



OPERATING BUDGET AND CAPITAL FUND SUMMARY

FISCAL YEAR 2015/16



National Association of Clean Water
Agencies Platinum 11 Award

2014 California Association of
Sanitation Agencies Public Outreach
and Education Award

2014 California Water Environment
Association George W. Burke, Jr.,
Facility Safety Award

July 2015

TRANSFORMING WASTEWATER TO RESOURCES

FISCAL YEAR 2015/16 BUDGET SUMMARY

APPROPRIATIONS

Appropriations for the Fiscal Year 2015/16 (FY16) budget were approved by the Board of Directors (Board) on July 8, 2015. It is the first year of a new three-year budget. 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 FY16 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 FY16. Capital project cost estimates are based on the Capital Improvement Program (CIP) adopted by the Board on May 13, 2015. Total revenues budgeted for FY16 are \$35.6 million. These revenues, coupled with low-interest loan proceeds of \$12.3 million and projected use of reserves, will fund \$52.0 million in expenditures. These expenditures are composed of a total operating budget of \$25.6 million, capital project costs of \$22.3 million, and \$4.1 million in debt-service obligations. Labor costs represent \$14.7 million of operating expense, or about 57% of the total operating budget, while outside services are about \$5.2 million, or 20.3% of the operating budget. Treatment chemicals and utilities total \$3.4 million, or 13.3% of the operating budget. During Fiscal Year 2012/13, the District’s Board approved

early payoff of a high interest-bearing obligation with the California Public Employees Retirement System from existing reserves. This resulted in a reduction in the salaries and benefits from original budget estimates of over \$850 thousand for FY16. Similar savings will be realized over the next several fiscal years. This budget also provides for the full annual required contribution for other post-employment benefits, with District employees funding about 20% through salary deductions. These funds are placed in a qualified trust account with Public Agency Retirement Services, resulting in substantially higher investment earnings potential to keep District contributions as low as possible over time.

PROGRAM AREAS

The District provides services in five program areas: Wastewater, Recycled Water, Household Hazardous Waste, Street Sweeping, and Bay Point Collections. In addition, the District operates a grease receiving facility to keep fats, oils, and grease (FOG) out of the wastewater collection and transmission systems, which increases reliability and reduces maintenance costs. FOG is harvested for energy, which is used by the District in lieu of commercial natural gas, and FOG haulers pay fees to off-load FOG.

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 \$43.7 million, or 84% of the total expenditures budget. Of this, \$21.0 million is operating budget and \$22.7 million is for capital projects, including debt service of \$4.1 million for previously completed projects. About 45% 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 through Capital Facilities Capacity Charges or connection fees. A separate designated reserve fund was established by the Board in Fiscal Year 2011/12 to begin setting aside funds for future advanced treatment projects to meet anticipated changes in regulatory requirements. Approximately \$2.8 million will be set aside in this fund during FY16, resulting in a total balance of nearly \$6.1 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 “drought proof”, high-quality water to two power plants, two golf courses, and a variety of schools and

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city parks in the service area. This Program is fully funded by recycled water users. Rates for recycled water are significantly 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 reimbursing the cities for costs they incurred to implement their respective recycled water distribution systems. Due to the ongoing drought in California, a Residential Recycled Water Pilot Program was initiated at the onset of the fiscal year, with fill stations installed at the District's treatment plant site. This allows District trained and certified residents to haul up to 300 gallons of recycled water, per visit, for irrigation purposes at their homes. The pilot is scheduled to run through October, 2015, and will be re-evaluated for potential continuation.

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 materials, such as paint, for reuse 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 large 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 began during Fiscal Year 2014/15 and will continue throughout the next several fiscal years. Planned work for FY16 totals nearly \$1.4

million, representing over 66% 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 (SRF) Loans. 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.



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 2015/16 BUSINESS PLAN INITIATIVES

FINANCIAL SUSTAINABILITY

- ◆ Submit FY15 Comprehensive Annual Financial Report to the Government Finance Officers Association for consideration of the Excellence in Financial Performance Award - Business Services
- ◆ Complete the implementation of the Contracts Module in the MUNIS Financial Software Program and provide user training - Business Services
- ◆ Secure funding to implement the Bay Area Biosolids to Energy Coalition-selected Biosolids to Energy Project by pursuing applicable grant, loan, or venture capital funding opportunities - General Manager

LEADERSHIP

- ◆ Finalize the Professional Development Academy to enhance employee leadership skills and offer initial classes - General Manager
- ◆ Refresh District's Employee Recognition Program - General Manager
- ◆ Increase visibility and influence at state and national level by chairing the National Alliance of Clean Water Agencies Reuse Working Group and the WaterReuse Association Federal Legislative Committee - General Manager

OPERATIONAL EXCELLENCE

- ◆ Complete development of a comprehensive Business Continuity Plan as part of the update of the Comprehensive Emergency Management Plan - Business Services

- ◆ Complete an Asset Management Plan Gap Analysis - Engineering Services
- ◆ Develop and implement an O&M plan to address pump station reliability - Resource Recovery Services
- ◆ Develop a Preventive Maintenance Program for the Recycled Water Facility and distribution system - Resource Recovery Services
- ◆ Complete the Information Technology Refresh Project, replacing the District's servers, network switches, and storage - Business Services
- ◆ Implement the Contract Management Module within the Financial Information System to enhance contract management, tracking, and reporting - Business Services
- ◆ Bring the District's new records management system on-line - Administrative Services
- ◆ Improve recycled water system mapping using Geographic Information System - Engineering Services
- ◆ Refresh Safety Training Program to include more hands-on and interactive elements - Business Services Director
- ◆ Seek opportunities to showcase operational excellence within the wastewater resource recovery industry by applying for California Water Environment Association, National Association of Clean Water Agencies, and other eligible awards - General Manager

