WEST BAY SANITARY DISTRICT

Budget

Fiscal Year 2026-27

Approved

June 24, 2026

West Bay Sanitary District Budget
Fiscal Year 2026-27

The West Bay Sanitary District (the District) provides wastewater collection and conveyance services to the City of Menlo Park, Atherton, and Portola Valley, and areas of East Palo Alto, Woodside and unincorporated San Mateo and Santa Clara counties. The District conveys raw wastewater, via the Menlo Park Pump Station and force main, to Silicon Valley Clean Water (SVCW) for treatment and discharge to the San Francisco Bay. The District was originally formed in December 1902 as the Menlo Park Sanitary District under the Sanitary Sewer Act of 1891. The District operated as the Menlo Park Sanitary District from 1902 until 1981 when its name was changed to the West Bay Sanitary District to more accurately reflect the service area. The powers of the District are established by the State of California Health and Safety Code. The District currently serves a population of 21,824 households and commercial establishments.

The Budget Workshop is scheduled on May 5, 2026, to review and develop the fiscal year budget with the full District board. Sewer service charge revenue has been updated for Fiscal Year 2026-27. Wages and benefits were updated according to the Memorandum of Understanding (MOU) with represented employees in the International Brotherhood of Teamsters, Local 350 for Sanitary Truck Drivers and Helpers, approved on June 11, 2025.

The Budget Report was developed in conformity with the format prescribed by the provisions of the Governmental Accounting Standards Board (GASB).

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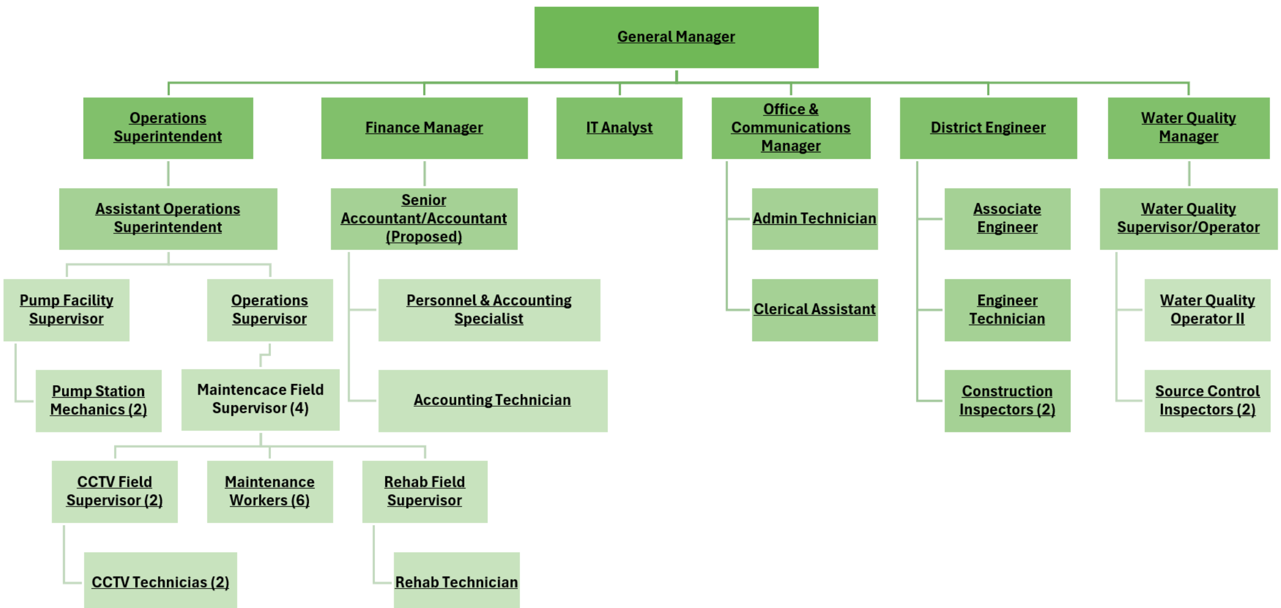
West Bay Sanitary District
Organization Chart
FY2026-27



West Bay Sanitary District
Consolidated Budget
Fiscal Year 2026-27

	Approved Budget FY 2025-26	Actual 3/31/2026	Projected 6/30/2026	Budget FY 2026-27	Budget Variance	Variance %
OPERATING REVENUES						
Sewer Service Charges	35,535,775	24,455,162	32,606,883	40,313,862	4,778,087	13%
Permit & Inspection Fees	250,000	211,505	282,007	257,500	7,500	3%
Unpaid ADUs Sewer Service Charges	-	29,571	88,713	354,852	354,852	
Unpaid ADUs Connection Fees	-	12,912	38,736	154,944	154,944	
Connection Fees	250,000	565,488	753,984	500,000	250,000	100%
Other Operating Revenues	2,495,037	1,575,890	2,101,187	2,365,083	(129,954)	-5%
TOTAL OPERATING REVENUES	**38,530,812**	**26,850,528**	**35,871,509**	**43,946,241**	**5,415,429**	**14%**
OPERATING EXPENSES						
Salaries & Benefits	9,141,452	5,982,128	7,976,171	10,704,387	1,562,935	17%
Materials & Supplies	1,066,999	439,726	586,301	1,078,092	11,093	1%
Insurance	413,149	332,148	332,148	452,265	39,116	9%
Contract Services	1,120,364	573,510	764,679	1,088,412	(31,952)	-3%
Professional Services	1,731,085	391,442	521,923	1,175,023	(556,062)	-32%
Repairs & Maintenance	941,037	447,405	596,540	766,287	(174,750)	-19%
Utilities	613,416	422,348	563,130	687,832	74,416	12%
Other Operating Expenses	617,786	340,989	454,652	712,925	95,139	15%
Depreciation	4,255,000		4,255,000	-	(4,255,000)	-100%
Total WBSD Operating Expenses	**19,900,288**	**8,929,696**	**16,050,545**	**16,665,223**	**(3,235,065)**	**-16%**
Sewage Treatment Plant (SVCW)	18,191,973	15,048,812	18,212,039	21,435,562	3,243,589	18%
TOTAL OPERATING EXPENSES	**38,092,261**	**23,978,507**	**34,262,583**	**38,100,785**	**8,524**	**0%**
OPERATING INCOME (LOSS)	**438,551**	**2,872,021**	**1,608,926**	**5,845,456**	**5,406,905**	**14%**
NON-OPERATING REVENUES (EXPENSES)						
Investment Income	501,000	960,997.93	1,281,331	1,000,000	499,000	100%
Investment Fees	-	(52,652.00)	(70,202)	(70,202)	(70,202)	
Interest Expense	(145,994)	(152,951.85)	(152,952)	(152,952)	(6,958)	
Other Non-Operating Income	735,800	619,557.89	826,077	806,497	70,697	10%
Other Non-Operating Expenses	-	-	-	(70,000)	(70,000)	
TOTAL NON-OPERATING REVENUES (EXPENSES)	**1,090,806**	**1,374,952**	**1,884,254**	**1,513,343**	**422,537**	**39%**
CAPITAL CONTRIBUTIONS						
Grants	2,601,019	1,648,213	1,648,213	10,000,000	7,398,981	**284%**
SH Capital Contribution	662,911	490,336	689,209	689,209	26,298	**4%**
TOTAL CAPITAL CONTRIBUTIONS	**3,263,930**	**2,138,549**	**2,337,422**	**10,689,209**	**7,425,279**	**227%**
CHANGE IN NET POSITION	**4,793,287**	**6,385,521**	**5,830,602**	**18,048,008**	**13,254,721**	**277%**
BEGINNING NET POSITION	**193,571,644**	**198,364,931**	**193,571,644**	**199,402,246**		
ENDING NET POSITION	**198,364,931**	**204,750,452**	**199,402,246**	**217,450,253**		

