

# DEPARTMENT OF UTILITIES FINANCIAL UPDATES

# Presentation Overview

- Review of End of Year Projections for FY 2016
- Preview of Proposed Budget for FY 2017
- Drainage Fund
- Funding and Status Updates Utilities Rate Assistance Program

# FY2015/16

## Budget Development Precepts

- Compliance with financial guidelines of minimum 120 days operating reserve and legally required debt service coverage ratios
- Accelerated Meter Program
- Water Conservation reduces revenue
- Sewer System costs for repair of aging system
- Storm Drainage continues to rely on reserves

# FY2015/16

## Budget Overview

- Water Fund
  - ▣ Beginning fund balance of \$41.0 million
  - ▣ Projected net use of fund balance of \$16.6 million
  - ▣ Pay-go funded Water CIP of \$23.2 million
  
- Wastewater Fund
  - ▣ Beginning fund balance of \$16.3 million
  - ▣ Projected net use of fund balance of \$9.5 million
  - ▣ Pay-go funded Wastewater CIP of \$11.5 million

# FY2015/16

## Budget Overview (cont'd.)

- Storm Drainage Fund
  - ▣ Beginning fund balance of \$17.9 million
  - ▣ Projected net use of fund balance of \$1.5 million
  - ▣ Pay-go funded CIP of \$885 thousand

# FY2015/16

## Year End Projections

(In Millions)

	Revenues			Expenses		
	Budgeted	Projected	Variance	Budgeted	Projected	Variance
Water Fund	\$95.3	\$97.0	\$1.7	\$87.0	\$85.6	\$(1.4)
Wastewater Fund	\$31.6	\$31.6	\$0	\$26.2	\$25.6	\$(0.6)
Storm Drainage Fund	\$36.1	\$36.9	\$0.8	\$34.6	\$33.2	\$(1.4)

# FY2016 /17

## Budget Development Precepts

- Compliance with financial guidelines of minimum 120 days working capital and legally required debt service coverage ratios
- Compliance with regulatory mandates
- Council approved four-one year rate increases for Water (10% per year) and Wastewater (9% per year)
- Water conservation efforts continue
- Zero Based Budgeting for Storm Drainage

# FY2016/17

## Budget Overview

- Water Fund
  - ▣ Projected beginning fund balance of \$33.7 million
  - ▣ Projected net change to fund balance of \$5.1 million
  - ▣ Pay-go funded water CIP of \$8.2 million
  
- Wastewater Fund
  - ▣ Projected beginning fund balance of \$7.9 million
  - ▣ Projected net use of fund balance of \$3.9 million
  - ▣ Pay-go funded wastewater CIP of \$9.3 million

# FY2016/17

## Budget Overview (cont'd.)

- Storm Drainage Fund
  - ▣ Projected net use of fund balance of \$523 thousand
  - ▣ Pay-go funded CIP of \$525 thousand
  - ▣ Projected beginning fund balance of \$18.3 million

# Drainage Fund

- No rate increases since 1996 has led to a structural deficit
- Cutting proposed operating expenditures to align with budgeted operating revenues
- Capital program financed only to required degree
- Developing fund balance policy to guide expenditure and replenishment of reserves

# Utilities Rate Assistance Program

- Funded out of the General Fund
- End of Year Projection for FY 2016 is \$
- Rate adoption provides for additional \$1.3 million of funding in FY 2017
- Citywide project team working on program changes and outreach
- Projected to enroll majority of identified eligible customers in September 2016

**THANK YOU**