



# FY20/21 Proposed Budget Appropriation

Board of Directors Meeting  
July 16, 2020



TRANSFORMING WASTEWATER TO RESOURCES

# FY20/21 Budget and SSCs Development Schedule Overview



## Board Meeting

March 11, 2020



April 23, 2020



May 13, 2020



June 25, 2020



July 16, 2020

- Board reviewed major capital project drivers, Advanced Treatment Fund considerations
- Board reviewed proposed SSC increases, set public hearing, and approved distribution of Prop. 218 notices
- Board reviewed draft CIP and **key operating budget assumptions**
- Board adopted CIP and SSC increases
- Board considers budget appropriations

# FY20/21 Budget Overview

## Board Policy

Adopt FY20/21 Budget (capital/operating) and appropriate new fiscal year budget no later than July each year

## Fiscal Responsibility

Critically review proposed operating budget each year to identify budget adjustment needs and opportunities

## Cost Control

Manage labor, chemical, energy, materials, supplies, hauling, services, and regulatory compliance costs

## Budget

**Proposed FY20/21 Budget = \$47.1M**

- **Operating Budget = \$29.3M** (\$0.6M increase [2%])
- **Capital Budget = \$17.8M** (includes \$1.2M debt service)

## Presentation Goal

Present Proposed FY20/21 Budget for Board consideration

# Key FY20/21 Budget Drivers

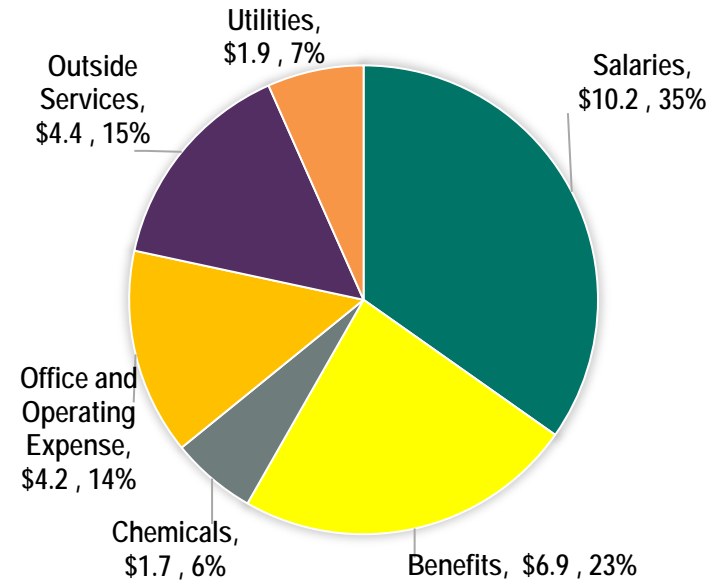
- Meet core mission of protecting public health and the environment with effective and reliable service levels
- Address aging infrastructure through prioritized capital investment
- Offset increases in operating costs (labor, biosolids management, outside services)
- Increased cash funding focus for capital projects to provide lowest cost to ratepayers, while reserving debt capacity
- Support strategic and long-term planning initiatives to drive long-term, sustained organizational excellence
- Manage costs to maintain SSCs below average of peer agencies in Bay Area

# FY20/21 Proposed Operating Budget Overview



- Proposed Operating Budget = \$29.3M, funds:

- Wastewater Conveyance and Treatment **82%**
  - Bay Point Collection **3%**
  - HHW Collection **3%**
  - Recycled Water **10%**
  - Street Sweeping **2%**
- } Sewer Service Charges (SSCs)
- } Recycled Water Service Charges
- } Street Sweeping Charges



Proposed FY20/21 Operating Budget Breakdown (\$M)

