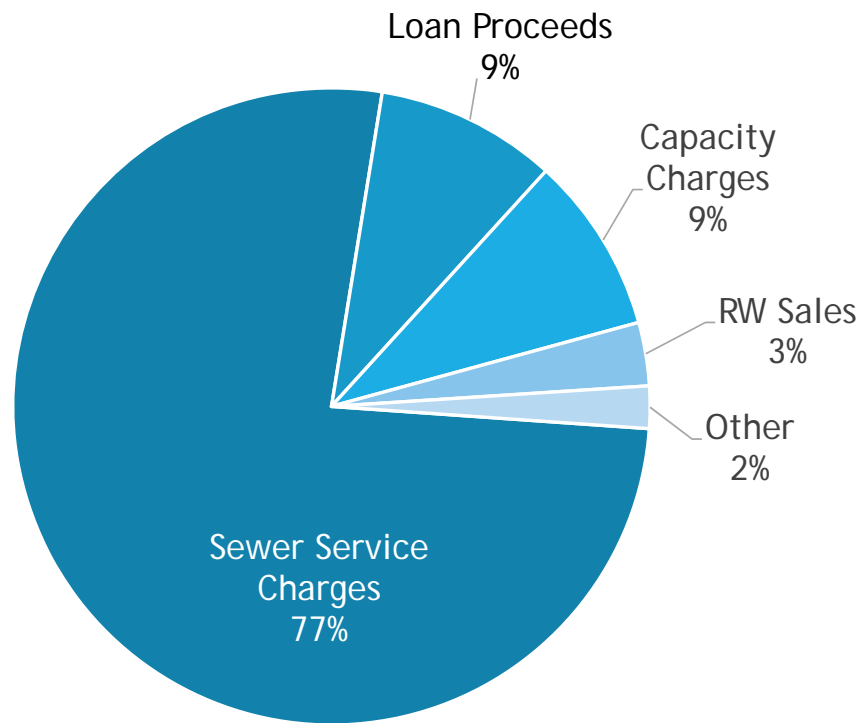




FY 2021/22 Operating Budget

NapaSan Finance Committee
April 15, 2021

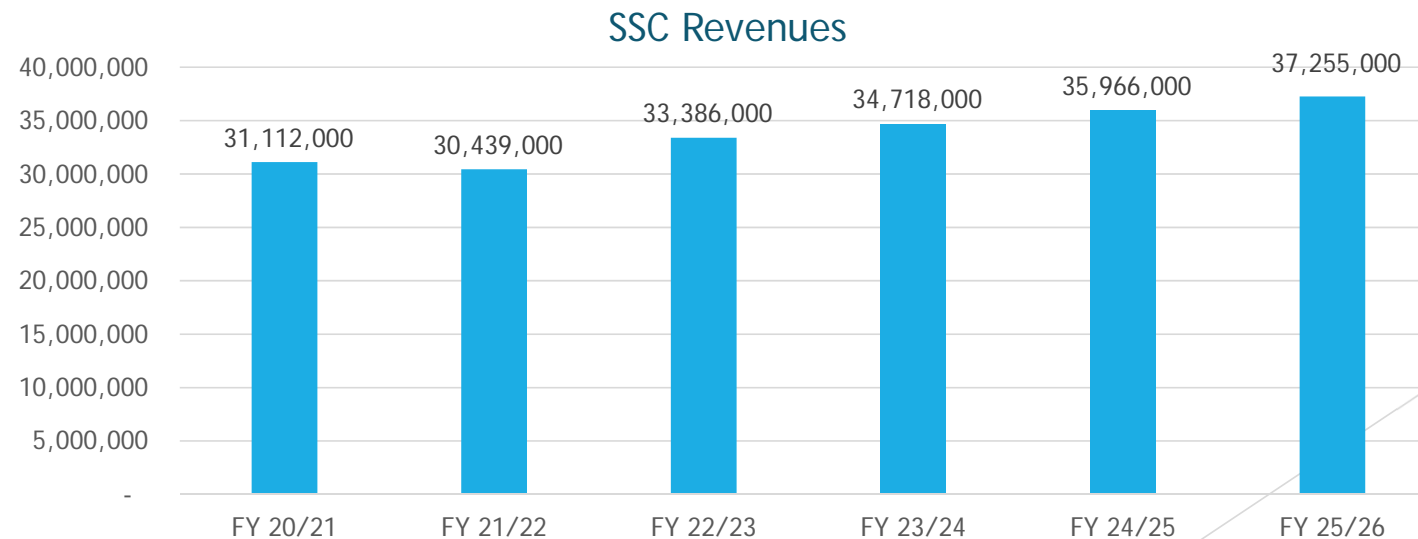
Major Revenues



Revenues

► Sewer Service Charges

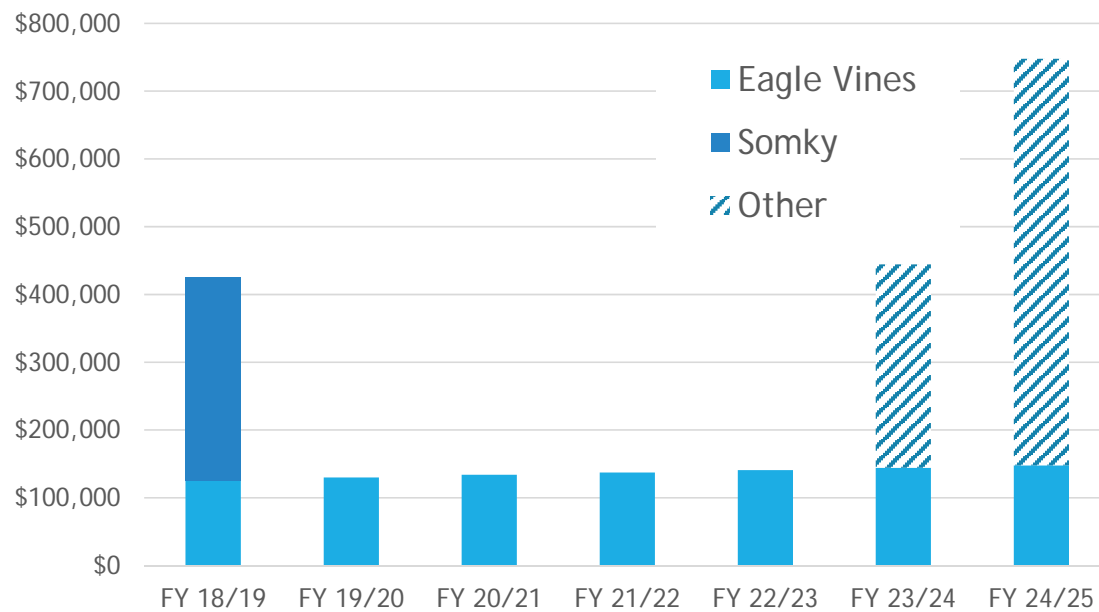
- No rate increases for next 5 years
- New SSC calculation generates 3% increase in revenues
- FY 21/22 SSC revenue decrease 2.2% due to reduced water usage by commercial customers



Revenues

► Lease Revenue

- Eagle Vines GC
- Somky Lease terminated in FY 20/21
- No other lease forecasted until FY 23/24



Revenues

▶ Recycled Water Sales

- ▶ In 2020, more recycled water was produced than was discharged to the river
- ▶ 2021 rate = \$1.93 per 1,000 gallons
- ▶ 2022 rate = \$2.02 per 1,000 gallons (projection)

