



Wastewater
Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled
Water



Energy
Production



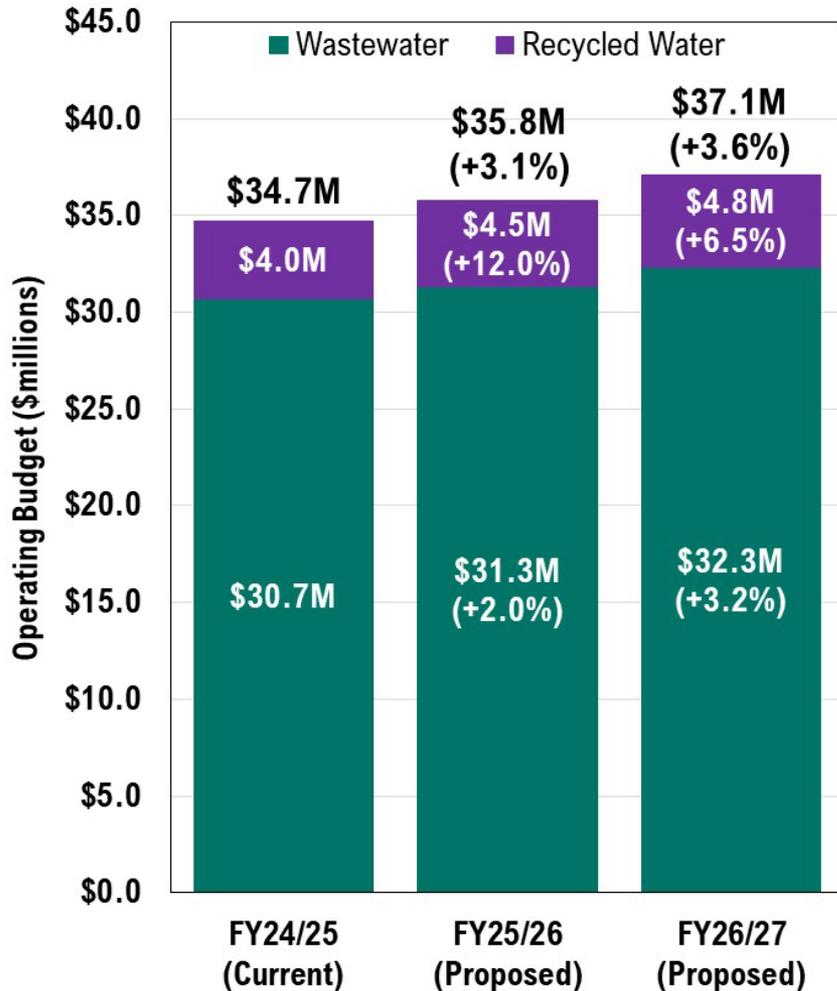
Biosolids
Reuse

Key Assumptions for FY25/26-FY26/27 Operating Budget Development

Board of Directors Meeting
May 14, 2025

Overview

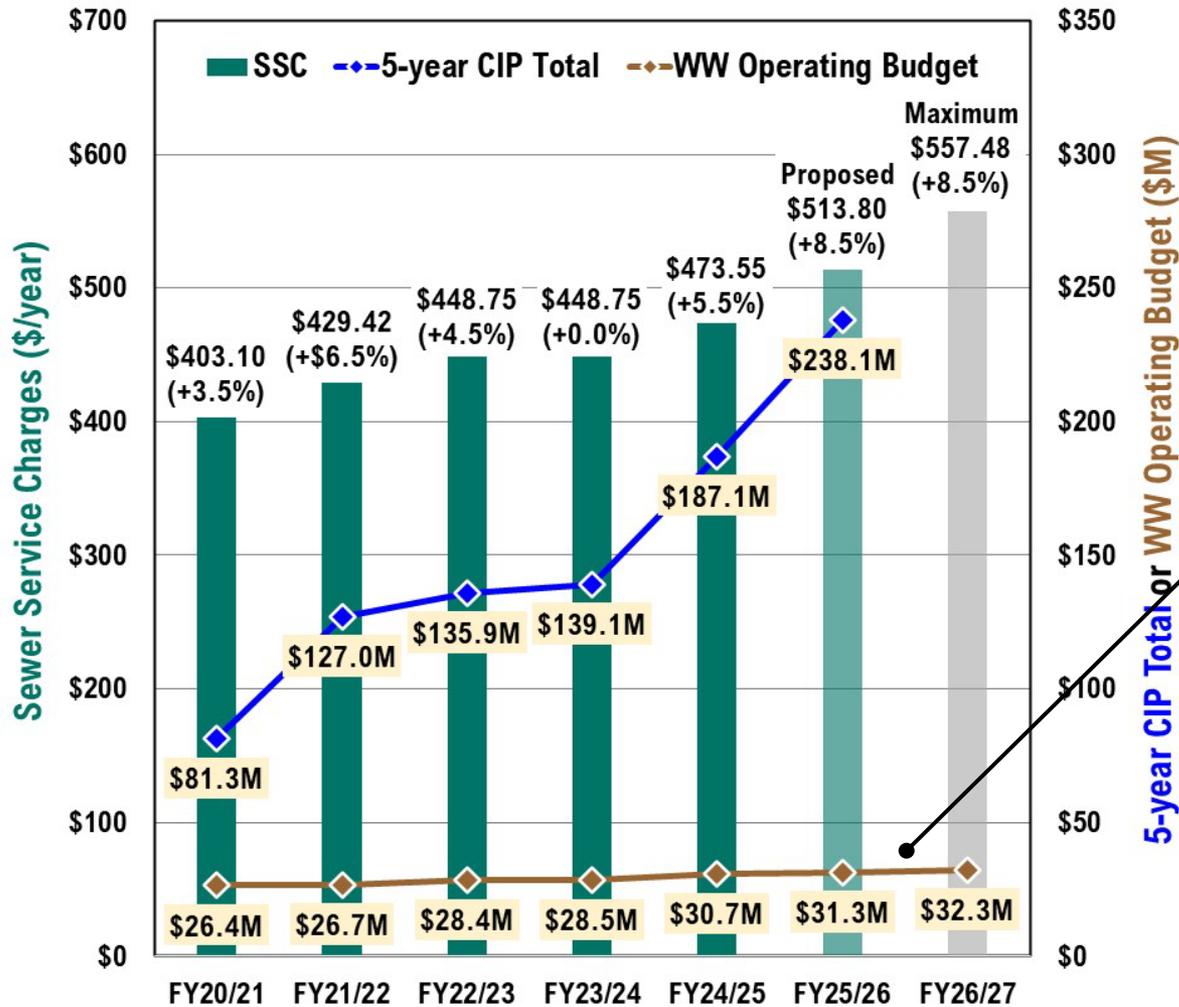
FY25/26-FY26/27 Operating Budget



- Revenue Sources (% of Total)
 - Recycled Water Service Charges (RWSCs) (13%)
 - Sewer Service Charges (SSCs) (80%)
 - Street Sweeping Charges (2%)
