

2019-2020 Budget Presentation

Presentation to the Board of Commissioners

November 20, 2018



Budget Presentation Schedule

November 20, 2018

Operating Budget – Part 1- Operating &
Capital Costs

December 4, 2018

Operating Budget – Part 2 – Revenues
Capital Budget
Rates
Forecast



2019-2020 Budget Format

Objects (Types of Cost) ↓ ∨	Functions ->		Cust Service & Billing	General O&M	Source of Supply & Pumping		Meters & Services		
	Total	Admin				Storage		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		<p>The budget will be presented in object format, which is how it is reported in our financial statements, but the District is not in the business to pay salaries or insurance or maintain its buildings, it is in the business to provide water service. Consequently all objects categories “roll up” from charges also distributed by functions of service – source of supply, storage, meters, etc.</p> <p>This is important to understand as rates are based on how customers make demands on the District’s services.</p>							



FUNCTIONS OF WATER SERVICE



2019-2020 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>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
<i>General</i>	\$ 12,940	\$ 13,300	\$ 11,557	\$ 12,000	\$ 13,000
<i>Meetings</i>	\$ 17,968	\$ 17,300	\$ 22,863	\$ 24,000	\$ 25,000
<i>Interlocal/Regional</i>	\$ 13,073	\$ 2,000	\$ 1,001	\$ 1,000	\$ 1,000
<i>Personnel</i>	\$ 2,496	\$ 2,000	\$ 1,339	\$ 2,000	\$ 2,000
<i>Public Records Requests</i>	\$ 1,326	\$ 11,200	\$ 251	\$ 3,000	\$ 3,000
TOTAL	\$ 47,803	\$ 45,800	\$ 37,011	\$ 42,000	\$ 44,000

2018 was lower than budget because of the lower need for assistance with public records requests.

The 2019 and 2020 budget was increased for meetings consistent with 2018 actual. A placeholder of \$3,000 was used for public records requests.

2019-2020 Projected Operating Costs

Objects (Types of Cost)



- BUSINESS ADMINISTRATION
- PLANNING AND DEVELOPMENT
- PUBLIC AND REGIONAL OUTREACH
- OFFICE AND RECORDS MANAGEMENT
- CUSTOMER SERVICE AND BILLING
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- EMPLOYEE COSTS
- CAPITAL COSTS

- Legal Services
- Financial Services
- Insurance
- Elections
- Miscellaneous and Other

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Audit	\$ 19,049	\$ 12,000	\$ 15,000	\$ 20,000	\$ 18,000
Financial Services	\$ -	\$ 15,000	\$ -	\$ 40,000	\$ 40,000
TOTAL	\$ 19,049	\$ 27,000	\$ 15,000	\$ 60,000	\$ 58,000

The audit costs are higher every other year because they also include a bi-annual accountability audit.

The \$40,000 for financial services is for financial assistance in 2019 with the cost of service rates and connection charge, plus assistance with the transition in financial staff. It is maintained going forward for potential outsourcing of the annual audit to a CPA firm.

2019-2020 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
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 - TAXES AND FRANCHISE FEES
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 - EMPLOYEE COSTS
 - CAPITAL COSTS

- Legal Services
- Financial Services
- Insurance
- Elections
- Miscellaneous & Other

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
<i>Enduris Premiums</i>	\$ 84,441	\$ 89,300	\$ 102,946	\$ 113,000	\$ 127,000

The 2019 increase is for higher rates. 2020 includes an additional amount for the maintenance building.

2019-2020 Projected Operating Costs

Objects *(Types of Cost)*



- BUSINESS ADMINISTRATION
- PLANNING AND DEVELOPMENT
- PUBLIC AND REGIONAL OUTREACH
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- Financial Services
- Insurance
- Elections
- Miscellaneous & Other

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Elections	\$ -	\$ 15,000	\$ 16,901	\$ -	\$ 17,000

Election costs are paid the year after the election

2019-2020 Projected Operating Costs

Objects (Types of Cost)



- BUSINESS ADMINISTRATION
- PLANNING AND DEVELOPMENT
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- Elections
- Miscellaneous & Other

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Miscellaneous	\$ 342	\$ 700	\$ 113	\$ 700	\$ 700
Manager's Expense	\$ 372	\$ 200	\$ 159	\$ 300	\$ 300
Commissioner's Expense	\$ -	\$ 200	\$ -	\$ 200	\$ 200
Advertising	\$ 2,583	\$ 2,000	\$ 3,508	\$ 3,000	\$ 2,000
TOTAL	\$ 3,297	\$ 3,100	\$ 3,780	\$ 4,200	\$ 3,200

Advertising in 2019 includes the small works roster and ads for a new accountant. In 2020 it is for the small works roster only.

