

Budget and Long-Term Financial Plan

Fiscal Years 2015/16 and 2016/17



Fairfield-Suisun Sewer District

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

2015 Board of Directors

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District Counsel

Bernadette Curry

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MEMORANDUM

DATE: March 23, 2015

TO: Board of Directors

FROM: Gregory G. Baatrup
General Manager

Helen Gaumann
Director of Administrative Services

SUBJECT: FY 2015/16 & 2016/17 Budget and Long-Term Financial Plan

SUMMARY

We are pleased to submit a two-year budget for Fiscal Years 2015/16 and 2016/17, along with the Long-Term Financial Plan, for Board approval. The Long-Term Financial Plan has proven to be a reliable tool for more than 25 years to predict revenue and expenses and build reserves. The Board has relied on a long-term capital and financial planning to guide their decisions on budgets, thereby avoiding rate spikes that can come from short-term planning. Through prudent management, the District keeps costs to its ratepayers low and has one of the lowest sewer service charges in the San Francisco Bay Area.

The District operates a cost-efficient, award-winning wastewater and stormwater utility that protects public health and the environment. For approximately \$1 per day, the District collects, conveys, treats and safely disposes an average of 210 gallons of sewage per day from each residential customer in the community. Prior budgets and Long-Term Financial Plans forecasted increased expenses and a need for increased revenue. This budget includes planned rate increases for resident customers of \$1.85 per month in FY2015/16 and \$1.79 per month in FY2016/17. The rate for all customer classes will increase as planned and noticed in the last Proposition 218 notice that was mailed to all District customers in 2012.

The Long-Term Financial Plan shows that all three of the District's programs (Operation, Capital and Drainage Maintenance) are adequately funded, that reserve contribution policy and legal bond covenants are met. The Operations fund accounts for the revenue and expenses in the District's facilities. The Capital Fund accounts for revenue and expenses to accommodate growth in the District service area. The Drainage Maintenance fund accounts for revenue and expense for a portion of storm drain facilities.

As District assets age, the District will need to plan and save funds for the replacement of these assets. The replacement value of the plant assets at the end of FY 2014/15 total \$392 million and the collection system assets are valued at \$200 million, totaling \$592 million. The projected FY 15/16 year end balance in the Major Maintenance Reserve of \$8 million is a significant improvement from the previous budget, and is estimated to continue the rebuilding trend over the next ten years. Accumulating sufficient Major Maintenance Reserve is critical to funding major

repairs of the treatment plant facilities, upgrades to infrastructure to meet the ever changing regulatory requirements, and eventual treatment plant replacement. At the end this ten-year forecast the treatment plant and sewer system has an estimated replacement value of \$828 million with a projected Major Maintenance Reserve of \$64 million or 7.7% of its replacement value.

The Capital Program is funded from Connection Fees. With the extended economic decline and slow recovery, new connections have dropped significantly and connection fee reserve has been alarmingly low in the past five years. Future connection fee revenues is projected based on the City of Fairfield's growth projections. For the past few years, connection fee revenue has been inadequate to cover expenses and meet debt service obligation, so previous years' budgets have included interfund borrowing from Operations Fund to the Capital Fund. Interfund loan to-date is approximately \$2.1 million with repayment to start in fiscal year 16/17, when sufficient connection fee revenue is available.

To improve near-term cash flow, fiscal years 15/16 through 17/18 include a low-interest (projected at 1.5%) loan with the State Water Resources Board State Revolving Fund (SRF) program to fund the Aeration System Rehabilitation Project which is estimated to cost \$8 million. Though capital reserve is at its lowest in the immediate two years, it is projected that this reserve will be built up to approximately \$20 million by the end of the ten-year budget.

GOALS

Under the Board of Directors' guidance, District management set the following long-term goals:

- 1) Maintain operating cash reserves of at least three months of operating expenses to ensure smooth cash flow.
- 2) Maintain minimum debt service coverage ratio as legally mandated.
- 3) Pay all debt service for system expansion from capacity fees.
- 4) Build up 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.

Summary of Actual and Projected Revenues and Expenses are as follows:

Revenue

Sewer Service Charges

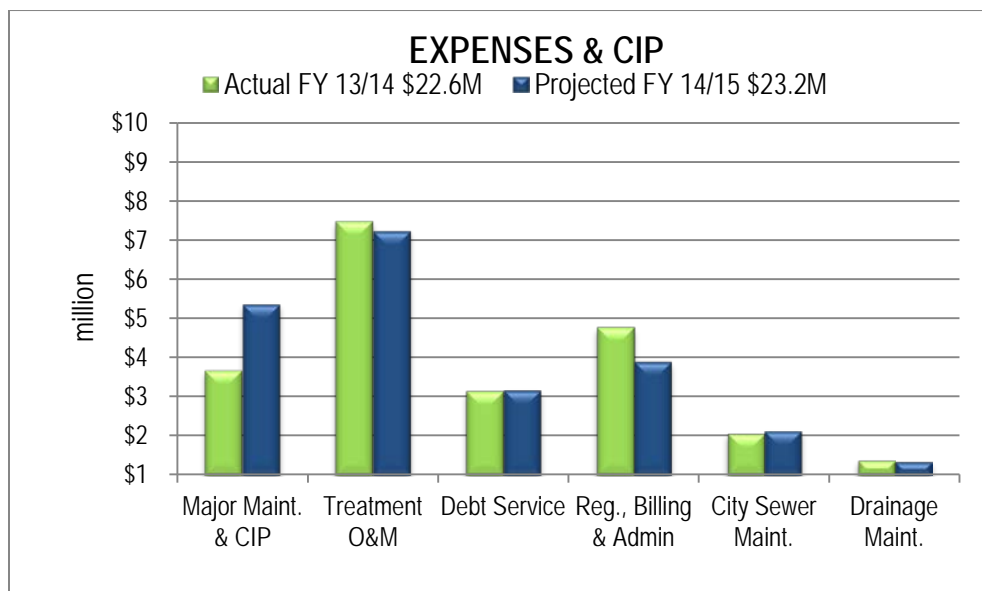
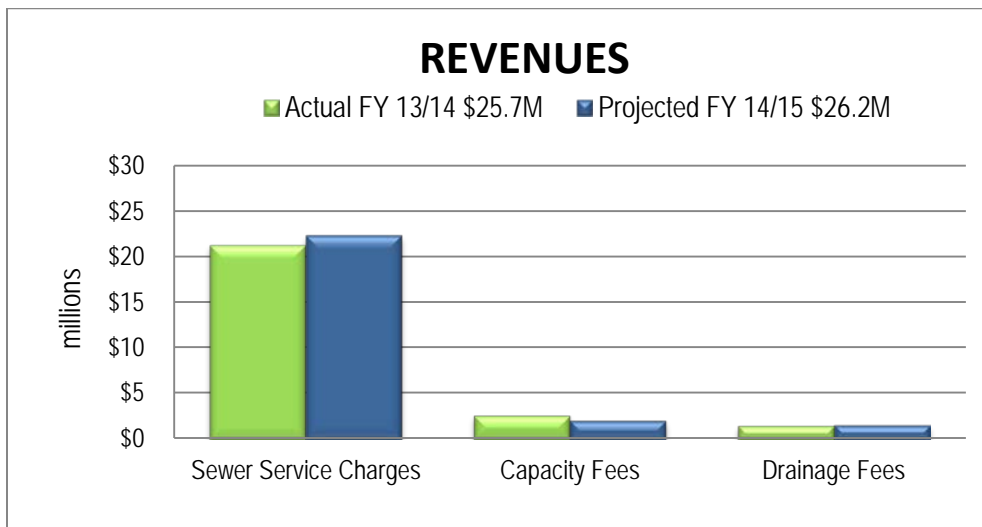
The largest source of District revenue is derived from residential, commercial, and industrial customers. Residential customers are billed a flat fee, while commercial customers are billed based on water consumption. Industrial customers represent approximately 15% of total sewer service charges, while residential and commercial represent 85%. Among the industrial customers are: Anheuser-Busch, Travis Air Force Base, Jelly Belly and Super Stores.

This budget includes increased revenue for both FY15/16 and FY 16/17 from the rates that were presented to the public in the Proposition 218 notice that was mailed to the community in 2012. The rate increase is necessary to meet the goal of building up reserves for the future replacement of the treatment plant and sewers.

