

Fairfield-Suisun Sewer District

2011/12 Budget and Long-Term Financial Plan

Adopted June 27, 2011



Fairfield-Suisun Sewer District protects public health and the environment for the communities we serve in an efficient, responsible, and sustainable manner.

Board of Directors

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MEMORANDUM

DATE: May 23, 2011

TO: Board of Directors

THROUGH: Greg Baatrup
General Manager

FROM: Helen Gaumann
Director of Administrative Services

SUBJECT: 2011/12 Budget and Long-Term Financial Plan

SUMMARY

We are pleased to submit the 2011/12 revenue and expense projections along with a Long-Term Financial Plan for all District funds and reserve accounts:

- Wastewater Operations Fund
- Wastewater Capital Fund
- Wastewater Construction Fund
- Wastewater Reserves
- Drainage Maintenance

These projections are based on current District rates and ordinances and a 10-year forecast of growth in the cities of Fairfield and Suisun City. This forecast is used to estimate capacity fee and service charge revenues, and to establish the scope and scheduling of major maintenance and capital improvements.

Based on forecasts and actual revenues and expenses for 2010/11, the budget for 2011/12 is presented for Board approval, along with a revised 2010/11 budget. The Long-Term Financial Plan incorporates all proposed capital projects and debt service for existing bonds for the 10-year period. As always, the implementation of any capital project requires subsequent specific Board approval.

The Budget and Long-Term Financial Plan will be on the agenda for consideration by the Board at its June 27 meeting.

GOALS

Under these long-term revenue and expense projections, the following goals are met:

- 1) Completed construction of all facilities identified under the District's capital improvement program with scheduling based on projected community growth.
- 2) Maintain operating cash reserves of at least two months of operating expenses to ensure smooth cash flow.
- 3) Maintain minimum bond coverage ratio as legally mandated.
- 4) Pay all debt service for system expansion from capacity fees.
- 5) Maintain sufficient capital reserves to pay for future plant expansions, reduce reliance on bond financing, and meet necessary bond costs when capacity fee revenue diminishes after build-out.
- 6) Accumulate major maintenance/replacement reserves to ensure a source of funds for major maintenance and repairs, upgrades and eventual replacement of the treatment plant and sewer system.

BUDGET

Schedule 1 on page 14 summarizes the District's revenues and expenses. This schedule presents adopted 2010/11 budget to the revised 2010/2011 budget for the fiscal year. It also shows the estimated balance of the District's major reserves at the fiscal year end. Highlights of the overall program include:

Revenues

Overall 2010/11 revenues were around \$2.9 million lower than projected largely due to timing of the reimbursements from the State Revolving Fund program. Other contributing factors include:

- Sewer Service Charges was approximately \$467,000 less than projected due mainly to Anheuser-Busch process changes resulting in lower strength and flow discharge. The economic downturn is also affecting some customers' ability to pay sewer services resulting in slightly lower collection from the City of Fairfield.
- Capacity fees were around \$500,000 lower than budgeted due to slower-than-anticipated growth
- Interest earnings are lower due to the lower interest rates and planned reduction in cash balance.
- Funds received for the Ultraviolet Disinfection (UV) project from the State of California reimbursement under the State Revolving Fund program was approximately \$1.9 million less than budgeted due mainly to timing difference. The UV project will be fully funded through the SRF program and the remainder of the funds will be received in the next fiscal year when the project is completed.
- Other Income, which are non-recurring revenues were \$62,000 lower than projected.

2011/12 Budget and Long-Term Financial Plan

Expenses

- Overall 2010/11 expenses were approximately \$2.0 million less than projected largely due to the timing of payments to the contractors on the UV project.
- The conversion to District-run Operations and Maintenance continues to be a success, not only have all the desired objectives been met, savings of approximately \$216,000 have again been realized in its third year.
- Expenses for sewer service charge funded programs (excluding major maintenance) are approximately \$120,000 lower than forecasted.
- The difference in the Major Maintenance category is due to a combination of project deferrals and timing. Certain projects such as the blower, pavement slurry seal and overlay have been re-prioritized and re-scheduled for later years. The UV project had a later start therefore, construction payments this year were less than initially budgeted. Repayment on the SRF loan which was budgeted for this year will not start until fiscal year 2011/12, after the project is completed.
- Construction projects had a variance of approximately \$729,000 due mainly to the final payments on the Primary Treatment Plant Expansion project which was completed at the beginning of this fiscal year.

2011/12 Budget and Long-Term Financial Plan

2011/12 Revenues

Figure 1 shows the 2011/12 estimated revenues by type. The 2011/12 budget forecast assumes growth and capacity fee revenue will remain slow the next few years. Interest earnings will continue to decrease due to declining interest rates and as the reserve balance is drawn down to pay for major maintenance and sewer treatment plant projects.

2011/12 Expenses

Figure 2 shows estimated expenses for 2011/12 by type. Total revenue this year is higher than projected expenses mainly because of the SRF reimbursement which is anticipated to be received this year. There is no attempt to match expenses to revenues in any single year. Rather the District relies on long-term financial planning where reserves are periodically built up to fund major projects in future years.

