

BUDGET AND LONG-TERM FINANCIAL PLAN

FISCAL YEAR 2023-24



1010 Chadbourne Rd
Fairfield, CA 94534

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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

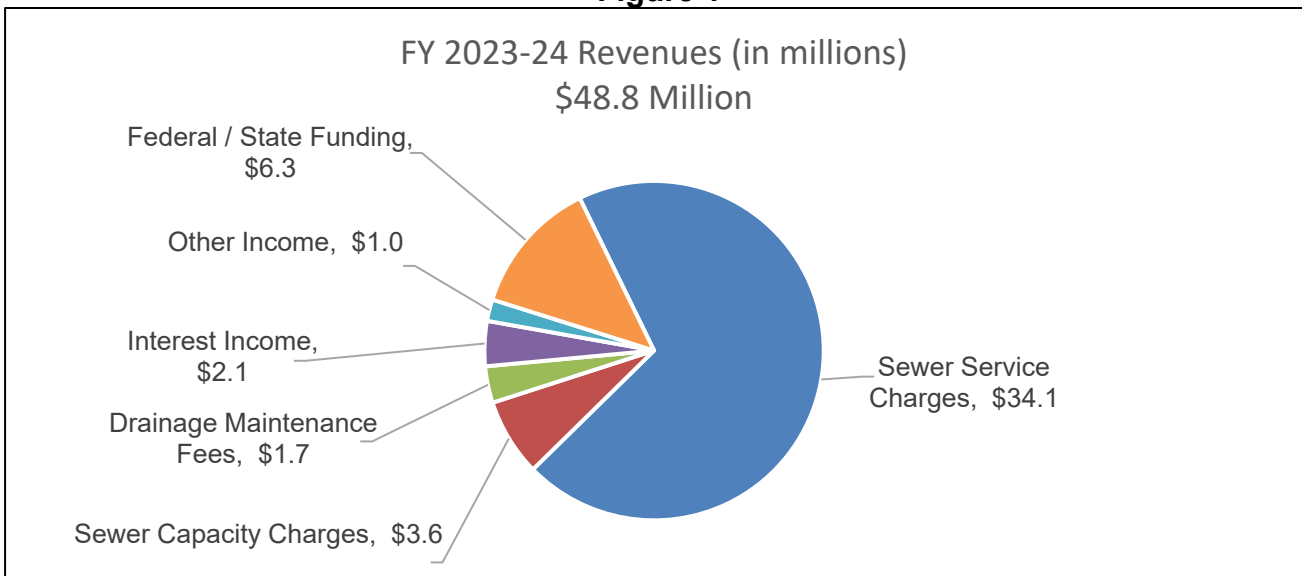
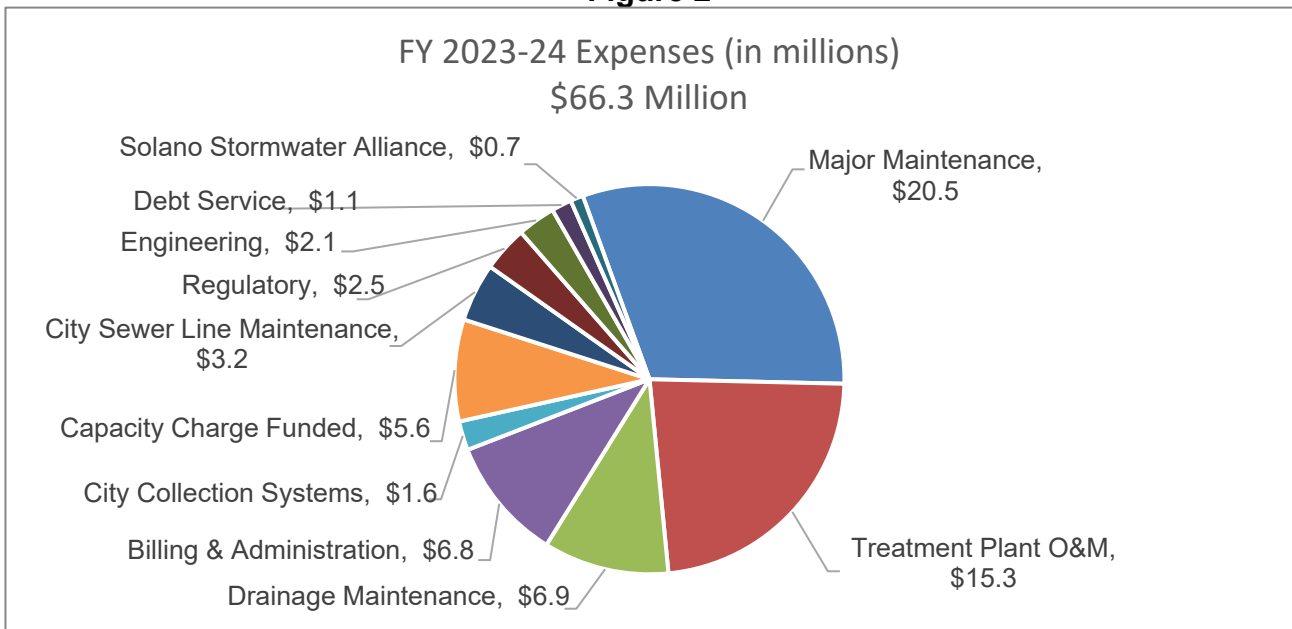


