



FAIRFIELD-SUISUN SEWER DISTRICT

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GREGORY G. BAATRUP, GENERAL MANAGER

January 23, 2017

AD-100.130.10/17

MEMORANDUM

TO: Board of Directors

FROM: Greg Baatrup, General Manager

SUBJECT: Quarterly GM Report

The following is a highlight of the more significant activities that occurred during the fourth quarter of 2016, plus some highlights to report as of the preparation of this memo.

Operations

All treatment facilities continue to perform as expected. The plant was 100% compliant with discharge regulations prescribed by the National Pollution Elimination System (NPDES) Permit and there were no Sanitary Sewer Overflows. During the fourth quarter the District collected and treated 1.13 billion gallons of wastewater. The total wastewater treated in 2016 was 4.7 billion gallons of sewage.

Biosolids Management

Organic Materials Recovery Center (OMRC)

From August 17, 2016 through January 10, 2017, the facility has been taking and processing District biosolids. The total amount of biosolids processed (including other agencies) were:

<u>Agency</u>	<u>Wet Tons</u>
Fairfield-Suisun Sewer District	7,972
City of Santa Rosa	300
Central Marin Sanitation Authority	435
City of Petaluma	42
East Bay MUD	93
Total	8,842

Engineering

Blower Replacement Project (2016)

In September 2015, the Board of Directors approved a design services contract with Carollo Engineers to replace aging aeration equipment and improve the reliability and efficiency of the system. The detailed design phase is nearly completed and the project will go out to bid in February 2017, with a recommendation for the Board to award a construction contract at the March Board of Directors meeting. The estimated construction cost is \$8 million.

Coating Rehabilitation Project

Following an inspection and identification of some corrosion on critical process equipment, staff has started preparing plans and specification for a coating project for the Summer and Fall of 2017. The main work will be re-coating the steel Secondary Clarifier mechanisms to correct existing corrosion and prevent future corrosion. The plans and specifications will be put out for competitive bid, followed by a recommendation for the Board award a construction contract at the March or April Board of Directors meeting. The project has been identified in the budget and is estimated to cost \$750,000.

Electrical Feeder Replacement Project

The District has two sets of electrical cables that bring 12 thousand volt power into the plant from PG&E. One is primary, the other is backup. In early January 2017, the excessive rain from the storms caused one of the sets to short. Replacement of the cables is necessary to maintain reliable treatment. The preliminary estimated cost is \$150,000.

Community Outreach

The following table presents the activities in the fourth quarter of 2016:

Activity	Attendees
Plant Tours	<ul style="list-style-type: none">• Tour of 35 Boy Scouts and parents on 10/10/2016• Home School Class of 11 students and adults• Solano College Environmental Class - 21 college level environmental science students participated, included students working towards Water/Wastewater certification
Farmers Market	People visited the booth during 23 events between April and October of 2016. Citizens learn about trash, recycling, composting, storm water, and household hazardous waste management.

Personnel

Changes

No changes. The District currently has 59 employees.

Administration and Finance

Budget Analysis

Revenue and Expenses are tracked according to the Budget and Long-Term Financial Plan. Table 1 presents expenses and Table 2 presents the revenue through December 2016.

Rate Study

The consultant has incorporated updated water consumption data and updated the spreadsheet model for the project. The model looks at both sewer service charges and connection fees. Staff has reviewed the model, and conclusions from the model, and is recommending a Proposition 218 notice to go out to the District customers. Stakeholder meetings are being scheduled with the major industrial accounts prior to the public meeting that is forecasted for March 2017.

Investment Advisor

District staff has historically managed its cash and investment portfolio under the guidance of the State law and in accordance with the District's Investment Policy. The Investment Policy is updated and adopted by the Board in June of each year. With declining reserve levels after implementing several major capital projects, plus low interest rates in the market, staff invested reserves in highly liquid investment vehicles such as Local Agency Investment Fund (LAIF) or Wells Fargo money market accounts.

With reserve levels increasing and the District's financial position improving, staff has found the District can improve the investment of these reserve funds by contracting with an investment manager. Staff is working with PFM Asset Management LLC to invest District assets into higher performing investments to create a portfolio of investment and then to work with staff to manage the District's portfolio.

