

WEST BAY SANITARY DISTRICT



Approved Budget

Fiscal Year 2021-2022

Approved

June 9, 2021

Financial Report Approved Budget Fiscal Year 2021-2022

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 serves a population of 20,170 households and commercial establishments.

The District held a Budget Workshop on May 5, 2021 to work on the development of the fiscal year 2021-2022 (FY 2021-22) Budget. Based on District estimates and direction from the District Board of Directors (Board), the Approved Budget Report was developed, in conformity with the format prescribed by the provisions of Governmental Accounting Standards. This report is an overview of the District's Approved Budget for FY 2021-22, approved by the Board of Directors (Board) at the regular board meeting June 9, 2021.

Table of Contents

Statement of Revenue, Expenses and Changes in Net Position	3
Changes since Budget Workshop	4
General Fund	
Revenues	5
Expenditures	6
Expense Analysis	7
Capital Fund	9
Capital Fund Details	11
Reserves	13
Solid Waste Fund	15
Recycled Water Fund	16

West Bay Sanitary District
Approved Budget
Fiscal Year 2021-22

	Budget FY 2020/21	YTD 3/31/2021	Projected 6/30/21	Budget FY 2021/22	Budget Variance	% Var
General Fund						
Operating Revenue						
Non-Residential	6,861,843	5,385,440	7,180,587	5,193,421	(1,668,422)	-24.3%
Residential	23,912,216	18,005,546	23,966,720	24,547,205	634,989	2.7%
Sewer Service Charges	30,774,058	23,390,987	31,147,307	29,740,626	(1,033,432)	-3.4%
Permit & Inspection Fees	100,000	155,419	155,419	100,000	0	0.0%
Flow Equalization Cost Sharing	355,000	355,000	355,000	368,490	13,490	3.8%
Other Operating Income (LAH, WS, HACH)	350,000	391,075	521,433	663,781	313,781	89.7%
Total Operating Revenue	31,579,058	24,292,481	32,179,160	30,872,898	(706,161)	-2.2%
Operating Expenditures						
District Operating Expense (Excluding Depreciation)	9,371,022	8,592,334	16,075,400	9,107,711	(263,312)	-2.8%
Depreciation	2,900,000	1,988,145	2,866,400	3,200,000	300,000	10.3%
SVCW Expense	13,153,679	10,830,847	12,961,059	12,396,490	(757,189)	-5.8%
Total Operating Expenditures	25,424,701	21,411,327	31,902,859	24,704,200	(720,501)	-2.8%
Net Operating Income (Loss)	6,154,357	2,881,155	276,301	6,168,697	14,340	0.2%
Non-Operating Income (Expense)						
Interest Income	50,000	475,231	475,231	350,000	300,000	600.0%
Other Non Operating Income	1,000	51,621	51,621	1,000	0	0.0%
Total Non-Operating Income	51,000	526,852	526,852	351,000	300,000	588.2%
Total Non-Operating Expense	(6,000)	0	(6,000)	(6,000)	0	0.0%
Total Non-Operating Income (Expense)	45,000	526,852	520,852	345,000	300,000	666.7%
Change in Net Position						
Total Income	31,630,058	24,819,333	32,706,012	31,223,898	(406,161)	-1.3%
Total Expenditures	(25,430,701)	(21,411,327)	(31,908,859)	(24,710,200)	720,501	-2.8%
Net Change in Position - Transfer to Capital Fund	6,199,357	3,408,007	797,154	6,513,697	314,340	5.1%
Capital Asset Fund	250,000	88,490	88,490	250,000	0	0.0%
Solid Waste Fund	5,000	1,079	9,179	(5,090)	(10,090)	-201.8%
Recycled Water Fund	12,630	(591,447)	(694,219)	(752,902)	(765,532)	-6061.2%
Total Change in Net Position	6,466,987	2,906,128	200,603	6,005,705	(461,282)	(63)

Budget Workshop:

On May 5, 2021, District staff held a Budget Workshop with the Board to review the estimates for FY 2021-22 and receive direction from the Board. The District has also received more current information on some items.

Changes since Budget Workshop:

- **General Fund**
 - **Revenue:**
 - Sewer Service Charges increased, since May 5, 2021, based on current data. Revenue is estimated to decrease 2.2%.
 - **Expenditures:**
 - **Salaries & Wages.** Increased based on current rates, added steps, and current data.
 - **Benefits.** Decreased due to payoff of Public Employees Retirement Service (PERS) Unfunded Accrued Liability in FY 2020-21, eliminates contributions in FY 2021-22.
 - **Insurance.** Insurance estimates have been revised based on new information from California Sanitation Risk Management Authority (CSRMA) program administrators. Deductible option were discussed with Finance Committee 6/2/21 and direction provided to increase liability deductible to \$100,000 and reserve \$31,410 savings as a self-insured reserve. Property deductible will remain at \$5,000.
 - **Rents & Leases.** Increased \$6,000 for a lease for the District Manager vehicle.
 - **Interest Income.** Interest was increased from \$250,000 to \$350,000, at direction from the Board.
- **Capital Assets – Vehicles.** At the Board direction, the purchase of a new vehicle for the District Manager has been removed and the lease of a new vehicle for \$6,000 annually has been added Rents & Leases.
- **Reserve Funding.** The Finance Committee reviewed the Reserve Policy on 6/9/21, increasing the Rate Stabilization Reserve to \$10 million, from \$8 million and adding a Treatment Plant Reserve of \$12 million to designate funds for plant capital. The new reserve will allow the District to fund the estimated \$6 million due in 2024, for plant capital and future loan payments. Reserves will be managed in accordance with the revised Reserve Policy.
- **Solid Waste Fund.** Revenue has been reduced to account for increases in costs, based on Board approval of additional route and additional information from Recology, the franchisee.
- **Recycled Water Fund.** Insurance has been increased for the Sharon Heights Recycled Water Facility (SHRWF).

