

WEST BAY SANITARY DISTRICT



Budget

Fiscal Year 2023-2024

Approved June 14, 2023

Approved Budget West Bay Sanitary District Fiscal Year 2023-2024

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 20,310 households and commercial establishments.

The District Budget Workshop on May 3, 2023 was held to work on the development of the fiscal year 2023-2024 (FY 2023-24) Budget. Based on initial District estimates and updated information the Budget Report was developed, in conformity with the format prescribed by the provisions of Governmental Accounting Standards. The final budget for FY 2023-24 was approved by the Board of Directors on June 14, 2023.

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Approved Budget
West Bay Sanitary District
Consolidated
Fiscal Year 2023-24

	Unaudited Actual 3/31/2023	Projected 6/30/2023	Approved Budget FY 2022-23	Approved Budget FY 2023-24	Budget Variance	% Var
Operating Revenues						
Non-Residential	3,834,382	5,164,301	4,468,387	6,276,747	1,808,360	40%
Residential	18,815,250	25,062,667	25,056,267	26,200,870	1,144,603	4.6%
Sewer Service Charges	22,649,632	30,226,968	29,524,654	32,477,617	2,952,963	10%
Permit & Inspection Fees	187,449	249,932	200,000	200,000	-	0%
Flow Equalization	436,915	436,915	386,915	403,165	16,250	4%
Other Operating Revenue	717,764	957,019	776,390	833,686	57,296	7%
Operating Revenues	23,991,759	31,870,833	30,887,959	33,914,468	3,026,508	10%
Operating Expenses						
Salaries & Benefits	4,831,925	6,442,566	6,773,845	7,247,613	473,768	7%
Materials & Supplies	457,967	610,623	694,169	790,000	95,831	14%
Insurance	198,945	265,260	283,663	327,900	44,237	16%
Contract Services	661,144	881,525	887,572	916,400	28,828	3%
Professional Services	478,920	638,560	698,754	1,546,800	848,046	121%
Repairs & Maintenance	258,764	345,018	398,068	671,100	273,032	69%
Utilities	319,950	426,601	443,371	497,250	53,879	12%
Other Operating Expenses	216,553	288,737	542,135	527,200	(14,935)	-3%
Depreciation	2,767,370	3,689,827	3,952,805	3,955,000	2,195	0%
Total WBSD Operating Expenses	10,191,538	13,588,717	14,674,382	16,479,263	1,804,881	12%
Sewage Treatment Plant (SVCW)	10,401,695	12,847,332	12,177,351	12,990,848	813,497	7%
Total Operating Expenses	20,593,233	26,436,049	26,851,733	29,470,111	2,618,378	10%
Operating Income (Loss)	3,398,527	5,434,785	4,036,226	4,444,356	408,130	10%
Non-Operating Revenues (Expenses)						
Investment Income	1,106,164	1,106,164	501,600	501,600	-	0%
Interest Expense	(166,164)	(166,164)	(161,196)	(156,179)	5,017	-3%
Other Non-Operating Income	444,014	592,018	519,064	532,475	13,411	3%
Other Non-Operating Expenses	-	-	(6,000)	-	6,000	-100%
Total Non-Operating Revenues (Expenses)	1,384,014	1,532,019	853,468	877,896	24,428	3%
Change in Net Position by Fund	4,782,541	6,966,803	4,889,694	5,322,252	432,558	9%
Pension Adjustment (GASB 68)						
Capital Contributions						
Recycled Water Fund	662,911	662,911	662,911	662,900	(11)	0%
Capital Fund: Connection Fees	218,961	218,961	250,000	250,000	-	0%
Change in Net Position	5,664,412	7,848,675	5,802,605	6,235,152	432,547	7%
Beginning Net Position	159,939,775	159,939,775	159,939,775	167,788,450		
Prior Period Adjustment	-					
Ending Net Position	165,604,188	167,788,450	165,742,380	174,023,602		

