



Water and Wastewater Commission

FY 2019 Proposed Budget

August 8, 2018



Proposed Budget Overview

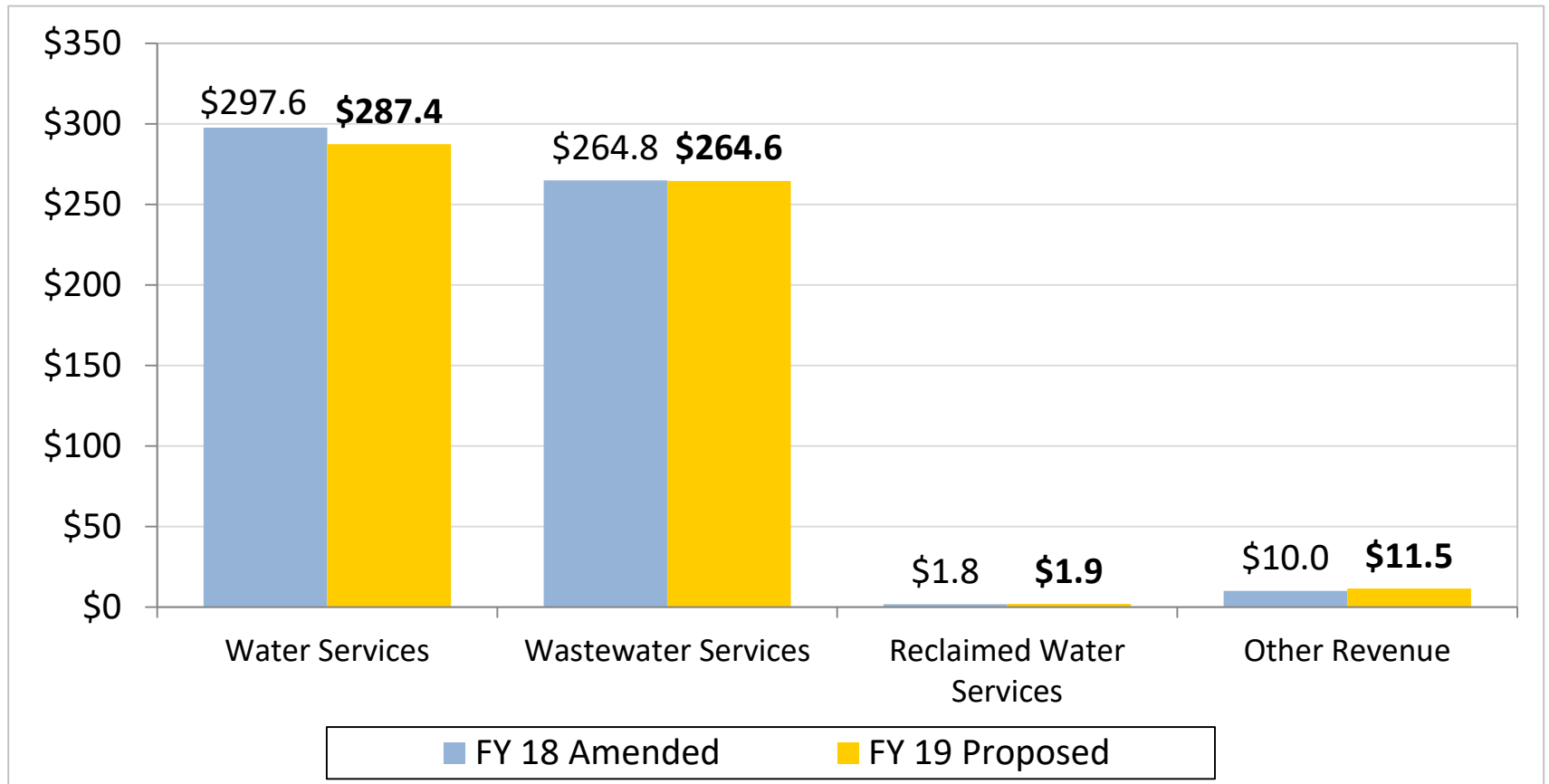
- **0% Rate Increase for 2019**
 - Improvements in affordability
 - 4.8% rate decrease took effect May 1, 2018
- **Continued debt management strategies**
 - Debt defeasances and refinancing
 - \$64.0 million debt defeasance in 2018
 - \$10.9 million decrease in FY 2019 debt service requirements
- **16 new full-time positions**
 - 8 operations positions, 8 support services positions

