

Union Sanitary District

Union City, California

Operating & CIP Budgets

FY 2014

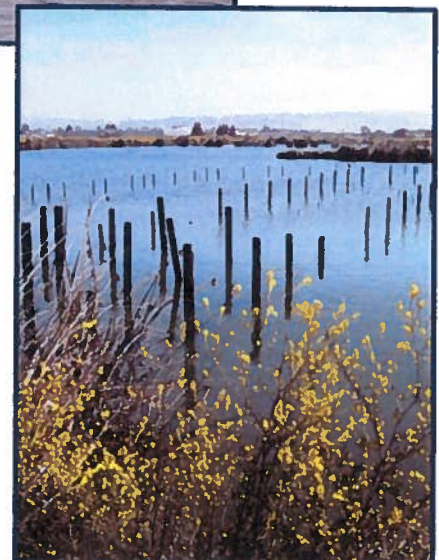
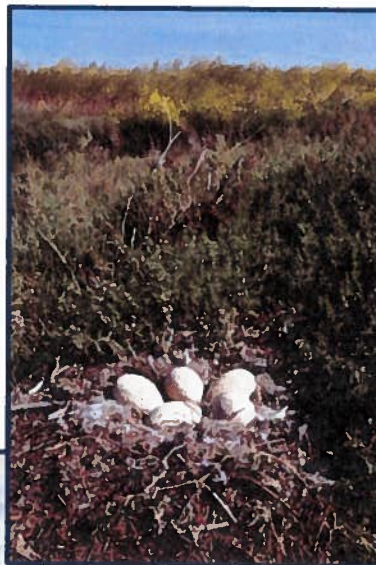


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Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers
Richard B. Currie
*General Manager/
District Engineer*

David M. O'Hara
Attorney

Date: June 3, 2013
To: USD Board of Directors
From: Richard Currie
General Manager
Subject: Fiscal Year 2014 Budget

Union Sanitary District staff is pleased to present to the Board of Directors, the annual budget for Fiscal Year 2014, covering the period from July 1, 2013 to June 30, 2014. The budget continues to focus on operation and maintenance of our infrastructure assets, capital project construction, planning, and effective use of technology. We are also pleased to have a multi-year contract now in place with our classified employees.

Outstanding Performance and Cost Effective Service for Our Customers

USD continues to provide a high level of service to our customers at a very reasonable cost. Our operations have resulted in very limited negative impacts. Through May of the current fiscal year, USD has operated for 12 consecutive months without a sanitary sewer overflow of any kind. In addition, our treatment plant has had no discharge violations, and has received the National Association of Clean Water Agency's Gold Award for performance excellence. Our average response time to customer call outs is 28 minutes, and we have had no critical asset failures impacting the public. Our quality performance is also reflected in awards we have received for our procurement program and financial reporting.

Even with all of the effort it takes to be an award winning public agency, USD has maintained our rates well below the target level of the lower 33rd percentile. Our current Sewer Service Charge rate is \$319 per year for a single family residence. On a monthly basis, at just under \$27, we are by far the least expensive household utility.

Financial State of the District

While the District continues to be impacted by the downturn in the State and local economies, our financial condition is stable and healthy. Our revenues remain negatively impacted by the loss of large industries such as NUMMI, Solyndra, Borden Chemical and SF Newspaper group. However, projected revenues still reflect an overall positive growth and allow for a continuing annual contribution to the District's capital improvement program.

An important part of being financially sound is maintaining our infrastructure in excellent condition. Our strong planning and asset management efforts ensure that we have a good understanding of the condition of our assets and schedule projects in a timely manner to evaluate, and if necessary rehabilitate or replace aging infrastructure. Our Capital Improvement Program includes \$190 million in projects over the next 10 years to ensure continued reliable operation of our pipelines, pump stations and treatment facilities. In addition, USD is implementing a major upgrade to our Computerized Maintenance Management System to facilitate asset condition tracking and preventative and predictive maintenance.

Revenues

We are beginning to see signs of recovery in the local economy, with continued residential development and growth in business, including occupancy of previously vacant commercial buildings. We have begun to see an increase in building permit applications and new development construction. "Midtown" Fremont and Warm Springs are two areas where significant growth is projected. With a high percent of our revenue based on residential customers, USD's income remains relatively stable despite periodic fluctuations in the business sector.

Expenditures

Operating expenditures for this fiscal year are projected to be approximately 98% of the operating budget, the shortfall due to short term vacancies. CIP expenditures are tracking closely with the budget approved by the Board and are projected at 94% of budget at year end.

The coming year will feature projected increases in the operating budget and CIP expenditures. Operating expenditures are anticipated to increase, primarily from the addition of staff positions and increases in power costs, and employee salary and benefit cost increases. After no changes in the number of USD employees since 2000, management has recommended adding 6 positions over the next year to bolster our maintenance staff, enhance planning and asset management efforts, and providing inspection of increased development and CIP construction. Some of these positions will generate additional revenue and cost savings. In addition, this year will feature many one-time costs associated with succession planning, including hiring of a Deputy General Manager and some overlap with retiring staff for the purpose of knowledge transfer.

The Capital Improvement Program will be increasing from last year. In the 10 year plan, new projects have been added for wet weather flow management, seismic upgrades, and replacement of our maintenance building, one of our oldest and most outdated District facilities. The R&R funds will see significant expenditures. The vehicle fund will include purchases of over \$900,000 for the scheduled replacement of existing sewer cleaning and construction equipment. The Information System R&R will be continuing to fund new projects from the IT Master Plan, including a major upgrade to the Computerized Maintenance Management System, a capital project management system, and new microwave communication equipment to enhance data transmission from remote facilities.

Capital Program and Project Financing

Capital project spending will continue to focus on the Wastewater Treatment Plant. As many of our buildings and treatment processes approach 35 years of operation, we will be replacing and upgrading to ensure long term, efficient operation of the plant. FY13 saw the completion of the \$8 million primary clarifier improvements project, the upgrade of electrical equipment, replacement of sludge thickening equipment and demolition of the old INKA treatment system. The new Boyce Road Pump Station is now operational and final completion is expected in early FY14. New projects for FY14 include the \$12 million Cogeneration project, the Headworks improvements project, replacement or rehabilitation of aging or corroded sewer lines and construction of a new crossing under I680.

