

## **Enterprise Funds Water and Wastewater Enterprises**

### **Background**

Both the Water and Wastewater systems are complex operations that are heavily regulated by the State and Federal governments for public health safety and environmental impacts. Both systems depend on management of water resources, require a high degree of technical monitoring and maintenance to meet increasing regulatory requirements, and have high transportation, treatment and energy costs.

In August, 2009 a Revenue Advisory Committee was appointed by the City Council to consider rate adjustments for both the Water and Wastewater Utilities. It is anticipated that those rates will be implemented in mid 2010-11 and rate revenues have been adjusted to reflect the estimated impact of those revised rates.

### **Water Operations**

The Water Operations Enterprise Revenue Fund had a beginning balance of approximately \$0.1 million as of July 1, 2009. Based on activity during the fiscal year, it is anticipated that the fund balance will increase slightly to about \$0.2 million by June 30, 2010. The main reason for this increase is that the Public Works Department has done a good job reducing expenditures during the year. There were position vacancies that helped to reduce salaries and benefits costs. Other operating expenditures were also reduced as purchases were made only for critical items. The Water Operations Enterprise Fund balance is projected to end the fiscal year 2010/11 with a balance of approximately \$0.1 million. Since many expenditures were procrastinated during the past year, budget has been proposed for 2010/11 to begin to catch up on some of the items deferred. Revenues from the proposed rate increases will not be as much as previously expected because the rate process was delayed and implementation of the new rates, if approved, will not take effect until November.

### **Water Capital**

The Water Capital Fund is expected to end fiscal year 2009/10 with a slight deficit. This is primarily because connection fees came in less than originally expected. The fund is projected to have a balance of approximately \$2.2 million at the end of 2010/11. This is due to the planned receipt of loan proceeds during the year for construction of the Mt. Washington Water Tank. While \$3.75 million will be received only \$1.2 million of expenditures on the tank are planned during fiscal year 2010/11. The remainder will be spent the following year.

**Wastewater Operations**

The Wastewater Operations Fund is expected to end fiscal year 2009/10 with a deficit balance of approximately (\$0.6) million. As discussed many times during the water and wastewater rate study, expenditures to run the treatment plant have continued to out pace revenues. This is one of the reasons updated rates are desperately needed. The 2010/11 budget shows an ending deficit fund balance of approximately (\$1.0) million. While the proposed rates will begin to reduce the annual deficit the impact during 2010/11 will not be as significant as projected due, once again, to the delay in implementation of the updated rates. Since expenditures during 2009/10 were kept only to the purchase of critical items 2010/11 amounts have been budgeted based on our best estimate of what will be needed to operate the utility. If these costs don't materialize the ending fund balance deficit could be less than anticipated.

**Wastewater Capital**

The Wastewater Capital Improvements Fund is expected to end fiscal year 2009/10 with a slight deficit balance. This is also due to the fact that connection fees came in less than anticipated. The ending fund balance in 2010/11 should be similar to what is projected during 2009/10.