 - Other Revenue (5%)

- Significant Budget Increase Drivers
 - FY25/26 Total Increase = \$1.1M
 - Labor (+\$0.40M)
 - HHW/Street Sweeping (+\$0.26M)
 - Biosolids Management (+\$0.21M)
 - FY26/27 Total Increase = \$1.3M
 - Labor (+\$0.86M)
 - Chemicals (+\$0.22M)
 - Utilities (+\$0.15M)

Historical Trends for Wastewater Operating Budget, SSCs, and CIP



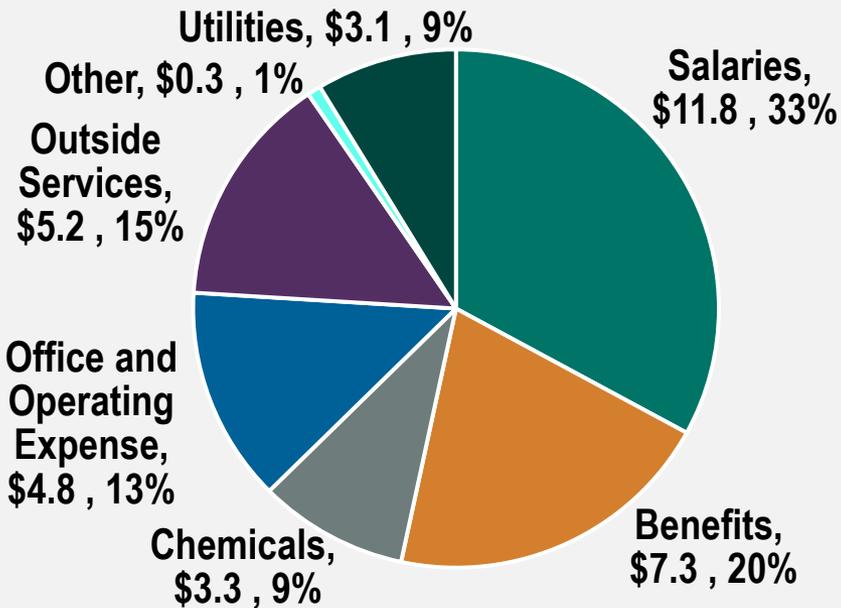
Effective management of Wastewater Operating Budget (funded by SSCs) over extended period

