



**LIVERMORE-AMADOR VALLEY
WATER MANAGEMENT AGENCY**

OPERATING AND CAPITAL BUDGET

MODIFICATION NO. 2

FISCAL YEAR 2020/21

Approved by the LAVWMA Board February 17, 2021

LAVWMA FY2020/21 Budget

LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY OPERATING AND CAPITAL BUDGETS FISCAL YEAR 2020/21

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LIVERMORE-AMADOR VALLEY WATER MANAGEMENT AGENCY OPERATING AND CAPITAL BUDGETS FISCAL YEAR 2020/21 MODIFICATION NO. 2

EXECUTIVE SUMMARY

OPERATING BUDGET

The proposed operating budget of \$3,483,400 is an 12.88% increase from the FY2019/20 budget. The total revenue requirement of \$11,889,500 is a 3.46% increase from the FY2019/20 budget. Debt service payments consist of \$2,438,658 for the Repair Project, \$5,567,442 for the Expansion Project for a total of \$8,406,100. It should also be noted that the DSRSD proposed budget for LAVWMA included a 4% increase for operations and maintenance. DSRSD costs are typically well below estimates such that LAVWMA's budget can be less than those projections.

The FY2019/20 Budget includes a few items that exceeded the approved budget including:

- PG&E power will be above budget based on projections for the first nine months of the year. However, low rainfall and water recycling may result in lower costs than projected.
- Monitoring/Testing will be above budget due to \$15,000 in special testing required for the renewal of the NPDES permit.
- EBDA Fixed O&M Expenses will be high due to an unbudgeted payment of \$135,708 for Other Post Employment Benefit and Pension Fund payments to get the funds to the level of 95% funded.

The total EBDA O&M budget of \$802,000 is 37.03% above last year. In addition to the additional \$138,000 for the new Master Agreement, the increase is largely due to an increase in the NPDES permit fee and studies for the nutrient permit. LAVWMA owns 19.72 MGD of EBDA's 189.1 MGD capacity, or 10.43%. LAVWMA's fixed cost percentage has been increasing per the terms of the current agreement from the original 10.43% to the current level of 18.60%. With the anticipated new Master Agreement the fixed cost will increase to 26.1%. Costs for EBDA are based on fixed and variable (flow based) percentages. The flow-based percentage is currently 17.9% as compared to 17.7% last year. It is in LAVWMA's best interests to reduce variable costs through a combination of reducing flows through water recycling and flow management during wet weather. The EBDA Master Agreement has been extended through June 30, 2021. EBDA and LAVWMA have agreed to a term sheet for a new agreement. EBDA costs for FY20/21 are now based on the term sheet.

The proposed FY2020/21 operating budget considers projected FY2019/20 expenditures and is largely based on the detailed budget prepared by DSRSD pursuant to the Maintenance Agreement, copy attached. FY2019/20 O&M expenditures are projected to be above the approved budget by approximately 6%. This is primarily due to the following: 1) PG&E power, and 2) payment to EBDA for Other Post-Employment Benefits (OPEB) and pension fund obligations. All other costs are projected to be on target budget. The proposed budget includes a modest increase in PG&E costs. The annual reconciliation process will collect any shortfall from

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the member agencies. Significant water recycling efforts in the service area are continuing and should increase over time, which will help to offset PG&E rate increases. Increased pumping efficiency will also help to offset rate increases. A new time of use rate structure that becomes effective in November 2020 could also prove beneficial. The MCC consultant will review the rate structure and make recommendations.

DSRSD's costs reflect a 2.75% cost of living adjustment. Other Fixed costs have been adjusted based on actual expenditures and anticipated needs for next year. Additional information is included in the remainder of the budget report.

