

**Meeting Date:** 4/9/14

**Agenda Item Number:** 4

**SUBJECT:** FY 14/15 CFD Operation and Maintenance Budget

**COMMENTS:** Roger Hallsted will give a presentation of the proposed 14/15 budget. A recommendation to the Community Facilities District Board (City Council) from the Enhanced Services Commission is requested at this meeting.

**Rio Salado Community Facilities District (CFD)  
FY 2014/15 Operations and Maintenance Budget  
Summary**

<b>Operating Budget</b>	
	<u>2014/15</u>
Administration/Project Management	\$400,800
Lake Operations	\$395,300
Water Quality Management	\$270,000
Security	\$347,000
Lake Surface, Shoreline Cleanup, and Landscaping	\$511,500
Electricity	\$280,000
Replacement Water	\$334,200
Equipment	\$55,000
Audit	\$1,000
Liability Insurance Premium	\$74,000
Contingencies (General, Chemical)	\$0
<b>Total Operating Budget</b>	<b><u>\$2,668,800</u></b>

<b>Other Assessable Costs</b>	
	<u>2014/15</u>
Infrastructure Replacement	<b>\$743,270</b>

	<u>2014/15</u>
<b>Operations and Maintenance Budget</b>	<b><u>\$3,412,070</u></b>
<b>Less Projected Revenues (permits, use fees)</b>	<b><u>\$70,070</u></b>
<b>Total Operations and Maintenance Budget</b>	<b><u><u>\$3,342,000</u></u></b>

**Rio Salado Community Facilities District  
 FY 2014/15 Operations and Maintenance Budget  
 Detailed Costs by Service Category**

**Service Provided to the Rio Salado Community Facilities District:**

Administration/Project Management

**Description of Service:**

Administrative functions include overall project coordination, Rio Salado Community Facilities District reporting, budget preparation, financial management, contract administration, construction oversight, and developer liaison.

**FY 2014/15 Service Cost:**

<u>Description</u>	<u>Account</u>	2014/15 <u>Budget</u>
Contracted Services	8555	\$400,800
Total - Project Administration & Management Budget		<u><b>\$400,800</b></u>

**Cost Assumptions**

Consistent with the Inter-Governmental Agreement, Rio Salado CFD Administration/Project Management operating costs will not exceed 15% of non-administrative costs, excluding capital outlay. This CFD administration budget is at 13.3% of the remaining budget.

Non-administrative costs include: infrastructure replacement, lake operations, water quality management, lake security, replacement water and electricity, annual audit, and the liability insurance premium.

**Rio Salado Community Facilities District  
FY 2014/15 Operations and Maintenance Budget  
Detailed Costs by Service Category**

**Service Provided to the Rio Salado Community Facilities District:**

Infrastructure Replacement

**Description of Service:**

In addition to the proposed operating and capital budget, additional funding is required to create and maintain a reserve for the replacement of capital items located between lake edge-to-lake edge, dam-to-dam. This item will appear on the CFD annual financial statements as a reserve for capital replacement and will be an assessable cost to CFD property owners. The annual funding requirement for the replacement capital reserve is currently \$743,270.84, rounded to \$743,270.

This infrastructure replacement cost was anticipated to change upon completion of a reserve study for capital asset replacement. The Rio Salado Enhanced Services Commission recommended that this reserve study be completed to ensure that an appropriate replacement reserve is accounted for in this budget.

The infrastructure reserve budget will be modified each year based upon changes to replaced items during the previous year, and also based upon the annual West Urban CPI. The 2013 CPI is 1.5%.

**FY 2014/15 Service Cost:**

<u>Description</u>	<u>Account</u>	<u>2014/15 Budget</u>
Contracted Services	6672	\$743,270
Total - Infrastructure Replacement		<u><b>\$743,270</b></u>

**Cost Assumptions**

Projected replacements for the 2014/15 fiscal year include:

Dock: Tempe Beach floating dock	\$191,783.24
Seepage Recovery Well Mag Meters	\$26,390.00
Seepage Recovery Well Pumps (10) and flex piping	\$30,450.00
Bouys - individual warning markers	\$3,045.00
Bouys/Boom replacement (upstream & downstream, 100' per year)	\$21,315.00
Signage	\$10,150.00
Unanticipated expenses/repairs/replacements (15%)	<u>\$42,469.99</u>
<b>TOTAL</b>	<u><b>\$325,603.23</b></u>

