



# Board of Directors Meeting FY 2017/18 Recommended Budget

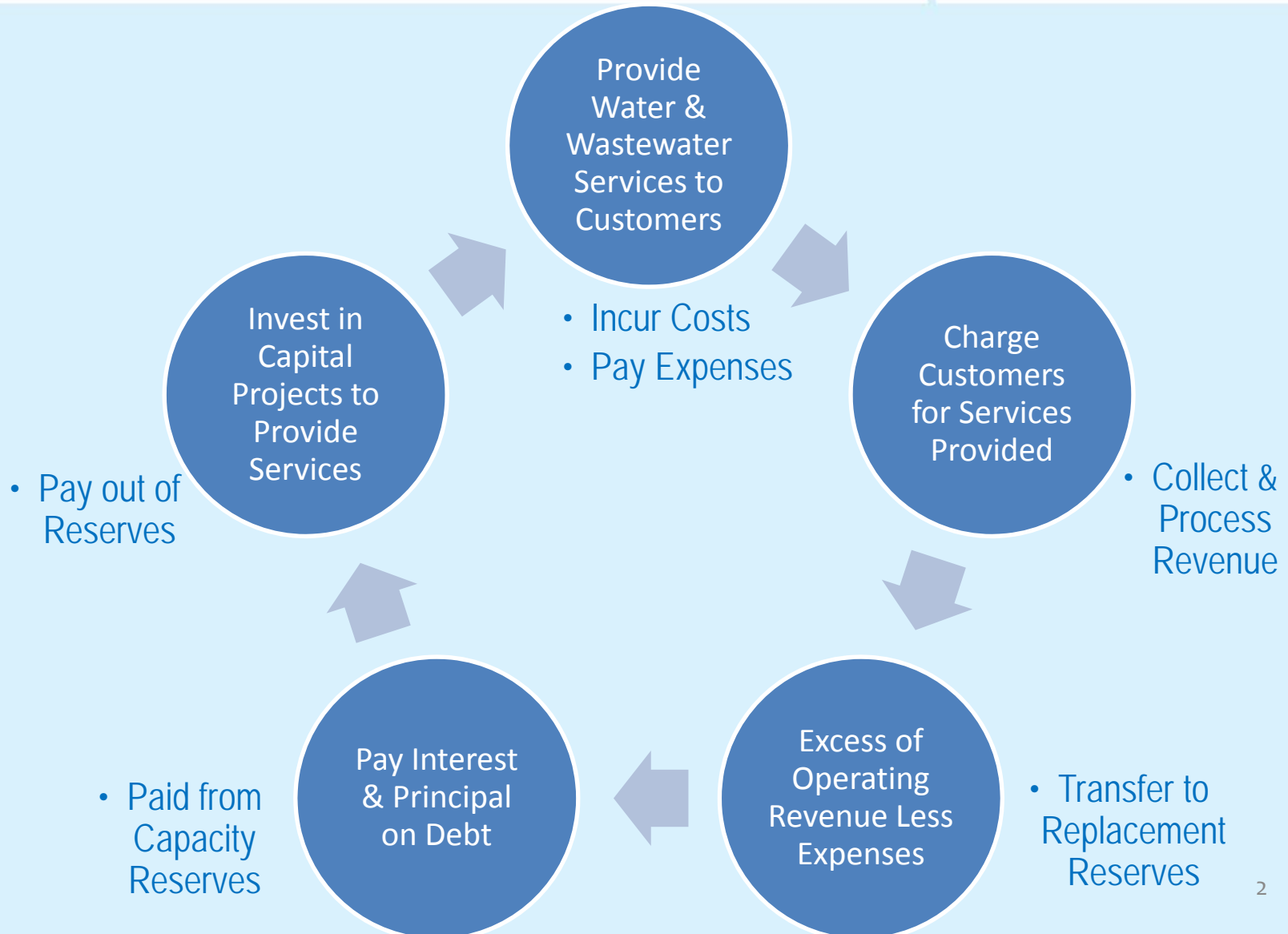
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June 7, 2017





# VWD - What We Do





# FY 2017/18 Budget



	Fiscal Year 2017/18
Operating Revenues	\$ 59,058,000
Operating Expenses	52,980,000
Transfer to Replacement Reserves	<u>\$ 6,078,000</u>
Debt Service (paid from Capacity Reserves)	<u>\$ 5,439,000</u>
Capital Spending:	
Capital Projects	\$ 15,817,000
Easements, Vehicles & Equipment	818,000
Total Capital (paid from Reserves)	<u>\$ 16,635,000</u>