- Annualized average increase = 3.4% over last six years
- Positive outcome despite significant inflationary pressure and cost increase drivers

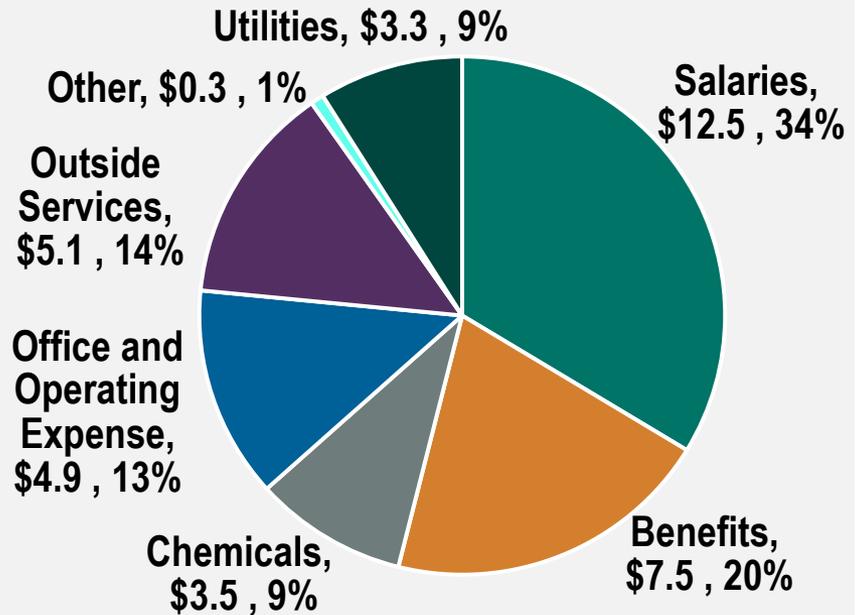
FY25/26-FY26/27 Proposed Operating Budget Overview: Expenses by Category



Proposed FY25/26 Operating Budget = \$35.8M



Proposed FY26/27 Operating Budget = \$37.1M



Key Assumptions: Salaries

FY25/26 = \$11.8M, 33%; FY26/27 = \$12.5M, 34%



Salaries

Benefits

Chemicals

Utilities

Office/ Operating

Outside Services

FY25/26 (+\$168k), FY26/27 (+\$677k)

- Funded 78.5 FTE positions (net decrease of 3.25 FTEs from FY24/25) for FY25/26 and FY26/27
 - Incorporated labor savings (w/benefits) of \$0.2M in FY25/26 due to anticipated vacancies; no labor savings in FY26/27
 - Includes 3.0 FTEs for interns
 - District is not filling Recycled Water Program Coordinator, HR Analyst II, or Environmental Programs Manager positions; instead, filling Operations Supervisor, HR Assistant, and Senior Engineer positions to meet business needs
- Labor MOUs include annual cost-of-living adjustments (COLA) to be applied in July each year (range 2% to 5%, May CPI); \$406k increase in FY25/26, \$433k in FY26/27

Key Assumptions: Benefits

FY25/26 = \$7.3M, 20%; FY26/27 = \$7.5M, 20%



Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

FY25/26 (+\$235k), FY26/27 (+\$181k)

- Effectively managing health benefits (change in employee elections offset increased premium costs), meeting Retiree Health Savings Account obligations (\$0.4M each year)
- Continuing to effectively manage retirement costs following pension benefits reform
 - 80% of employees = Classic Second Tier or PEPRA in FY25/26
 - CalPERS Unfunded Liability Contribution: \$2.2M (+\$0.3M)
 - No payments budgeted for CCCERA pension plan
- Meeting OPEB Trust obligations to reduce long-term costs
 - Employees hired before either 10/16/22 or 2/5/23, pay 3.0% of salary; other staff do not contribute, receive PEMHCA minimum
 - District contribution = \$485k/\$506k to ensure full funding of Actuarially Determined Contribution—includes \$236k/\$244k (3.0% District match)

