




Agenda Summary Report

To: Board of Directors
 From: Dale McDonald, Administrative Services Manager 
 (415) 526-1519 dmcdonald@lqvsd.org
 Meeting Date: May 16, 2024
 Re: Preliminary FY 2024-2025 Budget
 Item Type: Consent _____ Action _____ Information X Other _____
 Standard Contract: Yes _____ No _____ (See attached) Not Applicable X

STAFF RECOMMENDATION

Board to provide direction to staff so that the preliminary budget for Fiscal Year (“FY”) 2024-2025 can be finalized.

BACKGROUND

Staff has been meeting since February 2024 to develop the budget for FY 2024-2025. The Board held a workshop on May 6, 2024 and provided feedback to staff. Revenue, operating expenses, reserves, and capital expenditures based on the above meetings have been updated to reflect the current financial position of the District.

The Sewer Service Charge (“SSC”) base rate has been set at \$1,356 per sanitary unit effective July 1, 2024. The rate increase is projected to provide \$2,152,208 in additional revenue in FY 2024-25 over last fiscal year. SSC revenue of \$21,111,280 is the primary source of revenue bringing in 82% of the District’s revenue in FY 2024-25.

The preliminary budget projects receiving \$38,322,965 from all revenue sources, including utilization of reserves. Expenses including capital outlay and debt service is budgeted at \$40,949,959. The District is projected to spend \$2,981,470 more than what will be brought in in the upcoming FY. The District will be able to draw down from its unrestricted working cash capital to cover this shortfall. Based on the preliminary budget unrestricted working cash balance at the end of FY June 30, 2025 is forecast to be \$11,786.

Board Input and Comments Requested

A few assumptions remain in the preliminary budget. Staff is seeking input on the following items before the final budget is to be considered for adoption on June 20, 2024:

Capital Outlay Budget

The Capital Outlay Budget for 2024-2025 identifies funding sources for identified capital projects planned for in the upcoming FY. The Capital Outlay Budget comprises 48.4% of the total budget



with most projects committed to and funded in prior years. New and ongoing capital projects are identified in the budget and are primarily funded from unrestricted funds, property tax revenue and sewer service charges. As part of the budget process, management considers need, risk, and want in the prioritization of projects.

- The John Duckett Pump Station and Highway 101 Terra Linda Trunk Sewer Project scope of work has been reduced and construction pushed back to start in late FY 2025-26. Design costs have been lowered to \$750K. The Terra Linda Highway 101 Undercrossing has been separated into its own sewer lining project. Funding has been included in the O&M budget for a financial advisor to look at the most practical options to fund this project.
- The Secondary Treatment Plant Upgrade and Recycled Water Expansion (“STPURWE”) project has materially been completed. The District’s accounting method is based on a modified accrual basis. For accounting purposes, the project is considered a “Construction-in-Progress” asset, with no depreciation recorded until the asset is placed in service. The assets associated with the STPURWE project will be reclassified as an infrastructure improvement and added to the District’s financial statements as depreciable assets in the fiscal year ending June 30, 2024. A capitalization and depreciation report will be completed alongside the independent audit scheduled for October 2024. \$22K has been added to the FY 2024-25 budget for closeout costs and financial reporting assistance related to this project.
- Three new projects have been added to the CIP since the Board Workshop on May 6:
 - Aeration System Reliability Study for \$75K
 - Terra Linda Highway 101 Undercrossing Sewer Lining for \$500K
 - Center Pivot No. 3, 4, and 5 Replacement for \$500K

Capital Improvement Program (CIP)

The District has an aggressive CIP which has been expanded to 7-years to capture biosolids and sea-level rise projects anticipated to occur between 2028 through 2031. It was developed based on Board priorities, risk assessment, and recommended projects.

Financed projects are set to resume in FY 2025-26 with the John Duckett Pump Station and Terra Linda Truck Sewer Creek project, construction of the Laboratory/Education Center/Boardroom building, and Corporation Yard construction. A financial advisor will help determine the best method of debt issuance to undertake for these upcoming projects.

Additional debt funding or reprioritizing of projects in FY 2027-28 will be required as the District will not have enough cash funding to complete the \$38M in capital projects identified in FY 2027-28. A new Sewer Rate Study will be undertaken in late 2026 and will include a multi-year financial plan that incorporates the District’s operational and capital projects funding needs.



Other Information

Debt Service Coverage Ratio (“DSCR”) for 2024-2025 is projected to be 2.32 based on slightly higher net operating income forecast. It remains above the minimum DSCR required by the 2017 Bond covenants. The Hildebrand Consulting 2023 Sewer Rate Study recommended maintaining a DSCR of at least 1.5 to ensure access to favorable borrowing terms in the future.

Rising operation and maintenance expenses are expected to continue into 2024. The Consumer Price Index (“CPI-U”) as of April 2024 increased 3.4% over the last 12-months. The preliminary budget includes inflation factors between 1.0% and 6% for various expenditures with some outliers, like liability and property insurance, utility power, and sludge disposal calculated based on higher actuals.

Employee wages and benefits have risen over recent years as staff positions have been added. The preliminary budget shows salary percentage change over the prior year budget at 16.21% but the actual percentage change over the actuals for 2023-24 is projected at 11.08%. Included in employee wages for FY 2024-25 are budget expenses for the recently filled Grant Management and Procurement Specialist position and \$60,000 for a new staff position that would be created for the “Operator-In-Training” program to be developed in late 2024.

In March 2024, the Board was presented with strategies to reduce the District’s Unfunded Accrued Liability (“UAL”) outstanding with the California Public Employees’ Retirement System (“CalPERS”). Management is implementing Strategy A to reduce its future UAL costs by eliminating negative amortization. A second strategy, Strategy B, was proposed which could further lower the UAL interest costs by making additional discretionary payments (ADPs) to reduce the District’s UAL balance. The ADP costs required to achieve 80% / 85% / and 90% funded level ranges from \$1,418,000 to \$3,271,000. In review of the overall District’s fiscal situation, including reserve balances, capital improvement projects, and cash flow management in FY 2024-25, management recommends taking no action this upcoming fiscal year and instead reconsider Strategy B during the FY 2025-26 budget process.

Board policy requires the District to maintain a balanced budget and to disclose deviations from a balanced budget when it occurs. The final proposed budget will be balanced with any identified shortfall being funded from the unrestricted working capital balance. Policy also requires that the District estimate revenues conservatively when forecasting the budget.

The attached budget for FY 2024-2025 is similar in format and detail to what was presented in the FY 2023-2024 budget. It includes a summary and detailed information on anticipated revenue, expenditures proposed, financial statements, and list of CIP projects.

PREVIOUS BOARD ACTION

On June 30, 2023, the Board approved the budget for FY 2023-2024.



ENVIRONMENTAL REVIEW

N/A

FISCAL IMPACT

The presentation of the preliminary budget itself has no fiscal impact. Board direction and feedback will influence the final budget for FY 2024-2025 which will be presented on June 20, 2024.

Attachment:

- A. Las Gallinas Valley Sanitary District Preliminary Budget for Fiscal Year 2024-2025, dated May 16, 2024

Las Gallinas Valley Sanitary District

Preliminary Budget

Fiscal Year 2024-2025

May 16, 2024





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101 Lucas Valley Road, Suite 300
San Rafael, CA 94903
Tel.: 415-472-1734
Fax: 415-499-7715
www.LGVSD.org

MANAGEMENT TEAM
General Manager, Curtis Paxton
Plant Operations, Mel Liebmann
Collections/Safety/Maintenance, Greg Pease
Engineering, Michael P. Cortez
Administrative Services, Dale McDonald

DISTRICT BOARD
Megan Clark
Craig K. Murray
Barry Nitzberg
Gary E. Robards
Crystal J. Yezman

May 16, 2024

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

The management staff of the Las Gallinas Valley Sanitary District (“District or LGVSD”) is pleased to present the Preliminary LGVSD Budget for the upcoming 2024-2025 fiscal year. The preliminary budget includes the latest data on revenue projections, expense forecasts, debt service requirements, reserve funding, and capital outlay expenditures.

District Policy F-40-10 (Budget Preparation) requires that the General Manager and Administrative Services Manager prepare an annual budget proposal. The proposed annual budget, as amended by the Board during its review, shall be adopted at a regular meeting in June.

SUMMARY

The District must provide enough revenue to cover the cost of providing sanitary sewer collection, treatment, and recycled water service including the costs of acquisition, construction, reconstruction, maintenance, repairs, replacement and operation of the sanitary sewer systems and the payment of principal and interest on bonds or other debt instruments issued for the construction or reconstruction of the sanitary sewer systems. Operating revenue includes sewer service charges collected, revenue from the production of recycled water, and revenue from permit and inspection fees related to development-related sewer system improvements of the collection system. Non-operating revenue, which supplements operating revenue, includes property taxes, interest, franchise fees, and other pass-thru reimbursement revenue. Capital contributions, grants, and the utilization of bond funds and reserves round out the revenue sources for the District. The District is anticipating \$37,967,489 in total funding for 2024-2025 with \$25,994,872 coming from revenue and \$11,972,617 from prior year capital carryover and reserve funds.

Operations and Maintenance (“O&M”) expenses are anticipated to increase over the prior year actuals by \$944,000, or 7.44%. O&M expenses means the reasonable and necessary expenses paid or incurred for maintaining and operating the collection, treatment, and recycled water systems (“Systems”) of the District, determined in accordance with generally accepted accounting principles (“GAAP”) that the Governmental Accounting Standards Board (“GASB”) established for and is used by state and local governments in the United States. O&M expenses include all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the systems of the District in good repair and working order. These include all administrative costs of the District that are charged directly or apportioned to the operation of the systems, such as salaries and wages of employees, overhead, the cost of permits, licenses, and charges to operate the system and insurance premiums. Excluded from O&M expenses are depreciation, replacement, obsolescence charges, reserves, and amortization of intangibles. O&M expenses, including employee salaries and wages, comprise 33.29% of the budget.

Debt service requirements are \$4,506,819 and include the 2017 Revenue Bonds and 2019 IBank loan. Debt service comprises 11.01% of the budget. The next debt to be paid off is the Municipal Finance Corporation 2005 Certificate of Participation Bond in 2026.

New Reserve funding of \$3,003,713 is proposed and set aside to cover scheduled, routine, and unscheduled expenses that would otherwise be drawn from the General Fund. Reserve funds may also be used for large-scale projects and improvements that are expected to happen in the future, such as the construction of new operations and laboratory buildings at the treatment plant and the John Duckett Pump Station and Trunk Sewer project. The District maintains four reserve funds and four restricted funds. Restricted funds are monies set aside for a particular purpose and \$535,920 in additional funding is proposed with the budget, and includes funding for the Recycled Water Capital Repair and Replacement fund required under agreement with Marin Municipal Water District ("MMWD"). Reserve funds are permanently restricted to that purpose and cannot be used for other expenses. Reserves Policy F-50 establishes and explains the purpose and reasons for each of the reserves established, along with target thresholds. Both the reserve funds and restricted funds are included in the reserve funding total, but they are different in that while the board can reallocate funds from reserves, while the restricted funds, such as Captains Cove and Marin Lagoon, serve a specific purpose and therefore their use is controlled by State law and agreements in place for providing service. Reserve and restricted funding comprise 7.34% of the budget.

The Capital Outlay effort for 2024-2025 remains the primary driver of expenditures for the District comprising 48.37% of the total budget. The total capital outlay for the Capital Improvement Program ("CIP") for Fiscal Year 2024-2025 is \$19,807,527. During the development of the CIP, review of strategic initiatives established by the Board, along with anticipated implementation of the Integrated Wastewater Master Plan indicate that capital improvements will remain the primary expense driver for the District for at least the next 10 years. The good news is that by adding to or improving District facilities the public materially benefits from the value and useful life of the assets of the District.

Unused prior year Capital Outlay Carryover funds is the primary funding source for most capital projects in Fiscal Year 2024-2025. \$11,702,017 of carryover funding is allocated for use on capital projects in the 2024-2025 budget.

Sincerely,



Curtis Paxton
General Manager



Dale McDonald
Administrative Services Manager

Las Gallinas Valley Sanitary District

Preliminary Budget – 2024-2025

REVENUE

Operating Revenue

The District is entering its second year of a four-year Sewer Service Charge (“SSC”) rate plan. A rate increase of \$124 annually for Single Family Residential (“SFR”) users is factored into the budget. The rate increase will provide \$2,152,208 in additional revenue over last year. Non-residential SSC revenue is expected to remain stable this year, compared to last year when a slight decrease in non-residential revenue occurred as new strength levels were adopted.

Recycled water revenue is the estimated cost of providing water to Marin Municipal Water District (“MMWD”) and North Marin Water District (“NMWD”) based on the projected recoverable costs for the year. Projections for revenue are based on the percentage of actual recycled water provided to MMWD and NMWD. Revenue is expected to increase slightly over the prior year’s actuals but remain below last year’s budgeted amount. The District’s Treatment Plant is utilizing more recycled water which lowers the percentage used by MMWN and NMWD respectively, resulting in lower operating cost recovery.

