

# Budget and Long-Term Financial Plan

## Fiscal Years 19/20 and 20/21

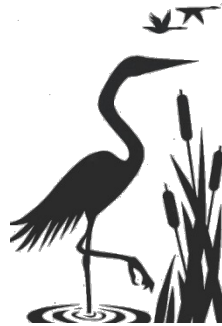


Fairfield-Suisun Sewer District

Fairfield, CA

# **Budget and Long-Term Financial Plan**

Fiscal Years 2019/20 and 2020/21



## **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.

**2019 Board of Directors**

Rick Vaccaro, President

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Pam Bertani

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Greg Baatrup, General Manager

Talyon Sortor, Assistant General Manager

Helen Gaumann, Director of Administrative Services

Jordan Damerel, Director of Engineering

**District Counsel**

Bernadette Curry

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## MEMORANDUM

DATE: June 24, 2019

TO: Board of Directors

FROM: Gregory G. Baatrup  
General Manager

Helen Gaumann  
Director of Administrative Services

SUBJECT: FY 2019/20 & 2020/21 Budget and Long-Term Financial Plan

### SUMMARY

We are pleased to submit a two-year budget for Fiscal Years 2019/20 and 2020/21, along with the Long-Term Financial Plan, for Board adoption. 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 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 cost-efficient, award-winning wastewater and stormwater utility that protects public health and the environment. For approximately \$1.35 per day, the District collects, conveys, treats and safely disposes an average of 230 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 residential customers of \$1.35 per month in FY2019/20 and \$1.40 per month in FY2020/21. The rate for all customer classes will increase as planned and noticed in the February 2017 Proposition 218 notice.

The Long-Term Financial Plan shows that all three of the District's programs (Operations, Capital and Drainage Maintenance) are adequately funded and legal debt covenants are met. The Operations fund revenue source comes, primarily, from the sewer service charge, which supports expenses and initiatives in the District's facilities. The Capital Fund accounts revenue source comes, primarily, from connection fee, and pays for expenses to accommodate growth in the District's service area. The Drainage Maintenance primary revenue source is a fee charged to each property in the service area and pays expenses related to 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 2017/18 was approximately \$651 million, which includes the treatment plant and collection system. While the FY 17/18 year end balance in the Major Maintenance Reserve was approximately \$27.8 million, 4.3% of the replacement value of the plant assets. This Major Maintenance Reserve is intended to rise each year to continue the rebuilding trend over the next ten years. Schedule 4A shows the proposed 10-year capital improvement plan

brought about by anticipated growth in the District's service area. Accumulating a sufficient Major Maintenance Reserve is critical for funding major repairs of the treatment plant facilities, upgrades to infrastructure to meet ever-changing regulatory requirements, and eventual treatment plant replacement. At the end this ten-year forecast the treatment plant and sewer system will have an estimated replacement value of \$964 million with a projected Major Maintenance Reserve of \$92 million or 9.5% of its replacement value. As the treatment plant ages higher replacement and upgrade costs are anticipated, as illustrated in Schedule 4B. Some future replacement needs can not be planned or scoped out at this stage.

The Capital Program is funded from Connection Fees. With the economic rebuilding and recovery, housing development in Fairfield has returned resulting in a positive cashflow in the Capital Program. This welcomed trend is projected to continue based on the City of Fairfield's growth projections (Schedule 7, Line 29). This positive cashflow allows the Capital Program to rebuild its reserve fund and repay the Operations Fund for the interfund borrowing needed during the economic downturn and when Capital Program Reserves were exhausted. Total interfund loans were \$2.2 million with a five-year repayment plan at a rate of 1.3%. Repayment started in fiscal year 16/17 and is expected to be fully paid by fiscal year 20/21.

Additionally, the Capital Program is obligated to repay 25%, proportionate to growth-related portion, of the State Revolving Fund loan with the State Water Resources Board (State Board) State Revolving Fund (SRF) program to finance the Blower Rehabilitation project. Total cost of the Blower Rehabilitation Project is estimated at \$10.6 million. The State Board granted the District up to \$4 million grant in the form of loan forgiveness, so the District will only repay \$6.6 million. Of the project cost, 25% is growth-related and will be repaid with connection fee revenue, while the remaining 75% will be re-paid from the Major Maintenance Reserve. Capital reserve is projected at \$8.2 million at the end of fiscal year 18/19, and it is projected that this reserve will be in re-building trend in the next ten years (Schedule 5, Line 13).

## GOALS

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

- 1) Maintain the lowest residential sewer service rate in Solano County and amongst other neighboring agencies
- 2) Maintain operating cash reserves of at least three months of operating expenses to ensure smooth cash flow.
- 3) Maintain minimum debt service coverage ratio as legally mandated.
- 4) Pay system expansion capital improvement plan from capacity fees.
- 5) Manage long-term employment-related liabilities to a sustainable level.
- 6) 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.
- 7) Minimize debt and long-term borrowing.



**SUMMARY OF ACTUAL AND PROJECTED REVENUES AND EXPENSES**

Revenue

*Sewer Service Charges*

The largest source of District revenue is derived from residential, commercial, and industrial customers. Residential, single and multi family customers, are billed a flat monthly fee, while commercial customers are billed based on water consumption. Industrial, commercial customers, including Travis Air Force Base (TAFB), Jelly Belly, Producers Dairy, and Anheuser-Busch, represent approximately 15% of total sewer service charge revenue, while single and multi family customers represent 85%.

This budget includes slightly increasing rates consistent with the most recent Cost of Service and Rate Study and subsequent Proposition 218 Notice. The proposed rate increase of 3.6% is necessary to pay for increasing regulatory cost, increasing labor, to keep up with inflation, and 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 in the last 10 fiscal years:

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Service charges	\$ 26,046	\$ 25,904	\$ 23,351	\$ 23,067	\$ 20,881	\$ 19,445	\$ 19,115	\$ 18,895	\$ 18,014	\$ 16,960
Drainage fees	1,598	1,580	1,552	1,545	1,501	1,491	1,486	1,455	1,468	1,462
Interest income	519	260	96	61	50	50	52	72	157	589
Other	194	222	212	219	596	178	248	97	316	39
Capacity fees	2,079	2,478	2,835	3,157	2,647	2,472	1,405	1,223	990	979
Total revenues	30,436	30,444	28,046	28,049	25,675	23,636	22,306	21,742	20,945	20,029

*Capacity Fees*

Capacity fees are one-time fees charged to new connections or to existing connections where a change in use will result in increased discharge to the treatment plant facilities. Sewer capacity charges are designed to help recover the costs of infrastructure and assets benefiting new development. The capacity forecast is updated annually and is based on the City of Fairfield’s growth development forecast.

*Drainage Maintenance Fees*

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 the Drainage Maintenance Fund is approximately \$1.6 million each year.