Approved Budget
West Bay Sanitary District
Collections
Fiscal Year 2023-24

	Unaudited Collections 3rd Qtr FY 22-23	Projected FY 2022-23	Collections Budget FY 2022-23	Collections Budget FY 2023-24	Budget Variance	% Var
Operating Revenues						
Non-Residential	3,834,382	5,164,301	4,468,387	6,276,747	1,808,360	40%
Residential	18,815,250	25,062,667	25,056,267	26,200,870	1,144,603	5%
Sewer Service Charges	22,649,632	30,226,968	29,524,654	32,477,617	2,952,963	10%
Permit & Inspection Fees	187,449	249,932	200,000	200,000	-	
Flow Equalization	436,915	436,915	386,915	403,165	16,250	4%
Other Operating Revenue	581,244	853,555	666,390	717,886	51,496	8%
Operating Revenues	23,855,240	31,767,369	30,777,959	33,798,668	3,020,708	10%
Operating Expenses						
Salaries & Benefits	4,653,329	6,279,439	6,661,969	7,067,613	405,644	6%
Materials & Supplies	446,018	594,690	677,969	751,800	73,831	11%
Insurance	174,614	232,819	248,663	287,900	39,237	16%
Contract Services	655,244	873,658	837,572	916,400	78,828	9%
Professional Services	447,180	596,241	666,314	1,469,700	803,386	121%
Repairs & Maintenance	247,548	330,064	385,660	646,100	260,440	68%
Utilities	183,991	245,322	237,851	288,000	50,149	21%
Other Operating Expenses	128,057	170,742	404,525	430,575	26,050	6%
Depreciation	2,201,194	2,934,925	3,200,000	3,200,000	-	
Total WBSD Operating Expenses	9,137,175	12,257,900	13,320,523	15,058,088	1,737,565	13%
Sewage Treatment Plant (SVCW)	11,187,575	12,847,332	12,177,351	12,990,848	813,497	6.7%
Total Operating Expenses	20,324,750	25,105,232	25,497,874	28,048,936	2,551,062	10%
Operating Income (Loss)	3,530,490	6,662,137	5,280,085	5,749,731	469,646	9%
Non-Operating Revenues (Expenses)						
Investment Income	1,065,000	1,065,000	501,000	500,000	(1,000)	0%
Interest Expense	-	-	-	-	-	
Other Non-Operating Income	2,720	2,720	-	-	-	
Other Non-Operating Expenses	-	-	(6,000)	-	6,000	-100%
Total Non-Operating Revenues (Expenses)	1,067,720	1,067,720	495,000	500,000	5,000	1%
Change in Net Position by Fund	4,598,210	7,729,857	5,775,085	6,249,731	474,646	8%
Pension Adjustment (GASB 68)	-	-				
Capital Contributions						
Recycled Water Fund	(456,100)	(456,100)	-	-	-	
Capital Fund	-	-				
Capital Fund: Connection Fees	218,961	218,961	250,000	250,000	-	
Change in Net Position	4,361,071	7,492,718	6,025,085	6,499,731	474,646	8%
Beginning Net Position	159,939,775	159,939,775	159,939,775	167,432,493		
Prior Period Adjustment	-					
Ending Net Position	164,300,846	167,432,493	165,964,861	173,932,225		

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.

Revenues:

The Budget for FY 2022-23 includes total Operating Revenues of \$33,798,668 in the General Fund, reflecting a 10% increase from FY 2021-22 annual budget.

- **Sewer Service Charges.** Total revenue of \$ 32,477,617 is estimated for FY 2022-23, reflecting a 10% increase; 5% increase in Residential and 40% increase in Non-Residential Sewer Service Charges, including the 2% rate increases. This is \$988,870 higher than was known at the budget workshop.
- **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. The average over the last five years is just over \$200 thousand.
- **Flow Equal.** The total Flow Equalization Cost Sharing with Silicon Valley Clean Water (SVCW) budget is \$ 403,165 with a 4.2% increase, based on the annual Consumer Price Index (CPI) for All Urban Consumers for San Francisco-Oakland-Hayward (Bay Area), CA from April 2022 to April 2023, per the terms of the agreement with SVCW. This is \$4,235 lower than estimate at Budget Workshop.
- **Other Operating Income.** A total of \$ 717,886 is estimated; an 8% increase from the FY 2022-23 annual budget.
 - Revenue from Los Altos Hills = \$448,187, a 4% increase.
 - *4% x 4 years, after 2% equaling over 18% in the 5-year contract.*
 - Revenue from Town of Woodside = \$83,399, a 4% increase.
 - Pass-through Income:
 - Revenue from HACH Service Contracts = \$186,300, a \$23,400 increase over budget workshop which included credits applied to FY 2022-23.
 - Sampling & Monitoring by SVCW is unknown and 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 \$500,000.

Collections: General, Capital, and SVCW Funds

These funds represent the sewer service operations. Solid Waste and Recycled Water Funds are detailed separately.

Expenditures:

Total Operating Expenses of \$ 28,048,936, represents a 10% increase from FY 2022-23. This is \$1,320,628 or 5% higher than Budget Workshop, due to changes summarized on page 3.

- **Collections Operating Expenses.** General Fund Expenses are \$ 11,858,088, the Capital Fund includes depreciation of \$3.2 million, and the SVCW Fund includes sewage treatment plant operating, debt, and reserve payments to SVCW. Detailed expenses are shown on the Expense Analysis on page 10.
 - Combined Salaries and benefits is increasing 6%. Salaries increased 5%, including the labor union's 4% annual increase and expected merit increases.
 - Benefits increased 8%, mainly due to expected increases in cafeteria plan, commuter program, and contributions to the retirement plans. Employer pension contributions are increasing an average of 0.89%, over the three pension plans, resulting in less than 2% overall, as increases due to wages is offset by the employee increased contribution of 1.25% of employer contributions. The District's average employer rate is 9.12%. The employer PEPR rate is decreasing to 6.43%, making this plan's costs only 0.23% higher than social security for the majority of employees. The District does not participate in social security for covered employees.
 - Material and Supplies is increasing 11%, mainly due to fuel, which is expected to continue to increase, therefore the District estimates a 25% increase in diesel and fuel costs. This District will allocate electricity costs for charging stations to fuel, as a separate item. Supplies costs are increasing 10%, due to overall inflation, especially in essential personal protective equipment (PPE).
 - Equipment Expense is increasing 16%.
 - CCTV Camera Parts, \$8,500
 - Dump Trailer, \$17,800
 - Pump Station Repair & Replacement, \$21,100
 - Flow Dar Equipment Replacement Program; 2 @ \$20,000 = \$40,000
 - Confined space equipment, \$25,000 added to replace under five-year replacement plan, with other annual expenses increasing with inflation.
 - Insurance costs are expected to increase approximately 16% for property and liability. 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 after June 12, 2023. The District will evaluate deductible options to reduce costs. The District's experience modification factor for workers' compensation is 0.8, indicative of our good claims management and safety practices.