The following table illustrates the sewer service revenue trend for all customer classes:

Sewer Service Charges (\$000)	Actual 13/14	Projected 14/15	Proposed 15/16	Proposed 16/17
Residential/Commercial/Industrial	\$18,874	\$20,463	\$21,722	\$23,053
TAFB	\$873	\$824	\$855	\$921
Anheuser-Busch	\$1,134	\$1,057	\$1,104	\$1,206
Total	\$20,881	\$22,344	\$23,788	\$25,180

Overall sewer revenues are tracking as projected based on growth and Proposition 218 rates. However, after factoring in annual sewer service charge increases, revenues from two of the District’s largest accounts, Travis and Anheuser-Busch, have been trending downward, due mainly to improved practices and upgrades at their facilities.



Capacity Fees

A one-time fee charged to new connections or to existing connections where a change in use will result in increased discharge to the treatment plant facilities. Due to the dramatic decline in the

real estate market, real estate development within the District’s service area have had very little activities; consequently, the District’s capacity fee revenues have been flat over the last few years. Capacity forecast is updated annually and is based on the City of Fairfield’s growth development forecast.

Drainage Maintenance Fee

On March 1, 1988 the District entered into a "Drainage Maintenance Agreement" with Fairfield and Suisun City. This agreement provided a mechanism for funding the maintenance of the "Fairfield Streams" federal flood control project which serves both cities. Although the District does not own any storm drainage facilities, it is authorized by statute to provide storm drainage services. The District created a storm drainage maintenance enterprise fund and established fees for users of the system which are collected on the county tax roll each year. Revenues are shared by the cities and the District for flood control activities. Currently, the District assists the cities by overseeing the Urban Runoff Management Program, and operating and maintaining city-owned stormwater pumping stations. Annual rates remained unchanged at \$20.23 per residence. Total annual revenues collected for Drainage Maintenance Fund is approximately \$1.5 million each year.

Interest Income

Interest income is projected to be low in the next few years due to the declining size of the District’s investment portfolio and low interest rates.

Other Income

The District receives a combination of miscellaneous and/or nonrecurring revenues such as cell tower and other property leases, PG&E rebate and insurance dividends.

Figure 1 illustrates revenue trend by source over the past ten fiscal years:

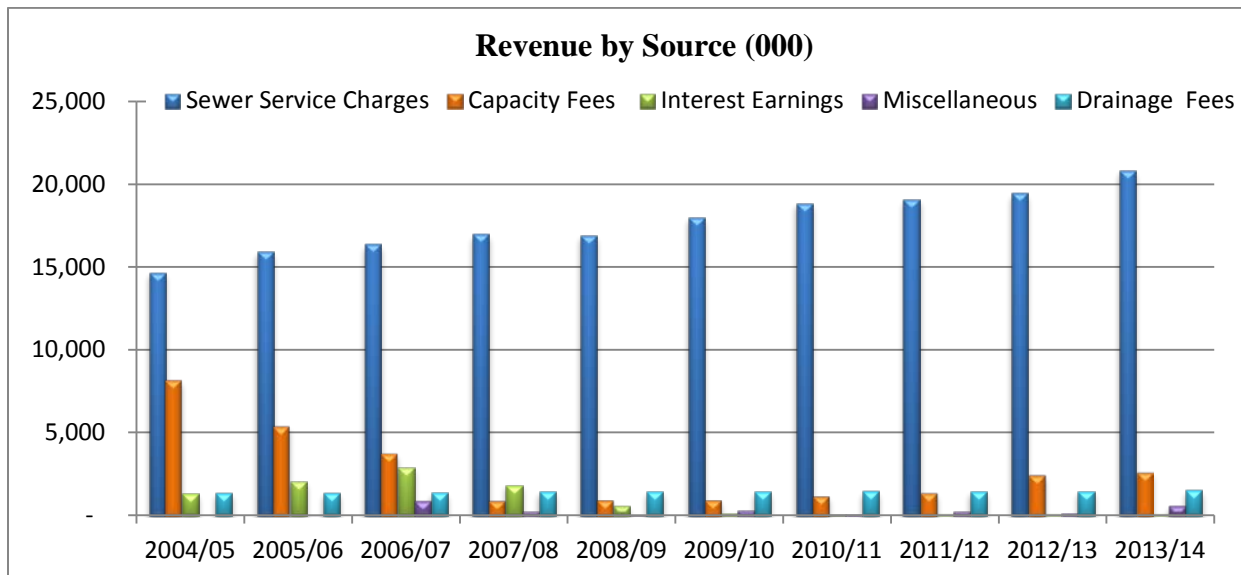


Figure 1

Expenses

Expenses in the Operating Fund or “Fund 1” are grouped into “Operating” expenses (Schedule 2, Lines 7 through 14) and “Major Maintenance” expenses (Schedule 2, Line 15). The projected expense total for FY15/16 is 2% more than FY14/15. The increased cost includes cost-of-living salary increases, benefit expense increases, and maintenance expense increases due to aging assets.

Figure 2 presents the annual Operating, Major Maintenance and Pass-through expenses. Pass-thru expenses are those contractual obligations to the cities for Utility Billing and Sewer Collection. The District collects and remits these amounts as part of Sewer Service Fees for the City of Fairfield and Suisun City. Likewise, the figure shows these expenses increased at a rate equal to cost-of-living.

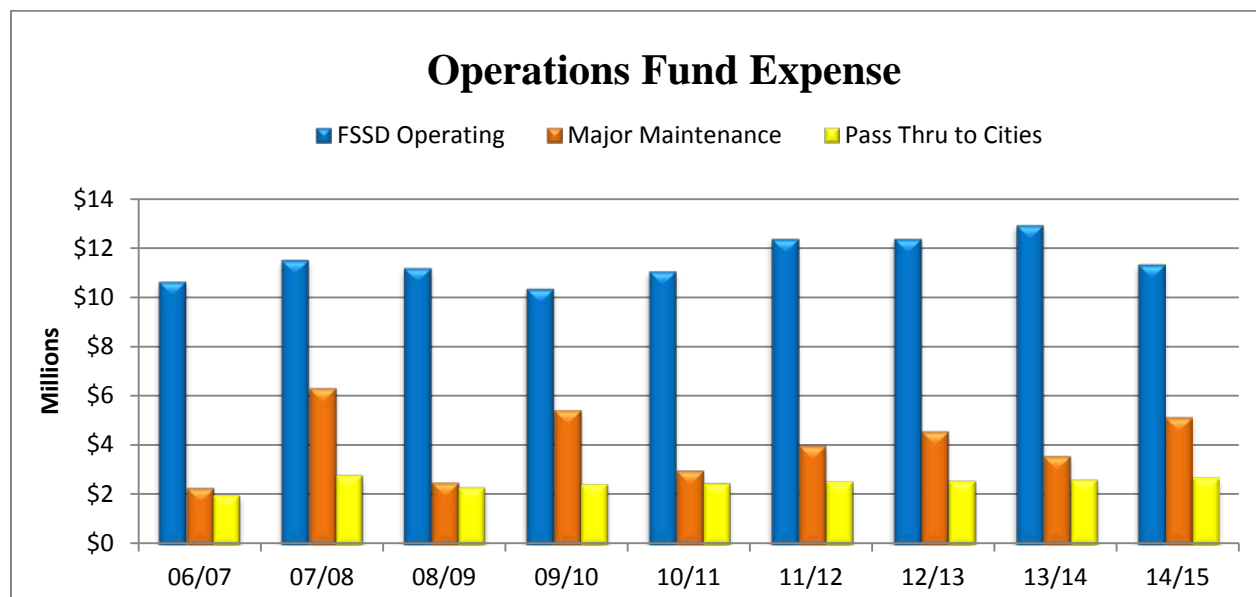


Figure 2

As indicated by Figure 2, Major Maintenance expenses vary year-to-year depending on rehabilitation/replacement needs. Funding for Major Maintenance projects comes from Operating revenue and from the Major Maintenance Reserve. Using Major Maintenance Reserves reduces the rate impact as these expenses vary significantly from year-to-year.

BUDGET

FYs 15/16 and 16/17 Revenues and Expenses

Figure 3 and Figure 4 show the fiscal years 15/16 and 16/17 estimated revenues and expenses by type. Revenue forecasts were based on the City of Fairfield and Suisun City growth projections. In general the assumption is that growth and capacity fee revenue will remain low in the next few years. Total revenues were projected at \$27.1 million and \$29.3 million for fiscal years 15/16 and 16/17 respectively. Sewer service revenues are projected at \$23.7 and \$25.1 million respectively while capacity fee revenues for the same period are projected at \$1.7 and \$2.3 million. Drainage maintenance revenues remain unchanged at \$1.5 million.

