



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **April 2, 2026**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager *CH*

SUBJECT: Review and Possible Action Concerning Sewer Authority Mid-Coastside Fiscal Year 2026-27 General Budget.

At the SAM Board of Directors meeting on March 9, 2026, the SAM Board approved the SAM General Budget for Fiscal Year 2026-27 to be sent to the member agencies for consideration and approval.

The overall General Budget is suggested to increase by \$1,482,859 or 15% over the prior fiscal year budget of \$10,072,266, which brings total budgeted expenditures to \$11,555,125. FY 2026-27 assessment for MWSD for the General Budget is \$2,354,401 which represents an increase of \$274,486 or 13% from prior fiscal year.

Kishen Prathivadi, SAM General Manager, will be available to present the General Budget.

RECOMMENDATION:

Adopt Resolution, No.____, Resolution of the Montara Water and Sanitary District Consenting to Approval by Sewer Authority Mid-Coastside of its General Budget for Fiscal Year 2026-2027.

Attachments

RESOLUTION NO. _____

RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT CONSENTING TO APPROVAL BY SEWER AUTHORITY MID-COASTSIDE OF ITS GENERAL BUDGET FOR FISCAL YEAR 2026-2027

WHEREAS, Sewer Authority Mid-Coastside (SAM) has, pursuant to Article III, Section (F)(3) of the Joint Exercise of Powers Agreement dated February 3, 1976, as amended, establishing said Authority, submitted its General Budget for fiscal year July 1, 2026 – June 30, 2027 for the consent of this District; and

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

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

1. Consent is hereby given to the approval by Sewer Authority Mid-Coastside of its General Budget for fiscal year 2026-2027 entitled, “General Budget – Fiscal Year 2026/27,” a copy of which is on file in the District’s Administrative Offices to which reference is hereby made for the particulars thereof.

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

President, Montara Water and Sanitary District

COUNTERSIGNED:

Secretary, Montara Water and Sanitary District

* * * *

I HEREBY CERTIFY that the foregoing Resolution No. _____ was duly and regularly passed and adopted by the Board of the Montara Water and Sanitary

RESOLUTION NO. _____

RESOLUTION OF THE MONTARA WATER AND SANITARY DISTRICT CONSENTING TO APPROVAL BY SEWER AUTHORITY MID-COASTSIDE OF ITS GENERAL BUDGET FOR FISCAL YEAR 2026-2027

District, County of San Mateo, California, at a Regular Meeting thereof held on the 2nd day of April 2026, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District



**General Budget
Fiscal Year 2026/27**

OPERATIONS BUDGET



EXECUTIVE SUMMARY

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

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

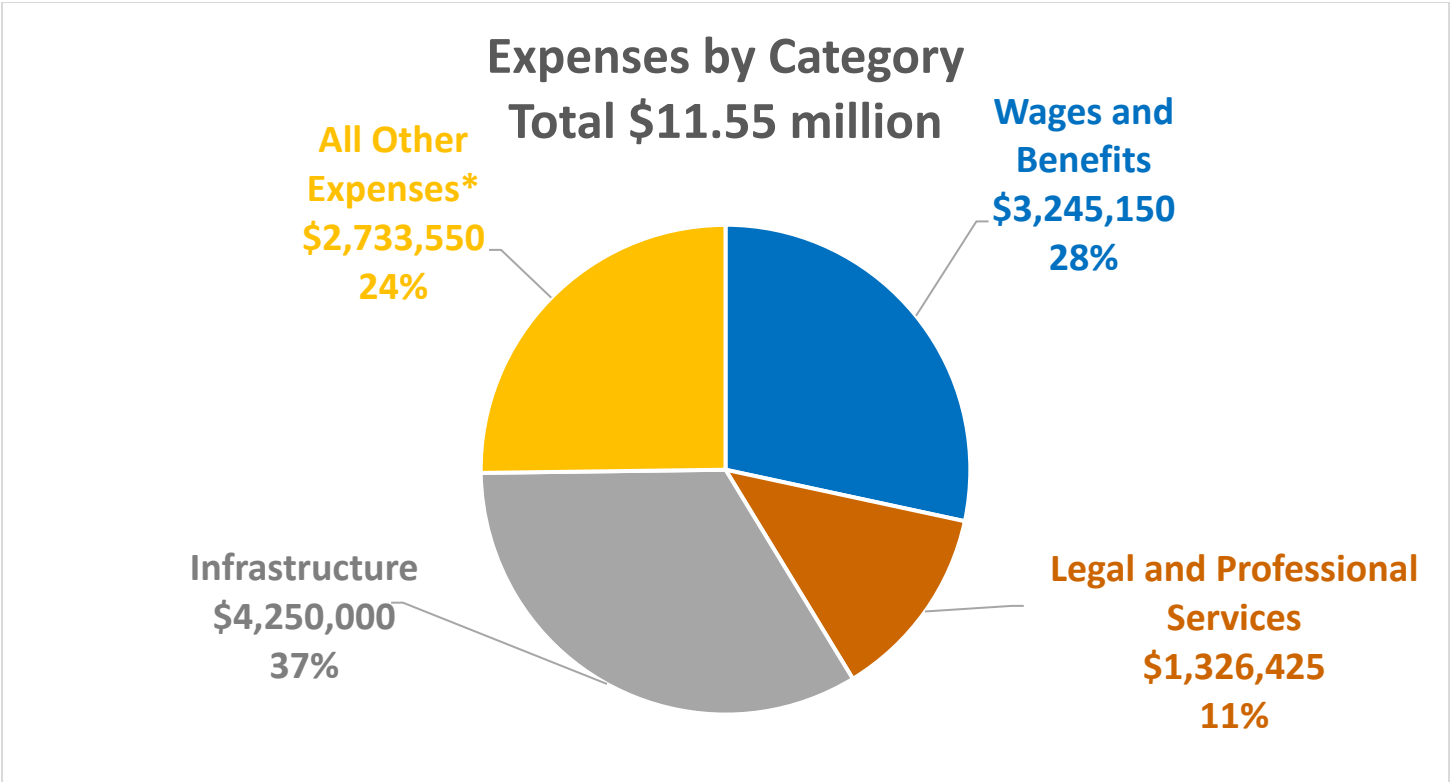
JPA Income & Expenses – General Budget

Operating Income		
Assessments - City of Half Moon Bay	6,988,951	
Assessments - Granada Community Services District	2,080,235	
Assessments - Montara Water & Sanitary District	2,354,401	
Interest Income	78,500	
NDWSCP Fees	53,037	
Total Operating Income		\$11,555,125
Operating Expenses		
Wages	2,078,100	
Benefits	1,167,050	
Legal Services	200,000	
Engineering Services	160,800	
Professional & Technical Services	965,625	
Professional Memberships	76,200	
Insurance Premiums	265,000	
Miscellaneous Expenses	120,800	
Utilities	839,300	
Travel & Training	64,400	
Equipment Rental/Lease	29,300	
Building & Maintenance Services	176,000	
Chemicals	470,000	
Permits & Licenses	62,100	
Supplies	128,450	
Equipment	417,000	

Infrastructure Projects	4,250,000	
Claims & Penalties	85,000	
Total Expenses		\$11,555,125
Total Operating Expenses (less Infrastructure)		\$7,305,125
Contribution to Reserve Funds (Revenues less Expenses)		\$0

The overall increase from the adopted budget for Fiscal Year 2025/26 to the adopted budget for Fiscal Year 2026/27 is \$1,482,859 (15%). This is primarily due to an increase in budget related to equipment and infrastructure.

