

Garden Grove Sanitary District

INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal
From: William E. Murray
Dept.: General Manager
Dept: Public Works
Subject: ADOPTION OF RESOLUTIONS
APPROVING THE GARDEN GROVE
SANITARY DISTRICT ANNUAL
BUDGET FOR FISCAL YEAR 2014/15,
AND REAPPROPRIATING PROJECT
BALANCES AND ENCUMBRANCES
FROM FISCAL YEAR 2013/14
(PUBLIC HEARING)
Date: June 24, 2014

OBJECTIVE

To receive Garden Grove Sanitary District (GGSD) Board approval for the proposed GGSD Budget for Fiscal Year (FY) 2014/15; and for the GGSD to adopt the attached Resolutions approving the Fiscal Year 2014/15 Budget, and reappropriate project balances and encumbrances from Fiscal Year 2013/14.

BACKGROUND

During FY 2013/14, a number of operational goals were met along with the completion of capital improvement projects. Accomplishments related to the GGSD include:

- Reduction of Sanitary Sewer Overflows;
- Completion of the sewer main improvements construction at Lampson Avenue - Twintree Circle, Lampson Avenue - Elmwood Street, Traylor Way - Deannan Place and on Chapman Avenue between Brookhurst Street and Gilbert Street;
- Completion of the design of Capital Improvement Projects at Lampson Avenue - Brookhurst Street and on Lampson Avenue between Leroy Street and Ocean Breeze Drive;
- Completion of the sewer pump station replacement construction at Belgrave Pump Station;
- Removal and replacement of 94 manhole rings and covers;
- Inspection of approximately 2,004 manholes out of 9,700 manholes;
- Continued implementation of the Sewer Main Cleaning Program, Manhole Inspection Program, and Electrical Mechanical Maintenance Program for the GGSD's lift stations;
- Completion of the Root Control Program for 15,741 linear feet;
- Treated 1,800 manholes through the Insect Spraying Program;
- Continued flow monitoring throughout the system;

ADOPTION OF RESOLUTIONS APPROVING THE GARDEN GROVE SANITARY DISTRICT ANNUAL BUDGET FOR FISCAL YEAR 2014/15, AND REAPPROPRIATING PROJECT BALANCES AND ENCUMBRANCES FROM FISCAL YEAR 2013/14

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- Repaired 39 sewer main defects identified through Sanitary Sewer Rehabilitation Plan;
- Completion of cleaning for 620 hot spots;
- Completion of closed circuit television (CCTV) work for 69,181 linear feet of sewer line and approximately 495,082 linear feet of cleaning;
- Completion of the design of Capital Improvement Projects at Lenore Avenue – Lamplighter Street, and Monarch Street – Lampson Avenue.
- Compliance with the State Water Resources Control Board’s Statewide General Waste Discharge Requirement (WDR) mandates;
- Compliance with AB 939 waste diversion goals;
- Compliance with all South Coast Air Quality Management District and Orange County Health Care Agency regulations and rules related to the management of closed landfills; and
- Enforce the grease ordinance through inspections of food service establishments.

DISCUSSION

Each year it is necessary to adopt an annual budget to fund the GGSD’s operations based on the organizational requirements of the GGSD’s sewer and refuse funds. Goals for the upcoming fiscal year include:

- Completion of the design and specifications for capital improvement projects;
- Continue the Manhole Inspection Program and replace deteriorated manhole rings and covers;
- Continue replacement of sewer main defects identified through CCTV inspections;
- Continue to implement State Water Resources Control Board’s Statewide General WDR mandates, including expansion of capital improvement and operation and maintenance programs to address capacity and structural deficiencies (dependent upon funding);
- Continue the public education program for fats, oils, and grease control;
- Continue inspection and enforcement efforts related to the grease ordinance for food service establishments;
- Continue compliance efforts related to AB 939 waste diversion;
- Continue public education on the topic of recycling, including the benefits of recycling used motor oil, oil filters, and household hazardous waste;
- Ensure environmental compliance related to two GGSD’s Longsdon Pit Landfills located in northern and southern areas within the City; and
- Evaluate and address funding issues in solid waste and sanitary sewer regulation compliance as they arise.

