

WATER ENTERPRISE

PURPOSE

The Water Enterprise is responsible for ensuring the provision of safe, clean water at adequate pressures and volumes to serve residents, businesses and public facilities in the City of Fort Bragg.

SUMMARY OF SERVICES

The services provided by the Water Enterprise include raw water collection, transmission, water treatment, and distribution of treated water for domestic and commercial use for Fort Bragg. The Water Enterprise meets and reports water treatment levels of regulatory agencies, provides for water conservation, provides for maintenance and construction of capital improvements, reviews new development projects, assists with public education, and engages in data collection and analysis.

GOALS AND OBJECTIVES

- Ensure an adequate supply of high quality drinking water to meet existing and future customer needs.
- Manage the City's water sources in a manner that is protective of both environmental and human health.
- Improve the reliability of the City's water supply, treatment and distribution system through on-going maintenance and replacement of aging infrastructure.
- Seek grant funding and other low-cost financing for capital projects.
- Operate the City's water system in an efficient and cost-effective manner and establish fair and reasonable utility rates.

FY 2014/15 TOP ACCOMPLISHMENTS

- Continued to expand monitoring, reporting and testing procedures to meet the State Water Resources Control Board Division of Drinking Water requirements.
- Completed construction of the MicroClor on site sodium hypochlorite generation system
- Installed flow meters at Waterfall Gulch Reservoir and at the Water Plant to monitor source water pipeline for leaks
- Inserted a valve and removed a check valve from water main on Boatyard Drive to improve water circulation.

FY 2015/16 TOP PRIORITIES

- Continue to improve the water plants efficiencies to conserve water
- Complete
- Finalize permitting and financing for construction of Summers Lane Reservoir in FY 2015/16.
- Continue to seek funding for replacement of key segments of the raw water line between the Waterfall Gulch water source and the Water Treatment Plant.
- Identify funding for implementation of the East Fort Bragg Pressure Zone improvement projects.
- Continue to replace valves in the distribution system.
- Non-routine maintenance includes installation of turbidimeters in the clarifiers of the treatment units to increase monitoring and reduce wasting of water during filter backwashes

BUDGET SUMMARY

OVERVIEW

The fiscal year (FY) 2015/16 Water Enterprise Fund operating budget is \$2.44 million, including transfers. The Water Enterprise Fund relies primarily on rates charged to customers and has no General Fund support. In 2006, the California Supreme Court ruled that utility rates charged by governmental entities are considered property-related fees and therefore are subject to the procedural requirements of Proposition 218, Article 130 of the California Constitution. Prop 218 requires governmental agencies that charge for utility services to conduct a majority protest hearing prior to adopting any changes in utility rates. The legislation provided for future rate increases within prescribed limits to be approved without holding a hearing each year for up to an additional four years. In June 2013, the City Council adopted a five-year schedule of rate increases based on a Utility Rate Study. In FY 2015/16, the adopted rate schedule establishes a water rate increase of 9.1% which is scheduled to take effect on July 1, 2015.

Water Enterprise Fund expenditures are expected to decrease from \$2.48 million in FY 2014/15 to \$2.44 million in FY 2015/16, a 2% decrease. Debt service payments decreased 3% (\$18.7k) due to the refunding of the 2003 bonds that was completed in FY 2014/15. The salary/benefits allocation decreased 3% (\$19k) primarily due to adjustments in the percentages allocated to more accurately reflect the work flow.

NET POSITION (FUND BALANCE)

In an Enterprise Fund, fund balance is presented as Net Position, and a year to year analysis of Net Position can help to identify current or potential future problems that could impact the fiscal health of the Enterprise Fund. The FY 2014/15 projected year-end Net Position for the operating fund of the Water Enterprise is expected to be \$620k and the FY 2015/16 Net Position is budgeted at \$681k. The following table does not include capacity fees or the capital reserve.

	Audited	Projected	Adopted
	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>
Water Operating Fund Unrestricted Net Position	\$ 2,106,502	\$ 619,681	\$ 680,806

As shown above, the Net Position of the Water Enterprise operating fund declined by approximately \$1.49 million between FY 2013/4 and FY 2014/15. This is primary attributable to capital expenditures on the Summers Lane Reservoir project, non-routine maintenance expenditures, and a \$1.45 million transfer into the Capital Reserve.

In FY 2015/16, the fund's charges for services revenue is projected to increase approximately 3% but the increase is partially offset by a decline in capacity fee revenue and miscellaneous water sales.

WATER ENTERPRISE FUND RESERVES

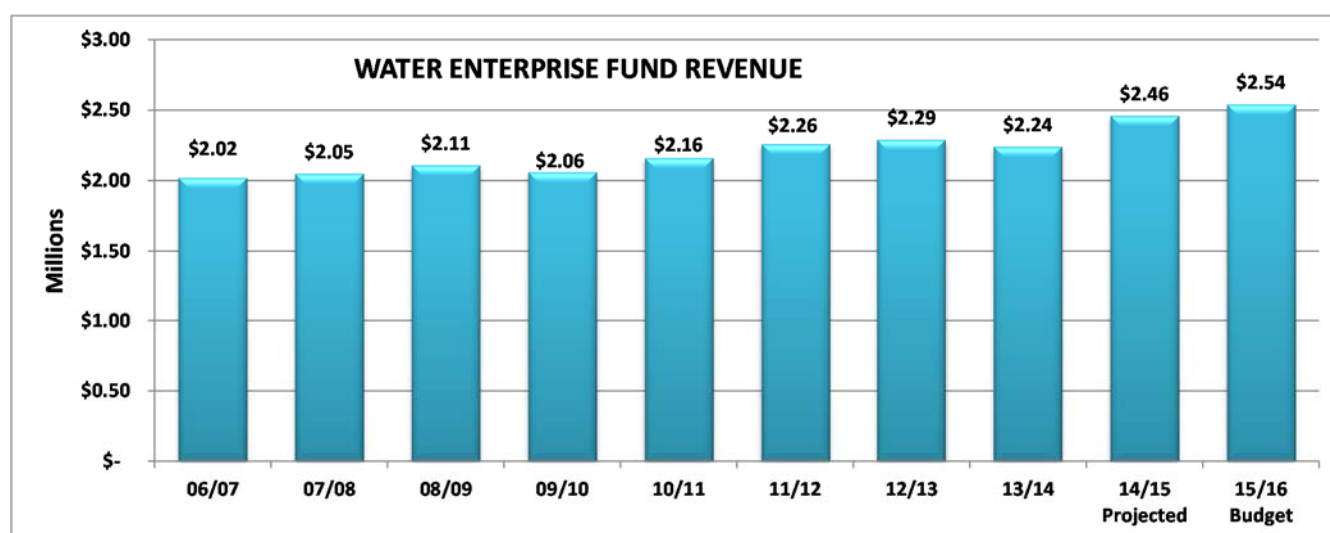
The Water Enterprise Fund Capital Reserve is established in accordance with the City's Fund Balance & Reserve Policy which is intended to plan for future capital projects and unanticipated emergencies. Each year, all unrestricted fund balance in the Water Enterprise Fund in excess of 25% of the prior year's operating expenditures is transferred to the Capital Reserve. The City Council periodically reviews and updates its reserve policies and budgeted reserve amounts to ensure that the Water Enterprise has sufficient resources to adequately provide for emergencies and capital projects.

The City collects water capacity charges for new water connections; these fees are restricted for improvements to facilities in existence at the time the charge is imposed or for new facilities to be constructed in the future. These fees are accounted for in the Water Enterprise Capacity Fees Fund. In FY 2015/16, \$800k in capacity fees are budgeted to be used for construction of the Summers Lane Reservoir. This expense accounts for the decline in net position from FY 2014/15 to FY 2015/16.

