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BUDGET
FY23-24

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FY 2023 – 24 BUDGET

BOARD OF DIRECTORS



Top Row: **Barbara D. Hockett** (Board President), **Mariah N. Lauritzen**, **Michael R. McGill**
Bottom Row: **Tad J. Pilecki**, **Florence T. Wedington**

EXECUTIVE MANAGEMENT

Roger S. Bailey, General Manager

Philip Leiber, Deputy General Manager,
Administration

Greg Norby, Deputy General Manager,
Engineering and Operations

Vacant, Director of Engineering and
Technical Services

Kenton Alm, Counsel for the District

Katie Young, Secretary of the District

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To view or download an electronic version, visit <http://www.centrialsan.org>



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VISION, MISSION, & VALUES

OUR MISSION

To protect public health and the environment

OUR VISION

To be an industry-leading organization known for environmental stewardship, innovation, and delivering exceptional customer service at responsible rates

OUR VALUES

PEOPLE

- Respect customers and employees
- Work effectively and efficiently as a team
- Celebrate our successes and learn from our challenges

COMMUNITY

- Collaborate with water sector partners
- Foster community relationships
- Be open, transparent, and accessible
- Understand service level expectations

PRINCIPLES

- Be truthful and honest
- Be fair, kind, and friendly
- Take ownership and responsibility

LEADERSHIP AND COMMITMENT

- Promote a passionate and empowered workforce
- Encourage continuous growth and development
- Inspire dedication and top-quality results
- Provide a safe and healthful environment



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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Central Contra Costa Sanitary District
California**

For the Fiscal Year Beginning

July 01, 2022

Christopher P. Morill

Executive Director

The Government Finance Officers Association (GFOA) of the United States and Canada presented a Distinguished Budget Presentation Award to Central San for its Annual Budget for the fiscal year beginning July 1, 2022. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device. Central San believes this budget document continues to conform to program requirements.

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General Manager's Message

Honorable Members of the Board of Directors:

I am pleased to present the Central Contra Costa Sanitary District's (Central San's) Fiscal Year (FY) 2023-24 combined Operations and Maintenance (O&M), and Capital Improvement Project (CIP) budget. This budget serves as both a financial plan and a policy document to guide our work in the coming year. It reflects our unwavering commitment to protecting public health and the environment in a fiscally responsible and customer-focused manner.

Since our founding in 1946, Central San has grown along with the communities we serve. Today, we collect and clean wastewater for nearly half a million residents and over 3,000 businesses. We maintain over 1,500 miles of pipes and 18 pumping stations to carry wastewater to our treatment plant in Martinez, where we clean about 13 billion gallons of wastewater every year. Recently, we marked 25 consecutive years of 100% compliance with our National Pollutant Discharge Elimination System permit.

Through prudent planning, industry-leading innovation, and the dedication of our employees, Central San has remained resilient in the face of adversity. Within the past few years alone, we've faced a pandemic, storms, wildfires, earthquakes, and economic uncertainty. Throughout, we've risen to the challenge of providing essential services without interruption, supporting health, safety, economic vitality, and quality of life in central Contra Costa County.

Maximizing Value for Our Customers

Central San takes pride in the level of service we provide. This includes our innovative recycled water and household hazardous waste (HHW) programs and award-winning public outreach and student educational programs. We're continually exploring how we can better meet the needs of our customers. As one example, this year we opened a new recreational vehicle (RV) waste disposal station, which will help us better protect public health and the environment by reducing improper or illegal dumping to local waterways. These value-added services will continue to receive the support they need in this budget.

Through our asset management program and proactive maintenance, we've optimized our operations and extended the lifespan of our facilities, making every dollar work harder for our customers. However, parts of our system have reached the end of their useful lives. Significant capital investments are needed to ensure we can continue providing the level of service our customers expect. This budget reflects these critical infrastructure needs, including renovations to our solids handling facilities, recycled water filter plant, and steam and aeration blower systems. We also are investing in upgrades to our pumping stations and replacing aging neighborhood sewer pipes to ensure reliable, trouble-free service for decades to come.

Ensuring Fair and Reasonable Rates

In developing this budget, we strove to balance two imperatives: Provide the necessary resources for round-the-clock operations, maintenance, and critical infrastructure investments, while also recognizing the economic realities and challenges many of our customers face.

Recently, we completed a cost-of-service study that serves as the basis for a moderate rate adjustment proposal which will reflect the costs of providing sewer service to all customer classes. Under the new rate structure (scheduled for adoption in June 2023), our single-family residential customers will see an increase of 1% in FY 2023-24. Other customer classes will see varying rate changes, up to a maximum increase of 6% for our low-strength commercial customers. We also developed a new rate category for accessory dwelling units (ADUs), reflecting the lower costs of providing wastewater service for these residences. Our rates remain below average compared with other wastewater utilities across the Bay Area.

Before seeking additional funds from our customers, we make every effort to control costs and ensure we're wisely managing the moneys entrusted to us. Among our recent financial successes, we've held operation and maintenance costs flat for the past eight years and maintained our AAA (S&P) and Aa1 (Moody's) credit ratings which will keep borrowing costs low. We paid off pension liabilities—projected to save nearly \$15 million in interest payments—and secured low-cost state financing to save another \$20 million in interest costs on large-scale projects. We also annually benchmark performance to ensure efficient, cost-effective operations.

Acknowledging our Accomplishments

As we strive to provide exceptional service at reasonable rates, our two-year Strategic Plan serves as a guidepost to keep us focused on our vision and goals. Some of the significant accomplishments under each of the seven goals in the Strategic Plan include:



CUSTOMER AND COMMUNITY

- Continued providing essential services without interruption during the COVID-19 pandemic while protecting employees, the public, and the environment.
- Received 94% customer satisfaction rating for the North Orinda Sewer Renovations, Phase 8 construction project.
- Received a 4.0 out of 4.0 average customer service rating for collection system emergency calls (as of Q2). Opened a new Recreational Vehicle (RV) Wastewater Receiving Station at no-charge for customers as part of a three-year pilot program.



- Hosted citizens' academy, Central San Academy for the fifth time to welcome and educate 20 participants.
- Began offering the federal Low Income Household Water Assistance Program (LIHWAP) program.
- Oversaw approximately 49,000 visits to the HHW Collection Facility and Residential Recycled Water Fill Station by residents, small businesses, reuse customers, retail partners, and fill station users.
- Won the 2022 Uptime Award for Best Work Execution Program – the third Uptime Award received by the Plant Maintenance Division in five years.



ENVIRONMENTAL STEWARDSHIP

- Maintained eligibility for the NACWA Peak Performance Award Platinum status for the 25th consecutive year, recognizing 100% compliance with Central San's wastewater discharge permit.
- Responded to 12 sanitary sewer overflows (as of Q2) – the second lowest ever recorded number of overflows.
- Served 9,632 students (as of Q2) in educational programs.
- Collected approximately 1,900,000 pounds of hazardous waste (estimated based on quantities received through February 2023) and gave away over 210,000 pounds of reusable products.
- Collected approximately 4,000 pounds of pharmaceuticals.
- Distributed 227.5 million gallons of recycled water (as of Q2).
- Continued efforts to augment the region's water supply through the proposed Refinery Recycled Water Exchange.
- Co-hosted a Recycled Water Townhall in Lafayette.
- Worked with the Board of Directors to pursue policy efforts at the state and federal level that addressed PFAS; fats, oils, and grease; and microplastics; and promoted pollution prevention, producer responsibility, and proper wipes labeling.
- Initiated the development of a Fleet Electrification Strategic Plan.
- Engaged a consultant to develop a baseline greenhouse gas emissions inventory and prepare information for use by Central San's Board in determining if a commitment to Net Zero greenhouse gas emissions is appropriate for Central San.

GOAL THREE**WORKFORCE DIVERSITY AND DEVELOPMENT**

- Launched Central San’s Diversity, Equity, and Inclusion (DEI) initiative, and supported the efforts of the DEI Task Force in designing, guiding, and supporting the DEI initiative.
- Implemented a Teleworking Policy to allow employees to work from home where possible – based on their job duties and ability to remote work effectively – to help make Central San a preferred employer of choice.
- Managed the fourth cycle of the BOOST Mentorship Program, the third Supervisory Academy, and kicked off the fourth Management Academy.
- Launched the Leadership Speaker Series to continue developing Central San’s management and executive team members.
- Hosted the first on-site Externship Program for six students and recent graduates.

GOAL FOUR**GOVERNANCE AND FISCAL RESPONSIBILITY**

- Achieved 22 consecutive years of receiving the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
- Achieved five consecutive years of receiving the GFOA Distinguished Budget Presentation Award, for the FY 2022-23 Budget.
- Completed a wastewater cost of service study and recommended a new rate class for accessory dwelling units for Board consideration.
- Completed annual Benchmarking Study based on the American Water Works Association (AWWA) Utility Benchmarking framework and solicited involvement from 58 California agencies.

GOAL FIVE**SAFETY AND SECURITY**

- Continued to modify operations to maintain a safe working environment, while maintaining essential services and high-quality customer service during the pandemic.
- Administration Department, Engineering Department, and Plant Operations Division achieved zero lost workdays.
- Completed seismic improvements on the Laboratory.
- Conducted phishing prevention training exercises and Cybersecurity Awareness training for all staff and hired a Cybersecurity Analyst.

GOAL SIX**INFRASTRUCTURE RELIABILITY**

- Replaced or rehabilitated over six miles of pipes in Alamo, Walnut Creek, Lafayette, Pleasant Hill, Orinda, and other locations.
- Completed major renovations at various pumping stations in Orinda and Moraga.
- Continuing to replace critical infrastructure at the treatment and filter plant, including recycled water storage, contractor yard, and blower improvements.
- Completed 8,922 collection system work orders on schedule 99.2% of the time and cleaned 390 miles of sewers (as of Q2).
- Completed the Asset Management Plan.



INNOVATION AND AGILITY

- Maintained Optimizations Program to commit to efficiency, effectiveness, and continuous improvement by tracking and reporting progress.
- Created the Operations Optimizations Division to improve efficiencies and effectiveness in all dimensions of performance at Central San.
- Completed Phases 1, 2, and 3 of the Process and Technology Optimization (PTO) Strategic Plan.
- Completed a SMART² Utility workshop to identify optimization projects.
- Initiated pilot to test Aquasight's Apollo program for two existing treatment plant processes. The project will evaluate the program's ability to provide real time performance insights using artificial intelligence.
- Successfully piloted a bar coding system for fixed plant assets, which is now being expanded to all fixed assets.
- Continued ongoing optimization and improvement of the new enterprise resource planning (ERP) software, including commencing planning, design, and test phases for Enterprise Performance Management (EPM) capital project management, and working toward the go-live of the Permitting and Community Development module.

Preparing for the Future

As we look ahead, our key priorities include developing our workforce to better serve you, replacing aging infrastructure, meeting emerging regulatory requirements, providing exceptional service, and ensuring environmental stewardship and sustainability in everything we do. Central San stands ready to meet these challenges with the same dedication and innovation that's defined our 77-year history.

The priorities identified in this FY 2023-24 Budget will allow us to build upon our successes and achieve the goals outlined in our two-year Strategic Plan. I want to thank our staff, whose collaborative efforts have resulted in a budget that ensures the reliability and resiliency of our operations, as well as the sound financial footing of Central San.

I also want to thank our Board members for providing the vision, resources, and support necessary to address our current and future challenges. We're pleased to welcome Florence Wedington as our newest Board member and appreciate the depth of knowledge and experience she brings.

This spring, we were saddened by the loss of Board member David Williams. His longstanding leadership and dedication to our community, clean water, and the environment have left a lasting impact on our organization and will continue to inspire us.

While meeting our many priorities and challenges, we recognize that, at the core, our customers rely on us to fulfill our mission while providing exceptional services. Accordingly, this proposed budget represents our commitment to serve with excellence while providing the highest value, now and into the future.

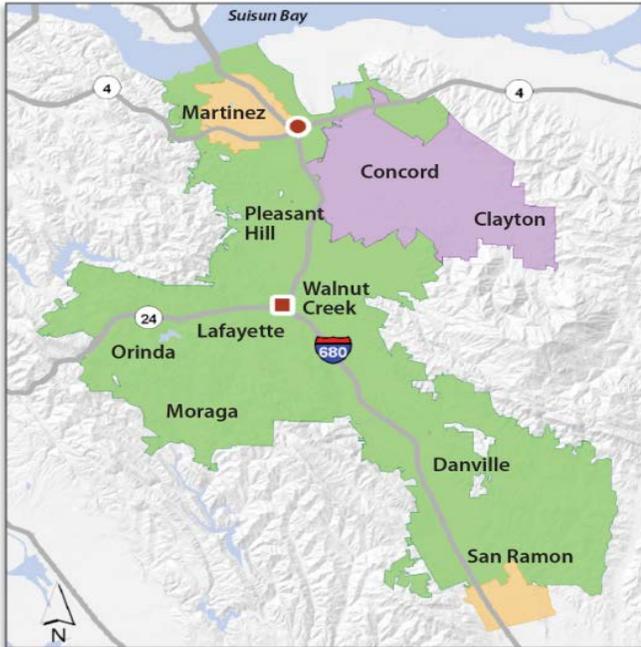
Roger S. Bailey
General Manager



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About Central San

Established in 1946, Central San is located about 30 miles northeast of San Francisco and provides wastewater services for nearly 500,000 residents and more than 3,000 businesses in central Contra Costa County. This service territory covers 146 square miles and includes Alamo, Clyde, Danville, Lafayette, Martinez, Moraga, Orinda, Pacheco, Pleasant Hill, San Ramon, Walnut Creek, and unincorporated areas within central Contra Costa County. Central San also treats wastewater from an additional 37 square miles for residents of Concord and Clayton under a 1974 contract with the City of Concord.



-  Sewage collection and wastewater treatment; household hazardous waste (HHW) disposal
-  Wastewater treatment and HHW disposal for residents in Concord and Clayton by contract
-  HHW disposal only
-  Central San headquarters, treatment plant, HHW Facility, and Residential Recycled Water Fill Station
-  Collection System Operations headquarters



Central San by the numbers

- Serves **nearly 500,000** residents and **more than 3,000** businesses in central Contra Costa County
- Maintains **over 1,500** miles of sewer pipelines and **18** pumping stations which carry wastewater to Central San's regional treatment plant in Martinez
- Cleans about **13 billion** gallons of wastewater per year
- Produces more than **500 million** gallons of recycled water every year for irrigation and industrial uses
- Collects about **2 million pounds** of household hazardous waste per year, and strives to reuse or recycle about **90%** of those materials
- Collects about **4,000 pounds** of unwanted medications per year
- Achieves an average 4.0 out of 4.0 customer satisfaction rating for sewer emergency response (as of Q2 in FY 2022-23)
- Serves about **20,000 students** through school education programs every year
- Welcomes more than **500 participants** to treatment plant tours and speakers bureau presentations per year

Community Profile

For over 75 years, Central San has been proud to serve its customers in the San Francisco Bay Area's central Contra Costa County region. The service area is located at the foot of Mount Diablo (3,848 feet), whose state park and foothills offer hiking trails and open space preserves that are frequently used by the neighboring residents.

The cities served by Central San are also some of the most historic in California. Martinez, where the headquarters is located, was a key crossing point over the Carquinez Strait for the Pony Express, and its downtown is notable for its preserved historic buildings, including the John Muir National Historic Site. A short distance away, the Cities of Concord, Walnut Creek, and San Ramon boast revitalized shopping districts, drawing retailers and restaurants from other parts of the state to open locations there. One of Central San's largest customers, the City of Concord, is working on converting a former Naval Weapons Station into a Community Reuse Project, which will include parks, housing, office, retail, and the restoration of Mt. Diablo Creek. Central San is proud to be part of the effort to make the project as sustainable as possible by supplying recycled water for irrigation in this development.



In recent years, the population of the service area has stayed relatively steady, after continuing growth in prior years, partially due to its accessibility to San Francisco and Silicon Valley via public transit. Most of the population of Contra Costa County lies along the busy I-680 corridor that connects the North Bay to Silicon Valley. As shown in the following tables, the area in which Central San operates is a growing community to whom this agency is honored to provide its core services, including educational messaging to instill the environmental values foundational to Central San as an organization.

Service Area Population - Growth Since 2010

As of January 1	Inside District	Concord / Clayton	Total Served	% Change
2010	319,377	135,378	454,755	-0.32%
2011	321,800	133,600	455,400	0.14%
2012	326,900	134,200	461,100	1.25%
2013	332,600	134,900	467,500	1.39%
2014	335,009	135,856	470,865	0.72%
2015	339,029	137,357	476,386	1.17%
2016	340,667	140,916	481,583	1.09%
2017	344,591	139,654	484,245	0.55%
2018	348,333	140,590	488,923	0.97%
2019	352,733	151,542	494,275	1.09%
2020	342,149	141,480	483,629	-2.15%
2021	344,254	140,541	484,795	0.24%
2022	352,832	134,497	487,329	0.52%

Population by Community (2010 and three recent years)

Community*	As of January 1, 2010	As of January 1, 2020	As of January 1, 2021	As of January 1, 2022
Clayton	10,936	11,337	11,268	10,863
Concord	124,442	130,143	129,273	123,634
Danville	43,110	43,876	43,906	43,352
Lafayette	24,206	25,604	25,358	25,064
Martinez *	21,078	20,913	21,834	22,008
Moraga	14,701	16,946	16,820	17,105
Orinda	17,799	19,009	19,078	19,478
Pleasant Hill	33,384	34,267	34,133	34,026
San Ramon *	51,099	68,824	63,659	69,479
Walnut Creek	65,443	70,860	71,317	69,891
Unincorporated Contra Costa County**	48,557	41,850	48,149	52,429
Total Service Area	454,755	483,629	484,795	487,329
Contra Costa County Total	1,073,055	1,156,530	1,153,854	1,156,555

* Central San shares service of these communities with other agencies, and adjustments for the populations served by those other agencies have been made

**Includes Alamo, Clyde, and Pacheco

Source: California Department of Finance, Demographic Research Unit and local agency service records

Household Income by Community (Calendar Years 2020 and 2021)

Community	Average Household Income 2020	Average Household Income 2021
Alamo *, ^	\$312,473	\$332,932
Clyde *, ^	\$83,077	\$92,801
Clayton **	\$153,607	\$150,948
Concord **	\$92,706	\$100,011
Danville	\$167,827	\$181,453
Lafayette	\$188,140	\$192,546
Martinez ***	\$109,994	\$114,390
Moraga	\$152,788	\$167,784
Orinda	\$231,230	\$248,984
Pacheco *, ^	\$106,046	\$110,664
Pleasant Hill	\$125,573	\$131,012
San Ramon	\$167,345	\$173,519
Walnut Creek	\$108,689	\$121,205
Service Area Total (Excluding Concord** & Clayton**), Weighted by Population	\$155,638	\$166,093

Source: US Census Data (<https://www.census.gov/quickfacts>)

* Included in "Unincorporated Contra Costa County" population line item in previous table.

^ from American Community Survey, S1901 at <https://data.census.gov/>

** Not included in service territory, Central San provides wastewater treatment and HHW services through a wholesale contract.

*** Portions of Martinez are in service territory for collection and treatment, and all of Martinez is provided with HHW services.

Ten Largest Customers by Sewer Service Charge (FY 2021-22)

Customer	Operating Revenue	Rank	% of Operating Revenue
City of Concord*	\$16,134,761	1	11.97%
First Walnut Creek Mutual	\$593,750	2	0.44%
Park Regency Apartments	557,500	3	0.41%
Second Walnut Creek Mutual Apartments	468,750	4	0.35%
John Muir Health	404,989	5	0.30%
Branch Creek Vista Apartments	\$250,000	6	0.19%
Bay Landing Apartments	\$225,000	7	0.17%
Kaiser Foundation Hospital	\$222,277	8	0.16%
Muirland @ Windemere Apartments	\$218,750	9	0.16%
Archstone Apartments	\$198,876	10	0.15%
Total	\$19,274,654		14.30%

* Contract with the City of Concord to treat and dispose of wastewater for Concord and Clayton

** Located in Concord, but in the Central San service territory for wastewater collection and treatment

Sewer Service Charge Billings by Type (FY 2021-22)

User Group	Parcels*	Residential Unit Equivalents • *	2020-21 Sewer Service Charge Billings	% of Total
Residential	115,512	141,183	\$93,180,965	84%
Mixed Use	232	3,668	2,420,806	2%
Office	1,076	4,513	2,978,664	3%
Food Service	259	3,407	2,248,513	2%
Hotel/Motel	23	1,612	1,063,997	1%
Industrial/Permitted	14	1,367	902,026	1%
Skilled Nursing	44	1,021	673,628	1%
Schools	160	1,115	735,915	1%
Businesses **	414	1,537	1,014,399	1%
Recreation/Entertainment	211	990	653,335	1%
Automotive/Car Wash	252	1,183	780,511	1%
Market/Supermarket	53	1,579	1,042,407	1%
All Other User Groups	532	3,990	2,580,047	2%
Total County and Direct Bills	118,782	167,084	110,275,211	100%
Partial Year Charges			\$421,920	
Prior Year Adjustments			251,282	
Total	118,782		\$110,948,413	100%

* Parcels are the primary basis for billing the Sewer Service Charge. Other terms such as the number of “customer accounts” may be used to roughly approximate parcels. Additionally, the term “Residential Unit Equivalents” (RUEs) is used to normalize flow volumes of different customer types by translating volumes into a standard measurement based on the volumes of a typical residential customer.

** Business user group includes: retail sales, barbers/beauty salons/pet grooming, dry cleaners, nurseries/lumberyards, contractors, and equipment repair

Largest Employers in Contra Costa County (2022)

Employers	Estimated Employees	2022 % of Total County Employment
Chevron Corporation	10,000+	1.89%
Kaiser Permanente	10,000+	1.89%
Bio-Rad Laboratories	1,000-4,999	0.56%
John Muir Medical Center	1,000-4,999	0.56%
La Raza Market	1,000-4,999	0.56%
USS-POSCO Industries	1,000-4,999	0.56%
All Others	499,600	93.98%
Total	531,600	100%

Source: County of Contra Costa, California, California Annual Financial Report for June 30, 2022, Statistical Section, principal employers excludes government employers

Economic Statistics for Contra Costa County (Since 2010)

FY Ended June 30	Population*	Personal Income*	Per Capita Personal Income*	Average Annual Unemployment Rate**
2010	1,052,875	\$56,882,501	\$54,030	11.3%
2011	1,066,126	\$61,498,902	\$57,681	11.0%
2012	1,079,093	\$66,772,041	\$61,878	9.4%
2013	1,096,310	\$67,290,115	\$61,435	7.3%
2014	1,110,971	\$71,164,468	\$64,056	6.0%
2015	1,126,027	\$77,914,957	\$69,195	4.9%
2016	1,138,645	\$82,204,425	\$72,195	4.9%
2017	1,147,439	\$87,810,279	\$76,527	4.1%
2018	1,150,215	\$94,900,003	\$82,506	3.5%
2019	1,155,879	\$97,550,344	\$81,782	3.2%
2020	1,152,333	\$106,318,748	\$88,910	13.4%
2021	1,161,413	\$115,342,618 ****	\$99,312	6.4%
2022	1,156,555 *****	Not available	Not available	3.5%

* Source: U.S. Department of Commerce, Bureau of Economic Analysis, "CAINC1" figure.

<https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&acrdn=7#reqid=70&step=1&acrdn=7>

**Source: State of California Employment Development Department, annual calendar figure in 2010 future dates as of June.

<https://data.edd.ca.gov/Labor-Force-and-Unemployment-Rates/Local-Area-Unemployment-Statistics-LAUS-Contra-Cos/2fxf-y95y>

*** <https://www.census.gov/quickfacts/fact/table/contracostacountycalifornia,CA/PST045221>

**** Source: FRED Economic Data. <https://fred.stlouisfed.org/series/PI06013>

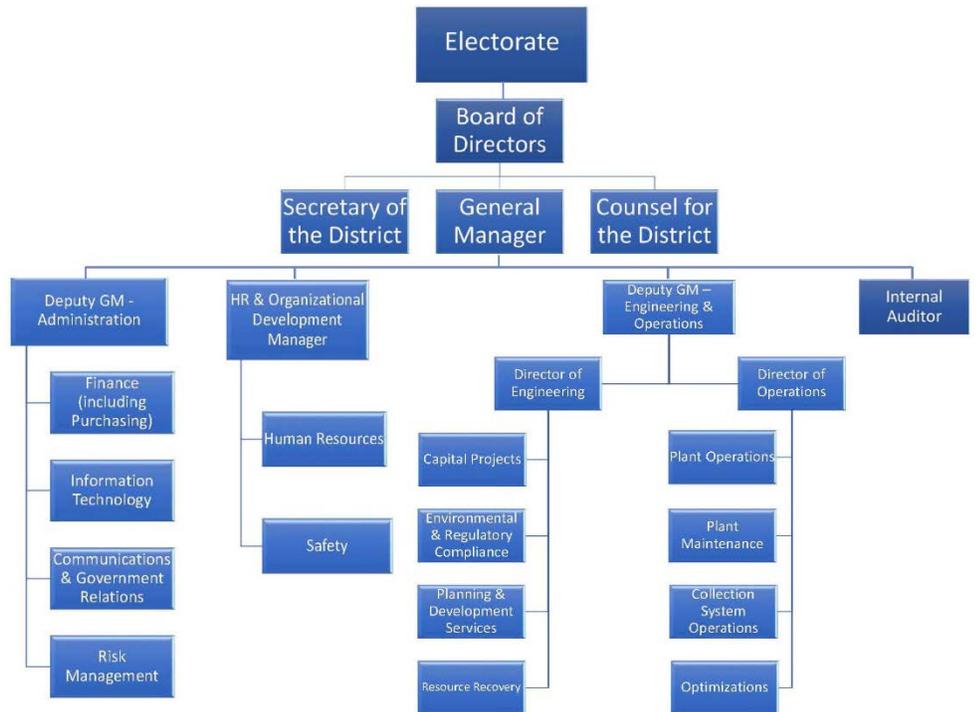
***** Source: <https://www.contracosta.ca.gov/5342/Demographics>

Organizational Structure

Central San is governed by a Board of Directors (Board) whose five members were elected at-large on a non-partisan basis and serve a four-year term. Commencing with the 2022 election, Central San transitioned to area-based elections. Under area-based elections, Central San has been divided into five separate election areas called “divisions” and voters residing in each area will select one representative to serve on the Board.

The Board appoints the General Manager, the Counsel for the District, and the Secretary of the District.

Central San is organized into three departments: Administration (which includes HR and Secretary of the District), Engineering and Technical Services, and Operations.



Central San currently has 294 budgeted full-time employees. The budget for FY 2023-24 is proposed at 298 positions.

This team of employees is led by a General Manager, two Deputy General Managers, an Internal Auditor, and Department Directors, and 11 Division Managers.

The chart above depicts the operating divisions and programs that are funded in the budget.

Central San's main headquarters, Board Room, and treatment plant are located at 5019 Imhoff Place in Martinez. Central San's Collection System Operations are headquartered at 1250 Springbrook Road in Walnut Creek.



Budgeting Calendar, Process, and Spending Authorities

The budget development process for FY 2023-24 started midway through FY 2022-23 with updates to the Ten-Year Financial Plan. Board discussion of these matters took place on January 12, 2023. Board guidance on these matters was used in the budget development during this period, and through the preparation of the budget book in April.

The budget was developed through an iterative process. Initial budget proposals were input into the new Oracle budgeting module and the results were then reviewed by the General Manager and discussed with the relevant Directors and division managers. After several rounds of refinement and changes, the numbers were compiled and presented in the budget book, which was finalized in April, and provided to the Board in early May. The Operations and Maintenance sections were reviewed by the Board Finance Committee, and the Capital budget was reviewed by the Board Engineering & Operations Committee prior to Board adoption of the final budget in June. The budget process typically is aligned with two other key planning processes: strategic planning, which covers a two-year window, and rate setting.

FY 2023-24 is the second year of a two-year Strategic Plan cycle. The strategic goals, strategies, initiatives, key success measures, and metrics of that plan were established during mid FY 2021-22 and provide guidance for funding activities in the budget. The budget proposes a level of funding that will enable and achieve the goals set forth in the FYs 2022-24 Strategic Plan.

With the expiration of the four-year SSC rate schedule by July 2023, Central San conducted a cost-of-service study to develop SSC rates for the subsequent period. The results of the draft cost-of-service study, and an updated Ten-Year Financial Plan were discussed at the January 12, 2023 Financial Planning workshop. Staff presented and the board expressed preliminary support for a two-year rate adjustment that forecast modest overall rate increases to address operational and capital improvement program needs. The cost-of-service report was finalized in May, and Proposition 218 notifications were issued in May, and a public hearing on rates was scheduled for June 21, 2023. At that meeting the Board will consider public comments and vote on the adoption of the proposed rates. This budget document presumes adoption of those rates.

A diagram summarizing the typical budget and rate development process is provided below. For FY 2023-24, the Proposition 218 notices process was deferred until May-June.



A calendar of key intersecting events during the process for the FY 2023-24 budget is provided below, comprised of activities from two of the three critical business areas of the planning process: Budget and Rate Setting. Strategic planning activities were limited to data collection and reporting on the approved FYs 2022-24 Strategic Plan. Development related to the FYs 2024-26 Strategic Plan will take place during 2024.

Key Strategic Plan, Budget, and Rate Setting Events for FY 2023-24 Budget

Date	Budget	Rate Setting
January 2023	N/A	Financial Planning Workshop: Review of Financial Plan including updates to the Ten-Year CIP and CIB
February 2023	Departments/divisions develop and submit operating budget proposals	N/A
March 2023	General Manager reviews operating budget with departments/divisions	N/A
April 2023	Draft operating budget finalized with departments/divisions Draft Ten-Year Capital Improvement Plan (CIP) finalized by Department of Engineering and Technical Services	N/A
May 2023	Draft Operating Budget presented to the Finance Committee and the Board Draft Capital Improvement Budget (CIB) and Ten-Year CIP presented to the Engineering and Operations Committee and Board	N/A
June 2023	Public Hearing and Board Meeting to consider proposed SSC rates for FY 2023-24 and 2024-25.	Public Hearing on adoption of Sewer Service Charge Public Hearing on adoption of Capacity and Developer-Related Fees, Rates and Charges
July 2023		New rates effective

Public participation has been invited throughout all aspects of these planning processes. Documents are published on the Central San website for public review. Public input is taken at Committee and Board meetings, financial workshops, and public hearings on these matters.

Once the budget is adopted, the General Manager has the authority to spend within the respective budgets. Payments are governed by the limits set in the General Manager Delegation of Authority (Board Policy No. BP-038).

Individual supervisors and managers are granted authority for purchase requisitions, approvals, and payment authorizations consistent with the signature limit matrix by position that serves as a partial delegation of some of the General Manager authority. Certain expenditures over \$200,000 require Board approval.

Spending is monitored monthly by staff and by the Board; variances of more than 10% on individual budget line-item categories are highlighted and subject to discussion by the Finance Committee. All expenditures are submitted monthly to the Finance Committee and the Board for review and approval. Monthly financial statements are issued internally and to the Board. Monthly and annual variance explanations are presented to the Board. The Board also reviews year-end variance explanations and determines how available funds from favorable variances are used.

Should it become necessary to spend more than the overall Operations and Maintenance, Capital, Debt Service, or Self-Insurance budget, formal Board action would be required to adopt an amended budget.

For the Capital Improvement Program, budgets for projects are set on an annual basis. The General Manager has the authority to reallocate funds up to \$500,000 between projects. Reallocations above that amount or the creation of a new unbudgeted capital project require approval by the Board.

The General Manager has the authority to spend up to the budgeted amounts for Debt Service. The General Manager may also spend Self-Insurance Fund reserves to pay claims and claim expenses within the self-insured retention (\$500,000) during the fiscal year.

General Manager and Board roles in the administration of financial limits related to expenditures are summarized in the two following tables:

Capital Improvement Program Authorization Limits

Action		General Manager	Board of Directors
Approve Capital Improvement Plan and Capital Improvement Budget (CIP/CIB)		None	No Limit
Transfer Funds to Individual Project Budgets		\$500,000 or Less	No Limit
Enter Into Agreements	Professional Consulting Services	\$200,000 or Less	Greater than \$200,000
	Technical Consulting Services	\$200,000 or Less	Greater than \$200,000
	Professional Engineering Services	\$200,000 or Less	Greater than \$200,000
Amend Agreements less than or equal to \$2 million		\$100,000 or Less	Greater than \$100,000
Amend Agreements greater than \$2 million		\$200,000 or Less	Greater than \$200,000
Transfer Funds from CIB Contingency Account to Projects Not Included in the CIB		\$200,000* or Less per Project ²	Greater than \$200,000*
Authorize purchase of individual equipment items		Up to Amount Specified in Equipment Budget	No limit
Authorize Supplemental Funds to Program Budgets and Contingency Account		None	No limit / Sewer Construction Fund Balance
Award Construction Contracts ³		\$200,000* or Less	Greater than \$200,000*
Authorize Construction Change Orders	Additive	\$200,000* or Less	Greater than \$200,000*
	Deductive	No Limit	No Board Authorization Required
Authorize Subcontractor Substitutions		All Substitutions Unless Protested by Subcontractor	Substitutions Protested by Subcontractor
Accept Construction Projects		All Projects	Informational Announcement to the Board
Close Out Projects		All Projects	Memo Provided to the Board at End of Fiscal Year
Acquire Easements		\$200,000 or less	Greater than \$200,000

¹ Limited by the remaining balances of the applicable program and contingency account.

² Limited by the remaining balance of the applicable contingency account.

³ Bid protests and rejection of all bids must go to the Board except for those under \$200,000 and which fall under the provisions of the California Uniform Public Construction Cost Accounting Act (UPCCAA) (§§ 22042 and 22042.5).

* These limits shall be raised concurrently with changes to the UPCCAA (California Public Contract Code §§22032(a), representing the threshold above which formal bidding is required under the UPCCAA).

Contracting Authority Limits

Value	Category of the Procurement		
	Goods and Services	Professional Consulting Services	Public Works Projects ¹
> \$0	General Manager Delegated Authority ¹		
> \$0 and ≤ \$200,000		General Manager Delegated Authority	General Manager Delegated Authority
> \$200,000		Board Authorization Required	Board Authorization Required
Amending Agreements ≤ \$2,000,000: Changes less than \$100,000		General Manager Delegated Authority	General Manager Delegated Authority
Amending Agreements > \$2,000,000: Changes less than \$200,000		General Manager Delegated Authority	General Manager Delegated Authority
Amendments Causing Agreement total to Exceed \$200,000		Board Authorization Required	

¹ The Board delegates authority to the General Manager, or their designee, to award and enter contracts for goods and services within the Board's adopted operating budget, excluding labor, provided purchasing policy and procedures are adhered to.

Strategic Plan Summary

Central San develops its Strategic Plans on a two-year cycle, while tracking progress quarterly and producing performance reports annually. The Strategic Plans establish policy direction, outline core commitments, focus initiatives, and track performance with key performance metrics. This budget relates to the second year in the FYs 2022-24 Strategic Plan and reports FY 2022-23 strategic accomplishments and performance (based on information available during the publication of this book in spring 2023), as well as objectives for FY 2023-24. The FY 2021-22 performance against the metrics included in each of the divisions' sections is measured against targets included in the FYs 2020-22 Strategic Plan.

The development of the FYs 2022-24 Strategic Plan started with the Board's re-adoption of Central San's Mission and adoption of revised Vision, Values, and Goals in the summer of 2021. These updates emphasized the agency's commitment to the environment, innovation, optimization, and continuous improvement.

The Strategic Plan contains five components: Goals, Strategies, Initiatives, Key Success Measures, and Metrics. The Strategies outline Central San's approach to achieve its Goals, overcome its challenges, accomplish its mission, and meet the community's needs in the most efficient and effective ways. The Initiatives describe the actions staff will take, and the Key Success Measures delineate the tasks to fulfill those Initiatives. The Key Metrics set targets, track progress, and evaluate performance. To view a complete copy of the Strategic Plan, please visit www.centrialsan.org.

Starting with the development of the FYs 2016-18 Strategic Plan, staff has used the Effective Utility Management (EUM) model as a tool to identify practices and procedures to improve operations and move toward continued sustainability across the organization. The EUM framework was originally developed in 2007 by the American Water Works Association (AWWA), U.S. Environmental Protection Agency (EPA), and nine other association partners representing the U.S. water and wastewater sector. It consists of 10 attributes that provide succinct focus areas for effectively managed utilities and what they should strive to achieve. These attributes are as follows:



Product Quality - Produces "fit for purpose" water that meets or exceeds full compliance with regulatory and reliability requirements and is consistent with customer, public health, ecological, and economic needs.



Customer Satisfaction - Provides reliable, responsive, and affordable services in line with explicit, customer-derived service levels.



Employee and Leadership Development - Recruits and retains a workforce that is competent, motivated, adaptive, and safety focused.



Operational Optimization - Ensures ongoing, timely, cost-effective, reliable, and sustainable performance improvements in all facets of its operations in service to public health and environmental protection.



Financial Viability - Understands the full life-cycle cost of utility operations and the value of water resources.



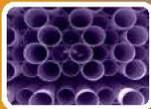
Infrastructure Strategy and Performance - Understands the condition of and costs associated with critical infrastructure assets.



Enterprise Resiliency - Ensures utility leadership and staff work together internally, and with external partners, to anticipate, respond to, and avoid problems.



Community Sustainability - Takes an active leadership role in promoting and organizing community sustainability improvements through collaboration with local partners.



Water Resource Sustainability - Ensures the availability and sustainable management of water for its community and watershed, including water resource recovery.



Stakeholder Understanding and Support - Engenders understanding and support from stakeholders, including customers, oversight bodies, community and watershed interests, and regulatory bodies for service levels, rate structures, operating budgets, capital improvement programs, and risk management decisions.

Key Budget Priorities: Responding to Challenges

The Budget and Strategic Plan, as key planning documents, provide the resources and guidance necessary to accomplish Central San’s mission to protect public health and the environment and overcome its challenges. Central San is committed to improving the quality of services provided to its customers and will positively respond to major challenges through its key budget priorities as linked to the FYs 2022-24 Strategic Plan goals, as follows:

Key Budget Priority	Primary Response	FY 2023-24 Budgeted Project(s)
 GOAL ONE CUSTOMER AND COMMUNITY Provide exceptional service		
Balancing the need for financial resources against impacts to the customer	Continue commitment to educating customers about required revenue and resources needed to replace aging infrastructure and meet regulatory requirements	Public outreach, including the highly successful Central San Academy, student education programs, facilities tours, <i>Pipeline</i> community newsletter, and social media engagement
 GOAL TWO ENVIRONMENTAL STEWARDSHIP Meet regulatory requirements, promote sustainability, and identify and reduce contributions to climate change		
Evolving regulatory requirements	Anticipate changing regulations and plan for alternatives to maintain reliability and meet requirements	Develop a Fleet Electrification Strategic Plan to meet new state requirements for zero-emission vehicles Achieve new Environmental Laboratory Accreditation Program (ELAP) accreditation standard to maintain self-monitoring and reporting competency
Maintaining a sustainable water supply	Partner with agencies to find creative water solutions benefiting the region and state, and identify ways to maximize cost-effective resource recovery and sustainability	Continue exploring partnerships with Contra Costa Water District (CCWD), Santa Clara Valley Water District (Valley Water) and San Francisco Public Utilities Commission (SFPUC) to advance the Refinery Recycled Water Exchange Project to utilize recycled water at nearby refineries in place of raw Delta water to increase the amount of drinking water available to the community, and collaborate with East Bay Municipal Utility District (EBMUD) on a potable reuse study

Key Budget Priority	Primary Response	FY 2023-24 Budgeted Project(s)
 GOAL THREE WORKFORCE DIVERSITY AND DEVELOPMENT Recruit, educate, empower, and retain a workforce from diverse backgrounds		
Driving employee performance and rewarding excellence	Develop, retain, and equip high quality employees with the tools needed to succeed, so Central San may become a preferred employer	Employee recognition, training and development programs, outside conferences, and professional association memberships to inspire continuous education and improvement
Foster a culture of diversity, equity, and inclusion (DEI)	Continue investing in the development of Central San’s DEI initiative	Retention of the services of a DEI consulting firm to help guide the efforts of Central San’s Task Force, including implementing findings of the DEI assessment conducted in FY 2022-23.
 GOAL FOUR GOVERNANCE AND FISCAL RESPONSIBILITY Uphold integrity, transparency, and wise financial management in an effective governing model		
Maintaining responsible rates at an affordable level	Balance capital spending with affordability and rate impact concerns, and offset infrastructure replacement, regulatory responses, and other expenses with cost-saving efforts, efficiencies, optimizations, and innovations	Financial planning to forecast needs and sensible spending, as well as the continued push to become a more cost-effective and efficient operation
 GOAL FIVE SAFETY AND SECURITY Provide a safe, secure, and healthful workplace that foresees and addresses threats		
Protecting the safety and security of both people and assets	Increase security at the treatment plant to address increased contractor and construction activity, and implement a Process and Technology Optimization (PTO) Strategic Plan with cybersecurity in mind	Projects to construct and provide safety upgrades and to contract with a consultant to help develop and implement the PTO Strategic Plan
 GOAL SIX INFRASTRUCTURE RELIABILITY Maintain facilities and equipment to be dependable, resilient, and long lasting		
Aging infrastructure and climate resiliency	Make investments in capital improvements and internal resources to deliver on increased levels of capital spending	Major projects include the Solids Handling Facilities Improvements and Filter Plant and Clearwell Improvements

Key Budget Priority	Primary Response	FY 2023-24 Budgeted Project(s)
 GOAL SEVEN INNOVATION AND AGILITY Optimize operations for continuous improvement, and remain flexible and adaptable		
<p>Optimization of Central San wide business and treatment processes, and project workflow and delivery through technology</p>	<p>Continue to champion and initiate projects through the PTO Strategic Plan.</p> <p>Advance overall business and decision support processes to improve efficiencies and effectiveness in all dimensions of performance at Central San.</p> <p>Focused effort on the Operations Department to improve existing operations and develop new and innovative programs, projects, and training activities.</p>	<p>Identify and implement process, chemical and energy efficiency improvements.</p> <p>Continue to work with internal stakeholders to optimize infrastructure (e.g., retrofitting the existing aeration basins to address nutrient mitigation, developing a new electrical substation to address redundancy and reliability concerns, and evaluating the feasibility of the steam turbine generator to convert steam surplus to electricity).</p> <p>Continue to work with internal stakeholders to develop the long-term plan for the Solids Phase 2 project.</p> <p>PTO Strategic Plan, including SMART² utility initiatives and technology (e.g., geographic information systems (GIS) and SCADA) roadmaps.</p>

Financial Overview

Central San uses an enterprise fund to account for its operations. The primary activities of the aggregate enterprise fund are further segmented into four funds and three other ancillary funds and accounts as described below:

Primary Internal Sub-Funds

- **Operations and Maintenance (O&M) Running Expense Fund** – This fund provides for the general operations, maintenance, and administration of Central San. Sewer Service Charge (SSC) revenues are collected by the Contra Costa County Tax Collector's Office and are remitted to Central San in two installments in April and December of each year. Central San provides several services, including wastewater treatment, to its customers and, by contract, to the cities of Concord and Clayton. Central San is reimbursed annually for the treatment services provided to Concord and Clayton residents. Central San reserves five months (41.7%) of its gross operating expenditures at the start of each fiscal year to pay its ongoing expenses throughout the year.
- **Sewer Construction Fund (Capital Fund)** – This fund provides for treatment plant and collection system asset renewal and replacement expenditures, as well as office facilities renewal, vehicle and equipment replacement, information systems replacement, and miscellaneous capital expansion needs. The City of Concord reimburses Central San for its share of expenses related to projects impacting the services the City of Concord has contracted with Central San to provide, proportional to flow. Property tax (property taxes) and a portion of SSC revenues, which comprise a significant portion of annual capital project revenues, are collected by the Contra Costa County Tax Collector's Office and remitted to Central San in three installments in December, April, and June of each year. In addition, Capacity Fees received from permits are allocated to this capital fund. To meet the cash flow needs of the Capital Projects program, Central San reserves 50% of the annual cash-funded portion of the Capital Projects budget at the start of each fiscal year. In FY 2023-24, the Capital Projects budget will be funded through current year rate collections (cash funded), and State of California Revolving Fund (SRF) loan proceeds for Phase 1a of the Solids Handling Facilities Improvements Project. The Capital Projects section of this document provides a table showing the various sources of revenue funding for each type of capital project.
- **Self-Insurance Fund (SIF)** – This fund is used to track self-insurance reserves and related investment earnings as well as costs of insurance premiums and claims not covered by Central San's insurance policies. Central San has self-insured a portion of its liability and property risks since July 1, 1986, when the Board approved the establishment of the SIF. As outlined in detail in the Self-Insurance Program section, the SIF contains two "sub-funds" for budgeting and tracking different types of self-insured losses. Sub-Fund A (\$1.5 million targeted level) tracks general and automobile liability losses, while Sub-Fund C (\$7.5 million targeted level) tracks losses related to emergencies or catastrophic events. Maintaining self-insured retentions and reserves helps to reduce Central San's insurance premium expense.
- **Debt Service Fund** – This fund accounts for activity associated with the payment of Central San's long-term debt. Central San's current debt includes Revenue Refunding bonds issued in September 2018 to refund previously existing 2009 bonds, and Certificates of Participation issued in 2021 to finance a portion of capital program expenditures for FY 2020-21 and FY 2021-22 and help facilitate

the payoff of Central San's outstanding pension unfunded actuarially accrued liability (UAAL). Central San's property tax revenue is the primary funding source for the Debt Service Fund.

Other Funds and Accounts

Other tracking mechanisms to segregate funds restricted for specific purposes include:

- **Pension Prefunding Trust Fund** – This Section 115 secondary pension trust was established by the Board in 2017. Deposits into or withdrawals from the trust require Board approval. The trust does not have a specified target size. The trust holds assets that would be available for use to meet pension obligations to the Contra Costa County Employees' Retirement Association (CCCERA). For financial reporting purposes, this budgetary "other fund" is consolidated into Central San's single entity enterprise fund pursuant to generally accepted accounting principles (GAAP). However, for budgetary purposes, the Pension Prefunding Trust Fund is tracked separately due to its significance for long-term financial planning and debt management. This fund was largely liquidated in June 2021, with nearly \$12.8 million being used to help finance the payoff of the outstanding balance of Central San's pension UAAL totaling approximately \$70.8 million.
- **Other Post-Employment Benefits (OPEB) Trust Fund** – This irrevocable trust was established by the Board in 2009. Deposits into the trust require Board approval. The Board adopted an OPEB Funding Policy (BP 042) in September 2020 establishing a target to achieve full funding (100% funded level) by meeting the actuarially determined contributions (ADC) contribution requirements specified by an independent actuary (currently Foster & Foster). As of July 1, 2023, the OPEB UAAL had a remaining closed amortization period for 12 years, scheduled to be fully paid off in FY 2034-35. The trust holds assets that are specified for meeting employee-related post-employment benefits – primarily retiree healthcare coverage. For financial reporting purposes pursuant to GASB 84, commencing with FY 2021-22, this budgetary "other fund" is no longer reported in Central San's annual comprehensive financial report as a fiduciary fund. However, for budgetary purposes, the OPEB Trust Fund will continue to be tracked separately due to its significance for long-term financial planning and debt management.
- **Rate Stabilization Fund Reserve Account** – This restricted-use account was authorized by the 2018 Revenue Bonds and established by the Board in 2019. Deposits into the Rate Stabilization Fund Reserve Account would reduce the revenues specified for calculating the debt service coverage ratio metric, while withdrawals would increase revenues for calculating that metric. Rate Stabilization Fund Reserve Accounts were created in both the O&M Sub-Fund and the Sewer Construction Sub-Fund and use of proceeds held in the accounts requires specific Board action. The accounts do not have policy specified target sizes, but an assessment of the adequacy of the fund, and potential alternative target sizes was presented to the Board in the financial workshop of January 2023.

Financial Planning Policies

The significant policies that play a role in managing Central San's finances are summarized below:

Fiscal Reserves Policy

There is a strong emphasis placed on maintaining adequate reserves and having a reserve policy ensures long-term financial stability. In 2015, the Board adopted Board Policy (BP) 017 – Fiscal Reserves, which set targets for each of Central San's reserve funds. This policy was reviewed and updated by the Board during FY 2021-22 to increase the Self-Insurance Catastrophic Loss/Emergency Reserves level from \$5.0 million to \$7.5 million. Fiscal reserves provide working capital for O&M activities; funding for long-term capital improvement requirements; fulfillment of legal, regulatory, and contractual obligations; mitigation of risk and liability exposures; and cash flow emergencies. Table 14 shows projected reserve balances as of June 30, 2022, and June 30, 2023.

- **O&M Fund** – Working capital reserves, the Board has set a target of five months (5/12 or approximately 41.7%) of gross operating expenses at the start of each fiscal year.
- **Sewer Construction Fund (Capital Improvement)** – Working capital reserves, the Board has set a target of 50% of the annual Capital Projects budget at the start of each fiscal year, excluding capital projects that are to be financed with debt.
- **SIF Reserves** – The Board has set a target of three times the annual retention (\$500,000), for a total of \$1.5 million for its auto and general liability risk program. In addition, as noted previously, to help mitigate the financial impacts and maintain uninterrupted service in the event of an emergency or catastrophic event, Central San maintains an additional Emergency Fund Reserve balance of \$7.5 million.
- **Debt Service Reserve (Bond Reserve)** – The previously outstanding 2009 Certificates of Participation (COP, a type of borrowing) required the establishment and maintenance of a debt service reserve fund defined in the loan documents. With the refinancing of that debt with 2018 revenue bonds, the Debt Service Reserve Fund was eliminated in September 2018. No debt service reserve fund is now outstanding.

Other Significant Financial Accounts

- **Rate Stabilization Fund Reserve Account** – The 2018 Revenue Bond documents provided that Central San could establish and fund a discretionary rate stability fund reserve account. During FY 2019-20, the Board established a Rate Stabilization Fund Reserve account and made an initial contribution of \$2.61 million from available monies remaining from the financial close of FY 2018-19, an additional contribution of \$2.15 million of available monies from the FY 2019-20 financial close, and an additional contribution of \$2.7 million from the FY 2020-21 financial close. As of June 30, 2023, the fund is projected to have a balance of \$7.46 million. Rate Stabilization Fund Reserve accounts were created within the O&M Sub-Fund and the Sewer Construction Sub-Fund.
- **Pension Prefunding Trust** and **OPEB Trust** fund provisions are also described in the Financial Reserves Policy. Investment Guideline documents also specify investment parameters to be followed by the external investment manager.

Basis for Budgeting

The basis for budgeting refers to the method of recognition of revenue and expenses in budgetary reporting, which differs from the basis of accounting used in financial reporting. Central San’s annual comprehensive financial report (ACFR) employs proprietary fund accounting, reporting actual expenses and revenues on a “full-accrual” basis of accounting. In contrast, Central San’s budgets are prepared on a “modified cash flow” basis which projects the cash inflow and outflow over the course of a fiscal year (July 1 through June 30), excluding physical and intangible assets such as depreciation expense. Also, while the annual budget emphasizes sub-fund budgetary projections and results, the ACFR emphasizes actual financial results reported in a consolidated enterprise fund format.

Central San’s accounts and transactions are tracked on a full accrual basis for year-end financial reporting, which is the basis of accounting under GAAP. Under this method, all assets and liabilities associated with operations are included on the balance sheet and revenues are recorded when earnings and expenses are recorded at the time the commitments are incurred.

Depreciation and amortization are handled differently in budgetary reporting versus financial reporting. In budgetary reporting, depreciation and amortization are excluded, and capital outlays as well as the repayment of debt used to finance capital assets are included and reported as expenses. In financial reporting such as the annual comprehensive financial report, depreciation and amortization are included, and capital outlays as well as the repayment of debt used to finance said capital assets are excluded for income statement reporting purposes.

Pension and OPEB are also handled differently in budgetary reporting versus financial reporting. In budgetary reporting, pension and OPEB expense adjustments as determined by actuarial reports are excluded, and employer contributions to the underlying irrevocable plan trusts are included and reported as expenses. In financial reporting such as the annual comprehensive financial report, pension and OPEB expense adjustments are included, and employer contributions to the underlying irrevocable plan trusts are excluded for income statement reporting purposes.

This table illustrates the differences between the budget and accounting basis as reflected on the income statement as described previously:

	BUDGETARY Modified Cash Flow Basis	ACCOUNTING Accrual Basis
Revenues	Recognized when earned and both measurable and available.	Recognized when earned and measurable
Expenses	Recognized when liability has been incurred, with some exceptions	Recognized when liability has been incurred
Depreciation and amortization	Excluded	Included
Capital outlays	Included	Excluded
Pension / OPEB expense	Excluded	Included (GASB 68 and 75)
Pension / OPEB plan contributions	Included	Excluded
Debt issuance premiums/discounts	Excluded	Included
Debt service principal payments	Included	Excluded
Debt proceeds	Included	Excluded
Lease expense	Excluded	Included (GASB 87)
Lease payments	Included	Excluded

Through this budget and its adoption by the Board, funds are appropriated to each of the sub-funds. Each of the sub-funds presents a budget in the form of revenues, expenses, and an overall contribution to or draw from reserves.

Central San presents a “balanced budget” each year, defined as a budget in which:

Budgeted revenues and planned draws from the applicable reserve meet or exceed budgeted expenditures, and where any planned draws from the reserve will leave the reserve at or above the policy targeted level.

Budget Amendments

As of the date of this report, no budget amendments were adopted by the Board requiring reflection in the FY 2022-23 budget figures being presented. Accordingly, the FY 2022-23 budget figures presented in this budget book reflect the adopted budget.

In August 2021, the Board adopted amendments to the O&M and debt service budgets to reflect the pay-off of the CCCERA pension plan UAAL. A borrowing transaction in June 2021 produced funding for the capital program and freed up funds that were used to pay off the pension plan UAAL. As a result, O&M spending for FY 2021-22 and future years was to be reduced, while debt service was increased. The budget amendment reflected this reallocation and change in spending authorization in these funds. The following table provides a comparison of FY 2021-22 adopted versus amended budgets:

Table 1a – FY 2021-22 Adopted Versus Amended Budget

Fund	FY 2021-22 Budget		\$ Change	% Change
	Adopted	Amended		
Operations and Maintenance (O&M)	\$90,974,103	\$79,520,131	(\$11,453,972)	-12.6%
Sewer Construction	107,955,000	107,955,000	-	-
Debt Service	2,511,227	12,891,059	10,379,832	413.3%
Self-Insurance	1,285,000	1,285,000	-	-
Total Budget	\$202,725,330	\$201,651,190	(\$1,074,140)	-0.5%

The FY 2021-22 budget figures presented in this budget book reflect the amended budget, as shown previously.

Regulatory Accounting

In April 2021, the Board adopted BP 046 – *Regulatory Accounting*, which, in accordance with GASB 62, allows for the treatment of specified expenditures as either operating or capitalizable expenditures. The policy addresses the situation where certain expenditures connected with programs that will provide benefits to Central San customers over a multi-year period may be amortized or recovered through rates over a multi-year period, rather than as O&M expenditures recognized in a single period.

The policy provides for transparency in requiring that items to be so treated are disclosed to the Board, with an assessment of the rate impact. The table below shows the status of past or current year budget expenditures that were approved or are proposed for regulatory accounting treatment.

Expenditure	Budget Year Initially Proposed	Budgetary Treatment Absent BP 046	Budgetary Treatment with BP 046
1. Extraordinary waste hauling costs during the construction of the Solids Handling Facility Improvements Project (District Project (DP) 7348)	FY 2021-22	This item was withdrawn. The revised Solids Handling Facility Improvements Project does not anticipate the need for temporary solids hauling related to a furnace shutdown. Accordingly, no extraordinary hauling costs are anticipated, and regulatory accounting treatment is no longer relevant.	
2. Development of a five-year Process and Technology Optimization (PTO) Strategic Plan (DP 8240, part of IT Development)	FY 2021-22	Recovered through O&M costs in the years incurred, FY 2021-22 and FY 2022-23.	Expenditures of \$1,137,700 were budgeted in the capital budget for DP 8240. The PTO Strategic Plan project commenced in March 2022. The project will be funded in FY 2021-22 and subsequent years rate revenues.
3. Enhanced security staffing while significant Capital Projects are underway (DP 7348 and others)	FY 2021-22	Recovered through O&M costs in the years incurred, FY 2021-22 through FY 2025-2026.	<p>Expenditures of \$100,000 per year growing at 3% annually over the next five FYs are budgeted in the capital budget for DP 7354 – Treatment Plant Security Improvements. These costs were included in the CIP for years FY 2021-22 through FY 2025-2026.</p> <p>Rate impact will depend on the ultimate funding source for this project during FY 2021-22.</p> <p>Currently, the budget anticipates use of SSC or property taxes collected in FY 2021-22. However, staff is also pursuing a bond issuance that would replace SSC funding for FY 2021-22 capital projects with debt. If debt is used, debt service amortization over an approximately 7 to 9-year period is anticipated.</p>

Two of the three expenditures proposed as part of the FY 2021-22 budget are contemplated to still be needed and warrant regulatory accounting treatment. No additional regulatory accounting expenditures were proposed in the FY 2022-23 budget. The FY 2023-24 budget includes additional items as shown in the table below which are proposed for regulatory accounting treatment.

Expenditure	Budget Year Initially Proposed	Budgetary Treatment Absent BP 046	Budgetary Treatment with BP 046
4. ERP post-go live support costs	FY 2023-24	Support of the Oracle ERP system has been provided by Emtec (the system integrator who installed the system) since go-live in 2020-21. Emtec has been involved in work that constitutes "maintenance" as well as building new functionality. In FY 2021-22 and FY 2022-23, all Emtec support costs were charged to the O&M budget. Standard accounting would allow for apportionment between O&M and capital costs for maintenance and new functionality.	For FY 2023-24, anticipated Emtec support costs will be apportioned between the O&M budget and the capital budget. An estimate for work related to maintenance will be budgeted in O&M and is to be approximated by the "ongoing"/fixed Emtec support amount of approximately \$144,000 per year (extending for five years). An allowance for billings above that amount anticipated at \$96,000 per year are included in the capital budget (project 8240) to represent work related to new functionality.
5. Licensing costs for software	FY 2023-24	Central San's IT group has budgeted for most software as an O&M cost, regardless of licensing terms (perpetual or for a fixed period) in the year of acquisition.	Costs related to perpetual license acquisition in the amount of \$396,000 will be funded from the capital budget for FY 2023-24 in project 8240. This does not represent a departure of accounting standard practice under generally accepted accounting principles, but this changed approach is being highlighted here.
6. Costs for extension of environmental permits and licenses	FY 2023-24	Central San is required to obtain licenses to discharge treated wastewater (NPDES) and air permits (BAAQMD) for incinerator exhaust. Historically the costs to prepare for and obtain these licenses has been charged to O&M in the year the work was conducted rather than capitalized and amortized over the license period.	For FY 2023-24, costs related to long-term environmental discharge licenses will be capitalized and amortized over time. These amounts are to be funded in the capital budget from various projects, including the Outfall Monitoring Improvements (100018), pumping station upgrades phase 2 (8457), Solids Handling Facility Improvements Phase 1a (7348) and others. The amount of such costs funded from the capital budget is \$150,000.

Debt Management and Continuing Disclosure Policy

In August 2017, the Board adopted BP 029 – *Debt Management and Continuing Disclosure*, which sets the parameters for the responsible, prudent, and limited use of debt to finance Central San’s capital improvement program. Central San has primarily applied a pay-as-you-go philosophy while capital expenditures were stable from year to year but has occasionally (including in 1994 and 2009) used debt financing for large capital improvements brought about by regulatory changes or other unforeseen factors. The Debt Management Policy provides for the conservative use of debt, with the goal that over a ten-year period the amount of funding needed for ongoing pipeline replacement is to generally be collected through SSC rates, capacity fees, and/or property taxes, while debt may be used to cover the level of funding needed for the remaining portion of the capital program.

Currently, Central San is repaying 2018 Revenue Bonds and 2021 Certificates of Participation. As of June 30, 2022, total outstanding debt associated with infrastructure improvements was \$55.7 million, to be reduced to \$44.9 million by June 30, 2023, through regularly scheduled debt service principal payments. As noted in the “Debt” section of this document, borrowings under the SRF loan begin in FY 2021-22 for Phase 1 of the Solids Handling Facilities Improvements Project. Debt service for this loan will commence when the project is finalized, and accordingly, amortization of this loan is not yet projected in this document. No repayments will be due in FY 2023-24.

Debt restrictions currently include the following:

- **Revenue Pledge and Covenant** – Central San pledges property tax revenue, along with its net revenues consisting of gross revenues less the cost of operating the wastewater system.
- **Debt Service Coverage Ratios** of at least 1.0x (gross revenues including capacity fees and after payment of O&M, plus tax revenues / total debt service) and 1.25x (gross revenues excluding capacity fees and after payment of O&M plus tax revenues / total debt service) are adhered to.

Central San’s Debt Service Coverage Ratio is strong, attributable to minimal current debt service obligations following a mostly pay-as-you-go capital financing philosophy. This favorable coverage ratio is a factor in Central San’s very strong AAA and Aa1 credit ratings issued by Standard & Poor’s and Moody’s, respectively.

Investment Policy

Central San's investment policy, BP No. 005 – *Statement of Investment Policy*, last revised in October 2021, is based on state law and prudent money management principles. All investments are in accordance with this policy and Sections 53646 and 53601 of the *California Government Code*. Through a formal agreement, Central San is currently a voluntary pooled participant with the Contra Costa County Treasury, allowing them to act as Central San's Treasurer. The County invests all Central San's funds. Securities are held in a custodial account separate from the County. The investment policy applies to all Central San funds and investment activities, apart from the OPEB and Pension Prefunding Trusts, which are governed by separate specific investment guidelines also approved by the Board of Directors. The investment policy is reviewed by the Board annually, and its priorities, in order of importance, are safety, liquidity, and yield. The policy addresses issues such as permitted investments, banks and dealers, maturities, diversification, risk, delegation of authority, prudence, controls, reporting, and performance evaluation.

The OPEB Trust and Pension Prefunding Trust Investment Guidelines are also presented to the Board annually. The investments of these trusts are longer-term investments, with the OPEB Trust adopting a "moderate" investment strategy, and the Pension Prefunding Trust adopting a "moderately conservative" investment strategy. With respect to both trusts, U.S. Bank is the Trustee, HighMark Capital is the Investment Manager, and Public Agency Retirement Services is the Trust Administrator and Consultant. As of February 2023, the OPEB Trust had a balance of \$77.5 million, an increase from \$75.4 million on June 30, 2022.

The IRS Section 115 Pension Prefunding Trust was adopted during FY 2017-18 and was initially funded with \$3.4 million. With the adoption of this trust, Central San had the option of making payments to the Pension Prefunding Trust rather than direct any extra payment(s) to CCCERA, giving Central San greater retirement payment flexibility in the future, while still reducing overall pension liability. As an example of this flexibility, Central San could elect to draw down the Pension Prefunding Trust to meet its payment obligations to CCCERA to smooth payment obligations and mitigate rate volatility. Since its inception, additional payments to the Section 115 Pension Prefunding Trust were made through budgeted contributions, or supplemental contributions following the publication of unexpected favorable year-end budget variances. These supplemental contributions in addition to initial seed monies resulted in the Pension Trust growing to a balance of approximately \$12.7 million as of May 31, 2021. In June 2021, the bulk of the Pension Prefunding Trust balance was liquidated to assist in the full pay-down of the outstanding pension UAAL liability reported by CCCERA. While a residual balance of less than \$0.1 million currently remains, the trust is still open and can be utilized in the future at the discretion of the Board.

Current Financial Plan

Central San has a ten-year financial plan that projects anticipated spending, debt issuances, customer data, tax collections, and resulting rate increases. Factors considered in the long-range forecast include the impact of state legislation and mandates, regulatory compliance, GASB requirements, negotiated or forecasted salary increases and employee benefit changes (including anticipated changes in healthcare and retirement costs), energy costs, development in the service area, and infrastructure renewal and replacement needs.

The financial plan undergoes substantial development and review by staff, and various scenarios are presented to the Board during financial planning and rate-setting workshops. The financial plan covers a period of 20 years, although the assumptions for projecting rates for the first 10 years are the primary focus.

The current financial plan reflects the proposed Ten-Year Capital Improvement Plan (CIP) spending levels identified in the Comprehensive Wastewater Master Plan, as updated during periodic reviews of the spending plan. The most recent review was presented at the March 24, 2022 Board Financial Planning Workshop. The updated financial plan for FY 2023-24, reflecting results prior to the completion of the FY 2023-24 proposed budget, estimated O&M spending at \$90.9 million and capital spending at approximately \$78.8 million. The financial plan was based on the following assumptions:

Operations and Maintenance

- Funding for the initiatives addressed in the two-year Strategic Plan. Accordingly, Central San's various planning documents are integrated and consistent.
- Updated O&M costs based on inflation and other cost-growth factors, including labor costs per assumptions in the Memoranda of Understanding (MOUs) with the bargaining units and agreements with unrepresented employees.
- Other key assumptions were summarized in the January 12, 2023 Board Financial Planning Workshop presentation available on the Central San website.

A revised summary financial plan reflecting the FY 2023-24 assumptions for the O&M budget not available at the time of the January 12 Board Financial Planning Workshop is provided in the Financial Summary section of this budget book, illustrated in Table 15. The approved FY 2023-24 budget will be used as a baseline for future years' planning.

Capital

The Ten-Year CIP was rolled forward one year, dropping from \$1,135.7 million to \$980.2 million over this ten-year timeframe. The revised plan is stated in current (2023) dollars and attempts to address capital improvement needs stemming from major drivers including: (1) increasing capacity demands driven by new development, (2) existing as well as new regulatory requirements, (3) replacement of aging infrastructure, and (4) ongoing sustainability.

This updated ten-year plan was presented to the Board at a public meeting on January 12, 2023, and reflects a detailed assessment of Central San's latest needs, expected project timing, and a careful balance between revenues, reserves, and debt to limit volatility and ensure stability of customer rates. The Capital Improvement program section of this budget book provides detail about the FY 2023-24 capital budget and the Ten-Year CIP.

Financial Summary

The FY 2023-24 budget provides the resources necessary to advance the Strategic Plan and meet the challenges Central San faces as it continues to provide high quality services while replacing aging infrastructure, optimizing capacity, and complying with regulatory requirements. The FY 2023-24 budget also complies with the Financial Policies discussed in the previous section.

Central San’s total budget for FY 2023-24 is \$194.0 million, including net contributions to reserve, representing a decrease of \$19.5 million (9.1%), compared to the prior year’s budget of \$213.5 million. Changes by individual spending category are summarized as follows:

- The O&M fund budget is \$90.9 million, an increase of \$5.9 million (7.0%) over the prior year budget of \$85.0 million. Table 8a on page 66 provides a brief summary of drivers for this change. Budgeted expenditures for this fund include those necessary to provide collection, treatment, household hazardous waste disposal, and recycled water services to the service territory, as well as engineering and administrative services necessary to support these functions.
- The Sewer Construction fund budget is \$71.2 million, a decrease of \$19.8 million (21.7%) from the prior year budget of \$91.0 million. Budgeted expenditures for this fund include capital outlays for the treatment plant, collection system, recycled water, and general improvements capital programs of the multi-year Capital Improvement Program.
- The Debt Service fund budget is \$9.2 million, a decrease of \$4.1 million (30.9%) from the prior year budget. Budgeted expenditures for this fund include debt service associated with the 2018 Revenue Refunding Bonds as well as the 2021 Certificates of Participation.
- The Self-Insurance Fund (SIF) budget is \$2.2 million, practically flatlined with the prior year’s budget. Budgeted expenditures for this fund include the costs of premiums and estimated losses based on historical actual experiences.

Table 1b – FY 2023-24 Total Budget

Fund	Expenditures Trend				Budget to Budget Variance	Percent Variance
	FY 2021-22 Budget*	FY 2021-22 Actual	FY 2022-23 Budget	FY 2023-24 Budget		
Operations and Maintenance (O&M)	\$79,520,131	\$76,946,792	\$85,019,046	\$90,946,671	\$5,927,625	7.0%
Sewer Construction	107,955,000	73,636,093	90,976,000	71,202,000	(19,774,000)	-21.7%
Debt Service	12,891,059	12,403,716	13,251,922	9,160,142	(4,091,780)	-30.9%
Self-Insurance	1,285,000	1,640,304	2,170,000	2,160,000	(10,000)	-0.5%
Total Appropriations	201,651,190	164,626,904	191,416,968	173,468,813	(17,948,155)	-9.4%
Contribution to Reserves	-	3,359,158	22,119,932	20,557,487	(1,562,445)	-7.1%
Total Funding Uses	\$201,651,190	\$167,986,062	\$213,536,900	\$194,026,300	(\$19,510,601)	-9.1%

*As amended by the Board in September 2021.

Sources of Funds

The sources of funds (revenues) for FY 2023-24 are shown in Figure 1. A comparison of the major revenue sources for FY 2023-24 and two prior years is shown in Figure 2.

Figure 1 – Total Funding Sources – FY 2023-24 Proposed Budget

FY 2023-24 Total Budgeted Funding Sources of \$194,026,300

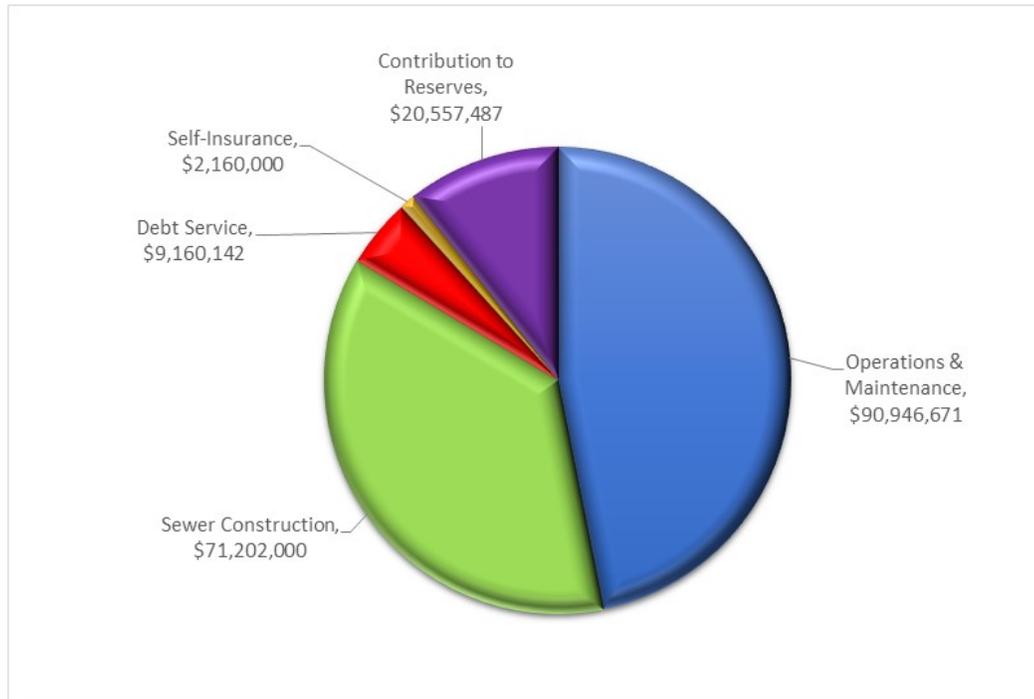
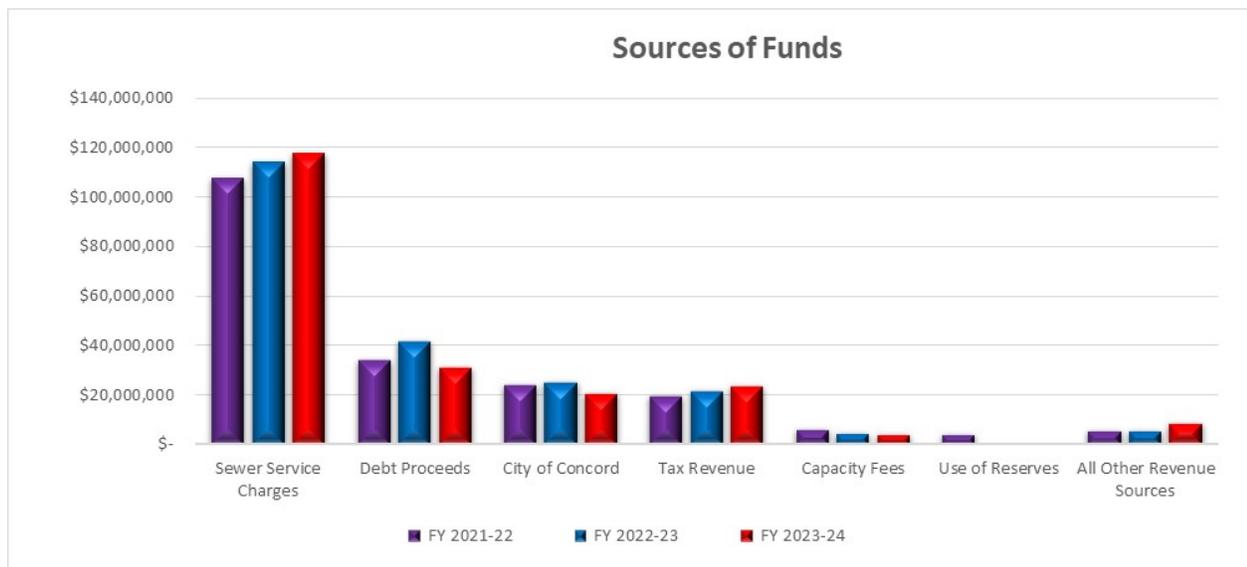


Figure 2 – Total Funding Sources – Three-Year Budget Comparison

<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
\$201,651,190	\$213,536,900	\$194,026,300



The SSC is the largest source of revenue for FY 2023-24 at \$118.0 million, followed by City of Concord cost-sharing revenue at \$25.5 million, ad valorem property taxes at \$23.6 million, and Capacity Fees at \$4.2 million. All other sources of revenue, excluding draws on reserves and debt proceeds, are \$8.8 million. Non-revenue sources of funds for FY 2023-24 include expected borrowing of \$14.0 million, described elsewhere in this section.

A brief description of Central San's revenue sources and how they are forecasted follows:

- **Sewer Service Charge (SSC)** – Each residential and non-residential customer in Central San's service territory pays an SSC. It is assessed annually on customers' property tax bills, or, for those customers who do not receive a property tax bill, billed directly by Central San, to pay for the collection and treatment of wastewater. The basis for the charge is the strength and volume of the wastewater discharged, and customers are assigned to various classes for billing purposes. SSC rates vary by customer class and have been developed to ensure that each class pays its proportionate share of operating, maintaining, repairing, and upgrading the sewer collection and treatment system. Periodic cost-of-service studies review and adjust the allocation of costs to individual customer classes based on their burden to the sewer system. For residential customers, separate rates are charged to single family, multi-family residences, and accessory dwelling units (ADUs). Non-residential customers are typically billed based on their water consumption and business type. For budgetary purposes, the forecast for the SSC is based on prior year revenue, estimated growth derived from anticipated residential construction, anticipated changes to the SSC rate schedule, and predicted changes in non-residential water consumption.
- **City of Concord** – Central San receives revenues from the City of Concord which are calculated and billed in accordance with the terms of a contractual agreement for the treatment of wastewater from both the City of Concord and the City of Clayton. The cities are responsible for paying their flow-proportional share of the operating and maintenance costs for Central San's treatment plant. The amount of revenue is forecast annually for budgeting purposes by multiplying the City of Concord's estimated flow percentage by the budgeted treatment plant and other associated costs. Under the current arrangement, the City of Concord reimburses Central San once a year on a fiscal year basis. Following the close of the fiscal year, the Finance Division submits an invoice to the City of Concord which is generally paid by August/September.
- **Property Tax Revenue** – Central San receives a share of the ad valorem property taxes collected by Contra Costa County on properties within the service area. These taxes are fees prioritized to pay debt service requirements, and the remaining funds are allocated to the Capital Improvement Program. This revenue is forecast by reviewing historic property tax revenue and adjusted for anticipated changes in assessed property values and anticipated development in Central San's service territory. The FY 2023-24 budget assumes property tax growth of 3.0% over the prior year's projected actual revenue.
- **Capacity Fees** – Capacity Fees are collected from new construction and expansion of non-residential facilities which result in an added wastewater burden. The fee is calculated using the equity buy-in methodology. Residential parcels are charged a flat per-unit fee, and non-residential parcels are typically charged based on the business type and building square footage, which represents their anticipated wastewater burden. The budgeted amount is estimated by the Planning & Development Services Division based on trend analysis and anticipated construction activity for the upcoming year.

- **Household Hazardous Waste (HHW) Reimbursement** – Central San provides a facility where residents and businesses within the service area may dispose of specified hazardous wastes. Additionally, residents from specified cities (Concord, Clayton, San Ramon, and parts of Martinez served by the Mt. View Sanitary District) also have the right to use the facility, and these cities pay a contractually agreed amount for this service. The amounts due are invoiced by the Finance Division in August for the prior fiscal year. The budgeted amounts are based on projected total costs of the facility, to be shared pro rata by all users within the service area.
- **Recycled Water** – This represents revenue from the sale of recycled water to customers in Central San’s service area who use recycled water meters. The amounts due are invoiced by the Finance Division bi-monthly based on monthly meter readings. The Planning & Development Services Division forecasts the revenue from recycled water based on projected changes in recycled water consumption. Other internal use of recycled water is not included in reported revenues, but a calculated ascribed value of this water based on production costs is shown in the Operating Departments section of this document under the Recycled Water Program discussion.
- **All Other Revenue Sources** – This includes the following:
 - **Permit and Inspection Fees** – These are fees for sewer permits, plan review, inspections, and related activities, including environmental compliance fees. The amounts are forecast by the Development Services Supervisor based on anticipated construction activity for the upcoming year.
 - **Lease Rental Income** – This represents rental income from buffer properties (buildings and undeveloped land) owned by Central San and rented to third parties through multi-year agreements. Leases are reviewed by the Finance and Right-of-Way Divisions to identify any changes to multi-year lease rates. Budgeted lease revenue is based on the terms of those leases.
 - **Stormwater/Pollution Prevention** – These are fees collected from Contra Costa County and certain cities for performing stormwater inspections as required by Contra Costa County’s National Pollutant Discharge Elimination System (NPDES) permit. These services are provided by Central San’s Environmental Compliance group under contract with the Contra Costa Clean Water Program. Amounts are invoiced by the Finance Division based on the number of inspections completed. The budgeted amount is based on a targeted number of inspections to be performed during the fiscal year.
 - **Investment Income** – This is based on cashflow projections incorporating estimated investment portfolio yields over the course of the fiscal year. Commencing in March 2022, the Fed has issued several interest rate hikes ranging from 25 to 75 basis points to temper inflation. The impact of this has been substantial, with a March 2023 Federal Funds Rate target ranging between 4.75% to 5.0% compared to nearly zero a year earlier. Accordingly, this year’s budget anticipates a substantial increase in investment income, with Central San’s investment portfolio being comprised almost exclusively of governmental fixed income instruments, which follow the Fed rate closely.
 - **Developer Fees** – These are charges for plan review and inspection of mainline extension projects by developers and other property owners. The amounts are collected by the Permit Counter and are budgeted based on estimates by the Planning & Development Services Division based on trend analysis and anticipated construction activity for the upcoming fiscal year.

- **Other** – This includes annexation fees, other service charges, and miscellaneous fee revenue. Amounts are collected by various departments depending on the source of revenue. Central San has during FY 2022-23 applied for grant funding for two major capital projects—the Solids Handling Project and the UV Disinfection Replacement and Hydraulics Improvements project. However, no amounts are included in the budget for this potential funding source at this time due to uncertainty as to whether such grants will ultimately be funded.
- **Use of Reserves** – Use of, or contribution to, reserves is calculated separately by sub-fund. A contribution to reserves results from budget year revenues exceeding budget year expenditures. A draw from reserves results if the reverse is true. Table 14 shows the reserve status by sub-fund and overall status of the Central San Enterprise Fund.
- **Loan Proceeds** – Use of anticipated borrowing proceeds of \$14.0 million to fund the Capital Improvement Budget for FY 2023-24 is shown in Table 13.

Tables 2a, 2b, 2c, and 2d show the overall funding sources of Central San and how those funding sources are applied to each sub-fund for the proposed FY 2023-24 budget, the FY 2022-23 budget, projected actuals for FY 2022-23 and actual FY 2021-22 results.

