



STEGE SANITARY DISTRICT

District Manager/Engineer:
Rex Delizo, P.E.

District Counsel:
Ben Reyes

Board of Directors:
Paul Gilbert-Snyder
Jay James
Dwight Merrill
Alan C. Miller
Beatrice R. O'Keefe

Memorandum

To: Board of Directors

From: Rex Delizo, District Manager

Date: June 22, 2017

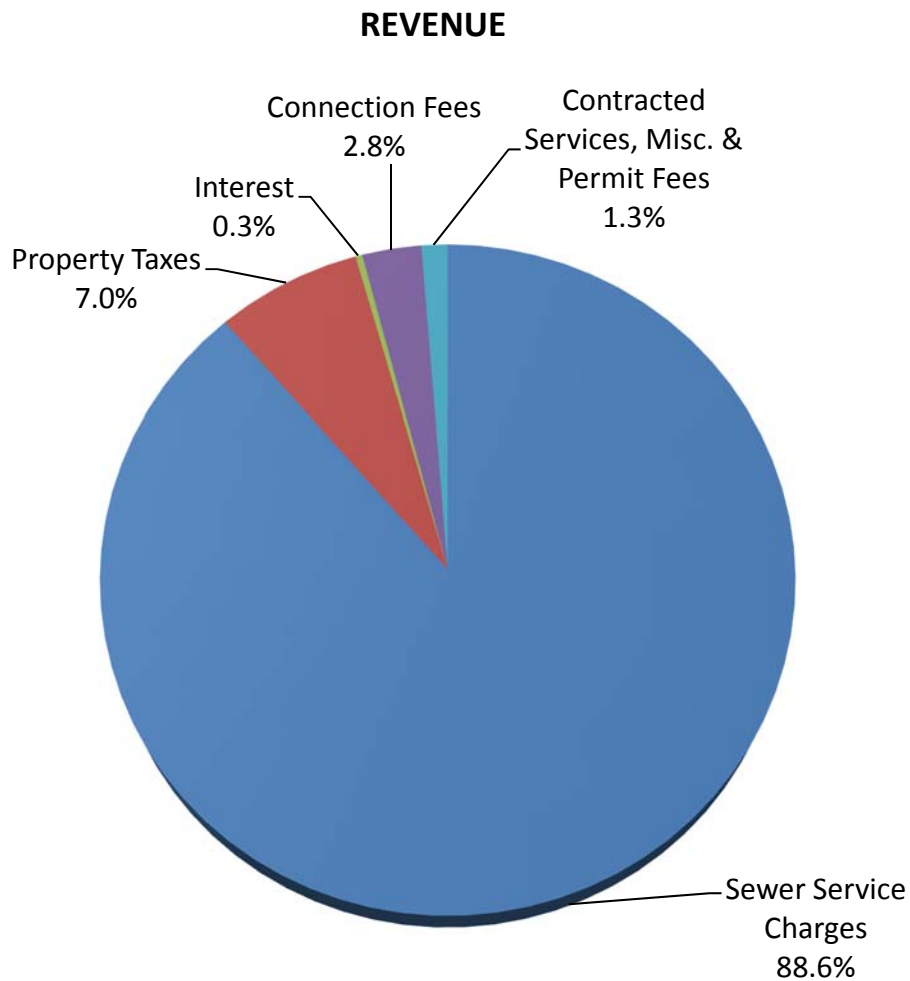
Re: Budget for Fiscal Year 2017-18

The Fiscal Year (FY) 2017-18 budget is presented for review and consideration by the Board of Directors. The budget includes all revenue and expenses for FY 2017-18 including supplemental data regarding reserve fund levels.