Figure 1

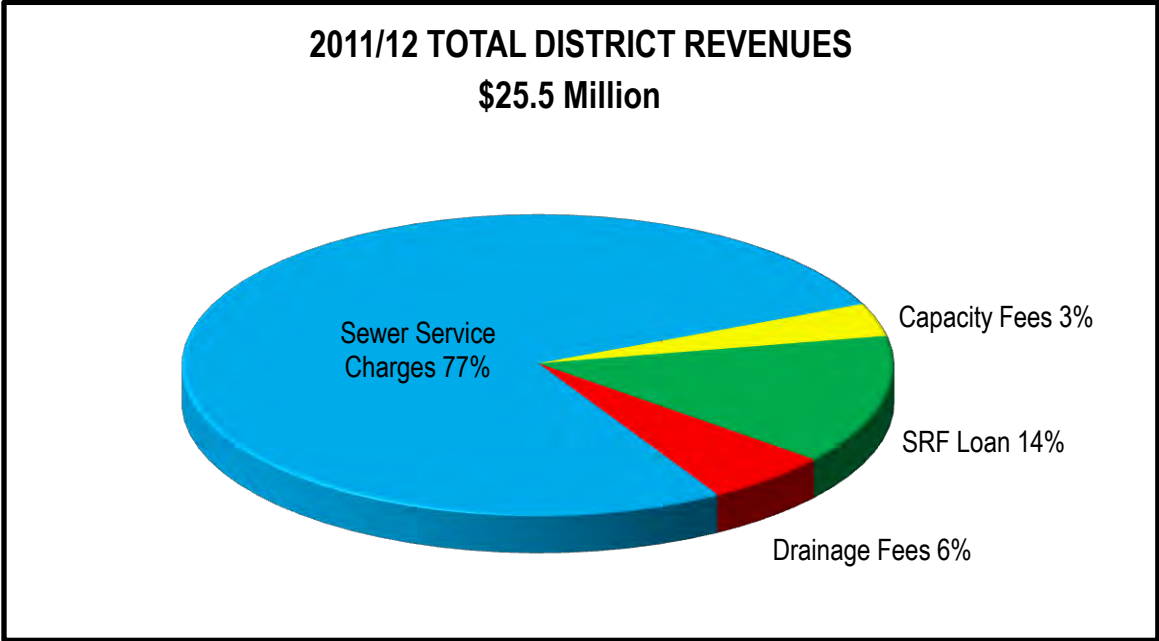
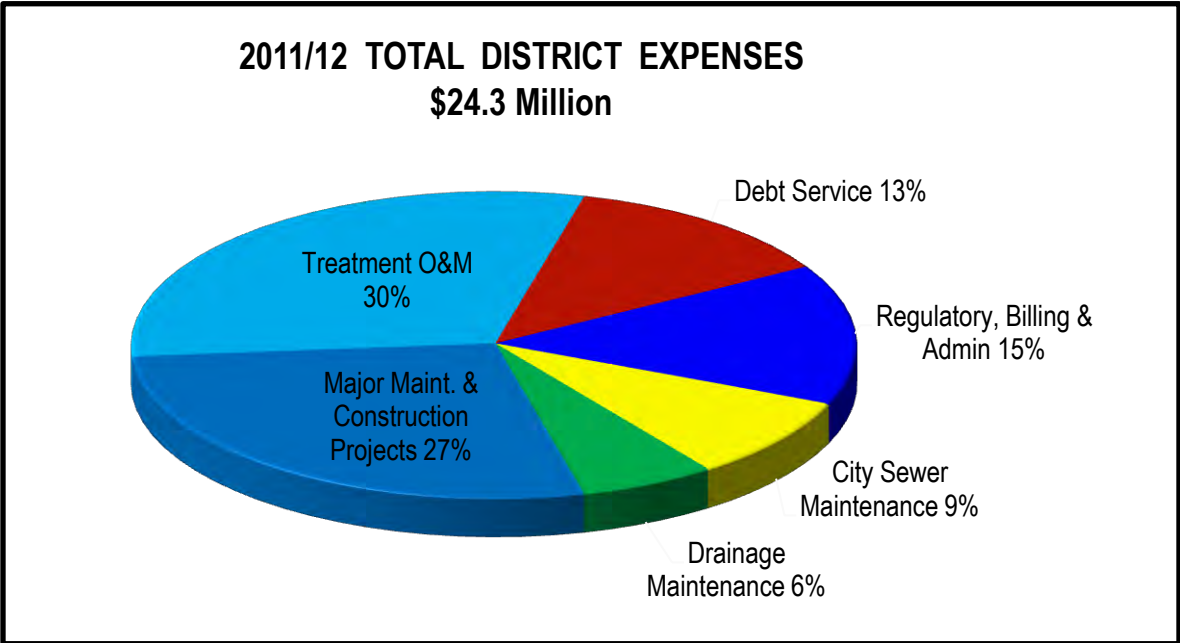


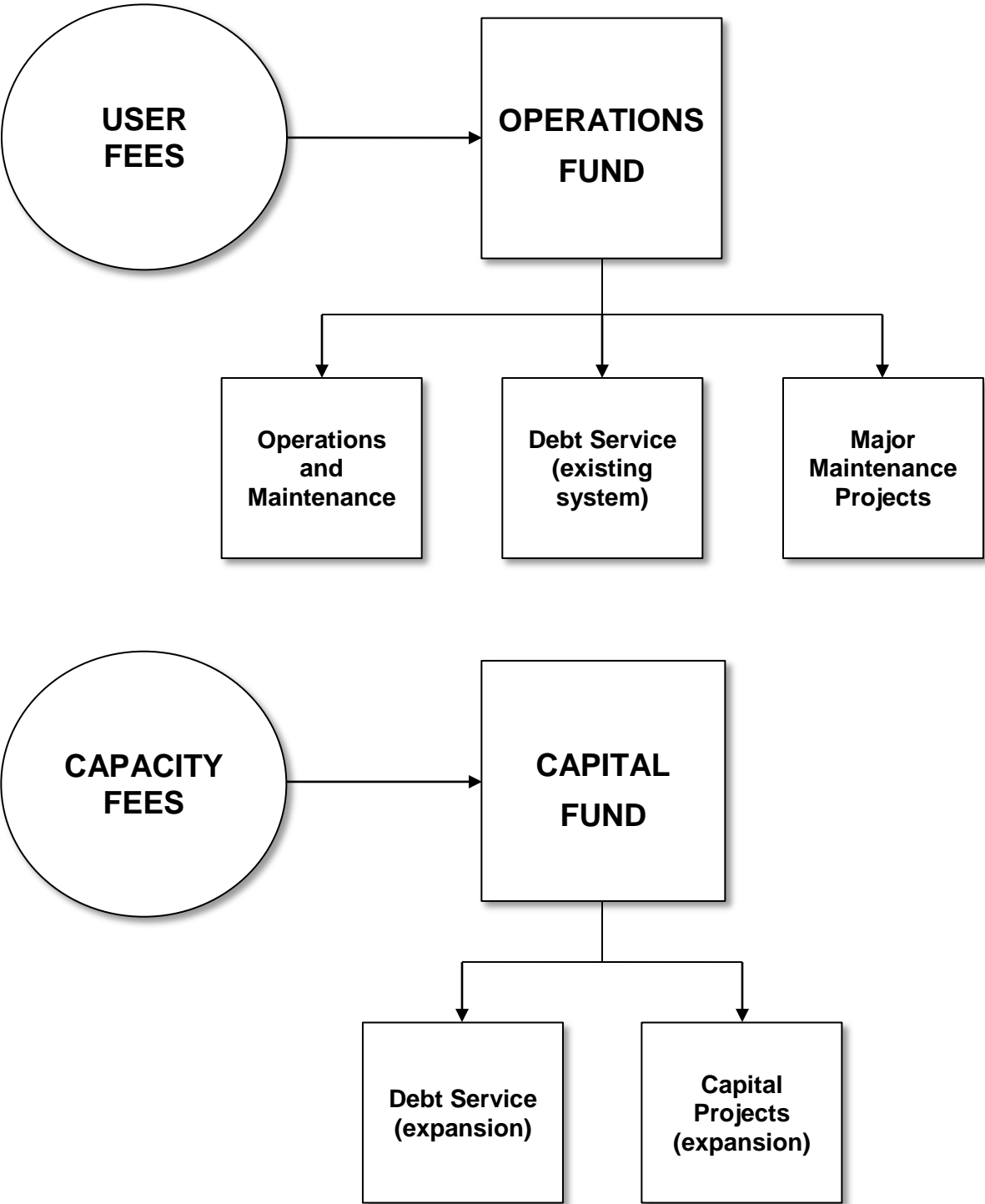
Figure 2



LONG-TERM FINANCIAL PLAN

Figure 3 highlights the flow of funds and utilization of the District’s wastewater funds and reserves. Schedules 2 to 6 provide a comprehensive 10-year look at each fund and reserve account.