Inspections, permits, and application fees reflect projected revenue from fees related to the Private Sewer Lateral Inspection program, lateral repairs and replacement, and applications for engineering review. The revenue is based on historical sales and permit data for properties within the District between 2019 and 2023. Permits revenue is expected to increase as private sewer lateral replacements are undertaken by property owners whose laterals are connected to main sewers included in the District’s Sewer Main Collection System Rehabilitation Program 2024.

Non-Operating 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 2024-2025 are expected to be slightly higher than 2023-2024 actuals. For 2024-2025, property tax revenue is budgeted at \$1,296,090 and reflects a 3.85% increase over projected 2023-2024 receipts. The District has historically identified secured property taxes as general fund revenue since the State puts no limitations on its use. It can, therefore, be considered a general fund that can be used for any legal purpose allowed by District Code and State law. The Low-Income Sewer Rate Assistance Program is funded from secured property tax revenue, and a total of \$25,000 has been allocated to the program in 2024-2025.

Prior Secured taxes, Supplemental Property Tax Assessments, and Home-Owner Property Tax Relief (“HOPTR”) funds are projected to rise 3.76% over last year. These are collected by the County with and at the same time as the secured property taxes and SSC assessment. They are reported separately as required by the State Controller’s Office and auditing standards. Both the 1% annual Ad-Valorem tax increase for most property owners and the reassessment of property value upon sale of homes are factored in the reserve assumptions.

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. These factors are

Las Gallinas Valley Sanitary District

Preliminary Budget – 2024-2025

adjusted annually per the incremental growth rate in assessed property tax values. Staff has budgeted \$526,390 for 2024-2025 using the foundational basis from the ERAF revenue received in 2023-2024 and subtracting \$5,696, the estimated loss in excess ERAF funding due to the impact of the State's charter school funding ruling.

The Solid Waste Franchise fee revenue is forecast based on the anticipated Marin Sanitary Service rate increase adopted in January of each year. The revenue is based on the agreement with the solid waste franchisee, Marin Sanitary Service. Higher rates due to costs related to implementation of SB 1383, the State's organics recycling law, were adopted in January 2024 which has increased both revenue and pass thru expenses related to the solids waste collection, recycling, and organic waste programs. An incremental increase in Franchise Fee revenue is forecast for January 2025 and is in alignment with the recent cost-of-service Franchise Agreement study completed in March 2024.

Interest on reserves, which are invested in the Bank of Marin, the Local Agency Investment Fund with the State of California, and two additional pooled investment accounts, California Cooperative Liquid Assets Security System (California CLASS) and California Asset Management Program (CAMP), are expected to yield lower returns as the interest rate remains flat after increasing last year. As the District uses accumulated funds for construction projects, the earnings are projected to decline in 2024-2025.

The Private Sewer Lateral Assistance program began in July 2012. The budget reflects the projected direct repayments and annual payments to be collected on the tax roll in 2024-2025 from property owners that took advantage of the program to have the District pay for their sewer lateral repair or replacement. The District anticipates a spike in property owners taking advantage of the program due to the impact of the District's Sewer Main Collection System Rehabilitation Program of 2024, resulting in additional expenses to the District this year with recovery of those expenses to take place over the next 10 years.

The Miscellaneous revenue account allows various incidental or one-off payments to be deposited into the District's operating account. Staff does not forecast a budget in this category, as they are difficult to project, but has included a small placeholder based on last year's budget to assist with future accounting if needed.

Capital Contributions / Capacity Related Revenue

Annexation, Capital Facilities Charges ("CFC"), and Connections Fee activity for remodel permits and Accessory Dwelling Units ("ADUs") has increased from prior years. CFC's can be paid over 2 years as the project is developed. While the District is substantially built out and the pace of development is difficult to predict, staff are aware of a few large-scale development projects which are anticipated to be approved for connecting to the sewer system in 2024-2025. Staff is conservatively budgeting \$455,830 in receipts for capital facility charges for 2024-2025 primarily the result of the two large projects currently under development.

State and local governments are looking at laws to allow additional expansion of ADUs to create more affordable housing and provide flexibility for families who wish to build a second unit on their property. ADUs are normally not subject to capacity or connection fees but can be billed a SSC depending on the size and number of units. A capacity fee study by HDR Engineering was completed in 2022 which, based on the cost-of-service for connecting to the system, adjusted the CFCs that can be imposed on development. Annexation and development fees are separate from the CFC connection fees. The interest income for this category is for existing CPC funds held on deposit, which must be expended only for capital projects that increase capacity to either the collection system or treatment plant.

Las Gallinas Valley Sanitary District Preliminary Budget – 2024-2025

Marin Municipal Water District (“MMWD”) 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. Through May 2023, the MMWD buy-in and debt service funds were allocated to the Capital Reserves for their shared cost of the expansion project. Now that the project is completed, the buy-in and debt service payments received from MMWD will be allocated to undesignated Capital Reserves for future use by the District. In addition, per the agreement, MMWD and LGVSD will meet after Notice of Completion is filed to review the construction costs of the projects and adjust the buy-in amount based on actual final costs of the project. The Marin Municipal Water District Inter-Governmental capital contribution revenue line item includes \$242,000 in 2024-2025 as a placeholder for anticipated revenue from the buy-in adjustment.

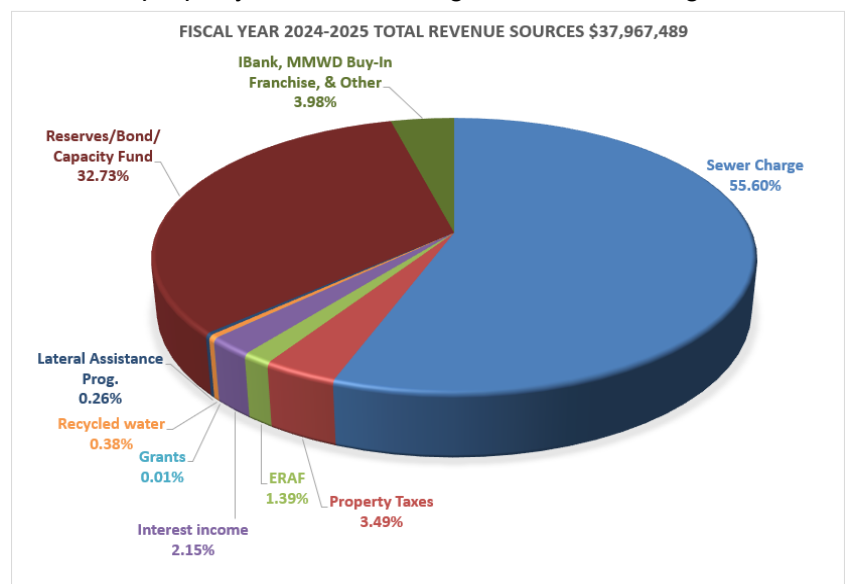
There is only one pending disbursement of \$567,760 from the IBank loan remaining, which will be disbursed once the Notice of Completion for the Secondary Treatment Plant Upgrade and Recycled Water (“STPURWE”) project is filed. The remaining funds will be returned to the general fund as STPURWE expenditures have already been paid. The disbursement budgeted is reflected in the Other category on the charts on the following pages.

Federal and State grants may become available for wastewater infrastructure projects, but no specific grant has been identified let alone secured. The District has contracted with a consultant to pursue alternative funding and is in process of hiring a staff person to pursue and manage grants, and is collaborating with partner agencies, such as North Bay Water Reuse Authority, to investigate grant opportunities. It is wise for the District to design construction-ready projects to take advantage of any grants that become available, but it would not be prudent to anticipate revenue from grants at this time. A Zero Waste Marin reimbursement grant of \$5,000 is anticipated in 2024-2025 to offset the District’s cost for various waste reduction laws and support projects that move Marin’s communities to Zero Waste.

Utilization of Bond Funds and Reserves

The Private Sewer Lateral (“PSL”) Assistance Program has continued to collect reimbursements for loans made to property owners. The program has become self-funded, with sufficient revenue coming from repayment by property owners to fund assistance to new property owners wishing to take advantage of the program. The balance in this program as of June 30, 2024 is anticipated to be \$411,350. Anticipated revenue of \$100,000 will help offset the \$187,800 in budgeted expenses for new assistance payments in 2024-2025.

The District has previously budgeted for projects that have not yet begun or are in the middle of construction, which has created carry-over capital funding that is available for continuing projects. These projects are included in the Capital Outlay budget. Any unused funding allocated to these projects will carry forward into 2024-2025. A total of



Las Gallinas Valley Sanitary District Preliminary Budget – 2024-2025

\$11,702,017 of prior-year capital carry-over is budgeted for use in 2024-2025.

Capital Reserves used for the STPURWE Project were depleted by May 2023. The Marin Municipal Water District (“MMWD”) Buy-In and their share of debt service payments collected for the STPURWE project and held in this reserve was used towards the completion of the project. The projected Capital Reserve beginning balance for 2024-2025 of \$9,318,529 includes \$6,000,000 designated for the Laboratory/Education Center/Board Room project which is one component of the operations and administration building projects. Additional funding and reallocation from undesignated capital reserves will bring the designated ending balance for the building projects to \$9,000,000 and the undesignated reserves to \$2,000,000. There is no planned use of these funds in 2024-2025.

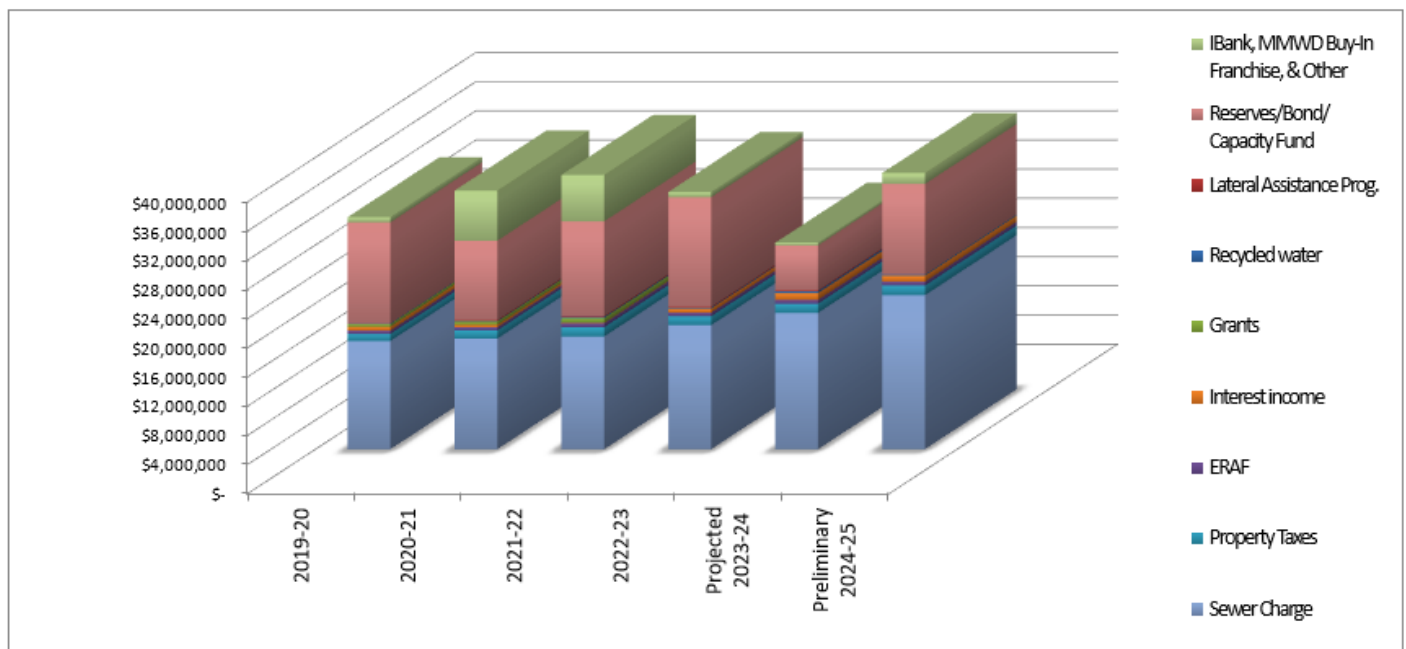
Transfers from the Capacity / Connection Fee Facilities Fund, which has been growing as fees for new or additional connections to system are paid by developers, can be used to pay for collection system and plant capacity improvements necessary to serve those connections. There is no planned use of these funds budgeted for 2024-2025.

Transfers from the Marin Lagoon and Captains Cove restricted funds can be used towards repayment of operating and capital costs, including capital replacement and Board authorized capital projects, incurred for Marin Lagoon and Captains Cove collection systems. A total of \$82,800 is budgeted for 2024-2025.

