

# *FY15 Proposed Operating/Capital Budget and Rate Ordinance*



# *FY15 Operating & CIP Budget Highlights*

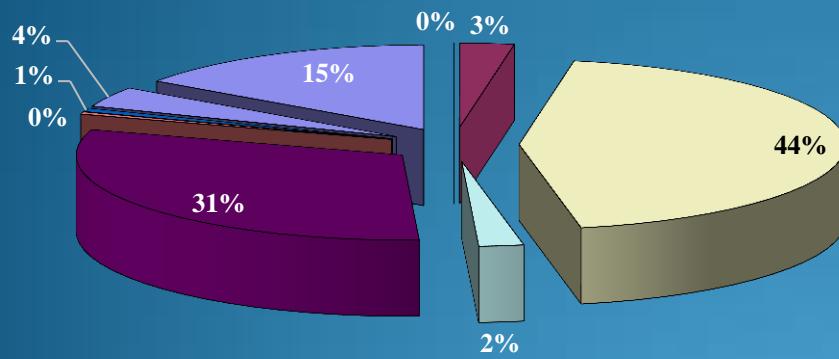
- A 5% rate revenue adjustment is proposed
- Operating working capital of 1/12 of operating expenditures as required by ordinance
- \$2 million is added to the Rate Reserve Fund
- \$51 million for capital projects

# *FY15 Budget Assumptions*

- Nominal growth in service area
- Consumption assumed to be at 135 gcpd
- Growth in operating expenses include only essential items
- Continued increased capital spending for rehabilitation work at the Southside Reclamation Plant

# FY15 Projected Revenues

**\$203,959,000**

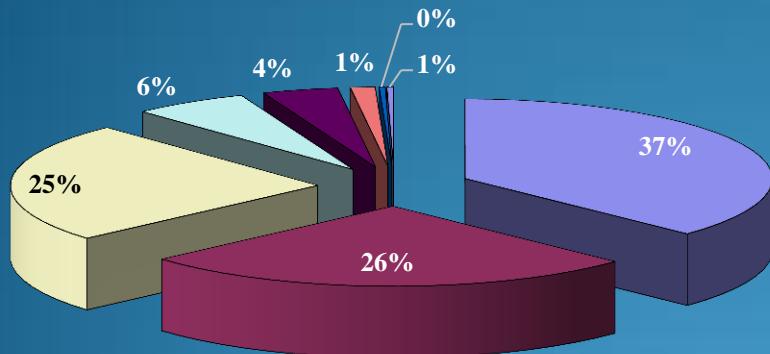


## Revenue Sources

- INTEREST (\$10,000)
- MISCELLANEOUS (\$5,500,000)
- WATER (\$90,277,000)
- WATER RESOURCES MANAGEMENT (\$4,500,000)
- SEWER (\$62,513,000)
- CIP EMPLOYEES (\$800,000)
- SOLID WASTE TRANSFER (\$1,323,000)
- FRANCHISE FEE (\$7,836,000)
- SJC STRATEGY IMLEMENTATION (\$31,200,000)

# *FY15 Budgeted Expenditures*

## **\$196,813,000**



- DEBT SERVICE (\$73,160,000)
- WAGES & BENEFITS (\$51,803,000)
- OPERATING EXPENSE (\$48,142,000)
- TRANSFER TO OTHER FUNDS (\$12,000,000)
- FRANCHISE FEE (\$7,836,000)
- RISK (\$2,544,000)
- OTHER CAPITAL (\$640,000)
- WORKERS COMP (\$688,000)

# Finance Plan Summary

| Operating Fund                 |         |         |         |         |         |         |         |         |         |         |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    |
| <b>REVENUE</b>                 |         |         |         |         |         |         |         |         |         |         |
| <b>Total</b>                   | 181,563 | 205,769 | 225,852 | 233,363 | 244,938 | 250,510 | 250,417 | 260,666 | 263,276 | 268,963 |
| <b>EXPENDITURES</b>            |         |         |         |         |         |         |         |         |         |         |
| <b>Total</b>                   | 180,553 | 195,166 | 209,857 | 217,875 | 226,143 | 234,095 | 236,816 | 246,899 | 246,292 | 250,361 |
|                                |         |         |         |         |         |         |         |         |         |         |
| <b>WORKING CAPITAL BALANCE</b> | 1,010   | 10,603  | 15,995  | 15,487  | 18,795  | 16,415  | 13,601  | 13,766  | 16,984  | 18,602  |
|                                |         |         |         |         |         |         |         |         |         |         |
| <b>Rate Revenue Adjustment</b> | 5.00%   | 5.00%   | 5.00%   | 0.00%   | 5.00%   | 0.00%   | 0.00%   | 5.00%   | 0.00%   | 0.00%   |

