



FY 2019/20 & FY 2020/21

Biennial Budget

Board Meeting

May 21, 2019

Biennial Budget

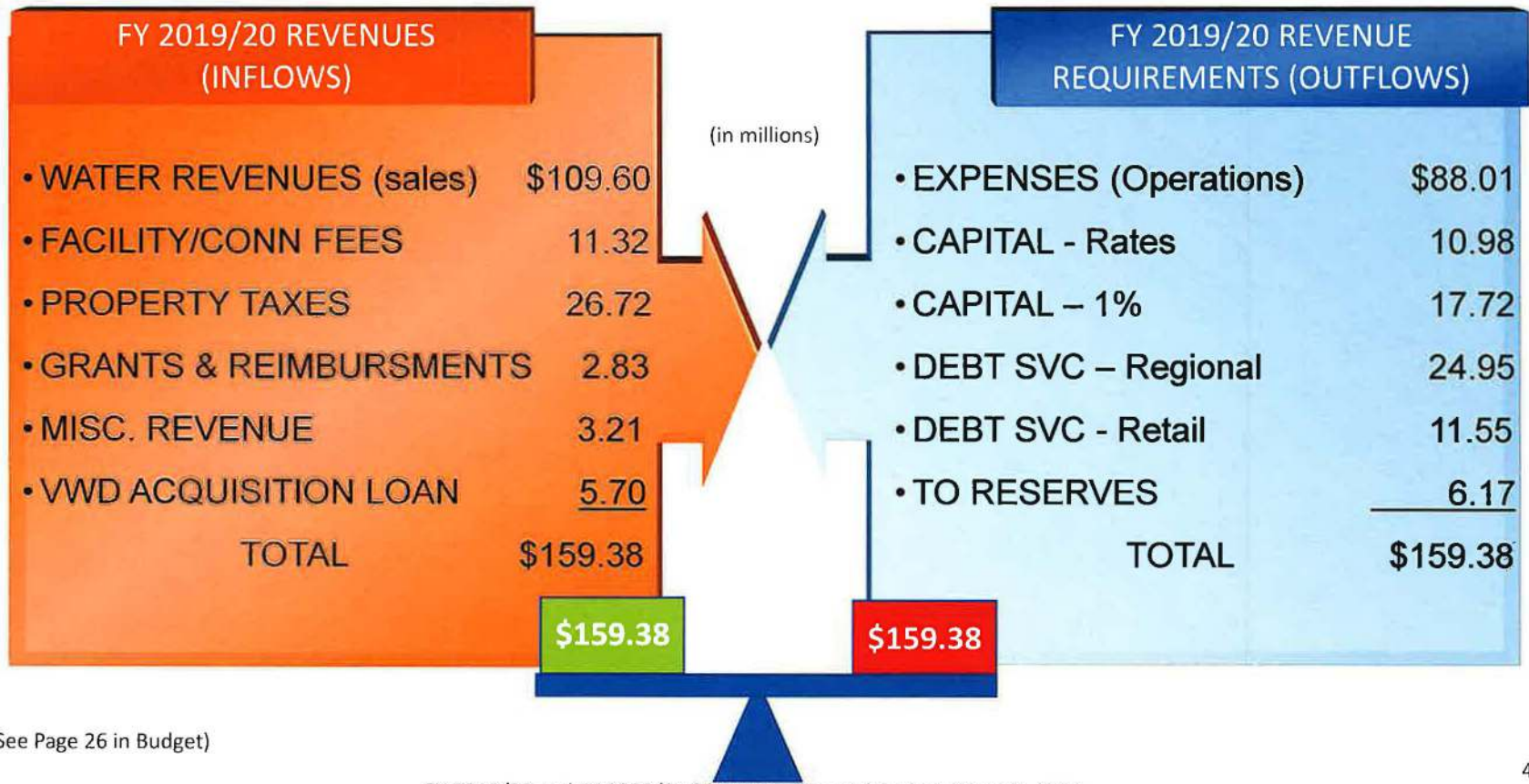
- Actual approval of FY19-20; conditional approval of FY20-21
- No impact on existing rate schedules
- Careful attention to cost allocation and enterprise fund accounting
- Maintains staffing at 216 (12 total positions eliminated; 5 repurposed and 7 eliminated)
- **Funding for state mandates and strategic objectives**

(Page numbers on slides coordinate to Budget page numbers)