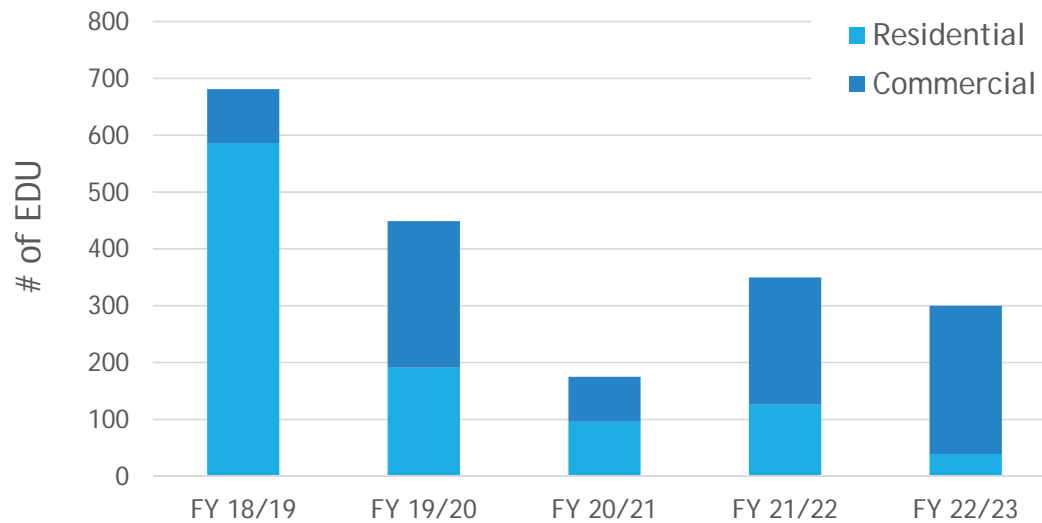
▶ Waste Hauler Fees

- ▶ Change in fee structure
- ▶ Instead of charging by truckload, flat fee of \$0.22 per gallon

Revenues

► Capacity Charges

- Revenue increase 79.7%
- Rate increase from \$9,959 to \$10,228



Revenues

- ▶ Building Permit Review
 - ▶ Fees Increase 2.00%
 - ▶ Assumed moderate level of activity

Revenues

▶ Overall

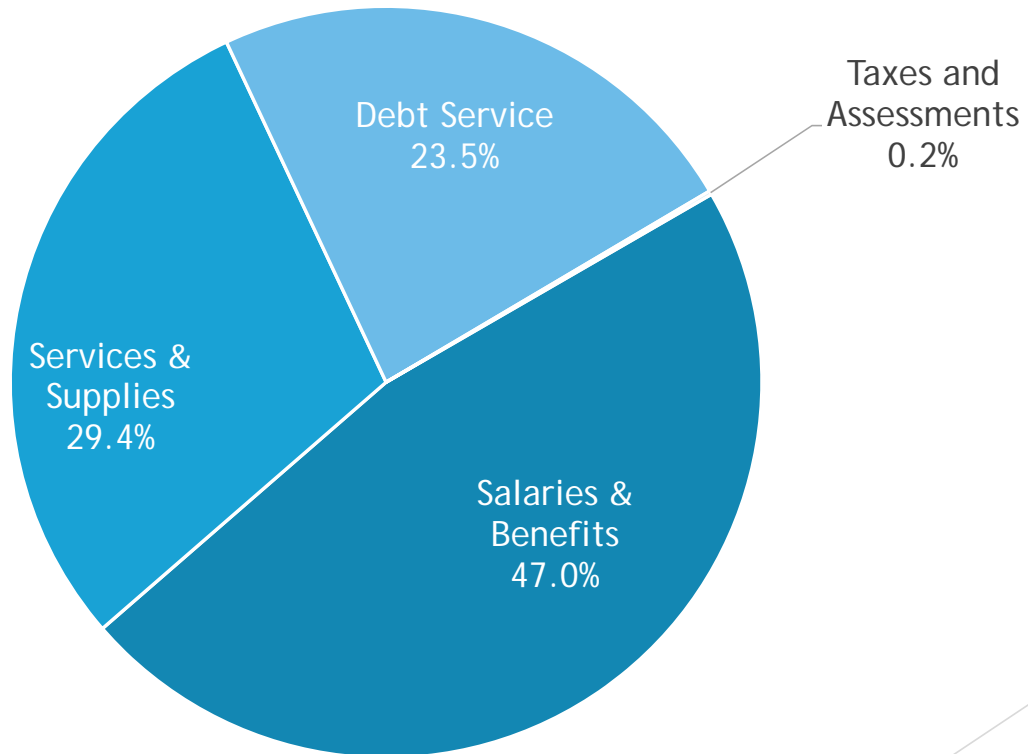
- ▶ Operating Revenue down 0.7%
- ▶ Capacity Charges up 79.7%
- ▶ Loan proceeds from Browns Valley Trunk and WNPS project (\$3,666,700)

