



OPERATING BUDGET AND CAPITAL FUND SUMMARY

FISCAL YEAR 2014/15



National Association of Clean Water
Agencies Platinum 10 Award

2012 California Mid-Size Wastewater
Treatment Plant of the Year

2013 Safety Plant of the Year Award
California Water Environment
Association

July 2014

TRANSFORMING WASTEWATER TO RESOURCES

FISCAL YEAR 2014/15 BUDGET SUMMARY

APPROPRIATIONS

Appropriations for the fiscal year 2014/2015 (FY15) budget were approved by the Board of Directors on July 9, 2014. It is the third year of a three-year budget originally approved in July 2012. This budget was developed using a detailed, “zero based” line-item by line-item review and analysis by organizational division. It also takes into account the resources required to support the FY15 Business Plan Initiatives outlined in the next section. As shown on the Budget Program Summary, which is the last page of this document, the budget presents a projection of revenues by funding source, operating expenses, debt service costs, and capital expenditures planned for FY15. Capital project cost estimates are based on the Capital Improvement Program (CIP) adopted by the Board on May 14, 2014. Total revenues budgeted for FY15 are \$34.9 million. These revenues, coupled with low-interest loan proceeds of \$7.7 million and projected use of reserves, will fund \$46.1 million in expenditures. These expenditures are composed of a total operating budget of \$24.0 million, capital project costs of \$18.0 million, and \$4.1 million in debt service obligations. Labor costs represent \$13.9 million of the operating expense, or about 58% of the total

operating budget, while outside services are about \$4.2 million, or 17.5% of the operating budget. Treatment chemicals and utilities total \$3.5 million, or 14.6% of the operating budget. During fiscal year 2012/13, the District’s Board of Directors approved early pay-off of a high-interest bearing obligation with the California Public Employees Retirement System (CalPERS) from existing reserves. This resulted in a reduction in the salaries and benefits from original budget estimates of over \$850 thousand for FY14. Similar savings will be realized over the next several fiscal years.

PROGRAM AREAS

The District provides services in five program areas: Wastewater, Recycled Water, Household Hazardous Waste, Street Sweeping, and Bay Point Collections.

Wastewater Program

The largest Program is the Wastewater Program, which provides for the conveyance, treatment, and disposal of wastewater in the service area. This Program totals \$37.8 million, or 82% of the total expenditures budget. Of this, \$19.7 million is operating budget and \$18.1 million is for capital projects, including debt service of \$4.1 million for previously completed

projects. Over 71% of the Wastewater Program capital budget is for projects to replace and/or rehabilitate and augment infrastructure that has reached the end of its useful life. This is essential to keeping the wastewater system in good working order, to provide the level of service consistent with customer needs, and to protect the environment. The primary source of funds for the Wastewater Program is provided through Sewer Service Charge rates; however, projects to serve growth in the Wastewater Expansion Fund are paid for by growth through Capital Facilities Capacity Charges or connection fees. A separate designated reserve fund was established by the Board of Directors in fiscal year 2011/12 to begin setting aside funds for future advanced treatment projects to meet anticipated changes in regulatory requirements. Approximately \$2.2 million will be set aside in this fund during FY15, resulting in a total balance of nearly \$5.3 million by fiscal year end. Setting aside funds in advance for this major project reduces long-term rate impacts for District customers by nearly 40%.

Recycled Water Program

The second largest Program is the Recycled Water Program, which provides high quality water to two power plants, city parks, and two



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golf courses in the service area. This Program is fully funded by recycled water users. Rates for recycled water are lower than what the power plants and cities would pay for potable, treated water or non-potable, raw water. A connection fee study was completed in January 2013 so that new, non-municipal recycled water customers pay for capacity that they will be using in the system and reimburse the cities for costs they incurred to implement their respective recycled water distribution systems.