## Sources and Uses

### Water Operations Fund

	Final FY 09-10	Budget FY 10-11
<b>Operating Revenues</b>		
Charges for Services		
Residential Sales	1,298,728	1,350,677
Transient Sales	357,502	371,802
Commercial Sales	253,005	263,125
Industrial Sales	123,692	128,640
Other Revenues	48,898	48,898
<b>Total Operating Revenues</b>	<b>2,081,825</b>	<b>2,163,142</b>
<b>Operating Expenses</b>		
Water Distribution	464,434	534,314
Water Treatment	1,356,936	1,626,495
Water Conservation	19,633	35,939
Depreciation	226,100	226,100
<b>Total Operating Expenditures</b>	<b>2,067,103</b>	<b>2,422,848</b>
<b>Net Operating Surplus/Deficit</b>	<b>14,722</b>	<b>(259,706)</b>
<b>Special Projects</b>		-
<b>Other Non Operating Sources Or (Uses)</b>		
Interest Earnings	10,000	10,000
Sale of Property (Gain)	-	
Napa County Measure A Funding	357,000	357,000
Debt Proceeds (for Reserves and Costs)	-	
Equipment Lease	-	12,000
Residential Credits offset		
Debt Payments		
Cost of Issuance & Annual Fees	(1,500)	(51,500)
Loan Principal	(174,914)	(240,966)
Loan Interest	(320,375)	(362,906)
Equipment	(11,000)	(18,700)
<b>Total Other Non Operating Activities</b>	<b>(140,788)</b>	<b>(295,072)</b>
<b>Transfers From or (To) Other Funds and Other Adjustments</b>		
<b>From Water CIP (12)</b>	12,265	201,809
<b>From General Fund (01)</b>		
<b>To General Fund (01)</b>		
<b>Add Back Non-Cash Depreciation</b>	226,100	226,100
<b>Net All Transfers</b>	<b>238,365</b>	<b>427,909</b>
<b>Net Fund Surplus or (Deficit)</b>	<b>112,299</b>	<b>(126,869)</b>
<b>Beginning Working Capital</b>	<b>143,833</b>	<b>256,132</b>
<b>Ending Working Capital</b>	<b>256,132</b>	<b>129,263</b>
<b>Working Capital Allocation to Reserves</b>		
Operating Reserve - 20%	368,201	439,350
Required Debt Service Reserve	26,808	40,212
Operating Contingency	(138,877)	(350,298)
<b>Working Capital Allocation</b>	<b>256,132</b>	<b>129,263</b>

**Water CIP**  
**Sources and Uses**

	Revised FY 09-10	Budget FY 10-11
<b>Operating Revenues</b>		
Connection Fees	14,957	246,109
Other Revenues	-	21,000
<b>Total Operating Revenues</b>	<b>14,957</b>	<b>267,109</b>
<b>Operating Expenses</b>		
<b>Total Operating Expenditures</b>	<b>-</b>	<b>-</b>
<b>Net Operating Surplus/Deficit</b>	<b>14,957</b>	<b>267,109</b>
<b>Other Non Operating Sources Or (Uses)</b>		
Interest Earnings	10,000	10,000
Napa County Measure A	405,000	
Proposition 50 Grant		-
Other Grants or Funding Sources		
Grant Proceeds - USDA I	-	
Debt Proceeds - USDA I Loan		
Debt Proceeds - Interim/USDA II	-	3,750,000
Debt Proceeds - Other Financing	-	
Capital Improvements		
Distribution	(485,340)	(1,578,000)
Treatment	-	(14,000)
Total Capital Improvements	(485,340)	(1,592,000)
<b>Total Other Non Operating Activities</b>	<b>(70,340)</b>	<b>2,168,000</b>
<b>Transfers From or (To) Other Funds</b>		
To Water Operations (02)	(12,265)	(201,809)
<b>Net All Transfers</b>	<b>(12,265)</b>	<b>(201,809)</b>
<b>Net Fund Surplus or (Deficit)</b>	<b>(67,648)</b>	<b>2,233,300</b>
<b>Beginning Working Capital</b>	<b>-</b>	<b>(67,648)</b>
<b>Ending Working Capital</b>	<b>(67,648)</b>	<b>2,165,652</b>