Key Assumptions: Chemicals

FY25/26 = \$3.3M, 9%; FY26/27 = \$3.5M, 9%



Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

FY25/26 (+\$152k), FY26/27 (+\$222k)

- District continues to participate in Bay Area Chemical Consortium, while also directly bidding certain chemicals
- Minimal increases in chemical pricing; staff analysis resulted in decreases in consumption estimates for disinfection, offset by increases for odor control
 - FY25/26: \$1.6M for WW (+\$75k), \$1.7M for RW (+\$77k)
 - FY26/27: \$1.7M for WW (+\$107k), \$1.8M for RW (+\$115k)

Key Assumptions: Utilities

FY25/26 = \$3.1M, 9%; FY26/27 = \$3.3M, 9%



Salaries

Benefits

Chemicals

Utilities

Office/
Operating

Outside
Services

FY25/26 (-\$66k), FY26/27 (+\$149k)

- FY25/26 decrease due to significant reduction in projected natural gas use—non-operation of Cogeneration System; cost savings offset by electricity cost increase due to rising unit rates (39% of electricity costs will be allocated to capital budget)
 - \$1.3M in utility costs included in CIP under Cogeneration System Improvements Project (due to facility outage to support construction activities)
- FY26/27 increase based on anticipated electricity price increases (39% of electricity costs will be allocated to capital budget)

Key Assumptions: Office, Operating/Other FY25/26 = \$5.1M, 14%; FY26/27 = \$5.2M, 14%



Salaries

FY25/26 (+\$339k), FY26/27 (+\$102k)

- FY25/26 increase due to:
 - **+\$210k** increase for biosolids management services
 - **+\$123k** increase for insurance premiums
 - **+\$75k** increase for technology systems and applications
- FY26/27 increase is mainly due to inflation assumptions for certain budget categories and services
- Funding for staff training and professional development continues to be a high priority to support Workforce Development goal in District's Strategic Plan