Consolidated Statement:

West Bay Sanitary District's Consolidated Budget conforms to the governmental accounting standards board (GASB) reporting standards for local governments, following generally accepted accounting principals (GAAP), including all District Funds.

Consolidated Budget:

West Bay Sanitary District has three distinct enterprise funds: Collections, which is the original mandate of the district; Solid Waste, franchised to Recology since January 1, 2011, and Recycled Water, consisting of the Sharon Heights Recycled Water Facility, completed March 2021, and the Bayfront Recycled Water Facility, currently in construction and expected to be completed by July 2027.

Consolidated Budget includes all funds: Collections Funds (General, Capital Projects, & Treatment Plant Funds), Solid Waste Fund, and Recycled Water Fund.

Revenues:

The budget for FY 2026-27 includes total Operating Revenues of $43.9 million, with $40.4 million in the General Fund, reflecting a 5% increase from FY 2025-26 annual budget.

- ***Sewer Service Charges.*** Total revenue of $ 40.3 million is estimated, reflecting a 13% increase compared to prior year's budget. Residential customers increased by 1,354 during FY 2025-26, to 21,824 households, due to added Accessory Dwelling Units (ADUs), Veteran Housing, Menlo Flats, and Menlo Uptown projects. Non-Residential customers decreased by 3, to 616, for a total of 22,440 customers.
- ***Permit Fees***. Permit & Inspection Fees budget is $257,500. These fees are budgeted conservatively, due to the uncertain nature of their timing.
- ***Unpaid ADUs Sewer Service Charges and Connection Fees.*** Unpaid ADUs revenues and connection fees budget is $509,796.
- ***Other Operating Income.*** A total of $2.4 million, a 5% decrease from the prior budget based on actual budget projections.

  The District has three Maintenance Service Agreements with outside agencies for $2.4 million for FY2026-27

  - Expected revenue from East Palo Alto Sanitary District (EPASP) of $ 1,651,939, a 4.0% increase.
  - Expected revenue from Los Altos Hills of $505,362, a 4% increase.
  - Expected revenue from Town of Woodside of $94,263, a 4% increase.
  - Recology Franchise Fees for Solid Waste services of $113,519, a 8% decrease, based on FY2025-26 projected balance.

- ***Non-Operating Revenues*:** Investment Income of $1.3 million, based on FY2025-26 projected balances.

Expenses:

Operating Expenses are budgeted at $38.1 million, approximately the same as the FY2025–26 budget, primarily due to the removal of depreciation expense from the budgeting process.

Change in Net Position:

Operating Income is $5.8 million, with a total Change in Net Position of 18.0 million, which includes a $10 million grant from California State Water Board.

West Bay Sanitary District
Collections Detailed Expense Budget
Fiscal Year 2026-27

