



STEGE SANITARY DISTRICT

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

District Counsel:
Kristopher Kokotaylo

Board of Directors:
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Memorandum

To: Board of Directors

From: Rex Delizo, District Manager

Date: June 28, 2018

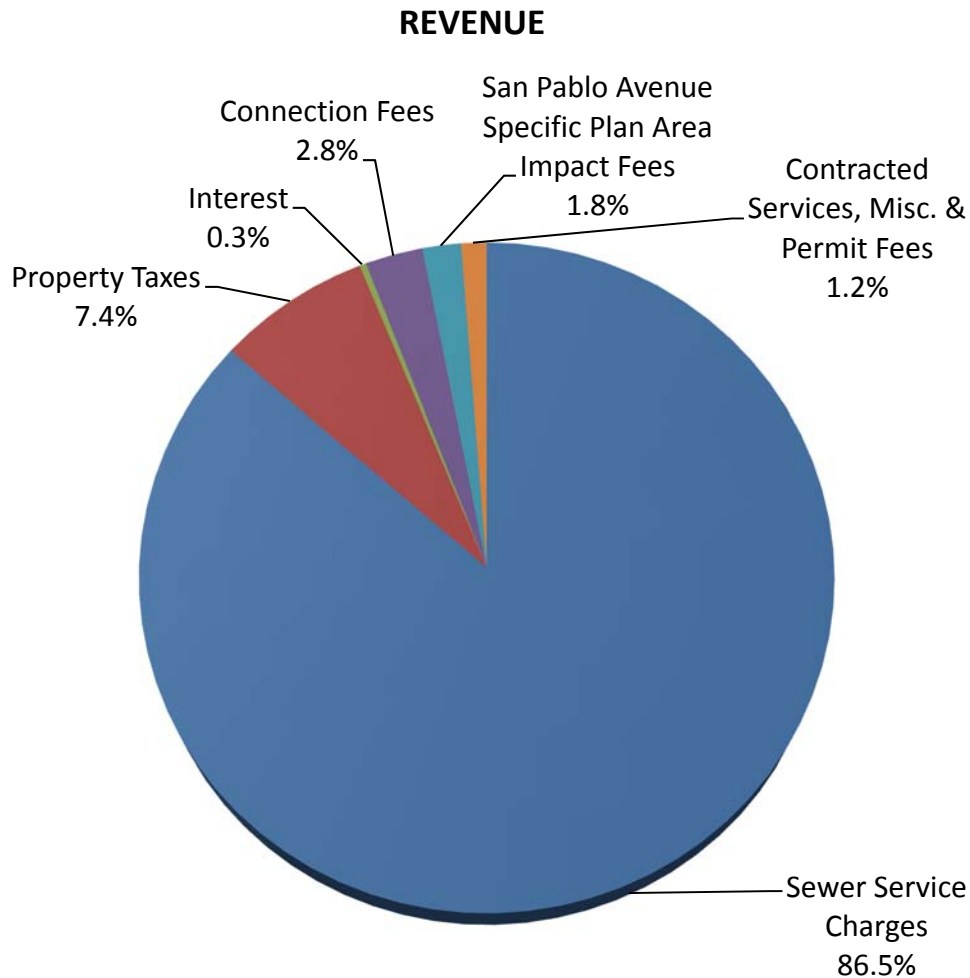
Re: Budget for Fiscal Year 2018-19

The Fiscal Year (FY) 2018-19 budget is presented for review and consideration by the Board of Directors. The budget includes all revenue and expenses for FY 2018-19 including supplemental data regarding reserve fund levels.