Of the total General Budget, \$3.2 million (28%) is for Wages and Benefits. The cost of Infrastructure Improvements is \$4.25 million (37%). Legal, Engineering and Professional Services is \$1.3 million (11%) and accounts for a significant percentage of the budget due to SAM's dependency on contractors and consultants for technical and specialized services. Other expenses (including Utilities, Insurance, Equipment Rental, Maintenance Services, Chemicals, Permits, Supplies, Equipment, and Claims) represent 24% of the budget.



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

Division Budgets by Fiscal Year

	FY 2023/24 <u>Actual</u>	FY 2024/25 <u>Actual</u>	FY 2025/26 <u>Adopted</u>	FY 2026/27 <u>Proposed</u>	\$ <u>Change</u>	% <u>Change</u>
Administration	\$2,046,988	\$2,148,035	\$1,793,907	\$1,846,725	\$52,818	3%
Treatment	\$4,176,443	\$4,170,680	\$4,421,346	\$5,222,650	\$801,305	18%
Environmental Compliance	<u>\$196,956</u>	<u>\$192,050</u>	<u>\$212,013</u>	<u>\$235,750</u>	<u>\$23,737</u>	<u>11%</u>
Total Operating Budget	\$6,420,387	\$6,510,765	\$6,427,266	\$7,305,125	\$877,859	14%
Infrastructure	<u>\$3,258,684</u>	<u>\$3,388,625</u>	<u>\$3,645,000</u>	<u>\$4,250,000</u>	<u>\$605,000</u>	<u>17%</u>
Total General Budget	\$9,679,071	\$9,899,390	\$10,072,266	\$11,555,125	\$1,482,859	15%

The Administrative Services division increased \$52,818 (3%). Mainly due to the projected increase of Professional Services related to web hosting & IT support. In addition, Professional Memberships & Fees is expected to increase due to SAM's continued participation in the First Flush program.

The Treatment division increased \$801,305 or 18%, which is due to the known COLA & Merit increase of 4%. In addition, we are expecting and 11% increase in the cost of Health Benefits as well as payments of Retirement Contributions to CalPERS. We have budgeted an additional \$400K in the equipment line item to account for Non-Project Capital related expenses incurred by SAM on an annual basis.

The Environmental Compliance division budget increased by \$23,737 or 11% primarily due to the projected Payroll and Benefits increases.

The Infrastructure division increased \$605,000 to address various projects in the Authority Capital Improvement Plan.

BUDGET ALLOCATION AND ASSESSMENTS

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

Flow Results for Budget Allocations*

	HMB	GCSD	MWSD	
FY 2026/27	61.18%	18.21%	20.61%	(Based on Calendar Year 2025)
FY 2025/26	<u>60.24%</u>	<u>18.84%</u>	<u>20.92%</u>	(Based on Calendar Year 2024)
Variance	0.94%	-0.63%	-0.31%	

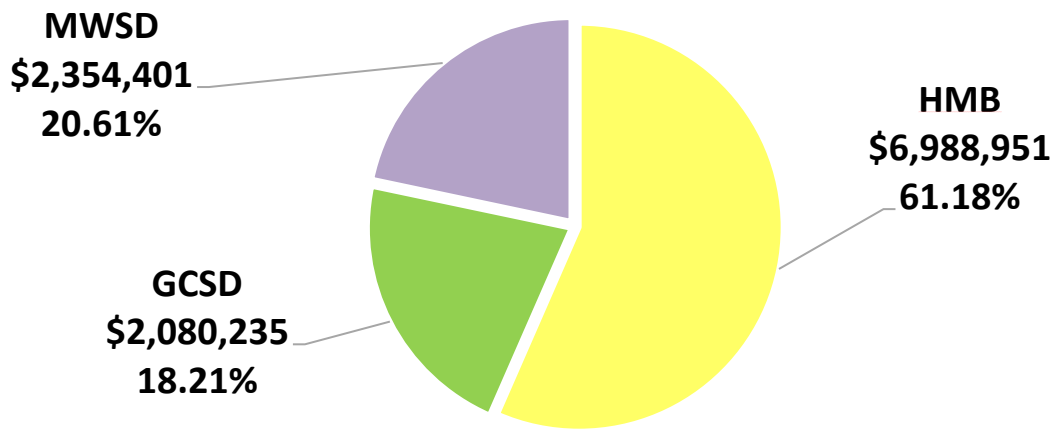
* The member agency assessments are allocated based on flow percentages from the previous calendar year. This allocation varies each year.

Total Assessments for Each Member Agency*

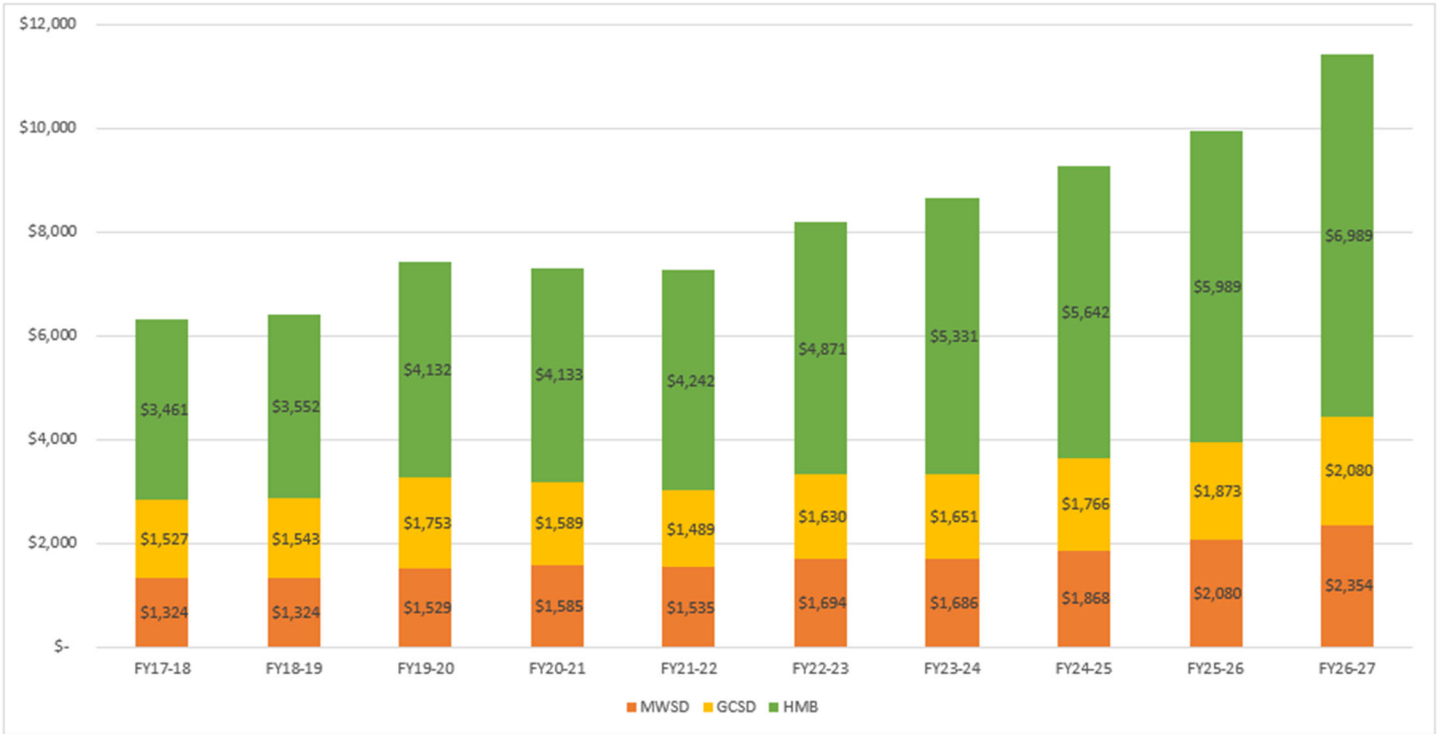
	FY 2023/24 <u>Actual</u>	FY 2024/25 <u>Actual</u>	FY 2025/26 <u>Adopted</u>	FY 2026/27 <u>Proposed</u>	\$ <u>Change</u>	% <u>Change</u>
Half Moon Bay	\$5,331,608	\$5,642,255	\$5,989,200	\$6,988,951	\$999,751	17%
Granada CSD	\$1,651,497	\$1,766,336	\$1,873,116	\$2,080,235	\$207,119	11%
Montara WSD	\$1,686,174	\$1,868,382	\$2,079,915	\$2,354,401	\$274,486	13%
Total	\$8,669,279	\$9,273,973	\$9,942,231	\$11,423,588	\$1,481,357	15%