General Fund:**Revenues:**

The Approved Budget for FY 2021-22 includes total Operating Revenues of \$30,872,898 in the General Fund, reflecting a 2.2% decrease from FY 2020-21 annual budget.

- **Sewer Service Charges.** Total revenue of \$29,740,626 is estimated for FY 2021-22, reflecting a 24.3% decrease in Non-Residential Sewer Service Charges, irregardless of the 2.5% rate increases. This was due to reduced flows in FY 2020-21 as many business were totally or partially shut down during the COVID-19 pandemic. Residential Sewer Service Charges are estimated to increase 2.7%, due to the 2.5% increase in residential rates.
- **Permit Fees.** Permit & Inspection Fees budget is unchanged at \$100,000. 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) budget is \$368,490, a 3.8% increase based on the annual Consumer Price Index (CPI) for All Urban Consumers for San Francisco-Oakland-Hayward (Bay Area), CA from April 2020 to April 2021.
- **Other Operating Income.** A total of \$663,781 is estimated; a 90% increase from the FY 2020-21 annual budget, due to negotiated contract extensions with Los Altos Hills and Woodside, and the addition of HACH Service Contract fees, which will be passed-on to customers.
 - Revenue from Los Altos Hills = \$423,775
 - Revenue from Town of Woodside = \$77,106
 - Revenue from HACH Service Contracts = \$162,900
 - Sampling & Monitoring by SVCW is not budgeted for. Receipts are the results of invoices paid to SVCW on behalf of our commercial customers, which the District then bills to our customers.
- **Other Non-Operating Revenues:** The District budgets for Interest Income of \$350,000 and \$1,000 in other miscellaneous non-operating revenue, for a total of \$351,000.

	Budget FY 2020/21	YTD 3/31/2021	Projected 6/30/21	Budget FY 2021/22	Budget Variance	% Var
General Fund						
<u>Operating Revenue</u>						
Non-Residential	6,861,843	5,385,440	7,180,587	5,193,421	(1,668,422)	-24.3%
Residential	23,912,216	18,005,546	23,966,720	24,547,205	634,989	2.7%
Sewer Service Charges	30,774,058	23,390,987	31,147,307	29,740,626	(1,033,432)	-3.4%
Permit & Inspection Fees	100,000	155,419	155,419	100,000	0	0.0%
Flow Equalization Cost Sharing	355,000	355,000	355,000	368,490	13,490	3.8%
Other Operating Income (LAH, WS, HACH)	350,000	391,075	521,433	663,781	313,781	89.7%
Total Operating Revenue	31,579,058	24,292,481	32,179,160	30,872,898	(706,161)	-2.2%

Expenditures:

Total Operating Expenditures for the General Fund is estimated at \$24,704,200, a 2.8% decrease from FY 2020-21.

- **WBSD Direct Operating Expenses.** General Fund Expenses were \$9,107,711, excluding \$3.2 million in Capital Depreciation, a 2.8% decrease from the FY 2020-21 annual budget. Expenses are shown on the Expense Analysis on the following page in total, with allocations to the Solid Waste and Recycled Water Fund deducted in aggregate.
- **Depreciation.** Depreciation increased 10.3% due to \$7.25 million in capital projects completed through March 31, 2021, which are now being depreciated.
- **External Operating Expenses.** This includes contributions and debt payments, for the benefit of, SVCW. Total Expenditures are \$12,396,490 for the District share of SVCW budget in FY 2021-22, a 5.8% decrease, due to lower flows and SVCW refinancing of debt in FY 2020-21 at lower rates. SVCW expenditures represent 57.6% of the total annual budget, excluding depreciation. The District holds a 23.91% share of SVCW's Net Position according to the SVCW's annual Unaudited Analysis of Net Position, as of June 30, 2020. SVCW will be reported as a separate Fund in FY 2021-22, to better identify direct District Operations and those of SVCW.
 - SVCW Operating & Capital Contributions are \$7,163,747. This is a 9.3% decrease from FY 2020-21, due to decreased flows from the District to SVCW for treatment processing while other members realized an increase in flows.
 - SVCW Debt payments are \$5,232,733. The 2014 and 2015 Bonds were refinanced, along with the 2011 SRF debt, into new 2021 Bonds. The District owes \$55.7 million for the new 2021 Bonds, with payments commencing in 2021-22. SVCW refinanced debt to take advantage of historically low rates, which are estimated to save the District \$3.25 million.
 - Additional refinancing is expected to occur in 2021-22, which will affect future debt payments, including the addition of a 2024 Bond,
- **Non-Operating Expenses.** The District budgets \$6,000 for unanticipated Non-Operating Expenses.

