

Las Gallinas Valley Sanitary District 2017-2018 Budget

June 8, 2017



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**DISTRICT BOARD**

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Plant Manager
Susan McGuire,
Administrative Services Manager
Greg Pease,
Collection System/Safety Manager

June 8, 2017

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 2017/18 Preliminary Revenue, Operating and Maintenance Expense, Debt Service, Reserve Funding, and Capital Outlay Budgets for review and adoption. 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 \$630,000 primarily from a \$32 increase in the sanitary sewer service charge from \$835 to \$867. 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 \$134,000 or 2.3%. Staffing levels are projected to remain the same. Repairs and maintenance are budgeted to increase by \$62,000; funding for the lateral assistance program will increase by \$21,000 as repayment funds are reinvested; and legal costs are budgeted to increase by \$70,000.

Reserve funding is increasing to reflect the collection of funds in the rate for the Treatment Plant Upgrade, Recycled Water Treatment Plant Expansion and Operations Control Center Building projects and the payments by MMWD for the buy-in of the existing recycled water treatment facility and for the expansion of the facility.

Debt service requirements are \$3,920,000 for prior year debt including the 2017 Revenue Bonds.

Planned Capital Outlay projects include the Treatment Plant Upgrade, Recycled Water Treatment Plant Expansion and Operations Control Center Building projects. The 2017 Revenue Bonds were issued in April 2017 based on a favorable AAA financial rating from Standard and Poor's. The District received \$41,000,000 from the bonds which have a principal balance of \$38,365,000, reflecting a premium of \$2,635,000. The capital outlay focus for 2018 is to finalize the design of these projects during the summer and begin construction in the fall of calendar year 2017. Other important capital projects that are expected to be completed in 2018 are the Biogas Energy Recovery System project through the completion of the digester project.

The District is continuing to accumulate funding for larger projects such as the John Duckett Sewage Main Capacity and Storage Project. This project has a total projected cost of \$9,243,000 and with the 2018 budget allocation; the District will have accumulated approximately \$6,197,000 of funding. The 2016-17 Sewer Improvement project is wrapping up. The District will accumulate funds over the next two fiscal years for another large sewer improvement project; this allows for larger projects which are more attractive to contractors and easier to manage. Funds are being accumulated for the Force main repair and replacement

project, with \$1,575,000 allocated through fiscal year 2018. A large scale levee maintenance project is planned in the future and cash is being accumulated for its funding.

Pump station upgrades throughout the District include panel painting and upgrades, odor control studies, and emergency pump connections. Other standalone capital outlay purchases include replacing several vehicles including the tractor, vactor truck, the utility vehicle, passenger van and plant manager vehicle. The District's administration and SCADA servers are over 5 years old each and in need of upgrades. Recurring capital items include replacement of manholes and rod holes in connection with paving projects, ongoing SCADA programming, participation in NBWRA and miscellaneous equipment purchases.

Sincerely,

Mark Williams

Mark R. Williams
General Manager

Las Gallinas Valley Sanitary District

Preliminary Budget 2017-18

Revenue

Operating Revenue

The District is in the third year of a five year rate increase based on the capital outlay plan adopted by the Board in June 2015. The maximum rate per the five year rate plan for 2017/18 is \$868, however due to increases in the calculated user charge the Board approved a rate of \$867, a \$32 increase over 2016/17.

Educational Revenue Augmentation Funds (ERAF) are determined by state statute. Special districts are allocated a certain amount of property tax revenues; however a portion is shifted from counties, cities, special districts, and redevelopment agencies to K-12 schools and community colleges. The District is subject to ERAF I and II tax shifts, which are specified by the State, using population and other factors and are adjusted yearly per the incremental growth rate in assessed property tax values. Staff has budgeted \$300,000 based on projected 2016-17 receipts; this is an increase from the 2016-17 budget of \$5,000.

Recycled water revenue is the estimated cost of providing water to North Marin Water District based on the projected costs for 2018.

The Private Sewer Lateral Assistance program began in July 2012; the budget reflects the projected repayments for 2018.

Franchise fees, permits, application fees, bank interest, supplemental property taxes, and Home Owner Property Tax Relief funds are projected to remain the same which is consistent with prior year budgets.

Interest on reserves, which are invested in the Bank of Marin and the Local Agency Investment Fund with the State of California, are expected to continue to yield low rates. As the District has built up cash for construction projects, the earnings have increased; however with the Secondary Treatment Plant and Recycled Water Upgrade projects are under design, staff expects reserves to be drawn down.

Miscellaneous revenue is comprised of insurance policy dividends; staff is projecting that they will remain consistent in 2018 from the projected actual for 2017.

Funds in excess of the amount needed to fund the Operating and Maintenance and Debt Service budgets are transferred to General Construction.

Capacity Related Revenue

Activity for second units has increased from prior years but larger projects are proceeding slowly. Since the District is substantially built out and the pace of development is difficult to predict, staff is not budgeting any capital facility charges for 2018. The interest income for this category is for existing funds on deposit, which may be expended by June 30, 2017.

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General Construction Revenue

Secured property taxes are calculated based on the value of real property, land and personal property, such as structures, located upon real property. Secured property is taxed at a general rate of 1% of the assessed value. Property tax projections for 2017 are expected to be higher than budgeted; for 2018 they are projected to be slightly higher than 2017 levels.

Operating Transfer In consists of funds in excess of the amount needed to fund the Operating and Maintenance and Debt Service budgets.

Other Sources of Funds

Marin Municipal Water District entered into an agreement in March 2017, to buy into the existing capacity of the Recycled Water Treatment Facility as well as participating in the debt service of the 2017 Revenue Bonds associated with the estimated cost for the expansion of the facility. These funds are allocated to the reserve funding for the cost of the project.

