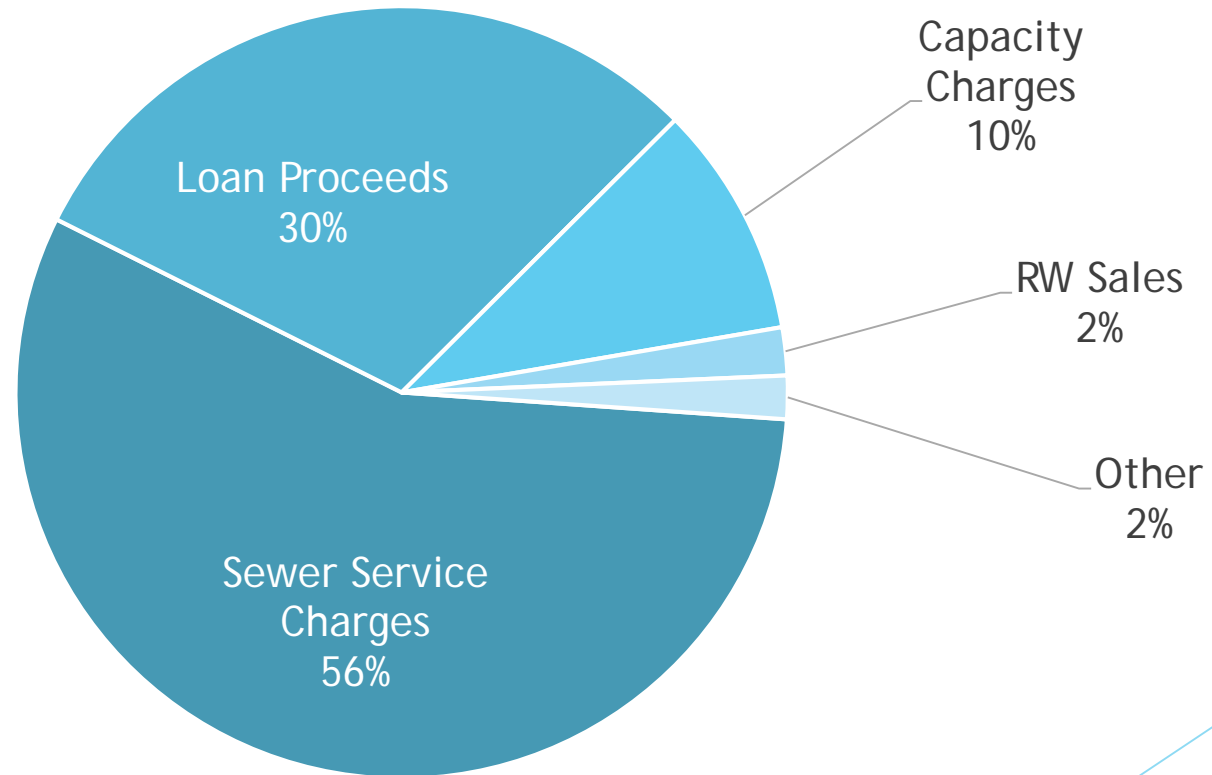




FY 2019/20 Operating Budget

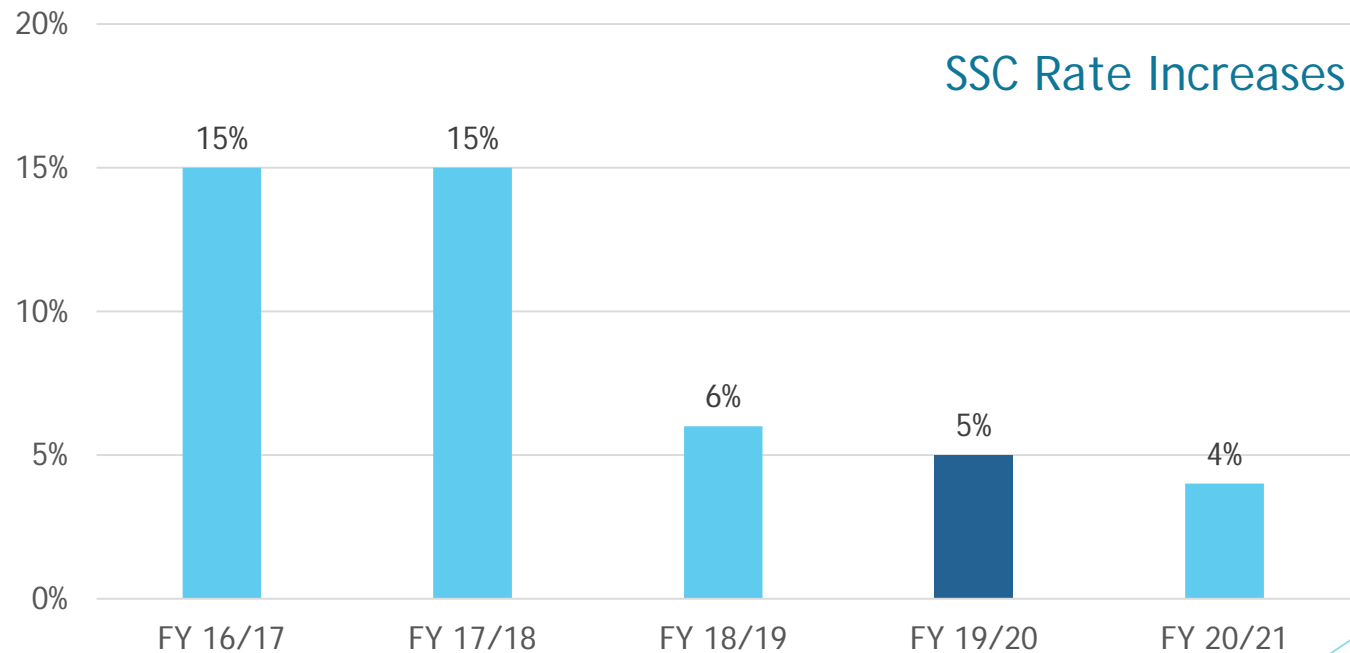
NapaSan Finance Committee
April 18, 2019