Change in Net Position:

The General Fund Net Operating Income is estimated at \$6,525,697 for FY 2021-22. This is the estimated amount that will be transferred to the Capital budget for capital projects.

Approved Budget
Fiscal Year 2021-22
General Fund
Expense Analysis

General Fund Expenditures	Budget FY 2020/21	YTD 3/31/2021	Projected 6/30/21	Budget FY 2021/22	Budget Variance	% Var
Operating Expense						
Salaries & Wages	3,963,828	3,039,858	6,079,716	4,363,442	399,614	10.1%
Employee Benefits	2,841,502	3,967,557	7,935,114	1,834,191	(1,007,311)	-35.4%
Total Salaries, Wages & Benefits	6,805,330	7,007,415	14,014,829	6,197,633	(607,697)	-8.9%
Other Operating Expense						
Director Fees	42,320	29,110	38,813	42,320	0	0.0%
Election Expense	70,000	4	4	0	(70,000)	-100.0%
Depreciation	2,900,000	1,988,145	2,866,400	3,200,000	300,000	10.3%
Gasoline, Oil & Fuel	70,000	31,188	41,584	70,000	0	0.0%
Insurance	173,290	160,838	167,182	204,550	31,260	18.0%
Self-Insurance Reserve				31,410	31,410	
Memberships	51,450	39,012	39,012	58,660	7,210	14.0%
Office Expense	35,500	23,593	31,458	39,600	4,100	11.5%
Operating Supplies	375,345	296,816	395,755	393,425	18,080	4.8%
Contractual Services	481,000	271,652	362,203	665,475	184,475	38.4%
Professional Services	495,220	218,165	290,886	510,220	15,000	3.0%
Printing & Publications	62,500	27,348	60,837	67,500	5,000	8.0%
Rents & Leases	40,000	27,862	37,149	51,700	11,700	29.3%
Repairs & Maintenance	297,900	226,381	301,842	338,425	40,525	13.6%
Research & Monitoring	20,000	6,600	8,800	20,000	0	0.0%
Training, Meetings & Travel	56,200	14,730	19,641	56,200	0	0.0%
Utilities	196,550	174,815	233,086	232,500	35,950	18.3%
LAFCO Contributions	21,000	28,067	19,000	29,400	8,400	40.0%
Other Operating Expense	199,700	88,715	118,287	219,340	19,640	9.8%
Transfer Overhead to Solid Waste Reserve Fund	(103,000)	(68,286)	(85,686)	(105,090)	(2,090)	2.0%
Transfer Overhead to Recycled Water Facility	(19,283)	(11,692)	(19,283)	(15,557)	3,726	-19.3%
Total Other Operating Expenses	5,465,692	3,573,065	4,926,971	6,110,078	644,386	11.8%
Total Operating Expense	12,271,022	10,580,479	18,941,800	12,307,711	36,688	0.3%
Related Agencies:						
Silicon Valley Clean Water (SVCW)						
SVCW Operating Expenditures	7,076,158	5,162,651	6,883,538	6,225,028	(851,130)	-12.0%
SVCW Revenue Funded Capital Expenditures	347,712	260,784	347,712	401,929	54,217	15.6%
SVCW Reserve Contributions	409,274	306,956	409,274	536,800	127,526	31.2%
SVCW 2014 Bond (\$65 million)	1,145,480	1,145,480	1,145,480		(1,145,480)	-100.0%
SVCW 2015 Bond (\$60 million)	1,610,500	1,610,500	1,610,500		(1,610,500)	-100.0%
SVCW 2018 Bond (\$55 million)	1,837,713	1,837,713	1,837,713	1,839,213	1,500	0.1%
SVCW 2021A&B Bond (\$55.6 million)		0		2,743,273	2,743,273	
SVCW SRF - Control Building, C-06-5216-110	220,077	0	220,077	0	(220,077)	-100.0%
SVCW SRF - WWTP Phase I, C-06-5216-120	506,765	506,765	506,765	506,765	0	0.0%
SVCW SRF - Conveyance Planning, C-06-8069-110 (\$4.1m)		0		143,482	143,482	
Total SVCW Expenditures	13,153,679	10,830,847	12,961,059	12,396,490	(757,189)	-5.8%
Total Operating Expenditures	25,424,701	21,411,327	31,902,859	24,704,200	(720,501)	-2.8%

