

Fairfield-Suisun Sewer District



Budget and Long-Term Financial Plan

Fiscal Year 2024-25



1010 Chadbourne Road
Fairfield, CA 94534
FairfieldSuisunSewer.ca.gov



2024 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 (City of Fairfield)

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

TABLE OF CONTENTS

TRANSMITTAL LETTER.....	4
ABOUT THE DISTRICT	7
ABOUT THE BUDGET	9
BUDGET SUMMARY & ANALYSIS	12
BUDGET AND LONG-TERM FINANCIAL PLAN SCHEDULES	20
LONG-TERM FINANCIAL PLAN & RESERVES ANALYSIS	31
DEPARTMENTAL INFORMATION	36
POLICIES.....	39
DEBT SERVICE	40
PERFORMANCE DATA AND STATISTICAL INFORMATION.....	42
GLOSSARY	43
RESOLUTIONS	45

TRANSMITTAL LETTER

DATE: May 15, 2024

TO: Board of Directors

FROM: Talyon Sortor
General Manager

James Russell-Field
Director of Administrative Services

SUBJECT: FY 2024-25 Budget and Long-Term Financial Plan

SUMMARY

We are pleased to submit the Fiscal Year 2024-25 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 a cost-efficient, award-winning wastewater and stormwater utility that protects public health and the environment. For approximately \$1.63 per day, the District collects, conveys, treats, and safely disposes an average of 178 gallons of sewage per day from each residential customer in the community. The average influent flow to the District's wastewater treatment plant was 16.6 million gallons per day in 2023.

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 148,000. 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 unnecessary 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 continued work on key infrastructure projects including the Bioenergy Generation Project, Electrical Replacement Project Phase II, Digester No. 1 Structure Rehabilitation, the Major Maintenance Project, and worked to expedite the Kellogg Resiliency project to meet the State of California's timeline for project completion.

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 expenses 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.

ORGANIZATIONAL HIGHLIGHTS

- **CWEA Large Plant of the Year:** The District received the 2022-2023 Large Plant of the Year award from the California Water Environment Association (CWEA). The Large Plant of the Year award is given to one plant each year that treats more than 20 million gallons per day of wastewater. The plant must be well-managed and maintained, cost effective, in compliance with all regulations, and innovative.
- **NACWA Peak Performance Platinum Award:** The District received the National Association of Clean Water Agency's (NACWA) Peak Performance Platinum Award for the ninth year in a row, indicating 100 percent compliance with the District's National Pollutant Discharge Elimination System (NPDES) permit.
- **District Transparency Certificate of Excellence:** The District received the Transparency Certificate of Excellence through Special District Leadership Foundation, recognizing the District's commitment to best practices, transparency, and good governance.
- **Employer of Choice:** The District is seeing the results of continued investment in staff. In 2022, the District completed an updated Classification and Compensation study, and addressed market adjustments for salaries, shift differentials, and other benefits. As a result of proactive benefit management, the District only had one position turnover in FY 2023-24.
- **Staff Recognition:** District staff recognized by professional organizations included:
 - **Daniel Fortson, IT Manager**, received Taking "IT" Above and Beyond from the CWEA Redwood Empire Section.
 - **Joga Chizer, Lab Analyst**, received Laboratory Person of the Year from the CWEA Redwood Empire Section.

BUDGET HIGHLIGHTS

- **Revenues** for FY 2024-25 totals \$49.6 million for all funds. Increases in revenues are primarily attributed to rate revenue increase of 5 percent in accordance with the District's most recent Proposition 218 Notice, as well as continued growth in the cities of Fairfield and Suisun City which results in increased in Sewer Capacity Charge revenue.

- **Operating Expenses** for FY 2024-25 total \$34.1 million for all funds. Increases in operating expenses are primarily related to increases in electricity, permit, and insurance costs, as well as increases in full-time staff to continue to advance District goals and priorities.
- **Debt Service & Capital Requirements** for FY 2024-25 total \$30.3 million for all funds.
 - **Debt Service** expenses remain level at \$1.1 million per year, consisting of State Revolving Fund (SRF) Loan repayments for the Ultraviolet Disinfection and Blower Projects.
 - **Major Maintenance & Capital Improvement Program (CIP)** expenses for FY 2024-25 total \$23.5 million for all funds, including increases for routine repair and replacement of the treatment and collection system as well as significant CIP projects. District staff have diligently and thoughtfully identified necessary Major Maintenance and CIP projects, which totals \$195.2 million through FY 2034-35 in the long-term forecast.
 - **City Collection System Reserve Appropriations** for FY 2024-25 total \$5.8M, as requested by the cities of Fairfield and Suisun City for completing collection system repair and rehabilitation projects in their service areas.

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 \$23.5 million in needed Major Maintenance and CIP expenses in the FY 2024-25 Budget without the use of debt. However, analysis in the 10-year forecast shows that CIP expenses and needs will exceed assumptions from the 2022 Cost of Service and Rate Study. As a result, staff is exploring options for grants, loans, and bonds to fund significant and multi-generational CIP projects to avoid fluctuations in Sewer Service Charges. 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.

Talyon Sortor

Talyon Sortor, P.E.
General Manager

James Russell-Field

James Russell-Field, CPA
Director of Administrative Services

ABOUT THE DISTRICT

The Fairfield-Suisun Sewer District (District) is a special district which serves all territory within the cities of Fairfield and Suisun City. It was formed by an act of the California State Legislature on May 5, 1951 (the “enabling act”). The enabling act defined the District’s boundaries as the boundaries of the cities. Any territory annexed to either city is also annexed to the District, and in general, no property can be served by the District if it is not in either city.

In September of 2002, the District amended its enabling act language, under AB776, to authorize the acceptance of sewage emanating from buildings that lie outside the District’s boundaries for developed parcels that were connected to the District’s sewage treatment system before March 1, 2002. The District’s change in enabling act language also allows for a contract with Solano County, or other public entities, for the disposal of sewage emanating from buildings outside the District’s service area, if the District determines that the contract furthers the protection of public health and safety and is in the best interest of the District.

In April 2019, the District amended its enabling act language, under AB530, to authorize the acceptance and disposal of sewage emanating from any building within the Middle Green Valley Specific Plan area, upon request of the landowner. Middle Green Valley is an unincorporated area in Solano County north of the City of Fairfield and outside the city’s sphere of influence. Solano County has adopted a Specific Plan for the Middle Green Valley, which calls for development of about 400 homes and associated commercial and public facilities.

The District has broad powers to finance, construct, and operate systems for the treatment, collection and disposal of sewage, stormwater, and recycled water systems within the District’s jurisdiction. Its ten-member Board of Directors consists of the members of the city councils of the two cities. The Board president is elected by the Board from among its members. The District’s day-to-day operations are managed by the General Manager, who reports directly to the Board of Directors.



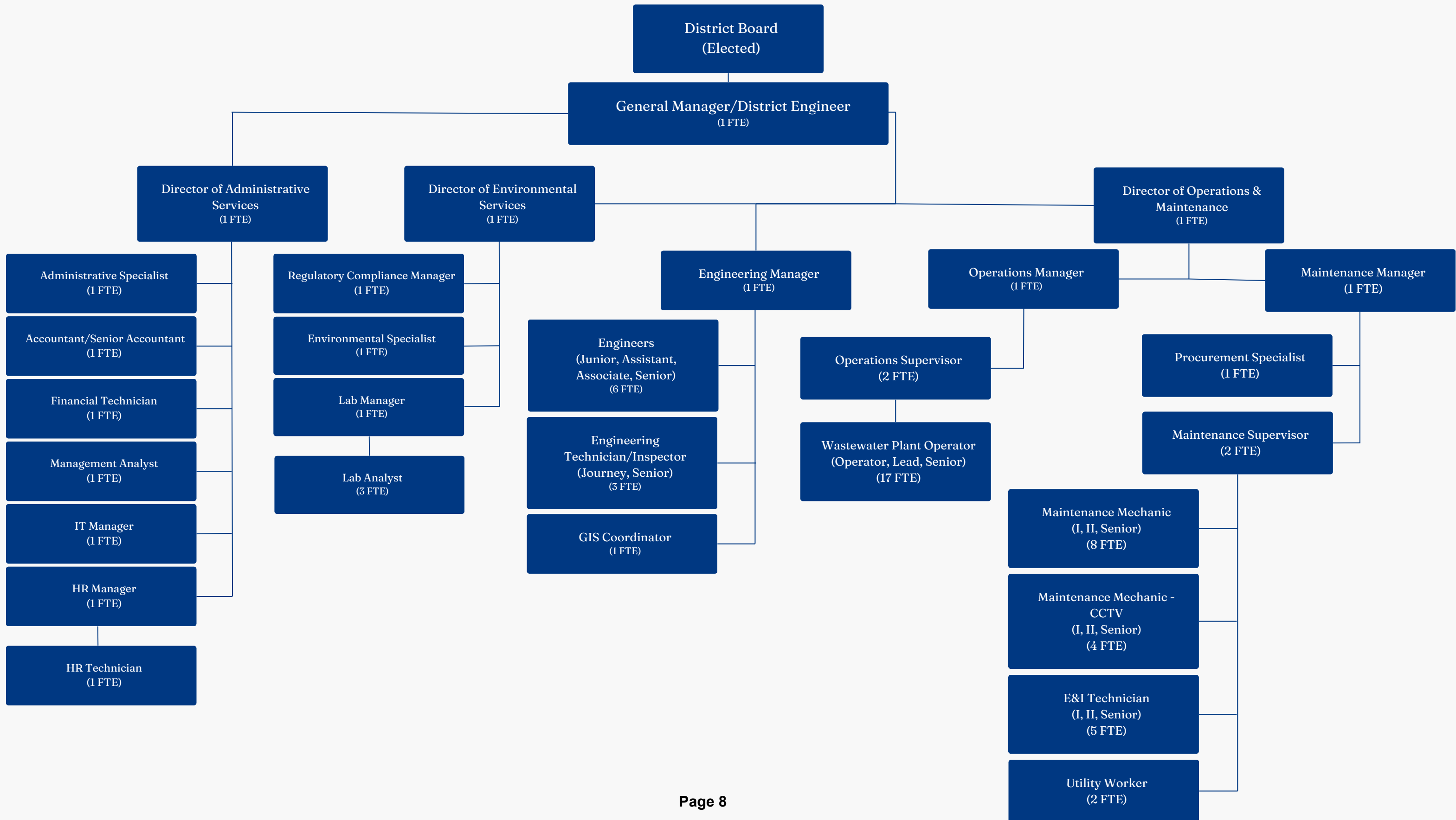
Photo taken by Andrea Solís, FSSD Community Outreach intern, and winner of the CWEA 2022-2023 photo contest.



FAIRFIELD-SUISUN SEWER DISTRICT

ORGANIZATIONAL CHART

EFFECTIVE JULY 1, 2024



ABOUT THE BUDGET

BUDGET PROCESS

January	<ul style="list-style-type: none"> • Preparation of personnel budget • Review of mid-year actuals
February	<ul style="list-style-type: none"> • Budget kickoff with Managers/Supervisors • Operating Budget meetings
March	<ul style="list-style-type: none"> • Major Maintenance and Capital Improvement Program meetings
April	<ul style="list-style-type: none"> • Draft Budget prepared and reviewed
May	<ul style="list-style-type: none"> • Final Budget presented to the Board of Directors and public
July 1st	<ul style="list-style-type: none"> • Effective date of budget
July to June	<ul style="list-style-type: none"> • Budget monitoring through monthly budget reports • Budget amendments approved as needed.