Household Hazardous Waste Program

Since 1996, the District has collected household hazardous waste (HHW) from the East Contra Costa County community to provide an outlet for the safe and proper disposal of hazardous substances and pollutants. In 2006, the Program was broadened to include disposal of electronic waste, and in 2009, the HHW facility was expanded to provide capacity for certain material, such as paint, to be reused versus disposal. Services are provided to residents and businesses within the District's service area and the service areas of other partner agencies in the region. Services are provided to residential customers at no direct cost and to businesses for a nominal fee.

Street Sweeping Program

The District provides street sweeping services on a contract basis with the City of Pittsburg and through an independent contractor for the City of Antioch and unincorporated community of Bay Point. Street sweeping minimizes pollutants in the streets that might otherwise reach sanitary or storm water sewers and harm the waterways of the San Francisco Bay. Street sweeping charges are included on the tax roll for most District customers and billed individually to larger industrial and commercial users.

Bay Point Program

The Bay Point Program includes the operation, maintenance, and ongoing system rehabilitation of the wastewater collection system in the community of Bay Point. The collection system is a network of piping that directs wastewater to the larger conveyance system connected to the District's wastewater treatment facilities. Collection systems for the cities of Antioch and Pittsburg are owned and operated by the cities, which charge separate rates for providing that service. Due to the age of the Bay Point collection system, substantial rehabilitation work will begin during FY15

and continue throughout the next several fiscal years. Planned work for FY15 totals nearly \$1.6 million, representing nearly 73% of the total Bay Point collection system budget. Construction of the rehabilitation projects will be funded primarily through very low interest rate Clean Water Act State Revolving Fund Loans (SRF). The current interest rate for SRF loans for non-recycled water projects is 1.9%. Based on the advocacy of Delta Diablo and others, there is currently a special SRF Program for recycled water projects at 1% interest rates.



The District strives to keep its overall costs as low as possible while meeting or exceeding regulatory standards and focusing on its responsibility of environmental stewardship. Rates for services remain below the average in the region while the District has been recognized for excellence and leadership at the local, state, and national levels.

FISCAL YEAR 2014/15 BUSINESS PLAN INITIATIVES

In addition to regular Business Operations and Capital Improvements, the District undertakes value-added initiatives each year to achieve strategic goals, as outlined in the table below. (right) Some of these are multi-year initiatives but all require resources, including District staff time to complete.

For FY15, the initiatives are:

District-Wide

- ◆ Define “national leadership” at the Department and Division levels (L)*
- ◆ Establish performance measures to measure effectiveness and document attributes that demonstrate national leadership (O)
- ◆ Continue pursuit of opportunities to advance recycled water and resource recovery (W, S)

Administrative Services

- ◆ Replace the District’s outdated records management system to ensure compliance with Government Code and provide public information in a complete, transparent, and timely manner (O, S)

Business Services

- ◆ Upgrade the District’s Integrated Financial Information System (FIS) to a fully supported version (F, O)
- ◆ Implement the Contract Management Module within the FIS to enhance contract management, tracking, and reporting (O, W)
- ◆ Develop a Professional Development Academy to enhance employee leadership skills, self-enrichment, and career advancement (L)
- ◆ Develop a comprehensive Business Continuity Plan to maintain services and business operations in the event of emergencies (O)
- ◆ Replace the information technology network’s Threat Management Gateway to ensure security and control web access (O)
- ◆ Assess Push-to-Talk connectivity options and alternatives that best meet line staff needs (O)

Resource Recovery Services

- ◆ Implement Method Update Rule for wastewater testing and laboratory analysis procedures (O)
- ◆ Local Limits Analysis/Update for industrial and commercial customers to

ensure compliance with District’s renewed discharge permit (O)

- ◆ Develop and implement improved planning and scheduling tools for maintenance and repair tasks to increase the efficiency of the Maintenance Department (L,O,W)
- ◆ Identify and implement warehouse operational improvements to ensure timely, cost effective supplies and parts availability (O, W)

Engineering Services and Resource Recovery Services

- ◆ Develop and implement a painting and coating program to maximize real assets’ useful lives and esthetics (F, O)
- ◆ Implement a GIS-based mapping, customer parcel information, and asset management system that provides common, uniform data (O, S)
- ◆ Enhance the Operations and Maintenance Manual to be more comprehensive, up-to-date, and useful (O)

