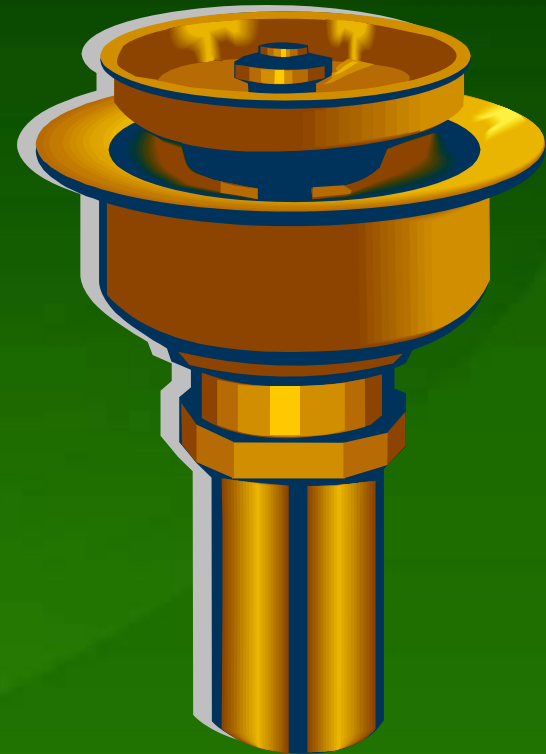


**City of Modesto**  
**Finance Committee Budget Workshops**  
**Utility Enterprise Funds Review**  
**Week of May 17-21, 2010**



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# Wastewater Fund



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# Programs

- Plant Maintenance
- Treatment Plant Operations
- Lab & Environmental Monitoring
- Customer Services
- Electrical Maintenance
- Pre-Treatment Compliance
- Wastewater Collections
- Capital Improvement Program
  - Capital Project Planning
  - Wastewater CIP Design



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**WASTEWATER FUND**

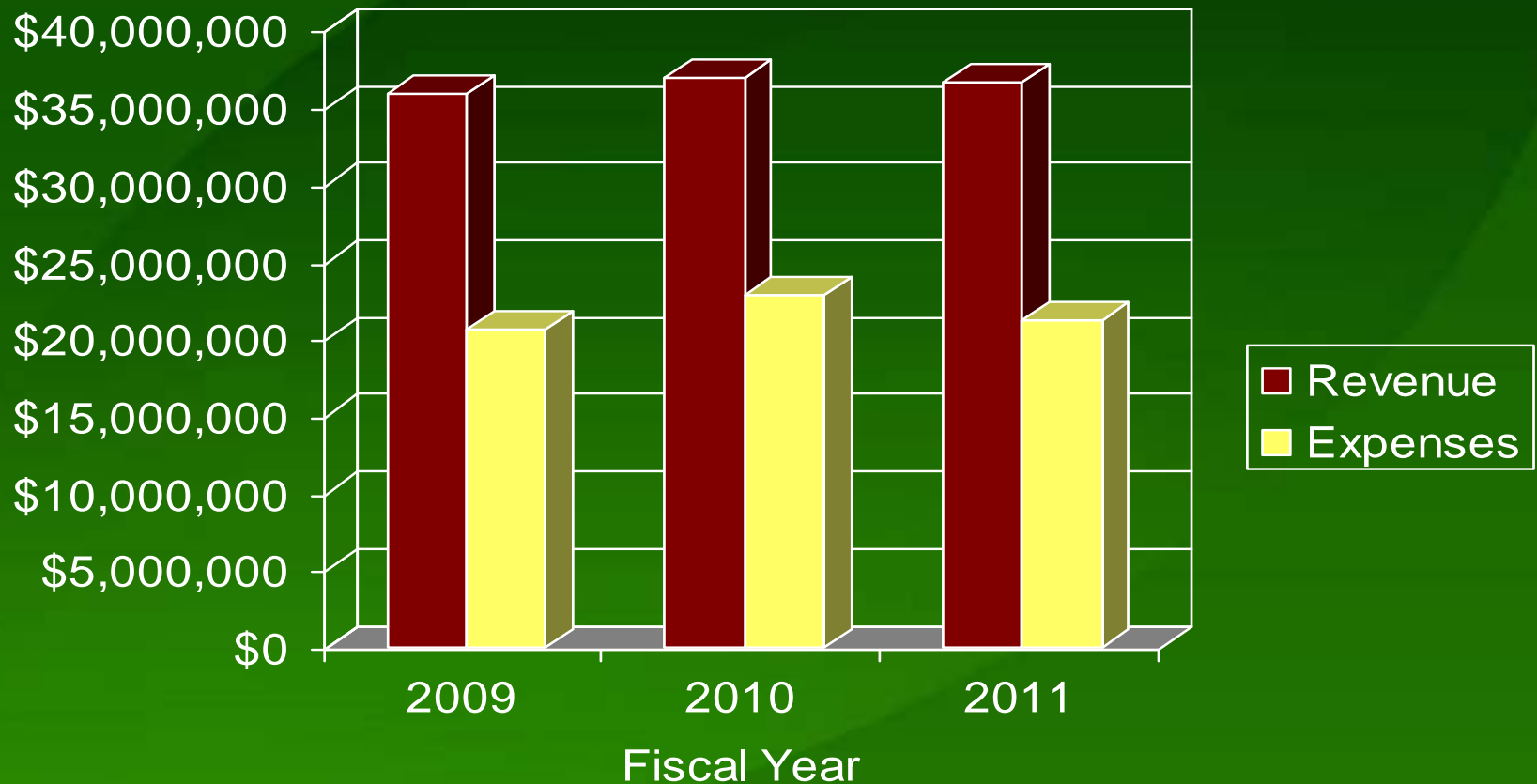
# Revenue Sources

- Residential Wastewater Fees
- Commercial Wastewater Fees
- Industrial Wastewater Fees
- Wastewater Recovery (Frontage) Fees
- Wastewater Capacity (Connection) Fees
- Subtrunk Extension Fees
- Septic Tank Pumping Fees



