



FY21/22 Proposed Budget Appropriation

Board of Directors Meeting
June 9, 2021



TRANSFORMING WASTEWATER TO RESOURCES

FY21/22 Budget Development Schedule Overview



Board Meeting

March 25, 2021



April 14, 2021



May 12, 2021



June 9, 2021

- Board reviewed financial impacts of new \$60M Secondary Process Improvements Project on 5-year SSC increase projection
- Board reviewed proposed SSC adjustments, set public hearing, and approved distribution of Prop. 218 notices
- Board reviewed draft 5-year CIP and **key operating budget assumptions**
- CIP Public Hearing, Board CIP approval
- SSC Public Hearing, Board considers SSC approval and authorizing collection on tax roll, **Board considers approval of FY21/22 Budget appropriations**

FY21/22 Budget Overview

Board Policy

Adopt FY21/22 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 FY21/22 Budget = \$43.5M

- **Operating Budget = \$29.3M** (unchanged from FY20/21)
- **Capital Budget = \$14.2M** (includes \$1.3M debt service)

Presentation Goal

Present Proposed FY21/22 Budget for Board consideration

Key FY21/22 Budget Drivers

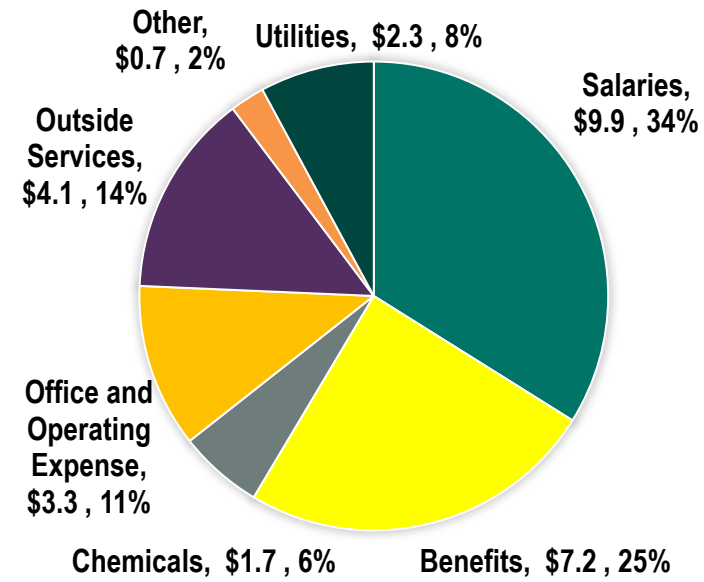
- Meet core mission of protecting public health and the environment with effective and reliable service levels
- Address aging infrastructure through prioritized capital investment
- Ensure sufficient funding to meet increases in operating costs (labor, biosolids management, outside services)
- Maintain 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

FY21/22 Operating Budget Overview



- Proposed Operating Budget = **\$29.3 million**, funds:

- Wastewater Conveyance and Treatment **80%**
 - Bay Point Collection **4%**
 - HHW Collection **3%**
 - Recycled Water **11%**
 - Street Sweeping **2%**
- Sewer Service Charges (SSCs)**
- Recycled Water Service Charges**
- Street Sweeping Charges**