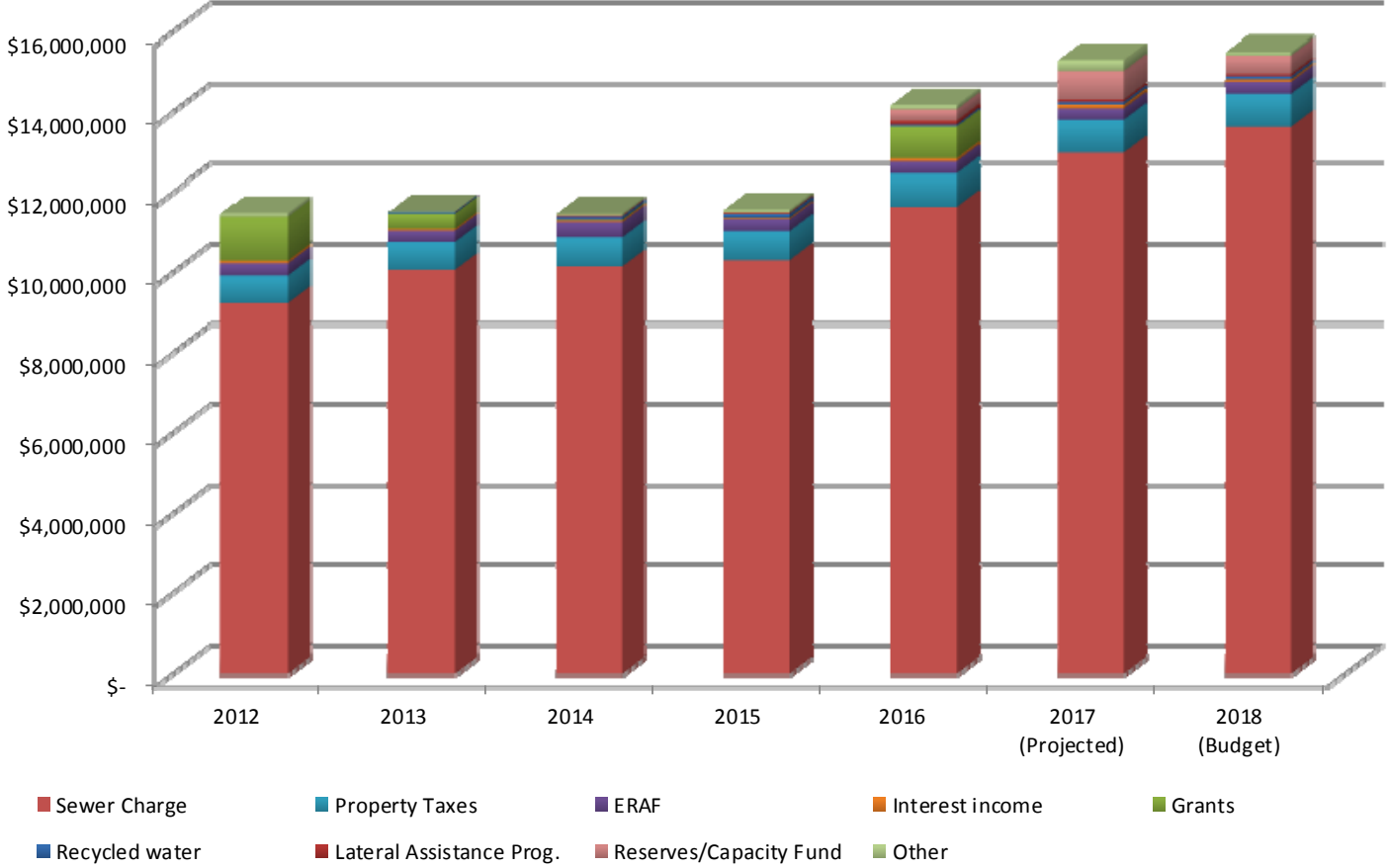
Utilization of Prior Year Reserves

The District has projects budgeted for 2016-17 which will not begin prior to year end but are expected to proceed in 2017-18. Staff has included those projects in the Capital Outlay budget and the related funding which will carry forward from 2016-17.

The following is a graph showing the composition of District revenues for the past five fiscal years plus the projected 2017 and budget for 2018:

Las Gallinas Valley Sanitary District Preliminary Budget 2017-18

Revenue Sources 2012 to 2018



Las Gallinas Valley Sanitary District

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Operating and Maintenance Expenses

Employee Expenses:

Regular staff salaries are based on 2017 projected wages with the maximum 3.25% increase per the Memorandum of Understanding. The overall budgeted increase is \$30,000 which reflects a small projected increase in wages for the Operations department. The prior year budgeted amount was too high. Scheduled step changes have been applied where appropriate.

Contract personnel and Extra hire costs are budgeted based on 2018 not having long-term vacancies.

Overtime is estimated based on projected 2017 amounts and reflect additional staffing for storm events.

Vacation and sick accrual is also estimated based on the prior three years trend; however it is difficult to predict how much time staff will accumulate rather than use.

Stand by time is based on projected wages, the regular rotation of personnel on duty, and additional staff who are on call during storm events.

Director salaries are projected based on the 2016 and 2017 amounts with a maximum 5% increase. Board members have received the same per meeting compensation since 2008.

Director benefits are based on the maximum allowance of \$200 per month per eligible director.

Social security tax is 7.65% of covered wages for all employees.

Group life insurance and long term disability insurance are projected from year to date 2017 amounts with adjustments for changes in census data.

CalPERS contributions are projected from regular wages with the anticipated employer contribution rate for 2018 and increased staff cost participation of 1%. Staff who became CalPERS members after 2013 are covered by a plan which requires a lesser retirement contributions by the District.

Health insurance is projected based on the known rates for July through December 2017 and the preliminary 2018 rates released by CalPERS in May 2017. Other Post-Employment Benefits are retiree health benefits for prior and current employees and is based on the actuarial valuation for the post-employment benefits dated January 1, 2017.

Dental insurance is paid through a self-insured plan and is based on actual claims made. Since claim expenses vary from person to person and from year to year, the budget is based on the average of the prior three years.

Vision insurance is a set amount; there is a small monthly increase from 2017.

Auto allowance and commute stipend are based on the known amounts for covered staff.

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Insurance:

Workers compensation insurance is based on projected wages for 2018 with an increase due to changes in the modification factor. Per discussions with the insurance carrier, changes in the rating methodology and the primary threshold for calculating premiums are also reflected in projected premiums for 2018..

Unemployment insurance is paid based on claims made and the District has not had a claim since 2004.

Pooled liability insurance includes general liability and mobile equipment. These are billed separately with the general liability insurance premium period on the calendar year and the mobile equipment on the fiscal year. The liability insurance is the larger premium for which half of the yearly cost is known based on the current billing. The budget for 2018 remains the same as 2017 since the District has historically received a retro adjustment which reduces the true cost each year. For 2017, without the retro adjustment the premiums would have been \$113,167. The retro adjustment is different from any insurance dividends which are classified as Miscellaneous Revenue.

Fidelity bond for the cost of commercial crime insurance coverage is based on prior years.

Repairs and Maintenance:

Vehicle parts and maintenance is based on 2017 year to date results with adjustments for projected activity during the remainder of the fiscal year.

Building maintenance consists of quarterly HVAC service and other routine maintenance.

Grounds maintenance is budgeted based on projected activity for 2017.

Power generation maintenance and repairs consists of work performed on the photo voltaic system.

Equipment maintenance and repair is expected to be remain the same for 2018. The amounts for Captains Cove and Marin Lagoon are from the budgets for those developments.

Capital repairs/replacements consist of items that are long-lived or life extending in nature but are not budgeted for in the capital budget. They are either items that are capital in nature but the replacement/repair is not anticipated as part of the initial capital outlay budget or items such as small pumps and equipment with a cost under the \$5,000 capitalization threshold. Additional costs for pump repairs in reclamation, rebuilding of plant pumps and the influent screen are included for 2018.