Sources of Funds

Department Revenue:

FY 18 Amended: \$574.2 million

FY 19 Proposed: \$565.4 million



Uses of Funds

Department Expenditures:

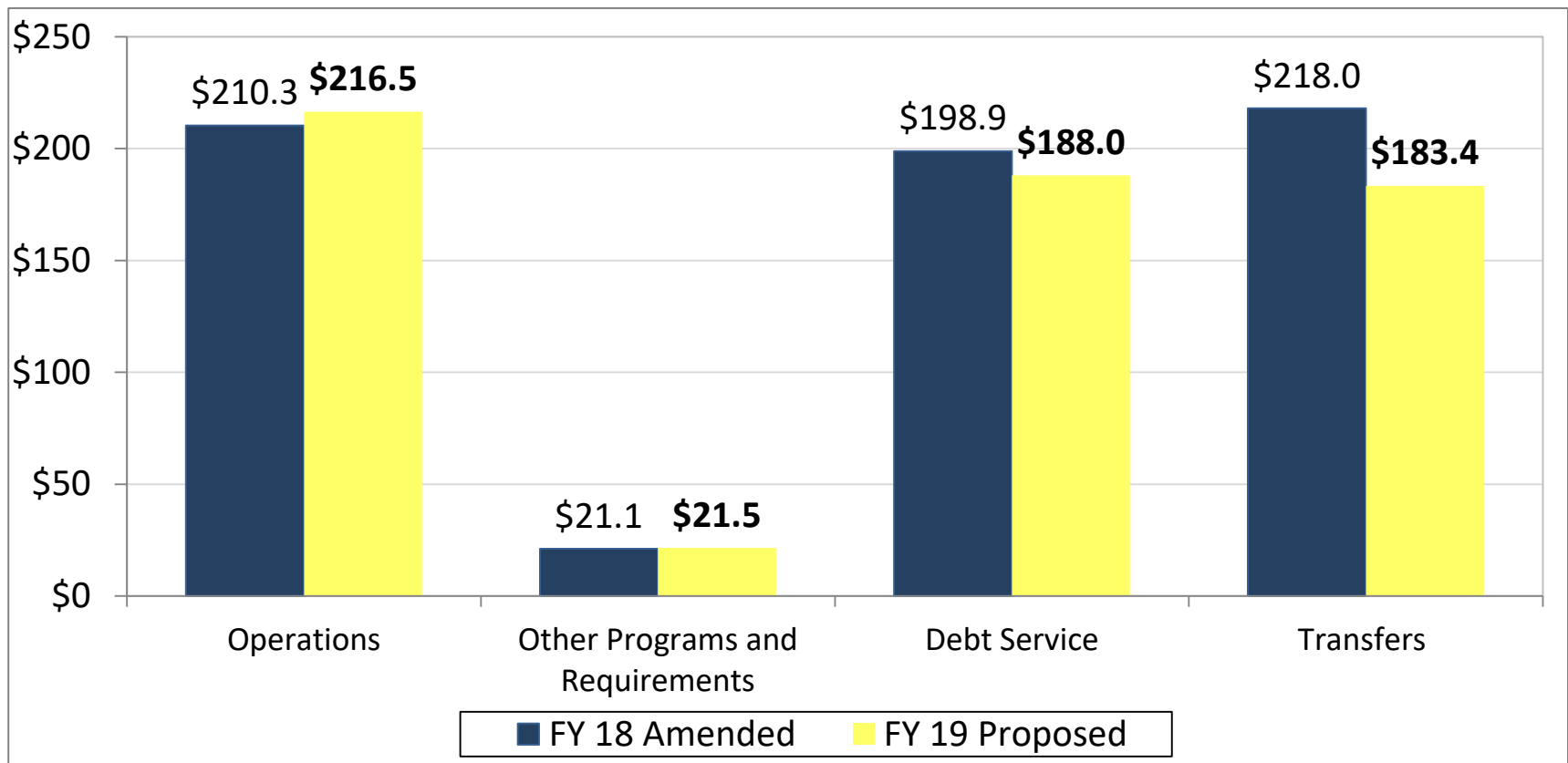
FY 18 Amended: \$648.3 million

FY 19 Proposed: \$609.4 million

FY 2019 Positions:

1,201

 16.0



Significant Budget Changes

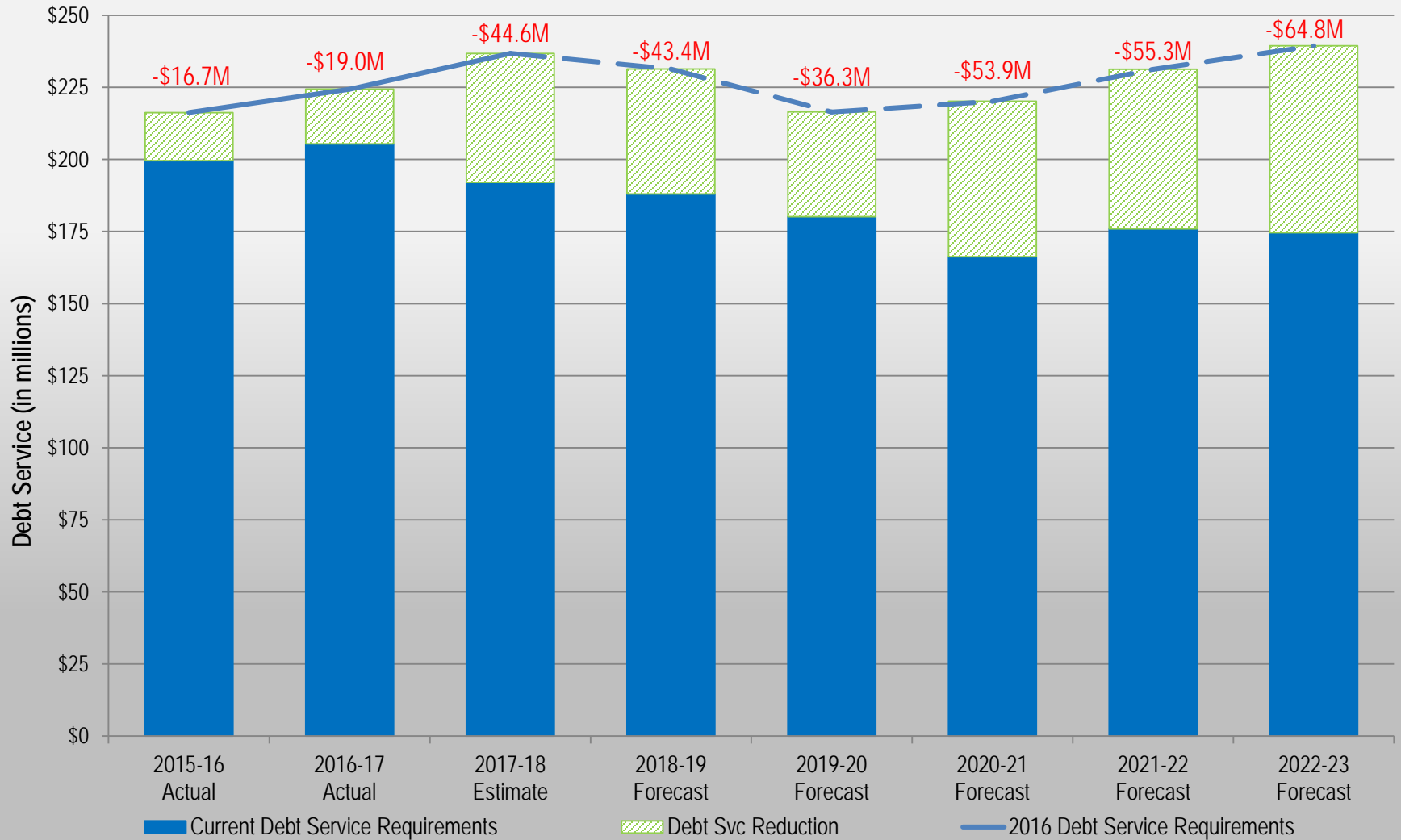
Description	Amount
Increase in chemical costs	\$2.0 million
Increased General Fund transfer	\$1.7 million
16 new full-time positions	\$1.7 million
Increased employee wages and benefits	\$1.6 million
Increased Administrative Support transfer	\$0.7 million
Decrease in bad debt expense	(\$0.9 million)
Decrease cash transfers for pay-as-go CIP financing	(\$3.0 million)
Decrease in debt service requirements	(\$10.9 million)
Decrease in transfers for debt defeasance	(\$29.8 million)

