



# ORO LOMA SANITARY DISTRICT

## OPERATING AND CAPITAL BUDGET FOR FISCAL YEARS 2023-24 & 2024-25



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# Oro Loma Sanitary District Operating and Capital Budget For Fiscal Years 2023-24 & 2024-25

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# Oro Loma Sanitary District Operating and Capital Budget For Fiscal Years 2023-24 & 2024-25

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**Resolution No. 3766**

**A RESOLUTION APPROVING  
THE TWO-YEAR OPERATING AND CAPITAL BUDGET  
FOR FISCAL YEARS 2023-24 AND 2024-25  
FOR ORO LOMA SANITARY DISTRICT**

**RESOLVED**, by the Sanitary Board of Oro Loma Sanitary District, Alameda County, California, that

Members of the Board have been provided copies of the District's proposed two-year budget for fiscal years 2023-24 and 2024-25; and

The District's Finance & Insurance Committee has reviewed the proposed budget and recommended it be adopted; and

The Board reviewed the proposed budget at the special work session on April 11, 2023; and

The Board has determined that the District will have sufficient revenues and cash reserves to meet its financial obligations over the next two fiscal years.

**NOW, THEREFORE, BE IT RESOLVED** that the Sanitary Board does hereby adopt the budget for fiscal years 2023-24 and 2024-25.



I certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted by the Sanitary Board of Oro Loma Sanitary District, Alameda County, California, at a meeting thereof held on the 6<sup>th</sup> day of June 2023, by the following vote of the members thereof:

**AYES**, Members: Duncan, Lee, Simon, Stelzmann, Young

**NOES**, Members: None

**ABSENT**, Members: None

A handwritten signature in blue ink, appearing to read "Fred Simon".

Fred Simon, President of the Board

Countersigned:

A handwritten signature in blue ink, appearing to read "Benny Lee".  
\_\_\_\_\_  
Benny Lee, Secretary of the Board

**Government Finance Officers Association's  
Distinguished Budget Presentation Award**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
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**Oro Loma Sanitary District  
California**

For the Biennium Beginning

**July 01, 2021**

*Christopher P. Morill*

Executive Director

# Introduction

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# Budget Message

## Budget Message from the General Manager

On behalf of the Board of Directors and staff of the Oro Loma Sanitary District, I am pleased to present the District's Two-Year Operating and Capital Budget for the fiscal years ending June 30, 2024 and 2025, with comparison to the preceding fiscal year. The following table summarizes the spending budgeted for each year.

	FY 2022-23 (Amended)	FY 2023-24 (Adopted)	FY 2024-25 (Adopted)
Operating Budget	\$29.9 million	\$33.7 million	\$36.5 million
Capital Budget	\$28.9 million	\$14.5 million	\$16.9 million
Total	\$58.8 million	\$48.2 million	\$53.4 million

The Budget reflects the District's mission, core values, and its Strategic Plan. The most recent Strategic Plan was adopted by the Board of Directors in 2021, which redefined the District's mission statement based on its current vision, identified new ways of improving efficiency and potentials to better serve the community, while being mindful in preserving the environment. The updated goals encompass 5 key areas: financial stability, safety and employee development, regulatory compliance, customer service, and infrastructure. Our vision is to send a generation of employees into retirement without injury, respond well to new regulations, proactively communicate with the public, manage for the highest long-term value, and achieve excellence in our industry. Using the Strategic Plan as a guide, the Budget provides the fiscal resources to accomplish the goals.

One of the Board's top commitments is to maintain a healthy infrastructure. The Strategic Plan includes an accelerated pace of pipe replacement, including the replacement of 40 miles of pipes by 2029. It also aims to reduce miles of pipes with significant structural defects from 76 to 57 miles by 2029. Part of these capital improvements is funded by Federal and State financing.

Inflation was a significant factor in developing this Two-Year Budget. Cost of chemicals and energy skyrocketed along with an unprecedented 6.5% jump in employee salaries in July 2022. In addition, premium spikes on liability and property risk policies reflect the impact of calamities in California during recent years. In response to these rising costs of operations and to maintain healthy reserves for future capital improvements, the Board has examined various options and plans to implement progressive sewer rate increases for 5 years starting July 2024.

The Board values communication and engagement with the public. A Communications Plan is updated periodically to maintain public outreach through newsletters, social media and events such as Open House and plant tours. These efforts serve as learning opportunities on what we do and our role in protecting the environment.

Under the leadership and direction of the Board, the District has a long history of exceeding industry standards:

### OPERATIONAL ACHIEVEMENTS IN THE LAST TEN YEARS

- The District maintains the lowest sewer service rates in Alameda County, and one of the lowest known rates in the State of California. As of July 1, 2022, the annual single-family residential sewer rate of \$342 is 50% below the average of \$681 within the County.
- As of January 1, 2023, the monthly garbage and recycling rate for a 35-gallon container in unincorporated Alameda is \$31.39, 29% less than the average of \$44.39 within the County.
- The District achieved 486 days between June 2021 and October 2022 without a sanitary sewer overflow.
- The District maintains a high safety culture and continuously seeks to improve job safety. The District is 2116 days (more than 5 years) without a lost-time injury from September 2017 to June 2023.
- The District completed the Wet Weather Equalization/Horizontal Levee Demonstration project which includes the

construction of an 8 million gallon storage basin for wet weather equalization, combined with a horizontal levee for demonstration of wetland for dry weather flows. Benefits of this project include the ability to divert peak wet weather flows, improvement of existing wildlife habitat, and evaluation of the leading alternative response to sea level rise in the Bay Area.

- Between March 2015 and June 2021, a total of \$10.3 million was paid as additional discretionary payments towards unfunded pension liability. The June 30, 2021 CalPERS valuation shows a 93.6% funded ratio for pension liabilities.
- The District is at least 99% funded on Other Post-Retirement Employee Benefit (OPEB) obligations since 2013.
- In FY 2020-21, the District completed a \$24.7 million Nutrient Optimization Project. The upgraded facilities enhance the nutrient treatment process and provide nitrogen removal that meets permit limits until at least 2040.

## **AWARDS & HONORS IN THE LAST TEN YEARS**

- 2011 CWEA Treatment Plant of the Year (5-20 mgd).
- 2013 and 2022 CWEA Collection System of the Year. The 2013 recognition was at both the local and State levels.
- FY 2012-13 CSRMA Safety, Health, Environment, Liability & Losses (SHELL) Award.
- 2014 CWEA Bay Section Research Achievement Award for its Zeolite-Anammox Pilot Project which focuses on research supporting cost-effective nutrient removal technology.
- 2014 CWEA Plant Safety Award (26-75 employees).
- 2014 and 2020 Special District Leadership Foundation Transparency Certificate of Excellence.
- 2015 Water Environment Federation (WEF) George W. Burke Facility Safety Award.
- FY 2015-16, FY 2019-20 and FY 2021-22 CSRMA Workers' Compensation Excellence Award – The District was recognized for its ergonomic assessments of plant and field operations, for focusing on back injury prevention, and for keeping policies up to date on an ongoing basis.
- The Horizontal Levee Demonstration Project won the 2017 CASA Award of Excellence for Outstanding Capital Project for Small Agency and the 2017 Friends of the San Francisco Estuary Outstanding Environment Project Award.
- In 2017, the Boards of Oro Loma Sanitary District and Castro Valley Sanitary District jointly received the San Francisco Bay Institute's Bay Hero Award for their vision and leadership related to sea rise response.
- The Nutrient Optimization Project won the 2021 CASA Award of Excellence for Outstanding Capital Project.
- The District was honored with the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its Two-Year Budget since FYs 2015-2017 and the Certificate of Excellence in Financial Reporting since FY 1994-95.

I appreciate the guidance provided by the District's Finance & Insurance Committee and Board of Directors, and staff members who have dedicated themselves to the excellence of the District's budget process. This is the District's 5<sup>th</sup> comprehensive budget presentation using guidelines established by the Government Finance Officers Association (GFOA). Our goal is to enhance the presentation of our budget and financial information, making them meaningful and easily understandable to the District's rate payers and other interested parties. This Budget serves as a financial plan as the District strives on in its commitment to provide services to our community, and to best manage the public's clean water infrastructure. We look forward to another two successful years.



Jimmy Dang, P.E.  
General Manager



# Current Budget Factors, Priorities & Challenges

## **Inflation & Supply Chain Issues**

As the world gradually recovers from the COVID-19 pandemic, impact from certain economic phenomena still remains. The U.S. inflation index surpassed 9% in June 2022 but has since returned to around 5%. Even so, prices of consumer products and industrial supplies are at an all-time high. In conjunction with problems within the global supply chain, the District faces tremendous challenges in obtaining parts and supplies with prolonged material lead times. Cost of chemicals also skyrocketed. For example, the cost for sodium hypochlorite jumped from \$0.71 per gallon in 2021 to \$2.81 per gallon in 2023 (296% increase), and the cost for sodium bisulfite increased from \$1.21 per gallon to \$1.99 per gallon (64% increase). Furthermore, the District has to cope with increasing volatility in energy costs. Collectively, these factors will have significant impact on the District's costs of operation.

## **Revenue Base, Rate Increases & Other Revenue Sources**

With a relatively stable customer base, the District has long been maintaining a sewer rate structure with 7.5% increase per year. In April 2023, the Board of Directors examined an updated 10-year cash flow projection and reached consensus on a 5-year, 15% annual increase rate plan beginning July 2024. The proposed increases will bring the District's sewer rates into alignment with current market conditions, while still enabling the District to remain as the lowest-rate provider within Alameda County. In addition to rate increases, part of the capital improvement program in this budget cycle will be funded by Federal (WIFIA) and State (SRF) borrowings payable over 30 years. These financing sources provide funds at historically low interest rates (WIFIA: 1.91%; SRF: 0.9%).

## **Workforce & Compensation**

Staff turnover has been a recent challenge. In the last 2 years, 10 employees (21% of the workforce) have left the District either due to retirement or other employment. This is twice the historic rate. Within the next 5 years, another wave of service retirement may occur for at least 5 long-time employees. The District faces the difficulty of replacing these highly knowledgeable employees with qualified workers and planning for adequate training during the transitions. One of our top strategic goals is to promote professional development through the educational reimbursement program. Under the program, employees may receive up to \$5,250 in annual reimbursement for courses approved by the District. This benefit aims to train and retain qualified talents for the District.

## **Employee Benefits & Pension Liability**

With CalPERS' newly adopted discount rate (6.8%) taking effect in FY 2023-24, and unfavorable market returns in FY 2021-22, pension costs are expected to rise significantly in the near-term. Normal cost contributions as a percentage of payroll jumped from 13.0% in FY 2022-23 to 14.9% in FY 2023-24. This is equivalent to almost an \$80,000 increase in annual normal cost alone. Nevertheless, to effectively manage long-term pension costs, the District has committed to amortizing the existing UAL over a period of 10 years. The cash impact of the accelerated paydown is \$0.8 million per year and has been built into this Two-Year Budget as part of employee benefits.

## **Severe Weather Preparedness & Grant Funding**

After several years of extreme drought in California, the District has encountered numerous atmospheric rainstorms since December 31, 2022. These severe weather events have caused major damage to treatment plant facilities and equipment, along with labor costs incurred for emergency overtime. The total cost impact of those storms was \$0.9 million, for which the District has sought FEMA assistance. The District also plans to explore new sources of available grant funding for its other treatment plant improvements.

## **Regulatory Issues and Upcoming Challenges**

The State Water Resources Control Board recently adopted new waste discharge requirements for Collections System Management to be effective June 2023. Among the changes are new requirements for system-specific climate change impacts, water sampling on spills, tree roots management, and a new spill emergency response plan. Additionally, in conjunction with the Advanced Clean Trucks Regulation, the California Air Resources Board has adopted the Advanced Clean Fleets Regulation to accelerate a large-scale transition to zero-emission vehicles, with the first 100% milestone in 2035. The District will take steps to ensure full compliance with these mandates.

# Budget Overview

Revenues	Budget	Assumptions / Trends
Total Revenues	<ul style="list-style-type: none"> <li>FY 2022-23: \$30,235,000</li> <li>FY 2023-24: \$33,507,000 (10.8% increase)</li> <li>FY 2024-25: \$37,295,300 (11.3% increase)</li> </ul>	<ul style="list-style-type: none"> <li>Sewer rate increases - FY 2023-24: 7.5% (\$368); FY 2024-25: 15% (\$423).</li> <li>No increases to annual lift station surcharges. Blackstone &amp; Canyon Ridge: \$116; Canyon Drive \$60.</li> <li>Biosolid charges annual revenue: \$100,000 per year, a 50% decrease due to volume adjustment.</li> <li>Residential recycling charges to increase annually by \$6 to supplement for SB 1383 cart replacements.</li> <li>Income from rent decreases by 26% in FY 2023-24 due to lease termination with one tenant.</li> <li>Capital repayments are based on CVSD's share of treatment plant capital budget. FY 2023-24: \$916,300; FY 2024-25: \$2,276,600.</li> <li>Capital grant revenues from PG&amp;E Battery Storage Program estimated at \$688,500 in FY 2023-24 and \$137,700 in FY 2024-25. This revenue has been delayed from prior years.</li> </ul>
Operating Revenues	<ul style="list-style-type: none"> <li>FY 2022-23: \$30,040,000</li> <li>FY 2023-24: \$33,260,500 (10.7% increase)</li> <li>FY 2024-25: \$37,064,800 (11.4% increase)</li> </ul>	
Non-Operating Revenues	<ul style="list-style-type: none"> <li>FY 2022-23: \$195,000</li> <li>FY 2023-24: \$246,500 (26.4% increase)</li> <li>FY 2024-25: \$230,500 (6.5% decrease)</li> </ul>	
Connection Fees, CVSD Capital Repayments, & Capital Grants	<ul style="list-style-type: none"> <li>FY 2022-23: \$2,225,400</li> <li>FY 2023-24: \$1,804,800 (18.9% decrease)</li> <li>FY 2024-25: \$2,614,300 (44.9% increase)</li> </ul>	

Expenses (Operating)	Budget	Assumptions / Trends
Total Expenses	<ul style="list-style-type: none"> <li>FY 2022-23: \$29,924,700</li> <li>FY 2023-24: \$33,686,300 (12.6% increase)</li> <li>FY 2024-25: \$36,543,100 (8.5% increase)</li> </ul>	<ul style="list-style-type: none"> <li>Cost of living adjustments - FY 2023-24: 6%; FY 2024-25: 5%.</li> <li>Staffing positions - FY 2023-24: 47; FY 2024-25: 46.</li> <li>Employee benefits increases - FY 2023-24: 4%; FY 2024-25: 2%.</li> <li>Overall increases in insurance cost: 23% per year.</li> <li>Supplies and chemical costs increase by 109% in FY 2023-24 due to extreme market prices.</li> <li>Utility costs increase by 78% in FY 2024-25 due to higher power demand and increasing PG&amp;E rates.</li> <li>Operator internship program for up to 2 trainees per year. Annual budget \$83,200.</li> <li>Election expenses in FY 2024-25: \$350,000.</li> <li>Public outreach efforts continue based on the communications plan adopted by the Board. Annual budget \$430,000.</li> <li>Debt service interest - FY 2023-24: \$412,000; FY 2024-25: \$398,000.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>FY 2022-23: \$29,150,800</li> <li>FY 2023-24: \$32,921,300 (12.9% increase)</li> <li>FY 2024-25: \$35,792,100 (8.7% increase)</li> </ul>	
Non-Operating Expenses	<ul style="list-style-type: none"> <li>FY 2022-23: \$773,900</li> <li>FY 2023-24: \$765,000 (1.2% decrease)</li> <li>FY 2024-25: \$751,000 (1.8% decrease)</li> </ul>	

Expenditures (Capital)	Budget	Assumptions / Trends
Capital Expenditures	<ul style="list-style-type: none"> <li>FY 2022-23: \$28,910,600</li> <li>FY 2023-24: \$14,525,000 (49.8% decrease)</li> <li>FY 2024-25: \$16,880,000 (16.2% increase)</li> </ul>	<ul style="list-style-type: none"> <li>Sewer Pipeline Replacements funded by SRF and WIFIA - FY 2023-24: \$10.4m FY 2024-25: \$7.6m.</li> <li>Other major projects in FY 2023-24: Digesters No.8 &amp; No.9 \$832,000; Fencing for Parking Lot \$390,000; Fuel &amp; Diesel Tank Replacement \$323,000.</li> <li>Other major projects in FY 2024-25: Digesters No.8 &amp; No.9 \$4.9m; 78" Plant Influent Pipeline Lining \$3.1m; Primary Sludge Line Reroute \$270,000.</li> </ul>

## 10-Year Strategic Vision & Goals



### MISSION STATEMENT

**To provide the highest value in wastewater, solid waste, and recycling services to our customers and protect the San Francisco Bay and our communities.**



## VISION OF ORO LOMA SANITARY DISTRICT

### **Safety is paramount.**

We will maintain a safety program, safety culture, safe work habits, and safe work record to reflect our practice of proactive risk identification and mitigation. Our vision is to send a generation of employees into retirement without impairment.



### **Our staff remains our key asset.**

We will practice deliberate knowledge transfer, keep the selection of extraordinary team players as our norm, foster an environment to promote professional development, and offer an appropriate compensation package. We strive to create and nurture an inclusive culture, where differences and diversity of thought contribute to exemplary customer service.

### **Our response to emerging regulations gives us a competitive advantage.**

We will perform sound planning, engage with the regulatory community, and innovate as we select optimal responses to significant emerging regulations.

### **New technologies are only implemented when worth our investment.**

We will scrutinize available technologies and implement only those that make us future-ready and increase our standard for operational resiliency while meeting our high standards for investment of public funds.

### **Measured risk taking is part of sound management.**

We will continue to take prudent business risks that improve the District's ability to respond to future challenges while maintaining our fiscal strength.

### **The public deserves that we manage with the long-term value in mind.**

Through sound management and ongoing infrastructure renewal, we will maintain our position as a reliable and low-cost service provider for generations to come.

### **Our best service starts with proactive communication.**

We will identify issues of public concern and communicate our approach to addressing these issues well in advance of any requirement for significant action.

### **Excellence is pursued over average performance.**

We will set the standard for operational resiliency, regulatory compliance, and cost-efficient operations among sanitary agencies in the State.



# 10-Year Strategic Vision & Goals

## DISTRICT VALUES

### **Do it safe, do it right, do it now.**

This motto captures many of the District's core values. Above all else, we value the long-term safety of our employees. We value excellence and doing the job right and take action to make the District better over time.

### **Customer Service**

We go above and beyond to deliver quality and respectful service. In most cases, the best service involves doing our jobs well so the customer has the ability to focus on other things. When we meet the customer face to face, our goal is to provide the highest level of service through responsiveness, professional appearance, expertise, and courtesy.

### **Diversity and Inclusion**

We are committed to fostering a diverse and inclusive workforce where we value inclusion and belonging. We create an environment where employees of all backgrounds and experiences are welcomed, respected, and engaged; and we value our community's rich diversity.

### **Trust**

Trust is foundational for elite performance. It is earned through decades of sound stewardship, continually seeking to improve, and living our values each day. Trust includes the public's trust, the trust of partners within the community, and internal relationships throughout the District.

### **Teamwork**

We value teamwork and are committed to working together internally and partnering with outside agencies and customers.

### **Communication**

We value excellent communication between all levels of the organization and between the District and the community. Communication is essential to advise the public on ways to partner with us in protecting the environment and solicit feedback on ways in which we can improve our service.

### **Ownership**

We value the attitude of ownership among all staff. An attitude of ownership positively benefits the way we care about the District and the way we allocate resources to generate the best long-term value for our customers.





## STRATEGIC GOALS

Financial Stability	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Oro Loma will provide high value to the ratepayers today and in the future. High value includes paying for needed infrastructure and maintaining rates within the lowest 30 percentile in Alameda County.	Perform annual sewer service charges survey for Alameda County jurisdictions and report the District's ranking within the County.
Maintain solid waste rates among the lowest in Alameda County.	Perform annual solid waste rates survey for Alameda County jurisdictions and report the District's ranking within the County.
Identify and communicate to the Board and to the public future funding needs for operations and projected regulatory/infrastructure upgrades.	Update and report to the Board the cash flow & investment timeline once per quarter. Perform 5-year cash flow projections at least once per year. Develop Prop 218 notice explaining the rate increase and associated needs in the collection system.
Build Capital Asset Program funding into rate structure by 2029.	Raise sewer service charges at a minimum of 7.5% per year in the next rate setting process (FYs 21/22-25/26). The portion of rate increase above inflation to be used to fund the capital program.
Continue to explore alternatives for the beneficial reuse of biosolids.	Continue to land apply biosolids and monitor industry trends. Develop 3-year extension option for biosolids disposal for Board consideration (existing agreement expires December 31, 2021). If 3-year extension is not approved by Board, issue RFP for 5 years of biosolids reuse. Protect the continued use of the drying beds by increasing ongoing pond maintenance to \$100,000 per year.
Produce timely, accurate, transparent, and useful financial reports.	Issue monthly financials by the 10th of the following month. Provide a minimum of three months overlap between retirement and new hire of Finance Manager.
Update "10-year Strategic Vision and Goals" document every three years.	Next update scheduled for April 2024.

# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Safety and Employee Development	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Zero lost time accidents	Continue existing high-level of safety training (minimum 20 training sessions per year), co-worker electrical safe work audits, and internal safety audits.
Maintain High Performing Safety Culture.	Maintain average time for correction of safety work orders at or under 30 days (excludes work orders where alternate, safe method of work are available). Hold monthly Safety Committee meetings and distribute minutes to all staff. Perform written management safety audits a minimum of four times per year.
Survey Oro Loma Safety Culture every two years and maintain a minimum of 90% positive responses in the aggregate.	Perform Safety Culture survey in Fall 2022 and present findings to the management team. Identify action plan for any areas in need of improvement.
Maintain safety policies and procedures by auditing, updating, and training on policies at least every three years.	Review all safety procedures in 2022 and update as needed.
Maintain written training standards and video-based operator training program for all areas of the plant.	All written and video training modules to be complete by 2022. Provide assessment training to Operations staff for existing processes by 2023.
Enhance Collections training program to include the use of Target Solutions Training System, embedded video, critical situation response, and/or multimedia options. Link videos to Geographic Information System (GIS).	Establish new formatting standard and transition existing Collections SOPs into the Target Solutions training database.
Conduct critical incident response debriefing sessions and document lessons learned for future training.	Perform debrief sessions as events dictate. Create slide deck of lessons learned from the past 10 years and include in annual training.

## STRATEGIC GOALS

Safety and Employee Development <i>(cont.)</i>	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
As a District, we will provide financial support and encourage any employee with a plan and desire to improve knowledge, skills, and/or abilities.	Promote the availability of the educational reimbursement program to all staff two times per year.
Conduct annual management development training (commit to a minimum of two training topics per year).	Coordinate annual management training and develop program for existing management team. Management team to identify potential training needs and agree on the highest priority items for group training.
Build a consolidated locker room for Collections, Operations, and Maintenance staff. Consider options to further consolidate lunchrooms and O&M working areas.	Initiate design in FY 2019/20 with target bid date of August 2021. Obtain pricing for options to the locker room. Present pricing to the Board for final decision on project goals. Complete construction of selected alternative by the end of FY 2022/23.
Develop and commit to a high functioning Board. Invest in training of Board members and seek ways to improve efficiency of existing Committees.	Conduct workshop to consider ways to streamline existing Committees and align standard reporting to a dashboard of key indicators, exception reports, policy updates, and contracts in excess of staff's authority.



# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Regulatory Compliance	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Zero collection system overflows	Meet cleaning and inspection goals annually. Perform video inspections of repair work within 48 hours of notification by Engineering.
Zero lift station overflows	Continue to perform annual asset management analysis with Engineering. Continue to update critical equipment list and response action plans.
Zero effluent violations	Provide annual training on NPDES Permit Conditions and continue using Emnet influent flow prediction software to minimize use of local outfall.
Zero permit violations due to equipment failures. Maintain a level of reliability so that ≤ 12 off hours (5:30 p.m. to 7:00 a.m.) trouble calls are made for plant equipment per year.	Develop a scoreboard for all O&M staff to communicate whether the District is on track to meet the goal. Perform debriefs on every off-hour call and make recommendations to repair or replace problematic equipment. To limit unnecessary callouts, develop a matrix detailing key equipment and allowable time to dispatch for use by operations when assessing equipment failures (i.e. if a process can wait until Monday at 7am, wait until then to address).
Maintain compliance with all SSMP and CIWQS reporting requirements.	Certify monthly "no spill" reports where applicable. Certify all spill reports as they occur. Update SSMP at least once every five years (last revised in 2019).
Develop "watch list" of emerging regulations, key regulatory contacts, and participate when warranted.	Review BACWA Regulatory Issues Summary with Operations Committee at least twice per year. Participate in Nutrients Discussion at BACWA Level.
Maintain lift station contingency plan and provide training to allow an average remote site and bypass set-up of 90 minutes at all remote sites.	Update contingency plan annually. Perform a minimum of three timed, scenario-based emergency response launches per year (i.e. measure time to select, hitch, and exit plant with appropriate tow vehicle and equipment).
Maintain policies and procedures within guidelines of "industry best".	Audit procedures annually. Perform update on any policy or procedure older than three years.

## STRATEGIC GOALS

Regulatory Compliance <i>(cont.)</i>	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Continue to meet State and County solid waste requirements, including SB 1383.	Continue outreach to commercial and multi-family customers and implement programs requested within 30 days.
Reduce residential recycling contamination by 35% by 2025, in advance of the expiration of our existing Solid Waste Services Agreement.	Develop specifications and bid documents for the cart replacement plan approved by the Board in December 2020. Optimize specifications for lowest life cycle cost.  Replace solid waste, recycling, and green waste carts by the end of FY 22/23.
Maintain 100% participation in organics recycling in schools.	Continue outreach and education to schools.
Be carbon free for indirect GHG emissions by 2040; achieve a 50% reduction in direct GHG emissions by 2040 (compared with Year 2000 levels).	Build a 2030 consolidated District fleet plan and review with the Board. Goals of fleet plan are to electrify transport around treatment plant site, develop a common pool of vehicles for all staff, and reduce maintenance by reducing the total number of vehicles by 20%.  Provide update on Oro Loma Climate Action Plan in Winter 2022.  Develop plan and budget needs for electrical charging program by the end of FY 2021/22. Develop infrastructure for electrical charging stations by 2025.
The District will produce as much electricity as it uses on an annual basis by 2030. For the period between 2021 and 2030, the District will focus on reducing electrical consumption. In 2030, the new Cogeneration System will be designed to provide 100% of District electricity from 2030 to 2050.	Review energy savings opportunities in 2021 and present findings to the Board. If economically attractive, move forward.



# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Customer Service	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
Measure customer satisfaction related to sewer, solid waste, and recycling activities every two years. Identify areas for improvement.	Administer customer satisfaction survey every two years (Summer 2022) and present results to the Board.
Measure Collections customer satisfaction and identify areas for improvement by written surveys.	Present annual findings to the Board in August of each year. Add electronic survey to the website.
Research and establish vision for Administration & Finance office of the future.	Develop five-year plan to modernize administrative practices – electronic signatures, paperless A/P, reception from anywhere, remote work policy, and paperless administrative approvals. Identify practices to increase customer service via computer based/video interfaces.
Increase the call to action messaging for the public, with emphasis on its role in protecting the environment.	Implement the direction established in the Communications Plan – Recycle Right and 3Ps.
Manage maintenance needs of the District with existing workforce and outside assistance as needed. Maintain maintenance backlog to below 125 work orders at least two months each year.	Maintain compliance with the 10-year standard each year.
Maintain 95% annual uptime on cogeneration system.	Maintain compliance with the 10-year standard each year. (Planned outages for engine rebuilds to be excluded from measurement). Upgrade engine controls in FY 2021/22 to extend the life of the cogeneration system from 2025 to 2030 and reduce potential for long term outage.
Cooperate with the County in its efforts to address illegal dumping and litter in the District. Take a meaningful step beyond current efforts to beautify the community.	Obtain Board consensus and staff direction on the level of resources to apply to beautification efforts in the community.  Continue outreach on bulky waste pick-ups and evaluate multi-family bulky waste collection. Develop a volunteer litter pick-up program and present to Board for consideration in FY 2021/22.
Maintain a Communications Plan for District outreach efforts. Update the plan every five years.	Update existing plan in FY 2020/21. Review plan with Board at least every two years.

# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Infrastructure	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
10-Year Capital Planning Document for all District Assets (Update Monthly).	Report monthly to Construction Committee and update 10-year plan as new information becomes available.
Improve the condition of the collection system by approximately 3% each year for the next 10 years. Existing baseline includes 76 miles with a defect score of 3 or greater. The goal is to reduce the value from 76 to 57 miles by 2029.	Design and perform pipe replacements and spot repairs within total two-year budget (FYs 21/22 and 22/23) amount of \$22.5M (includes line replacement plus \$1.25M/year for spot repairs).
Replace a minimum of 40 miles of collection system pipe between 2019 and 2029 (increase miles of HDPE from 32.7 (10/31/18) to 72.7). As of January 21, there are 41 miles of HDPE pipe in the collection system.	Replace a minimum of 4 miles of pipe every year until goal is reached. Use debt financing if and when available in FY 2021/22 to meet the strategic goals for the collection system.
Manage line replacement program to limit high-frequency footage (an indicator of system health) at or below 10% of the District's system (27 miles). As of January 2021, 12.72% (35 miles) of the collection system is on the high frequency cleaning schedule.	Continue to monitor improvements to high-frequency footage gained from line replacement program. Communicate progress to Board on a monthly basis. Make decision in Spring 2021 on source(s) for debt financing – State Revolving Fund (SRF), Federal (WIFIA), or private funding.
Build GIS into central reference source for all District Assets and customer service issues.	Continue to maintain minimum 10 District staff capable to use GIS for customer service response. Perform refresher training in 2022. Build infrastructure to allow remote access of GIS based customer service data.
Implement Asset Management Program for all District assets by 2023.	Provide an overview of the planned Asset Management Program to the Board in Fall 2021. Complete Phase 3 of Asset Management Plan: Input cost and condition data for all plant assets by December 2021.

# 10-Year Strategic Vision & Goals

## STRATEGIC GOALS

Infrastructure (cont.)	
10-YEAR STRATEGIC GOAL	INTERMEDIATE
In response to ongoing climate change trends - do no new harm - all new construction to take into account sea level rise projections.	Continue to build all new infrastructure above the 100 year sea rise projections. The elevation standard for new critical infrastructure will be El. 8.0.
Zero overflows due to capacity limitations.	Continue to operate the five online flow monitoring stations. Perform source detection analysis on the main trunks feeding the Grant Avenue and Lewelling Blvd. interceptors and update hydraulic model in FY 2025/26.
Conduct treatment plant electrical load study and implement identified improvements prior to planned cogeneration system replacement in 2027.	Perform study to evaluate energy efficiency measures in 2021. Focus of effort to include plant lighting, influent pumping, digester mixing, process control improvements, and dewatering. Present results and economic analysis to the Board by the end of 2021.
Maintain lift stations with a level of reliability so that we receive no more than 10 off-hours lift station maintenance calls per year.	Perform annual analysis of trouble calls related to lift stations. Develop action plan for any reoccurring or common risks.

## District Overview

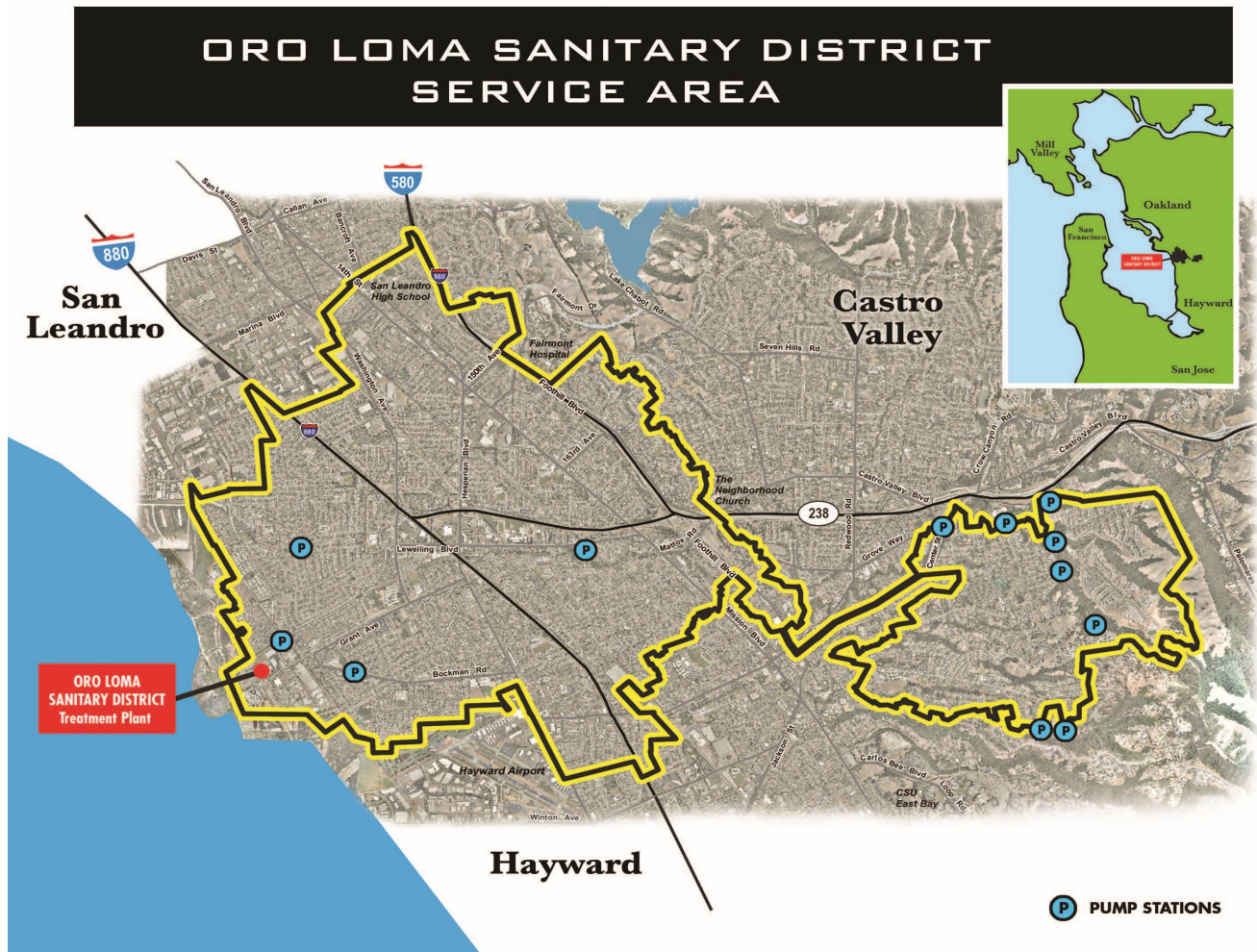
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# District Profile

## Location & Service Area

Oro Loma Sanitary District was originally formed to serve an 800-acre area. Today, the District encompasses 13 square miles, serving the communities of unincorporated Alameda County, including San Lorenzo, Ashland, Cherryland, Fairview, portions of Castro Valley, and designated areas of the Cities of Hayward and San Leandro. The District's service area is located about 13 miles south of Oakland and 30 miles north of San Jose on the eastern shore of the San Francisco Bay.



## How Oro Loma Began

Up till 1911, San Lorenzo was a rural farming community. Around that time, large farms and estates began to be subdivided and sold for individual home sites. With a growing population building new homes on smaller lots, community leaders saw the need for a public sewer system.

A public meeting was held on August 7, 1911, where the Board of Supervisors voted to approve the petition of 29 civic-minded men to create a new sanitary district. The petitioners were from diverse backgrounds. Collectively, they worked together for a common cause that would benefit the entire community for over the last century. The resolution that was passed by the Board of Supervisors required a special election to vote on the formation of a new district and to elect one Sanitary Assessor and five members of the Sanitary Board. The election was held on September 16, 1911. The sanitary district was overwhelming approved and thus began Oro Loma Sanitary District's long service to the community.



## Form of Government

The District was formed in 1911, and is one of the oldest sanitary agencies in Alameda County, California. It was subsequently reorganized under the Sanitary District Act of 1923 of the State Health & Safety Code, which empowers the District to provide sewer, solid waste, and recycling services as a special district of local government.

## Scope of Services

Sewer Services	<ul style="list-style-type: none"> <li>• Miles of sewer lines – 271.4</li> <li>• Number of lift stations - 12</li> <li>• Permitted sewage treatment capacity - 20 million gallons per day (mgd)</li> <li>• Average daily flow – 13.5 mgd</li> <li>• Treatment processes - Primary and secondary, disinfection</li> <li>• Disposal of effluent - through East Bay Discharges Authority (EBDA), a joint-powers agency</li> <li>• Disposal of biosolids – 13.7 dry tons per day, hauled annually to be used as alternative daily cover</li> <li>• Water reclamation - 10 million gallons per year (0.003%) of treated effluent is reused at the Hayward Skywest open area to preserve wildlife</li> </ul>
Solid Waste Services	<ul style="list-style-type: none"> <li>• Serving unincorporated areas of Alameda County and parts of Hayward and San Leandro</li> <li>• Contracted to Waste Management of Alameda County</li> </ul>
Recycling Services	<ul style="list-style-type: none"> <li>• Serving unincorporated areas of Alameda County and parts of San Leandro</li> <li>• Include residential and commercial recycling, green waste and organics/food waste. Sewer customers within the City of Hayward do not receive this service.</li> <li>• Contracted to Waste Management of Alameda County</li> </ul>

## Demographics

Population Served (Number of persons)	144,553 within Oro Loma Sanitary District 64,000 within Castro Valley Sanitary District 2,850 within Cities of Hayward and San Leandro
Customer Base (Number of customer accounts)	47,945 within the District's jurisdiction <ul style="list-style-type: none"> <li>• Residential – 46,781 (97.57%)</li> <li>• Commercial and light industrial – 1,161 (2.42%)</li> <li>• Significant industrial - 3 (0.01%)</li> </ul> 21,370 within other jurisdictions <ul style="list-style-type: none"> <li>• Castro Valley Sanitary District - 20,400</li> <li>• Cities of Hayward and San Leandro - 970</li> </ul>

# District Profile

## Community Profile

### Population, Per Capita Income & Unemployment Statistics

Indicator	San Lorenzo, Ashland, Cherryland,			All
	Fairview	Hayward	San Leandro	Areas
Population	90,101	11,881	42,571	144,553
Per Capita Income	\$37,350	\$38,677	\$39,961	\$38,228
Unemployment rate	4.7%	5.0%	4.8%	4.8%

### Major Employers Within The District

Employer	Type of Business	Number of Employees
Alameda Health System	Hospital	1459
San Lorenzo Unified School District	School district	1120
Ghirardelli Chocolate	Food manufacturing	514
County of Alameda	Government services	502
The Hillshire Brands	Food manufacturing	400
San Leandro Unified School District	School district	302
Hayward Unified School District	School district	277
Save Mart	Grocery store	248
Target	Department store	200
Kaiser Foundation Health Plan	Medical clinic	167
Safeway	Grocery store	140
Santini	Food manufacturing	133
Oakland Pallet	Pallet manufacturing	130
Washington Center	Rehabilitation services	100

### Top 20 Commercial Customers

Customer	Type of Business	Sewer Charges	% of Sewer Revenues
Santini Foods	Food manufacturing	\$ 1,709,919	8.8%
The Hillshire Brands	Food manufacturing	177,436	0.9%
Ghirardelli Chocolate	Food manufacturing	175,498	0.9%
Fairmont Hospital Complex	Hospital, medical clinics and correctional facilities	142,360	0.7%
Hayward Area Recreation & Park District	Recreation and parks	91,297	0.5%
San Lorenzo Unified School District	School District	78,156	0.4%
Madison Bayfair	Shopping mall	78,010	0.4%
County of Alameda General Services	Government services	56,934	0.3%
Hayward Unified School District	School District	56,771	0.3%
San Leandro Hospital (SLCO)	Hospital	37,383	0.2%
Save Mart Supermarket	Grocery store	32,468	0.2%
Launderworld	Laundry mat	29,402	0.2%
San Leandro Unified School District	School District	27,365	0.1%
Driftwood Healthcare Center	Nursing home & Rehabilitation Services	27,293	0.1%
Lorenzo Manor Shopping Center	Retail businesses	26,233	0.1%
Washington Center	Rehabilitation Services	24,327	0.1%
Heritage Inn Express	Hotel	23,926	0.1%
Greenhouse Marketplace	Retail businesses	22,209	0.1%
Fusion Delight	Restaurant	21,518	0.1%
Hilltop Care Center	Nursing home	20,849	0.1%
<b>Total</b>		<b>\$ 2,859,354</b>	<b>14.7%</b>

#### Impact of Community Demographics on the District:

The District accepts restaurant grease from local food businesses and charges a tipping fee per gallon. Grease is favorable to District operations as it increases digester gas production which is an essential part of the sewage treatment process. This activity generates over \$150,000 annually in Grease Receiving Charges revenues.

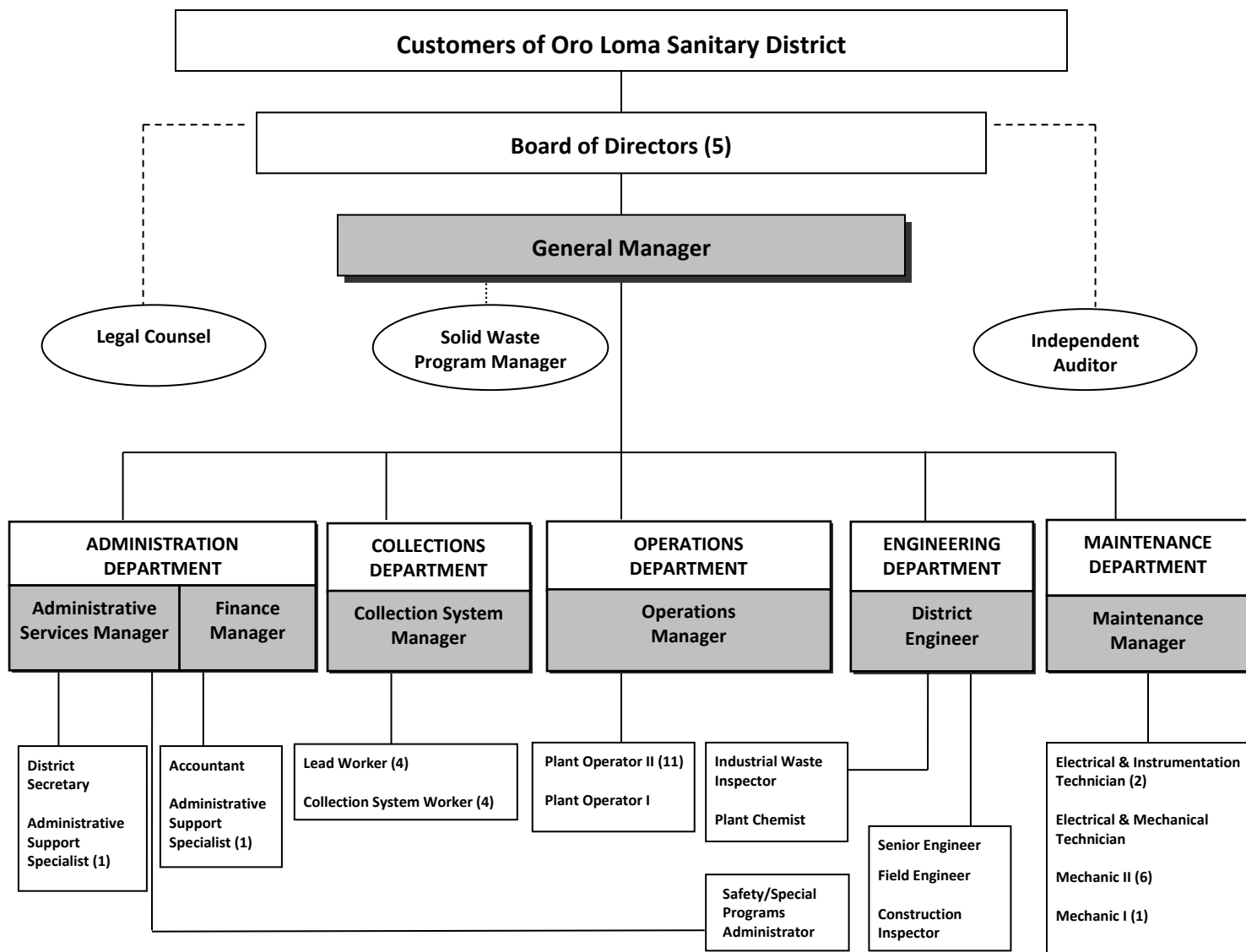
The food waste/organics collection program has been fully implemented in schools in the District. Organics are generated mainly from school lunchrooms and are recycled for composting, thereby reducing the need for landfills. The District continuously promotes this program to its commercial customers as well, and emphasizes on public outreach to increase community awareness.

The District sponsors a waste removal pilot program in the Cherryland area where local volunteers in organized teams collect trash and recycling from public areas, and dispose of it in locked bins that are designated for this program. Waste Management services these bins weekly and invoices the District. The pilot program has been in place since 2019 and has seen great success. It was extended indefinitely and could possibly be expanded to other communities in the District's service area.

## Service Fees

	Customer Type	FY 2022-23	FY 2023-24	FY 2024-25
<b>Sewage Service Rates</b> Ordinance No. 37 and Resolution No. XXXX	Residential - rate per dwelling per year			
	• Single-family dwellings	\$342	\$368	\$396
	• Multiple-family dwellings	\$342	\$368	\$396
	• Mobile homes	\$278	\$299	\$321
	Commercial - rate per 100 cubic feet (cf) of water used	\$5.051	\$5.430	\$5.837
	Significant Industrial Users - rates are based on actual flow and loadings per unit cost			
	• Flow, per 100 cf water	\$3.310	\$3.558	\$3.825
	• BOD, per pound	\$0.644	\$0.692	\$0.744
	• SS, per pound	\$0.735	\$0.790	\$0.849
<b>Permit &amp; Inspection Fees</b>		\$280	\$280	\$280
<b>Sewer Connection Fees</b> Ordinance No. 35	Residential per unit	\$6,919	\$6,919	\$6,919
	Nonresidential			
	• Flow, per gallon per day	\$29.70	\$29.70	\$29.70
	• BOD, per pound per day	\$1,420.38	\$1,420.38	\$1,420.38
	• SS, per pound per day	\$1,377.34	\$1,377.34	\$1,377.34
<b>Garbage Rates</b> Ordinance No. 34	Residential	Effective 1/1/23	Effective 9/1/23, 9/1/24	
	Unincorporated & Hayward		Annual rate increases are based on a combination of factors: 50% April CPI-U and 50% weighted average of teamster wage, benefits and pension contract increases.	
	• 20-gallon cart per month	\$12.67		
	• 35-gallon cart per month	\$25.29		
	• 64-gallon cart per month	\$50.63		
	• 96-gallon cart per month	\$75.91		
	San Leandro			
	• 20-gallon cart per month	\$14.62		
	• 35-gallon cart per month	\$29.34		
	• 64-gallon cart per month	\$58.57		
	• 96-gallon cart per month	\$87.88		
	Commercial per cubic yard			
	• Unincorporated & Hayward	\$165.37		
	• San Leandro	\$191.41		
<b>Recycling &amp; Green Waste Rates</b> Ordinance No. 34	Single-family dwellings per year	\$73.20	\$79.20	\$85.20
	Multi- and mobile homes per year	\$69.84	\$75.84	\$81.84
	Commercial Recycling per cubic yard			
	• Unincorporated & Hayward	\$71.01	Increases per terms of agreement	
	• San Leandro	\$74.64	Increases per terms of agreement	

# Organization Chart



# Board of Directors

The District is governed by a five-member Board of Directors, elected in the County's general election for alternating four-year terms. The public is welcome to attend the District's Board meetings held on the first and third Tuesdays of each month at 5:00 p.m., and Committee meetings at various times throughout the month. A listing of dates and times is available on the District's website at [www.oroloma.org](http://www.oroloma.org).



## **Fred Simon, President**

*Term Expires 2026*

*Chairperson of Operations Committee, Member of Finance & Insurance Committee, and Representative on EBDA.*

Mr. Simon is a registered Professional Engineer with over 20 years of experience in the Bay Area. He has worked for East Bay Municipal Utility District and is currently employed by Contra Costa Water District. He is a resident of the Heron Bay community in San Leandro. Mr. Simon has been serving on the Board since 2018.



## **Shelia Young, Vice President**

*Term Expires 2026*

*Chairperson of Construction Committee, Member of Solid Waste Committee, Representative on StopWaste, Executive Board Member of ACSDA, and Alternate Representative on EBDA.*

Ms. Young is currently a business/environmental consultant who managed her own business for 30 years prior to service as Mayor of the City of San Leandro. She was named Mayor Emeritus in 2008. Ms. Young has been serving on the Board since 2014.



## **Benny Lee, Secretary**

*Term Expires 2024*

*Chairperson of Finance & Insurance Committee, Member of Personnel/Safety/Public Information Committee, and Representative on ACSDA.*

Mr. Lee is a financial systems and information technology professional and has a B.S. Degree in Business Administration. He is active in numerous local community organizations, cultural groups and civic boards. He served as a member of the San Leandro City Council from 2012 to 2020. Mr. Lee has been serving on the Board since 2020.



## **Rita Duncan, Director**

*Term Expires 2026*

*Chairperson of Solid Waste Committee, Member of Construction Committee, Representative on HASPA, Alternate Representative on ACSDA, Alternate Representative on StopWaste, and Vice Chairperson of CASA Federal Legislative Committee.*

Ms. Duncan retired as Director of Human Resources of a Bay Area manufacturing company. She was also formerly the Director of the Math, Engineering, Achievement & Education Outreach Program for the Stanford School of Engineering. Ms. Duncan has been serving on the Board since 2016.



## **Paul Stelzmann, Director**

*Term Expires 2024*

*Chairperson of Personnel/Safety/Public Information Committee and Member of Operations Committee.*

Mr. Stelzmann has an extensive background in water treatment plant operations and possesses degrees in biology and chemistry. His responsibilities as a Senior Water Treatment Operator at East Bay Municipal Utility District include ensuring safe and efficient plant operations, regulatory compliance and operator training. Mr. Stelzmann has been serving on the Board since 2020.

Note: ACSDA – Alameda County's chapter of the California Special Districts Association

ACWMA – Alameda County Waste Management Authority, also known as StopWaste.org

CASA – California Association of Sanitation Agencies

EBDA – East Bay Dischargers Authority

HASPA – Hayward Area Shoreline Planning Agency

# Management Team

## Official



### **Jimmy Dang, General Manager/Treasurer**

Directs, manages, and coordinates District activities in accordance with Board policies. Develops the District's Strategic Plan and keeps the Board informed on projects and programs to facilitate good decision making. As Treasurer, the General Manager also oversees the District's financial operations, investments and risk management.

## Departmental Management

### Administration



### **Andreea Simion, Administrative Services Manager**

Manages human resources, benefits, employee relations, and labor relations functions. Oversees Board and administrative support services, information technology, and public outreach programs. Also manages the District's agreement for solid waste services with Waste Management, including contract compliance management and program oversight.



### **Liliana Moreno, Finance Manager**

Manages the District's financial controls and reporting system, including budgeting, cash flow, investments, billings, payments, payroll, financial audits and compliance. Ensures that the District is meeting its fiduciary responsibilities. Oversees activities related to debt issuance and compliance. Assists other managers in budget monitoring and project costing.

### Collections



### **Christopher Brown, Collection System Manager**

Manages the inspection, assessment, and maintenance of the sewer collection system. Performs regulatory reporting and maintains continuous emergency response. Ensures that exemplary customer service is provided when the crew performs sewer line work throughout District neighborhoods.

## Engineering



### **William Halsted, District Engineer**

Manages the Engineering Department. Administers the Capital and Renewal & Replacement programs for the District. Oversees long-term planning for the collection system and treatment facility, issuance of permits for construction, repairs, and annexations, and reviews plans and specifications.

## Treatment Plant



### **Gene Palop, Operations Manager**

Manages continuous operations of the treatment plant and water reclamation facilities. Oversees processes for energy optimization, grease acceptance for digesters efficiency, and sludge dewatering. Maintains primary responsibility for regulatory compliance with the District's National Pollutant Discharge Elimination System (NPDES) permit.



### **Joseph McCauley, Maintenance Manager**

Manages treatment facilities and equipment maintenance and provides support to the Operations and Collections Departments. Maintains efficient response to remote site pump station failures. Collaborates with the Engineering Department in various projects. Maintains primary responsibility for compliance with the Air Board's regulations.



# Position Summary Schedule

## AUTHORIZED POSITIONS & STAFFING TRENDS BY DEPARTMENT

\* Management Staff

Department & Position Title	2021-22	2022-23	2023-24	2024-25
<b>Collections</b>				
* <b>Collection System Manager</b>	1	1	1	1
Lead Worker	4	4	4	4
Collection System Worker	4	4	4	4
	9	9	9	9
<b>Operations</b>				
* <b>Operations Manager</b>	1	1	1	1
Plant Chemist	1	1	1	1
Plant Operator II	8	8	11	11
Plant Operator I	3	3	1	1
Safety & Special Programs Administrator	1	1	1	1
Industrial Waste Inspector	1	1	1	1
	15	15	16	16
<b>Maintenance</b>				
* <b>Maintenance Manager</b>	1	1	1	1
Electrical & Instrumentation Technician	2	2	2	2
Electrical & Mechanical Technician	1	1	1	0
Mechanic II	4	4	6	6
Mechanic I	2	2	1	1
	10	10	11	10
<b>Engineering</b>				
* <b>District Engineer</b>	1	1	1	1
* <b>Technical Services Manager</b>	1	1	0	0
Senior Engineer	1	1	1	1
Field Engineer	2	2	1	1
Construction Inspector	0	0	1	1
	5	5	4	4
<b>Administration</b>				
* <b>General Manager</b>	1	1	1	1
* <b>Administrative Services Manager</b>	1	1	1	1
* <b>Finance Manager</b>	1	1	1	1
Accountant	1	1	1	1
District Secretary	1	1	1	1
Administrative Support Specialist	2	2	2	2
	7	7	7	7
<b>Total Positions</b>	<b>46</b>	<b>46</b>	<b>47</b>	<b>46</b>

Staffing increased by 1 position from the last budget. A Plant Operator II position was added to the Operations Department. The addition was justified by increased work demand and to provide schedule coverage. The Technical Services Manager position was eliminated. The Electrical & Mechanical Technician position is eliminated in FY 2024-25 due to staff's expected retirement. Furthermore, transfers of positions among classifications were made due to changing roles of employees.

