

Attachment No. 21

West Bay Sanitary District Budget 2022-23

WEST BAY SANITARY DISTRICT



Budget

Fiscal Year 2022-2023

Approved June 8, 2022

Financial Report Approved Budget Fiscal Year 2022-2023

The West Bay Sanitary District (the District) provides wastewater collection and conveyance services to the City of Menlo Park, Atherton, and Portola Valley, and areas of East Palo Alto, Woodside and unincorporated San Mateo and Santa Clara counties. The District conveys raw wastewater, via the Menlo Park Pump Station and force main, to Silicon Valley Clean Water (SVCW) for treatment and discharge to the San Francisco Bay. The District was originally formed in December 1902 as the Menlo Park Sanitary District under the Sanitary Sewer Act of 1891. The District operated as the Menlo Park Sanitary District from 1902 until 1981 when its name was changed to the West Bay Sanitary District to more accurately reflect the service area. The powers of the District are established by the State of California Health and Safety Code. The District currently serves a population of 20,129 households and commercial establishments.

The District held a Budget Workshop on May 9, 2022 to work on the development of the fiscal year 2022-2023 (FY 2022-23) Budget. Based on initial District estimates and updated information the Budget Report was developed, in conformity with the format prescribed by the provisions of Governmental Accounting Standards. The Board of Directors approved the final budget on June 8, 2022.

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Approved Budget

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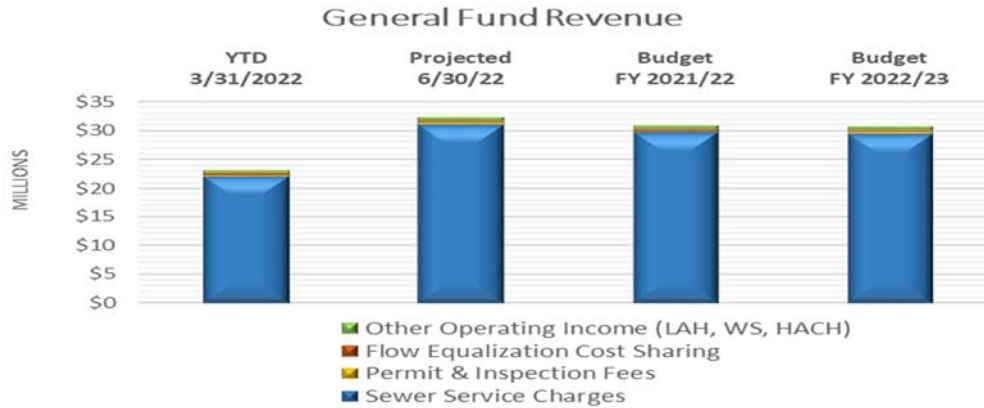
West Bay Sanitary District
Approved Budget
Fiscal Year 2022-23

	Actual YTD 3/31/2022	Projected 6/30/22	Budget FY 2021/22	Budget FY 2022/23	Budget Change	% Var
General Fund						
Operating Revenue						
Non-Residential	5,385,440	7,180,587	5,193,421	4,468,387	(725,034)	-14.0%
Residential	16,856,187	23,966,720	24,547,205	25,056,267	509,062	2.1%
Sewer Service Charges	22,241,628	31,147,307	29,740,626	29,524,654	(215,972)	-0.7%
Permit & Inspection Fees	177,285	177,285	100,000	200,000	100,000	100.0%
Flow Equalization Cost Sharing	368,490	368,490	368,490	386,915	18,425	5.0%
Other Operating Income (LAH, WS, HACH)	477,113	627,768	663,781	666,390	2,609	0.4%
Total Operating Revenue	23,264,516	32,320,850	30,872,898	30,777,959	(94,938)	-0.3%
Operating Expenditures						
District Operating Expense	5,881,048	7,881,860	9,107,711	10,045,523	937,812	10.3%
SVCW Expense	10,442,090	12,233,027	12,396,490	12,177,351	(219,139)	-1.8%
Total Operating Expenditures	16,323,139	20,114,887	21,504,201	22,222,874	718,674	3.3%
Net Operating Income (Loss)	6,941,377	12,205,963	9,368,697	8,555,085	(813,612)	-8.7%
Non-Operating Income (Expense)						
Interest Income	407,450	543,267	350,000	500,000	150,000	42.9%
Other Non Operating Income	(753,032)	(753,032)	1,000	1,000	0	0.0%
Total Non-Operating Income	(345,582)	(209,765)	351,000	501,000	150,000	42.7%
Total Non-Operating Expense	0	(6,000)	(6,000)	(6,000)	0	0.0%
Total Non-Operating Income (Expense)	(345,582)	(215,765)	345,000	495,000	150,000	43.5%
Change in Net Position						
General Fund	6,595,795	11,990,198	9,713,697	9,050,085	(663,612)	-6.8%
Capital Fund	3,762,127	3,035,343	(2,950,000)	(2,950,000)	0	0.0%
Solid Waste Fund	38,221	50,618	(5,590)	2,010	7,600	-136.0%
Recycled Water Fund	(9,504)	(162,065)	(256,155)	(299,490)	(43,335)	16.9%
Change in Net Position	10,386,639	14,914,094	6,507,452	5,802,605	(704,847)	-11%
Prior Period Adjustment	(449,286)	(449,286)	0	0	0	
Total Change in Net Position	9,937,353	14,464,808	6,507,452	5,802,605	(704,847)	-11%

General Fund:

Revenues:

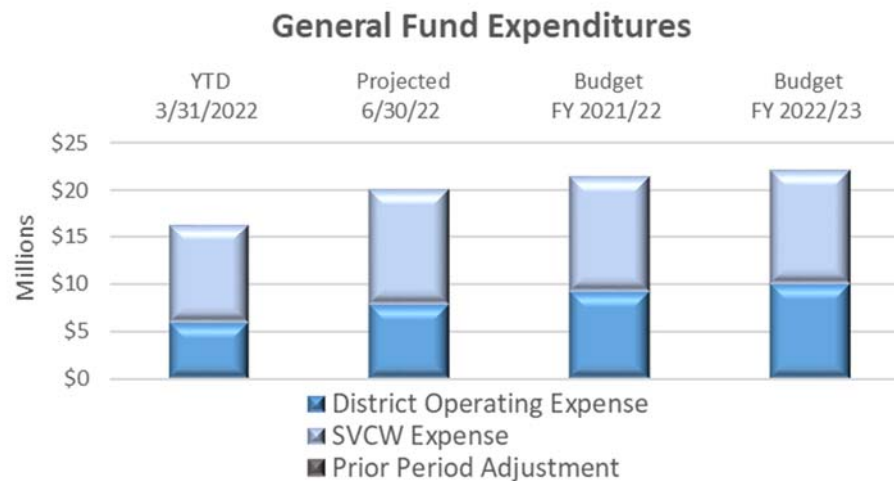
The Budget for FY 2022-23 includes total Operating Revenues of \$30,777,959 in the General Fund, reflecting a 0.3% decrease from FY 2021-22 annual budget.



- **Sewer Service Charges.** Total revenue of \$29,524,654 is estimated for FY 2022-23, reflecting a 0.7% decrease; 2.1% increase in Residential and 14% decrease in Non-Residential Sewer Service Charges, reflecting a 2% rate increase and reductions in commercial flows.
- **Permit Fees.** Permit & Inspection Fees budget is increased to \$200,000. These fees are budgeted conservatively, due to the uncertain nature of their timing and the economic environment. The average over the last five years is \$215 thousand.
- **Flow Equal.** The total Flow Equalization Cost Sharing with Silicon Valley Clean Water (SVCW) budget is \$386,915. The increase is based on the annual Consumer Price Index (CPI) for All Urban Consumers for San Francisco-Oakland-Hayward (Bay Area), CA from April 2021 to April 2022, of 5% per the terms of the agreement with SVCW.
- **Other Operating Income.** A total of \$666,390 is estimated; a 0.4% increase from the FY 2021-22 annual budget, due to negotiated contract extensions with Los Altos Hills and Woodside.
 - Revenue from Los Altos Hills = \$430,949, a 2% increase
 - Followed by 4% x 4 years equaling over 18% in the 5 year contract
 - Revenue from Town of Woodside = \$80,191, a 4% increase
 - Revenue from HACH Service Contracts = \$155,250, fixed 3 year amount, less a two month credit for January and February 2021, which were billed in FY 2021-22, since no services were provided during this period by HACH.
 - Sampling & Monitoring by SVCW is not budgeted for. Receipts are the results of invoices paid to SVCW on behalf of our commercial customers, which the District then bills to these customers.
- **Other Non-Operating Revenues:** The District budgets for Interest Income of \$500,000 and \$1,000 in other miscellaneous non-operating revenue, for a total of \$501,000.

Expenditures:

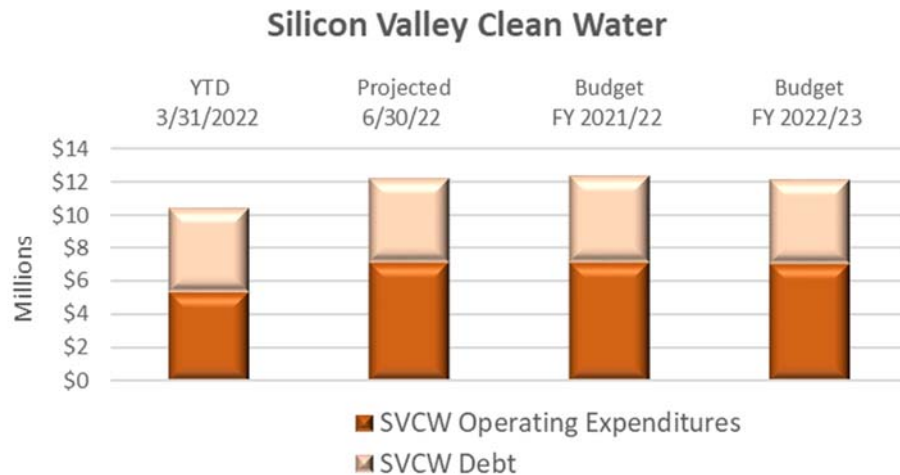
Total Operating Expenditures for the General Fund is estimated at \$22,222,874, a 3.3% increase from FY 2021-22.



