

# CITY OF BUELLTON



## QUARTERLY FINANCIAL REPORT

*Fourth Quarter Ending June 30, 2019*

**September 26, 2019**

### Overview

The purpose of this financial report is to provide financial information for the City of Buellton. This report focuses on the fourth quarter of fiscal year 2018-19 and covers the period July 1, 2018 through June 30, 2019. The report is presented quarterly and concentrates on the General Fund and Enterprise Funds. The quarterly financial report presents the City's financial position, considers economic factors and highlights trends based on the City's budget versus what actually occurred during the period. A discussion of other economic factors provides a means of comparing the local economy against larger economic events that may affect the City of Buellton. This quarterly financial report is a valuable tool to the Council, staff and general public.

### U.S. Economy

According to the Bureau of Economic Analysis, real gross domestic product (GDP) increased at an annual rate of 2.0 percent in the second quarter of 2019. The increases reflected positive contributions from personal consumption expenditures (PCE), federal, state and local government spending that were partly offset by negative contributions from private inventory investments, exports, residential fixed investment, and nonresidential investments.

The national economy experienced a 0.1 percent increase in consumer prices (CPI) for June (1.6 percent annual increase). The U.S. unemployment rate increased 0.01 percentage point to 3.7 percent in June and remains close to a near five-decade low of 3.6 percent. Job growth has averaged 1.4 percent in the nation.

### State Economy

California's unemployment rate remained unchanged at 4.2 percent in June. CPI in California increased from 3.1 to 3.3 percent from May 2019 to June 2019.

The median home price in California hit a new high for a third straight month in June at \$611,420, up 0.04 percent from May and up 1.4 percent from June 2018. Statewide sales of existing single-family were down 4.2 percent from May and down 5.1 percent from June 2018 marking the 14th consecutive month of year-over-year decline in home sales. The 30-year fixed mortgage interest rate averaged 3.8 percent in June compared to last year's mortgage interest rate average of 4.57 percent.

### City of Buellton

The City's General Fund ended the fourth quarter of 2018-19 with about \$10.4 Million in Fund Balance. Revenues exceeded expectations with 101 percent of budget while expenditures remained within appropriations, ending the quarter at 83 percent. The General Fund experienced a surplus of \$1.9 million.

The Enterprise funds completed the quarter with positive results. The Water Fund ended the quarter with a Fund Balance of about \$6.4 Million and \$2.6 Million in cash. The Sewer Fund ended the quarter with a Fund Balance of \$3.2 Million and \$1.6 Million in cash. Water and sewer rates increased in July 2018 to ease future operating deficits and fund planned capital improvement projects. The rate increases were enacted to stabilize the rate in which the Enterprise Funds used up reserves to fund operating expenses. Details are provided in a later discussion.

**GENERAL FUND**

**General Fund Balance**

Table 1 below shows that with 100 percent of the year complete, revenues exceed projections at 101 percent while expenditures are below expected projections at 83 percent of appropriations. “Revenue versus budget” gaps are explained in the next paragraph.

<b>General Fund - Fund Balance</b>	<b>Original Budget</b>	<b>Current Budget</b>	<b>Actual</b>	<b>Percent</b>
Balance, at Start of Year	\$ 6,000,000	\$ 7,643,088	\$ 8,427,913	
Revenues *	7,741,398	8,511,033	8,632,266	101%
Expenditures *	(7,481,733)	(8,004,291)	(6,658,446)	83%
Balance, at End of Year	<u>\$ 6,259,665</u>	<u>\$ 8,149,830</u>	<u>\$ 10,401,733</u>	

\* Includes Transfers

**Table 1: General Fund Balance**

	<b>Q4 FY 2018-19</b>	<b>Q4 FY 2017-18</b>	<b>Increase (Decrease)</b>	<b>Percent</b>
<b>Revenues:</b>				
Taxes	\$ 7,622,367	\$ 6,907,807	\$ 714,560	10%
Fees and Permits	10,575	8,975	\$ 1,600	18%
Fines and Penalties	18,561	23,097	\$ (4,536)	-20%
Charges for Current Services	200,854	236,551	\$ (35,697)	-15%
Other Revenue*	779,909	628,871	\$ 151,038	24%
<b>Total Revenue</b>	<u>\$ 8,632,266</u>	<u>\$ 7,805,301</u>	<u>\$ 826,965</u>	<u>11%</u>
<b>Expenditures:</b>				
General Government	\$ 6,649,211	\$ 6,312,977	\$ 336,234	5.06%
Minor Capital	9,235	29,688	(20,453)	-221%
<b>Total Expenditures</b>	<u>\$ 6,658,446</u>	<u>\$ 6,342,665</u>	<u>315,781</u>	<u>4.7%</u>
<b>Change in Fund Balance</b>	<u>\$ 1,973,820</u>	<u>\$ 1,462,636</u>	<u>511,184</u>	<u>35%</u>

**Table 2: Previous Year Comparison**

\* Includes Use of Monies and Properties, Revenue from Other Agencies

Table 2 above provides summary comparison information on revenues and expenditures for the quarter ending June 30, 2019 versus the prior year quarter June 30, 2018. Further revenue and expenditure analysis will be discussed later in this report. Total revenues are higher in the current year by about \$827 thousand, or 11 percent. The major cause of this variance is due to the increase in transient occupancy tax (TOT) resulting from higher occupancy rates. The average annual TOT occupancy rate is 65 percent compared to the occupancy rate of 59 percent the previous year. TOT revenue is about \$282 thousand higher compared to last year during the same period. Additionally, the City received about \$63 thousand more in property tax compared to the prior year due to increases in home values and addition of townhomes to the tax roll from the Village Townhomes Project. Furthermore, the City received about \$358 thousand more in sales tax revenue compared to the previous year due to increased commercial activity. In addition, the other revenue category reflects interest earned from investments. As of June 30, 2019, the interest from the Local Agency Investment Fund (LAIF) was 2.57 percent compared to a 1.90 percent interest rate from the prior year quarter. Interest earnings year-to-date has increased \$137 thousand from the previous fiscal year.

Expenditures are about \$315 thousand more this fiscal year compared to the prior fiscal year. The increase in expenditures is attributed to several factors. For example, full-time City employees received a 2.7 percent Cost-of-living adjustment (COLA) effective July 1, 2018. The COLA increased employee salaries and benefits by about \$35 thousand. In addition, on February 28, 2019, City Council adopted Resolution No. 19-04 which authorized the immediate salary increases for three classified Public Works positions as follows: Maintenance & Utility Worker I (10%), Journeyman Maintenance & Utility Fieldworker (10%), Lead Maintenance & Utility Fieldworker (15%). The increase contributed to roughly an additional \$20 thousand in salaries.

