

**EAST PALO ALTO
SANITARY DISTRICT**



**APPROVED
BUDGET
FY 2018-2019**

EAST PALO ALTO SANITARY DISTRICT
BUDGET MESSAGE
FISCAL YEAR 2018 – 2019

FINAL BUDGET

I am pleased to present the East Palo Alto Sanitary District Operating and Capital Budget for the Fiscal Year 2018 – 2019 for your consideration.

The objective is to have a balanced budget while simultaneously providing qualitative level of service to our customers. I am delighted that this spending plan is being achieved without a sewer rate increase. This budget will be furthering the advancement of the District's vision, mission and core values.

BUDGET PRIORITIES

The operating and capital budget has been prepared to address the following priorities of the Board of Directors:

1. Sound utilities with high level of service to the community
2. Maintenance of fiscal responsibilities
3. Provision for yearly capital improvement program to maintain the collection system
4. Provision for capital improvement program with our strategic partners
5. Provision for stable work force
6. Implementation of cyber security initiatives to protect our information system
7. Effective staff training
8. Minimization of cost of service
9. Compliance with Federal and State Regulations
10. Maintenance of stable contingency fund
11. Sound knowledge management initiatives
12. Effective management control systems
13. Implementation of social marketing initiatives

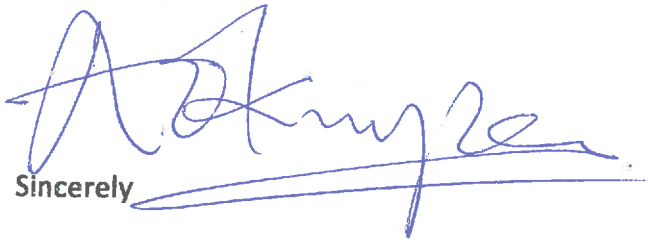
BUDGET OVERVIEW

The Fiscal Year 2018/2019 budget is based on total projected revenues in the amount of \$5,168,313 and total budgeted expenses in the amount of \$5,927,558. This represents an increase of 3.20% in projected revenues and an increase of 0.10% in budgeted expenses, over previous year's budget. This budget also includes a new line item for the upgrade of the Regional

Wastewater Treatment Plant in Fiscal Year 2018/2019 in the amount of \$861,452. The excess of expenditure over revenue will be financed from the opening fund balance of all funds in the amount of \$10,803,061.

REVENUE ESTIMATES

The revenues for the sewer services were estimated based on water consumptions for the Fiscal Year 2017/2018. Revenue from property taxes, interest income, connection fees and rental income were assumed at the Fiscal Year 2017/18 levels.

A handwritten signature in blue ink, appearing to read 'Akin Okupe', is written over a horizontal line.