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

**Assessments for FY 2026-27
Based on Calendar Year 2025 Flow**



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



OVERALL OPERATIONS BUDGET SUMMARY

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

FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED
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VARIANCE FY26/27 versus FY25/26

EXPENDITURES

Over/(Under)

<u>Personnel</u>							
1	Wages	1,770,658	1,786,300	1,799,105	1,906,100	119,800	7%
2	Premium Pay	166,455	144,100	142,859	172,000	27,900	19%
3	Health Benefits	306,074	354,596	334,360	400,750	46,154	13%
4	Retirement Cont.	762,068	541,000	544,707	591,400	50,400	9%
5	Retiree Med/OPEB	36,364	44,960	42,713	62,850	17,890	40%
6	Misc. Benefits	103,703	110,856	102,986	112,050	1,194	1%
7	Subtotal	3,145,322	2,981,812	2,966,729	3,245,150	263,338	9%
<u>Non-Personnel</u>							
8	Legal Services	237,120	235,000	173,818	200,000	(35,000)	(15%)
9	Engineering Services	254,378	150,243	155,347	160,800	10,557	7%
10	Professional Services	863,526	909,600	1,065,516	965,625	56,025	6%
11	Prof. Memberships	88,269	60,001	75,269	76,200	16,199	27%
12	Insurance Premiums	236,925	249,982	255,390	265,000	15,018	6%
13	Misc. Expenses	117,100	86,566	122,960	120,800	34,234	40%
14	Utilities	750,671	806,297	816,601	839,300	33,003	4%
15	Travel & Training	51,386	57,011	57,396	64,400	7,389	13%
16	Equipment Rental	25,756	27,875	22,674	29,300	1,425	5%
17	Bldg & Maint Services	166,137	148,100	132,108	176,000	27,900	19%
18	Chemicals	403,961	445,863	338,720	470,000	24,137	5%
19	Permits & Licenses	60,014	55,997	59,283	62,100	6,103	11%
20	Supplies	96,304	120,178	124,058	128,450	8,272	7%
21	Equipment	12,587	12,741	15,487	417,000	404,259	3173%
22	Infrastructure (***)	3,389,937	3,645,000	4,024,505	4,250,000	605,000	17%
23	Claims/Penalties (**)	-	80,000	70,000	85,000	5,000	6%
25	Subtotal	6,754,068	7,090,454	7,509,133	8,309,975	1,219,521	17%

Key Changes

Personnel costs: Increase due COLA and Merit increases and labor negotiations	\$ 263,338
Legal Services: Decrease expected due to conclusion of labor negotiations	\$ (35,000)
Professional Services: Increase due to estimates based on Year-to-Date Actuals	\$ 56,025
Utilities: Increase due to estimates based on Year-to-Date Actuals	\$ 33,003
Equipment: Increase due to inclusion of Non-Project plant repairs	\$ 404,259
Chemicals: Based on Year-to-Date Actuals	\$ 24,137
Insurance Premiums: Increase due to estimates based on Year-to-Date Actuals	\$ 15,018
All other Operating Expenses: Increase due to CPI and adjustments to other operating expenses	\$ 117,079
TOTAL GENERAL OPERATING EXPENDITURES BUDGET INCREASE	\$ 877,859
Infrastructure: Increase result of CIP (includes engineering costs, reclassified)	\$ 605,000
TOTAL GENERAL OPERATING EXPENDITURES BUDGET INCREASE	\$ 1,482,859

FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED
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VARIANCE FY26/27 versus FY25/26	
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REVENUE

By Type:

27 JPA Assessments	9,276,973	9,942,231	9,942,231	11,423,588	1,481,357	15%
28 NDWSCP Fees	61,609	60,035	50,639	53,037	(6,998)	(12%)
31 Interest Earnings	81,566	70,000	83,210	78,500	8,500	12%
32 Misc. Revenue	387,448	-	59,745	-	-	-
34 REVENUE TOTAL	9,807,596	10,072,266	10,135,825	11,555,125	1,482,859	15%

By Agency:

35 Half Moon Bay	5,642,255	5,989,200	5,989,200	6,988,951	999,751	17%
36 Granada CSD	1,766,336	1,873,116	1,873,116	2,080,235	207,119	11%
37 Montara WSD	1,868,383	2,079,915	2,079,915	2,354,401	274,486	13%
38 TOTAL	9,276,974	9,942,231	9,942,231	11,423,588	1,481,357	15%

Key Changes

Assessments reflect Increased funding for Infrastructure Projects, Maintenance, Staff

TOTAL GENERAL OPERATING REVENUE BUDGET INCREASE

\$ 1,481,357

\$ 1,481,357

FINANCIAL DETAILS

The following is a list of key budget lines for FY2025/26 and 2026/27 budgets with brief explanations of the changes from year to year. This is a “budget to budget” comparison and does not necessarily represent current expenditures. Underlined items indicate a budget change in excess of \$10,000 year to year.

<u>Budget Line #</u>	<u>FY 2025/26</u>	<u>FY 2026/27</u>
1. <u>Wages</u> Increase is a result of PY COLA & Merit increase being estimated higher than necessary.	\$1,786,300	\$1,906,100
2. <u>Premium Pay</u> Overtime paid for staff to perform tasks outside of normal work times.	\$144,100	\$172,000
3. <u>Health Benefits</u> The cost of medical, dental, and vision benefits provided to employees based on the MOU and Unrepresented Employees.	\$354,596	\$400,750
4. <u>Retirement Contributions</u> SAM pays the employer contribution to CalPERS for retirement benefits as well as the unfunded liability.	\$541,000	\$591,400
5. <u>Retiree Medical/OPEB</u> Includes contributions to a Health Retirement Account for future retirees as well as current retiree medical premiums.	\$44,960	\$62,850
6. Misc. Benefits Includes Medicare, long-term and short-term disability, workers compensation, and matching funds to a 457 plan.	\$110,856	\$112,050
7. Personnel Subtotal Subtotal of all wage and benefit costs.	\$2,981,812	\$3,245,150
8. <u>Legal Services</u> Includes general counsel and employment legal fees	\$235,000	\$200,000
9. <u>Engineering Services</u> Increased to provide design and project management related to treatment division.	\$150,243	\$160,800

Budget Line #	FY 2025/26	FY 2026/27
10. <u>Professional Services</u> Includes ongoing services that are specialized and need to be performed by consultants rather than staff.	\$909,600	\$965,625
11. <u>Professional Memberships</u> Includes memberships in professional organizations for SAM and employees that keeps them current in industry practices and improves how SAM serves the community.	\$60,001	\$76,200
12. <u>Insurance Premiums</u> Property, liability, and pollution premiums based on utilization rates.	\$249,982	\$265,000
13. <u>Misc. Expenses</u> Includes incidental expenses (uniforms laundry services, radio and alarm systems, offsite storage, postage, claims, copier, phone system support, etc.) not reflected in other categories.	\$86,566	\$120,800
14. <u>Utilities</u> Electricity, water, telephone, solid waste, etc.	\$806,297	\$839,300
15. <u>Travel & Training</u> Training and travel related costs for attendance at industry conferences and seminars, and other related events to allow staff to keep current on technical skills and industry best practices.	\$57,011	\$64,400
16. <u>Equipment Rental/Lease</u> Short-term rental or lease of equipment (generators, storage tanks, etc.).	\$27,875	\$29,300
17. <u>Building & Maintenance Services</u> Includes janitorial, landscaping, and other regular building maintenance services.	\$148,100	\$176,000
18. <u>Chemicals</u> Includes chemicals used in the treatment of wastewater to meet regulatory standards.	\$445,863	\$470,000