Other significant expenditures include:

- Contribution to the Buellton Visitor’s Center increased from \$400 thousand to \$450 thousand.
- CalPERS Unfunded Accrued Liability (UAL) contribution increased from about \$66 thousand to about \$119 thousand for FY 2018-19.
- \$130 thousand increase to the Santa Ynez Water Conservation District for Buellton’s cost share of the Central Management Area (CMA) Ground Water Sustainability Agency for regulatory compliance.
- Retiree medical health insurance contribution increased by about \$12 thousand due the retirement of two recent retirees now receiving retiree medical benefits.
- Santa Barbara County Sheriff’s contract increased by 5 percent, or about \$86 thousand increase.

Furthermore, the City paid several one-time expenditures for the following:

- \$28 thousand to retain the services of Ralph Andersen and Associates to perform the recruitment of a new City Manager.
- \$30 thousand to pay a settlement agreement related to the California Voting Rights Act.
- About \$13.3 thousand start-up costs to transition the City of Goleta Library.

**Top Five Revenues**

Top Five Revenues	Original Budget	Current Budget	YTD Actual	Percent
Sales Tax	2,346,000	2,412,000	2,700,680	112%
TOT	1,938,000	2,450,000	3,114,194	127%
Property Tax	1,308,150	1,461,244	1,546,652	106%
MVLF Swap	430,000	470,641	489,536	104%
Franchise Fees	229,500	229,500	260,841	114%
Other Revenues*	1,489,748	1,487,648	520,363	35%
<b>Total Revenues</b>	<b>7,741,398</b>	<b>8,511,033</b>	<b>8,632,266</b>	<b>101%</b>

Table 3

\*Other Revenues include charges for current Park and Recreation Services, Grants, Interest, Rent and transfer from Reserves.

**Sales Tax**

As of June 30, 2019, the City received 112 percent of the total projected Sales Tax revenue. Sales Tax payments fluctuate each month in conjunction with seasonal flows. Sales Tax is one of the City’s top revenue sources in the General Fund. Strong revenue streams are attributed to additional sales tax received from increase in commercial activities. Sales Tax revenue is not expected to experience much growth as new businesses begin to settle.

**Transient Occupancy Tax (TOT)**

TOT revenue is a major component of the City's General Fund. TOT payments for the reporting period are due on the 20<sup>th</sup> of the following month and cause revenue streams to lag one month. TOT revenue has been recorded through June 2019. The City exceeded its TOT budget with 127 percent of the budget received. The increase in TOT is attributed to the increase in monthly occupancy rates.

**Property Tax**

The City's property tax revenues are at intervals set by the Santa Barbara County Auditor-Controller. Property Tax exceeded budget projections at 106 percent. Rising property values, commercial and residential growth are attributed to the increase in property taxes. In addition, the City's ongoing share of property tax is expected to increase as new development continues to progress.

**Property Tax in Lieu of Motor Vehicle License Fee (MVLFF Swap)**

Payments for 2018-19 ended the fiscal year at 104 percent. Payments from the Santa Barbara County Auditor-Controller are received throughout the year, usually January and June. This revenue is trending upwards based on historic receipts.

**Franchise Fees**

Franchise fees are received monthly, quarterly and annually. The majority of the City's Franchise Fees are collected from Marborg Industries, the City's solid waste service provider. Other franchise fees are received from Comcast, PG&E and SoCal Gas. Franchise fees ended the fiscal year at 114 percent.

*Top Five Revenues for the City of Buellton' General Fund are Sales Tax, Property Tax, Transient Occupancy Tax (TOT), Motor Vehicle License Fee (MVLFF) and Franchise Fees. These revenues account for about 91% of total General Fund Revenues.*

**Expenditures**

Table 4 below summarizes operating costs by department and shows that four Budget Units are over budget. Overall, the General fund is under budget at the end of the fourth quarter for all departments in total.

Department Expenditures	Original Budget	Current Budget	YTD Actual	% Expended
City Council	132,347	134,187	127,450	95%
City Manager	241,720	241,466	252,576	105%
City Clerk	119,213	119,213	113,050	95%
City Attorney	188,700	218,700	174,207	80%
Non-Departmental	1,044,509	1,137,201	1,153,198	101%
Finance	167,082	178,259	181,875	102%
Police and Fire	2,189,185	2,001,052	1,996,689	100%
Library	176,910	176,910	161,467	91%
Recreation	514,978	529,159	543,974	103%
Street Lights	65,000	65,000	60,064	92%
Storm Water	204,012	334,012	328,323	98%
Public Works - Parks	304,135	316,435	369,246	117%
Public Works - Landscape	108,120	120,346	113,553	94%
Public Works - General	665,961	669,601	565,935	85%
Planning (Comm Dev)	353,801	452,180	347,285	77%
Transfer to CIP Fund 92	1,028,500	1,310,570	169,552	13%
<b>Total All Departments</b>	<b>7,504,173</b>	<b>8,004,291</b>	<b>6,658,445</b>	<b>83%</b>

Table 4: General Fund Expenditures by Department

As of June 30, 2019, or 100 percent of the year, the General Fund ended the year at 83 percent expended (including CIP). Actual General Fund expenditures were approximately \$6.6 Million. Almost all Budget Units ended the quarter within budget except for City Manager, Finance, Recreation and Public Works-Parks.

The overage in the City Manager and Recreation Department can be attributed to the vacation payouts associated with the retirement of the City Manager and Recreation Center Coordinator. In addition, the Recreation Center incurred various maintenance costs such as unexpected repairs to the Recreation Bus and repairs to the Gym freezer. Furthermore, the Recreation Center celebrated its 10<sup>th</sup> Anniversary with a first annual Crab Feast Festival which contributed to additional expenditures during the year.

The overage associated with the Finance Department is due to the contracting of a temporary employee for six weeks to fill-in in for a finance staff member who went on medical leave. The overage of the Parks Department is due to the emergency repairs made at Zaca Creek Golf Course.

Even though these departments are over budget, the General Fund is within budget. The savings from other departments helped offset the overages for the City Manager, Finance, Recreation and Parks Departments.

