

2017-2018 Budget Presentation

Presentation to the Board of Commissioners

November 15, 2016



Budget Presentation Schedule

November 15, 2016

Operating Budget – Part 1- Operating &
Capital Costs

December 6, 2016

Operating Budget – Part 2 – Revenues *(with follow
up on costs)*

Capital Budget

Rates

Forecast



2017-2018 Budget Format

Objects <i>(Types of Cost)</i> ↓ V	Functions ->								
	Total	Admin	Cust Service & Billing	General O&M	Source of Supply & Pumping	Storage	Meters & Services	Dist System	Hydrants
BUSINESS ADMINISTRATION									
PLANNING AND DEVELOPMENT									
PUBLIC AND REGIONAL OUTREACH									
OFFICE AND RECORDS MANAGEMENT									
CUSTOMER SERVICE AND BILLING									
PURCHASED WATER AND POWER									
OPERATIONS AND MAINTENANCE									
TAXES AND FRANCHISE FEES									
PASS-THRU COSTS									
EMPLOYEE COSTS									
Total Operating Costs									

FUNCTIONS OF WATER SERVICE



2017-2018 Projected Operating Costs

Objects (Types of Cost)



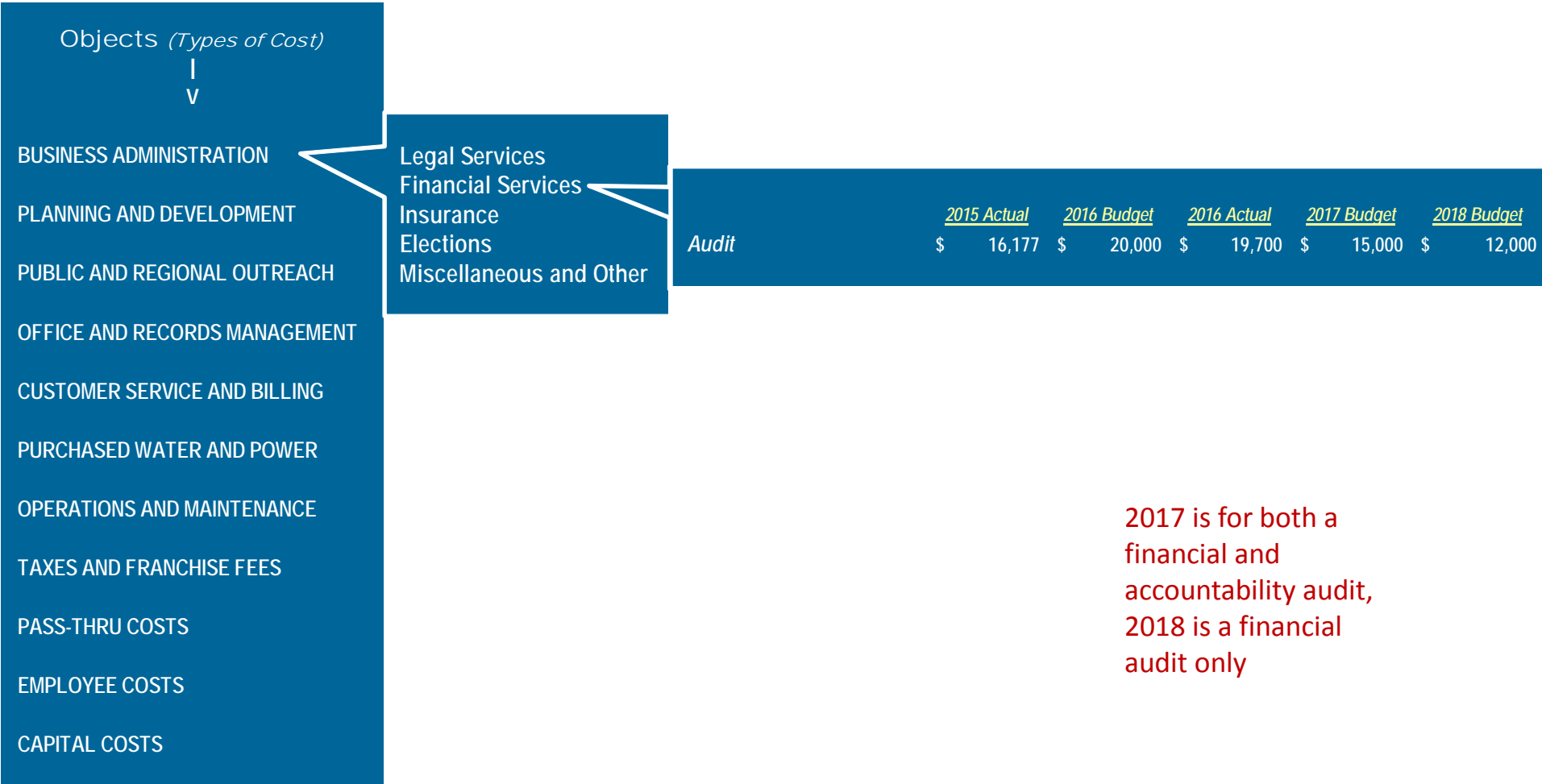
BUSINESS ADMINISTRATION
PLANNING AND DEVELOPMENT
PUBLIC AND REGIONAL OUTREACH
OFFICE AND RECORDS MANAGEMENT
CUSTOMER SERVICE AND BILLING
PURCHASED WATER AND POWER
OPERATIONS AND MAINTENANCE
TAXES AND FRANCHISE FEES
PASS-THRU COSTS
EMPLOYEE COSTS
CAPITAL COSTS