BASIS OF BUDGETING

The District’s budget is presented on a Cash basis method where revenues and expenses are projected based on when cash is received or disbursed. This differs from the Accrual basis of accounting used for the Annual Comprehensive Financial Report (ACFR), where revenues are recognized when services have been rendered or expenses have been incurred. Preparing the budget on a Cash basis presents a better estimate of reserve balances.

Significant differences between Cash basis and Accrual basis include:

Transaction	Cash Basis (Budget)	Accrual Basis (ACFR)
Principal Payments on Debt	Budgeted as an expense	Reduction of a Liability
Capital Expenditures	Budgeted as an expense	Increase of an Asset
Depreciation	Not budgeted	Expensed

FINANCIAL OVERVIEW AND FUND STRUCTURE

The District maintains six funds. The All Fund Budget Summary presents the total revenues and expenses of all funds combined as a consolidated reporting entity, which excludes interfund transfers. The Long-Term Financial Forecast schedules provide detail on the funds individually.

- The Wastewater 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 balance 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. The Solano Stormwater Alliance funds programmatic regulatory compliance efforts to meet the requirements of a regional stormwater permit.

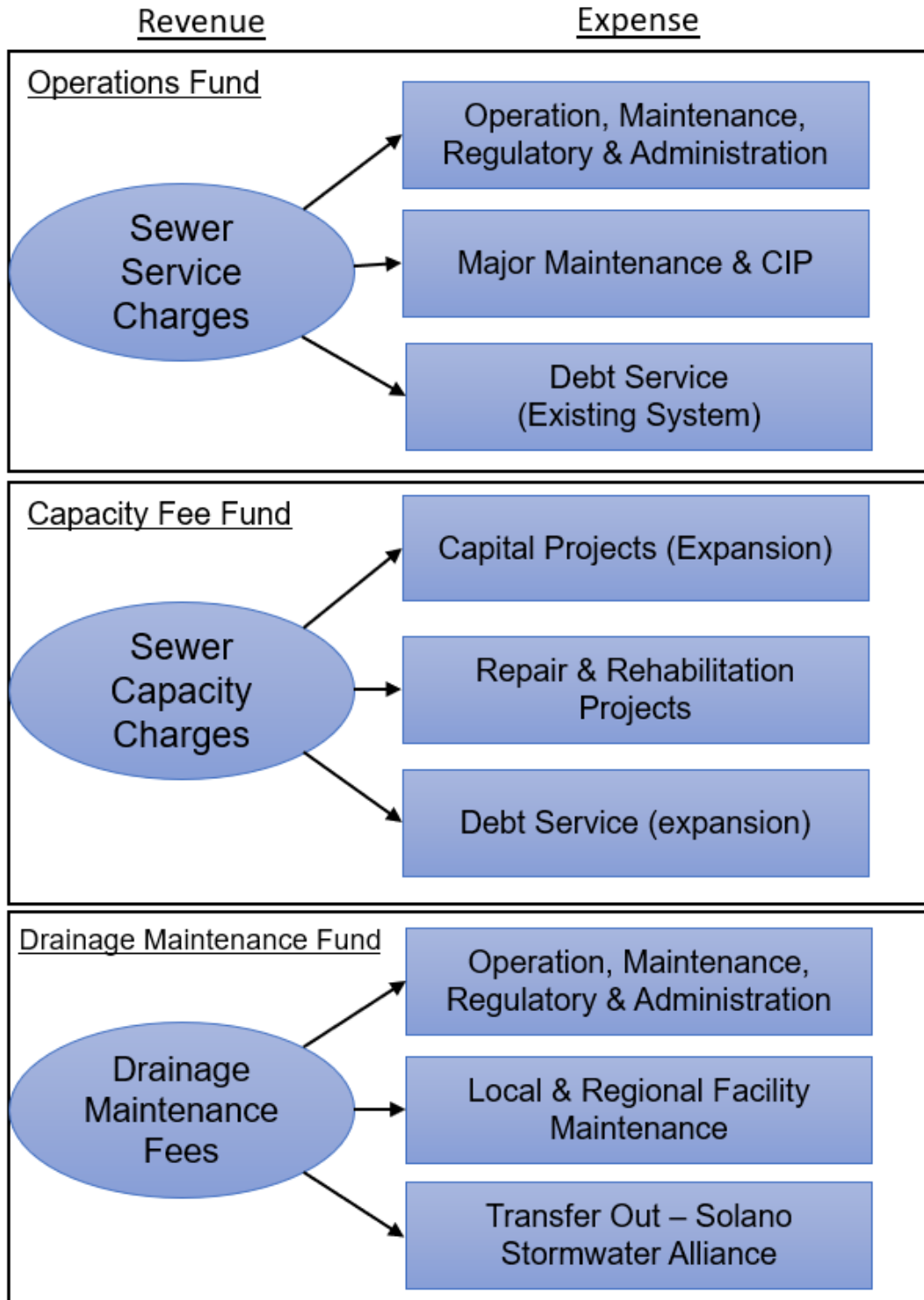
Figure 1 on the following page shows the relationship between the District's significant funds and their key revenues and expenses.

COST ALLOCATION

District staff use timesheet allocations to direct charge their time to departments and programs. Engineering staff allocate time to individual CIP projects for cost tracking.

Between funds, 15 percent of Information Technology and Safety expenses are allocated from the Operations Fund to Sewer Capacity Charge Funds to show support for the staff time charged to Sewer Capacity Charge programs. Other cost allocations are used between the Operations Fund and Sewer Capacity Charge Funds for cost-share on CIP projects.

Figure 1



BUDGET SUMMARY & ANALYSIS

PROPOSED FY 2024-25 BUDGET SUMMARY

Figures 2 and 3 provide a visual summary of FY 2024-25 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 \$49.6 million in Figure 2 and expenses of \$64.4 million in Figure 3 indicates the drawdown of reserves.

Figure 2

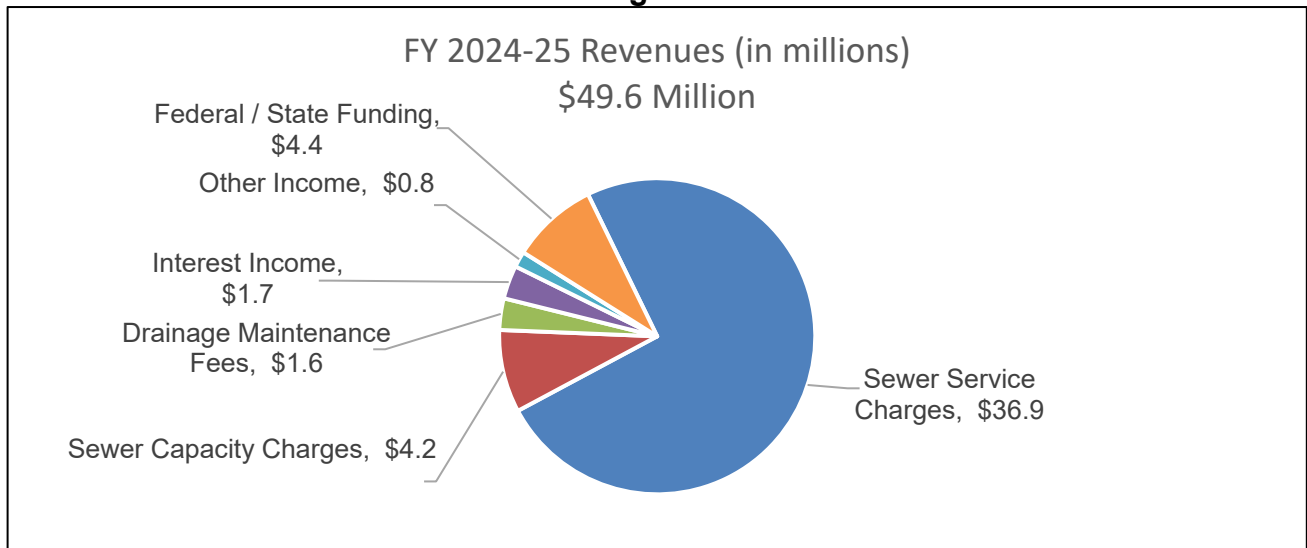
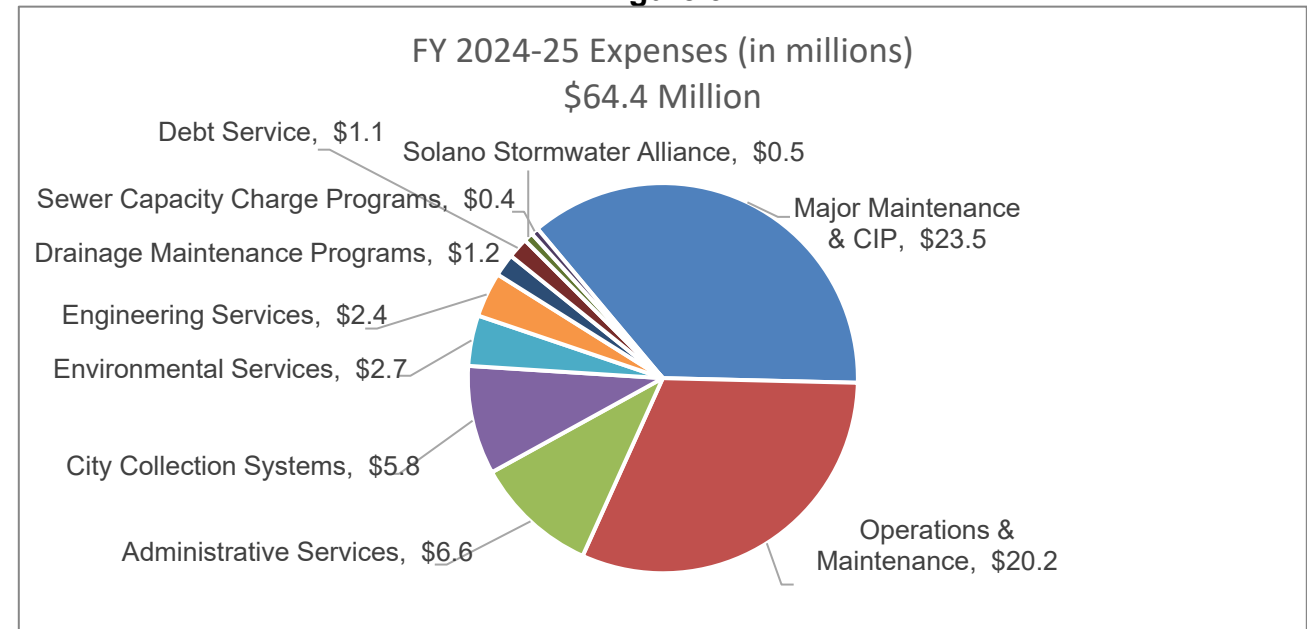


Figure 3



Revenues

	FY 2022-23	FY 2023-24	FY 2024-25
	Actual	Projected	Budget
Sewer Service Charges	31,463	35,121	36,877
Sewer Capacity Charges	2,906	4,018	4,195
Drainage Maintenance Fees	1,682	1,631	1,632
Interest Income	882	1,271	1,745
Other Income	1,017	769	714
Federal / State Funding	-	645	4,359
Revenue - Other Agencies (Alliance)	98	307	85
Total Revenues	38,049	43,762	49,606

(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 2024-25 Budget reflects an increase in rates of 5 percent for all customer classes. Residential customers will see an increase of \$2.36 per month in FY 2024-25 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 0.6 percent in FY 2024-25. Customer growth rates are estimated based on projected development provided from Fairfield and Suisun City as well as average utility accounts billed by the cities each month.

