

Attachment No. 22

EPASD 2023-24 Budget

EAST PALO ALTO SANITARY DISTRICT



APPROVED BUDGET FY 2023-2024



EAST PALO ALTO SANITARY DISTRICT

BOARD OF DIRECTORS

Dennis Scherzer, President
Martha Stryker, Vice President
Glenda Savage, Secretary
Bethzabe Yañez, Director
Ofelia Bello, Director

901 Weeks Street
East Palo Alto, CA 94303
Phone: (650) 325-9021
Fax: (650) 325-5173
www.epasd.com

Akin Okupe, M.B.A, P.E., General Manager

July 5, 2023

Nature of Item

The Fiscal Year 2023/2024 budget follows closely the previous year's budget. The objective of the budget is to fund Capital Improvement Projects needed for both existing and future customers.

Background

The City's 2035 General Plan adopted by the City of East Palo Alto will require an upgrade to the existing collection system in the amount of approximately \$45 million. The connection fee has been revised considering the need for system expansion. In Fiscal Year 2023/2024, \$13 million of the reserve funding is expected to be used to finance system expansion considering development applications.

Discussion

The District has completed the following projects in Fiscal Year 2022/2023:

1. Light Tree Sewer Replacement Project, Design and Construction – 90% complete
2. Sanitary Sewer Replacement Project, Design – 95% complete
3. Development of a revised connection fee – 100% complete

The District intends to complete the following construction project in Fiscal Year 2023/2024.

1. Sanitary Sewer Replacement Project: This includes sewer replacement of approximately 3000 linear feet of sewer pipe on Green Street and Beech Street.

Staff Recommendation

Staff recommends that the Board approve the Fiscal Year 2023/2024 Budget with a total budgeted expenditure of \$17,800,400 and total budgeted revenue of \$5,863,210.

EAST PALO ALTO SANITARY DISTRICT

BUDGET MESSAGE

FISCAL YEAR 2023-2024

FINAL BUDGET

I am delighted to present the East Palo Alto Sanitary District Operating and Capital Budget for the Fiscal Year 2023-2024 for your consideration.

The objective is to have a balanced budget while simultaneously providing qualitative level of service to our customers. I am pleased that this spending plan is being achieved with no rate increase. This budget will be furthering the advancement of the District's vision, mission, and core value.

BUDGET PRIORITIES

The operating and capital budget has been prepared to address the following priorities of the Board of Directors:

1. Sound utilities with high level of service to the community
2. Maintenance of fiscal responsibilities
3. Provision for yearly capital improvement program to maintain the collection system
4. Provision for capital improvement program with our strategic partners
5. Provision for stable work force
6. Implementation of cyber security initiatives to protect our information system
7. Effective staff training
8. Minimization of cost of services
9. Compliance with Federal and State Laws and Regulations
10. Sound knowledge management initiatives
11. Effective management control system
12. Implementation of social marketing initiatives
13. Provision of funding to upgrade the Collection System aimed at meeting the needs of the City of East Palo Alto 2035 General Plan

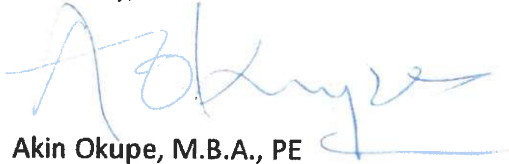
BUDGET OVERVIEW

The Fiscal Year 2023/2024 budget is based on a total projected revenues in the amount of \$5,704,110 and a total budgeted expenses in the amount of \$17,800,400, this includes \$4,535,400 in operating expenses and \$13,265,000 in capital expenses.