	Audited FY 2013/14	Projected FY 2014/15	Projected FY 2015/16
Water Enterprise Capacity Fees Fund	\$ 745,220	\$ 847,720	\$ 62,220
Water Enterprise Capital Reserve	(285,785)	1,044,948	1,104,677
Unrestricted Net Position	2,106,502	619,681	680,806
	<u>\$ 2,565,937</u>	<u>\$ 2,512,349</u>	<u>\$ 1,847,703</u>

DISCUSSION OF WATER ENTERPRISE FUND REVENUE TRENDS

FY 2015/16 Water Enterprise Fund revenues (before transfers in) are projected to total \$2.54 million, an increase of 3.5% from the \$2.46 million projected in FY 2014/15. It is anticipated that continued conservation will offset a portion of the 9.1% rate increase that will go into effect on July 1, 2015. Substantially all of the Fund's revenue is from the charges for services. A ten-year comparison of the Water Enterprise Fund's revenue follows.



Projected FY 2013/14 revenues decreased when compared to FY 2012/13 as a result of the flawed rate structure that was implemented on July 1, 2013. FY 2014/15 revenues increased and FY 2015/16 revenues are projected to increase as a result of a corrected rate structure. However revenues are still below levels projected in the rate study due to increased conservation.

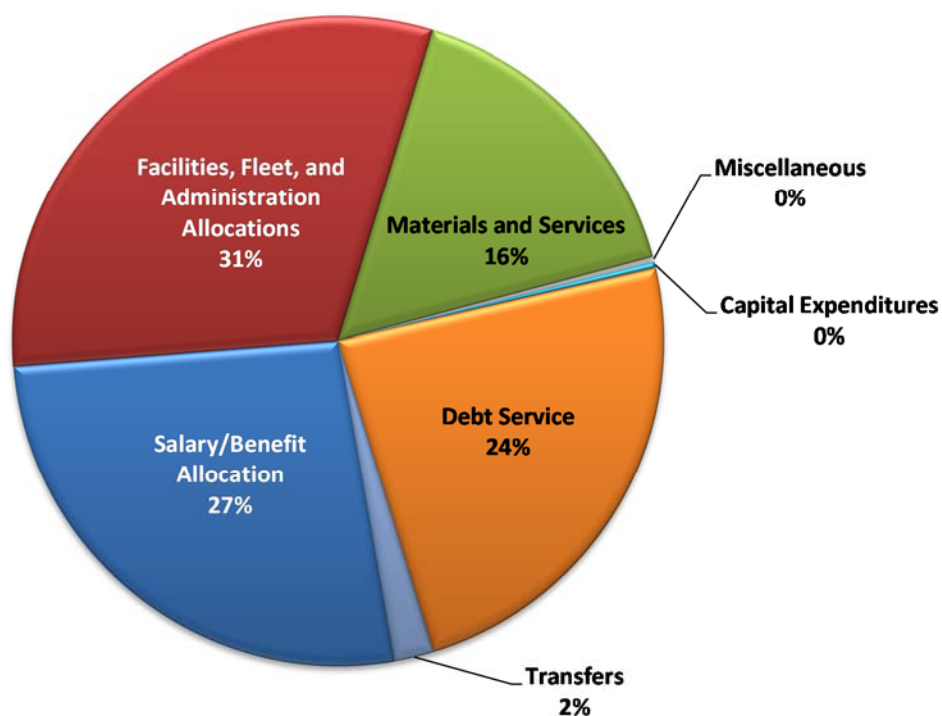
In FY 2014/15, the Water Enterprise Fund also received transfers to reimburse the fund for the costs of watering playing fields in accordance with a cost-sharing agreement with the School District. In FY 2015/16 it is anticipated that transfers will total \$11,000 for the costs associated with watering the City playing fields. In addition the fund will receive a transfer of \$7,600 from the Wastewater Enterprise for the Wastewater Enterprise portion of debt service payments.

DISCUSSION OF WATER ENTERPRISE FUND EXPENDITURE TRENDS

Water Enterprise Fund expenditures (before transfers-out) are budgeted at \$2.39 million for FY 2015/16, a 1.6% decrease from FY 2014/15 projected totals primarily due to a decrease in debt service payments because of the refunding of the 2003 bonds. Salary and Benefit allocations of \$648k (paid to the General Fund and the Wastewater Enterprise Fund) are the Fund's largest expense representing 27% of total expenses in FY 2015/16, followed by other allocations for Administrative Costs (21%), Fleet Services (4%), Information Technology (4%) and Facilities Maintenance (2%).

	Audited FY 2013/14	Projected FY 2014/15	Adopted FY 2015/16
Salary/Benefit Allocation	\$ 672,254	\$ 667,119	\$ 647,846
Facilities, Fleet, and Administration Allocations	805,358	754,085	755,747
Materials and Services	391,153	378,808	394,375
Miscellaneous	6,706	6,000	6,000
Capital Expenditures	29,763	26,400	8,000
Debt Service	675,575	600,547	581,835
Transfers	358,000	50,600	48,250
	<u>\$ 2,938,809</u>	<u>\$ 2,483,559</u>	<u>\$ 2,442,053</u>

FY 2015/16 BUDGET REQUIREMENTS



The Salary/Benefit Allocation includes wages and the City's contributions to health benefits and retirement costs for those employees who perform services on behalf of the Water Enterprise Fund. This allocation decreased in FY 2015/16 when compared to FY 2014/15 due to a reallocation of staff costs to better reflect the work flow.

Non-Personnel Services

Water Enterprise Fund Materials and Services are budgeted to increase \$15.6k. The Water Enterprise will contribute \$16k to the payoff of the PERS side fund. A decrease in engineering costs of \$4k is expected as engineering costs previously outsourced in FY 2014/15 due to staff vacancies will be performed in house in FY 2015/16. Chemical costs are expected to decrease \$7k as certain chemical solutions will be generated onsite rather than purchased. Licenses and permits are expected to increase \$6k due to increased fees charged by various licensing agencies. Additionally training and travel reimbursement is expected to increase \$3.5k due to backflow training required for additional staff certifications.

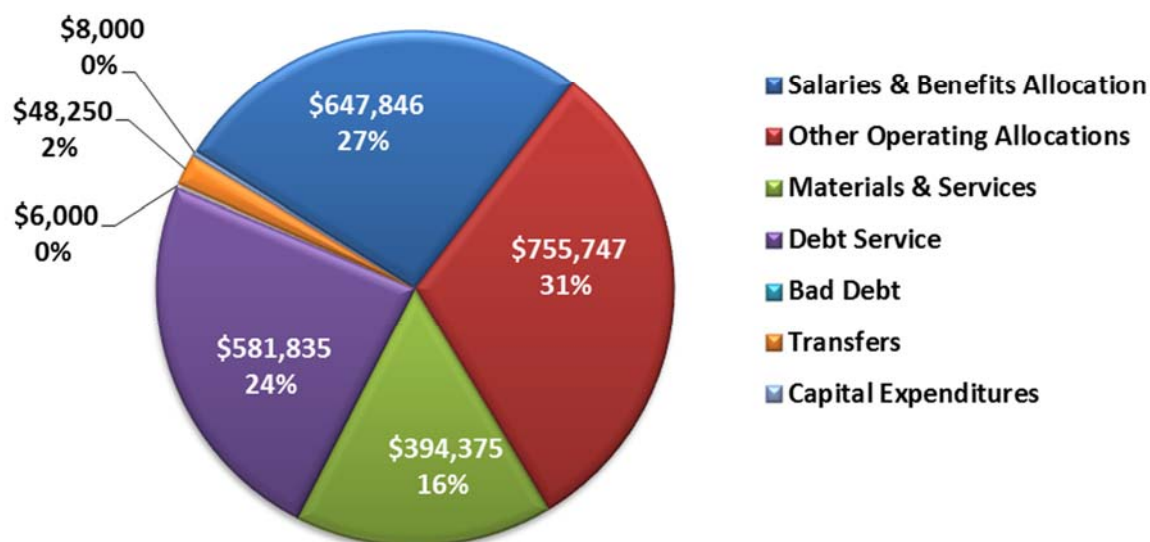
Debt Service

Late in FY 2013/14, the Water Enterprise refunded Revenue Bonds originally issued in 2003. Savings are anticipated to be approximately \$200k over the term of the refunded bonds with \$19k in savings expected in FY 2015/16.