Figure 2



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

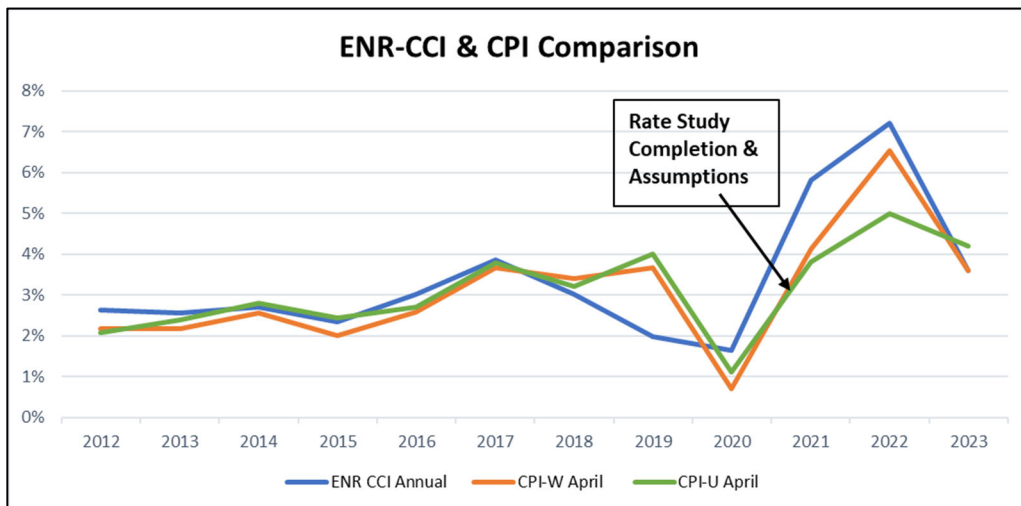
The District receives a combination of miscellaneous and/or nonrecurring revenues such as cell tower and other property leases, as well as insurance dividends. Other income includes revenue related to the District’s share in Lystek biosolids processing, which offsets the District’s biosolids processing 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><u>\$1,055,833</u></u>		<u><u>\$1,548,737</u></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><u>\$32,201</u></u>	<u><u>\$44,470</u></u>	<u><u>\$66,269</u></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