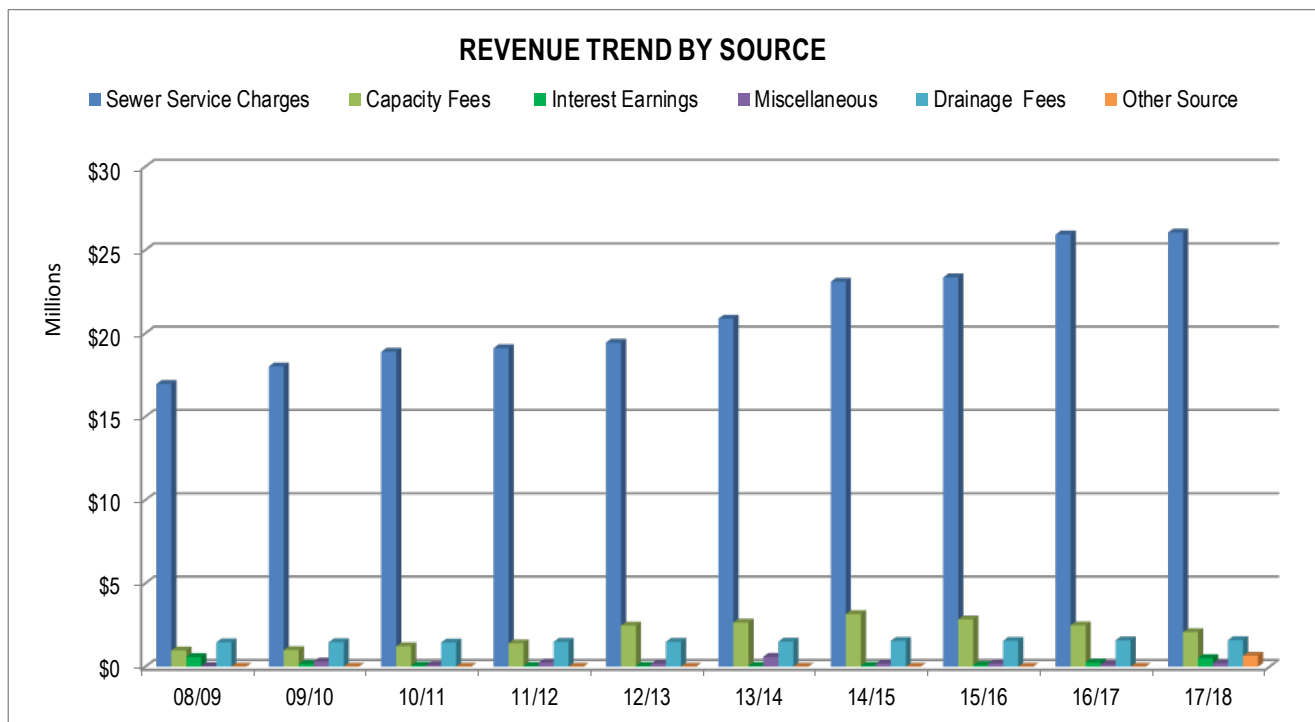
*Interest Income*

Interest income earned on investment of District’s available cash is projected at 2% of total revenues. Available cash is invested primarily with the Local Agency Investment Fund (LAIF), an investment pool, created by statute as an investment alternative for local governments and special districts. Participation in LAIF is voluntary. Additionally, the District also works with the California Asset Management Program (CAMP), a California Joint Powers Authority, providing professional investment services to California public agencies. Both LAIF and CAMP are permitted investment for local agencies under California Government Code Section 53601.

*Other Income*

The District receives a combination of miscellaneous and/or nonrecurring revenues such as cell tower and other property leases, as well as insurance dividends. This miscellaneous income is typically immaterial and is not a major source of District’s revenue.

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 8 through 16) and “Major Maintenance” expenses (Schedule 5, Line 21). The projected operating expenses for FY18/19 is relatively unchanged compared to FY17/18 in spite of increasing contractual costs such as billing, local sewer maintenance, and higher labor cost. Such cost increases were offset by savings in biosolids processing costs and an unfilled position in the laboratory department.

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Business operations	14,941	15,863	11,389	12,677	12,354	11,500	12,685	12,068	12,351	11,603
Sewer line maintenance	3,355	3,058	2,644	2,836	2,890	2,797	2,780	2,663	2,384	2,503
General and administrative	1,976	1,483	1,871	1,904	1,872	2,038	2,592	1,711	1,821	1,985
Billing and collection	594	572	549	528	511	493	474	459	446	476
Interest expense	238	311	404	489	526	606	655	403	767	833
<b>Total expenses</b>	<b>21,104</b>	<b>21,287</b>	<b>16,857</b>	<b>18,434</b>	<b>18,153</b>	<b>17,434</b>	<b>19,186</b>	<b>17,304</b>	<b>17,769</b>	<b>17,400</b>

In previous fiscal years the District has put major maintenance rehabilitation on hold to accommodate the economic downturn and low funds in the Major Maintenance Reserve. As the economy recovers and funds increase the District is now undertaking a comprehensive evaluation of its major maintenance needs and prioritizing projects accordingly. Those major maintenance expenses are included in Business Operations above. Future major maintenance requirements can be found in Schedule 5, Line 21. The Board-supported philosophy of building the Major Maintenance Reserve allows the District to keep up with upgrades to its aging capital assets without spiking sewer service charge rates.

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 increases.