Figure 3



Schedule 2 - Wastewater Operations Fund

- The Operations Fund pays for all treatment plant and sewer system operating expenses, including collection, treatment, maintenance, billing, regulatory activities, and administration. It receives revenue from user fees and related interest income. The Operations Fund receives no property tax revenues.
- Funds are transferred to the Capital Fund to pay debt service and project costs attributable to the existing system only (not expansion costs), based on the most recent capacity study and master plan. Any net revenues at year-end are transferred to the Major Maintenance/Replacement Reserve.
- Contributions to the Major Maintenance/Replacement Reserve are made pursuant to the 2005 Board Policy, and are projected to average 2% of plant replacement cost over the 10-year period. These contributions help the District accumulate sufficient reserves for infrastructure maintenance and replacement.
- Because of significant maintenance projects recently accomplished and currently under way, the District's goal of keeping a minimum of 1% of replacement cost in current year reserves is not being met. We do estimate, however, that those reserves will begin to grow over the 10-year period.

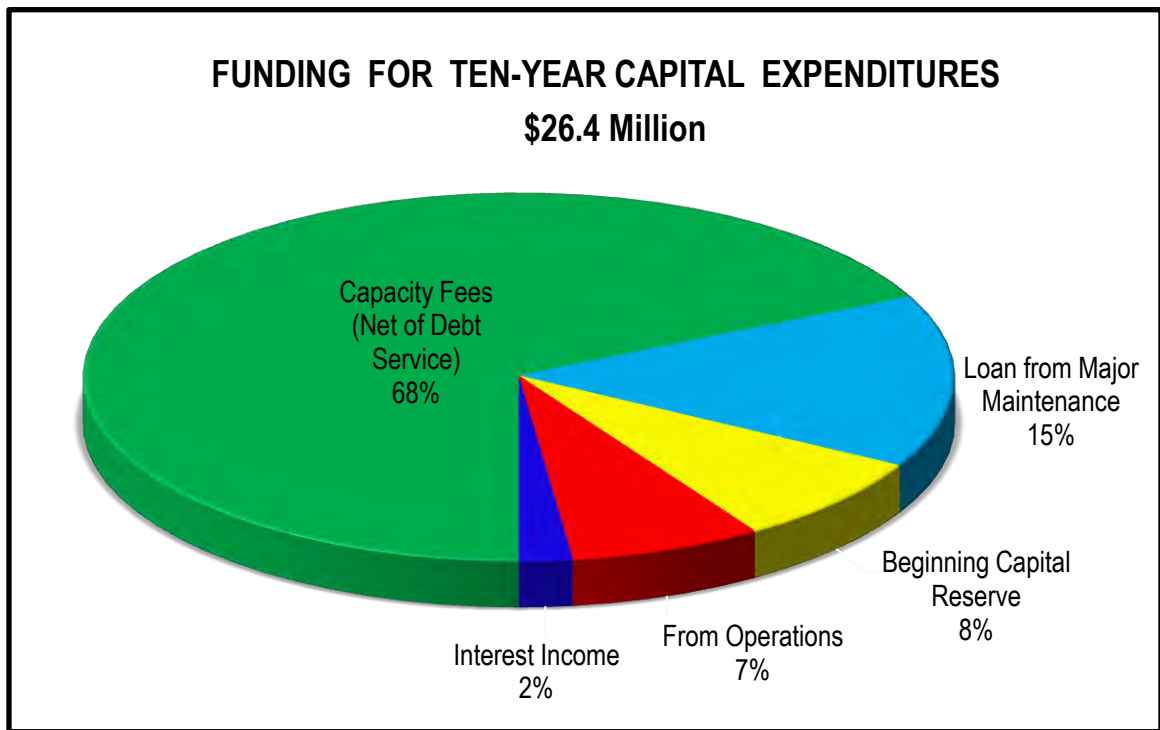
Schedule 3 - Wastewater Capital Fund

- The Capital Fund receives revenues from capacity fees and related interest income. The Capital Fund receives no property tax revenues.
- Capacity fee revenues are based on growth forecasts for Fairfield and Suisun City.
- This fund contributes all revenue in excess of debt service needs to the Capital Reserve. Capital Reserve funding can be used to pay cash for a portion of future projects and to meet future debt service when capital revenue sources are diminished. Approximately \$21.6 million is transferred to the Capital Reserve during the 10-year period.
- The District currently has only one outstanding bond issued for capital expansions, which will be paid off in 2016.

Schedule 4 - Construction Fund

- This fund pays for the major wastewater construction projects.
- Project costs is around \$14 million during the 10-year period.
- Project costs reflect effects of inflation over time to avoid underestimating cost.
- In order to minimize debt, funding is provided by capacity fees to the extent possible. That portion of capital projects identified as correcting existing deficiencies (not expansion) is funded from Operations revenues. Figure 4 below shows the breakdown of how the capital projects will be funded over the 10-year period.

Figure 4



Schedule 5 - Wastewater Reserves

Reserve for Other Post Employee Benefits

- This reserve was established in 2009 to fund future payments of retiree post-employment benefits. Budgeted annual contributions to this reserve are based on the most recent actuarial analysis.

Debt Service Reserve

- This reserve reflects funds held by the bond trustee for debt service reserve purposes. These funds are not available to the District until the final bond issue is paid off in 2016. The District does, however, realize interest income on these amounts.

Capital Reserve

- This reserve accumulates annual net revenues for two purposes: making cash contributions to capital projects (\$21.6 million through 2019/20), and making debt service payments if capacity fee shortages are experienced, which will be necessary this fiscal year and next.
- Figure 5 shows the “life cycle” of the Capital Reserve. Significant balances are periodically built up, then subsequently drawn down to pay for sewer and treatment plant expansion projects.

Major Maintenance Reserve

- This reserve plays a key role, as it is a source of funds for major maintenance and repairs, upgrades and eventual replacement of the treatment plant and sewer system.
- In 2005, the Board adopted a policy on contributions to the Major Maintenance and Replacement Reserve which calls for a minimum of 1.0% of plant and sewer system replacement cost to be contributed to the reserve each year that net income allows.
- Figure 6 compares the replacement cost of the treatment plant and sewer systems to the Major Maintenance and Replacement Reserve. In 2011 the replacement cost of the treatment plant and trunk sewer system is \$352 million and estimated to be around \$484 million at the end of this 10-year budget forecast. With the addition of new facilities and the compounding effect of inflation, in 50 years the replacement cost of the entire system will be over \$2 billion.

This analysis points out the significant investment the District has in its system and the need to continue prudent policies for funding future maintenance and replacement. By contributing to this reserve and using the reserve for rehabilitations and replacements, the District will avoid the costs of debt to replace facilities and equipment at the end of the useful life of facility components.

- The estimated 2011/12 contribution to the Major Maintenance/ Replacement Reserve is approximately \$5.5 million. However, expenses in that year, not including the ultraviolet disinfection project, are projected to be approximately \$4.4 million.
- The District is utilizing the State Revolving Fund Loan program to fund up to \$11.1 million for the ultraviolet disinfection project. The program provides 20-year loans at reduced interest rates.