Major Revenues



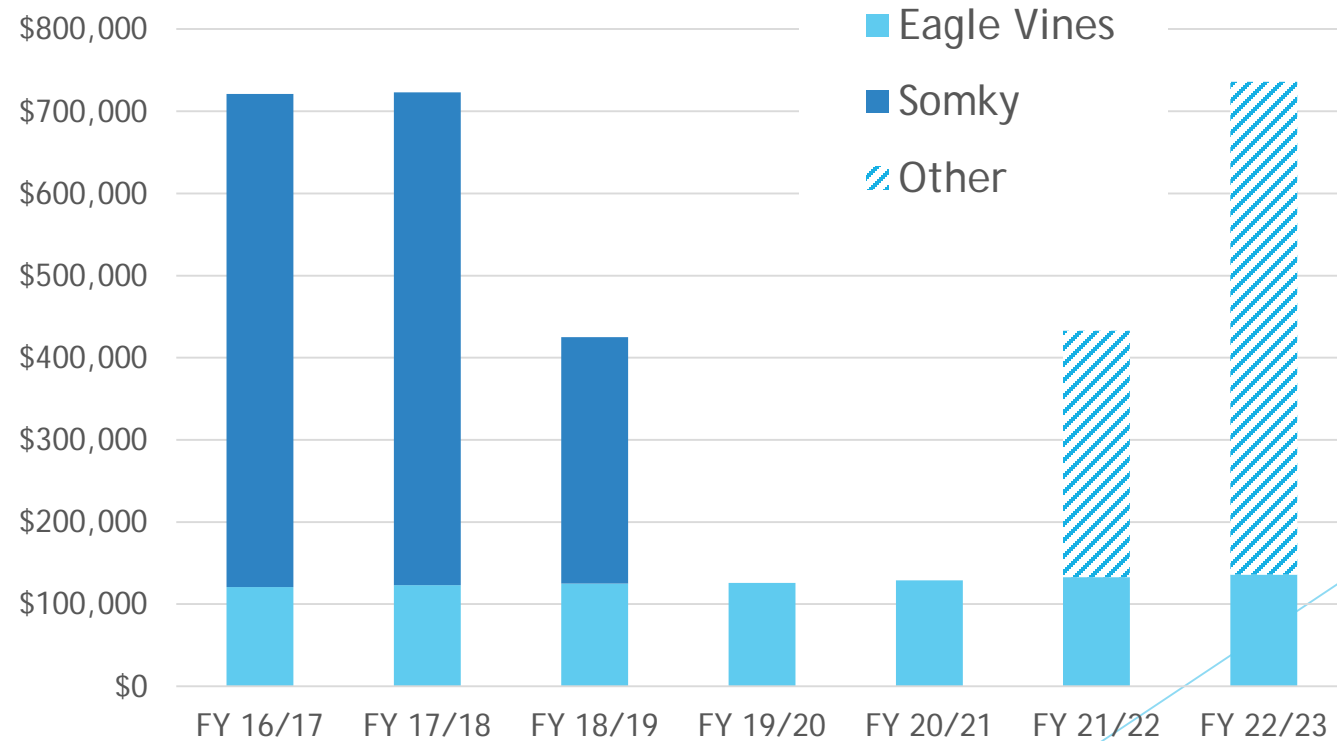
Revenues

- ▶ Sewer Service Charges
 - ▶ 5% rate increase
 - ▶ Revenue increase 6.0%



Revenues

- ▶ Lease Revenue
 - ▶ Eagle Vines GC
 - ▶ FY 19/20 does not include Somky or other properties



Revenues

▶ Recycled Water Sales

- ▶ FY20 assumes 3.25MG of new water sales