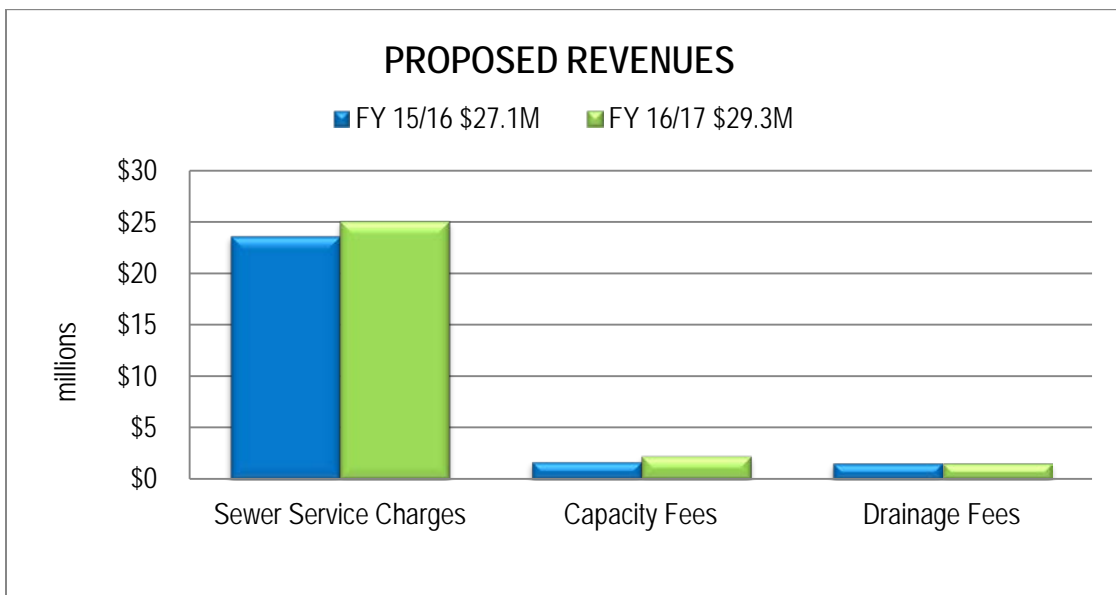


Figure 3

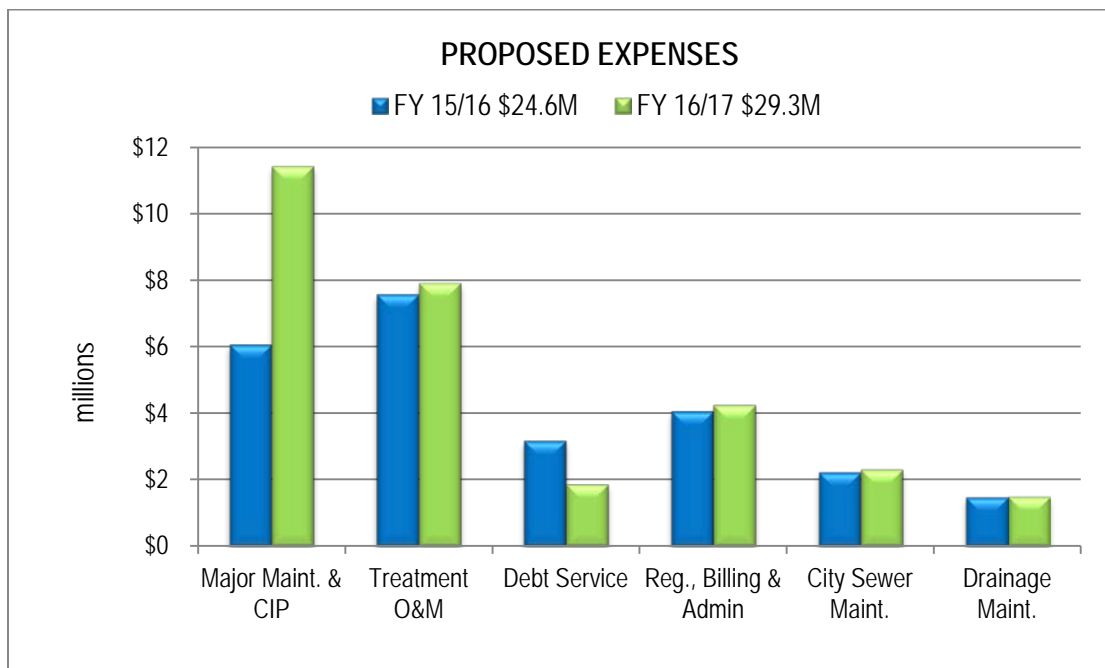


Figure 4

Total expenses, including debt service and capital improvement projects were projected at \$24.6 million in fiscal year 15/16 and \$29.3 million in fiscal 16/17. The increase in Major Maintenance & CIP is due primarily to the Aeration System Rehabilitation and Suisun Forcemain Alignment Projects, as illustrated in Schedule 4, Lines 4, 12 & 14. The significant decrease in Debt Service is due to the maturity of the existing bond, which will be paid off in May 2016. Other slight increases reflect normal costs of operating the plant adjusted for inflation.

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.

LONG-TERM FINANCIAL PLAN

The Long-Term Financial Plan projects revenue and expense for the three District funds. Figure 5 highlights the flow of funds and utilization of the District’s Operations (Fund 1), Capital (Fund 2) and Drainage Maintenance (Fund 4) funds. Schedules 2 to 6 provide a comprehensive 10-year look at each revenue, expense and reserve amounts.

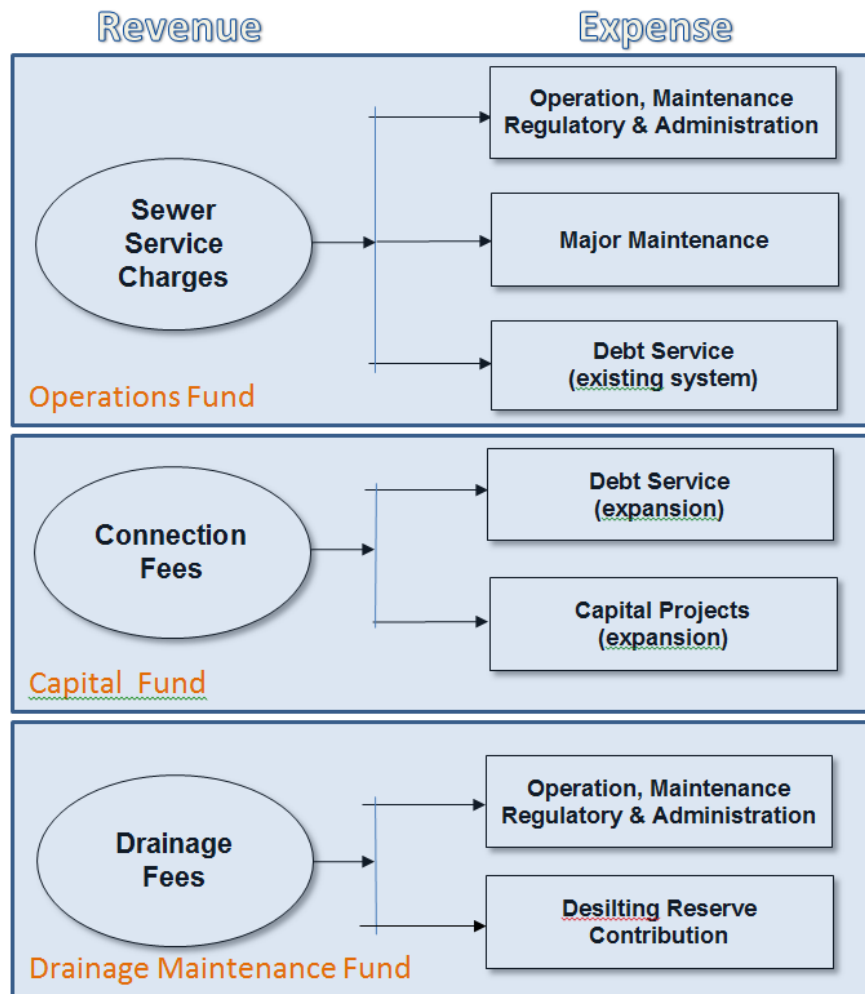


Figure 5

Schedule 2 – Wastewater Operations Fund Forecast

- The Operations Fund pays for all treatment plant and sewer system operating expenses, including collection, treatment, maintenance, major repairs, upgrade to the facilities and eventual replacement, billing, regulatory activities, and administration. It receives revenue from user fees and related interest income. The Operations Fund receives no property tax revenues.
- Net revenue (revenues less expenses) is allocated to various funds for debt payment and reserves funding, if available.
- A portion of the net revenue is 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 1% 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, the District's goal of keeping a minimum of 1% of replacement cost in current year reserves is not being met. However, it is projected that sufficient net revenue is available to meet the minimum reserve contribution in fiscal years 16/17 and 17/18. Assuming positive economic condition continues it is projected that the reserves will be replenished and will be in the build-up trend over the next 10-year period to fund future projects.

