

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Allen L. Roeder
From: Kingsley Okereke
Dept: Interim City Manager
Dept: Finance
Subject: ADOPTION OF BUDGET RESOLUTIONS FOR THE FISCAL YEAR 2015-16
PROPOSED BUDGETS
Date: June 23, 2015

OBJECTIVE

To consider and adopt the City's Fiscal Year 2015-16 Basic Services, Cable Services, Grant Services, Water Services, Capital Improvements, Special Assessments Relating to Street Lighting, Main Street and the Parking District, Tourism Improvement District, and Park Maintenance District Budgets.

BACKGROUND

Given the recovering economic climate, this budget is based on a framework that assumes continuing cost containment initiatives, some revenue growth, and use of one time available funds.

DISCUSSION

In accordance with the plan presented for City Council consideration are the resolutions for adoption of the City's budgets.

The following resolutions are attached:

1. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE ADOPTING BASIC SERVICES, CABLE SERVICES, GRANT SERVICES, WATER SERVICES, CAPITAL IMPROVEMENTS, SPECIAL ASSESSMENTS RELATING TO STREET LIGHTING, MAIN STREET AND THE PARKING DISTRICT, TOURISM IMPROVEMENT DISTRICT, AND PARK MAINTENANCE DISTRICT BUDGETS FOR FISCAL YEAR 2015-16.
2. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE ADOPTING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2015-16 IMPLEMENTING ARTICLE XIII B OF THE STATE CONSTITUTION PURSUANT TO SECTION 7900 ET SEQ. OF THE GOVERNMENT CODE.
3. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROPRIATING FUND BALANCES AS OF JUNE 30, 2015, TO RESERVES FOR FUTURE YEAR REAPPROPRIATION.

4. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE REAPPROPRIATING CERTAIN FISCAL YEAR 2014-15 PROJECT BALANCES AND ENCUMBRANCES FOR THE FISCAL YEAR 2015-16.
5. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE ADOPTING AN ANNUAL BUDGET FOR THE GARDEN GROVE HOUSING AUTHORITY FOR FISCAL YEAR 2015-16.

FINANCIAL IMPACT

Adoption of these resolutions will provide the funding needed for vital City services.

RECOMMENDATION

It is recommended that the attached resolutions be acted on simultaneously unless separate discussion and/or action is requested by a Councilmember.


KINGSLEY OKEREKE
Assistant City Manager/Finance Director

Attachment 1: Water Supply Program Budget

Item No. 20.a.1.: Budget Resolution


Item No. 20.a.2.: Resolution adopting Appropriations limit

Item No. 20.a.3.: Resolution appropriating June 30, 2015, fund balances

Item No. 20.a.4.: Resolution reappropriating fiscal year 2014-15 project balances and encumbrances

Item No. 20.a.5.: Housing Authority Budget Report and Resolution adopting Housing Authority Budget

Approved for Agenda listing


for
Allan L. Roeder
Interim City Manager

City of Garden Grove**INTER-DEPARTMENT MEMORANDUM**

To: Allan L. Roeder
Dept.: Interim City Manager
Subject: WATER SUPPLY PROGRAM BUDGET
FISCAL YEAR 2015/16

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

OBJECTIVE

To receive City Council approval for the proposed Water Supply Program Budget for Fiscal Year (FY) 2015/16.

BACKGROUND

The mission of the Water Services Division is to provide a reliable water supply of the highest quality at the lowest possible cost. In keeping with this mission, three major issues must be considered:

- Purchased water and energy costs;
- Improvement of the water delivery system; and
- State and federal water quality mandates

To comply with these issues, and in keeping with the above mission, the Water Services Division has initiated programs such as:

- Working with Orange County Water District to balance the groundwater basin's protection with rate stabilization and with water conservation measures;
- Working with the Metropolitan Water District of Southern California, Orange County Water District, and the Municipal Water District of Orange County to improve water reliability by way of water conservation with grant funding; and
- Compliance with all state and federal water quality standards

During FY 2014/15, a number of operational and capital goals were met. Projects in progress or completed that are related to the Water Enterprise Fund include the following:

Implementation of the Water Master Plan, Replacement of Well 29 Engine, Construction of the West Garden Grove Booster Pump Station/Reservoir Facility Rehabilitation Project, Completion of the Design of the West Street-Daniel Avenue Fire Flow Water Improvements and the Citywide Water Services Replacement Project Phase I, Completion of the SCADA System Upgrade Phase I, Completion of the Feasibility Study of the Shallow Well Program at Garden Grove Park, and Completion of the FY 2014/15 capital replacement projects.