Debt Management Strategies

- **Capital Recovery Fees (“CRF”)**
 - Significant fee increase in 2014 to have development pay for itself
 - 2019 projected net revenue of \$34.2 million
- **\$64.0M debt defeasance in 2018 reduced future debt service requirements by \$67.5M through 2024**
- **Proposed use of Capital Recovery Fee revenues for \$34.2M debt defeasance in 2019**

Debt Management Impact

Total Debt Service Requirements Comparison 2016 to Current



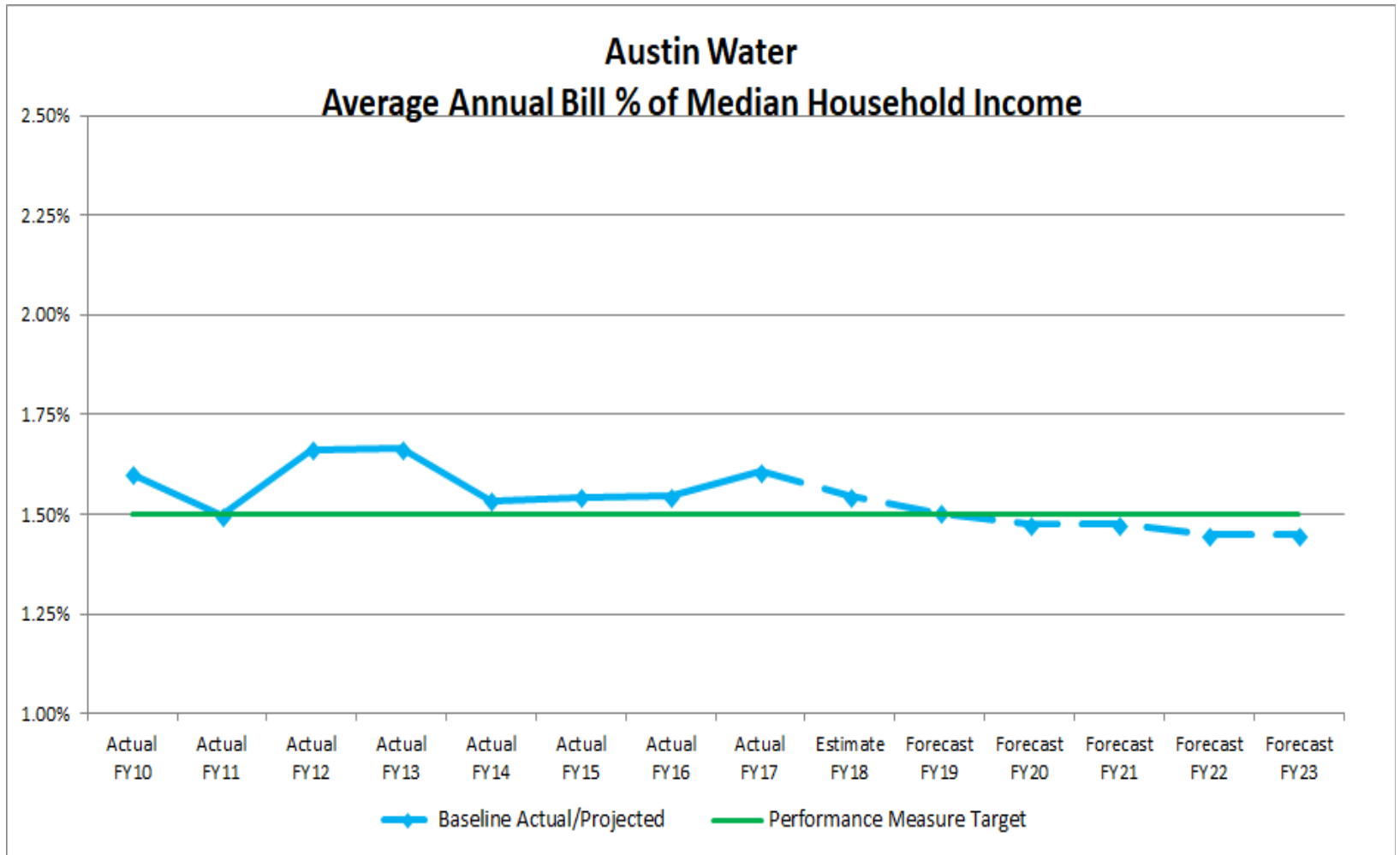
Average Residential Customer Proposed Bill Impacts

