

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

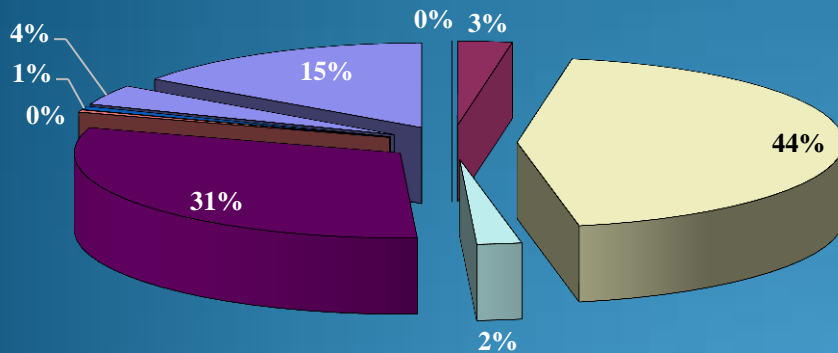
FY15 Budget Assumptions

- 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

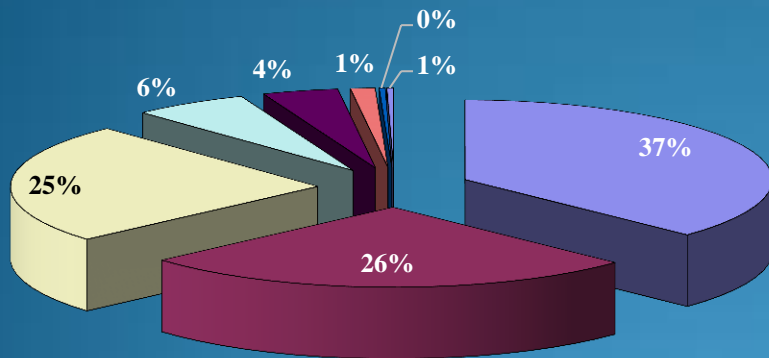
Revenue Sources



- 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 IMPLEMENTATION (\$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
REVENUE										
Total	181,563	205,769	225,852	233,363	244,938	250,510	250,417	260,666	263,276	268,963
EXPENDITURES										
Total	180,553	195,166	209,857	217,875	226,143	234,095	236,816	246,899	246,292	250,361
WORKING CAPITAL BALANCE	1,010	10,603	15,995	15,487	18,795	16,415	13,601	13,766	16,984	18,602
Rate Revenue Adjustment	5.00%	5.00%	5.00%	0.00%	5.00%	0.00%	0.00%	5.00%	0.00%	0.00%

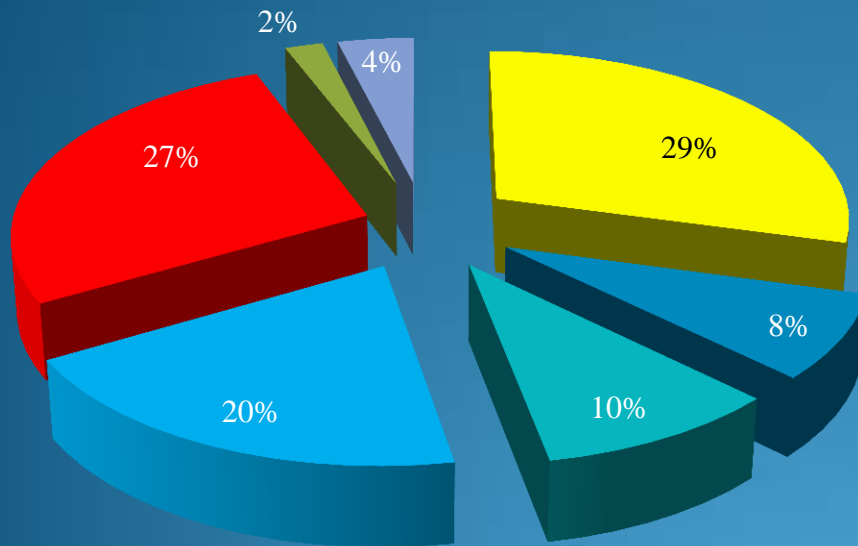
CIP Appropriations

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)

