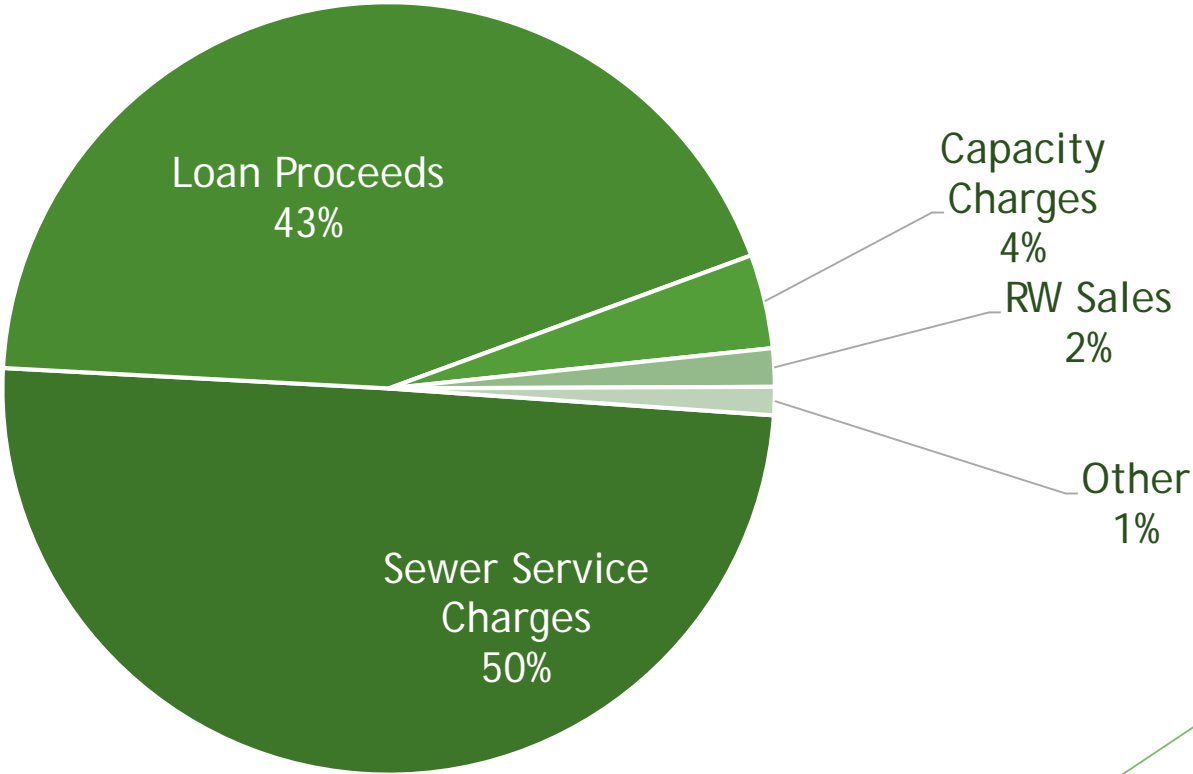




FY 2020/21 Operating Budget

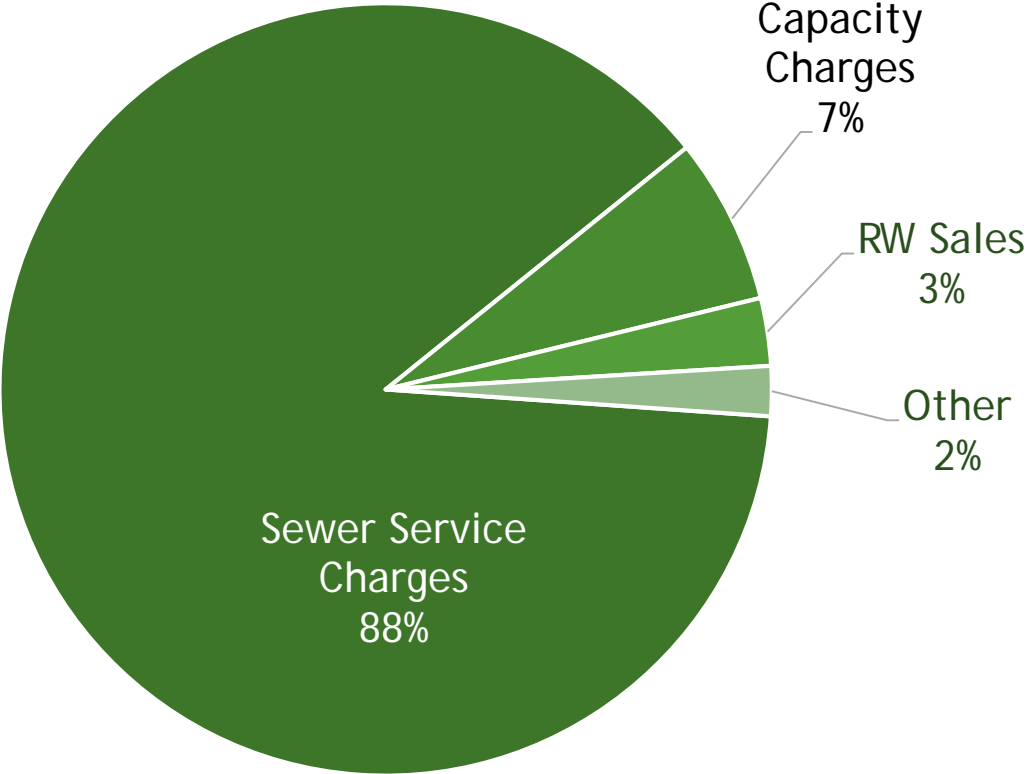
NapaSan Board of Directors
May 6, 2020

Major Revenues



Major Revenues