- ▶ 2019 rate = \$1.78 per 1,000 gallons
- ▶ 2020 rate = \$1.87 per 1,000 gallons

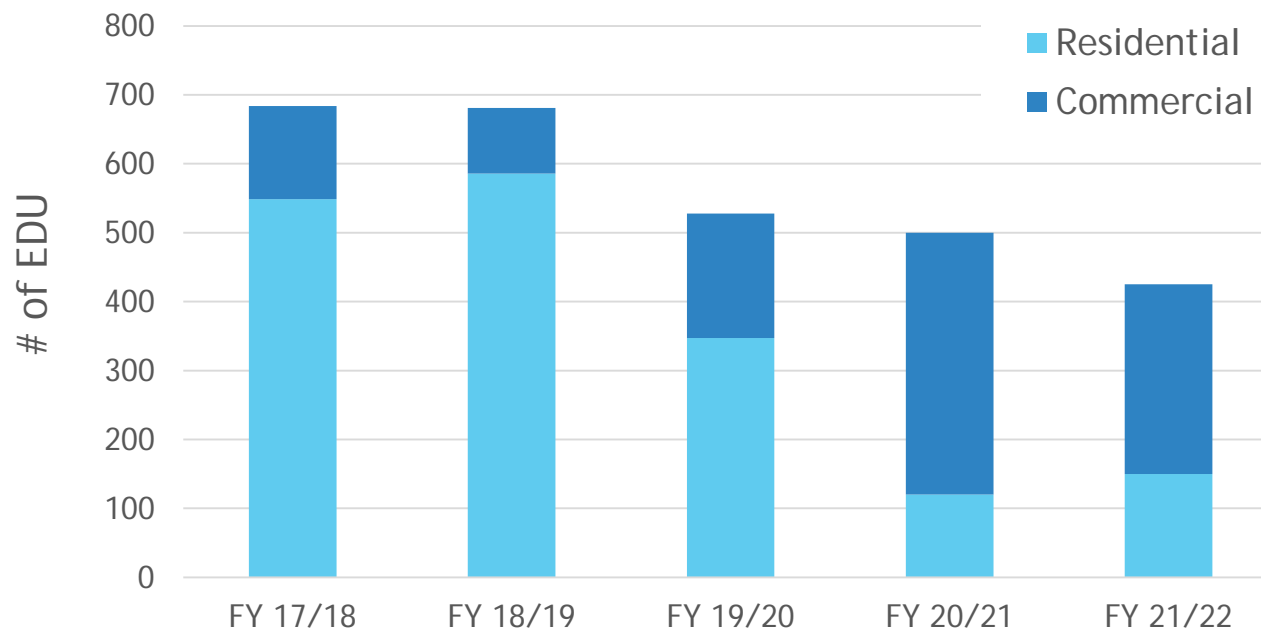
▶ Waste Hauler Fees

- ▶ Increase 6.1%
- ▶ FOG and Septage holding steady

Revenues

▶ Capacity Charges

- ▶ Revenue increase 12.2%
- ▶ Rate increase from \$9,534 to \$9,803
- ▶ 221 EDU commercial & 307 EDU residential