**Major Expenditure Variances**

Expenditures By Type	Original Budget	Current Budget	YTD Actual	% Expended
Staffing	1,602,424	1,750,634	1,642,227	94%
Contract Services	3,213,409	2,970,236	2,886,295	97%
Telecomm and Utilities	213,155	279,261	273,815	98%
Supplies and Materials	39,678	32,664	24,750	76%
Repair and Maintenance	216,150	210,350	265,639	126%
Transfer to Other Funds	1,186,170	1,463,570	347,697	24%
Other Operating Costs	984,987	1,249,376	1,208,787	97%
Minor Capital	48,200	48,200	9,235	19%
<b>Total by Type</b>	<b>7,504,173</b>	<b>8,004,291</b>	<b>6,658,445</b>	<b>83%</b>

Table 5: Expenditure Categories

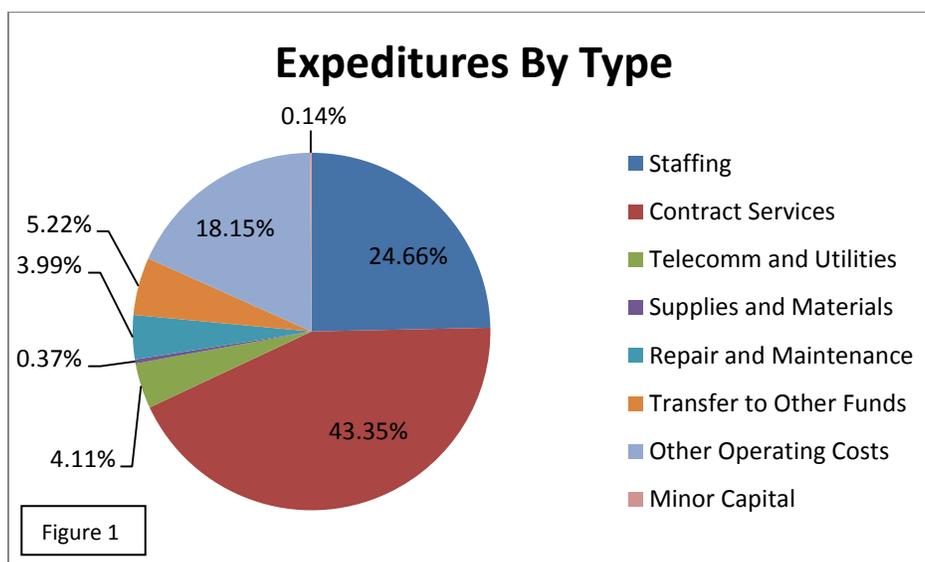


Table 5 and Figure 1 show General Fund operating costs and minor capital expenditures summarized by type. The top three spending categories are: Contract Services, Staffing, and Other Operating Costs. Contract

Services include services for Police, Fire Department, Legal Services, Engineering, and other services. Staffing consists of almost a quarter of general fund expenditures. Other Operating Costs consists of payments to non-profit organizations, payment for the CalPERS Unfunded Liability, Buellton Recreation expenditures, Storm Water regulatory compliance and contract payments to the Visitor’s Bureau.

With 100 percent of the year completed, all budget categories are within budget with the exception of Repair and Maintenance. Several unanticipated repairs had to be done to replace City Hall’s HVAC system, repair the Recreation Center’s gym freezer, repair the Recreation Center’s passenger bus, and to repair damages to Zaca Creek Golf Course caused by a winter storm.

**General Fund Trend**

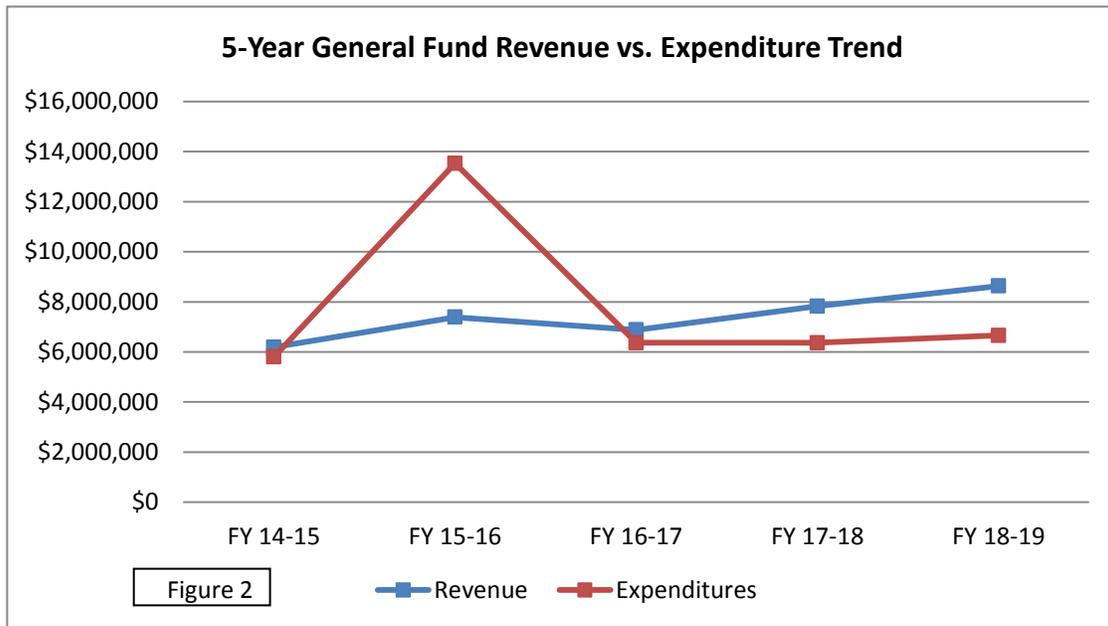


Figure 2 illustrates the 5-Year General Fund Revenue versus Expenditure Trend. As illustrated in the figure, both Revenue and Expenditures have increased steadily. FY 2015-16 skews the trend due to the payment of about \$5.9 Million for the dissolution of the Redevelopment Agency.

**ENTERPRISE FUNDS**

The Enterprise Fund Balance and Statement of Net Position for the fourth quarter of Fiscal Year 2018-19 are shown below.