Revenues

	Budget	Proposed	
	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>Change</u>
<u>Operating</u>			
Sewer Service Charges	31,112,000	30,439,000	(2.2%)
Recycled Water Sales	1,001,000	1,343,000	34.2%
Lease Revenue	129,000	137,000	6.2%
Interest	196,000	211,000	7.7%
<u>Other</u>	<u>382,000</u>	<u>472,500</u>	<u>23.7%</u>
Total	32,820,000	32,602,500	(0.7%)
<u>Capital-Related</u>			
Capacity Charges	1,992,000	3,580,000	79.7%
<u>Other</u>	<u>30,000</u>	<u>30,000</u>	<u>0.0%</u>
Total	2,022,000	3,610,000	78.5%

Expenses

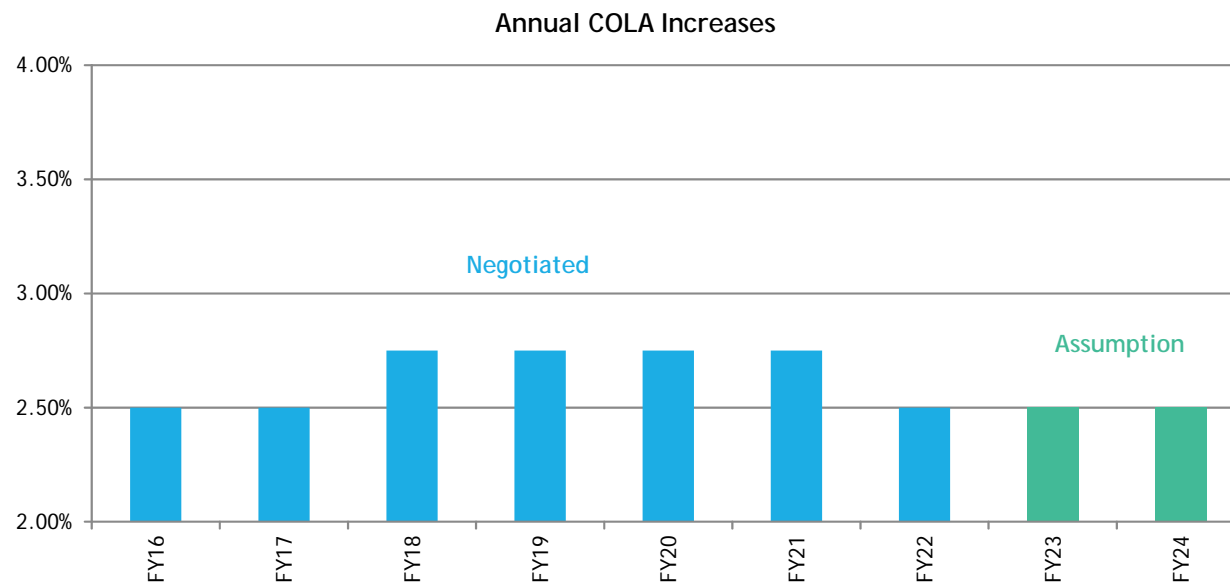
Proposed FY 21/22 Operating Budget



Expenses

► Salary

- New MOU sets CPI increase for FY 20/21 and FY 21/22, reopener for FY 22/23 and FY 23/24



