

# FY19 PROPOSED BUDGET

Board of Directors  
April 19, 2018



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## FY19 Budget Summary

- Total Revenues of \$35,752,123
  - Operating: \$29,438,251, increase of 6.4%
  - Non-operating: \$6,313,872, increase of 109.1%
- Total Operating Expenses of \$30,942,993
  - Debt service of \$1,346,875
  - Capital contribution of \$2,800,000
  - Transfer of \$1.5 M from Rate Stabilization Funds
- Capital Improvement Program of \$10,384,900
  - Capital acquisitions at \$1,290,700, increase of 59.9%
  - CIP at \$9,094,200, increase of 332.4%
- Reserve Funds Reduced by \$2,775,770

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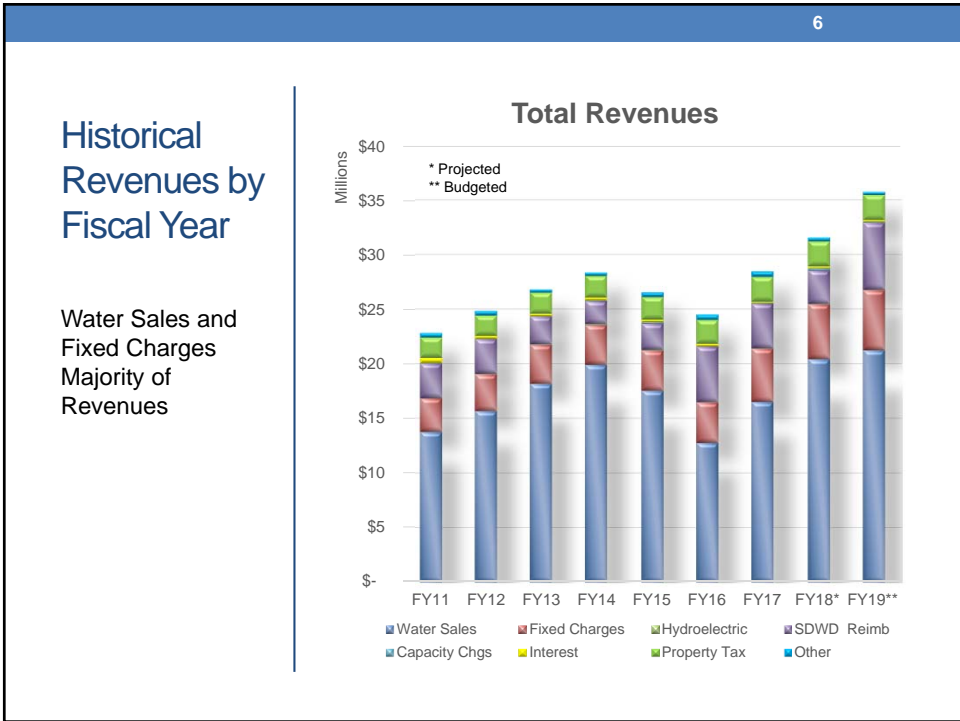
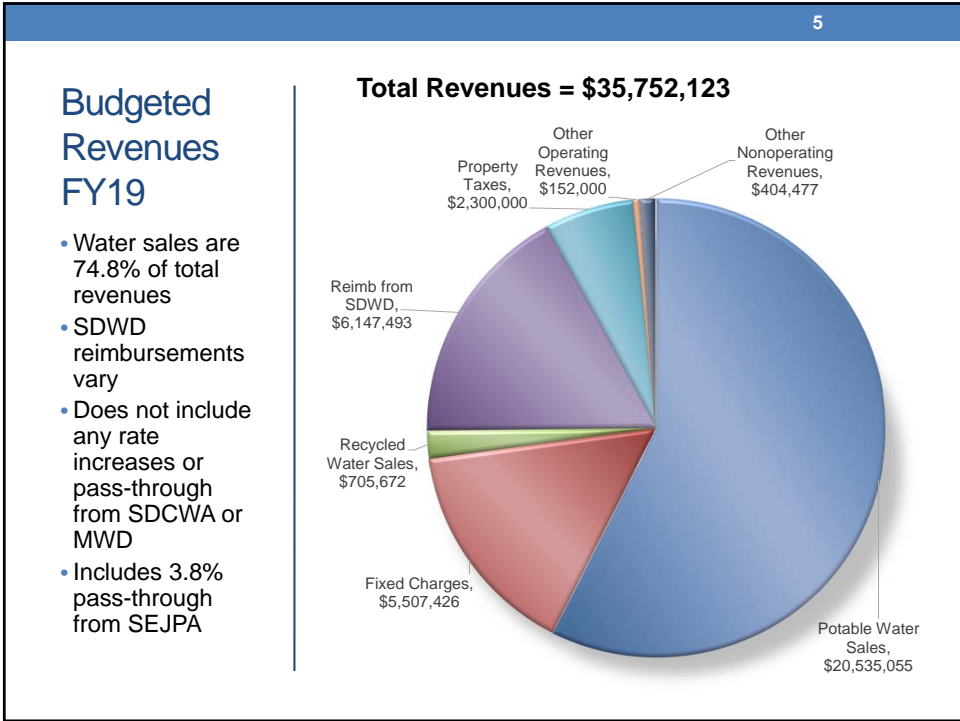
## Key Budgeting Factors