Table 2a – Allocation of Funds – FY 2023-24 Budget

Funding Sources FY 2023-24 Budget	O&M	Capital	Self- Insurance	Debt Service	Total Funds
Primary Revenue Sources:					
Sewer Service Charge	\$66,051,443	\$50,251,805	\$1,676,752	-	\$117,980,000
City of Concord	17,900,000	7,570,000	-	-	25,470,000
Property Tax Revenue	-	14,433,358	-	9,160,142	23,593,500
Capacity Fees	-	4,175,000	-	-	4,175,000
HHW Reimbursement	1,009,000	-	-	-	1,009,000
Recycled Water	515,000	-	-	-	515,000
Total Primary Revenue Sources	85,475,443	76,430,163	1,676,752	9,160,142	172,742,500
Other Revenue Sources Including:					
Permit & Inspection Fees	1,827,500	-	-	-	1,827,500
Lease Rental Income	822,000	-	-	-	822,000
Stormwater/Pollution Prevention	420,000	-	-	-	420,000
Investment Income	860,000	2,250,000	316,300	-	3,426,300
Developer Fees	-	445,000	-	-	445,000
Other	318,000	1,000	24,000	-	343,000
Total Other Revenue Sources	4,247,500	2,696,000	340,300	-	7,283,800
Subtotal Funding Sources prior to Debt Proceeds	89,722,943	79,126,163	2,017,052	9,160,142	180,026,300
Debt Proceeds (SRF Loan)	-	14,000,000	-	-	14,000,000
Subtotal Funding Sources prior to Draws of Reserves	89,722,943	93,126,163	2,017,052	9,160,142	194,026,300
Use of/(Contribution to) Reserves	1,223,728	(21,924,163)	142,948	-	(20,557,487)
Total Funding Sources*	\$90,946,671	\$71,202,000	\$2,160,000	\$9,160,142	\$173,468,813

*Excluding total net contributions to reserves of \$20.6 million, total funding sources budgeted for FY 2023-24 are \$194.0 million, which is the amount presented in Table 1b, Figure 1, and Figure 2.

Table 2b – Allocation of Funds – FY 2022-23 Budget

Funding Sources FY 2022-23 Budgeted	O&M	Capital	Self- Insurance	Debt Service	Total Funds
Primary Revenue Sources:					
Sewer Service Charge	\$47,162,407	\$65,832,492	\$1,662,101	-	\$114,657,000
City of Concord	17,600,000	7,500,000	-	-	25,100,000
Property Tax Revenue	-	8,332,078	-	13,251,922	21,584,000
Capacity Fees	-	4,579,000	-	-	4,579,000
HHW Reimbursement	1,048,000	-	-	-	1,048,000
Recycled Water	445,000	-	-	-	445,000
Total Primary Revenue Sources	66,255,407	86,243,570	1,662,101	13,251,922	167,413,000
Other Revenue Sources Including:					
Permit & Inspection Fees	1,799,500	-	-	-	1,799,500
Lease Rental Income	740,000	-	-	-	740,000
Stormwater/Pollution Prevention	415,000	-	-	-	415,000
Investment Income	262,000	140,000	47,400	-	449,400
Developer Fees	-	403,000	-	-	403,000
Other	291,000	1,000	25,000	-	317,000
Total Other Revenue Sources	3,507,500	544,000	72,400	-	4,123,900
Subtotal Funding Sources prior to Debt Proceeds	69,762,907	86,787,570	1,734,501	13,251,922	171,536,900
Debt Proceeds (SRF Loan)	-	42,000,000	-	-	42,000,000
Subtotal Funding Sources prior to Draws of Reserves	69,762,907	128,787,570	1,734,501	13,251,922	213,536,900
Use of / (Contribution to) Reserves	15,256,139	(37,811,570)	435,499	-	(22,119,932)
Total Funding Sources	\$85,019,046	\$90,976,000	\$2,170,000	\$13,251,922	\$191,416,968

Table 2c – Allocation of Funds – FY 2022-23 Projected

Funding Sources FY 2022-23 Projected	O&M	Capital	Self- Insurance	Debt Service	Total Funds
Primary Revenue Sources:					
Sewer Service Charge	\$48,254,607	\$67,361,890	\$1,662,101	-	\$117,278,598
City of Concord	17,300,000	7,500,000	-	-	24,800,000
Property Tax Revenue	-	9,718,134	-	13,255,222	22,973,356
Capacity Fees **	-	6,625,000	-	-	6,625,000
HHW Reimbursement	971,000	-	-	-	971,000
Recycled Water	500,000	-	-	-	500,000
Total Primary Revenue Sources	67,025,607	91,205,024	1,662,101	13,255,222	173,147,954
Other Revenue Sources Including:					
Permit & Inspection Fees	1,824,500	-	-	-	1,824,500
Lease Rental Income	790,000	-	-	-	790,000
Stormwater/Pollution Prevention	410,000	-	-	-	410,000
Investment Income	650,000	2,008,659	210,299	-	2,868,958
Developer Fees	-	496,319	-	-	496,319
Other	613,338	18,791	24,000	-	656,129
Total Other Revenue Sources	4,287,838	2,523,769	234,299	-	7,045,906
Subtotal Funding Sources prior to Debt Proceeds	71,313,445	93,728,792	1,896,400	13,255,222	180,193,860
Debt Proceeds (SRF Loan)	-	14,680,747	-	-	14,680,747
Subtotal Funding Sources prior to Draws of Reserves	71,313,445	108,409,539	1,896,400	13,255,222	194,874,607
Use of/(Contribution to) Reserves	13,180,188	(37,409,539)	2,600	-	(24,226,751)
Total Funding Sources	\$84,493,633	\$71,000,000	\$1,899,000	\$13,255,222	\$170,647,856

** The Regional Housing Needs Assessment (RHNA) mandated by State Housing Law for the land contained within the Central San Service Territory requires 3000-3500 homes per year for the next eight years. This will likely result in growing capacity fees from the historic level. However, the timing of these increases is uncertain, as is the mix of housing units (such as single family, multi-family, and ADUs, and hence resulting capacity fee payments) that may be seen in response to these requirements.

Table 2d – Allocation of Funds – FY 2021-22 Actual

Funding Sources FY 2021-22 Actual	O&M	Capital	Self- Insurance	Debt Service	Total Funds
Primary Revenue Sources:					
Sewer Service Charge	\$99,104,227	\$10,267,767	\$1,576,419	-	110,948,413
City of Concord	16,086,801	7,799,702	-	-	23,886,503
Property Tax Revenue	-	8,856,057	-	12,383,363	21,239,420
Capacity Fees	-	4,552,182	-	-	4,552,182
HHW Reimbursement	958,300	-	-	-	958,300
Recycled Water	545,048	-	-	-	545,048
Total Primary Revenue Sources	116,694,376	31,475,707	1,576,419	12,383,363	162,129,865
Other Revenue Sources Including:					
Permit & Inspection Fees	2,048,087	-	-	-	2,048,087
State COVID Special District Relief	996,177	-	-	-	996,177
Lease Rental Income	650,451	-	-	-	650,451
Stormwater/Pollution Prevention	416,305	-	-	-	416,305
Investment Income	381,886	342,006	33,830	20,353	778,075
Developer Fees	-	293,099	-	-	293,099
Other	418,374	232,881	22,749	-	674,003
Total Other Revenue Sources	4,911,279	867,986	56,579	20,353	5,856,197
Subtotal Funding Sources prior to Debt Proceeds &Transfers	121,605,655	32,343,693	1,632,998	12,403,716	167,986,062
Debt Proceeds (SRF Loan)	(2,700,000)	-	2,700,000	-	-
Interfund Transfers	-	34,428,383	-	(34,428,383)	-
Subtotal Funding Sources prior to Draws of Reserves	118,905,655	66,772,077	4,332,998	(22,024,667)	167,986,062
Use of / (Contribution to) Reserves	(41,958,863)	6,864,016	(2,692,694)	34,428,383	(3,359,158)
Total Funding Sources	\$76,946,792	\$73,636,093	\$1,640,304	\$12,403,716	\$164,626,904

Sewer Service Charge

Tables 3 and 4 show the SSC for FY 2023-24 compared to the prior four fiscal years' rates for residential and non-residential customers. Rates for FY 2019-20 to FY 2022-23 were approved by the Board after a public hearing on April 18, 2019, through the adoption of a four-year rate ordinance. Since then, multiple financial workshops were held (November 4, 2019; March 12, 2020; December 17, 2020, March 25, 2021, March 24, 2022, and January 12, 2023) to discuss Central San's financial outlook and to receive Board direction on key financial planning matters. Most recently, the Board held a financial workshop in January 2023 to consider a two-year rate proposal. For Single Family Residences (SFR), this proposal incorporates an initial rate increase of only 1% for FY 2023-24, followed by a 4% rate increase in FY 2024-25. Other rate classes will see first year adjustments (up or down) of differing amounts followed by a 4% increase in the second year. An Accessory Dwelling Unit (ADU) rate of about half the SFR rate is also new for FY 2023-24. Consideration of the rate proposal is scheduled for a public hearing and Board vote on June 21, 2023. A table illustrating residential and nonresidential rates for FY 2023-24 and the prior three years is included below:

Table 3 – Approved Annual SSC-Residential

Customer Type	FY 2019-20	FY 2020-21*	FY 2021-22	FY 2022-23	FY 2023-24
Single Family Residence (SFR)	\$598	\$629 legal rate, while \$598 collected	\$660	\$690	\$697
Other Residences – Apartments, Condominiums, Duplexes, Second Living Units, Mobile Homes	\$566	\$596 legal rate, while \$566 collected	\$625	\$654	\$622
Accessory Dwelling Units (ADU)	\$-	\$-	\$-	\$-	\$339
Effective Date	7/01/19	7/01/20	07/01/21	07/01/22	07/01/23

* On May 7, 2020, the Board voted to not collect the incremental rate increase for FY 2020-21, while leaving in place the entire rate structure adopted by Ordinance No. 304, effectively creating a rate increase holiday for FY 2020-21.

In April 2019, the Board approved the consolidation of most of Central San's prior non-residential customer classes into five classes (shown below) based on combined strength limits, defined as the sum of biochemical oxygen demand and total suspended solids. The five customer classes are "Low," "Medium-Low," "Medium," "Medium-High," and "High," and fairly charge those customers for the proportionate cost of collecting and treating their wastewater, based on a cost-of-service study.

Table 4 – Approved Annual SSC-Non-Residential

User Group	Description	Combined Strength Limits	FY 2020-21*	FY 2021-22	FY 2022-23	FY 2023-24
Low	Non-residential uses not listed below (no food service)	Up to 350 mg/l	\$6.56	\$6.87	\$7.20	\$7.63
Medium-Low	Food service without Type 1 hood, shared water meter with less than 50% food service	351 to 700 mg/l	\$8.05	\$8.43	\$8.83	\$9.32
Medium	Shared water meter with 50% or greater food service	701 to 1,000 mg/l	\$10.09	\$10.57	\$11.07	\$10.99
Medium-High	Food service with Type 1 hood, supermarkets, hotels and motels with food service, shared water meters with bakery	1,001 to 1,300 mg/l	\$11.26	\$11.79	\$12.35	\$12.04
High	Mortuaries, bakeries, restaurants with grinders or emulsifiers, breweries with Best Management Practices permits	Greater than 1,300 mg/l	\$14.92	\$15.63	\$16.37	\$14.48
Minimum Annual Charge			\$596.00	\$625.00	\$654.00	\$622.00

* On May 7, 2020, the Board voted to not collect the incremental rate increase for Fiscal Year 2020-21, while leaving in place the entire rate structure adopted by Ordinance No. 304, effectively creating a rate increase holiday for FY 2020-21.

Customer Type	FY 2020-21*	FY 2021-22	FY 2022-23	FY 2023-24
Schools				
Schools – Daycare, Preschool, University (per hundred cubic feet)	\$6.56	\$6.87	\$7.20	\$7.63
Schools – Elementary (per student)	\$7.82	\$8.19	\$8.58	\$8.94
Schools – Intermediate and High School (per student)	\$15.45	\$16.18	\$16.95	\$17.89
Industrial Permit (including food processing)				
Wastewater Flow (per hundred cubic feet)	\$5.08	\$5.32	\$5.57	\$7.21
Biological Oxygen Demand (BOD) (per 1,000 pounds)	\$1,342.00	\$1,406.00	\$1,473.00	\$1,272.00
Total Suspended Solids (TSS) (per 1,000 pounds)	\$701.00	\$734.00	\$769.00	\$637.00
Fixed	\$98.61	\$103.29	\$108.20	TBD
Special Discharge Permits and Contractual Agreements	Determined Individually	Determined Individually	Determined Individually	Determined Individually

* On May 7, 2020, the Board voted to not collect the incremental rate increase for Fiscal Year 2020-21, while leaving in place the entire rate structure adopted by Ordinance No. 304, effectively creating a rate increase holiday for FY 2020-21.

Below is a diagram of the five customer classes showing the combined strength limits and the representative businesses that are contained within each category:



Table 5 indicates the total collected SSC and how such funds are allocated to the sub-funds. The allocation of the SSC to Capital decreases from 57.4% in FY 2022-23 to 42.6% in FY 2023-24. The FY 2022-23 allocation of SSC to Capital was temporarily lower than typical due to the payoff of the pension UAAL balance in June 2021 necessitating a higher-than-normal allocation of SSC to the O&M fund in FY 2020-21 and FY 2021-22. Those SSC higher than ordinary SSC split estimates led to higher than required O&M working capital reserves as of June 30, 2022. Accordingly, the allocation of the SSC to the O&M fund was reduced in FY 2022-23 to normalize O&M working capital reserve back to policy-required levels. For FY 2023-24, the O&M fund’s SSC allocation returns to a more ordinary level, increasing from 41.1% in FY 2022-23 to 56.0% in FY 2023-24.

Table 5 – Allocation of Sewer Service Charges

	FY 2021-22 Budget	%	FY 2021-22 Actual	%	FY 2022-23 Budget	%	FY 2023-24 Budget	%	\$ Change
To O&M	\$72,259,337	66.9%	99,104,227	89.3%	\$47,162,407	41.1%	66,051,443	56.0%	18,889,036
To Capital	34,108,232	31.6%	10,267,767	9.3%	65,832,492	57.4%	50,251,805	42.6%	(15,580,687)
To Self-Insurance	1,576,419	1.5%	1,576,419	1.4%	1,662,101	1.4%	1,676,752	1.4%	14,651
Total Collected	\$107,943,987	100.0%	\$110,948,413	100.0%	\$114,657,000	100.0%	\$117,980,000	100.0%	\$3,323,000

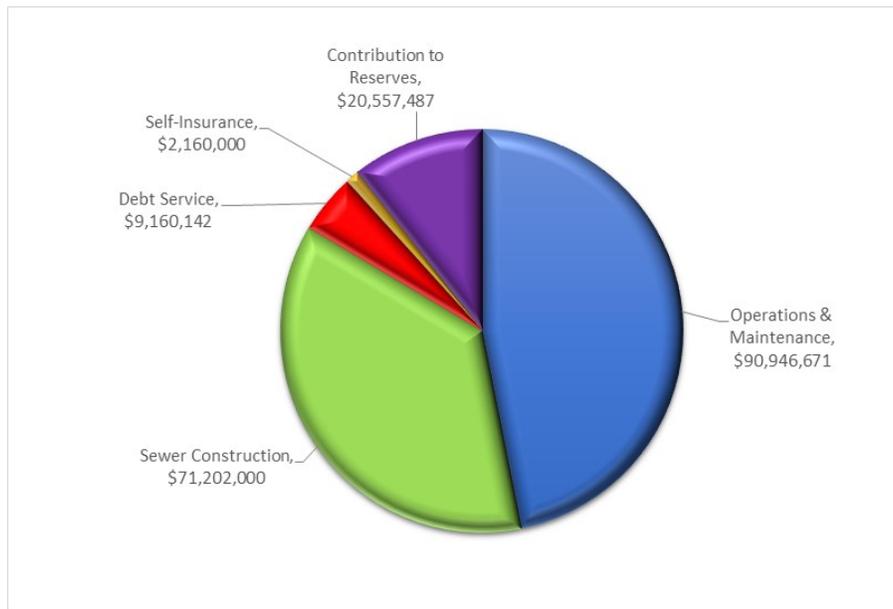
The allocation of SSC between the sub-funds fluctuates each year and is based on spending levels, other revenue sources, and reserve requirements and balances in each fund. The above allocation is based on the overall budget assumptions as specified in this document. Table 5 also shows a direct allocation of SSC to the self-insurance fund to restore the self-insurance fund balance to the required \$9.0 million level. A direct allocation of SSC to the Self-Insurance fund was implemented in FY 2021-22, with the replenishment in years prior to that being accomplished through an inter-fund transfer from the O&M fund. The direct allocation of SSC is the preferred ongoing method as it is

more transparent and avoids the perception of double-counted expenditures that can be caused by inter-fund transfers.

Uses of Funds

The uses of funds (expenditures and contributions to reserves) for FY 2023-24 are shown in Figure 3. Two expenditure categories, O&M and Sewer Construction, account for 83.6% of the total uses. In FY 2023-24, contribution to reserves comprises 10.6% of the total use of funds. These funds will largely be applied to the Sewer Construction Fund (Capital Improvement Program) to help stabilize customer SSC rates and address an increase in capital spending projected in future years.

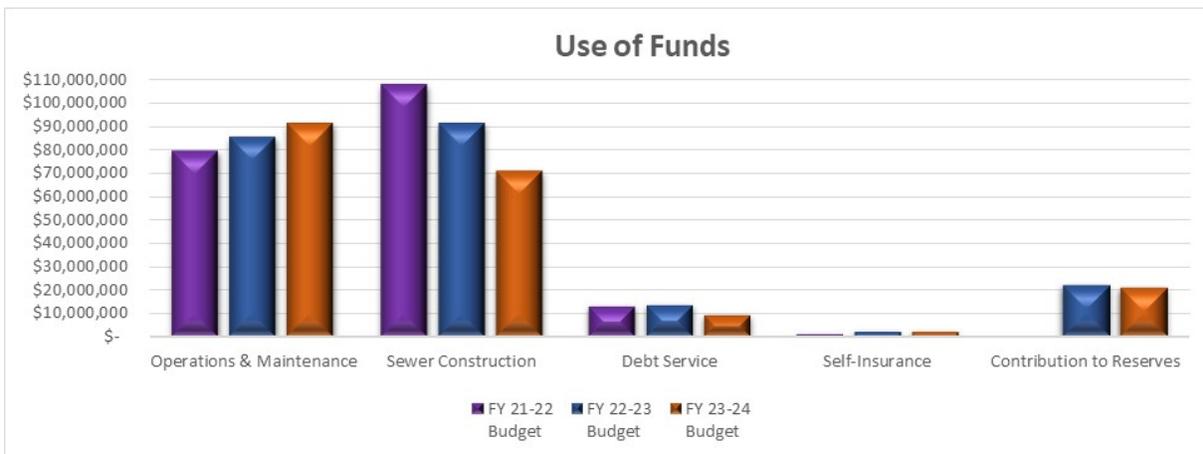
Figure 3 – Total Funding Uses – FY 2023-24 Budget



Total FY 2023-24 Budgeted Expenditures and Contributions of Reserves: \$194,026,300

Figure 4 – Where the Money Goes

FY 2021-22	FY 2022-23	FY 2023-24
\$201,651,190	\$213,536,900	\$194,026,300



Operations & Maintenance Budget Overview

Excluding the draw from reserves above minimum working capital levels, total O&M revenue for FY 2023-24 is projected to be \$89.7 million, compared to the FY 2022-23 budget amount of \$69.8 million, as shown in Table 6.

Table 6 – FY 2023-24 Budgeted O&M Revenues

Account Description	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Budget to Budget Variance	Percent Variance
Revenue							
Sewer Service Charge	\$96,331,829	\$99,104,227	\$47,162,407	\$48,254,607	\$66,051,443	\$18,889,036	40.1%
Concord SSC	15,445,534	16,086,801	17,600,000	17,300,000	17,900,000	300,000	1.7%
Permit & Inspection Fees	1,894,400	2,048,087	1,799,500	1,824,500	1,827,500	28,000	1.6%
HHW Reimbursement	977,000	958,300	1,048,000	971,000	1,009,000	(39,000)	-3.7%
Lease Rental Income	715,000	650,451	740,000	790,000	822,000	82,000	11.1%
Recycled Water	432,000	545,048	445,000	500,000	515,000	70,000	15.7%
Stormwater / Pollution Prevention	390,000	416,305	415,000	410,000	420,000	5,000	1.2%
Investment Income	180,000	381,886	262,000	650,000	860,000	598,000	228.2%
State Funding	-	996,177	-	-	-	-	-
Other	316,000	418,374	291,000	613,338	318,000	27,000	9.3%
Total Revenue	\$116,681,763	\$121,605,655	\$69,762,907	\$71,313,445	\$89,722,943	\$19,960,036	28.6%

O&M revenue is increasing by \$20.0 million, or 28.6% over the prior year budget, due primarily to the following:

- As anticipated and described in the prior year budget, the O&M fund was projected to close FY 2021-22 with working capital reserves approximately \$17.5 million more than the minimum reserve requirement per the Board-adopted fiscal reserves policy. This excess was directly attributable to the significant and non-recurring payoff of Central San's pension UAAL in June 2021. Pursuant to Central San's fiscal policies, this excess was rectified by allocating to the O&M fund a reduced proportion of SSC revenues sufficient to restore its working capital reserves to minimum policy-established levels.
- The extraordinary increase in budgeted investment income is directly attributable to the numerous interest rate hikes issued by the Federal Reserve over the past year designed to curb inflation connected to supply chain disruptions and federal government stimulus spending in response to the COVID-19 pandemic.

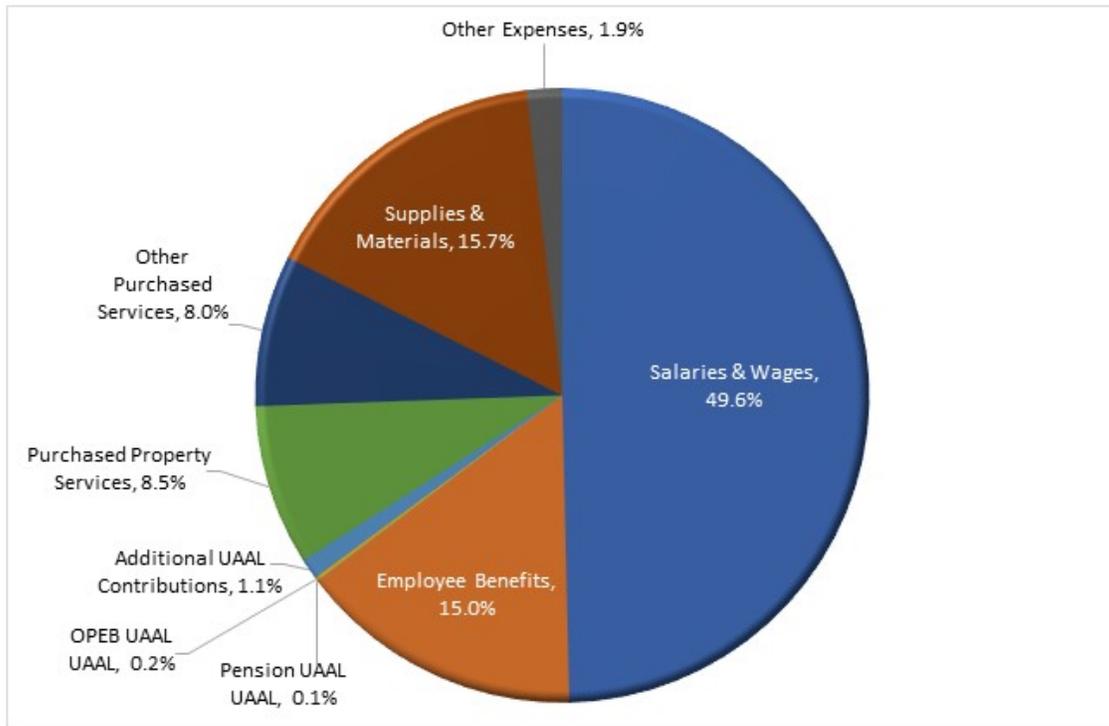
As shown in Table 7, total O&M expenses are projected to be \$90.9 million in FY 2023-24, an increase of \$5.9 million over the \$85.0 million FY 2022-23 budget. This figure includes the costs for Central San to deliver essential services including wastewater collection, wastewater treatment, HHW collection, and recycled water production and distribution. The budget continues to provide funding for strategic initiatives and key activities. Table 7 and Figure 5 show the FY 2023-24 O&M Budget by expense category.

Table 7 – FY 2023-24 Budgeted O&M Expenditures and Contribution to / (Draw from) Reserve

Account Description	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Budget to Budget Variance	Percent Variance	FY 2023-24 Percent of Total
A. Salaries & Wages								
A. Salaries & Wages	\$39,711,391	\$39,742,679	\$42,748,849	\$42,466,805	\$45,144,569	\$2,395,721	5.6%	49.6%
B. Benefits								
B. Benefits*	12,688,724	13,186,374	12,312,215	13,570,899	13,654,823	1,342,608	10.9%	15.0%
Total Salaries & Benefits	52,400,115	52,929,053	55,061,063	56,037,704	58,799,392	3,738,329	6.8%	64.7%
C. OPEB and Pension UAAL and Additional Contributions								
C. Pension UAAL	56,845	99,044	59,784	59,138	59,503	(280)	-0.5%	0.1%
C. OPEB UAAL	1,260,000	1,260,000	1,320,000	1,320,000	141,000	(1,179,000)	-89.3%	0.2%
C. Additional UAAL Contributions	1,250,000	1,250,000	-	1,000,000	1,000,000	1,000,000	-	1.1%
Total UAAL Costs	2,566,845	2,609,044	1,379,784	2,379,138	1,200,503	(179,280)	-13.0%	1.3%
Total Labor-Related Costs (A+B+C)	54,966,960	55,538,097	56,440,847	58,416,842	59,999,895	3,559,048	6.3%	66.0%
D. Other O&M Expenses								
D. Purchased Property Services	5,926,840	5,519,460	6,850,450	7,393,968	7,697,774	847,324	12.4%	8.5%
D. Other Purchased Services	6,934,841	3,666,997	7,893,758	5,120,552	7,246,295	(647,463)	-8.2%	8.0%
D. Supplies & Materials	10,512,734	11,157,534	12,406,002	12,272,896	14,298,822	1,892,820	15.3%	15.7%
D. Other Expenses	1,178,756	1,064,704	1,427,990	1,289,376	1,703,885	275,895	19.3%	1.9%
Total Other O&M	24,553,171	21,408,695	28,578,199	26,076,791	30,946,776	2,368,576	8.3%	34.0%
Total Expenditures Before Transfers	79,520,131	76,946,792	85,019,046	84,493,633	90,946,671	5,927,625	7.0%	100.0%
Interfund Transfer (Self-Insurance)	-	2,700,000	-	-	-	-		
Total O&M Expenditures	\$79,520,131	\$79,646,792	\$85,019,046	\$84,493,633	\$90,946,671	\$5,927,625	7.0%	100.0%
Contribution to/(Draw From) Reserves	37,161,632	41,958,863	(15,256,139)	(13,180,188)	(1,223,728)			

*Net of administrative overhead credit for capitalized labor.

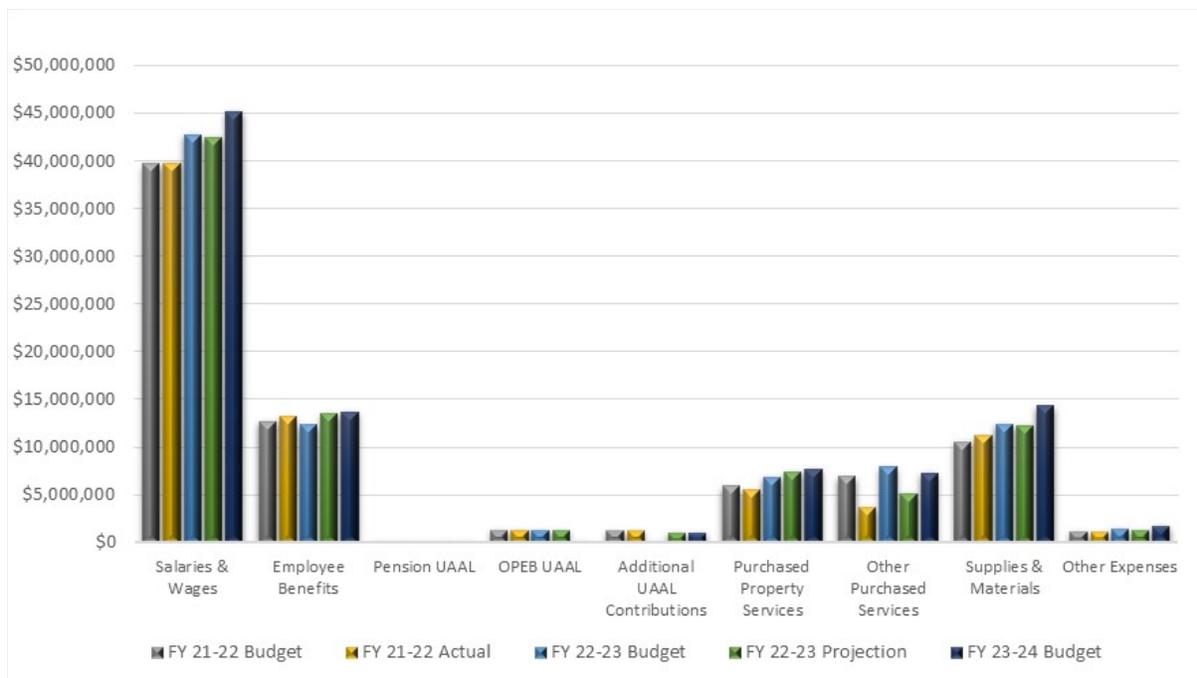
Figure 5 – FY 2023-24 Budgeted O&M Expenditures by Category



Variations in the Operations & Maintenance Budget

FY 2023-24 O&M costs overall are budgeted to increase by \$5.9 million or 7.0% over the prior year. Figure 6 illustrates the historical trend of each of the major budgetary expense categories.

Figure 6 – O&M Cost Comparison by Year



The following provides an analysis of each of the major O&M Budget expense categories shown in Table 7 and illustrated in Figures 5 and 6 previously. The labels (A-D) correspond to the assigned letters shown in Table 7.

A. Salaries & Wages

Budgeted salaries & wages are \$45.1 million in FY 2023-24, compared to \$42.7 million in FY 2022-23, representing an increase of \$2.4 million, or 5.6%. This expense category makes up 49.6% of the overall FY 2023-24 O&M Budget, a slight decrease from 50.3% in the prior year budget. This incorporates a 3.75% cost of living adjustment (COLA) for full-time permanent employee salaries effective April 2023 reflecting the February 2022 to February 2023 Bay Area consumer price index (CPI) in accordance with employee labor agreements. The budget also assumes a COLA of 3.75% for April 2024, which is the ceiling CPI rate allowable per the labor agreements currently in place. This growth figure also incorporates step increases and longevity pay increases for eligible employees, including those currently on payroll as well as anticipated new hires. Lastly, projected Salaries & Wages assumes a vacancy factor of 3%, which is consistent with the prior year and generally in-line (albeit slightly conservative) with actual vacancy experiences over the past several years. Details of labor changes are more thoroughly described in the forthcoming “Staffing, Salaries, and Benefits” section.

B. Employee Benefits

Employee benefits are projected to increase slightly from \$12.3 million in the prior year to \$13.65 million in FY 2023-24, an increase of 10.9%. The employee benefits expense category is reported net of a capitalized administrative overhead credit attributable to capitalized labor. The following table provides additional details on employee benefits showing the gross amount employee benefits prior to reductions for capitalized administrative overhead:

Table 7a – Benefits and Capitalized Overhead Detail

	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Benefits for Active Employees	\$17,208,723	\$17,930,895	\$19,377,572	\$1,446,676	8.1%
Capitalized Admin Overhead	(4,520,000)	(5,618,681)	(5,722,749)	(104,068)	1.9%
Total Employee Benefits, net of Capitalized Admin Overhead	\$12,688,724	\$12,312,215	\$13,654,823	\$1,342,608	10.9%

Excluding the capitalized administrative overhead credit, benefits for active employees is comprised of healthcare costs, workers’ compensation costs, payroll taxes, normal costs for pension and OPEB, and a benefit vacancy factor estimate. These costs were \$17.9 million in the FY 2022-23 budget and rise to \$19.4 million in the FY 2023-24 budget, which represents an 8.1% increase.

Given the timing of the budget development process, certain assumptions must be made on benefit program/premium costs prior to the availability of actual announced changes by providers. Assumed as well as known inflation factors for each major benefit category are described separately as follows:

- **Health (CalPERS Medical)** – Using known premium rates in effect for calendar year 2023, the budget incorporates a 6.5% base plan premium increase for the first half of FY 2023-24 ending December 2023. This same growth rate is assumed for the second half of FY 2023-24.
- **Pension (Normal Cost)** – The pension plan normal cost contribution rate, paid to CCCERA, is increasing slightly by 0.63% for legacy employees to 17.51% effective July 1, 2023. The normal cost rate is increasing slightly by 0.21% for Public Employees’ Pension Reform Act (PEPRA) employees to 11.67% effective July 1, 2023. The defined pension normal cost contribution rate changes incorporate numerous factors pertaining to participant demographics, actuarial assumptions, and investment performance.
- **Dental** – Using known dental rates in effect for calendar year 2023, the budget incorporates a 3.8% premium increase for the first six months of FY 2023-24 ending December 2023. This same growth rate is assumed for the next six months of FY 2023-24 ending June 2024.
- **Vision** – Using known vision rates in effect for calendar year 2022, the budget incorporates a 3.75% premium increase for the first six months of FY 2023-24 ending December 2023. No rate increase is assumed for the following six months ending June 2024.
- **Life Insurance** – No rate increases are being assumed for this benefit category, which is in alignment with rates over the past two years.
- **Long-Term Disability** – No rate increases are being assumed for this benefit category, which is in alignment with rates over the past two years.
- **Employee Assistance Program** – No rate increase is anticipated for this benefit category in FY 2023-24.
- **Workers' Compensation** – A 10% rate increase was assumed for budget purposes as the actual rates have not been finalized. Following adjustments for the prior year experience modification factor, the FY 2022-23 growth assumptions for workers’ compensation were proven to be slightly too conservative. Accordingly, the FY 2023-24 growth rate uses the actual FY 2022-23 rate as a base which was lower than projected in the budget. This has resulted in some modest budgetary savings in this expense category.
- **OPEB (Normal Cost)** - For improved financial planning and transparency purposes, the total budgeted cost for retiree health, dental, life and vision premiums are split between its “normal cost” and UAAL components of the actuarially determined contribution (ADC) calculated by Central San’s independent OPEB actuary, Foster & Foster. The normal cost component of OPEB, which is considered an active employee cost (not UAAL), is projected to decrease slightly from \$2.0 million in FY 2022-23 to \$1.9 million in FY 2023-24. See Tables 4-6 in the Supplemental Financial Information for additional disclosures on OPEB.

The Capitalized Administrative Overhead rate (shown in Table 7a), a credit given for capital work to the O&M Budget for administrative overhead and non-productive work hours (i.e., vacation, sick, holidays, etc.), is remaining largely unchanged, increasing only modestly from \$5.6 million to \$5.7 million in FY 2023-24. Despite a reduction in the Board-approved Administrative Overhead and Benefits Rate for FY 2023-24, the proportion of labor expected to be charged to capital projects remaining steady at approximately 18.2% paired with an increase in labor and benefits costs overall resulted in the slight increase. Several divisions, including Capital Projects, Planning & Development Services and Plant Maintenance, are expected to charge time to capital projects in FY 2023-24.

C. Unfunded Liabilities

Central San has agreements with its employees to provide pension and post-employment healthcare benefits. Central San prefunds the pension/benefits in accordance with actuarial calculations that make certain economic and demographic assumptions. The goal is to grow these prefunded amounts into sufficient assets to cover the liabilities arising from the promised pension/benefits. An unfunded liability may occur when assumed economic or demographic assumptions are not met, when those assumptions are changed, and when the level of benefits is adjusted.

In FY 2023-24, the total estimated pay-go cost of retiree health premiums and Medicare reimbursements is projected to be \$4.2 million. Consistent with prior years, OPEB costs for budgeting purposes are capped at the actuarially determined contribution (ADC), which is approximately \$2.0 million in FY 2023-24 pursuant to the latest independent actuarial report. OPEB “pay-go” costs in excess of this ADC ceiling are eligible for reimbursement from the OPEB trust, as outlined in the Board-adopted Fiscal Reserves policy which states: *“A planned draw from the OPEB Trust may be included in a Board adopted budget and executed by the GM.”* Accordingly, with adoption of this budget, a draw or reimbursement up to approximately \$2.2 million from the OPEB trust is anticipated immediately following the close of FY 2023-24. Reimbursing excess OPEB “pay-go” cost above the ADC ceiling will not eliminate Central San’s gradual contributions towards paying down the UAAL as the OPEB ADC is comprised of both a normal cost and UAAL component.

Prior to FY 2019-20, supplemental OPEB trust payments were needed to meet the annual ADC as retiree benefit premiums fell short of the independently calculated ADC. With the transition to CalPERS Health in FY 2019-20, the funded status of Central San’s OPEB plan has increased tremendously, to the point where the retiree health premiums (i.e., “pay-go” costs) are over \$2.2 million higher than the ADC in FY 2023-24. Accordingly, there is no mandatory OPEB trust payment to fully satisfy the ADC in FY 2023-24. Despite favorable results in the latest actuarial report dated July 1, 2022, significant investment losses reported by the OPEB trust to close out calendar year 2022 (annual loss of -14.55%) and the persistence of ongoing market volatility and uncertainty into 2023 suggest actuarial losses may be on the horizon for the next biennial valuation. Accordingly, an additional OPEB trust contribution of \$1.0 million has been incorporated into the FY 2023-24 budget. Additionally, to the extent that budget savings are available with the completion of FY 2022-23, the Board may choose to direct part of the savings toward the pension or OPEB trust.

As mentioned previously, the Board authorized the payoff of Central San’s outstanding pension UAAL in June 2021 totaling approximately \$70.8 million. This was financed, in part, by utilizing the accumulated balance of the Pension Prefunding Trust (\$12.8 million), as well as allocating SSC that would have otherwise gone to the capital program. In lieu of SSC, given the historically low interest rate environment, Central San’s Facilities Financing Authority successfully issued Certificates of Participation (COPs) generating proceeds of \$58 million to finance a portion of CIB expenditures in FY 2020-21 and FY 2022-23. The COPs were issued with a true interest cost of 0.38%, compared to the significantly higher discount rate of 7.0% charged on the UAAL by CCCERA. Accordingly, the pension UAAL paid to CCCERA is essentially non-existent in FY 2023-24, except for a small administrative recovery component of 0.15% of covered payroll (less than \$60 thousand).

D. All Other O&M Expenses

The remaining O&M non-labor expenses total \$30.9 million in FY 2023-24, reflecting an increase of 8.3% over the prior year's budget. Additional information is included in the individual division budgets. The following is a synopsis of each of the major non-labor expense categories:

- **Purchased Property Services** – This expense category, which includes purchased services attributable to property that is owned or used by Central San (i.e., repairs & maintenance, hauling, security, cleaning, etc.) is reporting an increase of \$0.8 million or 12.4%. The bulk of this increase is attributable to the reclassification of approximately \$0.6 million in ongoing software-use fees from the “Supplies & Materials” category into this category to better reflect these as costs attributable to contracted services for maintenance and support rather than licenses. This included software support costs such as the CityWorks CMMS, Naviline agenda management software, ESRI GIS, and other critical technologies used in operations. Additionally, approximately \$0.2 million of the overall increase in this expense category was attributable to increases for cloud-based software solutions such as the recently implemented Oracle Cloud fusion ERP system, Microsoft 365 Enterprise, and other systems.
- **Other Purchased Services** – This expense category, which includes professional, technical, and administrative services is decreasing by approximately \$0.6 million or 8.2%. The bulk of this reduction is due to decreases in the Office of the Secretary of the District and Information Technology divisions. The decrease in the Office of the Secretary of the District division is attributable to the absence of an election in FY 2023-24, with the conclusion of the last biennial election (previously budgeted at approximately \$0.3 million) in November 2022. The decrease in the Information Technology division is attributable to the reclassification of several technical services to the “Purchased Property Services” category to better reflect their nexus to property owned or used by Central San, with pertaining to ongoing ERP/HCM system technical support services.
- **Supplies & Materials** – This expense category includes supplies and materials consumed in operations necessary to provide services including but not limited to utilities & fuel (i.e., electricity, natural gas, landfill gas, water, gasoline, etc.), chemicals (i.e., lime, polymer, hypochlorite, etc.) and general supplies. This line item is increasing by \$1.9 million, or 15.3%. Unsurprisingly, with the prevalence of supply chain challenges and energy price volatility persisting into 2023, the Plant Operations division is the major driver of increase. Specifically, significant price increases are projected for natural gas, landfill gas, electricity (PG&E), and hypochlorite.
- **Other Expenses** – This expense category reports other less-significant expense types than those listed separately and described previously. The Other Expense category includes costs such as trainings & meetings, employee memberships, and other miscellaneous costs. Overall, this expense category is increasing by approximately \$0.3 million, or 19.3%. The bulk of this increase is attributable to an increase in fees paid to outside governmental, industrial, and professional associations paid by the Environmental & Regulatory Compliance Division including NACWA, CASA, and BACWA. In addition to outside organization fees, increases are budgeted for employee training and education, largely in the Information Technology division attributable to the many newly implemented technologies.

The following table summarizes budgeted costs for training, conferences, and meetings for FY 2023-24 as well as the previous two fiscal years. Increases in Administration Department travel was related to a general pick-up of anticipated conference travel across all divisions after the significant drop-off due to the COVID-19 period.

Table 8 – Technical Training, Conferences, & Meetings *

Department	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget	Budget to Budget Variance	Percent Variance
Executive Governance**	\$90,200	\$95,350	\$113,088	\$17,738	18.6%
Administration Department	114,250	160,200	210,750	50,550	31.6%
Engineering and Technical Services Department	165,750	162,225	166,225	4,000	2.5%
Operations Department	170,025	245,350	254,250	8,900	3.6%
Total	\$540,225	\$663,125	\$744,313	\$81,188	12.2%

* Includes tuition and professional expense reimbursements.

**Includes Board, Secretary of the District, and Office of the General Manager. Additional details for each of these three sub-functions is provided in the Operating Departments section of the budget book.

Table 8a – Summary of O&M Changes

A summary table of changes in the O&M budget follows (\$ in millions)

Budgeted Expense Category		\$	%
Salaries & Wages		\$2.4	5.6%
Reflects COLA (3.75%), and other step related increases	1.9		
4 FTEs. HHW Technician; Pumping Stations Operator; IT System Administrator; Management Analyst for CIB/CIP.	0.5		
Benefits		\$1.3	10.9%
Base plan medical premium increase of 6.5%	0.6		
Pension Normal Contribution	0.5		
Deferred compensation (401a)	0.2		
Benefits related to 4 new staff total \$0.2 million (included in above increases)	0.1		
Workers Compensation	(0.1)		
UAAL		\$(0.2)	-13.0%
OPEB UAAL	(1.2)		
Additional Trust Contribution	1.0		
Non-Labor Related Costs		\$2.4	15.3%
Property and other services.	0.2		
Supplies & Materials: Utilities & Fuel and chemicals	1.9		
Other	0.3		
Total		\$5.9	7.0%

Operations & Maintenance Budget by Operating Department

Table 9 and Figure 7 provide a summary of the operating budgets by department. Further details are included in the Operating Departments Section.

Table 9 – O&M Budget by Department

Account Description	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Budget to Budget Variance	Percent Variance
Executive Governance							
Office of the General Manager	\$1,171,228	\$1,081,046	\$1,070,246	\$998,232	\$1,852,510	\$782,264	73.1%
Office of the Secretary of the District	846,215	644,841	1,242,671	819,341	938,800	(303,871)	-24.5%
Board of Directors	436,726	230,840	465,295	248,779	377,811	(87,484)	-18.8%
Subtotal	2,454,169	1,956,727	2,778,212	2,066,351	3,169,121	390,909	14.1%
Administration							
Office of the Director of Finance & Administration	616,754	632,672	649,271	568,553	688,243	38,973	6.0%
Finance	1,807,021	1,891,481	2,008,642	2,089,929	2,415,433	406,790	20.3%
Human Resources / Retirees / Safety	7,999,453	9,271,734	7,131,543	8,401,278	6,930,837	(200,707)	-2.8%
Purchasing and Materials Services	1,748,276	1,777,926	1,861,104	1,771,915	1,887,015	25,911	1.4%
Risk Management	1,074,459	867,621	1,274,845	1,434,438	1,514,204	239,359	18.8%
Communications Services and Intergovernmental Relations	1,932,181	1,681,546	2,155,358	2,035,116	2,176,322	20,964	1.0%
Information Technology	4,722,904	4,313,167	5,202,579	4,894,013	6,294,147	1,091,568	21.0%
Subtotal	19,901,049	20,436,147	20,283,342	21,195,242	21,906,201	1,622,859	8.0%
Engineering and Technical Services							
Office of the Director of Engineering & Technical Services	905,205	882,793	890,095	664,552	1,003,642	113,546	12.8%
Planning and Development Services	5,891,208	5,183,676	6,241,012	6,021,602	5,385,263	(855,749)	-13.7%
Capital Projects	26,686	(759,166)	(831,774)	62,765	(423,339)	408,435	-49.1%
Environmental and Regulatory Compliance	8,056,928	7,424,289	8,909,033	8,741,021	9,291,541	382,508	4.3%
Subtotal	14,880,026	12,731,591	15,208,366	15,489,940	15,257,107	48,741	0.3%
Operations							
Office of the Director of Operations	612,429	708,361	1,232,151	887,499	989,020	(243,130)	-19.7%
Collection System Operations	12,865,365	12,869,438	13,480,048	13,615,167	14,391,917	911,868	6.8%
Plant Operations	12,350,601	14,119,396	14,871,590	15,962,047	16,610,137	1,738,547	11.7%
Plant Maintenance	14,845,741	12,988,634	15,468,121	14,080,744	14,892,814	(575,307)	-3.7%
Operations Optimization	-	-	-	-	1,805,549	1,805,549	-
Recycled Water Program	1,610,750	1,136,499	1,697,217	1,196,643	1,924,804	227,587	13.4%
Subtotal	42,284,886	41,822,327	46,749,126	45,742,100	50,614,241	3,865,115	8.3%
Total Departmental Expenses Before Interfund Transfers	79,520,131	76,946,792	85,019,046	84,493,633	90,946,671	5,927,625	7.0%
Transfers to Self-Insurance Fund	-	2,700,000	-	-	-	-	-
Total O&M Expenses	\$79,520,131	\$79,646,792	\$85,019,046	\$84,493,633	\$90,946,671	\$5,927,625	7.0%

Figure 7 – O&M Budget by Function



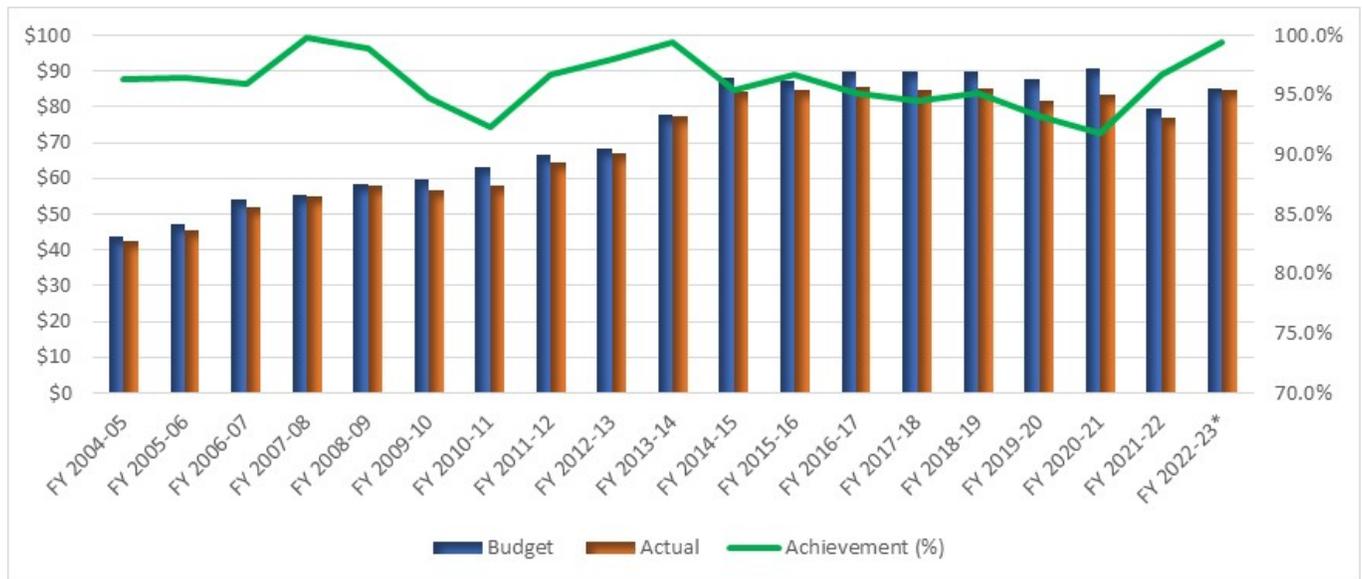
*Function shown separately given significance of service and for comparability with prior year budgets.

**Includes Office of the Director of Operations, Plant Operations, and Plant Maintenance functions.

Historical Variances in Operations & Maintenance Spending

Figure 8 shows historic O&M budgeted and actual amounts, and actual spending as a percentage of budget. There have been variances averaging 4.7% (spending was 95.3% of budget) over the last five years with variances averaging 3.8% since FY 2004-05 (last 19 years).

Figure 8 – Historic O&M Budget versus Actual Spending, in Millions (Multi-Year Trend)



*Using projected actuals for FY 2022-23 as year as not yet concluded.

Staffing, Salaries, and Benefits (Costs included in both O&M and Sewer Construction)

As summarized in Table 10, total labor, benefit, and UAAL related costs increased by approximately \$4.3 million, or 6.2%, from \$69.1 million in FY 2022-23 to \$73.3 million in FY 2023-24. Refer to Tables 1-6 in the Supplemental Financial Information for additional budgeted labor and benefits line-item details.

Total salaries and benefits for active employees, excluding UAAL, are budgeted at \$72.1 million in FY 2023-24, including both the O&M Fund and the Sewer Construction Fund, compared to \$67.7 million in FY 2022-23, a \$4.4 million, or 6.6% increase. UAAL costs for pension and OPEB (which relate to both active employees and retirees) are \$1.2 million, down from \$1.4 million in FY 2022-23. This reduction is largely attributable to there not being an additional OPEB or pension prefunding trust contribution in FY 2022-23, whereas in FY 2023-24 there is a \$1.0 million contribution budgeted.

Major factors affecting overall salaries and benefits include the following:

- Cost-of-living adjustments effective April 2023 based on provisions per MOUs / personnel resolutions with each bargaining unit of 3.75%, and an estimated placeholder of 3.75% for April 2024.
- Step (5%) and longevity (2.5%) increases for applicable full-time permanent employees.
- The addition of four new permanent FTE positions, resulting in an increase of the permanent headcount from 294 to 298 (see “Staffing Changes” section).
- Attrition of approximately 4% of the tenured workforce to be replaced by lower step level and non-longevity eligible PEPRA tier employees.
- Capping the budgeted OPEB expense at the ADC, which is approximately \$2.2 million lower than estimated pay-as-you-go retiree premiums in FY 2023-24.
- A projected FTE vacancy factor of 3%.
- Benefits overall increased approximately 5%.

The next several tables show various levels of detail regarding labor costs. Table 10 summarizes all labor-related costs across two sub-funds. Additional tables in the Supplemental Financial Information section at the end of this budget document provide additional detail about salary and benefit costs.

Table 10 – Total Labor Costs Summary

FY 2023-24 Budget	Operations & Maintenance	Sewer Construction	Total
Active Employees			
Budgeted Full-Time Employee Positions *	264.8	33.2	298.0
Budgeted Salaries & Wages	\$45,144,569	\$5,659,371	\$50,803,940
Budgeted Benefits	19,377,572	1,957,591	21,335,162
Capitalized Admin Overhead **	(5,722,749)	5,722,749	-
Benefits After Capitalized Administrative Overhead	\$13,654,823	\$7,680,339	\$21,335,162
Total Costs Active Employees	\$58,799,392	\$13,339,711	\$72,139,103
UAAL / Unfunded Liabilities & Additional Contributions			
OPEB UAAL	\$1,141,000	\$ -	\$1,141,000
Pension UAAL	59,503	7,704	67,207
Total Unfunded Liabilities	\$1,200,503	\$7,704	\$1,208,207
Total Labor Related Costs	\$59,999,895	\$13,347,415	\$73,347,310

FY 2022-23 Budget	Operations & Maintenance	Sewer Construction	Total
Active Employees			
Budgeted Full-Time Employee Positions *	261.1	32.9	294.0
Budgeted Salaries & Wages	\$42,748,849	\$5,398,050	\$48,146,899
Budgeted Benefits	17,930,895	1,616,927	19,547,822
Capitalized Admin Overhead **	(5,618,681)	5,618,681	-
Benefits After Capitalized Administrative Overhead	\$12,312,215	\$7,235,608	\$19,547,822
Total Costs Active Employees	\$55,061,063	\$12,633,658	\$67,694,721
UAAL / Unfunded Liabilities & Additional Contributions			
OPEB UAAL	\$1,320,000	\$ -	\$1,320,000
Pension UAAL	59,784	6,436	66,220
Total Unfunded Liabilities	\$1,379,784	\$6,436	\$1,386,220
Total Labor Related Costs	\$56,440,847	\$12,640,094	\$69,080,941

* Estimated allocation of full-time employees between Sewer Construction and O&M.

** Consists of indirect costs associated with non-productive hours and Administrative Overhead.

Budgeted Full-Time Equivalents

Table 11 shows full-time equivalent employee totals for the time periods indicated. In addition to 298 budgeted full-time equivalent (FTE) positions, the General Manager can hire up to five additional “transitional” positions at any given time to backfill positions vacated due to an extended leave of absence or as necessary to properly address succession planning. The costs associated with these positions have been budgeted in the Office of the General Manager division to be used for the appropriate division in need as directed by the General Manager during the year. Table 12 shows the positions by bargaining unit and division.

Table 11 – Budgeted Full-Time Equivalents

	FY 2021-22 Year-End Actual	FY 2022-23 Budget	FY 2023-24 Budget
Regular Employees (Excluding Recycled Water Employees)	276.0	294.0	298.0
Temporary Employees			
District Temporary Employees	13.0	20.0	18.0
GM Specials	1.0	5.0	5.0
Limited Duration Employees	-	-	6.0
Fill Station Attendants	3.0	5.0	5.0
Summer Students	12.0	14.0	14.0
Interns	13.0	14.0	22.0
Total Temporary Employees	42.0	58.0	70.0

Table 12 – Full-Time Equivalent Positions by Bargaining Unit and Division

	Administration	Engineering	Operations	Total
Local One	21.0	41.0	108.0	170.0
Management Support/Confidential Group	28.0	46.0	36.0	110.0
Management	3.0	4.0	4.0	11.0
Unrepresented	5.0	1.0	1.0	7.0
Total by Department	57.0	92.0	149.0	298.0

Staffing Changes

During fiscal year 2022-23, Central San’s FTE headcount was 294, increasing from 291 in the year prior. A review of staffing needs by division was conducted as part of the budgeting process, and involved detailed consideration of alternatives, cost-benefit analyses, and reviews by the Executive team. This assessment resulted in the recommended approval of four new positions, increasing the budgeted headcount from 294 in FY 2022-23 to a recommended 298 in FY 2023-24. Commencing in FY 2020-21 and continuing through FY 2022-23, the budgets included funds for implementing changes arising from a reorganization and internal classification completed by the Human Resources & Organizational Development Division. All changes arising from this classification study were implemented by the close of FY 2022-23, with any changes to titles and compensation being approved by the Board prior to implementation. In addition to the 298 headcount, six limited duration employees have been budgeted Central San as begins to ramp up the CIP program, the underlying costs of which are largely being charged to the sewer construction budget. The parameters for these workers are under discussion with bargaining units and may have durations beyond one year.

Overall, staffing is budgeted in FY 2023-24 at 298 FTE positions, which is four positions higher than the prior year’s budget. One of the new FTEs included in the budget is for a Management Analyst in the Finance Division, which will be integral to the day-to-day administration of Central San’s Capital Improvement Budget (CIB). The size of the CIB has grown significantly in the past decade, and this position will facilitate more effective financial administration of the budget. The second new FTE included in this budget is for an additional System Administrator in the Information Technology Division under Administration, which will be essential for operational IT business process review and

implementing new software technology, and effective administration of these systems. The third new FTE included in the budget is for a Household Hazardous Waste Technician in the Environmental and Regulatory Compliance Division, increasing the number of positions from three to four. Hiring an FTE was determined to be the most cost-effective approach to continuing the same level of service as this year, in light of cost increases to obtaining staffing services from a contractor. The fourth new FTE included in the budget is for a Pumping Stations Operator III in the Plant Maintenance Division that will increase the number of positions from two to three, to ensure adequate coverage to ensure reliability for this important service. In addition to the overall headcount increase, a newly created Operations Optimization Division was created and positions from Planning and Development Division and Plant Operations were reallocated.

Position changes within and between departments and/or divisions from the prior year's budget are summarized as follows:

- **Administration Department**
 - Reclassified the division Office of Director of Finance & Administration to the Office of the Deputy General Manager of Finance and Administration
 - Reclassified the position Director of Finance and Administration to Deputy General Manager of Finance and Administration.
 - *Finance Division:*
 - One new FTE Management Analyst position added (increasing headcount)
 - *Purchasing & Materials Services Division:*
 - This division is under the responsibility of the Finance Manager in Finance
 - Reclassified Purchasing and Materials Manager to Contracts and Procurement Administrator
 - *Information Technology Division*
 - One new FTE System Administrator position added (increasing headcount)

- **Engineering & Technical Services Department**
 - *Capital Projects Division:*
 - Added four limited duration employees (one Senior Engineer, two Assistant Engineer positions, and one Project Safety Officer)
 - *Environmental & Regulatory Compliance Division:*
 - Added one new FTE Household Hazardous Waste Technician (increasing budgeted headcount)
 - *Planning & Development Services Division:*
 - Transferred four positions (Asset Management Program Administrator, two GIS Analysts, and one Engineering Assistant) from Asset Management to the new Operations Optimization Division.
 - Transferred one position Associate Engineer from Special Projects to Operations Optimization Division
 - Transferred one position Management Analyst to Information Technology Division
 - Added two Staff Engineer positions, limited duration employees

- **Operations Department**

- *Reclassified the Office of the Director of Operations to the Office of the Deputy General Manager of Engineering and Operations*
 - Reclassified the position Director of Operations to Deputy Manager of Engineering and Operations
 - Transferred and reclassified position from Innovation & Optimization Program Manager to Operations Optimization Manager of Operations Optimization Division
- *Plant Maintenance Division:*
 - Added one new FTE to Pumping Stations (increasing budgeted headcount)
- *Plant Operations Division:*
 - Transferred four positions (one Senior Engineer and three Utility Systems Engineers) to Operations Optimization Division
- *Operations Optimization Division:*
 - Received four positions from Planning & Development-Asset Management
 - Received one position from Planning & Development-Special Projects
 - Received one position from Director of Operations for reclassified Operations Optimization Manager position
 - Received four positions from Plant Operations Division-Process Control

Capital Improvement Budget

As shown in Table 13, Sewer Construction Fund total sources (including debt proceeds) are projected to decrease by \$35.7 million (27.7%), from \$128.8 million in FY 2022-23 to \$93.1 million in FY 2023-24. This decrease is largely attributable to a decreased allocation of SSC as well as a reduction in the amount of SRF debt proceeds expected in FY 2023-24 compared to the prior year. The reduction in SSC being allocated to the Sewer Construction Fund is attributable to the strategic utilization of higher than anticipated working capital reserves of the O&M fund following the pension UAAL payoff transaction in June 2021 discussed previously. Following the planned draw-down of O&M fund reserves to minimum working capital levels per the Fiscal Reserve Policy in FY 2022-23, the proportion of SSC being allocated to the Sewer Construction fund is returning to more ordinary levels in FY 2023-24.

The City of Concord's capital budget responsibility is based on its flow proportionate share of treatment plant, recycled water, and certain general improvement components of the capital budget. The City of Concord's capital reimbursement to Central San in FY 2023-24 is projected to be \$7.6 million, which is largely consistent with prior year budget of \$7.5 million. While the City of Concord will repay a proportionate share of debt used to finance the Solids Handling Facilities Improvements Project, debt service will not be due in FY 2023-24. In total, \$14.0 million of borrowing from the SRF is anticipated to fund the Solids Handling Facilities Improvements Project in FY 2023-24.

The \$71.2 million capital improvement budget does not include anticipated carryforward from FY 2022-23, which will be communicated to the Board after the close of the current fiscal year. The FY 2023-24 capital budget, excluding carryforward, is decreasing by \$19.8 million (21.7%) from the prior year budget of \$91.0 million. For FY 2023-24, 100% of the capital improvement budget was assumed to be funded in the financial plan. In the past two fiscal years, 90% of the budgeted capital spending authority was funded from current rates and loan proceeds, with the difference between

capital spending authority and the funding amount assumed to be spent in the outer years of the Ten-Year Financial Plan. This funding was consistent with the annual goal of spending at least 90% of the budgeted sewer construction funding, as well as generally consistent with a multi-year average of actual spending as a percentage of budget. This revised approach was used for FY 2023-24 as a thorough reforecast of the CIP was performed, with a view toward setting an achievable capital budget target considering past spending experience.

Central San is projected to contribute \$21.9 million to capital reserves in FY 2023-24 with revenues and debt proceeds exceeding expenditures by that amount. Accordingly, the Working Capital Reserves of the Sewer Construction fund are projected to significantly exceed the minimum requirement per the Fiscal Reserves policy. These and prior year contributions to the Sewer Construction Reserve allow for smoothing of rate requirements to accommodate the significant ramp-up of expenditures that is continuing in the next several years, with peak capital spending anticipated to reach \$109.6 million, unadjusted for cash flow carryforward of inflation, in FY 2024-25 (see 10-year plan in CIP section).

Table 13 provides a summary of the projected FY 2023-24 Sewer Construction Fund revenues and expenditures. Further program and project-specific budget details are included in the Capital Improvement Program section.

Table 13 – Sewer Construction Fund Revenues and Expenditures

	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Budget to Budget Variance	Percent Variance
Revenue							
Sewer Service Charges	\$10,035,739	\$10,267,767	\$65,832,492	\$67,361,890	50,251,805	(15,580,687)	-23.7%
Property Taxes	6,940,168	8,856,057	8,332,078	9,718,134	14,433,358	6,101,280	73.2%
Capacity Fees	5,950,000	4,552,182	4,579,000	6,625,000	4,175,000	(404,000)	-8.8%
Investment Income	319,000	342,006	140,000	2,008,659	2,250,000	2,110,000	1507.1%
Reimbursements							
City of Concord	8,700,914	7,799,702	7,500,000	7,500,000	7,570,000	70,000	0.9%
Developer Fees & Charges	296,000	293,099	403,000	496,319	445,000	42,000	10.4%
Other	1,600	232,881	1,000	18,791	1,000	-	0.0%
Total Revenue	32,243,421	32,343,693	86,787,570	93,728,792	79,126,163	(7,661,407)	-8.8%
Loan & Bond Proceeds							
2021 COPs Reimbursements	34,452,325	34,428,383	-	-	-	-	-
SRF Loan Reimbursements	34,120,000	-	42,000,000	14,680,747	14,000,000	(28,000,000)	-66.7%
Total Revenue and Debt Proceeds	100,815,746	66,772,077	128,787,570	108,409,539	93,126,163	(35,661,407)	-27.7%
Expenditures							
Collection System Program	39,795,000	31,375,554	36,635,000	27,000,000	35,734,000	(901,000)	-2.5%
Treatment Plant Program	45,230,000	24,360,324	39,981,000	30,000,000	31,300,000	(8,681,000)	-21.7%
General Improvements Program	3,830,000	2,191,232	3,645,000	4,000,000	3,350,000	(295,000)	-8.1%
Recycled Water Program	16,600,000	15,708,983	8,715,000	10,000,000	818,000	(7,897,000)	-90.6%
Contingency	2,500,000	-	2,000,000	-	-	(2,000,000)	-100.0%
Total Expenditures	107,955,000	73,636,093	90,976,000	71,000,000	71,202,000	(19,774,000)	-21.7%
Carryforward	38,984,928	-	38,097,000	58,073,000	-	-	-
Total Spend Authority	146,939,928	73,636,093	129,073,000	129,073,000	71,202,000	(57,871,000)	-44.8%

Sewer Construction Funds Available							
Projected Revenue and Debt Proceeds	100,815,746	66,772,077	128,787,570	108,409,539	93,126,163		
Capital Expenditures	107,955,000	73,636,093	90,976,000	71,000,000	71,202,000		
Less: Adjustment for 90% Spending Factor	(10,795,500)	-	(9,097,600)	-	-		
Contribution to Reserves	3,656,246	(6,864,016)	46,909,170	37,409,539	21,924,163		
Anticipated Cash Funded Capital Expenditures	28,587,175	-	39,878,400	56,319,253	57,202,000		

* The FY 2023-24 budget amount does not include any carryforward from past fiscal years; the Board will be notified of any carryforward amount after the close of the current fiscal year.

** Reserve calculation assumes difference between FY 2022-23 budget and projected spending will be spent in FY 2023-24 or beyond.

Impact of Capital Improvement Budget on Ongoing Operations & Maintenance Budget

Central San’s Capital Improvement Budget and the extent to which FY 2023-24 nonrecurring capital investments will affect the proposed or future years’ operating budget are described later in this document. In general, given the nature and composition of the FY 2023-24 Capital Improvement Budget, these effects are largely expected to be minimal with one exception. The project most likely to have significant impacts on future O&M costs is the Solids Handling Facilities Improvement Project. The technology to be utilized in phase II of this project is tentatively proposed to be fluidized bed incineration, a more modern and efficient approach to the existing multiple hearth furnaces. The lifecycle cost of the project, including O&M impacts, is expected to be lower than continuing with the existing technology. To the extent that this and other future capital projects will have O&M budgetary impacts (e.g., additional personnel costs, additional maintenance costs, or additional utility costs or, conversely, anticipated savings such as reduced utility costs or lower maintenance costs), such costs will be specified further in the year such projects are budgeted.

Reserve Projections

BP 017 - *Fiscal Reserves* set targets for each of Central San’s reserve funds. Fiscal reserves provide working capital for O&M activities; funding for long-term capital improvement requirements; fulfillment of legal, regulatory, and contractual obligations; mitigation of risk and liability exposures; and cash flow emergencies. Fiscal reserves are adjusted annually based on changes in the targeted reserve balance calculations, and the FY 2023-24 budget incorporates the full funding of minimum required reserves by the close of the fiscal year pursuant to the Fiscal Reserves Policy. The following are the various reserve targets met in the FY 2023-24 budget:

- **O&M Fund Working Capital Reserve Target** – The Board has set a target of five months (41.7%) of gross operating expenses at the start of each fiscal year.
- **Sewer Construction Fund Working Capital Reserve Target** – The Board has set a target of 50% of the annual Capital Improvement Budget at the start of each fiscal year, excluding capital projects that are to be funded with bond proceeds.
- **Self-Insurance Fund (SIF) Reserve Target** – The Board has set a target of three times the annual deductible, \$1.5 million. In addition, to help mitigate financial impacts and maintain uninterrupted service in the event of an emergency or catastrophic event, Central San maintains an Emergency Fund Reserve balance of \$7.5 million in the SIF. In total, these two components constitute the total reserve target of \$9.0 million.

Table 14 presents a summary of Central San's current reserve balance projections compared to the Board Policy (BP) targets. The O&M, Sewer Construction, and Self-Insurance funds are all projected to close FY 2023-24 with reserve levels above minimum levels stipulated in the Fiscal Reserves Policy. The projected amounts are subject to change based on actual financial results for the current and next fiscal years. The primary impact of the status of the reserves is on the allocation of SSC, as documented in Table 5 of this Financial Summary section. Absent other actions, to the extent that the O&M fund has more reserves than are required under the policy, that sub-fund would receive a lower allocation of SSC.

The following is a summary of reserve projections for the O&M, Sewer Construction, and Self-Insurance Reserves included in the FY 2023-24 budget:

- **O&M Fund** - Directly attributable to the Board-authorized payoff of the pension UAAL in June 2021 and the reallocation of SSC revenues between the O&M and Sewer Construction fund, O&M fund reserve levels were higher than policy-required levels on June 30, 2022, by approximately \$19.1 million. This was rectified in the adoption of the FY 2022-23 budget through the allocation of SSC between the O&M and Sewer Construction funds necessary to utilize O&M working capital reserves down to normal levels. Consequently, by June 30, 2023, O&M reserves are expected to be closer to minimum reserve policy levels, exceeding the floor amount by \$3.7 million. Pursuant to the Fiscal Reserves Policy, the June 30, 2023 O&M reserves above policy-required levels are systematically drawn down through the SSC split in FY 2023-24, providing additional SSC for Capital Improvement Budget. As such, as outlined in Table 14, the O&M fund is projected to close FY 2023-24 with a working capital reserve of \$40.1 million, precisely the minimum policy-level amount.
- **Sewer Construction Fund** - Given higher than anticipated unspent CIB appropriations carrying over into FY 2022-23, Sewer Construction fund working capital reserves are expected to be well over the policy-specified minimum levels as of June 30, 2023. Accordingly, there is a projected decrease in Sewer Construction reserves in FY 2023-24 as progress is made on unspent project appropriations from the prior year. The Sewer Construction fund is projected to close FY 2023-24 with a working capital reserve of \$85.2 million, exceeding minimum working capital reserves by \$37.4 million. To the extent that grant funding for capital projects is received during FY 2023-24, this would result in an increase in the Sewer Construction Fund reserve balance, providing the ability to reduce future borrowing and reduce future rate adjustments.
- **Self-Insurance Fund** – This fund is projected to close FY 2023-24 with a reserve of \$9.0 million, equal to the minimum working capital reserves set by Board policy. This incorporates additional Board-approved transfers of O&M reserves following favorable FY 2020-21 budget variances totaling \$2.7 million identified during FY 2021-22.

Also provided on Table 14 is a projection of the Rate Stabilization Fund, Pension Trust Fund, and OPEB Trust Fund. Assumptions include:

- **Rate Stabilization Fund Reserve Account** - This account was initially funded with a deposit from the FY 2018-19 fiscal year close-out of \$2.61 million. The Board also directed \$2.15 million from the FY 2019-20 closeout to this fund in the fall of 2020. Thereafter, the Board directed an additional \$5.2 million from the FY 2020-21 closeout of this fund in the fall of 2021. Most recently, in FY 2021-22, the Board approved an additional transfer of \$2.5 million in funds to the Self-Insurance fund.

The Rate Stabilization Fund Reserve Account is projected to close FY 2022-23 with a balance of \$7.46 million. By directing the funds to the Rate Stabilization Fund, greater flexibility for future use of the funds by the Board is provided for than without this assumption. Future uses may include the following:

- Contributions towards pension or OPEB liabilities
 - Funding billing adjustments or other Board specified uses for mitigating rate impacts
 - Drawdowns to meet targeted debt service coverage levels necessary
-
- **Pension Prefunding Trust Fund** – Following the pension UAAL payoff in June 2021, this trust is expected to have a minor residual balance of less than \$0.1 million as of June 30, 2023. While the trust assumes a long-term average target return of 5.14%, given market losses reported in 2022, the budget only projects modest returns of 2.0% in FY 2023-24 to remain conservative. Despite the payoff of the pension UAAL, should the poor market and heightened inflation persist into the future, it is reasonable to presume that a pension UAAL may resurface. Therefore, rather than dissolve the trust, Central San plans to retain the trust to allow for maximum flexibility to hedge against any resurfacing of the pension UAAL obligations in future years.
 - **OPEB Trust Fund** – This trust is projected to close FY 2022-23 with a reserve of \$79.4 million. This estimate is inclusive of investment returns, an additional trust contribution of \$1.0 million, and an offsetting anticipated OPEB reimbursement to Central San of \$1.0 million in FY 2022-23. The trust and most recent OPEB actuarial report currently assume a long-term average target return of 5.75%. Given market losses experienced in 2022, the budget incorporates an additional accelerated OPEB trust contribution of \$1.0 in FY 2023-24 to help offset 2022 losses. Despite the ADC assumptions incorporating a long-term perspective with smoothing as well as a provision to amortize the UAAL over time, budgeting for an additional trust contribution in FY 2023-24 is prudent given the extent of losses reported in 2022. Inclusive of this additional trust contribution, investment returns, and an OPEB premium cost reimbursement of \$2.2 million more than actuarially determined contributions, the trust is projected to close FY 2023-24 with a reserve of approximately \$82.3 million.

The Supplemental Financial Information section of this budget document contains a table showing changes in net position and fund equity.

Table 14 – Reserve Projections

	O&M Fund	Sewer Construction Fund (Capital)	Self-Insurance Fund	Totals
Actual Balance as of June 30, 2022*	\$54,480,252	\$83,946,347	\$9,145,548	\$147,572,147
Projected Balance as of June 30, 2023	\$41,300,064	\$121,355,886	\$9,142,948	\$171,798,899
Projected Balance as of June 30, 2024**	\$40,076,336	\$85,207,049	\$9,000,000	\$134,583,386
Change year over year	(\$1,223,728)	(\$36,148,837)	(\$142,948)	(\$37,215,513)
<i>Reference:</i>	Table 7	Table 13	Self-Insurance Table 1	See Figure 3
Percentage change year over year	-3.0%	-29.8%	-1.6%	-21.7%
Explanation	Ending balance at 6/30/22 is above policy-required level following pension UAAL payoff.	Funds set aside in prior years to be used toward the funding of future year's Capital Budgets		
Comparison to Policy Target-Start of Budget Year				
Policy Target	5/12 of following year's O&M Budget	50% of following year's non-bond funded Capital Budget	3 times annual deductible of \$500,000 plus \$7.5 million	
Reserve Policy Target end of June 30, 2023	\$37,626,114	\$43,235,552	\$9,000,000	\$89,861,666
Amount Over/(Under) Minimum Reserve Target at June 30, 2023	\$3,673,950	\$78,120,334	\$142,948	\$81,937,233
Comparison to Policy Target-End of Budget Year				
Reserve Policy Target end of June 30, 2024	\$40,076,336	\$47,791,500	\$9,000,000	\$96,867,836
Amount Over/(Under) Minimum Reserve Target at June 30, 2024**	-	\$37,415,549	-	\$37,415,549

*Reserve calculations subject to close of financial results for the year and may differ from projection.

** Net of FY 2022-23 CIB carryforward of \$58.1 million. Projected reserves at June 30, 2024, would be this amount higher when including the carryforward.

Table 14 – Reserve Projections (continued)

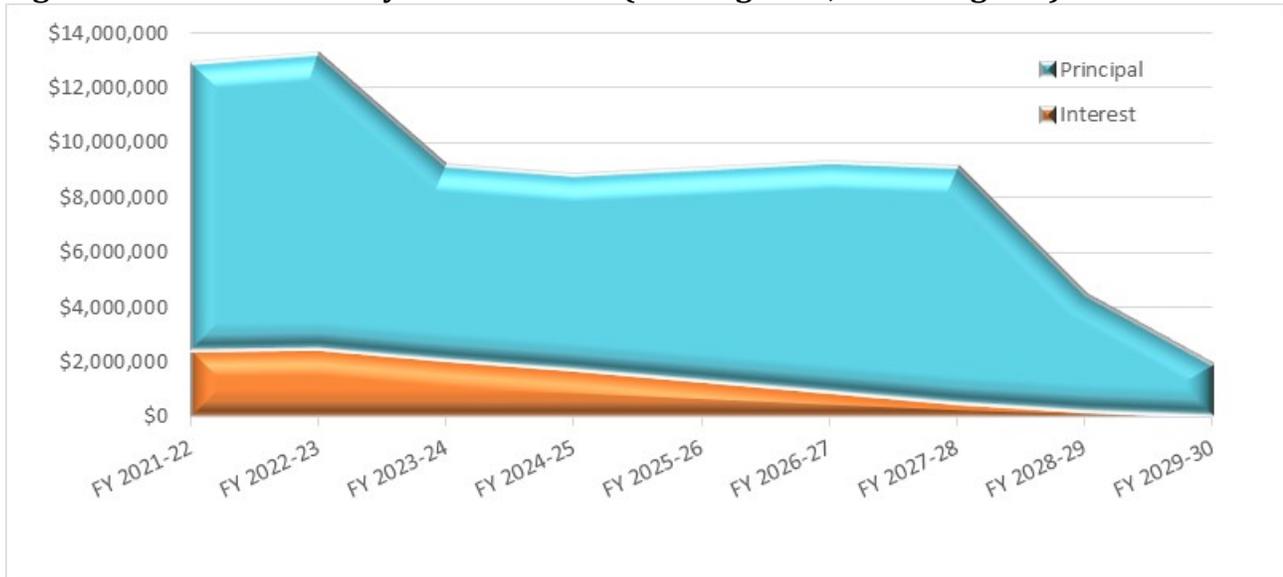
	Rate Stabilization Account *	Pension Trust Fund	OPEB Trust Fund
Actual Balance as of June 30, 2022	\$7,460,000	\$41,954	\$75,404,430
Projected Balance as of June 30, 2023	\$7,460,000	\$42,793	\$79,363,163
Projected Balance as of June 30, 2024	\$7,460,000	\$43,649	\$82,336,729
Change Year Over Year	\$0	\$856	\$2,973,566
<i>Reference:</i>			
Percentage Change Year Over Year	0.0%	2.0%	3.7%
Explanation	No Additional Transfers from O&M.	Trust largely liquidated in June 2021 with pension UAAL payoff	Assumes long-term return of 5.75% and reimbursements of pay-go costs in excess of ADC to O&M fund
Comparison to Policy Target-Start of Budget Year			
Policy Target	N/A	N/A	N/A
Reserve Policy Target end of June 30, 2023	N/A	N/A	N/A
Projected Balance less Reserve Policy Target at June 30, 2023	\$7,460,000	\$42,793	\$79,363,163
Comparison to Policy Target-End of Budget Year			
Reserve Policy Target end of June 30, 2024	N/A	N/A	N/A
Projected Balance less Reserve Policy Target at June 30, 2024	\$7,460,000	\$43,649	\$82,336,729

* This fund is a book entry to the O&M and Sewer Construction funds. Interest earnings from those funds are not separately assigned to the Rate Stabilization Account.

Debt Service

As noted previously, current debt service expenditures include outstanding payments on 2018 Revenue Refunding Bonds and the 2021 COPs. Central San’s total principal debt service for FY 2023-24 is \$7.1 million, compared to \$10.8 million in the prior year. Additional details on budgeted debt service are included in the Debt Program Section. Figure 9 depicts all existing debt payments for Central San.

Figure 9 – Debt Service Payment Schedule (Existing Debt, Excluding SRF)



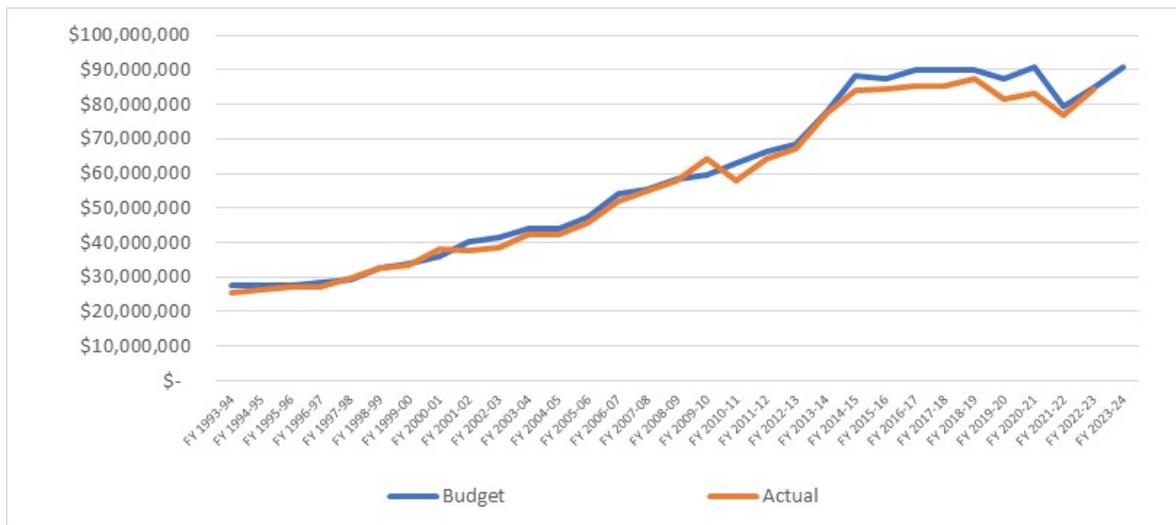
Phase 1a of the Solids Handling Facilities Improvements Project is being financed primarily by SRF loan proceeds. An SRF loan in an amount of \$173.4 million was finalized in 2021. This SRF loan has a term of 30 years, an interest rate of 0.90%, and payback is assumed to commence around FY 2026-27. However, the project is being bid as of spring 2023, so the schedule and cost are yet to be finalized. The financial plan assumes additional external financing will be required in future years, potentially for the UV Disinfectant facility upgrade, and Solids Handling Facility Phase 2 project later in the decade. These loans may be in the form of either SRF loans or revenue bonds. These future loans or debt issuances, if any, would add to the above debt profile.