Other Operating Expenses:

Chemical costs are estimated based on past usage and bids received for 2018.

Pollution prevention program is contracted with Central Marin Sanitary Agency. The budget is based on their budget adjusted for actual results in prior years.

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Lab contract services are budgeted based on year to date 2017 charges for the treatment plant and the recycled water facility.

Small tools are budgeted based on needed items and prior year expenditures for each individual department.

Outside services consist of the cost of pagers, answering service, alarm system monitoring, security patrol, pre-employment screening, and portable restrooms in the reclamation area. This cost in addition to janitorial and uniform service is projected for 2018 based on current year costs.

Aquatic review is conducted twice a year by contract.

Damage claims are budgeted based on the maximum deductible for one sewer overflow claim for the year.

Sludge Disposal is the cost for injecting digested biosolids in the District's dedicated disposal site. The amount is based on the bid received for 2018.

Regulatory consultant budget is based on a proposal for 2018. The cost is higher to provide support to transition of the Pollution Prevention program to internal staff from an outside agency.

Engineering consultant is an estimate by staff based on the average activity during recent years. Some of this cost is reimbursed by project owners who apply for capacity.

Consultants include costs for updating the strategic plan, implementing the Canada goose management plan, the biennial actuarial valuation for the Other Post Employment Benefit Plan, evaluation of the floating solar proposal and labor relations.

General operating supplies are budgeted by department based on prior year trends.

Utility power is for the treatment plant and the pump stations. In the past years, the District has received refunds from Marin Clean Energy for excess power generation; however due to the co-gen system being offline and the new biogas energy recovery system not being online during 2016-17, refunds have not been budgeted for 2018.

Telephone and water are budgeted based on year to date 2017 costs.

Fuel and oil budget is based on year to date 2017. There is minimal oil use projected for the recycled water plant.

Safety equipment and supplies and safety services are budgeted based on a proposal for 2018.

Lateral rehab assistance program is budgeted based on the amount in the 2018 rate plus reinvestment of the projected repayments from existing agreements.

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General and Administrative:

Conferences and mileage/travel are budgeted based on year to date 2017 activity with an increase for additional staff attending technical conferences.

Since the election has been delayed until November 2018, there is no budgeted expense.

Office supplies and expense is budgeted based on annualizing 2017 activity.

Computer support and supplies includes annual software renewals, the replacement of computers as needed and outside computer network support.

User charge collection fee is charged by the County of Marin for collecting the property taxes and user charges on the tax rolls. Staff is projecting the amount based on 2017 rates.

Publications and legal ads are for contract/public bidding advertising, chemical procurement, public hearings, and recruiting.

Public education and outreach is for the joint efforts with other Marin County sewage treatment agencies, web site maintenance, the request by STRAW for funding, special mailings and for the District's newsletter and annual sewer rate change mailings.

Taxes, other is the annual LAFCO charge and is based on the projected 2018 charge.

Memberships and permits are based on the 2017 invoices with an increase for some permits.

Rents and leases for administration are costs for the lease of the postage machine, off-site records storage, railroad easements and copiers. Rents and leases for pumpstations are for portable stand by generators for storm events.

Legal expense is projected to increase from projected 2017 activity due to legal issues concerning the treatment plant upgrade.

Audit expense is based on recent proposals for auditing services being evaluated by staff.

Employee recognition is based on year to date 2017 activity.

Employee training and education includes the cost for the District to participate in the Liebert Cassidy Whitmore employment relations consortium and other offsite training. The District expects to continue to send staff for training in 2018.

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Reserves

- Working Cash Flow and Undesignated Capital reserves are budgeted based on the target balance established in 2009 and increase each year by 5%.
- The Capital Reserves for the Plant Upgrade and Recycled Water Treatment Plant Expansion Projects are based on the actual payment required to service the 2017 Revenue Bonds and the amount that was included in the five year rate increase. These funds will be used to pay for the project expenses.
- Captains Cove and Marin Lagoon reserves are the excess of special assessments over projected operations, maintenance and capital expenditures which are collected for these developments.
- MMWD Debt Reimbursement reserves are the amounts MMWD is paying to the District for the buy-in for the existing recycled water treatment plant and the allocated share of the 2017 Revenue Bonds for the expansion project.

Debt Service

The District has four issuances of debt outstanding. They are as follows:

- Certificates of Participation (COP) with an original principal amount of \$10,000,000, which were issued in 2005, and have annual principal and interest payments through December 2025. The District refinanced them at a reduced interest rate of 3.3% which will save interest over the remaining life and will result in lower annual payments. The principal balance remaining is projected to be \$5,503,800 as of July 1, 2017.
- State Revolving Fund Loan (SRF) was a construction loan which originated in 2010 and was completely drawn down in 2012. The original principal amount was \$4,314,750 with annual principal and interest payments through June 2032. The interest rate is 2.7%. The principal balance remaining is projected to be \$3,485,996 as of July 1, 2017.
- Bank of Marin Loan which originated in 2011 with a principal amount of \$4,600,000. Monthly principal and interest payments are due through June 2031. The interest rate is 3.88%. The principal balance remaining is projected to be \$3,576,238 as of July 1, 2017.
- Bank of Marin Loan which originated in 2012 with a principal amount of \$2,000,000. Monthly principal and interest payments are due through August 2022. The interest rate is 3.25%. The principal balance remaining is projected to be \$1,116,601 as of July 1, 2017.
- 2017 Revenue Bonds were issued in April 2017 with a principal amount of \$38,365,000. The annual principal and interest payment for 2018 is \$2,369,505. The true interest rate to maturity is 3.298476%. An interest only payment is due on October 1st and interest and principal are due April 1st each year beginning with the October 2017 payment.

The debt service does not reflect the reimbursement to be received from MMWD for buying into the existing recycled water treatment facility or their portion of the new debt to be issued. MMWD has the option to pull out of the project at various points until construction is awarded. Until that time these funds will be added to reserves. The payments to be received from MMWD are included in the reserves budget.