# Revenue vs. Expenses

## FY 2009-2011



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**WASTEWATER FUND**

# Key Program Spending

Program Area	Proposed Budget
Customer Services	\$961,752
Wastewater Lift Stations	\$1,016,083
Electrical	\$552,967
Wastewater Operations	\$2,389,953
Wastewater Collections	\$3,775,114
Sutter Plant Maintenance	\$2,258,425
Jennings Plant Maintenance	\$2,692,235
Lab and Environmental Monitoring	\$986,673
Pre-Treatment Compliance	\$1,423,715



# FY 2010-11 Goals

- Explore opportunities for water reuse and transfers
- Continue to explore feasibility of regionalization of wastewater utilities
- Complete Phase 1 Tertiary Treatment Construction
- Reduced number of Sanitary Sewer Overflows (SSOs)
- Augment Grease Ordinance - Fats, Oils and Grease (FOG) discharge enforcement to meet regulatory requirements



# Fund Challenges

- Meeting February 2016 deadline for Wastewater NPDES Permit ammonia requirements
- Anticipating rate increase of 3% for Wastewater Rates
- Meeting NPDES permit, Waste Discharge Requirements (WDR) Collection Systems with existing resources
- Implementing and funding Plant Asset Management Plan



# Reduction Options



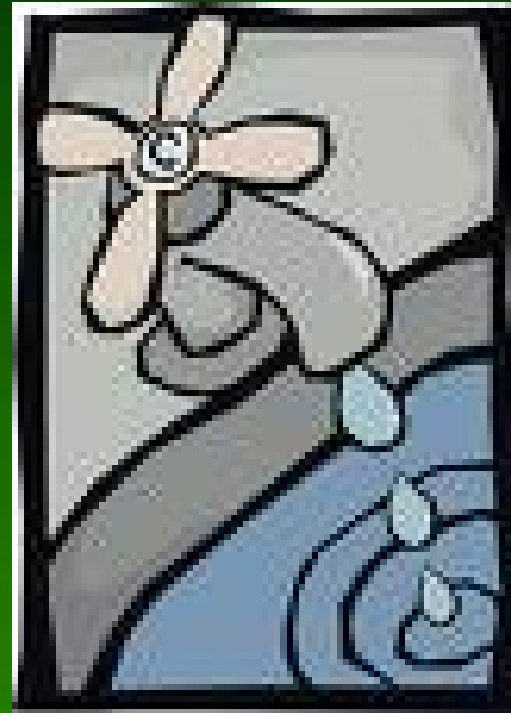
# Questions?



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***WASTEWATER FUND***

# Water Fund



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# Programs

- Asset Inventory
- Construction Repairs and Improvements
- Cross Connection
- Customer Services
- Flushing
- Meter Installation
- Meter Reading
- New Service Connections
- System Maintenance and Repair
- Valve Turning
- Storage and Distribution
- Water Conservation
- MID Surface Water Treatment Plant
- Water Quality
- Wells and Pumps
- Capital Improvement Program
  - Capital Project Planning
  - Water CIP Design
- Hydraulic Modeling



