

Board of Directors Presentation

Proposed Biennial Budget

Fiscal Years

2018 & 2019

May 30, 2017



Agenda

- 1. Proposed Budget Overview**
- 2. Budget Assumptions**
- 3. Planned Capital Projects**
- 4. Next Steps**
- 5. Questions**

Proposed Budget by Category

FY 2018:	Operating	\$21.1 million
	Capital	\$7.5 million
	<hr/>	
	Total	\$28.6 million
FY 2019:	Operating	\$23.3 million
	Capital	\$5.8 million
	<hr/>	
	Total	\$29.1 million

**Totals for Operating & Capital Funds Only.*

Key Revenue Assumptions

1. EQC Charges -approved rate increase
 - **11% in FY 2018; 11% in FY 2019**
2. Connection fees – increase of \$1,337 per year;
 - **Estimated ~\$250,00/ year**
3. Inspection/Permit Fees - **~2% increase**
4. Rents/Leases - **\$184,234 with 6% increase/ year**
(lease agreement with Richmond)
5. Property taxes – **3% increase**

Personnel Cost Assumptions

Salaries & Wages

FY 2018

- Per MOU: Field Ops, Admin/Clerical & Management- 5%
- Unrepresented – assumes 5%

FY 2019

- Per MOU: Field Ops- 2%, Admin/Clerical- 4%
- Management & Unrepresented - assumes 4%

Personnel Cost Assumptions (cont'd)

