



# **El Dorado Irrigation District Operation Budget and Financial Plan Board Approved December 10, 2018**

## **2019-2020 Operating Budget and 2019-2023 Financial Plan**

**The Board took other action from the previously approved 3% rate increase for water, recycled water, and wastewater services.**

**Adopted the 2019—2020 Operating Budget and 2019—2023 Financial Plan with the proposed changes to the financial plan that include the implementation of 2019 rate increases as follows:**

- Water 3%**
- Recycled Water 3%**
- Wastewater 2%**

## EL DORADO IRRIGATION DISTRICT

**Subject:** Consideration to adopt the 2019 – 2020 Operating Budget and 2019 – 2023 Financial Plan, including the implementation of previously approved rate increases for 2019 for water, wastewater and recycled water.

### **Previous Board Action**

March 20, 2000 – The Board adopted a multi-year operating budget process.

December 12, 2016 – Board adopted the 2017 – 2018 Operating Budget in the amount of \$46.456 million for 2017 and \$47.385 million for 2018 and the 2017 – 2021 Financial Plan using 3, 3, 3, 3, 3% annual rate increases for each of the water, recycled water, and wastewater utilities.

December 11, 2017 – The Board adopted the 2017 – 2018 Mid-Cycle Operating Budget and the 2018 – 2022 Financial Plan.

November 13, 2018 – The Board held a workshop on the 2019-2020 Operating Budget and the 2019 – 2023 Financial Plan.

### **Board Policies (BP), Administrative Regulations (AR), and Board Authority**

BP 3010: It is the responsibility of the General Manager to inform the Board about financial operations of the District so the Board can make informed decisions and fully discharge its legal responsibilities in a fiscally sound manner. The Board shall adopt a two-year operating budget and may modify it prior to the end of the year.

The Board shall also adopt every year a five-year Financial Plan.

AR 3011: It is the responsibility of the General Manager to develop the budget based on the priorities and needs of the District and its customers. The budget and any budget modification shall:

1. include, but not be limited to, operating expenses, debt, construction, and reserve funds;
2. meet all legal requirements;
3. support the District's mission;
4. maintain prudent levels of reserves in water, wastewater, hydroelectric, and recreation to fund contingencies that meet the District's debt service requirements;
5. allow the District to meet its financial obligations, including bond covenants;
6. be consistent with a financial plan that guides the District in satisfying its multi-year commitments; and
7. encourage public participation through required disclosures and public hearings.

Responsibility for overseeing the budget development process is assigned to the Director of Finance. Once the annual budget is prepared, the Board shall act on it.

AR 3012: The purpose of the 5-Year Financial Plan is to establish the cost of funding the operations and maintenance, capital expenditures, and debt expenses required to meet the District's mission of providing high quality water, wastewater treatment, recycled water, hydro-power, and recreational services in an environmentally and fiscally responsible manner, meeting the District's debt covenant requirements to its bondholders and matching future revenues to those costs. (Appendix 1)

## **Summary of Issues-Budget**

January 1, 2019 is the beginning of the District's two-year operating budget cycle. In accordance with Board Policy 3010, the Board adopts a two-year budget and conducts a mid-cycle review to determine any changes that may be needed in the second year of the cycle.

2018 revenues are projected to be about \$8.7 million higher than the 2018 adopted budget. The increase in revenues is primarily driven by more facility capacity charge (FCC) revenue anticipated to be collected through the end of 2018 - about \$8.0 million beyond prior projections.

The 2019 revenues within this budget proposal are projected to be about the same as the 2018 revised forecast. Differences are related to a forecasted reduction of FCCs of \$3.0 million. Rate revenues are projected to increase about \$1.6 million from the implementation of the previously Board adopted 3% rate increases for 2019 for the utilities. Another \$1.7 million increase in projected revenues is related to the return to a more normal water year in the hydroelectric system, and finally about a \$970,000 increase related to anticipated property tax revenue and forest management grants. Another offset to these increases, in addition to the FCCs, is a reduction of water transfer revenues of \$550,000 since no future sale contracts are in place and the potential for a water transfer in 2019 will depend on hydrologic conditions and market conditions at that time.

In preparing for the 2019 operating budget, staff was given the direction to develop their program budgets using a 4% or less inflation rate over the current adopted 2018 operating budget. The 2% inflation rate used in the last 5-year forecast is insufficient to maintain operations at current service levels.

For 2020, the operating budget is projected to increase 4% over the 2019 budget and also higher than the original forecast for 2018-2020 when presented to the bond community in past financing transactions.

## **Summary of Issues-Financial Plan**

The Board annually adopts an ongoing five-year capital improvement plan (CIP) for the District. Additionally, the District prepares a two-year budget which, in the off years, is adjusted and reapproved to meet changes in the District's financial situation for the upcoming year. In recent years, the District has linked these two financial documents by annually approving a five-year financial plan. The five-year financial plan is used to balance the ongoing operational financing needs with the capital needed to fund the CIP while providing safe and reliable services to our customers.

A long-term financial plan helps the District avoid making volatile rate adjustments, better manage the use of debt financing, structure debt payments, plan for the funding of capital projects and ensure that bondholder obligations will be met.

As set forth in Administrative Regulation 3012, the goals and objectives of the District's financial plan are to:

- Establish necessary operating and maintenance costs, debt expenses and funding available for pay-as-you-go projects.
- Generate revenues able to fund those costs, meet bondholder obligations and maintain adequate cash reserves.
- Avoid customer "rate shock" through the use of small, annual rate adjustments.
- Maintain strong credit ratings to obtain better interest rates when debt is issued (currently S&P, AA-; Moody's, Aa3).
- Maintain cash reserves between \$60 million and \$80 million.

- Maintain CIP funding levels to replace high-priority capital assets prior to end of life in order to avoid critical asset failures and provide safe and reliable services to our customers.
- Fund large monetary, long-lived assets via debt while using excess operational cash for smaller, pay-as-you-go projects.
- Maintain a 1.7x to 2.0x debt service coverage ratio with facility capacity charge (FCC) revenue included.
- Maintain at least a 1.25x debt coverage ratio when FCC revenue is excluded, with a minimum acceptable ratio of 1.0x.

### **Staff Analysis/Evaluation**

In anticipation of each two-year budget cycle and mid-cycle review, staff estimates projected operating revenues and expenditures for Board consideration. The Finance Department estimates items based on relevant economic factors such as interest rates, investments, and market trends. At the beginning of the budget review, Finance staff provides department heads and division managers with actual operating costs for the past two years as well as through the most recent month of the current year, along with projections to the current year's end. Based on past and current expenditures, operational commitments for the coming year, workload indicators, and budget goals, department heads, managers and supervisors developed their proposed budgets presented at the November 13, 2018 Board workshop.

Table 1 compares the revenue projections for 2018, 2019 and 2020. As noted above, 2019 revenues within this budget proposal are projected to be about the same as the 2018 revised forecast.

- Rate revenues are projected to increase about \$1.6 million from implementing the previously adopted 3% rate increases for 2019 for the utilities and a continuation of a normal water year.
- Non-rate revenues are projected to increase \$2.25 million
  - anticipation of a more normal water year in the hydroelectric system increasing generation revenue by \$1.73 million
  - an increase in anticipated property tax revenue of \$0.24 million
  - forest management grants to be received of about \$0.73 million (Other income).
  - reduction in water transfer revenue \$0.55 million since no contract is in place (Other income).
- FCC revenue is projected to decrease by \$3 million compared to current 2018 projections.

**Table 1: Revenue Projections for 2018, 2019 and 2020 (in millions)**

	<b>2018 Adopted Budget</b>	<b>2018 Revised Projections</b>	<b>2019 Proposed Budget</b>	<b>2020 Proposed Budget</b>
Water Sales and Services <sup>(1)</sup>	\$ 30.124	\$ 31.000	\$ 31.930	\$ 32.888
Wastewater Sales and Services <sup>(1)</sup>	20.473	21.275	21.985	22.834
Recycled Water Sales <sup>(1)</sup>	2.100	2.300	2.180	2.264
Hydropower Sales	8.000	6.270	8.000	8.000
Investment Income	0.750	0.750	0.750	0.750
FCCs	10.000	18.000	15.000	10.000
Debt Surcharges	2.408	2.408	2.416	2.424
Property Tax	11.968	11.968	12.207	12.452
Other Income <sup>(2)</sup>	2.016	2.466	2.761	2.771
Recreation	1.411	1.511	1.440	1.468
<b>Total Revenues</b>	<b>\$ 89.250</b>	<b>\$ 97.948</b>	<b>\$ 98.669</b>	<b>\$95.851</b>

(1) 2019 projections include a previously approved 3% rate increase for water, wastewater and recycled water rates and for 2020 they include a projected 3% rate increase for all three utilities.

(2) 2018 includes \$550,000 for water transfer revenue.

#### **Analysis of 2018, 2019 and 2020 Operating Budget Expense Projections:**

Table 2 compares the adopted 2018 Board-adjusted budget and 2018 year-end expense projections to the 2019-2020 proposed budgets by department. As shown in the table, the proposed 2019 operating budget is forecasted to increase \$3.238 million (6.8%) over the 2018 adopted budget. The drivers for the increase will be explained in the discussion preceding Table 3 which shows the operating budget by major expense category.

**Table 2: Operating Budget Expenses for 2018, 2019 and 2020 by Department (in millions)**

<b>Departments</b>	<b>2018 Adopted Budget</b>	<b>2018 Revised Projections</b>	<b>2019 Proposed Budget</b>	<b>2020 Proposed Budget</b>
Office of the General Manager	\$ 3.056	\$ 2.441	\$ 3.110	\$ 3.234
Communications	0.353	0.363	0.374	0.389
Finance	6.769	6.834	7.242	7.532
Human Resources	2.926	2.795	3.152	3.278
Information Technology	1.993	2.422	1.931	2.008
Engineering				
-Engineering Administration	0.493	0.705	0.557	0.579
-Development Services	0.643	0.409	0.436	0.453
-Water / Hydro Engineering	0.150	0.025	0.307	0.319
-Wastewater / Recycled Engineering	(0.173)	(0.206)	0.004	0.004
-Drafting/GIS Services	0.398	0.494	0.514	0.535
-Construction Inspection	(0.053)	(0.220)	(0.125)	(0.130)
-Environmental Compliance	1.485	1.528	1.674	1.741
Operations				
-Administration	0.440	0.479	0.365	0.380
-Water Operations	11.136	11.399	12.134	12.619
-Wastewater Operations	10.650	10.319	11.078	11.522
-Recycled Water Operations	0.363	0.319	0.399	0.415
-Hydroelectric Operations	5.849	5.669	6.293	6.545
-Recreation Operations	1.474	1.533	1.745	1.815
<b>Total Expenses</b>	<b>\$ 47.952</b>	<b>\$ 47.308</b>	<b>\$ 51.190</b>	<b>\$ 53.238</b>

Table 3 identifies the budget by major expense type.

As discussed at the budget workshop on November 13<sup>th</sup>, the proposed 2019 personnel budget projects a net increase of about \$58,000 or 0.1% over the adopted 2018 budget. The components of this slight increase are noticeably different. Gross wages are shown to increase by about \$400,000 (0.8%), benefits will increase by about \$950,000 (2.0%) and capitalized labor offsets are projected to increase by about \$1.3 million (2.7%).

Total wages include an estimate of 2.5% cost of living increase (COLA). This number is intended as a placeholder only since it has not been negotiated with the Employee Association nor approved by the Board of Directors. The District is currently in active labor negotiations with the Employee Association, and therefore, discussion of and direction from the Board on this item should be handled in closed session. The impact of the placeholder COLA to the overall budget is about a 1.3% increase. Benefits are projected to increase by about \$950,000 - many related to the CalPERS scheduled increases in contributions for the unfunded actuarial liability (UAL) and an increase in the employer normal cost (NC) contribution rate totaling about \$710,000. The final major component increase to benefits is related to an increase in the number of retirees, which has increased the projected retiree health insurance payment by about \$155,000.

Making up the capitalized labor offset for 2019 are estimates for capitalized labor for Engineering and SCADA (\$2.820 million), Operations (\$0.587 million), IT (\$0.569 million), engineering charges to development (\$0.756 million) and welding and fabrication (\$0.027 million). IT's charged time to projects is estimated to increase by approximately \$400,000 for 2019 and will continue into future

fiscal years. The undertaking of many significant IT replacement projects – including conversions of integrated mission-critical database applications – will demand District staff to be more involved in the implementation of the replacement solutions to maintain continuity between projects.

With the addition of the District’s Electrical Engineer (EE), the District will capture time providing support for District upgrades and replacements for infrastructure and much needed SCADA modernization projects. Between the EE and assigned staff, the District projects this will increase the chargeable labor costs to projects by \$500,000.

As Table 3 shows, Materials and Service expenses are proposed to increase by about \$3.18 million, or 16.1% over the 2018 adopted budget. The drivers for this increase are spread through most expense categories. As discussed at the workshop, the cost of chemical increases and expected electrical usage will add about \$200,000 and \$440,000 respectively to the District’s budget. Increases to the Administration Expense are related to increases in software maintenance costs (\$170,000), credit card fees (\$75,000) and the amounts paid to the USBR (\$40,000) for water sales which in total will add nearly \$290,000 to the overall budget.

