

WEST BAY SANITARY DISTRICT



Budget

Fiscal Year 2024-25

Approved June 12, 2024

Financial Report Budget Fiscal Year 2024-25

The West Bay Sanitary District (the District) provides wastewater collection and conveyance services to the City of Menlo Park, Atherton, and Portola Valley, and areas of East Palo Alto, Woodside and unincorporated San Mateo and Santa Clara counties. The District conveys raw wastewater, via the Menlo Park Pump Station and force main, to Silicon Valley Clean Water (SVCW) for treatment and discharge to the San Francisco Bay. The District was originally formed in December 1902 as the Menlo Park Sanitary District under the Sanitary Sewer Act of 1891. The District operated as the Menlo Park Sanitary District from 1902 until 1981 when its name was changed to the West Bay Sanitary District to more accurately reflect the service area. The powers of the District are established by the State of California Health and Safety Code. The District currently serves a population of 20,707 households and commercial establishments.

A Budget Workshop was held May 1, 2024, to review and develop the fiscal year budget with the full District board. Since then, a more accurate total for sewer service charges has been calculated. The board will review for approval a one year extension of the memorandum of understanding (MOU) between the District and represented employees including a 4% wage increase, which has been applied to the budget. Based on initial District estimates and updated information, the Budget Report was developed in conformity with the format prescribed by the provisions of the Governmental Accounting Standards Board (GASB).

Table of Contents

Statement of Revenue, Expenses and Changes in Net Position	3
Collections	
Statement of Revenue, Expenses and Changes in Net Position, Collections	4
Revenues	5
Expenditures	6
Expense Analysis	9
Capital Fund	10
Capital Budget	12
Capital Five Year Budget	14
Reserves	15
Solid Waste Fund	16
Recycled Water Fund	
Sharon Heights Recycled Water Facility	17
Recycled Water Capital Expenditures	19
Statement of Revenue, Expenses and Changes in Net Position, Funds	20

West Bay Sanitary District
Consolidated Budget
Fiscal Year 2024-25

	Unaudited Actual 3/31/2024	Projected 6/30/2024	Approved Budget FY 2023-24	Proposed Budget FY 2024-25	Budget Variance	% Var
Operating Revenues						
Residential	19,738,032	26,287,099	26,200,870	27,643,947	1,443,077	6%
Non-Residential	4,707,560	6,127,962	6,276,747	5,801,413	(475,334)	-8%
Sewer Service Charges	24,445,593	32,415,061	32,477,617	33,445,360	967,743	3%
Permit & Inspection Fees	403,165	537,553	200,000	200,000	-	0%
Flow Equalization	346,106	346,106	403,165	69,210	(333,955)	-83%
Other Operating Revenue	709,773	946,364	833,686	862,449	28,763	3%
Operating Revenues	25,904,636	34,245,084	33,914,468	34,577,019	662,552	2%
Operating Expenses						
Salaries & Benefits	5,331,663	7,108,883	7,247,613	7,789,559	541,945	7%
Materials & Supplies	456,072	608,096	790,000	813,800	23,800	3%
Insurance	195,430	260,573	327,900	368,560	40,660	12%
Contract Services	567,706	756,942	916,400	1,009,652	93,252	10%
Professional Services	625,941	834,588	1,546,800	1,671,800	125,000	8%
Repairs & Maintenance	332,993	443,991	671,100	719,615	48,515	7%
Utilities	347,920	463,894	497,250	544,430	47,180	9%
Other Operating Expenses	209,229	278,972	527,200	621,401	94,201	18%
Depreciation	2,895,510	3,860,680	3,955,000	3,955,000	-	0%
Total WBSD Operating Expenses	10,962,464	14,616,619	16,479,263	17,493,817	1,014,553	6%
Sewage Treatment Plant (SVCW)	10,436,156	12,881,793	12,990,848	18,540,559	5,549,711	43%
Total Operating Expenses	21,398,620	27,498,412	29,470,111	36,034,376	6,564,264	22%
Operating Income (Loss)	4,506,016	6,746,672	4,444,356	(1,457,357)	(5,901,713)	-133%
Non-Operating Revenues (Expenses)						
Investment Income	2,517,487.16	2,517,487	501,600	501,000	(600)	0%
Other Non-Operating Income	1,090,511.15	1,090,511	532,475	671,950	139,475	26%
Interest Expense	(156,179.20)	(156,179)	(156,179)	(151,112)	5,067	-3%
Other Non-Operating Expenses	-	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	3,451,819	3,451,819	877,896	1,021,838	143,942	16%
Change in Net Position by Fund	7,957,835	10,198,491	5,322,252	(435,518)	(5,757,771)	-108%
Pension Adjustment (GASB 68)						
Capital Contributions						
Capital Fund: Connection Fees	383,744	383,744	250,000	250,000	-	0%
Recycled Water Fund	647,002	647,002	662,900	662,900	-	0%
Change in Net Position	8,988,581	11,229,237	6,235,152	477,382	(5,757,771)	-92%
Beginning Net Position	170,984,354	170,984,354	170,984,354	182,213,591		
Prior Period Adjustment						
Ending Net Position	179,972,935	182,213,591	177,219,506	182,690,972		

Consolidated Statement:

West Bay Sanitary District's consolidated budget conforms to the governmental accounting standards board (GASB) reporting standards for local governments, following generally accepted accounting principals (GAAP), including all District Funds.

West Bay Sanitary District
Collections Budget
General, Capital, & SVCW Funds
Fiscal Year 2024-25