Overtime

- **5% decrease in overtime budget**

Health rates & retirements Costs

- **5% increases in both years**

Worker's compensation premiums

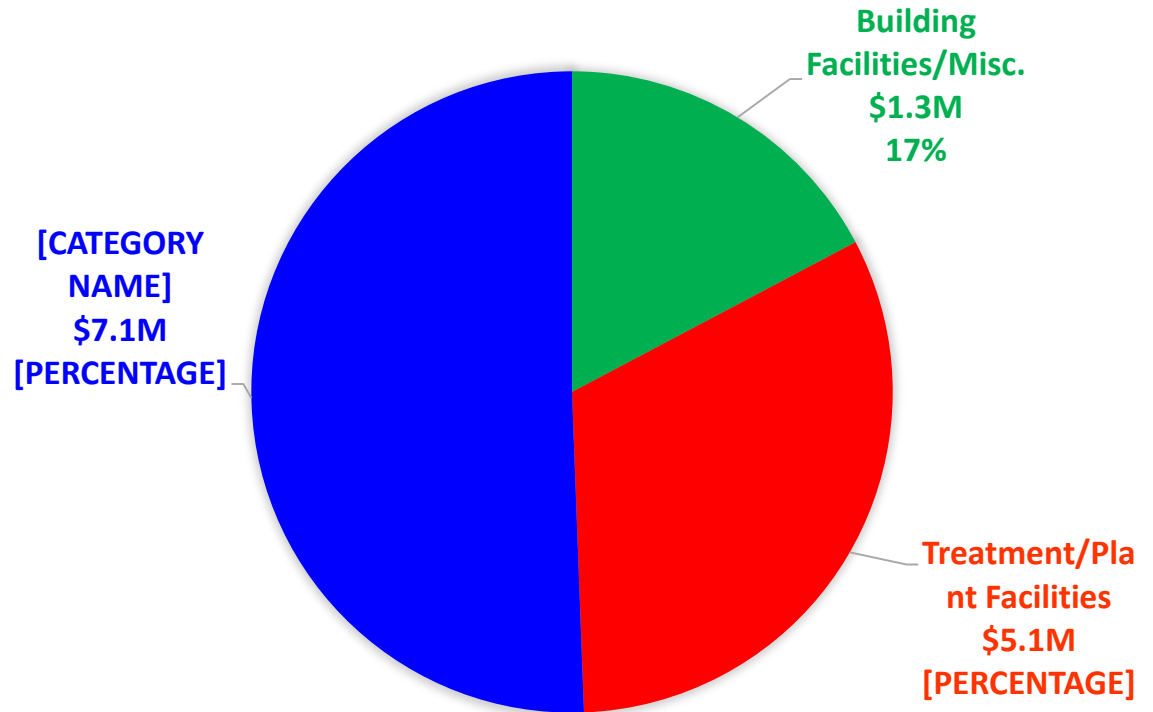
- **5% increases in both years**

Key Non-personnel Assumptions

1. Assumes **4%** increases in most professional & purchased services, utilities & supplies
2. Transfer for SRF loan repayment
FY 2018 \$1.6 million FY 2019: \$2 million
3. Set- Aside for Future Equipment Replacement
FY 2018 \$362,000 FY 2019: \$377,000
4. Transfer to capital fund for capital projects
FY 2018 \$3 million FY 2019: \$4 million

Two Year Capital Expenditures By Program Category

**Total planned
expenditures of
\$13.5 million**

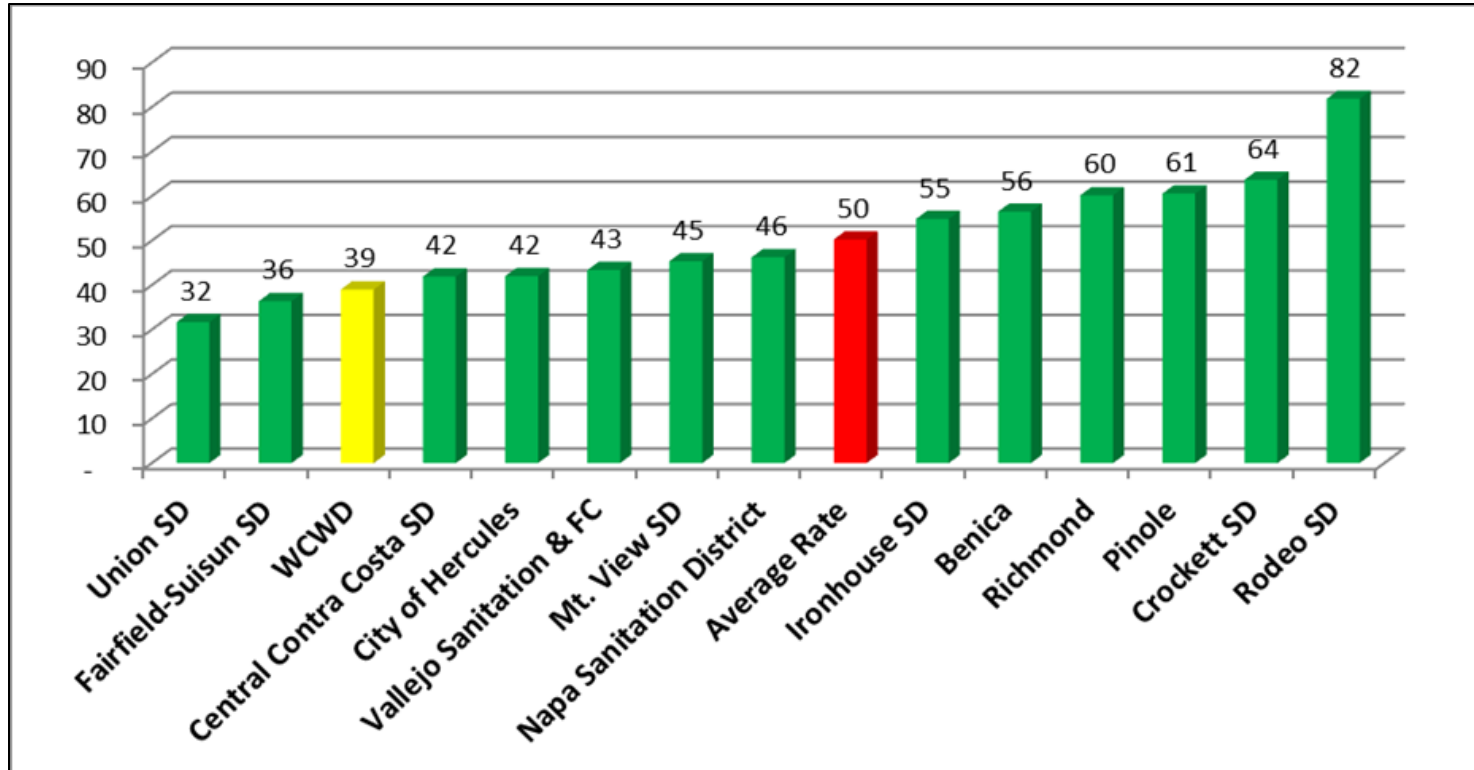


Budget Recommendations

We need to Invest in our Assets....