REVENUE ESTIMATES

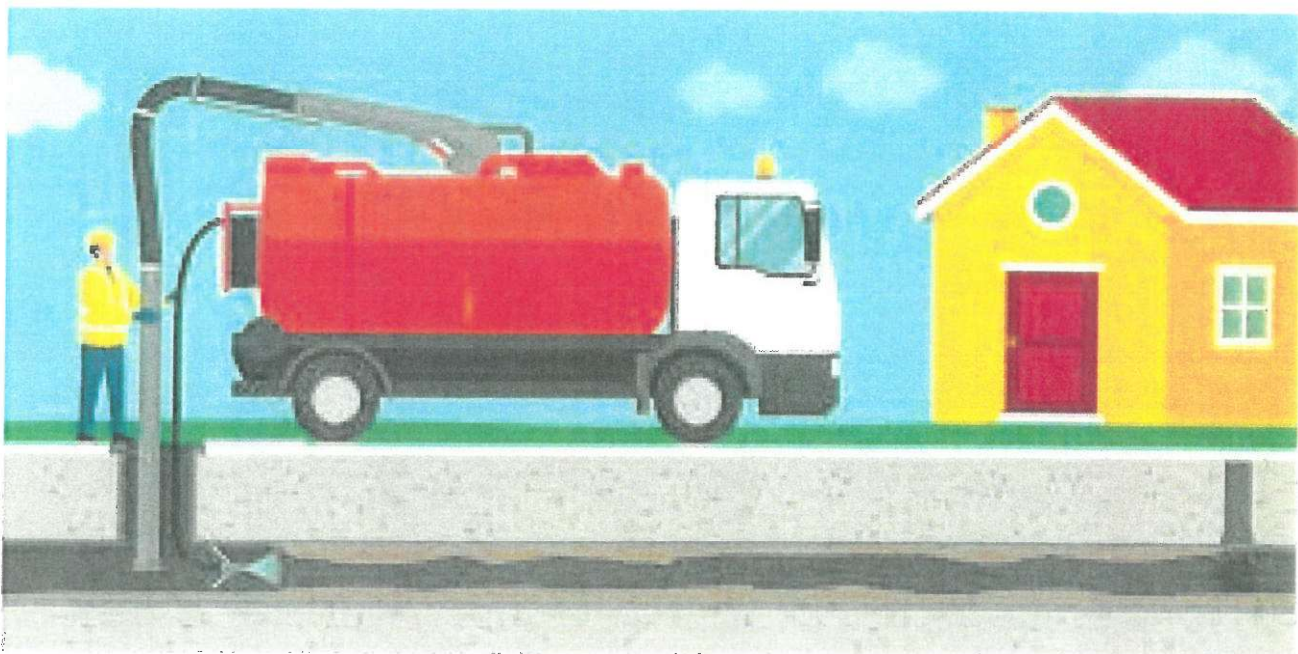
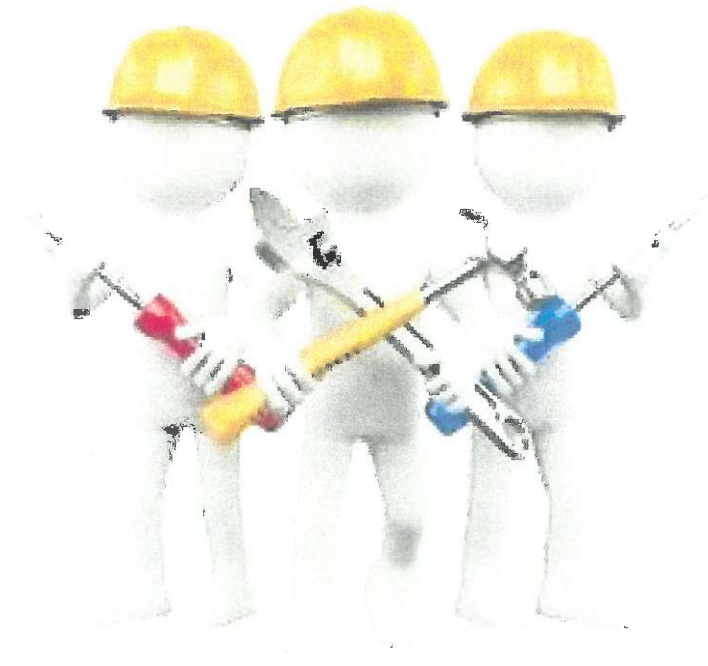
The revenues for the sewer services were estimated based on water consumption between April 30, 2022, and May 1, 2023.

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Okupe', with a long horizontal flourish extending to the right.