	Unaudited Collections 3rd Qtr FY 23-24	Projected FY 2023-24	Collections Budget FY 2023-24	Collections Budget FY 2024-25	Budget Variance	% Var
Operating Revenues						
Residential	19,738,032	26,287,099	26,200,870	27,643,947	1,443,077	6%
Non-Residential	4,707,560	6,127,962	6,276,747	5,801,413	(475,334)	-8%
Sewer Service Charges	24,445,593	32,022,929	32,477,617	33,445,360	967,743	3%
Permit & Inspection Fees	403,165	537,553	200,000	200,000	-	
Flow Equalization	346,106	346,106	403,165	69,210	(333,955)	-83%
Other Operating Revenue	623,696	946,364	717,886	739,149	21,263	3%
Operating Revenues	25,818,559	33,852,952	33,798,668	34,453,719	655,051	2%
Operating Expenses						
Salaries & Benefits	5,172,126	6,971,167	7,067,613	7,573,559	505,945	7%
Materials & Supplies	454,980	606,641	751,800	768,800	17,000	2%
Insurance	154,378	205,837	287,900	322,560	34,660	12%
Contract Services	559,317	745,756	916,400	1,009,652	93,252	10%
Professional Services	579,698	821,576	1,469,700	1,572,700	103,000	7%
Repairs & Maintenance	331,337	441,782	646,100	694,615	48,515	8%
Utilities	185,974	247,966	288,000	295,180	7,180	2%
Other Operating Expenses	136,212	123,090	430,575	512,881	82,306	19%
Depreciation	2,329,334	3,105,778	3,200,000	3,200,000	-	
Total WBSD Operating Expenses	9,903,355	13,269,594	15,058,088	15,949,947	891,858	6%
Sewage Treatment Plant (SVCW)	10,436,156	12,881,793	12,990,848	18,540,559	5,549,711	43%
Total Operating Expenses	20,339,512	26,151,387	28,048,936	34,490,506	6,441,569	23%
Operating Income (Loss)	5,479,048	7,701,564	5,749,731	(36,787)	(5,786,518)	-101%
Non-Operating Revenues (Expenses)						
Investment Income	2,517,487	2,517,487	500,000	500,000	-	
Other Non-Operating Income	60,500	60,500	-	-	-	
Interest Expense	-	-	-	-	-	
Other Non-Operating Expenses	-	-	-	-	-	
Total Non-Operating Revenues (Expenses)	2,577,987	2,577,987	500,000	500,000	-	
Change in Net Position by Fund	8,057,035	10,279,551	6,249,731	463,213	(5,786,518)	-93%
Pension Adjustment (GASB 68)	-	-	-	-	-	
Capital Contributions	-	-	-	-	-	
Capital Fund	-	-	-	-	-	
Capital Fund: Connection Fees	383,744	383,744	250,000	250,000	-	
Recycled Water Fund	-	-	-	-	-	
Change in Net Position	8,440,779	10,663,296	6,499,731	713,213	(5,786,518)	-89%

Collection Statement:

West Bay Sanitary District’s collection budget shows the District’s core function of providing wastewater collection and conveyance services to the City of Menlo Park, Atherton, Portola Valley, areas of East Palo Alto, Woodside, and unincorporated San Mateo and Santa Clara counties.

Collections: General, Capital, & SVCW Funds:

Collection system is comprised of the General Fund, for direct District expenses, Capital Fund for capital expenditures, including depreciation, and the SVCW Fund, for sewage treatment plant activity by Silicon Valley Clean Water (SVCW). These funds represent the sewer service operations. Solid Waste and Recycled Water Funds are detailed separately.

Revenues:

The Budget for FY 2024-25 includes total Operating Revenues of \$34.45 million in the General Fund, reflecting a 2% increase from FY 2023-24 annual budget.

- **Sewer Service Charges.** Total revenue of \$ 33.4 million is estimated, reflecting a 5% increase in rates. Residential customers increased 34, to 20,095 households served. Lower flows resulted in an 8% reduction in non-residential sanitary sewer charges, as several commercial customers have reduced staff or moved out of the district. Three years of 5% rate increases are proposed to provide funding for SVCW capital contribution requirements and SVCW Water Infrastructure Finance and Innovation Act (WIFIA) loans payments beginning in 2027-28 for SVCW Regional Environmental Sewer Conveyance Upgrade (RESCU) projects.
- **Permit Fees.** Permit & Inspection Fees budget is \$200,000. These fees are budgeted conservatively, due to the uncertain nature of their timing and the economic environment.
- **Flow Equal.** The total Flow Equalization Cost Sharing with Silicon Valley Clean Water (SVCW) contract expires after FY 2023-24. SVCW has proposed extending for two months, with optional subsequently use billed as needed. Two months is budgeted, based on the current rate with a 3.8% increase, based on the annual Consumer Price Index (CPI) for All Urban Consumers for San Francisco-Oakland-Hayward (Bay Area).
- **Other Operating Income.** A total of \$739,149 is estimated; a 3% increase from the prior budget.
 - Revenue from Los Altos Hills = \$466,144, a 4% increase.
 - *4% x 4 years, after 2% equaling over 18% in the 5-year contract.*
 - Revenue from Town of Woodside = \$86,735, a 4% increase.
 - Pass-through revenue from HACH Service Contracts = \$186,300.
- **Other Non-Operating Revenues:** The District budgets for Interest Income of \$500,000.

Expenditures:

Total Operating Expenses for all funds is \$36 million, representing a 22% increase from prior year. Collections includes the General, Capital, and SVCW Funds, while the Solid Waste and Recycled Water Funds are reported separately.

Collections Expenditures: General, Capital, and SVCW Funds

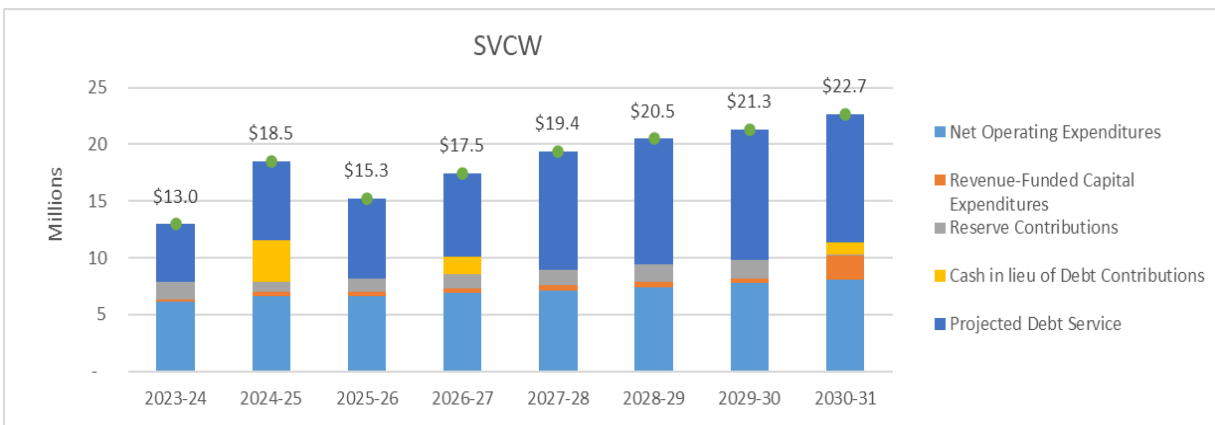
Collection expenses of \$34.5 million represents a 23% increase over the current year. Detailed expenses are shown on the Expense Analysis on page 9.

