



FY 2016/17 Operating Budget

**NSD Finance Committee
April 11, 2016**



Revenues

- Sewer Service Charges
 - Prop. 218 – 15% rate increase
 - Revenue increase 15.3%
- Lease Revenue
 - Includes Somky and Eagle Vines GC
 - Does not include other properties



Revenues

- Waste Hauler Fees
 - Decrease 27.1%
 - FOG is slightly down / Septage is down
- Recycled Water Sales
 - Assumes “typical” 2016 and 2017
 - 560AF of new water sales—MST and LCWD
 - 89% increase in revenue



Revenues

- Capacity Charges
 - Increase 83.9%
 - 395 EDU from hotels / 200 EDU from other
- Building Permit Review
 - Increase 94.2%
 - New fees designed to better cover costs
 - Increased activity



Revenues

- Overall
 - Operating Revenue up 16.0%
 - Capacity Charge up 83.9%
 - Grants & Intergovernmental down 95%



Expenses

- Salary
 - 2.5% COLA increase per MOU
 - 3.8% increase overall
 - COLA and step increases
 - 2 New Collection System Workers
- Overtime
 - Down 10.1%
 - Fewer construction projects in plant



Expenses

- Health Insurance
 - Actual amount known for July – Dec. 2015
 - Assumes 7% increase in 2016
- Workers Comp Insurance
 - 5.5% increase
 - XMOD increased from 0.84 to 0.89



Expenses

- Retirement
 - Employee pick-up increases from 2.0% to 3.0%
 - Tier 1 increase 3.7% over last year
 - Tier 2 increase 0.8% over last year
 - PEPRA increase 2.1% over last year
 - Overall net increase of 2.0%



Expenses

- Salaries & Benefits, combined
 - 3.6% increase over prior year
- Services & Supplies
 - 2.7% decrease from prior year
 - Includes \$193,150 increase in chemicals
 - Electricity flat, even with increased recycled water

Expenses

- Total Operating Budget – 1.2% Increase
 - Salaries + benefits + services + supplies
 - Excluding debt service intrafund transfers
 - Includes 2 new Collection System Workers

Annual Increases in Operating Budget

<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>
1.5%	0.4%	1.0%	2.5%	1.2%



Major Initiatives

- **Include in Proposed Budget**
 - Winery Waste Treatment Options Study (\$100,000)
 - Capacity Charge Rate Study Update (\$40,000)
 - Strategic Planning Update in Spring 2017 (\$15,000)
 - Scholarship support (\$5,000)
 - SRF Loan for BV Road Sewer Interceptor



Other Discussions

- Not Included in Proposed Budget
 - Additional legal fees and related expenses