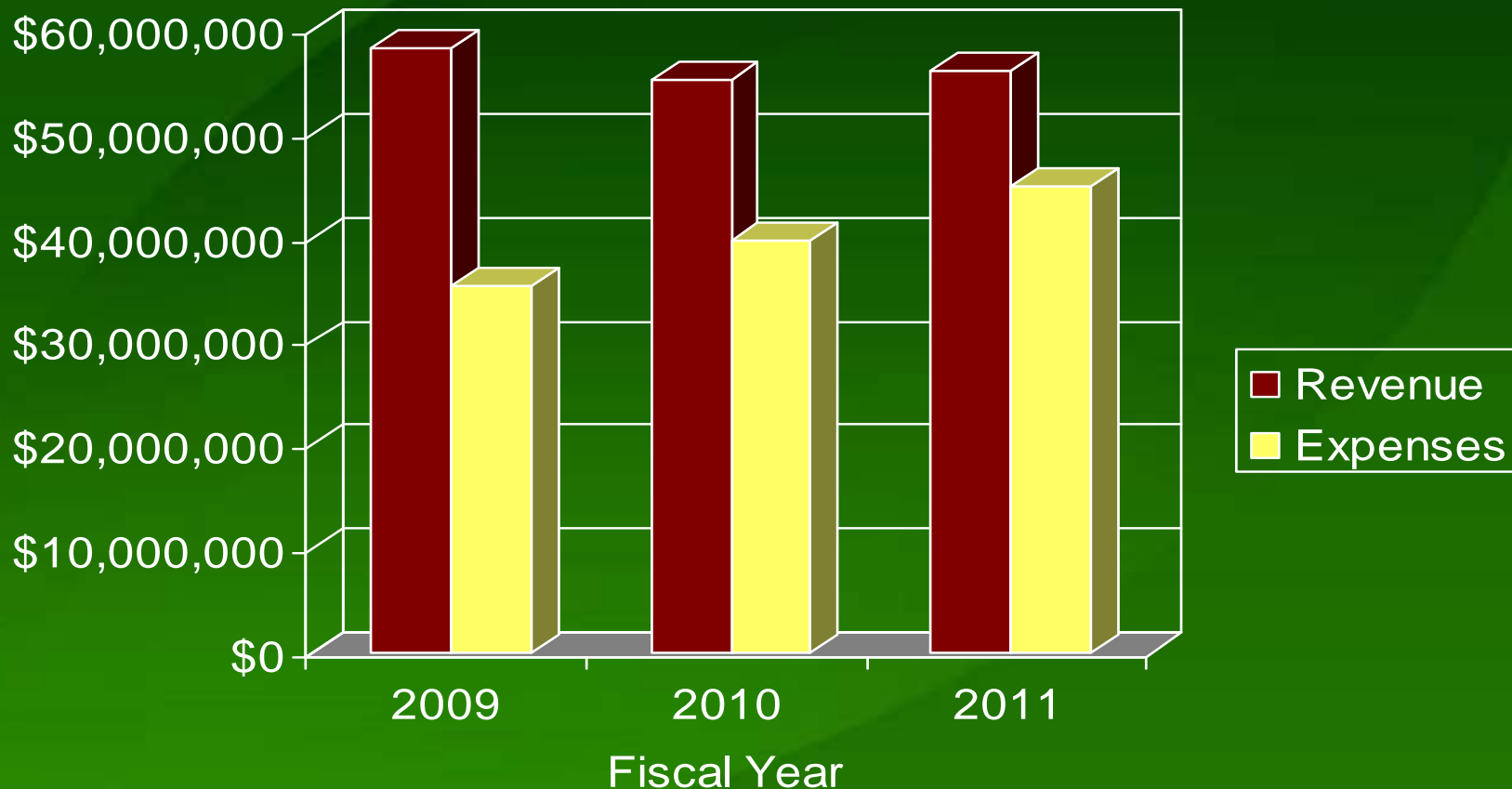
# Revenue Sources

- Water Sales
- Water System Fees
- Water Tap/Connection Fees
- Fire Hydrant Connection Fees
- Fire Standby Service Fees



# Revenue vs. Expenses

## FY 2009-2011



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***WATER FUND***

# Key Program Spending

Program Area	Proposed Budget
Customer Services	\$1,288,315
Meter Install – Residential (CIP)	\$3,000,000
Meter Install – Commercial	\$617,671
Water Quality – Testing & Monitoring	\$1,441,100
Meter Reading/Service	\$1,515,730
Water Conservation	\$284,502
Construction	\$1,827,447
Wells & Pumps	\$2,827,447
Wellhead Treatment	\$1,360,318



# FY 2010 -11 Goals

- Complete Water System Engineer's Report and Rate Study update
- Continue work on Water Master Plan to support infrastructure needs
- Explore feasibility of regionalization of water utilities
- Reach concurrence with other partner cities on how to best proceed with TID Regional Surface Water Supply Project (RSWSP)



# FY 2010 -11 Goals

- Continue Water Meter Conversion Program
- Explore treatment options for wells with high contaminant levels
- Further prepare water distribution system for downstream improvements and Tier I turnouts
- Strengthen and replace water lines



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***WATER FUND***

# Fund Challenges

- Revenue requirements if City participates in TID RSWSP
- Adequate funding to replace aging infrastructure in all areas including wells, wellhead treatment, storage tanks, and transmission lines



# Water Rate Review

- Adopted Resolution allows inflationary increase on July 1<sup>st</sup> of each year
- Recommend NO change in rates for July 1, 2010
- Planned 2009 Comprehensive Rate Study on hold until 2010
  - Study will evaluate impacts on rates from:
    - TID RSWSP participation
    - Additional MID project costs
    - Shortfalls from 2004 study



# Reduction Options

• Proposed Operating Budget Reductions	(\$742,566)
• Mayor's Proposed Reductions	
– Reduce Water Conservation Program	(\$ 17,850)
– Reduce Landscape Maintenance at Storage Tank Sites	(\$ 9,800)
– Reduce Security Contract at Codoni Yard	(\$ 20,900)
– Reduce Valve Turning Program	<u>(\$ 36,400)</u>
SUBTOTAL	(\$827,516)
• Budget Addition	
– Meter Technician (includes vehicle, equipment, tools, and supplies)	<u>\$120,020</u>
<b>TOTAL PROPOSED REDUCTIONS</b>	<b>(\$707,496)</b>



# Questions?



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***WATER FUND***

# Storm Drain Fund



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# Programs

- Stormwater Collections
- Stormwater Compliance
- Storm Drain Planning
- Customer Services
- Rockwell Rejuvenation
- Street Sweeping
- Leaf Collection
- Capital Improvement Program
  - Capital Project Planning
  - Storm Drain Project Design



# Revenue Sources

- Storm Drain Rates
- Source Water Protection Program Funding
  - Through Water Fund

