

# **APPROVED BUDGET**

**2017/2018**

# **Operations & Maintenance Budget**

## DETAILED OPERATION & MAINTENANCE BUDGET 2017/2018

<u>Account</u>	15/16		16/17		16/17		17/18	18/19	19/20
	<u>Actual</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Budgeted</u>	<u>Estimated</u>	<u>Proposed</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
Management Salary	117938.40	125136.00	93194.76	125135.76	130958.16	7	134235.00	7	138000.00
Staff Salaries	212434.65	210000.00	152147.06	204000.00	218000.00	7	230000.00	7	236000.00
Conservation	9560.00	11000.00	4462.50	4462.50	6300.00	8	11000.00		12000.00
Power	86105.27	90000.00	76518.13	98000.00	100000.00	9	103000.00		106000.00
Repairs & Maintenance	32134.95	60000.00	55465.65	80000.00	89000.00	10	95000.00		135000.00
Insurance	33752.80	32000.00	24377.78	29500.00	28000.00		29000.00		30000.00
Lab Fees	2864.00	4000.00	17610.00	17950.00	11300.00	2	7000.00		17000.00
Engineer/Consulting Fees	47937.83	43000.00	15538.61	50000.00	20000.00	3	20000.00	11	20000.00
Office Expense	47917.50	55000.00	48403.18	60500.00	60000.00	4	60000.00		63000.00
Director Fees	22800.00	25000.00	12800.00	21000.00	29000.00	12	21000.00	16	21000.00
Audit Fees	7250.00	7750.00	7750.00	7750.00	7750.00		8250.00		8500.00
Legal Fees	35542.00	40000.00	27742.00	37600.00	40000.00		40000.00		40000.00
Election	0.00	6600.00	1669.00	1669.00	0.00		7000.00		0.00
Miscellaneous	58.98	500.00	107.24	107.24	500.00		500.00		500.00
Payroll Taxes	27432.61	28600.00	19649.80	26600.00	29200.00		31000.00		32000.00
PERS/Retirement	45781.08	52250.00	44308.06	51600.00	60000.00	13	69300.00		80500.00
Health	85125.14	90000.00	77293.98	84130.00	88300.00	14	92500.00		89000.00
Retiree Health	0.00	0.00	0.00	0.00	0.00		0.00		0.00
OPEB	22493.00	23112.00	0.00	23112.00	25000.00	15	26000.00		27000.00
City Water	5128.34	5128.35	0.00	5331.67	5535.00	5	5738.32		5941.64
Backflow Program	0.00	0.00	0.00	0.00	0.00		0.00		0.00

<u>Account</u>	<u>15/16</u> <u>Actual</u>	<u>16/17</u> <u>Budgeted</u>	<u>16/17</u> <u>9-Month</u> <u>Actual</u>	<u>16/17</u> <u>12-Month</u> <u>Estimated</u>	<u>17/18</u> <u>Proposed</u>	<u>18/19</u> <u>Projected</u>	<u>19/20</u> <u>Projected</u>
Prof. Administration Fees	21323.66	13000.00	11852.42	21010.00 <sup>6</sup>	22000.00	23000.00	24000.00
Bank Charges	118.10	200.00	166.75	182.95	300.00	300.00	300.00
Professional Dues	42206.65	48200.00	39565.00	40283.00	47000.00	60000.00 <sup>17</sup>	63000.00
Professional Meetings	25991.61	27000.00	14594.57	20100.00	15000.00	20000.00	21000.00
Cert/Continuing Education	1140.18	3000.00	425.00	715.00	3000.00	3000.00	3500.00
TOTALS	933036.75	1000476.35	745641.49	1010739.12	1036143.16	1096823.32	1173241.64

