



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **April 18, 2024**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review and Possible Action Concerning Sewer Authority Mid-Coastside Fiscal Year 2024-2025 General Budget.

At the SAM Board of Directors meeting on April 8, 2024, the SAM Board approved the SAM General Budget for Fiscal Year 2024/25 to be sent to the member agencies for consideration and approval.

The overall General Budget is suggested to increase by \$607,694 or 7% over the prior Fiscal Year to a total of \$9,276,973. The 2024/25 assessment for MWSD for the General Budget is \$1,868,382 and would increase by \$182,207 or 11%.

The SAM General Manager will be available to present the General Budget.

RECOMMENDATION:

Adopt Resolution, No.____, Resolution of the Montara Water and Sanitary District Consenting to Approval by Sewer Authority Mid-Coastside of its General Budget for Fiscal Year 2024-2025.

Attachments

RESOLUTION NO. _____

RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT CONSENTING TO APPROVAL BY SEWER AUTHORITY MID-COASTSIDE OF ITS GENERAL BUDGET FOR FISCAL YEAR 2024-2025

WHEREAS, Sewer Authority Mid-Coastside (SAM) has, pursuant to Article III, Section (F)(3) of the Joint Exercise of Powers Agreement dated February 3, 1976, as amended, establishing said Authority, submitted its General Budget for fiscal year July 1, 2024 – June 30, 2025 for the consent of this District; and

WHEREAS, the aforesaid budget includes infrastructure funds related to SAM's Intertie Pipeline System, namely the Montara Force Main Rehabilitation Project, funding for which was previously approved in the infrastructure portion of SAM's General Budget for FY 22/23 as an essential and priority project, as mandated by the consent decree, approved by SAM by and through its member agencies, issued in the case of *Ecological Rights Foundation v. Sewer Authority Mid-Coastside* (United States District Court Case No. 3:18-CV-04413) for the purpose of complying with the requirements of SAM's National Pollutant Discharge Elimination System Permit and the Clean Water Act; and

WHEREAS, at all times mentioned herein, the Montara Water and Sanitary District ("District") was and is ready, willing and able to timely contribute its share of funding to design and construct the Montara Force Main Rehabilitation Project, and it is the intent of this Board that the District comply with all of its legal and contractual responsibilities and obligations as a member agency of SAM, for the continued vital funding of SAM operations benefitting the entire Coastside, and the District is committed to keeping SAM funded and operational at all times; and

WHEREAS, this Board has reviewed the aforesaid budget and desires to signify its approval thereof.

NOW THEREFORE, be it resolved by the Board of the Montara Water and Sanitary District, a public agency in the County of San Mateo, California, as follows:

RESOLUTION NO. _____

RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT CONSENTING TO APPROVAL BY SEWER AUTHORITY MID-COASTSIDE OF ITS GENERAL BUDGET FOR FISCAL YEAR 2024-2025

1. Consent is hereby given to the approval by Sewer Authority Mid-Coastside of its General Budget for fiscal year 2024-2025 entitled, "General Budget – Fiscal Year 2024/25," a copy of which is on file in the District's Administrative Offices to which reference is hereby made for the particulars thereof.

2. The District Secretary is hereby authorized and directed to transmit a certified copy of this resolution to Sewer Authority Mid-Coastside, the Granada Community Services District and the City of Half Moon Bay.

President, Montara Water and Sanitary District

COUNTERSIGNED:

Secretary, Montara Water and Sanitary District

* * * *

I HEREBY CERTIFY that the foregoing Resolution No. _____ was duly and regularly passed and adopted by the Board of the Montara Water and Sanitary District, County of San Mateo, California, at a Regular Meeting thereof held on the 18th day of April, 2024, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District



General Budget
Fiscal Year 2024/25

OPERATIONS BUDGET



EXECUTIVE SUMMARY

The Joint Exercise of Powers Agreement (Agreement) that created SAM and governs its day-to-day operations specifies that “The total expenses of operation and maintenance shall be shared in a manner based on flows into the single consolidated plant. The General Budget is divided into Administrative Services, Treatment, Environmental Compliance, and Infrastructure.

The General Budget includes obligations for wages and benefits defined in employment and bargaining contracts, increases in retirement contributions, and other non-discretionary expenses.

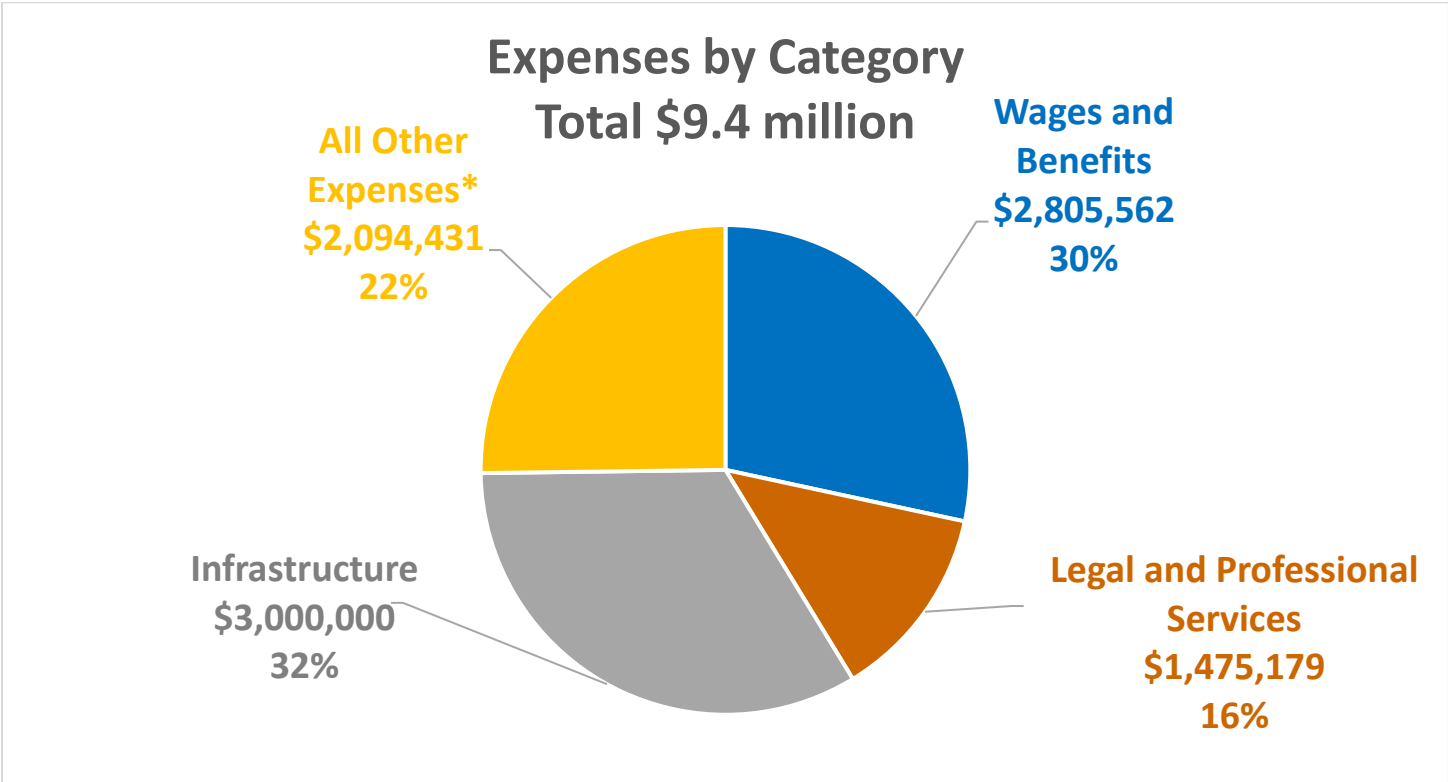
JPA Income & Expenses – General Budget

Operating Income		
Assessments - City of Half Moon Bay	5,642,255	
Assessments - Granada Community Services District	1,766,336	
Assessments - Montara Water & Sanitary District	1,868,382	
Interest Income	51,500	
NDWSCP Fees	46,700	
Total Operating Income		\$ 9,375,173
Operating Expenses		
Wages	2,052,524	
Benefits	753,038	
Legal Services	376,666	
Engineering Services	132,613	
Professional & Technical Services	965,901	
Professional Memberships	57,144	
Insurance Premiums	223,792	
Miscellaneous Expenses	71,313	
Utilities	775,799	
Travel & Training	37,058	
Equipment Rental/Lease	42,427	
Building & Maintenance Services	210,595	
Chemicals	424,478	
Permits & Licenses	53,331	
Supplies	106,360	

