

ADOPTION OF FISCAL YEAR 2011/12 OPERATING, CAPITAL AND TCSD COST ALLOCATION BUDGETS

BACKGROUND: Attached is the draft Fiscal Year 2011/12 budget, which is being submitted for Board review and approval. Highlights of the budget include the following:

1. The increase in the 2011/12 sewer service charge is projected to increase revenue from \$5,159,547 to \$5,802,326, an increase in \$642,779.
2. Operating expenses are projected to decrease from \$3,544,009 to \$3,392,350, a decrease of \$151,659
3. All capital expenses allocated to TCSD for FY 2011/12 have been financed over 20 years at a rate of 4.5% in anticipation that an agreement amendment will be executed soon between our two agencies. The draft budget was sent to TCSD for review and comment and Jon Elam reported the following:

“Thanks for the materials and the flexibility you provided in spreading out the capital costs. The numbers played well with our budget and while we may still not be in the black as a fund by the end of 2012 we are moving in the right direction. The board gave preliminary approval for the budgets for final adoption on July 5th.”

4. Expenses have been included in the budget to fund the Internship Program that the Board approved in May 2011, consulting service to assist in the renewal of the District's NPDES Permit and biosolids contract hauling services.
5. Capital financing is projected to be needed in the amount of \$5,000,000 in FY 2011/12. The financing would come from a \$2.0 million State Revolving Fund loan for the Locust Street Pump Station and a 3.0 million dollar bank loan.

RECOMMENDATION: Adopt Resolution No. 951 approving the FY2011/12 budget

ATTACHMENT Resolution No. 951
 FY 2011/12 Budget

PRIMARY EFFLUENT BOX, RECYCLE BOX, PIPE AND VALVE REHABILITATION PROJECT – REVIEW EMERGENCY ACTION TAKEN IN CONNECTION WITH THE PURCHASE OF FIVE KNIFE GATE VALVES

BACKGROUND: In March 2011, the District Board adopted Resolution No. 945 declaring the Temporary Pumping System and FFR Valve Replacement Project an emergency due to time constraints to complete the work and the substantial potential for the failure of the PEB and FFR Pump Station and resulting threat to public health and the environment.

The Temporary Pumping and FFR Valve Replacement Project remains under construction in accordance with its ongoing emergency declaration. Phase 2 of this work (replacement of the twelve FFR plug valves) is scheduled for completion by July 28th, 2011. Completion of Phase 2 will allow for gate valve replacement work to proceed within the Primary Effluent Box, Recycle Box, Pipe and Valve Rehabilitation Project, which is currently being advertised for bids. Gate valve replacement is to be completed by September 30th, prior to the onset of wet weather. The current lead time for gate valves was reported to be 8 to 10 weeks according to Kennedy Jenks consulting engineers. This does not provide adequate time to complete gate valve procurement and replacement prior to the September 30th deadline. Consequently, Kennedy Jenks has recommended that the required five (5) gate valves and associated flanged coupling adapters (FCAs) be pre-purchased to support the project schedule and ensure completion prior to wet weather.

Under Resolution No. 945, the General Manager has been given the authority to order emergency action pursuant to the repair and rehabilitation of the Primary Effluent Box and FFR pump station. There is substantial evidence that additional emergency action is needed to accomplish the timely repair and rehabilitation of the Primary Effluent Box and FFR pump station and to safeguard life, health or property. The action involved the purchase of five KIFE gate valves for the FFR pump station without giving notice soliciting competitive bids. Without the emergency action, the ability to complete the work prior to wet weather would be compromised. Given the authority delegated to the General Manager, the purchase of the subject valves was made on June 17th. Documents that were relied on in making this decision are attached.

RECOMMENDATION: Review the emergency action pursuant to Resolution No. 925, a resolution finding emergency and delegating authority to the General Manager to take emergency action and to let emergency contract without giving notice soliciting competitive bids.