## WATER REVENUE (WITHOUT SYSTEM MAINTENANCE CHARGES)

REVENUE	Estimated 2016/2017	Estimated 2017/2018	Projected 2018/2019	Projected 2019/2020
<b>WATER SALES</b>				
Monthly Commercial (Meters)	287,000.00	287,000.00	287,000.00	287,000.00
Bi-Monthly Commercial (Flat Rate)	6,838.20	6,838.20	6,838.20	6,838.20
Bi-Monthly Residential (Flat Rate)	491,079.90	491,000.00	491,000.00	491,000.00
OTHER WATER SALES & MISCELLANEOUS	9,498.00	1,500.00	1,500.00	1,500.00
Sub-Total	794,416.10	786,338.20	786,338.20	786,338.20
INTEREST	3,500.00	4,900.00	6,000.00	6,500.00
UNCOLLECTABLES**	-	-	-	-
TOTAL	797,916.10	791,238.20	792,338.20	792,838.20

### ESTIMATED CASH CARRYOVER

REVENUE (Prior Year)	43,093.10	(170,000.00)	(415,000.00)	(720,000.00)
LOCAL AGENCY INVESTMENT FUND	633,500.00	637,000.00	641,900.00	647,900.00
TOTAL	676,593.10	467,000.00	226,900.00	(72,100.00)

### TOTAL CAPITAL FISCAL YEAR END (ESTIMATED)

REVENUE	797,916.10	791,238.20	792,338.20	792,838.20
CARRYOVER	676,593.10	467,000.00	226,900.00	(72,100.00)
Sub-Total	1,474,509.20	1,258,238.20	1,019,238.20	720,738.20
LESS PROPOSED/PROJECTED FY BUDGET	1,010,739.12	1,036,143.16	1,096,823.32	1,173,241.64
ESTIMATED CAPITAL FISCAL YEAR END	463,770.08	222,095.04	(77,585.12)	(452,503.44)

## COMMENTS

### Budget

- 1 The amount is over budget due to emergency repairs. When budgeting for FY16/17, we estimated that the District would have 4 leaks that would require the assistance of a contractor at an amount of \$5000 each. We had 6 leaks that required the assistance of a contractor with the total amount being \$34,500. We also always budget to replace one hydrant per year due to emergency or planned. We had three damaged hydrants this year, two hit and run and one damaged by a tree. The one damaged by the tree is still functional so we did not replace it but the other two were damaged and the total cost to repair/replace was \$11,140. We also had an unplanned emergency repair at Well #9 costing approximately \$3600. Due to budget constraints, some items were not done and put into FY17/18 budget.
- 2 This line item is more than budgeted due to not factoring in that we needed full Title 22 this fiscal year. Title 22 has several parts: SOC's, VOC's, Inorganics and Radiologicals, each with different cycles of 3 years, 6 years and 9 years.
- 3 This amount is more than budgeted due to needed assistance from the engineers on presentations due to be being out with hand surgery.
- 4 This item was a little higher than anticipated due to higher costs of office related expenses and Prop. 218 expense.
- 5 This amount is a bit higher because the contract is based on calendar year and we operate on a fiscal year.
- 6 Last year's budget was based on new flat rates the SWRCB/DDW provided us; after our budget was adopted, they amended their rates.

- <sup>7</sup> Reflects a 2.5% cost of living adjustment based on the Consumer Price Index, All Cities U.S., for the twelve-month period ending January 2017. It also reflects possible salary adjustments based on the approved salary range approved June 1, 2015, if goals are met. The General Manager's salary only reflects the COLA adjustment. Lastly, I provided for extra staff time to upload information for the website and also for office help when Lori is on vacation.
- <sup>8</sup> This amount reflects participating in the RWA Water Efficiency Program and implementing a conservation patrol in May 2018.
- <sup>9</sup> SMUD is planning a 1% increase. Also reflects increase power for increase usage.
- <sup>10</sup> This is a bare bones budget and takes into account direction from the Board at the June meeting to do tap replacements were there are flow issues; however, to keep costs down, I will be bringing a policy before the Board next month on criteria for tap replacement. Otherwise, we will need to budget more money for these type of repairs. It also includes only \$30,000 for contractor assisted emergency repairs; I'm not sure if this is enough!
- <sup>11</sup> This amount is for potential general engineering services we may need in FY17/18.
- <sup>12</sup> This amount is based on the direction provided at the June meeting that more Board meetings may be required. It also assumes that no increase will be voted in as the law allows. This assumption is carried through the 2 year projections.
- <sup>13</sup> This amount is based on information provided by CalPERS on our cost for the lump sum payment requirement and percentage of payroll for FY17/18.
- <sup>14</sup> Expected increases have not been announced by PERS or the HBA so a 10% increase, effective 1/1/18, was used based on the current participating employees continuing enrollment with the same plan.

