



FAIRFIELD-SUISUN SEWER DISTRICT

1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • www.fssd.com

Executive Committee Meeting Agenda

Meeting Date: May 15, 2023

Meeting Place: 1010 Chadbourne Road, Fairfield, CA

Meeting Time: 4:30 p.m.

EXECUTIVE COMMITTEE

RICK VACCARO, PRESIDENT

ALMA HERNANDEZ, VICE PRESIDENT

JENALEE DAWSON

CATHERINE MOY

1. Roll Call

2. Public Comments

3. General Manager Report

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|--|------|
| 4. Discussion Items: | Page |
| (a) Adopt Resolution No. 2023-XX Approving the FY 2023-24 Budget and Long-Term Financial Plan and Adopt Resolution No. 2023-XX Affirming Storm Drain Maintenance Services Charges Continue Unchanged | 2 |
| (b) Adopt Resolution No. 2023-XX Approving Employee Salary Schedule | 33 |
| (c) Adopt Resolution No. 2023-XX, Re-Adopting Investment Policy; and Delegate Investment Authority to the Director of Administrative Services | 36 |
| (d) Review Board Compensation | 50 |
| 5. Action Items: | |
| (a) Approve the May 22, 2023 Board of Directors Meeting Agenda | 51 |
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| (b) Connection Fee Chart | 53 |
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| (d) Board Calendar | 56 |

--End of Agenda--

The Fairfield-Suisun Sewer District will provide reasonable disability-related modification or accommodation to a person with a disability who requires a modification or accommodation in order to participate in the meeting of the Board of Directors. Please contact us at (707) 429-8930 at least 48 hours before the meeting if you require such modification or accommodation.

Documents that are disclosable public records required to be made available under California Government Code Section 54957.5 (b) (1) and (2) are available to the public for inspection at no charge during business hours at our administrative offices located at the above address.

Members of the public may speak on any matter within the jurisdiction of the Fairfield-Suisun Sewer District by filling out a speaker's request card and submitting the card to the Board Secretary. Comments not listed on the agenda will be taken under Public Comments. Comments on matters appearing on the agenda will be taken during consideration of the item.



FAIRFIELD-SUISUN SEWER DISTRICT

1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • www.fssd.com

May 10, 2023

MEMORANDUM

TO: Executive Committee

FROM: James Russell-Field, Director of Administrative Services

SUBJECT: Adoption of the FY 2023-24 Budget and Long-Term Financial Plan

Recommendation: Adopt Resolution No. 2023-XX Approving the FY 2023-24 Budget and Long-Term Financial Plan and Resolution No. 2023-XX Affirming Storm Drain Maintenance Service Charges Continue Unchanged.

Background: Beginning in January, staff throughout the organization collaborates to review Major Maintenance and Capital Improvement Program needs, department operating budgets, projected current fiscal year actuals, and revenue and expense assumptions. The culmination of efforts from staff results in the Budget and Long-Term Financial Plan. The Budget and Long-Term Financial Plan has proven to be a reliable tool to assist the Board on capital and financial planning to maintain high quality wastewater collection and treatment and stormwater management services provided to residents.

Discussion: The FY 2023-24 Budget and Long-Term Financial Plan document contains details on the District's revenues, expenses, reserves, and any related changes in assumptions. Pages 4-12 of the document provide a detailed overview of key revenue categories and expense programs. Pages 13-17 provide details on reserve balances and anticipated uses.

Approving the FY 2023-24 Budget and Long-Term Financial Plan requires action on one two resolutions:

- Resolution No. 2023-XX approves the FY 2022-23 revenue and expense projections and adopts the FY 2023-24 Budget and Long-Term Financial Plan.

- Resolution No. 2023-XX affirms that the Storm Drain Maintenance Service Charges continue unchanged. Storm Drain Maintenance Service Charges have not increased since 1996 due to limitations of Proposition 218.

Fiscal Impact: FY 2023-24 revenues and expenses for all funds are budgeted at \$48.8 million and \$66.3 million, respectively. The delta between revenues and expenses represents a planned drawdown of reserves to fund Major Maintenance and Capital Improvement Program projects.

Attachment: FY 2023-24 Budget & Long-Term Financial Plan

Budget and Long-Term Financial Plan

Fiscal Year 2023-24



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.

2023 Board of Directors

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Alma Hernandez, Vice President

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Jenalee Dawson

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K. Patrice Williams, Second Alternate (City of Fairfield)

Management Team

Talyon Sortor, General Manager

Jordan Damerel, Assistant General Manager/District Engineer

Meg Herston, Director of Environmental Services

James Russell-Field, Director of Administrative Services

Kimberly Kraft, Human Resources Manager

District Counsel

Carrie Blacklock

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MEMORANDUM

DATE: May 17, 2023

TO: Board of Directors

FROM: Talyon Sortor
General Manager

James Russell-Field
Director of Administrative Services

SUBJECT: FY 2023-24 Budget and Long-Term Financial Plan

SUMMARY

We are pleased to submit the Fiscal Year 2023-24 Budget and Long-Term Financial Plan for Board adoption. The Long-Term Financial Plan has proven to be a reliable tool for almost 30 years to project revenues, expenses, and required reserves. The Board has relied on long-term capital and financial planning to guide their decisions on budgets. 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 \$1.55 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. The average dry weather flow of wastewater at the District is 11.1 million gallons per day.

The District maintains 85 miles of 12-inch to 48-inch diameter sewers and utilizes 13 pump stations and one treatment plant to serve a population of approximately 148,793. The Budget and Long-Term Financial Plan is developed to maintain high-quality service to District customers by ensuring the wastewater system is adequately maintained and repairs or replacements requiring significant funding are planned in advance, thereby avoiding rate spikes or debt that can result from short-term planning.

The District continues to proactively maintain aging infrastructure with preventative maintenance and updates to treatment plant facilities. In the last year, the District completed the Digester Reliability Improvement Project and the Primary Clarifier No. 2 and 4 Rehabilitation Project; substantially completed Phase One of the Electrical Replacement Project and Peabody Walters Relief Sewer; progressed design of Phase Two of the Electrical Replacement Project, the Suisun Force Main Reliability Project, and Pavement Rehabilitation Project; and started construction on the Bioenergy Generation Project and Major Maintenance Project.

GOALS

Under the Board of Directors' guidance, District management set the following long-term financial 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 system expansion capital improvement plan from Sewer Capacity Charges.
- 4) Manage long-term employment-related liabilities to a sustainable level.
- 5) 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.
- 6) Minimize debt and long-term borrowing.

FINANCIAL OVERVIEW

The District maintains six funds. The Budget Summary presents the total revenues and expenses of all funds combined, while the Long-Term Financial Forecast and schedules provides detail on the funds individually.

- The Operations Fund is primarily funded from Sewer Service Charges and funds operating expenses, major maintenance, and Capital Improvement Program (CIP) projects.
- Related to the Operations Fund are the Collection System Repair and Rehabilitation (R&R) Reserve Funds for the cities of Fairfield and Suisun City. Each city's Collection System Reserve balances is held in a separate fund per the District's amended 1965 Agreement with the cities. The Collection System Reserves are funded from Sewer Service Charges.
- Sewer Capacity Charge Funds are funded from Sewer Capacity Charges assessed on new development. Sewer Capacity Charges are held in two separate funds. Sewer Capacity Charge revenue collected prior to July 1, 2022 is held in a fund restricted for growth-related expenditures in the District's services area. Sewer Capacity Charge revenue collected after July 1, 2022 is held in a separate fund restricted for growth or repair and rehabilitation projects identified in the Major Maintenance and CIP budget.
- The Drainage Maintenance Fund is primarily funded from a fee charged to each property in the service area to pay for expenses related to storm drain facilities.
- Related to the Drainage Maintenance Fund is the Solano Stormwater Alliance (Alliance) Fund. Per an Agreement between the District, Vallejo Flood and Wastewater District, and cities of Fairfield, Suisun City, and Vallejo, the funds related to the Alliance are required to be maintained in a separate fund.

PROPOSED FY 2023-24 BUDGET SUMMARY

Figures 1 and 2 provide a visual summary of the Proposed FY 2023-24 Revenues and Expenses, followed by additional details on each of the components. 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 customer rates from experiencing large swings year to year while still maintaining the system adequately. As part of the long-term financial planning, the District plans to draw down existing reserves over the next several fiscal years for increased capital spending. The variance between revenues of \$48.8 million in Figure 1 and expenses of \$66.3 million in Figure 2 indicates the drawdown of reserves.

Figure 1

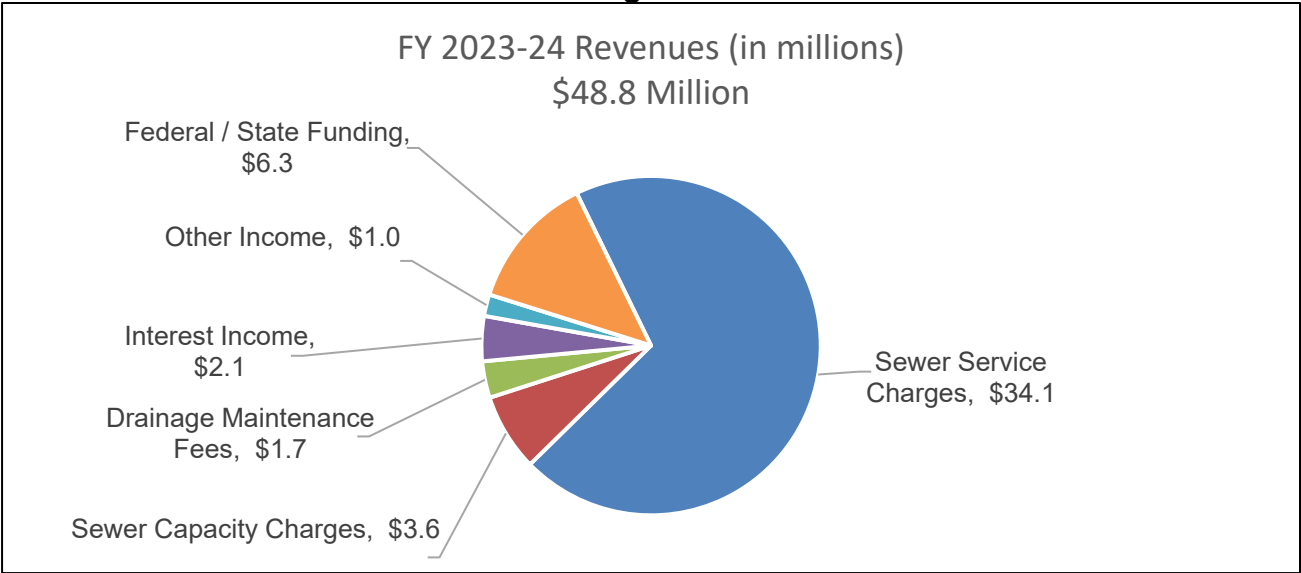
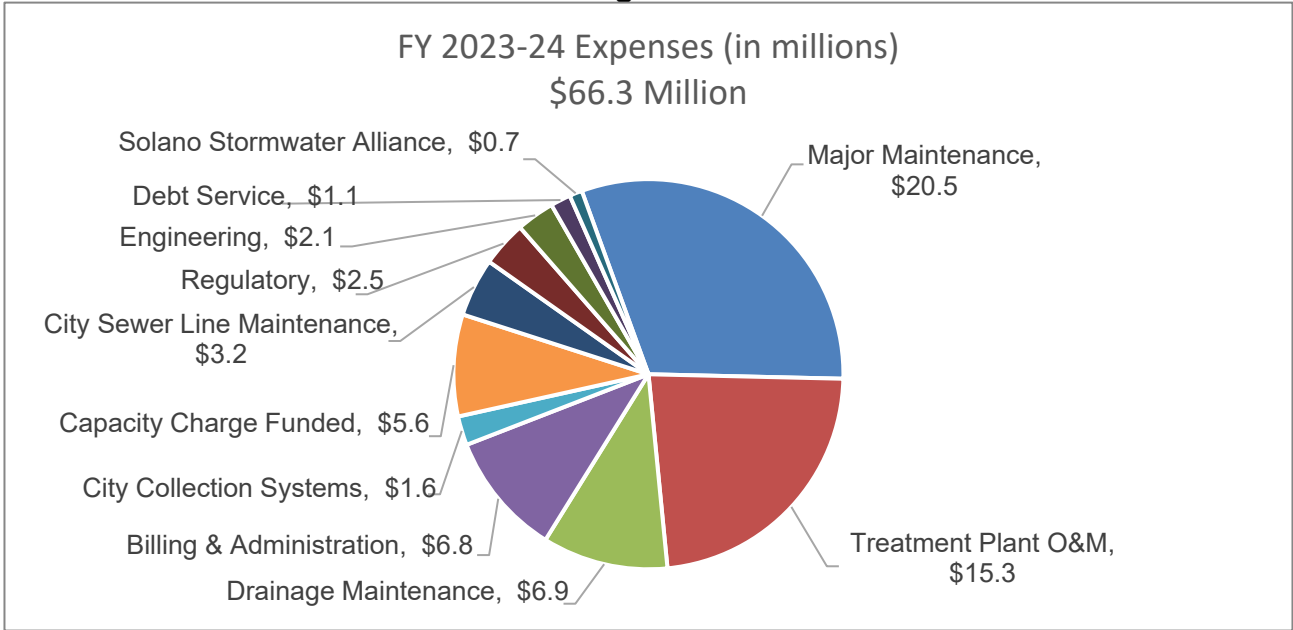


Figure 2



Revenues

| | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|-------------------------------------|-------------------|-------------------|-------------------|
| | Actual | Projected | Budget |
| Sewer Service Charges | 31,608 | 32,222 | 34,146 |
| Sewer Capacity Charges | 3,729 | 2,560 | 3,583 |
| Drainage Maintenance Fees | 1,684 | 1,693 | 1,696 |
| Interest Income | 304 | 767 | 2,058 |
| Other Income | 593 | 774 | 700 |
| Federal / State Funding | - | 13 | 6,285 |
| Revenue - Other Agencies (Alliance) | - | 98 | 307 |
| Total Revenues | 37,918 | 38,127 | 48,776 |

(In Thousands)

Sewer Service Charges

The District is primarily funded by Sewer Service Charges from residential, commercial, and industrial customers. The District presented the results of the 2022 Cost of Service and Rate Study (Rate Study) to the Board in January 2022, and completed a Proposition 218 Notice to hold a public hearing for rate adoption on March 28, 2022. At that meeting, the Board adopted a five-year rate schedule that established the rates through FY 2026-27.

In accordance with Sewer Service Charge rates adopted by the Board of Directors on March 28, 2022, the FY 2023-24 budget reflects an increase in rates of 5 percent for all customer classes. Residential customers will see an increase of \$2.25 per month in FY 2023-24 for the District to keep up with increased capital needs to reinvest in aging infrastructure. In addition to the rate increase, Sewer Service Charge revenue is projected to increase due to an estimated residential growth rate of 1.15 percent in FY 2023-24. Customer class growth rates are estimated based on projected development provided from Fairfield and Suisun City.

Sewer Capacity Charges

Sewer Capacity Charges 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. Per Ordinance 2022-02, Sewer Capacity Charges increase each July 1 based on the change in the Engineering News Records Construction Cost Index (ENR-CCI) for April. The ENR-CCI change between April 2023 and April 2022 is 2.6 percent. As a result, on July 1, the Sewer Capacity Charge fee will be adjusted from \$6,833 to \$7,062.