- Contractual Services are increasing 9%. This category includes contract expenses to HACH, which are passed through to customers of \$186,300.
- Professional services, which includes printing, publications, research, and monitoring costs, are increasing 121%, due to the Master Plan expense of \$350,000 and one-time installation expenses of \$388,565 for three new cloud-based software products. Professional services includes engineering, attorney fees, technology consulting, and other outside professional services.
 - 10 Year Master Plan, \$350,000
 - New Software Installations:
 - Permitting software installation, \$170,000 (moved from Capital)
 - Finance Enterprise installation, \$188,000 (parent software of permitting software and Lucity)
 - CCTV Sewer Inspection Software, \$30,565
- Repairs and maintenance expense includes 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 68% overall, mainly due to new cloud-based software systems.
 - New Software:
 - Permitting software installation, \$26,500
 - Finance Enterprise, \$82,000 (parent software of permitting software and Lucity), will replace MIP Accounting and Microix Workflow PO system, currently \$13,000 annually, and Access Cash Receipt Log.
 - CCTV Sewer Inspection Software, \$22,000
 - Digital Bidding Software, \$7,000
 - Office 365, \$6,100
 - Website Hosting, \$6,600
- Utilities are increasing 21%.
- Other Operating Expenses, which includes Election expenses, Memberships, Training, Meetings, Travel, LAFCo, and miscellaneous expenses, are increasing 6% overall.
 - There is no Election expense in FY 2023-24.
 - Training, meetings, and travel are increasing 31%, as in-person training resumes after years of closures due to Covid-19 and increases in costs for safety training.
 - Memberships are increasing 10% to provide dual certifications for employees, which benefits the District with higher skilled employees.

- **SVCW Operating Expenses/Debt.** This includes contributions and debt payments for the benefit of SVCW. Total Expenditures are \$ 12,990,848, a 7% increase for the District's share of SVCW budget in FY 2023-24. SVCW expenditures represent 52% of the total annual Operating budget, excluding capital and depreciation. The District holds a 23.06% share of SVCW's Net Position according to the SVCW's annual Unaudited Analysis of Net Position, as of June 30, 2022, a 1% decrease. SVCW is reported as a separate Fund, to better identify direct District Operations and those of SVCW.
 - SVCW Operating, Reserve, Capital Contributions, and Line of Credit are \$7,152,192. This is a 1% increase from FY 2022-23.
 - SVCW Debt payments are \$5,076,034 for 2018 bonds, 2021A&B bonds, and WWTP SRF loan, relatively flat from prior year. In 2024-25, three additional SRF loans will begin repayment for an additional \$1.7 million. WIFIA loans will begin repayment in 2027-28 for an approximate \$3 million increase.
 - A Debt Service Reserve is proposed beginning June 2023, with the District's share \$1.43 million, with \$762,622 due for FY 2023-24, to fulfill the Maximum Annual Debt Service (MADS) requirement of 1.2 times, with four SRF loans on a five-year look-forward debt coverage test covenant.
- **Capital Fund Depreciation.** Depreciation is unchanged from the FY 2022-23 annual budget.

Change in Net Position:

The Collections Budget: General, Capital, and SVCW Funds, Net Operating Income is \$5,749,731, with Net Change in Position of \$6,499,731, available for capital expenditures. This is the estimated amount that will be transferred to the Capital budget for capital projects.

The Combined Net Operating Income is \$4,444,356 for all Funds, with a total Change in Net Position of \$ 6,235,152 for FY 2023-24.

Approved Budget
West Bay Sanitary District
Collections
Fiscal Year 2023-24
Expense Analysis

	Unaudited Collections 3rd Qtr FY 22-23	Projected FY 2022-23	Collections Budget FY 2022-23	Collections Budget FY 2023-24	Budget Variance	% Var
Operating Expenses						
Salaries & Wages	3,345,118	4,460,157	4,661,639	4,917,723	256,084	5%
Employee Benefits	1,269,231	1,692,308	1,881,317	2,029,090	147,773	8%
Directors- Fees	28,730	38,307	44,013	45,800	1,787	4%
Election Expense	2,524	3,365	70,000	-	(70,000)	-100%
Gasoline, Oil & Fuel	96,544	128,725	102,500	128,000	25,500	25%
Insurance	174,614	232,819	248,663	287,900	39,237	16%
Memberships	51,705	68,940	80,345	88,000	7,655	10%
Office Expense	26,208	34,944	44,157	48,700	4,543	10%
Operating Supplies	256,508	342,011	434,562	462,700	28,138	6%
Contract Services	619,736	826,314	777,480	849,300	71,820	9%
Professional Services	423,696	564,928	572,979	1,364,900	791,921	138%
Printing & Publications	23,484	31,312	73,335	77,200	3,865	5%
Rents & Leases	35,508	47,344	60,092	67,100	7,008	12%
Repairs & Maintenance	247,548	330,064	385,660	646,100	260,440	68%
Research & Monitoring	-	-	20,000	27,600	7,600	38%
Training, Meetings & Travel	44,724	59,632	111,057	145,300	34,243	31%
Utilities	183,991	245,322	237,851	288,000	50,149	21%
LAFCo	22,323	29,764	35,280	37,100	1,820	5%
Other Operating Expenses	66,029	88,039	231,390	244,300	12,910	6%
Equipment Expense	66,758	89,011	96,750	112,400	15,650	16%
Pension Expense	-	50,000	50,000	50,000	-	-
OPEB Expense	10,251	38,667	25,000	25,000	-	-
Solid Waste Overhead Allocation	(44,618)	(59,490)	(107,990)	(62,600)	45,390	-42%
Recycled Water Overhead Allocation	(14,631)	(19,508)	(15,557)	(21,525)	(5,968)	38%
Depreciation	2,201,194	2,934,925	3,200,000	3,200,000	-	-
Total WBSD Operating Expenses	9,137,175	12,257,900	13,320,523	15,058,088	1,737,565	13%
SVCW - Operating Fund	4,520,952	6,027,936	6,027,944	6,117,648	89,704	1%
SVCW - Capital Contributions	282,627	376,836	376,834	128,832	(248,002)	-66%
SVCW - Operating Reserves	17,181	22,908	-	48,576	48,576	-
SVCW - Capital Reserves	503,253	671,004	693,904	805,200	111,296	16%
SVCW - Debt Service Reserves	-	670,966	-	762,622	762,622	-
SVCW - Line of Credit	-	-	-	51,936	51,936	-
SVCW - 2018 Bond	1,657,753	1,657,753	1,834,338	1,837,963	3,625	0%
SVCW: 2021 Bonds (\$55.6m)	2,913,164	2,913,164	2,737,566	2,731,306	(6,260)	0%
SVCW - SRF WWTP Debt C-06-5216-120	506,765	506,765	506,765	506,765	-	-
Total External Operating Expenses	10,401,695	12,847,332	12,177,351	12,990,848	813,497	6.7%
Total Operating Expenses	19,538,870	25,105,232	25,497,874	28,048,936	2,551,062	10%