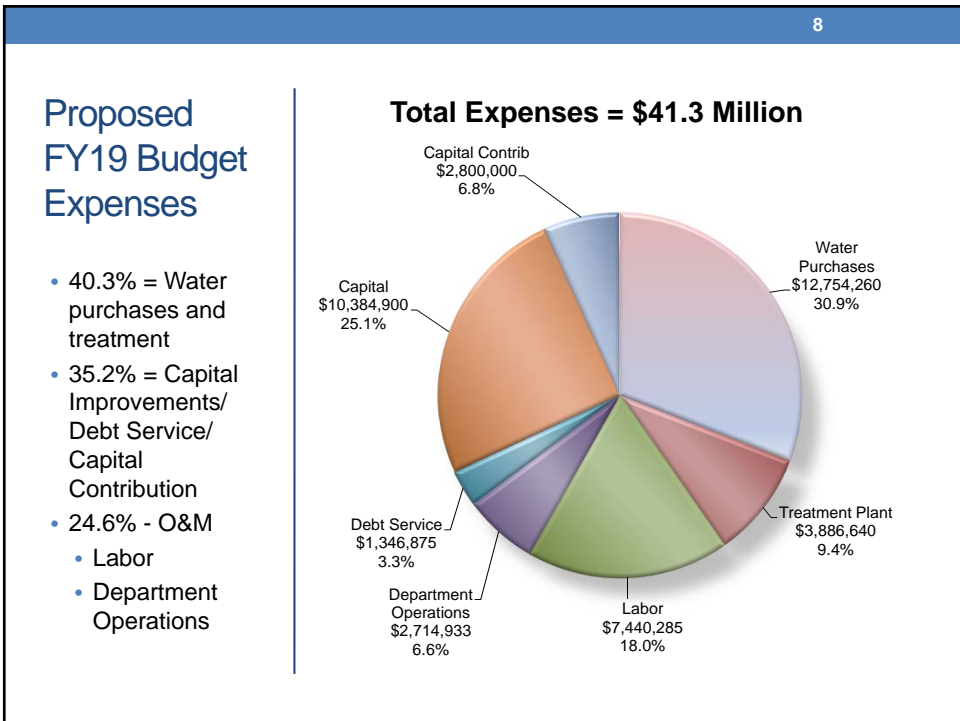
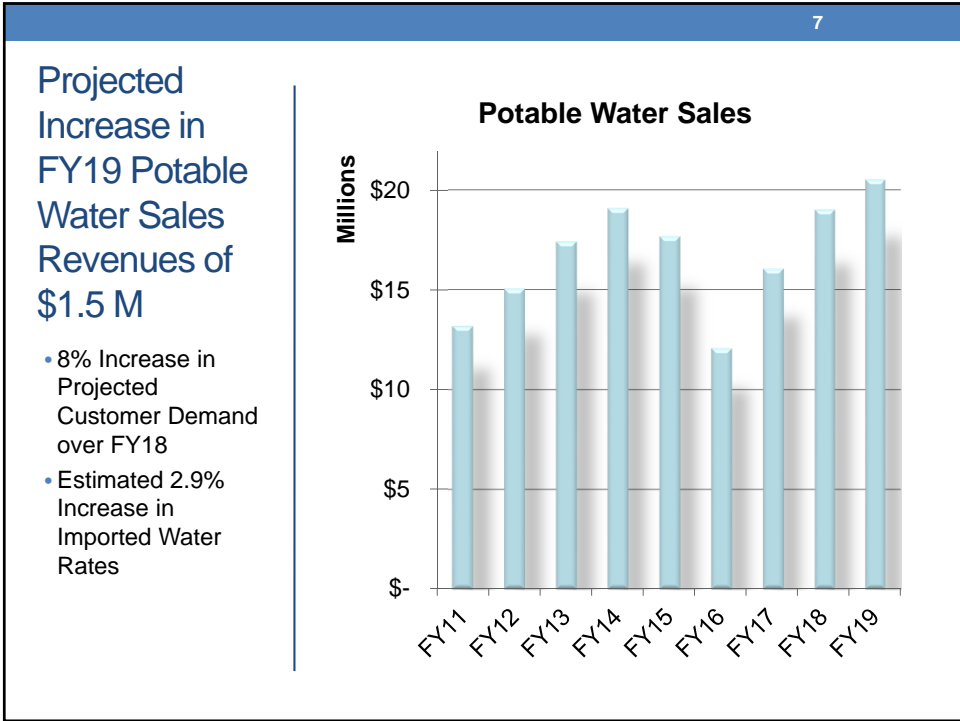
- Potable Water Demand
  - 8.0% above FY18 Budget
  - Potable Sales Projection = 9,720.0 AF
- Local Water Reduced During FY18
  - FY18 Projection = 5,591.5 AF
  - FY19 Budget = 1,720.0 AF
- Increases in Imported Water Supply Costs
  - Increased proportion of purchased water from SDCWA
    - FY18 Projection = 6,387.2 AF
    - FY19 Budget = 8,198.4 AF
  - Estimated 2.9% increase in imported water rates
- Rate of Capital Expenditure/Use of Reserve Funds

