



1902 - Serving Our Community for over 120 Years - 2024

**WEST BAY SANITARY DISTRICT
AGENDA OF BUSINESS**

**REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, FEBRUARY 28, 2024 AT 7:00 P.M.
RONALD W. SHEPHERD ADMINISTRATION BUILDING,
500 LAUREL STREET, MENLO PARK, CALIFORNIA 94025**

Board Members

Fran Dehn, President
David Walker, Secretary
Roy Thiele-Sardiña, Treasurer
Edward P. Moritz, Member
George Otte, Member

General Manager

Sergio Ramirez

District General Counsel

Anthony Condotti, Esq.

AGENDA OF BUSINESS

To participate by telephone or Zoom meeting, public comments can be made by joining Zoom meeting at:

<https://us06web.zoom.us/j/83822272261?pwd=9busaNaHSwFdTm8Xtd4f63wSxvBFdX.1>

Meeting ID: 838 2227 2261 Passcode: 363302

1. Call to Order and Roll Call
2. Communications from the Public
3. Consent Calendar

Matters listed under this item are considered routine and will be enacted by one motion. The motion, seconds, and vote are applicable to any included resolutions and recorded accordingly. There will be no separate discussion of these items unless specifically requested by a member of the Board.

- A. Approval of Minutes for Regular meeting February 14, 2024 Pg. 3A-1
- B. Consider Approving FY 2022-23 Financial Statements, Second Quarter Ending December 31, 2023 Pg. 3B-1
4. Consider Establishing a Public Hearing Date for a Proposed Increase in Sewer Service Charges as Required by Proposition 218, Adopt the Draft Sewer Rate Study, and Provide Staff Direction Regarding the Sewer Service Charge Rate Adjustment and the Mailing of the Proposition 218 Notice for a Public Hearing Pg. 4-1
5. Closed Session
 - A. CONFERENCE WITH LABOR NEGOTIATORS
(Pursuant to Cal. Govt. Code §54957.6) Agency designated representatives: General Manager, General Counsel, IEDA
Employee Organization: Exempt Employees, Unrepresented Employees, & Teamsters Local 350

6. General Manager's Report Pg. 6-1
7. Consider Authorizing the General Manager to Execute an Agreement for On-call Engineering Services Pg. 7-1
8. Discussion and Direction on Sharon Heights Recycled Water Facility Pg 8-1
9. Discussion and Direction on Bayfront Recycled Water Project and Status Update Pg. 9-1
10. Report and Discussion on South Bayside Waste Management Authority (SBWMA) including Solid Waste Franchise Re-Assignment Pg. 10-1
11. Report and Discussion on Silicon Valley Clean Water (SVCW) Plant Pg. 11-1
12. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda
13. Adjournment

The West Bay Sanitary District does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 321-0384 at least five days in advance and we will make every reasonable attempt to provide such an accommodation.



1902 - *Serving Our Community for over 120 Years* - 2024

**WEST BAY SANITARY DISTRICT
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, FEBRUARY 14, 2024 AT 7:00 P.M.**

1. Call to Order

President Dehn called the meeting to order at 7:01 PM

Roll Call

BOARD MEMBERS PRESENT: President Dehn, Secretary Walker, Treasurer Thiele-Sardiña, Director Moritz, Director Otte

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Ramirez, Hulsmann and Barbara Choi – General Counsel (by Zoom)

Others Present: Gabe Sasser and Rick Simonson – HF&H

2. Communications from the Public:

3. Consent Calendar

CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR

- A. Approval of Minutes for Regular meeting January 24, 2024
- B. Approval of the Financial Activity Report Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters through January 31, 2024
- C. WBSD Operations and Maintenance Report – January 2024 Pg. 3D-1
- D. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – January 2024
- E. Town of Woodside Operations and Maintenance Report for Work Performed by WBSD – January 2024
- F. Consideration Authorizing the General Manager to Execute the Quitclaim Deed to a Portion of a Sanitary Sewer Easement from West Bay Sanitary District to Pacific Peninsula Group, of 358 Walsh Road, Town of Atherton, California
- G. Consider Accepting Sewer Facilities Constructed Pursuant to Class 3 Sewer Permit No. 1624 for the Sewer Realignment for 358 Walsh Road, Town of Atherton, California

Comments: None.

Motion to Approve by: Moritz 2nd by: Walker Vote: AYE: 5 NAY: 0 Abstain: 0

4. General Manager's Report

Discussion/Comments: General Manager Ramirez reported there will be a STEP/Grinder pump update at the February 28th Board meeting. He also reported the Town of Los Altos Hills continues to replace oversized manhole lids with standard lids. He reported BidNet Direct, the new online bidding platform, is now live and the first bids have been posted and will close on March 5th & 6th. He also reported the LAFCo Commission upheld their decision to make the East Palo Alto Sanitary District a subsidiary district of the City of East Palo Alto during the LAFCo public hearing on February 7th. General Manager Ramirez continued to report he will be on vacation from March 28th through April 6th. The next regular meetings are scheduled for February 28th and March 13th. The complete General Manager's written report is in the February 14th, 2024 agenda packet.

5. Workshop and Discussion on the Sewer Service Charge Rate Study for Fiscal Year 2024/25

Discussion/Comments: Gabe Sasser with HF&H presented draft Sewer Service Charge rate study for fiscal year (FY) 2024-25. Board consensus was to increase rates by 5% for FY 2024-25, 2025-26, and 2026-27. The Board would like to examine the actual cost of the STEP & Grinder Systems and adjust their rate accordingly.

6. Authorize the General Manager to Purchase a Mini Excavator

Motion to Approve by: Walker 2nd by: Moritz Vote: AYE: 5 NAY: 0 Abstain: 0

Discussion/Comments: General Manager Ramirez reported staff assessed purchasing an electric excavator, however, the average price was \$80,000. He reported the Board approved a budget for such purchase at \$60,000 in FY2023/24. After careful consideration, staff recommended purchasing a diesel mini excavator through the cooperative procurement process for \$56,649. The cost includes necessary attachments and a transport trailer.

7. Report and Discussion on Sharon Heights Recycled Water Facility

Discussion/Comments: General Manager Ramirez reported the plant treated 5.8 MG in January and delivered 175,000 gallons for the month to the pond. He also reported PG&E is scheduled to provide power to the Avy Altschul Pump Station in May.

8. Discussion and Direction on Bayfront Recycled Water Project and Status Update

Discussion/Comments: General Manager Ramirez reported there will be an RFP pre-proposal meeting on February 22nd. He also reported the District will begin seeking the grant reimbursement from the National Fish & Wildlife Foundation for the ecotone portion of the levee project.

9. Report, Discussion and Direction on South Bayside Waste Management Authority (SBWMA) including Solid Waste Franchise Re-Assignment

Discussion/Comments: President Dehn reported the transition between SBR and SBI went well. She also reported 100% of commodity revenue is being kept by SBWMA. She further reported on a data breach that occurred in November 2023, adding that nothing significant was compromised and no customer data was exposed.

10. Report, Discussion & Direction on Silicon Valley Clean Water (SVCW) and Discussion on SVCW CIP Program and Financing

Discussion/Comments: Director Otte reported on the recent storm that occurred in early February. He reported SVCW experienced long and sustained flows. The plant processed 56 MG during the period and was able to use the new large diameter tunnel.

11. Closed Session

Entered closed session at 8:38 p.m. Left closed session at 8:44 p.m.

- A. CONFERENCE WITH LABOR NEGOTIATORS
(Pursuant to Cal. Govt. Code §54957.6) Agency designated representatives:
General Manager, General Counsel, IEDA
Employee Organization: Exempt Employees, Unrepresented Employees, &
Teamsters Local 350

Reportable action: None.

12. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda

Discussion/Comments: None.

13. Adjournment Time: The meeting was adjourned at 8:46 PM

Secretary

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 3B**

To: Board of Directors

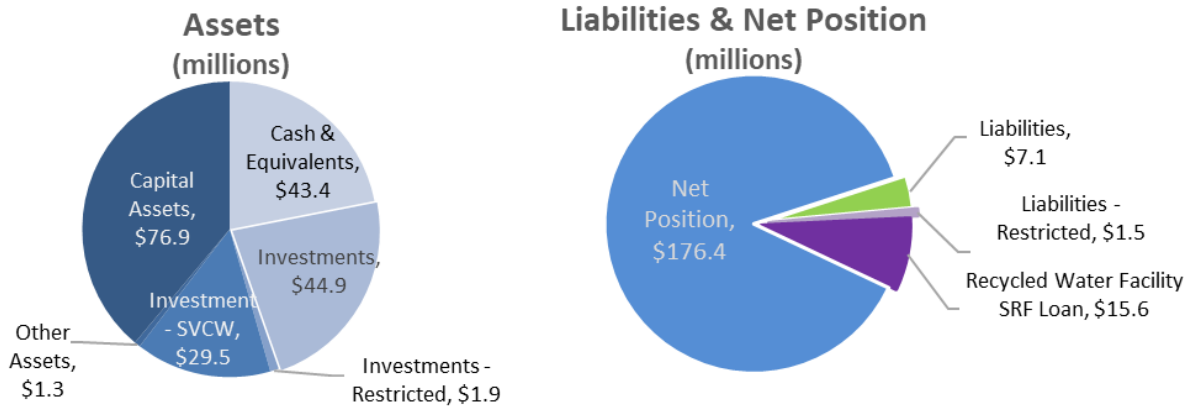
From: Debra Fisher, Finance Manager

**Subject: Consider Approving FY 2022-23 Financial Statements,
Second Quarter Ending December 31, 2023**

Background

Attached for the Board’s review is the District’s First Quarter, Fiscal Year 2023-24 Unaudited Financial Statements, ending December 31, 2023. The Statement of Revenue, Expenses, and Changes in Net Position is reported by fund to better view the primary operations and other activities; General, Capital, Treatment Plan, Solid Waste, and Recycled Water Funds.

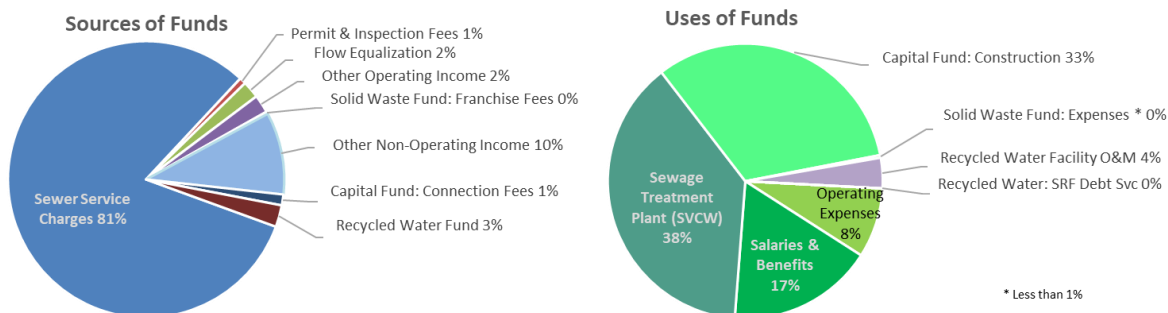
Fiscal Impact



The District had \$198 million in total assets as of December 31, 2023, with total liabilities of \$24 million, for a Net Position of \$176 million.

The District recognized gross Revenue of \$20.5 million and gross Expenditures of \$15 million, for a combined \$5.4 million increased Change in Net Position in all Funds.

The District recognized \$6.46 million in capital projects through the second quarter FY 2023-24.



Collections; General, Capital, & Treatment Plant Funds:

General, Capital, and Treatment Plant Funds are combined to show total collection system operations. Operating Revenue was \$17.3 million, 51% of the annual budget. Operating Expense was \$14.3 million, 51% of the annual budget. This includes direct Operating Expenses of \$5 million, 43% of the annual budget, Capital Depreciation of \$1.6 million, and Sewer Treatment Plant expense and debt, managed by Silicon Valley Clean Water (SVCW) of \$7.6 million, 59% of the annual budget. SVCW accounts for 60% of total operating expenses, excluding depreciation. The Net Operating Income for Collection operations was a net increase of \$3 million for the period.

Non-Operating Revenues and Expenses of \$1.9 million net increase, from Interest Income, Gains, and Losses on Investments, less investment fees; almost four times the approved budget. Collection has a \$4.9 million increase in Net Position for the period. \$253 thousand in Connection fees are recognized as Capital Contributions.

Solid Waste Fund:

The Solid Waste Fund recognized \$56 thousand in Franchise Fees, 48% of the annual budget, from Recology, which manages solid waste collection for the District.

Solid Waste Expenditures of \$62 thousand, 55% of the annual budget, was recognized. The budget includes rate studies, annual notification mailing, and overhead allocation. The Solid Waste Fund decreased \$6 thousand, to a Net Position of \$549 thousand. A surplus of \$318 thousand from 2022 was received in January 2024.

Recycled Water Fund:

The Recycled Water Fund includes the Sharon Heights Recycled Water Facility (SHRWF) and the Bayfront Recycled Water Facility, under design. All income in this fund is recognized as Non-Operating. The District recognized \$711 thousand in total expenses and a net positive \$510 thousand in Non-Operating Income and Expense. The District recognized \$488 thousand in Capital Contributions.

SHRWF had Operating Expenditures of \$364 thousand, excluding \$377 thousand in depreciation. Non-Operating Revenue from Sharon Heights Golf & Country Club (SHGCC) of \$336 thousand was recognized for operations and maintenance (O&M). SHGCC pays the estimated O&M in equal monthly installments, with a reconciliation by calendar year. \$69 thousand was recognized for 2023 O&M reconciliation.

The Bayfront Recycled Water Facility had \$30.4 thousand in uncanceled expenditures.

The District recognized \$174 thousand in interest, net of gains, loss, and fees on the Recycled Water Cash Flow Reserve.

Financial Statements Summary:

The following is a summary of the Statement of Changes in Revenue, Expenses, and Net Position, for the quarter ending December 31, 2023 and June 30, 2023, compared to the approved budget for fiscal year 2023-24.

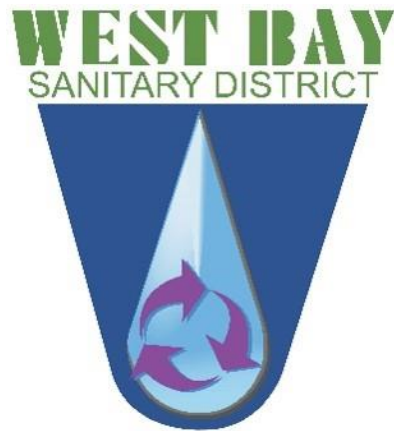
Statement of Revenue, Expenses and Changes in Net Position				
	Prior Year	Actual	Approved Budget	Annual Budget
	FY 2022-23	2nd Qtr FY23-24	FY 2023-24	v Actual
Operating Revenues	32,096,441	17,316,324	33,914,468	51%
Operating Expenses	(13,507,324)	(7,404,638)	(16,479,263)	45%
SVCW	(12,846,366)	(7,640,257)	(12,990,848)	59%
Operating Income (Loss)	5,742,751	2,271,429	4,444,356	51%
Non-Operating Rev/Exp	2,784,843	2,433,071	877,896	277%
Income Before Contributions & Special Items	8,527,594	4,704,499	5,322,252	88%
Pension Adjustment (GASB 68)	(4,912,677)	-	-	
Recycled Water Fund: Capital Contribution	1,146,513	488,134	662,900	74%
Capital Fund: Connection Fees	277,426	252,903	250,000	101%
Change in Net Position	5,038,855	5,445,537	6,235,152	87%
Beginning Balance	159,939,775	170,984,354	170,984,354	
Prior Period Adjustment	6,005,723	-	-	
Change in Net Position - Adjusted	170,984,354	176,429,891	177,219,506	

Recommendation

The Finance Manager recommends the Board approve the Second Quarter, Fiscal Year 2023-24 Unaudited Financial Statements, ending December 31, 2023.

Attached: Financial Report 2nd Quarter FY 2023-24

West Bay Sanitary District



Unaudited Financial Statements

Fiscal Year 2023-2024

Second Quarter Ending

December 31, 2023

Financial Report
Fiscal Year 2023-2024
Second Quarter Ending December 31, 2023

The West Bay Sanitary District (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 reflect the service area more accurately. The powers of the District are established by the State of California Health and Safety Code. The District serves a population of 20,673 households and commercial establishments. The District additionally participates, as a member of the South Bayside Waste Management Authority (SBWMA), in the collection and processing of solid waste, recyclable material, and organic material. The District owns and operates the Sharon Heights Recycled Water Facility (SHRWF), through a 2017 long term agreement with Sharon Heights Golf & Country Club (SHGCC) to deliver recycled water.

The District issues unaudited financial statements for the fiscal year 2023-24, quarter ended December 31, 2023 in conformity with the format prescribed by the provisions of Governmental Accounting Standards. This report is an overview of the District's financial activities for the period. Detailed statement by Fund is included in the Combining Statements and included as supplemental data. Separate statements of revenues and expenditures, which do not conform with generally accepted accounting principles (GAAP) reporting, are also included to providing a concise statement of operating and non-operating transactions.

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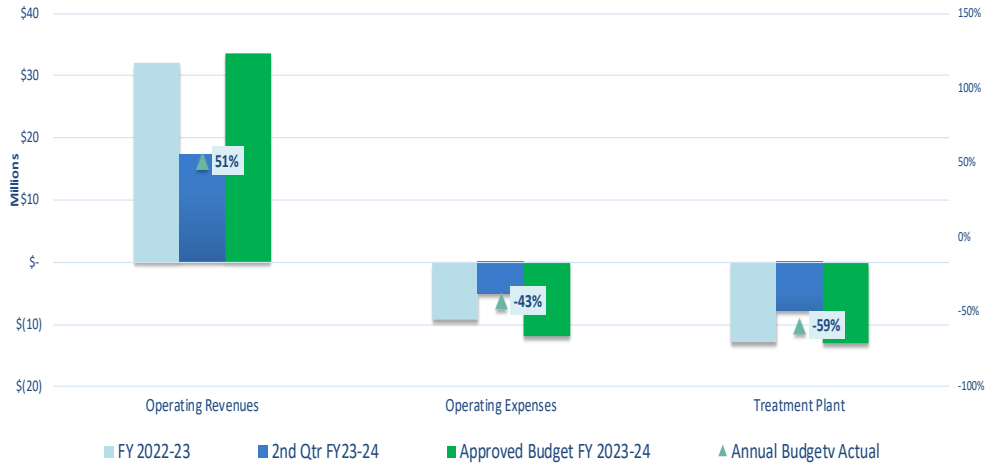
**West Bay Sanitary District
Statement of Net Position
Fiscal Year 2023-24
December 31, 2023**

	<u>Prior Year FY 2022-23</u>	<u>Unaudited December 31, 2023</u>
Assets		
Current Assets		
Cash & Equivalents	42,165,110	43,370,976
Investments	23,638,054	23,638,054
Cash & Investments - Restricted	1,517,643	1,518,484
Accounts Receivable	240,232	487,739
Accrued Revenue		165,892
Interest Receivable	442,682	542,615
Prepaid Expenses	77,979	44,473
Total Current Assets	68,081,700	69,768,233
Non-Current Assets		
Investments	19,942,535	21,236,314
Restricted Investments	273,634	337,747
Investment in SVCW	29,484,894	29,484,894
Net Pension Asset	-	
Net OPEB Asset	34,366.0000	34,366
Capital Assets:		
Property, Plant & Equipment	117,230,095	123,689,749
Accumulated Depreciation	(44,812,224)	(46,758,233)
Total Capital Assets	72,417,871	76,931,516
Total Non-Current Assets	122,153,300	128,024,837
Total Assets	190,234,999	197,793,070
Deferred Outflows of Resources	5,659,380	5,708,105
Liabilities		
Current Liabilities		
Accounts Payable	2,913,390	5,283,434
Accrued Payroll & Taxes	466,570	363,716
Customer Deposits	891,291	785,360
SRF Note Payable	506,732	506,732
Total Current Liabilities	4,777,983	6,939,242
Non-Current Liabilities		
OPEB Liability		
Net Pension Liability	620,100	620,100
SRF Deposit - SHGCC	1,458,404	1,458,404
SRF Note Payable	15,111,188	15,111,188
Total Liabilities	21,967,675	24,128,934
Deferred Inflows of Resources	2,942,351	2,942,351
Net Position		
Net Investment in Capital Assets	56,799,950	56,799,950
Capital Fund Budget	44,218,570	42,399,090
Investment In SVCW	29,484,894	29,484,894
Operation Reserve	11,111,437	11,111,437
Unrestricted Fund Balance	23,363,779	36,634,519
Total Net Position	164,978,631	176,429,891
Prior Period Adjustment	6,005,723	
Total Net Position	170,984,354	176,429,891

**West Bay Sanitary District
Statement of Revenues, Expenses & Changes in Net Position
Fiscal Year 2023-24
December 31, 2023**

	Prior Year FY 2022-23	Unaudited Actual 2nd Qtr FY23-24	Approved Budget FY 2023-24	Budget v Actual FY 2023-24	Budget v Actual FY 2023-24
Operating Revenues					
Sewer Service Charges	30,508,147	16,282,498	32,477,617	16,195,119	50%
Flow Equalization	436,915	403,165	403,165	-	100%
Permit & Inspection Fees	203,036	152,430	200,000	47,570	76%
Other Operating Revenue	948,343	478,230	833,686	355,456	57%
Operating Revenues	32,096,441	17,316,324	33,914,468	16,598,144	51%
Operating Expenses					
Salaries & Benefits	6,330,473	3,423,661	7,247,613	3,823,953	47%
Materials & Supplies	657,069	305,855	790,000	484,145	39%
Insurance	331,064	128,206	327,900	199,694	39%
Contract Services	763,708	462,244	916,400	454,156	50%
Professional Services	824,391	527,273	1,546,800	1,019,527	34%
Repairs & Maintenance	389,911	233,393	671,100	437,707	35%
Utilities	405,452	238,206	497,250	259,044	48%
Other Operating Expenses	286,721	139,792	527,200	387,408	27%
Depreciation	3,518,536	1,946,009	3,955,000	2,008,991	49%
Total WBSD Operating Expenses	13,507,324	7,404,638	16,479,263	9,074,625	45%
Sewage Treatment Plant (SVCW)	12,846,366	7,640,257	12,990,848	5,350,591	59%
Total Operating Expenses	26,353,690	15,044,895	29,470,111	14,425,216	51%
Operating Income (Loss)	5,742,751	2,271,429	4,444,356	2,172,928	51%
Non-Operating Revenues (Expenses)					
Investment Income	1,367,580	1,862,821	501,600	(1,361,221)	371%
Other Non-Operating Income	1,589,411	570,249	(156,179)	(726,429)	-365%
Interest Expense	(161,196)	-	532,475	532,475	
Other Non-Operating Expenses	(10,951)	-	-	-	#DIV/0!
Total Non-Operating Revenues (Expenses)	2,784,843	2,433,071	877,896	(1,555,175)	277%
Change in Net Position before Contributions & Special Items	8,527,594	4,704,499	5,322,252	617,753	88%
Increase (Decrease) in Pension (GASB 68)	(4,912,677)	-	-	-	
Capital Contributions			-	-	
Capital Fund: Connection Fees	277,426	252,903	250,000	(2,903)	101%
Recycled Water Fund	1,146,513	488,134	662,900	174,766	74%
Change in Net Position	5,038,855	5,445,537	6,235,152	789,615	87%
Beginning Net Position	159,939,775	170,984,354	170,984,354		
Prior Period Adjustment	6,005,723	-	-		
Ending Net Position	170,984,354	176,429,891	177,219,506		

**West Bay Sanitary District
Collection
Statement of Revenues, Expenses & Changes in Net Position
Fiscal Year 2023-24
December 31, 2023**



	Prior Year FY 2022-23	Unaudited Actual 2nd Qtr FY23-24	Approved Budget 2nd Qtr FY23-24	Budget v Actual 2nd Qtr FY23-24	Approved Budget FY 2023-24	YTD % Budget
Operating Revenues	31,977,857	17,260,386	17,007,766	252,620	33,612,368	51%
Operating Expenses						
General Fund Expense	9,309,608	5,062,514	6,022,744	(960,230)	11,858,088	43%
Sewage Treatment Plant (SVCW)	12,846,366	7,640,257	5,685,545	1,954,712	12,990,848	59%
Depreciation	2,765,731	1,568,558	1,600,000	(31,442)	3,200,000	49%
Total Operating Expenses	24,921,706	14,271,330	13,308,289	963,041	28,048,936	51%
Operating Income (Loss)	7,056,152	2,989,057	3,699,477	(710,421)	5,563,432	54%
Non-Operating Revenues (Expenses)						
Non-Operating Revenues	2,357,491	1,923,321	250,000	1,673,321	500,000	385%
Non-Operating Expenses	(10,951)	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	2,346,540	1,923,321	250,000	1,673,321	500,000	385%
Change in Net Position						
Change in Net Position, before Capital Contributions	9,402,691	4,912,378	3,949,477	962,901	6,063,432	81%
Other Adjustment						
Pension Adjustment (GASB 68)	(4,912,677)	-	-	-	-	-
Capital Contributions						
Capital Contribution - Connection Fees	277,426	252,903	125,000	127,903	250,000	101%
Change in Net Position	4,767,440	5,165,281	4,074,477	1,090,804	6,313,432	82%

Collection includes the General, Capital, and Treatment Plant Funds, representing the District’s wastewater services.

Revenues:

For the quarter ending December 31, 2023, total combined revenues are \$20 million including Operating & Non-Operating Income for the General, Capital, Treatment Plant, Solid Waste, and Recycled Water Funds.

Collection: General, Capital, & Treatment Funds:**General Fund Revenues:**

The General Fund had \$17.3 thousand in Operating Revenue and \$1.4 million in Non-Operating Revenue, for a combined \$18.7 million, 55% of the annual budget.