USD continues to take advantage of the availability of low interest loans through the State and Federally funded State Revolving Fund (SRF) program. Recent projects such as the Primary Clarifier rehabilitation project, the Boyce Road Pump Station and the Electrical Substation Upgrade have been funded using these loans at interest rates between 2.5% and 2.75%. USD currently has an application for the Thickener Control Building Improvements project for a \$13.4 million loan. We will be making the final payment for the Treatment Plant Upgrade project, paying off the 20 year, \$30 million loan this coming fiscal year.

Challenges for FY14

While challenges of the economy and government scrutiny will linger in FY14, the most significant issues facing the District in the coming fiscal year will likely be succession planning, workload management and wet weather flow management. Key staff will be retiring, or transitioning to retirement during this fiscal year. Transferring critical knowledge, providing appropriate training, and maintaining our focus on the Mission of the District will be key elements in a smooth transition. Workload management will bring many challenges associated with implementing an ambitious Capital Improvement Program and transitioning to a new Computerized Maintenance Management Program while also transitioning new staff. Wet weather flow issues will be centered on Hayward Marsh and identifying options and developing contingency plans for handling future peak flows.

Balanced Budget, Reserves and Rates

USD has been operating with a balanced budget and anticipates continuing to do so in the near future. In some years, USD takes money from reserves for capital projects, and in some years funds are added to our reserves. For FY 14 we anticipate taking close to \$8 million from reserves to supplement our capital projects. Our reserves continue to be stable, although as our operating budget increases, more of our reserves are dedicated to ensuring operating cash flow for the 8 month period in which we receive very limited SSC revenues. Our projected fund balances indicate renewal and replacement fund reserves will remain positive with the implementation of the proposed rate increases for FY14 and beyond.

Conclusion

USD continues to perform as one of the most outstanding wastewater agencies in the State of California. Our high level of service and reasonable rates reflect a highly efficient and customer oriented staff that has created a positive culture and earned USD an excellent reputation in our industry. Our employees are the hallmark of our organization and are responsible for our success in being a highly responsive, non-bureaucratic public agency that can boast award winning service, well maintained infrastructure and a safe and productive work environment.

SUMMARY & COMMENTS FISCAL YEAR 2014 BUDGET

This summary and comments section addresses the proposed budget and rates for Fiscal Year 2014, which includes the period from July 1, 2013 through June 30, 2014.

10-YEAR FINANCIAL PLAN

Rates: Increase the existing Sewer Service Charge for Single Family Dwelling (SFD) to \$337.76 and \$298.25 for Multi-family Dwelling (MFD). Sewer Service Charge ordinance rates will increase by 5.7% in 2014. A Proposition 218 notice to reflect an increase for FY14-FY16 of 5.7% each year was mailed to property owners in April 2013. Increases are projected for the following several years, but will be reviewed and analyzed annually.

PERS retirement investment losses from 2008-2009 have adversely impacted employer rates. Rates are expected to increase dramatically in the next five years, due to assumption changes and prior year losses.

Capacity fees are projected to increase by 10% to \$5,329.20 in FY 2014 and reviewed annually. A comprehensive capacity fee study was completed in FY 2010 and the results have been incorporated into the FY 2014 budget.

Financing: The District will fund capital projects by a combination of pay-as-you-go and debt financing. The District is currently applying for a State Revolving Fund (SRF) loan for the Thickener Control Building Improvement project.

SEWER SERVICE FUND REVENUES FY 2014 Revenues & Proceeds: \$46,661,553

Revenue and Transfers:

- The principal revenue for the Operating Fund is from the annual sewer service charges of \$44.9 million in FY 2014.
- Interest and other income (\$1.3 million) includes \$219,000 in interest, \$765,000 in ECB revenue from the City of Fremont Urban Runoff program, East Bay Dischargers Authority (EBDA) revenue, inspection/plan check fees, and \$289,500 miscellaneous income including \$76,000 from Livermore Amador Valley Water Management Agency (LAVWMA), \$180,000 from PG&E in carport and Irvington solar panel rebates (until 2017), and \$33,500 from the sale of surplus equipment.
- The District is anticipating total receipts of \$500,000 in SRF loan proceeds for the Primary Clarifier and Boyce Lift Station projects for the sewer service charge fund in FY 2014.

SEWER SERVICE FUND EXPENSE FY 2014 Expense: \$52,122,433

Each component of the Sewer Service Fund expense is described below:

- Expenditure Control Budget (ECB): FY 2014 Expense: \$32,100,357

The Expenditure Control Budget (ECB), or Operating Fund, contains expenditures required for the day-to-day operation of the District, including maintenance, regulatory activities, engineering, and administration. The net ECB will increase 6.0% in FY 2014, a combination

of: 1) Salary and benefits increase of \$1,461,366, due to the addition of new positions and salary and benefit cost increases; 2) Other O&M Cost increases of \$595,000 including EBDA increased O&M costs, PG&E, maintenance and insurance costs. Non-payroll costs increased by 3.7%.

- Non-ECB FY 2014 Expense: \$759,500

This fund includes non-routine expenses such as one-time studies, hiring of consultants, and new programs where the long-term financial impact, if any, is not known. Major FY 2014 expenses by categories include: Administrative and Regulatory \$89,500, Hayward Marsh Projects, \$100,000; Studies and other projects include Lateral Pilot Program, \$110,000; Seismic Evaluation Study, \$100,000; ACWD-USD Water Recycling and Conservation Program, \$70,000, and Sewer Service Charge rate study, \$100,000.

- Retiree Medical Benefits FY 2014 Expense: \$462,852

The District began to transfer Retiree Assets to the CalPERS trust (CERBT) in FY 2009. For FY 2014, the annual required contribution (ARC) based on the 7/1/11 actuarial study will be \$462,852. A new actuarial valuation is required in FY14.

- Renewal & Replacement - Vehicle and Equipment FY 2014 Expense: \$1,089,734

Vehicles and equipment that are scheduled to be replaced due to age or obsolescence are purchased through this fund. The provision is based on a 10-year replacement schedule and expense projection. Major expenses include one combination unit planned but not purchased in FY13, \$453,734; two construction trucks, \$340,000; and one dump truck, \$145,000. The provision is \$561,800 for FY 2014.