# **Financial Structure, Policy & Process**

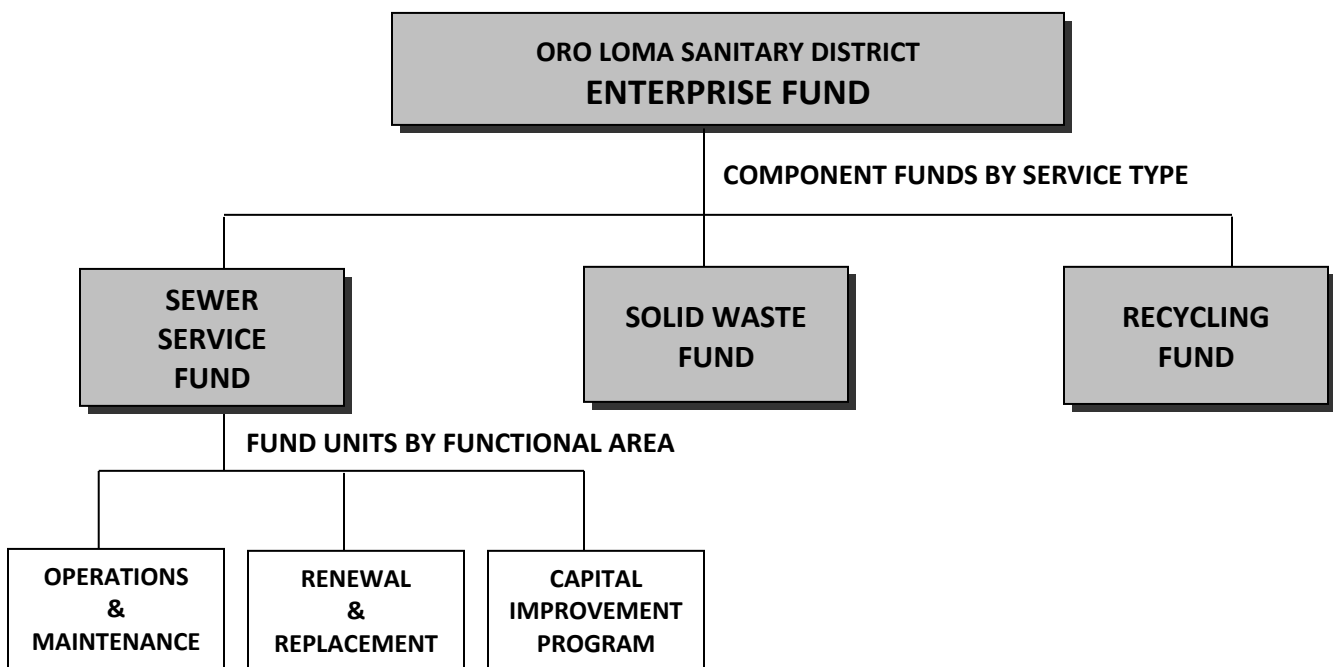
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# Fund Structure & Basis of Budgeting

## Fund Structure

The District utilizes an enterprise fund structure to account for services it provides to the public. The costs for these services are recovered primarily through user fees, much like a business in the private sector.

Under the District's single enterprise fund are component funds that represent the District's three service types – Sewer Service, Solid Waste, and Recycling. The Sewer Service component fund accounts for sewage treatment activities, from the collection of wastewater throughout the District, to the treatment and safe disposal of treated effluent. It is further divided into three units – Operations and Maintenance (O&M), Renewal and Replacement (R&R), and Capital Improvement Program (CIP). The Solid Waste component fund accounts for activities related to garbage collection services. The Recycling component fund accounts for activities related to residential, green waste and food waste recycling services. Since garbage and recycling collections are contracted to Waste Management of Alameda County, the District's involvement in the Solid Waste and Recycling component funds are primarily administrative.



**Relationship Between Component Funds & Department Units (Staff involvement is marked with the • symbol)**

Component Fund \ Department Unit	Collections Department	Operations Department	Maintenance Department	Engineering Department	Administration Department
Sewer Service	•	•	•	•	•
Solid waste					•
Recycling					•

## Basis of Budgeting

The District uses the accrual basis of budgeting. Revenues are recognized when earned, and expenses are recorded when the liability is incurred. This basis of budgeting is consistent with the basis of accounting used in the audited financial reports. The District takes the economic resources measurement focus, with the objective to determine operating income, changes in net position, and cash flows.

# Budget Process

The biennial budget process begins in January every other year and concludes with the adoption by the Board before June 30. The budget development is guided by numerous factors: the strategic vision, goals and objectives; the long-range capital plan; the 10-year cash flow projection; economic conditions; regulatory issues; and, Proposition 218 proceedings. During the initial phase, budget assumptions are developed and staffing level is examined.

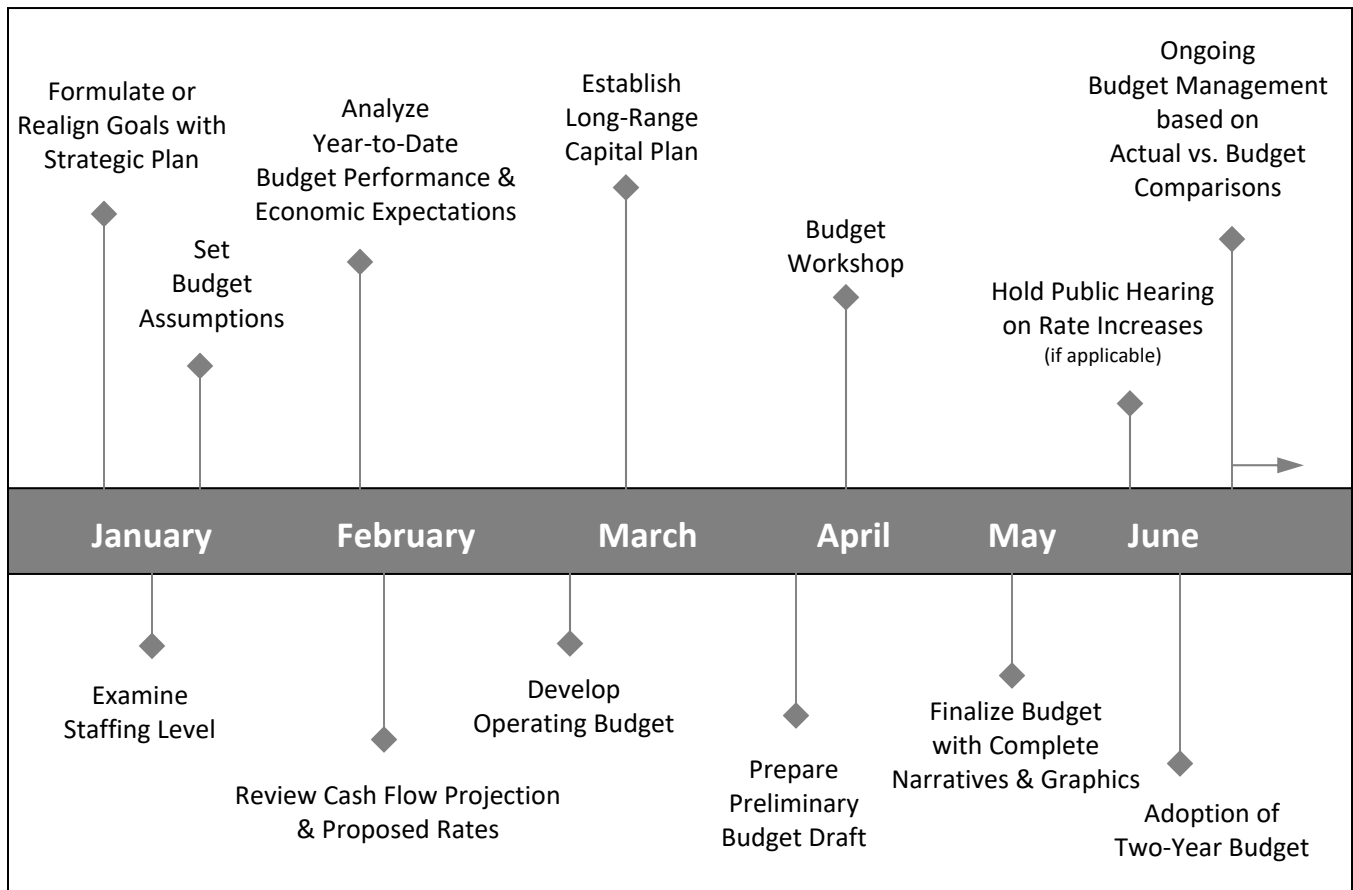
The next phase of the budget process takes place in February and involves the analysis of year-to-date operating revenues and expenses, economic expectations, and Board review of the 5-year cash flow projection. From February to March, the long-range capital plan is established. The operating budget is also under way as department managers provide input on individual budget needs.

A public budget workshop is held in April for Board collaboration and to obtain public input. During the workshop, the Board reviews a preliminary budget draft with highlights such as staffing level, capital plan, rate structure and financing options. Based on directions given by the Board, staff finalizes the budget with narratives and graphics to be presented for Board adoption. The District generally formulates a sewer and recycling rate plan every 5 years. In such case, a Proposition 218 hearing will be held before the Board adopts the budget.

The budget management process continues throughout the 2 years with ongoing actual vs. budget analyses. To realign the spending plan with changes in project priorities and circumstances, staff presents the need for budget amendments through various Committees to the Board for approval.

The following timeline provides the entire process at a glance for the FY 2023-24 and FY 2024-25 Budget preparation.

## Budget Timeline





# Department Units

## Collections Department

**Mission Statement:** *Treat every customer like family*

The primary responsibility of the Collections Department is to protect human health and the water quality of the Bay by maintaining the integrity of the District's sewage collection system, which consists of approximately 273 miles of sewer lines, 5,993 maintenance holes, 117 special structures, 12 lift stations, and several siphons. The Collections crew cleans and video-inspects close to 2 million feet of sewer lines each year and maintains records of sewer line condition. The crew partners with the Engineering Department to establish repair and replacement priorities and to handle regulatory reporting for sewer overflows.

### Expense & Staffing Trends:

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Expense Category	Actual	Budget	Budget	Budget
Salaries & Benefits	\$1,211,290	\$1,951,200	\$2,210,100	\$2,346,600
Fuel & Supplies	119,517	120,900	135,500	141,800
Contractual & Professional Services	165,256	117,100	150,000	157,700
Other Expenses	325,587	315,400	443,800	487,900
Total Expenses	\$1,821,650	\$2,504,600	\$2,939,400	\$3,134,000

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Position	Actual	Budget	Budget	Budget
Collection System Manager	1	1	1	1
Lead Worker	4	4	4	4
Collection System Worker	4	4	4	4
Total Staff Count	9	9	9	9

### Strategic Goals & Objectives:

- Zero collection system overflows.
- Enhance training program to include the use of Target Solutions Training System, embedded video, critical situation response, and/or multimedia options. Link videos to Geographic Information System (GIS).
- Maintain compliance with all Sewer System Management Plan (SSMP) and California Integrated Water Quality System (CIWQS) reporting requirements.
- Develop watch list of emerging regulations, key regulatory contacts, and participate when warranted.
- Measure customer satisfaction and identify areas for improvement by written surveys.

### Performance Measures:

The Collection crew provides courteous service and is responsive to customer calls. Typically, a crew member will be on site within 10 minutes of a call received during work hours. An after-hour standby crew member usually reports to the site in under 30 minutes. Customer satisfaction is measured by survey cards provided to the callers. The results from these surveys have generally been positive, but serve to highlight and teach out the practices of the highest scoring crew members. Production goals are established each year for footage cleaned and inspected. The goal is to safely operate without a sewage overflow.

## Proactive Sewer Line Maintenance & Results

Year	Total Cleaned & CCTV'd (ft)	Monthly Average (ft)	Sewer Service Calls	Sewer Stoppages	Sewer Overflows
2022	1,817,997	151,499	77	7	10
2021	1,842,012	153,501	97	3	3
2020	1,339,938	111,666	125	4	2
2019	1,783,992	148,666	121	7	2
2018	1,578,653	131,554	103	4	4

### New Issues & Challenges:

The Collections Department faces the ongoing challenge of preventing sewer overflows while maintaining an aging sewer infrastructure. In addition to reducing the backlog of defective sewer pipes from 76 miles in 2019 to 57 miles in 2029, it is the District's goal to enhance the condition of the collection system by replacing 40 miles of sewer line by the year 2029. Collections and Engineering staff work hand in hand to limit high-frequency footage (an indicator of system health) at 10% of the District's system (27 miles). The District is currently at 10.5% of the system on high-frequency footage, as compared to 12.7% in January 2021.

With the implementation of a highly robust sewer line replacement program, the District sought external financing through the Clean Water State Revolving Fund (CWSRF) and Water Infrastructure Finance and Innovation Act (WIFIA). A total of \$49.5 million in loans was approved in August 2021. The funds are being used to replace 40 miles of pipes by 2029. To date, the District has replaced 19.5 miles of sewer lines by bidding multiple projects simultaneously during a favorable bidding climate. The District is in a better position to deal with the impacts of climate change-related events, such as drought and high-intensity storms, as well as to build resiliency into the collection system.

# Department Units

## Operations Department

**Mission Statement:** *Safe and cost-effective wastewater treatment in compliance with all regulatory requirements*

The Operations Department is responsible for the 24/7 operation of the District's sewage treatment plant. The plant has an average daily flow of 13 mgd and a design flow of 20 mgd. The treatment plant is jointly owned by Oro Loma Sanitary District (75%) and Castro Valley Sanitary District (CVSD) (25%). Under long-term mutual agreements, CVSD reimburses the District for operations and maintenance costs for wastewater treatment based on its actual contributory sewage flows which fluctuate between 25% and 30%, and a fixed rate of 25% for most capital costs. In addition to operating the plant, staff is involved in the operation and maintenance of the East Bay Dischargers Authority (EBDA) pump station, Skywest water reclamation facilities, laboratory services, pretreatment activities, and compliance with regulations regarding treatment and disposal of wastewater and biosolids.

### Expense & Staffing Trends:

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Expense Category (O&M only)	Actual	Budget	Budget	Budget
Salaries & Benefits	\$2,511,745	\$3,485,700	\$3,870,100	\$4,120,200
Fuel & Supplies	930,893	760,300	1,696,700	1,934,200
Contractual & Professional Services	844,363	797,100	1,312,600	1,385,500
Other Expenses	1,157,002	1,083,200	1,417,800	1,522,000
<b>Total Expenses</b>	<b>\$5,444,003</b>	<b>\$6,126,300</b>	<b>\$8,297,200</b>	<b>\$8,961,900</b>

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Position	Actual	Budget	Budget	Budget
Operations Manager	1	1	1	1
Plant Chemist	1	1	1	1
Plant Operator II	8	8	11	11
Plant Operator I	3	3	1	1
Safety & Special Programs Administrator	1	1	1	1
Industrial Waste Inspector	1	1	1	1
<b>Total Staff Count</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>

### Strategic Goals & Objectives:

- Zero effluent violations.
- Maintain written training standards and video-based operator training program for all areas of the plant.
- Develop annual watch list of emerging regulations, key regulatory contacts, and participate when warranted.
- Conduct critical incident response debriefing sessions and document lessons learned for future training.
- Conduct treatment plant electrical load study and implement identified improvements prior to planned cogeneration system replacement in 2027.
- Continue to explore alternatives for the beneficial reuse of biosolids.

## Performance Measures:

The Operations Department works continuously around the clock to manage the wastewater process and respond to emergency needs. The department has built a strong track record of achieving 100% compliance with effluent standards for the past 15 years. Effluent quality from the treatment facility regularly tops the other high-performing partner agencies in EBDA.

The District remains a leader in resource recovery and self-generation of power needed for the treatment process. The Operations Department achieves these outstanding results through the use of a 720kW cogeneration system, a 468kW solar array, and sound energy use.

### Average Monthly Effluent Quality

Year	CBOD (mg/l)	CBOD % of Removal	TSS (mg/l)	TSS % of Removal
2022	6	98%	5	99%
2021	5	98%	6	98%
2020	5	98%	6	98%
2019	6	98%	8	97%
2018	4	98%	5	99%

### Annual Plant Power Demand & Self Sufficiency

Year	Plant Power Demand (kW)	Cogen Generation (kW)	Solar Generation (kW)	Self Sufficiency
2022	7,799,137	5,709,404	707,022	78%
2021	8,669,812	6,034,560	739,061	82%
2020	7,587,718	6,123,780	736,969	90%
2019	7,030,757	5,825,480	718,571	93%
2018	6,790,364	5,930,400	597,386	96%

## New Issues & Challenges:

The Operations Department faces increasing challenges in work schedule coverage as it strives to operate the treatment plant round-the-clock with existing staffing. A major concern is managing peak flow from rainstorms. Besides responding to power outages during strong winds and heavy rain, Operators need to monitor the treatment process closely to ensure regulatory compliance. Excessive peak flows can temporarily be stored in the equalization basin until capacity in plant processes is available. Operations staff works diligently to control secondary clarifier wash-out when influent flows are high, to allow the use of the nearshore outfalls when effluent flows to EBDA exceed 30 mgd. This procedure requires adequate staffing both on-site and on standby to execute the process and to perform effluent lab sampling. The goal is to meet regulatory compliance at all times. The Department is committed to maintaining a high operating standard under these new procedures.

Increasing chemical and energy costs pose additional challenges for the Department. Continuous efforts are made in search of alternatives to mitigate the situation. The District collaborates with other agencies in a consortium to negotiate for the best possible prices for chemicals.



# Department Units

## Maintenance Department

**Mission Statement:** *We are here for you*

The Maintenance Department provides equipment repair and maintenance services, including electrical instrumentation, process control, and mechanical & electrical services for treatment plant operations, collection system lift stations facilities, vehicles, buildings, and the 720kW cogeneration and emergency generator facilities. The department performs routine preventive maintenance to ensure optimal efficiency of machinery and equipment. Additionally, our mechanics maintain the pump station and recycled water facility owned by East Bay Dischargers Authority (EBDA). The Department also works closely with project engineers and is actively involved in many capital improvement projects.

### Expense & Staffing Trends:

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Expense Category (O&M only)	Actual	Budget	Budget	Budget
Salaries & Benefits	\$1,567,727	\$2,287,600	\$2,582,100	\$2,417,300
Fuel & Supplies	106,765	80,900	140,900	148,000
Contractual & Professional Services	810,785	827,500	965,300	1,012,300
Other Expenses	181,940	216,400	276,200	304,300
<b>Total Expenses</b>	<b>\$2,667,217</b>	<b>\$3,412,400</b>	<b>\$3,964,500</b>	<b>\$3,881,900</b>

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Position	Actual	Budget	Budget	Budget
Maintenance Manager	1	1	1	1
Electrical & Instrumentation Technician	2	2	2	2
Electrical & Mechanical Technician	1	1	1	0
Mechanic II	4	4	6	6
Mechanic I	2	2	1	1
<b>Total Staff Count</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>10</b>

### Strategic Goals & Objectives:

- Zero lift station overflows.
- Maintain off-hour lift station maintenance calls to under 10 per year.
- Zero permit violations due to equipment failures.
- Achieve less than 12 off-hour calls for plant equipment per year.
- Keep maintenance backlog to below 125 work orders for a minimum of 2 months per year.
- Maintain 95% annual uptime on cogeneration system.
- Maintain lift station contingency plan and provide training to allow an average remote site response and bypass set-up of 90 minutes at all remote sites.
- Reduce electrical consumption by reviewing energy savings opportunities. Replace cogeneration system in 2030.

## Performance Measures:

The Maintenance Department strives to fulfill work order requests in a timely manner while keeping up with its own preventive maintenance routine. Maintenance staff analyzes all aspects of the treatment plant and lift stations, and continuously look for ways to enhance reliability and efficiency of the District's equipment.

### Corrective Work Order Fulfillments

Year	Previous Outstanding	New Work Orders	Work Orders Completed	Current Outstanding
2022	74	874	893	55
2021	49	876	851	74
2020	36	1169	1157	48
2019	31	876	871	36
2018	55	904	928	31

### Preventive Work Order Fulfillments

Year	Previous Outstanding	New Work Orders	Work Orders Completed	Current Outstanding
2022	100	1940	1977	63
2021	53	1853	1806	100
2020	74	1958	1980	52
2019	99	2013	2038	74
2018	78	2108	2088	98

## New Issues & Challenges:

The Maintenance Department is feeling the effects of current industry struggles when it comes to obtaining supplies, as material lead times have lengthened tremendously. The cost of goods has also increased significantly and continues to rise. Staff is closely monitoring critical equipment and plan ahead to ensure that necessary parts are readily available to minimize down time.

The Department is expecting a couple of retirements in the next few years. With the competitive nature of the industry, it will likely be challenging to find highly qualified replacements. As such, the District is actively involved with Baywork and other surrounding programs to ensure that when the time comes, talented Mechanics and Electrical & Instrumentation Technicians can be recruited.

The Department has identified and is tracking aging equipment throughout the plant and lift stations. Plans have been put in place to replace old equipment and make processes more efficient when doing so.

# Department Units

## Engineering Department

**Mission Statement:** *Friendly customer service with quality engineering and project management*

The Engineering Department performs planning, design, bidding, construction and management services related to the ongoing renewal and expansion of District facilities. The Department also performs asset management and assessment; develops long-range capital planning; performs annual updates of revenue bases; inspects collection system improvements; collects and interprets data through flow-monitoring devices; reviews plans submitted by public agencies, contractors and homeowners; issues permits for construction, repairs and encroachments; processes annexations to the District; and, maintains records of engineering drawings and the District's mapping system.

### Expense & Staffing Trends:

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Expense Category (O&M only)	Actual	Budget	Budget	Budget
Salaries <sup>1</sup> & Benefits	\$459,129	\$810,400	\$754,000	\$806,000
Fuel & Supplies	9,599	16,100	15,800	16,700
Contractual & Professional Services	112,023	136,400	206,800	211,300
Other Expenses	60,363	85,100	99,800	108,300
<b>Total Expenses</b>	<b>\$641,114</b>	<b>\$1,048,000</b>	<b>\$1,076,400</b>	<b>\$1,142,300</b>

<sup>1</sup> Salaries shown in this table represent staff time contributed to general Engineering tasks and exclude salaries charged to Renewal & Replacement (R&R) and Capital Improvement Program (CIP) projects. Approximately 60% of gross Engineering salaries is allocated to R&R and CIP budgets.

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Position	Actual	Budget	Budget	Budget
District Engineer	1	1	1	1
Technical Services Manager	1	1	0	0
Senior Engineer	1	1	1	1
Field Engineer	2	2	1	1
Construction Inspector	0	0	1	1
<b>Total Staff Count</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>

### Strategic Goals & Objectives:

- Zero overflows due to capacity limitations.
- Build Geographic Information System (GIS) into central reference source for all District assets and customer service issues. Maintain minimum of 10 District staff capable to use GIS for customer service response. Build infrastructure to allow remote access of GIS based customer service data.
- Maintain 10-year capital plan for District assets, updating it monthly.
- Manage line replacement program to limit high frequency footage (an indicator of system health) at or below 10% of the District's system (27 miles).
- Improve the condition of the collection system by approximately 3% per year for the next 10 years, reducing pipes with a defect score of 3 or greater from 76 miles to 57 miles by 2029.
- Replace a minimum of 40 miles of collection system pipes between 2019 and 2029. Increase miles of HDPE collection system pipes from 32.7 miles to 72.7 miles.

## Performance Measures:

In addition to managing construction projects, Engineering staff works closely with the Collections crew to identify sewer pipes and infrastructure in critical need for repair or replacement. Engineering staff has developed an in-house ranking system known as Pipeline Defect Grading Criteria (PDGC) to assess severity of pipe defects. Critical pipe defects under 25 feet are considered Point Repairs and are scheduled for repair within a 12-month period. Line segments over 25 feet in length are replaced under the Pipeline Replacement Project.

## Engineering Service Levels

Year	Point Repairs Completed	Miles of Sewer Lines Replaced	Miles of Sewer Line in the Collection System with Defect Score of 3 or Greater	Sewer Permits Issued	Inspections Completed
2022	55	8.2	75.9	313	804
2021	77	3.7	74.6	306	985
2020	83	2.3	74.5	329	736
2019	81	3.5	71.5	335	646
2018	123	3.8	71.4	266	476

## New Issues & Challenges:

The ongoing challenge in the Engineering Department is to prioritize sewer line repair and replacement work within budgetary constraints and meet the objectives of the strategic goals. Of the District's sewer line infrastructure, over half is at least 70 years old, a typical point where sewer pipes experience frequent failures. The District has set a goal to replace 40 miles of sewer lines by 2029. To meet that goal, the Department has been executing on multiple contracts simultaneously, which enables the District to be ahead of schedule.

The District has also established budgets for treatment plant projects for the next 10 years to rehabilitate or replace older infrastructure. Some of these projects that will take place in this budget cycle include: 78" Treatment Plant Influent Pipeline Lining; new Digesters No. 8 and No. 9; and Primary Clarifiers Rehabilitation/Coating.



# Department Units

## Administration Department

**Mission Statement:** *Providing excellent service with a positive attitude*

The Administration Department provides administrative support to the Board of Directors, Board Committees and other District departments. Core functions include: public administration, finance and budgeting, investment portfolio management, human resources, labor relations, employee relations, information technology, public information, performance management and safety and risk management. The Administration Department also oversees other District functions which include solid waste and recycling services.