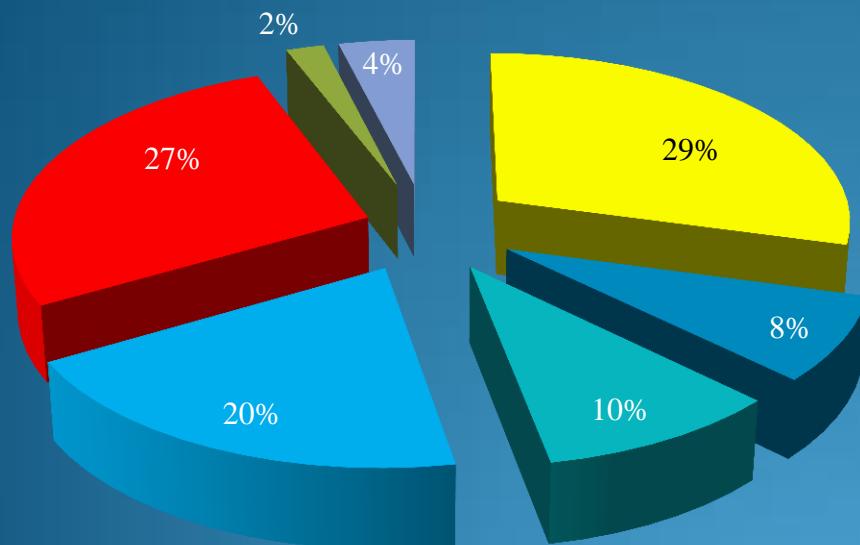
# **CIP Appropriations**

## **Authorization of \$51 million**

- \$48 million for FY15 basic water and sewer program of which a minimum of \$33 million is for rehab and replacement. Included in the total amount is \$10 million for the Southside Reclamation Plant and \$5 million for growth
- \$3 million for Special Projects
  - \$2 million for AMI
  - \$1 million Steel Water Line Replacement