**Fund Balance Summary**

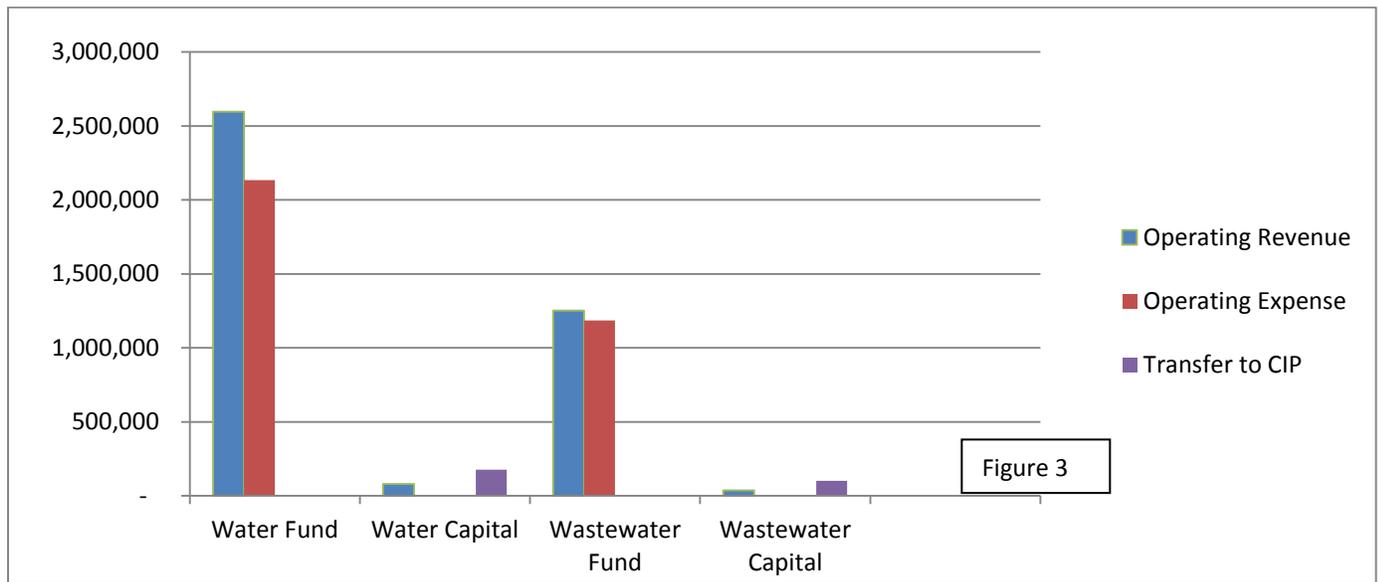
<b>Enterprise Fund Balance</b>	<b>Water</b>	<b>Water Capital</b>	<b>Wastewater</b>	<b>Wastewater Capital</b>
<b>Beginning Fund Balance</b>	<b>\$ 5,959,609</b>	<b>\$ 325,189</b>	<b>\$ 3,143,179</b>	<b>\$ 196,218</b>
Operating Revenue	2,595,845	80,203	1,250,847	35,515
Operating Expenses	(2,132,799)	(1,887)	(1,185,405)	(786)
<b>Operating Profit(Loss)</b>	<b>\$ 463,046</b>	<b>\$ 78,316</b>	<b>\$ 65,443</b>	<b>\$ 34,729</b>
Transfers Out for CIP	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 6,422,655</b>	<b>\$ 403,505</b>	<b>\$ 3,208,622</b>	<b>\$ 230,946</b>

Table 6 illustrates the ending Fund Balance of each Enterprise Fund. All Enterprise Funds experienced an increase in Fund Balance. The change in Fund Balance is attributed to the excess or deficit of revenue over expenses. The Statement of Net Position (Table 7) illustrates total assets minus total liabilities for the period.

<b>Statement of Net Position</b>	<b>Water</b>	<b>Water Capital</b>	<b>Wastewater</b>	<b>Wastewater Capital</b>
<b>ASSETS</b>				
Current assets:				
Cash and Investments	2,652,132	190,970	1,656,100	115,964
Receivables	223,828	1,220	119,386	724
Inventory	35,458	-	-	-
Prepaid Items	1,151,139	-	30,390	-
Total current assets	4,062,557	192,190	1,805,876	116,688
Capital assets (net of accumulated depreciation)	2,901,941	211,315	1,902,300	114,258
Other assets	176,299	-	168,615	-
<b>Total Assets:</b>	<b>\$ 7,140,797</b>	<b>\$ 403,505</b>	<b>\$ 3,876,791</b>	<b>\$ 230,946</b>
<b>LIABILITIES</b>				
Current Liabilities	116,795	-	66,770	-
Noncurrent Liabilities	581,112	-	581,141	-
Other Liabilities	20,234	-	20,257	-
<b>Total Liabilities:</b>	<b>\$ 718,141</b>	<b>\$ -</b>	<b>\$ 668,168</b>	<b>\$ -</b>
<b>NET POSITION (Assets - Liabilities)</b>	<b>\$ 6,422,654</b>	<b>\$ 403,505</b>	<b>\$ 3,208,622</b>	<b>\$ 230,946</b>
<b>Net Position Breakdown</b>				
Net Investment in Capital Assets	2,901,941	211,315	1,902,300	114,258
Unrestricted	3,520,713	192,190	1,306,322	116,688
Total Net Position	\$ 6,422,654	\$ 403,505	\$ 3,208,622	\$ 230,946

Table 7

Figure 3 summarizes Enterprise Fund revenue, expenses, connection fees and CIP transfers per fund:



## Water Fund

### Revenue and Expenses

Water Funds	Water	Water Capital	Total
<b>Beginning Fund Balance</b>	<b>5,959,609</b>	<b>325,189</b>	<b>6,284,798</b>
<b>Revenues</b>			
Charge for Services	2,553,337	-	2,553,337
Interest Income	37,967	4,253	42,219
Connection Fees	-	75,950	75,950
<b>Total Operating Revenue</b>	<b>2,591,304</b>	<b>80,203</b>	<b>2,671,507</b>
Other Revenues	4,541	-	4,541
<b>Total Revenues</b>	<b>2,595,845</b>	<b>80,203</b>	<b>2,676,048</b>
<b>Expenses</b>			
Operating	820,116	-	820,116
Depreciation**	208,046	1,887	209,933
State Water	1,104,637	-	1,104,637
<b>Total Operating Expenses</b>	<b>2,132,799</b>	<b>1,887</b>	<b>2,134,686</b>
<b>Operating Profit(Loss)</b>	<b>463,046</b>	<b>78,316</b>	<b>541,362</b>
Transfers Out - CIP		(177,085)	
Transfers In - CIP		177,085	-
<b>Ending Fund Balance</b>	<b>6,422,655</b>	<b>403,505</b>	<b>6,826,160</b>

\*\* Depreciation is estimated. Final depreciation will post at the end of fiscal year.

Table 8

Table 8 summarizes Revenue and Expenditures for the Water and Water Capital Funds. On the Financial Statements, both funds are combined as one fund. The Water Capital Fund is structured to record capital contributions and is used to record capital improvements. Water Capital will be discussed in detail later in this report.

Water Fund operating revenues have exceeded expenditures by over \$463 thousand at the end of the fourth quarter 2018-2019 (excludes Capital Improvement expenses). On July 1, 2018, the third phase of water rate increases took effect. The water rate increase has helped reverse past operating deficits. As seen on Table 8, the Water and Water Capital Funds both experienced an increase in Fund Balance. The Water Fund operating loss has reversed and is currently operating with a surplus. The Water Fund ended the fourth quarter with approximately \$2.6 Million in cash (Table 7) and Fund Balance of approximately \$6.4 Million.

Table 9 illustrates the Water Fund budget to actuals. Charges for Services exceeded budget projections at 107 percent. The increase was due to the water rate increases that occurred in July. Interest income also exceeded budget projections due to the LAIF earnings of 2.57 percent interest earnings.

The Water Fund utilizes reserves to fund Capital Improvement projects (CIPs) which are budgeted at \$475 thousand in the current fiscal year. The Water Fund did not have to use reserves for CIPs. Overall, Water Fund expenses were under budget at 70 percent expended.

