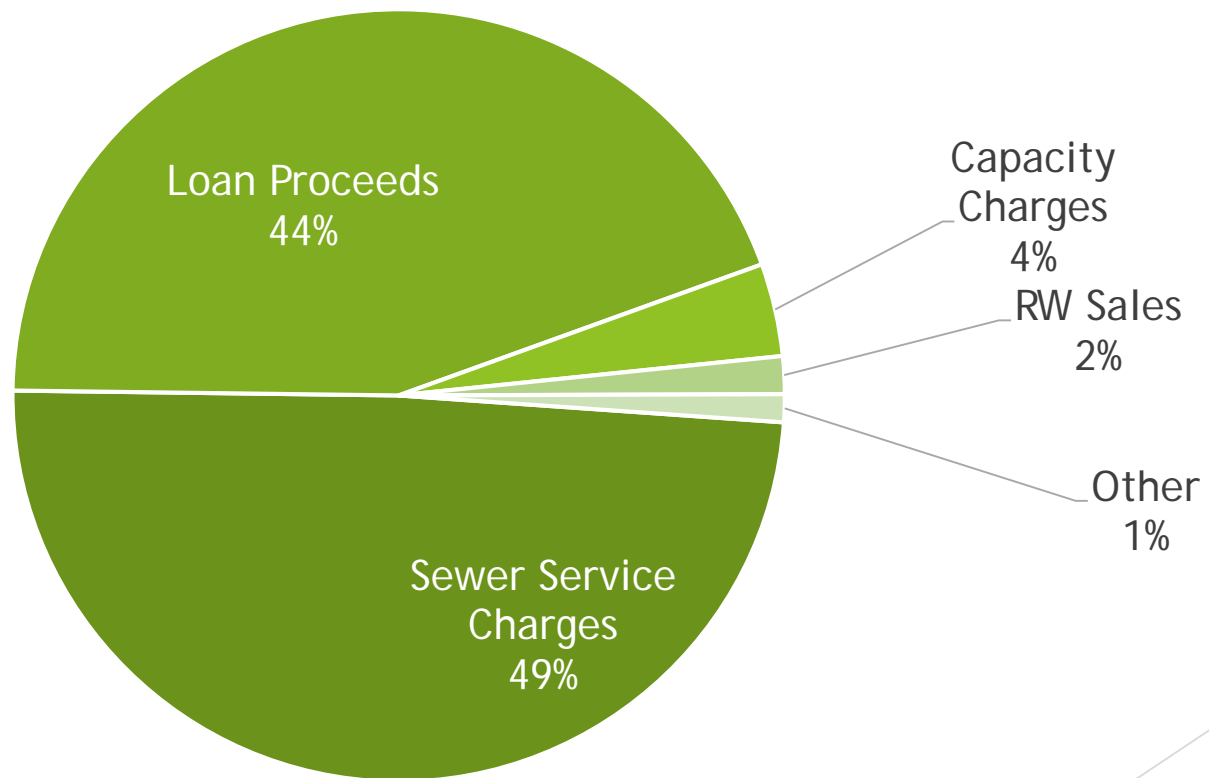




FY 2020/21 Operating Budget

NapaSan Finance Committee
April 2, 2020

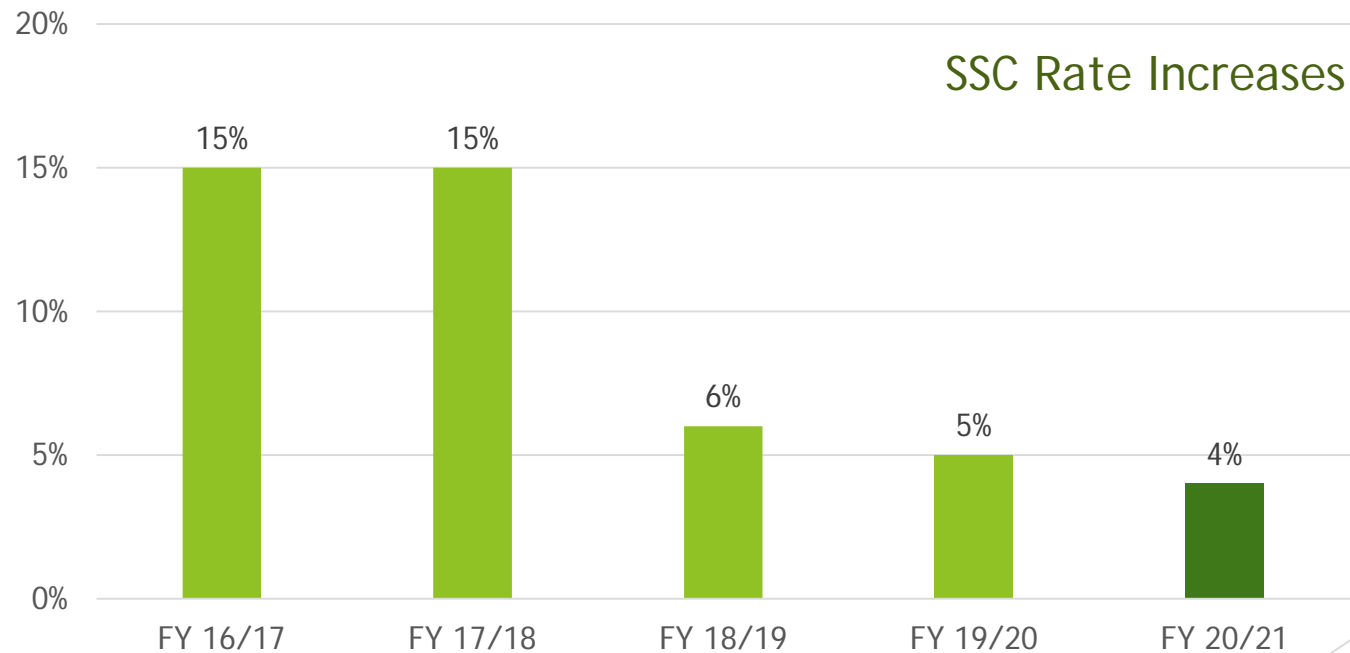
Major Revenues



Revenues

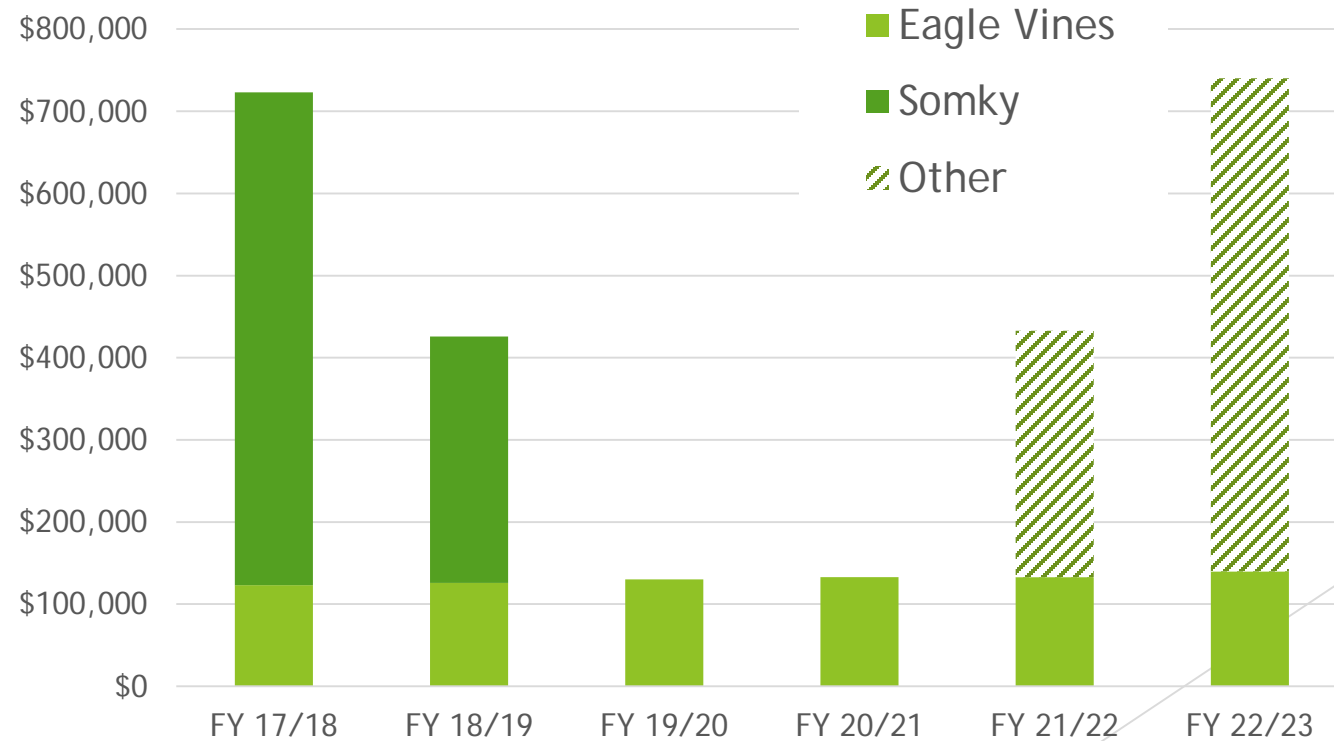
► Sewer Service Charges

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



Revenues

- ▶ Lease Revenue
 - ▶ Eagle Vines GC
 - ▶ FY 20/21 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