- **WBSD Direct Operating Expenses.** General Fund Expenses are \$10,045,523, a 10.3% increase from the FY 2021-22 annual budget. Expenses are shown on the Expense Analysis on page 8, with allocations to the Solid Waste and Recycled Water Fund deducted in aggregate.
 - Salaries increased 4.4%, including the labor union’s 4% annual increase and expected merit increases.
 - Benefits increased 8.5%, mainly due to expected increases in cafeteria plan, commuter program, employer payroll taxes, and contributions to the retirement and other post-employment benefit (OPEB) trust accounts. Pension costs increased only 1% as increases due to wages was offset by the employee increased contribution to 1% of employer contributions, which also decreased from an 8.53% to 8.23% average. Making employer pension costs only 2% higher than social security, which the District does not participate in. The District’s experience modification factor for workers’ compensation is 0.91, indicative our good claims management and safety practices.
 - Election expenses are budgeted at \$70,000 in biennial, even years.
 - Fuel is expected to continue to increase, therefore the District estimates a 46.4% increase in diesel and fuel costs. The CPI-U for this area is 43.2 from April 2021 through April 2022.
 - Insurance costs are expected to increase approximately 20% for property, liability, and workers’ compensation. The District is a member of California Sanitation Risk Management Authority (CSRMA), which provides self-insured and excess insurance, who has negotiated with excess carriers to keep property value trending to 7.5%, significantly lower than current trend factors, lowering overall property expense. Vehicle property coverage was discussed with the Finance Committee on 5/19/22, who recommended to increase deductible from \$2,000 to \$10,000, and the full Board on 5/25/22. Other property coverage is estimated to increase 20%, with the deductible at \$5,000. Deductible option for liability, which are paid on a calendar year, were

- discussed with Finance Committee 6/2/21 and direction provided to increase liability deductible to \$100,000 and reserve savings as a self-insured reserve.
- Self-insurance reserves of \$58,638, are saving from increasing liability and property deductibles set aside for paying claims under the higher deductibles; \$52,912 for Liability Coverage deductibles from \$5,000 to \$100,000 and \$5,726 for Vehicle Property Coverage deductibles from \$2,000 to \$10,000.
 - Memberships are increasing 37% to provide dual certifications for employees, which benefits the District with higher skilled employees, and additional expense for USA North 811 Service. Under government code section 4216.16 a new California Underground Facilities Safe Excavation Board (Dig Safe Board) was created, which is funded with a regulatory fee per ticket, which doubles our fees for 811 calls.
 - Supplies costs are increasing 10.5% as short stock and high demand continue to add to overall inflation, especially in essential personal protective equipment (PPE).
 - Contractual Services are increasing 16.8%. This category includes contract expenses to HACH, which are passed through to customers of \$197,400. There are also increasing costs for chemical services, safety garments, and county fees, plus new expenses for discharge and water analysis review and additional alarm services.
 - Professional services are increasing 12.3%. This includes engineering, attorney fees, technology consulting, and other outside professional services. The District has also moved \$30,000 from the Capital Budget for the capacity flow monitoring study, which is expensed and not directly for a capital project.
 - Rents and leases are increasing 16.2% to include the lease of the District Manager vehicle, radio service upgrades, and expected increases in other costs.
 - Repairs and maintenance expenses are crucial to insure continued serving of the sanitary system and maintain the excellent record of less than two sewer system overflows per 100 miles of pipe, three times less than average. Costs are increasing 14% overall for vehicles, equipment, pump stations, and computer systems.
 - Training, meetings, and travel are expected to double. The District has added \$30,000 to complete Standard Operating Procedures (SOPs) to update and clarify all District procedures. Department of Vehicle (DMV) changed training requirements in 2022 for Class A licenses, requiring professional courses. Two employees' training is included. The District also expects on-site training to resume after two years of closures due to Covid-19 and increases in costs for safety training.
 - San Mateo Local Agency Formation Commission (LAFCo) is increased 20% to cover the annual fees charged based on reported revenue. The expense for FY 2021-22 was over budget under estimated by 11%.

- Equipment Expense is a new category to account for items under the \$20,000 Capitalization Budget. FY 2022-23 includes \$95,000 that was previously capitalized under the prior policy of \$5,000, such as pump station parts, flowdars, and server replacement. Other equipment is budgeted to replace old radios and to purchase a dump trailer to service small projects and rural roads.



- **External Operating Expenses.** This includes contributions and debt payments, for the benefit of, SVCW. Total Expenditures are \$12,177,351 for the District share of SVCW budget in FY 2022-23, a 1.8% decrease. SVCW expenditures represent 54.8% of the total annual Operating budget, excluding capital and depreciation. The District holds a 23.38% share of SVCW’s Net Position according to the SVCW’s annual Unaudited Analysis of Net Position, as of June 30, 2021. SVCW is reported as a separate Fund in FY 2021-22, to better identify direct District Operations and those of SVCW.
 - SVCW Operating & Capital Contributions are \$7,098,682. This is a 0.9% (\$639 thousand) decrease from FY 2021-22, due to decreased flows from the District to SVCW for treatment processing while other members realized an increase in flows.
 - SVCW Debt payments are \$5,078,669. The 2014 and 2015 Bonds were refinanced, along with the 2011 SRF debt, into new 2021 Bonds; with the District share of \$55.7 million. SVCW refinanced debt to take advantage of historically low rates, which are estimated to save the District \$3.25 million.
- **Non-Operating Expenses.** The District budgets \$6,000 for unanticipated Non-Operating Expenses.

Change in Net Position:

The General Fund Net Operating Income is estimated at \$8,555,085 for FY 2022-23. The General Fund Net Change in Position is \$9,050,085. This is the estimated amount that will be transferred to the Capital budget for capital projects.

The Change in Net Position of all Funds is \$5,802,605.