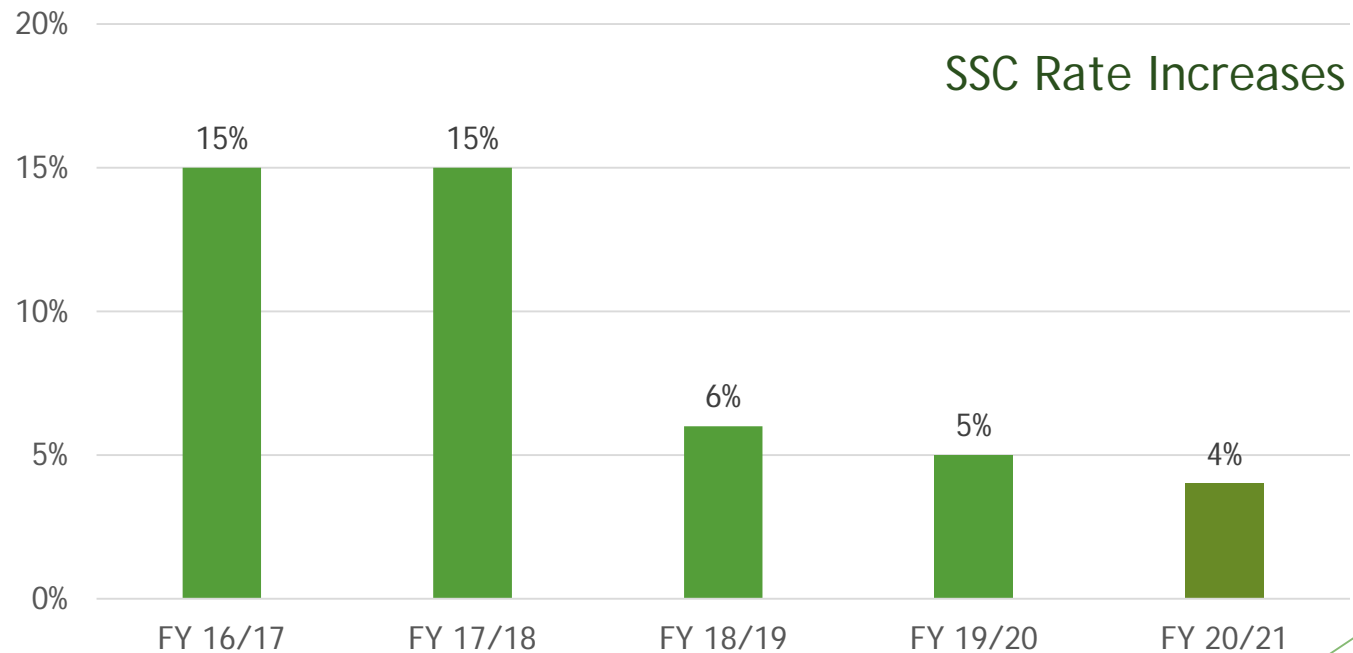
(excluding loan proceeds)



Revenues

▶ Sewer Service Charges

- ▶ 4% rate increase
- ▶ Revenue increase 4.2%
- ▶ Assume 3% rate increase in future years