Sincerely

Akin Okupe, M.B.A., P.E.
General Manager

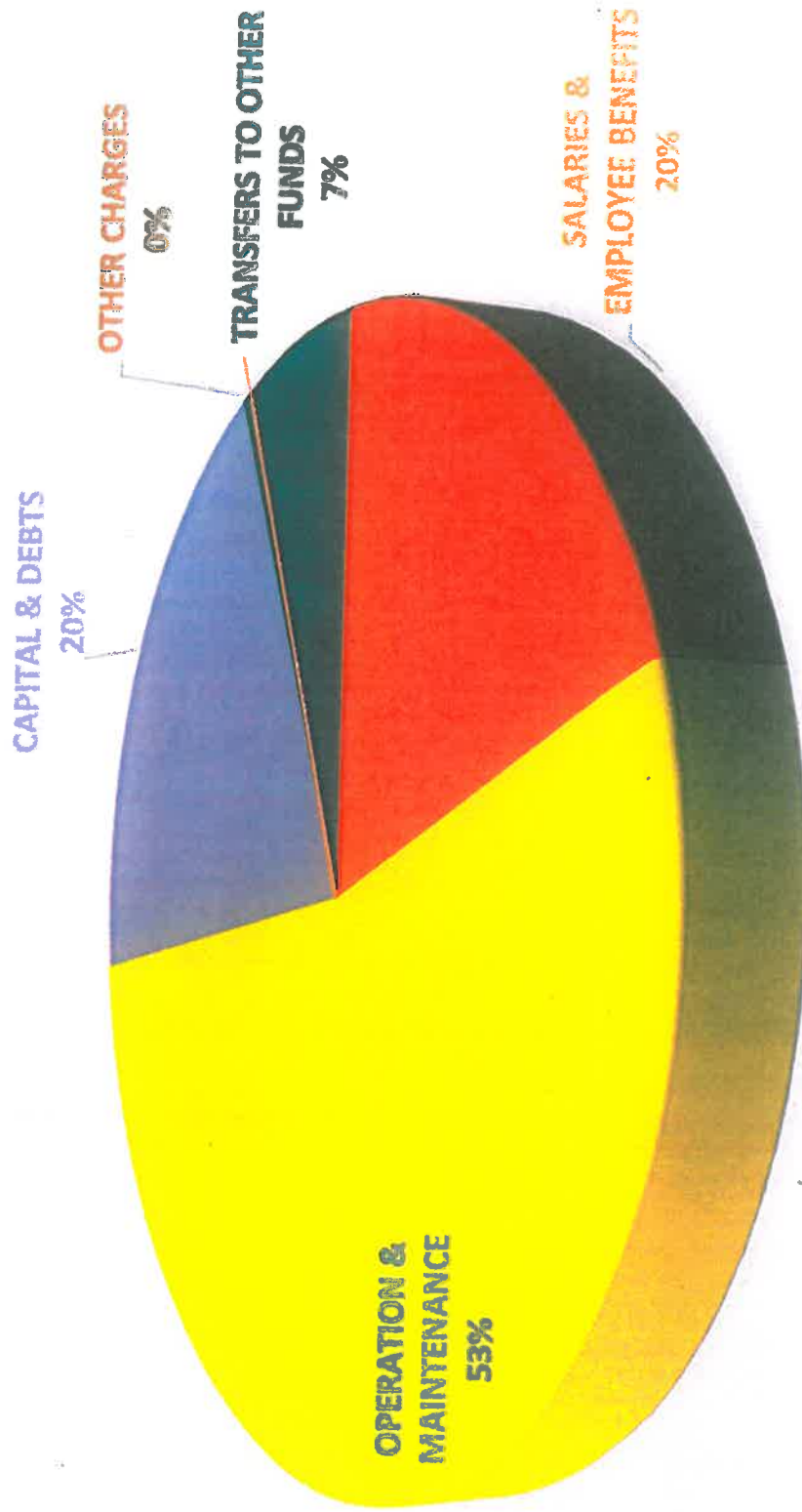
EAST PALO ALTO SANITARY DISTRICT

Approved Budget - General Fund #02545

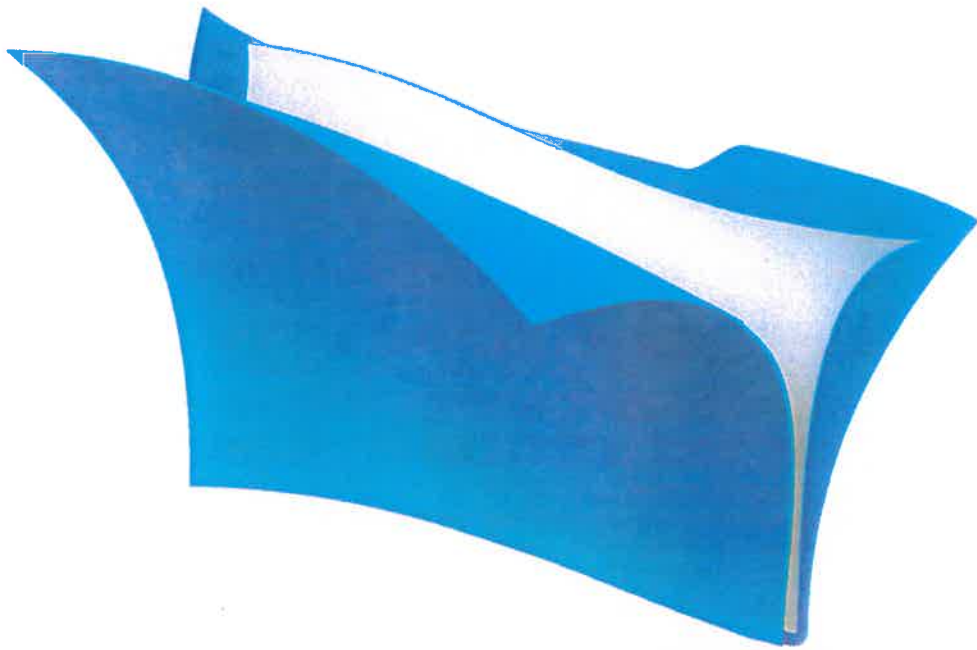
Fiscal Year 2018-2019

EXPENDITURES		Actual	Revised	Approved
		Expenses	Budget	Budget
		2016-2017	2017-2018	2018-2019
CODE	SALARIES & EMPLOYEE BENEFITS			
4111	Wages	471,035	424,838	520,000
4192	Directors Fees	65,235	70,100	65,000
4631	Employees Benefits	389,114	447,974	450,000
	SUB TOTAL	925,384	942,912	1,035,000
OPERATION & MAINTENANCE				
5188	Other Operating Supplies	914	4,500	3,000
5193	Office Expenses	55,560	34,000	35,000
5314	Election Expenses	-	56,500	-
5332	Membership	16,090	22,000	20,000
5341	Publication & Legal Notice	4,642	14,000	7,000
5416	Gas, Fuel	4,747	9,000	5,000
5459	Repair & Maintenance	31,724	35,000	45,000
5521	Rents & Leases	4,280	6,500	4,500
5638	Utilities	30,807	54,000	45,000
5721	Travel & Meeting	13,236	44,000	40,000
5731	Training & Education	4,818	17,000	15,000