# Budget Process Including Cost of Service Study & Rates



- January 2017:
  - Internal Process:
    - Individual departments prepare budget requests & submit them to Finance Dept.
    - Begin cost of service study and rate analysis
  - Public Meetings/Workshops:
    - Finance Committee Meeting to discuss budget process – January 24, 2017
- February:
  - Internal Process:
    - Departmental budgets compiled into Operating Budget
    - Current fiscal year projections complete
    - Future personnel/payroll estimates complete
    - Debt service forecast complete
    - Reserve projections 5 detail years + 10 consolidated years
    - Revenue requirement developed
  - Public Meetings/Workshops:
    - Board of Director Budget Workshop – Budget process & water rate structure considerations - February 1, 2017
    - Board of Director Regular Meeting – Rate Structure Development Presentation – February 15, 2017
    - Finance Committee Meeting - Discuss reserves, salary & benefit data, cost of service study and water rate structures – February 22, 2017



# Budget Process Including Cost of Service Study & Rates (continued)



- March 2017:
  - Internal Process:
    - Capital budget requests submitted from Engineering and Operations
    - Capital budget compiled including Easements, Vehicles & Equipment
    - Incorporate revenue requirement and operating budget
  - Public Meetings/Workshops:
    - Board of Director Meeting Cost of Service and Rate Structure Study Review and update – March 15, 2017
    - Finance Committee Meeting review of operating expenses – March 27, 2017
    - Board of Director Budget Workshop – March 29, 2017
- April:
  - Internal Process:
    - 1<sup>st</sup> review by Finance Manager – Revise & refine
  - Public Meetings/Workshops:
    - Finance Committee Meeting review capital improvement projects budget – April 17, 2017
    - Board of Director Meeting 2017 Cost of Service and Rate Structure Study Review and Update – April 19, 2017
    - Board of Director Budget Workshop review of 5 year Capital Improvement Projects – April 26, 2017