Approved Budget
Fiscal Year 2021-22
General Fund
Expense Analysis

<u>Salaries, Wages, And Benefit - Details</u>	<u>Budget FY 2020/21</u>	<u>YTD 3/31/2021</u>	<u>Projected 6/30/21</u>	<u>Budget FY 2021/22</u>	<u>Budget Variance</u>	<u>% Var</u>
Salaries & Wages						
Collection	2,197,296	1,675,051	2,233,401	2,308,600	111,304	5.1%
Administrative	1,123,236	990,003	1,320,005	1,345,300	222,065	19.8%
Temporary Employees	160,000	91,330	131,881	130,000	(30,000)	-18.8%
Allowance for Staff Salary Increase July, 4% Per MOU	137,480	0	142,136	143,640	6,160	4.5%
Allowance for Merit Increase (Step Increases)	16,450	0	4,073	61,620	45,170	274.6%
Subtotal	3,634,462	2,756,384	3,831,495	3,989,160	354,698	9.8%
Overtime	142,019	102,595	145,000	154,690	12,671	8.9%
Standy-By Pay	37,347	28,900	33,830	39,520	2,173	5.8%
Performance Measures Program	150,000	142,329	142,329	160,000	10,000	6.7%
End Of Year Compensation	0	9,650	9,650	20,072	20,072	
Total Salaries & Wages	3,963,828	3,039,858	4,162,305	4,363,442	399,614	10.1%
Employee Benefits						
Life & AD&D Insurance	17,372	8,262	11,016	14,175	(3,197)	-18%
Long-Term Disability	20,847	11,545	15,394	19,845	(1,002)	-5%
Workers' Compensation	129,332	82,464	109,952	118,230	(11,102)	-9%
Cafeteria & Health Benefits	907,182	624,353	832,471	1,013,350	106,168	12%
Public Employee's Retirement System (PERS)	414,441	212,664	352,664	355,335	(59,106)	-14%
PERS Unfunded Accrued Liability	2,600,000	2,982,655	6,246,141	0	(2,600,000)	-100%
Employee Assistance & FSA Administration Fee	3,100	831	1,663	1,806	(1,294)	-42%
Social Security, Medicare, State Employer Taxes	85,880	61,735	82,314	85,000	(880)	-1%
District Manager Auto Allowance	7,200	4,385	5,846	6,300	(900)	-13%
Commuter	10,000	2,985	3,979	10,000	0	0%
Deferred Compensation Matching	58,691	37,412	49,883	60,150	1,459	2%
Pre-Funding Retirement Unfunded Liability (PARS Trust)	(1,600,000)	(1,600,000)	(1,600,000)	0	1,600,000	-100%
Pre-Funding OPEB Unfunded Liability (PARS Trust)	87,458	0	87,458	50,000	(37,458)	-43%
Vacation Leave Accrual	100,000	65,585	87,447	100,000	0	0%
Total Employee Benefits	2,841,503	2,494,877	6,286,228	1,834,191	(1,007,312)	-35.4%

Capital Fund:

The Capital Fund is funded with any Net Increase in Position from the General Fund Operations, Connection Charges by customers, and Interest Income.

	Budget	YTD	Projected	Budget	Budget	
	FY 2020/21	3/31/2021	6/30/2021	FY 2021/22	Variance	% Var
Fund Balance						
Beginning Balance For Fiscal Year *	20,960,496	20,960,496	20,960,496	20,116,346	(844,150)	-4%
Revenue - Connection Charges	250,000	88,490	88,490	250,000	0	0%
Projected Transfer From General Fund	6,199,357	3,408,007	797,154	6,513,697	314,340	5%
Total Funds Balance Available	27,409,853	24,456,993	21,846,140	26,880,044	(529,810)	-2%
Capital Expenditures	(9,428,000)	(930,466)	(1,729,793)	(12,751,750)	(3,323,750)	35%
Fund Balance	17,981,853	23,526,526	20,116,346	14,128,294	(3,853,560)	-21%

Capital Fund Revenue:

Connection Fees of \$250,000 are estimated; no change from FY 2020-21.

Capital Fund Expenses:

Total Capital Expenditures of \$12,751,750 are budgeted for in FY 2021-22; 36% increase from FY 2020-21. A detailed schedule of Capital Expenditures is included on page 11-12.

	Budget	YTD	Projected	Budget	Budget	
	FY 2020/21	3/31/2021	6/30/2021	FY 2021/22	Variance	% Var
Capital Expenditures						
Administration	35,000	0	32,000	35,000	0	0%
Collection Facilities	100,000	2,800	2,800	600,000	500,000	500%
Vehicles & Equipment	228,000	177,112	212,112	201,750	(26,250)	-12%
Subsurface Lines & Other Capital	195,000	0	94,983	195,000	0	0%
Construction Projects	8,870,000	750,554	1,387,898	11,720,000	2,850,000	32%
Total Capital Expenditures	9,428,000	930,466	1,729,793	12,751,750	3,323,750	35%

- **Administration.** The budget for Administrative facilities is \$35,000, no change from FY 2020-21.
- **Collection Facilities - Buildings.** The budget for Collection includes FERRF Improvements and Allowance for Unanticipated Capital Expenditures of \$600,000, a 500% increase from the \$100,000 in FY 2020-21 budget.
 - FERRF Improvements: Added \$500,000 in FY 2021-22.
 - Allowance For Unanticipated Capital Expenditures: \$100,000; No Change in FY 2021-22.
- **Vehicle & Equipment.** The budget for vehicles and equipment is \$261,750, a 15% increase over FY 2020-21 budget.
 - Equipment:

- Flo Dar Equipment: Increase 5% to \$36,750 for two flow meters, due to price increase.
 - Vehicles: Increase expenditures 62% in FY 2021-22.
 - Replace Vehicle 201, District Manager vehicle.
 - Lease Malibu at \$500 month, included in Rents & Leases
 - Add Vehicle 228, Jet Truck, Superduty F550 4x4, 1/2in Jetter.
 - Contribution to Equipment Replacement Reserve: Increase 3%.