The largest expense category increase is for Professional Services of about \$2.20 million. Some of the items causing this increase within this category are for:

Forest management services related to grants	\$ 730,000
Floating covers cleaning and inspection	200,000
Temporary labor for recreation (CCC) and for IT	200,000
Added cost of sludge hauling	115,000
Cost of service study	100,000
Contract services related to water transfer	70,000
Compliance and safety training cost increases	180,000
Turbine welding	50,000
Engineering modeling for the utility systems	40,000
Increase in lab expenses	40,000
Increase in asbestos pipe removal	30,000
	<u>\$1,755,000</u>

**Table 3: 2018 Adopted Operating Budget Expenses with 2019 and 2020 Proposed Budgets by Expense Type (in millions)**

	<b>2018 Adopted Budget</b>	<b>2018 Revised Projections</b>	<b>2019 Proposed Budget</b>	<b>2020 Proposed Budget</b>
Wages	\$ 18.419	\$ 18.268	\$ 18.816	\$ 19.569
Benefits (Table 4)	13.278	13.029	14.225	14.794
Salaries and Benefits	<b>31.697</b>	<b>31.297</b>	<b>33.041</b>	<b>34.363</b>
CIP and Development Reimbursement Labor Offsets	(3.473)	(4.106)	(4.759)	(4.949)
Net personnel expense	<b>28.224</b>	<b>27.191</b>	<b>28.282</b>	<b>29.414</b>
Materials and Services				
-Operating Supplies	3.729	3.800	4.169	4.335
-Chemicals	0.912	0.836	1.121	1.165
-Administration	3.475	3.765	3.814	3.968
-Utilities	4.778	4.610	5.217	5.426
-Professional Services	3.504	4.500	5.710	5.938
-Repair Services	2.029	1.608	1.576	1.639
-Insurance	0.777	0.593	0.772	0.803
-Operating Capital Outlay	0.274	0.405	0.279	0.290
-Contingency	0.250	0.000	0.250	0.260
Total Materials and Services	<b>19.728</b>	<b>20.117</b>	<b>22.908</b>	<b>23.824</b>
<b>Total Expenses</b>	<b>\$ 47.952</b>	<b>\$ 47.308</b>	<b>\$ 51.190</b>	<b>\$ 53.238</b>

Table 4 details the breakdown of employee benefits by type. Overall, the 2019 proposed budget for benefits is 7.1% higher than the 2018 budget, or about \$950,000. This increase is mostly attributable to the PERS pension contribution by the District increasing by 12.3% or about \$713,000 and retiree health insurance paid by the District, which is projected to be about \$155,000 higher than the 2018 budget. For 2020, the PERS pension contribution is already projected to increase by \$420,000, another 6.4%.



**Table 4: 2018 Adopted Employee Benefits by Type with Proposed 2019-2020 Benefits Budgets (in millions)**

Type	2018 Adopted Budget	2018 Revised Projections	2019 Proposed Budget	2020 Proposed Budget
Medical	\$ 3.657	\$ 3.507	\$ 3.655	\$ 3.728
Retiree Health	1.685	1.600	1.840	1.895
Dental	0.322	0.311	0.336	0.349
Vision	0.045	0.042	0.038	0.040
EAP	0.007	0.006	0.006	0.006
Life	0.018	0.018	0.018	0.019
Workers' Compensation	0.329	0.330	0.354	0.354
FICA	1.315	1.383	1.367	1.376
PERS	5.774	5.712	6.486	6.900
Medical Reimbursement	0.055	0.050	0.060	0.060
Vehicle Allowance	0.030	0.030	0.025	0.025
Other Employee Costs	0.041	0.040	0.040	0.042
<b>Total Benefits</b>	<b>\$ 13.278</b>	<b>\$ 13.029</b>	<b>\$ 14.225</b>	<b>\$ 14.794</b>

**Debt Service Coverage:**

The Installment Purchase Agreements associated with the District's debt issuances require the District, to the fullest extent permitted by law, to fix, prescribe, and collect rates and charges so that the ratio of revenues to operating expenditures, including debt payments, is at least 1.25. The District may make adjustments from time to time in its rates and charges, but cannot reduce those rates and charges unless the District's net revenues from reduced rates and charges will at all times be sufficient to meet the debt service coverage ratio of 1.25.

District staff is currently reviewing a potential 2019 bond transaction and has included its estimated outcome in the 2019 budget and the 2019-2023 proposed 5-year financial plan. In 2010, the District refinanced portions of the 2003A certificates of participation bond (COPs) due on March 1, 2010, March 1, 2011, and March 1, 2012, consisting of \$13,095,000 of the \$67,235,000 bonds outstanding at that time. The 2010A Refunding Bonds are interest only until principal matures in 2022 through 2024. The 2010A bonds are callable on March 1, 2019. The 2019 and 2020 debt service calculations that follow in Table 5 reflect the bonds being called and refunded using a new debt offering (2019A).

The 2019A bonds would be scheduled to be retired by March 1, 2024, thus matching the current maturity schedule of the 2010A issue. By issuing new debt to retire the 2010A issue the District would potentially realize a net present value savings of about \$1.6 million. The true interest cost for the transaction is anticipated to be near 2.7%, bond premium of about \$1.3 million and the average coupon rate near 4.7%. Annual interest expense savings will be approximately \$180,000. The District will meet the bond requirements for all three years based upon the revised and the proposed budgets.

Since the workshop, staff has begun reviewing the possibility of paying off the 2010A issue on the call date of March 1, 2019, using current District resources, instead of doing the previously mentioned 2019A bond issue. The payoff could use FCC cash in the approximate ratios of 57% water and 43% wastewater which would mimic the original allocation of bond proceeds in 2003.

**Table 5: Revised Debt Service Coverage Projections for 2018 and Projected Coverages for 2019 and 2020 (in millions)**

	<b>2018 Adopted Budget</b>	<b>2018 Revised Projections</b>	<b>2019 Proposed Budget</b>	<b>2020 Proposed Budget</b>
Estimated Revenues	\$ 89.250	\$ 97.948	\$ 98.669	\$ 95.851
Estimated Operating Expenses	(47.952)	(47.308)	(51.190)	(53.238)
Net Revenues	\$ 41.298	\$ 50.640	\$ 47.479	\$ 42.613
State Loans (pre-existing)	1.079	1.079	1.079	1.079
Available Net Revenues	40.219	49.561	46.400	41.534
Debt Service <sup>(1)</sup>	22.501	22.501	22.102	22.036
Debt Service Ratio	1.79	2.20	2.10	1.89
Internal (1.0) Debt Service Ratio <sup>(2)</sup>	1.34	1.40	1.42	1.43

<sup>(1)</sup>Proposed budgets for 2018 and 2019 assume the prepayment on the following year’s maturing debt of \$6 million in each year. The District’s prepayment in 2017 reduced the debt service in 2018 by approximately \$6 million.

<sup>(2)</sup>Internal 1.0 test is based upon Available Net Revenues being equal to, or greater than, the debt service in a given year. Being equal to would be (available net revenues)/(debt service)=1.00 (District goal = 1.25x)

Beginning with the first certificate of participation bond (COP) sale in 2003, the District has included FCC revenue in meeting its debt coverage requirements. In 2010 the Board imposed an internal requirement that the debt service ratio, excluding FCCs, be at least 1.0x with the goal of 1.25x or better. The test is identical to the bond document test of 1.25x, except the latter excludes FCCs from the calculation. By creating budgets that meet this test, the District is assured it is meeting all of its obligations for a given year, including operating expenses and debt payments, without relying on volatile FCC revenue. As reflected in Table 5 above, the District is projecting it will exceed the internal 1.0 ratio for each year presented.

**Five-Year Financial Plan Review:**

The 2019-2023 Financial Plan has been updated to reflect some revenue assumption changes for 2019-2023 discussed earlier, and to include the results from a potential 2019A bond transaction to refund the 2010A COPs. Projections for construction payments reflect the proposed 2019-2023 Capital Improvement Plan (CIP) presented at the Board meeting immediately following this agenda item.

Following is a brief review of the previously adopted financial plan and some proposed changes.

*Purpose of a Financial Plan*

In November 2014, staff made a presentation to the Board discussing reasons the District needed to prepare long-term financial plans in order to balance the financial needs of operations with the need for capital improvements. The plan would be used to establish necessary costs for operations and maintenance, debt service, and pay-as-you-go construction projects. It would also establish the amount of total revenues needed to fund the operating costs, fund debt payments while also meeting bond covenants, and maintain adequate cash reserves.

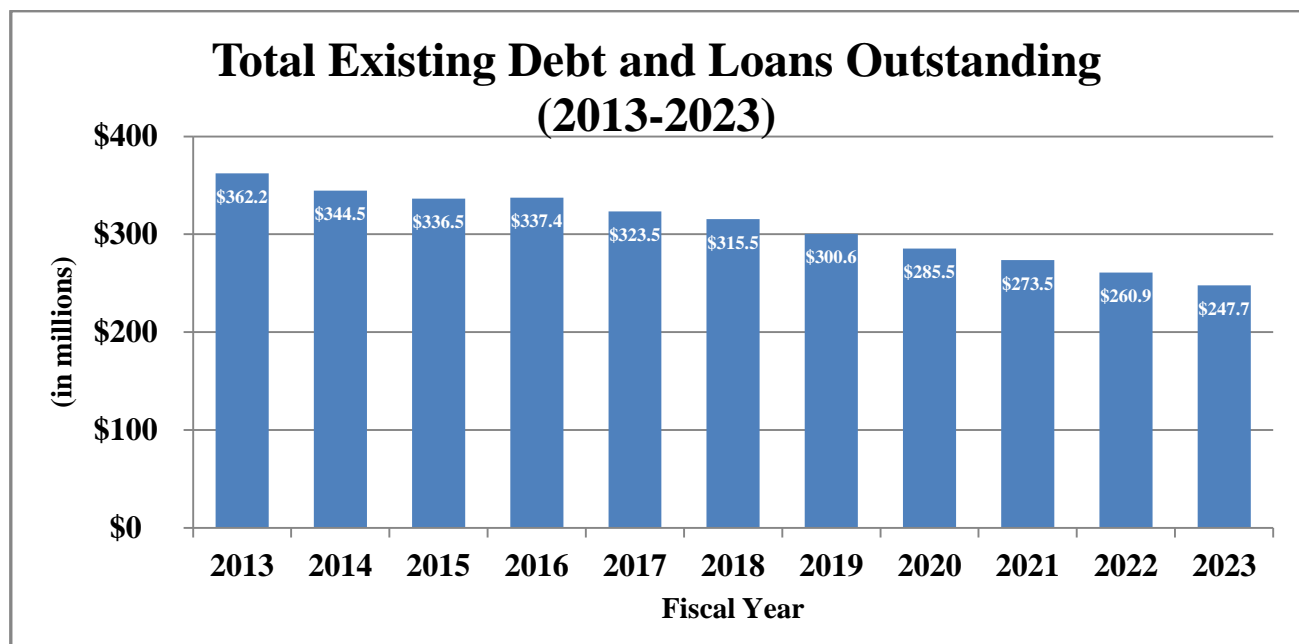
Long-term financial plans are also used to plan, by year, rate adjustments needed to meet the financial goals of the District through the use of small annual rate increases without creating rate shock with large, double-digit increases. Additional financial plan goals include maintaining strong credit ratings and maintaining funding for critical asset replacement prior to end of life to avoid asset failures. With multiyear financial plans in place including rate increases showing the ability of a utility to meet its operational and financing obligations, the bond rating agencies gain confidence in the utility, rate its credit higher, and ultimately reduce the cost of borrowing.

