

Las Gallinas Valley Sanitary District
2018-2019 Budget
Adopted June 14, 2018



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**DISTRICT BOARD**

Megan Clark
Rabi Elias
Russ Greenfield
Craig K. Murray
Judy Schriebman

DISTRICT ADMINISTRATION

Chris DeGabriele
Interim General Manager
Michael Cortez,
District Engineer
Mel Liebmann,
Plant Manager
Susan McGuire,
Administrative Services Manager
Greg Pease,
Collection System/Safety Manager

June 14, 2018

To the Board of Directors of the Las Gallinas Valley Sanitary District,

The management staff of the District is pleased to present to the Board the 2018/19 Revenue, Operating and Maintenance Expense, Debt Service, Reserve Funding, and Capital Outlay Budgets for review. These budgets reflect the District's progress in the five year capital improvement plan adopted by the Board in June 2015 for the 2016 through 2020 fiscal years.

Operating Revenue is expected to increase by \$462,050 primarily from a \$31 increase in the sanitary sewer service charge from \$867 to \$898. Interest income is expected to decrease as funds are expended on capital projects as discussed below.

Operating and Maintenance costs are expected to increase over the prior year budget by \$112,010 or 1.76%. Staffing levels are projected to increase by one full time equivalent. Staff has also budgeted for overlap between an interim and a permanent General Manager. Repairs and maintenance in FY2018 included two larger projects which will be completed prior to FY2019 resulting in the budget decreasing by \$191,950; funding for the lateral assistance program will increase by \$21,900 as repayment funds are reinvested; and legal costs are budgeted to decrease by \$130,000.

Reserve funding is decreasing as funds collected in the rate for the Treatment Plant Upgrade, Recycled Water Treatment Plant Expansion and Operations Control Center Building project debt service is utilized for that purpose.

Debt service requirements are \$3,990,000 for prior year debt including the 2017 Revenue Bonds.

The Capital Outlay effort for 2019 will be focused on the Secondary Treatment Upgrade and Recycled Water Expansion projects; however other equipment purchases, major repairs, planning for future projects and accumulation of funding for large projects will continue.

Sincerely,

Susan McGuire, CPA
Administrative Services Manager

Chris DeGabriele, PE
Interim General Manager

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**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 REVENUE BUDGET
ADOPTED JUNE 14, 2018**

Revenue Description	2016-17 Final Actual	2017-18 Revised Budget	2017-18 Projected Actual	2018-19 Adopted Budget
OPERATING REVENUE				
User Charges	\$ 13,059,850	\$ 13,634,900	\$ 13,634,900	\$ 14,120,000
Educational Revenue Augmentation Fund	366,078	300,000	324,000	320,000
Recycled Water	45,548	75,100	50,000	42,000
Franchise Fees	25,000	25,000	25,000	25,000
Inspections/Permits/Application Fee	8,957	5,500	6,000	43,000
Interest	532	400	500	500
Interest on Reserves	72,856	60,000	190,000	156,000
Suppl. Property Tax Assess.	15,409	20,000	16,000	16,000
Homeowner Property Tax Relief	4,363	4,000	4,350	4,300
Private Sewer Lateral Assistance Program	76,027	65,000	90,000	80,000
Miscellaneous Revenue	33,057	20,000	20,000	20,000
Sale of Assets	(6,267)	5,000	4,000	-
Operating Transfer Out	-	(3,237,474)	-	(3,813,703)
Total Operating Revenue	<u>13,701,410</u>	<u>10,977,426</u>	<u>14,364,750</u>	<u>11,013,097</u>
CAPACITY RELATED REVENUE				
Annex and Capital Facility Charges	39,580	-	215,514	-
Interest	451	300	300	300
Total Capacity Related Revenue	<u>40,031</u>	<u>300</u>	<u>215,814</u>	<u>300</u>
GENERAL CONSTRUCTION REVENUE				
Property Tax	856,873	830,000	864,000	870,000
Operating Transfer In	-	3,237,474	-	3,813,703
	<u>856,873</u>	<u>4,067,474</u>	<u>864,000</u>	<u>4,683,703</u>
OTHER SOURCES OF FUNDS				
Marin Municipal Water District	436,837	455,058	455,058	463,145
Loan	41,039,514	-	-	-
Federal Grant	-	847,150	-	847,150
State Grant	-	416,310	416,310	-
	<u>41,476,351</u>	<u>1,718,518</u>	<u>871,368</u>	<u>1,310,295</u>
UTILIZATION OF BOND FUNDS AND RESERVES				
Reserves	366,256	5,600	-	-
Private Sewer Lateral Assistance Funds	-	-	-	-
Prior Year Capital Project Carryover	4,046,259	7,291,131	-	3,632,500
Transfers from Bond Fund	65,955	-	450,000	14,360,020
Marin Lagoon Reserve Fund	-	165,000	-	74,000
Captains Cove Reserve Fund	-	30,000	-	2,695
Capital Facilities Fund	350,056	300,000	300,000	-
	<u>4,828,526</u>	<u>7,791,731</u>	<u>750,000</u>	<u>18,069,215</u>
TOTAL REVENUES	<u>\$ 60,903,191</u>	<u>\$ 24,555,449</u>	<u>\$ 17,065,932</u>	<u>\$ 35,076,610</u>