Akin Okupe, M.B.A., PE
General Manager

OPERATIONS & MAINTENANCE



**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET SUMMARY FOR ALL FUNDS FY 2023-2024**

Expenditure For The Fiscal Year 2023-2024

	2545 General Fund	2541 Connection Fee Fund	2546 Construction Replacement Fund	2547 Lateral Replacement Fund	2548 Treatment Plant Fund	2549 Rate Stabilization Fund	EPASD All Funds
Salaries and Employees Benefits	769,000	-	-	-	-	-	769,000
Operations and Maintenance	1,916,400	-	-	-	-	-	1,916,400
Treatment Plant (RWQCP)	1,850,000	-	-	-	-	-	1,850,000
Total Operating Expenditures	4,535,400	-	-	-	-	-	4,535,400
Capital and Debts	265,000	-	-	-	-	-	265,000
Construction	-	-	13,000,000	-	-	-	13,000,000
Total Budgeted Expenditures	4,800,400	-	13,000,000	-	-	-	17,800,400

Revenue For The Fiscal Year 2023-2024 Based on \$600 Per Unit

	2545 General Fund	2541 Connection Fee Fund	2546 Construction Replacement Fund	2547 Lateral Replacement Fund	2548 Treatment Plant Fund	2549 Rate Stabilization Fund	EPASD All Funds
Beginning Fund Balance	13,426,372	1,148,277	7,241,355	115,153	1,670,163	67,329	23,668,649
Sewer Service Charges	4,627,750	-	-	-	-	-	4,627,750
Property taxes	485,000	-	-	-	-	-	485,000
Connection Fee	-	25,000	-	-	-	-	25,000
Interest Income	205,000	15,200	95,000	1,500	21,500	900	339,100
Rental Income	36,360	-	-	-	-	-	36,360
ERAF Rebate / Former RDAF	350,000	-	-	-	-	-	350,000
Total Projected Revenue	5,704,110	40,200	95,000	1,500	21,500	900	5,863,210
Interfund Transfers	(13,000,000)	-	13,000,000	-	-	-	-
Total Available Revenues	\$ 6,130,482	\$ 1,188,477	\$ 20,336,355	\$ 116,653	\$ 1,691,663	\$ 68,229	\$ 29,531,859
Ending Fund Balance	\$ 1,330,082	\$ 1,188,477	\$ 7,336,355	\$ 116,653	\$ 1,691,663	\$ 68,229	\$ 11,731,459

EAST PALO ALTO SANITARY DISTRICT
Approved Budget - General Fund #02545
Fiscal Year 2023-2024