<sup>15</sup> We have not received our OPEB valuation so this amount is unknown. I used an 8% increase; the actual may be more or less.

<sup>16</sup> This amount assumes that we will go back to normal without extra Board meetings and, again, no increase will be made as allowed by law.

<sup>17</sup> This amount reflects the potential increase in SGA dues for SGMA responsibilities or required fees associated with complying with SGMA.

## **Revenue**

Estimated commercial revenue was higher than we anticipated due to higher usage than expected. However, with the increase usage, there was also an increase in power expense. Overall, we expected to begin the year over \$200,000 in the red and I am estimating that number to be lower. Our interest revenue was higher than projected as well as "other water sales & miscellaneous" due to collection of fees for fire flow testing and other service charges. Please note, another year of no "uncollectables"!

As I commented last year, please note that Del Paso Manor Water District does not utilize cost accounting; therefore, over the last seven years there has been many employee hours spent on Master Plan projects which should have been carried over and included in "direct expenses" if cost accounting was done. In the future, especially if a decision is made to continue with a separate "SMC" charge line on the bill, we may want to try to determine a simple way to track hours to charge "planned System Maintenance" for time spent on those projects to truly represent PSM expenses. I am suggesting simple because increased paperwork means increased workload for our small District.



# **Planned System Maintenance Budget**

# SYSTEM MAINTENANCE BUDGET

## SUMMARY TO JUNE 30, 2017

<b>REVENUE</b>	
Carryover from FY15/16	\$ 687,834.96
SMC Revenue 16/17 (Estimated)	\$ 594,715.40
<b>TOTAL</b>	<b>\$ 1,282,550.36</b>
<b>EXPENSES</b>	
Debt Service	\$ 371,712.50
Direct Expenses (Estimated)*	\$ 75,421.25
<b>TOTAL</b>	<b>\$ 447,133.75</b>
<b>ESTIMATED CARRYOVER FY 2016-17</b>	<b>835,416.61</b>

<b>*Direct Expenses in FY 2016-17</b>	
SCADA	5,050.00
Hydrant/Main Replacement @ El Camino & Butano Well #7	32,450.00
DPMWD/CWD Inter tie Evaluation / IRWMP Portal	24,421.25
<b>TOTAL</b>	<b>13,500.00</b>
	<u>75,421.25</u>

**BOND BALANCE\*** **\$4,950,000.00**

\*Includes payment made in June but is applied July 1st

## PROPOSED BUDGET

### REVENUE

Carryover (Prior Year)			
July 2017 - June 2018 SMC Charges	835,416.61	709,519.91	185,749.21
	595,141.80	595,141.80	595,141.80
<b>TOTAL</b>	<b>1,430,558.41</b>	<b>1,304,661.71</b>	<b>780,891.01</b>

### ESTIMATED EXPENSES

Bond Payment	373,038.50	368,912.50	369,512.50
Well #7 Improvements (in lieu of destruction) <sup>1</sup> (Remaining)	21,000.00		
Well #6B - Shed & Spoils area	7,000.00		
Consultants (Master Plan, Outreach, Website Design, Financial Plan, Grants)	310,000.00		
Rate Increase Proposal	10,000.00		
Initial Engineering & RFP for next project		100,000.00	
DPMWD/CWD Intertie Project (assuming 50% grant)		650,000.00	
Land Purchase (Well Site/Office Building)			375,000.00
<b>TOTAL</b>	<b>721,038.50</b>	<b>1,118,912.50</b>	<b>744,512.50</b>

### PROJECTED CARRYOVER

	<b>709,519.91</b>	<b>185,749.21</b>	<b>36,378.51</b>
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<sup>1</sup> This option is being proposed in order to have more capacity in the system until a new larger well is drilled. Recommended as a better use of funds at this time.