### Expense & Staffing Trends:

<b>Administration Functions</b>	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Expense Category	Actual	Budget	Budget	Budget
Salaries & Benefits	\$1,243,659	\$1,757,600	\$1,822,800	\$1,783,400
Fuel & Supplies	46,373	30,400	51,700	54,300
Contractual & Professional Services	285,176	429,400	433,200	402,500
Other Expenses	275,217	505,400	336,200	704,400
<b>Total Expenses</b>	<b>\$1,850,425</b>	<b>\$2,722,800</b>	<b>\$2,643,900</b>	<b>\$2,944,600</b>

<b>Solid Waste Functions</b>	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Expense Category	Actual	Budget	Budget	Budget
Salaries & Benefits	\$216,306	\$197,400	\$436,100	\$442,100
Fuel & Supplies	136	3,500	3,500	3,500
Contractual & Professional Services	32,537	93,500	13,500	14,200
Other Expenses	253,773	262,400	518,300	525,000
<b>Total Expenses</b>	<b>\$502,752</b>	<b>\$556,800</b>	<b>\$971,400</b>	<b>\$984,800</b>

<b>Recycling Functions</b>	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Expense Category	Actual	Budget	Budget	Budget
Salaries & Benefits	\$175,855	\$188,300	\$ -	\$ -
Fuel & Supplies	-	2,000	2,000	2,100
Contractual & Professional Services	2,426,819	2,540,000	2,951,000	3,079,500
Other Expenses	242,821	272,700	811,600	811,600
<b>Total Expenses</b>	<b>\$2,845,495</b>	<b>\$3,003,000</b>	<b>\$3,764,600</b>	<b>\$3,893,200</b>

## Department Units

Position	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
General Manager	1	1	1	1
Administrative Services Manager	1	1	1	1
Finance Manager	1	1	1	1
Accountant	1	1	1	1
District Secretary	1	1	1	1
Administrative Support Specialist	2	2	2	2
<b>Total Staff Count</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>

### Strategic Goals & Objectives:

#### General Administration:

- Provide high value to ratepayers by building needed infrastructure while maintaining rates within the lowest 30 percentile in Alameda County.
- Measure customer satisfaction related to sewer activities every two years. Identify areas for improvement.
- Produce timely, accurate, transparent, and useful financial reports, within 10 days of month-end.
- Research and establish a vision for the Administration and Finance office of the future. Move towards paperless practices and increase customer service via computer based/video interfaces.
- Identify and communicate to the Board and to the public future funding needs for operations and projected regulatory/infrastructure upgrades.
- Build capital asset program funding into rate structure by 2029.
- Maintain policies and procedures within guidelines of "industry best". Audit procedures annually and perform update on any policy or procedures older than three years.
- Provide financial support for employees desiring to improve knowledge, skills or abilities through the educational reimbursement program.
- Develop and commit to a high functioning Board. Invest in training Board members and seek ways to improve efficiency of existing Committees.
- Update 10-year strategic plan every three years.
- Maintain a Communications Plan for District outreach efforts. Update the Plan every five years.
- Be carbon-free for indirect greenhouse gas emissions by 2040. Achieve a 50% reduction in direct greenhouse gas emissions by 2040 (base year 2000). By 2030, build a consolidated fleet plan to electrify transport around the treatment plant site, reduce the vehicle fleet by 20%, and implement electrical charging stations by 2025.

#### Safety and Risk Management:

- Zero lost-time accidents.
- Maintain high performing safety culture. Maintain average time for correction of safety work orders at or under 30 days. Perform written management safety audits at least four times a year.
- Conduct Oro Loma Safety Culture survey every two years and maintain a minimum of 90% positive responses in the aggregate.
- Maintain policies and procedures by auditing, updating, and training on policies at least every three years.

# Department Units

## Solid Waste & Recycling:

- Continue to meet County and State solid waste mandates, including SB 1383.
- Maintain garbage rates among the lowest in Alameda County.
- Measure customer satisfaction related to solid waste and recycling activities every two years. Identify areas for improvement.
- Reduce residential recycling contamination by 50% by 2025.
- Maintain 100% participation in organics recycling in schools.
- Cooperate with the County in its efforts to address illegal dumping and litter in the District.
- Increase the call-to-action messaging for the public, with emphasis on its role in protecting the environment.

## Performance Measures:

- The District has maintained the lowest sewer service charges in Alameda County.
- The District's solid waste and recycling rates are among the lowest in Alameda County.
- The District won the CSRMA Workers' Compensation Excellence Award in 2016, 2020 and 2022.
- The District received the GFOA Distinguished Budget Presentation Award for its Two-Year Budget since FYs 2015-17.
- The District was awarded the Special Districts Leadership Foundation's Transparency Certificate of Excellence in 2014 and 2018, in recognition of its best practices in operations and governance transparency. The District is awaiting results of the 2022 award application.
- The District won the 2014 CWEA Plant Safety Award at both local and State levels, and the national Water Environment Federation Safety Award.
- In 2022, a customer survey on all District's services was sent to 2,100 random customers. Of those who responded, the following percentages of satisfaction were reported: 95% in trash, 91% in recycling, 93% in organics, 65% in sewer services (30% of sewer customers selected "I don't know".)
- The District is 2,116 days without a lost-time injury from September 2017 to June 2023.

## New Issues & Challenges:

The biggest challenge for the department is staff turnover, with the retirement of the Finance Manager and the upcoming retirement of the Administrative Services Manager. Between these two employees, the District loses 48 years of experience and institutional knowledge. The District is making solid transition plans to ensure that the performance of the Administration Department as a whole remains excellent.

Turnover is a factor in other department as well, with employees retiring or seeking other employment. In the current market, it has become increasingly difficult to attract and retain highly qualified candidates. The District will continue to research new trends in recruiting practices and find ways to reach a new generation of workers who value serving as a team and contributing to the health of the San Francisco Bay.

The Board places high emphasis on public outreach and education. The Department will maintain the Communications Plan to engage with the community we serve.

In the solid waste area, SB 1383: Short-Lived Climate Pollutants continues to present a significant challenge with jurisdictions being asked to conduct outreach, education, monitoring, inspection, enforcement, and reporting activities. New trash, recycling, and organics carts were purchased and deployed to all District customers in 2022. The next phase of the state mandate will involve extensive audit, monitoring, and reporting efforts.

The Board adopted a set of financial policies and standard procedures, and regularly reviews and updates them. These policies and procedures provide a framework for the District to prudently manage its resources, and to be accountable stewards for the public it serves.

## **Balanced Budget Policy**

One of the District's fiscal responsibilities is to maintain a balanced budget, in which revenues are sufficient to cover expenses required to meet planned needs. The Board has been funding capital improvements by using existing reserves and financing, along with modest rate increases. To assist in its decision-making, the Board regularly examines a 10-year cash flow analysis prepared by staff. For the Operating Budget for the next 2 years, revenues (FY 2023-24: \$33.5 million; FY 2024-25: \$37.3 million) are overall sufficient to cover planned operating expenses (FY 2023-24: \$33.7 million; FY 2024-25: \$36.5 million). The Capital Budget will total \$89.1 million during the next 5 years. In addition to external financing, the District will partly recover this cost through progressive sewer rate increases over the next several years.

## **Budgetary Controls Policy**

The Board maintains budgetary controls by reviewing monthly financial reports to ensure compliance with the adopted budget. The General Manager has authority to reallocate up to \$50,000 between funds or projects based on actual need, while increases in the total budget always require Board approval. The adopted budget is typically amended by the Board shortly after the year begins to carry over prior year unused appropriations for projects in progress. Subsequent budget amendments occur continuously throughout the remainder of the year as priorities are revised and new needs are identified. The District has consistently met its budgetary control requirements by managing operating expenses at between 90% to 96% of budget.

## **Investment Policy**

The Investment Policy provides the framework for investing public funds held by the District. It follows the State of California's guidelines and defines the risks associated with investing funds, lists the authorized financial institutions and custodians, identifies the permissible instruments and maturities, and describes the internal control and reporting requirements. The Finance & Insurance Committee oversees the ongoing compliance of this policy and the Board reviews it annually, at which time the list of authorized brokers/dealers is also updated. The District invests up to 30% of its funds in certificates of deposits with banks that have a rating of 3 stars or above, and diversifies its remaining portfolio among Federal agency bonds, corporate bonds, and treasury notes. The District also invests up to 20% of its funds in the CAMP Pool, a short-term cash reserve portfolio.

## **Financial Reserves Policy**

The Financial Reserves Policy sets the required cash reserves so that there are sufficient funds to meet the needs of operating the District in the event of unforeseen interruption of incoming revenues. The Board has set the reserve level at half of the annual sewer revenues from Alameda County for the corresponding fiscal year. If reserves drop below the policy level, staff will communicate the inadequate reserve status on a monthly basis to the Finance & Insurance Committee and to the Board. The Board will determine the necessary actions in response to the shortfall.

## **Capital Assets Policy**

The Capital Assets Policy defines the threshold of a fixed asset to be \$10,000 with useful life of more than 1 year. It addresses the acquisition and disposal processes of an asset, as well as measures to safeguard assets through periodic inventory. Assets that meet the defined criteria are capitalized in the accounting system at fiscal year-end, and depreciated over their useful lives. Fully depreciated assets will remain on the District's records until they are approved by the Board for disposal through annual surplus review.

# Financial Policies

## **Internal Control Policy**

The District established a framework for internal control, using the California State Controller's guidelines. It follows the standards adopted by the American Institute of Certified Public Accountants (AICPA) and the internal control framework provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The objective of this policy is to safeguard tangible and intangible assets, and to prevent and detect errors and fraud, including its computer information system. The District's organizational structure anchors on a system of accountability, ascending from employees to management, to the General Manager, and to the elected Board of Directors. The Board maintains internal control through committees overseeing 5 key areas – Construction; Finance & Insurance; Operations; Personnel, Safety & Public Information; and, Solid Waste. Other measures such as segregation of duties, requirement of dual signatures on payments, and limiting the possession of District credit cards are implemented as additional control. The independent auditor has certified that there were no identified deficiencies or material weaknesses in the District's internal control.

## **Cash Management Policy**

The Cash Management Policy establishes specific procedures for collecting, depositing and disbursing District cash. It defines the role and responsibility of various staff in day-to-day tasks such as cash receipts, accounts payable and petty cash disbursements, payroll processing, and bank reconciliation. The Finance & Insurance Committee reviews check registers and audits selected payments at monthly committee meetings. Bank reconciliations are performed by the Finance Manager and approved by the General Manager. Separate personnel handle the deposit of cash and the issuance of payments, and a restricted group of designated persons is authorized to initiate fund transfers, allowable only between District accounts. In addition, payroll is processed by 2 individuals to prevent fraud. The District maintains a structured financial environment in which the risks of unauthorized cash transactions are significantly reduced.

## **Purchasing Policy**

The Purchasing Policy provides the framework for the procurement of goods and services. It defines the levels of purchasing authority and responsibilities, documentation required, and describes the competitive bidding process. The authorization limit for department managers is \$15,000 and for the General Manager it is \$100,000. The policy also provides guidelines on procurement of construction projects under the California Public Construction Code (PCC) and the California Uniform Public Construction Cost Accounting Act (UPCCAA). The District follows these established guidelines and is in compliance.

## **Debt Management Policy**

The Debt Management Policy establishes guidelines for the issuance and management of debt. It specifies the types of debt allowable, debt limits, structure and methods of issuance, as well as regulatory compliance. The District uses debt proceeds to fund capital improvements of sewer facilities that are authorized in its 10-year Capital Improvement Program. The District issued \$14.2 million in Sewer Revenue Bonds in 2018, and obtained \$49.5 million in Federal and State financing with WIFIA and SRF in 2021 to fund the Sewer Collections System Pipeline Rehabilitation & Replacement Project.

## **Other Policies & Procedures**

In addition to the above, the District has a Rebate Policy which outlines the process of providing sewer rebates to commercial customers who divert part of their water usage into their production process or to irrigation. The Revenues & Expenses Classification Policy defines the list of general ledger revenue and expense accounts to ensure proper financial reporting. The Record Retention Policy sets the standards and protocol for the retention and destruction of documents, in conformity to guidelines provided by the Secretary of State. The Claims Handling Procedures describes the process of handling claims accurately, fairly and in a timely manner.



## **Financial Information & Trends**

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# 4-Year Consolidated Financial Schedule

	2021-22 Actual	2022-23 Budget	2023-24 Budget	% Change Over Prior Budget	2024-25 Budget	% Change Over Prior Budget
<b>Operating Revenues</b>						
District Service Charges	\$ 19,523,087	\$ 19,282,800	\$ 21,400,000	11%	\$ 24,386,300	14%
Refunds - District Service Charges	(69,363)	(100,000)	(100,000)	0%	(100,000)	0%
Agency Treatment Charges	4,266,940	4,220,400	4,807,000	14%	5,239,000	9%
Permits & Inspection Fees	172,991	140,000	140,000	0%	140,000	0%
Sanitary Truck Waste Charges	23,375	20,000	20,000	0%	20,000	0%
Grease Receiving Charges	176,544	120,000	150,000	25%	150,000	0%
Biosolid Charges	171,173	200,000	100,000	-50%	100,000	0%
Solid Waste Contract Fees	2,166,182	1,847,800	2,122,000	15%	2,228,000	5%
Recycling Charges	3,035,874	3,209,000	3,476,500	8%	3,731,500	7%
Landfill Fees - Measure D	368,971	350,000	370,000	6%	370,000	0%
Overhead Recovery	952,546	750,000	775,000	3%	800,000	3%
<b>Total Operating Revenues</b>	<b>\$ 30,788,320</b>	<b>\$ 30,040,000</b>	<b>\$ 33,260,500</b>	<b>11%</b>	<b>\$ 37,064,800</b>	<b>11%</b>
<b>Operating Expenses</b>						
Sewage Collections	\$ 2,814,917	\$ 4,111,000	\$ 4,626,400	13%	\$ 4,886,000	6%
Sewage Operations	6,166,394	8,286,000	9,607,200	16%	11,268,900	17%
Sewage Maintenance	2,958,246	3,854,000	4,464,500	16%	4,244,900	-5%
Engineering	641,114	1,058,000	1,086,400	3%	1,152,300	6%
Administration	1,901,085	2,879,800	2,800,900	-3%	3,186,600	14%
Effluent Disposal - EBDA	688,256	1,293,500	1,173,500	-9%	1,224,000	4%
Depreciation	3,672,812	3,951,900	4,700,000	19%	5,225,000	11%
Decrease in Carrying Value of EBDA	554,562	200,000	200,000	0%	200,000	0%
Solid Waste	501,808	523,800	938,400	79%	951,800	1%
Recycling	2,845,495	2,992,800	3,324,000	11%	3,452,600	4%
Pension & OPEB Expenses (GASB 68 & 75)	(5,881,641)	-	-	0%	-	0%
<b>Total Operating Expenses</b>	<b>\$ 16,863,048</b>	<b>\$ 29,150,800</b>	<b>\$ 32,921,300</b>	<b>13%</b>	<b>\$ 35,792,100</b>	<b>9%</b>
<b>Operating Income</b>	<b>\$ 13,925,272</b>	<b>\$ 889,200</b>	<b>\$ 339,200</b>	<b>-62%</b>	<b>\$ 1,272,700</b>	<b>275%</b>
<b>Non-Operating Revenues</b>						
Investment Income	\$ 119,115	\$ 40,000	\$ 105,000	163%	\$ 89,000	-15%
Rents & Leases	114,245	90,000	66,500	-26%	66,500	0%
Recovery of Uncollectible Accounts	37,038	20,000	30,000	50%	30,000	0%
Project Grants	202,913	-	-	0%	-	0%
Penalties & Miscellaneous Revenues	117,745	45,000	45,000	0%	45,000	0%
<b>Total Non-Operating Revenues</b>	<b>\$ 591,056</b>	<b>\$ 195,000</b>	<b>\$ 246,500</b>	<b>26%</b>	<b>\$ 230,500</b>	<b>-6%</b>
<b>Non-Operating Expenses</b>						
Decrease in Fair Value of Investments	\$ 504,612	\$ -	\$ -	0%	\$ -	0%
Write-Off of Uncollectible Accounts	944	13,200	13,000	-2%	13,000	0%
Debt Issuance Cost	377,686	-	-	0%	-	0%
Bond Interest Expense	454,284	420,700	412,000	-2%	398,000	-3%
Contingency	-	340,000	340,000	0%	340,000	0%
<b>Total Non-Operating Expenses</b>	<b>\$ 1,337,526</b>	<b>\$ 773,900</b>	<b>\$ 765,000</b>	<b>-1%</b>	<b>\$ 751,000</b>	<b>-2%</b>
<b>Income Before Contributions</b>	<b>\$ 13,178,802</b>	<b>\$ 310,300</b>	<b>\$ (179,300)</b>	<b>-158%</b>	<b>\$ 752,200</b>	<b>520%</b>
Connection Fees	\$ 473,450	\$ 200,000	\$ 200,000	0%	\$ 200,000	0%
Capital Grants	-	137,700	688,500	400%	137,700	-80%
<b>Change in Net Position</b>	<b>\$ 13,652,252</b>	<b>\$ 648,000</b>	<b>\$ 709,200</b>	<b>9%</b>	<b>\$ 1,089,900</b>	<b>54%</b>
<b>Net Position - Beginning of Year</b>	<b>\$ 109,800,706</b>	<b>\$ 123,452,958</b>	<b>\$ 124,100,958</b>	<b>0.5%</b>	<b>\$ 124,810,158</b>	<b>0.6%</b>
<b>Net Position - End of Year</b>	<b>\$ 123,452,958</b>	<b>\$ 124,100,958</b>	<b>\$ 124,810,158</b>	<b>0.6%</b>	<b>\$ 125,900,058</b>	<b>0.9%</b>

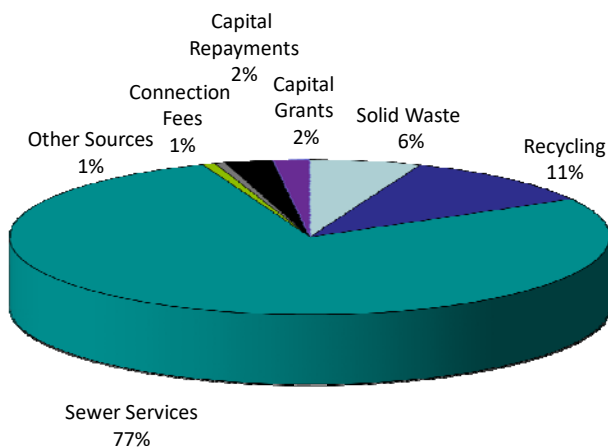
# Revenue Sources

The District derives its revenues from the following sources:

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
<b>Revenues</b>				
Sewer Services	\$25,217,293	\$24,633,200	\$27,292,000	\$30,735,300
Solid Waste	2,166,182	1,847,800	2,122,000	2,228,000
Recycling	3,404,845	3,559,000	3,846,500	4,101,500
Other Sources (Non-Operating Revenues)	591,056	195,000	246,500	230,500
<b>Total Revenues</b>	<b>\$31,379,376</b>	<b>\$30,235,000</b>	<b>\$33,507,000</b>	<b>\$37,295,300</b>
<b>Other Contributions, Repayments &amp; Grants</b>				
Connection Fees	\$473,450	\$200,000	\$200,000	\$200,000
Capital Repayments (Reimbursement from Castro Valley Sanitary District)	1,294,245	1,887,700	916,300	2,276,600
Capital Grants	-	137,700	688,500	137,700
<b>Total Contributions, Repayments &amp; Grants</b>	<b>\$1,767,695</b>	<b>\$2,225,400</b>	<b>\$1,804,800</b>	<b>\$2,614,300</b>
<b>Total Revenues, Contributions, Repayments &amp; Grants</b>	<b>\$33,147,071</b>	<b>\$32,460,400</b>	<b>\$35,311,800</b>	<b>\$39,909,600</b>
<b>Change in Budget from Prior Year</b>			<b>8.8%</b>	<b>13.0%</b>

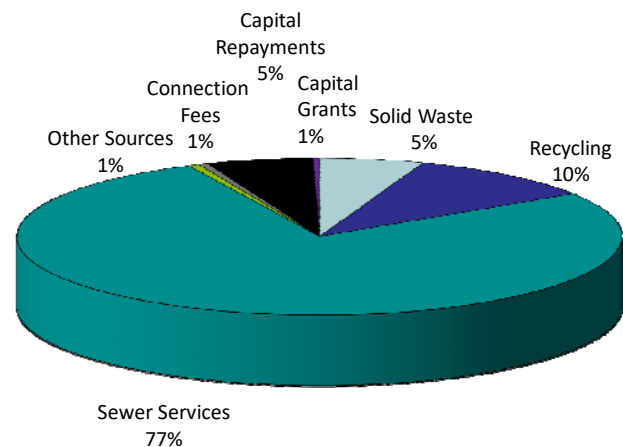
## Revenues, Contributions, Repayments & Grants

FY 2023-24



\$35,311,800

FY 2024-25



\$39,909,600

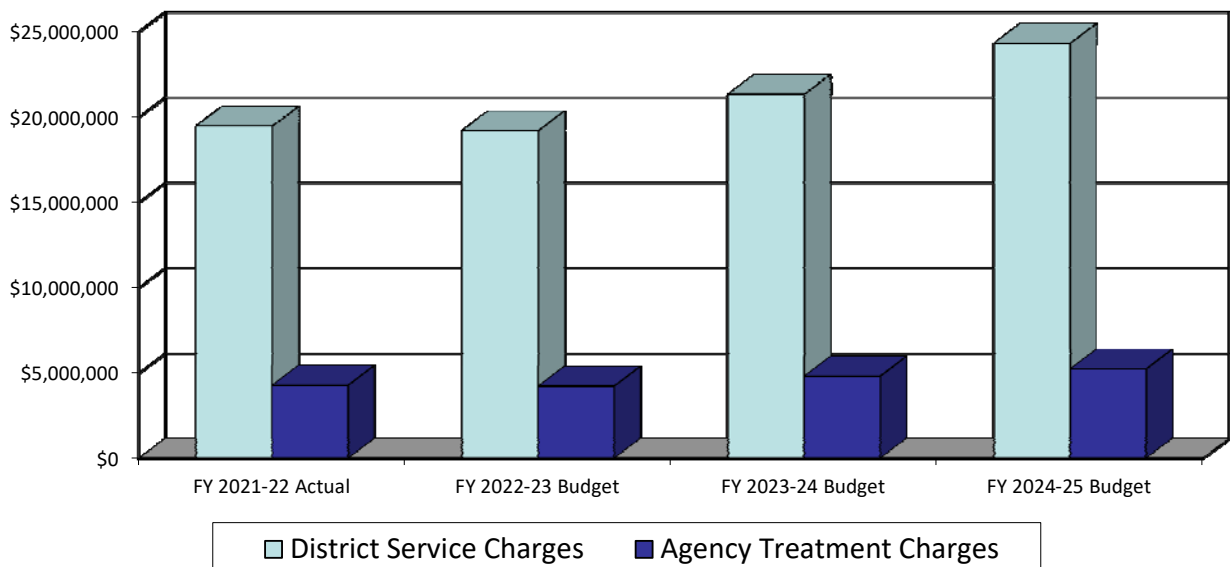
# Revenue Trends

## Sewer Service Revenues (Operating Revenues)

District Service Charges include a Board-approved rate increase of 7.5% in FY 2023-24 and an assumed rate increase of 15% in FY 2024-25. The annual single family residence sewer rate is \$368 for FY 2023-24, and \$423 for FY 2024-25. Agency Treatment Charges fluctuate from year to year and are heavily dependent on Renewal & Replacement projects being planned for each year, as Castro Valley Sanitary District shares treatment plant project costs based on percentage of plant flow (typically between 25% and 27%). Agency Treatment Charges from the Cities of Hayward and San Leandro are expected to grow at 2% per year. The District provides treatment services for these communities and receives 90% of the revenues charged by the City of Hayward and 75% charged by the City of San Leandro. Biosolid Charges represent a relatively new revenue source of \$100,000 per year. The District contracts with Synagro to store its biosolids at the District site based on tonnage received. Sanitary Truck Waste Charges and Grease Receiving Charges are expected to be stable.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
District Service Charges (net of refunds)	\$19,453,724	\$19,182,800	\$21,300,000	\$24,286,300
Agency Treatment Charges	4,266,940	4,220,400	4,807,000	5,239,000
Permits & Inspection Fees	172,991	140,000	140,000	140,000
Sanitary Truck Waste Charges	23,375	20,000	20,000	20,000
Grease Receiving Charges	176,544	120,000	150,000	150,000
Biosolids Charges	171,173	200,000	100,000	100,000
Overhead Recovery	952,546	750,000	775,000	800,000
<b>Operating Revenues - Sewer Services</b>	<b>\$25,217,293</b>	<b>\$24,633,200</b>	<b>\$27,292,000</b>	<b>\$30,735,300</b>
Change in Budget from Prior Year			10.8%	12.6%

## Major Sewer Service Revenue Sources



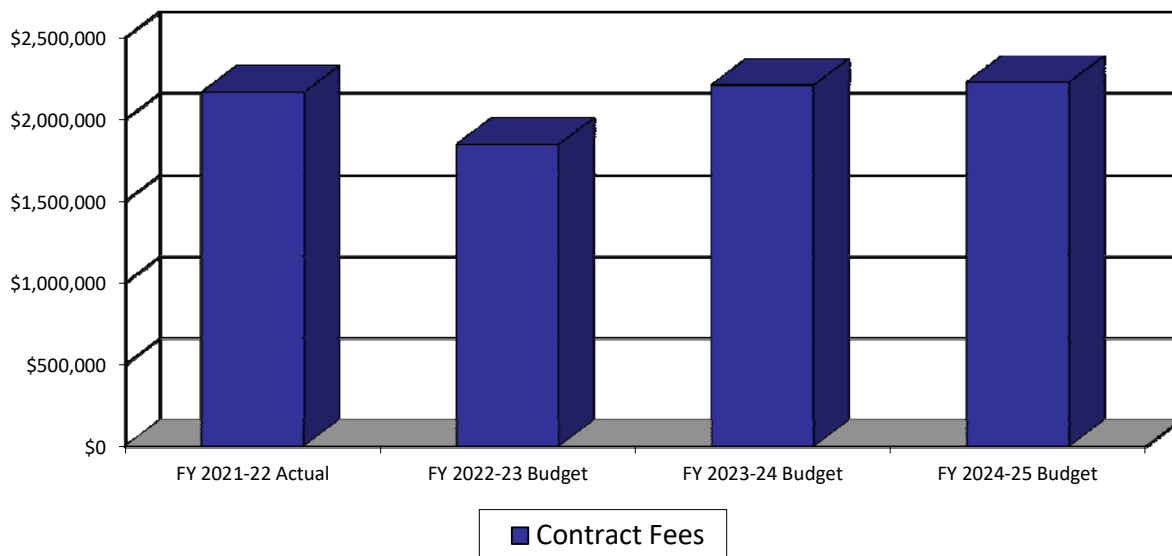
## Revenue Trends

### Solid Waste Revenues (Operating Revenues)

The District contracts with Waste Management of Alameda County (WMAC) to provide garbage services to its customers and receives 10% in franchise fees on WMAC's revenues. In January 2023, the agreement was amended and extended to 2037 with options for additional terms. Customers residing in the unincorporated areas of Alameda County and Hayward currently pay \$25.29 per month for weekly 35-gallon cart collection service. Customers within the San Leandro city limit pay \$29.34 per month. Other service levels (20-gallon, 64-gallon and 96-gallon) are also offered at various rates. Each September, garbage rates charged by WMAC to District customers are adjusted based on a combination of changes in the CPI and the union's labor costs. The budgeted revenues reflect 6% and 5% respective annual inflation adjustments, along with impact on rates resulting from the amended agreement in FY 2023-24.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
Solid Waste Contract Fees	\$2,166,182	\$1,847,800	\$2,122,000	\$2,228,000
Operating Revenues - Solid Waste	\$2,166,182	\$1,847,800	\$2,122,000	\$2,228,000
Change in Budget from Prior Year			14.8%	5.0%