DISCUSSION

Major areas being addressed in the proposed FY 2015/16 Water Supply Program Budget include: water supply budget, water cost factors, and implementation of capital

improvements and replacements. The capital improvement and replacement program for the upcoming fiscal year consists of the following:

- Replacement of 5,000 to 10,000 linear feet of main
- Replace 140 fire hydrants
- Replace 700 service lines
- Replace 2,250 small meters and test/repair or replace 30 large meters
- Replace 100 gate valves
- Construction of the West Street-Daniel Avenue Fire Flow Water Improvements
- Construction of the Citywide Water Services Replacement Project Phase I
- Design of the Citywide Water Services Replacement Project Phase II, Ward Street Fire Flow Water Improvements, Rehabilitation of PRV and OC-Interconnect Facilities, and Repair and Rehabilitation of Concrete Storage Reservoirs Phase I
- Continue with the upgrades of the SCADA System
- Engineering evaluation and assessment of Well Nos. 15, 19 and 25
- Perform miscellaneous improvements and/or repairs
- Well structural evaluations for Well Nos. 16, 19 and 25

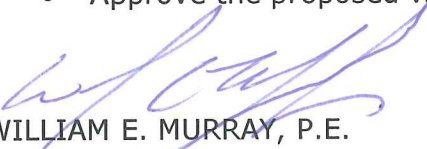
FINANCIAL IMPACT

This proposed budget will allow for the Water Enterprise Fund to continue meeting its financial obligations and carry out its capital improvement and replacement programs for FY 2015/16.

RECOMMENDATION

It is recommended that the City Council:

- Approve the proposed Water Supply Program Budget for FY 2015/16 as presented.


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


By: Katie Victoria
Administrative Analyst

Attachment: Water Supply Program Budget FY 2015/16

Approved for Agenda listing


for
Allan L. Roeder
Interim City Manager

CITY OF GARDEN GROVE
DEPARTMENT OF PUBLIC WORKS
WATER SERVICES DIVISION

WATER SUPPLY PROGRAM
FISCAL YEAR 2015/16

Presented By:

CITY OF GARDEN GROVE
DEPARTMENT OF PUBLIC WORKS

CITY OF GARDEN GROVE
WATER SUPPLY PROGRAM
(CITY COUNCIL ADOPTED)

BUSINESS PRINCIPLES

1. Satisfy Bond Covenant conditions under which outstanding water revenue bonds were issued.
2. Enterprise fund should break even, not generate a deficit.
3. In order to operate efficiently, a two (2) month cash flow is required, as well as maintenance of \$500,000 in reserves for contingencies.
4. Preserve replacement sinking fund. Ideal amount of fund should approach 5% of system value.
5. Maintain system and facilities up to industry standards by adequately funding new Capital Improvement Programs.
6. Continue design and construction of priority capital projects conforming to the annual budget.