- Renewal & Replacement - Information System FY 2014 Expense: \$1,101,990

This fund replaces major information systems hardware and software. The provision is \$800,000 for FY 2014. Major projects include the new Computerized Maintenance Management System (CMMS), continued from FY13, \$375,790; Capital Project Management System, \$150,000; Microwave Communications, \$137,000; SCADA Master Plan, \$87,500. IT/PBX and Security Replacements, \$176,300, as identified in the latest IT Master Plan.

- Renewal & Replacement – Plant & Pump Station FY 2014 Expense: \$250,000

This fund is for the purchase of Plant equipment that is scheduled to be replaced due to age or obsolescence, as well as unplanned replacement costs. The provision for FY 2014 is \$113,217 and expenses include Overhaul of four Hydrastol pumps, \$120,000; Overhaul of two Gravity Belt Thickeners, \$100,000.

- Emergency Fund FY 2014 Expense: \$0

The District established the Emergency Fund in FY 2008. The purpose of this fund is to mitigate the financial impact of an emergency or catastrophic event. The provision for FY 2014 will be \$750,000.

- **Structural Renewal and Replacement** **FY 2014 Expense: \$16,245,000**

The proposed Capital Improvement Program projects of \$12,285,000 for FY 2014 are included in this fund. In addition, the fund will pay SRF loan payments of \$1,959,000 for the Plant Upgrade project (final payment), \$681,000 for the Irvington Equalization Storage Facility project, \$108,000 for the Willow/Central Ave. project, \$343,000 for Newark Pump Station, \$140,000 for the Lower Hetch Hetchy project, \$127,000 for the Cedar Blvd project, \$157,000 for the Substation 1 project in FY 2014, and \$444,000 for the Primary Clarifier project. The provision will be \$11,064,000. A detailed CIP schedule is included with this document.

- **Pretreatment Fund** **FY 2014 Expense: \$7,000**

Expenses are for supplies, equipment and training that support the Pretreatment Program and Ordinance No. 36. There is no sewer service charge provision for this fund.

- **Miscellaneous Expense** **FY 2014 Expense: \$106,000**

The District pays Alameda County an annual fee for administration and sewer service charge collection through the tax rolls, based on the number of parcels.

Note that for those R&R Funds, where budgeted expenses exceed provisions, fund reserves will be used to cover the difference.

SEWER SERVICE FUND RESERVES

- Approximately \$5.4M are projected to be transferred from reserves for funding of the FY '14 Operating Fund, Renewal and Replacement funds, Capital Improvement Program, and related debt servicing.

CAPACITY FUND **FY 2014 Revenues & Proceeds: \$2,902,000**

- Revenues for FY 2014 include capacity fees of \$2,300,000, and interest income of \$102,000. The Capacity fund will be financed by a Capacity Fee of \$5,329.20 per equivalent dwelling unit, a 10.0% increase from 2013.
- The Capacity fund is scheduled to receive SRF loan proceeds for the Boyce Road and Primary Clarifier projects in the amount of \$500,000.

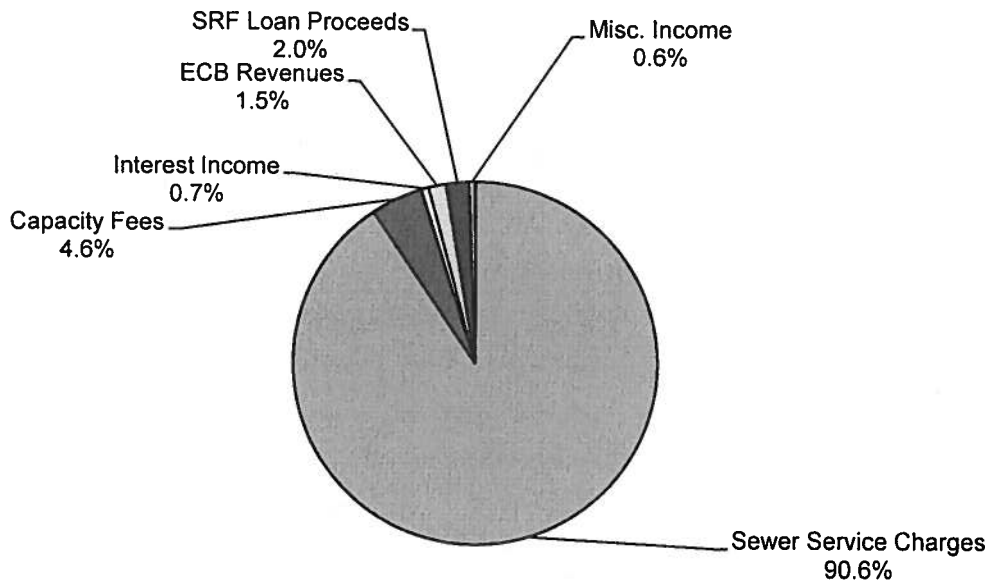
CAPACITY FUND **FY 2014 Expense: \$5,938,000**

- The expenditures for FY 2014 include \$5,220,000 for the Capacity-related portion of the Capital Improvement Program.
- The Capacity fund will pay debt servicing of \$227,000 for the Capacity portion of the Irvington Equalization Storage Facilities project SRF loan and \$343,000 for the Capacity portion of the Newark Pump Station SRF loan, and \$148,000 for Primary Clarifier, for a total of \$718,000.

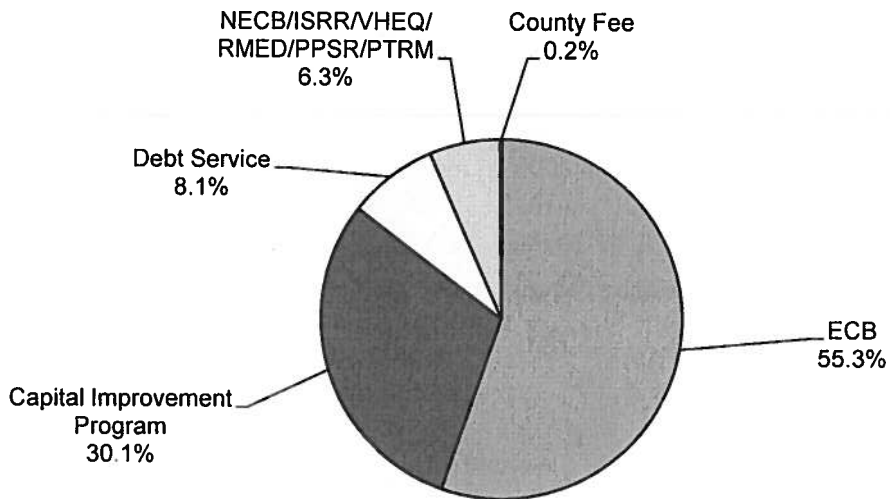
CAPACITY FUND RESERVES

- Approximately \$3,036,000 will be used from Capacity Fund reserves in FY 2014.