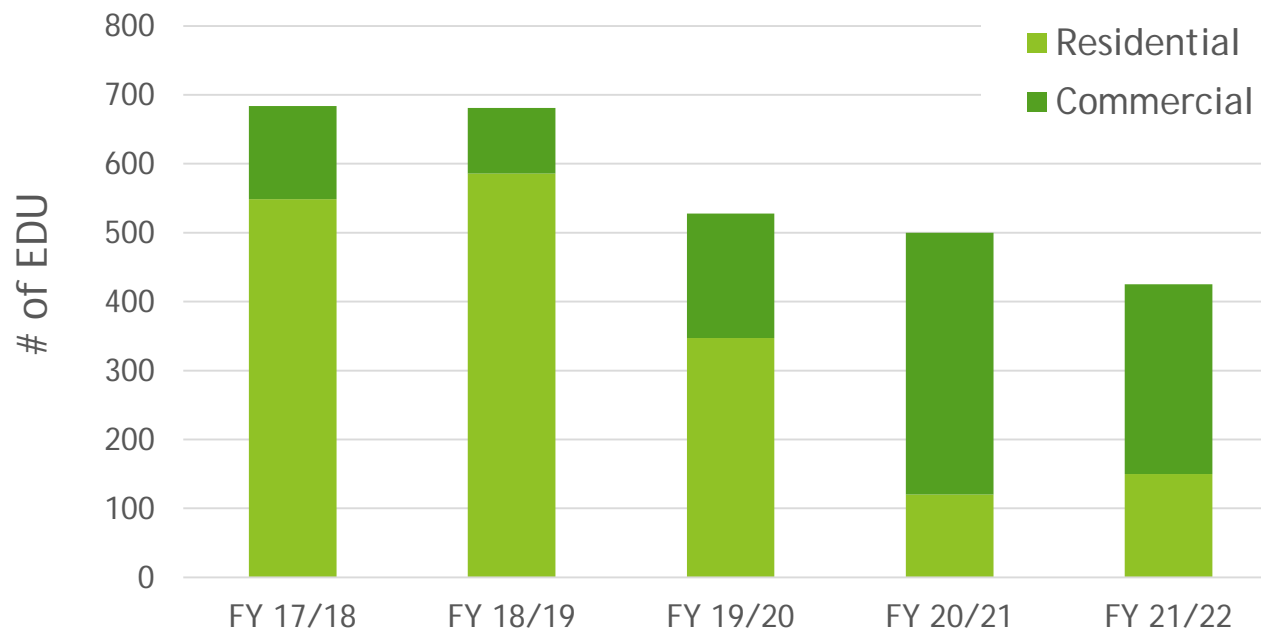
▶ Waste Hauler Fees

- ▶ 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 & 47 EDU residential



Revenues

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

Revenues

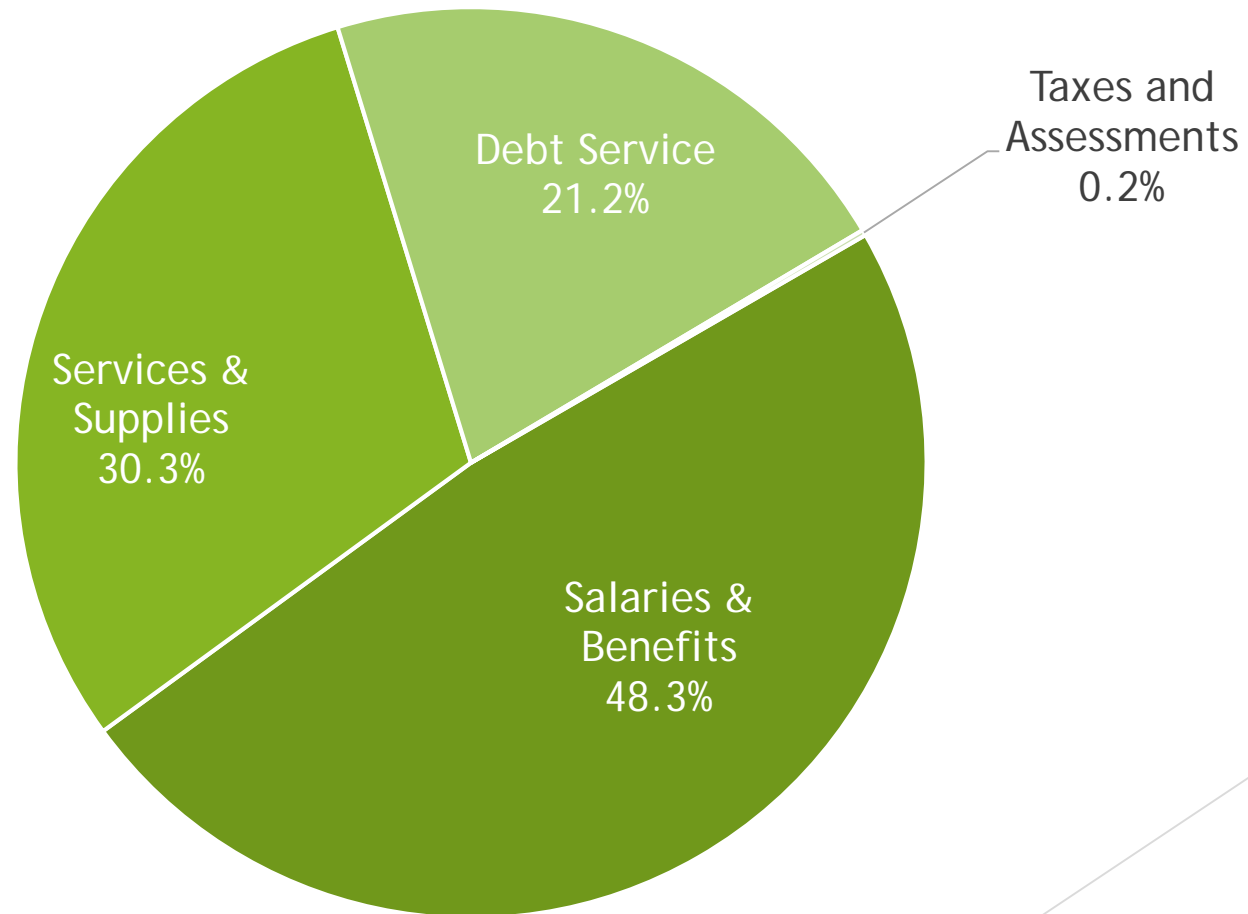
- ▶ Overall
 - ▶ Operating Revenue up 3.0%
 - ▶ Capacity Charges down 52.5%
 - ▶ Loan proceeds from Browns Valley Trunk and WNPS project (\$16,666,600)
 - ▶ Bond proceeds from 66" Trunk Rehabilitation project (\$11,400,000)

Revenues

	Estimated	Proposed	
	<u>FY 19/20</u>	<u>FY 19/20</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	(56.9%)
<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%)