# Budget Process Including Cost of Service Study & Rates (continued)

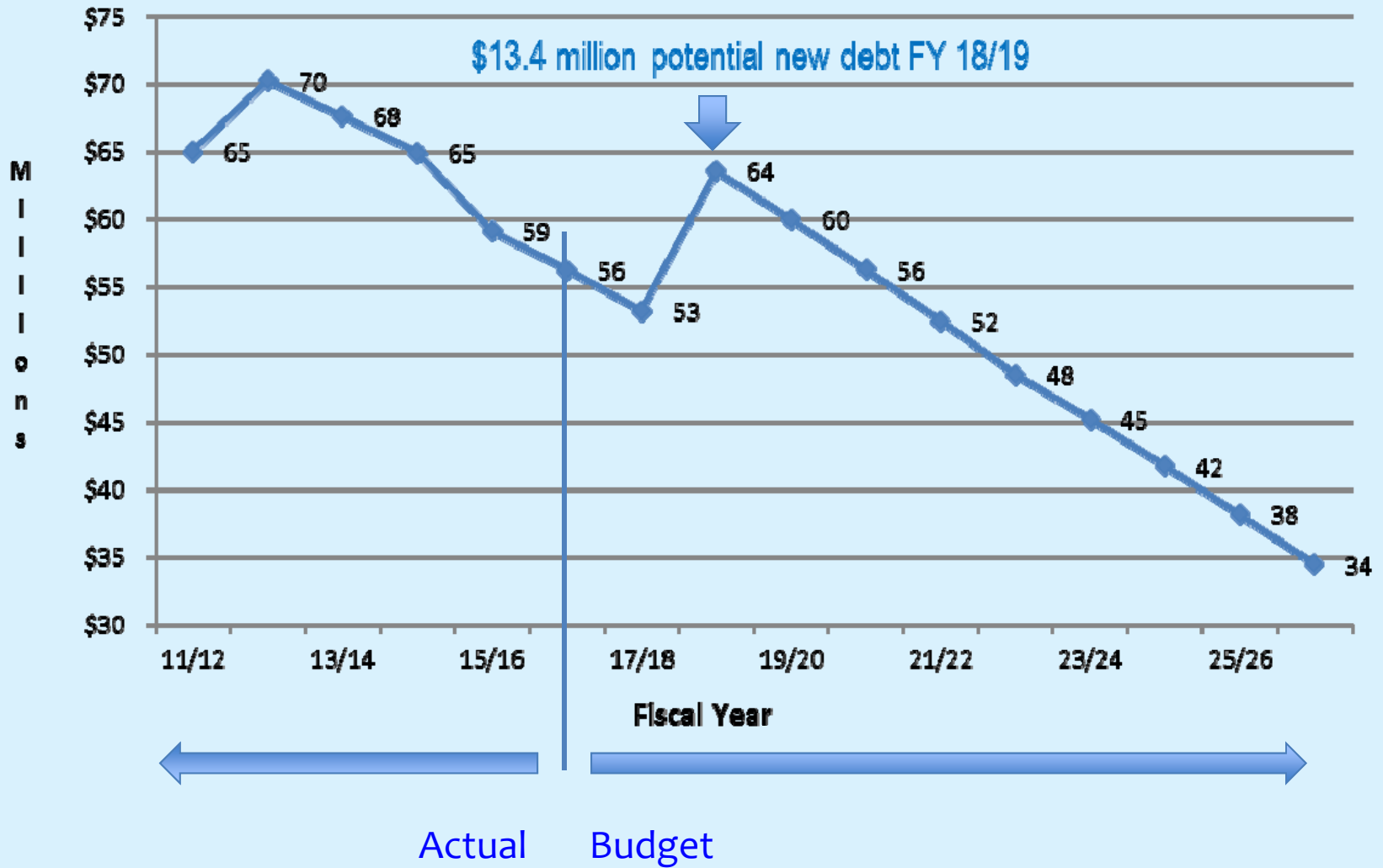


- May 2017:
  - Internal Process:
    - 1<sup>st</sup> Draft Proposed Budget review Management Staff – Revise & refine
  - Public Meetings/Workshops:
    - Board of Director Meeting – 2017 Cost of Service and Rate Structure Study Draft Update – May 3, 2017
    - Board of Director Meeting – Public Rate Hearing Notice Draft – May 3, 2017
    - Board of Director Meeting – Public Rate Hearing Notice Draft – May 17, 2017
    - Board of Director Workshop – Revise & refine into Proposed Budget – May 24, 2017
- June 7, 2017:
  - Public Meeting Present Recommended Budget for Adoption





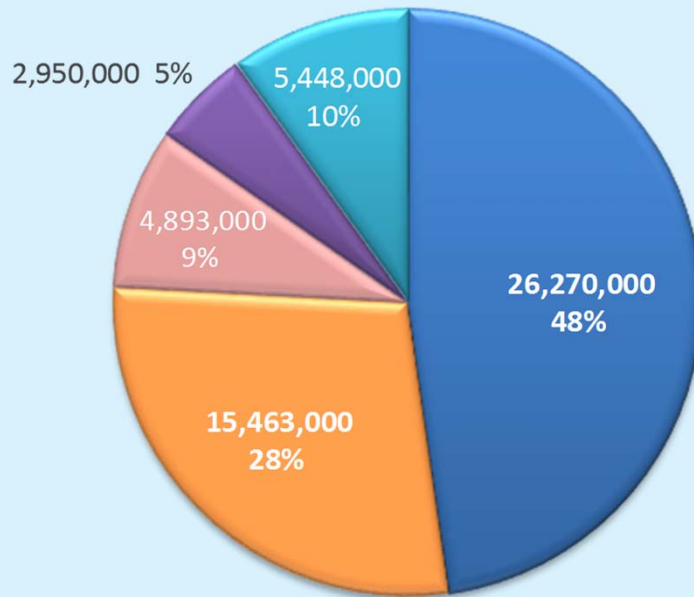
# Principal Debt Balance



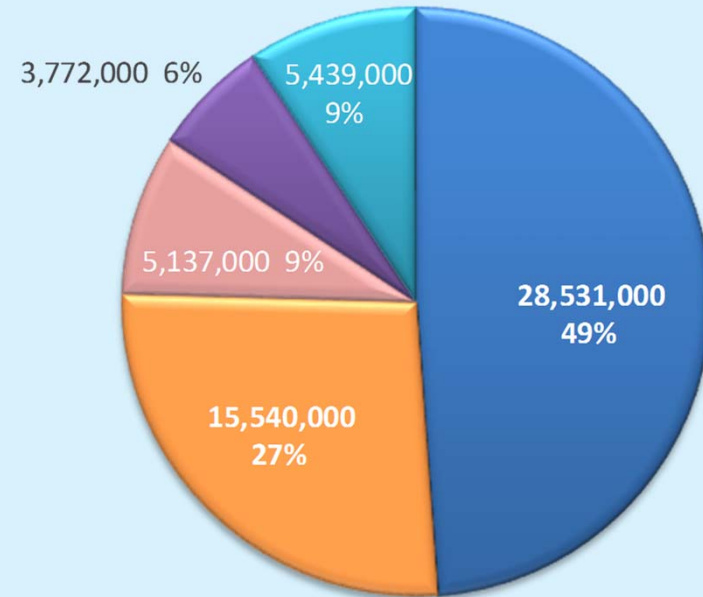
# Budget to Budget Comparison



FY 2016/17 Budget \$55,024,000



FY 2017/18 Budget \$58,419,000



■ Water Purchases ■ Salaries & Benefits ■ Treatment ■ Other ■ Debt Service



# Budget to Budget Comparison



	Fiscal Year		Budget to Budget Change	% Change
	2016/17	2017/18		
Operating Revenues	\$ 56,717,000	\$ 59,058,000	\$ 2,341,000	4.1%
Operating Expenses	<u>49,576,000</u>	<u>52,980,000</u>	<u>3,404,000</u>	6.9%
Transfer to Reserves	<u>\$ 7,141,000</u>	<u>\$ 6,078,000</u>	<u>\$(1,063,000)</u>	-14.9%
Carryover Cap Impv Prjs (CIP)	\$ 62,955,000	\$ 64,170,000	\$ 1,215,000	1.9%
Current Year CIP Request	29,995,000	34,583,000	4,588,000	15.3%
Future Year CIP Request	<u>25,786,000</u>	<u>22,853,000</u>	<u>(2,933,000)</u>	-11.4%
Total CIP	<u>\$ 118,736,000</u>	<u>\$ 121,606,000</u>	<u>\$ 2,870,000</u>	2.4%