Equipment	12,134
Infrastructure Projects	3,000,000
Claims & Penalties	80,000
Total Expenses	\$ 9,375,173
Total Operating Expenses (less Infrastructure)	\$ 6,375,173
Contribution to Reserve Funds (Revenues less Expenses)	\$ 0

The overall increase from the adopted budget for Fiscal Year 2023/24 to the proposed budget for Fiscal Year 2024/25 is \$610,554 (7%). This is primarily due to an increase in budget related to wages, professional services, and insurance premiums.

Of the total General Budget, \$2.81 million (30%) is for wages and benefits. The cost of infrastructure improvements is \$3.0 million (32%). Legal, Engineering and Professional Services is \$1.48 million (16%) and accounts for a significant percentage of the budget due to SAM’s dependency on contractors and consultants for technical and specialized services. Other expenses (including Utilities, Insurance, Equipment Rental, Maintenance Services, Chemicals, Permits, Supplies, Equipment, and Claims) represent 22% of the budget.



*All Other Expenses include: Utilities, Insurance, Equipment Rental, Maintenance Services, Chemicals, Permits, Supplies, Equipment, and Claims.

Division Budgets by Fiscal Year

	<u>FY 2021/22 Actual</u>	<u>FY 2022/23 Actual</u>	<u>FY 2023/24 Adopted</u>	<u>FY 2024/25 Proposed</u>	<u>\$ Change</u>	<u>% Change</u>
Administration	\$1,465,910	\$1,444,707	\$1,582,520	\$1,890,712	\$308,192	16%
Treatment	\$3,662,645	\$3,933,256	\$3,885,111	\$4,232,565	\$347,454	8%
Environmental Compliance	<u>\$308,206</u>	<u>\$166,946</u>	<u>\$237,396</u>	<u>\$251,896</u>	<u>\$14,500</u>	<u>6%</u>
Total Operating Budget	\$5,436,761	\$5,544,909	\$5,705,027	\$6,375,173	\$670,146	15%
Infrastructure	<u>\$1,412,419</u>	<u>\$4,656,907</u>	<u>\$3,059,592</u>	<u>\$3,000,000</u>	<u>\$(59,592)</u>	<u>(2%)</u>
Total General Budget	\$6,849,180	\$10,201,816	\$8,764,619	\$9,375,173	\$610,554	7%

The Administrative Services division increased \$308,192 (16%). The net increase is a result from COLA increase of 3% and related merit increase. The Authority also approved a long term agreement with General Counsel which established a three year not to exceed amount.

The Treatment division increased \$347,454 (8%), which is due to the known COLA increase of 3% as well as budgeting for the unknown portion of labor negotiations with Local No. 39 and an increase in professional services and chemicals. Other costs have decreased over the prior year.

The Environmental Compliance division budget increased \$14,500 (6%) primarily due to projected increase in personnel costs.

The Infrastructure division decreased \$59,592 to address various projects in the Authority Capital Improvement Plan.

BUDGET ALLOCATION AND ASSESSMENTS

The Joint Exercise of Powers Agreement (JEPA) stipulates that the total expenses of operation and maintenance of all of the components of the Present Project (intertie pipeline and attendant pump facilities, ocean outfall, treatment plant) shall be shared in a manner based on flows.

Flow Results for Budget Allocations*

	HMB	GCSD	MWSD	
FY 2024/25	60.82%	19.04%	20.14%	(Based on Calendar Year 2023)
FY 2022/23	<u>61.5%</u>	<u>19.05%</u>	<u>19.45%</u>	(Based on Calendar Year 2022)
Variance	-0.68%	-0.01%	0.69%	

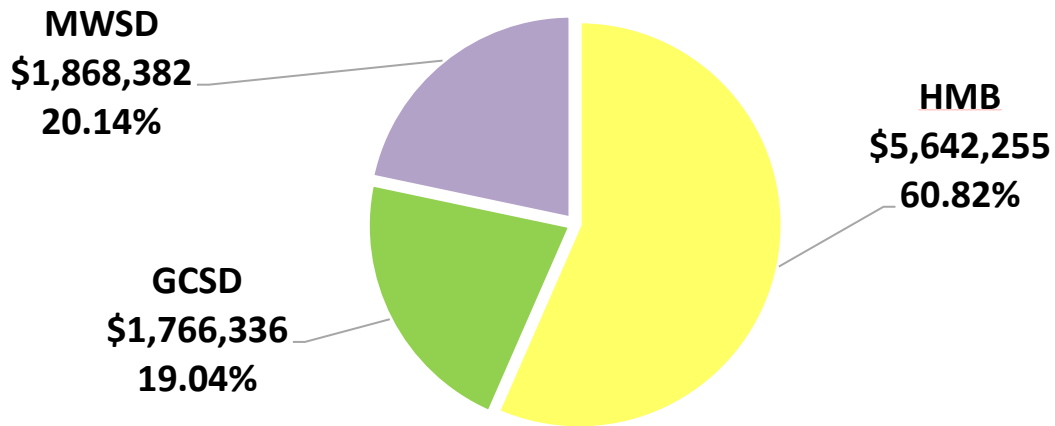
* The member agency assessments are allocated based on flow percentages from the previous calendar year. This allocation varies each year.

Total Assessments for Each Member Agency*

	FY 2021/22 <u>Actual</u>	FY 2022/23 <u>Adopted</u>	FY 2023/24 <u>Adopted</u>	FY 2024/25 <u>Proposed</u>	\$ <u>Change</u>	% <u>Change</u>
Half Moon Bay	\$4,241,911	\$4,871,480	\$5,331,606	\$5,642,255	\$310,648	6%
Granada CSD	\$1,489,027	\$1,630,110	\$1,651,497	\$1,766,336	\$114,838	7%
Montara WSD	\$1,532,608	\$1,694,036	\$1,686,175	\$1,868,382	\$182,207	11%
Total	\$7,307,067	\$8,195,626	\$8,669,279	\$9,276,973	\$607,694	7%

* The assessments to the Member Agencies are rounded to nearest dollar.