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. The District estimates to have \$45.56 million Capital Budget balance available for FY 2023-24, with \$23.9 million in budgeted capital expenditures, resulting in an ending balance of \$27.1 million for future capital expenditures.

Capital Budget Summary	Actual 3/31/2023	Projected FY 2022-23	Budget FY 2022-23	Budget FY 2023-24	% Variance
Transfer from Operations	3,407,799	6,327,344	5,580,264	4,741,696	118%
Capital Expenditures	(2,115,734)	(3,120,028)	(18,542,500)	(23,913,000)	78%
Connection Charges	218,961	218,961	250,000	250,000	100%
Interest Income	1,072,738	1,065,000	500,000	500,000	100%
Change in Capital Asset Fund	2,583,763	4,491,276	(12,212,236)	(18,421,304)	66%
Beginning Fund Balance	41,066,633	41,066,633	41,066,633	45,557,910	90%
Capital Budget, Ending Balance	43,650,397	45,557,910	28,854,398	27,136,606	106%

Capital Fund Revenue:

Connection Fees of \$250,000 are budgeted; no change from FY 2022-23.

Capital Fund Expenses:

Total Capital Expenditures of \$23,913,000 are budgeted in FY 2023-24; a 67% increase from FY 2022-23. A detailed schedule of Capital Expenditures is included on page 13-15.

- **Depreciation.** Depreciation of \$3.2 million is unchanged from the FY 2022-23 annual budget.

Capital Assets:

Capital Fund Expenditures	Actual YTD 3/31/23	Projected 6/30/23	Budget FY 2022/23	Budget FY 2023/24	Budget Change	% Var
Administration	0	0	350,000	173,000	(177,000)	-51%
Collection Facilities	(28,912)	(28,912)	600,000	600,000	0	0%
Vehicles & Equipment	216,119	1,016,628	762,500	445,000	(317,500)	-42%
Pump Stations	54,305	84,305	200,000	440,000	240,000	120%
Subsurface Lines & Other Capital	0	0	100,000	100,000	0	0%
Construction Projects	1,618,468	2,048,008	12,280,000	22,155,000	9,875,000	80%
Total Capital Fund	1,859,979	3,120,028	14,292,500	23,913,000	9,620,500	67%

- **Administration.** \$173,000 is budgeted for Server Replacement Program and Software Development, that would qualify as an intangible asset. \$170,000 was moved to expense after the Budget Workshop, as it was found to be set costs for a subscription cloud-based software.
- **Collection Facilities - Buildings.** The budget for Collection includes FERRF Improvements and Allowance for Unanticipated Capital Expenditures of \$600,000, no increase from the FY 2023-24 budget.
- **Vehicle & Equipment.** The budget for vehicles and equipment is \$445,000, a 42% decrease from the FY 2022-23 budget.

- Equipment: None
- Vehicles:
 - Replace Dump Truck, deferred since 2020, \$250,000.
 - Two Electric Vehicles to replace older fleet vehicles, \$135,000.
 - Mini Excavator, \$60,000.
- Contribution to Equipment Replacement Reserve: Increased 3% to \$401,577.
- **Pump Stations.** The budget is increasing 120%
 - Additional Pump & Valve Replacement, \$40,000.
 - Pump Station Telemetry, \$400,000.
- **Subsurface Lines & Other Capital.**
 - No change in \$100,000 for Manhole Raising on paving projects
- **Construction in Progress (CIP).** These are new construction projects that are recorded separately and capitalized when completed. CIP is not depreciated until completed. \$22,155,000 is budgeted for CIP, with \$11,622,315 estimated carryover from FY 2022-23 capital budget.
 - Levee Project:
 - Levee Survey & GPS Update, \$60,000.
 - Carryover \$7,000,000 from FY 2022-23.
 - New Levee Project funding, \$3,000,000.
 - The District received a \$4,884,112 grant from the National Fish and Wildlife Foundation for the construction of a living shoreline. These are matching funds requiring a 112% contribution by the District (\$5.5 million).
 - Corporate Yard Renovation Design, Carryover \$350,000 originally from FY 2021-22.
 - Pipeline Replacement & Rehab Engineering, \$1,120,000.
 - Carryover \$900,000 from FY 2022-23.
 - New funding \$220,000.
 - Pipeline Replacement & Rehab Construction, \$10,625,000.
 - Carryover \$3,372,3150 from FY 2022-23.
 - New funding \$7,252,685.
- **Resource Recovery.** Recycled water facilities projects recorded under the Recycled Water Fund.