# Operating Budget by Division



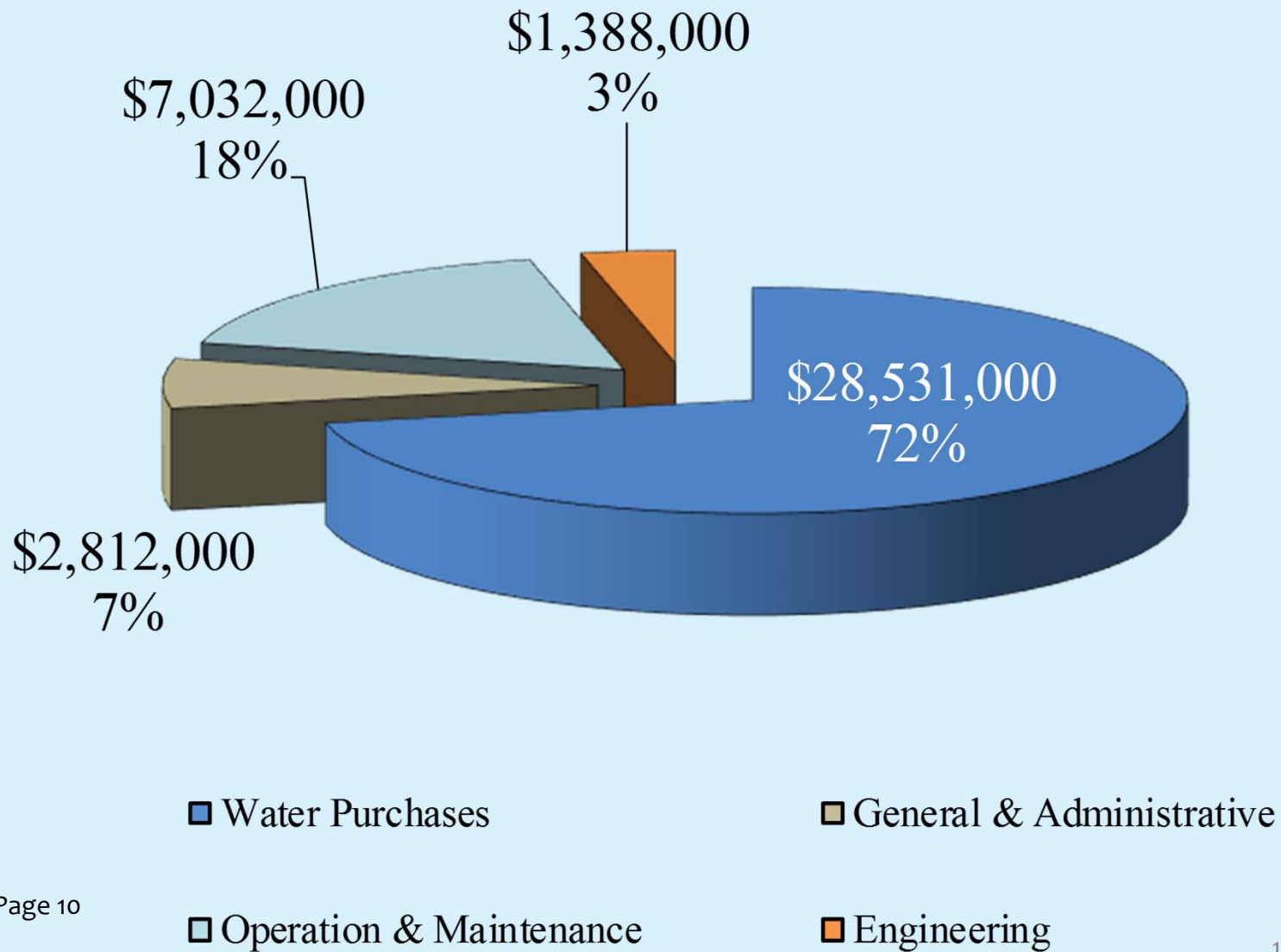
## Fiscal Year 2017/18

	Water	Wastewater	Total
Operating Revenues	\$ 39,415,000	\$ 19,643,000	\$59,058,000
Operating Expenses	<u>39,763,000</u>	<u>13,217,000</u>	<u>52,980,000</u>
Transfer to/(from) Reserves	<u>\$ (348,000)</u>	<u>\$ 6,426,000</u>	<u>\$ 6,078,000</u>