- **Sewer Service Charges.** Total revenue of \$16.3 million for 50% of the annual budget; \$13.14 million for residential customers and \$3.14 million for non-residential customers. 99.8% of all charges are made through the County of San Mateo (SMC) tax roll, with the remaining billed manually. The District accrues revenue monthly, while SMC collects in two installments annually and remits approximately 50% in December.
- **Permit Fees.** Permit & Inspection Fees of \$152 thousand, 76% of the annual budget.
- **Flow Equalization.** The District received \$403 thousand on the contract with Silicon Valley Clean Water (SVCW) for use of the Flow Equalization Facility Pond in fiscal year 2023-24.
- **Other Operating Income.** A total of \$422 thousand was recognized through quarter end, 79% of the annual budget.
 - Revenue for Los Altos Hills' maintenance service agreement was \$268 thousand.
 - Revenue for Town of Woodside's maintenance service agreement was \$60 thousand.
 - Revenue from HACH Contract for private pump station maintenance is billed through the SMC tax roll and accrued monthly; \$93 thousand is recognized. This is a pass-through expense, charged to customers in arrears of coverage.
 - An additional \$1.3 thousand was from other sources; \$240 bid fees and \$1,054 CalCard rebates.
- **Other Non-Operating Revenues:** The District recognized total non-operating revenue of \$1.4 million.

Capital Fund Revenues:

The Capital Fund recognized \$465 thousand in Non-Operating Revenue for interest income, net of gains, losses, and investments fees. The District recognized \$60.5 thousand as a gain from the sale of fleet assets.

Connection fees of \$253 thousand are recognized as a capital contribution.

West Bay Sanitary District
 General Fund
 Fiscal Year 2022-23
 December 31, 2023

General Fund	Prior Year FY 2022-23	Unaudited Actual 12/31/2023	Budget 12/31/2023	Budget v Actual 12/31/2023	Approved Budget FY 2022-23	YTD % Annual Budget
Revenue						
Sewer Service Charges						
Residential	25,026,547	13,144,125	13,642,098	(497,973)	27,284,196	48%
Non-Residential	5,481,600	3,138,373	2,596,711	541,663	5,193,421	60%
Total Sewer Service Charges	30,508,147	16,282,498	16,238,808	43,690	32,477,617	50%
Permit & Inspection Fees	203,036	152,430	100,000	52,430	200,000	76%
Flow Equalization	436,915	403,165	403,165	-	403,165	100%
Other Operating Income	829,759	422,292	265,793	156,500	531,586	79%
Total Operating Revenues	31,977,857	17,260,386	17,007,766	252,620	33,612,368	51%
Non-Operating Revenues						
Interest Income	1,230,231	866,074	250,000	616,074	500,000	173%
Gain/Loss on Securities	(121,064)	493,532	-	493,532		
Gain/Loss on PARS Trust	39,294	37,837	-	37,837		
Gain/Loss on Equity in SVCW						
Other Non-Op. Inc.	2,720	-	-	-		
Total Non-Operating Revenues	1,151,180	1,397,443	250,000	1,647,443	500,000	279%
Revenue Prior Years	-	-	-	-		
Total General Fund Revenue	33,129,038	18,657,829	17,257,766	1,900,063	34,112,368	55%

Expenditures:

Through the quarter ending December 31, 2023, total expenditures were \$15 million including the General, Capital, Treatment Plant, Solid Waste, and Recycled Water Funds.

Collection: General, Capital, & Treatment Funds:

Total Collection Operating Expenditures were \$14.3 million, 51% of the annual budget. Sewer Treatment Plant expense and debt, managed by Silicon Valley Clean Water (SVCW), accounts for 60% of all wastewater operating expenditures, excluding depreciation.

General Fund Operating Expenses:

General Fund Operating Expenses were \$5 million, 43% of the annual budget. Expenses are shown on the Expense Analysis on the following page, with overhead allocations to the Solid Waste and Recycled Water Fund deducted.

- Salaries and Benefits account for 63% of actual expenses and 46% of the annual budget.
- Contract and Professional Services were \$890 thousand and 40% of the annual budget.
- The other expenditures average 41% of the annual budget.

Capital Fund Operating Expenses:

- Depreciation was \$1.6 million, 49% of the annual budget. The District had \$5.7 million in completed Construction In Progress (CIP) that started depreciating September 2023.

Treatment Plant Fund Operating Expenses:

These include \$7.6 million paid for the SVCW treatment plant, which is 59% of the annual budget and 59% of total Operating Expenses year-to-date. The District has a 22.99% share of SVCW based on their Unaudited Analysis of Net Position, as of June 30, 2023, valued at \$29.5 million. Expenses are recognized as Sewage Treatment Plant under Operating Expenses on the audited financial statements, including debt. The District tracks internally in a separate Treatment Plant Fund.

- SVCW Operating Contributions were \$3 million, 50% of the annual budget.
- SVCW Capital & Reserve Contributions were \$491 thousand, 28% of the annual budget.
- SVCW Debt payments were \$4.1 million, 80% of the annual budget.

Non-Operating Income (Expenses):

The District recognized a \$1.9 million increase in Collection non-operating revenue and expenses.

- Net revenue on investments was \$1.86 million.
 - Interest Income of \$992 thousand.
 - \$870 thousand Gain in Fair Market Value of Investments and fees, which District plans to hold until maturity.
- Gain on sale of assets was \$60.5 thousand.

Change in Net Position:

Collection: General, Capital, and Treatment Plant Funds combined had an increase Change in Net Position of \$5.2 million through the quarter ending December 31, 2023, including \$3 million in Operating Income.

The District reports separately the Solid Waste Fund and Recycled Water Fund. The total Change in Net Position for the District is a \$5.4 million increase. The total Net Position was \$176.4 million as of December 31, 2023. Details of all Funds are included on the Combining Statement on page 18.

West Bay Sanitary District
Collection Expenditures
Fiscal Year 2023-24
December 31, 2023

General Fund

	Prior Year	Unaudited Actual	Budget	Budget v Actual	Approved Budget	YTD %
	FY 2022-23	2nd Qtr FY23-24	2nd Qtr FY23-24	2nd Qtr FY23-24	FY 2023-24	Annual Budget
Salaries & Wages	4,372,141	2,396,972	2,458,862	61,889	4,917,723	49%
Employee Benefits	1,620,422	815,093	1,014,545	199,452	2,029,090	40%
Directors- Fees	39,390	21,060	22,900	1,840	45,800	46%
Election Expense	2,524	-	-	-	-	-
Gasoline, Oil & Fuel	129,566	43,176	64,000	20,824	128,000	34%
Insurance	236,993	103,967	143,950	39,983	287,900	36%
Memberships	64,666	15,921	44,000	28,079	88,000	18%
Office Expense	37,113	16,161	24,350	8,189	48,700	33%
Operating Supplies	386,759	186,716	231,350	44,634	462,700	40%
Contract Services	713,937	420,085	424,650	4,565	849,300	49%
Professional Services	742,071	470,250	682,450	212,200	1,364,900	34%
Printing & Publications	28,247	12,350	38,600	26,250	77,200	16%
Rents & Leases	43,871	31,458	33,550	2,092	67,100	47%
Repairs & Maintenance	355,518	224,705	323,050	98,345	646,100	35%
Research & Monitoring	-	-	13,800	13,800	27,600	-
Training, Meetings & Travel	69,301	33,653	72,650	38,997	145,300	23%
Utilities	233,645	122,023	144,000	21,977	288,000	42%
LAFCo	22,323	29,639	18,550	(11,089)	37,100	80%
Other Operating Expenses	136,732	37,098	122,150	85,052	244,300	15%
Equipment Expense	78,331	50,371	112,400	62,029	112,400	45%
Pension Contributions	50,000	50,000	50,000	-	50,000	100%
OPEB Expense	25,000	25,000	25,000	-	25,000	100%
Admin: Solid Waste	(59,490)	(31,300)	(31,300)	0	(62,600)	50%
Admin: Recycled Water	(19,452)	(11,883)	(10,763)	1,121	(21,525)	55%
General Fund Operating Expenses	9,309,608	5,062,514	6,022,744	960,230	11,858,088	43%

Treatment Plant Fund

Treatment Plant Fund	Unaudited Actual	Unaudited Actual	Budget	Budget v Actual	Approved Budget	YTD %
	FY 2022-23	2nd Qtr FY23-24	2nd Qtr FY23-24	2nd Qtr FY23-24	FY 2023-24	Annual Budget
SVCW - Operating Fund	6,027,936	3,058,824	3,058,824	-	6,117,648	50%
SVCW - Operating Reserve	22,908	24,288	24,288	-	48,576	50%
SVCW - Capital Contributions	1,047,840	64,416	64,416	-	128,832	50%
SVCW: Line of Credit	-	25,968	-	(25,968)	51,936	-
SVCW: Capital Reserves	-	402,600	402,600	-	805,200	50%
SVCW - 2018 Bond	1,833,999	1,249,009	918,982	(330,028)	1,837,963	68%
SVCW - 2021 Bonds (\$55.6m)	2,736,917	2,308,387	1,365,653	(942,734)	2,731,306	85%
SVCW - SRF WWTP Debt C-06-5216-120	506,765	506,765	253,383	(253,383)	506,765	100%
SVCW: Debt Reserves	670,000	-	381,311	381,311	762,622	-
Total Treatment Plant Fund Expenses	12,846,366	7,640,257	6,469,456	(1,170,801)	12,990,848	59%

Capital Assets:

For quarter ending December 31, 2023, total Capital expenditures were \$6.5 million, 14% of the total annual budget. A detailed schedule of Capital Fund Expenditures is included on page 11. The Recycled Water Fund expenditures are shown separately beginning on page 13.

West Bay Sanitary District
Capital Expenditures
Fiscal Year 2023-24
December 31, 2023

	Prior Year FY 2022-23	Actual 2nd Qtr FY23-24	Budget FY 2023-24	Variance Budget Balance	YTD % Annual Budget
Capital Fund					
Administration	-	-	173,000	173,000	0%
Collection Facilities	15,722	-	600,000	600,000	0%
Fleet & Equipment	978,603	-	445,000	445,000	0%
Pump Stations	109,991	5,918	440,000	434,083	1%
Subsurface Lines	337,741	-	100,000	100,000	0%
Construction Projects	2,939,177	5,395,464	22,155,000	16,421,795	24%
Total Capital Fund	4,381,234	5,401,382	23,913,000	18,511,618	23%
Disposal: Vehicles & Equipment	(57,885)	-	-	-	
Write-Off: Assets	(61,991)	-	-	-	
Net Capital Fund	4,261,358	5,401,382	23,913,000	18,511,618	23%
Recycled Water Fund					
Recycled Water - Sharon Heights RWF	316,121	546,030	2,450,000	1,903,970	22%
Recycled Water - Bayfront RWF	169,525	512,242	17,299,485	16,787,243	3%
O'Brian Reclaimed Water Pipelines		-	2,500,000	2,500,000	0%
Total Recycled Water Fund	485,647	1,058,272	22,249,485	21,191,213	5%
Total Capital Expenditures	4,866,881	6,459,654	46,162,485	39,702,831	14%

Capital Fund Assets:

Capital spending was \$5.4 million, 23% of the \$23.9 million annual budget.

- **Vehicle & Equipment.**
 - None
- **Subsurface Lines and Other.**
- **Construction in Progress (CIP).** These are new or continuing constructions projects that are recorded separately and capitalized when completed. CIP is not depreciated until completed
 - **Levee Project.** \$4.6 million was expended for levee, 66% of budget.
 - **Pipeline Replacement & Rehab Design.** \$263 thousand was expended, 18% of budget.
 - **Pipeline Replacement & Rehab Construction.** \$876 thousand was expended, 8% of budget.
 - The Gilbert, North Bay, Ringwood project for \$5.7 million, initiated in 2020, was completed with the final retention distribution of \$265 thousand in October 2023.

The District was awarded a \$4,884,112 million grant to fund a portion of the Ecotone Levee Project, for a living shoreline to protect the site from flooding and sea level rise by the National Fish and Wildlife Foundation (NFWF). The funds are matching, requiring a 112% contribution by the District of \$5.5 million. No funds have been received.

West Bay Sanitary District
 Capital Expenditures
 Fiscal Year 2023-24
 December 30, 20231

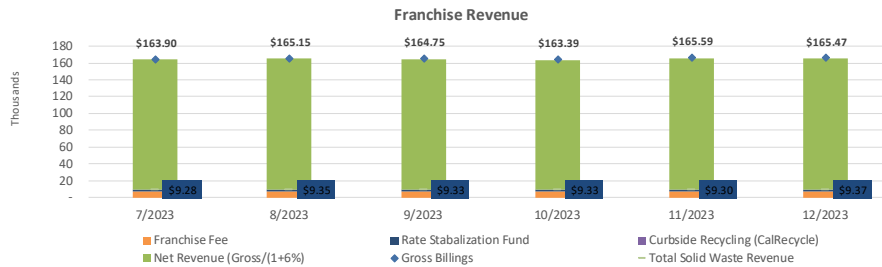
	Actual FY 2022-23	Actual 2nd Qtr FY23-24	Budget FY 2023-24	Variance Budget Balance	YTD % Annual Budget
<u>Plant & Administration</u>					
10 Year Master Plan (charged to expense)			-	-	
Server Replacement Program			23,000	23,000	0%
Software Purchases			150,000	150,000	0%
Write-Off: Assets	(23,763)	-			
Total Administration	(23,763)	-	173,000	173,000	0%
<u>Collection Facilities - FERRF/Buildings</u>					
FERRF Improvements	-	-	500,000	500,000	0%
Metal Storage Building - Phase 1 & 2	15,722	-	-	-	
Allowance For Unanticipated Capital Expenditures	-	-	100,000	100,000	0%
Total Collection Facilities	15,722	-	600,000	600,000	0%
<u>Equipment Replacement - Funded From The Equipment Replacement Fund</u>					
<u>Equipment</u>					
CCTV Transporter & Track Module	20,575		-	-	
<u>Vehicles</u>					
Dump Truck (Deferred since 2020)			250,000	250,000	0%
Source Control - Ford F250 Lightning EV (Replace Unit	64,643		-	-	
Replace Unit 211: F150 Lightning EV	70,509		-	-	
F150 Lightning EV (2)	64,643		135,000	135,000	0%
Jet Truck, Superduty F550 4x4, 1/2in Jetter - Unit 228	139,838		-	-	
Combo Vacuum/Jetter Truck - Unit 229 (Replace Unit :	562,690		-	-	
2022 Ford Mach E - GM Vehicle Unit 230	55,706		-	-	
Mini Excavator			60,000	60,000	0%
Destroyed Vehicle	(34,635)				
Write-Off Prior Period Disposable Parts	(23,250)				
Total Vehicle & Equipment	920,718	-	445,000	445,000	0%
<u>Subsurface Lines and Other</u>					
<u>Pump Stations</u>					
Pump & Valve Replacement Program	109,991	2,200	40,000	37,800	6%
Pump Station Telemetry		3,718	400,000	396,283	1%
Total Pump Stations	109,991	5,918	440,000	434,083	1%
<u>Other Subsurface Lines</u>					
Manhole Raising (Paving Projects)			100,000	100,000	0%
Meta: MP Community Center Upsize RW Svc Line	337,741				
Total Subsurface Lines	337,741	-	100,000	100,000	0%
<u>Construction In Progress</u>					
Levee Survey & GPS Update	-		60,000	60,000	0%
Sheet Piling Project			-	-	
Levee Improvement	581,162	-	3,000,000	3,000,000	0%
Levee Improvement Project (Carryover)		4,594,063	7,000,000	2,405,937	66%
<u>Pipeline Replacement & Rehab Engineering</u>					
Corporate Yard Renovation Design (Carryover)			350,000	350,000	0%
Construction Projects Environmental Review			20,000	20,000	0%
Spot Repair Design-High Frequency List			-	-	
Spot Repair Design-High Frequency List (Carryover)			350,000	350,000	0%
Pipeline Replacement Design			-	-	
Pipeline Replacement Design (Carryover)			350,000	350,000	0%
Stowe Lane Design (Carryover)		142,848	200,000	57,153	71%
Willow Pump Station Rehabilitation Design		120,593	200,000	79,408	60%
<u>Pipeline Replacement & Rehab Construction</u>					
Stowe Lane			3,000,000	3,000,000	0%
Willow Pump Station Rehabilitation			1,000,000	1,000,000	0%
Willow Pump Station Rehabilitation (Carryover)			700,000	700,000	0%
Misc Point Repairs-High Freq. List Repairs	352,337		2,703,200	2,703,200	0%
Misc Point Repairs-High Freq. List Repairs (Carryover)		780,507	1,621,800	841,293	48%
Bayfront Park Sanitary Sewer Improvements	144,709		549,485	549,485	0%
Bayfront Park Sanitary Sewer Improvements (Carryover)		95,195	1,050,515	955,320	9%
Write-off CIP	(38,228)				
Prior Period Adjustment		(337,741)			
Total Construction In Progress	2,900,950	5,395,464	22,155,000	16,421,795	24%
Total Capital Expenditures	4,261,358	5,401,382	23,913,000	18,173,878	23%

Solid Waste Fund:

The District is a member of South Bayside Waste Management Authority (SBWMA), a joint powers authority which contracts with Recology to provide recycling, compost, and garbage collection services. The Solid Waste Fund had a net decrease of \$6 thousand, to a Net Position of \$549 thousand, as of December 31, 2023.

- **Solid Waste Fund Revenue.** Franchise fees were \$56 thousand, 48% of the annual budget. This represents 6% of the Net Revenue of Recology; 5% in Franchise Fees and 1% from Rate Stabilization Fund.
- **Solid Waste Fund Expense.** Allocated expenses for the Solid Waste program of \$62 thousand were recognized for rate studies, annual notification and public hearing mailings, and overhead allocation, 55% of the annual budget.

West Bay Sanitary District
Solid Waste Fund
Fiscal Year 2023-24
December 31, 2023



	Prior Year FY 2022-23	Actual 2nd Qtr FY23-24	Budget 2nd Qtr FY23-24	Variance Budget v Actual	Approved Budget FY 2023-24	YTD % Annual Budget
Income						
Operating Income						
Franchise Fees	91,729	46,615	57,900	(11,285)	115,800	40%
Rate Stabilization Fund	18,346	9,323	0	9,323		
Curbside Supplemental	4,310	0	0	0		
Total Income	118,584	55,938	57,900	(11,285)	115,800	48%
Expenditures						
Allocated Operating Expense						
Rate Studies	20,891	27,175	22,100	5,075	44,200	61%
Mailings	2,076	3,600	2,650	950	5,300	68%
Public Relations	0	0	800	(800)	1,600	0%
Overhead Expense Allocation	59,490	31,300	31,300	0	62,600	50%
Total Allocated Operating Expense	82,457	62,075	56,850	5,225	113,700	55%
Non-Operating Income & Expenditures						
Surplus	0	0	0	0	0	
Total Non-Operating Income & Expenditures	0	0	0	0	0	
Change in Net Position	36,127	(6,137)	1,050	(7,187)	2,100	-292%
Beginning Balance	519,319	555,446	555,446		555,446	
Ending Balance	555,446	549,308	556,496		557,546	

Recycled Water Fund:

The Recycled Water Fund includes the Sharon Heights Recycled Water Facility (SHRWF) and the Bayfront Recycled Water Facility (BFRWF) project. SHRWF is a public/private partnership with Sharon Heights Golf & Country Club (SHGCC) to deliver recycled water. Details follow on page 14-16.

Each recycled water project is maintained separately withing the Recycled Water Fund.

- **Sharron Heights Recycled Water Facility.** The final project was capitalized for \$22,780,298 in fiscal year 2020-21. In FY 2022-23, two supporting projects were started, with the solar project cancelled in FY 2022-23 and Avy Altschul Pump Station scheduled for completion in FY 2023-24.
- **Bayfront Recycled Water Facility.** The District completed an initial BFRWF Plan in February 2019, with Board approval on May 12, 2021, completion is scheduled for early 2026. Details follow on page 16.
- **Recycled Water Subsurface Lines.** Separate expenditures for the District and in partnership with customers to install recycled water lines for shared public use.

**Recycled Water Fund
Capital Expenditures**

	Actual FY 2022-23	Actual 2nd Qtr FY23-24	Budget FY 2023-24	Variance Budget Balance	YTD % Annual Budget
Recycled Water Fund					
Recycled Water Facility - SHGCC	-	-	-	-	
Sharon Heights RWF - Avy Pump Station	316,121	546,030	950,000	403,970	57%
Sharon Heights RWF - Solar Project Lease	-	-	1,500,000	1,500,000	0%
Bayfront Recycled Water Facility - Project Mgmt	88,312	-	1,000,000	1,000,000	0%
Bayfront Recycled Water Facility		417,047	15,750,000	15,332,953	3%
Bayfront - Reclaimed Water Pipelines	81,214	95,195	549,485	454,290	17%
O'Brian Reclaimed Water Pipelines			2,500,000	2,500,000	0%
Total Recycled Water	485,647	1,058,272	22,249,485	18,691,213	5%

The District maintains separate reporting for each recycled water project, including any expenses or income not associated with an individual project. This allows for accountability and transparency to all District stakeholders. WBSD column accounts for unallocated income and expenses.

West Bay Sanitary District
Recycled Water Fund
Fiscal Year 2023-24
December 31, 2023

Recycled Water Fund	WBSD	SHRWF	BFRWF	Total
Salaries & Benefits	-	(114,168)	(1,367)	(115,535)
Other Operating Expense	-	(189,491)	(29,013)	(218,504)
Depreciation	-	(377,451)	-	(377,451)
Operating Income (Expense)	-	(681,110)	(30,380)	(711,491)
Non-Operating Income	173,587	336,162	-	509,749
Non-Operating Expense	-	-	-	-
Capital Contributions	-	331,455	156,679	488,134
Net Change in Position	173,587	(13,493)	126,299	286,393

Sharon Heights Recycled Water Facility

The Sharon Heights Recycled Water Facility (SHRWF) project was completed in FY 2020-21 and accepted effective July 27, 2020, for a total of \$22,647,052 to build the 0.5 MGD plant. \$22,267,257 was received from the California Clean Water State Revolving Fund (SRF), including a \$5,259,800 Water Recycling Funding Program Construction Grant and a net SRF Loan of \$17,117,420. The first SRF loan payment was made in March 2021, with annual payments thereafter. The SRF loan balance is \$15,617,920, as of March 31, 2023, with the next payment due March 31, 2024.

The District was working with SHGCC on a Solar Project, to install solar panels for the SHRWF, to reduce energy costs. SHGCC was working with a leasing company, who would retain ownership. All costs incurred by the District are passed along to SHGCC. This project is no longer active.

The District is working with SHGCC on installation of another pump station to feed the SHRWF. The Avy Altschul Pump Station (Avy PS) will be funded by SHGCC through a combination of SRF loan, grant funds, and direct contributions. SHGCC will reimburse the District for all costs, including SRF loan payments.

The District assumed full management of the SHRWF beginning January 27, 2021. Operation & Maintenance (O&M) expenses are paid by the District. Sharon Heights Golf & Country Club (SHGCC) pays an estimated calendar year budget amount monthly. Summary Recycled Water Fund statements is below, with detailed expenditure schedule on page 15.

- **Expense.** Total expenditures were \$681 thousand, including depreciation of the facility.
 - Operating Expenses were \$304 thousand, 57% of the annual budget.
 - Depreciation Expense was \$377 thousand, 50% of the annual budget.
- **Non-Operating Income & Expenses.**
 - Non-Operation Income from SHGCC of \$336 thousand was recognized from SHGCC. This represents estimated billing for O&M and the calendar year 2023 O&M reconciliation.
 - Interest Income was \$842
 - Interest Expense will be paid March 2024, included in the annual SRF Loan payment of \$662,911.
- **Capital Contributions**
 - SHGCC makes ten equal payments each year to prepay the SRF loan. The payments begin each April for the March SRF loan payment in the following year. The payments are considered contributions as received.