**Assessments for FY 2024-25
Based on Calendar Year 2023 Flow**



Assessments History by Agency (in 1,000's)



OVERALL OPERATIONS BUDGET SUMMARY

(Includes: Administrative Services, Treatment, Environmental Compliance, and Infrastructure)

FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus FY23/24
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EXPENDITURES

Favorable/(Unfavorable)

Personnel						
1	Wages	1,653,795	1,718,216	1,691,787	1,917,813	199,597 10%
2	Premium Pay	117,204	104,482	133,940	134,711	30,229 22%
3	Health Benefits	262,979	289,472	250,777	266,521	(22,951) (9%)
4	Retirement Cont.	177,268	282,760	332,285	316,205	33,445 11%
5	Retiree Med/OPEB	53,147	33,057	43,579	47,946	14,889 31%
6	Misc. Benefits	114,072	90,469	103,196	122,366	31,897 26%
7	Subtotal	2,378,464	2,518,457	2,555,565	2,805,562	287,105 10%
Non-Personnel						
8	Legal Services	187,258	356,666	146,841	376,666	20,000 5%
9	Engineering Services	108,381	128,750	156,264	132,613	3,863 3%
10	Professional Services	893,667	740,714	956,654	965,901	225,187 23%
11	Prof. Memberships	55,464	57,421	72,461	57,144	(277) (0%)
12	Insurance Premiums	180,181	112,053	217,274	223,792	111,740 50%
13	Misc. Expenses	70,707	58,556	79,847	71,313	12,757 18%
14	Utilities	738,103	707,831	753,777	775,799	67,968 9%
15	Travel & Training	39,956	16,397	43,276	37,058	20,661 56%
16	Equipment Rental	9,845	7,281	41,436	42,427	35,146 83%
17	Bldg & Maint Services	122,327	187,890	126,098	210,595	22,705 11%
18	Chemicals	384,077	412,114	564,997	424,478	12,363 3%
19	Permits & Licenses	49,257	51,777	56,246	53,331	1,553 3%
20	Supplies	104,555	101,018	99,914	106,360	5,342 5%
21	Equipment	14,670	9,343	31,103	12,134	2,791 23%
22	Infrastructure	4,784,145	3,218,011	2,843,377	3,000,000	(218,011) (7%)
23	Claims/Penalties	80,759	80,340	18,706	80,000	(340) (0%)
25	Subtotal	7,823,352	6,246,162	6,208,270	6,569,611	323,448 5%
26	TOTAL	10,201,815	8,764,619	8,763,835	9,375,173	610,554 7%

Key Changes

Personnel costs: net increase due COLA and merit increases and labor negotiations	\$ 287,105
Legal Services:	\$ 20,000
Professional services: Increase due to estimates based on Year-to-Date Actuals	\$ 229,049
Claims/Penalties	\$ (340)
Utilities:	\$ 67,968
Equipment Rental:	\$ 35,146
Chemicals: Based on Year-to-Date Actuals	\$ 12,363
Insurance Premiums:	\$ 111,740
All other operating expenses: net increase due to CPI and adjustments to other operating expenses	\$ 65,534
TOTAL GENERAL OPERATING EXPENDITURES BUDGET INCREASE	\$ 828,565
Infrastructure: net increase result of CIP (includes engineering costs, reclassified)	\$ (218,011)
TOTAL GENERAL OPERATING EXPENDITURES BUDGET INCREASE	\$ 610,554

	FY 2022/2023	FY 2023/2024	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus	
REVENUE						
By Type:						
27 JPA Assessments	8,195,626	8,669,279	8,669,279	9,276,973	607,694	7%
28 NDWSCP Fees	32,810	45,340	64,297	46,700	1,360	3%
31 Interest Earnings	61,567	50,000	-	51,500	1,500	3%
32 Misc. Revenue	-	-	-	-	-	
34 REVENUE TOTAL	8,290,003	8,764,619	8,733,576	9,375,173	610,554	7%
By Agency:						
35 Half Moon Bay	4,871,480	5,331,606	5,331,606	5,642,255	310,648	6%
36 Granada CSD	1,630,110	1,651,497	1,651,497	1,766,336	114,838	7%
37 Montara WSD	1,694,036	1,686,175	1,686,175	1,868,382	182,207	11%
38 TOTAL	8,195,626	8,669,279	8,669,279	9,276,973	607,694	7%

Key Changes

Assessments reflect increased funding for infrastructure projects, maintenance, staff

	\$ 610,554
TOTAL GENERAL OPERATING REVENUE BUDGET INCREASE	\$ 610,554

FINANCIAL DETAILS

The following is a list of key budget lines for FY2023/24 and 2024/25 budgets with brief explanations of the changes from year to year. This is a “budget to budget” comparison and does not necessarily represent current expenditures. Underlined items indicate a budget change in excess of \$10,000 year to year.

<u>Budget Line #</u>	<u>FY 2023/24</u>	<u>FY 2024/25</u>
1. <u>Wages</u> Increase as results of COLA & Merit increase and expected increase from labor negotiations.	\$1,718,216	\$1,917,813
2. <u>Premium Pay</u> Overtime paid for staff to perform tasks outside of normal work times.	\$104,482	\$134,711
3. Health Benefits The cost of medical, dental, and vision benefits provided to employees based on the MOU and Unrepresented Employees.	\$289,472	\$266,521
4. <u>Retirement Contributions</u> SAM pays the employer contribution to CalPERS for retirement benefits in compliance with PEPRA.	\$282,760	\$316,205
5. <u>Retiree Medical/OPEB</u> Includes contributions to a Health Retirement Account for future retirees as well as current retiree medical premiums.	\$33,057	\$47,946
6. <u>Misc. Benefits</u> Includes Medicare, long-term and short-term disability, workers compensation, and matching funds to a 457 plan.	\$90,740	\$122,366
7. Personnel Subtotal Subtotal of all wage and benefit costs.	\$2,518,457	\$2,805,562
8. <u>Legal Services</u> Includes general counsel and employment legal fees	\$356,666	\$376,666
9. Engineering Services Increased to provide design and project management related to treatment division.	\$128,750	\$132,613

Budget Line #	FY 2023/24	FY 2024/25
10. <u>Professional Services</u> Includes ongoing services that are specialized and need to be performed by consultants rather than staff.	\$740,714	\$965,901
11. <u>Professional Memberships</u> Includes memberships in professional organizations for SAM and employees that keeps them current in industry practices and improves how SAM serves the community.	\$57,421	\$57,144
12. <u>Insurance Premiums</u> Property, liability, and pollution premiums based on utilization rates.	\$112,053	\$223,792
13. <u>Misc. Expenses</u> Includes incidental expenses (uniforms laundry services, radio and alarm systems, offsite storage, postage, claims, copier, phone system support, etc.) not reflected in other categories.	\$58,556	\$71,313
14. <u>Utilities</u> Electricity, water, telephone, solid waste, etc.	\$707,831	\$775,799
15. <u>Travel & Training</u> Training and travel related costs for attendance at industry conferences and seminars, and other related events to allow staff to keep current on technical skills and industry best practices.	\$16,397	\$37,058
16. <u>Equipment Rental/Lease</u> Short-term rental or lease of equipment (generators, storage tanks, etc.).	\$7,281	\$42,427
17. <u>Building & Maintenance Services</u> Includes janitorial, landscaping, and other regular building maintenance services.	\$187,890	\$210,595
18. <u>Chemicals</u> Includes chemicals used in the treatment of wastewater to meet regulatory standards.	\$412,114	\$424,478

Budget Line #	FY 2023/24	FY 2024/25
19. Permits & Licenses Annual costs for permits with local, regional and state agencies.	\$51,777	\$53,331
20. Supplies Office, computer, breakroom, and safety supplies.	\$101,018	\$106,360
21. Equipment Purchase Purchase of equipment use at SAM facilities not included in infrastructure projects.	\$9,343	\$12,134
22. Infrastructure Projects Includes costs of projects included in 5-Year CIP. Includes engineering costs associated. Includes costs associated with projects that exceed \$50,000 each.	\$3,218,011	\$3,000,000
23. Claims/Penalties Reflects claims expenses not covered by insurance.	\$80,340	\$80,000
25. Non-Personnel Subtotal Subtotal of all costs not associated with wages and benefits.	\$6,246,162	\$6,569,611
26. Total Total of all costs (sum of Personnel and Non-Personnel subtotals).	\$8,764,619	\$9,375,173

ADMINISTRATIVE SERVICES

By Category

FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus FY23/24
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EXPENDITURES

Favorable/(Unfavorable)

		FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus FY23/24	%
<u>Personnel</u>							
1	Wages	631,580	587,126	618,398	605,638	18,511	3%
2	Premium Pay	11,184	5,815	15,337	13,169	7,354	56%
3	Health Benefits	65,254	62,308	59,240	52,918	(9,390)	(18%)
4	Retirement Cont.	(126,391)	60,158	100,162	83,976	23,818	28%
5	Retiree Med/OPEB	46,098	16,728	17,357	16,500	(228)	(1%)
6	Misc. Benefits	27,860	18,642	23,966	24,896	6,254	25%
7	Subtotal	655,585	750,777	834,460	797,097	46,319	6%
<u>Non-Personnel</u>							
8	Legal Services	187,258	356,666	146,841	376,666	20,000	5%
9	Engineering Services	-	-	-	-	-	-
10	Professional Services	227,844	192,280	250,966	220,009	27,729	13%
11	Prof. Memberships	45,300	43,009	60,083	44,300	1,290	3%
12	Insurance Premiums	180,181	112,053	217,274	223,792	111,740	50%
13	Misc. Expenses	52,209	40,132	59,763	51,336	11,204	22%
14	Utilities	39,055	38,624	40,155	40,516	1,892	5%
15	Travel & Training	3,932	3,191	5,123	5,081	1,889	37%
16	Equipment Rental	7,668	7,281	7,526	7,500	218	3%
17	Bldg & Maint Services	31,982	29,112	31,905	102,053	72,941	71%
18	Chemicals	-	-	-	-	-	-
19	Permits & Licenses	-	-	-	-	-	-
20	Supplies	10,739	9,394	15,816	9,851	457	5%
21	Equipment	2,195	-	22,438	2,511	2,511	100%
22	Infrastructure	-	-	-	-	-	-
23	Claims/Penalties	759	-	18,706	10,000	10,000	100%
25	Subtotal	789,122	831,743	876,596	1,093,615	261,872	24%
26	TOTAL	1,444,707	1,582,520	1,711,057	1,890,712	308,192	16%

ADMINISTRATIVE SERVICES

By Category

FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED
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VARIANCE FY24/25 versus FY23/24	
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REVENUE

By Type:

27 JPA Assessments	1,319,194	1,532,520	1,532,520	1,890,712	358,192	19%
28 NDWSCP Fees	-	-	-	-	-	-
31 Interest Earnings	61,567	-	-	-	-	-
32 Misc. Revenue	-	50,000	-	-	(50,000)	
34 REVENUE TOTAL	1,380,761	1,582,520	1,532,520	1,890,712	308,192	16%

By Agency:

35 Half Moon Bay	784,129	942,500	942,500	1,149,931	207,431	18%
36 Granada CSD	262,388	291,945	291,945	359,992	68,046	19%
37 Montara WSD	272,677	298,075	298,075	380,789	82,714	28%
38 TOTAL	1,319,194	1,532,520	1,532,520	1,890,712	358,192	19%

Key Changes

Personnel costs: net increase due COLA and merit increases. Amount also includes Board stipend and Holiday pay which had been omitted in previous years.	\$ 46,319
Legal Services	\$ 20,000
Professional Services	\$ 27,729
Insurance Premiums: Decreased based on year-to-date actuals	\$ 111,740
Claims/Penalties	\$ 10,000
All other operating expenses: net increase due to CPI and adjustments to other operating expenses	\$ 5,909
TOTAL ADMINISTRATION EXPENDITURES BUDGET INCREASE	<u>\$ 243,326</u>

Key Changes

Assessments reflect net increase in budget for wages, benefits, and other expenses	\$ 358,192
TOTAL ADMINISTRATION REVENUE BUDGET INCREASE	<u>\$ 358,192</u>

TREATMENT By Category

	FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus FY23/24
EXPENDITURES					Favorable/(Unfavorable)
<u>Personnel</u>					
1 Wages	983,622	1,092,399	1,034,657	1,268,300	175,901 14%
2 Premium Pay	104,119	96,746	116,726	119,550	22,804 19%
3 Health Benefits	192,107	221,245	186,164	207,742	(13,503) (7%)
4 Retirement Cont.	286,219	209,980	203,657	210,925	945 0%
5 Retiree Med/OPEB	6,808	15,743	25,609	30,785	15,042 49%
6 Misc. Benefits	83,519	69,336	76,897	94,173	24,837 26%
7 Subtotal	1,656,396	1,705,450	1,643,710	1,931,475	226,026 12%
<u>Non-Personnel</u>					
8 Legal Services	-	-	-	-	- -
9 Engineering Services	108,381	128,750	156,264	132,613	3,863 3%
10 Professional Services	591,333	398,434	583,514	590,836	192,402 33%
11 Prof. Memberships	10,164	14,412	12,378	12,844	(1,568) (12%)
12 Insurance Premiums	-	-	-	-	- -
13 Misc. Expenses	18,498	18,424	20,084	19,977	1,553 8%
14 Utilities	699,048	669,206	713,622	735,283	66,076 9%
15 Travel & Training	35,694	13,010	37,686	31,496	18,486 59%
16 Equipment Rental	2,177	-	33,910	34,928	34,928 100%
17 Bldg & Maint Services	90,345	158,778	94,193	108,542	(50,237) (46%)
18 Chemicals	381,518	409,027	560,454	421,298	12,271 3%
19 Permits & Licenses	49,257	51,777	56,246	53,331	1,553 3%
20 Supplies	77,712	77,981	61,474	80,320	2,339 3%
21 Equipment	12,475	9,343	8,665	9,623	280 3%
22 Infrastructure	120,258	150,179	244,696	0	(150,179) (100%)
23 Claims/Penalties	80,000	80,340	-	70,000	(10,340) (15%)
25 Subtotal	2,276,860	2,179,661	2,583,184	2,301,089	121,428 5%
26 TOTAL	3,933,256	3,885,111	4,226,894	4,232,565	347,454 8%

Key Changes

Personnel costs: net increase due COLA and merit increases and anticipated labor negotiation increase.	\$ 226,026
Utilities	\$ 66,076
Professional Services	\$ 192,402
Equipment Rental	\$ 34,928
Chemicals	\$ 12,271
All other operating expenses: net increase due to CPI and adjustments to other operating expenses	\$(184,249)
TOTAL TREATMENT EXPENDITURES BUDGET INCREASE	\$ 347,454

**TREATMENT
By Category**

	FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus FY23/24	
REVENUE						
By Type:						
27 JPA Assessments	3,617,405	3,839,771	3,839,771	4,232,565	392,794	9%
28 NDWSCP Fees	32,810	-	64,297	-	-	-
31 Interest Earnings	-	45,340	-	-	(45,340)	(100%)
32 Misc. Revenue	-	-	-	-	-	-
34 REVENUE TOTAL	3,650,215	3,885,111	3,904,068	4,232,565	347,454	8%
By Agency:						
35 Half Moon Bay	2,150,185	2,361,459	2,361,459	2,574,246	212,787	8%
36 Granada CSD	719,502	731,476	731,476	805,880	74,404	9%
37 Montara WSD	747,718	746,835	746,835	852,439	105,603	14%
38 TOTAL	3,617,405	3,839,771	3,839,771	4,232,565	392,794	9%

Key Changes

Assessments reflect net increased funding for wages, benefits, and other expenses