**FY '14 Total Revenues & Proceeds
\$49,563,353**



**FY '14 Total Expenditures
\$58,060,433**



**Amount from Reserves
(\$8,497,080)**

NET EXPENDITURE CONTROL BUDGET			
Work Group	FY '13 Budget	FY '13 Projected	FY '14 Proposed
District Board	\$187,300	\$165,700	\$190,063
General Manager/Administration	904,500	850,000	1,182,404
Business Services	4,306,237	4,251,181	4,501,787
Collection Services	5,281,029	5,175,000	5,552,778
Technical Support & Customer Service	4,520,136	4,390,000	4,721,559
Treatment & Disposal Services	9,169,644	9,076,144	9,709,975
Fabrication, Maintenance & Construction	5,185,800	5,029,626	5,476,790
Total ECB	\$29,554,646	\$28,937,651	\$31,335,357
Percent of FY '13 Budget		97.9%	

Percent change from FY '13 Budget

6.03%

NON-ECB EXPENDITURES FY '13 - FY '14

	<u>DESCRIPTION</u>	<u>BUDGET</u> FY '13	<u>PROJECTION</u> FY '13	<u>ESTIMATED</u> <u>CARRYOVER</u>	<u>PROPOSED</u> <u>BUDGET</u> FY '14
	<i>Administrative & Regulatory</i>				
	GIS JPA	12,000	6,500	5,500	24,500
	New Public Outreach Programs	0	0	0	20,000
	Public Information Program (USD Newsletter)	78,600	78,600	0	45,000
	<i>Sub-Total Admin & Regulatory</i>	90,600	85,100	5,500	89,500
	<i>Studies & Other</i>				
	ACWD-USD Water Recycling and Conservation Program	70,000	70,000	0	70,000
	Alvarado Sub-Surface Investigation (was Plant Groundwater Wells)	10,000	3,576	6,424	10,000
	Asset Inventory Valuation	0	3,552	0	0
	Biosolids Dewatering Evaluation	40,000	40,000	0	0
	CCTV cameras for Covered Storage Area	0	950	0	0
	Effluent Flow Management Study	0	0	0	50,000
	Electrical LOTO SOP Development	30,000	30,000	0	0
	Evaluation of CS Preventive Maintenance Program	0	0	0	50,000
	FOG - Residential Public Outreach	25,000	37,500	0	0
	Fremont Mid-Town Capacity Assessment	0	0	0	20,000
	Fuel Management System Upgrade	0	0	0	40,000
	Handheld Radio Upgrade	89,000	91,063	0	0
	Hazardous Materials Program Audit	60,000	60,000	0	50,000
	HVAC Software and Hardware Upgrade	30,000	29,950	50	0
	Intelligent Manhole Covers	0	0	0	20,000
	Irvington Basin Master Plan Update	0	0	0	50,000
	Lateral Pilot Program - Condition Assessment	110,000	0	110,000	0
	Local Limits and Wastewater Treatability (Ammonia)	100,000	106,000	0	10,000
	Newark Basin Sewer Master Plan Update	0	16,000	0	0
	Plant Effluent Storage Study	100,000	110,000	0	0
	Sea Level Rise Study	35,000	35,000	0	0
	Seismic Evaluation	0	0	0	100,000
	Sewer Service Charge Cost of Service Study	0	0	0	100,000
	<i>Sub-Total Studies & Other</i>	699,000	633,591	116,474	570,000
	<i>Hayward Marsh</i>				
	Ammonia Removal Study	50,000	71,000	0	50,000
	Management Plan	40,000	29,000	11,000	0
	NPDES Permit Annual Fee	2,000	1,943	57	2,000
	Permit Amendment to Delay Mixing Study	30,000	5,300	24,700	30,000
	Regional Monitoring Plan (RMP) Annual Fee	16,000	16,163		18,000
	<i>Sub-Total Hayward Marsh</i>	138,000	123,406	35,757	100,000
	Total Non-ECB	927,600	842,097	157,731	759,500

90.8%

81.9%

	<i>Estimated</i>	<i>Projected</i>				
<i>Fiscal Years Ending June 30,</i>	2013	2014	2015	2016	2017	2018
NON-ECB - Fund 30						
Beginning Balance	\$314,224	\$342,473	\$0	\$0	\$0	\$0
Revenue						
Provisions from SSC	712,615	417,027	600,000	600,000	600,000	600,000
Expenditures						
Studies and Projects Estimated Carryover	842,097 (157,731)	759,500	600,000	600,000	600,000	600,000
Ending Balance	\$342,473	\$0	\$0	\$0	\$0	\$0

PROJECTS PLANNED FOR FY '14

Project Category	Amount
Administrative & Regulatory	\$89,500
Studies & Other	570,000
Hayward Marsh	100,000
Total	\$759,500

	<i>Estimated</i>	<i>Projected</i>				
<i>Fiscal Years Ending June 30,</i>	2013	2014	2015	2016	2017	2018
RETIREE MEDICAL - Fund 40						
Beginning Balance	(\$699)	\$0	\$0	\$0	\$0	\$0
Revenue						
Provisions from SSC	448,284	462,852	477,895	493,427	509,463	526,021
Expenditures						
ARC + Balance transfers Transfer to SSC Fund	447,585 0	462,852	477,895	493,427	509,463	526,021
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0