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 2024 and April 2023 is projected at 3.0 percent. As a result, on July 1, the Sewer Capacity Charge fee is estimated to be adjusted from \$6,979 to \$7,188.

Sewer Capacity Charge revenue is budgeted at \$4.2 million in FY 2024-25. Based on the cities' development forecasts, approximately 480 residential units and 87 commercial equivalent dwelling units are estimated to connect to the sewer system in FY 2024-25.

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 2024-25 and is budgeted at \$1.6 million.

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 \$1.7 million for FY 2024-25, a \$0.4 million increase compared to the projected actual for FY 2023-24. The increase is primarily related to the Federal Reserve rate increases. The Federal Reserve has increased the federal funds target range eleven times since March 22, 2022, moving the target range from 0.25 percent to 5.25 percent. As US Treasuries held by the District have matured, they are re-invested into US Treasuries earning higher yields. The District has also started utilizing the CAMP Pool within CAMP for daily liquidity needs, which provides a slightly higher yield than LAIF due to the Pool's shorter duration.

Federal / State Funding

The District pursues outside funding when available. Federal and State Funding is budgeted at \$4.4 million for FY 2024-25. The District was awarded \$8.6 million from the State of California for the Kellogg Resiliency Project, and an agreement was signed in November 2023 to receive the funding on a reimbursement basis through the California State Water Board. Staff is projecting to draw down \$3.6 million of the total award for the Kellogg Resiliency Project in FY 2024-25.

The District was awarded a \$300,000 grant sub-award from the Environmental Protection Agency Water Quality Improvement Fund (EPA WQIF) in FY 2023-24 for the Community Treatment Wetland conceptual plan development. The District is also anticipating receiving an EPA WQIF grant totaling \$4.0 million, which will provide the District \$2.0 million to help fund a pilot nutrient removal freshwater wetland for the District. The District is estimating Federal revenue of \$750,000 in FY 2024-25 to offset expenses for the Community Treatment Wetland conceptual plan and Freshwater Wetland CIP projects.

Other Income and Revenue from Other Agencies

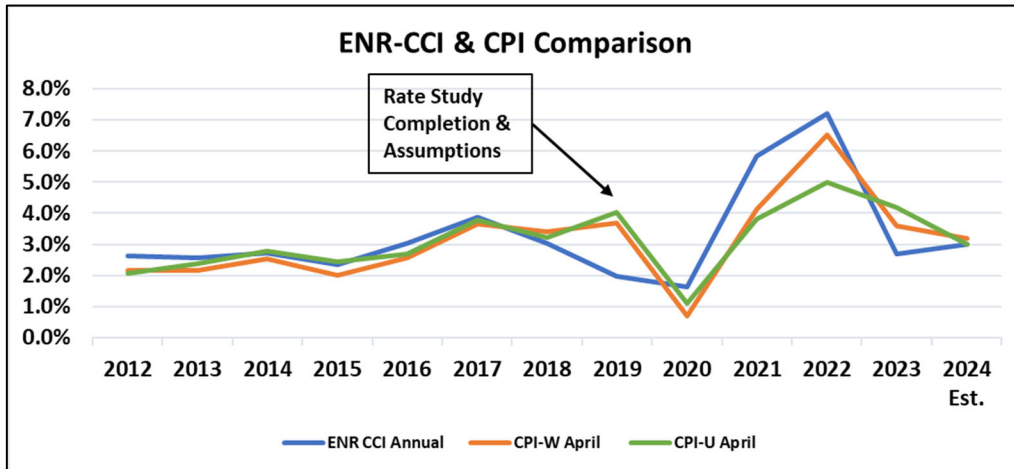
The District receives a combination of miscellaneous and/or nonrecurring revenues such as cell tower and other property leases, as well as insurance dividends. Other income includes revenue related to the District’s share in Lystek biosolids processing, which offsets the District’s biosolids processing costs. Revenue from Other Agencies represents the contributions from the City of Vallejo and 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. Although CPI escalation appears to be cooling, the significant CPI spikes in 2021 and 2022 have strained certain operating expenses.

FIGURE 4



The table on the following page shows Rate Study assumptions for increases in key expenses, compared to the actual increase and dollar impact on the FY 2022-23 Actual, FY 2023-24 Projected Actual and FY 2024-25 Budget. Overall, actual experience with electricity, chemicals, and insurance increases have resulted in operating expenses being about \$1.5 million higher than anticipated in the Rate Study, on average.

	2022 Rate Study Assumption	FY 2022-23 % Increase	FY 2023-24 % Increase	FY 2024-25 % Increase
Electricity	4%	36%	1%	5%
Chemicals	4%	11%	13%	16%
Insurance	3%	35%	12%	18%
		FY 2022-23 Actual Impact	FY 2023-24 Actual Impact	FY 2024-25 Budget Impact
		\$811,417	\$726,226	\$784,468
<i>Actual/Budget impact are costs above the cost assumed be the 2022 Rate Study</i>		103,695	162,583	249,587
		482,727	561,875	705,118
		\$1,397,839	\$1,450,684	\$1,739,173

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 have 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 2022-23 Actual	FY 2023-24 Projected	FY 2024-25 Budget
Operations & Maintenance	16,967	17,466	20,221
Administrative Services	4,741	6,357	6,585
Environmental Services	2,112	2,312	2,745
Engineering Services	1,910	2,071	2,387
Sewer Capacity Charge Programs	527	391	446
Drainage Maintenance Programs	1,239	1,175	1,148
Solano Stormwater Alliance	143	390	529
Debt Service	1,070	1,070	1,070
Major Maintenance & CIP	11,473	18,478	23,487
City of Fairfield Collection System	500	300	4,490
City of Suisun City Collection System	685	1,270	1,270
Total Expenses	\$41,367	\$51,280	\$64,378

(In Thousands)

Key changes in significant operating expenses are as follows:

- Operations and Maintenance (O&M) expenses include treatment plant O&M, energy and chemicals, District sewer line maintenance, and City sewer line maintenance. Total O&M expenses are budgeted at \$20.2 million for FY 2024-25, an increase of \$2.7 million compared to the FY 2023-24 projected actual.

- Approximately 70 percent of District staff allocate time to O&M, which means the variance between the FY 2023-24 projected actuals and FY 2024-25 budget is impacted by staff time allocations and vacancies that can occur throughout the year. The FY 2024-25 O&M budget is anticipated to increase \$0.6 million to account for three new full-time equivalents consisting of a Director of O&M, Maintenance Mechanic, and Utility Worker.
- Included in O&M expenses, City sewer line maintenance is budgeted at \$3.4 million for FY 2024-25, an increase of \$0.6 million compared to the projected actual of \$2.8 million for FY 2023-24. 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 length in feet of sewers and is projected to increase 4.0 percent in FY 2024-25. Approximately \$0.2 million in District staff time is allocated for Closed Caption Television (CCTV) assistance with Suisun City sewer lines.
- Included in O&M expenses, Energy and Chemicals are expected to increase \$0.3 million in FY 2024-25. The District has seen significant increases in electricity over the last few fiscal years, primarily due to a cogen engine and wind turbines being out of service during the Bioenergy Generation Project, and a delay in a PG&E interconnect agreement. The Bioenergy Generation Project is estimated to be completed in FY 2025-26, which will reduce the District's electricity usage and cost.
- Administrative Services expenses include costs related to finance, human resources, utility billing, insurance, legal expenses, and Board members fees. Administrative Services expenses are budgeted at \$6.6 million for FY 2024-25, an increase of \$0.2 million compared to the projected actual for FY 2023-24. The increase is primarily due to a \$0.2 million increase in insurance premiums, specifically for Property and Pooled Liability premiums.
- Environmental Services expenses include regulatory costs related to the District's NPDES permit, pretreatment program, laboratory, and community outreach programs. Environmental Services expenses are budgeted at \$2.7 million in FY 2024-25, an increase of \$0.4 million compared to the projected actual for FY 2023-24. The increase is primarily due to an increase of \$0.1 million in TNI testing requirements for California-certified laboratories and permit requirements, and \$0.2 million in salaries and benefits for the addition of an Environmental Specialist.

Operating Expenses – Salaries and Benefits

Salaries and benefits are allocated across the programs in the table on page 16 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 4 percent based on the anticipated April 2024 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. Healthcare premiums for the Kaiser family plan increased 11 percent in 2024 and are anticipated to increase at least 5 percent in 2025. 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 2024-25 budget includes an ADC of \$195,000.

The District continues to monitor and proactively address pension liabilities. CalPERS actuarial reports set the required payroll and unfunded accrued liability (UAL) payments for the fiscal year after the reports are received by public agencies. For example, the FY 2023-24 contributions were based on CalPERS June 30, 2021 actuarial report received in September 2022. Due to the District’s prior additional payments to CalPERS coupled with CalPERS’ 21.3 percent rate of return for the fiscal year ending June 30, 2021, the District’s required UAL payments for FY 2023-24 were \$0.

CalPERS’ experienced a -6.1 percent investment loss for the fiscal year ending June 30, 2022. As a result, the District’s June 30, 2022 actuarial report reflected a UAL of \$5.7 million, which is required to be repaid by the District over a 20-year period at approximately \$640,000 per year starting FY 2024-25.

The District strategically carried over \$1.0 million in one-time salary and benefit savings from the FY 2022-23 budget to the FY 2023-24 budget. Utilizing the carryover and additional FY 2023-24 one-time budget savings, the District will be able to make a \$1.5 million additional discretionary payment (ADP) to CalPERS by the end FY 2023-24. As a result, the 20-year UAL payments will decrease to \$415,000, and the District’s ratepayers will save \$3.4 million (\$1.9 million net of the ADP) that would have otherwise been paid to CalPERS in principal and interest, as shown in Figure 5. CalPERS liabilities are ongoing and require active management by District staff to keep costs to a prudent and manageable level.

Figure 5

UAL and Interest Savings				Total UAL Payments to CalPERS		
		Default Option	ADP Option	Years	Default Option	ADP Option
A	Principal (UAL)	5,695,773	5,695,773	1 - 5	2,063,538	2,060,637
(C - A) = B	Interest Cost	5,962,749	2,546,773	6 - 10	3,198,328	2,060,637
	Total	11,658,522	8,242,546	11 - 15	3,198,328	2,060,637
				16 - 20	3,198,328	2,060,637
	Interest Savings on ADP		3,415,976	C	11,658,522	8,242,546
	<i>Default Interest Cost - ADP Option Interest Cost</i>					

Major Maintenance and Capital Improvement Program

Major Maintenance and CIP expenses are budgeted at \$23.5 million in FY 2024-25 and include both routine maintenance as well as major repairs, upgrades, and replacements. The increase in the budget compared to the FY 2022-23 actual and FY 2023-24 projected actual is the result of a planned drawdown of reserves to reinvest in aging infrastructure. Major Maintenance and CIP 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 2024-25 Budget are as follows:

Project Name	FY 2024-25 Budget	Sewer Service Funded %	Capacity Charge Funded %	State Funding %
Bioenergy Generation Project	4,000	75%	25%	-
Electrical Replacement Project Phase II	4,000	75%	25%	-
Kellogg Resiliency	3,609	-	-	100%
FSSD Collection System Repair & Rehab.	2,950	100%	-	-
Suisun Force Main Rehabilitation	2,000	100%	-	-

(In Thousands)

Several of the District’s Major Maintenance and CIP projects are to 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, reducing power imported from PG&E and allowing 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. 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 2024-25, the cities of Fairfield and Suisun City have requested appropriations of \$4.5 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 Ultraviolet 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.

