

## Garden Grove Sanitary District

# INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	William E. Murray
Dept.:	General Manager	Dept:	Public Works
Subject:	GARDEN GROVE SANITARY DISTRICT ANNUAL BUDGET FOR FISCAL YEAR 2011/12	Date:	June 28, 2011

## OBJECTIVE

To receive Garden Grove Sanitary District (GGSD) Board approval for the proposed GGSD Budget for Fiscal Year 2011/12.

## BACKGROUND

During Fiscal Year 2010/11, 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 main improvement awarded and under construction at Brookhurst Street – Parliament Avenue;
- Removal and replacement of 120 manhole rings and covers;
- Inspection of approximately 2,990 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 20,650 linear feet;
- Treated 1,883 manholes through the Insect Spraying Program;
- Continued flow monitoring throughout the system;
- Repaired 46 sewer main defects identified through Sanitary Sewer Rehabilitation Plan;
- Completion of closed circuit television (CCTV) work for 58,000 linear feet of sewer line and approximately 680,000 linear feet of cleaning;
- Hired a consultant engineer to design Capital Improvement Projects at Lampson Avenue – Twintree Circle, and Lampson Avenue – Elmwood Street;
- 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 GGSD's operations, based on the organizational requirements of the GGSD's sewer and refuse funds.

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BUDGET FOR FISCAL YEAR 2011/12  
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Goals for the upcoming Fiscal Year include:

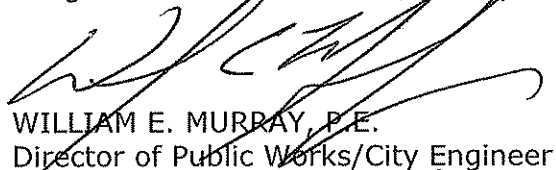
- Completion of design and specifications for Capital Improvement Projects;
- Expand the Manhole Inspection Program and replace deteriorated manhole rings and covers;
- Continue replacement of sewer main defects identified through CCTV inspections;
- Continue to implement State Water Resources Control 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; and
- 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 approve the proposed budget for Fiscal Year 2011/12 as presented.

  
WILLIAM E. MURRAY, P.E.  
Director of Public Works/City Engineer

  
By: David E. Entsminger  
Water Services Manager

Attachment: GGSD Budget Report

Approved for Agenda Listing

  
Matthew Ferial  
General Manager

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

OPERATIONS AND CAPITAL BUDGET  
FISCAL YEAR 2011/12

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.

### ISSUES

#### A. Federal and State Issues

1. New and stricter Sanitary Sewer Overflow requirements.

#### B. Local Issues

1. Comply with all State and Federal sanitary sewer requirements.
2. Implement fat, oil and grease control program.
3. Comply with all components of the Waste Discharge Requirements.

GARDEN GROVE SANITARY DISTRICT  
SEWER BUDGET  
FY 2010-11 - 2012-13  
(\$000)

	2010-11 Adopted Budget	FY 10-11 Projected Year End	FY 11-12 Proposed Budget	FY 12-13 Forecast
<u>FUNDS AVAILABLE</u>				
BEGINNING BALANCE	\$ 250.0	\$ 250.0	\$ 625.1	\$ 57.4
BOND PROCEEDS (Annual Allocation)	0.0	0.0	0.0	0.0
REVENUES	9,973.0	9,973.0	10,242.3	10,518.8
RATE ADJUSTMENT	0.0	0.0	0.0	0.0
FUNDS AVAILABLE	10,223.0	10,223.0	10,867.4	10,576.2
<u>OPERATION EXPENDITURES</u>				
OPERATIONS				
LABOR	2,414.0	2,111.3	2,507.2	2,462.3
CONTRACTUAL SERVICES	1,122.7	1,122.7	1,125.0	1,157.2
COMMODITIES	234.2	234.2	238.2	238.5
VEHICLE / EQUIPMENT RENTALS	230.1	230.1	241.7	250.7
INSURANCE	41.7	41.7	41.7	41.7
ADMIN SUPPORT COSTS	515.9	515.9	512.2	527.6
BOND ISSUANCE COSTS	0.0	0.0	0.0	0.0
DEBT SERVICE	1,465.7	1,465.7	1,462.3	1,462.3
LATERAL LOAN PROGRAM	0.0	0.0	0.0	0.0
OPERATING RESERVE	0.0	0.0	250.0	0.0
SEWER SYSTEM CONTINGENCY RESERVE	0.0	0.0	0.0	0.0
TOTAL OPERATION EXPENDITURES	6,024.3	5,721.6	6,378.3	6,140.3
<u>SEWER CAPITAL</u>				
CAPITAL REPLACEMENT	1,181.3	1,181.3	1,431.7	1,474.7
NEW CAPITAL IMPROVEMENTS	2,695.0	2,695.0	3,000.0	2,000.0
CAPITAL EXPENDITURES	3,876.3	3,876.3	4,431.7	3,474.7
TOTAL EXPENDITURES	9,900.6	9,597.9	10,810.0	9,615.0
FUNDS AVAILABLE	10,223.0	10,223.0	10,867.4	10,576.2
EXPENDITURES	9,900.6	9,597.9	10,810.0	9,615.0
ENDING BALANCE	\$ 322.4	\$ 625.1	\$ 57.4	\$ 961.2