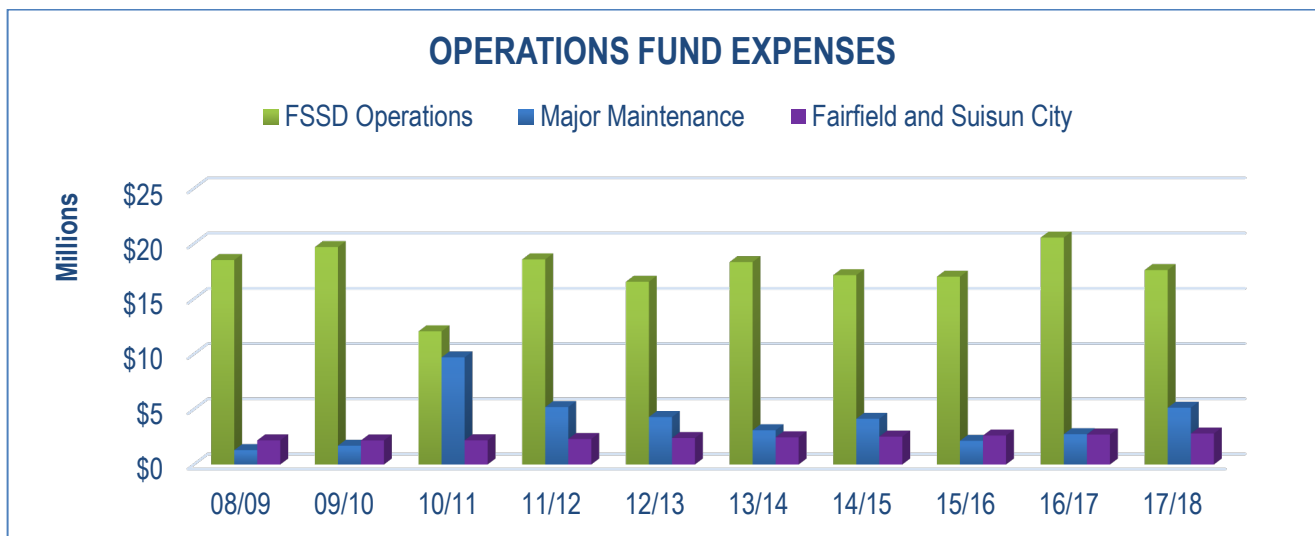


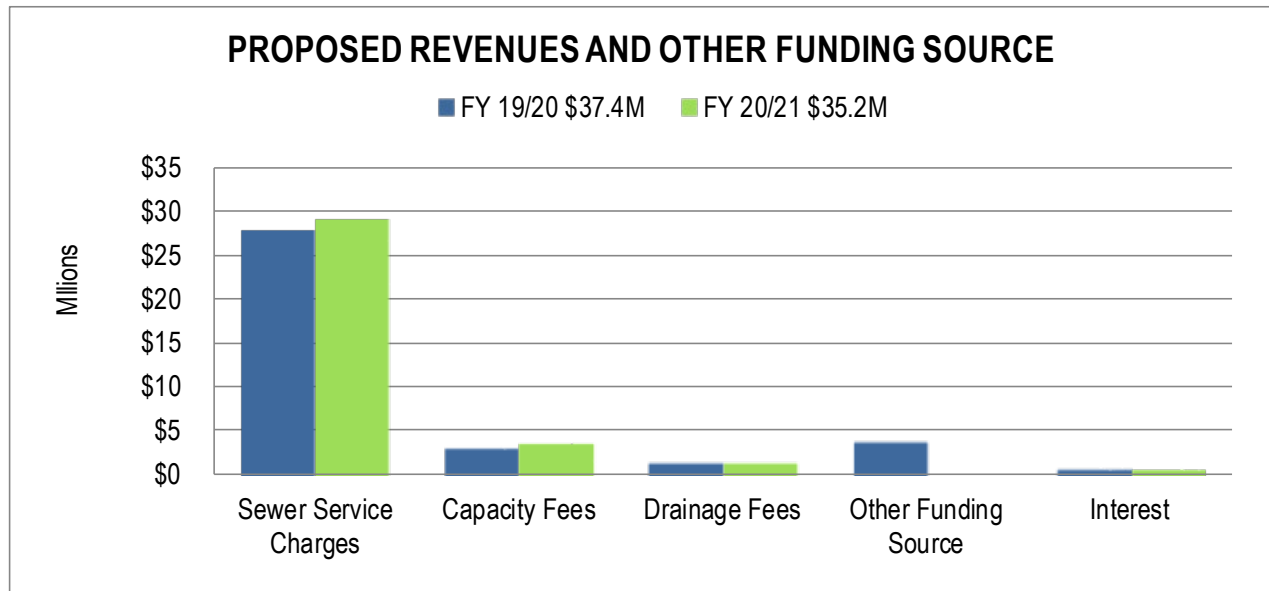
Figure 2

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

**BUDGET**

***FYs 19/20 and 20/21 Revenues and Expenses***

Figure 3 and Figure 4 show the estimated revenues and expenses by type for fiscal years 19/20 and 20/21. Revenue forecasts are based on the City of Fairfield’s growth projections. In general, forecasts assume slow but steady growth (Schedule 7, Lines 2 through 4). Sewer service revenues for 19/20 and 20/21 are projected at \$27.8 and \$29.1 million, respectively, a 4.7% increase year-over-year. Capacity fee revenues for the same period are projected at \$3.2 and \$3.7 million. Drainage maintenance revenues remained unchanged at \$1.6 million, due to limitations of Proposition 13. Total revenues for fiscal year 19/20 includes loan proceeds from the State Revolving Fund of \$6 million, while fiscal year 20/21 includes loan reimbursement of \$4 million, classified as Other Funding Source.



**Figure 3**

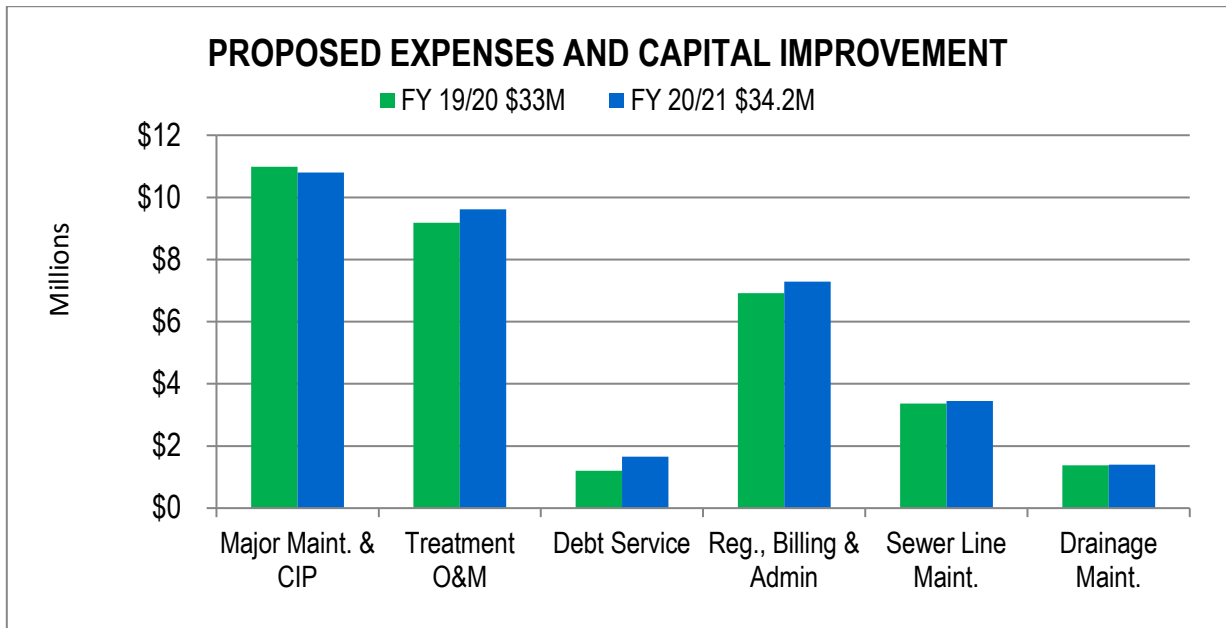


Figure 4

Total expenses, debt service, drainage maintenance, and capital improvement projects (CIP) were projected at \$33 million in fiscal year 19/20 and \$34.2 million in fiscal year 20/21. The increase in Major Maintenance & CIP is due primarily to the Blower Rehabilitation Project, and other projects as illustrated in Schedules 4A and 4B.

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. This philosophy is instrumental in keeping sewer service rates levelized and the lowest in Solano County and amongst other agencies nearby.

**LONG-TERM FINANCIAL PLAN**

The Long-Term Financial Plan projects revenues and expenses 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 amount.

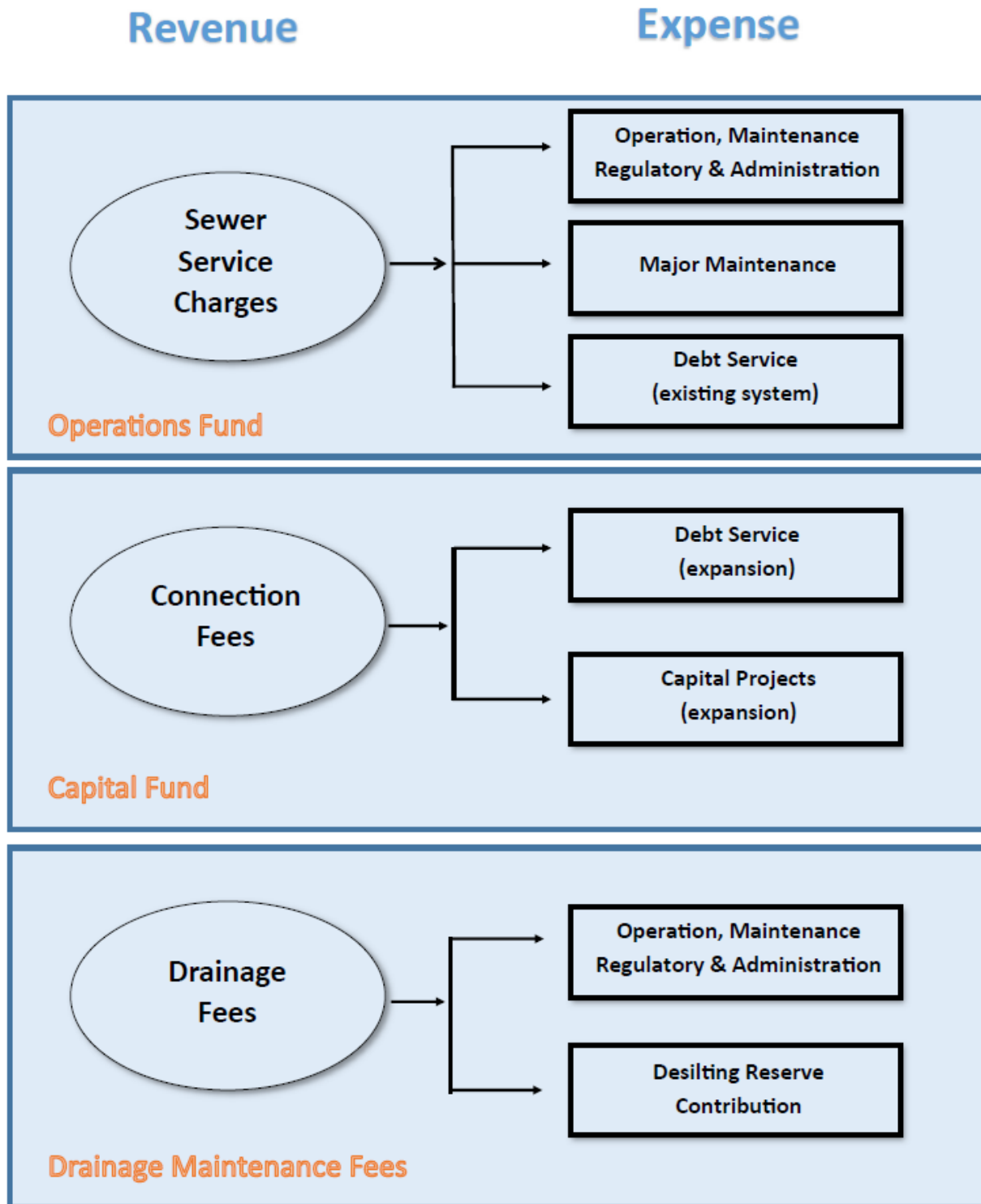


Figure 5

### 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, upgrades to 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.
- Operating reserves is maintained at 25% of total operating expenses (Schedule 2, Line 17) and is intended to fund operational expenses in case of emergencies.
- Net revenue (revenues less expenses) is allocated to various funds for debt payment, operating reserves, and major maintenance 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.
- Assuming positive economic conditions continue, 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 capital improvements.