- **General Fund.** General Fund Expenses are \$15.9 million, increasing 6% from the current year.
 - Salaries and benefit costs are increasing 7%.
 - Salaries increased 5%, based on projected employee annual merit step increases and the 4% increase proposed in the one year Memorandum of Understanding (MOU) extension with represented employees, for July 1, 2024 through June 30, 2025.
 - Benefits increased 11%.
 - Cafeteria benefits will be unchanged in FY 2024-25, per the new MOU. The cafeteria allowance for all employees covers health, dental, and vision benefits, even while health benefits increased 11.8% in 2024, with an average 8% increase over the last three years.
 - Pension costs increase relative to salaries for covered employees. Employer pension contributions are increasing an average of 0.1%, over the three pension plans. The District's average employer rate is 10.5%, factoring in the Classic rate of 13.41, Tier II rate of 10.15%, and PEPRAs rate of 7.87%. The employer net rate average rate is 9.2%, after the 1.25% employee contribution of the employer's rate. Employer pension rates will continue to decline, as 64% of employees are now in PEPRAs and 42% of Classic employees are eligible to retire. The District does not participate in social security for covered employees, making the PEPRAs rate just 1.67% above the non-PERS rate.
 - Material and Supplies is increasing 2%.
 - Fuel costs, no change
 - Office Expense, 4% increase.
 - Operating Supplies, 7% increase.
 - Equipment Expense decreased 14%, to \$96,400. These represent replacement of small tools and equipment or one-time purchases under the \$20,000 capitalization policy.
 - CCTV Cameras, 2 at \$6,500 each; Digital Radios, \$20,000; Small Equipment; \$17,300, Small Pumps and STEP & Grinder Parts, \$21,100; and Monitoring Equipment \$25,000.
 - Insurance costs are expected to increase approximately 12%; 10-15% for liability, 10-20% for property, and 5% for workers' compensation. The District is a member of California Sanitation Risk Management Authority (CSRMA), which provides self-insured and excess insurance. Final rates will not be available until late June 2024. The District will continue to evaluate deductible options to reduce costs. The District's experience modification factor for workers' compensation increased slightly to 0.83, from 0.8. Below 1.0 is indicative of good claim history.

- Contractual Services are increasing 10%, to \$1,009,652. This category includes contract expenses to HACH, which are passed through to customers of \$186,300. It also includes rents and leases.
 - Contracts expenses are increasing 6%, to \$901,222.
 - Rents and leases are increasing 62%, to \$108,430.
 - New Gas Monitor Program I-Net Contract, \$40,000.
 - Radio airtime, increasing \$10,300.
- Professional services, which includes printing, publications, research, and monitoring costs, are increasing 7%, to \$1,572,700. Professional services includes engineering, attorney fees, studies, technology consulting, and other outside professional services. FY 2023-24 included one-time costs, which were not all completed, two software installations are carried over to FY 2024-25.
 - Engineering costs are \$618,400, with \$413,000 currently under contract for project assistance, including \$106,600 for on-call engineering services.
 - IT Services are \$501,600, a 20% increase. Software installation costs of \$338,000 are carried over for Finance and Tax Roll software, with an additional \$50 thousand for the tax roll software, based on the latest quote.
 - Health screening and safety training costs were increased by \$13,100.
 - Printing & Publications is \$78,700, a 2% increase.
 - Research and Monitoring is unchanged, at \$27,600.
- Repairs and maintenance expenses include fleet, safety equipment, lift stations, and other equipment maintenance crucial to operations and computer software and hardware (under \$20,000 capitalization limit). Costs are increasing 8% to \$694,615.
 - New Cloud Based Software:
 - Finance Enterprise, \$82,000, will replace MIP Accounting and Microix Workflow PO system, currently \$13,000 annually, and Access Cash Receipt Log.
 - Tax Roll software, \$35,000
 - Telemetry System, \$10,000
 - Digital Bidding Software, \$9,000
 - Office 365, \$6,100 and Bluebeam, \$3,000
- Utilities are \$295,180, increasing 2%. Costs through March 31, 2024 are under budget, indicating the current budget amounts are adequate, with a 5% increase for water and 15% increase for electricity.
- Other Operating Expenses, which includes Election expenses, Memberships, Training, Meetings, Travel, LAFCo, and miscellaneous expenses, are increasing 19% to \$512,881.
 - Election expense of \$70,000 is included in FY2024-25, for bi-annual elections for three current board members reaching the end of their current term.
 - Training, meetings, and travel are increasing 11%, as in-person training

resumes and increases in costs for safety training.

- **Capital Fund Depreciation.** Depreciation of \$3.2 million is unchanged from the FY 2023-24 annual budget.
- **SVCW Operating Expenses/Debt.** This includes contributions and debt payments for the benefit of SVCW. Total Expenditures are \$ 18,540,559, a 42.7% increase for the District’s share of SVCW budget in FY 2024-25. SVCW expenditures represent 60% of the Collection Operating Expenses, excluding capital and depreciation. The District holds a 22.99% share of SVCW’s Net Position according to the SVCW’s annual Unaudited Analysis of Net Position, as of June 30, 2023. SVCW is reported as a separate Fund, to better identify direct District Operations and those for SVCW.
 - SVCW Operating expenses is \$6,579,079, a 7% increase. Monthly payments also include revenue-funded capital, which is increasing 212% to \$402,502 and SVCW Reserve contributions are decreasing 42% to \$939,400.
 - SVCW Debt payments are \$6,963,243 for 2018 bonds, 2021A&B bonds, WWTP SRF loan, and RESCU loans, increasing 37% from prior year. In 2024-25, three additional SRF loans begin repayment for an additional \$1.7 million. WIFIA loans will begin repayment in 2027-28 for an approximate \$3 million increase.
 - SVCW has added \$3,656,334 for cash in lieu of additional debt. Additional cash was originally scheduled for FY 2025-26.
 - A Debt Service Reserve was initiated in June 2023, with the District’s share \$1.43 million, to fulfill the SVCW’s Maximum Annual Debt Service (MADS) requirement of 1.2 times, with four SRF loans on a five-year look-forward debt coverage test covenant. These funds are held with SVCW and may be used to offset future debt when released.



Change in Net Position:

The Collections Budget: General, Capital, and SVCW Funds, Net Operating Loss is \$36,787, with a Net Change in Position of \$713,213. This is the estimated amount that will be transferred to the Capital budget for capital projects.

The Combined Net Operating Income is a loss of \$1,457,357 for all Funds, with a total positive Change in Net Position of \$477,382 for FY 2024-25.