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LAS GALLINAS VALLEY SANITARY DISTRICT

2018-19 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Revised Budget	2017-18 Year to Date 3/31/2018	2018/19 Preliminary Budget	Percent Change from Prior Year
1003	Regular Staff Salaries	\$ 2,252,470	\$ 2,382,000	\$ 1,841,517	\$ 2,455,000	3.06%
1004	Extra Hire	-	-	-	101,000	100.00%
1005	Contract Personnel	-	2,000	-	-	-100.00%
1008	Over Time	87,008	70,300	54,492	68,500	-2.56%
1009	Vacation and Sick Accrual	51,592	48,000	41,840	39,000	-18.75%
1010	Stand By	76,396	68,600	56,310	73,100	6.56%
1036	Directors Salary	55,847	55,000	52,901	56,000	1.82%
1037	Directors Benefits	9,000	9,600	6,300	9,600	0.00%
1404	Payroll Taxes	178,182	182,955	135,507	205,095	12.10%
1502	Group Life Insurance	5,462	5,905	4,331	5,362	-9.20%
1507	PERS	350,789	356,980	298,499	387,837	8.64%
1509	Health Insurance	531,839	552,130	408,275	604,045	9.40%
1510	Dental Insurance	17,479	17,800	17,627	19,200	7.87%
1514	Vision Insurance	2,019	2,650	1,811	2,750	3.77%
1516	Long Term Disability	17,786	22,200	14,952	20,655	-6.96%
2006	Auto Allowance	12,730	13,200	8,400	13,200	0.00%
2007	Commute Stipend	28,037	33,000	21,576	36,000	9.09%
1006	Payroll Processing	<u>9,657</u>	<u>9,500</u>	<u>7,008</u>	<u>10,000</u>	5.26%
	Total Employee Expense	<u>3,686,293</u>	<u>3,831,820</u>	<u>2,971,346</u>	<u>4,106,344</u>	7.16%
1701	Workers' Comp Insurance	41,785	58,000	20,122	65,000	12.07%
1702	Unemployment Insurance	-	-	-	-	
2060	Pooled Liability Insurance	103,753	110,000	75,674	113,000	2.73%
2061	Fidelity Bond	<u>1,232</u>	<u>1,250</u>	<u>712</u>	<u>950</u>	-24.00%
	Total Insurance Expense	<u>146,770</u>	<u>169,250</u>	<u>96,508</u>	<u>178,950</u>	5.73%
2083	Vehicle Parts & Maintenance	42,093	66,500	33,099	41,500	-37.59%
2096	Building maintenance	12,117	15,000	12,717	17,500	16.67%
2097	Grounds Maintenance	7,161	5,000	11,803	40,000	700.00%
2538	Power Generation Maint & Repair	3,748	10,000	1,874	65,000	550.00%
2365	Equipment Maintenance	50,442	53,750	27,043	85,000	58.14%
2366	Equipment Repair	71,465	89,200	47,596	74,500	-16.48%
2367	Capital Repairs/Replacements	<u>166,782</u>	<u>347,500</u>	<u>230,982</u>	<u>130,000</u>	-62.59%