2019-2020 Projected Operating Costs

Objects (Types of Cost) ↓ v	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget																																																																		
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200																																																																		
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The only identified special project is to complete the Code Book in 2019.

The contribution to the preservation account is a segregation of reserves

2019-2020 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ ∨	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget																								
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200																								
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Reflects some potential rate increase from WASWD

2019-2020 Projected Operating Costs

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PUBLIC AND REGIONAL OUTREACH	<div style="border: 1px solid black; padding: 5px;"> Reg. Dues & Memberships Newsletter/Website/Events Other Public Outreach </div>				
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>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
<i>Newsletter</i>	\$ 23,393	\$ 26,500	\$ 21,284	\$ 22,000	\$ 23,000
<i>Website</i>	\$ 3,967	\$ 8,200	\$ 1,949	\$ 5,000	\$ 5,000
<i>Events/Public Service</i>	\$ 7,453	\$ 5,100	\$ 7,898	\$ 8,000	\$ 8,000
TOTAL	\$ 34,813	\$ 39,800	\$ 31,131	\$ 35,000	\$ 36,000

The website is higher to cover the addition of videos to the website over the next couple of years.

2019-2020 Projected Operating Costs

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In line.

2019-2020 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ V	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
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					

General Office Expense
Office Supplies & Equip
Computer Systems
Phones & Internet
Building & Grounds

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Postage	\$ 1,834	\$ 3,100	\$ 2,038	\$ 2,000	\$ 2,000
Courier Services	\$ 442	\$ 600	\$ 525	\$ 500	\$ 500
Miscellaneous Office	\$ 1,578	\$ 3,000	\$ 421	\$ 1,000	\$ 1,000
Payroll Services	\$ 5,721	\$ -	\$ 7,024	\$ 7,000	\$ 7,000
TOTAL	\$ 9,574	\$ 6,700	\$ 10,008	\$ 10,500	\$ 10,500

In line.

2019-2020 Projected Operating Costs

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General Office Expense
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Phones & Internet
Building & Grounds

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Office Supplies	\$ 11,511	\$ 15,300	\$ 11,947	\$ 12,000	\$ 12,000
Publications and Newspapers	\$ 416	\$ 2,600	\$ 630	\$ 650	\$ 650
Equip/Furniture/Tools	\$ 1,299	\$ -	\$ 11,811	\$ 5,000	\$ 5,000
TOTAL	\$ 11,927	\$ 17,900	\$ 12,577	\$ 12,650	\$ 12,650

2018 was higher due to furniture and cell phones purchases.

Lowered to \$5,000 as a placeholder in 2019 and 2020.

2019-2020 Projected Operating Costs

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CAPITAL COSTS					

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
<i>Computer Supplies</i>	\$ 1,616	\$ 3,100	\$ 6,309	\$ 7,000	\$ 7,000
<i>Small Equipment</i>	\$ 10,299	\$ 2,000	\$ 232	\$ 1,000	\$ 1,000
<i>Software</i>	\$ 8,479	\$ 3,100	\$ 13,697	\$ 14,000	\$ 14,000
<i>Maint Agreements</i>	\$ 19,562	\$ 40,000	\$ 21,088	\$ 22,000	\$ 23,000
<i>Professional Services</i>	\$ 63,467	\$ 56,100	\$ 53,946	\$ 65,000	\$ 66,000
TOTAL	\$ 103,423	\$ 104,300	\$ 95,271	\$ 109,000	\$ 111,000

Professional services were increased in 2019 and 2020 for an anticipated higher level of service.

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	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Monthly Cell Phone Service	\$ 6,317	\$ 7,100	\$ 5,379	\$ 4,500	\$ 4,500
Alarm Monitoring	\$ 3,309	\$ 3,100	\$ 2,911	\$ 3,000	\$ 3,000
Phone System & Internet	\$ 28,382	\$ 15,300	\$ 27,480	\$ 28,000	\$ 29,000
TOTAL	\$ 38,007	\$ 25,500	\$ 35,769	\$ 35,500	\$ 36,500

In line with 2018
actual costs.