The Recycled Water Capital Repair and Replacement fund established in May 2023 is expected to have an ending balance of \$17,520 as of June 30, 2025. Both LGVSD and MMWD are required to each contribute 10% of the total recycled water operating and maintenance expenses to this fund annually.

The graph below shows the composition of District revenues for the past five fiscal years plus the projected 2023-2024 and preliminary budget for 2024-2025.

Revenue Sources 2020 to 2025



Las Gallinas Valley Sanitary District Preliminary Budget – 2024-2025

EXPENDITURES

The Government Accounting Standards Board (GASB), which is recognized as the official source of GAAP for state and local governments, establishes modified accrual accounting standards. Modified accrual accounting is used and accepted by governmental agencies because they focus on current-year obligations. Las Gallinas Valley Sanitary District Policy F-40-20 (Basis of Budgeting) required that all budgetary procedures conform to state regulations and generally accepted accounting principles. As such, the District uses a modified accrual basis of accounting for reporting on budgeted versus actual expenditures, with the following exceptions:

- Grant revenues are budgeted on a modified cash basis rather than an accrual basis.
- Fixed assets are depreciated for some financial reporting but are fully expensed in the year acquired for budgetary purposes.

Modified accrual accounting is an alternative bookkeeping method that combines accrual-basis accounting with cash-basis accounting. It recognizes revenues when they become available and measurable and, with a few exceptions, records expenditures when liabilities are incurred.

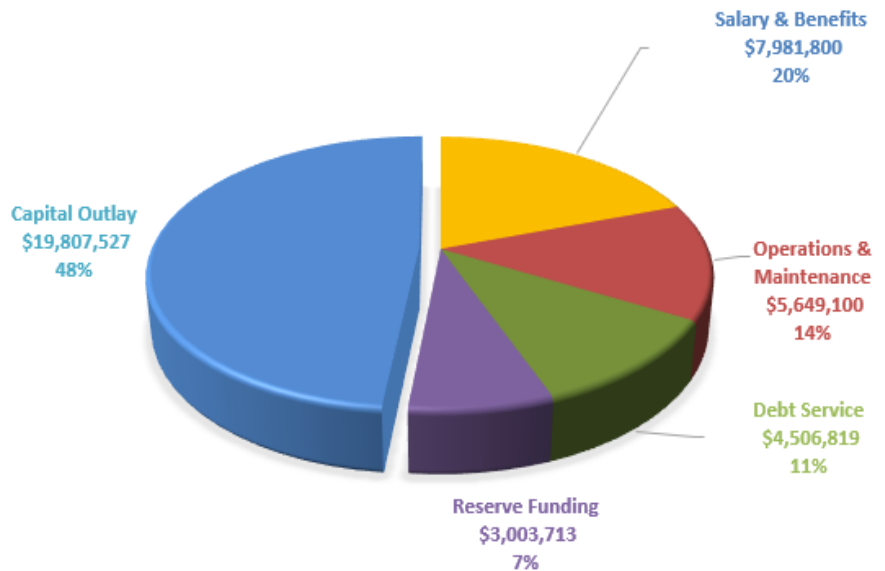
The General Manager and Administrative Services Manager are responsible for development of internal accounting policies and procedures necessary to implement financial policies and to ensure that internal controls, processes, and procedures follow the California State Controller’s Office Internal Control Guidelines pursuant to CGC section 12422.5 and are adequate to protect the finances of the District.

Expenditures of the District are broken down into the following categories:

1. Operations and Maintenance Expenses (*including salary & benefits*)
2. Debt Service
3. Reserve Funding
4. Capital Outlay

The District’s largest expenditure category is Capital Outlay followed by Operations and Maintenance. The operations and maintenance expense, debt service, reserve and restricted funding, and capital outlay financials have been reviewed and comments on key items of interest are being provided to the Board to facilitate discussion. The Board can review its reserve policy and establish reserve funding targets for the Operating & Rate Stabilization Reserve, Emergency Repair, Capital Reserves, and Vehicle and Equipment Reserve as part of the budget process.

PROPOSED BUDGET FY 2024-2025



Las Gallinas Valley Sanitary District

Preliminary Budget – 2024-2025

Operations and Maintenance Expenses

Employee Expenses:

Employee wages and benefits have risen over recent years as staff positions have been added. The preliminary budget shows actual change over 2023-2024 is projected to be 11.08%. A 3% cost-of-living adjustment effective July 1, 2024 is factored into the budget. The budget includes funding for one additional full-time position proposed for 2024-2025 that would be created for the “Operator-In-Training” program to be developed in late 2024. The budget for 2024-2025 is based on the District maintaining full-staffing levels throughout the year.

Payroll taxes, group life insurance, CalPERS retirement, Health benefits, Dental, and Vision insurance are projected to increase over prior year actuals as new employees are hired to fill approved and proposed positions.

CalPERS contributions are projected from regular wages with the published employer contribution rate of 16.02% for classic members (up slightly from 15.95%) and 7.87% (up from 7.68%) for PEPRA in 2024-2025. Staff who became CalPERS members after 2013 are covered by the PEPRA plan which requires lower retirement contributions by the District. PEPRA employees are required to contribute 8% towards their retirement per MOU. The District’s share of CalPERS contributions in 2024-2025 is projected to increase 1.4% over prior year actuals.

Health insurance is projected based on the known rates for July through December 2024 and the application of an estimated health insurance trend rate of +1% for the remainder of 2024-2025. CalPERS Health will set the coverage rates for 2025 in the summer of 2024. The expense also reflects costs associated with one new proposed position for 2024-2025. Other Post-Employment Benefits (“OPEB”) retiree health benefits for prior employees and pre-funded expenditures for current employees based on the GASB 75 actuarial valuation measurement date June 30, 2022 are included under health benefit expenses.

The Auto Allowance is a vehicle allowance benefit for management employees who have this benefit included in their contracts. Managers who opt to use a District vehicle are not entitled to the auto allowance. A cost-of-living adjustment for the vehicle Auto Allowance will be made on July 1, 2025.

Proposed New Position:

Board Financial Policy F-40-40 grants exclusive authority to the Board to increase the number of authorized staff at the District. Historically, new staff positions are considered as part of the budget process. After a review of operational needs management is recommending the creation of an “Operator-In-Training” (“OIT”) program and the addition of one new staff position, increasing the full-time equivalent positions at the District from thirty-one to thirty-two. The following program and position are proposed:

OIT Program and Plant Operator-in-Training

An OIT program would allow management to fill one position to work at the Las Gallinas Valley Sanitary District Treatment Plant, learning new skills and helping existing operators with the operation of the plant. Both Central Marin Sanitation Agency and Napa Sanitation District have OIT programs. The first-year cost to implement the program is estimated to be \$60,000. Beginning in 2026, the annual cost of the program would be between \$120,000 and \$150,000 depending on the candidate’s qualifications, whether they qualify for the District’s CalPERS retirement plan, and whether they take advantage of the District’s paid CalPERS Health family

Las Gallinas Valley Sanitary District

Preliminary Budget – 2024-2025

benefit option. There may be opportunities to offset some costs through educational internship/apprenticeship funding sources.

The job classification description for the Plant OIT already exists and the position is on the District's Pay Schedule under the Plant Operator series. Upon Board approval of the budget and authorization to increase staff count, management can begin designing the program and plan for hire of the Operator-in-Training in late 2024.

Insurance:

Workers compensation insurance is based on projected wages for 2024-2025, plus the addition of full-time positions being filled, and a decrease in the experience modification factor from 0.89 to 0.70 based on the District's recent claims history. The Workers Compensation Insurance Rating Board (WCIRB) continues to use the simplified Experience Rating Formula which removes the first \$250 of each claim for the calculation. The decrease in the projected 2024-2023 actuals is attributable to the lower experience modification factor for the July 1, 2023 to July 1, 2024 period.

Pooled liability insurance includes general liability and mobile equipment, billed separately. The general liability insurance premium period is based on a calendar year and the mobile equipment on a fiscal year basis. The liability insurance is the larger premium for which the yearly cost is known based on the current billing, and a modest increase of 3% over 2023 has been calculated for liability insurance. The budget will be adjusted once the invoice for actual July 1, 2024 to June 30, 2025 insurance is received, usually in late May or early June.

Property insurance is reported on the same line item with general liability. Since 2018, significant events have driven the property insurance market to tighten substantially. Prior events in 2020 and 2021 have further aggravated market conditions and the firming trend is expected to continue. Property insurance rates are forecast to increase 6% or an additional \$10,320 because of market conditions. In addition, the new construction values related to the STPURWE Project were added to the insured Schedule of Values (SOV) which will increase the Total Insurance Value by an additional 7.5%, resulting in an additional \$12,900 premium increase at renewal in 2024-2025.

Repairs and Maintenance:

Most repairs and maintenance expenses are coordinated by the Maintenance Supervisor, but actual expenses related to assets are allocated to the respective financial class Collection System, Pump Station, Treatment Plant, or Recycled Water for proper accounting. Management work together to authorize and approve expenses. Inflation and logistic delays have continued to have an impact on the costs of parts and services in 2024 but are stabilizing. It is anticipated that continued inflationary factors will influence costs into 2025 with an increase in the range of 3% to 6% over current costs. The Repair and Maintenance preliminary budget for 2024-2025 will be under the prior year's budget by \$203,900 (-22.4%) but over the projected actual expenses by \$130,673 (22.6%). The primary drivers of increased maintenance costs in 2024-2025 are:

- Algae control at the reclamation storage pond is expected to cost \$80,000. This is periodically performed and is not an annual expense. Other incidental maintenance costs include the building and grounds maintenance which includes having an outside firm perform yard work on the main building landscape, and includes expenses related to maintenance work performed by the District's skilled maintenance employees. Monthly Jefferson Security Fire Suppression monitoring is also included under the repair and maintenance budget.

Las Gallinas Valley Sanitary District

Preliminary Budget – 2024-2025

- Additional pumps will be ordered as inventory for emergency pump replacements. \$50,000 has been added to the Capital Repair and Replacement budget for the pumps. Capital repairs/replacements consist of items that are long-lived or life extending in nature but are not included in the capital improvements 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. The budget has been reduced from prior years anticipating fewer capital replacement projects.

Other Operating Expenses:

Other operating expenses include supplies and contracted services to support the operations at the treatment plant, pump stations, and administration of the District.

- Chemical costs make up the largest percentage of supplies required by the District. The amount budgeted for supplies and small tools is \$851,700, and of that \$633,000 is for chemicals. The District is a member of the Bay Area Chemical Consortium (“BACC”) which assists the District in obtaining the most competitive unit pricing. Unit prices beginning July 1 for sodium hypochlorite will increase 12.86% and sodium bisulfite will decrease 11%, essentially offsetting each other and resulting in a modest increase in chemical costs of \$17,000 over the current year.
- Outside contracted services includes services related to personnel and HR services, guard service, labor relations, janitorial services, security patrols and alarm monitoring, portable restroom rentals, alternate grant funding studies, and other incidental outside operating expenses.
- Sludge injection and land disposal of biosolids is normally an operational expense of the wastewater treatment process. During the first year of the Biosolids Program Monitoring Research project, land application was performed as part of the biosolids feasibility study and sludge was injected into the Districts dedicated disposal site. The associated costs related to land disposal of solids, required as part of the test study, was charged to the Biosolids Program Monitoring Research project. As we enter the second year of the study, a call for bids for Biosolids Land Application Services for 2024 went out. Coordination with the USEPA Research Team is a small component of the bid requirements with the cost anticipated to be only a fraction of total project costs. Once the bid documents are opened on June 6, staff will know if the cost of sludge injection and land disposal should be an operational expense, capital expense, or split between the two. The preliminary budget includes \$380,000 as an operational expense based on the prior year’s cost of sludge injection and land disposal.
- Consultants include costs for climate assessments, Canada goose project and reporting to NPDES, MMWD water data review and rate setting assistance, recruitment, labor relations, and for organizational and Board development.
- Feasibility studies that are not capital improvement or capacity related are treated as an operational expense. No operational feasibility studies have been identified for the 2024-2025, but once the Integrated Wastewater Master Plan is complete, management expects feasibility studies will be undertaken. A placeholder of \$10,000 is included in the preliminary budget.
- The financial services budget includes \$60,000 to contract with an independent financial advisor to identify debt financing and/or bond issuance options for the John Duckett Pump Station and Laboratory building construction projects. Additional financial services include actuarial valuations, sewer rate studies, and arbitrage compliance services.

Las Gallinas Valley Sanitary District

Preliminary Budget – 2024-2025

- The Private Lateral Rehabilitation Assistance Program (“PLRAP”) budget has been increased to \$187,800. The PLRAP was established to help property owners pay for repairing or replacing their lower and upper private sewer lateral. Under this program, the District will advance the property owner up to \$10,000 to be repaid semi-annually, over ten years at flat 2% interest. In the upcoming months, the District will be repairing or replacing multiple sewer main line segments as part of its Sewer Main Collection System Rehabilitation Program, which will affect 100-150 residential and commercial parcels depending on the scope of work. It is expected that 10% of these property owners would take advantage the PLRAP to coordinate replacement of their upper lateral.

