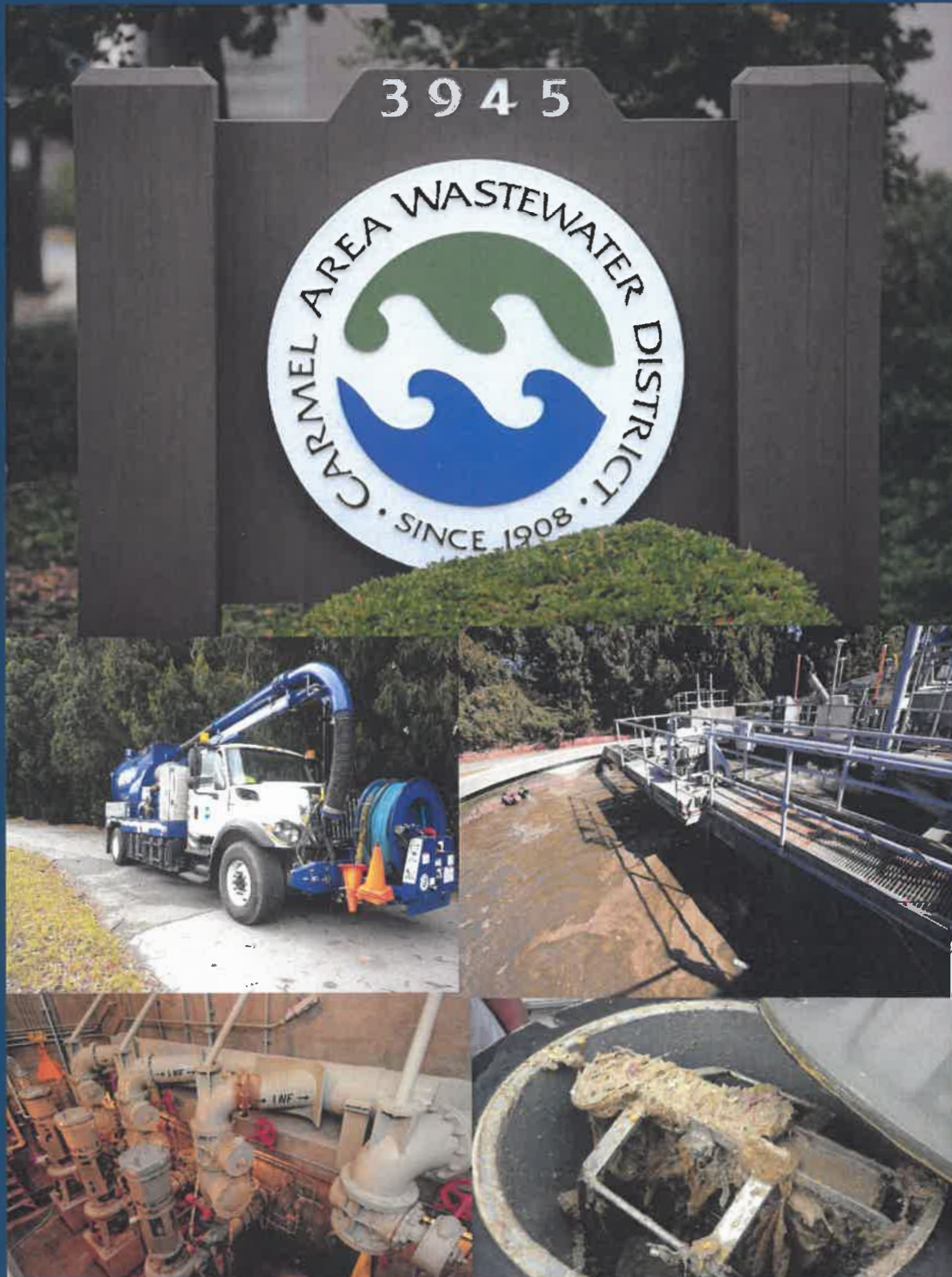


# Carmel Area Wastewater District

## Final Budget

July 1, 2024 – June 30, 2025



# **Carmel Area Wastewater District**

## **Budget Acknowledgements**

### Budget Committee

Robert Siegfried, Director

Suzanne Cole, Director

Barbara Buikema, General Manager

Patrick Treanor, District Engineer

### Management Team

Daryl Lauer, Collection Superintendent

Ed Waggoner, Operations Superintendent

Chris Foley, Maintenance Superintendent

Patrick Treanor, District Engineer

Jeff Bandy, Principal Engineer

# Carmel Area Wastewater District

## 2024-25

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## Message from the General Manager

June 27, 2024

Honorable President and Members of the Board of Directors:

I believe we embark on the new year with a degree of optimism and an attitude of perseverance. Over this past year I think it is safe to say that we've experienced some success stories and some tough knocks. We've not been accustomed to some of what we've experienced this past year. So what has our response been? We reassess and we get back up and back in the game. I am reminded of a Japanese proverb "Fall seven times, stand up eight." This is the face of success at CAWD, sometimes we must simply stand back up again.