Proposed Budget
Fiscal Year 2022-23
General Fund
Expense Analysis

General Fund Expenditures	YTD 3/31/2021	Projected 6/30/21	Budget FY 2021/22	Budget FY 2022/23	Budget Variance	% Var
Operating Expense						
Salaries & Wages	3,046,066	3,998,491	4,463,442	4,661,639	198,197	4.4%
Employee Benefits	1,121,973	1,599,282	1,734,191	1,881,317	147,126	8.5%
Total Salaries, Wages & Benefits	4,168,039	5,597,774	6,197,633	6,542,956	345,323	5.6%
Other Operating Expense						
Director Fees	25,440	33,920	42,320	44,013	1,693	4.0%
Election Expense	0	0	0	70,000	70,000	
Gasoline, Oil & Fuel	70,572	94,095	70,000	102,500	32,500	46.4%
Insurance	138,288	184,384	204,550	190,025	(14,525)	-7.1%
Self-Insurance Reserve	0	31,410	31,410	58,638	27,228	86.7%
Memberships	64,812	64,812	58,660	80,345	21,685	37.0%
Office Expense	24,661	32,882	39,600	44,157	4,557	11.5%
Operating Supplies	234,454	312,605	393,425	434,562	41,137	10.5%
Contractual Services	404,786	539,715	665,475	777,480	112,005	16.8%
Professional Services	260,981	347,975	510,220	572,979	62,759	12.3%
Printing & Publications	38,684	60,837	67,500	73,335	5,835	8.6%
Rents & Leases	28,517	38,022	51,700	60,092	8,392	16.2%
Repairs & Maintenance	198,791	265,055	338,425	385,660	47,235	14.0%
Research & Monitoring	7,014	9,352	20,000	20,000	0	0.0%
Training, Meetings & Travel	14,385	19,179	56,200	111,057	54,857	97.6%
Utilities	126,185	168,247	232,500	237,851	5,351	2.3%
LAFCO Contributions	32,610	32,610	29,400	35,280	5,880	20.0%
Other Operating Expense	63,841	85,121	219,340	231,390	12,050	5.5%
Equipment Expense	34,490	45,987	0	96,750	96,750	
Transfer Overhead to Solid Waste Reserve Fund	(42,818)	(62,839)	(105,090)	(107,990)	(2,900)	2.8%
Transfer Overhead to Recycled Water Facility	(12,684)	(19,283)	(15,557)	(15,557)	0	0.0%
Total Operating Expense	5,881,048	7,881,860	9,107,711	10,045,523	937,812	10.3%
Related Agencies:						
Silicon Valley Clean Water (SVCW)						
SVCW Operating Expenditures	4,668,768	6,225,024	6,225,028	6,027,944.00	(197,084)	-3.2%
SVCW Revenue Funded Capital Expenditures	301,446	401,928	401,929	376,834.00	(25,095)	-6.2%
SVCW Reserve Contributions	402,597	536,796	536,800	693,904.00	157,104	29.3%
SVCW 2018 Bond (\$55 million)	1,838,028	1,838,028	1,839,213	1,834,338.00	(4,875)	-0.3%
SVCW 2021A&B Bond (\$55.6 million)	2,724,486	2,724,486	2,743,273	2,737,566.00	(5,707)	
SVCW SRF - Control Building, C-06-5216-110	0	0	0	-	0	
SVCW SRF - WWTP Phase I, C-06-5216-120	506,765	506,765	506,765	506,765.00	(0)	0.0%
SVCW SRF - Conveyance Planning, C-06-8069-110 (\$4.1m)	0	0	143,482	-	(143,482)	
Total SVCW Expenditures	10,442,090	12,233,027	12,396,490	12,177,351	(219,139)	-1.8%
Total Operating Expenditures	16,323,139	20,114,887	21,504,201	22,222,874	718,674	3.3%

Proposed Budget
Fiscal Year 2022-23
General Fund
Expense Analysis

Salaries, Wages, And Benefit - Details	YTD 3/31/2021	Projected 6/30/21	Budget FY 2021/22	Budget FY 2022/23	Budget Variance	% Var
Salaries & Wages						
Collection	1,685,394	2,247,192	2,308,600	2,658,432	349,832	15.2%
Administrative	959,395	1,279,193	1,550,560	1,361,915	(188,645)	-12.2%
Temporary Employees	94,165	125,553	130,000	157,000	27,000	20.8%
Subtotal	2,738,954	3,651,938	3,989,160	4,177,347	188,187	4.7%
Overtime	90,172	120,230	154,690	154,700	10	0.0%
Standy-By Pay	28,150	37,533	39,520	39,520	0	0.0%
Performance Measures Program	168,090	168,090	160,000	170,000	10,000	6.3%
End Of Year Compensation	20,700	20,700	20,072	20,072	0	0.0%
Vacation Leave Accrual	0	0	100,000	100,000	0	0%
Total Salaries & Wages	3,046,066	3,998,491	4,463,442	4,661,639	198,197	4.4%
Employee Benefits						
Life & Disability	56,967	75,955	34,020	34,590	570	2%
Workers' Compensation	51,138	85,230	118,230	123,927	5,697	5%
Cafeteria & Health Benefits	660,490	880,654	1,013,350	1,074,720	61,370	6%
Public Employee's Retirement System (PERS)	244,561	326,081	355,335	358,475	3,140	1%
PERS Unfunded Accrued Liability	0	0	0	0	0	
Employee Assistance & FSA Administration Fee	1,268	2,114	1,806	3,341	1,535	85%
Deferred Compensation Matching	35,883	59,805	60,150	66,450	6,300	10%
Commuter	10,679	17,799	10,000	15,240	5,240	52%
District Manager Auto Allowance	4,315	7,192	6,300	6,300	0	0%
Social Security, Medicare, State Employer Taxes	56,671	94,452	85,000	123,274	38,274	45%
Pre-Funding Retirement Unfunded Liability (PARS Trust)	0	0	0	50,000	50,000	
Pre-Funding OPEB Unfunded Liability (PARS Trust)	0	50,000	50,000	25,000	(25,000)	-50%
Total Employee Benefits	1,121,973	1,599,282	1,734,191	1,881,317	147,126	8.5%

Capital Fund:

The Capital Fund is funded with any Net Increase in Position from General Fund Operations, Connection Charges by customers, and Interest Income. Recycled Water Fund activity is reported separately. Below is the balance exclusively for the Capital Fund.