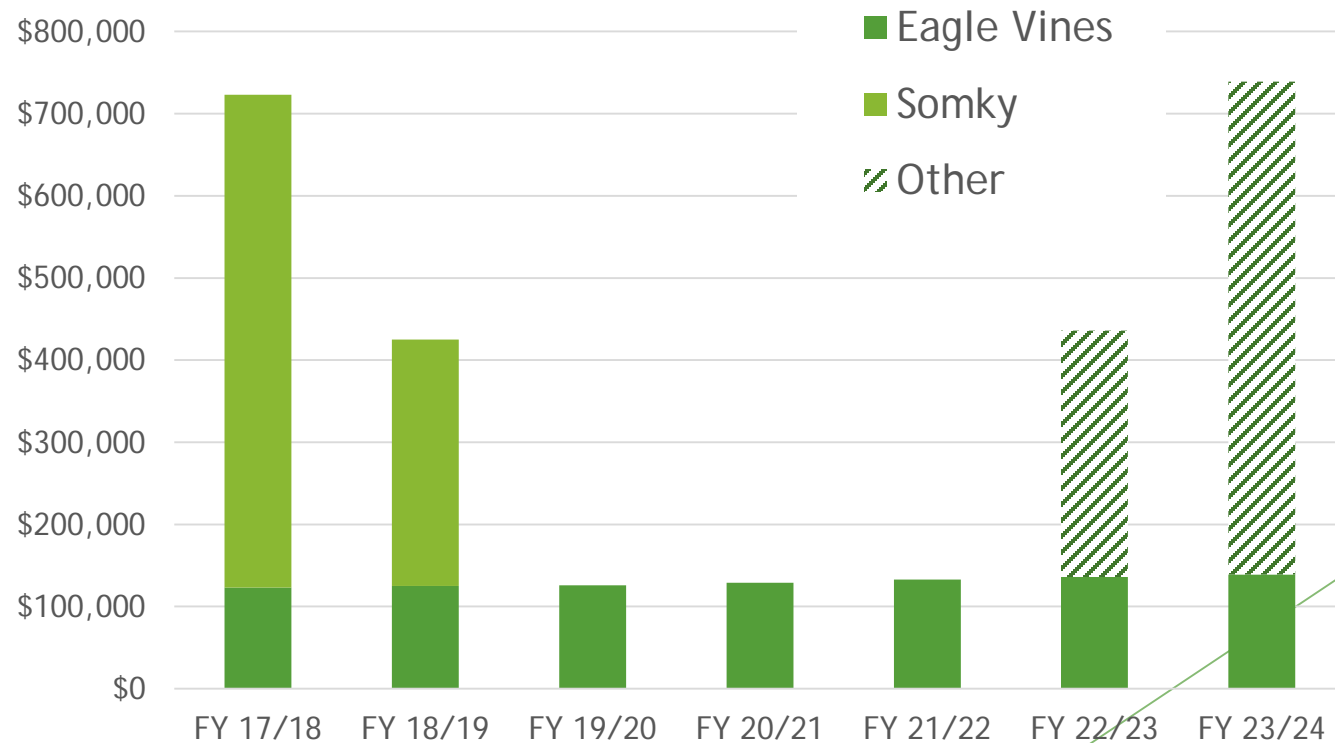


Revenues

▶ Lease Revenue

▶ Eagle Vines GC

▶ FY 20/21 & FY 21/22 does not include Somky or other properties



Revenues

- ▶ Recycled Water Sales

- ▶ FY21 assumes 10.43MG of new water sales
- ▶ 2020 rate = \$1.86 per 1,000 gallons
- ▶ 2021 rate = \$1.95 per 1,000 gallons

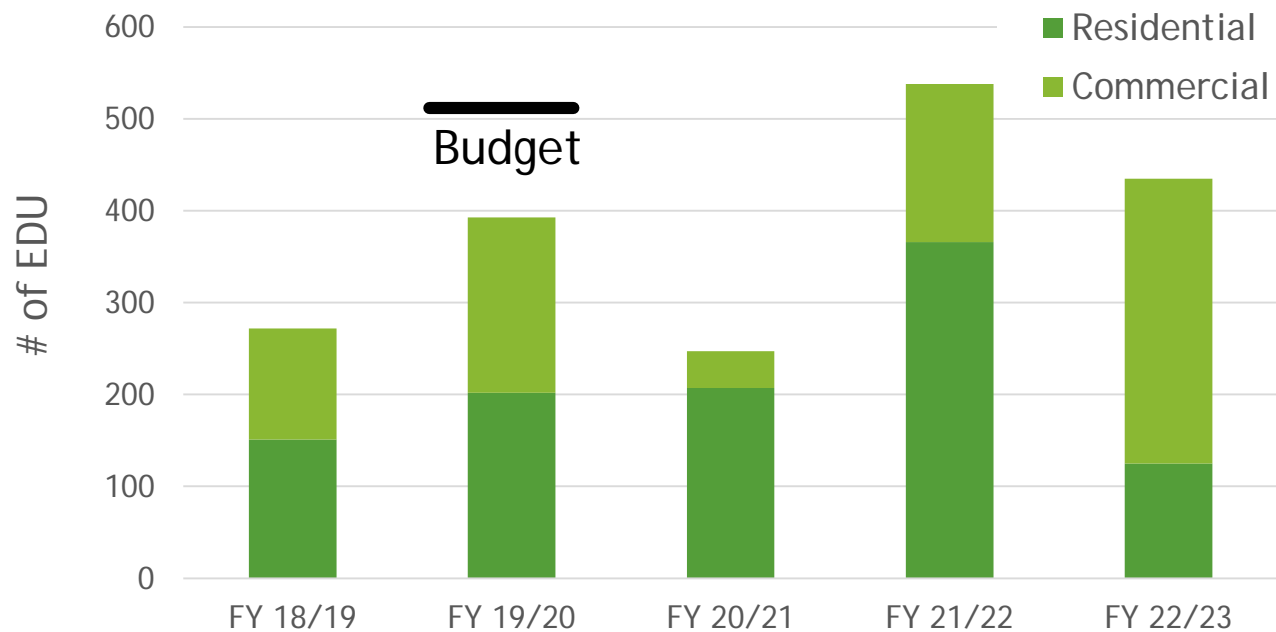
- ▶ Waste Hauler Fees

- ▶ Increase 3.1%
- ▶ FOG and Septage holding steady

Revenues

▶ Capacity Charges

- ▶ Revenue decrease 52.5%
- ▶ Rate increase from \$9,803 to \$9,959
- ▶ 207 EDU commercial & 40 EDU residential