CAPITAL IMPROVEMENTS - PUBLIC WORKS  
SEWER

FY 2011-12

DESCRIPTION	CURRENT ESTIMATED COSTS	
	NEW CAPITAL	REPLACEMENT
Sewer Main Improvements	3,000,000	1,431,726
TOTAL	<u>\$ 3,000,000</u>	<u>\$ 1,431,726</u>

# SEWER CAPITAL PROJECTS

## FIVE YEAR PLAN

(\$000)

<u>PROJECTS</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>
1. SEWER MAINS	\$ 2,695	\$ 3,000	\$ 2,000	\$ 4,600	\$ 4,250
TOTAL	\$ 2,695	\$ 3,000	\$ 2,000	\$ 4,600	\$ 4,250

# SEWER REPLACEMENT PROGRAM

## FIVE YEAR PLAN

(\$000)

BEGINNING BALANCE	\$ 0
REVENUES	<u>0</u>
DEPRECIATION RESERVES - TRANSFER	<u>0</u>
DEPRECIATION - TRANSFER	<u>\$ 1,432</u>
LESS REPLACEMENT COSTS	<u>1,432</u>
ENDING BALANCE	<u><u>\$ 2,864</u></u>

<u>PROJECTS</u>	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>
1. SEWER MAIN REPLACEMENT	\$ 981	\$ 1,232	\$ 1,275	\$ 1,319	\$ 1,364
2. MANHOLE REHABILITATION	200	200	200	200	200
TOTAL	<u>\$ 1,181</u>	<u>\$ 1,432</u>	<u>\$ 1,475</u>	<u>\$ 1,519</u>	<u>\$ 1,564</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)

	FY 10-11 Adopted Budget	FY 10-11 Projected Year End	FY 11-12 Proposed Budget	FY 12-13 Forecast
<u>FUNDS AVAILABLE</u>				
BEGINNING BALANCE	\$ 750.0	\$ 750.0	\$ 532.2	\$ 203.1
REVENUES	<u>1,822.8</u>	<u>3,172.9</u>	<u>3,129.5</u>	<u>3,222.9</u>
FUNDS AVAILABLE	\$ <u>2,572.8</u>	\$ <u>3,922.9</u>	\$ <u>3,661.7</u>	\$ <u>3,426.0</u>
<u>OPERATIONS EXPENDITURES</u>				
OPERATIONS (REFUSE)				
LABOR	\$ 416.1	\$ 390.2	\$ 435.6	\$ 438.5
CONTRACTUAL SERVICES	444.8	1,794.9	1,721.1	1,807.2
COMMODITIES	14.5	14.5	14.5	15.2
INSURANCE	13.9	13.9	13.9	13.9
STREET REPAIR CHARGE	500.0	500.0	500.0	500.0
ADMIN SUPPORT	297.2	297.2	73.5	75.0
OPERATING RESERVE	180.0	180.0	200.0	200.0
LANDFILL RESERVE	<u>200.0</u>	<u>200.0</u>	<u>500.0</u>	<u>200.0</u>
TOTAL OPERATIONS EXPENDITURES	\$ <u>2,066.5</u>	\$ <u>3,390.7</u>	\$ <u>3,458.6</u>	\$ <u>3,249.8</u>
FUNDS AVAILABLE	2,572.8	3,922.9	3,661.7	3,426.0
EXPENDITURES	<u>2,066.5</u>	<u>3,390.7</u>	<u>3,458.6</u>	<u>3,249.8</u>
ENDING BALANCE	506.3	532.2	203.1	176.3