

FY2019-20 First Pass Budget Development Process

February 12, 2019



Topics

- **Budget Schedule Update**
- **Revenue: Assumptions & Results**
- **Salaries & Benefits: Assumptions & Results**
- **Districtwide Outlays Results**
- **Next Steps**

FY 2019-20 Budget Schedule for Board

Board Budget Development Updates:

- ➡ • February 12, 2019 – Budget Update
- March 26, 2019 – Second Pass Results
- April 24-25, 2019 – Board Work Study Sessions

Groundwater Production Charge Updates/Hearings:

- ✓ • January 8, 2019
- February 12, 2019
- April 9 to 26, 2019

Capital Improvement Plan Board Updates:

- ✓ • January 8, 2019
- February 26, 2019

Budget Adoption: (Budget, GWP and CIP)

- May 14, 2019

FY 2019-20 Revenue Assumptions

Major Revenue Sources - First Pass

- **Total water charge revenue: \$277.4M, up \$31.2M or 12.7% over FY19**
 - M&I Ground Water Production Charge: 6.6% increase for North County and 6.9% for South County
- **Property Tax (1% Ad-valorem): \$102.2M, up \$8.3M or 8.8% over FY19, due to both new construction and increased assessed valuation based on the local Real Estate market**
- **Capital Reimbursements & State Subventions: \$45.6M, an increase of \$22.7M or 99.1% verses FY19**
 - Watershed Fund: \$7.3M
 - Safe, Clean Water Fund: \$13.5M
 - Water Enterprise Fund: \$24.8M

FY 2019-20 First Pass Revenue Projections

(\$ in millions)	Over/ (Under)				
	FY19	FY19	FY20	FY19	
Revenue	Adopted	Projected	1st Pass	Adopted	%
Water Charges	246.2	246.1	277.4	31.2	12.7%
1% Ad-valorem Property Tax	93.9	98.8	102.2	8.3	8.8%
SCW Special Parcel Tax	44.0	44.0	45.5	1.5	3.4%
State Water Project Revenues	18.0	18.0	18.0	0.0	0.0%
Benefit Assessment	14.8	14.8	13.4	(1.4)	(9.5%)
Capital Reimbursements	22.9	33.5	45.6	22.7	99.1%
Interest Income & Other	8.1	8.8	10.4	2.3	28.4%
Total Revenue	447.9	464.0	512.5	64.6	14.4%

FY 2019-20 Salaries & Benefits Assumptions

Salaries & Benefits - First Pass

- **Total Salaries budget: \$109.3M (824 regular positions; 4 fellowships) up \$6.3M or 6.1% over FY19**
 - Includes a 4% COLA increase and step increases for eligible positions
 - 11 new positions added after FY19 budget adoption
- **Total Benefits budget: \$58.3M, an increase of \$3.1M or 5.6% over FY19**
 - CalPERS Employer contribution: \$27.6M, up \$0.7M or 2.6% over FY19
 - Health benefits – Active Employees: \$16.7M, up \$1.3M or 8.4% over FY19
 - Health benefits – Retirees: \$11.4M, up \$1.0M or 9.6% over FY19
 - Other Benefits – Deferred Compensation: \$1.2M, No Change over FY19

FY 2019-20 Salaries & Benefits Assumptions

(\$ in millions)	FY19 Adopted	FY20 1 st Pass	Over/ (Under) FY19	%
Salaries				
Salaries - Regular Employees	103.5	110.3	6.8	6.6%
Overtime and Special Pays	3.9	3.7	(0.2)	(5.1%)
Salary Savings	(4.4)	(4.7)	(0.3)	6.8%
Total Salaries	103.0	109.3	6.3	6.1%
Benefits				
Fed & State Taxes & Benefits	1.3	1.4	0.1	7.7%
Retirement Contributions (PERS)	26.9	27.6	0.7	2.6%
Group Insurance - Active Employees	15.4	16.7	1.3	8.4%
Group Insurance - Retired Employees	10.4	11.4	1.0	9.6%
Other Benefits	1.2	1.2	0.0	NA
Total Benefits	55.2	58.3	3.1	5.6%
Net Total Salary & Benefits	158.2	167.6	9.4	5.9%

FY 2019-20 First Pass Results – Districtwide Outlays

(\$ in millions)			Over/	
Category	FY19 Adopted	FY20 1st Pass	(Under) FY20	%
Operations	323.5	333.9	10.4	3.2%
Operating Project	7.6	6.5	(1.1)	(14.5%)
Debt Service	59.2	58.6	(0.6)	(1.0%)
Operating Outlays	390.3	399.0	8.7	2.2%
Capital Projects	205.1	205.0	(0.1)	0.0%
Total Outlays	595.4	604.0	8.6	1.4%
Intra-District Reimbursement*	(85.5)	(80.9)	(4.6)	(5.4%)
Net Outlays	509.9	523.1	4.0	0.8%

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

First Pass results guided by draft Board Work Plan for FY 20

FY 2019-20 First Pass Results – Operations & Operating Projects

(\$ in millions)	FY19	FY20	Over/ (Under)	
Operations & Operating Projects	Adopted	1st Pass	FY20	%
General Fund	53.3	56.4	3.1	5.8%
Watershed Stream Stewardship Fund	55.4	57.6	2.2	4.0%
Safe, Clean Water Fund	18.5	17.3	(1.2)	(6.5%)
Water Enterprise Funds	177.6	184.4	6.8	3.8%
Fleet Management Fund	5.1	4.8	(0.3)	(5.9%)
Risk Insurance Fund	7.0	5.8	(1.2)	(17.1%)
Information Technology Fund	14.2	14.1	(0.1)	(0.7%)
Total Operations	331.1	340.4	9.3	2.8%

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

FY 2019-20 First Pass Results - Capital

(\$ in millions)	Over/			
	FY19	FY20	(Under)	
Capital Budget	Adopted	1st Pass	FY20	%
General Fund	14.9	2.1	(12.8)	(85.9%)
Watershed Stream Stewardship Fund	35.4	24.1	(11.3)	(31.9%)
Safe, Clean Water Fund	37.2	32.2	(5.0)	(13.4%)
Water Enterprise Funds	109.3	140.4	31.1	28.5%
Fleet Management Fund	1.8	2.2	0.4	22.2%
Information Technology Fund	6.5	4.0	(2.5)	(38.5%)
Total Operations	205.1	205.0	(0.1)	0.0%

Note: FY20 First Pass capital budget is based on draft FY20-24 CIP

Next Steps

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