	\$ 392,794
TOTAL TREATMENT REVENUE BUDGET INCREASE	\$ 392,794

ENVIRONMENTAL COMPLIANCE By Category

	FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus FY23/24	
EXPENDITURES						
<u>Personnel</u>						Favorable/(Unfavorable)
1 Wages	38,592	38,690	38,732	43,875	5,185	12%
2 Premium Pay	1,900	1,922	1,877	1,992	70	4%
3 Health Benefits	5,617	5,919	5,373	5,861	(58)	(1%)
4 Retirement Cont.	17,440	12,622	28,466	21,304	8,682	41%
5 Retiree Med/OPEB	241	586	614	661	75	11%
6 Misc. Benefits	2,693	2,491	2,333	3,297	806	24%
7 Subtotal	66,484	62,230	77,394	76,990	14,760	19%
<u>Non-Personnel</u>						
8 Legal Services	-	-	-	-	-	-
9 Engineering Services	-	-	-	-	-	-
10 Professional Services	74,489	150,000	122,175	155,056	5,056	3%
11 Prof. Memberships	-	-	-	-	-	-
12 Insurance Premiums	-	-	-	-	-	-
13 Misc. Expenses	-	-	-	-	-	-
14 Utilities	-	-	-	-	-	-
15 Travel & Training	330	196	468	481	286	59%
16 Equipment Rental	-	-	-	-	-	-
17 Bldg & Maint Services	-	-	-	-	-	-
18 Chemicals	2,559	3,087	4,543	3,180	93	3%
19 Permits & Licenses	-	-	-	-	-	-
20 Supplies	16,103	13,643	22,624	16,189	2,546	16%
21 Equipment	-	-	-	-	-	-
22 Infrastructure	6,980	8,240	-	-	(8,240)	-
23 Claims/Penalties	-	-	-	-	-	-
25 Subtotal	100,462	175,166	149,809	174,906	(260)	(0%)
26 TOTAL	166,946	237,396	227,203	251,896	14,500	6%

Key Changes

Personnel costs: net increase due COLA and merit increases and anticipated labor negotiation increase.

Personnel costs: net increase due COLA and merit increases and anticipated labor negotiation increase.	\$ 14,760
Professional services: increase based on year-to-date actual	\$ 5,056
Net increase in wages, utilities, services, and supplies	\$ (5,576)
TOTAL ENVIRONMENTAL COMPLIANCE EXPENDITURES BUDGET	\$ 14,500

ENVIRONMENTAL COMPLIANCE By Category

	FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus FY23/24	
REVENUE						
By Type:						
27 JPA Assessments	249,630	237,396	237,396	251,896	14,500	6%
28 NDWSCP Fees	-	-	-	-	-	-
31 Interest Earnings	-	-	-	-	-	-
32 Misc. Revenue	-	-	-	-	-	-
34 REVENUE TOTAL	249,630	237,396	237,396	251,896	14,500	6%
By Agency:						
35 Half Moon Bay	148,380	145,998	145,998	153,203	7,205	5%
36 Granada CSD	49,651	45,224	45,224	47,961	2,737	6%
37 Montara WSD	51,599	46,173	46,173	50,732	4,558	10%
38 TOTAL	249,630	237,396	237,396	251,896	14,500	6%

Key Changes

Assessments reflect net decreased funding for wages, benefits, and other expenses	\$ 14,500
TOTAL ENVIRONMENT COMPLIANCE REVENUE BUDGET DECREASE	\$ 14,500

INFRASTRUCTURE

By Category

	FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus FY23/24
EXPENDITURES					
<u>Personnel</u>					Favorable/(Unfavorable)
1 Wages		-	-	-	-
2 Premium Pay		-	-	-	-
3 Health Benefits		-	-	-	-
4 Retirement Cont.		-	-	-	-
5 Retiree Med/OPEB		-	-	-	-
6 Misc. Benefits		-	-	-	-
7 Subtotal	-	-	-	-	-
<u>Non-Personnel</u>					
8 Legal Services		-	-	-	-
9 Engineering Services		-	-	-	-
10 Professional Services		-	-	-	-
11 Prof. Memberships		-	-	-	-
12 Insurance Premiums		-	-	-	-
13 Misc. Expenses		-	-	-	-
14 Utilities		-	-	-	-
15 Travel & Training		-	-	-	-
16 Equipment Rental		-	-	-	-
17 Bldg & Maint Services		-	-	-	-
18 Chemicals		-	-	-	-
19 Permits & Licenses		-	-	-	-
20 Supplies		-	-	-	-
21 Equipment		-	-	-	-
22 Infrastructure	4,656,907	3,059,592	2,598,681	3,000,000	(59,592) (2%)
23 Claims/Penalties		-	-	-	-
25 Subtotal	4,656,907	3,059,592	2,598,681	3,000,000	(59,592) (2%)
26 TOTAL	4,656,907	3,059,592	2,598,681	3,000,000	(59,592) (2%)

Key Changes

Increased to address the projects identified in the approved
FY2024-25 capital improvement plan budget, including engineering costs

TOTAL INFRASTRUCTURE EXPENDITURES BUDGET INCREASE \$ (59,592)

**INFRASTRUCTURE
By Category**

	FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2023/24 PROJECTED	FY 2024/25 PROPOSED	VARIANCE FY24/25 versus FY23/24	
REVENUE						
By Type:						
27 JPA Assessments	3,009,397	3,059,592	3,059,592	3,000,000	(59,592)	(2%)
28 NDWSCP Fees	-	-	-	-	-	-
31 Interest Earnings	-	-	-	-	-	-
32 Misc. Revenue	-	-	-	-	-	-
34 REVENUE TOTAL	3,009,397	3,059,592	3,059,592	3,000,000	(59,592)	(2%)
By Agency:						
35 Half Moon Bay	1,788,786	1,881,649	1,881,649	1,824,600	(57,049)	(3%)
36 Granada CSD	598,569	582,852	582,852	571,200	(11,652)	(2%)
37 Montara WSD	622,042	595,091	595,091	604,200	9,109	2%
38 TOTAL	3,009,397	3,059,592	3,059,592	3,000,000	(59,592)	(2%)

Key Changes

Increased to address the projects identified in the approved
FY2024-25 capital improvement plan budget, including engineering costs

TOTAL INFRASTRUCTURE REVENUE BUDGET INCREASE \$ (59,592)

HIGHLIGHTS

- Infrastructure Projects in progress in FY 2021/22:
 - ✓ Montara PS - Replace Pump 1- Awaiting Install
 - ✓ Montara PS - Install Grit Removal- Project cancelled.
 - ✓ Rehabilitate/Replace Vehicle Fleet- In progress.
 - ✓ Portola PS - Replace Pump 1 with Grinder Pump- Awaiting shipment.
 - ✓ Replace Bar Screen Drives and Screens- Project completed.
 - ✓ Replace Influent Pump and Motors 1 – 5- Project completed.
 - ✓ Electrical Improvements for Influent Pumps 1 – 8 Project completed.
 - ✓ Install Shade Canopy at Chemical Feed Pumps- Awaiting equipment.
 - ✓ Replace Effluent Pumps 1 and 2- Awaiting install.
 - ✓ Replace Sludge Mixing Pumps 1 and 2 with Chopper Pumps- Awaiting install.

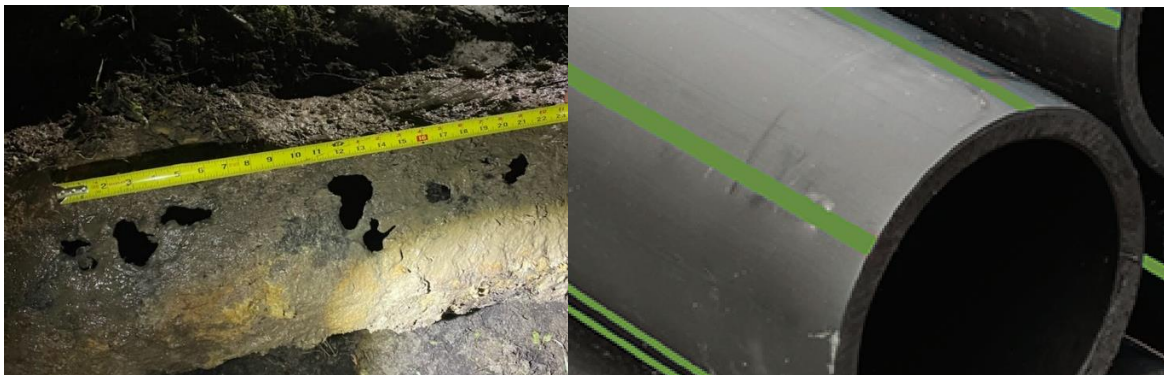
- Infrastructure Projects in progress in FY 2022/23:
 - ✓ Princeton PS - Replace w/Package PS and Rehabilitate Bypass System- In progress.
 - ✓ Replace Effluent Pumps 1, 2 & 3- Awaiting Install
 - ✓ Plant and Cyber Security Measures Implementation- In progress.
 - ✓ Replace Chain & Flights, Collectors Gear Reducer, and Weirs in Primary Clarifier- Awaiting Equipment
 - ✓ Replace Primary Scum Pump and Motor- Project cancelled.
 - ✓ Replace Grit Pumps 1 & 2 and Appurtenances- Awaiting Equipment
 - ✓ Replace Primary Sludge Pumps and Motors 1, 2 & 3- Awaiting Equipment
 - ✓ Secondary Treatment - Replace/Rehabilitate Secondary Clarifier Drive Mechanism- Awaiting Equipment
 - ✓ Water Supply and Piping - Replace No. 3 Water Pumps- Awaiting Install

