

FY2018-19 First Pass Budget Development Process

February 13, 2018



Topics

- **Budget Schedule Update**
- **Revenue: Assumptions & Results**
- **Salaries & Benefits: Assumptions & Results**
- **Districtwide Outlays Results**
- **Proposed Change to IT Fund**
- **Next Steps**

FY 2018-19 Budget Schedule for Board

Board Budget Development Updates:

- ➡ • February 13, 2018 – Budget Update
- March 27, 2018 – Second Pass Results
- April 25 to 27, 2018 – Board Work Study Sessions

Groundwater Production Charge Updates/Hearings:

- ✓ • January 9, 2018
- February 13, 2018
- April 10 to 24, 2018

Capital Improvement Plan Board Updates:

- ✓ • January 9, 2018
- February 27, 2018

Budget Adoption: (Budget, GWP and CIP)

- May 8, 2018

FY 2018-19 Revenue Assumptions

Major Revenue Sources - First Pass

- **Total water charge revenue: \$245.9M, up \$30.7M or 14.3% over FY18**
 - M&I Ground Water Production Charge: 9.6% increase for North County and 7.6% for South County
- **Property Tax (1% Ad-valorem): \$92.4M, up \$5.2M or 6.0% over FY18, due to both new construction and increased valuation in the local Real Estate market**
- **Capital Reimbursements & State Subventions: \$38.1M, a decrease of \$11.7M or 23% verses FY18**
 - Watershed Fund: \$12.8M
 - Safe, Clean Water Fund: \$19.2M
 - Water Enterprise Fund: \$6.1M

FY 2018-19 Revenue Results

(\$ in millions)				Over/ (Under)	
Revenue	FY18 Adopted	FY18 Projected	FY19 1st Pass	FY18 Adopted	%
Water Charges	215.2	215.2	245.9	30.7	14.3%
1% Ad-valorem Property Tax	87.2	91.1	92.4	5.2	6.0%
SCW Special Parcel Tax	42.5	42.5	44.0	1.5	3.5%
State Water Project Debt Service	26.0	26.0	18.0	(8.0)	(30.8%)
Benefit Assessment	14.8	14.8	14.8	0.0	0.0%
Capital Reimbursements	49.8	31.0	38.1	(11.7)	(23.5%)
Interest Income & Other	8.5	8.5	6.9	(1.6)	(18.8%)
Total Revenue	444.0	429.1	460.1	16.1	3.6%

FY 2018-19 Salaries & Benefits Assumptions

Salaries & Benefits - First Pass

- **Total Salaries budget: \$100.9M (809 regular positions; 4 fellowships) up \$2.9M or 3.0% over FY18**
 - Includes a 2% COLA increase and step increases for eligible positions
- **Total Benefits budget: \$55.7M, an increase of \$4.2M or 8.2% over FY18**
 - CalPERS Employer contribution: \$24.0M, up \$1.9M or 8.6% over FY18
 - Health benefits – Active Employees: \$16.9M, up \$0.8M or 5.0% over FY18
 - Health benefits – Retirees: \$10.5M, up \$1.4M or 15.4% over FY18
 - OPEB: \$3M Trust Fund contribution

FY 2018-19 Salaries & Benefits Assumptions

(\$ in millions)	FY18 Adopted	FY19 1st Pass	Over/ (Under) FY18	%
Salaries				
Salaries - Regular Employees	98.0	100.9	2.9	3.0%
Overtime and Special Pays	3.4	3.6	0.2	5.9%
Salary Savings	(4.1)	(4.2)	(0.1)	2.4%
Total Salaries	97.3	100.3	3.0	3.1%
Benefits				
Fed & State Taxes & Benefits	1.2	1.3	0.1	8.3%
Retirement Contributions (PERS)	22.1	24.0	1.9	8.6%
Group Insurance - Active Employees	16.1	16.9	0.8	5.0%
Group Insurance - Retired Employees	9.1	10.5	1.4	15.4%
Other Post Employment Benefits (OPEB)	3.0	3.0	0.0	0.0%
Total Benefits	51.5	55.7	4.2	8.2%
Net Total Salary & Benefits	148.8	156.0	7.2	4.8%

FY 2018-19 First Pass Results – Districtwide Outlays

(\$ in millions)			Over/	
Category	FY18 Adopted	FY19 1st Pass	(Under) FY18	%
Operations	307.8	313.5	5.7	1.9%
Operating Project	6.8	8.5	1.7	25.0%
Debt Service	49.8	60.2	10.4	20.9%
Operating Outlays	364.4	382.2	17.8	4.9%
Capital Projects	218.3	199.5	(18.8)	(8.6%)
Total Outlays	582.7	581.7	(1.0)	(0.2%)
Intra-District Reimbursement*	(81.4)	(87.9)	(6.5)	8.0%
Net Outlays	501.3	493.8	(7.5)	(1.5%)

* Intra-District reimbursements represent cost recovery for support services provided such as Human Resources or Legal

FY 19 First Pass results guided by Board Priorities established for FY 18

FY 2018-19 First Pass Results – Operations & Operating Projects

(\$ in millions)	FY18	FY19	Over/	
Operations & Operating Projects	Adopted	1st Pass	(Under)	%
General Fund	61.4	63.3	1.9	3.1%
Watershed Stream Stewardship Fund	53.4	52.9	(0.5)	(0.9%)
Safe, Clean Water Fund	15.1	15.8	0.7	4.6%
Water Enterprise Funds	171.0	175.4	4.4	2.6%
Fleet Management Fund	4.9	5.2	0.3	6.1%
Risk Insurance Fund	8.6	9.2	0.6	7.0%
Information Technology Fund	0.1	0.2	0.1	100.0%
Total Operations	314.5	322.0	7.5	2.4%

Note: This table reflects gross figures that have not been adjusted for intra-district reimbursements

FY 2018-19 First Pass Results - Capital

(\$ in millions)	FY18	FY19	Over/ (Under)	
Capital Budget	Adopted	1st Pass	FY18	%
General Fund	1.7	14.9	13.2	776.5%
Watershed Stream Stewardship Fund	27.4	34.4	7.0	25.5%
Safe, Clean Water Fund	56.1	41.6	(14.5)	(25.8%)
Water Enterprise Funds	118.9	100.3	(18.6)	(15.6%)
Fleet Management Fund	1.5	1.7	0.2	13.3%
Information Technology Fund	12.7	6.5	(6.2)	(48.8%)
Total Capital	204.1	191.2	(12.9)	(6.3%)

Note: FY19 1st Pass budget is based on draft FY19-23 CIP

Proposed Change to IT Fund

Background:

- **IT Fund contains IT capital projects and one operation project**
- **General Fund contains all other IT operations projects**

Staff Proposal:

- **Move IT operations projects from General Fund to IT Fund**
 - **Benefit = reader of District budget can see full IT program and cost in one place**

Next Steps

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