Capital Expenditures	Actual YTD 3/31/2022	Projected 6/30/22	Budget FY 2021/22	Budget FY 2022/23	Budget Change	% Var
Fund Balance						
Beginning Balance For Fiscal Year	10,546,362	10,546,362	10,546,362	24,524,691	13,978,329	133%
Revenue - Connection Charges	5,941,876	5,941,876	250,000	250,000	0	0%
Projected Transfer From General Fund	6,595,795	11,990,198	6,533,200	6,555,600	22,400	0%
Total Funds Balance Available	23,084,034	28,478,436	17,329,562	31,330,290	14,000,729	81%
Capital Expenditures	(3,893,654)	(3,953,745)	(12,751,750)	(14,292,500)	(1,540,750)	12%
Fund Balance	19,190,379	24,524,691	4,577,812	17,037,790	12,459,979	272%

Capital Fund Revenue:

Connection Fees of \$250,000 are budgeted; no change from FY 2021-22.

Capital Fund Expenses:

Total Capital Expenditures of \$14,292,500 are budgeted in FY 2022-23; a 12% increase from FY 2021-22. A detailed schedule of Capital Expenditures is included on page 12-13. Several items included in prior years under \$20,000 have been moved to expense, consistent with the District's Capitalization Policy.

- **Depreciation.** Depreciation is unchanged from the FY 2021-22 annual budget, however, it will be shown in the Capital Fund.

Capital Assets:

Capital Fund Expenditures	Actual YTD 3/31/2022	Projected 6/30/22	Budget FY 2021/22	Budget FY 2022/23	Budget Change	% Var
Administration	0	0	35,000	350,000	315,000	900%
Collection Facilities	0	0	600,000	600,000	0	0%
Vehicles & Equipment	0	0	201,750	762,500	560,750	278%
Pump Stations	0	60,000	65,000	200,000	135,000	208%
Subsurface Lines & Other Capital	43,884	43,884	130,000	100,000	(30,000)	-23%
Construction Projects	3,849,770	3,849,861	11,720,000	12,280,000	560,000	5%
Total Capital Fund	3,893,654	3,953,745	12,751,750	14,292,500	1,540,750	12%

- **Administration.** \$350,000 is budgeted for the ten year Master Plan. Other expenses are under \$20,000 Capitalization Policy and are included in expenditures.
- **Collection Facilities - Buildings.** The budget for Collection includes FERRF Improvements and Allowance for Unanticipated Capital Expenditures of \$600,000, no increase from the FY 2021-22 budget.

- **Vehicle & Equipment.** The budget for vehicles and equipment is \$762,500, a 278% increase over FY 2021-22 budget.
 - Equipment:
 - CCTV Transporter & Track Module: \$22,500
 - Flo Dar Equipment: Moved to Equipment Expense from the Capital Fund, as each costs approximately \$18,375, under the new capitalization policy of \$20 thousand.
 - Vehicles:
 - Replace Vehicle 201, District Manager vehicle.
 - Lease Ford Mach E at \$735 month, included in Rents & Leases
 - Carryover \$165,000 for Vehicle 228, Jet Truck, Superduty F550 4x4, 1/2in Jetter, as vehicle order is delayed.
 - Replace Unit 205, Aquatech Vacuum Combo Unit \$500,000.
 - Add Source Control Ford F150 Lightning (EV), or equivalent, to replace Unit 214; \$75,000.
 - Contribution to Equipment Replacement Reserve: Increased 3% to \$382,454.
- **Subsurface Lines & Other Capital.** The budget is increased 54% to \$300,000. Some Pump Station repairs and maintenance have been moved to expenses, as they are under the \$20,000 Capitalization Policy.
 - \$55,000 Pump for Hamilton Henderson Pump Station
 - \$145,000 Additional Pump & Valve Replacement
 - No change in \$100,000 for Manhole Raising on paving projects
- **Construction in Progress (CIP).** These are new constructions projects that are recorded separately and capitalized when completed. CIP is not depreciated until completed. \$12,280,000 is budgeted for CIP, with \$6,350,000 carried over from FY 2021-22 capital budget.
 - Levee Project: The District received a \$4,884,112 grant from the National Fish and Wildlife Foundation for the construction of a living shoreline. These are matching funds requiring a 112% contribution by the District (\$5.5 million).
 - Corporate Yard Renovation Design, \$350,000.
 - Misc. CIP, \$80,000.
 - Pipeline Replacement & Rehab Engineering, \$900,000.
 - Pipeline Replacement & Rehab Construction, \$3,950,000
- **Resource Recovery.** Recycled water facilities projects recorded under the Recycled Water Fund.

