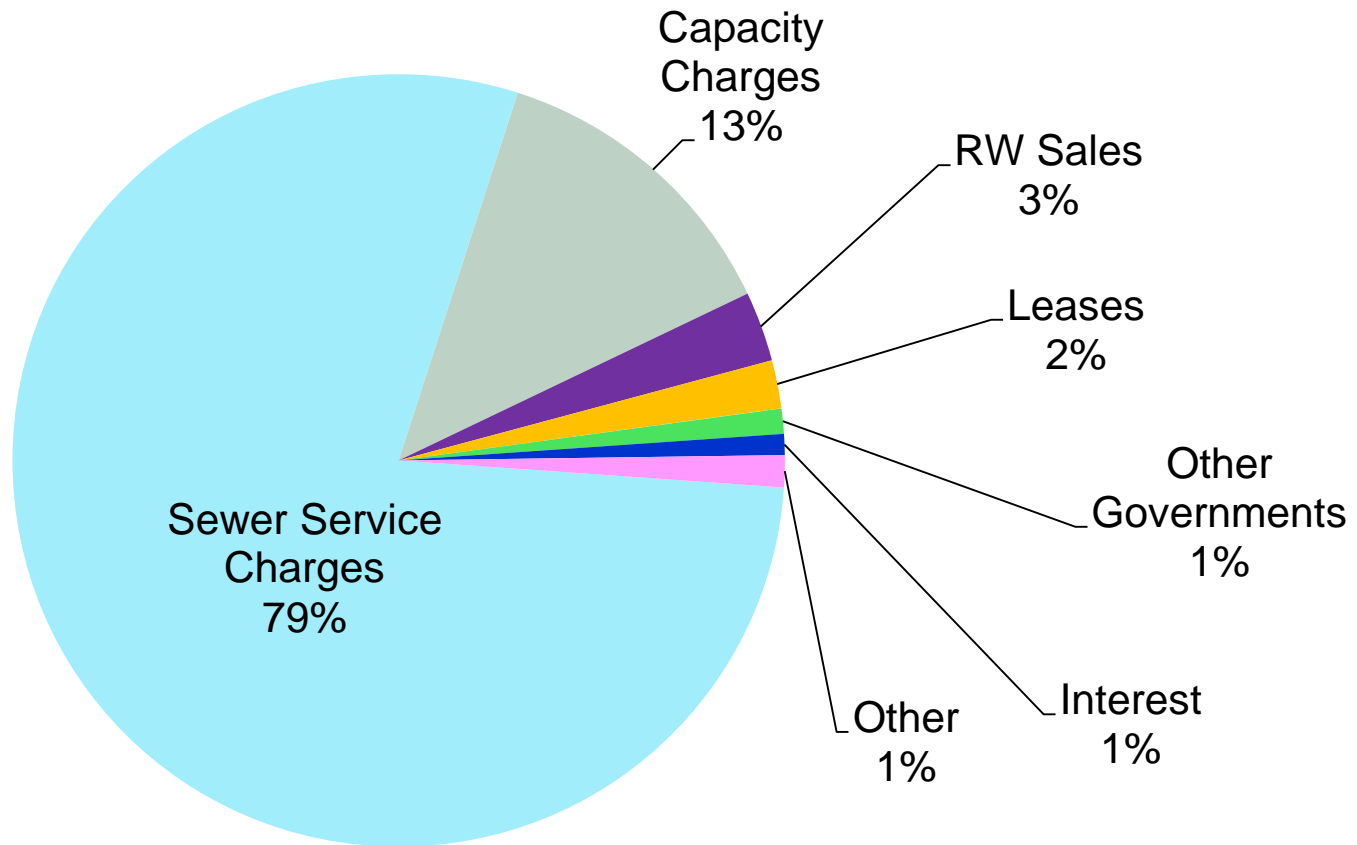




# **FY 2018/19 Operating Budget**

**NSD Finance Committee  
April 2, 2018**

# Major Revenues



# Revenues

- Sewer Service Charges
  - 6% rate increase
  - Revenue increase 7.7%
- Lease Revenue
  - Includes Somky and Eagle Vines GC
  - Does not include other properties