West Bay Sanitary District
 Recycled Water Fund
 Sharron Heights Recycled Water Facility
 Fiscal Year 2023-24
 December 31, 2023

Expenditures	Actual FY 2022-23	Actual 2nd Qtr FY23-24	Budget 2nd Qtr FY23-24	Budget v Actual 2nd Qtr FY23-24	Approved Budget FY 2023-24	YTD % Annual Budget
Operating Expense						
District Wages						
Plant Operator	122,305	56,498	85,000	28,502	85,000	66.5%
Indirect Labor	13,544	4,536	0	(4,536)	-	
Overtime	26,317	12,864	20,000	7,136	20,000	64.3%
Standby	20,170	9,500	20,000	10,500	20,000	47.5%
Total District Wages	182,336	83,397	125,000	41,603	125,000	66.7%
Employee Benefits	41,184	30,771	35,000	4,229	35,000	87.9%
Total Salaries, Wages & Benefits	223,520	114,168	160,000	45,832	160,000	71.4%
Other Operating Expense						
Gasoline, Oil & Fuel	347	46	0	(46)	-	
Insurance	33,241	24,131	40,000	15,869	40,000	60.3%
Memberships	0	0	0	0	-	
Office Expense	0	0	0	0	-	
Operating Supplies	24,626	9,385	38,200	28,815	38,200	24.6%
Contractual Services	5,900	0	0	0	-	
Professional Services	25,064	2,546	11,000	8,454	11,000	23.1%
Printing & Publications	0	0	0	0	-	
Rents & Leases	0	0	0	0	-	
Repairs & Maintenance	34,393	8,688	25,000	16,312	25,000	34.8%
Research & Monitoring	22,664	12,159	15,000	2,841	15,000	81.1%
Training, Meetings & Travel	0	0	0	0	-	
Utilities	171,807	116,182	209,250	93,068	209,250	0.0%
Licenses & Permits	21,681	4,471	12,500	8,029	12,500	0.0%
Other Operating Expenses	0	0	0	0	-	
Operations & Maintenance (Contract)	0	0	0	0	-	
Administrative Expense	19,452	11,883	21,525	9,642	21,525	1753.5%
Subtotal Operation & Maintenance	582,695	303,660	532,475	228,815	532,475	127.9%
Depreciation	752,805	377,451	755,000	377,549	755,000	50.0%
Total Operating Expense	1,335,500	681,110	1,287,475	606,365	1,287,475	52.9%
Non-Operating Income & Expense						
Non-Operating Income						
Sharon Heights Golf & County Club	530,040	335,320	532,475	197,155	532,475	0.0%
Interest Income	1,668	842	1,600	758	1,600	52.6%
Gain/Loss on Reserves	0	0	0	0	0	
Other Non-Operating Income	0	0	0	0	-	
Total Non-Operating Income	531,708	336,162	534,075	197,913	534,075	62.9%
Non-Operating Expense						
Interest Expense (SRF Loan)	(161,196)	-	(156,179)	(156,179)	(156,179)	0.0%
Total Non-Operating Expense	(161,196)	-	(156,179)	(156,179)	(156,179)	0.0%
Total Non-Operating Income & Expense	370,512	336,162	377,896	41,734	377,896	89.0%
Capital Contributions						
SRF Loan Payment	662,911	331,455	662,900	331,445	662,900	50.0%
SRF Loan Payment Advances	265,164	-	-	0	0	
Avy Pump Station Contributions	218,437	-	-	0	0	
Total Capital Contributions	1,146,513	331,455	662,900	331,445	662,900	50.0%
Net Change in Position	181,524	(13,493)	(246,679)	(233,186)	(246,679)	5.5%

Recycled Water:

Bayfront Recycled Water Facility (BFRWF)

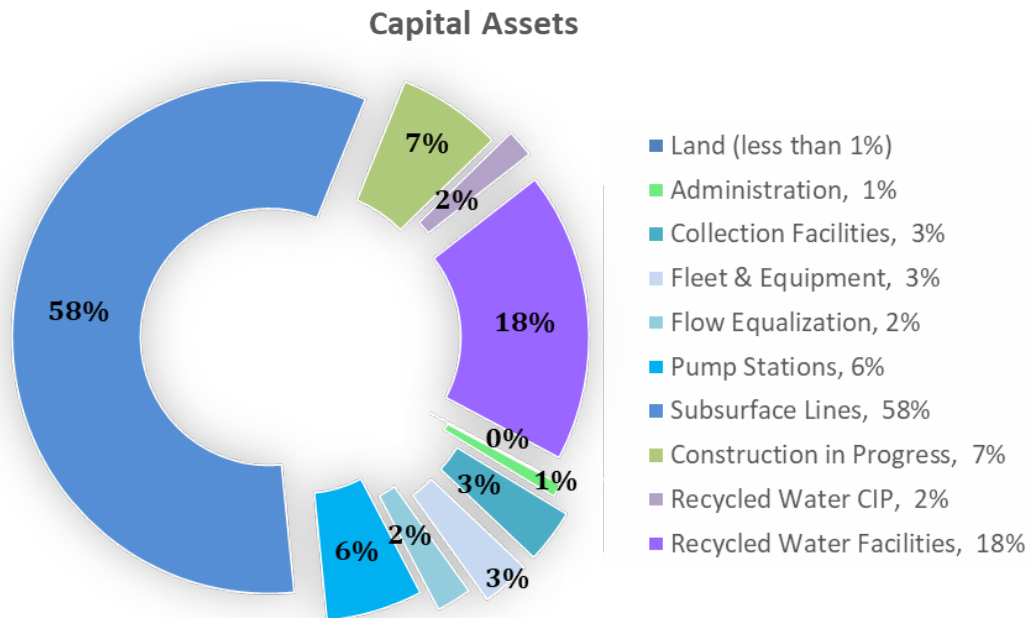
The District completed an initial BFRWF Plan in February 2019. After completing required Environmental Impact Report (EIR) and other regulatory requirements, on May 12, 2021, the District Board approved the project to build a 0.6 million gallons per day (MGD) recycled water facility at the District’s Flow Equalization and Resource Recovery Facility (FERRF) site. The District is exploring expanding the facility from 0.6MGD to as much as 1MGD. Construction completion is scheduled for early 2026. BFRWF will be a public project with contributions in aid of construction from several developers, for a guaranteed share of capacity, with the District maintaining extra capacity to offer to prospective customers.

In FY 2023-24 the BFRWF project had \$30 thousand in expenditures for allocated costs and professional services working towards receiving grant funding, permits, and other implementation costs.

BFRWF had \$512 thousand in capital expenditures in FY 2023-24, for total project Construction in Progress (CIP) expenditures of \$1.4 million. The current projected construction cost is \$56.6 million.

The District was originally awarded a \$14.7 million grant from the California State Water Recycling Funding Program (WRFP), with a \$41.9 million SRF loan. Due to state budget deficits the grant was recently reduced to \$5 million and the SRF loan increased to \$50 million. The District will contribute the land and additional funding, with other partners, such as Meta contributing for guaranteed recycled water delivery.

Recycled Water Fund represents 20% of all District assets, including SHRWF and Bayfront CIP.



Reserves:

The District budgeted \$3.3 million in total transfers for FY 2023-24. An additional \$2.9 million is allocated to the Operating Reserve and \$401.6 thousand for the Vehicle & Equipment Reserve. An additional temporary transfer was discussed by the Board and Finance Committee in December 2023. On January 10, 2024 the Board approved transferring \$20 million to short-term investments until funds were needed for capital projects.

Reserves. The District originally budgeted \$3.3 million for unrestricted reserve contributions.

- **Operating Reserve:** The Operating Reserve, which is held in Local Agency Investment Fund (LAIF), is budgeted for six months of operations to provide cash flow from the beginning of the year until funds are received from San Mateo County for the tax roll.
 - **Rate Stabilization Reserve:** Was created in 2015 to provide relief if large rate increases were necessary.
 - **Treatment Plant Reserve:** Was created in 2021 to set aside funds for future large debt requirements from SVCW.
 - **Capital Reserves:** The Emergency Capital Reserve was created in 2010, with the Capital Project Reserve following in 2014.
 - **Recycled Water Reserves:** The Recycled Water Cash Flow Reserve, which was initially created for the SHRWF in 2018 to cover expenditures which were reimbursed through a State of California State Revolving Fund (SRF) loan, is continuing to serve for the BFRWF Project. Some funds are held in LAIF to fund the Bayfront project, until its SRF loan is approved and other funding is received.
- **Restricted Reserves.**
 - The Recycled Water SRF Reserve are funds deposited by SHGCC, as required by the SRF loan agreement.
 - The District has two accounts with Public Agency Retirement Services (PARS) for post-employment benefits trusts. \$75 thousand was transferred to PARS in December 2023.

Reserve Transfers	Reserve Target	Actual 2nd Qtr FY23-24	Approved Budget FY 2023-24	Variance Budget Balance	YTD % Annual
Contributions To Reserves					
Operating Reserves Transfers (Target 6mo/Ops)	14,024,468	2,913,031	2,913,031	-	100%
Rate Stabilization	10,000,000	-	-	-	
Treatment Plant Reserve	12,000,000	-	-	-	
Capital Reserves					
Capital Project Reserves Transfers	8,000,000	-	-	-	
Emergency Capital Reserves Transfer	6,000,000	-	-	-	
Vehicle & Equip Replacement Reserve	1,000,000	401,577	401,577	-	100%
Recycled Water Reserves					
Recycled Water Facility Cash Flow Reserve	8,000,000	-	-	-	
Recycled Water SRF Reserve - Restricted			-	-	
Reserve Transfers	59,024,468	3,314,608	3,314,608	-	100%
Other Reserve Contributions					
PARS Irrevocable Trust - Retirement		50,000	50,000	-	100%
PARS Irrevocable Trust - OPEB		25,000	25,000	-	100%
Self-Insurance Reserve		73,300	73,300	-	100%
Total Contributions To Reserves		3,462,908	3,462,908	-	100%

**West Bay Sanitary District
Statement of Revenues, Expenses & Changes in Net Position
Combining Statements by Fund
Fiscal Year 2023-24
December 31, 2023**

	General Fund	Capital Fund	Treatment Plant Fund	Solid Waste Fund	Recycled Water Fund	Unaudited Actual
	2nd Qtr FY23-24	2nd Qtr FY23-24	2nd Qtr FY23-24	2nd Qtr FY23-24	2nd Qtr FY23-24	2nd Qtr FY23-24
Operating Revenues						
Sewer Service Charges	16,282,498	-	-	-	-	16,282,498
Flow Equalization	403,165	-	-	-	-	403,165
Permit & Inspection Fees	152,430	-	-	-	-	152,430
Other Operating Revenue	422,292	-	-	55,938	-	478,230
Operating Revenues	17,260,386	-	-	55,938	-	17,316,324
Operating Expenses						
Salaries & Benefits	3,308,125	-	-	-	115,535	3,423,661
Materials & Supplies	296,424	-	-	-	9,431	305,855
Insurance	104,075	-	-	-	24,131	128,206
Contract Services	451,543	-	-	-	10,701	462,244
Professional Services	470,250	-	-	27,175	29,848	527,273
Repairs & Maintenance	224,705	-	-	-	8,688	233,393
Utilities	122,023	-	-	-	116,182	238,206
Other Operating Expenses	85,369	-	-	34,900	19,524	139,792
Depreciation	-	1,568,558	-	-	377,451	1,946,009
Total WBSD Operating Expenses	5,062,514	1,568,558	-	62,075	711,491	7,404,638
Sewage Treatment Plant (SVCW)			7,640,257			7,640,257
Total Operating Expenses	5,062,514	1,568,558	7,640,257	62,075	711,491	15,044,895
Operating Income (Loss)	12,197,872	(1,568,558)	(7,640,257)	(6,137)	(711,491)	2,271,429
Non-Operating Revenues (Expenses)						
Investment Income	1,397,443	465,378				1,862,821
Other Non-Operating Income	-	60,500	-	-	509,749	570,249
Interest Expense					-	-
Other Non-Operating Expenses					-	-
Total Non-Operating Revenues (Expenses)	1,397,443	525,878	-	-	509,749	2,433,071
Change in Net Position by Fund	13,595,315	(1,042,680)	(7,640,257)	(6,137)	(201,741)	4,704,499
Pension Adjustment (GASB 68)	-					-
Capital Contributions						
Interfund Contributions	-	-	-	-	-	-
Capital Fund: Connection Fees	-	252,903				252,903
Recycled Water Fund	-	-	-	-	488,134	488,134
Change in Net Position	13,595,315	(789,777)	(7,640,257)	(6,137)	286,393	5,445,537
Beginning Net Position	51,479,171	76,198,905	29,484,894	555,446	13,265,938	170,984,354
Prior Period Adjustment	-	-	-	-	-	-
Ending Net Position	65,074,487	75,409,128	21,844,637	549,308	13,552,331	176,429,891

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WEST BAY SANITARY DISTRICT AGENDA ITEM 4

To: *Board of Directors*

From: *Sergio Ramirez, General Manager*

Subject: *Consider Establishing a Public Hearing Date for a Proposed Increase in Sewer Service Charges as Required by Proposition 218, Adopt the Draft Sewer Rate Study, and Provide Staff Direction Regarding the Sewer Service Charge Rate Adjustment and Mailing of the Proposition 218 Public Hearing Notice*

Background

In August of 2023 the District contracted with HF&H Consultants to prepare an updated FY 2024-25 sewer rate study and sewer rate model that would serve to amend the existing financial plan completed by HF&H.

The updated sewer rate study and model contains a 5-year revenue requirement projection from which future rate increases are anticipated to be adopted in compliance with Proposition 218, though each year's rate increase may be adopted separately. In addition to updating and presenting the sewer rate study and model to staff and the District Board, the Consultant has prepared a draft project report, has assisted with a rate study workshop, and has assisted with the preparation of the notice in accordance with Proposition 218 legislation, and will assist with the public hearing(s).

A Sewer Rate Study Workshop was held on February 14, 2024 in which preliminary information regarding anticipated rate adjustments, options for alternate rate structures, biochemical and suspended solids loading charges, and cost of service analysis were discussed. The Board directed HF&H to complete the Sewer Rate Study for the FY 2024-25 and present the findings in a draft report by including a 5% annual increase in the regular sewer service charge rate for FY 2024-25, 2025-26, and 2026-27.

Analysis

The Sewer Rate Study took into consideration updated data on cash flow, revenues, anticipated Capital Improvement Plan projects, District O&M expenses, changes in expenses related to labor negotiations, SVCW (Silicon Valley Clean Water) debt service, SVCW O&M expenses, SVCW cost allocations, and included the addition of 73 Equivalent Dwelling Units (EDUs) per year. HF&H inputted the data and returned with a revised rate model which recommended five consecutive years of 5% rate increases

beginning FY 2024-25. During the workshop the Board directed HF&H to consider a modest 5% increase to the rates for FY 2024-25 in the model.

In 2020, the District reviewed the current cost of service for the Onsite Wastewater Disposal Zone customers. Approximately 95 homes in the Portola Valley area located within the On-Site Wastewater Disposal Zone (OWDZ) were paying higher charges for the maintenance of the STEP or Grinder Sewer Collection Systems that they required. At the time, the District currently charged an additional \$620 annually to maintain these collection systems. To realign charges with the cost of service, charges for the maintenance of the STEP/Grinder Sewer Collection Systems were proposed to increase annually over the five fiscal years. For fiscal year 2024-25, the proposed STEP/Grinder Sewer Collection System charge is \$1,070, an increase of \$150. During the workshop held on February 14, 2024, the Board directed HF&H to consider additional \$150 increases to the charges for the STEP/Grinder Sewer Collection System for FY 2025-26 and FY 2026-27.

The Sewer Rate Study includes a model designed to meet revenue requirements, ensure a high coverage ratio for debt expense in order to continue to obtain favorable bond rates, and preserve target reserve balances as desired by the Board. HF&H and Staff worked hard to design a model that would meet the above criteria and result in the lowest cumulative increase of any rate scenario over the five-year horizon.

The forecast increases are higher than the projections from the most recent study conducted in 2022. Of the overall 5% proposed rate increase in FY 2024-25, a large portion is attributable to increases in the District's collection system capital project costs. Over the next five fiscal years, the District plans to spend an average of \$19 million per year to repair, replace, and invest in its collection system to ensure reliability to its customers. The increase in capital expenditures reflects the District's recently adopted Master Plan.

Necessary rate increases can also be attributed to SVCW expenses. Growth in SVCW's projected costs over the next five fiscal years is attributable to increases in the debt service expense and cash contributions-in-lieu of further debt issuance for the SVCW treatment plant Capital Improvement Plan. The treatment plant is in the midst of implementing a Capital Improvement Plan that includes projects to replace agency pump stations, force mains, and plant infrastructure, which were deferred for many years.

Included in the FY 2024-25 rate adjustments is the expense of meeting the District's share of debt service for bonds and SRF loans to fund the SVCW's Capital Improvement Program. The District anticipates the estimated total for the SVCW Capital Improvement Program to exceed \$1 billion over the years as part of the RESCU Program. The District's debt service expense is projected to grow from \$5.8 million per year up to \$11.1 million to fund the expenses of debt service and cash-in-lieu of debt in order to fund the SVCW Capital Improvement Program. In FY 2024-25, SVCW's Op Expenses and Cap Expenditures make up approximately 37% of the District's total revenue requirement.

Recently, SVCW introduced a plan to fund an additional \$221 million of supplemental capital projects over the next ten years in order to sustain operations and to comply with

upcoming nutrient removal regulations. The supplemental capital projects identified by the 2024 CIP Update would be funded through a combination of available debt proceeds, SVCW cash reserves, member agency cash contributions, and future debt issuance.

Significant factors in the proposed increase in rates are a result of increases in the following areas:

- SVCW debt service for scheduled capital improvement projects included as part of the RESCU program.
- SVCW debt service and additional cash contributions for new capital improvement projects, identified by the 2024 CIP Updated, as presented to the Commission in February 2024.
- District collection system capital improvement projects funded on a pay-as-you-go basis.
- Necessary increases in operating reserves to match 6 months of operating expenses.
- Annual contributions to reserves.
- Maintaining target operating, capital, emergency capital, and other reserves.
- Maintaining required debt coverage ratios to allow the District to obtain State funding for future projects.

Our SVCW JPA partners' rates for FY 2024-25 are not yet known. Based on 5.8 hundred cubic feet (hcf) of sewer flow per single-family household, Belmont is scheduled to charge \$108.18 per month, Redwood City charges \$89.28 per month, and San Carlos currently charges \$116.77. The proposed 5% increase in West Bay Sanitary District's sewer service charge maintains a sewer service which falls within the range of our JPA partners' charges. The proposed West Bay Sanitary District rate per single-family household would be equal to \$114.25 per month and \$203.42 per month for costumers in the OWDZ.

Changes in West Bay's overall economic picture translated to a rate increase of 5% for FY 2024-25 based on SVCW infrastructure improvement projections and the District's Capital Improvement Plan. The attached Draft Sewer Rate Study incorporates the Board comments from the Sewer Rate Study workshop and is presented for the Board's consideration to adopt and at the same time establish a date for a public hearing on sewer service charges in accordance with Proposition 218 requirements. An electronic version of the model will be available at the Board meeting, which will allow the Board to model the impacts of any further refinements to the budget/inflation assumptions in the model.

Fiscal Impact

A 5% increase in residential sewer service charges will result in annual sewer service rates for a single family home increasing from \$1,306 to \$1,371 per year. For the approximately 95 homes within the OWDZ, primarily in Portola Valley, the anticipated sewer service charge will increase from \$2,226 to \$2,441 per household. Overall, this equates to an increase in revenues of approximately \$1.6 million per year.

Recommendation

The General Manager is seeking Board direction to increase sewer service charge rates to cover costs outlined above and in the draft rate study. Annual rate increases of approximately 5% per SFR and increases in non-residential (commercial/industrial) rates of 5% are needed to meet the anticipated revenue requirements for FY 2024-25, 2025-26, and 2026-27.

Therefore, the General Manager recommends:

1. The Board adopt the draft Sewer Rate Study and set a Public Hearing date for May 8, 2024 to review the proposed sewer service charge increase for the years FY 2024-25 (effective July 1, 2024), FY 2025-26 (effective July 1, 2025), and FY 2026-27 (effective July 1, 2026); and
2. Provide staff direction regarding the sewer service charge rate adjustment for FY 2024-25 and the mailing of the Proposition 218 notice for a public hearing to be held on May 8, 2024 prior to adoption of the sewer service charges for FY 2024-25, FY 2025-26, and FY 2026-27.

Attachments:

Draft Sewer Rate Study by HF&H Consultants dated February 28, 2024
Draft 218 Notice of Public Hearing Mailer
Public Hearing Notice



WEST BAY SANITARY DISTRICT FY 2024-25 SEWER RATE STUDY



**February 28, 2024
Final Report**



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West Bay Sanitary District

500 Laurel Street
Menlo Park, CA 94025



FY 2024-25 Sewer Rate Study

March 1, 2024

HF&H Consultants, LLC

590 Ygnacio Valley Rd, Suite 105
Walnut Creek, CA 94596



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HF&H CONSULTANTS, LLC
Managing Tomorrow's Resources Today

John W. Farnkopf, PE
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March 1, 2024

Mr. Sergio Ramirez

District Manager

West Bay Sanitary District

500 Laurel Street

Menlo Park, CA 94025

Subject: FY 2024-25 Sewer Rate Study – Final Report

Dear Mr. Ramirez:

HF&H Consultants (HF&H) is pleased to submit this final report to update the West Bay Sanitary District's (District's) FY 2024-25, FY 2025-26, and FY 2026-27 sewer rates. The report summarizes the analysis that was conducted to develop the recommended rates. The analysis updates last year's projections to reflect the District's and Silicon Valley Clean Water's (SVCW) current operating and capital cost projections.

The overall increase in revenues will allow the District to:

- Fund inflationary increases in existing staff and sewer collection system operating and maintenance costs.
- Fund \$19 million in average annual capital projects for the District-maintained collection system.
- Fully-fund the District's share of SVCW's projected operating and capital costs to operate the wastewater treatment plant which grows from \$13.4 million to \$20.5 million over the five-year study period.
- Adapt to large, expected increases in SVCW debt service in subsequent years without resorting to sharp increases in rates beyond the five-year planning period.
- Continue to maintain sufficient reserves to fully fund all Board-approved reserve targets. Over the next three years the District plans to balance the level of rate increases with the use of \$37 million of existing reserves to meet the increased volume of District capital expenditures and SVCW debt service.

Sergio Ramirez
February 28, 2024
Page 2



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We appreciate this opportunity to continue working for the District.

Sincerely,
HF&H CONSULTANTS, LLC

Rick Simonson
Senior Vice President

Gabe Sasser
Project Manager

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ACRONYMS

FY	Fiscal Year
CCF or HCF	Hundred cubic feet of metered water sold; 748 gallons; a cube of water 4.6 feet on edge
BOD	Biochemical Oxygen Demand
COS	Cost of Service
DU	Dwelling Unit
EDU	Equivalent Dwelling Unit
GPD	Gallons per Day
JPA	Joint Powers Authority
LRFP	Long Range Finance Plan
O&M	Operations and Maintenance
OWDZ	On-Site Wastewater Disposal Zone. Customers receiving supplemental service for maintenance of a STEP or Grinder sewer pump system.
PAYGo	Pay-As-You-Go, in reference to funding capital improvements from cash rather than from borrowed sources of revenue
SVCW	Silicon Valley Clean Water, a Joint Powers Authority that is responsible for regional conveyance and wastewater treatment for West Bay Sanitary District and the cities of Redwood City, San Carlos, and Belmont.
STEP	Septic Tank Effluent Pumping systems
TSS	Total Suspended Solids

ACKNOWLEDGEMENTS

District Board

Fran Dehn, President
David Walker, Secretary
Roy Thiele-Sardina, Treasurer
Edward Moritz, Director
George Otte, Director

District Staff

Sergio Ramirez, District Manager
Debra Fisher, Finance Manager
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LIMITATIONS

This document was prepared solely for the West Bay Sanitary District in accordance with the contract between the District and HF&H and is not intended for use by any other party for any other purpose.

In preparing this study, we relied on information from the District which we consider accurate and reliable. Our analysis is based on the best available information at the time of the study.

Rounding differences caused by stored values in electronic models may exist.

This document represents our understanding of relevant laws, regulations, and court decisions but should not be relied upon as legal advice. Questions concerning the interpretation of legal authorities referenced in this document should be referred to a qualified attorney.



Sewer Rate Study

1. BACKGROUND AND SUMMARY

BACKGROUND

The District provides wastewater collection and conveyance services to approximately 55,000 residential, commercial, and industrial customers through a system of pipelines and pump stations that transport their wastewater to the Silicon Valley Clean Water (SVCW) facility for treatment and discharge into San Francisco Bay. SVCW is a Joint Powers Authority (JPA) that provides wastewater treatment services to the Cities of Redwood City, San Carlos, and Belmont as well as the District.

The District owns and operates wastewater collection system facilities serving portions of Menlo Park, Atherton, and Portola Valley. Wastewater from these communities is treated at the SVCW treatment plant, the cost for which is billed to the District and included in the District's sewer service charges. In addition, the District maintains the wastewater collection system operations for the Towns of Los Altos Hills and Woodside under service contracts. Wastewater from these communities is treated at the Palo Alto Regional Water Quality Control plant. Under the services contracts, the District is fully compensated by the towns. The towns are responsible for setting rates for their customers, which will cover the District's cost as well as the cost of treatment.

FIVE-YEAR FINANCIAL PLAN

This report presents a financial plan for the District that incorporates the capital improvements identified in the District's Master Plan, as well as the latest available projections provided by SVCW in their recent January draft of 2024 Long Range Financial Plan. The District's five-year financial plan comprises:

- Projected District operating and capital expenses to maintain the collection system.
- Projected SVCW operating and capital expenses to maintain and upgrade the sewer treatment plant.
- Projected reserve balances and targets.
- Projected revenues from the District's current and proposed sewer service charges; and,
- Projected growth within the District.

The results of the financial plan indicate the annual increases in sewer service charges that are projected to fund the District's expenses and maintain adequate reserves.

RECENT RATE INCREASES

During the last five years, the District's residential sewer service charges per dwelling unit (DU) have increased as shown in **Figure 1-1**.

Figure 1-1. Recent Rates and Rate Increases

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Residential Sewer Service Charge	\$1,177	\$1,224	\$1,255	\$1,280	\$1,306
Percentage Increase		4.0%	2.5%	2.0%	2.0%
Annual Increase - \$ per Year		\$47	\$31	\$25	\$26

The increases during this period were primarily attributable to SVCW’s increasing debt service allocation to the District to fund treatment plant upgrades and, secondarily, to inflationary increases in the District’s operating and annual capital repair and replacement expenses.

CURRENT SEWER RATES

The District charges sewer customers annually on the tax rolls, which is a common practice for billing for sewer service. Billing on the tax rolls is less expensive than it would be if the District issued its own bills while allowing the County to easily levy liens for nonpayment. Even though the District bills through the tax rolls, its sewer service charges are not a tax or assessment. Unlike taxes or assessments, which are based on land-related characteristics such as assessed value or parcel size, the District’s sewer charges are a form of service fee or charge that is proportionate to the cost of providing sewer service.

Residential customers are charged per dwelling unit. In addition, approximately 95 homes in the Portola Valley area (located within the On-Site Wastewater Disposal Zone) pay higher charges (currently \$920 per year) for the maintenance of the Septic Tank Effluent Pump (STEP) system or Grinder Sewer Collection Systems that they require.

