior Year</b>			<b>6.1%</b>	<b>6.2%</b>

## Major Sewer Service Revenue Sources



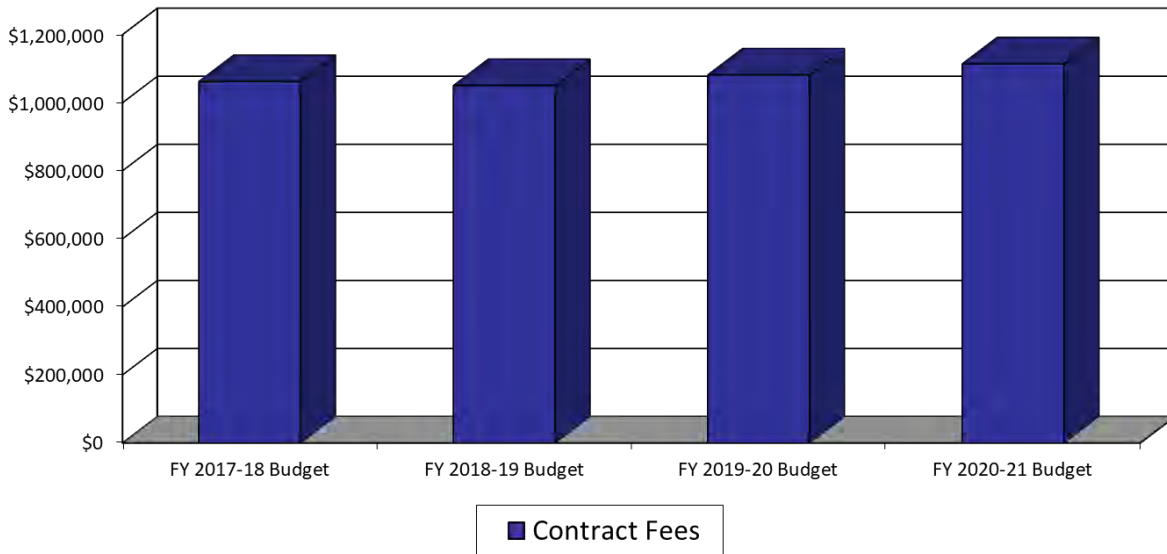
# Revenue Trends

## Solid Waste Revenues (Operating)

The District contracts with Waste Management of Alameda County (WMAC) to provide garbage services to its customers, and receives 6% franchise fees on WMAC's garbage revenues. Effective September 2018, customers residing in the unincorporated areas of Alameda County and Hayward pay \$18.15 per month for weekly 35-gallon cart collection service. Customers within the San Leandro city limit pay \$21.06 per month. Other service levels (20-gallon, 64-gallon and 96-gallon) are also offered at various rates. Each September, garbage rates charged by WMAC to District customers are adjusted based on a combination of changes in the CPI and the union's labor costs. In past years, rate increases have ranged between 2.6% to 3.5%. The budget reflects an estimated 3.0% annual inflation adjustment.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
Solid Waste Contract Fees	\$1,062,218	\$1,050,000	\$1,081,500	\$1,114,000
Operating Revenues - Solid Waste	\$1,062,218	\$1,050,000	\$1,081,500	\$1,114,000
Change in Budget from Prior Year			3.0%	3.0%

## Solid Waste Revenues



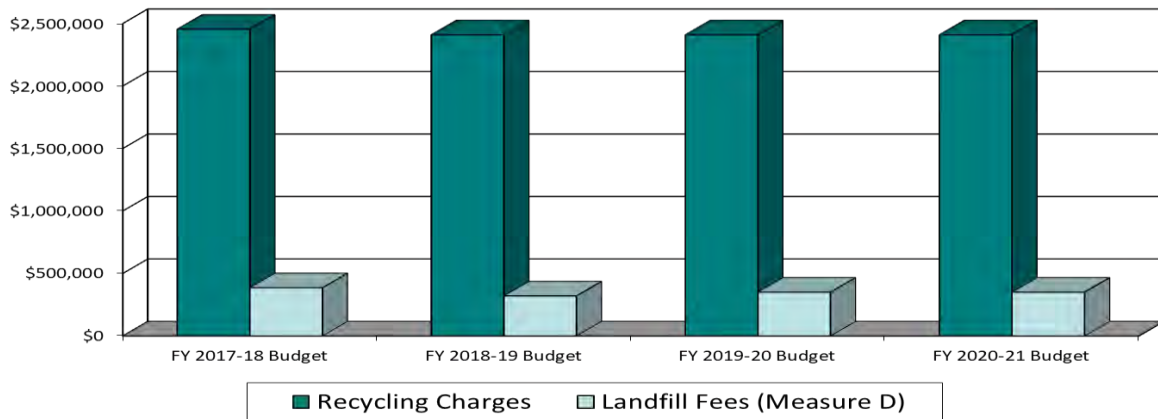
# Revenue Trends

## Recycling Revenues (Operating)

Recycling services are provided to District customers through Waste Management of Alameda County (WMAC). The service agreement is effective through August 2024 and provides for zero increases in residential and green waste recycling throughout the contract term (\$4.60/month). Commercial and industrial recycling customers are billed directly by WMAC and the District receives a franchise fee of \$1.10 per cubic yard. Landfill fees (Measure D) represent proceeds of a grant from Alameda County Waste Management Authority based on diversion from landfills. These revenue sources have remained stable and are expected to stay at the current level.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
Recycling Charges	\$2,454,142	\$2,409,000	\$2,409,000	\$2,409,000
Landfill Fees (Measure D)	385,751	320,000	350,000	350,000
Operating Revenues - Recycling	\$2,839,893	\$2,729,000	\$2,759,000	\$2,759,000
Change in Budget from Prior Year			1.1%	0.0%

## Recycling Revenues



## Other Revenue Sources (Non-Operating)

In October 2018, the District issued \$14.2 million in sewer revenue bonds for capital improvement with completion targeted for FY 2019-20. As a result, investment Income for FY 2019-20 is budgeted to reflect the increase in cash on hand. Refunds from EBDA's LAVWMA contract will discontinue beginning FY 2019-20 as LAVWMA has paid off the remainder of the contract (\$882,598) in September 2018. Other revenues are expected to remain stable.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
Investment Income	\$344,043	\$121,000	\$330,000	\$220,000
Rents & Leases	92,795	96,500	100,000	100,000
Penalties & Miscellaneous Revenues	124,671	92,000	118,000	118,000
EBDA LAVWMA Refunds	79,371	80,000	-	-
Other Gains, Losses & Recovery	18,042	10,000	10,000	10,000
Non-Operating Revenues	\$658,922	\$399,500	\$558,000	\$448,000
Change in Budget from Prior Year			39.7%	-19.7%



# Expenditures

Expenditures are funds spent in the course of operating the District and providing services to the rate payers. Spending within the operating budget are classified as expenses. These are costs of operating and maintaining the sewer service system (O&M), and solid waste, recycling and Renewal & Replacement (R&R) programs. The R&R program accounts for repairs of infrastructure, equipment and other recurring maintenance. Expenses are reported on the income statement.

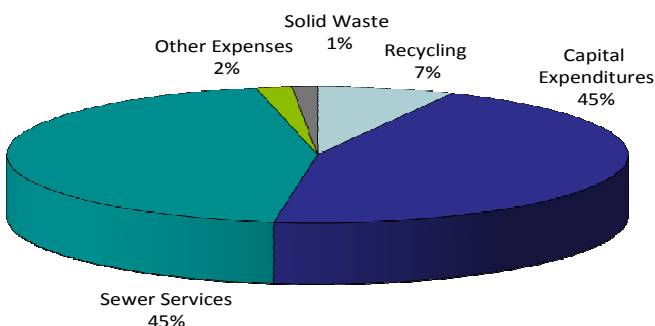
Spending within the CIP are classified as capital expenditures. These are defined as procurement or construction of capital assets that exceeds \$10,000 with a useful life of more than 1 year. The acquisition value of a capital item is reported on the balance sheet as fixed asset, with depreciation to be expensed evenly throughout the asset's useful life. Detailed descriptions of capital projects planned for the next 2 years can be found in the Long-Range Plan & Capital Budget section.

The significant increase in capital expenditures budgeted in FY 2018-19 and FY 2019-20 reflects the construction phase of the Nutrient Optimization Project. The project will reduce the amount of nitrogen (a nutrient) that remains in the effluent to meet anticipated regulatory standards, and will enable the District to discharge peak flows in an existing local outfall. The project costs \$24.7 million to complete.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
<b>Expenses within the Operating Budget</b>				
Operating Expenses: Sewer Services	\$18,365,248	\$18,744,600	\$19,307,800	\$20,763,300
Solid Waste	353,546	479,100	564,800	482,000
Recycling	2,690,932	2,906,200	3,096,500	2,913,700
Non-Operating Expenses	224,836	353,200	813,300	801,500
<b>Total Expenses within the Operating Budget</b>	<b>\$21,634,562</b>	<b>\$22,483,100</b>	<b>\$23,782,400</b>	<b>\$24,960,500</b>
<b>Capital Expenditures</b>				
Sewer Services	\$8,469,348	\$18,974,500	\$19,530,000	\$11,465,000
<b>Total Capital Expenditures</b>	<b>\$8,469,348</b>	<b>\$18,974,500</b>	<b>\$19,530,000</b>	<b>\$11,465,000</b>
<b>Total Expenditures</b>	<b>\$30,103,910</b>	<b>\$41,457,600</b>	<b>\$43,312,400</b>	<b>\$36,425,500</b>
<b>Change in Budget from Prior Year</b>			4.5%	-15.9%

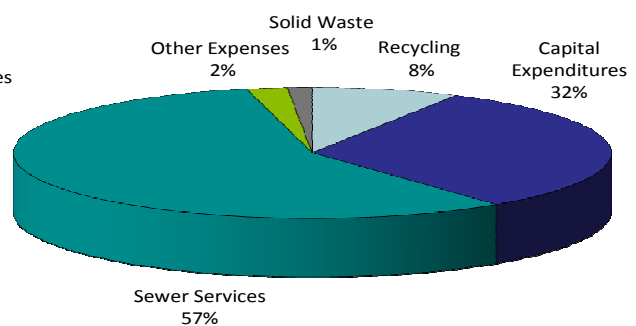
## Operating Expenses and Capital Expenditures

FY 2019-20



\$43,312,400

FY 2020-21



\$36,425,500

# Expense Trends

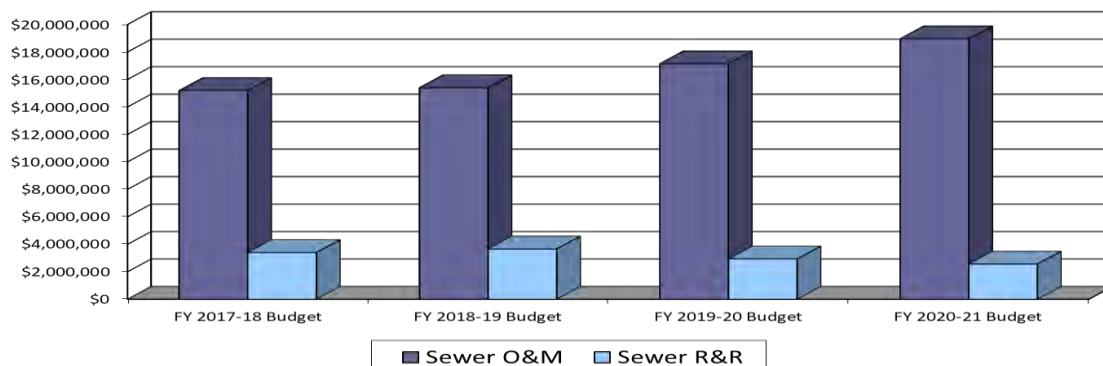
## Sewer Service Expenses

Sewer service expenses within the operating budget include costs of operating and maintaining the sewer service system (O&M), and spendings in the Renewal & Replacement (R&R) program based on the strategic plan. The District issued \$14.2 million in Sewer Revenue Bonds in October 2018 with a 25-year term and a true interest cost of 3.482%. Annual debt service is approximately \$850,000, of which \$460,100 (FY 2019-20) and \$448,300 (FY 2020-21) are for bond interests.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
<b>Sewer Services O&amp;M</b>				
Sewage Collections	\$1,486,794	\$1,765,400	\$1,993,400	\$2,122,200
Sewage Operations	3,530,338	4,398,500	4,797,400	5,180,300
Sewage Maintenance	2,254,842	2,540,000	2,855,400	2,956,800
Engineering	742,499	898,900	819,200	867,700
Administration	1,456,938	1,877,700	1,908,400	2,317,300
Sewage Disposal - EBDA	892,196	758,200	830,000	830,000
Depreciation	2,825,630	2,750,000	2,970,000	3,725,000
Decrease in EBDA Equity	93,247	100,000	200,000	200,000
Write-Offs of Uncollectible Accounts	-	10,000	10,000	10,000
Bond Interest Expense	-	-	460,100	448,300
Decrease in Fair Value of Investments	223,552	-	-	-
Contingency	-	300,000	300,000	300,000
Pension & OPEB Expenses (GASBs 68 & 75)	1,683,662	-	-	-
<b>Expenses - Sewer Services O&amp;M</b>	<b>\$15,189,698</b>	<b>\$15,398,700</b>	<b>\$17,143,900</b>	<b>\$18,957,600</b>
<b>Change in Budget from Prior Year</b>			<b>11.3%</b>	<b>10.6%</b>
<b>Sewer Services R&amp;R</b>				
Collection System	\$1,985,160	\$1,834,400	\$1,895,000	\$1,570,000
Treatment Plant	1,259,667	1,550,000	770,000	725,000
Engineering, Administration & EBDA	154,275	271,500	269,000	269,000
<b>Expenses - Sewer Services R&amp;R</b>	<b>\$3,399,102</b>	<b>\$3,655,900</b>	<b>\$2,934,000</b>	<b>\$2,564,000</b>
<b>Change in Budget from Prior Year</b>			<b>-19.7%</b>	<b>-12.6%</b>
<b>Total Expenses - Sewer Services</b>	<b>\$18,588,800</b>	<b>\$19,054,600</b>	<b>\$20,077,900</b>	<b>\$21,521,600</b>
<b>Change in Budget from Prior Year</b>			<b>5.4%</b>	<b>7.2%</b>

Note: Write-offs and Contingency expenses are part of the Non-Operating Expenses line item on page 49.