WORKPLACE INNOVATION

- ◆ Develop a Resource Recovery Master Plan that establishes the District's policies on energy efficiency, biogas and biosolids, and food waste to energy - Engineering Services
- ◆ Begin delivery of recycled water to Pittsburg High School, Rancho Medanos Junior High School, and the Mt. Diablo Resource Recovery Park - Engineering Services
- ◆ Pursue technologies that improve the effluent water quality and/or recycled water quality, such as piloting the Anammox/Zeolite process to remove ammonia - Engineering Services

STAKEHOLDER ENGAGEMENT

- ◆ Increase legislative support for new federal grant funding legislation through building grassroots support and securing Democratic and Republican bill sponsors/champions in both the House and Senate - General Manager
- ◆ Continue to support and develop Science, Technology, Engineering, and Mathematics Programs for our local schools - General Manger
- ◆ Create customer outreach strategy with themes on flushable wipes and pharmaceutical disposal - General Manager



FISCAL YEAR 2015/16 OPERATING PROJECTS AND NEW PROGRAMS



Project/Program	Fund	Dept/Div	FY15/16	FY16/17	FY17/18	3-Yr. Total
Wastewater Painting and Coating Projects ¹	WW	Engineering	\$ 520,000	\$ 370,000	\$ 485,000	\$ 1,375,000
Wastewater New Painting and Coating Program	WW	Maintenance	\$ 500,000	\$ 200,000	\$ 200,000	\$ 900,000
Co-generation Engine Top-End Overhaul Projects	WW	Maintenance	\$ 150,000	\$ -	\$ 150,000	\$ 300,000
Recycled Water - New Painting and Coating Program	RW	Maintenance	\$ 50,000	\$ 51,500	\$ 53,045	\$ 154,545
Recycled Water Pump Overhauls ²	RW	Maintenance	\$ 18,000	\$ 33,000	\$ 18,000	\$ 69,000
Bay Point - New Root Control Program	BP	Maintenance	\$ 50,000	\$ 50,000	\$ 50,000	\$ 150,000
Total Operating Projects & New Programs			\$ 1,288,000	\$ 704,500	\$ 956,045	\$ 2,948,545

¹ FY16 - Tower Trickling Filters; FY17 - Treatment Plant; FY18 - Plant Operations Center

² FY16 - 1 LMEC Pump, 2 DEC Pumps & 3 Sand Pumps; FY17 - 1 LMEC Pump and 2 DEC Pumps; FY18 - 1 LMEC Pump

FISCAL YEAR 2015/16 BUDGET PROGRAM SUMMARY

	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 Facilities Capacity Charges		1,840,000								1,840,000
Service Charges										0
Sewer Service	18,343,000		1,319,000	2,843,568	1,795,000					24,300,568
Collection Charge									639,268	639,268
Surcharge									325,000	325,000
Street Sweeping								604,162		604,162
Redevelopment										0
Property Taxes					1,728,000					1,728,000
Utility Rebates (Received from Calpine)	258,000									258,000
Interest Income	180,000		1,000	112,500	45,000	46,000	3,000	12,000	28,000	427,500
Discharge Permits & Fees	168,000									168,000
Work For Others	112,000									112,000
Overhead (from Capital Projects)	400,000									400,000
Miscellaneous	386,000									386,000
Reimbursements			185,823		45,000		475,685			706,508
Recycled Water Charges						3,733,123				3,733,123
TOTAL REVENUES	19,847,000	1,840,000	1,505,823	2,956,068	3,613,000	3,779,123	478,685	616,162	992,268	35,628,129
Long-Term Debt Proceeds - SRF		2,025,000		1,500,000	6,075,000	1,400,000			1,300,000	12,300,000
Program	(265,144)						265,144			0
Service		761,000				(761,000)				0
Interfund Transfers (Loans)		1,026,000			(1,026,000)					0
Appropriated from Reserves	1,424,792		1,607,979		1,642,731	456,907		4,934		5,137,343
TOTAL FUNDS AVAILABLE	21,006,648	5,652,000	3,113,802	4,456,068	10,304,731	4,875,030	743,829	621,096	2,292,268	53,065,472
EXPENDITURES										
Salaries and Benefits	13,382,289					593,012	171,329	20,096	499,598	14,666,324
Chemicals	948,050					681,000				1,629,050
Office and Operating Expense	1,527,721					45,385	26,700	10,000	39,252	1,649,058
Outside Services & Repairs/Maintenance	3,668,588					321,031	519,800	591,000	82,329	5,182,748
Program Costs (Overhead)						432,602			42,292	474,894
Utilities	1,280,000					471,000	1,000			1,752,000
Contingency Allowance	200,000					10,000			40,000	250,000
Debt Service		3,527,000	253,802		379,731					4,160,533
Project Expense		2,125,000	2,860,000	3,625,000	9,925,000	2,321,000	25,000		1,380,000	22,261,000
TOTAL EXPENDITURES	21,006,648	5,652,000	3,113,802	3,625,000	10,304,731	4,875,030	743,829	621,096	2,083,471	52,025,607
CONTRIBUTION to RESERVES	0	0	0	831,068	0	0	0	0	208,797	1,039,865
Estimated Beginning Cash Fund Balance	12,025,287	80,226	2,613,121	5,286,346	2,975,553	3,050,000	167,604	800,555	2,240,000	29,238,692
Estimated Ending Fund Balance	10,600,495	80,226	1,005,142	6,117,414	1,332,822	2,593,093	167,604	795,621	2,448,797	25,141,214