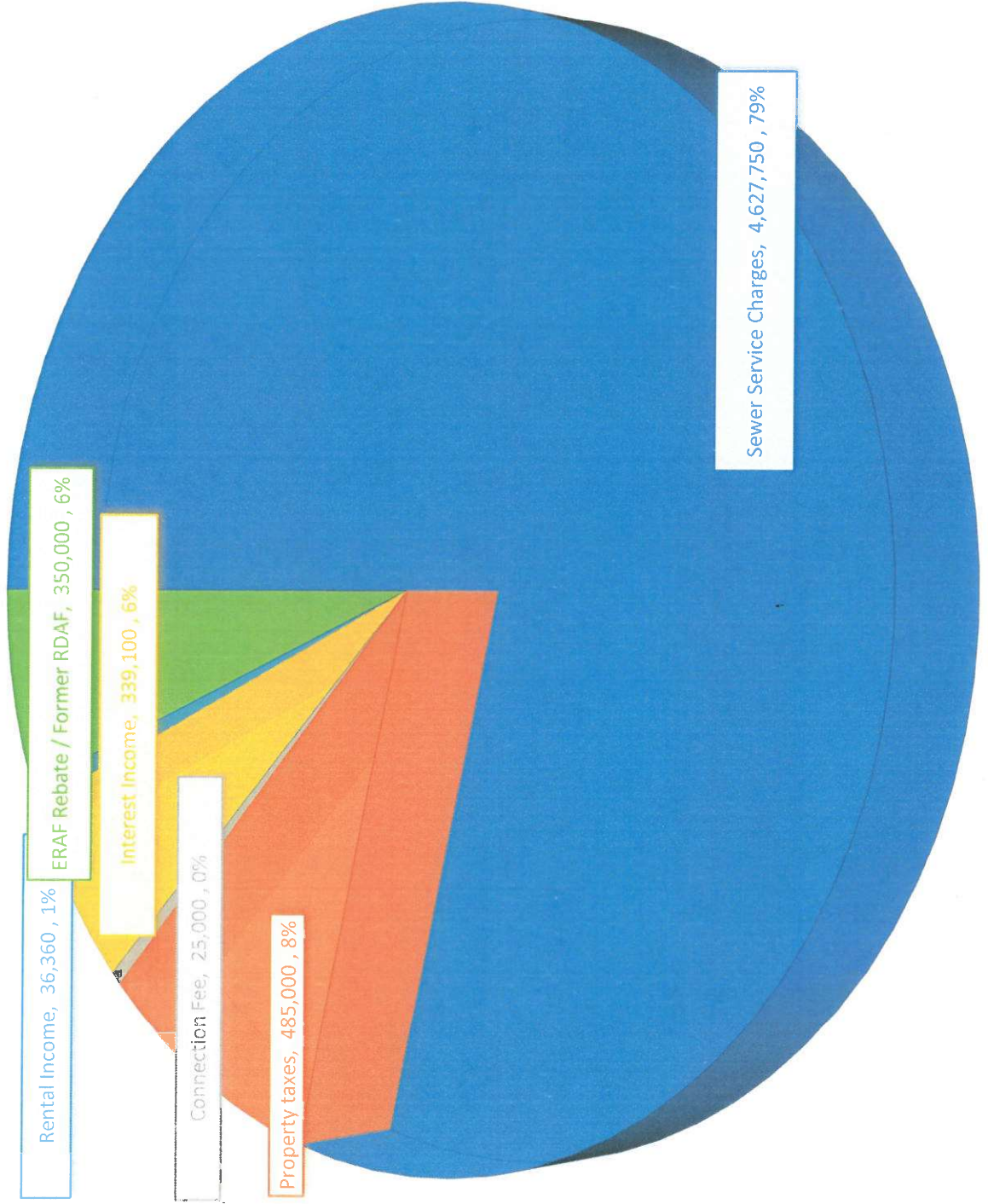
EXPENDITURES		Actual	Approved	Approved
		Expenses	Budget	Budget
CODE	SALARIES & EMPLOYEE BENEFIT	2021-2022	2022-2023	2023-2024
4111	Wages	260,496	365,500	350,000
4192	Directors Fees	68,165	62,000	69,000
4631	Employees Benefits	255,100	430,000	350,000
SUB TOTAL		583,761	857,500	769,000
OPERATION & MAINTENANCE				
5188	Other Operating Supplies	1,131	2,000	2,000
5193	Office Expenses	26,793	32,000	68,000
5314	Election Expenses	4,567	35,000	-
5332	Membership	27,906	25,000	30,000
5341	Publication & Legal Notice	23,906	8,800	25,000
5416	Gas, Fuel	7,615	6,500	12,000
5459	Repair & Maintenance	60,037	45,000	65,000
5521	Rents & Leases	5,426	6,700	7,000
5638	Utilities	49,561	57,000	58,000
5721	Travel & Meeting	13,442	25,000	30,000
5731	Training & Education	12,132	10,000	18,000
5817	Contract Sewage Services	1,739,192	1,650,000	1,850,000
5858	Contractual Services	551,314	497,000	780,000
5861	Engineering Services	159,542	150,000	180,000
5872	Prof & Spec Services	128,512	160,000	165,000
5876	Professional Services	69,194	50,000	60,000
5958	Research & Monitoring	-	400	400
5966	Operating Supplies	1,212	5,000	6,000
5969	Special Expenses	25,741	30,000	55,000
6731	Insurance	137,353	150,000	205,000
6732	Legal Services	119,609	130,000	150,000
SUB TOTAL		3,164,184	3,075,400	3,766,400
CAPITAL & DEBTS				
7211	Planned Debt Services	-	150,000	150,000
7311	Equipment Expenses	-	30,000	25,000
6322	Repay Treatment Plant	74,974	160,000	90,000
SUB TOTAL		74,974	340,000	265,000
OTHER CHARGES				
8810	Contingency	-	-	-
SUB TOTAL		-	-	-
TRANSFERS TO OTHER FUNDS				
7541	Construction/Replacement	2,500,000	15,000,000	13,000,000
7541	Treatment Plant Reserve	-	-	-
7541	Rate Stabilization	-	-	-
SUB TOTAL		2,500,000	15,000,000	13,000,000
GRAND TOTAL		\$ 6,322,919	\$ 19,272,900	\$ 17,800,400