Fiscal Years Ending June 30,	Estimated	Projected				
	2013	2014	2015	2016	2017	2018
RENEWAL & REPLACEMENT VEHICLES AND EQUIPMENT - Fund 50						
Beginning Balance	\$1,173,450	\$870,923	\$376,489	\$465,680	\$459,873	\$293,172
Revenue						
Provisions from SSC	566,000	561,800	624,015	655,216	687,977	708,616
Sale of surplus	10,000	33,500	31,000	39,000	46,000	18,000
Expenditures						
Vehicles and Equipment	878,527	1,089,734	565,824	700,023	900,678	397,915
Ending Balance	\$870,923	\$376,489	\$465,680	\$459,873	\$293,172	\$621,873
REPLACEMENTS SCHEDULED FOR FY- '14						
Vehicles			Equipment			
QTY	Type	Repl. Cost	QTY	Type	Repl. Cost	
1	Combination Unit*	\$453,734	1	Heavy Equipment Trailer	\$28,000	
2	Construction Trucks	340,000	1	Shock Pulse Monitor (Vibration Analyzer)	24,000	
1	10-Yard Dump Truck	145,000	15	Personal Monitors	13,000	
1	Transit Connect Vehicl	34,000	1	Engine Exhaust Analyzer*	13,000	
1	Pickup w/Utility Shell*	26,000	28	Chairs (conference & office)	7,000	
			2	Line Locators	6,000	
Total for Vehicles		\$998,734	Total for Equipment			\$91,000
TOTAL VEHICLES AND EQUIPMENT FY '14 BUDGET						\$1,089,734

*Carryover from FY'13

Fiscal Years Ending June 30,	Estimated	Projected				
	2013	2014	2015	2016	2017	2018
RENEWAL & REPLACEMENT INFORMATION SYSTEM - Fund 60						
Beginning Balance	\$1,269,037	\$1,169,812	\$867,822	\$470,122	\$212,022	\$398,622
Revenue						
Provisions from SSC	800,000	800,000	800,000	800,000	800,000	700,000
Expenditures						
IT/PBX/Security Replacements	257,138	176,300				
IT Master Plan Projects	642,087	925,690	1,197,700	1,058,100	613,400	768,700
Ending Balance	\$1,169,812	\$867,822	\$470,122	\$212,022	\$398,622	\$329,922

SYSTEM UPGRADES & REPLACEMENTS SCHEDULED FOR FY '14

Project / System	Amount
Hansen 8 Upgrade (cont'd)	\$375,790
Capital Projects Management System	150,000
Microwave Communications (cont'd)	137,000
SCADA Master Plan/Standards	87,500
Mobile Projects (Manhole, SCADA)	60,000
Public Website Improvements	40,000
Plant GIS (cont'd)	29,000
IT Disaster Recovery Plan Assessment	25,000
Urban Runoff/EC Databases (cont'd)	21,400
IT/PBX/Security Replacements	176,300
Total	\$1,101,990

Fiscal Years Ending June 30,	Estimated	Projected				
	2013	2014	2015	2016	2017	2018
RENEWAL & REPLACEMENT PLANT AND PUMP STATION - Fund 70						
Beginning Balance	\$110,992	\$136,783	\$0	\$0	\$0	\$0
Revenue						
Provisions from SSC	195,791	113,217	250,000	250,000	250,000	250,000
Expenditures						
Plant and Pump Station Equipment	170,000	220,000	200,000	200,000	200,000	200,000
Unplanned expenditures	0	30,000	50,000	50,000	50,000	50,000
Ending Balance	\$136,783	\$0	\$0	\$0	\$0	\$0

REPLACEMENTS SCHEDULED FOR FY 2014	
Overhaul 4 Hydrastol Pumps	\$120,000
Overhaul 2 Gravity Belt Thickeners (last done 10 yrs ago)	100,000
Subtotal Planned Projects:	\$220,000
Unplanned Maintenance	\$30,000
Total for FY 2014	\$250,000
TOTAL PLANT AND PUMPSTATION R&R FY '14 BUDGET	

It is anticipated that the Plant & Pump Station Renewal & Replacement fund will be incorporated with or replaced by an asset management program in the future.

Fiscal Years Ending June 30,	Estimated	Projected				
	2013	2014	2015	2016	2017	2018
EMERGENCY - Fund 75						
Beginning Balance	\$1,250,000	\$2,000,000	\$2,750,000	\$3,500,000	\$4,250,000	\$5,000,000
Revenue						
Provisions from SSC	750,000	750,000	750,000	750,000	750,000	0
Expenditures						
	0	0	0	0	0	0
Ending Balance	\$2,000,000	\$2,750,000	\$3,500,000	\$4,250,000	\$5,000,000	\$5,000,000

	<i>Estimated</i>	<i>Projected</i>				
<i>Fiscal Years Ending June 30,</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
CAPACITY - Fund 90						
<i>Beginning Balance</i>	\$15,123,000	\$17,065,000	\$14,029,000	\$12,027,000	\$11,483,000	\$9,235,000
<u>Revenue</u>						
Capacity Fees	2,537,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
SRF Proceeds	2,000,000	500,000	4,025,000	3,400,000	200,000	200,000
Interest	125,000	102,000	85,000	75,000	74,000	61,000
<u>Expenditures</u>						
CIP	2,150,000	5,220,000	7,493,000	5,400,000	3,465,000	2,588,000
Debt Servicing	570,000	718,000	919,000	919,000	1,357,000	1,357,000
<i>Ending Balance</i>	\$17,065,000	\$14,029,000	\$12,027,000	\$11,483,000	\$9,235,000	\$7,851,000

	<i>Estimated</i>	<i>Projected</i>				
<i>Fiscal Years Ending June 30,</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
STRUCTURAL RENEWAL & REPLACEMENT - Fund 80						
<i>Beginning Balance</i>	\$12,748,000	\$11,815,000	\$7,134,000	\$9,246,000	\$8,585,000	\$4,654,000
<u>Revenue</u>						
Provisions from SSC/Net Revenue	10,084,000	11,064,000	10,032,000	11,506,000	12,999,000	15,785,000
SRF Proceeds	3,200,000	500,000	4,025,000	3,400,000	200,000	200,000
<u>Expenditures</u>						
CIP Projects	10,700,000	12,285,000	9,743,000	13,365,000	14,490,000	15,233,000
Debt Service (SRF Repayments)	3,517,000	3,960,000	2,202,000	2,202,000	2,640,000	2,640,000
<i>Ending Balance</i>	\$11,815,000	\$7,134,000	\$9,246,000	\$8,585,000	\$4,654,000	\$2,766,000