Historical Long-Term Spending Trends

Operations & Maintenance

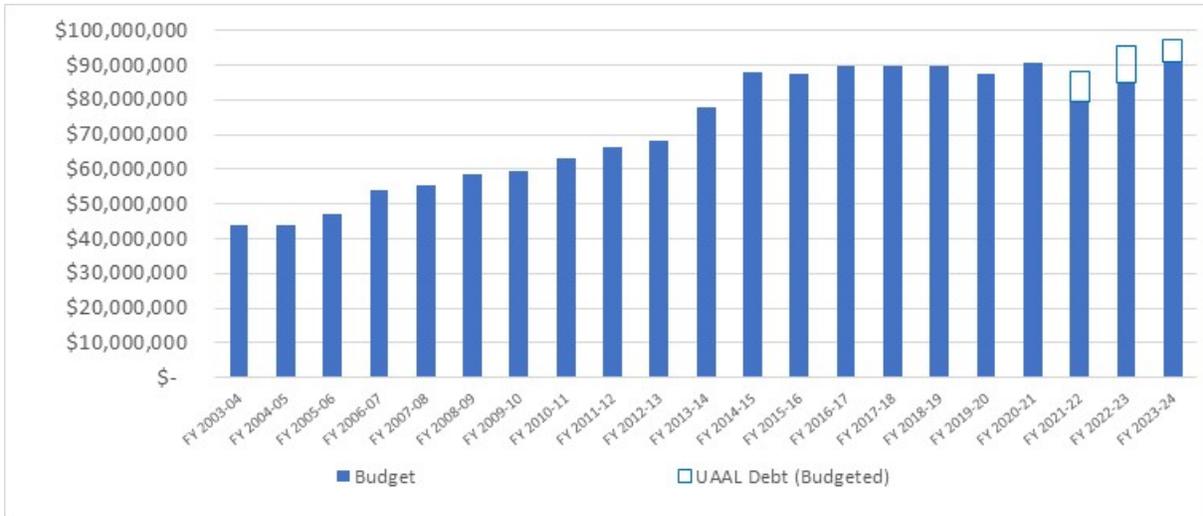
Figure 10 shows a long-term trend line of past O&M expenditures, while Figure 11 shows a long-term trend line of past capital expenditures. The O&M Budget was held essentially flat for a total of seven years (from FY 2014-15 to FY 2020-21). As illustrated in the chart below, the payoff of the pension UAAL in June 2021 resulted in a 12.3% year-to-year decline in the O&M budget commencing in FY 2021-22. This was achieved by swapping the pension UAAL charges budgeted in the O&M fund (charged as a percentage of payroll by Central San's pension administrator) with fixed low-interest (0.38%) debt service of the 2021 COPs budgeted in the Debt Service fund.

Figure 10a – Long-Term O&M Spending Trend



The following chart provides a long-term trend of O&M budgeted spending which includes the 2021 COPs debt service commencing in FY 2021-22. As the pension UAAL expenditures have been constructively swapped for lower interest fixed debt service, this chart provides a more accurate overall comparison of historical O&M spending.

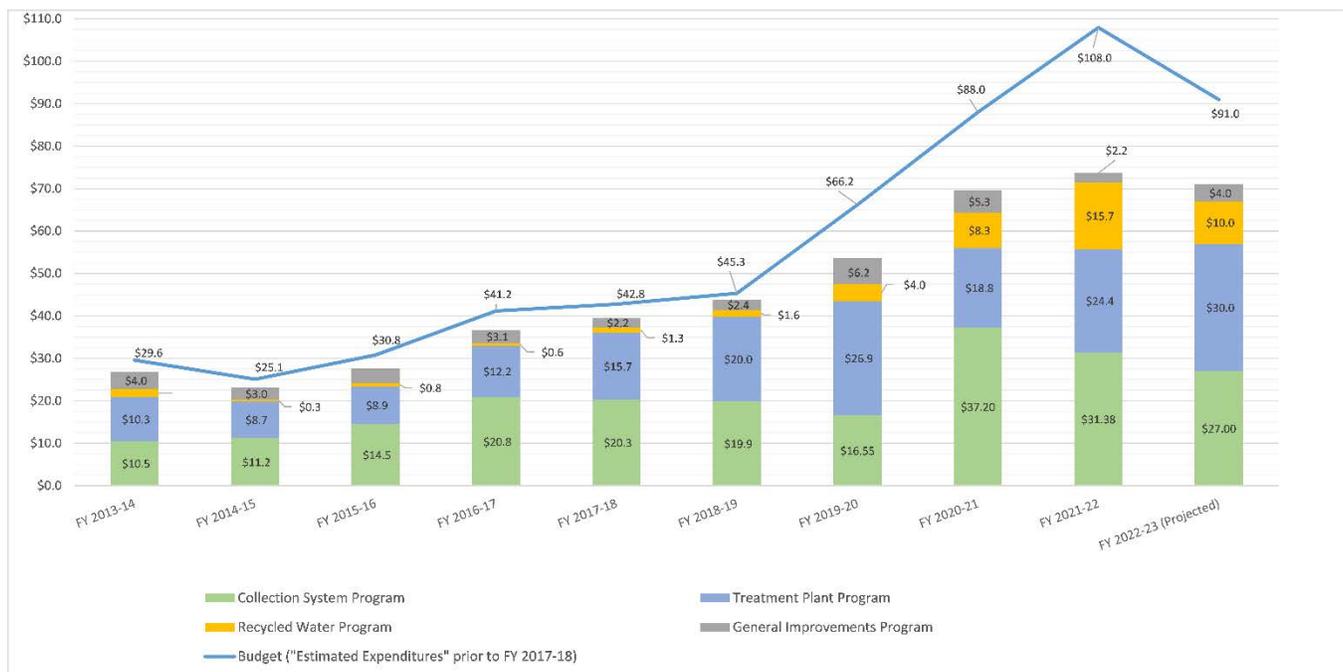
Figure 10b – Long-Term Budgeted O&M Spending Trend (with 2021 COPs Debt Service)



Sewer Construction (Capital)

Capital spending has been ramping up significantly since FY 2016-17, with spending projected to average \$98.0 million per year over the next decade (in 2023 dollars). Over the past 10 years, actual spending (including projected spending for FY 2022-23) has been \$465.6 million, while budgeted spending (called “estimated expenditures” prior to FY 2017-18) was \$567.9 million.

Figure 11 – Infrastructure Investments Over Past Ten Years: \$465.6 million



Long-Range Financial Plans

Central San’s annual budgeting process includes long-range financial planning covering a ten-year outlook. This section describes the assumptions used in the Ten-Year Financial Plan, including forecasts for Central San’s projected operating and capital revenues and expenses accounting for anticipated service area population growth, inflation, capital investment requirements, and other factors.

Strategic Plan

Central San’s Strategic Plan includes various goals, including relationships to workforce development, environmental stewardship, and infrastructure reliability, which have been considered when developing the Ten-Year Financial Plan.

Revenue Forecast

The following is a summary of key assumptions related to the most significant revenue categories included in Central San’s latest ten-year financial forecast.

- **Sewer Service Charges** – FY 2023-24 is the first year of a two-year rate proposal approved by Central San’s Board of Directors in April 2023. A Proposition 218 notification was mailed to customers in March 2023. The rate proposal was based on an updated Cost-of-Service study completed in 2023. The projected sewer service revenues shown in the Ten-Year Financial Plan are also based on estimated future year revenue requirements and rates which are not finalized until approved by the Board.
- **Property Tax Revenues** – Central San receives a share of the 1% countywide tax assessed by the County of Contra Costa on properties within its boundary. This tax is based on the assessed value of property (net of any exemptions or other adjustments) as determined by the county Auditor-Controller’s Office. Consistent with national housing trends associated primarily with the COVID-19 pandemic, property values (i.e., home values) and sales rates in the Contra Costa region have increased dramatically in recent years. This resulted in annual increases more than 5% per year. However, Central San anticipates this growth rate will return to a more traditional 2% to 5% annual increase in future years. Property Tax Revenues are included within the Non-Operating Revenue category in Table 15.
- **Capacity Fees (Gravity and Pumped Zone)** – Gravity and Pumped Zone Capacity Fees are collected from new construction and expansion of non-residential facilities which result in an added wastewater burden. The fee is calculated as an equity buy-in. Residential parcels are charged a flat per-unit fee, and non-residential parcels are typically charged based on the business type and building square footage, which represents their anticipated wastewater burden. The amounts due are collected before plans are approved. The budgeted amount is estimated by the Planning & Development Services Division based on trend analysis and anticipated construction activity for the upcoming year. The Pumped Zone Fees are collected specifically to cover pumping infrastructure costs for new developments or expansion in areas where pump stations are required to move wastewater to the Central San treatment plant. These fees are budgeted by multiplying the incremental Pumped Zone Fee times the number of residential unit equivalents anticipated to be subject to such fees. Capacity Fee revenues are included within the Capital Revenue category in Table 15.

- Concord Cost-Sharing** – Since the 1970s, Central San has participated in a cost-sharing agreement with the City of Concord to treat the wastewater for customers in the cities of Concord and Clayton. Charges to Concord represent its flow-proportionate share of Central San’s operating and capital expenditures and debt service related to wastewater treatment. Recent years have shown a slight decrease in the relative share of Concord’s flow compared to Central San’s total inflows, a trend which is anticipated to continue. Additionally, Concord’s share of capital expenditures and any associated debt service is more directly related to expenditures in the Treatment Plant and Recycled Water capital program areas. As planned spending in these areas changes in proportion to total capital spending, Concord capital revenues are anticipated to adjust in a similar direction. Revenues from the Concord Cost-Sharing arrangement are included within both the Operating and Capital Revenues categories, as applicable, in Table 15.
- Loan & Debt Proceeds** – In 2020, Central San received initial approval from the State Water Board for a low-interest loan in support of a capital improvement project related to its Solids Handling Facility, and the loan agreement was finalized in 2021. Loan proceeds are anticipated for Phase 1a of this project through FY 2025-26. The ten-year plan includes similar proceeds for additional capital projects at levels consistent with the corresponding project’s cash flow requirement for each fiscal year. Loan and Debt Proceeds are included in the Capital Revenues category in Table 15.
- Other Revenues** – In addition to the revenues noted above, Central San also collects a variety of miscellaneous operating and non-operating revenues related to development and inspection costs, hazardous waste collection, recycled water, stormwater/pollution prevention, leases, and other miscellaneous activities as well as interest and investment-related revenues. Although these revenues are generally anticipated to increase at a rate of 2-3% per year, since many of these fees are designed simply to recover the cost of providing the associated services, they are not expected to contribute significantly to improvements in Central San’s net position or year-end balances. Other Revenues are included in both the Non-Operating and Capital Revenues categories in Table 15 as appropriate. As noted earlier, Central San has during FY 2022-23 applied for grant funding for two major capital projects—the Solids Handling Project and the UV Disinfection Replacement and Hydraulics Improvements project. This potential funding has not yet been included in the financial projection due to uncertainty as to whether such grants will ultimately be funded.

Expense Forecast

The following is a summary of key assumptions related to the two major expense categories included in Central San’s latest ten-year financial forecast.

- Operating Costs** - Central San’s operating costs include the cost of operation and maintenance expenses, self-insurance expenses, and debt service. Inflation factors for increases to O&M costs in the next ten years vary by category. Forecasts for these expenses are based on the following assumptions:

 - Salaries & Wages expenses will increase at the maximum level provided for in the current labor agreements (MOUs) and at 4.75%-5.5% inclusive of cost-of-living adjustments and step increases thereafter.
 - Individual benefit expenses are each escalated in one of three general ways: based on a change on the prior year, as a percent of some other expense (such as salaries or

pensionable salaries), or to some other known/projected amounts (specifically OPEB/UAAL-related expenses). Health insurance increases at 6.5% in FY 2024, dropping to 5.2% by the end of the decade. Pension costs are at approximately 15.5% of payroll.

- Assumed annual 4% inflation for general expenses for FY 2024, dropping to 3% thereafter, with higher assumptions in the near-term for chemical and utility costs (4.5% dropping to 3.5% toward the end of the decade).
 - Self-insurance costs are driven primarily by insurance premium expenses.
 - Debt service for existing projects is based on existing repayment schedules; for anticipated debt issuances, interest rates and repayment terms vary by the type of financing instrument proposed and are based on current assumptions of rates in effect when the debt is likely to be issued.
- **Capital Costs** – Capital cash flows are based on an annual review of projects required to meet Central San’s operational and regulatory requirements. This review results in a multi-year Capital Improvement Plan with individual project costs determined for each fiscal year. Annual project amounts are escalated to account for inflation in future years and adjusted to match anticipated spending requirements.

Reserve Requirements

As described previously and disclosed in detail in Table 14, in addition to the expenses noted above, Central San’s Board has established year-end fund reserve policies to ensure that adequate cash is available to meet anticipated cash requirements. These requirements have been included in the ten-year financial plan but differ from those in Table 14 due to timing and other factors.

Ten-Year Financial Plan Summary

Combining the estimated Operating and Capital costs with reserve requirements determines each fiscal year's revenue requirement. Applying anticipated annual revenues identifies any shortfalls requiring additional revenue or overages to be reserved for future capital spending. To determine these amounts, Central San uses a sewer service rate design model that includes the following core assumptions:

- Projected fund balances available at the beginning of the fiscal year and any revenues received during the year are available for use by that fund. The main exception to this is funds held in Rate Stabilization Reserve Accounts within the Running Expense and Sewer Construction funds. The funds in these accounts are internally restricted and cannot be used without Board approval.
- Actual expenses and revenues will match projected amounts (i.e., no year-end surplus or deficit).
- Any year-end remaining fund balances outside of the Sewer Construction Fund will be reallocated to Sewer Construction for future capital requirements.
- Property tax revenues received are applied first against debt service expenses and reserve requirements with any remaining amounts restricted to fund current and future capital costs.
- Capital Projects are projected based on a detailed assessment of capital needs and past spending achievement. A 90% spending factor was removed and replaced with a less aggressive spending forecast.

The rate design model also helps to ensure that the planning process adheres to existing fiscal policies and debt covenant requirements regarding debt issuance and coverage, as outlined in the Financial Planning Policies section previously. Core policy assumptions complied within the ten-year financial plan include the following:

- Not more than 60% of the overall CIP shall be financed with debt (BP-029).
- Central San shall target rate or tax revenue funding of, at a minimum, the value of the collection system replacement program (specifically, pipeline replacement) component of the CIP (BP-029).
- The debt repayment period should be structured so that the weighted average maturity of the debt does not exceed 100% of the expected average useful life of the project being financed (BP-029).
- Central San shall target a debt service coverage level of at least 2.0x or greater for financial planning and ratemaking purposes (BP-029).
- Net Revenues (Gross Revenues excluding capacity fees and after payment of Operations and Maintenance (O&M) Costs) plus Tax Revenues are to be at least 125% of debt service in a fiscal year (bond covenants).
- Gross Revenues (Gross Revenues including capacity fees and after payment of O&M Costs) plus Tax Revenues are to be at least 100% of debt service in a fiscal year (2018 covenant).

Table 15 identifies estimated values for each category of revenue and expense and overall funding balances based on Central San's current budget and the assumptions noted previously.

Table 15 – Ten-Year Financial Plan Summary (in millions)

	Fiscal Year Ending June 30										Total for 10 years
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Beginning Reserves*	\$105.0	\$112.3	\$111.6	\$117.4	\$129.9	\$147.6	\$152.2	\$152.6	\$150.9	\$152.7	
Revenues											
Sewer Service charges	117.0	122.0	127.1	132.6	138.4	145.2	153.6	162.7	172.1	182.1	
Other Operating & Capital	48.9	75.8	86.3	87.8	83.0	77.0	82.4	85.4	95.9	94.3	
Non-Operating Revenues	26.6	29.5	28.3	29.2	30.2	31.2	32.1	33.1	34.0	35.0	
Total Revenues	192.5	227.3	241.7	249.6	251.6	253.4	268.1	281.2	302.0	311.4	2,778.8
Expenses											
Operating Expenses:											
Operations	48.2	50.8	53.3	55.9	58.3	60.9	63.5	66.2	69.0	71.9	
Recycled Water Program	1.7	1.8	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5	
Engineering & Technical Services	16.0	17.3	18.5	19.7	20.8	22.0	23.2	24.5	25.9	27.3	
Administrative and General	25.1	26.3	27.3	28.5	29.5	30.7	31.8	33.0	32.9	34.3	
Self-Insurance	2.3	2.5	2.6	2.8	3.0	3.2	3.4	3.6	3.9	4.1	
Total Operating Expenses	93.3	98.7	103.5	108.8	113.6	118.9	124.1	129.6	134.1	140.1	1,164.7
Capital Expenses*											
Treatment Plant	36.5	62.3	64.7	68.3	56.4	51.3	57.5	68.4	75.8	66.9	
Collection System	39.1	42.1	35.9	30.1	30.5	28.6	29.0	28.4	29.0	27.0	
Recycled Water	0.6	2.8	4.8	0.3	2.4	9.3	9.8	5.4	0.3	0.3	
General & Other	2.6	2.1	2.2	2.1	2.1	2.1	2.1	2.1	2.1	2.1	
Total Capital Expenses (Gross)	78.8	109.3	107.6	100.8	91.4	91.3	98.4	104.3	107.2	96.3	985.4
Net Cash Flow Adjustments**	3.9	11.2	15.8	18.2	19.8	23.1	28.6	34.3	39.6	39.5	
Total Adjusted Capital Expenses	82.7	120.5	123.4	119.0	111.2	114.4	127.0	138.6	146.8	135.8	1,219.4
Debt Service:											
Existing (Revenue Bonds, COPs)	9.2	8.8	9.0	9.3	9.1	4.5	1.9	-	-	-	
New/Planned (including 2021 SRF)	-	-	-	-	-	11.0	14.7	14.7	19.3	23.8	
Total Debt Service	9.2	8.8	9.0	9.3	9.1	15.5	16.6	14.7	19.3	23.8	135.3
Total Expenses	185.2	228.0	236.0	237.1	233.9	248.8	267.7	282.9	300.2	299.7	2,519.5
Reserves											
Year Ending Reserve Requirements***	100.7	101.8	102.0	102.8	113.4	123.0	129.2	135.7	137.2	163.8	
Ending Funds Available	112.3	111.6	117.4	129.9	147.6	152.2	152.6	150.9	152.7	164.4	
Funds Available Over/(Under) Requirement	\$11.6	\$9.8	\$15.4	\$27.1	\$34.2	\$29.2	\$23.4	\$15.2	\$15.5	\$0.6	

* These amounts are as of the January 2023 workshop. These may differ slightly than the numbers in the CIP section, but not significant

**Net Cash Flow Adjustments represents the amount required to escalate the present value of planned capital expenses to future years' values accounting for projected inflation and anticipated spending rates.

*** Reserves differ from reserve projections shown in Table 14 as the long-term cash flow assumes full spending of the FY 2022-23 O&M and self-insurance fund budgets and distributes unspent CIB rollover into future fiscal years differently. Additionally, targeted reserves also include the following year's debt service for cash flow purposes, which is not a mandatory policy requirement.

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Operating Departments

On a day-to-day basis, the following three Operating Departments at Central San carry out the mission of protecting public health and the environment:

- Administration
- Engineering and Technical Services
- Operations

The departments work together to provide exceptional internal and external customer service in the operation of Central San's wastewater collection, treatment, recycled water, and household hazardous waste collection facilities. The departments are guided by Central San's Strategic Plan, which provides direction and initiatives to help achieve the strategic goals and objectives.

The two Deputy General Managers, the Director of Engineering & Technical Services, and the General Manager form Central San's Executive Team. Each executive worked closely with the division managers to create a prudent and cost-effective budget, utilizing efficiency and effectiveness to execute the Strategic Plan initiatives and targets while keeping costs at a minimum.

The following sections describe the responsibilities of each department and division; strategic accomplishments in FY 2022-23; performance against the FYs 2021-23 Strategic Plan key metrics in FYs 2021-22 and in FY 2022-23 as of Q2; and operating budget needs. For final FY 2022-23 strategic performance data, please refer to the FY 2022-23 Strategic Plan Annual Report after its publication in fall 2023. The total operating budget for FY 2023-24 is \$90.9 million, a \$5.9 million or 7.0% increase over the \$85.0 million budget for FY 2022-23.

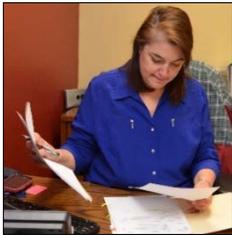


Administration Department

The Administration Department's primary function is to provide services that support the efficient operation of Central San, including the General Manager; financial management (including purchasing); human resources (HR) and organizational development; materials services; information technology (IT); and risk management. The department is also responsible for internal communications, advancing Central San's policy objectives with state and federal legislative bodies, and being responsible for interagency relations and public affairs. Central San's strategic planning and benchmarking efforts are overseen by the Director of Finance and Administration.

The divisions that comprise this department include the following:

- Executive Governance Divisions
 - Office of the General Manager
 - Office of the Secretary of the District
 - Board of Directors
- HR and Organizational Development
- Office of the Deputy General Manager of Administration (including the Materials Services function)
- Communication Services and Intergovernmental Relations
- Finance (including the Purchasing function)
- IT
- Risk Management



Executive/Governance Offices

This section presents the budgets for the organizational units of Central San charged with executive governance. Divisional units include the Offices of the General Manager and Secretary of the District, and the Board of Directors (Board).

Office of the General Manager

OVERVIEW

The primary mission of the Office of the General Manager is to work with the Board to establish and implement policies and procedures, as well as Central San's overall goals and Strategic Plan. The General Manager reports directly to the Board; acts as Central San's representative to other agencies; and provides oversight to all operations. This includes interagency relations, legislative activities, communications, optimization efforts, and the completion of the Strategic Plan goals.

This office also provides direction, support, and resources to internal departments so they may effectively and efficiently accomplish the Vision, Mission, and Goals of Central San. The accomplishments below represent tasks completed by the General Manager and his budgeted staff, as well as major overarching accomplishments of Central San directly overseen by the General Manager. The agencywide FY 2021-22 accomplishments and performance, as well as the FY 2022-23 targets and objectives, are embodied in each of the individual division and program sections.

The General Manager's office's staffing budget includes the Executive Assistant to the General Manager, as well as the budgeted Internal Auditor.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Oversaw the effort to continue providing essential services during the COVID-19 pandemic while protecting employees, the public, and the environment.
- Served on the boards of National Association of Clean Water Agencies (NACWA), California Association of Sanitation Agencies (CASA), WateReuse (as Vice Chair), John Muir Health (as Vice Chair), and the California African American Water Education Foundation (CAAWEF) to strengthen ties to the water sector and the community Central San serves.
- Participant in the Global Water Summit efforts.
- Met with city and town officials to ensure open lines of communication and interagency relations.
- Presented Strategic Plan Annual Report to the Board.
- Hosted a session of Central San's citizens' academy, Central San Academy, for 20 participants.
- General Manager will be the incoming President for WateReuse and will be President of CA WateReuse in two years.



ENVIRONMENTAL STEWARDSHIP

- Continued efforts to augment the region’s water supply through the proposed Refinery Recycled Water Exchange and the request from the Dublin San Ramon Services District (DSRSD) - East Bay Municipal Utility District Recycled Water Authority (DERWA) to divert flow from the San Ramon Pumping Station to create recycled water.
- Expanded efforts to exchange recycled water with other agencies in the region with potential collaborators such as East Bay Municipal Utility District (EBMUD), San Francisco Public Utilities Commission (SFPUC), and Contra Costa Water District (CCWD).



WORKFORCE DIVERSITY AND DEVELOPMENT

- Held Team Building Offsite Meetings with members of the Executive and Management Teams.
- Hosted lunches with workgroups to update employees on current issues and receive feedback.
- Met frequently with bargaining unit representatives to maintain open communication and resolve issues early.
- Implemented a Teleworking Policy to allow employees to work from home where possible – based on their job duties and ability to remote work effectively – to help make Central San a preferred employer of choice.



GOVERNANCE AND FISCAL RESPONSIBILITY

- Worked with full-time, dedicated internal auditor to improve internal controls and processes by providing input on the annual Audit Plan and overseeing timely audit completion and finding remediation efforts.
- Completed annual Benchmarking Study based on the American Water Works Association (AWWA) Utility Benchmarking framework and solicited involvement from 58 California agencies.



SAFETY AND SECURITY

- Modified operations to maintain a safe working environment, while maintaining essential services and high-quality customer service during the pandemic.



INNOVATION AND AGILITY

- Maintained Optimizations Program to commit to efficiency, effectiveness, and continuous improvement by tracking and reporting progress.
- Produced and presented Optimizations Program Annual Report to the Board.
- Initiated development of the Strategic Optimization and Innovation Initiative in the Operations Department.
- Created an Operations Optimization Manager position to oversee and dedicate resources and energy to meeting these goals.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
 GOAL ONE	Participants in citizens academy, Central San Academy	≥35 per Session	N/A (2022 Session Not Held)		20	
 GOAL ONE	Awards or Recognitions Received	≥10	11		6	
 GOAL SEVEN	Completed Optimizations	≥20	20		2	

FY 2023-24 Strategic Objectives

In the coming fiscal year, this office will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 GOAL ONE Deliver High-Quality Customer Service	Continue to provide staff with resources and high-level guidance needed to maintain excellence in the industry.
	Maintain open and frequent communication with the individual Board Members , including having regular one-on-one meetings with each member.
 GOAL ONE Build Neighborhood and Industry Relationships	Represent Central San's best interests in involvement with industry associations and advocacy groups regionwide, statewide, nationwide, and worldwide.
 GOAL TWO Be a Partner in Regional Development of Local Water Supply	Continue to work toward the fruition of the Refinery Recycled Water Exchange , an innovative partnership between Central San, CCWD, and Valley Water to supply recycled water to neighboring refineries, or other potential users such as EBMUD or SFPUC.
 GOAL THREE Engage Employees and Conduct Labor Relations in a Transparent, Effective, and Collaborative Environment	Continue to meet regularly with labor bargaining unit representatives and division workgroups to maintain an open channel of communication, and address workplace issues in a timely manner.
 GOAL THREE Retain Skilled Workers by Investing in Resources and Opportunities for All Employees to Grow and Thrive	Continue to gauge ways and means to make Central San a preferred employer .
	Fill key vacant positions such as the Deputy General Manager and the Director of Engineering.

Goal/Strategy	Objective for FY 2023-24
 <p>Promote and Uphold Ethical Behavior, Openness, and Accessibility</p> <p>Maintain Financial Stability and Sustainability</p>	Continue the development of the internal audit function with workplans presented annually and internal audit reports presented to the Board.
 <p>Implement Organization-Wide Optimization</p>	Continue to inspire performance, efficiency, and effectiveness through the Optimizations Program, the Central San Smart initiative, fulfillment of the Strategic Plan, and an employee recognition program.

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$701,216	\$666,304	\$641,609	\$663,615	\$1,208,553	\$566,944	88.4%
Employee Benefits	260,517	327,697	234,246	236,538	467,762	233,515	99.7%
Unfunded Liability Contributions	1,095	983	1,000	943	1,040	40	4.0%
Purchased Property Services	600	-	-	-	-	-	0.0%
Repairs & Maintenance	600	-	-	-	-	-	0.0%
Rentals	-	-	-	-	-	-	0.0%
Purchased Professional, Technical & Other Services	106,200	15,861	81,200	-	50,000	(31,200)	-38.4%
Professional Services	19,200	15,861	69,200	-	50,000	(19,200)	-27.7%
Technical Services	12,000	-	12,000	-	-	(12,000)	-100.0%
Other Purchased Services	75,000	-	-	-	-	-	0.0%
Supplies & Materials	9,000	4,145	11,000	1,523	11,000	-	0.0%
Utilities & Fuel	-	-	-	-	-	-	0.0%
General Supplies	9,000	4,145	11,000	1,523	11,000	-	0.0%
Other Expenses	92,600	66,057	101,190	95,612	114,155	12,965	12.8%
Memberships	46,900	34,512	49,390	41,789	52,175	2,785	5.6%
Training & Meetings	35,700	19,737	39,800	44,104	47,988	8,188	20.6%
Miscellaneous Other	10,000	11,809	12,000	9,719	13,992	1,992	16.6%
Total Expenses	\$1,171,228	\$1,081,046	\$1,070,246	\$998,232	\$1,852,510	\$782,264	73.1%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
General Manager	1.0	1.0	1.0
Executive Assistant	1.0	1.0	1.0
Internal Auditor	1.0	1.0	1.0
Total	3.0	3.0	3.0

Budget Modifications and Contributions to Key Priorities

The Office of the General Manager leads the effort to address all key priorities facing Central San, as described in the General Manager's Message. The Office of the General Manager's budget for FY 2023-24 is \$1.9 million compared to the prior year of approximately \$1.1 million, an overall increase of 73.1% from the prior year's budget. In the Salaries and Wages and Employee Benefits categories, this increase is attributable to agency-wide cost-of-living adjustment and benefit increases. The General Manager's contract was amended, and the adjustment resulted in a 10% salary increase. Also included in Salaries and Wages and Employee Benefits category increase is contingency budget for four potential GM Specials positions that the General Manager can add during the fiscal year at his discretion. One GM Special position was specifically budgeted in Plant Operations that was known at the time of completion of this budget book. Previous budget years, GM Specials were budgeted in other divisions that needed the GM Special and it was known prior to the completion of the budget. Purchased Property Services and Professional, Technical, and Other Services decreased due to these costs being budgeted in other departments. Other Expenses is increasing as employees return to in-person travel for trainings and conferences.

Office of the Secretary of the District

OVERVIEW

The Secretary of the District reports to the Board and provides administrative support to the five elected Board Members. The Office of the Secretary of the District manages the Board and Committee meeting processes, including the preparation and distribution of agendas and minutes and the publication of notices of public hearings. It coordinates compliance with Fair Political Practices Commission regulations and the Brown Act, receives legal claims against Central San, coordinates elections with the Contra Costa County Elections Office, and arranges Brown Act trainings for the Board and staff. It also manages Central San’s Records Management Program and responds to Public Records Act requests.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Coordinated Board Self-Evaluation Workshop, Financial Planning Workshop, Audit Workshop and annual review of Board Member compensation and benefits.
- Facilitated adoption of the following new policies: Central San Proclamations and Resolutions and Grants Management.
- Coordinated meetings for Board Liaisons with representative cities and agencies.
- Provided Records Program services to all departments, including indexing over 94 new records boxes transferred to storage, creating and printing over 1,100 new file folder labels, and delivering or returning over 165 boxes requested from storage.
- Identified over 1,500 boxes at long-term storage that have met retention and are being securely destroyed.



ENVIRONMENTAL STEWARDSHIP

- Facilitated the filing of Statements of Economic Interest (Form 700) for all designated filers under the Conflict-of-Interest Code.
- Coordinated biennial review of existing Board policies and facilitated amendments to 14 Board policies.



WORKFORCE DIVERSITY AND DEVELOPMENT

- Scheduled Board Member attendance at workshops on Ethics Compliance and Harassment Prevention.
- Staff attended California Clerks Association, California Special Districts Association, and Board Secretary Conferences.



GOVERNANCE AND FISCAL RESPONSIBILITY

- Obtained District Transparency Certificate of Excellence from the Special District Leadership Foundation (SDLF).



INNOVATION AND AGILITY

- Conducted all Board meetings and committee meetings virtually to allow for more public participation in meetings.
- Added new Public Records Act Request software for tracking.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance	FY 2022-23 Performance as of Q2	
	Compliance with Public Records Act requests on time	100%	N/A – Not a metric in the FY 2020-22 Strategic Plan	100%	
	Board meeting videos posted online	100%	N/A – Not a metric in the FY 2020-22 Strategic Plan	100%	

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 <p>Promote and Uphold Ethical Behavior, Openness, and Accessibility</p>	Develop procedures for onboarding a new Board Member.
 <p>Encourage and Facilitate Public Participation</p>	Obtain electronic posting system for agendas and public hearing notices. Implement new live streaming/video recording program for all Board Meetings.
 <p>Implement Organization-Wide Optimization</p>	Complete project with the Information Technology Division to optimize use of electronic records to improve processes throughout Central San and develop an E-Records Master Plan.
	Update and simplify Central San’s Records Retention Schedule.

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$575,220	\$389,567	\$525,443	\$494,319	\$560,833	\$35,390	6.7%
Employee Benefits	148,837	127,046	192,692	164,490	190,363	(2,330)	-1.2%
Unfunded Liability Contributions	754	570	786	1,185	805	19	2.4%
Purchased Property Services	24,850	13,173	18,000	17,298	21,000	3,000	16.7%
Repairs & Maintenance	9,850	370	2,000	1,299	1,000	(1,000)	-50.0%
Rentals	15,000	12,803	16,000	15,999	20,000	4,000	25.0%
Purchased Professional, Technical & Other Services	59,000	99,029	468,200	118,384	120,200	(348,000)	-74.3%
Professional Services	50,000	46,333	48,000	48,000	40,000	(8,000)	-16.7%
Technical Services	6,000	-	4,000	20,100	14,000	10,000	250.0%
Other Purchased Services	3,000	52,696	416,200	50,283	66,200	(350,000)	-84.1%
Supplies & Materials	16,000	6,070	15,000	9,290	12,600	(2,400)	-16.0%
General Supplies	16,000	6,070	15,000	9,290	12,600	(2,400)	-16.0%
Other Expenses	21,555	9,386	22,550	14,375	33,000	10,450	46.3%
Memberships	4,555	2,783	5,000	5,300	5,900	900	18.0%
Training & Meetings	14,500	8,005	15,550	8,025	25,100	9,550	61.4%
Miscellaneous Other	2,500	(1,403)	2,000	1,050	2,000	-	0.0%
Total Expenses	\$846,215	\$644,841	\$1,242,671	\$819,341	\$938,800	(\$303,871)	-24.5%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Administrative Services Assistant	-	1.0	1.0
Assistant to the Secretary of the District	1.0	1.0	1.0
Records Program Administrator	1.0	1.0	1.0
Secretary of the District	1.0	1.0	1.0
Total	3.0	4.0	4.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Temporary Administrative Services Assistant	1.0	-	-
Total	1.0	-	-

Budget Modifications and Contributions to Key Priorities

The Office of the Secretary of the District assures the ongoing flow of information to and from the Board of Directors, facilitating policy direction and oversight. The Office of the Secretary of the District's Operating Budget for FY 2023-24 is \$0.9 million compared to prior year's budget of \$1.2 million, 24.5% decrease. The decrease is attributable to election services were not needed this fiscal year for the Board of Directors in the category Purchased Professional, Technical & Other Services.

Board of Directors

OVERVIEW

The Board of Directors (Board) is a five-member governing body which represents the needs and interests of Central San’s customers. It provides oversight to Central San by setting policy direction; establishing governing ordinances and rules; ensuring accountability; providing resources; bargaining collectively with unions; managing Executive Management staff; and attending to lawsuits, real estate acquisitions, and high-level HR issues. Each member is elected to a four-year term. In addition to twice-monthly meetings, Board Members serve on individual committees to review matters within their purview for recommendation to the full Board. They also act as liaisons to specific agencies and cities served by Central San, meeting with officials and presenting to town and city councils as needed to provide customer service and represent Central San and its ratepayers.

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$54,650	\$53,787	\$66,600	\$55,000	\$66,600	\$ -	0.0%
Employee Benefits	82,426	71,554	83,045	78,862	86,661	3,616	4.4%
Purchased Professional, Technical & Other Services	250,000	89,855	266,000	70,918	178,000	(88,000)	-33.1%
Professional Services	250,000	73,532	250,000	70,918	110,000	(140,000)	-56.0%
Other Purchased Services	-	16,323	16,000	-	68,000	52,000	325.0%
Supplies & Materials	5,150	-	5,150	900	2,150	(3,000)	-58.3%
General Supplies	5,150	-	5,150	900	2,150	(3,000)	-58.3%
Other Expenses	44,500	15,644	44,500	43,098	44,400	(100)	-0.2%
Memberships	500	-	500	-	400	(100)	-20.0%
Training & Meetings	40,000	14,990	40,000	41,098	40,000	-	0.0%
Miscellaneous Other	4,000	655	4,000	2,000	4,000	-	0.0%
Total Expenses	\$436,726	\$230,840	\$465,295	\$248,779	\$377,811	(\$87,484)	-18.8%

Budget Modifications and Contributions to Key Priorities

The Board of Directors’ Operating Budget for FY 2023-24 is approximately \$0.4 million, reflecting a decrease of 18.8% from the prior year’s budget. This decrease is attributable to reducing legal services that were not needed for CVRA (California Voting Rights Act) hearings in Purchased Professional, Technical & Other Services category. Central San transitioned from an “at-large” election system to an area-based “by-division” election system under the California Voting Rights Act in 2020. The election division boundaries were redrawn in December 2021, using the 2020 Decennial Census results. The three Board Members elected in 2020 will continue to serve at-large for four-year terms. The two Board members elected in 2022 are the first to represent their respective divisions as part of the by-district election system (Divisions 2 and 3), with the remaining Board Members who are elected in 2024 representing their divisions in which they reside (Divisions 1, 4, and 5), thus completing Central San’s transition to by-district elections.

Human Resources and Organizational Development

OVERVIEW

This division manages employee and labor relations; recruitment, testing, and selection to enhance Central San's workforce; classification and compensation; benefits administration; agency-wide training; organizational development; engagement efforts; and all payroll functions.

The Safety workgroup is overseen by the Human Resources and Organizational Development Manager and administers Central San's Safety Program. The primary objective of the program is to reduce injuries, accidents, and environmental impacts while ensuring compliance. This is achieved through high-quality training for staff; comprehensive workplace evaluation; incident response; hazardous materials management from acquisition to disposal; and management of regulatory information.

FY 2022-23 Strategic Accomplishments



WORKFORCE DIVERSITY AND DEVELOPMENT

- Launched Central San's Diversity, Equity, and Inclusion (DEI) initiative and helped coordinate the efforts of the consultant and Central San's DEI Task Force and Coordination Team, including advising on the launch of the Central San-wide assessment.
- Managed the fourth cycle of the BOOST Mentorship Program.
- Hosted the third Supervisory Academy with 22 graduates.
- Began the fourth Management Academy, with participants from both Central San and sister agencies to promote interagency learning and development.
- Issued the request for proposal for District Counsel.
- Recruited for the position of Deputy General Manager.
- Launched the Leadership Speaker Series on various topics to the leadership team.
- Continued the Career Development Program to offer career coaching and job shadowing to employees.
- Continued to offer quarterly HR @ Your Service trainings with topics on Interpreting Your Paystub and Efficient Menu Design for 457 Plan.
- Continued the Clarifier Speaker Series to engage employees on Central San's activities and achievements.
- Continued the biannual Supervisors' Summit to discuss items of interest and receive brief refreshers on policies and procedures.
- Implemented a Teleworking Policy to allow employees to work from home where possible – based on their job duties and ability to remote work effectively – to help make Central San a preferred employer of choice.
- Held virtual Q&As on several Central San-wide policies and procedures, including the Vacation Cash-out Elections, revisions to the COVID-19 Exposure and Prevention Plan, and Teleworking Policy.
- Held an Employee Appreciation Picnic.
- Continued the Employee Recognition Events program to allow managers to acknowledge extraordinary achievements.

- Developed training materials for enhanced performance appraisal process, focusing on career coaching and development.
- Offered financial webinars educating employees on budgeting, investment, retirement, and other topics related to managing money.
- Continued to meet with Local One and Management Support / Confidential Group Labor Management Committees quarterly and tracked action items for completion.
- Held ongoing HR and union representative/employee meetings.
- Held the first in-person Externship Program for six college students and recent graduates, with presentations by staff from across Central San.
- Continued coordinating with other agencies and BAYWORK to support development of the regional workforce.



SAFETY AND SECURITY

- Continued to manage Central San’s response to the COVID-19 pandemic, including administering the COVID-19 Exposure Prevention Plan and contact tracing; education on plan changes; and ensuring the continuity of services while protecting staff, the public, and the environment.
- Maintained regular and ongoing communication with bargaining unit representatives and employees on changes, updates, and general information related to COVID-19.
- District Safety Committee Safety Suggestions were acted on in less than 60 days.
- Administration and Engineering Departments went the entire calendar year (CY) 2022 with zero lost workdays and has not incurred a lost time incident on February 12, 2016.
- Plant Operations Department went 789 days with zero lost workdays from July 3, 2020, to August 20, 2022.
- Collection Systems Division has gone 345 days since the last lost time incident in CY 2022 on January 21, 2022.



INNOVATION AND AGILITY

- Administered the Optimizations Program, including tracking achievements for the next Innovations Fair.
- Held an Innovations Fair to celebrate and award employee ingenuity and innovative thinking.
- Produced and presented the Optimizations Program Annual Report to the Board.
- Continued to refine the ERP payroll system and troubleshoot issues quickly and communicatively.
- Configured the new ERP Career and Performance module.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Average Time to Fill Vacancy (From Request to Hire)	≤60 Days	47.25 Days		52 Days	
	Turnover Rate at or Below Industry Average	≤7.8%	6.5% (incl. retirees) 5.1% (excl. retirees)		1.6% (average of both quarters) (incl. retirees) 0.73% (average of both quarters) (excl. retirees)	
	Average Annual Training Hours (External and Internal Training)	≥15 Hours Per Full-Time Equivalent Employee (FTE)	16.21 Hours/FTE*		10.91 Hours/FTE*	
	Participation in Annual Wellness Expo	Increase by 10% Each Year	47 participants**		54 participants** (15% increase over 2022)	
	Internal Promotions (Excludes Entry-Level Positions)	≥25%	47.1%		50% (average of both quarters)	
	Formal Grievances Processed	Zero (0)	Zero (0)		Zero (0)	
	Performance Evaluations Completed on Time	100% Completion of Annual Performance Evaluations	80%		78% (average of monthly progress in both quarters)	
	Employee Injury and Illness Lost Time Incident Rate	≤4.0	2.6		3.8 (average of both quarters)	

* Performance may have been affected by travel restrictions and event postponements due to COVID-19. Hours reported may not reflect all training hours. A centralized learning management system will improve reporting capability in the future.

** Performance may have been affected by employees still teleworking or on COVID-19 schedules. All employees can engage in Wellness events throughout the year.

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 <p>Recruit from a Diverse Pool of Qualified Applicants</p>	<p>Conduct succession planning for District Counsel.</p> <p>Implement recommendations stemming from the Central San-wide DEI assessment regarding recruitment and retention practices.</p> <p>Explore options to leverage technology tools (e.g., NeoGov Attract) to automate outreach to top talent and engage with candidates.</p>
 <p>Engage Employees and Conduct Labor Relations in a Transparent, Effective, and Collaborative Environment</p>	<p>Continue to work collaboratively with bargaining units to resolve workplace issues in their early stages and prevent formal grievances.</p>
 <p>Retain Skilled Workers by Investing in Resources and Opportunities for All Employees to Grow and Thrive</p>	<p>Continue to hold the fourth Management Academy and the Leadership Speaker Series and complete cycle 4 of the Mentorship Program.</p> <p>Develop and conduct training on The Characteristics of Working in a Public Agency.</p> <p>Continue offering the Career Development Program and supporting employees enrolled in the program.</p> <p>Investigate additional cost-effective benefits to offer to employees.</p>
 <p>Foster a Culture of Diversity, Equity, and Inclusion</p>	<p>Assist with the fulfillments of the recommendations of the DEI Coordination Team and Task Force stemming from the Central San-wide assessment.</p>
 <p>Reduce and Eliminate Risks of Injury or Illness</p>	<p>Maximize employee safety by continuously updating and implementing the COVID-19 Exposure Prevention Plan to mirror changing guidelines.</p> <p>Work closely with management and staff to ensure employee safety and continuity of operations during the pandemic.</p> <p>Ensure contractors comply with COVID-19 safety standards when working in the Treatment Plant.</p> <p>Increase visibility in job worksite and facility inspections and contractor project oversight/design reviews.</p> <p>Continue monitoring safety metrics, including both leading and lagging indicators to identify trends (incident reports, first aids only, near misses, inspection findings, etc.).</p> <p>Continue involvement in the design, planning, and safety oversight of construction projects.</p> <p>Update the public address system in the Treatment Plant and CSO for effective communication during emergencies.</p>

Goal/Strategy	Objective for FY 2023-24
 <p>Implement Organization-Wide Optimization</p>	Implement a learning management system .
	Launch the Career and Performance module in the ERP and the new performance appraisal process .

Budget Overview by Expense Category (Includes Human Resources, Retirees, Safety)

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$2,125,016	\$3,264,590	\$2,398,961	\$2,537,616	\$2,422,644	\$23,683	1.0%
Employee Benefits	2,378,810	2,627,020	2,489,635	2,635,073	2,386,975	(102,660)	-4.1%
Unfunded Liability Contributions	2,511,927	2,512,101	1,322,187	2,322,234	1,143,067	(179,120)	-13.5%
Purchased Property Services	98,450	71,448	109,450	109,450	125,750	16,300	14.9%
Repairs & Maintenance	80,700	50,667	80,700	80,700	92,000	11,300	14.0%
Hauling & Disposal	17,500	15,485	25,000	25,000	30,000	5,000	20.0%
Security	-	2,346	3,500	3,500	3,500	-	0.0%
Cleaning	250	2,949	250	250	250	-	0.0%
Purchased Professional, Technical & Other Services	737,900	666,808	650,960	631,256	674,900	23,940	3.7%
Professional Services	177,500	80,530	178,500	177,500	152,500	(26,000)	-14.6%
Technical Services	60,000	269,030	75,000	115,000	50,000	(25,000)	-33.3%
Other Purchased Services	500,400	317,248	397,460	338,756	472,400	74,940	18.9%
Supplies & Materials	107,500	103,888	113,000	110,500	125,500	12,500	11.1%
General Supplies	107,500	103,888	113,000	110,500	125,500	12,500	11.1%
Other Expenses	39,850	25,879	47,350	55,148	52,000	4,650	9.8%
Memberships	9,950	2,977	9,950	9,450	10,950	1,000	10.1%
Training & Meetings	21,550	20,746	31,550	42,098	37,550	6,000	19.0%
Miscellaneous Other	8,350	2,155	5,850	3,600	3,500	(2,350)	-40.2%
Total Expenses	\$7,999,453	\$9,271,734	\$7,131,543	\$8,401,278	\$6,930,837	(\$200,707)	-2.8%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Human Resources & Organizational Development Manager	1.0	1.0	1.0
Human Resources Analyst	3.0	3.0	3.0
Management Analyst	1.0	1.0	1.0
Environment, Health, and Safety Program Administrator	1.0	1.0	1.0
Environment, Health, and Safety Specialist	1.0	1.0	1.0
Administrative Services Assistant	2.0	2.0	2.0
Total	9.0	9.0	9.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Temporary Administrative Services Assistant	1.0	1.0	1.0
Total	1.0	1.0	1.0

Budget Modifications and Contributions to Key Priorities

Human Resources plays an important role in meeting the overall challenges that Central San is addressing by working to retain an engaged, motivated, and safe workforce. This includes administering the employee performance review and performance planning process; administering the labor MOUs; attracting and retaining talented employees through a competitive pay and benefit structure; providing training programs to ensure that Central San managers, supervisors and employees have the tools and knowledge to contribute to a high-performance organization; and providing oversight of the safety function.

The Human Resources & Organizational Development budget for FY 2023-24 is \$6.9 million compared to FY 2022-23 \$7.1 million, reflecting an 2.8% decrease from prior year's budget. The budget decrease is attributable to an assumed vacancy factor of 3% and the capping of other post-employment benefits (OPEB) contributions at the actuarially determined contribution (ADC) amount in FY 2022-23. Budgeted Salaries & Wages reflects a slight increase due agency-wide cost-of-living adjustment and step increases for eligible employees.

Certain costs relating to all Central San employees or retirees are centrally budgeted in the Human Resources & Organizational Development Division. The following are items budgeted in Human Resources but not specific to that division:

- Salaries & Wages includes \$700,000 for Accrued Compensated Absences Expenses and \$600,000 for Payouts of Accrued Compensated Absence at retirement or termination otherwise of employment.
- Employee Benefits includes \$50,000 for Unemployment insurance expenses.
- The "Normal Cost" as well as UAAL attributable to Central San's OPEB plans are reported solely within this Division in a separate cost center. OPEB benefits offered include health, dental, life, and vision benefits. Every two years, management engages an actuary to calculate Central San's ADC to ensure adequate funding levels of the plan over the long run. The ADC is further broken down between a "Normal Cost" component (reported in "Employee Benefits"), attributable to current active employees, and a UAAL component (reported in "Unfunded Liability Contributions") attributable largely to unfunded retiree costs. For improved transparency and cost tracking purposes the budgeted cost of retiree health premiums is split between its normal cost and UAAL components in accordance with the independently calculated ADC. In FY 2023-24, the total estimated cost of retiree health premiums is approximately \$4.2 million, reflecting an 8.7% decrease from the approximate \$4.6 million estimated in FY 2022-23. However, given the strong funded position of Central San's OPEB Plan, budgeted OPEB costs are once again proposed to be capped at the ADC, which has remained relatively low at \$2.0 million in FY 2023-24. OPEB costs are "capped" as any costs above the ADC ceiling are eligible for reimbursement from the OPEB trust.
- Unfunded Liability Contributions also includes the costs for supplemental pension and OPEB trust payments. Central San transitioned to CalPERS Health in FY 2019-20, the funded status of the OPEB plan has increased tremendously, to the point where the retiree health premiums (i.e., the "pay-as-you-go" costs) are over \$2.2 million higher than the ADC in FY 2023-24. Accordingly, there is no required OPEB trust payment to fully satisfy the ADC in FY 2023-24. Despite this same condition existing last year, the prior year's budget still included a \$1.0 million supplemental trust contribution to be directed towards either pension or OPEB at the discretion of the Board, which was subsequently directed to the OPEB trust by the Board. Given market volatility experienced in

2022, high inflation, and the extent of uncertainties looking forward, this budget incorporates an additional \$1.0 million contribution into the OPEB trust.

- The ADC decreased from the prior valuation primarily due to the decrease in the UAAL. The unfunded liability dropped from \$15.2 million as of July 1, 2020, to \$3.1 million as of July 1, 2022, to \$1.2 million projected as of July 1, 2023, and this caused the UAAL amortization piece of the ADC to drop significantly. The main reasons for the unfunded liability decrease were:
 - Actuarial accrued liability was lower than expected, mainly due to premiums lower than expected and the removal of the implied subsidy for Medicare Advantage plans. In prior valuations, implied subsidy for all the Public Employees' Medical and Hospital Care Act (PEMHCA) medical plans, including both Basic plans and plans for retirees eligible for Medicare. A Practice Note was released in March 2021 by the American Academy of Actuaries regarding ASOP 6 which supports the idea that actuaries need not value an implied subsidy for Medicare Advantage Plans due to risk adjusted federal subsidies which basically remove the differences in medical costs by age for these plans. If the medical costs are not considered to vary by age, there is no implied subsidy to be calculated for Medicare Advantage plans.
 - For PEMHCA, the Medicare Advantage plans are Anthem Medicare Preferred, Kaiser Senior Advantage, Sharp Direct Advantage, and UnitedHealthcare Group Medicare Advantage. Kaiser and UnitedHealthcare Medicare Advantage plans alone account for about 80% of Central San's current retirees over 65, meaning that the implied subsidy was removed for a vast majority of the Central San's post 65 retirees as well as future retirees assumed to elect Medicare Advantage plans. This resulted in a \$6.6 million decrease in the implied subsidy AAL in the current valuation.
 - Assets were a little higher than expected, mainly from the additional contribution and slightly higher-than-expected returns on a smoothed basis.

The Salaries & Wages, Employee Benefits and Retiree Benefits budget line-item categories each include an estimated vacancy factor credit for the Executive Governance and Administration Departments. The FY 2023-24 budget assumes a 3.0% vacancy factor, consistent with the prior year.

Office of the Deputy General Manager of Administration

OVERVIEW

The Deputy General Manager of Administration oversees Communication Services and Intergovernmental Relations, Finance (including Purchasing), Materials Services, Information Technology, and Risk Management. During FY 2022-23, the Purchasing function was combined with Finance to enhance the efficiency of the procure-to-pay cycle.

In FY 2022-23, Finance/Purchasing and Information Technology (IT) continued to improve and optimize the Oracle ERP system initially implemented in 2020. Finance also worked with Capital Projects in the development of an Oracle-based budgeting and financial management tool for Capital Projects. Finance advanced an initiative to assess alternatives to the current practice of obtaining Treasury services through the County.

IT and Engineering staff continued to support the implementation of a new permitting system, which is now scheduled to go-live during 2023. IT will complete and report to the Board in the summer of 2023 on a Technology Roadmap outlining a prioritized list of IT projects to be completed in the coming years. This will include detail on the SMART² utility initiative to improve the usage of operational data for optimization plant assets and operations.

COVID-19 related cost impacts were tracked for reimbursement through Federal and State funds. Nearly \$1 million was obtained from an October 2021 application for special district funding from the State; in December 2022, a Federal Emergency Management Agency (FEMA) application was submitted for additional reimbursement by the Risk Management division. This office also oversees the coordination of Strategic Planning efforts as well as the Benchmarking Study.

To avoid duplicative material, the FY 2022-23 Strategic Accomplishments and performance against the key metrics, as well as the FY 2023-24 Strategic Objectives, for the Deputy General Manager of Administration are embedded within the sections of the individual divisions and programs overseen by the Deputy General Manager.

This office's staffing budget includes the administrative staff person supporting Communication Services and Intergovernmental Relations, Finance, and Information Technology divisions as well as the Risk Management Program.

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$483,997	\$494,230	\$512,703	\$459,537	\$533,935	\$21,232	4.1%
Employee Benefits	128,606	136,283	133,170	106,946	149,023	15,853	11.9%
Unfunded Liability Contributions	751	506	797	508	585	(212)	-26.6%
Supplies & Materials	1,000	272	1,050	497	1,000	(50)	-4.8%
General Supplies	1,000	272	1,050	497	1,000	(50)	-4.8%
Other Expenses	2,400	1,382	1,550	1,065	3,700	2,150	138.7%
Memberships	350	825	550	1,065	1,200	650	118.2%
Training & Meetings	1,550	520	500	-	2,500	2,000	400.0%
Miscellaneous Other	500	37	500	-	-	(500)	-100.0%
Total Expenses	\$616,754	\$632,672	\$649,271	\$568,553	\$688,243	\$38,973	6.0%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Deputy General Manager of Finance Administration	1.0	1.0	1.0
Administrative Services Assistant	1.0	2.0	2.0
Total	2.0	3.0	3.0

Budget Modifications and Contributions to Key Priorities

The Office of the Deputy General Manager of Finance and Administration's Operating Budget for FY 2023-24 is \$0.7 million, reflecting a 6.0% increase over the prior year's budget. The increase is primarily attributable to Salaries & Wages from the agency-wide cost-of-living adjustment. The budgeted Other Expenses category has increased due to attendance at trainings and conferences.

Communication Services and Intergovernmental Relations

OVERVIEW

This division facilitates communication with employees, customers, stakeholders, agencies, legislators, and elected officials, which encompasses government relations, advocacy, community outreach, media relations, emergency communications, publications, events, and student educational programs. In addition, it oversees a contracted, full-service reprographics services center used by all Central San departments.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Updated and transitioned the 75th Anniversary Experience website to the Central San Virtual Experience for ongoing use as a communications tool.
- Launched the “Go with the Flow” interactive map and website to educate the community about Central San’s wastewater system.
- Promoted the Low-Income Household Water Assistance Program (LIHWAP) via customer newsletters, social media, and Central San’s website.
- Coordinated and promoted the public rollout of the Maintenance Access Covers Beautification Project.
- Promoted the opening of the new RV wastewater disposal station.
- Provided community outreach for 11 construction projects throughout the service area.
- Continued to increase followers and impressions on YouTube, Facebook, Twitter, Instagram, and LinkedIn, and launched a new agency page on Nextdoor.
- Produced and distributed two issues of the *Pipeline* newsletter to inform customers about major infrastructure projects and share pollution prevention information.
- Managed Central San’s drone program to capture photographs and videos of facilities for education, outreach, and operational assessments.



ENVIRONMENTAL STEWARDSHIP

- Provided strategic outreach coordination with sister agencies to increase customer engagement, including partnering with Contra Costa Water District on student education programming and East Bay Municipal Utility District on virtual plant tours.
- Served thousands of students, both virtually and in-person, with Central San’s Pipe Protectors program, a hands-on, science-based curriculum for elementary schools.
- Produced the “Adventures with Toot: Disappearing Act” video to supplement Central San’s elementary school education program.
- Assisted with planning for Sustainable Contra Costa’s 14th Annual Leadership in Sustainability Awards Gala and recognition of Central San’s 2022 Pollution Prevention Award Winners.
- Promoted Pollution Prevention (P2) Week via social media and public service announcements aired on CCTV and Rossmoor TV.
- Promoted HHW’s 25th anniversary with customers through drawings, giveaways, and newsletter features.

- Raised awareness for recycling cooking oil at HHW by broadcasting a public service announcement on local cable networks, which aired 546 spots across 47 networks.
- Led Central San’s advocacy efforts at the federal, state, and local levels.
- Worked on new legislative efforts for the upcoming session with associations, peer agencies, and NGOs supporting transparency and pollution prevention.
- Worked with the Board of Directors to pursue policy efforts at the state and federal level that addressed PFAS; fats, oils, and grease; and microplastics; and promoted pollution prevention, producer responsibility, and proper wipes labeling.
- Provided outreach on proposed PFAS legislation including AB 2247.
- Delivered final legislative advocacy report as well as ongoing legislative reports.
- Communication Services and Government Relations Manager was reappointed to California Special Districts Association (CSDA) legislative committee, which helps develop CSDA’s legislative agenda and reviews, directs, and assists with legislative and public policy issues affecting special districts throughout the state.
- Pre-started coordination on advocacy for 2023 session with CSDA, California Association of Sanitation Agencies (CASA), and regional water and wastewater advocacy leads.



WORKFORCE DIVERSITY AND DEVELOPMENT

- Supported communications for the Diversity, Equity, and Inclusion (DEI) Task Force to help foster a culture of inclusion at Central San.



GOVERNANCE AND FISCAL RESPONSIBILITY

- Produced and distributed the Notice of Proposed Rate Increases to educate customers about the proposed changes and in compliance with Proposition 218.
- Planned, promoted, and co-hosted Recycled Water Townhall in Lafayette.
- Shared “Get out the Vote” messages via social media.
- Provided community outreach for Board vacancy appointment process.



SAFETY AND SECURITY

- Co-coordinated Central San’s response to the COVID-19 pandemic, ensuring essential services remained intact while protecting staff, the public, and the environment.



INNOVATION AND AGILITY

- Continued to provide virtual treatment plant tours, speakers bureau, and student education programs, maintaining Central San’s levels of outreach and education during COVID-19 restrictions and providing flexibility for customers.
- Provided regular updates at Board meetings on the pandemic and its impacts on Central San.
- Produced monthly *Lateral Connection* employee newsletter in digital magazine format to keep employees across the organization informed and engaged, whether onsite, in the field, or teleworking.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Participants in Plant / HHWCF Tours and Central San Presentations	≥500	652		382	
	Participants in Central San Academy	≥35 per Session	N/A (2022 Session Not Held)		20	
	Students Served by Educational Programs	≥6,000	19,802		9,632	

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 Promote Initiatives to Advance Affordable and Equitable Access to Services	Invest in programs to inform the public and students of the need to fund necessary infrastructure improvements to maintain Central San’s level of service and protect public health and the environment through the Central San Academy, student education programs, tours, publications, and more.
	Perform outreach to customers on projects that impact their communities such as construction, pumping station improvements, and sister agency interconnections promoting the use of recycled water.
 Build Neighborhood and Industry Relationships	Continue to expand outreach with residential and commercial customers, legislators, elected officials, and sister agencies to grow and maintain relationships and advocate for the interests of Central San’s customers.

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$817,232	\$860,010	\$885,235	\$880,012	\$932,835	\$47,599	5.4%
Employee Benefits	216,045	259,108	205,514	228,223	225,396	19,882	9.7%
Unfunded Liability Contributions	1,174	1,394	1,269	1,306	1,261	(7)	-0.6%
Purchased Property Services	1,000	856	1,000	732	1,000	-	0.0%
Repairs & Maintenance	1,000	529	600	732	600	-	0.0%
Hauling & Disposal	-	327	400	-	400	-	0.0%
Purchased Professional, Technical & Other Services	777,500	491,402	925,500	790,197	874,500	(51,000)	-5.5%
Professional Services	6,500	5,184	6,500	6,500	6,500	-	0.0%
Technical Services	263,500	253,830	280,000	225,628	280,000	-	0.0%
Other Purchased Services	507,500	232,388	639,000	558,069	588,000	(51,000)	-8.0%
Supplies & Materials	67,050	40,515	68,160	72,483	67,930	(230)	-0.3%
General Supplies	67,050	40,515	68,160	72,483	67,930	(230)	-0.3%
Other Expenses	52,180	28,260	68,680	62,163	73,400	4,720	6.9%
Memberships	21,980	17,810	21,980	23,765	24,200	2,220	10.1%
Training & Meetings	26,200	6,941	42,700	38,398	45,200	2,500	5.9%
Miscellaneous Other	4,000	3,509	4,000	-	4,000	-	0.0%
Total Expenses	\$1,932,181	\$1,681,546	\$2,155,358	\$2,035,116	\$2,176,322	\$20,964	1.0%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Communication Services and Intergovernmental Relations Manager	1.0	1.0	1.0
Senior Community Affairs Representative	1.0	1.0	1.0
Community Affairs Representative	2.0	2.0	2.0
Graphics Specialist	1.0	1.0	1.0
Digital Media Content Specialist	1.0	1.0	1.0
Total	6.0	6.0	6.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Graphic Design Summer Student	1.0	1.0	2.0
Intern	1.0	1.0	1.0
Total	2.0	2.0	3.0

Budget Modifications and Contributions to Key Priorities

Communication Services and Intergovernmental Relations takes the lead role in conveying to customers and other government agencies how Central San responds to challenges facing the organization. This includes federal, state, and local advocacy; maintaining customer awareness of Central San's services; and promoting customer behavioral changes to reduce water pollution and impacts on Central San's infrastructure. The Communication Services and Intergovernmental Relations Division Operating Budget for FY 2023-24 is \$2.18 million, reflecting a minimal increase of approximately 1.0% over the prior year budget of \$2.16 million. Changes contributing to this flat budget are decreases in expenses related to Proposition 218 customer notices and increases in legislative advocacy assistance that offset. Salaries & Wages include the agency-wide cost-of-living adjustment and increases due to step advancements.

Finance

OVERVIEW

This division is responsible for maintaining internal controls over the financial reporting of all Central San funds and accounts. It administers accounting/financial transactions related to cash and investments, long-term debt, accounts receivable, accounts payable, payroll/benefits, and capital assets. It is also responsible for the development and monitoring of the budget and coordinates this process with all other divisions at Central San. Various interim and annual financial reports are prepared, reviewed, and analyzed by this division and provided to the Board, Finance Committee, and management as essential information for decision making and budget monitoring purposes. Central San is subject to an annual independent audit, which is administered and coordinated by this division. The Finance Division assembles the Annual Comprehensive Financial Report (ACFR), which is submitted annually to the Board and the Government Finance Officers Association (GFOA) to be considered for the prestigious *Certificate of Achievement for Excellence in Financial Reporting Award*. The Finance Division also ensures Central San's annual budget meets the requirements of the GFOA's *Distinguished Budget Presentation Award*, for which it is submitted annually. The Finance function began overseeing the Purchasing function during FY 2022-23; however, the costs for the Purchasing and Materials Services function are reported separately in this document.

FY 2022-23 Strategic Accomplishments



GOAL ONE

CUSTOMER AND COMMUNITY

- Received GFOA's *Certificate of Achievement for Excellence in Financial Reporting Award* for the 22nd consecutive year for the FY 2020-21 ACFR.
- Received the GFOA *Distinguished Budget Presentation Award* for the fifth consecutive year for the FY 2022-23 Budget.
- Low-Income Household Water Assistance Program (LIHWAP) program is underway and will be expanded to provide funding for low-income customers for current bills in addition to arrearages.



GOAL FOUR

GOVERNANCE AND FISCAL RESPONSIBILITY

- Held discussions with Regional San on forming a joint powers authority (JPA) allowing Central San to issue revenue bonds (lower interest than certificates of participation (COPs)) not needing the additional cost and time constraints associated with an election to approve said bonds.
- Implemented policies and processes outlining formalized protocols for grant management.
- Implemented policies, processes, and software programs necessary to comply with the provisions of GASB 87 and 96, including the development of a Leases and Subscription-based IT Agreements Administrative Procedure.
- Implemented several Deferred Compensation Plan administration best practices, including retaining a 3(21) fiduciary advisor, designing and implementing a new core investment menu mirroring an "efficient funds lineup," implementing an Investment Policy Statement for the Plan, and establishing advisory sub-committees with retiree representation. The new core menu is estimated to save participants approximately \$1.7 million over a five-year timeframe.

- Fully funded the Other Post-Employment Benefits (OPEB) actuarially determined contribution (ADC) of \$3.3 million, with an estimated \$1.3 million of that going towards the paying down of the unfunded actuarial accrued liability (UAAL). Per the latest GASB 75 Actuarial Report, the OPEB plan reported a funded status of 85.4% as of the fiscal year ended June 30, 2022, down from 99.16% in the prior year.
- Began plans to finance new scope of Solids Handling Facility Improvements.
- Presented FY 2021-22 pre-audit year-end variances to the Board, authorizing an additional \$1.0 million contribution to the OPEB trust.
- Issued accurate and timely interim monthly financial reports allowing for diligent monitoring of the budget and accountability, with FY 2022-23 projected to close under budget.
- Received an unmodified (“clean”) audit opinion and zero reported material weaknesses or significant deficiencies in internal controls as part of the annual financial audit.



INNOVATION AND AGILITY

- Commenced planning, design, and test phases for Enterprise Performance Management (EPM) capital project management. The new solution will provide system-based mechanism for administering the CIB and CIP, with the goals to improve inter-divisional collaboration, transparency, and precision of capital project financial planning and reporting.
- Commenced the discovery phase of a project to explore the prospect of implementing an in-house banking and investing function for Central San. Initial discovery efforts included a peer public agency survey, industry best practice research, Committee and Board presentations, and the solicitation and selection of an independent expert to assist with the planning and implementation efforts. An in-house treasury function will optimize capabilities of the newly implemented modern ERP system benefitting Central San in several ways.
- Utilized Oracle integrated Smart-View reporting technology to develop consolidated ACFR financials in-house, rather than rely on auditor support consistent with prior years.
- Continued ongoing optimization and improvement of Central San’s state-of-the art, fully integrated cloud-based enterprise resource planning (ERP) system, including the development and rollout of new reports for improved analysis and decision making as well as efficiency and internal control improvements to processes. The new cloud-based ERP system also helped facilitate the transition to a hybrid remote work environment for many of Central San's employees.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Sewer Service Charge affordability (Environmental Protection Agency Lowest Quintile Residential Indicator)	<2% (or lower than High impact)	Target Met		Target Met	
	Standard and Poor's (S&P) and Moody's Credit Ratings	AAA (S&P) / Aa1 (Moody's)	AAA (S&P) / Aa1 (Moody's)		AAA (S&P) / Aa1 (Moody's)	
	Debt Service Coverage Ratio	≥2.0	5.88 (pre-audited figure)		This is a year-end calculation only, to be calculated in Q4	
	Debt as a percentage of total assets	≤60%	N/A – not a metric in the FY 2020-22 Strategic Plan		Target met (5.52%)	
	Debt financing of prior 10 years' CIP spending	≤60%	N/A – not a metric in the FY 2020-22 Strategic Plan		16% (\$76 million / \$465 million CIP) (inclusive of 2021 debt)	
	Debt financing as a percentage of projected 10-year CIP	30% for FY	N/A – not a metric in the FY 2020-22 Strategic Plan		30% (\$325 million / \$1,083 million)	
	Total revenue funded collection system CIP spending in past 10 years	≥100%	N/A – not a metric in the FY 2020-22 Strategic Plan		100% (\$212 million / \$212 million)	
	Total revenue funded collection system spending in 10-year CIP (projection)	≥100%	N/A – not a metric in the FY 2020-22 Strategic Plan		100% (320 million / \$320 million)	
	O&M reserves	≥41.7% of next year's budget	N/A – not a metric in the FY 2020-22 Strategic Plan		Target met (46.3%, using \$90.9 million O&M budget per January 2023 Board workshop)	

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Operating Expenditures as a Percentage of Board-Approved Operating Budget	90-100%	94.8% (pre-audited figure)		87.4% in Q1 94.7% in Q2	
	Financial Reports Disseminated Every Month (Summary) And Quarter (Full)	100%	N/A – not a metric in the FY 2020-22 Strategic Plan		100%	
	Reported Material Weaknesses or Significant Deficiencies in Internal Controls as Part of Annual Financial Audit	Zero (0)	Zero (0)		Zero (0)	

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 Build Neighborhood and Industry Relationships	Apply for and receive awards for budget and financial reporting from the GFOA.
 Engage Employees and Conduct Labor Relations in a Transparent, Effective, and Collaborative Environment	Following post-implementation and subsequent troubleshooting and refinement of the state-of-the-art ERP and EPM systems, invest in staff training to improve efficiency and usefulness of accounting, budgeting, and financial reporting functions.
	Seek feedback from staff on improvement of long-standing accounting and administrative protocols to align with new streamlined paperless processes and ERP capabilities.
 Promote and Uphold Ethical Behavior, Openness, and Accessibility	Continue to deliver relevant and reliable financial reports to decision makers, including monthly financial overviews, robust quarterly financial packets, the ACFR, and the annual Budget.

Goal/Strategy	Objective for FY 2023-24
 <p>Maintain Financial Stability and Sustainability</p>	<p>Develop and execute a high-quality budget, and ensure costs are managed within the confines of Board-adopted budgetary constraints.</p> <p>Continue to support effort to manage unfunded liabilities by reporting on and offering alternatives for favorable variances towards these obligations or other priorities.</p>
 <p>Be adaptable, resilient, and responsive</p>	<p>Successfully conclude discovery phase of in-house treasury assessment project and obtain direction from Board on desired path forward. Implement necessary changes to policies, processes, and systems to accommodate in-house treasury function optimizing the new ERP system and eliminating any unnecessary and/or redundant processes.</p>
 <p>Implement organization-wide optimization</p>	<p>Successfully conclude discovery, design, and configuration of EPM capital project planning effort and transition to implementation, rolling out solutions for budgeting, interim monitoring/reporting, and administration of the CIB/CIP.</p>

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$1,037,047	\$1,036,647	\$1,180,906	\$1,253,585	\$1,381,615	\$200,709	17.0%
Employee Benefits	405,381	388,159	411,483	436,174	502,297	90,814	22.1%
Unfunded Liability Contributions	1,593	1,417	1,553	1,728	1,821	268	17.3%
Purchased Property Services	1,000	-	1,000	1,000	1,000	-	0.0%
Repairs & Maintenance	1,000	-	1,000	1,000	1,000	-	0.0%
Purchased Professional, Technical & Other Services	334,600	321,595	278,500	282,113	366,900	88,400	31.7%
Professional Services	116,600	113,821	127,500	124,113	200,900	73,400	57.6%
Other Purchased Services	218,000	207,774	151,000	158,000	166,000	15,000	9.9%
Supplies & Materials	8,400	3,689	4,200	3,903	4,200	-	0.0%
General Supplies	8,400	3,689	4,200	3,903	4,200	-	0.0%
Other Expenses	19,000	139,975	131,000	111,425	157,600	26,600	20.3%
Memberships	2,000	1,442	2,000	1,000	2,600	600	30.0%
Training & Meetings	16,000	7,065	17,500	9,425	33,500	16,000	91.4%
Miscellaneous Other	1,000	131,468	111,500	101,000	121,500	10,000	9.0%
Total Expenses	\$1,807,021	\$1,891,481	\$2,008,642	\$2,089,929	\$2,415,433	\$406,790	20.3%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Finance Manager	1.0	1.0	1.0
Accounting Supervisor	2.0	2.0	2.0
Management Analyst	-	-	1.0
Accountant	2.0	2.0	2.0
Accounting Technician	3.0	3.0	3.0
Total	8.0	8.0	9.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Temporary Accountant	-	1.0	-
Temporary Accounting Technician	1.0	-	-
Intern	-	-	1.0
Total	1.0	1.0	1.0

Budget Modifications and Contributions to Key Priorities

The Finance Division supports Central San by providing accounting, financial reporting, budget, treasury, and other fiscal services as described previously. The Finance Division is responsible for designing and implementing internal controls to safeguard Central San’s public assets, as well as providing relevant and reliable financial information to internal and external stakeholders. The division works closely with the Planning & Development Services Division to ensure sufficient long-term rate and debt financing is available to achieve Central San’s strategic objectives. The Finance Division plays a significant role in identifying and managing the costs of Central San’s functions, assessing how those costs drive the need for rate adjustments, and developing financial alternatives to keep rates moderated over the long term through alternative financing approaches. This data is used to document why spending is necessary and that rate levels are no more than necessary to meet essential needs, provide for long-term reliability, and ensure appropriate levels of customer service.

The Finance Division Operating Budget for FY 2023-24 is \$2.4 million, an increase of 20.3% from the prior year budget which is largely attributable to increases in labor costs as well as professional services. Budgeted increases in labor costs incorporates a District-wide cost-of-living adjustment, step advancements for eligible employees, and the addition of one new full-time employee. For FY 2023-24, a new Management Analyst position is being added to the Finance Division, which is one of four new full time employee positions at Central San increasing the overall budgeted headcount. The new Management Analyst position will be essential in designing, rolling out, and administering the new Oracle Cloud Fusion Enterprise Performance Management budgeting tool for the long-range Capital Improvement Plan and current Capital Improvement Budget. Key objectives of the new position and system include improving the transparency, collaboration, and accuracy of Central San’s capital budgeting processes. The budgeted increase in professional services is largely attributable to new consulting services related to the in-house treasury assessment project, which is expected to transition from the discovery phase in FY 2022-23 to the design and implementation phase in FY 2023-24.

Information Technology

OVERVIEW

The Information Technology (IT) Division supports all computer hardware, software, and telecommunications needs at Central San. IT is tasked with Central San's cybersecurity and leads the improvement and automation of business processes agency-wide using technology.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Awarded Municipal Information Systems Association of California (MISAC) Award for Quality in IT Practices.



SAFETY AND SECURITY

- Improved cybersecurity with Advanced Threat Protection tools.
- Continued high-speed fiber implementation at pumping stations.
- Implemented new video security software used throughout Central San facilities.
- Completed a Network Penetration Test and developed a Cybersecurity Gap Assessment.
- Conducted phishing prevention training exercises for all staff.
- Provided Cybersecurity Awareness training to all staff.
- Provided a cybersecurity update to the Administration Committee and Board.
- Recruited for a Cybersecurity Analyst to assist in creating and implementing a complete cybersecurity program.
- Continued to evaluate further needs for redundancies as part of the Process and Technology Optimization (PTO) Strategic Plan.



INFRASTRUCTURE RELIABILITY

- Replaced and upgraded major data storage systems in data centers.



INNOVATION AND AGILITY

- Completed Phases 1, 2, and 3 of the PTO Strategic Plan.
- Completed a SMART² Utility workshop with Operations for the purpose to identify optimization projects.
- Completed implementation of all ERP modules and continued supporting and fine-tuning of system and staff training.
- Completed Teams phone system implementation.
- Completed upgrades and improvements to Board Room Audio/Visual Systems.
- Implemented new RF-Smart Warehouse Barcoding and Inventory Management tools.
- Continued progress on a new module for CIP development. IT team members continue developing Oracle report creation skills through training and taking on new assignments.
- Made progress on Permitting and Community Development ERP module, with a projected go-live in Fall 2023.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Information System Outages Affecting Normal Business Operations	100% Uptime	99.9% Uptime		100% Uptime	
	Data Backup and Recovery	Zero (0) Lost Data	Zero (0) Lost Data		Zero (0) Lost Data	
	Employees trained in cybersecurity awareness	100%	N/A – not a metric in the FY 2020-22 Strategic Plan		70%	

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 <p>Deliver High-Quality Customer Service</p>	Continue improving and optimizing the newly implemented Oracle ERP System , used by business units throughout Central San, and improve financial reporting and tracking capabilities.
 <p>Maintain Financial Stability and Sustainability</p>	
 <p>Protect Personnel and Assets from Threats and Emergencies</p>	Implement new security tools to increase protection against ransomware and other threats.
 <p>Improve and Modernize Operations through Technology and Efficiency Measures</p>	Explore options to replace the billing system .
	Complete District-wide PTO Strategic Plan and begin implementation.

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$1,795,621	\$1,650,064	\$1,862,029	\$1,928,222	\$2,480,096	\$618,068	33.2%
Employee Benefits	729,608	646,262	709,136	676,466	891,852	182,717	25.8%
Unfunded Liability Contributions	2,653	(764)	2,638	2,599	3,182	544	20.6%
Purchased Property Services	879,530	1,325,068	895,720	1,963,187	1,987,324	1,091,604	121.9%
Repairs & Maintenance	879,530	1,325,068	895,720	1,963,187	1,987,324	1,091,604	121.9%
Purchased Professional, Technical & Other Services	576,496	5,284	841,265	4,225	538,160	(303,105)	-36.0%
Professional Services	6,500	5,184	6,500	4,225	396,164	389,664	5994.8%
Technical Services	569,996	100	834,765	-	141,996	(692,769)	-83.0%
Supplies & Materials	711,796	662,663	843,692	250,854	286,532	(557,160)	-66.0%
Utilities & Fuel	142,000	151,542	142,000	124,814	177,432	35,432	25.0%
General Supplies	569,796	511,121	701,692	126,039	109,100	(592,592)	-84.5%
Other Expenses	27,200	24,589	48,100	68,461	107,000	58,900	122.5%
Memberships	1,650	620	1,650	45,768	50,000	48,350	2930.3%
Training & Meetings	24,950	16,397	44,950	22,225	55,500	10,550	23.5%
Miscellaneous Other	600	7,572	1,500	468	1,500	-	0.0%
Total Expenses	\$4,722,904	\$4,313,167	\$5,202,579	\$4,894,013	\$6,294,147	\$1,091,568	21.0%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Cybersecurity Analyst (Information Technology Supervisor)	-	1.0	1.0
Information Technology Analyst	2.0	2.0	2.0
Information Technology Manager	1.0	1.0	1.0
Information Technology Technician	3.0	3.0	3.0
Management Analyst	-	-	1.0
Project Manager/Business Analyst	2.0	2.0	2.0
System Administrator	2.0	2.0	3.0
Total	10.0	11.0	13.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Temporary Information Technology Project Manager	-	1.0	1.0
Total	-	1.0	1.0

Budget Modifications and Contributions to Key Priorities

The Information Technology Division Operating Budget for FY 2023-24 is \$6.3 million, reflecting an increase of 21.0% over the prior year's budget. The Salaries and Wages category increased due to one FTE Management Analyst transferred from Planning and Technical Services, and one newly budgeted FTE, a System Administrator, increasing the overall budgeted headcount. The addition of staff will provide additional capacity to handle responsibilities for new software implementations and projects, assist in maintaining over 430 servers and networking equipment, and general system administration. The reclassification of prior year's budgeted position from IT Supervisor to Cybersecurity Analyst, will support new initiatives and long-term support for the Oracle Cloud Fusion ERP system, new security services to address an environment of increasing digital threats, a new integrated permit-tracking system, expanded scanning services, as well as other new information technology-related contracted services. The Purchased Property Services category increased due to an increase in Oracle ERP enterprise licensing. The Other Expenses category saw an increase due to staff membership, staff returning to in-person training, and the ongoing trainings associated with the Oracle Cloud Fusion ERP system.

Purchasing and Materials Services

OVERVIEW

This function provides the necessary materials, supplies, equipment, services, and information to support Central San's operations. It is responsible for contracts and procurement for all departments (except construction contracts) and ensuring compliance with applicable federal, state, and local regulations. The warehouse maintains Central San's inventory of needed supplies, materials, equipment, and spare parts for operations, providing inventory control measures and analysis. In addition, the warehouse provides delivery services for these items, as well as interoffice mail, and is responsible for surplus disposition. During FY 2022-23, the procurement-related component of this function was consolidated with the Finance Division, receiving oversight and direction from the Finance Manager. The Purchasing and Materials Services function continues to be tracked separately for budgeting purposes to prioritize comparability with prior years.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Issued 76 non-construction contracts totaling \$17.4 million.
- Issued 1,042 non-construction Purchase Orders totaling \$17.3 million.
- Executed all contract renewals on time, ensuring uninterrupted service and reducing risk.
- Maintained consistent and timely deliveries throughout Central San for needed supplies as well as mail delivery services.
- Continued providing Maintenance staff with inventory usage reports to aid in budgeting and planning.



WORKFORCE DIVERSITY AND DEVELOPMENT

- Implemented business process changes, cross-training, and redistribution of work to strategically ensure that procurement resources are being utilized efficiently.



GOVERNANCE AND FISCAL RESPONSIBILITY

- Promoted open competition and equal opportunity for qualified suppliers and service providers by successfully soliciting and awarding high-level service and commodity-based contracts.
- Leveraged the buying power of public entities by utilizing sourced cooperative purchasing agreements.
- Maintained proper inventory levels to avoid depleting inventory of equipment spares and supplies.
- Procured request to stock items for Maintenance and assigned newly acquired items to the associated Plant Asset Database.
- Continued to review inventory reorder points with Maintenance staff to ensure proper inventory stocking levels for plant assets.
- Continued to collaborate with Maintenance staff to identify and remove obsolete spares and equipment in a continuous effort to decrease inventory carrying costs.



SAFETY AND SECURITY

- Ensured adequate and sufficient stock levels for required personal protective equipment (PPE) supplies to accommodate all Central San staff despite the shortages and sourcing challenges during the pandemic.