Commercial customers pay charges based on their metered water use from the prior calendar year (measured in CCF or hundred cubic feet). Each non-residential charge is the product of the customer’s actual flow multiplied by the rate corresponding to the customer’s class.

Industrial customers are billed based on each customer’s annual flow and the strength of the customer’s wastewater based on sampling data.

Current rates for FY 2023-24 were adopted by the Board in April 2022, as follows:

Figure 1-2. Current Rates

	Current FY 2023-24
<u>Residential (charge per DU per year)</u>	
Single Family, Multi Family	\$1,306
On-site Wastewater Disposal Zone	\$2,226
<u>Commercial (charge per CCF)</u>	
Retail/Commercial	\$10.52
Institution/Public	\$9.58
Restaurants/Bakeries	\$22.16
Supermarkets with Grinders	\$22.41
Hospitals	\$10.88
Hotels with Dining Facilities	\$17.89
<u>Industrial (measured)</u>	
Flow Rate Charge per CCF	\$7.76
BOD Rate Charge per pound	\$1.37
TSS Rate Charge per pound	\$1.56

FINDINGS AND RECOMMENDATIONS

Projected Rate Increases During Five-Year Planning Period

Figure 1-3 indicates the annual rate increases projected for the five-year planning period, beginning with FY 2024-25. The increases indicated below reflect updated assumptions and currently available information. Annual revenues will increase greater than the rate increase in all five years as the District continues to experience growth in the number of customers served. The five-year financial plan assumes 73 new dwelling units each year through FY 2028-29. Note: due to the District billing on the tax roll, the projected annual revenue increases reflect a one-year delay in the realization of the revenue from growth. For example, the growth which occurs in FY 2024-25 will first appear on the tax rolls in FY 2025-26.

Figure 1-3. Projected Rate and Revenue Increases

al Year	Projected Base Rate Increase	Projected Revenue Increase
FY 2024-25	5.0%	5.3%
FY 2025-26	5.0%	5.3%
FY 2026-27	5.0%	5.3%
FY 2027-28	5.0%	5.3%
FY 2028-29	5.0%	5.3%

Proposed Rates for FY 2024-25

The following figure shows the current FY 2023-24 rates and the proposed FY 2024-25 through FY 2026-27 rates, which reflect a 5.0% across-the-board increase to all rates. In addition, we are recommending an additional \$150 annual, increase to those customers within the On-Site Wastewater Disposal Zone for the increases in costs to maintain the STEP or Grinder Sewer Collection Systems that they require¹.

Figure 1-4. Current and Proposed FY 2024-25, FY 2025-26, FY 2026-27 Rates

	Current	Proposed Rates		
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<u>Residential (charge per DU per year)</u>				
Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512
On-site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577
<u>Commercial (charge per CCF)</u>				
Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18
Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09
Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65
Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95
Hospitals	\$10.88	\$11.42	\$11.99	\$12.59
Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71
<u>Industrial (measured)</u>				
Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99
BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59
TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81

¹ Section 3 of this report provides details of the larger percentage increase recommended for those customers within the On-site Wastewater Disposal Zone

2. REVENUE REQUIREMENT PROJECTIONS

A spreadsheet model was developed to derive revenue requirements for a five-year planning period, FY 2024-25 through FY 2028-29. The revenue requirements represent the costs that must be covered by revenue from rates and other sources. The District’s Operations & Maintenance (O&M) budget for FY 2023-24 served as the starting point for projecting the District’s expenses and revenues. SVCW provided the projections of all future SVCW expenses, including debt service, used in the model. The escalation factors summarized in **Figure 2-1** were incorporated in the model for projecting expenses and revenues.

Figure 2-1. Key Modeling Assumptions

Assumptions	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
a General Inflation	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%
b Utilities	Per Budget	5.0%	5.0%	5.0%	5.0%	5.0%
c Salaries	Per Budget	5.0%	4.0%	4.0%	4.0%	4.0%
d Benefits	Per Budget	5.0%	4.0%	4.0%	4.0%	4.0%
e SVCW O&M Expenses Increase %	Per Budget	4.0%	4.0%	4.0%	4.0%	4.0%
f Interest on Earnings	0.3%	2.0%	2.0%	2.0%	2.0%	2.0%
g Woodside Revenue Change	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%
h Los Altos Hills Revenue Change		4.0%	4.0%	4.0%	4.0%	3.0%
i Increase in Annual Residential Customers	Per Budget	73	73	73	73	73
j Number of Total Residential Customer Accounts	19,515	19,588	19,661	19,734	19,807	19,880
k Number of STEP/STEG Customer Accounts	95	95	95	95	95	95
l Annual Percentage in Residential Account Growth	Per Budget	0.4%	0.4%	0.4%	0.4%	0.4%
m Residential Connection Fee per EDU	\$8,608	\$8,608	\$8,608	\$8,608	\$8,608	\$8,608
n Connection Fees	Per Budget	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
o Flow Equalization	Per Budget	5.0%	\$0	\$0	\$0	\$0
p District O&M Expenses	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%
q Interest on LAIF Earnings		3.0%	3.0%	3.0%	3.0%	3.0%

The application of these assumptions to the O&M and capital expenses is described below and summarized in **Figure 2-2** and **Figure 2-3**.

DISTRICT O&M EXPENSES

The District’s net O&M expenses (summarized by category in **Figure 2-2**) are projected to increase from approximately \$10.5 million to \$13.2 million over the five-year planning period. The District’s expenses are increasing between 3% and 5% annually per expense category listed. In addition, net expenses are increasing with the end of approximately \$400,000 in annual non-operating revenue from the flow equalization cost sharing agreement, effective FY 2023-24. In FY 2024-25, flow equalization costs are assumed to be reduced to 1/6, or two months, of FY 2023-24 revenues. This reduced amount estimates potential revenues as the program moves to an on-call format. Beyond FY 2024-25, flow-equalization cost sharing revenues are conservatively assumed to be \$0. With the regional focus on residential development, the District projects an annual increase of 73 residential accounts per year, with a total of 365 accounts added by the end of the planning period.

Figure 2-2. District O&M Expense Summary

		Current Year	Five-Year Planning Period				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Salaries & Benefits	\$7,067,613	\$7,420,994	\$7,717,833	\$8,026,547	\$8,347,609	\$8,681,513
2	Materials & Supplies	\$751,800	\$774,354	\$797,585	\$821,512	\$846,158	\$871,542
3	Insurance	\$287,900	\$296,537	\$305,433	\$314,596	\$324,034	\$333,755
4	Contract Services	\$916,400	\$943,892	\$972,209	\$1,001,375	\$1,031,416	\$1,062,359
5	Professional Services	\$1,469,700	\$1,513,791	\$1,559,205	\$1,605,981	\$1,654,160	\$1,703,785
6	Repairs & Maintenance	\$646,100	\$665,483	\$685,447	\$706,011	\$727,191	\$749,007
7	Utilities	\$288,000	\$302,400	\$317,520	\$333,396	\$350,066	\$367,569
8	Other Operating Expenses	\$453,575	\$513,492	\$456,797	\$540,501	\$484,616	\$569,154
9	Other Operating Revenues	(\$1,321,051)	(\$1,014,458)	(\$970,883)	(\$998,857)	(\$1,027,864)	(\$1,052,700)
11	Net District Operating Costs	\$10,560,037	\$11,416,485	\$11,841,146	\$12,351,062	\$12,737,386	\$13,285,985
12			8.1%	3.7%	4.3%	3.1%	4.3%

Note: Other Operating Expenses include administrative costs such as professional memberships, travel and meetings, reimbursements from the Recycled Water Fund and Solid Waste Fund for sewer staff time, and contributions to Local Agency Formation Commission (LAFCo).

DISTRICT CAPITAL EXPENSES

The District’s capital expenses are summarized by category in **Figure 2-3** and reflect the adopted Master Plan projects approved earlier in 2024. The District’s annual budgeted capital expenditures range from a low of \$9.5 million (in FY 2028-29) to \$23.4 million (in FY 2025-26), during the five-year planning period. On average, the District expects to spend approximately \$19.0 million annually on these projects (during the five-year planning period FY 2024-25 to FY 2028-29). This level of capital investment is an increase from recent years when the District spent between nine and ten million dollars annually. In fact, the District’s investment in capital improvements over the five-year period represents more than 37% of the revenue requirement, which exceeds the combined SVCW O&M and Capital expense projections. The collection system Capital Improvement Program (CIP) expenses is largest component of the sewer rates revenue requirement.

The increase in CIP demonstrates the District’s intention to maintain its infrastructure and replace existing infrastructure at an accelerated pace, guaranteeing reliability of its system. For example, the Pipe Replacement and Rehabilitation projects, make up the majority of project costs planned over the five-year period, which will address existing collection system assets.

Figure 2-3. CIP Summary

		Current Year	Five-Year Planning Period				
		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Administration	\$150,000	\$0	\$0	\$3,000,000	\$4,000,000	\$0
2	Collection Facilities	\$600,000	\$4,600,000	\$4,600,000	\$600,000	\$600,000	\$600,000
3	Pipe Replacement and/or Rehab.	\$7,472,685	\$11,449,500	\$13,995,700	\$14,067,800	\$11,340,000	\$9,090,400
4	Pump Station Improvements	\$0	\$6,339,000	\$1,258,000	\$2,317,000	\$0	\$0
5	Subsurface Lines & Other Capital	\$440,000	\$0	\$3,000,000	\$0	\$0	\$0
6	Capacity Improvements	\$0	\$15,000	\$704,900	\$704,900	\$3,675,500	\$0
7	Manhole Raising	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
8	Construction in Progress	\$3,060,000	\$0	\$0	\$0	\$0	\$0
9	Total Capital Expenses	\$11,822,685	\$22,503,500	\$23,658,600	\$20,789,700	\$19,715,500	\$9,790,400
10	Less: Connection Fee Revenue	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
11	Net PAYGo Capital Expenses	\$11,572,685	\$22,253,500	\$23,408,600	\$20,539,700	\$19,465,500	\$9,540,400
12	Carryover	\$11,622,315	\$0	\$0	\$0	\$0	\$0
13	Grand Total Capital Expenses	\$23,195,000	\$22,253,500	\$23,408,600	\$20,539,700	\$19,465,500	\$9,540,400
14			-4%	5%	-12%	-5%	-51%

The District plans to fund these capital improvements from a combination of connection fee revenue (from growth), sewer service charge revenue on a pay-as-you-go (PAYGo) basis without issuing debt, and the use of reserves.

DISTRICT RESERVES

In addition to covering annual expenses, sewer service charges need to generate revenue to maintain adequate operations and capital reserves. To determine what constitutes adequate reserve amounts, the reserve balance was subdivided into Operations, Capital, Vehicle and Equipment Replacement, Rate Stabilization, Recycled Water Project, Emergency Reserves, OPEB/PERS Retirement Liability Reserve Fund, and a Treatment Plant Reserve. In this way, it is possible to set recommended target balances for each purpose.

Operations Reserve Minimum Balance

The Operations Reserve provides working capital for monthly O&M expenses. There is a nine-month lag between sewer service charge payments from the County tax assessor; therefore, the minimum Operations Reserve balance is set equal to six months of O&M expenses to provide adequate cash flow. If this minimum balance is maintained, the District should be able to fund its monthly operations cash flow over this extended period without relying on the Capital Reserve for a short-term loan. Maintaining the minimum balance for the Operations Reserve is recommended as the highest priority for the District's reserve accounts.

Emergency Reserve Target Balance

The target balances for the Operations and Capital Reserves are sufficient to provide working capital on an ongoing basis, but do not provide for unforeseen contingencies such as emergencies. Should an emergency strike (e.g., earthquake), the District cannot suddenly raise rates to generate additional funds due to state law requirements for such rate increases (e.g., Proposition 218). Moreover, the District bills annually on the tax rolls. Therefore, the District has set a target for the Emergency Reserve of \$5.0 million. With such a reserve, the District would have funds on hand to take immediate remedial steps without waiting to procure a loan or issue bonds.

Maintaining the target balance for the Emergency Reserve is recommended as the second highest priority after meeting the minimum balance for the Operations Reserve. The Emergency Reserve can be used for funding capital projects at times when the Capital Reserve is not fully funded.

Capital Reserve Target Balance

The Capital Reserve provides liquidity to fund construction for projects that are funded on a PAYGo basis (as opposed to those that are funded from debt). With adequate capital reserves, the District can pay contractors without encroaching on the Operations or Emergency Reserves. The target balance of \$6.0 million meets this objective. Maintaining the target balance for the Capital Reserve is recommended after meeting the minimum balances for the Operations and Emergency Reserves.

Vehicle and Equipment Replacement Fund

The Vehicle and Equipment Replacement fund provides resources to replace District fleet vehicles and operations equipment. The District maintains a schedule for replacement based on the useful life of the asset. The target reserve balance of \$1.0 million ensures there are sufficient funds on hand to keep up

with the retirement of old equipment or vehicles with the purchase of their replacements. This fund is tracked separately from the Capital Reserve.

Rate Stabilization Reserve Fund

The Board established a rate stabilization fund to allow a margin of safety for the uncertainty of the timing and amount of SVCW capital expenditures to upgrade the wastewater treatment facility. The funds could be used to minimize future rates increases and/or to reduce interest expenses by buying down the amount of debt to be issued by SVCW to fund the upgrades. In the past, the District has utilized this reserve to remove a \$13.0 million debt obligation. The District anticipates future debt obligations and is building this reserve to buy down future debt. The target reserve of the revenue stabilization fund is currently set at \$10 million.

OPEB/PERS Retirement Liability Reserve Fund

In February 2018, the Board established a reserve fund to offset the District's unfunded pension liability. In FY 2020-21, the District contributed \$6.2 million of the fund balance to pay off the entire balance of its unfunded accrued liability. The fund has a current balance of \$734,330 as of the end of FY 2022-23 and there are no plans to increase the amount as the District has satisfied their unfunded liability and plans to fund their OPEB/PERS obligations on a PAYGo basis.

Treatment Plant Reserve Fund

In FY 2020-21, the Board established a reserve to fund increasing SVCW capital expenses. The reserve is intended to address two notable requirements placed on the District beginning in FY 2024-25. First, SVCW will require each member agency to contribute additional funds in lieu of further debt issuance. The District will contribute \$0.7 million in lieu of debt issuance to SVCW in FY 2023-24. Based on the draft 2024 Long Range Financial Plan (LRFP), the District will be asked to make an additional contribution of \$3.6 million to SVCW in FY 2024-25, followed by additional contributions as shown in **Figure 2-4**. Second, in FY 2027-28, each SVCW member agency will begin making payments for its share on a group of WIFIA loans with a 30-year term. The District's annual obligation will begin at average \$3.0 million per annum. These long-term expenses prompted the Board to establish an additional reserve intended to fund planned and unplanned SVCW treatment plant expenses. The Board established a target of \$12.0 million. The reserve is currently fully funded. The District has discretion whether to first use funds from its Rate Stabilization Reserve Fund or its Treatment Plant Reserve Fund but intends to use existing reserves to meet future SVCW capital expenses.

SVCW EXPENSES

Over the next five years, SVCW's treatment costs are projected to be approximately 36% of the District's total revenue requirement. As shown in **Figure 2-4**, SVCW's cost will increase significantly to fund the debt service on a series of bonds and SRF loans, that has been issued to fund the rehabilitation of its interceptors, pump stations, and wastewater treatment plant. The District's treatment charge is allocated in proportion to the number of its EDUs compared with the other SVCW member agencies, currently 26.84%.

Figure 2-4. SVCW O&M and Debt Service Revenue Requirement

SVCW Projected Expenses	Current Year	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1 Net Operating Expense	\$6,117,648	\$6,360,275	\$6,614,686	\$6,879,274	\$7,154,445	\$7,440,623
2 Revenue-Funded Capital (PAYGo)	\$531,432	\$402,600	\$402,600	\$402,600	\$402,600	\$402,600
3 Debt Reserves	\$877,594	\$989,900	\$1,126,120	\$1,262,421	\$1,398,806	\$1,535,278
4 Cash-in-lieu of Debt/Debt Service Reserves	\$762,622	\$3,656,334	\$0	\$1,511,728	\$0	\$0
5 Debt Service						
6 Existing 2018 Bond	\$4,569,269	\$4,577,316	\$4,724,364	\$5,027,100	\$5,056,279	\$5,717,633
7 2018, 2021 Revenue Bonds	\$506,765	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927
8 SRF for Conveyance Planning	\$51,936	\$0	\$0	\$0	\$0	\$0
9 Subtotal SVCW Debt Service	\$5,127,970	\$6,963,243	\$7,110,291	\$7,413,027	\$10,453,525	\$11,114,878
10 Total, SVCW Project Expenses	\$13,417,267	\$18,372,353	\$15,253,698	\$17,469,051	\$19,409,375	\$20,493,379

TOTAL REVENUE REQUIREMENTS

The foregoing modeling assumptions lead to the projected revenue requirements shown in **Figure 2-5**.

Figure 2-5. Projected Revenue Requirements

	Current Year	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
SVCW PAYGo Capital/Reserve Contributions	\$1,409,026	\$1,392,500	\$1,528,720	\$1,665,021	\$1,801,406	\$1,937,878
SVCW Debt-funded Capital	\$5,890,592	\$10,619,578	\$7,110,291	\$8,924,756	\$10,453,525	\$11,114,878
SVCW Operating Expenses	\$6,117,648	\$6,360,275	\$6,614,686	\$6,879,274	\$7,154,445	\$7,440,623
WBSD PAYGo Capital	\$11,974,262	\$18,478,342	\$18,490,751	\$18,503,532	\$18,516,696	\$18,530,255
WBSD Operating Expenses	\$11,881,088	\$12,430,943	\$12,812,029	\$13,349,919	\$13,765,250	\$14,338,685
Total Net Revenue Requirement	\$37,272,617	\$49,281,638	\$46,556,478	\$49,322,501	\$51,691,321	\$53,362,319

Highlights of the District’s projected revenue requirements are as follows:

- The District will fund an average of \$6.8 million annually in SVCW operating expenses.
- The District will fund an average of \$10.9 million annually of combined SVCW capital expenditures through contributions to reserves or existing debt service payments.
- The District will fund an average of \$13.3 million annually in collection system O&M costs
- The District will fund an average of \$18.5 million annually in capital expenditures, net of connection fee revenues. for its own collection system.
- All reserve targets will continue to be met through FY 2026-27, capturing three years of proposed rates to be discussed in further detail in the next sections.

REVENUE INCREASES

The District’s revenue requirement is increasing approximately 43% over the next five years. Current rates cannot support the projected revenue requirements shown in **Figure 2-5**. However, it is not necessary to increase rates a cumulative 43% over the next five-year period, as the District has adequate reserves to fully fund all reserve targets and contribute excess reserves to partially offset the revenue requirement increases (as discussed below). **Figure 2-6** summarizes the annual increase in the District’s revenue requirement and the proposed rate increases.

Figure 2-6. Annual Revenue Increases

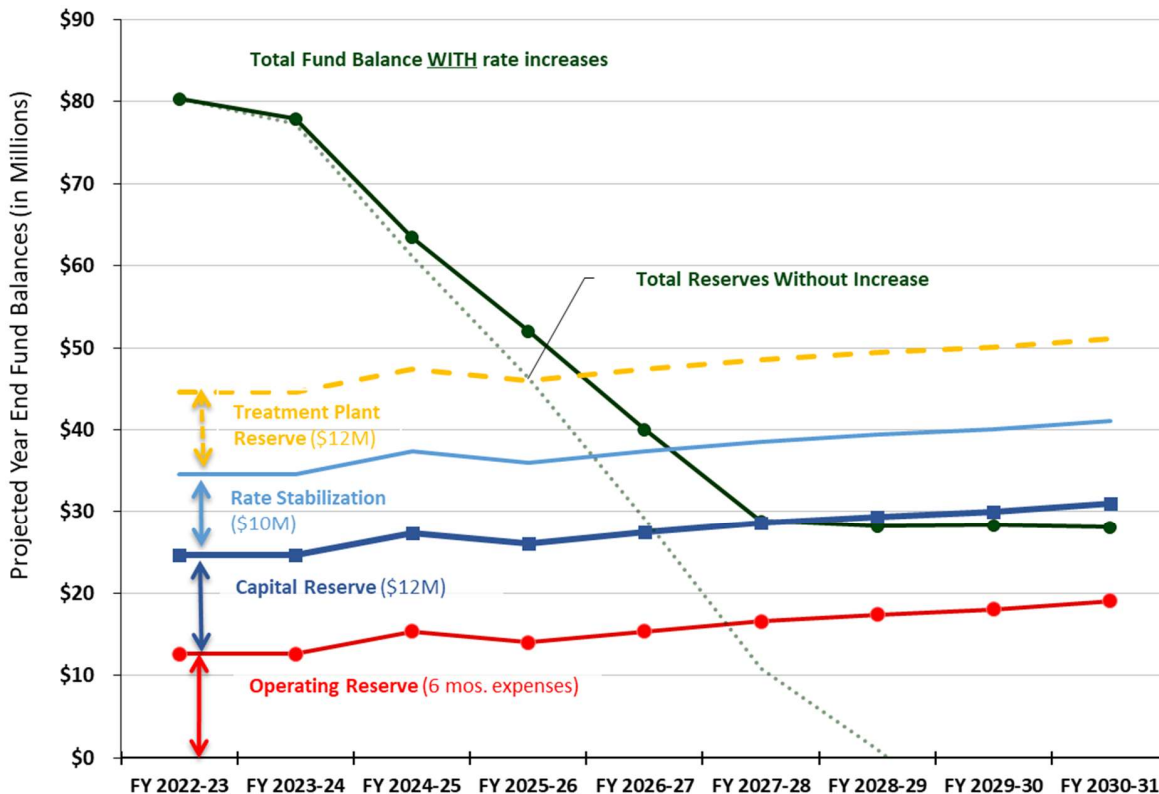
	Five-Year Planning Period				
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Projected Revenue Requirement Increases	32%	-6%	6%	5%	3%
Proposed Rate Increases	5.0%	5.0%	5.0%	5.0%	5.0%

FUND BALANCE

Figure 2-7 shows the projected annual fund balances with the rate revenue increases recommended in Figure 2-6 (solid green line). Although the projections show straight lines between years, the fund balance will be drawn down during each year. In other words, the reserves are actively drawn from at all times during the year but only periodically added to when payments are received from the County. The reserves are not simply accumulated without being used.

Over the five-year period, the District use existing reserves to partially offset the growing revenue requirement. The use of reserves would allow the District to avoid implementing sharp rate increases to pay for growing SVCW capital expenses and the District’s collection system capital expenses.

Figure 2-7. Fund Balance With and Without Increased Rate Revenue



Minimum Fund Balance

The minimum balance (red line) is the balance that is required to meet the District's operating expenses during the year. The balance is large because the District bills annually on the tax rolls and receives reimbursement from the County twice each year. As a result, there are several months over which the District must rely heavily on its operating reserve to meet its monthly cash flow requirements. Because of the lag between payments from the County, the minimum Operations Reserve balance is set equal to five months of SVCW and District operating expenses.

Target Fund Balance

The target balance is the sum of the minimum balance for operations (red line) plus an allowance for capital projects (\$6.0 million), emergency capital reserves (\$5.0 million), vehicle and equipment replacement fund (\$1.0 million), rate stabilization reserves (\$10.0 million), and treatment plant reserves (\$12.0 million). The capital allowance provides working capital to maintain sufficient funds in order to pay contractors so that work can proceed without delay. Emergency reserves help manage risks associated with sudden asset failures caused by emergencies such as natural disasters or human error. Emergency reserves are a form of capital reserve that can provide a measure of self-insurance so that immediate funding is available for disaster recovery until loans can be arranged. The vehicle and equipment replacement fund provides for the scheduled replacement of the District's fleet vehicles and operational equipment. The District has discretion to use funds from its rate stabilization and treatment plant reserves to address anticipated cost increases to help offset impacts to ratepayers.

3. PROJECTED RATE INCREASES

Current rates cannot support the projected revenue requirements shown in **Figure 2-5**. The projected rate increases, and corresponding residential sewer service charges per DU, are summarized in **Figure 3-1** and **Figure 3-2**.

Figure 3-1. Projected Rates – Residential

	Adopted	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Residential Sewer Service Charge	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667
Percentage Increase		5.0%	5.0%	5.0%	5.0%	5.0%
Annual Increase - \$ per Year		\$65	\$69	\$72	\$76	\$79

Figure 3-2. Projected Rates – Residential, Commercial, and Industrial

	Adopted	Projected				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Residential (charge per DU per year)						
Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667
On-site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577	\$2,706	\$2,841
Commercial (charge per CCF)						
Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18	\$12.79	\$13.43
Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09	\$11.64	\$12.22
Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65	\$26.93	\$28.28
Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95	\$27.25	\$28.61
Hospitals	\$10.88	\$11.42	\$11.99	\$12.59	\$13.22	\$13.88
Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71	\$21.75	\$22.84
Industrial (measured)						
Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99	\$9.44	\$9.91
BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59	\$1.67	\$1.75
TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81	\$1.90	\$2.00

STEP/GRINDER CHARGES

The District has approximately 95 single family residential customers located in the On-Site Wastewater Disposal Zone who require either Septic Tank Effluent Pumping systems (STEP) or Grinder Pumping systems. These customers are currently charged an additional \$920 annually for the services the District provides these customers to service and replace their pumps and appurtenances.

The District re-examined the service costs specific to these customers and found the revenues collected have not been keeping pace with the annual rate increases. **Figure 3-3** details the calculated cost to provide STEP/grinder system maintenance for these customers.