Sewer Capacity Charge revenue is budgeted at \$3.6 million in FY 2023-24. Based on the cities' development forecasts, approximately 535 residential units and 45 commercial equivalent dwelling units are estimated to connect to the sewer system in FY 2023-24.

Drainage Maintenance Fees

On March 1, 1988, the District entered 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 as well as local storm drainage facilities. 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 drainage maintenance activities.

Since 1996, annual rates have remained unchanged at \$20.23 per residence. Annual drainage maintenance revenue is expected to remain flat in FY 2023-24 and is budgeted at \$1.7 million.

For approximately 10 years, the District worked with the Vallejo Flood and Wastewater District (VFWD), and the Cities of Fairfield, Suisun City, and Vallejo to coordinate compliance with the Regional Water Quality Control Board's Municipal Regional Stormwater Permit (MRP) through the Fairfield-Suisun Urban Runoff Management Program. Beginning in FY 2022-23, the Solano Stormwater Alliance (Alliance) became effective and replaced the Fairfield-Suisun Urban Runoff Management Program.

The Alliance represents effective and efficient collaboration between the District, VFWD, and the Cities of Fairfield, Suisun City, and Vallejo to manage required regulatory stormwater programs while providing other benefits including monitoring, public education, and staff training. The District serves as the Alliance Fiscal Agent and Manager, responsible for administrative and technical coordination consistent with the MRP requirements.

Interest Income

Available cash is invested with the Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP). LAIF is an investment pool created by statute as a voluntary investment alternative for local governments and special districts. CAMP is 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.

Interest income is budgeted at \$2.0 million for FY 2023-24, a \$1.2 million increase compared to the projected actual of FY 2022-23. The increase is primarily related to the Federal Reserve rate increases. The Federal Reserve has increased the federal funds target range nine times since the start of FY 2022-23, moving the target range from 2.25 percent to 5.00 percent. As US Treasuries held by the District have matured, they are re-invested into US Treasuries earning higher yields. The District has also utilized CAMP Term to invest additional reserves into short-term laddered investments to take advantage of high yields.

Federal / State Funding

The District pursues outside funding when available. For FY 2023-24, the District is anticipating two sources of funding tied to the Kellogg Resiliency Project. The District received a sub-award agreement of American Rescue Plan Act (ARPA) funds from the City

of Suisun City related to the Kellogg Resiliency project and is anticipating \$185,000 will be utilized in FY 2023-24. The District also received \$8.6 million from the State of California for the Kellogg Resiliency Project, which is available on a reimbursement basis. The District estimates \$5.3 million will be utilized in FY 2023-24. In addition, the District is anticipating receiving a \$300,000 grant sub-award from the Environmental Protection Agency Water Quality Improvement Fund later in the fiscal year.

The District anticipates pursuing Clean Water State Revolving Fund (CWSRF) or Water Infrastructure Financing and Innovation Act (WIFIA) funding to cover or assist with the cost of the Suisun Force Main Reliability project. The FY 2023-24 budget reflects \$800,000 as a first-year estimate for CWSRF or WIFIA funding to help offset the project cost.

Other Income and Revenue from Other Agencies

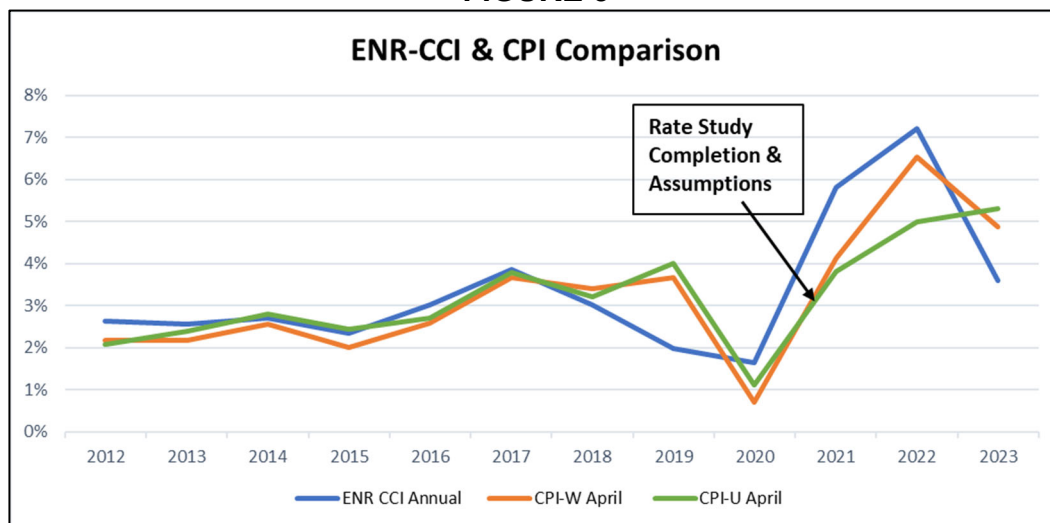
The District receives a combination of miscellaneous and/or nonrecurring revenues such as cell tower and other property leases, as well as insurance dividends. Other income includes revenue related to the District's share in Lystek biosolids processing, which offsets the District's biosolids processing costs. Revenue from Other Agencies represents the contributions from the City of Vallejo and the Vallejo Flood and Wastewater District for the Solano Stormwater Alliance.

Expenses

Operating expenses set the Operating Reserve target, which is the minimum funding set aside per the District's reserve policy. Increases in the operating expenses and the Operating Reserve target can impact funding available for Major Maintenance and CIP.

The Rate Study completed in January 2022 contained reasonable estimates for increases in operating expenses, including the Consumer Price Index (CPI) and inflation. Since the Rate Study results were adopted, economic uncertainty, inflation, and supply chain issues have impacted actual operating expenses compared to the Rate Study assumptions. Major Maintenance and CIP projects have also been impacted, as equipment and materials availability can cause delays and increases in total project costs compared to original estimates.

FIGURE 3



The table below shows Rate Study assumptions for increases in key expenses, compared to the actual increase and dollar impact on the FY 2022-23 Projected Actual and FY 2023-24 Budget.

| | 2022 Rate Study | FY 2022-23 % Increase | FY 2022-23 Actual Impact | FY 2023-24 % Increase | FY 2023-24 Budget Impact |
|--------------------------------------|--------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|
| Electricity | 4% | 18% | \$426,235 | 15% | \$722,134 |
| Chemicals | 4% | 20% | 147,047 | 22% | 267,680 |
| Insurance | 3% | 35% | 482,551 | 11% | 558,923 |
| Total Increase in Operating Expenses | | | <u>\$1,055,833</u> | | <u>\$1,548,737</u> |

The results of the Rate Study were used to adopt a five-year rate schedule, setting the rates through FY 2026-27. Although inflation and economic uncertainty has resulted in significant operating expense increases, the District relies on long-term financial planning to try and avoid fluctuations in Sewer Service Charges for customers. Despite the unexpected increases in expenses, the District is not currently recommending rate increases beyond what was adopted by the Board in March 2022.

All budgeted expenses are grouped into several categories presented in the table below:

| | FY 2021-22 Actual | FY 2022-23 Projected | FY 2023-24 Budget |
|-------------------------------|----------------------|-------------------------|----------------------|
| Treatment Plant O&M | \$11,668 | \$13,023 | \$15,330 |
| Regulatory | 2,022 | 2,034 | 2,523 |
| Billing & Administration | 5,245 | 4,948 | 6,811 |
| City Sewer Line Maintenance | 2,860 | 3,042 | 3,185 |
| Engineering | 1,352 | 1,731 | 2,112 |
| Major Maintenance & CIP | 5,120 | 11,279 | 20,452 |
| Fairfield Collection System | - | 500 | 300 |
| Suisun City Collection System | - | 685 | 1,270 |
| Sewer Capacity Charge Funded | 1,379 | 4,204 | 5,657 |
| Debt Service | 1,070 | 1,070 | 1,070 |
| Drainage Maintenance | 1,485 | 1,800 | 6,860 |
| Solano Stormwater Alliance | - | 154 | 699 |
| Total Expenses | <u>\$32,201</u> | <u>\$44,470</u> | <u>\$66,269</u> |

(In Thousands)

Key changes in operating expenses are as follows:

- Treatment Plant Operations and Maintenance (O&M) expenses are budgeted at \$15.3 million in FY 2023-24, an increase of \$2.3 million compared to the FY 2022-23 projected actual. The increase is primarily due to cost increases in chemicals, energy and biosolids processing. 68 percent of District staff allocate time to Treatment Plant O&M, which means the variance between the FY 2022-23 projected actuals and FY 2023-24 budget is impacted by vacancies and unfilled positions that occur throughout the year. The FY 2023-24 budget assumes all positions are filled for the duration of the fiscal year.
- Regulatory expenses include costs related to the District's National Pollutant Discharge Elimination Service (NPDES) permit, pretreatment program, laboratory, and community outreach programs. Regulatory expenses are budgeted at \$2.5 million in FY 2023-24, an increase of \$0.5 million compared to the projected actual for FY 2022-23. The increase is primarily due to increases in permit costs and TNI requirements for California-certified laboratories.
- Billing and Administration expenses are budgeted at \$6.8 million for FY 2023-24, an increase of \$1.8 million compared to the FY 2022-23 projected actual. The increase is primarily due to the consolidation of insurance premium expenses to the Administration budget for better tracking and reporting, and the carryover of one-time salary and benefit savings from FY 2022-23, which will be used to address anticipated pension liabilities.
- City Sewer Line Maintenance is budgeted at \$3.2 million in FY 2023-24, an increase of \$0.1 million compared to the FY 2022-23 projected actual. The 1965 Agreement between the District and cities of Fairfield and Suisun City provides a funding mechanism for local sewer maintenance. Local sewer maintenance funding is tied to CPI and will increase 4.9 percent in FY 2023-24.

Operating Expenses – Salaries and Benefits

Salaries and benefits are allocated across the programs in the table on page 8 based on employee functions, and represent the largest component of the operating budget. By resolution, salaries are adjusted each July between 2 and 6 percent based on April CPI. Salary expenses are anticipated to increase by 5 percent based on the anticipated April 2023 CPI. Other increases are built into salary costs to account for merit adjustments and promotions throughout the fiscal year.

The District continues to face rising healthcare costs. 2022 healthcare premiums for the Kaiser family plan increased 5.9 percent in 2023 and are anticipated to increase 5 percent in 2024. Increases in healthcare impacts District costs for active employees and retirees. To manage retiree healthcare costs, the District maintains an Other Post Employment Benefit (OPEB) trust through CalPERS, and contributes at least the Actuarially Determined Contribution (ADC) each fiscal year. The FY 2023-24 budget includes the ADC of \$136,092.

Between FY 2019-20 and FY 2021-22, the District completed a three-year plan to address unfunded pension liabilities with CalPERS by making additional discretionary payments of \$2.0 million for each of the three fiscal years. CalPERS actuarial reports set the required payroll and unfunded accrued liability (UAL) payments for the subsequent fiscal year, meaning the FY 2023-24 contributions are based on CalPERS June 30, 2021 actuarial report. Due to the District's additional payments coupled with CalPERS' 21.3 percent rate of return on June 30, 2021, the District's required UAL payments for FY 2023-24 are \$0.

However, CalPERS' missed their target investment return for June 30, 2022, and is anticipated to miss their target return for June 30, 2023. CalPERS not meeting their target investment return creates new UAL payment requirements for the District which are paid to CalPERS over 15-year periods with interest.

The District can strategically address known future pension liabilities by carrying over one-time savings and making additional payments to pay the required UAL early, saving interest. The FY 2023-24 budget recommends a carryover of \$1.0 million in one-time salary and benefit savings from the FY 2022-23 budget. The carryover plus a budgeted additional discretionary payment of \$1.0 million in the FY 2023-24 budget will leave the District with \$2.0 million available to address the pension liabilities when the June 30, 2022 actuarial report is released by CalPERS in September 2023.

Figures 4 and 5 represent the current and estimated total pension liability and required UAL payments without action taken by the District. The District will utilize the FY 2023-24 budget to address the estimated liabilities and UAL payments, represented in orange. The method to address pension liabilities relies on analysis for the option that will provide the greatest savings to ratepayers. The proactive approach to reducing unfunded pension costs reflects the District's desire to manage long-term employment liabilities and keep costs at a reasonable level.

Figure 4

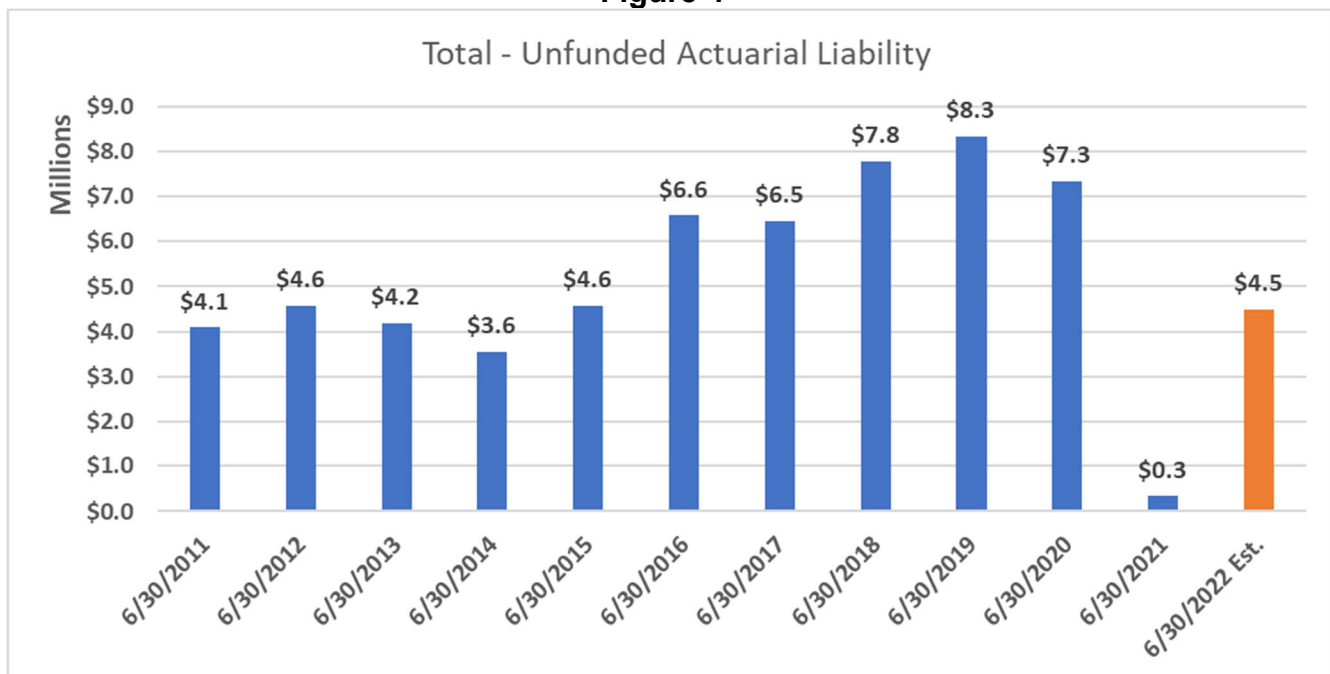
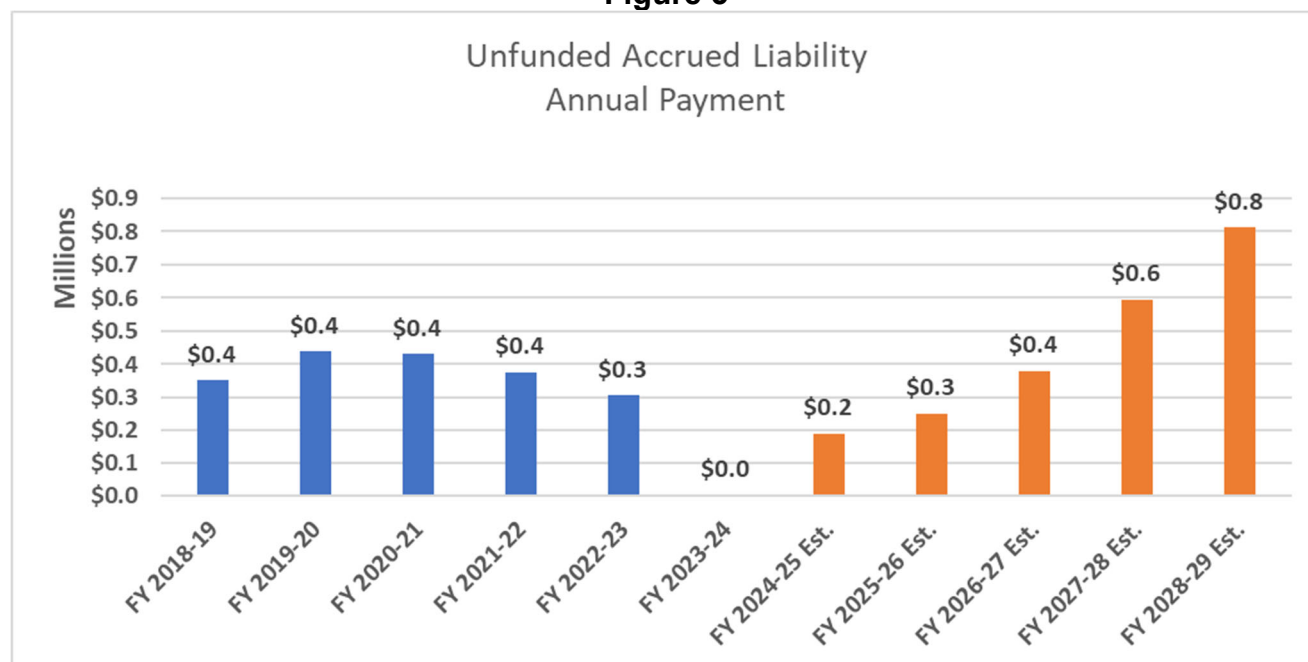