### Adopted Financial Plan

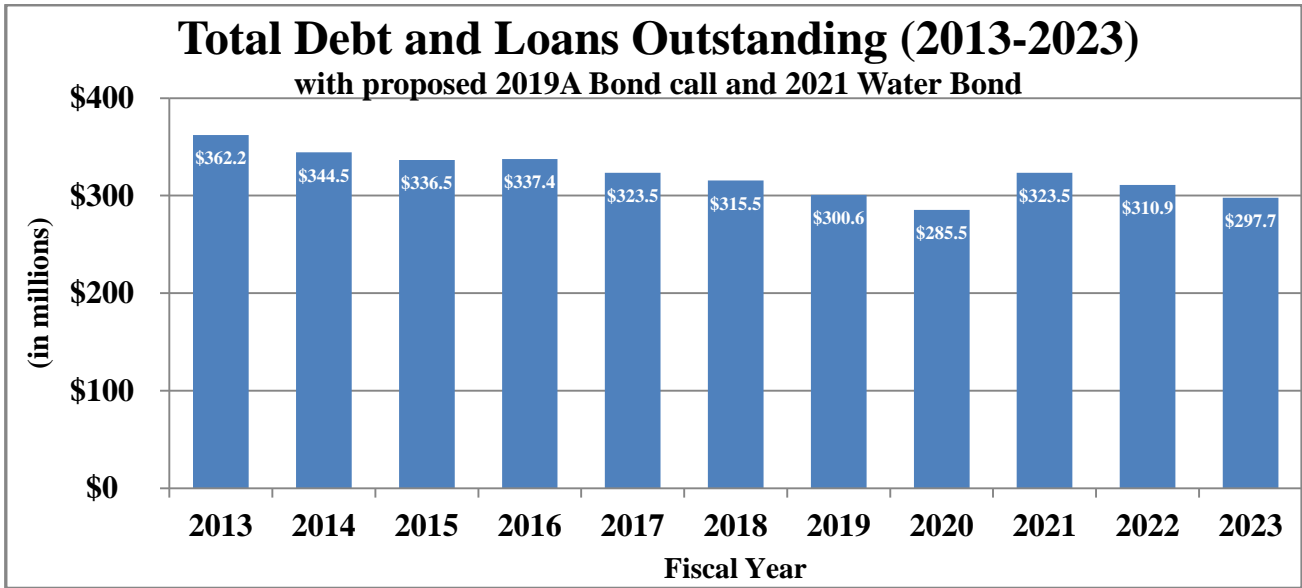
In December 2017, the Board adopted the 2018-2022 financial plan after eliminating the previously approved 3% rate increases for 2018. The proposed 2019-2023 financial plan is a continuation of the previous plan including the 3% rate increases previously approved for 2019 and assumes annual 3% rate increases, although not adopted or approved, for 2020-2023. A cost of service study will be undertaken in 2019 followed by the Proposition 218 process (if warranted) prior to adopting any future rate increases beyond 2019.

The 2019-2023 plan reflects assumptions for FCC revenues decreasing over time from an estimate for 2019 of \$15.0 million, \$10.0 million in 2020 and 2021, and then \$5.0 million for 2022 and 2023. Surcharge revenues will decrease in 2021 by approximately \$850,000 and another \$730,000 in 2022 as two of the three billing surcharges sunset. The plan also includes 2019-2021 grant revenue for the recently approved forest management grants which are directly offset by operational costs included in professional service expenses.

The financial plan has also been adjusted to reflect an increase in the overall cost of operations. In prior plans expenses were projected to increase at a 2% rate of inflation. Within the proposed five year plan, the 2019 budget reflects an increase of 6.8% in expenses over 2018 as previously described in this AIS followed by 4% CPI increases for 2020-2022, and then in 2023 lowering to 3%.



The financial plan, as described earlier, reflects staff's current consideration to recommend calling the remaining bonds of the 2010A issue on March 1, 2019, and issuing a new bond with the same maturity schedule at a lower interest rate. The graph above shows the outstanding debt from 2013 through 2023. The graph below reflects the proposed outstanding debt for the District following the bond call via a new issue and a \$50 million water bond sale in 2021, as shown in the 5-year plan adopted last year. Similar to the 2016 bond sale, this bond would provide the necessary capital to fund major future, long-lived CIP assets such as replacements of Silver Lake dam and the El Dorado Hills raw water pump station as well as a continuation of the flume replacements.



**Financial Plan Update:** The District’s five year financial plan is provided below with separate water and wastewater plans following.

Total District	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>
Total Debt Proceeds	\$ -	\$ -	50.0	-	-
Total Revenues	98.7	95.9	97.0	93.1	95.5
Total Maintenance and Operation Costs	51.2	53.2	55.2	56.9	58.6
Net Revenues	47.5	42.7	41.8	36.2	36.9
Pre-existing State Obligations	1.1	1.1	1.1	1.1	1.1
Net Revenues Available After Pre-existing Obligations	46.4	41.6	40.7	35.1	35.8
Senior Debt Service	22.1	22.0	18.3	20.2	20.2
Cash Available from Current Year Activities for Capital Projects or Other Improvements	24.3	19.6	72.4	14.9	15.6
Cash Balance - January 1	128.4	103.1	80.2	120.9	115.9
Total Cash Available for Capital Projects or Debt Pre-payment	152.7	122.7	152.6	135.8	131.5
Total CIP	(44.3)	(36.5)	(25.7)	(13.9)	(14.2)
Debt Reserve Paydown on New Debt	-	-	-	-	-
Pre-funding Debt	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Other Receipts-Insurance, FEMA and OES	0.7	-	-	-	-
Cash Balance - December 31	\$ 103.1	\$ 80.2	120.9	115.9	111.3
Senior Debt Service Coverage (1.25x test)	2.10	1.89	2.22	1.74	1.77
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	15.0	10.0	10.0	5.0	5.0
\$\$\$ of FCCs Removed from Calculation	15.0	10.0	10.0	5.0	5.0
Internal Senior Debt Coverage (1.0x test)	1.42	1.44	1.68	1.49	1.52

Total District	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ 25.4	\$ 13.9	\$ 13.1	\$ 13.4	\$ 6.0
Reserved					
Operating	12.8	13.3	13.8	14.2	14.6
Capital Replacement Reserves	16.8	16.8	16.8	16.8	16.8
Routine Capital Replacement Reserves	3.4	3.4	3.4	3.4	3.4
Self Insurance Reserves	1.0	1.0	1.0	1.0	1.0
	<u>34.0</u>	<u>34.5</u>	<u>35.0</u>	<u>35.4</u>	<u>35.8</u>
Total unrestricted and reserved cash	<u>59.4</u>	<u>48.4</u>	<u>48.1</u>	<u>48.8</u>	<u>41.8</u>
Restricted-Debt Reserves	4.4	4.4	4.4	4.4	4.4
Restricted-Growth CIP (FCCs)	50.1	55.1	60.1	62.6	65.1
Restricted-CIP from Bonds	-11.0	-27.9	8.1	0.0	0.0
	<u>43.6</u>	<u>31.6</u>	<u>72.6</u>	<u>67.0</u>	<u>69.5</u>
Total	<u>\$ 102.9</u>	<u>\$ 80.0</u>	<u>\$ 120.8</u>	<u>\$ 115.9</u>	<u>\$ 111.3</u>
days cash	423.38	331.80	318.20	313.32	260.47

Water Utility Only	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>
Total Debt Proceeds	-	-	50.0	-	-
Total Revenues	60.9	59.1	60.0	57.2	58.4
Total Maintenance and Operation Costs	33.0	34.3	35.5	36.4	37.5
Net Revenues	27.9	24.7	24.5	20.8	20.9
Pre-existing State Obligations	1.1	1.1	1.1	1.1	1.1
Net Revenues Available After Pre-existing Obligations	26.8	23.7	23.4	19.7	19.9
Senior Debt Service	13.7	13.7	12.1	14.1	14.1
CIP Expenditures	-	-	-	-	-
CIP - IT Master Plan	-	-	-	-	-
Cash Available from Current Year Activities for Capital Projects or Other Improvements	13.0	9.9	61.4	5.6	5.7
Cash Balance - January 1	86.3	58.4	33.4	69.4	63.1
Total Cash Available for Capital Projects or Debt Pre-payment	99.4	68.4	94.7	75.0	68.8
Total CIP	(38.5)	(31.8)	(22.2)	(8.7)	(8.9)
Debt Reserve Paydown on New Debt Pre-funding Debt	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)
Other Receipts-Insurance, FEMA and OES	0.7	-	-	-	-
Cash Balance - December 31	58.4	33.4	69.4	63.1	56.8
Senior Debt Service Coverage (1.25x test)	1.95	1.72	1.94	1.40	1.40
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	8.85	5.90	5.90	2.95	2.95
\$\$\$ of FCCs Removed from Calculation	8.85	5.90	5.90	2.95	2.95
Internal Senior Debt Coverage (1.0x test)	1.31	1.29	1.45	1.19	1.19

Water Utility	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ 25.4	\$ 14.1	\$ 10.8	\$ 11.0	\$ 2.9
Reserved					
Operating	8.3	8.6	8.9	9.1	9.4
Capital Replacement Reserves	10.1	10.1	10.1	10.1	10.1
Routine Capital Replacement Reserves	2.0	2.0	2.0	2.0	2.0
Self Insurance Reserves	0.6	0.6	0.6	0.6	0.6
	<u>21.0</u>	<u>21.3</u>	<u>21.6</u>	<u>21.8</u>	<u>22.1</u>
Total unrestricted and reserved cash	<u>46.4</u>	<u>35.4</u>	<u>32.4</u>	<u>32.8</u>	<u>25.0</u>
Restricted-Debt Reserves	3.5	3.5	3.5	3.5	3.5
Restricted-Growth CIP (FCCs)	19.4	22.4	25.3	26.8	28.3
Restricted-CIP from Bonds	-11.0	-27.9	8.1	0.0	0.0
	<u>12.0</u>	<u>-2.0</u>	<u>37.0</u>	<u>30.3</u>	<u>31.8</u>
Total	<u>\$ 58.4</u>	<u>\$ 33.4</u>	<u>\$ 69.4</u>	<u>\$ 63.1</u>	<u>\$ 56.8</u>
days cash	513.31	375.96	333.34	328.82	243.35



Wastewater Utility Only	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>
Total Debt Proceeds	-	-	-	-	-
Total Revenues	37.8	36.8	37.0	35.9	37.1
Total Maintenance and Operation Costs	18.2	18.9	19.7	20.5	21.1
Net Revenues	19.6	17.9	17.4	15.5	16.0
Pre-existing State Obligations	-	-	-	-	-
Net Revenues Available After Pre-existing Obligations	19.6	17.9	17.4	15.5	16.0
Senior Debt Service	8.4	8.3	6.3	6.0	6.0
CIP Expenditures	-	-	-	-	-
CIP - IT Master Plan	-	-	-	-	-
Cash Available from Current Year Activities for Capital Projects or Other Improvements	11.3	9.6	11.1	9.4	10.0
Cash Balance - January 1	41.9	44.5	46.6	51.4	52.7
Total Cash Available for Capital Projects or Debt Pre-payment	53.1	54.1	57.7	60.8	62.7
Total CIP	(5.8)	(4.6)	(3.5)	(5.2)	(5.3)
Pre-funding Debt	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Other Receipts-Insurance, FEMA and OES	-	-	-	-	-
Cash Balance - December 31	44.5	46.6	51.4	52.7	54.5
Senior Debt Service Coverage (1.25x test)	2.35	2.15	2.76	2.56	2.65
Internal Senior Debt Coverage					
Total FCCs in Revenue Above	6.15	4.10	4.10	2.05	2.05
\$\$\$ of FCCs Removed from Calculation	6.15	4.10	4.10	2.05	2.05
Internal Senior Debt Coverage (1.0x test)	1.61	1.66	2.11	2.22	2.31

Wastewater Utility	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ (0.1)	\$ (0.2)	\$ 2.3	\$ 2.5	\$ 3.1
Reserved					
Operating	4.5	4.7	4.9	5.1	5.3
Capital Replacement Reserves	6.7	6.7	6.7	6.7	6.7
Routine Capital Replacement Reserves	1.4	1.4	1.4	1.4	1.4
Self Insurance Reserves	0.4	0.4	0.4	0.4	0.4
	<u>13.0</u>	<u>13.2</u>	<u>13.4</u>	<u>13.6</u>	<u>13.7</u>
Total unrestricted and reserved cash	<u>13.0</u>	<u>13.0</u>	<u>15.7</u>	<u>16.0</u>	<u>16.8</u>
Restricted-Debt Reserves	0.9	0.9	0.9	0.9	0.9
Restricted-Growth CIP (FCCs)	30.7	32.7	34.8	35.8	36.8
Restricted-CIP from Bonds	0.0	0.0	0.0	0.0	0.0
	<u>31.6</u>	<u>33.6</u>	<u>35.7</u>	<u>36.7</u>	<u>37.7</u>
Total	<u>\$ 44.5</u>	<u>\$ 46.6</u>	<u>\$ 51.4</u>	<u>\$ 52.7</u>	<u>\$ 54.5</u>
days cash	260.33	250.95	291.40	286.45	291.44

## **Conclusion**

The 2019-2020 operating budget process presents a number of challenging financial considerations because of increasing pension costs, continued cost increases for materials and supplies, a strong local economy causing increases to contractual services for operations, and a growing backlog of deferred maintenance at District facilities. Like all of EID's budgets, staff approached the process with two overriding priorities: maintaining a reliable level of service to customers that protects public health and safety, and the environment; and demonstrating fiscal responsibility. Staff believes both of these objectives are met under the proposed 2019-2020 operating budget. Staff also believes that if the projected revenues are met and the operating budgets are not significantly exceeded because of unforeseen circumstances, the 1.25 coverage requirements in the District's bond covenants will be met while the District's internal 1.25x or better goal, excluding FCCs, will also be met.

This proposed 2019-2020 budget and the 2019-2023 financial plan accomplish the following:

1. Limit future rate increases to 5% or less, thereby avoiding rate spikes,
2. Generate cash flow each year to fund some pay-as-you-go construction projects while using debt financing judiciously for specific large, long-lived capital projects, and
3. Meet the required coverage tests for our bond holders and the internal coverage test that excludes FCC revenues.