ADOPTION OF RESOLUTIONS APPROVING THE GARDEN GROVE SANITARY DISTRICT ANNUAL BUDGET FOR FISCAL YEAR 2014/15, AND REAPPROPRIATING PROJECT BALANCES AND ENCUMBRANCES FROM FISCAL YEAR 2013/14

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FINANCIAL IMPACT

The GGSD revenues continue to stay strong. The proposed budget will allow for the GGSD to continue meeting its obligations under the WDR mandates by continuing with its capital improvement and replacement programs.

RECOMMENDATION

It is recommended that the Garden Grove Sanitary District Board:

- Adopt the attached Resolutions approving the Fiscal Year 2014/15 Budget, and reappropriating project balances and encumbrances from Fiscal Year 2013/14.



WILLIAM E. MURRAY, P.E.
Public Works Director



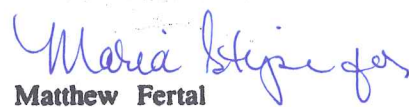
By: Katie Victoria
Administrative Analyst

Attachment 1: GGSD Budget Report FY 2014-2015

Attachment 2: 2014/15 Annual Budget Resolution

Attachment 3: Resolution reappropriating balance from 2013/14

Recommended for Approval



Matthew Fertal
General Manager

GARDEN GROVE SANITARY DISTRICT
A SUBSIDIARY DISTRICT OF THE
CITY OF GARDEN GROVE

OPERATIONS AND CAPITAL BUDGET
FISCAL YEAR 2014/15

Presented By:

CITY OF GARDEN GROVE
DEPARTMENT OF PUBLIC WORKS

GARDEN GROVE SANITARY DISTRICT

BUSINESS PRINCIPLES

1. Enterprise fund should break even, not operate in a deficit.
2. In order to operate efficiently, a two month cash flow is required, as well as maintenance of \$500,000 in reserves for contingencies.
3. Establish uniform service throughout the district.
4. Develop a replacement sinking fund. Ideal amount of fund should approach 5% of system value.
5. Improve system and facilities up to industry standards by adequately funding new Capital Improvement Programs.
6. Satisfy Debt Covenant conditions under which outstanding Sanitary District debt was issued.
7. Implement the 10-year financial plan.

GARDEN GROVE SANITARY DISTRICT
SEWER BUDGET
FY 2013-14 - 2015-16
(\$000)