Figure 5

Major Maintenance and Sewer Capacity Charge Funded Projects

Major Maintenance expenses are budgeted at \$20.5 million in FY 2023-24 and include both routine maintenance as well as major repairs, upgrades, and replacements. The increase in the budget compared to the FY 2021-22 actual and FY 2022-23 projected actual is the result of a planned drawdown of reserves to reinvest in aging infrastructure. Major Maintenance projects are often large in scope and multi-year in nature, and budgetary estimates cross fiscal years as projects are started during the fiscal year.

The five largest Major Maintenance and CIP projects in the FY 2023-24 Budget are as follows:

| Project Name | FY 2023-24 Budget | Sewer Service Funded % | Capacity Charge Funded % |
|---|------------------------------|-----------------------------------|-------------------------------------|
| Bioenergy Generation Project | 5,150 | 75% | 25% |
| Electrical Replacement Project Phase II | 4,400 | 75% | 25% |
| Northeast Fairfield Pump Station (Closeout) | 2,500 | - | 100% |
| FSSD Collection System Repair & Rehab. | 2,080 | 100% | - |
| Digester 1 Structural Rehabilitation | 1,200 | 100% | - |

(In Thousands)

Several of the District's Major Maintenance and CIP projects are to effectively address rising operating expenses. For example, the Bioenergy Generation Project will allow the District to beneficially re-use biogas that is generated through wastewater treatment and utilize an interconnection with PG&E that allows the District to export excess power to the electrical grid to offset electricity purchases at other times.

City Collection System Reserves

On April 28, 2022 the Board adopted the Seventh Amendment to the 1965 Agreement with the cities of Fairfield and Suisun City, which provided additional funding based on the results of the Collection System Asset Master Plan (CSAMP). Each July 1, the District funds Collection System Reserves for the cities through transfers of \$1.83 million to the City of Fairfield Collection System Reserve and \$1.77 million to the City of Suisun City Collection System Reserve. By August 1, the District will appropriate budgeted amounts requested by the cities into each City's collection system enterprise fund. Unused reserves will be held by the District and accrue interest until "trued up" for the next fiscal year. For FY 2023-24, the cities of Fairfield and Suisun City have requested appropriations of \$0.3 million and \$1.3 million, respectively.

Debt Service

Debt Service expenses are budgeted at \$1.1 million in FY 2023-24. The remaining outstanding debt service includes two SRF Loans for the UV Project and Blower Project. The debt service for the SRF Loan for the Blower Project is split between the Operations Fund and Sewer Capacity Charge Fund at 75 percent and 25 percent, respectively.

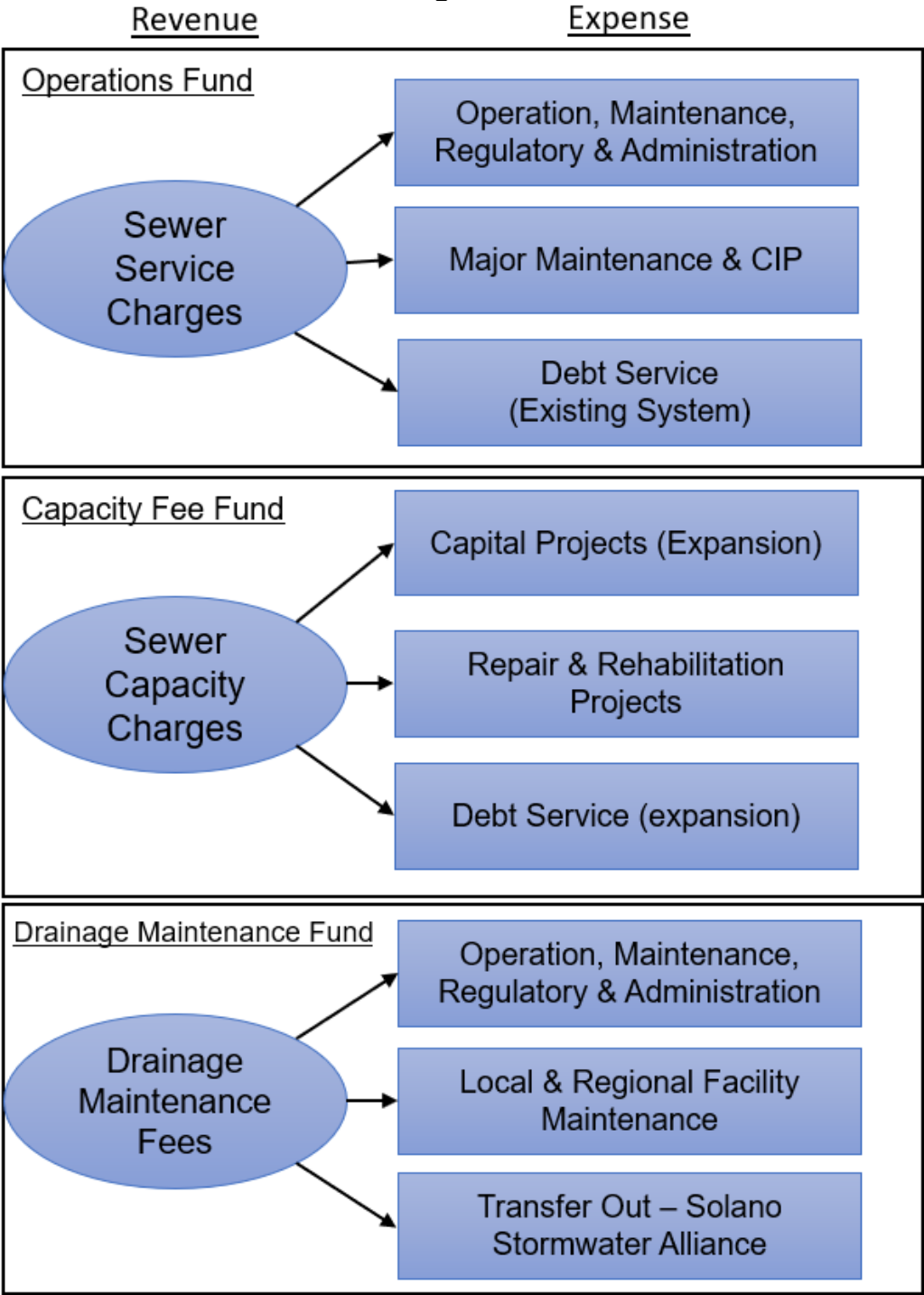
Drainage Maintenance

Drainage Maintenance expenses are budgeted at \$6.8 million for FY 2023-24, an increase of \$4.9 million compared to the FY 2022-23 projected actuals. The increase is primarily related to capital projects including \$228,000 for the Chipman Flood Station Rehabilitation, and \$5.3 million for the Kellogg Resiliency project, which is offset by funding from the State of California.

LONG-TERM FINANCIAL PLAN AND RESERVES

The Long-Term Financial Plan projects revenues and expenses for District funds. Figure 6 highlights the flow of funds and utilization of the District’s Operations Fund, Sewer Capacity Charges Fund, and Drainage Maintenance Fund. Schedules 2 to 6 provide a comprehensive 10-year estimate of each revenue, expense, and reserve amount.

Figure 6



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 primarily receives revenue from Sewer Service Charges and related interest income. The Operations Fund receives no property tax revenues.
- Operating reserves are maintained at 25 percent, or three months, of total operating expenses (Schedule 2, Line 27) and are intended to fund operational expenses in case of emergencies.
- Net revenue (revenues less expenses) is allocated to debt service payments and the operating reserve target before funding the Fairfield and Suisun City Collection System Reserves. Remaining funds are transferred to the Major Maintenance and CIP Reserve.
- Contributions to the Fairfield and Suisun City Collection System Reserves were determined by the results of the Collection System Asset Management Plan and subsequent Seventh Amendment to the 1965 Agreement, adopted by the Board on April 25, 2022.

Schedule 3 – Sewer Capacity Charge Fund Forecast

- Sewer Capacity Charge Funds receive revenues from Sewer Capacity Charges and related interest income and pays for debt service, growth-related construction projects, and repair and rehabilitation projects.
- Sewer Capacity Charge revenues are based on growth forecasts for Fairfield and Suisun City. The cities are projecting approximately 595 new residential and commercial connections to the sewer system in FY 2023-24.
- The most recent Rate Study changed the methodology used to calculate Sewer Capacity Charges. As a result, beginning on July 1, 2022, Capacity Charge revenue will be available to fund repair and rehabilitation projects identified in the Major Maintenance and CIP Budget. The District will maintain Sewer Capacity Charge reserves in two separate funds to distinguish reserves restricted for growth-related expenses and reserves that can be utilized for growth or repair and rehabilitation projects.

Schedule 4 – Major Maintenance and Capital Improvement Program

- This represents the District's projects funded by Sewer Capacity Charges and Major Maintenance and CIP reserves.
- Total Sewer Capacity Charge projects total \$19.6 million through FY 2031-32.
- Total Major Maintenance and CIP expenses total \$101.1 million through FY 2031-32.

- The District's long-term financial planning for Major Maintenance and CIP expenses helps assist the District with the strategy to fund projects with cash ("pay as you go") instead of debt as much as possible. However, due to the cost of the Suisun Force Main Reliability project, the District is assuming that external funding will be secured. The District will look to low-interest options first, including Clean Water State Revolving Fund or Water Infrastructure Financing and Innovation Act loans.
- Major Maintenance and Sewer Capacity Charge project expenses are estimates that are re-evaluated each budget cycle. Because the projects are multi-year, significant planning is required to estimate timing of necessary financial resources. Due to variables with identifying individual projects, the outyears of the forecast partially rely on historical averages.

Schedule 5 –Reserves

Debt Service Reserve

- In compliance with the State Revolving Fund (SRF) loan agreements, the District established a debt service reserve account of \$737,000 in November 2011 for the UV Project, which was increased by \$332,000 in FY 2019-20 for the Blower Project. This reserve is funded out of the Operations Fund and is not available to the District until the loan is paid in full.

Sewer Capacity Charge Reserve

- This reserve accumulates annual net revenues for two purposes: making cash contributions to projects related to growth or repair and rehabilitation and making debt service payments if Sewer Capacity Charges shortages are experienced.
- Line 11 shows the estimated transfer of Sewer Capacity Charges to help fund repair and rehabilitation projects budgeted under Major Maintenance.
- Figure 7 shows the "life cycle" of the Sewer Capacity Charge and Major Maintenance Reserves. Significant balances are periodically built up, then subsequently drawn down to pay for sewer and treatment plant expansion projects.

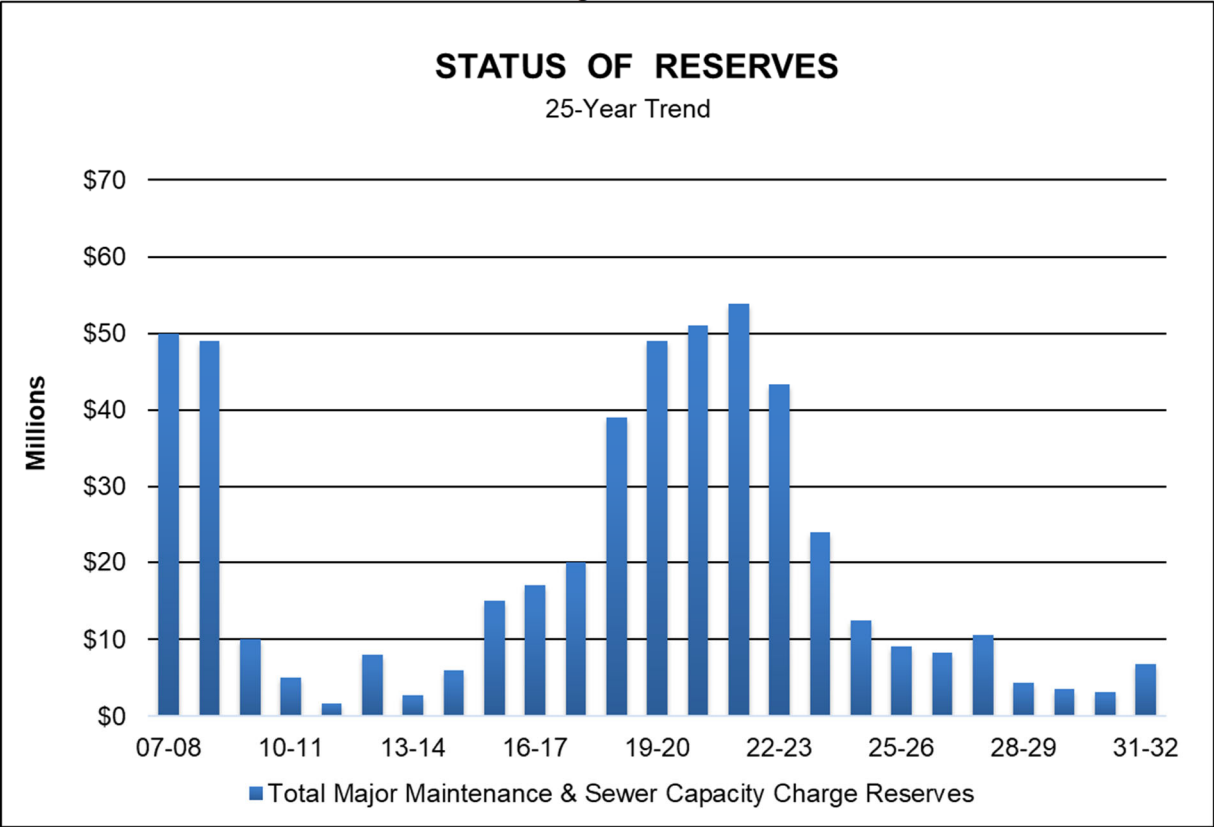
Major Maintenance and CIP Reserve

- Accumulating a sufficient Major Maintenance and CIP Reserve is critical for funding major repairs of the treatment plant facilities, upgrades to infrastructure to meet regulatory requirements, and the eventual treatment plant replacement.
- The Major Maintenance Reserve allows funding for future replacement and rehabilitation projects that have not yet been specifically scoped and planned.
- The District's reserve policy sets the Major Maintenance and CIP reserve target as the five-year rolling average of estimated Major Maintenance and CIP expenditures. The reserve target ties the necessary reserves to estimated expenditures to help mitigate rate impacts. For purposes of calculating the target reserve on Schedule 5,

line 22, the total Capacity and Major Maintenance reserves are combined, and the target is the five-year rolling average of both Sewer Capacity and Major Maintenance project expenses.