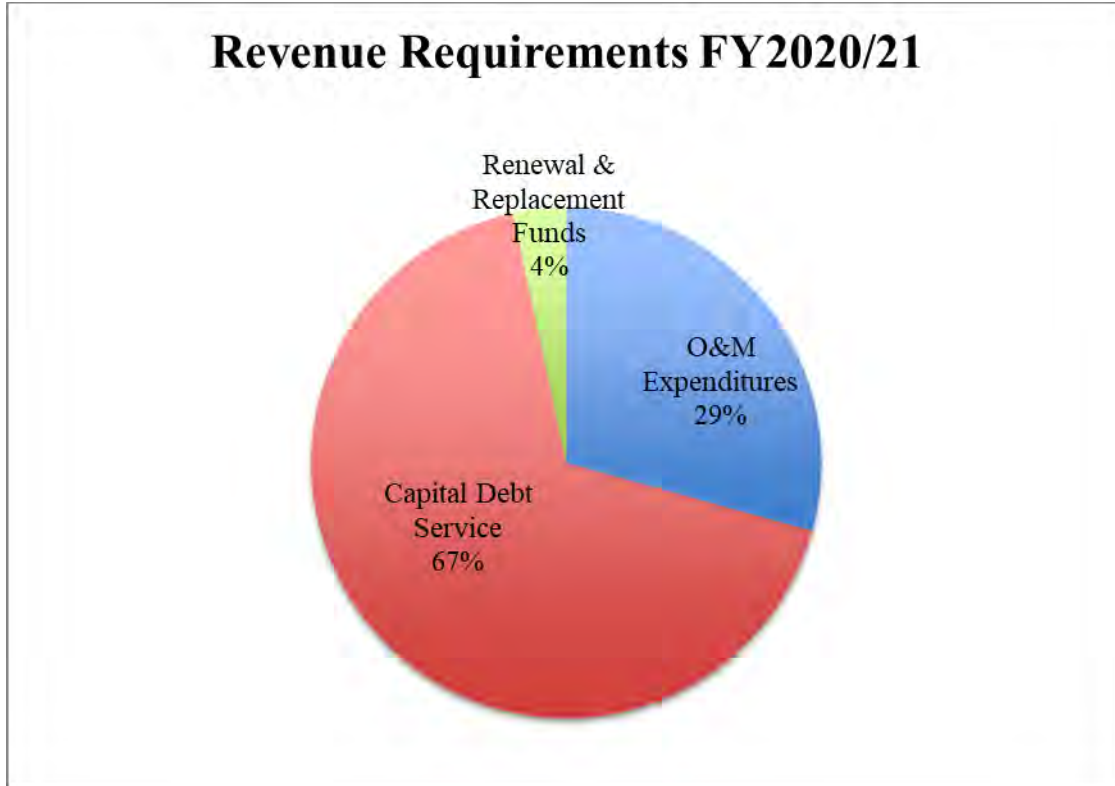
CAPITAL BUDGET

The FY2019/20 capital budget was \$1,166,000, of which only \$125,000 is projected to be spent this fiscal year. Much of this is due to delays associated with COVID-19 issues, as well as hiring of new staff by DSRSD. The FY2020/21 capital budget of \$4,446,000 is for the renewal and replacement of LAVWMA and EBDA facilities and includes the rebuilding of three pumps and motors, resealing the storage basins, design improvements at the San Leandro Sample Station (SLSS), drainage improvements, increased costs for replacement of the motor control centers and soft starters at the pump station, cathodic protection improvements, and pipeline inspection. All of these major projects have been recommended by DSRSD staff. Please refer to the tables below which provide descriptions and summarize the costs.

REVENUE REQUIREMENTS

The FY2020/21 budget also includes the debt service (repair and expansion) for the 2011 Bonds. Although repair and expansion of the existing pipeline is a capital cost, the associated debt service is tabulated in the operating budget to assist member agencies with their rate and fee calculations. The projected debt service includes payment of principal and interest. This year's budget recommends that the annual deposit to the Joint Use Renewal Replacement Fund be continued at the \$400,000 level that was approved five years ago. Due to the increased cost of the MCC and SLSS Projects, the contribution should be revisited next year. Dual Use facilities are minimal and are currently adequately funded. The following pie chart illustrates the allocation of the \$11,889,500 in total revenue requirements for FY2020/21.

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1.0 GENERAL

Livermore-Amador Valley Water Management Agency (LAVWMA) is a Joint Powers Agency comprised of the Cities of Livermore and Pleasanton, and Dublin San Ramon Services District (DSRSD). The City of Livermore collects and treats all City wastewater. DSRSD delivers water to the City of Dublin and the Dougherty Valley, and it collects and treats wastewater for Dublin and southern San Ramon, and treats additional wastewater under a contract with the City of Pleasanton. LAVWMA exports treated effluent from the LAVWMA Pumping Station west over the Dublin Grade, through Castro Valley, and the City of San Leandro, to a pipeline operated by the East Bay Dischargers Authority (EBDA). EBDA dechlorinates the effluent and discharges it through a deepwater outfall into San Francisco Bay. A significant portion of member agency flows are kept within their service areas for water recycling purposes.

1.1 Mission & Goals

LAVWMA'S MISSION

LAVWMA's mission is to support its member agencies: Dublin San Ramon Services District, City of Pleasanton, and City of Livermore by providing cost effective operation and maintenance of all of the Agency export facilities in full compliance with federal, state, and local requirements. LAVWMA supports its member agencies in their efforts to implement comprehensive water recycling programs.

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We will complete our work primarily through consultants. We will invest in this diverse project team and promote a work ethic that recognizes and promotes teamwork and a positive work environment. We will practice fairness, provide challenges, and allow freedom of communication and thought to enable team members to make meaningful contributions to LAVWMA, the industry and our community.

Agency Goals & Objectives

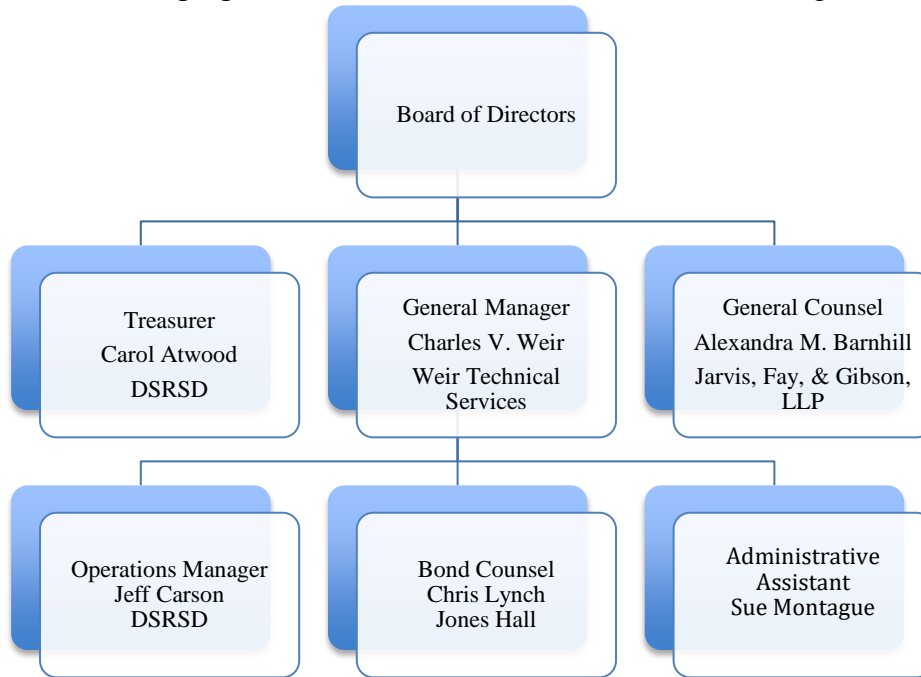
To carry out our Mission, LAVWMA will pursue the following goals:

- **Environmental Compliance.** Continue efficient operations of facilities to prevent wastewater overflows. Meet all CEQA mitigation requirements for new construction. Exceed requirements pertaining to community impacts.
- **Cost Effectiveness.** Continue to perform routine maintenance on existing facilities in a manner that promotes cost savings over the projected life of the facilities.
- **Technical Soundness.** Provide technically sound solutions that use the newest available technology without incurring excessive risk.
- **Customer Service.** Continue to comply with the 1997 Joint Exercise of Powers Agreement (JPA) and the October 2011 Sewer Service Contract with the LAVWMA member agencies.