## Sewer Service Expenses



## Expense Trends

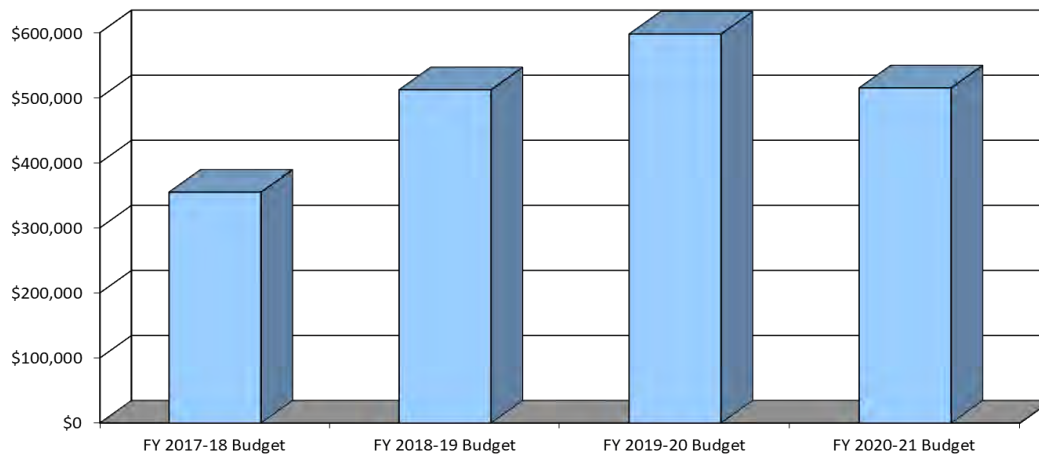
### Solid Waste Expenses

Solid Waste expenses consist mainly of salaries and overhead to monitor the garbage service program. Staff periodically audits garbage routes and ensures that services provided by Waste Management of Alameda County (WMAC) continuously meet standards required by the contract. In FY 2019-20, the District may spend \$100,000 in garbage cart labels that will help customers sort their waste properly.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
Solid Waste	\$353,546	\$479,100	\$564,800	\$482,000
Write-Offs of Uncollectible Accounts	1,284	3,000	3,000	3,000
Contingency	-	30,000	30,000	30,000
<b>Total Expenses - Solid Waste</b>	<b>\$354,830</b>	<b>\$512,100</b>	<b>\$597,800</b>	<b>\$515,000</b>
<b>Change in Budget from Prior Year</b>			<b>16.7%</b>	<b>-13.9%</b>

Note: Write-offs and Contingency expenses are part of the Non-Operating Expenses line item on page 49.

### Solid Waste Expenses



# Expense Trends

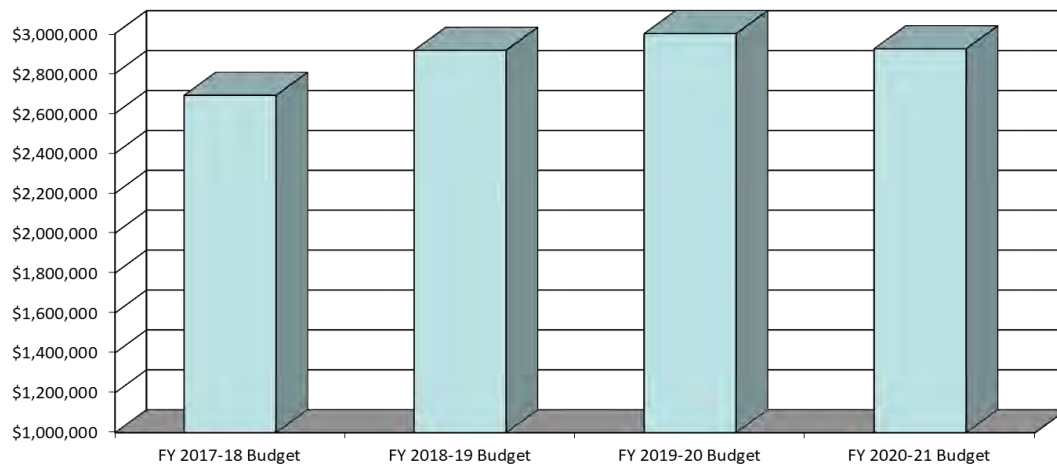
## Recycling Expenses

Over 80% of recycling expenses is to pay for contracted services provided by Waste Management of Alameda County (WMAC). Due to zero rate increases stipulated by the agreement, contractual recycling expenses will remain stable for the next 2 years and beyond with adjustments for annual house count changes and inflationary adjustments for salaries and other costs. In FY 2019-20, the District plans to spend \$200,000 in recycling cart labels that will help customers sort their recyclables properly.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
Recycling	\$2,690,932	\$2,906,200	\$3,096,500	\$2,913,700
Write-Offs of Uncollectible Accounts	-	200	200	200
Contingency	-	10,000	10,000	10,000
<b>Total Expenses - Recycling</b>	<b>\$2,690,932</b>	<b>\$2,916,400</b>	<b>\$3,106,700</b>	<b>\$2,923,900</b>
<b>Change in Budget from Prior Year</b>			<b>6.5%</b>	<b>-5.9%</b>

Note: Write-offs and Contingency expenses are part of the Non-Operating Expenses line item on page 49.

## Recycling Expenses



## Changes in Net Position & Fund Equity

Net Position<sup>1</sup> is classified into 3 categories: Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. The classification is based on availability or accessibility of the resource rather than its origin. The District does not have any restricted portion in its Net Position. Its Net Position consists only of Net Investment in Capital Assets and Unrestricted Net Position.

Net position measures the overall financial condition of the District. Over time, trends in Net position provide indications on the District's financial strength. Nevertheless, other non-financial factors such as economic or demographic changes, and new regulatory requirements also impact the District's financial condition.

The District's Net Position was increasing at an average of 2.4% per year for the 10-year period from FY 2004-05 (\$79.5 million) to FY 2013-14 (\$98.3 million). It decreased by 7.5%, to \$90.9 million in FY 2014-15, primarily due to the first-time inclusion of a \$8.2 million Net Pension Liability as required by GASB Statement No. 68. As a result of the \$6.35 million funding in 2015 towards the unfunded pension liability, Net Pension Liability was significantly reduced, and accounted partly for the 3.2% increase in the Total Net Position for FY 2015-16 (\$93.8 million). The Net Position has been growing at around 0.3% annually since. The District is engaged in a period of major capital and infrastructural improvements. Net Investment in Capital Assets is expected to rise significantly while the Net Balance in Fund Equity will carry a negative balance in FY 2020-21.

The Fund Equity presented in the table below represents the unrestricted portion of Net Position.

	FY 2017-18 Actual	FY 2018-19 Projected	FY 2019-20 Projected	FY 2020-21 Projected
Net Investment in Capital Assets	\$77,082,443	\$87,008,406	\$88,987,606	\$95,147,006
Unrestricted Net Position (Fund Equity)				
Investment in EBDA	\$6,184,096	\$6,007,986	\$5,807,986	\$5,607,986
Net Balance in Fund Equity	11,123,596	1,697,343	291,743	(5,331,657)
Unrestricted Net Position (Fund Equity)	\$17,307,692	\$7,705,329	\$6,099,729	\$276,329
Total Net Position	\$94,390,135	\$94,713,735	\$95,087,335	\$95,423,335
Projected Change from Prior Year		0.3%	0.4%	0.4%

<sup>1</sup> Net position is the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources.

## Board of Directors



Oro Loma Sanitary District's Board of Directors  
From left to right: Shelia Young (Director), Bob Glaze (Secretary), Dan Walters (President), Rita Duncan (Vice President), Fred Simon (Director).



Three Directors took the Oath of Office on December 18, 2018, officiated by legal counsel Tivonna Stern. From left to right: re-elected Directors Shelia Young and Rita Duncan, elected Director Fred Simon.



## **Operating Budget**

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# Total Operating Budget by Service Type

## Total Budgeted Revenues & Expenses FY 2019-20

	Sewer				Solid Waste	Recycling	Total
	O&M	R&R	CIP*	Total			
<b>Operating Revenues</b>							
District Service Charges	\$ 10,797,800	\$ 5,000,000	\$ -	\$ 15,797,800	\$ -	\$ -	\$ 15,797,800
Refunds - District Service Charges	(100,000)	-	-	(100,000)	-	-	(100,000)
Agency Treatment Charges	2,668,000	226,700	-	2,894,700	-	-	2,894,700
Permits & Inspection Fees	140,000	-	-	140,000	-	-	140,000
Sanitary Truck Waste Charges	20,000	-	-	20,000	-	-	20,000
Grease Receiving Charges	130,000	-	-	130,000	-	-	130,000
Solid Waste Contract Fees	-	-	-	-	1,081,500	-	1,081,500
Recycling Charges	-	-	-	-	-	2,409,000	2,409,000
Landfill Fees - Measure D	-	-	-	-	-	350,000	350,000
Overhead Recovery	675,000	-	-	675,000	-	-	675,000
<b>Total Operating Revenues</b>	<b>\$ 14,330,800</b>	<b>\$ 5,226,700</b>	<b>\$ -</b>	<b>\$ 19,557,500</b>	<b>\$ 1,081,500</b>	<b>\$ 2,759,000</b>	<b>\$ 23,398,000</b>
<b>Non-Operating Revenues</b>							
Investment Income	\$ 110,000	\$ 80,000	\$ 80,000	\$ 270,000	\$ 40,000	\$ 20,000	\$ 330,000
Rents & Leases	100,000	-	-	100,000	-	-	100,000
Recovery of Uncollectible Accounts	-	-	-	-	10,000	-	10,000
Penalties & Miscellaneous Revenues	103,000	-	-	103,000	-	15,000	118,000
EBDA / LAVWMA Agreement Refund	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues</b>	<b>\$ 313,000</b>	<b>\$ 80,000</b>	<b>\$ 80,000</b>	<b>\$ 473,000</b>	<b>\$ 50,000</b>	<b>\$ 35,000</b>	<b>\$ 558,000</b>
<b>Total Revenues</b>	<b>\$ 14,643,800</b>	<b>\$ 5,306,700</b>	<b>\$ 80,000</b>	<b>\$ 20,030,500</b>	<b>\$ 1,131,500</b>	<b>\$ 2,794,000</b>	<b>\$ 23,956,000</b>
<b>Operating Expenses</b>							
Sewage Collections	\$ 1,993,400	\$ 1,895,000	\$ -	\$ 3,888,400	\$ -	\$ -	\$ 3,888,400
Sewage Treatment Operations	4,797,400	585,000	-	5,382,400	-	-	5,382,400
Sewage Treatment Maintenance	2,855,400	185,000	-	3,040,400	-	-	3,040,400
Engineering	819,200	10,000	-	829,200	-	-	829,200
Administration	1,908,400	134,000	-	2,042,400	-	-	2,042,400
Sewage Disposal - EBDA	830,000	125,000	-	955,000	-	-	955,000
Depreciation	2,970,000	-	-	2,970,000	-	-	2,970,000
Decrease in Carrying Value of EBDA	200,000	-	-	200,000	-	-	200,000
Solid Waste	-	-	-	-	564,800	-	564,800
Recycling	-	-	-	-	-	3,096,500	3,096,500
<b>Total Operating Expenses</b>	<b>\$ 16,373,800</b>	<b>\$ 2,934,000</b>	<b>\$ -</b>	<b>\$ 19,307,800</b>	<b>\$ 564,800</b>	<b>\$ 3,096,500</b>	<b>\$ 22,969,100</b>
<b>Non-Operating Expenses</b>							
Write-Offs of Uncollectible Accounts	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ 3,000	\$ 200	\$ 13,200
Bond Interest Expense	460,100	-	-	460,100	-	-	460,100
Contingency	300,000	-	-	300,000	30,000	10,000	340,000
<b>Total Non-Operating Expenses</b>	<b>\$ 770,100</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 770,100</b>	<b>\$ 33,000</b>	<b>\$ 10,200</b>	<b>\$ 813,300</b>
<b>Total Expenses</b>	<b>\$ 17,143,900</b>	<b>\$ 2,934,000</b>	<b>\$ -</b>	<b>\$ 20,077,900</b>	<b>\$ 597,800</b>	<b>\$ 3,106,700</b>	<b>\$ 23,782,400</b>
<b>Income Before Contributions</b>	<b>\$ (2,500,100)</b>	<b>\$ 2,372,700</b>	<b>\$ 80,000</b>	<b>\$ (47,400)</b>	<b>\$ 533,700</b>	<b>\$ (312,700)</b>	<b>\$ 173,600</b>
Connection Fees	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ 200,000
<b>Change in Net Position</b>	<b>\$ (2,500,100)</b>	<b>\$ 2,372,700</b>	<b>\$ 280,000</b>	<b>\$ 152,600</b>	<b>\$ 533,700</b>	<b>\$ (312,700)</b>	<b>\$ 373,600</b>

\* Amounts shown in this column represent revenues within the operating budget assigned to Capital Improvement Program (CIP).