The adopted 3% rate increase for 2019 is still needed to continue helping to fund infrastructure replacement and maintain service levels in normal operations. Combined with the effect of the 2019 financing transactions, this rate increase, as well as those included within the forecast, will help produce improved projected debt coverage calculations. The forecast also reflects unrestricted cash will decline over time. The financial plan currently shows no extraordinary actions to enhance the District's response to long-term funded pension and retiree healthcare liabilities. If and when water transfers occur in the future, it is staff's recommendation those monies be used to pay down the unfunded pension and retiree healthcare balances.

**Board Decisions/Options**

**Option 1:**

**Option 2:** Take other action as directed by the Board.

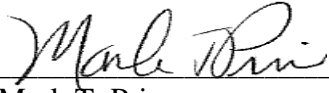
**Option 3:** Take no action.

**Staff/General Manager Recommendation**

Option 1

**Supporting Documents Attached**

- Appendix 1: AR 3012
- Appendix 2: Total District Summary of Materials and Services by Account
- Appendix 3: Office of the General Manager Materials and Services by Account
- Appendix 4: Communications Materials and Services by Account
- Appendix 5: Finance Materials and Services by Account
- Appendix 6: Human Resources Materials and Services by Account
- Appendix 7: Information Technology Materials and Services by Account
- Appendix 8: Engineering Materials and Services by Account
- Appendix 9: Water Operations Materials and Services by Account
- Appendix 10: Wastewater Operations Materials and Services by Account
- Appendix 11: Recycled Water Operations Materials and Services by Account
- Appendix 12: Hydroelectric Operations Materials and Services by Account
- Appendix 13: Recreation Materials and Services by Account



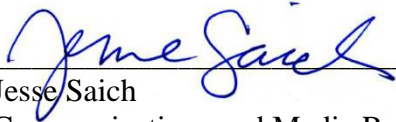
Mark T. Price  
Finance Director



Daniel Corcoran  
Operations Director



Brian Mueller  
Engineering Director



Jesse Saich  
Communications and Media Relations Manager



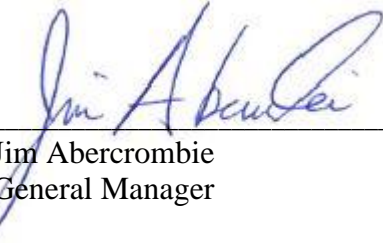
Jose C. Perez  
Human Resources Manager



Tim Ranstrom  
Information Technology Director



Brian D. Poulsen  
General Counsel



Jim Abercrombie  
General Manager

#### Purpose of the 5-Year Financial Plan

- The 5-year financial plan establishes the cost of funding the operations and maintenance, capital expenditures, and debt expenses required to meet the Districts' mission of providing high quality, wastewater treatment, recycled water, hydro-power, and recreational services in an environmentally and fiscally responsible manner, meeting the District's debt covenant requirements to its bond holders and matching future revenues to those costs
- Long term financial planning
  - Avoids volatile rate adjustments
  - Better manages debt
  - Better manages prepayment of debt
  - Funds the Capital Improvement Plan
  - Provides a plan for meeting debt covenant requirements
  - Sets clear, public goals and expectations

#### Goals and Objectives of Financial Plan

- Establish necessary operating and maintenance costs, debt expenses, and pay-as-you-go project costs
- Generate adequate revenues to fund those costs, meet debt covenants and maintain adequate cash reserves
- Avoid "rate shock"
  - Small annual rate adjustments are better than years of zero rate increases followed by double digit increase to make up the shortfall
- Maintain strong credit ratings with rating agencies (S&P, AA-; Moody's, Aa3)
- Maintain cash reserves between \$60 million and \$80 million
- Maintain CIP funding levels to replace high priority capital assets prior to end of life, avoiding critical asset failures
- Maintain 1.7 to 2.0 debt coverage ratio with Facility Capacity Charges (FCC)
- Maintain 1.25 debt coverage ratio without FCC's
  - In all years, meet Finance Control test that annual operating revenue, excluding FCC's, must equal or exceed total annual operating expenses plus debt payments

**2019 OPERATING BUDGET**

**TOTAL DISTRICT SUMMARY - M&S BY ACCOUNT**

		2018 Adopted	2018 Year End	2019 Proposed
		Budget	Projections	Budget
52105	OFFICE SUPPLIES	86,105.97	75,213.84	75,342.89
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	15,500.00	23,518.50	34,772.16
52107	COMPUTER HW/SW (LESS THAN \$5,000)	59,309.61	121,137.09	106,052.52
52110	OPERATING SUPPLIES	561,769.18	679,943.71	694,191.14
52115	TELECOM SUPPLIES	55,665.09	49,333.16	36,505.61
52120	FUEL, OIL AND LUBRICATION	471,277.48	472,008.55	498,488.36
52122	PROPANE	36,627.70	34,255.27	34,278.11
52125	REPAIR AND MAINTENANCE SUPPLIES	1,571,340.65	1,339,855.27	1,487,946.88
52130	CLOTHING/UNIFORMS	38,730.74	54,409.04	47,868.86
52135	SAFETY SUPPLIES	97,473.52	133,095.52	124,758.05
52140	METER REPAIR SUPPLIES	114,000.00	114,000.00	114,000.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	234,832.84	241,825.98	234,167.50
52150	SMALL TOOLS	159,619.54	190,851.21	213,098.16
52155	TIRES	72,366.70	70,000.00	75,000.00
52160	RESALE SUPPLIES	20,000.00	0.00	20,000.00
52165	SECURITY SUPPLIES	19,002.85	55,543.93	50,347.07
52170	FREIGHT CHARGES	56,821.42	64,691.07	67,774.57
52175	WAREHOUSE ISSUES	5,000.00	500.00	500.00
52185	COMPLIANCE REQUIREMENTS	53,365.32	79,897.86	253,700.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>3,728,808.61</b>	<b>3,800,080.00</b>	<b>4,168,791.88</b>
52210	CHEMICALS	912,300.00	836,352.68	1,120,500.00
	<b>SUBTOTAL - CHEMICALS</b>	<b>912,300.00</b>	<b>836,352.68</b>	<b>1,120,500.00</b>
52305	TELEPHONE	430,634.02	475,486.34	447,063.38
52310	POSTAGE	120,972.26	126,953.95	126,229.41
52315	ADVERTISING	24,367.05	34,058.02	33,591.77
52320	MEETINGS	51,300.00	6,369.66	18,050.00
52325	TRAVEL	61,219.70	51,759.13	71,854.59
52330	TRAINING	253,189.22	254,982.34	275,516.61
52335	DUES AND SUBSCRIPTIONS	259,546.87	301,725.83	282,532.29
52340	BOOKS AND PUBLICATIONS	10,405.34	5,063.62	9,511.16
52345	PRINTING, BINDING AND COPYING	73,591.66	71,819.71	75,135.18
52350	INTERNET SERVICES	17,983.39	22,432.21	47,574.75
52355	PUBLIC RELATIONS EVENTS	3,288.29	2,718.27	2,684.64
52357	RECRUITMENT	20,000.00	20,000.00	20,000.00
52360	ALARM SERVICES	33,000.00	25,000.00	25,000.00
52365	SOFTWARE LICENSES	40,675.00	129,860.13	118,902.13
52370	SOFTWARE MAINTENANCE	798,425.00	845,297.37	867,531.23
52390	MISCELLANEOUS PERMITS	71,225.21	104,720.88	88,914.41
52391	WATER CONTROL BOARD FEES	0.00	0.00	0.00
52395	OFFICE, STORAGE AND LAND RENTS	60,750.00	64,460.55	39,464.29
52400	BANK SERVICE CHARGES	26,700.00	23,032.59	25,700.00
52405	CREDIT CARD DISCOUNT CHARGES	320,000.00	366,361.73	395,000.00
52415	WATER PURCHASES-USBR	590,000.00	623,200.00	633,500.00
52420	PROPERTY TAXES	108,000.00	110,000.00	110,000.00
52431	SMART IRRIGATION REBATE	25,000.00	25,000.00	25,000.00
52435	MISCELLANEOUS PENALTIES	0.00	205.50	205.50
52440	EMPLOYEE RELATIONS	0.00	500.00	500.00
52499	MISCELLANEOUS ADMIN EXP.	74,892.86	74,122.68	75,786.32
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>3,475,165.87</b>	<b>3,765,130.52</b>	<b>3,815,247.64</b>
52505	WATER	38,500.00	37,197.95	37,197.95
52510	SEWER	6,000.00	6,000.00	6,000.00
52515	NATURAL GAS	12,600.00	9,587.79	13,609.61
52520	ELECTRICITY	4,598,160.00	4,478,591.18	5,034,160.00
52525	GARBAGE	47,295.55	43,117.46	48,580.48
52530	OTHER UTILITY CHARGES	75,900.00	35,683.63	77,330.00
	<b>SUBTOTAL - UTILITIES</b>	<b>4,778,455.55</b>	<b>4,610,178.00</b>	<b>5,216,878.04</b>
52605	LEGAL FEES	133,000.00	149,582.32	204,000.00

**2019 OPERATING BUDGET**

**TOTAL DISTRICT SUMMARY - M&S BY ACCOUNT (continued)**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52610	OTHER LEGAL EXPENSE	1,500.00	0.00	0.00
52620	ENGINEERING SERVICES	66,469.20	65,118.21	42,030.00
52625	AUDIT AND ACCOUNTING SERVICES	40,750.00	46,605.00	42,250.00
52630	LAUNDRY SERVICE	56,000.00	71,545.09	64,260.52
52635	CONSULTING SERVICES	576,000.00	576,885.96	853,922.86
52640	OTHER CONTRACTUAL SERVICES	1,231,523.57	1,887,634.86	2,545,864.71
52641	BLM-GABBRO PAYMENTS	25,000.00	44,642.86	25,000.00
52645	TEMPORARY LABOR SERVICES	425,254.00	427,840.39	619,699.43
52652	COMPLIANCE REQUIREMENTS SERVICES	378,626.23	519,590.53	557,941.52
52655	GRIT HAULING/DISPOSAL	38,000.00	43,485.98	41,750.00
52660	SLUDGE HAULING/DISPOSAL	300,000.00	390,766.30	415,000.00
52670	ASBESTOS PIPE DISPOSAL	87,800.00	118,000.00	118,000.00
52675	OUTSIDE LAB SERVICES	144,000.00	158,217.14	180,250.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>3,503,923.00</b>	<b>4,499,914.65</b>	<b>5,709,969.04</b>
52705	EQUIPMENT RENT	59,000.00	86,504.79	71,572.59
52710	CONTRACTED REPAIRS AND MAINTENANCE	1,970,358.99	1,521,734.45	1,504,596.30
52715	BACKFLOW REPAIR SERVICES	0.00	0.00	0.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>2,029,358.99</b>	<b>1,608,239.23</b>	<b>1,576,168.89</b>
52805	INSURANCE PREMIUMS	706,600.00	585,400.00	701,600.00
52810	DAMAGE CLAIMS - 3RD PARTY	70,000.00	6,981.39	70,000.00
	<b>SUBTOTAL - INSURANCE</b>	<b>776,600.00</b>	<b>592,381.39</b>	<b>771,600.00</b>
55010	LAND & EASEMENTS	9,642.86	80,000.00	10,000.00
55100	OFFICE FURNITURE AND EQUIPMENT	0.00	0.00	2,500.00
55030	BUILDINGS AND IMPROVEMENTS	0.00	49,107.14	20,000.00
55080	VEHICLES	0.00	40,026.79	13,926.79
55090	TOOLS AND EQUIPMENT	264,204.36	225,832.55	222,850.00
55110	COMPUTER HARDWARE	0.00	9,473.96	9,473.96
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>273,847.22</b>	<b>404,440.45</b>	<b>278,750.75</b>
58110	CONTINGENCY	250,000.00	0.00	250,000.00
	<b>SUBTOTAL - CONTINGENCY</b>	<b>250,000.00</b>	<b>0.00</b>	<b>250,000.00</b>
	<b>TOTAL</b>	<b>19,728,459.24</b>	<b>20,116,716.92</b>	<b>22,907,906.23</b>