# FY15 CIP Planned Spending

**\$51,000,000**



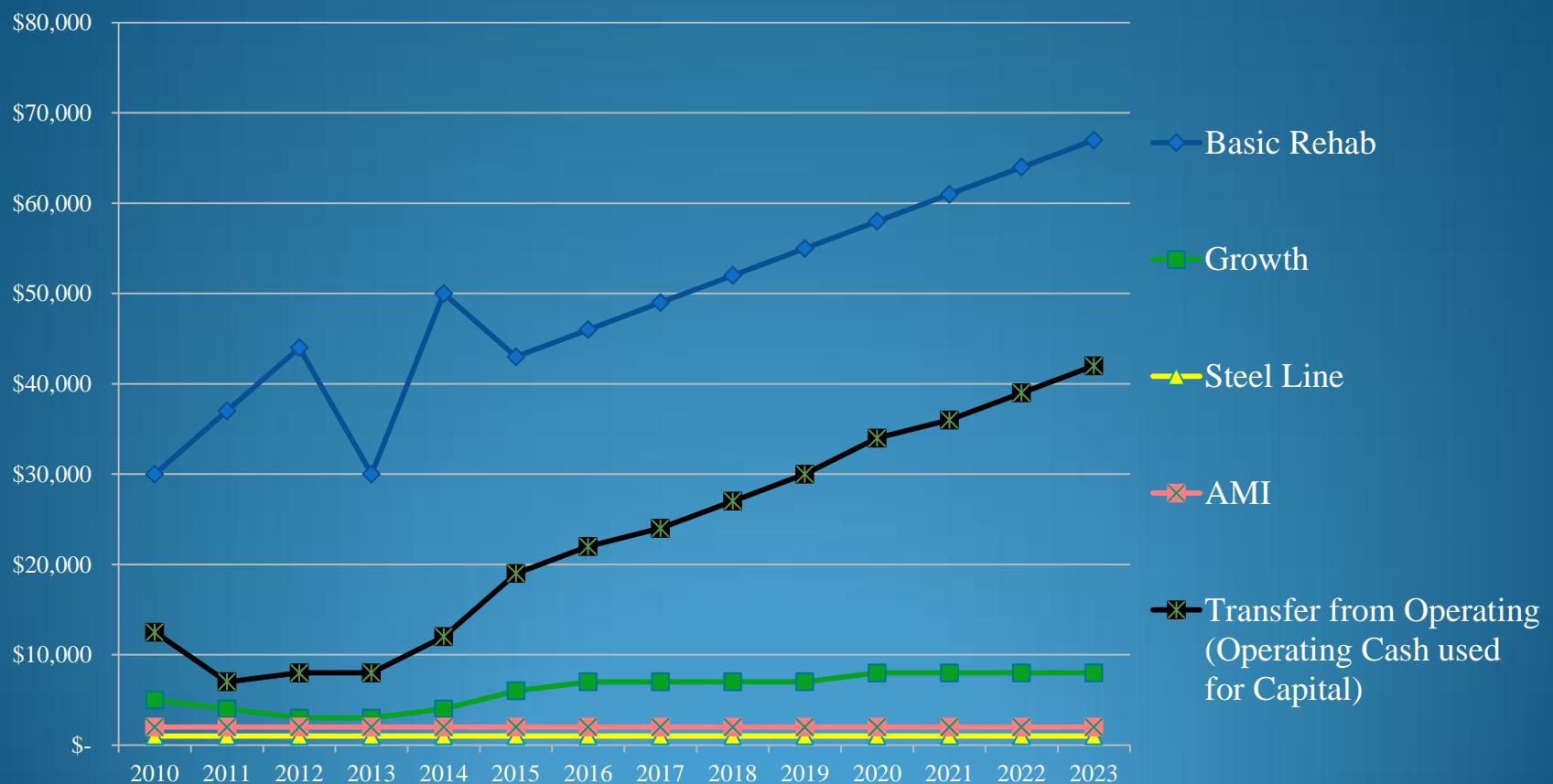
- Basic Pipeline Renewal (\$14,910,000)
- Basic Plant Renewal (\$4,090,000)
- Basic Growth Projects (\$5,000,000)
- Construction of PTF and Dewatering (\$10,000,000)
- Southside Water Reclam. Plant (\$14,000,000)
- Steel Water Line Replacement (\$1,000,000)
- Automated Meter Reading (\$2,000,000)

# *Increase CIP Spending*

*in thousands*

| Capital Funds  | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Basic Rehab w/<br/>Increase for<br/>Rehab / Asset<br/>Management<br/>Plan</b> | \$ 50,000 | \$ 43,000 | \$ 46,000 | \$ 49,000 | \$ 52,000 | \$ 55,000 | \$ 58,000 | \$ 61,000 | \$ 64,000 | \$ 67,000 |
| <b>Steel Line</b>  | \$ 1,000  | \$ 1,000  | \$ 1,000  | \$ 1,000  | \$ 1,000  | \$ 1,000  | \$ 1,000  | \$ 1,000  | \$ 1,000  | \$ 1,000  |
| <b>AMI</b>   | \$ 2,000  | \$ 2,000  | \$ 2,000  | \$ 2,000  | \$ 2,000  | \$ 2,000  | \$ 2,000  | \$ 2,000  | \$ 2,000  | \$ 2,000  |
| <b>Growth</b>  | \$ 4,000  | \$ 6,000  | \$ 7,000  | \$ 7,000  | \$ 7,000  | \$ 7,000  | \$ 8,000  | \$ 8,000  | \$ 8,000  | \$ 8,000  |