- Engage Our Community
- Develop Our Employees
- Protect Our Infrastructure Assets
- Enhance Our Org. Culture and Performance
- And Continue Our Environmental Stewardship!

SF Bay Area Rate Comparison



Summary of Recommended Changes

Recommendation	FTE	1-Time/ Ongoing	FY 2018	FY 2019
<u>Staffing</u>				
Community Affairs/Public Education & Outreach	1.00	Ongoing	\$123,750	\$259,875
Human Resources/ Employee Development & Maintenance Assistant (In Training)	1.00	Ongoing	\$123,750	\$259,875
Process/Control Engineer	1.00	Ongoing	\$61,350	\$128,835
Safety Officer/Technical Trainer Position	1.00	Ongoing	\$132,000	\$277,200
Executive Assistant to General Manager	1.00	Ongoing	\$103,125	\$216,563
			\$74,250	\$155,925
<u>Other</u>				
Maintenance & Repair services contract		Ongoing	\$75,000	\$75,000
Compensation Study of All Positions		1-Time	\$30,000	
Design of New Website		1-Time	\$25,000	
New rate analysis		1-Time	\$75,000	
Capital Equipment/Vehicle Replacement catch up		1-Time	\$900,000	
Total Ongoing	6.00		\$1,723,225	\$1,373,273

* Represents full cost of positions- salaries & benefits.

Proposed Staffing Additions

1. Maintenance Assistant (*Infrastructure*)

- *Succession planning & growth opportunity*
- *More complex equipment & control post Plant upgrade*

2. Process/Control Engineer (*Environmental Stewardship, Organizational Performance*)

- *Plant upgrade is more complex process*
- *Ensure ongoing success with no NPDES violations*

3. Safety Officer/Technical Trainer (*Employees, Organizational Culture & Performance*)

- *Come into compliance with state and illness & injury program requirements*

Proposed Staffing Additions

- 1. Community Affairs/Public Education & Outreach Representative**
(Community, Organizational Culture & Performance)
 - *Support District's strategic vision and expanded community outreach efforts*
- 2. HR/Employee Development & Organizational Performance Manager**
(Employees, Organizational Culture/Performance)
 - *Nurture & develop a participative organizational culture*
 - *Employee and leadership development programs that support achievement of District's strategic goals*
 - *Facilitate Strategic Plan Organizational Performance Measurement*
- 3. Executive Assistant to General Manager** *(Supports all asset categories)*
 - *Increased support to GM and Board*

Financial Impact of Recommended Changes

	FY 2018	FY 2019
Beginning Fund Balance	\$12,231,800	\$11,666,345
Revenue	\$22,385,989	\$24,760,531
Expenditures	\$21,317,409	\$23,527,524
Budget Recommendations- Ongoing	\$693,225	\$1,343,474
Annual Shortfall/Surplus	\$375,355	(\$110,467)
Budget Recommendations- 1-time	\$1,030,000	\$0
Ending Fund Balance	\$11,577,155	\$11,555,879

*** Represents revenue, expenditures & fund balance of Operating Fund.**

Recommended Action

- 1. Provide Input to Staff on Proposed Two Year Budget**
- 2. Recommend Staff to Bring Final Budget to Board at June 21st Meeting for Approval**

Next Steps

May 30th **Board Budget Presentation**

June 21st **Adoption of Biennial
FY 2018 & FY 2019 Budget**

July 1st **1st Day of FY 2018**

Proposed Biennial Budget

Questions?