Water Fund 020	Original Budget	Current Budget	YTD Actuals	Percent
<b>Revenues</b>				
Charge for Services	1,845,690	2,383,100	2,553,337	107%
Interest Income	8,670	16,000	37,967	237%
<b>Total Operating Revenue</b>	<b>1,854,360</b>	<b>2,399,100</b>	<b>2,591,304</b>	<b>108%</b>
Other Revenues	-	-	4,541	0%
Transfer from Reserves	600,000	600,000	-	0%
<b>Total Revenues</b>	<b>2,454,360</b>	<b>2,999,100</b>	<b>2,595,845</b>	<b>87%</b>
<b>Expenses</b>				
Operating	1,443,860	1,448,147	820,116	57%
Depreciation**	180,540	180,540	208,046	115%
State Water	1,417,800	1,417,800	1,104,637	78%
<b>Total Expenses</b>	<b>3,042,200</b>	<b>3,046,487</b>	<b>2,132,799</b>	<b>70%</b>
Transfers for CIP*	(475,000)	(475,000)	-	0%

\*\* Final Depreciation reflects expense associated with Capital Assets

Table 9

## Water Capital

Water Capital Fund is a new fund to record Connection Fees and CIP expenditures. The change in Fund Balance is due to planned expenditures for CIPs exceeding estimated Connection Fee revenue and offset by any existing Fund Balance. The Fund Balance at the end of the fourth quarter is about \$403 thousand (Table 7). About \$177 thousand was spent on CIPs. In accordance with Generally Accepted Accounting Principles (GAAP), capital expenditures are not recorded as expenditures; rather, depreciation expense is recorded over each asset’s useful life. Table 10 below illustrates the Water Capital budget to actuals. Both revenue and expenditures performed below expected budget.

Water Capital 021	Current Budget	YTD Actuals	Percent
<b>Revenues</b>			
Connection Fees	200,000	75,950	38%
Interest Income	-	4,253	
Transfer In from Fund 020	234,600	-	0%
<b>Total Revenue</b>	<b>434,600</b>	<b>80,203</b>	<b>18%</b>
<b>Expenses</b>			
Depreciation	-	1,887	-
Transfer to CIP Projects	525,000	-	0%
<b>Total Expenditures</b>	<b>525,000</b>	<b>1,887</b>	<b>0%</b>

Table 10

## Wastewater

Wastewater and Wastewater Capital Funds	Wastewater	Wastewater Capital	Wastewater Total
<b>Beginning Fund Balance</b>	<b>3,143,179</b>	<b>196,218</b>	<b>3,339,397</b>
<b>Revenues</b>			
Charge for Services	1,231,016	-	1,231,016
Interest Income	19,823	2,654	22,477
Connection Fees*	-	32,861	113,352
Total Operating Revenue	1,250,839	35,515	1,366,845
Other Revenues	8	-	-
<b>Total Revenues</b>	<b>1,250,847</b>	<b>35,515</b>	<b>1,366,845</b>
<b>Expenses</b>			
Operating	945,469	-	945,469
Depreciation**	239,936	786	240,722
Total Operating Expenses	1,185,405	786	1,186,191
<b>Operating Profit(Loss)</b>	<b>65,443</b>	<b>34,729</b>	<b>180,654</b>
Transfers Out - CIP	-	(100,805)	-
Transfers In - CIP	-	100,805	-
<b>Ending Fund Balance</b>	<b>3,208,622</b>	<b>230,946</b>	<b>3,439,568</b>

\*\* Depreciation is expensed at the end of the fiscal year after Capital Assets have been capitalized.

Table 11

### Revenue and Expenses

Table 11 summarizes Revenue and Expenditures for the Wastewater and Wastewater Capital Funds. On the Financial Statements, both funds are combined as one fund. The Wastewater Capital Fund is structured to record capital contributions and used to record capital improvements. Wastewater Capital will be discussed in detail later in this report.

Wastewater Fund Operating revenues exceeded operating expenses causing the Wastewater fund to experience a net operating surplus of about \$65,443 in the fourth quarter of 2018-19 (excluding Capital Improvement Project expenses which will be recorded in the Wastewater Capital Fund). On July 1, 2018, the third phase of sewer rate increases took effect. The rate increase has helped reverse the operating deficit and fund capital improvement projects. The previous years' operating loss has begun to slowly reverse. The Wastewater Fund ended the fiscal year with about \$1.6 Million in cash (Table 7) and Fund Balance of approximately \$3.2 Million. Both the Wastewater Fund and Wastewater Capital Fund experienced an increase in Fund Balance.

Table 12 on the following page illustrates the Wastewater Fund budget to actuals. Charges for Services exceeded budget projections at 109%. The increase was due to the sewer rate increases that occurred in July. Interest income has also exceeded revenue projections due to the fourth quarter LAIF earnings of 2.57 percent.

The Wastewater Fund utilizes reserves to fund Capital Improvement Projects (CIPs) which are budgeted at \$400 thousand in the current fiscal year, but there was enough revenue in the Fund to cover the CIP expenditures. The current Wastewater CIP in progress is the Wastewater Treatment Plant Facilities Improvement.

<b>Sewer Fund 005</b>	<b>Original Budget</b>	<b>Current Budget</b>	<b>YTD Actuals</b>	<b>Percent</b>
<b>Revenues</b>				
Charge for Services	899,130	1,131,960	1,231,016	109%
Interest Income	7,140	11,000	19,823	180%
<b>Total Operating Revenue</b>	<b>906,270</b>	<b>1,142,960</b>	<b>1,250,839</b>	<b>109%</b>
Other Revenues	-	-	8	0%
Transfer from Reserves	300,000	300,000		0%
<b>Total Revenues</b>	<b>1,206,270</b>	<b>1,442,960</b>	<b>1,250,847</b>	<b>87%</b>
<b>Expenses</b>				
Operating	1,357,584	1,378,112	945,469	69%
Depreciation**	255,000	255,000	239,936	94%
<b>Total Operating Expenses</b>	<b>1,612,584</b>	<b>1,633,112</b>	<b>1,185,405</b>	<b>73%</b>
Transfers for CIP*	(400,000)	(400,000)		0%

\*\* Depreciation is estimated. Final depreciation will be calculated at the end of the fiscal year.

Table 12

### Wastewater Capital

Wastewater Capital Fund is a new fund to record Connection Fees and CIP expenditures. The change in Fund Balance is due to planned expenditures for CIPs exceeding estimated Connection Fee revenue and offset by any existing Fund Balance. The Fund Balance at the end of the fourth quarter is \$230,946 (Table 8). About \$100 thousand was spent on CIPs. In accordance with Generally Accepted Accounting Principles (GAAP), capital expenditures are not recorded as expenditures; rather, depreciation expense is recorded over each asset’s useful life. Table 13 below illustrates the Wastewater Capital budget to actuals. Both revenue and expenditures performed below expected budget.