Schedule 3 – Wastewater Capital Fund Forecast

- 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 pays for debt service and growth-related construction projects. Excess revenue is transferred to the Capital Reserve to fund future projects and to meet future debt service when capital revenue sources are diminished.
- The District's outstanding bond obligation will be paid off in 2016. The District will start repayment of the interfund loan to Major Maintenance starting fiscal year 16/17.

Schedule 4 – Capacity Fee Funded Projects

- This represents the District's projects funded by capacity fees. Total project cost is approximately \$10 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. Total funding available for those capital projects at the end of the 10-year period is projected at \$16.4 million, Schedule 3, Line 14.

Schedule 5 – Wastewater Reserves

Debt Service Reserve

- This reserve reflects funds held by the bond trustee for debt service reserve purposes. The bond reserve of \$1.4 million will become available to the District in 2016 when the bond matures, in which the District intends to apply towards the final payment.
- In compliance with the State Revolving Fund loan agreement, the District established a debt service reserve account in November 2011. This reserve is funded out of Major Maintenance Fund and is not available to the District until the loan is paid in full in 2031.

Capital Reserve

- This reserve accumulates annual net revenues for two purposes: making cash contributions to capital projects and making debt service payments if capacity fee shortages are experienced.
- Figure 6 shows the “life cycle” of the Capital and Major Maintenance Reserves. 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 replacement cost to be contributed to the reserve each year that net income allows.
- Figure 7 compares the replacement cost of the treatment plant to the Major Maintenance and Replacement Reserve. In fiscal year 14/15 the replacement cost of the treatment plant and sewer system is \$592 million and estimated to be around \$828 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 \$3 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.

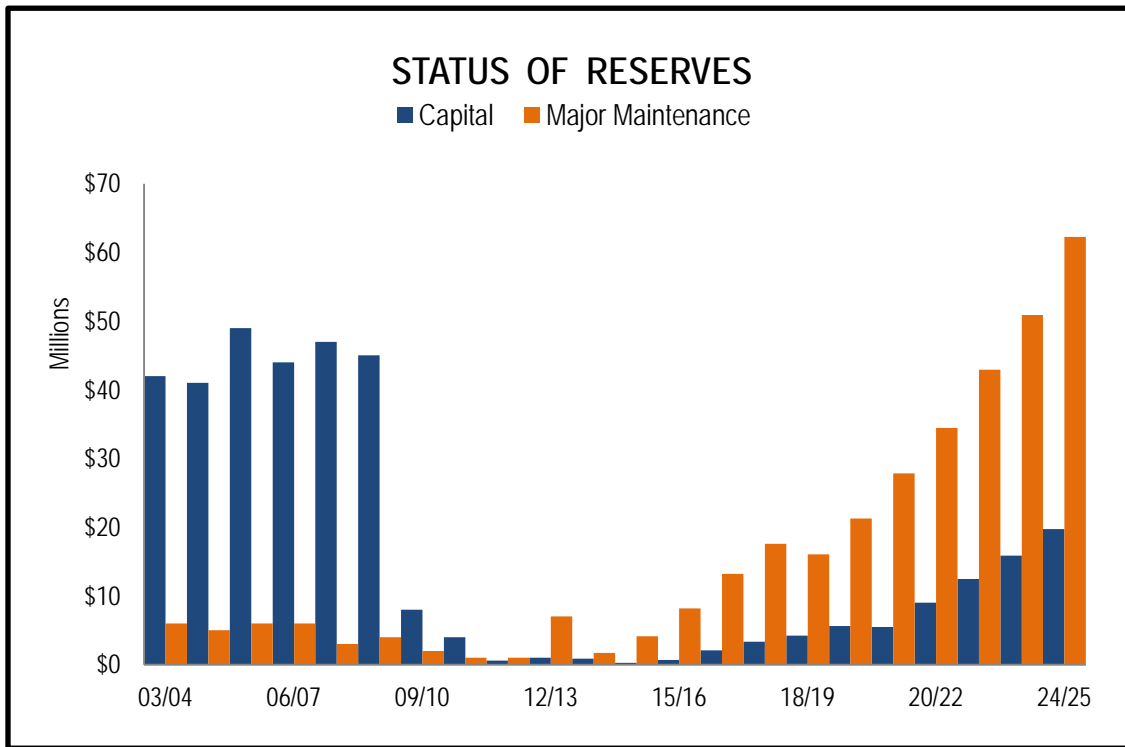


Figure 6

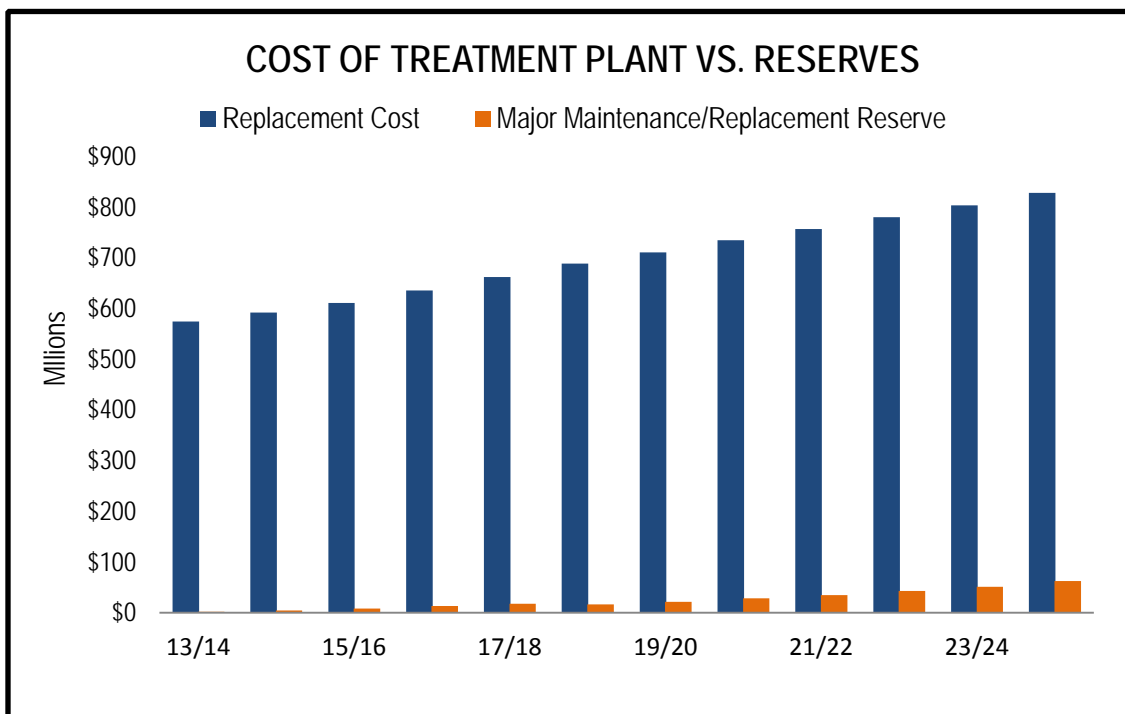
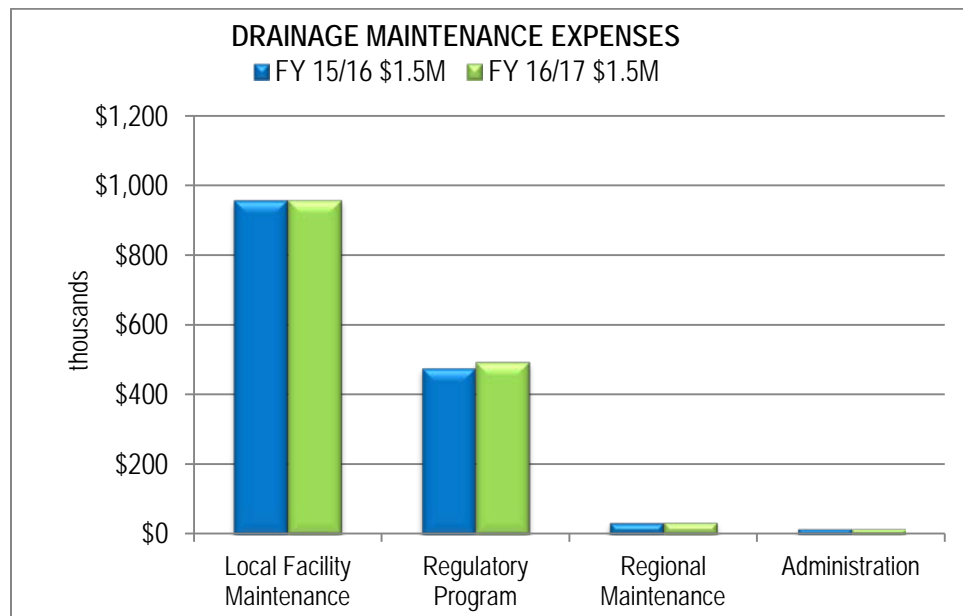


Figure 7

Schedule 6 – Drainage Maintenance

- Proposed expenses for FY 15/16 and 16/17 is consistent at \$1.5 million; see Figure 8 for a breakdown of expenses by classification.
- Rates have remained unchanged since the passage of Proposition 218 (\$20.23 per year per residence). There are no changes to this year’s rates.