**Budget
Collections Budget
Fiscal Year 2024-25
Expense Analysis**

	Unaudited Collections 3rd Qtr FY 23-24	Projected FY 2023-24	Collections Budget FY 2023-24	Collections Budget FY 2024-25	Budget Variance	% Var
Operating Expenses						
Salaries & Wages	3,760,007	5,013,342	4,917,723	5,143,007	225,283	5%
Employee Benefits	1,368,295	1,824,394	2,029,090	2,246,352	217,262	11%
Directors- Fees	32,760	43,680	45,800	93,600	47,800	104%
Pension Expense		50,000	50,000	50,000	-	
OPEB Expense	11,063	39,751	25,000	40,600	15,600	62%
Gasoline, Oil & Fuel	66,077	88,102	128,000	128,000	-	
Office Expense	25,314	33,752	48,700	50,550	1,850	4%
Operating Supplies	295,306	393,741	462,700	493,850	31,150	7%
Equipment Expense	68,284	91,045	112,400	96,400	(16,000)	-14%
Insurance	154,378	205,837	287,900	322,560	34,660	12%
Contract Services	520,794	694,391	849,300	901,222	51,922	6%
Rents & Leases	38,524	51,365	67,100	108,430	41,330	62%
Professional Services	579,698	772,931	1,364,900	1,466,400	101,500	7%
Printing & Publications	36,484	48,646	77,200	78,700	1,500	2%
Research & Monitoring	-	-	27,600	27,600	-	
Repairs & Maintenance	331,337	441,782	646,100	694,615	48,515	8%
Utilities	185,974	247,966	288,000	295,180	7,180	2%
Election Expense	-	-		70,000	70,000	
Memberships	43,800	58,401	88,000	88,741	741	1%
Training, Meetings & Travel	47,564	63,419	145,300	160,800	15,500	11%
LAFCo	29,639	29,639	37,100	38,960	1,860	5%
Other Operating Expenses	44,983	59,977	244,300	249,900	5,600	2%
Solid Waste Overhead Allocation	(46,950)	(62,600)	(62,600)	(65,820)	(3,220)	5%
Recycled Water Overhead Allocation	(19,308)	(25,745)	(21,525)	(29,700)	(8,175)	38%
Depreciation	2,329,334	3,105,778	3,200,000	3,200,000	-	
Total WBSD Operating Expenses	9,903,355	13,269,594	15,058,088	15,949,947	891,858	6%
SVCW - Operating Fund	4,588,236	6,117,648	6,117,648	6,579,079	461,431	8%
SVCW - Capital Contributions	96,624	128,832	128,832	402,502	273,670	212%
SVCW - Operating Reserves	36,432	48,576	48,576	-	(48,576)	-100%
SVCW - Capital Reserves	603,900	805,200	805,200	939,400	134,200	17%
SVCW - Line of Credit	38,952	51,936	51,936	-	(51,936)	-100%
SVCW - Debt Service Reserves	-	762,622	762,622	-	(762,622)	-100%
SVCW - 2018 Bond	1,836,301	1,836,301	1,837,963	1,834,963	(3,000)	0%
SVCW: 2021 Bonds (\$55.6m)	2,728,946	2,728,946	2,731,306	2,742,354	11,048	0%
SVCW - SRF WWTP Debt C-06-5216-120	506,765	506,765	506,765	506,765	0	0%
SVCW - SRF Debt C-06-8069-110			-	143,482	143,482	
SVCW - SRF RESCU	-			1,735,680	1,735,680	
SVCW - Cash in Lieu of Debt	-		-	3,656,334	3,656,334	
Total External Operating Expenses	10,436,156	12,986,826	12,990,848	18,540,559	5,549,711	42.7%
Total Operating Expenses	20,339,512	26,256,421	28,048,936	34,490,506	6,441,569	23%

Capital Fund:

The Capital Fund is financed with any Net Increase in Position from the Collection Operations revenue, Connection Charges by customers, and Interest Income. The District estimates to have \$42.8 million Capital Budget balance available as of June 30, 2024. There is \$26.7 million in budgeted capital expenditures, resulting in an ending balance of \$16.8 million after FY 2024-25 for future capital expenditures.

Capital Budget Summary	Actual 3/31/2024	Projected FY 2023-24	Budget FY 2023-24	Budget FY 2024-25
Transfer from Operations	5,479,048	8,103,296	4,741,696	(36,787)
Connection Charges	383,744	383,744	250,000	250,000
Interest Income	2,577,987	1,065,000	500,000	500,000
Capital Expenditures	(8,106,336)	(11,002,158)	(23,913,000)	(26,681,500)
Change in Capital Asset Fund	334,443	(1,450,117)	(18,421,304)	(25,968,287)
Beginning Fund Balance	44,218,570	44,218,570	44,218,570	42,768,453
Capital Budget, Ending Balance	44,553,013	42,768,453	25,797,266	16,800,167

Capital Fund Revenue:

Connection Fees of \$250,000 are budgeted; no change from FY 2023-24.

Capital Fund Expenses:

Total Capital Expenditures of \$26,681,500 are budgeted in FY 2024-25; a 12% increase from FY 2023-24. \$11,112,784 is carried over from FY 2023-24 and \$15,568,716 in new capital for FY 2024-25. A detailed schedule of Capital Expenditures is included on page 12-13.

Capital Assets:

Capital Fund Expenditures	Actual YTD 3/31/2024	Projected 6/30/24	Budget FY 2023-24	Budget FY 2024-25	Budget Change	% Var
Administration	0	0	173,000	80,000	(93,000)	-54%
Collection Facilities	0	90,000	600,000	600,000	0	0%
Vehicles & Equipment	30,704	341,212	445,000	813,000	368,000	83%
Pump Stations	37,430	100,150	440,000	1,639,000	1,199,000	273%
Subsurface Lines & Other Capital	0	0	100,000	100,000	0	0%
Construction Projects	8,038,202	10,470,796	22,155,000	23,449,500	1,294,500	6%
Total Capital Fund	8,106,336	11,002,158	23,913,000	26,681,500	2,768,500	12%

- **Administration.** \$80,000 is budgeted for heating, ventilation, and air conditioning (HVAC) replacement for the administration building.
- **Collection Facilities - Buildings.** The budget for Collection includes FERRF Improvements and Allowance for Unanticipated Capital Expenditures of \$600,000, no increase from the FY 2024-25 budget.