**Rio Salado Community Facilities District  
 FY 2014/15 Operations and Maintenance Budget  
 Detailed Costs by Service Category**

**Service Provided to the Rio Salado Community Facilities District:**

Lake Operations

**Description of Service:**

A "Lake Operations and Maintenance Services" contract with Salt River Project (SRP) was approved by the Tempe City Council on May 16, 2010. Primary functions include:

- > 24-hour remote monitoring and control of all of the lake systems via telemetry installed by the contractor.
- > Operations and Maintenance (O&M) of the water delivery systems which are used to fill and maintain lake water levels and to pass storm flows.
- > O&M of both upstream and downstream rubber dams to maintain lake water levels and to pass storm flows.
- > O&M of the seepage recovery wells on the east end of the project to maintain water levels in the lake.
- > Installing and monitoring telemetry systems in the Indian Bend Wash for the purpose of advance warning of flooding from this stormwater channel.
- > Providing water balance reports to the City that account for all the water resources used in filling and maintaining the lake.

A contract with Tetra Tech for the creation of an annual report to the Arizona Department of Water Resources (ADWR), Dam Safety is also included.

**FY 2014/15 Service Cost:**

<u>Description</u>	<u>Account</u>	<u>2014/15 Budget</u>
Consultants	6656	\$43,891
Contracted Services	6672	\$351,409
Total Lake Operations	<u>                    </u>	<u><b>\$395,300</b></u>

**Cost Assumptions**

The budget is based on the Rio Salado Town Lake Operations and Maintenance Services contract with Salt River Project, approved by the Tempe City Council on May 6, 2010 (2010-105). This year's budget reflects annual operating and maintenance expenses, an estimate for time and material (T&M) charges, and an estimate for a dam report to the Arizona Department of Water Resources.

**Rio Salado Community Facilities District  
 FY 2014/15 Operations and Maintenance Budget  
 Detailed Costs by Service Category**

**Service Provided to the Rio Salado Community Facilities District:**

Water Quality Management

**Description of Service:**

A "Water Quality Management Services" contract with Aquatic Consulting and Testing was approved by the Tempe City Council on November 1, 2011. Services provided consist of sampling, analysis, and treatment necessary to meet regulatory permit requirements. There is also a need to meet the aesthetic parameters expected by the citizens, lake users, and development partners. These services include sampling and analysis of source waters (SRP canal deliveries), native river sediments, and non-native fill materials imported during construction.

**FY 2014/15 Service Cost:**

<u>Description</u>	<u>Account</u>	<u>2014/15 Budget</u>
Gasoline + Diesel Fuels	6340	\$0
Contracted Services	6672	\$270,000
Equipment + Machine Rental	6906	\$0
Total Water Quality Management		<u><u>\$270,000</u></u>

**Cost Assumptions**

The budget is based on the Rio Salado Water Quality Management Services contract with Aquatic Consulting and Testing. The budget reflects annual operating expenses of up to \$255,000.

In addition to the contract amount we have included estimates for time and material (T&M) costs of \$10,000, and pump well monitoring and analysis by the Tempe Water Utilities Division for \$5,000.

**Rio Salado Community Facilities District  
 FY 2014/15 Operations and Maintenance Budget  
 Detailed Costs by Service Category**

**Service Provided to the Rio Salado Community Facilities District:**

Lake Security

**Description of Service:**

Security monitoring of all lake and dam facilities is provided 24 hours per day, 7 days per week. The primary role of the security team will include monitoring the safety of the dam, pumping facilities and shoreline. Also, the security team presence will deter graffiti and vandalism. Additional functions during operational hours will include assisting the public, distributing information, surveillance, and patrolling.