**Figure 8****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. The combination of prudent cost management and the District philosophy of building up reserves have served the District well and were instrumental in weathering the 2008 recession and the slow recovery that followed. Both Major Maintenance and Capital Reserves were at its lowest in the last few years; however, economic conditions are improving and District management are optimistic in rebuilding those much needed reserves. Of course, economic slowdown is inevitable, but with discipline and commitment to the philosophy of “saving for the rainy days”, the right decisions now will ensure a better financial position in the foreseeable future.

ACKNOWLEDGMENT

We thank the Board for its guidance and continued support of developing a sustainable budget and long-term financial plan. Special appreciation is given to department managers and District staff who assisted in the preparation of this budget.

FAIRFIELD-SUISUN SEWER DISTRICT
ORDINANCE NO. 2015-01

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 years 2015/16
and 2016/17 at the same rates as 2014/15, 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, 1011, 1012, 1013, 1019, 1200, 1500, 2100 – 4 units or less, 2190)	\$20.23 per lot or parcel
B. Multiple Family and Institutional (Improved property in County Assessor Codes: 2100 and 2190 – 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, 3300, 3400, 3500, 3510, 3520, 3530, 3540, 3550, 3560, 3570, 3580, 3585, 3590, 3800, 4400, 4442, 4443, 4444)	\$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, 1113, 1116, 1117, 1118, 2000, 3000, 4000, 5000, 5051, 5052, 5053, 5054, 5059, 6100, 6400, 6462, 6463, 6464, 8400, 9000, 9500, 9600 and 9999)	\$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 23rd day of March 2015, by the following vote:

AYES: Directors ~~Bertani Day Hudson Moy Price~~
~~Sanchez Segala Timm Vaccaro Wilson~~

NOES: Directors None

ABSENT: Directors Day, Moy, Vaccaro
Pete Sanchez
President

ATTEST:
Vanna Kasper
District Clerk

FAIRFIELD-SUISUN SEWER DISTRICT
RESOLUTION NO. 2015-03

A RESOLUTION APPROVING REVISED 2014/15 FISCAL YEAR AND 2015/16 AND 2016/17 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 fiscal years 2013/14 and 2014/15, which are attached hereto and made a part thereof.
2. The District hereby adopts the Proposed Budget for Fiscal Years 2015/16 and 2016/17 and 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 23rd day of March 2015, by the following vote:

AYES: Directors ~~Bertani-Day-Hudson-Moy-Price~~
~~Sanchez-Segala-Timm-Vaccaro-Wilson~~

NOES: Directors None

ABSENT: Directors Day, Moy, Vaccaro
Pete Sanchez
President

ATTEST:
Vamallupay
District Clerk

FAIRFIELD-SUISUN SEWER DISTRICT
ORDINANCE NO. 2015-02

SEWER CAPACITY AND SERVICE CHARGE ORDINANCE
AMENDING ORDINANCE NO. 05-01

THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN SEWER DISTRICT DOES ORDAIN AS FOLLOWS:

I. Intent. This Ordinance 2015-02 is intended to amend Article II, Section 6 and Section 6.1 of Ordinance 05-01. Those portions of Ordinance 05-01 that have not been changed by this Ordinance 2015-02 shall remain in effect unchanged.

II. Severability. The Board hereby declares that if any provision of this ordinance or the application thereof to any person or circumstance is held invalid by court order, the remainder of this ordinance, or the application of any provision held invalid to other persons or circumstances shall not be affected.

III. Authority. The Board finds that the imposition of fees and charges that have been adopted pursuant to this Ordinance No. 2015-02 have been authorized by the Fairfield-Suisun Sewer District Act as amended and by all applicable state and federal laws.

IV. Amendment of Ordinance 05-01. Section 6 and Section 6.1 of Article II of Ordinance 05-01 are hereby amended to read as follows.

“6. Sewer Service Charges.

6.01 Effective July 1, 2015, sewer service charges are hereby established as follows:

Customer Class	Sewer Service	Charge
A. RESIDENTIAL	Single-family dwelling, multiple-family dwelling, trailer courts, mobile home parks	\$ 34.56 per month per dwelling unit utilizing sewer service
B. COMMERCIAL/INDUSTRIAL		
1. <i>Regular Strength</i>	Offices, retail, stores, hotels, motels, schools, churches, hospitals, nursing homes, laundromats, dry cleaning establishments, bars without dining facilities, car washes without auto steam cleaning facilities, other commercial or industrial customers not included in subparagraphs 2 (Special Strength) or 3 (Case-by-Case).	\$ 2.73 per hundred cubic feet of water used during each billing period

2. <i>Special Strength</i>	Commercial laundries, restaurants and bars with dining facilities, service stations with holding tank dumping facilities, car washes with auto steam cleaning facilities, bakeries and food processing, other commercial or industrial customers with concentrations greater than 200 milligrams per liter BOD or 265 milligrams per liter SS, but less than the concentrations of BOD and SS specified in subparagraph 3 (Case-by-Case).	\$ 4.70 per hundred cubic feet of water used during each billing period
3. <i>Case-by-Case</i>	All commercial or industrial customers other than those specified in paragraphs 6.01 (C) or 6.01 (D) with flows greater than 0.005 MGD, or with concentrations greater than 650 milligrams per liter BOD or 1,000 milligrams per liter SS; all intermittent customers; and any commercial or industrial customer requesting and paying the full cost of metering and testing.	\$ 2,299.07 per million gallons flow PLUS \$340.41 per thousand pounds BOD PLUS \$177.76 per thousand pounds SS discharged per billing period.
C. LARGE INDUSTRIAL		
1. <i>Anheuser-Busch</i>		\$ 2,419.72 per million gallons flow PLUS \$340.41 per thousand pounds of BOD PLUS \$177.79 per thousand pounds of SS discharged per billing period.
D. TRAVIS AIR FORCE BASE		
		\$ 2.09 per hundred cubic feet of flow discharged per billing period.

6.02 Effective July 1, 2016, sewer service charges are hereby established as follows:

Customer Class	Sewer Service	Charge
A. RESIDENTIAL	Single-family dwelling, multiple-family dwelling, trailer courts, mobile home parks	\$ 36.35 per month per dwelling unit utilizing sewer service
B. COMMERCIAL/INDUSTRIAL		
1. <i>Regular Strength</i>	Offices, retail, stores, hotels, motels, schools, churches, hospitals, nursing homes, laundromats, dry cleaning establishments, bars without dining facilities, car washes without auto steam cleaning facilities, other commercial or industrial customers not included in subparagraphs 2 (Special Strength) or 3 (Case-by-Case).	\$ 2.90 per hundred cubic feet of water used during each billing period
2. <i>Special Strength</i>	Commercial laundries, restaurants and bars with dining facilities, service stations with holding tank dumping facilities, car washes with auto steam cleaning facilities, bakeries and food processing, other commercial or industrial customers with concentrations greater than 200 milligrams per liter BOD or 265 milligrams per liter SS, but less than the concentrations of BOD and SS specified in subparagraph 3 (Case-by-Case).	\$ 4.88 per hundred cubic feet of water used during each billing period
3. <i>Case-by-Case</i>	All commercial or industrial customers other than those specified in paragraphs 6.02 (C) or 6.02 (D) with flows greater than 0.005 MGD, or with concentrations greater than 650 milligrams per liter BOD or 1,000 milligrams per liter SS; all intermittent customers; and any commercial or industrial customer requesting and paying the full cost of metering and testing.	\$ 2,469.06 per million gallons flow PLUS \$ 351.05 per thousand pounds BOD PLUS \$ 183.48 per thousand pounds SS discharged per billing period.

C. LARGE INDUSTRIAL

1. *Anheuser-Busch*

\$ 2,624.84 per million gallons flow
 PLUS \$ 351.05 per thousand pounds of BOD
 PLUS \$ 183.48 per thousand pounds of SS discharged per billing period.