LAS GALLINAS VALLEY SANITARY DISTRICT

2018-19 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Revised Budget	2017-18 Year to Date 3/31/2018	2018/19 Preliminary Budget	Percent Change from Prior Year
	Total Repairs and Maintenance	<u>353,808</u>	<u>586,950</u>	<u>365,114</u>	<u>453,500</u>	-22.74%
2107	Hypochlorite	45,585	67,000	31,045	54,000	-19.40%
2110	Bisulfite	57,425	68,000	35,585	46,000	-32.35%
2109	Miscellaneous Chemicals	88,131	106,600	53,875	74,500	-30.11%
2119	Pollution Prevention Program	16,905	20,000	5,591	12,500	-37.50%
2117	Lab Contract Services	50,748	36,000	29,273	43,000	19.44%
2102	Special Monitoring/Pilot Testing	2,800	-	-	-	0.00%
2249	Small Tools	3,261	4,200	5,382	8,000	90.48%
2322	Outside Services	17,111	18,000	12,113	18,000	0.00%
2324	Janitorial	9,771	19,000	8,003	15,000	-21.05%
2325	Aquatic Review	3,536	3,600	3,421	3,800	5.56%
2327	Uniform Service	4,913	5,500	4,410	6,500	18.18%
2330	Damage Claim	992	10,000	292	10,000	0.00%
2334	Sludge Disposal	47,984	67,500	61,073	67,500	0.00%
2357	Regulatory Consultant	158,591	167,500	62,827	159,300	-4.90%
2358	Engineering Consultant	27,337	15,000	68,068	15,000	0.00%
2360	Consultants	36,763	95,000	69,302	100,000	5.26%
2362	General Operating Supplies	52,110	51,200	35,011	51,600	0.78%
2535	Utility Power	314,316	82,065	150,137	154,300	88.02%
2534	Telephone	32,704	32,000	23,891	33,505	4.70%
2536	Water	4,897	4,200	6,517	10,000	138.10%
2501	Fuel & Oil	26,380	25,000	12,960	18,000	-28.00%
2389	Safety Equipment & Supplies	22,775	20,000	17,217	32,000	60.00%
2397	Safety Services	28,720	28,900	21,395	30,000	3.81%
2801	Lateral Rehab Assistance Program	116,091	197,915	43,366	219,861	11.09%
2477	Conferences	46,090	51,000	48,418	58,000	13.73%
2479	Mileage and Travel	5,881	5,200	7,692	5,500	5.77%
2129	Election	1,043	-	-	25,000	100.00%
2133	Office Supplies	16,432	14,000	10,423	14,000	0.00%
2716	Computer Support and Supplies	40,418	50,000	95,197	80,000	60.00%
2135	Bank Charges	2,574	1,500	146	1,500	0.00%

LAS GALLINAS VALLEY SANITARY DISTRICT

2018-19 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET

Acct. Num.	Expense Description	2016-17 Total Actual	2017-18 Revised Budget	2017-18 Year to Date 3/31/2018	2018/19 Preliminary Budget	Percent Change from Prior Year
9778	User Charge Collection Fee	32,908	35,000	21,592	35,000	0.00%
2221	Publication and Legal Ads	13,779	10,000	8,245	10,000	0.00%
2223	Public Education and Outreach	33,462	45,000	29,928	40,000	-11.11%
2264	Taxes, Other	7,766	8,000	6,688	9,000	12.50%
2272	Memberships	44,083	44,000	34,230	44,000	0.00%
2363	Permits	48,604	45,000	42,318	54,250	20.56%
2364	Fines	9,000	6,000	-	-	-100.00%
2246	Rents and Leases	21,008	22,000	10,988	17,500	-20.45%
2713	Legal	195,643	250,000	171,973	120,000	-52.00%
2717	Audit	30,570	27,000	25,570	27,000	0.00%
9786	Employee Recognition	2,481	4,500	3,665	4,500	0.00%
9787	Employee Training and Education	18,263	22,000	12,789	18,000	-18.18%
9999	Miscellaneous expense	102	1,000	1,998	1,000	0.00%
9920	Reserves ⁽¹⁾	-	-	-	-	
OPERATING EXPENSE TOTALS		<u>\$ 5,926,824</u>	<u>\$ 6,373,400</u>	<u>\$ 4,725,582</u>	<u>\$ 6,485,410</u>	1.76%

100 Administration 125 Engineering 200 Collection System 300 Pump Station 350 Captains Cove
360 Marin Lagoon Laboratory 400 600 Treatment Plant 900 Other / General