**FY 2014/15 Service Cost:**

<u>Description</u>	<u>Account</u>	2014/15 <u>Budget</u>	
Contracted Services	6672	328,500	<div style="border: 1px solid black; padding: 5px; display: inline-block;">           DTC Security: \$282,132            1/2 Sgt:     \$ 46,368                              \$328,500         </div>
Equipment & Machine Rental	6906	6,000	
Vehicle Maintenance Costs	8303	8,800	
Vehicle Fuel/Oil Costs	8306	3,700	
Total Lake Security		<u><u>\$347,000</u></u>	

**Cost Assumptions**

The proposed security team will provide a security presence at the lake, including patrol of dams, pumping facilities, and the shoreline. Specifically, the proposed budget reflects the equivalent of one hundred eighty (180) patrol hours per week for regular lake operations, including the necessary fees and services to perform the security function, and one-half of a Police Sergeant to coordinate the Lake Security staff (contract is found in C2011-150).

Maintenance and fuel costs for 1 boat and 1 truck are accounted for.

Leasing costs for three (3) portable restrooms are also included.

**Rio Salado Community Facilities District  
 FY 2014/15 Operations and Maintenance Budget  
 Detailed Costs by Service Category**

**Service Provided to the Rio Salado Community Facilities District:**

Lake Surface, Shoreline Cleanup, and Landscaping

**Description of Service:**

Activities on the water and around the lake produce a considerable amount of refuse, both floating debris and trash that collects along the shoreline. Shoreline and water surface cleanup is required to maintain the attractive appearance of the Tempe Town Lake on the Rio Salado that is expected by both the public and the property owners. Other maintenance functions will include landscaping between the lake edge and the levee, graffiti removal, weekly sweeping of the bike paths, and trash removal.

**FY 2014/15 Service Cost:**

<u>Description</u>	<u>Account</u>	2014/15 <u>Budget</u>
Electrical Supplies	6406	\$10,553
Water, Sewer & Refuse	6609	\$0
Contracted Services	6672	\$444,310
Lake Cleanup contract	6672	\$56,637
Total Lake Cleanup, Landscaping, etc.		<u>\$511,500</u>

**Cost Assumptions**

The proposed budget assumes regular shoreline cleanup, lake surface cleanup, and landscape maintenance. It includes the marina and the landscaped park areas on the south and north banks. Additional services included are graffiti removal, bikepath sweeping, trash removal, and landscape maintenance.



**Rio Salado Community Facilities District  
 FY 2014/15 Operations and Maintenance Budget  
 Detailed Costs by Service Category**

**Service Provided to the Rio Salado Community Facilities District:**

Electricity/Replacement Water

**Description of Service:**

Electricity:

Electrical power is required for the operation of the inflatable dams, water recovery pumps, the lagoon circulation pump, and the bike path lighting around Tempe Town Lake.

Replacement Water:

Replacement water will be required for evaporation losses and losses due to seepage not recovered by the wells.

**FY 2014/15 Service Cost:**

<u>Description</u>	<u>Account</u>	2014/15 <u>Budget</u>
Electricity	6605	\$280,000
Water, Refuse & Sewer	6609	\$4,200
Water	6615	\$330,000
Total Electricity/Replacement Water		<b><u><u>\$614,200</u></u></b>

**Cost Assumptions**

Electricity:

Electrical costs for the dam (blower operation and lower dam water recirculation system) are based on 11 complete years of operations in FY 2012/13. Electrical costs for the water seepage recovery and circulation pumps reflect 9 wells, 2 control buildings, 2 pumps for the dam overflow recycle system, 1 circulation pump, and the bike path lighting found on top of the levee, all operating at 60% capacity. Additionally, all 13 meters must be serviced on a monthly basis.

Replacement Water:

Water loss due to consumption is estimated at an average of 2,130 acre feet per year. Since we have periodic inflows from east of Town Lake, the average annual consumption has been reduced to 2,000 acre feet per year. Consumption includes evaporation and loss due to delivery and seepage. Cost of CAP water is \$168.94 per acre foot. This value is used as our estimate for water replacement.

**Rio Salado Community Facilities District  
 FY 2014/15 Operations and Maintenance Budget  
 Detailed Costs by Service Category**

**Service Provided to the Rio Salado Community Facilities District:**  
 Equipment, Insurance, and Contingency

**Description of Service:**

Lake security patrol, rescue, and maintenance will require a boat and related equipment (such as special lighting and radios for the rescue boat). The lake security team also uses a truck. Lake cleanup has a utility truck (3/4 ton pickup) for hauling equipment and trash, and a boat.