# Total Operating Budget by Service Type

## Total Budgeted Revenues & Expenses FY 2020-21

	Sewer			Total	Solid Waste	Recycling	Total
	O&M	R&R	CIP*				
<b>Operating Revenues</b>							
District Service Charges	\$ 11,901,600	\$ 5,000,000	\$ -	\$ 16,901,600	\$ -	\$ -	\$ 16,901,600
Refunds - District Service Charges	(100,000)	-	-	(100,000)	-	-	(100,000)
Agency Treatment Charges	2,777,000	206,900	-	2,983,900	-	-	2,983,900
Permits & Inspection Fees	140,000	-	-	140,000	-	-	140,000
Sanitary Truck Waste Charges	20,000	-	-	20,000	-	-	20,000
Grease Receiving Charges	130,000	-	-	130,000	-	-	130,000
Solid Waste Contract Fees	-	-	-	-	1,114,000	-	1,114,000
Recycling Charges	-	-	-	-	-	2,409,000	2,409,000
Landfill Fees - Measure D	-	-	-	-	-	350,000	350,000
Overhead Recovery	700,000	-	-	700,000	-	-	700,000
<b>Total Operating Revenues</b>	<b>\$ 15,568,600</b>	<b>\$ 5,206,900</b>	<b>\$ -</b>	<b>\$ 20,775,500</b>	<b>\$ 1,114,000</b>	<b>\$ 2,759,000</b>	<b>\$ 24,648,500</b>
<b>Non-Operating Revenues</b>							
Investment Income	\$ 80,000	\$ 50,000	\$ 50,000	\$ 180,000	\$ 20,000	\$ 20,000	\$ 220,000
Rents & Leases	100,000	-	-	100,000	-	-	100,000
Recovery of Uncollectible Accounts	-	-	-	-	10,000	-	10,000
Penalties & Miscellaneous Revenues	103,000	-	-	103,000	-	15,000	118,000
EBDA / LAVWMA Agreement Refund	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues</b>	<b>\$ 283,000</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 383,000</b>	<b>\$ 30,000</b>	<b>\$ 35,000</b>	<b>\$ 448,000</b>
<b>Total Revenues</b>	<b>\$ 15,851,600</b>	<b>\$ 5,256,900</b>	<b>\$ 50,000</b>	<b>\$ 21,158,500</b>	<b>\$ 1,144,000</b>	<b>\$ 2,794,000</b>	<b>\$ 25,096,500</b>
<b>Operating Expenses</b>							
Sewage Collections	\$ 2,122,200	\$ 1,570,000	\$ -	\$ 3,692,200	\$ -	\$ -	\$ 3,692,200
Sewage Treatment Operations	5,180,300	290,000	-	5,470,300	-	-	5,470,300
Sewage Treatment Maintenance	2,956,800	435,000	-	3,391,800	-	-	3,391,800
Engineering	867,700	10,000	-	877,700	-	-	877,700
Administration	2,317,300	134,000	-	2,451,300	-	-	2,451,300
Sewage Disposal - EBDA	830,000	125,000	-	955,000	-	-	955,000
Depreciation	3,725,000	-	-	3,725,000	-	-	3,725,000
Decrease in Carrying Value of EBDA	200,000	-	-	200,000	-	-	200,000
Solid Waste	-	-	-	-	482,000	-	482,000
Recycling	-	-	-	-	-	2,913,700	2,913,700
<b>Total Operating Expenses</b>	<b>\$ 18,199,300</b>	<b>\$ 2,564,000</b>	<b>\$ -</b>	<b>\$ 20,763,300</b>	<b>\$ 482,000</b>	<b>\$ 2,913,700</b>	<b>\$ 24,159,000</b>
<b>Non-Operating Expenses</b>							
Write-Offs of Uncollectible Accounts	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ 3,000	\$ 200	\$ 13,200
Bond Interest Expense	448,300	-	-	448,300	-	-	448,300
Contingency	300,000	-	-	300,000	30,000	10,000	340,000
<b>Total Non-Operating Expenses</b>	<b>\$ 758,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 758,300</b>	<b>\$ 33,000</b>	<b>\$ 10,200</b>	<b>\$ 801,500</b>
<b>Total Expenses</b>	<b>\$ 18,957,600</b>	<b>\$ 2,564,000</b>	<b>\$ -</b>	<b>\$ 21,521,600</b>	<b>\$ 515,000</b>	<b>\$ 2,923,900</b>	<b>\$ 24,960,500</b>
<b>Income Before Contributions</b>	<b>\$ (3,106,000)</b>	<b>\$ 2,692,900</b>	<b>\$ 50,000</b>	<b>\$ (363,100)</b>	<b>\$ 629,000</b>	<b>\$ (129,900)</b>	<b>\$ 136,000</b>
Connection Fees	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ 200,000
<b>Change in Net Position</b>	<b>\$ (3,106,000)</b>	<b>\$ 2,692,900</b>	<b>\$ 250,000</b>	<b>\$ (163,100)</b>	<b>\$ 629,000</b>	<b>\$ (129,900)</b>	<b>\$ 336,000</b>

\* Amounts shown in this column represent revenues within the operating budget assigned to Capital Improvement Program (CIP).

# Operating Budget: Sewer Services O&M

## Sewer Services Operations & Maintenance (O&M) Budgeted Revenues & Expenses

	2018-19 Budget	2019-20 Budget	Budget Change Over Prior Year		2020-21 Budget	Budget Change Over Prior Year	
<b>Operating Revenues</b>							
District Service Charges	\$ 10,148,400	\$ 10,797,800	\$ 649,400	6%	\$ 11,901,600	\$ 1,103,800	10%
Refunds - District Service Charges	(100,000)	(100,000)	-	0%	(100,000)	-	0%
Agency Treatment Charges	2,462,000	2,668,000	206,000	8%	2,777,000	109,000	4%
Permits & Inspection Fees	128,000	140,000	12,000	9%	140,000	-	0%
Sanitary Truck Waste Charges	90,000	20,000	(70,000)	-78%	20,000	-	0%
Grease Receiving Charges	128,000	130,000	2,000	2%	130,000	-	0%
Overhead Recovery	650,000	675,000	25,000	4%	700,000	25,000	4%
<b>Total Operating Revenues</b>	\$ 13,506,400	\$ 14,330,800	\$ 824,400	6%	\$ 15,568,600	\$ 1,237,800	9%
<b>Non-Operating Revenues</b>							
Investment Income	\$ 30,000	\$ 110,000	\$ 80,000	267%	\$ 80,000	\$ (30,000)	-27%
Rents & Leases	96,500	100,000	3,500	4%	100,000	-	0%
Penalties & Miscellaneous Revenues	80,000	103,000	23,000	29%	103,000	-	0%
<b>Total Non-Operating Revenues</b>	\$ 206,500	\$ 313,000	\$ 106,500	52%	\$ 283,000	(30,000)	-10%
<b>Total Sewer O&amp;M Revenues</b>	\$ 13,712,900	\$ 14,643,800	\$ 930,900	7%	\$ 15,851,600	\$ 1,207,800	8%
<b>Operating Expenses</b>							
Sewage Collections	\$ 1,765,400	\$ 1,993,400	\$ 228,000	13%	\$ 2,122,200	\$ 128,800	6%
Sewage Treatment Operations	4,398,500	4,797,400	398,900	9%	5,180,300	382,900	8%
Sewage Treatment Maintenance	2,540,000	2,855,400	315,400	12%	2,956,800	101,400	4%
Engineering	898,900	819,200	(79,700)	-9%	867,700	48,500	6%
Administration	1,877,700	1,908,400	30,700	2%	2,317,300	408,900	21%
Sewage Disposal - EBDA	758,200	830,000	71,800	9%	830,000	-	0%
Depreciation	2,750,000	2,970,000	220,000	8%	3,725,000	755,000	25%
Decrease in Carrying Value of EBDA	100,000	200,000	100,000	100%	200,000	-	0%
<b>Total Operating Expenses</b>	\$ 15,088,700	\$ 16,373,800	\$ 1,285,100	9%	\$ 18,199,300	\$ 1,825,500	11%
<b>Non-Operating Expenses</b>							
Write-Offs of Uncollectible Accounts	\$ 10,000	\$ 10,000	\$ -	0%	\$ 10,000	\$ -	0%
Bond Interest Expense	-	460,100	460,100	100%	448,300	(11,800)	-3%
Contingency	300,000	300,000	-	0%	300,000	-	0%
<b>Total Non-Operating Expenses</b>	\$ 310,000	\$ 770,100	\$ 460,100	148%	\$ 758,300	\$ (11,800)	-2%
<b>Total Sewer O&amp;M Expenses</b>	\$ 15,398,700	\$ 17,143,900	\$ 1,745,200	11%	\$ 18,957,600	\$ 1,813,700	11%
<b>Sewer O&amp;M Revenues Over Expenses</b>	\$ (1,685,800)	\$ (2,500,100)	\$ (814,300)	-48%	\$ (3,106,000)	\$ (605,900)	-24%

# Operating Budget: Sewer Services O&M

## Sewer Services Operations & Maintenance (O&M) Budgeted Expenses by Account

	2018-19 Budget	2019-20 Budget	Budget Change Over Prior Year		2020-21 Budget	Budget Change Over Prior Year	
Salaries	\$ 4,397,200	\$ 4,779,700	\$ 382,500	9%	\$ 5,023,200	\$ 243,500	5%
Salaries - Overtime	44,500	38,500	(6,000)	-13%	40,400	1,900	5%
Salaries - Shift Diff/Traffic Exposure	59,400	61,300	1,900	3%	61,300	-	0%
Salaries - Standby/Emergency Response	35,200	35,200	-	0%	35,200	-	0%
Directors' Fees	84,800	85,000	200	0%	85,000	-	0%
Employee Benefits	2,615,500	2,936,000	320,500	12%	3,240,500	304,500	10%
Directors' Benefits	104,000	110,000	6,000	6%	121,000	11,000	10%
Election Expenses	150,000	-	(150,000)	-100%	300,000	300,000	100%
Gas & Oil	89,600	89,800	200	0%	94,300	4,500	5%
Insurance & Risk Management	522,400	605,800	83,400	16%	645,000	39,200	6%
Office Expenses	49,800	57,600	7,800	16%	60,100	2,500	4%
Bank Fees	2,400	2,400	-	0%	2,400	-	0%
Operating Supplies	547,200	582,900	35,700	7%	611,900	29,000	5%
Odor Control Supplies	18,000	18,000	-	0%	18,900	900	5%
Belt Press Supplies	125,000	125,000	-	0%	131,300	6,300	5%
Safety Supplies	30,800	31,500	700	2%	33,000	1,500	5%
Lift Station Supplies	10,300	10,000	(300)	-3%	10,500	500	5%
Contractual Services	447,000	557,000	110,000	25%	560,000	3,000	1%
Contractual Services - Dept. Support	124,000	188,000	64,000	52%	188,000	-	0%
Contractual Services - Sludge	400,000	400,000	-	0%	400,000	-	0%
Contractual Services - Pretreatment	5,000	5,000	-	0%	5,000	-	0%
Contractual Services - Alameda Co.	90,000	90,000	-	0%	90,000	-	0%
Contractual Services - SCADA	40,000	40,000	-	0%	40,000	-	0%
Professional Services	201,000	206,000	5,000	2%	207,100	1,100	1%
Memberships & Publications	63,100	63,600	500	1%	63,600	-	0%
Newsletter & Public Outreach	105,000	105,000	-	0%	105,000	-	0%
Rents & Leases	23,300	25,500	2,200	9%	25,500	-	0%
Repairs & Maintenance	326,500	326,500	-	0%	327,900	1,400	0%
Repairs & Maintenance - Waukeshas	120,000	150,000	30,000	25%	150,000	-	0%
Repairs & Maintenance - Lift Stations	50,000	50,000	-	0%	52,500	2,500	5%
Research & Monitoring	101,000	101,500	500	0%	101,500	-	0%
Travel, Meetings & Training	88,000	86,000	(2,000)	-2%	86,000	-	0%
Travel, Meetings - Directors	25,000	25,000	-	0%	25,000	-	0%
Recognition Program	35,400	33,300	(2,100)	-6%	33,600	300	1%
Utilities	201,600	193,200	(8,400)	-4%	302,200	109,000	56%
Utilities - Lift Stations	58,500	65,000	6,500	11%	68,200	3,200	5%
Utilities - Solar Power	90,000	94,500	4,500	5%	99,200	4,700	5%
Write-Off of Uncollectible Accounts	10,000	10,000	-	0%	10,000	-	0%
Sewage Disposal - EBDA	730,400	800,000	69,600	10%	800,000	-	0%
Expenses Chargeable to EBDA	27,800	30,000	2,200	8%	30,000	-	0%
Depreciation	2,750,000	2,970,000	220,000	8%	3,725,000	755,000	25%
Decrease in Carrying Value of EBDA	100,000	200,000	100,000	100%	200,000	-	0%
Bond Interest Expense	-	460,100	460,100	100%	448,300	(11,800)	-3%
Contingency	300,000	300,000	-	0%	300,000	-	0%
<b>Total Sewer O&amp;M Expenses</b>	<b>\$ 15,398,700</b>	<b>\$ 17,143,900</b>	<b>\$ 1,745,200</b>	<b>11%</b>	<b>\$ 18,957,600</b>	<b>\$ 1,813,700</b>	<b>11%</b>