(1) Reserve funding has been moved to separate budget effective with 2014-15

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**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 DEBT SERVICE BUDGET
ADOPTED JUNE 14, 2018**

Expenditure	2015-16 Total Actual	2016-17 Total Actual	2017-18 Adopted Budget	2018-19 Adopted Budget
2005 Certificates of Participation/ Refunded 2014	\$ 686,045	\$ 689,876	\$ 697,963	\$ 690,473
2010 State Revolving Fund Loan	285,464	285,464	285,464	285,464
2011 Bank of Marin Loan	332,681	332,681	332,682	332,682
2012 Bank of Marin Loan	235,346	235,346	235,346	235,346
2017 Revenue Bonds ⁽¹⁾	-	-	2,369,505	2,446,600
2016 Treatment Plant Upgrade ⁽²⁾	-	-	-	-
2016 Miller Creek Maintenance	90,000	95,034	-	-
2017 Administration Building Expansion⁽²⁾	-	-	-	-
	<u>\$ 1,629,536</u>	<u>\$ 1,638,401</u>	<u>\$ 3,920,960</u>	<u>\$ 3,990,565</u>

(1) Includes treatment plant upgrade, recycled water treatment plant expansion and operations control center.

(2) Per Board action on May 25, 2017, the amounts collected for the treatment plant upgrade and operations control center projects prior to the bonds being issued will be reclassified as Reserves and are reflected in the Reserve Budget for all years presented.

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 RESERVE FUNDING BUDGET
ADOPTED JUNE 14, 2018**

Expenditure	2015-16 Total Actual	2016-17 Total Actual	2017-18 Adopted Budget	2018-19 Adopted Budget
Working Cash Flow	\$ 116,826	\$ 126,408	\$ 158,045	\$ 166,286
Rate Stabilization ⁽¹⁾	-	-	-	-
Emergency Repair ⁽²⁾	48,105	43,622	-	-
Capital Reserves				
Undesignated	103,082	111,536	139,451	\$ 146,722
Plant Upgrade and Recycled Water Treatment Plant Expansion Projects	1,558,720	2,591,715	301,210	224,115
Captains Cove	5,854	-	5,060	-
Marin Lagoon	5,421	6,263	9,695	-
MMWD Recycled Water Facility Buy in	-	333,563	-	-
MMWD Debt Reimbursement				
Bank of Marin	-	-	206,549	206,549
2017 Revenue Bonds	-	-	248,509	256,595
	<u>\$ 1,838,008</u>	<u>\$ 3,213,107</u>	<u>\$ 1,068,519</u>	<u>\$ 1,000,267</u>

(1) Target balance is \$300,000 and was met prior to June 30, 2009.

(2) Target balance is \$1,000,000 and will be met in fiscal year ended June 30, 2017.

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 CAPITAL OUTLAY BUDGET
ADOPTED JUNE 14, 2018**

Project Description			Funding Source							
			Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year	
100 ADMINISTRATION										
19100	01	Phone System <i>Replace phone system.</i>	Project Total: \$ 20,000							\$ 20,000
19100	02	Roof Replacement <i>Roofs on Administration, Shop, Digester, and Headworks buildings are beyond their useful lives.</i>	Project Total: \$ 100,000							\$ 100,000
19100	03	HVAC System Replacement <i>HVAC systems in Administration Building need to be replaced.</i>	Project Total: \$ 30,000							\$ 30,000
Total			\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
200 COLLECTION SYSTEM										
11200	03	John Duckett Sewage Main Capacity and Storage <i>Phase 1 of 3 phases; Phase 1 will include the design of all 3 phases and deepening of the Duckett pump station, eliminating the visible Gallinas Creek crossing and a new Highway 101 crossing.</i>	Project Total: \$ 2,278,556							\$ 2,278,556
19200	01	Sewer Main Rehabilitation 2019 <i>Annual sewer system rehabilitation.</i>	Project Total: \$ 2,091,020	\$ 1,052,810						\$ 1,038,210
19200	02	Manhole/Rod hole Repair and Replacement <i>Roadwork, repair and replacement.</i>	Project Total: \$ 50,000							\$ 50,000
19200	03	Vector <i>Replace equipment that is out of service.</i>	Project Total: \$ 325,000	\$ 119,895						\$ 205,105
19200	04	Collections System Master Plan <i>Prepare a master plan study for future needs assessment</i>	Project Total: \$ 200,000							\$ 200,000
Total			\$ 4,944,576	\$ 1,172,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,771,871
300 PUMP STATIONS / FORCE MAINS										
12300	05	Rafael Meadows Pump Station <i>Design and install a stationary emergency generator, upgrade panel and seal leaking wet well.</i>	Project Total: \$ 410,686	\$ 410,686						\$ -
14300	05	Force Main Repair/Replacement <i>Line force main line to plant as part of large plant project.</i>	Project Total: \$ 1,838,145	\$ 1,575,158						\$ 262,987
19300	01	Supervisory Control and Data Acquisition (SCADA)	Project Total: \$ 25,000							\$ 25,000