BUDGET OVERVIEW

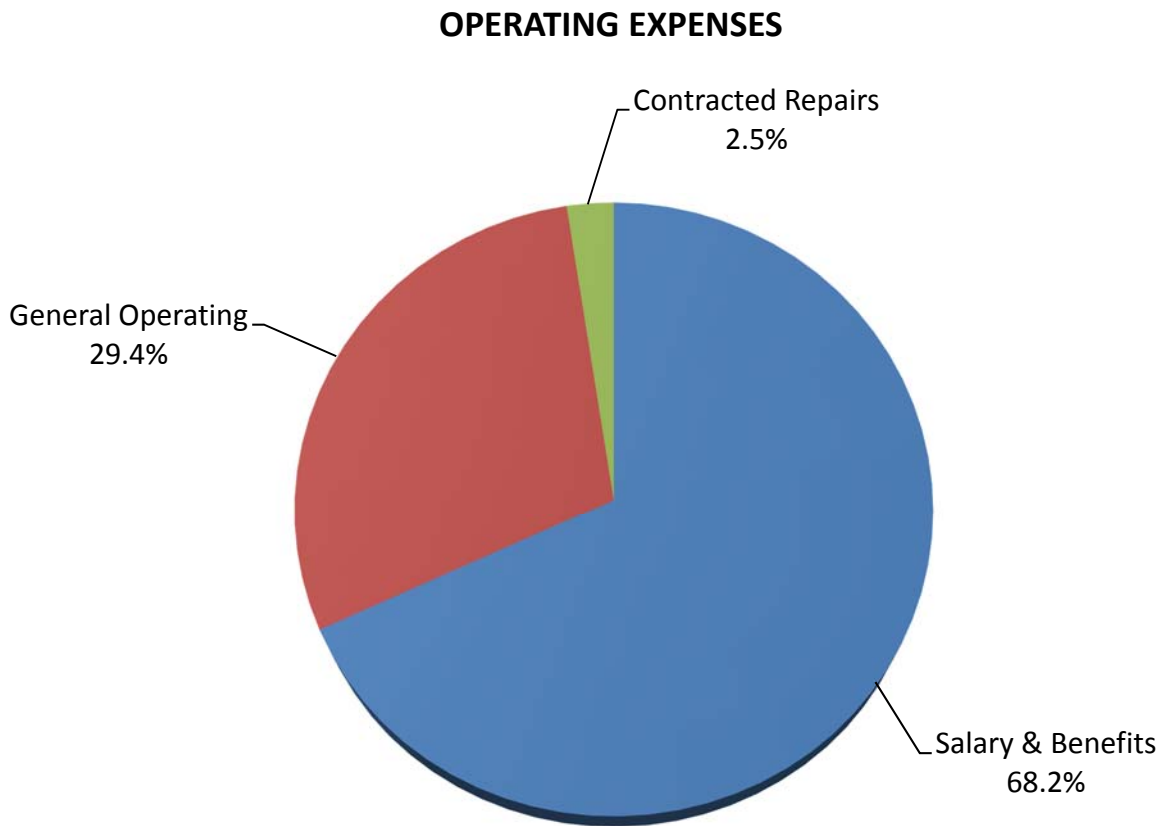
Revenue

The budget includes \$5,279,000 in revenue, exclusive of the transfer of reserve funds. The budget estimates service charge revenue at \$4,677,000 (88.6% of total revenue), property tax at \$369,000 (7.0%), interest income at \$17,000 (0.3%), connection fees at \$150,000 (2.8%), and contracted services, miscellaneous income and permit fees at \$66,000 (1.3%).



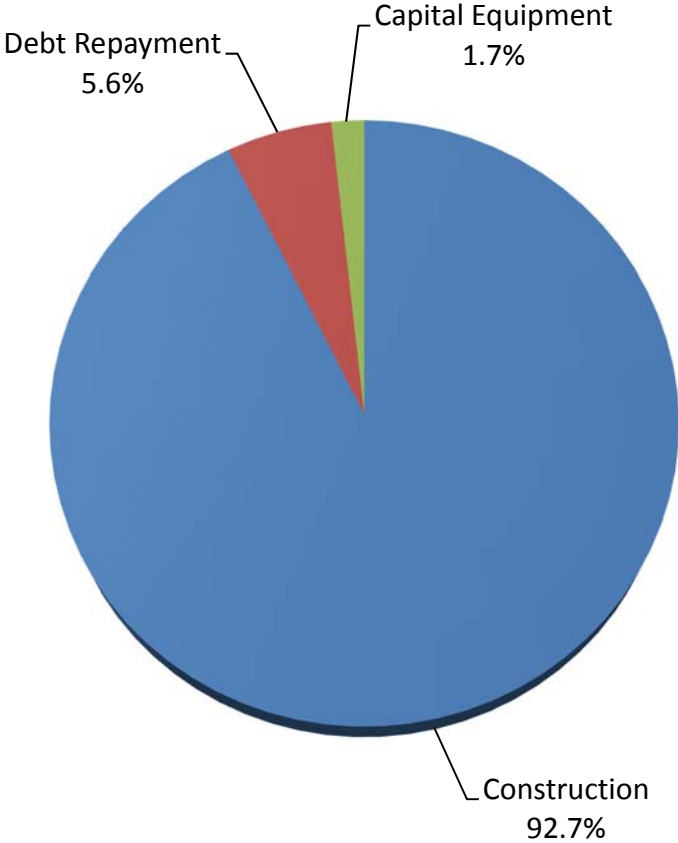
Expenses

The Operating Expenses for FY 2017-18 total \$2,489,790. The budget includes all operations, maintenance, and administrative expenses. The budget also includes the funding of the annual required contribution for “other post-employment benefits” or retiree health care funding. No additional staff is requested in this budget. Salary and benefit expenses are budgeted at \$1,696,930 (68.2%) of the operating budget. The operating and general expenses are budgeted at \$731,860 (29.4%) and contracted repairs at \$61,000 (2.5%).



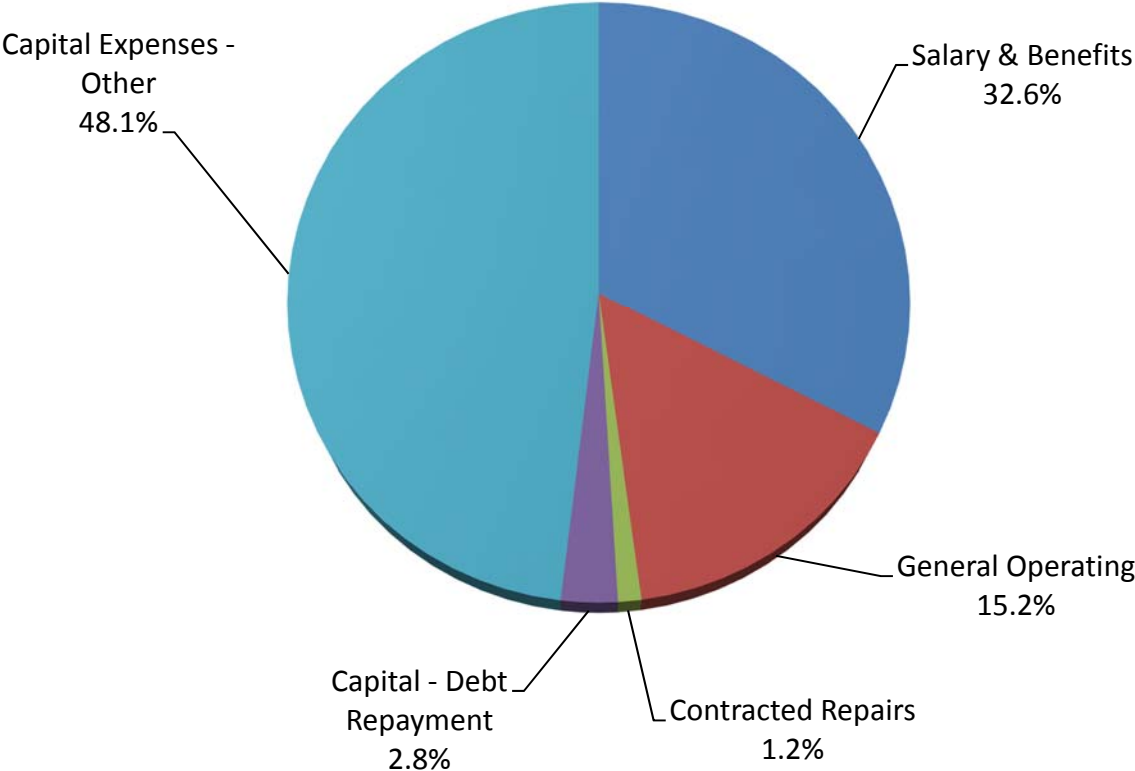
The Capital Expenses for FY 2017-18 amount to \$2,650,200. Construction costs total \$2,456,000 (92.7%) which includes an annual rehabilitation project at \$2,365,000, interceptor cleaning at \$50,000, pump station rehabilitation at \$16,000 and manhole adjustments at \$25,000. Two (2) annual debt service payments for outstanding State Revolving Fund (SRF) loans total \$148,200 (5.6%) and capital equipment expenses total \$46,000 (1.7%).