Legal Services
Financial Services
Insurance
Elections
Miscellaneous and Other

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
General	\$ 25,052	\$ 27,000	\$ 12,200	\$ 13,000	\$ 13,300
Meetings	\$ 21,425	\$ 22,000	\$ 15,500	\$ 17,000	\$ 17,300
Interlocal/Regional	\$ 5,604	\$ 6,000	\$ 1,900	\$ 2,000	\$ 2,000
Personnel	\$ 585	\$ 1,000	\$ 2,100	\$ 2,000	\$ 2,000
Public Records Requests	\$ -	\$ 2,000	\$ 10,200	\$ 11,000	\$ 11,200
TOTAL	\$ 52,666	\$ 58,000	\$ 41,900	\$ 45,000	\$ 45,800

Reflects rate
increase from
Attorney in 2017 –
inflationary increase
for 2018

2017-2018 Projected Operating Costs



2017 is for both a financial and accountability audit, 2018 is a financial audit only

2017-2018 Projected Operating Costs

Objects (Types of Cost)

I
V

Legal Services
Financial Services
Insurance
Elections
Miscellaneous & Other

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Administrative	\$ 47,779	\$ 48,000	\$ 57,500	\$ 62,300	\$ 62,300
Operations	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
TOTAL	\$ 70,779	\$ 71,000	\$ 80,500	\$ 85,300	\$ 85,300

Increase is for the
addition of the
NCPS

BUSINESS ADMINISTRATION

PLANNING AND DEVELOPMENT

PUBLIC AND REGIONAL OUTREACH

OFFICE AND RECORDS MANAGEMENT

CUSTOMER SERVICE AND BILLING

PURCHASED WATER AND POWER

OPERATIONS AND MAINTENANCE

TAXES AND FRANCHISE FEES

PASS-THRU COSTS

EMPLOYEE COSTS

CAPITAL COSTS

2017-2018 Projected Operating Costs

Objects (Types of Cost)



BUSINESS ADMINISTRATION

PLANNING AND DEVELOPMENT

PUBLIC AND REGIONAL OUTREACH

OFFICE AND RECORDS MANAGEMENT

CUSTOMER SERVICE AND BILLING

PURCHASED WATER AND POWER

OPERATIONS AND MAINTENANCE

TAXES AND FRANCHISE FEES

PASS-THRU COSTS

EMPLOYEE COSTS

CAPITAL COSTS

Legal Services

Financial Services

Insurance

Elections

Miscellaneous & Other

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Elections	\$ -	\$ 20,000	\$ 11,400	\$ -	\$ 15,000

Election costs are
paid the year after
the election

2017-2018 Projected Operating Costs

Objects (Types of Cost)



BUSINESS ADMINISTRATION

PLANNING AND DEVELOPMENT

PUBLIC AND REGIONAL OUTREACH

OFFICE AND RECORDS MANAGEMENT

CUSTOMER SERVICE AND BILLING

PURCHASED WATER AND POWER

OPERATIONS AND MAINTENANCE

TAXES AND FRANCHISE FEES

PASS-THRU COSTS

EMPLOYEE COSTS

CAPITAL COSTS

Legal Services

Financial Services

Insurance

Elections

Miscellaneous & Other

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Miscellaneous	\$ 281	\$ 700	\$ 400	\$ 700	\$ 700
Manager's Expense	\$ -	\$ 200	\$ -	\$ 200	\$ 200
Commissioner's Expense	\$ -	\$ 200	\$ -	\$ 200	\$ 200
Advertising	\$ 2,260	\$ 2,000	\$ 1,900	\$ 2,000	\$ 2,000
TOTAL	\$ 2,541	\$ 3,100	\$ 2,300	\$ 3,100	\$ 3,100

2017-2018 Projected Operating Costs

Objects (Types of Cost) I V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget																																																
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200																																																
PLANNING AND DEVELOPMENT	<div>Special Projects</div> <div>Miscellaneous & Other</div>																																																				
PUBLIC AND REGIONAL OUTREACH																																																					
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Added \$7000 in 2017
and 2018 for
annexation costs

Moved the
contribution to
preservation account
to a segregation of
reserves

2017-2018 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
PLANNING AND DEVELOPMENT	\$ 18,838	\$ 16,000	\$ 7,200	\$ 21,000	\$ 23,000
PUBLIC AND REGIONAL OUTREACH					
OFFICE AND RECORDS MANAGEMENT					
CUSTOMER SERVICE AND BILLING					
PURCHASED WATER AND POWER					
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Reg. Dues & Memberships
Newsletter/Website/Events
Other Public Outreach

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
<i>Dues/Memberships/Certs.</i>	\$ 23,732	\$ 19,000	\$ 18,800	\$ 18,000	\$ 18,400
<i>Miscellaneous</i>	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ 1,000
<i>TOTAL</i>	\$ 23,732	\$ 20,000	\$ 18,800	\$ 19,000	\$ 19,400

Reflects rate
increase from
WASWD

2017-2018 Projected Operating Costs

Objects (Types of Cost) ↓ v	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
PLANNING AND DEVELOPMENT	\$ 18,838	\$ 16,000	\$ 7,200	\$ 21,000	\$ 23,000
PUBLIC AND REGIONAL OUTREACH	Reg. Dues & Memberships Newsletter/Website/Events Other Public Outreach				
OFFICE AND RECORDS MANAGEMENT					
CUSTOMER SERVICE AND BILLING					
PURCHASED WATER AND POWER					
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Newsletter	\$ 15,888	\$ 25,900	\$ 25,500	\$ 26,000	\$ 26,500
Website	\$ 7,182	\$ 8,500	\$ 7,300	\$ 8,000	\$ 8,200
Events/Public Service	\$ 3,960	\$ 4,100	\$ 5,000	\$ 5,000	\$ 5,100
TOTAL	\$ 27,030	\$ 38,500	\$ 37,800	\$ 39,000	\$ 39,800