General and Administrative:

General and Administrative expenses round out the Operations and Maintenance expenses of the District. The expenses under this category are District wide and benefit all departments.

- Election costs are budgeted at \$25,000 bi-annually, every even fiscal year, and is based on estimated billings from the Marin County Registrar of Voters. The next election is November 2024.
- Computer Services and Software includes annual software renewals, outside computer network support, Zoom video conference, and other incidental computer software products. As software companies move away from providing owned software licenses and switch to a Software-as-a-Service (“SaaS”) licensing and delivery model, in which software is licensed on a subscription basis and is centrally hosted, the District will see these expenses rise. CityWorks and ArcGIS follows the multi-year SaaS licensing models. Other software such as SCADA, Caselle, and Microsoft Office which have software license agreements for one-year or less are treated as incidental software licenses. Computer equipment below the capital asset threshold is replaced as needed under the Office Supplies & Equipment cost center.
- Public education and outreach expenses are for the joint efforts with other Marin County wastewater treatment agencies, web site maintenance, donation requests from community groups for funding, special mailings and for the District’s newsletter and annual sewer rate change mailings.
- Rents and leases include the annual administration office lease at 101 Lucas Valley Road (\$114,900), lease of the postage machine, off-site records storage, railroad easements and copiers. The lease for the administration office is up for renewal on December 1, 2024 and an increase in rent is anticipated.
- Employee training and education includes the cost for the District to participate in the Liebert Cassidy Whitmore employment relations consortium and other offsite training. Management training and coaching has been added to the budget for all managers and supervisors following the 2024 FutureSense climate assessment report. An increase in offsite training conferences in 2024 and 2025 is expected, and the budget reflects this increase over the current year actuals.

Debt Service

The District has five 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 scheduled to be \$1,408,800 as of July 1, 2024.

Las Gallinas Valley Sanitary District

Preliminary Budget – 2024-2025

- 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 scheduled to be \$2,029,476 as of July 1, 2024.
- Bank of Marin Loan #1 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 scheduled to be \$2,032,589 as of July 1, 2024.
- 2017 Revenue Bonds were issued in April 2017 with a principal amount of \$38,365,000. The true interest rate to maturity is 3.2984%. Annual principal and interest payments are due through April 2042. The principal balance remaining is scheduled to be \$31,110,000 as of July 1, 2024.
- The District entered into an agreement with California Infrastructure and Economic Development Bank (IBank) in May 2019 for a loan of \$12,000,000. The loan has a maturity date ranging from August 1, 2019 through August 1, 2043. The interest rate on the loan is 3.0% per annum. The principal balance remaining is scheduled to be \$10,252,581 as of July 1, 2024. An annual service fee, \$30,758 for 2024-2025, is treated as an Operating & Maintenance expense but recognized as debt service for budget purposes. The annual fee is not reported as a long-term obligation in audited financials.

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 2017 Revenue Bonds. The payments received from MMWD are deposited into the operating account for use to pay their share of debt service for the recycled water treatment facility improvements. Choosing to recognize debt service payments from MMWD as a reimbursement to the general operating account for debt service payments, rather than funding of the capital reserve, results in the District's 2017 Revenue Bonds debt obligation being lower.

The Debt Service Coverage Ratio (DSCR) for the District for 2024-2025, based on the presented budget and debt service, is determined by dividing the Net Operating Income (\$10,682,420) by Total Debt Service (\$4,506,819). The calculated DSCR for 2024-2025 is therefore 2.37. The District is required to maintain a DSCR of 1.25 or higher due to bond covenants and we are above this minimum. The District includes both its operating income and non-operating income, primarily guaranteed property taxes, in determining its Net Operating Income which is used in the calculation of DSCR. When specifically included in a utility's bond indenture, rate stabilization reserves can be used to help meet debt service coverage requirements during times of revenue shortfalls.

Reserves

District Financial Policy F-50 (Reserves) establishes reserves, explains the purpose and reasons for the size of each reserve, and provides for oversight of reserves.

- Operating & Rate Stabilization Reserve has a target of a minimum balance equal to 7 months of average annual budgeted expenses. Based on reserve fund policy the reserve target for 2024-2025 is approximately \$10,400,000 and the reserve will have a balance of \$4,247,894 at the beginning of the upcoming fiscal year. The budget includes adding \$575,211, one-tenth of the reserve target shortfall, to the budget for 2024-2025. The reserve has been established to fund unexpected expense increases and can be used to help stabilize sewer service charge rate swings.

Las Gallinas Valley Sanitary District

Preliminary Budget – 2024-2025

- Emergency repair reserve target is \$1,500,000 and can be used to fund emergency repairs. Any shortfall in the reserve is to be built up over 2-3 years. The budget is proposing \$111,111 be added to the reserve in 2024-2025.
- Capital Reserves contains both designated and undesignated funds for capital projects. The target of \$11,000,000 includes \$9,000,000 designated for the construction of the Operation Control Center OCC / Administration building and the Laboratory / Education Center / Board Room building. The preliminary budget for 2024-2025 includes adding an additional \$1,681,471 to the Designated Capital Reserve for this project and reallocating \$1,318,529 from the undesignated balance to designated capital reserve balance. The reserve target will be met in FY 2024-25 with the adoption of the budget.
- Vehicle and Equipment Reserve (VERF) was established in Fiscal Year 2019-2020 to fund vehicle and equipment replacements. The reserve was targeted at \$1,000,000. A total of \$100,000 will be added to replenish the VERF and \$584,043 will be used to purchase vehicles and equipment listed on the Capital Outlay budget in 2024-2025.
- Capacity Connection Fee reserve fund is restricted for the use of collection system and plant capacity improvements to serve the new connections that contributed to the fund through fees collected. The budget includes the addition of \$477,610 to the reserve.
- Captains Cove and Marin Lagoon are restricted reserves built up when there is an excess of special assessments over projected operations, maintenance and capital expenditures which are collected for these developments. Both funds will be drawn down to pay for operational and capital projects. A rate surcharge rate study was undertaken as part of the 2023 Sewer Service Rate Study, and it determined that Captains Cove and Marin Lagoon contributions are sufficient to continue the ongoing operations and maintenance needs of the pump stations serving these communities. Larger capital improvement projects may require an increase in the surcharge in a future fiscal year budget.
- Recycled Water Capital Repair and Replacement restricted reserve fund was created in May 2023. LGVSD and MMWD are required to contribute 10% of the total annual recycled water O&M costs into this restricted fund for future capital expenditures to the Recycled Water Treatment Facility. A total of \$17,520 will be added to the restricted fund in 2024-2025.

Capital Outlay

The District is required to budget for the adequate maintenance of capital equipment and facilities to protect the public investment and ensure achievement of their maximum useful life. The District is required to prepare and adopt a at minimum a 5-Year Capital Improvement Program (“CIP”) as part of the rate setting process that identifies and sets priorities for all major capital assets to be acquired, constructed, or replaced by the District. The District has chosen to prepare a 7-Year CIP which includes a biosolids program and flood and sea-level mitigation projects that have been identified to take place after 2027. District policy requires the CIP be included in the adopted budget and that the status of the CIP is updated annually as part of the budget process.

The CIP identifies adequate funding to support the acquisition, construction and replacement of assets identified in the plan, and identifies projects that the District believes beneficial to the system, but funding has not yet been identified. The CIP includes and indicates when and for what projects the District intends to finance through the issuance of debt. Additionally, the District strives to develop a comprehensive strategy and funding plan for the renewal and replacement of existing capital assets.

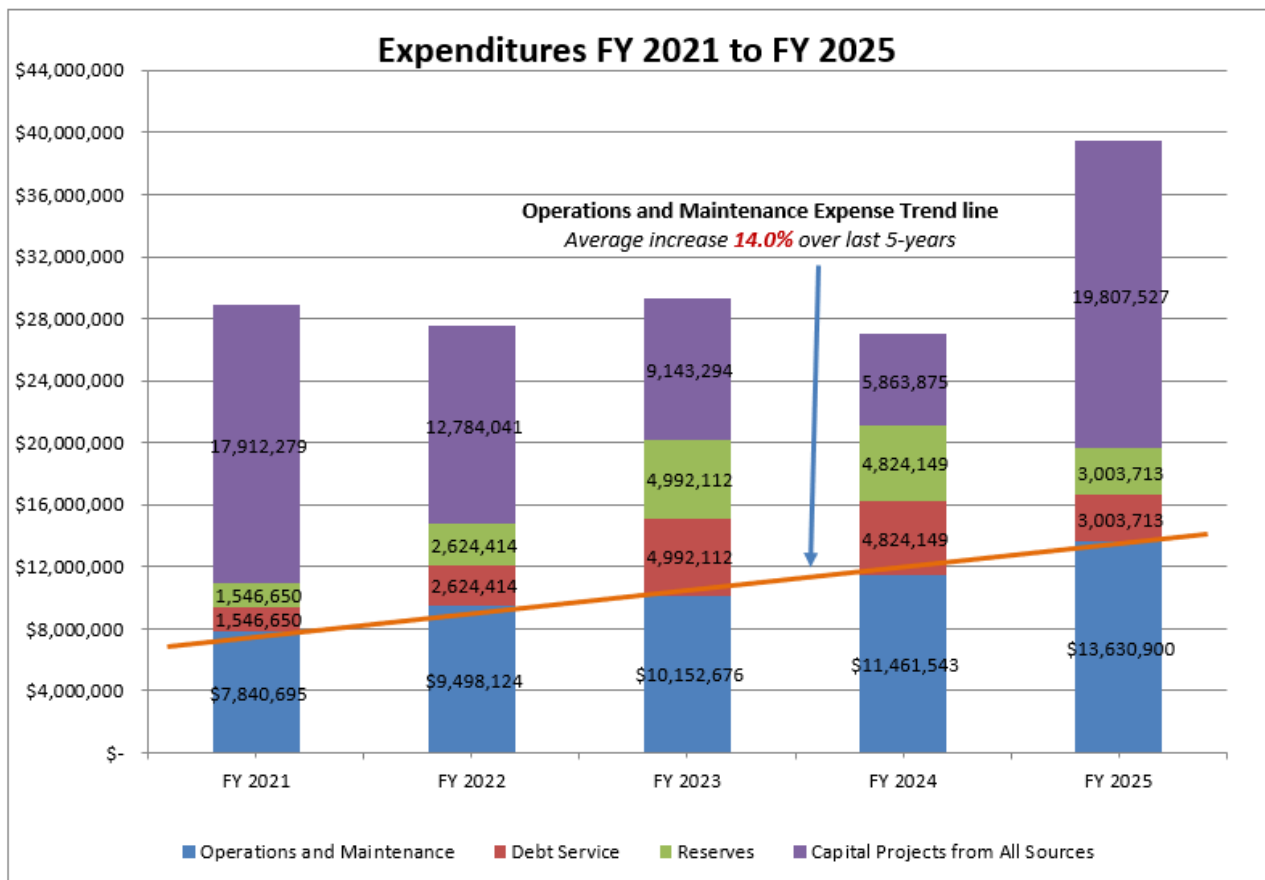
Las Gallinas Valley Sanitary District Preliminary Budget – 2024-2025

The Capital Outlay budget contains projects specifically identified in the 7-Year CIP for 2024-2025 through 2030-2031 plus miscellaneous capital needs that change yearly. The proposed 2024-2025 Budget only includes funding approval for projects identified in the first year of the CIP.

The Capital Outlay Budget contains the list of projects to be funded with the adoption of this budget. The additional projects listed in the CIP are proposed for future years and they will require their own funding approval as part of their respective yearly budget.

Most of Capital Outlay expenses in recent years have been related to the Secondary Treatment Plant Upgrade Recycled Water Expansion Project but this will change as we head into 2024-2025. Collection system projects, including the Smith Ranch Pump Station Electrical Upgrade and restarting of the Sewer Main Collection System Rehabilitation Program, will comprise most of the capital budget in 2024-2025, with total collection system project costs budgeted at \$8,688,247.

The following is a graph showing the composition of District expenditures for the past four (4) fiscal years plus the budget for 2024-2025. Over the last three years, O&M expenses have increased on average by 12.9% a year and an average of 14.0% over the last five years.



Supporting Financial Statements are attached to this report on the following pages.

