

Garden Grove Sanitary District

INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal
Dept.: General Manager
Subject: GARDEN GROVE SANITARY DISTRICT ANNUAL BUDGET FOR FISCAL YEAR 2010/11

From: Keith G. Jones
Dept: Public Works
Date: June 22, 2010

OBJECTIVE

To receive District Board approval for the proposed Garden Grove Sanitary District (GGSD) Budget for fiscal year 2010/11.

BACKGROUND

During fiscal year 2009/10, 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;
- Sewer line improvements awarded and under construction: Heil Avenue - Harbor Boulevard, Brookhurst Street - Parliament Avenue, Garden Grove Boulevard - Brookhurst Way - Galway Street, Tiffany Lift Station;
- Removal and replacement of 112 manhole rings and covers;
- Inspection of 3,200 manholes out of 9,700 manholes;
- Continued implementation of the Sewer Main Cleaning Program, Manhole Inspection Program, Root Control Program, Insect Spraying Program, and Electrical Mechanical Maintenance Program for the District's lift stations;
- Continued flow monitoring throughout the system;
- Repaired 53 sewer main defects identified through closed circuit television (CCTV) inspections, installed 500 linear feet of new sewer line;
- Completion of CCTV work for 70,000 linear feet of sewer line and 700,000 linear feet of cleaning;
- Hired a consultant engineer to design Capital Improvement Projects at Heil Avenue - Harbor Boulevard, and Brookhurst Street - Parliament Avenue;
- Compliance with the State Water Resources Control Board's Statewide General Waste Discharge Requirement (WDR) mandates;
- Compliance with AB 939 waste diversion goals; and
- Compliance with all South Coast Air Quality Management and Orange County Health Care Agency regulations and rules related to closed landfills.

DISCUSSION

Each year it is necessary to adopt an annual budget to fund the District's operations, based on the organizational requirements of the District's sewer and refuse funds.

Goals for the upcoming fiscal year include:

- Completion of design and specifications for Capital Improvement Projects;
- Expand 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 GGSD's inactive Longsdon Pit landfill;
- Evaluate and address funding issues in solid waste and sanitary sewer regulation compliance as they arise; and
- Completion of Detachment of GGSD to Fountain Valley.

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 District Board approve the proposed Garden Grove Sanitary District Budget for fiscal year 2010/11 as presented.


KEITH G. JONES
Director of Public Works


By: David E. Entsminger
Water Services Manager

Attachment: GGSD Budget Report

Approved for Agenda Listing


Matthew Fertal
General Manager

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

OPERATIONS AND CAPITAL BUDGET
FISCAL YEAR 2010/11

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 2009-10 - 2011-12
(\$000)

	2009-10 Adopted Budget	FY 09-10 Projected Year End	FY 10-11 Proposed Budget	FY 11-12 Forecast
<u>FUNDS AVAILABLE</u>				
BEGINNING BALANCE	\$ 11,182.9	\$ 11,182.9	\$ 250.0	\$ 322.4
BOND PROCEEDS (Annual Allocation)	18,000.0	0.0	0.0	18,000.0
REVENUES	10,003.1	10,515.9	9,973.0	10,141.0
RATE ADJUSTMENT	0.0	0.0	0.0	0.0
FUNDS AVAILABLE	<u>39,186.0</u>	<u>21,698.8</u>	<u>10,223.0</u>	<u>28,463.4</u>
<u>OPERATION EXPENDITURES</u>				
OPERATIONS				
LABOR	2,216.3	2,212.2	2,414.0	2,462.3
CONTRACTUAL SERVICES	1,115.8	1,115.8	1,122.7	1,156.4
COMMODITIES	237.1	237.1	234.2	241.2
VEHICLE / EQUIPMENT RENTALS	216.4	216.4	230.1	237.0
INSURANCE	41.7	41.7	41.7	41.7
ADMIN SUPPORT COSTS	535.5	535.5	515.9	531.4
BOND ISSUANCE COSTS	0.0	0.0	0.0	0.0
DEBT SERVICE	1,488.4	1,488.4	1,465.7	1,462.3
LATERAL LOAN PROGRAM	45.0	45.0	0.0	45.0
OPERATING RESERVE	770.0	770.0	0.0	0.0
SEWER SYSTEM CONTINGENCY RESERVE	232.0	232.0	0.0	232.0
TOTAL OPERATION EXPENDITURES	<u>6,898.2</u>	<u>6,894.1</u>	<u>6,024.3</u>	<u>6,409.3</u>
<u>SEWER CAPITAL</u>				
CAPITAL REPLACEMENT	1,161.8	1,161.8	1,181.3	1,240.3
NEW CAPITAL IMPROVEMENTS	7,886.3	13,392.9	2,695.0	20,491.4
CAPITAL EXPENDITURES	<u>9,048.1</u>	<u>14,554.7</u>	<u>3,876.3</u>	<u>21,731.7</u>
TOTAL EXPENDITURES	15,946.3	21,448.8	9,900.6	28,141.0
FUNDS AVAILABLE	39,186.0	21,698.8	10,223.0	28,463.4
EXPENDITURES	<u>15,946.3</u>	<u>21,448.8</u>	<u>9,900.6</u>	<u>28,141.0</u>
ENDING BALANCE	\$ 23,239.7	\$ 250.0	\$ 322.4	\$ 322.4