5817	Contract Sewage Services	1,647,300	1,648,000	1,916,513
5858	Contractual Services	215,003	315,000	300,000
5861	Engineering Services	164,547	114,000	100,000
5872	Prof & Spec Services	79,300	98,000	113,600
5876	Professional Services	58,627	42,000	50,000
5958	Research & Monitoring	-	400	400
5966	Operating Supplies	2,279	5,500	6,000
5969	Special Expenses	24,480	32,800	26,000
6731	Insurance	40,093	62,000	47,300
6732	Legal Services	38,266	77,000	55,000
	SUB TOTAL	2,436,710	2,691,200	2,834,313
CAPITAL & DEBTS				
7211	Planned Debt Services	-	-	861,452
7311	Equipment Expenses	11,360	115,000	100,000
6322	Repay Treatment Plant	75,010	79,000	117,793
	SUB TOTAL	86,370	194,000	1,079,245
OTHER CHARGES				
8810	Contingency	-	-	-
	SUB TOTAL	-	-	-
TRANSFERS TO OTHER FUNDS				
7541.46	Construction/Replacement	500,000	980,000	375,000
7541.48	Treatment Plant Reserve	-	-	-
7541.49	Rate Stabilization	-	-	-
	SUB TOTAL	500,000	980,000	375,000
	GRAND TOTAL	3,948,464	4,808,112	5,323,558