WATER SERVICES 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	\$ 10,314.6	\$ 10,314.6	\$ 11,092.0	\$ 7,502.8
BOND PROCEEDS (annual allocation)	0.0	0.0	0.0	0.0
TRANSFER FROM REPLACEMENT	0.0	0.0	0.0	0.0
REVENUES	34,831.9	32,700.0	32,000.0	32,000.0
ANNUAL COMMODITY INDEX	0.0	0.0	0.0	0.0
TRANSFER FROM RESERVES	0.0	0.0	0.0	0.0
LOAN FROM GENERAL FUND	0.0	0.0	0.0	0.0
TOTAL FUNDS AVAILABLE	45,146.5	43,014.6	43,092.0	39,502.8
<u>OPERATION EXPENDITURES</u>				
LABOR	4,540.3	4,540.3	4,888.6	4,975.7
CONTRACTUAL SERVICES	1,268.3	882.1	1,011.7	1,437.4
COMMODITIES	847.9	841.3	1,153.1	995.1
VEHICLE / EQUIPMENT RENTALS	940.3	940.3	943.2	884.6
INSURANCE	263.3	263.3	263.3	331.7
ADMIN SUPPORT COSTS	1,952.4	1,952.4	2,371.9	2,432.5
PURCHASED WATER	14,469.3	13,835.9	14,881.5	14,822.6
LONG TERM DEBT	2,672.0	2,672.0	2,671.9	2,671.9
RESERVE DRAWDOWN PAYBACK	0.0	0.0	0.0	0.0
DEPRECIATION (REPLACEMENT)	2,356.5	2,356.5	2,600.0	2,652.0
STREET REPAIR CHARGE	1,550.0	1,550.0	1,550.0	1,550.0
CAPITAL EQUIPMENT	88.5	88.5	254.0	0.0
REPLACEMENT SINKING FUND	0.0	0.0	0.0	0.0
RATE STABILIZATION FUND	0.0	0.0	0.0	0.0
TOTAL OPERATION EXPENDITURES	30,948.8	29,922.6	32,589.2	32,753.5
PROJECTED AMOUNT UNDER SPENT	0.0	0.0	0.0	0.0
NET OPERATION EXPENDITURES	30,948.8	29,922.6	32,589.2	32,753.5
<u>WATER CAPITAL EXPENDITURES</u>				
WATER MAINS	2,000.0	2,000.0	1,100.0	2,500.0
PRODUCTION CAPITAL	0.0	0.0	1,900.0	1,500.0
TOTAL CAPITAL EXPENDITURES	2,000.0	2,000.0	3,000.0	4,000.0
FUNDS AVAILABLE	45,146.5	43,014.6	43,092.0	39,502.8
WATER EXPENDITURES	32,948.8	31,922.6	35,589.2	36,753.5
ENDING BALANCE (Reserved for Capital)	\$ 12,197.7	\$ 11,092.0	\$ 7,502.8	\$ 2,749.3

WATER 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. WATER MAINS	\$ 2,000	\$ 3,000	\$ 4,000	\$ 3,500	\$ 3,500
2. PRODUCTION CAPITAL	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 2,000	\$ 3,000	\$ 4,000	\$ 3,500	\$ 3,500

CAPITAL IMPROVEMENTS - PUBLIC WORKS
WATER

FY 2015-16

CURRENT ESTIMATED COSTS

<u>PROJECTS</u>	<u>NEW CAPITAL</u>	<u>REPLACEMENT</u>
Water Services	\$ -	\$ 780,000
Water Meter	0	260,000
Fire Hydrants	0	650,000
Main Valve	0	910,000
Water Main Improvements	1,100,000	0
Production Projects	1,900,000	0
	<hr/>	<hr/>
	\$ 3,000,000	\$ 2,600,000

WATER SERVICES REPLACEMENT PROGRAM

FIVE YEAR PLAN

(\$000)

BEGINNING BALANCE	\$0
REVENUES	<u>0</u>
DEPRECIATION RESERVES - TRANSFER	<u>0</u>
DEPRECIATION - TRANSFER	\$2,600

LESS REPLACEMENT COSTS	<u>(2,600)</u>
ENDING BALANCE	<u>\$ 0</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. WATER SERVICE	\$ 471	780	796	812	828
2. WATER METER	1,178	260	265	271	276
3. FIRE HYDRANT	330	650	663	676	690
4. MAIN VALVE	377	910	928	947	966
5. PRODUCTION	0	0	0	0	0
6. WATER MAIN	0	0	0	0	0
7. NATURAL GAS ENGINE	0	0	0	0	0
TOTAL	<u>\$ 2,356</u>	<u>\$ 2,600</u>	<u>\$ 2,652</u>	<u>\$ 2,705</u>	<u>\$ 2,760</u>

WATER REPLACEMENT PROJECTS

1. Replace deficient water service lines.
2. Replace small and large deficient meters.
3. Replace deficient fire hydrants.
4. Replace non-repairable main line gate valves.
5. Replace production equipment as needed.
6. Replace water mains as needed.
7. Replace natural gas engines as needed.

WATER COST FACTOR

(PER ACRE FOOT)

	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>
IMPORT WATER COST	\$ 923.5	\$ 942.0	\$ 989.1	\$ 1,038.6	\$ 1,090.5
POWER COSTS	\$ 51.0	\$ 63.0	\$ 65.0	\$ 67.0	\$ 69.0
REPLENISHMENT ASSESSMENT (GROUNDWATER)	\$ 294.0	\$ 322.0	\$ 338.0	\$ 355.0	\$ 372.8
EQUITY ASSESSMENT (OVER PUMPING COSTS)	\$ 614.0	\$ 591.0	\$ 621.0	\$ 652.0	\$ 684.6
BASIN PRODUCTION PERCENTAGE	72%	70%	75%	75%	75%