- The current reserve forecast is heavily dependent on the projected growth rate for residential and commercial additions in each city. Figure 7 shows the forecasted reserves at the end of FY 2031-32 based on the current growth forecast. Reserves are thoroughly reviewed each year as changes in the anticipated and actual growth rate can have significant impacts to planned spending for Major Maintenance & CIP projects.

Figure 7



Schedule 6 – Drainage Maintenance and Solano Stormwater Alliance

- Budgeted expenses for FY 2023-24 include operating expenses of \$1.7 million as well as \$5.5M for Major Maintenance and CIP projects including the Kellogg Resiliency Project and Chipman Flood Station Rehabilitation.
- Drainage Maintenance rates remain unchanged.
- The bottom of Schedule 6 includes the Solano Stormwater Alliance (Alliance) forecast. Fairfield and Suisun City contributions to the Alliance are represented by Transfers Out from Drainage Maintenance funds and Transfers In to the Alliance,

while contributions to the Alliance from Vallejo and Vallejo Flood and Wastewater District are shown as Revenue from Other Agencies.

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. In particular, the Board's long-range planning will allow the District to proceed with \$24.7 million in needed Major Maintenance and CIP expenses for FY 2023-24 without the use of debt. Prudent cost management and the District's philosophy of building up reserves are instrumental in positioning the District to invest in infrastructure and continue to provide critical services to the community.

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.

SCHEDULE 1**FY 2022-23 PROJECTED ACTUAL COMPARED TO BUDGET**

(Dollars in 000s)

| | Schedule Reference | 2022-23 Adopted Budget | 2022-23 Revised Budget | 2022-23 Projected Actual | Dollar Variance | Percent Variance |
|--|---------------------------------------|------------------------------|------------------------------|--------------------------------|--------------------|---------------------|
| 1 REVENUES & REVENUE SOURCES: | | | | | | |
| 2 Sewer Service Charges | Sched 2, line 2 | \$33,054 | \$33,054 | \$32,222 | (\$832) | -3% |
| 3 Sewer Capacity Charges | Sched 3, lines 2-3 | 8,991 | 8,991 | 2,560 | (6,431) | -72% |
| 4 Drainage Maintenance Fees | Sched 6, line 2 | 1,655 | 1,655 | 1,693 | 38 | 2% |
| 5 Interest Income | All Schedules | 527 | 527 | 767 | 240 | 46% |
| 6 Other Income | Sched 2, lines 4 and 5 | 627 | 643 | 774 | 131 | 20% |
| 7 Federal / State Grants | Sched 6, line 3 | 0 | 198 | 13 | (185) | -93% |
| 8 Revenue from Other Agencies (Alliance) | Sched 6, line 36 | 70 | 98 | 98 | 0 | 0% |
| 9 Total Revenues | | <u>\$44,924</u> | <u>\$45,166</u> | <u>\$38,127</u> | <u>(\$7,039)</u> | <u>-16%</u> |
| 10 EXPENSES: | | | | | | |
| 11 Treatment Plant O&M | Sched 2, lines 8-9 | \$13,521 | \$13,656 | \$13,023 | (\$633) | -5% |
| 12 Regulatory | Sched 2, line 16 | 1,886 | 2,082 | 2,034 | (48) | -3% |
| 13 Billing & Administration | Sched 2, lines 12-14 | 5,512 | 5,528 | 4,948 | (580) | -11% |
| 14 City Sewer Line Maint. | Sched 2, line 11 | 3,148 | 3,148 | 3,042 | (106) | -3% |
| 15 Engineering | Sched 2, line 17 | 1,683 | 1,684 | 1,731 | 47 | 3% |
| 16 Major Maintenance | Sched 2, line 10, Sched 4 line 32 | 21,749 | 21,535 | 11,279 | (10,257) | -47% |
| 17 City of Fairfield Collection System | Sched 4, line 37 | 500 | 500 | 500 | 0 | 0% |
| 18 City of Suisun City Collection System | Sched 4, line 43 | 685 | 685 | 685 | 0 | 0% |
| 19 Sewer Capacity Charge Funded | Sched 4, line 13 and Sched 3 line 9 | 4,525 | 4,525 | 4,204 | (321) | -7% |
| 20 Debt Service | Sched 2, line 20 and Sched 3, line 11 | 1,070 | 1,070 | 1,070 | 0 | 0% |
| 21 Drainage Maintenance | Sched 6, lines 12,22,27,33 | 2,022 | 2,064 | 1,800 | (264) | -13% |
| 22 Solano Stormwater Alliance | Sched 6, line 39 | 154 | 222 | 154 | (68) | -44% |
| 23 Total Expenses | | <u>\$56,455</u> | <u>\$56,699</u> | <u>\$44,470</u> | <u>(\$12,229)</u> | <u>-22%</u> |

RESERVE BALANCES AT YEAR-END

| | | 2022-23 Projected |
|---------------------------------|---------------------------------|----------------------|
| Operating Reserve | Schedule 2, line 27 | \$6,658 |
| Debt Service | Schedule 5, line 5 | \$1,070 |
| Sewer Capacity Charge Reserves | Schedule 5, line 12 | \$13,515 |
| Major Maintenance & CIP Reserve | Schedule 5, line 20 | \$29,877 |
| Drainage Maintenance | Schedule 6, lines 18,23, 28, 34 | \$2,717 |
| Solano Stormwater Alliance | Schedule 6, line 41 | \$69 |
| Fairfield Collection System | Schedule 4, line 38 | \$1,342 |
| Suisun City Collection System | Schedule 4, line 44 | \$1,101 |

SCHEDULE 2

WASTEWATER OPERATIONS FUND FORECAST

(Dollars in 000s)

| | Actual | Projected Actual | FORECAST | | | | | | | | |
|---|----------|------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 |
| 1 REVENUES: | | | | | | | | | | | |
| 2 Sewer Service Charges | \$30,964 | \$32,222 | \$34,146 | \$36,241 | \$38,084 | \$40,011 | \$41,855 | \$43,784 | \$45,801 | \$47,909 | \$50,112 |
| 3 Interest Income | 51 | 72 | 250 | 260 | 250 | 240 | 250 | 261 | 272 | 283 | 295 |
| 4 Biosolids Host & Facility Charge | 388 | 450 | 464 | 477 | 492 | 506 | 522 | 537 | 553 | 570 | 587 |
| 5 Other Income | 205 | 324 | 236 | 241 | 246 | 250 | 255 | 261 | 266 | 271 | 277 |
| 6 Total Revenues | 31,608 | 33,067 | 35,095 | 37,219 | 39,072 | 41,008 | 42,882 | 44,843 | 46,892 | 49,033 | 51,271 |
| 7 EXPENSES: | | | | | | | | | | | |
| 8 Treatment Plant O&M | 8,801 | 9,519 | 11,316 | 11,768 | 12,239 | 12,729 | 13,238 | 13,767 | 14,318 | 14,891 | 15,486 |
| 9 Energy and Chemicals | 2,867 | 3,504 | 4,014 | 4,222 | 4,442 | 4,672 | 4,915 | 5,171 | 5,440 | 5,722 | 6,020 |
| 10 District Sewer Line Maintenance | 531 | 879 | 705 | 733 | 763 | 793 | 825 | 858 | 892 | 928 | 965 |
| 11 City Sewer Line Maintenance (1) | 2,860 | 3,042 | 3,185 | 3,344 | 3,511 | 3,687 | 3,871 | 4,064 | 4,267 | 4,480 | 4,704 |
| 12 Admin, Legal, Board | 3,674 | 3,204 | 4,840 | 3,954 | 4,072 | 4,195 | 4,322 | 4,455 | 4,594 | 4,737 | 4,887 |
| 13 Utility Billing Fees - Fairfield | 545 | 579 | 612 | 643 | 675 | 708 | 744 | 781 | 820 | 861 | 904 |
| 14 Utility Billing Fees - Suisun | 151 | 159 | 168 | 176 | 185 | 194 | 204 | 214 | 225 | 236 | 248 |
| 15 Financial & Personnel Services | 875 | 1,006 | 1,191 | 1,239 | 1,288 | 1,340 | 1,393 | 1,449 | 1,507 | 1,567 | 1,630 |
| 16 Regulatory Programs (2) | 2,022 | 2,034 | 2,523 | 2,532 | 2,571 | 2,674 | 2,781 | 2,892 | 3,008 | 3,066 | 3,105 |
| 17 Engineering | 1,352 | 1,731 | 2,112 | 2,196 | 2,284 | 2,376 | 2,471 | 2,570 | 2,672 | 2,779 | 2,890 |
| 18 Total Expenses | 23,678 | 25,657 | 30,666 | 30,808 | 32,030 | 33,368 | 34,764 | 36,222 | 37,743 | 39,269 | 40,841 |
| 19 Net Revenue before Debt & Transfers | 7,930 | 7,410 | 4,429 | 6,411 | 7,042 | 7,640 | 8,118 | 8,621 | 9,149 | 9,765 | 10,430 |
| 20 Debt Service Pymt - SRF | (987) | (987) | (987) | (987) | (987) | (987) | (987) | (987) | (987) | (987) | (250) |
| 21 Transfer to Operating Reserve (Line 27) | (379) | (797) | (759) | (286) | (305) | (334) | (349) | (364) | (380) | (381) | (393) |
| 22 Carryover for CalPERS Pension Liabilities | - | (1,000) | 1,000 | - | - | - | - | - | - | - | - |
| 23 Tfr Out-Fairfield Collection System Res. | - | (1,830) | (1,830) | (1,830) | (1,830) | (1,830) | (1,830) | (1,830) | (1,830) | (1,830) | (1,830) |
| 24 Tfr Out-Suisun City Collection System Res. | - | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) |
| 25 Transfer to Maj. Maint. Reserve (Sch. 5) | (6,564) | (1,027) | (84) | (1,538) | (2,150) | (2,719) | (3,182) | (3,670) | (4,182) | (4,797) | (6,187) |
| 26 Budgeted Operating Reserve Target, Beginning | 5,482 | 5,861 | 6,658 | 7,416 | 7,702 | 8,008 | 8,342 | 8,691 | 9,055 | 9,436 | 9,817 |
| 27 Budgeted Operating Reserve Target, Ending | \$5,861 | \$6,658 | \$7,416 | \$7,702 | \$8,008 | \$8,342 | \$8,691 | \$9,055 | \$9,436 | \$9,817 | \$10,210 |
| 28 Target Operating Reserve | 5,861 | 6,658 | 7,416 | 7,702 | 8,008 | 8,342 | 8,691 | 9,055 | 9,436 | 9,817 | 10,210 |
| 29 Operating Reserve Target Met? | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

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 \$57,500 participation in Fairfield-Suisun household hazardous waste programs.

Note 3 - Operations Reserve target is set to 25% (3 months) of Schedule 2 Operating Expenses.

SCHEDULE 3
SEWER CAPACITY CHARGE FORECAST

(Dollars in 000s)

| | Actual | Projected Actual | FORECAST | | | | | | | | |
|---|---------|------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 |
| 1 REVENUES & OTHER FUNDING SOURCES: | | | | | | | | | | | |
| 2 Fairfield Capacity Charges | \$2,800 | \$2,500 | \$3,477 | \$4,505 | \$5,194 | \$4,694 | \$3,779 | \$2,784 | \$2,867 | \$2,953 | \$3,713 |
| 3 Suisun City Capacity Charges | 929 | 60 | 106 | 109 | 112 | 116 | 119 | 123 | 126 | 130 | 134 |
| 4 Total Revenues | 3,729 | 2,560 | 3,583 | 4,614 | 5,306 | 4,810 | 3,899 | 2,906 | 2,994 | 3,083 | 3,847 |
| 5 EXPENSES & DEBT SERVICE | | | | | | | | | | | |
| 6 Project Planning & Administration | 304 | 358 | 235 | 245 | 256 | 266 | 278 | 290 | 302 | 315 | 328 |
| 7 New Development Review / Inspection | 167 | 127 | 342 | 352 | 363 | 374 | 385 | 396 | 408 | 421 | 433 |
| 8 Flow Monitoring | 0 | 0 | 100 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| 9 Total Expenses | 471 | 485 | 677 | 647 | 668 | 690 | 713 | 736 | 760 | 785 | 811 |
| 10 SRF Loan Repayment - Blower Project | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 |
| 11 Total Debt Service | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 | 83 |
| 12 Total Expenses and Debt Service | 554 | 568 | 760 | 731 | 752 | 773 | 796 | 819 | 843 | 869 | 895 |
| 13 Rev. & Other Funding Sources less Exp. | 3,175 | 1,992 | 2,823 | 3,883 | 4,554 | 4,037 | 3,103 | 2,087 | 2,150 | 2,215 | 2,952 |
| 14 Tfr Out-Sewer Capacity Charge Reserves (1) | (3,175) | (1,992) | (2,823) | (3,883) | (4,554) | (4,037) | (3,103) | (2,087) | (2,150) | (2,215) | (2,952) |
| 15 Ending Available Cash Balance (2) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Note 1 - Starting FY 2022-23, Sewer Capacity Charges can be utilized for Growth-related or Repair & Rehabilitation (R&R) projects per the District's 2022 Cost of Service and Rate Study.

Note 2 - No unrestricted Net Position is maintained; all net revenues are transferred to Sewer Capacity Charge Reserves.

