

Garden Grove Sanitary District

INTER-DEPARTMENT MEMORANDUM

To: Allan L. Roeder
Dept.: Interim General Manager
Subject: ADOPTION OF RESOLUTIONS
APPROVING THE GARDEN GROVE
SANITARY DISTRICT ANNUAL
BUDGET FOR FISCAL YEAR 2015/16,
AND REAPPROPRIATING PROJECT
BALANCES AND ENCUMBRANCES
FROM FISCAL YEAR 2014/15

From: William E. Murray
Dept: Public Works
Date: June 23, 2015

OBJECTIVE

To receive Garden Grove Sanitary District (GGSD) Board approval for the proposed GGSD Budget for Fiscal Year (FY) 2015/16; and for the GGSD to adopt the attached Resolutions approving the Fiscal Year 2015/16 Budget, and reappropriate project balances and encumbrances from Fiscal Year 2014/15.

BACKGROUND

During FY 2014/15, 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 on Westminster Avenue between Roxey Drive and Harbor Boulevard, Cerritos Avenue between Gilbert Street and Brookhurst Street, Lampson Avenue between Leroy Avenue and Brookhurst Street, and Brookhurst Street between Lampson Avenue and Bixby Street;
- Completion of the design of Capital Improvements Project at Joyzelle Street - Hill Road;
- Removal and replacement of 90 manhole rings and covers;
- Inspection of approximately 2,255 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 13,660 linear feet;
- Treated 1,800 manholes through the Insect Spraying Program;
- Continued flow monitoring throughout the system;
- Repaired 34 sewer main defects identified through the Sanitary Sewer Rehabilitation Plan;

ADOPTION OF RESOLUTIONS APPROVING THE GARDEN GROVE SANITARY DISTRICT ANNUAL BUDGET FOR FISCAL YEAR 2015/16, AND REAPPROPRIATING PROJECT BALANCES AND ENCUMBRANCES FROM FISCAL YEAR 2014/15

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- Completion of the cleaning of 620 hot spots;
- Completion of closed circuit television (CCTV) work for 117,414 linear feet of sewer line and approximately 500,843 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 Fats, Oils, and Grease ordinance (FOG) 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 on Imperial Avenue between Magnolia Street and La Vaughn Drive, Nutwood Street between Garden Grove Boulevard and Lampson Avenue, Ward Street between Davit Avenue and McFadden Avenue, Newland Street between Route 22 and Gloria Avenue, Josephine Street between Acacia Street to Garden Grove Boulevard, and Trask Avenue between Jackson Street and Coast Street;
- 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 FOG control;
- Continue inspection and enforcement efforts related to the FOG ordinance for food service establishments;
- Continue compliance efforts related to AB 939 waste diversion;
- Continue public education and outreach on the topic of recycling, including the benefits of recycling used motor oil, oil filters, and household hazardous waste;
- Ensure environmental compliance of GGSD’s Longsdon Pit north and south closed landfills located west of Harbor Boulevard/north of Chapman Avenue; and

ADOPTION OF RESOLUTIONS APPROVING THE GARDEN GROVE SANITARY DISTRICT ANNUAL BUDGET FOR FISCAL YEAR 2015/16, AND REAPPROPRIATING PROJECT BALANCES AND ENCUMBRANCES FROM FISCAL YEAR 2014/15

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- Evaluate and address funding issues in solid waste and sanitary sewer regulation compliance as they arise.

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 2015/16 Budget, and reappropriating project balances and encumbrances from Fiscal Year 2014/15.



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



By: Katie Victoria
Administrative Analyst

Attachment 1: GGSD Budget Report FY 2015/16

Attachment 2: FY 2015/16 Annual Budget Resolution

Attachment 3: Resolution reappropriating balance from FY 2014/15

Approved for Agenda Listing



Allan L. Roeder
Interim General Manager

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

OPERATIONS AND CAPITAL BUDGET
FISCAL YEAR 2015/16

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 replacement 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 2014-15 - 2016-17
(\$000)