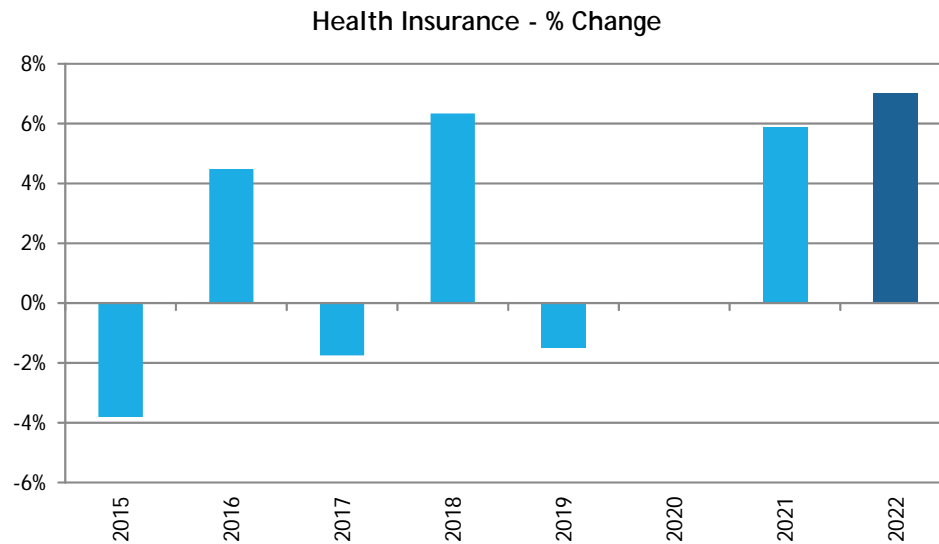
Expenses

- ▶ Salary - continued
 - ▶ Market Adjustments ranging from 2.6% to 24.2% phased in over 4-year term of contract
 - ▶ Tier 1 CalPERS employee share to increase to 8%
 - ▶ 7.3% increase overall
 - ▶ CPI, market adjustments and step increases
 - ▶ Same number of employees (53)
 - ▶ Hold 2 vacancies - Collection Systems Worker and Plant Attendant

Expenses

► Health Insurance

- Rates known for July - Dec. 2021
- Assumes 7% rate increase in 2022
- 5.88% actual increase in 2021