	Current 2018 Rates ¹	Proposed 2019 Rates ¹	\$ Variance	% Variance
Water Service ²	\$ 40.95	\$ 40.31	\$ (0.64)	-1.6%
Wastewater Service	40.60	40.48	(0.12)	-0.3%
Total Revenue	<u>\$ 81.55</u>	<u>\$ 80.79</u>	<u>\$ (0.76)</u>	<u>-0.9%</u>

Notes:

1. Bills based on 5,800 gallons of water and 4,000 gallons of wastewater discharge
2. Water bills include the Reserve Fund Surcharge

Affordability Benchmark



AW Goal: 1.5% or less

Customer Assistance Program

Customer Assistance Program Overview

- Approximately 15,500 CAP participants
- Waived monthly water meter charge
- Waived monthly water tiered fixed fee
- Discounted volumetric water and wastewater rates
- Waived monthly wastewater customer charge

	2019 Average Monthly Bill Comparison: Non-CAP vs. CAP			
	Non-CAP	CAP	\$ Discount	% Discount
Water	\$ 40.31	\$ 21.49	\$ 18.82	46.7%
Wastewater	40.48	26.48	14.00	34.6%
Combined	<u>\$ 80.79</u>	<u>\$ 47.97</u>	<u>\$ 32.82</u>	<u>40.6%</u>

Note: Bills based on 5,800 Gals water and 4,000 Gals. wastewater

Capital Improvement Spending Plan

\$910.4 Million 5-year Capital Spending Plan

\$ in millions	5-Year Plan FY 2019-2023					
	2019	2020	2021	2022	2023	Total
Water	\$ 82.5	\$ 114.1	\$ 94.4	\$ 58.0	\$ 46.1	\$ 395.1
Wastewater	102.4	125.1	98.1	71.3	81.8	478.7
Reclaimed	10.7	13.8	5.5	2.3	4.3	36.6
Combined	<u>\$ 195.6</u>	<u>\$ 253.0</u>	<u>\$ 198.0</u>	<u>\$ 131.6</u>	<u>\$ 132.2</u>	<u>\$ 910.4</u>

Proposed 5-Year CIP Spending Plan

Capital Spending Category	5-Year Spending Plan
Treatment Plant Improvements	\$376.5
Transmission/Distribution/Collection	\$198.4
Line Rehabilitation	\$139.8
Reservoirs/ Pump Stations/Lift Stations	\$84.8
Reclaimed Water System	\$36.6
Relocations	\$24.1
Other Projects	\$28.4
Service to Annexed Areas	\$1.8
Vehicles and Equipment	\$14.2
SER Reimbursements	<u>\$5.8</u>
Total 5-Year CIP Spending Plan	\$910.4

Fund Summary

(In Millions)	Estimated 2018	Amended 2018	Proposed 2019
Beginning Balance	\$ 214.8	\$ 200.3	\$ 191.7
Revenue	571.3	574.2	565.5
Transfers In	44.4	44.6	47.6
Available Funds*	\$ 615.7	\$ 618.8	\$ 613.1
Operating Requirements	232.2	231.3	238.0
Debt Service	192.1	198.9	188.0
Transfers Out	214.5	218.1	183.4
Total Requirements*	\$ 638.8	\$ 648.3	\$ 609.4
Excess (Deficiency)	(23.1)	(29.5)	3.7
Ending Balance	\$ 191.7	\$ 170.8	\$ 195.4

Debt Coverage	1.71	1.67	1.72
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Proposed complies with all Council approved financial policies.

Questions?