<b>Wastewater Capital 006</b>	<b>Current Budget</b>	<b>YTD Actuals</b>	<b>Percent</b>
<b>Revenues</b>			
Connection Fees	95,000	32,861	35%
Interest Income	-	2,654	0%
Transfer In from Fund 005	-	-	0%
<b>Total Revenue</b>	<b>95,000</b>	<b>35,515</b>	<b>37%</b>
<b>Expenses</b>			
Depreciation	-	786	-
Transfer to CIP Projects	425,000	-	0%
<b>Total Expenses</b>	<b>425,000</b>	<b>786</b>	<b>0%</b>

Table 13



City of Buellton, CA

# Capital Improvement Budget Report

## First Quarter Summary

For Fiscal: 2018-2019 Period Ending: 09/30/2018

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Fund: 092 - Capital Improvement Project Fund</b>						
<b>Funding Source</b>						
<a href="#">092-49676</a>	Transfer between 091/092	\$ -	\$ -	-	-	0%
<a href="#">092-49726</a>	Transfer from Gas Tax Fund	\$ 500,000.00	\$ 500,000.00	118,052.55	381,947.45	24%
<a href="#">092-49727</a>	Transfer from General Fund	\$ 1,283,170.00	\$ 1,283,170.00	83,614.75	1,199,555.25	7%
<a href="#">092-49728</a>	Transfer from Measure A	\$ 620,000.00	\$ 620,000.00	89,426.91	530,573.09	14%
<a href="#">092-49729</a>	Transfer from Sewer Fund	\$ 425,000.00	\$ 425,000.00	62,537.15	362,462.85	15%
<a href="#">092-49732</a>	Transfer from Water Fund	\$ 525,000.00	\$ 525,000.00	-	525,000.00	0%
<a href="#">092-49733</a>	Transfer from Local Transportation Fund	\$ 600,000.00	\$ 600,000.00	-	600,000.00	0%
	<b>Funding Total:</b>	<b>\$ 3,953,170.00</b>	<b>\$ 3,953,170.00</b>	<b>\$ 353,631.36</b>	<b>\$ 3,599,538.64</b>	<b>9%</b>

<b>Expense</b>						
<b>Project: 101 - Storm Drain Cleaning and Retrofit</b>						
<a href="#">092-101-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-101-74100</a>	Improvements	\$ 20,000.00	\$ 20,000.00	-	20,000.00	0%
<a href="#">092-101-76000</a>	Contribution	\$ -	\$ -	-	-	0%
	<b>Project: 101 - Storm Drain Cleaning and Retrofit Total:</b>	<b>\$ 20,000.00</b>	<b>\$ 20,000.00</b>	<b>-</b>	<b>20,000.00</b>	<b>0%</b>

Status:  
Working on contract. Work is expected to be completed over the next couple of months.

<b>Project: 102 - Storm Drain Outfall Repairs and Re-Establishment</b>						
<a href="#">092-102-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-102-74100</a>	Improvements	\$ 10,000.00	\$ 10,000.00	-	10,000.00	0%
	<b>Project: 102 - Storm Drain Outfall Repairs and Re-Establishment Total:</b>	<b>\$ 10,000.00</b>	<b>\$ 10,000.00</b>	<b>-</b>	<b>10,000.00</b>	<b>0%</b>

Status:  
Working on contract. Work is expected to be completed over the next couple of months.

<b>Project: 201 - Facilities Maintenance and Painting</b>						
<a href="#">092-201-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-201-74100</a>	Improvements	\$ -	\$ 25,000.00	-	25,000.00	0%
	<b>Project: 201 - Facilities Maintenance and Painting Total:</b>	<b>\$ -</b>	<b>\$ 25,000.00</b>	<b>-</b>	<b>25,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

<b>Project: 206 - Ave of Flags Pedestrian Sidewalk Improvements</b>						
<a href="#">092-206-74100</a>	Improvements	\$ -	\$ -	-	-	0%
	<b>Project: 206 - Ave of Flags Ped Improvements Total:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Project was completed in FY 17/18.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 207 - Santa Ynez River Trail</b>						
<a href="#">092-207-74100</a>	Conceptual Plan/feasibility	\$ 20,000.00	\$ 20,000.00	-	20,000.00	0%
<b>Project: 207 - Santa Ynez River Trail Total:</b>		<b>\$ 20,000.00</b>	<b>\$ 20,000.00</b>	<b>-</b>	<b>20,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

<b>Project: 211 - Village Park Improvements</b>						
<a href="#">092-211-74100</a>	Improvements	\$ -	\$ 216,000.00	-	216,000.00	0%
<b>Project: 211 - Village Park Improvements Total:</b>		<b>\$ -</b>	<b>\$ 216,000.00</b>	<b>-</b>	<b>216,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

<b>Project: 213 - Post Office Fire Alarm System Replacement</b>						
<a href="#">092-213-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 213 - Post Office Fire Alarm System Replacement Total:</b>		<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Project was completed during FY 17/18.

<b>Project: 214 - City Hall Generator/Electrical Replacement</b>						
<a href="#">092-214-78000</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-214-74100</a>	Improvements	\$ -	\$ 40,000.00	-	40,000.00	0%
<b>Project: City Hall Generator/Electrical Replacement Total:</b>		<b>\$ -</b>	<b>\$ 40,000.00</b>	<b>-</b>	<b>40,000.00</b>	<b>0%</b>

Status:  
Project has not yet started. City staff has applied for a grant.

<b>Project: 215 - Avenue of Flags Specific Plan Implementation</b>						
<a href="#">092-215-78000</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-215-74100</a>	Conceptual Plan/Feasibility	\$ -	\$ 250,000.00	-	250,000.00	0%
<b>Project: Avenue of Flags Specific Plan Implementation:</b>		<b>\$ -</b>	<b>\$ 250,000.00</b>	<b>-</b>	<b>250,000.00</b>	<b>0%</b>

Status:  
Concept plan initiated.

<b>Project: 216 - Storage Shed</b>						
<a href="#">092-216-78000</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-216-74100</a>	Improvements	\$ -	\$ 27,400.00	22,968.48	4,431.52	84%
<b>Project: Storage Shed Total:</b>		<b>\$ -</b>	<b>\$ 27,400.00</b>	<b>22,968.48</b>	<b>4,431.52</b>	<b>84%</b>

Status:  
Concrete pad completed. Shed is scheduled for install on 11/1/2018, Fence on 11/2/2018.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 306 - Phase III Hwy 246/Sycamore Ped Xing</b>						
<a href="#">092-306-60800</a>	Contract Services	\$ 100,000.00	\$ 70,000.00	787.50	69,212.50	1%
<a href="#">092-306-74100</a>	Improvements	\$ 570,000.00	\$ -	-	-	0%
<b>Project: 306 - Phase III Hwy 246/Sycamore Ped Xing Total:</b>		<b>\$ 670,000.00</b>	<b>\$ 70,000.00</b>	<b>787.50</b>	<b>69,212.50</b>	<b>1%</b>