Revenues

- ▶ Building Permit Review
 - ▶ Fees Increase 2.45%
 - ▶ Assumed moderate level of activity

Revenues

- ▶ Overall
 - ▶ Operating Revenue up 3.0%
 - ▶ Capacity Charges down 52.5%
 - ▶ Loan proceeds from Browns Valley Trunk and WNPS project (\$16,249,900)
 - ▶ Bond proceeds from 66" Trunk Rehabilitation project (\$11,000,000)

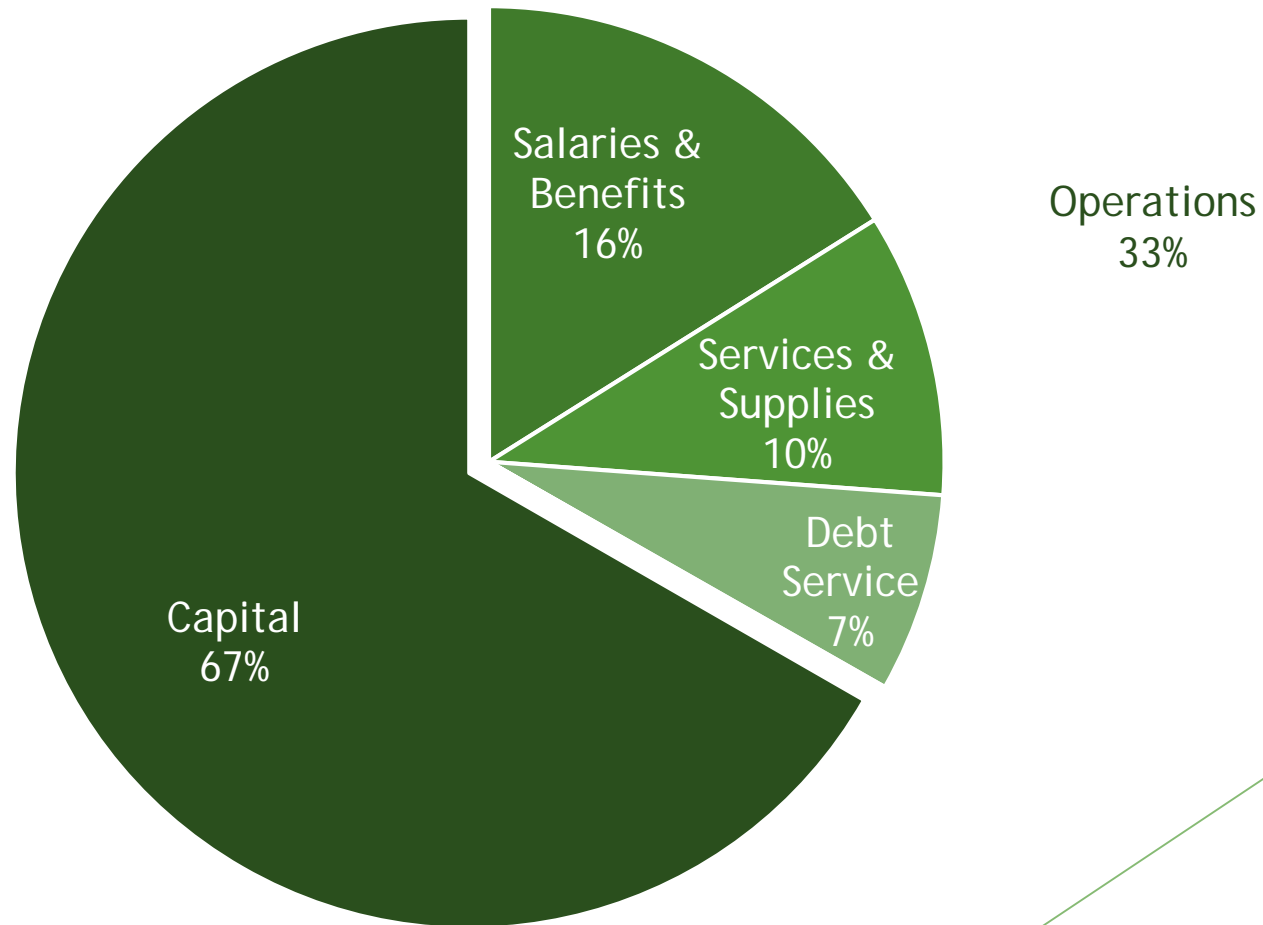
Revenues

(excluding loan proceeds)

	Budget	Proposed	
	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>Change</u>
<u>Operating</u>			
Sewer Service Charges	29,856,000	31,113,000	4.2%
Recycled Water Sales	1,064,000	1,001,000	(5.9%)
Lease Revenue	126,000	129,000	2.4%
Interest	452,000	196,000	(56.6%)
<u>Other</u>	<u>353,500</u>	<u>382,000</u>	<u>8.1%</u>
Total	31,851,500	32,821,000	3.0%
<u>Capital-Related</u>			
Capacity Charges	5,178,000	2,460,000	(52.5%)
<u>Other</u>	<u>30,000</u>	<u>30,000</u>	<u>0.0%</u>
Total	5,208,000	2,490,000	(52.2%)