Assumptions

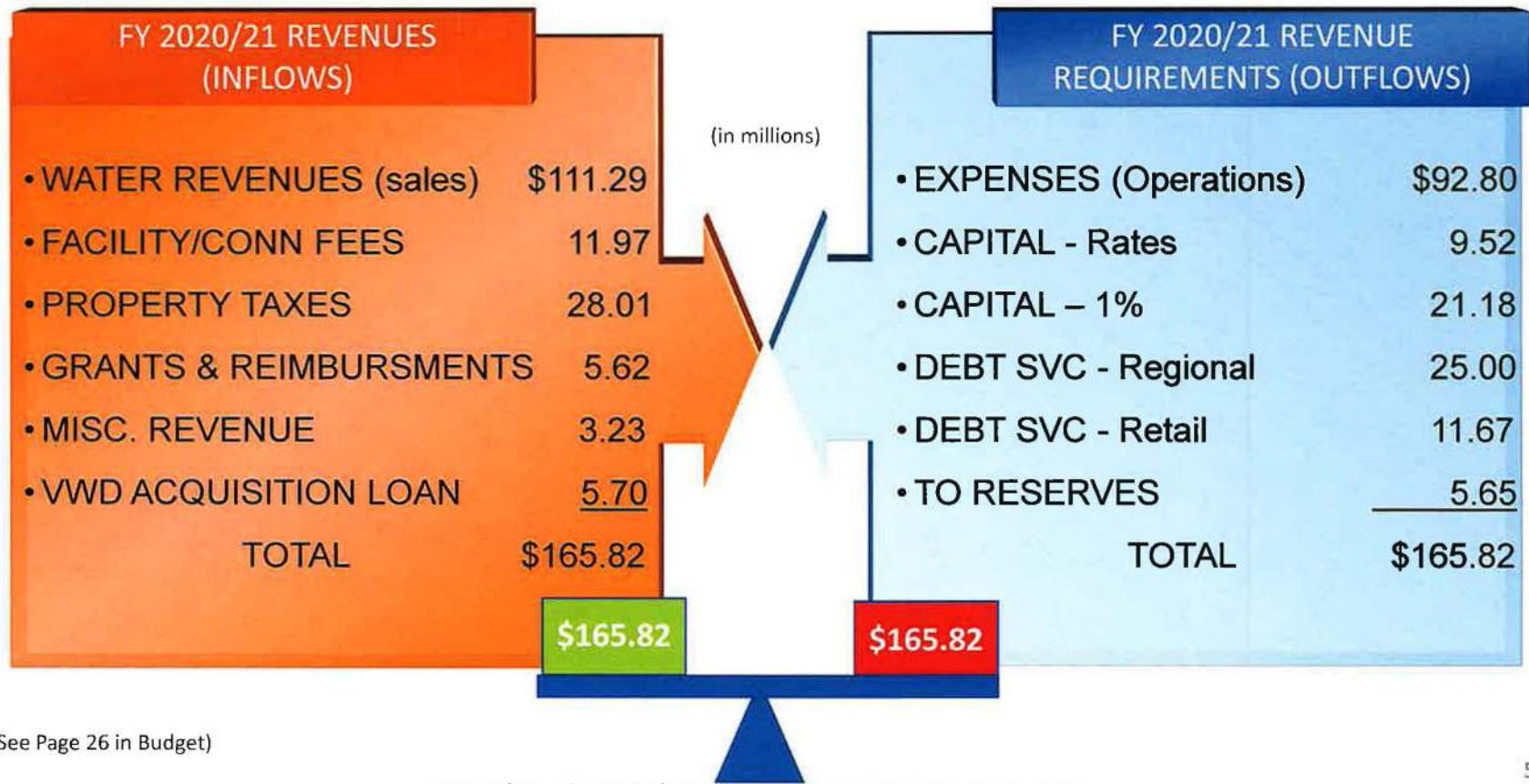
- Water demand of approximately 80% of 2013 amounts
- FY 2018/19 budget + current operating conditions = budgeting starting points
- No change in existing standard of service
- No additional rate increases proposed other than adopted rate changes
- **Making progress on strategies involving issues related to technology, conservation, and community are additive to normal operations**

A Balanced Budget for FY 2019/20



(See Page 26 in Budget)

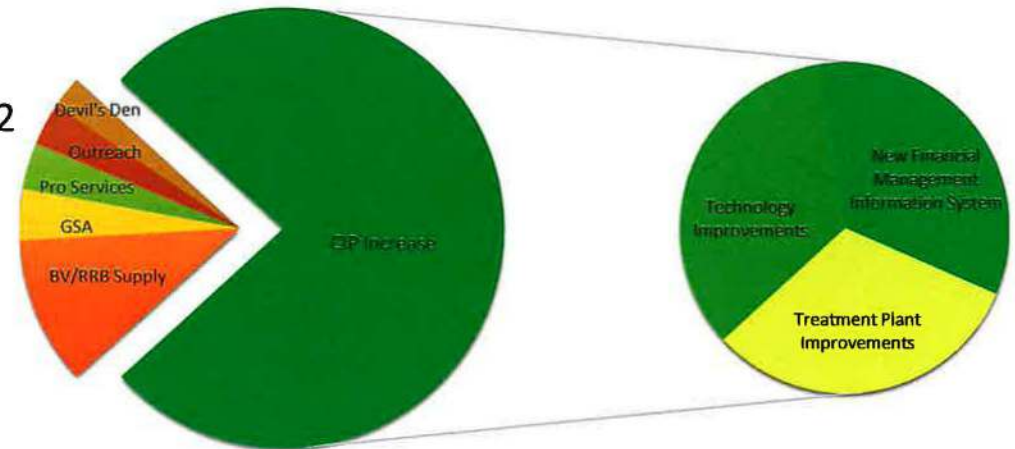
A Balanced Budget for FY 2020/21



(See Page 26 in Budget)