Vehicle Replacement Program	Budget	Actual	Projected	Budget	Variance	YTD %
	FY 2020-21	3/31/2021	6/30/2021	FY 2021/22	Budget Balance	Budget
Bank of the West Money Mkt, Less Contributions	607,251	607,251	607,251	757,441	150,190	25%
Interest	-	1,286	1,802	1,666	1,666	
Contributions	360,500	360,500	360,500	371,315	10,815	3%
Total Vehicle & Equipment Expenditures	(228,000)	(177,112)	(212,112)	(201,750)	26,250	-12%
Net Vehicle & Equipment Program	739,751	791,925	757,441	928,672	188,921	26%

- **Subsurface Lines & Other Capital.** The budget is unchanged from FY 2020-21, at \$195,000.
- **Construction in Progress (CIP).** These are new constructions projects that are recorded separately and capitalized when completed. CIP is not depreciated until completed. \$11,720,000 is budgeted for CIP, with \$6.6 million carried over from FY 2020-21 capital budget.
- **Resource Recovery.** Recycled water facilities projects recorded under the Recycled Water Fund.
 - **Sharron Heights Recycled Water Facility.** The facility is completed and there is no capital improvements budgeted in FY 2021-22.
 - **Bayfront.** The proposed Bayfront Recycled Water Project is in early developments. \$1 million is budgeted for entrance improvements.

Approved Budget
Fiscal Year 2021-22
Capital Fund

Capital Expenditure - Detail	Budget FY 2020/21	YTD 3/31/2021	Projected 6/30/2021	Budget FY 2021/22	Budget Variance	% Var
Administration						
District Office Interior	10,000		9,000	10,000	0	0%
District Office Exterior	10,000		8,000	10,000	0	0%
Server Replacement Program	15,000		15,000	15,000	0	0%
10 Year Master Plan - Deferred	0			0	0	
Total Administration	35,000	0	32,000	35,000	0	0%
Collection Facilities						
FERRF Improvements	0	0	0	500,000	500,000	
Allowance For Unanticipated Capital Expenditure	100,000	2,800	2,800	100,000	0	0%
Subtotal Collection Facilities	100,000	2,800	2,800	600,000	500,000	500%
Equipment Replacement - Funded From The Equipment Replacement Fund						
Equipment						
Ads Flow Meter	0				0	
Pipehunter (Hoses & Camera Reel Backups)	25,000	23,250	23,250		(25,000)	-100%
Mainline CCTV Camera	28,000	23,835	23,835		(28,000)	-100%
Flo Dar Equipment (Flow Meters)	35,000		35,000	36,750	1,750	5%
Vehicles						
District Manager Vehicle (2013) - Unit 201				0	0	
Dump Truck (Deferred since 2020 to 2023-24) - Unit 203					0	
Jet Truck, Superduty F550 4x4, 1/2in Jetter - Unit 228				165,000	165,000	
Operations Superintendent SUV - Unit 206					0	
Pump Supervisor Truck, 1/2ton Crane (Deferred I	90,000	87,290	87,290		(90,000)	-100%
Service Truck - Unit 208					0	
Water Quality Supervisor Vehicle - Unit 227	50,000	42,738	42,738		(50,000)	-100%
Total Equipment Replacement	228,000	177,112	212,112	201,750	(26,250)	-12%
Equipment purchases funded from Equipment Re	(360,500)	(177,112)	(360,500)	(371,315)	(10,815)	3%
Net Vehicles & Equipment	328,000	179,912	(145,588)	801,750	473,750	144%
Subsurface Lines & Other Capital						
Pump Stations						
Pump & Valve Replacement Program	40,000		40,000	45,000	5,000	13%
Private Pump & Panel Replacements	20,000		20,000	15,000	(5,000)	-25%
Pump Station Repair & Replacements	5,000		0	5,000	0	0%
Total Pump Stations	65,000	0	60,000	65,000	0	0%
Flow Monitoring Study	30,000		25,000	30,000	0	0%
Smart Covers (2)	0		9,983	0	0	
Manhole Raising (Paving Projects)	100,000		0	100,000	0	0%
Total Subsurface Lines and Other	195,000	0	94,983	195,000	0	0%