Budget Line #	FY 2025/26	FY 2026/27
19. Permits & Licenses Annual costs for permits with local, regional and state agencies.	\$55,997	\$62,100
20. Supplies Office, computer, breakroom, and safety supplies.	\$120,178	\$128,450
21. <u>Equipment Purchase</u> Purchase of equipment use at SAM facilities not included in infrastructure projects.	\$12,741	\$417,000
22. <u>Infrastructure Projects</u> Includes costs of projects included in 5-Year CIP. Includes engineering costs associated.	\$3,645,000	\$4,250,000
23. Claims/Penalties Reflects claims expenses not covered by insurance.	\$80,000	\$85,000
25. Non-Personnel Subtotal Subtotal of all costs not associated with wages and benefits.	\$7,090,454	\$8,309,975
26. Total Total of all costs (sum of Personnel and Non-Personnel subtotals).	\$10,072,266	\$11,555,125

ADMINISTRATIVE SERVICES

By Category

FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED
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VARIANCE FY26/27 versus FY25/26

EXPENDITURES

Over/(Under)

	FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED		
<u>Personnel</u>						
1 Wages	666,317	629,300	634,063	661,100	31,800	5%
2 Premium Pay	18,903	11,000	13,432	16,000	5,000	45%
3 Health Benefits	87,403	88,985	71,871	79,500	(9,485)	(11%)
4 Retirement Cont.	340,271	93,000	54,354	57,700	(35,300)	(38%)
5 Retiree Med/OPEB	28,400	13,500	17,509	28,100	14,600	108%
6 Misc. Benefits	29,693	28,800	20,948	18,800	(10,000)	(35%)
7 Subtotal	1,170,987	864,585	812,177	861,200	(3,385)	(0%)
<u>Non-Personnel</u>						
8 Legal Services	237,120	235,000	173,818	200,000	(35,000)	(15%)
9 Engineering Services	20,698	-	-	-	-	-
10 Professional Services	220,751	226,164	283,075	252,025	25,861	11%
11 Prof. Memberships	77,201	46,515	61,210	62,000	15,485	33%
12 Insurance Premiums	236,925	249,982	255,390	265,000	15,018	6%
13 Misc. Expenses	95,965	64,590	86,090	92,700	28,110	44%
14 Utilities	27,621	34,250	21,653	22,300	(11,950)	(35%)
15 Travel & Training	8,586	5,335	7,403	6,600	1,265	24%
16 Equipment Rental	8,294	7,875	8,101	8,300	425	5%
17 Bldg & Maint Services	33,150	34,131	46,200	47,000	12,869	38%
18 Chemicals	-	-	-	-	-	-
19 Permits & Licenses	-	-	-	-	-	-
20 Supplies	10,738	12,844	16,936	13,600	756	6%
21 Equipment	-	2,637	5,087	6,000	3,363	128%
22 Infrastructure	-	-	-	-	-	-
23 Claims/Penalties	-	10,000	10,000	10,000	-	0%
25 Subtotal	977,048	929,322	974,963	985,525	56,203	6%

ADMINISTRATIVE SERVICES

By Category

FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED	VARIANCE FY26/27 versus FY25/26	
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REVENUE

By Type:

27 JPA Assessments	1,839,212	1,723,907	1,723,907	1,768,225	44,318	3%
28 Other Revenue	5,537	-	-	-	-	-
31 Interest Earnings	81,566	70,000	83,210	78,500	8,500	12%
32 Misc. Revenue - Grant	387,448	-	59,745	-	-	-
34 REVENUE TOTAL	2,313,762	1,793,907	1,866,862	1,846,725	52,818	3%

By Agency:

35 Half Moon Bay	1,118,609	1,038,482	1,038,482	1,081,800	43,318	4%
36 Granada CSD	350,186	324,784	324,784	321,994	(2,790)	(1%)
37 Montara WSD	370,417	360,641	360,641	364,431	3,790	1%
38 TOTAL	1,839,212	1,723,907	1,723,907	1,768,225	44,318	3%

Key Changes

Personnel Costs: Expected reduction of hours for admin division employee	\$ (3,385)
Legal Services: Decrease expected due to conclusion of labor negotiations	\$ (35,000)
Professional Services	\$ 25,861
Insurance Premiums: Increased based on expected increase in premiums	\$ 15,018
Claims/Penalties	\$ 0
All other Operating Expenses: Increase due to CPI and adjustments to other operating expenses	50,324
TOTAL ADMINISTRATION EXPENDITURES BUDGET INCREASE	<u>\$ 52,818</u>

Key Changes

Assessments reflect increases in Professional Services and Insurance Premiums	<u>\$ 44,318</u>
Key Changes TOTAL ADMINISTRATION REVENUE BUDGET INCREASE	\$ 44,318

TREATMENT By Category

FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED
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VARIANCE FY26/27 versus FY25/26

Over/(Under)

EXPENDITURES

<u>Personnel</u>						
1 Wages	1,061,123	1,114,500	1,121,792	1,200,000	85,500	8%
2 Premium Pay	145,533	131,000	127,357	153,000	22,000	17%
3 Health Benefits	211,797	257,600	255,723	312,800	55,200	21%
4 Retirement Cont.	396,008	424,000	460,673	501,200	77,200	18%
5 Retiree Med/OPEB	7,897	30,785	24,543	34,000	3,215	10%
6 Misc. Benefits	71,597	78,641	79,357	89,800	11,159	14%
7 Subtotal	1,893,954	2,036,526	2,069,445	2,290,800	254,274	12%
<u>Non-Personnel</u>						
8 Legal Services	-	-	-	-	-	-
9 Engineering Services	233,680	150,243	155,347	160,800	10,557	7%
10 Professional Services	555,548	579,127	667,594	601,600	22,473	4%
11 Prof. Memberships	11,068	13,486	14,059	14,200	714	5%
12 Insurance Premiums	-	-	-	-	-	-
13 Misc. Expenses	21,069	21,976	36,713	28,100	6,124	28%
14 Utilities	723,050	772,047	794,948	817,000	44,953	6%
15 Travel & Training	42,510	51,171	49,743	57,200	6,029	12%
16 Equipment Rental	17,462	20,000	14,574	21,000	1,000	5%
17 Bldg & Maint Services	132,987	113,969	85,908	129,000	15,031	13%
18 Chemicals	400,476	442,363	334,158	465,000	22,637	5%
19 Permits & Licenses	60,014	55,997	59,283	62,100	6,103	11%
20 Supplies	67,189	84,336	84,352	89,850	5,514	7%
21 Equipment	10,361	10,104	10,400	411,000	400,896	3968%
22 Infrastructure	1,311	-	860,238	-	-	-
23 Claims/Penalties	-	70,000	60,000	75,000	5,000	7%
25 Subtotal	2,276,725	2,384,819	3,227,318	2,931,850	547,031	23%

Key Changes

Personnel Costs: Increase due COLA and merit increases as well as the cost of Benefits	\$ 254,274
Utilities	\$ 44,953
Professional Services	\$ 22,473
Equipment	\$ 400,896
Chemicals	\$ 22,637
All other operating expenses: Increase due to CPI and adjustments to other Operating Expenses	\$ 56,072