### 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.
- In order to meet debt service payment and obligations the District made an interfund loan from its Major Maintenance Fund to its Capital Fund during the economic downturn when capacity fee revenues were at its lowest. Repayment of the interfund loan to Major Maintenance started in fiscal year 16/17 and is expected to be paid off in fiscal year 20/21.

### Schedule 4A – Capacity Fee Funded Capital Improvement Plan

- This represents the District's projects funded by capacity fees. Total identified projects during the 10-year period is approximately \$13.6 million. 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.

#### Schedule 4B – Sewer Service Charge Funded Capital Improvement Plan

- The portion of capital projects identified as correcting existing deficiencies (not expansion) is funded from Operations revenues. Total identified major maintenance projects as forecasted is approximately \$54.7 million.

#### Schedule 5 –Reserves

##### Debt Service Reserve

- In compliance with the State Revolving Fund (SRF) loan agreement, the District established a debt service reserve account of \$737 thousand in November 2011. This reserve requirement is equivalent to one year of loan repayment. This reserve amount will increase when repayment for the Blower Project begins in fiscal year 20/21. This reserve is funded out of the Major Maintenance Fund and is not available to the District until the loan is paid in full.

##### 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 17/18 the replacement cost of the treatment plant was \$651 million and estimated to be around \$964 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.
- The Major Maintenance Reserve allows funding for future replacement and rehabilitation projects that have not yet been specifically scoped and planned.



This analysis points out the significant investment the District has in its treatment plant 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 expensive costs of debt to replace facilities and equipment at the end of the useful life of facility components.

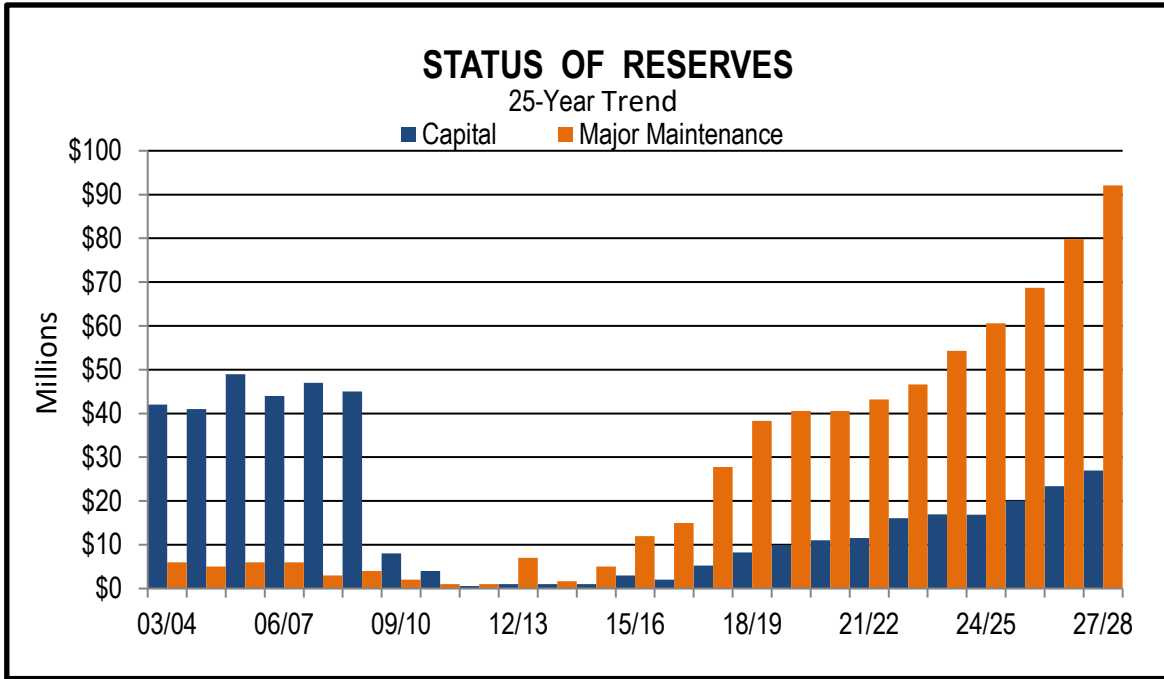


Figure 6

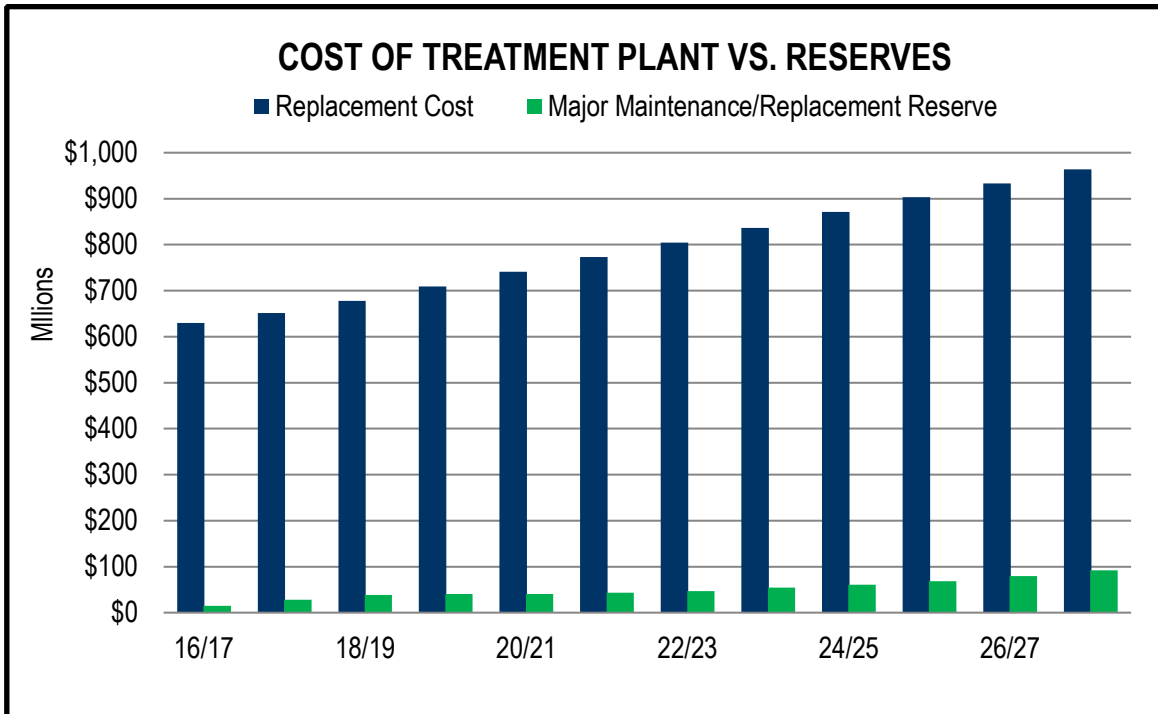


Figure 7

Schedule 6 – Drainage Maintenance

- Proposed expenses for FY 19/20 and 20/21 are consistent at \$1.4 million; Figure 8 illustrates the breakdown of expenses by classification.
- Rates, as illustrated on page 14, Ordinance 19-01, remained unchanged since fiscal year 2001/02.