SCHEDULE 4

CAPITAL IMPROVEMENT PROGRAM & COLLECTION SYSTEM RESERVES

(Dollars in 000s)

| | | Actual | Projected Actual | FORECAST | | | | | | | | | |
|----|---|---------|------------------|----------|----------|----------|----------|---------|---------|---------|---------|---------|----------------|
| | Project Name | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | Total Forecast |
| 1 | Cordelia Pump Station Expansion | \$0 | \$0 | \$0 | \$0 | \$1,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,000 |
| 2 | Northeast Fairfield Pump Station | 222 | - | 2,500 | - | - | - | - | - | - | - | - | 2,500 |
| 3 | Peabody Walters Relief Sewer - Phase 2 | 362 | 2,580 | - | - | - | - | - | - | - | - | - | - |
| 4 | Peabody Walters Relief Sewer - Phase 3 | - | - | - | - | - | - | 1,000 | 5,500 | - | - | - | 6,500 |
| 5 | Lopes Lift Station/Force Main Capacity Improvements | - | - | 15 | 500 | 1,200 | - | - | - | - | - | - | 1,715 |
| 6 | Collection System Master Plan | 42 | 15 | 15 | 200 | 15 | 15 | 15 | 15 | 200 | 15 | 15 | 505 |
| 7 | Digester Feedstock/Biogas Master Plan | 1 | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Digester Reliability Improvement (25%) | 85 | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Bioenergy Generation Project (25%) | 196 | 1,039 | 1,350 | 150 | - | - | - | - | - | - | - | 1,500 |
| 10 | Electrical Replacement - Phase II (25%) | - | 86 | 1,100 | 928 | - | - | - | - | - | - | - | 2,028 |
| 11 | Electrical Replacement - Phase III (25%) | - | - | - | 88 | 500 | 625 | - | - | - | - | - | 1,213 |
| 12 | Electrical Replacement - 12kV Distribution (25%) | - | - | - | - | - | - | 125 | 1,250 | 1,250 | - | - | 2,625 |
| 13 | Total Capacity Fee Projects | \$908 | \$3,720 | \$4,980 | \$1,865 | \$2,715 | \$640 | \$1,140 | \$6,765 | \$1,450 | \$15 | \$15 | \$19,585 |
| 14 | Suisun Force Main Reliability | \$0 | \$399 | \$800 | \$2,000 | \$10,500 | \$10,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$23,800 |
| 15 | Digester Reliability Improvement (75%) | 255 | - | - | - | - | - | - | - | - | - | - | - |
| 16 | Electrical Replacement - Phase I | 789 | 96 | - | - | - | - | - | - | - | - | - | - |
| 17 | Electrical Replacement - Phase II (75%) | 102 | 257 | 3,300 | 2,783 | - | - | - | - | - | - | - | 6,083 |
| 18 | Electrical Replacement - Phase III (75%) | - | - | - | 263 | 1,500 | 1,875 | - | - | - | - | - | 3,638 |
| 19 | A/B Train Aeration Basin Anoxic Zones | - | - | 500 | 3,000 | - | - | - | - | - | - | - | 3,500 |
| 20 | Electrical Replacement - 12kV Distribution (75%) | - | - | - | - | - | - | 375 | 3,750 | 3,750 | - | - | 7,875 |
| 21 | Digester 1 Structural Rehabilitation | - | - | 1,200 | - | - | - | - | - | - | - | - | 1,200 |
| 22 | Primary Clarifier Rehab No. 1 and 3 | 405 | - | - | - | - | - | - | - | - | - | - | - |
| 23 | Primary Clarifier Rehab No. 2 and 4 | 210 | 744 | - | - | - | - | - | - | - | - | - | - |
| 24 | HVAC Rehabilitation | 121 | 2,169 | - | - | - | - | - | - | - | - | - | - |
| 25 | Bioenergy Generation Project (75%) | 589 | 3,116 | 4,050 | 450 | - | - | - | - | - | - | - | 4,500 |
| 26 | Crystal Pump Station Generator / ATS | - | - | - | 100 | - | - | - | - | - | - | - | 100 |
| 27 | Secondary Clarifier 2 Floor Grout | - | - | - | 150 | - | - | - | - | - | - | - | 150 |
| 28 | Secondary Clarifier 3 Floor Grout | - | - | - | - | 150 | - | - | - | - | - | - | 150 |
| 29 | Tertiary Filter 4/5 VFD Replacement | - | 119 | - | - | - | - | - | - | - | - | - | - |
| 30 | Maintenance Replacements / Upgrades | 2,118 | 3,499 | 7,817 | 6,320 | 3,621 | 4,297 | 2,163 | 1,216 | 1,583 | 5,036 | 1,043 | 33,096 |
| 31 | FSSD Collection System R&R | - | - | 2,080 | 2,863 | 2,488 | 1,038 | 550 | 550 | 550 | 2,400 | 4,544 | 17,063 |
| 32 | Total Major Maintenance & CIP Projects | \$4,589 | \$10,400 | \$19,747 | \$17,928 | \$18,259 | \$17,710 | \$3,088 | \$5,516 | \$5,883 | \$7,436 | \$5,587 | \$101,154 |

| | | Actual | Projected Actual | FORECAST | | | | | | | | |
|----|---|--------|------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 |
| 33 | City of Fairfield - Collection System R&R Reserve | | | | | | | | | | | |
| 34 | Beginning Cash Balance | \$0 | \$0 | \$1,342 | \$2,916 | \$165 | \$171 | \$176 | \$182 | \$187 | \$193 | \$198 |
| 35 | Transfer In - From Schedule 2 | - | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 |
| 36 | Interest Income | - | 12 | 44 | 109 | 6 | 6 | 5 | 5 | 6 | 6 | 6 |
| 37 | Appropriation to City of Fairfield | - | (500) | (300) | (4,690) | (1,830) | (1,830) | (1,830) | (1,830) | (1,830) | (1,830) | (1,830) |
| 38 | Ending Cash Balance - Fairfield Collection System | \$0 | \$1,342 | \$2,916 | \$165 | \$171 | \$176 | \$182 | \$187 | \$193 | \$198 | \$204 |
| 39 | City of Suisun City - Collection System R&R Reserve | | | | | | | | | | | |
| 40 | Beginning Cash Balance | \$0 | \$0 | \$1,101 | \$1,637 | \$1,698 | \$1,757 | \$1,815 | \$1,869 | \$1,925 | \$1,983 | \$2,042 |
| 41 | Transfer In - From Schedule 2 | - | 1,770 | 1,770 | 1,770 | 1,770 | 1,770 | 1,770 | 1,770 | 1,770 | 1,770 | 1,770 |
| 42 | Interest Income | - | 16 | 36 | 61 | 59 | 57 | 54 | 56 | 58 | 59 | 61 |
| 43 | Appropriation to City of Suisun City | - | (685) | (1,270) | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) | (1,770) |
| 44 | Ending Cash Balance - Suisun City Collection System | \$0 | \$1,101 | \$1,637 | \$1,698 | \$1,757 | \$1,815 | \$1,869 | \$1,925 | \$1,983 | \$2,042 | \$2,104 |

SCHEDULE 5
WASTEWATER RESERVE FORECAST

(Dollars in 000s)

| | Actual | Projected Actual | FORECAST | | | | | | | | |
|---|-----------|------------------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 |
| 1 DEBT SERVICE RESERVE (1): | | | | | | | | | | | |
| 2 Beginning Cash Balance | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 |
| 3 Trans Out-Capital/Debt Service Fund | 0 | 0 | 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 |
| 5 Ending Cash Balance | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 | \$1,070 |
| 6 SEWER CAPACITY CHARGE RESERVES | | | | | | | | | | | |
| 7 Beginning Cash Balance | \$12,736 | \$15,076 | \$13,515 | \$6,872 | \$5,247 | \$2,703 | \$2,630 | \$4,672 | \$134 | \$0 | \$0 |
| 8 Transfer In - Capacity Charge Funds | 3,175 | 1,992 | 2,823 | 3,883 | 4,554 | 4,037 | 3,103 | 2,087 | 2,150 | 2,215 | 2,952 |
| 9 Interest Income | 73 | 167 | 514 | 241 | 171 | 81 | 79 | 140 | 4 | 0 | 0 |
| 10 Sewer Capacity Charge Funded CIP - Schedule 4 | (908) | (3,720) | (4,980) | (1,865) | (2,715) | (640) | (1,140) | (6,765) | (1,450) | (15) | (15) |
| 11 Estimated Transfer to Major Maint. & CIP Reserve | 0 | 0 | (5,000) | (3,883) | (4,554) | (3,550) | 0 | 0 | (838) | (2,200) | (2,937) |
| 12 Ending Cash Balance (2) | \$15,076 | \$13,515 | \$6,872 | \$5,247 | \$2,703 | \$2,630 | \$4,672 | \$134 | \$0 | \$0 | \$0 |
| 13 MAJOR MAINT & CIP RESERVE (3): | | | | | | | | | | | |
| 14 Beginning Balance | \$36,702 | \$38,843 | \$29,877 | \$17,135 | \$7,228 | \$6,408 | \$5,658 | \$5,922 | \$4,254 | \$3,519 | \$3,186 |
| 15 Transfer In- Net SSC Revenues From Schedule 2 | 6,564 | 1,027 | 84 | 1,538 | 2,150 | 2,719 | 3,182 | 3,670 | 4,182 | 4,797 | 6,187 |
| 16 Transfer In- From Sewer Capacity Charge Reserves | 0 | 0 | 5,000 | 3,883 | 4,554 | 3,550 | 0 | 0 | 838 | 2,200 | 2,937 |
| 17 SRF / WFIA Loan Proceeds | 0 | 0 | 800 | 2,000 | 10,500 | 10,500 | 0 | 0 | 0 | 0 | 0 |
| 18 Interest Income | 166 | 407 | 1,120 | 600 | 235 | 192 | 170 | 178 | 128 | 106 | 96 |
| 19 Maj. Maint & CIP - Schedule 4 | (4,589) | (10,400) | (19,747) | (17,928) | (18,259) | (17,710) | (3,088) | (5,516) | (5,883) | (7,436) | (5,587) |
| 20 Ending Cash Balance | \$38,843 | \$29,877 | \$17,135 | \$7,228 | \$6,408 | \$5,658 | \$5,922 | \$4,254 | \$3,519 | \$3,186 | \$6,819 |
| 21 Total Capacity and Major Maint. Reserves | 53,919 | 43,393 | 24,006 | 12,475 | 9,110 | 8,289 | 10,594 | 4,388 | 3,519 | 3,186 | 6,819 |
| 22 Target Reserve (4) | 19,000 | 19,294 | 17,614 | 15,125 | 12,633 | 9,929 | 7,379 | 8,167 | 6,795 | 6,526 | 5,602 |
| 23 Target Reserve Met? | Yes | Yes | Yes | No | No | No | Yes | No | No | No | Yes |
| 24 TOTAL REPLACEMENT COST OF | | | | | | | | | | | |
| 25 TREATMENT PLANT AND SEWERS: | | | | | | | | | | | |
| 26 Beginning Replacement Cost | \$758,502 | \$828,479 | \$860,234 | \$899,311 | \$938,896 | \$979,763 | \$1,021,580 | \$1,053,103 | \$1,088,446 | \$1,125,049 | \$1,161,801 |
| 27 Inflationary Increases | 67,507 | 24,854 | 25,807 | 26,979 | 28,167 | 29,393 | 30,647 | 31,593 | 32,653 | 33,751 | 34,854 |
| 28 Plant/Sewer Additions | 2,471 | 6,901 | 13,270 | 12,605 | 12,700 | 12,425 | 875 | 3,750 | 3,950 | 3,000 | 0 |
| 29 Ending Replacement Cost | \$828,479 | \$860,234 | \$899,311 | \$938,896 | \$979,763 | \$1,021,580 | \$1,053,103 | \$1,088,446 | \$1,125,049 | \$1,161,801 | \$1,196,655 |

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 - Sewer Capacity Charges collected after July 1, 2022 can be used for repair and rehabilitation as well as growth-related projects.

Note 3 - Major Maintenance & CIP 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.

Note 4 - Major Maintenance & CIP Reserve target is equal to five year rolling average of Major Maintenance & CIP costs.

SCHEDULE 6
DRAINAGE MAINTENANCE FUND FORECAST

(Dollars in 000s)

| | Actual | Projected Actual | FORECAST | | | | | | | | |
|---|---------|------------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 |
| 1 REVENUES: | | | | | | | | | | | |
| 2 Drainage Maintenance Fees | \$1,684 | \$1,693 | \$1,696 | \$1,700 | \$1,703 | \$1,707 | \$1,710 | \$1,713 | \$1,717 | \$1,725 | \$1,734 |
| 3 Federal / State Grants | 0 | 13 | 185 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 Interest Income | 14 | 92 | 92 | 102 | 96 | 86 | 82 | 83 | 84 | 85 | 86 |
| 5 Total Revenues | 1,698 | 1,798 | 1,974 | 1,802 | 1,799 | 1,793 | 1,792 | 1,796 | 1,801 | 1,810 | 1,820 |
| 6 EXPENSES: | | | | | | | | | | | |
| 7 Local Facility Maintenance | 959 | 959 | 959 | 959 | 959 | 959 | 959 | 959 | 959 | 959 | 959 |
| 8 Regional Facility Maintenance | 137 | 180 | 228 | 235 | 242 | 249 | 257 | 264 | 272 | 280 | 289 |
| 9 Admin, Billing, Capital Outlay | 173 | 86 | 145 | 146 | 147 | 148 | 149 | 150 | 151 | 152 | 153 |
| 10 Stormwater Regulatory Program (1) | 135 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Tfr Out - Solano Stormwater Alliance (2) | 0 | 125 | 391 | 391 | 391 | 391 | 391 | 391 | 391 | 391 | 391 |
| 12 Total Expenses | 1,404 | 1,350 | 1,723 | 1,731 | 1,739 | 1,747 | 1,756 | 1,764 | 1,773 | 1,783 | 1,792 |
| 13 Revenues less Expenses | 294 | 448 | 251 | 71 | 60 | 46 | 36 | 32 | 28 | 28 | 28 |
| 14 Tfr In/(Out)-Desilting Reserve | (30) | (30) | (30) | (30) | (30) | (30) | (30) | (30) | (30) | (30) | (30) |
| 15 Tfr In/(Out)-Major Maint. Reserve | (264) | (418) | (221) | (41) | (30) | (16) | (6) | (2) | 0 | 0 | 0 |
| 16 Tfr In/(Out)-Operations Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 Beginning Cash Balance | 310 | 310 | 310 | 310 | 310 | 310 | 310 | 310 | 310 | 308 | 306 |
| 18 Ending Available Cash Balance | \$310 | \$310 | \$310 | \$310 | \$310 | \$310 | \$310 | \$310 | \$308 | \$306 | \$304 |
| 19 OPERATIONS RESERVE: (3) | | | | | | | | | | | |
| 20 Beginning Cash Balance | \$1,000 | \$1,000 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 |
| 21 Transfer In/(Out) | 0 | (500) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 22 Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 Ending Cash Balance | \$1,000 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 |
| 24 DESILTING RESERVE (4): | | | | | | | | | | | |
| 25 Beginning Cash Balance | \$398 | \$428 | \$458 | \$488 | \$518 | \$548 | \$578 | \$608 | \$638 | \$668 | \$698 |
| 26 Transfer In/(Out) | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| 27 Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28 Ending Cash Balance | \$428 | \$458 | \$488 | \$518 | \$548 | \$578 | \$608 | \$638 | \$668 | \$698 | \$728 |
| 29 MAJOR MAINT RESERVE: (5) | | | | | | | | | | | |
| 30 Beginning Cash Balance | \$923 | \$1,106 | \$1,449 | \$1,442 | \$1,333 | \$1,363 | \$1,379 | \$1,385 | \$1,387 | \$1,387 | \$1,387 |
| 31 Transfer In/(Out) | 264 | 918 | 221 | 41 | 30 | 16 | 6 | 2 | 0 | 0 | 0 |
| 32 State Funding Allocation | 0 | 0 | 5,300 | 3,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 Expenses | (81) | (575) | (5,528) | (3,450) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34 Ending Cash Balance | \$1,106 | \$1,449 | \$1,442 | \$1,333 | \$1,363 | \$1,379 | \$1,385 | \$1,387 | \$1,387 | \$1,387 | \$1,387 |

SOLANO STORMWATER ALLIANCE (ALLIANCE) FORECAST

| | Actual | Projected Actual | FORECAST | | | | | | | | |
|----------------------------------|--------|------------------|----------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 |
| 35 Tfr In - From Drainage Maint. | \$0 | \$124 | \$391 | \$391 | \$391 | \$391 | \$391 | \$391 | \$391 | \$391 | \$391 |
| 36 Revenue from Other Agencies | - | 98 | 307 | 307 | 307 | 307 | 307 | 307 | 307 | 307 | 307 |
| 37 Interest Income | - | 1 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 38 Total Revenues | \$0 | \$223 | \$701 | \$700 | \$700 | \$700 | \$700 | \$700 | \$700 | \$700 | \$700 |
| 39 Expenses | \$0 | \$154 | \$699 | \$699 | \$699 | \$699 | \$699 | \$699 | \$699 | \$699 | \$699 |
| 40 Revenues less Expenses | \$0 | \$69 | \$2 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 | \$1 |
| 41 ALLIANCE RESERVE (6) | \$0 | \$69 | \$71 | \$72 | \$73 | \$75 | \$76 | \$77 | \$78 | \$80 | \$81 |

Note 1 - This is a federally-mandated regulatory program. Starting FY 2022-23, program is known as the Solano Stormwater Alliance.