2017-2018 Projected Operating Costs

Objects (Types of Cost) I V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
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TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Other Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
Misc Public Outreach	\$ 3,235	\$ 2,800	\$ 2,000	\$ 2,800	\$ 2,900
TOTAL	\$ 3,235	\$ 2,800	\$ 2,000	\$ 2,800	\$ 2,900

2017-2018 Projected Operating Costs

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PLANNING AND DEVELOPMENT	\$ 18,838	\$ 16,000	\$ 7,200	\$ 21,000	\$ 23,000
PUBLIC AND REGIONAL OUTREACH	\$ 53,997	\$ 61,300	\$ 58,600	\$ 60,800	\$ 62,100
OFFICE AND RECORDS MANAGEMENT	<div> <div>General Office Expense</div> <div>Office Supplies & Equip</div> <div>Computer Systems</div> <div>Phones & Internet</div> <div>Building & Grounds</div> </div>				
CUSTOMER SERVICE AND BILLING					
PURCHASED WATER AND POWER					
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
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EMPLOYEE COSTS					
CAPITAL COSTS					

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Postage	\$ 2,105	\$ 3,000	\$ 2,200	\$ 3,000	\$ 3,100
Courier Services	\$ 550	\$ 600	\$ 500	\$ 600	\$ 600
Miscellaneous Office	\$ 2,911	\$ 3,000	\$ 2,400	\$ 3,000	\$ 3,000
TOTAL	\$ 2,105	\$ 3,000	\$ 2,200	\$ 3,000	\$ 3,100

2017-2018 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ v	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
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OFFICE AND RECORDS MANAGEMENT	<div>General Office Expense Office Supplies & Equip Computer Systems Phones & Internet Building & Grounds</div>		<div><div>Office Supplies</div><div>Equip/Furniture/Tools</div><div>TOTAL</div><div><div>2015 Actual</div><div>\$ 12,288</div><div>\$ 2,088</div><div>\$ 14,376</div></div></div>		
CUSTOMER SERVICE AND BILLING					
PURCHASED WATER AND POWER					
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Office Supplies	\$ 12,288	\$ 15,500	\$ 14,900	\$ 15,000	\$ 15,300
Equip/Furniture/Tools	\$ 2,088	\$ 1,800	\$ 2,200	\$ 2,500	\$ 2,600
TOTAL	\$ 14,376	\$ 17,300	\$ 17,100	\$ 17,500	\$ 17,900

2017-2018 Projected Operating Costs

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PASS-THRU COSTS					
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CAPITAL COSTS					

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Computer Supplies	\$ 1,024	\$ 3,000	\$ 300	\$ 3,000	\$ 3,100
Printers & Small Equipment	\$ -	\$ -	\$ 900	\$ 2,000	\$ 2,000
Software	\$ 11,179	\$ 6,800	\$ 2,900	\$ 9,000	\$ 9,200
Maint Agreements	\$ 16,874	\$ 15,000	\$ 20,400	\$ 30,000	\$ 40,000
Professional Services	\$ 76,098	\$ 70,000	\$ 52,900	\$ 55,000	\$ 56,100
TOTAL	\$ 105,175	\$ 94,800	\$ 77,400	\$ 99,000	\$ 110,400

Professional services are down significantly and are expected to remain at a lower level

2017-2018 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
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CUSTOMER SERVICE AND BILLING					
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PASS-THRU COSTS					
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CAPITAL COSTS					

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Cell Phones	\$ 6,250	\$ 6,000	\$ 6,900	\$ 7,000	\$ 7,100
Alarm Monitoring	\$ 3,150	\$ 3,000	\$ 3,200	\$ 3,000	\$ 3,100
Phone System & Internet	\$ 10,109	\$ 10,000	\$ 21,800	\$ 15,000	\$ 15,300
TOTAL	\$ 19,509	\$ 19,000	\$ 31,900	\$ 25,000	\$ 25,500

Comcast is expected
to reimburse costs
in 2016

2017-2018 Projected Operating Costs

Objects (Types of Cost) I V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget																																																																		
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OFFICE AND RECORDS MANAGEMENT	\$ 203,617	\$ 189,700	\$ 192,800	\$ 213,100	\$ 217,700																								
CUSTOMER SERVICE AND BILLING	<div>Billing Reporting</div> <table><thead><tr><th></th><th><u>2015 Actual</u></th><th><u>2016 Budget</u></th><th><u>2016 Actual</u></th><th><u>2017 Budget</u></th><th><u>2018 Budget</u></th></tr></thead><tbody><tr><td>Outside Billing Costs</td><td>\$ 38,760</td><td>\$ 46,000</td><td>\$ 48,100</td><td>\$ 55,000</td><td>\$ 56,100</td></tr><tr><td>Con. Confidence Report</td><td>\$ 6,097</td><td>\$ 6,100</td><td>\$ 8,200</td><td>\$ 8,000</td><td>\$ 8,200</td></tr><tr><td>TOTAL</td><td>\$ 44,857</td><td>\$ 52,100</td><td>\$ 56,300</td><td>\$ 63,000</td><td>\$ 64,300</td></tr></tbody></table>						<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>	Outside Billing Costs	\$ 38,760	\$ 46,000	\$ 48,100	\$ 55,000	\$ 56,100	Con. Confidence Report	\$ 6,097	\$ 6,100	\$ 8,200	\$ 8,000	\$ 8,200	TOTAL	\$ 44,857	\$ 52,100	\$ 56,300	\$ 63,000	\$ 64,300
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EMPLOYEE COSTS																													
CAPITAL COSTS																													

The transaction charges for e-payments are included in Outside Billing costs - 2016

The transaction charges for e-payments are included in Outside Billing costs. 2016 actual reflects the fixed maintenance costs