Revenues

- ▶ Building Permit Review
 - ▶ Fees Increase 0.9%
 - ▶ Assumed moderate level of activity

Revenues

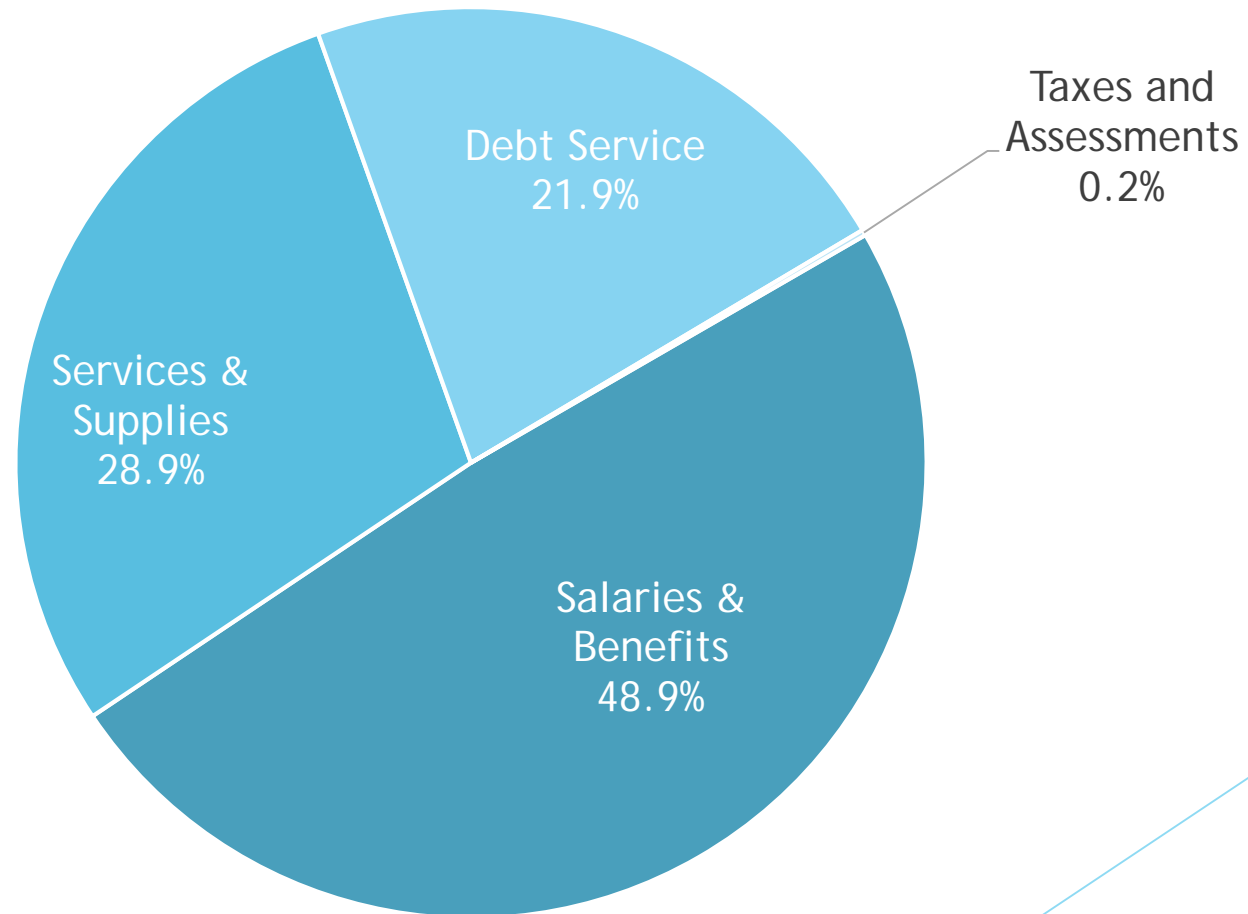
- ▶ Overall
 - ▶ Operating Revenue up 3.8%
 - ▶ Capacity Charges up 12.2%
 - ▶ Loan proceeds from Browns Valley Trunk and WNPS project (\$11,416,6900)
 - ▶ Bond proceeds from 66" Trunk Rehabilitation project (\$4,000,000)