Benefits

Chemicals

Utilities

Office/ Operating

Outside Services

Key Assumptions: Outside Services

FY25/26 = \$5.2M, 15%; FY26/27 = \$5.1M, 14%



Salaries

Benefits

Chemicals

Utilities

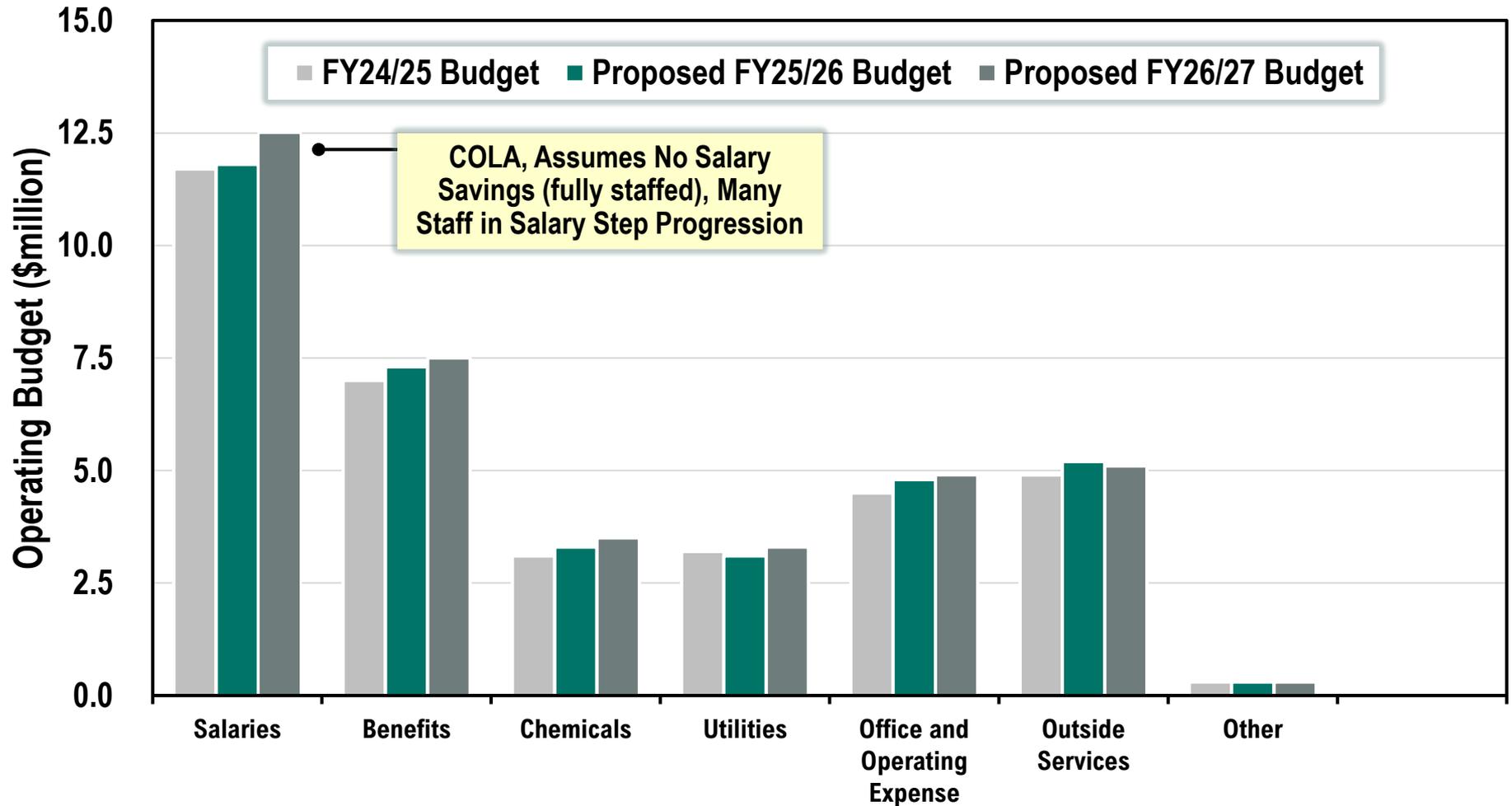
Office/
Operating

Outside
Services

FY25/26 (+\$256k), FY26/27 (-\$55k)

- FY25/26 increase due to:
 - **+\$124k** increase for lab testing services for various permits and Antioch Brackish Water Desalination Facility analysis (to be reimbursed by the City of Antioch)
 - **+\$194k** increase in Street Sweeping services due to replacement of street sweeping vehicles and addition of new streets in Pittsburg and Bay Point
 - **+\$110k** increase for Maintenance outside services related to landscaping and equipment repairs
 - **+\$55k** increase in legal expenses
 - **-\$215k** decrease in temporary services for HR, IT
- FY26/27 decrease due to reduction in estimated legal services costs

Summary of Proposed FY25/26-FY26/27 Operating Budgets by Major Category



Government Finance Officers Association (GFOA) Budget Award



Financial Planning

Adopt a biennial FY25/26-FY26/27 Budget to support organizational effectiveness, long-range financial planning

- GFOA budget award review guidelines recommend including criteria for long-range operating financial plans
 - District began adding operating budget assumptions beyond the current fiscal year by including a forecasted 2nd year operating budget in the District's FY23/24 Budget Book (June 2023)
 - In June 2025, staff will submit a biennial FY25/26-FY26/27 Budget Book and request Board approval to adopt the budgets for both fiscal years
 - Staff will submit the FY25/26-FY26/27 Budget Book for GFOA's "Distinguished Budget Presentation" Award Program within 90 days of budget adoption

Upcoming Board Meetings SSC, CIP, and Budget Development



March 2025	<ul style="list-style-type: none"> • 3/5 Fin Comm: Major Factors Impacting 5-Year CIP Development and SSC Financial Assumptions • 3/12 Review Major Factors Impacting 5-year CIP Development and SSC Financial Assumptions
April 2025	<ul style="list-style-type: none"> • 4/9 Review Update to Major Factors Impacting SSC Financial Assumptions • 4/23 Review Proposed SSCs, Set Public Hearing, Approve Prop. 218 Notice
May 2025	<ul style="list-style-type: none"> • 5/7 Fin Comm: Review Draft 5-Year CIP, FY25/26-26/27 Operating Budget Assumptions • 5/14 Review Draft 5-year CIP, Set Public Hearing Review FY25/26-26/27 Operating Budget Assumptions
June 2025	<ul style="list-style-type: none"> • 6/26 Conduct 5-year CIP Public Hearing, Consider Approval Conduct SSC Public Hearing, Consider Approval, Authorize Collection Consider FY25/26-26/27 Biennial Budget Approval



Recommendation

- Receive comments on key assumptions for FY25/26-FY26/27 Biennial Operating Budget development