# Sources and Uses

## Wastewater Operations Fund

	Final FY 09-10	Budget FY 10-11
<b>Operating Revenues</b>		
Charges for Services		
Residential Sales	1,027,373	1,107,508
Transient Sales	509,131	548,843
Commercial Sales	224,998	242,548
Industrial Sales	68,919	74,295
Other Revenues	103,395	103,395
<b>Total Operating Revenues</b>	<b>1,933,816</b>	<b>2,076,589</b>
<b>Operating Expenses</b>		
Wastewater Collection	460,392	514,256
Wastewater Treatment	1,337,334	1,532,541
Depreciation	608,100	608,100
<b>Total Operating Expenditures</b>	<b>2,405,826</b>	<b>2,654,897</b>
<b>Net Operating Surplus/Deficit</b>	<b>(472,010)</b>	<b>(578,308)</b>
<b>Special Projects</b>		
<b>Other Non Operating Sources Or (Uses)</b>		
Interest Earnings	-	-
Equipment Lease	-	(38,000)
Debt Payments		
State Revolving Fund Loan Payments	(363,000)	(362,950)
CSCDA Revenue Bond Payments	(225,450)	(222,600)
USDA Loan Payment	(106,350)	(106,350)
Equipment Lease Payments	(7,444)	(8,998)
Cost of Issuance & Fees	(1,600)	(1,600)
Subtotal Debt Related Costs	(703,844)	(702,498)
Equipment	(9,550)	(18,700)
<b>Total Other Non Operating Activities</b>	<b>(713,394)</b>	<b>(759,198)</b>
<b>Transfers From or (To) Other Funds and Other Adjustments</b>		
<b>From Wastewater Capital (13)</b>	8,601	242,182
<b>To General Fund (01))</b>		
<b>Add Back Non Cash Depreciation</b>	608,100	608,100
<b>Net All Transfers &amp; Adjustments</b>	<b>616,701</b>	<b>850,282</b>
<b>Net Fund Surplus or (Deficit)</b>	<b>(568,703)</b>	<b>(487,224)</b>
<b>Beginning Working Capital</b>	-	<b>(568,703)</b>
	-	-
<b>Ending Working Capital</b>	<b>(568,703)</b>	<b>(1,055,927)</b>
<b>Working Capital Allocation to Reserves</b>		
Operating Reserve - 20% of Expenses	359,545	409,359
Required Debt Service Reserve	42,336	52,920
Operating Contingency	(970,584)	(1,518,206)
<b>Working Capital Allocation</b>	<b>(568,703)</b>	<b>(1,055,927)</b>

**Sources and Uses**  
**Wastewater Capital Improvements**

	Final FY 09-10	Budget FY 10-11
<b>Operating Revenues</b>		
Connection Fees	10,751	302,727
<b>Total Operating Revenues</b>	<b>10,751</b>	<b>302,727</b>
<b>Operating Expenses</b>		
<b>Total Operating Expenditures</b>	-	-
<b>Net Operating Surplus/Deficit</b>	<b>10,751</b>	<b>302,727</b>
<b>Other Non Operating Sources Or (Uses)</b>		
Interest Earnings	-	-
Sale of Property (Gain)		
Lease Proceeds	(97,000)	12,000
Capital Improvements		
Collection	(1,946)	(5,000)
Treatment	-	(20,000)
Subtotal Capital Improvements	(1,946)	(25,000)
<b>Total Other Non Operating Activities</b>	<b>(98,946)</b>	<b>(13,000)</b>
<b>Transfers From or (To) Other Funds</b>		
<b>To Wastewater Operations (03)</b>	<b>(8,601)</b>	<b>(242,182)</b>
<b>Net All Transfers</b>	<b>(8,601)</b>	<b>(242,182)</b>
<b>Net Fund Surplus or (Deficit)</b>	<b>(96,796)</b>	<b>47,545</b>
<b>Beginning Working Capital</b>	-	<b>(96,796)</b>
<b>Ending Working Capital</b>	<b>(96,796)</b>	<b>(49,250)</b>