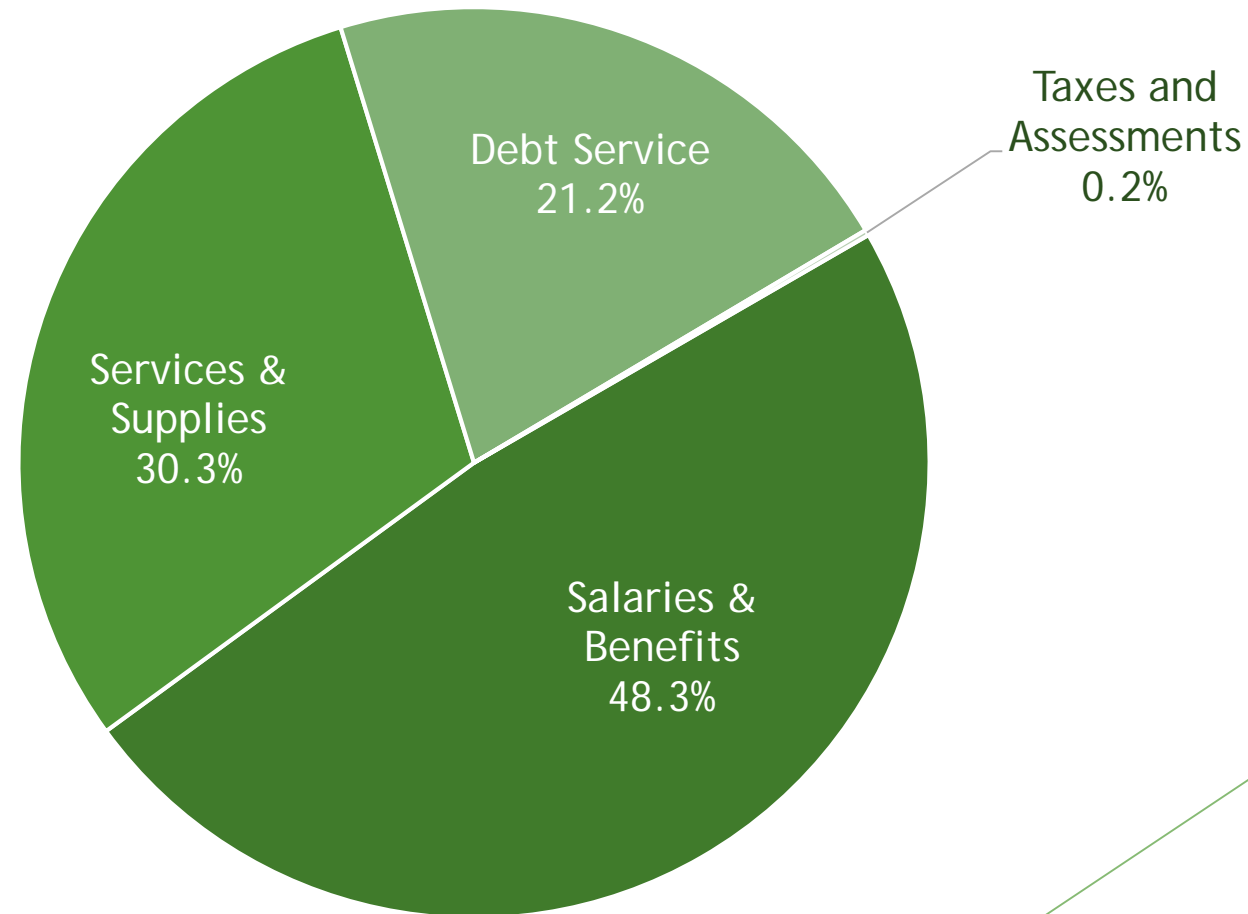
Total Expenses

Proposed FY 20/21 Operating Budget - By Type



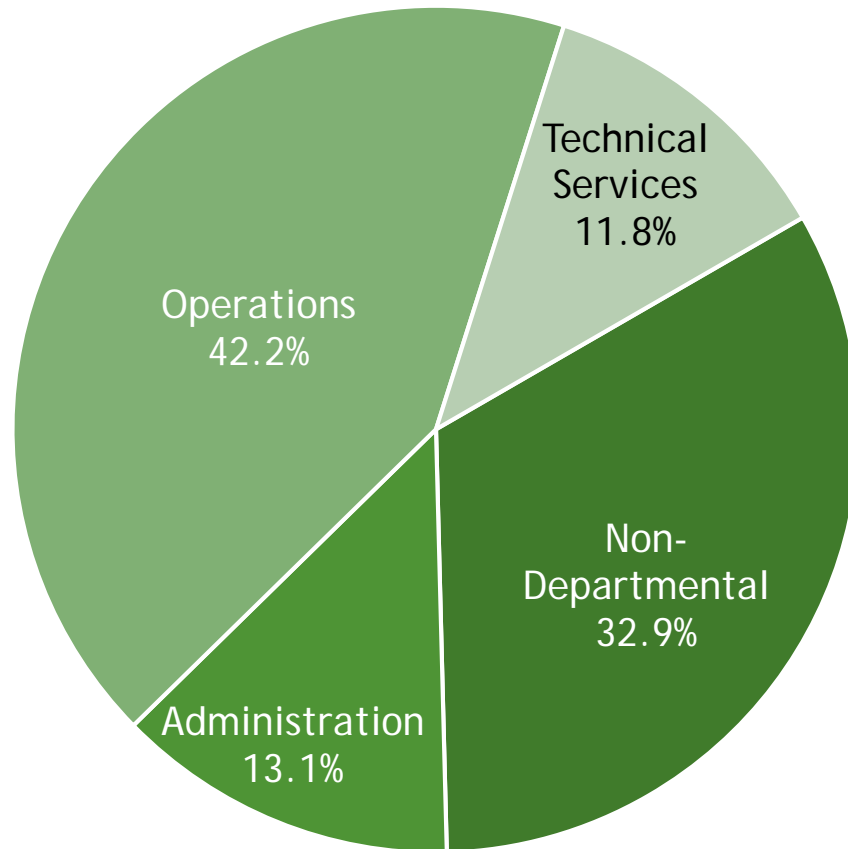
Operating Expenses

Proposed FY 20/21 Operating Budget - By Type



Operating Expenses

Proposed FY 20/21 Operating Budget - By Department



Operations

- Collection System
- Plant Operations
- Plant Maintenance
- Reclamation

Technical Services

- Engineering
- Regulatory Compliance
- Community Outreach

Administration

- Board of Directors
- General Manager's Office