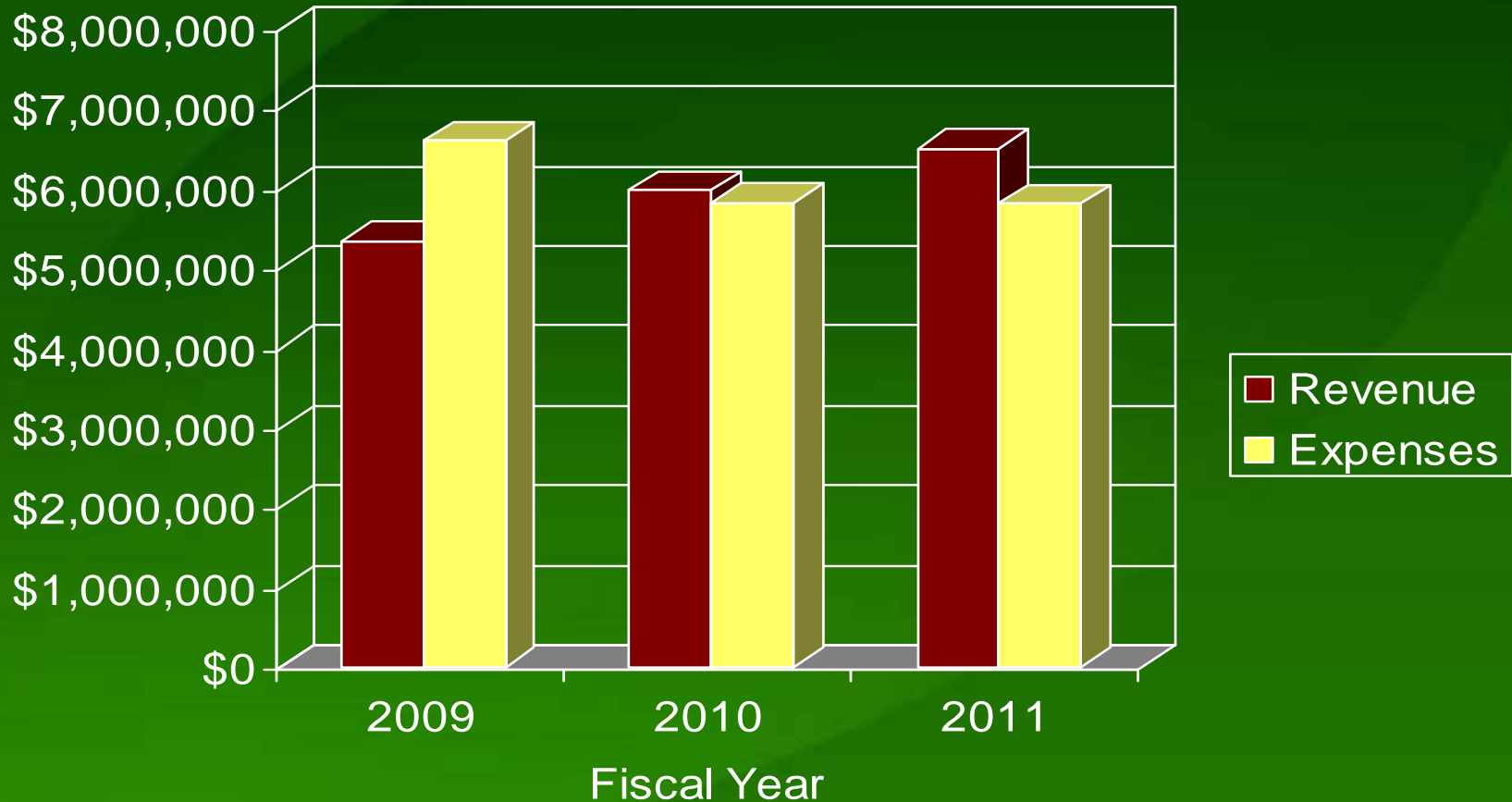


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***STORM DRAIN FUND***

# Revenue vs. Expenses

## FY 2009-2011



# Fund Challenges

- Rates have not increased since 1992
- System-wide increase requires Prop 218 affirmative vote
- Fund cannot maintain current levels of service without additional funding
- No funding available for Capital Improvement Projects



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***STORM DRAIN FUND***

# Key Program Spending

Program Area	Proposed Budget
Storm Drain General	\$101,077
Storm Water Lift Stations	\$262,672
Storm Water Collections	\$5,253,712
Street Sweeping	\$1,125,305
Storm Water Compliance	\$750,875
Leaf Collection	\$211,635
Storm Drain Planning	\$24,042
Customer Services	\$739,710



# FY 2010-11 Goals

- Complete Storm Drain Master Plan Engineer's Report and CEQA work as funding becomes available
- Compliance with NPDES Stormwater Permit requirements
- Perform storm retention and detention basin maintenance to improve efficiency of basin and quality of water discharged to receiving waters



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***STORM DRAIN FUND***

# Reduction Options

- Proposed Operating Budget Reductions  
**(\$869,030)**



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***STORM DRAIN FUND***

# Questions?



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***STORM DRAIN FUND***

# Finance Committee Budget Workshops

## Transportation Funds Review



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# Surface Transportation Fund



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# Programs

- Traffic Engineering
- Traffic Signal Maintenance
- Street Lighting
- Pothole Patching
- Street Paving
- Traffic Signs & Markings
- Utility Trench Repair
- Curb, Gutter, & Sidewalk Repair
- Right-of-Way Maintenance and Weed Spraying
- Tree Maintenance – Trees in ROW
- Capital Improvement Program
  - Traffic Design
  - Slurry/Cape Seals
  - Traffic Calming
  - Traffic Signal Installation
  - Intersection Improvements
  - Roadway widening
  - Roadway Installation/Extensions
  - Advanced Traffic Management System (including CCTV)
  - Major Road Repair
  - Street Light Circuit Repair
  - Pedestrian Overcrossings



