

## **STAFF REPORT**

**To: Board of Directors**

**From: Jeff Schneider, Assistant General Manager  
of Finance & Administration**

**Agenda: July 8, 2025**

**Report Date: July 3, 2025**

**Agenda Title: Fiscal 2024-2025 Year-End Financial Results - Preliminary**

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### **Recommendation / Motion:**

**Information Only.**

### **Background:**

The attached Period Budget Analysis summarizes preliminary results for the Fiscal Year ending June 30, 2025. The results include preliminary estimates of year-end expense accruals but exclude depreciation, year-end audit and other adjustments that will be finalized by December, 2025.

Highlights include:

- Year-to-date operating revenue is \$14,097,000, which is \$49,000 or 0.3%, below budget; actual water sales volume of 516 million gallons (MG), is 4 MG, or 0.8% below the budget for FY 2024-25;
- Year-to-date non-operating revenue is \$2,955,000 which is \$588,000 or 24.8% above budget, which includes the following positive variances:
  - \$85,000 of property tax receipts;
  - \$99,000 in Excess ERAF refunds;
  - \$354,000 of interest income due to higher-than-expected LAIF interest rates and the impact of COP funds that have begun to be deployed in recent months;
  - \$50,000 of other income.

Total Revenues are thus \$17,051,000, which is \$539,000, or 3.3% above budget.

- Year-to-date operating expenses of \$11,294,000 are \$191,000, or 1.7%, below budget.

Expense savings versus budget include:

- \$379,000 savings in salaries and benefits as a result of vacancies;
- \$174,000 savings in PG&E expenses, largely due to use of Pilarcitos Reservoir (a gravity source) vs. Crystal Springs pump station;
- \$82,000 savings in operation and maintenance expenses;
- \$205,000 savings in other expenses, including consulting, vehicle maintenance, memberships, election and other fees, and gains on the sale of two vehicles.

Expenses above budget include:

- \$221,000 from the cost of issuance of the January, 2025 public offering of certificates of participation (\$8.0 million of funds were raised to help fund the Carter Hill Prestressed Concrete Tank and Seismic Upgrades Project);
  - \$157,000 in SFPUC water purchases as SFPUC volumes exceeded the budget by 18.7 MG, or 5.3%;
  - \$110,000 of legal expenses due to labor and employment, environmental, and administrative fees;
  - \$88,000 of insurance expenses, due to liability insurance cost increases;
  - \$40,000 of engineering expenses due to design work on the Denniston intake structure, hydraulic modeling, and peer review of projects.
  - \$35,000 of computer services expenses due to costs related to the migration of the ESRI GIS application to the cloud.
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- *The net impact of the revenue shortfall and expense savings is a positive variance of \$730,000 for the year.*
  - *Contributions to the Capital Improvement Program and Reserves are \$4,250,000 versus the budget of \$3,520,000.*

Cash Reserves:

The current cash balance as of June 30, 2025 is \$18,598,000.

Capital Improvement Program (CIP):

CIP spend totaled \$7,518,000 against an approved plan of \$11,250,000 for the year. The variance is primarily due to delays in project spend on the Carter Hill Tank Project and the San Vicente/Denniston Water Development Project to FY2026. In addition, the Highway 92 Pipeline Project (to be completed in Summer 2025) is tracking to be underbudget by approximately \$500,000.

Major projects included:

- Carter Hill Prestressed Concrete Tank and Seismic Upgrades Project (in construction to be completed Spring 2026) - \$2,949,000
- Highway 92 – Potable Water Pipeline Emergency Restoration Project (in construction to be complete in Summer, 2025) - \$2,222,000
- Nunes Water Treatment Plant Paving (complete) - \$351,000
- Denniston Contact Clarifier Hatch Replacements (complete) - \$348,000
- Pilarcitos Wellfield Replacement Project (in design) - \$346,000
- Nunes Water Treatment Plant Roof Replacement (complete) - \$185,000
- San Vicente / Denniston Water Supply Development (on-going) - \$276,000
- Sodium Hypochlorite Generator Replacement at Nunes - \$245,000
- Fire Hydrant Replacement (on-going) - \$189,000