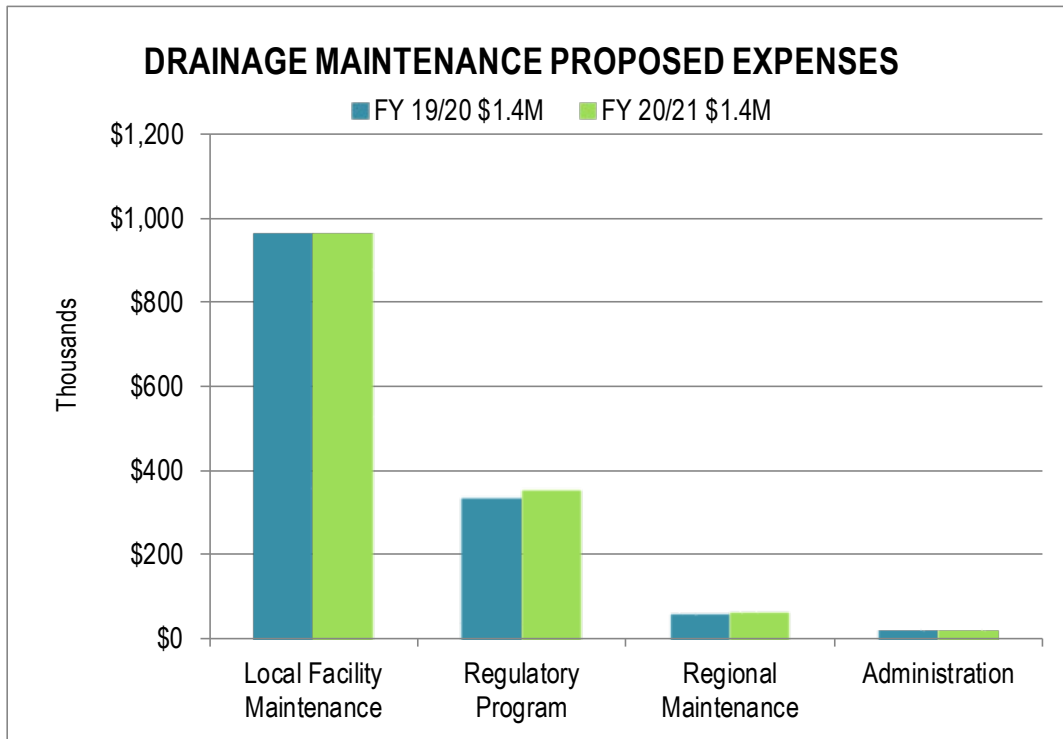


Figure 8

**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 last recession and the long slow recovery that followed. Both Major Maintenance and Capital Reserves were at its lowest in the last few years; however, economic conditions are continuing to improve and District management is 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. 2019-01

**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 2019/20 and 2020/21 at the same rates as 2018/19, 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, 1014, 1019, 1200, 1500, 2100 – 4 units or less)	\$20.23 per lot or parcel
B. Multiple Family and Institutional (Improved property in County Assessor Codes 2100 and 2190 – greater than 4 units, 2149, 2150, 2160, 2700, 8100, 8200, 8300, 8500, 8700, 9800)	\$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, 4449)	\$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 24<sup>th</sup> day of June 2019, by the following vote:

Adams-Bertani-Day-Moy-Price

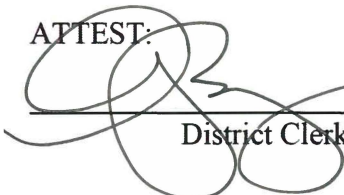
AYES: Directors Segala-Timm-Vaccaro-Williams-Wilson

NOES: Directors None

ABSENT: Directors Williams

  
\_\_\_\_\_  
President

ATTEST:

  
\_\_\_\_\_  
District Clerk

FAIRFIELD-SUISUN SEWER DISTRICT  
RESOLUTION NO. 2019-06

**A RESOLUTION APPROVING REVISED FISCAL YEAR 2018/19 AND FISCAL YEARS  
2019/20 AND 2020/21 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, expenses and interfund transfers for all funds and reserves for the fiscal years 2017/18 and 2018/19, which are attached hereto and made a part thereof.
2. The District hereby adopts the Proposed Budget for Fiscal Years 2019/20 and 2020/21 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 debt issuance; provided that all projects and debts are subject to subsequent Board 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 24<sup>th</sup> day of June 2019, by the following vote:

Adams-Bertani-Day-Moy-Price

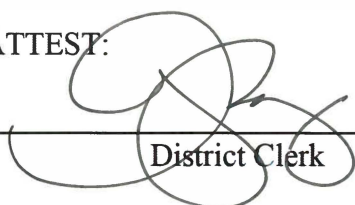
AYES: Directors Segala-Timm-Vaccaro-~~Williams~~-Wilson

NOES: Directors None

ABSENT: Directors Williams

  
President

ATTEST:

  
District Clerk

FAIRFIELD-SUISUN SEWER DISTRICT  
ORDINANCE NO. 2019-02

**ESTABLISHING SEWER CAPACITY AND SERVICE CHARGE ORDINANCE FOR  
FISCAL YEARS 2019/20 & 2020/21, AMENDING ORDINANCE NO. 05-01**

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

- I. Intent. This Ordinance No.2019-02 is intended to:
  - a. Amend Article II, Section 6 and Section 6.1 of Ordinance No. 05-01 relating to Sewer Service Charges: and,
  - b. Amend Article VII, Section 34 of Ordinance No.05-01 relating to Sewer Capacity Charges.

Those portions of Ordinance 05-01 that have not been changed by this Ordinance No.19-02 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. 19-02 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, 2019, 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	\$40.40 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	\$3.22 per hundred cubic feet of water used during each billing period

in subparagraphs 2 (Special Strength) or 3 (Case-by-Case).

2. *Special Strength* 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). \$5.31 per hundred cubic feet of water used during each billing period

3. *Case-by-Case* 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. \$2,664.92 per million gallons flow PLUS \$430.03 per thousand pounds BOD PLUS \$198.50 per thousand pounds SS discharged per billing period.

C. TRAVIS AIR FORCE BASE \$2.48 per hundred cubic Feet of flow discharged per billing period.

6.02 Effective July 1, 2020, 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	\$41.85 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,	\$3.34 per hundred cubic feet of water used during each billing period



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. <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).	\$5.47 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.	\$ 2,733.60 per million gallons flow PLUS \$ 460.12 per thousand pounds BOD PLUS \$ 203.77 per thousand pounds SS discharged per billing period.
C. TRAVIS AIR FORCE BASE		\$2.59 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 expenses 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 24<sup>th</sup> day of June 2019, by the following vote:

AYES: Directors Adams-Bertani-Day-Moy-Price  
Segala-Timm-Vacca-Williams-Wilson

NOES: Directors None

ABSENT: Directors Williams

[Signature]  
President

ATTEST:

[Signature]  
District Clerk

**SCHEDULE 1A**  
**2017/18 BUDGET TO ACTUAL**

(Dollars in 000s)

		2017/18 Budget	2017/18 Actual	Dollar Variance	Percent Variance
1	REVENUES AND OTHER FUNDING SOURCES				
2	Sewer Service Charges Sched 2, line 2	\$26,155	\$26,048	(\$107)	0%
3	Capacity Fees Sched 3, lines 2-3	3,124	2,078	(1,046)	-33%
4	Drainage Maintenance Fees Sched 6, line 2	1,552	1,598	46	3%
5	SRF Loan - Blower Project Sched 3, line 4	7,000	650	(6,350)	-91%
6	Interest Income All Schedules	275	356	81	29%
7	Other Income Sched 2, lines 4-5	245	374	129	53%
8	Total Revenues	<u>\$38,351</u>	<u>\$31,104</u>	<u>(\$7,247)</u>	<u>-19%</u>
9	EXPENSES:				
10	Treatment Plant O&M Sched 2, line 8-9	\$9,930	\$9,296	(\$634)	-6%
11	Regulatory Sched 2, line 16	1,594	1,455	(139)	-9%
12	Billing & Administration Sched 2, lines 12-15	2,525	2,718	193	8%
13	City Sewer Line Maint. Sched 2, line 11	2,445	2,503	58	2%
14	Major Maintenance Sched 2, line 10, Sched 4B, line 34	5,552	3,404	(2,149)	-39%
15	Capacity Fee Funded Sched 4A, line 11 and Sched 3 line 9	7,219	456	(6,764)	-94%
16	Debt Service Sched 2, line 19 and Sched 3, line 12	1,203	1,203	0	0%
17	Drainage Maintenance Sched 6, lines 10, 21, 25, 26, 31, 36	1,446	1,421	(25)	-2%
18	Total Expenses	<u>\$31,914</u>	<u>\$22,455</u>	<u>(\$9,459)</u>	<u>-30%</u>

**CASH BALANCES AT YEAR-END**

(Dollars in 000s)

	2017/18 Actual
19 Capital Reserve	\$5,250
20 Major Maint. Reserve	\$27,756
21 Operating Reserve	\$4,158
22 Debt Service	\$737
23 Drainage Maintenance	\$2,078