TOTAL TREATMENT EXPENDITURES BUDGET INCREASE

\$ 801,305

**TREATMENT
By Category**

	FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED	VARIANCE FY26/27 versus FY25/26	
REVENUE						
<u>By Type:</u>						
27 JPA Assessments	4,185,865	4,361,311	4,361,311	5,169,613	808,302	19%
28 NDWSCP Fees	56,072	60,035	50,639	53,037	(6,998)	(12%)
31 Interest Earnings	-	-	-	-	-	-
32 Misc. Revenue	-	-	-	-	-	-
34 REVENUE TOTAL	4,241,937	4,421,346	4,411,950	5,222,650	801,304	18%
<u>By Agency:</u>						
35 Half Moon Bay	2,545,843	2,627,254	2,627,254	3,162,769	535,515	20%
36 Granada CSD	796,989	821,671	821,671	941,387	119,716	15%
37 Montara WSD	843,033	912,386	912,386	1,065,457	153,071	17%
38 TOTAL	4,185,865	4,361,311	4,361,311	5,169,613	808,302	19%

Key Changes

Assessments reflect net increased funding for Personnel, Utilities, Chemicals & Equipment

TOTAL TREATMENT REVENUE BUDGET INCREASE

\$ 808,302

\$ 808,302

**ENVIRONMENTAL COMPLIANCE
By Category**

FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED
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VARIANCE FY26/27 versus FY25/26

EXPENDITURES

Over/(Under)

<u>Personnel</u>						
1	Wages	43,219	42,500	43,250	45,000	2,500 6%
2	Premium Pay	2,019	2,100	2,070	3,000	900 43%
3	Health Benefits	6,875	8,011	6,766	8,450	439 5%
4	Retirement Cont.	25,789	24,000	29,680	32,500	8,500 35%
5	Retiree Med/OPEB	67	675	661	750	75 11%
6	Misc. Benefits	2,413	3,415	2,680	3,450	35 1%
7	Subtotal	80,380	80,701	85,107	93,150	12,449 15%
<u>Non-Personnel</u>						
8	Legal Services	-	-	-	-	- -
9	Engineering Services	-	-	-	-	- -
10	Professional Services	87,226	104,309	114,847	112,000	7,691 7%
11	Prof. Memberships	-	-	-	-	- -
12	Insurance Premiums	-	-	-	-	- -
13	Misc. Expenses	66	-	157	-	- -
14	Utilities	-	-	-	-	- -
15	Travel & Training	290	505	250	600	95 19%
16	Equipment Rental	-	-	-	-	- -
17	Bldg & Maint Services	-	-	-	-	- -
18	Chemicals	3,486	3,500	4,562	5,000	1,500 43%
19	Permits & Licenses	-	-	-	-	- -
20	Supplies	18,376	22,998	22,770	25,000	2,002 9%
21	Equipment	2,226	-	-	-	- -
22	Infrastructure	-	-	-	-	- -
23	Claims/Penalties	-	-	-	-	- -
25	Subtotal	111,670	131,312	142,586	142,600	11,288 9%

Key Changes

Personnel Costs: Increase due to Merit and COLA increases	\$ 12,449
Professional Services: based on current trends	\$ 7,691
Net increase in Wages, Utilities, Services, and Supplies	\$ 3,597
TOTAL ENVIRONMENTAL COMPLIANCE EXPENDITURES BUDGET INCREASE	\$ 23,737

**ENVIRONMENTAL COMPLIANCE
By Category**

	FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED	VARIANCE FY26/27 versus FY25/26	
REVENUE						
By Type:						
27 JPA Assessments	251,896	212,013	212,013	235,750	23,737	11%
28 NDWSCP Fees	-	-	-	-	-	-
31 Interest Earnings	-	-	-	-	-	-
32 Misc. Revenue	-	-	-	-	-	-
34 REVENUE TOTAL	251,896	212,013	212,013	235,750	23,737	11%
By Agency:						
35 Half Moon Bay	153,203	127,717	127,717	144,232	16,515	13%
36 Granada CSD	47,961	39,943	39,943	42,930	2,987	7%
37 Montara WSD	50,732	44,353	44,353	48,588	4,235	10%
38 TOTAL	251,896	212,013	212,013	235,750	23,737	11%

Key Changes

Assessments reflect Increased funding for Wages, Benefits, and Other Expenses \$ 23,737

TOTAL ENVIRONMENT COMPLIANCE REVENUE BUDGET INCREASE \$ 23,737

INFRASTRUCTURE By Category

FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED
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VARIANCE FY26/27 versus FY25/26

EXPENDITURES

Over/(Under)

		FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED	VARIANCE FY26/27 versus FY25/26
<u>Personnel</u>						
1	Wages	-	-	-	-	-
2	Premium Pay	-	-	-	-	-
3	Health Benefits	-	-	-	-	-
4	Retirement Cont.	-	-	-	-	-
5	Retiree Med/OPEB	-	-	-	-	-
6	Misc. Benefits	-	-	-	-	-
7	Subtotal	-	-	-	-	-
<u>Non-Personnel</u>						
8	Legal Services	-	-	-	-	-
9	Engineering Services	-	-	-	-	-
10	Professional Services	-	-	-	-	-
11	Prof. Memberships	-	-	-	-	-
12	Insurance Premiums	-	-	-	-	-
13	Misc. Expenses	-	-	-	-	-
14	Utilities	-	-	-	-	-
15	Travel & Training	-	-	-	-	-
16	Equipment Rental	-	-	-	-	-
17	Bldg & Maint Services	-	-	-	-	-
18	Chemicals	-	-	-	-	-
19	Permits & Licenses	-	-	-	-	-
20	Supplies	-	-	-	-	-
21	Equipment	-	-	-	-	-
22	Infrastructure (A)	3,388,625	3,645,000	3,164,267	4,250,000	605,000 17%
23	Claims/Penalties	-	-	-	-	-
25	Subtotal	3,388,625	3,645,000	3,164,267	4,250,000	605,000 17%

Key Changes

Increased to address the projects identified in the FY2026-27 Capital Improvement Plan Budget

TOTAL INFRASTRUCTURE EXPENDITURES BUDGET INCREASE

\$ 605,000

**INFRASTRUCTURE
By Category**

FY 2024/25 ACTUAL	FY 2025/26 ADOPTED	FY 2025/26 PROJECTED	FY 26/27 PROPOSED	VARIANCE FY26/27 versus FY25/26	
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REVENUE

By Type:

27 JPA Assessments	3,000,000	3,645,000	3,645,000	4,250,000	605,000	17%
28 NDWSCP Fees	-	-	-	-	-	-
31 Interest Earnings	-	-	-	-	-	-
32 Misc. Revenue	-	-	-	-	-	-
34 REVENUE TOTAL	3,000,000	3,645,000	3,645,000	4,250,000	605,000	17%

By Agency:

35 Half Moon Bay	1,824,600	2,195,748	2,195,748	2,600,150	404,402	18%
36 Granada CSD	571,200	686,718	686,718	773,925	87,207	13%
37 Montara WSD	604,200	762,534	762,534	875,925	113,391	15%
38 TOTAL	3,000,000	3,645,000	3,645,000	4,250,000	605,000	17%

Key Changes

Increased to address the projects identified in the FY2026-27 Capital Improvement Plan Budget