BUDGET OVERVIEW

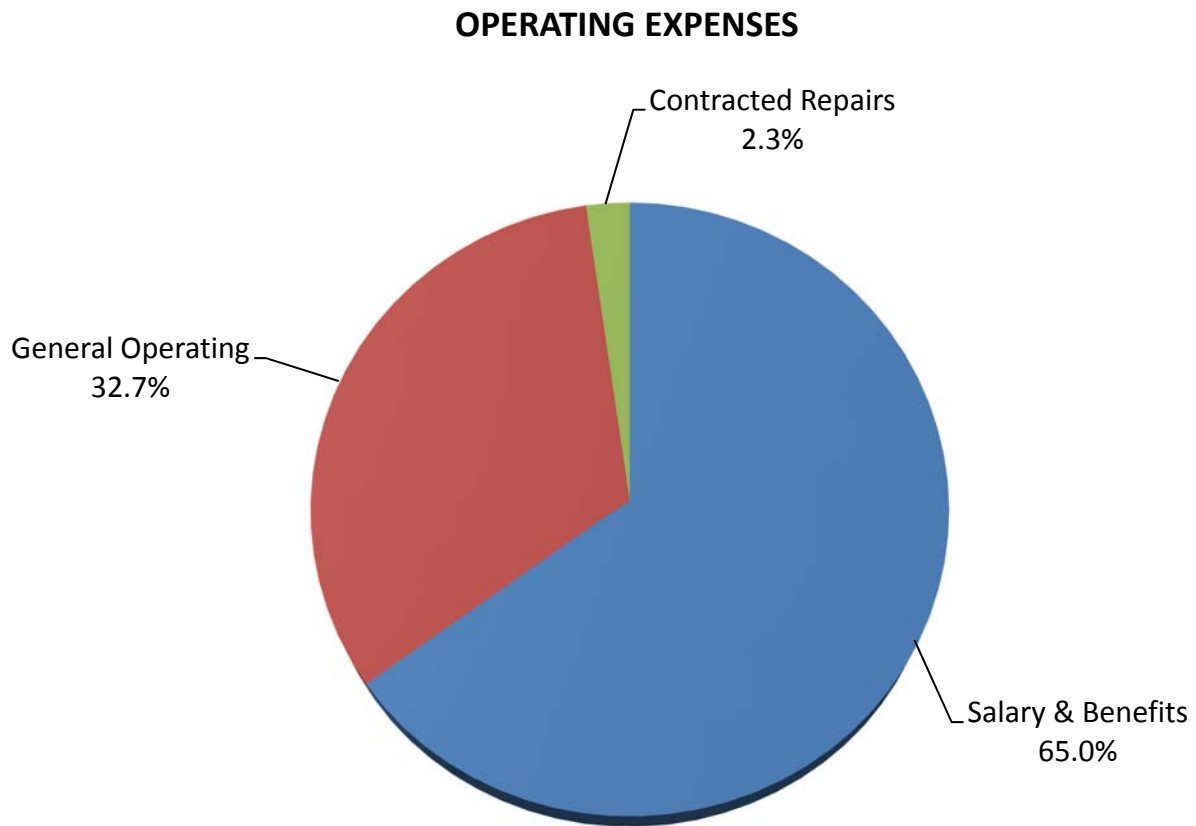
Revenue

The budget includes \$5,410,000 in revenue, exclusive of the transfer of reserve funds. The budget estimates service charge revenue at \$4,677,000 (86.5% of total revenue), property tax at \$400,000 (7.4%), interest income at \$17,000 (0.3%), connection fees at \$150,000 (2.8%), San Pablo Avenue Specific Plan Area Impact Fees \$100,000 (1.8%), and contracted services, miscellaneous income and permit fees at \$66,000 (1.2%).



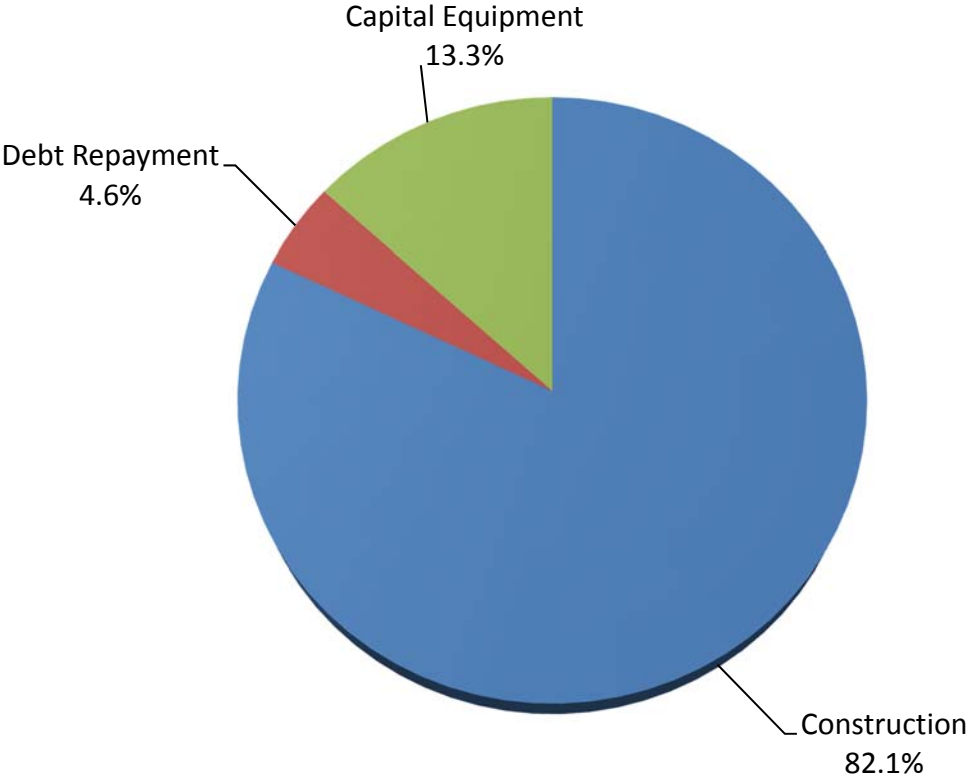
Expenses

The Operating Expenses for FY 2018-19 total \$2,724,330. 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 \$1,771,120 (65.0%) of the operating budget. The operating and general expenses are budgeted at \$891,210 (32.7%) and contracted repairs at \$62,000 (2.3%).

