



# **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)