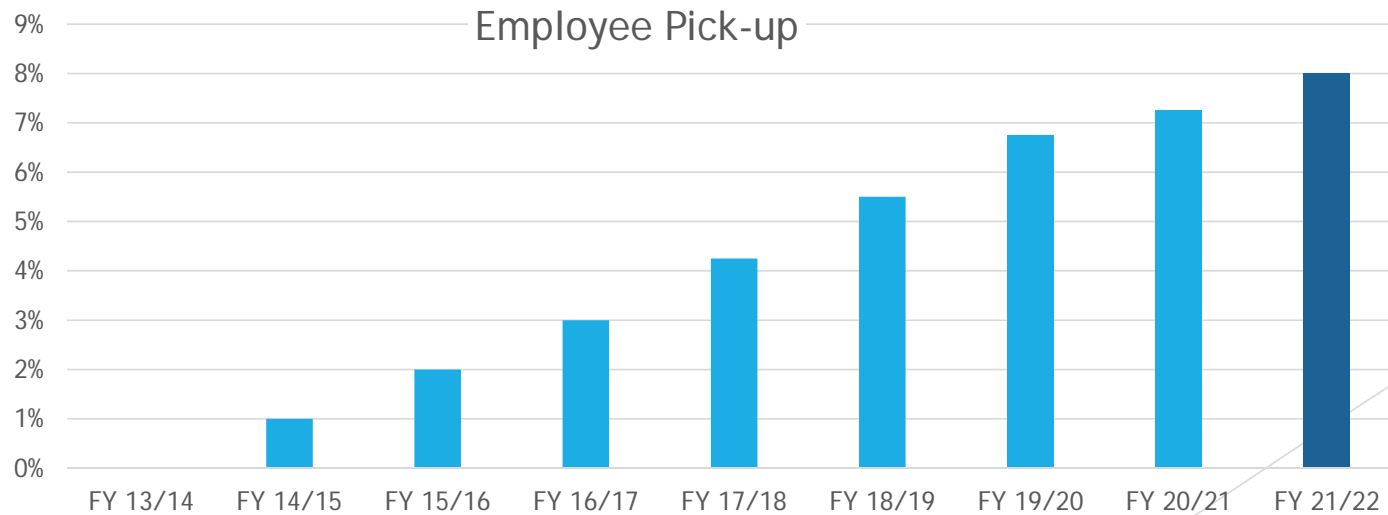
Expenses

- ▶ OPEB
 - ▶ Decrease 17%
 - ▶ Prior year budget was higher than actual expense
- ▶ Other Employee Benefits (“in lieu of”)
 - ▶ 6.6% decrease
 - ▶ More new employees who do not get benefit

Expenses

► Retirement

- Employee pick-up increases from 7.25% to 8.00% of salary
- Increase of 12.2% in contributions
- No additional PERS payment for FY 21/22



Expenses

- ▶ Workers Comp Insurance
 - ▶ 2% decrease
 - ▶ Assume FY22 will be similar to FY21
 - ▶ XMOD rating decreased from 62 to 61

Expenses

▶ Services & Supplies

- ▶ 24.1% increase in electricity (\$219,950)
- ▶ 9.7% decrease in chemicals (\$100,200)
 - ▶ Lower usage overall
- ▶ 68.2% increase in temporary help for interns (\$27,000)
- ▶ 41.0% decrease in other professional services (\$166,300)
 - ▶ Remove Cathodic Protection Testing (every 2 years)
- ▶ 15.3% decrease in maintenance equipment (\$34,450)
 - ▶ Remove major cogen repair
- ▶ 34.0% decrease in maintenance buildings (\$59,550)
- ▶ 57.2% increase in maintenance software (\$56,950)
 - ▶ New CMMS program
- ▶ 37.2% decrease in maintenance supplies (185,100)
- ▶ 50% increase in insurance premiums (\$200,000)

Expenses

▶ Debt Service

- ▶ 12.2% increase (\$560,300)
- ▶ Bond repayment for 66" Sewer Rehabilitation project
- ▶ SRF loan repayment for Browns Valley Trunk and West Napa Pump Station projects begins at end of construction (FY 22/23)

▶ Taxes and Assessments

- ▶ 17.5% decrease (\$7,400)
- ▶ Removed property taxes for Eagle Vines lease
- ▶ Somky property in process of being annexed, remove property taxes in FY 22/23

Expenses

	<u>Adjusted FY 20/21</u>	<u>Proposed FY 21/22</u>	<u>Change</u>
Salaries & Benefits	9,590,300	10,292,050	7.3%
Services & Supplies	6,410,700	6,443,800	0.5%
Taxes & Other	42,400	35,000	(17.5%)
<u>Debt Service</u>	<u>4,588,000</u>	<u>5,149,550</u>	<u>12.2%</u>
Total	20,631,400	21,920,400	6.2%

Excludes intrafund transfers

Expenses

- ▶ Total Operating Budget – 4.4% Increase
 - ▶ Salaries & benefits + services & supplies + debt service + intrafund transfer

Annual Increases in Operating Budget (excluding intrafund transfers)