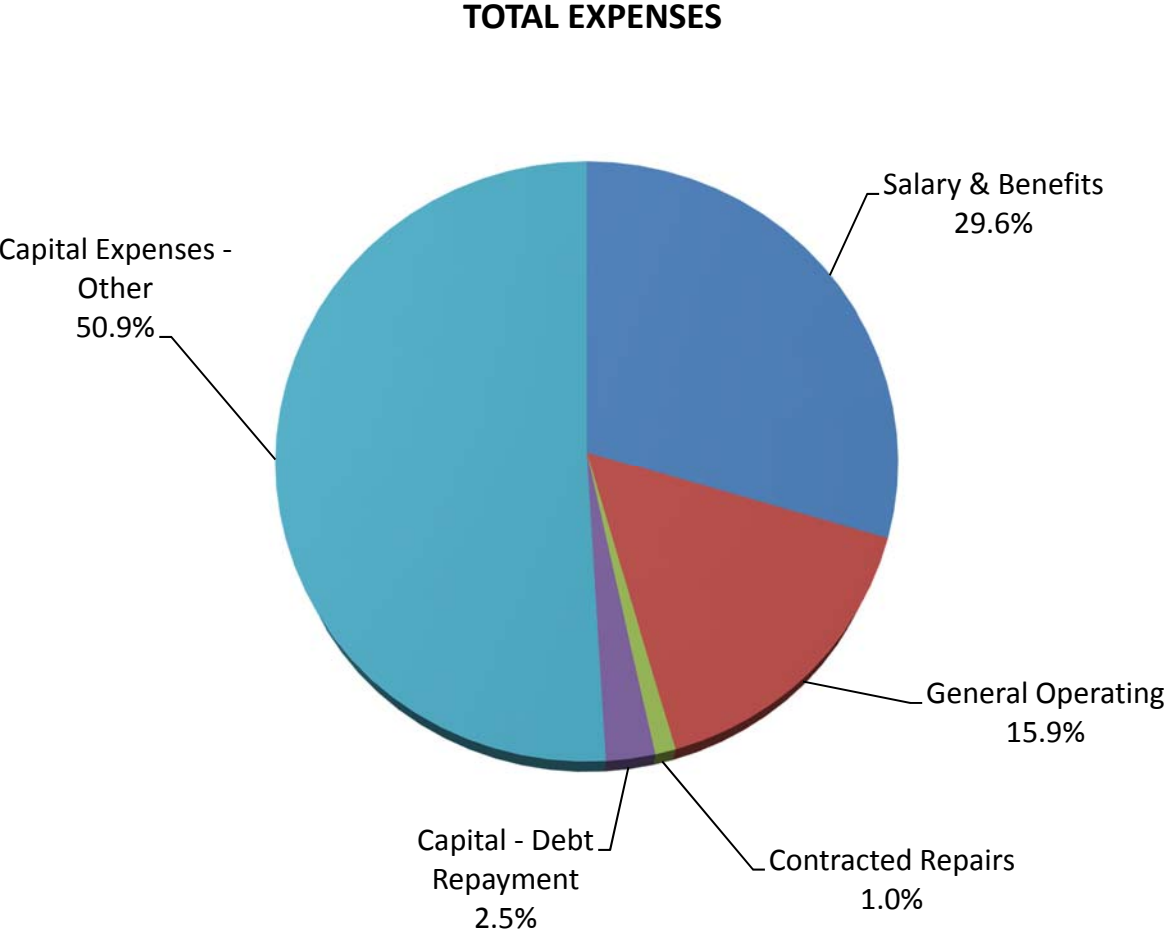


The Capital Expenses for FY 2018-19 amount to \$3,196,200. Construction costs total \$2,623,000 (82.1%) which includes an annual rehabilitation project at \$2,523,000, interceptor cleaning at \$50,000, pump station rehabilitation at \$25,000 and manhole adjustments at \$25,000. Two (2) annual debt service payments for outstanding State Revolving Fund (SRF) loans total \$148,200 (4.6%) and capital equipment expenses total \$425,000 (13.3%).

