



SCOTTS VALLEY
WATER DISTRICT

FY 2017 Proposed Budget

Board Meeting

6/9/2016



SCOTTS VALLEY
WATER DISTRICT

FY 2017 Budget Summary

FY 2017 Budget: \$7.8 MM

FY 2016 YE Rollover: \$2.6 MM

Total: \$10.4 MM

Resources:

Revenue: \$7.1 MM

Fund Balance: \$3.3 MM

Total: \$10.4 MM



SCOTTS VALLEY
WATER DISTRICT

FY 2017 Strategic Work Plan

- Presented to the Board in May 2016
- Developed based on strategic goals of:
 1. Water Resource Management
 2. Infrastructure Integrity
 3. Financial Stewardship
 4. Public Outreach
 5. Organizational Vitality



SCOTTS VALLEY
WATER DISTRICT

Highlights of the FY 2017 Budget

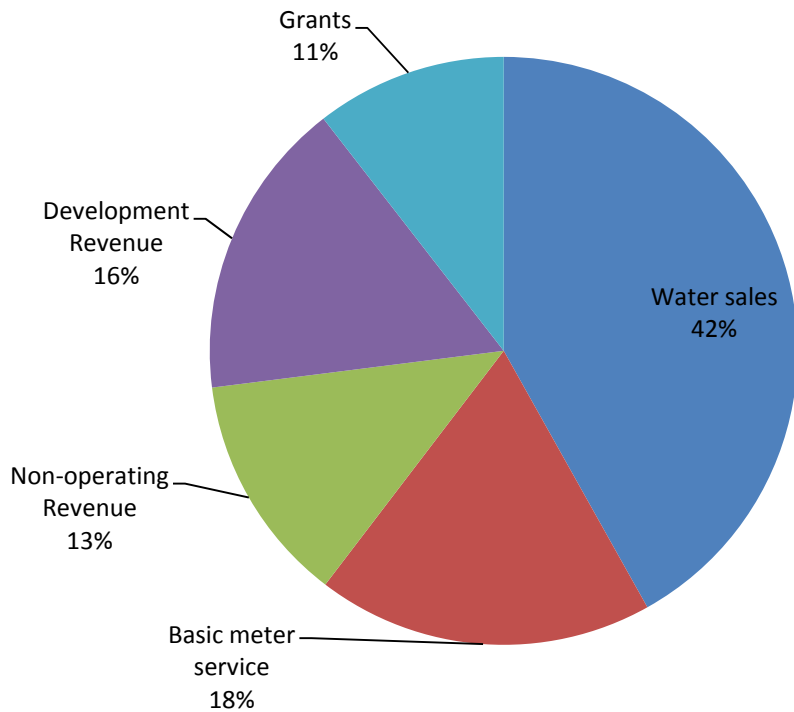
- Stagnant water sales
- Robust Development revenue
- City of Scotts Valley payment
- New MOU agreement
- Robust capital improvement program
- Debt Service Coverage Ratio bolstered by Development revenue



SCOTTS VALLEY
WATER DISTRICT

FY 2017 Revenue

(In millions)



	PW (01)	RW (02)	District Total
REVENUE			
Operating Revenue			
Potable water sales	\$ 2.7	\$ -	\$ 2.7
Recycled water sales	\$ -	\$ 0.3	\$ 0.3
Basic meter service	\$ 1.3	\$ -	\$ 1.3
Development revenue	\$ 0.6	\$ 0.6	\$ 1.2
Subtotal	\$ 4.6	\$ 0.9	\$ 5.5
Non-Operating Revenue			
Property Taxes	\$ 0.7	\$ -	\$ 0.7
Misc Non-Operating Revenue	\$ 0.0	\$ 0.2	\$ 0.2
Subtotal	\$ 0.7	\$ 0.2	\$ 0.9
Grants	\$ 0.8	\$ -	\$ 0.8
TOTAL REVENUE	\$ 6.0	\$ 1.1	\$ 7.1



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Revenue Parameters

- Water Sales Revenue
 - Based on FY 2016 estimated actual
 - New demand from FY 2016 connections
 - Rate increases of 3.78% in Dec 2016
 - Not including the preliminary findings or recommendations from the 2016 rate study