**SCHEDULE 1B**  
**2018/19 PROJECTED ACTUAL COMPARED TO BUDGET**

(Dollars in 000s)

	Schedule Reference	2018/19 Budget	2018/19 Projected Actual	Dollar Variance	Percent Variance
1 REVENUES & REVENUE SOURCES:					
2	Sewer Service Charges Sched 2, line 2	\$27,126	\$26,500	(\$626)	-2%
3	Capacity Fees Sched 3, lines 2-3	4,227	4,000	(227)	-5%
4	Drainage Maintenance F Sched 6, line 2	1,552	1,600	48	3%
5	SRF Loan - Blower Proje Sched 3, line 4	3,600	6,000	2,400	67%
6	Interest Income All Schedules	431	664	233	54%
7	Other Income Sched 2, lines 4 and 5	254	225	(29)	-11%
8	Total Revenues	<u>\$37,190</u>	<u>\$38,989</u>	<u>\$1,799</u>	<u>5%</u>
9 EXPENSES:					
10	Treatment Plant O&M Sched 2, lines 8-9	\$10,403	\$8,774	(\$1,629)	-16%
11	Regulatory Sched 2, line 16	1,674	1,625	(50)	-3%
12	Billing & Administration Sched 2, lines 12-15	2,642	2,480	(162)	-6%
13	City Sewer Line Maint. Sched 2, line 11	2,545	2,460	(85)	-3%
14	Major Maintenance Sched 2, line 10, Sched 4B, line 34	5,321	5,817	496	9%
15	Capacity Fee Funded Sched 4A, line 11 and Sched 3 line 9	5,648	2,119	(3,529)	-62%
16	Debt Service Sched 2, line 20 and Sched. 3, line 12	1,203	1,203	(0)	0%
17	Drainage Maintenance Sched 6, lines 10, 21, 25, 26, 31, 36	1,256	1,352	96	8%
18	Total Expenses	<u>\$30,692</u>	<u>\$25,829</u>	<u>(\$4,863)</u>	<u>-16%</u>

**RESERVE BALANCES AT YEAR-END**

		2018/19 Projected
19	Capital Reserve Schedule 5, line 11	\$8,249
20	Major Maint. Reserve Schedule 5, line 22	\$38,258
21	Operating Reserve Schedule 2, line 24	\$4,004
22	Debt Service Schedule 5, line 5	\$737
23	Drainage Maintenance Schedule 6, lines 17, 22, 27, 32, 37	\$2,355

**SCHEDULE 2  
WASTEWATER OPERATIONS FUND FORECAST**

(Dollars in 000s)

	Actual	Projected Actual	FORECAST									
			17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
1 REVENUES:												
2 Sewer Service Charges	\$26,048	\$26,500	\$27,831	\$29,102	\$30,431	\$31,770	\$33,170	\$34,489	\$35,772	\$37,104	\$38,487	
3 Interest Income	51	100	70	85	102	158	156	160	166	174	182	
4 Biosolids Host & Facility Charge	156	75	79	83	87	91	96	101	106	111	116	
5 Other Income	218	150	153	156	159	162	166	169	172	176	179	
6 Total Revenues	26,473	26,825	28,133	29,426	30,778	32,181	33,587	34,918	36,216	37,565	38,964	
7 EXPENSES:												
8 Treatment Plant O&M	7,870	7,204	7,564	7,942	8,339	8,756	9,194	9,657	10,140	10,648	11,181	
9 Electricity and Chemicals	1,426	1,570	1,623	1,677	1,733	1,791	1,852	1,914	1,979	2,046	2,115	
10 District Sewer Line Maintenance	660	677	700	680	700	721	792	764	786	809	833	
11 City Sewer Line Maintenance (1)	2,503	2,460	2,661	2,770	2,884	3,002	3,125	3,253	3,387	3,525	3,670	
12 Admin, Legal, Board	1,392	1,100	3,685	3,787	3,907	2,941	2,535	2,640	2,761	2,871	2,986	
13 Utility Billing Fees - Fairfield	461	475	489	504	519	534	550	567	584	602	620	
14 Utility Billing Fees - Suisun	133	137	141	145	150	154	159	164	168	174	179	
15 Financial & Personnel Services	732	769	807	847	890	934	981	1,030	1,081	1,136	1,192	
16 Regulatory Programs (2)	1,455	1,625	1,791	2,007	1,897	1,992	2,091	2,196	2,306	2,421	2,542	
17 Total Expenses	16,632	16,016	19,460	20,359	21,018	20,826	21,279	22,184	23,192	24,231	25,318	
18 Net Revenue before debt payment	9,841	10,809	8,673	9,067	9,760	11,355	12,308	12,734	13,025	13,334	13,646	
19 Debt Service Pymt - SRF	(737)	(737)	(737)	(1,078)	(1,078)	(1,078)	(1,078)	(1,078)	(1,078)	(1,078)	(1,078)	
20 Transfer Out-Major Maint. Rsv. (3)	(9,052)	(10,226)	(7,075)	(7,764)	(8,517)	(10,326)	(11,116)	(11,430)	(11,695)	(11,996)	(12,296)	
21 Is Major Maintenance Policy Met?	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
22 Major Maintenance Contribution %	1.39%	1.51%	1.00%	1.05%	1.10%	1.28%	1.33%	1.31%	1.29%	1.29%	1.28%	
23 Operating Reserves, beginning	4,106	4,158	4,004	4,865	5,090	5,255	5,206	5,320	5,546	5,798	6,058	
24 Operating Reserves, ending (4)	\$4,158	\$4,004	\$4,865	\$5,090	\$5,255	\$5,206	\$5,320	\$5,546	\$5,798	\$6,058	\$6,330	

- 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 - 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 Actual	FORECAST								
	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
1 REVENUES & OTHER FUNDING SOURCES:											
2 Fairfield Capacity Fees	\$2,040	\$4,000	\$3,181	\$3,669	\$3,533	\$4,520	\$3,590	\$2,561	\$2,934	\$2,971	\$3,060
3 Suisun City Capacity Fees	38	0	0	31	31	32	67	69	71	71	73
4 SRF Loan - Blower Project	650	6,000	3,950	0	0	0	0	0	0	0	0
5 Total Revenues	2,728	10,000	7,131	3,701	3,564	4,553	3,656	2,630	3,004	3,042	3,133
6 EXPENSES & DEBT SERVICE											
7 Project Planning & Administration	104	101	74	78	81	85	89	93	97	102	106
8 Connection Fee Study	0	0	0	0	30	0	0	0	0	30	0
9 Total Expenses	104	101	74	78	111	85	89	93	97	132	106
10 Interfund Loan Repayment - M/M	466	466	466	466	0	0	0	0	0	0	0
11 SRF Loan Repayment - Blower Proj	0	0	0	114	114	114	114	114	114	114	114
12 Total Debt Service	466	466	466	579	114	114	114	114	114	114	114
13 Total Expenses and Debt Service	570	567	540	657	225	199	202	207	211	245	220
14 Rev. & Other Funding Sources less Exp.	2,158	9,433	6,591	3,044	3,340	4,354	3,454	2,424	2,794	2,796	2,913
15 Transfer Out- Capital Reserve (1)	(2,158)	(9,433)	(6,591)	(3,044)	(3,340)	(4,354)	(3,454)	(2,424)	(2,794)	(2,796)	(2,913)
16 Transfer In-Capital Reserve (2)	0	0	0	0	0	0	0	0	0	0	0
17 Beginning Cash Balance	0	0	0	0	0	0	0	0	0	0	0
18 Ending Available Cash Balance (3)	\$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 - 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 4A  
CAPACITY FEE FUNDED CAPITAL IMPROVEMENT PLAN**

(Dollars in 000s)