**COASTSIDE COUNTY WATER DISTRICT - PERIOD BUDGET ANALYSIS**

**Preliminary**

**For Fiscal Year Ending 6/30/2025**

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance	Comments
<b>OPERATING REVENUE</b>						
1-0-4120-00	Water Revenue -All Areas	14,145,409.00	14,096,579.91	(48,829.09)	-0.35%	At 516 MG, water volumes are 0.8% below budget and 9.8% above prior year
<b>TOTAL OPERATING REVENUE</b>		<b>14,145,409.00</b>	<b>14,096,579.91</b>	<b>(48,829.09)</b>	<b>-0.35%</b>	
<b>NON-OPERATING REVENUE</b>						
1-0-4170-00	Water Taken From Hydrants	52,000.00	72,642.53	20,642.53	39.70%	
1-0-4180-00	Late Notice -10% Penalty	100,000.00	102,587.13	2,587.13	2.59%	
1-0-4230-00	Service Connections	15,000.00	7,896.25	(7,103.75)	-47.36%	
1-0-4920-00	Interest Earned	300,000.00	654,257.41	354,257.41	118.09%	Higher-than-expected LAIF interest rates and the impact of COP funds
1-0-4930-00	Tax Apportionments/Cnty Checks	1,092,000.00	1,176,809.64	84,809.64	7.77%	
1-0-4950-00	Miscellaneous Income	5,000.00	9,674.15	4,674.15	93.48%	
1-0-4955-00	Cell Site Lease Income	203,000.00	232,242.40	29,242.40	14.41%	
1-0-4965-00	ERAF REFUND -County Taxes	600,000.00	698,690.23	98,690.23	16.45%	
<b>TOTAL NON-OPERATING REVENUE</b>		<b>2,367,000.00</b>	<b>2,954,799.74</b>	<b>587,799.74</b>	<b>24.83%</b>	
<b>TOTAL REVENUES</b>		<b>16,512,409.00</b>	<b>17,051,379.65</b>	<b>538,970.65</b>	<b>3.26%</b>	
<b>OPERATING EXPENSES</b>						
1-1-5130-00	Water Purchased	2,587,024.00	2,743,814.77	(156,790.77)	-6.06%	Use of SFPUC sources is 5.3% above budget and 16.1% above previous year
1-1-5230-00	Pump Exp, Nunes T P	65,550.00	61,712.62	3,837.38	5.85%	
1-1-5231-00	Pump Exp, CSP Pump Station	500,000.00	356,386.34	143,613.66	28.72%	PG&E expenses have not reached budgeted levels
1-1-5232-00	Pump Exp, Trans. & Dist.	31,050.00	31,433.56	(383.56)	-1.24%	
1-1-5233-00	Pump Exp, Pilarcitos Canyon	79,350.00	71,960.46	7,389.54	9.31%	
1-1-5234-00	Pump Exp. Denniston	102,350.00	82,384.31	19,965.69	19.51%	PG&E savings related to shutdowns for maintenance at the Denniston water treatment plant
1-1-5242-00	CSP Pump Station Operations	13,000.00	11,121.56	1,878.44	14.45%	
1-1-5243-00	CSP Pump Station Maintenance	45,000.00	49,966.62	(4,966.62)	-11.04%	
1-1-5246-00	Nunes T P Operations	109,000.00	69,789.69	39,210.31	35.97%	
1-1-5247-00	Nunes T P Maintenance	135,000.00	151,682.44	(16,682.44)	-12.36%	
1-1-5248-00	Denniston T.P. Operations	78,000.00	36,243.06	41,756.94	53.53%	
1-1-5249-00	Denniston T.P. Maintenance	165,000.00	127,163.39	37,836.61	22.93%	
1-1-5250-00	Laboratory Services	81,000.00	105,044.31	(24,044.31)	-29.68%	Reflects special sampling (lead and copper - 3 year cycle)
1-1-5260-00	Maintenance -General	421,000.00	354,227.14	66,772.86	15.86%	
1-1-5261-00	Maintenance -Well Fields	50,000.00	109,697.23	(59,697.23)	-119.39%	Includes \$91k spend for rehabilitation of Pilarcitos wells.
1-1-5263-00	Uniforms	14,700.00	14,728.75	(28.75)	-0.20%	
1-1-5318-00	Studies/Surveys/Consulting	160,000.00	113,270.30	46,729.70	29.21%	
1-1-5321-00	Water Resources	20,000.00	7,103.84	12,896.16	64.48%	
1-1-5322-00	Community Outreach	68,000.00	61,024.14	6,975.86	10.26%	
1-1-5381-00	Legal	116,000.00	225,553.33	(109,553.33)	-94.44%	Includes labor/employment, environmental and administrative fees.