Status:  
Design has commenced.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 307 - McMurray Road Widening/TS</b>						
<a href="#">092-307-60800</a>	Contract Services	\$ 100,000.00	\$ 100,000.00	800.00	99,200.00	1%
<a href="#">092-307-70000</a>	Design and Permitting	\$ 50,000.00	\$ 50,000.00	-	50,000.00	0%
<a href="#">092-307-71200</a>	Right of Way Acquisition	\$ -	\$ 25,000.00	-	25,000.00	0%
<a href="#">092-307-74100</a>	Improvements	\$ 350,000.00	\$ 125,000.00	-	125,000.00	0%
<b>Project: 307 - McMurray Road Widening/TS Total:</b>		<b>\$ 500,000.00</b>	<b>\$ 300,000.00</b>	<b>800.00</b>	<b>299,200.00</b>	<b>0%</b>

Status:  
Right of Way (ROW) acquisition process has resumed.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 308 - No. Ave of Flags Park and Ride</b>						
<a href="#">092-308-60800</a>	Contract Services	\$ 120,000.00	\$ 120,000.00	-	120,000.00	0%
<a href="#">092-308-70000</a>	Design/Permitting	\$ -	\$ 75,000.00	-	75,000.00	0%
<a href="#">092-308-71200</a>	Right of Way Acquisition	\$ -	\$ -	-	-	0%
<a href="#">092-308-74100</a>	Improvements	\$ 480,000.00	\$ 405,000.00	-	405,000.00	0%
<b>Project: 308 - No. Ave of Flags Park and Ride Total:</b>		<b>\$ 600,000.00</b>	<b>\$ 600,000.00</b>	<b>-</b>	<b>600,000.00</b>	<b>0%</b>

Status:  
Project not yet started.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 311 - Industrial Way Street Lights</b>						
<a href="#">092-311-60800</a>	Contract Services	\$ 60,000.00	\$ 60,000.00	1,820.00	58,180.00	3%
<a href="#">092-311-70000</a>	Design/Permitting	\$ -	\$ 82,500.00	-	82,500.00	0%
<a href="#">092-311-74100</a>	Improvements	\$ 340,000.00	\$ 69,670.00	-	69,670.00	0%
<b>Project: 311 - Industrial Way Street Lights Total:</b>		<b>\$ 400,000.00</b>	<b>\$ 212,170.00</b>	<b>1,820.00</b>	<b>210,350.00</b>	<b>1%</b>

Status:  
Latest design layout provided to PG&E. PG&E is working on design.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 312 - Hwy 246 /Sidewalk (Caltrans)</b>						
<a href="#">092-312-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-312-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 312 - Hwy 246 /Sidewalk (Caltrans) Total:</b>		<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Project was completed FY 17/18.

		Original Total Budget	Current Total Budget	Fiscal Activity	Amount Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 313 - Road Maintenance Project 15/16 and 16/17</b>						
<a href="#">092-313-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-313-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 313 - Road Maintenance Project Total:</b>		<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Project was completed FY 17/18.

<b>Project: 314 - SD Inlet/Catch Basin Retrofit Improvement</b>						
<a href="#">092-314-60800</a>	Contract Services	\$ 45,000.00	\$ 45,000.00	-	45,000.00	0%
<a href="#">092-314-70000</a>	Design and Permitting	\$ 5,000.00	\$ 5,000.00	-	5,000.00	0%
<a href="#">092-314-74100</a>	Improvements	\$ 100,000.00	\$ 100,000.00	-	100,000.00	0%
<b>Project: 314 - SD Inlet/Catch Basin Retrofit Improvement Total:</b>		<b>\$ 150,000.00</b>	<b>\$ 150,000.00</b>	<b>-</b>	<b>150,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

<b>Project: 315 - Ave of Flags Pedestrian/Drainage Improvement</b>						
<a href="#">092-315-60800</a>	Contract Services	\$ 100,000.00	\$ 40,000.00	-	40,000.00	0%
<a href="#">092-315-70000</a>	Design/Permitting	\$ -	\$ 100,000.00	-	100,000.00	0%
<a href="#">092-315-74100</a>	Improvements	\$ 40,000.00	\$ -	-	-	0%
<b>Project: 315 - Ave of Flags Pedestrian/Drainage Improvement Total:</b>		<b>\$ 140,000.00</b>	<b>\$ 140,000.00</b>	<b>-</b>	<b>140,000.00</b>	<b>0%</b>

Status:  
Portion of pedestrian improvements/repairs to be completed in FY 18/19 which is currently in design.

<b>Project: 316- Road Maintenance Project (17/18)</b>						
<a href="#">092-316-60800</a>	Contract Services	\$ -	\$ 90,000.00	14,187.50	75,812.50	16%
<a href="#">092-316-70000</a>	Design/Permitting	\$ -	\$ 90,000.00	-	90,000.00	0%
<a href="#">092-316-74100</a>	Improvements	\$ -	\$ 270,000.00	250,530.73	19,469.27	93%
<b>Project: 316 - Road Maintenance Project (17/18) Total:</b>		<b>\$ -</b>	<b>\$ 450,000.00</b>	<b>264,718.23</b>	<b>185,281.77</b>	<b>59%</b>

Status:  
Project completed. Council approved the Notice of Completion on 9/27/2018.

<b>Project: 317- Road Maintenance Project (18/19)</b>						
<a href="#">092-317-60800</a>	Contract Services	\$ 100,000.00	\$ 100,000.00	-	100,000.00	0%
<a href="#">092-317-70000</a>	Design/Permitting	\$ 100,000.00	\$ 100,000.00	-	100,000.00	0%
<a href="#">092-317-74100</a>	Improvements	\$ 300,000.00	\$ 300,000.00	-	300,000.00	0%
<b>Project: 317 - Road Maintenance Project (18/19) Total:</b>		<b>\$ 500,000.00</b>	<b>\$ 500,000.00</b>	<b>-</b>	<b>500,000.00</b>	<b>0%</b>

Status:  
Project is in the design phase.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 603 - Water Treatment Plant Facilities Improvement</b>						
<a href="#">092-603-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-603-74100</a>	Improvements	\$ -	\$ 100,000.00	-	100,000.00	0%
<b>Project: 603 - WTP Facilities Improvement Total:</b>		<b>\$ -</b>	<b>\$ 100,000.00</b>	<b>-</b>	<b>100,000.00</b>	<b>0%</b>

Status:  
McMurray Water Treatment Plant repairs underway.

<b>Project: 607 - Water Meter Upgrades</b>						
<a href="#">092-607-74100</a>	Improvements	\$ 75,000.00	\$ 50,000.00	-	50,000.00	0%
<b>Project: 607 - Water Meter Upgrades Total:</b>		<b>\$ 75,000.00</b>	<b>\$ 50,000.00</b>	<b>-</b>	<b>50,000.00</b>	<b>0%</b>

Status:  
Project not yet started.

<b>Project: 608 - Water Treatment Plant/Booster Power Reliability</b>						
<a href="#">092-608-74100</a>	Improvements	\$ 100,000.00	\$ 145,000.00	-	145,000.00	0%
<b>Project: 608 - WTP/Booster Power Reliability Total:</b>		<b>\$ 100,000.00</b>	<b>\$ 145,000.00</b>	<b>-</b>	<b>145,000.00</b>	<b>0%</b>

Status:  
Project not yet started.