Table 1

Fairfield-Suisun Sewer District

Expense Report Summary (50% of Budget Year)

YTD December 31, 2016

		Budget	YTD Actual	% Used
Fund 1 – Operations				
0110	Treatment Plant O&M (1)	6,365,850	3,417,525	53.69%
0110	Electricity and Chemicals	1,564,000	518,993	33.18%
0115	Laboratory	732,000	365,764	49.97%
0130	City Sewer Line Maintenance	2,323,000	1,174,271	50.55%
0140	Major Maintenance	12,396,000	5,305,010	42.80%
0170	Admin, Legal, Board, OPEB	1,330,000	578,557	43.50%
0160	Utility Billing - Fairfield	413,000	217,313	52.62%
0160	Utility Billing - Suisun	123,000	63,401	51.55%
0160	Financial & Personnel Services	742,000	376,545	50.75%
0150	Regulatory Programs (2)	935,500	480,553	51.37%
	Total Expenses	26,924,350	12,497,932	46.42%
Fund 2 – Construction				
0210	Project Planning (3)	123,100	35,818	29.10%
0220	New Development Review/Inspect	40,000	26,330	65.83%
0230	Sewer System Capacity Analyses	0	3,378	0.00%
	Peabody Walters	275,000	0	0.00%
1601	Aeration System Rehab (25%)	0	0	0.00%
	Total Expenses	438,100	65,526	14.96%
Fund 4 - Drainage Maintenance				
0410	Drainage Maint Admin	16,000	11,091	69.32%
0420	Local Facility Maintenance	959,000	0	0.00%
0430	Regional Facility Maintenance	35,000	42,162	120.46%
0440	URMP (4)	449,550	173,221	38.53%
	Desilting	31,000	0	0.00%
	Total Expenses	1,490,550	226,474	15.19%
Total - All Funds		28,853,000	12,789,932	44.33%

Fairfield-Suisun Sewer District

Expense Report Summary - Budget Format (100% of Budget Year)

YTD June 30, 2016 - Prior to Year-End Adjustments

		Budget	YTD Actual	% Used
Fund 1 - Operations				
0110	Treatment Plant O&M (1)	6,016,850	6,116,412	101.65%
0110	Electricity and Chemicals	1,564,000	1,346,266	86.08%
0115	Laboratory	697,000	655,713	94.08%
0130	City Sewer Line Maintenance	2,232,000	2,264,919	101.47%
0140	Major Maintenance	5,954,000	3,575,832	60.06%
0170	Admin, Legal, Board, OPEB	1,275,000	1,266,983	99.37%
0160	Utility Billing - Fairfield	413,000	388,189	93.99%
0160	Utility Billing - Suisun	123,000	114,528	93.11%
0160	Financial & Personnel Services	752,000	602,644	80.14%
0150	Regulatory Programs (2)	887,000	713,322	80.42%
Total Expenses		19,913,850	17,044,808	85.59%
Fund 2 - Construction				
0210	Project Planning (3)	117,300	68,977	58.80%
0220	New Development Review/Inspect	38,000	28,137	74.04%
0230	Sewer System Capacity Analyses	45,000	502	1.12%
	Peabody Walters	82,000	0	0.00%
	Debt Service	2,439,000	2,482,069	101.77%
Total Expenses		2,721,300	2,579,685	94.80%
Fund 4 - Drainage Maintenance				
0410	Drainage Maint Admin	16,000	17,228	107.68%
0420	Local Facility Maintenance	959,000	959,000	100.00%
0430	Regional Facility Maintenance	34,000	26,118	76.82%
0440	URMP (4)	426,850	293,568	68.78%
	Desilting	30,000	0	0.00%
Total Expenses		1,465,850	1,295,914	88.41%
Total - All Funds		24,101,000	20,920,407	86.80%

Table 2

Fairfield-Suisun Sewer District
 Revenue Report Summary (50% of Budget Year)
 YTD December 31, 2016