	<i>Estimated</i>	<i>Projected</i>				
<i>Fiscal Years Ending June 30,</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
PRETREATMENT - Fund 85						
<i>Beginning Balance</i>	\$110,339	\$108,739	\$101,739	\$94,739	\$87,739	\$80,739
<u>Revenue</u>						
Transfer from SSC	0	0	0	0	0	0
Enforcement Fees	3,400	0	0	0	0	0
<u>Expenses</u>						
Supplies/Equipment	4,000	4,000	4,000	4,000	4,000	4,000
Training	1,000	3,000	3,000	3,000	3,000	3,000
<i>Ending Balance</i>	\$108,739	\$101,739	\$94,739	\$87,739	\$80,739	\$73,739

This fund is based on Pretreatment Ordinance #36 which requires its funds to be segregated from other District funds. Maximum fund balance is \$200,000, per District policy.

Annual Contract Purchases of Supplies, Services & Vehicle Renewal Replacements Over \$100,000 for Fiscal Year 2014	
ITEMS	
	<i>Estimated Expenditure</i>
Supplies*:	
Sodium Hypochlorite - One-year contract with Univar USA, Inc.	\$369,000
Ferrous Chloride, One-Year contract with Kemira Water Solutions, Inc.	349,000
Polymer, emulsion, One-Year Contract with BASF Corp.	394,000
Hydrogen Peroxide, One-Year Contract with Siemens, Inc.	301,000
Total Supplies:	\$1,413,000
Services:	
State Water Resources Control Board, Debt payments for seven SRF loans	\$4,677,181
PERS Retirement payments for employees	3,117,202
PERS Medical, payments for employee coverage	2,749,666
PERS Retiree Medical Trust payments (ARC)	462,852
PG&E, payments for electrical service	1,885,320
PG&E, payments for electrical service - Newark Pump Station	191,513
EBDA Operations & Maintenance payments	1,209,442
Biosolids, Year Three of Five-Year Contract with Synagro West	635,540
Total Services:	\$14,928,716
Vehicle & Equipment Renewal/Replacement:	
Combination Unit from FY13	\$453,734
2 New Construction Trucks	340,000
1 10-Yard Dump Truck	145,000
Total Vehicle & Equipment Renewal/Replacement	\$938,734

*Chemicals are bid annually via the Bay Area Chemical Consortium (BACC)

STATEMENT OF CASH FLOW AND FUND BALANCES

	FY '13 Budget	FY '13 Projected	FY '14 Proposed
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OPERATING FUND			
Beginning Balance	\$36,979,000	\$36,979,000	\$36,946,257
<u>Revenues:</u>			
Sewer Service Charges	\$42,387,000	\$42,467,221	\$44,887,853
ECB Revenues	725,000	735,000	765,000
Interest Income	500,000	500,000	219,000
SRF Loan Proceeds	3,200,000	3,200,000	500,000
Misc. (LAVWMA, forfeited deposits, enforcement fees)	295,000	305,000	289,500
Total Revenues	\$47,107,000	\$47,207,221	\$46,661,353
<u>Expenditures:</u>			
Operating - ECB	\$30,279,646	\$29,675,181	\$32,100,357
Non-ECB	927,600	842,097	759,500
Retiree Medical Benefits (ARC)	448,224	448,000	462,852
R & R - Vehicles & Equipment	1,279,000	878,527	1,089,734
R & R - Information System	1,349,000	899,255	1,101,990
R & R - Plant & Pump Stations	250,000	170,000	250,000
Pretreatment Program	7,000	5,000	7,000
Sewer Service Fee from County	105,000	105,000	106,000
Debt Servicing	3,535,419	3,516,904	3,960,000
Capital Program - R & R Structural*	11,048,000	10,700,000	12,285,000
Total Expenditures	\$49,228,889	\$47,239,964	\$52,122,433
Ending Sewer Service Fund Balance	\$34,857,111	\$36,946,257	\$31,485,177

CAPACITY FUND			
Beginning Balance	\$15,123,000	\$15,123,000	\$17,065,000
<u>Revenues:</u>			
Capacity Fees	\$1,750,000	\$2,537,000	\$2,300,000
Interest Income	200,000	125,000	102,000
SRF Loan Proceeds	2,000,000	2,000,000	500,000
Total Revenues	\$3,950,000	\$4,662,000	\$2,902,000
<u>Expenditures:</u>			
Capital Program*	\$2,565,000	\$2,150,000	\$5,220,000
Debt Servicing - SRF	570,000	570,000	718,000
Total Expenditures	\$3,135,000	\$2,720,000	\$5,938,000
Ending Capacity Fund Balance	\$15,938,000	\$17,065,000	\$14,029,000

*CIP Budget at 90%

TEN YEAR CIP FY14-FY23 EXPENDITURE PLAN

June 10, 2013
(All Figures x\$1,000)

ADMINISTRATIVE FACILITIES

<u>Fund</u>	<u>%</u>	<u>Rank</u>	<u>Project Name</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>Total</u>
800		3	Additional CS (Vehicle) Storage		50	200								250
800	0.50	2	FMC Bldg. - New			350	2,500							2,850
900	0.50	2	FMC Bldg. - New			350	2,500							2,850
800		2	FMC Bldgs Renovation		50	300								350
800		1	Front Gate Modification	50										50
800		3	FMC Storage			50	200							250
800		3	Plant Paving					250			250			500
800		3	Solar Panels at Alvarado - Phase II				150	1,500						1,650
Total for ADMINISTRATIVE FACILITIES				50	100	1,250	5,350	1,750	0	0	0	250	0	8,750

COLLECTION SYSTEM

<u>Fund</u>	<u>%</u>	<u>Rank</u>	<u>Project Name</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>Total</u>
800		2	Cast Iron/Pipe Lining	800		500								1,800
800		1	I-680 Crossing at Sabercat Rd.	1,850										1,850
800		2	Misc. C S Projects		250	250	300	300	300	300	300	300	300	2,600
800		2	Misc. Sewer Rehab (Alvarado Basin)					200	2,000	100		100	1,000	3,300
800		2	Misc. Sewer Rehab (Irvington Basin)				200	2,000			1,000			3,300
800		1	Misc. Sewer Rehab (Newark Basin)	200	1,700				100	1,000				3,000
800		2	Newark Backyard Relocation	500	200	2,500	1,000	1,000						5,200