Strategic Goals Legend	
F	Financial Sustainability
L	Leadership
O	Operational Excellence
W	Workplace Innovation
S	Stakeholder Engagement

*See Legend at bottom right for Strategic Goal Area

FISCAL YEAR 2014/15 BUDGET PROGRAM SUMMARY

WASTEWATER PROGRAM	OPERATIONS & MAINTENANCE FUND	EXPANSION FUND	CAPITAL ASSET FUND	ADVANCED TREATMENT FUND	CAPITAL ASSET REPLACEMENT FUND	RECYCLED WATER PROGRAM	HOUSEHOLD HAZARDOUS WASTE PROGRAM	STREET SWEEPING PROGRAM	BAY POINT PROGRAM	TOTAL ALL PROGRAMS
REVENUE										
Capital Facility Capacity Charges		1,840,000								1,840,000
Service Charges										0
Sewer Service	17,534,000		1,230,000	2,211,000	1,691,000					22,666,000
Collection Charge									584,647	584,647
Surcharge									324,981	324,981
Street Sweeping								573,800		573,800
Redevelopment										0
Property Taxes					1,694,000					1,694,000
Utility Rebates (Received from Calpine)	250,000									250,000
Interest Income	160,000		24,000	78,615	49,000	40,400	1,500	7,500	50,800	411,815
Discharge Permits & Fees	163,000									163,000
Work For Others	109,000		56,000							165,000
Equalization Basin Debt Service						762,000				762,000
Overhead (from Capital Projects)	400,000									400,000
Miscellaneous	375,000									375,000
Reimbursements			128,465		45,000	800,000	461,830			1,435,295
Recycled Water Charges						3,297,037				3,297,037
TOTAL REVENUES	18,991,000	1,840,000	1,438,465	2,289,615	3,479,000	4,899,437	463,330	581,300	960,428	34,942,575
Long-Term Debt Proceeds - SRF		1,250,000			4,050,000	900,000			1,500,000	7,700,000
Transfers In to HHW from WW Program	(276,437)						276,437			0
Transfers Out of RW for Debt Service		762,000				(762,000)				0
Interfund Transfers (Loans)	(379,000)	1,179,000			(800,000)					0
Appropriated from Reserves	1,340,056		1,597,961		3,256,500			11,676	0	6,206,193
TOTAL FUNDS AVAILABLE	19,675,619	5,031,000	3,036,426	2,289,615	9,985,500	5,037,437	739,767	592,976	2,460,428	48,848,768
EXPENDITURES										
Salaries and Benefits	12,801,726					509,348	200,976	24,381	396,180	13,932,611
Chemicals	1,003,000					760,225				1,763,225
Office and Operating Expense	1,306,495					62,783	39,254	10,550	80,350	1,499,432
Outside Services & Repairs/Maintenance	2,835,038					213,144	498,476	558,045	65,472	4,170,175
Program Costs (Overhead) Expense						389,121				389,121
Utilities	1,305,000					417,924	1,061			1,723,985
Contingency Allowance	424,360					40,000			40,000	504,360
Debt Service		3,531,000	251,426		345,000					4,127,426
Project Expense		1,500,000	2,785,000	100,000	9,640,500	2,417,000			1,580,000	18,022,500
TOTAL EXPENDITURES	19,675,619	5,031,000	3,036,426	100,000	9,985,500	4,809,545	739,767	592,976	2,162,002	46,132,835
CONTRIBUTION to RESERVES										
	0	0	0	2,189,615	0	227,892	0	0	298,426	2,715,933
Estimated Beginning Cash Fund Balance	10,884,078	0	1,602,355	3,087,200	3,279,946	2,092,376	145,730	378,010	1,341,490	22,811,185
Estimated Ending Fund Balance	9,544,022	0	4,394	5,276,815	23,446	2,320,268	145,730	366,334	1,639,916	19,320,925