	Approved Budget FY 2025-26	Actual 3/31/2026	Projected 6/30/2026	Budget FY 2026-27	Budget Variance	Variance %
OPERATING EXPENSES						
Salaries & Wages	6,146,298	4,054,650	5,406,200	6,890,454	744,156	12%
Employee Benefits	2,504,554	1,582,371	2,109,828	3,003,298	498,744	20%
Directors- Fees	96,900	31,020	41,360	50,000	(46,900)	-48%
Gasoline, Oil & Fuel	175,821	57,717	76,956	176,202	381	0%
Insurance	351,149	310,298	310,298	388,615	37,466	11%
Memberships	101,241	42,187	56,250	105,226	3,985	4%
Office Expense	53,950	22,249	29,666	53,799	(151)	0%
Operating Supplies	675,828	313,615	418,153	677,566	1,738	0%
Contract Services	1,006,714	523,799	698,398	878,587	(128,127)	-13%
Professional Services	1,488,400	286,135	381,514	875,600	(612,800)	-41%
Printing & Publications	99,500	43,425	57,900	100,300	800	1%
Rents & Leases	113,650	48,347	64,462	69,910	(43,740)	-38%
Repairs & Maintenance	378,411	318,750	425,000	505,682	127,271	34%
Computer Hardware & Software	381,626	123,363	164,484	229,500	(152,126)	-40%
Research & Monitoring	27,600		-	27,600	-	0%
Training, Meetings & Travel	190,600	67,122	89,496	209,406	18,806	10%
Utilities	333,916	239,174	318,899	407,671	73,755	22%
Other Operating Expenses	186,934	215,614	287,485	374,513	187,579	100%
Equipment Expense	121,400	39,226	52,302	152,150	30,750	25%
Pension Expense	50,000	141,959	189,278	149,057	99,057	198%
OPEB Expense	40,600	12,020	16,027	40,600	-	0%
Depreciation Expense	3,500,000		-	-	(3,500,000)	-100%
Total WBSD Operating Expenses	**18,025,092**	**8,473,042**		**15,365,735**	**(2,659,356)**	**-15%**
NON-OPERATING EXPENSES						
Interest Expense/Investment Fees	-	47,044	62,725	62,725	62,725	
Other Non-Operating Expenses	-	-		70,000	70,000	
Total WBSD Non-Operating Expenses	**-**	**47,044**	**62,725**	**132,725**	**132,725**	**-**
SVCW OPERATING EXPENSES						
SVCW - Operating Expense	7,526,417	5,644,809	7,526,417	8,157,653	631,236	8.4%
SVCW - Capital Contributions	466,801	350,100	466,801	403,942	(62,859)	-13%
SVCW - Operating Reserves	210,892		210,892	-	(210,892)	-100%
SVCW - Capital Reserves	1,043,959	805,203	1,043,959	1,207,800	163,841	16%
SVCW - Line of Credit	-	-	-	14,198	14,198	
SVCW - 2018 Bond	1,835,338	1,835,338	1,835,338	1,838,838	3,501	0%
SVCW: 2021 Bonds ($55.6m)	2,737,697	2,737,697	2,737,697	2,727,968	(9,729)	0%
SVCW - SRF WWTP Debt C-06-5216-120	506,765	506,765	506,765	506,765	(0)	0%
SVCW - SRF Debt C-06-8069-110	143,482	143,482	143,482	143,481	(1)	0%
SVCW - SRF RESCU	530,307	619,611	530,307	619,611	89,304	17%
SVCW: SRF Loan C-06-8264-210	593,284	533,970	593,284	533,971	(59,313)	-10%
SVCW: SRF Loan C-06-8264-710	612,090	600,953	612,090	600,953	(11,137)	-2%
SVCW - Cash in Lieu of Debt	1,984,943	1,134,948	1,984,943	4,680,382	2,695,439	136%
Total SVCW Operating Expenses	**18,191,974**	**14,912,876**	**18,191,974**	**21,435,562**	**3,243,589**	**18%**
TOTAL ALL EXPENSES	**36,217,065**	**23,432,961**	**18,254,699**	**36,934,022**	**716,957**	**2%**

Collections Statement:

West Bay Sanitary District's Collections budget shows the District's core function of providing wastewater collection and conveyance services to the City of Menlo Park, Atherton, Portola Valley, areas of East Palo Alto, Woodside, and unincorporated San Mateo and Santa Clara counties.

Collections Detailed Expense Budget:

Collection system is comprised of the General Fund, for direct District expenses, Capital Projects Fund for capital expenditures, and the Treatment Plant Fund, for sewage treatment plant activity by Silicon Valley Clean Water (SVCW). These funds represent the sewer service operations. Solid Waste and Recycled Water Funds are detailed separately

Total Collections operating expenses of $36.9 million represent a 2% increase over FY2025-26. Detailed expenses are shown on the Collections Detailed Expenditure Budget on page 6.

- **General Fund**
  The following expense items have budget variances 10 percent or greater:
  - Salaries and wages costs increased 12% from FY2025-26 budget. The District has 40 full-time positions. The Operator II is now budgeted for the full fiscal year, two engineering interns are added to the budget, and a new accountant position is proposed in the finance department to assist with tax roll and other quality controls.
  - Benefits increased 20% from FY2025-26, including additional staff.
  - Directors Fees are budgeted at $50,000, based on projected balance, a decrease of 48% compared to FY2025-26 approved budget.
  - Insurance costs are expected to increase approximately 11%. The District is a member of California Sanitation Risk Management Authority (CSRMA), which provides self-insured and excess insurance. Final rates will not be available until late June 2026. The District's experience modification factor for workers' compensation increased to 1.04 from 0.76.
  - Contract Services decreased 13% based on projected balance.
  - Professional Services decreased 41% due to a Sewer Service Charge software product which was not purchased but was included in the FY2025-26 budget.
  - Rent and leases decreased 38% based on projected balance.
  - Repairs and maintenance expenses include fleet, safety equipment, lift stations, and other equipment maintenance crucial to operations. Costs are increasing 34% to $505,682, due to labor cost increases, a larger fleet needing repairs, electric vehicle car subscriptions, and a new landscaping contract.
  - Computer Hardware & Software is budgeted based on projected balance, a 40% decrease compared to FY2025-26 approved budget.
  - Training, meetings, and travel are increasing 10%, to support new and promoted staff.
  - Utilities are budgeted at $407,671, a 22% increase primarily due to water and electricity.
  - Other Operating Expenses, which include licenses and permits, bank expenses, education tuition, LAFCo, and miscellaneous expenses, are increasing 100% primarily due to budgeting for occasional Sewer Service Charge refunds that were never budgeted before.
  - Equipment Expense increased 25% due to new accessories for the new vehicles.
  - Pension expense – Unfunded Accrued Liabilities (UAL) increased 198%, based on actual UAL expense of FY2025-26. $50,000 was budgeted in FY2025-26, however actual UAL was $141,959 as of March 31, 2026. Therefore, $149,057 is budgeted, which is 5% above actual.

- **Capital Projects Fund**

Capital Projects Fund is financed with any increase in Net Position from the Collections operations revenues (including Connection Fees by customers) and Interest Income. The District had a $27.99 million Capital Budget balance available as of June 30, 2025. As of March 31, 2026, $37.2 million was spent on capital assets. $7 million from Capital Reserve and $5.8 million from Rate Stabilization Reserve were transferred to fund capital projects through March 31, 2026. There is $7.1 million in budgeted capital expenditure outstanding for the current fiscal year.

Capital contributions include:

- A California State Water Board $10 million grant is expected to be received in FY2026-27.