2017-2018 Projected Operating Costs

Objects (Types of Cost) ↓ v	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
PLANNING AND DEVELOPMENT	\$ 18,838	\$ 16,000	\$ 7,200	\$ 21,000	\$ 23,000
PUBLIC AND REGIONAL OUTREACH	\$ 53,997	\$ 61,300	\$ 58,600	\$ 60,800	\$ 62,100
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CUSTOMER SERVICE AND BILLING	\$ 44,857	\$ 52,100	\$ 56,300	\$ 63,000	\$ 64,300
PURCHASED WATER AND POWER	<div> Purchased Water Purchased Power <div> <div> 2015 Actual2016 Budget2016 Actual2017 Budget2018 Budget </div> <div> Seattle Public Utilities Seattle City Light TOTAL </div> </div> </div>				
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Maintained water costs at expected 2016 levels – may actually be a little lower due to projected less water usage

20% increase from SPU projected fro 2018

2017-2018 Projected Operating Costs

Objects (Types of Cost) ↓ V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
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OPERATIONS AND MAINTENANCE	<div> <div>Outside Services</div> <div>Supplies & Materials</div> <div>Equipment/Tools</div> <div>Telemetry</div> <div>Field Vehicle Expense</div> <div>Miscellaneous</div> </div> <div> <div>Engineering Services</div> <div>CWA Services</div> <div>Other Outside Services</div> <div>TOTAL</div> </div> <div> <div>2015 Actual</div> <div>2016 Budget</div> <div>2016 Actual</div> <div>2017 Budget</div> <div>2018 Budget</div> </div> <div> <div>\$ 39,766</div> <div>\$ 8,000</div> <div>\$ 21,700</div> <div>\$ 8,000</div> <div>\$ 8,200</div> </div> <div> <div>\$ 20,700</div> <div>\$ 17,000</div> <div>\$ 16,200</div> <div>\$ 16,000</div> <div>\$ 16,300</div> </div> <div> <div>\$ 1,099</div> <div>\$ 1,000</div> <div>\$ 1,100</div> <div>\$ 1,000</div> <div>\$ 1,000</div> </div> <div> <div>\$ 61,565</div> <div>\$ 26,000</div> <div>\$ 39,000</div> <div>\$ 25,000</div> <div>\$ 25,500</div> </div>				
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Higher costs in 2016
are for one-time
costs related to the
water sample stands

2017-2018 Projected Operating Costs

Objects (Types of Cost) I V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
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OPERATIONS AND MAINTENANCE	<div>Outside Services Supplies & Materials Equipment/Tools Telemetry Field Vehicle Expense Miscellaneous</div>				
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

2017 budget is based on 2016 actual – will bring more detail to the Board on Dec 6th

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
General O&M	\$ 22,160	\$ 26,000	\$ 25,400	\$ 26,000	\$ 26,500
Pumping O&M	\$ 372	\$ 3,000	\$ 1,200	\$ 1,500	\$ 1,500
Reservoir/Storage O&M	\$ -	\$ 1,000	\$ 400	\$ 1,000	\$ 1,000
Meters & Services	\$ 17,080	\$ 18,000	\$ 21,800	\$ 22,000	\$ 22,400
Mains O&M	\$ 26,514	\$ 24,000	\$ 32,900	\$ 33,000	\$ 33,700
Valves O&M	\$ 34,735	\$ 29,000	\$ 35,000	\$ 35,000	\$ 35,700
Water Quality	\$ 18,446	\$ 6,000	\$ 4,800	\$ 5,000	\$ 5,100
Hydrants O&M	\$ 9,516	\$ 12,000	\$ 14,000	\$ 14,000	\$ 14,300
TOTAL	\$ 128,823	\$ 119,000	\$ 135,500	\$ 137,500	\$ 140,200

2017-2018 Projected Operating Costs

Objects (Types of Cost) I V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
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TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
General O&M	\$ 3,535	\$ 10,000	\$ 3,300	\$ 3,500	\$ 3,600

2016 budget assumed more equipment would be expensed – given audit focus less will be expensed and capitalized instead

2017-2018 Projected Operating Costs

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TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Telemetry	\$ 13,016	\$ 14,000	\$ 9,800	\$ 14,000	\$ 14,300
Miscellaneous					
Locates/Inspections	\$ 9,909	\$ 5,100	\$ 7,700	\$ 8,000	\$ 8,200
Annual Operating Permit	\$ 11,558	\$ 12,000	\$ 11,800	\$ 12,000	\$ 12,200
TOTAL	\$ 34,483	\$ 31,100	\$ 29,300	\$ 34,000	\$ 34,700

Telemetry will be
higher going
forward

2017-2018 Projected Operating Costs

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TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Higher Repairs for the vactor than anticipated. It will remain at this level until it is replaced

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Fuel and Oil	\$ 17,358	\$ 15,200	\$ 15,800	\$ 17,200	\$ 17,500
Repair and Maintenance	\$ 62,409	\$ 19,000	\$ 39,500	\$ 40,000	\$ 40,800
TOTAL	\$ 79,767	\$ 34,200	\$ 55,300	\$ 57,200	\$ 58,300

2017-2018 Projected Operating Costs

Objects (Types of Cost) V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
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PURCHASED WATER AND POWER	\$1,501,184	\$ 1,468,815	\$ 1,383,200	\$ 1,383,000	\$ 1,645,000
OPERATIONS AND MAINTENANCE	\$ 308,173	\$ 220,300	\$ 248,400	\$ 255,700	\$ 262,300
TAXES AND FRANCHISE FEES	<div>Taxes Franchise Fees</div>				
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Taxes and Franchise fees track with projected service rate increases