Figure 5

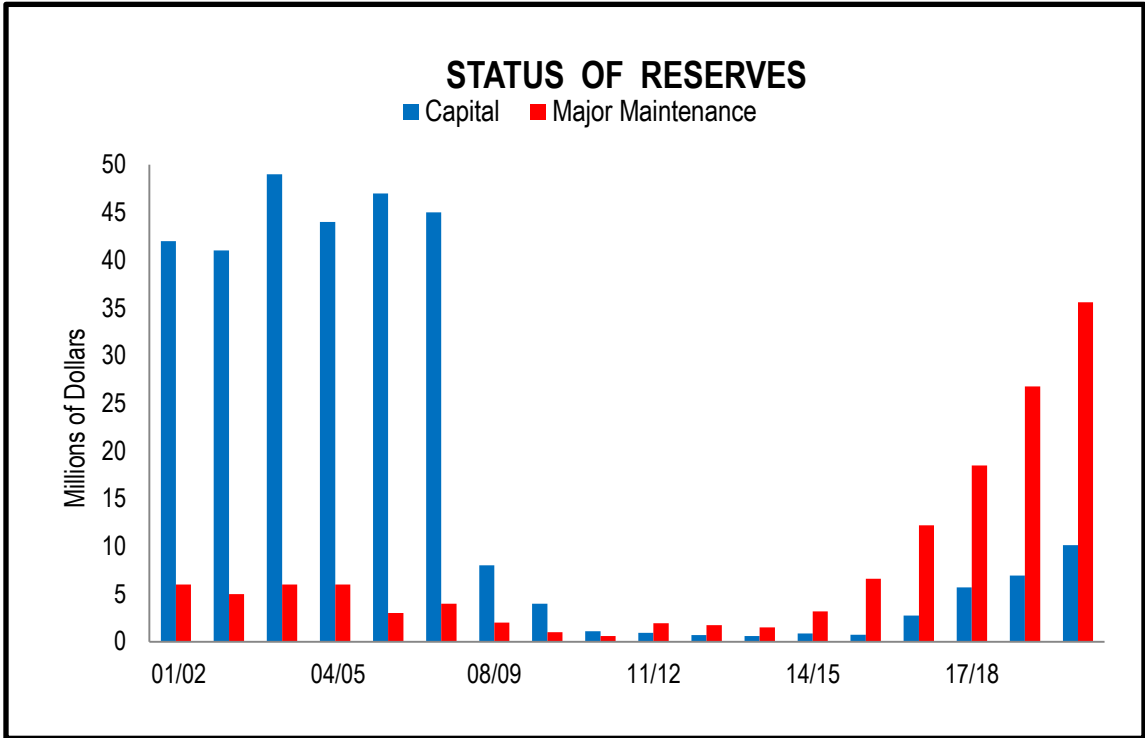
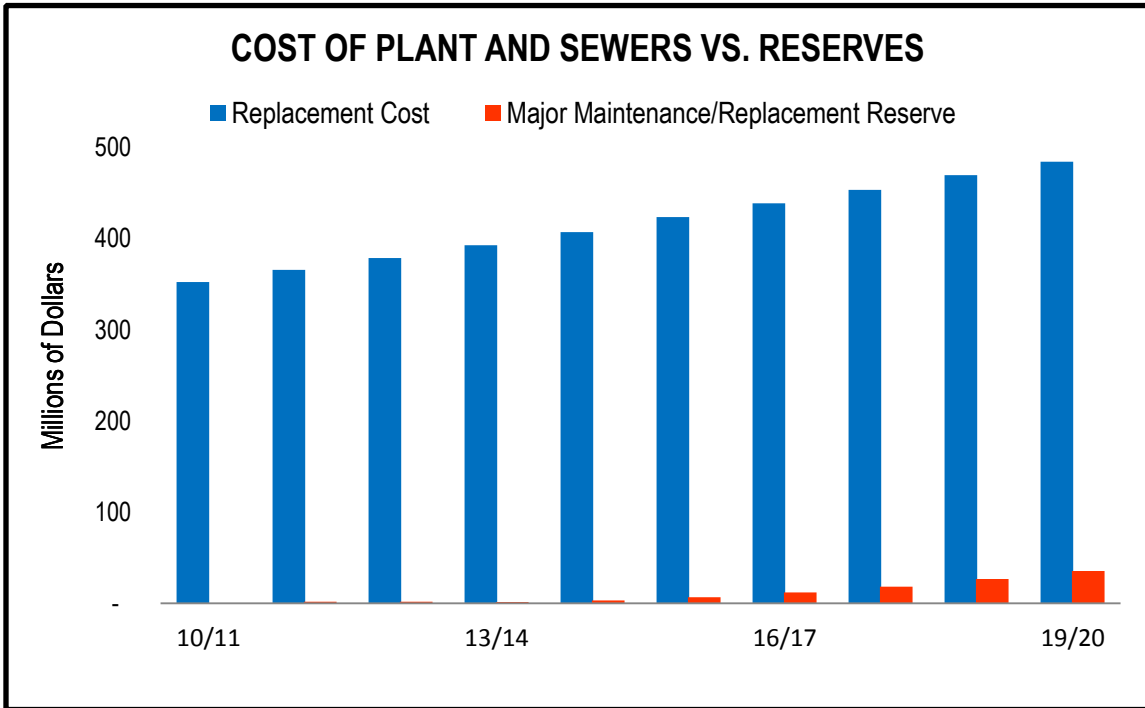


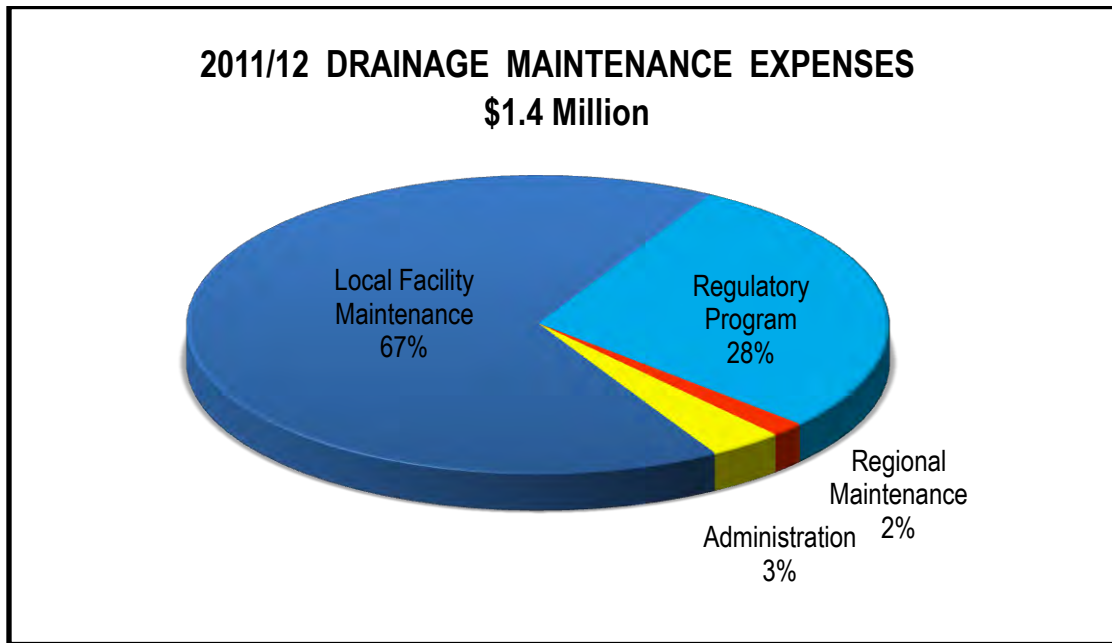
Figure 6



Schedule 6 - Drainage Maintenance

- Proposed expenses for 2011/12 total \$1.4 million; see Figure 7 for a breakdown of the 2011/12 budget.
- Rates have remained stable since the drainage utility's inception in 1988 (roughly \$20/year per residence). There are no changes to this year's rates.