Expenses

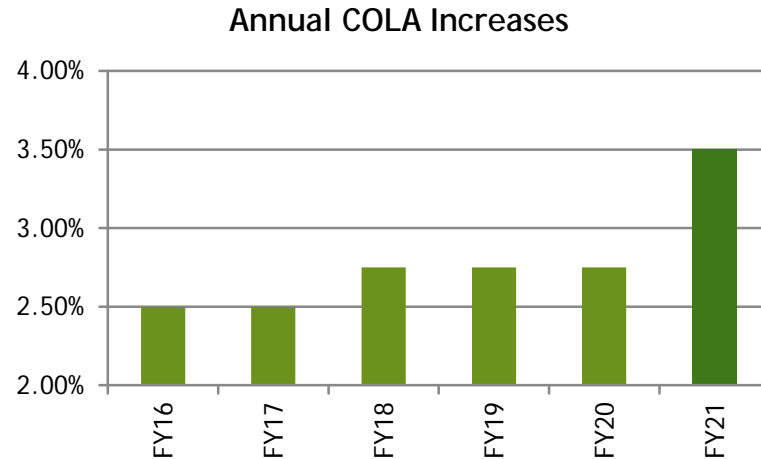
Proposed FY 20/21 Operating Budget



Expenses

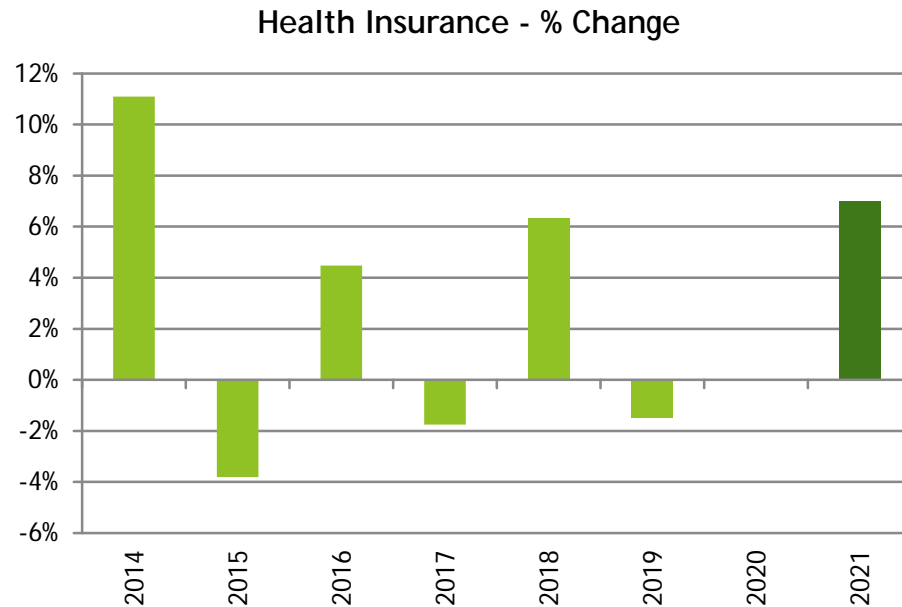
► Salary

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



Expenses

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



Expenses

- ▶ OPEB

- ▶ Decrease 22.0%

- ▶ Based on a decrease in actuarial report and funding plan

- ▶ Other Employee Benefits (“in lieu of”)

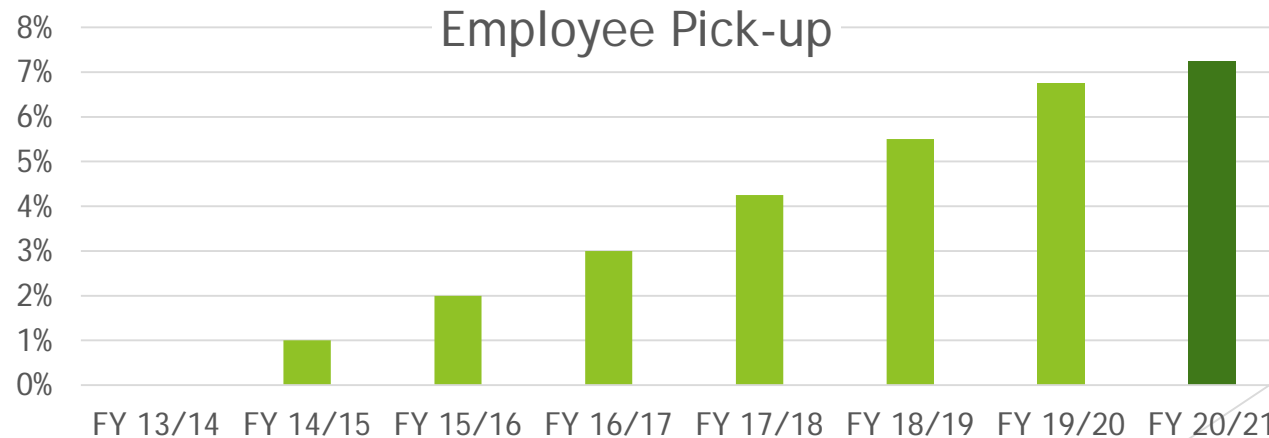
- ▶ 6.2% decrease

- ▶ More new employees who do not get benefit

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



Expenses

- ▶ Workers Comp Insurance
 - ▶ 20.4% increase
 - ▶ FY20 budget was underestimated, assume FY21 will remain the same
 - ▶ XMOD rating decreased from 64 to 62 but there is a delay in the impact of the decrease

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)

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)

Expenses

	<u>Adjusted FY 19/20</u>	<u>Proposed 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%

Expenses

- ▶ Total Operating Budget – 1.9% Increase
 - ▶ Salaries & benefits + services & supplies + debt service

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%	1.0%	2.2%

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%

Major 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