BUDGET AND LONG-TERM FINANCIAL PLAN SCHEDULES

FY 2024-25 All Fund Budget Summary Excludes Interfund Transfers (Dollars in 000s)

	FY 2022-23 Actual	FY 2023-24 Revised Budget	FY 2023-24 Proj. Actual	FY 2024-25 Budget
REVENUES				
Sewer Service Charges	\$31,463	\$34,146	\$35,121	\$36,877
Sewer Capacity Charges	2,906	3,583	4,018	4,195
Drainage Maintenance Fees	1,682	1,696	1,631	1,632
Interest Income	882	2,059	1,271	1,745
Other Income	1,017	700	769	714
Federal & State Grants	-	5,785	645	4,359
Loans & Bonds	-	800	-	-
Revenue from Other Agencies (Alliance)	98	307	307	85
Total Revenues	38,049	49,076	43,762	49,606
OPERATING EXPENSES				
Operations Fund				
Operations & Maintenance	(16,967)	(19,220)	(17,466)	(20,221)
Administrative Services	(4,741)	(6,811)	(6,357)	(6,585)
Environmental Services	(2,112)	(2,523)	(2,312)	(2,745)
Engineering Services	(1,910)	(2,112)	(2,071)	(2,387)
Sewer Capacity Charge Funds				
Project Administration / Planning	(378)	(235)	(149)	(159)
New Development Review & Inspection	(137)	(342)	(127)	(192)
Flow Monitoring	(12)	(115)	(115)	(95)
Drainage Maintenance				
Local Facility Maintenance	(959)	(959)	(959)	(959)
Regional Facility Maintenance	(148)	(168)	(89)	(148)
Drainage Maintenance Administration	(72)	(145)	(67)	(41)
Solano Stormwater Alliance				
Solano Stormwater Alliance	(143)	(698)	(390)	(529)
Total Operating Expenses	(27,579)	(33,328)	(30,101)	(34,060)
DEBT SERVICE & CAPITAL REQUIREMENTS				
Debt Service	(1,070)	(1,070)	(1,070)	(1,070)
Major Maintenance & Capital Improvement Program				
Operations Fund	(8,713)	(22,497)	(15,268)	(19,378)
Sewer Capacity Charge Funds	(2,271)	(2,515)	(2,500)	(275)
Drainage Maintenance	(489)	(5,528)	(770)	(3,834)
City Collection System Reserve Appropriations				
City of Fairfield	(500)	(300)	(300)	(4,490)
City of Suisun City	(685)	(1,270)	(1,270)	(1,270)
Total Debt Service & Capital Requirements	(13,728)	(33,180)	(21,178)	(30,317)
Net Increase (Decrease) in Total Reserves	(\$3,258)	(\$17,432)	(\$7,517)	(\$14,771)

FY 2024-25 Change in Reserves
(Dollars in 000s)

	Beginning Balance	Revenues / Transfers In	Expenses / Transfers Out	Ending Balance	Net Change
Operations Fund Reserves					
Operating	\$7,416	\$38,563	(\$37,995)	\$7,984	\$568
Debt Service	1,070	-	-	1,070	-
Major Maintenance & Capital Improvement Program	20,419	4,220	(19,378)	5,261	(15,158)
Total Operations Fund	28,905	42,783	(57,373)	14,316	(14,590)
Sewer Capacity Charge Fund Reserves	14,342	4,800	(2,804)	16,338	1,996
Drainage Maintenance Fund Reserves					
Operating	500	1,718	(1,718)	500	-
Desilting	486	30	-	516	30
Major Maintenance	1,426	4,012	(3,834)	1,604	178
Total Drainage Maintenance Fund	2,412	5,760	(5,552)	2,620	208
Solano Stormwater Alliance Fund Reserve	469	238	(529)	179	(290)
City Collection System Reserve Funds					
City of Fairfield Collection System R&R	2,927	1,839	(4,490)	276	(2,651)
City of Suisun City R&R	1,629	1,826	(1,270)	2,186	556
Total City Collection System Reserve Funds	4,556	3,666	(5,760)	2,462	(2,094)
Total Increase (Decrease) in Reserves	\$50,685	\$57,247	(\$72,018)	\$35,914	(\$14,771)

Schedule 1 – Wastewater Operations Fund – Operating Expense Forecast
(Dollars in 000s)

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Forecast Assumption
	Actual	Projected	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
REVENUES													
Sewer Service Charges	\$31,463	\$35,121	\$36,877	\$38,610	\$40,464	\$43,822	\$47,459	\$51,399	\$55,665	\$60,285	\$63,781	\$67,481	Rate / Growth
Interest Income - F1	601	800	987	573	534	486	491	462	505	556	784	959	Interest
Biosolids Host & Facility Charge	517	502	502	517	533	549	565	582	599	617	636	655	CPI
Other Income	498	255	197	203	209	216	222	229	235	243	250	257	CPI
Total Revenues	33,078	36,678	38,563	39,903	41,740	45,073	48,737	52,671	57,004	61,701	65,451	69,352	
EXPENSES													
Operations & Maintenance													
Operations & Maintenance	(9,951)	(10,448)	(12,472)	(12,846)	(13,232)	(13,628)	(14,037)	(14,458)	(14,892)	(15,339)	(15,799)	(16,273)	CPI
Energy & Chemicals	(3,507)	(3,584)	(3,837)	(4,029)	(3,231)	(3,392)	(3,562)	(3,740)	(3,927)	(4,123)	(4,329)	(4,546)	E & C
District Sewer Line Maintenance	(836)	(605)	(560)	(577)	(594)	(612)	(631)	(649)	(669)	(689)	(710)	(731)	CPI
City Sewer Line Maintenance	(2,673)	(2,829)	(3,351)	(3,452)	(3,556)	(3,662)	(3,772)	(3,885)	(4,002)	(4,122)	(4,245)	(4,373)	CPI
Administrative Services													
Administration, Legal, Board	(2,970)	(4,384)	(4,342)	(3,973)	(4,092)	(4,215)	(4,341)	(4,471)	(4,606)	(4,744)	(4,886)	(5,033)	CPI
Finance & Human Resources	(1,033)	(1,201)	(1,436)	(1,479)	(1,523)	(1,569)	(1,616)	(1,664)	(1,714)	(1,766)	(1,819)	(1,873)	CPI
Utility Billing Fees - Fairfield	(579)	(609)	(637)	(656)	(676)	(696)	(717)	(739)	(761)	(784)	(807)	(831)	CPI
Utility Billing Fees - Suisun City	(159)	(163)	(170)	(175)	(180)	(185)	(191)	(197)	(203)	(209)	(215)	(221)	CPI
Environmental Services													
Regulatory Programs	(1,305)	(1,504)	(1,644)	(1,694)	(1,744)	(1,797)	(1,851)	(1,906)	(1,963)	(2,022)	(2,083)	(2,145)	CPI
Laboratory	(807)	(808)	(1,101)	(1,134)	(1,168)	(1,203)	(1,239)	(1,276)	(1,314)	(1,354)	(1,394)	(1,436)	CPI
Engineering Services													
Engineering	(1,910)	(2,071)	(2,387)	(2,458)	(2,532)	(2,608)	(2,686)	(2,767)	(2,850)	(2,936)	(3,024)	(3,114)	CPI
Total Expenses	(25,729)	(28,206)	(31,938)	(32,473)	(32,527)	(33,568)	(34,643)	(35,753)	(36,901)	(38,086)	(39,311)	(40,577)	
Net Revenue before Debt & Transfers	7,349	8,472	6,625	7,431	9,213	11,505	14,095	16,918	20,104	23,615	26,140	28,775	
DEBT SERVICE AND TRANSFERS OUT													
Debt Service Payments - SRF	(987)	(987)	(987)	(987)	(987)	(987)	(987)	(987)	(987)	(250)	(250)	(250)	Debt Schedule
Debt Service Payments - Loans / Bonds	-	-	-	-	-	(2,000)	(2,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	Estimate
Net Increase (Decrease) in Net Position	6,362	7,485	5,639	6,444	8,226	8,518	11,108	12,931	16,117	20,365	22,890	25,525	
TRANSFERS TO DISTRICT-HELD RESERVES													
Carryover - CalPERS Pension Liabilities	(1,000)	-	-	-	-	-	-	-	-	-	-	-	
Transfer-Fairfield Collection System Reserve	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	Master Plan
Transfer-Suisun City Collection System Reserve	(1,770)	(1,770)	(1,770)	(1,770)	(1,770)	(1,770)	(1,770)	(1,770)	(1,770)	(1,770)	(1,770)	(1,770)	Master Plan
Transfer to Debt Service Reserve	-	-	-	-	-	(2,000)	-	(1,000)	-	737	-	-	
Transfer to Operating Reserve	(991)	(758)	(568)	(134)	(14)	(260)	(269)	(278)	(287)	(296)	(306)	(316)	
Transfer to Major Maintenance & CIP Reserve	(771)	(3,127)	(1,470)	(2,710)	(4,612)	(2,658)	(7,239)	(8,053)	(12,230)	(17,205)	(18,984)	(21,608)	
Excess Net Position	-	-	-	-	-	-	-	-	-	-	-	-	
Operations Fund - Operating & Debt Service Reserves													
<i>Target Operating Reserve</i>	6,658	7,416	7,984	8,118	8,132	8,392	8,661	8,938	9,225	9,522	9,828	10,144	
Budgeted Operating Reserve, Beginning	5,667	6,658	7,416	7,984	8,118	8,132	8,392	8,661	8,938	9,225	9,522	9,828	
Transfer to/(from) Operating Reserve	991	758	568	134	14	260	269	278	287	296	306	316	
Budgeted Operating Reserve, Ending	6,658	7,416	7,984	8,118	8,132	8,392	8,661	8,938	9,225	9,522	9,828	10,144	
<i>Operating reserve Target Met?</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
<i>Target Debt Service Reserve</i>	1,070	1,070	1,070	1,070	1,070	3,070	3,070	4,070	4,070	3,333	3,333	3,333	
Debt Service Reserve, Beginning	1,070	1,070	1,070	1,070	1,070	1,070	3,070	3,070	4,070	4,070	3,333	3,333	
Transfer to/(from) Debt Service Reserve	-	-	-	-	-	2,000	-	1,000	-	(737)	-	-	
Debt Service Reserve, Ending	\$1,070	\$1,070	\$1,070	\$1,070	\$1,070	\$3,070	\$3,070	\$4,070	\$4,070	\$3,333	\$3,333	\$3,333	

Schedule 2 – Wastewater Operations Fund - Major Maintenance & Capital Improvement Program Forecast
(Dollars in 000s)