# Operating Budget: Sewer Services O&M

## Sewer Services Operations & Maintenance (O&M) Budgeted Expenses by Department FY 2019-20

	Collections	Operations	Maintenance	Engineering	Administration	Non- Departmental	Total
Salaries	\$ 934,000	\$ 1,805,000	\$ 1,173,700	\$ 326,000	\$ 541,000	\$ -	\$ 4,779,700
Salaries - Overtime	10,000	12,500	10,000	5,000	1,000	-	38,500
Salaries - Shift Diff/Traffic Exposure	24,000	32,000	300	5,000	-	-	61,300
Salaries - Standby/Emergency Response	31,200	-	4,000	-	-	-	35,200
Directors' Fees	-	-	-	-	85,000	-	85,000
Employee Benefits	470,000	1,029,300	651,700	250,000	535,000	-	2,936,000
Directors' Benefits	-	-	-	-	110,000	-	110,000
Election Expenses	-	-	-	-	-	-	-
Gas & Oil	50,000	20,000	16,000	3,200	600	-	89,800
Insurance & Risk Management	152,900	222,400	128,200	38,900	63,400	-	605,800
Office Expenses	3,600	15,800	5,000	7,200	26,000	-	57,600
Bank Fees	-	-	-	-	2,400	-	2,400
Operating Supplies	50,000	487,200	42,000	3,700	-	-	582,900
Odor Control Supplies	-	18,000	-	-	-	-	18,000
Belt Press Supplies	-	125,000	-	-	-	-	125,000
Safety Supplies	9,000	10,000	10,000	1,500	1,000	-	31,500
Lift Station Supplies	10,000	-	-	-	-	-	10,000
Contractual Services	40,000	135,000	250,000	60,000	72,000	-	557,000
Contractual Services - Dept. Support	24,000	70,000	30,000	64,000	-	-	188,000
Contractual Services - Sludge	-	400,000	-	-	-	-	400,000
Contractual Services - Pretreatment	-	5,000	-	-	-	-	5,000
Contractual Services - Alameda Co.	-	-	-	-	90,000	-	90,000
Contractual Services - SCADA	-	-	40,000	-	-	-	40,000
Professional Services	4,000	25,000	5,000	22,000	150,000	-	206,000
Memberships & Publications	2,600	11,500	4,000	5,500	40,000	-	63,600
Newsletter & Public Outreach	-	-	-	-	105,000	-	105,000
Rents & Leases	-	15,000	7,500	-	3,000	-	25,500
Repairs & Maintenance	20,000	5,000	292,500	5,000	4,000	-	326,500
Repairs & Maintenance - Waukeshas	-	-	150,000	-	-	-	150,000
Repairs & Maintenance - Lift Stations	50,000	-	-	-	-	-	50,000
Research & Monitoring	-	100,000	1,500	-	-	-	101,500
Travel, Meetings & Training	15,000	24,000	20,000	5,000	22,000	-	86,000
Travel, Meetings - Directors	-	-	-	-	25,000	-	25,000
Recognition Program	3,100	5,200	3,500	1,500	20,000	-	33,300
Utilities	25,000	130,000	10,500	15,700	12,000	-	193,200
Utilities - Lift Stations	65,000	-	-	-	-	-	65,000
Utilities - Solar Power	-	94,500	-	-	-	-	94,500
Write-Offs of Uncollectible Accounts	-	-	-	-	-	10,000	10,000
Sewage Disposal - EBDA	-	-	-	-	-	800,000	800,000
Expenses Chargeable to EBDA	-	-	-	-	-	30,000	30,000
Depreciation	-	-	-	-	-	2,970,000	2,970,000
Decrease in Carrying Value of EBDA	-	-	-	-	-	200,000	200,000
Bond Interest Expense	-	-	-	-	-	460,100	460,100
Contingency	-	-	-	-	-	300,000	300,000
<b>Total Sewer O&amp;M Expenses</b>	<b>\$ 1,993,400</b>	<b>\$ 4,797,400</b>	<b>\$ 2,855,400</b>	<b>\$ 819,200</b>	<b>\$ 1,908,400</b>	<b>\$ 4,770,100</b>	<b>\$ 17,143,900</b>



# Operating Budget: Sewer Services O&M

## Sewer Services Operations & Maintenance (O&M) Budgeted Expenses by Department FY 2020-21

	Collections	Operations	Maintenance	Engineering	Administration	Non- Departmental	Total
Salaries	\$ 980,700	\$ 1,900,000	\$ 1,232,200	\$ 342,300	\$ 568,000	\$ -	\$ 5,023,200
Salaries - Overtime	10,500	13,100	10,500	5,300	1,000	-	40,400
Salaries - Shift Diff/Traffic Exposure	24,000	32,000	300	5,000	-	-	61,300
Salaries - Standby/Emergency Response	31,200	-	4,000	-	-	-	35,200
Directors' Fees	-	-	-	-	85,000	-	85,000
Employee Benefits	525,800	1,156,800	682,600	275,000	600,300	-	3,240,500
Directors' Benefits	-	-	-	-	121,000	-	121,000
Election Expenses	-	-	-	-	300,000	-	300,000
Gas & Oil	52,500	21,000	16,800	3,400	600	-	94,300
Insurance & Risk Management	164,300	237,300	136,200	40,800	66,400	-	645,000
Office Expenses	3,800	16,600	5,200	7,200	27,300	-	60,100
Bank Fees	-	-	-	-	2,400	-	2,400
Operating Supplies	52,500	511,600	44,100	3,700	-	-	611,900
Odor Control Supplies	-	18,900	-	-	-	-	18,900
Belt Press Supplies	-	131,300	-	-	-	-	131,300
Safety Supplies	9,500	10,500	10,500	1,500	1,000	-	33,000
Lift Station Supplies	10,500	-	-	-	-	-	10,500
Contractual Services	40,000	135,000	250,000	63,000	72,000	-	560,000
Contractual Services - Dept. Support	24,000	70,000	30,000	64,000	-	-	188,000
Contractual Services - Sludge	-	400,000	-	-	-	-	400,000
Contractual Services - Pretreatment	-	5,000	-	-	-	-	5,000
Contractual Services - Alameda Co.	-	-	-	-	90,000	-	90,000
Contractual Services - SCADA	-	-	40,000	-	-	-	40,000
Professional Services	4,000	25,000	5,000	23,100	150,000	-	207,100
Memberships & Publications	2,600	11,500	4,000	5,500	40,000	-	63,600
Newsletter & Public Outreach	-	-	-	-	105,000	-	105,000
Rents & Leases	-	15,000	7,500	-	3,000	-	25,500
Repairs & Maintenance	21,000	5,200	292,500	5,000	4,200	-	327,900
Repairs & Maintenance - Waukeshas	-	-	150,000	-	-	-	150,000
Repairs & Maintenance - Lift Stations	52,500	-	-	-	-	-	52,500
Research & Monitoring	-	100,000	1,500	-	-	-	101,500
Travel, Meetings & Training	15,000	24,000	20,000	5,000	22,000	-	86,000
Travel, Meetings - Directors	-	-	-	-	25,000	-	25,000
Recognition Program	3,400	4,800	3,400	1,500	20,500	-	33,600
Utilities	26,200	236,500	10,500	16,400	12,600	-	302,200
Utilities - Lift Stations	68,200	-	-	-	-	-	68,200
Utilities - Solar Power	-	99,200	-	-	-	-	99,200
Write-Offs of Uncollectible Accts	-	-	-	-	-	10,000	10,000
Sewage Disposal - EBDA	-	-	-	-	-	800,000	800,000
Expenses Chargeable to EBDA	-	-	-	-	-	30,000	30,000
Depreciation	-	-	-	-	-	3,725,000	3,725,000
Decrease in Carrying Value of EBDA	-	-	-	-	-	200,000	200,000
Bond Interest Expense	-	-	-	-	-	448,300	448,300
Contingency	-	-	-	-	-	300,000	300,000
<b>Total Sewer O&amp;M Expenses</b>	<b>\$ 2,122,200</b>	<b>\$ 5,180,300</b>	<b>\$ 2,956,800</b>	<b>\$ 867,700</b>	<b>\$ 2,317,300</b>	<b>\$ 5,513,300</b>	<b>\$ 18,957,600</b>

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Budgeted Revenues & Expenses

		2019-20 Budget	2020-21 Budget
<b>Revenues</b>			
	District Service Charges	\$ 5,000,000	\$ 5,000,000
	Agency Treatment Charges - CVSD	226,700	206,900
	Investment Income	80,000	50,000
	<b>Total R&amp;R Revenues</b>	<b>\$ 5,306,700</b>	<b>\$ 5,256,900</b>
<b>Project #</b>	<b>Expenses</b>		
<b>Collections</b>			
104.00	Lift Stations - Asset Management	\$ 40,000	\$ 40,000
100.00	Lift Stations - General & Recurring Maintenance	80,000	80,000
141.00	Collection System Asset Repair / Maintenance <sup>(2)</sup>	1,150,000	1,150,000
144.10	Collection System GIS Updates & Asset Management Plan	25,000	25,000
144.00	Collection System Source Detection & Hydraulic Model Updates	10,000	10,000
126.00	Manhole Adjustments	300,000	100,000
124.00	Junction Structure Inspections	50,000	-
125.00	Manhole Coating & Rehabilitation	100,000	100,000
140.00	Proposition 1 Grant Application Support	25,000	-
146.00	Sewer Collection System Pipeline Renewal & Replacement (SRF Application)	50,000	-
151.10	Easement Clearing & Road Maintenance	50,000	50,000
900.91	Critical Renewal & Replacements - Collections	15,000	15,000
	<b>Total Collections</b>	<b>\$ 1,895,000</b>	<b>\$ 1,570,000</b>
<b>Treatment Plant</b>			
213.12	10-Year Projections Detailed Cost Estimate	\$ 50,000	\$ -
226.03	Belt Filter Press Conveyor Parts	50,000	50,000
266.00	CEPT System Rehabilitation	35,000	-
289.00	Concrete Assessment & Rehabilitation	50,000	150,000
281.00	Digester Facilities Improvements (Pre-Design)	75,000	-
293.02	Ecotone Research & Monitoring	85,000	-
240.00	Equipment-Specific Lock-Out Tag-Out Procedure Development	40,000	-
264.04	Fuel Tank Coatings Rehabilitation	25,000	-
305.00	Gate & Valve Replacements	25,000	25,000
213.02	Non-Potable Recycled Water Study Addendum	50,000	-
226.04	Polymer Units at Belt Filter Press (spare parts)	35,000	-
213.00	Pre-Design Studies & Testing	50,000	50,000
	<b>Recurring Maintenance:</b>		
395.06	▪ Landscaping & Grounds	25,000	25,000
395.01	▪ Painting & Coating	-	250,000
395.07	▪ Roadway & Berm Maintenance	40,000	40,000
395.02	▪ Roof Maintenance	25,000	25,000
239.00	Safety Improvements	30,000	30,000
204.00	Treatment Plant GIS Updates & Asset Management Plan	10,000	10,000
900.93	Critical Renewal & Replacements - Treatment Plant	70,000	70,000
	<b>Total Treatment Plant</b>	<b>\$ 770,000</b>	<b>\$ 725,000</b>
<b>Engineering &amp; Administration</b>			
524.00	Fiscal Agent Fees	\$ 4,000	\$ 4,000
595.45	IT & Network Upgrades - District-wide	20,000	20,000
535.00	Open House	80,000	80,000
900.90	Critical Renewal & Replacements - Engineering	10,000	10,000
900.95	Critical Renewal & Replacements - Administration	30,000	30,000
	<b>Total Engineering &amp; Administration</b>	<b>\$ 144,000</b>	<b>\$ 144,000</b>
<b>Sewage Disposal - EBDA</b>			
626.00	EBDA Replacement Assessment	\$ 125,000	\$ 125,000
	<b>Total R&amp;R Expenses</b>	<b>\$ 2,934,000</b>	<b>\$ 2,564,000</b>
<b>R&amp;R Revenues Over Expenses</b>		<b>\$ 2,372,700</b>	<b>\$ 2,692,900</b>

Agency Treatment Charges - CVSD <sup>(1)</sup>			
		2019-20	2020-21
<b>Collections</b>			
-	\$	-	\$ -
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
	\$	-	\$ -
<b>Treatment Plant</b>			
25%	\$	12,500	\$ -
25%		12,500	12,500
25%		8,750	-
25%		12,500	37,500
25%		18,750	-
35%		29,750	-
25%		10,000	-
25%		6,250	-
25%		6,250	6,250
25%		12,500	-
25%		8,750	-
25%		12,500	12,500
25%		6,250	6,250
25%		-	62,500
25%		10,000	10,000
25%		6,250	6,250
25%		7,500	7,500
25%		2,500	2,500
25%		17,500	17,500
	\$	201,000	\$ 181,250
<b>Engineering &amp; Administration</b>			
-	\$	-	\$ -
19%		3,800	3,800
19%		15,200	15,200
12.5%		1,250	1,250
18%		5,400	5,400
	\$	25,650	\$ 25,650
<b>Sewage Disposal - EBDA</b>			
-	\$	-	\$ -
	\$	226,650	\$ 206,900

(1) Treatment plant project expenses are billable to CVSD at the actual flow rate, with the exception of Ecotone Research & Monitoring project billable at 35%. Administration related items are billed at 18%, Engineering related items are billed at 12.5%. District-wide projects are billed at 19%.