### Challenges in front of us

We have multiple challenges in front of us, but there a few that stand out for the next year.

We started rehabilitating the treatment plant back in 2013 with the intention of pivoting to sewer line replacement projects after the plant rehab was substantially complete. We've stuck with this long term strategy and started working on sewer line replacement projects in earnest roughly three years ago. The thought process was to work on the treatment facility first and then pivot to the collection system. We are a relatively small district with a limited staff so this seemed to us to be a reasonable approach. What we did not count on, and certainly we were naïve, is the amount of public comment and disagreement over our proposal. The Carmel Meadows and Pescadero neighborhoods expressed dismay at our proposal to replace infrastructure, and the Corona Road neighborhood not only rejected the assessment bond vote, but they suggested the District was making money on the project! Absolutely not so.

We were even sent back to the drawing board by the Monterey County Planning Commission. They suggested we listen to the neighborhood, even though we had held half a dozen neighborhood meetings. After considering the problem we did the only thing we could . . . stand up again. Focus on what the neighborhood wants. Focus on what is feasible from an engineering standpoint. In effect for Carmel Meadows we've agreed to go back to the drawing board. For Pescadero we are completing a full EIR and we think we've come up with an option that the neighborhood can live

with. For Corona Road, we have decided to walk away, for now. Corona Road voted against connecting to sewer because (short version) the majority did not feel it was necessary and felt the cost was too high. We understand their position and have effectively done a stand down – we respect the vote.

Other significant happenings this past year that impact the budget is that line employees decided to unionize and became members of United Public Employees of California, Local 792, Laborers' International Union of North America (UPEC, LiUNA #792). We're taking the position that this is a positive move – it means that employee bargaining will be considerably more structured. Unions have multiple positive impacts: higher wages and decreased income inequality, reduced wage gaps (i.e. gender and racial/ethnic gaps), employer sponsored benefits, strengthened health and safety, and increased civic engagement and broader community benefits. But we are not blind to the fact that employees generally unionize because they are unhappy with their work conditions. While our data suggests that we meet the median pay for California Sanitation Agencies we acknowledge that we live in a high cost area and it is difficult to cover some costs. Health care in particular is a cost that everyone in Monterey County struggles with.

#### Budgeting for the Future

The District has managed to increase our total cash in bank. The problem we have is that the County of Monterey pays only short term rates and we are not maximizing our investment. The County has been very clear that we cannot take part of the funds on file out of the County without taking all of it. This would be a hardship because we depend on the property tax rolls for billing purposes. We intend to pursue this issue further by investigating the legal ground for Monterey County's position.

Much of the Collection system is 70+ years old. While the treatment facility may move, the collection system is certainly not going anywhere. Our District Engineer and Collections Superintendent have built a 15 year plan for the collections system – something we have worked on for quite some time. It addresses one of the requirements of River Watch (a condition assessment of all lines) but also serves as a planning tool for a longer horizon. This long term plan will be updated annually, but for the current year the plan represents \$66M in projects. Currently the District is committed to a Pay-as-you-Go. Strategy. We remain committed to rehabilitating and replacing worn out assets and preparing for the future. We acknowledge that we have significant challenges ahead but believe that with early and consistent planning we can manage them.





FY 2022-23

## Budget-in-Brief

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### Our Mission

Carmel Area Wastewater District is a special district dedicated to the protection of the public health and the environment by the cost-effective collection and treatment of wastewater and the return of clean water to the environment.

### Who We Are

Formed in 1908, we are one of the oldest sanitary districts in the state. At the time of formation, we provided septage facilities for the village of Carmel-by-the-Sea. Today we have grown to provide collection, treatment, and disposal of wastewater for 11,000 people within the District and treatment and disposal for an additional 4,500 people in Del Monte Forest as provided for by contract with Pebble Beach Community Services District (PBCSD).

The CAWD collection system comprises approximately 84 miles of gravity sewers ranging in diameter from 6 inches to 27 inches together with nearly 5 miles of force mains, 7 pump stations, and over 1,400 manholes. This budget is reflective of our 15-year capital improvement program to replace or rehabilitate the treatment works, pump stations, and pipeline system.