Sewer Service Charge Funded %	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FORECAST TOTAL
	Actual	Projected	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
FUNDING SOURCES													
Federal & State Grants	\$0	\$100	\$750	\$500	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,250
Loans & Bonds	-	-	-	10,000	20,350	8,000	8,000	-	-	-	-	-	46,350
Inflation Reduction Act Credits for Bioenergy Generation Project	-	-	-	-	3,849	-	-	-	-	-	-	-	3,849
Transfers In - Sewer Capacity Charges Cost Share	741	1,615	2,000	1,238	150	-	-	-	-	-	-	-	3,388
Transfers In - Sewer Capacity Charges Repair & Rehab Projects	-	-	-	12,000	7,500	3,500	2,000	1,500	-	-	-	-	26,500
Use of Reserves	7,972	13,553	16,628	3,811	5,816	4,808	4,384	7,886	10,813	9,184	13,459	16,390	93,179
Total Financing Sources	8,713	15,268	19,378	27,548	38,665	16,308	14,384	9,386	10,813	9,184	13,459	16,390	175,515
MAJOR MAINTENANCE & CAPITAL IMPROVEMENT PROGRAM													
Suisun Force Main Rehabilitation	(268)	(799)	(2,000)	(10,000)	(19,000)	-	-	-	-	-	-	-	(31,000)
Collection System Rehabilitation Project	-	(460)	(2,950)	(2,106)	(4,912)	(4,168)	(2,235)	(3,805)	(3,377)	(1,952)	(2,030)	(2,111)	(29,646)
#9 - Community Treatment Wetland	-	(25)	(250)	-	-	-	-	-	-	-	-	-	(250)
A/B Train Aeration Basin Anoxic Zones - Phase 1	-	(247)	(1,200)	(3,600)	(6,500)	-	-	-	-	-	-	-	(11,300)
A/B Train Aeration Basin Anoxic Zones - Phase 2	-	-	-	-	-	-	-	-	-	-	(750)	(7,500)	(8,250)
Electrical Replacement Project - 12kV Distribution	-	-	-	-	(500)	(5,000)	(5,000)	-	-	-	-	-	(10,500)
Electrical Replacement Project - Phase II	(398)	(1,518)	(4,000)	(3,000)	(500)	-	-	-	-	-	-	-	(7,500)
Electrical Replacement Project - Phase III	-	-	-	-	(350)	(2,500)	(3,000)	-	-	-	-	-	(5,850)
Bioenergy Generation Project	(2,389)	(4,942)	(4,000)	(1,500)	-	-	-	-	-	-	-	-	(5,500)
Roof Rehabilitation	-	-	(400)	(1,000)	(1,000)	-	-	-	-	-	-	-	(2,400)
#7 - Freshwater Wetlands	-	(75)	(500)	(500)	(1,000)	-	-	-	-	-	-	-	(2,000)
Pavement Rehabilitation	-	-	(300)	-	-	(300)	-	-	(500)	-	-	(500)	(1,600)
Recycled Water Master Plan	-	-	-	-	(200)	-	-	-	-	-	-	-	(200)
Cathodic Protection Rehabilitation	-	-	(50)	(150)	(50)	(150)	(60)	(150)	(60)	(150)	(60)	(150)	(1,030)
Major Maintenance Project FY 2021-22	(271)	(3,032)	-	-	-	-	-	-	-	-	-	-	-
HVAC Upgrades	(1,792)	-	-	-	-	-	-	-	-	-	-	-	-
Other CIP	(1,571)	(2,038)	(1,390)	(2,268)	(2,410)	(2,630)	(3,170)	(4,350)	(5,650)	(6,150)	(9,150)	(5,400)	(42,568)
Major Maintenance - Treatment and Conveyance	(1,610)	(1,762)	(2,048)	(2,849)	(1,933)	(1,368)	(779)	(981)	(1,026)	(832)	(1,369)	(629)	(13,814)
Major Maintenance - Vehicles and Equipment	(415)	(370)	(290)	(575)	(310)	(192)	(140)	(100)	(200)	(100)	(100)	(100)	(2,107)
Total Major Maintenance & Capital Improvement Program	(8,713)	(15,268)	(19,378)	(27,548)	(38,665)	(16,308)	(14,384)	(9,386)	(10,813)	(9,184)	(13,459)	(16,390)	(175,515)
Operations Fund - Major Maintenance & CIP Reserve													
Major Maintenance & CIP Reserve, Beginning	38,046	30,845	20,419	5,261	4,161	2,957	807	3,662	3,830	5,247	13,268	18,793	
Transfer from Operations Fund to Reserve	771	3,127	1,470	2,710	4,612	2,658	7,239	8,053	12,230	17,205	18,984	21,608	
Use of Reserves	(7,972)	(13,553)	(16,628)	(3,811)	(5,816)	(4,808)	(4,384)	(7,886)	(10,813)	(9,184)	(13,459)	(16,390)	
Major Maint. & CIP Reserve, Ending	30,845	20,419	5,261	4,161	2,957	807	3,662	3,830	5,247	13,268	18,793	24,011	
Sewer Capacity Charge Reserves	14,571	14,342	16,338	5,657	248	163	1,184	2,629	4,612	286	1,878	3,567	
Total Reserves Available for Major Maintenance & CIP	\$45,415	\$34,762	\$21,599	\$9,818	\$3,206	\$970	\$4,847	\$6,459	\$9,859	\$13,554	\$20,671	\$27,578	
<i>Target Major Maintenance & CIP Reserve</i>	\$23,566	\$20,439	\$18,582	\$17,018	\$13,371	\$11,715	\$12,045	\$13,646	\$14,287	\$15,011	\$14,925	\$16,390	
<i>Major Maint. & CIP Reserve Target Met?</i>	Yes	Yes	Yes	No	No	No	No	No	No	No	Yes	Yes	

Schedule 4 – Sewer Capacity Charge Fund - Capital Improvement Program Forecast
(Dollars in 000s)

	Sewer Capacity Charge Funded %	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FORECAST
		Actual	Projected	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
FINANCING SOURCES														
Use of Reserves		\$3,012	\$4,115	\$2,275	\$14,538	\$10,150	\$3,500	\$2,000	\$1,700	\$1,300	\$6,000	\$0	\$0	\$41,463
Total Financing Sources		3,012	4,115	2,275	14,538	10,150	3,500	2,000	1,700	1,300	6,000	-	-	41,463
CAPITAL IMPROVEMENT PROGRAM														
Peabody/Walters Relief Sewer - Phase 1b	100%	(2,271)	-	-	-	-	-	-	-	-	-	-	-	-
Northeast Fairfield Pump Station	100%	-	(2,500)	-	-	-	-	-	-	-	-	-	-	-
Collection System Master Plan	100%	-	-	-	(300)	-	-	-	-	(500)	-	-	-	(800)
Cordelia Pump Station Expansion	100%	-	-	(200)	(500)	(1,000)	-	-	-	-	-	-	-	(1,700)
Lopes Lift Station/ Force Main Capacity Improvements	100%	-	-	(75)	(500)	(1,500)	-	-	-	-	-	-	-	(2,075)
Peabody/Walters Relief Sewer - Phase 2	100%	-	-	-	-	-	-	-	(200)	(800)	(6,000)	-	-	(7,000)
Transfer to Operations Fund - CIP Cost Share		(741)	(1,615)	(2,000)	(1,238)	(150)	-	-	-	-	-	-	-	(3,388)
Transfer to Operations Fund - R&R Projects		-	-	-	(12,000)	(7,500)	(3,500)	(2,000)	(1,500)	-	-	-	-	(26,500)
Total Capital Improvement Program		(3,012)	(4,115)	(2,275)	(14,538)	(10,150)	(3,500)	(2,000)	(1,700)	(1,300)	(6,000)	-	-	(41,463)
Sewer Capacity Charge Reserves														
Sewer Capacity Charge Reserves, Beginning		15,076	14,571	14,342	16,338	5,657	248	163	1,184	2,629	4,612	286	1,878	
Transfer from Sewer Capacity Charge to Reserves		2,507	3,887	4,271	3,857	4,741	3,414	3,021	3,144	3,283	1,674	1,592	1,689	
Use of Reserves		(3,012)	(4,115)	(2,275)	(14,538)	(10,150)	(3,500)	(2,000)	(1,700)	(1,300)	(6,000)	-	-	
Sewer Capacity Charge Reserves, Ending		\$14,571	\$14,342	\$16,338	\$5,657	\$248	\$163	\$1,184	\$2,629	\$4,612	\$286	\$1,878	\$3,567	

Schedule 5 – Drainage Maintenance Fund – Operating Expense Forecast
(Dollars in 000s)

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Forecast Assumption
	Actual	Projected	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
REVENUES													
Drainage Maintenance Fees	\$1,682	\$1,631	\$1,632	\$1,633	\$1,634	\$1,634	\$1,635	\$1,636	\$1,637	\$1,638	\$1,639	\$1,639	DM Interest
Interest Income - F4	40	50	86	90	93	97	101	104	107	110	113	117	
Total Revenues	1,723	1,681	1,718	1,722	1,727	1,731	1,736	1,740	1,744	1,748	1,752	1,756	
EXPENSES													
Local Facility Maintenance	(959)	(959)	(959)	(959)	(959)	(959)	(959)	(959)	(959)	(959)	(959)	(959)	FLAT CPI CPI
Regional Facility Maintenance	(148)	(89)	(148)	(152)	(157)	(161)	(166)	(171)	(176)	(181)	(187)	(192)	
Drainage Maintenance Administration	(72)	(67)	(41)	(42)	(44)	(45)	(46)	(48)	(49)	(51)	(52)	(54)	
Total Expenses	(1,179)	(1,115)	(1,148)	(1,153)	(1,159)	(1,165)	(1,171)	(1,178)	(1,184)	(1,191)	(1,198)	(1,205)	
Net Revenue before Debt & Transfers	544	566	570	569	568	566	565	562	559	557	554	551	
DEBT SERVICE AND TRANSFERS OUT													
Transfer Out - Solano Stormwater Alliance	(124)	(391)	(138)	(280)	(280)	(280)	(280)	(280)	(280)	(280)	(280)	(280)	44% Alliance
Net Increase (Decrease) in Net Position	419	175	433	289	288	286	285	282	279	277	274	271	
TRANSFERS TO DISTRICT-HELD RESERVES													
Transfer to Desilting Reserve	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	
Transfer to Operations Reserve	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to Major Maintenance Reserve	(389)	(145)	(403)	(259)	(258)	(256)	(255)	(252)	(249)	(247)	(244)	(241)	
Excess Net Position	-	-	-	-	-	-	-	-	-	-	-	-	
Drainage Maintenance - Operating & Desilting Reserves													
Minimum Operations Reserve Requirement	136	133	115	115	116	117	117	118	118	119	120	121	
Budgeted Operating Reserve, Beginning	1,000	500	500	500	500	500	500	500	500	500	500	500	
Transfer to/(from) Operating Reserve	(500)	-	-	-	-	-	-	-	-	-	-	-	
Budgeted Operating Reserve, Ending	500	500	500	500	500	500	500	500	500	500	500	500	
<i>Operating reserve Target Met?</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Desilting Reserve, Beginning	426	456	486	516	546	576	606	636	666	696	726	756	
Transfer to/(from) Desilting Reserve	30	30	30	30	30	30	30	30	30	30	30	30	
Desilting Reserve, Ending	\$456	\$486	\$516	\$546	\$576	\$606	\$636	\$666	\$696	\$726	\$756	\$786	

Schedule 7 – Solano Stormwater Alliance - Operating Expense Forecast
(Dollars in 000s)