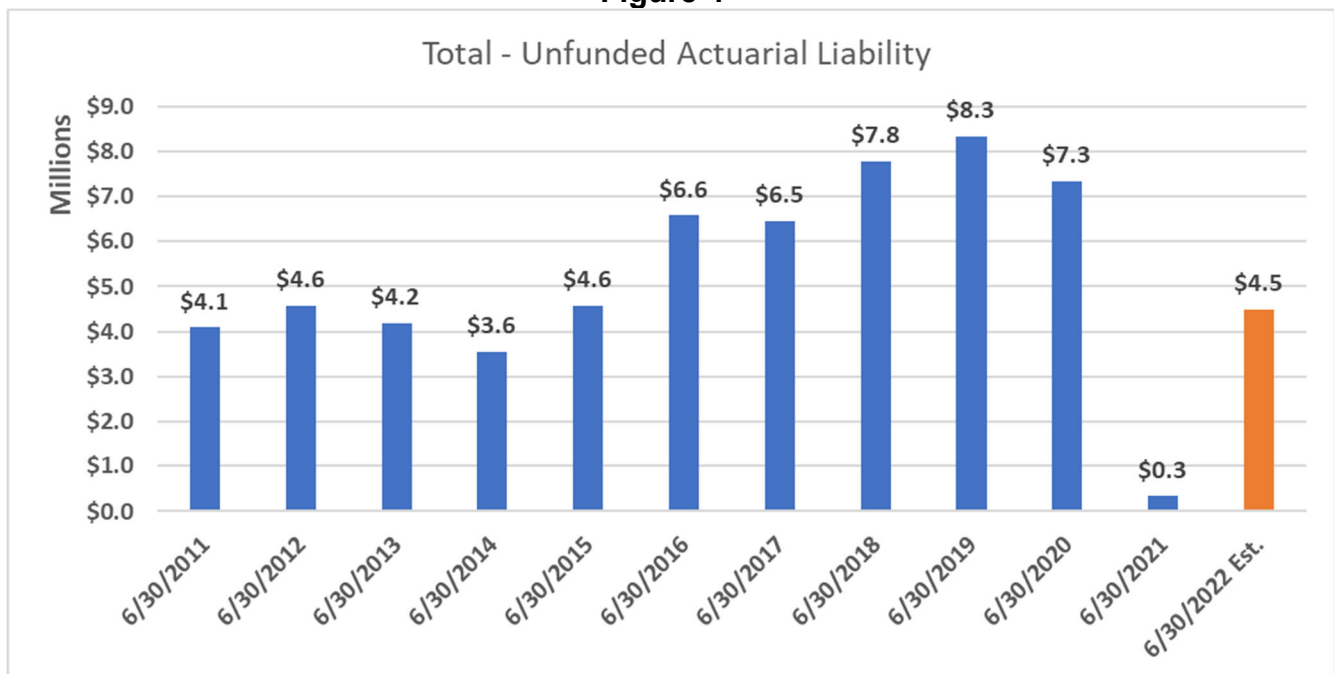
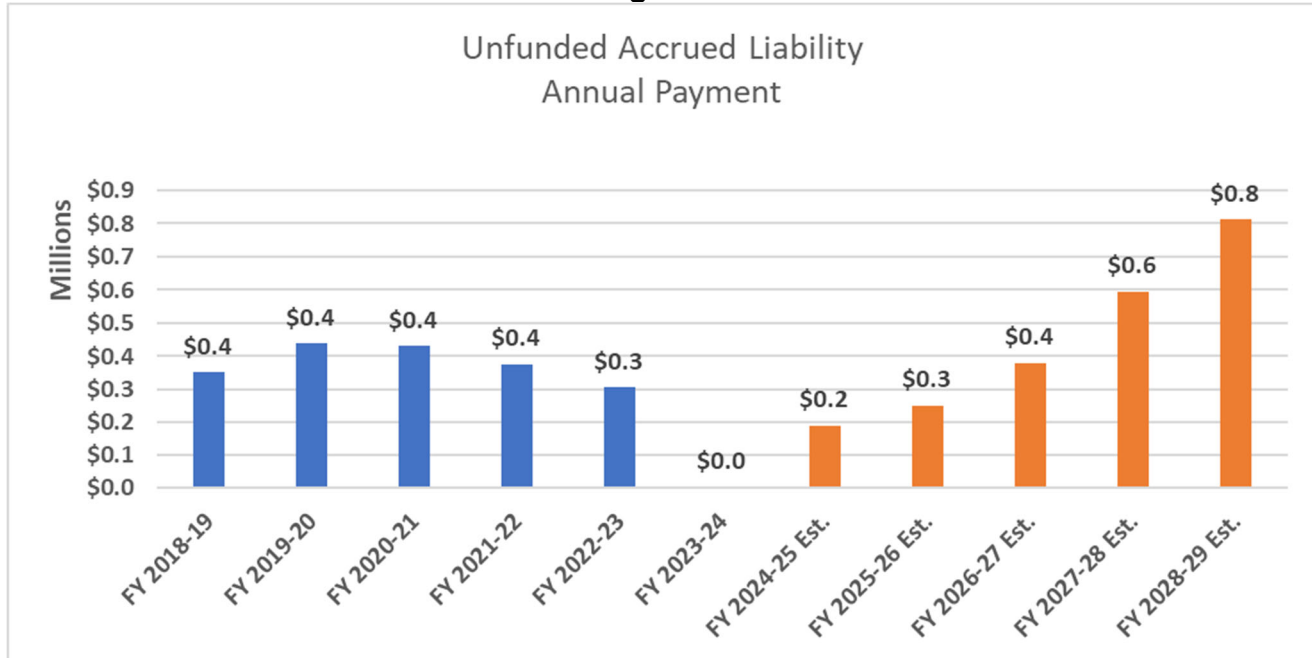


Figure 5



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	Sewer Service	Capacity Charge
	Budget	Funded %	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.