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## FY19 Budget Assumptions

- Total Customer Water Demand at 10,170.0 AF
  - Anticipating slight increase (8%) in potable customer demands
  - Includes 450 AF of Recycled Water
- Local Water Supply 17.3% of Potable Water Sources
- SDCWA Water Rate Increase of 2.9% in January 2019
  - Pending final increase estimates from SDCWA
  - Includes six fixed charges
- SFID Rate Increases
  - No increases included in FY19 Budget
  - No pass-through increases from SDCWA, MWD
  - Includes 3.8% pass-through from SEJPA effective July 1, 2018
- Full Funding of OPEB Trust at \$574,832, including current Retiree Premiums
- \$1.3 M Contribution to Capital Reserves from Rates



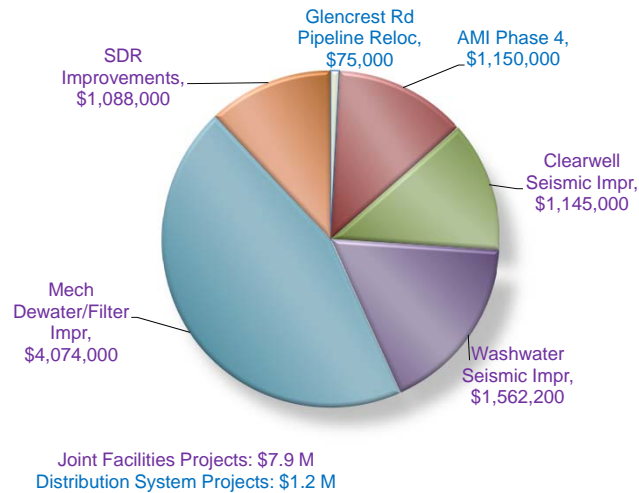


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## Total of \$10.4 M for FY19 Capital Expenditures

- \$1,290,700 in Cap Acquisitions
- \$9,094,200 in Capital Projects
  - \$600,000 carrying over from FY18
  - \$15,277,900 FY19 Appropriations