Proposed Budget
Fiscal Year 2022-23
Capital Fund

Capital Expenditure - Detail	YTD 3/31/2021	Projected 6/30/2021	Budget FY 2021/22	Budget FY 2022/23	Budget Variance	% Var
Administration						
District Office Interior			10,000	0	(10,000)	-100%
District Office Exterior			10,000	0	(10,000)	-100%
Server Replacement Program			15,000	0	(15,000)	-100%
10 Year Master Plan - Deferred			0	350,000	350,000	
Total Administration	0	0	35,000	350,000	315,000	900%
Collection Facilities						
FERRF Improvements	0	0	500,000	500,000	0	0%
Allowance For Unanticipated Capital Expenditures	0	0	100,000	100,000	0	0%
Subtotal Collection Facilities	0	0	600,000	600,000	0	0%
Equipment Replacement - Funded From The Equipment Replacement Fund						
Equipment						
CCTV Transporter & Track Module				22,500	22,500	
Flo Dar Equipment (Flow Meters)		0	36,750	0	(36,750)	-100%
Vehicles						
District Manager Vehicle (2013) - Lease Unit 230			0	0	0	
Jet Truck, Superduty F550 4x4, 1/2in Jetter - Unit 228			165,000	165,000	0	0%
Combo Vacuum/Jetter Truck - Unit 229 (Replace Unit 205)				500,000	500,000	
Source Control - Ford F250 Lightning (Replace Unit 214)				75,000	75,000	
Total Equipment Replacement	0	0	201,750	762,500	560,750	278%
Sales of Vehicles	(45,686)	(45,686)				
Net Vehicles & Equipment Expense	(45,686)	(45,686)	201,750	762,500	560,750	278%
Equipment Replacement Reserve	0	(371,315)	(371,315)	(389,881)	(18,566)	5%
Net Vehicles & Equipment Account	(45,686)	(417,001)	(169,565)	372,619	542,184	-320%
Subsurface Lines & Other Capital						
Pump Stations						
Pump Equipment Replacement Program		40,000	45,000	200,000	155,000	344%
Private Pump & Panel Replacements		20,000	15,000	0	(15,000)	-100%
Pump Station Repair & Replacements		0	5,000	0	(5,000)	-100%
Total Pump Stations	0	60,000	65,000	200,000	135,000	208%
Flow Monitoring Study			30,000	0	(30,000)	-100%
Smart Covers (2)			0	0	0	#DIV/0!
Manhole Raising (Paving Projects)	43,884	43,884	100,000	100,000	0	0%
Total Subsurface Lines and Other	43,884	103,884	195,000	300,000	105,000	54%

Proposed Budget
Fiscal Year 2022-23
Capital Fund

Capital Expenditure - Detail	YTD 3/31/2021	Projected 6/30/2021	Budget FY 2021/22	Budget FY 2022/23	Budget Variance	% Var
<u>Construction in Progress</u>						
Levee Survey & GPS Update	228,861	228,861	60,000	60,000	0	0%
Levee Improvement Project		0	6,000,000	7,000,000	1,000,000	17%
Replace Metal Storage Building Phase 1	1,075,998	1,075,998	852,550		(852,550)	-100%
Replace Metal Storage Building Phase 2			247,450		(247,450)	-100%
<u>Pipeline Replacement & Rehab Engineering</u>						
Corporate Yard Renovation Design			350,000	350,000	0	0%
Construction Projects Environmental Review			10,000	20,000	10,000	100%
Spot Repair Design (High Frequency List)				350,000	350,000	
Pipeline Replacement Design				350,000	350,000	
Stowe Lane Design			200,000	200,000	0	0%
<u>Pipeline Replacement & Rehab Construction</u>						
Isabella, Gilbert & Bay North - Phase 2 (Carryover \$1.5m)			2,500,000		(2,500,000)	-100%
Lower Ringwood / North Bay (Carryover \$1.5m)	2,500,625	2,500,625	1,500,000		(1,500,000)	-100%
Willow Pump Station Rehabilitation				700,000	700,000	
Bayfront Park Sanitary Sewer Improvements				1,250,000		
Misc Point Repairs (High Freq. List Repairs)			0	2,000,000	2,000,000	
Total Construction in Progress	3,849,770	3,849,861	11,720,000	12,280,000	3,410,000	29%
Total Capital Fund Expenditures	3,893,654	3,953,745	12,751,750	14,292,500	4,864,500	38%

Reserves:

The District reserves funds to protect cash flow between sewer service fee payments from the county, maintain fiscal stability, and reserve for future projects. The District has six individual investment accounts to reserve funds for various aspects of operations, plus two money market accounts, including the two accounts which are restricted and hold deposits from Sharon Heights Golf & Country Club (SHGCC) for the SRF loan on the Sharon Heights Recycled Water Facility (SHRWF). In addition, the District has two checking accounts and holds funds in Local Agency Investment Fund (LAIF), which are liquid and available to fund current Operations and Capital Projects.

Budget
Fiscal Year 2022-23
Reserve Contributions

<i>Reserve Contributions</i>	Actual YTD 3/31/2022	Projected 6/30/22	Budget FY 2021/22	Budget FY 2022/23	Budget Change	% Var
Operating Reserves Transfers (Target 6mo/Ops)	1,221,197	361,837	1,221,197	359,337	(861,860)	-71%
Rate Stabilization/Bond Reserve (Target \$10m)	0	0	0	300,000	300,000	
Treatment Plant Reserve (Target \$12m)	2,500,000	2,500,000	2,500,000	2,500,000	0	0%
Self-Insurance Reserve	0	31,410	31,410	58,638	27,228	87%
<u>Restricted Reserves</u>						
PARS Irrevocable Trust - Retirement	0	0	0	50,000	50,000	
PARS Irrevocable Trust - OPEB	0	50,000	50,000	25,000	(25,000)	-50%
<u>Capital Fund Reserves</u>						
Capital Project Reserves Transfers (Target \$6m)	0	0	0	200,000	200,000	
Emergency Capital Reserves Transfer (Target \$5m)	0	0	0	200,000	200,000	
Vehicle & Equip Replacement Reserve	371,315	371,315	371,315	389,881	18,566	5%
<u>Recycled Water Fund Reserves</u>						
Recycled Water Cash Flow Reserve (Target \$8m)	0	0	0	200,000	200,000	
Recycled Water SRF Reserve - Restricted (\$1.46k)	0	0	0	0	0	
Total Reserve Contributions	4,092,512	3,314,562	4,173,922	4,282,856	108,934	3%

Reserves:

The District has eight separate reserve accounts, with remaining reserves held in LAIF, including the Operating Reserve. District staff meets regularly with the Finance Committee to discuss reserves and takes their recommendations to the full Board for approval.