CAPITAL EXPENSES



The Total Operating and Capital Expenses for FY 2018-19 budget amount to \$5,982,530. Salary and benefit expenses are budgeted at \$1,771,120 (29.6% of total budget), operating and general expenses at \$953,210 (15.9%), debt repayment at \$148,200 (2.5%), repairs at \$62,000 (1.0%), and capital expenses (excluding debt) at \$ 3,048,000 (50.9%).



The budget estimates a deficit of \$510,530 which will transfer from 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 reserves established by the Board.
4. 10 Year Financial Model. The spreadsheet and graph indicate the estimated operating and capital expenses, 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.

FISCAL YEAR 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, March 2017, and again in February 2018, 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 expected 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, permit and inspection fees at \$15,000, and contracted services at \$30,000, all of which are the anticipated average amounts over the last several years. Property tax revenue was increased to \$400,000 based on the increase received this last fiscal year minus the redevelopment assessment pass-through payments which is uncertain to continue. Connection fee revenue is projected to be \$150,000 and the San Pablo Ave. Impact Fee to be \$100,000 in anticipation of proposed development at several locations per the El Cerrito San Pablo Avenue Specific Plan - Proposed Major Projects Report as follows:

- Residential Project @11965 San Pablo Ave. (former Taco Bell site) – 146 units
- Cutting Hotel Project @11645 San Pablo Ave. – 117 rooms plus commercial
- Residential Project @10963 San Pablo Ave. – 50 units plus commercial
- Residential Mixed Use Project @10919 San Pablo Ave. – 85 units plus commercial
- Village at Town Center @10810 San Pablo Ave. – 40 units
- Residential Project @921 Kearney Street – 72 units
- McNevin Residential Mixed Use Project @10135 San Pablo Ave. – 73 units plus commercial
- McNevin Residential Project @10167 San Pablo Ave. – 81 units
- Residential Mixed Use Project @11060 San Pablo Ave. – 170 units plus commercial
- Residential Project at the former lumberyard @Central Ave. – 172 units

Operating Expenses

The proposed operating budget for FY 2018-19 of \$2,724,330 represents a 9% increase versus last year's budget of \$2,489,790. The most notable addition is \$90,000 for professional engineering services to assist staff in assessment and replacement of the District's two force mains. The other notable adjustment is due to the APRIL CPI-W cost of living increase of 3.4% and subsequent increases to employee salaries based on merit. Salary (\$1,156,060) and benefits (\$615,060) combined is 65% of the operating budget which is a lower percentage than recent years due to the increased operating budget.

Salary and Benefits as Percentage of Operating Budget

Fiscal Year	Operating Budget (\$)	Salary (\$)	%	Benefits (\$)	%	Salary & Benefits (\$)	%
2018-19	2,724,330	1,156,060	42%	615,060	23%	1,771,120	65%
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%

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, 2017 is \$18,241. Actual payments to retirees are anticipated to be about \$20,160, 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 \$62,000 which is consistent with the projections from the Financial Plan.

The other operating budget items notably different from the previous budget include:

- Adding \$30,000 for the November 2018 election expenses,

- adding \$20,000 for a public finance consultant firm to provide a comprehensive review of the District's financial plan and provide a sewer service charge rate study,
- moving \$8,000 from *Rods & Augers* over to *Hose & Nozzles* as crews continue to shift from rodding to the more effective high pressure hydro-flushing of sewer mains which also includes increasing the budget amount for hydro-flushing water by 27%, and,
- moving \$6,500 from *Meeting and Hearing Notices* to *Publications (Ordinances & Notices)* which is intended to fund rate notice postcards but was miscategorized in the previous budget.

Capital Expenses

The capital equipment expense of \$425,000 is to replace a sewer rodder truck with a new combination vacuum/hydro-jetter truck and to add a 4-wheel drive truck to help safely access difficult to reach easement lines. 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 \$25,000 for rehabilitation work at Canon Pump Station.

The Standard Sewer Rehabilitation (Pipe-bursting) Project, at a budget amount of \$2,523,000, continues to be the primary means of flexible and efficient main line replacement. This amount has been increased by 7% (\$158,000) 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 reserve target.

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 2018-19 is calculated to be \$1,635,000.

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 2018-19 is calculated to be \$2,888,872.

Based on the budgeted figures as shown, total reserve fund balances are projected to be about \$1,268,000 more than the reserve targets at the end of FY 2018-19. Note that this surplus amount is based on anticipated expenditures for FY 2017-19. 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 2017-18 and then again through FY 2018-19.

FY 2017-18 BUDGET PERFORMANCE

The final expenses for FY 2017-18 have not been settled, but staff is confident that the total operating expenses should be less than the budgeted amount. Several significant unencumbered balances which will not be fully expended include rods & augers, flow monitoring modeling, manholes & castings, scanning support salaries, and litigation expenses. 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 2017-18. The budget amount for Pump Station Rehabilitation (\$16,000) was not expended but is expected to commence in FY 2018-19. The budget amount for manhole adjustments (\$25,000) was not 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, flow meters (\$25,000) and 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 reflect inflation and fund the gradual ramp up of work as required by the USEPA Consent Decree and as projected in the Financial Plan.