Revenues

	Estimated	Proposed	
	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>Change</u>
<u>Operating</u>			
Sewer Service Charges	28,156,000	29,856,000	6.0%
Recycled Water Sales	1,042,000	1,064,000	2.1%
Lease Revenue	725,000	126,000	(82.6%)
Interest	311,000	452,000	45.3%
<u>Other</u>	<u>436,800</u>	<u>353,500</u>	<u>(41.9%)</u>
Total	30,670,800	31,851,500	3.8%
<u>Capital-Related</u>			
Other Governments	375,000	0	(100.0%)
Capacity Charges	4,614,600	5,178,000	12.2%
<u>Other</u>	<u>30,000</u>	<u>30,000</u>	<u>(15.5%)</u>
Total	5,019,600	5,208,000	3.8%

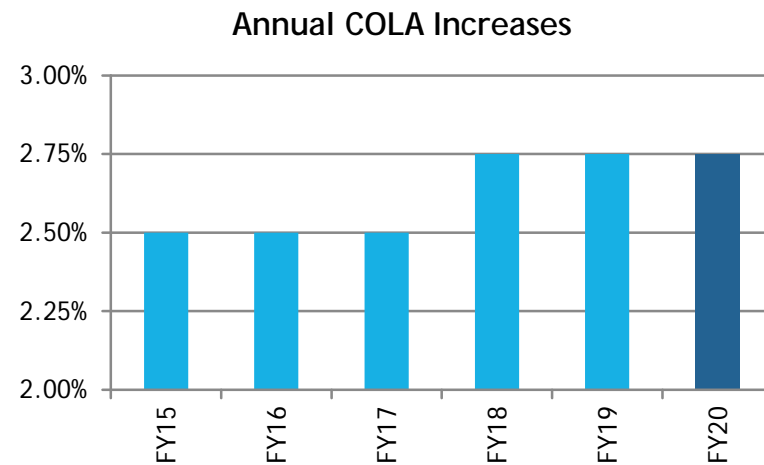
Expenses

Proposed FY 19/20 Operating Budget



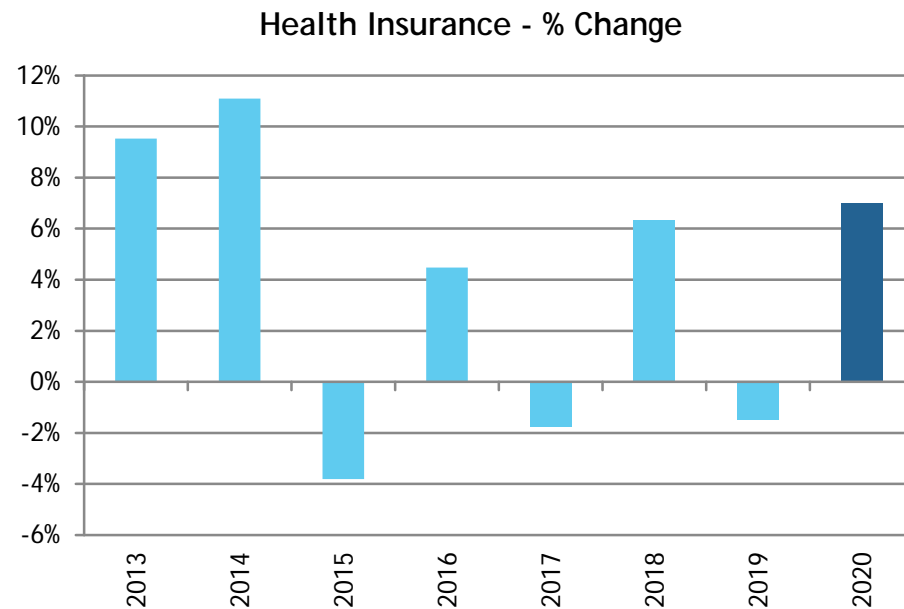
Expenses

- ▶ Salary
 - ▶ 2.75% COLA increase per MOU
 - ▶ 2.5% increase overall
 - ▶ COLA and step increases
 - ▶ Same number of employees (53)
 - ▶ Several new employees



Expenses

- ▶ Health Insurance
 - ▶ Rates known for July - Dec. 2019
 - ▶ Assumes 7% rate increase in 2020
 - ▶ 0.4% budget reduction