**LAS GALLINAS VALLEY SANITARY DISTRICT
BALANCE STATEMENT & ACCOUNT INFORMATION
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024**

BALANCE STATEMENT	2023-24 Adopted Budget	2023-24 Projected Actuals	2024-25 Preliminary Budget
<u>Beginning Balance (July 1):</u>	\$ 30,690,796	\$ 30,690,796	\$ 31,110,925
Revenue:			
Rate Revenues (1)	\$ 18,959,072	\$ 18,682,547	\$ 21,111,280
Other Operating revenue (1)	255,835	227,980	243,920
Non-operating revenue (1)	2,475,766	2,972,005	2,958,120
Capital / Capacity Related	2,075,960	359,589	1,681,552
Expenditures:			
Operating expense (2)	(12,686,900)	(11,461,543)	(13,630,900)
Debt Service (3)	(4,496,574)	(4,496,574)	(4,506,819)
Capital outlay	(17,031,457)	(5,863,875)	(19,807,527)
<u>Ending Balance (June 30):</u>	<u>\$ 20,242,498</u>	<u>\$ 31,110,925</u>	<u>\$ 19,160,551</u>
Reserves and Restricted Funds	\$ 16,955,339	\$ 16,824,909	\$ 19,148,765
Unrestricted Funds <i>(includes CIP Carryover)</i>	\$ 3,287,159	\$ 14,286,016	\$ 11,786

NOTE:

IBank Installment Sale Agreement retention of \$567,760 included in the beginning balance, it is considered cash for accounting purposes while held by IBank until disbursement occurs.

DEBT SERVICE COVERAGE RATIO (DSCR)	2023-24 Adopted Budget	2023-24 Projected Actuals	2024-25 Preliminary Budget
Net Operating Income (NOI) = ⁽¹⁾ - ⁽²⁾	\$ 9,003,773	\$ 10,420,989	\$ 10,682,420
Total Debt Service = ⁽³⁾	<u>\$ 4,496,574</u>	<u>\$ 4,496,574</u>	<u>\$ 4,506,819</u>
DSCR = NOI / Debt Service (Estimate *)	2.00	2.32	2.37

* Actual DSCR will be determined at the end of the fiscal year based on actual revenue and expenditures.

**LAS GALLINAS VALLEY SANITARY DISTRICT
REVENUE
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024**

Revenue Description	2022-23 Final Audited Actual	2023-24 Adopted Budget	2023-24 Projected End of Year	2024-25 Preliminary Budget	% Change Over Prior Year Budget
OPERATING REVENUE					
Sewer Service User Charges	\$ 16,999,751	\$ 18,959,072	\$ 18,682,547	\$ 21,111,280	10.19%
Recycled Water (MMWD / NMWD)	246,090	165,400	130,327	143,400	-15.34%
Inspections/Permits/Application Fee	45,135	75,150	57,038	59,900	-25.46%
Miscellaneous Operating Revenue	102,434	15,285	40,616	40,620	62.37%
Total Operating Revenue	17,393,410	19,214,907	18,910,527	21,355,200	10.02%
NON-OPERATING REVENUE					
Property Tax	1,175,740	1,229,409	1,246,233	1,296,090	5.14%
Suppl. Property Tax Assess.	42,191	32,501	16,495	26,660	-21.91%
Educational Revenue Augmentation Fund	496,224	507,904	509,426	526,390	3.51%
Homeowner Property Tax Relief	4,280	2,371	2,271	2,360	-0.47%
Franchise Fees Marin Sanitary Service	166,059	197,991	173,630	185,440	-6.77%
Private Sewer Lateral Assistance Program	110,665	81,700	94,988	100,000	18.30%
Interest Income	3,934	2,790	129,128	90,380	96.91%
Interest on Reserves and Investments	543,096	396,100	784,320	705,800	43.88%
Reimbursements / Pass thru	28,737	25,000	15,514	25,000	
	2,570,927	2,475,766	2,972,005	2,958,120	16.31%
CAPITAL CONTRIBUTIONS / CAPACITY RELATED					
Annex, Capital Facility Charges, Connection Fees	325,673	870,286	251,692	455,830	
Interest on Connection Fee Fund	2,815	1,733	27,224	21,780	
Interest on Bond Funds	6	4	4	5	
Marin Municipal Water District Inter-Governmental	388,733	631,177	80,669	631,177	
IBank Loan Disbursements	-	567,760	-	567,760	
Federal Grants	3,120	-	-	-	
State Grants	-	5,000	-	5,000	
	720,347	2,075,960	359,589	1,681,552	-23.45%
TOTAL REVENUES	\$ 20,684,685	\$ 23,766,633	\$ 22,242,121	\$ 25,994,872	8.57%
UTILIZATION OF RESTRICTED FUNDS AND RESERVES					
	<i>2022-23 Actual Use</i>	<i>Adopted Available</i>	<i>2023-24 Projected Use</i>	<i>Budgeted</i>	
Operating Reserves / Rate Stabilization	-	-	-	-	
Private Sewer Lateral Assistance Funds	68,045	60,500	32,985	187,800	
Capital Outlay Carryover Utilized	9,143,294	10,000,036	5,863,875	11,702,017	
Capital Construction Project Reserve	2,196,165	-	-	-	
Interest Earned on Unspent IBank Funds	1,578	6,495	6,983	-	
Transfers from Marin Lagoon Restricted Fund	15,396	26,600	11,007	52,200	
Transfers from Captains Cove Restricted Fund	6,029	24,800	11,325	30,600	
Transfers from Capacity Connection Fee Fund	-	-	-	-	
SUB TOTAL	11,430,507	10,118,431	5,926,176	11,972,617	15.49%
TOTAL FUNDS AVAILABLE FOR EXPENDITURES	\$ 32,115,192	\$ 33,885,064	\$ 28,168,297	\$ 37,967,489	

**LAS GALLINAS VALLEY SANITARY DISTRICT
BUDGET SUMMARY
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024**

	2022-23 Final Actual	2023-24 Adopted Budget	2023-24 Projected Actual End of Year	2024-25 Preliminary Budget	% Change Over Prior Year Budget
OPERATING EXPENSES					
EMPLOYEE WAGES	4,341,184	4,846,200	5,070,246	5,614,200	15.85%
EMPLOYEE BENEFITS	1,416,919	2,059,200	2,279,181	2,367,600	14.98%
INSURANCE EXPENSE	404,910	473,100	441,106	486,400	2.81%
REPAIRS AND MAINTENANCE	534,150	912,100	577,527	708,200	-22.36%
SUPPLIES & SMALL TOOLS	708,778	1,072,200	808,416	851,700	-20.57%
CONTRACTED SERVICES	1,178,952	1,590,700	891,048	1,870,100	17.56%
UTILITIES	917,075	888,900	757,378	922,700	3.80%
GENERAL & ADMINSTRATIVE	650,708	844,500	636,642	810,000	-4.09%
OPERATING EXPENSE TOTALS	\$ 10,152,676	\$ 12,686,900	\$ 11,461,543	\$ 13,630,900	7.44%
DEBT SERVICE					
DEBT SERVICE TOTALS	\$ 4,527,724	\$ 4,496,574	\$ 4,496,574	\$ 4,506,819	0.23%
RESERVE FUNDING					
OPERATING & RATE STABILIZATION	635,195	639,123	639,123	575,211	-10.00%
EMERGENCY REPAIR	-	166,667	166,667	111,111	
CAPITAL RESERVES	3,977,802	3,668,782	3,668,782	1,681,471	-54.17%
VEHICLE & EQUIPMENT (VERF)	150,755	38,765	-	100,000	157.96%
CAPACITY (RESTRICTED FUND)	210,216	872,019	278,916	477,610	-45.23%
CAPTAINS COVE (RESTRICTED FUND)	8,188	16,010	23,075	16,010	0.00%
MARIN LAGOON (RESTRICTED FUND)	9,956	24,780	34,596	24,780	0.00%
RECYCLED WATER (RESTRICTED FUND)	-	22,348	12,990	17,520	
RESERVE FUNDING TOTALS	\$ 4,992,112	\$ 5,448,494	\$ 4,824,149	\$ 3,003,713	-44.87%
CAPITAL OUTLAY					
CAPITAL OUTLAY	\$ 9,143,294	\$ 17,031,457	\$ 5,863,875	\$ 19,807,527	16.30%
TOTAL BUDGET					
TOTAL BUDGET	\$ 28,815,805	\$ 39,663,425	\$ 26,646,141	\$ 40,948,959	3.24%

**LAS GALLINAS VALLEY SANITARY DISTRICT
OPERATING AND MAINTENANCE EXPENSE
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024**

Acct. Num.	Expense Description	2022-23 Final Actual	2023-24 Adopted Budget	2023-24 Projected Actual End of Year	2024-25 Preliminary Budget	% Change Over Prior Year Budget
EMPLOYEE WAGES						
5000	Regular Staff Salaries (5033)	\$ 3,709,524	\$ 4,154,700	\$ 4,349,858	\$ 4,752,900	14.40%
5301	Contract Pers. / OIT Program 2024-25	47,693	17,400	-	60,000	244.83%
5010	Over Time (5020)	129,708	170,400	185,862	203,700	19.54%
5030	Stand By	103,606	120,800	141,326	153,300	26.90%
5073	Emergency Response Stipend	58,395	65,100	58,345	64,300	-1.23%
5075	Certification Stipend	119,925	137,000	143,069	171,600	25.26%
5077	Longevity Pay	106,632	103,200	124,215	130,800	26.74%
5050	Directors Fees	65,702	77,600	67,571	77,600	0.00%
	TOTAL EMPLOYEE WAGES	<u>4,341,184</u>	<u>4,846,200</u>	<u>5,070,246</u>	<u>5,614,200</u>	<u>15.85%</u>
EMPLOYEE BENEFITS						
5090	Vacation and Sick Accrual	84,902	64,000	159,200	64,000	0.00%
	COVID-19 Leave	27,430	-	-	-	N/A
5115	Directors Benefits	9,779	10,900	10,900	10,900	0.00%
5130	Payroll Taxes (SSI)	311,394	308,700	337,284	373,800	21.09%
5150	Group Life Insurance	10,494	19,200	23,524	24,200	26.04%
5120	PERS	155,612	722,400	714,540	725,400	0.42%
5110	Health Insurance & Wellness Prog. (5111-5113, 5170)	728,862	873,800	930,315	1,036,200	18.59%
5117	Dental Insurance	44,441	61,600	44,269	57,200	-7.14%
5119	Vision Insurance	3,533	8,200	4,151	9,100	10.98%
5160	Long Term Disability	29,113	43,000	38,843	50,300	16.98%
5060	Auto Allowance	11,360	11,400	16,154	16,500	44.74%
5070	Commute Vehicle Stipend	-	-	-	-	
	TOTAL EMPLOYEE BENEFITS	<u>1,416,919</u>	<u>2,059,200</u>	<u>2,279,181</u>	<u>2,367,600</u>	<u>14.98%</u>

**LAS GALLINAS VALLEY SANITARY DISTRICT
OPERATING AND MAINTENANCE EXPENSE
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024**

Acct. Num.	Expense Description	2022-23 Final Actual	2023-24 Adopted Budget	2023-24 Projected Actual End of Year	2024-25 Preliminary Budget	% Change Over Prior Year Budget
INSURANCE						
5140	Workers' Comp Insurance	138,848	156,200	114,994	111,400	-28.68%
5411	Pooled Liability & Property Insurance	263,915	315,800	324,957	373,800	18.37%
5496	Fidelity Bond	2,147	1,100	1,155	1,200	9.09%
	TOTAL INSURANCE EXPENSE	404,910	473,100	441,106	486,400	2.81%
REPAIRS AND MAINTENANCE						
5310	Vehicle Parts & Maintenance	54,736	55,400	46,444	48,700	-12.09%
5311	Building maintenance	32,369	63,100	30,019	30,800	-51.19%
5312	Grounds Maintenance	49,515	156,700	56,921	141,100	-9.96%
5321	Reclamation Pasture & Pond Maint. (5323, 5326)	98,453	181,400	157,938	186,300	2.70%
5313	Power Generation Maint & Repair	22,901	26,000	15,801	16,200	-37.69%
5315	Equipment Maintenance	83,786	93,000	129,185	134,000	44.09%
5317	Equipment Repair	149,883	153,100	66,514	69,500	-54.60%
5319	Capital Repairs/Replacements	42,508	183,400	74,704	81,600	-55.51%
	TOTAL REPAIRS AND MAINTENANCE	534,150	912,100	577,527	708,200	-22.36%
SUPPLIES & SMALL TOOLS						
5281	Hypochlorite	269,864	536,600	307,731	347,300	-35.28%
5282	Bisulfite	138,836	203,600	237,944	211,800	4.03%
5283	Miscellaneous Chemicals	57,535	69,300	71,180	74,700	7.79%
5211	General Operating & Lab Supplies (5284)	67,472	76,600	45,722	51,800	-32.38%
5231	Fuel, Oil, and CNG for Vehicles (5232-5235)	45,257	56,100	37,749	43,800	-21.93%
5243	Safety Equipment & Supplies	57,716	50,800	36,877	41,400	-18.50%
5241	Safety Services	57,469	60,000	52,016	59,400	-1.00%
5222	Small Tools	14,628	19,200	19,196	21,500	11.98%
	TOTAL SUPPLIES & SMALL TOOLS	708,778	1,072,200	808,416	851,700	-20.57%