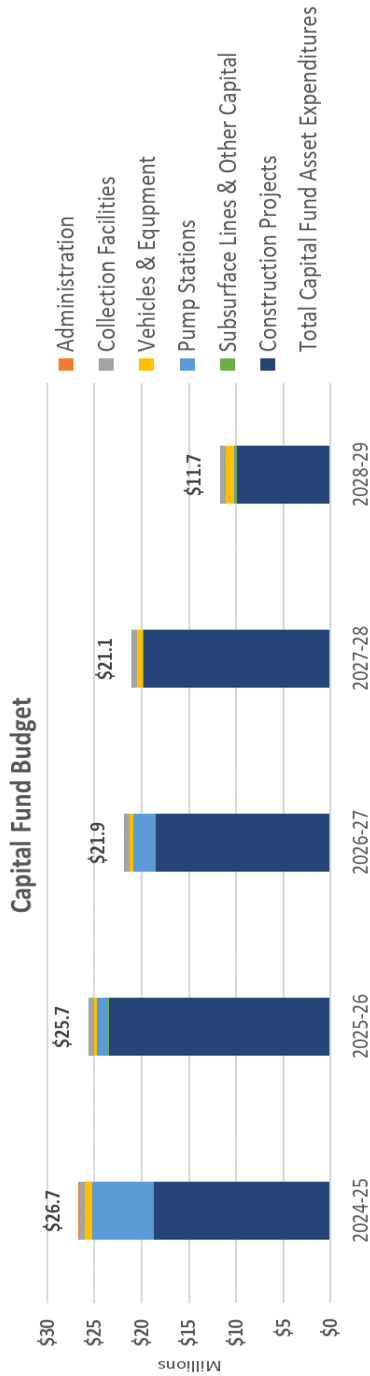
- **Vehicle & Equipment.** The budget for vehicles and equipment is \$813,000, an 83% increase from the FY 2023-24 budget.
 - Equipment: \$453,000 for a new closed circuit television (CCTV) unit and equipment.
 - Vehicles:
 - Electric Vehicle, \$80,000.
 - Pipe Hunter / Jetter, \$280,000.
 - Contribution to Equipment Replacement Reserve: Increased 3% to \$413,625.
- **Pump Stations.** The budget is increasing 273%, to \$1,639,000.
 - Additional Pump & Valve Replacement, \$40,000.
 - Pump Station Telemetry, \$560,000, with \$332,050 carried over from FY 2023-24.
- **Subsurface Lines & Other Capital.**
 - No change in \$100,000 for Manhole Raising on paving projects.
 - Subsurface lines projects often span fiscal year, so are budgeted in construction in progress.
- **Construction in Progress (CIP).** These are new construction projects that are recorded separately and capitalized when completed. CIP is not depreciated until completed. \$23,449,500 is budgeted for CIP, with \$11,112,784 estimated carryover from FY 2023-24 capital budget and \$12,336,716 in new projects.
 - Levee Project:
 - \$5 million budget, with \$4,908,252 carried over from FY 2023-24.
 - The District received a \$4,884,112 grant from the National Fish and Wildlife Foundation for the construction of a living shoreline. These are matching funds requiring a 112% contribution by the District (\$5.5 million).
 - Pipeline Replacement & Rehab Engineering, \$1,050,000.
 - Carryover \$350,000 from FY 2023-24.
 - New funding \$700,000.
 - Pipeline Replacement & Rehab Construction, \$17,399,500.
 - Carryover \$5,854,532 from FY 2023-24.
 - New funding \$11,544,968.
- **Resource Recovery.** Recycled water facilities projects recorded under the Recycled Water Fund.

**Budget
Fiscal Year 2024-25
Capital Fund**

Capital Expenditure - Detail	Budget FY 2022/23	YTD 3/31/2024	Projected 6/30/2024	Budget FY 2023/24	Budget FY 2024/25	Budget Variance	% Var
<u>Administration</u>							
District Office HVAC System					80,000		
District Office Exterior							
Server Replacement Program				23,000	0	(23,000)	
Software Purchases				150,000	0	(150,000)	
10 Year Master Plan	350,000			0	0	0	
Total Administration	350,000	0	0	173,000	80,000	(173,000)	-100%
<u>Collection Facilities</u>							
FERRF Improvements	500,000	0	90,000	500,000	500,000	0	0%
Allowance For Unanticipated Capital Expenditures	100,000	0	0	100,000	100,000	0	0%
Subtotal Collection Facilities	600,000	0	90,000	600,000	600,000	0	0%
<u>Equipment Replacement - Funded From The Equipment Replacement Fund</u>							
<u>Equipment</u>							
CCTV Equipment: Transporter, Track Module, Camera	22,500				28,000	28,000	
CCTV Unit					425,000	425,000	
<u>Vehicles</u>							
Dump Truck (Deferred since 2020 to 2023-24)			180,000	250,000	0	(250,000)	
Jet Truck, Superduty F550 4x4, 1/2in Jetter	165,000					0	
Combo Vacuum/Jetter Truck - Jetter Truck	500,000					0	
Electric Vehicles (2 Add per BOD, 5/10/23)	75,000		130,508	135,000	80,000	(55,000)	
Pipe Hunter / Jetter					280,000.00		
Mini Excavator		30,704	30,704	60,000	0	(60,000)	
Total Equipment Replacement	762,500	30,704	341,212	445,000	813,000	88,000	20%
Sales of Vehicles							
Net Vehicles & Equipment Expense	762,500	30,704	341,212	445,000	813,000	368,000	83%
Equipment Replacement Reserve	(371,315)	0	(401,577)	(401,577)	(413,625)	(12,047)	3%
Net Vehicles & Equipment Activity	391,185	30,704	(60,366)	43,423	399,375	355,953	820%
<u>Subsurface Lines & Other Capital</u>							
<u>Pump Stations</u>							
Pump Equipment Replacement Program	200,000	2,200	32,200	40,000	40,000	0	0%
Pump Station Telemetry		35,230	67,950	400,000	227,950	(172,050)	
Pump Station Telemetry (carryover)					332,050		
Willow, University, and Illinois Forceman Replacements					1,039,000		
Pump Station Repair & Replacements	0		0	0	0	0	
Total Pump Stations	200,000	37,430	100,150	440,000	1,639,000	1,199,000	273%
<u>Other:</u>							
Manhole Raising (Paving Projects)	100,000	0	0	100,000	100,000	0	0%
Total Subsurface Lines & Other Capital	100,000	0	0	100,000	100,000	0	
Total Pump Station, Subsurface Lines, & Other Capital	300,000	37,430	100,150	540,000	1,739,000	1,199,000	222%