CAPITAL EXPENSES



The Total Operating and Capital Expenses for FY 2017-18 budget amount to \$5,139,990. Salary and benefit expenses are budgeted at \$1,696,930 (32.6% of total budget), operating and general expenses at \$792,860 (15.2%), debt repayment at \$148,200 (2.8%), repairs at \$61,000 (1.2%), and capital expenses (excluding debt) at \$ 2,502,000 (48.1%).

TOTAL EXPENSES



The budget estimates a surplus of \$132,010 which will transfer to reserves.

BUDGET CONTENTS

The budget detail sheets are similar to those used in previous years and show the budget amounts for the previous and upcoming fiscal year. A brief description of the exhibits attached to the budget detail sheets is as follows:

1. Revenue and Expenses Summary (Exhibits A & B). This information shows current sources of revenue, expenses, and compares them with the forecasts for proposed revenue and expenses for the upcoming fiscal year.
2. Budget Composite (Exhibit C). This item shows the allocation of expenses by the two District departments (Operations and Administration).
3. Reconciliation of Fund Balances (Exhibit D). This table shows the allocation of revenue to and expenses from the various funds of the District as well as internal fund transfers necessary to meet the targeted fund balances established by the Board.
4. 10 Year Financial Model through Year 2025. The spreadsheet and graph indicate the estimated operating and capital expenses up to 2025, and how the financial state of the District is affected. Planned sewer service charge rates to support District expenses and reserve requirements are also projected for the period shown.

PROPOSED BUDGET

(Ref: Exhibits A-D & Detail Sheets)

Revenue

The District's principal revenue source is the annual sewer service charge which is allocated into both the Operation Fund (\$2,435,000) and the Capital Fund (\$2,242,000). The sewer service charge rate was initially based on the April 2014 Financial Plan and Rate Review Study (Financial Plan) prepared by public finance consulting firm, Bartle Wells Associates, and approved by the Board in June 2014. In May 2016 and again in March 2017, the Board of Directors held the sewer service charge rate constant (no increase) due to the District continuing to be in a strong financial position and having reserve amounts more than the targeted goals.

Interest revenue is likely to again be small due to current "low" interest rates, resulting in an estimated total amount of \$17,000 split between both the Operation Fund and the Capital Fund. Expected revenue from miscellaneous income remains at \$21,000 and permit and inspection fees is estimated to be \$15,000 both of which are the rounded average amount over the last several years. Revenue from contracted services has been reduced to \$30,000 due to the shutdown of East Bay Municipal Utility District's (EBMUD) San Pablo Treatment Plant which subsequently concludes the associated Discharge Permit fee. Property tax revenue was increased to \$369,000 based on the increased amount received this last fiscal year which is expected to continue. Connection fee revenue is projected to be \$150,000 in anticipation of proposed development at several locations per the El Cerrito San Pablo Avenue Specific Plan - Proposed Major Projects Report as follows:

1. Housing Project @11965 San Pablo Ave. (former Taco Bell site) – 146 units
2. Mayfair Block Project @11600-11690 San Pablo Ave. (near Del Norte BART station) – 225 units plus commercial
3. Cutting Hotel Project @11645 San Pablo Ave. – 117 rooms
4. Village at Town Center @10810 San Pablo Ave. – 40 units
5. Housing Project @10300 San Pablo Ave. (former Guitar Center site) – 31 units
6. Housing Project @10290 San Pablo Ave. – 14 units
7. Housing Project @10192 San Pablo Ave. – 21 units
8. El Dorado Townhomes at the Audiss RV Park @5828 El Dorado St. – 29 units
9. McNevin Project #1 @10135 San Pablo Ave. – 73 units plus commercial
10. McNevin Project #2 @10167 San Pablo Ave. – 81 units
11. Housing Project at the former lumberyard @Central Ave. – 172 units

Operating Expenses

The proposed operating budget for FY 2017-18 of \$2,489,790 represents a 3% increase versus last year's budget of \$2,425,190. The most notable adjustment is due to the APRIL CPI-W cost of living increase of 3.7% and subsequent increases to employee salaries based on merit. Therefore, salary (\$1,118,130) and benefits (\$578,800) combined is 68% of the operating budget which is similar to recent years.