D. TRAVIS AIR FORCE BASE

\$ 2.17 per hundred cubic feet of flow discharged per billing period.

Unless the Board of Directors of the District shall determine prior to July 1 of any year that the increase shall be modified or deferred. The decision to defer shall be based upon a projection of revenues and expenditures for the next ten (10) years, demonstrating that the current service charge is sufficient to generate the required revenues for the District to pay all identified operational and appropriate capital projects, maintain the legally-required debt service coverage ratio, maintain major maintenance reserves and maintain adequate operating cash reserves.”

V. Posting of Ordinance. 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 23rd day of March 2015 by the following vote:

AYES: Directors ~~Bertani-Day-Hudson-Mog-Price~~
~~Sanchez-Segala-Timm-Vaccaro-Wilson~~

NOES: Directors None

ABSENT: Directors Day, Mog, Vaccaro

Pete Sanchez
 President

ATTEST:

Vanna [Signature]
 District Clerk

SCHEDULE 1A
2013/14 ACTUAL COMPARED TO BUDGET

(Dollars in 000s)

	Schedule Reference	2013/14 Budget	2013/14 Actual	Dollar Variance	Percent Variance	
1	REVENUES:					
2	Sewer Service Charges	Sched 2, line 2	\$21,407	\$21,341	(\$66)	0%
3	Capacity Fees	Sched 3, lines 2-3	1,240	2,648	1,408	114%
4	Drainage Maintenance F	Sched 6, line 2	1,491	1,501	10	1%
5	Interest Income	All Schedules	15	55	40	266%
6	Other Income	Sched 2, line 4	75	134	59	79%
7	Total Revenues		<u>\$24,228</u>	<u>\$25,679</u>	<u>\$1,451</u>	<u>6%</u>
8	EXPENSES:					
9	Treatment Plant O&M	Sched 2, line 7-8	\$7,598	\$7,495	(\$103)	-1%
10	Regulatory	Sched 2, line 14	1,417	1,448	31	2%
11	Billing & Administration	Sched 2, lines 10-13 and 18	2,925	3,334	409	14%
12	City Sewer Line Maint.	Sched 2, line 9	2,150	2,079	(71)	-3%
13	Major Maint. Projects	Sched 2, line 15	4,417	3,582	(835)	-19%
14	Construction Projects	Sched 4, line 12	102	118	16	16%
15	Debt Service	Sched 2, line 20 and Sched. 3, line 12	3,172	3,162	(10)	0%
16	Drainage Maintenance	Sched 6, lines 10, 21, 25, 26, 31, 36	1,330	1,391	61	5%
17	Total Expenses		<u>\$23,111</u>	<u>\$22,610</u>	<u>(\$501)</u>	<u>-2%</u>

RESERVE BALANCES AT YEAR-END

		2013/14 Actual	
18	Capital Reserve	Schedule 5, line 14	\$851
19	Major Maint. Reserve	Schedule 5, line 24	\$1,685
20	Operating Reserve	Schedule 2, line 24	\$3,589
21	Debt Service	Schedule 5, line 5	\$2,097
22	Drainage Maintenance	Schedule 6, lines 17, 22, 27, 32, 37	\$1,161

SCHEDULE 1B**2014/15 PROJECTED ACTUAL COMPARED TO BUDGET**

(Dollars in 000s)

		2014/15 Budget	2014/15 Projected	Dollar Variance	Percent Variance	
1	REVENUES:					
2	Sewer Service Charges	Schedule 2, line 2	\$23,163	\$22,344	(\$819)	-4%
3	Capacity Fees	Schedule 3, lines 2-3	2,212	2,080	(132)	-6%
4	Drainage Maintenance Fees	Schedule 6, line 2	1,491	1,573	82	6%
5	Interest Income	All Schedules	18	56	38	214%
6	Other Income	Schedule 2, line 4	77	168	91	119%
7	Total Revenues		<u>\$26,961</u>	<u>\$26,222</u>	<u>(\$739)</u>	<u>-3%</u>
8	EXPENSES:					
9	Treatment Plant O&M	Schedule 2, line 7-8	\$7,980	\$7,247	(\$733)	-9%
10	Regulatory	Schedule 2, line 14	1,488	1,516	28	2%
11	Billing & Administration	Schedule 2, lines 10-13 and 18	3,086	2,393	(693)	-22%
12	City Sewer Line Maint.	Schedule 2, line 9	2,257	2,145	(113)	-5%
13	Major Maintenance Projects	Schedule 2, line 15	3,780	5,143	1,363	36%
14	Construction Projects	Schedule 4, line 12	107	233	126	118%
15	Debt Service	Schedule 2, line 18 and Sched. 3, line 12	3,168	3,179	11	0%
16	Drainage Maintenance	Schedule 6, lines 10, 21, 25, 26, 31, 36	1,345	1,355	10	1%
17	Total Expenses		<u>\$23,211</u>	<u>\$23,209</u>	<u>(\$2)</u>	<u>0%</u>

RESERVE BALANCES AT YEAR-END

		2014/15 Projected	
18	Capital Reserve	Schedule 5, line 14	\$275
19	Major Maint. Reserve	Schedule 5, line 24	\$4,121
20	Operating Reserve	Schedule 2, line 24	\$3,325
21	Debt Service	Schedule 5, line 5	\$2,097
22	Drainage Maintenance	Schedule 6, lines 17, 22, 27, 32, 37	\$1,300

**SCHEDULE 2
WASTEWATER OPERATIONS FUND FORECAST**

(Dollars in 000s)

	Actual 13/14	Projected Actual 14/15	FORECAST											
			15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25		
1 REVENUES:														
2 Sewer Service Charges	\$21,341	\$22,344	\$23,682	\$25,095	\$26,266	\$27,478	\$28,666	\$29,987	\$31,391	\$32,835	\$34,398	\$36,030		
3 Interest Income	34	30	17	52	73	95	119	124	130	136	142	148		
4 Other Income	134	168	75	77	78	80	81	83	84	86	88	90		
5 Total Revenues	21,510	22,542	23,773	25,224	26,416	27,653	28,866	30,194	31,606	33,057	34,628	36,268		
6 EXPENSES:														
7 Treatment Plant O&M	6,119	5,730	6,017	6,317	6,633	6,965	7,313	7,679	8,063	8,466	8,889	9,173		
8 Electricity and Chemicals	1,376	1,516	1,564	1,613	1,664	1,716	1,770	1,825	1,883	1,942	2,003	2,066		
9 City Sewer Line Maintenance (1)	2,079	2,145	2,232	2,323	2,417	2,516	2,618	2,725	2,836	2,952	3,072	3,198		
10 Admin, Legal, Board	2,210	1,223	1,275	1,330	1,388	1,449	1,513	1,579	1,647	1,719	1,796	1,796		
11 Utility Billing Fees - Fairfield	394	401	406	419	433	447	461	476	491	507	523	540		
12 Utility Billing Fees - Suisun	117	119	122	126	131	136	141	146	152	157	163	169		
13 Financial & Personnel Services	613	650	682	717	752	790	830	871	915	960	1,008	1,059		
14 Regulatory Programs (2)	1,448	1,516	1,583	1,662	1,746	1,833	1,924	2,021	2,122	2,228	2,339	2,456		
15 Major Maintenance & Upgrade	3,582	5,143	4,997	4,680	6,016	6,344	5,780	5,102	5,454	4,387	7,262	5,186		
16 Total Expenses	17,939	18,443	18,878	19,187	21,180	22,195	22,350	22,424	23,562	23,319	27,056	25,642		
17 Net Revenue before debt payment	3,571	4,099	4,896	6,036	5,237	5,458	6,516	7,770	8,044	9,738	7,572	10,626		
18 Debt Service Pymt-Cap. Fund (4)	(467)	0	0	0	0	0	0	0	0	0	0	0		
19 Debt Service Pymt - SRF	(737)	(737)	(737)	(1,416)	(1,416)	(2,713)	(2,064)	(2,064)	(2,064)	(2,064)	(648)	(648)		
20 Transfer Out-Major Maint. Rsv. (3)	(1,009)	(3,626)	(4,014)	(4,463)	(3,656)	(2,573)	(4,272)	(5,518)	(5,782)	(7,468)	(6,708)	(9,812)		
21 Is Major Maintenance Policy Met?	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes		
22 Major Maintenance Contribution %	.26%	.90%	.95%	1.00%	.77%	.52%	.82%	1.01%	1.02%	1.26%	1.09%	1.54%		
23 Operating Reserves, beginning	2,232	3,589	3,325	3,470	3,627	3,791	3,963	4,142	4,330	4,527	4,733	4,949		
24 Operating Reserves, ending (5)	\$3,589	\$3,325	\$3,470	\$3,627	\$3,791	\$3,963	\$4,142	\$4,330	\$4,527	\$4,733	\$4,949	\$5,114		

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 operations reserves of three months' operating expenses; remaining available funds transferred to Major Maintenance/Replacement Reserve.