**Budget
Fiscal Year 2024-25
Capital Fund**

Capital Expenditure - Detail	Budget FY 2022/23	YTD 3/31/2024	Projected 6/30/2024	Budget FY 2023/24	Budget FY 2024/25	Budget Variance	% Var
<u>Construction in Progress</u>							
Levee Survey & GPS Update	60,000			60,000			
Levee Improvement Project	1,000,000			3,000,000	91,748		
Levee Improvement Project (Carryover)	6,000,000	5,091,748	5,091,748	7,000,000	4,908,252	(5,060,000)	50%
Corporate Yard Construction							
Corporate Yard Renovation Design (Carryover)	350,000			350,000		(350,000)	0%
<u>Pipeline Replacement & Rehab Engineering</u>							
Construction Projects Environmental Review	20,000			20,000		(20,000)	-100%
Spot Repair Design-High Frequency List	350,000				350,000		
Spot Repair Design-High Frequency List (Carryover)		148,539	225,080	350,000		0	100%
Pipeline Replacement Design	350,000				350,000		
Pipeline Replacement Design (Carryover)				350,000	350,000	350,000	200%
Stowe Lane Design	200,000			0			
Stowe Lane Design (Carryover)		160,875	208,400	200,000		(200,000)	0%
Willow Pump Station Rehabilitation Design		127,568	175,100	200,000			
<u>Pipeline Replacement & Rehab Construction</u>							
Stowe Lane				3,000,000	0		
Stowe Lane (Carryover)			-		3,000,000	0	100%
Willow Pump Station Rehabilitation	700,000			1,000,000	0		
Willow Pump Station Rehabilitation (Carryover)				700,000	1,700,000	0	100%
Misc Point Repairs-High Freq. List Repairs (LAMP 1)	2,000,000	358,881	1,421,865	2,325,000	10,196,365		
Misc Point Repairs-High Freq. List Repairs (Carryover)		2,000,000	2,000,000	2,000,000	903,135	6,774,500	257%
Bayfront Park Sanitary Sewer Improvements	1,250,000		243,311	494,709	1,348,603		
Bayfront Park Sanitary Sewer Improvements (Carryover)		150,593	1,105,291	1,105,291	251,398	0	100%
Other Projects							
Total Construction in Progress	12,280,000	8,038,202	10,470,796	22,155,000	23,449,500	1,294,500	6%
Total Capital Fund Expenditures	14,292,500	8,106,336	11,002,158	23,913,000	26,681,500	2,768,500	12%



West Bay Sanitary District Five Year Budget Capital Asset Fund

	Actual 3/31/2024	Projected 6/30/2024	Budget FY 2023-24	Budget FY 2024-25	Budget FY 2025-26	Budget FY 2026-27	Budget FY 2027-28	Budget FY 2028-29
Capital Expenditures								
Administration	0	0	173,000	80,000	0	0	0	0
Collection Facilities	0	90,000	600,000	600,000	600,000	600,000	600,000	600,000
Vehicles & Equipment	30,704	341,212	445,000	813,000	300,000	389,000	571,000	935,000
Pump Stations	37,430	100,150	440,000	1,639,000	1,258,000	2,317,000	40,000	200,000
Subsurface Lines & Other Capital	0	0	100,000	100,000	100,000	100,000	100,000	100,000
Construction Projects	8,038,202	11,531,596	22,155,000	23,449,500	23,421,600	18,515,700	19,780,500	9,878,400
Total Capital Expenditures	8,106,336	12,062,958	23,913,000	26,681,500	25,679,600	21,921,700	21,091,500	11,713,400
Recycled Water Capital Expenditures								
Sharon Heights Recycled Water Facility	0	733,380	2,450,000	0	0	0	0	0
Bayfront Recycled Water Facility	0	1,105,291	17,299,485	25,500,000	25,450,000	2,328,600	2,328,600	2,328,600
Total Recycled Water Capital Expenditures	0	1,838,671	19,749,485	25,500,000	25,450,000	2,328,600	2,328,600	2,328,600
Total Capital Expenditures	8,106,336	13,901,628	43,662,485	52,181,500	51,129,600	24,250,300	23,420,100	14,042,000
Grant Funding								
National Fish and Wildlife Foundation Grant, living shoreline.			4,884,112					
California State Water Recycling Funding Program (WRFP)				5,000,000				
Total Grant Funding	-	-	4,884,112	5,000,000	5,000,000	-	-	-
Net Capital Expenditures	8,106,336	12,062,958	23,913,000	21,797,388	25,679,600	21,921,700	21,091,500	11,713,400
Net Recycled Water Capital Expenditures	-	1,838,671	19,749,485	25,500,000	20,450,000	2,328,600	2,328,600	2,328,600

Reserves:

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

Budget
Fiscal Year 2024-25
Reserve Contributions

<i>Reserve Contributions</i>	Current Target	Actual YTD 3/31/2024	Projected 6/30/24	Budget FY 2023-24	Budget FY 2024-25
Collection Reserves					
Operating Reserves Transfers (6mo/Ops)	14,024,468	2,913,031	2,913,031	2,913,031	3,220,785
Rate Stabilization/Bond Reserve	10,000,000	-	-	-	-
Treatment Plant Reserve	12,000,000	-	-	-	-
Restricted Reserves					
PARS Irrevocable Trust - Retirement		50,000	50,000	50,000	50,000
PARS Irrevocable Trust - OPEB		25,000	25,000	25,000	25,000
Capital Fund Reserves					
Capital Project Reserves Transfers	8,000,000	20,000,000	20,000,000	-	-
Emergency Capital Reserves Transfer	6,000,000	-	-	-	-
Equipment Replacement Reserves Transfer		-	401,577	401,577	413,625
Recycled Water Fund Reserves					
Recycled Water Cash Flow Reserve	8,000,000	-	-	-	-
Recycled Water SRF Reserve - Restricted	1,475,734				
Total Reserve Contributions	59,500,202	22,988,031	23,389,608	3,389,608	3,709,410

Reserves:

The District currently has four separate investment reserve accounts maintained to support the goals of the District, along with reserves held in LAIF, the Equipment Replacement Reserve held in a money market account, a Pension Trust, and the restricted Recycled Water SRF Reserve. Annual contributions are made in accordance with the Board approved budget in order to reach the target balances for each reserve. In addition, the Operating Reserve is set at six months of operating expenses, based on the annual budget.

- **Reserves.** Total reserve designations and transfers are \$3.6 million.
 - **Operating Reserve:** Designate \$3,220,785.
 - Six months of operations provides cash flow between July and December, when the first sewer service charges are received.
 - Operating Reserves will be held in LAIF, where they are available for cash flow.
 - **Vehicle & Equip Replacement Reserve:** \$413,625, increased 3% annually.

- **Restricted Reserves.**
 - **Public Agency Retirement Services (PARS) Trust:**
 - **Retirement:** \$50,000 to reserve for possible CalPERS unfunded liability.
 - **Other Post-Employment Benefits:** \$25,000 to keep pace with increasing liability.