- Administrative Services
- Safety, Training, Fleet Maintenance

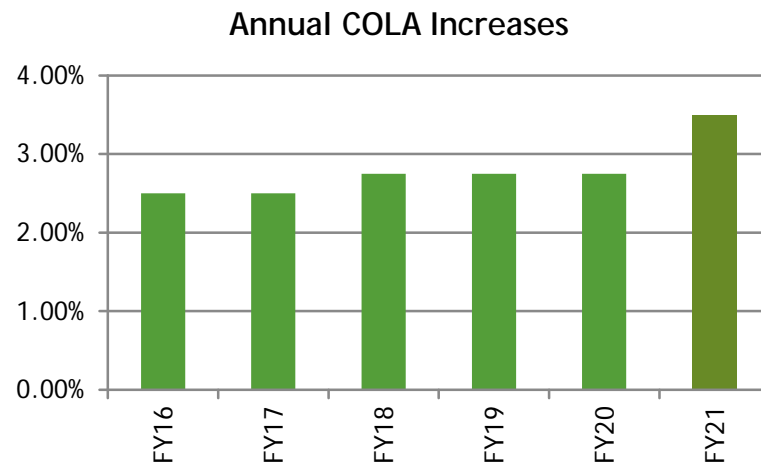
Non-Departmental

- Debt Service
- Pension and OPEB UAL Payments
- Liability Insurance Premiums

Operating Expenses

▶ Salary

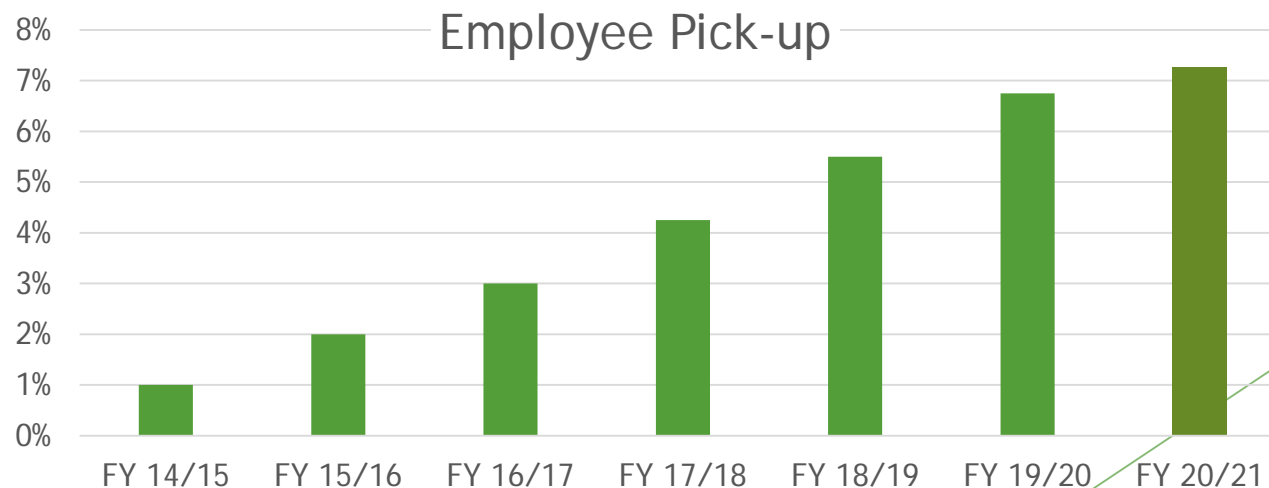
- ▶ 3.5% COLA increase pending MOU negotiations
- ▶ Assumed CalPERS employee share to increase from 6.75% to 7.25%
- ▶ 1.9% increase overall
 - ▶ COLA and step increases
 - ▶ Same number of authorized positions (53)
 - ▶ Vacancies in management positions