**SCHEDULE 3
WASTEWATER CAPITAL FUND FORECAST**

(Dollars in 000s)

	Actual	Projected	FORECAST										Total
	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	Forecast
1 REVENUES & FUNDING SOURCES:													
2 Fairfield Capacity Fees	\$2,338	\$2,073	\$1,746	\$2,289	\$2,320	\$3,503	\$3,275	\$2,798	\$3,711	\$3,378	\$3,158	\$3,577	\$29,755
3 Suisun City Capacity Fees	310	7	0	0	30	30	59	59	59	297	297	297	1,129
4 SRF Loan - Blower Project	0	0	125	1,450	425	0	0	0	0	0	0	0	2,000
5 Interest Earnings on Debt Reserve	14	14	10	0	0	0	0	0	0	0	0	0	10
6 Total Revenues	2,661	2,094	1,881	3,739	2,775	3,533	3,334	2,857	3,771	3,675	3,455	3,875	32,894
7 EXPENSES:													
8 Debt Service													
9 2010 Series A Refunding Bonds	2,409	2,426	2,423	0	0	0	0	0	0	0	0	0	2,423
10 Fiscal Agent Fees	16	16	16	0	0	0	0	0	0	0	0	0	16
11 Interfund Loan Repayment - MM	0	0	0	462	462	462	462	462	0	0	0	0	2,308
12 SRF Loan Repayment - Aeration System	0	0	0	0	216	216	216	216	216	216	216	216	1,729
13 Total Debt Service	2,425	2,442	2,439	462	678	678	678	678	216	216	216	216	6,475
14 Schedule 4, Line12 - CF Funded Project	118	233	407	1,888	871	2,020	1,364	2,473	208	268	229	241	9,970
15 Total Expenses	2,543	2,675	2,846	2,350	1,549	2,697	2,041	3,151	424	485	446	457	16,445
16 Revenues less Expenses	118	(580)	(966)	1,390	1,226	836	1,293	(293)	3,347	3,190	3,009	3,418	16,449
17 Transfer Out- Capital Reserve (1)	(586)	0	(394)	(1,390)	(1,226)	(836)	(1,293)	0	(3,347)	(3,190)	(3,009)	(3,418)	(18,102)
18 Transfer In-Capital Reserve (2)	0	580	0	0	0	0	0	293	0	0	0	0	293
19 Transfer In-Debt Service Reserve (3)	0	0	1,360	0	0	0	0	0	0	0	0	0	1,360
20 Transfer In-Operations (4)	467	0	0	0	0	0	0	0	0	0	0	0	0
21 Beginning Cash Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
22 Ending Available Cash Balance (5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1 Contributions to Capital Reserve for future construction projects.

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 in 2016.

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.

**SCHEDULE 4
PROJECTS**

A. CAPACITY FEE FUNDED

(Dollars in 000s)

	Actual	Projected	FORECAST										Total Forecast
	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	
1 Cordelia Pump Station	0	0	0	0	0	635	0	0	0	0	0	0	635
2 Northeast Fairfield P.S.	0	0	0	0	0	900	900	0	0	0	0	0	1,800
3 Peabody Walters S-245A	0	82	82	275	275	275	275	2,275	0	0	0	0	3,457
4 Aeration System Rehab (25%)	0	0	125	1,450	425	0	0	0	0	0	0	0	2,000
5 Capacity Analyses	0	3	0	0	0	30	0	0	0	0	0	0	30
6 New Dev't Rev/Inspection	38	36	38	40	42	44	46	48	51	53	56	59	478
7 Connection Fee Study	0	0	45	0	0	0	0	0	0	50	0	0	95
8 Safety	22	24	25	26	27	29	30	32	33	35	37	39	313
9 Information Systems	40	31	32	34	36	38	39	41	43	46	48	50	408
10 Project Planning	19	57	60	63	66	69	73	77	80	84	89	93	754
11 Total Capacity Fee Funded	\$118	\$233	\$407	\$1,888	\$871	\$2,020	\$1,364	\$2,473	\$208	\$268	\$229	\$241	\$9,970

B. SEWER SERVICE CHARGE (SSC) FUNDED

(Dollars in 000s)

12 Aeration System Rehab (75%)	0	0	375	4,350	1,275	0	0	0	0	0	0	0	6,000
13 Sewer Service Rate Study	0	0	55	10	0	0	0	0	10	50	0	0	125
14 Suisun Forcemain Alignment	0	0	200	500	5,000	5,000	0	0	0	0	0	0	10,700
15 Community Outreach Upgrade	0	0	20	10	0	0	20	10	0	0	0	0	60
16 Compensation Survey	0	0	15	0	0	0	0	15	0	0	0	0	30
17 Total SSC Funded Projects	\$0	\$0	\$665	\$4,870	\$6,275	\$5,000	\$20	\$25	\$10	\$50	\$0	\$0	\$16,915

SCHEDULE 5
WASTEWATER RESERVE FORECAST

(Dollars in 000s)

	Actual	Projected Actual	FORECAST										
			13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
1 DEBT SERVICE RESERVE (1):													
2 Beginning Cash Balance	\$2,097	\$2,097	\$2,097	\$737	\$737	\$1,201	\$1,201	\$1,201	\$1,201	\$1,201	\$1,201	\$1,201	\$1,201
3 Trans Out-Capital/Debt Service Fund	0	0	(1,360)		0	0	0	0	0	0	0	0	0
4 Trans In-Major Maintenance Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Ending Cash Balance	\$2,097	\$2,097	\$737	\$737	\$737	\$1,201	\$1,201	\$1,201	\$1,201	\$1,201	\$1,201	\$1,201	\$1,201
6 CAPITAL RESERVE (2):													
7 Beginning Cash Balance	\$265	\$851	\$275	\$671	\$2,064	\$3,320	\$4,223	\$5,621	\$5,496	\$9,008	\$12,468	\$15,852	
8 Transfer In - Capital Fund	586	0	394	1,390	1,226	836	1,293	0	3,347	3,190	3,009	3,418	
12 Transfer Out-Capital/Debt Service Fund	0	(580)	0	0	0	0	0	(293)	0	0	0	0	
13 Interest Income	1	4	1	3	31	66	106	169	165	270	374	476	
14 Ending Cash Balance	\$851	\$275	\$671	\$2,064	\$3,320	\$4,223	\$5,621	\$5,496	\$9,008	\$12,468	\$15,852	\$19,745	
15 MAJOR MAINT/REPLACE RSV (3):													
16 Beginning Balance	\$674	\$1,685	\$5,317	\$9,357	\$14,422	\$18,829	\$17,334	\$22,567	\$29,198	\$35,847	\$44,340	\$52,378	
17 Transfer In-Operations	1,009	3,626	4,014	4,463	3,656	2,573	4,272	5,518	5,782	7,468	6,708	9,812	
18 Transfer In - SRF Loan	0	0	665	4,870	6,275	0	0	0	0	0	0	0	
19 Interfund Loan Repayment - Capital	0	0	0	462	462	462	462	462	0	0	0	0	
20 Interest Income	2	5	27	140	288	471	520	677	876	1,075	1,330	1,571	
21 Schedule 4, Line 17 - SSC Funded	0	0	(665)	(4,870)	(6,275)	(5,000)	(20)	(25)	(10)	(50)	0	0	
23 Transfer In(Out)-Capital Reserve	0	0	0	0	0	0	0	0	0	0	0	0	
24 Ending Cash Balance	\$1,685	\$5,317	\$9,357	\$14,422	\$18,829	\$17,334	\$22,567	\$29,198	\$35,847	\$44,340	\$52,378	\$63,762	
25 % of Plant+Sewer Replace Cost	0.3%	0.9%	1.5%	2.3%	2.8%	2.5%	3.2%	4.0%	4.7%	5.7%	6.5%	7.7%	
26 TOTAL REPLACEMENT COST OF													
27 TREATMENT PLANT AND SEWERS:													
28 Beginning Replacement Cost	\$557,323	\$574,161	\$591,619	\$610,440	\$635,511	\$661,722	\$688,594	\$710,635	\$734,452	\$756,704	\$779,724	\$803,345	
29 Inflationary Increases	16,720	17,225	17,749	18,313	19,065	19,852	20,658	21,319	22,034	22,701	23,392	24,100	
30 Plant/Sewer Additions	118	233	1,072	6,758	7,146	7,020	1,384	2,498	218	318	229	241	
31 Ending Replacement Cost	\$574,161	\$591,619	\$610,440	\$635,511	\$661,722	\$688,594	\$710,635	\$734,452	\$756,704	\$779,724	\$803,345	\$827,686	

Note 1 These funds are restricted cash held by trustee and/or District for debt service reserves until bond issues and other debt obligations are paid off, and are not available for other purposes.