	2014-15 Adopted Budget	FY 14-15 Projected Year End	FY 15-16 Proposed Budget	FY 16-17 Forecast
<u>FUNDS AVAILABLE</u>				
BEGINNING BALANCE	\$ 16,712.1	\$ 16,712.1	\$ 15,316.1	\$ 12,400.3
BOND PROCEEDS (Annual Allocation)	0.0	0.0	0.0	0.0
REVENUES	11,152.0	9,600.0	9,500.0	9,500.0
RATE ADJUSTMENT	0.0	0.0	0.0	0.0
FUNDS AVAILABLE	<u>27,864.1</u>	<u>26,312.1</u>	<u>24,816.1</u>	<u>21,900.3</u>
<u>OPERATION EXPENDITURES</u>				
OPERATIONS				
LABOR	2,816.2	2,221.4	2,952.7	3,070.8
CONTRACTUAL SERVICES	1,211.8	1,211.8	1,207.9	1,256.2
COMMODITIES	247.6	247.6	312.9	325.0
VEHICLE / EQUIPMENT RENTALS	284.0	271.0	311.4	323.9
INSURANCE	41.7	41.7	41.7	43.4
ADMIN SUPPORT COSTS	536.5	536.5	642.7	668.4
BOND ISSUANCE COSTS	0.0	0.0	0.0	0.0
DEBT SERVICE	1,463.0	1,463.0	1,466.5	1,464.0
CAPITAL EQUIPMENT	27.5	27.5	80.0	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>6,628.3</u>	<u>6,020.5</u>	<u>7,015.8</u>	<u>7,151.7</u>
<u>SEWER CAPITAL</u>				
CAPITAL REPLACEMENT	1,475.5	1,475.5	1,900.0	1,976.0
NEW CAPITAL IMPROVEMENTS	<u>3,500.0</u>	<u>3,500.0</u>	<u>3,500.0</u>	<u>5,300.0</u>
CAPITAL EXPENDITURES	4,975.5	4,975.5	5,400.0	7,276.0
TOTAL EXPENDITURES	11,603.8	10,996.0	12,415.8	14,427.7
FUNDS AVAILABLE	27,864.1	26,312.1	24,816.1	21,900.3
EXPENDITURES	<u>11,603.8</u>	<u>10,996.0</u>	<u>12,415.8</u>	<u>14,427.7</u>
ENDING BALANCE (Reserved for Capital)	\$ 16,260.3	\$ 15,316.1	\$ 12,400.3	\$ 7,472.6

CAPITAL IMPROVEMENTS - PUBLIC WORKS
SEWER

FY 2015-16

DESCRIPTION	CURRENT ESTIMATED COSTS	
	NEW CAPITAL	REPLACEMENT
Sewer Main Improvements	3,500,000	1,900,000
TOTAL	<u>\$ 3,500,000</u>	<u>\$ 1,900,000</u>

SEWER CAPITAL PROJECTS

FIVE YEAR PLAN

(\$000)

<u>PROJECTS</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>
1. SEWER MAINS	\$ 3,500	\$ 3,500	\$ 5,300	\$ 3,943	\$ 2,558
TOTAL	\$ 3,500	\$ 3,500	\$ 5,300	\$ 3,943	\$ 2,558

SEWER REPLACEMENT PROGRAM

FIVE YEAR PLAN

(\$000)

BEGINNING BALANCE	\$ 0
REVENUES	<u>0</u>
DEPRECIATION RESERVES - TRANSFER	<u>0</u>
DEPRECIATION - TRANSFER	<u>\$ 1,900</u>
LESS REPLACEMENT COSTS	<u>(1,900)</u>
ENDING BALANCE	<u><u>\$ 0</u></u>

<u>PROJECTS</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>
1. SEWER MAIN REPLACEMENT	\$ 1,276	\$ 1,700	\$ 1,776	\$ 1,855	\$ 1,937
2. MANHOLE REHABILITATION	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
TOTAL	<u>\$ 1,476</u>	<u>\$ 1,900</u>	<u>\$ 1,976</u>	<u>\$ 2,055</u>	<u>\$ 2,137</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 2014/15 - 2016/17
(\$000)

<u>FUNDS AVAILABLE</u>	<u>FY 14-15 Adopted Budget</u>	<u>FY 14-15 Projected Year End</u>	<u>FY 15-16 Proposed Budget</u>	<u>FY 16-17 Forecast</u>
BEGINNING BALANCE	\$ 70.4	\$ -	\$ -	\$ 39.5
REVENUES	<u>3,276.0</u>	<u>3,276.0</u>	<u>3,276.0</u>	<u>2,015.8</u>
FUNDS AVAILABLE	<u>\$ 3,346.4</u>	<u>\$ 3,276.0</u>	<u>\$ 3,276.0</u>	<u>\$ 2,055.3</u>
 <u>OPERATIONS EXPENDITURES</u>				
OPERATIONS (REFUSE)				
LABOR	\$ 466.1	\$ 466.1	\$ 499.2	\$ 503.7
CONTRACTUAL SERVICES	1,793.2	1,793.2	1,797.0	523.4
COMMODITIES	14.5	14.5	28.7	29.0
INSURANCE	13.9	13.9	13.9	13.9
STREET REPAIR CHARGE	500.0	500.0	500.0	500.0
ADMIN SUPPORT	178.1	178.1	197.7	197.7
OPERATING RESERVE	100.0	100.0	100.0	100.0
LANDFILL RESERVE	<u>200.0</u>	<u>210.2</u>	<u>100.0</u>	<u>100.0</u>
TOTAL OPERATIONS EXPENDITURES	<u>\$ 3,265.8</u>	<u>\$ 3,276.0</u>	<u>\$ 3,236.5</u>	<u>\$ 1,967.7</u>
 FUNDS AVAILABLE				
EXPENDITURES	<u>3,346.4</u>	<u>3,276.0</u>	<u>3,276.0</u>	<u>2,055.3</u>
ENDING BALANCE	<u>3,265.8</u>	<u>3,276.0</u>	<u>3,236.5</u>	<u>1,967.7</u>
	80.6	0.0	39.5	87.6