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1.2 ORGANIZATION

The LAVWMA team proposed for FY2020/21 is shown in the following chart.



2.0 OPERATING BUDGET

2.1 Description of Services Provided

The Operations and Maintenance (O&M) budget includes all costs required to operate and maintain existing LAVWMA facilities. LAVWMA's existing facilities include the sole-use and dual-use interceptors, junction structure, Export and Livermore pumping stations, storage basins, export pipeline including appurtenances, and two emergency dechlorination stations. LAVWMA's facilities are operated and maintained by DSRSD pursuant to a Maintenance Agreement initially executed in 1979.

The FY2020/21 Operating Budget on the following pages includes costs for the following: O&M Variable Costs, O&M Fixed Costs, Admin/Mgmt. Costs, Total O&M Costs, Capital Program Funding, and Total Revenue Requirements.

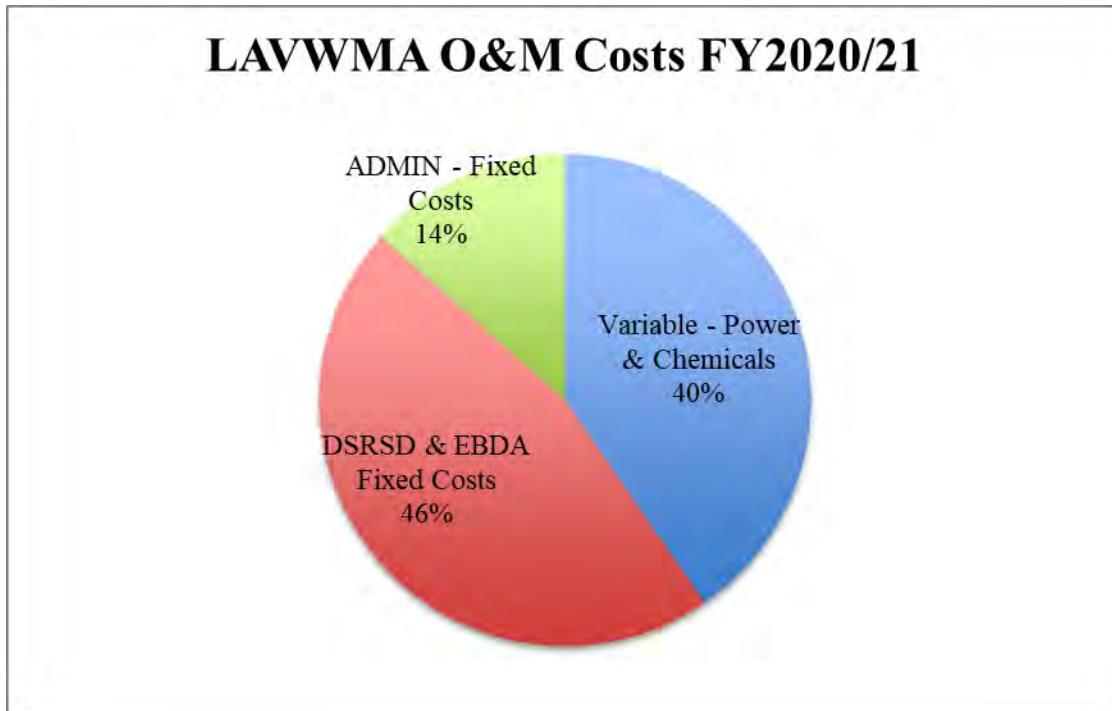
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FY2020/21 OPERATIONS BUDGET SUMMARY							
			FY2019/20 Adopted Budget	FY2019/20 Projected Actual	FY2020/21 Proposed Budget	Change From Adopted FY2019/20	
OPERATIONS AND MAINTENANCE							
VARIABLE COSTS							
	DSRSD Maintenance Agreement (Power)		\$ 1,200,000	\$ 1,256,639	\$ 1,250,000	4.17%	
	EBDA O&M (See Table, Section 2.2.1)		145,000	130,082	157,000	8.28%	
	Subtotal - O&M Variable Costs		1,345,000	1,386,721	1,407,000	4.61%	
FIXED COSTS							
	DSRSD Maintenance Agreement						
	Labor/equip		780,000	765,881	797,000	2.18%	
	Materials/Supplies		50,000	32,571	50,000	0.00%	
	Contractual		70,000	70,423	70,000	0.00%	
	Monitoring/Testing		31,000	43,629	31,000	0.00%	
	Utilities (fixed)		7,000	5,879	7,000	0.00%	
	Non Routine		8,000	-	8,000	0.00%	
	EBDA O&M (See Table, Section 2.2.3)		505,000	640,317	645,000	27.72%	
	Subtotal - O&M Fixed Costs		1,451,000	1,558,699	1,608,000	10.82%	
ADMIN/MGMT							
	Mgr/Treas/Counsel/Board		153,000	225,684	273,000	78.43%	
	Services/Supplies/Misc		89,000	54,031	132,500	48.88%	
	Permits/Insurance		48,000	46,511	62,900	31.04%	
	Subtotal Admin/Mgmt		290,000	326,226	468,400	61.52%	
	Subtotal All Fixed Costs		1,741,000	1,884,925	2,076,400	19.26%	
TOTAL O&M COSTS			\$ 3,086,000	\$ 3,271,647	\$ 3,483,400	12.88%	
			FY2020/21 Proposed Budget	FY2019/20 Projected Actual	FY2020/21 Proposed Budget	Change From Adopted FY2019/20	
CAPITAL PROGRAM FUNDING							
	Replacement Fund		400,000	400,000	400,000	0.00%	
	Repair Debt Service		2,438,506	2,438,506	2,438,658	0.01%	
	Expansion Debt Service		5,567,094	5,567,094	5,567,442	0.01%	
	SUBTOTAL		\$ 8,405,600	\$ 8,405,600	\$ 8,406,100	0.01%	
TOTAL REVENUE REQUIREMENTS			\$11,491,600	\$11,677,247	\$11,889,500	3.46%	