# Revenues

- Recycled Water Sales
  - FY18 assumes 235 AF of new water sales
  - 2018 rate = \$1.67 per 1,000 gallons
  - 2019 rate = \$1.72 per 1,000 gallons
- Waste Hauler Fees
  - Increase 2.9%
  - FOG and Septage holding steady

# Revenues

- Building Permit Review
  - Increase 2.5% (fee increase with CPI)
  - Continued high activity levels
- Capacity Charges
  - Revenue increase 27.1%
  - Rate increase from \$9,299 to \$9,634
  - 186 EDU commercial & 293 EDU residential

# Revenues

- Overall
  - Operating Revenue up 8.0%
  - Capacity Charges up 27.1%
  - Reimbursement from Napa County for MST Recycled Water Truck Fill Station
  - Loan proceeds from Browns Valley Trunk and WNPS project (\$9,075,000)

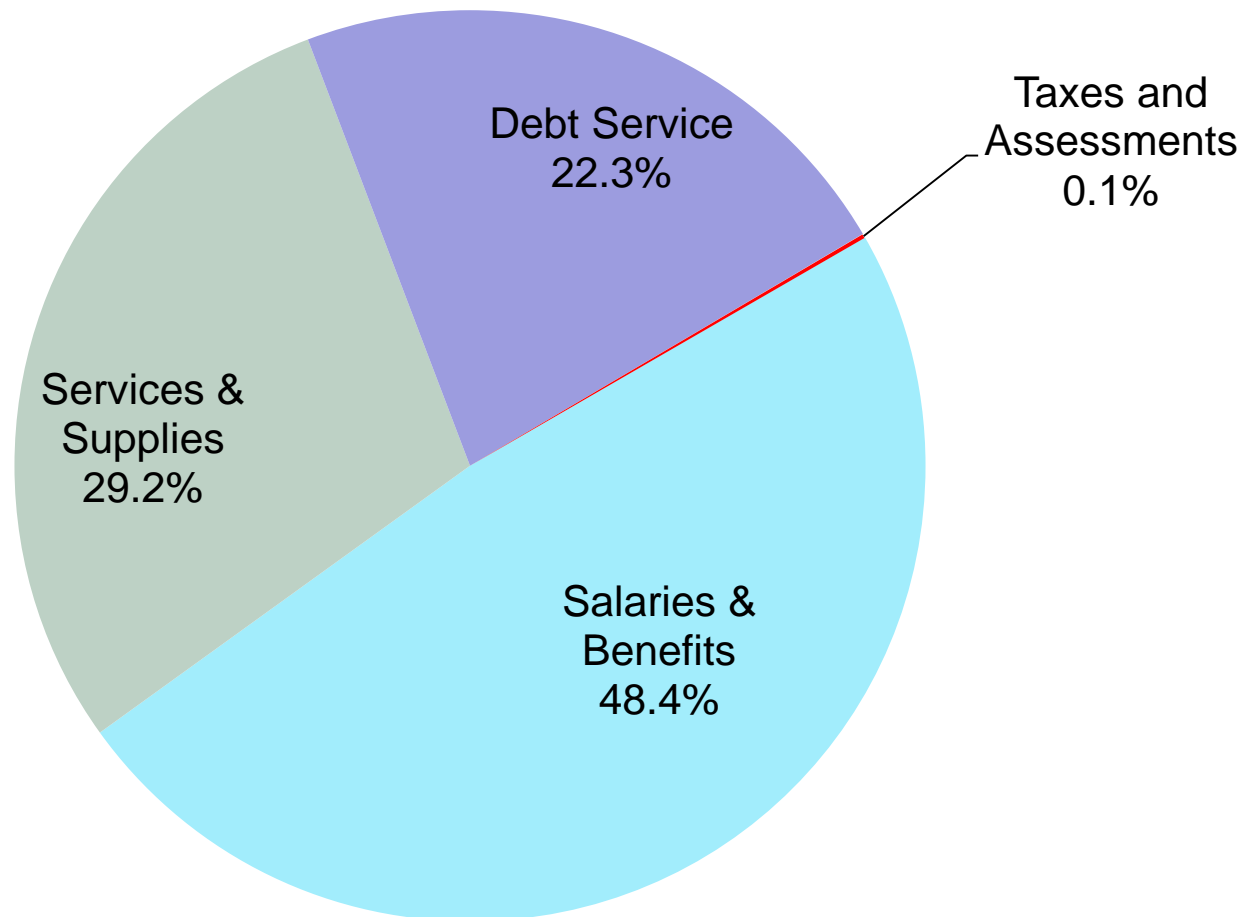
# Revenues

	Estimated <u>FY 17/18</u>	Proposed <u>FY 18/19</u>	<u>Change</u>
<b><u>Operating</u></b>			
Sewer Service Charges	26,162,000	28,156,000	7.6%
Recycled Water Sales	913,000	1,042,000	14.1%
Lease Revenue	722,000	725,000	0.4%
Interest	174,000	311,000	78.7%
<u>Other</u>	<u>768,100</u>	<u>446,800</u>	<u>(41.9%)</u>
<b>Total</b>	<b>28,739,100</b>	<b>30,680,800</b>	<b>6.7%</b>
<b><u>Capital-Related</u></b>			
Other Governments	4,005,000	375,000	(90.7%)
Capacity Charges	6,276,000	4,614,600	(26.5%)
<u>Other</u>	<u>35,500</u>	<u>30,000</u>	<u>(15.5%)</u>
<b>Total</b>	<b>10,316,500</b>	<b>5,019,600</b>	<b>(51.4%)</b>



# Expenses

## Proposed FY 18/19 Operating Budget





# Expenses

- Salary
  - 2.75% COLA increase per MOU
  - 1.1% increase overall
    - COLA and step increases
    - Same number of employees (53)
    - Several new employees
- Overtime
  - 17.1% decrease
  - Reduced on-call coverage

# Expenses

## Change in accounting for Insurance and OPEB costs

Prior Years:

- Health Care costs for retired employees recorded as “Insurance Premium”

FY 2018/19:

- Health care costs for retired employees recorded at “OPEB”

# Expenses

- Health Insurance
  - Rates known for July – Dec. 2018
  - Assumes 7% rate increase in 2019
  - 27.9% budget reduction - due to change in accounting for health care for retirees

# Expenses

- OPEB