INNOVATION AND AGILITY

- Successfully piloted the bar coding of fixed plant assets with Plant Maintenance.
- Began migrating contract documents into Laserfiche, providing a secure electronic storage location while also giving staff the ability to search and access contract documentation.
- Utilized electronic signature technology for all contracts and agreements, increasing functionality, visibility, and tracking; improving processing time; reducing the use of paper; and allowing for a seamless telework transition during the COVID-19 pandemic.
- Completed the first full fiscal year with the new Oracle ERP and planned for further enhancements of the new system.
- Implemented the Oracle Warehouse Management System, which also included updating Warehouse labels with the latest barcode symbology QR codes. The barcode inventory program fully automates all issues, receipts, and inventory cycle counts.
- Continued to complete various urgent requests for procurements related repairs as well as the COVID-19 pandemic such as testing and workplace modifications.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance	FY 2022-23 Performance as of Q2	
	Purchasing requisitions completed within standard processing time	≥80%	N/A – not a metric in the FY 2020-22 Strategic Plan	81% in Q1 86% in Q2	
	Contractors/consultants in compliance with insurance requirements	≥70%	N/A – not a metric in the FY 2020-22 Strategic Plan	78% in Q1 81% in Q2	
	Approved request-to-stock items entered in databases within 5 business days	100%	N/A – not a metric in the FY 2020-22 Strategic Plan	100%	
	Average time to Execute Engineering Agreements from Complete Package Submittal	≤2 weeks	Data not yet available in Oracle	6 working days	

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 <p>Deliver High-Quality Customer Service</p>	<p>Ensure that all “request to stock” submittals are reviewed and decided upon within three business days.</p> <p>With the collaboration of customer divisions/departments, develop and execute customized Finance/Purchasing Service Level Agreements (SLAs) establishing agreed-upon expectations for the nature, extent, and timing of services to be provided. Implement monitoring and reporting tools to measure and communicate results.</p> <p>Continue to be a valuable resource by assisting Maintenance and Plant staff with ad hoc inventory needs, including partnering with Maintenance on storeroom best practices and methods. Ensure all request to stock submissions from Maintenance and CSO are monitored and communicated to the respective divisions for tracking and planning purposes.</p>
 <p>Promote and Uphold Ethical Behavior, Openness, and Accessibility</p>	<p>Continue to promote open competition and equal opportunity for qualified suppliers and service providers by successfully soliciting and awarding high-level service and commodity-based contracts.</p>
 <p>Maintain Financial Stability and Sustainability</p>	<p>Maintain a physical inventory accuracy count rate of 95% on all inventory class items (A, B, and C), supplies, and equipment.</p>
 <p>Execute Long-Term Capital Renewal and Replacement Program</p>	<p>Assist in relocating the Solids Building inventory to the new location. Implement and solidify a formal process with Public Surplus for Central San’s reinvestment program.</p>
 <p>Implement Organization-Wide Optimization</p>	<p>Further improve workflow using electronic signature technology and digital transaction management services to integrate with the records management system, providing greater efficiency through workflow automation, and electronic records storage.</p> <p>Complete design, testing and implementation of integrated contracts module of the ERP system, improving efficiency of contract development and approval process and reducing risk associated with deviations from Central San Counsel-approved templates.</p>

Goal/Strategy	Objective for FY 2023-24
 <p>Implement Organization-Wide Optimization</p>	<p>Retain a specialist to examine procurement workflows to ensure optimization of the ERP system capabilities and alignment with industry best practices. Emphasis to be placed on administration of multi-year agreements necessary to accommodate encumbrance accounting (not in place currently).</p>

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$1,178,139	\$1,160,723	\$1,275,227	\$1,194,388	\$1,198,857	(\$76,370)	-6.0%
Employee Benefits	445,394	496,477	479,493	476,010	534,585	55,092	11.5%
Unfunded Liability Contributions	1,405	1,591	1,485	1,532	1,574	89	6.0%
Purchased Property Services	6,000	4,799	6,000	10,339	12,600	6,600	110.0%
Repairs & Maintenance	5,000	-	5,000	2,500	5,000	-	0.0%
Hauling & Disposal	-	247	-	239	-	-	-
Rentals	1,000	-	1,000	1,000	1,000	-	0.0%
Cleaning	-	4,552	-	6,600	6,600	6,600	-
Purchased Professional, Technical & Other Services	87,000	29,105	67,000	52,264	102,000	35,000	52.2%
Professional Services	36,000	29,105	36,000	36,264	86,000	50,000	138.9%
Technical Services	50,000	-	30,000	15,000	15,000	(15,000)	-50.0%
Other Purchased Services	1,000	-	1,000	1,000	1,000	-	0.0%
Supplies & Materials	15,438	31,039	17,000	16,360	15,500	(1,500)	-8.8%
General Supplies	15,438	31,039	17,000	16,360	15,500	(1,500)	-8.8%
Other Expenses	14,900	54,192	14,900	21,023	21,900	7,000	47.0%
Memberships	3,700	-	3,700	3,700	3,700	-	0.0%
Training & Meetings	10,500	4,641	10,500	15,623	16,500	6,000	57.1%
Miscellaneous Other	700	49,551	700	1,700	1,700	1,000	142.9%
Total Expenses	\$1,748,276	\$1,777,926	\$1,861,104	\$1,771,915	\$1,887,015	\$25,911	1.4%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Contracts and Procurement Administrator (Purchasing and Materials Manager)	1.0	1.0	1.0
Contract and Procurement Specialist	2.0	3.0	3.0
Materials Services Supervisor	1.0	1.0	1.0
Materials Specialist	3.0	3.0	3.0
Materials Coordinator	-	-	-
Total	7.0	8.0	8.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Temporary Inventory Specialist	1.0	1.0	-
Temporary Materials Coordinator	1.0	1.0	1.0
Temporary Administrative Services Assistant	-	1.0	-
Total	2.0	3.0	1.0

Budget Modifications and Contributions to Key Priorities

The Purchasing and Materials Services Division strives to address the overall challenges facing Central San by working to ensure there is sufficient procurement processing capacity due to increased contracting for infrastructure needs. During FY 2022-23, the Purchasing and Materials Services Division continued to refine implemented purchasing and inventory modules of the new ERP system, and contracts module, which is anticipated to significantly improve contract management and automated procurement functionality, in addition to providing staff with better tools for productivity and internal customer service.

The Purchasing and Materials Services Division Operating Budget for FY 2023-24 is \$1.9 million, a slight increase of 1.4% over the prior year budget. Salaries & Wages include the agency-wide cost-of-living adjustment as well as assumed merit increases for any eligible employees. The decrease in Salaries and Wages reflects a decrease in temporary workers. The FY 2022-23 budget included two temporary workers in the inventory warehouse and an Administrative Services Assistant to help alleviate the temporary expanded workload arising from new initiatives. New initiatives for which the additional resources are needed, include ongoing troubleshooting and refining of the new ERP and higher volume of inventory management needs arising from the solids handling capital project.

Risk Management

OVERVIEW

This division supports Central San by enhancing its capacity to identify, evaluate, and respond to current and emerging risks. It manages workers' compensation and liability claims, security programs, insurance procurement, self-insurance funding, contract and insurance review, litigation support, emergency preparedness and response programs, and coordinates Central San's Enterprise Risk Management program.

FY 2022-23 Strategic Accomplishments



GOVERNANCE AND FISCAL RESPONSIBILITY

- Submitted FEMA claim for emergency expenses arising from COVID-19.
- Managed claims aggressively to reduce costs and facilitate resolution, resulting in an average cost per overflow claim of \$12,101.
- Continued to debrief after losses to identify and implement preventive measures.
- Updated insurance requirements for goods and services contracts.
- Coordinated the Enterprise Risk Management program, maintained the strategic risk inventory, and provided semi-annual reports to the Board.
- Refined and improved processes related to EBIX, a certificate management platform to increase contractual insurance compliance and reduce exposure.



SAFETY AND SECURITY

- Coordinated the opening of the new Main Gate/Plant Entrance on Imhoff Drive.
- Conducted two Emergency Operations Center (EOC) activation exercises.
- Worked with a consultant to review and enhance the security program and develop project scopes to expand access control systems and harden certain facilities.
- Scoped high priority Security Master Plan items into a capital project for implementation.
- Presented an Emergency Management Program report to the Board.
- Participated in the Operational Area Council to contribute to creating an effective and multijurisdictional approach to disaster preparedness and planning.
- Installed additional access control devices and cameras.
- Increased security guard presence on main campus.



INNOVATION AND AGILITY

- Reviewed and updated the Continuity of Operations Plan.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Workers' Compensation Experience Modifier	≤1.0	1.10		0.82	
	Temporary Modified Duty Provided (Return to Work Program)	≥95% of Recordable Injuries	100%		100%	
	Average cost per overflow claim	≤\$25,000	N/A – Not a metric in the FY 2020-22 Strategic Plan		\$12,101	

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 Maintain Financial Stability and Sustainability	Maintain an average cost per overflow claim of ≤\$25,000 .
	Actively seek opportunities to reduce risk in extant and developing business processes.
	Review and update insurance requirements for capital projects .
 Protect Personnel and Assets from Threats and Emergencies	Incorporate emergency response activities into Emergency Operations Plan and Continuity of Operations where applicable.
	Continue implementation of recommendations from security assessment .
	Finalize security system design criteria for use in upcoming capital projects.
	Complete review and update of the Continuity of Operations Plan .

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$314,792	\$275,876	\$330,885	\$398,701	\$426,928	\$96,044	29.0%
Employee Benefits	135,496	125,863	138,813	133,970	142,042	3,229	2.3%
Unfunded Liability Contributions	472	469	497	509	483	(14)	-2.7%
Purchased Property Services	465,000	402,504	629,000	734,374	754,000	125,000	19.9%
Repairs & Maintenance	10,000	7,501	10,000	50,966	30,000	20,000	200.0%
Security	455,000	393,797	619,000	683,000	724,000	105,000	17.0%
Rentals	-	1,207	-	408	-	-	-
Purchased Professional, Technical & Other Services	85,000	25,892	73,000	86,326	127,500	54,500	74.7%
Professional Services	45,000	19,870	21,500	20,000	80,000	58,500	272.1%
Technical Services	-	6,022	6,500	6,506	7,500	1,000	15.4%
Other Purchased Services	40,000	-	45,000	59,820	40,000	(5,000)	-11.1%
Supplies & Materials	54,000	26,673	83,650	61,957	37,500	(46,150)	-55.2%
Utilities & Fuel	35,000	25,309	67,000	55,420	24,000	(43,000)	-64.2%
General Supplies	19,000	1,364	16,650	6,536	13,500	(3,150)	-18.9%
Other Expenses	19,700	10,343	19,000	18,600	25,750	6,750	35.5%
Insurance & Risk Management	-	-	-	-	-	-	-
Memberships	3,200	1,624	3,500	3,000	3,000	(500)	-14.3%
Training & Meetings	13,500	8,719	12,500	15,000	20,000	7,500	60.0%
Miscellaneous Other	3,000	-	3,000	600	2,750	(250)	-8.3%
Total Expenses	\$1,074,459	\$867,621	\$1,274,845	\$1,434,438	\$1,514,204	\$239,359	18.8%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Risk Management Administrator	1.0	1.0	1.0
Risk Management Specialist	1.0	1.0	1.0
Total	2.0	2.0	2.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Temporary Administrative Services Assistant	-	-	1.0
Total	-	-	1.0

Budget Modifications and Contributions to Key Priorities

The Risk Management Division assists Central San in effectively managing risks, broadly defined as anything that can impede Central San from meeting its strategic goals. Building this program's capacity will be an important tool in helping Central San mitigate risks as the agency ramps up the level of capital spending in the coming years, and in meeting evolving regulatory requirements. The Risk Management Division helps Central San meet these and other challenges of the environment in which the agency operates.

The Risk Management Division's Operating Budget for FY 2023-24 is \$1.5 million, reflecting an increase of 18.8% from the prior year's budget of \$1.3 million. The increase in Salaries and Wages is attributable to funding one full-time temporary staff person for administrative services. In Purchased Property Services, the increase is mainly due to adding 24/7 security monitoring services to address heightened security concerns along Central San's Treatment Plan perimeter. The increase costs are attributable to inflation and prevailing wages. The increase in Purchased Professional, Technical and Other Services, is attributable to Risk Management hiring consultants for the workforce training and development and additional Professional services. The decrease in Supplies and Materials is due to implementing and expanding radio station system with East Bay Regional Communications System Authority from the prior fiscal year.

Engineering and Technical Services Department

The Engineering and Technical Services Department consists of three divisions and the Resource Recovery Program that report to the Director of Engineering and Technical Services. These divisions include Capital Projects, Environmental and Regulatory Compliance, and Planning and Development Services. The primary function of this department is to ensure Central San's infrastructure is well maintained and equipped for the future. This is done by working with development and permitting, and managing existing regulatory permits, including foreseeing potential regulatory changes, climate impacts, and the end of assets' useful lives.

The Capital Projects Division is responsible for the planning, design, construction, and/or rehabilitation of the treatment plant, collection system, and recycled water infrastructure. The Environmental and Regulatory Compliance Division is responsible for monitoring industrial businesses for environmental compliance; conducting regulatory activities and permit monitoring; performing laboratory analyses; and managing the Household Hazardous Waste Collection Facility. The Planning and Development Services Division handles development services, including right-of-way, property management, inspection, and mainline plan review; financial planning for rate-setting; planning and pre-design for special projects; and planning, piloting, and applied research. The Resource Recovery Program oversees projects that enable Central San to help augment the region's water supply, reduce reliance on non-renewable energy in a cost-effective manner, and expand efforts to utilize data to become more efficient.

The divisions that comprise this department include the following:

- Office of the Director of Engineering and Technical Services
 - Resource Recovery Program
- Capital Projects
- Environmental and Regulatory Compliance
- Planning and Development Services



Office of the Director of Engineering and Technical Services (Including Resource Recovery Program)

OVERVIEW

The Director of Engineering and Technical Services oversees the Capital Projects, Environmental and Regulatory Compliance and Planning and Development Services Divisions, along with the Resource Recovery Program. Staff from these divisions also make significant contributions to the Recycled Water Program discussed in the Operations Department section of this document.

During this past challenging year with the COVID-19 pandemic, the Engineering and Technical Services Department continued providing a high level of service for Central San's customers through the permit counter, development inspections, design and construction of infrastructure projects, the Household Hazardous Waste Collection Facility (HHWCF), the laboratory, and by conducting environmental compliance inspections – all while complying with evolving health orders as they were updated throughout the year in response to changing risk and health guidelines.

Major accomplishments of the Office of the Director of Engineering and Technical Services span from making important infrastructure upgrades to providing exceptional customer service through innovative recycled water, household hazardous waste, and pharmaceutical collection programs. This office was responsible for replacing or rehabilitating up to six miles of sewers in Danville, Walnut Creek, Lafayette, Martinez, Pleasant Hill, and Orinda; constructing major renovations at various Pumping Stations in Orinda and Moraga and Central San's Recycled Water Filter Plant; in addition to completing other projects, such as the Influent Pump Electrical Improvements, and Contractor's Staging Improvements, which added additional reliability and bypass pumping at Headworks; and striving to prevent hazardous waste from entering local waterways through collection at the HHWCF. The Asset Management Program, which was overseen by this office last year, continues to develop innovative tools such as the Geographic Information System (GIS) Emergency Response Dashboard and Reliability Engineering Tools prior to the move to the Operations Department.

The FY 2022-23 Strategic Accomplishments and performance against the key metrics, as well as the FY 2023-24 Strategic Objectives, for the Director of Engineering and Technical Services are embedded within the sections of the individual divisions and programs overseen by the Director, except for the Resource Recovery Program, the accomplishments, performance, and objectives are listed within this section, since the program operates directly within the budget of the Office of the Director.

The Office of the Director of Engineering and Technical Services' staffing budget includes the administrative staff supporting the Director of Engineering and Technical Services and the two staff members in the Resource Recovery Program.

The Resource Recovery Program operates directly within the budget of the Office of the Director of Engineering and Technical Services and manages the development of recycled water projects that aim to use Central San's treated wastewater to help augment the region's water supply through partnering opportunities with drinking water agencies and energy projects that aim to reduce reliance on non-renewable energy through cost-effective alternative methods, such as the Solar Energy Project on the Lagiss Property. The Resource Recovery Program, in collaboration with the Regulatory Compliance team, also leads Central San's sustainability efforts, including an initiative to consider Net

Zero greenhouse gas emissions and how it may apply at Central San and planning for the future electrification of Central San’s vehicle fleet. This program also provides support for the existing recycled water system, planned expansions, and other related projects that can be found in the Recycled Water Program section of this document.

FY 2022-23 Strategic Accomplishments – Resource Recovery Program



ENVIRONMENTAL STEWARDSHIP

- Fully executed a Memorandum of Understanding (MOU) with EBMUD and completed a Work Plan for the evaluation of various potential recycled water projects between Central San and EBMUD, from landscape irrigation to potable reuse.
- Continued discussions with Diablo Country Club for a Satellite Water Recycling Facility (SWRF) Project.
- Engaged in discussions with the Rossmoor Senior Community regarding the potential options for recycled water service to its two golf courses.
- Completed a reevaluation of the Lamorinda Project, which envisioned providing recycled water from Central San to portions of the cities of Walnut Creek, Lafayette, Orinda, and the Town of Moraga.
- Continued discussions with CCWD and Valley Water on the Refinery Recycled Water Exchange Project to augment the region’s water supply.
- Completed a competitive procurement, completed contracting with the winning consultant team, and began development of a Fleet Electrification Strategic Plan.
- Re-initiated the Green Team Steering Committee and sponsored the first Central San Swap Meet, installed new composting bins, and improved signage on proper solid waste disposal at Central San’s office buildings in Martinez and Walnut Creek.
- Continued supporting the development of a 1.75-megawatt solar energy project, under a power purchase agreement with REC Solar, LLC., that exceeds the cost-effectiveness criteria in Central San’s Energy Policy. Pending sign-off of the on-site pipeline easement holders, construction and start-up are anticipated in the 2023 calendar year.
- Engaged a consultant to develop a baseline greenhouse gas emissions inventory and prepare information for use by Central San’s Board in determining if a commitment to Net Zero greenhouse gas emissions is appropriate for Central San.

FYs 2021-23 Strategic Targets and Performance – Resource Recovery Program

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Electricity Produced by Co-Generation Using Natural Gas	≥18 million kWh per Year (Reported as a Rolling Average)	22.8 million kWh		22.0 million kWh	
	Solar power produced at Collection System Operations and HHW Collection Facility	≥220,000 kWh per Year (Reported as a Rolling Average)	274,000 kWh		293,000 kWh	
	kWh of Solar Power Produced by a New Solar Array Near the Treatment Plant Campus	≥2.5 million kWh (Reported as a Rolling Average)	Construction and start-up of the solar array are anticipated in calendar year 2023			

FY 2023-24 Strategic Objectives - Resource Recovery Program

In the coming fiscal year, this program will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objectives for FY 2023-24
 <p>Identify and Advance Sustainability Initiatives, Including Reducing Energy Usage and Emissions</p>	For Central San’s solar vendor (REC Solar/Duke Energy) to complete construction of a cost-effective 1.75 MW solar energy project and for Central San to begin purchasing solar energy under its PPA.
	Completion of Central San’s Fleet Electrification Strategic Plan .
	Completion of Central San’s Green Business Recertification through the Contra Costa County Green Business Program.

Budget Overview by Expense Category - Office of the Director of Engineering and Technical Services (including Resource Recovery Program)

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$626,298	\$635,587	\$640,633	\$521,389	\$678,820	\$38,187	6.0%
Employee Benefits	166,624	163,828	137,170	115,787	177,084	39,914	29.1%
Unfunded Liability Contributions	1,155	928	1,210	883	1,206	(4)	-0.4%
Purchased Professional, Technical & Other Services	86,100	68,457	86,000	15,969	106,000	20,000	23.3%
Professional Services	-	-	-	-	-	-	-
Technical Services	80,100	65,659	80,000	15,769	100,000	20,000	25.0%
Other Purchased Services	6,000	2,798	6,000	200	6,000	-	0.0%
Supplies & Materials	2,550	172	1,050	600	10,750	9,700	923.8%
General Supplies	2,550	172	1,050	600	10,750	9,700	923.8%
Other Expenses	22,477	13,821	24,032	9,924	29,782	5,750	23.9%
Memberships	847	1,801	1,932	1,022	2,082	150	7.8%
Training & Meetings	21,500	11,220	22,000	8,902	27,500	5,500	25.0%
Miscellaneous Other	130	800	100	-	200	100	100.0%
Total Expenses	\$905,205	\$882,793	\$890,095	\$664,552	\$1,003,642	\$113,546	12.8%

Personnel Requirements - Office of the Director of Engineering and Technical Services

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Administrative Assistant	1.0	1.0	1.0
Director of Engineering & Technical Services	1.0	1.0	1.0
Total	2.0	2.0	2.0

Personnel Requirements - Resource Recovery Program

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Engineering Assistant III	1.0	0.9	0.9
Program Manager	0.4	0.4	0.4
Total	1.4	1.3	1.3

Budget Modifications and Contributions to Key Priorities – Office of the Director of Engineering and Technical Services (including Resource Recovery Program)

The Office of the Director of Engineering and Technical Services Budget for FY 2023-24 is \$1.0 million, reflecting an overall increase from the prior year’s budget of approximately 12.8%. Supplies and Materials increased to support the green team initiatives, green business recertifications, and solid waste containers.

Capital Projects

OVERVIEW

This division conducts and manages the preliminary design, final design, public bidding, and construction management of projects to rehabilitate or improve the treatment plant, pumping stations, collection system sewer pipelines, general facilities, safety, and recycled water infrastructure. In addition, this division works as one of the primary engineering resources at Central San, including staff that provides data and support to facilitate the work, not just for the Capital Projects Division, but also for the entire organization. All informal and formal public works design and construction projects are conducted under this division.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Received 94% customer satisfaction rating for the North Orinda Sewer Renovations, Phase 8 construction project.
- Continued to coordinate construction projects with local jurisdictions and other agencies to lessen construction impacts to the community, including projects in downtown Walnut Creek and Pleasant Hill.
- Continue to hold public outreach meetings and individual homeowner meetings to educate the public and receive feedback.
- Completed urgent sewer replacements to lessen impacts to the public and nearby residents.
- Responded to and evaluated several sites relating to impacts resulting from the major storm events in January of 2023.
- Completed the construction of the Recreation Vehicle (RV) Waste Disposal Station located at the treatment plant, at 5019 Imhoff Place in Martinez.



ENVIRONMENTAL STEWARDSHIP

- Continued to coordinate the project scope of the Solids Handling Facility Improvements project with the Plant staff to facilitate maximum use of landfill gas in furnace operations.
- Continued to work with the Contra Costa Flood District on a joint project to raise the Walnut Creek levee at the treatment plant.
- Continued to work with local jurisdictions and agencies on projects to safely handle and manage contaminated soils or hazardous materials.
- Redesigned and improved the new air pollution control equipment at the treatment plant to meet air regulatory requirements.
- Nearing completion of the Filter Plant and Clearwell Improvements Project, which will provide reliable storage and distribution of recycled water, and raised the levee roads to meet climate change and sea level rise.



GOVERNANCE AND FISCAL RESPONSIBILITY

- Continued the use of the Uniform Public Construction Cost Accounting Act (UPCCAA) for savings on administrative costs of bidding and streamlining the bidding process for informal projects.
- Executed blanket contracts to cover similar work shared by multiple projects to save on engineering, administration, and other costs.
- Continued to evaluate, design, and manage construction sewer renovation projects in-house at costs below the industry standards or compared to outside services.
- Continued to improve Oracle software for project budgeting and reporting.
- Due to the construction market and impacts to project delivery, existing budgets and forecasted spending have been updated to meet current conditions.
- Re-prioritized projects and reduced the existing carry forward budgets.



INFRASTRUCTURE RELIABILITY

- Completed seismic improvements on the Laboratory.
- Progressed design on the Solids Handling Facility Improvements through bidding to address dewatering, furnace, and air pollution control improvements.
- Successfully bid and awarded for new aeration diffusers at the treatment plant.
- Began design for the Phase 1 Steam Renovations, which will improve the safety and reliability of the steam system.
- Replaced or rehabilitated up to six miles of pipes in Alamo, Walnut Creek, Lafayette, Pleasant Hill, and Orinda.
- Completed construction at various pumping stations in Orinda and Moraga and at the treatment plant, including the Contractor Staging Improvements.
- Initiated major renovation for electrical equipment at Headworks and the Pump and Blower Building to address reliability for pumping process flows and aeration air systems.
- Continued to design infrastructure repair, replacement, and improvements for the collection system, treatment plant, and other Central San facilities.
- Bid the Solids Handling Facility Improvements, Phase 1A.



INNOVATION AND AGILITY

- Completed planning, design, and test phases for Enterprise Performance Management (EPM) capital projects budgeting solution.
- Implemented online meetings and interactions to reduce travel, COVID-19 risk, and save time and consultant costs.
- Continued improving Oracle projects for financial management and using ProCore construction management software.
- Standardized Construction Inspection Reports used by outside consultants, internal engineers, and inspectors for efficiency, timeliness, and consistency.
- Continued with the Treatment Plant Asset Handover Process Optimization project to improve communication and record keeping in the completion of capital projects.

- Developed and enforced strict safety guidelines within all contracts for COVID-19 in compliance with federal, state, and local requirements.
- Continued to adapt as safety orders were revised and enforced.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Average customer satisfaction rating on construction projects	≥95%	82.6%		75%	
	Miles of sewers replaced or rehabilitated (focused on deteriorated small diameter pipelines)	≥6.0	5.0 miles		1.5 Miles	
	Capital expenditures as a percentage of capital budgeted cashflow, including carry forward	≥90%	65.1% (pre-audited figure)		37.3%	

* Lower spending was caused by delayed spending in the Treatment Plant Program due to shortages of materials, equipment delays, and redesign/ bid of the Solids Handling Facility Improvements.

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 Achieve Compliance in All Regulations	Successfully award and begin construction of the Solids Handling Facility Improvements Project , which will include air pollution control equipment needed to reliably comply with current air regulations. Successfully permit the new recycled water storage facilities to meet title 22 requirements.
 Be a Partner in Regional Development of Local Water Supply	Complete the construction of the Filter Plant and Clearwell Improvements - Phase 1A Project , which will include replacing critical electrical gear and increase reliability at recycled water storage facilities.
 Maintain Financial Stability and Sustainability	Continue to use the UPCCAA to help streamline infrastructure replacement projects using informal bidding and maintain a contractors list for projects under \$200,000. Execute the Financing Agreement for the California State Revolving Fund (SRF) loan to help supplement the construction costs of the Solids Handling Facility Improvements.

Goal/Strategy	Objective for FY 2023-24
 Execute Long-Term Capital Renewal and Replacement Program	Complete the construction of the Electrical Blower Improvements Project , which will provide full redundancy for backup aeration capacity and reliability for PG&E shut offs.
	Continue to replace sewers in poor condition and respond to urgent or emergency sewer repairs throughout the service area in a timely manner.
	Replace sewers needing difficult or frequent maintenance to allow the Collection System Operations Division to focus on other sewers and reduce sanitary sewer overflows.
	Deliver projects on time and on budget using new construction management software, Procore and Oracle.

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$2,084,090	\$1,746,677	\$2,010,990	\$2,139,241	\$2,105,869	\$94,879	4.7%
Employee Benefits	(2,209,148)	(2,578,270)	(2,991,108)	(2,168,074)	(2,664,470)	326,638	-10.9%
Unfunded Liability Contributions	3,089	3,284	3,004	3,255	3,032	28	0.9%
Purchased Property Services	4,000	6,085	4,400	7,800	3,600	(800)	-18.2%
Repairs & Maintenance	3,000	1,185	3,300	6,700	2,500	(800)	-24.2%
Security	-	-	-	-	-	-	-
Rentals	1,000	4,900	1,100	1,100	1,100	-	0.0%
Purchased Professional, Technical & Other Services	35,000	-	31,100	15,000	18,100	(13,000)	-41.8%
Technical Services	34,000	-	30,000	15,000	17,700	(12,300)	-41.0%
Other Purchased Services	1,000	-	1,100	-	400	(700)	-63.6%
Supplies & Materials	55,500	35,122	55,500	44,942	54,430	(1,070)	-1.9%
Utilities & Fuel	22,300	21,692	22,300	19,342	24,430	2,130	9.6%
General Supplies	33,200	13,430	33,200	25,600	30,000	(3,200)	-9.6%
Other Expenses	54,155	27,936	54,340	20,600	56,100	1,760	3.2%
Memberships	10,155	4,692	10,340	6,600	10,600	260	2.5%
Training & Meetings	43,000	22,495	43,000	13,000	44,500	1,500	3.5%
Miscellaneous Other	1,000	749	1,000	1,000	1,000	-	0.0%
Total Expenses	\$26,686	(\$759,166)	(\$831,774)	\$62,765	(\$423,339)	\$408,435	-49.1%

Note: The staff in this division charge times to the Capital Improvements Program. As a result, the bulk of their combined salary and benefit expenses are paid for by the projects identified in the Capital Improvement Budget. The amounts above are net of the capitalized administrative overhead transfer to the Sewer Construction Fund.

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Administrative Assistant	2.0	2.0	2.0
Assistant Engineer (Staff Engineer)	5.0	6.0	6.0
Assistant Land Surveyor	2.0	2.0	2.0
Associate Engineer	8.0	8.0	8.0
Capital Projects Division Manager	1.0	1.0	1.0
Contracts Specialist	1.0	1.0	1.0
Engineering Assistant	4.0	4.0	4.0
Land Surveyor	1.0	1.0	1.0
Senior Engineer	3.0	3.0	3.0
Utility Systems Engineer	1.0	1.0	1.0
Total	28.0	29.0	29.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Assistant Engineer-Limited Duration	-	-	2.0
Senior Engineer-Limited Duration	-	-	1.0
Project Safety Officer-Limited Duration	-	-	1.0
Temporary Project Safety Officer	-	1.0	-
Temporary Assistant Engineer	-	2.0	-
Temporary Engineer Assistant	-	-	1.0
Temporary Senior Engineer	1.0	1.0	-
Temporary Utility Systems Engineer	1.0	1.0	2.0
Summer Student	1.0	2.0	2.0
Total	7.0	11.0	11.0

Budget Modifications and Contributions to Key Priorities

The Capital Projects Division leads Central San’s efforts in maintaining and upgrading aging infrastructure, as well as implementing projects driven by the need to meet evolving regulatory requirements. This division also oversees projects related to other strategic priorities of Central San, including playing a role in maintaining a sustainable water supply and executing projects related to resource recovery. The division is building its capacities to effectively administer a significantly larger Capital Improvement Program in future years. This includes implementing a program management information system and using outside resources to supplement Central San staff.

As noted in the footnote to the Budget Overview table, most of the costs for staff in this division are charged to the projects that the group oversees and manages. The Capital Projects Division budget for FY 2023-24 is (\$0.4) million, reflecting a 49.1% increase from the prior year. The primary contributor for this division's overall budget increase is the Board adopted Benefits and Administrative Overhead rate decreasing from 168.8% in FY 2022-23 to 163.7% in 2023-24. Salaries & Wages include the agency-wide cost-of-living adjustment as well as any anticipated increases due to step advancements, largely offset by the additional staff time being charged to work for capital projects. Four positions for limited duration employees have been budgeted as the CIP expands and work begins to ramp up. The one Senior Engineer, one Project Safety Officer, and two Assistant Engineer positions will be limited in duration in conjunction with large projects (greater than \$20 million).

Environmental and Regulatory Compliance

OVERVIEW

This division ensures that Central San is compliant with applicable federal, state, and local environmental laws, regulations, and policies. It monitors Central San’s permitted businesses and industrial customers for compliance with all applicable requirements to protect the environment as well as Central San’s assets; manages the Household Hazardous Waste Collection Facility (HHWCF) and the Residential Recycled Water Fill Station; generates, receives, and interprets laboratory data and applies their results to regulatory requirements to ensure the treatment plant’s effluent meets all water quality standards; evaluates treatment plant operations to ensure compliance with all air pollution control standards; evaluates the effectiveness of regulatory compliance programs; develops and implements new programs as mandated by legislation and/or policy; monitors and analyzes legislation and new regulations that impact regulatory compliance; and represents Central San before regulatory agency staff and boards, political bodies, committees, and the general public. Through active participation in the Bay Area Clean Water Agencies (BACWA), this division works collaboratively with sister agencies to provide technical expertise, financial support, and a public utility perspective to ensure that regulations affecting the Bay Area wastewater community are well informed, thoughtful, and effective.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Oversaw approximately 49,000 visits to the HHWCF and the Residential Recycled Water Fill Station by residents, small businesses, retail partners, and fill station users.



ENVIRONMENTAL STEWARDSHIP

- Achieved 25th year of continuous compliance with all National Pollutant Discharge Elimination System (NPDES) treatment plant permit requirements governing the discharge of treated effluent to San Francisco Bay.
- Initiated the development of a Fleet Electrification Strategic Plan.
- Successfully renewed the Treatment Plant NPDES permit.
- Completed approximately 1,300 pretreatment inspections and 1,000 stormwater inspections, meeting all inspection goals.
- Collected approximately 1,900,000 pounds of hazardous waste. (Quantities estimated from quantities received through February 2023.) This is about 13% less than the total collected last fiscal year, which was an average of 2,200,000 pounds.
- Gave away over 210,000 pounds of reusable products.
- Collected approximately 4,000 pounds of pharmaceuticals.
- Maintained 2022 anthropogenic greenhouse gas (GHG) emissions below the Cap-and-Trade inclusion threshold.
- Reviewed and commented on proposed regulations to ensure they are both practical and protective.
- Division Manager served on the BACWA Executive Board, and staff served in leadership roles on associated committees.

- Division Manager served as the Co-Chair of the California Association of Sanitation Agencies (CASA)'s Water Regulatory Workgroup and as BACWA's liaison to CASA's State Legislative Committee.
- Division Manager was appointed to the San Francisco Estuary Institute Aquatic Science Center (SFEI-ASC) Board of Directors.
- Complied with the State Investigative Order for PFAS by participating in the Region 2 PFAS Study coordinated through BACWA and managed by San Francisco Estuary Institute (SFEI).
- Participated in a statewide microplastics pilot study.
- Participated in SARS-CoV2 wastewater studies in collaboration with Stanford University and the University of California, Berkeley.



INFRASTRUCTURE RELIABILITY

- Completed annual Basin A South soil cap seep repairs.
- Obtained regulatory permits for Outfall Monitoring Improvements Project.
- Obtained Bay Area Air Quality Management District (BAAQMD) Authority-to-Construct permits for pumping station improvements.



INNOVATION AND AGILITY

- With assistance from Collection System Operations, set up automatic notifications of Category One Overflows to the Lab and created a link between Cityworks and GeoPortal.
- Participated in sample collection to advance the wastewater-based epidemiology model for COVID-19.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance	FY 2022-23 Performance as of Q2
GOAL TWO	NPDES Compliance	Zero (0) Violations	Zero (0) Violations	Zero (0) Violations
GOAL TWO	Title V Compliance	Zero (0) Violations	1 Notice of Violation (NOV)*	Zero (0) Violations
GOAL TWO	Recycled Water Title 22 Compliance	Zero (0) Violations	Zero (0) Violations	Zero (0) Violations
GOAL TWO	Anthropogenic GHG Emissions	<25,000 Metric Tons (MT) CO ₂ e	On Track to Meet Target for Calendar Year 2023	Met Calendar Year 2022 Target. Pre-verified total of 24,025 MT CO ₂ e

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Annual Environmental Compliance Inspections and Permitting Completed on Time	100%	100%		100%	
	HHW Management Compliance	Zero (0) Violations	Zero (0) Violations		Zero (0) Violations	

* 1 Reportable Compliance Activity (RCA), 1 NOV for 3/17/22 Furnace 2 bypass, and 2 RCAs for 4/16/22 Cogen NOx monitor annual service and 5/25/22 Furnace 2 event related to power supply failure that caused a false bypass opening status (BAAQMD determined that it was not a violation).

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 Achieve Compliance in All Regulations	Strive to meet all air permit requirements (Title V and Permit to Operate).
	Strive to meet all wastewater-related permit requirements (NPDES Treatment Plant Permit, Nutrients Watershed Permit, Mercury, and PCBs Watershed Permit).

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$4,047,781	\$3,869,352	\$4,370,444	\$4,279,883	\$4,651,639	\$281,195	6.4%
Employee Benefits	1,542,924	1,592,063	1,647,986	1,645,291	1,672,000	24,014	1.5%
Unfunded Liability Contributions	6,255	5,969	6,440	6,560	6,619	179	2.8%
Purchased Property Services	841,010	743,179	975,930	978,430	984,000	8,070	0.8%
Repairs & Maintenance	87,500	45,865	102,000	99,500	104,500	2,500	2.5%
Hauling & Disposal	701,500	638,977	801,500	801,500	801,500	-	0.0%
Security	3,200	-	3,000	3,000	3,000	-	0.0%
Rentals	7,650	8,006	8,800	9,800	6,800	(2,000)	-22.7%
Cleaning	41,160	50,331	60,630	64,630	68,200	7,570	12.5%
Purchased Professional, Technical & Other Services	785,325	456,777	1,025,700	1,007,621	930,700	(95,000)	-9.3%
Professional Services	9,525	6,521	10,000	8,000	10,400	400	4.0%
Technical Services	752,000	438,522	991,900	979,340	894,000	(97,900)	-9.9%
Other Purchased Services	23,800	11,734	23,800	20,281	26,300	2,500	10.5%
Supplies & Materials	395,250	360,970	450,700	383,107	485,200	34,500	7.7%
Utilities & Fuel	12,700	16,601	17,200	12,400	13,500	(3,700)	-21.5%
Chemicals	-	-	-	-	-	-	-
General Supplies	382,550	344,370	433,500	370,707	471,700	38,200	8.8%
Other Expenses	438,383	395,980	431,833	440,130	561,383	129,550	30.0%
Memberships	389,808	380,776	381,658	380,500	509,708	128,050	33.6%
Training & Meetings	44,975	14,087	46,525	56,480	48,025	1,500	3.2%
Miscellaneous Other	3,600	1,117	3,650	3,150	3,650	-	0.0%
Total Expenses	\$8,056,928	\$7,424,289	\$8,909,033	\$8,741,021	\$9,291,541	\$382,508	4.3%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Administrative Assistant	2.0	2.0	2.0
Assistant Engineer (Staff Engineer)	2.0	2.0	2.0
Associate Engineer	-	1.0	1.0
Chemist	6.0	6.0	6.0
Environmental and Regulatory Compliance Division Manager	1.0	1.0	1.0
Environmental Compliance Inspector	6.0	6.0	6.0
Environmental Compliance Program Administrator	1.0	1.0	1.0
Household Hazardous Waste Program Administrator	1.0	1.0	1.0
Household Hazardous Waste Technician	3.0	3.0	4.0
Laboratory Program Administrator	1.0	1.0	1.0
Supervising Chemist	1.0	1.0	1.0
Senior Engineer	1.0	1.0	1.0
Senior Environmental Compliance Inspector	2.0	2.0	2.0
Senior Household Hazardous Waste Technician	2.0	2.0	2.0
Total	29.0	30.0	31.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Temporary Chemist	1.0	1.0	1.0
Temporary Household Hazardous Waste Technician	1.0	1.0	-
Temporary Residential Fill Station Technician	-	-	1.0
Laboratory Assistant Summer Student	2.0	1.0	1.0
Intern	1.0	1.0	4.0
Total	5.0	4.0	7.0

Budget Modifications and Contributions to Key Priorities

The Environmental and Regulatory Compliance Division plays the lead role in monitoring evolving regulation and environmental compliance requirements promulgated by state and federal agencies to ensure that Central San is positioned to meet these requirements.

The Environmental and Regulatory Compliance Division Operating Budget for FY 2023-24 is \$9.3 million, an increase of 4.3% over the prior year's budget. Salaries and Wages include the agency-wide cost-of-living adjustment, increases due to step advancements, and one additional full-time Household Hazardous Waste Technician position, increasing the headcount by one. Offsets for this position will be a reduction in contracted services. Purchased Property Services category decreased due to the additional FTE in HHW in technical services. Other Expenses categories increased due to outside organization fee's that include NACWA, CASA, and BACWA paid through Regulatory.

Planning and Development Services

OVERVIEW

This division provides development services, including right-of-way, property management, development inspection, permit counter operations, and mainline plan review. This division also leads planning and applied research efforts including pilot studies to evaluate benefits of new technology and solutions for Central San's operations and needs; manages the Zone 1 and commercial truck fill recycled water programs; leads the planning and pre-design of Special Projects; and conducts financial planning for rates, capacity fees, permits and sewer service charges, including preparation of the rate adjustments that may be necessary to adequately fund operations, maintenance and the sewer construction budget for ever-increasing Capital Improvement Program needs.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Began offering the federal Low Income Household Water Assistance Program (LIHWAP).
- Established a Pilot Program to operate a new Recreational Vehicle (RV) Wastewater Receiving Station for three years at no-charge for customers.
- Implemented second year of two-year pilot for Septic to Sewer (S2S) Financing Program to encourage single-family houses to connect to nearby sewer mains.
- Initiated the formation of three Contractual Assessment Districts (CADs) to extend sewer mains to residents in neighborhoods.
- Implemented first year of an online recycled water customer quarterly self-monitoring reporting program.
- Held a Sewer Summit Workshop for water and wastewater sister agencies in Contra Costa County.



ENVIRONMENTAL STEWARDSHIP

- Continued to work with Contra Costa Water District (CCWD) and the City of Concord in plans to supply recycled water to the Concord Community Reuse Project.
- Provided support to further the Refinery Recycled Water Exchange Project with CCWD and Valley Water.
- Continued the second season of raw wastewater diversion to Dublin San Ramon Services District (DSRSD) using the DSRSD-EBMUD Recycled Water Authority (DERWA) Diversion Facility in San Ramon.
- Initiated participation in the Institute for Sustainable Infrastructure's Envision sustainable infrastructure framework.
- Continued to provide daily program management services for Central San's Zone 1 and Commercial Truck Fill recycled water programs.
- Completed annual recycled water reports and other recycled water quality reporting to the San Francisco Regional Water Quality Control Board, State Water Resources Control Board, and Division of Drinking Water.
- Renewed the waiver for the next three years of the recycled water volumetric fee for 100,000 gallons of the Commercial Truck Fill Program.

- Participated in Bay Area Clean Water Agencies (BACWA) Nutrient Strategy Team, Nature-Based Solutions Steering Committee, Nutrient Data Analysis Steering Committee, Recycled Water Committee, and Sea Level Rise Roundtable.



GOVERNANCE AND FISCAL RESPONSIBILITY

- Developed rate alternative scenarios that reduced 10-year Capital Improvement Plan (Ten-Year CIP) cash flow and Central San’s reliance on debt by \$150 million.
- Completed a wastewater cost of service study and recommended a new rate class for accessory dwelling units for Board consideration.
- Presented alternatives for Board input consistent with debt management policy, fiscal reserve policy, CIP, and general ratemaking principles at the January 12, 2023 Financial Workshop and at a Public Hearing on April 20, 2023.
- Submitted a State Revolving Fund (SRF) loan application for the replacement of the ultraviolet (UV) system.
- Conducted annual reviews of the following:
 - Current rates and fees, for reasonableness and consistency.
 - Capacity fees, to ensure appropriate fees are assessed and collected.
 - Businesses, to ensure consistent use with existing permits and payment of capacity fees.



INFRASTRUCTURE RELIABILITY

- Conducted five biosolids workshops.
- Completed Asset Management Plan and presented to Board for approval.
- Developed ITPipes multi-sensor inspection portal.
- Began identifying vulnerable assets related to climate change and developing mitigation measures.
- Completed preliminary design for the Ultraviolet (UV) Disinfection Replacement Project and UV Hydraulic Improvement Project. The new UV system will be installed as part of a capital project in progress.
- Completed review of structures in easements for Sewer Structure Inventory Project which collected maintenance access hole and cleanout conditions, locations in bike lanes, road type, and whether there are any structural issues needing immediate attention and recommending for Collection System Operations (CSO) review.
- Worked collaboratively with Contra Costa Flood Control District to complete 95% of final design packages for the Grayson and Walnut Creek Levee Improvement Project, which will ensure protection of the wastewater treatment plant.
- Continued Solids Handling Improvements, Phase 2 to reevaluate the selection and phasing of biosolids facilities upgrades based on information, circumstances, policies, and goals that have changed since the completion of the Comprehensive Wastewater Master Plan in 2017.
- Developed Recycled Water Inspection mobile application to conduct inventory of meter, valve, hydrant, and sampling station locations with photos.

- Continued Large Diameter Pipeline Inspection Project, completed over 0.5 mile of interceptor inspections using multi-sensor equipment, coordinated hazardous material removal with CSO, and completed maintenance access hole inspections on critical interceptors.
- Kicked off preliminary design for the Recycled Water Distribution System Renovation Project and conducted field inspections of valves and flow meters.
- Completed migration of Central San’s sewer and recycled water GIS data from Esri’s Local Government Information Model into Esri’s new Utility Network solution.
- Collaborated with Contra Costa Transportation Authority (CCTA) to initiate a joint project to relocate a ½ mile section of the 84-inch A-Line Sewer to expand the Interstate 680/Highway 4 freeway interchange.
- Continued evaluation of the 39-inch interceptor renovation alternatives and structural assessment as part of the Large Diameter Renovation Program and initiated an interceptor planning evaluation for interceptors near the treatment plant.
- Initiated the Sewer System Infrastructure Plan (previously referred to as the 5-Year Collection System Master Plan Update).



INNOVATION AND AGILITY

- Made progress on the Permitting and Community Development ERP module, which is projected go-live in fall 2023.
- Completed the pilot report and draft alternatives evaluation report for the 2022 pilot project which tested new tertiary membrane filtration with three pressurized membranes to improve recycled water production in lieu of renovating three existing filters.
- Performed large diameter pipeline inspections using CUES 2D and 3D laser technology and accurate mapping probe, and manhole inspections using IBAK PANORAMO SI Manhole Scanner.
- Wrote a paper written and submitted as an abstract to WaterReuse titled, “Sustainable Membrane Performance for Refinery Reuse of Challenging Non-Nitrified Wastewater” and made a poster presentation for the Membrane Pilot at Central San’s Innovations Fair.
- Wrote a paper and submitted an Envision abstract to Water Environment Foundation (WEF) Collection System 2023 and WEFTEC 2023 conferences. A Membrane pilot abstract was submitted to WEFTEC 2023.
- Wrote a paper written and submitted as an abstract to WEFTEC 2023 titled, “Re-use and Rehabilitate to Recycle: A case study on modernizing dual media tertiary filters at the Central San WWTP.”
- Put additional controls in place for the reopening of the Lobby and Permit Counter to customers.
- Continued participation with California Department of Public Health, UC Berkeley, Verily, and Biobot Analytics, and Contra Costa County Health Services wastewater-based epidemiology studies, collaborating with the Laboratory which leads sampling efforts.

FYs 2022-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Average Customer Satisfaction Rating on Permit Counter Interactions	≥95.0%	90%*		95%	
	Sewer Service Charge affordability (Environmental Protection Agency (EPA) Lowest Quintile Residential Indicator)	<2% (or lower than High impact)	Target for FY 2021-22 Met Sewer Service Charge (SSC) Less Than Median of Bay Area Agencies SSC Plus Ad Valorem Tax Less Than Average of Bay Area Agencies		Target Met. Existing and new proposed rate remains within EPA affordable criteria.	
	Large Diameter and Force Main Condition Assessment	≥3 Miles Per Year	Inspections have not yet begun but are expected to begin in FY 2022-23.		>0.5	
	Reviews or Pilot Tests of New and Promising Technology	≥3	7**		6	
	Research Papers and Findings Presented	≥3	3		3	

* Comments related to turn-around time and adding electronic plan review.

** Figure represents the number of pilots worked on, not the number of new pilots.

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 Deliver High-Quality Customer Service	Update and publish additional “Applicant Guides” to assist Development Applicants, including some focused on the new Oracle web portal for online applications/permitting.
 Build Neighborhood and Industry Relationships	Host a Sewer Summit Workshop for partner Cities and County.
 Educate on Pollution Prevention and Environmental Protection	Develop an interactive web map for education outreach programs.
	Work with CCWD and the City of Concord to supply recycled water to the Concord Community Reuse Project.

Goal/Strategy	Objective for FY 2023-24
 <p>Identify and Advance Sustainability Initiatives, including Reducing Energy Usage and Emissions</p>	<p>Implement a pilot Envision initiative and submit a capital project to verify its level of sustainability.</p>
 <p>Maintain Financial Stability and Sustainability</p>	<p>Monitor financial conditions to determine if economic conditions change enough to warrant recommendation and issuance of bonds to help fully fund ten-year financial plan.</p>
 <p>Manage Assets Optimally</p>	<p>Develop prioritization model for vertical assets and update InfoAsset Planner.</p>
	<p>Implement the Large Diameter Pipe and Force Main Inspection and condition assessment programs.</p>
 <p>Execute Long-Term Capital Renewal and Replacement Program</p>	<p>Complete planning study for Solids Handling Improvements, Phase 2 project to reevaluate the selection and phasing of biosolids facilities upgrades.</p>
	<p>Continue working on the 5-Year Sewer System Infrastructure Plan.</p>
 <p>Implement Organization-wide Optimization</p>	<p>Implement and train staff on the new Oracle permitting software.</p>
	<p>Implement a public portal for Development applications with the Oracle permitting software.</p>
	<p>Evaluate and review new Sewer Service Billing software to replace SunGard.</p>

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$4,112,974	\$4,090,767	\$4,704,522	\$4,602,015	\$3,983,935	(\$720,587)	-15.3%
Employee Benefits	640,464	401,701	544,421	581,547	364,007	(180,414)	-33.1%
Unfunded Liability Contributions	6,344	6,316	7,099	6,569	5,731	(1,367)	-19.3%
Purchased Property Services	54,800	24,148	70,000	49,338	71,500	1,500	2.1%
Repairs & Maintenance	28,800	7,111	60,000	27,362	60,000	-	0.0%
Rentals	20,000	3,050	10,000	9,168	10,000	-	0.0%
Cleaning	-	13,987	-	12,058	-	-	-
Construction	6,000	-	-	750	1,500	1,500	-
Purchased Professional, Technical & Other Services	771,525	441,504	611,200	515,532	658,500	47,300	7.7%
Professional Services	122,525	159,604	269,900	93,035	272,000	2,100	0.8%
Technical Services	524,500	91,797	140,800	137,275	60,000	(80,800)	-57.4%
Other Purchased Services	124,500	190,103	200,500	285,222	326,500	126,000	62.8%
Supplies & Materials	220,100	181,818	226,400	196,979	229,100	2,700	1.2%
Utilities & Fuel	166,500	159,939	183,200	156,549	185,700	2,500	1.4%
General Supplies	53,600	21,879	43,200	40,430	43,400	200	0.5%
Other Expenses	85,000	37,421	77,370	69,621	72,490	(4,880)	-6.3%
Memberships	22,225	17,853	20,170	18,057	20,290	120	0.6%
Training & Meetings	56,275	17,723	50,700	46,564	46,200	(4,500)	-8.9%
Miscellaneous Other	6,500	1,845	6,500	5,000	6,000	(500)	-7.7%
Total Expenses	\$5,891,208	\$5,183,676	\$6,241,012	\$6,021,602	\$5,385,263	(\$855,749)	-13.7%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Administrative Assistant	2.0	2.0	2.0
Asset Management Program Administrator	1.0	1.0	-
Assistant Engineer	1.0	1.0	1.0
Associate Engineer	5.0	5.0	4.0
Construction Inspector	4.0	4.0	4.0
Development Services Supervisor	2.0	2.0	2.0
Engineering Assistant	6.0	7.0	6.0
GIS Analyst	2.0	2.0	-
Lead Engineering Assistant	1.0	1.0	1.0
Management Analyst	2.0	2.0	1.0
Planning and Development Services Division Manager	1.0	1.0	1.0
Real Property Agent	2.0	2.0	2.0
Senior Engineer	4.0	4.0	4.0
Total	33.0	34.0	28.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Staff Engineer-Limited Duration	-	-	2.0
Temporary Engineering Assistant	4.0	3.0	3.0
Temporary Administrative Assistant	-	1.0	1.0
Summer Student Intern	2.0	2.0	2.0
Intern	5.0	4.0	4.0
Total	11.0	10.0	12.0

Budget Modifications and Contributions to Key Priorities

The Planning and Development Services Division’s budget allows Central San to meet several key challenges including maintaining customer awareness of Central San’s services, the costs involved in meeting those responsibilities, and meeting service level expectations at responsible rates. This is accomplished through the Division’s work in maintaining the financial plan and rate-setting and balancing the objectives of setting rates to fund important priorities for Central San, while keeping rate adjustments moderated and no higher than necessary.

The Planning and Development Services Division’s budget for FY 2023-24 is \$5.4 million, reflecting a decrease of approximately 13.7% from the prior year’s budget. The overall decrease is primarily attributable to personnel transfers to other divisions and an increase in staff time spent on capital projects. Salaries and Wages include the agency-wide cost-of-living adjustment and increase due to know step advancements for those eligible, which was offset by Asset Management – a subdivision previously in Planning and Technical Services – transferring to Operations Optimization Division. A total of five positions were transferred. One addition position Management Analyst was also transferred to Information Technology Division. Other Purchased Services increased due to the implementation of new billing software for the permit counter and services for the Cost-of-Service study needed with the expiration of the last year of a four-year rate schedule in FY 2022-23.

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Operations Department

The Operations Department consists of three divisions and the Recycled Water Program. The Recycled Water Program consists of staff from multiple departments. The primary function of the Operations Department is to collect and treat wastewater, remove pollutants to protect public health and the environment and meet or exceed regulatory requirements. A portion of the wastewater is further treated to produce recycled water that meets California Title 22 requirements. The Operations Department is responsible for the operation and maintenance of pipelines, pumping stations, and treatment facilities; oversight of power generation operations; fleet maintenance; operational optimization; and managing computerized control equipment and systems.

The Divisions that comprise this Department include the following:

- Office of the Deputy General Manager of Engineering and Operations
- Collection System Operations
- Plant Maintenance
- Plant Operations
- Operations Optimization
- Recycled Water Program



Office of the Deputy General Manager of Engineering and Operations

OVERVIEW

The Office of the Deputy General Manager of Engineering and Operations oversees the Collection System Operations, Operations Optimization, Plant Maintenance, and Plant Operations Divisions and is responsible for providing these divisions with the vision, resources and guidance needed to fulfill their missions.

Major accomplishments of the office of the Director of Operations in FY 2022-23 include achievement of the second lowest recorded number of sanitary sewer overflows (SSO); the 25th consecutive annual National Association of Clean Water Agencies (NACWA) Platinum Peak Award, recognizing 100% compliance with Central San's wastewater discharge permit; and the launch of the Operations Optimization Division. In addition to the second lowest number of SSO's ever recorded, the CSO Division cleaned 780 miles of sewers through the completion of 17,844 work orders, via diligent and optimized cleaning schedules and methods. As Central San's most visible employees, CSO continues to play the role of ambassador, projecting Central San's image outward to the community while, at the same time, understanding and being sensitive to customer expectations and upholding its vision of service to protect homeowners, public facilities, and local waterways.

In support of Plant Operations' efforts in achieving the 25th NACWA Platinum Award, the Plant Maintenance Division continues to promote additional trainings and certifications for staff, and to implement testing programs and new technology tools, all to ensure that the more than 6,200 treatment plant assets are reliable and operating at their peak performance. The Plant Maintenance Division is also continuing to advance the Asset Management Program with the implementation of projects and systems to better control the capital project turnover phase of completed projects to assure that the right spare parts are tracked and available for rapid deployment when needed.

The Plant Operations Division continues to empower its team members to be self-reliant and act as an authority in their role by cultivating a supportive environment which fosters tight performing units, capable of making sound critical judgments to adjust and adapt to ever-evolving challenges.

The FY 2022-23 Strategic Accomplishments and performance against the key metrics, as well as the FY 2023-24 Strategic Objectives, for the Office of the Deputy General Manager of Engineering and Operations are embedded within the sections of the individual divisions and programs overseen by the Director.

This office's staffing budget includes the administrative staff supporting the Office of the Deputy General Manager of Engineering and Operations.

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$371,156	\$440,507	\$667,757	\$605,191	\$545,621	(\$122,137)	-18.3%
Employee Benefits	94,444	186,829	257,167	180,429	228,360	(28,807)	-11.2%
Unfunded Liability Contributions	579	694	1,026	929	790	(236)	-23.0%
Purchased Professional, Technical & Other Services	50,000	-	153,600	3,600	53,600	(100,000)	-65.1%
Technical Services	50,000	-	150,000	-	50,000	(100,000)	-66.7%
Other Purchased Services	-	-	3,600	3,600	3,600	-	0.0%
Supplies & Materials	80,400	77,710	133,100	81,100	133,100	-	0.0%
Utilities & Fuel	55,000	68,557	70,000	60,000	70,000	-	0.0%
General Supplies	25,400	9,152	63,100	21,100	63,100	-	0.0%
Other Expenses	15,850	2,621	19,500	16,250	27,550	8,050	41.3%
Memberships	1,200	652	1,400	1,050	1,900	500	35.7%
Training & Meetings	13,700	1,969	17,150	14,700	24,700	7,550	44.0%
Miscellaneous Other	950	-	950	500	950	-	0.0%
Total Expenses	\$612,429	\$708,361	\$1,232,151	\$887,499	\$989,020	(\$243,130)	-19.7%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Administrative Assistant	1.0	1.0	1.0
Administrative Services Supervisor	1.0	1.0	1.0
Operations Optimization Manager	-	1.0	-
Deputy General Manager of Engineering and Operations (Director of Operations)	1.0	1.0	1.0
Total	3.0	4.0	3.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Summer Student (Administrative Assistant)	1.0	1.0	1.0
Total	1.0	1.0	1.0

Budget Modifications and Contributions to Key Priorities

The Office of the Deputy General Manager of Engineering and Operations budget for FY 2023-24 is approximately \$1.0 million compared to prior year of \$1.2 million, reflecting a decrease of 19.7% from the prior year's budget. This decrease is primarily attributable to the transfer of one position Innovation and Optimization Program Manager to Operations Optimization Division and reclassified the title to Operations Optimization Manager. Salaries and Wages includes one temporary position being budgeted in the Office of the Director of Operations for a one Summer Student position.

Collection System Operations

OVERVIEW

This division is responsible for cleaning, maintaining, and repairing over 1,500 miles of collection sewers, trunk sewers and force mains in Central San’s vast collection system, as well as maintaining the recycled water distribution system. This division also includes an in-house vehicle shop, which is responsible for the maintenance of all Central San vehicles.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Responded to 84 customer service phone calls. *
- Received and cleared over 15,795 USA locating requests on time. *
- Continued to provide essential services with no interruption during the COVID-19 pandemic.
- Hosted, in conjunction with California Water Environment Association (CWEA), a training seminar to teach the Best Management Practices for collection system operations.



ENVIRONMENTAL STEWARDSHIP

- Responded to 12 sanitary sewer overflows. *
- Cleaned 390 miles of sewers. *
- Completed 8,922 work orders on schedule 99.2% of the time. *
- Performed 21% of all cleaning work on “hotspots.” *
- Closed circuit televised 51 miles of sewers. *



INFRASTRUCTURE RELIABILITY

- Completed 503 services on vehicles and equipment to maintain 100% uptime. *
- Optimized 1-, 2-, 3-, and 6-month cleaning schedules to dispatch staff more efficiently and clean sewers as needed to best prevent overflows.
- Converted cleaning schedules from routine to scheduled maintenance to ensure each line has a scheduled cleaning date.



INNOVATION AND OPTIMIZATION

- Began construction of demonstrators to show pipeline-cleaning tools in action and to show the proper methods of turning cleaning tools in manholes.
- Manhole Debris Catching Device received the Innovation of the Year award (first place) in Central San’s Innovations Fair. The catching device prevents debris from falling into the manhole channel which would require a confined space entry to remove the debris.

* (as of Q2)

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Average Onsite Response Time for Collection System Emergency Calls, During Working Hours	≤30.0 Minutes	21.20 Minutes		17.5 Minutes	
	Average Onsite Response Time for Collection System Emergency Calls, After Hours	≤40.0 Minutes	32.18 Minutes		38 Minutes	
	Average Customer Service Rating for Emergency Calls	≥3.8 out of 4.0	3.93 out of 4.0		4.0 out of 4.0	
	Sanitary Sewer Overflows	≤2.0 Spills per 100 Miles of Pipeline	1.63 Spills per 100 Miles of Pipeline		0.78 Spills per 100 Miles of Pipeline	
	Spills to Public Water	≤3	4		4	
	Spills Greater Than 500 Gallons	≤3	72% of spills were <500 gallons (FY 2020-22 Strategic Plan target was ≥95%)		4	
	Pipeline Cleaning QA/QC	On ≥4% of Pipelines Cleaned on an Annual Basis	3.24%*		3.21% in Q1 3.31% in Q2*	
	Pipeline Cleaning QA/QC Passing Rate	≥98%	95.85%*		95.1% in Q1* 96.43% in Q2*	
	Recycled Water Distribution System Maintenance Schedules Completed on Time	≥98%	100%		100%	
	Planned Collection System Preventative Maintenance Completed on Time	≥98%	98.86%		99.2%	
	Uptime for Vehicles and Equipment	100%	100%		100%	

* Performance may have been affected by modified working schedules to adhere to social distancing mandates due to COVID-19.

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 <p>Deliver High-Quality Customer Service</p>	<p>Continue to respond quickly to emergency calls both during and after work hours.</p>
 <p>Achieve Compliance in All Regulations</p>	<p>Continue to proactively and optimally clean sewers to prevent overflows.</p>
 <p>Identify and Advance Sustainability Initiatives, Including Reducing Energy Usage and Emissions</p>	<p>Continue to use alternative diesel fuels for CSO vehicles, resulting in cleaner emissions, reduced maintenance, and improved reliability.</p>
 <p>Maintain Financial Stability and Sustainability</p>	

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$7,025,730	\$7,105,799	\$7,474,111	\$7,617,494	\$7,659,032	\$184,921	2.5%
Employee Benefits	3,072,122	3,399,607	3,189,221	3,388,034	3,440,554	251,333	7.9%
Unfunded Liability Contributions	10,283	21,013	10,787	11,187	10,851	64	0.6%
Purchased Property Services	651,300	653,718	660,400	608,716	679,900	19,500	3.0%
Repairs & Maintenance	419,000	480,490	449,000	413,416	467,000	18,000	4.0%
Hauling & Disposal	50,000	16,252	29,800	21,100	30,300	500	1.7%
Security	-	2,156	4,100	1,700	4,100	-	0.0%
Rentals	78,500	74,019	78,500	78,500	78,500	-	0.0%
Cleaning	103,800	80,801	99,000	94,000	100,000	1,000	1.0%
Purchased Professional, Technical & Other Services	957,780	466,102	989,780	728,580	1,240,080	250,300	25.3%
Professional Services	7,700	6,746	7,700	7,000	7,500	(200)	-2.6%
Technical Services	912,080	424,020	912,080	655,080	1,165,080	253,000	27.7%
Other Purchased Services	38,000	35,336	70,000	66,500	67,500	(2,500)	-3.6%
Supplies & Materials	1,095,450	1,191,922	1,105,450	1,214,873	1,303,000	197,550	17.9%
Utilities & Fuel	415,700	776,187	500,700	716,000	767,000	266,300	53.2%
General Supplies	679,750	415,735	604,750	498,873	536,000	(68,750)	-11.4%
Other Expenses	52,700	31,276	50,300	46,284	58,500	8,200	16.3%
Memberships	17,200	16,428	15,700	14,934	15,900	200	1.3%
Training & Meetings	31,600	10,176	31,600	28,850	39,600	8,000	25.3%
Miscellaneous Other	3,900	4,672	3,000	2,500	3,000	-	0.0%
Total Expenses	\$12,865,365	\$12,869,438	\$13,480,048	\$13,615,167	\$14,391,917	\$911,868	6.8%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Administrative Assistant	3.0	3.0	3.0
Administrative Services Assistant	1.0	1.0	1.0
Collection System Operations Division Manager	1.0	1.0	1.0
Construction Equipment Operator	2.0	2.0	2.0
Lead Maintenance Crew Member	18.0	18.0	18.0
Maintenance Crew Member	19.0	20.0	20.0
Maintenance Planner	1.0	1.0	1.0
Maintenance Supervisor	5.0	5.0	5.0
Senior Engineer	1.0	1.0	1.0
Superintendent, Operations and Maintenance	1.0	1.0	1.0
Vehicle and Equipment Mechanic	3.0	3.0	3.0
Total	55.0	56.0	56.0

Budget Modifications and Contributions to Key Priorities

The Collection System Operations Division budget for FY 2023-24 is \$14.4 million, reflecting an increase of 6.8% over the prior year’s budget. While this operational division’s budget largely remained steady, the overall net increase was primarily driven by increases in known labor-related costs, including the agency-wide cost-of-living adjustment, as well as known step advancements for eligible employees. Purchased Professional, Technical and Other Services increased by 25.3% due to CCTV (“closed-circuit television” and is commonly known as a video surveillance technology for sewer pipelines) contracting services increasing. Supplies and Materials increased due to known Utilities and Fuel higher rates rising in California. Price increases have been driven by higher demand and tighter supplies within the region. Other Expenses category increased as employees return to in-person trainings and conferences.

Plant Maintenance

OVERVIEW

This division is divided into three main areas: the Treatment Plant Maintenance shops, the Pumping Stations Operations and Maintenance staff, and the Reliability Engineering (RE) staff. The Treatment Plant Maintenance shops are responsible for maintaining all mechanical, electrical, and instrumentation equipment and systems for the treatment plant, laboratory, and all facilities at the Martinez campus. The shops are also responsible for supporting the Pumping Stations operations. The five shops include: the Mechanical Maintenance shop, Machine shop, Electrical shop, Instrumentation shop, and the Buildings & Grounds shop. The maintenance division's reliability strategy development and execution is the key role of the Reliability Engineering (RE) staff. The strategy includes the planning and scheduling of daily work for all the shops and the major turnaround work for the plant systems and process equipment. The RE team also manages several service contracts and oversees the Asset Condition Management Program. The Pumping Stations workgroup operates and maintains the 18 pumping stations throughout the service area. The Plant Maintenance Division's aim is to be a high-performance team that maintains the treatment plant and pumping stations in an optimal state and to continuously improve overall maintenance effectiveness and asset reliability over the lifecycle of the asset.

FY 2022-23 Strategic Accomplishments



GOAL ONE

CUSTOMER AND COMMUNITY

- Won 2022 Uptime Award for Best Work Execution Program – the third Uptime Award received by the division in five years.



GOAL TWO

ENVIRONMENTAL STEWARDSHIP

- Monitored and managed Preventive Maintenance (PM) and Regulatory related work order schedule compliance.
- Maintained all equipment and systems to help achieve the NACWA Peak Performance Platinum Award for the 25th consecutive year.
- Continued ongoing tracking of energy usage.
- Began working with Pacific Gas and Electric (PG&E) on RAPIDS energy efficiency program.
- Continued to replace lighting and heating, ventilation, and air conditioning with newer, more efficient fixtures and equipment at the Martinez campus.



GOAL THREE

WORKFORCE DIVERSITY AND DEVELOPMENT

- Improved Mechanical Maintenance Technician Trainee Program by updating the training material, modifying the curriculum to better suit learning and development in the subject matter, and adding online learning modules through the TPC training database.
- Added new technical learning libraries content for the division staff (i.e., Electrical Technician content).
- Continued to utilize hands-on practical exams for Mechanical Maintenance Shop recruitments.
- Engaged with community and technical colleges' recruitment and program development.

- Hosted two Interns from Los Medanos College in the Mechanical Maintenance Shop as part of the Technical Trades Internship Program.
- Several staff have obtained certifications in infrared, thermography, ultrasound, and other technologies, as well as certifications as Mechanical, Electrical, and Instrument Technicians. Some gained Level I and Level II certifications in areas of asset condition monitoring (ACM) techniques, such as Machinery Lubrication Technician and Infrared Thermography.
- Seven staff members obtained Certified Reliability Leader certification.



SAFETY AND SECURITY

- Completed 29 safety work orders (as of 3/9/23).
- Helped install engineering controls to working areas such as plexiglass barriers, hand sanitizer dispensers, touchless faucets, and directional signage.
- Spearheaded daily systematic cleaning efforts to prevent the transmission of COVID-19.



INFRASTRUCTURE RELIABILITY

- Developed inspection templates for ACM program's condition-based and predictive-based technologies.
- Began identifying vulnerable assets related to climate change and developing mitigation measures.
- Completed 8 Don't Just Fix It; Improve It (DJFI) initiatives to increase maintenance effectiveness, lower costs, and increase equipment reliability (as of 3/9/23).
- Completed 48 Planner updates which include improvements to PM program such as updated asset information, improved standard operating procedures, and improvements to PM task effectiveness or efficiency (as of 3/9/23).
- Successfully maintained operation of all 18 pumping stations during operational events such as wildfires, extreme wet weather, and PG&E Public Safety Power Shutoff events.
- Attended a reliability-centered design workshop hosted by CWEA.
- Completed a root cause analysis on the hypochlorite system and primary tank flight system.
- Continued use of vibration monitoring, machine lubrication, fluid analysis, infrared imaging, and ultrasound testing for critical assets.
- Continued computerized maintenance management system setup for Pumping Stations Operations with a plan to pilot the system at the San Ramon Pumping Station.
- Continuously reviewed maintenance procedures and identified opportunities for improvement as part of the overall Maintenance strategy. This includes failure reporting and corrective action process for continuous improvement.
- Worked with Engineering in the pre-design, design, and construction stages to ensure procurement and correct installment of the latest, safest, most reliable equipment, and maintainable technology.
- Increased accessibility of Asset Management and RE information, including tracking DJFI initiatives, improving spares management, creating new workflows to the Cityworks maintenance system, adding job plans to GeoPortal, and creating links in GeoPortal to reliability analysis information and preventive and predictive maintenance program tasks based on asset identification.



INNOVATION AND AGILITY

- Successfully piloted a bar coding system for fixed plant assets, which is now being expanded to all fixed assets.
- Began pilot testing InfoAsset to replace InfoMaster to assist in the development of the prioritization model for vertical assets.
- Initiated transition of digitizing Operator routes from paper to electronic process (joint Mentorship Program project with CSO and Plant Operations staff).
- Obtained new ACM/maintenance tools and equipment to increase work efficiency (i.e., motion amplification tool and ultrasound tools).
- Continued the breaker overload testing program and winding analyzer program, which play a significant role in lowering equipment downtime costs, increasing reliability of equipment, increasing effectiveness of the motor management program, and enhancing acceptance testing of new or overhauled equipment.
- Continued to use dashboards to better monitor, analyze, and act on exceptions; the Asset Health Monitoring system based on asset condition inspections and ACM program analysis; and the updated asset handoff workflow which uses new engineering standards and enhances tracking of steps along the handoff workflow (i.e., UV and Furnace blower dashboards).
- Lead initiatives for continuous improvement:
 - Fabricated a heat exchanger tube flushing cart which recirculates chemicals to remove built up scale, making the exchanger more efficient.
 - Improved the return activated sludge pump by coating the pump shaft with ceramic for added corrosion resistance; modifying the belt guard for easier, safer access; and replacing V-Belts with more energy-efficient cog belts.
 - Installed arc-rated electrical disconnects by converting the washer compactor motors (in service and spares) to a quick disconnect type, to eliminate the need for an Electrical Shop call-out to swap out the mechanical portion of the unit.
- Continued level of service throughout the pandemic by rearranging work schedules, adding temporary facilities, and using social distancing measures.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
GOAL TWO	Regulatory Title V Work Orders Completed on Time	100%	97%*		100%	
GOAL FIVE	Safety-Prioritized Work Orders Completed on Time	100%	100%*		100%	
GOAL SIX	Planned Treatment Plant PM Completed on Time	≥90%	96%*		97%	
GOAL SEVEN	DJFI work orders completed	≥35 for FY 2021-22 ≥25 for FY 2022-23	13*		3*	

* Performance was affected by modified working schedules to adhere to social distancing mandates due to COVID-19.

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 <p>Reduce and Eliminate Risks of Injury or Illness</p>	<p>Continue to apply the latest arc-resistant switchgear with arc-quenching devices to make it safer for staff to operate and service electrical equipment.</p>
 <p>Manage Assets Optimally</p>	<p>Actively participate in all phases of asset lifecycles, including design, installation, operation, maintenance, and replacement planning.</p> <p>Commit to consistently perform the most effective maintenance tasks on equipment at the optimal frequency.</p> <p>Utilize a repeatable and comprehensive approach to maintenance that optimizes asset lifecycle based on reliability, cost, and criticality, including continuing to perform additional Reliability Centered Maintenance, Root Cause Analysis, PM Optimization analysis, and Defect Elimination initiatives on critical equipment and systems.</p> <p>Drive the development of the Asset Condition Management Program and integrate with analytics for earliest warning of equipment degradation.</p>
 <p>Implement Organization-Wide Optimization</p>	<p>Continue to work on Process and Technology Optimization (PTO) Strategic Plan and develop operational technologies such as the asset health monitoring system, asset handoff process and tracking system, online condition monitoring program, analytics enhancements, RE tools, data management ecosystem, and updated asset management plan.</p>

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$6,907,153	\$6,311,636	\$7,186,980	\$6,864,328	\$7,132,314	(\$54,666)	-0.8%
Employee Benefits	2,597,134	2,496,246	2,379,038	2,494,478	2,437,953	58,915	2.5%
Unfunded Liability Contributions	9,743	44,608	9,723	9,393	9,513	(211)	-2.2%
Purchased Property Services	2,499,300	2,140,793	2,868,050	2,480,553	2,596,100	(271,950)	-9.5%
Repairs & Maintenance	2,156,300	1,746,630	2,502,450	2,124,249	2,316,500	(185,950)	-7.4%
Hauling & Disposal	-	2,094	-	106	100	100	-
Security	3,300	-	-	313	-	-	-
Rentals	119,700	170,388	122,600	103,884	26,500	(96,100)	-78.4%
Cleaning	220,000	221,681	243,000	252,000	253,000	10,000	4.1%
Purchased Professional, Technical & Other Services	226,385	93,668	351,035	145,014	299,385	(51,650)	-14.7%
Professional Services	-	7,750	101,000	9,692	54,000	(47,000)	-46.5%
Technical Services	197,000	53,706	216,150	106,023	221,500	5,350	2.5%
Other Purchased Services	29,385	32,212	33,885	29,300	23,885	(10,000)	-29.5%
Supplies & Materials	2,512,050	1,765,400	2,479,700	1,947,529	2,254,700	(225,000)	-9.1%
Utilities & Fuel	609,150	585,347	611,000	604,000	611,000	-	0.0%
Chemicals	200,000	76,471	200,000	200,000	200,000	-	0.0%
General Supplies	1,702,900	1,103,583	1,668,700	1,143,529	1,443,700	(225,000)	-13.5%
Other Expenses	93,976	136,284	193,595	139,450	162,850	(30,745)	-15.9%
Memberships	15,101	9,754	16,595	12,191	13,200	(3,395)	-20.5%
Training & Meetings	77,075	53,145	153,000	82,595	125,650	(27,350)	-17.9%
Miscellaneous Other	1,800	73,385	24,000	44,664	24,000	-	0.0%
Total Expenses	\$14,845,741	\$12,988,634	\$15,468,121	\$14,080,744	\$14,892,814	(\$575,307)	-3.7%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Associate Engineer	1.0	1.0	1.0
Buildings and Grounds Supervisor	1.0	1.0	1.0
Electrical Shop Supervisor	1.0	1.0	1.0
Electrical Technician	4.0	5.0	5.0
Instrument Shop Supervisor	1.0	1.0	1.0
Instrument Technician	3.0	3.0	3.0
Lead Maintenance Crew Member	2.0	2.0	2.0
Machine Shop Supervisor	1.0	1.0	1.0
Machinist	2.0	2.0	2.0
Maintenance Planner	2.0	2.0	2.0
Maintenance Technician, Mechanical	9.0	9.0	9.0
Mechanical Supervisor	1.0	1.0	1.0
Painter	1.0	1.0	1.0
Plant Maintenance Division Manager	1.0	1.0	1.0
Plant Maintenance Superintendent	2.0	2.0	2.0
Pumping Stations Operator	6.0	6.0	7.0
Senior Engineer	1.0	1.0	1.0
Staff Engineer	1.0	1.0	1.0
Utility Systems Engineer	1.0	1.0	1.0
Utility Worker	6.0	6.0	6.0
Total	47.0	48.0	49.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Temporary Engineering Assistant	-	-	1.0
Temporary Maintenance Technician (Utility Worker)	2.0	3.0	1.0
Temporary Pumping Stations Operator	-	-	1.0
Summer Student (Laborer)	5.0	7.0	6.0
Intern	3.0	3.0	5.0
Total	10.0	13.0	14.0

Budget Modifications and Contributions to Key Priorities

The Plant Maintenance Division Budget directly addresses several of the principal issues facing Central San by optimizing the Maintenance Program to ensure that equipment and system reliability meets all safety, service level, and regulatory requirements. The division strives to continuously improve overall maintenance effectiveness and reliability over the lifecycle of an asset, including active participation in all phases of design, installation, operation, maintenance, and replacement planning.

The Plant Maintenance Operating Budget for FY 2023-24 is \$14.9 million, reflecting a decrease of 3.7% over the prior year's budget. Overall, labor costs remained fairly stable from prior year budget. Salaries and Wages increased due to one new FTE Pumping Stations (PS) Operator increasing the overall headcount of Central San. PS Operations currently has a clear pressing and critical need for an additional PS Operator. Current challenges include scheduling for the day-to-day coverage, standby coverage, secondary backup coverage, training for staff in the trainee program, cross training, and emergency response. Even with this addition, the total labor budget is lower than previous year's budget due to retirements.

The other primary driver for the decrease is overall, Plant Maintenance Division continues improvements to work on execution, effectiveness, and efficiency. These include several preventative maintenance (PM) plan optimizations, Don't Just Fix It Improvement, IT recommendations, and implementation of planner updates. Examples include modified PM tasks such as cake pump rebuild changed from 2,000 hours to 3,000 hours, replacement of blow out panels on the clarifiers, and replacement program for aeration stones on the Aeration Basins. TPMD is down to 3% reactive which helped to control and even reduce costs as well as better handling of supply change challenges. Improvements to our Asset Condition Management program has also helped lower costs. Examples include the use of ultrasound in steam trap inspections, repairs identified from the first survey identified 30+ units needing repair out of a total of 80+ units. Now, there are only a couple of steam traps needing repair each month and the work is planned. Additionally, staff have returned rental equipment used for the COVID prevention program. These include trailers and portable rest rooms and hand wash stations.

Plant Operations

OVERVIEW

This division operates and maintains Central San’s treatment plant in Martinez. The treatment plant has a permitted capacity of 53.8 million gallons per day (MGD) and cleans an average of 32.5 MGD, 2.5 MGD of which is further treated into recycled water and reused within the treatment plant and distributed to customers for non-potable uses.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Provided wastewater treatment service with no interruptions during the COVID-19 pandemic.



ENVIRONMENTAL STEWARDSHIP

- Maintained eligibility for the National Association of Clean Water Agencies (NACWA) Peak Performance Award Platinum status for the 25th consecutive year, recognizing 100% compliance with the wastewater discharge permit.



INFRASTRUCTURE RELIABILITY

- Assisted Engineering in the design, coordination, and construction of the Filter Plant and Clearwell Improvements, Phase 1A; Steam Aeration & Blower Systems Renovations; Aeration Basins Diffuser Replacement and Seismic Upgrades; Outfall Improvements, Phase 7; Ultraviolet (UV) Disinfection Replacement and Hydraulic Improvements; Plant Control System (I/O) Replacement; Piping Renovations – Phase 10; Wet Weather Basin Improvements; and Solids Handling Facilities Improvements, Phase 1A.



INNOVATION AND AGILITY

- Continued transition of digitizing Operator routes from paper to electronic process.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
 GOAL TWO	NPDES Compliance	Zero (0) Violations	Zero (0) Violations		Zero (0) Violations	
 GOAL TWO	Title V Compliance	Zero (0) Violations	1 Notice of Violation (NOV)*		Zero (0) Violations	
 GOAL TWO	Recycled Water Title 22 Compliance	Zero (0) Violations	**		Zero (0) Violations	
 GOAL TWO	Anthropogenic GHG Emissions (Per Calendar Year)	<25,000 Metric Tons (MT) CO ₂ e	23,837 MT CO ₂ e in Calendar Year 2021 On Track to Meet Target for Calendar Year 2022		Met Calendar Year 2022 Target Pre-verified total of 24,025 MT CO ₂ e	

* 1 Reportable Compliance Activity (RCA), 1 NOV for 3/17/22 Furnace 2 bypass, and 2 RCAs for 4/16/22 Cogen NOx monitor annual service and 5/25/22 Furnace 2 event related to power supply failure that caused a false bypass opening status (BAAQMD determined that it was not a violation).

** 3 days with recycled water 24-hour rolling average turbidity exceeding Title 22 requirements of 2 nephelometric turbidity units (NTU).

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 GOAL TWO Achieve Compliance in All Regulations	Maintain eligibility for the NACWA Peak Performance Award Platinum status.
 GOAL THREE Recruit from a Diverse Pool of Qualified Applicants Retain Skilled Workers by Investing in Resources and Opportunities for All Employees to Grow and Thrive	Perform succession planning successfully and appropriately staff the division to meet the challenges of any upcoming departures.
 GOAL FIVE Manage Assets Optimally	Continue to work with Engineering in the design, coordination, and construction of projects effecting the treatment plant.