	2013-14 Adopted Budget	FY 13-14 Projected Year End	FY 14-15 Proposed Budget	FY 15-16 Forecast
<u>FUNDS AVAILABLE</u>				
BEGINNING BALANCE	\$ 1,048.1	\$ 1,777.5	\$ 1,512.3	\$ 1,060.5
BOND PROCEEDS (Annual Allocation)	0.0	0.0	0.0	0.0
REVENUES	11,058.0	9,959.7	11,152.0	11,583.0
RATE ADJUSTMENT	0.0	0.0	0.0	0.0
FUNDS AVAILABLE	<u>12,106.1</u>	<u>11,737.2</u>	<u>12,664.3</u>	<u>12,643.5</u>
<u>OPERATION EXPENDITURES</u>				
OPERATIONS				
LABOR	2,754.3	2,754.3	2,816.2	2,929.0
CONTRACTUAL SERVICES	1,168.0	1,168.0	1,211.8	1,289.0
COMMODITIES	245.9	245.9	247.6	258.0
VEHICLE / EQUIPMENT RENTALS	266.4	266.4	284.0	295.0
INSURANCE	41.7	41.7	41.7	43.0
ADMIN SUPPORT COSTS	558.2	558.2	536.5	558.0
BOND ISSUANCE COSTS	0.0	0.0	0.0	0.0
DEBT SERVICE	1,463.5	1,463.5	1,463.0	1,467.0
CAPITAL EQUIPMENT	0.0	0.0	27.5	0.0
LATERAL LOAN PROGRAM	0.0	0.0	0.0	0.0
OPERATING RESERVE	0.0	0.0	0.0	0.0
SEWER SYSTEM CONTINGENCY RESERVE	0.0	0.0	0.0	0.0
TOTAL OPERATION EXPENDITURES	<u>6,498.0</u>	<u>6,498.0</u>	<u>6,628.3</u>	<u>6,839.0</u>
<u>SEWER CAPITAL</u>				
CAPITAL REPLACEMENT	1,559.8	1,559.8	1,475.5	1,534.6
NEW CAPITAL IMPROVEMENTS	2,167.1	2,167.1	3,500.0	3,000.0
CAPITAL EXPENDITURES	<u>3,726.9</u>	<u>3,726.9</u>	<u>4,975.5</u>	<u>4,534.6</u>
TOTAL EXPENDITURES	10,224.9	10,224.9	11,603.8	11,373.6
FUNDS AVAILABLE	12,106.1	11,737.2	12,664.3	12,643.5
EXPENDITURES	<u>10,224.9</u>	<u>10,224.9</u>	<u>11,603.8</u>	<u>11,373.6</u>
ENDING BALANCE	\$ 1,881.2	\$ 1,512.3	\$ 1,060.5	\$ 1,269.9

CAPITAL IMPROVEMENTS - PUBLIC WORKS
SEWER

FY 2014-15

DESCRIPTION	CURRENT ESTIMATED COSTS	
	NEW CAPITAL	REPLACEMENT
Sewer Main Improvements	3,500,000	1,475,539
TOTAL	<u>\$ 3,500,000</u>	<u>\$ 1,475,539</u>

SEWER CAPITAL PROJECTS

FIVE YEAR PLAN

(\$000)

<u>PROJECTS</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>
1. SEWER MAINS	\$ 2,167	\$ 3,500	\$ 3,000	\$ 2,000	\$ 3,000
TOTAL	<u>\$ 2,167</u>	<u>\$ 3,500</u>	<u>\$ 3,000</u>	<u>\$ 2,000</u>	<u>\$ 3,000</u>

SEWER REPLACEMENT PROGRAM

FIVE YEAR PLAN

(\$000)

BEGINNING BALANCE	\$ 0
REVENUES	<u>0</u>
DEPRECIATION RESERVES - TRANSFER	<u>0</u>
DEPRECIATION - TRANSFER	<u>\$ 1,476</u>
LESS REPLACEMENT COSTS	<u>(1,476)</u>
ENDING BALANCE	<u><u>\$ 0</u></u>

<u>PROJECTS</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>
1. SEWER MAIN REPLACEMENT	\$ 1,360	\$ 1,276	\$ 1,335	\$ 1,396	\$ 1,460
2. MANHOLE REHABILITATION	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
TOTAL	<u><u>\$ 1,560</u></u>	<u><u>\$ 1,476</u></u>	<u><u>\$ 1,535</u></u>	<u><u>\$ 1,596</u></u>	<u><u>\$ 1,660</u></u>

SEWER REPLACEMENT PROJECTS

1. Replace deficient sewer mains on an as-needed basis.
2. Replace deficient manholes as needed.

GARDEN GROVE SANITARY DISTRICT
SOLID WASTE BUDGET
FY 2013/14 - 2015/16
(\$000)