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Forecast Assumption
	Actual	Projected	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
REVENUES													
Revenue from Other Agencies	\$98	\$307	\$85	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	\$220	44% Exp
Interest Income - F5	2	10	16	17	18	19	20	21	22	23	24	25	Interest
Transfers In - from Drainage Maintenance	124	391	138	280	280	280	280	280	280	280	280	280	56% Exp
Total Revenues	224	709	238	517	518	519	520	521	522	523	524	525	
EXPENSES													
Solano Stormwater Alliance	(143)	(390)	(529)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	FLAT
Total Expenses	(143)	(390)	(529)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	
Net Revenue before Debt & Transfers	81	319	(290)	17	18	19	20	21	22	23	24	25	
DEBT SERVICE AND TRANSFERS OUT													
Not Applicable	-	-	-	-	-	-	-	-	-	-	-	-	
Net Increase (Decrease) in Net Position	81	319	(290)	17	18	19	20	21	22	23	24	25	
TRANSFERS TO DISTRICT-HELD RESERVES													
Transfer to Solano Stormwater Alliance Reserve	(81)	(319)	290	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	
Excess Net Position	-	-	-	-	-	-	-	-	-	-	-	-	
Solano Stormwater Alliance Reserves													
Solano Stormwater Alliance Reserve, Beginning	69	150	469	179	196	214	233	253	274	296	319	343	
Transfer to/(from) Reserve	81	319	(290)	17	18	19	20	21	22	23	24	25	
Solano Stormwater Alliance Reserve, Ending	\$150	\$469	\$179	\$196	\$214	\$233	\$253	\$274	\$296	\$319	\$343	\$368	

Schedule 8 – City Collection System Repair & Rehabilitation Forecast
(Dollars in 000s)

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Forecast Assumption
	Actual	Projected	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
City of Fairfield Collection System R&R Reserve													
REVENUES													
Interest Income - F6	\$17	\$50	\$9	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	Interest Master Plan
Transfers from Sewer Service Charges - F6	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	Interest Master Plan
Total Revenues	1,847	1,880	1,839	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	Interest Master Plan
EXPENSES													
Appropriation to City of Fairfield	(500)	(300)	(4,490)	(500)	(3,160)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	City Request
Total Expenses	(500)	(300)	(4,490)	(500)	(3,160)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	(1,830)	City Request
Net Revenue before Debt & Transfers	1,347	1,580	(2,651)	1,340	(1,320)	10	10	10	10	10	10	10	
TRANSFERS TO DISTRICT-HELD RESERVES													
Transfer to Collection System Reserve	(1,347)	(1,580)	2,651	(1,340)	1,320	(10)	(10)	(10)	(10)	(10)	(10)	(10)	
Excess Net Position	-	-	-	-	-	-	-	-	-	-	-	-	
City of Fairfield - Collection System Repair & Rehabilitation Reserve													
Beginning Balance, City of Fairfield R&R Reserve	-	1,347	2,927	276	1,616	296	306	316	326	336	346	356	
Transfer to/(from) Reserve	1,347	1,580	(2,651)	1,340	(1,320)	10	10	10	10	10	10	10	
Ending Balance, City of Fairfield R&R Reserve	\$1,347	\$2,927	\$276	\$1,616	\$296	\$306	\$316	\$326	\$336	\$346	\$356	\$366	
City of Suisun City Collection System R&R Reserve													
REVENUES													
Interest Income - F7	\$14	\$30	\$56	\$56	\$56	\$56	\$56	\$56	\$56	\$56	\$56	\$56	Interest Master Plan
Transfers from Sewer Service Charges - F7	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	1,770	Interest Master Plan
Total Revenues	1,784	1,800	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826	1,826	Interest Master Plan
EXPENSES													
Appropriation to City of Suisun City	(685)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	City Request
Total Expenses	(685)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	(1,270)	City Request
Net Revenue before Debt & Transfers	1,099	530	556	556	556	556	556	556	556	556	556	556	
TRANSFERS TO DISTRICT-HELD RESERVES													
Transfer to Collection System Reserve	(1,099)	(530)	(556)	(556)	(556)	(556)	(556)	(556)	(556)	(556)	(556)	(556)	
Excess Net Position	-	-	-	-	-	-	-	-	-	-	-	-	
City of Suisun City - Collection System Repair & Rehabilitation Reserve													
Beginning Balance, City of Suisun City R&R Reserve	-	1,099	1,629	2,186	2,742	3,298	3,854	4,410	4,966	5,522	6,078	6,634	
Transfer to/(from) Reserve	1,099	530	556	556	556	556	556	556	556	556	556	556	
Ending Balance, City of Suisun City R&R Reserve	\$1,099	\$1,629	\$2,186	\$2,742	\$3,298	\$3,854	\$4,410	\$4,966	\$5,522	\$6,078	\$6,634	\$7,190	

Schedule 9 – Forecast Assumptions

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	Forecast Assumption
	Actual	Projected	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
REVENUES													
Sewer Service Charge Rate Revenue Increase	5.0%	5.0%	5.0%	4.0%	4.0%	7.5%	7.5%	7.5%	7.5%	7.5%	5.0%	5.0%	Rate
Customer Growth	1.0%	0.7%	0.6%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	Growth
Interest Earnings Rate	2.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	Interest
Engineering News Record Construction Cost Index	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	ENR-CCI
Drainage Maintenance Fees	-3.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	DM
EXPENSES													
Consumer Price Index (CPI)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	CPI
Energy & Chemicals	36.0%	2.0%	7.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	E&C
Engineering News Record Construction Cost Index	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	ENR-CCI
DEBT SERVICE													
Debt Service Coverage Ratio (1.15 minimum)	9.29	8.37	11.63	10.26	10.63	13.12	4.89	5.60	4.95	5.77	7.61	8.35	
EQUIVALENT DWELLING UNITS (EDU)													
New Residential Units - Fairfield	286	685	465	463	571	465	400	400	400	200	200	200	
New Residential Units - Suisun City	8	143	15	15	15	15	15	15	15	15	15	15	
Total New Residential Units	294	828	480	478	586	480	415	415	415	215	215	215	City Projection
New Commerical EDUs	43	78	87	28	79	26	30	30	30	30	30	30	City Projection
Total EDUs in District (year-end)	47,496	48,402	48,969	49,475	50,140	50,646	51,091	51,536	51,981	52,226	52,471	52,716	
SEWER SERVICE CHARGE													
Residential (per month)	\$45.02	\$47.27	\$49.63	\$51.62	\$53.68	\$57.71	\$62.04	\$66.69	\$71.69	\$77.07	\$82.85	\$89.06	Rate
Commercial - Regular Strength (per HCF)	\$3.60	\$3.78	\$3.97	\$4.13	\$4.30	\$4.62	\$4.97	\$5.34	\$5.74	\$6.17	\$6.63	\$7.13	Rate
Commercial - High Strength (per HCF)	\$6.23	\$6.54	\$6.87	\$7.14	\$7.43	\$7.99	\$8.59	\$9.23	\$9.92	\$10.66	\$11.46	\$12.32	Rate
Case-by-Case	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	
Travis Air Force Base (volumetric)	\$2.90	\$3.05	\$3.20	\$3.33	\$3.46	\$3.72	\$4.00	\$4.30	\$4.62	\$4.97	\$5.34	\$5.74	Rate
SEWER CAPACITY CHARGE													
Sewer Capacity Charge per EDU	\$6,883	\$6,979	\$7,188	\$7,404	\$7,626	\$7,855	\$8,091	\$8,334	\$8,584	\$8,842	\$9,107	\$9,380	ENR-CCI

LONG-TERM FINANCIAL PLAN & RESERVES ANALYSIS

The Long-Term Financial Plan projects revenues and expenses for District funds. Each schedule presents the FY 2022-23 Actual, FY 2023-24 Projected Actual, FY 2024-25 Budget, and forecasted revenues and expenses through FY 2033-34. The bottom section of each schedule contains applicable reserve targets and balances.

Staff spends significant time developing forecast assumptions for the budget year. In the out years of the forecast, staff bases assumptions on historical averages and readily available present-day information to provide the most accurate depiction of future financial conditions, without over-speculating on economic conditions.

Specific assumptions and challenges of each forecast are noted below.

Schedule 1 – Wastewater Operations Fund - Operating Expense 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.
- The target Operating Reserve is 25 percent, or three months, of Total Operating Expenses, and is 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.
- The forecast assumes the next five year Cost of Service and Rate Study will include Sewer Service Charge increases of 7.5 percent for five years in the next Proposition 218 Notice (FY 2027-28 through FY 2031-32). This is primarily to bring the Major Maintenance and CIP reserve back to the Financial Reserve Policy's target level as presented in Schedule 2.

Schedule 2 – Wastewater Operations Fund - Major Maintenance & Capital Improvement Program Forecast

- Total Major Maintenance and CIP needs in the forecast total \$175.5 million through FY 2033-34. This requires \$93.2 million in Operations Fund Major Maintenance & CIP reserves, as well as a mix of Federal and State Grants, Bonds and Loans, Inflation Reduction Act Credits, and transfers in from Sewer Capacity Charges.

- 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, Electrical Replacement Project Phase II, and Electrical Replacement Project 12kV Distribution, 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.
- 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, the eventual treatment plant replacement, and emergency response.
- Due to increases in operating expenses, which decreases net revenue available for Major Maintenance and CIP reserves, the District is forecasting to drop below the target Major Maintenance and CIP reserve between FY 2025-26 and FY 2031-32. However, the forecasted rate revenue increase to 7.5 percent between FY 2027-28 and FY 2031-32 is projected to bring the District back to the target reserve level starting FY 2032-33 and through the remainder of the forecast.
- 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 3 – Sewer Capacity Charge Fund - Operating Expense Forecast

- Sewer Capacity Charge Funds receive revenues from Sewer Capacity Charges and related interest income and pay for development related programs, debt service, and CIP or repair and rehabilitation projects.
- Sewer Capacity Charge revenues are based on growth forecasts for Fairfield and Suisun City. The cities are projecting approximately 567 new residential and commercial connections to the sewer system in FY 2024-25.
- After Sewer Capacity Charge programs and debt service expenses are paid, the remaining net revenue is transferred to Sewer Capacity Charge reserves.