Total Capital Expenses budget for FY 2026-27 is $18.4 million, a 4% increase from FY2025-26. $2.3 million is carried over from FY2025-26. A detailed schedule of Capital Expenditures is included on page 10.

Capital Projects Fund Expense Summary

	Actuals 3/31/2026	Approved Budget FY 2025-26	Budget FY 2026-27	Budget Variance	Budget Variance %
CAPITAL EXPENSES					
Facilities Improvements	39,200	600,000	600,000	-	0%
Vehicles & Equipment	318,847	365,000	730,000	365,000	100%
Pump Stations	-	2,826,000	170,000	(2,656,000)	-94%
Subsurface Lines	54,683	200,000	200,000	-	0%
Construction Projects	9,797,365	13,549,500	16,536,745	2,987,245	22%
TOTAL CAPITAL EXPENSES	10,210,095	17,540,500	18,236,745	696,245	4%

- **Facilities.** The budget for Collections includes FERRF and building improvements of $600,000.
  - FERRF Improvements $500,000
  - Building Improvements $100,000
- **Vehicle & Equipment.** The budget for vehicles and equipment is $730,000, which is a $365,000 increase from the FY2025-26 budget.
  - Vehicles:
    - Ford Transit (Service Truck) $130,000
    - Combo Unit $600,000
- **Pump Stations & Subsurface Lines** Budget at $370,000.
  - Pump Equipment Replacement Program $70,000
  - Wetwell Lining $100,000
  - Manhole Rasing (Paving Projects) $100,000
  - Structure Coating (Maintenance) $100,000

- **Construction Projects.** These construction projects are recorded separately and capitalized when completed. Construction in progress (CIP) is not depreciated until the projects are completed. $16,536,745 is budgeted for CIP, including a $2.3 million carryover from FY2025-26 capital budget, not including the Pump Stations & Subsurface lines projects. New funding is $14.2 million.
    - Levee Project:
        - FERRF Levee Improvement Project (Carryover) $631,228.
        - FERRF Levee - Post Construction Monitoring $200,000
        - The District received a $4,884,112 grant from the National Fish and Wildlife Foundation for the construction of a living shoreline. These are matching funds requiring an 112% contribution by the District ($5.5 million). The District has received $3,931,307 to date, with $952,805 outstanding.
    - Pipeline Replacement & Rehab – Design & Construction Support $2,208,517, including a $650,000 carryover from FY2025-26 budget.
        - FERRF Levee - Post Construction Monitoring $200,000
        - Garbada Easement – Design $70,000
        - Illinois Forcemain Replacements - Construction Support $100,000
        - Laurel Ave-Hwy101 Crossing - Design (Carryover) $500,000
        - Grade 4 & 5 Phase II – Design $240,000
        - Spot Repair High Frequency List Phase III-B - Construction Support $88,517
        - Spot Repair High Frequency List Phase IV – Design $360,000
        - Unexpected Projects Design $300,000
        - University Force Main - Design $200,000
        - Willow PS (Ivy Drive) Discharge Capacity Improvements - Design (Carryover) $150,000
    - Pipeline Replacement & Rehab - Construction, $13,697,000, with $1,039,000 carried over from FY2025-26.
        - Garbada Easement – Construction, $500,000
        - Grade 4 & 5 Phase I – Construction, $2,336,000
        - Illinois Forcemain Replacements – Construction, $961,000
        - Illinois Forcemain Replacements - Construction (Carryover), $1,039,000
        - Laurel Ave Hwy101 Crossing – Construction, $3,000,000
        - Spot Repair High Frequency List Phase III-B – Construction, $3,361,000
        - Willow PS (Ivy Drive) Discharge Capacity Improvements – Construction, 2,000,000
        - Unexpected Pipeline Repair Projects, $500,000