Significant Expense Changes

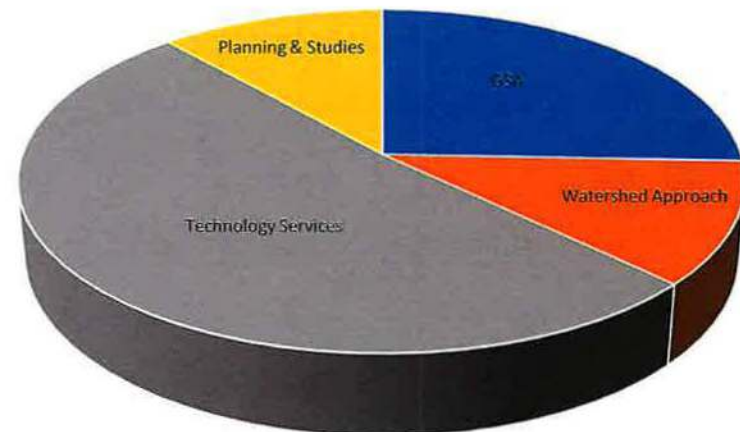
- Water resources – 21.2%
 - BV/RRB Supply – Increase of \$717,953
 - Allocation of shared costs – Increase of \$304,462
 - GSA – Increase of \$248,520
 - Professional Services – Increase of \$225,000
 - Additional outreach – Increase of \$203,870
 - Devil’s Den expenses – Increase of \$158,500



- Capital Improvement Projects – 18%
 - Paid by water rates or 1% property tax – increase of \$5,068,626
 - Technology Improvements – \$1,740,000
 - New Financial Management Information System - \$1,720,000
 - Treatment Plant Improvements - \$1,610,000

Strategic Plan: Key Objectives FY 2019/20

- Groundwater Sustainability Agency - \$998,520
- Watershed Approach - \$450,000
- Technology services - \$2 million
 - Phone system, computer and mobile equipment and server replacements
- Planning & studies – salt and nutrient plan & urban water management plan - \$450,000



(See Pages 6 & 7 in Budget)

Five-Year Forecast Assumptions



ASSUMPTIONS: REGIONAL for FY 2022-2024 Revenues & Expenses

- FCF revenues grow at 2.5% per year
- Property tax revenue grows at 4.8% per year
- Wholesale fixed and variable charges grow at 5% per year
- Operating expenses grow at 3% per year
- Capital Improvement Expenditures FY 2020-2024 \$215 million
- New Debt: FY 2020 \$35 million, FY 2022 \$60 million, FY 2023 \$60 million
- Debt Structure: back loaded structure consistent with past practice

ASSUMPTIONS: RETAIL for FY 2022-2024 Revenue & Expenses

- 2% revenue increase; 3% cost increase

(See Pages 181-184 in Budget)

Five-Year Forecast

Five-Year Forecast	FY 2019/20	FY 2020/21	FY 2021/22*	FY 2022/23*	FY 2023/24*
Retail Operating Revenues	87,493,395	90,912,820	92,732,994	94,736,287	96,787,832
Regional Operating Revenues	71,883,274	74,905,222	73,959,079	76,959,061	80,739,091
Retail Operating Expenses	(70,764,705)	(73,563,120)	(75,397,953)	(77,431,892)	(80,168,266)
Regional Operating Expenses	(53,738,303)	(57,498,752)	(59,603,797)	(63,565,292)	(65,176,125)
Retail CIP - Pay Go	(10,981,707)	(9,518,526)	(9,000,000)	(9,000,000)	(9,000,000)
Regional CIP - Pay Go	(17,723,419)	(21,176,902)	(17,500,000)	(12,500,000)	(12,500,000)
Total Net Operating Revenues	6,168,535	4,060,742	5,190,323	9,198,164	10,682,532
Major CIP Fund Balance	10,649,351	24,522,351	6,622,551	51,708,551	7,713,551
Bond Proceeds	35,000,000		60,000,000		60,000,000
Other	3,132,000	1,919,200	722,000	735,000	574,000
Regional Major Capital	(24,259,000)	(19,819,000)	(15,636,000)	(44,730,000)	(29,603,000)
Total Major CIP Fund Balance	24,522,351	6,622,551	51,708,551	7,713,551	38,684,551

* See assumptions

(See Pages 181-184 in Budget)

Summing up

- A Balanced Budget
- Increasing Reserves per plan
- Achieving Economies of Scale
- No additional rate increase proposed
- 12 Total eliminated positions (5 repurposed, 7 eliminated)
- Funding for Strategic Objectives