Approved Budget
Fiscal Year 2021-22
Capital Fund

Capital Expenditure - Detail	Budget FY 2020/21	YTD 3/31/2021	Projected 6/30/2021	Budget FY 2021/22	Budget Variance	% Var
<u>Construction in Progress</u>						
Levee Survey & GPS Update	60,000	0	0	60,000	0	0%
FERRF & Levee Improvement Project - Sheet Piling	1,500,000	293,521	293,521	6,000,000	4,500,000	300%
Sheet Piling Projects	0				0	
Corporate Yard Renovation Feasibility Study / Des	350,000			350,000	0	0%
Replace Metal Storage Building Phase 1	852,550		50,000	852,550	0	0%
Replace Metal Storage Building Phase 2	247,450			247,450	0	0%
Construction Projects Environmental Review	10,000			10,000	0	0%
<u>Pipeline Replacement & Rehab Engineering</u>					0	
<i>Isabella, Gilbert & Bay North, Coyote Hill - Phase 1</i>	350,000				(350,000)	-100%
<u>Pipeline Replacement & Rehab Construction</u>					0	
<i>Belle Haven III & Alpine</i>		39,647			0	
<i>Town of Atherton Civic Center - Dinklespeil</i>	0				0	
<i>Isabella, Gilbert & Bay North - Phase 1 (Carryover)</i>	1,500,000	373,100	1,000,000		(1,500,000)	-100%
<i>Isabella, Gilbert & Bay North - Phase 2 (Carryover)</i>	2,500,000			2,500,000	0	0%
<i>Lower Ringwood / North Bay (Carryover \$1.5m)</i>	1,500,000			1,500,000	0	0%
<i>Stowe Lane</i>	0			200,000	200,000	
Total Construction in Progress	8,870,000	750,554	1,387,898	11,720,000	2,850,000	32%
Total Operating Capital Expenditures	9,428,000	930,466	1,729,793	12,751,750	3,323,750	35%
Resource Recovery Projects						
Bayfront Resource Recovery	300,000	0	247,398	0	(300,000)	-100%
Bayfront Entrance Improvements				1,000,000	1,000,000	
Recycled Water Facilities	300,000	0	247,398	1,000,000	700,000	2.33
Total Capital Expenditures	9,728,000	930,466	1,977,191	13,751,750	4,023,750	52%

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.

Approved Budget
Fiscal Year 2021-22
Reserves

	Target	Balance 6/30/2020	Contributions, (Withdrawals), Change in Value 2020/21	Projected Balance 6/30/2021	Budget Contributions (Withdrawals) 2021/22	Projected Balance 6/30/2022
General Fund						
Operating Reserve (in LAIF, effective 6/9/21)	10,752,100	9,530,903	0	9,530,903	1,221,197	10,752,100
Rate Stabilization	10,000,000	1,408,407	8,580,432	9,988,840	0	9,988,840
Treatment Plant Reserve (transferred from Ops)	12,000,000		0	0	2,500,000	2,500,000
PARS Irrevocable Trust - OPEB		273,733	126,672	400,405	50,000	450,405
PARS Irrevocable Trust - Retirement		1,762,989	(1,535,170)	227,819	0	227,819
Local Agency Investment Fund (LAIF)		21,999,036	(9,319,181)	12,679,855	200,000	12,879,855
Total General Fund		34,975,069	(2,147,247)	32,827,822	3,971,197	36,799,019
Capital Asset Fund						
Emergency Capital Reserve	5,000,000	3,904,702	1,083,608	4,988,310	0	4,988,310
Capital Project Reserve	6,000,000	2,781,875	3,208,412	5,990,287	0	5,990,287
Equipment Replacement Reserve		607,251	274,496	881,747	371,315	1,253,062
Local Agency Investment Fund (LAIF)		6,753,129	2,531,272	9,284,401	(5,988,053)	3,296,348
Total Capital Asset Fund		14,046,958	7,097,788	21,144,745	(5,616,738)	15,528,007
Recycled Water Fund						
Recycled Water Cash Flow Reserve	8,000,000					
Recycled Water Facility Cash Flow Reserve - BoW		228,464	1,012	229,476	400,000	629,476
Recycled Water Facility Cash Flow Reserve - LAIF		7,313,135	31,724	7,344,859	33,400	7,378,259
Total Recycled Water Cash Flow Reserve		7,541,598	32,737	7,574,335	433,400	8,007,735
Restricted Accounts						
Recycled Water SRF Reserve (Required Deposit)	1,458,404					
Recycled Water SRF Reserve - BofW Investment Acct.		1,530,350	(1,282,147)	248,203	0	248,203
Recycled Water SRF Reserve - BofW MM Acct.			1,282,147	1,282,147	0	1,282,147
Total Recycled Water SRF Reserves		1,530,350	0	1,530,350	0	1,530,350
Total Recycled Water Fund		9,071,948	32,737	9,104,685	433,400	9,538,085
Solid Waste Fund						
Solid Waste Rate Stabilization		243,405	8,760	252,165	(5,090)	247,075

Reserves:

District staff met with the Finance Committee on June 2, 2021 to discuss options to achieve the reserve target balances. After direction from the Finance Committee and if authorized by the full Board at the June 9, 2021 Board meeting, the District will create a new Treatment Plant Reserve, with a target of \$12 million. In addition, the Operating Reserve Investment Account will fund the target balance deficits and Operating Reserves will be kept in LAIF, where funds are readily available.

To fully fund all targets, plus the annual contribution to the Equipment Reserve, the District would need \$13.6 million designated to reserves. Based on the estimated LAIF balance, as of 6/30/21 and estimated budget for FY 2021-22, there would be \$7.8 million in unreserved funds.