DESCRIPTION OF EXPENSE CATEGORIES



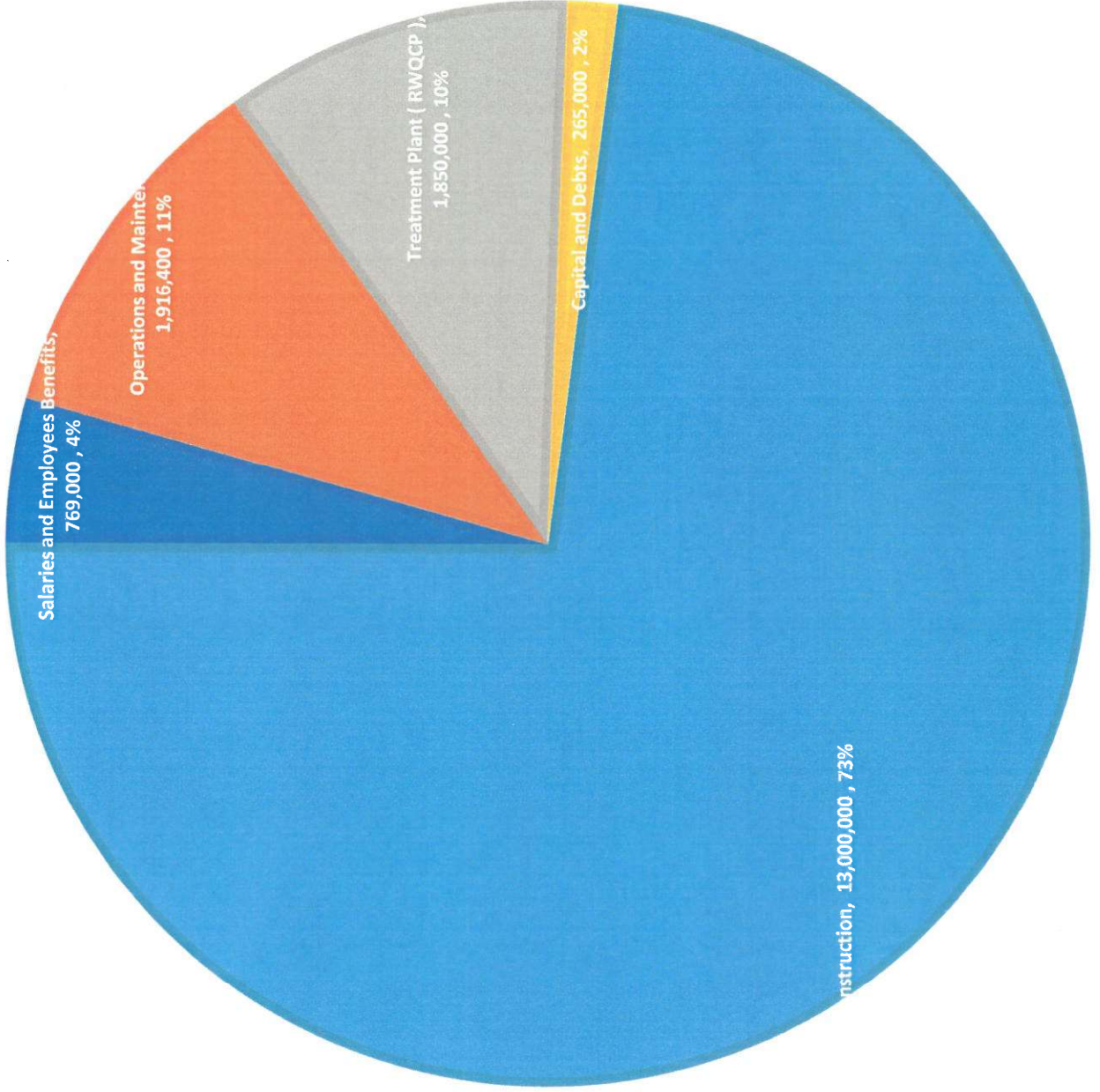
2023-2024 APPROVED REVENUES

■ Sewer Service Charges ■ Property taxes ■ Connection Fee ■ Interest Income ■ ERAF Rebate / Former RDAF ■ Rental Income



2023-2024 APPROVED EXPENSES

- Salaries and Employees Benefits
- Operations and Maintenance
- Treatment Plant (RWQCP)
- Capital and Debts
- Construction