**Department: Public Works**  
**Program: Water Distribution**

**Account Code: 02-4131**

		<b>Final FY 09-10</b>	<b>Budget FY 10-11</b>
<b>PERSONNEL SERVICES</b>			
4301	FULL-TIME SALARIES	231,653	237,444
4302	OVERTIME	11,328	17,000
4303	BENEFITS	128,162	134,570
4309	SPECIAL PAY	9,058	9,300
<b>SUBTOTAL</b>		<b>380,201</b>	<b>398,314</b>
<b>SERVICES &amp; SUPPLIES</b>			
4401	MATERIALS & SUPPLIES:	36,200	36,900
4402	CONTRACT SERVICES	13,995	37,500
4403	UTILITIES	345	2,100
4404	REPAIRS & MAINTENANCE	6,524	7,300
4405	TRAINING & SEMINARS: STAFF	2,202	6,000
4408	UNIFORM ALLOWANCE	859	1,700
4415	POSTAGE & REPRODUCTION	33	400
4417	Fuel & Oil	769	3,000
4424	HEALTH & SAFETY	114	2,200
4428	METERS	237	13,000
4429	PHONE	1,853	2,800
4456	BAD DEBT EXPENSE	2,712	2,500
4650	TRAINING & SEMINARS: MGMT	90	1,400
4510	EQUIP FUND RENTAL	18,300	19,200
<b>SUBTOTAL</b>		<b>84,233</b>	<b>136,000</b>
<b>OTHER</b>			
4505	DEPRECIATION	108,100	108,100
4820	Vehicles		
4821	Miscellaneous Field Equipment		
<b>SUBTOTAL</b>		<b>108,100</b>	<b>108,100</b>
<b>TOTAL PROGRAM BUDGET</b>		<b>572,534</b>	<b>642,414</b>

Department: **Public Works**  
 Program: **Water Treatment**

Account Code: **02-4132**

		Final FY 09-10	Budget FY 10-11
<b>PERSONNEL SERVICES</b>			
4301	FULL-TIME SALARIES	234,737	290,895
4302	OVERTIME	33,240	41,700
4303	BENEFITS	125,584	161,700
4309	SPECIAL PAY	9,287	9,250
<b>SUBTOTAL</b>		<b>402,848</b>	<b>503,545</b>
<b>SERVICES &amp; SUPPLIES</b>			
4401	MATERIALS & SUPPLIES:	60,464	61,600
4402	CONTRACT SERVICES	28,412	35,600
4403	UTILITIES	64,418	65,700
4404	REPAIRS & MAINTENANCE	10,143	50,725
4405	TRAINING & SEMINARS: STAFF	3,010	5,300
4408	UNIFORM ALLOWANCE	2,784	3,100
4413	TAXES & FEES	1,890	2,000
4415	POSTAGE & REPRODUCTION	6,569	7,400
4417	Fuel & Oil	3,071	5,200
4424	HEALTH & SAFETY	300	1,300
4429	PHONE	4,559	5,700
4430	DUES & SUBSCRIPTIONS	1,917	2,000
4431	FEES	26,604	32,000
4439	CENTRAL SERVICE CHARGE	82,500	82,500
4503	WATER PURCHASE - NBA/KCWA	627,714	730,775
4650	TRAINING & SEMINARS: MGMT	133	950
4510	EQUIPMENT FUND RENTAL	29,600	31,100
<b>SUBTOTAL</b>		<b>954,088</b>	<b>1,122,950</b>
<b>OTHER</b>			
4505	DEPRECIATION	118,000	118,000
4820	Vehicles		
4821	Miscellaneous Field Equipment		
4821	Miscellaneous Office Equipment		
4823	Computer Equipment		
<b>SUBTOTAL</b>		<b>118,000</b>	<b>118,000</b>
<b>TOTAL PROGRAM BUDGET</b>		<b>1,474,936</b>	<b>1,744,495</b>

Department: Public Works  
 Program: Water Conservation

Account Code: 02-4135

		Final FY 09-10	Budget FY 10-11
<b>PERSONNEL SERVICES</b>			
4301	FULL-TIME SALARIES	11,442	12,044
4303	BENEFITS	5,771	6,195
<b>SUBTOTAL</b>		<b>17,213</b>	<b>18,239</b>
<b>SERVICES &amp; SUPPLIES</b>			
4401	MATERIALS & SUPPLIES	125	4,300
4402	CONTRACT SERVICES		
4405	TRAINING & SEMINARS	-	2,150
4415	POSTAGE & REPRODUCTION	15	1,250
4808	Water Use Efficiency - Toilet Replacement		
	Commercial		
	Transient		
	Residential		
	Washer Rebate Program	2,280	5,000
4499	CONTINGENCY	-	5,000
<b>SUBTOTAL</b>		<b>2,420</b>	<b>17,700</b>
<b>TOTAL PROGRAM BUDGET</b>		<b>19,633</b>	<b>35,939</b>