Las Gallinas Valley Sanitary District

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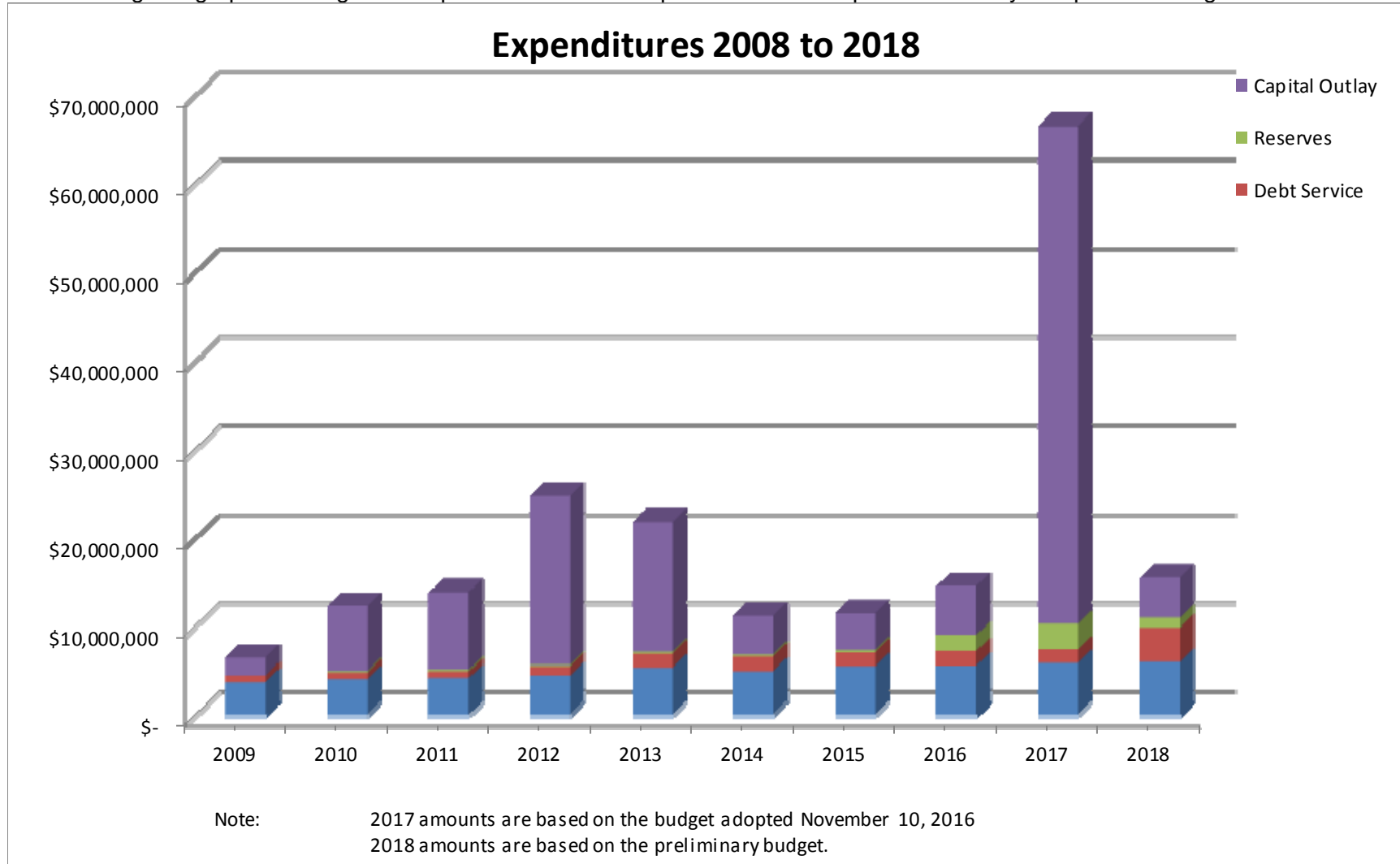
Capital Outlay

The Capital Outlay budget contains projects specifically identified in the Five Year plan for 2015/2016 through 2019/2020 plus miscellaneous capital needs that change yearly. See the separate Capital Outlay Budget for the list of projects and summary descriptions.

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Las Gallinas Valley Sanitary District Preliminary Budget 2017-18

The following is a graph showing the composition of District expenditures for the past five fiscal years plus the budget for 2018.



LAS GALLINAS VALLEY SANITARY DISTRICT

2017-18 PRELIMINARY REVENUE BUDGET

Revenue Description	2014-15 Final Actual	2015-16 Final Actual	2016-17 Revised Budget	2016-17 Projected Actual	2017-18 Preliminary Budget
OPERATING REVENUE					
User Charges	\$ 10,311,215	\$ 11,647,257	\$ 12,989,000	\$ 12,989,000	\$ 13,634,900
Educational Revenue Augmentation Fund	307,862	297,980	295,000	295,071	300,000
Recycled Water	120,037	49,813	106,913	75,000	75,100
Franchise Fees	25,000	25,000	25,000	25,000	25,000
Inspection/Permits/Application Fee	1,824	9,569	5,500	5,500	5,500
Interest	632	391	400	400	400
Interest on Reserves	44,962	69,208	45,000	90,000	60,000
Suppl. Property Tax Assess.	11,021	21,910	12,000	20,000	20,000
Homeowner Property Tax Relief	4,521	4,442	4,000	4,000	4,000
Private Sewer Lateral Assistance Program	29,516	101,541	50,000	61,000	65,000
Miscellaneous Revenue	19,617	36,051	20,000	20,000	20,000
Sale of Assets	1,117	-	5,000	-	5,000
Operating Transfer Out	-	-	(6,170,584)	(6,197,742)	(3,702,679)
Total Operating Revenue	<u>10,877,324</u>	<u>12,263,162</u>	<u>7,387,229</u>	<u>7,387,229</u>	<u>10,512,221</u>
CAPACITY RELATED REVENUE					
Annex and Capital Facility Charges	37,370	34,359	-	45,000	-
Interest	959	972	500	500	300
Total Capacity Related Revenue	<u>38,329</u>	<u>35,331</u>	<u>500</u>	<u>45,500</u>	<u>300</u>
GENERAL CONSTRUCTION REVENUE					
Property Tax	767,999	804,996	780,000	824,000	830,000
Operating Transfer In	-	-	6,170,584	6,197,742	3,702,679
	<u>767,999</u>	<u>804,996</u>	<u>6,950,584</u>	<u>7,021,742</u>	<u>4,532,679</u>
OTHER SOURCES OF FUNDS					
Marin Municipal Water District		-	-	385,200	455,058
Loan	-	-	41,000,000	41,000,000	-
Federal Grant	-	-	820,000	-	-
State Grant	34,900	797,860	416,259	-	-
	<u>34,900</u>	<u>797,860</u>	<u>42,236,259</u>	<u>41,385,200</u>	<u>455,058</u>
UTILIZATION OF PRIOR YEAR RESERVES					
Reserves	-	-	366,256	366,256	-
Private Sewer Lateral Assistance Funds	-	215,676	-	-	-
Prior Year Capital Project Carryover	2,942,797	3,860,218	8,827,569	8,827,569	1,428,694
Transfers from Bond Fund	-	-	-	-	-
Marin Lagoon Reserve Fund			165,000	165,000	165,000
Captains Cove Reserve Fund	-	-	30,000	30,000	-
Capacity Fund	-	276,319	349,556	349,556	-
	<u>2,942,797</u>	<u>4,352,213</u>	<u>9,738,381</u>	<u>9,738,381</u>	<u>1,593,694</u>
TOTAL REVENUES	<u>\$ 14,661,349</u>	<u>\$ 18,253,562</u>	<u>\$ 66,312,953</u>	<u>\$ 65,578,052</u>	<u>\$ 17,093,952</u>