Salaries

Benefits

Utilities

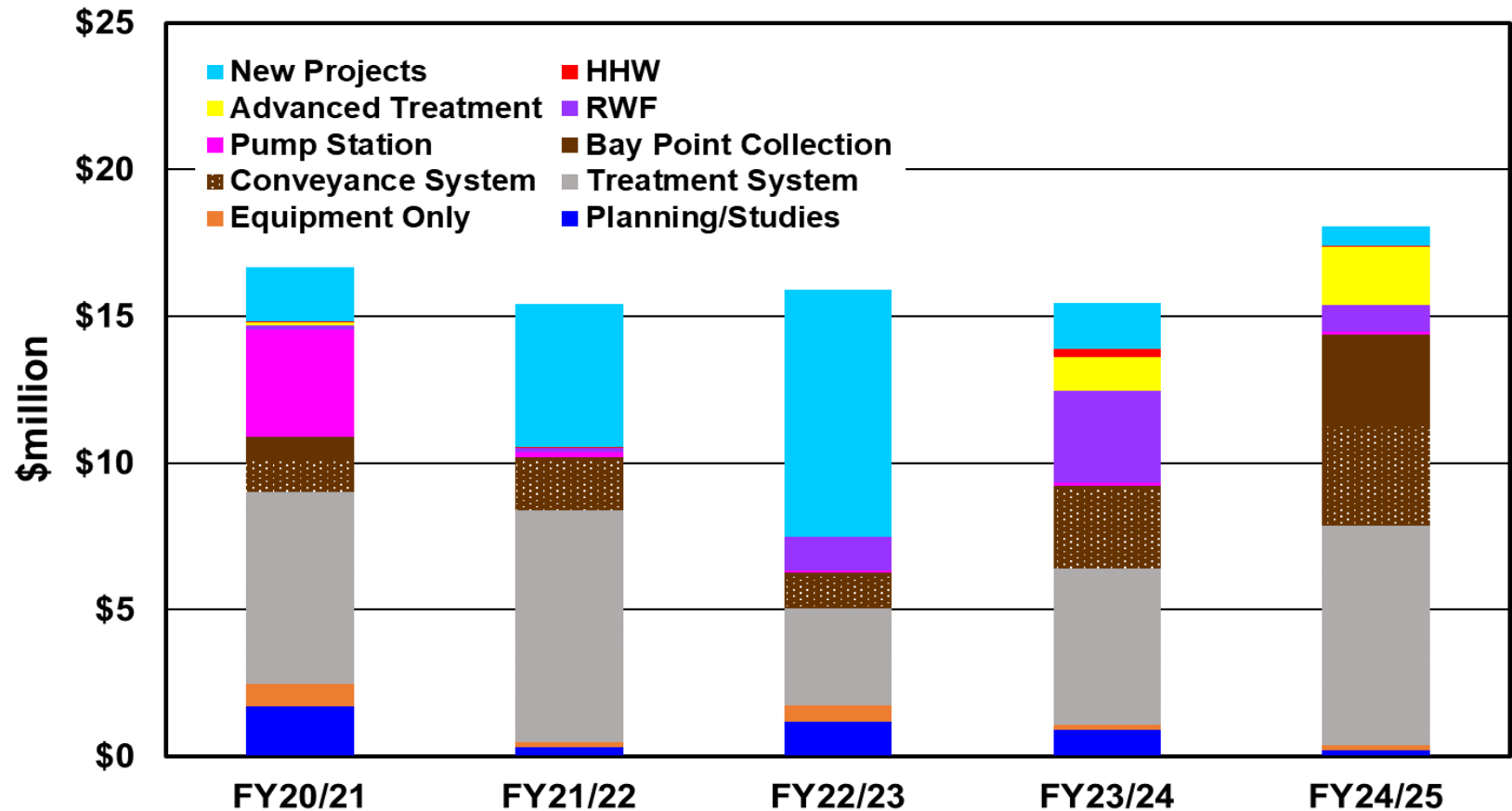
Chemicals

Office/  
Operating

Outside  
Services

# FY20/21 Capital Budget

- Required FY20/21 CIP budget appropriation = \$16.7 million



# FY20/21 Proposed Budget Appropriations Summary

Description	Amount (\$M)
Budgeted Revenue	\$43.5
Loan Proceeds	\$3.5
<b>Total Sources of Funds</b>	<b>\$47.0M</b>
Operating Budget	\$29.3
Capital Budget	\$16.7
Debt Service	\$1.2
Use of Fund Equity	(\$0.2)
<b>Total Uses of Funds</b>	<b>\$47.0M</b>

# Projected FY20/21 Inter-Fund Transfers and Loans



- \$0.4M transfer from WW O&M Fund to Household Hazardous Waste Fund (w/o interest)
- Continued WW Expansion Fund loan repayment of \$0.5M to WW Capital Asset (with interest)
- Different funding sources means repayment at Local Agency Investment Fund interest rate



# Estimated Use of Major Wastewater Funds and Reserves in FY20/21



	WW O&M	WW Expansion	Capital Asset	Advanced Treatment	Capital Asset Replacement	Total Balance
Beginning Balance	\$20.2	\$2.2	\$2.9	\$19.3	\$0.6	\$45.1
Contributions/(Used)	(\$0.5)	\$1.2	(\$0.2)	\$0.2	(\$0.3)	\$0.4
<b>Ending Balance</b>	<b>\$19.7M</b>	<b>\$3.4M</b>	<b>\$2.7M</b>	<b>\$19.5M</b>	<b>\$0.3M</b>	<b>\$45.5M</b>

- Maintaining sufficient reserves is necessary to address unanticipated operating costs, continue services during unforeseen economic events and emergencies, and address other urgent and/or unusual items
  - District policy to maintain WW O&M Fund reserves at >40% (minimum) of annual budgeted WW O&M expenditures
- Timing and use of Advanced Treatment Reserve Fund will be determined as part of current master planning effort

# Recommended Action

- Approve FY20/21 Budget
- Adopt Resolution Approving FY20/21 Budget Appropriations