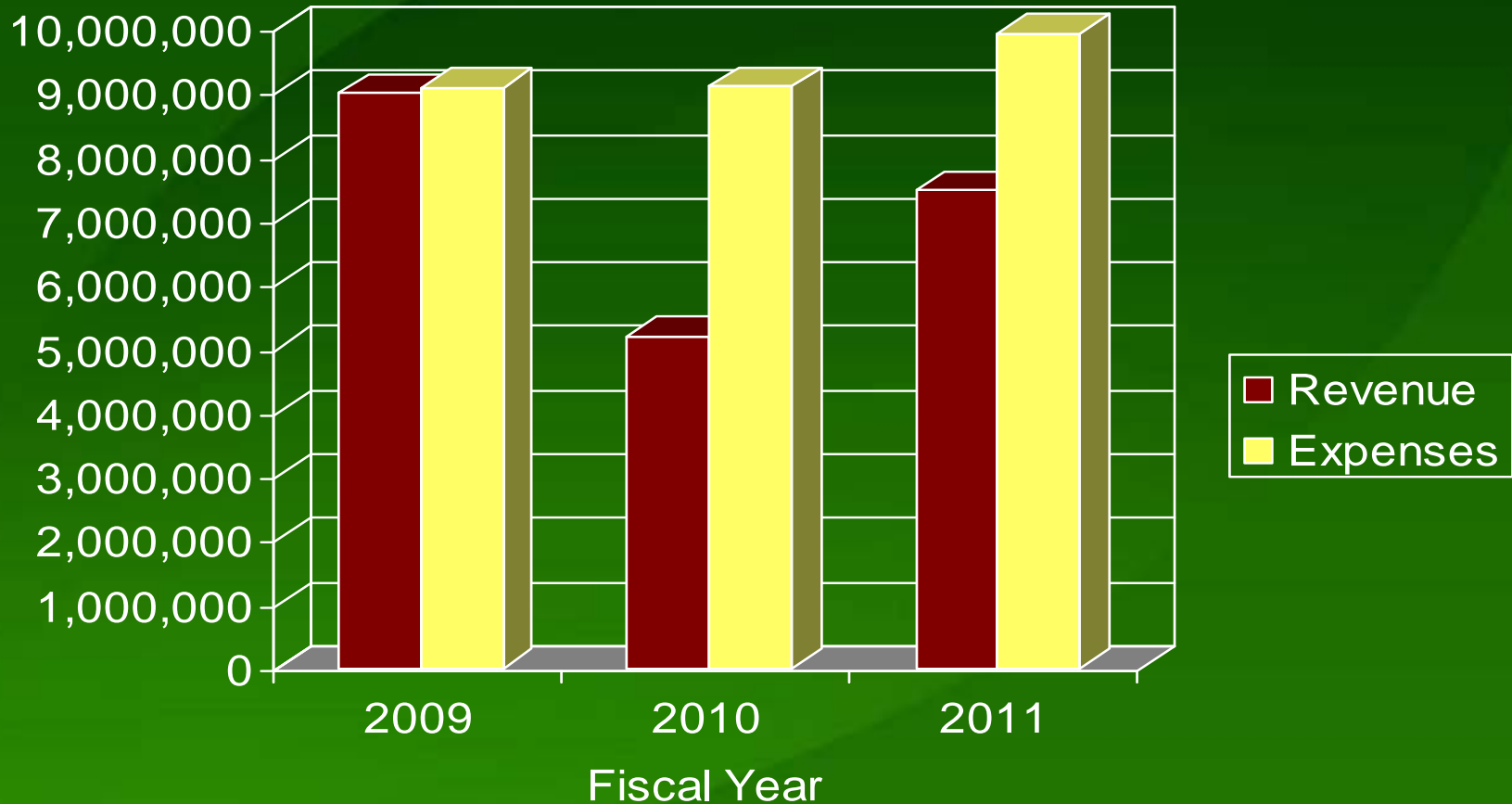
# Revenue Sources

- Highway User Tax Account (HUTA)
  - Also referred to as Gas Tax
- Garbage Impact Fees
- Prop 42 – with MOE Requirement
- General Fund – MOE
- General Fund (Traffic Engineering)
- Prop 1B (Phase 1)
- Prop 1B (Phase 2)



# Revenue vs. Expenses

## FY 2009-2011



# Proposition 1B - Streets

- City received \$3,364,421 in Prop. 1B – Streets funding in FY 2007-08
- Council approved list of streets for pavement maintenance
- City received notice from State Controllers Office that cities may use funds in place of Gas Tax until further notice
  - Return of funds for 1B purposes once Gas Tax is reinstated



# Proposition 42 Funding

- FY 2009-10
  - \$516,000 received to date
  - 1<sup>st</sup> and 2<sup>nd</sup> quarters were suspended
- FY 2010-11
  - No anticipated funding
  - No budgeted funds
  - MOE requires General Fund spending \$1,687,175 annually on streets maintenance
  - Funds may only be used for specified street or road maintenance activities (curb-to-curb)
  - Funding must be expended within specified time-frame



# State-Imposed Funding Challenges

- FY 2009-10
  - Estimate for HUTA revenue projected at \$3,139,350
  - Estimate for LTF revenue is zero
- FY 2010-11
  - Estimate for HUTA revenue projected at \$3,106,107
  - Payment anticipated to be deferred to April 2011
    - Creates cash flow issues
    - Need to use reserves and Garbage Franchise Fees



# FY 2010-11 Strategy

- Continue inter-department taskforce (PW, CEDD, Finance, and PRN) to monitor revenues and make further adjustments as needed
- Shift Street Maintenance funding from HUTA to Prop 1B
- HUTA spending
- General Fund uses



# Goals

- Implement crack sealing program to prolong life of deteriorating streets
- Continue program to repair pavement surface from utility cuts
- Maximize use of ARRA funding for street preservation efforts
- Execute Prop 1B phase I spending plan



# Unmet Needs

- Future funding uncertain
- Street light high voltage deferred maintenance and needed upgrades - \$15 million
- Funding for projects that have been de-funded
- Funding for equipment purchases
- Insufficient funding for operations
- Insufficient staffing



# Items for Council Consideration

- Weed Abatement Spray Crew
  - Right-of-way and traffic islands
  - Annual Cost = \$248,190
  - Eligible for Gas Tax
  - On going costs will impact this fund's ability to fund street and traffic operations as one-time funds go away



# Questions?



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# Airport Fund



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# Programs

- Airport Administration
  - Airport certification and safety
  - Lease management
  - Federal grant management
  - Marketing, promotion, and business development
- Airport Operations and Maintenance
  - Commercial Aviation
  - Executive Aircraft
  - General Aviation



# Revenue Sources

- Airport space rent, landing and fuel flowage fees, and aircraft parking charges
- Federal grants
- Passenger Facilities Charges
- Aircraft taxes