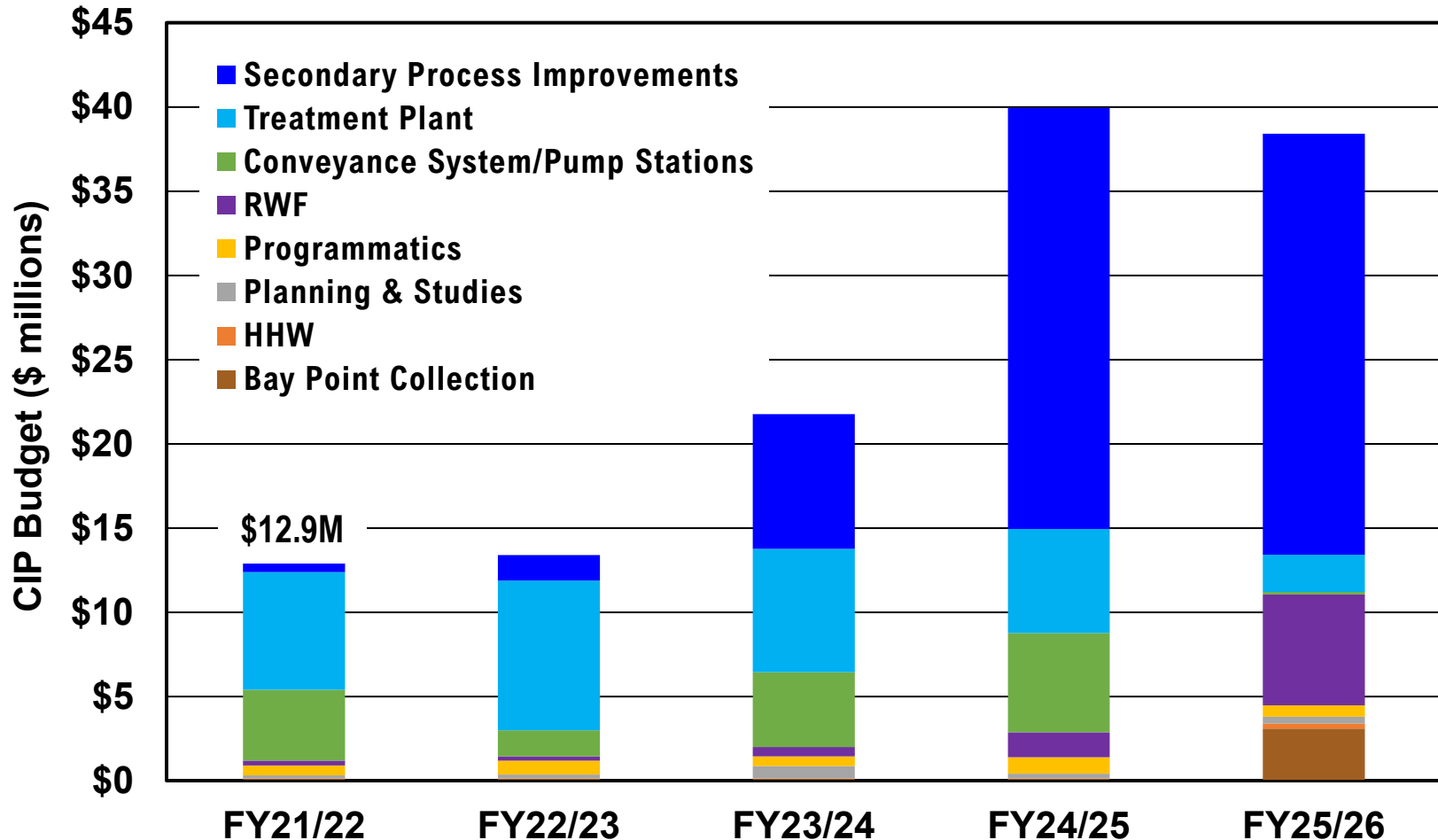
Proposed FY21/22 Operating Budget Breakdown (\$M)



FY21/22 Capital Budget Overview



- Proposed FY21/22 Capital Budget = **\$12.9 million**



FY21/22 Proposed Budget Appropriations Summary



Description	Amount (\$M)
Budgeted Revenue	\$46.1
Loan Proceeds	\$4.5
Total Sources of Funds	\$50.6M
Operating Budget	\$29.3
Capital Budget	\$12.9
Debt Service	\$1.3
Contribution to Fund Equity*	\$7.1
Total Uses of Funds	\$50.6M

* Largely associated with increasing WW CAR Fund Equity to meet 50% cash funding assumption for Secondary Process Improvements in FY23/24

Projected FY21/22 Inter-Fund Transfers and Loans



- \$0.4 million transfer from WW O&M Fund to Household Hazardous Waste Fund
- Repayment of the Board-approved (Dec 2020) \$3.0 million loan from AT Fund to WW CAR Fund for Headworks Improvements Project

Estimated Use of Major Wastewater Funds and Reserves in FY21/22



	WW O&M	WW Expansion	Capital Asset	Advanced Treatment	Capital Asset Replacement	Other Funds	Total Balance
Beginning Balance	\$27.9	\$7.1	\$3.9	\$16.8	\$5.4	\$11.6	\$72.7
Contribution/(Use)	(\$8.1)	(\$1.6)	(\$0.2)	\$3.0	\$13.4	\$0.6	\$7.1
Ending Balance	\$19.8M	\$5.5M	\$3.7M	\$19.8M	\$18.8M	\$12.2M	\$79.8M

- Significant use of existing WW O&M Fund equity to support increased allocation of SSC revenue to meet capital funding needs
 - Maintains sufficient reserves to meet District Policy requirements, address unanticipated operating costs, and continue services during unforeseen economic events/emergencies
- Significant increase in WW Capital Asset Replacement Fund equity to meet capital financial needs for \$60M Secondary Process Improvements Project (50% cash)

Recommended Actions

- Approve FY21/22 Budget
- Adopt Resolution Approving FY21/22 Budget Appropriations