Department: **Public Works**

Program: **Debt Service**

Account Code: **02-4430**

	<b>Final FY 09-10</b>	<b>Budget FY 10-11</b>
<b>SERVICES &amp; SUPPLIES</b>		
4402 CONTRACT SERVICES	22,920	51,500
4430 4501 Principal	174,914	240,966
4430 4502 Interest	320,375	362,906
<b>SUBTOTAL</b>	<b>518,208</b>	<b>655,372</b>
<b>TOTAL PROGRAM BUDGET</b>	<b>518,208</b>	<b>655,372</b>

**Department: Public Works**  
**Program: Wastewater Collection**

**Account Code: 03-4141**

		<b>Final FY 09-10</b>	<b>Budget FY 10-11</b>
<b>PERSONNEL SERVICES</b>			
4301	FULL-TIME SALARIES	228,609	234,981
4302	OVERTIME	10,953	17,000
4303	BENEFITS	126,478	133,350
4309	SPECIAL PAY	9,058	8,900
<b>SUBTOTAL</b>		<b>375,098</b>	<b>394,231</b>
<b>SERVICES &amp; SUPPLIES</b>			
4401	MATERIALS & SUPPLIES:	5,933	14,100
4402	CONTRACT SERVICES:	18,179	18,400
4403	UTILITIES	22,661	24,000
4404	REPAIRS & MAINTENANCE	6,702	25,800
4405	TRAINING & SEMINARS: STAFF	2,234	2,200
4408	UNIFORM ALLOWANCE	860	1,600
4415	POSTAGE & REPRODUCTION	35	50
4417	Fuel & Oil	4,000	4,400
4424	HEALTH & SAFETY	600	2,500
4429	PHONE	3,400	3,600
4430	DUES & SUBSCRIPTIONS	-	100
4431	FEES	2,707	3,425
4650	TRAINING & SEMINARS: MGMT	133	1,100
4510	EQUIPMENT FUND RENTAL	17,850	18,750
<b>SUBTOTAL</b>		<b>85,294</b>	<b>120,025</b>
<b>OTHER</b>			
4505	DEPRECIATION	309,000	309,000
4820	Vehicles		
4821	Miscellaneous Field Equipment		
4821	Miscellaneous Office Equipment		
4823	Computer Equipment		
<b>SUBTOTAL</b>		<b>309,000</b>	<b>309,000</b>
<b>TOTAL PROGRAM BUDGET</b>		<b>769,392</b>	<b>823,256</b>

**Department: Public Works**

**Program: Wastewater Treatment**

**Account Code: 03-4142**

		<b>Final FY 09-10</b>	<b>Budget FY 10-11</b>
<b>PERSONNEL SERVICES</b>			
4301	FULL-TIME SALARIES	355,788	367,017
4302	OVERTIME	46,420	64,250
4303	BENEFITS	197,692	210,924
4309	SPECIAL PAY	18,854	18,750
<b>SUBTOTAL</b>		<b>618,754</b>	<b>660,941</b>
<b>SERVICES &amp; SUPPLIES</b>			
4401	MATERIALS & SUPPLIES:	131,275	143,000
4402	CONTRACT SERVICES:	91,635	147,315
	NPDES Studies	27,195	22,885
	Sludge Disposal	68,100	100,000
4403	ELECTRICITY	127,357	130,000
4404	REPAIRS & MAINTENANCE	47,261	78,000
4405	TRAINING & SEMINARS: STAFF	2,139	5,000
4408	UNIFORM ALLOWANCE	2,965	3,300
4415	POSTAGE & REPRODUCTION	2,903	3,100
4417	Fuel & Oil	16,400	18,000
4424	HEALTH & SAFETY	1,266	1,300
4429	PHONE	3,409	5,400
4430	DUES & SUBSCRIPTIONS	585	650
4431	FEES	14,906	21,250
4439	CENTRAL SERVICES OVERHEAD	82,500	82,500
4440	LAB TESTING	78,132	87,000
4650	TRAINING & SEMINARS: MGMT	152	1,000
4510	EQUIPMENT FUND RENTAL	20,400	21,900
<b>SUBTOTAL</b>		<b>718,580</b>	<b>871,600</b>
<b>OTHER</b>			
4505	DEPRECIATION	299,100	299,100
4820	Vehicles		
4821	Miscellaneous Field Equipment		
4821	Miscellaneous Office Equipment		
4823	Computer Equipment		
<b>SUBTOTAL</b>		<b>299,100</b>	<b>299,100</b>
<b>TOTAL PROGRAM BUDGET</b>		<b>1,636,434</b>	<b>1,831,641</b>