Annual contributions are considered to fund target reserves over short or long periods, based on the needs of the District. To fully fund all targets, the District would need approximately \$53.57 million designated to reserves. Based on the balances in all accounts, as of 3/31/22, the District has a net \$12 million over all targets, excluding \$4.4 million in liabilities for customer deposits.

- **Reserves.** Total reserve designations and transfers are \$3.2 million in FY 2022-23.
 - **Operating Reserve:** Designate \$359,337
 - Six months of operations provides cash flow between July and December, when the first sewer service charges are received.
 - Operating Reserves are held in LAIF, where they are available for cash flow.

- **Rate Stabilization Reserve:** \$300,000 to reach target.
- **Treatment Plant Reserve:** \$2,500,000 in FY 2022-23.
 - The District estimates funding reserve \$2.5 million annual, for five years beginning FY 2021-22, by direction from the Board approved June 9, 2021.
 - The District anticipates the need for \$7.1 million to avoid further SVCW debt, between FY 2024-25 and FY 2029-30.
- **Self-Insurance Reserve:** The \$58,638 savings from increased deductibles will be reserved for claim payments under the new higher deductibles.
- **Restricted Reserves.**
 - **Public Agency Retirement Services (PARS) Trust:**
 - **Retirement:** \$50,000 to reserve for future CalPERS retirement liability.
 - **Other Post-Employment Benefits:** \$25,000 to keep pace with increasing liability.
- **Capital Reserves.**
 - **Capital Project Reserve:** \$200,000 to reach target.
 - **Emergency Capital Project Reserve:** \$200,000 to reach target.
 - **Vehicle & Equip Replacement Reserve:** \$389,881, increased 5% annually.
- **Recycled Water Reserves.**
 - **Recycled Water Cash Flow Reserve:** \$200,000 to reach target.

Solid Waste:

The Solid Waste Fund has a net increase of \$2,010, a \$7,600 change from FY 2021-22. The Fund will have a Net Position of \$296,033.

- ***Solid Waste Fund Revenue.*** Franchise fees are received from Recology, which manages solid waste collection for the District. The budget is estimated at a 10% increase from FY 2021-22. Recology may have other changes, which are uncertain at this time; additional costs associated with implementation of California’s Short-Lived Climate Pollutant (SLCP) Reduction Strategy, SB 1383 and disposal costs at the Shoreway Environmental Center.
- ***Solid Waste Fund Expense.*** Allocated expenses for the Solid Waste program of \$107,990 is budgeted for rate studies, annual notification mailing, and overhead allocation. The annual Rate Study is based on the contract for this service, it was not done in FY 2021-22. The overhead to manage the Fund has increased by the Consumer Price Index of 4.2%, for the San Francisco-Oakland-Hayward Area, for the twelve months ending December 2021.

Budget
Fiscal Year 2022-23
Solid Waste Fund

	YTD 3/31/2022	Projected 6/30/22	Budget FY 2021/22	Budget FY 2022/23	Budget Variance	% Var
<u>Operating Income</u>						
Franchises	84,137	110,807	100,000	110,000	10,000	10%
Total Income	84,137	110,807	100,000	110,000	10,000	10%
<u>Expenditures</u>						
Rate Studies	0	0	42,000	42,000	0	0%
Mailings	1,911	1,911	5,000	5,000	0	0%
Public Relations	1,188	1,188	1,500	1,500	0	0%
Overhead Expense Allocation - General	42,818	57,090	57,090	59,490	2,400	4%
Total Allocated Operating Expense	45,917	60,189	105,590	107,990	2,400	2%
Solid Waste Fund Beginning Balance	243,405	243,405	253,584	294,023	40,440	16%
Contribution To Solid Waste Fund	38,221	50,618	(5,590)	2,010	7,600	-136%
Solid Waste Fund Balance	281,626	294,023	247,994	296,033	48,040	19%

Recycled Water:***Bayfront Recycled Water Project***

The proposed Bayfront Recycled Water Project is in early developments, with \$2.25 million capital budget in FY 2022-23; \$1 million for recycled water facility projected management and \$1.25 million for reclaimed water pipelines.

Sharon Heights Recycled Water Facility

The Sharon Heights Recycled Water Facility (SHRWF) was completed in FY 2021-22, for a project total of \$22,647,052. \$22,267,257 has been received from the State Revolving Fund, including a \$5,259,800 Water Recycling Funding Program Construction Grant and a State Revolving Fund (SRF) Loan of \$17,117,420. The District assumed full management of the facility beginning January 27, 2021. The current SRF loan balance is \$16,119,635, after two payments funded by Sharon Heights Golf & Country Club (SHGCC). Summary Recycled Water Fund statements are included on page 18-19, including detailed expenditures.