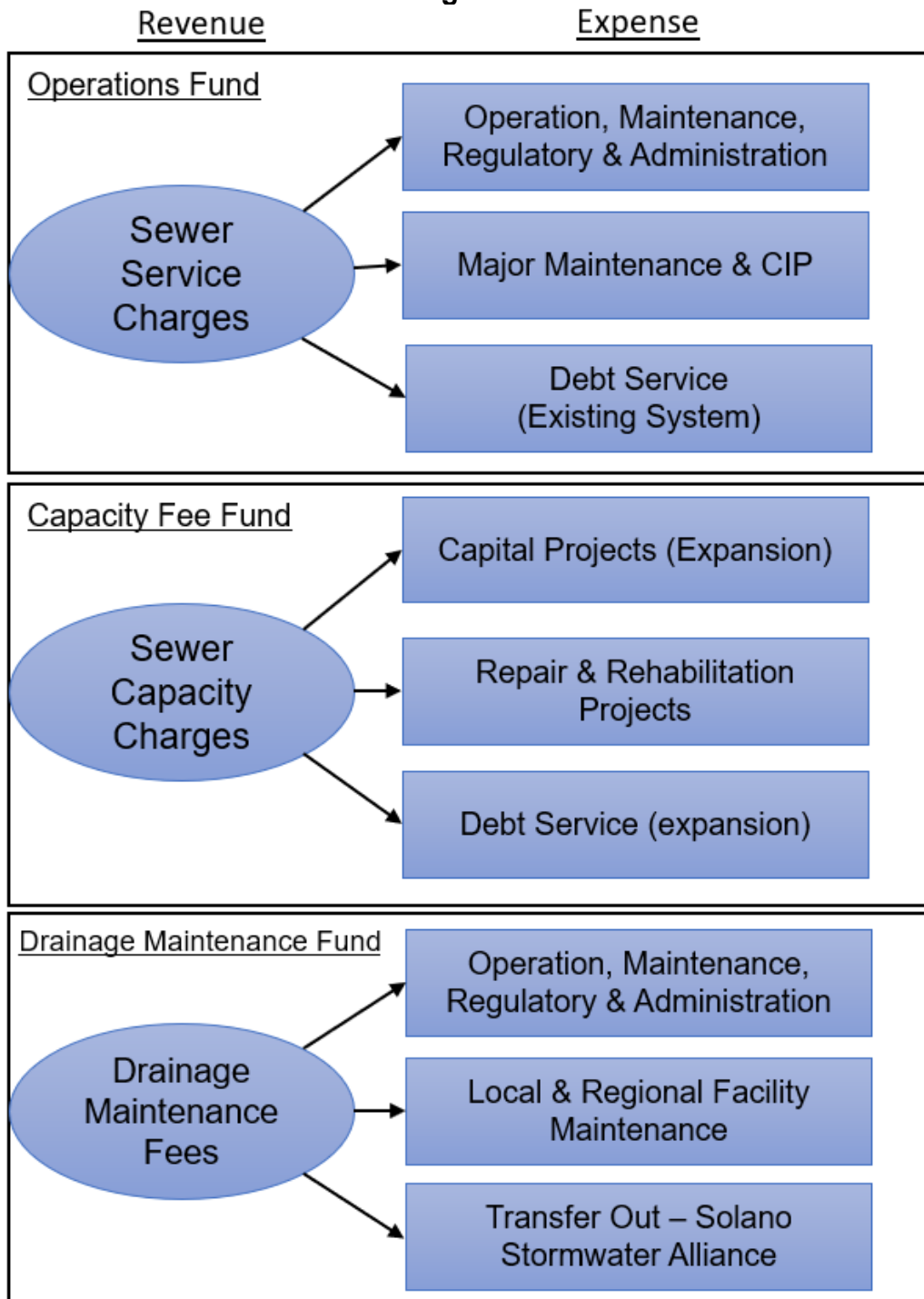
Drainage Maintenance

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.