*Aerial Drone Photo 2017*

The District's revenue base is split 65.6% residential and 34.4% commercial/retail. The community is fully built out and little changes from year-to-year, although we currently are offering services further into Carmel Valley and the Big Sur area in response to the County's more stringent septic system requirements.

**DIGESTER  
CONTROL  
BUILDING #2 –  
MIXING PUMP  
(CONSTRUCTION  
COMPLETED IN 2017)**



The plant was designed to treat 4.0 million gallons per day (MGD) of primarily domestic wastewater. At the present time the plant has a permitted capacity of 3.0 MGD. Current average dry weather flow is approximately 1.2 MGD, which represents 40% of permitted capacity. PBCSD contributes approximately one third of our influent flow.

The District treats wastewater to nearly drinking water standards. We reclaim nearly 87% of our influent and return it to the Del Monte Forest where it is used to irrigate seven world famous golf courses including Pebble Beach, Poppy Hills, and Spanish Bay. The costs for treating the water for irrigation use are not borne by the District's ratepayers.

**Key Deliverables:**

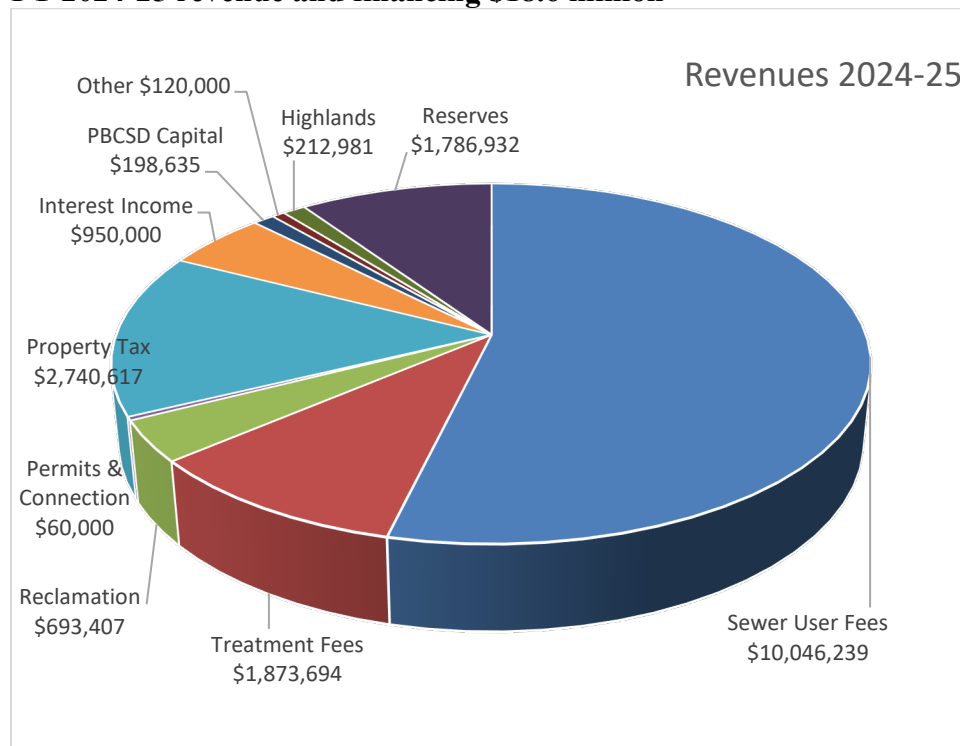
The District's mission is to protect public health and the environment by cost-effectively collecting and treating wastewater and returning clean water to the environment. In District Operations and in our Capital Program, we take our mission seriously and apply it to everything we do. The improvement projects selected by the District were evaluated with a focus on reducing the risk of asset failure while positioning us to achieve our strategic goals. These include:

- Complying with Regulations for current waste discharge permits and positioning for compliance with probable future regulations.
- Protecting the Environment through reliable, efficient, and sustainable treatment of wastewater.
- Reducing Energy Consumption to reduce operating costs and reduce the carbon footprint of the Wastewater Treatment Plant.
- Investing in Safety Practices to reduce the potential for injuries and environmental hazards at the Wastewater Treatment Plant.

- Maintaining Reliability through application of asset preservation and redundancy.
- Supporting the Reclamation Project by reliably supplying secondary treated wastewater to the tertiary microfiltration/reverse-osmosis (MF/RO) plant.
- Enhancing Wastewater Treatment Plant Flood Protection by planning and designing mitigation approaches for flood events.