Expenses

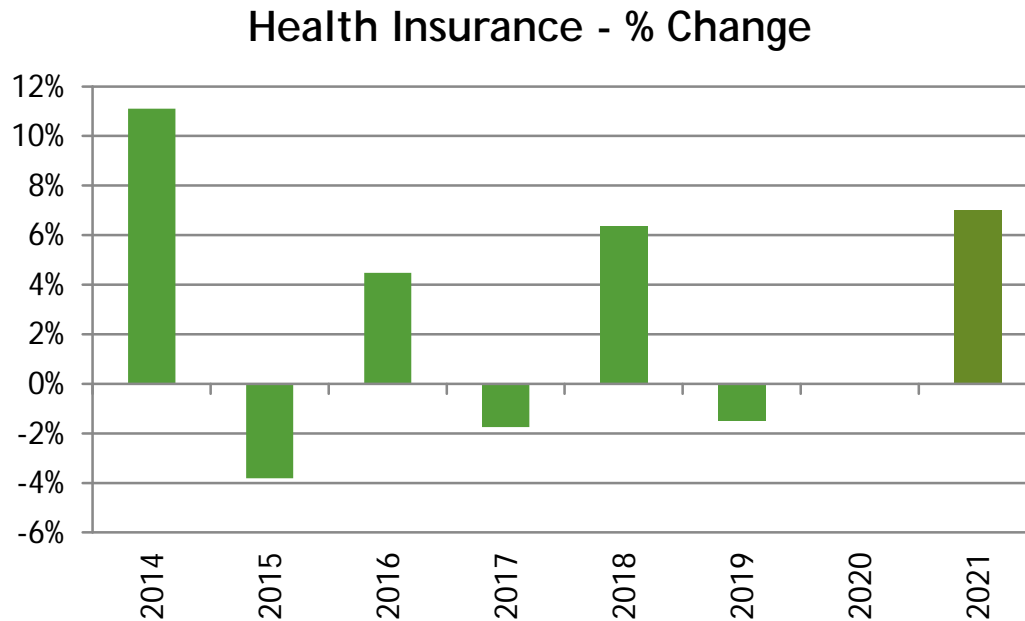
▶ Retirement

- ▶ Assumes employee pick-up increases from 6.75% to 7.25% of salary
- ▶ Increase of 1.4% in contributions
- ▶ Costs impacted by actuarial assumption changes at CalPERS
- ▶ Additional \$649,350 payment included in proposed budget to keep same contribution amount after paying off "side fund" in FY20



Operating Expenses

- ▶ Health Insurance
 - ▶ Rates known for July - December 2020
 - ▶ Assumes 7% rate increase in 2021
 - ▶ 0.03% actual increase in 2020



Operating Expenses

- ▶ OPEB
 - ▶ Decrease 22.0%
 - ▶ Based on a decrease in actuarial report and funding plan

- ▶ Other Employee Benefits (“in lieu of”)
 - ▶ 6.2% decrease
 - ▶ New employees hired who do not get the benefit

Operating Expenses

- ▶ Workers Comp Insurance
 - ▶ 20.4% increase
 - ▶ FY20 Budget was underestimated, assume FY21 will remain the same
 - ▶ XMOD rating decreased from 64 to 62
 - ▶ Rates are based on payroll so when payroll increases, WC insurance increases

Operating Expenses

- ▶ Services & Supplies
 - ▶ 2.3% increase in electricity (\$20,950)
 - ▶ 3.3% decrease in chemicals (\$34,950)
 - ▶ Lower usage overall
 - ▶ 53.8% increase in other professional services (\$180,400)
 - ▶ Marsh Dredging Project
 - ▶ Cathodic Protection Testing (every 2 years)
 - ▶ 19.5% increase in maintenance equipment (\$36,800)
 - ▶ Major cogen repair
 - ▶ 57.2% increase in maintenance software (\$56,950)
 - ▶ New CMMS Program
 - ▶ 45.3% increase in insurance premiums (\$124,800)

Operating Expenses

- ▶ Debt Service
 - ▶ Flat (decrease of \$5,900)
 - ▶ SRF loan repayment for Browns Valley Trunk and West Napa Pump Station projects begins at end of construction
 - ▶ Bond repayment for 66" Sewer Rehabilitation project begins in FY 2021/22

- ▶ Taxes and Assessments
 - ▶ Flat (increase of \$600)

Operating Expenses

	Adjusted <u>FY 19/20</u>	Proposed <u>FY 20/21</u>	<u>Change</u>
Salaries & Benefits	10,258,600	10,451,450	1.9%
Services & Supplies	6,281,650	6,556,100	4.4%
Taxes & Other	41,800	42,400	1.4%
<u>Debt Service</u>	<u>4,593,900</u>	<u>4,588,000</u>	<u>0.0%</u>
Total	21,175,950	21,637,950	2.2%

(Excludes intrafund transfers)

Operating Expenses

▶ Operating Budget - 2.8% Increase

(Excluding debt service and intrafund transfers)