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2.2 Operating Budget Summaries

The following pie chart depicts the allocation of operating costs:



2.2.1 Variable Costs – Power and Chemicals

Variable costs for power (DSRSD/EBDA) and chemicals (EBDA) are directly tied to the volume of flow that LAVWMA discharges. They total \$1,407,000 and make up approximately 44% of LAVWMA’s total operating budget. Pumping and chemical costs for FY2020/21 are projected to be 4.61% more than last year. PG&E costs are currently holding steady, but are subject to change on March 1, 2021 when a new time of use rate structure goes into effect. LAVWMA is studying how to implement the changes to ensure the lowest possible costs. Increases will be partially offset by improved pumping efficiency due to the new pumps and that is reflected in the power costs. The FY2020/21 Budget is based on actual costs for the current year. The following table details the variable costs for EBDA.

Facility	Variable Cost	LAVWMA Cost, 17.89%	LAVMWA Cost, 10.00%
General Administration	\$21,500	\$3,847	-
Outfall & Forcemains	\$150,000	\$9,394 (35%)	-
Marina Dechlor Facility	\$222,000	\$39,723	-
Dechlorination Costs	\$235,000	-	\$23,500
Oro Loma Pump Station	\$420,000	\$75,152	
Bay & Effluent Monitoring	\$30,000	\$5,638	
Total	\$843,500	\$133,485	\$23,500

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The total estimate for EBDA Variable O&M Costs is \$156,985, which has been rounded up to \$157,000 in the FY20/21 Budget.

2.2.2 Fixed Costs - DSRSD Maintenance Agreement

Operation and maintenance of LAVWMA facilities for FY2020/21 is estimated to require 5,881 fully burdened labor hours. This is the same as last year. Costs for these items are based on projected costs for FY2019/20 and anticipated needs for FY2020/21.

2.2.3 Fixed Costs - EBDA Agreement

This item covers EBDA’s fixed operational and maintenance costs that are billed to LAVWMA. It also covers costs to EBDA for various Special Projects including the Regional Monitoring Program (RMP) and LAVWMA’s share of EBDA’s permit fees. Some of these costs are shared on different percentages than LAVWMA’s fixed cost percentage in the agreement with EBDA. As an example, the RMP cost is based on the mass of four metals, copper, chromium, nickel, and selenium. LAVWMA’s share is 18.98% for a total of \$53,151. LAVWMA’s share of the permit fee (\$555,483) is based on the permitted average dry weather flows for each agency that is part of the EBDA system. LAVWMA’s share of this cost is 26.62%, or \$147,888.

LAVWMA’s share of EBDA Special Projects for FY2020/21 are less than \$5,000, which is much lower than in prior years.

LAVWMA is responsible for a portion of the forcemain system and will be billed accordingly. LAVWMA is expected to be responsible for 18.60% of the fixed costs for “shared” EBDA facilities in the new Master Agreement retroactive to July 1, 2020. This year’s fixed cost budget is \$645,000, which is 27.72% more than last year. Total EBDA costs for variable and fixed costs for FY2020/21 are \$802,000 as compared with \$650,000 last year. The following table summarizes the Fixed and Special Projects costs for EBDA.

Facility and Total Variable Cost	Fixed Cost	LAVWMA Percent Cost	LAVMWA Estimated Cost
General Administration	\$1,233,262	26.1%	\$321,881
Outfall & Forcemains	\$31,336	6.51%	\$2,865
Marina Dechlor Facility	\$49,004	26.10%	\$12,790
Oro Loma Pump Station	\$43,920	26.1%	\$11,463
Bay & Effluent Monitoring	464,550	26.1%	\$121,248
NPDES Permit Fee	\$555,483	26.62%	\$147,888
RMP Fee	\$280,000	18.98%	\$53,151
Nutrients Fee	\$269,479	14.90%	\$40,167
Disinfection Master Plan & Contingency	\$62,246	7.28%	\$4,533
Total	\$2,989,280		\$715,984

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Historically, EBDA has averaged approximately 90% of budget for the fixed costs listed above. Accordingly, \$645,000 is included in the FY20/21 Budget.

2.2.4 Fixed Costs - Administration & Management

This section includes general administration, program management, legal and financial services, consulting services, permits, insurance, etc. The proposed budget is \$468,400 as compared with \$290,000 last year or an increase of 44.28%. The increases are due to the following: 1) NPDES permit renewal (occurs once every five years); 2) negotiation of the new EBDA Master Agreement; 3) projected 42% increase in insurance costs; and 4) management of the long list of capital projects. The NPDES permit renewal process began last year and will continue into FY2020/21. There are also costs for consulting services for technical assistance for the permit renewal, upgrading the website, records management, and assistance in enhancing the asset management program. The website updates and records management projects have been delayed by the flooding of DSRSD's main office as well as COVID-19. The asset management program is linked to DSRSD's efforts for their own system. Asset Management made great strides this past year and will continue to be a key project this year and will have an impact on the Capital Program Funding as discussed below. Costs for travel expenses for the General Manager for two CASA Conferences and other required training for the General Manager and Administrative Assistant are included in these costs.