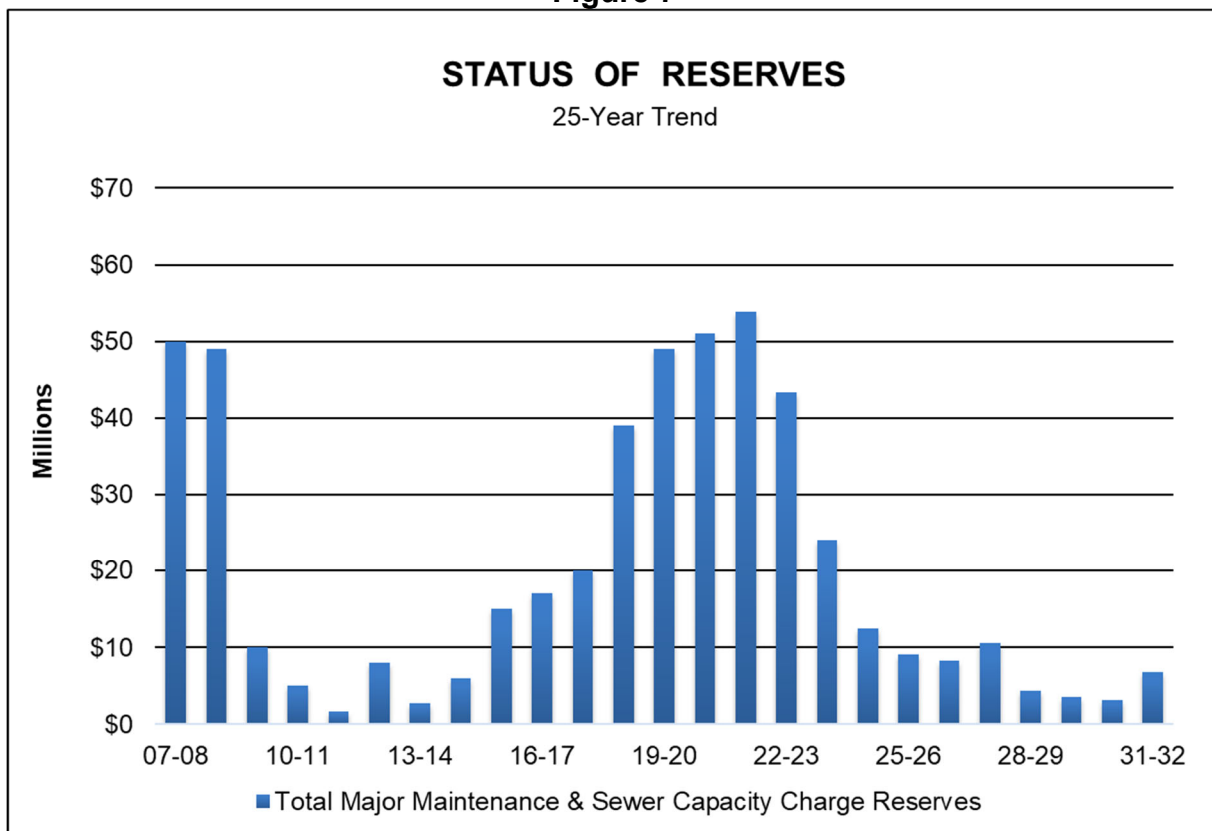
Major Maintenance and CIP Reserve

- 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
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
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									Total Forecast	
			21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30		30/31
1 Cordelia Pump Station Expansion	\$0	\$0	\$0	\$0	\$1,000	\$0	\$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	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	\$15	\$19,585
14 Suisun Force Main Reliability	\$0	\$399	\$800	\$2,000	\$10,500	\$10,500	\$0	\$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	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	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	\$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	\$198	\$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	1,830	1,830
36 Interest Income	-	12	44	109	6	6	5	5	6	6	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)	(1,830)	(1,830)
38 Ending Cash Balance - Fairfield Collection System	\$0	\$1,342	\$2,916	\$165	\$171	\$176	\$182	\$187	\$193	\$198	\$198	\$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	\$2,042	\$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	1,770	1,770
42 Interest Income	-	16	36	61	59	57	54	56	58	59	59	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)	(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	\$2,042	\$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
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
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. 2023-09**

**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

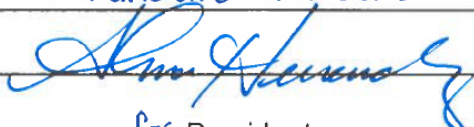
Resolution No. 2023-09
Page 2 of 2

- 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 Carr-Dawson-Hernandez-Moy-Osum-Pal- Bertani
Panduro-Tonnesen-Vaccaro-Washington- Williams

NOES: Directors None

ABSENT: Directors Panduro - Vaccaro

for President

ATTEST: 
District Clerk

FAIRFIELD-SUISUN SEWER DISTRICT
RESOLUTION NO. 2023-10

**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 Carr-Dawson-Hernandez-Moy-Osum-Pal-Bertani
Panduro-Tonnesen-Vaccaro - Wash in g to Williams

NOES: Directors None

ABSENT: Directors Panduro - Vaccaro


for President

ATTEST:


District Clerk