**2019 OPERATING BUDGET  
OGM - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	5,000.00	1,804.50	4,200.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	4,000.00	0.00	5,000.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	7,485.86	194.64	8,500.00
52115	TELECOM SUPPLIES	0.00	0.00	0.00
52130	CLOTHING/UNIFORMS	24.71	0.00	0.00
52135	SAFETY SUPPLIES	72.23	0.00	0.00
52170	FREIGHT CHARGES	132.88	317.27	317.27
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>16,715.68</b>	<b>2,316.41</b>	<b>18,017.27</b>
52305	TELEPHONE	9,500.00	9,989.50	12,096.64
52310	POSTAGE	1,000.00	90.46	322.79
52315	ADVERTISING	500.00	1,051.66	1,670.77
52320	MEETINGS	11,000.00	3,129.20	12,000.00
52325	TRAVEL	16,500.00	6,908.71	16,526.41
52330	TRAINING	19,000.00	14,099.23	22,500.00
52335	DUES AND SUBSCRIPTIONS	17,500.00	21,728.91	18,500.00
52340	BOOKS AND PUBLICATIONS	2,006.13	601.68	1,351.68
52345	PRINTING, BINDING AND COPYING	322.32	41.07	291.07
52350	INTERNET SERVICES	2,500.00	1,214.29	2,500.00
52370	SOFTWARE MAINTENANCE	6,000.00	7,335.71	7,335.71
52435	MISCELLANEOUS PENALTIES	0.00	26.93	26.93
52499	MISCELLANEOUS ADMIN EXP.	0.00	186.32	186.32
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>85,828.45</b>	<b>66,403.68</b>	<b>95,308.32</b>
52605	LEGAL FEES	93,000.00	122,123.39	178,000.00
52610	OTHER LEGAL EXPENSE	1,500.00	0.00	0.00
52635	CONSULTING SERVICES	245,000.00	118,750.00	225,000.00
52640	OTHER CONTRACTUAL SERVICES	72,121.32	3,260.63	26,513.30
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>411,621.32</b>	<b>244,134.02</b>	<b>429,513.30</b>
52805	INSURANCE PREMIUMS	495,000.00	415,000.00	430,000.00
52810	DAMAGE CLAIMS - 3RD PARTY	70,000.00	6,981.39	70,000.00
	<b>SUBTOTAL - INSURANCE</b>	<b>565,000.00</b>	<b>421,981.39</b>	<b>500,000.00</b>
58110	CONTINGENCY	250,000.00	0.00	250,000.00
	<b>SUBTOTAL - CONTINGENCY</b>	<b>250,000.00</b>	<b>0.00</b>	<b>250,000.00</b>
	<b>TOTAL</b>	<b>1,329,165.45</b>	<b>734,835.50</b>	<b>1,292,838.89</b>



**2019 OPERATING BUDGET  
COMM - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	22.13	402.05	402.05
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	0.00	991.54	991.54
52107	COMPUTER HW/SW (LESS THAN \$5,000)	0.00	741.95	1,500.00
52130	CLOTHING/UNIFORMS	300.00	0.00	0.00
52135	SAFETY SUPPLIES	0.00	0.00	0.00
52170	FREIGHT CHARGES	927.38	1,327.29	1,327.29
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>1,249.51</b>	<b>3,462.82</b>	<b>4,220.88</b>
52305	TELEPHONE	2,312.50	2,642.86	2,642.86
52310	POSTAGE	400.00	0.00	0.00
52315	ADVERTISING	5,023.21	7,016.07	7,016.07
52320	MEETINGS	3,000.00	39.29	3,500.00
52325	TRAVEL	1,000.00	1,137.21	1,137.21
52330	TRAINING	3,500.00	2,898.21	2,898.21
52335	DUES AND SUBSCRIPTIONS	1,268.29	544.64	500.00
52340	BOOKS AND PUBLICATIONS	283.61	0.00	300.00
52345	PRINTING, BINDING AND COPYING	13,500.00	13,250.54	13,250.54
52355	PUBLIC RELATIONS EVENTS	2,788.29	1,548.63	1,500.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>33,075.90</b>	<b>29,077.45</b>	<b>32,744.89</b>
52640	OTHER CONTRACTUAL SERVICES	12,000.00	8,800.00	10,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>12,000.00</b>	<b>8,800.00</b>	<b>10,000.00</b>
	<b>TOTAL</b>	<b>46,325.41</b>	<b>41,340.27</b>	<b>46,965.77</b>

**2019 OPERATING BUDGET  
FIN - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	28,550.00	28,900.00	28,600.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	0.00	3,600.00	5,905.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	5,870.00	7,290.59	7,943.23
52110	OPERATING SUPPLIES	37,200.00	31,975.43	34,475.43
52115	TELECOM SUPPLIES	1,600.00	1,000.00	2,000.00
52120	FUEL, OIL AND LUBRICATION	450,000.00	461,104.21	475,000.00
52122	PROPANE	15,300.00	17,200.00	17,200.00
52125	REPAIR AND MAINTENANCE SUPPLIES	25,000.00	23,500.00	23,500.00
52130	CLOTHING/UNIFORMS	3,550.00	13,597.61	3,350.00
52135	SAFETY SUPPLIES	5,810.00	10,611.91	10,611.91
52140	METER REPAIR SUPPLIES	114,000.00	114,000.00	114,000.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	228,500.00	226,000.00	226,000.00
52150	SMALL TOOLS	20,200.00	24,500.00	27,750.00
52155	TIRES	70,000.00	70,000.00	75,000.00
52165	SECURITY SUPPLIES	1,500.00	1,444.18	1,544.18
52170	FREIGHT CHARGES	5,120.00	4,579.13	4,660.00
52175	WAREHOUSE ISSUES	5,000.00	500.00	500.00
52185	COMPLIANCE REQUIREMENTS	0.00	2,700.00	2,700.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>1,017,200.00</b>	<b>1,042,503.06</b>	<b>1,060,739.75</b>
52305	TELEPHONE	20,950.00	22,312.73	20,160.00
52310	POSTAGE	116,225.00	115,270.99	115,250.00
52315	ADVERTISING	0.00	0.00	0.00
52320	MEETINGS	300.00	115.64	250.00
52325	TRAVEL	3,600.00	1,297.34	4,435.00
52330	TRAINING	21,500.00	6,603.93	19,392.86
52335	DUES AND SUBSCRIPTIONS	182,250.00	186,734.26	190,600.00
52340	BOOKS AND PUBLICATIONS	3,700.00	840.37	3,250.00
52345	PRINTING, BINDING AND COPYING	46,000.00	45,440.00	45,440.00
52355	PUBLIC RELATIONS EDUCATION EVENTS	0.00	0.00	0.00
52365	SOFTWARE LICENSES	70.00	50.00	50.00
52370	SOFTWARE MAINTENANCE	31,825.00	32,109.66	32,825.00
52390	MISCELLANEOUS PERMITS	5,600.00	6,330.00	7,350.00
52400	BANK SERVICE CHARGES	26,000.00	22,908.04	25,000.00
52405	CREDIT CARD DISCOUNT CHARGES	300,000.00	350,000.00	375,000.00
52431	SMART IRRIGATION REBATE	25,000.00	25,000.00	25,000.00
52435	MISCELLANEOUS PENALTIES	0.00	0.00	0.00
52440	EMPLOYEE RELATIONS	0.00	0.00	0.00
52499	MISCELLANEOUS ADMIN EXP.	3,200.00	3,100.00	5,000.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>786,220.00</b>	<b>818,112.96</b>	<b>869,002.86</b>
52505	WATER	2,500.00	2,500.00	2,500.00
52510	SEWER	6,000.00	6,000.00	6,000.00
52520	ELECTRICITY	155,160.00	155,104.43	154,660.00
52525	GARBAGE	9,000.00	8,100.00	8,100.00
52530	OTHER UTILITY CHARGES	1,400.00	1,500.00	1,500.00
	<b>SUBTOTAL - UTILITIES</b>	<b>174,060.00</b>	<b>173,204.43</b>	<b>172,760.00</b>
52605	LEGAL FEES	0.00	300.00	0.00
52625	AUDIT AND ACCOUNTING SERVICES	40,750.00	46,605.00	42,250.00
52630	LAUNDRY SERVICE	8,000.00	8,000.00	8,000.00
52635	CONSULTING SERVICES	8,000.00	10,000.00	102,000.00
52640	OTHER CONTRACTUAL SERVICES	171,750.00	160,586.91	176,855.86
52645	TEMPORARY LABOR SERVICES	0.00	3,376.50	0.00
52652	COMPLIANCE REQUIREMENTS SERVICES	0.00	0.00	0.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>228,500.00</b>	<b>228,868.41</b>	<b>329,105.86</b>
52705	EQUIPMENT RENT	0.00	492.13	3,000.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	75,000.00	62,500.00	78,500.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>75,000.00</b>	<b>62,992.13</b>	<b>81,500.00</b>
52805	INSURANCE PREMIUMS	1,600.00	400.00	1,600.00
	<b>SUBTOTAL - INSURANCE</b>	<b>1,600.00</b>	<b>400.00</b>	<b>1,600.00</b>
55100	OFFICE FURNITURE AND EQUIPMENT	0.00	0.00	2,500.00
55080	VEHICLES	0.00	26,100.00	0.00
55090	TOOLS AND EQUIPMENT	31,500.00	21,000.00	10,750.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>31,500.00</b>	<b>47,100.00</b>	<b>13,250.00</b>
	<b>TOTAL</b>	<b>2,314,080.00</b>	<b>2,373,180.98</b>	<b>2,527,958.46</b>

**2019 OPERATING BUDGET  
HR - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	3,000.00	4,500.00	4,500.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	3,500.00	3,700.00	3,700.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	4,500.00	4,500.00	4,500.00
52110	OPERATING SUPPLIES	300.00	600.00	600.00
52130	CLOTHING/UNIFORMS	0.00	24.95	24.95
52135	SAFETY SUPPLIES	500.00	500.00	500.00
52165	SECURITY SUPPLIES	4,500.00	22,950.00	22,950.00
52170	FREIGHT CHARGES	350.00	450.00	450.00
52185	COMPLIANCE REQUIREMENTS	500.00	500.00	500.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>17,150.00</b>	<b>37,724.95</b>	<b>37,724.95</b>
52305	TELEPHONE	5,000.00	4,337.82	4,337.82
52310	POSTAGE	400.00	400.00	400.00
52315	ADVERTISING	15,000.00	15,000.00	15,000.00
52320	MEETINGS	1,800.00	1,800.00	1,800.00
52325	TRAVEL	10,500.00	11,000.00	11,000.00
52330	TRAINING	78,000.00	79,000.00	79,000.00
52335	DUES AND SUBSCRIPTIONS	7,500.00	9,500.00	9,500.00
52340	BOOKS AND PUBLICATIONS	1,550.00	1,550.00	1,550.00
52345	PRINTING, BINDING AND COPYING	300.00	300.00	300.00
52357	RECRUITMENT	20,000.00	20,000.00	20,000.00
52360	ALARM SERVICES	33,000.00	25,000.00	25,000.00
52365	SOFTWARE LICENSES	4,000.00	4,100.00	4,100.00
52370	SOFTWARE MAINTENANCE	41,500.00	42,300.00	42,300.00
52390	MISCELLANEOUS PERMITS	500.00	500.00	500.00
52440	EMPLOYEE RELATIONS	0.00	500.00	500.00
52499	MISCELLANEOUS ADMIN EXP.	600.00	600.00	600.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>219,650.00</b>	<b>215,887.82</b>	<b>215,887.82</b>
52605	LEGAL FEES	20,000.00	25,000.00	25,000.00
52635	CONSULTING SERVICES	20,500.00	20,500.00	20,500.00
52640	OTHER CONTRACTUAL SERVICES	47,000.00	37,000.00	37,000.00
52645	TEMPORARY LABOR SERVICES	2,000.00	2,000.00	2,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>89,500.00</b>	<b>84,500.00</b>	<b>84,500.00</b>
	<b>TOTAL</b>	<b>326,300.00</b>	<b>338,112.77</b>	<b>338,112.77</b>

**2019 OPERATING BUDGET  
IT - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	100.00	100.00	100.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	15,000.00	15,000.00	15,000.00
52110	OPERATING SUPPLIES	200.00	118.88	118.88
52115	TELECOM SUPPLIES	5,842.93	5,000.00	5,000.00
52125	REPAIR AND MAINTENANCE SUPPLIES	0.00	23.89	23.89
52135	SAFETY SUPPLIES	20.00	0.00	0.00
52170	FREIGHT CHARGES	400.00	200.00	200.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>21,562.93</b>	<b>20,442.77</b>	<b>20,442.77</b>
52305	TELEPHONE	248,043.25	250,000.00	250,000.00
52310	POSTAGE	60.00	60.00	60.00
52320	MEETINGS	50.00	0.00	0.00
52325	TRAVEL	10,000.00	5,000.00	5,000.00
52330	TRAINING	20,000.00	25,000.00	25,000.00
52335	DUES AND SUBSCRIPTIONS	0.00	1,100.00	1,100.00
52350	INTERNET SERVICES	14,433.39	20,143.18	44,000.00
52365	SOFTWARE LICENSES	20,000.00	50,000.00	50,000.00
52370	SOFTWARE MAINTENANCE	585,000.00	585,000.00	585,000.00
52499	MISCELLANEOUS ADMIN EXP.	0.00	100.00	0.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>897,586.64</b>	<b>936,403.18</b>	<b>960,160.00</b>
52635	CONSULTING SERVICES	100,000.00	146,009.46	146,009.46
52640	OTHER CONTRACTUAL SERVICES	20,000.00	150,000.00	50,000.00
52645	TEMPORARY LABOR SERVICES	0.00	25,000.00	100,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>120,000.00</b>	<b>321,009.46</b>	<b>296,009.46</b>
52710	CONTRACTED REPAIRS AND MAINTENANCE	500.00	5,000.00	5,000.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>500.00</b>	<b>5,000.00</b>	<b>5,000.00</b>
55110	COMPUTER HARDWARE	0.00	9,473.96	9,473.96
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>0.00</b>	<b>9,473.96</b>	<b>9,473.96</b>
	<b>TOTAL</b>	<b>1,039,649.57</b>	<b>1,292,329.38</b>	<b>1,291,086.20</b>