Approved Budget
West Bay Sanitary District
Capital Fund
Fiscal Year 2023-24

Capital Expenditure - Detail	YTD 3/31/2023	Projected 6/30/2023	Budget FY 2022/23	Budget FY 2023/24	Budget Variance	% Var
Administration						
District Office Interior						
District Office Exterior						
Server Replacement Program				23,000	23,000	
Software Purchases				150,000	150,000	
10 Year Master Plan			350,000	0	(350,000)	
Total Administration	0	0	350,000	173,000	(177,000)	-51%
Collection Facilities						
FERRF Improvements	(28,912)	(28,912)	500,000	500,000	0	0%
Allowance For Unanticipated Capital Expenditures	0	0	100,000	100,000	0	0%
Subtotal Collection Facilities	(28,912)	(28,912)	600,000	600,000	0	0%
Equipment Replacement - Funded From The Equipment Replacement Fund						
Equipment						
CCTV Transporter & Track Module	20,575	20,575	22,500	0	(22,500)	
Vehicles						
2022 Ford Mach E - GM Vehicle	55,706	55,706	0		0	
Dump Truck (Deferred since 2020 to 2023-24)				250,000	250,000	
Service Truck - Unit 208					0	
Jet Truck, Superduty F550 4x4, 1/2in Jetter	139,838	139,838	165,000		(165,000)	-100%
Operations Superintendent SUV - Unit 206					0	
Combo Vacuum/Jetter Truck	0	600,000	500,000		(500,000)	
Electric Vehicles (2 Add per BOD, 5/10/23)	0	200,509	75,000	135,000	60,000	
Mini Excavator				60,000	60,000	
Total Equipment Replacement	216,119	1,016,628	762,500	445,000	(317,500)	-42%
Sales of Vehicles						
Net Vehicles & Equipment Expense	216,119	1,016,628	762,500	445,000	(317,500)	-42%
Equipment Replacement Reserve	0	(389,881)	(389,881)	(401,577)	(11,696)	3%
Net Vehicles & Equipment Activity	216,119	626,747	372,619	43,423	(329,196)	-88%
Subsurface Lines & Other Capital						
Pump Stations						
Pump Equipment Replacement Program	54,305	84,305	200,000	40,000	(160,000)	-80%
Pump Station Telemetry				400,000	400,000	
Total Pump Stations	54,305	84,305	200,000	440,000	240,000	120%
Other:						
Manhole Raising (Paving Projects)	0	0	100,000	100,000	0	0%
Total Subsurface Lines & Other Capital	0	0	100,000	100,000	0	

Approved Budget
West Bay Sanitary District
Capital Fund
Fiscal Year 2023-24

Capital Expenditure - Detail	YTD 3/31/2023	Projected 6/30/2023	Budget FY 2022/23	Budget FY 2023/24	Budget Variance	% Var
<u>Construction in Progress</u>						
Levee Survey & GPS Update	294,993	294,993	60,000	60,000	0	0%
Levee Improvement Project			1,000,000	3,000,000	3,000,000	43%
Levee Improvement Project (Carryover)			6,000,000	7,000,000		
Replace Metal Storage Building Phase 2 (Carryover)	15,722	15,722				
Corporate Yard Renovation Design (Carryover)			350,000	350,000	0	
Corporate Yard Construction						
<u>Pipeline Replacement & Rehab Engineering</u>						
Construction Projects Environmental Review			20,000	20,000	0	0%
Spot Repair Design-High Frequency List			350,000	0	(350,000)	-100%
Spot Repair Design-High Frequency List (Carryover)				350,000		
Pipeline Replacement Design			350,000		(350,000)	-100%
Pipeline Replacement Design (Carryover)				350,000		
Stowe Lane Design			200,000	0	(200,000)	-100%
Stowe Lane Design (Carryover)				200,000		
Willow Pump Station Rehabilitation Design				200,000		
<u>Pipeline Replacement & Rehab Construction</u>						
Lower Ringwood / North Bay	930,058	1,159,607				
Stowe Lane				3,000,000	3,000,000	
Willow Pump Station Rehabilitation			700,000	1,000,000	300,000	43%
Willow Pump Station Rehabilitation (Carryover)				700,000		
Misc Point Repairs-High Freq. List Repairs	278,209	378,200	2,000,000	2,703,200	703,200	35%
Misc Point Repairs-High Freq. List Repairs (Carryover)				1,621,800		
Bayfront Park Sanitary Sewer Improvements	99,485	199,485	1,250,000	549,485	(700,515)	-56%
Bayfront Park Sanitary Sewer Improvements (Carryover)				1,050,515		
Other Projects						
<u>Capacity Projects</u>						
Total Construction in Progress	1,618,468	2,048,008	12,280,000	22,155,000	5,402,685	44%
Total Capital Fund Expenditures	1,859,979	3,120,028	14,292,500	23,913,000	5,388,185	38%