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Taxes	\$ 324,520	\$ 346,000	\$ 351,300	\$ 337,600	\$ 353,500
Franchise Fees - SHO	\$ 282,072	\$ 278,500	\$ 279,000	\$ 287,400	\$ 300,900
Franchise Fees - LFP	\$ 84,857	\$ 85,000	\$ 83,800	\$ 86,500	\$ 90,600
TOTAL	\$ 691,449	\$ 709,500	\$ 714,100	\$ 711,500	\$ 745,000

2017-2018 Projected Operating Costs

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OPERATIONS AND MAINTENANCE	\$ 308,173	\$ 220,300	\$ 248,400	\$ 255,700	\$ 262,300
TAXES AND FRANCHISE FEES	\$ 691,449	\$ 709,500	\$ 714,100	\$ 711,500	\$ 745,000
PASS-THRU COSTS	<div>Street Lights</div> <div> <div>2015 Actual</div> <div>2016 Budget</div> <div>2016 Actual</div> <div>2017 Budget</div> <div>2018 Budget</div> </div> <div>Street Lights</div> <div> <div>\$ 6,776</div> <div>\$ 7,900</div> <div>\$ 6,800</div> <div>\$ 7,500</div> <div>\$ 7,700</div> </div>				
EMPLOYEE COSTS					
CAPITAL COSTS					

2017-2018 Projected Operating Costs

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PASS-THRU COSTS	\$ 6,776	\$ 7,900	\$ 6,800	\$ 7,500	\$ 7,700
EMPLOYEE COSTS					
CAPITAL COSTS					

Travel & Training
Temp Employee Costs
Other Employee Costs

The 2016 budget had a \$8,000 under-expenditure, which was met – 2017 and 2018 assume the same

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Travel & Training	\$ 38,071	\$ 40,300	\$ 39,200	\$ 39,314	\$ 40,100
Temp Employee Costs	\$ 2,216	\$ -	\$ -		\$ -
Tests and Miscellaneous	\$ 4,063	\$ 2,500	\$ 13,100	\$ 4,000	\$ 4,100
Uniforms and Other Clothing	\$ 8,930	\$ 5,000	\$ 6,800	\$ 6,500	\$ 6,600
TOTAL	\$ 53,280	\$ 47,800	\$ 59,100	\$ 49,814	\$ 50,800

2017-2018 Projected Operating Costs

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PASS-THRU COSTS	\$ 6,776	\$ 7,900	\$ 6,800	\$ 7,500	\$ 7,700

1.8% COLA increase is reflected in Direct Payroll.

Benefits reflect a 19% increase in PERS costs and an increase in VEBA from \$1,400 to \$1,500 a month.

EMPLOYEE COSTS	Direct Payroll Costs Employee Benefits Less Capitalized Labor
CAPITAL COSTS	

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
Direct Payroll	\$ 1,180,193	\$ 1,210,616	\$ 1,207,000	\$ 1,238,420	\$ 1,227,247
Employee Benefits	\$ 498,795	\$ 543,317	\$ 543,400	\$ 575,804	\$ 572,128
SUBTOTAL	\$ 1,678,988	\$ 1,753,933	\$ 1,750,400	\$ 1,814,224	\$ 1,799,376
Less Capitalized Labor Costs	\$ (162,264)	\$ (180,108)	\$ (161,200)	\$ (161,000)	\$ (162,700)
TOTAL	\$ 1,516,724	\$ 1,573,825	\$ 1,589,200	\$ 1,653,224	\$ 1,636,676

2017 Payroll Changes

- COLA – 1.8% June 2016, 2.1% August 2016
- Medical Premium Increase - \$38
- Group Insurance Surcharge Added - \$50
- Recommended increase in VEBA to \$1,500 from \$1,400 to cover the increases in medical costs
- Life Insurance Supplement now direct pay and much higher premiums – benefits are it can be taken with you when you leave and current employees can add it
- PERS Employer Contribution rate increase – 11.18% to 12.52%
(19% increase in cost to District)
- PERS Employee Contribution rate increase - 6.02% to 7.38% *(13%-15% increase in cost to employees)*

Illustration of PERS Increase on Available COLA Increase

2016

	Hr Rate	Hours	Labor
Gross Pay	\$34.5025	2,080	\$ 71,765
Soc Sec & Medicare		7.65%	\$ (5,490)
PERS - Jan-Jun		6.02%	\$ (2,160)
PERS - Jul-Dec		6.02%	\$ (2,160)
Total PERS			\$ (4,320)
Net Pay			\$ 61,955

Social security, Medicare and PERS are obligatory retirement deductions that have no affect on the amount of retirement benefits we receive.

Illustration of PERS Increase on Available COLA Increase

2016

2017

	Hr Rate	Hours	Labor	COLA INC 1.8%	Hours	Labor	Increase	% Inc
Gross Pay	\$34.5025	2,080	\$ 71,765	\$35.1235	2,080	\$ 73,057	\$ 1,292	1.8%
Soc Sec & Medicare		7.65%	\$ (5,490)		7.65%	\$ (5,589)	\$ (99)	1.8%
PERS - Jan-Jun		6.02%	\$ (2,160)		6.02%	\$ (2,199)		
PERS - Jul-Dec		6.02%	\$ (2,160)		7.38%	\$ (2,696)		
Total PERS			\$ (4,320)			\$ (4,895)	\$ (575)	13.3%
Net Pay			\$ 61,955			\$ 62,573	\$ 618	1.0%

The PERS contribution rate increase to 7.38% reduces the COLA increase by \$575 or nearly half of it