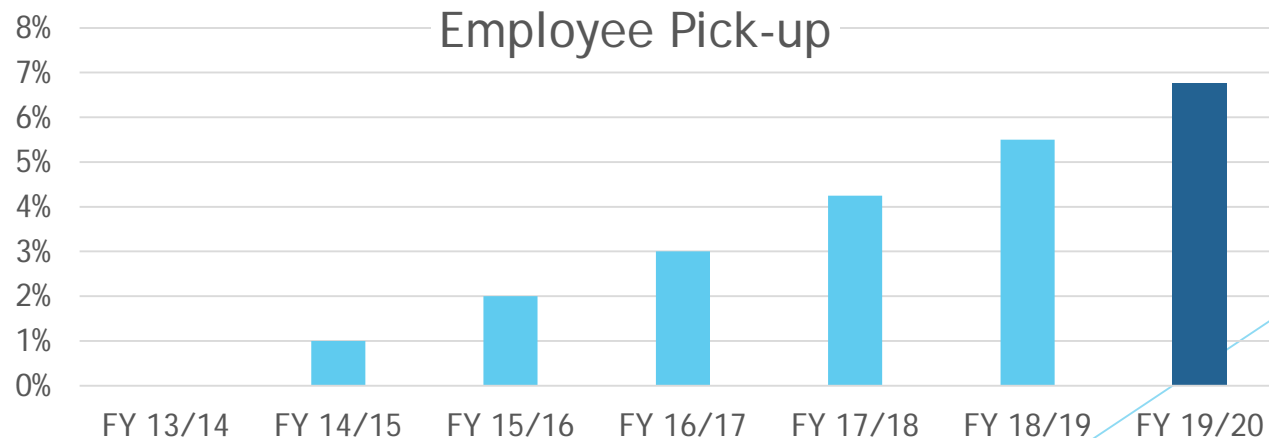
Expenses

- ▶ OPEB
 - ▶ Increase 3.0%
 - ▶ Based on an increase in actuarial report and funding plan
- ▶ Other Employee Benefits (“in lieu of”)
 - ▶ 3.4% decrease
 - ▶ Linked to scheduled decrease in MOU

Expenses

▶ Retirement

- ▶ Employee pick-up increases from 5.5% to 6.75% of salary
- ▶ Increase of 6.6% in contributions
- ▶ Costs impacted by actuarial assumption changes at CalPERS
- ▶ Additional \$135,000 payment included in proposed budget (same as FY 18/19)



Expenses

- ▶ Workers Comp Insurance
 - ▶ 3.7% decrease
 - ▶ Due to decrease in XMOD rating from 68 to 64

Expenses

▶ Services & Supplies

- ▶ 1.0% increase in electricity (\$8,450)
- ▶ 9.6% increase in chemicals (\$93,840)
 - ▶ Lower usage overall
 - ▶ Higher unit prices
- ▶ 17.2% decrease in consulting services (\$311,300)
 - ▶ Sewer Service Charge study
 - ▶ Winery waste study
 - ▶ Chemical usage study
 - ▶ Asset management implementation
- ▶ 16% increase in IT Services from Napa County (\$48,300)

Expenses

▶ Debt Service

- ▶ Flat (increase of \$100)
- ▶ 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

- ▶ Up \$11,000 - Somky assessment not paid by leasee

Expenses

	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>Change</u>
Salaries & Benefits	9,961,350	10,258,600	3.0%
Services & Supplies	6,160,950	6,066,790	(1.5%)
Taxes & Other	29,150	41,800	43.4%
<u>Debt Service</u>	<u>4,593,800</u>	<u>4,593,900</u>	<u>0.0%</u>
Total	20,745,250	20,961,090	1.0%

Expenses

- ▶ Total Operating Budget - 0.75% Increase
 - ▶ Salaries & benefits + services & supplies

Annual Increases in Operating Budget

<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>
2.5%	1.2%	0.1%	1.5%	1.0%

Annual Increases in CPI

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
2.8%	2.6%	3.0%	3.2%	3.9%

Major Initiatives

- ▶ Included in Proposed Operating Budget
 - ▶ Additional Pension Contribution
 - ▶ Continued Asset Management Implementation
 - ▶ SRF Loan for BV Road Trunk and WNPS
 - ▶ Ultra-filtration/reverse osmosis pilot study
 - ▶ Negotiate new labor MOUs
 - ▶ 75th Anniversary - Open House, etc.