- Infrastructure Projects in progress in FY 2023/24:
 - ✓ SAM Force Main situated in Montara pre-design- Project on hold due to funding.
 - ✓ Replace /Rehab Treatment Plant Boilers- Awaiting Equipment
 - ✓ Replace treatment Plant Emergency Generator- In progress.

Project: Rehabilitation of SAM Force Main situated in Montara
Priority: Rehabilitation/Replacement/Safety

The SAM Force Main situated in Montara Rehabilitation (SMFM) Project addresses aging, at-risk pipeline within the Intertie Pipeline System. The SMFM conveys wastewater from the Montara and Moss Beach communities to SAM’s Wastewater Treatment Plant in Half Moon Bay. The MFM is approximately 16,750 feet in length, ranging from 12 to 14-inches in diameter and was constructed of ductile iron pipe (DIP) in the early 1980s.

A 2017 project replaced the first 2,500 feet of MFM from Montara Pump Station to the end of Vallemar Street with high-density polyethylene (HDPE) pipe and replaced the associated air/vacuum relief valves. A 12-inch-diameter DIP portion of the SMFM experienced failure during the atmospheric river storm that started on December 31, 2022, which was declared as a disaster at both the State and Federal levels. SAM’s emergency response included replacement of an 850-ft portion of the impacted force main with HDPE. It is proposed to replace the remaining 13,400 feet of the SMFM project before June 30, 2026.



CIP Total Cost: \$10,000,000

Project Funding: This project will be funded by SAM’s Infrastructure Program

Basis of Priority: This priority project continues the best practice of rehabilitating aging force main to mitigate sanitary sewer overflows, human health risks, environmental damages, and other regulatory violations.

Annual Cost Distribution and Schedule

CIP Total	FY2024/25	FY2025/26			
	3.0M	7.0M			

Position Control List

<u>Classifications</u>	<u>Authorized Positions</u>
<u>Administrative Services:</u>	
General Manager	1.0
Finance Officer	1.0
Accounting Technician	1.0
Administrative Assistant	<u>1.0</u>
	4.0
<u>Operations & Maintenance:</u>	
<i>Engineering & Construction Contracts Manager (Defunded)</i>	0.0
Plant Superintendent	0.75
Maintenance Mechanic I/II/III	2.0
Operator I/II/III	2.0
Lead Operator	4.0
<i>Utility Worker (Defunded)</i>	<u>0.0</u>
	8.75
<u>Environmental Compliance:</u>	
Plant Superintendent	.25
Total Authorized – General Budget	13.0
<u>Collection Services:</u>	
Collection Maintenance Worker I/II/III	3.0
Maintenance Mechanic I/II/III	<u>1.0</u>
Total Authorized – Collections Services	4.0
Grand Total Authorized Authority	17.0



SEWER AUTHORITY MID-COASTSIDE
Staff Report

TO: Honorable Board of Directors
FROM: Kishen Prathivadi, General Manager
BY: Kishen Prathivadi, General Manager
SUBJECT: **Discuss Proposed General Budget for FY 2024/25 and Authorize the General Manager to Submit it to Member Agencies for Approval.**

Executive Summary

The purpose of this report is to discuss the proposed General Budget for FY 2024/25 and authorize the General Manager to submit it to Member Agencies for approval.

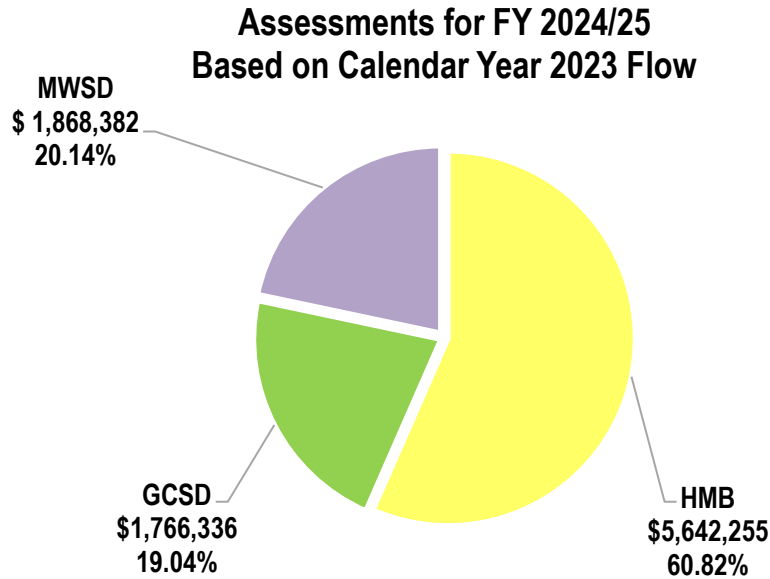
Fiscal Impact

The operation and maintenance expenditure budget for FY 2024/25 is \$9.4 million, including infrastructure project expenses. This is an *overall increase* of \$610,554 from the FY 2023/24 adopted budget. The impact to the member agency assessments is:

Assessments for Each Member Agency

	FY 2021/22 ACTUAL	FY 2022/23 ACTUAL	FY 2023/24 ADOPTED	FY 2024/25 PROPOSED	CHANGE FROM FY 23/24 ADOPTED
Half Moon Bay	\$4,241,911	\$4,871,480	\$5,331,606	\$5,642,255	\$310,648 6%
Granada CSD	\$1,489,027	\$1,630,110	\$1,651,497	\$1,766,336	\$114,838 7%
Montara WSD	\$1,532,608	\$1,694,036	\$1,686,175	\$1,868,382	\$182,207 11%
	\$7,263,546	\$8,195,626	\$8,669,279	\$9,276,973	\$607,694 7%

BOARD MEMBERS:	M. Clark	B. Dye	P. Dekker
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	B. Softky	J. Randle
	J. Grant	H. Rarback	



Strategic Plan Compliance

The recommendations in the proposed budget comply with SAM Strategic Plan Goal 3: “Consider long-term costs and ensure that finances are stable and understandable by the board, member agencies, and the public.”

Background and Discussion/Report

The General Budget includes all operation and maintenance (O&M) costs for SAM and are allocated to four divisions: Administrative Services, Treatment, Environmental Compliance, and Infrastructure. The proposed budget includes obligations for wages and benefits defined in employment and bargaining contracts, increases in retirement contributions, and other non-discretionary expenses.

Staff made the following assumptions in determining changes from the FY 2024/25 adopted budget.

- The position of Engineering & Construction Contracts Manager continues to be defunded.
- All applicable merit step increases will be earned per the MOU with Local No. 39.
- All authorized positions are funded. Salaries for filled positions are estimated at one step up. Salaries for currently vacant positions are estimated at mid-step. There are a total of 14 positions:
 - 8 employees are scheduled for a step increase.
 - 7 employees are currently at the top step.
 - One is the General Manager who is on a contract.
- All services, supplies, and utilities will be increased by a 3% CPI unless specific adjustment was deemed necessary based on actual experience or known factors.