Figure 3-3. Annual STEP/Grinder System Costs

Private Pump System Maintenance	Annual Costs
1. Labor Cost	
STEP System Bi-Annual Pump Maint. - Pump Mechanic	\$6,892
STEP System Bi-Annual Pump Maint. - Facility Supv.	\$9,006
Grinder System Bi-Annual Pump Maint. - Pump Mechanic	\$11,815
Grinder System Bi-Annual Pump Maint. - Facility Supv.	\$15,438
STEP pump replacements	\$3,180
Grinder pump replacements	\$5,450
Private pump station repairs	\$2,157
Force lateral repairs	\$1,817
Subtotal Labor Costs	\$55,755
2. Material Costs	
Grinder pump replacements	\$24,000
STEP Pump replacements	\$3,325
Envirozyme - Fog Digester	\$1,500
Grider Panel replacements	\$3,000
STEP Panel replacements	\$1,313
Miscellaneous parts - lids, filters, etc.	\$2,000
Subtotal Material Costs	\$35,138
 Total Costs For Private Pump Systems	 \$90,893
 Number of Private Units	 95
Total Cost per Private Pump Site (FY 2023-24)	\$956

It is recommended the STEP/Grinder charge be increased to meet the cost of service for FY 2024-25. **Figure 3-4** summarizes the proposed annual STEP/Grinder charge over the next five fiscal years, assuming 5% annual increases, which follows the recommended increases to the base service charge. The proposed rate for FY 2024-25 meets the cost analysis conducted based on FY 2023-24 expenses and assumes an inflationary increase in the cost of service.

Figure 3-4. Projected STEP/Grinder System Cost Increases

	Adopted	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Annual STEP/Grinder Charge	\$920	\$966	\$1,014	\$1,065	\$1,118	\$1,174
\$ Increase		\$46	\$48	\$51	\$53	\$56

Figure 3-5 summarizes the total annual charge for those customers with a STEP/Grinder System. Such customers are charged the base service charge and the additional costs to maintain the STEP/Grinder System.

Figure 3-5. Total Projected Annual Charges – Customers with STEP/Grinder Systems

	Adopted	Five-Year Planning Period				
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Base Service Charge	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667
Annual STEP/Grinder Charge	\$920	\$1,070	\$1,220	\$1,370	\$1,439	\$1,511
Annual Bill	\$2,226	\$2,441	\$2,660	\$2,882	\$3,027	\$3,178
\$ Increase		\$215	\$219	\$222	\$145	\$151

SUMMARY OF PROPOSED RATES

Figure 3-6 provides a schedule of proposed FY 2024-25 through FY 2026-27 rates for all customer types, as discussed above. **Figure 3-7** provides the nominal annual adjustment for all proposed rates.

Figure 3-6. FY 2024-25, FY 2025-26, FY 2026-27 Proposed Rates

	Current	Proposed Rates		
	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<u>Residential (charge per DU per year)</u>				
Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512
On-site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577
<u>Commercial (charge per CCF)</u>				
Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18
Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09
Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65
Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95
Hospitals	\$10.88	\$11.42	\$11.99	\$12.59
Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71
<u>Industrial (measured)</u>				
Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99
BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59
TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81

Figure 3-7. Projected Rate Adjustments (FY 2024-25 through FY 2026-27)

	Current	FY 2024-25 Proposed		FY 2025-26 Proposed		FY 2026-27 Proposed	
	FY 2023-24	Rate	\$ Chg	Rate	\$ Chg	Rate	\$ Chg
Residential (charge per DU per year)							
Single Family, Multi Family	\$1,306	\$1,371	\$65	\$1,440	\$69	\$1,512	\$72
On-site Wastewater Disposal Zone	\$2,226	\$2,337	\$111	\$2,454	\$117	\$2,577	\$123
Commercial (charge per CCF)							
Retail/Commercial	\$10.52	\$11.05	\$0.53	\$11.60	\$0.55	\$12.18	\$0.58
Institution/Public	\$9.58	\$10.06	\$0.48	\$10.56	\$0.50	\$11.09	\$0.53
Restaurants/Bakeries	\$22.16	\$23.27	\$1.11	\$24.43	\$1.16	\$25.65	\$1.22
Supermarkets with Grinders	\$22.41	\$23.53	\$1.12	\$24.71	\$1.18	\$25.95	\$1.24
Hospitals	\$10.88	\$11.42	\$0.54	\$11.99	\$0.57	\$12.59	\$0.60
Hotels with Dining Facilities	\$17.89	\$18.78	\$0.89	\$19.72	\$0.94	\$20.71	\$0.99
Industrial (measured)							
Flow Rate Charge per CCF	\$7.76	\$8.15	\$0.39	\$8.56	\$0.41	\$8.99	\$0.43
BOD Rate Charge per pound	\$1.37	\$1.44	\$0.07	\$1.51	\$0.07	\$1.59	\$0.08
TSS Rate Charge per pound	\$1.56	\$1.64	\$0.08	\$1.72	\$0.08	\$1.81	\$0.09

Revenue increases for subsequent years have been projected in this financial plan and are based on several assumptions and information that will require review prior to adopting any future rate increases. **Figure 3-8** summarizes projected rates over the entire five-year financial planning period.

Figure 3-8. Five-Year Projected Rate Adjustments

	Adopted	Proposed			Projected	
	Fiscal Year: FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Residential (Charge per DU per year)						
Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667
On-Site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577	\$2,706	\$2,841
Commercial (charge per CCF)						
Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18	\$12.79	\$13.43
Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09	\$11.64	\$12.22
Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65	\$26.93	\$28.28
Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95	\$27.25	\$28.61
Hospitals	\$10.88	\$11.42	\$11.99	\$12.59	\$13.22	\$13.88
Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71	\$21.75	\$22.84
Industrial (measured)						
Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99	\$9.44	\$9.91
BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59	\$1.67	\$1.75
TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81	\$1.90	\$2.00

RESIDENTIAL SEWER CHARGE COMPARISON

Based on available sources, **Figure 3-9** shows the recent residential charges for sewer service among various San Mateo and Santa Clara County agencies. The bills reflect current rates for fiscal year 2023-24, assuming 70 HCF of billed wastewater per year, for agencies with flow-based charges, based on historical residential flow monitoring data. The proposed rate increase in FY 2024-25 would increase the District’s charges above what San Bruno currently charges. However, the District’s residential customers would still pay less than other agencies charge.

Fellow SVCW member agencies (San Carlos, Belmont, and Redwood City) also face similar additional costs. It is expected that these agencies will be required to increase their rates to cover their share of SVCW costs. Even with the projected rate increases, we would not expect the District’s relative position among its neighbors to change significantly.

Figure 3-9. Comparison of Annual Residential Bills

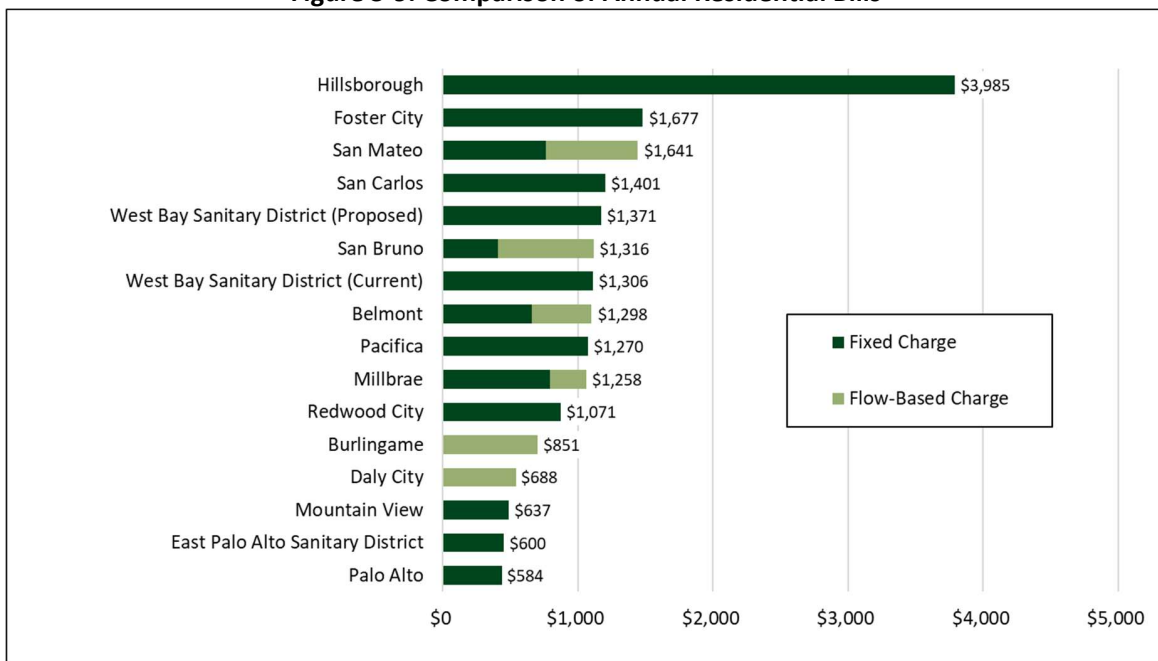
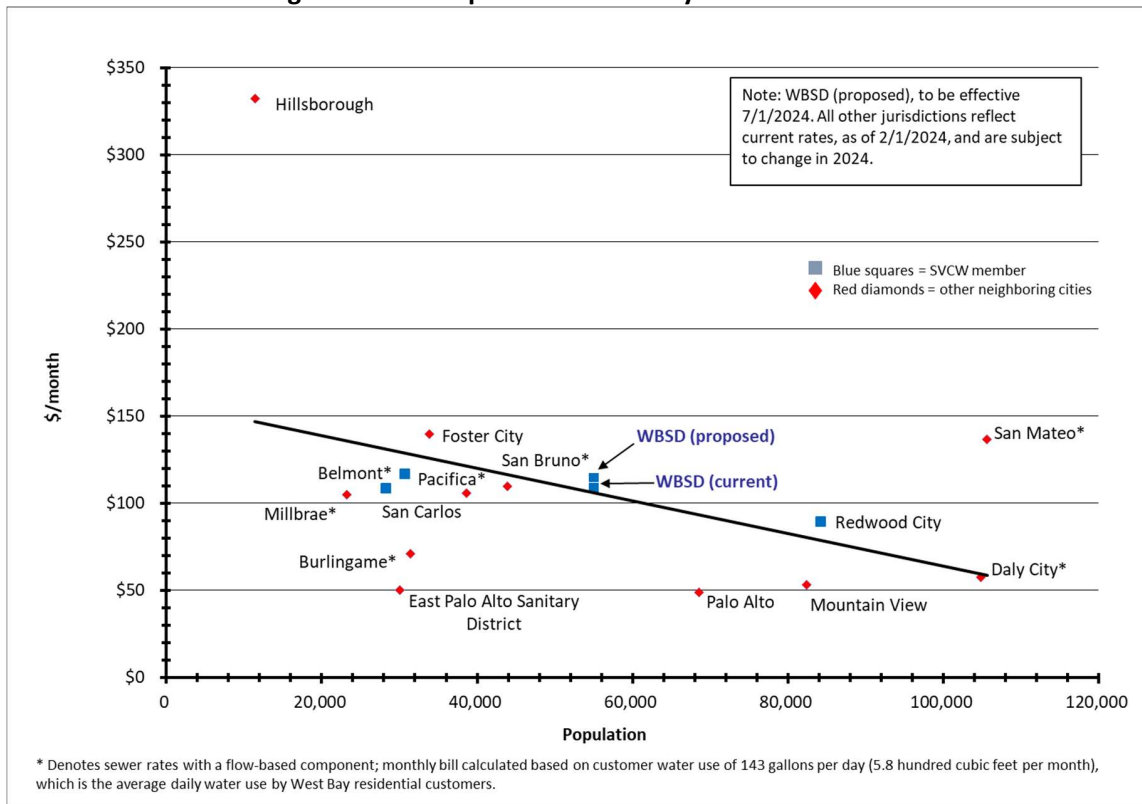


Figure 3-10 provides context as to why the District’s charges are more than those of other agencies. The graph shows the District’s current and proposed sewer rates along with the other SVCW member agencies (identified with blue squares in the figure below). Based on the graph, there is some correlation to larger agencies charging lower rates because they can take advantage of economies of scale and have a larger base of customers over which to distribute fixed costs. Admittedly, there are outliers, such as the higher populated City of San Mateo charging higher rates, and the smaller jurisdiction of East Palo Alto Sanitary District charging lower rates. However, the graph helps explain why the District’s customers are charged higher rates than larger agencies, such as Redwood City, Mountain View, and Palo Alto.

Figure 3-10. Comparison of Monthly Residential Bills



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APPENDIX A. SEWER RATE MODEL

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	A	B	C	D	E	F	G	H	I	J	K
1		West Bay Sanitary District									
2		Sewer Rate Study									
3		Table 1A. Summary									
4											
5		RESIDENTIAL									
6			Adopted	Proposed							
7		Fiscal Year:	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
8	1	Overall Revenue Increase	2.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	To Tables 3, 4
9	2	Base Service Charges									
10	3	\$ Increase		\$65	\$69	\$72	\$76	\$79	\$83	\$88	
11	4	Residential Bill (annual)	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667	\$1,750	\$1,838	
12	5	% increase		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
13	6	Annual STEP/Grinder Charge	\$770	\$920	\$966	\$1,014	\$1,065	\$1,118	\$1,174	\$1,233	
14	7	Proposed Annual Increases (\$)	\$150	\$46	\$48	\$51	\$53	\$56	\$59	\$62	To Table 3
15	8	Total Annual STEP/Grinder Charge	\$920	\$966	\$1,014	\$1,065	\$1,118	\$1,174	\$1,233	\$1,295	
16	9										
17	##	Base Service Charge (from above)	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667	\$1,750	\$1,838	
18	##	Total Annual Bill (Base + STEP/Grinder)	\$2,226	\$2,337	\$2,454	\$2,577	\$2,706	\$2,841	\$2,983	\$3,133	
19	##	% increase		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
20				\$111.00	\$117.00	\$123.00					
21											
22			Adopted	Proposed			Projected				
23		Fiscal Year:	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	
25	2	Residential (Charge per DU per year)									
26	3	Single Family, Multi Family	\$1,306	\$1,371	\$1,440	\$1,512	\$1,588	\$1,667	\$1,750	\$1,838	
27	4	On-Site Wastewater Disposal Zone	\$2,226	\$2,337	\$2,454	\$2,577	\$2,706	\$2,841	\$2,983	\$3,133	
28											
29	5	Commercial (charge per CCF)									
30	6	Retail/Commercial	\$10.52	\$11.05	\$11.60	\$12.18	\$12.79	\$13.43	\$14.10	\$14.81	
31	7	Institution/Public	\$9.58	\$10.06	\$10.56	\$11.09	\$11.64	\$12.22	\$12.83	\$13.47	
32	8	Restaurants/Bakeries	\$22.16	\$23.27	\$24.43	\$25.65	\$26.93	\$28.28	\$29.69	\$31.17	
33	9	Supermarkets with Grinders	\$22.41	\$23.53	\$24.71	\$25.95	\$27.25	\$28.61	\$30.04	\$31.54	
34	##	Hospitals	\$10.88	\$11.42	\$11.99	\$12.59	\$13.22	\$13.88	\$14.57	\$15.30	
35	##	Hotels with Dining Facilities	\$17.89	\$18.78	\$19.72	\$20.71	\$21.75	\$22.84	\$23.98	\$25.18	
36											
37	##	Industrial (measured)									
38	##	Flow Rate Charge per CCF	\$7.76	\$8.15	\$8.56	\$8.99	\$9.44	\$9.91	\$10.41	\$10.93	
39	##	BOD Rate Charge per pound	\$1.37	\$1.44	\$1.51	\$1.59	\$1.67	\$1.75	\$1.84	\$1.93	
40	##	TSS Rate Charge per pound	\$1.56	\$1.64	\$1.72	\$1.81	\$1.90	\$2.00	\$2.10	\$2.21	
41											

	A	B	C	D	E	F	G	H	K
1	West Bay Sanitary District								
2	Sewer Rate Study								
3	Table 1B. General								
4									
5	List of Model Worksheets								
6	Table 1A. Summary		Table 4. Reserves			Table 6. Debt Service			
7	Table 1B. General		Table 5A. FY 2023-24 Capital Projects			Table 7. SRF Funding Stress Test			
8	Table 2. Revenue Requirement		Table 5B. Future Capital Projects						
9	Table 3. Revenue Increases		Table 5C. SRF Cash Flow Needs (Sewer)						
10									
11	Assumptions		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Notes
12	a General Inflation	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	To Table 2, Table 4
13	b Utilities	Per Budget	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	To Table 2
14	c Salaries	Per Budget	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	per District Budget, to Table 2
15	d Benefits	Per Budget	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	per District Budget, to Table 2
16	e SVCW O&M Expenses Increase %	Per Budget	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	From Table 2
17	f Interest on Earnings	0.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	To Table 4
18	g Woodside Revenue Change	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	per District; to Table 2
19	h Los Altos Hills Revenue Change	Per Budget	4.0%	4.0%	4.0%	4.0%	4.0%	3.0%	per District; to Table 2
20	i Increase in Annual Residential Customers	Per Budget	73	73	73	73	73	73	To Table 3
21	j Number of Total Residential Customer Accounts	19,515	19,588	19,661	19,734	19,807	19,880		Sum of current plus annual growth of customers
22	k Number of STEP/STEG Customer Accounts	95	95	95	95	95	95		per District, no growth assumed beyond FY 2024-25
23	l Annual Percentage in Residential Account Growth	Per Budget	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	To Table 2
24	m Residential Connection Fee per EDU	\$8,608	\$8,608	\$8,608	\$8,608	\$8,608	\$8,608	\$8,608	fees adopted in 2022
25	n Connection Fees	Per Budget	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	per District Budget
26	o Flow Equalization	Per Budget	5.0%	\$0	\$0	\$0	\$0	\$0	per District Budget
27	p District O&M Expenses	Per Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	per District Budget; based on CPI projections
28	q Interest on LAIF Earnings	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	To Table 4
29									
30	j Construction Cost Inflation	Per Budget	3.9%	5.1%	5.1%	5.1%	5.1%	5.1%	To Table 5; based on 10-year CAGR SF CCI
31	Target Fund Balances								
32	<u>Operating Fund</u>								
33	Purpose	For O&M cash flow during the year					Legend		
34	Minimum balance	Cannot go negative					HF&H Input	District Assumption	
35	Target balance	Six months of operating expenses (to accommodate biannual receipt of fees from County tax roll)					District Source	Formula driven cell/output	
36									
37	<u>Capital Asset Fund</u>								
38	Purpose	To be used for replacement of Facilities							
39	Minimum balance	Cannot go negative							
40	Target balance	\$6,000,000							
41									
42	<u>Emergency Capital Fund</u>								
43	Purpose	To be used for sewer emergencies							
44	Minimum balance	Cannot go negative							
45	Target balance	\$5,000,000							
46									

	A	B	C	D	E	F	G	H	K
47		<u>Rate Stabilization Fund</u>							
48		Purpose	Allow a margin of safety for the uncertainty of SVCW capital costs						
49		Minimum balance	Cannot go negative						
50		Target balance	\$10,000,000						
51									
52		<u>Vehicle & Equipment Replacemend Fund</u>							
53		Purpose	To be used for replacement of Equipment						
54		Minimum balance	Cannot go negative						
55		Target balance	\$1,000,000						
56									
57		<u>Treatment Plant Reserve</u>							
58		Purpose	To be used for SVCW Capital expenses						
59		Minimum balance	Cannot go negative						
60		Target balance	\$12,000,000						
61									

	A	B	C	D	E	F	G	H	I	J	K	L	
1	West Bay Sanitary District												
2	Sewer Rate Study												
3	Table 2. Revenue Requirement												
4													
5													
6		Tbl. 1B	Tbl. 1B	Budgeted	Projected								
7				FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes	
8	SVCW Projected Expenses												
9	Operating and Capital PAYGo Expenses												
10	Operating Expenses			\$6,117,648	6,360,275	6,614,686	6,879,274	7,154,445	7,440,623	7,738,248	8,047,777	SVCW 2024 LRFP	
11	Cash-funded Capital			\$402,600	402,600	402,600	402,600	402,600	402,600	402,600	2,147,200	District document	
12	Transfer to Cash Reserves (CIP)			829,018	989,900	1,126,120	1,262,421	1,398,806	1,535,278	1,671,841	63,899	District document	
13	Revenue-Funded Capital (PAYGo) aka Capital Contributions			128,832	0	0	0	0	0	0	0	District document	
14	Operating Reserves			\$48,576	0	0	0	0	0	0	0	District document	
15	Cash-in-lieu of Debt			-	3,656,334	0	1,511,728	0	0	0	1,073,600	District document	
16	Debt Service Reserves			\$762,622	0	0	0	0	0	0	0	District document	
17	Subtotal SVCW Operating/PAYGo Expenses			\$8,289,296	\$11,409,110	\$8,143,406	\$10,056,023	\$8,955,851	\$9,378,501	\$9,812,689	\$11,332,476		
18	Debt Service												
19	2018 Bond (\$55 million)			1,837,963	4,577,316	4,724,364	5,027,100	5,056,279	5,717,633	5,719,036	5,555,528	District document	
20	2021 Revenue Bonds (\$55.7 million)			2,731,306	0	0	0	0	0	0	0	District document	
21	SVCW SRF for WWTP Phase I (C-06-5216-120)			\$506,765	2,385,927	2,385,927	2,385,927	2,385,927	2,385,927	2,385,927	2,385,927	District document	
22	Line of Credit Interest			\$51,936	0	0	0	0	0	0	0	District document	
23	New WiFi Loan(s)			0	0	0	0	3,011,318	3,011,318	3,416,509	3,416,509	District document	
24	Subtotal SVCW Debt Service			\$5,127,970	6,963,243	7,110,291	7,413,027	10,453,525	11,114,878	11,521,472	11,357,964		
25	Total SVCW Expenses			\$13,417,267	\$18,372,353	\$15,253,698	\$17,469,051	\$19,409,375	\$20,493,379	\$21,334,160	\$22,690,440		
26	<i>Annual Change</i>				36.9%	-17.0%	14.5%	11.1%	5.6%	4.1%	6.4%		
27	Operating Expenses												
28	Salaries	c		\$4,917,723	\$5,163,609	\$5,370,154	\$5,584,960	\$5,808,358	\$6,040,692	\$6,282,320	\$6,533,613		
29	Employee Benefits	d		\$2,029,090	\$2,130,545	\$2,215,766	\$2,304,397	\$2,396,573	\$2,492,436	\$2,592,133	\$2,695,818		
30	Director's Fees	d		\$45,800	\$48,090	\$50,014	\$52,014	\$54,095	\$56,258	\$58,509	\$60,849		
31	Election Expense			\$0	\$70,000	\$0	\$70,000	\$0	\$70,000	\$0	\$70,000		
32	Gasoline, Oil and Fuel	p		\$128,000	\$131,840	\$135,795	\$139,869	\$144,065	\$148,387	\$153,454	\$158,694		
33	Insurance	p		\$287,900	\$296,537	\$305,433	\$314,596	\$324,034	\$333,755	\$343,152	\$356,938		
34	Memberships	p		\$88,000	\$90,640	\$93,359	\$96,160	\$99,045	\$102,016	\$105,500	\$109,102		
35	Office Expense	p		\$48,700	\$50,161	\$51,666	\$53,216	\$54,812	\$56,457	\$58,385	\$60,378		
36	Operating Supplies	p		\$462,700	\$476,581	\$490,878	\$505,605	\$520,773	\$536,396	\$554,713	\$573,655		
37	Contractual Services	p		\$849,300	\$874,779	\$901,022	\$928,053	\$955,895	\$984,571	\$1,018,192	\$1,052,962		
38	Professional Services	p		\$1,364,900	\$1,405,847	\$1,448,022	\$1,491,463	\$1,536,207	\$1,582,293	\$1,636,325	\$1,692,202		
39	Printing and Publications	p		\$77,200	\$79,516	\$81,901	\$84,359	\$86,889	\$89,496	\$92,552	\$95,713		
40	Rents and Leases	p		\$67,100	\$69,113	\$71,186	\$73,322	\$75,522	\$77,787	\$80,444	\$83,191		
41	Repairs and Maintenance	p		\$646,100	\$665,483	\$685,447	\$706,011	\$727,191	\$749,007	\$774,584	\$801,034		
42	Research and Monitoring	p		\$27,600	\$28,428	\$29,281	\$30,159	\$31,064	\$31,996	\$33,089	\$34,218		
43	Travel and Meetings	p		\$145,300	\$149,659	\$154,149	\$158,773	\$163,536	\$168,443	\$174,194	\$180,143		
44	Utilities	b		\$288,000	\$302,400	\$317,520	\$333,396	\$350,066	\$367,569	\$385,948	\$405,245		
45	Other Operating Expense	p		\$244,300	\$251,629	\$259,178	\$266,953	\$274,962	\$283,211	\$292,882	\$302,883		
46	Equipment Expense	p		\$112,400	\$115,772	\$119,245	\$122,823	\$126,507	\$130,302	\$134,752	\$139,353		
47	Pension Expense	d		\$50,000	\$52,500	\$54,600	\$56,784	\$59,055	\$61,418	\$63,874	\$66,429		
48	OPEB Expense	d		\$25,000	\$26,250	\$27,300	\$28,392	\$29,528	\$30,709	\$31,937	\$33,215		
49	Admin Alloc to Recycled Water Fund	p		(\$21,525)	(\$22,171)	(\$22,836)	(\$23,521)	(\$24,227)	(\$24,953)	(\$25,805)	(\$26,687)		
50	OH Alloc from Solid Waste Fund	p		(\$62,600)	(\$64,478)	(\$66,412)	(\$68,405)	(\$70,457)	(\$72,571)	(\$75,049)	(\$77,611)		
51	Server Replacement Program			\$23,000								FY 2023-24 District Budget	
52	Total Operating Expenditures			\$11,843,988	\$12,392,730	\$12,772,670	\$13,309,379	\$13,723,493	\$14,295,676	\$14,768,084	\$15,401,338		
53	<i>Annual Change</i>				4.6%	3.1%	4.2%	3.1%	4.2%	3.3%	4.3%		
54	Non-Operating Expenditures												
55	Contrib. to LAFCo	a		\$37,100	\$38,213	\$39,359	\$40,540	\$41,756	\$43,009	\$44,299	\$45,628		
56	Subtotal, Non-Operating Expenditures			\$37,100	\$38,213	\$39,359	\$40,540	\$41,756	\$43,009	\$44,299	\$45,628		
57	<i>Annual Change</i>				3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%		
58													
59	Total Expenses			\$25,298,355	\$30,803,296	\$28,065,727	\$30,818,969	\$33,174,625	\$34,832,063	\$36,146,544	\$38,137,407		
60	<i>Annual Change</i>				21.8%	-8.9%	9.8%	7.6%	5.0%	3.8%	5.5%		