SCOTT'S VALLEY
WATER DISTRICT

Revenue Parameters (continued)

- Basic Meter Service Charge
 - Potable and Fire Service
 - Based on the number of meters as of 6/30/2016
 - 1% rate increases in Dec 2016
- Development Revenue
 - Connection fees, impact fees, will-serve application fees, development project review fees, etc.
 - Based on projected meter connections in FY 2017
 - Estimated 44 meters of various sizes and types



SCOTTS VALLEY
WATER DISTRICT

Revenue Parameters (continued)

- Non-operating Revenue
 - Property Taxes: increased by 2%
 - City of Scotts Valley payment of \$155,187
 - Interest earnings
- Grants
 - Grants based on estimated cash flow schedule
 - Prop 84: Transit Center Stormwater Retention

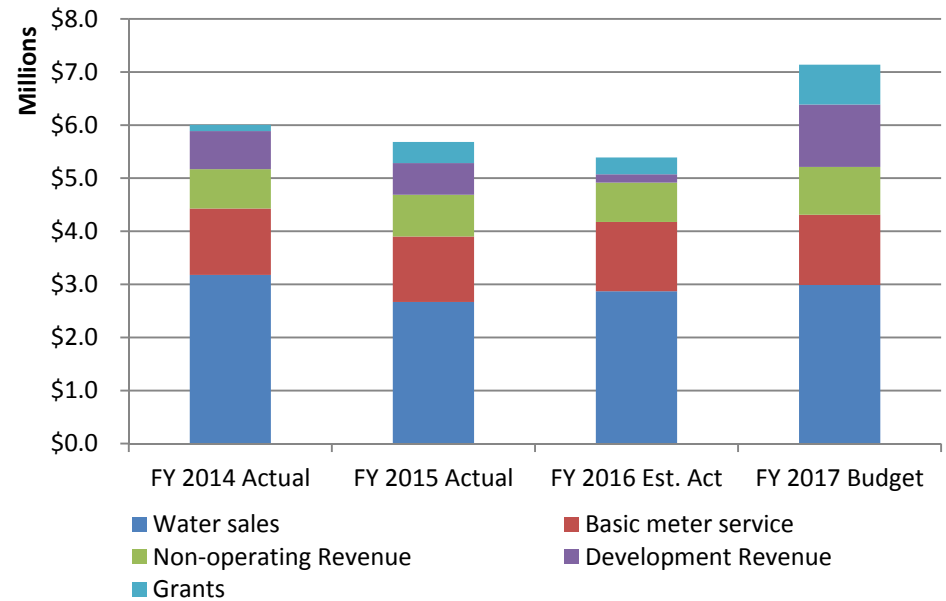


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WATER DISTRICT

Revenue Four-year Comparison

(In millions)

	FY 2014 Actual	FY 2015 Actual	FY 2016 Est. Act	FY 2017 Budget
Water sales	\$ 3.2	\$ 2.7	\$ 2.9	\$ 3.0
Basic meter service	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.3
Non-operating Revenue	\$ 0.7	\$ 0.8	\$ 0.7	\$ 0.9
Development Revenue	\$ 0.7	\$ 0.6	\$ 0.2	\$ 1.2
Grants	\$ 0.1	\$ 0.4	\$ 0.3	\$ 0.8
Total	\$ 6.0	\$ 5.7	\$ 5.4	\$ 7.1