Figure 7



CONCLUSION

The Board's continued support of long-range fiscal planning has produced a stable financial structure to meet the District's current and future needs given a range of possible community growth rates. This structure has proven flexible enough to withstand the past few years – and projected future two years – of slow growth. The implementation of long-planned capital improvements, already underway, will continue.

We thank the staff of Fairfield, Suisun City and the District for their cooperation and assistance in the preparation of this budget.

FAIRFIELD-SUISUN SEWER DISTRICT
ORDINANCE NO. 2011-01

AN ORDINANCE AMENDING ORDINANCE NO. 88-2 AND ADOPTING WITHOUT INCREASE THE FAIRFIELD-SUISUN SEWER DISTRICT ANNUAL STORM DRAIN MAINTENANCE SERVICE CHARGES

1. THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN SEWER DISTRICT DOES HEREBY AMEND PARAGRAPH 2 OF SECTION 1 OF ORDINANCE NO. 88-2 AS FOLLOWS:

“2. Schedule of Charges. The storm drain maintenance charges continue unchanged for fiscal year 2011/12 at the same rates as 2010/11, and such charges are assigned to lots or parcels of land as follows:

CATEGORY	RATE
A. Residential: Single-family to Four-plex (Improved property in County Assessor Codes 1000, 1500, 2100 – 4 units or less)	\$20.23 per lot or parcel
B. Multiple Family and Institutional (Improved property in County Assessor Codes 2000 and 2100 – greater than 4 units, 2700, 8100, 8200, 8300, 8500, 8700)	\$250.51 per acre
C. Commercial and Industrial (Improved property in County Assessor codes 3100, 3200, 3400, 3500, 3800, 4400)	\$313.14 per acre
D. Undeveloped (Unimproved property greater than 0.1 acres in all above County Assessor Code Categories, plus all property in County Assessor Codes 1100, 2000, 3000, 4000, 5000, 6100, 6400, 8400, and 9800)”	\$1.06 per acre or portion thereof


2. This Ordinance shall be posted for one week in three public places in the City of Fairfield and three public places in the City of Suisun City and shall take effect upon expiration of the week of such posting.

PASSED AND ADOPTED this 27th day of June 2011, by the following vote:

AYES: Directors ~~Day-Derting-Hudson-Moy-Mraz~~
Price-Sanchez-Segala-Timm-Vaccaro

NOES: Directors None

ABSENT: Directors Day, Mraz, Segala


President

ATTEST:


District Clerk

FAIRFIELD-SUISUN SEWER DISTRICT
RESOLUTION NO. 2011-06

A RESOLUTION APPROVING REVISED 2010/11 AND 2011/12 FISCAL YEAR
REVENUE AND EXPENSE PROJECTIONS AND LONG-TERM FINANCIAL PLAN

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN
SEWER DISTRICT:

1. The District hereby adopts the estimated revenues, expenditures and interfund transfers for all funds and reserves for the revised 2010/11 fiscal year and for the 2011/12 fiscal year, which are attached hereto and made a part thereof.
2. The District hereby adopts the Long-Term Financial Plan, attached hereto and made a part hereof, as an operating guideline for the scheduling and financing of future capital projects and bond issuance; provided that all projects and bonds are subject to subsequent District approval.
3. The General Manager is hereby authorized and directed to allocate net operations revenue, if realized, to the major maintenance/replacement reserve fund in accordance with the major maintenance reserve contribution policy, and net capital revenue, if realized, to the capital reserve fund.
4. The General Manager is hereby authorized and directed to take all steps necessary and proper to implement this resolution in accordance with District policies and procedures.
5. The District finds that the activities authorized herein are statutorily or categorically exempt under one or more of the following CEQA Guidelines: 15378 (The activity is not a "project" as defined in Section 15378); 15061(b)(3) (It can be seen with certainty that there is no possibility that this activity may have a significant effect on the environment); 15378(b)(4) (Government fiscal activities which do not involve any commitment to any specific project); 15262 (Feasibility and Planning Studies); and 15306 (Information Collection). Staff is hereby authorized to file a Notice of Exemption under CEQA Guidelines 15062.

PASSED AND ADOPTED this 27th day of June 2011, by the following vote:

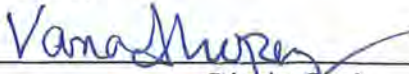
AYES: Directors ~~Day-Derting-Hudson-Moy-Mraz~~
~~Price-Sanchez-Sogala-Timm-Vaccaro~~

NOES: Directors None

ABSENT: Directors Day, Mraz, Sogala


President

ATTEST:


District Clerk

2011/12 Budget and Long-Term Financial Plan

SCHEDULE 1 2010/11 REVISED ESTIMATE COMPARISON TO BUDGET

(Dollars in 000s)

		2011/12 Budget Schedule Reference	2010/11 Budget	2010/11 Revised Estimate	Dollar Variance	Percent Variance
1 REVENUES:						
2	Sewer Service Charges	Schedule 2, line 2	\$18,999	\$18,532	(\$467)	-2.5%
3	Capacity Fees	Schedule 3, lines 2-3	1,745	1,220	(525)	-30.1%
4	Drainage Maintenance Fees	Schedule 6, line 2	1,476	1,455	(21)	-1.4%
5	Interest Income	All Schedules	75	67	(8)	-10.2%
6	State Revolving Fund Loans	Schedule 5, line 24	8,225	6,372	(1,853)	-22.5%
7	Other Income	Schedule 2, line 4	112	50	(62)	-55.4%
8 Total Revenues			\$30,632	\$27,696	(\$2,936)	-9.6%
9 EXPENSES:						
10	Treatment Plant O&M	Schedule 2, line 7-8	\$7,465	\$7,249	(\$216)	-2.9%
11	Regulatory, Billing & Admin	Schedule 2, lines 10-14 and Schedule 5, line 5	3,182	3,395	213	6.7%
12	City Sewer Line Maintenance	Schedule 2, line 9	2,105	1,988	(117)	-5.6%
13	Major Maintenance Projects	Schedule 5 lines 26-27	13,663	11,122	(2,541)	-18.6%
14	Construction Projects	Schedule 4, line 18	999	1,728	729	73.0%
15	Debt Service	Schedule 3, line 9	2,434	2,434	0	0.0%
16	Drainage Maintenance	Schedule 6, lines 10, 21, 26, 31, 36	1,506	1,417	(89)	-5.9%
17 Total Expenses			\$31,354	\$29,333	(\$2,021)	-6.4%

RESERVE BALANCES AT YEAR-END

18	Capital Reserve	Schedule 5, line 20	\$604
19	Major Maintenance Reserve	Schedule 5, line 31	\$636

2011/12 Budget and Long-Term Financial Plan

SCHEDULE 2 WASTEWATER OPERATIONS FUND FORECAST

(Dollars in 000s)