EXHIBIT A

STEGE SANITARY DISTRICT REVENUE SUMMARY

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 Budget	% Change
REVENUE			
I. SEWER OPERATION FUND (3418)			
Non Operating Income:			
Interest	\$ 12,000	\$ 12,000	0%
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	\$ 30,000	\$ 30,000	0%
Subtotal	\$ 2,513,000	\$ 2,513,000	0%
II. CAPITAL FUND (3423)			
Non-Operating Income:			
Interest	\$ 5,000	\$ 5,000	0%
Operating Income:			
Property Tax	\$ 369,000	\$ 400,000	8%
Capital Service Charges	\$ 2,242,000	\$ 2,242,000	0%
Connection Fees	\$ 150,000	\$ 150,000	0%
San Pablo Ave. Impact Fee	\$ -	\$ 100,000	100%
Subtotal	\$ 2,766,000	\$ 2,897,000	5%
TOTAL REVENUE	\$ 5,279,000	\$ 5,410,000	2%

EXHIBIT B

STEGE SANITARY DISTRICT EXPENSE SUMMARY

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 Budget	% Change
EXPENSES			
I. OPERATING EXPENSES:			
Dept 41 - Maintenance/Engineering	\$ 1,719,980	\$ 1,902,786	11%
Dept 41 - Pump Stations	\$ 18,660	\$ 16,460	-12%
Dept 41 - Contracted Repairs	\$ 61,000	\$ 62,000	2%
Dept 45 - General & Administration	\$ 690,150	\$ 743,084	8%
SUBTOTAL OPERATING EXPENSES	\$ 2,489,790	\$ 2,724,330	9%
II. CAPITAL EXPENSES:			
Dept 41 - Capital Equipment	\$ 46,000	\$ 425,000	824%
Dept 41 - Debt Repayment (SRF)	\$ 148,200	\$ 148,200	0%
Dept 41 - Sewer Rehabilitation	\$ 2,456,000	\$ 2,623,000	7%
SUBTOTAL CAPITAL EXPENSES	\$ 2,650,200	\$ 3,196,200	21%
TOTAL	\$ 5,139,990	\$ 5,920,530	15%
OTHER EXPENSES:			
Transfer from Capital Fund	\$ -	\$ -	0%
Retiree Medical Fund	\$ -	\$ -	0%
SUBTOTAL OTHER EXPENSES	\$ -	\$ -	0%
TOTAL EXPENSES	\$ 5,139,990	\$ 5,920,530	15%

STEGE SANITARY DISTRICT TRANSFER TO/(FROM) RESERVES

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 Budget	% Change
REVENUE	\$ 5,279,000	\$ 5,410,000	2%
EXPENSES	\$ (5,139,990)	\$ (5,920,530)	15%
SUBTOTAL	\$ 139,010	\$ (510,530)	
TRANSFER TO/(FROM) RESERVES	\$ 139,010	\$ (510,530)	

EXHIBIT C

STEGE SANITARY DISTRICT BUDGET - COMPOSITE

FISCAL YEAR 2018-2019

ITEM	FISCAL YEAR 2018-2019 BUDGET	OPERATIONS	GENERAL & ADMIN.
OPERATING EXPENSES:			
010 Salaries & Wages	\$ 1,156,060	\$ 969,960	\$ 186,100
020 Employee Benefits	\$ 615,060	\$ 494,476	\$ 120,584
030 Directors' Expenses	\$ 39,000	\$ -	\$ 39,000
040 Election Expense	\$ 30,000	\$ -	\$ 30,000
060 Gasoline, Oil, Fuel	\$ 22,000	\$ 22,000	\$ -
070 Insurance	\$ 113,800	\$ 15,000	\$ 98,800
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	\$ 96,900	\$ 96,900	\$ -
120 Professional Services	\$ 222,600	\$ 129,000	\$ 93,600
130 Printing & Publications	\$ 29,000	\$ -	\$ 29,000
140 Rents & Leases	\$ 1,800	\$ 1,000	\$ 800
150 Repairs & Maintenance	\$ 104,300	\$ 91,700	\$ 12,600
160 Revenue Collection Expenses	\$ 14,600	\$ -	\$ 14,600
170 Travel & Meetings	\$ 18,500	\$ 14,000	\$ 4,500
190 Utilities	\$ 34,200	\$ 7,000	\$ 27,200
200 Other Expenses	\$ 61,100	\$ -	\$ 61,100
203 First Aid Supplies	\$ 500	\$ 500	\$ -
204 Safety Equipment and Gloves	\$ 4,500	\$ 4,500	\$ -
205 Uniforms and Boots	\$ 12,500	\$ 12,500	\$ -
206 Safety Incentive Program	\$ 1,250	\$ 1,250	\$ -
207 Contracted Repairs	\$ 62,000	\$ 62,000	\$ -
410 Pump Stations	\$ 16,460	\$ 16,460	\$ -
TOTAL OPERATING EXPENSES	\$ 2,724,330	\$ 1,981,246	\$ 743,084
CAPITAL EXPENSES:			
650 DEBT REPAYMENT	\$ 148,200	\$ 148,200	\$ -
300 CAPITAL EQUIPMENT	\$ 425,000	\$ 425,000	\$ -
400 CONSTRUCTION	\$ 2,623,000	\$ 2,623,000	\$ -
TOTAL CAPITAL EXPENSES	\$ 3,196,200	\$ 3,196,200	\$ -
TRANSFER TO CAPITAL FUND	\$ -	\$ -	\$ -
TOTAL BUDGET	\$ 5,920,530	\$ 5,177,446	\$ 743,084