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Project Descriptions

Collections	FY 2019-20	FY 2020-21
<b>Lift Stations – Asset Management</b> Preparing and maintaining individual assets and an asset inventory at lift stations which will include the asset's condition, life expectancy, and projected costs over the life of the asset.	\$40,000	\$40,000
<b>Lift Stations – General &amp; Recurring Maintenance</b> For general repairs at the lift stations. Funds will be transferred to the appropriate lift station account upon use. Provides for electrical rehabilitation, painting, paving and roof maintenance, and landscaping and grounds.	\$80,000	\$80,000
<b>Collection System Asset Repair / Maintenance</b> Collection system asset repairs include: <ul style="list-style-type: none"> <li>• Point Repairs: Repairs of sections of pipes under 25 feet in length.</li> <li>• Line Repairs: Repairs of sections of pipes greater than 25 feet in length.</li> <li>• 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.</li> <li>• 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.</li> </ul>	\$1,150,000	\$1,150,000
<b>Collection System GIS Updates &amp; Maintenance</b> The geographic information system (GIS) is the District's collection system mapping program. It also serves as the basis for the hydraulic model and provides access to the closed circuit television (CCTV) data. The GIS will require regular maintenance to maintain the data.	\$25,000	\$25,000
<b>Collection System Source Detection &amp; Hydraulic Model Updates</b> Maintenance of the following systems: <ul style="list-style-type: none"> <li>• Project funds provide for update and reanalysis of the hydraulic model as needed.</li> </ul>	\$10,000	\$10,000
<b>Manhole Adjustments</b> Every year the Cities of San Leandro and Hayward and the County of Alameda repave streets. This work requires that the District, at its expense, raise and lower manhole castings. Typically the budget for this is \$100,000 per fiscal year. In FY 2019-20, the City of San Leandro will be performing a substantial amount of paving with an estimated impact to the District of \$300,000.	\$300,000	\$100,000
<b>Junction Structure Inspections</b> This budget will provide for the inspection of critical manhole junction structures around the District. The results of this inspection will be used to develop the Manhole Coating & Rehabilitation project.	\$50,000	\$0

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Project Descriptions

Collections	FY 2019-20	FY 2020-21
<b>Manhole Coating &amp; Rehabilitation</b> This budget will provide for the coating and rehabilitation of critical manhole structures and boxes throughout the District. This project will be coupled with the Junction Structure Inspections project.	\$100,000	\$100,000
<b>Proposition 1 Grant Application Support</b> This budget will provide funds to seek grant funds for the rehabilitation of sewers within disadvantages communities.	\$25,000	\$0
<b>Sewer Collection System Pipeline Renewal &amp; Replacement (SRF Application)</b> This budget will provide funds for the application for \$25 million from the State Revolving Fund for sewer line replacement work. The application process will begin in FY 2018-19, with \$20,000 expected to be incurred in FY 2018-19 and an additional \$50,000 in FY 2019-20.	\$50,000	\$0
<b>Easement Clearing &amp; Road Maintenance</b> For the clearing of brush and road maintenance on easement roads utilized by the Collections crews during routine CCTV and Hydro cleaning of the system.	\$50,000	\$50,000
<b>Critical Renewal &amp; Replacements – Collections</b> For unanticipated renewal & replacement items utilized by the Collections department.	\$15,000	\$15,000
<b>Total Collections</b>	<b>\$1,895,000</b>	<b>\$1,570,000</b>

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Project Descriptions

Treatment Plant		
	FY 2019-20	FY 2020-21
<b>10-Year Projections Plan Detailed Cost Estimate</b> Retain third party consultant to review and update the District's 10-year CIP and R&R cost projections.	\$50,000	\$0
<b>Belt Filter Press Conveyor Parts</b> Purchase spare parts for an immediate overhaul of the Belt Filter Press Conveyor when necessary to reduce downtime. The strategy is to extend the conveyor's life until a new unit is installed at the digesters.	\$50,000	\$50,000
<b>CEPT System Rehabilitation</b> Replacement of existing pumps and piping as required to maintain functionality of the CEPT System.	\$35,000	\$0
<b>Concrete Assessment &amp; Rehabilitation</b> Ongoing rehabilitation and repair of concrete cracks throughout the treatment plant.	\$50,000	\$150,000
<b>Digester Facilities Improvement Plan</b> Predesign services for the replacement or rehabilitation of existing Digesters.	\$75,000	\$0
<b>Ecotone Research &amp; Monitoring</b> This budget will provide for the continuing research on the ecotone slope.	\$85,000	\$0
<b>Equipment-Specific Lock-Out Tag-Out Procedure Development</b> Development of Lock-Out Tag-Out procedures for specific equipment within the treatment plant. All procedures will be housed in the District's Operator Training Program.	\$40,000	\$0
<b>Fuel Tank Coatings Rehabilitation</b> Provides recoating of the gasoline and diesel tanks at the fueling station.	\$25,000	\$0
<b>Gate &amp; Valve Replacements</b> Ongoing replacement of gate and other miscellaneous valves due to end of their useful lives.	\$25,000	\$25,000
<b>Non-Potable Recycled Water Study Addendum</b> Additional study to examine the issue of non-potable recycled water.	\$50,000	\$0
<b>Polymer Units at Belt Filter Press (spare parts)</b> Purchase spare parts for ongoing maintenance of the polymer units at the belt filter press building. The strategy is to extend the life of the units until new ones are installed at the digesters.	\$35,000	\$0

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Project Descriptions

Treatment Plant		
	FY 2019-20	FY 2020-21
<b>Pre-Design Studies &amp; Testing</b> To evaluate new process or technologies.	\$50,000	\$50,000
<b>Recurring Maintenance</b>		
Landscaping & Grounds	\$25,000	\$25,000
Painting & Coating	\$0	\$250,000
Roadway & Berm Maintenance	\$40,000	\$40,000
Roof Maintenance	\$25,000	\$25,000
<b>Safety Improvements</b> For unforeseen safety related projects.	\$30,000	\$30,000
<b>Treatment Plant GIS Updates &amp; Asset Management Plan</b> The geographic information system (GIS) is a mapping program. This work will incorporate assets of the treatment plant into the program.	\$10,000	\$10,000
<b>Critical Renewal &amp; Replacement – Treatment Plant</b> For unanticipated renewal & replacement items within the treatment plant.	\$70,000	\$70,000
<b>Total Treatment Plant</b>	<b>\$770,000</b>	<b>\$725,000</b>
Engineering, Administration & EBDA		
	FY 2019-20	FY 2020-21
<b>Fiscal Agent Fees</b> For the District's investment custodial services.	\$4,000	\$4,000
<b>IT &amp; Network Upgrades – District-wide</b> For maintenance of the computer and information technology network.	\$20,000	\$20,000
<b>Open House</b> For annual event planning and execution.	\$80,000	\$80,000
<b>Critical Renewal &amp; Replacements – Engineering</b> For unanticipated renewal & replacement items utilized by the Engineering department.	\$10,000	\$10,000
<b>Critical Renewal &amp; Replacements – Administration</b> For unanticipated renewal & replacement items .	\$30,000	\$30,000
<b>EBDA Replacement Assessment</b> Annual Contribution to EBDA for renewal & replacement assessment.	\$125,000	\$125,000
<b>Total Engineering, Administration &amp; EBDA</b>	<b>\$269,000</b>	<b>\$269,000</b>
<b>Total R&amp;R Costs</b>	<b>\$2,934,000</b>	<b>\$2,564,000</b>



# Operating Budget: Solid Waste

## Solid Waste Budgeted Revenues & Expenses

	2018-19 Budget	2019-20 Budget	Budget Change Over Prior Year		2020-21 Budget	Budget Change Over Prior Year	
<b>Revenues</b>							
Solid Waste Contract fees	\$ 1,050,000	\$ 1,081,500	\$ 31,500	3%	\$ 1,114,000	\$ 32,500	3%
Investment income	7,000	40,000	33,000	471%	20,000	(20,000)	-50%
Recovery of Uncollectible Accounts	10,000	10,000	-	0%	10,000	-	0%
<b>Total Revenues</b>	<b>\$ 1,067,000</b>	<b>\$ 1,131,500</b>	<b>\$ 64,500</b>	<b>6%</b>	<b>\$ 1,144,000</b>	<b>\$ 12,500</b>	<b>1%</b>
<b>Expenses</b>							
Salaries	\$ 180,600	\$ 169,000	\$ (11,600)	-6%	\$ 177,400	\$ 8,400	5%
Salaries - Overtime	500	500	-	0%	500	-	0%
Directors' Fees	8,900	8,900	-	0%	8,900	-	0%
Overhead	190,000	187,300	(2,700)	-1%	196,100	8,800	5%
Office Expenses	3,000	3,000	-	0%	3,000	-	0%
Safety Supplies	500	500	-	0%	500	-	0%
Contractual Services	3,000	103,000	100,000	3333%	3,000	(100,000)	-97%
Professional Services	10,000	10,000	-	0%	10,000	-	0%
Memberships & Publications	1,000	1,000	-	0%	1,000	-	0%
Newsletter & Public Outreach	80,000	80,000	-	0%	80,000	-	0%
Repairs & Maintenance	500	500	-	0%	500	-	0%
Travel, Meetings & Training	-	-	-	0%	-	-	0%
Recognition Program	600	600	-	0%	600	-	0%
Utilities	500	500	-	0%	500	-	0%
Write-Offs of Uncollectible Accounts	3,000	3,000	-	0%	3,000	-	0%
Contingency	30,000	30,000	-	0%	30,000	-	0%
<b>Total Expenses</b>	<b>\$ 512,100</b>	<b>\$ 597,800</b>	<b>\$ 85,700</b>	<b>17%</b>	<b>\$ 515,000</b>	<b>\$ (82,800)</b>	<b>-14%</b>
<b>Solid Waste Revenues Over Expenses</b>	<b>\$ 554,900</b>	<b>\$ 533,700</b>	<b>\$ (21,200)</b>	<b>-4%</b>	<b>\$ 629,000</b>	<b>\$ 95,300</b>	<b>18%</b>

# Operating Budget: Recycling

## Recycling Budgeted Revenues & Expenses

	2018-19 Budget	2019-20 Budget	Budget Change Over Prior Year		2020-21 Budget	Budget Change Over Prior Year	
Revenues							
Recycling Charges - Residential	\$ 2,309,000	\$ 2,309,000	\$ -	0%	\$ 2,309,000	\$ -	0%
Recycling Charges - Commercial	100,000	100,000	-	0%	100,000	-	0%
Landfill Fees - Measure D	320,000	350,000	30,000	9%	350,000	-	0%
Investment Income	4,000	20,000	16,000	400%	20,000	-	0%
Penalties & Miscellaneous Revenues	12,000	15,000	3,000	25%	15,000	-	0%
Total Revenues	\$ 2,745,000	\$ 2,794,000	\$ 49,000	1.8%	\$ 2,794,000	\$ -	0%
Expenses							
Salaries	\$ 180,600	\$ 169,000	\$ (11,600)	-6%	\$ 177,400	\$ 8,400	5%
Salaries - Overtime	500	500	-	0%	500	-	0%
Overhead	181,100	178,000	(3,100)	-2%	186,800	8,800	5%
Office Expenses	2,000	2,000	-	0%	2,000	-	0%
Contractual Services - WMAC	2,300,000	2,300,000	-	0%	2,300,000	-	0%
Contractual Services - Others	20,000	220,000	200,000	1000%	20,000	(200,000)	-91%
Professional Services	2,000	2,000	-	0%	2,000	-	0%
Memberships & Publications	-	-	-	0%	-	-	0%
Newsletter & Public Outreach	160,000	160,000	-	0%	160,000	-	0%
Schools & Commercial Recycling Supplies	20,000	20,000	-	0%	20,000	-	0%
Travel, Meetings & Training	-	-	-	0%	-	-	0%
Write-Offs of Uncollectible Accounts	200	200	-	0%	200	-	0%
San Leandro Measure D Expense	40,000	45,000	5,000	13%	45,000	-	0%
Contingency	10,000	10,000	-	0%	10,000	-	0%
Total Expenses	\$ 2,916,400	\$ 3,106,700	\$ 190,300	7%	\$ 2,923,900	\$ (182,800)	-6%
Recycling Revenues Over Expenses	\$ (171,400)	\$ (312,700)	\$ (141,300)	-82%	\$ (129,900)	\$ 182,800	58%

# **Long-Range Plan & Capital Budget**

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# Long-Range Plan

The foundation of the District's long-range financial plan is anchored on its 10-year Renewal & Replacement (R&R) Capital Improvement Program (CIP) Plan. The District updates the plan monthly, based on asset management and its 10-year strategic goals. The projected R&R and CIP average cost is \$12.9 million per year. The following section discusses strategic goals that have noteworthy financial impact on the operating and capital budgets, and provides summaries of the 10-year R&R and CIP Schedule.

## Strategic Goals & Impact on the Operating Budget - Renewal & Replacement (R&R)

- Implement asset management program for all District assets by 2023.
- Build geographic information system (GIS) into a central reference source for all District assets and customer service issues.
- Maintain zero sewer overflows.
- Maintain zero lost time injuries.
- Conduct treatment plant electrical load study and implement identified improvements prior to planned cogeneration system replacement in 2025.
- Consider development of non-potable recycled water project to protect long-term supply of drinking water in our service area.

The Strategic Plan sets a goal of establishing a comprehensive asset management program by 2023. In 2017, staff developed a plan which includes intermediate milestones to achieve those goals. In 2019, staff continues to implement the plan and is on track to achieve the 2023 goals. When built, the system will include an asset inventory with information such as asset condition, life expectancy, and projected costs over the asset's life. The program will cover both Collections and Treatment Plant assets, and will be useful for optimizing our existing assets and accurately projecting future financing needs. The cost of implementing the program is \$40,000 in each of the next 2 years, and up to \$40,000 annually for the remainder of the 10-year horizon.

The District will spend \$35,000 per year (\$25,000 in Collections plus \$10,000 in the Treatment Plant) for the next 10 years to maintain the geographic information system (GIS) as a central reference source. This is an essential tool for Collections and Engineering staff in the field. The integrated program will also enhance customer service at the point of contact, by enabling staff to look up pertinent property data associated with customer inquiries.

To maintain zero sewer overflows, the Collections crew routinely inspects and cleans sewer pipes of roots and debris. Pipes requiring immediate repairs are identified during the process. The long-range plan provides for \$1.25 million annually to perform these repairs and related work such as manhole coating and rehabilitation, to ensure reliability in its sewer infrastructure.

As part of the District's safety culture, the Safety Committee evaluates issues relating to work safety and ergonomics. The District is providing \$30,000 per year in the next 10 years for ongoing safety improvements and modifications, making employees safer at work and free from injuries.