### How is the District Funded?

**FY 2024-25 revenue and financing \$18.6 million**



**Projected Budget Revenues 2024-25**

The District receives funding from a variety of sources. They include sewer service fees, treatment fees from PBCSD, reimbursement from the Reclamation Project, property tax revenue, interest income, and funds from the participants in the Highlands Bond issuance that cover all debt service.

Wastewater service fees account for approximately 53.8% of total budgeted operating revenues for 2024-25. Additional treatment fees from wastewater coming from PBCSD account for another 10% of operating revenues. This combined total of approximately 63.8% represents total operating revenues from the District's core function of wastewater treatment. The District also receives revenue from non-operating sources, primarily property tax revenue which is 50% of non-operating revenue or 14.7% of total revenues. Property tax revenue is received only from those parcels that were part of the District Pre-Prop 13. Post Prop 13 all property tax revenues for any parcel annexed into the District belong to the County of Monterey. Additional non-operating revenues include interest income, brine disposal fees, and reimbursement from both PBCSD and the Reclamation Project for their share of capital projects.

This year 9.6% of our revenues will come from Reserves – we are planning over \$5.4M in sewer line rehabilitation in the Collection System and over \$1.0M at the Treatment facility for a variety



## **District Reserves**

As prudent management of our finances dictates, the wastewater district keeps a reserve of money to cover projects and unexpected events. Prior to proceeding with any capital project, the District policy is to ensure that it has all funding available to complete the project.