APPROVED BUDGET GENERAL FUND FY 2018/19



EXPENDITURES



EAST PALO ALTO S TARY DISTRICT
APPROVED BUDGET SUMMARY FOR ALL FUNDS FY 2018-2019

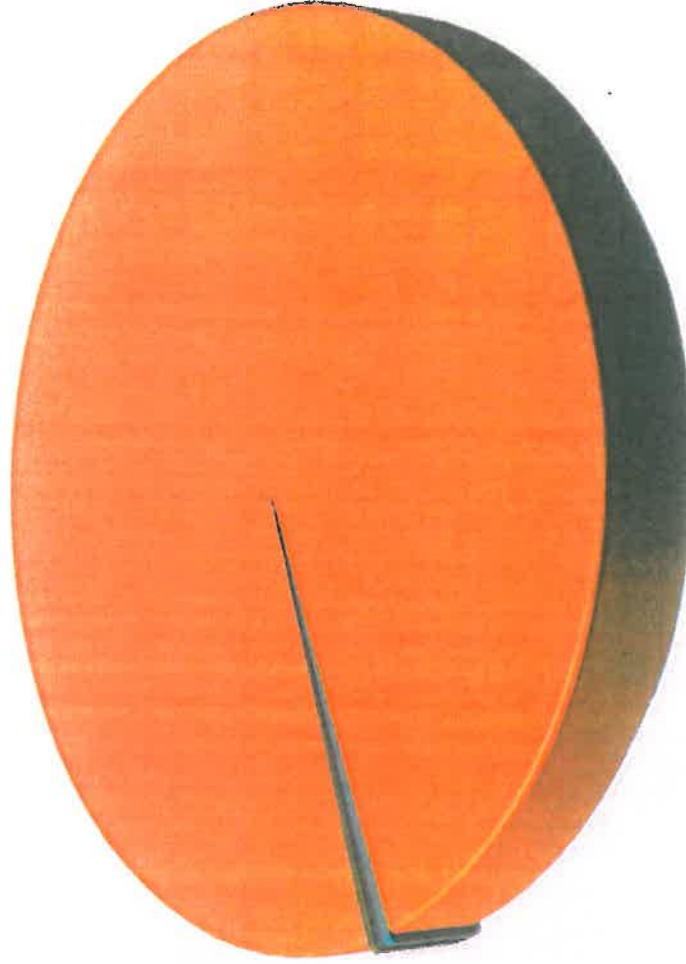
Expenditure For The Fiscal Year 2018-2019

	2545 General Fund	2541 Connection Fee Fund	2546 Construction Replacement Fund	2547 Lateral Replacement Fund	2548 Treatment Plant Fund	2549 Rate Stabilization Fund	EPASD All Funds
Salaries and Employees Benefits	1,035,000	-	-	-	-	-	1,035,000
Operations and Maintenance	917,800	-	150,000	-	-	-	1,067,800
Treatment Plant (RWQCP)	1,916,513	-	-	-	-	-	1,916,513
Total Operating Expenditures	3,869,313	-	-	-	-	-	4,019,313
Capital and Debts	1,079,245	-	79,000	-	-	-	1,158,245
Construction	-	-	750,000	-	-	-	750,000
Total Budgeted Expenditures	4,948,558	-	829,000	-	-	-	5,927,558

Revenue For The Fiscal Year 2018-2019 Based on \$575 Per Unit

	2545 General Fund	2541 Connection Fee Fund	2546 Construction Replacement Fund	2547 Lateral Replacement Fund	2548 Treatment Plant Fund	2549 Rate Stabilization Fund	EPASD All Funds
Beginning Fund Balance	\$ 7,514,641	\$ 1,282,600	\$ 325,580	\$ 104,240	\$ 1,515,000	\$ 61,000	\$ 10,803,061
Sewer Service Charges							
Property taxes	4,551,045	-	-	-	-	-	4,551,045
	468,414	-	-	-	-	-	468,414
Connection Fee	-	10,000	-	-	-	-	10,000
Interest Income	61,550	6,000	23,000	3,500	16,000	3,100	113,150
Rental Income	25,704						25,704
Total Projected Revenue	5,106,713	16,000	23,000	3,500	16,000	3,100	5,168,313
Interfund Transfers	(375,000)	(375,000)	750,000	-	-	-	-
Total Available Revenues	\$ 12,246,354	\$ 923,600	\$ 1,098,580	\$ 107,740	\$ 1,531,000	\$ 64,100	\$ 15,971,374
Ending Fund Balance	\$ 7,297,796	\$ 923,600	\$ 269,580	\$ 107,740	\$ 1,531,000	\$ 64,100	\$ 10,043,816