	A	B	C	D	E	F	G	H	I	J	K	L	
1	West Bay Sanitary District												
2	Sewer Rate Study												
3	Table 2. Revenue Requirement												
4													
5				Budgeted	Projected								
6		Tbl. 1B	Tbl. 1B	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes	
61													
62	Non-Operating Revenues												
63		o		(\$403,165)	(\$70,554)	\$0	\$0	\$0	\$0	\$0	\$0		
64				(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)		
65		h		(\$448,187)	(\$466,114)	(\$484,759)	(\$504,149)	(\$524,315)	(\$540,045)	(\$556,246)	(\$572,934)		
66		g		(\$83,399)	(\$85,901)	(\$88,478)	(\$91,132)	(\$93,866)	(\$96,682)	(\$99,583)	(\$102,570)		
67		a		(\$186,300)	(\$191,889)	(\$197,646)	(\$203,575)	(\$209,682)	(\$215,973)	(\$222,452)	(\$229,126)		
68			Subtotal, Non-Operating Income	(\$1,321,051)	(\$1,014,458)	(\$970,883)	(\$998,857)	(\$1,027,864)	(\$1,052,700)	(\$1,078,281)	(\$1,104,629)		
69					-23.2%	-4.3%	2.9%	2.9%	2.4%	2.4%	2.4%		
70	Other Transfers to/(from)												
71				\$0	(\$10,982,437)	\$0	\$0	\$0	\$0	\$0	\$0	From Table 4	
72				\$2,913,031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Table 4	
73				\$11,572,685	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$10,626,580	\$10,626,580	From Table 4	
74				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Table 4	
75				\$401,577	\$413,624	\$426,033	\$438,814	\$451,978	\$465,538	\$479,504	\$493,889	From Table 4	
76				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
77			Total Transfers	\$14,887,293	\$7,495,905	\$18,490,751	\$18,503,532	\$18,516,696	\$18,530,255	\$11,106,084	\$11,120,469		
78					-49.6%	146.7%	0.1%	0.1%	0.1%	-40.1%	0.1%		
79			Net Revenue Requirement	\$38,864,597	\$37,284,743	\$45,585,595	\$48,323,644	\$50,663,457	\$52,309,619	\$46,174,347	\$48,153,246	To Table 3	
80			<i>Annual Change</i>		-4.1%	22.3%	6.0%	4.8%	3.2%	-11.7%	4.3%		
81			<i>Cumulative Change</i>		-4.1%	17.3%	24.3%	30.4%	34.6%	18.8%	23.9%		
82													
83	Source: West Bay Sanitary District FY 2023/24 Budget												

	A	B	C	D	E	F	G	H	I	J
1	West Bay Sanitary District									
2	Sewer Rate Study									
3	Table 3. Revenue Increases									
4										
5										
6										
7		Estimated	Projected							
8		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
9	Rate Revenue @ Current Rates									
10	Residential	25,765,972								includes manually billed parcels too.
11	Non-Residential	6,587,183								
12	Total Rate Revenue @ Current Rates	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	\$32,353,155	
13	Plus: Additional Revenue from Residential Growth		95,338	190,676	286,014	381,352	476,690	572,028	667,366	
14	Adjusted Revenue at Current Rates		\$32,448,493	\$32,543,831	\$32,639,169	\$32,734,507	\$32,829,845	\$32,925,183	\$33,020,521	To Below
15	Revenue Requirement	(\$38,864,597)	(\$37,284,743)	(\$45,585,595)	(\$48,323,644)	(\$50,663,457)	(\$52,309,619)	(\$46,174,347)	(\$48,153,246)	From Table 2
16	To/(From) operations before Rate Incr.	(\$6,511,442)	(\$4,836,250)	(\$13,041,764)	(\$15,684,475)	(\$17,928,950)	(\$19,479,774)	(\$13,249,164)	(\$15,132,726)	To Table 4
17										
18										
19	Increase in Rate Revenue		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	From Table 1A
20	Cumulative Increase in Rate Revenue		5.0%	10.3%	15.8%	21.6%	27.6%			To Table 1A
21	Revenue from Rate Increases									
22	FY 2024-25 (eff. July 1, 2024)		\$1,622,425	\$1,627,192	\$1,631,958	\$1,636,725	\$1,641,492	\$1,646,259	\$1,651,026	
23	FY 2025-26 (eff. July 1, 2025)			\$1,708,551	\$1,713,556	\$1,718,562	\$1,723,567	\$1,728,572	\$1,733,577	
24	FY 2026-27 (eff. July 1, 2026)				\$1,799,234	\$1,804,490	\$1,809,745	\$1,815,001	\$1,820,256	
25	FY 2027-28 (eff. July 1, 2027)					\$1,894,714	\$1,900,232	\$1,905,751	\$1,911,269	
26	FY 2028-29 (eff. July 1, 2029)						\$1,995,244	\$2,001,038	\$2,006,832	
27	FY 2029-30 (eff. July 1, 2030)							\$2,101,090	\$2,107,174	
28	FY 2030-31 (eff. July 1, 2031)								\$2,212,533	
29	Total Revenue from Rate Increases	\$0	\$1,622,425	\$3,335,743	\$5,144,749	\$7,054,491	\$9,070,281	\$11,197,711	\$13,442,668	
30	Total Current Revenue	\$32,353,155	\$32,448,493	\$32,543,831	\$32,639,169	\$32,734,507	\$32,829,845	\$32,925,183	\$33,020,521	From Above
31	Subtotal Revenue	\$32,353,155	\$34,070,917	\$35,879,573	\$37,783,918	\$39,788,997	\$41,900,125	\$44,122,894	\$46,463,189	To Line 44
32										
33	STEP System Additional Charge		\$46	\$48	\$51	\$53	\$56	\$59	\$62	From Table 1B
34	Current STEP System Customers		95	95	95	95	95	95	95	
35	Cumulative Additional STEP System Customers		0	0	0	0	0	0	0	
36	Subtotal		95	95	95	95	95	95	95	
37										
38	Revenue from Additional STEP System Charge Increases									
39	FY 2024-25 (eff. July 1, 2024)		\$4,370	\$4,370	\$4,370	\$4,370	\$4,370	\$4,370	\$4,370	
40	FY 2025-26 (eff. July 1, 2025)			\$4,560	\$4,560	\$4,560	\$4,560	\$4,560	\$4,560	
41	FY 2026-27 (eff. July 1, 2026)				\$4,845	\$4,845	\$4,845	\$4,845	\$4,845	
42	FY 2027-28 (eff. July 1, 2027)					\$5,035	\$5,035	\$5,035	\$5,035	
43	FY 2028-29 (eff. July 1, 2029)						\$5,320	\$5,605	\$5,890	
44	FY 2029-30 (eff. July 1, 2030)							\$5,605	\$5,605	
45	FY 2030-31 (eff. July 1, 2031)								\$5,890	
46	Total Revenue from STEP System Rate Increases		\$4,370	\$8,930	\$13,775	\$18,810	\$24,130	\$30,020	\$36,195	
47	Subtotal Revenue	\$32,353,155	\$34,070,917	\$35,879,573	\$37,783,918	\$39,788,997	\$41,900,125	\$44,122,894	\$46,463,189	From Line 30
48		\$32,353,155	\$34,075,287	\$35,888,503	\$37,797,693	\$39,807,807	\$41,924,255	\$44,152,914	\$46,499,384	
49	Revenue Requirement	(\$38,864,597)	(\$37,284,743)	(\$45,585,595)	(\$48,323,644)	(\$50,663,457)	(\$52,309,619)	(\$46,174,347)	(\$48,153,246)	From Above
50	To/(From) operations after Rate Incr.	(\$6,511,442)	(\$3,209,455)	(\$9,697,092)	(\$10,525,952)	(\$10,855,650)	(\$10,385,363)	(\$2,021,433)	(\$1,653,863)	To Table 4

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	West Bay Sanitary District												
2	Sewer Rate Study												
3	Table 4. Reserves												
4													
5			Tbl.	Actual	Adopted	Projected							
6			1B	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
7													
8	OPERATING (GENERAL) FUND												
9	Revenue Increases												
10						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	From Table 1A
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
21													
22													
23													
24													
25													
26													
27													
28													
29													
30	OPERATING RESERVE												
31													
32													
33													
34													
35													
36													
37													
38													
39													

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	West Bay Sanitary District												
2	Sewer Rate Study												
3	Table 4. Reserves												
4													
5			Tbl.	Actual	Adopted	Projected							
6			1B	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
40													
41	CAPITAL PROJECT RESERVE												
42					\$8,404,250	\$8,425,261	\$6,812,105	\$3,988,484	\$1,543,772	\$145,849	\$8,843,570	\$9,863,451	
43	Revenues												
44					\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	From District budget, see Table 1B
45													
46					(\$11,822,685)	(\$22,503,500)	(\$23,658,600)	(\$20,789,700)	(\$19,715,500)	(\$9,790,400)	(\$10,050,100)	(\$10,770,700)	FY 2023-24 see Table 5A, all future years see Table 5B
47					\$0	\$2,442,056	\$2,442,056	\$0	\$0	\$0	\$0	\$0	From Table 5C
48					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
49													
50					(\$11,572,685)	(\$19,811,444)	(\$20,966,544)	(\$20,539,700)	(\$19,465,500)	(\$9,540,400)	(\$9,800,100)	(\$10,520,700)	
51													
52	Transfers (To)/From												
53					\$11,572,685	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$10,626,580	\$10,626,580	Average of sums from rows 44:48 above, To Table 2
54					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Above
55					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Below
56					\$11,572,685	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$18,064,718	\$10,626,580	\$10,626,580	
57					\$8,404,250	\$6,678,535	\$3,910,279	\$1,513,502	\$142,990	\$8,670,167	\$9,670,050	\$9,969,331	
58					\$21,011	\$133,571	\$78,206	\$30,270	\$2,860	\$173,403	\$193,401	\$199,387	
59					Ending Balance	\$8,425,261	\$6,812,105	\$3,988,484	\$1,543,772	\$145,849	\$8,843,570	\$9,863,451	\$10,168,718
60					<i>Target Balance</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	<i>\$6,000,000</i>	From Table 1B
61													
62	EMERGENCY CAPITAL RESERVES												
63					\$6,333,208	\$6,349,041	\$6,476,021	\$6,605,542	\$6,737,653	\$6,872,406	\$7,009,854	\$7,150,051	
64	Transfers (To)/From												
65					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Table 2
66					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Above
67					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
68					\$6,333,208	\$6,349,041	\$6,476,021	\$6,605,542	\$6,737,653	\$6,872,406	\$7,009,854	\$7,150,051	
69					\$15,833	\$126,981	\$129,520	\$132,111	\$134,753	\$137,448	\$140,197	\$143,001	
70					Ending Balance	\$6,349,041	\$6,476,021	\$6,605,542	\$6,737,653	\$6,872,406	\$7,009,854	\$7,150,051	\$7,293,052
71					<i>Minimum Balance</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	
72					<i>Target Balance</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	<i>\$5,000,000</i>	

	A	B	C	D	E	F	G	H	I	J	K	L	M	
1	West Bay Sanitary District													
2	Sewer Rate Study													
3	Table 4. Reserves													
4														
5			Tbl.	Actual	Adopted	Projected								
6			1B	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes	
73	RATE STABILIZATION FUND													
74	Beginning Balance													
75					\$10,663,315	\$10,689,973	\$10,903,773	\$11,121,848	\$11,344,285	\$11,571,171	\$11,802,594	\$12,038,646		
76					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
77	Transfers (To)/From													
78					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Table 2	
79					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
80					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Above	
81					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
82					\$10,663,315	\$10,689,973	\$10,903,773	\$11,121,848	\$11,344,285	\$11,571,171	\$11,802,594	\$12,038,646		
83				f	\$26,658	\$213,799	\$218,075	\$222,437	\$226,886	\$231,423	\$236,052	\$240,773		
84					Ending Balance	\$10,663,315	\$10,903,773	\$11,121,848	\$11,344,285	\$11,571,171	\$11,802,594	\$12,038,646	\$12,279,419	
85					<i>Target Balance</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	<i>\$10,000,000</i>	revised per 2021 Board policy	
86	VEHICLE & EQUIPMENT REPLACEMENT FUND													
88	Beginning Balance													
89					\$ 1,191,365	\$ 1,150,812	\$ 1,128,208	\$ 1,103,783	\$ 1,077,460	\$ 1,049,159	\$ 1,018,796	\$ 986,286		
90	Capital Projects													
91				a	(\$445,000)	(\$458,350)	(\$472,101)	(\$486,264)	(\$500,851)	(\$515,877)	(\$531,353)	(\$547,294)		
92	Transfers (To)/From													
93				a	\$401,577	\$413,624	\$426,033	\$438,814	\$451,978	\$465,538	\$479,504	\$493,889	From FY 2023-24 budget w/ 3% annual increase; To Table 2	
94					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
95					\$401,577	\$413,624	\$426,033	\$438,814	\$451,978	\$465,538	\$479,504	\$493,889		
96					\$1,147,942	\$1,106,086	\$1,082,140	\$1,056,334	\$1,028,587	\$998,820	\$966,947	\$932,881		
97				f	\$2,870	\$22,122	\$21,643	\$21,127	\$20,572	\$19,976	\$19,339	\$18,658		
98					Ending Balance	\$1,191,365	\$1,150,812	\$1,128,208	\$1,103,783	\$1,077,460	\$1,049,159	\$986,286	\$951,539	
99					<i>Target Balance</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>	<i>\$1,000,001</i>	<i>\$1,000,002</i>		
100	TREATMENT PLANT RESERVE FUND													
101	Beginning Balance													
102					\$ 12,036,290	\$ 12,066,381	\$ 12,307,709	\$ 12,553,863	\$ 12,804,940	\$ 13,061,039	\$ 13,322,260	\$ 13,588,705		
103	Transfers (To)/From													
104					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	To Table 2	
105					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
106					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
107					\$ 12,036,290	\$ 12,066,381	\$ 12,307,709	\$ 12,553,863	\$ 12,804,940	\$ 13,061,039	\$ 13,322,260	\$ 13,588,705		
108				f	\$30,091	\$241,328	\$246,154	\$251,077	\$256,099	\$261,221	\$266,445	\$271,774		
109					Ending Balance	\$12,036,290	\$12,066,381	\$12,307,709	\$12,804,940	\$13,061,039	\$13,322,260	\$13,588,705	\$13,860,479	
110					<i>Target Balance</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>	<i>\$12,000,000</i>		
111	OPEB/PERS Unfunded Liabilities													
113	Beginning Balance													
114					\$734,330	\$749,017	\$763,997	\$779,277	\$794,863	\$810,760	\$826,975	\$843,515		
115	Transfers (To)/From													
116					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
117					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Above	
118					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
119					\$734,330	\$749,017	\$763,997	\$779,277	\$794,863	\$810,760	\$826,975	\$843,515		
120					\$14,687	\$14,980	\$15,280	\$15,586	\$15,897	\$16,215	\$16,540	\$16,870	2% earnings per year (District)	
121					Ending Balance	\$734,330	\$749,017	\$763,997	\$779,277	\$794,863	\$810,760	\$826,975	\$843,515	
122					<i>Unfunded Liability + OPEB Target</i>	<i>502,455</i>	<i>502,455</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	<i>200,000</i>	Per District	

A	B	C	D	E
1	West Bay Sanitary District			
2	Sewer Rate Study		Per FY 2023-24 Adopted Budget	
3	Table 5A. FY 2023-24 Capital Projects			
4				
5			Adopted	
6			FY 2023-24	Notes
7	Administration			
8	Software Purchases		150,000	
9	Administration Subtotal		\$150,000	
10	Collection Facilities			
11	FERRF (Levee)		500,000	
12	Future Program		100,000	
13	Collection Facilities Subtotal		\$600,000	
14	Construction in Progress			
15	Levee Survey & GPS Update		\$60,000	
16	Levee Survey & GPS Update		\$3,000,000	
17	Corporation Yard Construction		\$0	
18	Construction in Progress Subtotal		\$3,060,000	
19				
20	Subsurface Lines & Other Capital			
21	Pump Equipment Replacement Program		\$40,000	
22	Pump station Telemetry		\$400,000	
23	Future Pump Stations		\$0	
24	Subsurface Lines & Other Subtotal		\$440,000	
25				
26	Pipe Replacement and Rehabilitation and Engineering			
27	Lower Ringwood / North Bay		\$0	
28	Misc Point Repairs - High Freq. List Repairs		\$2,703,200	
29	Construction Projects Environmental Review		\$20,000	
30	Spot Repair Design-High Frequency List		\$0	
31	Pipeline Replacement Design		\$0	
32				
33	Willow Road Pump Station Rehabilitation		1,000,000	
34	Willow Road Pump Station Rehabilitation Design		200,000	
35	Stowe Lane		3,000,000	
36	Bayfront Park Sanitary Sewer Improvements		549,485	
37	Pipe Replacement and Rehabilitation Subtotal		7,472,685	Per District 10 year plan
38	Capacity			
39	Capacity Subtotal		\$0	
40	Other			
41	Manhole Raising		\$100,000	
42	Other Subtotal		\$100,000	
43				
44	Total Capital Expenses		\$11,822,685	
45	Less: Connection Fee Revenue		(\$250,000)	FY 2020-21 currently reflect PY Rate Study amounts
46	Net PAYGo Capital Expenses		\$11,572,685	To Table 4
47	to be paid by Rates			
48				Project expenses assume inflation.
49	Carryover Projects			
50	Bayfront Park Sanitary Sewer Improvements Carryover		1,050,515	36" pipe replacement project ~300'
51	Stowe Lane Design (Carryover)		200,000	
52	Willow Road Pump Station Rehabilitation (Carryover)		700,000	
53	Pipeline Replacement Design (Carryover)		\$350,000	
54	Spot Repair Design-High Frequency List (Carryover)		\$350,000	
55	Misc Point Repairs - High Freq. List Repairs (Carryover)		\$1,621,800	
56	Levee Survey & GPS Update		\$7,000,000	
57	Corporation Yard Renovation Design (Carryover)		\$350,000	
58	Carryover Subtotal		11,622,315	

	A	B	C	D	E
1	West Bay Sanitary District				
2	Sewer Rate Study				
3	Table 5B. Future Capital Projects				
4	Updated based on FY 2024-25 Budget Draft Master				
5	updates on 1/11/24				
6		Project	Project Cost		2024-25
7	LAMP Projects	L.1. Near-term Pipe Repair Projects	\$8,000,000		\$10,000,000
8		L.2. Grade 5 Priority Basins 010, 030, 040, 050, 070AB			
9		L.2.1. Priority 1 Grade 5 Defects	\$284,300		\$284,300
10		L.2.2. Priority 2 Grade 5 Defects	\$3,651,000		\$730,200
11		L.2.3. Contiguous Grade 4 Defects	\$2,175,200		\$435,000
12		L.3. Grade 5 Basins 020, 060, 070CD, and 080 through 150			
13		L.3.1. Priority 2 Grade 5 Defects	\$2,229,700		
14		L.3.2. Contiguous Grade 4 Defects	\$672,900		
15		L.4. Grade 4 Basins 020, 030, 040, 050, 070			
16		L.4.1. Priority 3 Grade 4 Defects	\$1,340,000		
17		L.4.2. Other Grade 4 Defects	\$5,925,900		
18		L.5. Grade 4 Basins 010, 060, 080, 090 through 150			
19		L.5.1. Other Grade 4 Defects	\$9,493,400		
20		L.6. Future Repairs and Replacements (1.5% per year)	\$40,282,900		
21	L.7 Middle Undercrossing	\$500,000			
22		LAMP Projects Subtotal	\$74,555,300	\$0	\$11,449,500
23	Capacity Improvements	C.1. Willow PS Discharge (Ivy Drive) Capacity Improvements			
24		C.1.1. Interim Solution	Completed		
25		C.1.2. Convert Gravity Main to Extended Forcemain	\$1,409,800		
26		C.2. Elena Ave and Park Lane Capacity Improvements			
27		C.2.1. Flow/Level Monitoring	\$15,000		\$15,000
28		C.2.2. Upsize Pipe to 10" on Elena Avenue and Park Lane	\$3,675,500		
29		Capacity Improvements Subtotal	\$5,100,300	\$0	\$15,000
30	Pump Station Improvements	P.0 Pump Station Telemetry Project	\$600,000		\$600,000
31		P.1 Willow Pump Station Near-Term Improvements	\$1,700,000		\$1,700,000
32		P.2 Stowe Lane Pump Station Improvements	\$3,000,000		\$3,000,000
33		P.3 Hamilton Henderson Wetwell Lining	\$77,000		
34		P.4 FERRF Pump Station Improvements	\$1,420,000		
35		P.5 Willow, University, and Illinois Forceman Replacements	\$2,078,000		\$1,039,000
36		Pump Station Improvements Subtotal	\$8,875,000	\$0	\$6,339,000
37	Other Added from Budget	Maintenance Building Upgrades	\$7,000,000		
38		Levee			\$4,000,000
39		FERRF Improvements			500,000
40		Allowance For Unanticipated Capital Expenditures			100,000
41		Manhole Raising (Paving Projects)			100,000
42	Additional	Laurel Ave-Hwy101 Crossing			
43		Total without Recycled Water	\$47,647,700	Prior Allocation	\$22,503,500

	A	B	F	G	H
1	West Bay Sanitary District				
2	Sewer Rate Study				
3	Table 5B. Future Capital Projects				
4	Plan.xlsx provided by District via email on 1/11/24				
5					
6		Project	2025-26	2026-27	2027-28
7	LAMP Projects	L.1. Near-term Pipe Repair Projects	\$10,000,000	\$10,000,000	\$10,000,000
8		L.2. Grade 5 Priority Basins 010, 030, 040, 050, 070AB			
9		L.2.1. Priority 1 Grade 5 Defects			
10		L.2.2. Priority 2 Grade 5 Defects	\$2,190,600	\$730,200	
11		L.2.3. Contiguous Grade 4 Defects	\$1,305,100	\$435,000	
12		L.3. Grade 5 Basins 020, 060, 070CD, and 080 through 150			
13		L.3.1. Priority 2 Grade 5 Defects		\$2,229,700	
14		L.3.2. Contiguous Grade 4 Defects		\$672,900	
15		L.4. Grade 4 Basins 020, 030, 040, 050, 070			
16		L.4.1. Priority 3 Grade 4 Defects			\$1,340,000
17		L.4.2. Other Grade 4 Defects			
18		L.5. Grade 4 Basins 010, 060, 080, 090 through 150			
19		L.5.1. Other Grade 4 Defects			
20		L.6. Future Repairs and Replacements (1.5% per year)			
21	L.7 Middle Undercrossing	\$500,000			
22		LAMP Projects Subtotal	\$13,995,700	\$14,067,800	\$11,340,000
23	Capacity Improvements	C.1. Willow PS Discharge (Ivy Drive) Capacity Improvements			
24		C.1.1. Interim Solution			
25		C.1.2. Convert Gravity Main to Extended Forcemain	\$704,900	\$704,900	
26		C.2. Elena Ave and Park Lane Capacity Improvements			
27		C.2.1. Flow/Level Monitoring			
28	C.2.2. Upsize Pipe to 10" on Elena Avenue and Park Lane			\$3,675,500	
29		Capacity Improvements Subtotal	\$704,900	\$704,900	\$3,675,500
30	Pump Station Improvements	P.0 Pump Station Telemetry Project			
31		P.1 Willow Pump Station Near-Term Improvements			
32		P.2 Stowe Lane Pump Station Improvements			
33		P.3 Hamilton Henderson Wetwell Lining	\$77,000		
34		P.4 FERRF Pump Station Improvements	\$142,000	\$1,278,000	
35		P.5 Willow, University, and Illinois Forceman Replacements	\$1,039,000	\$1,039,000	
36		Pump Station Improvements Subtotal	\$1,258,000	\$2,317,000	\$0
37	Other	Maintenance Building Upgrades		\$3,000,000	\$4,000,000
38		Levee	\$4,000,000		
39		FERRF Improvements	500,000	500,000	500,000
40		Allowance For Unanticipated Capital Expenditures	100,000	100,000	100,000
41		Manhole Raising (Paving Projects)	100,000	100,000	100,000
42	Additional	Laurel Ave-Hwy101 Crossing	\$3,000,000		
43		Total without Recycled Water	\$23,658,600	\$20,789,700	\$19,715,500

