



FY23/24 Operating Budget Assumptions and Classification Control Plan

Board of Directors Meeting
May 10, 2023



TRANSFORMING WASTEWATER TO RESOURCES

FY23/24 Operating Budget Overview



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



Financial Planning

Project FY24/25 (second year) Operating Budget needs; no funding appropriated but supports GFOA requirements



Operating Budget

Proposed FY23/24 Operating Budget = \$32.5M

- **+\$0.8M** increase (**+2.5%**) relative to FY22/23 (\$31.7M)
 - WW Operating Budget (funded by SSCs) = **+\$0.1M** (\$25.9M)
 - RW Operating Budget (funded by RWSCs) = **+\$0.5M** (\$3.9M)
- **Significant positive financial outcome** given ongoing labor, chemicals, biosolids management, utilities, and outside services cost increase pressures

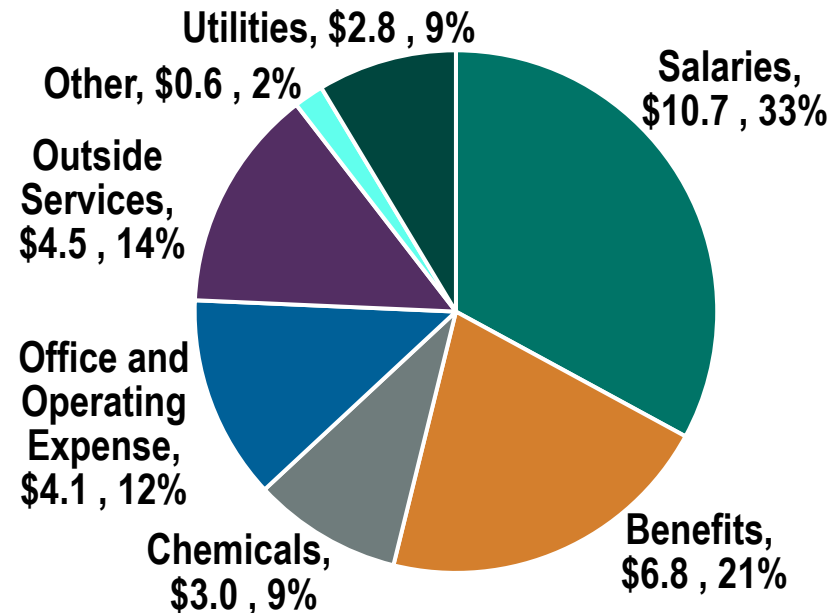
FY23/24 Proposed Operating Budget Overview: Revenues/Expenses



- Proposed Operating Budget = \$32.5M

- Revenue Sources

- Sewer Service Charges (86%)
- Recycled Water Service Charges (12%)
- Street Sweeping Charges (2%)



Proposed FY23/24 Operating Budget Breakdown (\$M)

Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

FY23/24 Classification Control Plan Overview



- Consolidates Board-approved classifications, maximum staffing levels, and position funding plans in concise summary document
- Staff would propose updates following review of organizational needs each fiscal year
- Supports Workforce Development goal in Strategic Plan and effective internal communications
 - Highlights promotional opportunities, flexibly-staffed positions, career paths, succession planning efforts