WATER ENTERPRISE BUDGET SUMMARY**Fund 610****Department: 4610,4611 AND 4612**

Appropriations & Revenue

Description	FY 2013/14	FY 2014/15		FY 2015/16	% + /-
	Audited	Amended Budget	14/15 FYE Projected	Adopted Budget	
Salary/Benefit Allocation	\$ 672,254	\$ 667,119	\$ 667,119	\$ 647,846	-3%
Other Operating Allocations	805,358	757,535	754,085	755,747	0%
Non-Personnel Services	1,103,197	1,065,280	1,011,755	990,210	-2%
Total Appropriations	2,580,809	2,489,934	2,432,959	2,393,803	-2%
Charges for Services	2,209,072	2,598,323	2,443,371	2,528,807	3%
Other Revenue	30,537	24,000	15,500	15,500	0%
Total Operating Revenue	2,239,609	2,622,323	2,458,871	2,544,307	3%
NET EXCESS/(DEFICIENCY) OF REVENUES					
OVER/(UNDER) EXPENSES	(341,200)	132,390	25,912	150,504	481%
Transfers In	570,147	22,600	22,600	18,600	-18%
Transfers Out	(358,000)	(69,350)	(50,600)	(48,250)	-5%
NET CHANGE IN FUND BALANCE	\$ (106,451)	\$ 85,640	\$ (2,088)	\$ 120,854	-5888%

FY 2015/16 EXPENSES BY CATEGORY

BUDGET DETAIL:**Fund #610****Department: 4610, 4611, 4612**

Object	Description	FY 2014/15			FY 2015/16	% + / -
		FY 2013/14 Audited	Amended Budget	14/15 FYE Projected	Adopted Budget	
0801	Salary/Benefits Allocation	\$ 672,254	\$ 667,119	\$ 667,119	\$ 647,846	-3%
	Personnel Services	672,254	667,119	667,119	647,846	-3%
0310	Engineering	-	4,000	4,000	-	-100%
0311	Legal	3,782	15,000	5,000	2,000	-60%
0312	Auditing & Accounting	7,619	7,000	7,000	5,625	-20%
0313	Laboratory	7,271	8,000	8,000	9,700	21%
0319	Professional Services	60,891	68,515	51,023	52,450	3%
0320	Dues & Memberships	2,401	3,000	3,000	2,800	-7%
0342	Laboratory Supplies	7,979	10,000	12,000	12,050	0%
0343	Chemicals	28,789	36,000	40,000	33,000	-18%
0351	Equipment Repair & Maint	31,431	38,000	30,500	38,000	25%
0354	Laundry/Cleaning/Janitorial	533	5,000	550	550	0%
0355	Equipment Leases	-	1,668	1,668	1,700	2%
0360	Property Premium	18,103	21,000	16,985	17,000	0%
0362	Telephone & Communication	2,152	2,200	2,000	2,200	10%
0364	Legal Notices	-	-	367	-	-100%
0365	Copying/Printing	470	300	-	-	
0366	Training/Travel Reimbursement	9,809	12,500	7,665	11,000	44%
0372	Postage	9,714	7,600	10,000	10,000	0%
0373	Licenses & Permits	12,954	18,000	14,500	20,500	41%
0375	General Supplies	79,363	43,250	43,250	28,750	-34%
0376	Medical/Safety Supplies	1,873	2,000	2,000	2,000	0%
0380	Finance Charges	10	-	-	-	
0381	Small Tools & Equipment	3,627	1,500	1,500	4,000	167%
0382	Fuels & Lubricants	379	600	600	600	0%
0383	Utilities	93,234	115,000	108,000	115,000	6%
0384	Books & Subscriptions	-	200	200	200	0%
0619	Miscellaneous	-	-	-	16,250	
	Materials & Services	391,153	429,333	378,808	394,375	4%
0911	Principal	436,684	447,147	447,147	448,285	0%
0912	Interest	169,228	150,000	150,000	130,150	-13%
0913	Fees	1,963	3,400	3,400	3,400	0%
0914	Bond Issuance Costs	67,700	-	-	-	
	Debt Service	675,575	600,547	600,547	581,835	-3%
0606	Bad Debt Sent to Collection	6,706	9,000	6,000	6,000	0%
	Bad Debt	6,706	9,000	6,000	6,000	0%
0741	Machinery & Equipment	29,763	26,400	26,400	8,000	-70%
	Capital Expenditures	29,763	26,400	26,400	8,000	-70%
	Total Non-Personnel Services	1,103,197	1,065,280	1,011,755	990,210	-2%
0322	Fleet Services	93,095	120,698	117,248	101,415	-14%
0396	Allocation to IT Int Serv Fund	129,168	82,875	82,875	109,492	32%
0397	Alloc to Facilities Maint	119,158	68,300	68,300	50,241	-26%
0399	Admin Costs Allocation	463,937	485,662	485,662	494,599	2%
	Other Operating Allocations	805,358	757,535	754,085	755,747	0%
0799	Transfer to Other Funds	358,000	69,350	50,600	48,250	-5%
	Total Water Enterprise	\$ 2,938,809	\$ 2,559,284	\$ 2,483,559	\$ 2,442,053	-2%

Water Enterprise Administration Division **Line Item Detail**

Fund #610	Account	Category	FY 2015/16
Department: 4610	Detail	Detail	Adopted Budget
Materials & Services			
610-4610-0311	Legal	\$ 2,000	
610-4610-0312	Auditing & Accounting	5,625	
610-4610-0319	Professional Services	28,550	
	Bank fees - Lockbox	\$ 9,000	
	General account services	7,000	
	ACH & credit card fees	6,700	
	Print services	5,500	
	48 Hour phone calls	350	
		28,550	
610-4610-0351	Equipment Repair & Maintenance	500	
610-4610-0355	Equipment Leases	1,700	
610-4610-0360	Property Insurance	17,000	
610-4610-0362	Telephone & Communication	2,200	
610-4610-0372	Postage	10,000	
610-4610-0375	General Supplies	250	
610-4610-0619	Miscellaneous - Pay off PERS side fund	16,250	
	Total Material & Services		\$ 84,075
Other Expenditures			
610-4610-0606	Bad Debts Sent to Collection	6,000	
	Total Other Expenditures		6,000
Allocations			
610-4610-0396	IT Internal Service Fund	109,492	
610-4610-0399	Admin Costs	494,599	
610-4610-0801	Salary/Benefits	647,846	
	Total Allocations		1,251,937
Total - Water Enterprise Administration Division			\$ 1,342,012

Water Enterprise Maintenance Division
Line Item Detail

Fund #610		Account	Category	FY 2015/16
Department: 4611		Detail	Detail	Adopted Budget
Materials & Services				
610-4611-0366	Training/Travel Reimbursement		\$ 3,000	
610-4611-0375	General Supplies		25,000	
610-4611-0381	Small Tools & Equipment		4,000	
	Equipment replacement	\$ 1,500		
	1/2 of 2ft back hoe bucket	1,000		
	Adjust valve wrenches w augers	1,000		
	1/2 of Metal detector	500		
		4,000		
Total Material & Services			\$	32,000
Allocations				
610-4611-0397	Facilities Maintenance		50,241	
Total Allocations				50,241
Total - Water Enterprise Maintenance Division			\$	82,241