Salary and Benefits as Percentage of Operating Budget

Fiscal Year	Operating Budget (\$)	Salary (\$)	%	Benefits (\$)	%	Salary & Benefits (\$)	%
2017-18	2,489,790	1,118,130	45%	578,800	23%	1,696,930	68%
2016-17	2,425,190	1,065,310	44%	561,920	23%	1,627,230	67%
2015-16	2,286,512	1,002,990	44%	524,880	23%	1,527,870	67%
2014-15	2,543,260	1,000,320	39%	504,900	20%	1,505,220	59%
2013-14	2,395,531	981,249	41%	484,499	20%	1,465,748	61%
2012-13	2,285,059	949,687	42%	428,082	19%	1,377,770	60%
2011-12	2,079,625	880,980	42%	416,085	20%	1,297,065	62%
2010-11	2,205,461	892,010	40%	399,651	18%	1,291,661	59%
2009-10	2,256,900	915,560	41%	410,827	18%	1,326,387	59%
2008-09	2,098,893	860,500	41%	388,370	19%	1,248,870	60%

The retiree health "contribution" to fully fund the annual required contribution (ARC) as determined by the latest Actuarial Analysis of Retiree Health Benefits as of July 1, 2015 is \$17,999. Actual payments to retirees are anticipated to be about \$20,500, including administrative fees. When payments are higher than the ARC, the Board has typically decided to make the payments without receiving any disbursement of the difference from the California Employers' Retiree Benefit Trust (CERBT) Fund. Therefore, the retiree medical amount budgeted to transfer to/from the CERBT fund is \$0.

Contracted main line repair expenses are included as part of the operating expenses and increased slightly to \$61,000 which is consistent with the projections from the Financial Plan.

Other operating budget items notably different from the previous budget include increasing administration building maintenance up to \$9000 to slurry seal the parking lot and maintenance yard and complete HVAC repairs, moving \$7,000 from rods & augers over to hose & nozzles as crews shift from rodding to the more effective high pressure hydro-flushing of sewer mains, and increasing the

budget amount for hydro-flushing water by 22% due to the suspension of the local recycled water program by EBMUD.

Capital Expenses

The capital equipment expense of \$46,000 is to replace 4 flow meters, 2 manhole level monitors and a downhole winch for confined space entry which all have passed their useful lives. The capital budget includes \$25,000 for manhole adjustments based on anticipated paving projects in El Cerrito, Richmond and Kensington, \$50,000 for large interceptor cleaning by outside contractors, and \$16,000 for rehabilitation work at Canon Pump Station.

The Standard Sewer Rehabilitation (Pipe-bursting) Project, at a budget amount of \$2,365,000, continues to be the primary means of flexible and efficient main line replacement. This amount has been increased by 7% (\$145,000) over last year's budget, based on the projection of the Financial Plan, to adequately fund the aggressive schedule of collection system rehabilitation required by the USEPA Consent Decree.

Fund Balances (Ref: Exhibit D)

Exhibit D presents the reconciliation of fund balances for FY 2017-18, based on the projected ending balances estimated for June 30, 2017. The table shows the allocation of revenue and expenses to and from the respective reserve funds, produces the year-end balance of each reserve fund, and compares each fund balance to its target reserve balance.

The Target Operating Reserve is equal to 60% of budgeted operating and maintenance costs. This is the District's rough costs from May to December to reflect the lag in the collection of tax revenue and also provides a built-in mechanism to adjust for inflationary increases. The Target Operating Reserve for FY 2017-18 is calculated to be \$1,494,000.

The Target Capital Reserve is equal to the 3-year average of the annual capital cost (i.e. average of the previous, current, and future year capital cost) plus the annual debt service cost. This is to ensure that the District will have adequate funds available on an annual basis to conduct sewer pipeline replacements or in case of an emergency such as an earthquake and also provides a built-in mechanism to adjust for inflationary increases. The Target Capital Reserve for FY 2017-18 is calculated to be \$2,837,000.

Based on the budgeted figures as shown, total reserve fund balances are projected to be about \$1,100,000 more than the reserve targets at the end of FY 2017-18. Note that this surplus amount is

based on anticipated expenditures for FY 2016-17. Actual expenditures will not be finalized until after July. But as shown, the information gives a clear indication that the District continues to be in a strong financial position going forward even after holding the sewer service charge rate constant from FY 2015-16 to FY 2016-17 and then again to FY 2017-18.

FY 2016-17 BUDGET PERFORMANCE

The final expenses for FY 2016-17 have not been settled, but staff is confident that the total operating expenses should be less than the budgeted amount. The most significant unencumbered balance is the Consent Decree stipulated penalties (\$35,000) which is not expected to be assessed until after the end of the current fiscal year, if at all. No other operating expenses are expected to be of material variance to the budgeted amounts.

Similarly, total capital expenses are expected to be less than the budgeted amount since some capital expenses will not be expended for FY 2016-17. The budget amount for vehicle replacement (\$330,000) was only 73% expended due to staff taking advantage of volume purchasing and discounts of a cooperative purchasing program to procure the new video inspection van. The budget amount for manhole adjustments (\$30,000) was not fully expended due to the lack of paving projects by the City of El Cerrito, City of Richmond and Kensington requiring this level of work. Also, manhole level monitors (\$10,000) were in good working order and did not need replacement. No other capital expenses are expected to be of material variance to the budgeted amounts.

FUTURE COSTS

The operating expenses included in this budget are similar to what can be expected in the near future. The capital expense to fund collection system rehabilitation will continue to gradually rise over the next ten years to fund the gradual ramp up of work as required by the USEPA Consent Decree and as projected in the Financial Plan. Both sewer rodder trucks are nearing the end of their useful lives and a replacement vehicle is scheduled to be procured next year (FY 2018-19).