West Bay Sanitary District
Capital Expense Budget
Fiscal Year 2026-27

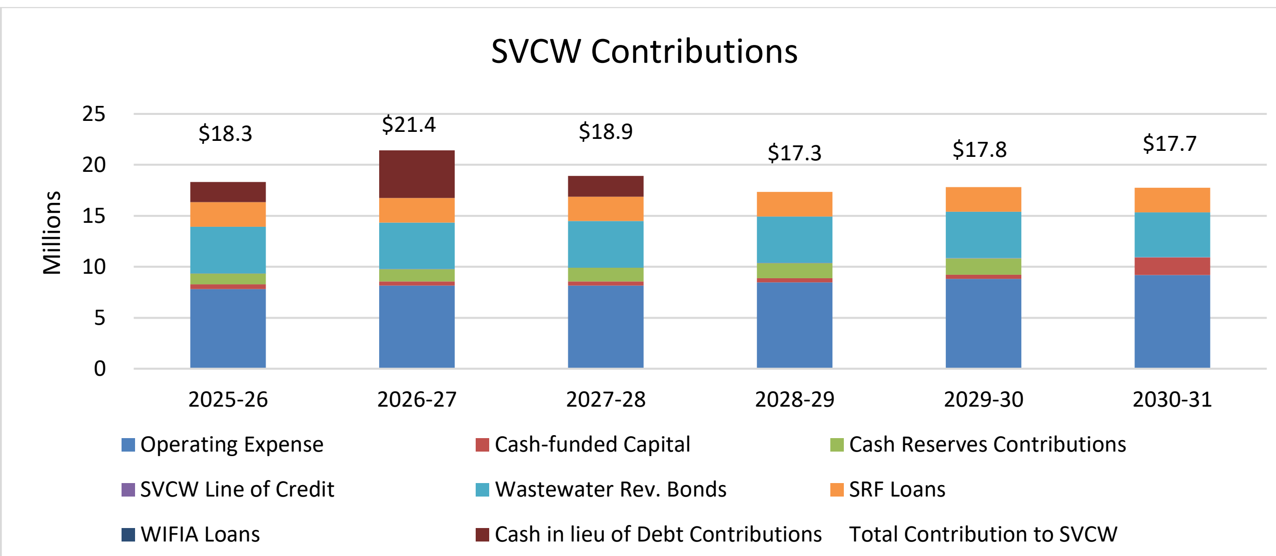
Capital Expense - Details	Budget FY2025-26	Budget FY2026-27	Budget Variance	Budget Variance %
FACILITIES				
FERRF Improvements	500,000	500,000	-	0%
Building Improvements	100,000	100,000	-	0%
Total Facilities	***600,000***	***600,000***	***-***	*0%*
EQUIPMENT REPLACEMENT				
Vehicles				
Ford Transit (Service Truck)	-	130,000	130,000	
Combo Unit	-	600,000	600,000	
Ford Maverick	45,000	-	(45,000)	-100%
Utility Truck - Pump Supervisor	80,000	-	(80,000)	-100%
3 Ton Crane	240,000	-	(240,000)	-100%
Total Equipment Replacement	***365,000***	***730,000***	***365,000***	***100%***
PUMP STATIONS & SUBSURFACE LINES				
Pump Stations				
Pump Equipment Replacement Program	142,000	70,000	(72,000)	-51%
Pump Station Telemetry	1,245,001	-	(1,245,001)	-100%
Wetwell Lining	100,000	100,000	-	0%
Subtotal Pump Stations	**1,487,001**	**170,000**	**(1,317,001)**	-89%
Subsurface Lines				
Manhole Raising (Paving Projects)	100,000	100,000	-	0%
Structure Coating (Maintenance)	100,000	100,000	-	0%
Subtotal Subsurface Lines	**200,000**	**200,000**	**-**	
Total Pump Station & Subsurface Lines	***1,687,001***	***370,000***	***(1,317,001)***	***-78%***
CONSTRUCTION PROJECTS				
Construction in Progress				
FERRF Levee Improvement Project	1,000,000	-	(1,000,000)	-100%
FERRF Levee Improvement Project (Carryover)	-	631,228	631,228	
Subtotal Construction in Progress	**1,000,000**	**631,228**	**(368,772)**	**-37%**
Pipeline Replacement & Rehab - Design & Construction Support				
FERRF Levee - Post Construction Monitoring	-	200,000	200,000	
Garbada Easement - Design	-	70,000	70,000	
Illinois Forcemain Replacements - Construction Support	-	100,000	100,000	
Laurel Ave-Hwy101 Crossing -Design	500,000		(500,000)	-100%
Laurel Ave-Hwy101 Crossing - Design (Carryover)	-	500,000	500,000	
Grade 4 & 5 Phase II - Design	-	240,000	240,000	
Spot Repair High Frequency List Phase III-B - Construction Support	-	88,517	88,517	
Spot Repair High Frequency List Phase IV - Design	-	360,000	360,000	
Unexpected Projects Design	-	300,000	300,000	
University Force Main - Design	-	200,000	200,000	
Willow PS (Ivy Drive) Discharge Capacity Improvements - Design	300,000		(300,000)	-100%
Willow PS (Ivy Drive) Discharge Capacity Improvements - Design (Carryover)	-	150,000	150,000	100%
Subtotal Pipeline Replacement & Rehab - Design & Construction Support	**800,000**	**2,208,517**	**1,408,517**	**176%**
Pipeline Replacement & Rehab - Construction				
Stowe Lane	2,100,000	-	(2,100,000)	-100%
Bayfront Park Sanitary Sewer Improvements	1,000,000	-	(1,000,000)	-100%
Emergency Syphon Repairs	1,200,000	-	(1,200,000)	-100%
Garbada Easement - Construction	-	500,000	500,000	
Grade 4 & 5 Phase I - Contruction	-	2,336,000	2,336,000	
Illinois Forcemain Replacements - Construction	1,039,000	961,000	(78,000)	-8%
Illinois Forcemain Replacements - Construction (Carryover)	-	1,039,000	1,039,000	
Laurel Ave Hwy101 Crossing - Construction	-	3,000,000	3,000,000	
Misc Point Repairs-High Freq. List Repairs (LAMP 1) - Point Repair Phase III-A	6,949,499	-	(6,949,499)	-100%
Spot Repair High Frequency List Phase III-B - Construction	-	3,361,000	3,361,000	
Willow Pump Station Rehabilitation	300,000	-	(300,000)	-100%
Willow PS (Ivy Drive) Discharge Capacity Improvements - Construction	-	2,000,000	2,000,000	
Unexpected Pipeline Repair Projects	500,000	500,000	-	0%
Subtotal Pipeline Replacement & Rehab - Construction	**13,088,499**	**13,697,000**	**608,501**	**5%**
Total Construction Projects	***14,888,499***	***16,536,745***	***1,648,246***	***11%***
GRAND TOTAL - ALL CAPITAL EXPENSES	**17,540,500**	**18,236,745**	**696,245**	***4%***

- **Treatment Plant (SVCW) Fund**

Operating Expenses/Debt:

This includes contributions and debt payments for the benefit of SVCW. Total budget expenses are $21,435,562, increasing 18% for the District's share of SVCW budget in FY 2026-27. SVCW expenditure represents 59.2% of the Collections Operating Expenses, excluding capital projects expenses. The District holds a 26.84% share of SVCW's Net Position according to the SVCW's annual Audited Analysis of Net Position, as of June 30, 2025. SVCW is reported in the Treatment Plant Fund, to better identify direct District Operations and those for SVCW.

- SVCW Operating expenses are $8,157,653, an 8.4% increase, due to operating expenses and cash in lieu of debt contributions. Monthly payments also include revenue-funded capital and reserves.
- SVCW Debt payments are $6,971,587 for 2018 bonds, 2021 A&B bonds, a WWTP State Revolving Fund (SRF) loan, and RESCU loans, which are flat from prior year. WIFIA loans will begin repayment in 2027-28 for an approximate $3 million increase in the first year.
- SVCW has allowed several options for $33 million in additional funding. The Board has indicated paying cash in lieu of additional debt. After several discussions with SVCW staff, the district was provided the option for $8,697,093 cash in lieu over three years, with $4,680,382 in FY 2026-27, increased from $1,984,943 in FY 2025-26.