2019-2020 Projected Operating Costs

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CAPITAL COSTS					

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
<i>Custodial Supplies</i>	\$ 5,005	\$ 5,100	\$ 4,781	\$ 5,000	\$ 5,000
<i>Custodial Services</i>	\$ 7,600	\$ 10,200	\$ 8,452	\$ 9,000	\$ 9,000
<i>Electricity</i>	\$ 30,327	\$ 22,400	\$ 22,370	\$ 23,000	\$ 23,000
<i>Garbage</i>	\$ 4,418	\$ 4,600	\$ 6,054	\$ 6,000	\$ 6,000
<i>Sewer</i>	\$ 3,569	\$ 3,100	\$ 3,309	\$ 3,000	\$ 3,000
<i>Gas</i>	\$ 9,217	\$ 3,600	\$ 5,037	\$ 5,000	\$ 5,000
<i>Building Maintenance</i>	\$ 3,024	\$ 3,100	\$ 4,974	\$ 5,000	\$ 5,000
<i>Grounds Maintenance</i>	\$ 7,043	\$ 6,700	\$ 6,921	\$ 7,000	\$ 7,000
<i>General Repairs & Maint</i>	\$ 19,065	\$ 2,000	\$ 20,170	\$ 21,000	\$ 22,000
TOTAL	\$ 89,268	\$ 60,800	\$ 82,068	\$ 84,000	\$ 85,000

In line.

2019-2020 Projected Operating Costs

Objects (Types of Cost) ↓ ∨	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	<div style="border: 1px solid black; padding: 5px; display: inline-block;">Billing Reporting</div>				
PURCHASED WATER AND POWER					
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Outside Billing Costs	\$ 38,629	\$ 56,100	\$ 34,433	\$ 35,000	\$ 36,000
E-Payment Service	\$ 23,969	\$ -	\$ 30,349	\$ 31,000	\$ 32,000
Con. Confidence Report	\$ 7,500	\$ 8,200	\$ 8,429	\$ 8,000	\$ 8,000
TOTAL	\$ 70,098	\$ 64,300	\$ 73,211	\$ 74,000	\$ 76,000

In line with 2018 actual costs with some additional growth in the use of e-payments in 2019 and 2020.

2019-2020 Projected Operating Costs

Objects (Types of Cost) ↓ ↓	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000
PURCHASED WATER AND POWER	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Purchased Water Purchased Power </div>				
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Purchased Water
Purchased Power

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Seattle Public Utilities	\$ 1,381,869	\$ 1,460,040	\$ 1,397,112	\$ 1,536,000	\$ 1,626,000
Seattle City Light	\$ 31,470	\$ 25,000	\$ 43,120	\$ 36,000	\$ 37,000
TOTAL	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000

Water costs are budgeted at the 2016 levels of usage with the projected higher water rates from SPU.

However, if the summers continue to be hotter as they were in 2017 and 2018, this will go up. The higher revenues will more than cover the higher water costs because water costs are about 20% of the total budget.

2019-2020 Projected Operating Costs

Objects (Types of Cost) ↓ V	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Outside Services
Supplies & Materials
Equipment/Tools
Telemetry
Field Vehicle Expense
Miscellaneous

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Engineering Services	\$ 1,900	\$ 8,200	\$ 2,070	\$ 7,000	\$ 7,000
CWA Services	\$ 19,500	\$ 16,300	\$ 27,417	\$ 28,000	\$ 29,000
Other Outside Services	\$ 9,272	\$ 1,000	\$ 1,920	\$ 2,000	\$ 2,000
TOTAL	\$ 30,672	\$ 25,500	\$ 31,407	\$ 37,000	\$ 38,000

General engineering costs are higher in 2019 and 2020 due anticipated new engineering projects.

CWA costs are in line with the 2018 costs. The rate might go up but 2018 was an usually high year so the budget should be adequate even with a higher rate.

2019-2020 Projected Operating Costs

Objects (Types of Cost) ↓ V	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000
OPERATIONS AND MAINTENANCE	<div style="border: 1px solid black; padding: 5px;"> Outside Services Supplies & Materials Equipment/Tools Telemetry Field Vehicle Expense Miscellaneous </div>				
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

The 2019 and 2020 budgets are based on historical spending patterns.

More analysis is being done and any material changes will be brought forward at the meeting on Dec 4th.