Water Enterprise Treatment Division

Line Item Detail

Fund #610		Account	Category	FY 2015/16
Department: 4612		Detail	Detail	Adopted Budget
Materials & Services				
610-4612-0313	Laboratory		\$	9,700
	Alpha testing	\$ 8,200		
	Sludge testing	1,500		
		<u>9,700</u>		
610-4612-0319	Professional Services			23,900
	Backwash pond sludge removal	10,000		
	PLC support	7,000		
	Backflow services	4,000		
	Tank cathodic protection	2,500		
	Fire extinguisher service	400		
		<u>23,900</u>		
610-4612-0320	Dues & Memberships			2,800
	ELAP certification	2,000		
	Operator/lab certification	800		
		<u>2,800</u>		
610-4612-0342	Laboratory Supplies			12,050
	Analytical equip parts/service	4,500		
	Lab supplies	4,050		
	Reagents and buffers	3,500		
		<u>12,050</u>		
610-4612-0343	Chemicals			33,000
610-4612-0351	Equipment Repair & Maintenance			37,500
	Pumps, controls	15,000		
	Equipment replacement	10,000		
	Treatment unit parts	7,500		
	Electrical parts	5,000		
		<u>37,500</u>		
610-4612-0353	Building Repair & Maintenance			6,000
610-4612-0354	Laundry/Cleaning/Janitorial			550
610-4612-0366	Training/Travel Reimbursement			8,000
	Safety training	5,000		
	Technical training	3,000		
		<u>8,000</u>		
610-4612-0373	Licenses & Permits			20,500
	SWRCB Fees	18,000		
	SWRCB NPDES permit	2,500		
		<u>20,500</u>		
610-4612-0375	General Supplies			3,500
610-4612-0376	Medical/Safety Supplies			2,000
610-4612-0381	Small Tools & Equipment			3,000
610-4612-0382	Fuels & Lubricants			600
610-4612-0383	Utilities			115,000
610-4612-0384	Books & Subscriptions			200
Total Material & Services				\$ 278,300
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WATER ENTERPRISE

Fund #610		Account Detail	Category Detail	Adopted Budget
Department: 4612: Continued				
Routine Repair and Maintenance				
	610-4612-0741	Machinery & Equipment Repair	8,000	
		Spare hypochlorite pump & VFD	5,000	
		Replace backwash recovery pump	3,000	
			8,000	
		Total Routine Repair and Maintenance		8,000
Allocations				
	610-4612-0322	Fleet Services	101,415	
		Total Allocations		101,415
Debt Service				
	610-4612-0911	Principal	448,285	
	610-4612-0912	Interest	130,150	
	610-4612-0913	Fees	3,400	
		Total Debt Service		581,835
Transfers Out				
	610-7999-0799		48,250	
		To 408 Capital Project, Emergency Fueling Station	18,750	
		To 614, Non-routine maintenance	29,500	
			48,250	48,250
		Total - Water Enterprise Treatment Division		\$ 1,017,800

WASTEWATER ENTERPRISE

PURPOSE

The Wastewater Enterprise is operated by the Municipal Improvement District No. 1 and is responsible for ensuring the provision of a safe and effective sanitary sewer system to serve residents, businesses and public facilities in the City of Fort Bragg. It also is responsible for operation of a wastewater treatment facility in compliance with State and federal regulations.

SUMMARY OF SERVICES

Services provided by the Wastewater Enterprise include coordinating operations, monitoring, maintenance and related activities of the wastewater treatment plant and sanitary pumping stations. The Enterprise provides primary and secondary treatment of sanitary wastewater as well as treatment and conditioning of the solids removed at the treatment plant facility resulting in a high quality effluent that can be discharged into the ocean.

GOALS AND OBJECTIVES

- Operate, maintain, and upgrade the City's wastewater collection system and treatment facilities.
- Ensure compliance with all regulatory requirements, including discharge limitations, monitoring and reporting, and safety procedures.
- Seek grant funding and other low-cost financing for capital projects.
- Manage the City's wastewater system in a cost-effective and efficient manner and establish fair and reasonable utility rates.

FY 2014/15 TOP ACCOMPLISHMENTS

- RFP accomplished for Engineering of the new WWTF and an Engineering Firm has been selected.
- Build pump skids for sodium hypochlorite and sodium bisulfite with necessary piping etc.
- Build utility water strainer system for existing gas disinfection system.
- Trenching completed and piping installed for liquid disinfection system.
- Sodium hypochlorite and sodium bisulfite tanks ordered.
- Purchase of a new Chicago pump for lift station.
- Purchase components to rebuild the Dorr-Oliver Slurry pumps.
- Purchase of new Jetta drive for the grit removal system

FY 2015/16 TOP PRIORITIES

- Complete engineering and design of new activated sludge components at Wastewater Treatment Facility.
- Identify inflow and infiltration projects that require immediate attention and complete slip-lining projects as funding allows for repair of deficiencies at specific locations.
- Install Generators at Pudding Creek and Elm St Lift Stations.
- Add wireless communications lift stations.
- Build containment for installation of hypochlorite and bisulfite tanks
- Begin switchover to Sodium Hypochlorite from Gas Chlorine at Wastewater Treatment Facility.
- Installation of WWTF fencing on west side of plant.
- Purchase and installation of new Wemco Pumps and motors.

BUDGET SUMMARY

OVERVIEW

The fiscal year (FY) 2015/16 Wastewater Enterprise Fund operating budget is \$3.2 million, including transfers. The Wastewater Enterprise is overseen by the Fort Bragg Municipal Improvement District No. 1 Board which is responsible for ensuring the provision of a safe and effective sanitary sewer system to serve residents, businesses and public facilities in the City of Fort Bragg. It also is responsible for operation of a wastewater treatment facility in compliance with State and federal regulations.

The Wastewater Enterprise's primary revenue source is user fees charged to customers. There is no General Fund support for the Wastewater Enterprise Fund. In 2006, the California Supreme Court ruled that utility rates charged by governmental entities are considered property-related fees and are subject to the procedural requirements of Proposition 218, Article 130 of the California Constitution. Proposition 218 requires governmental agencies that charge for utility services to conduct a majority protest hearing prior to adopting any changes in utility rates. The legislation provided for future rate increases within prescribed limits to be approved without holding a hearing each year for up to an additional four years. For FY 2015/16, the Improvement District approved rate increases of 8% which will take effect on July 1, 2015.

Wastewater Enterprise Fund expenditures (including transfers) are expected to decrease from \$3.87 million in FY 2014/15 to \$3.20 million, a 17% decrease which results in part from a decrease in transfers to capital expenditures. The Wastewater Enterprise Fund is in the beginning stages of an upgrade to the City's aging Wastewater Treatment Facility which resulted in higher capital spending in FY 2014/15.

NET POSITION (FUND BALANCE)

In an Enterprise Fund, fund balance is presented as Net Position. Over time, net position trends can help identify current and potential future problems that could undermine the fiscal health of an enterprise fund. The FY 2014/15 projected year-end Net Position is expected to be \$697k and the FY 2015/16 year-end Net Position is budgeted at \$706k.

	Audited	Projected	Adopted
	FY 2013/14	FY 2014/15	FY 2015/16
Wastewater Operating Fund Net Position	\$ 919,197	\$ 697,431	\$ 705,767

As shown above, the projected FY 2014/15 Operating Fund Net Position is 24% below the audited FY 2013/14 fund balance. The decline is primarily due to expenses associated with maintenance and repair. The FY 2014/15 Capital Budget also included expenditures of \$750k for preparation of construction plans and specifications for the Wastewater Treatment Plant upgrade project which further reduced the balance. These expenses are partially offset by increased revenue from services provided.