**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

SALARIES AND WAGES 4111

This account includes salaries, wages and other considerations for District employees chargeable to operations. This amount includes annual merit increase, overtime and differentials. Based on 40 standard hours work week for the entire fiscal year.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 260,496	\$ 365,500	\$ 350,000

DIRECTORS FEES 4192

This account includes fees paid to directors for regular and special Board meetings and committee meetings and conference attendance

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 68,165	\$ 62,000	\$ 69,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

EMPLOYEE BENEFITS 4631

This account includes:

*Employee Retirement Systems
Health, Dental, Life, and Accident Insurance
Unemployment Insurance
State Disability Insurance
Worker's Compensation Premiums
Long Term Disability
Health Club Membership*

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 255,100	\$ 430,000	\$ 350,000

OTHER OPERATING SUPPLIES 5188

This account includes all operating expenses not includible in other expense categories

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 1,131	\$ 2,000	\$ 2,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

OFFICE EXPENSE 5193

This account is used to record the purchase of various items used in day-to-day operations. The following are typical items reflected in this account:

- Accounting & Reporting Forms*
- Books & Manuals*
- Envelopes, Postage*
- P.O. Box Rental*
- Stationary & Office Supplies*
- Small Stapling, Dating, & Numbering Machines*

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 26,793	\$ 32,000	\$ 68,000

ELECTION EXPENSE 5314

This account includes reimbursement to San Mateo County for the costs of election notices, printing of ballots and contractual election services rent of polling places and ballot boxes, pay of election officials and other election expenses.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 4,567	\$ 35,000	\$ -

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

MEMBERSHIP 5332

This account includes the cost of memberships in societies, associations of officials, trade associations, and other organizations.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 27,906	\$ 25,000	\$ 30,000

PUBLICATION AND LEGAL NOTICE 5341

This account includes the cost of the publication of legally required notices and reports. This includes:

- Advertisements*
- Bids for Purchases*
- Bond Sales Notices*
- Budgets*
- Delinquent Tax List*
- Employment Opportunities*
- Financial Reports*
- Newsletters*
- Ordinances*
- Proceedings of Governmental Body*
- Public Hearing Notices*
- Legal Notices*
- Board Meetings Broadcasting*

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 23,906	\$ 8,800	\$ 25,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

GASOLINE, OIL, AND FUEL 5416

This account includes the cost of fuel and oil used in the operations of motor vehicles and equipment. This would include the cost of gasoline used in the production of power to operate pumps and other equipment.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 7,615	\$ 6,500	\$ 12,000

REPAIRS AND MAINTENANCE 5459

These expenditures represent the cost of repairing and maintaining the District's equipment & pipelines, including vehicles, mobile equipment, and office equipment.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 60,037	\$ 45,000	\$ 65,000

**EAST PALO ALTO SANITARY DISTRICT
 APPROVED BUDGET - GENERAL FUND #02545
 FISCAL YEAR 2023-2024**

RENTS AND LEASES 5521

This account includes rents and leases paid for the use of the security systems, postage meter, improvements and equipment. This includes amounts paid under operating lease agreements.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 5,426	\$ 6,700	\$ 7,000

UTILITIES 5638

This account includes the cost of:

- Electricity*
- Heating & Cooling Supplies for Buildings*
- Natural Gas*
- Telephone*
- Water*
- Solid Waste Disposal*

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 49,561	\$ 57,000	\$ 58,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

TRAVEL AND MEETING 5721

This account includes the cost of:

- Board of Directors Travel*
- Gasoline Used in Travel*
- Leased or Rented Vehicles*
- Reimbursement for Private Vehicle Use*
- Reimbursement for Meals, Lodging, and Conference Expenses*
- Bridge Tolls, Study Materials, Train or Bus Fare, Airline Tickets, and*
- Any Other Travel Expense*

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 13,442	\$ 25,000	\$ 30,000

TRAINING AND EDUCATION 5731

This account includes the cost of continuing professional education, as well as employee training, development, seminars, conferences, and staff reorganization for cross training. These expenditures are intended to improve the capability, productivity, and efficiency of the District's staff.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 12,132	\$ 10,000	\$ 18,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