### Solid Waste Revenues





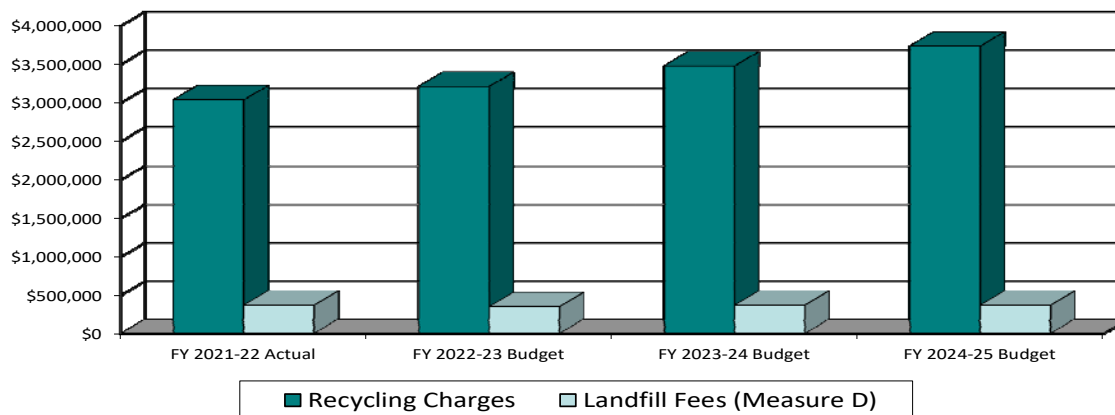
# Revenue Trends

## Recycling Revenues (Operating Revenues)

Recycling services are provided to District customers through Waste Management of Alameda County (WMAC). The amended service agreement is effective through December 2037. Recycling rates are budgeted to increase by \$6 annually through FY 2025-26 to partially fund for the cost of cart replacements as required by SB 1383. Commercial and industrial recycling customers are billed directly by WMAC and the District receives a franchise fee of \$1.10 per cubic yard. Landfill Fees (Measure D) represent proceeds of a grant from Alameda County Waste Management Authority based on diversion from landfills.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
Recycling Charges	\$3,035,874	\$3,209,000	\$3,476,500	\$3,731,500
Landfill Fees (Measure D)	368,971	350,000	370,000	370,000
Operating Revenues - Recycling	\$3,404,845	\$3,559,000	\$3,846,500	\$4,101,500
Change in Budget from Prior Year			8.1%	6.6%

Recycling Revenues



## Other Revenue Sources (Non-Operating Revenues)

Investment income will see an upward trend due to rising interest rates. On the other hand, the expiration of the land lease with American Tower Corporation in 2022 brought forth a \$20,000 drop in future annual rental income. In addition, the Board opted to discontinue the \$8,370 annual lease with East Bay Municipal Utility District (EBMUD) for the site of their groundwater injection well facility. Other revenues are expected to remain stable.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
Investment Income	\$119,115	\$40,000	\$105,000	\$89,000
Rents & Leases	114,245	90,000	66,500	66,500
Penalties & Miscellaneous Revenues	117,745	45,000	45,000	45,000
Project Grants	202,913	-	-	-
Other Gains, Losses & Recovery	37,038	20,000	30,000	30,000
Non-Operating Revenues	\$591,056	\$195,000	\$246,500	\$230,500
Change in Budget from Prior Year			26.4%	-6.5%

# Expenditures

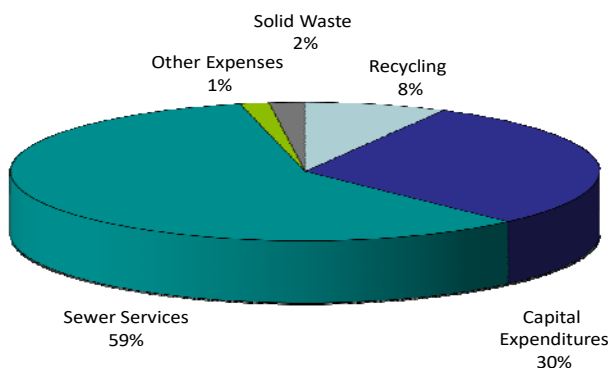
Expenditures are funds spent in the course of operating the District and providing services to the rate payers. Spendings within the operating budget are classified as expenses. These are costs of operating and maintaining the sewer service system (O&M), and solid waste, recycling and Renewal & Replacement (R&R) programs. The R&R program accounts for repairs of infrastructure, equipment and other recurring maintenance. Expenses are reported on the income statement.

Spendings within the CIP are classified as capital expenditures. These are defined as procurement or construction of capital assets that exceeds \$10,000 with a useful life of more than 1 year. The acquisition value of a capital item is reported on the balance sheet as fixed asset, with depreciation to be expensed evenly throughout the asset's useful life. Detailed descriptions of capital projects planned for the next 2 years can be found in the Long-Range Plan & Capital Budget section.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
<b>Expenses within the Operating Budget</b>				
Operating Expenses: Sewer Services	\$13,515,745	\$25,634,200	\$28,228,300	\$30,957,100
Solid Waste	501,808	523,800	938,400	951,800
Recycling	2,845,495	2,992,800	3,754,600	3,883,200
Non-Operating Expenses	1,337,526	773,900	765,000	751,000
<b>Total Expenses within the Operating Budget</b>	<b>\$18,200,574</b>	<b>\$29,924,700</b>	<b>\$33,686,300</b>	<b>\$36,543,100</b>
<b>Capital Expenditures</b>				
Sewer Services	\$23,464,566	\$28,910,600	\$14,525,000	\$16,880,000
<b>Total Capital Expenditures</b>	<b>\$23,464,566</b>	<b>\$28,910,600</b>	<b>\$14,525,000</b>	<b>\$16,880,000</b>
<b>Total Expenditures</b>	<b>\$41,665,140</b>	<b>\$58,835,300</b>	<b>\$48,211,300</b>	<b>\$53,423,100</b>
<b>Change in Budget from Prior Year</b>			-18.1%	10.8%

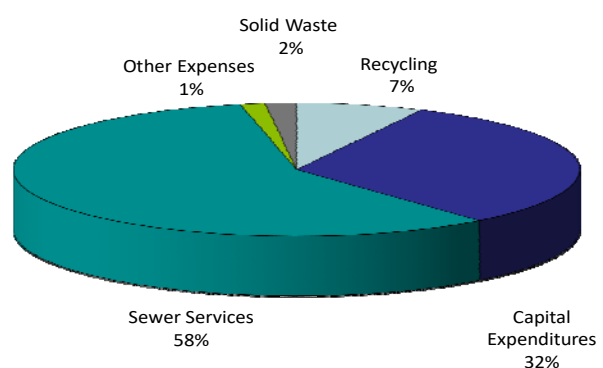
## Operating Expenses and Capital Expenditures

FY 2023-24



\$48,211,300

FY 2024-25



\$53,423,100

# Expense Trends

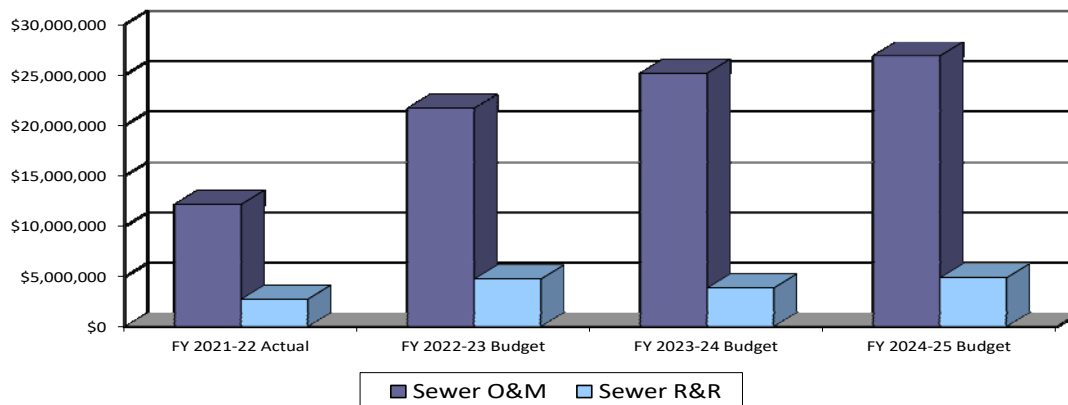
## Sewer Service Expenses

Sewer service expenses within the operating budget include costs of operating and maintaining the sewer service system (O&M) and spending in the Renewal & Replacement (R&R) program based on the Strategic Plan. A major driver in the O&M departmental expenses is the significant increases in the costs of chemicals and insurance. Likewise, other supplies and contractual services are expected to be more costly due to global economic trends.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
<b>Sewer Services O&amp;M</b>				
Sewage Collections	\$1,821,650	\$2,504,600	\$2,939,400	\$3,134,000
Sewage Operations	5,444,003	6,126,300	8,297,200	8,961,900
Sewage Maintenance	2,667,217	3,412,400	3,964,500	3,881,900
Engineering	641,114	1,048,000	1,076,400	1,142,300
Administration	1,850,425	2,722,800	2,643,900	2,944,600
Effluent Disposal - EBDA	521,756	950,000	1,007,000	1,057,500
Depreciation	3,672,812	3,951,900	4,269,400	4,794,400
Decrease in EBDA Equity	554,562	200,000	200,000	200,000
Write-Offs of Uncollectible Accounts	-	10,000	10,000	10,000
Debt-Related Expense	831,970	420,700	412,000	398,000
Contingency	-	300,000	300,000	300,000
Pension & OPEB Expenses (GASBs 68 & 75)	(5,881,641)	-	-	-
<b>Expenses - Sewer Services O&amp;M</b>	<b>\$12,123,868</b>	<b>\$21,646,700</b>	<b>\$25,119,800</b>	<b>\$26,824,600</b>
<b>Change in Budget from Prior Year</b>			<b>16.0%</b>	<b>6.8%</b>
<b>Sewer Services R&amp;R/CIP</b>				
Collection System	\$993,267	\$1,606,400	\$1,687,000	\$1,752,000
Treatment Plant	1,013,420	2,601,300	1,810,000	2,670,000
Engineering, Administration & EBDA	217,160	510,500	333,500	418,500
Investment Market Value Adjustments	504,612	-	-	-
<b>Expenses - Sewer Services R&amp;R/CIP</b>	<b>\$2,728,459</b>	<b>\$4,718,200</b>	<b>\$3,830,500</b>	<b>\$4,840,500</b>
<b>Change in Budget from Prior Year</b>			<b>-18.8%</b>	<b>26.4%</b>
<b>Total Expenses - Sewer Services</b>	<b>\$14,852,327</b>	<b>\$26,364,900</b>	<b>\$28,950,300</b>	<b>\$31,665,100</b>
<b>Change in Budget from Prior Year</b>			<b>9.8%</b>	<b>9.4%</b>

Note: Write-Offs, Debt-Related Expense, Contingency and Investment Market Value Adjustments are part of Non-Operating Expenses on page 49.

## Sewer Service Expenses



## Expense Trends

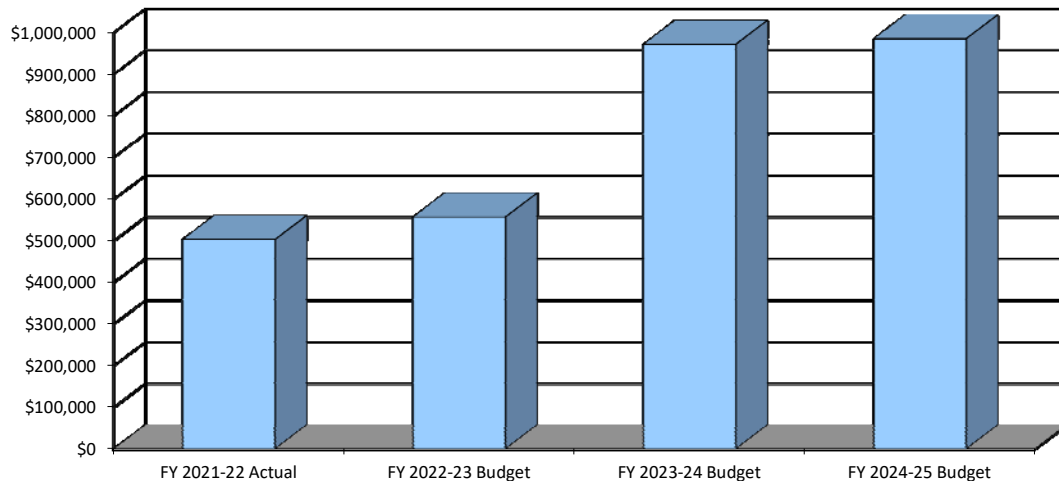
### Solid Waste Expenses

Solid Waste expenses consist mainly of costs to monitor the refuse service program. Route audits are performed periodically to ensure that services provided by Waste Management of Alameda County (WMAC) continuously meet standards required by the contract. Solid Waste expenses in FY 2023-24 and FY 2024-25 contain increased allocation of staff salaries that were previously assigned to Recycling expenses.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
Solid Waste	\$501,808	\$523,800	\$938,400	\$951,800
Write-Offs of Uncollectible Accounts	944	3,000	3,000	3,000
Contingency	-	30,000	30,000	30,000
<b>Total Expenses - Solid Waste</b>	<b>\$502,752</b>	<b>\$556,800</b>	<b>\$971,400</b>	<b>\$984,800</b>
<b>Change in Budget from Prior Year</b>			<b>74.5%</b>	<b>1.4%</b>

Note: Write-Offs and Contingency are part of Non-Operating Expenses on page 49.

### Solid Waste Expenses



# Expense Trends

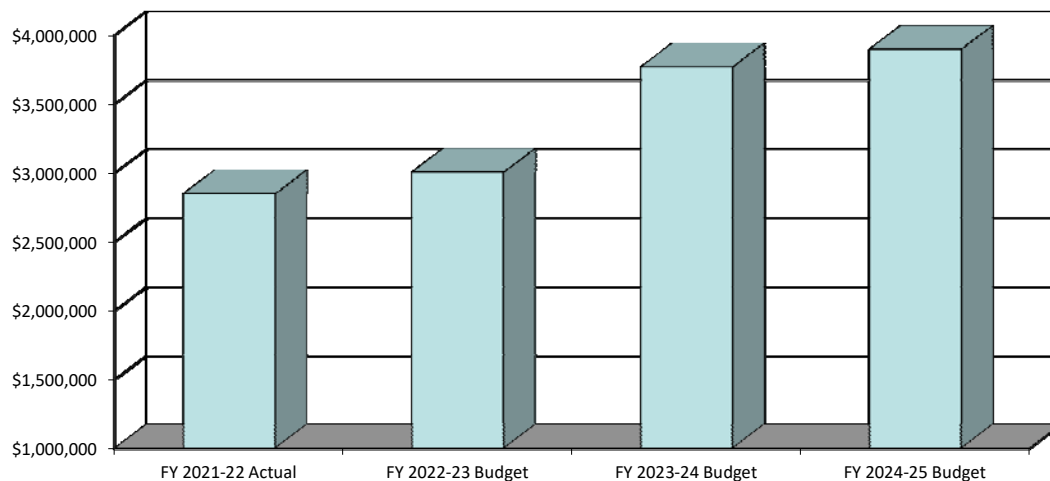
## Recycling Expenses

The most significant item in the Recycling program is for contracted services provided by Waste Management of Alameda County (WMAC). Additionally, starting from FY 2023-24, an independent contractor oversees the program and coordinates public outreach efforts with vendors and contracting firms. In-house staff salaries for Recycling are therefore reallocated to Solid Waste expenses for the next 2 years.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
Recycling	\$2,845,495	\$2,992,800	\$3,324,000	\$3,452,600
Depreciation	-	-	430,600	430,600
Write-Offs of Uncollectible Accounts	-	200	-	-
Contingency	-	10,000	10,000	10,000
<b>Total Expenses - Recycling</b>	<b>\$2,845,495</b>	<b>\$3,003,000</b>	<b>\$3,764,600</b>	<b>\$3,893,200</b>
<b>Change in Budget from Prior Year</b>			<b>25.4%</b>	<b>3.4%</b>

Note: Write-Offs and Contingency are part of Non-Operating Expenses on page 49.

## Recycling Expenses



## Changes in Net Position & Fund Equity

Net Position is defined as the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources. It is classified into 3 categories: Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. The classification is based on availability or accessibility of the resource rather than its origin. The District does not have any restricted portion in its Net Position. Its Net Position consists only of Net Investment in Capital Assets and Unrestricted Net Position.

Net position measures the overall financial condition of the District. Over time, trends in Net position provide indications on the District's financial strength. Nevertheless, other non-financial factors such as economic or demographic changes, and new regulatory requirements also impact the District's financial condition.

The District's Net Position was increasing at an average of 2.4% per year for the 10-year period from FY 2004-05 (\$79.5 million) to FY 2013-14 (\$98.3 million). It decreased by 7.5%, to \$90.9 million in FY 2014-15, primarily due to the first-time inclusion of a \$8.2 million Net Pension Liability as required by GASB Statement No. 68. As a result of the \$6.35 million funding in 2015 towards the unfunded pension liability, Net Pension Liability was significantly reduced, and accounted partly for the 3.2% increase in the Total Net Position for FY 2015-16 (\$93.8 million). The Net Position has progressively increased to \$123.5 million as a result of large-scale capital and infrastructural additions in recent years. The Net Position is expected to level in the horizon as the District incurs major expenses to meet new environmental regulations as well as debt to finance its long-range capital plan.

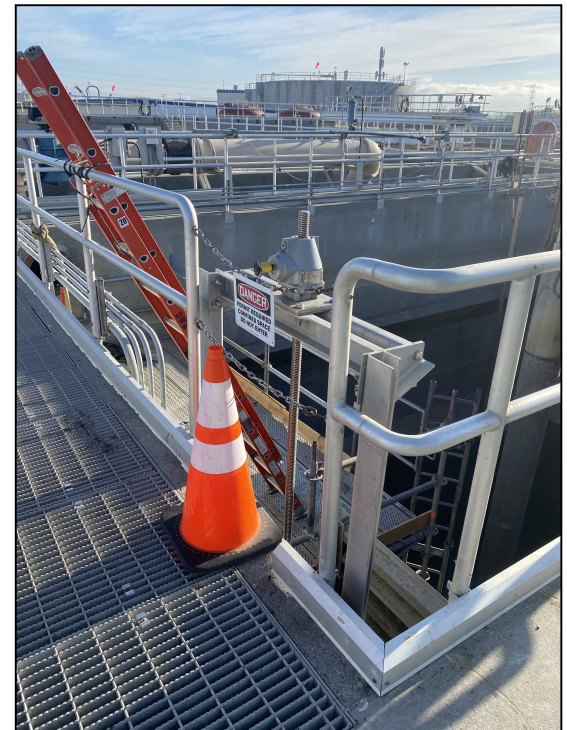
The Fund Equity presented in the table below represents the unrestricted portion of Net Position.

	FY 2021-22 Actual	FY 2022-23 Projected	FY 2023-24 Projected	FY 2024-25 Projected
Net Investment in Capital Assets	\$101,668,469	\$112,661,169	\$109,569,869	\$106,948,269
Unrestricted Net Position (Fund Equity)				
Investment in EBDA	\$5,406,842	\$5,423,382	\$5,223,382	\$5,023,382
Net Balance in Fund Equity	16,377,647	6,016,407	10,016,907	13,928,407
Unrestricted Net Position (Fund Equity)	\$21,784,489	\$11,439,789	\$15,240,289	\$18,951,789
Total Net Position	\$123,452,958	\$124,100,958	\$124,810,158	\$125,900,058
Projected Change from Prior Year		0.5%	0.6%	0.9%



# Treatment Unit Gate Replacement

The Treatment Unit Gate Replacement project consists of the renewal of existing infrastructure. The six gates that allow the flow to enter the No. 1 cell of each train, and the gates that allow the flow exit the No. 4 cell of each train were replaced. All of the pedestals got new bases, the manual actuators were serviced, and the gates were cleaned and adjusted.



## **Operating Budget**

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# Total Operating Budget by Service Type

## Total Budgeted Revenues & Expenses FY 2023-24

	Sewer				Solid Waste	Recycling	Total
	O&M	R&R	CIP*	Total			
<b>Operating Revenues</b>							
District Service Charges	\$ 16,400,000	\$ 5,000,000	\$ -	\$ 21,400,000	\$ -	\$ -	\$ 21,400,000
Refunds - District Service Charges	(100,000)	-	-	(100,000)	-	-	(100,000)
Agency Treatment Charges	4,325,000	482,000	-	4,807,000	-	-	4,807,000
Permits & Inspection Fees	140,000	-	-	140,000	-	-	140,000
Sanitary Truck Waste Charges	20,000	-	-	20,000	-	-	20,000
Grease Receiving Charges	150,000	-	-	150,000	-	-	150,000
Biosolid Charges	100,000	-	-	100,000	-	-	100,000
Solid Waste Contract Fees	-	-	-	-	2,122,000	-	2,122,000
Recycling Charges	-	-	-	-	-	3,476,500	3,476,500
Landfill Fees - Measure D	-	-	-	-	-	370,000	370,000
Overhead Recovery	775,000	-	-	775,000	-	-	775,000
<b>Total Operating Revenues</b>	<b>\$ 21,810,000</b>	<b>\$ 5,482,000</b>	<b>\$ -</b>	<b>\$ 27,292,000</b>	<b>\$ 2,122,000</b>	<b>\$ 3,846,500</b>	<b>\$ 33,260,500</b>
<b>Non-Operating Revenues</b>							
Investment Income	\$ 15,000	\$ 10,000	\$ 80,000	\$ 105,000	\$ -	\$ -	\$ 105,000
Rents & Leases	66,500	-	-	66,500	-	-	66,500
Recovery of Uncollectible Accounts	-	-	-	-	30,000	-	30,000
Penalties & Miscellaneous Revenues	40,000	-	-	40,000	-	5,000	45,000
<b>Total Non-Operating Revenues</b>	<b>\$ 121,500</b>	<b>\$ 10,000</b>	<b>\$ 80,000</b>	<b>\$ 211,500</b>	<b>\$ 30,000</b>	<b>\$ 5,000</b>	<b>\$ 246,500</b>
<b>Total Revenues</b>	<b>\$ 21,931,500</b>	<b>\$ 5,492,000</b>	<b>\$ 80,000</b>	<b>\$ 27,503,500</b>	<b>\$ 2,152,000</b>	<b>\$ 3,851,500</b>	<b>\$ 33,507,000</b>
<b>Operating Expenses</b>							
Sewage Collections	\$ 2,939,400	\$ 1,687,000	\$ -	\$ 4,626,400	\$ -	\$ -	\$ 4,626,400
Sewage Treatment Operations	8,297,200	1,310,000	-	9,607,200	-	-	9,607,200
Sewage Treatment Maintenance	3,964,500	500,000	-	4,464,500	-	-	4,464,500
Engineering	1,076,400	10,000	-	1,086,400	-	-	1,086,400
Administration	2,643,900	157,000	-	2,800,900	-	-	2,800,900
Effluent Disposal - EBDA	1,007,000	166,500	-	1,173,500	-	-	1,173,500
Depreciation	4,269,400	-	-	4,269,400	-	430,600	4,700,000
Decrease in Carrying Value of EBDA	200,000	-	-	200,000	-	-	200,000
Solid Waste	-	-	-	-	938,400	-	938,400
Recycling	-	-	-	-	-	3,324,000	3,324,000
<b>Total Operating Expenses</b>	<b>\$ 24,397,800</b>	<b>\$ 3,830,500</b>	<b>\$ -</b>	<b>\$ 28,228,300</b>	<b>\$ 938,400</b>	<b>\$ 3,754,600</b>	<b>\$ 32,921,300</b>
<b>Non-Operating Expenses</b>							
Write-Offs of Uncollectible Accounts	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ 3,000	\$ -	\$ 13,000
Bond Interest Expense	412,000	-	-	412,000	-	-	412,000
Contingency	300,000	-	-	300,000	30,000	10,000	340,000
<b>Total Non-Operating Expenses</b>	<b>\$ 722,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 722,000</b>	<b>\$ 33,000</b>	<b>\$ 10,000</b>	<b>\$ 765,000</b>
<b>Total Expenses</b>	<b>\$ 25,119,800</b>	<b>\$ 3,830,500</b>	<b>\$ -</b>	<b>\$ 28,950,300</b>	<b>\$ 971,400</b>	<b>\$ 3,764,600</b>	<b>\$ 33,686,300</b>
<b>Income Before Contributions</b>	<b>\$ (3,188,300)</b>	<b>\$ 1,661,500</b>	<b>\$ 80,000</b>	<b>\$ (1,446,800)</b>	<b>\$ 1,180,600</b>	<b>\$ 86,900</b>	<b>\$ (179,300)</b>
Connection Fees	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ 200,000
Capital Grants	-	-	688,500	688,500	-	-	688,500
<b>Change in Net Position</b>	<b>\$ (3,188,300)</b>	<b>\$ 1,661,500</b>	<b>\$ 968,500</b>	<b>\$ (558,300)</b>	<b>\$ 1,180,600</b>	<b>\$ 86,900</b>	<b>\$ 709,200</b>

\* Amounts shown in this column represent revenues within the operating budget assigned to Capital Improvement Program (CIP).