## Summary of the 10-Year Renewal & Replacement Schedule

Category	Fiscal Year (millions)									
	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29
Collections	1.90	1.57	1.60	1.56	1.56	1.56	1.75	1.56	1.56	1.56
Treatment Plant	0.89	0.85	0.64	2.13	1.46	0.45	0.73	2.32	0.63	0.48
Engineering & Administration	0.14	0.14	0.16	0.16	0.16	0.07	0.07	0.07	0.07	0.07
Total	2.93	2.56	2.40	3.85	3.18	2.08	2.55	3.95	2.26	2.11

## Strategic Goals & Impact on the Capital Budget - Capital Improvement Program (CIP)

- Improve the condition of the collection system by approximately 3% per year for the next 10 years. Currently, 76 miles of pipes with a defect score of 3 or greater. The goal is to reduce this value to 57 miles by 2029.
- Replace a minimum of 40 miles of pipes between 2019 and 2029 (increase miles of HDPE from 32.7 to 72.7).
- Manage the sewer line replacement program to limit high-frequency footage at or below 27 miles of pipes (10% of the District's collection system). Use debt financing in FY 2020-21 to meet the strategic plan goals for the collection system.
- Consolidate Collections, Operations and Maintenance into one single building with locker rooms by 2021.
- Build capital asset program funding into rate structure.
- Develop written training standards and video-based operator training program for all areas of the plant by 2022.
- In response to ongoing climate change trends, do no new harm. Build all new infrastructure above the 100-year sea level rise projections.

The District continues to make sewer line replacements a top strategic priority. The budget includes a \$10 million budget allocation for pipe replacement and anticipates applying for State Revolving Funds up to \$25 million to further accelerate the pace of replacement to achieve the long-range goal to replace a minimum of 40 miles of pipes by 2029, to work progressively towards the goal of reducing pipes with a defect score of 3 or greater from 76 miles to 57 miles in the next 10 years. The District expects that the new HDPE pipes will have 2 to 3 times the life of the pipe they are replacing. Because the new pipe is nearly joint-free, the replacement program will begin to reduce inflow and infiltration to the plant. HDPE is also advantageous for the wide variability in precipitation expected with climate change. In cases of more frequent drought, the smooth and seamless pipe is expected to perform better than the existing vitrified clay material.

Under the current rate structure, revenues are not sufficient to fund the District's capital needs. In the past, the Board has elected to use reserves, connection fees, or savings over projected expenses to pay for CIP expenditures. As a result, the District's cash balance has decreased from \$38.2 million in 2004 to \$21.7 million in 2016, and is projected to be as low as \$5 million (if SRF loan proceeds are not received) at the end of FY 2020-21. To mitigate this trend, the District Board will need to consider a capital component into the sewer rate structure or plan to scale back the capital program, when it reviews and adopts new rates in FY 2021-22.

To reduce long term costs and potential liabilities associated with a failure of our effluent pipeline (operated in partnership with the East Bay Dischargers Authority), the District has positioned itself to renegotiate its capacity rights in the EBDA system from 69 to 30 mgd. Although a formal agreement has not been drafted, a framework of a deal has developed and a new draft agreement is expected to be voted on before the end of 2019. If the framework is maintained, the District will have reduced its potential liabilities for a failure of the EBDA pipelines. If the framework is not carried forward, the District has prepared for multiple contingencies, including local discharge of all flows.

## Summary of the 10-Year Capital Improvement Program Schedule

Category	Fiscal Year (millions)									
	19-20*	20-21	21-22*	22-23*	23-24*	24-25*	25-26*	26-27	27-28	28-29
Collections	5.83	5.13	8.58	8.34	8.21	3.41	3.22	3.57	3.47	3.21
Treatment Plant	13.64	6.30	6.40	4.36	1.06	3.10	11.07	1.68	0.16	0.37
Engineering & Administration	0.06	0.04	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
<b>Total</b>	<b>19.53</b>	<b>11.47</b>	<b>15.03</b>	<b>12.75</b>	<b>9.32</b>	<b>6.56</b>	<b>14.34</b>	<b>5.30</b>	<b>3.68</b>	<b>3.63</b>

\* FY 19-20 includes \$11.85 million to complete the Nutrient Optimization Project (Treatment Plant). FY 21-22 to FY 23-24 include \$8 million per year of accelerated catch-up of sewer line replacements (Collections). FY 24-25 and FY 25-26 include a total cost of \$7.1 million for the cogeneration system upgrade (Treatment Plant).

# Capital Budget

## Capital Improvement Program (CIP) Budgeted Revenues & Expenditures

		2019-20 Budget	2020-21 Budget
<b>Revenues, Contributions &amp; Repayments</b>			
	Investment Income	\$ 80,000	\$ 50,000
	Capital Contributions - Connection Fees	200,000	200,000
	Capital Repayments - CVSD	3,420,800	1,580,600
	<b>Total CIP Revenues &amp; Contributions</b>	<b>\$ 3,700,800</b>	<b>\$ 1,830,600</b>
<b>Expenditures</b>			
<b>Collections</b>			
100.00	Lift Stations - General	\$ 50,000	\$ 50,000
107.00	Lift Stations - Rehabilitation	350,000	-
105.00	Lift Stations - Remote Site PLC Upgrades	100,000	-
166.00	Collections Truck Replacement	45,000	65,000
146.00	Sewer Collection System Pipeline Renewal & Replacement (Design)	270,000	-
143.##	Pipeline Replacement Program	5,000,000	5,000,000
900.91	Critical Equipment - Collections	15,000	15,000
	<b>Total Collections</b>	<b>\$ 5,830,000</b>	<b>\$ 5,130,000</b>
<b>Treatment Plant</b>			
220.01	Aeration Basin Inlet Valve Replacement	\$ 150,000	\$ -
-	Alkalinity Chemical Feed System (part of Nutrient Optimization)	-	-
299.00	Cogeneration Engine Overhaul	60,000	175,000
213.08	Consolidated Operations Building	500,000	3,000,000
281.08	Digesters No. 8 & No. 9	50,000	800,000
268.00	Grit Detritor Rehabilitation	75,000	-
245.00	Hypochlorite PVC Piping Replacement	-	50,000
284.00	Influent Grinder Rebuild	30,000	30,000
249.01	No. 4 Water Suction Valve Replacement	-	50,000
213.06	Nutrient Optimization Project	11,850,000	-
201.00	Operator Training Program	100,000	100,000
395.07	Plant Paving Post-Digester Project	-	1,100,000
285.02	RAS Actuated Valves at Treatment Unit	120,000	-
319.00	SCADA Network System Replacements & Upgrades	50,000	50,000
292.01	Storm Flow Prediction Model	300,000	-
395.02	Treatment Plant Roof Replacements	250,000	400,000
316.00	Vehicle Replacements - Sludge Dump Truck	-	80,000
316.00	Vehicle Replacements - Sludge Moving Equipment (CAT D6)	-	350,000
316.00	Vehicle Replacements - Others	40,000	40,000
900.93	Critical Equipment - Treatment Plant	70,000	70,000
	<b>Total Treatment Plant</b>	<b>\$ 13,645,000</b>	<b>\$ 6,295,000</b>
<b>Engineering &amp; Administration</b>			
595.04	Administration Building Roof Access	\$ 15,000	\$ -
595.45	IT & Network Upgrades - District-wide	\$ 20,000	\$ 20,000
900.90	Critical Equipment - Engineering	10,000	10,000
900.95	Critical Equipment - Administration	10,000	10,000
	<b>Total Engineering &amp; Administration</b>	<b>\$ 55,000</b>	<b>\$ 40,000</b>
	<b>Total CIP Expenditures</b>	<b>\$ 19,530,000</b>	<b>\$ 11,465,000</b>
<b>CIP Revenues Over Expenditures</b>		<b>\$ (15,829,200)</b>	<b>\$ (9,634,400)</b>

Capital Repayments - CVSD <sup>(1)</sup>			
		2019-20	2020-21
<b>Collections</b>			
-	\$	-	\$ -
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
	\$	-	\$ -
<b>Treatment Plant</b>			
25%	\$	37,500	\$ -
25%		-	-
25%		15,000	43,750
25%		125,000	750,000
25%		12,500	200,000
25%		18,750	-
25%		-	12,500
25%		7,500	7,500
25%		-	12,500
25%		2,962,500	-
25%		25,000	25,000
25%		-	275,000
25%		30,000	-
25%		12,500	12,500
25%		75,000	-
25%		62,500	100,000
25%		-	20,000
25%		-	87,500
25%		10,000	10,000
25%		17,500	17,500
	\$	3,411,250	\$ 1,573,750
<b>Engineering &amp; Administration</b>			
18%		2,700	-
19%	\$	3,800	\$ 3,800
12.5%		1,250	1,250
18%		1,800	1,800
	\$	9,550	\$ 6,850
	\$	3,420,800	\$ 1,580,600

(1) Treatment plant project costs are billable to CVSD based on its 25% ownership in the treatment plant. Administration related items are billed at 18%, Engineering related items are billed at 12.5%. District-wide projects are billed at 19%.

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs less than \$50,000

	FY 2019-20	FY 2020-21
<b>Collections</b>		
<b>Lift Stations General</b> For miscellaneous projects at lift stations.	\$50,000	\$50,000
<b>Critical Equipment – Collections</b> For unanticipated equipment needs for the Collections department.	\$15,000	\$15,000
<b>Treatment Plant</b>		
<b>Hypochlorite PVC Piping Replacement</b> To replace existing PVC piping at the hypochlorite tanks due to increased maintenance and the PVC nearing the end of its useful life.	\$0	\$50,000
<b>Influent Grinder Rebuild</b> The two grinders installed on the barscreens are to be rebuilt every two years to replace worn and broken teeth. One of the two grinders will be rebuilt each year.	\$30,000	\$30,000
<b>No. 4 Water Suction Valve Replacement</b> To replace one of the No.4 water isolation valves due to a leaking seal.	\$0	\$50,000
<b>SCADA Network System Replacements &amp; Upgrades</b> To maintain the SCADA system within the treatment plant. The SCADA system is the process communication system used to operate and control the treatment process.	\$50,000	\$50,000
<b>Vehicle Replacements - Others</b> For the replacement of vehicles that have exceeded their useful lives.	\$40,000	\$40,000
<b>Engineering &amp; Administration</b>		
<b>Administration Building Roof Access</b> To provide safe access to the roof of the Administration Building for equipment maintenance.	\$15,000	\$0
<b>IT &amp; Network Upgrades – District-Wide</b> For upgrades of computers and information technology network components.	\$20,000	\$20,000
<b>Critical Equipment – Engineering</b>	\$10,000	\$10,000
<b>Critical Equipment – Administration</b>	\$10,000	\$10,000



# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$50,000

### Lift Stations – Rehabilitation

**Project Location:** Edgebrook Lift Station.

**Project Description:** Abandonment or Rehabilitation of the Edgebrook lift station to provide reliable service.

**Project Justification:** This project provides funds for either the purchase of an easement and the installation of piping to bypass the lift station, or the rehabilitation of the lift station including coating the wet well, hatch replacement, piping and valve replacements, and electrical panel replacement, as well as improvements for accessibility and safety.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Project Management (District)	\$ 20,000	\$ 20,000	\$ 0
Easement	50,000	50,000	0
Construction (Contractor)	280,000	280,000	0
Total	\$ 350,000	\$ 350,000	\$ 0

### Lift Stations – Remote Site PLC Upgrades

**Project Location:** Various lift stations throughout the District.

**Project Description:** Rehabilitation and upgrades of the programmable logic controllers (PLCs) at various lift stations, which include controls and control panel upgrades.

**Project Justification:** Several of the lift stations have obsolete controls and PLCs. This makes parts difficult and expensive to purchase.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Project Management (District)	\$ 2,500	\$ 2,500	\$0
Design (District)	10,000	10,000	0
Construction (Contractor)	87,500	87,500	0
Total	\$100,000	\$100,000	\$0

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$50,000

### Collections Truck Replacement

**Project Description:** Replacement of two existing trucks used to maintain the collection system. A standard pickup truck in FY 2019-20 and a ¾ ton utility bed truck for emergency response in FY 2020-21.

**Project Justification:** The trucks to be replaced have been inspected by the maintenance department and found to be nearing the end of their useful life.

**Impact Analysis:** N/A

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Equipment	\$110,000	\$45,000	\$65,000
Total	\$110,000	\$45,000	\$65,000

### Sewer Collection System Pipeline Renewal & Replacement (Design)

**Project Location:** Various locations throughout the collection system.

**Project Description:** As a part of the Sewer Collection System Pipeline Renewal & Replacement Project to be financed by State Revolving Funds, this project will provide for the design of \$25 million in Sewer Line Replacement.

**Project Justification:** This work will be performed to reduce the backlog of pipes that have chronic maintenance and structural issues identified within the existing collection system. The plan is to design five \$5 million projects which will be constructed over a three year period coinciding with obtaining \$25 million from the State Revolving Fund. The total budget for the design is \$330,000, with \$60,000 to be incurred in FY 2018-19.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Design (District)	\$330,000	\$270,000	\$0
Total	\$330,000	\$270,000	\$0

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$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 align with the District's 10-Year Strategic Plan of replacing 40 miles of collection system pipe between 2017 and 2027.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Project Management (District)	\$ 900,000	\$ 450,000	\$ 450,000
Design (District)	100,000	50,000	50,000
Construction (Contractor)	9,000,000	4,500,000	4,500,000
Total	\$10,000,000	\$5,000,000	\$5,000,000

### Aeration Basin Inlet Valve Replacement

**Project Location:** Aeration Basins.

**Project Description:** Replacement of Inlet Valves.

**Project Justification:** These primary effluent slide gate valves are showing wear and leak when isolated. This project would replace the six (6) valves to the Aerations Basins.