Reserves:

The District reserves funds to protect cash flow between sewer service fee payments from the county, maintain fiscal stability, and reserve for future projects. The District has six individual investment accounts to reserve funds for various aspects of operations, plus two money market accounts, including the two accounts which are restricted and hold deposits from Sharon Heights Golf & Country Club (SHGCC) for the SRF loan on the Sharon Heights Recycled Water Facility (SHRWF). In addition, the District has two checking accounts and holds funds in Local Agency Investment Fund (LAIF), which are liquid and available to fund current Operations and Capital Projects.

West Bay Sanitary District
Reserve Contributions
Fiscal Year 2026-27

Reserves	Targets	Balance 3/31/26	Budget FY2025-26	Budget FY2026-27	Balance FY2026-27	Budget Change	Budget Variance %
COLLECTION RESERVES							
Operating Reserve (6mo/Ops)	18,467,011	730,235	863,280	17,736,776	18,467,011	16,873,496	1955%
Rate Stabilization Reserve	15,000,000	6,226,736		8,773,264	6,226,736	8,773,264	
Treatment Plant Reserve	20,000,000	11,448,295	(1,984,943)	8,551,705	11,448,295	10,536,648	-531%
RESTRICTED RESERVES						-	
PARS Irrevocable Trust - Pension		467,043	50,000	50,000	467,043	-	0%
PARS Irrevocable Trust - OPEB		648,707	25,000	25,000	648,707	-	0%
CAPITAL PROJECT FUND RESERVES						-	
Capital Reserve	20,000,000	16,489,914		3,510,086	16,489,914	3,510,086	
Equipment Replacement Reserve	1,000,000		1,442,000	1,000,000	1,000,000	(442,000)	-31%
RECYCLED WATER FUND RESERVES						-	
Recycled Water Cash Flow Reserve	12,000,000	4,874,198		7,125,802	4,874,198	7,125,802	
Recycled Water SRF Reserve - Restricted	1,458,404	1,522,242			1,522,242	-	
TOTAL RESERVES	**87,925,415**	**42,407,369**	**395,337**	**46,772,633**	**61,144,145**	**46,377,296**	**11731%**

The District currently has four separate investment reserve accounts maintained to support the goals of the District, along with reserves held in LAIF, including Operating Reserves and an Equipment Replacement Reserve, a Pension Trust, and the restricted Recycled Water SRF Reserve. Annual contributions are made in accordance with the Board approved budget in order to reach the target balances for each reserve. The Operating Reserve is set at six months of operating expenses, based on the annual budget for Collections.

- **Reserves.** The target reserve balance for FY2026-27 is $87.5 million. The total reserve balance as of March 31, 2026 is $42.4 million.
  - **Operating Reserve:** Requires $17.7 million to reach target amount.
    - Six months of operations provide cash flow between July and December, when the first sewer service charges are received.
    - Operating Reserves will be held in LAIF, where they are available for cash flow.
  - **Rate Stabilization Reserve:** Requires $8.8 million to reach target amount.
  - **Treatment Plant Reserve:** Requires $8.6 million to reach target amount.
  - **Capital Reserve:** Requires $3.5 million to reach target amount.
  - **Equipment Replacement Reserve:** Requires $1 million in a new LAIF account.
  - **Recycled Water Cash Flow Reserve:** Requires $7.1 million to reach target amount.

- **Restricted Reserves.**
  - **Public Agency Retirement Services (PARS) Trust:**
    - **Pension:** $50,000 to reserve for possible CalPERS unfunded liability.
    - **Other Post-Employment Benefits (OPEB):** $25,000 to keep pace with increasing liability.

Solid Waste Fund:

The Solid Waste Fund revenue is budgeted based on projected actual franchise fees through June 30, 2026. The Net Position is projected to be $848,496, a decrease of $28,177 for FY 2026-27.

- ***Solid Waste Fund Revenue.*** Franchise fees are received from Recology, which manages solid waste collection for the District. The budget is estimated at a 14% decrease from FY 2025-26, based on current receipts. Recology may have other changes, which are uncertain at this time; additional costs associated with implementation of California's Short-Lived Climate Pollutant (SLCP) Reduction Strategy, SB1383 and disposal costs at the Shoreway Environmental Center.
- ***Solid Waste Fund Expense.*** Allocated expenses for the Solid Waste program of $141,696 is budgeted for rate studies, notification mailing, public relations, and overhead.

West Bay Sanitary District
Solid Waste Fund Budget
Fiscal Year 2026-27

	Actual 3/31/2026	Projected 6/30/2026	Approved Budget FY 2025-26	Budget FY 2026-27	Budget Variance	Variance %
OPERATING REVENUES						
	85,139	113,519	131,600	113,519	(18,081)	**-14%**
TOTAL OPERATING REVENUES	**85,139**	**113,519**	**131,600**	**113,519**	**(18,081)**	**-14%**
OPERATING EXPENSES						
Rate Studies	-	-	45,526	45,526	-	0%
Mailings	-	-	5,459	5,459	-	0%
Public Relations	-	-	1,600	1,600	-	0%
Overhead Expense Allocation			89,111	89,111	-	
TOTAL OPERATING EXPENSES	**-**	**-**	**141,696**	**141,696**	**-**	**0%**
CHANGE IN NET POSITION	**85,139**	**113,519**	**(10,096)**	**(28,177)**	**(18,081)**	**179%**
BEGINNING NET POSITION	**763,154**	**763,154**	**876,673**	**876,673**		
ENDING NET POSITION	**763,154**	**876,673**	**866,577**	**848,496**		

Recycled Water Fund:

Recycled Water has two operations; The Sharon Heights Recycled Water Facility (SHRWF) and the Bayfront Recycled Water Facility (BFRWF), currently under construction.