Collection cont'd next page

TEN YEAR CIP FY14-FY23 EXPENDITURE PLAN

June 10, 2013
(All Figures x\$1,000)

Fund	%	Rank	Project Name	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total
800		2	Pine St. Easement	100										100
800		2	Spot Repairs	500	500	500								1,500
900		2	Stevenson at Davis St.				150	1,000						1,150
900		2	Veasy St. Sewer Improvements	600										600
Total for COLLECTION SYSTEM				4,550	2,650	3,750	2,150	4,500	2,400	1,400	1,300	400	1,300	24,400

TRANSPORT SYSTEM PROJECTS

Fund	%	Rank	Project Name	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total
800	0.50	2	Alameda Creek Crossing Lift Station						250		2,000	2,000		4,250
900	0.50	2	Alameda Creek Crossing Lift Station						250		2,000	2,000		4,250
800	0.50	1	Boyce Rd. LS Replacement	350										350
900	0.50	1	Boyce Rd. LS Replacement	350										350
800		2	Cherry St. PS Improvements	100										100
800	0.50	2	Eden Marsh			500	500	500						1,500
900	0.50	2	Eden Marsh			500	500	500						1,500
900		3	Equalization Storage @ Alvarado	500	2,500	1,500								4,500
800	0.25	3	Equalization Storage @ Irvington									75	750	825
900	0.75	3	Equalization Storage @ Irvington									225	2,250	2,475
800	0.25	2	Equalization Storage @ Newark					125	750		750			1,625
900	0.75	2	Equalization Storage @ Newark				375		2,250	2,250				4,875
800	0.50	2	Hayward Ponds and PS								200	1,500		1,700
900	0.50	2	Hayward Ponds and PS								200	1,500		1,700

Transport cont'd next page

TEN YEAR CIP FY14-FY23 EXPENDITURE PLAN

June 10, 2013

(All Figures x\$1,000)

<u>Fund</u>	<u>%</u>	<u>Rank</u>	<u>Project Name</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>Total</u>
800		1	Hayward Marsh 30" FM Repair	100										100
800	0.50	2	Hayward Marsh Armonia Removal Facility			50	500							550
900	0.50	2	Hayward Marsh Armonia Removal Facility			50	500							550
800		2	New Cherry St. PS								300	3,000		3,300
800		3	Transport System Misc. Projects					1,000		1,000			1,000	3,000
Total for TRANSPORT SYSTEM PROJECTS				1,400	2,500	2,600	2,000	2,500	500	4,000	7,700	10,300	4,000	37,500

TREATMENT

<u>Fund</u>	<u>%</u>	<u>Rank</u>	<u>Project Name</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>Total</u>
900		2	3rd Degritter System	100	500									600
800		2	30" ML Pipe Lining	100	500									600
800		1	Aeration Internal Lift Pumps	900						1,000				1,900
800		2	Aeration System Rehab			400	2,000	2,000						4,400
800		2	Aeration Tank (East) Baffling			100	500							600
800		2	Aeration Tank (East) Roof			250	2,500							2,750
800		3	Alvarado PS Roof			50								50
800		3	Blower Bldg & Channel Air Demo & Repl					100	500					600
800	0.50	1	Cogen Project	4,000	2,000									6,000
900	0.50	1	Cogen Project	4,000	2,000									6,000
800		2	Contact Tank Valve Replacement						1,000					1,000

Treatment cont'd next page

TEN YEAR CIP FY14-FY23 EXPENDITURE PLAN

June 10, 2013

(All Figures x\$1,000)

Fund	%	Rank	Project Name	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total
800		2	Control Box No. 1 Improvements		150	1,500								1,650
800		2	Diffuser Replacement		100	100	150							350
900		3	Digester No. 7										100	100
800		2	Emergency Outfall Outlet Improvements			300								300
800	0.50	2	FOG Receiving Station & Fuel Cell									250	2,500	2,750
900	0.50	2	FOG Receiving Station & Fuel Cell									250	2,500	2,750
800		2	Gravity Belt Thickener					500	3,000	2,000				5,500
800		2	Generator Controls Upgrade		200	1,000								1,200
800		1	Headworks Conveyors, Screenings Comp	1,500										1,500
800		2	Headworks gates, actuators and Screens				100	1,500						1,600
800		1	MCC Replacement	500	100	600				100	600			1,900
800		2	Misc Mechanical Improvements at Plant						2,500	3,000	3,000	4,000	4,000	16,500
800		2	Misc. Electrical Equipment Upgrade			500				500		500		1,500
800		2	Misc. Projects		250	250	250	300	300	300	300	300	300	2,550
800		2	Odor Scrubber System Improvements					100	2,500	300	2,500	3,000	2,000	10,400
800		2	Old Newark Plant Demo			100	1,000							1,100
900		2	Paint Facilities - Additional				200	1,000						1,200
800		2	Plant Facilities Improvements	100	500									600

Treatment cont'd next page

TEN YEAR CIP FY14-FY23 EXPENDITURE PLAN

June 10, 2013

(All Figures x\$1,000)

Fund	%	Rank	Project Name	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Total
800		2	PLC Replacement	200		100	350	200						850
800		2	Primary Clarifier Rehab (5-6)				500	2,250	2,250					5,000
800		2	Primary Effluent (60") Pipeline Rehab	50	200									250
800		1	RAS PS Pumps, Valve & Pipe Replacement	650		100	600	600						1,950
800		2	Repairs to Concrete Tanks		200	200	200	200	200	200	200	200	200	1,800
800		2	Sec. Clarifiers No. 5 and 6 Rehabilitation			200	2,000	2,000						4,200
900		3	Secondary Clarifiers No. 7 & 8										100	100
800		2	Seismic Retrofit of Conc. Structures					200	2,000	200	2,000	200	2,000	6,600
800		2	Sludge Drying (BACWA)	100	100	100								300
800		2	Sludge Recirculation Pump Replacement		200	200								400
800		2	Standby Generators 5 and 6						150	2,500				2,650
800		2	Standby Generators 7 and 8						200	4,000				4,200
800	0.50	2	Storm Water Diversion Pump Station		75	750								825
900	0.50	3	Storm Water Diversion Pump Station		75	750								825
800	0.50	2	Thickener Control Bldg Improvements	250	3,250	2,250								5,750
900	0.50	2	Thickener Control Bldg Improvements	250	3,250	2,250								5,750
800		2	Thickener Mechanisms 1-2					100	2,200					2,300
800		1	Thickener Pumps Replacement (Interim F	750										750