2.2.5 Capital Program Funding

This category includes the projected FY2020/21 debt service (repair and expansion) for 2011 bonds. Although repair and expansion of the existing pipeline and the EBDA capacity purchase are capital costs, the associated debt service and funding program costs are tabulated in the operating budget to assist member agencies with their rate and fee calculations. The projected debt service includes payment of both principal and interest. It is recommended that the annual \$400,000 deposit to LAVWMA's capital facilities Joint renewal replacement account be continued to help cover the \$3,951,000 cost of capital projects in FY2020/21. It is acknowledged that it may not be possible to complete all of the capital projects this fiscal year. However, it is best to get them on the list so that proper planning and scheduling can occur. Dual Use facilities are minimal and have adequate replacement funds.

The first table below lists the capital projects that will be completed by the end of FY2019/20. The second table lists all recommended projects for FY2020/21. All projects have been recommended and vetted by DSRSD staff.

FY2019/20 Capital Program Expenditures	
Rebuild three pumps and their associated motors	\$0
Resealing of all Three Storage Basins	\$0
San Leandro Sample Station Assessment, surge valve replacement, flow meter replacement	\$0
MCCs and soft starters	\$35,000
Road Drainage Improvements	\$0

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Other Misc. LAVWMA Renewal/Replacements	\$90,000
Other Misc. EBDA Renewal/Replacements	\$0
CIP Planning/Management Contingency	\$0
Total Expenditures	\$125,000

FY2020/21 Capital Program Expenditures		
Project	Description	Cost
Rebuild three pumps and their associated motors.	Due to COVID-19 issues, this project has been delayed from FYE20. Bids have been received for both premium efficiency and regular efficiency pump rebuilds. Since the costs are approximately the same, premium efficiency will be used. The associated motors will also be rebuilt resulting in essentially a new pumping system. It is possible that this project may begin before the end of FYE20, but the payments will be made in FYE21.	\$216,000
Resealing of all three Storage Basins	Due to COVID-19 and staffing issues, this project is being carried over from FYE20. The basins need to be resealed approximately every ten years. GPS analysis did not show any settling. The rebar has been cut off even with the decks and the basins are ready to be sealed. The project will be combined with sealing of DSRSD's storage basins, which may result in some cost savings.	\$200,000
San Leandro Sample Station (SLSS) Design Improvements	<p>This project has evolved from what was described for last year's budget. It also now includes:</p> <ol style="list-style-type: none"> 1. 24-inch flow control valve 2. 20-inch flow control valve 3. Two 30-inch flow meters 4. Two chlorine residual analyzers 5. Miscellaneous piping and fittings to accommodate different pipe sizes 6. Improvements to the Programmable Logic Controller (PLC), Human Machine Interface (HMI), Supervisory Control and Data Acquisition System (SCADA), networking and programming <p>The SLSS station has to be designed to measure chlorine residual and monitor pH</p>	\$670,000

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FY2020/21 Capital Program Expenditures		
Project	Description	Cost
	<p>continuously. These parameters have to be measured both when effluent is going to EBDA and when effluent is dechlorinated and diverted to San Lorenzo Creek during wet weather events or during system testing. Composite samples of LAVWMA's effluent need to be taken when its directed to both EBDA and San Lorenzo Creek. Grab samples of LAVWMA's Effluent also need to be collected for Bacteriological analysis in both situations. The design of the SLSS is complicated by the following factors: 1) The discharge to San Lorenzo Creek wet weather outfall is rare; 2) During normal daily operations the LAVWMA pumps shut off during peak demand periods and therefore the pipeline is not full during those times; 3) The station is not staffed continuously. The goal of this project is to work with operational staff and the RWQCB to design the station to meet operational, maintenance and regulatory expectations in a manner which creates as little day to day maintenance as possible. The project will now also address probable sea level rise at the discharge point and provide a design to ensure discharge will always be possible.</p>	
Pump Station Motor Control Center (MCC) and Soft Starter Upgrades	<p>In last year's budget this was described as a two-year project. COVID-19 issues have delayed the design portion of the project. DTN Engineers is under contract for the design and technical support during construction. The final Engineer's Estimate was \$2,300,000 - \$2,500,000. The original estimate was \$1,065,000. The increased costs are due to the following:</p> <ol style="list-style-type: none"> 1. Added two auxiliary medium voltage MCCs to handle the power factor corrections automatically. 2. Added additional enhanced protection features to the existing main power 	\$2,500,000

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FY2020/21 Capital Program Expenditures		
Project	Description	Cost
	<p>distribution switchgear and sole sourced Eaton for all of this enhanced work. Specified Eaton to provide software configuration for the Power Quality SEER for communication with the new starters. Current starters do not have any digital communication with the existing power distribution network. This will match systems at DSRSD making operation and maintenance standardization.</p> <p>3. Added motor winding insulation monitoring system as a customized feature so that staff does not have to shut down the pump to monitor the health of the motor windings. These systems monitor when pumps run or are off.</p> <p>4. Added control panel modifications to replace existing Eaton RTD modules with new RTD controllers, and also added a fiber link from the pump pad to the building control panel. Required all these RTD controllers digitally communicate back to the PLC for data monitoring and alarm.</p> <p>5. Miscellaneous items:</p> <ul style="list-style-type: none"> a. Modifications of the existing doors into the electrical room. b. Redo the stairs at the control panel to accommodate new conduit runs. c. Customized switchgear dimensions to fit the existing cable/conduit terminations. d. Added a Storage bin for staff to store electrical parts. <p>6. Added Construction Management Services to ensure proper oversight of the project. DSRSD does not have adequate staff at this time to provide internal Construction Management Services.</p>	