This increase effectively reduces the COLA increase from 1.8% to 1.0%

Illustration of PERS Increase on Available COLA Increase

2016

2017

2018

				COLA INC					COLA INC				
	Hr Rate	Hours	Labor	1.8%	Hours	Labor	Increase	% Inc	2.0%	Hours	Labor	Increase	% Inc
Gross Pay	\$34.5025	2,080	\$ 71,765	\$35.1235	2,080	\$ 73,057	\$ 1,292	1.8%	\$ 35.8260	2,080	\$ 74,518	\$ 1,461	2.0%
Soc Sec & Medicare		7.65%	\$ (5,490)		7.65%	\$ (5,589)	\$ (99)	1.8%		7.65%	\$ (5,701)	\$ (112)	2.0%
PERS - Jan-Jun		6.02%	\$ (2,160)		6.02%	\$ (2,199)				7.38%	\$ (2,750)		
PERS - Jul-Dec		6.02%	\$ (2,160)		7.38%	\$ (2,696)				7.38%	\$ (2,750)		
Total PERS			\$ (4,320)			\$ (4,895)	\$ (575)	13.3%			\$ (5,499)	\$ (605)	12.4%
Net Pay			\$ 61,955			\$ 62,573	\$ 618	1.0%			\$ 63,318	\$ 745	1.2%

And it is not over in 2017, in 2018 it would reduce a 2% COLA increase to 1.2%

Illustration of PERS Increase on Available COLA Increase

2016

2017

2018

				COLA INC					COLA INC				
	Hr Rate	Hours	Labor	1.8%	Hours	Labor	Increase	% Inc	2.0%	Hours	Labor	Increase	% Inc
Gross Pay	\$34.5025	2,080	\$ 71,765	\$35.1235	2,080	\$ 73,057	\$ 1,292	1.8%	\$ 35.8260	2,080	\$ 74,518	\$ 1,461	2.0%
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Total PERS			\$ (4,320)			\$ (4,895)	\$ (575)	13.3%			\$ (5,499)	\$ (605)	12.4%
Net Pay			\$ 61,955			\$ 62,573	\$ 618	1.0%			\$ 63,318	\$ 745	1.2%

				COLA INC				
	Hr Rate	Hours	Labor	2.6%	Hours	Labor	Increase	% Inc
Gross Pay	\$34.5025	2,080	\$ 71,765	\$35.3996	2,080	\$ 73,631	\$ 1,866	2.6%
Soc Sec & Medicare		7.65%	\$ (5,490)		7.65%	\$ (5,633)	\$ (143)	2.6%
PERS - Jan-Jun		6.02%	\$ (2,160)		6.02%	\$ (2,216)		
PERS - Jul-Dec		6.02%	\$ (2,160)		7.38%	\$ (2,717)		
Total PERS			\$ (4,320)			\$ (4,933)	\$ (613)	14.2%
Net Pay			\$ 61,955			\$ 63,065	\$ 1,110	1.8%

If we receive a 2.6% increase we would affective get the 1.8% projected

Illustration of PERS Increase on Available COLA Increase

2016

2017


2018

	Hr Rate	Hours	Labor	COLA INC					COLA INC				
				1.8%	Hours	Labor	Increase	% Inc	2.0%	Hours	Labor	Increase	% Inc
Gross Pay	\$34.5025	2,080	\$ 71,765	\$35.1235	2,080	\$ 73,057	\$ 1,292	1.8%	\$ 35.8260	2,080	\$ 74,518	\$ 1,461	2.0%
Soc Sec & Medicare		7.65%	\$ (5,490)		7.65%	\$ (5,589)	\$ (99)	1.8%		7.65%	\$ (5,701)	\$ (112)	2.0%
PERS - Jan-Jun		6.02%	\$ (2,160)		6.02%	\$ (2,199)				7.38%	\$ (2,750)		
PERS - Jul-Dec		6.02%	<u>\$ (2,160)</u>		7.38%	<u>\$ (2,696)</u>				7.38%	<u>\$ (2,750)</u>		
Total PERS			\$ (4,320)			\$ (4,895)	\$ (575)	13.3%			\$ (5,499)	\$ (605)	12.4%
Net Pay			\$ 61,955			\$ 62,573	\$ 618	1.0%			\$ 63,318	\$ 745	1.2%


	Hr Rate	Hours	Labor	COLA INC				
				2.6%	Hours	Labor	Increase	% Inc
Gross Pay	\$34.5025	2,080	\$ 71,765	\$35.3996	2,080	\$ 73,631	\$ 1,866	2.6%
Soc Sec & Medicare		7.65%	\$ (5,490)		7.65%	\$ (5,633)	\$ (143)	2.6%
PERS - Jan-Jun		6.02%	\$ (2,160)		6.02%	\$ (2,216)		
PERS - Jul-Dec		6.02%	<u>\$ (2,160)</u>		7.38%	<u>\$ (2,717)</u>		
Total PERS			\$ (4,320)			\$ (4,933)	\$ (613)	14.2%
Net Pay			\$ 61,955			\$ 63,065	\$ 1,110	1.8%

	Hr Rate	Hours	Labor	COLA INC				
				2.1%	Hours	Labor	Increase	% Inc
Gross Pay	\$34.5025	2,080	\$ 71,765	\$35.2271	2,080	\$ 73,272	\$ 1,507	2.1%
Soc Sec & Medicare		7.65%	\$ (5,490)		7.65%	\$ (5,605)	\$ (115)	2.1%
PERS - Jan-Jun		6.02%	\$ (2,160)		6.02%	\$ (2,205)		
PERS - Jul-Dec		6.02%	<u>\$ (2,160)</u>		7.38%	<u>\$ (2,704)</u>		
Total PERS			\$ (4,320)			\$ (4,909)	\$ (589)	13.6%
Net Pay			\$ 61,955			\$ 62,758	\$ 803	1.3%

If the COLA for August of 2.1% is used instead of the COLA for June of 1.8%, the net increase would be 1.3%