Insurance coverage is \$100,000 per occurrence.

The CFD Budget must be audited on an annual basis.

**FY 2014/15 Service Cost:**

<u>Description</u>	<u>Account</u>	<u>2014/15 Budget</u>
Other Equipment	7511	\$33,400
Motor Vehicles	7508	21,600
Total Equipment		<u><u>\$55,000</u></u>
Audit	6654	\$1,000
Liability Insurance Premium	6804	74,000
Total Equipment, Insurance, & Contingency		<u><u>\$130,000</u></u>

**Cost Assumptions**

A 5-year replacement reserve was started in 1999-2000. Some equipment has now been replaced. The "Other Equipment" category includes replacement costs for (A) 1 patrol and rescue boat (Police), (B) 1 lake surface and shoreline cleanup boat, (C) 1 lake operations boat (maintenance by lake operations contractor), (D) 2 trucks - one for Security and one for cleanup uses. The projected boat reserve cost includes additional equipment to customize the boats for each specific use and boat trailers. Total estimated costs for items A through C is \$30,000 per year, and D is approximately \$7,000 per truck (3).

Annual audit of the Rio Salado Community Facilities District is estimated at \$1,000.

Insurance premium is for excess property coverage for the Town Lake Dam systems. The deductible is \$100,000 per claim. Annual premium costs are estimated at \$74,000.