**LAS GALLINAS VALLEY SANITARY DISTRICT
2017-18 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET**

Acct. Num.	Expense Description	2014-15 Total Actual	2015-16 Total Actual	2016-17 Revised Budget	2016-17 Year to Date 3/31/2017	2017-18 Preliminary Budget	Percent Change from Prior Year
1003	Regular Staff Salaries						
	100 Administration	\$ 499,137	\$ 541,413	\$ 571,000	\$ 408,662	\$ 587,000	2.8%
	125 Engineering	288,016	308,892	344,000	253,795	363,000	5.5%
	200 Collection	409,999	415,207	439,589	318,102	458,800	4.4%
	350 Captain's Cove	1,848	1,917	3,011	1,468	3,600	19.6%
	360 Marin Lagoon	3,525	3,702	6,400	2,349	4,600	-28.1%
	400 Lab	183,625	146,643	175,000	121,477	187,000	6.9%
	600 Treatment Plant	547,871	636,499	788,000	519,571	759,000	-3.7%
	650 Recycled Water	21,911	24,405	25,000	7,581	19,000	-24.0%
1004	Extra Hire	-	-	-	-	-	
1005	Contract Personnel	14,396	988	2,000	-	2,000	0.0%
1008	Over Time						
	100 Administration	9,526	9,150	10,800	6,619	9,000	-16.7%
	125 Engineering	1,732	3,421	3,000	1,845	2,800	-6.7%
	200 Collection	9,025	9,983	12,000	7,115	10,000	-16.7%
	300 Pump Stations	336	-	-	263	-	
	350 Captain's Cove	110	407	-	149	-	
	360 Marin Lagoon	-	501	-	333	3,000	
	400 Lab	8,550	3,085	4,800	2,691	3,500	-27.1%
	500 Reclamation	-	-	-	-	-	
	600 Treatment Plant	30,250	37,530	30,000	49,447	40,000	33.3%
	650 Recycled Water	1,832	2,697	3,000	268	2,000	-33.3%
1009	Vacation and Sick Accrual						
	100 Administration	15,906	7,908	8,500	12,325	9,000	5.9%
	125 Engineering	499	5,205	5,500	1,833	4,000	-27.3%
	200 Collection	6,921	16,498	12,500	2,858	10,000	-20.0%
	400 Lab	3,186	5,459	3,800	4,778	5,000	31.6%
	600 Treatment Plant	51,314	22,091	17,700	21,656	20,000	13.0%
1010	Stand By						
	200 Collection	26,942	28,926	28,000	22,109	27,500	-1.8%
	400 Lab	971	951	1,000	1,171	1,100	10.0%
	600 Treatment Plant	34,705	38,775	38,000	33,248	40,000	5.3%
1036	Directors Salary	49,276	53,824	55,000	34,115	55,000	0.0%
1037	Directors Benefits	6,513	9,600	9,600	6,900	9,600	0.0%
1404	Payroll Taxes						
	100 Administration	31,700	33,418	34,000	23,004	35,465	4.3%
	125 Engineering	19,511	21,100	22,000	15,069	23,525	6.9%
	150 Directors	3,770	4,118	4,175	2,699	4,120	-1.3%
	200 Collection	30,533	37,216	38,280	28,054	39,625	3.5%
	350 Captain's Cove	863	-	230	-	275	19.6%
	360 Marin Lagoon	1,641	-	490	-	355	-27.5%
	400 Lab	12,924	12,235	14,000	10,055	14,590	4.2%
	600 Treatment Plant	41,686	57,382	64,088	45,735	65,000	1.4%
	650 Recycled Water	12,831	-	1,913	-	-	-100.0%
1502	Group Life Insurance						
	100 Administration	1,112	1,078	1,176	906	1,470	25.0%
	125 Engineering	600	527	605	453	605	0.0%
	200 Collection	1,405	1,161	1,266	1,290	1,770	39.8%
	400 Lab	154	163	204	153	210	2.9%
	600 Treatment Plant	1,207	1,221	1,608	1,280	1,850	15.0%

**LAS GALLINAS VALLEY SANITARY DISTRICT
2017-18 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET**

Acct. Num.	Expense Description	2014-15 Total Actual	2015-16 Total Actual	2016-17 Revised Budget	2016-17 Year to Date 3/31/2017	2017-18 Preliminary Budget	Percent Change from Prior Year
1507	PERS						
	100 Administration	88,663	87,133	91,466	133,848	93,435	2.2%
	125 Engineering	48,979	44,710	47,818	26,275	48,500	1.4%
	200 Collection	72,706	73,508	79,550	39,350	82,140	3.3%
	400 Lab	30,015	13,526	10,000	7,945	8,925	-10.8%
	600 Treatment Plant	90,015	102,767	128,561	62,217	123,980	-3.6%
1509	Health Insurance						
	100 Administration	66,888	70,877	76,005	54,459	66,600	-12.4%
	125 Engineering	41,315	38,540	42,850	30,663	42,000	-2.0%
	200 Collection	66,429	77,319	85,750	61,387	84,000	-2.0%
	400 Lab	28,506	29,366	30,000	21,292	29,000	-3.3%
	600 Treatment Plant	96,438	80,286	97,700	69,121	96,000	-1.7%
	900 Other Post-Employ. Benefits	85,501	113,460	136,663	92,392	234,530	71.6%
	900 Retirees	93,236	99,134	83,010	70,946		-100.0%
1510	Dental Insurance						
	100 Administration	5,909	2,849	4,200	3,332	4,300	2.4%
	125 Engineering	2,433	1,943	1,700	1,000	1,500	-11.8%
	200 Collection	4,855	5,245	5,300	3,453	5,000	-5.7%
	400 Lab	3,387	1,355	2,400	349	1,500	-37.5%
	600 Treatment Plant	4,348	6,538	6,300	4,135	5,500	-12.7%
1514	Vision Insurance						
	100 Administration	448	468	465	293	500	7.5%
	125 Engineering	347	307	350	219	375	7.1%
	200 Collection	565	584	580	366	625	7.8%
	400 Lab	232	188	235	146	250	6.4%
	600 Treatment Plant	710	735	815	439	900	10.4%
1516	Long Term Disability						
	100 Administration	3,523	4,607	4,800	3,201	4,900	2.1%
	125 Engineering	2,237	2,513	3,040	2,026	3,200	5.3%
	200 Collection	3,110	3,906	4,390	2,723	4,600	4.8%
	400 Lab	1,126	1,080	1,600	836	1,700	6.3%
	600 Treatment Plant	4,522	5,399	7,450	4,031	7,800	4.7%
2006	Auto Allowance	7,954	7,254	10,800	9,176	13,200	22.2%
2007	Commute Stipend	-	10,938	33,000	20,768	33,000	0.0%
1006	Payroll Processing	8,173	9,128	9,000	7,372	9,500	5.6%
	Total Employee Expense	<u>3,250,429</u>	<u>3,400,959</u>	<u>3,787,032</u>	<u>2,705,186</u>	<u>3,831,820</u>	1.2%
1701	Workers' Comp Insurance	57,337	48,317	55,000	29,174	58,000	5.5%
1702	Unemployment Insurance	-	-	5,000	-	-	-100.0%
2060	Pooled Liability Insurance	99,678	100,558	110,000	75,666	110,000	0.0%
2061	Fidelity Bond	1,232	1,232	1,250	924	1,250	0.0%
	Total Insurance Expense	<u>158,247</u>	<u>150,107</u>	<u>171,250</u>	<u>105,764</u>	<u>169,250</u>	-1.2%
2083	Vehicle Parts & Maintenance						
	100 Administration	6,438	1,784	3,000	135	2,000	-33.3%
	125 Engineering	3,057	694	1,000	2,362	1,000	0.0%
	200 Collection	29,496	29,309	30,000	26,089	30,000	0.0%
	400 Lab	-	497	500	100	500	0.0%
	600 Treatment Plant	5,392	4,608	2,500	3,961	3,000	20.0%