WASTEWATER ENTERPRISE FUND CAPITAL RESERVE

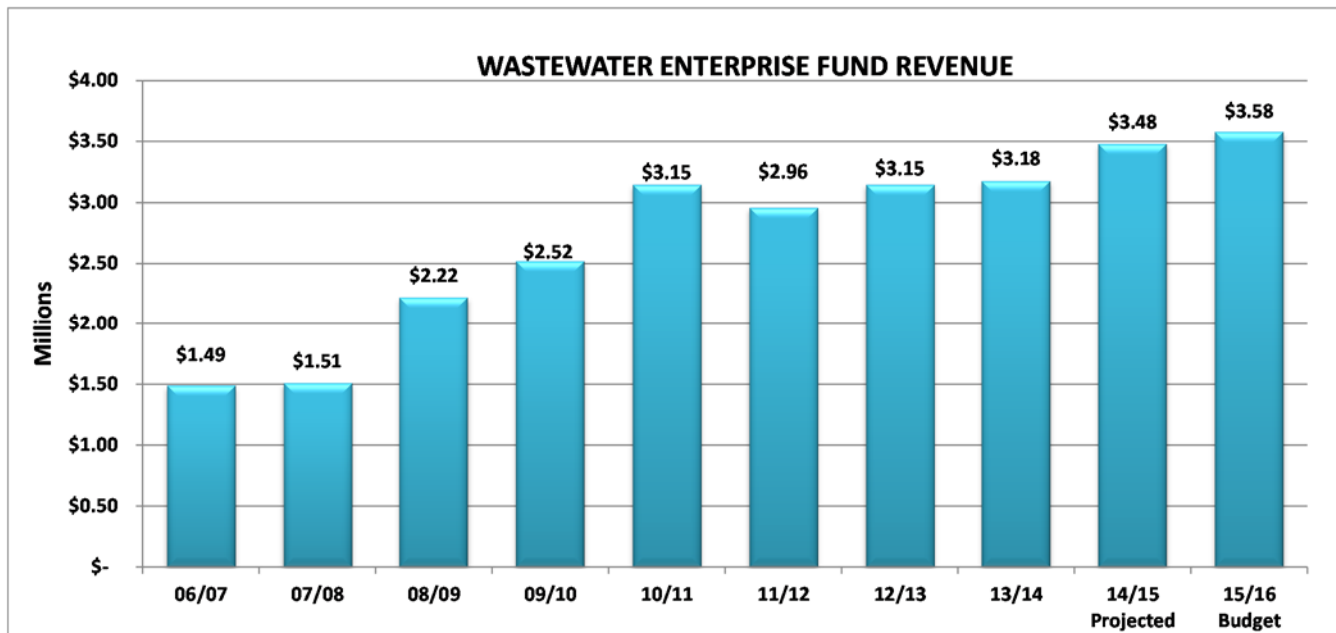
The Wastewater Enterprise Fund Capital Reserve is established in accordance with the Fund Balance & Reserve Policy which is intended to ensure the continued financial well-being of the City by planning for unanticipated emergency and contingency needs as well as future capital projects.

Each year, all unrestricted fund balance in the Wastewater Enterprise Fund in excess of 25% of the prior year's operating expenditures is transferred to the Capital Reserve. The Improvement District Board periodically reviews and updates its reserve policy and budgeted reserve amounts to ensure that the Wastewater Enterprise has sufficient resources to adequately provide for capital projects and unforeseen emergencies. The FY 2014/15 projected balance is below the established minimum for an operating reserve in the Wastewater Enterprise. Therefore it is not anticipated that there will be a transfer to the Wastewater Enterprise Capital Reserve in FY 2014/15. The FY 2015/16 balance is projected at \$1.07 million, therefore it is anticipated there will be a transfer to the Reserve of \$373k in FY 2015/16.

	Audited FY 2013/14	Projected FY 2014/15	Projected FY 2015/16
Wastewater Capacity Fees Fund	\$ 224,667	\$ 50,167	\$ 65,167
Wastewater Education Fund	5,313	5,353	5,393
Wastewater Enterprise Capital Reserve	15,000	15,000	388,384
Unrestricted Net Position	919,197	697,431	705,767
	\$ 1,164,177	\$ 767,951	\$ 1,164,711

DISCUSSION OF WASTEWATER ENTERPRISE FUND REVENUE TRENDS

FY 2015/16 Wastewater Enterprise Fund revenues, including transfers-in and capacity fees, are projected to total \$3.58 million. Most of the Fund's revenue is from charges for services, with a minor amount received for capacity fees. A ten-year comparison of the Fund's revenue follows.



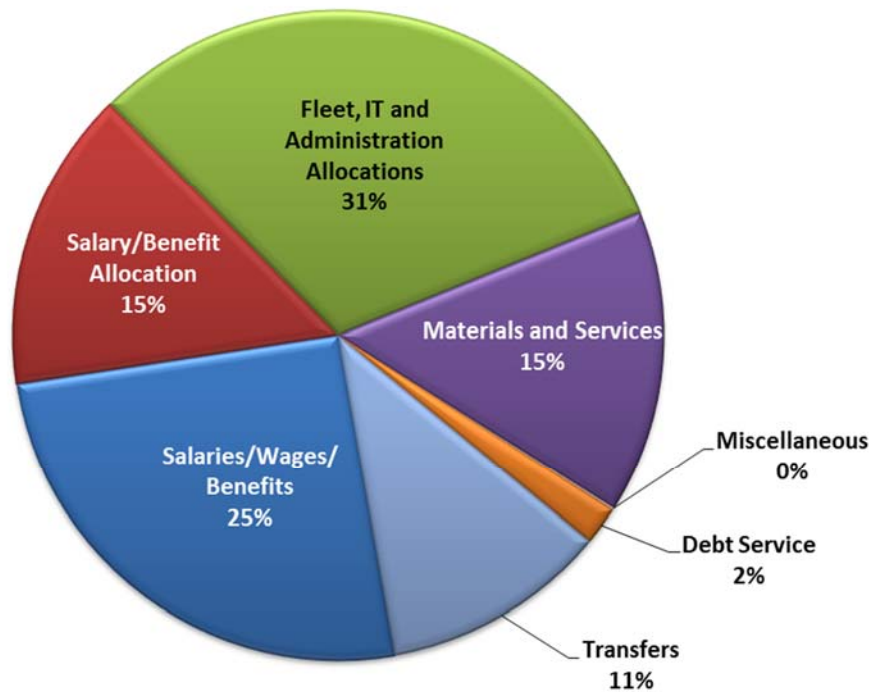
Projected FY 2015/16 revenues increased \$102k (2.9%) when compared to FY 2014/15. The increase includes an increase in total charges for services partially offset by a decrease in capacity fees.

DISCUSSION OF WASTEWATER ENTERPRISE FUND EXPENDITURE TRENDS

Wastewater Enterprise Fund expenditures (including transfers-out) are budgeted for FY 2015/16 at \$3.2 million, a decrease of 17% from FY 2014/15 primarily due to a decrease in transfers out to capital projects. Expenses by category are shown below.

	Audited FY 2013/14	Projected FY 2014/15	Adopted FY 2015/16
Salaries/Wages/Benefits	\$ 744,793	\$ 795,846	\$ 810,692
Salary/Benefit Allocation	501,561	506,336	480,598
Fleet, IT and Administration Allocations	1,051,666	944,418	1,002,203
Materials and Services	374,200	460,145	481,915
Miscellaneous	3,669	3,000	3,000
Debt Service	61,841	59,522	62,005
Transfers	281,260	1,103,200	359,350
	<u>\$ 3,018,990</u>	<u>\$ 3,872,467</u>	<u>\$ 3,199,763</u>

FY 2015/16 BUDGET REQUIREMENTS



Personnel Services

Salaries/Wages/Benefits increased \$15k or 1.87% primarily due to an increase in salary cost. The Salary/Benefit Allocation to the General Fund includes wages and the City's contributions to health benefits and retirement costs for those General Fund employees who perform services on behalf of the Wastewater Enterprise Fund. This allocation decreased \$26k (5%) in FY 2015/16 when compared to FY 2014/15 primarily due to adjustments in the allocation percentages to better reflect the work flow.