**LAS GALLINAS VALLEY SANITARY DISTRICT
OPERATING AND MAINTENANCE EXPENSE
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024**

Acct. Num.	Expense Description	2022-23 Final Actual	2023-24 Adopted Budget	2023-24 Projected Actual End of Year	2024-25 Preliminary Budget	% Change Over Prior Year Budget
CONTRACTED SERVICES						
5329	Lab Contract Services	63,186	70,600	63,529	68,500	-2.97%
5327	Pollution Prevention Program	24,489	21,600	11,856	17,300	-19.91%
5331	Outside Services (5337, 5335,5339)	84,487	280,900	124,414	272,300	-3.06%
5333	Janitorial	23,988	23,700	21,763	24,400	2.95%
5334	Uniform Service	14,305	15,500	23,235	23,900	54.19%
5224	Damage Claim	-	20,000	-	-	-100.00%
5325	Sludge Disposal Inject	102,650	2,000	43,645	380,000	18900.00%
5345	SCADA Engineering Support	77,571	69,600	69,474	71,400	N/A
5341	Regulatory Consultant	149,766	163,900	100,237	170,900	4.27%
5415	Pass-thru & Gen. Small Projects (5344)	53,436	57,600	23,687	39,400	-31.60%
5417	Feasibility Studies	53,083	100,000	-	10,000	-90.00%
5342	Consultants - Other	299,268	438,100	200,487	337,600	-22.94%
5351	Legal (5352)	105,221	183,600	129,276	149,200	-18.74%
5353	Audit	31,220	22,700	22,000	22,000	-3.08%
5355	Financial Services	26,669	35,400	24,460	95,400	169.49%
5441	Private Lateral Rehab Assist. Program	68,045	60,500	32,985	187,800	210.41%
5497	Low-Income Rate Assistance (see revenue)	1,568	25,000	-	-	N/A
	TOTAL CONTRACTED SERVICES	<u>1,178,952</u>	<u>1,590,700</u>	<u>891,048</u>	<u>1,870,100</u>	<u>17.56%</u>
UTILITIES						
5421	Internet	11,292	11,000	9,013	9,300	-15.45%
5423	Telephone	45,410	44,600	37,080	38,100	-14.57%
5425	Utility Power	813,358	781,300	684,374	842,600	7.85%
5427	Water	47,016	52,000	26,910	32,700	-37.12%
	TOTAL UTILITIES	<u>917,075</u>	<u>888,900</u>	<u>757,378</u>	<u>922,700</u>	<u>3.80%</u>

**LAS GALLINAS VALLEY SANITARY DISTRICT
OPERATING AND MAINTENANCE EXPENSE
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024**

Acct. Num.	Expense Description	2022-23 Final Actual	2023-24 Adopted Budget	2023-24 Projected Actual End of Year	2024-25 Preliminary Budget	% Change Over Prior Year Budget
GENERAL & ADMINSTRATIVE						
5303	Payroll Processing	24,596	24,900	21,089	25,900	4.02%
5465	Conferences	67,966	71,200	48,913	74,200	4.21%
5467	Mileage and Travel	414	5,200	5,198	8,400	61.54%
5359	Election	250	25,300	-	25,000	N/A
5221	Office Supplies & Equipment	71,354	69,800	43,945	57,600	-17.48%
5223	Meeting Supplies	5,292	5,800	8,247	12,400	113.79%
5439	Donations Non-Profits	9,000	10,000	14,000	10,000	0.00%
5361	Computer Services and Software (5362, 5363)	97,039	157,300	124,835	152,700	-2.92%
5431	Bank Charges	1,850	1,900	1,857	1,900	0.00%
5457	User Charge Collection Fee	34,357	38,300	783	800	-97.91%
5433	Publication and Legal Ads	13,398	11,300	12,688	13,500	19.47%
5347	Public Education and Outreach ⁽¹⁾	59,847	55,200	53,330	54,400	-1.45%
5453	Taxes, Other	1,397	1,400	466	500	-64.29%
5461	Memberships (CASA, CSDA, NBWRA)	60,212	67,900	72,960	72,100	6.19%
5455	Permits (NPDES, Biosolids, BAAQCD)	79,033	83,500	88,144	86,100	3.11%
5498	Penalties & Fines	66,385	-	-	-	
5451	Rents and Leases	34,569	153,100	127,334	136,500	-10.84%
5229	Employee Recognition ⁽¹⁾	6,923	8,400	1,510	2,500	-70.24%
5469	Employee Training and Education ⁽¹⁾	14,927	45,300	7,122	66,200	46.14%
9999	Miscellaneous expense (+COVID) (5225, 9998)	1,900	8,700	4,220	9,300	6.90%
TOTAL GENERAL & ADMINSTRATIVE		<u>650,708</u>	<u>844,500</u>	<u>636,642</u>	<u>810,000</u>	<u>-4.09%</u>
OPERATING EXPENSE TOTALS		<u>\$ 10,152,676</u>	<u>\$ 12,686,900</u>	<u>\$ 11,461,543</u>	<u>\$ 13,630,900</u>	<u>7.44%</u>

LAS GALLINAS VALLEY SANITARY DISTRICT
DEBT SERVICE
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024

Expenditure	2022-23 Total Actual	2023-24 Adopted Budget	2023-24 Projected End of Year	2024-25 Preliminary Budget
2005 Certificates of Participation/ Refunded 2014	\$ 708,665	\$ 717,380	\$ 717,380	\$ 725,105
2010 State Revolving Fund Loan	285,464	285,464	285,464	\$ 285,464
2011 Bank of Marin Loan	332,681	332,681	332,681	332,681
2012 Bank of Marin Loan	39,225	-	-	-
2017 Revenue Bonds ^{(1) (2)}	2,445,000	2,445,600	2,445,600	2,449,400
2019 IBank Loan	716,688	715,448	715,448	714,169
	\$ 4,527,724	\$ 4,496,574	\$ 4,496,574	\$ 4,506,819

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

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

Debt Service Breakdown FY 2024-25

Expenditure	Principal	Interest	Annual Fee
2005 Certificates of Participation/ Refunded 2014	\$ 690,000	\$ 35,105	\$ -
2010 State Revolving Fund Loan	230,669	54,795	-
2011 Bank of Marin Loan	257,318	75,363	-
2017 Revenue Bonds	1,205,000	1,244,400	-
2019 IBank Loan ⁽⁴⁾	381,557	301,854	30,758
	\$ 2,764,544	\$ 1,711,517	\$ 30,758

(4) Annual IBank fee treated as Operation & Maintenance Expense but recognized as debt service for budget purposes. Only principal and interest is reported on audit as long-term obligations.

**LAS GALLINAS VALLEY SANITARY DISTRICT
RESERVES
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024**

	2022-23 Actual	2023-24 Adopted Budget	2023-24 Projected End of Year	2024-25 Preliminary Budget
Beginning Reserve Balance	\$ 5,715,213	\$ 11,210,971	\$ 11,210,971	\$ 15,685,543
Operating & Rate Stabilization Reserve				
Beginning Balance	\$ 2,973,576	\$ 3,608,771	\$ 3,608,771	\$ 4,247,894
<i>Plus: Additions</i>	635,195	639,123	639,123	575,211
<i>Less: Use of Funds</i>	-	-	-	-
Ending Balance	\$ 3,608,771	\$ 4,247,894	\$ 4,247,894	\$ 4,823,105
<i>Purpose: Insure minimum of 7 months of O&M + Debt Service is available</i>			<i>Target:</i>	\$ 10,000,000
Emergency Repair				
Beginning Balance	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,166,667
<i>Plus: Additions</i>	-	166,667	166,667	111,111
<i>Less: Use of Funds</i>	-	-	-	-
Ending Balance	\$ 1,000,000	\$ 1,166,667	\$ 1,166,667	\$ 1,277,778
<i>Purpose: Fund emergency repairs, replenish over 2 to 3 year period.</i>			<i>Target:</i>	\$ 1,500,000
Capital Reserves (STPURWE, OCC, and other CIP)				
Beginning Balance	\$ 899,969	\$ 5,649,747	\$ 5,649,747	\$ 9,318,529
<i>Plus: Undesignated (rebalanced in 2024-2025)</i>	336,464	668,782	668,782	(1,318,529)
<i>Plus: Lab & OCC/Admin Buildings Designated Reserves</i>	3,000,000	3,000,000	3,000,000	3,000,000
<i>Plus: STPURWE LGVSD Bond Reserve ⁽¹⁾</i>	225,715	-	-	-
<i>Plus: STPURWE MMWD Buy-In ⁽²⁾</i>	159,196	-	-	-
<i>Plus: 2017 Bond MMWD Debt Service Share ⁽³⁾</i>	256,427	-	-	-
<i>Plus: Corr. to incld. PY BoM MMWD Reserves ⁽⁴⁾</i>	2,968,141	-	-	-
<i>Less: Authorized Use of Funds ⁽⁵⁾</i>	(2,196,165)	-	-	-
Ending Balance	\$ 5,649,747	\$ 9,318,529	\$ 9,318,529	\$ 11,000,000
<i>Undesignated Ending Balance</i>			\$ 3,318,529	\$ 2,000,000
<i>Designated Ending Balance (Lab Edu Board OCC Admin)</i>			\$ 6,000,000	\$ 9,000,000
<i>Purpose: To provide capital for major capital projects.</i>			<i>Target:</i>	\$ 11,000,000
Vehicle and Equipment Reserve (VERF)				
Beginning Balance	\$ 841,668	\$ 952,453	\$ 952,453	\$ 952,453
<i>Plus: Additions</i>	150,755	38,765	-	100,000
<i>Less: Authorized Use of Funds</i>	(39,970)	(442,476)	-	(584,043)
Ending Balance	\$ 952,453	\$ 548,742	\$ 952,453	\$ 468,410
<i>Purpose: To fund large vehicle and equipment replacements, replenish over 2 to 3 years.</i>			<i>Target:</i>	\$ 1,000,000
Ending Reserve Balance	\$ 11,210,971	\$ 15,281,832	\$ 15,685,543	\$ 17,569,292
			<i>Target Total</i>	\$ 23,500,000

(1) Excess funds over debt payments put aside for STPURWE project thru completion, FY 22-23.

(2) MMWD quarterly buy-in payments towards STPURWE until March 2023. Funds held in Bank of Marin Money Market #3983 till funds exhausted.

(3) MMWD semi-annual Revenue Bond payments toward project - Held in Bank of Marin Money Market #3983. Closed out March 2023.

(4) Bank of Marin (BoM) contributions from prior year MMWD buy-ins not included in Capital Reserve balance, corrected as of 12/31/22.

(5) Authorized use of Capital Reserves towards STPURWE project, draw down from BoM MMWD account and LAIF in Spring 2023.

Total Budgeted New Reserve Funding: \$ 2,467,793

**LAS GALLINAS VALLEY SANITARY DISTRICT
RESTRICTED FUNDS
PRELIMINARY BUDGET FY 2024-2025 - MAY 16, 2024**

	2022-23 Actual	2023-24 Adopted Budget	2023-24 Projected End of Year	2024-25 Preliminary Budget
Restricted Funds				
Capacity / Capital Facilities / Connection Fee Fund (#5025)				
Beginning Balance	\$ 587,687	\$ 797,904	\$ 797,904	\$ 1,076,819
Plus: Additions	210,216	872,019	278,916	477,610
Less: Use of Funds	-	-	-	-
Ending Balance	\$ 797,904	\$ 1,669,923	\$ 1,076,819	\$ 1,554,429

Purpose: To pay for collection system and plant capacity improvements to serve new connections.

Captains Cove Fund (#5019)

Beginning Balance	\$ 1,498	\$ 3,657	\$ 3,657	\$ 15,406
Plus: Additions	8,188	16,010	23,075	16,010
Less: Use of Funds	(6,029)	(24,800)	(11,325)	(30,600)
Ending Balance	\$ 3,657	\$ (5,133)	\$ 15,406	\$ 816

Purpose: Special assessment fees in and class account 350 expenses out.

23

Marin Lagoon Fund (#5005)

Beginning Balance	\$ 15,978	\$ 10,538	\$ 10,538	\$ 34,127
Plus: Additions	9,956	24,780	34,596	24,780
Less: Use of Funds ⁽¹⁾	(15,396)	(26,600)	(11,007)	(52,200)
Ending Balance	\$ 10,538	\$ 8,718	\$ 34,127	\$ 6,707

Purpose: Special assessment fees in and class account 360 expenses out.

⁽¹⁾ Prior Year Capital Expenditures for Marin Lagoon Pump Station #1 to be recovered over multiple years as balance insufficient to cover entire cost of project.

Recycled Water Capital Repair and Replacement Fund (#5028) ⁽²⁾

Beginning Balance	\$ -	\$ 23	\$ 23	\$ -
Plus: Additions	-	22,348	12,990	17,520
Less: Use of Funds	-	-	-	-
Ending Balance	\$ 23	\$ 22,371	\$ 13,014	\$ 17,520

Purpose: Capital repair or replacement costs at the Recycled Water Treatment Facility. Fund shall not exceed \$500K.