**West Bay Sanitary District
Capital Asset Fund
5 Year Budget**

	Actual 3/31/2023	Projected 6/30/2023	Budget FY 2022/23	Budget FY 2023/24	Budget FY 2024/25	Budget FY 2025/26	Budget FY 2026/27	Budget FY 2027-28
Capital Expenditures								
Administration	0	0	350,000	173,000	0	0	0	0
Collection Facilities	(28,912)	(28,912)	600,000	600,000	600,000	600,000	600,000	600,000
Vehicles & Equipment	216,119	1,016,628	762,500	445,000	425,000	470,000	545,000	50,000
Pump Stations	54,305	84,305	200,000	440,000	200,000	40,000	40,000	40,000
Subsurface Lines & Other Capital	0	0	100,000	100,000	100,000	100,000	100,000	100,000
Construction Projects	1,618,468	2,048,008	12,280,000	22,155,000	17,780,000	18,557,500	10,627,000	6,888,000
Total Capital Expenditures	1,859,979	3,120,028	14,292,500	23,913,000	19,105,000	19,767,500	11,912,000	7,678,000
Sales of Vehicles								
Write Off Obsolete/Discontinue CIP Prior to 2009	0	0	0	0	0	0	0	0
Write Off Assets under \$20,000 (new policy)								
Write Off Accumulated Depreciation under \$20,000 (new policy)								
Total Capital Expenditures	1,859,979	3,120,028	14,292,500	23,913,000	37,185,000	38,465,000	22,679,000	14,706,000
Recycled Water Capital Expenditures								
Sharon Heights Recycled Water Facility	0	213,518	2,000,000	2,450,000	0	0	0	0
Bayfront Recycled Water Facility	46,945	142,237	2,250,000	17,299,485	25,500,000	25,350,000	0	0
Total Recycled Water Capital Expenditures	46,945	355,755	4,250,000	19,749,485	25,500,000	25,350,000	0	0
Total Capital Expenditures	1,906,925	3,475,783	18,542,500	43,662,485	44,605,000	45,117,500	11,912,000	7,678,000

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
West Bay Sanitary District
Fiscal Year 2023-24
Reserve Contributions

<u>Reserve Contributions</u>	Actual YTD 3/31/2023	Projected 6/30/23	Budget FY 2022/23	Budget FY 2023/24	Budget Change	% Var
Operating Reserves Transfers (Target 6mo/Ops)	1,221,197	1,221,197	1,221,197	2,913,031	1,691,834	139%
Rate Stabilization/Bond Reserve (Target \$10m)	767,700	767,700	-	-	-	
Treatment Plant Reserve (Target \$12m)	10,118,211	10,118,211	2,500,000	-	(2,500,000)	-100%
<u>Restricted Reserves</u>						
PARS Irrevocable Trust - Retirement	50,000	50,000	50,000	50,000	-	0%
PARS Irrevocable Trust - OPEB	25,000	25,000	25,000	25,000	-	0%
<u>Capital Fund Reserves</u>						
Capital Project Reserves Transfers (Target \$6m)	2,479,000	2,479,000	-	-	-	
Emergency Capital Reserves Transfer (Target \$5m)	1,381,100	1,381,100	-	-	-	
Vehicle & Equip Replacement Reserve	-	389,881	401,577	401,577	-	0%
<u>Recycled Water Fund Reserves</u>						
Recycled Water Cash Flow Reserve (Target \$8m)	456,100	456,100	-	-	-	
Recycled Water SRF Reserve - Restricted (\$1.46k)	-	-	-	-	-	
Total Reserve Contributions	16,498,308	16,888,189	4,197,774	3,389,608	(808,166)	-19%

Reserves:

The District currently has five separate investment reserve accounts maintained to support the goals of the District, along with reserves held in LAIF, the Vehicle & Equipment 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 \$3.4 million in FY 2023-24.
 - **Operating Reserve:** Designate \$2,913,031.
 - 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:** \$401,577, 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 \$2,100 for FY 2023-24, a \$90 change from FY 2022-23. The Fund will have a Net Position of \$569,661.

- **Solid Waste Fund Revenue.** Franchise fees are received from Recology, which manages solid waste collection for the District. The budget is estimated at a 5% 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 \$113,700 is budgeted for rate studies, annual notification mailing, and overhead allocation. The overhead to manage the Fund has increased by the Consumer Price Index of 5.3%, for the San Francisco-Oakland-Hayward Area, for the twelve months ending February 2023.

Approved Budget
West Bay Sanitary District
Fiscal Year 2023-24
Solid Waste Fund

	YTD 3/31/2023	Projected 6/30/23	Budget FY 2022/23	Budget FY 2023/24	Budget Variance	% Var
Operating Income						
Franchises	86,870	115,827	110,000	115,800	5,800	5%
Total Income	86,870	115,827	110,000	115,800	5,800	5%
Expenditures						
Rate Studies	20,891	20,891	42,000	44,200	2,200	5%
Mailings	2,076	2,076	5,000	5,300	300	6%
Public Relations	0	0	1,500	1,600	100	7%
Overhead Expense Allocation - General	44,618	44,618	59,490	62,600	3,110	5%
Total Allocated Operating Expense	67,585	67,585	107,990	113,700	5,710	5%
Solid Waste Fund Beginning Balance	519,319	519,319	519,319	567,561	48,242	9%
Contribution To Solid Waste Fund	19,285	48,242	2,010	2,100	90	4%
Solid Waste Fund Balance	538,604	567,561	521,329	569,661	48,332	9%

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 has been received from the State Revolving Fund, including a \$5,259,800 Water Recycling Funding Program Construction Grant and a State Revolving Fund (SRF) Loan of \$17,117,420. The District assumed full management of the facility beginning January 27, 2021.