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FY2020/21 Capital Program Expenditures		
Project	Description	Cost
Road Drainage Improvements at the LAVWMA Pump Station	Included in last year's budget, this project has been delayed due to COVID-19 and staffing issues. It will be combined with similar projects for DSRSD, which may result in some cost savings. This project will improve road drainage north of the storage basins.	\$35,000
Cathodic Protection Projects	A survey is conducted every year on the cathodic protection system. Surveyors typically identify areas that need improvements. In recent years additional sections of pipeline have been checked resulting in significant improvements needed this year. There are eight routine projects to be completed for a total of \$23,700. In addition, there are three more complex projects that need to be completed at a total cost of \$160,000. They include 1) One of the parallel pipelines needs high resistance bond repairs as high resistance connections have been observed. This project will result in new bonding cables terminated at a new test station to be monitored in future annual surveys; 2) Livermore interceptor electrical discontinuity repairs. Two sections of this pipeline have been determined to be lacking cathodic protection, which will be installed resulting in a new test section; 3) Emergency Discharge Lateral Discontinuity Repairs. A section of this segment is without cathodic protection which needs to be installed resulting in a new test section for future surveys. All three of these projects require excavation which increases the costs.	\$185,000
PLC Upgrade at the Pump Station	The existing Programmable Logic Controller (PLC) at the pump station is almost 20 years old and is near the end of its useful life. It is an OPTO22 system and needs to be upgraded to Allen Bradley PLC to match the PLCs used by DSRSD. An upgrade to the OPTO22	\$300,000

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FY2020/21 Capital Program Expenditures		
Project	Description	Cost
	system at the San Leandro Pump Station is already complete. This is a complex project that requires engineering design, equipment, installation, and construction support. Upon completion the system will be consistent with that of DSRSD improving operation and performance. It will also be helpful with managing the system under the likely terms of the new EBDA agreement. This project was recommended by the 2016 Pump Station Evaluation Report.	
Pipeline Inspection	The pipeline inspection being conducted through the Pump Station Risk Analysis and Pipeline Inspection Project will result in recommendations for additional inspection of sections of the pipelines that were not addressed through that project. The pipeline is extraordinarily complex with many siphon sections that go under major highways or are very deep underground. Inspecting these sections is difficult and will require coordination between staff and contractors. This project will allow inspection of additional sections to contribute to development of a reliable remaining useful life of the most valuable asset in the system.	\$100,000
Electrical Improvements to the Main Switchgear at the Pump Station	This project will improve the original equipment at the pump station. It includes upgrading to multi-function relays at the main service switch gear, which will require some design and interfacing with PG&E. It also includes adding time delay/remote close/trip switches for the main breakers to reduce the arc flash hazard to staff. Both of these items were recommended by the 2016 Pump Station Evaluation Report.	\$50,000
Smart Detectors on High Maintenance Air/Vac and Air Release Valves	This project would install Smart Detectors on pipeline vaults with high maintenance air/vac and air relief valves. The Smart Detectors would monitor the depth of the vault if an Air Relief Valve or	\$40,000

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FY2020/21 Capital Program Expenditures		
Project	Description	Cost
	Combination Valve fails or begins to leak water into the vault. The detector would recognize the level in vault is rising with water, and then send a signal/alarm to Operations which may prevent a spill to storm drains or creeks along the length of the pipelines. It will help to ensure compliance with Regional Board Sanitary Sewer Overflow requirements.	
Other Misc. LAVWMA Renewal/Replacements	As needed	\$50,000
Other Misc. EBDA Renewal/Replacements	As needed	\$50,000
CIP Planning/Mgmt./Contingency	As needed	\$50,000
Total Expenditures		\$4,446,000

2.3 Changes from FY2019/20 Budget

FY2019/20 expenditures are projected to come in approximately 6.0% above budget due power and payment for EBDA's OPEB/Pension costs. The annual reconciliation process will resolve any over or under payments. The FY2020/21 Budget is 3.46% more than FY2019/20 in Total Revenue Requirement. Total O&M costs are 12.88% more that was budgeted last year.

3.0 CAPITAL BUDGET

3.1 Description of Budget

The Capital budget includes all costs associated with renewal and replacement of existing capitalized facilities. From 2001 to 2010 the 2001 Series A bond funds were the primary source of LAVWMA's capital expenditures. The bond funds were closed out in June 2011. As of July 2011 and for the foreseeable future the only source of capital funding will be the Renewal & Replacement Funds that have been established for Joint Use, Dual Use and Sole Use Facilities. The table below depicts the projected fund balances during FY2020/21.

R & R Fund Balances	Joint	Dual	Sole	Total
Start of year	15,303,879	420,340	1,573,615	17,297,834
Deposits	400,000	0	0	400,000
Interest Earnings	450,000	7,566	28,325	485,891
Proposed Expenditures	(4,446,000)	(0)	(0)	(4,446,000)
End of Year	11,707,879	427,906	1,601,940	13,737,725

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As discussed previously, it is recommended that the annual contribution to the R&R Fund be continued at the \$400,000 level. The following table for the last several years plus the estimated data for FY2019/20 and recommendations for FY2020/21 show that LAVWMA maintaining the Joint Use R&R Fund at a sustainable level since FY2010/11. Due to the increased costs for the MCC and SLSS Projects the annual contribution should be reviewed in the next budget.

R&R Joint Use History				
Fiscal Year	Contributions	Interest	Expenses	Net
FY2010/11	0	84,873	(245,065)	(160,192)
FY2011/12	300,000	51,626	(411,885)	(60,259)
FY2012/13	300,000	45,064	(353,404)	(8,340)
FY2013/14	300,000	36,396	(119,955)	216,441
FY2014/15	300,000	40,479	(439,073)	(98,594)
FY2015/16	400,000	62,652	(336,712)	125,940
FY2016/17	400,000	109,563	(600,000)	(90,437)
FY2017/18	400,000	225,160	(154,000)	471,160
FY2018/19	400,000	494,626	(309,115)	585,511
FY2019/20	400,000	500,000	(125,000)	775,000
FY2020/21	400,000	450,000	(4,446,000)	(3,596,000)
Total	3,600,000	2,100,439	(7,540,209)	(1,839,770)

3.2 Discussion of Capital Expenditures Proposed for FY2020/21

The following table summarizes \$4,446,000 of anticipated FY2020/21 capital expenditures on the renewal and replacement of LAVWMA and EBDA facilities. More detailed descriptions are included in Section 2.2.5, Capital Program Funding.