# Total Operating Budget by Service Type

## Total Budgeted Revenues & Expenses FY 2024-25

	Sewer				Solid Waste	Recycling	Total
	O&M	R&R	CIP*	Total			
<b>Operating Revenues</b>							
District Service Charges	\$ 19,386,300	\$ 5,000,000	\$ -	\$ 24,386,300	\$ -	\$ -	\$ 24,386,300
Refunds - District Service Charges	(100,000)	-	-	(100,000)	-	-	(100,000)
Agency Treatment Charges	4,542,000	697,000	-	5,239,000	-	-	5,239,000
Permits & Inspection Fees	140,000	-	-	140,000	-	-	140,000
Sanitary Truck Waste Charges	20,000	-	-	20,000	-	-	20,000
Grease Receiving Charges	150,000	-	-	150,000	-	-	150,000
Biosolid Charges	100,000	-	-	100,000	-	-	100,000
Solid Waste Contract Fees	-	-	-	-	2,228,000	-	2,228,000
Recycling Charges	-	-	-	-	-	3,731,500	3,731,500
Landfill Fees - Measure D	-	-	-	-	-	370,000	370,000
Overhead Recovery	800,000	-	-	800,000	-	-	800,000
<b>Total Operating Revenues</b>	<b>\$ 25,038,300</b>	<b>\$ 5,697,000</b>	<b>\$ -</b>	<b>\$ 30,735,300</b>	<b>\$ 2,228,000</b>	<b>\$ 4,101,500</b>	<b>\$ 37,064,800</b>
<b>Non-Operating Revenues</b>							
Investment Income	\$ 15,000	\$ 4,000	\$ 70,000	\$ 89,000	\$ -	\$ -	\$ 89,000
Rents & Leases	66,500	-	-	66,500	-	-	66,500
Recovery of Uncollectible Accounts	-	-	-	-	30,000	-	30,000
Penalties & Miscellaneous Revenues	40,000	-	-	40,000	-	5,000	45,000
<b>Total Non-Operating Revenues</b>	<b>\$ 121,500</b>	<b>\$ 4,000</b>	<b>\$ 70,000</b>	<b>\$ 195,500</b>	<b>\$ 30,000</b>	<b>\$ 5,000</b>	<b>\$ 230,500</b>
<b>Total Revenues</b>	<b>\$ 25,159,800</b>	<b>\$ 5,701,000</b>	<b>\$ 70,000</b>	<b>\$ 30,930,800</b>	<b>\$ 2,258,000</b>	<b>\$ 4,106,500</b>	<b>\$ 37,295,300</b>
<b>Operating Expenses</b>							
Sewage Collections	\$ 3,134,000	\$ 1,752,000	\$ -	\$ 4,886,000	\$ -	\$ -	\$ 4,886,000
Sewage Treatment Operations	8,961,900	2,307,000	-	11,268,900	-	-	11,268,900
Sewage Treatment Maintenance	3,881,900	363,000	-	4,244,900	-	-	4,244,900
Engineering	1,142,300	10,000	-	1,152,300	-	-	1,152,300
Administration	2,944,600	242,000	-	3,186,600	-	-	3,186,600
Effluent Disposal - EBDA	1,057,500	166,500	-	1,224,000	-	-	1,224,000
Depreciation	4,794,400	-	-	4,794,400	-	430,600	5,225,000
Decrease in Carrying Value of EBDA	200,000	-	-	200,000	-	-	200,000
Solid Waste	-	-	-	-	951,800	-	951,800
Recycling	-	-	-	-	-	3,452,600	3,452,600
<b>Total Operating Expenses</b>	<b>\$ 26,116,600</b>	<b>\$ 4,840,500</b>	<b>\$ -</b>	<b>\$ 30,957,100</b>	<b>\$ 951,800</b>	<b>\$ 3,883,200</b>	<b>\$ 35,792,100</b>
<b>Non-Operating Expenses</b>							
Write-Offs of Uncollectible Accounts	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ 3,000	\$ -	\$ 13,000
Bond Interest Expense	398,000	-	-	398,000	-	-	398,000
Contingency	300,000	-	-	300,000	30,000	10,000	340,000
<b>Total Non-Operating Expenses</b>	<b>\$ 708,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 708,000</b>	<b>\$ 33,000</b>	<b>\$ 10,000</b>	<b>\$ 751,000</b>
<b>Total Expenses</b>	<b>\$ 26,824,600</b>	<b>\$ 4,840,500</b>	<b>\$ -</b>	<b>\$ 31,665,100</b>	<b>\$ 984,800</b>	<b>\$ 3,893,200</b>	<b>\$ 36,543,100</b>
<b>Income Before Contributions</b>	<b>\$ (1,664,800)</b>	<b>\$ 860,500</b>	<b>\$ 70,000</b>	<b>\$ (734,300)</b>	<b>\$ 1,273,200</b>	<b>\$ 213,300</b>	<b>\$ 752,200</b>
Connection Fees	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ 200,000
Capital Grants	-	-	137,700	137,700	-	-	137,700
<b>Change in Net Position</b>	<b>\$ (1,664,800)</b>	<b>\$ 860,500</b>	<b>\$ 407,700</b>	<b>\$ (396,600)</b>	<b>\$ 1,273,200</b>	<b>\$ 213,300</b>	<b>\$ 1,089,900</b>

\* Amounts shown in this column represent revenues within the operating budget assigned to Capital Improvement Program (CIP).

# Operating Budget: Sewer Services O&M

## Sewer Services Operations & Maintenance (O&M) Budgeted Revenues & Expenses

	2022-23	2023-24	Budget Change		2024-25	Budget Change	
	Budget	Budget	Over Prior Year		Budget	Over Prior Year	
Operating Revenues							
District Service Charges	\$ 14,282,800	\$ 16,400,000	\$ 2,117,200	15%	\$ 19,386,300	\$ 2,986,300	18%
Refunds - District Service Charges	(100,000)	(100,000)	-	0%	(100,000)	-	0%
Agency Treatment Charges	3,415,200	4,325,000	909,800	27%	4,542,000	217,000	5%
Permits & Inspection Fees	140,000	140,000	-	0%	140,000	-	0%
Sanitary Truck Waste Charges	20,000	20,000	-	0%	20,000	-	0%
Grease Receiving Charges	120,000	150,000	30,000	25%	150,000	-	0%
Biosolids Charges	200,000	100,000	(100,000)	-50%	100,000	-	0%
Overhead Recovery	750,000	775,000	25,000	3%	800,000	25,000	3%
Total Operating Revenues	\$ 18,828,000	\$ 21,810,000	\$ 2,982,000	16%	\$ 25,038,300	\$ 3,228,300	15%
Non-Operating Revenues							
Investment Income	\$ 22,700	\$ 15,000	\$ (7,700)	-34%	\$ 15,000	\$ -	0%
Rents & Leases	90,000	66,500	(23,500)	-26%	66,500	-	0%
Penalties & Miscellaneous Revenues	40,000	40,000	-	0%	40,000	-	0%
Total Non-Operating Revenues	\$ 152,700	\$ 121,500	\$ (31,200)	-20%	\$ 121,500	-	0%
Total Sewer O&M Revenues	\$ 18,980,700	\$ 21,931,500	\$ 2,950,800	16%	\$ 25,159,800	\$ 3,228,300	15%
Operating Expenses							
Sewage Collections	\$ 2,504,600	\$ 2,939,400	\$ 434,800	17%	\$ 3,134,000	\$ 194,600	7%
Sewage Treatment Operations	6,126,300	8,297,200	2,170,900	35%	8,961,900	664,700	8%
Sewage Treatment Maintenance	3,412,400	3,964,500	552,100	16%	3,881,900	(82,600)	-2%
Engineering	1,048,000	1,076,400	28,400	3%	1,142,300	65,900	6%
Administration	2,722,800	2,643,900	(78,900)	-3%	2,944,600	300,700	11%
Effluent Disposal - EBDA	950,000	1,007,000	57,000	6%	1,057,500	50,500	5%
Depreciation	3,951,900	4,269,400	317,500	8%	4,794,400	525,000	12%
Decrease in Carrying Value of EBDA	200,000	200,000	-	0%	200,000	-	0%
Total Operating Expenses	\$ 20,916,000	\$ 24,397,800	\$ 3,481,800	17%	\$ 26,116,600	\$ 1,718,800	7%
Non-Operating Expenses							
Write-Offs of Uncollectible Accounts	\$ 10,000	\$ 10,000	\$ -	0%	\$ 10,000	\$ -	0%
Bond Interest Expense	420,700	412,000	(8,700)	-2%	398,000	(14,000)	-3%
Contingency	300,000	300,000	-	0%	300,000	-	0%
Total Non-Operating Expenses	\$ 730,700	\$ 722,000	\$ (8,700)	-1%	\$ 708,000	\$ (14,000)	-2%
Total Sewer O&M Expenses	\$ 21,646,700	\$ 25,119,800	\$ 3,473,100	16%	\$ 26,824,600	\$ 1,704,800	7%
Sewer O&M Revenues Over Expenses	\$ (2,666,000)	\$ (3,188,300)	\$ (522,300)	-20%	\$ (1,664,800)	\$ 1,523,500	48%

# Operating Budget: Sewer Services O&M

## Sewer Services Operations & Maintenance (O&M) Budgeted Expenses by Account

	2022-23 Budget	2023-24 Budget	Budget Change Over Prior Year		2024-25 Budget	Budget Change Over Prior Year	
Salaries	\$ 5,509,100	\$ 6,157,800	\$ 648,700	12%	\$ 6,293,500	\$ 135,700	2%
Salaries - Overtime	41,600	99,100	57,500	138%	104,000	4,900	5%
Salaries - Shift Diff/Traffic Exposure	67,700	104,500	36,800	54%	106,000	1,500	1%
Salaries - Standby/Emergency Response	41,400	49,300	7,900	19%	52,800	3,500	7%
Directors' Fees	89,100	89,100	-	0%	89,100	-	0%
Employee Benefits	4,378,600	4,566,300	187,700	4%	4,641,100	74,800	2%
Directors' Benefits	165,000	173,000	8,000	5%	187,000	14,000	8%
Election Expenses	300,000	-	(300,000)	-100%	350,000	350,000	100%
Gas & Oil	98,100	131,500	33,400	34%	138,300	6,800	5%
Insurance & Risk Management	824,600	909,600	85,000	10%	1,036,900	127,300	14%
Office & Meeting Expenses	71,700	77,900	6,200	9%	81,900	4,000	5%
Bank Fees	2,500	2,500	-	0%	2,700	200	8%
Operating Supplies	653,200	450,000	(203,200)	-31%	505,100	55,100	12%
Chemical Supplies	-	1,200,000	1,200,000	100%	1,380,000	180,000	15%
Belt Press Supplies	139,100	120,000	(19,100)	-14%	126,000	6,000	5%
Safety Supplies	35,700	46,200	10,500	29%	47,900	1,700	4%
Lift Station Supplies	10,800	15,000	4,200	39%	15,800	800	5%
Contractual Services	704,600	944,400	239,800	34%	1,003,200	58,800	6%
Contractual Services - Dept. Support	241,700	268,200	26,500	11%	233,200	(35,000)	-13%
Contractual Services - Sludge	360,500	600,000	239,500	66%	630,000	30,000	5%
Contractual Services - Pretreatment	5,000	50,000	45,000	900%	52,500	2,500	5%
Contractual Services - Tax Roll	97,900	124,000	26,100	27%	114,500	(9,500)	-8%
Professional Services	224,000	243,000	19,000	8%	255,300	12,300	5%
Memberships & Publications	71,800	85,600	13,800	19%	89,900	4,300	5%
Newsletter & Public Outreach	105,000	105,000	-	0%	110,300	5,300	5%
Rents & Leases	31,200	73,000	41,800	134%	74,500	1,500	2%
Repairs & Maintenance	344,400	364,600	20,200	6%	383,000	18,400	5%
Repairs & Maintenance - Waukeshas	154,500	188,700	34,200	22%	198,200	9,500	5%
Repairs & Maintenance - Lift Stations	54,100	55,000	900	2%	57,800	2,800	5%
Research & Monitoring	163,200	230,000	66,800	41%	241,600	11,600	5%
Travel & Training	91,000	112,500	21,500	24%	116,300	3,800	3%
Travel & Training - Directors	30,000	30,000	-	0%	30,000	-	0%
Recognition Program	32,000	55,600	23,600	74%	56,200	600	1%
Utilities	468,800	890,000	421,200	90%	934,600	44,600	5%
Utilities - Lift Stations	72,300	110,000	37,700	52%	115,500	5,500	5%
Utilities - Solar Power	133,900	200,000	66,100	49%	210,000	10,000	5%
Write-Off of Uncollectible Accounts	10,000	10,000	-	0%	10,000	-	0%
Effluent Disposal - EBDA	850,000	907,000	57,000	7%	957,500	50,500	6%
EBDA Reimbursable Expenses	100,000	100,000	-	0%	100,000	-	0%
Depreciation	3,951,900	4,269,400	317,500	8%	4,794,400	525,000	12%
Decrease in Carrying Value of EBDA	200,000	200,000	-	0%	200,000	-	0%
Bond Interest Expense	420,700	412,000	(8,700)	-2%	398,000	(14,000)	-3%
Contingency	300,000	300,000	-	0%	300,000	-	0%
<b>Total Sewer O&amp;M Expenses</b>	<b>\$ 21,646,700</b>	<b>\$ 25,119,800</b>	<b>\$ 3,473,100</b>	<b>16%</b>	<b>\$ 26,824,600</b>	<b>\$ 1,704,800</b>	<b>7%</b>



# Operating Budget: Sewer Services O&M

## Sewer Services Operations & Maintenance (O&M) Budgeted Expenses by Department FY 2023-24

	Collections	Operations	Maintenance	Engineering	Administration	Non-Departmental	Total
Salaries	\$ 1,227,500	\$ 2,372,100	\$ 1,569,500	\$ 313,700	\$ 675,000	\$ -	\$ 6,157,800
Salaries - Overtime	11,500	70,000	11,100	5,300	1,200	-	99,100
Salaries - Shift Diff/Traffic Exposure	30,000	68,000	500	6,000	-	-	104,500
Salaries - Standby/Emergency Response	42,300	3,000	4,000	-	-	-	49,300
Directors' Fees	-	-	-	-	89,100	-	89,100
Employee Benefits	898,800	1,357,000	997,000	429,000	884,500	-	4,566,300
Directors' Benefits	-	-	-	-	173,000	-	173,000
Election Expenses	-	-	-	-	-	-	-
Gas & Oil	57,000	35,000	35,000	3,800	700	-	131,500
Insurance & Risk Management	256,000	380,300	159,200	48,400	65,700	-	909,600
Office & Meeting Expenses	6,000	5,000	5,900	11,000	50,000	-	77,900
Bank Fees	-	-	-	-	2,500	-	2,500
Operating Supplies	45,000	325,000	80,000	-	-	-	450,000
Chemical Supplies	-	1,200,000	-	-	-	-	1,200,000
Belt Press Supplies	-	120,000	-	-	-	-	120,000
Safety Supplies	12,500	11,700	20,000	1,000	1,000	-	46,200
Lift Station Supplies	15,000	-	-	-	-	-	15,000
Contractual Services	65,000	331,000	381,600	66,800	100,000	-	944,400
Contractual Services - Dept. Support	-	83,200	30,000	120,000	35,000	-	268,200
Contractual Services - Sludge	-	600,000	-	-	-	-	600,000
Contractual Services - Pretreatment	-	50,000	-	-	-	-	50,000
Contractual Services - Tax Roll	-	-	-	-	124,000	-	124,000
Professional Services	5,000	42,400	10,600	15,000	170,000	-	243,000
Memberships & Publications	3,500	12,100	8,000	12,000	50,000	-	85,600
Newsletter & Public Outreach	-	-	-	-	105,000	-	105,000
Rents & Leases	-	45,000	25,000	-	3,000	-	73,000
Repairs & Maintenance	-	6,000	349,400	5,000	4,200	-	364,600
Repairs & Maintenance - Waukeshas	-	-	188,700	-	-	-	188,700
Repairs & Maintenance - Lift Stations	55,000	-	-	-	-	-	55,000
Research & Monitoring	25,000	200,000	5,000	-	-	-	230,000
Travel & Training	20,000	25,000	30,000	12,500	25,000	-	112,500
Travel & Training - Directors	-	-	-	-	30,000	-	30,000
Recognition Program	4,300	5,400	4,000	1,900	40,000	-	55,600
Utilities	50,000	750,000	50,000	25,000	15,000	-	890,000
Utilities - Lift Stations	110,000	-	-	-	-	-	110,000
Utilities - Solar Power	-	200,000	-	-	-	-	200,000
Write-Offs of Uncollectible Accounts	-	-	-	-	-	10,000	10,000
Effluent Disposal - EBDA	-	-	-	-	-	907,000	907,000
EBDA Reimbursable Expenses	-	-	-	-	-	100,000	100,000
Depreciation	-	-	-	-	-	4,269,400	4,269,400
Decrease in Carrying Value of EBDA	-	-	-	-	-	200,000	200,000
Bond Interest Expense	-	-	-	-	-	412,000	412,000
Contingency	-	-	-	-	-	300,000	300,000
<b>Total Sewer O&amp;M Expenses</b>	<b>\$ 2,939,400</b>	<b>\$ 8,297,200</b>	<b>\$ 3,964,500</b>	<b>\$ 1,076,400</b>	<b>\$ 2,643,900</b>	<b>\$ 6,198,400</b>	<b>\$ 25,119,800</b>



# Operating Budget: Sewer Services O&M

## Sewer Services Operations & Maintenance (O&M) Budgeted Expenses by Department FY 2024-25

	Collections	Operations	Maintenance	Engineering	Administration	Non- Departmental	Total
Salaries	\$ 1,288,700	\$ 2,504,200	\$ 1,491,600	\$ 329,000	\$ 680,000	\$ -	\$ 6,293,500
Salaries - Overtime	12,000	73,500	11,700	5,500	1,300	-	104,000
Salaries - Shift Diff/Traffic Exposure	31,500	68,000	500	6,000	-	-	106,000
Salaries - Standby/Emergency Response	45,800	3,000	4,000	-	-	-	52,800
Directors' Fees	-	-	-	-	89,100	-	89,100
Employee Benefits	968,600	1,471,500	909,500	465,500	826,000	-	4,641,100
Directors' Benefits	-	-	-	-	187,000	-	187,000
Election Expenses	-	-	-	-	350,000	-	350,000
Gas & Oil	59,900	36,800	36,800	4,000	800	-	138,300
Insurance & Risk Management	291,900	433,500	181,400	55,200	74,900	-	1,036,900
Office & Meeting Expenses	6,300	5,300	6,200	11,600	52,500	-	81,900
Bank Fees	-	-	-	-	2,700	-	2,700
Operating Supplies	47,300	373,800	84,000	-	-	-	505,100
Chemical Supplies	-	1,380,000	-	-	-	-	1,380,000
Belt Press Supplies	-	126,000	-	-	-	-	126,000
Safety Supplies	12,500	12,300	21,000	1,100	1,000	-	47,900
Lift Station Supplies	15,800	-	-	-	-	-	15,800
Contractual Services	68,300	359,000	400,700	70,200	105,000	-	1,003,200
Contractual Services - Dept. Support	-	83,200	30,000	120,000	-	-	233,200
Contractual Services - Sludge	-	630,000	-	-	-	-	630,000
Contractual Services - Pretreatment	-	52,500	-	-	-	-	52,500
Contractual Services - Tax Roll	-	-	-	-	114,500	-	114,500
Professional Services	5,300	44,500	11,200	15,800	178,500	-	255,300
Memberships & Publications	3,700	12,700	8,400	12,600	52,500	-	89,900
Newsletter & Public Outreach	-	-	-	-	110,300	-	110,300
Rents & Leases	-	45,000	26,300	-	3,200	-	74,500
Repairs & Maintenance	-	6,300	366,900	5,300	4,500	-	383,000
Repairs & Maintenance - Waukeshas	-	-	198,200	-	-	-	198,200
Repairs & Maintenance - Lift Stations	57,800	-	-	-	-	-	57,800
Research & Monitoring	26,300	210,000	5,300	-	-	-	241,600
Travel & Training	21,000	26,300	31,500	12,500	25,000	-	116,300
Travel & Training - Directors	-	-	-	-	30,000	-	30,000
Recognition Program	3,300	7,000	4,200	1,700	40,000	-	56,200
Utilities	52,500	787,500	52,500	26,300	15,800	-	934,600
Utilities - Lift Stations	115,500	-	-	-	-	-	115,500
Utilities - Solar Power	-	210,000	-	-	-	-	210,000
Write-Offs of Uncollectible Accts	-	-	-	-	-	10,000	10,000
Effluent Disposal - EBDA	-	-	-	-	-	957,500	957,500
EBDA Reimbursable Expenses	-	-	-	-	-	100,000	100,000
Depreciation	-	-	-	-	-	4,794,400	4,794,400
Decrease in Carrying Value of EBDA	-	-	-	-	-	200,000	200,000
Bond Interest Expense	-	-	-	-	-	398,000	398,000
Contingency	-	-	-	-	-	300,000	300,000
<b>Total Sewer O&amp;M Expenses</b>	<b>\$ 3,134,000</b>	<b>\$ 8,961,900</b>	<b>\$ 3,881,900</b>	<b>\$ 1,142,300</b>	<b>\$ 2,944,600</b>	<b>\$ 6,759,900</b>	<b>\$ 26,824,600</b>

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Budgeted Revenues & Expenses

		2023-24 Budget	2024-25 Budget
<b>Revenues</b>			
	District Service Charges	\$ 5,000,000	\$ 5,000,000
	Agency Treatment Charges - CVSD	482,000	697,000
	Investment Income	10,000	4,000
	<b>Total R&amp;R Revenues</b>	<b>\$ 5,492,000</b>	<b>\$ 5,701,000</b>
<b>Project #</b>	<b>Expenses</b>		
<b>Collections</b>			
104.00	Lift Stations - Asset Management	\$ 32,000	\$ 33,000
100.00	Lift Stations - General & Recurring Maintenance	84,000	87,000
141.00	Collection System Asset Repair / Maintenance	1,299,000	1,350,000
155.00	Collection System Equipment Repair & Maintenance	63,000	65,000
144.10	Collection System GIS Updates & Asset Management Plan	26,000	27,000
144.00	Collection System Source Detection & Hydraulic Model Updates	11,000	11,000
151.10	Easement Clearing & Road Maintenance	52,000	54,000
126.00	Maintenance Hole Adjustments	104,000	108,000
900.91	Critical Renewal & Replacements - Collections	16,000	17,000
	<b>Total Collections</b>	<b>\$ 1,687,000</b>	<b>\$ 1,752,000</b>
<b>Treatment Plant</b>			
226.05	Belt Filter Press Bearings & Miscellaneous Parts	\$ 156,000	\$ 162,000
226.03	Belt Filter Press Conveyor Parts	52,000	54,000
217.00	Blower Repairs & Maintenance	104,000	-
289.00	Concrete Assessment & Rehabilitation	156,000	-
312.00	Flare Repairs	-	27,000
264.04	Fuel Tank Coatings Rehabilitation	-	27,000
305.00	Gate & Valve Replacements	26,000	27,000
213.13	Grant Funding Assistance	200,000	-
313.00	Grease System Rehabilitation & Pump Maintenance	42,000	44,000
202.00	O&M Manuals and Computer-Based Training Updates	37,000	38,000
213.16	Plant Beautification Study	42,000	-
301.00	Plant Security Upgrades	26,000	27,000
213.00	Pre-Design Studies & Testing	52,000	54,000
241.01	Primary Clarifier Rehabilitation (Paint/Add Anodes)	-	1,890,000
242.00	Process Instrumentation Replacement	-	38,000
287.00	Pond Road North Slope to Drain to Ponds	364,000	-
	<b>Recurring Maintenance:</b>		
395.06	▪ Landscaping & Grounds	47,000	27,000
395.01	▪ Painting & Coating	156,000	-
395.07	▪ Roadway & Berm Maintenance	104,000	108,000
395.02	▪ Roof Maintenance	26,000	27,000
239.00	Safety Improvements	32,000	33,000
213.11	Sea Level Rise Response Planning Study	104,000	-
204.00	Treatment Plant GIS Updates & Asset Management Plan	11,000	11,000
900.93	Critical Renewal & Replacements - Treatment Plant	73,000	76,000
	<b>Total Treatment Plant</b>	<b>\$ 1,810,000</b>	<b>\$ 2,670,000</b>
<b>Engineering &amp; Administration</b>			
524.00	Fiscal Agent Fees	\$ 7,000	\$ 7,000
595.45	IT & Network Upgrades - District-wide	40,000	40,000
535.00	Open House	80,000	80,000
526.00	Sewer Service Rate Study	-	85,000
900.90	Critical Renewal & Replacements - Engineering	10,000	10,000
900.95	Critical Renewal & Replacements - Administration	30,000	30,000
	<b>Total Engineering &amp; Administration</b>	<b>\$ 167,000</b>	<b>\$ 252,000</b>
<b>Sewage Disposal - EBDA</b>			
626.00	EBDA Replacement Assessment	\$ 166,500	\$ 166,500
	<b>Total R&amp;R Expenses</b>	<b>\$ 3,830,500</b>	<b>\$ 4,840,500</b>
	<b>R&amp;R Revenues Over Expenses</b>	<b>\$ 1,661,500</b>	<b>\$ 860,500</b>

Agency Treatment Charges - CVSD <sup>(1)</sup>			
	2023-24		2024-25
Collections			
-	\$	-	\$ -
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
-		-	-
	\$	-	\$ -
Treatment Plant			
25%	\$	39,000	\$ 40,500
25%		13,000	13,500
25%		26,000	-
25%		39,000	-
25%		-	6,750
25%		-	6,750
25%		6,500	6,750
25%		50,000	-
25%		10,500	11,000
25%		9,250	9,500
25%		10,500	-
25%		6,500	6,750
25%		13,000	13,500
25%		-	472,500
25%		-	9,500
25%		91,000	-
25%		11,750	6,750
25%		39,000	-
25%		26,000	27,000
25%		6,500	6,750
25%		8,000	8,250
25%		26,000	-
25%		2,750	2,750
25%		18,250	19,000
	\$	452,500	\$ 667,500
Engineering & Administration			
-	\$	-	\$ -
19%		7,600	7,600
19%		15,200	15,200
-		-	-
12.5%		1,250	1,250
18%		5,400	5,400
	\$	29,450	\$ 29,450
Sewage Disposal - EBDA			
-	\$	-	\$ -
	\$	481,950	\$ 696,950

(1) Treatment plant projects are billed to CVSD at the actual flow rate, Administration related items are billed at 18%, Engineering related items are billed at 12.5%. District-wide projects are billed at 19%.