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 CAPITAL OUTLAY BUDGET
ADOPTED JUNE 14, 2018**

Project Description			Funding Source							
			Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year	
<i>Programming upgrades.</i>										
19300	02	Pump Station Panel Upgrades and Replacements <i>Controls at panels have reached the end of their useful lives.</i>	Project Total:	\$ 243,400	\$ -					\$ 243,400
18360	01	Marin Lagoon Pump Station <i>Panel replacement, upgrades, and painting .</i>	Project Total:	\$ 39,000				\$ 39,000		\$ -
Total			Total	\$ 2,556,231	\$ 1,985,844	\$ -	\$ -	\$ 39,000	\$ -	\$ 531,387
500 RECLAMATION										
11500	09	Miller Creek <i>Repair, maintain and modify.</i>	Project Total:	\$ 95,034						\$ 95,034
17500	05	McInnis Marsh Restoration <i>Financial participation with County of Marin.</i>	Project Total:	\$ 100,000	\$ 100,000					\$ -
18500	01	Levee Maintenance <i>Accumulate funding for periodic levee maintenance.</i>	Project Total:	\$ 130,365	\$ 94,960					\$ 35,405
18500	02	North Bay Water Reuse Authority and North Bay Water <i>Continued participation in Phase 1 and new participation for drought contingency</i>	Project Total:	\$ 38,000						\$ 38,000
Total			Total	\$ 363,399	\$ 194,960	\$ -	\$ -	\$ -	\$ -	\$ 168,439
600 TREATMENT PLANT										
12600	02	Plant Improvements 2018 <i>Grit System.</i>	Project Total:	\$ 278,991	\$ 278,991					\$ -
12600	07	Secondary Plant Upgrades <i>Design and build future secondary plant capacity and treatment upgrades.</i>	Project Total:	\$ 8,616,010		\$ 8,616,010				\$ -
14600	04	Biogas Energy Recovery System <i>Design replacement for cogen digester gas and heating systems.</i>	Project Total:	\$ 25,000						\$ 25,000
19600	01	Supervisory Control and Data Acquisition <i>Continued panel and programming upgrades.</i>	Project Total:	\$ 25,000						\$ 25,000
19600	02	Miscellaneous Plant Equipment <i>Small equipment purchases.</i>	Project Total:	\$ 25,000						\$ 25,000
Total			Total	\$ 8,970,001	\$ 278,991	\$ 8,616,010	\$ -	\$ -	\$ -	\$ 75,000

**LAS GALLINAS VALLEY SANITARY DISTRICT
2018-19 CAPITAL OUTLAY BUDGET
ADOPTED JUNE 14, 2018**

Project Description	Funding Source						
	Total Project Cost FY 2019	Carryover from FY 2018	Bond Fund	Grants	Reserves	Capacity Fund	Current Year
650 TERTIARY FACILITY							
16650 02 Recycled Water Facility Expansion <i>Design expanded facility.</i>	Project Total: \$ 6,591,160		\$ 5,744,010	\$ 847,150			
19650 01 Supervisory Control and Data Acquisition <i>Continue programming.</i>	Project Total: \$ 25,000						\$ 25,000
Total	\$ 6,616,160	\$ -	\$ 5,744,010	\$ 847,150	\$ -	\$ -	\$ 25,000
Total Capital Project	\$ 23,600,367	\$ 3,632,500	\$ 14,360,020	\$ 847,150	\$ 39,000	\$ -	\$ 4,721,697

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Class	Description
100	Administration
125	Engineering
150	Board of Directors
200	Collection System
300	Pump Stations
350	Captain's Cove
360	Marin Lagoon
400	Laboratory
500	Reclamation
600	Plant
650	Recycled Water Facility