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
General O&M	\$ 18,111	\$ 29,600	\$ 11,771	\$ 12,000	\$ 12,000
Pumping O&M	\$ 2,711	\$ 1,000	\$ 4,146	\$ 5,000	\$ 5,000
Reservoir/Storage O&M	\$ 1,356	\$ -	\$ 59	\$ -	\$ -
Meters & Services	\$ 41,267	\$ 11,200	\$ 38,053	\$ 39,000	\$ 40,000
Mains O&M	\$ 10,386	\$ 31,600	\$ 25,566	\$ 26,000	\$ 27,000
Valves O&M	\$ 12,852	\$ 21,400	\$ 7,701	\$ 8,000	\$ 8,000
Water Quality	\$ 7,185	\$ 5,100	\$ 3,686	\$ 4,000	\$ 4,000
Hydrants O&M	\$ 3,260	\$ 2,000	\$ 4,404	\$ 4,000	\$ 4,000
TOTAL	\$ 97,127	\$ 101,900	\$ 95,385	\$ 98,000	\$ 100,000

2019-2020 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ V	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Outside Services
Supplies & Materials
Equipment/Tools
Telemetry
Field Vehicle Expense
Miscellaneous

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Small Tools & Equipment	\$ 7,839	\$ 3,600	\$ 11,744	\$ 12,000	\$ 12,000

The 2019 and 2020 budgets are based on historical spending patterns.

More analysis is being done and any material changes will be brought forward at the meeting on Dec 4th.

2019-2020 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ V	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000
OPERATIONS AND MAINTENANCE					
TAXES AND FRANCHISE FEES					
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Outside Services
Supplies & Materials
Equipment/Tools
Telemetry
Miscellaneous
Field Vehicle Expense

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
<i>Telemetry</i>	\$ 9,016	\$ 14,300	\$ 9,257	\$ 10,000	\$ 10,000
<i>Miscellaneous</i>					
<i>Locates/Inspections</i>	\$ 4,404	\$ 8,200	\$ 7,654	\$ 8,500	\$ 9,000
<i>Annual Operating Permit</i>	\$ 11,787	\$ 12,200	\$ 11,787	\$ 12,000	\$ 12,000
<i>Miscellaneous</i>	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 25,207	\$ 34,700	\$ 28,698	\$ 30,500	\$ 31,000

In line.

2019-2020 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ ∇	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget			
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200			
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000			
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000			
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650			
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000			
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000			
OPERATIONS AND MAINTENANCE	<div style="border: 1px solid black; padding: 5px;"> Outside Services Supplies & Materials Equipment/Tools Telemetry Miscellaneous Field Vehicle Expense </div>							
TAXES AND FRANCHISE FEES								
PASS-THRU COSTS								
EMPLOYEE COSTS								
CAPITAL COSTS								
				<u>2017 Actual</u> <u>2018 Budget</u> <u>2018 Actual</u> <u>2019 Budget</u> <u>2020 Budget</u>				
			Fuel and Oil	\$ 13,645	\$ 17,500	\$ 17,357	\$ 18,000	\$ 19,000
			Repair and Maintenance	\$ 33,983	\$ 20,400	\$ 8,761	\$ 9,000	\$ 9,000
			TOTAL	\$ 47,629	\$ 37,900	\$ 26,118	\$ 27,000	\$ 28,000

Repairs and Maintenance are down 2018-2020 with the replacement of the Vector.

2019-2020 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ v	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000
OPERATIONS AND MAINTENANCE	\$ 208,473	\$ 203,600	\$ 193,351	\$ 204,500	\$ 209,000
TAXES AND FRANCHISE FEES	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Taxes Franchise Fees </div>				
PASS-THRU COSTS					
EMPLOYEE COSTS					
CAPITAL COSTS					

Taxes and Franchise fees track with projected service rate increases

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Taxes	\$ 354,225	\$ 345,414	\$ 354,206	\$ 365,317	\$ 379,913
Franchise Fees - SHO	\$ 291,764	\$ 296,992	\$ 287,960	\$ 300,606	\$ 312,444
Franchise Fees - LFP	\$ 90,598	\$ 90,371	\$ 90,598	\$ 95,000	\$ 99,000
TOTAL	\$ 736,587	\$ 732,776	\$ 732,764	\$ 760,924	\$ 791,358

2019-2020 Projected Operating Costs

Objects <i>(Types of Cost)</i> ↓ ↓	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000
OPERATIONS AND MAINTENANCE	\$ 208,473	\$ 203,600	\$ 193,351	\$ 204,500	\$ 209,000
TAXES AND FRANCHISE FEES	\$ 736,587	\$ 732,776	\$ 732,764	\$ 760,924	\$ 791,358
PASS-THRU COSTS	\$ 9,590	\$ 8,100	\$ -	\$ -	\$ -

In line.