DETAIL SHEET

STEGE SANITARY DISTRICT ACCOUNT NO. 41 - OPERATIONS

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 Budget	% Change
010 SALARIES AND WAGES			
011 Engineering Salaries	\$ 432,100	\$ 453,700	5%
011.6 Cell Phone (3)	2,160	2,160	0%
012 Collection System Salaries	411,000	431,600	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	51,000	27%
017 Performance Incentive	12,000	12,000	0%
TOTAL SALARIES AND WAGES	\$ 916,910	\$ 969,960	6%
020 EMPLOYEE BENEFITS			
021 Retirement	\$ 212,460	\$ 223,100	5%
021a Deferred Comp Match Cafeteria Plan	24,480	25,440	4%
'022 Health Care Admin Fees	480	480	0%
'027 Cash, Dependent Care & Medical	156,000	179,136	15%
023 Life Insurance/Dental/LTD	18,800	15,120	-20%
024 Workers' Compensation Insurance	15,800	16,600	5%
025 Unemployment Insurance	4,700	4,900	4%
026 Medicare	17,900	18,400	3%
Retiree Medical & ARC			
'028 Retiree Medical (AnnReq'dContrib ARC)	-	-	0%
'029 Retiree Health Care Premium	13,700	10,300	-25%
030 Social Security (On Call Maintenance)	1,000	1,000	0%
TOTAL EMPLOYEE BENEFITS	\$ 465,320	\$ 494,476	6%
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	18,000	10,000	-44%
102 Chemicals	1,000	1,000	0%
104 Hose and Nozzles	12,000	20,000	67%
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 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 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	900	1,500	67%
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	\$ 107,000	613%
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	\$ 35,000	17%
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	5,000	25%
Forward totals to next page	\$ 314,000	\$ 412,600	31%

DETAIL SHEET

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

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 Budget	% Change
Totals from previous page	\$ 314,000	\$ 412,600	31%
193 WATER - HYDRO FLUSHER	\$ 5,500	\$ 7,000	27%
203 FIRST AID SUPPLIES	500	500	0%
204 SAFETY EQUIPMENT AND GLOVES	4,500	4,500	0%
205 UNIFORMS AND BOOTS	12,000	12,500	4%
206 SAFETY INCENTIVE PROGRAM	1,250	1,250	0%
TOTAL MAINTENANCE/ENGINEERING	\$ 337,750	\$ 438,350	30%
41.2 BURLINGAME PUMP STATION			
150 Repairs (Contracted)	\$ 3,800	\$ 4,000	5%
150a Annual Inspection	3,500	2,500	-29%
151 Electricity	900	900	0%
152 Telemetry	900	350	-61%
153 Maintenance and Landscaping	960	960	0%
41.4 CANON PUMP STATION			
150 Repairs (Contracted)	4,300	4,000	-7%
150a Annual Inspection	2,500	2,500	0%
151 Electricity	900	900	0%
152 Telephone/Telemetry	900	350	-61%
TOTAL PUMP STATIONS	\$ 18,660	\$ 16,460	-12%
207 CONTRACTED REPAIRS	61,000	62,000	2%
TOTAL - MAINT/ENG EMPLOYEE SALARIES	\$ 916,910	\$ 969,960	6%
TOTAL - MAINT/ENG EMPLOYEE BENEFITS	465,320	494,476	6%
TOTAL OTHER MAINTENANCE/ENGINEERING	337,750	438,350	30%
TOTAL - PUMP STATIONS	18,660	16,460	-12%
TOTAL CONTRACTED REPAIRS	61,000	62,000	2%
TOTAL OPERATIONS	\$ 1,799,640	\$ 1,981,246	10%