TOTAL INFRASTRUCTURE REVENUE BUDGET INCREASE

\$ 605,000

HIGHLIGHTS

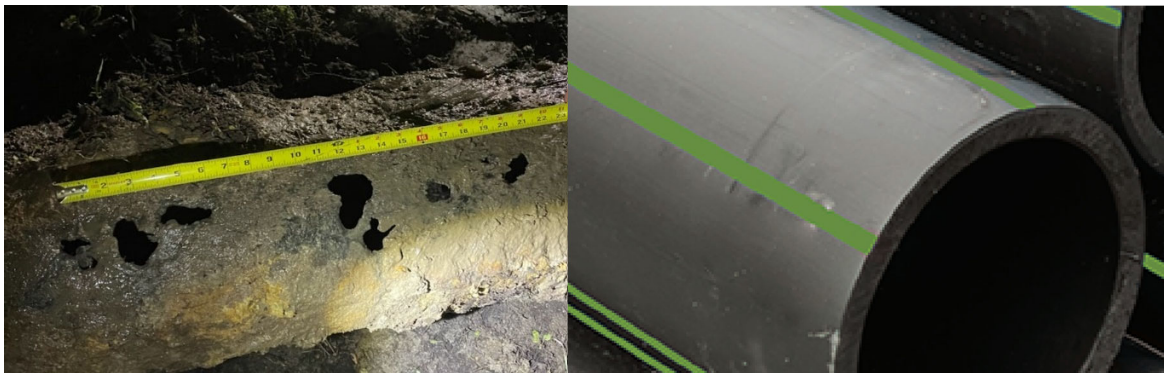
- Infrastructure Projects addressed in FY 2025/26
 - ✓ SAM Force Main Refurbishment Montara Segment – Progressive Design Build in Progress
 - ✓ Completed installation of Boiler #1. Awaiting Boiler #2.
 - ✓ Electrical Building Relocation- Design in Progress.
 - ✓ Completed Installation of Primary Sludge Pumps
 - ✓ Completed Installation of Grit Pumps
 - ✓ Completed installation of #3 Water Pumps

Project: Rehabilitation of SAM Force Main situated in Montara

Priority: Rehabilitation/Replacement/Safety

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

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



CIP Total Cost: \$10,000,000

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

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

Annual Cost Distribution and Schedule

CIP Total	FY2024/25	FY2025/26	FY2026/27	FY 2027/28	FY 2028/29
10.160M	3.0M	3.510M	3.65M	-	-

SEWER AUTHORITY MID-COASTSIDE
CAPITAL IMPROVEMENT PROGRAM FY2026 - FY2027

Project: Replace Effluent Pumps 1, 2, and 3

This project involves replacing effluent pumps/motors 1, 2, and 3. These pumps are old and exceeded their useful lives. These pumps are no longer manufactured and replacement parts must be custom fabricated when necessary. Equipment have been purchased and require installation.



Effluent pumps 1, 2, and 3

CIP Total Cost: \$450,000

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

Reason: This project is a priority because these pumps are responsible for conveying all flow out of the WWTP during storm events and high tide when ocean outfall can no longer flow by gravity. Since the WWTP could potentially flood in an event such as this, the pumps must be maintained in peak reliable condition at all times.

Annual Cost Distribution and Schedule

CIP Total	FY2026				
450,000	450,000				

SEWER AUTHORITY MID-COASTSIDE
CAPITAL IMPROVEMENT PROGRAM FY2026 - FY2027

Project: Montara Pump Station - Replace Pump 1

Priority: Rehabilitation/Replacement

This project involves replacing pumps No. 1 at the Montara Pump Station with submersible grinder style pump similar to pump No. 3. This pump has been purchased and needs to be installed.



CIP Total Cost: \$100,000

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

Basis of Priority: This is a discretionary project that will benefit the performance and reliability of the Montara Pump Station by replacing pump No. 1 with a higher efficiency grinder style pump.

Annual Cost Distribution and Schedule

CIP Total	FY2026				
100,000	100,000				

SEWER AUTHORITY MID-COASTSIDE
CAPITAL IMPROVEMENT PROGRAM FY2026 - FY2027

Project: Portola Pump Station - Replace Pump 1

Priority: Rehabilitation/Replacement

This project replaces pump 1. Pump 1 is the most frequently used pump at the station and sees the most run time. The pump is old and comprised of multiple different parts of varying age and presumed reliability. The pump has been purchased and needs to be installed.



Pumps 1, 2, 3, and 4 (from left to right)

CIP Total Cost: \$50,000

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

Basis of Priority: This project is a priority since the components of pump are old and require replacement.

Annual Cost Distribution and Schedule

CIP Total	FY2026				
50,000	50,000				

Position Control List

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



SEWER AUTHORITY MID-COASTSIDE
Staff Report

TO: Honorable Board of Directors
FROM: Kishen Prathivadi, General Manager
SUBJECT: Discuss Proposed General Budget for FY 2026/27 and Authorize the General Manager to Submit it to Member Agencies for Approval.

Executive Summary

The purpose of this report is to discuss the proposed General Budget for FY 2026/27 and authorize the General Manager to submit it to Member Agencies for approval.

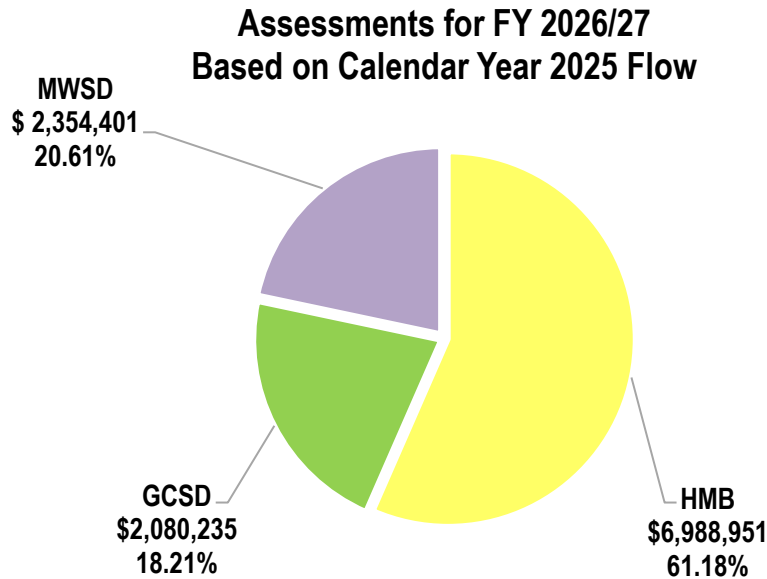
Fiscal Impact

The Operation and Maintenance expenditure budget for FY 2026/27 is \$11.5 million, including infrastructure project expenses. This is an *overall increase* of \$1,482,859 from the FY 2025/26 adopted budget. The impact to the member agency assessments is:

Assessments for Each Member Agency

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	\$	%
	Actual	Actual	Adopted	Proposed	Change	Change
Half Moon Bay	\$ 5,331,608	\$ 5,642,255	\$ 5,989,200	\$ 6,988,951	\$ 999,751	17%
Granada CSD	\$ 1,651,497	\$ 1,766,336	\$ 1,873,116	\$ 2,080,235	\$ 207,119	11%
Montara WSD	\$ 1,686,174	\$ 1,866,382	\$ 2,079,915	\$ 2,354,401	\$ 274,486	13%
	\$ 8,669,279	\$ 9,274,973	\$ 9,942,231	\$ 11,423,587	\$ 1,481,356	15%

BOARD MEMBERS: N. Marsh B. Dye S. Boyd
 P. Nagengast D. Ruddock K. Slater-Carter
ALTERNATE MEMBERS: W. Bowles B. Softky J. Randle
 M. Allen



Strategic Plan Compliance

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

Background and Discussion/Report

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

Staff made the following assumptions in determining changes from the FY 2025/26 adopted budget.