	Revised 10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	TOTALS
1 REVENUES:											
2 Sewer Service Charges	\$18,532	\$19,542	\$20,691	\$21,936	\$23,316	\$24,851	\$26,513	\$28,294	\$30,143	\$32,098	\$245,914
3 Interest Income	15	9	10	34	42	50	59	69	86	91	464
4 Other Income	50	51	52	53	54	55	56	57	59	60	547
5 Total Revenues	18,597	19,602	20,752	22,023	23,412	24,956	26,628	28,420	30,288	32,248	246,925
6 EXPENSES:											
7 Treatment Plant O&M	5,626	5,779	5,908	6,098	6,294	6,496	6,705	6,922	7,146	7,377	64,350
8 Electricity and Chemicals	1,624	1,585	1,680	1,780	1,887	2,000	2,120	2,248	2,383	2,525	19,832
9 City Sewer Line Maintenance (1)	1,988	2,107	2,234	2,368	2,510	2,660	2,820	2,989	3,169	3,359	26,203
10 Admin, Legal, Board	822	880	941	1,007	1,077	1,153	1,234	1,320	1,412	1,511	11,357
11 Utility Billing Fees - Fairfield	352	369	392	416	441	468	496	527	559	593	4,612
12 Utility Billing Fees - Suisun	106	110	114	119	124	129	134	139	145	151	1,270
13 Financial & Personnel Services	731	775	821	871	923	978	1,037	1,099	1,165	1,235	9,635
14 Regulatory Programs (2)	1,345	1,426	1,512	1,602	1,699	1,800	1,908	2,023	2,144	2,273	17,733
15 Total Expenses	12,593	13,031	13,602	14,261	14,954	15,685	16,455	17,267	18,122	19,024	154,993
16 Net Revenue (Expenses)	6,004	6,571	7,150	7,763	8,457	9,271	10,173	11,153	12,166	13,224	91,932
17 Transfer Out-OPEB Reserve	(480)	(502)	(523)	(546)	(569)	(593)	(618)	(642)	(667)	(693)	(5,833)
18 Transfer Out-Major Maint. Rsv. (3)	(4,966)	(5,528)	(6,064)	(6,640)	(7,773)	(8,556)	(9,426)	(10,376)	(11,356)	(12,381)	(83,066)
19 Is Major Maintenance Policy Met?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0
20 Major Maintenance Contribution %	1.41%	1.51%	1.60%	1.70%	1.92%	2.02%	2.15%	2.29%	2.42%	2.56%	0
21 Transfer Out-Capital Fund (4)	(468)	(468)	(468)	(467)	0	0	0	0	0	0	(1,872)
22 Beginning Cash Balance	2,008	2,098	2,171	2,266	2,376	2,491	2,613	2,741	2,877	3,019	2,008
23 Ending Available Cash Balance (5)	\$2,098	\$2,171	\$2,266	\$2,376	\$2,491	\$2,613	\$2,741	\$2,877	\$3,019	\$3,169	\$3,169

Note 1 - This is maintenance for under-12" sewers owned by the cities and includes tv inspection of city sewer lines performed by the District. Trunk sewer maintenance is funded from the Major Maintenance Reserve.

Note 2 - Regulatory Programs include Air Quality Compliance, Regional Monitoring Program fees, Hazardous Materials fees, NPDES permit studies and fees, Laboratory costs, Source Control (Industrial Monitoring and Pollution Prevention programs mandated by RWQCB) and \$45,000 participation in Fairfield-Suisun household hazardous waste programs.

Note 3 - Major Maintenance/Replacement Reserve contribution goal set at 1% of current facility replacement cost, subject to availability of net operating income, per Board policy (2005).

Note 4 - Debt service on portion of 1986/2001 Revenue Refunding bonds upgrading the current system. New plant and sewer capacity projects are paid from capacity fees.

Note 5 - Operations Fund retains cash balance of two months' operating expenses; remaining available funds transferred to Major Maintenance/Replacement Reserve.

2011/12 Budget and Long-Term Financial Plan

SCHEDULE 3 WASTEWATER CAPITAL FUND FORECAST

(Dollars in 000s)

	Revised 10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	TOTALS
1 REVENUES:											
2 Fairfield Capacity Fees	\$1,220	\$912	\$1,967	\$2,492	\$3,241	\$4,113	\$4,063	\$4,126	\$3,633	\$3,577	\$29,344
3 Suisun City Capacity Fees	0	0	30	59	149	297	297	297	297	297	1,723
4 Interest Earnings on Debt Reserve	15	15	15	30	35	40	14	0	0	0	163
5 Total Revenues	1,235	926	2,011	2,582	3,424	4,450	4,374	4,424	3,930	3,875	31,231
6 EXPENSES:											
7 2010 Series A Refunding Bonds	2,427	2,427	2,425	2,427	2,423	2,426	0	0	0	0	14,555
8 Fiscal Agent Fees	7	7	8	8	9	9	0	0	0	0	48
9 Total Expenses	2,434	2,434	2,433	2,435	2,432	2,435	0	0	0	0	14,603
10 Revenues less Expenses	(1,199)	(1,508)	(422)	146	993	2,015	4,374	4,424	3,930	3,875	16,628
11 Transfer Out- Capital Reserve (1)	0	0	(47)	(614)	(993)	(3,375)	(4,374)	(4,424)	(3,930)	(3,875)	(21,631)
12 Transfer In-Capital Reserve (2)	731	1,040	0	0	0	0	0	0	0	0	1,771
13 Transfer In-Debt Service Reserve (3)	0	0	0	0	0	1,360	0	0	0	0	1,360
14 Transfer In-Operations (4)	468	468	468	467	0	0	0	0	0	0	1,872
15 Beginning Cash Balance	0	0	0	0	0	0	0	0	0	0	0
16 Ending Available Cash Balance (5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1 - Contributions to Capital Reserve for future construction projects made from net capital revenues.

Note 2 - If capital revenues are insufficient to meet debt service, the Capital Reserve is used to make up the difference.

Note 3 - Debt service reserves are only available when bond issues are paid off.

Note 4 - Debt service on portion of 1986/2001 Revenue Refunding bonds upgrading current system. New plant and sewer capacity projects and debt service are paid from capacity fees.

Note 5 - No fund balance maintained; all net revenues transferred to Capital Reserve for use in funding plant expansion, or in making up future capital/debt service funding shortfalls.

2011/12 Budget and Long-Term Financial Plan

SCHEDULE 4 WASTEWATER CONSTRUCTION FUND FORECAST

(Dollars in 000s)

	Revised 10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	TOTALS
1 REVENUES:											
2 Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 Interest Income	0	0	0	0	0	0	0	0	0	0	0
4 Total Revenues	0	0	0	0	0	0	0	0	0	0	0
5 PROJECTS:											
6 Primary Treatment	945	0	0	0	0	0	0	0	0	0	945
7 Suisun and Central P.S.	25	175	600	0	0	0	0	0	0	0	800
8 Cordelia Pump Station	0	0	0	0	0	0	635	0	0	0	635
9 Northeast Fairfield P.S.	0	0	0	0	0	0	700	700	0	0	1,400
10 Dover Diversion Optimization	0	25	0	0	0	0	0	0	0	0	25
11 Peabody Walters S-245A	0	0	0	0	0	0	0	0	2,000	0	2,000
12 Blower Project	0	0	0	0	0	2,750	0	0	0	0	2,750
13 Capacity Analyses	170	32	33	35	36	38	303	55	58	61	821
14 New Dev't Rev/Inspection	130	147	154	162	170	179	188	197	207	217	1,751
15 Safety	43	46	49	51	55	58	61	65	69	73	569
16 Information Systems	82	63	67	71	75	80	84	89	95	100	806
17 Project Planning	333	139	146	153	161	169	177	186	196	205	1,866
18 Total Project Costs	1,728	626	1,049	472	497	3,273	2,148	1,293	2,624	657	14,368
19 Revenues less Expenses	(1,728)	(626)	(1,049)	(472)	(497)	(3,273)	(2,148)	(1,293)	(2,624)	(657)	(14,368)
20 Transfer In-Capital Reserve	1,728	626	1,049	472	497	3,273	2,148	1,293	2,624	657	14,368
21 Beginning Cash Balance	0	0	0	0	0	0	0	0	0	0	0
22 Ending Available Cash Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2011/12 Budget and Long-Term Financial Plan