Department: **Public Works**

Program: **Debt Service**

Account Code: **03-4430**

	<b>Final FY 09-10</b>	<b>Budget FY 10-11</b>
<b><i>SERVICES &amp; SUPPLIES</i></b>		
4402 CONTRACT SERVICES	1,600	1,600
4501 Principal	345,294	354,266
4502 Interest	356,950	346,631
<b>SUBTOTAL</b>	<b>703,844</b>	<b>702,498</b>
<b><i>TOTAL PROGRAM BUDGET</i></b>	<b>703,844</b>	<b>702,498</b>

**Water System Capital Improvements**

Fd	Proj	Description	Revised FY 09-10	Preliminary FY 10-11
<b>Distribution</b>				
12	5227	Pipeline-Myrtledeale/Grant/Kimball Main	211	83,000
12	5232	Mt. Washington Water Tank	413,902	1,210,000
12	5418	NBA Pump Station (Dwyer Road)	21,541	100,000
12	5491	Replacement Mains Various Loc	2,747	-
12	5416	Polybutylene Service Replacement	-	50,000
12	5419	Repair Fiege Tank	-	-
12	5201	Silverado Trail Valves / Shut Off Valves	-	60,000
12	5220	2nd St Water Main	-	-
12	5476	Automatic Meter Read Program	46,939	50,000
12	5476	NBA Cathodic Protection Survey	-	25,000
<b>Subtotal Water Distribution</b>			<b>485,340</b>	<b>1,578,000</b>
<b>Treatment</b>				
12	5411	Dredge Kimball Reservoir	-	-
12	5424	Kimball Spillway Safety Impv & WTP Upgrades	-	-
12	5426	Storage Building - Kimball	-	-
12	5429	Pump Protection - Kimball	-	-
12	5457	Chemical Tank Cover	-	-
12	5459	Treatment System Security Improvements	-	-
12	5491	SCADA Conversion to Radio Telemetry	-	-
12	5492	Pope St Pump Station Telemetry Update	-	14,000
<b>Subtotal Water Treatment</b>			<b>-</b>	<b>14,000</b>
<b>Total Water Capital Improvements</b>			<b>485,340</b>	<b>1,592,000</b>

## Wastewater System Capital Improvements

	Revised FY 09-10	Budget FY 10-11
<b>Wastewater Collection</b>		
13 5326 GIS System	-	-
13 5333 Spring Street Lift Station	-	-
13 5437 Sewer System Assessment & Master Plan	-	-
13 5452 Sewer Lateral Replacement	-	5,000
13 5472 Ground Water/Wastewater Flow Measurement Program	-	-
13 5483 Inflow & Infiltration Improvements	1,946	-
<b>Subtotal Wastewater Collection</b>	<b>1,946</b>	<b>5,000</b>
<b>Wastewater Treatment</b>		
13 5480 Grit Removal Unit	-	-
13 5493 VFD Secondary Effluent Pumps	-	-
13 5494 Additional WWTP Alarms	-	-
13 5495 Effluent Flow Weir & Gate Valve	-	-
13 5497 Filter Area Spiral Stairway	-	20,000
13 5498 EQ Pump Upgrade and VFD	-	-
13 5500 WWTP SCADA Drawing Update	-	-
<b>Subtotal Wastewater Treatment</b>	<b>0</b>	<b>20,000</b>
<b>Total Wastewater Capital Improvements</b>	<b>1,946</b>	<b>25,000</b>