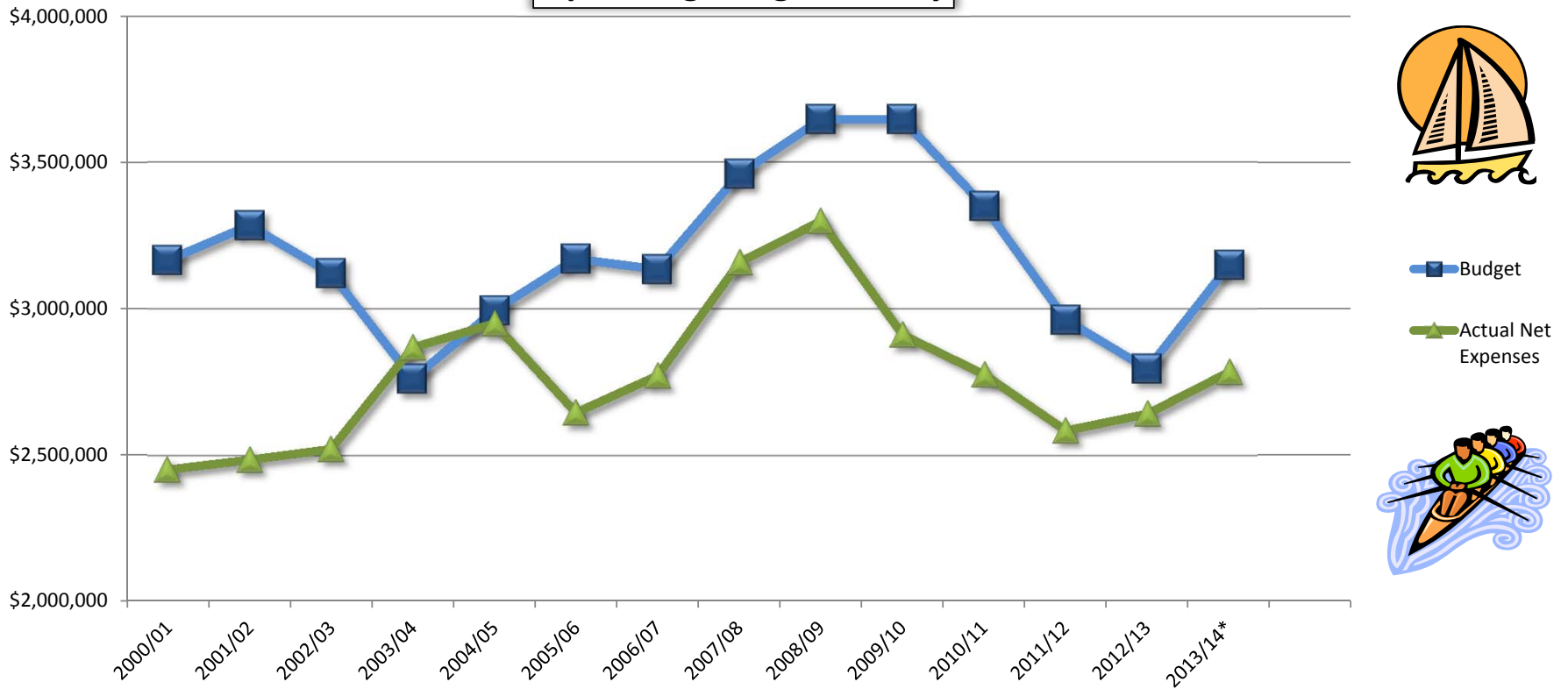


# RIO SALADO COMMUNITY FACILITIES DISTRICT (CFD)



Operating Budget History														
Operating Budget	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14*
Budget	\$3,165,993	\$3,284,711	\$3,121,599	\$2,762,100	\$2,995,000	\$3,170,700	\$3,135,000	\$3,460,000	\$3,646,000	\$3,646,000	\$3,350,400	\$2,962,675	\$2,796,095	\$3,150,000
Actual Net Expenses	<u>\$2,452,561</u>	<u>\$2,486,005</u>	<u>\$2,522,521</u>	<u>\$2,868,650</u>	<u>\$2,950,680</u>	<u>\$2,646,922</u>	<u>\$2,773,022</u>	<u>\$3,158,306</u>	<u>\$3,299,258</u>	<u>\$2,912,310</u>	<u>\$2,776,817</u>	<u>\$2,585,532</u>	<u>\$2,643,092</u>	<u>\$2,785,077</u>
Annual Savings	<u>\$713,432</u>	<u>\$798,706</u>	<u>\$599,078</u>	<u>-\$106,550</u>	<u>\$44,320</u>	<u>\$523,778</u>	<u>\$361,978</u>	<u>\$301,694</u>	<u>\$346,742</u>	<u>\$733,690</u>	<u>\$573,583</u>	<u>\$377,143</u>	<u>\$153,003</u>	<u>\$364,923</u>