Budget Overview by Expense Plant Operations

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$4,921,680	\$5,254,703	\$5,384,694	\$5,422,669	\$4,835,981	(\$548,714)	-10.2%
Employee Benefits	1,475,439	2,038,864	1,705,612	1,881,828	1,837,509	131,896	7.7%
Unfunded Liability Contributions	7,573	7,966	8,283	7,816	6,948	(1,335)	-16.1%
Purchased Property Services	374,000	312,475	608,500	432,000	456,500	(152,000)	-25.0%
Repairs & Maintenance	3,000	9,925	3,000	3,000	-	(3,000)	-100.0%
Hauling & Disposal	288,000	213,920	510,000	324,000	356,000	(154,000)	-30.2%
Rentals	5,000	6,728	3,500	7,000	5,500	2,000	57.1%
Cleaning	78,000	81,903	92,000	98,000	95,000	3,000	3.3%
Purchased Professional, Technical & Other Services	726,829	329,017	766,000	638,500	671,500	(94,500)	-12.3%
Professional Services	5,129	4,148	6,000	2,000	1,000	(5,000)	-83.3%
Technical Services	5,000	-	5,000	5,000	-	(5,000)	-100.0%
Other Purchased Services	716,700	324,870	755,000	631,500	670,500	(84,500)	-11.2%
Supplies & Materials	4,800,500	6,147,375	6,353,500	7,549,100	8,772,000	2,418,500	38.1%
Utilities & Fuel	3,355,000	4,561,036	4,320,000	5,598,000	6,255,000	1,935,000	44.8%
Chemicals	1,326,000	1,574,491	1,894,000	1,915,000	2,478,000	584,000	30.8%
General Supplies	119,500	11,848	139,500	36,100	39,000	(100,500)	-72.0%
Other Expenses	44,580	28,996	45,000	30,134	29,700	(15,300)	-34.0%
Memberships	10,330	7,639	11,000	9,534	8,000	(3,000)	-27.3%
Training & Meetings	32,500	19,602	32,500	15,200	18,700	(13,800)	-42.5%
Miscellaneous Other	1,750	1,754	1,500	5,400	3,000	1,500	100.0%
Total Expenses	\$12,350,601	\$14,119,396	\$14,871,590	\$15,962,047	\$16,610,137	\$1,738,547	11.7%

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Plant Operations Division Manager	1.0	1.0	1.0
Plant Operations Superintendent	1.0	1.0	1.0
Plant Operations Training Coordinator	1.0	1.0	1.0
Plant Operator	6.0	7.0	10.0
Senior Engineer	1.0	1.0	-
Senior Plant Operator	12.0	14.0	11.0
Shift Supervisor	7.0	7.0	7.0
Utility Systems Engineer	2.0	3.0	-
Total	31.0	35.0	31.0

Budget Modifications and Contributions to Key Priorities

The Plant Operations Division provides Central San staff with the resources necessary to continue to meet or exceed regulatory requirements and optimize operations to work cost-effectively. The Plant Operations Division Budget for FY 2023-24 is \$16.6 million, reflecting a significant increase of \$1.7 million or 11.7% increase over the \$14.9 million budgeted in FY 2022-23. Salaries and Wages decreased due to the transferring of four positions in Process Control that included one Senior Engineer and three Utility Systems Engineers to the Operations Optimization Division. The Purchased Property Services category overall decreased due to fewer Hauling and Disposal services planned. Supplies and Materials overall increased by 38%

This increase is largely attributable to increases in the Utilities & Fuel and Chemicals categories. The budgeted increase in Utilities & Fuel pertains to volatility in energy and gas prices driven by inflation, supply chain issues arising from the pandemic, as well as the Russia-Ukraine crisis. The budgeted increase in Chemicals is attributable to commodity price increases in bids for hypochlorite which are similar reasons as Utilities & Fuel increases.

Operations Optimization

OVERVIEW

This division has broad responsibilities for all Central San-wide optimization efforts. This includes business processes optimization in all departments, including the optimization of processes, project workflow and delivery in the Administration and Engineering Departments. This broader scope is targeted to advance the overall business and decision support processes to improve efficiencies and effectiveness in all dimensions of performance across Central San. The second focus area is within the Operations Department. This effort is focused on the improvement of existing operations and the development of new and innovative programs, projects, and training activities that significantly improve operating performance and efficiencies of Central San's treatment plant, wastewater collection system, pumping stations, and water reuse distribution system. This division oversees the Process Control/Control Systems group that designs and manages Supervisory Control and Data Acquisition (SCADA) and Program Logic Controller (PLC) systems across the treatment plant and pumping stations; it also oversees the Asset Management Group that manages the geographic information systems (GIS) and computerized maintenance management systems (CMMS) used by staff and the public.

FY 2022-23 Strategic Accomplishments



CUSTOMER AND COMMUNITY

- Provided tools and training for the Communication Services workgroup to develop the Iron Horse Trail Story Map to communicate the story of how wastewater flows through the service area.
- Provided tools to prioritize maintenance access hole cover replacements in high foot traffic areas.



ENVIRONMENTAL STEWARDSHIP

- Developed Cityworks Title V Instrument Work Order Report, which is being used by the Regulatory Compliance group. The report is to ensure all instruments used to demonstrate compliance with Title V requirements are being routinely calibrated. Prior to implementation, staff would need to look up 20 different Work Orders individually 2-3 times/year, but the data can now be retrieved in under a minute and presented in a concise, presentable way.
- Developed a map layer and associated web map for the Environmental Compliance group using data derived from their Structured Query Language (SQL) Server database.
- Developed processes to automatically find new businesses entered into the SQL Server database and create corresponding locations in the map layer. Environmental Compliance can use the web map to perform QA/QC on the business location points and adjust locations as needed. The map layer can be added to Central Portal to make it easier to identify businesses that are inspected by Environmental Compliance.



WORKFORCE DIVERSITY AND DEVELOPMENT

- Cross training staff with creating feature manipulation engine (FME) workbench to bulk-reserved assets for the Solids Handling Facility Improvements, Phase 1A Project.
- Staff received Adobe Certified Professional with ColdFusion certification.
- Staff presented at the various state and national conferences; FME World Tour, California Water Environment Association (CWEA), American Water Summit, and International Maintenance Conferences.



GOVERNANCE AND FISCAL RESPONSIBILITY

- Developing a project prioritization scoring system to rank treatment plant, collection systems, and general improvement projects collaboratively with key project stakeholders.



SAFETY AND SECURITY

- Began phase 3 of the Sewer Structure Inventory to include easement areas and private parcels. Previously completed review of accessible structures in public right of way for maintenance access hole and cleanout conditions, locations in bike lane, road type, and whether there are any structural issues needing immediate attention and recommending to Collection System Operations (CSO) for review.



INFRASTRUCTURE RELIABILITY

- Completed the Asset Management Plan.
- Provided training and custom CMMS development to assist Treatment Plant Maintenance staff with transferring Pumping Stations Operations preventative maintenance work orders to CMMS.
- Completed review/cleanup/import of previous contractor ProPipe's data from 2021 and revamped ITpipes Contractor portal services/synching for new contractor.
- Developing a long-term biosolids management strategy as part of Solids Handling Facility Improvements, Phase 2 Project to identify drivers for beginning design and construction of a greenfield after existing multiple hearth furnaces reach the end of their useful life.
- Completed plan and provided field support for the first aeration system shutdown since the 1980s. The shutdown was required to install valves for the Electric Blower Improvements Project and provided an opportunity to inspect 72-inch buried aeration air piping and anaerobic selector channel gates.
- Completed equipment pre-selection for the Ultraviolet (UV) Disinfection Replacement Project and UV Hydraulic Improvement Project. The new UV system will be installed as part of a capital project in progress.
- Completed Laboratory Roof and Seismic Upgrades Project to replace the leaking roof that had reached the end of its useful life and seismically strengthened specific areas in the lab building. Laboratory remained operational throughout construction.

- Continued ongoing development of detailed control system design document resulting in standard wiring, documentation, and SCADA screens across all capital projects. Historical lack of standards has resulted in disparate installations which have made maintenance and troubleshooting significantly more challenging.
- Resumed Lab Cityworks implementation getting all supporting equipment, including pipettes and instruments, into Cityworks rather than managing them in spreadsheets.
- Piloted asset barcode project by initially installing metal asset barcode on 100 assets. Plant Maintenance staff will install 1,400 asset barcode tags beginning at Headworks.
- Replaced the primary effluent (PE) 3 pump vibration system with networked system. Wiring was greatly simplified, and system now matches PE pumps 1 and 2.
- Upgraded PLC program version control software, including adding all pumping station programs to the system to track program changes and enabling a “check-out” system.
- Drastically improved reliability of Pumping Station SCADA System through a series of program cleanup efforts and upgrades, resulting in meaningful time savings for Pumping Stations and IT staff.



INNOVATION AND AGILITY

- Upgraded Headworks, Moraga, Crossroads, Cogen continuous emissions monitoring (CEM), and Concord Metering PLC programs from 1980s-era software to modern software.
- Deployed Treatment Plant Wi-Fi network and SCADA tablets; Operations and Maintenance staff can now view real-time plant data while in the field.
- Implemented Smart Motor Control Centers (MCCs) at variable frequency drives (VFDs) at the Headworks. Performance metrics such as power and pump efficiency are available, so real-time data driven decisions are being made by operators.
- Rolled out digital round sheets on Dynac. Operators no longer need to enter rounds data using paper and clipboard.
- Started up first valve actuator with ethernet communication. Resulted in greatly simplified wiring and serves as a template for future actuator installations.
- Implemented high performance graphics at three pumping stations. Screens are tailored for intuitive, information-driven interfaces.
- Collaborated with the Operations Department to redistribute more aeration air to the first half of each aeration tank. This has improved and stabilized effluent water quality which helps avoid the need to temporarily store and retreat effluent and makes UV disinfection and filter plant operation more efficient.
- Initiated Aquasight pilot to test their Apollo program for two existing treatment plant processes. The project will evaluate the program’s ability to provide real time performance insights using artificial intelligence.

- Developed a UV Dashboard pulling data from runtime hours from SCADA historian and Oracle Warehouse. To change the lamps for the UVs, staff's current workflow consists of a binder with hand-written notes and manual cross-referencing warehouse stock availability. The paper process has been hindered by current supply chain issues due to the global pandemic. Staff will know when to pre-plan maintenance activity based on digital gauge readers on the dashboard and evaluate lamp sleeves and count of availability based on the indicators.
- Developed a dashboard in collaboration with Treatment Plant Mechanical Maintenance Shop to develop trending information from bearing temperature and sound inspections for furnace blowers.
- Began migrating sewer and recycled water asset registry into Esri's Utility Network due to software deprecation, phase out with support ending March 1, 2026. The new data model will accurately model real-world assets with greater detail and building in data rules for real-time enforcement of data quality.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Improved process monitoring or performance reporting	≥3 control loops	N/A – not a metric in the FY 2020-22 Strategic Plan		*	
	Completed optimizations	≥20	20		22	

*Operations Optimization Manager was on-boarded, but with the departure of the Director of Operations, the development of control loops will be put on hold to pursue other priorities related to the optimization effort.

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objective for FY 2023-24
 <p>Maintain Financial Stability and Sustainability</p>	<p>Further refine capital improvements project prioritization process by incorporating stakeholder comments through one or more workshops.</p>
 <p>Execute Long-term Capital Renewal and Replacement Program</p>	<p>Complete Solids Handling Phase 2 Evaluation to identify long term solids management strategy for Central San over the next 30 years.</p>
 <p>Leverage Data Analytics to Become a More Efficient Utility</p>	<p>Finish Lab Cityworks implementation to place records of maintenance and repair for lab equipment, schedule routine maintenance and calibration and receive notification when something is due, automatically run an annual maintenance report for each piece of equipment/instrument, link equipment manuals from Laserfiche.</p>
 <p>Implement Organization-Wide Optimization</p>	<p>Develop odor control facility plan to improve equipment reliability and performance while identifying long-term operations and maintenance cost savings opportunities.</p> <p>Identify and implement process efficiency improvements in a holistic way to improve system performance in anticipation for upcoming capital projects on key process areas.</p> <p>Develop program to improve cross-training across work groups to provide staff the opportunity to develop new skill sets to support long-term succession planning.</p> <p>Develop Cityworks training checklist to add to Plant Maintenance Division's Training and Development Checklists for crafts, such as for Maintenance Technical or Machinist Training.</p> <p>Finish sewer and recycled water data migration from the Geometric Network to Utility Network.</p> <p>Begin another round of asset barcodes, this time, in Secondaries and UV.</p> <p>Begin developing the Asset Registry for Treatment Plant Piping Underground Utility.</p> <p>Pilot Asset Health/Condition Monitoring Technology Tool.</p> <p>Begin Asset Handoff Tracking and Monitoring Tool.</p> <p>Select SCADA system to be deployed over the next 10 years at the Treatment Plant and Pumping Stations.</p> <p>Replace waste heat boiler (WHB) control systems with a stand-alone PLC based controller.</p>

Goal/Strategy	Objective for FY 2023-24
 <p>Implement Organization-Wide Optimization</p>	<p>Complete design for obsolete PLC hardware and software replacement in the Pump and Blower Building.</p> <p>Work with IT to virtualize SCADA servers to simplify backup and restoration and ease future hardware related upgrades.</p>

Budget Overview by Expense Category

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$-	\$-	\$-	\$-	\$ 1,592,765	\$1,592,765	-
Employee Benefits	-	-	-	-	133,235	133,235	-
Unfunded Liability Contributions	-	-	-	-	1,994	1,994	-
Purchased Property Services	-	-	-	-	2,000	2,000	-
Repairs & Maintenance	-	-	-	-	2,000	2,000	-
Purchased Professional, Technical & Other Services	-	-	-	-	13,000	13,000	-
Technical Services	-	-	-	-	13,000	13,000	-
Supplies & Materials	-	-	-	-	23,130	23,130	-
General Supplies	-	-	-	-	23,130	23,130	-
Other Expenses	-	-	-	-	39,425	39,425	-
Memberships	-	-	-	-	4,425	4,425	-
Training & Meetings	-	-	-	-	34,500	34,500	-
Miscellaneous Other	-	-	-	-	500	500	-
Total Expenses	\$-	\$-	\$-	\$-	\$1,805,549	\$1,805,549	-

Personnel Requirements

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Asset Management Program Administrator	-	-	1.0
Associate Engineer	-	-	1.0
Engineering Assistant	-	-	1.0
GIS Analyst	-	-	2.0
Operations Optimization Manager	-	-	1.0
Senior Engineer	-	-	1.0
Utility Systems Engineer	-	-	3.0
Total	-	-	10.0

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Temporary Field Technician	-	-	1.0
Temporary Staff Engineer	-	-	1.0
Interns	-	-	4.0
Summer Students	-	-	1.0
Total	-	-	7.0

Budget Modifications and Contributions to Key Priorities

The Operations Optimization Division provides Central San staff with the resources and support to efficiently optimize operations to work cost-effectively. The Operations Optimization Division Budget for FY 2023-24 is \$1.8 million. This is a new division that assumed several positions from the Planning and Development Services Division Asset Management Program and Plant Operations Division Process Controls positions will be transferred for FY 2023-24 (see Personnel Tables above). These transfers between divisions are reflected in the Salaries and Wages category, along with increases from agency-wide cost-of-living adjustment and step increases for those who are eligible. Other Expenses category for trainings and meetings increased, now that in-person training and conferences have resumed.

Recycled Water Program

OVERVIEW

The Recycled Water Program reflects Central San's continued efforts to leverage Central San's treated wastewater to augment the region's water supply. Central San began to separately track the Recycled Water Program financials in FY 2016-17, and staff continues to work to accurately budget the anticipated expenses and revenues. This program draws resources from several divisions to provide support for the production and distribution of recycled water to Zone 1 commercial and municipal customers through pipelines, construction contractors through hydrants and a truck fill station, and residential customers through the Residential Fill Station operated out of the Household Hazardous Waste Collection Facility. This program also includes planning and regulatory support for the existing system and planned expansions, including the Refinery Recycled Water Exchange Project and discussions with other regional water districts (including EBMUD and SFPUC), a Satellite Water Recycling Facility and the Concord Community Reuse Project (the redevelopment of the Concord Naval Weapons Station).

FY 2022-23 Strategic Accomplishments



ENVIRONMENTAL STEWARDSHIP

- Continued leading the Refinery Recycled Water Exchange Project to augment the region's water supply.
- Began talks with San Francisco Public Utilities Commission (SFPUC) as a potential partner in the Refinery Recycled Water Exchange Project.
- Fully executed a Central San-East Bay Municipal Utility District Recycled Water Opportunities Memorandum of Understanding (MOU) and completed a Work Plan.
- Met with City of Concord and the Concord First Group to continue moving forward the Concord Community Reuse Project.
- Continued discussions with Diablo Country Club regarding a potential satellite water recycling facility on their site.
- Developed Guiding Principles for Satellite Water Recycling Facility Projects for Board approval.
- Continued collaborating with Contra Costa Water District (CCWD) and Valley Water to complete a Preliminary Feasibility Evaluation of the Refinery Recycled Water Exchange Project as agreed upon in the MOU between the three agencies.
- In response to interest from several cities in Central San's service area, completed an evaluation to determine the most cost-effective way to provide recycled water to portions of the cities of Walnut Creek, Lafayette, Orinda, and the town of Moraga.
- Co-hosted a Recycled Water Townhall in Lafayette.
- Continued working with CCWD and the City of Concord to plan for recycled water usage at the Concord Community Reuse Project.
- Distributed approximately 224 million gallons of recycled water to Zone 1.
- Distributed approximately 5.5 million gallons of recycled water through the Commercial Truck Fill Program.
- Distributed approximately 5.1 million gallons of recycled water through the Residential Fill Station.

FYs 2021-23 Strategic Targets and Performance

Goal	Metric	Target	FY 2021-22 Performance		FY 2022-23 Performance as of Q2	
	Recycled Water Title 22 Compliance	Zero (0) Violations	*		Zero (0) Violations	
	Gallons of Recycled Water Distributed to External Customers	≥240 Million Gallons	227.5 Million Gallons**		119.6 Million Gallons**, ***	

* 3 days with recycled water 24-hour rolling average turbidity exceeding Title 22 requirements of 2 nephelometric turbidity units (NTU).
 ** Performance may have been affected by Residential Recycled Water Fill Station closures during the FY.
 ***The irrigation season typically grows in April and peaks in July, so this reported figure not only omits future Q3 usage but also omits a potentially significant amount of future Q4 usage (April to June), during which the FY target of ≥240 million gallons should be reached.

FY 2023-24 Strategic Objectives

In the coming fiscal year, this division will play a major part in supporting Strategic Plan Goals and Strategies through the following objectives:

Goal/Strategy	Objectives for FY 2023-24
 Support Regional Development of Local Water Supply	Continue working with Bay Area water agencies to advance the development of large, recycled water projects, such as the Refinery Recycled Water Exchange Project and/or a Potable Reuse Project .
	Collaborate with EBMUD to complete the requirements in the joint recycled water MOU, including a potable reuse study.
	Continue collaborating with DERWA to divert wastewater from Central San to DSRSD to produce recycled water to meet DERWA’s peak summer irrigation demand and supply recycled water to the southern portion of Central San’s service area.
	Continue to support the development of a Satellite Water Recycling Facility at Diablo Country Club , as needed.
	Continue working with CCWD and the City of Concord to plan for recycled water usage at the Concord Community Reuse Project .

**Budget Overview by Program and Expense Category
Treatment (including Residential Fill Station, Satellite Water Recycling Facility)**

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$223,600	\$220,975	\$250,500	\$255,100	\$362,700	\$112,200	44.8%
Employee Benefits	158,900	156,930	170,500	173,600	245,200	74,700	43.8%
Purchased Property Services	3,000	1,183	3,000	-	-	(3,000)	-100.0%
Repairs & Maintenance	3,000	1,183	3,000	-	-	(3,000)	-100.0%
Other Purchased Services	102,000	7,018	109,018	3,483	109,000	(18)	0.0%
Professional Services	1,000	7,018	8,018	2,483	8,000	(18)	-0.2%
Technical Services	101,000	-	101,000	1,000	101,000	-	0.0%
Supplies & Materials	333,000	327,237	429,000	326,000	455,800	26,800	6.2%
Utilities & Fuel	175,000	157,854	175,000	175,000	171,800	(3,200)	-1.8%
Chemicals	156,000	169,383	252,000	150,000	282,000	30,000	11.9%
General Supplies	2,000	-	2,000	1,000	2,000	-	0.0%
Other Expenses	28,200	14,663	28,200	26,014	28,200	-	0.0%
Memberships	21,600	14,663	21,600	19,414	21,600	-	0.0%
Trainings & Meetings	6,600	-	6,600	6,600	6,600	-	0.0%
Total	\$848,700	\$728,007	\$990,218	\$784,196	\$1,200,900	\$210,682	21.3%

Distribution (including Residential Fill Station, Satellite Water Recycling Facility)

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Salaries & Wages	\$308,000	\$214,880	\$378,620	\$294,500	\$383,000	\$4,380	1.2%
Employee Benefits	218,700	123,106	194,979	105,226	206,434	11,455	5.9%
Purchased Property Services	23,000	5,257	-	751	1,500	1,500	-
Repairs & Maintenance	23,000	5,257	-	751	1,500	1,500	-
Other Purchased Services	180,200	59,624	118,700	11,570	114,270	(4,430)	-3.7%
Professional Services	72,000	35,389	72,000	11,570	82,570	10,570	14.7%
Technical Services	105,000	24,235	45,000	-	30,000	(15,000)	-33.3%
Other Services	3,200	-	1,700	-	1,700	-	0.0%
Supplies & Materials	22,600	5,625	9,700	400	13,700	4,000	41.2%
General Supplies	22,600	5,625	9,700	400	13,700	4,000	41.2%
Other Expenses	9,550	-	5,000	-	5,000	-	0.0%
Trainings & Meetings	8,550	-	4,500	-	4,500	-	0.0%
Miscellaneous Other	1,000	-	500	-	500	-	0.0%
Total	\$762,050	\$408,491	\$706,999	\$412,447	\$723,904	\$16,905	2.4%

Total Recycled Water

Account Description	FY 21-22 Budget	FY 21-22 Actual	FY 22-23 Budget	FY 22-23 Projection	FY 23-24 Budget	Budget to Budget Variance (\$)	Budget to Budget Variance (%)
Total	\$1,610,750	\$1,136,499	\$1,697,217	\$1,196,643	\$1,924,804	\$227,587	13.4%

Personnel Requirements

Several divisions support the Recycled Water Program. Personnel for the Recycled Water Program are shown in their respective divisions and total 2.0 full time equivalents. A portion of their labor costs, as appropriate to their time spent on the program, are included in the Recycled Water Budget. In addition, the budget includes funding for two temporary staff to operate the Residential Fill Station and one intern to support recycled water planning.

Regular Status Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2022-23
Program Manager	0.6	0.6	0.6
Engineering and Technical Services*	0.9	0.9	1.0
Operations Department*	1.3	1.3	1.3
Total	2.8	2.8	2.9

*FTE count presented is calculated using split estimates from several employees. The estimated FTE allocation presented is for cost allocation purposes only and is not included in the total FTE counts presented in Tables 11 or 12 for budgetary position control purposes.

Temporary Employees	FY 2021-22 Year-End Actual	FY 2022-23	FY 2023-24
Fill Station (Seasonal)Temporary	3.0	1.0	5.0
Intern	1.0	0.5	-
Total	4.0	1.5	5.0

Budget Modifications and Contributions to Key Priorities

The Recycled Water Program helps Central San address several of the challenges presented by the environment in which it operates. These challenges include the need for all water sector agencies in the arid west to play a role in maintaining a sustainable water supply, with recent drought experiences, and the continuing effects of climate change. The program also addresses the increased focus on resource recovery in the wastewater industry.

The Recycled Water Program Operating Budget for FY 2023-24 is \$1.9 million compared to FY 2022-23 \$1.7 million, reflecting an increase of 13.4% over the prior year. The increase is primarily driven by labor-related costs, which are increasing pursuant to increases in time expected to be spent on recycled water initiatives and activities during FY 2023-24, specifically by the Program Manager and Plant Operations and Maintenance staff. The Chemicals budget increase is attributable to a projected increase in hypochlorite costs.

Financial Summary for Recycled Water Program

Recycled Water Expense Summary	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Budget to Budget Variance	% Variance
O&M						
Filter Plant	\$728,007	\$990,218	\$784,196	\$1,200,900	\$210,682	21.3%
Distribution System	408,491	706,999	412,447	723,904	16,905	2.4%
O&M Subtotal	1,136,498	1,697,217	1,196,643	1,924,804	227,587	13.4%
Capital						
Filter Plant	6,815,950	7,850,000	7,241,776	500,000	(7,350,000)	-93.6%
Distribution System	109,673	365,000	54,213	318,000	(47,000)	-12.9%
Capital Subtotal	6,925,623	8,215,000	7,295,989	818,000	(7,397,000)	-90.0%
Grand Total	\$8,062,121	\$9,912,217	\$8,492,632	\$2,742,804	(\$7,169,413)	-72.3%

Recycled Water Revenue Summary	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Budget to Budget Variance	% Variance
Zone 1 Revenue	\$545,048	\$445,000	\$500,000	\$515,000	\$70,000	15.7%
Concord Reimbursement	2,480,644	3,095,537	2,579,052	810,350	(2,285,187)	-73.8%
Revenue Received Subtotal	3,025,692	3,540,537	3,079,052	1,325,350	(2,215,187)	-62.6%
Value of Plant Utility Water ¹ (Central San Share)	894,272	986,290	986,290	1,014,809	28,519	2.9%
Additional Funding from Annual SSC	4,142,157	5,385,390	4,427,290	402,645	(4,982,745)	-92.5%
Implied Revenue Subtotal	5,036,429	6,371,680	5,413,580	1,417,454	(4,954,226)	-77.8%
Total Combined Revenue	\$8,062,121	\$9,912,217	\$8,492,632	\$2,742,804	(\$7,169,413)	-72.3%

¹ Considered a wastewater cost and funded by Central San SSC value based on Zone 1 (class 1) rate.

Recycled water rates charged to Zone 1 have a proposed 3% rate increase for FY 2023-24. The budget decrease in FY 2023-24 is primarily attributable to the wind-down of the large Filter Plant project, resulting in both a significant reduction in budgeted capital outlays, as well as a corresponding decrease in estimated reimbursement revenue from the City of Concord for its proportional share.

The \$0.8 million reimbursement from the City of Concord and the \$0.5 million from Zone 1 are the only actual revenues for recycled water. The revenue table has been revised to showcase the value of the utility water, which is used in lieu of purchasing potable water, to facilitate treatment operation processes. Central San does not charge itself for this utility water, but tracks consumption. Additional funding from sewer service charges are used to show the remaining implied revenue necessary to fully fund the recycled water program. Overall, the Recycled Water Program revenues have decreased in FY 2023-24, in conjunction with the decrease in program costs.

Self-Insurance Program

Central San has self-insured a portion of its liability and property risks since July 1, 1986, when the Board approved the establishment of the Self-Insurance Fund (SIF). Central San currently self-insures general and auto liability risks up to \$500,000 per occurrence and purchases a \$15 million excess liability insurance policy above that retention.

At this time, Central San does not purchase insurance coverage for earthquake or flood losses because insurance programs currently available in California are very expensive for the scope and limits of coverage provided. As a result, Central San self-insures these risks.

Fund Allocation

In 1994, the Government Accounting Standards Board issued statement No. 10 (GASB-10) which established requirements on how public agencies must fund their self-insured risks. To ensure compliance with GASB-10, Central San restructured the SIF into three sub-funds. Each of the three sub-funds was established to pay for specific losses and expenses. In FY 2015-16, Sub-Fund B was retired and funds for its risks were transferred to Sub-Fund C.

Table 1 presents a recent financial history and projection of the SIF and shows the FY 2023-24 SIF Budget. The SIF revenue for FY 2023-24 is projected to be just over \$2.0 million and expenses are projected to be just under \$2.2 million, a difference of approximately \$0.1 million, which will be drawn down from the closing projected reserve balance on June 30, 2023, to result in projected closing net SIF reserve of \$9,000,000 on June 30, 2024. The budgeted revenues include a direct allocation of just under \$1.7 million of Sewer Service Charge Revenue. Prior to FY 2022-23, allocations to Self-Insurance were routed through the Operations and Maintenance (O&M) Fund to the SIF. However, that approach caused the reported aggregate budgets to overcount this allocation, which was included as an "expenditure" in the O&M fund, while the SIF also showed expenditures. Allocating Sewer Service Charge directly to the SIF avoids this issue.

Sub-Fund A: Actuarially-Based Risks

Sub-Fund A is used to pay general liability and auto liability claims and expenses within Central San's self-insured retention. Claims exceeding this retention are covered by a liability excess insurance policy that renews annually on July 1.

Under the requirements of GASB-10, risks that can be actuarially studied must be funded based on an actuarial study performed at least every two years. General liability and automobile liability risks are readily studied throughout the insurance and self-insurance industry to project funding levels for future losses. Central San obtained an actuarial review of its self-insured general liability and automobile liability loss data in August 2020, with losses through June 30, 2020. The next actuarial report will be performed in August 2022 using loss data through June 30, 2022.

The Board established a policy to maintain the Sub-Fund A reserve at three times the amount of Central San's self-insured retention. Thus, the current \$500,000 retention requires a \$1.5 million reserve. This reserve is used to pay claims and expenses throughout the year and is replenished the following fiscal year.

Table 2 shows budgeted revenue for FY 2023-24 of \$52,700 with expenses of \$505,000, resulting in expenses exceeding revenues by \$452,300. This difference will be transferred from Sub-Fund C to maintain the minimum reserve at \$1.5 million.

Sub-Fund B: Non-Actuarially-Based Risks

Sub-Fund B has been retired and all reserves for these risks were transferred to Sub-Fund C in FY 2015-16.

Sub-Fund C: Non-GASB-10 Risks

Sub-Fund C has historically covered the Risk Management Program expenses including insurance premiums, self-insured property losses, potential losses from uninsurable risks, and the costs of initiating claims and lawsuits against others. As noted above, this fund now includes reserves for non-GASB-10 risks and catastrophic losses.

During FY 2021-22, the Board increased the targeted level to \$7.5 million. This reserve is used to pay claims and expenses throughout the year and is replenished the following fiscal year. This fund also receives the allocation of SSC (previously, an annual O&M contribution) and then re-allocates funds needed to maintain the required reserve in Sub-Fund A.

Table 3 shows budgeted revenue for FY 2023-24 of \$1,964,352 with total expenses of \$1,655,000, resulting in revenues exceeding expenses by \$309,352. FY 2023-24 revenues includes an allocation of Sewer Service Charge of \$1,676,752 which is the amount necessary to close FY 2023-24 with the minimum policy-specified level of reserves of \$7.5 million.

Table 1 – SIF Summary Overview

Account Description	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget
Revenues					
Sewer Service Charge	\$1,576,419	\$1,576,419	\$1,662,101	\$1,662,101	\$1,676,752
SIF Allocation from O&M Fund	-	-	-	-	-
Insurance Allocation from Household Hazardous Waste	25,000	22,749	25,000	24,000	24,000
Subrogation Recovery	-	-	-	-	-
Investment Income	50,000	33,830	47,400	210,299	316,300
Total Revenue	1,651,419	1,632,998	1,734,501	1,896,400	2,017,052
Expenses					
Claims Adjusting	3,000	-	5,000	2,000	5,000
Insurance Consulting	7,000	-	5,000	7,000	-
Loss Payments	225,000	152,750	425,000	90,000	175,000
Legal Services	140,000	328,308	375,000	545,000	375,000
Technical Services	60,000	106,032	60,000	55,000	55,000
Insurance Premiums	850,000	1,053,213	1,300,000	1,200,000	1,550,000
Total Expenses	1,285,000	1,640,304	2,170,000	1,899,000	2,160,000
Revenue Over/(Under) Expenses	366,419	(7,306)	(435,499)	(2,600)	(142,948)
Projected Reserves *					
Beginning of Year	6,133,581	6,452,853	9,435,499	9,145,547	9,142,947
Reserves Transfer (O&M)	-	2,700,000	-	-	-
End of Year Projected Reserves	\$6,500,000	\$9,145,547	\$9,000,000	\$9,142,547	\$9,000,000
Allocated Reserves					
Actuarial Reserves-GASB-10 (Fund A)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Non-Actuarial Reserves-GASB-10 (Fund C)	5,000,000	7,645,548	7,500,000	7,642,948	7,500,000
Total Allocated Reserves	\$6,500,000	\$9,145,548	\$9,000,000	\$9,142,948	\$9,000,000

*Projected reserves may differ from actual reserves due to entries related to the accrual method of accounting

Table 2 – SIF – Sub-Fund A

Account Description	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget
Revenues					
SIF Allocation from O&M Fund	\$ -	\$-	\$ -	\$ -	\$ -
Subrogation Recovery	-	-	-	-	-
Investment Income	10,000	7,012	9,400	35,115	52,700
Total Revenue	10,000	7,012	9,400	35,115	52,700
Expenses					
Claims Adjusting	-	-	5,000	2,000	5,000
Loss Payments	150,000	145,933	350,000	75,000	100,000
Legal Services	100,000	327,207	350,000	520,000	350,000
Technical Services	50,000	73,927	50,000	50,000	50,000
Total Expenses	300,000	547,067	755,000	647,000	505,000
Revenue Over/(Under) Expense	(290,000)	(540,054)	(745,600)	(611,885)	(452,300)
Projected Reserves *					
Projected Reserves- Beginning of Year	1,157,797	1,500,000	1,500,000	1,500,000	1,500,000
Transfer from Sub-Fund C	632,203	540,054	745,600	611,885	452,300
Total Reserves Projected End of Year	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000

* Projected reserves may differ from actual reserves due to entries related to the accrual method of accounting.

Table 3 – SIF – Sub-Fund C

Account Description	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget
Revenues					
Sewer Service Charge	\$1,576,419	\$1,576,419	\$1,662,101	\$1,662,101	\$1,676,752
O&M Insurance Charge	-	-	-	-	-
Insurance Recovery from Household Hazardous Waste Partners	25,000	22,749	25,000	24,000	24,000
Subrogation Recovery	-	-	-	-	-
Investment Income	40,000	26,818	38,000	175,184	263,600
Total Revenue	1,641,419	1,625,986	1,725,101	1,861,285	1,964,352
Expenses					
Claims Adjusting	3,000	-	-	-	-
Insurance Consulting	7,000	-	5,000	7,000	-
Loss Payments	75,000	6,818	75,000	15,000	75,000
Insurance Premiums	40,000	1,101	25,000	25,000	25,000
Technical Services	10,000	32,104	10,000	5,000	5,000
Insurance Premiums	850,000	1,053,213	1,300,000	1,200,000	1,550,000
Total Expenses	985,000	1,093,237	1,415,000	1,252,000	1,655,000
Revenue Over (Under) Expense	656,419	532,749	310,101	609,285	309,352
Projected Reserves					
Beginning Reserves	4,975,784	4,952,853	7,935,499	7,645,548	7,642,948
Transfer (to) Sub-Fund A	(632,203)	(540,054)	(745,600)	(611,885)	(452,300)
Reserves Transfer (O&M)	-	2,700,000	-	-	-
Total Reserves Projected End of Year	\$5,000,000	\$7,645,548	\$7,500,000	\$7,642,948	\$7,500,000

* Projected reserves may differ from actual reserves due to entries related to the accrual method of accounting.

Figure 1 – History of Revenue, Expense, and Reserve Balance

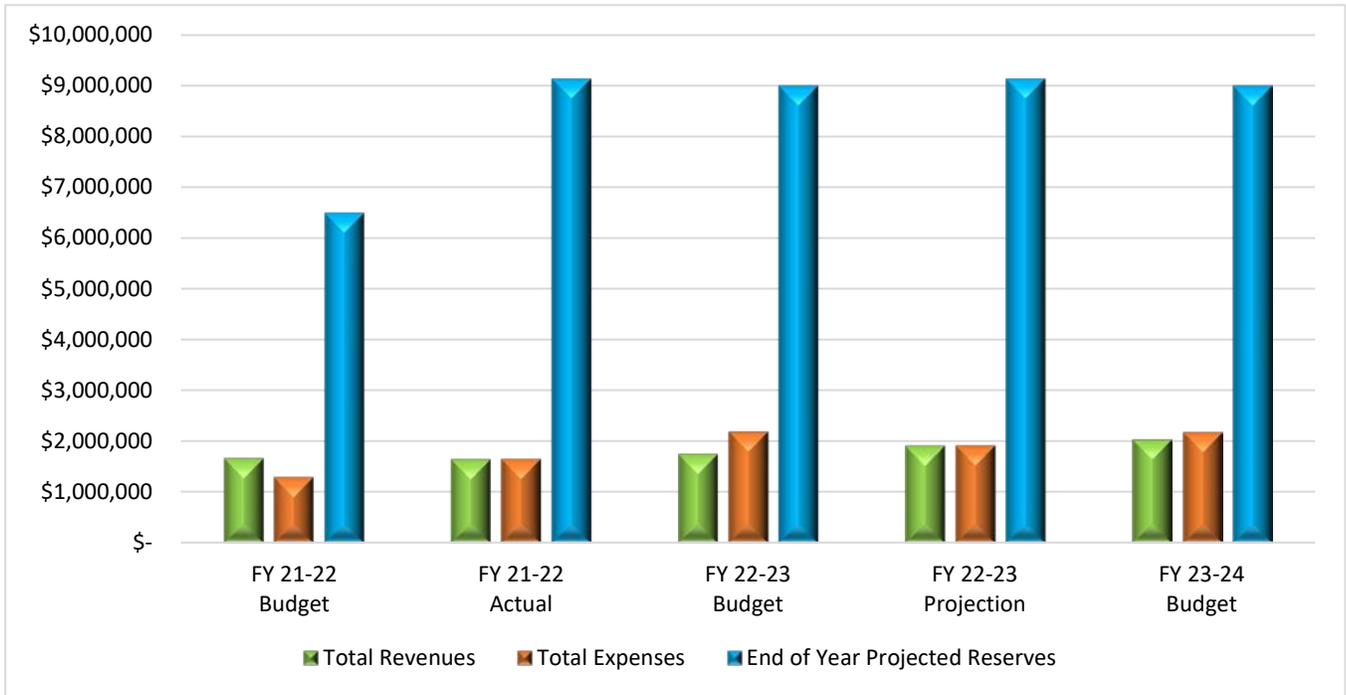


Figure 2 – History of Loss Payment and Insurance Premiums

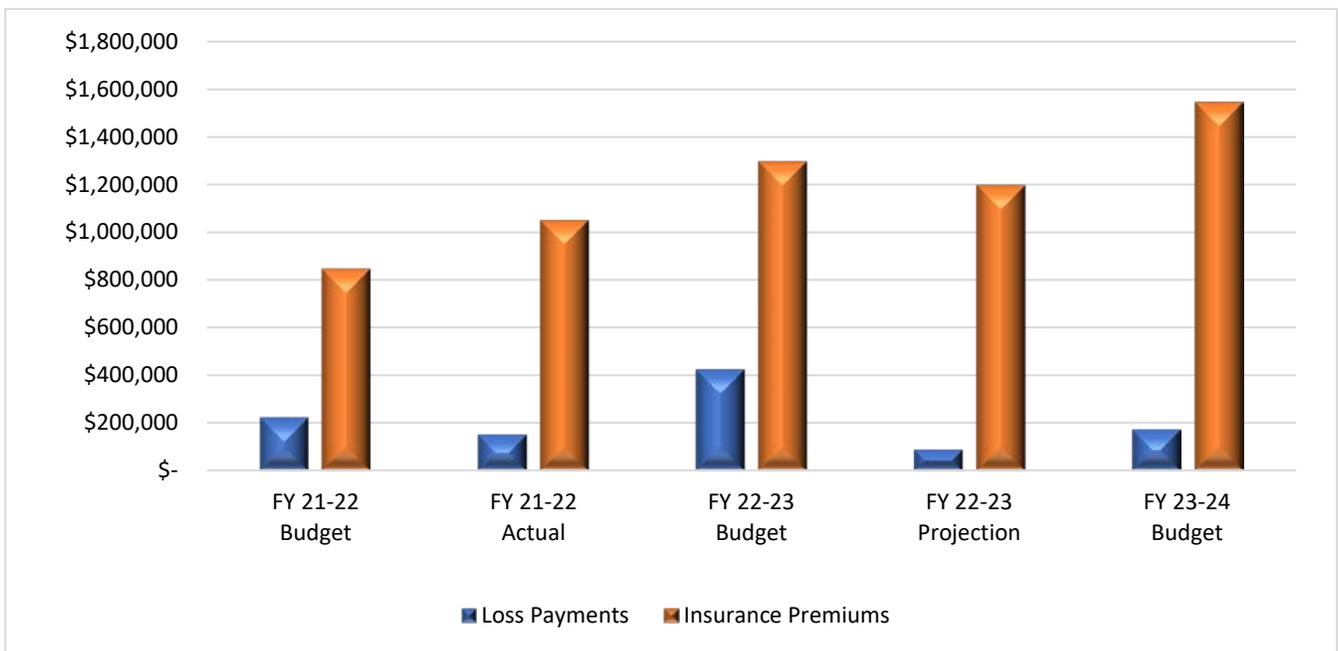
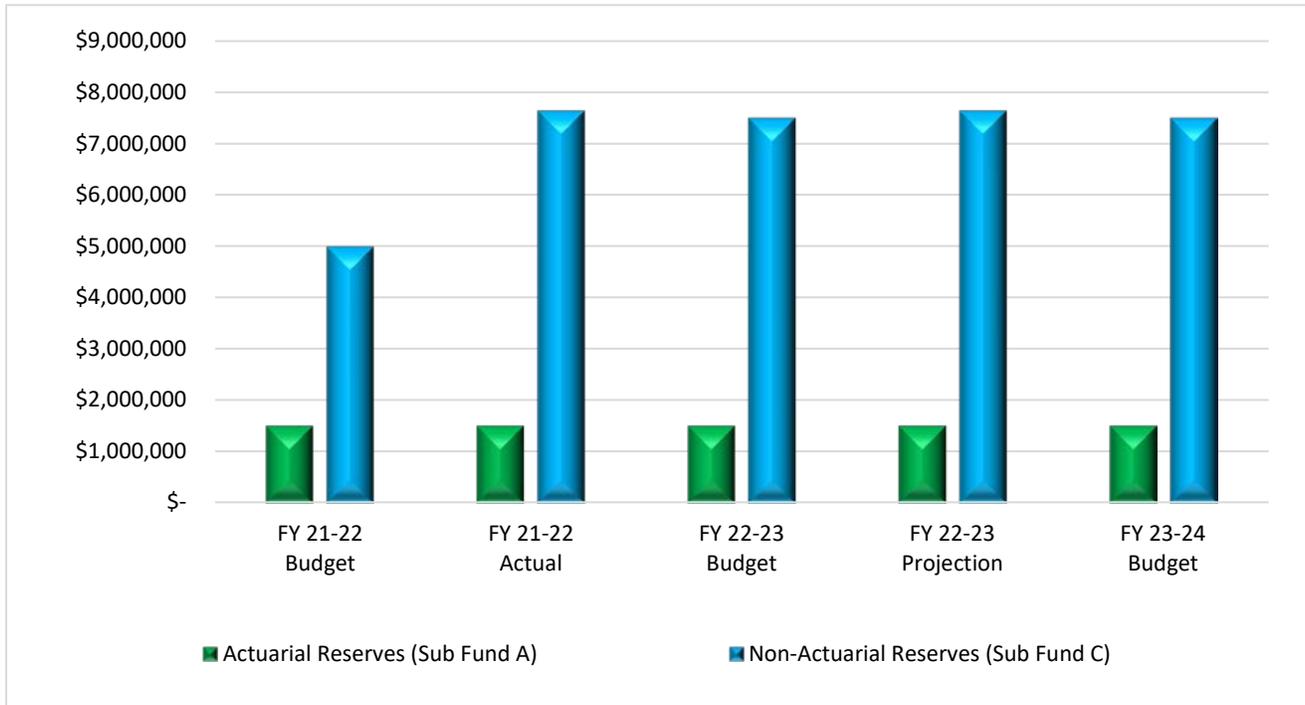


Figure 3 – Reserves by Sub-Fund



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Capital Improvement Program

OVERVIEW

Central San funds an extensive Capital Improvement Program (CIP) designed to preserve, maintain, and enhance Central San's assets; meet regulatory requirements; accommodate the community's needs; and protect public health and the environment. Capital improvements are construction or renovation activities that add value to Central San's fixed assets (pipelines, buildings, facilities, and equipment) or significantly extend their useful life.

Capital Expenditures Definition

Capital expenditures are cash outlays by Central San that result in the acquisition or construction of a capital asset. A capital asset is any asset of significant value, over \$5,000, that has a useful life expectancy of one year or more. Examples of capital assets include treatment plant renovations, collection system sewer replacements, equipment replacements, vehicle acquisitions, buildings, and land. Land is always considered a capital asset, regardless of value. All capital assets and improvements acquired or constructed are included in the CIP.

Capital Improvement Program Process

Annually, Central San updates its Ten-Year Capital Improvement Plan (Ten-Year CIP). The CIP identifies and prioritizes capital projects needed to accomplish Central San's Strategic Plan and provides the basis for project scheduling, staffing, and long-range financial planning. The CIP also serves as the framework for rate setting and decisions based on planned expenditures. The CIP undergoes several levels of review by Central San as detailed in the Ten-Year CIP section. Once a project is determined to be necessary, usually based on operational or maintenance needs or condition assessments, the project is listed in the Capital Improvement Budget (CIB). In addition, new or rescheduled projects may occur during any given year due to urgent requirements or unforeseen circumstances. These projects are referred to as new or contingency projects and are included in the CIB as needed.

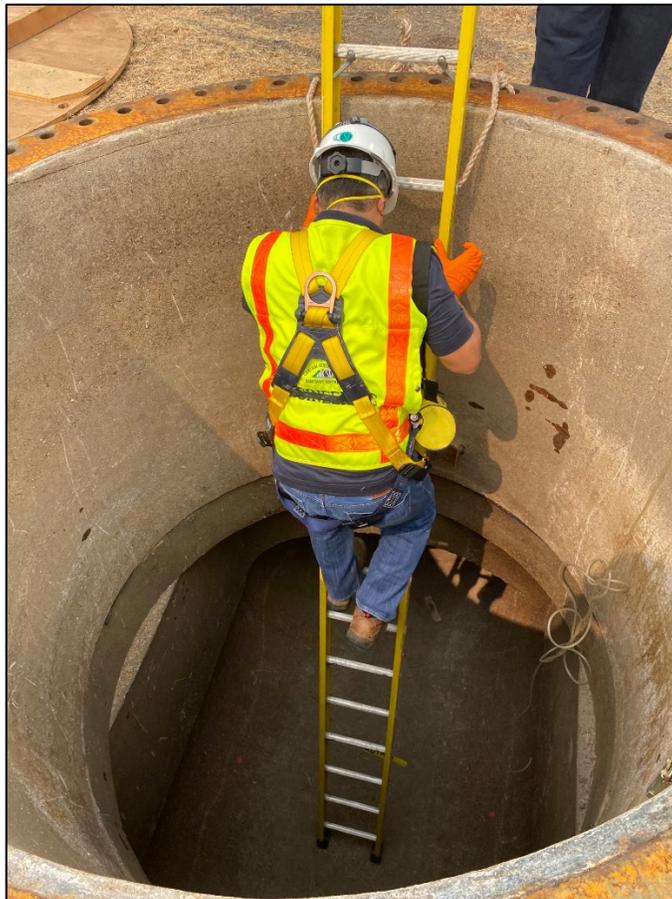
The CIB provides a detailed presentation of the estimated budget needed for the first year of the Ten-Year CIP beginning on July 1 and ending on June 30, referred to as a fiscal year. Since most capital projects take longer than a year to complete, future years are presented and estimated to predict the potential budget appropriation for the current projects. The CIB includes expenditures for the planning, design, and construction of capital projects and is categorized in four programs: Collection System, Treatment Plant, General Improvements, and Recycled Water. All CIB projects are reviewed and prioritized yearly, especially as projects are refined during the predesign phase, which includes comprehensive condition assessments. The CIB also includes two types of contingency funding of capital projects. The first, project contingency, is determined at the time of award of any project. The second, CIB contingency, can be used in any program and is intended to cover contingency projects and potential budget overruns. By adopting the CIB, the Board of Directors (Board) authorizes staff to pursue work on the identified projects in all four programs with firm individual project budgets. In addition, any previously approved budget may carry forward to the current fiscal year. Staff reports to the Board the final CIB expenditures after the end of each fiscal year and updates the Board Engineering and Operations Committee on the status of the CIP.

Capital Revenue

The CIP is funded by the Sewer Construction Fund's fees and charges listed below, which are discussed in detail in the Financial Summary:

- Capacity Fees
- Pumped Zone Fees
- Property Taxes
- Interest
- Sewer Service Charges
- Reimbursement from Others
- Potential Federal Grant Funding

While Central San generally follows a pay-as-you-go philosophy, Sewer Service Charge rate increases can be mitigated by utilizing the Clean Water State Revolving Fund Program which offers low-cost financing for a wide variety of water quality projects to spread the payment over time. This is planned for FY 2023-24. Additionally, Central San is exploring a debt issuance which may be used to fund a portion of the FY 2023-24 CIB. If this debt issuance proceeds, a budget amendment would be anticipated.



Capital Improvement Budget Project Prioritization

The projects included in the FY 2023-24 CIB have been prioritized to ensure the best use of Central San funds. Each project was evaluated using a prioritization scoring system that includes input from stakeholders within the Operations and Engineering Departments. The prioritization scoring system uses existing Central San prioritization strategies, including guidelines developed by past scoring methods using the Water Environment & Reuse Foundation and prioritization procedures from the National Association of Clean Water Agencies' member agencies. Scoring for each project used weighted criteria, with emphasis on projects currently under construction, those associated with asset management, regulatory requirements, commitments, and simplified this fiscal year and all projects re-prioritized.

The criteria used to develop the scores take into consideration six weighted criteria: aging infrastructure - reliability, capacity/redundancy, regulatory compliance, safety, sustainability - optimization, and project phase (near-term planning, final design, or construction) as summarized below:

Aging Infrastructure – Reliability (Max. 20 points)
Key Asset Replacement
Consistent with Asset Management Program
Improves Reliability and System Performance
Capacity – Redundancy (Max. 10 points)
Increases Capacity to Meet Projected Build-out
Improves Facility-Wide Resiliency
Regulatory Compliance (Max. 10 points)
Driven or complies with Regulatory Requirements and Mandates
Impacts or needed improvements to continue meeting Regulatory
Safety (Max. 20 points)
Required for Safe & Reliable Operations
Reduces Potential Health or Safety Hazards
Sustainability – Optimization (Max. 10 points)
Optimizes Capital and/ or Operations and Maintenance Costs
Increases Sustainable Use of Natural or Existing Resources
Reduces Social and or Environmental Impacts
Supports Timely Adoption of Technology Improvements
Project Phase and commitments (Max. 30 points)
Meets Commitment with Outside Agency or Existing Contract
Implements Board of Directors' Policy/Priority
Impacts Phasing or Implementation Schedule for Other Projects



All projects for FY 2023-24 have been listed in order of priority based on the criteria described above with other factors that include consequence of failure, project development, potential contract impacts, and more so that the entire capital program can be assessed. This ranking is applicable at the time the Budget is adopted. However, the score and the ranking will be continuously re-evaluated

during the year as projects evolve. For example, once a construction contract is awarded and executed for a project, its score would increase and result in a ranking change. It should also be noted that the priority ranking is not reflective of the order in which the project is started. The score and ranking are more a reflection of an importance factor, than timing or a priority in which the project is delivered. The project ranking, number, name, program, and score (maximum score is 100) as of April 11, 2023, are shown below:

Project Ranking	Project Number	Project	Program	Score
1	7348	Solids Handling Facility Improvements - Phase 1A	TP	93
2	100042	Pump Station Upgrades - Phase 2B	CS	87
3	8457	Pump Station Upgrades - Phase 2A	CS	86
4	100015	Electric Blower Improvements	TP	85
5	7373	Fire Protection System - Phase 3	TP	81
6	7369	Piping Renovation - Phase 10	TP	80
6	100051	RAS Piping Renovations	TP	80
6	100017	San Ramon Electrical Upgrades	CS	80
9	100038	San Pablo Watershed Improvements	CS	79
10	7328	Influent Pump Electrical Improvements	TP	78
11	7361	Filter Plant and Clearwell Improvements - Phase 1A	RW	77
12	100008	Laboratory Roof & Seismic Upgrades	TP	76
12	TBD	Maintenance Access Cover Modifications 2023+	CS	76
14	8464	Martinez Sewer Renovation – Phase 7	CS	72
14	8466	Danville Sewer Renovation - Phase 4 (Closed)	CS	72
14	100023	Walnut Creek Sewer Renovation - Phase 16	CS	72
17	100009	Hearth Replacements	TP	71
17	100022	Wet Weather Basin Improvements	TP	71
19	100032	Steam Renovations - Phase 1	TP	70
20	100046	Control System Upgrades	TP	68
20	8517	Vehicle Replacement Program FY 2016-26	GI	68
22	TBD	IT Development 2023+	GI	67
23	100019	Aeration Basins Diffuser Repl. and Seismic Upgrades	TP	65
23	100031	Community Development System Replacement	GI	65
25	TBD	PS Equipment & Piping Replacement 2023+	CS	63
25	100012	UV Disinfection Repl. & Hydraulic Improvements	TP	63
25	8447	Pumping Station Security Improvements	CS	63
25	100004	Headquarters Office Building Exterior Repairs	GI	63
29	100002	Filter Plant and Clearwell Improvements - Phase 1B	RW	62
30	7341	Walnut Creek/Grayson Creek Levee Rehab	TP	60
31	5991	Pleasant Hill Sewer Renovation - Phase 2	CS	57
31	100052	North Orinda Sewer Renovation – Phase 9	CS	57
31	100049	Downtown Walnut Creek Sewer Renovation – Locust	CS	57
31	100024	South Orinda Sewer Renovation - Phase 9	CS	57
31	100025	Lafayette Sewer Renovation - Phase 15	CS	57
31	100011	Plant Electrical Replacement and Rehabilitation	TP	57

Project Ranking	Project Number	Project	Program	Score
37	100039	Collection System Sewer Renovation - Phase 2	CS	56
38	8516	Equipment Acquisition	GI	54
38	100010	Air Conditioning and Lighting Renovations	TP	54
40	100040	Electrical Infrastructure Sub 90	TP	53
41	100029	Solar Project on Lagiss Property	GI	52
41	100033	Security Improvements Study FY 2021-25	GI	52
43	100035	Technology Strategic Plan	GI	51
44	100041	Buchanan Lift Station Replacements and Improv.	CS	50
44	100036	Zone 1 Recycled Water 2021+	RW	50
46	100003	Property Repairs and Improvements	GI	49
47	100034	TP Safety Enhancement Program	TP	48
47	100001	UPCCAA Urgent Projects FY 2020-25	TP	48
49	8444	Force Main Inspection Program - Phase 1	CS	45
49	100047	Secondary Clarifier Improvements – Phase 1	TP	45
49	7357	Plant-Wide Instrumentation Upgrades	TP	45
52	100043	Easement Acquisition FY 2022-31	GI	44
53	8252	POB E.V. Charging Station	GI	43
54	100044	Collection System Modeling Support FY 22+	CS	40
54	100055	Process Optimization and Efficiency	TP	40
54	100045	Fire Protection System - Phase 4	TP	40
57	8443	Large Diameter Pipeline Inspection Program - Phase 1	CS	39
57	100007	Large Diameter Renovation Program	CS	39
59	7349	Steam & Aeration Blower Systems Renovations	TP	38
60	100037	Orinda-Moraga PS Architectural Improvements	CS	36
61	100030	Solids Handling Facility Improvements – Phase 2	TP	35
62	7315	Applied Research & Innovations	TP	32
63	100014	MRC Building Mods. and Maintenance Shops Improv.	TP	31
64	100048	Warehouse Seismic Upgrades	TP	30
65	100027	Furnishings Replacement	GI	29
66	7366	ReW Distribution System Renovations Program	RW	28
67	100028	Collection System Master Plan Five-Year Update	CS	26
68	100050	Caltrans A-Line Relocation	CS	20
NA	7368	Water Exchange Project	RW	TBD
NA	100054	Aeration Unit 1 Steam Turbine Overhaul	TP	TBD
NA	TBD	Pumping Station SCADA & PLC Upgrades	CS	TBD
NA	TBD	NetZero Study	GI	TBD
NA	100053	Houston Court Area CAD	CS	-
NA	100006	Contractual Assessment District Project Financing	CS	-
NA	TBD	Collection System Planning 2023+	CS	-
NA	8450	Development Sewerage Support	CS	-
NA	TBD	Treatment Plant Planning 2023+	TP	-
NA	TBD	Capital Legal Services 2023+	GI	-

Project Ranking	Project Number	Project	Program	Score
NA	TBD	Plant Control I/O System Replacement – Phase 3	TP	TBD
NA	7370	Annual Infrastructure Replacement	GI	TBD

Individual Project Drivers

Projects included in the CIP address one or more of the four major drivers for implementing capital improvement projects: 1) Aging Infrastructure; 2) Regulatory; 3) Capacity; and 4) Sustainability. Most project scopes include several project elements that address a range of drivers. Below is a description for each of the four major drivers:

- Aging Infrastructure:** This project driver describes projects required to maintain the performance and reliability of existing assets to ensure reliable conveyance and treatment of wastewater. Central San operates and maintains several billion dollars of assets, and several projects in each program have been initiated or are in progress to meet replacement or rehabilitation infrastructure needs. Most of the existing treatment plant facilities were constructed in the late 1970s and early 1980s following the passage of the Clean Water Act, and some of the collection system facilities and piping were constructed as early as the 1940s and 1950s. Central San recognizes the need to address aging infrastructure and has developed an Asset Management system.
- Regulatory:** This project driver describes projects required to reliably comply with regulatory requirements that are designed to protect human health and the environment, and includes planning needed to anticipate potential future regulatory requirements. Regulatory drivers that may trigger capital improvement projects include potential changes in future state and/or federal water, air, and solids regulations. Potential regulatory drivers include: changes to existing final effluent limits to address nutrients, selenium, contaminants of emerging concern, and others; changes to California/National Toxics Rules, 303 (d) listed pollutants and micropollutants, and new virus-based disinfection criterion; reductions in greenhouse gas emission Cap and Trade Program thresholds; compliance with Federal 129 sewage sludge incineration rules, changes to air emission limits, and solids handling/management and disposal regulations; recycled water, including potential coordinated projects with water agencies on Title 22, indirect or direct potable reuse opportunities; and collection system regulatory requirements such as the reduction of sewer system overflows. Occasionally, improvements are also required to improve the reliability of existing facilities to ensure 100% compliance with regulatory permits and to ensure protection of human health and the environment.
- Capacity:** This project driver describes projects required to increase capacity of existing facilities. Capacity drivers that may trigger capital improvement projects include potential upgrades required to mitigate hydraulic bottlenecks and increase capacity of existing facilities to accommodate wastewater flows and loads. Projects that would be required to accommodate planned growth are not included in the CIP.
- Sustainability/Energy/Optimization:** This project driver describes projects to minimize lifecycle costs, maximize benefits, and achieve economic stability through optimization, resiliency, resource recovery, and energy projects. Sustainability drivers that may trigger capital improvement projects

include upgrades to strive towards net zero energy, recycled water projects to ensure the reliable supply of recycled water for use at Central San and for use by Central San’s customers, and upgrades to improve the resiliency of Central San facilities. Improvements to strive towards net zero energy or energy self-sufficiency include energy efficiency measures such as installing more energy-efficient equipment or treatment processes, and renewable energy projects such as solar or wind.

Example of Project Driver(s)

Each project is described on the following pages. Each project summary includes project name, description, prioritization, purpose, operating department impact and funding source, location, budgetary information, and drivers (i.e., the main impetus for the project). The main driver(s) for each project is (are) identified by highlighting in yellow background color and **bold** text. Driver(s) that is (are) not as significant or not relevant is (are) displayed in gray.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Capital Improvement Budget FY 2022-23 Accomplishments

Collection System Sewer Replacement: Several projects have replaced or rehabilitated up to 6.0 miles of sewers, most of which were 6-inch vitrified clay pipes in poor condition. Construction included sewer replacement, new maintenance access holes, and other infrastructure improvements in public rights-of-way and backyard easements. Trenchless technology was utilized where possible for cost effectiveness and to minimize construction impacts. Central San staff also designed and bid up to 8.0 miles of upcoming sewer replacement this fiscal year and coordinated the projects with city paving programs and other utilities throughout the service area.



Sewer Replacement in a Residential Neighborhood and Aerial Creek Crossing

Regulatory and Safety Projects: One of the major regulatory challenges facing Central San concerns the air pollution control equipment on the existing furnaces at the treatment plant. The Solids Handling Facility Improvements - Phase 1A Project will replace this equipment to meet current and future regulatory needs. In addition, this project will include structural modifications to the building, furnaces, and electrical bracing to meet current seismic standards. The project is expected to be awarded in the winter of 2023-24 with construction completion in 2026.

Safety projects include construction of the emergency external stairway for the Solids Conditioning Building, which provides for employee safety for emergency egress.

Infrastructure Replacement: The main emphasis of the CIP is replacing deteriorated infrastructure. Last fiscal year, several projects were initiated in design or construction and included the following major efforts:

- **Pump Station Upgrades – Phase 1:** This construction project was focused on needed replacement of electrical, mechanical, and back-up power equipment at the Moraga and Orinda Crossroads Pumping Stations and was successfully completed and project accepted. The construction for the Flush Kleen Pumping Station was completed the prior year.

- **Pump Station Upgrades – Phase 2:** This phase consists of construction for needed electrical and mechanical equipment replacement at the Martinez, Maltby, and Fairview Pumping Stations. Construction began in FY 2022-23. New pumping stations for Maltby and Fairview will be completed under Phase 2A, while the renovation of Martinez will be under Phase 2B.
- **Filter Plant and Clearwell Improvements – Phase 1A:** Construction of this large project which includes replacement of deteriorated electrical infrastructure at the Clearwell, new pumps, recycled water storage improvements, and filter system modifications is well underway and is expected to be completed this fiscal year.
- **Steam and Aeration Blower Systems Renovation:** Condition assessments are completed for the steam and heat recovery systems at the treatment plant and several other areas in the aeration system, as well as the associated electrical systems. Several projects have been identified as a result and will be implemented in phases over time. The construction of the first phase, which consisted of the installation of three electric blowers, is scheduled to be completed this fiscal year. The second phase focused on the Aeration System is under design and will include the replacement of the diffusers and seismic upgrades. Third and fourth phases will address the Secondary Treatment Facilities and the Steam System Renovation, respectively.
- **Solids Handling Facility Improvements:** Three related solids projects were constructed ahead of the main project, which include construction of the Emergency Sludge Loadout Facility Upgrades Project, Treatment Plant Safety Enhancements - Phase 5 Project, and the Contractor Staging Improvements. The Solids Handling Facility Improvements - Phase 1A Project construction contract is expected to be awarded in FY 2023-24 as the original project, Phase 1, was downsized to only include the most critical items (seismic, air pollution control equipment, and solids handling) to stay within the loan received for the project.
- **Projects completed:** Several projects are completed and will be closed this Fiscal Year and will no longer be represented in the CIB. Any unused or project savings shall be reported to the Board and returned to Fund 20 (Sewer Construction Fund). These projects replaced or protected critical infrastructure to allow Central San to continue to effectively collect, treat, and process wastewater, and deliver recycled water in compliance with all regulatory requirements, as shown below:
 - Collection System Planning, District Project (DP) No. 8419
 - Pump Station Upgrades, Phase 1 DP No. 8436
 - Pumping Station Equipment & Piping Replacement Phase 2, DP No. 8442
 - Maintenance Access Cover Modifications, DP No. 8448
 - North Orinda Sewer Renovation – Phase 8, DP No. 8463
 - Walnut Creek Sewer Renovation – Phase 15, DP No. 8465
 - Cured-In-Place Pipe Blanket Contract, DP No. 100005
 - Treatment Plant Planning, DP No. 7363 (Re-occurring and new project in FY23)
 - Treatment Plant Safety Enhancement - Phase 5, DP No. 7364
 - Condition Assessment of Buried Pipelines, DP No. 7371 (Postponed)
 - Outfall Monitoring Improvements, DP No. 100018
 - Capital Legal Services, DP No. 8230 (Re-occurring and new project in FY23)

- IT Development FY 2016-25, DP No. 8240 (Re-occurring and new project in FY23)
- Danville Sewer Renovation – Phase 4, DP No. 8466

FY 2023-24 Capital Improvement Budget

The CIB budget to date is approximately \$218.97 million. The budget needed for all ongoing and new projects in FY 2023-24 is \$71.20 million. The estimated budget for these projects in future years total \$435.27 million. Combined, the total estimated budget for the identified projects in the FY 2023-24 CIB is \$725.44 million. The 2023 Ten-Year CIP is projected to be \$980.21 million as shown below in Table 1:

Table 1 – FY-2023-24 CIB per Program

Program	Budget-to-Date (1)	FY 2023-24 (2)	Future FYs (3)	Total Estimated Project Budgets (1)+(2)+(3)	FY 2023 Ten Year CIP
Collection System	\$55,199,150	\$35,734,000	\$103,645,000	\$194,578,150	\$309,773,000
Treatment Plant	109,501,332	31,300,000	315,450,000	456,251,332	612,000,000
General Improvements	13,199,000	3,350,000	7,810,000	24,359,000	22,060,000
Recycled Water	42,869,000	818,000	8,366,000	52,053,000	36,380,000
Total	\$220,768,482	\$71,202,000	\$435,271,000	\$727,241,482	\$980,213,000
CIB Contingency	\$5,000,000	-	-	-	-

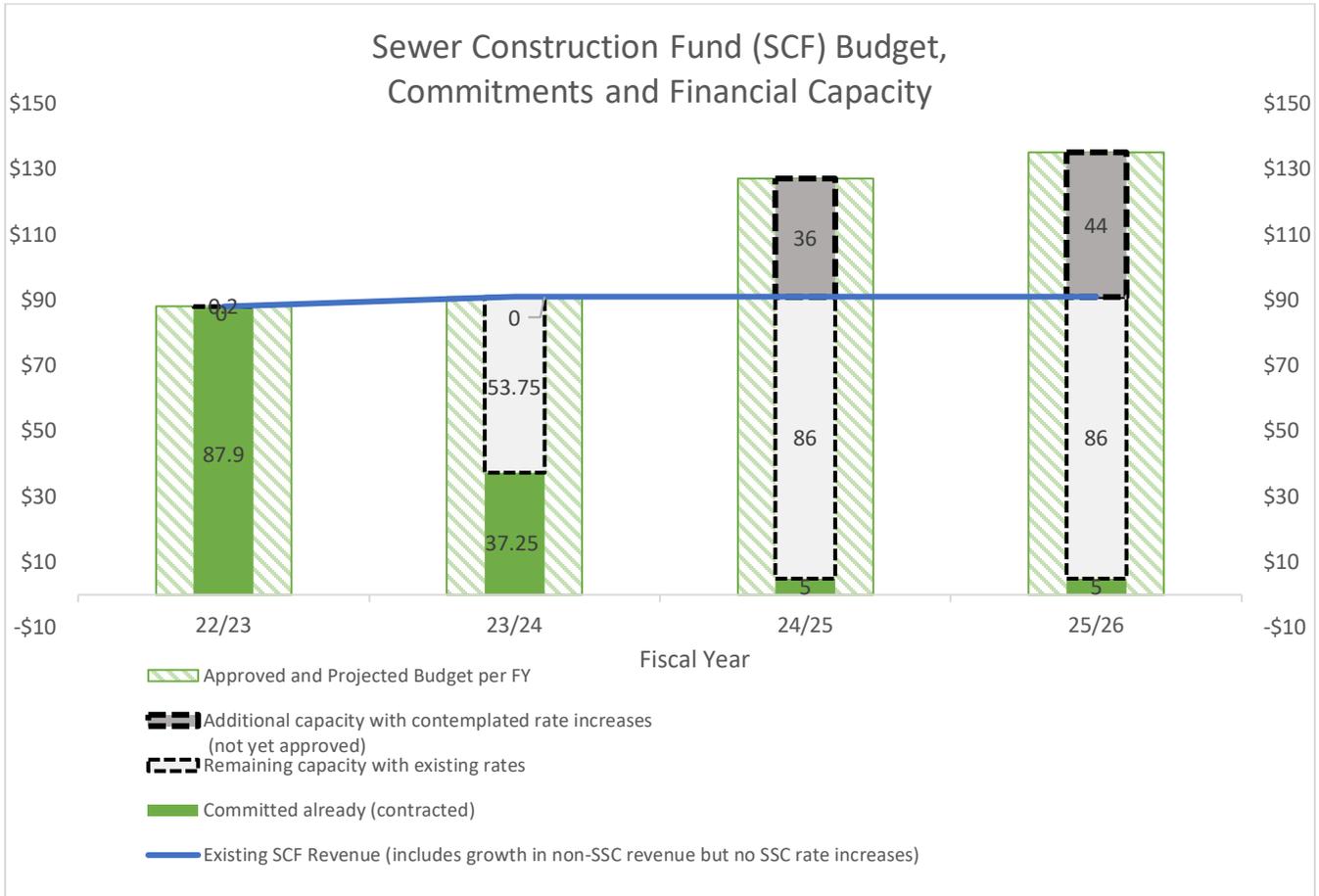
The Budget to Date (1) above includes approximately 80% budget already spent for on-going projects, not including contingency.



Construction progress for the new electric blowers and transformer facility under the Electric Blower Improvements – District Project No. 100015

FY 2023-24 Capital Improvement Budget Construction Commitments

As of April 30, 2023, the total construction commitments authorized by the Board in FY 2022-23 or prior is \$91.00 million and a total of \$52.95 million has already been committed for FY 2023-24 and \$31.05 in future years. This includes all construction contracts, purchase orders, construction management, and supporting services to complete the construction related projects within the CIB. The forecast for FY 2023-24 is that the remaining capacity with the current rate structure will require the use of carryforward budgets allocated within the sewer construction fund.



FY 2023-24 Capital Improvement Budget Major Project Emphasis

Although the CIB is comprised of budgets for many individual projects, there are several major projects that together account for most of the total capital budget. In FY 2023-24, the emphasis will be on eight large projects (those projects over \$1.0 million), which together account for \$57.00 million or 81% of the total CIB for the year. Each major project budget is shown below:

1. Collection System Sewer Renovation - Phase 2		
FY-2023-24 Budget: \$18,500,000	Estimated total project cost:	\$81,450,000
	Estimated completion date:	FY 2026-27
2. Solids Handling Facility Improvements – Phase 1A		
FY-2023-24 Budget: \$14,000,000	Estimated total project cost:	\$195,518,687
	Estimated completion date:	FY 2027-28
3. Pumping Station Upgrades – Phase 2A		
FY-2023-24 Budget: \$10,000,000	Estimated total project cost:	\$38,000,000
	Estimated completion date:	FY 2025-26
4. Aeration Basins Diffuser Replacement Phase 1		
FY-2023-24 Budget: \$6,000,000	Estimated total project cost:	\$59,480,000
	Estimated completion date:	FY 2029-30
5. Steam Renovations – Phase 1		
FY-2023-24 Budget: \$3,500,000	Estimated total project cost:	\$16,000,000
	Estimated completion date:	FY 2025-26
6. Pump Station Upgrades – Phase 2B		
FY-2023-24 Budget: \$2,500,000	Estimated total project cost:	\$10,531,000
	Estimated completion date:	FY 2025-26
7. UV Disinfection Replacement and Hydraulic Improvements		
FY-2023-24 Budget: \$1,500,000	Estimated total project cost:	\$70,000,000
	Estimated completion date:	FY 2030-31
8. Vehicle Replacement Program FY2016-26		
FY-2023-24 Budget: \$1,000,000	Estimated total project cost:	\$9,018,000
	Estimated completion date:	FY 2025-26

Capital Improvement Budget Modifications

Changes to projects do occur and include rescheduling, consolidation for bidding, phasing, modification of scope, and renaming of projects since last fiscal year, including:

Consolidation or Phasing of Existing Projects:

- The Collection System Sewer Renovation – Phase 2 will be used to fund the construction of the South Orinda Sewer Renovation – Phase 9, Pleasant Hill Sewer Renovation – Phase 2, Downtown Walnut Creek Sewer Renovation – Locust, North Orinda Sewer Renovation – Phase 9, as well as future design and construction budgets to Fiscal Year 2026-27.
- The Pump Station Upgrades – Phase 2 in the Collection System Program was split based on the scope of work and to receive additional contractor interest. Great pricing for both projects were received and contracts awarded; construction has initiated.

- The Aeration Basins Diffuser Replacement and Seismic Upgrades, DP 100019, was phased due to constructability concerns and coordination for routine maintenance and other capital projects. At this time, the original scope has been included into the RAS Piping Renovations, the Aeration Basins Diffuser Replacement Phases 1 and 2 (Includes structural improvement to floors and baffle walls), and FRP Seismic upgrades to additional protection that can be bid or built separately.

Modification of Scope or Budget:

Major project budgets were changed from last fiscal year, as shown below:

Projects	FY 2022-23 Total Budget	FY 2023-24 Total Budget	Description
Pumping Station Upgrades - Ph. 2, (DP) 8457	\$ 47,950,000	\$ 48,531,000	Increase of \$581,000; split to Phase 2A – Maltby and Fairview Phase 2B – Martinez
UV Disinfection Replacement and Hydraulic Improvements, DP 100012	68,480,000	70,000,000	Increase of \$1,520,000; added costs to disinfect up to 140 MGD
Aeration Basins Diffuser Replacement and Seismic Upgrades, DP 100019	61,300,000	59,480,000	Plan to phase includes RAS Improvements, Phase 1 (two basins), Phase 2 (two basins), and FRP seismic.
RAS Piping Improvements, DP 100051	-	2,020,000	Work split and funded by Aeration Basins Diffuser Replacement, DP 100019 above.
Steam Renovations - Phase 1, DP 100032	17,500,000	16,000,000	Decrease of \$1,500,000; estimate lowered in detailed design.
Solids Handling Facility Improvements - Phase 1A, DP 7348	135,018,000	195,518,687	Included Phase 1B scope and budget included and new estimate (increase of \$27,550,687).
Solids Handling Facility Improvements - Phase 1B, Building Seismic	32,950,000	-	Based on the new design, Phase 1B was included with Phase 1A.
Pleasant Hill Sewer Renovation Ph. 2, DP 5991	5,200,000	8,252,000	Increase of \$3,052,000; additional sewer replacement from 6,500 ft to 8,700 ft to meet City and utility coordination efforts.
Filter Plant and Clearwell Improvements – Phase 1A, DP 7361	38,589,000	40,389,000	Increase of \$1,800,000; additional project costs funded by CIB contingency.
Total	\$ 368,398,000	\$ 401,601,687	Overall increase of approx. \$33.20 Million

In addition, due to the impacts from the pandemic and other unforeseen challenges with capital projects, Staff performed a detailed investigation and evaluation of the carry-forward budgets in the CIB. Carry forward is unspent budget from past or budget-to-date allocations for projects. Based on this evaluation, the following modifications were made to following projects and budgets:

DP No.	Description	FY 2022-23 Budget to Date	FY 2022-23 Adjusted Budget	Description
7348	Solids Handling Facility Improvements Ph. 1A	\$ 39,518,687	\$ 27,518,687	\$12 M moved to future years due to timeline changes.
7341	WC/Grayson Creek Levee Rehab	2,550,000	2,150,000	Project delayed and being managed by Flood Control District.
7357	Plant-Wide Instrumentation Upgrades	1,421,000	521,000	Project downsized and awaiting IT Strategic Plan outcome.
7370	Annual Infrastructure Replacement	4,405,000	3,605,000	Procurement delays and budget moved to other projects or future.
100001	UPCCAA Urgent Projects	1,800,000	1,300,000	Spending projections and timeline updated.

100010	Air Conditioning and Lighting Renovations	1,250,000	250,000	Project delivery under evaluation.
100014	MRC Building Modifications	1,500,000	800,000	Updated spending projections.
100030	Solids Handling Facility Improvements Ph. 2	6,700,000	5,700,000	Scope downsized and changed.
100034	TP Safety Enhancement Program	500,000	0	Program to start FY 2023.
100035	Technology Strategic Plan	1,000,000	800,000	Spending projections updated.
7366	Recycled Water Distribution System Renovation Program	930,000	530,000	Spending projections updated.
100036	Zone 1 Recycled Water	200,000	100,000	Spending projections updated.
Total		\$61,774,687	\$43,274,687	\$18.5 M decrease in carry-forward budget, not including closed project variances.

Projects not included in FY 2022-23 CIB and initiated as contingency projects:

- Process Optimization and Efficiency, TP Program;
- San Pablo Watershed Improvements, CS Program;
- Buchanan Lift Station Replacement and Improvements, CS Program;
- Caltrans A-Line Relocation, CS Program;
- Aeration Unit 1 Steam Turbine Overhaul, TP Program; and
- NetZero Study, GI Program

Staffing for Large Capital Projects and Program

Since 2017, the annual capital improvements budget has steadily increased and has a ten-year projection totaling over a billion dollars. The Capital Projects Division leads the efforts to implement the large program and has reached its limits to support all the projects identified in the plan. Therefore, additional support is needed especially for the larger and multi-year projects such as the Solids Handling Facility Improvements - Phase 1A, Aeration Basins Diffuser Replacement and Seismic Upgrades, UV Replacement, and potentially other significant projects.

Therefore, future staffing for large projects will be supplemented by consultant engineers and or a combination with project-based employees (up to 5-year term). As for the Collection System Program that uses in-house engineering and construction management, the planned sewer replacement is continual with potential increases based on condition assessments. Staffing for the collection system will be re-evaluated this fiscal year.

California Environmental Quality Act (CEQA) Compliance

The CIB is exempt from CEQA because it is a planning study (Central San CEQA Guidelines Section 15262). Some projects included in the CIB are designated as exempt under CEQA. If appropriate, a Notice of Exemption may be filed for such projects following a future action of the Board, such as an award of a construction contract. Other CIB projects are designated as needing a "Negative Declaration" or "Environmental Impact Report" to comply with CEQA. Non-exempt CEQA projects will be considered for Board approval on a case-by-case basis after preparation and certification of the appropriate CEQA documentation. The following table presents the CEQA compliance status of projects for which staff is requesting an authorization of Sewer Construction Funds. The anticipated types of CEQA documentation required for each project are listed below:

- *Exemption:* Staff will recommend an Exemption Finding, if still appropriate, when each project receives approval consideration at a future Board meeting.
- *Negative Declaration:* Staff will prepare a Negative Declaration for the project. Board consideration of approval of the project would follow its approval of the Negative Declaration.
- *Environmental Impact Report:* Staff will direct preparation of an Environmental Impact Report. Board consideration of approval of the project would follow certification of the Environmental Impact Report.
- *CEQA Documents Completed:* For these projects, CEQA compliance has already been achieved through documents previously prepared and approved.