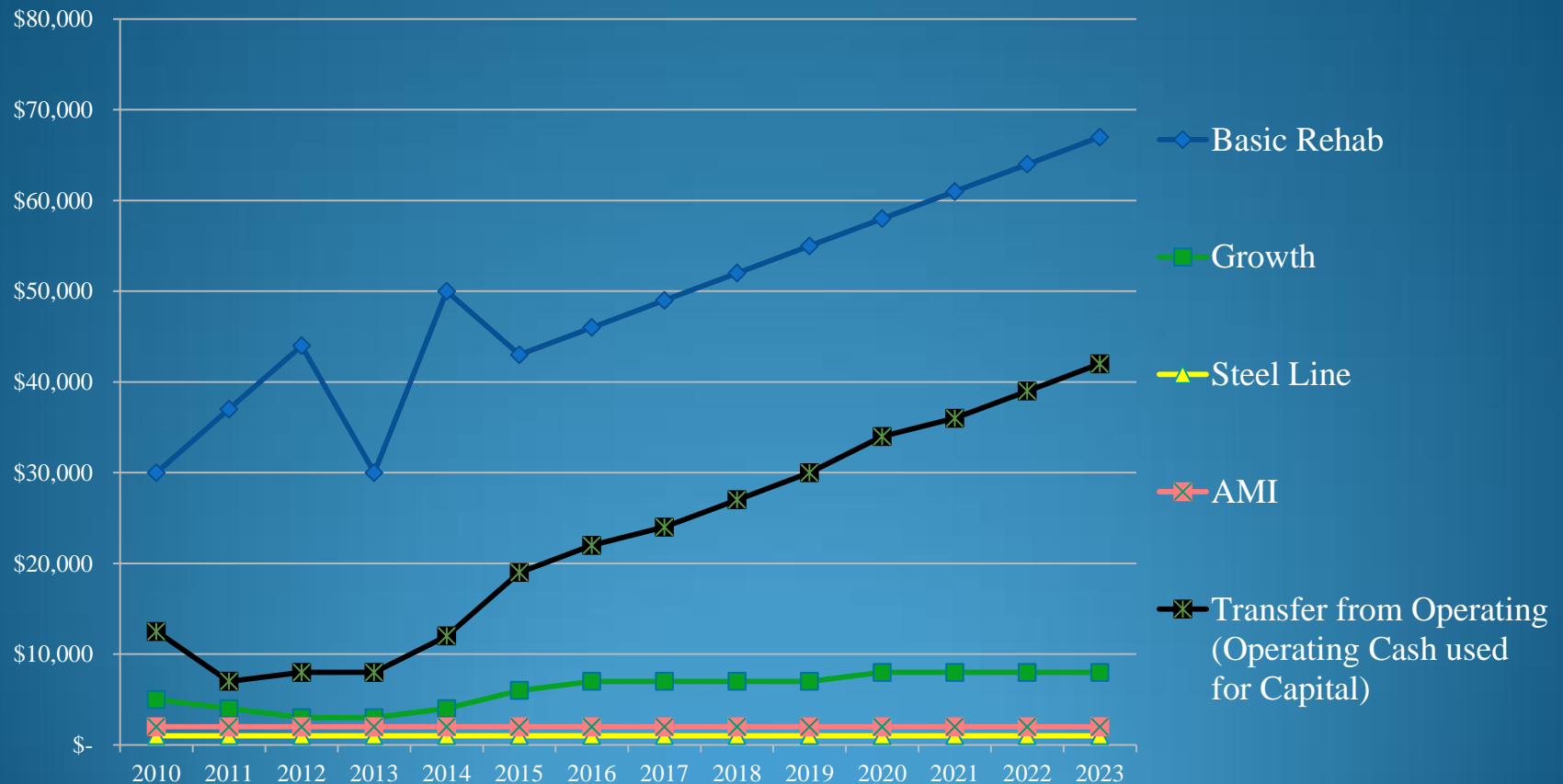
■ Automated Meter Reading (\$2,000,000)