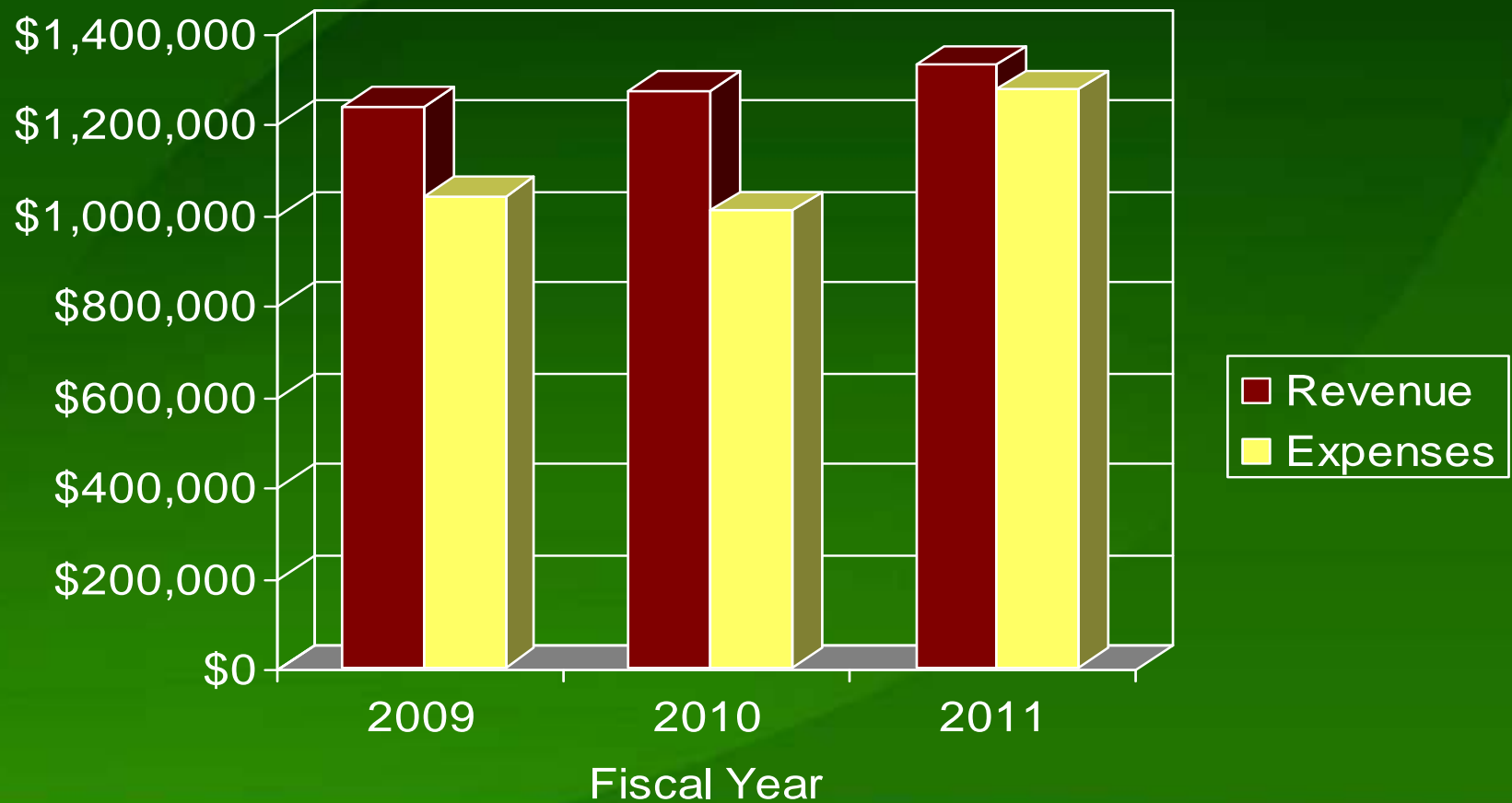


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***AIRPORT FUND***

# Revenue vs. Expenses

## FY 2009-2011



# 2010-11 Goals

- Additional air service recruitment
- Revenue development
- Airport marketing and passenger development
- Remove tree obstructions penetrating protected airspace
- Install irrigation well



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***AIRPORT FUND***

# Fund Challenges

- Limited revenue development opportunities
- Increased costs
- Minimum staffing
- Funding for Capital Improvements
- Funding for air service marketing and promotion



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***AIRPORT FUND***

# Reductions Options

- Proposed Operating Budget meets revenue projections
- No reductions recommended



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***AIRPORT FUND***

# Questions?



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***AIRPORT FUND***

# Transit Fund



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# Programs

- MAX Operations
- Dial-A-Ride
- Transportation Center
- Amtrak Station
- Alternative Transportation Program
- Capital Improvement Program
  - Bus Maintenance Facility
  - New Bus Purchases
  - Bus Stop Improvements



# Revenue Sources

- Transportation Development Act
  - Local Transportation Funds (LTF)
  - State Transit Assistance Funds (STA)
- Federal Transit Administration
  - 5307 FTA Grants (Formulary)
  - Congestion Mitigation/Air Quality (CMAQ)
- ARRA (Federal Economic Stimulus)
- Passenger Fares
- Advertising



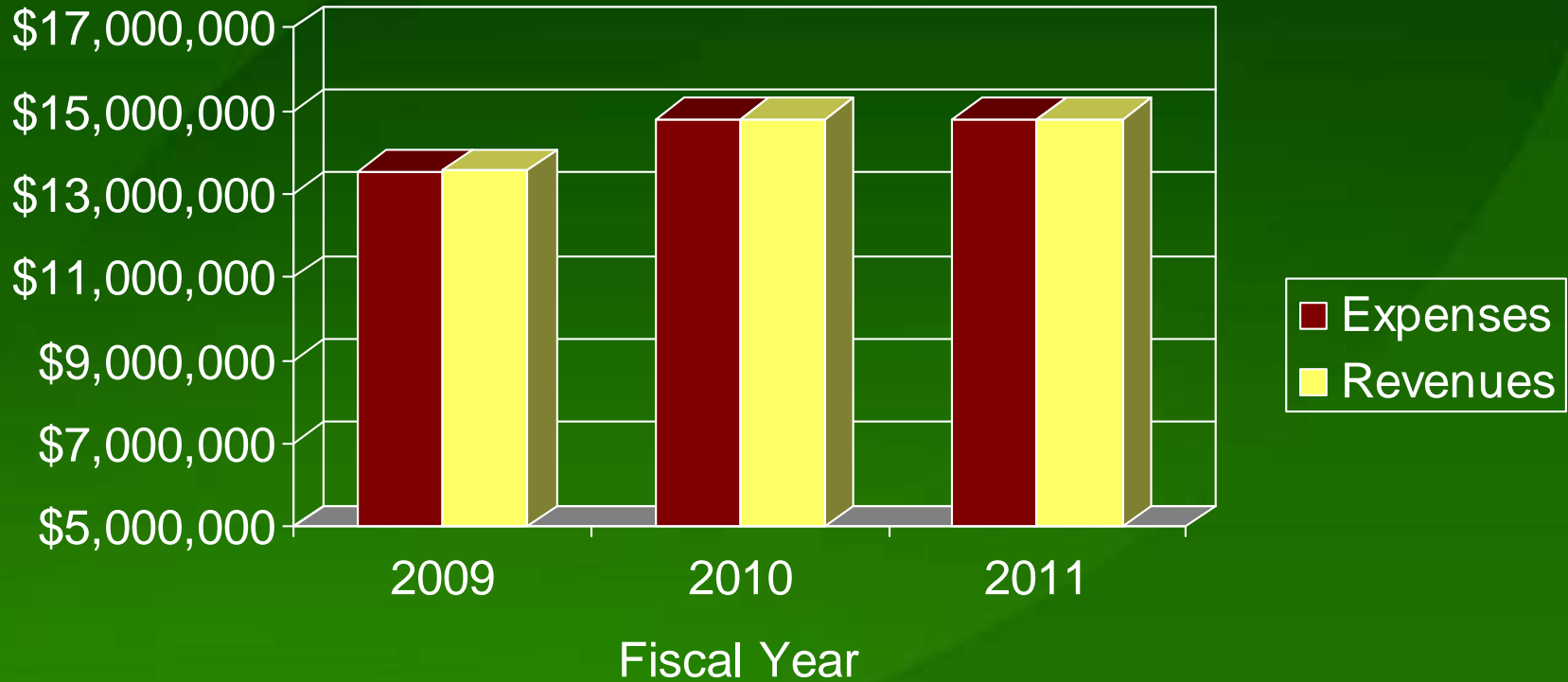
# State Transit Assistance Update (STA Funds)