CEQA Compliance Summary for FY 2023-24 by Program:

COLLECTION SYSTEM PROGRAM			
Project No	Project Name	Exemption	CEQA Document Required
5991	Pleasant Hill Sewer Renovation – Phase 2	X	
8443	Large Diameter Pipeline Inspection Program – Phase 1	X	
8444	Force Main Inspection Program – Phase 1	X	
8447	Pumping Station Security Improvements	X	
8450	Development Sewerage Support	X	
8457	Pump Station Upgrades – Phase 2A	X	
8464	Martinez Sewer Renovation - Phase 7	X	
100006	Contractual Assessment District Project Financing	X	
100007	Large Diameter Piping Renovation Program	X	
100017	San Ramon Electrical Upgrades	X	
100023	Walnut Creek Sewer Renovation – Phase 16	X	
100024	South Orinda Sewer Renovation – Phase 9	X	
100025	Lafayette Sewer Renovation – Phase 15	X	
100028	Collection System Master Plan 5-Yr Update	X	Planning is exempt; more information is needed on future aspects to determine appropriate CEQA documentation.
100037	Orinda-Moraga PS Architectural Improvements	X	
100038	San Pablo Watershed Improvements	X	
100039	Collection System Sewer Renovation – Ph. 2	X	
100041	Buchanan Lift Station Replacements & Improvements	X	
100042	Pump Station Upgrades – Phase 2B	X	
100044	Collection System Modeling Support FY 22+	X	
100049	Downtown Walnut Creek Sewer Renovation – Locust	X	
100050	Caltrans A-Line Relocation	X	
100052	North Orinda Sewer Renovation – Phase 9	X	
100053	Houston Court Area CAD	X	
TBD	Collection System Planning 2023+	X	
TBD	Pumping Station Equipment and Piping Replacement 2023+	X	
TBD	Maintenance Access Cover Modifications 2023+	X	
TBD	Pumping Station SCADA & PLC Upgrades	X	

TREATMENT PLANT PROGRAM			
Project No.	Project Name	Exemption	CEQA Document Required
7315	Applied Research and Innovations	X	
7328	Influent Pump Electrical Improvements	X	
7341	Walnut Creek/Grayson Creek Levee Rehab		Contra Costa County Flood Control and Water Conservation District will be the Lead Agency and will determine CEQA documentation.
7348	Solids Handling Facility Improvements - Phase 1A	X	
7349	Steam and Aeration Blower Systems Renovations	X	
7357	Plant-Wide Instrumentation Upgrades	X	
7369	Piping Renovation – Phase 10	X	
7370	Annual Infrastructure Replacement	X	
7373	Fire Protection System – Phase 3	X	
100001	UPCCAA Urgent Projects FY 2020-25	X	
100008	Laboratory Roof & Seismic Upgrades	X	
100009	Hearth Replacements	X	
100010	Air Conditioning and Lighting Renovations	X	
100011	Plant Electrical Replacement and Rehabilitation	X	
100012	UV Disinfection Replacement and Hydraulic Improvements	X	
100014	MRC Building Modifications and Maintenance Shops Improvements	X	
100015	Electric Blower Improvements	X	
100019	Aeration Basins Diffuser Repl. – Phase 1	X	
100022	Wet Weather Basin Improvements	X	
100030	Solids Handling Facility Improvements – Ph. 2	X	
100032	Steam Renovations – Ph. 1	X	
100034	TP Safety Enhancement Program	X	
100040	Electrical Infrastructure Sub 90	X	
100045	Fire Protection System – Phase 4	X	
100046	Control System Upgrades	X	
100047	Secondary Clarifier Improvements	X	
100048	Warehouse Seismic Upgrades	X	
100051	RAS Piping Renovations	X	
100054	Aeration Unit 1 Steam Turbine Overhaul	X	
100055	Process Optimization and Efficiency	X	
TBD	Treatment Plant Planning 2023+	X	
TBD	Plant Control System I/O Replacement – Phase 3	X	

GENERAL IMPROVEMENTS PROGRAM			
Project No.	Project Name	Exemption	CEQA Document Required
8251	Capital Improvement Program and Budget Improvements	X	Planning is exempt; more information is needed on future aspects of this project to determine appropriate CEQA documentation.
8252	POB EV Charging Station	X	
8516	District Equipment Acquisition	X	
8517	Vehicle Replacement Program	X	
100003	Property Repairs and Improvements	X	
100004	HOB Exterior Repairs	X	
100027	Furnishings Replacement	X	
100029	Solar Project on Lagiss Property	X	
100031	Community Dev. System Replacement	X	
100033	Security Improvements FY 2021-25	X	
100035	Technology Strategic Plan	X	Planning is exempt; more information is needed on future aspects of this project to determine appropriate CEQA documentation.
100043	Easement Acquisition FY 2022-31	X	
TBD	Capital Legal Services 2023+	X	
TBD	IT Development FY 2023+	X	
TBD	NetZero Study	X	

RECYCLED WATER PROGRAM			
Project No.	Project Name	Exemption	CEQA Document Required
7361	Filter Plant and Clearwell Improvements – Phase 1A	X	
7366	Recycled Water Distribution System Renovations Program	X	
7368	Water Exchange Project	X	Planning is exempt; more information is needed on future aspects of this project to determine appropriate CEQA documentation.
100002	Filter Plant and Clearwell Improvements – Phase 1B	X	
100036	Zone 1 Recycled Water 2021+	X	

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Capital Improvement Budget – Collection System Program

The following are the major points of emphasis for the FY 2023-24 Collection System Program:

- Renovate sewers as they reach the end of their useful lives to avoid structural failure, sanitary sewer overflows, sewer service disruptions, and to control maintenance costs.
- Improve the electrical safety, reliability, and operations of the pumping stations.
- Promote residential septic conversion by providing financing options to protect public health and the environment.
- Investigate and plan for potential large diameter sewer and force main renovation.

The process for project identification, prioritization, and scheduling takes into consideration the following eight major components:

- Reduction of impacts to customers/residents and communities.
- Results from Central San's *InfoMaster*® model and *InfoAssets*®, which is an advanced geographic information system (GIS) integrated risk-based analytical asset management and capital planning tool.
- Results from Central San's closed-circuit TV Inspection Program that identifies lines in need of rehabilitation or replacement.
- Collection System Operations maintenance records, including overflows and stoppages.
- The Pumping Station Inventory Update, which identifies necessary reliability improvements.
- Preliminary Design Report for the renovation and upgrades at six major pumping stations.
- Collection System Master Plan, which identifies capacity limitations in the collection system.
- Coordination with Capital Improvement programs for paving and other agencies'/utilities' projects.

This process allows staff to establish priorities and schedules for the individual elements of the system that are incorporated into the Capital Improvement Budget and Plan. Assessment tools, such as *InfoMaster*® and closed-circuit TV inspection, are utilized to confirm the need for projects. After priorities and schedules are set, projects proceed to design and construction. At each step of the process, the level of accuracy in scope, schedule, and cost improves.

The Collection System Program is comprised of the following projects and planned expenditures:

CIB Table 2 – FY 2023-24 Collection System Program Budget/Project Summary

Project Number	Project Name	Budget-to-Date	FY 2023-24	Future	Total
				FYs	by Project
5991	Pleasant Hill Sewer Renovation - Phase 2	\$8,252,000	\$-	\$-	\$8,252,000
8443	Large Diameter Pipeline Inspection Program - Phase 1	795,000	500,000	500,000	1,795,000
8444	Force Main Inspection Program - Phase 1	125,000	500,000	500,000	1,125,000
8447	Pump Station Security Improvements	439,000	82,000	83,000	604,000
8450	Development Sewerage Support	4,959,316	927,000	2,781,000	8,667,316
8457	Pumping Station Upgrades - Phase 2A	14,650,000	10,000,000	13,350,000	38,000,000
8464	Martinez Sewer Renovation - Phase 7	4,581,000	-	-	4,581,000
100006	CAD Project Financing	432,940	100,000	700,000	1,232,940
100007	Large Diameter Piping Renovation Program	500,000	500,000	10,000,000	11,000,000
100017	San Ramon Electrical Upgrades	1,913,000	-	-	1,913,000
100023	Walnut Creek Sewer Renovation - Phase 16	6,379,000	-	-	6,379,000
100024	South Orinda Sewer Renovation - Phase 9	500,000	-	-	500,000
100025	Lafayette Sewer Renovation - Phase 15	500,000	-	-	500,000
100028	Collection System Master Plan 5-Yr Update	1,600,000	-	-	1,600,000
100037	Orinda- Moraga PS Architectural Improvements	1,450,000	-	-	1,450,000
100038	San Pablo Watershed Improvements	200,000	-	-	200,000
100039	Collection System Sewer Renovation - Phase 2	2,950,000	18,500,000	60,000,000	81,450,000
100041	Buchanan Lift Station Replacements and Improvements	200,000	850,000	1,350,000	2,400,000
100042	Pump Station Upgrades - Phase 2B	3,200,000	2,500,000	4,831,000	10,531,000
100044	Collection System Modeling Support FY 22+	120,000	125,000	1,000,000	1,245,000
100049	Downtown Walnut Creek Sewer Renovation – Locust	500,000	-	-	500,000
100050	Caltrans A-Line Relocation	200,000	-	-	200,000
100052	North Orinda Sewer Renovation – Phase 9	500,000	-	-	500,000
100053	Houston Court Area CAD	252,894	-	-	252,894
TBD*	Collection System Planning 2023+	-	200,000	1,800,000	2,000,000
TBD*	Pumping Station Equipment & Piping Replacement 2023+	-	200,000	1,800,000	2,000,000
TBD*	Maintenance Access Cover Modifications 2023+	-	400,000	3,150,000	3,550,000
TBD*	Pumping Station SCADA & PLC Upgrades	-	350,000	1,800,000	2,150,000
	Collection System Program Total:	\$55,199,150	\$35,734,000	\$103,645,000	\$194,578,150

*New project in FY 2023-24 and number to be determined (TBD)

Pleasant Hill Sewer Renovation – Phase 2 – District Project 5991

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/Construction	31	57

Purpose:

To replace and renovate small diameter sewers within the city of Pleasant Hill.

Drivers:

Central San’s 1,500+ mile collection system has pipe segments that range in age from new to more than 100 years old. Some of the pipe segments are at or near the end of their useful lives as evidenced by their need for frequent maintenance, high rate of infiltration, and/or threat of structural collapse.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

More than 300 miles of the small diameter sewers in the collection system were constructed prior to 1956. The methods and materials of construction used at that time do not currently perform well and are the source of over 90% of the dry weather sanitary sewer overflows (SSOs). Central San implemented a sewer renovation program in 1991 to replace small diameter sewers to control future maintenance requirements and costs, minimize the number of overflows, limit the quantity of rainfall entering the collection system, and improve the level of service provided to customers.



Description:

The Pleasant Hill Sewer Renovation – Phase 2 Project will replace or rehabilitate 8,700 feet of small diameter sewers located in both public right-of-way and easements within the city of Pleasant Hill. This project will be focused on the Gregory Gardens area and coordinated with other utilities and paving plans as a joint effort to rehabilitate the impacted community.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Pleasant Hill

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$183,000	\$-	\$-	\$-	\$183,000
Design	600,000	-	-	-	600,000
Construction	7,469,000	-	-	-	7,469,000
FY Total	\$8,252,000	\$	\$-	\$-	\$8,252,000

Large Diameter Pipeline Inspection Program – Phase 1 – District Project 8443

Program	Phase	Priority Rank	Ranking Score
Collection System	Planning	57	39

Purpose:

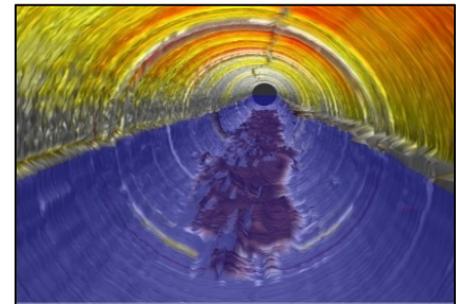
To assess the condition of large diameter trunks and interceptors and confirm the timing for renovation needs.

Drivers:

Central San owns 76 miles of wastewater trunks and interceptors ranging from 24 inches to 102 inches in diameter. The typical lifespan of large sewers ranges from 50 to 150 years depending on pipe material, hydraulic, operating, and environmental conditions. Nearly half of Central San's large sewers are over 50 years old and should be evaluated for remaining life.

Although Central San performs closed-circuit TV (CCTV) inspection of large diameter sewers, CCTV inspection is not always practical and does not always provide an accurate condition assessment. For example, CCTV cannot detect external corrosion and cannot assess the condition of the pipe invert when sediment is present. A combination of CCTV inspection, enhanced CCTV with laser profiling, sonar, hydrogen sulfide monitoring, and visual walk-over surveys are recommended to assess the condition of large diameter sewers. Inspection information can be used to ensure replacement of pipelines prior to failure and appropriate timing of replacement.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

A phased large diameter pipeline inspection program was developed and prioritized based on pipe age and consequence of failure. This project is the first of a five-year phase inspection program to perform the following:

- Review pipeline data and prioritize large diameter sewers for inspection – initial assessment will be approximately 6,000 feet of large diameter reinforced concrete sewers using enhanced CCTV
- Consider piloting and evaluating the benefits of multi-sensor inspection methods
- Consider deploying hydrogen sulfide meters for evaluating and modeling sewer conditions

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Collection System

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$795,000	\$500,000	\$500,000	\$-	\$1,795,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$ 795,000	\$500,000	\$500,000	\$-	\$1,795,000

Force Main Inspection Program – Phase 1 – District Project 8444

Program	Phase	Priority Rank	Ranking Score
Collection System	Planning	49	45

Purpose:

To assess the condition of force mains and confirm the timing for renovation needs.

Drivers:

Central San maintains 31 force mains with a combined length of approximately 23 miles. More than 65% of the force mains are made of metallic materials which are prone to corrosion. The typical lifespan of force mains ranges from 50 to 100 years. Over half of the existing force mains were installed 40 or more years ago. The remaining lifespan of individual force mains is difficult to estimate without inspection-based condition assessment results.

Force main failure methods include internal and external corrosion, mechanical failure due to high pressure and surge events or due to external loads and stresses, and material or installation defects. Recommended force main inspection methods include CCTV inspection, pressure transient monitoring, acoustic leak detection, and electromagnetic inspection.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

A phased inspection program was developed and prioritized based on age and consequence of failure:

- Initial work will be to prepare an implementation plan for the force main inspections
- Highest priority force main inspections to be evaluated in this project are at the Moraga, Orinda Crossroads, Lower Orinda, Bates Boulevard, and Wagner Ranch Pumping Stations
- Other high and medium priority force mains may be considered at the San Ramon, Clyde, Concord Industrial, and Acacia Pumping Stations (Martinez force mains will be evaluated under the Pump Station Upgrades Project – Phase 2)
- Other pumping stations have a lower risk and will be inspected in the future

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Collection System

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$125,000	\$500,000	\$500,000	\$-	\$1,125,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$ 125,000	\$500,000	\$500,000	\$-	\$1,125,000

Pumping Station Security Improvements – District Project 8447

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/Construction	25	63

Purpose:

To improve physical security at the pump stations and to protect existing critical assets.

Drivers:

In addition to worker safety, there are many critical assets that require physical security improvements to minimize risk. In FY 2016-17, a comprehensive security study was completed for major Central San facilities that utilized the principles of American Water Works Association J100 Risk Analysis and Management for Critical Asset Protection methodology (*RAMCAP® J100*). *RAMCAP® J100* is a comprehensive approach that enables the estimation of relative risks across multiple assets while considering both malevolent and natural hazards. The *RAMCAP® J100* method is a 7-step process: 1) Asset Characterization, 2) Threat Characterization, 3) Consequence Analysis, 4) Vulnerability Analysis, 5) Threat Analysis, 6) Risk/Resilience Analysis, and 7) Risk/Resilience Management.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Findings related to the pumping stations will be implemented under this project or related projects. Some improvements may be implemented in collaboration with other programs. In general, recommendations include:

- Increased surveillance and intrusion detection
- Access control improvements
- Perimeter fencing repair
- Increased signage and other miscellaneous security improvements

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Related Projects: Include Moraga, Orinda, Flush Kleen, and Martinez projects

Location(s): Pumping Stations

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	131,000	-	-	-	131,000
Construction	308,000	82,000	83,000	-	473,000
FY Total	\$439,000	\$82,000	\$83,000	\$-	\$604,000

Development Sewerage Support – District Project 8450

Program	Phase	Priority Rank	Ranking Score
Collection System	Construction	N/A	-

Purpose:

To capitalize Central San force account labor and other expenses for planning, design, and construction of system sewer extensions.

Drivers:

Central San requires property owners to pay for main sewer extensions needed to serve their property. Where sewers are designed and installed by developers or other private parties, Central San planning, plan review, right-of-way, inspection, and record drawing/mapping efforts are required to ensure that installed sewers meet Central San’s Standard Specifications for Design and Construction. These activities are capitalized under this project.

A portion of the revenue collected for plan review and inspection is credited to the Sewer Construction Fund and offsets some of the expenditures made under this capital project.

Description:

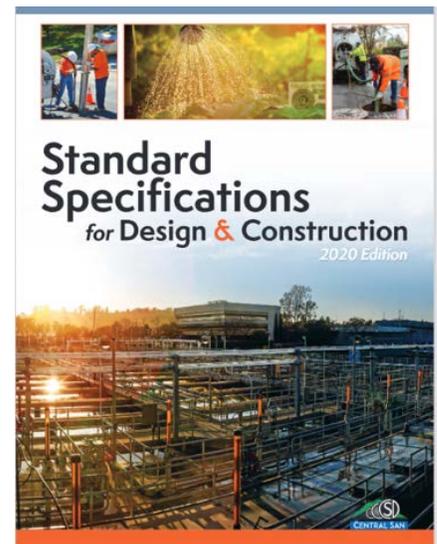
This project is used to fund consultant and staff costs for developer-installed sewer facilities.

Operating Department Impact and Funding Source:

This project will have a minor impact on the operating budgets; however, these costs are recovered under fees paid by developers. Project expenditures are funded from Capital Revenues and fees collected are credited to the Sewer Construction Fund.

Location(s): Collection System

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	4,959,316	927,000	927,000	1,854,000	8,667,316
FY Total	\$4,959,316	\$927,000	\$927,000	\$1,854,000	\$8,667,316

Pump Station Upgrades – Phase 2A - District Project 8457

Program	Phase	Priority Rank:	Ranking Score
Collection System	Construction	3	86

Purpose:

To address aging infrastructure and reliability needs at the Martinez, Fairview, and Maltby Pumping Stations.

Drivers:

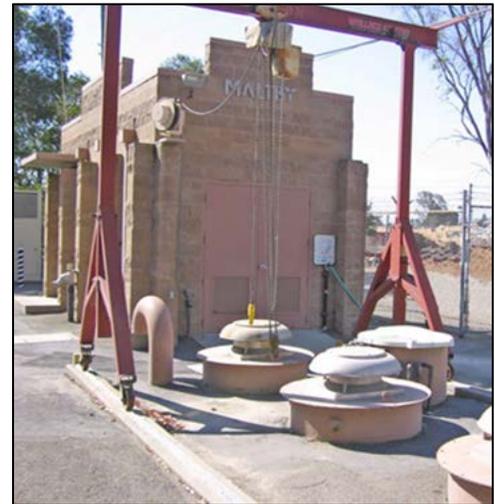
A comprehensive condition assessment of the pumping stations has identified several structural, mechanical, electrical, and instrumentation improvements. An Arc Flash Study has also identified several improvements required at these stations.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

The following are major elements included in the project:

- Replace corroded steel dry pits with new wet wells at the Fairview and Maltby Pumping Stations
- Replace backup generators and instrumentation
- Rehabilitate or replace flow meters
- Recondition or replace pumps, valves, and gates
- Repair/recoat piping and concrete
- Replace major electrical/controls, including Arc Flash Study recommendations
- Replace worn control panels and seismically brace control panels and electrical cabinets
- Improve safety devices such as replacement of gas detection systems and eye wash stations



Operating Department Impact and Funding Source:

The impacts on the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues. Fairview and Maltby was bid separate as Phase 2A and Martinez as Phase 2B due to the scope of the projects.

Location(s): Fairview and Maltby Pumping Stations

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$150,000	\$-	\$-	\$-	\$150,000
Design	3,900,000	-	-	-	3,900,000
Construction	10,600,000	10,000,000	10,000,000	3,350,000	33,950,000
FY Total	\$14,650,000	\$10,000,000	\$10,000,000	\$3,350,000	\$38,000,000

Martinez Sewer Renovation – Phase 7 – District Project 8464

Program	Phase	Priority Rank	Ranking Score
Collection System	Construction	14	72

Purpose:

To replace and renovate small diameter sewers within the city and unincorporated areas of Martinez.

Drivers:

Central San’s 1,500+ mile collection system has pipe segments that range in age from new to more than 100 years old. Some of the pipe segments are at or near the end of their useful lives as evidenced by their need for frequent maintenance, high rate of infiltration, and/or threat of structural collapse.

More than 300 miles of the small diameter sewers in the collection system were constructed prior to 1956. The methods and materials of construction used at that time do not currently perform well and are the source of over 90% of the dry weather SSOs.

Central San implemented a sewer renovation program in 1991 to replace small diameter sewers to control future maintenance requirements and costs, minimize the number of overflows, limit the quantity of rainfall entering the collection system, and improve the level of service provided to customers.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The Martinez Sewer Renovation – Phase 7 Project will replace or rehabilitate up to approximately 4,500 feet of small diameter sewers primarily along Alhambra Ave., and 1,500 feet of trunk sewers on Alhambra Ave.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Martinez

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$100,000	\$-	\$-	\$-	\$100,000
Design	600,000	-	-	-	600,000
Construction	3,881,000	-	-	-	3,881,000
FY Total	\$4,581,000	\$-	\$-	\$-	\$4,581,000

Large Diameter Piping Renovation Program – District Project 100007

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/Construction	57	39

Purpose:

To plan for and design large diameter trunk and interceptor replacement projects for collection system sewers that are near the end of their useful lives. The implementation of the repairs and replacement will be identified as part of the condition of and the timing for renovation needs that are identified in the inspection of large diameter pipelines under District Project 8443.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Drivers:

Central San owns 76 miles of wastewater trunks and interceptors ranging from 24 inches to 102 inches in diameter. The typical lifespan of large sewers ranges from 50 to 150 years depending on pipe material, hydraulic, operating, and environmental conditions. Nearly half of Central San's large sewers are over 50 years old and will be evaluated under District Project 8443 for remaining life. The bulk of the replacement is recommended within the Ten-Year Capital Improvement Plan. Continual replacement will provide the best possible protection against SSOs. The Large Diameter Piping Renovation Project – Phase 1 will span the next five fiscal years (FYs 2022-27).



Description:

This project is for sewer selection planning and design work for a phased large diameter pipeline replacement program that will be developed and prioritized based on pipe condition assessment and consequence of failure. This project is the first of a multi-year phase replacement program and will review pipeline data and prioritize large diameter sewers for inspection. The initial project will consist rehabilitation of large diameter reinforced concrete sewers in Danville using enhanced CCTV.

Operating Department Impact and Funding Source:

The impacts on the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Collection System

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$100,00	\$100,000	\$-	\$-	\$200,000
Design	400,000	400,000	-	-	800,000
Construction	-	-	3,000,000	7,000,000	10,000,000
FY Total	\$500,000	\$500,000	\$3,000,000	\$7,000,000	\$11,000,000

San Ramon Electrical Upgrades – District Project 100017

Program	Phase	Priority Rank	Ranking Score
Collection System	Construction	6	80

Purpose:

Replace and or upgrade electrical equipment which are at the end of their useful life expectancy.

Drivers:

This project replaces aging equipment in poor condition at the San Ramon Pumping Station. Critical spare parts are identified to improve resiliency and reliable operations during emergency conditions, power failures, and severe wet weather conditions.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

The following are major elements included in the project:

- The existing automatic transfer switch (ATS) has significant limitations in maintainability and needs to be replaced. To deenergize the ATS or any MCCs, PG&E must be called out to shut down power to the entire station. There is no way that staff can access to shut down power for maintenance. This makes maintenance on several pieces of electrical equipment very difficult and leaves the station vulnerable if equipment malfunctions and PG&E can't respond quickly.
- The arc flash hazard is extremely high for the existing ATS and the PG&E service entrance (SE). To mitigate these issues, staff recommends replacing the existing SE with a unit that has main rack-out breakers and remote trip functionality.
- Staff also recommends replacing the three remaining Robicon variable frequency drives (VFDs). Plant Maintenance has had to respond to many failed or malfunctioning Robicon VFDs throughout the plant and the pumping stations.



Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): San Ramon

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	200,000	-	-	-	200,000
Construction	1,713,000	-	-	-	1,713,000
FY Total	\$1,913,000	\$-	\$-	\$-	\$1,913,000

Walnut Creek Sewer Renovation – Phase 16 – District Project 100023

Program	Phase	Priority Rank	Ranking Score
Collection System	Construction	14	72

Purpose:

To replace and renovate small diameter sewers within the city of Walnut Creek and unincorporated Walnut Creek.

Drivers:

Central San’s 1,500+ mile collection system has pipe segments that range in age from new to more than 100 years old. Some of the pipe segments are at or near the end of their useful lives as evidenced by their need for frequent maintenance, high rate of infiltration, and/or threat of structural collapse.

More than 300 miles of the small diameter sewers in the collection system were constructed prior to 1956. The methods and materials of construction used at that time do not currently perform well and are the source of over 90% of the dry weather SSOs. Central San implemented a sewer renovation program in 1991 to replace small diameter sewers, control future maintenance requirements and costs, minimize the number of overflows, limit the quantity of rainfall entering the collection system, and improve the level of service provided to customers.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The Walnut Creek Sewer Renovation – Phase 16 Project will replace or rehabilitate up to approximately 10,000 feet of small diameter sewers located in both public right-of-way and easements. This project includes a creek crossing.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Walnut Creek

Phase	Project Budget				
	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$50,000	\$-	\$-	\$-	\$50,000
Design	450,000	-	-	-	450,000
Construction	5,879,000	-	-	-	5,879,000
FY Total	\$6,379,000	\$-	\$-	\$-	\$6,379,000

South Orinda Sewer Renovation – Phase 9 – District Project 100024

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/Construction	31	57

Purpose:

To replace and renovate small diameter sewers within the southern portion of the City of Orinda, unincorporated Orinda, and the Town of Moraga.

Drivers:

Central San’s 1,500+ mile collection system has pipe segments that range in age from new to more than 100 years old. Some of the pipe segments are at or near the end of their useful lives as evidenced by their need for frequent maintenance, high rate of infiltration, and/or threat of structural collapse.

More than 300 miles of the small diameter sewers in the collection system were constructed prior to 1956. The methods and materials of construction used at that time do not currently perform well and are the source of over 90% of the dry weather SSOs. Central San implemented a sewer renovation program in 1991 to replace small diameter sewers, control future maintenance requirements and costs, minimize the number of overflows, limit the quantity of rainfall entering the collection system, and improve the level of service provided to customers.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The South Orinda Sewer Renovation – Phase 9 Project will replace or rehabilitate up to approximately 11,000 feet of small diameter sewers located in both public right-of-way and easements within the southern portion of the city of Orinda, south of Highway 24.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues. Construction budget will be transferred from the Phase 2 Collection System Renovation Program at time of award.

Location(s): Orinda and Moraga

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$50,000	\$-	\$-	\$-	\$50,000
Design	450,000	-	-	-	450,000
Construction	-	-	-	-	-
FY Total	\$500,000	\$-	\$-	\$-	\$500,000

Lafayette Sewer Renovation – Phase 15 – District Project 100025

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/Construction	31	57

Purpose:

To replace and renovate small diameter sewers within the city and unincorporated areas of Lafayette.

Drivers:

Central San’s 1,500+ mile collection system has pipe segments that range in age from new to more than 100 years old. Some of the pipe segments are at or near the end of their useful lives as evidenced by their need for frequent maintenance, high rate of infiltration, and/or threat of structural collapse.

More than 300 miles of the small diameter sewers in the collection system were constructed prior to 1956. The methods and materials of construction used at that time do not currently perform well and are the source of over 90% of the dry weather SSOs.

Central San implemented a sewer renovation program in 1991 to replace small diameter sewers, control future maintenance requirements and costs, minimize the number of overflows, limit the quantity of rainfall entering the collection system, and improve the level of service provided to customers.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The Lafayette Sewer Renovation – Phase 15 Project will replace or rehabilitate up to approximately 13,000 feet of small diameter sewers located in both public right-of-way and easements.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues. Construction budget will be transferred from the Phase 2 Collection System Renovation Program at time of award.

Location(s): Lafayette

Phase	Project Budget				
	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$50,000	\$-	\$-	\$-	\$50,000
Design	450,000	-	-	-	450,000
Construction	-	-	-	-	-
FY Total	\$500,000	\$	\$	\$	\$500,000

Collection System Master Plan Five - Year Update – District Project 100028

Program	Phase	Priority Rank	Ranking Score
Collection System	Planning	67	26

Purpose:

To update the 2017 Comprehensive Wastewater Master Plan (CWMP) that determines the future direction, capital improvement needs, and priorities for Central San’s collection system’s needs.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Drivers:

Central San maintains 1,540 miles of gravity sewers, 31 force mains with a combined length of approximately 23 miles, and 18 pumping stations. This infrastructure is critical for the conveyance of wastewater and planning for future rehabilitation or replacement is essential.



Description:

- The Collection System (CS) Master Plan was one component of the 2017 CWMP. A key deliverable of the CS Master Plan update will be the CIP for replacement of the collection system gravity sewers, large diameter pipelines, and force mains for the next 20-year planning horizon that provides the descriptions, rationale, and estimated costs for Central San’s collection system. A phased inspection program was developed and prioritized based on age and consequence of failure: Capital improvement projects and ongoing programs to address aging infrastructure, meet existing and anticipated regulatory requirements, accommodate planned growth, or other critical collection system needs will be addressed in the update.
- The CS Master Plan update will continue to review pump stations including Bates Boulevard, San Ramon, Clyde, and Concord Industrial, Acacia, and Wagner Ranch Pump Station.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Collection System

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$1,600,000	\$-	\$-	\$-	\$1,600,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$1,600,000	\$-	\$-	\$-	\$1,600,000

Orinda – Moraga PS Architectural Improvements – District Project 100037

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/ Construction	60	36

Purpose:

To provide architectural improvements to the Moraga, Orinda Crossroads, and Flush Kleen Pumping Stations.

Drivers:

These pumping stations have just been upgraded and are in both residential and highly visible commercial areas. Making these architectural improvements will help Central San’s infrastructure blend in with the surrounding neighborhoods.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

Staff will evaluate the following:

- Improving the outside storage facility at Moraga Pumping Station.
- Installing an A-frame roof at Orinda Crossroads Pumping Station.
- Replacing a segment of the perimeter fence with CMU at Orinda Pumping Station
- Enclosing and building a canopy at Flush Kleen Pumping Station.
- Other miscellaneous improvements to match the surrounding environment.



Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Orinda and Moraga

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	250,000	-	-	-	250,000
Construction	1,200,000	-	-	-	1,200,000
FY Total	\$1,450,000	\$-	\$-	\$-	\$1,450,000

San Pablo Watershed Improvements – District Project 100038

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/ Construction	9	79

Purpose:

To help Central San staff locate sewer force mains in the City of Orinda and Town of Moraga

Drivers:

This project will locate and create permanent markers on force mains to avoid breaks by the public. Many force mains are old and difficult to locate.

Description:

The following are major elements included in the project:

- Locate and mark all Central San force mains in the City of Orinda and Town of Moraga.
- Install permanent markers on or near force mains in key locations.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Orinda and Moraga

Phase	Project Budget				Total
	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	200,000	-	-	-	200,000
FY Total	\$200,000	\$-	\$-	\$-	\$200,000

Collection System Sewer Renovation –Phase 2 – District Project 100039

Program	Phase	Priority Rank	Ranking Score
Collection System	Planning/Design/Construction	37	56

Purpose:

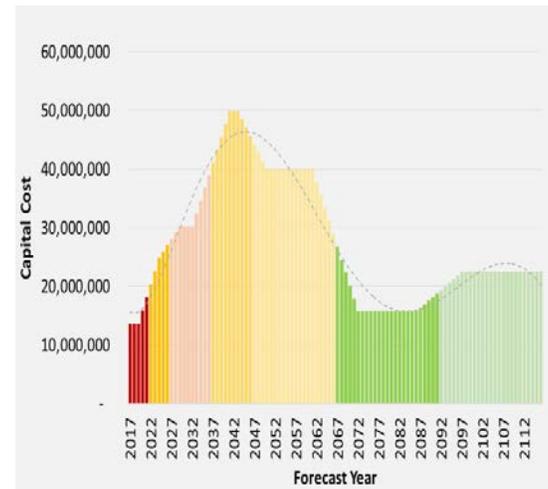
To plan and initiate design for additional sewer replacement projects for collection system sewers that are near the end of their useful life.

Drivers:

Central San's collection system includes 1,540+ miles of gravity sewers and over 37,000 maintenance access holes. Pipeline sizes range from 4 inches to 102 inches in diameter, and pipe materials vary throughout the system.

Continual replacement will provide the best possible protection against sewer service overflows (SSOs). The InfoMaster® sewer replacement risk model was developed to prioritize the timing for sewer replacement and to develop a risk-based sewer replacement program. To meet increase replacement rates in years 20-50, this program ramps up the replacement rate. The first five years, Phase 1, replaced up to 35 miles, an average of 7.0 miles per year. Phase 2 will continue a similar pace with a slight increase to approximately 8.0 miles per year for the next five years. Replacement for years ten through twenty, Phase 3, in the CIP will be re-evaluated under the Collection System Master Plan update.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This project is for pipeline selection planning and some preliminary design work for new sewer replacement projects. Additional sewer replacement projects will be developed and may be split into individual projects for final design and construction.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues. This program will fund all sewer renovation projects until Fiscal Year 2026-27.

Location(s): Entire Collection System

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$200,000	\$200,000	\$400,000	\$800,000
Design	-	2,000,000	2,000,000	4,000,000	8,000,000
Construction	2,950,000	16,300,000	17,800,000	35,600,000	72,650,000
FY Total	\$2,950,000	\$18,500,000	\$20,000,000	\$40,000,000	\$81,450,000

Buchanan Lift Station Replacements & Improvements – District Project 100041

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/ Construction	44	50

Purpose:

To address deficient infrastructure and reliability needs at the Buchanan Lift Stations.

Drivers:

This project will replace and remove aging equipment in poor condition at the South & North Buchanan Lift Stations.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

The following are major elements included in the project:

- Replace the South Buchanan air ejector lift station with a new submersible pump station.
- Abandon the North Buchanan air ejector lift station and the sewer main under the runway of Buchanan Field Airport.
- Replace approximately 3,000 feet of sewer mains near the Buchanan Field Airport.



Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Concord

Phase	Project Budget				Total
	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	
Planning	\$100,000	\$-	\$-	\$-	\$100,000
Design	100,000	200,000	-	-	300,000
Construction	-	650,000	850,000	500,000	2,000,000
FY Total	\$200,000	\$850,000	\$850,000	\$500,000	\$2,400,000

Pump Station Upgrades – Phase 2B - District Project 100042

Program	Phase	Priority Rank:	Ranking Score
Collection System	Construction	2	87

Purpose:

To address aging infrastructure and reliability needs at the Martinez Pumping Station.

Drivers:

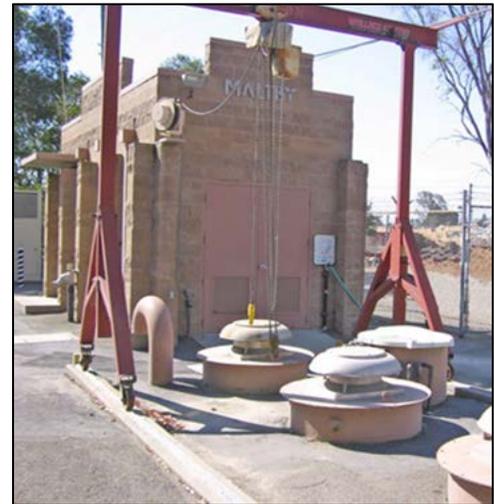
A comprehensive condition assessment of the pumping stations has identified several structural, mechanical, electrical, and instrumentation improvements. An Arc Flash Study has also identified several improvements required at these stations.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

The following are major elements included in the project:

- Replace critical instrumentation
- Rehabilitate or replace flow meters
- Recondition or replace pumps, valves, and gates
- Repair/recoat piping and concrete
- Replace major electrical/controls, including Arc Flash Study recommendations
- Replace worn control panels and seismically brace control panels and electrical cabinets
- Improve safety devices such as replacement of gas detection systems and eye wash stations



Operating Department Impact and Funding Source:

The impacts on the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues. Fairview and Maltby was bid separate as Phase 2A and Martinez as Phase 2B due to the scope of the projects.

Location(s): Martinez Pumping Station

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	200,000	-	-	-	200,000
Construction	3,000,000	2,500,000	4,331,000	500,000	10,331,000
FY Total	\$3,200,000	\$2,500,000	\$4,331,000	\$500,000	\$10,531,000

Collection System Modeling Support FY 22+ – District Project 100044

Program	Phase	Priority Rank	Ranking Score
Collection System	Planning	54	40

Purpose:

To maintain and update the InfoWorks® hydrodynamic collection system model.

Drivers:

A new InfoWorks® ICM hydrodynamic collection system model was configured and calibrated for 190 miles of the trunk sewer system. The new model replaced an old steady-state static model that was no longer supported by vendors and did not offer the same level of accuracy or useful output information that is available with new vendor-supported state-of-the-art hydrodynamic models. The model is used for several critical Central San operations such as evaluating sewer capacities, identifying capacity deficiencies, developing sewer sizing criteria, evaluating impacts from increased flows due to development and special discharges, evaluating re-routing options, and providing hydraulic grade line information that could be helpful during emergencies or for sewer renovation work.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The following are major elements included in the project:

- Complete expansion of the trunk sewer model into high priority development areas where anticipated sewer capacity evaluations will be required
- Identify critical areas with model predicted surcharge conditions and install level monitors or smart manhole covers.
- Continue to support development and capital project modeling requests

Operating Department Impact and Funding Source:

This project will have a minor impact on the operating budget due to software costs. Project expenditures are funded from Capital Revenues and some costs are reimbursed through permit fees.

Location(s): Collection System

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$120,000	\$125,000	\$125,000	\$875,000	\$1,245,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$120,000	\$125,000	\$125,000	\$875,000	\$1,245,000

Downtown Walnut Creek Sewer Renovation – Locust – District Project 100049

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/ Construction	31	57

Purpose:

To replace and renovate small diameter sewers within the commercial downtown of the city of Walnut Creek.

Drivers:

Central San’s 1,500+ mile collection system has pipe segments that range in age from new to more than 100 years old. Some of the pipe segments are at or near the end of their useful lives as evidenced by their need for frequent maintenance, high rate of infiltration, and/or threat of structural collapse.

More than 300 miles of the small diameter sewers in the collection system were constructed prior to 1956. The methods and materials of construction used at that time do not currently perform well and are the source of over 90% of the dry weather SSOs. Central San implemented a sewer renovation program in 1991 to replace small diameter sewers, control future maintenance requirements and costs, minimize the number of overflows, limit the quantity of rainfall entering the collection system, and improve the level of service provided to customers.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The Downtown Walnut Creek Sewer Renovation – Locust Project will replace approximately 4,500 feet of small diameter sewers located in the public right-of-way, primarily on Locust Street. The project is being closely coordinated with the City of Walnut Creek’s downtown improvements project and East Bay Municipal Utility District’s water main replacement project.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues. Construction budget will be transferred from the Phase 2 Collection System Renovation Program at time of award.

Location(s): Walnut Creek

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$50,000	\$-	\$-	\$-	\$50,000
Design	450,000	-	-	-	450,000
Construction	-	-	-	-	-
FY Total	\$500,000	\$-	\$-	\$-	\$500,000

Caltrans A-Line Relocation – District Project 100050

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/ Construction	68	20

Purpose:

To relocate a portion the A-Line and sewer mains for the State Route 4/ Interstate 680 interchange project.

Drivers:

Contra Costa Transit Authority (CCTA), in cooperation with the California Department of Transportation, is planning to construct additional improvements to the State Route 4/ Interstate 680 interchange, which requires relocation of Central San facilities.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

Central San is required to prepare engineering plans and relocate approximately 2,000 feet of an 84-inch reinforced concrete pipe (RCP), commonly referred to as the A-Line along Berry Drive to the east of Interstate 680, and approximately 250 feet of 12-inch and 8-inch sewer mains on the west side of Interstate 680 (see Attachment 1). Along Berry Drive, the A-Line needs to be relocated approximately 10-15 feet into the center of the road to avoid foundations for new retaining walls where the interchange will be widened. Similarly, the 12-inch and 8-inch sewer mains will be relocated a similar distance to the west where the interchange is being widened.

Operating Department Impact and Funding Source:

The existing 84-inch, 12-inch and 8-inch sewer pipelines is lawfully maintained in its present location pursuant to rights superior to those of CCTA and will, therefore, be relocated at CCTA's expense.

Location(s): Pacheco

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$200,000	\$-	\$-	\$-	\$200,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$200,000	\$-	\$-	\$-	\$200,000

North Orinda Sewer Renovation – Phase 9 – District Project 100052

Program	Phase	Priority Rank	Ranking Score
Collection System	Design/Construction	31	57

Purpose:

To replace and renovate small diameter sewers within the northern portion of the City of Orinda and unincorporated Orinda.

Drivers:

Central San’s 1,500+ mile collection system has pipe segments that range in age from new to more than 100 years old. Some of the pipe segments are at or near the end of their useful lives as evidenced by their need for frequent maintenance, high rate of infiltration, and/or threat of structural collapse.

More than 300 miles of the small diameter sewers in the collection system were constructed prior to 1956. The methods and materials of construction used at that time do not currently perform well and are the source of over 90% of the dry weather SSOs.

Central San implemented a sewer renovation program in 1991 to replace small diameter sewers, control future maintenance requirements and costs, minimize the number of overflows, limit the quantity of rainfall entering the collection system, and improve the level of service provided to customers.

Description:

The North Sewer Renovation – Phase 9 Project will replace or rehabilitate up to approximately 10,000 feet of small diameter sewers located in both public right-of-way and easements within the northern portion of the City of Orinda, unincorporated Orinda, and north of Highway 24.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Orinda

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$50,000	\$-	\$-	\$-	\$50,000
Design	450,000	-	-	-	450,000
Construction	-	-	-	-	-
FY Total	\$500,000	\$-	\$-	\$-	\$500,000

Houston Court Area CAD – District Project 100053

Program	Phase	Priority Rank	Ranking Score
Collection System	Construction	N/A	-

Purpose:

To provide a financing mechanism for the extension of public sewers into areas that are currently served by septic tanks, referred to as Contractual Assessment Districts (CADs).

Drivers:

In certain instances, the cost to extend public sewers into an area serviced by septic tanks can be an extreme financial burden for one owner or even a small group of owners. Central San developed the CAD Program to address this financial burden. The CAD process provides a means to finance the cost of sewer improvements over time at a fixed interest rate. The CAD assessments are placed on the customers' property tax bills each year until the entire amount is reimbursed to Central San. Each CAD is presented to the Board of Directors for approval.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

The Houston Court Area CAD would provide for construction and installation of approximately 636 linear feet of sanitary sewer line, together with appurtenant work and facilities to provide wastewater service to properties along Quinnterra Lane and Houston Court in the Town of Danville.



Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues and repaid by the CAD participants.

Location(s): Danville

Phase	Project Budget				
	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	252,894	-	-	-	252,894
FY Total	\$252,894	\$-	\$-	\$-	\$252,894

Collection System Planning 2023+ - District Project TBD

Program	Phase	Priority Rank	Ranking Score
Collection System	Planning	N/A	-

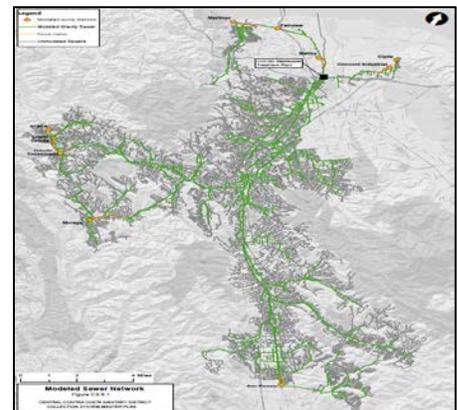
Purpose:

To complete evaluations for upcoming regulatory requirements, assess collection system renovation needs, evaluate sewer capacities, and investigate optimization and pilot opportunities.

Drivers:

Central San owns and operates 1,535 miles of sewer and 18 pumping stations. Ongoing planning and evaluations are required to proactively address aging infrastructure, capacity needs, upcoming regulations, and sustainability drivers. An *InfoMaster*® sewer replacement risk model is maintained by staff to identify and prioritize sewer renovation needs. An *InfoWorks*® hydrodynamic model is maintained by staff to identify capacity deficiencies and renovation needs. This project includes developing the *InfoAssets*® framework needed to incorporate force main and large diameter sewer inspection results into a risk-based, long-term renovation and inspection strategy.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The following are major elements included in the project:

- Use *InfoWorks*® to evaluate capacity for proposed developments, special discharge requests, sewer renovation projects, and proposed construction shutdowns and bypasses
- Update the *InfoAssets*® sewer risk model and long-term sewer renovation need projections to incorporate force main and large diameter sewer inspection results to develop long-term renovation and ongoing condition assessment strategies
- Identify and evaluate promising technologies, optimizations, and pilots applicable to collection system and pumping station operations

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Collection System and Pumping Stations

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$200,000	\$200,000	\$1,600,000	\$2,000,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$-	\$200,000	\$200,000	\$1,600,000	\$2,000,000

Pumping Station Equipment and Piping Replacement 2023+ – District Project TBD

Program	Phase	Priority Rank	Ranking Score
Collection System	Construction	25	63

Purpose:

To replace or recondition failed and obsolete pumps, piping, valves, and other pumping station equipment and to provide proper emergency response equipment and critical spare parts at pumping stations.

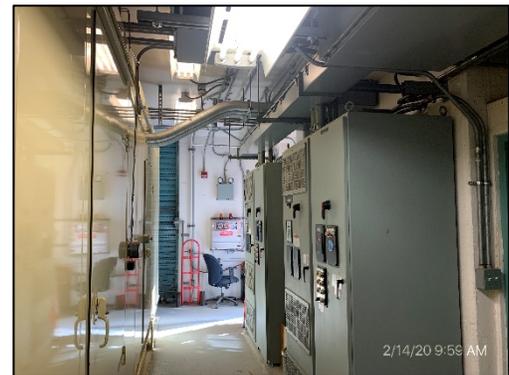
Drivers:

This ongoing project replaces aging equipment and piping in poor condition at the pumping stations.

Additionally, emergency response equipment and critical spare parts are identified to improve resiliency and reliable operations during emergency conditions, power failures, and severe wet weather.

Selection of equipment is completed by Plant Operations, Plant Maintenance, and Engineering staff in coordination with the ongoing Asset Management Program.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The following are major elements included in the project:

- Install control and isolation valves for shutdown and pumping station protection
- Revise control strategies and equipment response times
- Purchase a portable bypass pump for Lower Orinda Pumping Station
- Recondition major equipment to meet original factory specifications
- Purchase critical spare parts for major pumping station equipment

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Pumping Stations

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	-	200,000	200,000	1,600,000	2,000,000
FY Total	\$-	\$200,000	\$200,000	\$1,600,000	\$2,000,000

Maintenance Access Cover Modifications – District Project TBD

Program	Phase	Priority Rank	Ranking Score
Collection System	Construction	12	76

Purpose:

To replace, repair, or raise maintenance access hole covers and top blocks to match roadway elevations in coordination with pavement restoration plans with agencies or existing conditions.

Drivers:

Central San's collection system includes over 36,000 sewer structures. Many of these structures are maintenance access covers or rodding inlets which can be in paved roadways, public right-of-way, and private roadways throughout the entire service area. Continual replacement of maintenance access covers or repairing top blocks are needed on a yearly basis as the system ages or the roadways are rebuilt.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

This project will fund the replacement or raising of maintenance access hole covers and repairing top blocks either through construction projects or reimbursements with cities or other agencies under joint powers agreements.



Operating Department Impact and Funding Source:

This project does not have an impact on the operating budgets. However, if Collection System Operations were to self-perform, it would have a significant impact. Project expenditures are funded from Capital Revenues.

Location(s): Collection System

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	-	400,000	300,000	2,850,000	3,550,000
FY Total	\$-	\$400,000	\$300,000	\$2,850,000	\$3,550,000

Pumping Station SCADA & PLC Upgrades – District Project TBD

Program	Phase	Priority Rank	Ranking Score
Collection System	Planning	N/A	TBD

Purpose:

To upgrade SCADA and programmable logic controller software at the pumping stations.

Drivers:

Central San maintains and operates 18 pump stations. Sixteen of the pump stations are owned by the District; the other two are privately owned but operated by the District on a contract basis.

The PLCs at Central San’s 16 pump stations are operating on the Concept platform and require upgrade to the Unity software. Upgrading from outdated software is critical for maintaining reliable control and operation of the pump stations.

Description:

This project includes upgrading several of the pumping station’s SCADA and PLCs from Concept to Unity.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Pump Stations

Phase	Project Budget				Total
	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	
Planning	\$-	\$200,000	\$-	\$-	\$200,000
Design	-	150,000	100,000	-	250,000
Construction	-	-	400,000	1,300,000	1,700,000
FY Total	\$-	\$350,000	\$500,000	\$1,300,000	\$2,150,000

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Capital Improvement Budget – Treatment Plant Program

The following are the major points of emphasis for the FY 2023-24 Treatment Plant Program:

- Replace equipment as it reaches the end of its useful life to avoid structural and mechanical failures, reduce downtime, and control maintenance costs.
- Rehabilitate aging infrastructure and assure process systems are reliable.
- Meet or exceed safety standards for employees.
- Respond to regulatory requirements related to pending air emissions regulations.
- Increase sustainability and energy related projects for future sustainability.

Aging Infrastructure (Asset Rehabilitation and Replacement Projects)

Projects in this subprogram are targeted as asset preservation, rehabilitation, and replacement. The main projects in this program are the Influent Pump Electrical Improvements, Electric Blower Improvements, and Piping Renovation – Phase 10, which will extend the useful life of existing equipment and/or facilities and replace critical infrastructure like the Headworks variable frequency drives.

The largest and most significant project will be the start of the Solids Handling Facility Improvements – Phase 1A, which includes solids dewatering equipment replacement (feed pumps, centrifuges, cake pumps), wet scrubber, as well as associated electrical, instrumentations, and incinerator controls improvements.

The final design of the Ultraviolet (UV) Disinfection Replacement will begin and has been merged with the UV Hydraulic Project.

The Steam and Aeration Blower Systems Renovations (Steam Project) has concluded its condition assessment of the steam systems, secondary treatment processes, and associated electrical distribution systems. Several of the phases that are derived from the Steam Project will be implemented. These include construction of the Electric Blower Improvements, design of the Aeration Basins Diffuser Replacement, and the final design of the Steam Renovations – Phase 1.

Other aging infrastructure projects include the Laboratory Roof and Seismic Upgrades Project, Annual Infrastructure Replacement Project, and Uniform Public Construction Cost Accounting Act (UPCCAA) Urgent Projects.

Regulatory Compliance (Includes Planning and Safety Projects)

This subprogram includes projects that emphasize preparing for future regulations and treatment plant planning, including pilot testing various new technologies. Work will be implemented to comply with pending new air permitting requirements, and the installation of incinerator emissions improvements which is included in the Solids Handling Facility Improvements – Phase 1A Project.

Safety and security improvements will continue under this subprogram. The Solids Conditioning Building and multiple hearth furnaces are being re-evaluated. The design of the UV Disinfection Replacement will be implemented to make sure the treatment plant can reliably meet the disinfection National Pollutant Discharge Elimination System (NPDES) effluent permit requirements. The existing activated sludge process, which includes the aeration basins, continues to be evaluated and improvements to the aeration diffusers are planned soon. New diffuser systems will help provide oxygen to the biological system to ensure adequate oxygen transfer for a more reliable process.

Capacity (Expansion Projects)

There are no projects in FY 2023-24 that include expansion of the treatment plant. However, there are projects such as the UV Disinfection Replacement, Hydraulic Improvements, and the Aeration Basins Diffuser Replacement Project that will address internal bottlenecks and degrading systems to reach design capacities. Projects like the Influent Pump Electrical Improvements and Electric Blower Improvements will increase back-up capacity to match current operating and wet weather scenarios for reliability.

Sustainability (Resiliency and Energy Projects)

Under this subprogram, the Walnut Creek/Grayson Creek Levee Rehab and Wet Weather Basin Improvements will address climate change and flooding concerns while the Air Conditioning and Lighting Renovation Project will replace equipment in poor condition with high efficiency models to save energy. However, most projects within CIB are evaluated for improvements related to this subprogram. Reducing energy consumption, improving power efficiencies, lowering emissions, and other important sustainability factors are routinely achieved through small and significant changes developed in the Capital Program.



All projects in the treatment plant program are summarized, including past and planned expenditures, in the following Table 3:

CIB Table 3 – FY 2023-24 Treatment Plant Program Budget/Project Summary

Project Number	Project Name	Budget-to-Date	FY2023-24	Future FYs	Total by Project
7315	Applied Research & Innovations	\$1,957,274	\$400,000	\$-	\$2,357,274
7328	Influent Pump Electrical Improvements	10,886,000	-	-	10,886,000
7341	Walnut Creek/Grayson Creek Levee Rehab	2,150,000	200,000	1,800,000	4,150,000
7348	Solids Handling Facility Improvements - Phase 1A	27,518,687	14,000,000	154,000,000	195,518,687
7349	Steam and Aeration Blower Systems Renovations	5,850,000	-	-	5,850,000
7357	Plant-Wide Instrumentation Upgrades	521,000	-	-	521,000
7369	Piping Renovation - Phase 10	5,450,000	-	-	5,450,000
7370	Annual Infrastructure Replacement FY 2019-25	3,605,000	500,000	500,000	4,605,000
7373	Fire Protection System - Phase 3	1,100,000	-	-	1,100,000
100001	UPCCAA Urgent Projects FY 2020-25	1,300,000	400,000	400,000	2,100,000
100008	Laboratory Roof & Seismic Upgrades	1,450,000	-	-	1,450,000
100009	Hearth Replacements	500,000	-	500,000	1,000,000
100010	Air Conditioning and Lighting Renovations	250,000	200,000	-	450,000
100011	Plant Electrical Replacement and Rehabilitation	808,371	250,000	500,000	1,558,371
100012	UV Disinfection Replacement and Hydraulic Improvements	6,000,000	1,500,000	62,500,000	70,000,000
100014	MRC Building Modifications and Maintenance Shops Improvements	800,000	600,000	700,000	2,100,000
100015	Electric Blower Improvements	13,395,000	-	-	13,395,000
100019	Aeration Basins Diffuser Repl. – Phase 1	7,480,000	6,000,000	46,000,000	59,480,000
100022	Wet Weather Basin Improvements	1,300,000	600,000	-	1,900,000
100030	Solids Handling Facility Improvements – Phase 2	5,700,000	-	-	5,700,000
100032	Steam Renovations, Phase 1	5,000,000	3,500,000	7,500,000	16,000,000
100034	TP Safety Enhancement Program	0	300,000	1,500,000	1,800,000

Project Number	Project Name	Budget-to-Date	FY2023-24	Future FYs	Total by Project
100040	Electrical Infrastructure Sub 90	500,000	500,000	24,500,000	25,500,000
100045	Fire Protection System – Phase 4	860,000	-	-	860,000
100046	Control System Upgrades	200,000	200,000	600,000	1,000,000
100047	Secondary Clarifier Improvements – Phase 1	2,000,000	500,000	7,500,000	10,000,000
100048	Warehouse Seismic Upgrades	500,000	-	2,000,000	2,500,000
100051	RAS Piping Renovations	2,020,000	-	-	2,020,000
100054	Aeration Unit 1 Steam Turbine Overhaul	200,000	500,000	500,000	1,200,000
100055	Process Optimization and Efficiency	200,000	300,000	-	500,000
TBD*	Treatment Plant Planning 2023+	-	250,000	2,250,000	2,500,000
TBD*	Plant Control System I/O Replacement – Phase 3	-	600,000	2,200,000	2,800,000
	Treatment Plant Program Total:	\$109,501,332	\$31,300,000	\$315,450,000	\$456,251,332

*New project in FY 2023-24 and number to be determined (TBD)

Applied Research & Innovations – District Project 7315

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Planning/Pre-Construction	62	32

Purpose:

To implement applied research projects that evaluate promising technologies, processes, and innovations.

Drivers:

One of Central San’s goals is to embrace innovation and part of its vision is to be a leader in the wastewater industry. There are several emerging and innovative nutrient removal, disinfection, and solids handling technologies that may offer significant savings and reduced footprint requirements when compared to conventional technologies. Innovations in equipment and instrumentation that may be beneficial will be considered.

Prior to implementing any major renovations for nutrient removal or converting solids handling technologies, staff will evaluate the feasibility of emerging technologies and implement applied research pilots. These pilots will help verify the compatibility with wastewater and facilities, increase understanding of the technology, and help determine whether to consider the technology.

2Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This project includes techno-economic evaluations and possible pilot testing of tertiary membrane nutrient removal technologies such as membrane aerated bioreactors (MABR), aerobic granular sludge (AGS), and other promising technologies. This project also funds the purchase of research equipment required for on-site field evaluations, optimizations, bench and pilot tests, and includes replacement of an existing 25+ year-old trailer with a new trailer to support ongoing applied research efforts.

Operating Department Impact and Funding Source:

The impacts to operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Miscellaneous Areas within the Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$1,957,274	\$400,000	\$-	\$-	\$2,357,274
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$1,957,274	\$400,000	\$-	\$-	\$2,357,274

Influent Pump Electrical Improvements – District Project 7328

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Construction	10	78

Purpose:

To address aging electrical components of the influent pumps and improve reliability.

Drivers:

The Influent Pump Facility is critical to operations. During wet weather, some of the pumps convey wastewater to the holding basins. Without the pumps, wastewater cannot be treated or stored in the basins. The influent pump motors are in a dry pit room below grade that is susceptible to flooding. A leak in the piping or flooding of the connected tunnels could potentially submerge the motors and the entire treatment plant would experience a catastrophic shutdown. Electrical improvements are recommended to improve reliability and resiliency. The influent pumps’ programmable logic controllers (PLCs) and variable frequency drives (VFDs) are outdated technology installed over 20 years ago and are becoming increasingly difficult to maintain. These VFDs have experienced multiple failures recently and are essential to managing flows, particularly during wet weather events.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Several major improvements in the influent pumping process area include:

- Replace influent pumps’ VFDs and upgrade influent pumps’ PLCs.
- Add Influent Pump No. 6 for reliability and redundancy during peak wet weather events.
- Evaluate implementation of “Smart Utility” and use of “Big Data” as part of this project.
- Adding submersible sump pump and wet well isolation gates (bid alternate) for flooding protection.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Influent Pump Station (Headworks Facility)

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$100,000	\$-	\$-	\$-	\$100,000
Design	910,000	-	-	-	910,000
Construction	9,876,000	-	-	-	9,876,000
FY Total	\$10,886,000	\$-	\$-	\$-	\$10,886,000

Walnut Creek/Grayson Creek Levee Rehab – District Project 7341

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design/Construction	30	60

Purpose:

To reduce the risk of flood damage to the treatment plant by raising levees through a project led by the Contra Costa County Flood Control and Water Conservation District (FCD).

Drivers:

The treatment plant site is bordered by Walnut and Grayson Creeks with levees that were built by the FCD and US Army Corps of Engineers and are currently owned and maintained by the FCD. Overtopping of the levees could catastrophically disable treatment plant operations, result in significant facility damage, negatively impact the environment due to discharge of untreated sewage, and impair the local economy. In 2007, the FCD implemented an interim flood control measure to desilt the lower Walnut Creek channel and raise the western levees of Walnut and Grayson Creeks. Based on recent modeling, the levees currently provide protection from a 30-year storm. The current flood protection standard by the California Department of Water Resources is to provide protection against at least a 200-year storm with three feet of freeboard, and to consider a rise in sea level and climate change.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Due to the critical nature of the treatment plant facilities, the levees will be raised to provide a protection level of a 200-year to 500-year storm with adequate freeboard. The FCD will be the lead agency and Central San will provide support for design review and construction coordination. Both agencies have agreed to equally share the estimated project costs. Central San anticipates accepting and storing soil on buffer property that can be used as levee material to provide in-kind contributions. Staff will continue to evaluate in-kind financial contributions.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Along the Walnut Creek and Grayson Creek Levees, Kiewit Buffer Property

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$100,000	\$-	\$-	\$-	\$100,000
Design	200,000	-	-	-	300,000
Construction	1,850,000	200,000	900,000	900,000	3,850,000
FY Total	\$2,150,000	\$200,000	\$900,000	\$900,000	\$4,150,000

Solids Handling Facility Improvements – Phase 1A – District Project 7348

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Construction	1	93

Purpose:

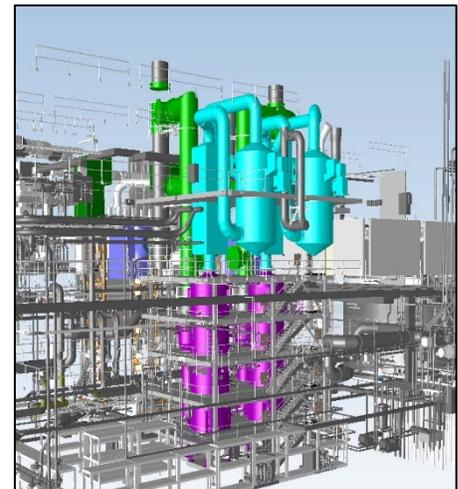
To rehabilitate and replace the sludge dewatering centrifuges, cake pumps, and furnace air pollution control equipment.

Drivers:

The existing furnaces have significant remaining useful life; however, other solids handling equipment requires replacement. The centrifuges and cake pumps have been in service for over 25 years, are costly to maintain, and spare parts are difficult to obtain. A more efficient wet scrubber and other air pollution control improvements will be needed to reliably comply with current and future air regulations.

Additional elements will be implemented in future phases to address the Solids Conditioning Building that houses the furnaces, cogeneration unit, and other critical equipment that does not meet current seismic standards, and electrical and control systems associated with this equipment will not need to be replaced during the project but under future phases.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The following are major elements included in the project:

- Replace wet scrubber with a new Venturi scrubber capable of waste heat boiler bypass.
- Replace centrifuges and cake pumps.
- Upgrade furnace burners.
- Replace electrical and control systems to accommodate new equipment.
- Seismic upgrades (Solids Phase 1B).

Operating Department Impact and Funding Source:

This project will have significant impact on the operating budgets based on staff time, energy, and disposal costs. Project expenditures are funded from Capital Revenues and from a Clean Water State Revolving Fund loan.

Location(s): Solids Conditioning Building

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$1,000,000	\$-	\$-	\$-	\$1,000,000
Design	24,000,000	-	-	-	24,000,000
Construction	2,518,687	14,000,000	37,000,000	117,000,000	170,518,687
FY Total	\$27,518,687	\$14,000,000	\$37,000,000	\$117,000,000	\$195,518,687

Steam and Aeration Blower Systems Renovations – District Project 7349

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Planning - Design	59	38

Purpose:

To evaluate the existing steam system, waste heat recovery, steam turbines, electrical power distribution system, and secondary treatment systems, and to plan and preliminary design of future projects.

Drivers:

Central San’s energy recovery system uses waste heat from the incinerator and cogeneration turbine to produce steam primarily for aeration blowers and other systems. The existing aeration system is from the 1970s and is outdated, inefficient, experiences significant air leaks, and has limited turndown capabilities. The existing steam piping, valves, and related equipment require a detailed assessment. Although it is advantageous to recover waste heat for producing aeration, it also creates a complicated interconnection. Disruptions in solids and steam systems can impact reliability of the secondary process. Similarly, disruptions in blower operation can impact the boiler, steam system, and solids emission controls.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Several major steam, electrical, and secondary process modifications are included in the evaluation:

- Evaluate the condition of the existing steam generation, steam-driven systems and turbine, and more efficient options to produce power from the future waste heat recovery system.
- Evaluate and design the addition of new electric blowers to supplement and/or replace the existing electric blower (currently in construction under DP 100015).
- Evaluate modifications to existing aeration tanks and the activated sludge system, including the hydraulics (currently in design under new project DP 100019).
- Evaluate modifications to existing secondary clarifiers and associated return-activated sludge and waste-activated sludge feed systems (new project this year).
- Determine impact from Refinery Recycled Water Exchange Project that would produce high quality recycled water with very low/no ammonia and low total dissolved solids to feed the two local oil refineries.

Operating Department Impact and Funding Source:

Project expenditures are funded from Capital Revenues. This project’s original total budget was approx. \$63 M and had been transferred to fund projects stated above. Each project addresses impacts to the operating fund.

Location(s): Pump and Blower Building, Solids Conditioning Building, Aeration Basins, Electrical Power Distribution System, Primary/Secondary Facilities, and other Treatment Plant Areas

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$3,000,000	\$-	\$-	\$-	\$3,000,000
Design	2,850,000	-	-	-	2,850,000
Construction	-	-	-	-	-
FY Total	\$5,850,000	\$-	\$-	\$-	\$5,850,000

Plant-Wide Instrumentation Upgrades – District Project 7357

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design-Construction	49	45

Purpose:

To install new instrumentation for improved monitoring, control, and optimization of Central San facilities.

Drivers:

Collecting and leveraging data is becoming increasingly useful for wastewater operations, design, and optimization. As Central San considers future equipment upgrades, potential nutrient removal, and solids handling technologies, it is important to collect data that will be useful for the evaluation and design of those facilities. There are also return streams that Central San has limited data for but could be helpful when evaluating future needs. In the meantime, there are opportunities to optimize existing processes and possibly reduce operations and maintenance costs; however, key instruments are required to evaluate these opportunities.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Energy management and efficiency measures are crucial elements when striving towards net zero energy. Power meters installed at the motor control centers and key equipment can be useful for identifying optimization opportunities. The concept of “big data” is becoming increasingly popular and is aimed at leveraging data to analyze trends to predict how a given process will perform in the future and proactively adjust. This project will likely be constructed with other treatment plant projects.

Description:

The following elements are included in the project:

- Develop instrumentation upgrades strategy and phasing plan.
- Install flow meters for improved monitoring of return streams.
- Install power meters for motor control centers and key equipment.
- Install air flow meters for tracking channel aeration demands.
- Install other miscellaneous instruments for improved process monitoring, control, and optimization.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$100,000	\$-	\$-	\$-	\$100,000
Design	100,000	-	-	-	100,000
Construction	321,000	-	-	-	321,000
FY Total	\$521,000	\$-	\$-	\$-	\$521,000

Piping Renovation – Phase 10 – District Project 7369

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Construction	6	80

Purpose:

To inspect, rehabilitate, and replace above-grade and below-grade piping and related systems at the treatment plant.

Drivers:

During the main treatment plant improvements project in the 1970s (Stage 5A Project), numerous above-grade and below-grade piping systems were installed throughout the treatment plant. These pipes convey wastewater, sludge, steam, air, and other utility services between various process areas. Many of these piping systems have been in operation for over 40 years without any major rehabilitation or replacement. Some piping systems are leaking due to corrosion and the condition of some systems is unknown because they have not been visually inspected.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The following are major elements included in the project:

- Replace piping, valves, and pumps throughout the treatment plant.
- Replace the potable water pneumatic water tanks and associated controls.
- Replace water piping in the Plant Operations Building equipment gallery and several pipelines.
- Replace the plant hypochlorite chemical feed system, storage and feed pumps, and associated piping.
- Replace electrical and controls.
- Replace equipment identified by the Asset Management Program and Operations and Maintenance staff such as VFDs.

Operating Department Impact and Funding Source:

This project will have insignificant impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$50,000	\$-	\$-	\$-	\$50,000
Design	600,000	-	-	-	600,000
Construction	4,800,000	-	-	-	4,800,000
FY Total	\$5,450,000	\$-	\$-	\$-	\$5,450,000

Annual Infrastructure Replacement – District Project 7370

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design/Construction	NA	-

Purpose:

To fund ongoing rehabilitation and replacement of treatment plant assets. This program will be continued until FY 2024-25. A new project will be set at that time.

Drivers:

The treatment plant consists of over 4,400 assets with a range of ages. The majority of existing treatment plant equipment was installed around 40 years ago. Over time, equipment, piping systems and other assets require rehabilitation or replacement to continue with Central San’s high level of service, reliable management, and treatment of wastewater. Some of the improvements to be funded from this project were identified as part of condition assessments. Ongoing condition assessments will be needed to confirm the timing for other rehabilitation and replacement work.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Rehabilitation and replacement work will be packaged into projects that are scoped and funded from this program.

Examples include:

- Roof replacement program, including the treatment plant warehouse, standby power facility, and POB/PBB.
- Replacement or rehabilitation of pumps, chemical system tanks, valves, and piping.
- Treatment plant air, process water, and fuel oil system improvements, including piping and valves.
- Actuators, control panels, and other instrumentation and electrical replacements.
- Refurbishment of coating and cathodic protection systems and other miscellaneous items.
- Pre-purchase of equipment for projects (e.g., large final effluent valves for the Outfall Project).

Operating Department Impact and Funding Source:

This project will have insignificant impact on the operating budgets. Project expenditures will be funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$100,000	\$-	\$-	\$-	\$100,000
Design	450,000	-	-	-	450,000
Construction	3,055,000	500,000	500,000	-	4,055,000
FY Total	\$3,605,000	\$500,000	\$500,000	\$-	\$4,605,000

Fire Protection System – Phase 3 – District Project 7373

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Construction	5	81

Purpose:

To upgrade or replace the treatment plant fire protection systems.

Drivers:

Most of the fire protection systems were built in the late 1970s, and the fire alarm control panel was upgraded in the early 2000s. There are seven existing fire protection systems (alarm, monitoring, and suppression types) at the treatment plant. The existing fire protection systems are the primary notifications to the Control Room operators and the occupants of buildings in the event of a fire. Wiring and devices on the fire protection systems continue to be problematic and are in frequent need of repair. Repairs to the fire protection systems have become extremely complex and difficult; therefore, long-term reliable improvements to the fire protection systems are needed.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Staff anticipates the recommended improvements will be implemented over a multi-year fire protection improvement program:

- Phase 1 of the project that was completed in 2013 replaced the outdated Headquarters Office Building fire protection system and corrected limited treatment plant deficiencies.
- Phase 2 of the project includes a comprehensive evaluation and implementation of recommended improvements for life safety of occupied areas (public and staff) of all staffed and critical process areas in the treatment plant (complete).
- Phase 3 includes upgrades to HOB and the laboratory fire panels and other fire protection improvements.

Operating Department Impact and Funding Source:

This project will have insignificant impact to the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Plant Operations Buildings

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	250,000	-	-	-	250,000
Construction	850,000	-	-	-	850,000
FY Total	\$1,100,000	\$-	\$-	\$-	\$1,100,000

UPCCAA Urgent Projects FY 2020-25 – District Project 100001

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design/ Construction	47	48

Purpose:

To fund ongoing rehabilitation and replacement of treatment plant infrastructure, equipment, and systems that meet the guidelines provided by the California Uniform Public Construction Cost Accounting Act (UPCCAA), adopted by Central San in late 2018.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Drivers:

The majority of existing treatment plant equipment was installed approximately 40 years ago. Over time, electrical, mechanical, instrumentation, and other systems require rehabilitation or replacement to continue with Central San’s high level of service, reliable management, and treatment of wastewater. The majority of these systems are designed and scheduled for replacement under other capital projects; however, there are cases where a project is not in place, or an asset will need to be addressed sooner than planned. These cases, which are usually smaller construction contracts (under \$200,000), can be informally bid and built under the UPCCAA. This project will help fund those contracts not accounted for in other ongoing treatment plant projects.



Description:

The UPCCAA Urgent Projects FY 2020-25 is a five-year program used to fund informal projects in the treatment plant. Examples include, but not limited to:

- Critical variable frequency drives replacements.
- Pumps, piping, and critical valves replacements.
- Civil work such as site repaving and concrete repairs.
- Complete the construction of the POB Conference Room.
- Other public works type projects.

Operating Department Impact and Funding Source:

This project will have insignificant impact on the operating budgets. Project expenditures will be funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	200,000	50,000	50,000	-	300,000
Construction	1,100,000	350,000	350,000	-	1,800,000
FY Total	\$1,300,000	\$400,000	\$400,000	\$-	\$2,100,000

Laboratory Roof and Seismic Upgrades – District Project 100008

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Construction	12	76

Purpose:

Maintain a functional Laboratory building.

Drivers:

In 2009, a Central San seismic evaluation was completed for the treatment plant facilities (Wastewater Treatment Plant Seismic Vulnerability Assessment of Selected Facilities, December 2009). Included in the evaluation were recommendations to bring the Laboratory up to date with current seismic design standards.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

The Laboratory building houses staff under the Environmental and Regulatory Compliance Division in Engineering. The Laboratory is located within the Martinez campus and is occupied seven days a week. Since the Laboratory building was constructed in early 2000 under the 1994 Building Code, many of the modifications needed are relatively minor. Staff is proposing to perform the seismic modification now due to the deterioration of the roof, which is in very poor condition. Any floor plan modifications will be done in a cost-effective manner.



Description:

The Laboratory roof and seismic improvements will be made to meet the Damage Control Performance Level. Modifications and the new roof will likely consist of the following:

- New lateral bracing at the moment frames.
- New columns at existing brace locations (two or more) and other modifications as needed.
- Replace the existing roof membrane with a roof system that is more suited for the building.
- Relocate an existing air-cooled unit in the office area and evaluate the Laboratory flooring.
- Evaluate need for additional space.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Laboratory

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	200,000	-	-	-	200,000
Construction	1,250,000	-	-	-	1,250,000
FY Total	\$1,450,000	\$-	\$-	\$-	\$1,450,000

Hearth Replacements – District Project 100009

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Construction	17	71

Purpose:

Continue to maintain the operable Multiple Hearth Furnaces (MHFs) inside the Solids Conditioning Building.

Drivers:

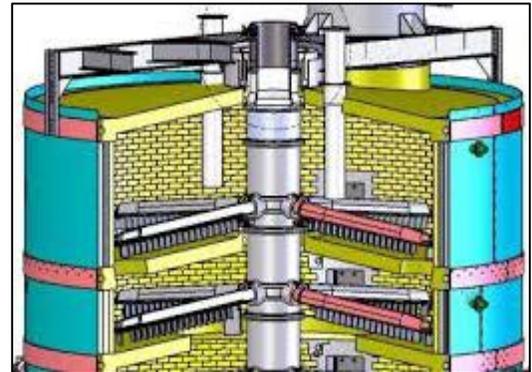
The MHFs are an essential process equipment for the handling and disposal of the solids from the treatment process. The Plant Maintenance Division of the Operations Department has been monitoring the hearths within the MHFs. Based on the most recent inspection, replacement of two hearths, and possibly up to three, is recommended (one hearth replacement in MHF No. 1 and possibly up to two in MHF No. 2).

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

This project will be performed by a specialty contractor with the experience needed to rebuild brick and masonry in an existing incinerator. Work includes, but is not limited to, the following:

- Confined space entry.
- Demolish and rebuild a hearth within MHF Nos. 1 and 2.
- Other repairs, if identified, as needed.



This project will be coordinated or completed during the Solids Handling Facility Improvements Project.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Plant Operations Building

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	500,000	-	500,000	-	1,000,000
FY Total	\$500,000	\$-	\$500,000	\$-	\$1,000,000

Air Conditioning and Lighting Renovations – District Project 100010

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design/Construction		

Purpose:

To replace and improve the efficiency of air conditioning and lighting equipment at the treatment plant campus.

Drivers:

The drivers for this project include aging infrastructure and energy efficiency. Several air conditioning units at the treatment plant campus have reached the end of their useful lives. This project will replace those units with more efficient versions, as well as completing a lighting retrofit to replace existing indoor and outdoor lighting with newer generation LED lighting. All energy efficiency investments will be made in accordance with the payback criteria in Central San’s Energy Policy and are recommended in advance of the implementation of Central San’s solar energy project on the Lagiss Property.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Rehabilitation and replacement work will be packaged into projects that are scoped and funded from this program. The most likely path forward for implementation is through a combination of procurements, possibly including the California UPCCA for air conditioning units and a best value procurement for a lighting contractor.

Operating Department Impact and Funding Source:

Project expenditures will be funded from Capital Revenues. The recommended efficiency improvements have a simple payback period of 9.4 years based on incremental costs (the cost to invest in additional efficiency for air conditioning units at the end of their useful lives) and will save Central San in utility costs. Project expenditures will be funded from Capital Revenues.

Location(s): Treatment Plant campus, including Headquarters Office Building and Plant Operations Buildings

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$	\$	\$	\$-	\$-
Design	50,000	-	-	-	50,000
Construction	200,000	200,000	-	-	400,000
FY Total	\$250,000	\$200,000	\$-	\$-	\$450,000

Plant Electrical Replacement and Rehabilitation – District Project 100011

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design/Construction	31	57

Purpose:

To fund ongoing rehabilitation and replacement of the treatment plant electrical system assets and to refurbish electrical switchgears to maintain the reliability of critical electrical infrastructure at the treatment plant.

Drivers:

The treatment plant consists of thousands of electrical assets with a range of ages. The majority of existing treatment plant equipment was installed about 40 years ago. Over time, electrical systems and other assets require rehabilitation or replacement to continue with Central San’s high level of service, reliable management, and treatment of wastewater. Some of the improvements to be funded from this project were identified as part of a condition assessment. Ongoing condition assessments will be needed to confirm the timing of other rehabilitation and replacement work.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The electrical switchgear throughout the treatment plant was installed in the 1970s and has been well maintained using preventive techniques, such as thermographic imaging to identify potential problems and correct them prior to failure. Ongoing inspections show that several trip units on the circuit breakers require replacement. Treatment plant electrical rehabilitation and replacement work will be packaged into projects that are scoped and funded from this program. Examples include the following: electrical gears replacement program for the treatment plant and standby power facility; replacement or rehabilitation of motor control centers, switchgears, and transformers; duct banks; conductors; actuators and control panels; and other instrumentation and electrical replacements.

- California UPCCA projects that are urgent or critical.
- Pre-purchase of equipment for projects (e.g., variable frequency drives or long lead items)

Operating Department Impact and Funding Source:

This project will have insignificant impact on the operating budgets. Project expenditures will be funded from Capital Revenues.

Location(s): Treatment Plant Electrical Substations

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	808,371	250,000	250,000	250,000	1,558,371
FY Total	\$808,371	\$250,000	\$250,000	\$250,000	\$1,558,371

UV Disinfection Replacement and Hydraulic Improvements – District Project 100012

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design	25	63

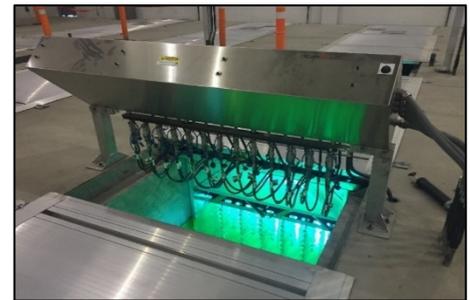
Purpose:

To replace the existing ultraviolet (UV) disinfection system and increase hydraulic capacity of the UV disinfection system.

Drivers:

The UV disinfection system was constructed in the mid-1990s to replace the use of chlorine gas. At the time, existing denitrification tanks were re-purposed for the UV channels, and some flow routing modifications were made to the secondary clarifiers. The UV disinfection system is now over 20 years old, and a full system replacement will be required soon. New UV disinfection systems are as much as 10-times more powerful, requiring less space and less energy, and are equipped with improved controls and built-in cleaning systems that can reduce maintenance needs. The current system also has hydraulic restrictions that limit the flow that can be treated under wet weather conditions.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This project includes the evaluation of the following major elements:

- Combine the UV Replacement and Hydraulic Improvements projects' scope and budgets.
- Replace existing UV disinfection system, including assessment of existing system and the support facilities.
- Expand and modify the UV electrical building and equipment to allow simultaneous construction of a new UV disinfection system while operating a portion of the existing UV disinfection system.
- Hydraulic Evaluation – Confirm UV and final effluent hydraulics and hydraulic improvements.
- Dose Validation Testing – Confirm disinfection capacity of UV disinfection system using latest disinfection criteria.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant - UV System, Final Effluent Channel and Final Effluent Pipe

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$1,800,000	\$-	\$-	\$-	\$1,800,000
Design	4,200,000	1,500,000	500,000	-	6,200,000
Construction	-	-	1,000,000	61,000,000	62,000,000
FY Total	\$6,000,000	\$1,500,000	\$1,500,000	\$61,000,000	\$70,000,000

MRC Building Modifications and Maintenance Shops Improvements – DP 100014

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design/Construction	63	31

Purpose:

Update the Maintenance Reliability Center (MRC) building for improved space planning, replace outdated facilities, as well as to increase Maintenance Shops’ storage requirements.

Drivers:

The MRC building is located in the center of the treatment plant and is currently occupied by the Plant Maintenance Superintendent, three Maintenance Planners, and three of the Plant Maintenance Shops. The MRC building was originally a pump building and laboratory in 1948 and was remodeled in 1957 and 1972. The last modification was a seismic remodel in 1997. Central San plans to improve security and reconfigure the office space to consolidate staff into one building. Any floorplan modifications will be completed in a cost-effective manner. In addition, the design will evaluate past seismic recommendations and bring the building up to current code requirements.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The MRC Building Modifications’ scope of work will include:

- Evaluate seismic retrofit required to meet current Building Code. The MRC is a complex facility that includes four building components with distinct structural systems.
- Upgrade showers and restrooms, including plumbing modifications to hands-free faucets, and recycled water plumbing for toilets and urinals.
- Improve security access with badges, cameras, and Information Technology improvements.
- Increase office space (possibly three additional offices) to house the Plant Maintenance Division Manager and Reliability Engineering’s Senior and Utility Systems Engineers, including space for an updated conference room.
- Improve and increase Maintenance Shops’ storage requirements.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Maintenance Buildings

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	200,000	-	-	-	200,000
Construction	600,000	600,000	700,000	-	1,900,000
FY Total	\$800,000	\$600,000	\$700,000	\$-	\$2,100,000

Electric Blower Improvements – District Project 100015

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Construction	4	85

Purpose:

To increase reliability for aeration blower operations and increase capacity during emergency outages or planned PG&E events.

Drivers:

Three existing aeration blowers supply air to four aeration basins, the pre-aeration system, and other plant locations. Two of the blowers are steam driven. The third blower is electric and serves as a backup during maintenance shutdowns or under emergency scenarios. The findings of a recent condition assessment and capacity analysis are that the existing electric blower does not provide adequate redundancy, has uncertain reliability with the standby power generation system, has limited turndown capabilities, and cannot be operated on with the steam blowers. New electric blowers would resolve these issues and run during PG&E shutoff events and provide the necessary air while equipment is offline during planned shutdowns during the Solids project.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This project includes the following major elements:

- Demolish the existing electric blower system.
- Procure and install three new high-efficiency electrical blowers and associated electrical, VFDs, and controls package.
- Construct installation of the blowers including piping, air intake filters, electrical, cooling systems, maintenance platforms, and other miscellaneous electrical and controls work.

Operating Department Impact and Funding Source:

Increased maintenance costs for the two additional blowers and associated equipment, including additional costs for new filters. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant – Pump and Blower Building

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$100,000	\$-	\$-	\$-	\$100,000
Design	1,300,000	-	-	-	1,300,000
Construction	11,995,000	-	-	-	11,995,000
FY Total	\$13,395,000	\$-	\$-	\$-	\$13,395,000

Aeration Basins Diffuser Replacement, Phase 1 – District Project 100019

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design/Construction	23	65

Purpose:

To replace the existing aeration tanks' diffusers to increase aeration system performance and optimize the activated sludge process.