<u>FUNDS AVAILABLE</u>	FY 13-14 Adopted Budget	FY 13-14 Projected Year End	FY 14-15 Proposed Budget	FY 15-16 Forecast
BEGINNING BALANCE	\$ 90.9	\$ 90.9	\$ 70.4	\$ 80.6
REVENUES	3,250.0	3,250.0	3,276.0	3,302.2
FUNDS AVAILABLE	<u>\$ 3,340.9</u>	<u>\$ 3,340.9</u>	<u>\$ 3,346.4</u>	<u>\$ 3,382.8</u>
 <u>OPERATIONS EXPENDITURES</u>				
OPERATIONS (REFUSE)				
LABOR	\$ 486.8	\$ 486.8	\$ 466.1	\$ 469.8
CONTRACTUAL SERVICES	1,767.1	1,767.1	1,793.2	1,807.5
COMMODITIES	14.5	14.5	14.5	14.6
INSURANCE	13.9	13.9	13.9	13.9
STREET REPAIR CHARGE	500.0	500.0	500.0	500.0
ADMIN SUPPORT	188.2	188.2	178.1	178.1
OPERATING RESERVE	100.0	100.0	100.0	100.0
LANDFILL RESERVE	200.0	200.0	200.0	200.0
TOTAL OPERATIONS EXPENDITURES	<u>\$ 3,270.5</u>	<u>\$ 3,270.5</u>	<u>\$ 3,265.8</u>	<u>\$ 3,283.9</u>
 FUNDS AVAILABLE	 3,340.9	 3,340.9	 3,346.4	 3,382.8
EXPENDITURES	<u>3,270.5</u>	<u>3,270.5</u>	<u>3,265.8</u>	<u>3,283.9</u>
ENDING BALANCE	70.4	70.4	80.6	98.9

GARDEN GROVE SANITARY DISTRICT

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GARDEN GROVE SANITARY DISTRICT ADOPTING AN ANNUAL BUDGET FOR FISCAL YEAR 2014-15

WHEREAS, the Garden Grove Sanitary District has given careful consideration to the adoption of the Budget for Fiscal Year 2014-15.

NOW, THEREFORE, BE IT RESOLVED that the General Manager is hereby authorized to expend in accordance with laws of the State of California on behalf of the Garden Grove Sanitary District an amount of \$16,345,114 from new appropriations for the planned activities shown below:

Expenditures

Sewer	\$ 13,079,347
Refuse	<u>3,265,767</u>
TOTAL EXPENDITURES	\$ 16,345,114

BE IT FURTHER RESOLVED that the total of \$16,345,114, which the General Manager is authorized to expend in accordance with the Laws of the State of California shall be appropriated from the following funds for the Fiscal Year 2014-15.

Funding

Fund 630 - Garden Grove Sanitary District/ Sewer Operations	\$ 8,103,808
Fund 631 - Garden Grove Sanitary District/ Sewer Capital *	3,500,000
Fund 632 - Garden Grove Sanitary District/ Sewer Replacement	1,475,539
Fund 660 - Garden Grove Sanitary District/ Refuse	<u>3,265,767</u>
TOTAL FUNDING	<u>\$ 16,345,114</u>

* Transfer In The Garden Grove Sanitary District Sewer Funds:

Sewer Operations Fund (Fund 630)	\$ 3,500,000
To Sewer Capital Fund - (Fund 631)	

RESOLUTION NO.

A RESOLUTION OF THE GARDEN GROVE SANITARY DISTRICT
 REAPPROPRIATING CERTAIN FY 2013-14
 PROJECT BALANCES AND ENCUMBRANCES FOR THE FISCAL YEAR 2014-15

WHEREAS, the Garden Grove Sanitary District has reviewed the estimated Fiscal Year 2013-14 Revenues, Expenditures and Fund Balances as projected to the end of the fiscal year, and has given careful consideration to the closing of appropriations for Fiscal Year 2013-14; and

WHEREAS, the Garden Grove Sanitary District has reviewed and given careful consideration of the recommended Fiscal Year 2014-15 budgets; and

WHEREAS, certain projects begun in Fiscal Year 2013-14 or prior fiscal years require continuing appropriations to complete the projects; and

WHEREAS, unexpended balances of Fiscal Year 2013-14 or prior fiscal years are estimated to be available within these certain projects on June 30, 2014; and