EMPLOYEE COSTS
CAPITAL COSTS

Travel & Training
Outsourced PR Costs
Other Employee Costs

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
<i>Travel & Training</i>	\$ 38,860	\$ 49,500	\$ 51,271	\$ 50,000	\$ 50,000
<i>Temp Emp / Outsourced</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Tests and Miscellaneous</i>	\$ 2,749	\$ 4,100	\$ 1,394	\$ 2,000	\$ 2,000
<i>Uniforms and Other Clothing</i>	\$ 8,000	\$ 6,600	\$ 5,314	\$ 5,600	\$ 6,000
TOTAL	\$ 49,609	\$ 60,200	\$ 57,979	\$ 57,600	\$ 58,000

2019-2020 Projected Operating Costs

Objects (Types of Cost) ↓ v	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000
OPERATIONS AND MAINTENANCE	\$ 208,473	\$ 203,600	\$ 193,351	\$ 204,500	\$ 209,000
TAXES AND FRANCHISE FEES	\$ 736,587	\$ 732,776	\$ 732,764	\$ 760,924	\$ 791,358
PASS-THRU COSTS	\$ 9,590	\$ 8,100	\$ -	\$ -	\$ -

The 2019 and 2020 budgets reflect a 3% COLA for each year.

SEE NEXT SLIDE

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
EMPLOYEE COSTS					
Direct Payroll Costs					
Employee Benefits					
Less Capitalized Labor					
CAPITAL COSTS					
Direct Payroll	\$ 1,194,682	\$ 1,203,986	\$ 1,240,769	\$ 1,278,199	\$ 1,316,545
Employee Benefits	\$ 559,320	\$ 576,289	\$ 591,117	\$ 600,722	\$ 617,420
SUBTOTAL	\$ 1,754,002	\$ 1,780,275	\$ 1,831,886	\$ 1,878,920	\$ 1,933,965
Less Capitalized Labor Costs	\$ (149,647)	\$ (319,612)	\$ (164,527)	\$ (177,869)	\$ (181,926)
TOTAL	\$ 1,604,355	\$ 1,460,663	\$ 1,667,360	\$ 1,701,051	\$ 1,752,039



Labor and Benefits Summary (Before Capitalization)

2019 - Budget

	DIRECT LABOR	TOTAL BENEFITS	COMBINED TOTAL
Total Projected Labor and Benefits for 2018	\$ 1,240,313	\$ 593,225	\$ 1,833,538
Base Labor and Benefits for 2019	\$ 1,228,740	\$ 591,140	\$ 1,819,880
Add Step Increases	\$ 10,201	\$ 2,067	\$ 12,268
3% COLA and Benefit Increase for Employees	\$ 39,257	\$ 7,515	\$ 46,773
TOTAL LABOR AND BENEFITS FOR 2019 (Cash Basis)	\$ 1,278,199	\$ 600,722	\$ 1,878,920
<i>2019 Total Increase (Decrease) over 2018</i>	<i>\$ 37,885</i>	<i>\$ 7,497</i>	<i>\$ 45,382</i>
<i>Percent Increase (Decrease) over 2018</i>	<i>3.1%</i>	<i>1.3%</i>	<i>2.5%</i>



Even though COLA is 3% commissioner's are not included. Staffing changes also bring the increase below COLA.

Employee costs are estimated to increase by 3% in 2020 but will be evaluated again at the end of 2019.

2019-2020 Projected Operating Costs

Objects (Types of Cost) ↓ ∨	2017 Actual	2018 Budget	2018 Actual	2019 Budget	2020 Budget
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 249,200
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ 11,000
PUBLIC AND REGIONAL OUTREACH	\$ 52,377	\$ 62,100	\$ 46,378	\$ 54,000	\$ 55,000
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 260,650
CUSTOMER SERVICE AND BILLING	\$ 73,993	\$ 64,300	\$ 85,428	\$ 87,000	\$ 89,000
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 1,663,000
OPERATIONS AND MAINTENANCE	\$ 208,473	\$ 203,600	\$ 193,351	\$ 204,500	\$ 209,000
TAXES AND FRANCHISE FEES	\$ 736,587	\$ 732,776	\$ 732,764	\$ 760,924	\$ 791,358
PASS-THRU COSTS	\$ 9,590	\$ 8,100	\$ -	\$ -	\$ -
EMPLOYEE COSTS	\$ 1,653,964	\$ 1,520,863	\$ 1,725,339	\$ 1,758,652	\$ 1,810,039
CAPITAL COSTS					

The higher service revenues in 2017 gave the District the ability to increase the transfer significantly above budget and forego a rate increase in 2018.

