



FY 2017/18 Operating Budget

**NSD Finance Committee
April 7, 2017**

Revenues

- Sewer Service Charges
 - Second Year of 15% rate increase
 - Revenue increase 16.2%
- Lease Revenue
 - Includes Somky and Eagle Vines GC
 - Does not include other properties

Revenues

- Waste Hauler Fees
 - Increase 1.7%
 - FOG is steady / Septage is down
- Recycled Water Sales
 - FY17 sales did not reach forecast
 - FY18 assumes 262 AF of new water sales
 - 2017 rate = \$1.62 per 1,000 gallons
 - 2018 rate = \$1.66 per 1,000 gallons

Revenues

- Building Permit Review
 - Increase 2.5%
 - Increased activity
(more smaller developments)
- Capacity Charges
 - Revenue decrease 34.1%
 - Rate increase from \$8,950 to \$9,299
 - 180 EDU commercial & 210 EDU residential

Revenues

- Overall
 - Operating Revenue up 15.0%
 - Capacity Charges down 34.1%

Expenses

- Salary
 - 2.75% COLA increase per MOU
 - 3.8% increase overall
 - COLA and step increases
 - Same number of employees (53)
- Overtime
 - 13.7% increase
 - Mostly in Collections – from “drought” to “normal” rain event forecast

Expenses

- Health Insurance
 - Rates known for July – Dec. 2017
 - Assumes 7% rate increase in 2018
 - 5.5% budget reduction – changes in coverage / employee demographics
- Workers Comp Insurance
 - 0.7% increase

Expenses

- Retirement
 - Employee pick-up increases from 3.0% to 4.25% of salary
 - Overall net increase of 2.0%
 - Costs impacted by shifting demographics (decreased Tier 1 / increased PEPRA)

Expenses

- OPEB
 - Increase 6.5% - based on actuarial report and funding plan
- Other Employee Benefits (“in lieu of”)
 - 4.9% increase
 - Linked to decrease in Health Insurance

Expenses

- Salaries & Benefits, combined
 - 2.1% increase over prior year
- Services & Supplies
 - 3.0% decrease from prior year
 - 2.6% decrease in electricity
 - 1.1% decrease in chemicals
- Debt Service - flat

Expenses

- Total Operating Budget – 0.1% Increase
– Salaries + benefits + services + supplies

Annual Increases in Operating Budget

<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
0.4%	1.0%	2.5%	1.2%	0.1%

Major Initiatives

- Included in Proposed Operating Budget
 - Asset Management Implementation
 - SRF Loan for BV Road Sewer Interceptor
 - SRF Loan/Grant for RW Reservoir Lining
 - Winery Waste Treatment Options Study (\$100,000)
 - SSC and CC Rate Methodology Study (\$150,000)
 - Total Comp Study (\$20,000)
 - Employee Survey (\$15,000)