**LAS GALLINAS VALLEY SANITARY DISTRICT
2017-18 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET**

Acct. Num.	Expense Description	2014-15 Total Actual	2015-16 Total Actual	2016-17 Revised Budget	2016-17 Year to Date 3/31/2017	2017-18 Preliminary Budget	Percent Change from Prior Year
2096	Building maintenance	15,340	11,954	10,000	8,753	12,000	20.0%
2097	Grounds Maintenance	3,582	2,665	5,000	6,923	3,000	-40.0%
2538	Power Generation Maintenance & Repair						
	500 Reclamation	19,257	2,457	6,000	2,750	3,000	-50.0%
	600 Treatment Plant	12,292	36	2,000	925	2,000	0.0%
2365	Equipment Maintenance						
	100 Administration	125	325	500	-	500	0.0%
	125 Engineering	-	-	500	-	500	0.0%
	200 Collection	3,070	251	1,000	37	1,000	0.0%
	300 Pump Stations	20,105	20,036	25,000	18,395	25,000	0.0%
	400 Lab	552	638	500	565	750	50.0%
	500 Reclamation	324	-	1,000	2,771	1,000	0.0%
	600 Treatment Plant	21,216	17,375	17,000	19,542	20,000	17.6%
	650 Recycled Water Plant	12,785	2,688	3,000	5,867	5,000	66.7%
2366	Equipment Repair						
	100 Administration	3,610	-	500	-	100	-80.0%
	125 Engineering	-	-	500	20	100	-80.0%
	200 Collection system	5,506	4,490	5,000	1,472	3,000	-40.0%
	300 Pump Stations	11,446	23,804	20,000	10,111	15,000	-25.0%
	350 Captain's Cove	152	-	2,000	-	-	-100.0%
	360 Marin Lagoon	3,149	-	3,300	-	2,000	-39.4%
	400 Lab	883	2,395	2,000	56	1,000	-50.0%
	500 Reclamation	5,210	118	3,000	2,101	1,000	-66.7%
	600 Treatment Plant	45,466	36,499	50,000	36,198	65,000	30.0%
	650 Recycled Water	13,672	1,875	3,000	658	2,000	-33.3%
2367	Capital Repairs/Replacements						
	100 Administration	-	-	-	-	-	0.0%
	125 Engineering	-	-	-	3,299	-	0.0%
	200 Collection system	4,433	5,782	10,000	-	7,000	-30.0%
	300 Pump Stations	37,469	26,930	30,000	37,437	40,000	33.3%
	350 Captain's Cove	-	-	-	-	-	0.0%
	360 Marin Lagoon	-	-	-	-	-	0.0%
	400 Lab	-	-	-	2,985	-	0.0%
	500 Reclamation	-	3,401	5,000	-	31,000	520.0%
	600 Treatment Plant	56,476	42,062	40,000	62,161	72,500	81.3%
	650 Recycled Water	30,988	29,275	25,000	5,443	20,000	-20.0%
	Total Repairs and Maintenance	<u>371,491</u>	<u>271,948</u>	<u>307,800</u>	<u>261,116</u>	<u>369,950</u>	20.2%
2107	Hypochlorite						
	600 Plant	43,370	52,044	50,000	36,549	66,000	32.0%
	650 Recycled Water	578	456	1,000	245	1,000	0.0%
2110	Bisulfite	28,895	36,503	55,000	49,715	68,000	23.6%
2109	Miscellaneous Chemicals						
	600 Plant	37,019	52,262	72,000	83,659	72,000	0.0%
	650 Recycled Water	8,291	8,611	12,000	563	1,000	-91.7%
2119	Pollution Prevention Program						
	200 Collection	11,240	15,415	12,000	7,425	10,000	-16.7%
	600 Plant	7,541	8,143	4,000	7,506	10,000	150.0%
2117	Lab Contract Services						
	400 Lab	51,076	40,888	35,000	31,245	30,000	-14.3%