The SHRWF budget is based on the approved 2023 calendar year operations and maintenance budget agreed upon with Sharon Heights Golf & Country Club (SHGCC) representatives. Summary Recycled Water Fund statements are included on page 16-17, including detailed expenditures.

- **Revenue.** All costs of the facility are paid by the District and ultimately paid by Sharon Heights Golf & Country Club (SHGCC). The revenue budget for FY 2023-24 is \$532,475, which represents the budget agreement with SHGCC, although SHGCC will reimburse for all costs associated with the SHRWF. The District provided SHGCC with a projected budget in January 2023, which estimated annual operations and maintenance and is billed in twelve equal monthly installments. The difference is reconciled annually and billed to SHGCC.
- **Expense.** Total Operating expenditures are estimated at \$1,287,475 for FY 2023-24, including \$755,000 in depreciation of the recycled water facility.
 - Operating Expenses were \$532,475.
 - Direct District expenses budget is \$510,950, 7% less than FY 2022-23, which was based on the fiscal year. Lower costs are expected as the SHGCC will be shut down for renovations, requiring less water.
 - Indirect Administration is \$21,525, 9.7% higher than FY 2022-23.
 - Depreciation is expensed on the straight-line method, \$755,000 annually.
- Non-Operating Income & Expenses.
 - Non-Operating Income
 - \$662,911 representing the contributions from SHGCC for the SRF loan payments, due March 30 each year.
 - \$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 \$156,179 is expensed. The principal amount reduces the loan balance.

Approved Budget
West Bay Sanitary District
Recycled Water Fund
Sharron Heights Recycled Water Facility
Fiscal Year 2023-24

	Actual YTD 3/31/2023	Projected 6/30/23	Budget FY 2022/23	Budget FY 2023/24	Budget Variance	% Var
Fund Expenditures						
Operating Expense	418,859	558,478	568,064	532,475	(35,589)	-7%
Depreciation	566,176	754,902	752,805	755,000	2,195	0%
Total Fund Expenditures	985,035	1,313,380	1,320,869	1,287,475	(33,394)	-3%
Non-Operating Income (Expense)						
Sharon Heights Golf & Country Club	441,294	588,391	518,064	532,475	14,411	3%
Other Non-Operating Income	1,252	1,670	1,600	1,600	0	0%
Non-Operating Expense	(166,164)	(166,164)	(161,196)	(156,179)	5,017	-3%
Total Non-Operating Income	276,382	423,897	358,468	377,896	19,428	5%
Capital Contributions						
SHGCC Contribution for SRF Loan	662,911	662,911	662,911	662,911	0	0%
Change in Net Position	(45,742)	(226,572)	(299,490)	(246,668)	52,822	-21%

Approved Budget
West Bay Sanitary District
Recycled Water Fund
Sharron Heights Recycled Water Facility
Fiscal Year 2023-24

Fund Expenditures - Detail	Actual YTD 3/31/2023	Projected 6/30/23	Budget FY 2022/23	Budget FY 2022/23	Budget Variance	% Var
Operating Expense						
Salaries & Wages	93,851	125,134	90,037	85,000	(5,037)	-6%
Employee Benefits	29,366	39,154	27,083	35,000	7,917	23%
Indirect Labor	14,186	18,914	19,992	0	(19,992)	
Standby	25,374	33,832	19,764	20,000	236	1%
Overtime	15,230	15,230	30,000	20,000	(10,000)	-50%
Total Salaries, Wages & Benefits	178,006	232,264	186,876	160,000	(26,876)	-17%
Other Operating Expense						
Fuel	0	0	0	0	0	
Insurance	24,331	32,441	35,000	40,000	5,000	13%
Memberships	0	0	0	0	0	
Office Expense	0	0	0	0	0	
Operating Supplies	11,949	15,932	16,200	38,200	22,000	58%
Contractual Services	5,900	7,867	50,000	0	(50,000)	
Professional Services	19,661	26,214	10,000	11,000	1,000	9%
Printing & Publications	0	0	0	0	0	
Rents & Leases	0	0	0	0	0	
Repairs & Maintenance	11,215	14,954	12,408	25,000	12,592	50%
Research & Monitoring	13,519	18,025	22,440	15,000	(7,440)	-50%
Training, Meetings & Travel	0	0	0	0	0	
Utilities	135,959	181,279	205,520	209,250	3,730	2%
Licenses & Permits	3,688	4,917	10,000	12,500	2,500	20%
Other Operating Expenses	0	0	0	0	0	
Subtotal Operating Expenses	404,228	533,894	548,444	510,950	(37,494)	-7%
Operations & Maintenance - Anderson Pacific **						
Administrative Expense	14,631	19,508	19,620	21,525	1,905	8.9%
Direct Expenditures	418,859	553,401	568,064	532,475	(35,589)	-7%
Depreciation	566,176	754,902	752,805	755,000	2,195	0%
Total Operating Expense	985,035	1,308,303	1,320,869	1,287,475	(33,394)	-3%
Non-Operating Income & Expense						
Other Non-Operating Income						
SHGCC O&M Revenue	441,294	588,391	518,064	532,475	14,411	3%
Interest Income, Gains on Investment:	1,252	1,670	1,600	1,600	0	0%
Total Non-Operating Income	442,546	590,061	519,664	534,075	14,411	3%
Other Non-Operating Expense						
SRF Loan Payment - Principal	(496,747)	(496,747)	(501,715)	(506,732)	(5,017)	1%
SRF Loan Payment - Interest	(166,164)	(166,164)	(161,196)	(156,179)	5,017	-3%
Total Non-Operating Expense	(166,164)	(166,164)	(161,196)	(156,179)	5,017	-3%
Total Non-Operating Income & Expense	276,382	423,897	358,468	377,896	19,428	5%
Contributions						
SRF Loan Payments - SHGCC	662,911	662,911	662,911	662,911	0	0%
Net Change in Position	(45,742)	(221,495)	(299,490)	(246,668)	52,822	-21%