Drivers:

Recently, the existing aeration system has not been able to reliably maintain desired dissolved oxygen levels across the basins. This has contributed to a steady deterioration in sludge volume index (SVI), which is a key secondary process operational parameter for activated sludge settleability. The SVI increase has led to concerns over the ability to consistently meet NPDES discharge limitations. While Central San continues to meet NPDES discharge permit limits, further deterioration in performance of the aeration system will cause more challenges over time, which also leads to poor settleability in the secondary clarifiers and impacts the performance of the UV disinfection system. Condition assessments have verified that the diffuser systems are at the end of their useful lives.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This project will include mechanical rehabilitation/replacement, concrete repairs, and structural seismic improvements to prolong the remaining useful life of the aeration basins and diffuser systems. Replace all diffusers and some of the air piping, reconfigure the aeration basins (A/N Tanks) to maximize the use of unused channels to optimize the activated sludge process using available volume and tankages as well as upgrading instrumentation and controls to improve air flow distribution. In addition, the large aeration underground valves will be replaced and include a concrete structure to allow for access and maintenance. Phase 1 will replace the diffuser systems within two aeration basins, and the other two basins will be replaced under Phase 2. Seismic upgrades will be bid as an alternative and may be done separately under another future project.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues. Phase 2 and seismic upgrade costs are included in the budget table below.

Location(s): Treatment Plant – Aeration Basins

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$200,000	\$-	\$-	\$-	\$200,000
Design	3,600,000	-	-	-	3,600,000
Construction	3,680,000	6,000,000	10,500,000	35,500,000	55,680,000
FY Total	\$7,480,000	\$6,000,000	\$10,500,000	\$35,500,000	\$59,480,000

Wet Weather Basin Improvements – District Project 100022

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design /Construction	17	71

Purpose:

To reduce the risk of flood damage to the treatment plant by improving the wet weather basins, berms, and levees.

Drivers:

The treatment plant uses a series of earthen basins that are used as temporary storage. During extreme wet weather events, bypassing operations are limited by a common bypass pipeline used to divert primary effluent and/or raw screened influent to the wet weather holding basins. When flow exceeds the treatment hydraulic capacity of downstream processes, it must be diverted to these basins. These basins must remain in good working order to avoid limiting the flexibility and handling of wet weather flows. There are no other options than conveying wastewater to the holding basins.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Due to the critical nature of the treatment plant facilities, a reliable wet weather basins system is critical as plant operations divert screened sewer and primary effluent when the downstream capacity is exceeded. The diverted flow that is temporarily stored in the wet weather basins is then returned to the head of the plant for treatment when the capacity is available.

- Holding Basin Improvements - improve holding basin grading, drainage, and capacity.
- Weir Structure - replace existing wood stop logs that require manual adjustment with an adjustable weir structure to provide reliable holding basin level control and maximize holding basin capacity.
- Increase basin volume and continue evaluating or predesign of future pumping station.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues. Project will be coordinated with the Walnut Creek – Grayson Creek Levee project.

Location(s): Wet Weather Basins

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	300,000	-	-	-	300,000
Construction	1,000,000	600,000	-	-	1,600,000
FY Total	\$1,300,000	\$600,000	-	\$-	\$1,900,000

Solids Handling Facility Improvements – Phase 2 – District Project 100030

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Planning	61	35

Purpose:

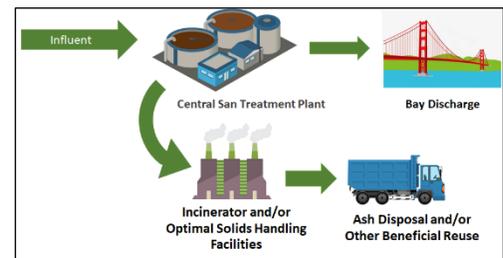
To determine the future approach for solids handling and disposal at the treatment plant.

Drivers:

Central San incinerates wastewater solids using one of two multiple hearth furnaces (MHFs). A condition assessment of the MHFs indicated that they have a remaining life of 20 years or more and have adequate capacity; however, improvements to support facilities would be required to keep the MHFs operational as is currently being addressed under Phase 1A. Central San also operates a natural gas cogeneration turbine to offset power demands and produce steam to energize on-site equipment. The existing turbine will eventually require replacement and, depending on power demands or regulatory requirements, would be upgraded to a more efficient turbine.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Due to the higher than anticipated costs for the Solids Handling Facility Improvements Project, planning for Phase 2 has commenced sooner in order to make sure that Central San’s plan on solids is the most optimal and cost effective for the needs of the treatment plant facilities.



Description:

The project will evaluate and plan the optimal alternative(s) for long-term solids handling and disposal which may include, but are not limited to, new solids processing and energy recovery facilities, anaerobic digesters, new biogas cogeneration system, fluidized bed incinerators, or other thermal treatment technologies.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Solids Conditioning Building and treatment plant.

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$5,000,000	\$-	\$-	\$-	\$5,000,000
Design	700,000	-	-	-	700,000
Construction	-	-	-	-	-
FY Total	\$5,700,000	\$-	\$-	\$-	\$5,700,000

Steam Renovations – Phase 1 – District Project 100032

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design-Construction	19	70

Purpose:

To repair and/or replace critical components for the existing steam system, waste heat recovery, and steam turbines as identified through detailed condition assessments.

Drivers:

Central San’s energy – or heat recovery and steam – systems are critical processes that are required to be reliable and to be in service 24 hours a day, every day of the week. Overall, these systems are in good shape, however, there are some related equipment and system components that require replacement and upgrades based on findings of a recent condition assessment and evaluation conducted under the Steam and Aeration Renovations Project, District Project 7349. To continue reliable and safe operations of these systems, a project is needed to address all the critical and near-term items for systems relating to steam and heat recovery.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Several major scope items include:

- Address safety-related improvements for the boiler feedwater and blowdown sampling equipment.
- Modify the boiler chemical system.
- Replace boiler and deaerator feedwater pumps and waste steam exchangers.
- Modify the hot water heat reservoir system.
- Piping modifications and replacement of piping, valves, steam traps, and other system components.
- Preliminary evaluation of steam turbine power generation system.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Solids Conditioning Building, Tunnels, and Pump and Blower Building.

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	3,500,000	-	-	-	3,500,000
Construction	1,500,000	3,500,000	4,300,000	3,200,000	12,500,000
FY Total	\$5,000,000	\$3,500,000	\$4,300,000	\$3,200,000	\$16,000,000

Treatment Plant Safety Enhancement Program – District Project 100034

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design	47	48

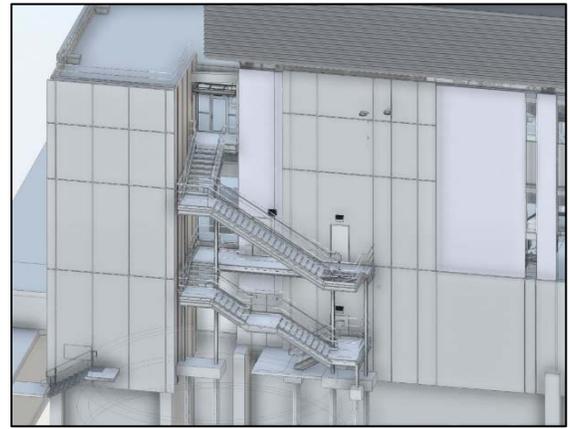
Purpose:

To enhance treatment plant safety through identification of safety concerns, repairs, and capital improvements.

Drivers:

The treatment plant has proactive safety program that is administered by a committee. The committee is responsible for addressing safety concerns at the treatment plant as identified by staff and to respond to regulatory requirements. Often this response will require construction of a capital project. The next phase of this project addresses various safety repairs and improvements.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This program will budget an annual amount and include treatment plant facility improvements for safety. Once projects are identified and designed, phases will be released. The next phase of the program will be the sixth project. The program will also fund safety related assets and equipment.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$	\$	\$	\$-	\$-
Design	-	100,000	-	150,000	250,000
Construction	-	200,000	300,000	1,050,000	1,550,000
FY Total	\$-	\$300,000	\$300,000	\$1,200,000	\$1,800,000

Electrical Infrastructure Sub 90 – District Project 100040

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Planning	40	53

Purpose:

Plant-wide electrical optimization to address resiliency, vulnerability, capacity, and future safety concerns.

Drivers:

The treatment plant consists of thousands of electrical assets. The existing 12kV system feeder is the backbone of the plant (12kV is considered “medium-voltage”). Critical medium-voltage feeders should have redundancy in protection, distribution, and transformers. Such components are typically not available off the shelf, or for emergencies. Due to the high energies involved, failures have the potential to be wide-reaching, and recovery takes longer due to limited availability of replacement equipment and the specialized nature of the work. While the existing 12 kV system is functional, the overall architecture in some cases falls short of today’s industry best practices.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

A new 12kV system has been conceived –known as Substation 90 (Sub 90) – that will optimize the plant’s electrical architecture. Sub 90 will provide a structure that will serve as the origin for most 12kV feeders. From a safety standpoint, Sub 90 will offer a means for true 12kV redundancy, ability to electrically isolate, and updated safety features. It will also offer a means to de-energize equipment so that workers can safely enter vaults/maintenance access holes. The Sub 90 and associated infrastructure will serve the plant’s current and future electrical loads for projects like the UV Disinfection Replacement, Solids Project Phase 2, and replacements of any substation.

Staff will focus on the following areas: 1) Redundancy – where any single component or feeder failure will not render critical systems inoperative; 2) Ability to isolate – this allows for de-energization of equipment; testing, planned maintenance and replacements, and emergency work can be done on electrically isolated and deenergized systems; 3) Protection – inclusion of appropriate circuit breakers and protective relaying; and 4) Safe switching – interlocks are automated, and result in logical and safe switching between sources.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures will be funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$500,000	\$-	\$-	\$-	\$500,000
Design	-	500,000	500,000	500,000	1,500,000
Construction	-	-	-	23,500,000	23,500,000
FY Total	\$500,000	\$500,000	\$500,000	\$24,000,000	\$25,500,000

Fire Protection System – Phase 4 – District Project 100045

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Planning	54	40

Purpose:

To upgrade or replace treatment plant fire alarm systems.

Drivers:

Most of the fire alarm system was built in the late 1970s, and the fire alarm control panel was upgraded in the early 2000s. There are seven existing fire systems (alarm, monitoring, and suppression types) at the treatment plant. The existing fire systems are the primary notification to the control room operators and occupied buildings in the event of a fire. Wiring and devices on the fire alarm system continue to be problematic and are in frequent need of repair. Repairs have become extremely complex and difficult; therefore, long-term reliable improvements to the fire alarm system are needed.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Staff anticipates the recommended improvements will be implemented over a multi-year fire improvement program:

- Phase 1 of the project, completed in 2013, replaced the outdated Headquarters Office Building (HOB) fire system and corrected limited treatment plant deficiencies.
- Phase 2, completed in 2019, included a comprehensive evaluation and implementation of recommended improvements for life safety of occupied (public and staff) areas of all staffed and critical process areas in the treatment plant, such as the HOB, Plant Operations Building, Solids Conditioning Building (SCB), Standby Power Building, and Fuel Oil Storage Area.
- Phase 3, currently in construction, includes upgrades to HOB and the laboratory fire panels and other fire protection improvements.
- Phase 4 includes replacement of fire alarm and sprinkler systems at the Pump and Blower Building, Warehouse, MRC, Tunnels, and Emergency Sludge Loadout Building.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	160,000	-	-	-	160,000
Construction	700,000	-	-	-	700,000
FY Total	\$860,000	\$-	\$-	\$-	\$860,000

Control System Upgrades – District Project 100046

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Construction	20	68

Purpose:

To upgrade programmable logic control (PLC) systems to current technology for increased performance and improved compatibility to develop and maintain programming standards.

Drivers:

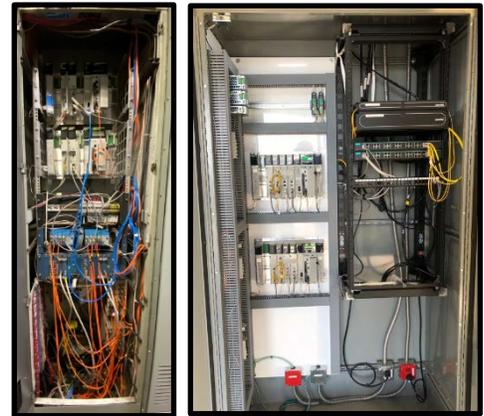
The first PLCs were installed at the treatment plant in the mid-1980s. The number of PLCs has increased from the original two PLCs to more than 30 PLCs. Programming software for the newer PLCs no longer runs efficiently on the older programming units.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

The following are major elements included in the project:

- Upgrade hardware and software necessary to maintain new PLC applications.
- Replace older computers with newer computers capable of running current software.
- Upgrade older PLC models to maintain compatibility with new equipment, instrumentation, and controls.
- Develop and document programming standards for PLC and Supervisory Control and Data Acquisition.



Operating Department Impact and Funding Source:

This project will have minor savings for the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	200,000	200,000	200,000	400,000	1,000,000
FY Total	\$200,000	\$200,000	\$200,000	\$400,000	\$1,000,000

Secondary Clarifier Improvements – Phase 1 – District Project 100047

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design	49	45

Purpose:

To replace aging secondary clarifier equipment and related facilities.

Drivers:

The secondary clarifiers were installed over 40 years ago. Central San continues to perform annual routine maintenance on the secondary clarifiers and related waste activated sludge (WAS) and return activated sludge (RAS) systems and equipment to extend the useful life of these facilities.

Due to the recent condition assessment of these facilities, a rehabilitation improvements project has been identified and is required.

Description:

This project includes the following major elements:

- Rehabilitate or replace secondary clarifier drives and sludge collector mechanisms.
- Replace piping, valves, and pumps as required.
- Replace secondary scum removal and piping systems.
- Replace electrical support infrastructure as required.
- Rehabilitate or replace the seismic protection panels.
- Coatings for concrete or steel.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Secondary Clarifiers

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	900,000	100,000	-	-	1,000,000
Construction	1,100,000	400,000	2,000,000	5,500,000	9,000,000
FY Total	\$2,000,000	\$500,000	\$2,000,000	\$5,500,000	\$10,000,000

Warehouse Seismic Upgrades – District Project 100048

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Planning/ Design	64	30

Purpose:

To improve the seismic safety of the Warehouse Building.

Drivers:

In January 2008, California adopted the 2007 California Building Code (2007 CBC). Among the updates in the 2007 CBC were significant changes to seismic design. In 2009, a seismic evaluation was completed of the treatment plant facilities (Martinez Wastewater Treatment Plant Seismic Vulnerability Assessment of Selected Facilities, December 2009).

The Warehouse Building is a modular (Butler) metal building constructed of a single story, and a partial mezzanine was added around 1986. The 2009 evaluation assessed the building's seismic performance and included recommendations to bring the Warehouse Building in line with current seismic design standards.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This project includes seismic improvements to the Warehouse Building, such as isolation of the mezzanine lateral load resisting system and installation of knee braces at moment frames. Staff will evaluate the need to expand the mezzanine for additional storage or other alternatives to better utilize the warehouse or increase security measures.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues. This project may be combined with other security or fire protection projects.

Location(s): Warehouse, Mechanical Shop

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$50,000	\$-	\$-	\$-	\$50,000
Design	450,000	-	-	-	450,000
Construction	-	-	500,000	1,500,000	2,000,000
FY Total	\$500,000	\$-	\$500,000	\$1,500,000	\$2,500,000

RAS Piping Renovations – District Project 100051

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Planning/ Design	6	80

Purpose:

To replace a portion of the existing return activated sludge (RAS) pipeline that crosses over the final effluent (FE) channel and to prepare the south selector channel for future use.

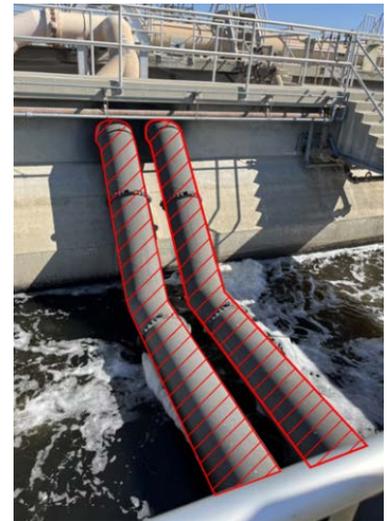
Drivers:

Over the years, portions of the RAS piping have been replaced in the aeration basin systems to maintain reliability. RAS is settled activated sludge in the clarifiers that is returned to the aeration basins and mixed, allowing for a concentrated number of microorganisms back to the system. Staff identified the RAS piping being replaced over the FE channel as of urgent concern since any type of failure could contaminate the final effluent quality.

Description:

This project will include a temporary bypass, mechanical rehabilitation/replacement, concrete repairs, and structural improvements to prolong the remaining useful life of the RAS piping system. The south selector channel work includes demolition of abandoned piping and coarse bubble diffusers and removal of deteriorated spray piping. In addition, the aeration basin deck will be cleaned up by removing abandoned coarse bubbler piping and valves, concrete repairs, replacement of guardrails, and removal of obsolete crossover stairs.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Operating Department Impact and Funding Source:

This project will not have an impact to the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$	\$-	\$-
Design	180,000	-	-	-	180,000
Construction	1,840,000	-	-	-	1,840,000
FY Total	\$2,020,000	\$-	\$-	\$-	\$2,020,000

Aeration Unit 1 Turbine Overhaul – District Project 100054

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design/Construction	N/A	TBD

Purpose:

To overhaul aeration unit steam turbine for improved reliability and extend the equipment useful life.

Drivers:

Central San has two aeration units providing essential oxygen to the secondary process. During normal operations, one unit would be on continuously and the other will be the full backup. The aeration units are alternated based on Operations and Maintenance considerations. Both aeration units were overhauled in 2004 without major maintenance activities to date and Aeration Unit 1 is in need of another overhaul to extend its useful life. This project will overhaul Aeration Unit 1 steam turbine and the trip safety valves. Aeration Unit 2 steam turbine was overhauled in 2022 and significant damage was discovered. An emergency project was declared to address the unforeseen conditions. Based on the as-found condition of Aeration Unit 2, an overhaul of the Aeration Unit 1 steam turbine would be appropriate at this time.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The following are major elements included in the project:

- Disassemble steam turbine.
- Ship steam turbine to specialized facility for detailed inspection.
- Replace major components (steam nozzle, rotor, and trip safety valve).
- Return steam turbine to Central San for reassembly, commissioning, and startup.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$
Design	200,000	-	-	-	200,000
Construction	-	500,000	500,000	-	1,000,000
FY Total	\$200,000	\$500,000	\$500,000	\$-	\$1,200,000

Treatment Plant Planning 2023+ - District Project TBD

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Planning	N/A	-

Purpose:

To complete evaluations for upcoming regulatory requirements, assess aging infrastructure, evaluate capacity requirements, and investigate opportunities to optimize operation of existing facilities.

Drivers:

As wastewater regulations develop and new treatment technologies become available, process modifications may be needed. This project includes technical evaluations to address regulatory initiatives and maintain permit compliance. (e.g., Suisun Bay nutrient modeling work and NPDES required studies and reports).

As flows, contaminant loads, and concentrations change, capacity evaluations are needed to confirm capacity ratings of existing facilities and to identify any potential capacity improvements required to manage dry weather and wet weather flows and loads. Technical evaluations are completed to support treatment plant operations by evaluating optimization opportunities to improve the reliability and performance of existing treatment plant processes and facilities.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The following are major elements included in the project:

- Support Bay Area Clean Water Agencies nutrient evaluation, management, and reduction strategy work for the San Francisco Bay Area.
- Evaluate nutrient reduction options for Central San.
- Evaluate performance and optimization opportunities for miscellaneous equipment and processes (e.g., secondary treatment and Filter Plant optimizations).
- Evaluate energy reduction and renewable energy opportunities for the treatment plant.

Operating Department Impact and Funding Source:

The impacts to operational budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$250,000	\$250,000	\$2,000,000	\$2,500,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$-	\$250,000	\$250,000	\$2,000,000	\$2,500,000

Plant Control System Input and Output Replacement – Phase 3 – District Project TBD

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Design/Construction	N/A	-

Purpose:

To upgrade obsolete Programmable Logic Controller (PLC) input and output (I/O) cards and associated systems with current technology to maintain reliable operation and vendor support.

Drivers:

PLC I/O cards are critical for equipment and instrumentation communication to the treatment plant control system for process control and monitoring. The first treatment plant PLC I/O card was installed in the mid-1980s. The number of I/O cards in use has increased from only a few to nearly 1,800 cards. Approximately 750 of these I/O cards are currently obsolete. Replacement units cannot be purchased from the manufacturer, nor do they fully support Central San maintains an inventory of over 100 spare I/O cards to reactively replace units as they fail.

Description:

Between 2019 and 2022, a past Plant Control System Input and Output Replacement Project upgraded about 350 of the obsolete I/O cards. This multi-phase effort will replace the remaining I/O cards and upgraded related control systems components.

The following are major elements included in the project:

- Replace obsolete remote I/O drops control panels with
 - Modern Schneider x80 I/O cards.
 - Upgraded communication including network switches, modules, components, and fiber optic cable.
 - Uninterruptible power system (UPS) power.
- Upgrade outdated VFDs, vendor PLCs, field wiring, and hardwired controls for systems that interface with the upgraded I/O control panels.
- Provide as-built documentation for the updated system.

Operating Department Impact and Funding Source:

This project will have insignificant impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Miscellaneous Areas within the Treatment Plant

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$
Design	-	600,000	-	-	600,000
Construction	-	-	1,500,000	700,000	2,200,000
FY Total	\$-	\$600,000	\$1,500,000	\$700,000	\$2,800,000

Process Optimization and Efficiency – District Project 100055

Program	Phase	Priority Rank	Ranking Score
Treatment Plant	Planning	54	40

Purpose:

This project will evaluate the business processes optimization in all Departments including optimization of processes, project workflow, and delivery in the Administration and Engineering Departments. This broader scope is targeted to advance the overall business and decision support processes to improve Central San efficiencies and effectiveness in all dimensions of performance. This project will specifically evaluate optimization opportunities within Central San’s treatment plant and collection system and complete preliminary design work to implement improvements as part of this or other capital improvement projects.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Drivers:

This project directly ties into the Capital Improvement Program (CIP) Sustainability & Optimization goal by evaluating opportunities to reduce energy and chemical demands while carefully considering impacts to downstream processes. The other CIP drivers – Aging Infrastructure, Regulatory, and Capacity – are also included in the scopes of upcoming work such as the Odor Facilities Plan.



Description:

Review and identify organization-wide opportunities for optimization. Complete comprehensive asset evaluations and condition assessments for odor control facilities and identify relevant optimization opportunities. Project budget and scope will be updated in FY 2024-25.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$200,000	\$300,000	-	-	\$500,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$200,000	\$300,000	\$-	\$-	\$500,000

Capital Improvement Budget (CIB) – General Improvements Program

The General Improvements Program is primarily concerned with property, administrative buildings, management information systems including information technologies, asset management, and new equipment and vehicle needs as described in more detail below:

- **Vehicle Replacement Program** – The CIB includes a yearly allowance for vehicle replacements. Specific vehicles are replaced each year as approved through the annual budget process.
- **Equipment Acquisition** – New equipment items are purchased and approved on a yearly basis.
- **Management Information Systems** – This subprogram reflects the importance of Information Technology (IT) in the daily operation of Central San. Staff will develop an IT Master Plan that envisions implementing specific improvements and extends several years into the future. An allowance to meet future technology needs has been included in the Ten-Year CIP along with a new Strategic IT plan.
- **General Projects** – Projects include improvements to properties, legal expenses, easement acquisitions, and security systems. Central San has invested significant resources in its assets, and the purpose of the Asset Management Program, is to optimize the lifecycle of these assets to deliver high quality and reliable services in a sustainable manner for customers with acceptable levels of risk.

All projects in the General Improvements Program are summarized, including past, current, and planned future budgets required to complete each project as shown on the following Table 4:

CIB TABLE 4 – FY 2023-24 General Improvements (GI) Program Budget/Project Summary

Project Number	Project Name	Budget-to-Date	FY 2023-24	Future FYs	Total by Project
8251	Capital Improvement Program & Budget Improvements	590,000	-	-	590,000
8252	POB EV Charging Station	640,000	650,000	-	1,290,000
8516	Equipment Acquisition	1,726,000	250,000	-	1,976,000
8517	Vehicle Replacement Program FY 2016-25	6,018,000	1,000,000	2,000,000	9,018,000
100003	Property Repairs and Improvements	1,150,000	150,000	150,000	1,450,000
100004	HOB Exterior Repairs	400,000	-	-	400,000
100027	Furnishings Replacement	100,000	-	-	100,000
100029	Solar Project on Lagiss Property	600,000	-	-	600,000
100031	Community Dev. System Replacement	600,000	200,000	-	800,000
100033	Security Improvements FY 2021-25	300,000	100,000	200,000	600,000
100035	Technology Strategic Plan	800,000	-	-	800,000
100043	Easement Acquisition FY 2022-31	75,000	75,000	600,000	750,000
TBD*	Capital Legal Services 2023+	-	25,000	225,000	250,000
TBD*	IT Development 2023+	-	900,000	4,635,000	5,535,000
TBD*	NetZero Study	200,000	-	-	200,000
	GI Program Total:	\$13,199,000	\$3,350,000	\$7,810,000	\$24,359,000

*New project in FY 2024-25 and number To Be Determined (TBD)

Capital Improvement Program and Budget Improvements – District Project 8251

Program	Phase	Priority Rank	Ranking Score
General Improvements	Construction	N/A	-

Purpose:

Provide for the capitalization of the staff time necessary for the data gathering and production of the CIB and CIP, and for ERP and to standardize specifications and drawings used for all Capital Projects.

Drivers:

Several drivers are included in the CIP; however, the main driver is aging infrastructure and replacement of critical equipment and systems at Central San. To keep up with the increase in the CIP, staff has modernized its program and continues to improve project management software system to be more effective in delivering projects with the implementation of the CIP.

Description:

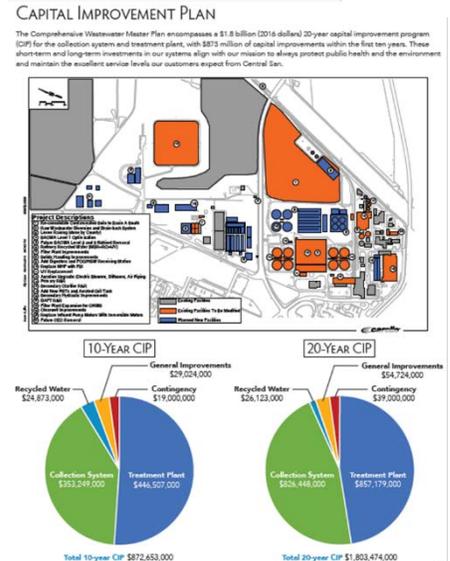
Upgrades of additional processes, such as master commitments upgrades, and other project management and reporting tools will be evaluated or included in this project. In addition, an annual budget will be included in this project to account for the yearly CIB and CIP. This project will also fund efforts to standardize design specifications and drawings for all projects.

Operating Department Impact and Funding Source:

This project will not have an impact on operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Central San-wide

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$100,000	\$-	\$-	\$-	\$100,000
Design	-	-	-	-	-
Construction	490,000	-	-	-	490,000
FY Total	\$590,000	\$-	\$-	\$-	\$590,000

Plant Operations Building Electric Vehicles (EV) Charging Station – District Project 8252

Program	Phase	Priority Rank	Ranking Score
General Improvements	Design/Construction	53	43

Purpose:

To install electric vehicle charging stations (EVCS) in the parking lot of the Plant Operations Building (POB).

Drivers:

In late 2020, Governor Newsom signed Executive Order N-79-20 that will end sales of internal combustion passenger vehicles and trucks by 2035. In addition, the California Air Resources Board (CARB) is developing an Advanced Clean Fleets regulation for medium- and heavy-duty vehicles to accelerate zero-emission vehicle purchases and transition to zero-emission vehicles in California. These draft regulations are scheduled for adoption in October 2022 and will apply to vehicles with greater than 8,500 pounds gross vehicle weight rating (GVWR). Starting in 2024, 50% of vehicle additions will need to be zero-emission vehicles (ZEVs). In 2027 and beyond, 100% of vehicle additions will need to be ZEVs. To ensure compliance with the Advanced Clean Fleets regulations, Central San will need to install EVCS to support future procurements of ZEVs. The installation of EVCS will also present an opportunity for Central San to reduce carbon footprint.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This project will extend the appropriate electrical infrastructure from the Pump and Blower Building and install Level 3 EVCS in the POB parking lot or with the pool area within the treatment plant. This project will evaluate long-term replacement as California requirements to EV are being included. EV charging as CSO will also be included as necessary.

Operating Department Impact and Funding Source:

This project will not have an impact on operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): POB Parking Lot; CSO Parking Lot (TBD)

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$40,000	\$-	\$-	\$-	\$40,000
Design	250,000	-	-	-	250,000
Construction	350,000	650,000	-	-	1,000,000
FY Total	\$640,000	\$650,000	\$-	\$-	\$1,290,000

Equipment Acquisition – District Project 8516

Program	Phase	Priority Rank	Ranking Score
General Improvements	Construction	38	54

Purpose:

To provide new, safe, and cost-effective equipment for operations and maintenance of Central San facilities.

Drivers:

This project is developed as a multi-year program to procure new equipment required for operations and maintenance of assets throughout Central San.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

This project is a multi-year program to procure new equipment such as:

- Electric Carts for the Treatment Plant;
- Opacity Analyzer for the Instrument Shop;
- Lift gates for new Building and Grounds truck;
- Two portable light towers; and
- And other related instrument shop equipment.



Operating Department Impact and Funding Source:

This project will have an insignificant impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Central San-wide

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	1,726,000	250,000	-	-	1,976,000
FY Total	\$1,726,000	\$250,000	\$-	\$-	\$1,976,000

Vehicle Replacement Program – District Project 8517

Program:	Phase:	Priority Rank:	Ranking Score
General Improvements	Construction	20	68

Purpose:

Provide safe and cost-effective vehicle replacement.

Drivers:

Central San will budget and acquire vehicles under this project and use asset management principles and historic replacement costs to provide an effective vehicle replacement strategy. Staff, comprised of Engineering and Operations, has forecasted a yearly budget (average costs from the FY 2016-2026 plan) which will be used to fund the project. Underspensing in a year will result in a carryforward to future years. This approach will also recognize that due to long lead times, especially on specialized vehicles, the budget for this program can carry forward to the next fiscal year when delivery takes place.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The following vehicles are being considered in FY 2023-24:

- ½ Ton 4x2 Truck (2)
- ½ Ton 4x2 Truck (6)
- ¾ Ton 4x2 Truck (1)
- Vactor Hydro-Vac and Water Recycler Unit (1)
- Midsize 4x2 Truck (1)
- Electric Vehicles upgrades as available

Operating Department Impact and Funding Source:

This project will not have an impact on operating budgets. Expenditures are funded from Capital Revenues.

Location(s): Central San-wide

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	6,018,000	1,000,000	1,000,000	1,000,000	9,018,000
FY Total	\$6,018,000	\$1,000,000	\$1,000,000	\$1,000,000	\$9,018,000

Property Repairs and Improvements – District Project 100003

Program	Phase	Priority Rank	Ranking Score
General Improvements	Construction	46	49

Purpose:

Protect and enhance Central San's property through repairs, improvements, and needed upgrades.

Drivers:

Central San owns various properties surrounding the treatment plant that require occasional capital repairs, improvements, and upgrades, including 4737 Imhoff, the Annex, Headquarters Office Building, Household Hazardous Waste Collection Facility, and others. The Imhoff Place properties also serve as a buffer between the treatment plant and nearby neighborhoods and are used as rental property and to house some Central San work groups and equipment. Central San also owns several buildings at the Collection System Operations Building and Vehicle Maintenance Shop that houses additional staff and equipment.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This project will fund needed improvements to Central San's buildings, buffer properties, rental properties, and the surrounding parking lots and grounds. Items identified include resealing and stripping the asphalt parking lots, replacing broken concrete walkways, and repairing or upgrading interior work areas. This project may be combined and or coordinated with the Headquarters Office Building Exterior Repairs Project, if needed. The Annex will be improved with a storage facility to accommodate emergency equipment and other items for the Pumping Stations group.

Operating Department Impact and Funding Source:

This project will have an insignificant impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Central San-wide

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	50,000	-	-	-	50,000
Construction	1,100,000	150,000	150,000	-	1,400,000
FY Total	\$1,150,000	\$150,000	\$150,000	\$-	\$1,450,000

Headquarters Office Building Exterior Repairs – District Project 100004

Program	Phase	Priority Rank	Ranking Score
General Improvements	Construction	25	63

Purpose:

Protect and enhance Central San’s property through repairs, improvements, and needed upgrades.

Drivers:

The Headquarters Office Building in Martinez was built in the 1980’s to serve as the main administration building for Central San and includes a permit counter open to the public, Engineering, Development Services, IT, Finance, Human Resources, Purchasing, and other groups. The building exterior paint, caulking, roof parapet, coatings on steel awnings, and other items are beyond their useful life and in poor condition.

Description:

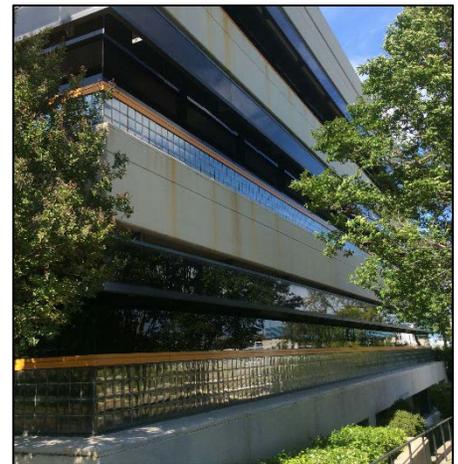
This project will re-coat the exterior stucco and perform other repairs so that the building is watertight for years to come. This project will be coordinated or combined with the Property Repairs and Improvements Project.

Operating Department Impact and Funding Source:

This project will have no impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Headquarters Office Building

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	30,000	-	-	-	30,000
Construction	370,000	-	-	-	370,000
FY Total	\$400,000	\$-	\$-	\$-	\$400,000

Furnishings Replacement – District Project 100027

Program	Phase	Priority Rank	Ranking Score
General Improvements	Construction	65	29

Purpose:

Provide safe and cost-effective furnishing replacement.

Drivers:

Central San will budget and replace office furniture or modular furniture from time to time as replacement is needed for ergonomics or the assets have reached the end of their useful life. This project will replace furnishing cost effectively and are capitalizable. Underspending in a year will result in a carryforward to future years.

Description:

This project was opened in fiscal year 2021 to capitalize the multi-purpose room table and chair replacements and will carry forward to future years as staff evaluates and plans for other furnishings to be replaced.

Operating Department Impact and Funding Source:

This project will have no impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Central San wide

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	100,000	-	-	-	100,000
FY Total	\$100,000	\$-	\$-	\$-	\$100,000

Solar Project on Lagiss Property – District Project 100029

Program	Phase	Priority Rank	Ranking Score
General Improvements	Design/Construction	41	52

Purpose:

To directly fund certain elements of Central San’s solar project on the Lagiss property, which is being implemented via a Power Purchase Agreement (PPA).

Drivers:

The primary driver for this capital project is to maximize the economics on Central San’s solar project by directly funding the project’s PG&E interconnection, which is the only element of the project that will be owned by Central San. Another driver is funding the project’s California Environmental Quality Act (CEQA) mitigation costs.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

In November 2020, Central San executed a PPA with REC Solar for a 1.75 MW solar array on the Lagiss property, which will be interconnected under PG&E’s Renewable Energy Self-generation Bill Credit Transfer (RES-BCT) Program – a program only available to public agencies. Central San will pay REC Solar for the monthly production of solar energy delivered to PG&E’s electrical grid and, in return, earn PG&E energy credits, which will be applied to up to 50 of Central San’s PG&E power accounts to offset Central San’s average grid power purchases every year. In FY 21-22, this project funded the PG&E electrical grid interconnection fee of approximately \$516,000 and initial CEQA mitigation costs. At this time, the only anticipated expenses remaining on this capital project are minor CEQA mitigation costs related to potential wildlife impacts from the project.

Operating Department Impact and Funding Source:

The Board Energy Policy requires payback savings within 10 years. This project is anticipated to be under ten years and bring an annual savings to the Operating Budgets. Project expenditures are funded from Capital Revenues.

Location(s): Lagiss Property (west of the Treatment Plant’s overflow basins)

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	25,000	-	-	-	25,000
Construction	575,000	-	-	-	575,000
FY Total	\$600,000	\$-	\$-	\$-	\$600,000

Community Development System Replacement – District Project 100031

Program	Phase	Priority Rank	Ranking Score
General Improvements	Construction	23	65

Purpose:

To replace the community development system (e.g. permitting system).

Drivers:

Implement a paper-free, contactless permitting system that meets customers' modern expectations.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

After selecting Oracle for the replacement Enterprise Resource Planning system, Central San executed an agreement with Oracle in July 2019 as the second participant in their Early Adopter Program for a Community Development Services module that was beginning development. The implementation has been delayed while critical functionality is designed and deployed to the test environments for Early Adopters and the level of reconfiguration determined and scheduled.



Central San's goal is to have a user-friendly system with a self-service public portal to submit applications, plans, pay fees, schedule inspections, track applications and obtain permit history; mobile access to complete inspections and access parcel information; and reduce clerical and administrative burden on staff.

Operating Department Impact and Funding Source:

This project is expected to have an ongoing impact of approximately \$100,000 per year on the Operating Budget, for direct and indirect annual licensing fees and on-going consultant services for the administration of the system. Project expenditures are funded from Capital Revenues.

Location(s):

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	600,000	200,000	-	-	800,000
FY Total	\$600,000	\$200,000	\$-	\$-	\$800,000

Security Improvements (FY 2021-25) – District Project 100033

Program	Phase	Priority Rank	Ranking Score
General Improvements	Planning	41	52

Purpose:

To update security and identify improvements for the safety for employees and the public, meet safety standards, reduce exposure to liability, reduce property loss, and reduce operations and maintenance expenses.

Drivers:

Security system improvements are routinely identified and refined. Additional security measures for essential public service facilities are required. In 2016, a comprehensive security study was completed for major facilities that utilized the principles of American Water Works Association J100 Risk Analysis and Management for Critical Asset Protection methodology. This is a comprehensive approach that enables the estimation of relative risks across multiple assets while considering malevolent and natural hazards.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

Findings from this study that are applicable to non-treatment plant facilities and properties will be implemented under this project. Improvements include:

- Installing security upgrades to the Headquarters Office Building’s Lobby to secure the area and clearly identify the public use of the building; cameras for surveillance, alarm system upgrades for intrusion, and associated systems will be provided.
- Access control improvements and additional card readers, perimeter fencing repair, and gates.
- Increased signage, improved lighting, and other miscellaneous security system improvements.
- Capitalize costs for enhanced security related to capital projects.

Operating Department Impact and Funding Source:

Impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Martinez campus

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	100,000	-	-	-	100,000
Construction	200,000	100,000	100,000	100,000	500,000
FY Total	\$300,000	\$100,000	\$100,000	\$100,000	\$600,000

Technology Strategic Plan – District Project 100035

Program	Phase	Priority Rank	Ranking Score
General Improvements	Planning	43	51

Purpose:

The activities performed during the Technology Strategic Plan project will include and invite participation from all Central San Departments and Divisions.

Drivers:

Update the 2015 Information Technology (IT) Strategic Plan to further develop efforts and funding in the development of computer and telecommunication technology within Central San. Central San budgets IT on an annual basis.

The IT Strategic Plan was approved in 2015, and its implementation is within the Capital Improvement Program (CIP) and the Ten-Year Capital Improvement Plan.

Description:

This project is the implementation of the IT Strategic Plan which includes the following major elements:

- Smart Utility Initiatives
- Business Intelligence & Analytics
- Supervisory Control and Data Acquisition (SCADA) roadmap
- Enterprise Asset Management (EAM) – Asset reliability, condition, and health monitoring
- Electronic Document Management
- Enterprise systems and architecture
- Geographic Information System (GIS) roadmap
- Building Information Modeling (BIM) / Computer-Aided Design (CAD) standards development
- Security roadmap

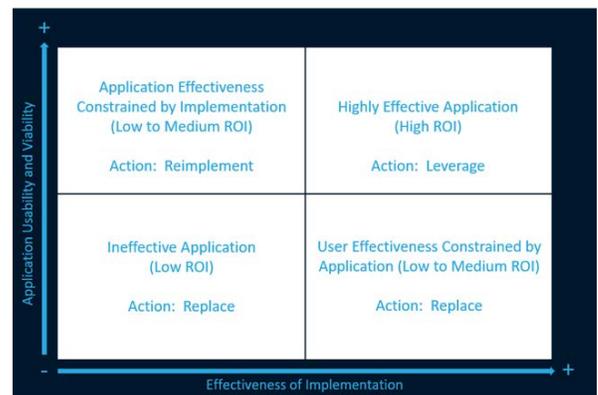
Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Central San-wide

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$800,000	\$-	\$-	\$-	\$800,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$800,000	\$-	\$-	\$-	\$800,000

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Easement Acquisition FY 2022-31 – District Project 100043

Program	Phase	Priority Rank	Ranking Score
General Improvements	Construction	52	44

Purpose:

To improve or acquire new property land rights for existing or new sanitary sewers that are located on private properties and are not associated with a current capital project for sewer renovation work.

Drivers:

As capital projects are designed, sanitary sewer easements may have to be acquired for those specific projects. This project provides funds for the acquisition of easements for projects where specific funds are not identified within the sewer renovation capital improvement projects in the Capital Improvement Budget.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

Examples of easements that may be acquired through this project include:

- Easements for existing sewers where no easements currently exist.
- Easements for sewers relocated through other public agency projects.
- Upgraded easements or access rights for existing sewers.
- Upgraded easements for the District’s Outfall pipeline.
- Easements for recycled water distribution pipelines.



Operating Department Impact and Funding Source:

This project will have no impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Central San-wide

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	75,000	75,000	75,000	525,000	750,000
FY Total	\$75,000	\$75,000	\$75,000	\$525,000	\$750,000

Capital Legal Services 2023+ - District Project TBD

Program	Phase	Priority Rank	Ranking Score
General Improvements	All	N/A	-

Purpose:

To streamline the processing of legal bills.

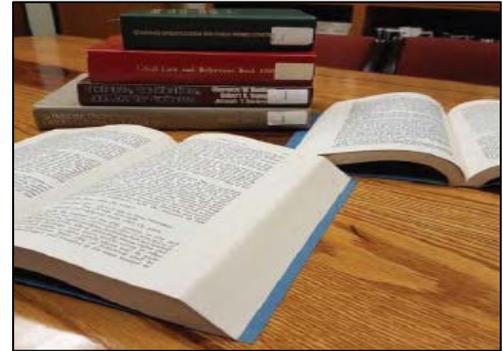
Drivers:

In the past, legal expenses were charged to individual capital projects. This process required extra staff time each month to review legal bills and get approvals from several different project managers.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

Capital legal service expenses are no longer charged to individual capital projects. The processing of legal bills has been streamlined by charging legal expenses to one capital account with four charge numbers for the four programs. This reduces the amount of time all parties must spend processing the legal bill.



Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Central San-wide

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	-	25,000	25,000	200,000	250,000
FY Total	\$-	\$25,000	\$25,000	\$200,000	\$250,000

Information Technology Development 2023+ – District Project TBD

Program	Phase	Priority Rank	Ranking Score
General Improvements	Construction	22	67

Purpose:

To replace and upgrade Information Technology (IT) infrastructure and software as needed.

Drivers:

An IT Development Plan was developed to centralize efforts and funding in the development of computer and telecommunication technology within Central San. Central San budgets IT on an annual basis.

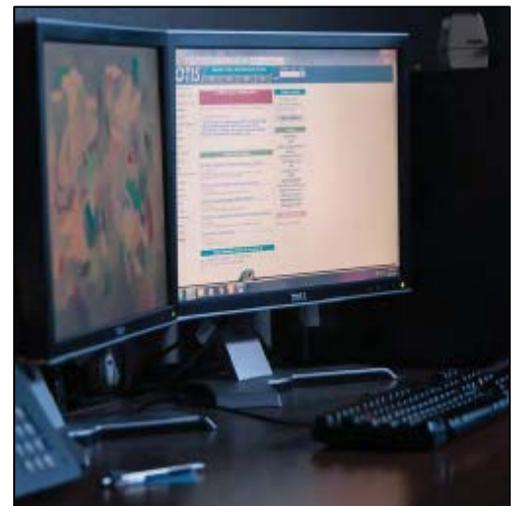
The IT Strategic Plan was last approved in 2015 and a new plan will be developed for implementation within the next Ten-Year CIP starting in FY 2024 under the IT Strategic Plan. This project is a placeholder based on previous experience and equipment needs that will be updated.

Description:

This project includes the following major elements:

- Network infrastructure upgrades
- Disaster recovery/business continuity
- Cloud-based technology improvements
- Business application suite improvements
- Increasing mobile presence
- Desktop technology refreshment
- Web redesign and enhancement
- Cybersecurity

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Central San-wide

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$-
Design	-	-	-	-	-
Construction	-	900,000	515,000	4,120,000	5,535,000
FY Total	\$-	\$900,000	\$515,000	\$4,120,000	\$5,535,000

NetZero Study – District Project TBD

Program	Phase	Priority Rank	Ranking Score
General Improvements	Planning	TBD	TBD

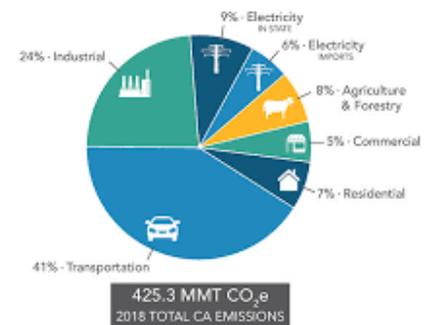
Purpose: To perform an initial study to gather information on the greenhouse gas emissions across Central San’s operation.

Drivers: With the state’s commitment to reaching carbon neutrality by 2045, Central San’s Board has directed staff to perform an evaluation and bring relevant information back for the Board’s future consideration of a Net Zero greenhouse gas commitment.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

The initial effort on this project is to hire a consultant to conduct a study to evaluate and summarize Central San’s Scope 1 (direct), Scope 2 (energy supply) and Scope 3 (upstream and downstream) greenhouse gas emissions, identify any potential opportunities for reductions and provide high-level cost estimates for doing so.



Operating Department Impact and Funding Source:

This project will not have an impact on any operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): All Central San Facilities

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$200,000	\$-	\$-	\$-	\$200,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$200,000	\$-	\$-	\$-	\$200,000

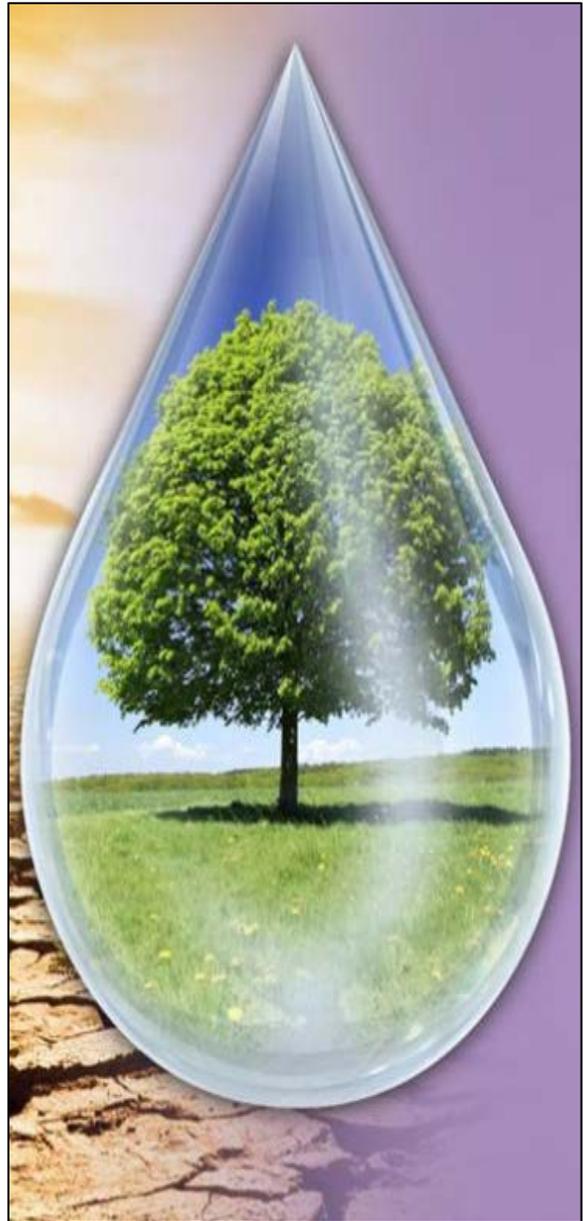
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Capital Improvement Budget – Recycled Water Program

Central San provides landscape irrigation water that meets all the requirements of the State Water Resources Control Board's Division of Drinking Water and the San Francisco Regional Water Quality Control Board for unrestricted landscape irrigation. Recycling water means less water is diverted from the Delta environment. Recycled water is a valuable resource, especially during drought years when water for landscape irrigation is less available because of water rationing.

In 1996, Central San and the Contra Costa Water District reached an agreement allowing Central San to supply recycled water to specific areas of the cities of Concord and Pleasant Hill. That area is referred to as Zone 1. About 200 million gallons of recycled water are used annually by irrigation customers, including two golf courses, parks, a community college, an elementary school, three middle schools, a high school, the Veranda shopping center, and the city of Pleasant Hill, including their new library. Ultimately, Central San will deliver 1.5 million gallons per day for irrigation use in the Zone 1 area. Central San will continue to collaborate with local water purveyors to identify cost-effective landscape irrigation and industrial recycled water projects.

Central San currently produces over 500 million gallons of recycled water per year for use at the treatment plant site, by irrigation customers, and for a range of commercial uses. Over 200 million gallons per year of recycled water is provided to a variety of customers in the city of Pleasant Hill, the city of Concord, and businesses near Central San's treatment plant in Martinez. Recycled water is used for landscape irrigation at schools, parks, playgrounds, private businesses, golf courses, street medians, industrial processes, and commercial applications such as truck washing, concrete manufacturing, dust control, and toilet and urinal flushing. Central San uses over 300 million gallons per year at the treatment plant for process water and landscape irrigation for Central San properties. Central San continues to pursue several projects as described in the following pages.



The major emphasis of the Recycled Water Program for the next fiscal year will be to finalize construction of the Filter and Clearwell Improvements – Phase 1A Project. This project will improve Central San’s existing recycled water treatment facilities, storage, and related support facilities, to address aging infrastructure needs, and maintain reliable recycled water service to customers and for use at Central San’s treatment plant. Central San will also continue efforts to add new cost-effective customers in Central San’s Zone 1 service area, pursue outside funding assistance (such as federal and state grants for all Central San recycled water projects), and work with water supply agencies to develop recycled water supply alternatives, such as the Water Exchange Project with Contra Costa Water District and Santa Clara Valley Water District and discussions with other regional water districts (including EBMUD and SFPUC).

All projects in the Recycled Water Program are summarized, including all past, current, and planned budgets required to complete each project as shown on the following Table 5:

CIB Table 5 – FY 2023-24 Recycled Water Program Budget/Project Summary

Project Number	Project	Budget-to-Date	FY 2023-24	Future FYs	Total Project Cost
7361	Filter Plant and Clearwell Improvements – Phase 1A	\$40,389,000	\$-	\$-	\$40,389,000
7366	Recycled Water Distribution System Renovations Program	530,000	215,000	645,000	1,390,000
7368	Water Exchange Project	400,000	-	-	400,000
100002	Filter Plant and Clearwell Improvements – Phase 1B	1,450,000	500,000	7,000,000	8,950,000
100036	Zone 1 Recycled Water 2021+	100,000	103,000	721,000	924,000
	Recycled Water Program Total:	\$42,869,000	\$818,000	\$8,366,000	\$52,053,000

Filter Plant & Clearwell Improvements – Phase 1A – District Project 7361

Program	Phase	Priority Rank	Ranking Score
Recycled Water	Construction	11	77

Purpose:

To rehabilitate and replace components of the existing Filter Plant recycled water facilities.

Drivers:

The recycled water facilities produce disinfected tertiary effluent that meets Title 22 recycled water requirements and is used on-site for utility water and pumped off-site for various residential and commercial recycled water uses. The Filter Plant, Clearwell structure, and related facilities were constructed in the mid-1970s. The existing Filter Plant media has been partially replaced over the years. The last partial media replacement effort was 15 years ago. The electrical and instrumentation infrastructure is mostly original, showing signs of significant wear, and requires replacement to ensure operational reliability. Opportunities to minimize energy demands and reduce chemical dosing requirements will be included in the rehabilitation project. Additional improvements will be incorporated in a future Phase 1B project.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The Filter Plant & Clearwell Improvements – Phase 1A Project is under construction and includes the following major elements:

- Rehabilitate and replace various electrical equipment (motor control centers, switchgear, substation) and programmable logic controls.
- Replacement of one filter (bid alternate), chemical addition improvements, and rehabilitation of coagulant flash mixing, backwash gates, and other miscellaneous equipment and valves.
- Replace sodium hypochlorite piping and pumps used for Title 22 disinfection compliance.
- Clearwell storage improvements (two new storage tanks) and related equipment.
- Replace pump motors and electrical at the Clearwell Pumping Station.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$1,130,000	\$-	\$-	\$-	\$1,130,000
Design	2,870,000	-	-	-	2,870,000
Construction	36,389,000	-	-	-	36,389,000
FY Total	\$40,389,000	\$-	\$-	\$-	\$40,389,000

Recycled Water Distribution System Renovations Program – District Project 7366

Program	Phase	Priority Rank	Ranking Score
Recycled Water	Planning	66	28

Purpose:

To renovate existing recycled water distribution system facilities.

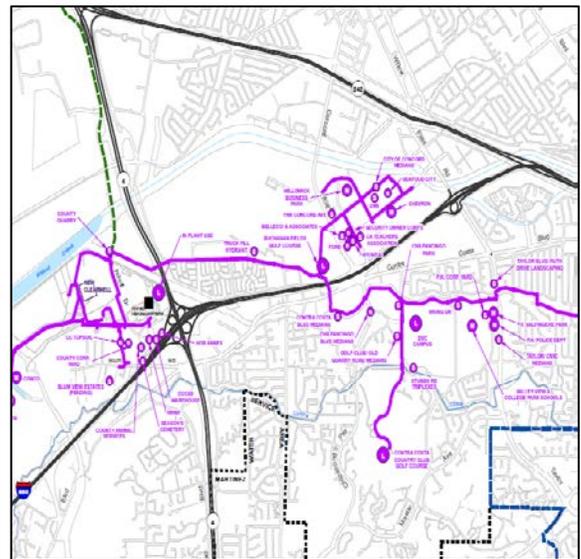
Drivers:

Central San’s recycled water distribution system consists of approximately 13 miles of recycled water distribution piping, which includes several isolation valves, pressure-reducing valves, air relief valves, hydrants, flow meters, and other connections and appurtenances. The recycled water distribution system includes pressured pipes installed over various years ranging from the mid-1990s to 2015 and now serves over 30 customers. Eventual renovations and upgrades to the distribution system components will be required to maintain reliable service to Central San’s recycled water customers.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability

Description:

This project includes renovation of recycled water piping, valves, meters, and other appurtenances. In addition, this project will include upgrades to overall system reliability and continued condition assessment and inspection of various recycled water distribution system assets.



Operating Department Impact and Funding Source:

The impacts to operational budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Zone 1 Recycled Water Distribution System – Cities of Pleasant Hill, Concord, Martinez

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$100,000	\$-	\$-	\$-	\$100,000
Design	200,000	-	-	-	200,000
Construction	230,000	215,000	215,000	430,000	1,090,000
FY Total	\$530,000	\$215,000	\$215,000	\$430,000	\$1,390,000

Water Exchange Project – District Project 7368

Program	Phase	Priority Rank	Ranking Score
Recycled Water	Planning	TBD	TBD

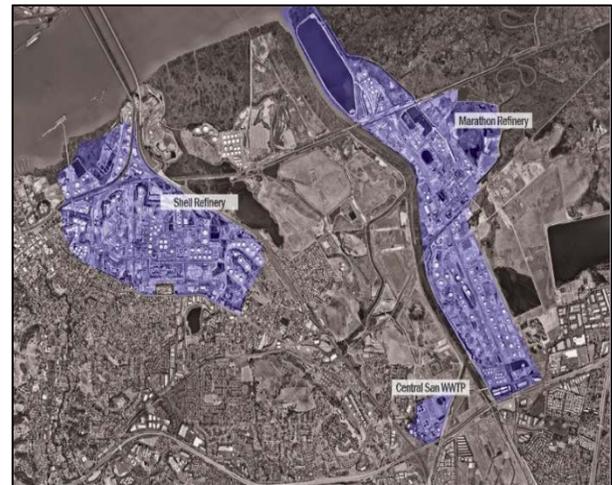
Purpose:

To develop a project to recycle as much of Central San’s wastewater supply as possible.

Drivers:

Central San’s Board of Directors is interested in taking advantage of Central San’s wastewater supply to augment the region’s water supply. This project seeks to produce recycled water for meeting Central San’s current and future recycled water irrigation customer demands and for meeting the recycled water quality and demands of the nearby Shell and Marathon refineries in the city of Martinez.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The planning-level effort for this project involves evaluating a cost-effective treatment train that will produce both irrigation-quality recycled water to meet Central San’s current (utility water and Zone 1) and future (Concord Community Reuse Project)

Title 22 demands, in addition to producing approximately 19 million gallons per day of industrial-quality recycled water to provide to Contra Costa Water District to serve to their City of Martinez refinery customers. The refineries’ current water supply (raw Central Valley Project water) would be freed up and exchanged through Contra Costa Water District and conveyed to Santa Clara Valley Water District via the proposed Transfer-Bethany Pipeline and the South Bay Aqueduct.

Operating Department Impact and Funding Source:

The impacts to operational budgets have not yet been determined. Project expenditures are funded from Capital Revenues.

Location(s): Treatment Plant and City of Martinez

Project Budget					
Phase:	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$400,000	\$-	\$-	\$-	\$400,000
Design	-	-	-	-	-
Construction	-	-	-	-	-
FY Total	\$400,000	\$-	\$-	\$-	\$400,000

Filter Plant & Clearwell Improvements – Phase 1B – District Project 100002

Program	Phase	Priority Rank	Ranking Score
Recycled Water	Design	29	62

Purpose:

To rehabilitate and replace components of the existing Filter Plant recycled water facilities.

Drivers:

The recycled water facilities produce disinfected tertiary effluent that meets Title 22 recycled water requirements and is used on-site for utility water and is pumped off-site for various residential and commercial recycled water uses. The Filter Plant, Clearwell structure, and related facilities were constructed in the mid-1970s. The existing Filter Plant media has been partially replaced on a routine basis over the years. The last partial media replacement effort was 15 years ago. Some of the Filter and some of the elements associated with the Clearwell storage and recycled water pumping replacement are being implemented under the earlier phase, Filter Plant & Clearwell Improvements – Phase 1A, District Project 7361. That project is scheduled to complete construction this fiscal year. The electrical and instrumentation infrastructure is mostly original, showing signs of significant wear, and requires replacement to ensure operational reliability.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

The Filter Plant & Clearwell Improvements – Phase 1B Project includes the following major elements:

- Rehabilitate and replace various electrical equipment (motor control centers, switchgear, substation), and programmable logic controls at the Filter Plant.
- Replace the other three filters (pending result of the tertiary membrane pilot study).
- Add a chlorine contact tank to meet the requirements for Title 22 disinfection compliance.
- Forebays storage improvements or new storage tanks and related equipment.
- Replace pump motors and electrical at the Applied Water Pumping Station.

Operating Department Impact and Funding Source:

The impacts to the operating budgets have not yet been determined. Project expenditures are funded from Capital Revenues. This project may be funded using a future State Revolving Fund loan or bonds.

Location(s): Treatment Plant

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$-	\$-	\$-	\$-	\$
Design	1,450,000	500,000	-	-	1,950,000
Construction	-	-	2,500,000	4,500,000	7,000,000
FY Total	\$1,450,000	\$500,000	\$2,500,000	\$4,500,000	\$8,950,000

Zone 1 Recycled Water – District Project 100036

Program	Phase	Priority Rank	Ranking Score
Recycled Water	Construction	44	50

Purpose:

To continue providing recycled water for landscape irrigation customers within the Zone 1 distribution area, which includes the City of Pleasant Hill and portions of the cities of Concord and Martinez. This is a continuation of DP 7306.

Drivers:

In 2001, Central San completed the Zone 1 Implementation Plan that provided estimated connection costs and revenues for customers identified in the Zone 1 Project Agreement with Contra Costa Water District. Depending on the extent of use, demand for recycled water in Zone 1 for landscape irrigation and commercial uses ranges from 200 to 400 million gallons per year.

Central San staff evaluates potential new recycled water landscape irrigation sites near the existing recycled water distribution system and works with developers to evaluate options for connecting to the system.

Project Drivers	
Aging Infrastructure	Capacity
Regulatory	Sustainability



Description:

This project provides funds for the planning, design, and construction of recycled water facilities for landscape irrigation and commercial customers in the Zone 1 distribution area.

Operating Department Impact and Funding Source:

This project will not have an impact on the operating budgets. Project expenditures are funded from Capital Revenues.

Location(s): Zone 1 Recycled Water Distribution System – Cities of Pleasant Hill, Concord, and Martinez

Project Budget					
Phase	Budget-to-Date	FY 2023-24	FY 2024-25	Future FYs	Total
Planning	\$	\$-	\$-	\$-	\$
Design	-	-	-	-	-
Construction	100,000	103,000	103,000	618,000	924,000
FY Total	\$100,000	\$103,000	\$103,000	\$618,000	\$924,000

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Ten-Year Capital Improvement Plan (FY 2023 – FY 2033)

OVERVIEW

Central San has developed a Ten-Year Capital Improvement Plan (CIP) for capital facilities and financing needs. The Ten-Year CIP covers the period starting on July 1, 2023, and ending June 30, 2033. It incorporates the recommendations from the June 2017 Comprehensive Wastewater Master Plan (CWMP). The Ten-Year CIP is updated every year. Specifically, the plan identifies and prioritizes capital projects needed to accomplish Central San’s Vision, Mission, Values, and Goals. It also includes planning-level cost estimates for proposed projects and projections for the various sources of revenue needed to meet the cash flow requirements. The principle purpose of the Ten-Year CIP is to provide the Board of Directors (Board) with the information needed to formulate a long-range policy regarding:

- **Priority and Schedule** – Identify, prioritize, and schedule the projects necessary to accomplish Central San’s Vision, Mission, Values, and Goals.
- **Financing** – Plan for sufficient financial resources to complete the proposed projects.

The CWMP was a critical tool used by Central San to implement the following strategies from Central San’s Strategic Plan (FY 2022-2024):

- **Achieve 100% Compliance in All Regulations** by meeting all air, water, land, and other requirements and by striving to minimize sanitary sewer overflows through the implementation of best management practices.
- **Reduce Reliance on Non-Renewable Energy** by using sustainable practices that minimize waste, maximize resources, and improve the community.
- **Manage Assets Optimally to Prolong Their Useful Life** by facilitating long-term capital renewal and replacement and by protecting Central San personnel and assets from threats and emergencies.
- **Improve and Modernize Operations through Technology and Efficiency Measures** by streamlining workflows, leveraging data, and encouraging the review and pilot testing of new technology to optimize the way Central San works.

The following Ten-Year CIP section provides a general description of the plan and a discussion of potential, unbudgeted future capital projects. As projects develop and are prioritized, they are grouped into the four programs (Treatment Plant, Collection System, General Improvements, and Recycled Water Program) as shown in the Capital Improvement Budget (CIB).

A brief description of each program and a list of major projects for the Ten-Year CIP are provided in the Capital Improvement Plan sections for each of the four programs. In total, the estimated costs for all the projects listed in the Ten-Year CIP is \$980,213,000.

Changes to the Ten-Year Capital Improvement Plan

Last year, the total estimated costs for the Ten-Year CIP were approximately \$1.13 billion. The reduction to the CIP is due to two main factors, including construction delivery in today’s public bid market and changes relating to Central San’s long-term solids handling and improvement projects.

Since the COVID-19 pandemic, the ability to receive products and equipment has been challenging. Although Central San has been creative and utilized pre-purchasing and found alternatives, and worked with its designers and contractors to mitigate these type of procurement issues, there has been impacts. Thus, the current CIP has been adjusted to account for additional time to deliver projects as the procurement trend continues for the foreseeable future.

Central San's long-term solids handling has been re-evaluated and has significant impacts to the costs within the treatment plant program. Staff continues to finalize the long-term plan and does not anticipate starting any major work on the Solids Handling Facility Improvements, Phase 2 until closer to the end of the Ten-Year Plan. This is a change from last year as Phase 2 had the potential to initiate sooner, several elements of the Solids process continues to be under evaluation in order to define the Phase 2 timeline, however the major costs for Phase 2 will be dependent on the final recommendation of the ongoing planning efforts.

Ten-Year Capital Improvement Plan Budget Process

The Ten-Year CIP assumes that funds will be available to support the plan. For FY 2023-24, these funds come from sources discussed in the Financial Summary section. The only two controllable sources are issuance of debt or adjustment of the capital component of the Sewer Service Charge. With respect to debt, the Capital Plan assumes that a 2021 State Revolving Fund (SRF) loan will be used to fund the Solids Handling Facility Improvements Project from FY 2021-22 through FY 2027-28.

Two other debt offerings are currently assumed in the ten-year financial plan. These external financings may take the form of the issuance of revenue bonds, or the application of new SRF loans. There is also an expectation that Central San will apply for additional SRF loans, but the lower interest rates related to SRF loans are not assumed in the financial plan as no assurance is currently available that this competitive funding will be available. If the SRF loan applications are successful, Central San's financial plan would be revised accordingly.

The Ten-Year CIP is currently budgeted on a year-by-year basis when the CIB for the upcoming fiscal year is formally authorized and adopted by the Board. Changes in capital revenue forecasts or changes in recommended expenditures may result in changes to the future Ten-Year CIP.

2017 Comprehensive Wastewater Master Plan

The CWMP was completed in June 2017. A key deliverable of the CWMP was an updated Capital Improvement Plan for the next 20-year planning horizon (2017-2037). The CWMP included descriptions, rationales, and estimated costs for collection system and wastewater treatment plant capital improvement projects and ongoing programs to address aging infrastructure, meet existing and anticipated regulatory requirements, accommodate planned growth, optimize energy use, and implement Central San's vision for the treatment plant that is consistent with Central San's Strategic Plan.

The CWMP was also a critical tool for maintaining a high level of service, establishing long-term fiscally responsible policies for Central San’s customers, and providing a clear direction for Central San. To accomplish this, the CWMP:

- Confirmed Capital Improvement Program projects, costs, and site layouts for future facilities.
- Identified linkages among the major capital improvement projects and repair and replacement strategies such that the projects can be resorted and rescheduled as changes in planning assumptions and needs occur.
- Identified triggers for implementing applied research (if applicable), preliminary design, design, and construction of the recommended capital improvement projects to determine efficient “just-in-time” project implementation.
- Identified new or updated policies, programs, and guidelines for Board consideration to address overall program implementation including project prioritizations, implementation costs, project delivery methods, potential funding sources, and an estimated schedule for implementing plan elements.
- Confirmed and incorporated operations, maintenance, and energy management strategies.
- Accelerated and coordinated condition assessments with the implementation of the Asset Management Plan and confirmed long-term repair and replacement strategies.

The CWMP focused on the current needs of Central San, which are shown in the current Ten-Year CIP. However, the potential future projects that were identified based on evolving regulatory requirements or potential opportunities in growth are not included or budgeted in the Ten-Year Plan. The Ten-Year CIP will be updated annually as projects are clarified. The future projects not included in the CIP potentially amount to \$900.0 million, of which approximately \$470.0 million may be within the next twenty years. These unbudgeted projects include the following:

- Nutrient Removal Facilities (Nutrient Watershed Permit)**
- Water Exchange (Refinery Recycled Water) Project – 16-20 million gallons per day
- Advanced Treatment/Contaminants of Emerging Concern Removal **
- Renewable Energy Projects (triggered by increased power demands from nutrient removal) **
- Concord Community Reuse Project Recycled Water Facilities Improvements *
- Concord Community Reuse Project Collection System Improvements *
- Concord Community Reuse Project Recycled Water Distribution System (Central San’s plan is to wholesale recycled water to CCWD, who will oversee the new distribution system and storage) *

* Projects expected to be cost neutral to Central San

**Projects identified but not currently required by regulations

Ten-Year Capital Improvement Plan – Collection System Program

The Collection System Program includes projects that will address aging and deteriorating infrastructure needs, meet regulatory requirements, address any capacity deficiencies, and improve sustainability or help meet sustainability related goals. The emphasis of the Ten-Year CIP – Collection System Program will be on rehabilitating and replacing deteriorating sewers, new development, and sewer expansion by developers within Central San’s service area; upgrading aging pumping stations; and implementing large diameter and force main inspection programs. The inspection programs will help to update the condition of existing infrastructure and to confirm the timing and cost of rehabilitation or replacement of large diameter sewers and force mains. Overall, these projects are targeted at reducing the risk of sewer system overflows in Central San’s collection system.

Central San staff will continue to update the new collection system hydrodynamic model (*InfoWorks*®) to confirm the need and timing for future projects required to alleviate capacity deficiencies and to determine sewer replacement needs.

The *InfoMaster*® was updated to *InfoAssets*® program which uses closed-circuit television inspection scoring results, sewer cleaning frequency data, pipe age, and other information to assign a likelihood of failure score to each pipe segment in the collection system. The consequence of failure for each pipe segment is determined using factors such as pipeline size, flow conditions, and proximity to waterways, hospitals, schools, and roads. The overall risk of each segment is based on the likelihood of failure and consequence of failure scores, and a decision matrix developed through workshops with staff were used to prioritize the replacement of each pipe segment. *InfoAssets*® then helps to develop a long-term sewer replacement strategy or program based on the timing/prioritization, and cost for sewer replacement needs. Staff then works to group sewers of concern geographically and bid as capital projects.

The following tables identify major projects in the Ten-Year CIP – Collection System Program. The projects have been grouped into one of five project categories: 1) Collection System Rehabilitation and Replacement, 2) Pumping Stations, 3) Regulatory Compliance, 4) Collection System Expansion, and 5) Contractual Assessment Districts and Development Sewerage.

Ten-Year CIP – Collection System Program Projects
Collection System Rehabilitation and Replacement

Project Title	Year(s)	Location	Description
Maintenance Access Cover Modifications	Present through 2032	Collection System	This program will fund maintenance access cover modifications and replacement throughout the collection system.
Cured-in-Place Pipe Blanket Contract	Present through 2032	Collection System	This project is no longer required since staff can perform small informal projects and has included the work into the larger Sewer Renovation program.
Collection System Sewer Renovation – Phases 2 and 3	Present to 2033	Collection System	This program will fund rehabilitation and replacement of aging small diameter sewers throughout the collection system. Aging infrastructure needs will continue to be identified, prioritized by risk, and packaged into capital projects by geographical areas throughout the collection system. This program is also coordinated with miscellaneous relief projects for sewers identified by the hydraulic model as having wet weather hydraulic capacity deficiencies and possibly large-diameter renovation.
Force Main Inspection and Replacement	Present to 2027	Collection System	Evaluation and potential force main rehabilitation or replacement for the Acacia, Bates, Maltby, and Martinez Pumping Stations.
Large Diameter Piping Renovation Program – Phase 1 and 2	Present to 2033	Collection System	Rehabilitation or replacement of large diameter sewers based on the inspection program. This program will fund rehabilitation and replacement of aging large diameter sewers throughout the collection system. Aging infrastructure needs will continue to be identified, prioritized by risk, and packaged into capital projects by priority throughout the collection system.

Ten-Year CIP – Collection System Program Projects
Pumping Stations

Project Title	Year(s)	Location	Description
Pump Station Upgrades – Phase 2	Present through 2025	Martinez, Fairview, and Maltby Pumping Stations	Rehabilitation and replacement of miscellaneous pumps, piping, valves, electrical systems, and other equipment identified in the field. Acquire necessary pumping station emergency response equipment and critical spare parts.
Pumping Station SCADA and Programmable Logic Controller (PLC) Upgrades	2023 to 2026	Miscellaneous Pumping Stations	Upgrade outdated PLC software language for all pumping stations.
Pumping Station Improvements	2023 to 2026	Buchanan North and South, Concord Industrial, and Other Pumping Stations	Implement major pumping station upgrades to address structural, mechanical, electrical, instrumentation, and other improvements.

**Ten-Year CIP – Collection System Program Projects
Regulatory Compliance**

Project Title	Year(s)	Location	Description
Collection System Planning	Present through 2033	Collection System	Continued planning to identify potential capital improvement projects required to address aging infrastructure needs, regulatory drivers, capacity deficiencies, and sustainability and optimization opportunities. Projects are performed in five-year cycles, includes five-and ten-year updates to Master Plan.
Collection System Modeling Support	Present through 2033	Collection System	Continued build-out of the collection system modeled network to include areas of planned development, and other major upgrades and updates to the hydraulic model.
Large Diameter Pipeline Inspection Program – Phase 1 and 2	Present through 2028	Collection System	Phased inspection program for large-diameter trunks and interceptors to update condition and prioritize rehabilitation and replacement needs.
Force Main Inspection Program – Phase 1 and 2	Present through 2028	Collection System	Phased inspection program for force mains to update condition and prioritize rehabilitation and replacement needs.

**Ten-Year CIP – Collection System Program Projects
Contractual Assessment Districts and Development Sewerage**

Project Title	Year(s)	Location	Description
Development Sewerage Support	Present through 2033	Central San-wide	Capitalized staff labor and expenses for the survey, right-of-way, and inspection for construction of developer installed sewer facilities.

Ten-Year Capital Improvement Plan – Treatment Plant Program

The Treatment Plant Program includes projects that will address aging infrastructure needs, meet regulatory requirements, address any hydraulic or process capacity deficiencies, and improve sustainability or help meet sustainability related goals. The emphasis of the Ten-Year CIP – Treatment Plant Program will be on the repair and replacement of aging treatment plant infrastructure, improving existing facilities to ensure reliable compliance with increasingly stringent regulatory requirements, improving the resiliency of existing facilities against security threats and natural hazards such as seismic and flooding events, and improving overall energy efficiency.

Central San staff will continue to evaluate treatment alternatives and applied research projects and pilots to address potential nutrient removal regulations, confirm the optimal long-term solids handling strategy, and strive to move closer to net zero energy in support of Board Policy 027 – Energy.

The following tables identify all the projects in the Ten-Year CIP – Treatment Plant Program. The projects have been grouped into one or more of three project categories: 1) Liquid Treatment Process, 2) Solids Handling Process, or 3) General Treatment Plant and Safety Improvements.

Ten-Year CIP – Treatment Plant Program Projects
Liquid Treatment Process

Project Title	Year(s)	Location	Description
Aeration Basins Diffuser Replacement and Seismic Upgrades	Present to 2029	A/N Tanks	Rehabilitate and replace aeration diffusers, air piping, structural upgrades, and seismic improvements to reconfigure the aeration basins (A/N Tanks) to maximize the use of unused channels to optimize the activated sludge process using available volume and tankages, as well as upgrade instrumentation and controls to improve air flow distribution.
Condition Assessment of Buried Pipelines	TBD	Treatment Plant	Inspect the condition of several large diameter, critical pipelines on the treatment plant site such as primary effluent, mixed liquor, secondary effluent, final effluent pipelines, and wet weather bypass pipelines. These inspections will require complicated shutdowns and temporary bypass pumping and piping. This project is not budgeted in CIP and is currently under evaluation.
Steam Renovations – Phase 1	Present through 2026	Treatment Plant	Replace, rehabilitate, and/or improve the steam system, and coordinated with the existing steam system and heat recovery in the Solids Conditioning Building.
UV Disinfection Replacement (Includes UV Hydraulic Improvement)	Present to 2030	UV Channel, Final Effluent Channel	Replace the aging existing UV disinfection process with a new, more energy efficient UV disinfection process. Increase wet weather hydraulic capacity through UV disinfection and final effluent channel to accommodate a 20-year wet weather storage event.
Nutrient Removal	2024 to 2033	Treatment Plant	This project will plan and provide funding requirements for the potential future addition of nutrient removal facilities to meet regulatory limits, if and when the requirements are determined.
Outfall Improvements – Phase 8	2026 to 2029	Treatment Plant	Inspect outfall pipe and make necessary repairs. This project will require complicated shutdowns and temporary bypass pumping and piping.
Primary Expansion	2031 to 2033+	Pre-Aeration, Primaries	Construct up to two additional primary sedimentation tanks and corresponding new pre-aeration (grit removal) tank, improve wet weather grit handling, and replace primary sludge pumps.
Wet Weather Flow Management	2029 to 2033+	Headworks, Wet Weather Holding Basins	Implement improvements for wet weather flow management and holding basin operation such as raw wastewater diversion pipeline, drain back pumping, sixth influent pump, and improved basin grading and drainage.

**Ten-Year CIP – Treatment Plant Program Projects
Solids Handling Process**

Project Title	Year(s)	Location	Description
Solids Handling Facility Improvements – Phase 1A	Present to 2028	Solids Conditioning Facilities	Rehabilitate and replace the sludge dewatering, sludge handling, furnace air pollution control equipment, and structural seismic upgrades for the Solids Conditioning Building (Phase 1B).
Solids Handling Facility Improvements – Phase 1C	2026 to 2033+	Solids Conditioning Facilities	Replace or rehabilitate the sludge storage facilities, sludge blending, chemical systems, ash handling and storage, and associated electrical and control systems.
Solids Handling Facility Improvements – Phase 2	2031-2033+	Solids Conditioning Facilities	Phase 2 Project will update the long-term plan for solids handling, treatment, and disposal for Central San, and will determine options to how to best transition from current solids handling and disposal methods.
Dissolved Air Flotation Thickeners (DAFT) Tanks Improvements	2030 to 2033	Solids Conditioning Facilities	Rehabilitate and renovate the DAFT Tanks used for waste activated sludge thickening.

**Ten-Year CIP – Treatment Plant Program Projects
General Treatment Plant and Safety Improvements**

Project Title	Year(s)	Location	Description
Treatment Plant Planning	Present to 2033	Treatment Plant	Continue planning to identify potential capital improvement projects required to address aging infrastructure needs, regulatory drivers, capacity deficiencies, and sustainability and optimization opportunities. Projects performed in five-year cycles.
Applied Research and Innovations	Present to 2033	Treatment Plant	Implement applied research projects that evaluate promising and innovative technologies and processes. Projects performed in five-year cycles.
Surcharge Soil Pile Relocation	2029 to 2033	Surcharge Pile, Basin A South	Excavate and relocate surcharge pile soils to Basin A South and replace soil cap.
Warehouse Seismic Upgrades	Present to 2025	Warehouse	Implement upgrades to the Warehouse building to meet current seismic design standards and improve overall seismic safety.
Fire Protection System –	Present to 2026	Treatment Plant	Continue phased upgrades and replacement of the fire

Project Title	Year(s)	Location	Description
Phases 4, 5 and 6			alarm systems throughout the treatment plant. Previous plan had six phases, combined to four phases this year due to criticality and safety.
Treatment Plant Safety Enhancements – Phases 5 through 8	Present to 2033	Treatment Plant	Continue to implement safety-related enhancements around the treatment plant to proactively address safety concerns.
Aging Infrastructure Replacement Program	Present to 2033	Treatment Plant	This program will fund infrastructure projects around the treatment plant. Aging infrastructure needs will continue to be packaged together and implemented as spinoff capital projects (e.g., piping replacement projects, equipment replacement, and electrical rehabilitation). Program is performed in five-year cycles.
Miscellaneous Seismic Upgrades	TBD	Filter Plant, UV, Headworks, Fuel Oil, Hypo Tanks, Substations	These upgrades have been consolidated into other projects associated with the infrastructure identified. Therefore, a separate project is no longer needed.
Treatment Plant Supervisory Control and Data Acquisition (SCADA) Improvements	2025 to 2029	Treatment Plant	Complete an evaluation and implementation plan for the upgrade and replacement of the SCADA, PLCs, and communications networks, and determine workforce planning needs.

Ten-Year Capital Improvement Plan – General Improvements Program

The General Improvements Program includes projects that will address aging infrastructure needs, meet regulatory requirements, and improve sustainability or help meet sustainability-related goals. This includes implementing property and building improvements, addressing equipment needs, acquiring new properties if required, completing development of the Asset Management Program, information management system and data management system upgrades, general security improvements enhancement, and cybersecurity. Many of Central San’s buildings are over 25 years old and are starting to require general building upgrades to both the interiors and exteriors such as painting, replacing ceiling tiles, upgrading fixtures, replacing roofs, replacing worn furniture and other equipment, and upgrading buildings to meet current seismic standards. The emphasis of the General Improvements Program for the Ten-Year CIP will be on upgrading many of those aging

buildings. In addition, Central San will continue to require routine acquisition of new equipment, vehicle replacement, security improvements, information technology improvements, and improved cybersecurity enhancements.