Note 2 - This transfer represents Fairfield and Suisun City's contribution to Solano Stormwater Alliance.

Note 3 - Reserve accumulated for unexpected operations expense.

Note 4 - Reserve for 33 percent of City of Suisun City dredging costs.

Note 5 - Reserve for maintenance projects.

Note 6 - Remaining Alliance funds are maintained in a separate fund and reserve.

SCHEDULE 7
WASTEWATER FORECAST ASSUMPTIONS

(Dollars in 000s)

| | | | Actual | Projected Actual | FORECAST | | | | | | | | |
|----|---|--|----------|------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 |
| 1 | GROWTH RATE: | | | | | | | | | | | | |
| 2 | Residential | | 0.60% | 0.67% | 1.15% | 1.34% | 1.29% | 1.25% | 0.72% | 0.72% | 0.72% | 0.71% | 0.71% |
| 3 | Commercial / Industrial Regular Strength | | 0.12% | 0.13% | 0.23% | 0.27% | 0.26% | 0.25% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| 4 | Commercial / Industrial Special Strength | | 0.12% | 0.13% | 0.23% | 0.27% | 0.26% | 0.25% | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| 5 | Travis Air Force Base | | 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% |
| | | | | | | | | | | | | | |
| 7 | SEWER RATE (per HCF, except Residential): | | | | | | | | | | | | |
| 8 | Residential (Flat Rate per Month) | | \$43.35 | \$45.02 | \$47.27 | \$49.63 | \$51.62 | \$53.68 | \$55.83 | \$58.06 | \$60.38 | \$62.80 | \$65.31 |
| 9 | Commercial - Regular Strength | | \$3.46 | \$3.60 | \$3.78 | \$3.97 | \$4.13 | \$4.30 | \$4.47 | \$4.65 | \$4.84 | \$5.03 | \$5.23 |
| 10 | Commercial - Special Strength | | \$5.62 | \$6.23 | \$6.54 | \$6.87 | \$7.14 | \$7.43 | \$7.73 | \$8.04 | \$8.36 | \$8.69 | \$9.04 |
| 11 | Case-by-Case | | \$3.51 | \$3.75 | \$3.94 | \$4.14 | \$4.30 | \$4.48 | \$4.66 | \$4.84 | \$5.04 | \$5.24 | \$5.45 |
| 12 | Travis Air Force Base | | \$2.71 | \$2.90 | \$3.05 | \$3.20 | \$3.33 | \$3.46 | \$3.60 | \$3.74 | \$3.89 | \$4.05 | \$4.21 |
| | | | | | | | | | | | | | |
| 13 | SEWER REVENUES: | | \$30,882 | \$32,222 | \$34,146 | \$36,241 | \$38,084 | \$40,011 | \$41,855 | \$43,784 | \$45,801 | \$47,909 | \$50,112 |
| 14 | Residential (Fairfield) | | 19,212 | 19,961 | 21,200 | 22,558 | 23,763 | 25,024 | 26,213 | 27,458 | 28,761 | 30,124 | 31,550 |
| 15 | Residential (Suisun) | | 5,190 | 5,329 | 5,660 | 6,022 | 6,344 | 6,681 | 6,998 | 7,331 | 7,678 | 8,042 | 8,423 |
| 16 | Commercial - Regular Strength | | 2,457 | 2,556 | 2,690 | 2,832 | 2,952 | 3,078 | 3,206 | 3,339 | 3,478 | 3,622 | 3,772 |
| 17 | Commercial - Special Strength | | 670 | 743 | 782 | 823 | 859 | 895 | 932 | 971 | 1,011 | 1,053 | 1,097 |
| 18 | Case-by-Case & District Billed | | 975 | 1,158 | 1,216 | 1,277 | 1,328 | 1,381 | 1,436 | 1,494 | 1,553 | 1,615 | 1,680 |
| 19 | Anheuser-Busch | | 1,376 | 1,420 | 1,491 | 1,566 | 1,628 | 1,693 | 1,761 | 1,831 | 1,905 | 1,981 | 2,060 |
| 20 | Travis Air Force Base | | 1,002 | 1,055 | 1,108 | 1,163 | 1,210 | 1,258 | 1,308 | 1,361 | 1,415 | 1,472 | 1,531 |
| | | | | | | | | | | | | | |
| 21 | Consumer Price Index | | 4.60% | 6.00% | 4.00% | 3.50% | 3.40% | 3.25% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 22 | Interest Earnings Rate | | 3.50% | 3.25% | 3.75% | 3.50% | 3.25% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 23 | Bond Interest Rate | | 2.25% | 3.25% | 3.50% | 3.50% | 3.25% | 3.25% | 3.25% | 3.00% | 3.00% | 3.00% | 3.00% |
| 24 | Construction Cost Index | | 8.90% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 25 | Project Inflationary Cost Factor | | 1.4706 | 1.5147 | 1.5601 | 1.6069 | 1.6551 | 1.7048 | 1.7559 | 1.8086 | 1.8629 | 1.9187 | 1.9763 |
| | | | | | | | | | | | | | |
| 26 | New Residential Units - Fairfield | | 50 | 240 | 535 | 633 | 618 | 608 | 348 | 350 | 350 | 350 | 350 |
| 27 | New Residential Units - Suisun | | 235 | 80 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| 28 | Total New Residential Units | | 285 | 320 | 550 | 648 | 633 | 623 | 363 | 365 | 365 | 365 | 365 |
| 29 | Total DUs in District (year-end) | | 47,496 | 47,816 | 48,366 | 49,014 | 49,647 | 50,270 | 50,633 | 50,998 | 51,363 | 51,728 | 52,093 |
| 30 | New Commercial EDU | | 88.5 | 135.3 | 45.4 | 95.5 | 184.4 | 129.9 | 184.7 | 50.0 | 50.0 | 50.0 | 50.0 |
| 31 | Capacity Fee Per EDU | | \$6,281 | \$6,883 | \$7,062 | \$7,274 | \$7,492 | \$7,717 | \$7,948 | \$8,187 | \$8,432 | \$8,685 | \$8,946 |
| | | | | | | | | | | | | | |
| 32 | DEBT SERVICE COVENANT | | | | | | | | | | | | |
| 33 | Avg Debt Service Ratio (1.15 min.) | | 13.54 | 7.36 | 2.65 | 5.26 | 4.26 | 6.49 | 7.88 | 3.71 | 8.86 | 7.40 | 24.20 |

FAIRFIELD-SUISUN SEWER DISTRICT
RESOLUTION NO. 2023-XX

**A RESOLUTION AFFIRMING STORM DRAIN MAINTENANCE SERVICE CHARGES
CONTINUE UNCHANGED**

WHEREAS, the Fairfield-Suisun Sewer District duly adopted Ordinance 88-2 on February 22, 1988, imposing storm drain maintenance charges for the maintenance and servicing by the District of storm water collection outfall and disposal systems, effective July 1, 1988; and

WHEREAS, the Fairfield-Suisun Sewer District duly adopted Ordinance 96-2 on June 24, 1996, which amended Ordinance 88-2 to increase the storm drain maintenance charges effective July 1, 1996; and

WHEREAS, the storm drain maintenance charges have continued unchanged since July 1, 1996.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN SEWER DISTRICT THAT:

- 1. The District affirms that the storm drain maintenance charges adopted June 24, 1996 continue unchanged 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, 1020, 1200, 1500, 2100, 2190 – 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) | \$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. The storm drain maintenance charges are not new or increased charges.
- 3. The General Manager is authorized and directed to take all steps necessary and proper to implement this resolution.

PASSED AND ADOPTED this 22nd day of May 2023, by the following vote:

AYES: Directors _____

NOES: Directors _____

ABSENT: Directors _____

President

ATTEST: _____

District Clerk

FAIRFIELD-SUISUN SEWER DISTRICT
RESOLUTION NO. 2023-XX

**A RESOLUTION APPROVING REVISED FISCAL YEAR 2022-23 REVENUE AND
EXPENSE PROJECTIONS AND ADOPTING THE FISCAL YEAR 2023-24 BUDGET 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 transfers for all funds and reserves for Fiscal Year 2022-23, which are attached hereto and made a part thereof.
2. The District hereby adopts the Proposed Budget for Fiscal Year 2023-24 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, or their designee, is hereby authorized to make administrative adjustments to the adopted budget.
4. The General Manager is hereby authorized and directed to allocate net operations revenue to the District's reserves in accordance with the District's reserve policy.
5. 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.
6. 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 22nd day of May 2023, by the following vote:

AYES: Directors _____

NOES: Directors _____

ABSENT: Directors _____

President

ATTEST:

District Clerk



FAIRFIELD-SUISUN SEWER DISTRICT

1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • www.fssd.com

May 10, 2023

MEMORANDUM

TO: Executive Committee

FROM: James Russell-Field, Director of Administrative Services

SUBJECT: Pay Rate Schedule

Recommendation: Adopt Resolution 2023-XX, Pay Rate Schedule.

Background: The California Public Employers' Retirement System adopted California Code Regulations (CCR) 570.5 to enhance disclosure and transparency of public employee compensation, in response to the past pay and benefit abuses of some government agencies. CCR 570.5 specifies that the Pay Rate Schedule be duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meeting laws.

District Resolution No. 97-27 approves a cost-of-living increase to be applied to District pay rates to become implemented starting with the first full pay period following July 1. Per Resolution No. 97-27, "the percentage change in salary schedule shall not be less than 2% nor more than 6%" based on the Clerical Workers Consumer Price Index (CPI-W) for the twelve months ending April. The CPI-W change for the twelve months ended April 2023 is 3.6%. Per resolution, the cost-of-living increase for FY 2023-24 is 3.6%. With every update, the District posts the Pay Rate Schedule on its website.

Discussion: To recruit and retain a qualified workforce, the District strives to offer competitive salaries. To remain competitive and to keep appropriate pay differentials between positions, the District annually adjusts salaries for cost-of-living for all employees.

Fiscal Impact: The changes to the Pay Rate Schedule were anticipated and included in the District budget.

Attachment 1: Resolution No. 2023-XX

FAIRFIELD-SUISUN SEWER DISTRICT
RESOLUTION NO. 2023-XX

A RESOLUTION ADOPTING A PAY RATE SCHEDULE

WHEREAS, this Resolution is necessary to comply with the requirements added under California Code of Regulations, (CCR) Title 2, Section 570.5 relating to adopting and posting requirements of publicly available pay schedules; and,

WHEREAS, the Fairfield-Suisun Sewer District (District) supports open and transparent reporting of employee compensation; and,

WHEREAS, the District adopted Resolution 2013-07A establishing the Pay Rate and each subsequent year adjusted the pay by the cost-of-living on July 1 in accordance with Resolution 97-27; and,

WHEREAS, the District has a standard practice to publish the current pay schedule on the District website and has maintained the Pay Rate Schedule on the website.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN SEWER DISTRICT THAT:

1. The District hereby adopts the attached Pay Rate Schedule. This schedule includes the position title for every employee position, the pay rate for each position, and the time base for each pay rate.
2. This District complies with the requirements of CCR Title 2, Section 570.5 relating to adopting and posting requirements of publicly available pay schedules.
3. The General Manager is authorized and directed to take all steps necessary and proper to implement this resolution.

PASSED AND ADOPTED this 22nd day of May 2023, by the following vote:

AYES: Directors _____

NOES: Directors _____

ABSTAIN: Directors _____

ABSENT: Directors _____

President

ATTEST: _____
District Clerk

Attachment: Pay Rate Schedule



FAIRFIELD-SUISUN SEWER DISTRICT

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Pay Rate Schedule

Effective July 1, 2023 in accordance with Resolution No. 2023-XX

| Class Code | Class Title | FLSA | Bottom Hourly Salary | Top Hourly Salary |
|------------|--|------|----------------------|-------------------|
| 43300 | Accountant | X | 53.29 | 66.62 |
| 53400 | Administrative Specialist | N | 39.90 | 49.86 |
| 17701 | Assistant General Manager/District Engineer | X | 115.37 | 128.18 |
| 45200 | Assistant Engineer | N | 57.94 | 72.43 |
| 45300 | Associate Engineer | X | 68.37 | 85.34 |
| 13700 | Director of Administrative Services | X | 93.70 | 116.53 |
| 14700 | Director of Environmental Services | X | 93.70 | 116.53 |
| 42200 | Electrical & Instrumentation Technician I | N | 42.26 | 52.83 |
| 42300 | Electrical & Instrumentation Technician II | N | 55.76 | 69.69 |
| 42400 | Electrical & Instrumentation Technician Senior | N | 62.73 | 78.40 |
| 25600 | Engineering Manager | X | 88.21 | 110.26 |
| 45301 | Engineering Technician/Inspector | N | 45.69 | 63.87 |
| 53300 | Finance Technician | N | 47.38 | 59.22 |
| 17700 | General Manager/CEO* | X | | 157.55 |
| 35301 | GIS Coordinator | X | 59.24 | 74.06 |
| 23600 | Human Resources Manager | X | 84.14 | 93.49 |
| 53301 | Human Resources Technician | N | 47.38 | 59.22 |
| 23601 | Information Technology Manager | X | 84.14 | 93.49 |
| 45100 | Junior Engineer | N | 47.36 | 59.18 |
| 46300 | Laboratory Analyst | N | 54.45 | 68.06 |
| 46400 | Laboratory Analyst Senior | N | 59.51 | 74.40 |
| 26600 | Laboratory Manager | X | 84.14 | 93.49 |
| 46200 | Laboratory Technician | N | 41.27 | 51.59 |
| 22600 | Maintenance Manager | X | 84.14 | 93.49 |
| 42201 | Maintenance Mechanic I | N | 41.27 | 51.59 |
| 42301 | Maintenance Mechanic II | N | 54.45 | 68.06 |
| 42401 | Maintenance Mechanic Senior | N | 59.51 | 74.40 |
| 32500 | Maintenance Supervisor | X | 75.07 | 83.41 |
| 21600 | Operation Manager | X | 84.14 | 93.49 |
| 31500 | Operations Supervisor | X | 75.07 | 83.41 |
| 43301 | Procurement Specialist | N | 54.45 | 68.06 |
| 24600 | Regulatory Compliance Manager | X | 84.14 | 93.49 |
| 33400 | Senior Accountant | X | 59.95 | 74.94 |
| 35400 | Senior Engineer | X | 80.67 | 100.23 |
| 45400 | Senior Engineering Technician/Inspector | N | 58.76 | 73.44 |
| 42302 | Utility Worker | N | 20.25 | 25.33 |
| 41200 | Wastewater Plant Operator I | N | 41.27 | 51.59 |
| 41300 | Wastewater Plant Operator II | N | 54.45 | 68.06 |
| 41400 | Wastewater Plant Operator Senior | N | 59.51 | 74.40 |

*Per Contract



FAIRFIELD-SUISUN SEWER DISTRICT

1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • www.fssd.com

May 10, 2023

FI-210

MEMORANDUM

TO: Executive Committee

FROM: James Russell-Field, Director of Administrative Services

SUBJECT: Re-Adoption of Investment Policy

Recommendation: Adopt Resolution No. 2023-XX, Re-Adopting Investment Policy; and Delegate Investment Authority to the Director of Administrative Services.