Delta Diablo FY23/24 Classification Control Plan

Classifications by Department/Division	No. of Controlled Positions	Funded in FY23/24	FY23/24 Staffing Plan Comments
GENERAL MANAGER'S OFFICE			
General Manager	1	1	
Deputy General Manager	1	1	
ADMINISTRATIVE SERVICES			
Office Manager/Secretary to the Board	1	1	
Senior Administrative Assistant/Records Specialist	1	1	
Administrative Assistant I/II/III	5	4	II/III is flexibly staffed
BUSINESS SERVICES DEPARTMENT			
Finance Division			
Business Services Director	1	1	
Finance Manager	1	1	
Senior Accountant	1	1	
Accounting Technician	3	3	
Purchasing Supervisor	1	1	
Warehouse Technician II	1	1	
Warehouse Technician I	1	1	
Finance Professional/Retired Annuitant	0.5	0.5	Limited to 960 hours per fiscal year
Human Resources Division			
Human Resources and Risk Manager	1	1	
Human Resources Analyst III	1	1	III is flexibly staffed
Human Resources and Risk Management Professional/Retired Annuitant	0.5	0	Limited to 960 hours per fiscal year
Information Technology Division			
Information Technology Manager	1	1	
Systems Administrator	1	1	Added new position
Computer Analyst	1	0	
Public Information Division			
Public Information Manager	1	0	
RESOURCE RECOVERY SERVICES DEPARTMENT			
Resource Recovery Services Director			
Operations Manager	1	1	
Operations Supervisor	2	2	Added second position, succession planning
Recycled Water Program Coordinator	1	1	
Senior Operator (Max = 4), WWT/TP Operator III (Max = 6)	8	8	
Operator-in-Training (Max = 1)/WWT/TP Operator III	7	7	OIT/AT/III is flexibly staffed
Operations Support/Construction Coordinator/Retired Annuitant	0.5	0.5	Limited to 960 hours per fiscal year
RESOURCE RECOVERY SERVICES DEPARTMENT (cont'd)			
Maintenance Division			
Maintenance Manager	1	1	
Maintenance Supervisor, Maintenance Planner/Scheduler (Max = 1)	2	2	Added second supervisor, funded two supervisors
Maintenance Mechanic I (Max = 2)/II, Maintenance Mechanic III (Max = 1)	7	7	III is flexibly staffed
Utility Laborer, Maintenance Worker	1	1	Fund as Utility Laborer
El Tech. III, El Tech. III (Max = 1), Control Systems Specialist (Max = 1)	4	4	III is flexibly staffed
Collection System Worker III, Collection System Worker III (Max = 1)	3	3	
Safety Division			
Safety Manager	1	1	
Laboratory Division			
Laboratory Manager	1	1	
Chemist III	1	1	III is flexibly staffed
Chemist III	2	2	III is flexibly staffed
Environmental Compliance Specialist III	2	2	III is flexibly staffed
Laboratory Management Professional/Retired Annuitant	0.5	0.5	Limited to 960 hours per fiscal year
ENGINEERING SERVICES DEPARTMENT			
Engineering Services Director/District Engineer			
Senior Engineer	1	1	
Junior/Assistant/Associate Engineer (Max Assoc. = 4)	6	6	Flexibly staffed, added sixth position
Senior Construction Inspector, Construction Inspector	1	1	Added Senior CI, funded as Senior CI
Environmental Programs Division			
Environmental Program Manager	1	1	
Household Hazardous Waste Technician I/II/III	1	1	II/III is flexibly staffed
Government Affairs Division			
Government Affairs Manager	1	0	

Notes: The following positions are not included in the Classification Control Plan, but are recognized positions in the Bargaining Unit MOUs: Accounting Clerk III, Accountant, Purchasing Manager, Buyer, Human Resources Assistant, Instrumentation Technician Trainee, Maintenance Mechanic Trainee, Laboratory Technician, Program Analyst I/II/III, Engineering Technician, and Principal Engineer.

FY23/24 Classification Control Plan Staffing Levels



- 81.5 full-time equivalent (FTE) positions (4.5 part-time FTEs)
- 4.0 FTE increase from FY22/23
 - Staff highlighted proposed staffing changes on April 12, 2023
- Staff has conducted organizational review with recommended new positions and adjustments to existing positions to meet needs
 - Classification Control Plan includes several positions pending future Board approval actions
 - Engaging with bargaining units