**LAS GALLINAS VALLEY SANITARY DISTRICT
2017-18 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET**

Acct. Num.	Expense Description	2014-15 Total Actual	2015-16 Total Actual	2016-17 Revised Budget	2016-17 Year to Date 3/31/2017	2017-18 Preliminary Budget	Percent Change from Prior Year
	650 Recycled Water	4,606	4,700	7,000	2,970	6,000	-14.3%
2102	Special Monitoring/Pilot Testing	(4,134)	118	-	2,800	-	
2249	Small Tools						
	125 Engineering	60	17	500	-	100	-80.0%
	200 Collection	712	166	6,000	403	2,000	-66.7%
	300 Pump Stations	-	-	-	-	-	0.0%
	400 Lab	-	-	-	-	-	0.0%
	600 Treatment Plant	2,467	1,922	2,000	2,312	2,000	0.0%
	650 Recycled Water	123	22	100	-	100	0.0%
2322	Outside Services	32,916	17,177	17,000	14,026	18,000	5.9%
2324	Janitorial	8,788	9,798	9,500	7,141	19,000	100.0%
2325	Aquatic Review	1,828	6,485	3,600	3,536	3,600	0.0%
2327	Uniform Service	4,073	5,370	6,000	3,777	5,500	-8.3%
2330	Damage Claim	10,000	(4,133)	10,000	450	10,000	0.0%
2334	Sludge Disposal						
	600 Treatment Plant	41,555	40,000	45,000	27,484	67,500	50.0%
	650 Recycled Water	-	-	2,000	-	-	-100.0%
2357	Regulatory Consultant						
	600 Treatment Plant	148,681	155,804	152,500	113,716	158,000	3.6%
	650 Recycled Water	10,181	7,544	11,900	2,350	9,500	-20.2%
2358	Engineering Consultant	8,623	5,528	8,000	6,572	5,000	-37.5%
2360	Consultants	64,463	40,967	40,000	25,163	40,000	0.0%
2362	General Operating Supplies						
	100 Administrative	4,789	6,589	5,000	2,376	4,000	-20.0%
	125 Engineering	848	543	1,000	371	200	-80.0%
	150 Board	4,568	4,339	3,400	3,947	4,300	26.5%
	200 Collection	1,846	1,615	2,500	401	1,000	-60.0%
	300 Pump Stations	924	840	1,000	683	1,000	0.0%
	400 Lab	16,356	23,824	22,000	25,642	30,000	36.4%
	500 Reclamation	250	1,458	750	472	200	-73.3%
	600 Treatment Plant	18,374	11,882	15,000	6,734	10,000	-33.3%
	650 Recycled Water	542	879	1,000	338	500	-50.0%
2535	Utility Power						
	300 Pump Stations	48,846	63,937	56,000	68,998	65,000	16.1%
	350 Captain's Cove	1,910	2,358	2,500	1,868	2,965	18.6%
	360 Marin Lagoon	4,032	5,062	5,420	3,755	5,100	-5.9%
	500 Reclamation	583	1,553	-	1,613	-	0.0%
	600 Treatment Plant	(28,536)	(12,840)	60,000	169,367	-	-100.0%
	650 Recycled Water	8,567	4,885	10,000	4,726	9,000	-10.0%
2534	Telephone						
	100 Administration	12,312	12,615	12,000	9,192	12,500	4.2%
	125 Engineering	1,840	2,332	2,400	1,486	2,000	-16.7%
	150 Board	38	-	200	-	-	-100.0%
	200 Collection	2,652	2,626	3,000	2,061	2,600	-13.3%
	300 Pump Stations	4,100	3,892	3,500	3,181	4,200	20.0%
	350 Captain's Cove	3,725	3,762	3,500	3,023	4,100	17.1%
	400 Lab	690	615	800	375	600	-25.0%
	600 Treatment Plant	6,172	5,957	6,200	5,090	6,000	-3.2%

**LAS GALLINAS VALLEY SANITARY DISTRICT
2017-18 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET**

Acct. Num.	Expense Description	2014-15 Total Actual	2015-16 Total Actual	2016-17 Revised Budget	2016-17 Year to Date 3/31/2017	2017-18 Preliminary Budget	Percent Change from Prior Year
2536	Water	6,053	4,927	3,000	3,491	4,200	40.0%
2501	Fuel & Oil						
	900 General	29,549	21,531	25,000	18,690	25,000	0.0%
	650 Recycled Water	-	-	1,000	-	-	-100.0%
2389	Safety Equipment & Supplies	28,358	20,214	25,000	20,753	20,000	-20.0%
2397	Safety Services	29,440	25,920	29,160	21,430	28,900	-0.9%
2801	Lateral Rehab Assistance Program	172,808	272,400	176,300	71,958	197,915	12.3%
2477	Conferences						
	100 Administration	18,734	25,646	25,000	10,326	13,000	-48.0%
	125 Engineering		-	-	2,046	3,000	100.0%
	150 Board	18,734	25,646	25,000	18,251	25,000	0.0%
	200 Collection				80	2,000	100.0%
	400 Lab				526	2,000	100.0%
	600 Treatment Plant				4,479	6,000	100.0%
	900 General Staff	35,394	33,158	35,000	-	-	-100.0%
2479	Mileage and Travel						
	150 Board	-	343	50	62	200	300.0%
	900 General Staff	1,453	987	1,000	5,459	5,000	400.0%
2129	Election Expense	-	250	-	-	-	0.0%
2133	Office Supplies and Expense	22,145	14,920	18,000	11,322	14,000	-22.2%
2716	Computer Support and Supplies	56,349	33,731	33,000	32,839	50,000	51.5%
2135	Bank Charges	180	(10)	-	27	1,500	100.0%
9778	User Charge Collection Fee	31,175	30,216	32,000	21,347	35,000	9.4%
2221	Publication and Legal Ads	20,821	16,769	16,000	9,397	10,000	-37.5%
2223	Public Education and Outreach	77,674	52,773	70,000	24,248	45,000	-35.7%
2264	Taxes, Other	5,737	6,528	7,000	5,824	8,000	14.3%
2272	Memberships	39,930	43,439	44,000	31,848	44,000	0.0%
2363	Permits						
	200 Collection	490	490	500	490	500	0.0%
	300 Pump Stations	3,478	2,390	1,000	-	2,500	150.0%
	400 Laboratory	2,359	1,966	2,000	1,926	2,000	0.0%
	600 Treatment Plant	30,671	37,944	40,000	32,216	38,000	-5.0%
	650 Recycled Water	-	-	-	-	-	0.0%
	900 General	6,434	1,284	2,000	1,818	2,000	0.0%
2364	Fines	-	6,000	6,000	9,000	6,000	0.0%
2246	Rents and Leases						
	100 Administration	13,484	12,006	14,000	11,215	14,000	0.0%
	300 Pump Stations	23,597	13,987	10,000	5,590	6,000	-40.0%
	600 Treatment Plant	1,455	1,610	2,000	1,997	2,000	0.0%
2713	Legal Expense	143,218	110,059	100,000	126,593	170,000	70.0%
2717	Audit	23,200	32,833	28,000	30,570	27,000	-3.6%
9786	Employee Recognition	4,077	2,607	4,500	2,127	4,500	0.0%
9787	Employee Training and Education	20,125	20,225	22,000	16,993	22,000	0.0%

**LAS GALLINAS VALLEY SANITARY DISTRICT
2017-18 PRELIMINARY OPERATING AND MAINTENANCE EXPENSE BUDGET**

Acct. Num.	Expense Description	2014-15 Total Actual	2015-16 Total Actual	2016-17 Revised Budget	2016-17 Year to Date 3/31/2017	2017-18 Preliminary Budget	Percent Change from Prior Year
9781	Interest Expense - General	-	-	-	-	-	0.0%
9999	Miscellaneous expense	19	1,122	1,000	102	1,000	0.0%
9920	Reserves ⁽¹⁾	-	-	-	-	-	
OPERATING EXPENSE TOTALS		<u>\$ 5,285,688</u>	<u>\$ 5,351,455</u>	<u>\$ 5,843,862</u>	<u>\$ 4,372,412</u>	<u>\$ 5,977,800</u>	2.3%