		Budget	YTD Actual	% Used
Fund 1 - Operations				
5010	Sewer Service Charges - FF	17,990,000	9,081,971	50%
5012	Sewer Service Charges - AB	1,154,000	558,844	48%
5013	Sewer Service Charges - District-billed	937,000	408,474	44%
5015	Sewer Service Charges - SS	4,126,000	2,035,461	49%
5020	Sewer Service Charges - TAFB	888,000	370,853	42%
5025	Sewer Service Charges - Other	-	28,981	0%
5305	Lease Income	-	45,828	0%
5405	Interest Earnings	192,000	39,211	20%
5450	Unrealized Gain/Loss	-	(8,088)	0%
5505	Miscellaneous/Late Pymt Charges	77,000	15,633	20%
	Total	25,364,000	12,577,168	50%
Fund 2 - Construction				
5105	Capacity Fees - FF	2,289,000	1,222,030	53%
5110	Capacity Fees - SS	-	213,948	0%
5405	Interest Earnings	3,000	3,853	128%
5410	Interest - Connection Fees	-	5,874	0%
	Total	2,292,000	1,445,705	63%
Fund 4 - Drainage Maintenance				
5205	Drainage Maintenance	1,573,000	802,099	51%
5405	Interest Earnings	3,000	3,199	107%
	Total	1,576,000	805,298	51%
Total - All Funds		29,232,000	14,828,171	51%