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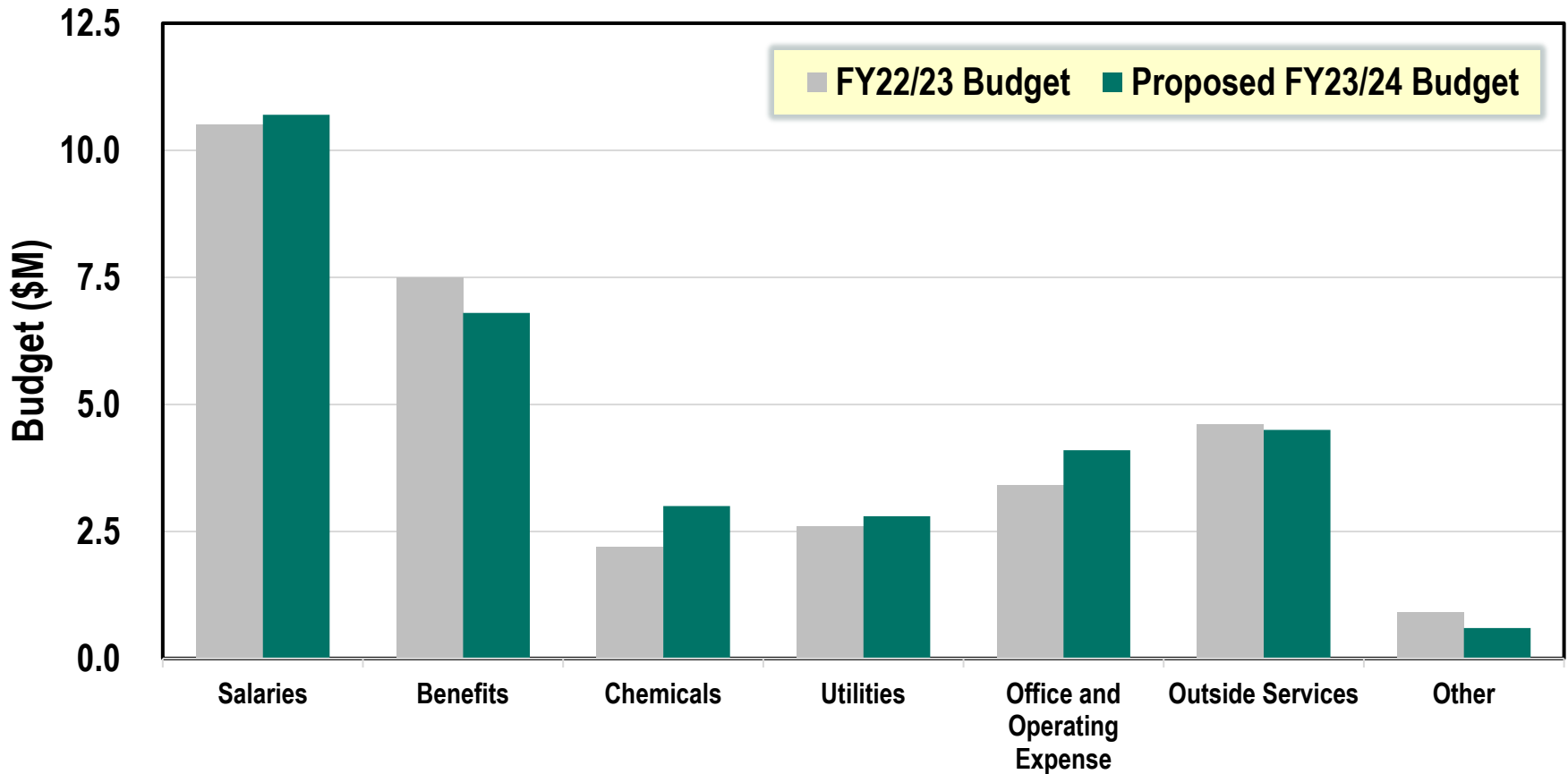
FY23/24 Budget Development

Adjusting Approach to Meet Staffing Needs



- Drivers for Preliminary Staffing Changes
 - Supervisory span of control; technical leadership **Electrical Maintenance Supervisor**
 - Succession planning, span of control **Operations Supervisor**
 - Capital project delivery **Engineering position**
 - Classification upgrades to address recruitment challenges **Senior Construction Inspector**
 - Expanded information technology capacity **Systems Administrator**
 - Expanded electrical/instrumentation capacity **E/I Technician II**
 - Promotional opportunity **Collection System Worker III**
- Staff has developed Classification Control Plan for Board consideration as part of FY23/24 Budget review
 - No significant Operating Budget impact
 - Most staffing changes include conversion of existing positions with incremental cost differentials; **only one new position**

FY23/24 Proposed Operating Budget Comparison to FY22/23



Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

Key Assumptions

Salaries (\$10.7M, 33%)

+\$146k



Ensuring Staffing Needs and Skilled Workforce

- Following critical review of position needs, incorporated multiple position changes for FY23/24
- 81.5 full-time equivalent (FTE) positions (4.0 FTE increase from FY22/23), including 4.5 FTEs for part-time positions
 - Incorporated **labor savings (w/benefits) of \$1.0M** due to vacancies (equivalent to 3.5 FTEs); additional labor savings in capital budget
 - Utilizing three experienced retired annuitants (Operations, Finance, Lab; 1.5 FTEs) and six intern positions (3.0 FTEs) to support critical business needs and workforce development

Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

Key Assumptions

Salaries (\$10.7M, 33%) (cont'd)

+\$146k



Navigating a Competitive Labor Market – Salary Drivers

- Strong interest in recruiting and retaining highly-skilled staff in competition with peer agencies, consultants
 - Intensified focus on workforce development, industry engagement, training—+\$89k increase (\$295k)
- ~43% of staff has been with District <5 years—moderate shift to lower salaries with more staff in salary progression
- Labor MOU Obligations: Include annual cost-of-living adjustments (COLA) to be applied in July each year
 - COLA range = 2.0-5.0% (to be confirmed in May based on index)
 - Financial Impact: Assumed 5.0% **COLA increase = +\$0.6M**

Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

Key Assumptions

Benefits (\$6.8M, 21%)

-\$666k



- Managing Health Benefits Costs
 - Expected medical insurance premium increase is 10%, offset by **cost savings due to labor agreement changes**
 - Other health/life insurance are not expected to increase significantly
- Continuing Retirement Cost Reduction following Pension Benefits Changes and Reform (2012-13)
 - In FY23/24, **28% of staff are Tier 1** members (2.7%@55), while **72% are either Tier 2** (2.0%@55) or **Tier 3** (2.0%@62)
 - District pays CalPERS normal costs as % of salary: 15.85% (Tier 1); 12.37% (Tier 2); 7.91% (Tier 3), PEPRA employee increase to 8.0%
 - CalPERS Unfunded Actuarial Liability (UAL): \$1.5M (-\$0.1M)
 - CCCERA pension plan is 103% funded; no annual payment required for the next two fiscal years; **\$0.5M savings**

Salaries

Benefits

Chemicals

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Services

Key Assumptions

-\$666k



Benefits (\$6.8M, 21%) (cont'd)

- Continuing to Meet OPEB Trust Fund Obligations to Reduce Long-term Cost Liability
 - Employees hired before either October 16, 2022, or February 5, 2023, pay 3.0% of salary; all other staff will receive PEMHCA minimum
 - District contribution = \$0.4M to ensure full funding of Actuarially Determined Contribution (ADC)—includes \$0.3M (3.0% District match) + additional \$0.1M
 - Continue to effectively manage outstanding OPEB liability in accordance with District's OPEB Trust Fund Policy
- Established Retiree Health Savings accounts for employees
 - District contributes each pay period in accordance with labor MOUs
 - **\$0.4M budgeted (cost increase)**

Salaries

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Key Assumptions

Chemical and Utilities (\$5.8M, 18%)

Chemicals (\$3M, 9%)

+\$791k

- \$1.6M for WW (**+\$284k**), \$1.4M for RW (**+\$507k**)
 - Sharp increases in chemical unit prices (e.g., +104% for chlorine)
- Critically reviewed quantity estimates while working to optimize chemical usage

Utilities (\$2.8M, 9%)

+\$241k

- Increased **+\$241k** (~8%) due to rising natural gas supply costs and increases in WW system conveyance pumping

Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

Key Assumptions

Office & Operating/Other (\$4.7M, 14%)



Office and Operating (\$4.1M, 12%)

+\$683k

- **+\$683k** increase (20%) due to insurance, hauling, IT technology systems and applications, program administration—**+\$310k** increase in biosolids handling
- Intensified focus on **workforce development, industry engagement, training**—**+\$89k** increase (\$295k)

Other (\$0.55M, 2%)

-\$360k

- Reduced contingency allowance (\$250k from \$300k)
- Transfers to other District funds (\$0.3M)

Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

Key Assumptions

Outside Services (\$4.5M, 14%)

-\$37k



- Supporting **strategic initiatives**, continuous organizational improvement, and **enhanced business processes** through Professional Services (\$1.1M)
 - Munis Enterprise Resource Planning enhancements
 - Capital Facilities Capacity Charges study
 - Confined space rescue standby services
 - Updates to District standards
 - Recruitment services
 - Laserfiche implementation
- Street Sweeping, Household Hazardous Waste (\$1.7M)
- Temporary and Other Services (legal, facilities, maintenance, lab testing/analysis, misc.) (\$1.7M)