EXHIBIT A

STEGE SANITARY DISTRICT REVENUE SUMMARY

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
REVENUE			
I. SEWER OPERATION FUND (3418)			
Non Operating Income:			
Interest	\$ 5,000	\$ 12,000	140%
Miscellaneous	\$ 21,000	\$ 21,000	0%
Operating Income:			
Permit & Inspection Fees	\$ 15,000	\$ 15,000	0%
Sewer Service Charges	\$ 2,435,000	\$ 2,435,000	0%
Contracted Services	\$ 140,000	\$ 30,000	-79%
Subtotal	\$ 2,616,000	\$ 2,513,000	-4%
II. CAPITAL FUND (3423)			
Non-Operating Income:			
Interest	\$ 5,000	\$ 5,000	0%
Operating Income:			
Property Tax	\$ 339,000	\$ 369,000	9%
Capital Service Charges	\$ 2,242,000	\$ 2,242,000	0%
Connection Fees	\$ 150,000	\$ 150,000	0%
Subtotal	\$ 2,736,000	\$ 2,766,000	1%
TOTAL REVENUE	\$ 5,352,000	\$ 5,279,000	-1%

EXHIBIT B

STEGE SANITARY DISTRICT EXPENSE SUMMARY

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
EXPENSES			
I. OPERATING EXPENSES:			
Dept 41 - Maintenance/Engineering	\$ 1,665,410	\$ 1,719,980	3%
Dept 41 - Pump Stations	\$ 18,660	\$ 18,660	0%
Dept 41 - Contracted Repairs	\$ 59,000	\$ 61,000	3%
Dept 45 - General & Administration	\$ 682,120	\$ 690,150	1%
SUBTOTAL OPERATING EXPENSES	\$ 2,425,190	\$ 2,489,790	3%
II. CAPITAL EXPENSES:			
Dept 41 - Capital Equipment	\$ 365,000	\$ 46,000	-87%
Dept 41 - Debt Repayment (SRF)	\$ 148,200	\$ 148,200	0%
Dept 41 - Sewer Rehabilitation	\$ 2,311,000	\$ 2,456,000	6%
SUBTOTAL CAPITAL EXPENSES	\$ 2,824,200	\$ 2,650,200	-6%
TOTAL	\$ 5,249,390	\$ 5,139,990	-2%
OTHER EXPENSES:			
Transfer from Capital Fund	\$ -	\$ -	0%
Retiree Medical Fund	\$ -	\$ -	0%
SUBTOTAL OTHER EXPENSES	\$ -	\$ -	0%
TOTAL EXPENSES	\$ 5,249,390	\$ 5,139,990	-2%

STEGE SANITARY DISTRICT TRANSFER TO/(FROM) RESERVES

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
REVENUE	\$ 5,352,000	\$ 5,279,000	-1%
EXPENSES	\$ (5,249,390)	\$ (5,139,990)	-2%
SUBTOTAL	\$ 102,610	\$ 139,010	
TRANSFER TO/(FROM) RESERVES	\$ 102,610	\$ 139,010	

EXHIBIT C

STEGE SANITARY DISTRICT BUDGET - COMPOSITE

FISCAL YEAR 2017-2018

ITEM	FISCAL YEAR 2017-2018 BUDGET	OPERATIONS	GENERAL & ADMIN.
OPERATING EXPENSES:			
010 Salaries & Wages	\$ 1,118,130	\$ 916,910	\$ 201,220
020 Employee Benefits	\$ 578,800	\$ 465,320	\$ 113,480
030 Directors' Expenses	\$ 38,000	\$ -	\$ 38,000
040 Election Expense	\$ -	\$ -	\$ -
060 Gasoline, Oil, Fuel	\$ 22,000	\$ 22,000	\$ -
070 Insurance	\$ 108,000	\$ 15,000	\$ 93,000
080 Memberships	\$ 18,100	\$ 3,000	\$ 15,100
090 Office Expense	\$ 10,100	\$ -	\$ 10,100
100 Operating Supplies	\$ 40,000	\$ 40,000	\$ -
110 Contractual Services	\$ 96,300	\$ 96,300	\$ -
120 Professional Services	\$ 108,300	\$ 37,000	\$ 71,300
130 Printing & Publications	\$ 29,000	\$ -	\$ 29,000
140 Rents & Leases	\$ 1,800	\$ 1,000	\$ 800
150 Repairs & Maintenance	\$ 99,300	\$ 86,700	\$ 12,600
160 Revenue Collection Expenses	\$ 14,600	\$ -	\$ 14,600
170 Travel & Meetings	\$ 16,150	\$ 13,000	\$ 3,150
190 Utilities	\$ 32,700	\$ 5,500	\$ 27,200
200 Other Expenses	\$ 60,600	\$ -	\$ 60,600
203 First Aid Supplies	\$ 500	\$ 500	\$ -
204 Safety Equipment and Gloves	\$ 4,500	\$ 4,500	\$ -
205 Uniforms and Boots	\$ 12,000	\$ 12,000	\$ -
206 Safety Incentive Program	\$ 1,250	\$ 1,250	\$ -
207 Contracted Repairs	\$ 61,000	\$ 61,000	\$ -
410 Pump Stations	\$ 18,660	\$ 18,660	\$ -
TOTAL OPERATING EXPENSES	\$ 2,489,790	\$ 1,799,640	\$ 690,150
CAPITAL EXPENSES:			
650 DEBT REPAYMENT	\$ 148,200	\$ 148,200	\$ -
300 CAPITAL EQUIPMENT	\$ 46,000	\$ 46,000	\$ -
400 CONSTRUCTION	\$ 2,456,000	\$ 2,456,000	\$ -
TOTAL CAPITAL EXPENSES	\$ 2,650,200	\$ 2,650,200	\$ -
TRANSFER TO CAPITAL FUND	\$ -	\$ -	\$ -
TOTAL BUDGET	\$ 5,139,990	\$ 4,449,840	\$ 690,150