The following tables identify major projects in the Ten-Year CIP – General Improvements Program. The projects have been grouped into one of three project categories: 1) Vehicles and Equipment Acquisition, 2) Buildings and District Property, and 3) Information Technology Development.

Ten-Year CIP – General Improvements Program Projects
Vehicles and Equipment Acquisition

Project Title	Year(s)	Location	Description
Equipment Acquisition	Present to 2033	Central San-wide	Acquisition of new equipment for operation and maintenance of Central San assets.
Vehicle Replacement Program	Present to 2033	Central San-wide	Continued replacement and acquisition of new Central San vehicles.

**Ten-Year CIP – General Improvements Program Projects
Buildings and District Property**

Project Title	Year(s)	Location	Description
Future Property Repairs and Improvements	2025 to 2033	Central San-wide	Improvements to Central San’s buildings, buffer properties, rental properties, and the surrounding parking lots and grounds.
District Easement Acquisition	Present to 2033	Central San-wide	Improve or acquire new property land rights for existing or new sanitary sewers that are located on private properties.
Security Study and Improvements	Present to 2033	Central San-wide	Continued implementation of general security improvements for Central San buildings and properties.

**Ten-Year CIP – General Improvements Program Projects
Information Technology Development**

Project Title	Year(s)	Location	Description
Information Technology Development	Present through 2033	Central San-wide	Continued implementation of Central San-wide information technology improvements.

Ten-Year CIP – Recycled Water Program

The Recycled Water Program includes projects that will address aging infrastructure needs, meet regulatory requirements, address any capacity deficiencies, and improve sustainability or help meet sustainability related goals. The emphasis of the Ten-Year CIP – Recycled Water Program will be on continued expansion of the Zone 1 Recycled Water Program in support of Board Policy 019 – Recycled Water, implementing improvements to the existing recycled water filter plant, and related support facilities to address aging infrastructure to ensure reliable supply of recycled water, replacing and installing new Clearwell liner and covers, and initiating ongoing rehabilitation and replacement of recycled water distribution system assets.

Central San staff will continue to explore and plan for other potential recycled water projects and related improvements and expansions that may be required. These other projects will likely involve the wholesale of recycled water to a water purveyor. The following table identifies major projects in the Ten-Year CIP – Recycled Water Program.

Ten-Year CIP – Recycled Water Program Projects

Project Title	Year(s)	Location	Description
Zone 1 Recycled Water	Present to 2033	Zone 1 Area within the Cities of Concord, Martinez, and Pleasant Hill	Continue to expand Zone 1 Recycled Water Program, to provide cost-effective water for landscaping, irrigation at schools, parks, private businesses, golf courses, street medians, and for commercial applications such as truck washing, concrete manufacturing, dust control, and toilet and urinal flushing.
Recycled Water Distribution System Renovations	Present to 2032	Zone 1 Area within the Cities of Concord, Martinez, and Pleasant Hill	Implement a recurring rehabilitation and replacement program for recycled water distribution system assets such as the recycled water surge tank, distribution piping, valves, and flow meters.

Project Title	Year(s)	Location	Description
Filter Plant & Clearwell Improvements – Phase 1A	Present to 2023	Treatment Plant	Complete the rehabilitation and replacement of the recycled water treatment facilities, including two large storage tanks and related electrical, instrumentations and control systems.
Filter Plant & Clearwell Improvements – Phase 1B	Present to 2027	Treatment Plant	Complete the rehabilitation and replacement of the recycled water treatment facilities, including the remaining filters (pending the outcome of the tertiary membrane pilot study), and electrical systems in need of replacement.
Filter Plant & Clearwell Improvements – Phase 1C	2027 to 2032	Treatment Plant	Complete the rehabilitation and replacement of the forebays, applied water pumps, new chlorine contact basin, and related electrical, instrumentations and control system upgrades.

Ten-Year CIP Expenditures

The Ten-Year CIP provides a basis for policy decisions concerning Central San’s long-range CIP and management of the Sewer Construction Fund. The Ten-Year CIP also serves as the capital improvement expenditure basis for performing the fee analysis.

This plan includes projected expenditures totaling \$980,213,000 (in 2023 dollars) over the period from FY 2023-24 through FY 2032-33. A summary of the planned expenditures by program, without future inflation, for the Ten-Year CIP is included in Tables 1-5.

Illustration of a Potential Central San Treatment Plant of the Future

Table 1 - Ten-Year Program: Collection System		Fiscal Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Project #	Project Name	10 Year Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
8443	Large Diameter Pipeline Inspection Program - Phase 1	1,000,000	500,000	500,000	-	-	-	-	-	-	-	-
8444	Force Main Inspection Program - Phase 1	1,000,000	500,000	500,000	-	-	-	-	-	-	-	-
8447	Pump Station Security Improvements	165,000	82,000	83,000	-	-	-	-	-	-	-	-
8450	Development Sewerage Support	3,708,000	927,000	927,000	927,000	927,000	-	-	-	-	-	-
8457	Pump Station Upgrades - Phase 2A	23,350,000	10,000,000	10,000,000	3,350,000	-	-	-	-	-	-	-
100006	Contractual Assesment District Project	800,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	-	-
100007	Large Diameter Renovation Program	10,500,000	500,000	3,000,000	3,500,000	3,500,000	-	-	-	-	-	-
100039	Collection System Sewer Renovation - Phase 2	78,500,000	18,500,000	20,000,000	20,000,000	20,000,000	-	-	-	-	-	-
100041	Pump Station Improvements & Rehabilitations- Buchanan	2,200,000	850,000	850,000	500,000	-	-	-	-	-	-	-
100042	Pump Station Upgrades - Phase 2B	7,331,000	2,500,000	4,331,000	500,000	-	-	-	-	-	-	-
100044	Collection System Modeling Support 2022+	1,125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	-
TBD	Pumping Station SCADA & PLC Upgrades	2,150,000	350,000	500,000	1,300,000	-	-	-	-	-	-	-
TBD	Pump Station Equipment & Piping Replacement 2023+	2,000,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
TBD	Collection System Planning 2023+	2,000,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
TBD	2023+Maintenance Access Cover Modifications	3,550,000	400,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
TBD	Force Main Replacement Program	18,219,000	-	534,000	1,500,000	4,000,000	2,785,000	4,085,000	1,585,000	1,585,000	2,145,000	0
TBD	Large Diameter Pipeline Inspection Program - Phase 2	1,000,000	-	-	200,000	400,000	400,000	-	-	-	-	-
TBD	Force Main Inspection Program - Phase 2	1,000,000	-	-	-	200,000	800,000	-	-	-	-	-
TBD	Collection System Master Plan (10-Year Update)	750,000	-	-	-	-	750,000	-	-	-	-	-
TBD	Large Diameter Renovation Program 2027+	23,000,000	-	-	-	-	2,500,000	2,500,000	4,500,000	4,500,000	4,500,000	4,500,000
TBD	Collection System Sewer Renovation - Phase 3	120,000,000	-	-	-	-	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
TBD	Development Sewerage Support 2027+	5,700,000	-	-	-	-	950,000	950,000	950,000	950,000	950,000	950,000
TBD	Contractual Assesment District Project	600,000	-	-	-	-	-	-	-	-	500,000	100,000
TBD	Collection System Modeling Support 2032+	125,000	-	-	-	-	-	-	-	-	-	125,000
Collection System Total:		\$ 309,773,000	\$ 35,734,000	\$ 42,200,000	\$ 32,752,000	\$ 30,002,000	\$ 29,160,000	\$ 28,510,000	\$ 28,010,000	\$ 28,010,000	\$ 28,970,000	\$ 26,425,000

Table 2 - Ten-Year Program: Treatment Plant		Fiscal Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Project #	Project Name	10 Year Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
7315	Applied Research & Innovations	400,000	400,000	-	-	-	-	-	-	-	-	-
7341	Walnut Creek/Grayson Creek Levee Rehab	2,000,000	200,000	900,000	900,000	-	-	-	-	-	-	-
7348	Solids Handling Facility Improvements - Phase 1A	168,000,000	14,000,000	35,000,000	40,000,000	40,000,000	34,000,000	5,000,000	-	-	-	-
7370	Annual Infrastructure Replacement FY 2019-25+	1,000,000	500,000	500,000	-	-	-	-	-	-	-	-
100001	UPCCAA Urgent Projects FY 2020-25+	800,000	400,000	400,000	-	-	-	-	-	-	-	-
100009	MHF Hearth Replacement	500,000	-	500,000	-	-	-	-	-	-	-	-
100010	Air Conditioning and Lighting Renovations Project	200,000	200,000	-	-	-	-	-	-	-	-	-
100011	Plant Electrical Replacement and Rehabilitaton	750,000	250,000	250,000	250,000	-	-	-	-	-	-	-
100012	UV Disinfection Replacement and Hydraulic Improvements	64,000,000	1,500,000	1,500,000	500,000	1,000,000	7,500,000	16,000,000	19,000,000	15,000,000	2,000,000	-
100014	MRC Building and Maintenance Shops Improvements	1,300,000	600,000	700,000	-	-	-	-	-	-	-	-
100019	Aeration Basin Diffusers and Seismic Improvements	52,000,000	6,000,000	10,500,000	10,500,000	10,000,000	2,000,000	10,000,000	3,000,000	-	-	-
100022	Wet Weather Basin Improvements	600,000	600,000	-	-	-	-	-	-	-	-	-
100032	Steam Renovations Phase 1	11,000,000	3,500,000	4,300,000	3,200,000	-	-	-	-	-	-	-
100034	TP Safety Enhancements Program	1,800,000	300,000	300,000	300,000	300,000	150,000	150,000	150,000	150,000	-	-
100040	Electrical Infrastructure Sub 90	25,000,000	500,000	500,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
100046	Controls System Upgrades FY 22-26	800,000	200,000	200,000	200,000	200,000	-	-	-	-	-	-
100047	Secondary Clarifier Improvements Phase 1	8,000,000	500,000	2,500,000	2,500,000	2,500,000	-	-	-	-	-	-
100048	Warehouse Seismic Upgrades	2,000,000	-	500,000	750,000	750,000	-	-	-	-	-	-
100054	Aeration Unit 1 Turbine Overhaul	1,000,000	500,000	500,000	-	-	-	-	-	-	-	-
100055	Process Optimization and Efficiency	300,000	300,000	-	-	-	-	-	-	-	-	-
TBD	Plant Control System I/O Replacement Phase 3	2,800,000	600,000	1,500,000	700,000	-	-	-	-	-	-	-
TBD	Treatment Plant Planning 2023 +	2,500,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
TBD	Applied Research & Innovations 2024+	3,600,000	-	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
TBD	Odor Control Repairs SCB	1,500,000	-	750,000	750,000	-	-	-	-	-	-	-
TBD	Nutrient Removal Evaluation	20,000,000	-	500,000	500,000	500,000	500,000	500,000	500,000	2,000,000	7,000,000	8,000,000
TBD	Cogen Overhaul	1,000,000	-	-	500,000	500,000	-	-	-	-	-	-
TBD	Fire Protection System - Phase 5 & 6	800,000	-	-	800,000	-	-	-	-	-	-	-
TBD	Treatment Plant Dynac Replacement	8,500,000	-	-	500,000	1,500,000	3,000,000	3,500,000	-	-	-	-
TBD	Annual Infrastructure Replacement FY 2025-26+	12,000,000	-	-	1,000,000	1,000,000	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
TBD	UPCCAA Urgent Projects FY 2025-26+	4,000,000	-	-	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
TBD	Tunnel Improvements	4,500,000	-	-	500,000	2,500,000	1,500,000	-	-	-	-	-
Treatment Plant Sub Total:		402,650,000	31,300,000	62,450,000	68,500,000	64,900,000	53,800,000	40,300,000	28,800,000	23,300,000	15,150,000	14,150,000

Table 2 - Ten-Year Program: Treatment Plant (Continued)		Fiscal Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Project #	Project Name	10 Year Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
TBD	Plant Electrical Replacement and Rehabilitaton 2025+	2,800,000	-	-	-	400,000	400,000	400,000	400,000	400,000	400,000	400,000
TBD	Outfall Improvements - Phase 8	7,000,000	-	-	-	500,000	4,500,000	2,000,000	-	-	-	-
TBD	Standby Generator Expansion	8,500,000	-	-	-	300,000	2,700,000	4,500,000	1,000,000	-	-	-
TBD	Plant Control System I/O Replacement Phase 4	2,600,000	-	-	-	600,000	1,000,000	1,000,000	-	-	-	-
TBD	WWTP Master Plan (10-Year Update)	1,100,000	-	-	-	550,000	550,000	-	-	-	-	-
TBD	Solids Handling Facility Improvements - Phase 1C	72,000,000	-	-	-	500,000	2,500,000	5,000,000	16,000,000	16,000,000	16,000,000	16,000,000
TBD	Electrical Infrastructure- Substations	24,000,000	-	-	-	-	1,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
TBD	Controls System Upgrades - Phase 3	1,200,000	-	-	-	-	200,000	200,000	200,000	200,000	200,000	200,000
TBD	Steam Renovations Phase 2	27,000,000	-	-	-	-	500,000	1,500,000	2,000,000	5,000,000	9,000,000	9,000,000
TBD	Odor Control Upgrades - Phase 2	15,000,000	-	-	-	-	500,000	1,500,000	6,500,000	6,500,000	-	-
TBD	Surcharge Soil Pile Relocation	19,000,000	-	-	-	-	-	-	500,000	2,500,000	8,000,000	8,000,000
TBD	Wet Weather Flow Management	15,500,000	-	-	-	-	-	-	500,000	2,000,000	6,500,000	6,500,000
TBD	Daft Tank Improvements	6,350,000	-	-	-	-	-	-	-	350,000	3,000,000	3,000,000
TBD	Primary Expansion (Tank 5)	2,000,000	-	-	-	-	-	-	-	-	500,000	1,500,000
TBD	Solids Handling Facility Improvements - Phase 2	1,500,000	-	-	-	-	-	-	-	-	500,000	1,000,000
TBD	TP Safety Enhancements Program FY 2031+	300,000	-	-	-	-	-	-	-	-	150,000	150,000
TBD	Cogen Replacement	3,500,000	-	-	-	-	-	-	-	-	500,000	3,000,000
Treatment Plant Total:		\$ 612,000,000	\$ 31,300,000	\$ 62,450,000	\$ 68,500,000	\$ 67,750,000	\$ 68,150,000	\$ 60,900,000	\$ 60,400,000	\$ 60,750,000	\$ 64,400,000	\$ 67,400,000

Table 3 - Ten-Year Program: General Improvements		Fiscal Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Project #	Project Name	10 Year Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
8252	POB E.V. Charging Station	650,000	650,000	-	-	-	-	-	-	-	-	-
8516	District Equipment Acquisition	250,000	250,000	-	-	-	-	-	-	-	-	-
8517	Vehicle Replacement Program FY 2016-26	3,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-
100003	Property Repairs and Improvements	300,000	150,000	150,000	-	-	-	-	-	-	-	-
100031	Community Development System Replacement	200,000	200,000	-	-	-	-	-	-	-	-	-
100033	Security Improvements	300,000	100,000	100,000	100,000	-	-	-	-	-	-	-
100043	District Easement Acquisition 2022+	675,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	-
TBD	IT Development FY 2023+	5,535,000	900,000	515,000	515,000	515,000	515,000	515,000	515,000	515,000	515,000	515,000
TBD	Capital Legal Services 2023+	250,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
TBD	Equipment Acquisition FY 2024+	2,250,000	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
TBD	Security Improvements Study (10-Year)	800,000	-	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
TBD	Property Repairs and Improvements FY 2025+	1,200,000	-	-	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
TBD	Vehicle Replacement Program FY 2026+	6,650,000	-	-	-	950,000	950,000	950,000	950,000	950,000	950,000	950,000
General Improvements Total:		\$ 22,060,000	\$ 3,350,000	\$ 2,115,000	\$ 2,215,000	\$ 2,065,000	\$ 1,990,000					

Table 4 - Ten-Year Program: Recycled Water		Fiscal Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Project #	Project Name	10 Year Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
7361	Filter Plant and Clearwell Improvements - Phase 1A	0	-	-	-	-	-	-	-	-	-	-
7366	Recycled Water Distribution Systems Renovations Program	860,000	215,000	215,000	215,000	215,000	-	-	-	-	-	-
100002	Filter Plant and Clearwell Improvements - Phase 1B	7,500,000	500,000	2,500,000	3,000,000	1,500,000	-	-	-	-	-	-
100036	Zone 1 Recycled Water 2021+	824,000	103,000	103,000	103,000	103,000	103,000	103,000	103,000	103,000	-	-
TBD	Filter Plant and Clearwell Improvements - Phase 1C	25,700,000	-	-	-	-	1,100,000	8,000,000	8,000,000	7,600,000	1,000,000	-
TBD	Recycled Water Distribution Systems Renovations Program	1,290,000	-	-	-	-	215,000	215,000	215,000	215,000	215,000	215,000
TBD	Zone 1 Recycled Water 2031+	206,000	-	-	-	-	-	-	-	-	103,000	103,000
Recycled Water Total:		\$ 36,380,000	\$ 818,000	\$ 2,818,000	\$ 3,318,000	\$ 1,818,000	\$ 1,418,000	\$ 8,318,000	\$ 8,318,000	\$ 7,918,000	\$ 1,318,000	\$ 318,000

Table 5 - Ten-Year Program: Totals by Program		Fiscal Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Programs		10 Year Total	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Collection System		309,773,000	35,734,000	42,200,000	32,752,000	30,002,000	29,160,000	28,510,000	28,010,000	28,010,000	28,970,000	26,425,000
Treatment Plant		612,000,000	31,300,000	62,450,000	68,500,000	67,750,000	68,150,000	60,900,000	60,400,000	60,750,000	64,400,000	67,400,000
General Improvements		22,060,000	3,350,000	2,115,000	2,215,000	2,065,000	2,065,000	2,065,000	2,065,000	2,065,000	2,065,000	1,990,000
Recycled Water		36,380,000	818,000	2,818,000	3,318,000	1,818,000	1,418,000	8,318,000	8,318,000	7,918,000	1,318,000	318,000
Subtotal		980,213,000	71,202,000	109,583,000	106,785,000	101,635,000	100,793,000	99,793,000	98,793,000	98,743,000	96,753,000	96,133,000

Debt Program

Central San has primarily utilized a pay-as-you-go philosophy for capital expenditures. In 2009, and in prior years, Central San utilized long-term financing through obligations issued by the Central Contra Costa Sanitary District Facilities Financing Authority. The 2009 obligations (Certificates of Participation) were issued for the purpose of providing funding for new capital expenditures and to refinance existing debt. In 2018, Central San refinanced the 2009 obligations by issuing revenue bonds. Both types of financial obligations are referred to in this document as bonds or debt. In June 2021, Central San (through its Financing Authority) issued \$50.8 million of par value in certificates of participation to generate \$58 million in proceeds (inclusive of issuance premium) for the capital program for FY 2020-21 and FY 2021-22. This issuance freed up reserve funds that would have been used for the capital program, which instead were used to pay off the pension unfunded actuarially accrued liability. During FY 2021-22, Central San also finalized a loan agreement with the State Revolving Fund (SRF) for a loan up to \$173.4 million for Phase 1 of the Solids Handling Facility Improvements Project. During FY 2022-23, \$13,825,787 was reimbursed from SRF. Repayment would not commence until the completion of the project. Accordingly, a debt service schedule is not included in this document.

Central San’s debt service is presently funded by property taxes and investment income. Debt service is projected at \$9.2 million, a decrease of \$4.1 million from the prior year’s budget of \$13.3 million, as amended. Table 1 summarizes the debt service sub-fund budget.

Table 1 – Debt Service Sub-Fund Budget Summary

Debt Service Sub-Fund	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projection	FY 2023-24 Budget
Debt Service Revenue:				
Property Taxes (Portion Allocated to Debt Service)	\$12,383,363	\$13,251,922	\$13,255,222	\$9,160,142
Investment Income	20,353	-	-	-
Total Revenue	12,403,716	13,251,922	13,255,222	\$9,160,142
Debt Service Expense:				
2018 Bond Interest Payment and Amortized Costs	465,542	624,797	624,797	539,267
2021 Certificates of Participation Interest and Amortized Costs	1,476,791	1,874,625	1,874,625	1,524,875
Trustee / Issuance Costs	11,383	2,500	5,800	6,000
Total Interest and Other Costs	1,953,716	2,501,922	2,505,222	2,070,142
2018 Bond Principal Payment	1,805,000	1,885,000	1,885,000	1,965,000
2021 Certificates of Participation Principal Payment	8,645,000	8,865,000	8,865,000	5,125,000
Total Principal Payments	10,450,000	10,750,000	10,750,000	7,090,000
Total Debt Service Expenditures	\$12,403,716	\$13,251,922	\$13,255,222	\$9,160,142

2018 Revenue Bonds

In September 2018, Central San issued \$19.5 million of Wastewater Revenue Refunding Bonds in two series (tax-exempt Series A for \$15.1 million and federally taxable Series B for \$4.3 million) to refund outstanding 2009 bonds. The transaction was undertaken to take advantage of lower interest rates and to reduce risk of reduced credits from the federal government budget related sequestration affecting the Series 2009 Build America Bonds (BABs). The transaction resulted in \$8.2 million of

interest savings through FY 2029-30, from lower interest rates and reducing outstanding principal through eliminating a debt service reserve fund that was previously held for the 2009 bonds. The 2018 Revenue Bonds have a revised rate covenant as compared to the 2009 bonds, providing for a Net Revenues Covenant and a Gross Revenues Covenant.

In short:

- Net Revenues (Gross Revenues excluding capacity fees and after payment of Operations and Maintenance (O&M) Costs) plus Tax Revenues are to be at least 125% of debt service in a fiscal year.
- Gross Revenues (Gross Revenues including capacity fees and after payment of O&M Costs) plus Tax Revenues are to be at least 100% of debt service in a fiscal year.

Figure 2 shows coverage ratios using the pre-2018 covenants and using the 2018 covenants.

2021 Certificates of Participation

In June 2021, Central San issued (through its Facilities Financing Authority) \$50.8 million of par value certificates of participation, with \$58 million in proceeds (inclusive of issuance premium) used to fund a portion of the capital program for FY 2020-21 and FY 2021-22. The transaction was undertaken in connection with a plan to pay off the pension unfunded actuarially accrued liability. This bond provided additional funding so that existing funds on hand that previously had been planned to fund the capital program along with \$12 million of funds in the pension prefunding trust, were used to pay down the \$70.8 million pension liability. This transaction is anticipated to result in about \$15 million of net cost savings (actual savings will be dependent upon pension returns through the end of the decade). As a result of this transaction, a budget amendment was adopted by the Board in August 2021 that included changes to the O&M, Debt Service, and Sewer Construction funds. The 2021 Certificates of Participation provide for the same Net Revenues and Gross Revenues pledge as noted above for the 2018 Revenue Bonds.

Additional Planned Debt Issuance

A Debt Management and Continuing Disclosure Policy was adopted during FY 2017-18, which specifies the conditions under which debt and other forms of external financing can be used.

In December 2018, Central San applied for an \$89.6 million loan through a competitive process with the California State Water Resources Control Board (SWRCB) to fund solids handling improvements to the treatment plant. Central San's project was selected as part of the Intended Use Plan for SRF funds at a public hearing on June 18, 2019. In 2020, Central San requested an increase in the funding amount from \$89.6 million to \$173.4 million to reflect higher than anticipated project costs, and the revised loan application was accepted by the SWRCB. The SRF loan agreement was finalized in 2021. In September 2021, the Board determined that a change in direction in the Solids Handling Project was warranted given higher than anticipated costs for the project plan that had been provided for up to that point. Instead, a Phase 1a of the Solids Handling Project was adopted, with funding to be provided for from the \$173.4 million loan facility. Phase 1a, which includes a reduced a modified scope of work on the existing solids handling process was posted for bids during FY 2022-23. Funding for the remaining Solids Handling Project work outside of that scope, entitled Phase 2, will be scoped in the

coming years, and funded from other sources, including future potential SRF loans or revenue bond issuances. Refer to Table 15 – Ten Year Financial Plan Summary for the forecasted debt covered by Central San’s financial plan, additional SRF borrowing applications for the UV process and the Solids Handling Phase II are anticipated.

Figure 1 and Table 2 summarize Central San’s historical and currently outstanding debt service obligations.

Figure 1 – Debt Service by Type

Figure 1 shows annual debt service for past and existing bonds. As described above, potential additional debt issuances could add to debt service requirements in future years.

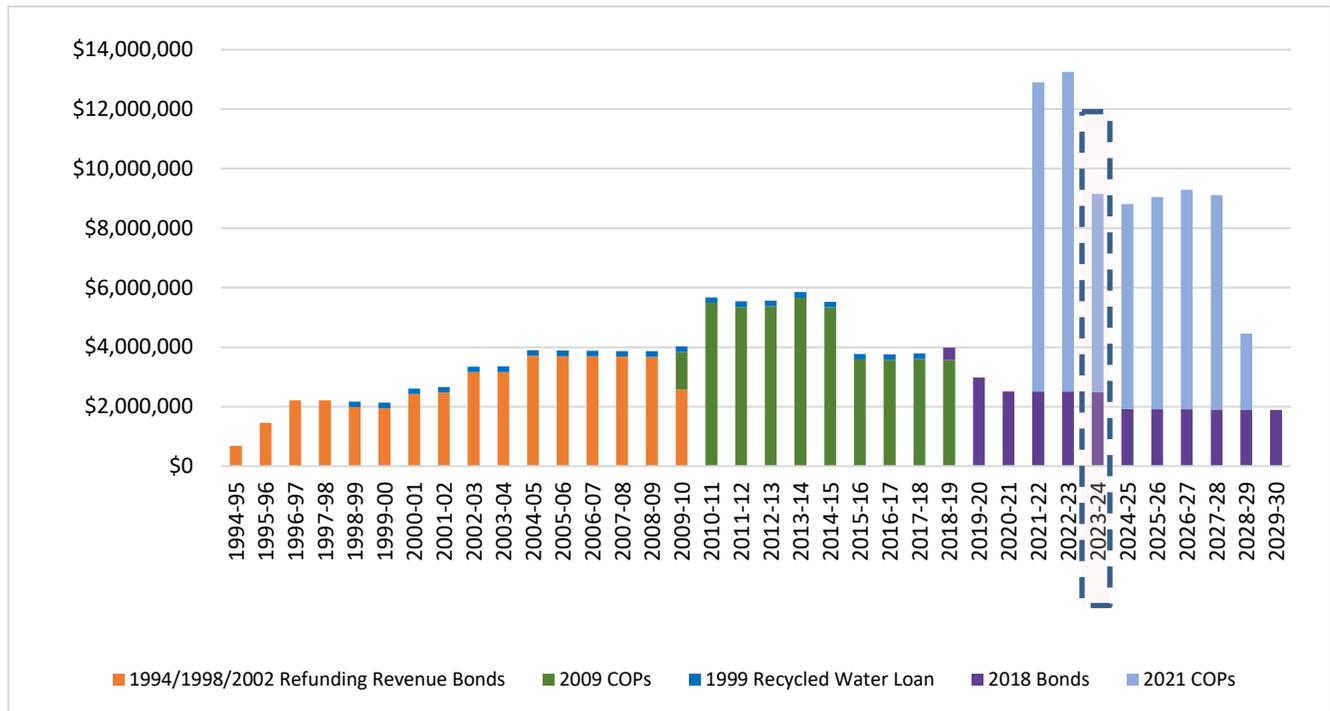


Table 2 – Debt Summary (Currently Outstanding Debt)

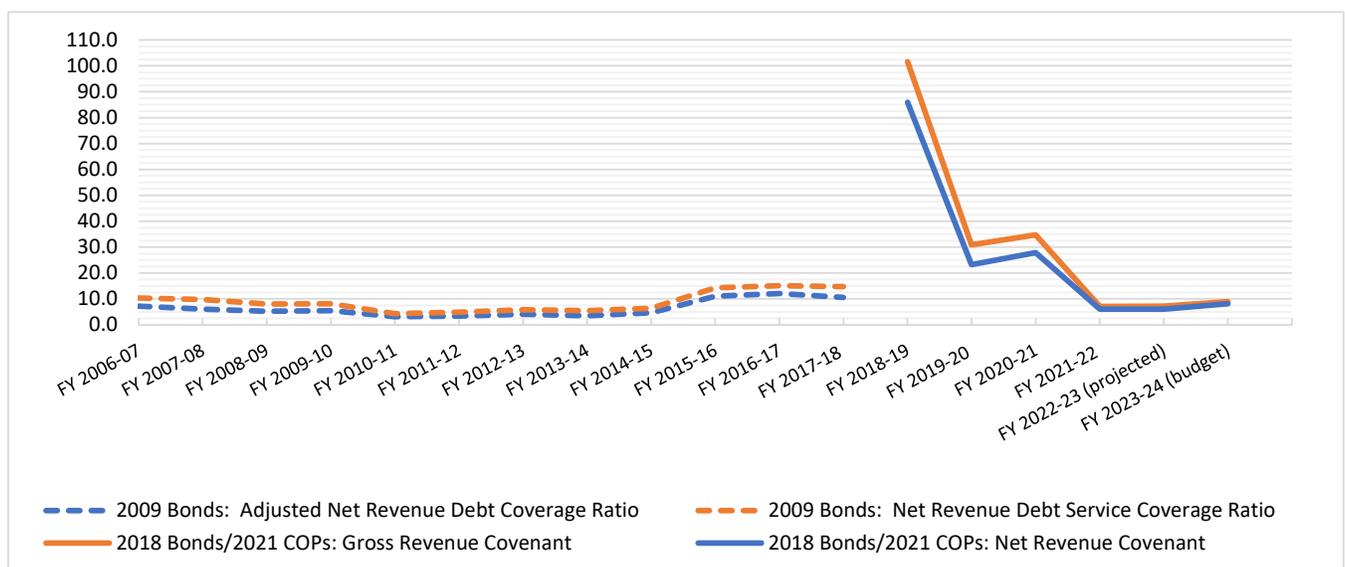
Debt service related to the currently outstanding 2018 Series A and Series B bonds and 2021 Certificates of Participation is shown below.

Fiscal Year	2018 Revenue Refunding Bonds			2021 Certificates of Participation			All Debt
	Principal	Amortization and Interest	Total Debt Service	Principal	Amortization and Interest	Total Debt Service	Grand Total Debt Service
2021-22	\$1,805,000	\$706,227	\$2,511,227	\$8,645,000	\$1,734,832	\$10,379,832	\$12,891,059
2022-23	\$1,885,000	\$624,797	\$2,509,797	\$8,865,000	\$1,874,625	\$10,739,625	\$13,249,422
2023-24	\$1,965,000	\$539,267	\$2,504,267	\$5,125,000	\$1,524,875	\$6,649,875	\$9,154,142
2024-25	\$1,465,000	\$458,875	\$1,923,875	\$5,630,000	\$1,256,000	\$6,886,000	\$8,809,875
2025-26	\$1,535,000	\$383,875	\$1,918,875	\$6,165,000	\$961,125	\$7,126,125	\$9,045,000
2026-27	\$1,610,000	\$305,520	\$1,915,520	\$6,740,000	\$638,500	\$7,378,500	\$9,294,020
2027-28	\$1,685,000	\$222,875	\$1,907,875	\$6,905,000	\$297,375	\$7,202,375	\$9,110,250
2028-29	\$1,765,000	\$136,625	\$1,901,625	\$2,495,000	\$62,375	\$2,557,375	\$4,459,000
2029-30	\$1,850,000	\$46,250	\$1,896,250	\$ -	\$ -	\$ -	\$1,896,250

Debt Related Covenants

An important financial performance metric is the Debt Service Coverage Ratio. The Board’s targeted coverage ratio is 2.0 times. As shown in Figure 2, recent measures are far above this requirement. FY 2018-19 coverage was very high due to several factors including: (1) low debt service in FY 2018-19 due to the refinancing of debt; (2) lower than typical Operating Expenses Less Depreciation due to a large other post-employment benefits (OPEB) adjustment (\$30.4 million) from the transition to the CalPERS healthcare plan. Debt coverage following the “Net Revenue Covenant” (lower of the two methods) is projected to be 6.1 and 8.1 for FY 2022-23 and FY 2023-24 respectively.

Figure 2 – Historic and Projected Debt Service Coverage Ratio



As noted previously, the calculation changed slightly in connection with the 2018 bonds. Through FY 2018-19, Bond Covenants on 2009 bonds provided for the following covenants:

- **Net Revenue:** This ratio must be above 1.00 to meet the Debt Rate Covenant (Net Revenue / Total Debt Service).
- **Adjusted Net Revenue:** Net Revenue less Capital Improvement Fees (capacity fees) and City of Concord Capital Charges. This ratio must be above 1.25 to meet the Debt Rate Covenant (Adjusted Net Revenue / Total Debt Service).

The Series 2018 A and B Revenue Refunding Bonds and 2021 Certificates of Participation have the following covenants:

- **Net Revenues Covenant:** Net revenues (gross revenues excluding capacity fees and after payment of O&M costs) plus tax revenues are to be at least 125% of debt service in a fiscal year.

Gross Revenues Covenant: Gross revenues (gross revenues including capacity fees and after payment of O&M Costs) plus tax revenues are to be at least 100% of debt service in a fiscal year.

Externally Imposed Debt Limits

Central San, as a sanitary district, is subject to certain limits on the direct issuance of bonds payable from proceeds of taxes levied on taxable property in the district. Total bonds issued by Central San cannot exceed 15-20% (depending on some factors) of the assessed value of real and personal property in the district (Health and Safety Code Section 6651). Bond issuances of this nature would require an election with 2/3 voter approval (H&S Code 6644). Central San has no bonds subject to this limitation outstanding. Refunding bonds are not subject to the limitation and election requirement. In 2009 and 2021 (and previously in 1994 and 2002), Central San financed a portion of its capital improvements using a Facilities Financing Authority, a form of Joint Powers Authority (JPA), using a form of an installment sale agreement with a similar payment structure as a bond. In such an arrangement, the financing authority issues bonds or certificates of participation, with the installment sale agreement supporting the JPA bonds (payments on the installment agreement received by the JPA pay the JPA's bonds). This structure is typical for California special districts and is not subject to the bond election and debt limits described in the preceding paragraph.

External financing of part of the capital program is anticipated for FY 2022-23 through the finalized loan from the California SWRCB for Phase 1 of the Solids Handling Facility Improvements Project. This financing, and other financing currently anticipated within the 10-year financial planning horizon, is forecast to be below the limits noted above.

Agency Debt Limits

Central San's Debt Management and Continuing Disclosure Policy adopted during FY 2017-18 (and subsequently updated in FY 2019-20) specifies the conditions under which debt and other forms of external financing can be used. This policy is intended to cover both Central San and the Central Contra Costa Sanitary District Facilities Financing Authority, for "debt" in a broad sense, as well as other external financial obligations such as an Installment Sale Agreement, which is not a bond and technically is not considered a debt. This policy (Board Policy 029) provides certain guidance on the use of debt and financial obligations, as follows:

Debt Management and Continuing Disclosure Policy Standards for Use of Debt Financing

The District shall integrate its debt issuances with the goals of its Capital Improvement Program (CIP) by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes (as articulated in, inter alia, the District's mission, vision and goals) and are consistent with the rate and financial planning parameters specified in the District's long-term financial plans. The Board shall be presented with a long-term financial plan in each instance Sewer Service Charge rates are to be adjusted.

- 1. The long-term financial plans will specify an expected debt issuance amount over a decade or more long-term planning horizon.
 - a. The District shall target rate or tax revenue funding of, at a minimum, the value of the collection system replacement program (specifically, pipeline replacement) component of the CIP.*
 - b. Not more than 60% of the overall CIP shall be financed with debt.**
- 2. All projects in the CIP are eligible to use debt financing, so long as the minimum rate or tax revenues are generated as described in this section.*

This policy does not contemplate the use of debt financing to fund ongoing operating and maintenance expenditures; exceptions beyond a de-minimis amount would require approval of the Board. With respect to debt repayment and amortization, the debt repayment period should be structured so that the weighted average maturity of the debt does not exceed 100% of the expected average useful life of the project being financed.

Supplemental Financial Information

This section contains supplemental financial information regarding salaries and benefits, an additional analysis of Changes in Net Position and Fund Equity, and a chart of Central San ad valorem property tax collections compared to assessed values.

**Table 1 – Salaries, Benefits, Retiree and Unfunded Liabilities Detail
Total Central San**

Central San as a Whole						
	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projection	FY 2023-24 Budget	Budget to Budget Variance
Salaries	\$42,010,642	\$40,319,964	\$46,463,223	\$43,493,891	\$48,947,932	\$2,484,709
Salary Vacancy	(1,248,000)	15,879	(1,482,000)	3,459	(1,571,000)	(89,000)
Overtime	1,640,900	1,591,804	1,618,676	1,744,768	1,701,009	82,333
Standby	422,000	281,172	447,000	396,000	426,000	(21,000)
Compensated Absences Payout	1,150,000	1,884,297	1,100,000	1,275,000	1,300,000	200,000
Total Salaries	43,975,542	44,093,116	48,146,899	46,913,119	50,803,940	2,657,041
Current Employee Benefits	19,371,650	19,379,477	20,210,822	19,756,291	21,874,162	1,663,340
Benefit Vacancy	(716,000)	-	(663,000)	-	(539,000)	124,000
Total Benefits	18,655,650	19,379,477	19,547,822	19,756,291	21,335,162	1,787,340
Total Salaries and Benefits (Active Employees)	62,631,192	63,472,593	67,694,721	66,669,409	72,139,103	4,444,381
Capitalized Administrative O/H	-	-	-	-	-	-
Total Salaries & Benefits after Capitalized Admin O/H	62,631,192	63,472,593	67,694,721	66,669,409	72,139,103	4,444,381
Pension UAAL	62,770	104,904	66,220	65,189	67,207	988
OPEB UAAL	1,260,000	1,260,000	1,320,000	1,320,000	141,000	(1,179,000)
Additional Trust Contributions	1,250,000	1,250,000	-	1,000,000	1,000,000	1,000,000
Total Benefits and UAAL	2,572,770	2,614,904	1,386,220	2,385,189	1,208,207	(178,012)
Total Salaries, Benefits & UAAL before Extraordinary Item	65,203,962	66,087,497	69,080,941	69,054,599	73,347,310	4,266,369
Pension UAAL Payoff	-	-	-	-	-	-
Total Salaries, Benefits & UAAL	\$65,203,962	\$66,087,497	\$69,080,941	\$69,054,599	\$73,347,310	\$4,266,369

**Table 2 – Salaries, Benefits, Retiree and Unfunded Liabilities Detail
Operations & Maintenance Sub-Fund**

O&M Sub-Fund						
	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projection	FY 2023-24 Budget	Budget to Budget Variance
Salaries	\$37,784,817	\$36,140,488	\$40,933,130	\$39,120,736	\$43,166,900	\$2,233,770
Salary Vacancy	(1,248,000)	15,879	(1,317,000)	3,459	(1,395,000)	(78,000)
Overtime	1,602,574	1,420,843	1,585,718	1,671,609	1,646,669	60,951
Standby	422,000	281,172	447,000	396,000	426,000	(21,000)
Compensated Absences Payout	1,150,000	1,884,297	1,100,000	1,275,000	1,300,000	200,000
Total Salaries	39,711,391	39,742,679	42,748,849	42,466,805	45,144,569	2,395,721
Current Employee Benefits	17,924,723	18,095,911	18,593,895	18,308,504	19,916,572	1,322,676
Benefit Vacancy	(716,000)	-	(663,000)	-	(539,000)	124,000
Total Benefits	17,208,723	18,095,911	17,930,895	18,308,504	19,377,572	1,446,676
Total Salaries and Benefits (Active Employees)	56,920,115	57,838,590	60,679,744	60,775,309	64,522,141	3,842,397
Capitalized Administrative O/H	(4,520,000)	(4,909,537)	(5,618,681)	(4,737,605)	(5,722,749)	(104,068)
Total Salaries & Benefits after Capitalized Admin O/H	52,400,115	52,929,053	55,061,063	56,037,704	58,799,392	3,738,329
Pension UAAL	56,845	99,044	59,784	59,138	59,503	(280)
OPEB UAAL	1,260,000	1,260,000	1,320,000	1,320,000	141,000	(1,179,000)
Additional Trust Contributions	1,250,000	1,250,000	-	1,000,000	1,000,000	1,000,000
Total Benefits and UAAL	\$2,566,845	\$2,609,044	\$1,379,784	\$2,379,138	\$1,200,503	(\$179,280)
Total Salaries, Benefits & UAAL before Extraordinary Item	54,966,960	55,538,097	56,440,847	58,416,842	59,999,895	3,559,048
Pension UAAL Payoff	-	-	-	-	-	-
Total Salaries, Benefits & UAAL	\$54,966,960	\$55,538,097	\$56,440,847	\$58,416,842	\$59,999,895	\$3,559,048

**Table 3 – Salaries, Benefits, Retiree and Unfunded Liabilities Detail
Sewer Construction Sub-Fund**

Sewer Construction Sub-Fund						
	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projection	FY 2023-24 Budget	Budget to Budget Variance
Salaries	\$4,225,824	\$4,179,476	\$5,530,093	\$4,373,156	\$5,781,032	\$250,939
Salary Vacancy	-	-	(165,000)	-	(176,000)	(11,000)
Overtime	38,326	170,961	32,958	73,159	54,340	21,382
Total Salaries	4,264,151	4,350,357	5,398,050	4,446,314	5,659,371	261,321
Current Employee Benefits	1,446,927	1,283,566	1,616,927	1,447,787	1,957,591	340,664
Total Benefits	1,446,927	1,283,566	1,616,927	1,447,787	1,957,591	340,664
Total Salaries and Benefits (Active Employees)	5,711,078	5,634,003	7,014,977	5,894,101	7,616,962	601,985
Capitalized Administrative O/H	4,520,000	4,909,537	5,618,681	4,737,605	5,722,749	104,068
Total Salaries & Benefits after Capitalized Admin O/H	10,231,077	10,543,540	12,633,658	10,631,706	13,339,711	706,053
Pension UAAL	5,925	5,860	6,436	6,051	7,704	1,268
Total Benefits and UAAL	5,925	5,860	6,436	6,051	7,704	1,268
Total Salaries, Benefits & UAAL	\$10,237,002	\$10,549,400	\$12,640,094	\$10,637,757	\$13,347,415	\$707,321

Tables 4 - 6 show additional detail on employee benefit costs for Central San as a whole, the O&M Sub-Fund and the Sewer Construction Sub-Fund.

Table 4 – Benefit Cost Detail, Central San as a Whole

Central San as a Whole						
Account Description	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Budget to Budget Variance
Insurance Premiums:						
Medical	\$6,847,400	\$6,627,829	\$7,239,177	\$6,957,668	\$7,908,329	\$669,151
Dental	537,277	519,465	572,177	529,568	572,293	116
Long-Term Disability	89,149	43,939	92,951	69,460	99,666	6,716
Life / AD&D	87,115	89,447	89,328	87,918	90,808	1,481
Workers' Compensation	836,443	1,040,077	849,332	826,164	966,597	117,265
Vision	51,106	49,315	53,221	49,618	53,594	373
Total Insurance Premiums	8,448,491	8,370,072	8,896,186	8,520,397	9,691,288	795,101
Employer Taxes:						
State Unemployment Insurance	110,443	15,849	129,273	84,495	132,732	3,459
Federal Medicare	539,461	612,030	584,803	607,199	610,013	25,210
Total Employer Taxes	649,903	627,879	714,076	691,694	742,744	28,668
Employer Retirement Contributions:						
Pension (Normal Cost)	5,948,365	5,646,296	6,219,267	6,007,665	6,933,828	714,561
Deferred Compensation (401a)	2,264,892	2,675,230	2,370,293	2,525,535	2,626,302	256,009
Total Employer Retirement Contributions	8,213,256	8,321,526	8,589,560	8,533,200	9,560,130	970,570
OPEB ADC (Normal Cost):						
Medical & Vision	1,863,000	1,863,000	1,845,000	1,845,000	1,724,000	(121,000)
Dental	180,000	180,000	153,000	153,000	142,000	(11,000)
Life	17,000	17,000	13,000	13,000	14,000	1,000
Total OPEB ADC (Normal Cost)	2,060,000	2,060,000	2,011,000	2,011,000	1,880,000	(131,000)
Benefit Adjustments:						
Capitalized Admin Overhead	-	-	-	-	-	-
Benefit Vacancy	(716,000)	-	(663,000)	-	(539,000)	124,000
Other	-	-	-	-	-	-
Total Benefit Adjustments:	(716,000)	-	(663,000)	-	(539,000)	124,000
Central San as a Whole	\$18,655,650	\$19,379,477	\$19,547,822	\$19,756,291	\$21,335,162	\$1,787,340

Table 5 – Benefit Cost Detail, O&M Sub-Fund

O&M Sub-Fund						
Account Description	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Budget to Budget Variance
Insurance Premiums:						
Medical	\$6,319,255	\$6,138,585	\$6,636,610	\$6,420,563	\$7,228,645	\$592,035
Dental	494,600	480,301	523,844	488,571	518,219	(5,625)
Long-Term Disability	79,973	40,018	82,706	62,576	87,121	4,415
Life / AD&D	79,922	89,359	81,571	83,845	81,409	(163)
Workers' Compensation	804,799	1,022,402	813,785	798,587	922,016	108,231
Vision	47,020	45,570	48,654	45,769	48,509	(145)
Total Insurance Premiums	7,825,569	7,816,235	8,187,170	7,899,911	8,885,919	698,749
Employer Taxes:						
State Unemployment Insurance	50,000	15,849	50,000	50,000	50,000	-
Federal Medicare	539,461	612,030	584,803	607,199	610,013	25,210
Total Employer Taxes	589,461	627,879	634,803	657,199	660,013	25,210
Employer Retirement Contributions:						
Pension (Normal Cost)	5,395,262	5,148,484	5,613,906	5,443,359	6,161,740	547,834
Deferred Compensation (401a)	2,054,432	2,443,312	2,147,016	2,297,034	2,328,900	181,884
Total Employer Retirement Contributions	7,449,694	7,591,797	7,760,922	7,740,393	8,490,640	729,718
OPEB (Normal Cost):						
Medical & Vision	1,863,000	1,863,000	1,845,000	1,845,000	1,724,000	(121,000)
Dental	180,000	180,000	153,000	153,000	142,000	(11,000)
Life / AD&D	17,000	17,000	13,000	13,000	14,000	1,000
Total OPEB (Normal Cost)	2,060,000	2,060,000	2,011,000	2,011,000	1,880,000	(131,000)
Benefit Adjustments:						
Capitalized Admin Overhead	(4,520,000)	(4,909,537)	(5,618,681)	(4,737,605)	(5,722,749)	(104,068)
Benefit Vacancy	(716,000)	-	(663,000)	-	(539,000)	124,000
Other	-	-	-	-	-	-
Total Benefit Adjustments:	(5,236,000)	(4,909,537)	(6,281,681)	(4,737,605)	(6,261,749)	19,932
Total O&M Fund Benefits	\$12,688,724	\$13,186,374	\$12,312,215	\$13,570,899	\$13,654,823	\$1,342,608

Table 6 – Benefit Cost Detail, Sewer Construction Sub-Fund

Sewer Construction Sub-Fund						
Account Description	FY 2021-22 Budget	FY 2021-22 Actual	FY 2022-23 Budget	FY 2022-23 Projected	FY 2023-24 Budget	Budget to Budget Variance
Insurance Premiums:						
Medical	\$528,145	\$489,244	\$602,567	\$537,105	\$679,684	\$77,116
Dental	42,678	39,164	48,333	40,998	54,074	5,741
Long-Term Disability	9,176	3,921	10,245	6,884	12,545	2,300
Life / AD&D	7,193	88	7,756	4,073	9,400	1,643
Workers' Compensation	31,644	17,675	35,547	27,577	44,581	9,034
Vision	4,085	3,745	4,567	3,849	5,085	518
Total Insurance Premiums	622,921	553,836	709,016	620,485	805,369	96,353
Employer Taxes (Medicare)	60,443	-	79,273	34,495	82,732	3,459
Employer Retirement Contributions:						
Pension (Normal Cost)	553,103	497,812	605,361	564,305	772,088	166,726
Deferred Compensation (401a)	210,460	231,918	223,276	228,501	297,402	74,126
Total Employer Retirement Contributions	763,563	729,730	828,638	792,807	1,069,490	240,852
Capitalized Admin Overhead	4,520,000	4,909,537	5,618,681	4,737,605	5,722,749	104,068
Total Sewer Construction Fund Benefits	\$5,966,927	\$6,193,103	\$7,235,608	\$6,185,392	\$7,680,339	\$444,732

Table 7 – Changes in Net Position and Fund Equity

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Projected	FY 2023-24 Projected
Total Operating Revenue	\$89,242,561	\$118,931,684	\$68,687,708	\$87,152,195
Total Non-Operating Revenues	27,828,610	26,374,055	30,019,262	30,877,300
Total Revenues	117,071,171	145,305,739	98,706,970	118,029,495
Total Operating Expenses	105,444,779	102,747,739	108,892,633	116,106,671
Non-Operating Expense - Interest	542,226	1,950,841	2,505,222	2,070,142
Total Expenses	105,987,005	104,698,580	111,397,855	118,176,813
Income Before Capital Contributions	11,084,166	40,607,159	(12,690,885)	(147,318)
Total Capital Contributions	46,644,333	24,148,455	81,486,890	61,996,805
Change in Net Position	57,728,499	64,755,614	68,796,005	61,849,487
Beginning Net Position	767,760,728	825,489,227	890,244,841	959,040,846
Ending Net Position	825,489,227	890,244,841	959,040,846	1,020,890,333
Net Investment in Capital Assets	684,834,242	747,646,783	796,646,783	837,458,583
Restricted for Debt Service	34,929,105	14	-	-
Unrestricted	105,725,880	142,598,044	162,394,063	183,431,750
Total Net Position	\$825,489,227	\$890,244,841	\$959,040,846	\$1,020,890,333

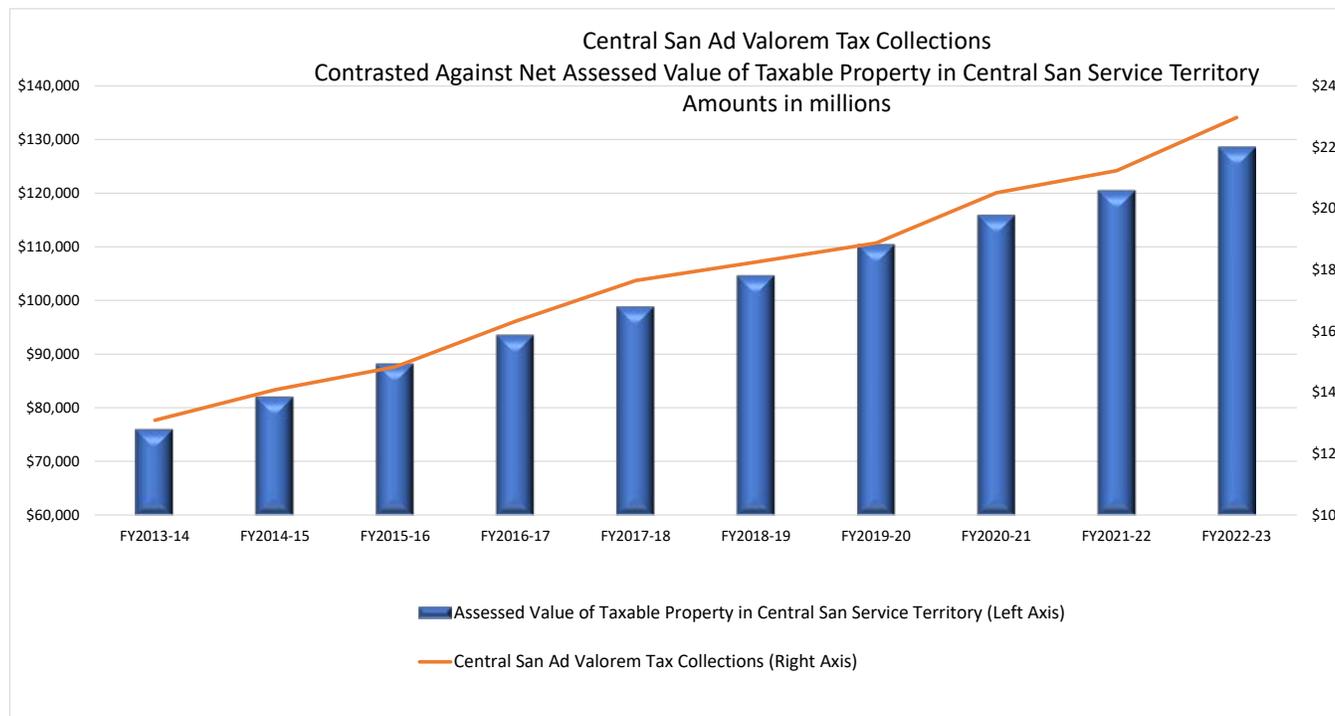
Net Position is classified into three categories: Net Investment in Capital Assets, Restricted for Debt Service, and Unrestricted. The classification is based on availability or accessibility of the resource, rather than its origin. Net position is a measure of the overall financial condition of Central San.

Over time, trends in net position provide indications of Central San's financial strength. Central San's financial condition is affected by numerous factors including financial policies, rate and spending decisions, and external factors such as overall economic trends affecting the service territory, new regulatory requirements, and accounting pronouncements.

The largest portion of Central San's net position is the investment in capital assets (e.g., land, buildings, machinery, equipment, intangible assets, and sewer line infrastructure), less any related debt used to acquire those assets that are still outstanding.

The following figure shows historical Central San ad valorem property tax collections in comparison to assessed value of taxable property in the District’s service territory. Figure 2 is provided to illustrate the general correlation between increasing property values and Central San property tax revenues.

Figure 2 – Central San Property Tax Collections



Glossary

Terms and Definitions Used in the Budget Document	
Accrual Basis of Accounting	The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows. An example of accrual basis occurs when an invoice is sent out for services: a receivable is booked, and revenue is recorded even though no cash has been received at the time the invoice is mailed to the customer. (See Cash Basis of Accounting and Modified Accrual Basis of Accounting.)
Administration of Capital	Central San-wide and department operations costs incurred by administration support functions which are not directly charged to each capital project but allocated using a rate applied to direct labor dollars.
Ad Valorem Tax	Also referred to as Property Tax. A tax based on the assessed value of taxable property. Central San receives a portion of the ad valorem taxes levied by Contra Costa County on properties in the service area.
Amortization	The action or process of gradually writing off the initial cost of an asset, the action or process of reducing or paying off a debt with regular payments, or a period in which debt is reduced or paid off by regular payments.
Adopted Budget	A balanced financial plan authorized by the Board establishing maximum appropriations and projected revenues and reserves to meet those needs for a one fiscal year. The total expenditures of each fund must stay within Board-approved appropriations in the adopted budget, unless amended by the Board.
Amended Budget	The current effective budget for a fiscal year, incorporating revision(s) approved by the Board.
Annual Comprehensive Financial Report	The annual comprehensive financial report (ACFR) is prepared at the close of each fiscal year to show the actual audited condition of Central San's funds and serves as the official public record of Central San's financial status and activities. Previously referred to as the Comprehensive Annual Financial Report.
Appointment Type	Indicates the character of a position. The following are examples of appointment types for Central San: Regular, District Temporary, and Consultant.
Arbitrage	Borrowing in one market (such as bonds) at one interest rate and investing in another market (such as certificates of deposit) at a higher interest rate. Such activities are highly restricted by the federal government, and any excess interest earned in this manner is not tax-exempt and is subject to rebate to the Federal Government.
Asset	An economic resource owned by the entity that is expected to benefit future operations. Examples of assets are cash, investments, receivables, and capital or fixed assets.
Authorized Position	A position created and established by the Board.
Balanced Budget	A budget in which approved funding sources (i.e., revenues and authorized uses of excess reserves) are equal or greater to expenditures.
Balance Sheet	See Statement of Net Position, the current term.
Board of Directors	The five public officials elected at large to represent Central San's service area. Also known as the Board.
Bonds	A written promise to pay a sum of money (principal or face value) at a future date (maturity date) along with a periodic interest amount paid at a specified percentage of the principal (interest rate). Bonds are typically used to finance long-term capital improvements. Debt service payments are made to repay the bond holders. Central San's goal is to limit debt-funded capital to no more than 60% of the total Capital Program over a ten-year period.
Budget	A plan of financial operation, embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates).
Build America Bonds (BABs)	A type of municipal bond created under the American Recovery and Reinvestment Act of 2009. These bonds are sold at a taxable rate rather than a lower tax-exempt rate, and Central San receives cash rebates from the U.S. Treasury to offset the higher interest cost.

Terms and Definitions Used in the Budget Document	
Capacity Fee	This is a charge paid at the time of connection to compensate Central San for capital facilities that provide wastewater treatment (i.e., interceptors, primary and secondary treatment facilities, and wet weather treatment plants) to new connections.
Capital	Referring to the Sewer Construction Fund.
Capital Appropriation	Board-approved funding for capital reference projects for which relatively accurate time estimates can be made. Unspent appropriations carry forward to the next fiscal year.
Capital Assets	Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
Capital Improvement Budget (CIB)	A financial plan for providing the purchase, construction, or rehabilitation of fixed assets such as equipment, facilities, and systems. The capital budget is usually enacted as a part of the complete annual budget, which includes both operating and capital outlays. The capital budget should be based on a longer-term capital improvement program (CIP).
Capital Cash Flow	Projected cash disbursements for capital projects for a given time period. The estimated capital cash flow is used to determine the amount of revenue required and the rate impacts, or the amount and timing of borrowings to meet the projected expenditure needs for a given time period.
Capital Expenditures	Expenditures related to the purchase or construction of equipment, building structures, aqueducts, and water/sewer pipelines that have a useful life greater than one year and a cost greater than \$5,000.
Capital Improvement Plan (CIP)	A plan for capital expenditures to be incurred each year over a fixed period of several future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.
Capital Labor	The portion of labor costs supporting the capital improvement program.
Cash Basis of Accounting	A basis of accounting under which transactions are recognized only when cash changes hands.
Cash Reserves	Easily liquidated cash and investments available to meet operating, capital, self-insurance, and debt service obligations. Reserves may be restricted or unrestricted. The O&M and Capital Funds Available are unrestricted cash reserves, made up of cash and investments (see <i>Funds Available</i> and <i>Funds Required</i>).
Central Contra Costa Sanitary District Facilities Financing Authority (CCCSD FFA)	A California non-profit public benefit corporation utilized historically by Central San as a long-term financing vehicle for its capital program.
Certificates of Participation (COP)	A form of financing used by municipal or government entities which allows an individual to buy a share of the lease revenue of an agreement made by these entities.
Contra Costa County Employees' Retirement Association (CCCERA)	The retirement association for 16 local agencies in Contra Costa County, including the County itself. CCCERA's retirement benefit structure is based upon the County Employees Retirement Law (CERL) of 1937, commonly referred to as the "37 Act."
CCF	One hundred cubic feet, which equals 748 gallons or one unit.
Chart of Accounts	An index of all the financial accounts in Central San's general ledger. Used as an organizational tool that helps provide a digestible breakdown of all the financial transactions Central San conducted during the fiscal year. At the highest level, the basic categories are assets, liabilities, revenues, expenses, and equity.

Terms and Definitions Used in the Budget Document	
Civil Service System	The system used for the selection, examination, employment, classification, advancement, suspension, and discharge of employees. Applies only to Regular and Intermittent employees or employees who have attained civil service status but are working in a position excluded from the civil service.
Collection System	Pipelines and pumping stations that convey wastewater from customers to the treatment plant.
Commercial Paper	Short-term financing for capital projects.
Consent Decree	An agreement or settlement to resolve a dispute between two parties.
Cost of Service Study	Equitably assigns cost responsibility to customers through rates and charges developed as part of the study.
Credit Rating	A rating assigned by a nationally recognized statistical rating agency, providing an indication to creditors of the ability of Central San to meet its financial obligations when due. Central San currently has credit ratings from two firms: Standard & Poor's and Moody's. A better credit rating allows Central San to borrow at a lower cost than a less favorable credit rating.
Debt-Funded Capital	Expenditures for capital projects which are funded by bonds, state loans, or other debt.
Debt Policy	A policy adopted by the Board that discusses when and how bonds and other forms of indebtedness may be used by Central San.
Debt Service	Expenditures for interest and principal repayment on bonds or other debt.
Debt Service Coverage	The ratio of net revenues to debt service requirements, calculated in accordance with bond documents. Central San's debt policy specifies that Central San will target a debt service coverage ratio of at least 2.0x. Central San's bond covenants require at least 1.00x coverage on a "gross revenue" basis and 1.25x on a net revenue basis.
Debt Service Fund	One of four sub-funds of the enterprise fund used to account for Central San's operations. This sub-fund accounts for activity associated with the payment of Central San's long-term bonds and loans.
Defeasement	Relieving the agency of a particular liability (such as a specific bond series) by refunding the liability through an escrow or trust fund. Legally defeased liabilities do not need to be appropriated each year as the trust fund is removed from the control of the agency. (Central San defeased its 1994 debt using 1998 Revenue Refunding Bonds, and certain 2009 bonds with the 2018 Series Bonds)
Deficit	The excess of expenditures or expenses over revenues during a single accounting period.
Department	A major organizational unit with overall managerial responsibility for functional programs. Central San currently has three Departments: Administration, Engineering & Technical Services, and Operations. Each Department is overseen by a director and is comprised of several separate and distinguishable Divisions.
Depreciation	A reduction in the value of an asset with the passage of time, due to wear and tear.
Distribution System	Wastewater treatment plants, storage reservoirs, pumping plants, pipelines, and appurtenances that treat and transmit water to customers.
District Code	A system of rules, which are compiled and arranged by a municipal corporation, and are adopted and used to regulate the conduct of its inhabitants and government.
District Temp	Temporary staffing positions that are restricted to working no more than 12 months, do not receive customary benefits, and do not have civil service status.
Division	A major organizational unit of a department responsible for providing different services to the public as well as other divisions of Central San.
Effective Utility Management (EUM)	A framework developed in 2007 by the Environmental Protection Agency and water industry leaders that indicates where effectively managed water/wastewater utilities should focus.

Terms and Definitions Used in the Budget Document	
Encumbrance	The obligated and unspent portion of a contingent liability established through a purchase order that is chargeable to an account. It ceases to be an encumbrance when it is paid by the recording of an invoice, or a reduction of the purchase order's outstanding balance occurs.
Enterprise Fund	Pursuant to the law and generally accepted accounting principles, Central San reports its financial activities in a consolidated enterprise fund in its annual financial statements. In governmental accounting, an enterprise fund is a type of proprietary fund used to report self-sustaining activities that derive the major portion of its revenue from user fees charged to external users for goods or services. For financial reporting purposes, Enterprise funds use the <i>economic resources</i> measurement focus and accrual basis of accounting used for private-sector business enterprises and not-for-profit organizations. This contrasts from "governmental funds" used by cities and counties, which use the <i>current financial resources</i> measurement focus and modified accrual basis of accounting. Central San uses one enterprise fund with four "sub-funds" (see below) to facilitate improved internal budgeting and accounting.
Expenditure	The payment of an obligation from Central San's cash amounts.
Facility Capacity Fees	See <i>Capacity Fee</i> above.
Fiduciary Fund	A fund in which assets are held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. There are four types of fiduciary funds: Pension (and other employee benefit), Investment, Private-Purpose and Agency.
Fiscal Reserves Policy	A document outlining minimum reserve thresholds, identifying current and potential reserves, and explaining what reserves are, or will be used for.
Fiscal Year	The 12-month period that begins on July 1 and ends on June 30 of the following year.
Full-Time Equivalent (FTE)	An employee who works full time counts as one FTE.
Fund	An independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and/or resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives. One type of government fund is an enterprise fund and is the only type of government fund used by Central San.
Fund Balance (Net Position)	Assets minus liabilities (also called net position).
Funded Position	Authorized position for which the Board has appropriated funding in a fiscal year.
Generally Accepted Accounting Principles (GAAP)	The accounting rules that are required to be followed by organizations in the U.S. These Principles are established by two organizations: The Financial Accounting Standards Board for commercial and not-for-profit entities, and the Governmental Accounting Standards Board for governmental entities in the United States.
Governmental Accounting Standards Board (GASB)	The body that specifies the accounting rules for governmental agencies in the U.S. The Board issues GASB statements that can require significant changes to an agency's financial reporting.
GASB 62	An accounting pronouncement of the GASB issued in 2010 that incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. Central San's Board adopted the Regulatory Accounting provisions of GASB 62 in April 2021, as described in the Financial Summary section of this budget document.

Terms and Definitions Used in the Budget Document	
GASB 62	<p>An accounting pronouncement of the GASB issued in 2010 that incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.</p> <p>Central San's Board adopted the Regulatory Accounting provisions of GASB 62 in April 2021, as described in the Financial Summary section of this budget document.</p>
GASB 68	An accounting requirement of the Governmental Accounting Standards Board effective in 2014 that addresses Accounting and Financial Reporting for defined benefit pensions, which revises and establishes new financial reporting requirements for most state and local governments that provide their employees with pension benefits.
GASB 75	An accounting requirement of the Governmental Accounting Standards Board effective in 2017 that addresses Accounting and Financial Reporting for defined benefit Other Post Employment Benefit (OPEB) plans, which revises and establishes new financial reporting requirements for most state and local governments that provide their employees with OPEB benefits.
General Fund Reserves	An account used to record funds that are not legally restricted for specified purposes, such as those committed to repay obligations. General Fund Reserves provide for self-insurance claims, unplanned revenue changes, working capital, workers' compensation, and unanticipated contingencies.
General Manager	The Chief Executive Officer of Central San, hired by the Board.
General Obligations (GO) Bonds	When a government pledges its full faith and credit to the repayment of the bonds it issues, those bonds are general obligation (GO) bonds. Sometimes, the term is also used to refer to bonds which are to be repaid from taxes and other general revenues.
Government Finance Officers Association (GFOA)	An association that represents public finance officials throughout the U.S. and Canada; it provides best practice guidance, consulting, networking opportunities, publications, training programs, and recognition programs to its members.
Goal	The long-term continuing mission of a department, division, or program. Goals define the strategic results to be achieved and therefore indicate the relevance, permanence, scope, and effectiveness of that outcome.
Household Hazardous Waste Collection Facility (HHWCF)	The service and facility operated by Central San providing for the safe disposal of items that, in the absence of this service, could be inappropriately disposed of through the sewer system, risking pollution of the Bay.
Infrastructure	The tangible physical components that ensure delivery of reliable, high-quality wastewater service now and in the future. Typical components are reservoirs, pumping plants, pipelines, and anaerobic digesters.
Internal Control	The plan of organization and all other coordinated methods and procedures adopted to safeguard assets; check the operations data; promote operational efficiency, economy, and effectiveness; and encourage adherence to prescribed managerial policies that will accomplish the objectives of the organization.
<i>InfoMaster</i> [®]	GIS-based Asset Integrity Management and Capital Planning Tool
<i>InfoWorks</i> [®]	New Sewer System Hydrodynamic Model
Key Performance Indicators (KPI)	Indicators with specific targets that measure how well Central San is progressing in achieving its goals under the Key Metrics of the Strategic Plan.
Liability	A debt of the business; an amount owed to creditors, employees, government bodies, and others; a claim against assets.

Terms and Definitions Used in the Budget Document	
Modified Accrual Basis of Accounting	The accrual basis of accounting adapted to the government fund type under which revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred.
Modified Cash Flow Basis	Income and expense accounting method that records revenue when cash is received and records expenses when cash is paid.
Net Assets	See <i>Fund Balance</i> .
One-Time Revenue	A revenue that cannot reasonably be expected to continue, such as a single-purpose federal grant, an interfund transfer, or use of a reserve. Continual use of one-time revenues to balance the annual budget can indicate that the revenue base is not strong enough to support current service levels.
Operating Appropriation	Board-approved funding for operating expenses. Unspent appropriations do not rollover to the next fiscal year.
Operating Budget	A financial plan to fund ongoing operations costs incurred to operate Central San, excluding the building of capital assets, which are included in the capital budget.
Operating Deficit	When current expenditures exceed current revenues.
Operating Departments	The three units of Central San that carry out the mission of the agency: Administration, Engineering & Technical Services, and Operations.
Operating Labor	The portion of Central San's labor costs supporting day-to-day operations.
Operating & Maintenance (O&M) Fund	One of four sub-funds of the enterprise fund used to account for Central San's operations. This sub-fund provides for the general operations, maintenance, and administration of Central San. Also referred to as the "Running Expense" fund, which is the legal name of this fund pursuant to the Sanitary Act of 1923.
Organization	A group of staff organized into one unit or section working under a division or department. This is the lowest level at which operating budgets are developed.
Other Post-Employment Benefits (OPEB)	In addition to pensions, many state and local governmental employers provide other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits (e.g., life insurance) when provided separately from a pension plan.
Other Purchased Services	Category of expenses at the highest "grandparent" roll-up level for financial and budgetary reporting purposes in the new chart of accounts. Includes services purchased not connected to property. Includes "parent" roll-up expense categories such as: professional services, technical services, and other services (i.e., administrative, other public agency services, etc.).
Overhead (Administrative Overhead and Non-Work Hours)	Administrative Overhead and Non-Work Hours include indirect costs and the value of time off (holidays, sick leave, vacation, etc.). These costs are expressed as a percent of salary. For Central San accounting, salaries and benefits are separate from overhead (whereas consulting firms typically view employee benefits in "overhead"). Indirect costs are costs that are incurred for a common or joint purpose benefiting more than one cost objective or task and are not readily assignable.
Pay as You Go (or pay-go)	A term used to describe paying expenses as they are incurred, as opposed to pre-paying, pre-funding, or setting money aside for future expenses. Used primarily to refer to the strategy of paying for capital projects.
Public Employees' Pension Reform Act (PEPRA)	California's Public Employees' Pension Reform Act established a new less costly retirement tier for employees newly hired or which did not have prior service with a reciprocal retirement system prior to January 1, 2013.
Performance Measures	Specific quantitative measures of work performed within an activity or program (e.g., total miles of pipes cleaned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., reduced incidence of vandalism due to a new street lighting program).
Program	Broadly defined group of related reference projects combined to facilitate planning and decision making.
Project or Reference Project	Project level identified in the CIP comprised of a discrete set of tasks that can be carried out independently but require coordination with other projects to ensure overall program success. Appropriation requests and projected cash flows are authorized at this level.

Terms and Definitions Used in the Budget Document	
Proposed Budget	The recommended balanced financial plan for one fiscal year submitted for consideration to the Board prior to adoption.
Proprietary Fund	Funds used to account for a government's ongoing organizations and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. There are two types of proprietary funds: Enterprise and Internal Service.
Pumping Capacity Fees	A component of capacity fees for units located in areas tributary to one or more of Central San's pumping stations. (See <i>Capacity Fees</i> .)
Purchased Property Services	Category of expenses at the highest "grandparent" roll-up level for financial and budgetary reporting purposes in the new chart of accounts. Includes services purchased to operate, repair, maintain, and rent property owned or used by Central San. Includes "parent" roll-up expense categories such as: repairs & maintenance, hauling & disposal, security, rentals, cleaning, and construction.
Rate (or Cash) Funded Expenditures	Annual operations and maintenance expenses as well as the portion of the capital program that are funded from current revenues.
Rates	Charges for services to customers that cover the costs of such services while allowing Central San to remain reserve neutral.
Rate Stabilization Fund Reserve	Restricted-use reserves in the O&M and Sewer Construction Funds to help mitigate against sewer service charge increases that may otherwise be caused by unforeseen volatility in operational expenses and/or revenues. Deposits to and from this restricted-use reserve must be authorized by the Board. Amounts placed in these reserve accounts are in excess of and separately distinguishable from minimum working capital reserves of the O&M and Sewer Construction Funds specified by the Reserve Policy.
Regular Position	Full-time, civil service position.
Reserves	See <i>Cash Reserves</i> .
Residential Unit Equivalent (RUE)	A measure of sewage volume and strength equivalent to a typical residential household.
Restricted Reserves	Monies that, by action of the Board, State Law, or Bond Covenants, are required to be spent on specific programs or held for specified purposes.
Restricted Revenue	Monies that are legally earmarked for a specific use, as may be required by state law, bond covenants, or grant requirements. For instance, capacity fees must be used within the Sewer Construction Fund; the revenue cannot be transferred to O&M.
Revenue	Monies received from rates, charges, and other sources. Revenues are used to pay for expenditures.
Revenue Bonds	Bonds (instruments and indebtedness) issued by the public sector to finance a facility or equipment purchase, which, unlike general obligation bonds, are not backed by the full faith and credit of the government. Instead, their revenues are generated from the facility or equipment that they finance. Because they are state or local government bonds, their interest earnings are typically tax-exempt under the Internal Revenue Code.
Revenue-Funded Capital	Expenditures on capital projects which are funded by revenues of Central San rather than by debt, grants, or other funds.
Running Expense Fund	Legal term used by the Sanitary District Action of 1923 (<i>California Health & Safety Code</i> section 6792) used for ongoing running expenses of Sanitary Districts. Synonymous with Operating & Maintenance (O&M) Fund.
Service Area	The cities and areas served by Central San, including Alamo, Blackhawk, Clyde, Danville, Lafayette, Martinez, Moraga, Orinda, Pacheco, and portions of San Ramon. Concord's and Clayton's residents' and businesses' wastewater is collected by the City of Concord and treated by Central San through a contractual arrangement; therefore, Concord and Clayton are in Central San's service area. (Also called Service Territory).

Terms and Definitions Used in the Budget Document	
Self-Insurance Fund	One of four sub-funds of the enterprise fund used to account for Central San's operations. This fund covers the cost of claims not covered by Central San's insurance coverage, the cost of insurance premiums, interest earnings on the fund, and other associated costs.
Sewer Construction (Capital) Fund (S/C)	One of four sub-funds of the enterprise fund used to account for Central San's operations. This sub-fund provides for the treatment plant and collection system renewal and replacement expenditures, as well as office facilities renewal, vehicle and equipment replacement, information systems replacement, and miscellaneous capital expansion needs.
Strategies, Initiatives, Metrics (SIM)	The key components of the Strategic Plan that specify the overall goals in the coming years, consisting of the Strategies (highest level objectives), Initiatives (how the strategies will be achieved), and Metrics (measurements of progress).
Sinking Fund	A method by which a government may set aside money over time to pay for a project or obligation.
Staffing Plan	The classes and positions that have been authorized by the Board and have been determined necessary to carry out Central San functions. Central San's current staffing level is based on a 2015 Organization and Staffing Plan, which resulted from a study conducted by Raftelis Financial Consultants, recommending 290 FTE positions.
State Revolving Fund (SRF)	A state revolving fund (SRF) is a fund administered by a U.S. state for the purpose of providing low-interest loans for investments in water and sanitation infrastructure (e.g., sewage treatment, stormwater management facilities, drinking water treatment), as well as for the implementation of nonpoint source pollution control and estuary protection projects. The SRF in California is administered by the State Water Resources Control Board.
Strategic Plan	The document that provides a blueprint for how Central San will respond to future challenges and changing priorities over a two-year period. It outlines specific goals, strategies, and objectives to guide Central San and establishes criteria to measure progress.
Strategy	Highest level of capital improvement activities, generally a grouping of related programs. Represents key capital objectives as defined in the Mission Statement, Strategic Plan, and Board policies and directives.
Statement of Net Assets (Balance Sheet prior to GASB 34)	A statement reporting the present financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specified date. Assets minus liabilities equal fund balance (also called Net Assets).
Sub-Funds	<p>As noted previously, Central San is considered one enterprise fund with four "sub-funds" to facilitate improved internal budgeting and accounting. The sub-funds used and included in this budget document are as follows:</p> <ul style="list-style-type: none"> • Running Expense Sub-Fund - (also referred to as Operations and Maintenance, O&M, or R/E) accounts for the general operations of Central San. Substantially accounts for all operating revenues and expenses. • Sewer Construction Sub-Fund - (also referred to as Capital or S/C) accounts for non-operating revenues that are to be used for acquisition or construction of plant, property, and equipment. • Self-Insurance Sub-Fund - (also referred to as S/I) accounts for interest earnings on cash balances and cash allocations from other funds, temporary investments, and costs of insurance premiums and claims not covered by Central San's insurance policies. <p>Debt Service Sub-Fund - A sub-fund that accounts for activity associated with the payment of Central San's long-term bonds and loans.</p>
Subsidy Payment	Relating to Build America Bonds (BABs), the subsidy payment represents funds from the federal government to offset part of the interest cost paid by Central San as the issuer of bonds. The BABs were issued in 2009 in lieu of traditional tax-exempt debt. Central San pays a taxable rate of interest to investors, investors pay the Federal Government Income Tax on that interest, and the federal government remits a specified percentage of the interest payment to Central San.

Terms and Definitions Used in the Budget Document	
Supplies & Materials	Category of expenses at the highest “grandparent” roll-up level for financial and budgetary reporting purposes in the new chart of accounts. Includes amounts paid for items that are consumed or deteriorated through use or lose their identity through fabrication or incorporation into different or more complex units or substances. Includes “parent” roll-up expense categories such as: utilities & fuel, chemicals, and general supplies.
Unfunded Actuarial Accrued Liability (UAAL)	The difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance that obligation. This is a term used in connection with pension plans or commitments to provide other post-employment benefits (OPEB) to employees.
Unfunded Liability	Liability that has been incurred during the current or a prior year, that does not have to be paid until a future year, and for which reserves have not been set aside. This is similar to a long-term debt in that it represents a legal commitment to pay at some time in the future.
Vacancy Factor	Recognizing that not all Funded Positions will be occupied throughout a fiscal year, this allowance reduces budgeted funding to reflect such vacancies. While positions are vacant, some costs are incurred on occasion for temporary staff or consulting resources, reducing the vacancy factor.
Working Capital	The capital of a business which is used in its day-to-day trading operations, calculated as the current assets minus the current liabilities. The measure of working capital indicates the relatively liquid portion of total enterprise fund capital, which constitutes a margin or buffer for meeting obligations. Generally calculated as current assets less current liabilities, with some exceptions.
Working Capital Reserves	<p>The amount of working capital deemed to be unrestricted and liquid to meet current demands. Central San must strive to maintain “working capital reserves” in excess of the Minimum Working Capital Reserves (see definition above) specified in the Fiscal Reserves Policy.</p> <p>Unlike commonly defined “working capital,” the calculation of “working capital reserves” excludes certain current assets with strict purpose restrictions (i.e., Section 115 Prefunding Pension Trust assets, Rate Stabilization Fund Reserve Account, etc.) and other current assets that are not expected to be quickly converted to cash or consumed in operations (i.e., parts and supplies, loans receivable). Generally, the calculation of working capital reserves for the O&M, Sewer Construction, and Self-Insurance funds incorporates the following current assets and liabilities: unrestricted cash and investments, receivables, prepaid expenses, trade payables.</p>
Working Capital Reserve Target	<p>Central San’s Fiscal Reserves Policy specifies minimum working capital reserve targets for its O&M and Sewer Construction Funds. These policy targets are adjusted annually as part of the budget adoption process and are based on each fund’s respective operating budget as follows:</p> <ul style="list-style-type: none"> • O&M Fund – Five months (41.7%) of gross operating expenses at the start of each fiscal year. • Sewer Construction Fund – One half (50%) of the annual Capital Improvement Budget at the start of each fiscal year, excluding capital projects that are to be funded with debt proceeds. <p>The working capital reserve target is used in the 10-year planning process as the amount net liquidity that is needed on June 30 of any fiscal year to meet cash flow needs through mid-December, when the first sewer service charge and property tax payments are received from Contra Costa County. At the entity-wide aggregate level this includes working capital reserves of the O&M and Sewer Construction funds but excludes restricted balances held in the Self-Insurance and Debt Service funds.</p>

Acronyms and Abbreviations

Acronyms and Abbreviations Used in the Budget Document	
ACFR	Annual Comprehensive Financial Report
ADC	Actuarially Determined Contribution
Board	Board of Directors
CAD	Contractual Assessment Districts, Computer Aided Design
CalPERS	California Public Employees' Retirement System
CCCERA	Contra Costa County Employees' Retirement Association
CCCSD	Central Contra Costa Sanitary District
CCTV	Closed-Circuit TV
CCWD	Contra Costa Water District
Central San	Central Contra Costa Sanitary District
CEQA	California Environmental Quality Act
CIB	Capital Improvement Budget
CIP	Capital Improvement Program
CIPP	Cured-in-Place Pipe
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
DERWA	Dublin San Ramon Services District - East Bay Municipal Utility District Recycled Water Authority
ERP	Enterprise Resource Planning
FCD	Flood Control and Water Conservation District
FY	Fiscal Year - July 1 through June 30
GASB	Government Accounting Standards Board
GFOA	Government Finance Officers Association
HHW	Household Hazardous Waste
HOB	Headquarters Office Building
IT	Information Technology
MGD	Million Gallons per Day
MPR	Multi-Purpose Room
O&M	Operations & Maintenance
OPEB	Other Post-Employment Benefits
PLC	Programmable Logic Controller
POB	Plant Operations Building
PY	Prior Year
RAMPCAP J100	Risk Analysis and Management for Critical Asset Protection
ReW	Recycled Water
RSA	Rate Stabilization Account
SCB	Solids Conditioning Building
SIF	Self-Insurance Fund
SRF	State Revolving Fund (Loan)
SSC	Sewer Service Charge
SSO	Sanitary Sewer Overflow
Ten-Year CIP	Ten-Year Capital Improvement Plan
UAAL	Unfunded Actuarially Accrued Liability
UV	Ultraviolet
VFD	Variable Frequency Drives