DETAIL SHEET

STEGE SANITARY DISTRICT

ACCOUNT NO. 45 - ADMINISTRATIVE AND GENERAL

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 Budget	% Change
010 SALARIES AND WAGES			
011 Administration Salaries	\$ 182,600	\$ 182,600	0%
011.7 Scanning Support Salaries	15,120	-	-100%
017 Performance Incentive	3,500	3,500	0%
TOTAL - SALARIES & WAGES	\$ 201,220	\$ 186,100	-8%
020 EMPLOYEE BENEFITS			
021 Retirement	\$ 46,020	\$ 46,020	0%
021a Deferred Comp Match	5,760	6,000	4%
Cafeteria Plan			
'022 Health Care Admin Fees	360	360	0%
'027 Cash, Dependent Care & Medical	39,000	44,784	15%
023 Life Insurance/Dental/LTD	4,350	2,040	-53%
024 Workers' Compensation Insurance	3,400	3,600	6%
025 Unemployment Insurance	500	500	0%
026 Medicare	4,890	5,480	12%
Retiree Medical			
'028 Retiree Medical (AnnReq'dContrib(ARC))	-	-	0%
'029 Retiree Health Care Premiums	6,800	10,300	51%
029a Social Security	2,400	1,500	-38%
TOTAL - EMPLOYEE BENEFITS	\$ 113,480	\$ 120,584	6%
GENERAL EXPENSES			
030 DIRECTORS' EXPENSES			
031 Board Meeting Compensation	\$ 20,500	\$ 21,500	5%
032 Travel Reimbursement	10,000	10,000	0%
033 Meetings & Conference	6,500	6,500	0%
034 Training	1,000	1,000	0%
TOTAL - DIRECTORS' EXPENSES	\$ 38,000	\$ 39,000	3%
040 ELECTION EXPENSES	\$ -	\$ 30,000	100%
070 INSURANCE			
071 Liability and Property Insurance	\$ 115,500	\$ 121,300	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	146,100	182,900	25%

DETAIL SHEET

STEGE SANITARY DISTRICT

ACCOUNT NO. 45 - ADMINISTRATIVE AND GENERAL

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 Budget	% Change
Totals from previous page	\$ 146,100	\$ 182,900	25%
090 OFFICE EXPENSES			
091 Stationery, Postage, Supplies	\$ 4,000	\$ 4,000	0%
092 Subscriptions	5,000	5,000	0%
094 Public Notice Postage	400	400	0%
096 Bank Charges	700	700	0%
120 PROFESSIONAL SERVICES			
121 Legal Services	\$ 33,000	\$ 35,000	6%
123 Audit and Special Reports	18,200	40,000	120%
124 Resources Consultant	5,000	5,000	0%
125 Administrative Support	4,000	2,500	-38%
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	\$ 1,000	-87%
132 Newsletters	20,000	20,000	0%
133 Publications (Ordinances & Notices)	1,000	7,500	650%
134 Job Advertising	500	500	0%
140 RENTS AND LEASES			
	\$ 800	\$ 800	0%
150 BUILDING REPAIRS AND MAINTENANCE			
151 Administration Offices	\$ 9,000	\$ 9,000	0%
155 Office Equipment	3,600	3,600	0%
Forward totals to next page	269,900	329,000	22%

DETAIL SHEET

STEGE SANITARY DISTRICT

ACCOUNT NO. 45 - ADMINISTRATIVE AND GENERAL

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 Budget	% Change
Totals from previous page	\$ 269,900	\$ 329,000	22%
160 REVENUE COLLECTION EXPENSES			
161 EBMUD	\$ 600	\$ 600	0%
162 CCC Assessment Collection Fees	14,000	14,000	0%
170 TRAVEL AND MEETINGS			
173 Travel Reimbursement	\$ 1,500	\$ 1,500	0%
174 Meetings and Conferences	1,650	3,000	82%
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	3,000	20%
204 Public Outreach	18,000	18,000	0%
205 Penalties & Fines	35,000	35,000	0%
TOTAL - GENERAL EXPENSES	\$ 375,450	\$ 436,400	16%
TOTAL - ADMIN. EMPLOYEE SALARIES	\$ 201,220	\$ 186,100	-8%
TOTAL - ADMIN. EMPLOYEE BENEFITS	\$ 113,480	\$ 120,584	6%
TOTAL - ADMINISTRATION & GENERAL	\$ 690,150	\$ 743,084	8%
TOTAL OPERATIONS & ADMIN. (3418)	\$ 2,489,790	\$ 2,724,330	9%