<u>FY 17/18</u>	<u>FY 18/19</u>	<u>FY 19/20</u>	<u>FY 20/21</u>	<u>FY 21/22</u>
0.1%	1.5%	1.0%	2.2%	6.2%

Annual Increases in CPI

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
3.0%	3.2%	3.9%	3.3%	1.7%

Major Initiatives

- ▶ Included in Proposed Operating Budget
 - ▶ Continue Asset Management Implementation
 - ▶ Begin preparing a climate action plan
 - ▶ Biennial root control program

Last Year's Budget Forecast for Year 1 and Year 2 (FY 20/21 and FY 21/22): Revenues

	YEAR 1			YEAR 2		
	Last Year	Current Year	Difference	Last Year	Current Year	Difference
	Forecast	Forecast		Forecast	Forecast	
	FY 20/21	FY 20/21	FY 20/21	FY 21/22	FY 21/22	FY 21/22
SSC	31,112,000	30,034,000	(1,078,000)	28,983,000	30,439,000	1,456,000
Capacity Charges	1,992,000	1,742,800	(249,200)	3,583,000	3,580,000	(3,000)
Recycled Water	1,001,000	1,200,000	199,000	1,094,000	1,343,000	249,000
Hauler Fees	197,000	160,000	(37,000)	203,000	283,000	80,000
Development Fees	123,000	123,000	-	126,100	125,500	(600)
Misc Revenue	92,000	92,000	-	94,000	94,000	-
Total Operating Revenues	34,517,000	33,351,800	(1,165,200)	34,083,100	35,864,500	1,781,400
Interest	196,000	196,000	-	361,000	378,000	17,000
Rents/Leases	129,000	234,000	105,000	133,000	137,000	4,000
Total Nonoperating	325,000	430,000	105,000	494,000	515,000	21,000
Total Revenue	34,842,000	33,781,800	(1,060,200)	34,577,100	36,379,500	1,802,400

Revenue
Excess Budget
\$742,200

Last Year's Budget Forecast for Year 1 and Year 2 (FY 20/21 and FY 21/22): Expenses

	YEAR 1			YEAR 2		
	Last Year Forecast	Current Year Forecast	Difference	Last Year Forecast	Current Year Forecast	Difference
	FY 20/21	FY 20/21	FY 20/21	FY 21/22	FY 21/22	FY 21/22
Salaries and Benefits	9,590,300	9,500,000	(90,300)	10,093,100	10,292,050	198,950
Services and Supplies	6,428,900	6,400,000	(28,900)	6,600,000	6,443,800	(156,200)
S&S One-time Only	-	-	-	-	-	-
Taxes	42,400	34,220	(8,180)	43,200	35,000	(8,200)
Debt Service	4,588,000	4,588,000	-	5,690,900	5,149,550	(541,350)
Total Operating Expenses	20,649,600	20,522,220	(127,380)	22,427,200	21,920,400	(506,800)

Expenses Underspent Budget (\$634,180)

Last Year's Budget Forecast for Year 1 and Year 2 (FY 20/21 and FY 21/22): Total Excess Budget

	YEAR 1			YEAR 2			Total Excess Budget \$1,376,380
	Last Year	Current Year	Difference	Last Year	Current Year	Difference	
	Forecast	Forecast		Forecast	Forecast		
	FY 20/21	FY 20/21	FY 20/21	FY 21/22	FY 21/22	FY 21/22	
Net Revenue (deficit)	14,192,400	13,259,580	(932,820)	12,149,900	14,459,100	2,309,200	

Operating Items Not Included

Operating Items Not Included

Vacant Positions	211,650
Addtl PERs	505,340
50% Training/Conferences	60,100
Marsh Dredging	200,000
Compensation Study	20,000
Interns - Maintenance	16,000
Interns - Lab	33,600
Interns - Collections	23,000
Other Studies from Strategic Plan??	
Total	1,069,690

Other Discussion Topics?