# 2017/18 Water Operating Expense Budget \$39,763,000



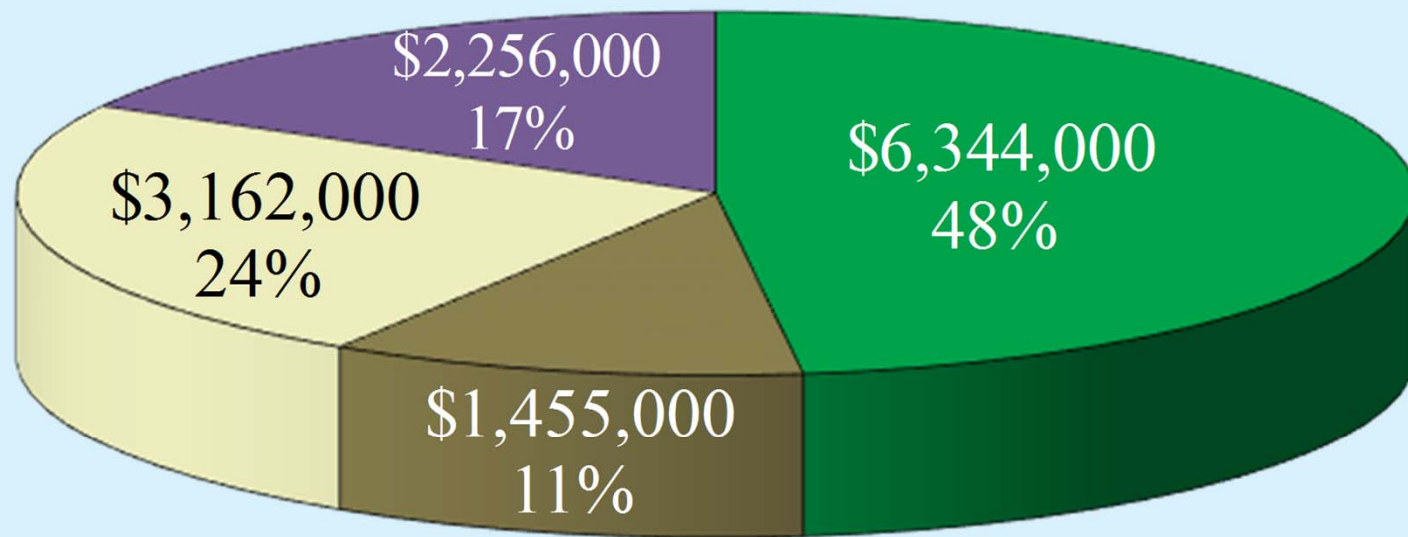


# Water Operating Expense Budget to Budget Comparison (\$ in Millions)



	Budget 2016/17	Budget 2017/18	Budget to Budget Change	% Change
Revenues	\$ 36.9	\$ 39.4	\$ 2.6	7.0%
Water Purchases	26.3	28.5	2.3	8.6%
Operations	3.7	4.5	0.7	20.0%
Support	4.1	3.9	(0.1)	-3.5%
G&A	2.8	2.8	0.0	1.4%
Expenses	36.9	39.8	2.9	7.9%
Transfer to Reserves	\$ -	\$ (0.3)	\$ (0.3)	

# 2017/18 Wastewater Operating Expense Budget \$13,217,000



■ Treatment

■ General & Administrative

■ Operation & Maintenance

■ Collection & Conveyance



# Wastewater Operating Expense Budget to Budget Comparison (\$ in Millions)



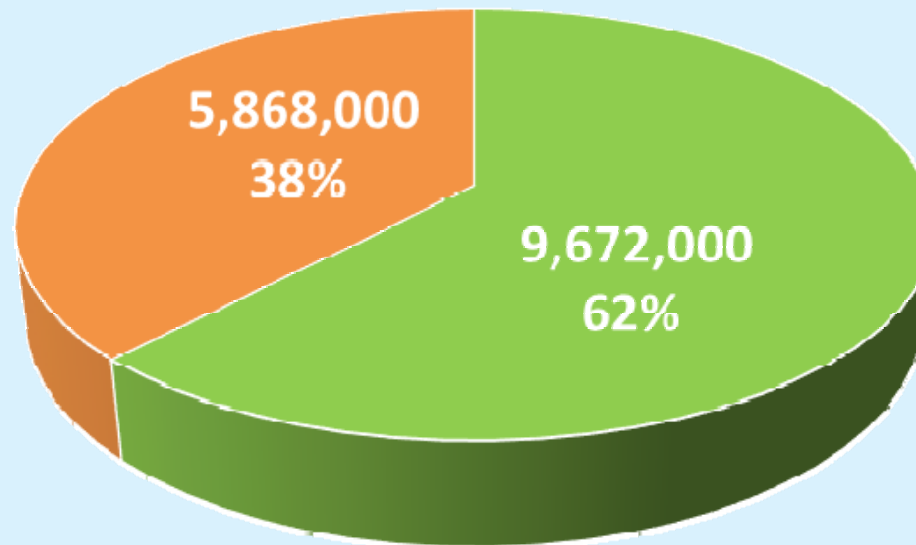
	Budget 2016/17	Budget 2017/18	Budget to Budget Change	% Change
Revenues	\$ <u>19.9</u>	\$ <u>19.6</u>	\$ <u>(0.2)</u>	-1.1%
Treatment	6.2	6.3	0.2	2.7%
Operations	2.8	2.7	(0.0)	-1.2%
Support	2.5	2.7	0.2	6.7%
G&A	<u>1.3</u>	<u>1.5</u>	<u>0.2</u>	15.4%
Expenses	<u>12.7</u>	<u>13.2</u>	<u>0.5</u>	3.9%
Transfer to Reserves	\$ <u><u>7.1</u></u>	\$ <u><u>6.4</u></u>	\$ <u><u>(0.7)</u></u>	-10.0%