DETAIL SHEET

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

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 Budget	% Change
CAPITAL EQUIPMENT EXPENSES			
300 CAPITAL OPERATIONS (3421)			
315 Flow Meters	\$ 25,000	\$ -	-100.0%
319 Manhole Level Monitors	10,000	-	-100.0%
324 Vehicle Replacement	-	425,000	0.0%
327 Downhole Winch	11,000	-	-100%
Sub-Total Capital Operations	\$ 46,000	\$ 425,000	824%
TOTAL - CAPITAL EQUIPMENT EXPENSES (3421)	\$ 46,000	\$ 425,000	824%

DETAIL SHEET

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

FISCAL YEAR 2018-2019

ITEM	Fiscal Year 2017-2018 Budget	Fiscal Year 2018-2019 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	25,000	56%
SUB TOTAL (428)	\$ 66,000	\$ 75,000	14%
434 STANDARD SEWER REHABILITATION (3423)			
a. Construction Costs	\$ 2,365,000	\$ 2,523,000	7%
SUB-TOTAL (434)	\$ 2,365,000	\$ 2,523,000	7%
TOTAL CONSTRUCTION COSTS (400s)	\$ 2,456,000	\$ 2,623,000	7%
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)	\$ 2,650,200	\$ 3,196,200	21%

EXHIBIT D

STEGE SANITARY DISTRICT FISCAL YEAR 2018-2019 RECONCILIATION OF FUND BALANCES

	FISCAL YEAR 2018-2019 BUDGET	3418 OPERATIONS FUND	3423 CAPITAL FUND
Total Fund Balances As of 6/30/2018 (Est.)	\$ 6,302,143	\$ 4,002,143	\$ 2,300,000
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	\$ (743,084)	\$ (743,084)	
Operating/Pump Stations	\$ (1,981,246)	\$ (1,981,246)	
Subtotal	\$ (2,724,330)	\$ (2,724,330)	
Net Gain (Loss)*	\$ (211,330)	\$ (211,330)	
CAPITAL FUND			
REVENUE			
Property Tax Collection	\$ 400,000		\$ 400,000
Capital Service Charges	\$ 2,242,000		\$ 2,242,000
San Pablo Impact Fee	\$ 100,000		\$ 100,000
Interest Income	\$ 5,000		\$ 5,000
Connection Fees	\$ 150,000		\$ 150,000
Subtotal	\$ 2,897,000		\$ 2,897,000
EXPENSES			
Capital Equipment	\$ (425,000)		\$ (425,000)
Construction	\$ (2,623,000)		\$ (2,623,000)
Debt Repayment (SRF Loan)	\$ (148,200)		\$ (148,200)
Subtotal	\$ (3,196,200)		\$ (3,196,200)
Net Gain (Loss)*	\$ (299,200)		\$ (299,200)
Fund Balances			
Before transfers	\$ 5,791,613	\$ 3,790,813	\$ 2,000,800
Transfers between Reserves		\$ (2,155,813)	\$ 2,155,813
*Used from Reserves			
Fund Balances As of 6/30/2019 (est.)	\$ 5,791,613	\$ 1,635,000	\$ 4,156,613
RESERVE TARGET	\$ 4,523,872	\$ 1,635,000	\$ 2,888,872

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

STEGE SANITARY DISTRICT - 10 YEAR FINANCIAL MODEL
(\$ 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) RESERVE	(12) RESERVE TARGET	(13) RESERVE RATIO (11)/(6)
2014	223	2195	1155	5	266	3843	16.25	4249	406	7	3178	3346	0.77
2015	148	2194	1720	28	15	4105	18.33	5168	1063	8	4241	3455	0.77
2016	148	2024	2069	42	9	4292	20.17	5171	879	17	5120	3672	0.99
2017	148	2127	2064	280	26	4645	20.17	5645	999	39	6119	3699	1.10
2018	148	2413	2328	7	0	4896	20.17	5079	183	16	6302	4181	1.25
2019	148	2724	2523	425	100	5921	20.17	5410	-511	17	5791	4524	1.06
2020	148	2712	2689	50	100	5699	21.50	5438	-261	17	5530	4738	1.02
2021	148	2766	2867	60	75	5916	23.00	5788	-128	17	5402	4919	0.93
2022	148	2823	3057	360	75	6463	24.50	6136	-327	17	5075	5100	0.84
2023	44	2878	3259	50	75	6306	26.00	6484	178	17	5253	5299	0.80
2024	44	2934	3473	20	110	6581	27.00	6717	136	17	5389	5401	0.80
2025	44	3014	3594	80	130	6861	28.00	6953	92	17	5480	5597	0.79
2026	44	3096	3719	10	100	6969	29.00	7188	219	17	5699	5763	0.79
2027	0	3188	3850	70	75	7183	30.00	7423	240	17	5939	5908	0.79
2028	0	3252	3983	60	75	7370	31.00	7658	288	17	6227	6169	0.81

Reserve vs. Reserve Target for FY 2018-19