	Labor and Benefits Summary <i>(Before Capitalization)</i>		
	2017 - Budget		
	DIRECT LABOR	TOTAL BENEFITS	COMBINED TOTAL
Total Projected Labor and Benefits for 2016	\$ 1,213,322	\$ 536,572	\$ 1,749,894
Net Steps, Staff Changes, PERS, Decr in Total Hours Worked	\$ 4,631	\$ 34,336	\$ 38,967
Base Labor and Benefits for 2017	\$ 1,217,953	\$ 570,909	\$ 1,788,861
Deduct Commissioner Pay	(\$32,832)	(\$54,862)	(\$87,694)
Base Pay Subject to COLA	\$ 1,185,121	\$ 516,047	\$ 1,701,167
COLA @ 1.8% on Staff Employees (cash basis)	\$ 20,468	\$ 2,856	\$ 23,323
TOTAL LABOR AND BENEFITS FOR 2017 (Cash Basis)	\$ 1,238,420	\$ 573,764	\$ 1,812,184
2017 Total Increase over 2016	\$ 25,099	\$ 37,192	\$ 62,291
Percent Increase over 2016	2.1%	6.9%	3.6%

Reflects a change in financial management
staffing

	Labor and Benefits Summary <i>(Before Capitalization)</i>		
	2018 - Budget		
	DIRECT LABOR	TOTAL BENEFITS	COMBINED TOTAL
Total Projected Labor and Benefits for 2017	\$ 1,238,420	\$ 573,764	\$ 1,812,184
Net Steps, Staff Changes, PERS, Incr in Total Hours Worked	(\$33,622)	(\$5,866)	(\$39,488)
Base Labor and Benefits for 2018	\$ 1,204,799	\$ 567,898	\$ 1,772,696
Deduct Commissioner Pay	(\$32,832)	(\$54,862)	(\$87,694)
Base Pay Subject to COLA	\$ 1,171,967	\$ 513,036	\$ 1,685,003
COLA @ 2% on Staff Employees (cash basis)	\$ 22,449	\$ 4,230	\$ 26,679
TOTAL LABOR AND BENEFITS FOR 2018 (Cash Basis)	\$ 1,227,247	\$ 572,128	\$ 1,799,376
2018 Total Increase (Decrease) over 2017	(\$11,173)	(\$1,636)	(\$12,809)
Percent Increase (Decrease) over 2017	-0.9%	-0.3%	-0.7%

2017-2018 Projected Operating Costs

Objects (Types of Cost) I V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
PLANNING AND DEVELOPMENT	\$ 18,838	\$ 16,000	\$ 7,200	\$ 21,000	\$ 23,000
PUBLIC AND REGIONAL OUTREACH	\$ 53,997	\$ 61,300	\$ 58,600	\$ 60,800	\$ 62,100
OFFICE AND RECORDS MANAGEMENT	\$ 203,617	\$ 189,700	\$ 192,800	\$ 213,100	\$ 217,700
CUSTOMER SERVICE AND BILLING	\$ 44,857	\$ 52,100	\$ 56,300	\$ 63,000	\$ 64,300
PURCHASED WATER AND POWER	\$1,501,184	\$ 1,468,815	\$ 1,383,200	\$ 1,383,000	\$1,645,000
OPERATIONS AND MAINTENANCE	\$ 308,173	\$ 220,300	\$ 248,400	\$ 255,700	\$ 262,300
TAXES AND FRANCHISE FEES	\$ 691,449	\$ 709,500	\$ 714,100	\$ 709,500	\$ 745,000
PASS-THRU COSTS	\$ 6,776	\$ 7,900	\$ 6,800	\$ 7,500	\$ 7,700

EMPLOYEE COSTS	Direct Payroll Costs Employee Benefits Less Capitalized Labor
CAPITAL COSTS	

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2018 Budget</u>
<i>Direct Payroll</i>	\$ 1,180,193	\$ 1,210,616	\$ 1,207,000	\$ 1,238,420	\$ 1,227,247
<i>Employee Benefits</i>	\$ 498,795	\$ 543,317	\$ 543,400	\$ 575,804	\$ 572,128
SUBTOTAL	\$ 1,678,988	\$ 1,753,933	\$ 1,750,400	\$ 1,814,224	\$ 1,799,376
<i>Less Capitalized Labor Costs</i>	\$ (162,264)	\$ (180,108)	\$ (161,200)	\$ (161,000)	\$ (162,700)
TOTAL	\$ 1,516,724	\$ 1,573,825	\$ 1,589,200	\$ 1,653,224	\$ 1,636,676

2017-2018 Projected Operating Costs

Objects (Types of Cost) I V	2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ 161,200
PLANNING AND DEVELOPMENT	\$ 18,838	\$ 16,000	\$ 7,200	\$ 21,000	\$ 23,000
PUBLIC AND REGIONAL OUTREACH	\$ 53,997	\$ 61,300	\$ 58,600	\$ 60,800	\$ 62,100
OFFICE AND RECORDS MANAGEMENT	\$ 203,617	\$ 189,700	\$ 192,800	\$ 213,100	\$ 217,700
CUSTOMER SERVICE AND BILLING	\$ 44,857	\$ 52,100	\$ 56,300	\$ 63,000	\$ 64,300
PURCHASED WATER AND POWER	\$ 1,501,184	\$ 1,468,815	\$ 1,383,200	\$ 1,383,000	\$ 1,645,000
OPERATIONS AND MAINTENANCE	\$ 308,173	\$ 220,300	\$ 248,400	\$ 255,700	\$ 262,300
TAXES AND FRANCHISE FEES	\$ 691,449	\$ 709,500	\$ 714,100	\$ 709,500	\$ 745,000
PASS-THRU COSTS	\$ 6,776	\$ 7,900	\$ 6,800	\$ 7,500	\$ 7,700
EMPLOYEE COSTS	\$ 1,570,004	\$ 1,621,625	\$ 1,648,300	\$ 1,703,038	\$ 1,636,676