Solid Waste:

The Solid Waste Fund has a projected net increase of \$6,380 for FY 2024-25, a \$4,370 increase from FY 2023-24. The Net Position is estimated at \$899,905 through FY 2024-25.

- **Solid Waste Fund Revenue.** Franchise fees are received from Recology, which manages solid waste collection for the District. The budget is estimated at a 12% increase from FY 2023-24. Recology may have other changes, which are uncertain at this time; additional costs associated with implementation of California’s Short-Lived Climate Pollutant (SLCP) Reduction Strategy, SB1383 and disposal costs at the Shoreway Environmental Center.
- **Solid Waste Fund Expense.** Allocated expenses for the Solid Waste program of \$116,920 is budgeted for rate studies, annual notification mailing, and overhead allocation, a combined 8% increase.

Budget
Fiscal Year 2024-25
Solid Waste Fund

	YTD 3/31/2024	Projected 6/30/24	Budget FY 2023-24	Budget FY 2024-25	Budget Variance	% Var
Operating Income						
Franchises	86,077	114,769	110,000	123,300	13,300	12%
Total Income	86,077	114,769	110,000	123,300	13,300	12%
Expenditures						
Rate Studies	28,314	28,314	42,000	44,200	2,200	5%
Mailings	3,600	3,600	5,000	5,300	300	6%
Public Relations	0	0	1,500	1,600	100	7%
Overhead Expense Allocation - General	46,950	62,600	59,490	65,820	6,330	11%
Total Allocated Operating Expense	78,864	94,514	107,990	116,920	8,930	8%
Non-Operating Income & Expense						
Surplus	317,824	317,824	0	0	0	0%
Change in Net Position	325,037	338,079	2,010	6,380	4,370	217%
Solid Waste Fund Beginning Balance	555,446	555,446	555,446	893,525		
Solid Waste Fund Balance	880,483	893,525	557,456	899,905		

Recycled Water:***Sharon Heights Recycled Water Facility***

The Sharon Heights Recycled Water Facility (SHRWF) was completed in FY 2021-22, for a project total of \$22,647,052. \$22,267,257 was received from the State Revolving Fund, including a \$5,259,800 Water Recycling Funding Program Construction Grant and a State Revolving Fund (SRF) Loan of \$17,117,420. The District assumed full management of the facility beginning January 27, 2021.

The SHRWF budget is based on the approved 2024 calendar year operations and maintenance budget agreed upon with Sharon Heights Golf & Country Club (SHGCC) representatives. The detailed SHRWF statement is included on page 18.

- **Revenue.** Revenue is recognized as non-operating income, as all costs of the facility are paid by the District and ultimately reimbursed by Sharon Heights Golf & Country Club (SHGCC). The District provides SHGCC with a projected budget in January 2024, which estimated annual operations and maintenance and is billed in twelve equal monthly installments. The difference is reconciled annually and billed or credited to SHGCC.
- **Expense.** Total Operating expenditures are estimated at \$1,426,950 for FY 2024-25, including \$755,000 in depreciation of the recycled water facility.
 - Operating Expenses were \$671,950.
 - Direct District expenses budget is \$642,250, 20% higher than FY 2023-24. Operating costs are expected to return to normal after SHGCC shut down in FY 2023-24 for renovations, requiring less water.
 - Indirect Administration is \$29,700, 27% higher than FY 2023-24, as these fees are based on direct costs.
 - Depreciation is expensed on the straight-line method, \$755,000 annually.
- Non-Operating Income & Expenses.
 - Non-Operating Income
 - Income for FY 2024-25 is \$671,950, which represents the calendar year budget agreement with SHGCC for operations and maintenance.
 - \$1,600 in estimated interest income on the SRF deposit.
 - Non-Operating Expenses
 - Although \$662,911 represents the principal and interest on the SRF loan payment, only the interest of \$151,112 is expensed. The principal amount reduces the loan balance.
- Contributions.
 - SHGCC pays \$662,900 in ten equal installments over ten months for the SRF loan payments, due March 30 each year. Recorded as a contribution by SHGCC.

West Bay Sanitary District
Recycled Water Fund
Sharron Heights Recycled Water Facility
Budget
Fiscal Year 2024-25

Fund Expenditures - Detail	Actual YTD 3/31/2024	Projected 6/30/24	Budget FY 2023/24	Budget FY 2024/25	Budget Variance	% Var
<u>Operating Expense</u>						
Salaries & Wages	80,991	107,988	85,000	130,000	45,000	35%
Employee Benefits	43,930	58,574	35,000	40,000	5,000	13%
Indirect Labor	5,740	7,654	0	0	-	
Overtime	13,088	13,088	20,000	25,000	5,000	20%
Standby	14,820	19,760	20,000	21,000	1,000	5%
Total Salaries, Wages & Benefits	158,570	207,064	160,000	216,000	56,000	26%
<u>Other Operating Expense</u>						
Fuel	0	0	0	0	0	
Insurance	46	61	40,000	46,000	6,000	13%
Memberships	41,052	54,736	0	0	0	
Office Expense	0	0	0	0	0	
Operating Supplies	0	0	38,200	45,000	6,800	15%
Contractual Services	10,824	14,431	0	0	0	
Professional Services	11,926	15,902	11,000	25,000	14,000	56%
Printing & Publications	11,601	15,467	0	0	0	
Rents & Leases	0	0	0	0	0	
Repairs & Maintenance	0	0	25,000	25,000	0	0%
Research & Monitoring	11,997	15,995	15,000	23,000	8,000	35%
Training, Meetings & Travel	13,149	17,532	0	0	0	
Utilities	0	0	209,250	249,250	40,000	16%
Licenses & Permits	161,806	215,741	12,500	13,000	500	4%
Other Operating Expenses	4,471	5,961	0	0	0	
Subtotal Operating Expenses	425,441	562,891	510,950	642,250	131,300	20%
Administrative Expense	444,749	592,999	21,525	29,700	8,175	27.5%
Direct Expenditures	870,190	1,155,890	532,475	671,950	139,475	21%
Depreciation	822,200	1,096,267	755,000	755,000	0	0%
Total Operating Expense	1,692,390	2,252,157	1,287,475	1,426,950	139,475	10%
<u>Non-Operating Income & Expense</u>						
<u>Other Non-Operating Income</u>						
SHGCC O&M Revenue	503,433	671,245	532,475	671,950	139,475	21%
Interest Income, Gains on Investment	1,257	1,676	1,600	1,600	0	0%
Total Non-Operating Income	504,691	672,921	534,075	673,550	139,475	21%
<u>Other Non-Operating Expense</u>						
SRF Loan Payment - Principal	(506,732)	(506,732)	(506,732)	(511,799)	(5,067)	1%
SRF Loan Payment - Interest	(156,179)	(156,179)	(156,179)	(151,112)	5,067	-3%
Total Non-Operating Expense	(156,179)	(156,179)	(156,179)	(151,112)	5,067	-3%
Total Non-Operating Income & Expense	348,511	516,742	377,896	522,438	144,542	28%
Contributions						
SHGCC Contributions: SRF Loan	397,747	596,620	662,900	662,900	0	0%
Net Change in Position	(946,132)	(1,138,795)	(246,679)	(241,612)	5,067	-2%