REVENUE FOR FY 2018-2019



General Fund
98.808122%

Rate Stabilization Fund
0.052051%

Treatment Plant Fund
0.309579%

Lateral Replacement Fund
0.067720%

Payroll Taxes W/H Fund
0.000000%

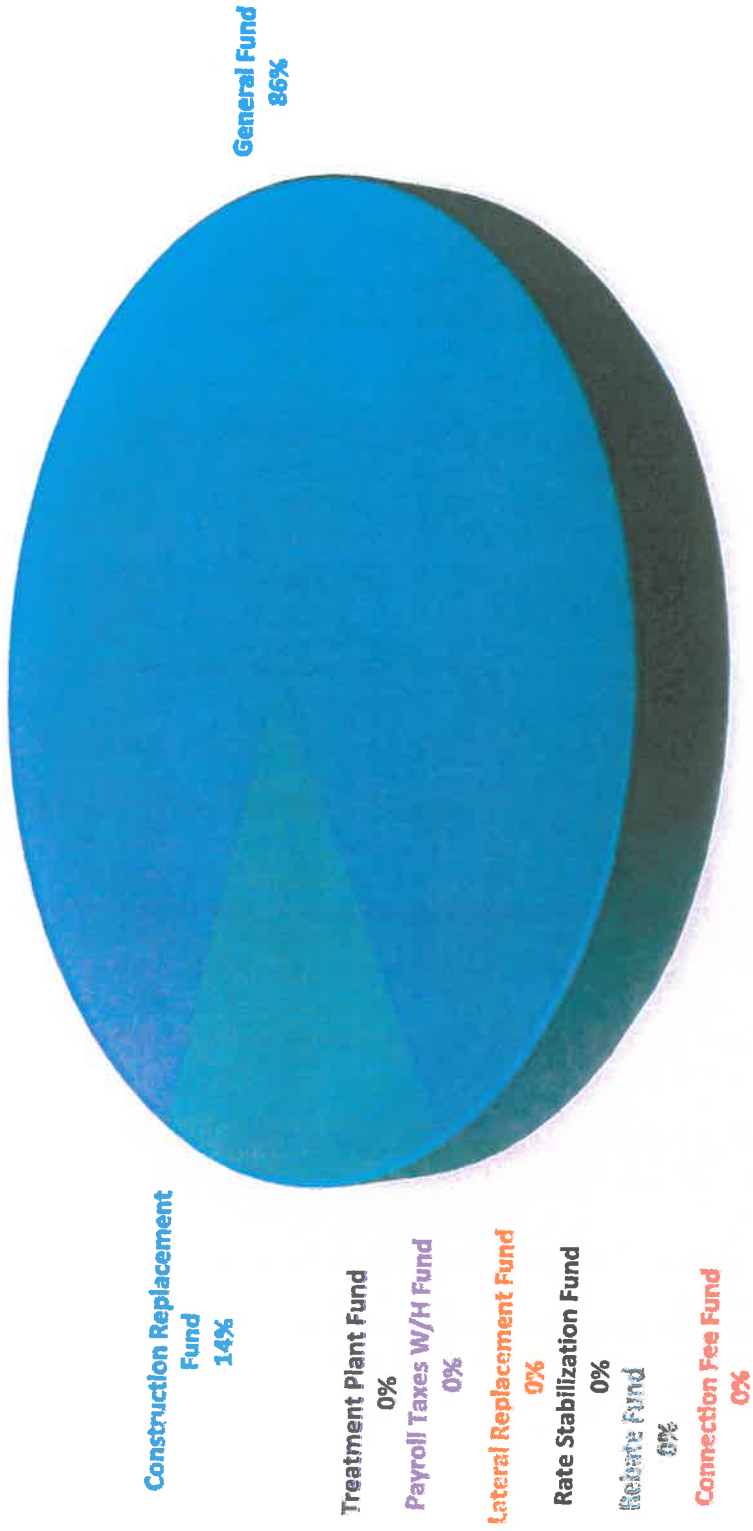
Rebate Fund
0.000000%

Construction Replacement
Fund

0.445019%

Connection Fee Fund
0.309579%

EXPENDITURES FOR FY 2018-2019



SALARIES & EMPLOYEE BENEFITS



**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

SALARIES AND WAGES 4111

This account includes salaries, wages and other considerations for District employees chargeable to operations. This amount includes annual merit increase, overtime and differentials. Based on 40 standard hours work week for the entire fiscal year.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 471,035	\$ 424,838	\$ 520,000