Background: The Investment Policy guides investment activities of the District. The primary objectives of the Investment Policy, in order of priority, are safety, liquidity and yield. The policy seeks to return a consistent market rate of return while protecting the District's assets and meeting cashflow needs.

The District utilizes PFM as an Investment Broker. Annually, the District and PFM review the Investment Policy for any changes in State Legislature, best practices, and investment strategy. PFM has reviewed the District policy and recommends two minor updates as described in PFM's Investment Policy Review Memo. Recommended updates are reflected in the red-lined revised Investment Policy.

The District also made an edit to note the Board's delegation of Treasurer duties in Section 3, Delegation of Authority. Noting the annual delegation in the policy provides better transparency of compliance with Government Code Section 53607. This does not change any of the District's current operating practices or procedures.

California Government Code Section 53646(a)(2) recommends the Investment Policy be submitted to the Board of Directors at a public meeting on an annual basis, and the Board of Directors approve any changes to the policy.

Attachments: 1 – Investment Policy Review Memo from Wale Kajopaiye of PFM
2 – Resolution No. 2023-XX, Re-Adopting Investment Policy
3 – Investment Policy



April 21, 2023

Memorandum

To: James Russell-Field, Director of Administrative Services
Fairfield-Suisun Sewer District

From: Wale Kajopaiye, Senior Managing Consultant
PFM Asset Management LLC (PFMAM)

Re: Investment Policy Review

PFM Asset Management LLC has completed its review of the Fairfield-Suisun Sewer District's (the "District") 2023 Investment Policy (the "Policy"). The Policy is well written and in compliance with the sections of California Government Code (the "Code") that govern the investment of public funds. This year, our proposed changes to the Policy are minor and are designed to reflect recent updates to Code and/or to provide additional clarity to the Policy.

Additionally, we want to make the District aware of several recent changes to the sections of California Government Code that govern the investment of public agency funds.

We have also included a redlined version of the Policy with our proposed modifications

Information and Recommended Modifications Related to Code Changes

Senate Bill 1489 Local Government Omnibus Act of 2022– Overview

Senate Bill 1489 ("SB 1489"), which took effect on January 1, 2023 and shall be in effect until January 1, 2026, made a number of changes to Code, including several that impact the investment of public funds and the reporting practices of public agencies. Changes made to Code section 53601, the section of Code that governs the investment of public funds, include language stating that an investment's term or remaining maturity shall be measured from the settlement date to final maturity, and, that a security purchased in accordance with Code section 53601 shall not have a forward settlement date exceeding 45 days from the time of investment. SB 1489 also modified Code section 53646 and its quarterly reporting requirements. Per Code, producing a quarterly report is optional for public agencies. However, should an agency choose to produce a quarterly report, certain requirements must be met. One of those requirements was to produce the quarterly report within thirty (30) days following the end of the quarter. With SB 1489 that time has been extended to forty-five (45) days. The District's Policy does not explicitly require quarterly reports and contains no language regarding the due date of reporting.

1. An investment's term or remaining maturity shall be measured from the **settlement** date to final maturity (rather than the commonly interpreted trade date). It will further specify that the forward settlement date of an investment cannot exceed 45 days from the time of investment.

Recommendation: We recommend that The District amend the Code change and include it in Section 9, "Maximum Maturity", adding language stating that a security's maturity is calculated from settlement date to maturity date.

2. Public agency investors will be in Section 53646, which will be revised to state that quarterly reports shall be required within **45 days** following quarter end.

- **Recommendation:** We recommend that The District amend the Code change and include it in Section 12, "Reporting Requirements, adding the new Code language regarding reporting.

Please let us know if you have any questions or if you would like to discuss our comments in more detail.

FAIRFIELD-SUISUN SEWER DISTRICT
RESOLUTION NO. 2023-XX

A RESOLUTION RE-ADOPTING INVESTMENT POLICY

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS
OF THE FAIRFIELD-SUISUN SEWER DISTRICT THAT:

1. The Investment Policy of the Fairfield-Suisun Sewer District, attached hereto, is hereby adopted and supersedes the previously adopted Investment Policy.
2. The General Manager and Treasurer are hereby authorized and directed to do all things necessary and proper to implement this resolution.

PASSED AND ADOPTED this 22nd day of May 2023, by the following vote:

AYES: Directors _____

NOES: Directors _____

ABSTAIN: Directors _____

ABSENT: Directors _____

President

ATTEST:

District Clerk

Attachment: Investment Policy



FAIRFIELD-SUISUN SEWER DISTRICT

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| POLICY | | |
|--------------------|--|---|
| Policy Number | 2130 | Adopted: <u>May 22, 2023</u> May 23, 2022 Res No. 2022-11 <u>2023-XX</u> |
| Type of Policy | 2000 - Finance and Administration | |
| Policy Title | Investment Policy | |
| Policy Description | Policy Guidelines for Investing Surplus Monies | |

1. Purpose

- 1.1 The purpose of this Investment Policy ("Policy") is to provide guidelines to the officers of the Fairfield-Suisun Sewer District ("District") charged with the responsibility for the deposit of District funds, and for investment of surplus monies not required for the immediate necessities of the District. All such deposits and investments are governed by State law and by this policy.
- 1.2 It is the Policy of the Fairfield-Suisun Sewer District that:

2. Handling

- 2.1 All money belonging to or in the custody of the District shall be deposited for safekeeping in:
 - 2.1.1 State or National Banks
 - 2.1.2 Savings or Federal Associations
 - 2.1.3 Credit Unions or Federally-Insured Industrial Loan Companies in this State
- 2.2 The location of deposit is to be selected by the Treasurer
- 2.3 Invested in the Local Agency Investment Fund or invested as set forth in California Government Code (CGC) Section 53601.
- 2.4 To be eligible to receive District money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of "satisfactory" in its most recent evaluation, by the appropriate federal financial supervisory agency, of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code.

3. Delegation of Authority

3.1 In accordance with CGC Section 53607, the Board delegates the duties of the District Treasurer to the Director of Administrative Services.

- ~~3.13.2~~ The Treasurer, under the supervision of the General Manager, is responsible for administering the District's investments. In furtherance of this responsibility, the Treasurer may issue and administer detailed investment instructions which may change periodically and which will supplement, but conform to the provisions of this Investment Policy. The investment of bond proceeds will be further restricted by the provisions of relevant bond documents.
- ~~3.23.3~~ The management and oversight responsibility for the deposit and investment program is hereby delegated to the Treasurer who shall monitor and review all investments for consistency with this Investment Policy and State law.
- ~~3.33.4~~ No person may engage in an investment transaction except as provided under the limits of this policy, as supplemented by the Treasurer's investment instructions.
- ~~3.43.5~~ The Treasurer shall maintain investment instructions for internal and external management of investments consistent with State requirements.
- ~~3.53.6~~ The District may contract for the use of investment services subject to all other provisions of this Investment Policy.
- ~~3.63.7~~ The Treasurer may maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization to provide investment services.
- ~~3.73.8~~ The Treasurer shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the District.
- ~~3.83.9~~ Broker/dealers must be authorized to provide investment and financial advisory services in the State of California, and must be licensed and in good standing with the:
 - ~~3.8.13.9.1~~ California Department of Securities,
 - ~~3.8.23.9.2~~ Securities and Exchange Commission,
 - ~~3.8.33.9.3~~ National Association of Securities Dealers
 - ~~3.8.43.9.4~~ or other applicable self-regulatory organizations.
- ~~3.93.10~~ Before engaging in investment transactions with a broker/dealer, the Treasurer must have received a certification from such broker/dealer, indicating that the person responsible for the District's account has read and understood the Investment Policy and intends to present investment recommendations and transactions to the District which are appropriate under such policy.
- ~~3.103.11~~ If an external investment advisor is authorized to conduct investment transactions on the District's behalf, the investment advisor may use their own list of approved broker/dealers and financial institutions for investment purposes.

4. Prudence

- 4.1 The Standard of prudence to be used by investment officials shall be the “prudent investor” standard, as set forth in CGC Section 53600.3, and shall be applied in the context of managing an overall portfolio.
- 4.2 Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard.
- 4.3 When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.
- 4.4 Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.
- 4.5 To the extent permitted by law, investment officials acting in accordance with the Investment Policy, as supplemented by the Treasurer’s investment instructions, and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

5. Objectives

- 5.1 The primary objectives (in priority order) of the District’s investment activities shall be:
- 5.2 Safety of principal.
- 5.3 Liquidity. The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
- 5.4 Return on Investment. The investment portfolio shall be designed with the objective of attaining a market rate of return on its investments throughout budgetary and economic cycles, consistent with the constraints imposed by the District’s safety objective and cash flow requirements, and applicable law.

6. Ethics and Conflict of Interest

- 6.1 Officers and employees involved in the investment process shall:
 - 6.1.1 Refrain from personal business activities that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial decisions.

6.1.2 Abide by CGC Section 1090, et seq. and the California Political Reform Act.

7. Investments

7.1 CGC Section 53601, et seq. set forth the eligible investments for the District that:

- 7.1.1 All investments purchased for the District shall be delivered, either by book entry or physical delivery, to the District's third-party custodian.
- 7.1.2 All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the District's safekeeping/custody bank prior to the release of funds.
- 7.1.3 All investments of the District shall have the District as registered owner.
- 7.1.4 The list of specific investment types and diversification requirements shall be maintained by the Treasurer.

7.2 Where this section specifies a percentage limitation for a particular security type, that percentage is applicable only at the date of purchase.

7.3 Credit criteria listed in this section refers to the credit rating category (inclusive of modifiers) at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the Treasurer, or his/her designee, will perform a timely review and decide whether to sell or hold the investment.

7.4 If the District has retained the services of an investment advisor, the investment advisor will notify the Treasurer of such a downgrade and will recommend a plan of action.

7.5 Authorized and suitable investments are currently as follows, but only to the extent allowed by CGC Section 53601, et seq., and as such sections are hereafter amended or superseded:

- 7.5.1 United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- 7.5.2 Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. Investments under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a Nationally Recognized Statistical Rating Organization (NRSRO).
- 7.5.3 Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. Investments under this subdivision shall be rated in a rating category of "A" or its equivalent or better by an NRSRO.

- 7.5.4 Bonds, notes, warrants or other evidence of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Investments under this subdivision shall be rated in a rating category of “A” or its equivalent or better by an NRSRO.
- 7.5.5 Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises, to the extent permitted by CGC Section 53601.
- 7.5.6 Bankers Acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers’ acceptances shall not exceed 180 days’ maturity or 40 percent of the District’s surplus funds. No more than 30 percent of the District’s surplus funds can be invested in the Bankers Acceptances of any single commercial bank.
- 7.5.7 Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by Moody’s, Standard & Poor’s, or Fitch. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):
 - 7.5.7.1 The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation. (B) Has total assets in excess of five hundred million dollars (\$500,000,000). (C) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.
 - 7.5.7.2 The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (B) Has program wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond. (C) Has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. Purchases of eligible commercial paper shall not exceed 25 percent of the District’s surplus funds.
- 7.5.8 Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision making authority in the administrative office manager’s office, budget office, auditor-controller’s office, or treasurer’s office of

the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

- 7.5.9 Purchases of negotiable certificates of deposit shall not exceed 30 percent of the District's surplus funds. Eligible negotiable certificates of deposit shall be rated in a rating category of "A" for long-term, "A-1" for short-term, their equivalent, or better by an NRSRO.
- 7.5.10 Repurchase/Reverse Repurchase Agreements of any securities authorized by CGC Section 53601, but only in conformity with the requirements of CGC Section 53601(j).
- 7.5.11 Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or better by Moody's, S&P, or Fitch. Purchases of medium-term notes shall not exceed 30 percent of the District's surplus funds.
- 7.5.12 Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by CGC Section 53601(a) to (k) or (m) to (q), and which comply with the investment restrictions of CGC 53600 et seq. and CGC 53630 et seq. Such companies must carry the highest rating of at least two of the nationally recognized statistical rating agencies. Not more than 20% of the District's surplus funds can be invested in such funds, and not more than 10% in any one mutual fund.
- 7.5.13 Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). The company shall have met either of the following criteria:
 - 7.5.13.1 Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs, or
 - 7.5.13.2 Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

Not more than 20% of the District's surplus funds can be invested in such funds.
- 7.5.14 Funds described in CGC Section 53601(m) held by a trustee or fiscal agent may be invested as described in and to the extent authorized by CGC Section 53601(m).

- 7.5.15 Notes, bonds or other obligations which are at all times secured by a valid first-priority security interest as prescribed by CGC Section 53601(n).
 - 7.5.16 A mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the District's surplus funds.
 - 7.5.17 Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive, of CGC Section 53601. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
 - 7.5.17.1 The adviser is registered or exempt from registration with the Securities and Exchange Commission.
 - 7.5.17.2 The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive, of CGC 53601.
 - 7.5.17.3 The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).
 - 7.5.18 State of California Local Agency Investment Fund ("LAIF"). The District may invest a portion of its portfolio in LAIF, subject to the statutory deposit limit imposed by LAIF.
 - 7.5.19 United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or better by an NRSRO and shall not exceed 30 percent of the District's surplus funds.
 - 7.5.20 Any other investment security authorized under the provisions of CGC Section 53601.
- 7.6 Also, see CGC Section 53601 for a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities.

8. Diversification

- 8.1 Assets shall be diversified to eliminate the risk of loss resulting from over

concentration of assets in a specific maturity, a specific issuer, a specific financial institution, or a specific class of securities.

8.2 Except as provided below, no more than five percent (5%) of the District's surplus funds may be invested in any one issuer, regardless of sector.

8.2.1 The types of investments which are excluded from this limitation are:

8.2.1.1 United States Treasury and federal agency/government sponsored enterprise obligations,

8.2.1.2 Obligations of the International Bank for Reconstruction and Development (IBRD)

8.2.1.3 International Finance Corporation (IFC), and the Inter-American Development Bank (IADB), and

8.2.1.4 Money market funds and local government investment pools, including LAIF and CAMP.

8.3 Purchases of Certificate of Deposits in financial institutions with local branches shall be made only to the extent warranted by the safety, liquidity, and yield compared to that available from other investments.