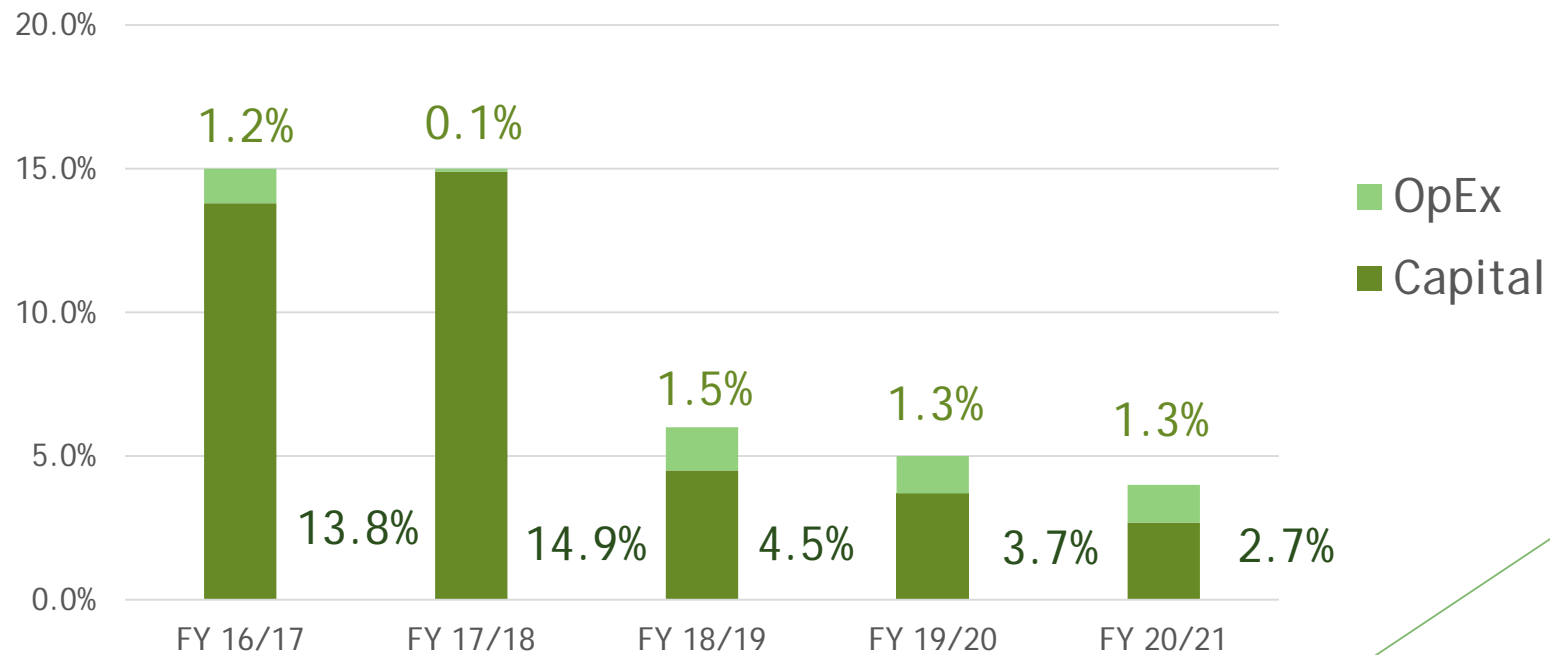
Annual Increases in Operating Budget				
<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>
1.2%	0.1%	1.5%	1.3%	2.8%

Annual Increases in CPI				
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
2.6%	3.0%	3.2%	3.9%	3.3%

▶ Total Operating Budget - 1.9% Increase

Operating Expenses

- ▶ SSC Increases
Capital component vs. Operating component



Significant Initiatives

- ▶ Included in Proposed Operating Budget
 - ▶ Additional Pension Contribution
 - ▶ Continue Asset Management Implementation
 - ▶ Marsh Dredging Project
 - ▶ 75th Anniversary - Open House, etc.
 - ▶ Begin negotiations of new NPDES Permit
 - ▶ Sewer Service Charge rate study to comply with Proposition 218
 - ▶ Secure funding for 66" Trunk Main Rehabilitation Project
 - ▶ Implement new labor MOUs

Budget Calendar - Next Steps

- ~~Jan 16, 2020 - Finance Committee Mtg: Recommend Budget Assumptions~~
- ~~Feb 29, 2020 - Board of Directors: Approve Assumptions~~
- ~~April 2, 2020 - Finance Committee Meeting: Review Proposed Budget/Receive Recommendations~~
- ~~April 9, 2020 - Long Term Planning Committee Meeting: Review 10 Year CIP/Receive Recommendations~~
- May 6, 2020 - FY 20/21 Operating Budget Presentation to Board**
- May 20, 2020 - FY 20/21 10-Year CIP Presentation
- May 26, 2020 - Mail out SSC Increase Notification
- June 3, 2020 - Adopt Operating and Capital Budget
- June 17, 2020 - Resolution to Instruct Staff to Complete Tax Roll
- June 17, 2020 - Backup Date for Adopting Budget
- July 15, 2020 - Resolution Overruling Protests (if appropriate) and Adopting SSC on Tax Roll

Questions

Comments

Direction