**2019 OPERATING BUDGET  
ENG - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	3,100.00	3,777.09	3,800.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	2,000.00	0.00	3,300.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	8,700.00	44,920.04	32,943.23
52110	OPERATING SUPPLIES	15,250.00	23,607.73	15,250.00
52115	TELECOM SUPPLIES	0.00	10,318.63	1,400.00
52125	REPAIR AND MAINTENANCE SUPPLIES	750.00	10,033.66	969.34
52130	CLOTHING/UNIFORMS	1,975.00	1,744.23	1,900.00
52135	SAFETY SUPPLIES	1,200.00	1,851.55	1,500.00
52140	METER REPAIR SUPPLIES	0.00	0.00	0.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	0.00	237.30	100.00
52150	SMALL TOOLS	1,200.00	3,577.09	2,000.00
52165	SECURITY SUPPLIES	150.00	667.30	271.00
52170	FREIGHT CHARGES	542.86	847.02	675.86
52175	WAREHOUSE ISSUES	0.00	0.00	0.00
52210	CHEMICALS	0.00	0.00	0.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>34,867.86</b>	<b>101,581.64</b>	<b>64,109.43</b>
52305	TELEPHONE	25,229.81	36,633.80	32,498.77
52310	POSTAGE	1,722.61	1,511.57	4,021.73
52315	ADVERTISING	0.00	5,704.93	5,704.93
52320	MEETINGS	150.00	971.11	500.00
52325	TRAVEL	10,250.00	6,667.50	12,200.00
52330	TRAINING	12,000.00	12,571.79	17,000.00
52335	DUES AND SUBSCRIPTIONS	27,900.00	19,798.21	28,400.00
52340	BOOKS AND PUBLICATIONS	648.02	1,118.71	400.00
52345	PRINTING, BINDING AND COPYING	1,907.89	2,071.96	2,727.07
52355	PUBLIC RELATIONS EVENTS	0.00	669.64	669.64
52365	SOFTWARE LICENSES	10,000.00	70,643.71	60,000.00
52370	SOFTWARE MAINTENANCE	12,600.00	42,361.50	30,000.00
52390	MISCELLANEOUS PERMITS	2,000.00	4,888.84	3,000.00
52499	MISCELLANEOUS ADMIN EXP.	70,100.00	63,000.00	70,000.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>174,508.33</b>	<b>268,613.29</b>	<b>267,122.14</b>
52525	GARBAGE	3,000.00	2,695.39	3,000.00
52530	OTHER UTILITY CHARGES			
	<b>SUBTOTAL - UTILITIES</b>	<b>3,000.00</b>	<b>2,695.39</b>	<b>3,000.00</b>
52620	ENGINEERING SERVICES	55,000.00	0.00	0.00
52630	LAUNDRY SERVICE	0.00	197.75	200.00
52635	CONSULTING SERVICES	61,500.00	89,395.98	170,500.00
52640	OTHER CONTRACTUAL SERVICES	295,500.00	320,150.25	384,000.00
52641	BLM-GABBRO PAYMENTS	25,000.00	44,642.86	25,000.00
52645	TEMPORARY LABOR SERVICES	15,000.00	51,897.68	63,546.43
52652	COMPLIANCE REQUIREMENTS SERVICES	250.00	7,762.50	2,000.00
52675	OUTSIDE LAB SERVICES	6,250.00	16,232.14	20,500.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>458,500.00</b>	<b>530,279.16</b>	<b>665,746.43</b>
52710	CONTRACTED REPAIRS AND MAINTENANCE	0.00	919.64	1,000.00
52715	BACKFLOW REPAIR SERVICES	0.00	0.00	0.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>0.00</b>	<b>919.64</b>	<b>1,000.00</b>
	<b>TOTAL</b>	<b>670,876.19</b>	<b>904,089.13</b>	<b>1,000,978.00</b>

**2019 OPERATING BUDGET  
WATER - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	6,011.93	7,744.11	6,571.86
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	0.00	1,228.71	1,900.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	4,194.71	22,038.61	15,244.88
52110	OPERATING SUPPLIES	89,771.41	151,094.27	124,650.71
52115	TELECOM SUPPLIES	6,000.00	3,405.27	2,072.95
52120	FUEL, OIL AND LUBRICATION	2,900.00	6,531.57	9,127.46
52122	PROPANE	5,800.00	6,593.20	4,400.00
52125	REPAIR AND MAINTENANCE SUPPLIES	642,000.00	591,160.66	606,870.00
52130	CLOTHING/UNIFORMS	8,700.00	11,860.71	14,715.00
52135	SAFETY SUPPLIES	26,600.00	32,019.30	29,900.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	0.00	5,908.73	0.00
52150	SMALL TOOLS	75,100.00	88,144.55	95,002.68
52165	SECURITY SUPPLIES	1,000.00	11,351.29	7,150.00
52170	FREIGHT CHARGES	15,950.00	22,602.39	25,956.66
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>884,028.05</b>	<b>961,683.37</b>	<b>943,562.20</b>
52210	CHEMICALS	431,000.00	322,046.75	515,000.00
	<b>SUBTOTAL - CHEMICALS</b>	<b>431,000.00</b>	<b>322,046.75</b>	<b>515,000.00</b>
52305	TELEPHONE	51,438.86	55,747.98	40,945.00
52310	POSTAGE	0.00	8,329.34	5,150.00
52315	ADVERTISING	200.00	1,188.93	1,200.00
52320	MEETINGS	0.00	0.00	0.00
52325	TRAVEL	2,994.70	6,293.48	8,310.00
52330	TRAINING	17,030.29	17,869.29	21,105.00
52335	DUES AND SUBSCRIPTIONS	4,271.43	29,029.71	7,075.14
52340	BOOKS AND PUBLICATIONS	20.72	557.45	979.34
52345	PRINTING, BINDING AND COPYING	561.45	142.16	150.00
52355	PUBLIC RELATIONS EVENTS	500.00	500.00	515.00
52365	SOFTWARE LICENSES	1,605.00	714.29	400.00
52370	SOFTWARE MAINTENANCE	15,000.00	74,170.52	74,170.52
52390	MISCELLANEOUS PERMITS	13,110.00	16,826.43	15,975.00
52391	STATE WATER CONTROL BOARD FEES	0.00	0.00	0.00
52415	WATER PURCHASES-USBR	590,000.00	623,200.00	633,500.00
52435	MISCELLANEOUS PENALTIES	0.00	0.00	0.00
52499	MISCELLANEOUS ADMIN EXP.	0.00	5,117.07	0.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>696,732.45</b>	<b>839,686.64</b>	<b>809,475.00</b>
52515	NATURAL GAS	600.00	609.61	609.61
52520	ELECTRICITY	1,746,000.00	2,017,673.39	2,132,500.00
52525	GARBAGE	4,050.00	3,467.18	3,668.04
	<b>SUBTOTAL - UTILITIES</b>	<b>1,750,650.00</b>	<b>2,021,750.18</b>	<b>2,136,777.64</b>
52620	ENGINEERING SERVICES	5,800.00	12,000.00	13,030.00
52635	CONSULTING SERVICES	55,000.00	125,000.00	125,000.00
52640	OTHER CONTRACTUAL SERVICES	190,852.68	585,695.09	639,513.21
52645	TEMPORARY LABOR SERVICES	0.00	0.00	0.00
52652	COMPLIANCE REQUIREMENTS SERVICES	117,527.00	207,259.73	230,260.71
52660	SLUDGE HAULING/DISPOSAL	0.00	50,000.00	75,000.00
52670	ASBESTOS PIPE DISPOSAL	86,800.00	118,000.00	118,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>455,979.68</b>	<b>1,097,954.81</b>	<b>1,200,803.93</b>
52705	EQUIPMENT RENT	8,500.00	11,425.41	11,425.41
52710	CONTRACTED REPAIRS AND MAINTENANCE	1,247,500.00	1,032,861.18	1,035,890.38
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>1,256,000.00</b>	<b>1,044,286.59</b>	<b>1,047,315.79</b>
55010	LAND & EASEMENTS	9,642.86	10,000.00	10,000.00
55090	TOOLS AND EQUIPMENT	70,000.00	78,366.13	82,100.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>79,642.86</b>	<b>88,366.13</b>	<b>92,100.00</b>
	<b>TOTAL</b>	<b>5,554,033.04</b>	<b>6,375,774.47</b>	<b>6,745,034.55</b>

**2019 OPERATING BUDGET  
WW - M&S BY ACCOUNT**

	2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	18,950.00	14,046.50	14,159.79
52106	3,700.00	2,302.59	1,850.00
52107	5,700.00	11,203.63	6,798.05
52110	302,200.00	332,944.75	385,000.00
52115	6,000.00	6,082.84	6,500.00
52120	15,000.00	4,112.70	14,350.00
52122	2,500.00	1,456.34	2,500.00
52125	691,200.00	412,010.84	582,000.00
52130	8,900.00	11,175.75	12,455.18
52135	42,600.00	54,691.77	49,558.13
52145	550.00	217.75	500.00
52150	36,000.00	28,385.30	36,885.59
52165	6,500.00	8,184.13	7,500.00
52170	25,500.00	24,046.45	23,468.71
52185	0.00	447.86	500.00
	<b>1,165,300.00</b>	<b>911,309.18</b>	<b>1,144,025.45</b>
52210	361,300.00	390,266.66	455,500.00
	<b>361,300.00</b>	<b>390,266.66</b>	<b>455,500.00</b>
52305	36,875.00	42,050.46	38,271.43
52310	700.00	616.70	350.00
52315	500.00	0.00	0.00
52320	0.00	0.00	0.00
52325	6,250.00	2,773.91	3,250.00
52330	54,500.00	48,461.41	33,500.00
52335	15,000.00	15,044.64	13,800.00
52340	2,000.00	215.27	1,500.00
52345	2,000.00	72.48	2,000.00
52357	0.00	0.00	0.00
52360	0.00	0.00	0.00
52365	0.00	0.00	0.00
52370	8,500.00	0.00	0.00
52390	43,200.00	69,086.20	51,526.79
52395	58,250.00	59,996.27	35,000.00
52435	0.00	178.57	178.57
52499	100.00	2,019.29	0.00
	<b>227,875.00</b>	<b>240,515.20</b>	<b>179,376.79</b>
52515	12,000.00	8,978.18	13,000.00
52520	2,404,000.00	2,077,011.57	2,434,500.00
52525	8,011.00	9,509.16	9,500.00
52605	0.00	2,158.93	1,000.00
	<b>2,424,011.00</b>	<b>2,097,657.84</b>	<b>2,458,000.00</b>
52620	2,500.00	6,014.29	4,000.00
52630	48,000.00	61,286.82	54,000.00
52635	61,000.00	11,094.36	16,000.00
52640	273,133.93	396,892.79	318,200.00
52645	9,500.00	0.00	9,500.00
52652	92,000.00	42,833.93	105,000.00
52655	38,000.00	43,485.98	41,750.00
52660	300,000.00	340,766.30	340,000.00
52670	1,000.00	0.00	0.00
52675	137,750.00	141,985.00	159,750.00
	<b>962,883.93</b>	<b>1,044,359.46</b>	<b>1,048,200.00</b>
52705	13,500.00	51,545.02	18,497.80
52710	209,600.00	379,612.96	292,388.39
	<b>223,100.00</b>	<b>431,157.98</b>	<b>310,886.20</b>
55030	0.00	0.00	20,000.00
55090	137,500.00	126,466.43	130,000.00
	<b>137,500.00</b>	<b>126,466.43</b>	<b>150,000.00</b>
<b>TOTAL</b>	<b>5,501,969.93</b>	<b>5,241,732.75</b>	<b>5,745,988.43</b>

**2019 OPERATING BUDGET  
RW - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	25.00	24.25	0.00
52110	OPERATING SUPPLIES	1,000.00	7,761.29	5,000.00
52125	REPAIR AND MAINTENANCE SUPPLIES	33,726.39	28,165.66	19,200.00
52150	SMALL TOOLS	0.00	0.00	0.00
52170	FREIGHT CHARGES	898.70	758.14	1,250.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>35,650.09</b>	<b>36,709.34</b>	<b>25,450.00</b>
52210	CHEMICALS	120,000.00	124,039.27	150,000.00
	<b>SUBTOTAL - CHEMICALS</b>	<b>120,000.00</b>	<b>124,039.27</b>	<b>150,000.00</b>
52305	TELEPHONE	413.75	389.07	389.07
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>413.75</b>	<b>389.07</b>	<b>389.07</b>
52520	ELECTRICITY	203,000.00	151,533.80	219,500.00
	<b>SUBTOTAL - UTILITIES</b>	<b>203,000.00</b>	<b>151,533.80</b>	<b>219,500.00</b>
52640	OTHER CONTRACTUAL SERVICES	3,687.50	5,857.14	3,700.00
52652	COMPLIANCE REQUIREMENTS SERVICES	0.00	0.00	0.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>3,687.50</b>	<b>5,857.14</b>	<b>3,700.00</b>
52710	CONTRACTED REPAIRS AND MAINTENANCE	191.52	0.00	0.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>191.52</b>	<b>0.00</b>	<b>0.00</b>
55090	TOOLS AND EQUIPMENT	0.00	0.00	0.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>TOTAL</b>	<b>362,942.86</b>	<b>318,528.63</b>	<b>399,039.07</b>