West Bay Sanitary District
Recycled Water Fund Budget
Fiscal Year 2026-27

Recycled Water Fund	SHRWF FY2026-27	BFRWF FY2026-27	Total Recycled Water FY2026-27
REVENUES			-
Sharon Heights O&M	777,980	-	777,980
Sharon Heights Capital Contributions	689,209	-	689,209
Investment Income	1,000	99,000	99,000
TOTAL REVENUES	**1,468,189**	**99,000**	**1,566,189**
			-
EXPENSES			-
Salaries & Benefits	253,920	315,515	569,435
Other Operating Expense	524,060	193,188	717,248
SRF Loan Payments	689,209	-	689,209
Investment Fees	-	7,423	7,423
TOTAL EXPENSES	**1,467,189**	**516,126**	**1,983,315**
			-
CHANGE IN NET POSITION	**1,000**	**(417,126)**	**(417,126)**

Sharon Heights Recycled Water Facility

The SHRWF budget is based on the approved 2026 calendar year operations and maintenance budget agreed upon with Sharon Heights Golf & Country Club (SHGCC) representatives. The detailed SHRWF statement is included on page 15.

- ***Operating Revenue.*** Revenue is budgeted at $777,980 The District provides SHGCC with a projected budget in January 2026, which estimated annual operations and maintenance and is billed in twelve equal monthly installments. The difference is reconciled annually and billed or credited to SHGCC.
- ***Operating Expense.*** Total Operating expenses are budgeted at $777,980, includes salaries and benefits and other operating expenses for FY 2026-27.
- **Contributions.**
  - SHGCC pays $689,209 in ten equal installments over ten months for the SRF loan payments, due March 31, and December 31 each year. Recorded as a contribution by SHGCC to repay the Sharon Heights facility and the Avy influent pump station.

West Bay Sanitary District
Recycled Water Fund
Sharron Heights Recycled Water Facility Budget
Fiscal Year 2026-27

Fund Expenditures - Detail	Actual 3/31/2026	Projected 6/30/26	Approved Budget FY 2025/26	Budget FY 2026/27	Budget Variance	Variance %
OPERATING REVENUES						
SHGCC O&M Revenue	588,117	784,156	735,800	777,980	42,180	5%
TOTAL OPERATING REVENUES	**588,117**	**784,156**	**735,800**	**777,980**	**42,180**	**5%**
OPERATING EXPENSES						
Salaries & Wages	72,510	96,680	130,000	108,990	(21,010)	-16%
Employee Benefits	38,960	51,946	41,400	79,026	37,626	91%
Indirect Labor	11,280	15,040	-	16,329	16,329	
Overtime	15,478	20,637	25,000	25,950	950	4%
Standby	15,479	20,638	21,000	23,625	2,625	13%
Insurance	23,497	31,329	62,000	63,650	1,650	3%
Memberships	106	141	-	1,500	1,500	
Operating Supplies	3,317	4,423	20,000	5,250	(14,750)	-74%
Chemicals	3,601	4,801	20,000	13,125	(6,875)	-34%
Professional Services	15,311	20,415	40,000	51,750	11,750	29%
Repairs & Maintenance	5,292	7,057	25,000	31,105	6,105	24%
Research & Monitoring	13,429	17,905	23,000	23,000	-	0%
Utilities	182,677	243,569	279,500	279,500	-	0%
Licenses & Permits	15,960	21,280	15,000	21,280	6,280	42%
SUBTOTAL OPERATING EXPENSES	**416,897**	**555,863**	**701,900**	**744,080**	**42,180**	6%
Administrative Expense	25,425	33,900	33,900	33,900	-	0%
TOTAL OPERATING EXPENSES	**442,322**	**589,763**	**735,800**	**777,980**	**84,360**	**11%**
OPERATING INCOME	**145,795**	**194,393**	**-**	**-**	**-**	
NONOPERATING REVENUES (EXPENSES)						
Interest Income, Gains on Investments	1,253	1,670	1,000	1,000	-	0%
SHGCC Contributions: SRF Loan	662,911	662,911	662,911	662,911	-	0%
SHGCC Contributions: Avy PS SRF Loan	26,298	26,298	-	26,298	26,298	
SH SRF Loan Payment - Principal	(516,917)	(516,917)	(516,917)	(522,086)	(5,169)	1%
SRF Loan Payment - Interest	(145,994)	(145,994)	(145,994)	(140,825)	5,169	-4%
Avy PS SRF Loan Payment - Principal	(19,340)	(19,340)		(16,129)	(16,129)	
Avy PS SRF Loan Payment - Interest	(6,958)	(6,958)		(10,169)	(10,169)	
TOTAL NONOPERATING REVENUES (EXPENSES	**1,253**	**1,670**	**1,000**	**1,000**	**-**	**0%**
CHANGE IN NET POSITION	**147,048**	**196,064**	**1,000**	**1,000**	**-**	**0%**

Bayfront Recycled Water Facility
The Bayfront Recycled Water Facility (BFRWF) has been in preliminary planning since 2017. The District completed an initial BFRWF Plan in February 2019, with Board approval on May 12, 2021, completion is scheduled for July 2027. The 1 million gallons per day (MGD) recycled facility is estimated to cost $85 million to construct, in addition to the added solar project.

The California State Water Board approved $76.6 million in funding, including a $50 million Federal Clean Water SRF loan, $11.6 million in California Water Recycling loan, and a total of $15 million in California Water Recycling Grants.

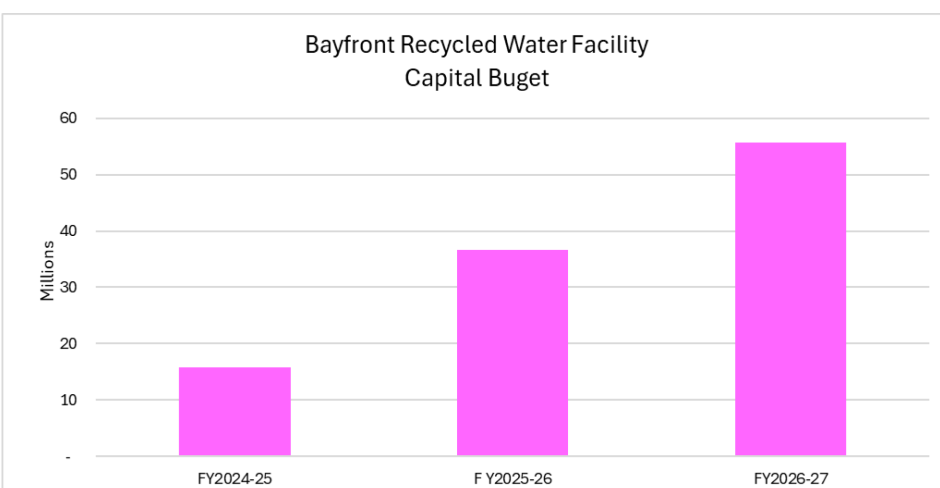
As of March 31, 2026, the District received $17 million in reimbursements from the California State Water Board through the SRF loan program.