Recycled Water Capital Projects:

West Bay Sanitary District
Recycled Water Fund
Fiscal Year 2024-25

Recycled Water Capital Expenditures	Budget FY 2022/23	YTD 3/31/2024	Projected 6/30/2024	Budget FY 2023/24	Budget FY 2024/25	Budget Variance	% Var
Recycled Water Fund							
Bayfront Recycled Water Facility	1,000,000	554,067	950,890	16,750,000	-		
Bayfront Recycled Water Facility (Carryover)					15,750,000	(1,000,000)	94%
Bayfront - Reclaimed Water Pipelines	1,250,000	150,593	1,105,291	549,485		(549,485)	-100%
O'Brien - Reclaimed Water Pipelines *		39,273	106,560	2,500,000			
<i>Menlo Park Community Center: Upsize RW Service Line</i>		303,967	303,967			-	
Sharon Heights Recycled Water Facility (SHRWF)							
SHRWF - Avy Pump Station	500,000	733,380	733,380	766,121			
SHRWF - Avy PS (Carryover)				183,879		(950,000)	0%
SHRWF - Solar Project Lease	1,500,000		-	1,500,000		(1,500,000)	-100%
Recycled Water Facilities	4,250,000	1,781,280	3,200,087	22,249,485	15,750,000	(3,999,485)	-0.18

Sharon Heights Recycled Water Facility

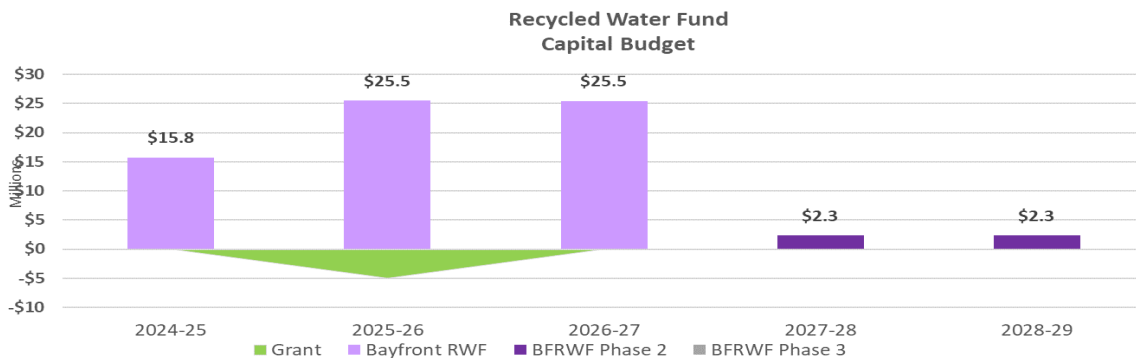
The SHRWF has two capital projects.

- Avy Altscheul Pump Station (Avy PS), which is expected to be completed in FY 2023-24.
 - Will provide additional flow to SHRWF
 - All costs reimbursed by SHGCC to District
- Solar Project Lease, which has been delayed.
 - SHGCC is pursuing a lease for solar power for the SHRWF through a lease agreement.
 - The District owns the SHRWF, so the lease will be in the District’s name
 - All costs reimbursed by SHGCC to District

Bayfront Recycled Water Project

The Bayfront Project has a \$15,750,000 capital budget for the recycled water facility.

- Project Management
- Recycled Water Facility
- Reclaimed Water Pipelines to Menlo Park Pump Station



West Bay Sanitary District
Budget
Fiscal Year 2024-25
By Fund

	General Fund	Capital Fund	Silicon Valley Clean Water Fund	Solid Waste Fund	Recycled Water Fund	Combined Budget
	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25	FY 2024-25
Operating Revenues						
Sewer Service Charges	33,445,360	-	-	-	-	33,445,360
Permit & Inspection Fees	200,000	-	-	-	-	200,000
Flow Equalization	69,210	-	-	-	-	69,210
Other Operating Revenue	739,149	-	-	123,300	-	862,449
Operating Revenues	34,453,719	-	-	123,300	-	34,577,019
Operating Expenses						
Salaries & Benefits	7,573,559	-	-	-	216,000	7,789,559
Materials & Supplies	768,800	-	-	-	45,000	813,800
Insurance	322,560	-	-	-	46,000	368,560
Contract Services	1,009,652	-	-	-	-	1,009,652
Professional Services	1,572,700	-	-	51,100	48,000	1,671,800
Repairs & Maintenance	694,615	-	-	-	25,000	719,615
Utilities	295,180	-	-	-	249,250	544,430
Other Operating Expenses	512,881	-	-	65,820	42,700	621,401
Depreciation	-	3,200,000	-	-	755,000	3,955,000
Total WBSD Operating Expenses	12,749,947	3,200,000	-	116,920	1,426,950	17,493,817
Sewage Treatment Plant (SVCW)			18,540,559			18,540,559
Total Operating Expenses	12,749,947	3,200,000	18,540,559	116,920	1,426,950	36,034,376
Operating Income (Loss)	21,703,772	(3,200,000)	(18,540,559)	6,380	(1,426,950)	(1,457,357)
Non-Operating Revenues (Expenses)						
Investment Income	500,000	-	-	-	1,000	501,000
Interest Expense	-	-	-	-	(151,112)	(151,112)
Other Non-Operating Income	-	-	-	-	671,950	671,950
Other Non-Operating Expenses	-	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	500,000	-	-	-	521,838	1,021,838
Change in Net Position by Fund	22,203,772	(3,200,000)	(18,540,559)	6,380	(905,112)	(435,518)
Pension Adjustment (GASB 68)	-					-
Capital Contributions						
Recycled Water Fund					662,900	662,900
Capital Fund: Connection Fees		250,000				250,000
Change in Net Position by Fund	22,203,772	(2,950,000)	(18,540,559)	6,380	(242,212)	477,382
Beginning Net Position (Budget)	57,162,923	94,163,012	16,603,101	893,525	13,391,030	182,213,591
Prior Period Adjustment	-	-				-
Ending Net Position	79,366,696	91,213,012	(1,937,458)	899,905	13,148,818	182,690,972