BOARD MEMBERS:	M. Clark	B. Dye	P. Dekker
	D. Penrose	D. Ruddock	K. Slater-Carter
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	J. Grant	H. Rarback	

Budget Overview

The General Budget, including the proposed infrastructure projects, has been discussed by the Member Agency Managers and by the Finance Committee. The presentation today is for the Board to review and follow-up with agency staff and respective Council/Boards for comment. Final approval of the proposed budget will take place later in the process.

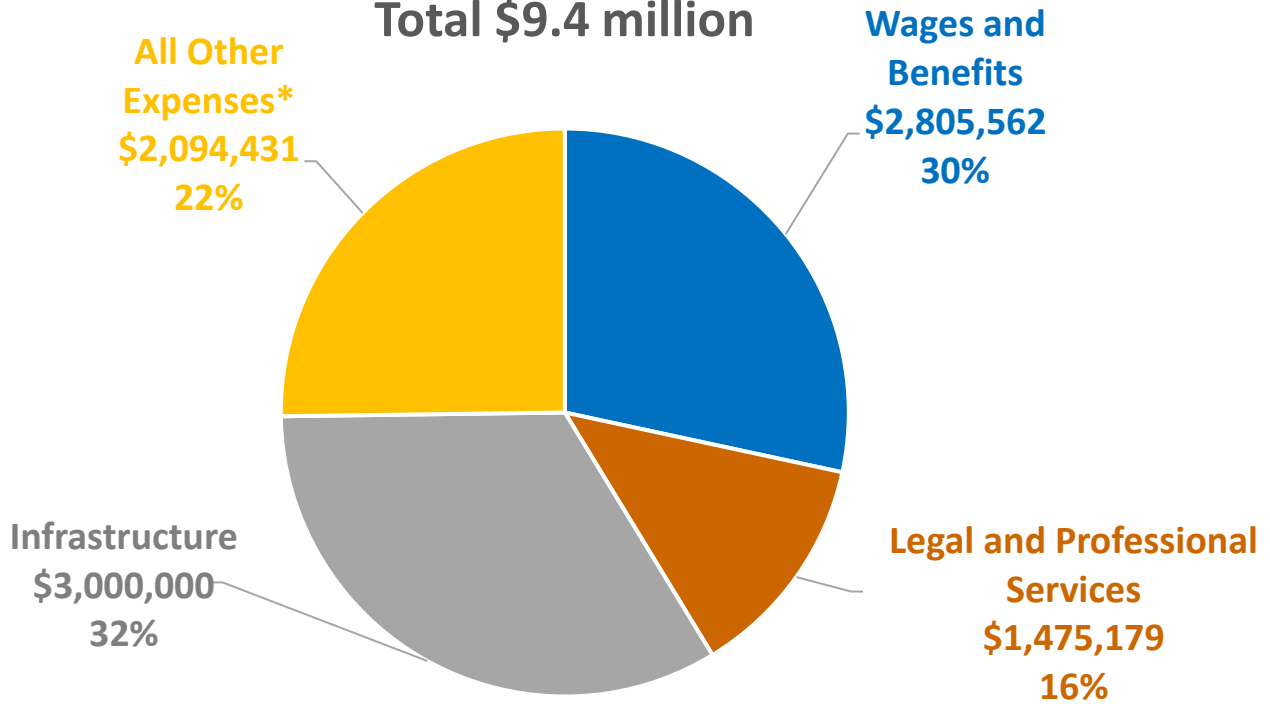
The overall increase from the adopted budget for Fiscal Year 2023/24 to the proposed budget for Fiscal Year 2024/25 is \$610,554 (7%). This is primarily due to an increase in personnel costs, professional services and insurance premiums.

Of the total General Budget, \$2.81 million (30%) is for wages and benefits. The cost of infrastructure improvements is \$3.0 million (32%). Legal, Engineering and Professional Services is \$1.48 million (16%) and accounts for a significant percentage of the budget due to SAM's dependency on contractors and consultants for technical and specialized services.

All other expenses (including Utilities, Insurance, Equipment Rental, Maintenance Services, Chemicals, Permits, Supplies, Equipment, and Claims) represent the remaining \$2.09 million (22%) of the budget.

BOARD MEMBERS:	M. Clark	B. Dye	P. Dekker
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Expenses by Category
Total \$9.4 million



*All Other Expenses include: Utilities, Insurance, Equipment Rental, Maintenance Services, Chemicals, Permits, Supplies, Equipment, and Claims.

Significant Budget Changes

The Administrative Services division increased \$308,192 (16%). The net increase is a result from COLA increase of 3% and related merit increase. The Authority also approved a long term agreement with General Counsel which established a three year not to exceed amount.

The Treatment division increased \$347,454 (8%), which is due to the known COLA increase of 3% as well as budgeting for the unknown portion of labor negotiations with Local No. 39 and an increase in professional services and chemicals. Other costs have decreased over the prior year.

The Environmental Compliance division budget increased \$14,500 (6%) primarily due to projected increase in personnel costs.

The Infrastructure division decreased \$59,592 (2%) to address various projects in the Authority Capital Improvement Plan.

BOARD MEMBERS:	M. Clark	B. Dye	P. Dekker
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	J. Grant	H. Rarback	

Detail Changes in Expenses

The significant overall changes in the expense categories are as follows. The numbers are correlated to the line items on the budget spreadsheets.

1. Wages: Increase of \$199,597 due to expected increase of labor negotiations.
2. Premium Pay: Increase of \$30,229 due to standby pay, certification pay, and overtime pay associated with changes in staffing resulting.
3. Health Benefits: Decrease of \$22,951 due to certain employees electing out of Authority Coverage.
4. Retirement Contributions: Increase of \$33,445 primarily due to the estimation of retirement costs related to the unfunded liability portion in the prior year's budget. (Every year this amount is estimated but the actual amount is not in our control and is not known until we are officially notified by CalPERS after the year is over).
5. Retirement Medical: Increase of \$14,889 for contributions as negotiated in the MOU and the Unrepresented Employees.
6. Misc. Benefits: Increase of \$31,897 for benefits as negotiated in the MOU and the Unrepresented Employees.
7. Personnel Subtotal: Increase of \$287,105 in personnel costs primarily due to anticipated increase in wages.
8. Legal Services: Increase of \$20,000 due to anticipated labor negotiations with Local No. 39.
9. Engineering Services: Minimal increase budgeted.
10. Professional Services: Increase of \$225,187.

The major contracting firms and the status of their contracts, if applicable, are as follows:

- Calcon Systems, electrical services: Existing contract not to exceed \$350,000.
 - RVE Accounting, financial & accounting services: As Needed.
 - Alpha Analytical Laboratories, essential lab services: As Needed.
 - Peninsula Pump, handles pump repair, generally an emergency repair: As Needed.
11. Precision IT, computer equipment maintenance: IT support as and when needed.
 12. Professional Memberships: Minimal decrease.
 13. Insurance Premiums: Increase of \$111,740 due to new policies and prior year claims.
 14. Misc. Expenses: Increase of \$12,757 anticipated based on detailed review of current year expenditures.

BOARD MEMBERS:

M. Clark
D. Penrose
S. Boyd
J. Grant

B. Dye
D. Ruddock
B. Softky
H. Rarback

P. Dekker
K. Slater-Carter
J. Randle

15. Utilities: Increase of \$67,968 for electricity, gas, and water consistent with current costs.
16. Travel & Training: Increase of \$20,661 based on expectation that conference attendance will continue to increase.
17. Equipment Rental: Increase of \$35,146 consistent with actual rent experiences in the current year.
18. Building & Maintenance Services: Increase of \$22,705 based on current year expenditures.
19. Chemicals: Increase of \$12,363 based on anticipated expenses consistent with recent experience and expected industry increases.
20. Permits & Licenses: Increase of \$1,553 based on current year expenditures.
21. Supplies: Increase of \$5,342 based on current year expenditures.
22. Equipment: Increase of \$2,791 based on current year expenditures.
23. Infrastructure: Decrease of \$218,011 to address the projects identified.
24. Claims/Penalties: Decrease of \$340 as a holdover of potential penalties stemming from the flooding in January 2023.
25. Non-Personnel Subtotal: Total Increase of \$323,448 (5%).