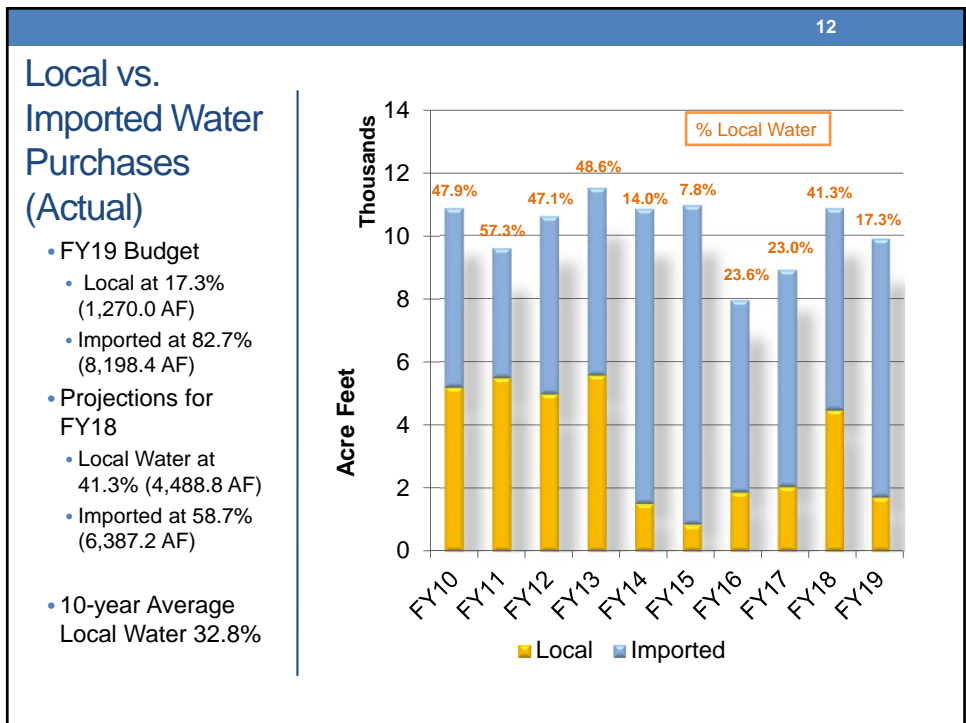
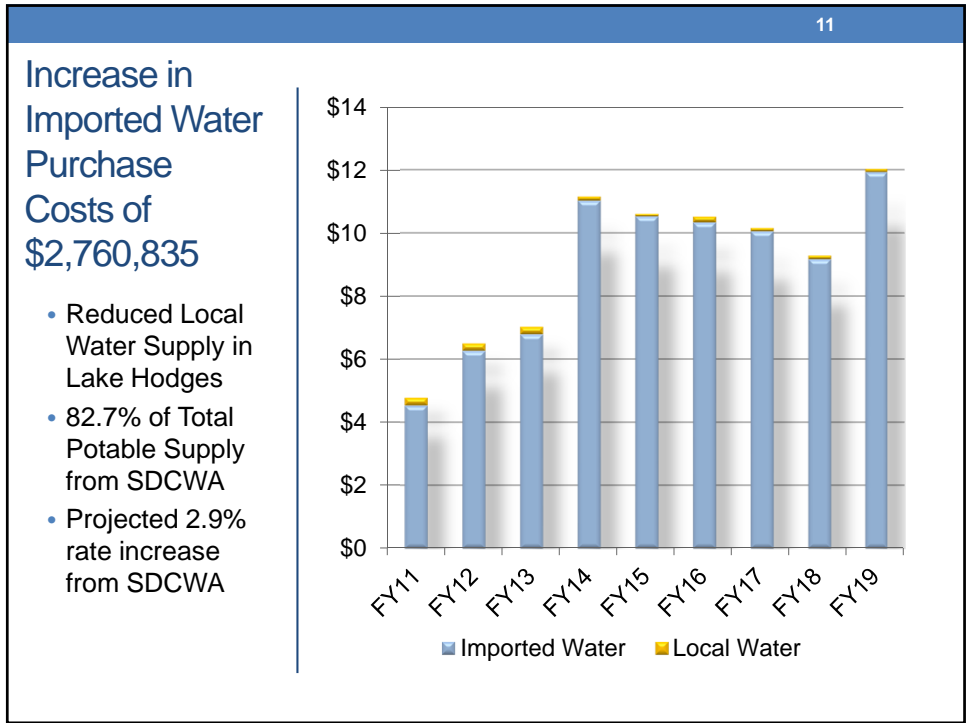
## FY19 Capital Projects - \$9.1 M Increase of \$7.0 M over FY18