	Actual	Projected Actual	FORECAST								Total	
	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	Forecast
1 Cordelia Pump Station	\$0	\$0	\$0	\$0	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$750
2 Northeast Fairfield P.S.	0	0	900	900	0	0	0	0	0	0	0	1,800
3 Peabody Walters S-245A	0	0	0	400	2,100	0	0	0	0	0	0	2,500
4 Blower Replacement (25%)	118	1,975	345	0	0	0	0	0	0	0	0	345
5 New Dev't Rev/Inspection	42	43	46	48	51	53	56	59	62	65	68	507
6 Collection System Master Plan	192	0	45	0	0	0	0	0	0	0	0	45
7 Digester Reliability Improvement (25%)	0	0	313	788	113	0	0	0	0	0	0	1,214
8 Digester Feedback/Biogas Master Plan	0	0	375	0	0	0	0	0	0	0	0	375
9 Biogas Utilization Improvements	0	0	0	0	0	0	3,000	3,000	0	0	0	6,000
10 Wetland Nutrient Treatment Eval (25%)	0	0	25	0	0	0	0	0	0	0	0	25
11 Total Capacity Fee Funded	\$352	\$2,018	\$2,049	\$2,136	\$3,014	\$53	\$3,056	\$3,059	\$62	\$65	\$68	\$13,561

**SCHEDULE 4B  
SEWER SERVICE CHARGE (SSC) FUNDED CAPITAL IMPROVEMENT PLAN**

(Dollars in 000s)

	Actual		FORECAST									Total Forecast
	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	
	Actual	Projected Actual										
1 Blower Replacement (75%)	\$118	\$1,975	\$1,035	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,035
2 Force Main Condition Assessment	0	0	0	0	250	0	0	0	0	0	0	250
3 Gravity Sewer Line Rehab	0	0	318	328	337	347	358	369	380	391	403	3,231
4 Digester Reliability Improvement (75%)	0	0	938	1,800	901	0	0	0	0	0	0	3,639
5 Digester Cleaning Rehab	0	0	0	0	300	0	0	0	0	0	0	300
6 Electrical Replacement - Phase I	0	0	2,470	1,600	0	0	0	0	0	0	0	4,070
7 Electrical Replacement - Phase II	0	0	0	0	300	5,000	0	0	0	0	0	5,300
8 Electrical Replacement - 12kV Distribution	0	0	0	0	0	0	500	4,000	3,000	0	0	7,500
9 SCADA System Evaluation & Upgrade	0	0	0	50	100	0	0	0	0	0	0	150
10 Primary Clarifier Rehab	0	0	283	848	0	250	750	0	0	0	0	2,131
11 Treatment Plant Pavement Rehab	0	0	0	250	0	250	0	250	0	250	0	1,000
12 PS Pavement Rehab	0	0	250	0	0	0	250	0	0	0	250	750
13 Cathodic Protection Rehabilitation	0	0	50	100	50	100	50	100	50	100	50	650
14 Coatings & Pipe Linings	0	0	400	0	0	0	300	0	0	0	300	1,000
15 HVAC Rehabilitation	0	0	100	700	0	0	0	0	0	0	0	800
16 Roof Rehabilitation	0	0	0	0	400	0	0	0	0	0	0	400
17 LED Retrofit - Phase II (street lights)	0	0	0	0	150	0	0	0	0	0	0	150
18 LED Retrofit - Phase III (PS)	0	0	0	0	0	100	0	0	0	0	0	100
19 Wetland Nutrient Treatment Eval (75%)	0	0	75	0	0	0	0	0	0	0	0	75
20 Admin Bldg ADA Upgrades	0	0	0	25	125	0	0	0	0	0	0	150
21 Phone System Upgrade	0	0	0	25	0	0	0	0	0	0	0	25
22 Blower Building Bathroom Rehab	0	0	0	20	0	0	0	0	0	0	0	20
23 Structural Rehab	0	0	0	0	200	0	0	0	0	0	0	200
24 Potable Water Line Repair	0	0	50	0	0	0	0	0	0	0	0	50
25 PS Wet Well Rehab	0	0	0	0	350	0	0	0	0	0	0	350
26 Primary Clarifier Safety Improvements	0	0	50	0	0	0	0	0	0	0	0	50
27 Secondary Clarifier Drive Overhauls	0	0	200	0	0	0	0	0	0	0	0	200
28 Secondary Utility Water Piping	0	0	0	0	100	0	0	0	0	0	0	100
29 Filter Feed SCADA Reprogramming	0	0	50	0	0	0	0	0	0	0	0	50
30 Backwash Storage Gate Replacement	0	0	60	0	0	0	0	0	0	0	0	60
31 Seismic Evaluation	0	0	0	0	75	0	0	0	0	0	0	75
32 Records and File System Upgrade	0	0	180	0	0	0	0	0	0	0	0	180
33 MM Upgrades & Replacements	2,626	3,165	2,351	2,843	3,106	2,104	2,644	2,065	1,960	2,226	1,393	20,692
34 Total SSC Funded CIP	\$2,744	\$5,140	\$8,860	\$8,589	\$6,745	\$8,152	\$4,851	\$6,783	\$5,389	\$2,967	\$2,396	\$54,732

**SCHEDULE 5  
WASTEWATER RESERVE FORECAST**

(Dollars in 000s)

	Actual	Projected Actual	FORECAST									
			17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
1 DEBT SERVICE RESERVE (1):												
2 Beginning Cash Balance	\$737	\$737	\$737	\$737	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078
3 Trans Out-Capital/Debt Service Fund	0	0	0	0	0	0	0	0	0	0	0	0
4 Trans In-Major Maintenance Reserve	0	0	0	341	0	0	0	0	0	0	0	0
5 Ending Cash Balance	\$737	\$737	\$737	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078
6 CAPITAL RESERVE (2):												
7 Beginning Cash Balance	\$3,892	\$5,250	\$8,249	\$9,952	\$11,034	\$11,553	\$16,085	\$16,965	\$16,839	\$20,076	\$23,410	\$23,410
8 Transfer In - Capital Fund	2,158	9,433	6,591	3,044	3,340	4,354	3,454	2,424	2,794	2,796	2,913	2,913
9 Interest Income	39	84	124	174	193	231	483	509	505	602	702	702
10 Transfer Out Capital/Debt Svc	0	0	0	0	0	0	0	0	0	0	0	0
11 Transfer to Major Maint. - 75% of SRF Reim	(488)	(4,500)	(2,963)	0	0	0	0	0	0	0	0	0
12 Capacity Fee Funded CIP (Sch 4A)	(352)	(2,018)	(2,049)	(2,136)	(3,014)	(53)	(3,056)	(3,059)	(62)	(65)	(68)	(68)
13 Ending Cash Balance	\$5,250	\$8,249	\$9,952	\$11,034	\$11,553	\$16,085	\$16,965	\$16,839	\$20,076	\$23,410	\$26,957	\$26,957
14 MAJOR MAINT/REPLACE RSV (3):												
15 Beginning Balance	\$20,238	\$27,753	\$38,255	\$40,567	\$40,577	\$43,161	\$46,630	\$54,294	\$60,569	\$68,692	\$79,781	\$79,781
16 Transfer In-Operations	9,052	10,226	7,075	7,764	8,517	10,326	11,116	11,430	11,695	11,996	12,296	12,296
17 Transfer In - SRF Loan	488	4,500	2,963	0	0	0	0	0	0	0	0	0
18 Transfer Out - SRF Reserve Blower Proj	0	0	0	(341)	0	0	0	0	0	0	0	0
19 Interfund Loan Repayment - Capital	466	466	466	466	0	0	0	0	0	0	0	0
20 Interest Income	253	450	669	710	812	1,295	1,399	1,629	1,817	2,061	2,393	2,393
21 SSC Funded CIP (Sch 4B)	(2,744)	(5,140)	(8,860)	(8,589)	(6,745)	(8,152)	(4,851)	(6,783)	(5,389)	(2,967)	(2,396)	(2,396)
22 Ending Cash Balance	\$27,753	\$38,255	\$40,567	\$40,577	\$43,161	\$46,630	\$54,294	\$60,569	\$68,692	\$79,781	\$92,075	\$92,075
23 % of Plant+Sewer Replace Cost	4.3%	5.6%	5.7%	5.5%	5.6%	5.8%	6.5%	6.9%	7.6%	8.5%	9.6%	9.6%
24 TOTAL REPLACEMENT COST OF												
25 TREATMENT PLANT AND SEWERS:												
26 Beginning Replacement Cost	\$629,263	\$651,236	\$677,931	\$709,178	\$741,179	\$773,173	\$804,573	\$836,617	\$871,558	\$903,155	\$933,282	\$933,282
27 Inflationary Increases	18,878	19,537	20,338	21,275	22,235	23,195	24,137	25,099	26,147	27,095	27,998	27,998
28 Plant/Sewer Additions	3,095	7,158	10,909	10,725	9,758	8,205	7,907	9,842	5,451	3,032	2,464	2,464
29 Ending Replacement Cost	\$651,236	\$677,931	\$709,178	\$741,179	\$773,173	\$804,573	\$836,617	\$871,558	\$903,155	\$933,282	\$963,744	\$963,744

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 2018 dollars is \$651 million.