Salaries

Benefits

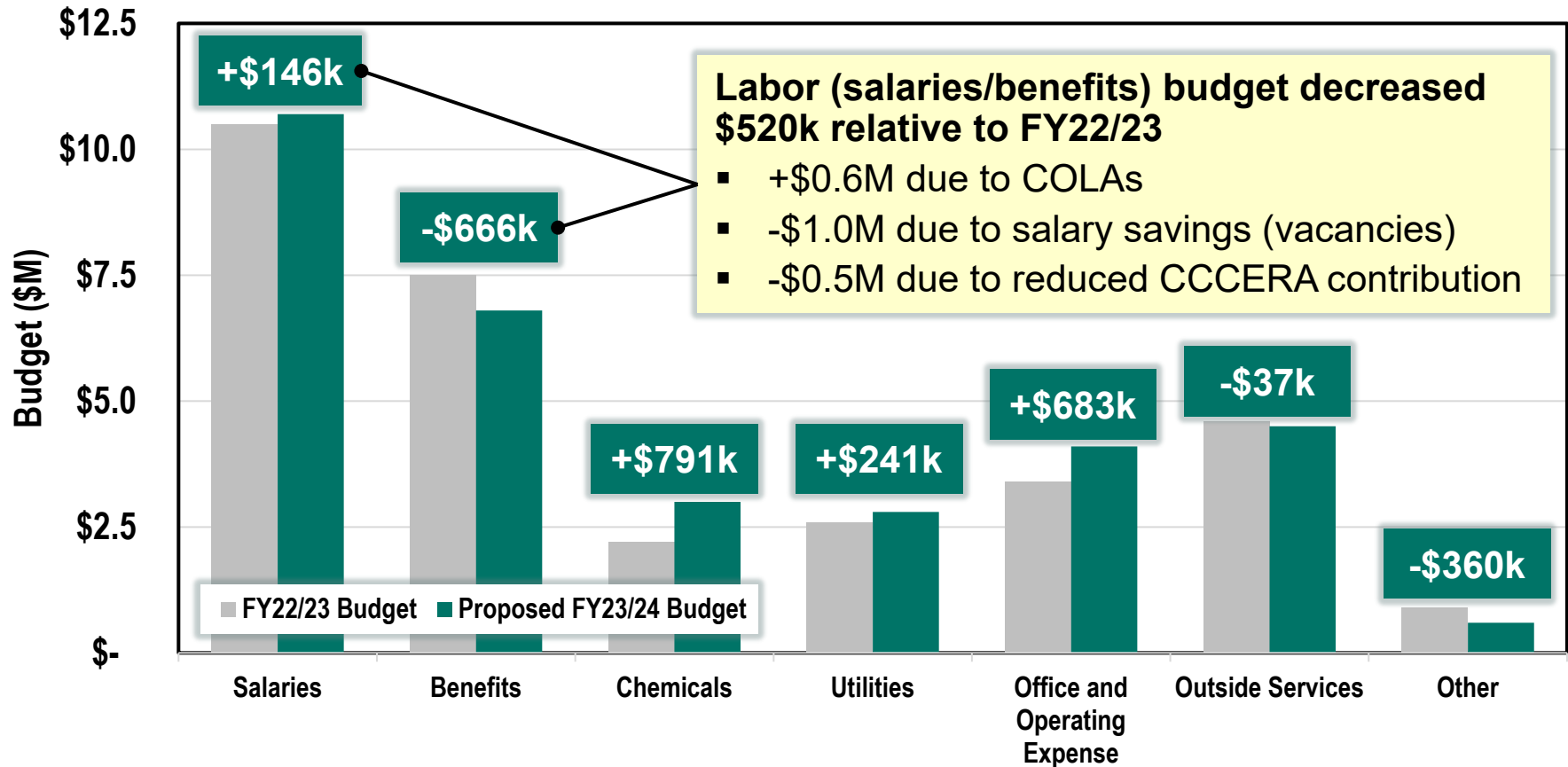
Chemicals

Utilities

Office/
Operating

Outside
Services

FY23/24 Proposed Operating Budget Summary by Major Category



Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

FY24/25 Budget Forecast

Financial Planning

Project FY24/25 (second year) Operating Budget needs;
no funding appropriated but supports GFOA requirements

- GFOA budget award review guidelines recommend including criteria for long-range operating financial plan
 - Adding assumptions beyond current fiscal year for operating and capital expenses to District's FY23/24 Budget Book (June 2023)
- Projected FY24/25 Operating Budget (\$34.5M) is 6.0% higher (\$2.0M) than FY23/24
 - Not requesting the Board to appropriate funding until June 2024
 - Budget estimates based on escalation factors and specific operational initiatives planned for next fiscal year
- May recommend Board consideration a multi-year rate setting (i.e., Proposition 218 Notice) process next year

Recommendations

- Provide comments on key assumptions for proposed FY23/24 Operating Budget
 - Reviewed with Finance Committee on April 26, 2023
- Approve FY23/24 Classification Control Plan
 - Reviewed with Personnel Committee on May 3, 2023

Next Steps

- Staff to request approval of SSC collection on tax roll and FY23/24 Budget at June 14, 2023 Board Meeting
 - Staff confirmed that no SSC increase is necessary for FY23/24 (i.e., maintain SSCs at same level as FY22/23)