Schedule 4 – Sewer Capacity Charge Fund - Capital Improvement Program Forecast

- Total Sewer Capacity Charge CIP needs in the forecast are \$41.5 million through FY 2033-34. The largest projects funded 100 percent from Sewer Capacity Charges are \$7.0 million for Peabody/Walters Relief Sewer Phase 2 and \$2.1 million for Lopes Lift Station/Force Main Capacity Improvements.
- 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

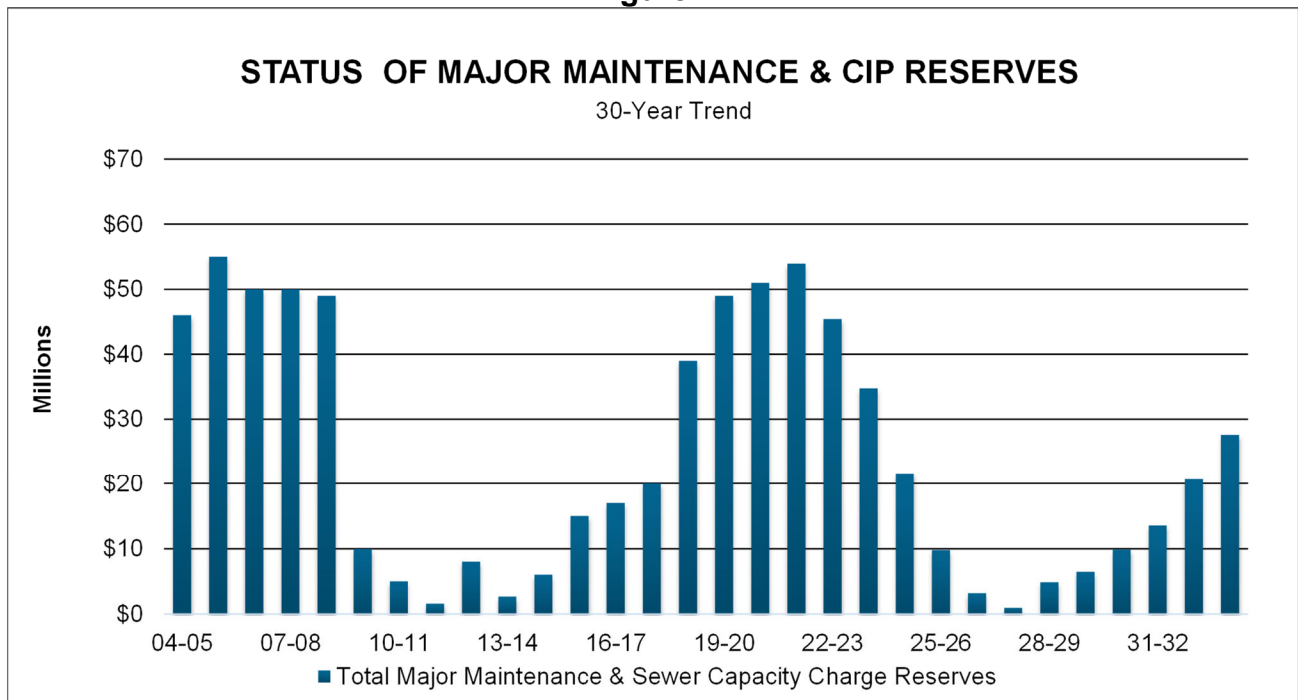
will be available to fund repair and rehabilitation projects identified in the Major Maintenance and CIP Budget.

- The forecast includes transfers to the Operations Fund for CIP cost share and repair and rehabilitation projects totaling \$3.4 million and \$26.5 million, respectively.

Schedules 1 through 4 - Overall Status of Major Maintenance & CIP Reserves

- 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.
- The Major Maintenance and CIP 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, less external funding sources. The reserve target ties the necessary reserves to estimated expenditures to help mitigate rate impacts. For purposes of calculating the target reserve, the total Capacity and Major Maintenance reserves are combined, and the target is the five-year rolling average of both Operations funded and Sewer Capacity Charge funded Major Maintenance and CIP 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 2033-34 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 5 – Drainage Maintenance Fund – Operating Expense Forecast

- Drainage Maintenance rates remain unchanged. The forecast accounts for 0.1% growth in Drainage Maintenance fees received to account for new parcels in each city's boundary.
- The District's Financial Reserve Policy sets a Minimum Operating Reserve of 10 percent of Drainage Maintenance Fees as well as transferring \$30,000 per year into a Desilting Reserve for the City of Suisun City. Any remaining net revenue is transferred to the Drainage Maintenance Fund's Major Maintenance reserve.

Schedule 6 – Drainage Maintenance Fund – Major Maintenance and Capital Improvement Program Forecast

- Total Drainage Maintenance Fund Major Maintenance and CIP needs in the forecast are \$8.1 million through FY 2033-34. The largest project is the Kellogg Resiliency Project, which is funded by the State.
- In the spring of 2024, District and City staff agreed that the District would fund a Storm Drain Master Plan from District Major Maintenance reserves. The Storm Drain Master Plan will identify storm drain assets in the service area and provide an itemized list of critical assets to repair and replace. Significant Major Maintenance projects are not included in the out years of the forecast but will be included once identified by the Master Plan.
- The ending Major Maintenance Reserve for Drainage Maintenance is \$2.1 million by FY 2033-34. However, this does not factor any significant Major Maintenance projects beyond FY 2027-28. \$2.1 million will not be sufficient to fund projects that will be identified in the Storm Drain Master Plan, which are anticipated to be in the tens of millions. Once a project list is identified, District and City staff will need to create a plan to increase Drainage Maintenance reserves or seek alternative funding sources.

Schedule 7 – Solano Stormwater Alliance - Operating Expense Forecast

- The Solano Stormwater Alliance (Alliance) is funded by the cities of Fairfield, Suisun City, and Vallejo, as well as the Vallejo Flood and Wastewater District (VFWD). Each agency pays into the Alliance based on their relative population. The Cities of Fairfield and Suisun City pay 44 percent of Alliance expenses, which are transferred from District-held Drainage Maintenance funds. The City of Vallejo and VFWD pay 56 percent of Alliance expenses, which is shown in the forecast as "Revenue from Other Agencies."
- Alliance operating expenses are forecasted flat due to the unknowns associated with the fourth reissuance of the Municipal Regional Stormwater Permit requirements when the current permit expires on June 30, 2027.

Schedule 8 – City Collection System Repair & Rehabilitation Forecast

- The District holds a Collection System Repair & Rehabilitation (R&R) reserve for each City in accordance with the Seventh Amendment to the 1965 Agreement. 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 2024-25, the cities of Fairfield and Suisun City have requested appropriations of \$4.5 million and \$1.3 million, respectively.

DEPARTMENTAL INFORMATION

POSITION SUMMARY

	FY 2022-23	FY 2023-24	FY 2024-25	Change from Prior Year
Operations & Maintenance				
Director of Operations & Maintenance	0	0	1	1
Maintenance Manager	1	1	1	0
Maintenance Supervisor	2	2	2	0
Operations Manager	1	1	1	0
Operations Supervisor	2	2	2	0
Procurement Specialist	1	1	1	0
Maintenance Mechanic (I, II, Senior)	9	7	8	1
Maintenance Mechanic - CCTV (I, II, Senior)	4	4	4	0
E&I Technician (I, II, Senior)	5	5	5	0
Utility Worker	1	1	2	1
Wastewater Plant Operator (Operator, Lead, Senior)	16	17	17	0
	42	41	44	3
Department of Administrative Services				
General Manager	1	1	1	0
Director of Administrative Services	1	1	1	0
IT Manager	1	1	1	0
HR Manager	1	1	1	0
Accountant/Senior Accountant	1	1	1	0
Administrative Specialist	1	1	1	0
Finance Technician	1	1	1	0
HR Technician	1	1	1	0
Management Analyst	0	0	1	1
	8	8	9	1
Department of Environmental Services				
Director of Environmental Services	1	1	1	0
Regulatory & Compliance Manager	1	1	1	0
Laboratory Manager	1	1	1	0
Lab Analyst	2	3	3	0
Environmental Specialist	0	0	1	1
	5	6	7	1
Engineering				
Assistant General Manager / District Engineer	1	1	0	-1
Engineering Manager	1	1	1	0
Engineers (Junior, Assistant, Associate, Senior)	5	5	6	1
Engineering Technician/Inspector (Senior)	3	3	3	0
GIS Coordinator	1	1	1	0
	11	11	11	0
Total Full Time Equivalents	66	66	71	5

OPERATIONS & MAINTENANCE

The Operations & Maintenance Department ensures the District meets full regulatory compliance and has an optimized wastewater collection, treatment, and disposal process.

- **Operations** - Responsible for inspecting, troubleshooting, and maintaining the District's wastewater pump stations and treatment plant, including biological nutrient removal, anaerobic digestion, and ultraviolet disinfection processes.
- **Maintenance** - Responsible for installation, inspection, repair, replacement, and maintenance of the District's wastewater collection, treatment, and disposal facilities. Maintenance consists of teams of Mechanics, Electrical and Instrumentation Technicians, and plant landscape maintenance, as well as a crew handling CCTV sewer inspection.
- **Local Sewer Collection** represents payments which are made to the Cities of Fairfield and Suisun City for operations and maintenance of sewers 10" and less based on the 1965 Agreement between the District and Cities.
- **City Sewer Line Maintenance** represents time spent by the District's CCTV team to inspect City of Suisun City sewer lines. In 2022, the City of Fairfield took over responsibility for inspecting their own sewer lines.

DEPARTMENT OF ADMINISTRATIVE SERVICES

The Department of Administrative Services consists of:

- **Finance** - Responsible for the full scope of financial activities, including accounts payable, accounts receivable, contracting, production of the Annual Comprehensive Financial Report, Budget & Long-Term Forecast, and other required financial reports.
- **Human Resources** - Responsible for classification and compensation, recruitment, benefits administration, payroll, risk management, and employee relations.
- **Information Technology** - Responsible for all systems, hardware/software assets, cybersecurity initiatives, and management of an outsourced IT vendor.
- **Office Support** - Responsible for customer services, the records management program, communications with the Board, and agenda preparation.

DEPARTMENT OF ENVIRONMENTAL SERVICES

The Department of Environmental Services consists of:

- **Regulatory Programs** - The District is highly regulated by numerous state and federal agencies, and regulatory compliance is an essential component of the District's operations. Air quality is regulated by the Bay Area Air Quality Management District and the California Air Resources Board. Quality of both wastewater and stormwater is regulated by the Regional Water Quality Control Board, and biosolids are regulated by the U.S. Environmental Protection Agency. Production of recycled water is regulated by the State Water Resources Control Board. Because the District discharges into the environmentally sensitive Suisun Marsh, District discharges must meet extremely stringent water quality requirements. The District's diligent industrial pretreatment and pollution-prevention practices help to fulfill those obligations.
- **Laboratory** - The District's lab is accredited by the State of California and responsible for all effluent sampling and compliance with federal, state, and local regulations. Laboratory staff must follow detailed testing and reporting requirements to ensure compliance.

- **Safety** - Responsible for administration, planning, and training related to health and safety laws, rules, and regulations, as well as maintaining and encouraging the District's culture of safety.
- **Community Outreach** - Responsible for implementation and administration of programs to connect the District with the community, including school tours, publication materials, advertising, and community events including Earth Day and Coast and Creek Cleanup Day.

ENGINEERING

The Engineering Department is responsible for management and implementation of the Capital Improvement Program including project feasibility studies, pre-design, design, and construction management, as well as development review, construction inspections, the Collection System Asset Master Plan, and Geographic Information Systems.

OTHER PROGRAMS

District staff are generally budgeted under the Operations Fund, and allocate their time via timesheet to other programs:

Sewer Capacity Charge Funded Programs

- **Capacity Fees Projects** includes Engineering staff time spent managing Sewer Capacity Charge funded projects.
- **New Development Review/Inspection** includes staff time to review and inspect new development throughout the service area.

Drainage Maintenance Funded Programs

- **Local Facility Maintenance** represents payments made to the cities of Fairfield and Suisun City for maintenance of local stormwater facilities, as required per the Drainage Maintenance Agreement between the District and cities of Fairfield and Suisun City.
- **Regional Facility Maintenance** includes staff time spent operating and maintaining stormwater pump stations.
- **Administration** primarily includes Finance staff time spent billing Drainage Maintenance Fees on the Solano County Property Tax roll, as well as billing fees charged by Solano County.

Solano Stormwater Alliance

Beginning in FY 2022-23, the Solano Stormwater Alliance (Alliance) was established by Memorandum of Agreement between 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). This replaced the previous District-coordinated Urban Management Runoff 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 mutual 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.

POLICIES

The District has established financial policies, principles, and practices that help the District meet long-term financial goals.