CAPITAL IMPROVEMENTS - PUBLIC WORKS
SEWER

FY 2010-11

<u>DESCRIPTION</u>	CURRENT ESTIMATED COSTS	
	<u>NEW CAPITAL</u>	<u>REPLACEMENT</u>
Sewer Main Improvements	2,695,000	1,181,283
TOTAL	<u>\$ 2,695,000</u>	<u>\$ 1,181,283</u>

SEWER CAPITAL PROJECTS

FIVE YEAR PLAN

(\$000)

<u>PROJECTS</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
1. SEWER MAINS	<u>\$ 13,643</u>	<u>\$ 2,695</u>	<u>\$ 20,491</u>	<u>\$ 4,000</u>	<u>\$ 4,600</u>
TOTAL	<u>\$ 13,643</u>	<u>\$ 2,695</u>	<u>\$ 20,491</u>	<u>\$ 4,000</u>	<u>\$ 4,600</u>

SEWER REPLACEMENT PROGRAM

FIVE YEAR PLAN

(\$000)

BEGINNING BALANCE	\$ 0
REVENUES	<u>0</u>
DEPRECIATION RESERVES - TRANSFER	<u>0</u>
DEPRECIATION - TRANSFER	<u>\$ 1,181</u>
LESS REPLACEMENT COSTS	<u>(1,181)</u>
ENDING BALANCE	<u><u>\$ 0</u></u>

<u>PROJECTS</u>	<u>09-10</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
1. SEWER MAIN REPLACEMENT	\$ 962	\$ 981	\$ 1,040	\$ 1,102	\$ 1,167
2. MANHOLE REHABILITATION	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
TOTAL	<u><u>\$ 1,162</u></u>	<u><u>\$ 1,181</u></u>	<u><u>\$ 1,240</u></u>	<u><u>\$ 1,302</u></u>	<u><u>\$ 1,367</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 2009-10 - 2011-12
(\$000)

<u>FUNDS AVAILABLE</u>	FY 09-10 Proposed Budget	FY 09-10 Projected Year End	FY 10-11 Proposed Budget	FY 11-12 Forecast
BEGINNING BALANCE	\$ 280.4	\$ 280.4	\$ 750.0	\$ 506.3
REVENUES	8,272.0	8,272.0	1,822.8	1,877.5
RATE ADJUSTMENT	0.0	0.0	0.0	0.0
FUNDS AVAILABLE	\$ 8,552.4	\$ 8,552.4	\$ 2,572.8	\$ 2,383.8
 <u>OPERATIONS EXPENDITURES</u>				
OPERATIONS (REFUSE)				
LABOR	\$ 403.8	\$ 349.3	\$ 416.1	\$ 424.4
CONTRACTUAL SERVICES	7,086.0	6,401.5	444.8	467.0
COMMODITIES	14.5	14.5	14.5	15.2
INSURANCE	13.9	13.9	13.9	13.9
STREET REPAIR CHARGE	0.0	0.0	500.0	500.0
ADMIN SUPPORT	315.7	315.7	297.2	303.1
OPERATING RESERVE	207.5	207.5	180.0	180.0
LANDFILL RESERVE	500.0	500.0	200.0	150.0
TOTAL OPERATIONS EXPENDITURES	\$ 8,541.4	\$ 7,802.4	\$ 2,066.5	\$ 2,053.6
 FUNDS AVAILABLE	 8,552.4	 8,552.4	 2,572.8	 2,383.8
EXPENDITURES	8,541.4	7,802.4	2,066.5	2,053.6
ENDING BALANCE	11.0	750.0	506.3	330.2

GARDEN GROVE SANITARY DISTRICT
RESOLUTION NO.

A RESOLUTION OF THE GARDEN GROVE SANITARY DISTRICT
ADOPTING AN ANNUAL BUDGET FOR FISCAL YEAR 2010-11

WHEREAS, the Garden Grove Sanitary District has given careful consideration to the adoption of the Budget for Fiscal Year 2010-11.

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 \$13,148,321 from new appropriations for the planned activities shown below:

Expenditures

Sewer	\$ 11,081,862
Refuse	<u>2,066,459</u>
TOTAL EXPENDITURES	\$ 13,148,321

BE IT FURTHER RESOLVED that the total of \$13,148,321, 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 2010-11.

Funding

Fund 630 -	Garden Grove Sanitary District/ Sewer Operations	\$ 7,205,579
Fund 631 -	Garden Grove Sanitary District/ Sewer Capital *	2,223,000
Fund 632 -	Garden Grove Sanitary District/ Sewer Replacement	1,181,283
Fund 635 -	Garden Grove Sanitary District/ Sewer Fees	472,000
Fund 660 -	Garden Grove Sanitary District/ Refuse	<u>2,066,459</u>
	TOTAL FUNDING	<u>\$ 13,148,321</u>

* Transfer In The Garden Grove Sanitary District Sewer Funds:

Sewer Operations Fund To Sewer Capital Fund	\$ 2,223,000
--	--------------