The transfer in 2018 is still above budget but not enough to forego rate increases in the foreseeable future.

Debt Service
Capital & CIC Transfers
Vehicle Repl Funding

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2020 Budget</u>
Debt Service	\$ 1,068,832	\$ 1,334,225	\$ 1,134,225	\$ 1,134,900	\$ 933,824
Interest Alloc to Capital	\$ (281,864)	\$ (250,000)	\$ (200,000)	\$ (200,000)	\$ (200,000)
Capital & CIC Transfers	\$ 1,919,897	\$ 1,370,556	\$ 1,467,712	\$ 1,374,600	\$ 1,585,584
Vehicle Repl Funding	\$ 75,000	\$ 77,000	\$ 77,000	\$ 79,000	\$ 81,000
TOTAL	\$ 2,781,846	\$ 2,531,781	\$ 2,478,936	\$ 2,388,500	\$ 2,400,408

2019-2020 Projected Operating Costs



Objects <i>(Types of Cost)</i>	2017 Actual	2018 Budget	2018 Actual	2019 Budget	Chg 2019 Budget to 2018 Budget	Percent Change	2020 Budget	Chg 2020 Budget to 2019 Budget	Percent Change
BUSINESS ADMINISTRATION	\$ 154,589	\$ 180,200	\$ 175,638	\$ 219,200	\$ 43,562	24.8%	\$ 249,200	\$ 30,000	13.7%
PLANNING AND DEVELOPMENT	\$ 3,646	\$ 23,000	\$ 18,991	\$ 13,000	\$ (5,991)	-31.5%	\$ 11,000	\$ (2,000)	-15.4%
PUBLIC AND REGIONAL OUTREACH	\$ 44,877	\$ 62,100	\$ 46,378	\$ 54,000	\$ 7,622	16.4%	\$ 55,000	\$ 1,000	1.9%
OFFICE AND RECORDS MANAGEMENT	\$ 253,498	\$ 215,200	\$ 247,504	\$ 256,650	\$ 9,146	3.7%	\$ 260,650	\$ 4,000	1.6%
CUSTOMER SERVICE AND BILLING	\$ 81,493	\$ 64,300	\$ 85,428	\$ 87,000	\$ 1,572	1.8%	\$ 89,000	\$ 2,000	2.3%
PURCHASED WATER AND POWER	\$ 1,413,339	\$ 1,485,040	\$ 1,440,231	\$ 1,572,000	\$ 131,769	9.1%	\$ 1,663,000	\$ 91,000	5.8%
OPERATIONS AND MAINTENANCE	\$ 208,473	\$ 203,600	\$ 193,351	\$ 204,500	\$ 11,149	5.8%	\$ 209,000	\$ 4,500	2.2%
TAXES AND FRANCHISE FEES	\$ 736,587	\$ 732,776	\$ 732,764	\$ 760,924	\$ 28,159	3.8%	\$ 791,358	\$ 30,434	4.0%
PASS-THRU COSTS	\$ 9,590	\$ 8,100	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%
EMPLOYEE COSTS (Net Capitalization)	\$ 1,499,300	\$ 1,520,863	\$ 1,725,339	\$ 1,758,652	\$ 33,313	1.9%	\$ 1,810,039	\$ 51,387	2.9%
Total Operating Costs	\$ 4,405,393	\$ 4,495,179	\$ 4,665,625	\$ 4,925,925	\$ 260,301	5.6%	\$ 5,138,247	\$ 212,321	4.3%
CAPITAL COSTS	\$ 2,781,846	\$ 2,531,781	\$ 2,478,936	\$ 2,388,500	\$ (90,436)	-3.6%	\$ 2,400,408	\$ 11,909	0.5%
TRANSFER TO PRESERVATION ACCT	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0.0%	\$ 50,000	\$ -	0.0%
ADDITION TO RESERVES									n/a
Total Revenue Requirement	\$ 7,237,239	\$ 7,076,960	\$ 7,194,561	\$ 7,364,425	\$ 169,864	2.4%	\$ 7,588,655	\$ 224,230	3.0%

The projected overall increase in 2019 over 2018 actual costs is 2.4%. Projected increase in 2020 is 3.0%.

What's Next?

**December 4, 2018 board meeting:
Final budget presentation for Capital, revenues,
rates and long-term forecast**

**December 4, 2018 board meeting Pass:
Budget
New Water Service Rates
Wage matrix**



End