BOARD MEMBERS:

M. Clark

B. Dye

P. Dekker

D. Penrose

D. Ruddock

K. Slater-Carter

ALTERNATE MEMBERS:

S. Boyd

B. Softky

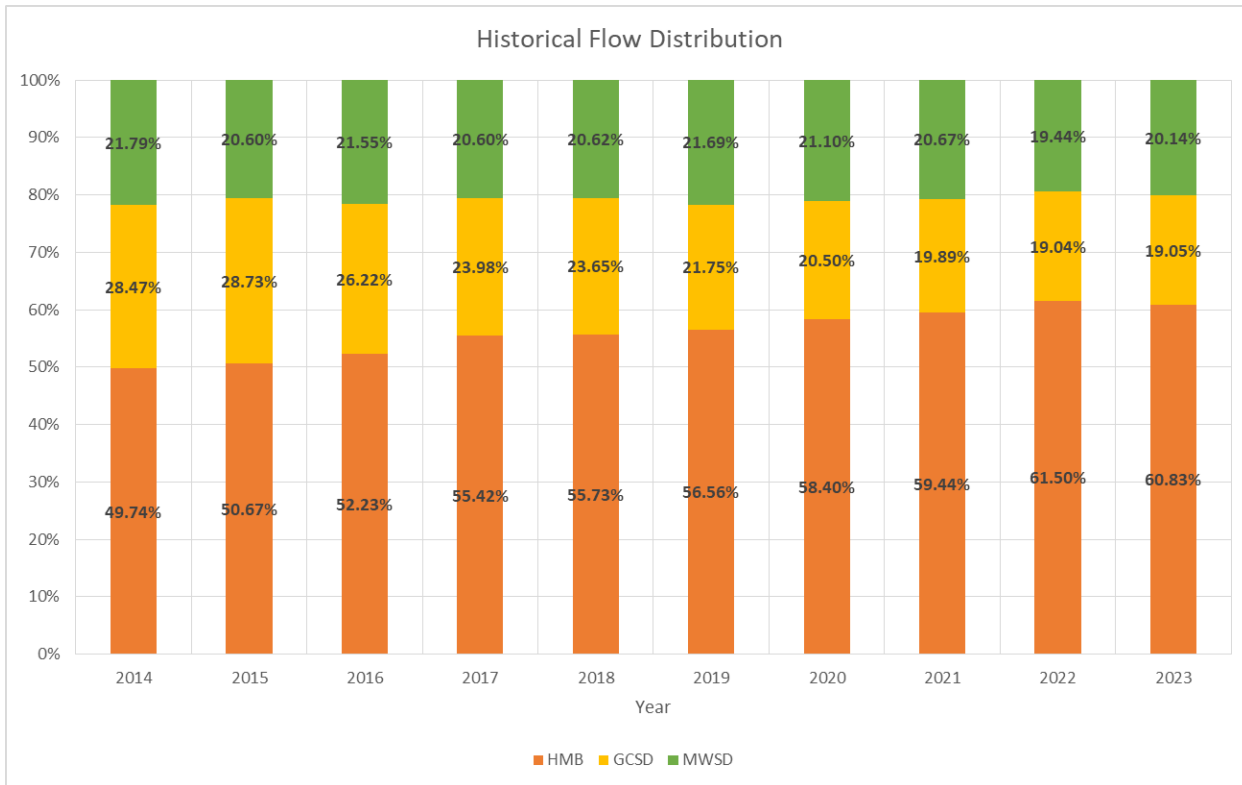
J. Randle

J. Grant

H. Rarback

Revenue Allocation

Of the total O&M revenue, the majority (98.95%) is from assessments paid by the JPA member agencies. The allocation between the agencies is based on the flow from the preceding calendar year. The flow allocations fluctuate from year to year.



The remaining revenue comes from Waste Processing Services that are currently classified in the Non-Domestic Waste Source Control Program Fees category of our AR System (0.5%), and interest earnings (0.5%).

BOARD MEMBERS:

**M. Clark
 D. Penrose**

**B. Dye
 D. Ruddock**

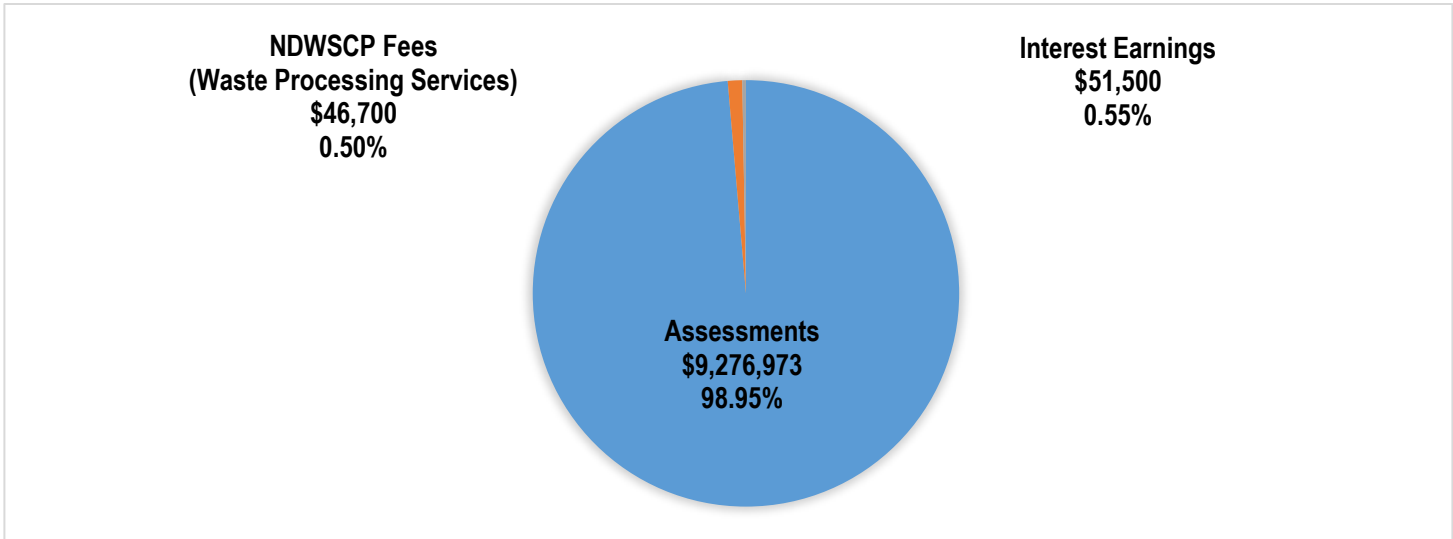
**P. Dekker
 K. Slater-Carter**

ALTERNATE MEMBERS:

**S. Boyd
 J. Grant**

**B. Softky
 H. Rarback**

J. Randle



Staff Recommendation

Staff recommends that the Board of Directors review the budget with their respective staff and contemporaries and return comments to the SAM General Manager on or before May 31, 2024, for evaluation and approve a final budget before June 24, 2024.

Supporting Documents

Attachment A: SAM General Budget for FY 2024/25

BOARD MEMBERS:	M. Clark	B. Dye	P. Dekker
	D. Penrose	D. Ruddock	K. Slater-Carter
ALTERNATE MEMBERS:	S. Boyd	B. Softky	J. Randle
	J. Grant	H. Rarback	