**Impact Analysis:** N/A

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Construction	\$150,000	\$150,000	\$0
Total	\$150,000	\$150,000	\$0

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$50,000

### Alkalinity Chemical Feed System (Part of the Nutrient Optimization Project)

**Project Location:** Treatment Plant: Ferric Chloride Equipment Pad.

**Project Description:** Addition of Chemical Storage Tank and Accessories for Alkalinity Dosing.

**Project Justification:** The process of nitrification and denitrification requires a particular pH range that is favorable for biological activity. The process is short on alkalinity and this chemical will provide the necessary addition to maintain pH.

**Impact Analysis:** N/A

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Construction (Contractor)	\$0	\$0	\$0
Total	\$0	\$0	\$0

**NOTE:** PROJECT TO BE FUNDED FROM EXISTING NUTRIENT OPTIMIZATION PROJECT FUNDS.

### Cogeneration Engine Overhaul

**Project Location:** Treatment Plant: Cogeneration System.

**Project Description:** Overhaul of cogeneration engine.

**Project Justification:** Every two years, one of the two cogeneration engines is scheduled to be rebuilt. The overhaul is required to meet emission standards and helps ensure reliable operation. A \$60,000 amount is planned for FY 2019-20 which will include refurbishing and restoring the short block removed in FY 2018-19. The effort is important to maintain spare parts to extend the cogeneration system's useful life to 2025.

**Impact Analysis:** N/A

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Project Management (District)	\$ 15,000	\$ 0	\$ 15,000
Parts & Materials (Contractor)	140,000	60,000	80,000
Labor (District)	35,000	0	35,000
Quality Control & Inspection (Contractor)	35,000	0	35,000
Project Contingency	10,000	0	10,000
Total	\$235,000	\$ 60,000	\$175,000

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$50,000

### Consolidated Operations Building

**Project Location:** Treatment Plant.

**Project Description:** Expansion of the Operations Building and Consolidation of Operations and Maintenance work areas. This project will provide new locker rooms and lunch rooms for O&M staff.

**Project Justification:** Provide adequate locker room space for all staff.

**Impact Analysis:** N/A.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Project Management (District)	\$ 20,000	\$ 20,000	\$0
Design (Consultant)	380,000	380,000	0
Construction (Contractor)	3,100,000	100,000	3,000,000
Total	\$3,500,000	\$500,000	\$3,000,000

### Digesters No. 8 & No. 9

**Project Location:** Treatment Plant.

**Project Description:** Construct new digesters or retrofit existing Digesters No. 6 & 7, and demolish Digesters No. 1, 2, 3, 4, & 5.

**Project Justification:** The existing digesters are 60 plus years old and possess significant seismic vulnerabilities. Retrofitting the newest digesters with recuperative thickening or building new ones will mitigate this issue and also consolidate and optimize the solids handling process. The construction budget of \$8 million is planned for FY 2021-22. The budgeted amount is expected to be refined by the Digester Facility Planning Study in FY 2018-19 and pre-design effort in FY 2019-20.

**Impact Analysis:** N/A

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Design (Consultant)	\$ 850,000	\$50,000	\$800,000
Project Management (District) & Construction (Contractor)	8,000,000	0	0
Total	\$8,850,000	\$50,000	\$800,000

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$50,000

### Grit Detritor Rehabilitation

**Project Location:** Treatment Plant.

**Project Description:** Provides for the rehabilitation of the grit detritor located in the grit chamber.

**Project Justification:** The grit detritor will undergo a condition assessment and repairs will take place as needed.

**Impact Analysis:** N/A

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Equipment Purchase and Installation	\$75,000	\$75,000	\$0
Total	\$75,000	\$75,000	\$0

### Nutrient Optimization Project

**Project Location:** Treatment Plant.

**Project Description:** The project provides for the upgrade of our treatment process to remove approximately half of the nitrogen from the influent flow. Total budget includes work that has already taken place in FY 2018-19.

**Project Justification:** Improve effluent quality.

**Impact Analysis:** Mitigated negative declaration.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Project Management & Support Services (District & Consultant)	\$ 4,169,100	\$ 2,700,000	\$0
Design (Consultant)	1,100,000	150,000	0
Construction	19,430,900	9,000,000	
Total	\$24,700,000	\$11,850,000	\$0

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$50,000

### Operator Training Program

**Project Location:** Treatment Plant.

**Project Description:** Development of a Computer Based Training Program for the Treatment Plant.

**Project Justification:** Establish operational standards and assessment tools for new and existing Operation's staff. \$100,000 in funds were expended during FY 2018-19.

**Impact Analysis:** N/A

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Development (Consultant)	\$ 300,000	\$100,000	\$ 100,000
Total	\$300,000	\$100,000	\$ 100,000

### Plant Paving Post-Digester Project

**Project Location:** Treatment Plant.

**Project Description:** Renewal of Paving of the Treatment Plant Roadways.

**Project Justification:** Pavement within the Treatment Plant has been showing degradation. A design was completed to rehabilitate the pavement in the treatment plant. This project would be the implementation of the design documents.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Construction (Contractor)	\$1,100,000	\$0	\$1,100,000
Total	\$1,100,000	\$0	\$1,100,000



# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$50,000

### RAS Actuated Valves at Treatment Unit

**Project Location:** Treatment Plant.

**Project Description:** Replacement of the RAS actuated valves.

**Project Justification:** The RAS actuated valves have been unable to equalize flow between the three aeration basins. This project is to rehabilitate those valves to reestablish reliable flow splitting capabilities.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Construction (Contractor)	\$120,000	\$120,000	\$0
Total	\$120,000	\$120,000	\$0

### Storm Flow Prediction Model

**Project Location:** Treatment Plant.

**Project Description:** Development of a Storm Flow Prediction Model.

**Project Justification:** To provide additional data to Operation's staff to better pump, store, and treat flows through the plant with predictive storm flow tools.

**Impact Analysis:** N/A

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Model development and implementation	\$300,000	\$300,000	\$0
Total	\$300,000	\$300,000	\$0

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$50,000

### Treatment Plant Roof Replacements

**Project Location:** Treatment Plant.

**Project Description:** Replacement or rehabilitation of roofs within the treatment plant.

**Project Justification:** A condition assessment was performed for all the roofs within the treatment plant. The project would replace and rehabilitate roofs according to their condition. The remaining project budget is shown in FY 2022-23.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Project Management (District)	\$ 15,000	\$5,000	\$ 5,000
Construction (Contractor)	\$885,000	\$245,000	\$395,000
Total	\$900,000	\$250,000	\$400,000

### Vehicle Replacements – Sludge Dump Truck

**Project Location:** Treatment Plant.

**Project Description:** Replacement of a sludge dump truck.

**Project Justification:** One of three sludge dump trucks is nearing the end of its useful life. This budget would replace it with a newer model.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Equipment Purchase	\$80,000	\$0	\$80,000
Total	\$80,000	\$0	\$ 80,000

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs more than \$50,000

### Vehicle Replacements – Sludge Moving Equipment (CAT D6)

**Project Location:** Treatment Plant.

**Project Description:** Replacement of Caterpillar D5.

**Project Justification:** The existing Caterpillar D5 has reached the end of its useful life. This budget would replace it with a newer D6 model or equivalent.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

**Financial Requirements:**

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Equipment Purchase	\$350,000	\$0	\$350,000
Total	\$350,000	\$0	\$ 350,000

### Critical Equipment – Treatment Plant

**Project Location:** Treatment Plant.

**Project Description:** Replacement of unanticipated failure of critical equipment at the Treatment Plant.

**Project Justification:** To replace unexpected failure of critical equipment at the Treatment Plant.

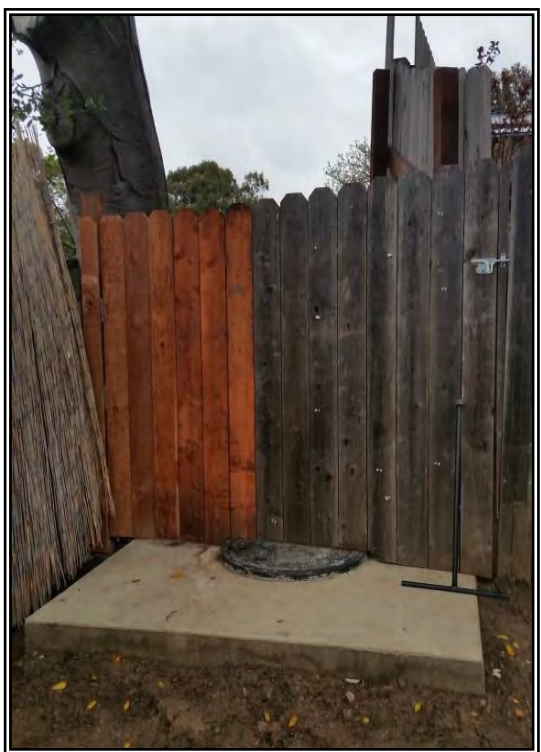
**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

**Financial Requirements:**

Project Components	Total Project Budget	Annual Allocation	
		FY 2019-20	FY 2020-21
Construction (Contractor)	\$140,000	\$ 70,000	\$ 70,000
Total	\$140,000	\$ 70,000	\$ 70,000

## Collection System Asset Repair/Maintenance

Collection system asset repairs include: point repairs, line repairs, major structures repairs and manhole raising. The project is the major focus of the Operating budget. Often times, the construction crew has to adapt to work in different environments, such as this job on Fairlands Road.



## **Other Information**

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# Risk Management

The District is a member of the California Sanitation Risk Management Authority (CSRMA), a joint powers authority that provides broad coverage and risk control services to its members. The District participates in the property insurance, workers' compensation and pooled liability programs through CSRMA.

The pooled liability program has the following tiers of coverage:

Coverage Limits	Coverage Provided By
\$0 - \$500,000	CSRMA Risk Pool, with a \$250,000 Deductible.
\$500,001 - \$15,500,000	Munich Reinsurance America
\$15,500,001 - \$25,500,000	Ironshore Specialty Insurance Co.
\$25,500,001 and up	Oro Loma Self-Insurance

The District accounts for costs associated with risk management through an internal clearing fund. Costs accumulated are distributed quarterly to department units as Insurance & Risk Management expenses.

The following table shows trends in each of the risk management cost categories. Effective FY 2019-20, the Safety & Special Programs Administrator position salary is no longer distributed to Solid Waste and Recycling Funds and is fully recorded in the Risk Management/Insurance Fund. In addition, overhead will not be applied to salaries incurred for risk management since related costs have already been accounted for in the Sewer Service Fund.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
Salaries	\$76,976	\$101,400	\$198,400	\$208,300
Overtime	-	1,000	500	500
Overhead	57,732	78,800	-	-
Insurance Premiums	213,498	235,700	282,300	310,600
Office Expenses	1,059	1,600	1,600	1,700
Operating Supplies & Equipment	17,084	15,000	15,000	15,800
Contractual Services	3,789	10,300	30,000	30,000
Professional Services	-	3,100	3,000	3,100
Memberships & Publications	3,484	4,200	4,000	4,000
Travel, Meetings & Training	4,520	8,300	8,000	8,000
Recognition Program	2,532	3,000	3,000	3,000
Losses & Settlements	9,010	60,000	60,000	60,000
<b>Total Expenses</b>	<b>\$389,684</b>	<b>\$522,400</b>	<b>\$605,800</b>	<b>\$645,000</b>
<b>Change in Budget from Prior Year</b>			<b>16%</b>	<b>6.5%</b>

Costs are distributed to department units as follows.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
Collections	\$113,224	\$162,600	\$152,900	\$164,300
Operations	133,945	192,700	222,400	237,300
Maintenance	77,678	101,200	128,200	136,200
Engineering	30,371	29,700	38,900	40,800
Administration	34,466	36,200	63,400	66,400
<b>Total Expenses</b>	<b>\$389,684</b>	<b>\$522,400</b>	<b>\$605,800</b>	<b>\$645,000</b>

## Flexible Spending Benefit Plan

The District maintains a flexible spending benefit plan for its full-time employees. The plan is funded by both the District and the employees, and is accounted for separately in the District's financial reporting. These contributions pay for medical and other insurance premiums, flexible spending reimbursements, and cash withdrawals allowed under the plan.

The following table shows the expected trends in the flexible spending benefit plan.

	FY 2017-18 Actual	FY 2018-19 Budget	FY 2019-20 Budget	FY 2020-21 Budget
<b>Contributions</b>				
Employer Contributions	\$857,656	\$975,000	\$985,000	\$1,084,000
Employee Contributions	\$6,541	10,000	15,000	15,000
<b>Total Contributions</b>	<b>\$864,197</b>	<b>\$985,000</b>	<b>\$1,000,500</b>	<b>\$1,099,000</b>
<b>Disbursements</b>				
Medical Insurance	\$665,866	\$784,400	\$786,200	\$864,800
Dental Insurance	70,329	73,000	72,000	79,000
Vision Insurance	10,282	12,200	9,800	10,500
Life Insurance	10,736	12,000	11,000	12,100
Flexible Spending Reimbursements-Prior Year	2,578	4,000	3,000	4,000
Flexible Spending Reimbursements-Current Year	5,164	9,200	9,000	9,200
Dependent Care Reimbursement	-	-	10,000	10,000
Cash Withdrawals	99,501	90,200	99,500	109,400
<b>Total Disbursements</b>	<b>\$864,456</b>	<b>\$985,000</b>	<b>\$1,000,500</b>	<b>\$1,099,000</b>
<b>Change in Budget from Prior Year</b>			<b>1.6%</b>	<b>9.9%</b>



# Overhead Recovery

Indirect costs of operations are distributed to projects and other business activities through overhead recovery. The District develops overhead rates to be applied to direct salaries to reflect the true cost of projects and other business activities. The rates are updated during each budget period.

The Benefits Rate is the ratio of total budgeted benefits to total budgeted salaries, plus a factor for employees' paid time-off. This rate reflects the true cost of labor per dollar of direct salaries.