- **Reserves.** Total reserve designations and transfers are \$4.1 million in FY 2021-22.
 - **Operating Reserve:** Designate \$1,221,197
 - 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.
 - **Treatment Plant Reserve:** \$2,500,000
 - The District estimates funding reserve \$2.5 million annual.
 - In 2024 the District anticipates the need for \$6 million to avoid further SVCW bonds at \$416,000 per year for 30 years, for a total of \$12.48 million. Additionally, in FY 2027-28 annual SVCW debt service will increase by \$2.6 million.
 - **Other Post-Employment Benefits:** \$50,000 to keep pace with increasing liability.
 - **Vehicle & Equip Replacement Reserve:** \$371,315, increased 3% annually.
- **Restricted Reserves.** There is no budget for transfers to restricted reserve accounts.

Reserves	Budget FY 2020/21	YTD 3/31/2021	Projected 6/30/2021	Budget FY 2021/22	Budget Variance	% Var
Reserve Contributions						
Operating Reserves Transfers (Target Goal \$9.5M)	1,300,000	0	(7,560,000)	1,221,197	(78,803)	-6%
Rate Stabilization/Bond Reserve (Target Goal \$:)	1,555,000	1,555,000	8,592,000	0	(1,555,000)	-100%
Treatment Plant Reserve (Target Goal \$12M)				2,500,000	2,500,000	100%
Capital Reserves						
Capital Project Reserves Transfers (Target Goal	683,500	683,500	3,205,500	0	(683,500)	-100%
Emergency Capital Reserves Transfer (Target Gc	200,000	200,000	1,075,000	0	(200,000)	-100%
Vehicle & Equip Replacement Reserve	360,500	360,500	360,500	371,315	10,815	3%
Recycled Water Cash Flow Reserve (Target Goal \$8M)		0	426,000	0	0	
Recycled Water - Restricted Reserves						
Recycled Water SRF Reserve						
Total Reserve Contributions	4,099,000	2,799,000	6,099,000	4,092,512	(6,488)	0%

Solid Waste:

The Solid Waste Fund has a net decrease of \$5,090, a \$10,000 change from FY 2021-22. The Fund will have a Net Position of \$247,494.

- **Solid Waste Fund Revenue.** Franchise fees are received from Recology, which manages solid waste collection for the District. The budget is estimated at an 18% increase from FY 2020-21. The budget is based on average for FY 2020-21, less a slight decrease, due to the introduction of a new route in 2022. In addition, Recology has other changes, which are uncertain at this time; additional costs associated with implementation of California’s Short-Lived Climate Pollutant (SLCP) Reduction Strategy, SB 1383 and disposal costs at the Shoreway Environmental Center.
- **Solid Waste Fund Expense.** Allocated expenses for the Solid Waste program of \$105,090 is budgeted for rate studies, annual notification mailing, and overhead allocation. The annual Rate Study is based on the contract for this service, although it is 34% under budget for FY 2020-21. The overhead to manage the Fund has increased by the Consumer Price Index of 3.8%, for the Bay Area, as of April 2021.

Approved Budget
Fiscal Year 2021-22
Solid Waste Fund

	Budget FY 2020/21	YTD 3/31/2021	Projected 6/30/21	Budget FY 2021/22	Budget Variance	% Var
Operating Income						
Franchises	108,000	69,365	94,865	100,000	(8,000)	-7%
Total Income	108,000	69,365	94,865	100,000	(8,000)	-7%
Expenditures						
Rate Studies	42,000	25,105	27,755	42,000	0	0%
Mailings	5,000	1,932	1,932	5,000	0	0%
Public Relations	1,000	0	1,000	1,000	0	0%
Overhead Expense Allocation - General Func	55,000	41,250	55,000	57,090	2,090	4%
Total Allocated Operating Expense	103,000	68,286	85,686	105,090	2,090	2%
Solid Waste Fund Beginning Balance	243,405	243,405	243,405	252,584	9,179	4%
Contribution To Solid Waste Fund	5,000	1,079	9,179	(5,090)	(10,090)	-202%
Solid Waste Fund Balance	248,405	244,484	252,584	247,494	(911)	0%

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

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

Summary Recycled Water Fund statements are included on page 17-18, with detailed expenditure schedule on page 16.

- **Revenue.** All costs of the facility are paid by the District and ultimately paid by Sharon Heights Golf & Country Club (SHGCC). The budget for FY 2021-22 is \$511,266 in revenue, which represents reimbursement by SHGCC. The District provided SHGCC with a projected budget in January 2021, which estimates \$444,391 annually and is billed in monthly equal installments. The difference will be reconciled annually and billed to SHGCC.
- **Expense.** Total Operating expenditures are estimated at \$1,264,761 for FY 2021-22, including \$754,902 in depreciation of the recycled water facility.
 - Operating Expenses were \$494,303.
 - Direct District expenses are budgeted at \$494,303, 27% less than FY 2020-21.
 - Insurance is 171% higher than the FY 2020-21 budget and 71% higher than the actual for FY 2020-21; liability decreased 2%, as the District increased our deductible to \$100,000 from \$25,000 and property increased by 50%.
 - Indirect Administration is \$15,557, 19% less than FY 2020-21.
 - There is no outside Operations & Maintenance in FY 2021-22.
 - Depreciation expense is \$754,902 for FY 2021-22.
 - Non-Operating Income & Expenses offset, with net zero for the District.
 - Non-Operating Income is \$664,911, representing \$2,000 in estimated interest income on the SRF deposit and \$662,911 for the SRF loan payment.
 - Non-Operating Expenses of \$662,911 represent the principal and interest on the SRF loan payment.