DIRECTORS FEES 4192

This account includes fees paid to directors for regular and special Board meetings and committee meetings and conference attendance

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 65,235	\$ 70,100	\$ 65,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

EMPLOYEE BENEFITS 4631

This account includes:

*Employee Retirement Systems
Health, Dental, Life, and Accident Insurance
Unemployment Insurance
State Disability Insurance
Worker's Compensation Premiums
Long Term Disability
Health Club Membership*

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 389,114	\$ 447,974	\$ 450,000

OPERATIONS & MAINTENANCE



**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

OTHER OPERATING SUPPLIES 5188

This account includes all operating expenses not includible in other expense categories

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 914	\$ 4,500	\$ 3,000

OFFICE EXPENSE 5193

This account is used to record the purchase of various items used in day-to-day operations. The following are typical items reflected in this account:

*Accounting & Reporting Forms
Books & Manuals
Envelopes, Postage
P.O. Box Rental
Stationary & Office Supplies
Small Stapling, Dating, & Numbering Machines*

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 55,560	\$ 34,000	\$ 35,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

ELECTION EXPENSE 5314

This account includes reimbursement to San Mateo County for the costs of election notices, printing of ballots and contractual election services rent of polling places and ballot boxes, pay of election officials and other election expenses.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ -	\$ 56,500	\$ -

MEMBERSHIP 5332

This account includes the cost of memberships in societies, associations of officials, trade associations, and other organizations.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 16,090	\$ 22,000	\$ 20,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

PUBLICATION AND LEGAL NOTICE 5341

This account includes the cost of the publication of legally required notices and reports. This includes:

*Advertisements
Bids for Purchases
Bond Sales Notices
Budgets
Delinquent Tax List
Employment Opportunities
Financial Reports
Newsletters
Ordinances
Proceedings of Governmental Body
Public Hearing Notices
Legal Notices
Board Meetings Broadcasting*

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ 4,642	\$ 14,000	\$ 7,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

GASOLINE, OIL, AND FUEL 5416

This account includes the cost of fuel and oil used in the operations of motor vehicles and equipment. This would include the cost of gasoline used in the production of power to operate pumps and other equipment.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 4,747	\$ 9,000	\$ 5,000

REPAIRS AND MAINTENANCE 5459

These expenditures represent the cost of repairing and maintaining the District's equipment & pipelines, including vehicles, mobile equipment, and office equipment.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
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\$ 31,724	\$ 35,000	\$ 45,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

RENTS AND LEASES 5521

This account includes rents and leases paid for the use of the security systems, postage meter, improvements and equipment. This includes amounts paid under operating lease agreements.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>	<hr/>	<hr/>
\$ 4,280	\$ 6,500	\$ 4,500

UTILITIES 5638

This account includes the cost of:

*Electricity
Heating & Cooling Supplies for Buildings
Natural Gas
Telephone
Water
Solid Waste Disposal*

Actual Expenses 2015-2016	Revised Budget 2016-2017	Approved Budget 2017-2018
<hr/>	<hr/>	<hr/>
2016-2017	2017-2018	2018-2019
\$ 30,807	\$ 54,000	\$ 45,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

TRAVEL AND MEETING 5721

This account includes the cost of:

*Board of Directors Travel
Gasoline Used in Travel
Leased or Rented Vehicles
Reimbursement for Private Vehicle Use
Reimbursement for Meals, Lodging, and Conference Expenses
Bridge Tolls, Study Materials, Train or Bus Fare, Airline Tickets, and
Any Other Travel Expense*

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
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\$ 13,236	\$ 44,000	\$ 40,000