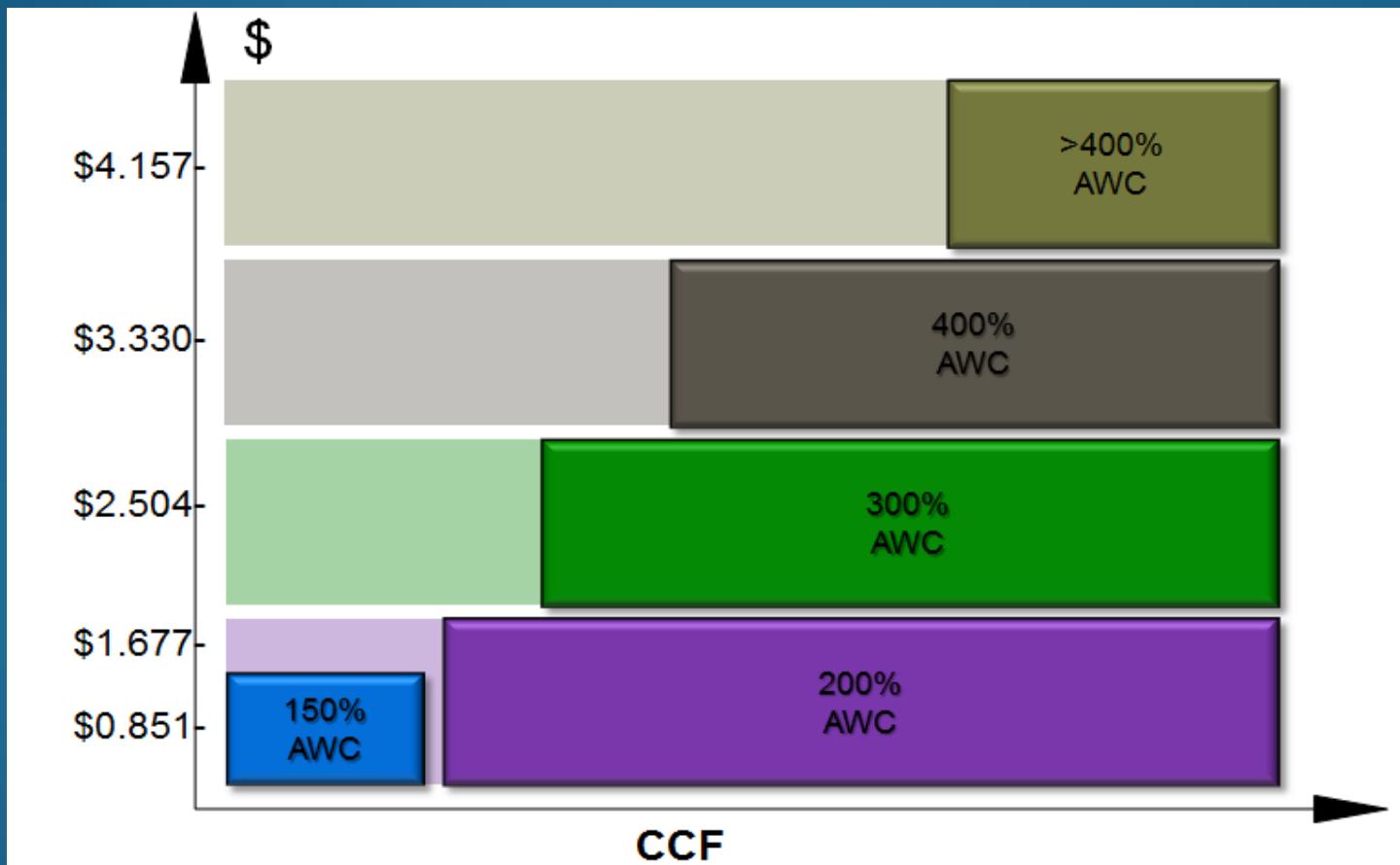
# *FY15 CIP Planned Spending Increase*



# *Water and Wastewater Service Charges- Residential 5/8" Meter*

| Item                    | Existing<br>FY2014 | Proposed<br>FY 2015 |
|-------------------------|--------------------|---------------------|
| Water                   | \$8.63             | \$9.92              |
| Strategy Implementation | \$3.95             | \$4.51              |
| Sewer                   | \$8.25             | \$9.12              |
| <b>Total</b>            | <b>\$20.83</b>     | <b>\$23.55</b>      |

# Water Commodity Rates



# *Recommendation*

- Increase the Fixed Service Charges to Meet the 5% Rate Revenue Requirement
- Maintain the 50% Low Usage Discount on Commodity Charges for Residential Service Size 1 Customers
- Adjust Utility Expansion Charges and Water Supply Charge by 2.4% Based Upon the April 1, 2014 ENR Building and Construction Cost Indexes