⁽²⁾ Established May 2023 with first annual contribution by MMWD and LGVSD to be made in 2023-24.

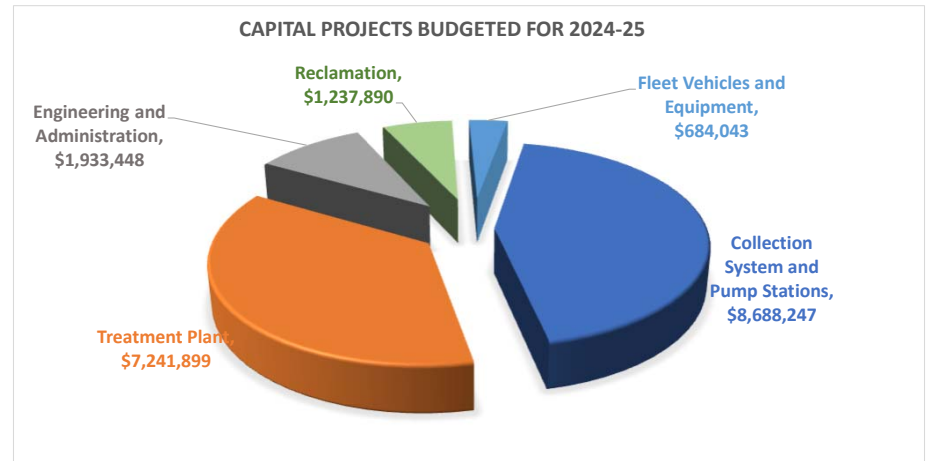
To be funded by LGVSD and MMWD by multiplying the total annual recycled water Operating & Maintenance producing costs by 10%.

Total Restricted Fund Reserve Funding: \$ 535,920

Line No.	Mgr.	Project No.	Status	Project Name	FUNDING SOURCES FY 2024-25					
					Prelim Budget 2024-25	PY CIP Carryover	Unrestricted Funds	Restricted Captains Cove	Restricted Marin Lagoon	Vehicle Replacement Fund
PLANNING, SOFTWARE, ADMINISTRATION & OTHER ENGINEERING										
1	MC	20100-05	Active	Integrated Wastewater Master Plan Phase 2 and Phase 3	350,000	109,778	240,222			
2	MC	21500-08	Active	Biosolids Program Monitoring Research Support& Flood Protection	491,848	442,162	49,686			
3	GP	21600-20	Active	Asset Management CMMS Centricity (Plant, PS, Rec Phases 2-4)	250,000	250,000	-			
4	MC	24125-03	Active	On-Call Engineering Contract	206,000	166,687	39,313			
5	MC	24125-01	Active	On-Call Construction Contract (2023-2025)	257,500	257,500	-			
6	MC	24125-02	Active	On-Call Inspection Capital Projects	61,800	61,800	-			
7	MC	23200-01	Active	Hydraulic and Continued Flow Modeling of Collection System	77,250	-	77,250			
8	MC	22125-01	Pending	Sea Level Rise Mitigation Program Planning	60,000	60,000	-			
9	MC	21600-01	Active	Emergency Bypass Pumping Analysis & Response Plan	36,050	36,050	-			
10	ML	24560-01	Pending	Lab Software LIMS for TNI Standards Reporting	63,000	45,000	18,000			
11	MC	22125-02	Pending Completion	Standard Specifications and Drawings Update Project	5,000	5,000	-			
12	MC		New	Aeration System Reliability Study	75,000	-	75,000			
Subtotal:					1,933,448	1,433,977	499,471	-	-	-

FLEET & EQUIPMENT (To be procured through Vehicle Replacement Fund)										
22	GP	24460-01	Ordered	2023 Vactor Flusher Truck - clean diesel	573,743					573,743
23	GP	24460-04	Pending	Equipment for Collection System Response (trailers, hoses)	10,300					10,300
24	GP	VERF	VERF	Fleet Replacement Vehicles and Utility Collection System Trucks (To VERF Reserve)	100,000		100,000			
Subtotal:					684,043	-	100,000	-	-	584,043

- Mid-Year Add = Projects funded mid-fiscal year 2023-24 and carrying forward into 2024-25
 - Awaiting Board Budget 24-25 = New project to be brought to the Board for approval and start in 2023-24
 - New = New CIP projects identified and first funding request in 2024-25
-
- Green = Pump Station Capital Assets
 - Blue = Force Main Sewer
 - Peach = Collection System Sewers



Line No.	Mgr.	Project No.	Status	Project Name	Prelim Budget 2024-25	FUNDING SOURCES FY 2024-25					
						PY CIP Carryover	Unrestricted Funds	Restricted Captains Cove	Restricted Marin Lagoon	Vehicle Replacement Fund	
COLLECTION SYSTEM (INCL. PUMP STATIONS "PS" & FORCE MAINS)											
42	MC	11200-03	Active	John Duckett PS Electrical & Terra Linda Trunk Sewer Creek Crossing Improvement Design	750,000	750,000	-				
43	MC		New	Terra Linda Highway 101 Undercrossing Sewer Lining	500,000	500,000	-				
44	MC	20300-09	Mid-Year Add	Smith Ranch Pump Station Electrical Upgrades and Generator Conversion	1,195,000	755,000	440,000				
45	GP	24460-05	Active	Electrical System VFD Replacement (Phase 1)	500,000	-	500,000				
46	GP		After VFD	SCADA Integration for Pump Stations (Phase 2 split from VFD Replacement)	530,000	-	530,000				
47	MC	21300-03	Active	Standby Generators for Minor Pump Stations	372,400	25,852	346,548				
48	MC	21300-04	Active	Pump Station Site Lighting, Safety, & Security Improvements	206,877	206,877	-				
49	MC	22300-01	Pending	Rafael Meadows Pump Station - Fencing, full perimeter	150,000	150,000	-				
50	MC	21350-01	Active	Automatic Transfer Switches for Pump Stations	124,297	124,297	-				
51	MC	21600-03	Pending	Annual Site Improvement - Paving, Fencing, Lighting	60,000	26,045	33,955				
52	GP	18350-01	Pending	Captains Cove Pump Station Upgrades ⁽¹⁾	18,000	-	-	18,000			
53	GP	24540-01	Pending	Marin Lagoon Pump Stations Upgrades ⁽¹⁾	60,000	-	20,000		40,000		
54	MC	24500-05	Mid-Year Add	Hawthorn Waterproofing Drywell	60,000	60,000	-				
56	MC	20200-01	Active	Force Main Assessment, Install Ports, Cleaning, Location Marking, & Mapping	250,000	250,000	-				
59	MC	24460-06	Active	Sewer Main Collection System Rehabilitation Program 2024	1,861,673	1,861,673	-				
60	MC		Budget 24-25	Sewer Main Collection System Rehabilitation Program 2025	1,000,000	-	1,000,000				
62	MC	24460-07	Active	Sewer I&I Reduction Program 2024	500,000	500,000	-				
63	MC		Budget 24-25	Sewer I&I Reduction Program 2025	500,000	-	500,000				
65	GP	19200-02	Ongoing	Manhole Frame & Cover Adjustment Allowance	50,000	50,000	-				
Subtotal:					8,688,247	5,259,744	3,370,503	18,000	40,000	-	

RECLAMATION										
82	MC	22500-04	Active	Solar PV System Replacement / Solar PPA	200,000	169,412	30,588			
83	MC		New	Center Pivot No. 3, 4, and 5 Replacement	500,000	-	500,000			
84	GP	21500-01	Pending	Reclamation Pump Station Improvements - MCC, Pumps, Wet Well	180,640	180,640	-			
85	MC	24500-04	Pending	Sludge Lagoon Liner Replacement/Repair	77,250	77,250	-			
86	MC	24580-02	Active	Diversion Box Valve & Gate Installation	30,000	30,000	-			
87	MC		Pending	Levee Road Restoration	150,000	150,000	-			
88	MC		New	Cattail Dredging in Ponds	100,000	-	100,000			
Subtotal:					1,237,890	607,302	630,588	-	-	-

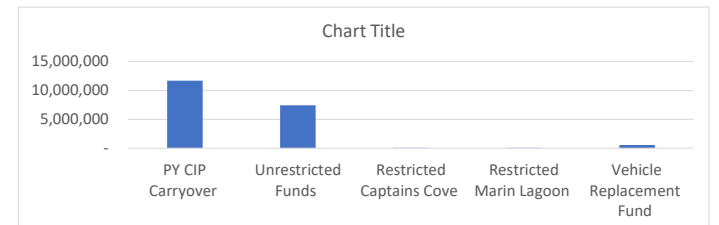
Line No.	Mgr.	Project No.	Status	Project Name	FUNDING SOURCES FY 2024-25					
					Prelim Budget 2024-25	PY CIP Carryover	Unrestricted Funds	Restricted Captains Cove	Restricted Marin Lagoon	Vehicle Replacement Fund
TREATMENT PLANT (INCL. RECYCLED WATER)							-			
104	MC	24600-01	Active	Laboratory Building Design (Lab / Education Center / Boardroom)	1,690,899	550,000	1,140,899			
105	MC		Budget 24-25	Corporation Yard Design	500,000	-	500,000			
107	MC	21600-06	Active	Digester Room MCC #2 Upgrade Design & Construction	1,300,000	1,282,440	17,560			
108	MC	24600-08	Mid-Year Add	Treatment Plant Standby Generator Upgrade	1,000,000	1,000,000	-			
109	MC	22600-01	Active	Primary Clarifier #1 Repair	590,000	590,000	-			
110	MC	24600-15	To Board 5/16	Primary Effluent PS and Secondary Clarifier Expansion to 24 MGD Capacity	1,375,000	500,000	875,000			
111	MC	24600-02	Pending	Primary Clarifier Repair Sludge Pump Addition	150,000	150,000	-			
112	MC	21600-11	Pending	Annual Site Improvement - Paving, Fencing, Lighting	150,000	60,000	90,000			
113	ML	24600-07	Mid-Year Add	SCADA Improvements at Plant	50,000	50,000	-			
114	MC	24600-03	Pending	Treatment Plant Upgrade Phase 2 Design - Primary Clarifiers	400,000	180,113	219,887			
115	MC	24600-14	Active	Battery Energy Storage System (BESS) ⁽²⁾	26,000	16,441	9,559			
116	ML		New	Lab Equipment	10,000	-	10,000			
Subtotal:					7,241,899	4,378,994	2,862,905	-	-	-

TOTAL PLANNING, FLEET, COLLECTION, RECLAMATION, & TREATMENT PROJECTS (Non-Financed)										
Total (Non-Financed):					19,785,527	11,680,017	7,463,467	18,000	40,000	584,043

FINANCED AND BOND PROJECTS										
137	MC	12600-07	Active	Secondary Treatment Plant Upgrade - STPURWE (financial closing as of 6-30-24)	20,000	20,000	-			
138	MC	16650-02	Active	Recycled Water Expansion - STPURWE (financial closing as of 6-30-24)	2,000	2,000	-			
Subtotal:					22,000	22,000	-	-	-	-
Total Debt Funded					22,000					

⁽¹⁾ - Funded by Captains Cove & Marin Lagoon Restricted Funds

GRAND TOTAL CAPITAL OUTLAY: 19,807,527 11,702,017 7,463,467 18,000 40,000 584,043



Line No.	Mgr.	Project No.	Status	Project Name	Prelim Budget 2024-25	PROJECTED EXPENDITURES						
						Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	
PLANNING, SOFTWARE, ADMINISTRATION & OTHER ENGINEERING												
1	MC	20100-05	Active	Integrated Wastewater Master Plan Phase 2 and Phase 3	350,000		-					
2	MC	21500-08	Active	Biosolids Program Monitoring Research Support& Flood Protection	491,848	-	-	-	-	-	-	-
3	GP	21600-20	Active	Asset Management CMMS Centricity (Plant, PS, Rec Phases 2-4)	250,000	116,600	-	-	-	-	-	-
4	MC	24125-03	Active	On-Call Engineering Contract	206,000	212,200	218,600	225,200	232,000	239,000	246,200	
5	MC	24125-01	Active	On-Call Construction Contract (2023-2025)	257,500	265,300	273,300	281,500	290,000	298,700	307,700	
6	MC	24125-02	Active	On-Call Inspection Capital Projects	61,800	63,700	65,700	67,700	69,800	71,900	74,100	
7	MC	23200-01	Active	Hydraulic and Continued Flow Modeling of Collection System	77,250	79,600	82,000	84,500	87,100			
8	MC	22125-01	Pending	Sea Level Rise Mitigation Program Planning	60,000	50,000	-	-	-	-	-	
9	MC	21600-01	Active	Emergency Bypass Pumping Analysis & Response Plan	36,050	-	-	-	-	-	-	
10	ML	24560-01	Pending	Lab Software LIMS for TNI Standards Reporting	63,000	33,500	33,500	-	-	-	-	
11	MC	22125-02	Pending Completion	Standard Specifications and Drawings Update Project	5,000	-	-	-	-	-	-	
12	MC		New	Aeration System Reliability Study	75,000	-	-	-	-	-	-	
Subtotal:					1,933,448	820,900	673,100	658,900	678,900	609,600	628,000	

