

SEWER AUTHORITY MID-COASTSIDE  
Staff Report

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**Subject / Title**

Review SAM Comprehensive Budget – FY2009-10

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**Staff Recommendation:**

Review SAM Comprehensive Budget – FY2009-10

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**Fiscal Impact:**

To Be Determined

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**Discussion/Report:**

Board will review the first draft of the proposed Fiscal Year 2009-2010 SAM budgets and provide direction to staff. The schedule for the FY2009-10 SAM Budget adoption is as follows:

- March 2009– SAM Board approves budgets for submission to SAM Member Agencies
- April 2009 – SAM Member Agencies review, provide comments, and adopt the SAM budgets by resolutions (one resolution for SAM Comprehensive Budget, and one resolution for SAM Collection Systems Maintenance and Operation Services)
- May 2009 – SAM Board Adopts both the SAM Comprehensive, and Collection Systems Maintenance and Operations Services Budgets by adoption of two separate SAM Resolutions

**Summary**

The FY2009-2010 draft SAM budget as presented represents a \$1,304,410 (29.3%) increase over last year's budget. The overall increase was primarily brought about by the Wet Weather Flow Management Program and Recycled Water capital projects but also by a combination of increases and decreases to all discretionary expenses. This budget represents no reduction in SAM services.

The IPS/Pump Station Capital budget has been included in this first draft. The future IPS/Pump Station Capital budget is presented for informational purposes again this year.

The draft budget can be found here:

<http://www.samcleanswater.org/financial/SAM-FY2009-10-Budget-Draft.pdf>

### **Budget Highlights**

The FY2009-10 Budget represents a \$1,304,410 (29.3%) increase over the FY2008-09 budget. There is a \$47,080 (1.2%) decrease in the Operating budgets and a \$1,351,490 (256%) increase in the Capital budgets. These increases can be explained as follows:

- \$1,540,000 - This increase in the capital budgets is driven primarily by the Wet Weather Flow Management Program project to construct wet weather storage facility near the Portola Pump Station. The cost of this project is \$1,190,000. An additional \$161,000 in Capital projects is for Recycled Water, Backup Main Breaker, and other projects.
- \$66,000 – Medical, Dental, and Vision benefits for all SAM employees in accordance with the Memorandum of Understanding with Local 39.
- \$60,000 - Salary and step increases for all SAM employees in accordance with the Memorandum of Understanding with Local 39.
- \$50,000 – A \$50,000 decrease in IPS/Pump Station maintenance coupled with a \$100,000 increase that will likely result from information obtained from the IPS force-main report, due the last quarter of FY2008-09.
- \$39,000 - An increase in property and liability insurance.
- \$12,000 – For the next installment of the plant maintenance software
- \$10,000 – An increase in audit fees, due to increased reporting and requirements (including GASB 45).
- \$10,000 – An increase in disinfection chemical costs.
- <\$10,000> - A decrease in instrumentation repair costs.
- <\$18,000> - A decrease in overtime costs.
- <\$20,000> - A decrease in plant equipment maintenance costs.
- <\$20,000> - A decrease in lab analysis costs.
- <\$22,000> - A decrease in technical, consulting, engineer, and professional fees.

### **Budget Format**

The agreement that formed SAM describes SAM as having two budgets, a General Budget (administrative, operating and maintenance expenses) and Project Budget(s). Over time, SAM has changed the names of the budgets. General budgets are now called Operating budgets; Project budgets are now called Capital budgets.

The Admin/Treatment Operating budget is funded through assessments of the three Member Agencies. Those assessments are based on the percentage of average flow. Those percentages are based on the twelve month average (March 2008 through February 2009) of Member Agencies flow in accordance with the Joint Powers Agreement dated February 3, 1976, ... “The total expenses of operation and maintenance of all the components of the present project shall be shared in a manner based on flow into the single consolidated treatment plant facility.....”

The Admin/Treatment Capital budget is funded based on ownership. Ownership has been defined as 50.5% City of Half Moon Bay, 29.5% Granada Sanitary District, and 20% Montara Water and Sanitary District.

SAM operates and maintains the Member Agency collection systems, pump, and lift stations through the Agreement for Maintenance and Operation Services between the Member Agencies. The Collection Operating and Capital budgets are funded through assessments of the three Member Agencies. In accordance with the Agreement, those assessments are based on both fixed costs and average employee hours. Fixed costs include only Member Agency-specific insurance costs at this time. The fixed costs are totaled and subtracted from the total Collection Operating budget. The difference between the fixed costs and the total Collection Operating budget is distributed among the Member Agencies based on the time spent in the agency collection sewer systems by SAM staff.

The IPS / Pump Station Capital budget is funded based on Wet Weather Flow Management Program Committee Member Agency ownership. That ownership is defined as 60% Granada Sanitary District and 40% Montara Water and Sanitary District. Currently there is only one project in this budget. Additionally, future IPS / Pump Station Capital budget considerations are presented for informational purposes.

The Non-Domestic Waste Source Control Program (NDWSCP) Operating budget is funded through fees collected from the Permittees enrolled in the NDWSCP. Because the NDWSCP is self-funded, there are no assessments or costs to the Member Agencies for this budget. The NDWSCP has an Operating budget, but does not have a Capital budget this fiscal year.

SAM staff, representatives of our accounting firm, Parsons Accounting, and a representative of SRT Consultants will be available at the workshop to provide the Board with additional information as requested.