- STA Funding has been restored for FY10/11
  - Projected Amount = \$1,578,396
- STA Funding Annual Estimate
  - On-going estimate = \$1,337,380 (per year beginning in FY11/12)



# Revenue vs. Expenses

## FY 2009-2011



# Key Transit Program Expenses

Program	FY 09 Actual	FY 10 Adopted	FY 11 Proposed
MAX Operations	\$ 10,046,775	\$ 11,162,705	\$11,164,662
Dial-A-Ride	\$ 2,764,568	\$ 2,987,476	\$ 3,075,319
Transit Center	\$ 562,362	\$ 526,076	\$ 535,205
Amtrak	\$ 111,109	\$ 114,803	\$ 80,859



# FY 2010-11 Goals

- Implement route improvements in Northwest Modesto
- Construct new Bus Maintenance Facility
- Refurbish 13 1998 buses
- Install new video surveillance system in Transportation Center



# Funding Challenges

- Decline in Local Transportation Funds (LTF)
- Decline in Passenger Revenues



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***TRANSIT FUND***

# Reductions Options

- Proposed Operating Budget Reductions

(\$144,472)



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***TRANSIT FUND***

# Questions?



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***TRANSIT FUND***

# Fleet Fund



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# Programs

- Fleet Administration
- Fleet Operations & Maintenance
- Transit Maintenance
- Equipment Replacement



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***FLEET FUND***

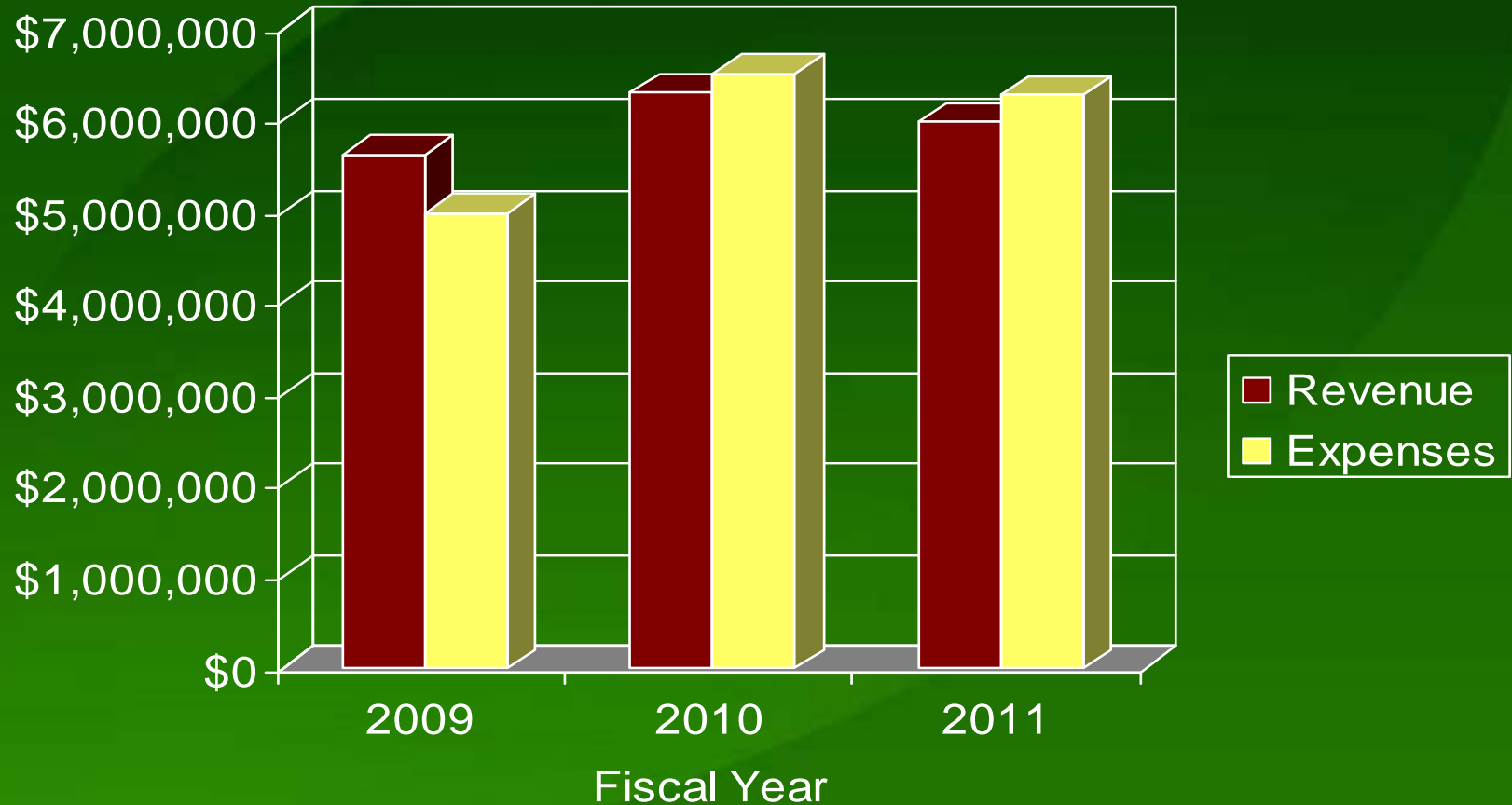
# Revenue Sources

- Fleet Funding Sources
  - Equipment Charges
    - Operating fees and charges
    - Replacement rates
  - Non Fleet Revenue
    - Other agency revenue
    - Non Fleet-related revenue