### Operating Budget History



## Rio Salado Community Facilities District (CFD)

### Operating Expense History

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 Budget	2013/14 Estimate*	% of budget
Administration/Project Management	\$440,242	\$419,919	\$430,653	\$411,469	\$364,977	\$395,840	\$418,860	\$413,775	\$450,000	\$480,000	\$481,000	\$400,121	\$396,394	\$370,800	\$400,200	\$400,200.00	100.0%
Lake Operations	\$338,490	\$313,899	\$268,212	\$243,221	\$352,424	\$344,678	\$273,765	\$417,849	\$357,670	\$263,149	\$293,018	\$327,721	\$260,192	\$264,846	\$322,500	\$268,420.09	83.2%
Water Quality Management	\$282,057	\$284,606	\$334,193	\$314,366	\$393,785	\$386,002	\$436,033	\$397,019	\$364,463	\$309,333	\$192,180	\$351,061	\$287,177	\$135,558	\$362,895	\$195,988.66	54.0%
Security	\$316,998	\$306,719	\$362,522	\$343,333	\$374,871	\$414,260	\$369,621	\$428,293	\$516,763	\$616,502	\$560,857	\$526,230	\$394,108	\$326,571	\$340,300	\$335,057.77	98.5%
Lake Surface, Shoreline Cleanup	\$134,097	\$155,138	\$112,230	\$191,432	\$260,177	\$302,688	\$365,895	\$376,736	\$461,502	\$548,079	\$513,933	\$382,657	\$415,280	\$402,726	\$500,300	\$388,311.33	77.6%
Electricity	\$310,102	\$305,600	\$306,377	\$273,684	\$261,233	\$189,066	\$194,353	\$121,362	\$209,805	\$171,280	\$226,402	\$146,926	\$183,815	\$245,285	\$275,000	\$286,458.49	104.2%
Replacement Water	\$11,567	\$137,335	\$93,974	\$158,052	\$265,513	\$320,697	\$19,232	\$0	\$123,763	\$266,792	\$1,634	\$38,776	\$86,362	\$330,380	\$304,100	\$383,228.72	126.0%
Equipment	\$78,069	\$46,610	\$48,038	\$51,900	\$59,500	\$59,300	\$59,300	\$103,194	\$165,942	\$90,500	\$94,400	\$46,466	\$40,660	\$51,000	\$55,000	\$55,000.00	100.0%
Audit	\$0	\$2,500	\$3,000	\$3,000	\$4,500	\$4,500	\$1,551	\$983	\$850	\$973	\$830	\$745	\$867	\$902	\$1,000	\$980.00	98.0%
Liability Insurance Premium	\$24,860	\$0	\$28,386	\$39,850	\$39,850	\$39,850	\$20,111	\$23,575	\$25,193	\$71,441	\$61,439	\$61,439	\$64,628	\$64,628	\$74,275	\$64,627.97	87.0%
Contingencies (General, Chemical)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	#DIV/0!
<b>Total Operating Budget</b>	<b>\$1,936,482</b>	<b>\$1,972,327</b>	<b>\$1,987,584</b>	<b>\$2,030,307</b>	<b>\$2,376,829</b>	<b>\$2,456,881</b>	<b>\$2,158,721</b>	<b>\$2,282,784</b>	<b>\$2,675,951</b>	<b>\$2,818,049</b>	<b>\$2,425,693</b>	<b>\$2,282,142</b>	<b>\$2,129,484</b>	<b>\$2,192,696</b>	<b>\$2,635,570</b>	<b>\$2,378,273.03</b>	<b>90.2%</b>
<b>Infrastructure Replacement</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$531,000</b>	<b>\$579,630</b>	<b>\$434,722.50</b>	<b>75.0%</b>
<b>CFD Operations &amp; Maintenance</b>	<b>\$2,467,482</b>	<b>\$2,503,327</b>	<b>\$2,518,584</b>	<b>\$2,561,307</b>	<b>\$2,907,829</b>	<b>\$2,987,881</b>	<b>\$2,689,721</b>	<b>\$2,813,784</b>	<b>\$3,206,951</b>	<b>\$3,349,049</b>	<b>\$2,956,693</b>	<b>\$2,813,142</b>	<b>\$2,660,484</b>	<b>\$2,723,696</b>	<b>\$3,215,200</b>	<b>\$2,812,995.53</b>	<b>87.5%</b>
Less: Revenues (boat permits, use fees)	\$54,318	\$50,766	\$32,580	\$38,786	\$39,179	\$37,201	\$42,799	\$40,762	\$48,644	\$49,791	\$44,383	\$36,326	\$74,952	\$80,604	\$65,200	\$27,918.36	42.8%
<b>Total CFD O&amp;M Expenses</b>	<b>\$2,413,163</b>	<b>\$2,452,561</b>	<b>\$2,486,005</b>	<b>\$2,522,521</b>	<b>\$2,868,650</b>	<b>\$2,950,680</b>	<b>\$2,646,922</b>	<b>\$2,773,022</b>	<b>\$3,158,306</b>	<b>\$3,299,258</b>	<b>\$2,912,310</b>	<b>\$2,776,817</b>	<b>\$2,585,532</b>	<b>\$2,643,092</b>	<b>\$3,150,000</b>	<b>\$2,785,077.17</b>	<b>88.4%</b>
Private Sector Assessments	\$112,695	\$114,615	\$138,340	\$189,058	\$174,062	\$259,523	\$583,896	\$492,278	\$1,009,594	\$769,373	\$1,799,700	\$938,190	\$858,656	\$814,575		\$814,575.19	
<b>CFD Expenses (City of Tempe)</b>	<b>\$2,300,468</b>	<b>\$2,337,946</b>	<b>\$2,347,665</b>	<b>\$2,333,463</b>	<b>\$2,694,588</b>	<b>\$2,691,158</b>	<b>\$2,063,026</b>	<b>\$2,280,744</b>	<b>\$2,148,712</b>	<b>\$2,529,884</b>	<b>\$1,112,610</b>	<b>\$1,838,626</b>	<b>\$1,726,876</b>	<b>\$1,828,517</b>		<b>\$1,970,501.98</b>	

### Operations & Maintenance Expenses