SCHEDULE 5 WASTEWATER RESERVE ACCOUNTS FORECAST

(Dollars in 000s)

	Revised 10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
1 OPEB RESERVE (1):										
2 Beginning Balance	\$125	\$567	\$1,028	\$1,500	\$1,981	\$2,470	\$2,964	\$3,476	\$4,006	\$4,566
3 Transfers In from Operations	480	502	523	546	569	593	618	642	667	693
4 Interest Income	1	3	5	22	35	49	67	87	120	137
5 Expenses	(39)	(43)	(56)	(87)	(115)	(148)	(173)	(199)	(227)	(249)
6 Ending Cash Balance	\$567	\$1,028	\$1,500	\$1,981	\$2,470	\$2,964	\$3,476	\$4,006	\$4,566	\$5,147
7 DEBT SERVICE RESERVE (2):										
8 Beginning Cash Balance	\$1,360	\$1,360	\$1,989	\$1,989	\$1,989	\$1,989	\$629	\$629	\$629	\$629
9 Trans Out-Capital/Debt Service Fund	0	0	0	0	0	(1,360)	0	0	0	0
10 Trans In-Major Maintenance Reserve	0	629	0	0	0	0	0	0	0	0
11 Ending Cash Balance	\$1,360	\$1,989	\$1,989	\$1,989	\$1,989	\$629	\$629	\$629	\$629	\$629
12 CAPITAL RESERVE (3):										
13 Beginning Cash Balance	\$2,051	\$604	\$940	\$697	\$604	\$866	\$740	\$2,737	\$5,691	\$6,923
14 Trans In-Capital/Debt Service Fund	0	0	47	614	993	3,375	4,374	4,424	3,930	3,875
15 Trans In(Out)-Loan from MM Reserve	1,000	2,000	1,000	0	0	0	0	0	0	0
16 Interfund Loan Repayment - MM	0	0	(245)	(245)	(245)	(245)	(245)	(245)	(245)	(245)
17 Trans Out-Capital/Debt Service Fund	(731)	(1,040)	0	0	0	0	0	0	0	0
18 Trans Out-Construction Fund	(1,728)	(626)	(1,049)	(472)	(497)	(3,273)	(2,148)	(1,293)	(2,624)	(657)
19 Interest Income	11	3	4	10	11	17	17	68	171	208
20 Ending Cash Balance	\$604	\$940	\$697	\$604	\$866	\$740	\$2,737	\$5,691	\$6,923	\$10,103
21 MAJOR MAINT/REPLACE RSV (4):										
22 Beginning Balance	\$1,398	\$636	\$1,028	\$810	\$1,578	\$2,695	\$3,547	\$8,472	\$14,059	\$21,537
23 Transfer In-Operations	4,966	5,528	6,064	6,640	7,773	8,556	9,426	10,376	11,356	12,381
24 State Revolving Fund Loans Proceeds	6,372	3,545	0	0	0	0	0	0	0	0
25 Interest Income	22	3	5	12	28	54	80	212	422	646
26 Expenses - Repairs & Replacements	(2,971)	(3,901)	(4,302)	(4,699)	(4,299)	(4,323)	(4,197)	(4,316)	(3,915)	(4,663)
27 Projects	(8,151)	(2,154)	(600)	(800)	(2,000)	(3,050)	0	(300)	0	0
28 Debt Service on SRF Loans	0	0	(629)	(629)	(629)	(629)	(629)	(629)	(629)	(629)
29 Fund SRF Debt Service Reserve	0	(629)	0	0	0	0	0	0	0	0
30 Transfer In(Out)-Capital Reserve	(1,000)	(2,000)	(755)	245	245	245	245	245	245	245
31 Ending Cash Balance	\$636	\$1,028	\$810	\$1,578	\$2,695	\$3,547	\$8,472	\$14,059	\$21,537	\$29,517
32 % of Plant+Sewer Replace Cost	0.2%	0.3%	0.2%	0.4%	0.7%	0.8%	1.9%	3.1%	4.6%	6.1%
33 TOTAL REPLACEMENT COST OF										
34 TREATMENT PLANT AND SEWERS:										
35 Beginning Replacement Cost	\$332,366	\$352,216	\$365,563	\$378,178	\$390,796	\$405,017	\$423,491	\$438,344	\$453,087	\$469,303
36 Inflationary Increases	9,971	10,566	10,967	11,345	11,724	12,151	12,705	13,150	13,593	14,079
37 Plant/Sewer Additions	9,879	2,780	1,649	1,272	2,497	6,323	2,148	1,593	2,624	657
38 Ending Replacement Cost	\$352,216	\$365,563	\$378,178	\$390,796	\$405,017	\$423,491	\$438,344	\$453,087	\$469,303	\$484,040

Note 1 - Reserve for funding of future Other Post-Employment Benefits.

Note 2 - These funds are restricted cash held by trustee for debt service reserves until bond issues are paid off, and are not available for other purposes.

Note 3 - Capital Reserve provides funding for debt service if there is a shortfall in debt/capital revenues, and net revenue is contributed to Construction Fund for projects.

Note 4 - Major Maintenance/Replacement Reserve funds projects to repair and upgrade existing treatment facilities and trunk sewers and pays for replacement when they reach the end of their useful lives. The facility value in 2011 dollars is \$352 million.

2011/12 Budget and Long-Term Financial Plan

SCHEDULE 6 DRAINAGE MAINTENANCE FUND FORECAST

(Dollars in 000s)