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**Preliminary**

**For Fiscal Year Ending 6/30/2025**

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance	Comments
1-1-5382-00	Engineering	90,000.00	129,929.73	(39,929.73)	-44.37%	Includes design work on Denniston intake, hydraulic modeling, and peer review of projects.
1-1-5383-00	Financial Services	24,150.00	21,355.00	2,795.00	11.57%	
1-1-5384-00	Computer Services	375,000.00	409,515.96	(34,515.96)	-9.20%	Migration to AWS cloud of the ESRI GIS application
1-1-5410-00	Salaries/Wages-Administration	1,459,211.00	1,364,069.14	95,141.86	6.52%	Vacant temp position and below-budgeted salaries for customer service hires
1-1-5411-00	Salaries & Wages -Field	2,093,480.00	1,914,847.89	178,632.11	8.53%	Vacant superintendent and maintenance worker positions
1-1-5420-00	Payroll Tax Expense	254,404.00	228,152.76	26,251.24	10.32%	
1-1-5435-00	Employee Medical Insurance	520,835.00	481,958.92	38,876.08	7.46%	
1-1-5436-00	Retiree Medical Insurance	62,407.00	67,476.09	(5,069.09)	-8.12%	
1-1-5440-00	Employees Retirement Plan	707,803.00	664,374.82	43,428.18	6.14%	
1-1-5445-00	Supplemental Retirement 401a	38,016.00	36,000.00	2,016.00	0.00%	
1-1-5510-00	Motor Vehicle Expense	95,000.00	60,193.63	34,806.37	36.64%	
1-1-5620-00	Office Supplies & Expense	418,000.00	396,779.33	21,220.67	5.08%	
1-1-5625-00	Meetings / Training / Seminars	52,300.00	51,213.48	1,086.52	2.08%	
1-1-5630-00	Insurance	209,000.00	296,695.32	(87,695.32)	-41.96%	JPIA's experience modification factor for liability insurance exceeds the budgeted assumption
1-1-5687-00	Membership, Dues, Subscript.	125,000.00	112,275.47	12,724.53	10.18%	
1-1-5688-00	Election Expenses	30,000.00	0.00	30,000.00	100.00%	
1-1-5689-00	Labor Relations	6,000.00	0.00	6,000.00	100.00%	
1-1-5700-00	San Mateo County Fees	33,000.00	17,158.26	15,841.74	48.01%	
1-1-5705-00	State Fees	50,600.00	52,012.87	(1,412.87)	-2.79%	
1-1-5799-00	Cost Of Issuance	0.00	220,851.00	(220,851.00)	0.00%	Costs related to the issuance of Certificates of Participation (\$8.0 million in funds) in support of the Carter Hill Tank project
1-1-5910-00	Loss/Gain On Disposal Of Assets	0.00	(15,000.00)	15,000.00	0.00%	Gain on sale of two vehicles
<b>TOTAL OPERATING EXPENSES</b>		<b>11,485,230.00</b>	<b>11,294,167.53</b>	<b>191,062.47</b>	<b>1.66%</b>	
<b>CAPITAL ACCOUNTS</b>						
1-1-5715-00	Debt Svc/CIEDB 11-099 (I-BANK)	335,173.00	335,172.75	0.25	0.00%	
1-1-5716-00	Debt Svc/CIEDB 2016 (I-BANK)	321,412.00	321,412.10	(0.10)	0.00%	
1-1-5717-00	Chase Bank - 2018 Loan	432,821.00	432,821.13	(0.13)	0.00%	
1-1-5718-00	First Foundation Bank - 2022	417,434.00	417,434.08	(0.08)	0.00%	
1-1-5719-00	Debt Service - 2025 COP Issuance	0.00	0.00	0.00	0.00%	
<b>TOTAL CAPITAL ACCOUNTS</b>		<b>1,506,840.00</b>	<b>1,506,840.06</b>	<b>(0.06)</b>	<b>0.00%</b>	
<b>TOTAL EXPENSES</b>		<b>12,992,070.00</b>	<b>12,801,007.59</b>	<b>191,062.41</b>	<b>1.47%</b>	
<b>CONTRIBUTION TO CIP/RESERVES</b>		<b>3,520,339.00</b>	<b>4,250,372.06</b>			