Non-Personnel Services

Wastewater Enterprise Fund Materials and Services are budgeted to increase approximately 4.7%. Increases include laboratory costs for additional testing required by the State and an increase in the amount of chemicals purchased due to the on-site disinfection process.

Other Operating Allocations

Wastewater Enterprise Fund Other Operating Allocations are budgeted to increase approximately 6.0%. Fleet and IT Services will see significant increases while Facilities Maintenance will see a significant decrease. The Administration Costs Allocation will see a slight 5% increase. Allocations to Information Technology are due to the addition of the Audio Visual Technician and Administrative Cost Allocation due to increases in the costs the allocation is based on.

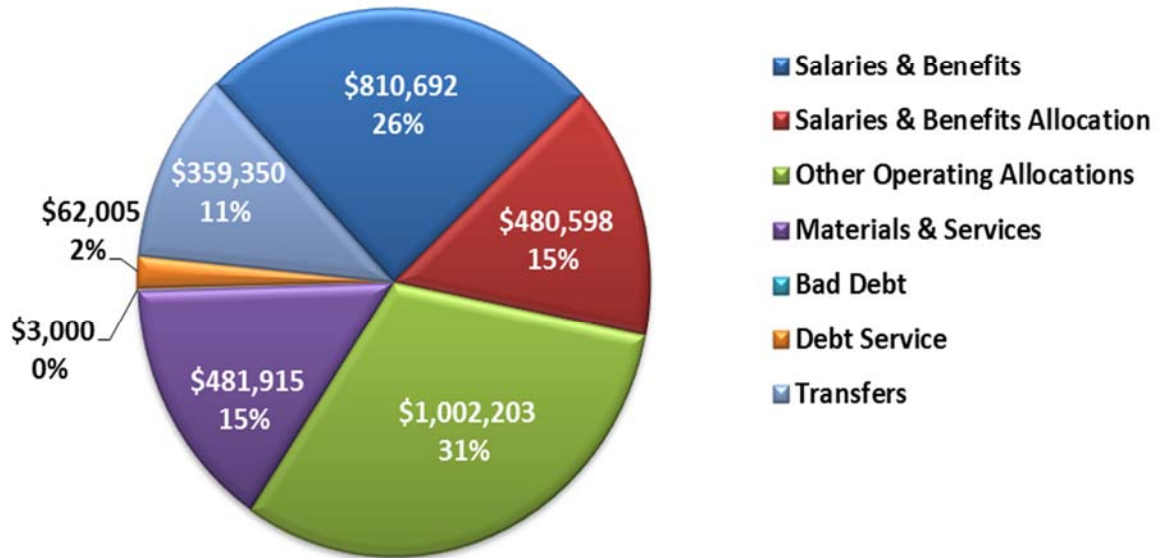
Municipal Improvement District #1; Wastewater Enterprise Fund 710

Department: 4710, 4711 & 4712

Appropriations & Revenue

Description	FY 2013/14	FY 2014/15		FY 2015/16	% + / -
	Audited	Amended Budget	14/15 FYE Projected	Adopted Budget	
Salaries & Benefits	\$ 744,793	\$ 780,787	\$ 795,846	\$ 810,692	2%
Salary/Benefit Allocation	501,561	506,336	506,336	480,598	-5%
Other Operating Allocations	1,051,666	944,418	944,418	1,002,203	6%
Non-Personnel Services	439,711	548,644	522,667	546,920	5%
Total Appropriations	2,737,730	2,780,185	2,769,267	2,840,413	3%
Charges for Services	2,994,334	3,227,750	3,234,900	3,332,215	3%
Salary/Benefits Cost Recovery	177,473	178,751	178,751	183,768	3%
Other Revenue	13,064	9,500	65,540	65,540	0%
Total Operating Revenue	3,184,871	3,416,001	3,479,191	3,581,523	3%
NET EXCESS/(DEFICIENCY) OF REVENUES					
OVER/(UNDER) EXPENSES	447,140	635,816	709,924	741,110	4%
Transfers In	-	-	13,550	-	-100%
Transfers Out	(281,260)	(876,950)	(1,103,200)	(359,350)	-67%
NET CHANGE IN FUND BALANCE	\$ 165,880	\$ (241,134)	\$ (379,726)	\$ 381,760	-201%

FY 2015/16 EXPENDITURES BY CATEGORY



BUDGET DETAIL:

Municipal Improvement District #1; Wastewater Enterprise

Fund #710

Department: 4710,4711,4712

Object	Description	FY 2013/14		FY 2014/15		FY 2015/16		% + / -
		FY 2013/14 Audited		Amended Budget	14/15 FYE Projected	Adopted Budget		
0100	Salaries & Wages	\$ 470,190		\$ 501,092	\$ 499,325	\$ 506,368		1%
0200	Employee Benefits	274,603		279,695	296,521	304,324		3%
	Salaries & Benefits	744,793		780,787	795,846	810,692		2%
0801	Salary/Benefits Allocation	501,561		506,336	506,336	480,598		-5%
	Salary/Benefits Allocation	501,561		506,336	506,336	480,598		-5%
	Personnel Services	1,246,354		1,287,123	1,302,182	1,291,290		-1%
0310	Engineering	700		5,000	-	-		
0311	Legal	-		5,000	-	-		
0312	Auditing & Accounting	9,143		8,000	8,000	8,025		0%
0313	Laboratory	27,444		24,000	13,000	25,340		95%
0319	Professional Services	35,882		67,171	67,500	63,050		-7%
0320	Dues & Memberships	2,052		2,200	2,500	2,200		-12%
0342	Laboratory Supplies	2,818		8,150	7,000	8,300		19%
0343	Chemicals	27,818		25,000	30,000	68,800		129%
0351	Equipment Repair & Maint	51,931		101,433	100,000	73,400		-27%
0353	Building Repair & Maint	4,663		5,350	4,500	5,300		18%
0354	Laundry/Cleaning/Janitorial	1,399		3,500	2,000	2,000		0%
0355	Equipment Leases	-		1,668	1,668	-		-100%
0359	Liability Deductible	7,699		1,500	1,500	1,000		-33%
0360	Property Premium	17,803		21,000	16,575	18,000		9%
0361	Property Deductible	-		1,000	1,000	1,000		0%
0362	Telephone & Communication	692		750	750	750		0%
0365	Copying/Printing	222		300	300	300		0%
0366	Training/Travel Reimbursement	7,878		9,500	9,500	9,500		0%
0372	Postage	9,718		7,600	10,000	10,000		0%
0373	Licenses & Permits	11,659		13,750	13,750	14,500		5%
0375	General Supplies	16,470		10,250	10,000	6,000		-40%
0376	Medical/Safety Supplies	10,326		13,000	13,000	10,800		-17%
0377	Boot Expense	822		1,800	1,800	1,800		0%
0380	Finance Charges	4		-	2	-		-100%
0381	Small Tools & Equipment	7,475		20,500	20,500	10,300		-50%
0383	Utilities	119,358		125,000	125,000	125,000		0%
0384	Books & Subscriptions	225		300	300	300		0%
0619	Miscellaneous	-		-	-	16,250		
	Materials & Services	374,200		482,722	460,145	481,915		5%
0606	Bad Debt Sent to Collection	3,669		6,000	3,000	3,000		0%
	Bad Debt	3,669		6,000	3,000	3,000		0%
0911	Principal	45,000		45,000	45,000	50,000		11%
0912	Interest	14,252		12,322	12,322	9,805		
0913	Fees	2,589		2,600	2,200	2,200		0%
	Debt Service	61,841		59,922	59,522	62,005		4%
	Non-Personnel Services	439,711		548,644	522,667	546,920		5%
0322	Fleet Services	112,829		90,324	90,324	104,991		16%
0396	Allocation to IT Int Serv Fund	130,168		82,875	82,875	109,492		32%
0397	Alloc to Facilities Maint	119,158		68,300	68,300	50,241		-26%
0399	Admin Costs Allocation	689,511		702,919	702,919	737,479		5%
	Other Operating Allocations	1,051,666		944,418	944,418	1,002,203		6%
0799	Transfer to Other Funds	281,260		876,950	1,103,200	359,350		-67%
	Total Wastewater Enterprise	\$ 3,018,990		\$ 3,657,135	\$ 3,872,467	\$ 3,199,763		-17%