TRAINING AND EDUCATION 5731

This account includes the cost of continuing professional education, as well as employee training, development, seminars, conferences, and staff reorganization for cross training. These expenditures are intended to improve the capability, productivity, and efficiency of the District's staff.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 4,818	\$ 17,000	\$ 15,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

CONTRACT SEWAGE 5817

This account represents reimbursement for sewage treatment charges to the Regional Water Quality Control (RWQCP) including the administrative general components of the sewage treatment contract.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 1,647,300	\$ 1,648,000	\$ 1,916,513

CONTRACTUAL SERVICES 5858

This account includes the cost of outside services of a professional nature and not chargeable to another category.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 215,003	\$ 315,000	\$ 300,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

ENGINEERING AND MANAGEMENT SERVICES 5861

This account includes professional engineering services provided by outside engineering consultants.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 164,547	\$ 114,000	\$ 100,000

PROFESSIONAL AND ACCOUNTING SERVICES 5872

This account includes professional accounting and audit services. The District currently contracts with two local CPA firms for professional accounting and auditing services.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ 79,300	\$ 98,000	\$ 113,600

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

PROFESSIONAL SERVICES 5876

This account includes the cost of professional services not reflected in other areas. This includes:

*Actuarial Studies
Appraisals
Board Commissioned Studies
Fiscal Agent's Fees
Management Salary Surveys
Human Resources Consultant
Board Workshops
Special Projects*

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ 58,627	\$ 42,000	\$ 50,000

RESEARCH AND MONITORING 5958

*This account includes the cost of laboratory and field test analysis.
It also includes monitoring of industrial discharge,
the implementation of source control monitoring.*

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ -	\$ 400	\$ 400

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

OPERATING EXPENSE 5966

This account represents all those supplies which are used for District Operations but are not Capital Items (rather, they are "expendable"). These include pipe, couplings, chemicals, safety materials, tires, etc..

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ 2,279	\$ 5,500	\$ 6,000

DISTRICT SPECIAL EXPENSE 5969

This account includes all operating expenses not included elsewhere. The district charges various special projects and unanticipated expenditures, and refunds for overpayment of sewer service charges, replenish imprest account for payment of travel expenses and refreshments.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ 24,480	\$ 32,800	\$ 26,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

INSURANCE 6731

This account includes the cost of insurance premiums for fire, burglary, public liability, collision, property damage, individual and blanket bonds, money and securities, boiler and forgery. Insurance premium dividends or refunds shall be credited to this account.