# Salaries & Benefits \$15.5 million



107.75 Full-time Equivalent Positions



■ Salaries ■ Benefits



# Salary & Benefits Budget to Budget Comparison (\$ in millions)

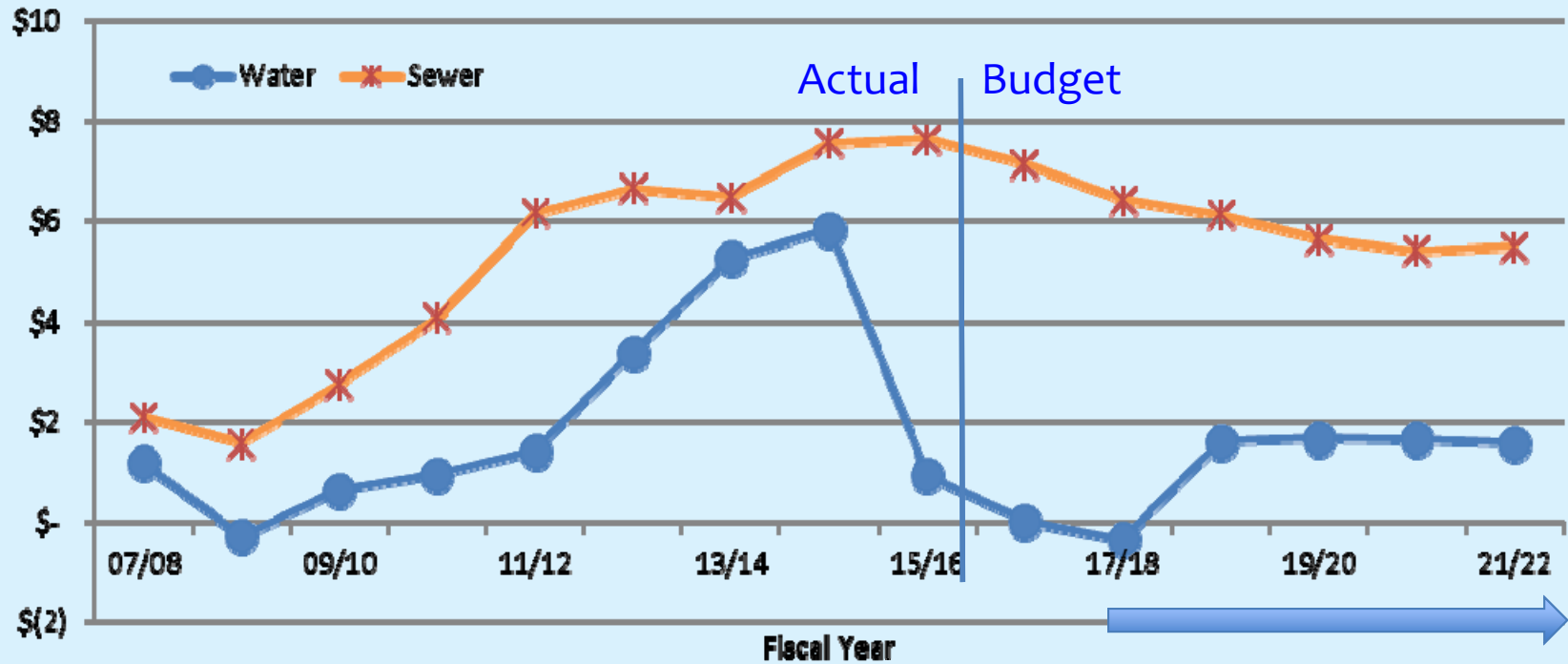


	Budget 2016/17	Budget 2017/18	Budget to Budget Change	% Change
Salaries	\$ <u>9.69</u>	\$ <u>9.67</u>	\$ <u>(0.02)</u>	-0.2%
PERS	1.99	2.10	0.11	5.4%
Group Insurance	2.66	2.68	0.02	0.8%
FICA	0.74	0.74	(0.00)	-0.1%
Other	<u>0.39</u>	<u>0.35</u>	<u>(0.04)</u>	-9.0%
Total Benefits	<u>5.78</u>	<u>5.87</u>	<u>0.09</u>	1.6%
Total Salaries & Benefits	<u>\$ 15.46</u>	<u>\$ 15.54</u>	<u>\$ 0.08</u>	0.5%
Budgeted FTE Positions	111.75	107.75		