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Project Descriptions

### Collections

	FY 2023-24	FY 2024-25
<b>Lift Stations - Asset Management</b> Preparing and maintaining individual assets and an asset inventory at lift stations including the asset's condition, life expectancy, and projected costs over the life of the asset.	\$32,000	\$33,000
<b>Lift Stations - General &amp; Recurring Maintenance</b> For general repairs at the lift stations. Funds will be transferred to the appropriate lift station account upon use. Provides for electrical rehabilitation, painting, paving and roof maintenance, and landscaping and grounds.	\$84,000	\$87,000
<b>Collection System Asset Repair / Maintenance</b> Collection system asset repairs include: <ul style="list-style-type: none"> <li>• Point Repairs: Repairs of sections of pipes under 25 feet in length.</li> <li>• Line Repairs: Repairs of sections of pipes greater than 25 feet in length.</li> <li>• Major Structures Repairs: Inspection and repair of the assets listed in the major structures inventory, which includes all freeway crossings, earthquake fault crossings, and trunk sewer junction structures.</li> <li>• Maintenance Hole Raising: Maintenance hole rings and covers must be raised in streets that are overlaid with new pavement to ensure public safety and limit claims due to damaged vehicles.</li> </ul>	\$1,299,000	\$1,350,000
<b>Collection System Equipment Repair &amp; Maintenance</b> For the maintenance of the existing collections equipment including cameras and hydro equipment.	\$63,000	\$65,000
<b>Collection System GIS Updates &amp; Asset Management Plan</b> The geographic information system (GIS) is the District's collection system mapping program. It also serves as the basis for the hydraulic model and provides access to the closed-circuit television (CCTV) data. The GIS will require regular maintenance to maintain the data.	\$26,000	\$27,000
<b>Collection System Source Detection &amp; Hydraulic Model Updates</b> For update and analysis of the hydraulic model as needed.	\$11,000	\$11,000
<b>Easement Clearing &amp; Road Maintenance</b> For the clearing of brush and road maintenance on easement roads utilized by the Collections crews during routine CCTV and hydro cleaning of the system.	\$52,000	\$54,000

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Project Descriptions

### Collections

	FY 2023-24	FY 2024-25
<b>Maintenance Hole Adjustments</b>	\$104,000	\$108,000
Every year the Cities of San Leandro and Hayward and the County of Alameda repave streets. This work requires that the District, at its expense, raise and lower maintenance hole castings.		
<b>Critical Renewal &amp; Replacements - Collections</b>	\$16,000	\$17,000
For unanticipated renewal & replacement items utilized by the Collections department.		
<b>Total Collections</b>	<b>\$1,687,000</b>	<b>\$1,752,000</b>

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Project Descriptions

### Treatment Plant

	FY 2023-24	FY 2024-25
<b>Belt Filter Press Bearings &amp; Miscellaneous Parts</b> For replacement of bearings and miscellaneous parts on each belt filter press due to wear.	\$156,000	\$162,000
<b>Belt Filter Press Conveyor Parts</b> To purchase spare parts for an immediate overhaul of the belt filter press conveyor when necessary to reduce downtime. The strategy is to extend the conveyor's life until a new unit is installed at the digesters.	\$52,000	\$54,000
<b>Blower Repairs &amp; Maintenance</b> For replacement of wear items on the aeration system blowers.	\$104,000	\$0
<b>Concrete Assessment &amp; Rehabilitation</b> For ongoing rehabilitation and repair of concrete cracks throughout the treatment plant.	\$156,000	\$0
<b>Flare Repairs</b> For maintenance of the flares to keep them operational.	\$0	\$27,000
<b>Fuel Tank Coatings Rehabilitation</b> For the ongoing rehabilitation of the coatings on the fuel tanks.	\$0	\$27,000
<b>Gate &amp; Valve Replacements</b> For ongoing replacement of gate and other miscellaneous valves as they reach the end of their useful lives.	\$26,000	\$27,000
<b>Grant Funding Assistance</b> For the procurement of grants and other available funding sources.	\$200,000	\$0
<b>Grease System Rehabilitation and Pump Maintenance</b> For replacement of worn pumps and other miscellaneous maintenance.	\$42,000	\$44,000
<b>O&amp;M Manuals and Computer-Based Training Updates</b> For ongoing updates to keep the computer-based training modules maintained as processes change.	\$37,000	\$38,000
<b>Plant Beautification Study</b> For an evaluation study on how to manage the landscaping and other areas within the plant for aesthetics.	\$42,000	\$0
<b>Plant Security Upgrades</b> For ongoing maintenance of existing gate controls, cameras, and plant access.	\$26,000	\$27,000

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Project Descriptions

### Treatment Plant

	FY 2023-24	FY 2024-25
<b>Pre-Design Studies &amp; Testing</b> To evaluate new processes or technologies.	\$52,000	\$54,000
<b>Primary Clarifier Rehabilitation (Paint/Add Anodes)</b> For the rehabilitation of primary clarifiers. This work will include the troughs, launder mechanisms, repairs to the floor, painting, gasket replacement, and the installation of anodes.	\$0	\$1,890,000
<b>Process Instrumentation Replacement</b> For ongoing maintenance fund for instrumentation and electrical components throughout the treatment plant.	\$0	\$38,000
<b>Pond Road North Slope to Drain to Ponds</b> For the ongoing maintenance and drainage of the pond roads.	\$364,000	\$0
<b>Recurring Maintenance</b>		
Landscaping & Grounds	\$47,000	\$27,000
Painting & Coating	\$156,000	\$0
Roadway & Berm Maintenance	\$104,000	\$108,000
Roof Maintenance	\$26,000	\$27,000
<b>Safety Improvements</b> For unforeseen safety related projects.	\$32,000	\$33,000
<b>Sea Level Rise Response Planning Study</b> For the study of the impacts to the plant related to future sea level rise.	\$104,000	\$0
<b>Treatment Plant GIS Updates &amp; Asset Management Plan</b> The geographic information system (GIS) is a mapping program that organizes information based on its location. This work will incorporate assets of the treatment plant into the program.	\$11,000	\$11,000
<b>Critical Renewal &amp; Replacements - Treatment Plant</b> For unanticipated renewal & replacement items within the treatment plant.	\$73,000	\$76,000
<b>Total Treatment Plant</b>	<b>\$1,810,000</b>	<b>\$2,670,000</b>

# Operating Budget: Sewer Services R&R

## Sewer Services Renewal & Replacement (R&R) Project Descriptions

### Engineering, Administration & EBDA

	FY 2023-24	FY 2024-25
<b>Fiscal Agent Fees</b> For the District's investment custodial services.	\$7,000	\$7,000
<b>IT &amp; Network Upgrades - District-wide</b> For maintenance of the computer and information technology network.	\$40,000	\$40,000
<b>Open House</b> For the planning and execution of the annual open house/public outreach event.	\$80,000	\$80,000
<b>Sewer Service Rate Study</b> For work and services required to develop the District's annual sewer service rates.	\$0	\$85,000
<b>Critical Renewal &amp; Replacements - Engineering</b> For unanticipated renewal & replacement items utilized by the Engineering department.	\$10,000	\$10,000
<b>Critical Renewal &amp; Replacements - Administration</b> For unanticipated renewal & replacement items utilized by the Administration department.	\$30,000	\$30,000
<b>Total Engineering, Administration &amp; EBDA</b>	<b>\$167,000</b>	<b>\$252,000</b>
<b>EBDA Replacement Assessment</b> Annual Contribution to EBDA for renewal & replacement assessment.	\$166,500	\$166,500
<b>Total R&amp;R Expenses</b>	<b>\$3,830,500</b>	<b>\$4,840,500</b>



# Operating Budget: Solid Waste

## Solid Waste Budgeted Revenues & Expenses

	2022-23 Budget	2023-24 Budget	Budget Change Over Prior Year		2024-25 Budget	Budget Change Over Prior Year	
<b>Revenues</b>							
Solid Waste Contract fees	\$ 1,847,800	\$ 2,122,000	\$ 274,200	15%	\$ 2,228,000	\$ 106,000	5%
Investment income	2,000	-	(2,000)	-100%	-	-	0%
Recovery of Uncollectible Accounts	20,000	30,000	10,000	50%	30,000	-	0%
<b>Total Revenues</b>	<b>\$ 1,869,800</b>	<b>\$ 2,152,000</b>	<b>\$ 282,200</b>	<b>15%</b>	<b>\$ 2,258,000</b>	<b>\$ 106,000</b>	<b>5%</b>
<b>Expenses</b>							
Salaries	\$ 187,800	\$ 426,000	\$ 238,200	127%	\$ 432,000	\$ 6,000	1%
Salaries - Overtime	500	1,000	500	100%	1,000	-	0%
Directors' Fees	9,100	9,100	-	0%	9,100	-	0%
Overhead	227,000	479,700	252,700	111%	486,300	6,600	1%
Office & Meeting Expenses	3,000	3,000	-	0%	3,000	-	0%
Safety Supplies	500	500	-	0%	500	-	0%
Contractual Services	3,000	3,000	-	0%	3,200	200	7%
Professional Services	10,000	10,000	-	0%	10,500	500	5%
Memberships & Publications	1,000	3,000	2,000	200%	3,000	-	0%
Newsletter & Public Outreach	80,000	-	(80,000)	-100%	-	-	0%
Repairs & Maintenance	500	500	-	0%	500	-	0%
Travel & Training	-	-	-	0%	-	-	0%
Recognition Program	600	600	-	0%	600	-	0%
Utilities	800	2,000	1,200	150%	2,100	100	5%
Write-Offs of Uncollectible Accounts	3,000	3,000	-	0%	3,000	-	0%
Contingency	30,000	30,000	-	0%	30,000	-	0%
<b>Total Expenses</b>	<b>\$ 556,800</b>	<b>\$ 971,400</b>	<b>\$ 414,600</b>	<b>74%</b>	<b>\$ 984,800</b>	<b>\$ 13,400</b>	<b>1%</b>
<b>Solid Waste Revenues Over Expenses</b>	<b>\$ 1,313,000</b>	<b>\$ 1,180,600</b>	<b>\$ (132,400)</b>	<b>-10%</b>	<b>\$ 1,273,200</b>	<b>\$ 92,600</b>	<b>8%</b>

# Operating Budget: Recycling

## Recycling Budgeted Revenues & Expenses

	2022-23 Budget	2023-24 Budget	Budget Change Over Prior Year		2024-25 Budget	Budget Change Over Prior Year	
<b>Revenues</b>							
Recycling Charges - Residential	\$ 3,059,000	\$ 3,309,000	\$ 250,000	8%	\$ 3,559,000	\$ 250,000	8%
Recycling Charges - Commercial	150,000	167,500	17,500	12%	172,500	5,000	3%
Landfill Fees - Measure D	350,000	370,000	20,000	6%	370,000	-	0%
Investment Income	300	-	(300)	-100%	-	-	0%
Penalties & Miscellaneous Revenues	5,000	5,000	-	0%	5,000	-	0%
<b>Total Revenues</b>	<b>\$ 3,564,300</b>	<b>\$ 3,851,500</b>	<b>\$ 287,200</b>	<b>8%</b>	<b>\$ 4,106,500</b>	<b>\$ 255,000</b>	<b>7%</b>
<b>Expenses</b>							
Salaries	\$ 187,800	\$ -	\$ (187,800)	-100%	\$ -	\$ -	0%
Salaries - Overtime	500	-	(500)	-100%	-	-	0%
Overhead	216,500	-	(216,500)	-100%	-	-	0%
Office & Meeting Expenses	2,000	2,000	-	0%	2,100	100	5%
Contractual Services - WMAC	2,300,000	2,829,000	529,000	23%	2,970,500	141,500	5%
Contractual Services - Others	20,000	40,000	20,000	100%	27,000	(13,000)	-33%
Professional Services	40,000	82,000	42,000	105%	82,000	-	0%
Memberships & Publications	-	-	-	0%	-	-	0%
Newsletter & Public Outreach	160,000	325,000	165,000	103%	325,000	-	0%
Schools & Commercial Recycling Supplies	20,000	-	(20,000)	-100%	-	-	0%
Travel & Training	-	-	-	0%	-	-	0%
Write-Offs of Uncollectible Accounts	200	-	(200)	-100%	-	-	0%
San Leandro Measure D Expense	46,000	46,000	-	0%	46,000	-	0%
Depreciation	-	430,600	430,600	100%	430,600	-	0%
Contingency	10,000	10,000	-	0%	10,000	-	0%
<b>Total Expenses</b>	<b>\$ 3,003,000</b>	<b>\$ 3,764,600</b>	<b>\$ 761,600</b>	<b>25%</b>	<b>\$ 3,893,200</b>	<b>\$ 128,600</b>	<b>3%</b>
<b>Recycling Revenues Over Expenses</b>	<b>\$ 561,300</b>	<b>\$ 86,900</b>	<b>\$ (474,400)</b>	<b>-85%</b>	<b>\$ 213,300</b>	<b>\$ 126,400</b>	<b>145%</b>

## Collection System Asset Repair/Maintenance

Collection system asset repairs include point repairs, line repairs, major structures repairs and maintenance hole raising. The project is a significant component of the Operating budget. These pictures are an example of maintenance hole raising from start to finish. Maintenance hole rings and covers must be raised in streets that are overlaid with new pavement to ensure public safety and limit claims due to damaged vehicles.



# **Long-Range Plan & Capital Budget**

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# Long-Range Plan

The foundation of the District's long-range financial plan is based upon 2 critical documents – the 10-Year Strategic Plan and the 10-Year Renewal & Replacement (R&R) Capital Improvement Program (CIP) Plan. Long-range goals are set in the Strategic Plan and updated every 3 years. The R&R and CIP Plan maintains a schedule of projects in alignment with goals identified in the Strategic Plan. The goals are presented on pages 9 to 16 of this document.

Staff updates the R&R and CIP Plan monthly with information from asset management and project reprioritizations. The operating and capital financial plans are developed based on assumptions and factors such as emerging issues in District operation, regulatory mandates, changes in current technology, life expectancy of assets, etc.

The projected R&R and CIP cost is \$17.8 million per year for the next 5 years (Total 5-year R&R: \$22.5 million. Total 5-year CIP: \$66.6 million). The following section discusses strategic goals that have noteworthy financial impact on the operating and capital budgets, and provides summaries of the 10-year R&R and CIP Schedule.

## Strategic Goals & Impact on the Operating Budget - Renewal & Replacement (R&R)

- Build geographic information system (GIS) into a central reference source for all District assets and customer service issues.
- Maintain zero overflows due to capacity limitations.
- Achieve a balance between plant electrical consumption and production by 2030.
- Conduct treatment plant electrical load study and implement identified improvements prior to planned cogeneration system replacement in FY 2029-30.

The District will spend an average of \$44,500 per year (\$31,500 in Collections plus \$13,000 in the Treatment Plant) for the next 10 years to maintain the geographic information system (GIS) as a central reference source. This is an essential tool for Collections and Engineering staff in the field. The integrated program will also enhance customer service at the point of contact by enabling staff to look up pertinent property data associated with customer inquiries.

To maintain zero sewer overflows, the Collections crew routinely inspects and cleans sewer pipes to remove roots and debris. Pipes requiring immediate repairs are identified during the process. The 10-year plan provides for an average of \$1.5 million annually to perform these repairs and related work such as maintenance hole coating and rehabilitation, to ensure reliability in its sewer infrastructure.

The District continuously seeks to improve energy efficiency and process improvements while being aware of environmental and regulatory changes. Through projects such as Pre-Design Studies & Testing (\$52,000-\$54,000) and Sea Level Rise Response Planning Study (\$104,000), the District positions itself strategically in preparation of the future.

As part of the District's safety culture, the employee-led Safety Committee evaluates issues relating to work safety and ergonomics. The District is providing an average of \$37,700 per year in the next 10 years for ongoing safety improvements and modifications, making employees safer at work and free from injuries.

## Summary of the 10-Year Renewal & Replacement Schedule

Category	Fiscal Year (millions)									
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
Collections	1.69	1.75	2.04	1.89	1.97	2.04	2.12	2.20	2.29	2.38
Treatment Plant	1.81	2.67	2.61	3.19	1.09	1.12	1.21	1.63	1.32	1.18
Engineering & Administration	0.33	0.42	0.33	0.33	0.33	0.33	0.33	0.33	0.31	0.31
Total	3.83	4.84	4.98	5.41	3.39	3.49	3.66	4.16	3.92	3.87

## Strategic Goals & Impact on the Capital Budget - Capital Improvement Program (CIP)

- Replace a minimum of 40 miles of pipes between 2019 and 2029 (increase miles of HDPE from 32.7 to 72.7).
- Manage the sewer line replacement program to limit high-frequency footage at or below 27 miles of pipes (10% of the District's collection system). Use debt financing in the next 5 years to meet the strategic plan goals for the collection system.
- Build capital asset program funding into rate structure by 2029.
- In response to ongoing climate change trends, do no new harm. Build all new infrastructure above the 100-year sea level rise projections.
- By 2030, design and implement a new cogeneration system to provide 100% of District electricity to 2050.
- Be carbon-free for indirect green house gas emissions by 2040. Achieve a 50% reduction (compared to 2000 levels) in direct green-house gas emissions by 2040.
- Improve the condition of the collection system by approximately 3% per year for the next 10 years. Currently, 76 miles of pipes have a defect score of 3 or greater. The goal is to reduce this value to 57 miles by 2029.

The District continues to make renewal of its sewer system a top strategic priority. The budget includes \$18.0 million allocation for pipe replacement in the next 2 years. The accelerated work will be largely funded by State Revolving Funds and Federal WIFIA loans up to a total of \$49.5 million. These financing sources will help to achieve the long-range goal to replace a minimum of 40 miles of pipes by 2029 and to work progressively towards the goal of reducing pipes with a defect score of 3 or greater from 76 miles to 57 miles by 2029. The District expects that the new HDPE pipes will have 2 to 3 times the life of the pipe they are replacing. Because the new pipe is nearly joint-free, the replacement program will begin to reduce inflow and infiltration to the plant and prevent the maintenance and overflow risks from root intrusion. HDPE is also advantageous for the wide variability in precipitation expected with climate change. In cases of more frequent drought, the smooth and seamless pipe is expected to perform better than the existing vitrified clay material.

To reduce green-house gas emissions, the District developed a 10-year timeline to reduce its current fleet of vehicles by 20%, as well as to replace one-third of the remaining fleet with electric vehicles by 2030. The plan also includes construction of 4 charging stations by 2025. The installation cost for these stations are estimated to be \$165,000.

Under the current rate structure, revenues are not sufficient to fund the District's capital needs. In the past, the Board has elected to use reserves, connection fees, or savings over projected expenses to pay for CIP expenditures. Over the years, the District's cash balance has decreased from \$38.2 million in 2004 to \$16.1 million in June 2022. Furthermore, in FY 2021-22, the District spent \$6.5 million to procure new and compliant garbage and recycling carts in response to regulatory requirements of SB 1383. To rebuild and maintain sufficient cash reserves for future capital needs, the Board has reached consensus to implement rate increases of 15% per year beginning in FY 2024-25. A public hearing will be scheduled in early 2024.

## Summary of the 10-Year Capital Improvement Program Schedule

Category	Fiscal Year (millions)									
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33
Collections	10.82	7.75	8.15	4.03	4.22	4.05	4.60	7.08	7.36	7.65
Treatment Plant	3.61	9.04	9.54	8.64	0.49	14.75	7.59	3.33	0.47	0.37
Engineering & Administration	0.10	0.09	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
<b>Total</b>	<b>14.53</b>	<b>16.88</b>	<b>17.73</b>	<b>12.71</b>	<b>4.75</b>	<b>18.84</b>	<b>12.23</b>	<b>10.45</b>	<b>7.87</b>	<b>8.06</b>

# Capital Budget

## Capital Improvement Program (CIP) Budgeted Revenues & Expenditures

		2023-24 Budget	2024-25 Budget
<b>Revenues, Contributions &amp; Repayments</b>			
	Investment Income	\$ 80,000	\$ 70,000
	Capital Contributions - Connection Fees	200,000	200,000
	Capital Grants	688,500	137,700
	Capital Repayments - CVSD	916,300	2,276,600
	<b>Total CIP Revenues &amp; Contributions</b>	<b>\$ 1,884,800</b>	<b>\$ 2,684,300</b>
	• Denotes a significant non-recurring project		
<b>Project #</b>	<b>Expenditures</b>		
	<b>Collections</b>		
100.00	Lift Stations - General	\$ 52,000	\$ 54,000
107.00	Lift Stations - Rehabilitation	156,000	-
102.00	Lift Stations - Roof Replacements	156,000	-
100.01	• Lift Stations - Trojan Backup Generator Replacement	-	119,000
161.00	Collections CCTV Camera Replacement	47,000	-
146.XX	Sewer Collection System Pipeline Rehabilitation & Replacement	10,390,000	7,557,000
900.91	Critical Equipment - Collections	16,000	17,000
	<b>Total Collections</b>	<b>\$ 10,817,000</b>	<b>\$ 7,747,000</b>
	<b>Treatment Plant</b>		
223.00	• 78" Plant Influent Pipeline Lining	\$ 156,000	\$ 3,077,000
221.00	Aeration Basin Actuators	42,000	-
227.01	Chlorine Automation	78,000	-
299.00	Cogeneration Engine Overhaul	312,000	189,000
328.02	• Critical Electrical Distribution System Replacements	115,000	119,000
281.08	• Digesters No. 8 & No. 9	832,000	4,858,000
395.03	• Fencing for Parking Lot	390,000	-
264.03	• Fuel & Diesel Tank Replacements	323,000	-
228.01	Gravity Belt Thickener Roof Replacement	208,000	-
307.00	• Grit Detritor Rehabilitation	-	162,000
243.00	Hypochlorite Tank Replacement	63,000	-
201.00	Operations Training Project	78,000	81,000
295.00	Pond Drainage Pump Replacements	37,000	38,000
281.06	• Primary Sludge Line Reroute for Digesters No. 6 & No. 7	-	270,000
252.00	• Quonset Hut Storage Facility	104,000	-
319.00	SCADA Software & Server Upgrades	78,000	108,000
220.02	• Treatment Plant Fiberglass Grating Replacement	312,000	-
395.02	Treatment Plant Roof Replacements	260,000	-
321.00	Truck Wash Drainage Pump	84,000	-
316.00	Vehicle Replacements	63,000	65,000
900.93	Critical Equipment - Treatment Plant	73,000	76,000
	<b>Total Treatment Plant</b>	<b>\$ 3,608,000</b>	<b>\$ 9,043,000</b>
	<b>Engineering &amp; Administration</b>		
595.06	Administrative Buildings Bathroom Updates	\$ -	\$ 50,000
595.45	IT & Network Upgrades - District-wide	20,000	20,000
900.90	Critical Equipment - Engineering	70,000	10,000
900.95	Critical Equipment - Administration	10,000	10,000
	<b>Total Engineering &amp; Administration</b>	<b>\$ 100,000</b>	<b>\$ 90,000</b>
	<b>Total CIP Expenditures</b>	<b>\$ 14,525,000</b>	<b>\$ 16,880,000</b>
	<b>CIP Revenues Over Expenditures</b>	<b>\$ (12,640,200)</b>	<b>\$ (14,195,700)</b>

<b>Capital Repayments - CVSD <sup>(1)</sup></b>			
	2023-24	2024-25	
<b>Collections</b>			
-	\$ -	\$ -	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	\$ -	\$ -	-
<b>Treatment Plant</b>			
25%	\$ 39,000	\$ 769,250	
25%	10,500	-	
25%	19,500	-	
25%	78,000	47,250	
25%	28,750	29,750	
25%	208,000	1,214,500	
25%	97,500	-	
25%	80,750	-	
25%	52,000	-	
25%	-	40,500	
25%	15,750	-	
25%	19,500	20,250	
25%	9,250	9,500	
25%	-	67,500	
25%	26,000	-	
25%	19,500	27,000	
25%	78,000	-	
25%	65,000	-	
25%	21,000	-	
25%	15,750	16,250	
25%	18,250	19,000	
	\$ 902,000	\$ 2,260,750	
<b>Engineering &amp; Administration</b>			
18%	\$ -	\$ 9,000	
19%	3,800	3,800	
12.5%	8,750	1,250	
18%	1,800	1,800	
	\$ 14,350	\$ 15,850	
	\$ 916,350	\$ 2,276,600	

(1) Treatment plant projects are billed to CVSD at the actual flow rate, Administration related items are billed at 18%, Engineering related items are billed at 12.5%. District-wide projects are billed at 19%.



# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions (All Projects)

### Collections

	FY 2023-24	FY 2024-25
<b>Lift Stations - General</b>	\$52,000	\$54,000
For miscellaneous capital improvements at the lift stations.		
<b>Lift Stations - Rehabilitation</b>	\$156,000	\$0
For rehabilitation of various lift stations to ensure reliability. Work includes wet well coatings, hatch replacements, piping and valve replacements, electrical panel replacements, as well as improvements for accessibility and safety.		
<b>Lift Stations – Roof Replacements</b>	\$156,000	\$0
For evaluation and replacement of the lift station roofs.		
<b>Lift Stations – Trojan Backup Generator Replacement</b>	\$0	\$119,000
For the replacement of the Trojan Lift Station backup generator. The current generator operates on natural gas and is only able to provide 75% of the lift station's power demand during an outage. The replacement generator will be on diesel fuel and will supply 100% of the power demand to meet all of the District's current standards.		
<b>Collections CCTV Camera Replacement</b>	\$47,000	\$0
For the replacement of the CCTV camera as it reaches the end of its useful life.		
<b>Sewer Collection System Pipeline Rehabilitation &amp; Replacement</b>	\$10,390,000	\$7,557,000
For the rehabilitation of pipelines identified through the closed-circuit television (CCTV) inspection based upon their structural condition and maintenance history. This work will resolve chronic maintenance and structural issues identified within the existing collection system. The proposed pace was established to align with the District's 10-Year Strategic Plan of replacing 40 miles of collection system pipe by 2029. It is partly financed with \$49.5 million in SRF and WIFIA funding.		
<b>Critical Equipment - Collections</b>	\$16,000	\$17,000
For unanticipated equipment needs of the Collections department.		
<b>Total Collections</b>	<b>\$10,817,000</b>	<b>\$7,747,000</b>

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions (All Projects)

### Treatment Plant

	FY 2023-24	FY 2024-25
<b>78" Plant Influent Pipeline Lining</b> For the lining of the 78" influent pipeline within the treatment plant. The pipeline was inspected in FY 2021-22 and was found to be in need of coating or lining.	\$156,000	\$3,077,000
<b>Aeration Basin Actuators</b> For the replacement of existing actuators for the aeration basin blower pipe zone valves.	\$42,000	\$0
<b>Chlorine Automation</b> For the automation of chlorine dosing. Currently Operations staff manually changes the ratio based upon the chlorine analyzer readings. This project will provide for the installation of additional analyzers with a data feedback loop to automatically adjust the chlorine dosing.	\$78,000	\$0
<b>Cogeneration Engine Overhaul</b> For engine control module upgrades as they reach the end of their useful lives.	\$312,000	\$189,000
<b>Critical Electrical Distribution System Replacements</b> For the replacement of critical electrical infrastructure throughout the treatment plant, eliminating the need for continuous replacement of obsolete breakers.	\$115,000	\$119,000
<b>Digesters No. 8 &amp; No. 9</b> For the design and installation of 2 new digesters. The FY 2023-24 budget is for project design. The design scope will include evaluation of digester sizing and gas storage, the potential of utilizing existing infrastructure through upgrades and modifications, and the demolition of abandoned infrastructure. Construction will begin in FY 2024-25.	\$832,000	\$4,858,000
<b>Fencing for Parking Lot</b> For fencing and modification of the parking lot adjacent to the Engineering building to ensure security and safety on District property.	\$390,000	\$0
<b>Fuel &amp; Diesel Tank Replacements</b> For the replacement of the fuel and diesel tanks utilized for fueling vehicles and equipment. The existing tanks have begun to deteriorate on the inside affecting the quality of the fuel being stored.	\$323,000	\$0
<b>Gravity Belt Thickener Roof Replacement</b> For the replacement of the gravity belt thickener tent roof. The tent structure will be replaced with a fixed open walled structure which will also provide covered storage for various pieces of mobile equipment.	\$208,000	\$0
<b>Grit Detritor Rehabilitation</b> For the repair and rehabilitation of the grit detritor at the treatment plant headworks.	\$0	\$162,000

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions (All Projects)

### Treatment Plant

	FY 2023-24	FY 2024-25
<b>Hypochlorite Tank Replacement</b> For the replacement of the oldest hypochlorite tank.	\$63,000	\$0
<b>Operations Training Project</b> For updating of the current operational training videos.	\$78,000	\$81,000
<b>Pond Drainage Pump Replacements</b> For the replacement of the pumps within the pond drainage system.	\$37,000	\$38,000
<b>Primary Sludge Line Reroute for Digesters No. 6 &amp; No. 7</b> For the replacement of the primary sludge pipe. The pipe will be installed in a more direct path providing for increase in operational efficiency.	\$0	\$270,000
<b>Quonset Hut Storage Facility</b> For the installation of a concrete slab and pallet rack storage system on the back side of the Quonset Hut.	\$104,000	\$0
<b>SCADA Software &amp; Server Upgrades</b> For the upgrade of software and hardware within the SCADA system.	\$78,000	\$108,000
<b>Treatment Plant Fiberglass Grating Replacement</b> For the replacement of the worn fiberglass grating throughout the treatment plant with aluminum grating.	\$312,000	\$0
<b>Treatment Plant Roof Replacements</b> For the replacement of roofs within the treatment plant that have reached the end of their useful life.	\$260,000	\$0
<b>Truck Wash Drainage Pump</b> For the replacement of the truck wash drainage pump.	\$84,000	\$0
<b>Vehicle Replacements</b> For the replacement of vehicles that have exceeded their useful lives.	\$63,000	\$65,000
<b>Critical Equipment - Treatment Plant</b> For unanticipated equipment needs of the treatment plant.	\$73,000	\$76,000
<b>Total Treatment Plant</b>	<b>\$3,608,000</b>	<b>\$9,043,000</b>

## Capital Budget: Sewer Services

### Capital Improvement Program Project Descriptions (All Projects)

#### Engineering & Administration

	FY 2023-24	FY 2024-25
<b>Administrative Buildings Bathroom Updates</b> For the replacement of the floors and dividers within the Administration buildings bathrooms.	\$0	\$50,000
<b>IT &amp; Network Upgrades - District-Wide</b> For upgrades of computers and information technology network components.	\$20,000	\$20,000
<b>Critical Equipment - Engineering</b> For unanticipated equipment needs of the Engineering department. An additional \$60,000 is budgeted in FY 2023-24 for the upgrade of equipment which manages the IT Pipes and GIS programs.	\$70,000	\$10,000
<b>Critical Equipment - Administration</b> For unanticipated equipment needs of the Administration department.	\$10,000	\$10,000
<b>Total Engineering &amp; Administration</b>	<b>\$100,000</b>	<b>\$90,000</b>
<b>Total CIP Expenditures</b>	<b>\$14,525,000</b>	<b>\$16,880,000</b>

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs above \$1 Million

### Sewer Collection System Pipeline Rehabilitation & Replacement

**Project Location:** Various locations throughout the collection system.

**Project Description:** Rehabilitation of pipelines identified through the closed-circuit television (CCTV) inspection based upon their structural condition or maintenance history.