	A	B	I	J	K
1	West Bay Sanitary District				
2	Sewer Rate Study				
3	Table 5B. Future Capital Projects				
4					
5					
6		Project	2028-29	2029-30	2030-31
7	LAMP Projects	L.1. Near-term Pipe Repair Projects			
8		L.2. Grade 5 Priority Basins 010, 030, 040, 050, 070AB			
9		L.2.1. Priority 1 Grade 5 Defects			
10		L.2.2. Priority 2 Grade 5 Defects			
11		L.2.3. Contiguous Grade 4 Defects			
12		L.3. Grade 5 Basins 020, 060, 070CD, and 080 through 150			
13		L.3.1. Priority 2 Grade 5 Defects			
14		L.3.2. Contiguous Grade 4 Defects			
15		L.4. Grade 4 Basins 020, 030, 040, 050, 070			
16		L.4.1. Priority 3 Grade 4 Defects			
17		L.4.2. Other Grade 4 Defects	\$5,925,900		
18		L.5. Grade 4 Basins 010, 060, 080, 090 through 150			
19		L.5.1. Other Grade 4 Defects	\$3,164,500	\$6,328,900	
20	L.6. Future Repairs and Replacements (1.5% per year)		\$3,021,200	\$10,070,700	
21	L.7 Middle Undercrossing				
22		LAMP Projects Subtotal	\$9,090,400	\$9,350,100	\$10,070,700
23	Capacity Improvements	C.1. Willow PS Discharge (Ivy Drive) Capacity Improvements			
24		C.1.1. Interim Solution			
25		C.1.2. Convert Gravity Main to Extended Forcemain			
26		C.2. Elena Ave and Park Lane Capacity Improvements			
27		C.2.1. Flow/Level Monitoring			
28	C.2.2. Upsize Pipe to 10" on Elena Avenue and Park Lane				
29		Capacity Improvements Subtotal	\$0	\$0	\$0
30	Pump Station Improvements	P.0 Pump Station Telemetry Project			
31		P.1 Willow Pump Station Near-Term Improvements			
32		P.2 Stowe Lane Pump Station Improvements			
33		P.3 Hamilton Henderson Wetwell Lining			
34		P.4 FERRF Pump Station Improvements			
35	P.5 Willow, University, and Illinois Forceman Replacements				
36		Pump Station Improvements Subtotal	\$0	\$0	\$0
37	Other	Maintenance Building Upgrades			
38		Levee			
39		FERRF Improvements	500,000	500,000	500,000
40		Allowance For Unanticipated Capital Expenditures	100,000	100,000	100,000
41	Additional Budget	Manhole Raising (Paving Projects)	100,000	100,000	100,000
42		Laurel Ave-Hwy101 Crossing			
43		Total without Recycled Water	\$9,790,400	\$10,050,100	\$10,770,700

	A	B	L	M	N
1	West Bay Sanitary District				
2	Sewer Rate Study				
3	Table 5B. Future Capital Projects				
4					
5					
6		Project	2031-32	2032-33	2033-34
7	LAMP Projects	L.1. Near-term Pipe Repair Projects			
8		L.2. Grade 5 Priority Basins 010, 030, 040, 050, 070AB			
9		L.2.1. Priority 1 Grade 5 Defects			
10		L.2.2. Priority 2 Grade 5 Defects			
11		L.2.3. Contiguous Grade 4 Defects			
12		L.3. Grade 5 Basins 020, 060, 070CD, and 080 through 150			
13		L.3.1. Priority 2 Grade 5 Defects			
14		L.3.2. Contiguous Grade 4 Defects			
15		L.4. Grade 4 Basins 020, 030, 040, 050, 070			
16		L.4.1. Priority 3 Grade 4 Defects			
17		L.4.2. Other Grade 4 Defects			
18		L.5. Grade 4 Basins 010, 060, 080, 090 through 150			
19		L.5.1. Other Grade 4 Defects			
20		L.6. Future Repairs and Replacements (1.5% per year)	\$10,070,700	\$10,070,700	\$10,070,700
21	L.7 Middle Undercrossing				
22		LAMP Projects Subtotal	\$10,070,700	\$10,070,700	\$10,070,700
23	Capacity Improvements	C.1. Willow PS Discharge (Ivy Drive) Capacity Improvements			
24		C.1.1. Interim Solution			
25		C.1.2. Convert Gravity Main to Extended Forcemain			
26		C.2. Elena Ave and Park Lane Capacity Improvements			
27		C.2.1. Flow/Level Monitoring			
28	C.2.2. Upsize Pipe to 10" on Elena Avenue and Park Lane				
29		Capacity Improvements Subtotal	\$0	\$0	\$0
30	Pump Station Improvements	P.0 Pump Station Telemetry Project			
31		P.1 Willow Pump Station Near-Term Improvements			
32		P.2 Stowe Lane Pump Station Improvements			
33		P.3 Hamilton Henderson Wetwell Lining			
34		P.4 FERRF Pump Station Improvements			
35	P.5 Willow, University, and Illinois Forceman Replacements				
36		Pump Station Improvements Subtotal	\$0	\$0	\$0
37	Other	Maintenance Building Upgrades			
38		Levee			
39		FERRF Improvements	500,000	500,000	500,000
40		Allowance For Unanticipated Capital Expenditures	100,000	100,000	100,000
41	Additional Budget	Manhole Raising (Paving Projects)	100,000	100,000	100,000
42		Laurel Ave-Hwy101 Crossing			
43		Total without Recycled Water	\$10,770,700	\$10,770,700	\$10,770,700

	A	B	C	D	E	F	G	H	I	J	K
1	West Bay Sanitary District										
2	Sewer Rate Study										
3	Table 5C. SRF Cash Flow Needs (Sewer)										
4											
5											
6											
7											
8			Adopted				Projected				
9			FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
10	SRF Project 1		0	0	0	0	0	0	0	0	0
11	SRF Project 2		0	0	0	0	0	0	0	0	0
12		Subtotal SRF Project Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	SRF Disbursements - NFWF		\$0	\$2,442,056	\$2,442,056						For levee project; reimbursement based on staff estimates assumed as \$0 because due to Bayfront RW project
14	SRF Disbursements - WRFP		\$0	\$0	\$0	\$0					
15		Subtotal Cash Needs from Capital Reserve	\$0	\$2,442,056	\$2,442,056	\$0	\$0	\$0	\$0	\$0	\$0

	A	B	C	D	E	F	G	H	I	J
1	West Bay Sanitary District									
2	Sewer Rate Study									
3	Table 6. Debt Service									
4										
5										
6		Budgeted				Projected				
7	Debt Coverage Ratio	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Notes
8	Revenue Sources									
9	Sewer Service Charges	\$32,353,155	\$34,075,287	\$35,888,503	\$37,797,693	\$39,807,807	\$41,924,255	\$44,152,914	\$46,499,384	From Table 3
10	Flow Equalization Cost Sharing	\$403,165	\$70,554	\$0	\$0	\$0	\$0	\$0	\$0	From Table 2
11	Permit & Inspection Fees	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	From Table 2
12	Other Operating Revenue (Los Altos Hills, Woodside)	\$531,586	\$552,015	\$573,237	\$595,282	\$618,182	\$636,727	\$655,829	\$675,504	From Table 2
13	Sharon Heights SRF	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	Per District
14	Connection fees	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	From Table 5
15	Investment Interest	\$1,187,632	\$1,225,614	\$941,746	\$790,402	\$781,061	\$970,122	\$1,009,096	\$1,034,528	
16	Subtotal	\$35,588,448	\$37,036,381	\$38,516,398	\$40,296,287	\$42,319,961	\$44,644,016	\$46,930,749	\$49,322,327	
17										
18	Operating Expenses									From Table 2
19	SVCW Operating Expenses	(\$6,117,648)	(\$6,360,275)	(\$6,614,686)	(\$6,879,274)	(\$7,154,445)	(\$7,440,623)	(\$7,738,248)	(\$8,047,777)	
20	WBSD Operating Expenses	(\$11,843,988)	(\$12,392,730)	(\$12,772,670)	(\$13,309,379)	(\$13,723,493)	(\$14,295,676)	(\$14,768,084)	(\$15,401,338)	
21	Subtotal	(\$17,961,636)	(\$18,753,005)	(\$19,387,356)	(\$20,188,652)	(\$20,877,938)	(\$21,736,298)	(\$22,506,331)	(\$23,449,115)	
22										
23	Net Revenue	\$17,626,812	\$18,283,376	\$19,129,042	\$20,107,635	\$21,442,023	\$22,907,717	\$24,424,418	\$25,873,211	
24										
25	Debt Service									
26	SVCW Debt Service									
27	2018 Bond (\$55 million)	\$1,837,963	\$4,577,316	\$4,724,364	\$5,027,100	\$5,056,279	\$5,717,633	\$5,719,036	\$5,555,528	From Table 2
28	2021A Refunding Bonds (\$55.7 million)	\$2,731,306	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Table 2
29	SVCW SRF for WWTP Phase I (C-06-5216-120)	\$506,765	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	\$2,385,927	From Table 2
30	Line of Credit Interest	\$51,936	\$0	\$0	\$0	\$0	\$0	\$0	\$0	From Table 2
31	New WIFIA Loan(s)	\$0	\$0	\$0	\$0	\$3,011,318	\$3,011,318	\$3,416,509	\$3,416,509	From Table 2
32	Subtotal	\$5,127,970	\$6,963,243	\$7,110,291	\$7,413,027	\$10,453,525	\$11,114,878	\$11,521,472	\$11,357,964	
33	Sharon Heights SRF	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	\$662,911	Per District
34	Total Debt Service	\$5,790,881	\$7,626,154	\$7,773,202	\$8,075,938	\$11,116,436	\$11,777,789	\$12,184,383	\$12,020,875	
35										
36										
37	Debt coverage ratio	3.04	2.40	2.46	2.49	1.93	1.94	2.00	2.15	



WEST BAY SANITARY DISTRICT

PUBLIC HEARING ON PROPOSED INCREASE IN SEWER SERVICE CHARGES MAY 8, 2024

(Please Share This Information with Tenants)



The West Bay Sanitary District provides sewer service to approximately 55,000 customers in areas of Menlo Park, Atherton, Portola Valley, East Palo Alto, Woodside, and Unincorporated San Mateo and Santa Clara Counties. The District, established in 1902, owns and operates more than 200 miles of public sewer pipelines and 13 pumping stations throughout the service area. The District's sewer system is aging. To meet our goal of providing safe, reliable service to our customers, the District proposes three sewer service rate changes 1) effective July 1, 2024, through the property tax bill for FY 2024/25; 2) effective July 1, 2025, through the property tax bill for FY 2025/26; and 3) effective July 1, 2026, through the property tax bill for FY 2026/27

To ensure proper maintenance of the collection system and proper connections to the system, the District employs 31 people. The District's fiscal year begins on July 1 and ends on June 30 of the following year. Customers are billed annually on the San Mateo County tax rolls.

Collection System Infrastructure Replacements

Since 2010, the District has been committed to a system-wide rehabilitation and replacement infrastructure program. The District's goal is to proactively replace the entire 210-mile sewer system before it reaches the end of its useful life. More than half of the District's sewer lines are in excess of 50 years old. These older pipes often experience heavy root intrusion, corrosion, and local failures. Gaps in the pipeline system admit groundwater during wet weather; this additional water floods the system and, if severe, could result in overflows from the existing system manholes. During heavy storm events the regional plant relies on the Flow Equalization Facility (FEF) behind Bedwell Park in Menlo Park, to store raw wastewater until it can be treated at the regional plant. The levee around the FEF must be raised to protect the site and the San Francisco Bay from contamination. The additional rain and groundwater increases the flows that need treatment at the regional treatment plant (see below). The estimated cost of this infrastructure program, for the District's service area, is approximately \$19.0 million annually, which has increased significantly in recent years as construction costs continue to rise at a rate greater than inflation.

In addition, the District has implemented an aggressive preventive maintenance program in accordance with guidelines established by the State Water Resources Control Board. In order to continue to fund these sewer system operations and infrastructure improvements on a pay-as-you-go basis, which ultimately keeps costs down for the ratepayers, the sewer service charge must be increased in fiscal years 2024/25, 2025/26, and 2026/27.

SVCW Treatment Plant Improvements

The District sends wastewater north to the Silicon Valley Clean Water (SVCW) Wastewater Treatment Plant, located in Redwood Shores. The SVCW facility also treats wastewater from Redwood City, San Carlos, and Belmont. The District's share of operating costs for SVCW are approximately \$7M per year. In addition, in 2008, SVCW began a significant program to plan, design, and construct over \$931 million in capital improvement projects through 2030. These projects replace aging facilities and enable the treatment plant to meet more stringent wastewater permit requirements. The cost of funding the District's portion of these critical projects must be incorporated in the sewer rates, and are defined as a separate wastewater component of the rates. This cost represents a large portions of the required sewer service charge increase.

Proposed Rates

A sewer service charge rate study, completed by the District's rate consultant, HF&H Consultants (HF&H), found District rates need to increase to cover operating and capital expenses for fiscal years 2024/25, 2025/26, and 2026/27. Residential and Commercial/Industrial rates are proposed to increase by 5.0% each year.

Approximately 95 homes in the Portola Valley area (located within the On-Site Wastewater Disposal Zone) pay higher charges for the maintenance of their STEP or Grinder Sewer Collection Systems. The District currently charges an additional \$920 annually to maintain these collection systems. To realign charges with the cost of service, charges for the maintenance of the STEP/Grinder Sewer Collection Systems were proposed to increase annually over five fiscal years beginning in FY 2020/21 through 2024/25. For fiscal year 2024/25, the fifth of five years, the proposed STEP/Grinder Sewer Collection System charge is \$1,070, an increase of \$150. For fiscal year 2025/26 the proposed STEP/Grinder Sewer Collection System charge is \$1,220, and for fiscal year 2026/27, the proposed STEP/Grinder Sewer Collection System charge is \$1,370.

Non-residential customers pay charges based on their metered water use from the prior twelve months (measured in hundred cubic feet or CCF). Each non-residential charge is the product of the customer's flow multiplied by the rate corresponding to the customer's

Proposed Rates

	Proposed FY 2024/25	Proposed FY 2025/26	Proposed FY 2026/27
Residential (per Dwelling Unit)			
Single Family, Multi-Family	\$1,371	\$1,440	\$1,512
On-site Wastewater Disposal Zone	\$2,441	\$2,660	\$2,882
Commercial (per CCF)			
Retail/Commercial	\$11.05	\$11.60	\$12.18
Institution/Public	\$10.06	\$10.56	\$11.09
Restaurants	\$23.27	\$24.43	\$25.65
Supermarkets with Grinders	\$23.53	\$24.71	\$25.95
Hospitals	\$11.42	\$11.99	\$12.59
Hotels with Dining Facilities	\$18.78	\$19.72	\$20.71
Industrial			
Flow rate (per CCF)	\$8.15	\$8.56	\$8.99
BOD (per pound)	\$1.44	\$1.51	\$1.59
TSS (per pound)	\$1.64	\$1.72	\$1.81

class. Industrial customers are billed based on each customer's prior annual flow and the strength of the customer's wastewater based on sampling data.

Single-Family Rate Breakdown (per Dwelling Unit)

Component	Proposed (per dwelling unit)			
	Current	FY 2024/25	FY 2025/26	FY 2026/27
Collection	\$719 (55%)	\$867 (63%)	\$977 (68%)	\$985 (65%)
Treatment	\$587 (45%)	\$504 (36%)	\$463 (32%)	\$527 (35%)
Total	\$1,306	\$1,371	\$1,440	\$1,512

Fairness Principle

The proposed rates were calculated by the District in order to evenly spread applicable costs amongst sewer users according to the proportionate cost of service to each user. The proposed rate increases will provide funds to pay for the District’s planned operational costs, capital improvements through June of 2027 (including engineering, administrative, and implementation costs.) The proposed rate increase will also cover the ongoing SVCW Operations & Maintenance costs, repay the District’s share of principal and interest on SVCW loans and bonds, as well as, the newly identified capital improvement projects of 2024.



Emergency Service

To request service, please call (650) 321-0384, 24 hours a day, 365 days per year.

SVCW Regional Treatment Plant

The District provides 24-hour emergency service. We recommend that you always contact the District in the event that you are having a problem with your sewer pipelines. District Emergency Response crews will check the main line sewer to ensure that it is flowing correctly, and will advise you if the problem is located in the portion of the sewer from the main line to your home or business (this portion is your private sewer lateral).

If your property has a conforming cleanout (which looks like a 4-inch capped pipe near the street or near your home or business), District crews will perform a courtesy cleaning of your sewer pipe. If you do not have a conforming clean out, it is recommended that you install one. A permit must be obtained from the District. The District will then provide a courtesy cleaning. All new installations require conforming cleanouts. Please visit our website for more information.

www.westbaysanitary.org



West Bay Sanitary District
500 Laurel Street
Menlo Park, CA 94025-3427

**Important Information – Notice of Public Hearing
Wednesday, May 8, 2024 at 7:00 p.m.**

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WEST BAY SANITARY DISTRICT
NOTICE OF PUBLIC HEARING

Notice is given that the Board of Directors of West Bay Sanitary District will conduct a Regular Meeting and Public Hearing on **Wednesday evening, May 8, 2024 at 7:00 p.m.** The location of the meeting:

West Bay Sanitary District - Ronald W. Shepherd Admin. Building
500 Laurel Street
Menlo Park, California 94025 or by Zoom or Telephone
<https://us06web.zoom.us/j/88590407326?pwd=mEVotKa0u6Z1aoee9YlfkXHTLUfobN.1>
Meeting ID: 885 9040 7326 Passcode: 549236

The purpose of the Public Hearing will be to consider proposed increases in Sewer Service Charge fees for all District customers, for fiscal year 2024/25, 2025/26, and 2026/27. At the Public Hearing, any interested persons may address the District Board. The proposed rates are \$1,371 per Single Family Residence for fiscal year 2024/25 (a \$65 per year increase), \$1,440 for fiscal year 2025/26 (a \$69 per year increase), and \$1,512 for fiscal year 2026/27 (a \$72 per year increase). For customers in the On-Site Wastewater Disposal Zone, the proposed rates are \$2,441 for fiscal year 2024/25 (a \$215 per year increase), \$2,660 in fiscal year 2025/26 (a \$219 per year increase), and \$2,882 for fiscal year 2026/27 (a \$222 per year increase). Proposed rates for Commercial or Industrial Customers are set forth on Page One of this Notice. If you wish to file a written protest, please send a letter in a sealed envelope to the address above. Your letter must identify the real property you own or rent by street address and assessor’s parcel number (APN). Your letter must be legibly signed by any one of the current property owners or ratepayers of record. The District must receive your letter in a sealed envelope by 4:00 p.m. on May 8, 2024, or it must be presented at the District Board meeting on May 8, 2023 prior to the close of the public hearing. Any person interested, including all sanitary sewer customers of the West Bay Sanitary District, may appear at the public hearing and be heard on any matter related to the proposed increase in rates. At the public hearing, the agency shall consider all written protests against the proposed fees. If written protests against the proposed fees are presented by a majority of District customers, the District shall not adjust the fees.

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To: Board of Directors
From: Sergio Ramirez, General Manager
Subject: General Manager's Report

1) Administrative:

- a. The first bids were advertised on the new Bidnet Direct platform. Over twenty contractors have downloaded plan sets for the Willow Pump Station Project and the Point Repair Project Phase II. The new bidding platform is linked to the new and old website.
- b. The District has three Board of Directors positions up for election in 2024.

2) Finance:

- a. The District received a Solid Waste Surplus Distribution in the amount of \$317,824.00 from Recology for year 2022. The District now holds a balance of over \$800,000 which can be used to address SB-1383 and to stabilize rate increases.
- b. Staff along with HF&H will bring the 2024 Sewer Service Charge rate study to the Board during the February 28, 2024, Regular Board Meeting and ask to set a date for a public hearing to raise rates as necessary.

3) CIP Projects:

a. Capital Improvement Program (CIP):

- i. Ranger Pipelines submitted a revised construction schedule for the Bayfront Improvements Project. The underground pipeline work is scheduled to begin in late March.

b. Levee Improvement Project:

- i. With phase I of the levee project being complete, staff will begin to ask for reimbursement from the National Fish and Wildlife Foundation grant.

4) Information Technology (IT):

- a. Staff continues to work on the online permitting system. The scheduled date for the testing period will be March 17th.

5) Operations and Maintenance:

a. Collection System:

- i. Designated staff members were out in the field during the recent storms. We are happy to report that we did not experience any issues at our creek crossings and other related areas in the system.

b. Pump Facilities:

- i. The Pump Facility Supervisor will give an update on the Private STEP/Grider Systems to the Board during the March 13, 2024 Regular Board Meeting.

c. Training:

- i. Maintenance staff received Hazardous Waste training on February 5, 2024.

- 6) **Water Quality:**
 - a. **Sharon Heights Golf and Country Club (SHGCC):**
 - i. The 2023 Operation & Maintenance reconciliation or end of the year true-up invoice was sent to SHGCC for approximately \$69,000.00.
 - b. **Bayfront Recycled Water Facility (BRWF):**
 - i. The Recycled Water Committee met with the Project Management team on February 22, 2024, to review the Request for Proposal documents. The RFP will come to the full Board during the March 13 meeting.
 - c. **Woodside Recycled Water Facility (WRWF):**
 - i. Staff will seek reimbursement from the State Water Board for the feasibility study grant.
- 7) **Fleet and Facilities:**
 - a. **Vehicle Maintenance:**
 - i. The new mini excavator has been ordered and is scheduled to arrive by February 28.
- 8) **Personnel:**
 - i. General Manager will be on vacation from March 28 till April 6, 2024. The Water Quality Manager and Operations Superintendent will be in charge in his absence.
- 9) **Upcoming Events:**
 - a. **Next Regular Board Meetings:** Wednesdays, February 28 & March 13, 2024.
- 10) **Misc. Items:**
 - a. **West Bay:** The General Manager will update the Board on miscellaneous items related to District operations.
 - b. **Town of Los Altos Hills:** Crews continue to maintain, and video inspect the Town's system.
 - c. **Town of Woodside:** The Pump Crew responded to a power outage at the Town Center Pump Station during recent storm events.



WEST BAY SANITARY DISTRICT AGENDA ITEM 7

To: Board of Directors

From: Fariborz Heydari, P.E., Project Manager

Subject: Consider Authorizing the General Manager to Execute an Agreement for On-call Engineering Services

Background

California Housing Bill SB-330, Housing Crisis Act of 2019, and AB 345, ADU Separate Conveyances law, have created a surge in new housing developments within the District's service area of Menlo Park, Town of Atherton, and East Palo Alto. With the current staffing of one Associate Engineer and one Construction Inspector, the Engineering team is short staff to manage these additional workloads.

In addition to plan reviews, the District's engineering staff perform other tasks such as updating District and Los Altos Hills maps, they perform inspections for private development projects and manage the District's aggressive Capital Improvement Project (CIP) schedule, they provide support to other departments, and have been implementing the online bidding and online permitting platforms, as well as various other tasks.

Freyer & Laureta, Inc. (F&L) has been contracted in the past to provide staff augmentation engineering services to help the District staff. With the surge in new housing development and the District's aggressive CIP schedule, staff augmentation remains a need for the District in order to be able to manage the workload.

Analysis

The District requested F&L to provide a proposal for On-call Engineering Services. Engineering Services include updating maps, performing plan reviews, conducting inspections, and other tasks as needed. The services are expected to average 5 hours a week.

Fiscal Impact

The proposed On-call Engineering Services is \$44,070. Staff requests an additional 15% in contingency, for a total not to exceed \$50,681.

Recommendation

The Project Manager recommends the Board of Directors Authorize the General Manager to execute an agreement for On-call Engineering Services from Freyer & Laureta, Inc.

Attachment: On-call Misc. Services Proposal Dated February 13, 2024
Agreement For Professional Services



February 13, 2024

Mr. Fariborz Heydari
Project Manager
West Bay Sanitary District
500 Laurel Street
Menlo Park, CA. 94025

**Re: ON-CALL MISCELLANEOUS SERVICES
WEST BAY SANITARY DISTRICT**

Dear Mr. Heydari,

Thank you for your proposal request to provide on-call miscellaneous services for the 2024 year. We are pleased to present the following Scope of Professional Services and Fee Schedule.

Task 1 On-Call Misc. Services

- Freyer & Laureta (F&L) will provide on-call miscellaneous services from the following personnel with budget shown on Estimated Budget Table:
 - Staff Engineer IV (Jason Feudale) of January through December 2024.
 - Principal (Richard Laureta) oversight and consultation January through December 2024.

Proposed Fee Schedule

All work will be on a time and materials basis, not to exceed the following limits without District authorization. Please see attached Estimated Budget Table for fee breakdown.

Task 1 On-Call Misc. Services \$44,070

We will seek District approval for hours that exceed the estimated budget shown in Budget Table prior to providing services.

Thanks again for this opportunity. Please let me know if you have any questions.

Sincerely,
FREYER & LAURETA, INC.

Richard J. Laureta, P.E.
President

Headquarters
150 Executive Park Blvd, Ste 4200
San Francisco, CA 94134
(415) 534-7070

North Bay Office
505 San Marin Dr, Ste A220
Novato, CA 94945
(415) 534-7070

East Bay Office
825 Washington Street, Ste 237
Oakland, CA 94607
(510) 937-2310

South Bay Office
20863 Stevens Creek Blvd, Ste 400
Cupertino, CA 95014
(408) 516-1090

ESTIMATED BUDGET TABLE: ON-CALL MISC. SERVICES (1/2024 - 12/2024)
 West Bay Sanitary District

TASKS	ESTIMATED LABOR (Hours)		TOTAL LABOR COST (\$)
	Staff & Rates (\$/hr)		
	F&L Staff Engineer IV	F&L Principal	
	179	263	
Task I: On-Call Misc. Services			
Misc. Services/Consultation (budget)	208	26	\$44,070
Total Labor Hours	208	26	\$44,070

**AGREEMENT FOR PROFESSIONAL
SERVICES BETWEEN WEST BAY
SANITARY DISTRICT AND
FREYER & LAURETA, INC.**

THIS AGREEMENT, hereinafter referred to as “Agreement”, made and effective on this 28th day of February, 2024, by and between West Bay Sanitary District, hereinafter referred to as “District”, and Freyer & Laureta, Inc., hereinafter referred to as “Consultant.” (District and Consultant are referred to individually as a “Party” and collectively, as the “Parties”).