# Revenue vs. Expenses

## FY 2009-2011



# 2010-11 Goals

- Replace equipment in compliance with Air Resources diesel engine rules
- Install replacement vehicle wash
- Pursue opportunities for grants and other funding for “Green Fleet” Opportunities



# Fund Challenges

- Rate holidays for several years have reduced funds for replacement equipment
- Fuel pricing remains unstable and likely to rise
- Increased cost to implement regulatory mandates



# Reductions Options

- Proposed Operating Budget Reductions (\$590,668)
  - Mayor's Proposal eliminates Deputy Director  
in Transportation Services Division (\$137,950)\*
- TOTAL FLEET FUND REDUCTIONS (\$728,618)**

\*Reduction represents savings to Fleet, Transit, Airport, and Gas Tax Funds



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***FLEET FUND***

# Questions?



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***FLEET FUND***

# Parking Fund



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# Programs

- Parking Garage Operations
- Flat Lot Operations
- Automated Revenue Collection
- Capital Maintenance Program



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***PARKING FUND***

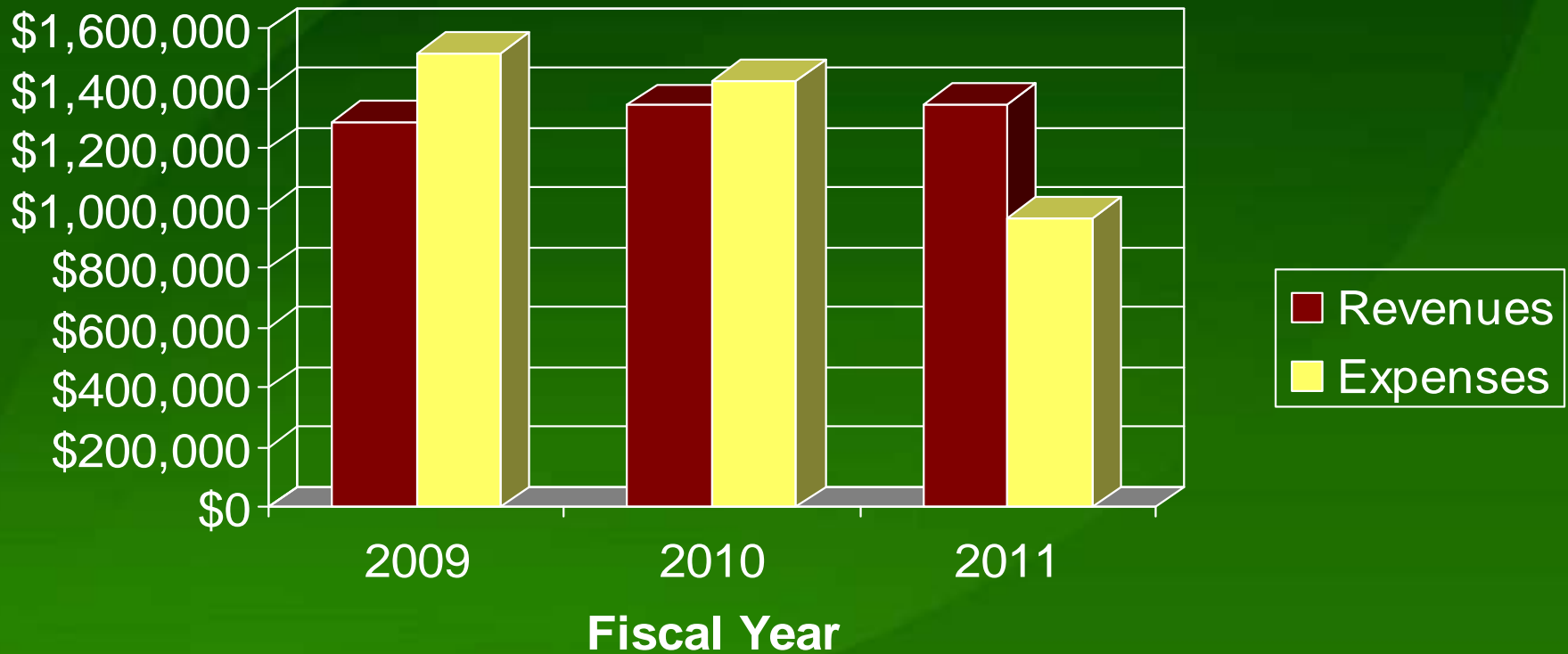
# Revenue Sources

- Monthly passes
- Pay by hour - parking garages & flat lots
- Vendor agreements
- Parking enforcement (General Fund)



# Revenue vs. Expenses

## FY 2009-2011



# FY 2010-11 Goals

- Pursue revenue partnerships with Downtown businesses
- Complete automated parking conversion
- Complete assessment of all facilities
- Develop a Capital Maintenance Program for parking lots and garages



# Fund Challenges

- Fund Reserve
- Capital Maintenance Program
  - 9<sup>th</sup> Street Garage fire suppression system upgrade
  - 9<sup>th</sup> Street walk bridge improvements
  - Programmed maintenance and replacement



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***PARKING FUND***

# Reductions Options

- Proposed Operating Budget Reductions  
(**\$389,420**)



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***PARKING FUND***

# Questions?



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