- The position of Engineering & Construction Contracts Manager continues to be defunded.
- All applicable merit step increases will be earned per the MOU with Local No. 39.
- All authorized positions are funded. Salaries for filled positions are estimated at one step up. Salaries for currently vacant positions are estimated at mid-step. There are a total of 17 positions:
 - 7 employees are scheduled for a step increase.
 - One is the General Manager who is on a contract.

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- All services, supplies, and utilities will be increased by a 5% CPI unless specific adjustment was deemed necessary based on actual experience or known factors.

Budget Overview

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

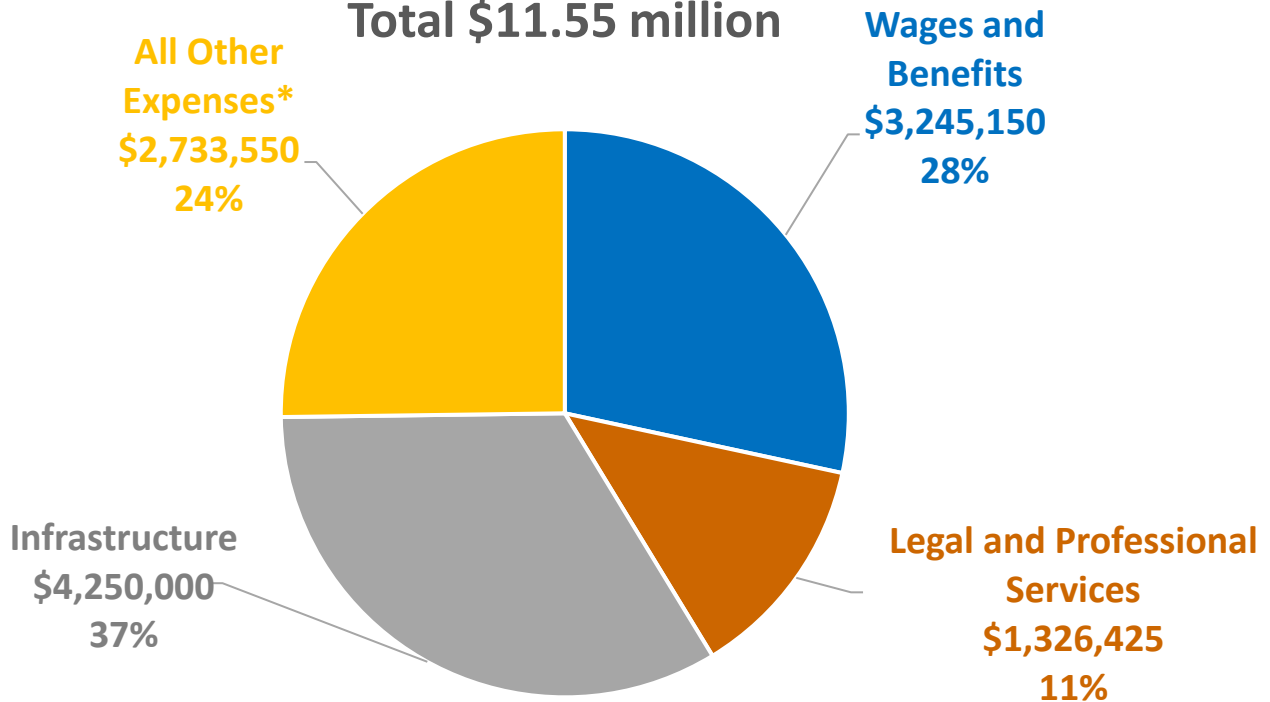
The overall increase from the adopted budget for Fiscal Year 2025/26 to the proposed budget for Fiscal Year 2026/27 is \$1,482,859 or 15%. This is primarily due to an increase in the estimated cost of infrastructure improvements as well as expected non-project capital improvements.

Of the total General Budget, \$3.24 million (28%) is for Wages and Benefits. The cost of Infrastructure improvements is \$4.25 million (37%). Legal, Engineering and Professional Services is \$1.33 million (11%) and accounts for a significant percentage of the budget due to SAM's dependency on contractors and consultants for technical and specialized services.

All other expenses (including Utilities, Insurance, Equipment Rental, Maintenance Services, Chemicals, Permits, Supplies, Equipment, and Claims) represent the remaining \$2.73 million (23%) of the budget.

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Expenses by Category Total \$11.55 million



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

Significant Budget Changes

The Administrative Services division increased \$52,818 or (3%). The net increase is mainly a result of expected increases in the areas of Professional Services (11%) [increase in cost of IT support & web hosting services], Professional Memberships (33%) [First flush program increase], Insurance Premiums (6%) and Miscellaneous Expenses (44%) [sharp increase in the cost of document storage services].

The Treatment division increased \$801,305 or 18%, which is due to the known COLA & Merit increase of 4% and 3% respectively as well as the expected increase of the cost of Healthcare and Retirement Benefits for Treatment division employees. In addition, management has budgeted an additional \$400,000 of Non-Project Capital Improvements which was not done in the earlier years.

The Environmental Compliance division budget increased \$23,737 or (11%) primarily due to the increase in personnel costs as well as the increase in Professional Services (off-site testing costs).

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The Infrastructure division increased \$605,000 to address various projects in the Authority Capital Improvement Plan.

Detail Changes in Expenses

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

1. Wages: Increase of \$119,800 due to known increases in merit and COLA.
2. Premium Pay: Increase of \$27,900 due to standby pay, certification pay, and overtime pay.
3. Health Benefits: Increase of \$46,154 due to labor negotiation approval of 100% coverage of SAM staff as well as increased health insurance costs, budgeted for 11% based on history.
4. Retirement Contributions: Increase of \$50,400 primarily due to the estimation of retirement costs related to the unfunded liability portion in the prior year's budget. (Every year this amount is estimated but the actual amount is not in our control and is not known until we are officially notified by CalPERS after the fiscal year is over).
5. Retirement Medical: Increase of \$17,890 for contributions as negotiated in the MOU and the Unrepresented Employees as well as a contribution of \$18,000 to SAM's section 115 OPEB trust administered by PARS.
6. Misc. Benefits: Increase of \$1,194 for benefits as negotiated in the MOU and the Unrepresented Employees.
7. Personnel Subtotal: Increase of \$263,338 in personnel costs primarily due to the annual funding of SAM's CalPERS Unfunded Liability.
8. Legal Services: Decrease of \$35,000 due to the completion of labor negotiations with Local No. 39 and expected reduced involvement of General Counsel/Special Counsel.
9. Engineering Services: Increase of \$10,557 due to continued involvement with Authority Engineering team.
10. Professional Services: Increase of \$56,025.

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

- Calcon Systems, electrical services: Existing contract in next fiscal year not to exceed \$400,000.