FLEET & EQUIPMENT (To be procured through Vehicle Replacement Fund)												
22	GP	24460-01	Ordered	2023 Vactor Flusher Truck - clean diesel	573,743	-	-	-	-	-	-	-
23	GP	24460-04	Pending	Equipment for Collection System Response (trailers, hoses)	10,300	10,700	11,100	11,500	11,900	12,300	12,700	
24	GP	VERF	VERF	Fleet Replacement Vehicles and Utility Collection System Trucks (To VERF Reserve)	100,000	100,000	580,000	109,000	112,000	115,000	118,000	
Subtotal:					684,043	110,700	591,100	120,500	123,900	127,300	130,700	

- Mid-Year Add = Projects funded mid-fiscal year 2023-24 and carrying forward into 2024-25
- Awaiting Board = New project to be brought to the Board for approval and start in 2023-24
- Budget 24-25 = Projects on CIP in 2023-24 but first funding request in 2024-25
- New = New CIP projects identified and first funding request in 2024-25

- Green = Pump Station Capital Assets
- Blue = Force Main Sewer
- Peach = Collection System Sewers



7-Year Capital Improvement Program (CIP)

Preliminary Budget - May 16, 2024)

PRELIMINARY

Line No.	Mgr.	Project No.	Status	Project Name	Prelim Budget 2024-25	PROJECTED EXPENDITURES						
						Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31	
COLLECTION SYSTEM (INCL. PUMP STATIONS "PS" & FORCE MAINS)												
38	MC	11200-03	Active	John Duckett PS Electrical & Terra Linda Trunk Sewer Creek Crossing Improvement Design	750,000	-	-	-	-	-	-	
39	MC		New	Terra Linda Highway 101 Undercrossing Sewer Lining	500,000	-	-	-	-	-	-	
40	MC	20300-09	Mid-Year Add	Smith Ranch Pump Station Electrical Upgrades and Generator Conversion	1,195,000	200,000	-	-	-	-	-	
41	GP	24460-05	Active	Electrical System VFD Replacement (Phase 1)	500,000	-	-	-	-	-	-	
42	GP		After VFD	SCADA Integration for Pump Stations (Phase 2 split from VFD Replacement)	530,000	1,060,000	-	-	-	-	-	
43	MC	21300-03	Active	Standby Generators for Minor Pump Stations	372,400	-	-	-	-	-	-	
44	MC	21300-04	Active	Pump Station Site Lighting, Safety, & Security Improvements	206,877	-	-	-	-	-	-	
45	MC	22300-01	Pending	Rafael Meadows Pump Station - Fencing, full perimeter	150,000	-	-	-	-	-	-	
46	MC	21350-01	Active	Automatic Transfer Switches for Pump Stations	124,297	-	-	-	-	-	-	
47	MC	21600-03	Pending	Annual Site Improvement - Paving, Fencing, Lighting	60,000	61,800	63,700	65,700	67,700	69,800	71,900	
48	GP	18350-01	Pending	Captains Cove Pump Station Upgrades ⁽¹⁾	18,000	-	-	-	-	-	-	
49	GP	24540-01	Pending	Marin Lagoon Pump Stations Upgrades ⁽¹⁾	60,000	61,800	63,700	65,700	67,700	69,800	-	
50	MC	24500-05	Mid-Year Add	Hawthorn Waterproofing Drywell	60,000	-	-	-	-	-	-	
51	MC		Future	Mulligan PS & 18" TS and Hwy 101 Undercrossing Capacity Upgrades	-	-	981,000	6,720,000	-	-	-	
52	MC	20200-01	Active	Force Main Assessment, Install Ports, Cleaning, Location Marking, & Mapping	250,000	258,000	266,000	274,000	-	-	-	
53	MC	14300-05	Future	Smith Ranch Rd Combined Force Main	-	-	-	257,500	2,650,000	-	-	
54	MC		Future	Lower Marinwood TS Capacity Upgrade & Relocation	-	-	-	257,500	1,590,000	-	-	
55	MC	24460-06	Active	Sewer Main Collection System Rehabilitation Program 2024	1,861,673	-	-	-	-	-	-	
56	MC		Budget 24-25	Sewer Main Collection System Rehabilitation Program 2025	1,000,000	-	-	-	-	-	-	
57	MC	Program	Future	Sewer Main Collection System Rehabilitation Program - future years	-	1,030,000	1,061,000	1,093,000	1,126,000	1,160,000	1,195,000	
58	MC	24460-07	Active	Sewer I&I Reduction Program 2024	500,000	-	-	-	-	-	-	
59	MC		Budget 24-25	Sewer I&I Reduction Program 2025	500,000	-	-	-	-	-	-	
60	MC	Program	Future	Sewer I&I Reduction Program - future years	-	515,000	531,000	547,000	564,000	581,000	599,000	
61	GP	19200-02	Ongoing	Manhole Frame & Cover Adjustment Allowance	50,000	52,000	54,000	56,000	58,000	60,000	62,000	
62	MC		Budget 24-25	Upper Terra Linda TS and Siphon Improvements (capacity)	-	500,000	4,000,000	-	-	-	-	
63	MC		Future	Northgate Industrial Park 8" Hwy 101 Undercrossing	-	-	180,250	1,855,000	-	-	-	
64	MC	Placeholder	Placeholder	IWMP Pump Station & Force Main Projects (Placeholder)	-	-	-	-	1,700,000	5,900,000	4,100,000	
65	MC	Placeholder	Placeholder	Sea Level Rise Mitigation Construction (Placeholder)	-	-	-	-	-	1,090,000	1,120,000	
Subtotal:					8,688,247	3,738,600	7,200,650	11,191,400	7,823,400	8,930,600	7,147,900	



7-Year Capital Improvement Program (CIP)

Preliminary Budget - May 16, 2024

PRELIMINARY

Line No.	Mgr.	Project No.	Status	Project Name	Prelim Budget 2024-25	PROJECTED EXPENDITURES					
						Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31
RECLAMATION											
78	MC	22500-04	Active	Solar PV System Replacement / Solar PPA	200,000	44,000	-	-	-	-	-
79	MC		New	Center Pivot No. 3, 4, and 5 Replacement	500,000	250,000	-	-	-	-	-
80	GP	21500-01	Pending	Reclamation Pump Station Improvements - MCC, Pumps, Wet Well	180,640	-	-	-	-	-	-
81	MC	24500-04	Pending	Sludge Lagoon Liner Replacement/Repair	77,250	79,500	-	-	-	-	-
82	MC	24580-02	Active	Diversion Box Valve & Gate Installation	30,000	-	-	-	-	-	-
83	MC		Pending	Levee Road Restoration	150,000	150,000	62,000	67,200	69,300	71,400	73,600
84	MC		New	Cattail Dredging in Ponds	100,000	250,000	-	-	-	-	-
85	MC		Future	Storage Pond 1 Transfer Pipe Repair	-	-	100,000	-	-	-	-
86	MC		Future	St. Vincent's Pump Station Improvements	-	-	-	100,000	257,500	530,000	-
87	MC	Placeholder	Placeholder	Biosolids Program Implementation & Construction (Placeholder)	-	-	2,300,000	2,300,000	2,300,000	-	-
88	MC	Placeholder	Placeholder	Sea Level Rise Mitigation Construction (Placeholder)	-	-	-	567,500	1,090,000	1,120,000	-
Subtotal:					1,237,890	773,500	62,000	2,467,200	3,036,800	3,718,900	1,723,600

TREATMENT PLANT (INCL. RECYCLED WATER)											
99	MC	24600-01	Active	Laboratory Building Design (Lab / Education Center / Boardroom)	1,690,899	-	-	-	-	-	-
100	MC		Budget 24-25	Corporation Yard Design	500,000	-	-	-	-	-	-
101	MC	21100-01	Future	Operations & Administration Building Design	-	2,250,000	-	-	-	-	-
102	MC	21600-06	Active	Digester Room MCC #2 Upgrade Design & Construction	1,300,000	-	-	-	-	-	-
103	MC	24600-08	Mid-Year Add	Treatment Plant Standby Generator Upgrade	1,000,000	-	-	-	-	-	-
104	MC	22600-01	Active	Primary Clarifier #1 Repair	590,000	590,000	-	-	-	-	-
105	MC	24600-15	To Board 5/16	Primary Effluent PS and Secondary Clarifier Expansion to 24 MGD Capacity	1,375,000	-	-	-	-	-	-
106	MC	24600-02	Pending	Primary Clarifier Repair Sludge Pump Addition	150,000	-	-	-	-	-	-
107	MC	21600-11	Pending	Annual Site Improvement - Paving, Fencing, Lighting	150,000	64,000	66,000	68,000	71,000	74,000	77,000
108	ML	24600-07	Mid-Year Add	SCADA Improvements at Plant	50,000	-	-	-	-	-	-
109	MC	24600-03	Pending	Treatment Plant Upgrade Phase 2 Design - Primary Clarifiers	400,000	-	-	-	-	-	-
110	MC	24600-14	Active	Battery Energy Storage System (BESS) ⁽²⁾	26,000	-	3,000,000	3,000,000	-	-	-
111	ML		New	Lab Equipment	10,000	-	-	-	-	-	-
112	MC		New	Secondary Treatment Plant Optimization	-	500,000	-	-	-	-	-
113	MC	20600-04	Future	Treatment Plant Upgrade Phase 3 Design- Flow Eq, UV, Headworks	-	-	500,000	-	-	-	-
114	MC		Future	Digester Replacement and Solids Improvement Design	-	-	1,300,000	-	-	-	-
115	MC		Future	Boiler Relocation Project	-	-	-	515,000	-	-	-
116	MC	Placeholder	Placeholder	Sea Level Rise Mitigation Construction (Placeholder)	-	-	-	-	1,090,000	1,120,000	-
Subtotal:					7,241,899	3,404,000	3,566,000	4,368,000	586,000	1,164,000	1,197,000

Line No.	Mgr.	Project No.	Status	Project Name	Prelim Budget 2024-25	PROJECTED EXPENDITURES					
						Year 2 2025-26	Year 3 2026-27	Year 4 2027-28	Year 5 2028-29	Year 6 2029-30	Year 7 2030-31

TOTAL PLANNING, FLEET, COLLECTION, RECLAMATION, & TREATMENT PROJECTS (Non-Financed)

Total (Non-Financed):	19,785,527	8,847,700	12,092,850	18,806,000	12,249,000	14,550,400	10,827,200
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FINANCED AND BOND PROJECTS

132	MC	12600-07	Active	Secondary Treatment Plant Upgrade - STPURWE (financial closing as of 6-30-24)	20,000	-	-	-	-	-	-
133	MC	16650-02	Active	Recycled Water Expansion - STPURWE (financial closing as of 6-30-24)	2,000	-	-	-	-	-	-
134	MC		Budget 24-25	John Duckett PS & HWY 101 Terra Linda TS Creek Crossing Construction	-	5,000,000	10,300,000	-	-	-	-
135	MC		Future	Laboratory Building Construction - (Lab / Education Center / Boardroom) ⁽³⁾	-	7,500,000	3,500,000	-	-	-	-
136	MC		Future	Corporation Yard Construction	-	5,000,000	-	-	-	-	-
137	MC		Future	Administration and Operations Control Building Construction & Soft Costs ⁽³⁾	-	-	-	15,500,000	-	-	-
138	MC	20600-04	Future	Treatment Plant Upgrade Phase 2 Construction - Primary Clarifiers	-	-	7,500,000	-	-	-	-
139	MC		Future	Treatment Plant Upgrade Phase 3 Construction - Flow Eq, UV, Headworks	-	-	-	3,975,000	3,975,000	-	-
140	MC		Future	Digester Replacement and Solids Improvement Construction	-	-	-	-	6,540,000	6,540,000	-

Subtotal:	22,000	17,500,000	21,300,000	19,475,000	10,515,000	6,540,000	-
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Total Debt Funded	-	10,000,000	19,800,000	10,475,000	10,515,000	6,540,000	-
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GRAND TOTAL CAPITAL OUTLAY:	19,807,527	26,347,700	33,392,850	38,281,000	22,764,000	21,090,400	10,827,200
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⁽¹⁾ - Funded by Captains Cove & Marin Lagoon Restricted Funds

⁽²⁾ - Potential offset by two funding programs, Inflation Reduction Act 25% to 40% and PG&E SGIP between 25% and 35%, potential lowering \$6M to as low as \$1.7M actual cost

⁽³⁾ - Buildup of \$9M in cash reserves reached in FY 2024-25 for Lab/Edu/Board and Admin/OCC buildings