DETAIL SHEET

STEGE SANITARY DISTRICT ACCOUNT NO. 41 - OPERATIONS

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
010 SALARIES AND WAGES			
011 Engineering Salaries	\$ 411,500	\$ 432,100	5%
011.6 Cell Phone (3)	2,160	2,160	0%
012 Collection System Salaries	391,400	411,000	5%
012.6 Cell Phone (5)	3,600	3,600	0%
013 Overtime - Service Calls	15,400	15,400	0%
014 Overtime - Engineering/Inspection	500	500	0%
015 Standby	40,150	40,150	0%
017 Performance Incentive	12,000	12,000	0%
TOTAL SALARIES AND WAGES	\$ 876,710	\$ 916,910	5%
020 EMPLOYEE BENEFITS			
021 Retirement	\$ 202,330	\$ 212,460	5%
021a Deferred Comp Match (\$240 Max Per Mo.) Cafeteria Plan	23,040	24,480	6%
'022 Health Care Admin Fees	480	480	0%
'027 Cash, Dependent Care & Medical	156,000	156,000	0%
023 Life Insurance/Dental/LTD	18,800	18,800	0%
024 Workers' Compensation Insurance	15,000	15,800	5%
025 Unemployment Insurance	4,500	4,700	4%
026 Medicare	17,400	17,900	3%
Retiree Medical & ARC			
'028 Retiree Medical (AnnReq'dContrib ARC)	-	-	0%
'029 Retiree Health Care Premium	13,700	13,700	0%
030 Social Security (On Call Maintenance)	1,000	1,000	0%
TOTAL EMPLOYEE BENEFITS	\$ 452,250	\$ 465,320	3%
MAINTENANCE			
060 GAS, OIL AND FUEL	\$ 22,000	\$ 22,000	0%
070 CLAIMS	15,000	15,000	0%
080 MEMBERSHIPS	3,000	3,000	0%
100 OPERATING SUPPLIES			
101 Rods and Augers	25,000	18,000	-28%
102 Chemicals	1,000	1,000	0%
104 Hose and Nozzles	5,000	12,000	140%
105 Emergency Readiness	500	500	0%
107 Engineering and Inspection Supplies	2,000	2,000	0%
108 Computer/Supplies	6,500	6,500	0%
Forward totals to next page	80,000	80,000	0%

DETAIL SHEET

STEGE SANITARY DISTRICT ACCOUNT NO. 41 - OPERATIONS

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
Totals from previous page	\$ 80,000	\$ 80,000	0%
110 CONTRACTUAL SERVICES			
111 Phone Service (Answering Service)	\$ 1,500	\$ 1,500	0%
112 Manhole Level Monitors	2,500	2,500	0%
115 Sewer Root Foaming	75,000	75,000	0%
116 Radio and Test Equipment Maintenance	500	500	0%
117 Utility Marking Service	600	900	50%
118 DOT Regulatory Compliance	900	900	0%
119 Collection System JPA	15,000	15,000	0%
120 PROFESSIONAL SERVICES			
121 Technical/Legal Support	\$ 15,000	\$ 15,000	0%
122 Safety Consultant	1,000	1,000	0%
123 Flow Monitoring Modeling	15,000	15,000	0%
124 Enforcement	6,000	6,000	0%
140 RENTS AND LEASES	1,000	1,000	0%
150 REPAIRS AND MAINTENANCE			
151 Vehicle Maintenance	\$ 30,000	\$ 30,000	0%
152 Equipment and Shop Maintenance	9,000	9,000	0%
153 Sewer Materials			
a. Pipe and Fittings	4,000	4,000	0%
b. Manholes	4,500	4,500	0%
c. Castings	1,000	1,000	0%
154 Emergency Sewer Replacement	12,500	12,500	0%
155 Engineering Equipment	-	-	
156 Building Maintenance	1,800	1,800	0%
157 Janitorial Services	4,500	4,500	0%
158 Yard Maintenance	2,400	2,400	0%
159 Refuse Service	4,000	4,000	0%
159a Refuse Service-Vactor	3,000	3,000	0%
160 Video Inspection Equipment Repair	10,000	10,000	0%
170 TRAVEL AND MEETINGS			
171 Training and Testing	\$ 3,000	\$ 3,000	0%
173 Travel Reimbursement	6,000	6,000	0%
174 Meetings and Conference	4,000	4,000	0%
Forward totals to next page	\$ 313,700	\$ 314,000	0%

DETAIL SHEET

**STEGE SANITARY DISTRICT
ACCOUNT NO. 41 - OPERATIONS**

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
Totals from previous page	\$ 313,700	\$ 314,000	0%
193 WATER - HYDRO FLUSHER	\$ 4,500	\$ 5,500	22%
203 FIRST AID SUPPLIES	500	500	0%
204 SAFETY EQUIPMENT AND GLOVES	4,500	4,500	0%
205 UNIFORMS AND BOOTS	12,000	12,000	0%
206 SAFETY INCENTIVE PROGRAM	1,250	1,250	0%
TOTAL MAINTENANCE/ENGINEERING	\$ 336,450	\$ 337,750	0%
41.2 BURLINGAME PUMP STATION			
150 Repairs (Contracted)	\$ 3,800	\$ 3,800	0%
150a Annual Inspection	3,500	3,500	0%
151 Electricity	900	900	0%
152 Telephone/Telemetry	900	900	0%
153 Maintenance and Landscaping	960	960	0%
41.4 CANON PUMP STATION			
150 Repairs (Contracted)	4,300	4,300	0%
150a Annual Inspection	2,500	2,500	0%
151 Electricity	900	900	0%
152 Telephone/Telemetry	900	900	0%
TOTAL PUMP STATIONS	\$ 18,660	\$ 18,660	0%
207 CONTRACTED REPAIRS	59,000	61,000	3%
TOTAL - MAINT/ENG EMPLOYEE SALARIES	\$ 876,710	\$ 916,910	5%
TOTAL - MAINT/ENG EMPLOYEE BENEFITS	452,250	465,320	3%
TOTAL OTHER MAINTENANCE/ENGINEERING	336,450	337,750	0%
TOTAL - PUMP STATIONS	18,660	18,660	0%
TOTAL CONTRACTED REPAIRS	59,000	61,000	3%
TOTAL OPERATIONS	\$ 1,743,070	\$ 1,799,640	3%