FY2020/21 Capital Program Expenditures	
*Carryover	
*Rebuild three pumps and their associated motors	\$216,000
*Resealing of all Three Storage Basins	\$200,000
*San Leandro Sample Station Design Improvements	\$670,000
*MCCs and soft starters	\$2,500,000
*Road Drainage Improvements	\$35,000
Cathodic Protection Projects	\$185,000
PLC Upgrade at the Pump Station	\$300,000
Pipeline Inspection	\$100,000
Electrical Improvements to Main Switchgear	\$50,000
Smart Detectors on High Maintenance Pipeline Valves	\$40,000
Other Misc. LAVWMA Renewal/Replacements	\$50,000
Other Misc. EBDA Renewal/Replacements	\$50,000
CIP Planning / Management Contingency	\$50,000
Total Expenditures	\$4,446,000

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4.0 FY2020/21 Member Agency Cost Sharing & Schedule

Member Agency Costs FY2020/21			
	Total	Livermore	DSRSD/Pleasanton
Variable O&M	\$ 1,407,000	\$ 492,450	\$ 914,550
Fixed O&M	2,051,400	617,472	1,433,928
Sole Use Fixed O&M	25,000	25,000	
Total O&M	3,483,399	1,134,922	2,348,478
Replacement Fund	400,000	120,400	279,600
Repair Debt	2,438,659	974,244	1,464,414
Expansion Debt	5,567,442	1,253,788	4,313,654
EBDA Debt	-	-	-
Total Capital Costs	8,406,100	2,348,432	6,057,669
Total Revenue Required	\$ 11,889,500	\$ 3,483,353	\$ 8,406,147
Semi Annual O&M Advance	1,741,700	567,461	1,174,239
Semi Annual Replacement Fund Advance	200,000	60,200	139,800
EBDA Debt Advance, July 1	-	-	-
July 1 Bond Debt Service Advance	6,414,363	1,785,065	4,629,298
Jan 1 Bond Debt Service Advance	1,591,738	442,968	1,148,770
Total July 1 Advance	\$ 8,356,062	2,412,725	5,943,337
Total January 1 Advance	\$ 3,533,437	\$ 1,070,628	\$ 2,462,809
Percentages			
Variable O&M		35.00%	65.00%
Fixed O&M		30.10%	69.90%
Replacement Fund		30.10%	69.90%
Repair Debt		39.95%	60.05%
Expansion Debt		22.52%	77.48%

5.0 Budget Trends FY2013/14 – FY2020/21

The following charts show expense trends from FY13/14 through FY20/21. The charts show the following:

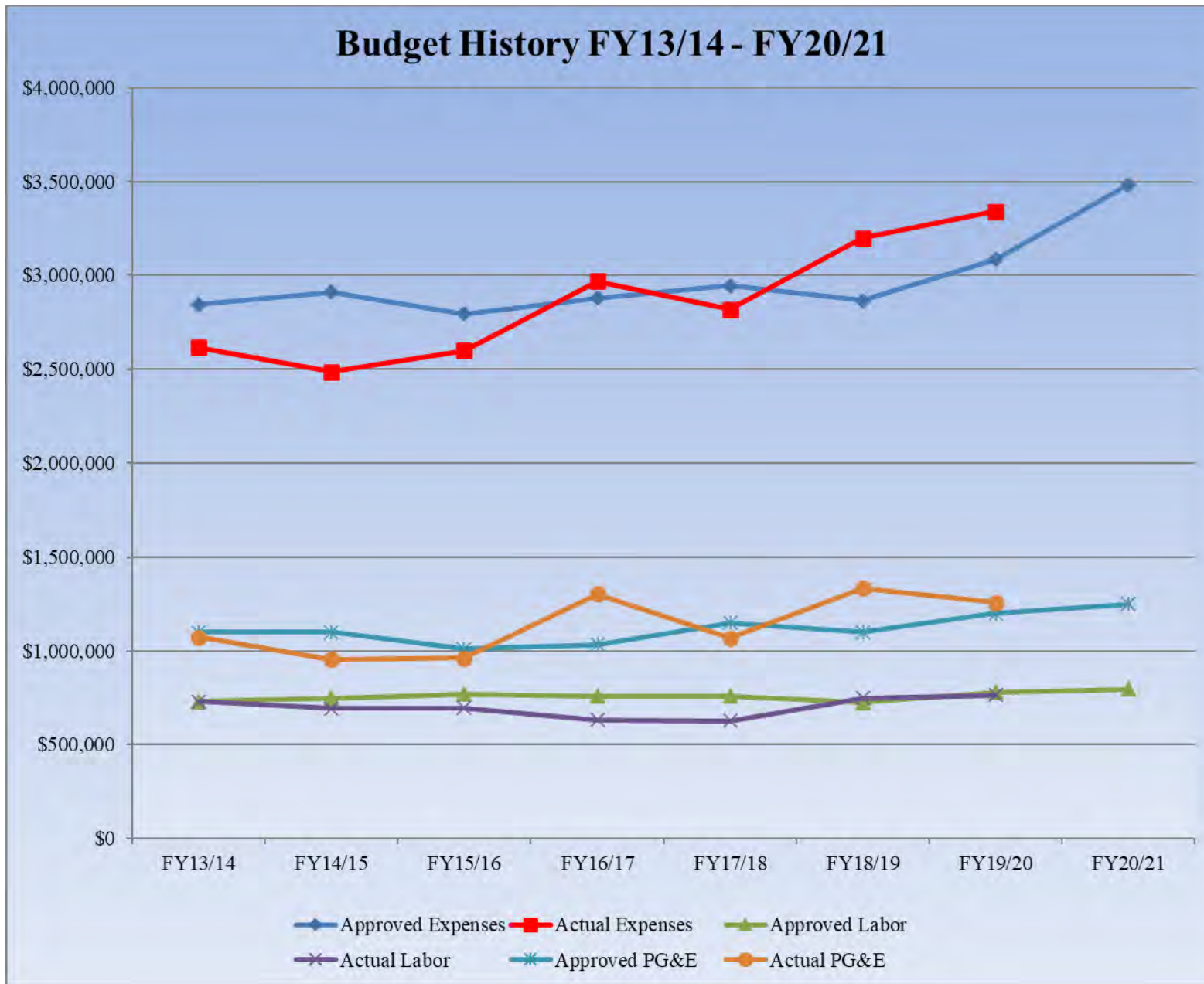
- Approved versus actual expenses for total expenses, labor costs, and PG&E power
- Estimated versus actual export flow
- Estimated versus actual cost per million gallons