Treatment cont'd next page

TEN YEAR CIP FY14-FY23 EXPENDITURE PLAN

June 10, 2013

(All Figures x\$1,000)

<u>Fund</u>	<u>%</u>	<u>Rank</u>	<u>Project Name</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>Total</u>
800		2	Truck Scales Improvements				100							100
800		2	Water Storage Tank		250									250
Total for TREATMENT				13,450	13,900	12,050	10,450	11,050	16,800	14,100	8,600	8,700	13,700	122,800
GRAND TOTAL				19,450	19,150	19,650	19,950	19,800	19,700	19,500	17,600	19,650	19,000	193,450
FUND 800 - Structural Renewal & Replacement				13,650	10,825	14,250	16,100	16,925	19,450	17,250	13,150	15,675	14,050	151,325
FUND 900 - Capacity				5,800	8,325	5,400	3,850	2,875	250	2,250	4,450	3,975	4,950	42,125

FY 2014 Budget

ASSUMPTIONS (Long-Term)	
Interest Rate - Bonds, SRF	2.70%
CIP Inflation Rate	3.50%
Investment Rate	0.60%
CIP Funding @	90%

Debt Summary - AI 2018	
SRF Loans Outstanding - SSC	\$43,818
SRF Loans Outstanding - Capacity	21,082
Total SRF Loans & other Debt Outstanding	\$64,900
CIP Expenditures - 2014-2018	
Renewal & Replacement - SSC	\$65,115
Capacity Fund	24,165
Total CIP Expenditures @ 90%	\$89,280

Debt Summary - AI 2023	
SRF Loans Outstanding - SSC	\$30,247
SRF Loans Outstanding - Capacity	15,422
Total SRF Loans & other Debt Outstanding	\$45,669
CIP Expenditures - 2014 - 2023	
Renewal & Replacement - SSC	136,733
Capacity Fund	38,453
Total CIP Expenditures @ 90%	175,185

Capacity Fee Increase	2013		2014		2015		2016		2017		2018		2019		2020		2021		2022		2023	
	10.00%	5.00%	10.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
SSC Increase	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	
Rate Model Time Period (must match time period below)	Fiscal Years Ending June 30,																					
Residential (EDU) Increase (Growth) - 1 year lag in rates	0.25%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
Commercial Increase (Memo only here)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Industrial Increase (Memo only here)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Increase in Operations Budget	3.53%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Capacity Fee Charge	\$4,845	\$5,329	\$5,595	\$5,875	\$6,169	\$6,477	\$6,781	\$7,101	\$7,437	\$7,789	\$8,157	\$8,541	\$8,941	\$9,357	\$9,789	\$10,237	\$10,701	\$11,179	\$11,671	\$12,177	\$12,699	
Sewer Service Charge (SFD)	\$320	\$338	\$357	\$377	\$398	\$420	\$443	\$461	\$479	\$498	\$518	\$538	\$559	\$581	\$604	\$627	\$651	\$675	\$700	\$725	\$750	

CASH FLOW PROJECTIONS

Sewer Service Fund	
Beginning Balance	Ending Balance
Revenue	
Net Revenues (SSC+Int-Op Exp -prov)	\$12,748
Loan Payments from Capacity Fund	\$11,816
Temporary Transfer To/From Capacity Fund	\$7,136
SRF Loan/SGIP Proceeds	\$9,248
Expenditures	
CIP Expenditures	\$11,816
Loans to Capacity Fund	\$7,136
Debt Servicing - New Issues	\$9,248
Debt Servicing - SRF Loan	\$8,586
Ending Balance	\$11,816
Other Designated Reserves	\$25,130
Total Sewer Service Fund Balance	\$36,946
Capacity Fund (Capacity Fees)	
Beginning Balance	\$15,123
Revenue	
Interest Income	125
Capacity Fees	2,537
Temporary Transfer To/From Existing Fund	0
SRF Loan/SGIP Proceeds	2,000
Expenditures	
CIP Expenditures	2,150
Loan Payments to R & R Fund	0
Debt Servicing - SRF Loan	570
Ending Balance	\$17,066
% OF DEBT SERVICE TO GROSS REVENUES	8.8%
Debt Capacity Target (should not exceed 25% of Op + Debt)	11.8%
Ratio of debt service to SSC Net Rev (min. 1.30 per Debt policy#2060)	3.27
BONDING CAPACITY - Above 1.25 coverage	101,120

Sewer Service Fund	
Beginning Balance	Ending Balance
Revenue	
Net Revenues (SSC+Int-Op Exp -prov)	\$12,748
Loan Payments from Capacity Fund	\$11,816
Temporary Transfer To/From Capacity Fund	\$7,136
SRF Loan/SGIP Proceeds	\$9,248
Expenditures	
CIP Expenditures	\$11,816
Loans to Capacity Fund	\$7,136
Debt Servicing - New Issues	\$9,248
Debt Servicing - SRF Loan	\$8,586
Ending Balance	\$11,816
Other Designated Reserves	\$25,130
Total Sewer Service Fund Balance	\$36,946
Capacity Fund (Capacity Fees)	
Beginning Balance	\$15,123
Revenue	
Interest Income	125
Capacity Fees	2,537
Temporary Transfer To/From Existing Fund	0
SRF Loan/SGIP Proceeds	2,000
Expenditures	
CIP Expenditures	2,150
Loan Payments to R & R Fund	0
Debt Servicing - SRF Loan	570
Ending Balance	\$17,066
% OF DEBT SERVICE TO GROSS REVENUES	8.8%
Debt Capacity Target (should not exceed 25% of Op + Debt)	11.8%
Ratio of debt service to SSC Net Rev (min. 1.30 per Debt policy#2060)	3.27
BONDING CAPACITY - Above 1.25 coverage	101,120