**2019 OPERATING BUDGET  
HYDRO - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	8,446.91	10,009.20	10,009.20
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	2,000.00	11,625.63	11,625.63
52107	COMPUTER HW/SW (LESS THAN \$5,000)	7,059.04	12,223.13	12,223.13
52110	OPERATING SUPPLIES	94,027.77	105,162.59	97,296.13
52115	TELECOM SUPPLIES	34,722.16	16,032.66	16,032.66
52120	FUEL, OIL AND LUBRICATION	3,377.48	10.89	10.89
52122	PROPANE	8,527.70	6,178.11	6,178.11
52125	REPAIR AND MAINTENANCE SUPPLIES	142,164.26	238,927.82	220,381.64
52130	CLOTHING/UNIFORMS	11,781.03	10,123.73	11,923.73
52135	SAFETY SUPPLIES	17,621.29	28,517.57	28,688.02
52145	VEHICLE REPAIR/MAINT SUPPLIES	5,282.84	7,067.50	7,067.50
52150	SMALL TOOLS	25,369.54	42,447.27	49,709.89
52155	TIRES	2,366.70	0.00	0.00
52165	SECURITY SUPPLIES	4,242.85	9,931.89	9,931.89
52170	FREIGHT CHARGES	6,371.60	9,018.79	9,018.79
52185	COMPLIANCE REQUIREMENTS	52,865.32	76,250.00	250,000.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>426,226.49</b>	<b>583,526.77</b>	<b>740,097.20</b>
52305	TELEPHONE	27,270.85	47,887.64	42,121.79
52310	POSTAGE	444.65	674.89	674.89
52315	ADVERTISING	143.84	0.00	0.00
52320	MEETINGS	35,000.00	0.00	0.00
52325	TRAVEL	0.00	9,495.96	9,495.96
52330	TRAINING	26,258.93	47,657.05	54,620.54
52335	DUES AND SUBSCRIPTIONS	2,357.15	5,557.14	5,557.14
52340	BOOKS AND PUBLICATIONS	196.86	180.14	180.14
52345	PRINTING, BINDING AND COPYING	0.00	476.50	476.50
52365	SOFTWARE LICENSES	5,000.00	4,352.13	4,352.13
52370	SOFTWARE MAINTENANCE	98,000.00	62,019.98	95,900.00
52390	MISCELLANEOUS PERMITS	4,285.21	6,562.63	6,562.63
52395	OFFICE, STORAGE AND LAND RENTS	2,500.00	4,464.29	4,464.29
52420	PROPERTY TAXES	108,000.00	110,000.00	110,000.00
52499	MISCELLANEOUS ADMIN EXP.	892.86	0.00	0.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>310,350.35</b>	<b>299,328.36</b>	<b>334,406.00</b>
52520	ELECTRICITY	90,000.00	77,267.98	93,000.00
52525	GARBAGE	8,234.55	8,812.45	8,812.45
	<b>SUBTOTAL - UTILITIES</b>	<b>98,234.55</b>	<b>86,080.43</b>	<b>101,812.45</b>
52605	LEGAL FEES	20,000.00	0.00	0.00
52620	ENGINEERING SERVICES	3,169.20	47,103.93	25,000.00
52630	LAUNDRY SERVICE	0.00	2,060.52	2,060.52
52635	CONSULTING SERVICES	25,000.00	56,136.16	48,913.39
52640	OTHER CONTRACTUAL SERVICES	73,978.14	104,491.84	612,582.34
52645	TEMPORARY LABOR SERVICES	38,400.00	0.00	102,000.00
52652	COMPLIANCE REQUIREMENTS SERVICES	168,849.23	261,734.38	220,680.80
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>329,396.57</b>	<b>471,526.82</b>	<b>1,011,237.05</b>
52705	EQUIPMENT RENT	35,000.00	22,649.38	33,649.38
52710	CONTRACTED REPAIRS AND MAINTENANCE	434,067.47	31,242.00	86,817.54
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>469,067.47</b>	<b>53,891.38</b>	<b>120,466.91</b>
52805	INSURANCE PREMIUMS	210,000.00	170,000.00	270,000.00
	<b>SUBTOTAL - INSURANCE</b>	<b>210,000.00</b>	<b>170,000.00</b>	<b>270,000.00</b>
55010	LAND & EASEMENTS	0.00	70,000.00	0.00
55080	VEHICLES	0.00	13,926.79	13,926.79
55090	TOOLS AND EQUIPMENT	25,204.36	0.00	0.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>25,204.36</b>	<b>83,926.79</b>	<b>13,926.79</b>
	<b>TOTAL</b>	<b>1,868,479.79</b>	<b>1,748,280.54</b>	<b>2,591,946.39</b>

**2019 OPERATING BUDGET  
REC - M&S BY ACCOUNT**

		2018 Adopted Budget	2018 Year End Projections	2019 Proposed Budget
52105	OFFICE SUPPLIES	12,900.00	3,906.14	3,000.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	300.00	70.04	500.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	800.00	3,024.52	1,400.00
52110	OPERATING SUPPLIES	21,820.00	26,678.79	31,800.00
52115	TELECOM SUPPLIES	1,500.00	7,493.77	3,500.00
52120	FUEL, OIL AND LUBRICATION	0.00	249.18	0.00
52122	PROPANE	4,500.00	2,827.63	4,000.00
52125	REPAIR AND MAINTENANCE SUPPLIES	36,500.00	36,032.73	35,002.00
52130	CLOTHING/UNIFORMS	3,500.00	5,882.05	3,500.00
52135	SAFETY SUPPLIES	3,050.00	4,903.41	4,000.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	500.00	2,394.70	500.00
52150	SMALL TOOLS	1,750.00	3,797.00	1,750.00
52160	RESALE SUPPLIES	20,000.00	0.00	20,000.00
52165	SECURITY SUPPLIES	1,110.00	1,015.14	1,000.00
52170	FREIGHT CHARGES	628.00	544.61	450.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>108,858.00</b>	<b>98,819.70</b>	<b>110,402.00</b>
52305	TELEPHONE	3,600.00	3,494.46	3,600.00
52310	POSTAGE	20.00	0.00	0.00
52315	ADVERTISING	3,000.00	4,096.43	3,000.00
52320	MEETINGS	0.00	314.43	0.00
52325	TRAVEL	125.00	1,185.00	500.00
52330	TRAINING	1,400.00	821.43	500.00
52335	DUES AND SUBSCRIPTIONS	1,500.00	12,688.30	7,500.00
52340	BOOKS AND PUBLICATIONS	0.00	0.00	0.00
52345	PRINTING, BINDING AND COPYING	9,000.00	10,025.00	10,500.00
52350	INTERNET SERVICES	1,050.00	1,074.75	1,074.75
52355	PUBLIC RELATIONS EVENTS	0.00	0.00	0.00
52365	SOFTWARE LICENSES	0.00	0.00	0.00
52390	MISCELLANEOUS PERMITS	2,530.00	526.79	4,000.00
52400	BANK SERVICE CHARGES	700.00	124.55	700.00
52405	CREDIT CARD DISCOUNT CHARGES	20,000.00	16,361.73	20,000.00
52499	MISCELLANEOUS ADMIN EXP.	0.00	0.00	0.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>42,925.00</b>	<b>50,712.88</b>	<b>51,374.75</b>
52505	WATER	36,000.00	34,697.95	34,697.95
52525	GARBAGE	15,000.00	10,533.29	15,500.00
52530	OTHER UTILITY CHARGES	74,500.00	34,183.63	75,830.00
	<b>SUBTOTAL - UTILITIES</b>	<b>125,500.00</b>	<b>79,414.86</b>	<b>126,027.95</b>
52620	ENGINEERING SERVICES	0.00	0.00	0.00
52640	OTHER CONTRACTUAL SERVICES	71,500.00	114,900.21	287,500.00
52645	TEMPORARY LABOR SERVICES	360,354.00	345,566.21	342,653.00
52652	COMPLIANCE REQUIREMENTS SERVICES	0.00	0.00	0.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>431,854.00</b>	<b>460,466.43</b>	<b>630,153.00</b>
52705	EQUIPMENT RENT	2,000.00	392.86	5,000.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	3,500.00	9,598.66	5,000.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>5,500.00</b>	<b>9,991.52</b>	<b>10,000.00</b>
55030	BUILDINGS AND IMPROVEMENTS	0.00	49,107.14	0.00
55090	TOOLS AND EQUIPMENT	0.00	0.00	0.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>0.00</b>	<b>49,107.14</b>	<b>0.00</b>
	<b>TOTAL</b>	<b>714,637.00</b>	<b>748,512.52</b>	<b>927,957.70</b>



**Consideration of the  
2019-2020  
Operating Budget  
and  
2019-2023  
Financial Plan**

**El Dorado Irrigation District  
December 10, 2018**

# Presentation Summary

- **Previous Board Action**
- **Board Policies/Administrative Regulations**
- **Summary of Issues**
- **Staff Analysis/Evaluation**
- **Board Discussion/Guidance**



# Previous Board Action

- **Mar. 20, 2000: Board adopted a multi-year operating budget process**
- **December 12, 2016: Board adopted the 2017-2018 Operating Budget and the 2017-2021 Financial Plan**
- **December 11, 2017: The Board adopted the 2017-2018 Mid-cycle Operating Budget and the 2018-2022 Financial Plan**
- **November 13, 2018: Board held a workshop on the 2019-2020 Operating Budget and the 2019-2023 Financial Plan**

# Board Policy/Administrative Regulations

- **BP 3010: Board shall adopt a two-year operating budget and may modify it prior to the end of the year.**

# Board Policy/Administrative Regulations

- **AR 3011**: It is the responsibility of the General Manager to develop the budget based on the priorities and needs of the District and its customers.
- Responsibility for overseeing the budget development process is assigned to the Director of Finance.



# Board Policy/Administrative Regulations

- **AR 3012: Purpose of 5-Year Financial Plan**
  - Establishes the cost of funding required to meet the District's mission of providing high quality of services in a fiscally responsible manner for:
    - Operations and maintenance
    - Capital expenditures
    - Debt expenses
  - Meet requirements of District's outstanding debt obligations to the bondholders
  - Avoid volatility in rate adjustments
  - Maintain strong credit ratings (S&P, AA-; Moody's, Aa3)
  - Maintain cash reserves \$60-\$80 million



# Summary of Issues

- **Staff Analysis/Evaluation**
- **2019–2020 Revenue Projections**
- **Operating Budget Development Process**
- **2019–2020 Operating Budget Expense Projections**
- **Debt service coverage**
- **2019-2023 Five-year Financial Plan Review and  
Projected Cash Reserve Balances**

# November 13, Budget Workshop

- Results

- Staff presented 2019 and 2020:

- Revenue projections with previously adopted rate increases
    - Operating expense proposals
    - Projected results of operating revenues, operating expenses, debt, CIP expenditures and debt coverage



# **2019-2023 Revenue Projections**





# Revenues for 2019 - 2020

(in millions)

	<b>2018 Adopted Budget</b>	<b>2018 Revised Projections</b>	<b>2019 Proposed Budget</b>	<b>2020 Proposed Budget</b>
Water Sales and Services	\$ 30.124	\$ 31.000	\$ 31.930	\$ 32.888
Wastewater Sales and Services	20.473	21.275	21.985	22.834
Recycled Water Sales	2.100	2.300	2.180	2.264
Hydropower Sales	8.000	6.270	8.000	8.000
Investment Income	0.750	0.750	0.750	0.750
FCCs	10.000	18.000	15.000	10.000
Debt Surcharges	2.408	2.408	2.416	2.424
Property Tax	11.968	11.968	12.207	12.452
Other Income	2.016	2.466	2.761	2.771
Recreation	1.411	1.511	1.440	1.468
<b>Total Revenues</b>	<b>\$ 89.250</b>	<b>\$ 97.948</b>	<b>\$ 98.669</b>	<b>\$ 95.851</b>

# **Operating Budget Development Process**



# Budget Development Approach

- 12/31/18 Projected Year End Expenditures
  - Projections based on:
    - 2018 actual expenditures as of July 31, annualized and adjusted for known differences
    - August and September budget status reports
- 2019 Proposed Operating Budget
  - Direction was for the revised budget not to exceed 4% growth over 2018
  - Personnel and material/service items to maintain current service levels



# Budget Development Approach

- 2019-2020 Proposed Operating Budget
  - 2019 budget is 6.8% higher than the 2018 adopted budget
  - Drivers for the 6.8% growth over 2018 budget
    - Wages – gross wages show expected increase of 0.8%, benefits 2.0% offset by capitalized labor increase of 2.7%, and an estimated cost of living increase of 2.5%
      - Budgeted benefits increases:
        - » PERS increases (UAL and NC) - \$710,000
        - » Retiree health insurance - \$155,000
    - Professional services – increase of about \$2.2 million – the largest are:
      - Forest management services for grants - \$730,000
      - Floating covers cleaning and inspection - \$200,000
      - Temporary labor for IT and recreation - \$200,000
      - Compliance and safety training - \$180,000
      - Added cost of sludge hauling - \$ 115,000
      - Cost of service study - \$ 100,000
    - Electrical – increase of about \$440,000
    - Chemicals – increase of about \$200,000
    - Software maintenance - increase of about \$170,000