WHEREAS, certain purchase orders are estimated to have encumbered balances on June 30, 2014;

NOW, THEREFORE, BE IT RESOLVED that the uncommitted, unexpended balances of appropriations on June 30, 2014, of the projects below be appropriated to the Reserve for continuing projects within their respective funds;

PKG-TBL	PACKAGE DESCRIPTION
0010-630	CITY COUNCIL
0010-660	CITY COUNCIL
0020-630	MANAGEMENT
0021-630	OPERATIONS
0021-660	OPERATIONS
0023-630	RESRCH/LEGISLATION
0030-630	REAL PROPERTY
0060-630	PUBLIC INFORMATION
0060-660	PUBLIC INFORMATION
1020-630	GENERAL ACCOUNTING
1020-660	GENERAL ACCOUNTING
1021-630	FINANCIAL PLANNING
1021-660	FINANCIAL PLANNING
1030-630	UTILITY BILLING
1030-660	UTILITY BILLING
1031-660	REFUSE BILLING
1034-630	REVENUE OPERATIONS

1034-660 REVENUE OPERATIONS
3000-630 PUBL WORKS GEN ADMN
3000-660 PUBL WORKS GEN ADMN
3010-630 ENVIRONMENTAL MGMT
3010-660 ENVIRONMENTAL MGMT
3230-630 DEDICATED FAC/SWR
3230-632 DEDICATED FAC/SWR
3240-630 CAP IMPV PLANNING
3240-660 CAP IMPV PLANNING
3800-630 SEWER OPERATIONS
3810-630 SEWER INSP
3820-634 SEWER LATER/LN PRGM
3900-660 REFUSE SERVICES
3950-660 WASTE MGMT/RECYCLNG
6007-630 EMPLOYEE TRAINING
7275-632 CONCRETE REPL/CAPTL
7370-631 STONEGATE WTR SYS IMPROVEMENT
7396-631 GETAWAY LINE
7800-630 GGSD CAPITAL IMP
7800-631 GGSD CAPITAL IMP
7800-632 GGSD CAPITAL IMP
7801-635 CHAPMAN PROJECT 72
7806-631 TIFFANY/BELGRAVE LS
7806-632 TIFFANY/BELGRAVE LS
7810-630 GGSD REPLACEMENT
7810-632 GGSD REPLACEMENT
7815-631 BELGRAVEAVEBAILEYST
7816-631 LAMPSON 20,21,22,23
7816-632 LAMPSON 20,21,22,23
7817-631 STANTON PROJECT 3
7818-631 HASTER 25, 26
7820-631 LAMPSON EUCLID 32
7821-631 DEANANNE 65
7822-631 LENORE 43, 46, 68, 75
7822-632 LENORE 43, 46, 68, 75
7823-631 TRAYLOR DEANN 59, 65
7824-631 WARD ST 96, 99
7825-631 CERRITOS SEWER REIMB
7826-631 WESTMINSTER AVENUE SEWER
7828-631 GG BL INTCEP BRKHST
7830-631 TRASK/LILLY
7831-631 JOYZELLE/HILL
7832-631 HSTR/BURO FF25, 76

9503-660 GGSD RES/CASH FLOW
9504-630 GGSD OPERATING RES
9504-660 GGSD OPERATING RES
9507-634 GGSD SYSTEM/CNTG RS
9509-660 LANDFILL RESERVE

BE IT FURTHER RESOLVED that for the projects listed above the amount of unexpended balance of appropriations on June 30, 2014, be reappropriated for Fiscal Year 2014-15 from the Reserve for continuing projects of the respective funds.

BE IT FURTHER RESOLVED that the encumbered balances of purchase order on June 30, 2014, be appropriated to the Reserve for encumbrances of the respective funds and that the amount of encumbered balances of purchase orders on June 30, 2014, be reappropriated for Fiscal Year 2014-15 from the Reserve for encumbrances of the respective funds.