- **Revenue.** All costs of the facility are paid by the District and ultimately reimbursed by SHGCC. The revenue budget for FY 2022-23 is \$518,064, which represents the budget agreement with SHGCC, although SHGCC will reimburse for all costs associated with the SHRWF, including over budget. The District provided SHGCC with a projected budget in January 2022, which estimated annual calendar year operations and maintenance and is billed in equal monthly installments. The difference is reconciled and billed annually to SHGCC.
- **Expense.** Total Operating expenditures are estimated at \$1,320,869 for FY 2022-23, including \$752,805 in depreciation of the recycled water facility.
 - Operating Expenses were \$568,064.
 - Direct District expenses are budgeted at \$568,064, an 11% increase over FY 2021-22. This is aligned with the O&M Budget developed with SHGCC, with the addition of \$50,000 in Contractual Services for vendor maintenance packages.
 - Indirect Administration is \$19,620, 26% higher than FY 2021-22 budget and 11.6% higher than FY 2022-23 actual.
 - Depreciation expense is \$754,805 annually.
- **Non-Operating Income & Expenses.**
 - Non-Operating Income
 - \$1,600 in estimated interest income on the SHGCC SRF deposit.
 - Non-Operating Expenses
 - Although \$662,911 represent the principal and interest on the SRF loan payment, only the interest of \$161,196 is expensed. The principal amount reduces the loan balance.
- **Capital Contributions.**
 - \$662,911 represents the contributions from SHGCC for the SRF loan payments, due March 30 each year.

West Bay Sanitary District
Recycled Water Fund
Sharron Heights Recycled Water Facility
Budget
Fiscal Year 2022-23

	Actual YTD 3/31/2022	Projected 6/30/22	Budget FY 2021/22	Budget FY 2022/23	Budget Variance	% Var
Fund Income						
Operating Income						
Sharon Heights Golf & Country Club	409,254	545,672	509,860	518,064	8,205	2%
SHGCC - Avy Pump Station	202	202	0	0	0	
Total Operating Income	409,456	545,874	509,860	518,064	8,205	2%
Fund Expenditures						
Operating Expense	336,705	449,617	509,860	568,064	58,205	11%
Depreciation	566,176	752,805	754,902	752,805	(2,097)	0%
Total Fund Expenditures	902,881	1,202,422	1,264,762	1,320,869	56,107	4%
Non-Operating Income (Expense)						
Non-Operating Income	(2,265)	(2,265)	2,000	1,600	(400)	-20%
Non-Operating Expense	(166,164)	(166,164)	(166,164)	(161,196)	4,968	-3%
Total Non-Operating Income	(168,428)	(168,428)	(164,164)	(159,596)	4,568	-3%
Capital Contributions						
SHGCC Contribution for SRF Loan	662,911	662,911	662,911	662,911	0	0%
Change in Net Position	1,058	(162,065)	(256,155)	(299,490)	(43,335)	17%

West Bay Sanitary District
Recycled Water Fund
Sharron Heights Recycled Water Facility
Budget
Fiscal Year 2022-23

Fund Expenditures - Detail	Actual YTD 3/31/2022	Projected 6/30/22	Budget FY 2021/22	Budget FY 2022/23	Budget Variance	% Var
Operating Expense						
Salaries & Wages	53,028	70,704	110,819	90,037	(20,782)	-19%
Employee Benefits	26,710	35,613	47,572	27,083	(20,489)	-43%
Indirect Labor	24,571	32,761	29,817	19,992	(9,825)	-33%
Standby	13,300	17,733	2,173	19,764	17,591	810%
Overtime	15,150	20,201	10,000	30,000	20,000	200%
Total Salaries, Wages & Benefits	132,759	177,012	200,381	186,876	(13,505)	-7%
Other Operating Expense						
Fuel	0	0	0	0	0	
Insurance	22,182	29,576	25,095	35,000	9,905	39%
Memberships	0	0	0	0	0	
Office Expense	33	45	0	0	0	
Operating Supplies	13,921	18,561	12,600	16,200	3,600	29%
Contractual Services	0	0	0	50,000	50,000	
Professional Services	18,459	24,611	10,000	10,000	0	0%
Printing & Publications	0	0	0	0	0	
Rents & Leases	0	0	0	0	0	
Repairs & Maintenance	17,181	22,908	12,000	12,408	408	3%
Research & Monitoring	13,430	17,907	27,375	22,440	(4,935)	-18%
Training, Meetings & Travel	0	0	0	0	0	
Utilities	101,435	135,246	194,352	205,520	11,168	6%
Licenses & Permits	4,622	6,163	12,500	10,000	(2,500)	-20%
Other Operating Expenses	0	0	0	0	0	
Subtotal Operating Expenses	324,021	432,028	494,303	548,444	54,142	11%
Administrative Expense	12,684	17,589	15,557	19,620	4,063	26.12%
Direct Expenditures	336,705	449,617	509,860	568,064	58,205	11%
Depreciation	566,176	752,805	754,902	752,805	(2,097)	0%
Total Operating Expense	902,881	1,202,422	1,264,762	1,320,869	56,107	4%
Non-Operating Income & Expense						
Other Non-Operating Income						
Interest Income, Gains on Investments	(2,265)	(2,265)	2,000	1,600	(400)	-20%
Total Non-Operating Income	(2,265)	(2,265)	2,000	1,600	(400)	-20%
Other Non-Operating Expense						
SRF Loan Payment - Principal	(496,747)	(496,747)	(496,747)	(501,715)	(4,968)	1%
SRF Loan Payment - Interest	(166,164)	(166,164)	(166,164)	(161,196)	4,968	-3%
Total Non-Operating Expense	(166,164)	(166,164)	(166,164)	(161,196)	4,968	-3%
Total Non-Operating Income & Expense	(168,428)	(168,428)	(164,164)	(159,596)	4,568	-3%