Beginning with the FY2019/20 budget, these charts have been modified from previous presentations. The costs shown are total costs as in the approved budgets, which also include costs for EBDA. Previously, EBDA costs were not included. As a consequence, the cost per million gallons is going to be higher than the costs shown in DSRSD's Quarterly reports. The cost for just pumping over the Dublin Grade is approximately \$612/MG, while the full disposal

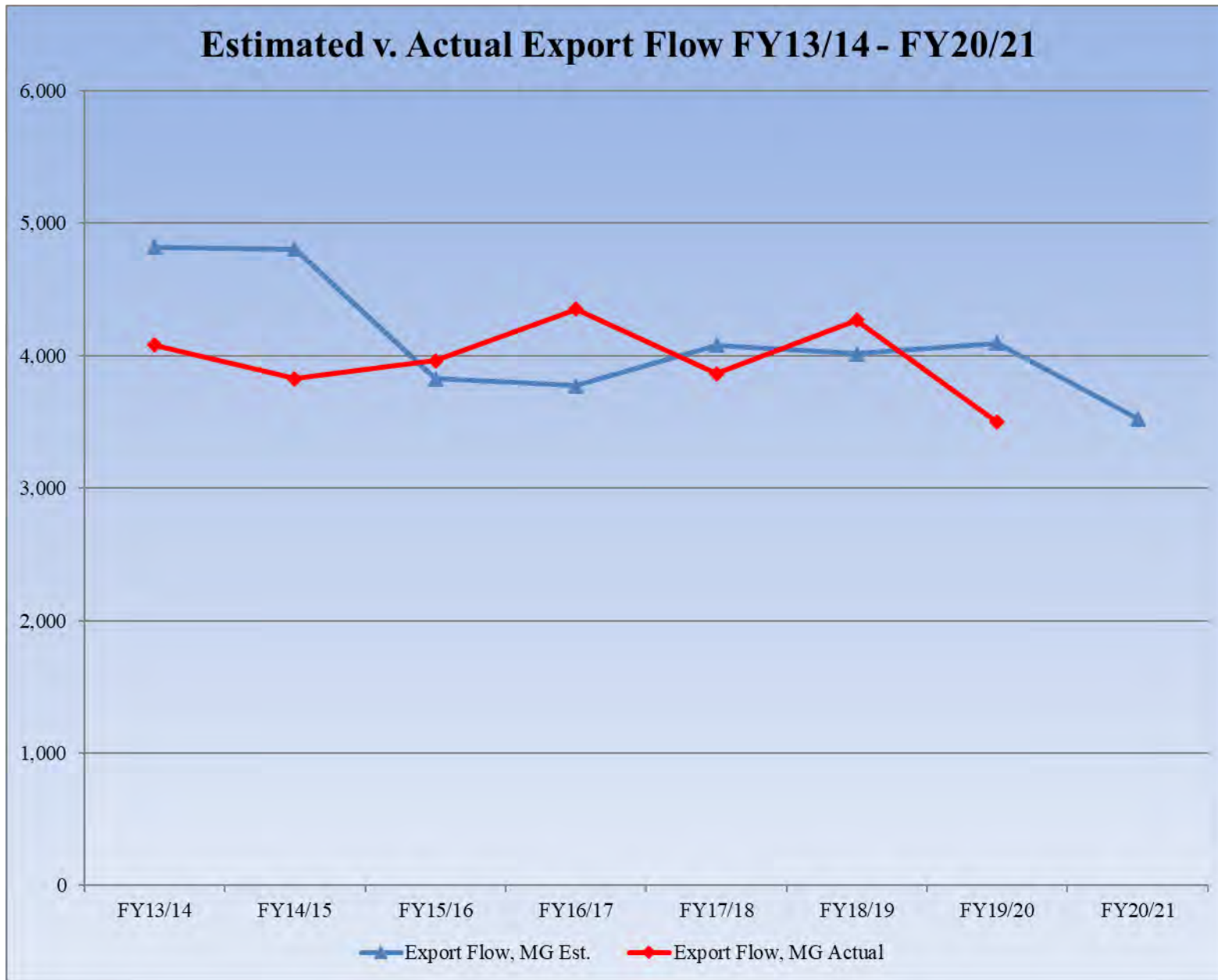
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cost, including EBDA costs is approximately \$749. Although flow and PG&E costs are directly linked, other factors such as fixed costs for labor and equipment repair generally increase at the rate of inflation or CPI, resulting in increasing cost curves. Export flow is decreasing over time due to water recycling efforts.

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