Increase CIP Spending

in thousands

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

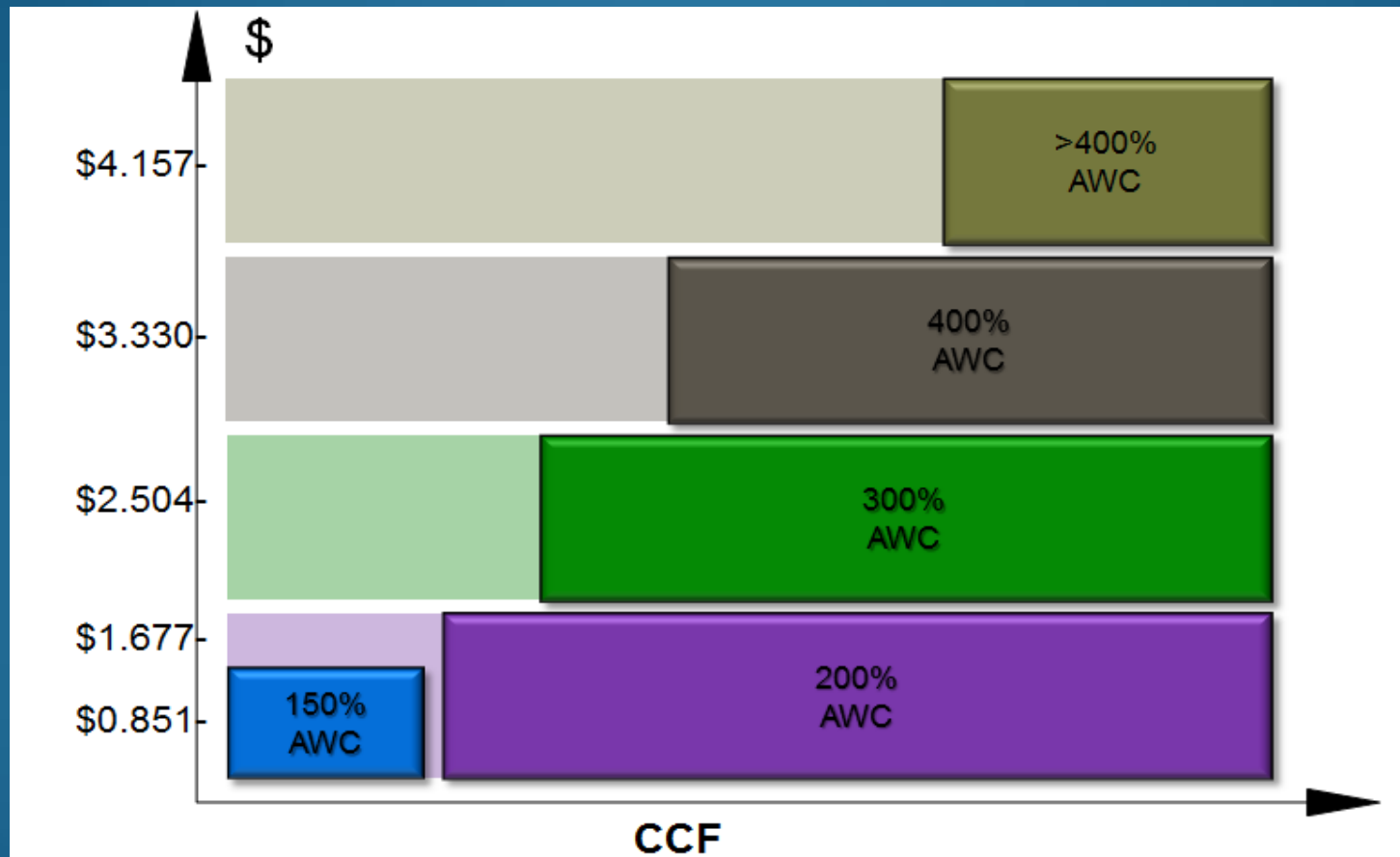
FY15 CIP Planned Spending Increase



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

Item	Existing FY2014	Proposed FY 2015
Water	\$8.63	\$9.92
Strategy Implementation	\$3.95	\$4.51
Sewer	\$8.25	\$9.12
Total	\$20.83	\$23.55

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