Note 2 Capital Reserve provides funding for debt service if there is a shortfall in debt/capital revenues, and net revenue is contributed to Capital Fund for projects.

Note 3 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 treatment plant facility value in 2015 dollars is \$392 million.

**SCHEDULE 6
DRAINAGE MAINTENANCE FUND FORECAST**

(Dollars in 000s)

	Actual	Projected Actual	FORECAST											
			13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
1 REVENUES:														
2 Drainage Maintenance Fees	\$1,501	\$1,573	\$1,573	\$1,573	\$1,573	\$1,573	\$1,573	\$1,573	\$1,573	\$1,573	\$1,573	\$1,573	\$1,573	\$1,573
3 Interest Income	4	3	2	3	11	15	20	25	25	21	22	23		
4 Total Revenues	1,505	1,577	1,576	1,577	1,584	1,588	1,593	1,598	1,599	1,594	1,595	1,596		
5 EXPENSES:														
6 Local Facility Maintenance	959	959	959	959	959	959	959	959	959	959	959	959	959	959
7 Regional Facility Maintenance	26	33	34	35	36	37	38	39	40	42	43	44		
8 Admin, Billing, Capital Outlay	19	15	16	16	17	17	18	18	19	20	20	21		
9 Stormwater Regulatory Program (1)	356	316	447	465	484	503	523	544	566	588	612	636		
10 Total Expenses	1,360	1,324	1,456	1,475	1,495	1,516	1,538	1,561	1,584	1,608	1,634	1,660		
11 Revenues less Expenses	145	253	120	101	89	72	55	37	15	(14)	(39)	(64)		
12 Tfr In/(Out)-Desilting Reserve	(31)	(31)	(30)	(31)	(30)	(31)	(30)	(31)	(30)	(31)	(31)	(30)		
13 Tfr In/(Out)-Major Maint. Reserve	0	0	0	0	0	0	0	0	0	0	0	0		
14 Tfr In/(Out)-Operations Reserve	0	0	0	0	0	0	0	0	0	0	0	0		
15 Tfr In/(Out)-Capital Reserve	0	0	0	0	0	0	0	0	0	0	0	0		
16 Beginning Cash Balance	259	259	481	571	641	700	741	766	772	757	711	641		
17 Ending Available Cash Balance	\$373	\$481	\$571	\$641	\$700	\$741	\$766	\$772	\$757	\$711	\$641	\$547		
18 OPERATIONS RESERVE: (2)														
19 Beginning Cash Balance	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
20 Transfer In/(Out)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22 Ending Cash Balance	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
23 DESILTING RESERVE:														
24 Beginning Cash Balance	\$154	\$185	\$216	\$93	\$124	\$154	\$185	\$215	\$246	\$93	\$124	\$155		
25 Transfer In/(Out)	31	31	30	31	30	31	30	31	30	31	31	30		
26 Expenses	0	0	(153)	0	0	0	0	0	(183)	0	0	(92)		
27 Ending Cash Balance	\$185	\$216	\$93	\$124	\$154	\$185	\$215	\$246	\$93	\$124	\$155	\$93		
28 CAPITAL RESERVE: (3)														
29 Beginning Cash Balance	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80
30 Transfer In/(Out)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31 Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32 Ending Cash Balance	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80
33 MAJOR MAINT. RESERVE: (4)														
34 Beginning Cash Balance	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373
35 Transfer In/(Out)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36 Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37 Ending Cash Balance	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373	\$373

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.

SCHEDULE 7
WASTEWATER FORECAST ASSUMPTIONS

(Dollars in 000s)

	Actual	Projected Actual	FORECAST										
			13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
1 GROWTH RATE:													
2 Residential	0.84%	0.76%	0.94%	0.91%	1.45%	1.39%	1.02%	1.37%	1.46%	1.35%	1.55%	1.53%	
3 Commercial/Industrial	0.17%	0.15%	0.19%	0.18%	0.29%	0.28%	0.20%	0.27%	0.29%	0.27%	0.31%	0.31%	
4 Restaurants	0.17%	0.15%	0.19%	0.18%	0.29%	0.28%	0.20%	0.27%	0.29%	0.27%	0.31%	0.31%	
5 Travis AFB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
6 Anheuser-Busch	0.00%	0.00%	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)	\$30.46	\$32.71	\$34.56	\$36.35	\$37.62	\$38.94	\$40.30	\$41.71	\$43.17	\$44.68	\$46.25	\$47.87	
9 Commercial - Regular Strength	\$2.35	\$2.56	\$2.73	\$2.90	\$3.00	\$3.11	\$3.22	\$3.33	\$3.45	\$3.57	\$3.69	\$3.82	
10 Industrial	\$2.35	\$2.56	\$2.73	\$2.90	\$3.00	\$3.11	\$3.22	\$3.33	\$3.45	\$3.57	\$3.69	\$3.82	
11 Restaurants	\$4.29	\$4.52	\$4.70	\$4.88	\$5.05	\$5.23	\$5.41	\$5.60	\$5.79	\$6.00	\$6.21	\$6.42	
12 Travis AFB	\$1.90	\$2.01	\$2.09	\$2.16	\$2.24	\$2.32	\$2.40	\$2.48	\$2.57	\$2.66	\$2.75	\$2.85	
13 Anheuser-Busch	\$5.75	\$6.12	\$6.39	\$6.68	\$6.91	\$7.16	\$7.41	\$7.67	\$7.93	\$8.21	\$8.50	\$8.80	
14 SEWER REVENUES:	\$20,881	\$22,344	\$23,682	\$25,095	\$26,266	\$27,478	\$28,666	\$29,987	\$31,391	\$32,835	\$34,398	\$36,030	
15 Residential (Fairfield)	11,591	12,782	13,573	14,409	15,130	15,877	16,600	17,417	18,290	19,187	20,166	21,191	
16 Residential (Suisun)	3,492	3,660	3,886	4,126	4,332	4,546	4,753	4,987	5,237	5,493	5,774	6,067	
17 Commercial	2,173	2,397	2,552	2,718	2,821	2,928	3,037	3,152	3,272	3,395	3,525	3,660	
18 Industrial	893	826	879	937	972	1,009	1,046	1,086	1,127	1,170	1,215	1,261	
19 Restaurants	724	799	831	864	897	931	965	1,002	1,040	1,079	1,120	1,163	
20 Travis AFB	873	824	855	888	919	951	984	1,019	1,054	1,091	1,129	1,169	
21 Anheuser-Busch	1,134	1,057	1,104	1,154	1,195	1,236	1,280	1,324	1,371	1,419	1,468	1,520	
22 Consumer Price Index	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
23 Interest Earnings Rate	0.30%	0.30%	0.50%	1.50%	2.00%	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
24 Bond Interest Rate	1.10%	4.00%	3.00%	4.00%	3.00%	2.90%	2.90%	2.90%	5.00%	5.00%	5.00%	5.00%	
25 Construction Cost Index	3.00%	3.00%	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	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	
27 New Single-FamilyUnits/Fairfield	183	179	226	256	405	381	425	469	389	358	383	383	
28 New Multi-FamilyUnits/Fairfield	0	143	175	131	221	221	20	140	230	220	296	296	
29 New Single-Family Units/Suisun	0	0	0	5	5	10	10	10	50	50	50	50	
30 Total New Single-Family Units	183	179	226	261	410	391	435	479	439	408	433	433	
31 Total DUs in District (year-end)	42,302	42,624	43,025	43,417	44,048	44,660	45,115	45,734	46,403	47,031	47,760	48,489	
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%	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	\$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	\$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	\$1,486	\$1,486	
36 Comm-Industrial Sq. Ft.	380,000	428,000	802,000	825,000	768,000	554,000	500,000	1,058,000	612,001	612,002	612,003	612,004	
37 Comm-Industrial 1/4 Acres	103	116	217	223	208	150	135	286	165	165	165	165	
38 DEBT SERVICE COVENANT													
39 Avg Debt Service Ratio (1.15 min.)	1.98	2.07	3.23	2.63	2.84	2.08	3.11	2.98	5.01	5.74	12.44	16.31	