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 2015-16

WHEREAS, the Garden Grove Sanitary District has given careful consideration to the adoption of the Budget for Fiscal Year 2015-16.

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 \$17,974,152 from new appropriations for the planned activities shown below:

Expenditures

Sewer	\$ 14,737,647
Refuse	<u>3,236,505</u>
TOTAL EXPENDITURES	\$ 17,974,152

BE IT FURTHER RESOLVED that the total of \$17,974,152, 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 2015-16.

Funding

Fund 630 - Garden Grove Sanitary District/ Sewer Operations	\$ 8,915,917
Fund 631 - Garden Grove Sanitary District/ Sewer Capital *	3,500,000
Fund 632 - Garden Grove Sanitary District/ Sewer Replacement	2,321,730
Fund 660 - Garden Grove Sanitary District/ Refuse	<u>3,236,505</u>
TOTAL FUNDING	<u>\$ 17,974,152</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 BOARD OF DIRECTORS
OF THE GARDEN GROVE SANITARY DISTRICT
REAPPROPRIATING CERTAIN FY 2014-15
PROJECT BALANCES AND ENCUMBRANCES FOR THE FISCAL YEAR 2015-16

WHEREAS, the Garden Grove Sanitary District Board of Directors has reviewed the estimated Fiscal Year 2014-15 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 2014-15; and

WHEREAS, the Garden Grove Sanitary District Board of Directors has reviewed and given careful consideration of the recommended Fiscal Year 2015-16 budgets; and

WHEREAS, certain projects begun in Fiscal Year 2014-15 or prior fiscal years require continuing appropriations to complete the projects; and

WHEREAS, unexpended balances of Fiscal Year 2014-15 or prior fiscal years are estimated to be available within these certain projects on June 30, 2015; and

WHEREAS, certain purchase orders are estimated to have encumbered balances on June 30, 2015;

NOW, THEREFORE, BE IT RESOLVED that the uncommitted, unexpended balances of appropriations on June 30, 2015, of the projects below be appropriated to the Reserve for continuing projects within their respective funds;

PACKAGE	FUND	PACKAGE NAME
0010	630	CITY COUNCIL
0010	660	CITY COUNCIL
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
1030	630	UTILITY BILLING
1031	660	REFUSE BILLING
1034	630	REVENUE OPERATIONS
1034	660	REVENUE OPERATIONS
3010	630	ENVIRONMENTAL MGMT
3010	660	ENVIRONMENTAL MGMT
3240	630	CAP IMPV PLANNING

PACKAGE	FUND	PACKAGE NAME
3800	630	SEWER OPERATIONS
3810	630	SEWER INSP
3820	634	SEWER LATER/LN PRGM - (Max \$180,000)
3900	660	REFUSE SERVICES
3950	660	WASTE MGMT/RECYCLNG
7800	630	GGSD CAPITAL IMP
7800	631	GGSD CAPITAL IMP
7800	632	GGSD CAPITAL IMP
7801	635	CHAPMAN PROJECT 72
7810	632	GGSD REPLACEMENT
7817	631	STANTON PROJECT 3
7822	631	LENORE 43,46,68,75
7822	632	LENORE 43,46,68,75
7824	631	WARD ST 96,99
7825	631	CERRITOS SEWER REIM
7825	632	CERRITOS SEWER REIM
7826	631	WESTMINSTER AV SEWR
7826	632	WESTMINSTER AV SEWR
7828	631	GG BL INTCEP BRKHST
7831	631	JOYZELLE/HILL
7837	631	LMPSN/NUTWD/IMPRL
9503	660	GGSD RES/CASH FLOW
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, 2015, be reappropriated for Fiscal Year 2015-16 from the Reserve for continuing projects of the respective funds.

BE IT FURTHER RESOLVED that the encumbered balances of purchase orders on June 30, 2015, be appropriated to the Reserve for encumbrances of the respective funds and that the amount of encumbered balances of purchase orders on June 30, 2015, be reappropriated for Fiscal Year 2015-16 from the Reserve for encumbrances of the respective funds.