Recycled Water Capital Projects:

Approved Budget
West Bay Sanitary District
Recycled Water Fund
Fiscal Year 2023-24

Recycled Water Capital Expenditures	YTD 3/31/2023	Projected 6/30/2023	Budget FY 2022/23	Budget FY 2023/24	Budget Variance	% Var
Recycled Water Fund						
Bayfront Recycled Water Facility - Project Mgmt			1,000,000	1,000,000	0	
Bayfront Recycled Water Facility			0	15,750,000	15,750,000	
Bayfront - Reclaimed Water Pipelines	42,237	142,237	1,250,000	549,485	(700,515)	-56%
O'Brien - Reclaimed Water Pipelines *				2,500,000		
<i>Menlo Park Community Center: Upsize RW Service Line</i>		337,741				
Sharon Heights Recycled Water Facility						
Sharon Heights Recycled Water Facility - Avy Pump Station	212,521	212,521	500,000	950,000	450,000	90%
Sharon Heights Recycled Water Facility - Solar Project Lease	997	997	1,500,000	1,500,000	0	0%
Recycled Water Facilities	255,755	693,496	4,250,000	22,249,485	15,499,485	3.65

Sharon Heights Recycled Water Facility

The SHRWF has two capital projects.

- Avy Altscheul Pump Station (Avy PS)
 - Will provide additional flow to SHRWF
 - All costs reimbursed by SHGCC to District
- Solar Project Lease
 - 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 \$20.85 million capital budget for the recycled water facility planning and entrance improvements and the O’Brien reclaimed water pipeline project.

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

Other Recycled Water Projects

- O’Brien Reclaimed Water Pipelines
 - Public-Private Agreement for customer to add reclaimed water pipeline (purple pipe) during their construction, with the District reimbursing costs of pipeline at street.

Approved Budget
West Bay Sanitary District
Fiscal Year 2023-24
By Fund

	General Fund	Capital Fund	Silicon Valley Clean Water Fund	Solid Waste Fund	Recycled Water Fund	Combined Budget
	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24
Operating Revenues						
Sewer Service Charges	32,477,617	-	-	-	-	32,477,617
Permit & Inspection Fees	200,000	-	-	-	-	200,000
Flow Equalization	403,165	-	-	-	-	403,165
Other Operating Revenue	717,886	-	-	115,800	-	833,686
Operating Revenues	33,798,668	-	-	115,800	-	33,914,468
Operating Expenses						
Salaries & Benefits	7,067,613	-	-	-	180,000	7,247,613
Materials & Supplies	751,800	-	-	-	38,200	790,000
Insurance	287,900	-	-	-	40,000	327,900
Contract Services	916,400	-	-	-	-	916,400
Professional Services	1,469,700	-	-	51,100	26,000	1,546,800
Repairs & Maintenance	646,100	-	-	-	25,000	671,100
Utilities	288,000	-	-	-	209,250	497,250
Other Operating Expenses	430,575	-	-	62,600	34,025	527,200
Depreciation	-	3,200,000	-	-	755,000	3,955,000
Total WBSD Operating Expenses	11,858,088	3,200,000	-	113,700	1,307,475	16,479,263
Sewage Treatment Plant (SVCW)			12,990,848			12,990,848
Total Operating Expenses	11,858,088	3,200,000	12,990,848	113,700	1,307,475	29,470,111
Operating Income (Loss)	21,940,579	(3,200,000)	(12,990,848)	2,100	(1,307,475)	4,444,356
Non-Operating Revenues (Expenses)						
Investment Income	500,000	-	-	-	1,600	501,600
Interest Expense	-	-	-	-	(156,179)	(156,179)
Other Non-Operating Income	-	-	-	-	532,475	532,475
Other Non-Operating Expenses	-	-	-	-	-	-
Total Non-Operating Revenues (Expenses)	500,000	-	-	-	377,896	877,896
Change in Net Position by Fund	22,440,579	(3,200,000)	(12,990,848)	2,100	(929,579)	5,322,252
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	22,440,579	(2,950,000)	(12,990,848)	2,100	(266,679)	6,235,152
Beginning Net Position	53,083,841	80,423,904	529,332	13,479,176	18,029,013	165,545,266
Prior Period Adjustment	-	-	-	-	-	-
Ending Net Position	75,524,420	77,473,904	(12,461,516)	13,481,276	17,762,334	171,780,419