

SEWER AUTHORITY MID-COASTSIDE

Staff Report

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**Subject / Title:**

Receive Update on Fourth Draft SAM FY2009-10 Budget

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**Staff Recommendation:**

None, this is an informational report.

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**Fiscal Impact:**

\$4,351,428. This represents a \$101,928 (2.3%) decrease over last year's budget.

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**Discussion/Report:**

**Summary**

The FY2009-2010 Fourth Draft SAM Budget represents a \$101,928 (2.3%) decrease over last year's budget. The decrease is brought about by a variety of decreases and increases including a \$149,000 increase for the Recycled Water capital project. This budget does not include the Wet Weather Flow management Program project, as it was approved separately. This budget represents no reduction in SAM services.

The draft budget can be found here:

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

**Budget Highlights**

The FY2009-10 Fourth Draft SAM Budget totals \$4,351,428. This represents a \$101,928 (2.3%) decrease over the FY2008-09 budget. There is a \$263,418 (6.7%) decrease in the Operating budgets and a \$161,490 (30.6%) increase in the Capital budgets. The overall changes in the budgets are highlighted below:

*Increases*

- \$161,490 - This increase in the capital budgets is driven primarily by \$149,600 for the Recycled Water project with the remaining increase for various capital expenditures including a Backup Main Breaker.
- \$65,000 – To allow for anticipated increases in Medical, Dental, and Vision benefits for all SAM employees in accordance with the Memorandum of Understanding with Local 39.
- \$60,000 – To allow for anticipated COLA increases in salary (all employees) and step increases (three 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.
- \$35,000 - An increase in property and liability insurance.
- \$17,000 – An increase in solid waste costs.
- \$12,000 – An increase for the next software installment - the plant maintenance module.
- \$10,000 – An increase in disinfection chemical costs.

*Decreases*

- <\$10,000> - A decrease in instrumentation repair costs.
- <\$12,000> - A decrease in Safety Equipment.
- <\$13,000> - A decrease in Skills Improvement.
- <\$18,000> - A decrease in Claims.
- <\$20,000> - A decrease in overtime costs.
- <\$20,000> - A decrease in plant equipment maintenance costs.
- <\$25,000> - A decrease in lab analysis costs.
- <\$25,000> - A decrease Maintenance Project Management.
- <\$31,000> - A decrease in Inspections.
- <\$38,000> - Decreases in Engineering Fees.
- <\$45,000> - Decreases in Permits, Licenses and Fees.
- <\$59,000> - Decreases in Other Professional Services.

**Changes to the Budget**

Since the SAM Board approved the SAM Budget for presentation to Member Agencies, SAM has received requests for modifications to the budget and the process. Below is a list of the changes to the Budget and the processes.

Budget document is broken down into these areas:

1. Administration
  - a. Operating
  - b. Capital

2. Treatment
  - a. Operating
  - b. Capital
3. Collections
  - a. Operating
  - b. Capital– there are no new capital expenditures proposed this year
4. Non-Domestic Waste Source Control Program (NDWSCP)
  - a. Operating
  - b. Capital– there are no new capital expenditures proposed this year
5. Appendix

Note: IPS/Pump Station operating costs are included in Treatment.

All Summary and Assessment pages were changed per the revised budget breakdown. For better comparisons, an actual expenditures column was added where appropriate. This column lists FY2007-08 revenue and expenditures.

Each projected and proposed amount has been reevaluated with respect to actual spending from current and previous years and revised (most often, reduced), where appropriate. Descriptions of these amounts are now included in justification sheets for each account.

Additional pages have been added to an Appendix:

- Budget schedule
- Budget assumptions and bases for changes has been included
- Draft Summary by Fund Type. This page will be completed in next year's (FY2010-2011) budget.
- A copy of SAM's reserve policy

The Capital requirement chart has had a note added to it explaining the change from last year to this year. A statement regarding risk has been added to each capital expenditure sheets. Risk evaluation will be enhanced, expanded, and made more quantitative in next year's (FY2010-2011) budget.

The budget document will be printed in black and white unless otherwise requested.

A mid-year review of the Budget will be conducted in January 2010.

SAM has contacted a financial consultant to advise on issues associated with SAM's budget. The consultant has provided a basic proposal. SAM staff will expand on the proposal and share with the Member Agency Managers for their input and comment before making a recommendation to the SAM Board later this year.

FY2009-10 capital assessment and expenditures will be specially tracked so that its information is not co-mingled with past capital assessments and expenditures.

The issue of reimbursement of interest on budget surplus will be presented to the SAM Board for their consideration.