Bayfront Recycled Water Project

The Bayfront Project has a \$1 million capital budget for entrance improvements.

West Bay Sanitary District
Recycled Water Fund
Sharron Heights Recycled Water Facility
Approved Budget
Fiscal Year 2021-22

	Budget FY 2020/21	YTD 3/31/2021	Projected 6/30/21	Budget FY 2021/22	Budget Variance	% Var
Fund Income						
Operating Income						
Sharon Heights Golf & Country Club	762,701	457,752	647,620	509,860	(252,841)	-33%
Total Operating Income	762,701	457,752	647,620	509,860	(252,841)	-33%
Fund Expenditures						
Total Operating Expense (Excluding Depreciation)	762,701	528,680	647,620	509,860	(252,841)	-33%
Depreciation	0	521,101	694,801	754,902	754,902	100%
Total Fund Expenditures	762,701	1,049,780	1,342,421	1,264,761	502,061	66%
Non-Operating Income (Expense)						
Non-Operating Income	675,541	663,492	663,492	664,911	(10,630)	-2%
Non-Operating Expense	(662,911)	(662,911)	(662,911)	(662,911)	0	0%
Total Non-Operating Income	12,630	582	582	2,000	(10,630)	-84%
Change in Net Position	12,630	(591,447)	(694,219)	(752,902)	(765,532)	-6061%
RETAINED FUNDS						
Restricted						
SRF Reserve (120% of annual pmt)		863,111	863,111	0	0	
Long Term Agreement Reserve		675,541	675,541	0	0	
Subtotal Restricted Funds	0	1,538,652	1,538,652	0	0	
Unrestricted						
Sinking Fund (Prepaid Rehabilitation Expenses)	144,148	0	0	0	(144,148)	
SRF Advances		878,203	1,077,076	662,911		
Subtotal Restricted Funds	144,148	878,203	1,077,076	662,911	(144,148)	
Retained Funds	288,296	\$3,295,058	3,692,805	1,325,822	(288,296)	

West Bay Sanitary District
Recycled Water Fund
Sharron Heights Recycled Water Facility
Approved Budget
Fiscal Year 2021-22

Fund Expenditures - Detail	Budget FY 2020/21	YTD 3/31/2021	Projected 6/30/21	Budget FY 2021/22	Budget Variance	% Var
Operating Expense						
Salaries & Wages	63,428	62,102	82,803	122,992	59,565	94%
Employee Benefits	47,571	19,448	25,931	47,571	0	0%
Indirect Labor	0	0	29,817	29,817	39,756	
Total Salaries, Wages & Benefits	110,999	81,550	138,550	200,381	99,321	89%
Other Operating Expense						
Gasoline, Oil And Fuel	0	0	0	0	0	
Insurance	9,252	10,998	14,664	25,095	15,843	171%
Memberships	0	0	0	0	0	
Office Expense	0	0	0	0	0	
Operating Supplies	4,800	734	978	12,600	7,800	163%
Contractual Services	0	0	0	0	0	
Professional Services	34,992	695	927	10,000	(24,992)	-71%
Printing And Publications	0	0	0	0	0	
Rents And Leases	0	0	0	0	0	
Repairs And Maintenance	12,000	0	0	12,000	0	0%
Research And Monitoring	66,000	2,760	3,680	27,375	(38,625)	-59%
Training, Meetings & Travel	0	0	0	0	0	
Utilities	126,792	128,044	170,726	194,352	67,560	53%
Licenses & Permits	0	19,214	25,619	12,500	12,500	
Other Operating Expenses	33,499	601	802	0	(33,499)	-100%
Subtotal Operating Expenses	398,334	244,596	355,946	494,303	105,907	27%
Operations & Maintenance - Anderson Pacific **	345,083	272,392	272,392	0	(345,083)	-100%
Administrative Expense	19,283	11,692	19,283	15,557	(3,726)	-19.32%
Depreciation	0	521,101	694,801	754,902	754,902	#DIV/0!
Total Operating Expense	762,701	1,049,780	1,342,421	1,264,761	512,000	67%
Non-Operating Income & Expense						
Other Non-Operating Income						
Interest Income, Gains on Investments		581	581	2,000	2,000	
SRF Loan Payments - SHGCC	675,541	662,911	662,911	662,911	(12,630)	-2%
Total Non-Operating Income	675,541	663,492	663,492	664,911	(10,630)	-2%
Other Non-Operating Expense						
SRF Loan Payment - Principal	(501,038)	(443,928)	(443,928)	(496,747)	4,291	-1%
SRF Loan Payment - Interest	(161,873)	(218,983)	(218,983)	(166,164)	(4,291)	3%
Total Non-Operating Expense	(662,911)	(662,911)	(662,911)	(662,911)	(0)	0%
Total Non-Operating Income & Expense	12,630	582	582	2,000	(10,630)	-84%
Total Current Expense	1,425,611	1,712,691	2,005,332	1,927,672	512,000	36%