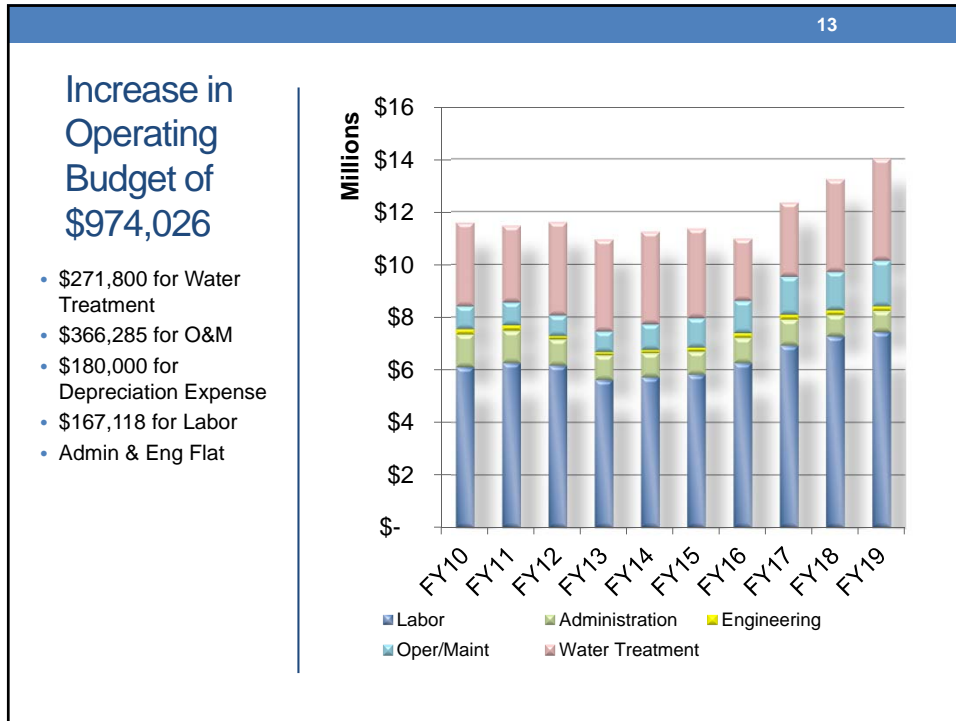


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## Total FY19 Operating Budget Increase of \$3.75 M

- \$2.76 Million Increase in Imported Water Purchases
- \$366,285 for Joint Facilities
  - Water treatment costs – In anticipation of challenging water conditions
  - Electricity – Hydroelectric facility down, additional SDG&E purchases
- \$271,800 for Operations & Maintenance
  - Distribution system repair and maintenance
  - Contractor assistance with developer projects
- \$180,000 Additional Capital Contribution
  - Completed projects in FY18 add depreciation expense
- \$167,118 Increase in Labor Costs
  - \$150,000 in CalPERS contribution
- Administration and Engineering Budgets Flat

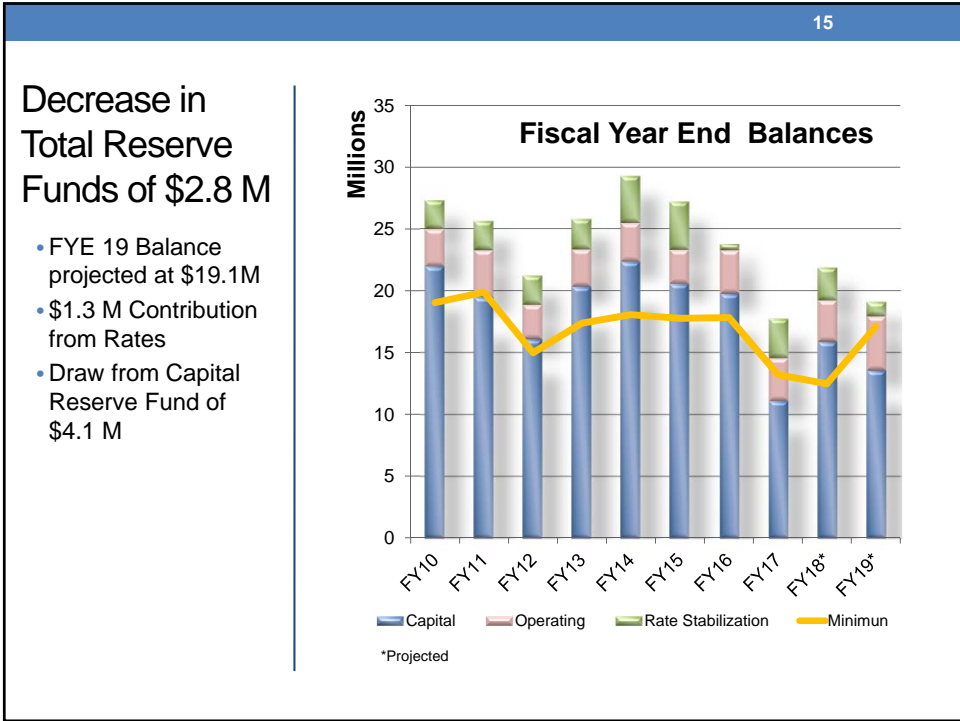




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### Labor Increase of \$167,118 (2.3%)

- 47 Total FTE
- No New Positions
- 1 Limited Term Position (Continued from FY18 and FY17)
- No Increases Pending Negotiation of New Employee MOU
  - Current MOU expires December 31, 2018
- Includes \$150,000 increase in CalPERS Employer Contribution



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- Complete FY19 Budget Document
- Present Draft Document at May Board Meeting
  - Update Assumptions
- Schedule Public Hearing June 21, 2018
  - Board Consider Adoption of FY19 Budget