# FY 17/18 Budget Projections - Operating Transfers to Reserves (\$ in millions)



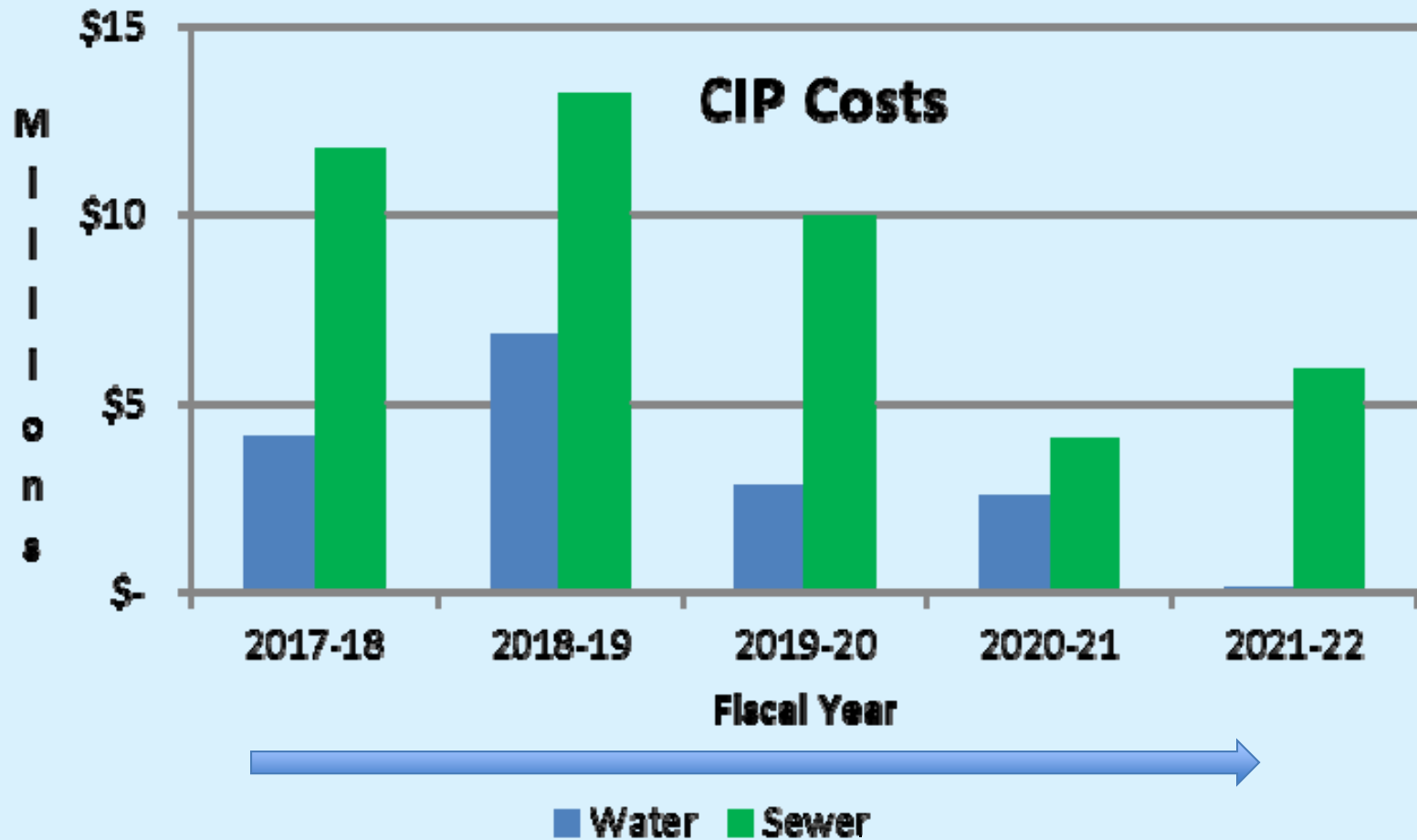


# Capital Budget to Budget Comparison (\$ in millions)

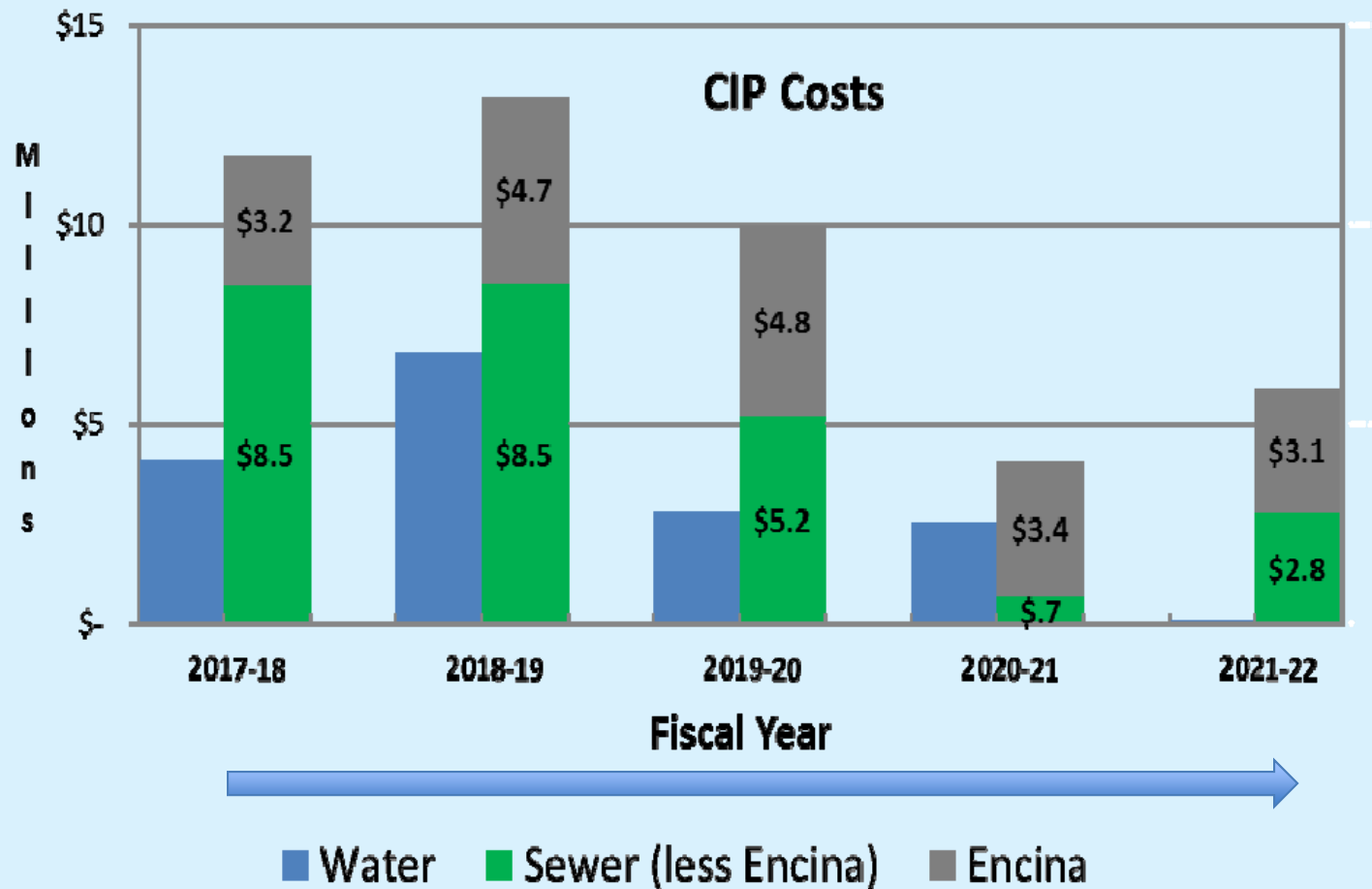


	Budget 2016/17	Budget 2017/18	Budget to Budget Change	% Change
Carryover Capital Impv Prjs	\$ 63.0	\$ 64.2	\$ 1.2	1.9%
New CIP Requests	30.0	34.6	4.6	15.3%
Future CIP Requests	25.8	22.9	(2.9)	-11.4%
<b>Total CIP</b> <small>Budget Page 34</small>	<u>118.8</u>	<u>121.6</u>	<u>2.8</u>	2.4%
Easements	0.1	0.1	-	0.0%
Vehicles	0.1	0.6	0.5	467.0%
Equipment	0.1	0.2	0.1	101.0%
<b>Total Easements</b>				
<b>Vehicles &amp; Equipment</b> <small>Budget Page 96</small>	<u>0.3</u>	<u>0.8</u>	<u>0.6</u>	189.3%
<b>Total Capital</b>	<u>\$ 119.1</u>	<u>\$ 122.4</u>	<u>\$ 3.4</u>	2.8%

# Capital Improvement Projects by Function Total



# Capital Improvement Projects by Function (EWA Highlighted)





# Recommendation



Staff recommends adoption of the Fiscal Year 2017/18 Recommended Budget