DETAIL SHEET

STEGE SANITARY DISTRICT

ACCOUNT NO. 45 - ADMINISTRATIVE AND GENERAL

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
010 SALARIES AND WAGES			
011 Administration Salaries	\$ 170,700	\$ 182,600	7%
011.7 Scanning Support Salaries	14,400	15,120	5%
017 Performance Incentive	3,500	3,500	0%
TOTAL - SALARIES & WAGES	\$ 188,600	\$ 201,220	7%
020 EMPLOYEE BENEFITS			
021 Retirement	\$ 43,020	\$ 46,020	7%
021a Deferred Comp Match (\$240 Max Per Mo.)	5,760	5,760	0%
Cafeteria Plan			
'022 Health Care Admin Fees	360	360	0%
'027 Cash, Dependent Care & Medical	39,000	39,000	0%
023 Life Insurance/Dental/LTD	4,350	4,350	0%
024 Workers' Compensation Insurance	3,200	3,400	6%
025 Unemployment Insurance	450	500	11%
026 Medicare	4,330	4,890	13%
Retiree Medical			
'028 Retiree Medical (AnnReq'dContrib(ARC))	-	-	0%
'029 Retiree Health Care Premiums	6,800	6,800	0%
029a Social Security	2,400	2,400	0%
TOTAL - EMPLOYEE BENEFITS	\$ 109,670	\$ 113,480	3%
GENERAL EXPENSES			
030 DIRECTORS' EXPENSES			
031 Board Meeting Compensation	\$ 20,500	\$ 20,500	0%
032 Travel Reimbursement	10,000	10,000	0%
033 Meetings & Conference	5,000	6,500	30%
034 Training	1,000	1,000	0%
TOTAL - DIRECTORS' EXPENSES	\$ 36,500	\$ 38,000	4%
040 ELECTION EXPENSES	\$ 30,000	\$ -	-100%
070 INSURANCE			
071 Liability and Property Insurance	\$ 110,000	\$ 115,500	5%
072 Dividends (CREDIT)	(22,500)	(22,500)	0%
080 MEMBERSHIPS			
081 Memberships	\$ 15,000	\$ 15,000	0%
082 Memberships - Board	100	100	0%
Forward totals to next page	169,100	146,100	-14%

DETAIL SHEET

STEGE SANITARY DISTRICT

ACCOUNT NO. 45 - ADMINISTRATIVE AND GENERAL

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
Totals from previous page	\$ 169,100	\$ 146,100	-14%
090 OFFICE EXPENSES			
091 Stationery, Postage, Supplies	\$ 4,000	\$ 4,000	0%
092 Subscriptions	3,000	5,000	67%
094 Public Notice Postage	400	400	0%
096 Bank Charges	700	700	0%
120 PROFESSIONAL SERVICES			
121 Legal Services	\$ 33,000	\$ 33,000	0%
123 Audit and Special Reports	15,000	18,200	21%
124 Resources Consultant	5,000	5,000	0%
125 Administrative Support	4,000	4,000	0%
126 Labor Relations/HR Training	100	100	0%
127 Litigation Expenses	5,000	5,000	0%
129 ADP Payroll Expenses	6,000	6,000	0%
130 PRINTING AND PUBLICATIONS			
131 Meetings and Hearings Notices	\$ 7,500	\$ 7,500	0%
132 Newsletters	20,000	20,000	0%
133 Publications (Ordinances & Notices)	1,000	1,000	0%
134 Job Advertising	500	500	0%
140 RENTS AND LEASES			
	\$ 800	\$ 800	0%
150 BUILDING REPAIRS AND MAINTENANCE			
151 Administration Offices	\$ 1,000	\$ 9,000	800%
155 Office Equipment	3,600	3,600	0%
Forward totals to next page	279,700	269,900	-4%

DETAIL SHEET

STEGE SANITARY DISTRICT

ACCOUNT NO. 45 - ADMINISTRATIVE AND GENERAL

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
Totals from previous page	\$ 279,700	\$ 269,900	-4%
160 REVENUE COLLECTION EXPENSES			
161 EBMUD	\$ -	\$ 600	0%
162 CCC Assessment Collection Fees	14,000	14,000	0%
170 TRAVEL AND MEETINGS			
173 Travel Reimbursement	\$ 700	\$ 1,500	114%
174 Meetings and Conferences	1,650	1,650	0%
190 UTILITIES			0%
191 Gas and Electricity	\$ 10,000	\$ 10,000	0%
192 Telephone & Computer Internet	11,000	11,000	0%
193 Water	4,200	4,200	0%
194 Security System	2,000	2,000	0%
200 OTHER EXPENSES			
201 Miscellaneous	\$ 5,000	\$ 5,000	0%
202 Property Taxes	100	100	0%
203 LAFCO Net Cost Apportionment	2,500	2,500	0%
204 Public Outreach	18,000	18,000	0%
205 Penalties & Fines	35,000	35,000	0%
TOTAL - GENERAL EXPENSES	\$ 383,850	\$ 375,450	-2%
TOTAL - ADMIN. EMPLOYEE SALARIES	\$ 188,600	\$ 201,220	7%
TOTAL - ADMIN. EMPLOYEE BENEFITS	\$ 109,670	\$ 113,480	3%
TOTAL - ADMINISTRATION & GENERAL	\$ 682,120	\$ 690,150	1%
TOTAL OPERATIONS & ADMIN. (3418)	\$ 2,425,190	\$ 2,489,790	3%

DETAIL SHEET

**STEGE SANITARY DISTRICT
ACCOUNT NO. 41 - CAPITAL EQUIPMENT EXPENSES**

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
CAPITAL EQUIPMENT EXPENSES			
300 CAPITAL OPERATIONS (3421)			
315 Flow Meters	\$ 25,000	\$ 25,000	0.0%
319 Manhole Level Monitors	10,000	10,000	0.0%
324 Vehicle Replacement	330,000	-	-100.0%
327 Downhole Winch	-	11,000	100%
Sub-Total Capital Operations	\$ 365,000	\$ 46,000	-87%
TOTAL - CAPITAL EQUIPMENT EXPENSES (3421)	\$ 365,000	\$ 46,000	-87%