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

LAS GALLINAS VALLEY SANITARY DISTRICT 2017-18 PRELIMINARY RESERVE FUNDING BUDGET

Expenditure	2014-15 Total Actual	2015-16 Total Actual	2016-17 Adopted Budget	2016-17 Revised Budget	2017-18 Preliminary Budget
Working Cash Flow	\$ 111,263	\$ 116,826	\$ 126,408	\$ 126,408	\$ 158,045
Rate Stabilization ⁽¹⁾	-	-	-	-	-
Emergency Repair ⁽²⁾	45,814	48,105	43,622	43,622	-
Capital Reserves					
Undesignated	98,173	103,082	111,536	111,536	139,451
Plant Upgrade and Recycled Water Treatment Plant Expansion Projects	-	1,558,720	2,591,715	2,591,715	301,210
Captains Cove	1,833	5,854	4,759	4,759	5,060
Marin Lagoon	4,178	5,421	9,140	9,140	9,695
MMWD Debt Reimbursement					
Bank of Marin	-	-	-	-	206,549
2017 Revenue Bonds	-	-	-	-	248,509
	<u>\$ 261,261</u>	<u>\$ 1,838,008</u>	<u>\$ 2,887,180</u>	<u>\$ 2,887,180</u>	<u>\$ 1,068,519</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 2017-18 PRELIMINARY DEBT SERVICE BUDGET

Expenditure	2014-15 Total Actual	2015-16 Total Actual	2016-17 Adopted Budget	2016-17 Revised Budget	2017-18 Preliminary Budget
2005 Certificates of Participation/ Refunded 2014	\$ 686,638	\$ 686,045	\$ 689,876	\$ 689,876	\$ 697,963
2010 State Revolving Fund Loan	285,464	285,464	285,464	285,464	285,464
2011 Bank of Marin Loan	332,681	332,681	332,681	332,681	332,682
2012 Bank of Marin Loan	235,346	235,346	235,346	235,346	235,346
2017 Revenue Bonds ⁽¹⁾	-	-	-	-	2,369,505
2016 Treatment Plant Upgrade ⁽²⁾	-	-	-	-	-
2016 Miller Creek Maintenance	-	90,000	95,034	-	-
2017 Administration Building Expansion ⁽²⁾	-	-	-	-	-
	<u>\$ 1,540,129</u>	<u>\$ 1,629,536</u>	<u>\$ 1,638,401</u>	<u>\$ 1,543,367</u>	<u>\$ 3,920,960</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.

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**LAS GALLINAS VALLEY SANITARY DISTRICT
2017-18 PRELIMINARY CAPITAL OUTLAY BUDGET**

Project Description			Funding Source							
			Total Project Cost FY 2018	Carryover from FY 2017	Loan	Grants	Reserves	Capacity Fund	Current Year	
100 ADMINISTRATION										
18100	01	Vehicle <i>Replace existing van</i>	Project Total:	\$ 40,000	\$ 34,000					\$ 6,000
18100	02	Computer server <i>Upgrade existing server and purchase new server and configure both</i>	Project Total:	\$ 20,000						\$ 20,000
Total				\$ 60,000	\$ 34,000	\$ -	\$ -	\$ -	\$ -	\$ 26,000
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:	\$ 2,042,148						\$ 2,042,148
18200	01	Sewer Main Rehabilitation 2018 <i>Annual sewer system rehabilitation.</i>	Project Total:	\$ 990,810						\$ 990,810
18200	02	Manhole/Rodhole Repair and Replacement <i>Roadwork, repair and replacement.</i>	Project Total:	\$ 50,000						\$ 50,000
18200	03	Vactor <i>Replace equipment that is out of service.</i>	Project Total:	\$ 200,000	\$ 70,000					\$ 130,000
Total				\$ 3,282,958	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ 3,212,958
300 PUMP STATIONS / FORCE MAINS										
14300	05	Force Main Repair/Replacement <i>Line force main line to plant as part of large plant project</i>	Project Total:	\$ 1,575,158	\$ 1,324,694					\$ 250,464
18300	01	Supervisory Control and Data Acquisition (SCADA) <i>Programming upgrades.</i>	Project Total:	\$ 15,000						\$ 15,000
18300	02	Pump Station Panel Upgrades and Replacements <i>Controls at panels have reached the end of their useful lives</i>	Project Total:	\$ 280,265	\$ -					\$ 280,265
18300	03	Emergency Pump Connections <i>Install new emergency pump connectors at medium and large pump stations</i>	Project Total:	\$ 30,000	\$ -					\$ 30,000

**LAS GALLINAS VALLEY SANITARY DISTRICT
2017-18 PRELIMINARY CAPITAL OUTLAY BUDGET**

Project Description			Funding Source							
			Total Project Cost FY 2018	Carryover from FY 2017	Loan	Grants	Reserves	Capacity Fund	Current Year	
18300	04	Descanso/Smith Ranch Pump Station Odor/Corrosion Study <i>Study solutions to control odors and corrosion in station wet wells and upstream manholes.</i>	Project Total: \$ 30,000							\$ 30,000
18360	01	Marin Lagoon Pump Station <i>Panel replacement, upgrades, and painting</i>	Project Total: \$ 165,000					\$ 165,000		\$ -
Total			\$ 2,095,423	\$ 1,324,694	\$ -	\$ -	\$ 165,000	\$ -	\$ -	\$ 605,729
500 RECLAMATION										
11500	09	Miller Creek <i>Repair, maintain and modify.</i>	Project Total: \$ 95,034							\$ 95,034
18500	01	Levee Maintenance <i>Accumulate funding for periodic levee maintenance.</i>	Project Total: \$ 33,719							\$ 33,719
18500	02	North Bay Water Reuse Authority <i>Continued participation in Phase 1.</i>	Project Total: \$ 19,350							\$ 19,350
18500	03	Utility Vehicle <i>Replace existing 6x6 utility vehicle</i>	Project Total: \$ 12,000							\$ 12,000
18500	04	Tractor <i>Replace existing tractor.</i>	Project Total: \$ 120,000							\$ 120,000
Total			\$ 280,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280,103
600 TREATMENT PLANT										
12600	07	Secondary Plant Upgrades <i>Design and build future secondary plant capacity and treatment upgrades.</i>	Project Total: \$ 297,889							\$ 297,889
18600	01	Supervisory Control and Data Acquisition <i>Continued panel and programming upgrades.</i>	Project Total: \$ 40,000							\$ 40,000
18600	02	Miscellaneous Plant Equipment <i>Small equipment purchases</i>	Project Total: \$ 25,000							\$ 25,000
18600	03	Plant Manager Vehicle <i>Purchase hybrid vehicle for Plant Manager and repurpose truck for Building and Grounds Maintenance worker</i>	Project Total: \$ 35,000							\$ 35,000
Total			\$ 397,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 397,889

**LAS GALLINAS VALLEY SANITARY DISTRICT
2017-18 PRELIMINARY CAPITAL OUTLAY BUDGET**

Project Description	Funding Source						
	Total Project Cost FY 2018	Carryover from FY 2017	Loan	Grants	Reserves	Capacity Fund	Current Year
650 TERTIARY FACILITY							
17650 01 Supervisory Control and Data Acquisition <i>Continue programming</i>							
Project Total:	\$ 10,000						\$ 10,000
Total	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Total Capital Project	\$ 6,126,373	\$ 1,428,694	\$ -	\$ -	\$ 165,000	\$ -	\$ 4,532,679

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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