CONTRACT SEWAGE 5817

This account represents reimbursement for sewage treatment charges to the Regional Water Quality Control (RWQCP) including the administrative general components of the sewage treatment contract.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 1,739,192	\$ 1,650,000	\$ 1,850,000

CONTRACTUAL SERVICES 5858

This account includes the cost of outside services of a professional nature and not chargeable to another category.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 551,314	\$ 497,000	\$ 780,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

ENGINEERING AND MANAGEMENT SERVICES 5861

This account includes professional engineering services provided by outside engineering consultants.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 159,542	\$ 150,000	\$ 180,000

PROFESSIONAL AND ACCOUNTING SERVICES 5872

This account includes professional accounting and audit services. The District currently contracts with two local CPA firms for professional accounting and auditing services.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 128,512	\$ 160,000	\$ 165,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

PROFESSIONAL SERVICES 5876

This account includes the cost of professional services not reflected in other areas. This includes:

- Actuarial Studies*
- Appraisals*
- Board Commissioned Studies*
- Fiscal Agent's Fees*
- Management Salary Surveys*
- Human Resources Consultant*
- Board Workshops*
- Special Projects*

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 69,194	\$ 50,000	\$ 60,000

RESEARCH AND MONITORING 5958

*This account includes the cost of laboratory and field test analysis.
It also includes monitoring of industrial discharge,
the implementation of source control monitoring.*

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ -	\$ 400	\$ 400

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

OPERATING EXPENSE 5966

This account represents all those supplies which are used for District Operations but are not Capital Items (rather, they are "expendable"). These include pipe, couplings, chemicals, safety materials, tires, etc..

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 1,212	\$ 5,000	\$ 6,000

DISTRICT SPECIAL EXPENSE 5969

This account includes all operating expenses not included elsewhere. The district charges various special projects and unanticipated expenditures, and refunds for overpayment of sewer service charges, replenish imprest account for payment of travel expenses and refreshments.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 25,741	\$ 30,000	\$ 55,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

INSURANCE 6731

This account includes the cost of insurance premiums for fire, burglary, public liability, collision, property damage, individual and blanket bonds, money and securities, boiler and forgery. Insurance premium dividends or refunds shall be credited to this account.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
<hr/> \$ 137,353	<hr/> \$ 150,000	<hr/> \$ 205,000

LEGAL SERVICES 6732

This account includes the cost of legal services by outside law firm for defending cases in the court of law and providing advice in the legal matters. The district currently contracts with law firm to work as district legal counsel.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
<hr/> \$ 119,609	<hr/> \$ 130,000	<hr/> \$ 150,000

**EAST PALO ALTO SANITARY DISTRICT
APPROVED BUDGET - GENERAL FUND #02545
FISCAL YEAR 2023-2024**

PLANNED DEBT SERVICES 7211

This account includes new debts.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ -	\$ 150,000	\$ 150,000

EQUIPMENT 7311

*This account includes spending for capital items, such as machinery,
long term use equipment, vehicle for the district's daily operation.*

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ -	\$ 30,000	\$ 25,000

**EAST PALO ALTO SANITARY DISTRICT
 APPROVED BUDGET - GENERAL FUND #02545
 FISCAL YEAR 2023-2024**

REPAY TREATMENT PLANT 6322

This account is used to charge the fixed asset component of the contract with the Regional Water Quality Control Plant.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 74,974	\$ 160,000	\$ 90,000

CONTINGENCIES 8810

This account represents the amount estimated for unforeseen purposes.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ -	\$ -	\$ -

**EAST PALO ALTO SANITARY DISTRICT
 APPROVED BUDGET - GENERAL FUND #02545
 FISCAL YEAR 2023-2024**

TRANSFER TO CONSTRUCTION AND REPLACEMENT 7541.46

This account includes the transfers made to funds maintained for the construction and replacement of major capital projects.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ 2,500,000	\$ 15,000,000	\$ 13,000,000

TRANSFER TO TREATMENT PLANT RESERVE FUND 7541.48

This account includes the transfers made to funds maintained for Treatment Plant Reserve.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ -	\$ -	\$ -

TRANSFER TO RATE STABILIZATION FUND 7541.49

This account includes the transfers made to funds for the purpose of maintaining the current wastewater rates.

Actual Expenses 2021-2022	Approved Budget 2022-2023	Approved Budget 2023-2024
\$ -	\$ -	\$ -