WITNESSETH:

WHEREAS, the District desires to procure certain professional services as more particularly described in “ON-CALL ENGINEERING SERVICES FREYER & LAURETA” (“Scope of Work”) attached hereto as Exhibit “A” and incorporated herein by reference (hereinafter referred to as “Proposal”); and

WHEREAS, Consultant has available, and offers to provide, personnel and facilities necessary to accomplish the work contemplated in the Proposal as may be requested by the District;

NOW, THEREFORE, the District and Consultant agree as follows:

I. DESCRIPTION OF PROJECT

Consultant will provide On-call Engineering Services as needed.

II. SCOPE OF SERVICES

Consultant agrees to perform those services described in the **Scope of Work**, attached hereto as **Exhibit A**.

Consultant shall not undertake any work beyond the scope of services as set forth in Exhibit A. No changes in the scope of services shall be made without the District's prior written approval.

II. TIME FOR COMPLETION

The term of this Agreement shall commence on the effective date of this Agreement and terminate on either December 31, 2024 or the timely completion of the Scope of Work described in the Proposal, whichever is later.

Consultant shall begin work as specified in a written authorization (e.g. Notice to Proceed) to perform services. The written authorization to perform work shall not be issued until after this Agreement has been approved and authorized by the District.

Consultant acknowledges that it is necessary for Consultant to complete its work on or before the completion date of December 31, 2024 in order to allow the District to achieve its objectives for entering into this Agreement. The Parties therefore agree that time is of the essence in the performance of this Agreement.

III. COMPENSATION

For actual services performed by Consultant, the District agrees to pay, and Consultant agrees to accept, compensation in an amount not to exceed the total amount described in the Proposal as full compensation for all personnel, materials, supplies, and equipment used by Consultant in the scope of services to be provided. Any change requiring compensation in excess of the sum of \$50,681 as specified in the Proposal, shall only be allowed if approved in advance in writing by the District's authorized representative. Consultant shall invoice the District detailing the time and materials for services provided under this Agreement in accordance with the Proposal.

Consultant shall submit invoices for services completed each month. The District shall pay such invoices within forty-five (45) days after their receipt.

IV. RESPONSIBILITY OF CONSULTANT

Consultant agrees that in undertaking the duties to be performed hereunder, it shall act as an independent consultant for and on behalf of the District. The District shall not direct the work and means for accomplishment of the services and work to be performed hereunder. The District, however, retains the right to require that all work performed by Consultant or under Consultant's direction, shall be rendered in accordance with the generally accepted practices, and to the standards of, Consultant's profession. Consultant represents and warrants that Consultant: (i) is fully experienced and properly qualified to perform the work and services provided for herein, (ii) has the financial capability required for the performance of the work and services, and (iii) is properly equipped and organized to perform the work and services in a competent, timely, and proper manner, in accordance with the requirements of this Agreement.

If, in performing the work, it is necessary to conduct field operations, security and safety of the job site will be the Consultant's responsibility excluding, the security and safety of any facility of District within the job site which is not under the Consultant's control.

V. INDEMNIFICATION

Consultant agrees, to the fullest extent permitted by law, to indemnify, defend, and hold harmless the District, its directors, officers, employees, and agents (collectively, "Indemnitees") from and against any and all liability, claim, action, loss, injury, damage, judgment, or expense, including attorneys' fees and costs ("Losses") caused by or resulting from the negligence, recklessness, or willful misconduct of Consultant, Consultant's officers, employees, agents, or subcontractors in any way related to this Agreement. Consultant's duty

to indemnify and hold harmless Indemnitees shall not apply to the extent such Losses are caused by the sole or active negligence or willful misconduct of Indemnitees, as determined by an adjudicatory body or court of competent jurisdiction. The obligation to defend shall arise regardless of any claim or assertion that Indemnitees caused or contributed to the Losses.

In the event this Agreement involves the performance of design professional services by Consultant, Consultant's officers, employees, agents, or subcontractors, Consultant's costs to defend Indemnitees shall not exceed the Consultant's proportionate percentage of fault per Civil Code §2782.8. This section shall survive the termination or expiration of this Agreement.

VI. INSURANCE

Prior to the beginning and throughout the duration of the Agreement, as may be extended by written amendment, Consultant will maintain and comply with the insurance requirements below with insurers licensed to do business in the State of California and with a Best's rating of no less than A:VII. Consultant will insure the District against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the services hereunder. The insurance coverages required shall not in any way limit the liability of the Consultant.

Certificate Requirements:

The District will be issued a Certificate of Insurance (a Memorandum of Understanding will not be accepted) with the following minimum requirements:

- Certificate(s) will show current policy number(s) and effective dates,
- Coverage and policy limits will meet or exceed the requirements below,
- The Certificate Holder will be West Bay Sanitary District, 500 Laurel Street, Menlo Park, CA 94025,
- Certificate will be signed by an authorized representative,
- An endorsement, if required below, will be provided to show the District, its directors, officers, , and employees as additional insureds, and
- Coverages must be maintained during the term of the Agreement with the District, unless a longer duration is required.

Required Coverage:

A. Commercial General Liability (CGL) insurance, including products and completed operations, property damage, bodily injury, personal and advertising injury with limits of not less than \$1,000,000 each occurrence and \$2,000,000 aggregate.

B. Automobile Liability insurance of \$1,000,000 per accident covering automobile bodily injury and property damage, including all owned (if any), hired and non-owned autos. If Consultant acquires any owned vehicles, Consultant shall provide insurance as above.

C. Worker's Compensation insurance and Occupational Disease insurance, with statutory limits as required by law, and Employer's Liability insurance, of \$1,000,000 per accident for bodily injury or disease covering all workplaces involved in this Agreement. Consultant shall provide an endorsement with a **waiver of subrogation** in the District's favor for all services performed by Consultant and its employees relating to payment of any loss, including attorney's fees.

D. The Commercial General Liability and Automobile Liability Insurance policies shall be endorsed to name the District, its directors, officers, employees, and agents as additional insureds with respect to liability arising out of services or operations performed by or on behalf of Consultant including materials, parts, or equipment furnished in connection with such services or operations. Consultant's insurance coverage is primary insurance and any insurance maintained by the District shall not contribute with it.

E. Errors and Omissions: Consultant shall also provide Professional Liability Insurance appropriate to Consultant's profession with limits of liability in amounts not less than \$1,000,000 per occurrence or claim and \$2,000,000 aggregate. Consultant shall maintain, and provide evidence of coverage for at least five (5) years after the date of completion of the services under this Agreement. If coverage is canceled or non-renewed and not replaced with another claims-made policy form with a retroactive date prior to the Agreement effective date or start of work date, Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of services under this Agreement.

F. Consultant shall require and verify that all of Consultant's subcontractors maintain insurance meeting all of the requirements stated herein, and Consultant shall ensure that the District, its directors, officers, employees, and agents are additional insureds on the CGL and Automobile liability insurance policies required from subcontractors.

G. Consultant shall provide the District with Certificates of Insurance and endorsements, on forms acceptable to District, or other evidence of insurance acceptable to District, prior to commencement of any services under this Agreement. Each insurance policy required above shall provide that there will be no cancellation of coverage by the carrier without prior written notice to District.

H. If Consultant maintains broader insurance coverage and/or higher limits than the minimums shown above, the District requires and shall be entitled to the broader insurance coverage and/or higher limits maintained by Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the District.

I. Any excess/liability policies must provide similar coverage as the primary CGL policy with no new exclusions - Excess liability insurance must follow form the terms, conditions, definitions, and exclusions of the underlying CGL insurance. The excess/umbrella policy must also be written on a primary and noncontributory basis for an additional insured, and that it will apply before any other insurance that is available to such additional insured

which covers that person or organization as a named insured, and we will not share with that other insurance.

J. The Excess policy must provide that the aggregate limits if applicable shall apply in the same manner as the aggregate limits shown in the Schedule of the Underlying Insurance.

VII. TERMINATION

The District may terminate this Agreement for its convenience with written notice of not less than 10 calendar days prior to an effective termination date. The District or Consultant may terminate the Agreement for material breach of Agreement by providing written notice to the other party not less than 15 calendar days prior to an effective termination date.

Upon notice of termination, the Consultant will immediately take action not to incur any additional obligations, costs or expenses, except as may be reasonably necessary to terminate its activities. The District's only obligation to the Consultant will be just and equitable payment for materials and/or services authorized by, and received to the satisfaction of, the District up to and including the effective date of termination, less any amounts withheld. All finished or unfinished work, materials, supplies, goods, or documents procured or produced under the Agreement will become property of the District upon the termination date. In the event of Consultant's failure to perform, District reserves the right to obtain services elsewhere, and the defaulting Consultant will be liable for the difference between the prices set forth in the terminated Agreement and the actual cost to the District. After the effective date of termination, Consultant will have no further claims against the District under the Agreement including, but not limited to, claims for anticipated profit related to unperformed services. Termination of the Agreement pursuant to this paragraph may not relieve the Consultant of any liability to District for damages sustained by the District because of any breach of the Agreement by Consultant, and District may withhold any payments to Consultant for the purpose of set-off until such time as the exact amount of damages due District from Consultant is determined.

The rights and remedies provided in this section will not be exclusive and are in addition to any other rights and remedies provided by law or under the contract.

VIII. SUBCONTRACTS

Except as provided in the Proposal, and otherwise with prior written approval of the District, Consultant shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement. If at any time, the District determines any subcontractor is incompetent or unqualified, Consultant will be notified and will be expected to immediately cancel the subcontract. Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that the District, its directors, officers, and employees are additional insureds on insurance required from subcontractors.

IX. OTHER TERMS

1. Compliance with Laws. All activities of Consultant, its employees, subcontractors and/or agents will be carried out in compliance with all applicable federal, state and local laws and regulations.
2. Conflicts of Interest. Consultant owes District a duty of undivided loyalty in performing the work and services under this Agreement. Consultant on behalf of itself, its employees, agents, representatives, and subcontractors, covenants that it presently has no direct or indirect interest, financial or otherwise, and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. Consultant acknowledges that it is aware of and agrees to comply with the provisions of the Political Reform Act, Section 1090 of the Government Code. Consultant will immediately advise District if Consultant learns of a conflicting financial interest of Consultant's during the term of this Agreement. Consultant owes District a duty of undivided loyalty in performing the work and services under this Agreement.
3. Property of District. The work, or any portion, of Consultant in performing this Agreement shall become the property of the District. The Consultant shall be permitted to retain copies or such work for information and reference in connection with the District's use. All materials and work product, whether finished or unfinished, shall be delivered to the District upon completion of contract services or termination of this Agreement for any reason. Consultant agrees that all copyrights which arise from creation of project- related documents and materials pursuant to this Agreement shall be vested in the District, and Consultant waives and relinquishes all claims to copyright or other intellectual property rights in favor of the District. Any work product related to this Agreement shall be confidential, not to be used by the Consultant on other projects or disclosed to any third party, except by agreement in writing by the District.
4. Consultant's Records. Consultant shall maintain accurate accounting records and other written documentation pertaining to the costs incurred for this project for examination and audit by the District, local, state, or federal government, as applicable. Such records and documentation shall be kept available at Consultant's office during the period of this Agreement, and after the term of this Agreement for a period of five years from the date of the final District payment for Consultant's services. If Consultant engages a subcontractor to perform work related to this Agreement with a cost of \$10,000 or more over a 12-month period, such subcontract shall contain these same requirements. This provision shall survive the termination of this Agreement.
5. California Public Records Act. District is a public agency subject to the disclosure requirements of the California Public Records Act ("CPRA"). If Consultant's proprietary information is contained in documents or information submitted to District, and Consultant claims that such information falls within one or more CPRA exemptions, Consultant must clearly mark such information "Confidential and Proprietary," and identify the specific lines containing the information. In the event of a request for such information, District will make best efforts to provide notice to Consultant prior to such disclosure. If Consultant contends that any documents are exempt from the CPRA and

wishes to prevent disclosure, it is required to obtain a protective order, injunctive relief or other appropriate remedy from a court of law in San Mateo County before the District is required to respond to the CPRA request. If Consultant fails to obtain such remedy within the time the District is required to respond to the CPRA request, District may disclose the requested information without any liability to Consultant. Consultant further agrees that it shall defend, indemnify and hold District harmless against any claim, action or litigation (including but not limited to all judgments, costs, and attorney's fees) that may result from denial by District of a CPRA request for information arising from any representation, or any action (or inaction), by the Consultant.

6. Independent Contractor. In the performance of this Agreement, it is expressly understood that Consultant, including each of Consultant's employees, agents, subcontractors or others under Consultant's supervision or control, is an independent contractor solely responsible for its own acts and omissions, and shall not be considered an employee of the District for any purpose. Consultant agrees to comply with AB5, codified at Labor Code section 2750.3, and shall indemnify, defend and hold harmless the District, its officials, officers, employees, and agents against any claim or liability, including attorneys' fees and costs, arising in any manner related to this Agreement that an employee, agent or others under Consultant's supervision or control was misclassified.
7. Consultant Not an Agent. Except as the District may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of District in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind the District to any obligation whatsoever.
8. Consultant Services Only. Consultant is employed to render professional services only and any payments made to Consultant are compensation solely for such professional services.
9. Subcontractors. Consultant shall obtain prior approval of the District prior to subcontracting of any work pursuant to this Agreement. If at any time, the District determines any subcontractor is incompetent or unqualified, Consultant will be notified and will be expected to immediately cancel the subcontract. Consultant shall require and verify that all subcontractors maintain insurance meeting all of the requirements stated herein, including naming the District, its directors, officers, employees, and agents as additional insureds. Any modification to the insurance requirements for subcontractors must be agreed to by the District in writing.
10. Prevailing Wage. To the extent that the work or services to be performed under this Agreement may be considered a "public work" pursuant and subject to Labor Code section 1720 *et seq.*, Consultant (and any sub consultant performing the work or services) shall conform to any and all prevailing wage requirements applicable to such work/and or services under this Agreement. Consultant (and any sub consultant) shall adhere to the prevailing wage determinations made by the Director of Industrial

Relations (DIR) pursuant to California Labor Code Part 7, Chapter 1, Article 2, applicable to the work, if any. All workers employed in the execution of a public works contract (as such term is defined California Labor Code section 1720 et seq. and section 1782(d)(1)) must be paid not less than the specified prevailing wage rates for the type of work performed. Reference: California Labor Code sections 1720, 1774 and 1782.

Consultant agrees to be bound by the prevailing wage requirements to the extent applicable to the scope of work and services under this Agreement, including, but not limited to, the following:

- a. If a worker is paid less than the applicable prevailing wage rate owed for a calendar day (or any portion thereof), Consultant shall pay the worker the difference between the prevailing wage rate and the amount actually paid for each calendar day (or portion thereof) for which the worker(s) was paid less than the prevailing wage rate, as specified in Labor Code section 1775;
- b. Consultant shall maintain and make available payroll and worker records in accordance with Labor Code sections 1776 and 1812;
- c. If Consultant employs (and/or is legally required to employ) apprentices in performing the work and/or services under this Agreement, Consultant shall ensure compliance with Labor Code section 1777.5;
- d. Consultant is aware of the limitations imposed on overtime work by Labor Code sections 1810 *et seq.* and shall be responsible for any penalties levied in accordance with Labor Code section 1813 for failing to pay required overtime wages;
- e. Consultant shall post a copy of the applicable wage rates at each jobsite at a location readily available to its workers.

Any failure of Consultant and/or its sub consultant to comply with the above requirements relating to a public work project shall constitute a breach of this Agreement that excuses the District's performance of this Agreement at the District's sole and absolute option, and shall be at the sole risk of Consultant. Consultant on behalf of itself, any sub consultant, agree to indemnify, defend and hold harmless the District and its directors, officers, and employees from and against any and all claims, liabilities, losses, costs, expenses, attorney's fees, damages, expenses, fines, financial consequences, interest, and penalties, of any kind or nature, arising from or relating to any failure (or alleged failure) of the Consultant and any sub consultant to pay prevailing wages or to otherwise comply with the requirements of prevailing wage law relating to a public work.

11. Registration with DIR. Consultant acknowledges that it and/ any sub consultant shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of section 4104 of the Public Contract Code, or engage in the performance of any

contract for public work, unless currently registered with the DIR and qualified to perform public work pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)]. A bid shall not be accepted nor any contract or subcontract entered into without proof of the Consultant or sub consultant's current registration to perform public work. Labor Code section 1771.1(b).

12. Dispute Resolution. The Parties agree to attempt in good faith to resolve through negotiation any dispute, claim or controversy arising out of or relating to this Agreement. Either party may initiate negotiations by providing written notice in letter form to the other party, setting forth the subject of the dispute and the relief requested. Promptly upon such notification, the Parties shall meet at a mutually agreeable time and place in order to exchange relevant information and perspective, and to attempt to resolve the dispute. In the event that no resolution is achieved, and if, but only if, the parties mutually agree, then prior to pursuing formal legal action, the parties shall make a good faith effort to resolve the dispute by non-binding mediation or negotiations between representatives with decision-making power, who, to the extent possible, shall not have had substantive involvement in the matters of the dispute. To the extent that the dispute involves or relates to a public works project, the Parties agree to attempt to resolve the dispute by complying with the claims process as set forth in Public Contract Code section 9204(e). Parties also reserve the right to exercise any and all other remedies available.
13. Force Majeure. Neither party hereto shall be considered in default in the performance of its obligation hereunder to the extent that the performance of any such obligation, except the payment of money, is prevented or delayed by an act of God, natural disaster, pandemic, acts of terrorism, war, or other peril, existing or future, which is beyond the reasonable control of the affected party and without the negligence of the respective Parties. . Each party hereto shall give notice promptly to the other of the nature and extent of any Force Majeure claimed to delay, hinder or prevent performance of the services under this Agreement. In the event either party is prevented or delayed in the performance of its respective obligation by reason of such Force Majeure, the only remedy is that there may be an equitable adjustment of the schedule based on the District's sole discretion.
14. Intellectual Property and Indemnity. Consultant represents to District that, to the best of Consultant's knowledge, any Intellectual Property (including but not limited to: patent, patent application, trade secret, copyright and any applications or right to apply for registration, computer software programs or applications, tangible or intangible proprietary information, or any other intellectual property right) in connection with any services and/or products related to this Agreement does not violate or infringe upon any Intellectual Property rights of any other person or entity.

To the fullest extent permitted by law, Consultant agrees to indemnify, defend, and hold harmless District, its directors, officers, employees, and agents, from any and all claims, demands, actions, liabilities, damages, or expenses (including reasonable attorneys' fees and costs) arising out of a claim of infringement, actual or alleged, direct or contributory,

of any Intellectual Property rights in any way related to Consultant's performance under this Agreement or to the District's authorized intended or actual use of Consultant's product or service under this Agreement. This provision shall survive termination or expiration of this Agreement.

If any product or service becomes, or in the Consultant's opinion is likely to become, the subject of a claim of infringement, the Consultant shall, at its sole expense: (i) provide the District the right to continue using the product or service; or (ii) replace or modify the product or service so that it becomes non-infringing; or (iii) if none of the foregoing alternatives are possible even after Consultant's commercially reasonable efforts, in addition to other available legal remedies, District will have the right to return the product or service and receive a full or partial refund of an amount equal to the value of the returned product or service, less the unpaid portion of the purchase price and any other amounts, which may be due to the Consultant. District shall have the right to retrieve its data and proprietary information at no charge prior to any return of the product or termination of service.

15. Assignment. This Agreement may not be assigned by either the District or Consultant without the prior written consent of the other.
16. Benefit. Except as herein provided, this Agreement shall inure to the benefit of the assigns, heirs, and successors of the Parties to this Agreement.
17. Attorneys' Fees. If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief. The laws of the State of California, with jurisdiction in the San Mateo County Superior Court, shall govern all matters relating to the validity, interpretation, and effect of this Agreement and any authorized or alleged changes, the performance of any of its terms, as well as the rights and obligations of Consultant and the District.
18. Complete Agreement. This Agreement, along with any attachments, is the full and complete integration of the parties' agreement with respect to the matters addressed herein, and that this Agreement supersedes any previous written or oral agreements between the parties with respect to the matters addressed herein.
19. Amendments. This Agreement may not be amended in any respect except by way of a written instrument which expressly references and identifies this particular Agreement, which expressly states that its purpose is to amend this particular Agreement, and which is duly executed by the District and Consultant. Consultant acknowledges that no such amendment shall be effective until approved and authorized by the District's authorized representative.
20. Severability. The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

21. Waiver. Waiver by any party of any portion of this Agreement shall not constitute a waiver of the same or any other portion hereof.
22. Governing Law. This Agreement shall be governed by and interpreted in accordance with California law.
23. Contract Interpretation. Each party acknowledges that it has reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.
24. Notices. If either party shall desire or is required to give notice to the other such notice shall be given in writing, via email and concurrently delivered by overnight Federal Express [or priority U.S. Mail], addressed to recipient as follows:

To District:
 West Bay Sanitary District
 Sergio Ramirez
 500 Laurel Street
 Menlo Park, Ca 94025
sramirez@westbaysanitary.org
 (650) 321-0384

To CONSULTANT:
 Freyer & Laureta, Inc.
 Richard J. Laureta
 150 Executive Park Blvd, Ste 4200
 San Francisco, CA 94134
laureta@freyerlaureta.com
 (415) 534-7070

Changes to the above information shall be given to the other party in writing ten (10) business days before the change is effective.

25. Counterparts. This Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each one shall be deemed an original and, when taken together with other signed counterparts, shall constitute one Agreement, which shall be binding on and effective regarding all parties. A scanned, electronic, facsimile, or other copy of a party's signature shall have the same force and effect as an original signature.

26. ACKNOWLEDGMENT

By their signatures below, the Parties acknowledge that they have each read and understand the terms of this Agreement, and are authorized to execute this Agreement to legally obligate their respective representatives, agents, successors and assigns to comply with the provisions of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

WEST BAY SANITARY DISTRICT

FREYER & LAURETA, INC.

By: _____
Sergio Ramirez, General Manager

By: _____
Richard J. Laureta, President

Date: _____

Date: _____

APPROVED AS TO FORM

Date: _____
Anthony Condotti, General Counsel

EXHIBIT
“A”
SCOPE
OF
WORK



**WEST BAY SANITARY DISTRICT
AGENDA ITEM 8**

To: Board of Directors

From: Sergio Ramirez, General Manager

Subject: Discussion and Direction on the West Bay and Sharon Heights Recycled Water Facility

A discussion will be held on the Sharon Heights Recycled Water Facility and other events related to the recycled water plant. The Board will have the opportunity to provide direction to staff and legal counsel.

Recycled Water Facility Production Data:

2020	Treated	Delivered
August	8.8MG	8.2MG
September	8.2MG	5.1MG
October	7.4MG	4.5MG
November	5MG	1.4MG
December	4.7MG	.55MG
2021	Treated	Delivered
January	4.8MG	.23MG
February	4.4MG	.13MG
March	5.9MG	1.8MG
April	8.5MG	7.6MG
May	9.3.MG	8.2MG
June	9.8MG	8.7MG
July	9.5MG	9.1MG
August	9.4MG	9.0MG
September	9.1MG	6.9MG*
October	7.6MG	2.6MG**
November	5.2MG	0
December	4.7MG	0

2022	Treated	Delivered
January	4.4MG	97,000 gallons
February	4.4MG	1.5MG
March	6.6MG	3.5MG
April	7.6MG	3.8MG
May	9.2MG	7.4MG
June	9.8MG	8.7MG
July	9.6MG	8.1MG
August	9.2MG	8.1MG
September	8.6MG	6.7MG
October	7.9MG	4.6MG
November	5.9MG	310,000 gallons
December	5.4MG	154,690 gallons

2023	Treated	Delivered
January	5MG	0 gallons
February	3.3MG	0 gallons
March	3.5MG	0 gallons
April	4.9MG	32k gals. Dust Control
May	5.1MG	432k gals. Dust Control
June	4.8MG	456k gals. Dust Control
July	6.2MG	1.05MG Dust Control
August	8.1MG	2.7MG (+ 1.5 MG Dust Control)
September	8.4MG	4MG (+ 1.04 MG Dust Control)
October	9.6MG	7.4MG
November	7.7MG	3.7MG
December	7.4MG	970K

2024	Treated	Delivered
January	5.8MG	175K gallons

* Sharon Heights substantially tapered off their water usage for September which is the reason for the large discrepancy between treated and delivered.

** Treatment was reduced in the second half of the month. Rain in late October and an irrigation equipment malfunctions caused water delivery to decrease.

The following is a disclosure statement required for any document, written report or brochure prepared in whole or in part pursuant to the Finance Agreement with the State Water Resources Control Board for the West Bay Sanitary District Recycled Water Project - Sharon Heights: Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.



**WEST BAY SANITARY DISTRICT
AGENDA ITEM 9**

To: *Board of Directors*

From: *Sergio Ramirez, General Manager*

**Subject: *Discussion and Direction on the Bayfront Recycled Water Project
and Status Update***

A discussion will be held on the District's Bayfront Recycled Water Projects and other events related to the recycled water projects including financing, environmental review, design/build issues and grant applications.

The Board will have the opportunity to provide direction to staff and general counsel.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 10**

To: Board of Directors

From: Sergio Ramirez, General Manager

Subject: Report, Discussion, and Direction on South Bayside Waste Management Authority (SBWMA) including the Solid Waste Franchise Re-Assignment

The District's representative to South Bayside Waste Management Authority (SBWMA), President Fran Dehn, will report on any pertinent items regarding SBWMA business. General Manager Ramirez will report and seek direction on the solid waste franchise re-assignment.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 11**

To: *Board of Directors*

From: *Sergio Ramirez, General Manager*

**Subject: *Report and Discussion on Silicon Valley Clean Water (SVCW)
Plant***

The District's representative to Silicon Valley Clean Water (SVCW), Commissioner George Otte, will report on pertinent items regarding SVCW Operations, CIP and Finance.

Report to the District Board for the Regular Meeting of February 28, 2024

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