**Project Justification:** This work will resolve chronic maintenance and structural issues identified within the existing collection system. The proposed pace was established to align with the District's 10-Year Strategic Plan of replacing 40 miles of collection system pipe by 2029. It is partly financed with \$49.5 million in SRF and WIFIA funding.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2023-24	FY 2024-25
Project Management (District)	\$ 1,615,230	\$ 935,100	\$ 680,130
Design (District)	179,470	103,900	75,570
Construction (Contractor)	16,152,300	9,351,000	6,801,300
Total	\$17,947,000	\$10,390,000	\$7,557,000

### 78" Plant Influent Pipeline Lining

**Project Location:** Treatment Plant.

**Project Description:** Lining of the 78" plant influent pipe between the end of Grant Avenue and the treatment plant headworks. The project will be designed in FY 2023-24 and construction is planned for FY 2024-25.

**Project Justification:** The pipeline was inspected in FY 2021-22 and found to be in need of rehabilitation.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2023-24	FY 2024-25
Project Management (District)	\$ 290,970	\$ 14,040	\$ 276,930
Design	141,960	141,960	0
Construction (Contractor)	2,800,070	0	2,800,070
Total	\$3,233,000	\$156,000	\$3,077,000

# Capital Budget: Sewer Services

## Capital Improvement Program Project Descriptions with Costs above \$1 Million

### Digesters No. 8 No. 9

**Project Location:** Treatment Plant: Digester Complex.

**Project Description:** For the design and installation of 2 new digesters. The FY 2023-24 budget is for project design. The design scope will include evaluation of digester sizing and gas storage, the potential of utilizing existing infrastructure through upgrades and modifications, and the demolition of abandoned infrastructure. Construction will begin in FY 2024-25.

**Project Justification:** Digesters Nos. 1, 2, 4 and 5 have all reached the end of their useful lives. Digesters Nos. 4 and 5 also function as gas storage.

**Impact Analysis:** Categorically exempt – renewal of existing infrastructure.

#### Financial Requirements:

Project Components	Total Project Budget	Annual Allocation	
		FY 2023-24	FY 2024-25
Project Management (District)	\$ 512,100	\$ 74,880	\$ 437,220
Design	757,120	757,120	0
Construction (Contractor)	4,420,780	0	4,420,780
Total	\$5,690,000	\$832,000	\$4,858,000

## **Other Information**

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# Risk Management

The District is a member of the California Sanitation Risk Management Authority (CSRMA), a joint powers authority that provides broad coverage and risk control services to its members. The District participates in the property insurance, workers' compensation and pooled liability programs through CSRMA.

The pooled liability program has the following tiers of coverage:

Coverage Limits	Coverage Provided By
\$0 - \$750,000	CSRMA Risk Pool, with \$250,000 Deductible.
\$750,001 - \$10,750,000	Munich Reinsurance America
\$10,750,001 - \$15,750,000	Berkley Public Entity
\$15,750,001 - \$25,750,000	Allied World Assurance Company
\$25,750,001 and up	Oro Loma Self-Insurance

The District accounts for costs associated with risk management through an internal clearing fund. Costs accumulated are distributed quarterly to department units as Insurance & Risk Management expenses.

The following table shows trends in each of the risk management cost categories.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
Salaries	\$172,280	\$222,100	\$243,300	\$252,100
Overtime	-	500	500	500
Insurance Premiums	372,365	459,400	534,700	658,500
Office & Meeting Expenses	1,463	1,700	-	-
Operating Supplies & Equipment	2,229	15,800	10,000	10,000
Contractual Services	35,830	30,000	43,000	45,000
Professional Services	-	3,100	3,100	3,300
Memberships & Publications	15	4,000	2,000	2,000
Travel & Training	-	-	-	-
Recognition Program	-	3,000	3,000	3,000
COVID-19 Supplies & Services	21,346	25,000	10,000	2,500
Losses & Settlements	267	60,000	60,000	60,000
<b>Total Expenses</b>	<b>\$605,795</b>	<b>\$824,600</b>	<b>\$909,600</b>	<b>\$1,036,900</b>
<b>Change in Budget from Prior Year</b>			<b>10.3%</b>	<b>14.0%</b>

Costs are distributed to department units as follows.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
Collections	\$170,523	\$194,500	\$256,000	\$291,900
Operations	253,274	350,400	380,300	433,500
Maintenance	106,009	163,000	159,200	181,400
Engineering	32,239	44,000	48,400	55,200
Administration	43,750	72,700	65,700	74,900
<b>Total Expenses</b>	<b>\$605,795</b>	<b>\$824,600</b>	<b>\$909,600</b>	<b>\$1,036,900</b>

## Flexible Spending Benefit Plan

The District maintains a flexible spending benefit plan for its full-time employees. The plan is funded by both the District and the employees. The District's cost of the plan is included in employee benefits for each department. These contributions pay for medical and other insurance premiums, flexible spending reimbursements, and cash withdrawals allowed under the plan.

The following table shows the expected trends in the flexible spending benefit plan.

	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget
<b>Contributions</b>				
Employer Contributions	\$970,942	\$1,218,000	\$1,325,000	\$1,431,000
Employee Contributions	18,611	16,000	20,000	21,000
<b>Total Contributions</b>	<b>\$989,553</b>	<b>\$1,234,000</b>	<b>\$1,345,000</b>	<b>\$1,452,000</b>
<b>Disbursements</b>				
Medical Insurance	\$770,006	\$972,000	\$1,074,600	\$1,160,600
Dental Insurance	69,639	88,800	93,000	100,000
Vision Insurance	10,760	12,200	12,800	13,500
Life Insurance	10,784	13,500	14,100	14,500
Flexible Spending Reimbursements-Prior Year	1,338	6,000	6,500	7,000
Flexible Spending Reimbursements-Current Year	7,414	10,000	11,000	12,000
Dependent Care Reimbursement	7,500	10,000	10,000	10,000
Cash Withdrawals	112,906	121,500	123,000	134,400
<b>Total Disbursements</b>	<b>\$990,347</b>	<b>\$1,234,000</b>	<b>\$1,345,000</b>	<b>\$1,452,000</b>
<b>Change in Budget from Prior Year</b>			<b>9.0%</b>	<b>8.0%</b>

# Overhead Recovery

Indirect costs of operations are distributed to projects and other business activities through overhead recovery. The District develops overhead rates to be applied to direct salaries to reflect the true cost of projects and other business activities. The rates are updated during each budget period.

The Benefits Rate is the ratio of total budgeted benefits to total budgeted salaries, plus a factor for employees' paid time-off. This rate reflects the true cost of labor per dollar of direct salaries.

The Project Rate includes the Benefits Rate plus other indirect costs such as administrative and engineering expenses. This rate is applied to Renewal & Replacement (R&R) and Capital Improvement Program (CIP) project salaries, as well as Solid Waste and Recycling salaries.

External services provided by District staff to developers and the general public are assessed the Project Rate to recover the overhead cost of performing tract reviews and other services.

In addition, the District is under an agreement with East Bay Dischargers Authority (EBDA) to recover its indirect costs at a fixed rate of 100% of salaries, supplies and other expenses associated with maintaining EBDA's pump station and Skywest facilities.

The following overhead rates are in effect for FY 2023-24 and FY 2024-25.

Overhead Rate	Overhead Rate
Benefits Rate	90%
Project Rate	110%
External Services	110%
EBDA	100%

## Debt Obligations & Limits

The District did not have any debt between September 2009 and September 2018. In October 2018, the District issued \$14.2 million in Sewer Revenue Bonds to partially fund the Nutrient Optimization Project. Due to the District's strong financial history, a credit rating of AA+ was given by S&P Global. The debt has a 25-year term with a true interest cost of 3.482%. Total interest on the bonds is \$7.1 million. Annual debt service (inclusive of principal and interest) is approximately \$850,000. The District may consider refinancing this debt with lower cost debt after the 7-year lock-in period expires in 2025.

In August 2021, the District entered into 2 separate financial obligations to provide funding for the Sewer Collection System Pipeline Rehabilitation & Replacement Project. The State Water Resources Control Board's State Revolving Fund (SRF) allows up to \$25 million in project cost reimbursements with an annual rate of 0.9%; and, through the Water Infrastructure Finance & Innovation Act (WIFIA), a maximum principal amount of \$24.5 million has been approved at an annual rate of 1.91%. These new funding sources are earmarked for the strategic goal of replacing 40 miles of sewer pipe by 2029. The District attained a credit rating of AA+ from both S&P Global and Fitch Ratings. Debt service payments are expected to begin in 2025 for SRF and 2031 for WIFIA. Both obligations have a 30-year term.

The California Health & Safety Code, Section 6651, Bonded Indebtedness Limit, limits the District's maximum bonding capacity to 15% of the assessed value (25% of full value) of the real and personal property within the District. The following presents the most recent information on the District's General Obligation bonding capacity based on property values established by the County of Alameda. This limit applies only to General Obligation Bonds. Sewer Revenue Bonds and Federal or State financing are excluded from the limit.

	2022	2023
Total Asset Valuation at Full Value	\$16,531,466,780	\$17,760,123,178
Assessed Valuation at 25% of Full Value	4,132,866,695	4,440,030,795
Limit (15% thereof)	619,930,004	666,004,619
Authorized & Unissued General Obligation Bonds	(600,000)	(600,000)
General Obligation Bonding Capacity	\$619,330,004	\$665,404,619

# Pipeline Replacement Program

The Pipeline Replacement Program replaces sewer line infrastructure identified as high risk through closed circuit television (CCTV) inspection. This project is a heavy focus of the Capital Improvement Program (CIP) budget in upcoming years. This project is partly financed with \$49.5 million in SRF and WIFIA funding. The proposed funding level was established to align the program with 10-Year Strategic Plan of replacing 40 miles of collection system pipe between 2019 and 2029.



## **Glossary**

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# Technical Terms

**Account** – A record of a business transaction.

**Accounting System** – The structure of records and procedures that discovers, records, classifies, summarizes, and reports information on the financial position and results of operations of the District as a governmental entity.

**Accrual Basis** – The recognition of a revenue or expense in a fiscal year even though the actual cash may not be received or paid until the following fiscal year.

**Adoption** – Formal action by the Board of Directors. The adoption of the budget sets the financial framework for subsequent fiscal year(s).

**Agency Treatment Charges** – Revenues derived from long-term contracts with other entities to whom the District provides sewage treatment, such as Castro Valley Sanitary District, City of Hayward, City of San Leandro and East Bay Dischargers Authority.

**Alameda County Waste Management Authority (ACWMA, also known as StopWaste.org)** – A public agency formed in 1976 by a Joint Exercise of Powers Agreement among the County of Alameda, each of the 14 cities within the County, and 2 sanitary districts, that provide garbage and recycling collection services. The Authority has a 17-member board composed of elected officials appointed by each member agency. The Authority is responsible for preparation of the Alameda County Integrated Waste Management Plan and Alameda County Hazardous Waste Management Plan. It manages a long-range program for the development of solid waste facilities, and offers a wide variety of programs in the areas of source reduction and recycling, market development, technical assistance and public education. Funding of such programs is provided by disposal fees based on tonnage.

**Allocation of expenses** – The manner in which revenues and expenses are accounted for in the different service functions of the District:

- 1) Sewer Services – sewage collection, treatment and disposal. This function is further divided into:
  - Operation & Maintenance (O&M)
  - Renewal & Replacement (R&R)
  - Capital Improvement Program (CIP)

- 2) Solid Waste – Garbage collection and disposal provided under an agreement with Waste Management of Alameda County ( WMAC).
- 3) Recycling Services – Recycling programs for residential and commercial customers, provided under an agreement with WMAC.

**Assets** – Resources owned by the District.

**Asset Management** – Maintaining a desired level of service for optimal asset performance at the lowest life-cycle cost. Lowest life-cycle cost refers to the best appropriate cost for rehabilitating, repairing or replacing an asset.

**Authorized positions** – Number of staff positions authorized for the fiscal year.

**Average Dry Weather Flow** – The average non-storm flow over 24 hours during the dry months of the year (May through September). It is composed of the average sewage flow and the average dry weather inflow and infiltration.

**Biosolids** – Sludge residual from the treatment process.

**Budget** – The District's financial plan for a given period of time, which includes revenues, expenses, and other expenditures that provide funding for services provided to District customers. It contains an Operating Budget and a Capital Budget.

- Operating Budget – The financial plan for non-capital revenues and expenses.
- Capital Budget – The financial plan of capital expenditures, part of the long-range plan. It applies only to Sewer Services – see Capital Improvement Program (CIP).

**Capital Assets** – Assets owned by the District that have a useful life of more than 1 year and cost over \$10,000. Capital assets include land, buildings, machinery, equipment, and major improvements and rehabilitation that extend the useful life of an asset by 1 year or more.

**Capital Improvement Program (CIP)** – Accounts for revenues, capital contributions and repayments, and allocates designated resources for capital improvements such as construction, purchases of new facilities and equipment, or major reconstruction of existing infrastructure.

**Castro Valley Sanitary District (CVSD or CVSan)** – Joint-owner of the Oro Loma/Castro Valley Water Pollution Control Plant (25%). Under a long-term agreement, CVSD reimburses the District for 25% of the cost of treatment plant capital improvements, and for operating costs based on flow rate.

**Categorically Exempt** – types of projects which the Secretary of the Resources Agency has determined do not usually have a significant effect on the environment.

**Cogeneration** – Production of energy as a result of utilizing the by-products of the solids treatment process.

**Commercial & Industrial Recycling Charges** – Revenues derived from commercial customers who participate in a commercial recycling program.

**Contingency** – Reserves included in each fiscal year budget as an allowance for unanticipated expenses.

**Contract Fees** – Revenues derived from the long-term agreement with the District's solid waste services provider (WMAC).

**Contributions - Connection Fees** – Governed by Ordinance No. 35. Connection fees represent one-time contributions of resources to the District, imposed on developers. The intent of these fees is to recover the capacity cost of sewer facilities within the existing system.

**Cost of Living Adjustment (COLA)** – An increase in wage compensation to offset the adverse conditions of inflation on salaries, or a provision for price increases based on the historical index of general inflation. Labor contract adjustments are based upon the Consumer Price Index-Wage Earners San Francisco-Oakland-Hayward (CPI-W) for the period of April of the preceding year through April of the current year.

**Decrease in EBDA Equity** – see East Bay Dischargers Authority.

**Depreciation** – Loss in asset value over the useful life of a capital asset as a result of wear, deterioration, or obsolescence.

**District Service Charges** – Revenues received from customers for sewer services, under Ordinance No. 37.

**East Bay Dischargers Authority (EBDA)** – A Joint Powers Authority established in 1974 by the Cities of Hayward and San Leandro, and Castro Valley Sanitary District (CVSD), Oro Loma Sanitary District, and Union Sanitary District (USD). The District's equity interest in EBDA is 19.14% effective with the renewed agreement on July 1, 2020. The purpose of EBDA is to manage and operate common-use areas for sewage transportation and disposal facilities for its member agencies. EBDA also holds a discharge permit, which allows the member agencies to dispose of their treated water into San Francisco Bay. The business transactions between the District and EBDA are reflected in both revenues and expenses:

- *Operating Revenues: EBDA* – Payment from EBDA to the District for the operation and maintenance of EBDA facilities by the District's personnel under a long-term agreement.
- *Operating Expenses: Sewage Disposal – EBDA* – Annual provision for the District's share of EBDA expenses associated with the transportation, disposal, and administration of the EBDA disposal system.
- *Non-operating Expenses: Decrease in EBDA Equity* – Annual decrease in EBDA equity due to depreciation of EBDA assets.

**Effluent** – Treated wastewater.

**Enterprise Fund** –Accounts for operations and business activities in a manner similar to a private business, where the intent is that the costs of providing services to the general public are recovered primarily through user fees.

**Fiscal Year (FY)** – A 12-month financial measurement period between July 1 and June 30.

**Fund** – A fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources, liabilities and equity. Funds are segregated based on specific services or objectives in accordance with special regulations, restrictions, or limitations.

**Garbage Rates** – Fees paid by customers for garbage removal services provided by the District's authorized contractor (WMAC).

**Grants** – Contributions by other governmental entities or organizations to provide funding for a specific project.



# Technical Terms

**Grease Receiving Charges** – Fees charged to customers who dispose of restaurant grease directly at the treatment plant.

**Investment Income** – Revenues received by the District from investments.

**Landfill Fees – Measure D Revenues** – The Alameda County Waste Reduction and Recycling Initiative, known as Measure D, levies a surcharge on solid waste landfilled in Unincorporated Alameda County. 50% of these revenues are distributed to cities and sanitary districts that meet criteria contained in the law. The District meets the criteria.

**Lift Station** – facilities to move wastewater from lower to higher elevation.

**Long-Range Plan** – The District maintains a long-range Construction Plan. It details planned projects by cost and target year. During each budget cycle, the planned projects for the next 2 years are moved into the budget document and the Board approves necessary funds for their implementation. The plan forecasts both capital project requirements and long-term needs for major repairs and maintenance of the sewer system (R&R).

**Negative Declaration** – a document that states upon completion of an initial study, that there is no substantial evidence that the project may have a significant effect on the environment.

**Net Position** – The difference between assets plus deferred outflow of resources, and liabilities plus deferred inflow of resources.

**Non-operating Revenues or Expenses** – Enterprise fund revenues or expenses that are not a result of its primary service activities.

**Operating Expenses** – Cost incurred by the District in the course of service to customers.

**Operating Revenues** – Funds received by the District through its normal business operations.

**Operation & Maintenance (O&M)** – Accounts for revenues and expenses related to the day-to-day operations of sewer services.

**Ordinance** – A local law set forth by the Board of Directors.

**Other or Miscellaneous Revenues or Expenses** – Revenues or expenses aggregated on the financial statements for accountability purposes.

**Overhead Rates** – The purpose of overhead rates is to recover the cost of benefits, non-productive time, and other resources, such as administration and engineering services.

**Overhead Recovery** – Revenues from the application of overhead rates to actual staff salaries, for time spent on projects and assignments in renewal and replacement, capital improvement projects, solid waste and recycling activities.

**Permits and Inspection Fees** – Fees imposed to cover the cost of issuing sewer permits, inspecting sewer work, and maintaining permanent District records. Those fees are governed by Ordinance No. 35.

**Proposition 218** – Passed by California voters on November 5, 1996 with effective date July 1, 1997, it requires local governments to obtain the approval of property owners in a local ballot measure before levying a new or increased tax assessment of those property owners. In 2006, the California Supreme Court ruled that Proposition 218 applies to local water, recycling and sewer charges.

**Renewal and Replacement (R&R)** – Accounts for revenues and expenses associated with repairs on maintenance of collections and treatment facilities or equipment.

**Rents and Leases** – Revenues received from customers, pursuant to operating leases or rental agreements.

**Residential Recycling Charges** – Revenues received from customers for mandatory recycling services provided under AB 939, based on annual recycling charges governed by Ordinance No. 34 and collected on Alameda County's property tax bill.

**Resolution** – A special or temporary order of the Board of Directors. A resolution requires less formality than a statute or ordinance.

**Revenues** – Income received by providing services, or from investments or other sources.

**Sanitary Truck Waste Charges** – Revenues from the portable toilet industry, which disposes of waste directly at the treatment plant.

**Sewer Rates** – Fees paid by customers for sewer services. Residential customers pay a flat rate charged annually, depending on the type of residence. Commercial and industrial sewer rates are based on water consumption volume. The sewer rates for heavy industrial users also include components for biochemical oxygen demand (BOD) and suspended solids (SS).

**Waste Management of Alameda County (WMAC)** – As of January 1, 2023, the Agreement for Services with WMAC was amended and extended to 2037, with a 2-year extension solely at the District’s discretion, potentially followed by two 5-year extensions by mutual agreement. The agreement provides for the collection and disposal of garbage, recycling, and green waste materials generated within the District’s service area. As part of the program, District customers are entitled to 2 free bulky pickups per calendar year.

# Acronyms

**AB 939**

Assembly Bill AB 939, the Integrated Waste Management Act of 1989, implements mandatory recycling programs in California.

**ACSDA**

Alameda County's chapter of the California Special Districts Association.

**ACWMA**

Alameda County Waste Management Authority, also known as StopWaste.org.

**BOD**

Biochemical Oxygen Demand, a measurement of the strength of wastewater.

**CalPERS**

California Public Employees Retirement System.

**CASA**

California Association of Sanitation Agencies, a non-profit organization ensuring clean water for California.

**CCTV**

Closed circuit television.

**CEPT**

Chemically Enhanced Primary Treatment, the addition of chemicals (ferric chloride/polymer) to increase the effectiveness of pollutant removal.

**CEQA**

California Environmental Quality Assessment, which provides for legal review by regulatory agencies of the general public.

**CIP**

Capital Improvement Program.

**CIWQS**

California Integrated Water Quality System.

**COLA**

Cost of Living Adjustment.

**CPI**

Consumer Price Index.

**CPI-U**

Consumer Price Index, for all urban consumers.

**CPI-W**

Consumer Price Index, for wage earners.

**CPVC**

Chlorinated Polyvinyl Compound (plastic pipe).

**CSRMA**

California Sanitation Risk Management Authority, a JPA that provides liability, property and workers' compensation insurances.

**CVSD (CVSan)**

Castro Valley Sanitary District, a joint-owner of the Water Pollution Control Plant (25%).

**CWEA**

California Water Environment Association, a professional organization issuing certification for various trades.

**DWF**

Dry Weather Flow.

**EBDA**

East Bay Dischargers Authority, a JPA that provides effluent disposal services for its 5 member agencies.

**EPA**

Environmental Protection Agency of the United States, a federal regulatory agency.

**FASB**

Financial Accounting Standards Board.

**FY**

Fiscal Year.

**GIS**

Geographic Information System.

**GAL**

Gallon, a unit of liquid volume.

**GASB**

Governmental Accounting Standards Board.

**GFOA**

Government Finance Officer Association of United States and Canada, a professional organization for finance.

**H<sub>2</sub>S**

Hydrogen Sulfide, a corrosive substance commonly found in sewer systems and treatment works.

**HASPA**

Hayward Area Shoreline Planning Agency.

**HDPE**

High-density polyethylene.

**HVAC**

Heating, ventilation, air conditioning.

**I/I**

Inflow/Infiltration; water that enters the wastewater flow from the environment, rather than from a plumbing system.

**JPA**

Joint powers authority, a separate public agency formed pursuant to a joint exercise of powers agreement.

**KW**

Kilowatt, a measure of power.

**KWH**

Kilowatt-hour, a measure of energy.

**LAIF**

Local Agency Investment Fund.

**LAVWMA**

Livermore-Amador Valley Water Management Agency, a JPA that provides effluent disposal for Tri-Valley agencies and discharges effluent into the EBDA pipeline.

**MGD**

Million gallons per day.

**MOU**

Memorandum of Understanding, an agreement between labor groups and the District.

**NAICS**

North America Industry Classification System (NAICS Codes), universal numbering method that helps identify the industry affiliation of a company.

**NPDES**

National Pollution Discharge Elimination System, a federally mandated program to allow the District to discharge its effluent.

**O&M**

Operations and Maintenance.

**OLSD**

Oro Loma Sanitary District.

**PACP**

Pipeline Assessment Certification Program.

**PDGC**

Pipeline Defect Grading Criteria.

**P.E.**

Professional Engineer.

**PLC**

Programmable Logic Controller, an electronic device that provides preset controls for plant equipment.

**PWE**

Present worth of expenditures.

**PWWF**

Peak wet weather flow.

**R&R**

Renewal and Replacement Program.

**RAS**

Return Activated Sludge; sludge that settles in the secondary clarifier and is returned back to the aeration system.

**SB 1383**

Senate Bill SB 1383 - Short-Lived Climate Pollutants Reduction Act, a regulation to reduce emissions of green house gases and organic waste in landfills.

# Acronyms

**SCADA**

Supervisory Control and Data Acquisition, description of the functions and abilities of the treatment plant's computer system.

**SFRWQCB**

San Francisco Regional Water Quality Control Board, the local water quality regulatory agency.

**SIC (codes)**

Standard Industrial Classification (SIC codes), universal numbering method that helps identify the industry affiliation of a company.

**SRF**

State Revolving Fund.

**SS**

Suspended Solids, measurement of residual solids, a method for determining sewage strength and treatment plant efficiency.

**SSMP**

Sewer System Management Plan.

**SSO**

Sanitary sewer overflow.

**VCP**

Vitrified clay pipe.

**WAS**

Waste Activated Sludge; sludge that is removed from the activated sludge system each day, as part of the treatment process.

**WIFIA**

Water Infrastructure Finance & Innovation Act.

**WMAC**

Waste Management of Alameda County.