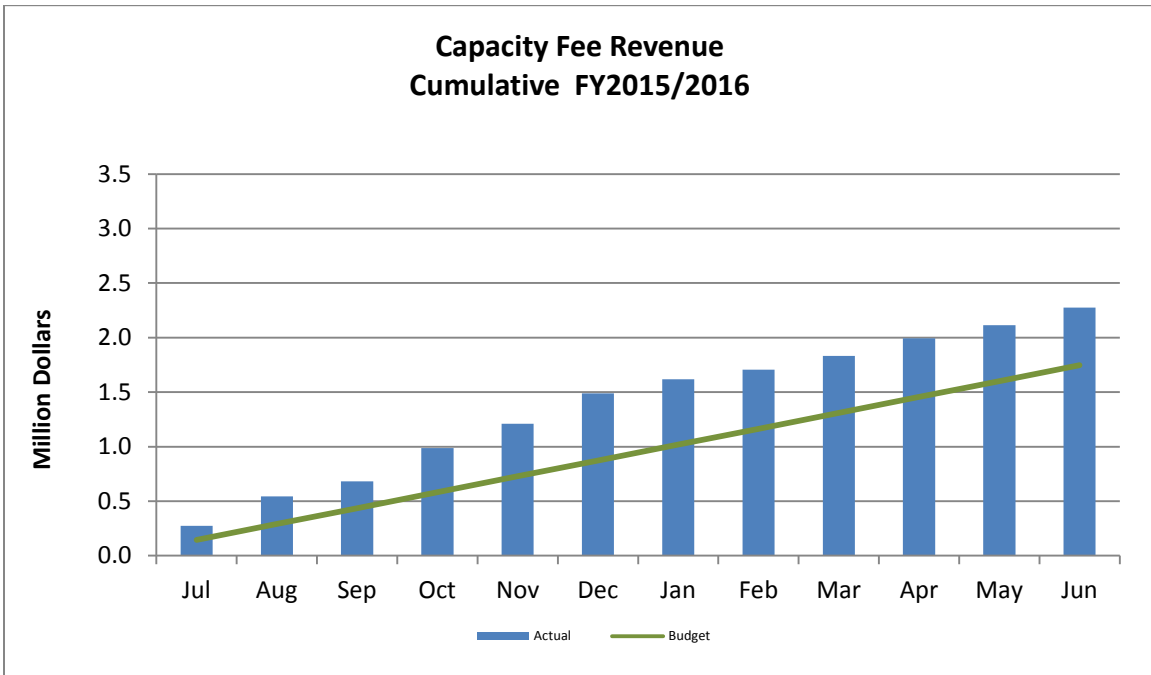


Figure 1

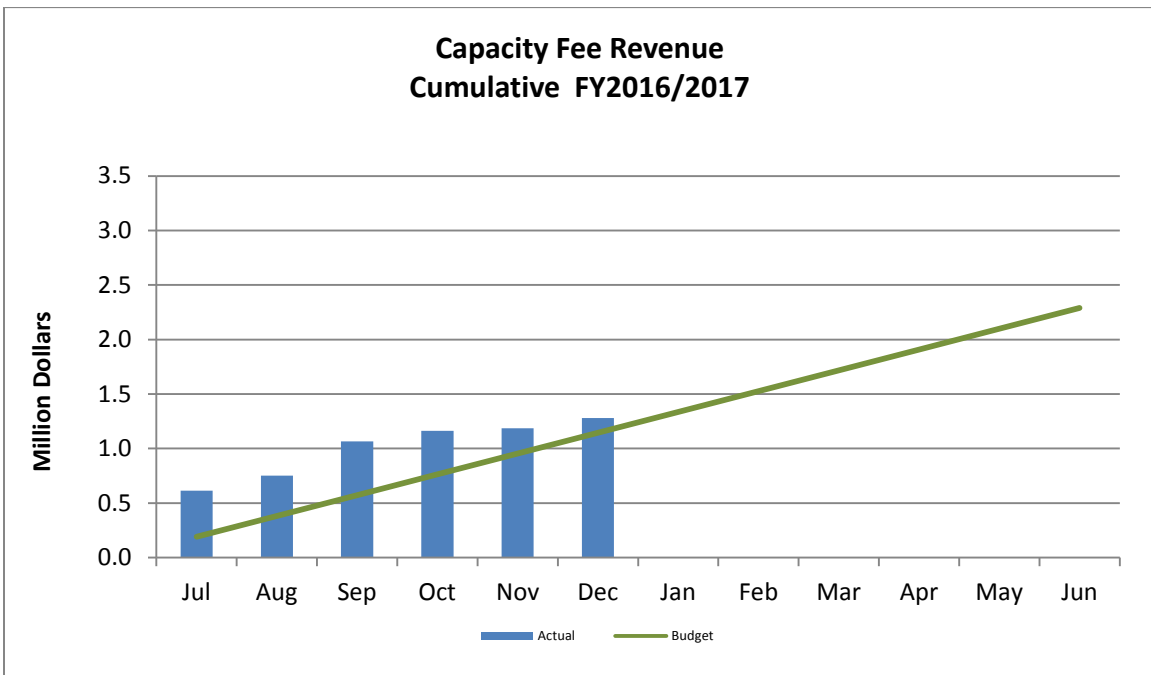


Figure 2

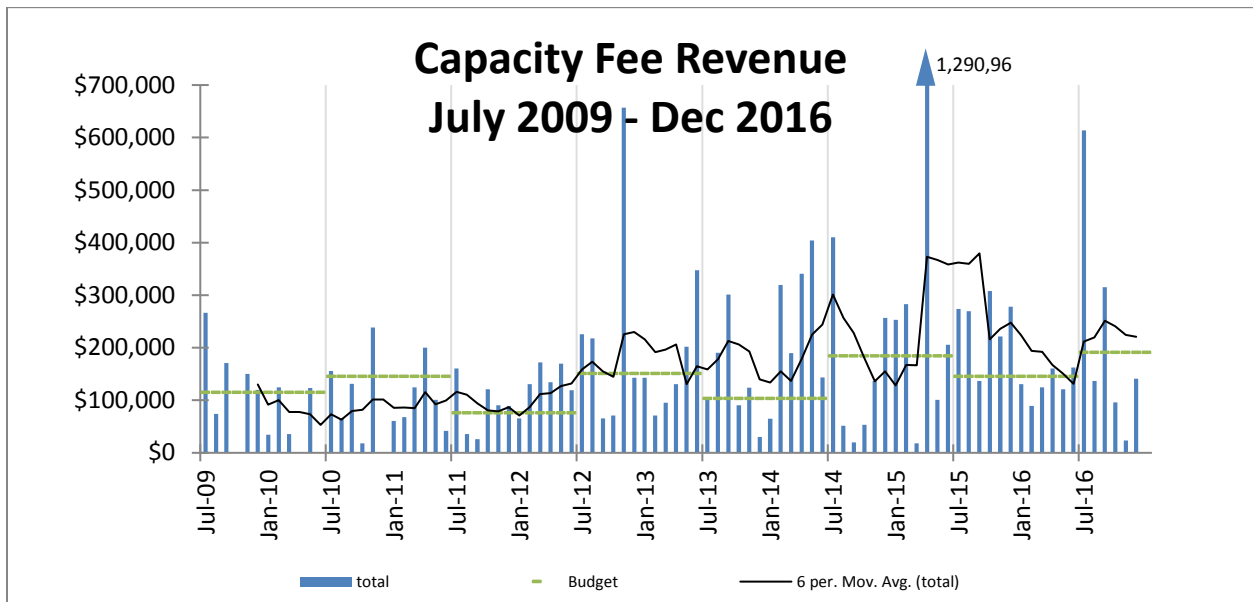


Figure 3