	Revised 10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	TOTALS
1 REVENUES:											
2 Drainage Maintenance Fees	\$1,455	\$1,455	\$1,455	\$1,455	\$1,462	\$1,470	\$1,477	\$1,484	\$1,492	\$1,499	\$14,704
3 Interest Income	3	2	1	5	6	7	7	8	10	10	59
4 Total Revenues	1,458	1,457	1,456	1,460	1,468	1,476	1,484	1,492	1,502	1,509	14,763
5 EXPENSES:											
6 Local Facility Maintenance	959	959	959	959	959	959	959	959	959	959	9,590
7 Regional Facility Maintenance	22	23	23	24	25	26	26	27	28	29	252
8 Admin, Billing, Capital Outlay	48	49	50	51	53	55	56	58	60	61	541
9 Stormwater Regulatory Program (1)	388	395	414	434	455	477	501	525	550	577	4,719
10 Total Expenses	1,417	1,426	1,447	1,469	1,492	1,517	1,542	1,569	1,597	1,626	15,102
11 Revenues less Expenses	41	31	10	(9)	(24)	(40)	(58)	(76)	(95)	(117)	(339)
12 Tfr In/(Out)-Desilting Reserve	(25)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(295)
13 Tfr In/(Out)-Major Maint. Reserve	28	0	0	0	0	0	0	0	0	0	28
14 Tfr In/(Out)-Operations Reserve	50	50	0	0	0	0	0	0	0	0	100
15 Tfr In/(Out)-Capital Reserve	100	80	0	0	0	0	0	0	0	0	180
16 Beginning Cash Balance	398	592	723	703	664	609	539	451	345	219	398
17 Ending Available Cash Balance	\$592	\$723	\$703	\$664	\$609	\$539	\$451	\$345	\$219	\$72	\$72
18 OPERATIONS RESERVE: (2)											
19 Beginning Cash Balance	\$100	\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
20 Transfer In/(Out)	(50)	(50)	0	0	0	0	0	0	0	0	(100)
21 Expenses	0	0	0	0	0	0	0	0	0	0	0
22 Ending Cash Balance	\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23 DESILTING RESERVE:											
24 Beginning Cash Balance	\$69	\$94	\$94	\$94	\$94	\$94	\$94	\$94	\$94	\$94	\$69
25 Transfer In/(Out)	25	30	30	30	30	30	30	30	30	30	295
26 Expenses	0	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(270)
27 Ending Cash Balance	\$94	\$94	\$94	\$94	\$94	\$94	\$94	\$94	\$94	\$94	\$94
28 CAPITAL RESERVE: (3)											
29 Beginning Cash Balance	\$180	\$80	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$180
30 Transfer In/(Out)	(100)	(80)	0	0	0	0	0	0	0	0	(180)
31 Expenses	0	0	0	0	0	0	0	0	0	0	0
32 Ending Cash Balance	\$80	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33 MAJOR MAINT. RESERVE: (4)											
34 Beginning Cash Balance	\$260	\$232	\$232	\$232	\$232	\$232	\$232	\$232	\$232	\$232	\$260
35 Transfer In/(Out)	(28)	0	0	0	0	0	0	0	0	0	(28)
36 Expenses	0	0	0	0	0	0	0	0	0	0	0
37 Ending Cash Balance	\$232	\$232	\$232	\$232	\$232	\$232	\$232	\$232	\$232	\$232	\$232

Note 1 - This is a federally-mandated regulatory program.

Note 2 - Reserve accumulated for unexpected operations expense.

Note 3 - Reserve accumulated for capital projects to the extent there is available revenue.

Note 4 - Reserve for unanticipated cost increases in maintenance projects.

2011/12 Budget and Long-Term Financial Plan

SCHEDULE 7 WASTEWATER FORECAST ASSUMPTIONS

(Dollars in 000s)

	Revised 10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
1 GROWTH RATE:										
2 Residential	0.60%	0.35%	0.88%	1.05%	1.37%	1.73%	1.84%	1.87%	1.63%	1.57%
3 Commercial/Industrial	0.12%	0.07%	0.18%	0.21%	0.27%	0.35%	0.37%	0.37%	0.33%	0.31%
4 Restaurants	0.12%	0.07%	0.18%	0.21%	0.27%	0.35%	0.37%	0.37%	0.33%	0.31%
5 Anheuser-Busch	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 Travis AFB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7 SEWER RATE (per HCF, except Residential):										
8 Residential (Flat Rate per Month)	\$26.82	\$28.21	\$29.68	\$31.23	\$32.85	\$34.56	\$36.35	\$38.24	\$40.23	\$42.33
9 Commercial	\$2.01	\$2.14	\$2.27	\$2.41	\$2.57	\$2.73	\$2.90	\$3.08	\$3.28	\$3.48
10 Industrial	\$2.01	\$2.14	\$2.27	\$2.41	\$2.57	\$2.73	\$2.90	\$3.08	\$3.28	\$3.48
11 Restaurants	\$3.90	\$4.05	\$4.20	\$4.36	\$4.53	\$4.70	\$4.88	\$5.06	\$5.26	\$5.46
12 Anheuser-Busch	\$5.15	\$5.38	\$5.62	\$5.88	\$6.14	\$6.42	\$6.71	\$7.01	\$7.32	\$7.65
13 Travis AFB	\$1.73	\$1.80	\$1.86	\$1.93	\$2.01	\$2.08	\$2.16	\$2.24	\$2.33	\$2.42
14 SEWER REVENUES:	\$18,532	\$19,542	\$20,691	\$21,936	\$23,316	\$24,851	\$26,513	\$28,294	\$30,143	\$32,098
15 Residential (Fairfield)	9,987	10,555	11,234	11,980	12,825	13,782	14,832	15,967	17,134	18,370
16 Residential (Suisun)	3,018	3,175	3,342	3,519	3,712	3,926	4,152	4,391	4,643	4,910
17 Commercial	1,873	1,992	2,121	2,259	2,408	2,569	2,741	2,924	3,119	3,326
18 Industrial	630	670	714	760	810	864	922	984	1,049	1,119
19 Restaurants	624	648	674	701	730	760	792	825	859	895
20 Anheuser-Busch	1,416	1,480	1,546	1,616	1,689	1,765	1,844	1,927	2,014	2,104
21 Travis AFB	984	1,021	1,060	1,100	1,141	1,185	1,229	1,276	1,324	1,374
22 Consumer Price Index	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
23 Interest Earnings Rate	0.55%	0.45%	0.45%	1.50%	1.75%	2.00%	2.25%	2.50%	3.00%	3.00%
24 Bond Interest Rate	5.00%	3.00%	1.10%	4.00%	3.00%	4.00%	5.00%	5.00%	5.00%	5.00%
25 ENR Construction Cost Index	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
26 Project Inflationary Cost Factor	1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048
27 New Single-FamilyUnits/Fairfield	120	143	198	255	401	530	509	435	403	383
28 New Multi-FamilyUnits/Fairfield	10	2	166	178	162	170	255	356	296	296
29 New Single-Family Units/Suisun	0	0	5	10	25	50	50	50	50	50
30 Total New Single-Family Units	120	143	203	265	426	580	559	485	453	433
31 Total DUs in District (year-end)	41,862	42,007	42,376	42,819	43,407	44,157	44,971	45,812	46,561	47,290
32 Capacity Fee Annual Increase	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
33 Single-Family Capacity Fee	\$5,943	\$5,943	\$5,943	\$5,943	\$5,943	\$5,943	\$5,943	\$5,943	\$5,943	\$5,943
34 Multi-Family Capacity Fee	\$3,566	\$3,566	\$3,566	\$3,566	\$3,566	\$3,566	\$3,566	\$3,566	\$3,566	\$3,566
35 Comm-Industrial Avg Fee/ 1/4 Acre	\$1,486	\$1,486	\$1,486	\$1,486	\$1,486	\$1,486	\$1,486	\$1,486	\$1,486	\$1,486
36 Comm-Industrial Sq. Ft.	201,000	136,000	493,000	852,000	698,000	889,000	320,000	677,000	454,000	612,000
37 Comm-Industrial 1/4 Acres	54	37	133	230	189	240	86	183	123	165