Below is a summary of financial policies formally adopted by the District:

- Investment Policy (2130) – This policy provides guidelines to the officers of the District charged with the responsibility for the deposit of District funds, and for investment of surplus monies not required for immediate necessities of the District.
- Purchasing Policy (2135) – This policy provides guidelines to staff of the District regarding procurement and contracting. Specifically, Resolution 2008-20 designated the General Manager as the District's Purchasing Agent and specified authorities and duties for the General Manager. Purchasing Policy 2135 is an internal policy detailing how the General Manager delegates their authority to staff for specified procurement transactions.
- Capitalization Policy (2145) – This policy provides guidelines to staff regarding the capitalization of assets for financial reporting under Governmental Accounts Standards Board accounting standards, including thresholds for capitalization and definition of eligible costs.
- Financial Reserves Policy (2150) – This policy established, reaffirmed, or consolidated reserve targets for the Wastewater Operations Fund, Sewer Capacity Charge Funds, Drainage Maintenance Fund, and City Collection System Rehabilitation and Replacement Reserves.
- Board Health Reimbursement (4050) – This policy provides guidelines to members of the District's Board of Directors on eligibility for the District's Board Health Reimbursement Plan, including reimbursable expenses. The policy also includes administrative processes for District staff including due dates for reimbursements and escalation of the Plan cap.
- Director Travel and Expenses (4090) – This policy provides guidelines to members of the District's Board of Directors regarding reimbursement of eligible expenses and compensation while attending regular meetings of the California Associate of Sanitation Agencies (CASA).

DEBT SERVICE

The District currently has two outstanding Clean Water State Revolving Fund (SRF) Loans. Per SRF requirements, the District maintains a Debt Reserve equal to one full year of debt service payments and ensures a Debt Service Coverage Ratio above 1.15.

Ultraviolet Disinfection Project

On January 20, 2010, the District entered into a loan agreement with the California State Water Resources Control Board (SWRCB) under the SRF loan program for the financing of the Ultraviolet Disinfection Project. The District was approved for a loan amount of up to \$11,100,000, with an interest rate at 2.9%, payable over 20 years. Principal and interest payments are due semi-annually on May 1 and November 1. Payment on this loan started in May 2012.

Future debt service payments on the SRF loan related to the Ultraviolet Disinfection Project through the end of FY 2023-24 through maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 589,650	\$ 147,388	\$ 737,038
2025	606,874	130,164	737,038
2026	624,601	112,437	737,038
2027	642,846	94,192	737,038
2028	661,623	75,415	737,038
2029-31	2,103,100	108,013	2,211,113
	\$ 5,228,694	\$ 667,609	\$ 5,896,303

Blower Replacement Project

On February 12, 2018, the District entered into a loan agreement with the California State Water Resources Control Board (SWRCB) under the SRF loan program for the financing of the Blower Replacement Project. The District was approved for the total project cost of \$11,608,547; however, only utilized \$9,541,456. Out of the total loan amount, \$4,000,000 was declared a grant under the Environmental Protection Agency’s Green Project Reserve program and was eligible for loan forgiveness. The principal amount due for repayment to the SWRCB under this agreement is \$4,839,992, with an interest rate of 1.8% payable over 20 years. Payment on this loan started October 2020.

Future debt service payments on the SRF loan related to the Blower Project through the end of FY 2023-24 to maturity are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 245,899	\$ 87,120	\$ 333,019
2025	250,325	82,694	333,019
2026	254,831	78,188	333,019
2027	259,418	73,601	333,019
2028	264,087	68,931	333,018
2029 - 33	1,393,474	271,619	1,665,093
2034 - 38	1,523,483	141,609	1,665,092
2039 - 40	648,475	17,561	666,036
	<u>\$ 4,839,992</u>	<u>\$ 821,323</u>	<u>\$ 5,661,315</u>

PERFORMANCE DATA AND STATISTICAL INFORMATION

Key operating metrics for the District are included for review in the monthly Executive Committee meeting, which consists of four members from the Board of Directors:

Operating Metrics Summary	2021	2022	2023
Average plant flow (million gallons per day)	13.26	12.93	16.57
Completed work orders	13,865	13,395	13,445
Corrective work orders	7%	6%	7%
Preventative work orders	93%	94%	93%
Renewable energy produced (kwh)*	1,028,167	3,647,772	1,359,579
Sewer lines inspected by CCTV (miles)	65.1	36.5	25.8
City of Fairfield lines**	55.8	15.4	0
City of Suisun City lines	0	0	2.2
FSSD lines	9.3	21.1	23.6
Permit excursions & sewer system overflows (Cat 1-3)	0	0	0

*Interruptions to solar (2021) and cogen/wind (2023) caused atypical production in this time frame.

**Effective July 1, 2022, one CCTV truck and responsibility for Fairfield's sewer inspections were turned over to the City of Fairfield as part of the 7th Amendment to the 1965 Agreement.

Several comparable agencies in the Bay area provide wastewater treatment and conveyance. Although there are similar statistics, each agency has a different organizational structure. For example, Fairfield-Suisun Sewer District (FSSD) serves the cities of Fairfield and Suisun City. FSSD Sewer Service Charges consider the operation and maintenance costs for approximately 327 miles of City-owned and maintained sewers. FSSD collects all the revenue and pays the City monthly for their operation and maintenance of local sewers. Similarly, Delta Diablo's "miles of sewer" total does not include 430 miles of city-owned, operated, and maintained collection systems for their service area.

Statistics & Agency Comparisons	Fairfield-Suisun Sewer District	Delta Diablo	Napa Sanitation	Vallejo Flood & Wastewater District
Population	147,997	218,281	138,000	121,658
Full-time employees	66	73	53	96
Area served (square miles)	45	54	20	36
Number of treatment plants	1	1	1	1
Number of pump stations	13	5	3	30
Permitted dry weather capacity (MGD)	23.70	19.50	15.40	15.50
Average dry weather flow (MGD)	12.71	13.30	9.00	7.49
Miles of sewer	85	75.5	270	407

Sources:

Annual Comprehensive Financial Reports

VFWD Average dry weather flows provided by their Regulatory staff

GLOSSARY

1965 Agreement – A formal agreement between the Fairfield-Suisun Sewer District and cities of Fairfield and Suisun City which governs ownership, maintenance, and funding responsibilities for collection system assets in the District’s service area.

Accrual Basis of Accounting – The basis of accounting for the Annual Comprehensive Financial Report as required by the Governmental Accounting Standards Board. Accrual basis accounting recognizes revenues when services have been rendered or expenses have been incurred.

Appropriation – Legal authorization to make expenditures and to incur obligations for specific purposes.

Balanced Budget – Because the District is dependent on long-term financial planning, no attempt is made to balance revenues and expenses in any one year. To the District, a balanced budget means reserve targets are achieved over the long-term financial forecast.

Budget – The District’s budget runs from July 1 to June 30.

California Water Environment Association (CWEA) – A professional organization for wastewater professionals.

Capital Expenditures – Non-operating expenses for the District. Capital expenditures are significant expenses captured in the Major Maintenance and CIP budget and forecast schedules.

Cash Basis – The basis used to prepare the District’s budget, which projects revenues and expenses based on when cash is received or disbursed and provides a better estimate of reserves.

Closed Caption Television (CCTV) – Using remote controlled camera transporters to inspect, assess, and survey pipelines.

Consumer Price Index (CPI) – A price index used to measure the average change in prices of goods and services purchased by households over time. It serves as a key indicator of inflation and is used to gauge changes in the cost of living for consumers.

Cost of Service and Rate Study – A report created by a third party at least every five years to develop a multi-year financial plan, review the cost of District services, review rate structures, and propose a rate program.

Debt Service – The payment of principal and interest on long term debt or loans.

Fiscal Year (FY) – A 12-month period (July 1 – June 30) to which the Budget applies and at the end of which the District reviews its financial position and result of operations.

Fund – A mechanism to track financial activity used for accounting and budget reports.

National Pollution Discharge Elimination System (NPDES) – The District’s most important permit. The NPDES permit program addresses water pollution by regulating point sources that discharge pollutants to waters of the United States.

Net Position – The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. For budgeting, net position is meant to represent the amount of cash reserves available to commit to current and future expenses.

Operating Expense – Expenses related to the organization’s primary activities, other than debt service and Major Maintenance & CIP. For example, salaries, benefits, professional services, and supplies are all examples of Operating Expenses.

Reserve – An amount of net position designated for a specific purpose. For example, the Operating Reserve designates 25 percent of the District’s net position to be set aside for operating expenses.

State Revolving Fund (SRF) Loan – Low-cost financing offered through the State Water Resources Control Board.

RESOLUTIONS

FAIRFIELD-SUISUN SEWER DISTRICT RESOLUTION NO. 2024-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, this Resolution supersedes Resolution 2023-09 adopted by the Fairfield-Suisun Sewer District on May 22, 2023.

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	\$20.23 per lot or parcel
B.	Multiple Family and Institutional	\$250.51 per acre
C.	Commercial and Industrial	\$313.14 per acre
D.	Undeveloped	\$1.06 per acre or portion thereof

2. The storm drain maintenance charges are not new or increased charges.
3. The District identifies the individual lots or parcels of land in each of the above categories by Assessor code. The current list of Assessor codes in each category is set forth in Exhibit A, attached to and incorporated into this Resolution. The District may update Exhibit A from time to time as the Solano County Assessor modifies or issues new codes.
4. The General Manager is authorized and directed to take all steps necessary and proper to implement this Resolution including without limitation updating Exhibit A.

PASSED AND ADOPTED this 20th day of May 2024, by the following vote:

AYES: Directors Carr-Dawson-Hernandez-~~Moy~~-Osum-Pal
Panduro-Tonnesen-Vaccaro-Washington-Williams

NOES: Directors None

ABSENT: Directors Moy
[Signature]

President

ATTEST: Talyon Sotera
District Clerk

EXHIBIT A

**STORM DRAIN MAINTENANCE SERVICE CHARGES
Solano County Assessor Use Codes per Category**

The Assessor codes included in each category or parcel of land for the purposes of determining the applicable storm drain maintenance charge are as follows:

CATEGORY	RATE
Residential: Single-family to Four-plex (Improved property in County Assessor Codes 1000, 1011, 1012, 1013, 1014, 1019, 1020, 1200, 1191,1192, 1500, 2100, 2190 – 4 units or less)	\$20.23 per lot or parcel
Multiple Family and Institutional (Improved property in County Assessor Codes 2100 and 2190 – greater than 4 units, 2149, 2150, 2160, 2700, 2701 8100, 8200, 8300, 8500, 8700)	\$250.51 per acre
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
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, 9100, 9500, 9600, 9700 and 9999)	\$1.06 per acre or portion thereof

FAIRFIELD-SUISUN SEWER DISTRICT
RESOLUTION NO. 2024-11

A RESOLUTION APPROVING REVISED FISCAL YEAR 2023-24 REVENUE AND EXPENSE PROJECTIONS AND ADOPTING THE FISCAL YEAR 2024-25 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 2023-24, which are attached hereto and made a part thereof.
2. The District hereby adopts the Proposed Budget for Fiscal Year 2024-25 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 20th day of May 2024, by the following vote:

AYES: Directors Carr-Dawson-Hernandez-Moy-Osum-Pal
Panduro-Tonnesen-Vaccaro-Washington-Williams

NOES: Directors None

ABSENT: Directors Moy


President

ATTEST:


District Clerk