DETAIL SHEET

**STEGE SANITARY DISTRICT
ACCOUNT NO. 41 - CAPITAL EXPENSES**

FISCAL YEAR 2017-2018

ITEM	Fiscal Year 2016-2017 Budget	Fiscal Year 2017-2018 Budget	% Change
411 MANHOLES			
Manhole Adjustments	\$ 25,000	\$ 25,000	0%
428 RENEWAL & REPLACEMENT			
a. Interceptor Cleaning	\$ 50,000	\$ 50,000	0%
b. Pump Station Rehab	16,000	16,000	0%
SUB TOTAL (428)	\$ 66,000	\$ 66,000	0%
434 STANDARD SEWER REHABILITATION (3423)			
a. Construction Costs	\$ 2,220,000	\$ 2,365,000	7%
SUB-TOTAL (434)	\$ 2,220,000	\$ 2,365,000	7%
TOTAL CONSTRUCTION COSTS (400s)	\$ 2,311,000	\$ 2,456,000	6%
650 DEBT REPAYMENT (SRF LOANS)			
a. Repayment Project 99201	104,300	104,300	0%
b. Repayment Project 02203	43,900	43,900	0%
TOTAL DEBT REPAYMENT (650)	\$ 148,200	\$ 148,200	0%
TOTAL CAPITAL EXPENSES (400-650)	\$ 2,824,200	\$ 2,650,200	-6%

EXHIBIT D

STEGE SANITARY DISTRICT FISCAL YEAR 2017-2018 RECONCILIATION OF FUND BALANCES

	FISCAL YEAR 2017-2018 BUDGET	3418 OPERATIONS FUND	3423 CAPITAL FUND
Total Fund Balances As of 6/30/2017 (Est.)	\$ 5,297,832	\$ 3,297,832	\$ 2,000,000
OPERATING FUND			
REVENUE			
Contracted Services	\$ 30,000	\$ 30,000	
Interest Income	\$ 12,000	\$ 12,000	
Permit, Inspection Fees	\$ 15,000	\$ 15,000	
Sewer Service Charges	\$ 2,435,000	\$ 2,435,000	
Miscellaneous	\$ 21,000	\$ 21,000	
Subtotal	\$ 2,513,000	\$ 2,513,000	
EXPENSES			
General & Administration	\$ (690,150)	\$ (690,150)	
Operating/Pump Stations	\$ (1,799,640)	\$ (1,799,640)	
Subtotal	\$ (2,489,790)	\$ (2,489,790)	
Net Gain (Loss)*	\$ 23,210	\$ 23,210	
CAPITAL FUND			
REVENUE			
Property Tax Collection	\$ 369,000		\$ 369,000
Capital Service Charges	\$ 2,242,000		\$ 2,242,000
SRF Loan	\$ -		\$ -
Interest Income	\$ 5,000		\$ 5,000
Connection Fees	\$ 150,000		\$ 150,000
Subtotal	\$ 2,766,000		\$ 2,766,000
EXPENSES			
Capital Equipment	\$ (46,000)		\$ (46,000)
Construction	\$ (2,456,000)		\$ (2,456,000)
Debt Repayment (SRF Loan)	\$ (148,200)		\$ (148,200)
Subtotal	\$ (2,650,200)		\$ (2,650,200)
Net Gain (Loss)*	\$ 115,800		\$ 115,800
Fund Balances			
Before transfers	\$ 5,436,842	\$ 3,321,042	\$ 2,115,800
Transfers between Reserves		\$ (1,827,042)	\$ 1,827,042
*Used from Reserves			
Fund Balances As of 6/30/2018 (est.)	\$ 5,436,842	\$ 1,494,000	\$ 3,942,842
TARGET RESERVE	\$ 4,331,000	\$ 1,494,000	\$ 2,837,000

(60% of annual O&M) (3Yr Avg. of Capital Costs)

**STEGE SANITARY DISTRICT - 10 YEAR FINANCIAL MODEL
THROUGH YEAR 2027
(\$ THOUSAND)**

FISCAL YEAR ENDING	(1) ANNUAL DEBT SERVICE	(2) DISTRICT O&M COSTS	(3) SYSTEM REHAB.	(4) CAPITAL EQUIP COSTS	(5) OTHER CAP COSTS	(6) TOTAL COSTS (1) thru (5)	(7) MONTH USER CHARGE	(8) TOTAL REVENUE	(9) CASH FLOW (8)-(6)	(10) FUND INTEREST	(11) FUND BALANCE	(12) TARGET RESERVE BALANCE	(13) FUND RATIO (11)/(6)
2017	148	2467	2220	267	29	5131	20.17	5309	178	15	5298	4007	1.00
2018	148	2490	2365	46	91	5140	20.17	5279	139	17	5437	4331	1.03
2019	148	2508	2523	285	240	5704	22.00	5554	-150	17	5287	4450	0.95
2020	148	2557	2689	50	100	5544	22.50	5670	126	17	5413	4645	0.95
2021	148	2607	2867	60	75	5757	23.00	5788	31	17	5443	4823	0.94
2022	148	2661	3057	360	75	6301	24.00	6020	-281	17	5162	5003	0.86
2023	44	2713	3259	50	75	6141	25.00	6252	111	17	5273	5200	0.84
2024	44	2766	3473	20	110	6413	26.00	6485	72	17	5345	5301	0.82
2025	44	2842	3594	80	130	6689	27.00	6721	32	17	5377	5494	0.80
2026	44	2920	3719	10	100	6793	28.00	6956	163	17	5540	5657	0.79
2027	0	3009	3850	70	75	7004	29.00	7191	187	17	5727	5800	0.79

Fund Balance vs. Target Reserve Balance for FY 2017-18