9. Maximum Maturity

~~9.1 Investment maturities shall be based on a review of cash flow forecasts.~~

~~9.2 Maturities will be scheduled so as to permit the District to meet all projected obligations.~~

~~9.1 No investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement that, at the time of the investment has a term remaining to maturity in excess of five years. An investment's term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment.~~

~~9.2 Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.~~

10. Ineligible Investments

10.1 Any security type or structure not specifically approved by State law, this Policy and investment instructions is specifically prohibited.

10.2 Security types which are hereby prohibited to be purchased include, but are not limited to:

10.2.1 Range notes, inverse floaters, or mortgage-derived interest-only strips;

10.2.2 Any security that could result in zero interest accrual if held to maturity, except that, in the event of, and for the duration of, a period of negative interest rates, the District may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual.

11. Sales prior to maturity

11.1 Sales prior to maturity are permitted.

11.2 It is also recognized that in changing interest rate environment, it may be financially advantageous to sell investments at a book value loss in order to reinvest into a more profitable security.

12. Reporting

12.1 The Treasurer shall render to the General Manager and Board of Directors a quarterly report concerning investment or reinvestment of District funds and the sale or exchange of securities.

12.2 Pursuant to CGC Section 53607, Treasurer shall make a monthly report summarizing investment transactions, as needed.

12.3 The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 45 days following the end of the quarter covered by the report.

12.4 This report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

12.4.1 The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

12.4.2 The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

12.4.3 In the quarterly report, a subsidiary ledger of investments may be used in

accordance with accepted accounting practices.

13. Internal Controls

- 13.1 The Treasurer will establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

14. Performance Standards

- 14.1 The District will establish a performance benchmark consistent with its investment strategy and supportive of its investment objectives.

15. Investment Policy Review and Adoption

- 15.1 The District's Investment Policy is hereby adopted by the District's Board of Directors. This Policy will be reviewed annually by the Board of Directors and any modifications made thereto must be approved by the Board of Directors.



FAIRFIELD-SUISUN SEWER DISTRICT

1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • www.fssd.com

May 10, 2023

MEMORANDUM

TO: Executive Committee

FROM: James Russell-Field, Director of Administrative Services

SUBJECT: Board Compensation Review

Recommendation: Executive Committee to discuss Director Compensation for FY 2023-24.

Background and Discussion: The Director Compensation policy was initially set by the District's Enabling Act and subsequently modified by State law in 1985 and 2001. The policy has been modified several times with the current guidance found in Ordinance 2016-02, which was adopted on January 25, 2016. Ordinance 2016-02 states:

"Unless the Board of Directors determines prior to July 1 of any year, that such increase shall be deferred, the compensation for Board of Directors shall, as of the first day of the first pay period following July 1, 2016, and each July 1 thereafter, be increased a percentage equal to the percent increase in the Urban Wage Earners and Clerical Workers Consumer Price Index (CPI-W) for the San Francisco-Oakland Metropolitan Area for the twelve months ending April of each year, provided, however, that the percentage change in salary schedules shall not be less than 0% nor more than 5%."

At the May 23, 2022 Board of Directors meeting, the Board approved the current rate of \$166.98 per service day. The CPI-W change for 2023 is 3.6%; therefore, the Board pay will increase \$6.01, from \$166.98 to \$172.99 per service day.

The options are:

- 1) Do nothing. The increase from \$166.98 to \$172.99 per service day is approved by ordinance and becomes effective on the first pay period following July 1, 2023.
- 2) Defer the increase.

Fiscal Impact: Based on the number of meeting days per year, the 3.6% increase would have less than \$850 per year impact.



FAIRFIELD-SUISUN SEWER DISTRICT

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Board of Director Meeting Agenda

Board of Directors

Rick Vaccaro, President
Alma Hernandez, Vice President
Doug Carr
Jenalee Dawson
Catherine Moy
Marlon Osum
Amit Pal
Doriss Panduro
Scott Tonnesen
Princess Washington
Pam Bertani, First Alternate
K. Patrice Williams, Second Alternate

Meeting Date: Monday, May 22, 2023

Meeting Place: 1010 Chadbourne Road, Fairfield, CA

Meeting Time: 6:00 p.m.

1. Roll Call
2. Pledge of Allegiance
3. Public Comments
4. Director Comments
5. General Manager Report
6. **Consent Calendar:** Page
 - (a) Adopt Resolution No. 2023-XX Re-Adopting Investment Policy#
 - (b) Approve Board Minutes of April 24, 2023#
7. **Discussion Items:**
 - (a) Review Board Compensation#
8. **Action Items:**
 - (a) Adopt Resolution No. 2023-XX Approving the FY 2023-24 Budget and Long-Term Financial Plan and Adopt Resolution No. 2023-XX Affirming Storm Drain Maintenance Services Charges Continue Unchanged #
 - (b) Adopt Resolution No. 2023-XX Approving Employee Salary Schedule.....#
9. **Information Items:**
 - (a) Board Calendar#

-- End of Agenda --

The Fairfield-Suisun Sewer District will provide reasonable disability-related modification or accommodation to a person with a disability who requires a modification or accommodation in order to participate in the meeting of the Board of Directors. Please contact the District at (707) 429-8930 at least 48 hours before the meeting if you require such modification or accommodation.

Documents that are disclosable public records required to be made available under California Government Code Section 54957.5 (b) (1) and (2) are available to the public for inspection at no charge during business hours at our administrative offices located at the above address.

Members of the public may speak on any matter within the jurisdiction of the Fairfield-Suisun Sewer District by identifying themselves at the beginning of the meeting. Comments not listed on the agenda will be taken under Public Comments. Comments on matters appearing on the agenda will be taken during consideration of the item.

**FAIRFIELD-SUISUN SEWER DISTRICT**

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May 10, 2023

MEMORANDUM

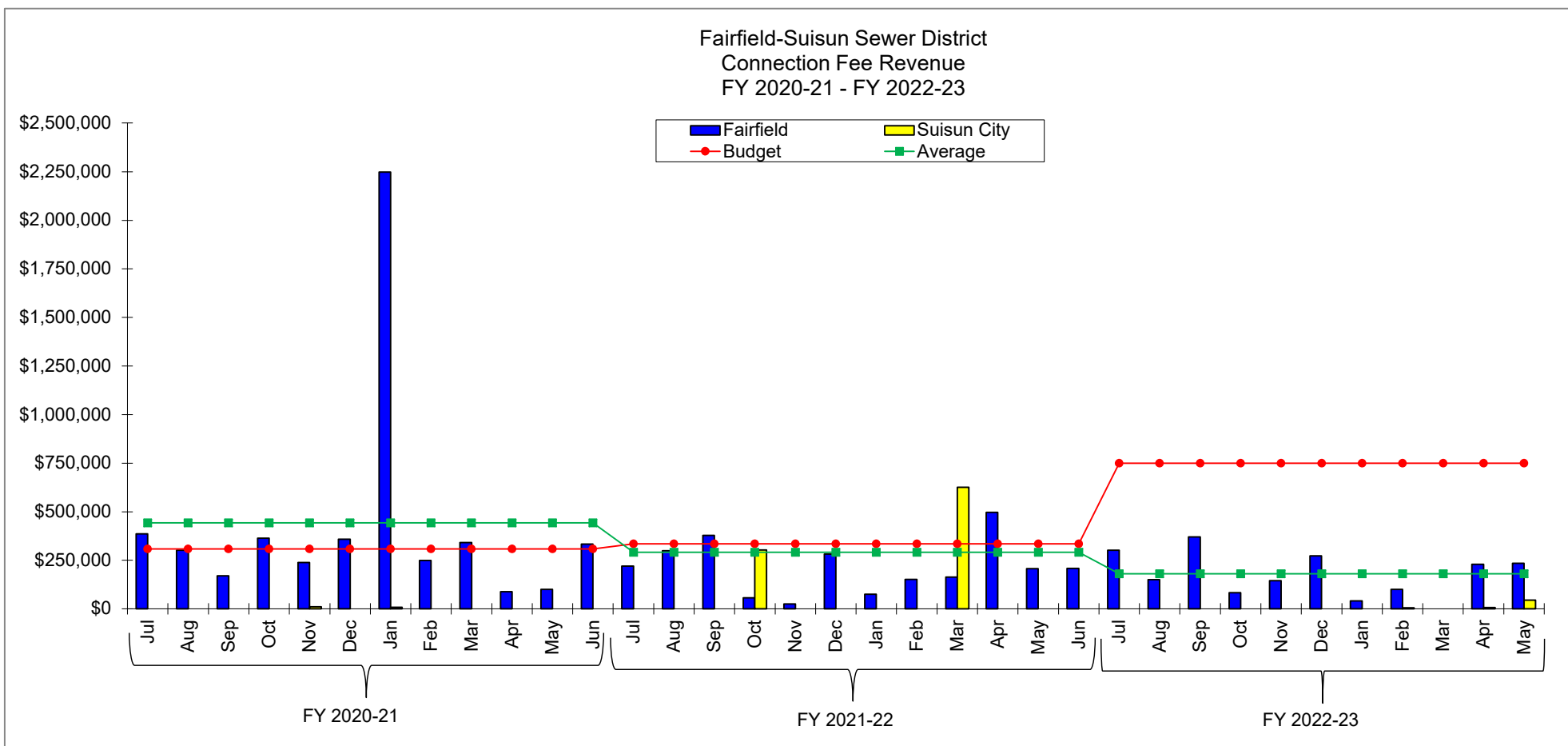
TO: Executive Committee

FROM: Brian Hawley, Regulatory Compliance Manager

SUBJECT: Operating Data Summary – Through April 2023

| Daily Numbers: | Mar | Apr |
|-----------------------------|------------|------------|
| Influent Flow Daily Average | 27.98 MGD | 17.98 MGD |
| Recycled Flow Daily Average | 0.000 MGD | 0.001 MGD |
| Permit Excursions | 0 | 0 |
| TSS Daily Average Influent | 136 mg/L | 171 mg/L |
| BOD Daily Average Influent | 144 mg/L | 237 mg/L |
| TSS Daily Average Effluent | <0.5 mg/L | <0.5 mg/L |
| BOD Daily Average Effluent | 1.33 mg/L | 1.45 mg/L |

| Annual Numbers: | Jan-Apr |
|-----------------------------|----------------|
| Influent Flow Daily Average | 23.40 MGD |
| Recycled Flow Daily Average | 0.000 MGD |
| Permit Excursions | 0 |



FAIRFIELD-SUISUN SEWER DISTRICT**MINUTES**1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • www.fssd.com**Board of Directors Meeting Minutes**

Date: Monday, April 24, 2023
 Meeting Place: 1010 Chadbourne Road, Fairfield, California
 Meeting Time: 6:00 p.m.

1. The meeting was called to order at 6:00 p.m. by President Vaccaro. President Vaccaro presided over the meeting.

Roll Call – The following members were present: Directors Carr, Dawson, Hernandez, Moy, Osum, Pal, Panduro, Tonnesen, Vaccaro, and Washington.

2. Pledge of Allegiance was led by Director Marlon Osum.
3. Public Comments – None.
4. Director Comments – Board of Directors welcomed newly elected Board member Marlon Osum from Suisun City and thanked Senior Environmental Engineer Emily Corwin for the public workshop on the Kellogg Resiliency Project held in Suisun City recently. Thank you also to the District for coordinating clean up at LedgeWood Creek for Earth Day.
5. General Manager Report – General Manager Sortor welcomed Director Osum. Senior Environmental Engineer Emily Corwin discussed the Earth Day event, held at four different sites with over 200 volunteers collecting 1,500 lbs of garbage.
6. Consent Calendar
 - (a) Approve Board Minutes of March 27, 2023

No comments or questions. Upon motion was made by Director Tonnesen, seconded by Director Hernandez, the Consent Calendar Item No. 6a was approved by the following vote:

AYES: Carr, Dawson, Hernandez, Moy, Osum, Pal, Panduro, Tonnesen, Vaccaro, Washington

NOES: None

ABSTAIN: None

ABSENT: None

7. Discussion Items
 - (a) Overview of Regulatory Requirements

Director of Environmental Services, Meg Herston provided an overview of wastewater regulations and their impact on how the District manages operations and future projects. Assistant General Manager/District Engineer Jordan Damerel presented the impact of nitrogen discharges in the San Francisco Bay, how the District reduces nutrients, and the estimated timeline of future regulatory requirements, including PFAS regulations.

Director Moy inquired on pollutant exposure to fish and game in the Bay. Emily Corwin provided a link on consumption advisories: <https://solanostormwater.org/fish-smart/>.

8. Action Items

(a) Authorize Auditing Services for the FY Ending June 30, 2023 through 2025

Accountant Melanie Wildeman presented the results of the District's Request for Proposals for Professional Auditing Services and recommended the District authorize the Director of Administrative Services to enter into an agreement with Davis Farr as the most responsive proposer.

Upon motion by Director Dawson, seconded by Director Tonnesen, Action Item 8a was passed by the following vote:

AYES: Carr, Dawson, Hernandez, Moy, Osum, Pal, Panduro, Tonnesen,
Vaccaro, Washington

NOES: None

ABSTAIN: None

ABSENT: None

9. Information Items

(a) Quarterly Investment Report – No comments.

(b) Board Calendar – No comments.

The meeting adjourned at 7:10 p.m.

Respectfully submitted,

President

ATTEST:

District Clerk

Fairfield-Suisun Sewer District

Contemplated Board of Directors Agenda Items

May 22, 2023

| Month Year | Contemplated Board of Directors Meeting Agenda Items | Executive Committee | Board of Directors |
|-------------------|---|------------------------|-----------------------|
| June 2023 | 1. General Manager Performance Review 2. Award Construction Contract for 2023/24 Collection System R&R Project 3. Award Construction Contract for Digester #1 Structural Rehabilitation | 6/12/2023 | 6/26/2023 |
| July 2023 | 1. Quarterly Investment Report 2. Award Construction Contract for Roof Rehabilitation Project 3. Award Construction Contract for 2023 Pavement Rehabilitation Project | 7/17/2023 | 7/24/2022 |
| August 2023 | | Not Scheduled | Not Scheduled |
| September 2023 | 1. Directors Report on CASA Annual Meeting 2. Award Professional Services Contract for Treatment Plant Seismic Evaluation | 9/18/2023 | 9/25/2023 |
| October 2023 | 1. Quarterly Investment Report 2. General Manager Performance Meeting (Exec Comm) | 10/16/2023 | 10/23/2023 |
| November 2023 | 1. Adopt Board Calendar for 2024 | 11/20/2023 | 11/27/2023 |
| December 2023 | | Not Scheduled | Not Scheduled |
| January 2024 | 1. Quarterly Investment Report 2. Report on Financial Audit for FY 2022/2023 | 1/22/2024 | 1/29/2024 |
| February 2024 | 1. General Manager Performance Meeting (Exec Comm) | 2/12/2024 | 2/26/2024 |
| March 2024 | 1. Directors Report on CASA DC Meeting | 3/18/2024 | 3/25/2024 |
| April 2024 | 1. Quarterly Investment Report 2. | 4/15/2024 | 4/22/2023 |
| May 2024 | 1. Adopt Resolution Approving Budget 2. Adopt Resolution Approving Employee Salary Schedule 3. Review Updates and Approve Investment Policy 4. Review Board Compensation | 5/20/2024 | 5/27/2024 |