Total Operating expenditures are estimated to be minimal for FY 2026-27 because the facility is under construction and should be completed by next fiscal year; however, the District will begin training an Operator II, effective July 1, 2026, to assist with startup.

West Bay Sanitary District
Recycled Water Fund
Bayfront Recycled Water Facility Budget
Fiscal Year 2026-27

Recycled Water Fund Capital Expense - Details	Actual 3/31/2026	Approved Budget FY2025-26	Budget FY2026-27	Budget Variance	Variance %
BAYFRONT RECYCLED WATER					
Bayfront Recycle Water Facilities - Construction					
Bayfront Recycled Water Facility	26,977,901	36,587,139	50,000,000	13,412,861	37%
Bayfront Recycled Water Facility Solar Project		-	5,722,688	5,722,688	
Total Bayfront Recycle Water Facilities - Construction	***26,977,901***	***36,587,139***	***55,722,688***	***19,135,549***	***52%***
TOTAL BAYFRONT RECYCLED WATER CAPITAL EXPENSES		**36,587,139**	**55,722,688**	**19,135,549**	**52%**

Bayfront Recycled Water Project
The Bayfront Project has a $55,722,688 capital budget for the recycled water facility including the solar project. Funds for the construction of the facility will be reimbursed by the SRF program and 50% of the cost of the solar project will be returned to the District, in a federal rebate, after the installation and startup of the solar system. The following chart shows the Capital Budget for the facility year over year but does not account for carryover funds as described above.



West Bay Sanitary District
Budget By Fund
Fiscal Year 2026-27

	General Fund FY2026-27	Capital Projects Fund FY2026-27	Treatment Plant Fund FY2026-27	Solid Waste Fund FY2026-27	Recycled Water Fund FY2026-27	Total All Funds FY2026-27	Prior Year Budget FY2025-26	Budget Variance	Budget Variance %
OPERATING REVENUES									
Sewer Service Charges	40,313,862	-	-	-	-	40,313,862	35,535,775	4,778,087	13%
Permit & Inspection Fees	257,500	-	-	-	-	257,500	250,000	7,500	3%
Unpaid ADUs Sewer Service Charges	354,852					354,852	-	354,852	
Unpaid ADUs Connection Fees	154,944					154,944	-	154,944	
Connection Fees	500,000					500,000	250,000	250,000	100%
Other Operating Revenue	2,251,564	-	-	113,519	-	2,365,083	2,495,037	(129,954)	-5%
TOTAL OPERATING REVENUES	**43,832,722**	**-**	**-**	**113,519**	**-**	**43,946,241**	**38,530,812**	**5,415,429**	**14%**
OPERATING EXPENSES									
Salaries & Benefits	8,811,619	1,323,332	-	-	569,436	10,704,387	9,141,452	1,562,935	17%
Materials & Supplies	1,043,375	16,342	-	-	18,375	1,078,092	1,066,999	11,093	1%
Insurance	388,615	-	-	-	63,650	452,265	413,149	39,116	9%
Contract Services	948,207	290	-	-	139,915	1,088,412	1,120,364	(31,952)	-3%
Professional Services	900,200	103,300	-	52,585	118,938	1,175,023	1,731,085	(556,062)	-32%
Repairs & Maintenance	730,652	4,530			31,105	766,287	941,037	(174,750)	-19%
Utilities	406,280	1,391			280,162	687,832	613,416	74,416	12%
Other Operating Expenses	674,744	14,401			23,780	712,925	617,786	95,139	15%
Depreciation	-	-			-	-	4,255,000	(4,255,000)	-100%
Total WBSD Operating Expenses	**13,903,692**	**1,463,585**	**-**	**52,585**	**1,245,361**	**16,665,223**	**19,900,288**	**(3,235,065)**	**-16%**
Sewage Treatment Plant (SVCW)			21,435,562			21,435,562	18,191,973	3,243,589	18%
TOTAL OPERATING EXPENSES	**13,903,692**	**1,463,585**	**21,435,562**	**52,585**	**1,245,361**	**38,100,785**	**38,092,261**	**8,524**	**0%**
OPERATING INCOME (LOSS)	**29,929,030**	**(1,463,585)**	**(21,435,562)**	**60,934**	**(1,245,361)**	**5,845,456**	**438,551**	**5,406,905**	**1233%**
								-	
NON-OPERATING REVENUES (EXPENSES)								-	
Investment Income	600,000	300,000	-	-	100,000	1,000,000	501,000	499,000	100%
Investment Fees	(34,229)	(28,550)			(7,423)	(70,202)	-	(70,202)	
Interest Expense					(152,952)	(152,952)	(145,994)	(6,958)	5%
Other Non-Operating Income	41,922	-		-	777,980	819,902	735,800	84,102	11%
Other Non-Operating Expenses	(70,000)	-	-	-	-	(70,000)	-	(70,000)	
TOTAL NON-OPERATING REVENUES (EXPENSES)	**537,693**	**271,450**	**-**	**-**	**717,605**	**1,526,748**	**1,090,806**	**435,942**	**40%**
								-	
CAPITAL CONTRIBUTIONS									
Grants	-	10,000,000	-	-	-	10,000,000	2,601,019	7,398,981	284%
SH Capital Contribution	-		-	-	689,209	689,209	662,911	26,298	4%
TOTAL CAPITAL CONTRIBUTIONS	**-**	**10,000,000**	**-**	**-**	**689,209**	**10,689,209**	**3,263,930**	**7,425,279**	**227%**
								-	
CHANGE IN NET POSITION	**30,466,723**	**8,807,865**	**(21,435,562)**	**60,934**	**161,453**	**18,061,412**	**4,793,287**	**13,268,125**	**277%**