<b>Project: 610 - Water Distribution System Improvements</b>						
<a href="#">092-610-74100</a>	Improvements	\$ -	\$ 200,000.00	-	200,000.00	0%
<b>Project: 610 - Water Distribution System Improvements Total:</b>		<b>\$ -</b>	<b>\$ 200,000.00</b>	<b>-</b>	<b>200,000.00</b>	<b>0%</b>

Status:  
Project not yet started.

<b>Project: 611 - Recycled Water Program</b>						
<a href="#">092-611-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-611-74100</a>	Improvements	\$ -	\$ 30,000.00	-	30,000.00	0%
<b>Project: 611 - Recycled Water Program Total:</b>		<b>\$ -</b>	<b>\$ 30,000.00</b>	<b>-</b>	<b>30,000.00</b>	<b>0%</b>

Status:  
Project not yet started.

<b>Project: 702 - Sewer Collections System Cleaning</b>						
<a href="#">092-702-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-702-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 702 - Sewer Collections System Cleaning Total:</b>		<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Completed during FY 17/18.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 703 - Wastewater Treatment Plant Lift Station Security/Reliability</b>						
<a href="#">092-703-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-703-74100</a>	Improvements	\$ -	\$ 25,000.00	-	25,000.00	0%
<b>Project: 703 - WWTP Lift Station Security/Reliability Total:</b>		<b>\$ -</b>	<b>\$ 25,000.00</b>	<b>-</b>	<b>25,000.00</b>	<b>0%</b>

Status:  
Project not yet started.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 704 - Sewer Line Replacement</b>						
<a href="#">092-704-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-704-74100</a>	Improvements	\$ 100,000.00	\$ 100,000.00	-	100,000.00	0%
<b>Project: 704 - Sewer Line Replacement Total:</b>		<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>	<b>-</b>	<b>100,000.00</b>	<b>0%</b>

Status:  
Project not yet started.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 706 - Wastewater Treatment Plant Facilities Improvement</b>						
<a href="#">092-706-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-706-74100</a>	Improvements	\$ 300,000.00	\$ 300,000.00	62,537.15	237,462.85	21%
<b>Project: 706 - WWTP Facilities Improvement Total:</b>		<b>\$ 300,000.00</b>	<b>\$ 300,000.00</b>	<b>62,537.15</b>	<b>237,462.85</b>	<b>21%</b>

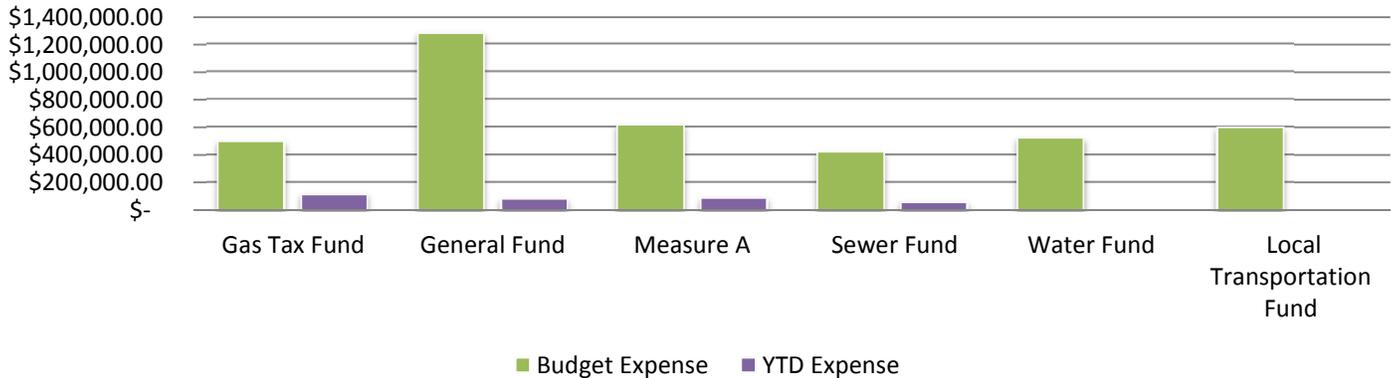
Status:  
Headworks repair underway.

<b>Fund: 092 - Capital Improvement Project Fund Surplus (Deficit):</b>	<b>\$ 3,585,000.00</b>	<b>3,980,570.00</b>	<b>353,631.36</b>	<b>3,626,938.64</b>	<b>9%</b>
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### ***Fund Balance Analysis - Capital Improvement Project (CIP) Funding Sources (2018-19)***

Fund	Est. Fund Equity 6/30/2018	FY 2018-19 YTD Revenue	FY 2018-19 YTD Expenditures	FY 2018-19 CIP Funding YTD	Est. 9/30/2018 Fund Equity
001 General Fund	8,427,913.48	1,038,726.50	(1,550,618.54)	(83,614.75)	7,832,406.69
005 Wastewater	3,472,214.27	339,961.04	(267,839.85)	(62,537.15)	3,481,798.31
006 Wastewater capital	196,217.58	609.00	-	-	196,826.58
020 Water	6,165,379.27	762,575.43	(547,897.00)	-	6,380,057.70
021 Water Capital	325,189.20	957.65	-	-	326,146.85
025 Gas Tax	264,136.29	37,390.88	(10,757.50)	(118,052.55)	172,717.12
027 Local Transportation	175,558.15	169,040.86	(4,999.98)	-	339,599.03
031 Measure A	338,030.43	86,950.75	(40,000.00)	(89,426.91)	295,554.27
<b>Total Funding:</b>	<b>19,364,638.67</b>	<b>2,436,212.11</b>	<b>(2,422,112.87)</b>	<b>(353,631.36)</b>	<b>19,025,106.55</b>

### CIP Budget vs. Actual Expenditures by funding source



The Capital Improvement Plan includes completion of current projects, new investments, and important reinvestments in critical infrastructure projects. The CIP budget includes line item details explaining expenditures and funding source. The bar graph above shows that the CIPs in progress are within budgeted amounts.

The Road Maintenance Project (17/18) has been completed with only 59 percent of the budget expended. There are five projects currently in progress. These projects are: Storage Shed Installation, Phase III Hwy 246 /Sycamore Ped Xing, McMurray Road Widening, Industrial Way Street Lights, and Wastewater Treatment Plant Facilities Improvement.

There are six projects that are currently in their initial planning stages and design phases. These projects have no expenditures associated with them but future expenditures are anticipated. These projects are: Storm Drain Cleaning, Storm Drain Outfall Repairs and Re-Establishment, City Hall Generator/Electrical Replacement, Ave of Flags Pedestrian/Drainage Improvement, Road Maintenance Project (18-19) and Water Treatment Plant Facilities Improvements.