Municipal Improvement District #1
Wastewater Enterprise Administration Division
Line Item Detail

Fund #710		Account	Category	FY 2015/16
Department: 4710		Detail	Detail	Adopted Budget
Materials & Services				
710-4710-0312	Auditing & Accounting		\$ 8,025	
710-4710-0319	Professional Services		28,550	
	Bank fees - lockbox	\$ 9,000		
	General account services	7,000		
	ACH & credit card fees	6,700		
	Print services	5,500		
	48 Hour phone calls	350		
		28,550		
710-4710-0359	Liability Deductible		1,000	
710-4710-0360	Property Premium		18,000	
710-4710-0361	Property Deductible		1,000	
710-4710-0362	Telephone & Communication		750	
710-4710-0365	Copying/Printing		300	
710-4710-0372	Postage		10,000	
710-4710-0619	Miscellaneous - Pay off PERs side fund		16,250	
Total Material & Services			\$ 83,875	
Other Expenditures				
710-4610-0606	Bad Debts Sent to Collection		3,000	
Total Other Expenditures				3,000
Allocations				
710-4710-0396	IT Internal Service Fund		109,492	
710-4710-0399	Admin Costs		737,479	
710-4710-0801	Salary/Benefits		480,598	
Total Allocations				1,327,569
Operating Transfers				
710-4710-0799	Transfers to Other Funds		359,350	
	To 714 - Non Routine Maintenance	333,000		
	To 408 Capital Project, Emergency Fueling Station	18,750		
	To 610 for WW Portion of 2007 Equipment Lease	7,600		
		359,350		
Total Operating Transfers				359,350
Total - Wastewater Enterprise Administration Division			\$ 1,773,794	

Municipal Improvement District #1
Wastewater Enterprise Maintenance Division
Line Item Detail

Fund #710		Account	Category	FY 2015/16
Department: 4711		Detail	Detail	Adopted Budget
Materials & Services				
710-4711-0351	Equipment Repair & Maint (Sewer parts)		\$ 6,000	
710-4711-0366	Training/Travel Reimbursement		2,000	
710-4711-0375	General Supplies		1,000	
710-4711-0381	Small Tools & Equipment		5,800	
	manhole & lift station cleaner	\$ 4,300		
	1/2 of the 2ft backhoe bucket	1,000		
	1/2 of metal detector	500		
		<u>5,800</u>		
Total Material & Services			\$ 14,800	
Allocations				
710-4711-0397	Facilities Maintenance Allocation		<u>50,241</u>	
Total Allocations				50,241
Total - Wastewater Enterprise Maintenance Division			<u>\$ 65,041</u>	

Municipal Improvement District #1
Wastewater Enterprise Treatment Division
Line Item Detail

Fund #710		Account	Category	FY 2015/16
Department: 4712		Detail	Detail	Adopted Budget
Personnel Costs				
	Salaries & Wages		\$ 506,368	
	Employee Benefits		304,324	
	Total Personnel Costs			\$ 810,692
Materials & Services				
710-4712-0313	Laboratory		25,340	
	Alpha testing	\$ 10,540		
	Chronic tox testing	9,000		
	Storm water testing	5,000		
	Proficiency testing	800		
		25,340		
710-4712-0319	Professional Services		34,500	
	Annual Sludge Removal	25,000		
	Annual Flow Meter Calibration	3,000		
	Annual Hoist Inspection	2,500		
	Backflow Device Testing	1,500		
	Fire Extinguisher Maintenance	1,500		
	Miscellaneous	500		
		34,000		
710-4712-0320	Dues & Memberships		2,200	
	Operator certification renewal	1,200		
	CRWA Membership	1,000		
		2,200		
710-4712-0342	Laboratory Supplies		8,300	
710-4712-0343	Chemicals		68,800	
710-4712-0351	Equipment Repair & Maintenance		67,400	
	Pumps and Repair Parts	20,000		
	Electrical Motor & Controls	15,000		
	Lift Station Replacement Fittings	12,000		
	Pudding Creek Pump	10,000		
	Electrical Hardware	6,000		
	Boiler Annual Maintenance	1,500		
	Stainless Steel/PVC Hardware	1,500		
	Replacement Press Belt	1,400		
		67,400		
710-4712-0353	Building Repair & Maintenance		5,300	
	Roof and Door Maintenance	1,600		
	Lift Stations	1,400		
	Fencing and Gates	1,000		
	SWPPP BMPs	800		
	Miscellaneous	500		
		5,300		
710-4712-0354	Laundry/Cleaning/Janitorial		2,000	
710-4712-0366	Training/Travel Reimbursement		7,500	

(continued on next page)

Fund #710		Account	Category	FY 2015/16
Department: 4712		Detail	Detail	Adopted Budget
Materials & Services, Continued				
710-4712-0373	Licenses & Permits		\$ 14,500	
	Annual Fee	\$ 9,500		
	County haz mat	1,500		
	Permit increases	1,500		
	AQMD	1,000		
	ELAP certification	1,000		
		14,500		
710-4712-0375	General Supplies		5,000	
710-4712-0376	Medical/Safety Supplies		10,800	
	CL2&SO2 Regulator maintenance	6,000		
	CL2 &SO2 sensors	2,000		
	Safety supplies	2,000		
	Confined Space Rescue	500		
	Respirator maintenance	300		
		10,800		
710-4712-0377	Boot Expense		1,800	
710-4712-0381	Small Tools & Equipment		4,500	
710-4712-0383	Utilities		125,000	
710-4712-0384	Books & Subscriptions		300	
	Total Material & Services			\$ 383,240
Allocations				
710-4712-0322	Fleet Services		104,991	
	Total Allocations			104,991
Debt Service				
710-4712-0911	Principal		50,000	
710-4712-0912	Interest		9,805	
710-4712-0913	Fees		2,200	
	Total Debt Service			62,005
	Total - Wastewater Enterprise Treatment Division			\$ 1,360,928



C. V. STARR ENTERPRISE

PURPOSE

The C.V. Starr Community Center and Sigrid & Harry Spath Aquatic Facility (C.V. Starr Center) is a 43,000 square foot facility that includes an indoor water park, fitness, exercise and weight rooms and meeting rooms for community use. Its grounds include a dog park, a skateboard park, petanque courts and picnic and BBQ facilities. The City owns the facility and receives restricted sales tax and property tax revenues to help offset the costs of operation, maintenance and capital improvements at the Center. These restricted sales and property tax funds are held in the C.V. Starr Enterprise Fund.

SUMMARY OF SERVICES

The City contracts with the Mendocino Coast Recreation and Parks District (MCRPD) for day-to-day operation of the C.V. Starr Center.

GOALS AND OBJECTIVES

- Continue to coordinate with the MCRPD to ensure efficient and effective operation of the C.V. Starr Center in accordance with the Operating Agreement between the City and the MCRPD.
- Continue to ensure that financial procedures and fiscal controls are effectively implemented to address accounting, cash handling, payroll processing, purchasing and procurement, inventory controls, record-keeping, auditing and reporting.
- Coordinate closely with the C.V. Starr Director to ensure completion of necessary maintenance and repairs and implementation of capital improvement projects.