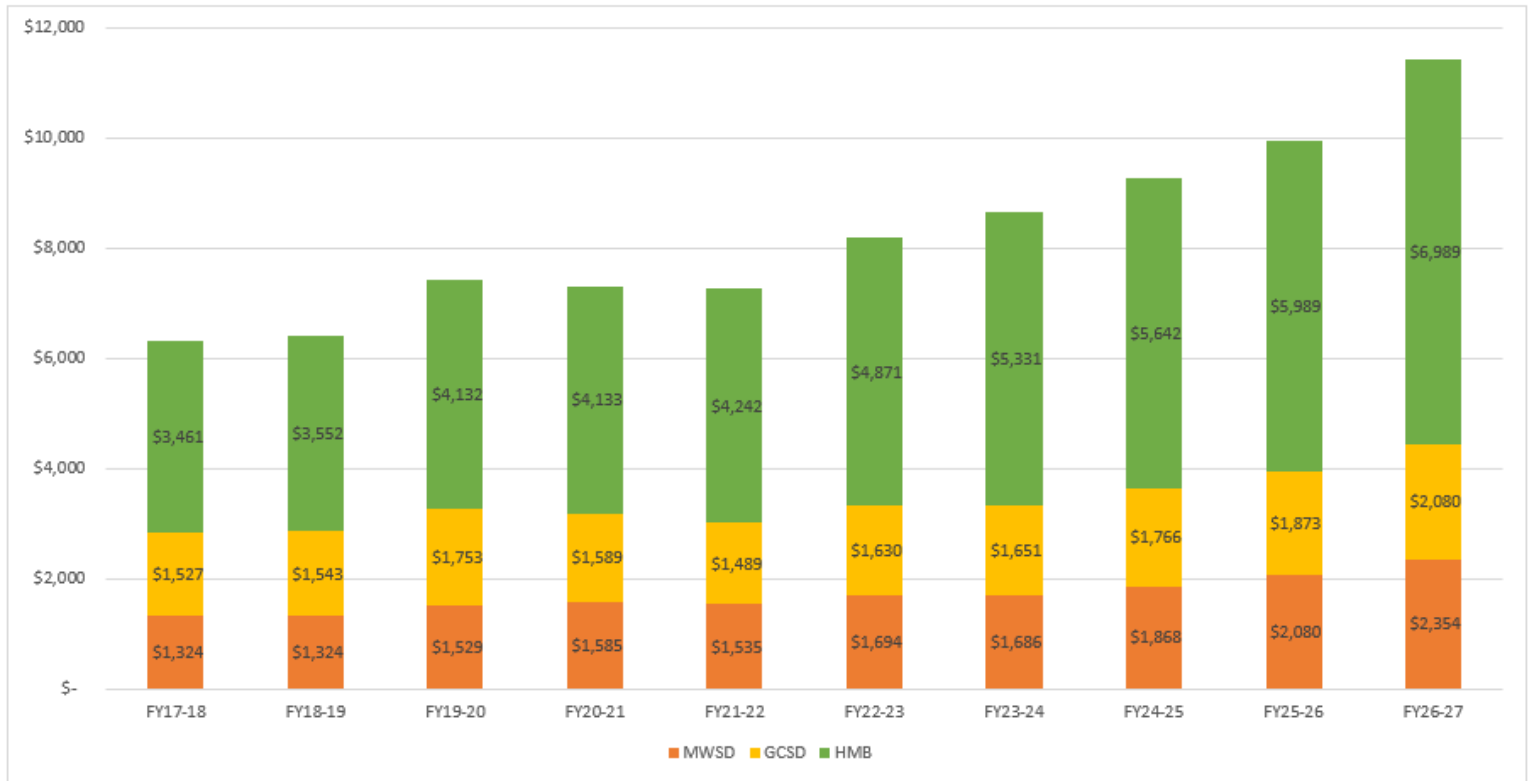
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- RVE Accounting, financial & accounting services: As Needed.
 - Alpha Analytical Laboratories, essential lab services: As Needed.
 - Peninsula Pump, handles pump repair, generally an emergency repair: As Needed.
 - Precision IT, computer equipment maintenance: IT support as and when needed.
11. Professional Memberships: Increase of 27% expected due to the continued participation in the First Flush program.
 12. Insurance Premiums: Increase of \$15,018 due to increased cost of coverage.
 13. Misc. Expenses: Increase of \$34,234 anticipated based on detailed review of current year expenditures, increase due mainly to the cost of document storage services.
 14. Utilities: Increase of \$33,003 for electricity, gas, solid waste disposal, and water consistent with current costs.
 15. Travel & Training: Increase of \$7,389 based on expectation that conference attendance will continue to increase.
 16. Equipment Rental: Increase of \$1,425 due to the completion of specific maintenance projects.
 17. Building & Maintenance Services: Decrease of \$27,900 mainly due to recurring roof work at the SAM office.
 18. Chemicals: Increase of \$24,137 based on anticipated expenses consistent with recent experience and expected industry increases.
 19. Permits & Licenses: Increase of \$6,103, cost of permit was over budget for current fiscal year.
 20. Supplies: Increase of \$8,272 based on current year expenditures.
 21. Equipment: Increase of \$404,259, non-project capital improvements.
 22. Infrastructure: Increase of \$605,000 to address the projects identified in the adopted 5-year CIP (adopted November 25, 2024) and additional projects as indicated in Infrastructure details of the General Budget.
 23. Claims/Penalties: Increase \$5,000.
 24. Non-Personnel Subtotal: Total Increase of \$1,219,521 or 17%.

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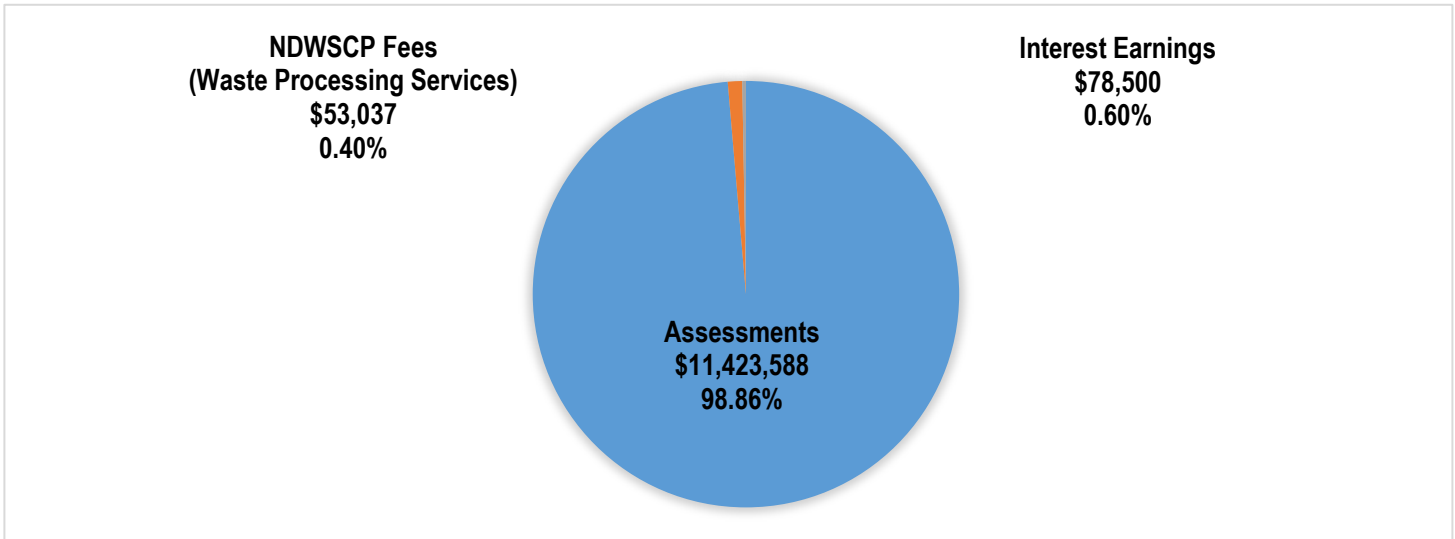
Revenue Allocation

Of the total O&M revenue, the majority (98.86%) is from assessments paid by the JPA member agencies. The allocation between the agencies is based on the flow from the preceding calendar year. The flow allocations fluctuate from year to year.



The remaining revenue comes from Waste Processing Services that are currently classified in the Non-Domestic Waste Source Control Program Fees category of our AR System (0.4%), and interest earnings (0.6%).

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Staff Recommendation

Staff recommends that the Board of Directors review the budget with their respective staff and contemporaries and return comments to the SAM General Manager on or before April 30, 2026, for evaluation and approve a final budget before May 31, 2026.

Supporting Documents

Attachment A: SAM General Budget for FY 2026/27

BOARD MEMBERS:	N. Marsh	B. Dye	S. Boyd
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