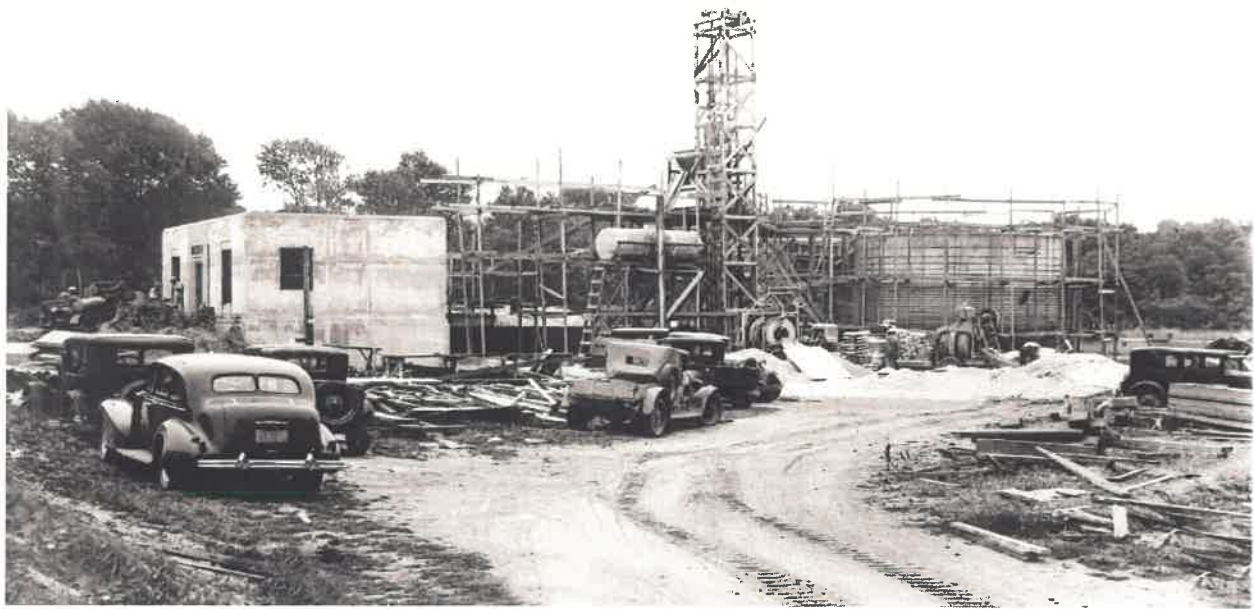
*Clarifiers tanks & DAFT*

## **Wastewater Charges raised to Maintain and Rehabilitate Critical Infrastructure**

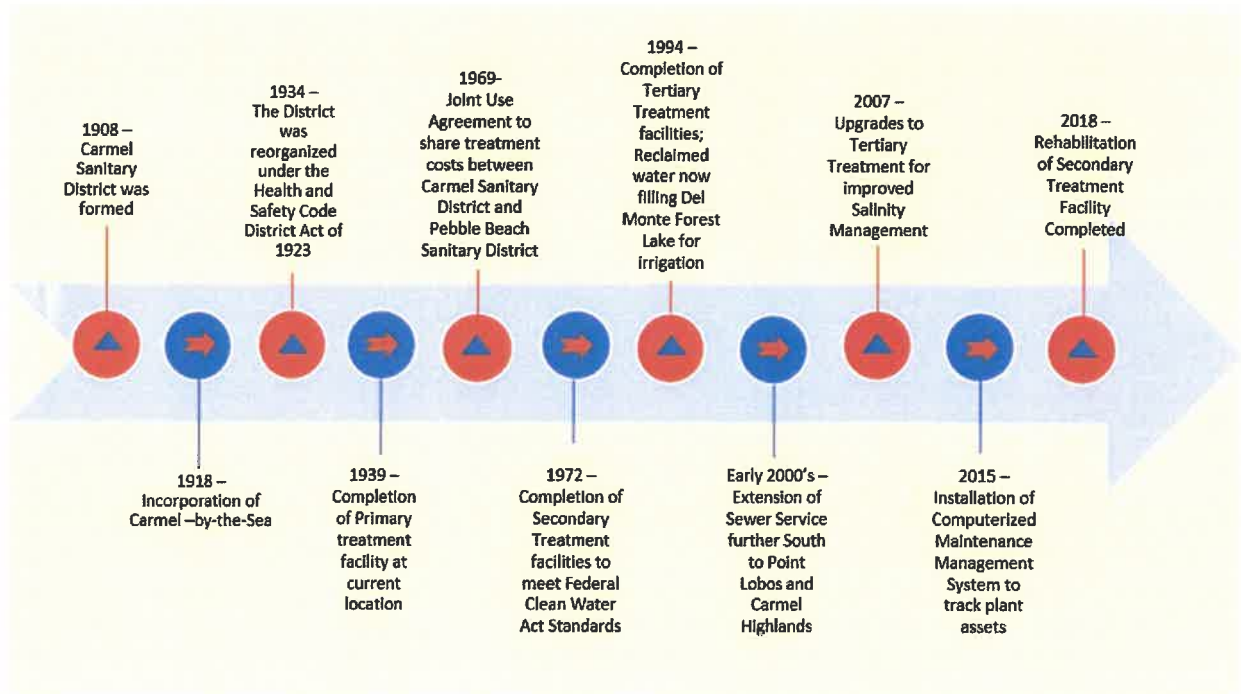
The District has proposed an increase of 0% in its residential user fees. Residential is the largest category in the District and accounts for 66% of our customer base and roughly 65% of user fee revenues. The rate increases are necessary to undertake the capital upgrades and to help us continue with our strategy of “pay-as-you-go” to fund our improvements. The District is keenly aware of the challenges it faces in meeting both its River Watch commitments and California Coastal Commission permit requirements. We feel that in order to position ourselves to apply for a large borrowing in 2040 we need ensure that our debt burden is minimal, and we have a very strong balance sheet.



*MF/RO Structure*



## Carmel Area Wastewater District Timeline







## CAWD Authorized Staff Positions

	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>Administration</b>					
General Manager	1	1	1	1	1
Principal Engineer	1	1	1	1	1
Principal Accountant	1	1	1	1	1
Executive Assistant/Board Clerk	0	0	0	1	1
Admin Assist/Board Clerk (2 x 0.6)	1.2	1.2	1.2	0	0
<b>Maintenance</b>					
Maintenance Superintendent	1	1	1	1	1
Maintenance Mechanic III	1	1	2	2	2
Maintenance Mechanic II	1	1	0	0	0
Safety/Regulatory Compliance Administrator I	1	1	1	1	1
Purchaser/Plant Asset Coordinator	0	0	1	1	1
CMMS-Plant Administrative Coordinator	1	1	0	0	0
<b>Operations</b>					
Operations Superintendent	1	1	1	1	1
Plant Engineer	1	1	1	1	1
Operations Supervisor	1	1	1	1	1
Laboratory Supervisor	1	1	1	1	1
Senior Operator	3	3	3	3	3
Lab Analyst II/Environmental Inspector	1	1	2	2	2
Plant Operator II	3	3	3	3	3
Lab Analyst I/Environmental Inspector	1	1	0	0	0
Plant Operator I	0	0	0	0	0
<b>Collections</b>					
Collections Superintendent	1	1	1	1	1
Collections Worker III	2	2	2	2	2
Collections Worker II	1	1	2	2	2
Collections Worker I	1	1	0	0	1
Collections/Maintenance Utility Worker I	0	1	1	1	0
<b>Total Authorized Staff Positions</b>					
	26.2	27.2	27.2	27	27