Reflects the new debt service for the 2016 bond issue

CAPITAL COSTS		2015 Actual	2016 Budget	2016 Actual	2017 Budget	2018 Budget
Debt Service		\$ 793,164	\$ 996,145	\$ 699,740	\$ 1,355,190	\$ 1,334,225
Interest Alloc to Capital		\$ (104,702)	\$ (130,000)	\$ (100,000)	\$ (256,167)	\$ (264,833)
Capital & CIC Transfers		\$ 1,343,823	\$ 1,551,221	\$ 1,600,884	\$ 1,158,411	\$ 1,170,556
Vehicle Repl Funding		\$ 122,000	\$ 95,000	\$ 95,000	\$ 100,000	\$ 105,000
TOTAL		\$ 2,154,285	\$ 2,512,366	\$ 2,295,624	\$ 2,357,434	\$ 2,344,948

2017-2018 Projected Operating Costs



Objects <i>(Types of Cost)</i>	2015 Actual	2016 Budget	2016 Actual	2017 Budget	Chg 2017 Budget to 2016 Actual	Percent Change	2018 Budget	Chg 2018 Budget to 2017 Budget	Percent Change
BUSINESS ADMINISTRATION	\$ 142,163	\$ 172,100	\$ 155,800	\$ 148,400	\$ (7,400)	-4.7%	\$ 161,200	\$ 12,800	8.6%
PLANNING AND DEVELOPMENT	\$ 18,838	\$ 16,000	\$ 7,200	\$ 21,000	\$ 13,800	191.7%	\$ 23,000	\$ 2,000	9.5%
PUBLIC AND REGIONAL OUTREACH	\$ 53,997	\$ 61,300	\$ 58,600	\$ 60,800	\$ 2,200	3.8%	\$ 62,100	\$ 1,300	2.1%
OFFICE AND RECORDS MANAGEMENT	\$ 203,617	\$ 189,700	\$ 192,800	\$ 213,100	\$ 20,300	10.5%	\$ 217,700	\$ 4,600	2.2%
CUSTOMER SERVICE AND BILLING	\$ 44,857	\$ 52,100	\$ 56,300	\$ 63,000	\$ 6,700	11.9%	\$ 64,300	\$ 1,300	2.1%
PURCHASED WATER AND POWER	\$ 1,501,184	\$ 1,468,815	\$ 1,383,200	\$ 1,383,000	\$ (200)	0.0%	\$ 1,645,000	\$ 262,000	18.9%
OPERATIONS AND MAINTENANCE	\$ 38,760	\$ 46,000	\$ 248,400	\$ 255,700	\$ 7,300	2.9%	\$ 262,300	\$ 6,600	2.6%
TAXES AND FRANCHISE FEES	\$ 691,449	\$ 709,500	\$ 714,100	\$ 711,500	\$ (2,600)	-0.4%	\$ 745,000	\$ 33,500	4.7%
PASS-THRU COSTS	\$ 6,776	\$ 7,900	\$ 6,800	\$ 7,500	\$ 700	10.3%	\$ 7,700	\$ 200	2.7%
EMPLOYEE COSTS	\$ 1,570,004	\$ 1,621,625	\$ 1,648,300	\$ 1,703,038	\$ 54,738	3.3%	\$ 1,687,476	\$ (15,563)	-0.9%
Total Operating Costs	\$ 4,271,644	\$ 4,345,039	\$ 4,471,500	\$ 4,567,039	\$ 95,539	2.1%	\$ 4,875,776	\$ 308,737	6.8%
CAPITAL COSTS	\$ 2,154,285	\$ 2,512,366	\$ 2,295,624	\$ 2,357,434	\$ 61,810	2.7%	\$ 2,344,948	\$ (12,487)	-0.5%
TRANSFER TO PRESERVATION ACCT		\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0.0%	\$ 50,000	\$ -	0.0%
Total Revenue Requirement	\$ 6,425,929	\$ 6,907,404	\$ 6,817,124	\$ 6,974,473	\$ 157,348	2.3%	\$ 7,270,723	\$ 296,250	4.2%

Projected overall increase in 2017 of 2.3%. Projected increase in 2018 is 4.2%, primarily due to the increase from SPU

What's Next?

December 6, 2016 board meeting:

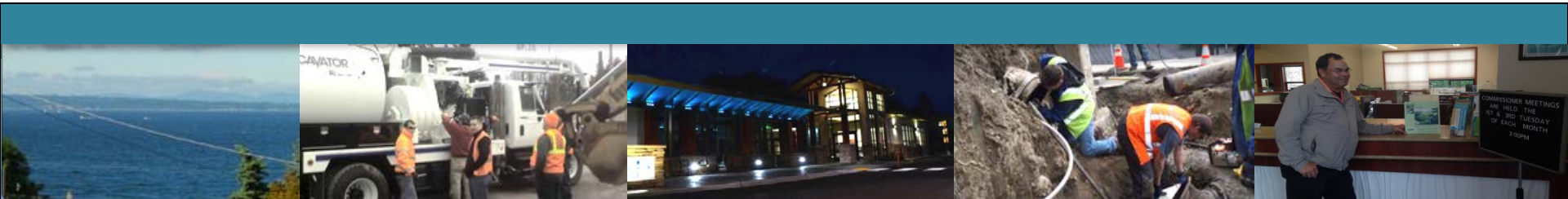
**Final budget presentation for Capital, revenues,
rates and long-term forecast**

December 6, 2016 board meeting Pass:

Budget

New Water Service Rates

Wage matrix



End