BUDGET OVERVIEW

The C.V. Starr Center's annual operating budget is adopted as a stand-alone budget for the facility. The C.V. Starr Enterprise Fund receives special sales tax revenues and property tax revenues that are restricted and used to help offset the costs of operation, maintenance and capital improvements at the Center. Revenue generated from operating the Center is collected through user fees, the sale of merchandise, and other miscellaneous sources. Operating revenues for FY 2015/16 are budgeted at \$622k, a decrease of 10% over the FY 2014/15 projected results. This decrease is primarily related to the expiration of an administrative services agreement with MCRPD and the expiration of energy rebates. Operating expenditures are costs directly related to the operation of the Center, such as wages, benefits, utilities, services, and supplies and are budgeted for FY 2015/16 at \$1.6 million, a 1.4% increase over FY 2014/15. Non-operating expenditures of \$65k represent, principal payments on the General Fund Loan (\$61k) and \$5k principle payments on the Energy Loan.

City Council has established a reserve policy that sets aside all fund balance to provide for future capital projects and unanticipated emergencies, as follows:

- \$30k for the Facilities Improvement and Expansion Reserve,
- 50% of the remaining balance as an Operating Reserve, and
- The remaining balance as Capital Repair and Equipment Reserve.

The reserve balances are projected as follows:

	FY 2014/15 FYE PROJECTED	FY 2015/16 PROPOSED BUDGET
Operating Reserve	143,146	143,672
Capital Repair & Equip Reserve	143,146	143,672
Facility Improvement Reserve	30,000	30,000
Total Reserves	\$ 316,292	\$ 317,344

FY 2014/15 TOP ACCOMPLISHMENTS

- The C.V. Starr Center continued to provide quality recreation, fitness, and aquatics programs to the citizens of Fort Bragg and the surrounding region.
- The MCRPD continued to provide excellent services in the operation and maintenance of the facility.
- An evaluation and upgrade of the Center's technology infrastructure, pool circulation pumps and parking lot striping.

FY 2015/16 TOP PRIORITIES

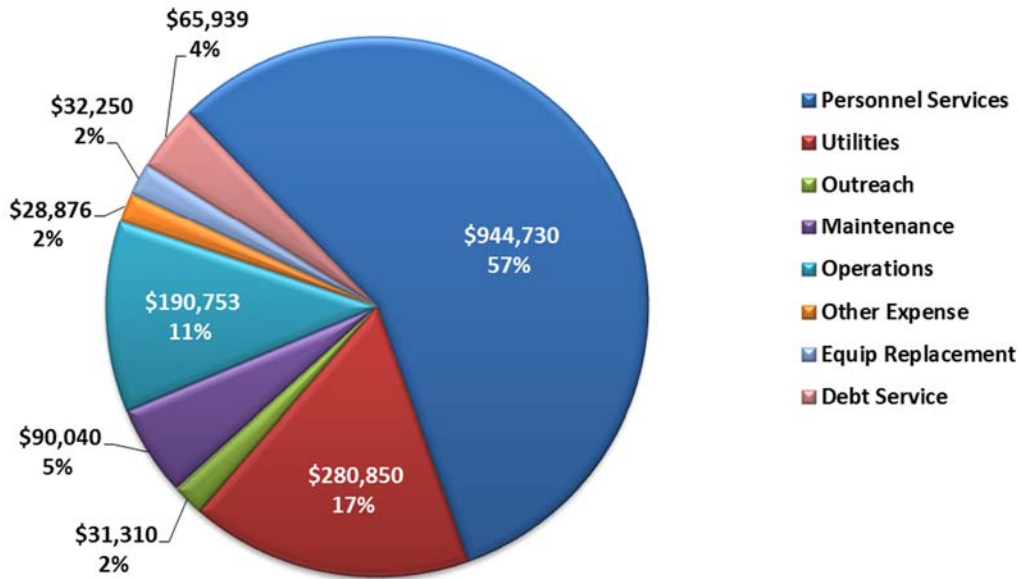
- Continue to coordinate with the MCRPD to ensure the provision of excellent services at the C.V. Starr Center.
- Continue to provide financial oversight to ensure that financial procedures and fiscal controls are effectively implemented and to ensure adherence to the FY 2015/16 budget.
- Installation of floor drains in the family changing rooms, and installation of a CO2 system to control the pH levels in the swimming pools.
- Develop a multi-year capital improvement plan and budget for the facility.
- Initiate conceptual planning process for construction of a gymnasium at the site and develop a fundraising strategy.

C.V. STARR CENTER ENTERPRISE BUDGET SUMMARY**Fund 810****Department: 4812**

Appropriations & Revenue

Description	FY 2014/15			FY 2015/16	
	FY 2013/14 Audited	Amended Budget	14/15 FYE Projected	Adopted Budget	% +/-
Personnel Services	\$ 878,609	\$ 913,250	\$ 920,826	\$ 944,730	3%
Non-Personnel Services	656,811	738,043	734,655	720,018	-2%
Total Appropriations	1,535,420	1,651,293	1,655,481	1,664,748	1%
Revenue from Operations	634,494	594,023	692,323	621,800	-10%
Other Revenue	55,522	2,000	2,000	2,000	0%
Tax Revenue	1,026,350	1,028,000	1,027,665	1,040,000	1%
Total Operating Revenue	1,716,366	1,624,023	1,721,988	1,663,800	-3%
NET EXCESS/(DEFICIENCY) OF REVENUES					
OVER/(UNDER) EXPENSES	\$ 180,945	\$ (27,270)	\$ 66,507	\$ (948)	-101%
Fund Balance July 1	\$ 114,739	\$ 251,786	\$ 251,786	\$ 318,293	
Fund Balance June 30	251,786	224,516	318,293	317,345	

FY 2015/16 EXPENDITURES BY CATEGORY



BUDGET DETAIL:

Fund #810

Department: 4812

		FY 2014/15		FY 2015/16		
Description		FY 2013/14	Amended	14/15 FYE	Adopted	%
		Audited	Budget	Projected	Budget	+ /-
0100	Salaries & Wages	\$ 736,725	\$ 773,520	\$ 782,207	\$ 772,319	-1%
0200	Employee Benefits	141,884	139,730	138,619	172,411	
Personnel Services		878,609	913,250	920,826	944,730	3%
0311	Legal - CV Starr	84	-	-	-	
0351	Equipment Repair & Maint	54,969	93,411	100,129	90,040	-10%
0385	Outreach	28,190	27,840	27,730	31,310	13%
0386	Operations	527,755	547,391	537,395	532,729	-1%
Materials& Services		610,998	668,642	665,254	654,079	
0751	Capital	43,900	8,473	8,473	-	-100%
Capital		43,900	8,473	8,473	-	-100%
0912	Loan Expense	1,913	60,928	60,928	65,939	8%
Debt Service		1,913	60,928	60,928	65,939	
Total Non-Personnel Services		656,811	738,043	734,655	720,018	-2%
Total C.V. Starr Enterprise		\$ 1,535,420	\$ 1,651,293	\$ 1,655,481	\$ 1,664,748	1%

C.V. STARR CENTER ENTERPRISE

Line Item Detail

Fund #810

Department: 4812

		Account Detail	Category Detail	Adopted Budget
Personnel Costs				
		Salaries & Wages	\$ 772,319	
		Employee Benefits	172,411	
		Total Personnel Costs		\$ 944,730
Materials & Services				
110-4812-0351	Equipment Repair & Maint		90,040	
110-4812-0385	Outreach		31,310	
110-4812-0386	Operations		532,729	
	Utilities	280,850		
	Operations	190,753		
	Other Expense	28,876		
	Equipment Replacement	32,250		
		532,729		
		Total Material & Services		654,079
Debt Service				
110-4812-0912	Debt Service		65,939	
		Total Personnel Costs		\$ 65,939
		Total - C.V. Starr Enterprise		<u>\$1,664,748</u>