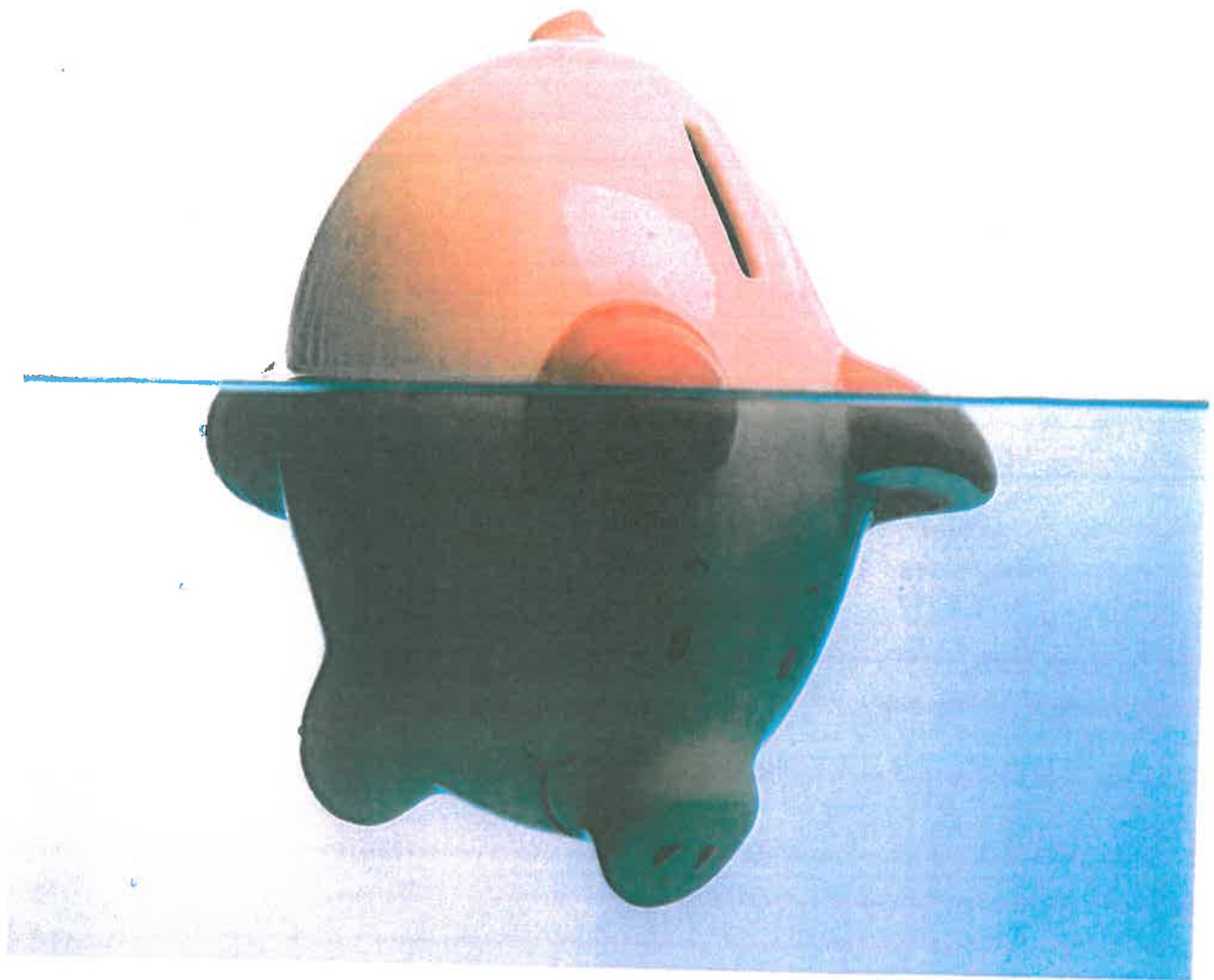
Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ 40,093	\$ 62,000	\$ 47,300

LEGAL SERVICES 6732

This account includes the cost of legal services by outside law firm for defending cases in the court of law and providing advice in the legal matters . The district currently contracts with law firm to work as district legal counsel.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ 38,266	\$ 77,000	\$ 55,000

CAPITAL & DEBTS



**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

PLANNED DEBT SERVICES 7211

This account includes new debts.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ 861,452

EQUIPMENT 7311

*This account includes spending for capital items, such as machinery,
long term use equipment, vehicle for the district's daily operation.*

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>	<hr/>	<hr/>
\$ 11,360	\$ 115,000	\$ 100,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

REPAY TREATMENT PLANT 6322

This account is used to charge the fixed asset component of the contract with the Regional Water Quality Control Plant.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>	<hr/>	<hr/>
\$ 75,010	\$ 79,000	\$ 117,793

OTHER CHARGES



**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

CONTINGENCIES 8810

This account represents the amount estimated for unforeseen purposes.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
<hr/>		
\$ -	\$ -	\$ -

TRANSFER TO OTHER FUNDS



**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2018 -2019**

TRANSFER TO CONSTRUCTION AND REPLACEMENT 7541.46

This account includes the transfers made to funds maintained for the construction and replacement of major capital projects.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ 500,000	\$ 980,000	\$ 375,000

TRANSFER TO TREATMENT PLANT RESERVE FUND 7541.48

This account includes the transfers made to funds maintained for Treatment Plant Reserve.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ -	\$ -	\$ -

TRANSFER TO RATE STABILIZATION FUND 7541.49

This account includes the transfers made to funds for the purpose of maintaining the current wastewater rates.

Actual Expenses 2016-2017	Revised Budget 2017-2018	Approved Budget 2018-2019
\$ -	\$ -	\$ -