**SCHEDULE 6  
DRAINAGE MAINTENANCE FUND FORECAST**

(Dollars in 000s)

	Actual	Projected Actual	FORECAST									
			17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
1 REVENUES:												
2 Drainage Maintenance Fees	\$1,598	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,608	\$1,616	\$1,624
3 Interest Income	12	30	30	39	43	47	76	82	87	93	97	
4 Total Revenues	1,610	1,630	1,630	1,639	1,643	1,647	1,676	1,682	1,695	1,709	1,721	
5 EXPENSES:												
6 Local Facility Maintenance	959	959	959	959	959	959	959	959	959	959	959	959
7 Regional Facility Maintenance	58	60	62	64	66	68	70	72	74	76	78	
8 Admin, Billing, Capital Outlay	22	22	23	23	24	25	26	26	27	28	29	
9 Stormwater Regulatory Program (1)	352	311	334	354	369	385	401	419	437	456	476	
10 Total Expenses	1,391	1,352	1,378	1,399	1,417	1,436	1,455	1,476	1,497	1,519	1,542	
11 Revenues less Expenses	220	278	252	239	225	211	221	206	198	190	180	
12 Tfr In/(Out)-Desilting Reserve	(30)	(31)	(30)	(31)	(30)	(31)	(31)	(30)	(30)	(30)	(30)	
13 Tfr In/(Out)-Major Maint. Reserve	(200)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	
14 Tfr In/(Out)-Operations Reserve	(200)	(150)	(150)	(150)	(150)	0	0	0	0	0	0	
15 Tfr In/(Out)-Capital Reserve	0	0	0	0	0	0	0	0	0	0	0	
16 Beginning Cash Balance	630	420	367	289	198	93	123	163	189	208	218	
17 Ending Available Cash Balance	\$420	\$367	\$289	\$198	\$93	\$123	\$163	\$189	\$208	\$218	\$217	
18 OPERATIONS RESERVE: (2)												
19 Beginning Cash Balance	\$350	\$550	\$700	\$850	\$1,000	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150
20 Transfer In/(Out)	200	150	150	150	150	0	0	0	0	0	0	0
21 Expenses	0	0	0	0	0	0	0	0	0	0	0	0
22 Ending Cash Balance	\$550	\$700	\$850	\$1,000	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150	\$1,150
23 DESILTING RESERVE:												
24 Beginning Cash Balance	\$277	\$307	\$338	\$368	\$399	\$246	\$277	\$308	\$338	\$368	\$368	\$368
25 Transfer In/(Out)	30	31	30	31	30	31	31	30	30	30	30	30
26 Expenses	0	0	0	0	(183)	0	0	0	0	(30)	(30)	
27 Ending Cash Balance	\$307	\$338	\$368	\$399	\$246	\$277	\$308	\$338	\$368	\$368	\$368	\$368
28 CAPITAL RESERVE: (3)												
29 Beginning Cash Balance	\$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
31 Expenses	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
33 MAJOR MAINT. RESERVE: (4)												
34 Beginning Cash Balance	\$520	\$720	\$870	\$920	\$970	\$892	\$1,042	\$1,192	\$1,342	\$1,492	\$1,642	\$1,642
35 Transfer In/(Out)	200	150	150	150	150	150	150	150	150	150	150	150
36 Expenses	0	0	(100)	(100)	(228)	0	0	0	0	0	0	0
37 Ending Cash Balance	\$720	\$870	\$920	\$970	\$892	\$1,042	\$1,192	\$1,342	\$1,492	\$1,642	\$1,792	\$1,792

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								
	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
1 GROWTH RATE:											
2 Residential	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.50%	0.20%	0.20%	0.20%
3 Commercial/Industrial	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.10%	0.04%	0.04%	0.04%
4 Commercial Special Strength	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.10%	0.04%	0.04%	0.04%
5 Travis Air Force Base	0.00%	0.00%	-2.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6 Anheuser-Busch	0.00%	0.00%	-3.50%	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)	\$37.65	\$39.00	\$40.40	\$41.85	\$43.35	\$44.91	\$46.53	\$48.20	\$49.94	\$51.74	\$53.59
9 Commercial - Regular Strength	\$3.00	\$3.11	\$3.22	\$3.34	\$3.46	\$3.58	\$3.71	\$3.85	\$3.99	\$4.13	\$4.28
10 Industrial - Regular Strength	\$2.99	\$3.07	\$3.16	\$3.25	\$3.35	\$3.44	\$3.54	\$3.65	\$3.75	\$3.86	\$3.97
11 Commercial - Special Strength	\$5.02	\$5.16	\$5.31	\$5.47	\$5.62	\$5.88	\$6.15	\$6.43	\$6.73	\$7.04	\$7.37
12 Industrial - Special Strength	\$4.94	\$5.17	\$5.41	\$5.66	\$5.92	\$6.19	\$6.48	\$6.78	\$7.09	\$7.42	\$7.76
13 Anheuser-Busch	\$4.94	\$5.17	\$5.41	\$5.66	\$5.92	\$6.19	\$6.48	\$6.78	\$7.09	\$7.42	\$7.76
14 Travis Air Force Base	\$2.27	\$2.37	\$2.48	\$2.59	\$2.71	\$2.83	\$2.96	\$3.09	\$3.23	\$3.38	\$3.53
15 SEWER REVENUES:	\$26,048	\$26,694	\$27,831	\$29,102	\$30,431	\$31,770	\$33,170	\$34,489	\$35,772	\$37,104	\$38,487
16 Residential (Fairfield)	16,068	17,073	17,865	18,693	19,559	20,464	21,410	22,288	23,134	24,012	24,923
17 Residential (Suisun)	4,417	4,427	4,632	4,847	5,072	5,306	5,551	5,779	5,999	6,226	6,463
18 Commercial - Regular Strength	1,890	1,800	1,869	1,940	2,014	2,091	2,171	2,252	2,335	2,421	2,509
19 Industrial - Regular Strength	284	250	258	266	274	285	295	306	318	329	342
20 Commercial - Special Strength	662	694	727	762	799	823	848	874	899	925	952
21 Industrial - Special Strength	767	625	631	660	690	692	693	694	694	694	695
22 Anheuser-Busch	951	948	957	1,001	1,047	1,090	1,134	1,181	1,229	1,279	1,331
23 Travis Air Force Base	1,009	877	894	934	976	1,020	1,066	1,114	1,165	1,218	1,273
24 Consumer Price Index	2.00%	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
25 Interest Earnings Rate	1.25%	1.50%	1.75%	1.75%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
26 Bond Interest Rate	1.50%	1.50%	1.50%	2.00%	2.00%	2.25%	2.50%	3.00%	3.00%	3.00%	3.00%
27 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%
28 Project Inflationary Cost Factor	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047
29 New Residential Units - Fairfield	434	337	466	513	511	646	480	356	400	400	400
30 New Residential Units - Suisun	10	5	0	5	5	5	10	10	10	10	10
31 Total New Residential Units	444	342	466	518	516	651	490	366	410	410	410
32 Total DUs in District (year-end)	43,916	44,258	44,724	45,242	45,758	46,409	46,899	47,265	47,675	48,381	49,087
33 Capacity Fee Annual Increase	3.0%	0.0%	0.0%	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
34 Capacity Fee Per EDU	\$6,281	\$6,281	\$6,281	\$6,281	\$6,281	\$6,469	\$6,664	\$6,863	\$7,069	\$7,281	\$7,500
35 New Commercial EDU	53.3	59.7	40.5	71.2	51.5	52.7	58.7	17.2	15.0	15.0	15.0
36 DEBT SERVICE COVENANT											
37 Avg Debt Service Ratio (1.15 min.)	7.97	11.50	4.13	1.27	2.74	6.57	6.87	4.73	8.06	10.27	12.37