The Project Rate includes the Benefits Rate plus other indirect costs such as administrative and engineering expenses. This rate is applied to Renewal & Replacement (R&R) and Capital Improvement Program (CIP) project salaries, as well as Solid Waste and Recycling salaries.

External services provided by District staff to developers and the general public are assessed the Project Rate to recover the overhead cost of performing tract reviews and other services.

In addition, the District is under an agreement with East Bay Dischargers Authority (EBDA) to recover its indirect costs at a fixed rate of 100% of salaries, supplies and other expenses associated with maintaining EBDA's pump station and Skywest facilities.

The following overhead rates are in effect for FY 2018-19 and FY 2020-21.

Overhead Rate	Overhead Rate
Benefits Rate	80%
Project Rate	105%
External Services	105%
EBDA	100%

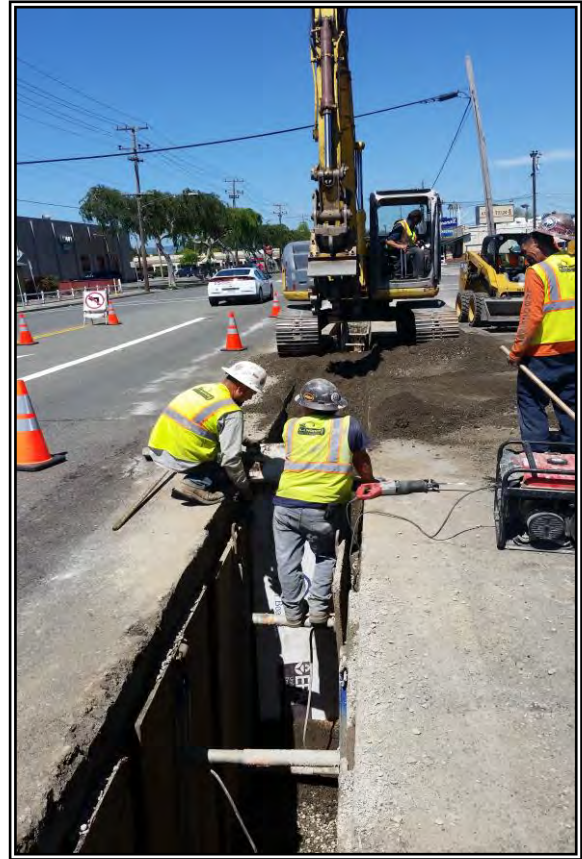
The District did not have any debt between September 2009 and September 2018. In October 2018, the District issued \$14.2 million in Sewer Revenue Bonds to partially fund the Nutrient Optimization Project. Due to the District's strong financial history, a credit rating of AA+ was given by S&P Global. The debt has a 25-year term with a true interest cost of 3.482%. Annual debt service (inclusive of principal and interest) is approximately \$850,000.

The California Health & Safety Code, Section 6651, Bonded Indebtedness Limit, limits the District's maximum bonding capacity to 15% of the assessed value (25% of full value) of the real and personal property within the District. The following presents the most recent information on the District's general obligation bonding capacity based on property values established by the County of Alameda.

	2018	2019
Total Asset Valuation at Full Value	\$13,367,683,794	\$14,178,242,472
Assessed Valuation at 25% of Full Value	3,341,920,949	3,544,560,618
Limit (15% thereof)	501,288,142	531,684,093
Authorized & Unissued General Obligation Bonds	(600,000)	(600,000)
General Obligation Bonding Capacity	\$500,688,142	\$531,084,093

# Pipeline Replacement Program

The Pipeline Replacement Program focuses on fixing chronic maintenance and structural issues identified within the existing collection system through the closed circuit television (CCTV) inspection. This project is the major focus of the Capital Improvement Program (CIP) budget. The proposed budget was established to align with the District's 10-Year Strategic Plan of replacing 30 miles of collection system pipe between 2017 and 2027.



## **Glossary**

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# Technical Terms

**Account** – A record of a business transaction.

**Accounting System** – The 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 Basis** – The recognition of a revenue or expense in a fiscal year even though the actual cash may not be received or paid until the following fiscal year.

**Adoption** – Formal action by the Board of Directors. The adoption of the budget sets the financial framework for subsequent fiscal year(s).

**Agency Treatment Charges** – Revenues derived from long-term contracts with other entities to whom the District provides sewage treatment, such as Castro Valley Sanitary District, City of Hayward, City of San Leandro and East Bay Dischargers Authority.

**Alameda County Waste Management Authority (ACWMA, as known as 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 2 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 disposal fees based on tonnage.

**Allocation of expenses** – The manner in which revenues and expenses are accounted for in the different service functions of the District:

- 1) Sewer Services – sewage collection, treatment and disposal. This function is further divided into:
  - Operation & Maintenance (O&M)
  - Renewal & Replacement (R&R)
  - Capital Improvement Program (CIP)

- 2) Solid Waste – Garbage collection and disposal provided under an agreement with Waste Management of Alameda County ( WMAC).
- 3) Recycling Services – Recycling programs for residential and commercial customers, provided under an agreement with WMAC.

**Assets** – Resources owned by the District.

**Asset Management** – Maintaining a desired level of service for optimal asset performance at the lowest life-cycle cost. Lowest life-cycle cost refers to the best appropriate cost for rehabilitating, repairing or replacing an asset.

**Authorized positions** – Number of staff positions authorized for the fiscal year.

**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 and infiltration.

**Biosolids** – Sludge residual from the treatment process.

**Budget** – The District's financial plan for a given period of time, which includes revenues, expenses, and other expenditures that provide funding for services provided to District customers. It contains an Operating Budget and a Capital Budget.

- Operating Budget – The financial plan for non-capital revenues and expenses.
- Capital Budget – The financial plan of capital expenditures, part of the long-range plan. It applies only to Sewer Services – see Capital Improvement Program (CIP).

**Capital Assets** – Assets owned by the District that have a useful life of more than 1 year and cost over \$10,000. Capital assets include land, buildings, machinery, equipment, and major improvements and rehabilitation that extend the useful life of an asset by 1 year or more.

**Capital Improvement Program (CIP)** – Accounts for revenues, capital contributions and repayments, and allocates designated resources for capital improvements such as construction, purchases of new facilities and equipment, or major reconstruction of existing infrastructure.

**Castro Valley Sanitary District (CVSD or CVSan)** – Joint-owner of the Oro Loma/Castro Valley Water Pollution Control Plant (25%). Under a long-term agreement, CVSD reimburses the District for 25% of the cost of treatment plant capital improvements, and for operating costs based on flow rate.

**Categorically Exempt** – types of projects which the Secretary of the Resources Agency has determined do not usually have a significant effect on the environment.

**Cogeneration** – Production of energy as a result of utilizing the by-products of the solids treatment process.

**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 services provider (WMAC).

**Contributions - Connection Fees** – Governed by Ordinance No. 35. Connection fees represent one-time contributions of resources to the District, imposed on developers. The intent of these fees is to recover the capacity cost of sewer facilities within the existing system.

**Cost of Living Adjustment (COLA)** – An increase in wage compensation to offset the adverse conditions of inflation on salaries, or a provision for price increases based on the historical index of general inflation. Labor 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.

**Decrease in EBDA Equity** – see East Bay Dischargers Authority.

**Depreciation** – Loss in asset value over the useful life of a capital asset as a result of wear, deterioration, or obsolescence.

**District Service Charges** – Revenues received from customers for sewer services, under Ordinance No. 37.

**East Bay Dischargers Authority (EBDA)** – A Joint Powers Authority established in 1974 by the Cities of Hayward and San Leandro, and Castro Valley Sanitary District (CVSD), Oro Loma Sanitary District, and Union Sanitary District (USD). The District's 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 business transactions between the District and EBDA are reflected in both revenues and expenses:

- *Operating Revenues: EBDA* – Payment from EBDA to the District for the operation and maintenance of EBDA facilities by the District's personnel under a long-term agreement.
- *Non-operating Revenue: EBDA/LAVWMA Refund* – Payment from EBDA to the District for interest received by EBDA from a long-term agreement with LAVWMA. The total interest received by EBDA is distributed to the JPA member agencies based on the agreement.
- *Operating Expenses: Sewage Disposal – EBDA* – Annual provision for the District's share of EBDA expenses associated with the transportation, disposal, and administration of the EBDA disposal system.
- *Non-operating Expenses: Decrease in EBDA Equity* – Annual decrease in EBDA equity due to depreciation of EBDA assets.

**Effluent** – Treated wastewater.

**Enterprise Fund** –Accounts for operations and business activities in a manner similar to a private business, where the intent is that the costs of providing services to the general public are recovered primarily through user fees.

**Fiscal Year (FY)** – A 12-month financial measurement period between July 1 and June 30.

**Fund** – A fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources, liabilities and equity. Funds are segregated based on specific services or objectives in accordance with special regulations, restrictions, or limitations.

**Garbage Rates** – Fees paid by customers for garbage removal services provided by the District's authorized contractor (WMAC).

# Technical Terms

**Grants** – Contributions by other governmental entities or organizations to provide funding for a specific project.

**Grease Receiving Charges** – Fees charged to customers who dispose of restaurant grease directly at the treatment plant.

**Interest Income** – Revenues received by the District from investments.

**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. 50% of these revenues are distributed to cities and sanitary districts that meet criteria contained in the law. The District meets the criteria.

**Lift Station** – facilities to move wastewater from lower to higher elevation.

**Long-Range Plan** – The District maintains a long-range Construction Plan. It details planned projects by cost and target year. During each budget cycle, the planned projects for the next 2 years are moved into the budget document and the Board approves necessary funds for their implementation. The plan forecasts both capital project requirements and long-term needs for major repairs and maintenance of the sewer system (R&R).

**Negative Declaration** – a document that states upon completion of an initial study, that there is no substantial evidence that the project may have a significant effect on the environment.

**Net Position** – The difference between assets plus deferred outflow of resources, and liabilities plus deferred inflow of resources.

**Non-operating** – Enterprise fund revenues or expenses that are not a result of its primary service activities.

**Operating Expenses** – Cost incurred by the District in the course of service to customers.

**Operating Revenues** – Funds received by the District through its normal business operations.

**Operation & Maintenance (O&M)** – Accounts for revenues and expenses related to the day-to-day operations of sewer services.

**Ordinance** – A local law set forth by the Board of Directors.

**Other or Miscellaneous** – Revenues or expenses aggregated on the financial statements for accountability purposes.

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

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

**Permits and Inspection Fees** – Fees imposed to cover the cost of issuing sewer permits, inspecting sewer work, and maintaining permanent District records. Those fees are governed by Ordinance No. 35.

**Proposition 218** – Passed by California voters on November 5, 1996 with effective date July 1, 1997, it requires 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.

**Renewal and Replacement (R&R)** – Accounts for revenues and expenses associated with repairs on maintenance of collections and treatment facilities or equipment.

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

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



**Resolution** – A special or temporary order of the Board of Directors. A resolution requires less formality than a statute or ordinance.

**Revenues** – Income received by providing services, or from investments or other sources.

**Sanitary Truck Waste Charges** – Revenues from the portable toilet industry, which disposes of waste directly at the treatment plant.

**Sewer Rates** – Fees paid by customers for sewer services. Residential customers pay a flat rate charged annually, depending on the type of residence. Commercial and industrial sewer rates are based on water consumption volume. The sewer rates for heavy industrial users also include components for biochemical oxygen demand (BOD) and suspended solids (SS).

**Waste Management of Alameda County (WMAC)** – As of January 1, 2012, the Agreement for Services with WMAC was amended and extended to 2024, with a 2-year extension, solely at the District's discretion, potentially followed by a 6-year extension by mutual agreement. The agreement provides for the collection and disposal of garbage, recycling, and green waste materials generated within the District's service area. As part of the program, District customers are entitled to 2 free bulky pickups per calendar year.

# Acronyms

**AB939**

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

**ACSDA**

Alameda County's chapter of the California Special Districts Association.

**ACWMA**

Alameda County Waste Management Authority, also known as StopWaste.org.

**BOARD**

The Board of Oro Loma Sanitary District, comprised of 5 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, a 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.

**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, a JPA that provides the majority of the District's insurances.

**CVSD**

Castro Valley Sanitary District, a joint-owner of the Water Pollution Control Plant (25%).

**CWEA**

California Water Environment Association, a professional organization issuing certification for various trades.

**DWF**

Dry Weather Flow.

**EBDA**

East Bay Dischargers Authority, a JPA that provides effluent disposal services for its 5 member agencies.

**EPA**

Environmental Protection Agency of the United States, a federal regulatory agency.

**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, a professional organization for finance.

**H<sub>2</sub>S**

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; water that enters the wastewater flow from the environment, rather than from a plumbing system.

**JPA**

Joint powers authority, a separate public agency formed pursuant to a joint exercise of powers agreement.

**KW**

Kilowatt, a measure of power.

**KWH**

Kilowatt-hour, a measure of energy.

**LAIF**

Local Agency Investment Fund.

**LAVWMA**

Livermore-Amador Valley Water Management Agency, a JPA that provides effluent disposal for Tri-Valley agencies and discharges effluent into the EBDA pipeline.

**MGD**

Million gallons per day.

**MOU**

Memorandum of Understanding, an agreement between labor groups and the District.

**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, a federally mandated program to allow the District to discharge its effluent.

**O&M**

Operation and Maintenance.

**OLSD**

Oro Loma Sanitary District.

**PACP**

Pipeline Assessment Certification Program.

**PDGC**

Pipeline Defect Grading Criteria.

**P.E.**

Professional Engineer.

**PLC**

Programmable Logic Controller, an electronic device that provides preset controls for plant equipment.

**PWE**

Present worth of expenditures.

**PWWF**

Peak wet weather flow.

**R&R**

Renewal and Replacement Program.

**RAS**

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

# Acronyms

## **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 determining 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.