  - Increase 176.7%
    - Based on both an increase in actuarial report and funding plan and the change in accounting
- Other Employee Benefits (“in lieu of”)
  - 9.1% decrease
  - Linked to scheduled decrease in MOU

# Expenses

## Change in accounting Unfunded Actuarial Liability (UAL) Retirement Cost Centers

Prior Years:

- Retiree UAL charged in department retiree last work

FY 2018/19:

- Retiree UAL charged to Non-Departmental

# Expenses

- Retirement
  - Employee pick-up increases from 4.25% to 5.5% of salary
  - Increase of 4.8% in required contribution
  - Costs impacted by actuarial assumption changes at CalPERS
  - Additional \$135,000 payment included in proposed budget

# Expenses

- Workers Comp Insurance
  - 20.8% decrease
  - Due to decrease in XMOD rating from 104 to 68



# Expenses

- Services & Supplies
  - 8.8% decrease in electricity (\$85,400)
  - 17.2% decrease in consulting services (\$125,100)
  - 0.8% increase in chemicals (\$7,450)
- Debt Service
  - 3.8% decrease from prior year
  - Due to advance refinancing of 2009B COPs

# Expenses

	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>Change</u>
Salaries & Benefits	9,581,300	9,961,350	4.0%
Services & Supplies	6,154,300	6,003,100	(2.5%)
Taxes & Other	28,650	29,150	1.7%
<u>Debt Service</u>	<u>4,777,450</u>	<u>4,593,800</u>	<u>(3.8%)</u>
<b>Total</b>	<b>20,541,700</b>	<b>20,587,400</b>	<b>0.2%</b>

# Expenses

- Total Operating Budget – 1.45% Increase  
– Salaries & benefits + services & supplies

Annual Increases in Operating Budget				
<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
1.0%	2.5%	1.2%	0.1%	1.45%

w/o Add'l  
PERS  
0.5%

Annual Increases in CPI			
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
2.8%	2.6%	3.0%	3.2%

# Major Initiatives

- **Included in Proposed Operating Budget**
  - Additional Pension Contribution
  - Continued Asset Management Implementation
  - SRF Loan for BV Road Trunk and WNPS
  - Winery Waste Treatment Options Study
  - SSC and CC Rate Methodology Study Continuation
  - Strategic Plan Update (Spring 2019)
  - Alternative Chemicals Study