

2020 Budget Review



Jim Lees, Utility Accounting Manager
June 19, 2019

2020 Proposed Budget Overview

- Staffing – Increase of 4.0 Full-time Equivalent (FTE) Positions Proposed
 - Pre-Apprentice Line Worker – Power Line Crews
 - Journey Meter Technician – Power Metering
 - Water Quality Technician – Water Quality
 - Civil Engineer I – Water Engineering

- \$407K Increase in Personal Services Expense from Staffing Increases
 - \$100K Increase for Water
 - \$100K Increase for Wastewater
 - \$207K Increase for Power

2020 Proposed Budget Overview

- 🌀 2.75% Increase for Salaries
- 🌀 Net Decrease in Temporary Positions: \$155K
- 🌀 Increase in Health Insurance Expense: \$53K
 - 🌀 \$19K increase for Water
 - 🌀 \$13K increase for Wastewater
 - 🌀 \$21K increase for Power
- 🌀 New Customer Information System (CIS): \$511K decrease from 2019
 - 🌀 \$116K decrease for Water
 - 🌀 \$116K decrease for Wastewater
 - 🌀 \$279K decrease for Power
- 🌀 Increase in Cost Allocation Expense: \$120K
 - 🌀 \$93K decrease for Water
 - 🌀 \$72K increase for Wastewater
 - 🌀 \$285K increase for Power

2020 Proposed Budget Overview

- 🌀 Decrease in Transfers for Assets Funded by Multiple Utilities Expense: \$1.068 million
 - 🌀 \$1.204 million decrease for Water (mostly due to Water Quality Lab)
 - 🌀 \$10K increase for Wastewater
 - 🌀 \$126K increase for Power
- 🌀 Capital Programs
 - 🌀 \$137 million for Water and Raw Water over next 10 years
 - 🌀 \$82 million for Wastewater over next 10 years
 - 🌀 \$173 million for Power over next 10 years

2020 Proposed Budget Overview Water

- Water 10 Year Financial Plan and Rates
 - 2020 Rate Increase of 7%, followed by three years at 7%/yr, then six years at 3.5%/yr. per Water and Wastewater Enterprise Funding Resolution of November, 2018
 - \$37.6 million loan in 2019 to help fund Chimney Hollow construction
 - Positive variances vs. target through 10 years; Unrestricted Fund Balance assisted by external loans in 2020, 2026 and 2027; SIF Balance assisted by external loans in 2020, 2023-2025 and 2029
- Water Key Changes in O&M Expenses for 2020
 - CBT Facilities Contract – Decrease of \$200K
 - CBT and Windy Gap Assessments – Increase of \$150K
 - Lawn Irrigation Return Flows (LIRFS) – Decrease of \$100K
 - Domestic Water Rights – Decrease of \$85K
 - Water Resources Diligence Cases – Increase of \$100K
 - WQ Supplies & Services - Increase of \$100K



2020 Proposed Budget Overview Wastewater

- Wastewater 10 Year Financial Plan and Rates
 - 2020 Rate Increase of 7%, followed by three years at 7%/yr, the six years at 3.5%/yr., per Water and Wastewater Enterprise Funding Resolution of November, 2018
 - Positive variances vs. target through 10 years; Unrestricted Fund Balance is supported by an external loan in 2022; SIF Balance supported by external loans in 2022, 2024 and 2026
- Wastewater Key Changes in O&M Expenses for 2020
 - Selenium Study at the WWTP – Decrease of \$92K
 - Parts and Supplies and Sludge Hauling at the WWTP – Increase of \$162K
 - Water Quality Supplies and Services – Increase of \$48K
 - Updating of the Wastewater Utility Plan – Increase of \$390K
 - Clean Two Sewer Interceptors – Increase of \$300K
 - Non-recurrence: Internal Loan Payment to SIF Fund – Decrease of \$1 million



2020 Proposed Budget Overview

Power



- ⦿ Power 10 Year Financial Plan and Rates
 - ⦿ 2020 Overall Rate Increase of 5%
 - ⦿ Combination of 0.81% pass-through of wholesale power increase from PRPA and 4.19% for increased O&M and capital expenses
 - ⦿ PRPA Rate Increase of 1.0% in 2020, followed by 2%/yr. from 2021-2025, then 1.7% per year from 2026-2029
 - ⦿ Positive variances vs. target through 10 years; PIF Fund Balance supported by external loan in 2024
- ⦿ Power Key Changes in O&M Expenses for 2020
 - ⦿ Big T Canyon Post-Flood Restoration Work – Decrease of \$800K
 - ⦿ Non-recurrence: Replacing 17 Handheld Radios for Power Line Crews – Decrease of \$55K
 - ⦿ Software for Meter Data Management System – Increase of \$90K
 - ⦿ Non-recurrence: Power Cost-of-Service Rate Study – Decrease of \$60K



QUESTIONS?