# **2019-2020 Operating Budget Expense Projections**





# 2018-2020 Operating Budget Summary by Expense Type

(in millions)

	<b>2018 Adopted Budget</b>	<b>2018 Revised Projections</b>	<b>2019 Proposed Budget</b>	<b>2020 Proposed Budget</b>
Wages	\$ 18.419	\$ 18.268	\$ 18.816	\$ 19.569
Benefits (Table 4)	13.278	13.029	14.225	14.794
Salaries and Benefits	<b>31.697</b>	<b>31.297</b>	<b>33.041</b>	<b>34.363</b>
CIP and Development				
Reimbursement Labor Offsets	(3.473)	(4.106)	(4.759)	(4.949)
Net personnel expense	<b>28.224</b>	<b>27.191</b>	<b>28.282</b>	<b>29.414</b>
Materials and Services				
-Operating Supplies	3.729	3.800	4.169	4.335
-Chemicals	0.912	0.836	1.121	1.165
-Administration	3.475	3.765	3.814	3.968
-Utilities	4.778	4.610	5.217	5.426
-Professional Services	3.504	4.500	5.710	5.938
-Repair Services	2.029	1.608	1.576	1.639
-Insurance	0.777	0.593	0.772	0.803
-Operating Capital Outlay	0.274	0.405	0.279	0.290
-Contingency	0.250	0.000	0.250	0.260
Total Materials and Services	<b>19.728</b>	<b>20.117</b>	<b>22.908</b>	<b>23.824</b>
<b>Total Expenses</b>	<b>47.952</b>	<b>47.308</b>	<b>51.190</b>	<b>53.238</b>

# 2018 – 2020 Employee Benefits by Type

(in millions)

Type	2016 Adopted Budget	2016 Revised Projections	2017 Proposed Budget	2018 Proposed Budget
Medical	\$ 3.657	\$ 3.507	\$ 3.655	\$ 3.728
Retiree Health	1.685	1.600	1.840	1.895
Dental	0.322	0.311	0.336	0.349
Vision	0.045	0.042	0.038	0.040
EAP	0.007	0.006	0.006	0.006
Life	0.018	0.018	0.018	0.019
Workers' Compensation	0.329	0.330	0.354	0.354
FICA	1.315	1.383	1.367	1.376
PERS	5.774	5.712	6.486	6.900
Medical Reimbursement	0.055	0.050	0.060	0.060
Vehicle Allowance	0.030	0.030	0.025	0.025
Other Employee Costs	0.041	0.040	0.040	0.042
<b>Total Benefits</b>	<b>\$ 13.278</b>	<b>\$ 13.029</b>	<b>\$ 14.225</b>	<b>\$ 14.794</b>

# 5-Year Forecast

## Total District

	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>
Total Debt Proceeds	\$ -	\$ -	\$ 50.0	\$ -	\$ -
Total Revenues	98.7	95.9	97.0	93.1	95.5
Total Maintenance and Operation Costs	51.2	53.2	55.2	56.9	58.6
Net Revenues	47.5	42.7	41.8	36.2	36.9
Pre-existing State Obligations	1.1	1.1	1.1	1.1	1.1
Net Revenues Available After Pre-existing Obligations	46.4	41.6	40.7	35.1	35.8
Senior Debt Service	22.1	22.0	18.3	20.2	20.2
Cash Available from Current Year Activities for Capital Projects or Other Improvements	24.3	19.6	72.4	14.9	15.6
Cash Balance - January 1	128.4	103.1	80.2	120.9	115.9
Total Cash Available for Capital Projects or Debt					
Pre-payment	152.7	122.7	152.6	135.8	131.5
Total CIP	(44.3)	(36.5)	(25.7)	(13.9)	(14.2)
Pre-funding Debt	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Other Receipts – Insurance, FEMA and OES	0.7	-	-	-	-
Cash Balance - December 31	\$ 103.1	\$ 80.2	\$ 120.9	\$ 115.9	\$ 111.3
Senior Debt Service Coverage (1.25x test)	2.10	1.89	2.22	1.74	1.77
Alternative Senior Debt Coverage					
Total FCCs in Revenue Above	15.00	10.00	10.00	5.00	5.00
\$\$\$ of FCCs Removed From Calculation	15.00	10.00	10.00	5.00	5.00
Potential Senior Debt Coverage (1.0x test)	1.42	1.44	1.68	1.49	1.52



# 5-Year Forecast

## Projected End of Year Cash

### Total District

Total District	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ 25.4	\$ 13.9	\$ 13.1	\$ 13.4	\$ 6.0
Reserved					
Operating	12.8	13.3	13.8	14.2	14.6
Capital Replacement Reserves	16.8	16.8	16.8	16.8	16.8
Routine Capital Replacement Reserves	3.4	3.4	3.4	3.4	3.4
Self Insurance Reserves	1.0	1.0	1.0	1.0	1.0
	<u>34.0</u>	<u>34.5</u>	<u>35.0</u>	<u>35.4</u>	<u>35.8</u>
Total unrestricted and reserved cash	<u>59.4</u>	<u>48.4</u>	<u>48.1</u>	<u>48.8</u>	<u>41.8</u>
Restricted-Debt Reserves	4.4	4.4	4.4	4.4	4.4
Restricted-Growth CIP (FCCs)	50.1	55.1	60.1	62.6	65.1
Restricted-CIP from Bonds	-11.0	-27.9	8.1	0.0	0.0
	<u>43.6</u>	<u>31.6</u>	<u>72.6</u>	<u>67.0</u>	<u>69.5</u>
Total	<u>\$ 102.9</u>	<u>\$ 80.0</u>	<u>\$ 120.8</u>	<u>\$ 115.9</u>	<u>\$ 111.3</u>
days cash	423.38	331.80	318.20	313.32	260.47

# 5-Year Forecast

## Water Utility Only

	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>
Total Debt Proceeds	\$ -	\$ -	\$ 50.0	\$ -	\$ -
Total Revenues	60.9	59.1	60.0	57.2	58.4
Total Maintenance and Operation Costs	33.0	34.3	35.5	36.4	37.5
Net Revenues	27.9	24.7	24.5	20.8	20.9
Pre-existing State Obligations	1.1	1.1	1.1	1.1	1.1
Net Revenues Available After Pre-existing Obligations	26.8	23.7	23.4	19.7	19.9
Senior Debt Service	13.7	13.7	12.1	14.1	14.1
Cash Available from Current Year Activities for Capital Projects or Other Improvements	13.0	9.9	61.4	5.6	5.7
Cash Balance - January 1	86.3	58.4	33.4	69.4	63.1
Total Cash Available for Capital Projects or Debt					
Pre-payment	99.4	68.4	94.7	75.0	68.8
Total CIP	(38.5)	(31.8)	(22.2)	(8.7)	(8.9)
Pre-funding Debt	(3.2)	(3.2)	(3.2)	(3.2)	(3.2)
Other Receipts – Insurance, FEMA and OES	0.7	-	-	-	-
Cash Balance - December 31	\$ 58.4	\$ 33.4	\$ 69.4	\$ 63.1	\$ 56.8
Senior Debt Service Coverage (1.25x test)	1.95	1.72	1.94	1.40	1.40
Alternative Senior Debt Coverage					
Total FCCs in Revenue Above	8.85	5.90	5.90	2.95	2.95
\$\$\$ of FCCs Removed From Calculation	8.85	5.90	5.90	2.95	2.95
Potential Senior Debt Coverage (1.0x test)	1.31	1.29	1.45	1.19	1.19



# 5-Year Forecast

## Projected End of Year Cash

### Water Utility Only

Water Utility	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ 25.4	\$ 14.1	\$ 10.8	\$ 11.0	\$ 2.9
Reserved					
Operating	8.3	8.6	8.9	9.1	9.4
Capital Replacement Reserves	10.1	10.1	10.1	10.1	10.1
Routine Capital Replacement Reserves	2.0	2.0	2.0	2.0	2.0
Self Insurance Reserves	0.6	0.6	0.6	0.6	0.6
	<u>21.0</u>	<u>21.3</u>	<u>21.6</u>	<u>21.8</u>	<u>22.1</u>
Total unrestricted and reserved cash	<u>46.4</u>	<u>35.4</u>	<u>32.4</u>	<u>32.8</u>	<u>25.0</u>
Restricted-Debt Reserves	3.5	3.5	3.5	3.5	3.5
Restricted-Growth CIP (FCCs)	19.4	22.4	25.3	26.8	28.3
Restricted-CIP from Bonds	-11.0	-27.9	8.1	0.0	0.0
	<u>12.0</u>	<u>-2.0</u>	<u>37.0</u>	<u>30.3</u>	<u>31.8</u>
Total	<u>\$ 58.4</u>	<u>\$ 33.4</u>	<u>\$ 69.4</u>	<u>\$ 63.1</u>	<u>\$ 56.8</u>
days cash	513.31	375.96	333.34	328.82	243.35

# 5-Year Forecast

## Wastewater Utility Only

	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>
Total Debt Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	37.8	36.8	37.0	35.9	37.1
Total Maintenance and Operation Costs	18.2	18.9	19.7	20.5	21.1
Net Revenues	19.6	17.9	17.4	15.5	16.0
Pre-existing State Obligations	-	-	-	-	-
Net Revenues Available After Pre-existing Obligations	19.6	17.9	17.4	15.5	16.0
Senior Debt Service	8.4	8.3	6.3	6.0	6.0
Cash Available from Current Year Activities for Capital Projects or Other Improvements	11.3	9.6	11.1	9.4	10.0
Cash Balance - January 1	41.9	44.5	46.6	51.4	52.7
Total Cash Available for Capital Projects or Debt					
Pre-payment	53.1	54.1	57.7	60.8	62.7
Total CIP	(5.8)	(4.6)	(3.5)	(5.2)	(5.3)
Pre-funding Debt	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Other Receipts – Insurance, FEMA and OES	-	-	-	-	-
Cash Balance - December 31	\$ 44.5	\$ 46.6	\$ 51.4	\$ 52.7	\$ 54.5
Senior Debt Service Coverage (1.25x test)	2.35	2.15	2.76	2.56	2.65
Alternative Senior Debt Coverage					
Total FCCs in Revenue Above	6.15	4.10	4.10	2.05	2.05
\$\$\$ of FCCs Removed From Calculation	6.15	4.10	4.10	2.05	2.05
Potential Senior Debt Coverage (1.0x test)	1.61	1.66	2.11	2.22	2.31



# 5-Year Forecast

## Projected End of Year Cash Wastewater Utility Only

Wastewater Utility	Projected <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>
Breakdown of End of Year Cash Balance					
Unrestricted/Unreserved	\$ (0.1)	\$ (0.2)	\$ 2.3	\$ 2.5	\$ 3.1
Reserved					
Operating	4.5	4.7	4.9	5.1	5.3
Capital Replacement Reserves	6.7	6.7	6.7	6.7	6.7
Routine Capital Replacement Reserves	1.4	1.4	1.4	1.4	1.4
Self Insurance Reserves	0.4	0.4	0.4	0.4	0.4
	<u>13.0</u>	<u>13.2</u>	<u>13.4</u>	<u>13.6</u>	<u>13.7</u>
Total unrestricted and reserved cash	<u>13.0</u>	<u>13.0</u>	<u>15.7</u>	<u>16.0</u>	<u>16.8</u>
Restricted-Debt Reserves	0.9	0.9	0.9	0.9	0.9
Restricted-Growth CIP (FCCs)	30.7	32.7	34.8	35.8	36.8
Restricted-CIP from Bonds	0.0	0.0	0.0	0.0	0.0
	<u>31.6</u>	<u>33.6</u>	<u>35.7</u>	<u>36.7</u>	<u>37.7</u>
Total	<u>\$ 44.5</u>	<u>\$ 46.6</u>	<u>\$ 51.4</u>	<u>\$ 52.7</u>	<u>\$ 54.5</u>
days cash	260.33	250.95	291.40	286.45	291.44



# Conclusion

- Staff recommends approval of this budget as best meeting AR 3012 goals and objectives
  - Continues to limit rate increases to 5% or less, thus avoiding rate spikes;
  - Generates sufficient cash flow each year to fund annual pay-as-you-go construction projects;
  - Maintains service levels in normal operations
  - Creates positive unrestricted/unreserved cash balances and overall end-of-year cash reserves near the high end required by AR 3012 without over reliance on FCCs.

# Board Decision/Options

- Option 1: Adopt the El Dorado Irrigation District 2019-2020 Operating Budget and 2019-2023 Financial Plan, including the implementation of previously approved rate increases for 2019 for water, wastewater and recycled water.
- Option 2: Take other action as recommended by the Board.
- Option 3: Take no action.

# Staff / General Manager Recommendation

- Option 1



# **Discussion/Questions**