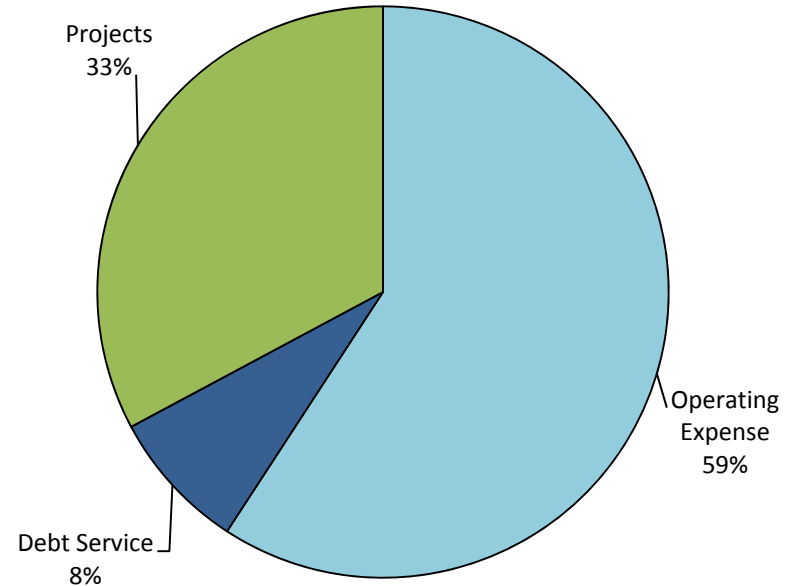


SCOTTS VALLEY
WATER DISTRICT

FY 2017 Expense Budget

(In millions)

EXPENSE	PW (01)	RW (02)	District Total
Operating Expense			
Administration	\$ 0.7	\$ 0.1	\$ 0.8
Finance/CS	\$ 0.6	\$ 0.1	\$ 0.7
Operations	\$ 2.4	\$ 0.3	\$ 2.6
Engineering	\$ 0.2	\$ 0.0	\$ 0.2
Water Use Efficiency	\$ 0.2	\$ -	\$ 0.2
Board	\$ 0.1	\$ 0.0	\$ 0.1
Maintenance Projects	\$ -	\$ -	\$ -
Total Operating Budget	\$ 4.1	\$ 0.5	\$ 4.6
Debt Service	\$ 0.4	\$ 0.3	\$ 0.6
Projects	\$ 2.5	\$ 0.1	\$ 2.6
TOTAL EXPENSE BUDGET	\$ 6.9	\$ 0.8	\$ 7.8

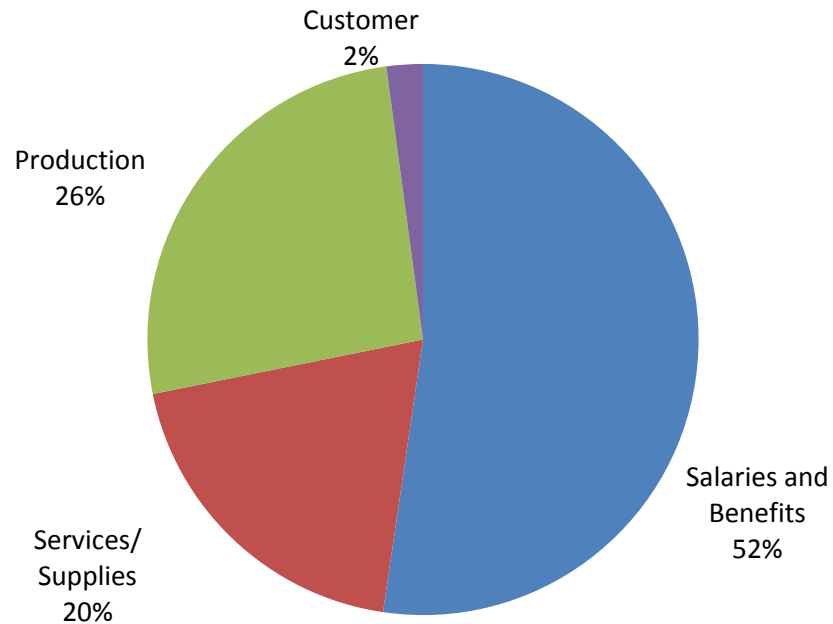




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FY 2017 Operating Expense

(In millions)



Operating Expenses	FY 2017
Salaries and Benefits	\$ 2.40
Service/ Supplies	\$ 0.90
Production Costs	\$ 1.20
Customer/ Other	\$ 0.10
Total	\$ 4.60



Operating Expenses Parameters

- Salaries and Benefits – New MOU Agreement
 - No increase to the headcount
 - Classification change: trade of 1.0 WFO I/II position for 1.0 Electrician/Instrumentation position
 - Hourly employees: step increases (3-5%) and COLA (2.6%)
 - Exempt employees: 5% increases
 - Equity adjustment of 9% for the WFO positions
 - Medical (10%)/Dental (2%)/Vision (2%)/Life (30%)
 - Employer contribution to 457/HSA: \$2,200 each
 - Unfunded pension liability allotment: \$61,570



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Operating Expense Parameters (continued)

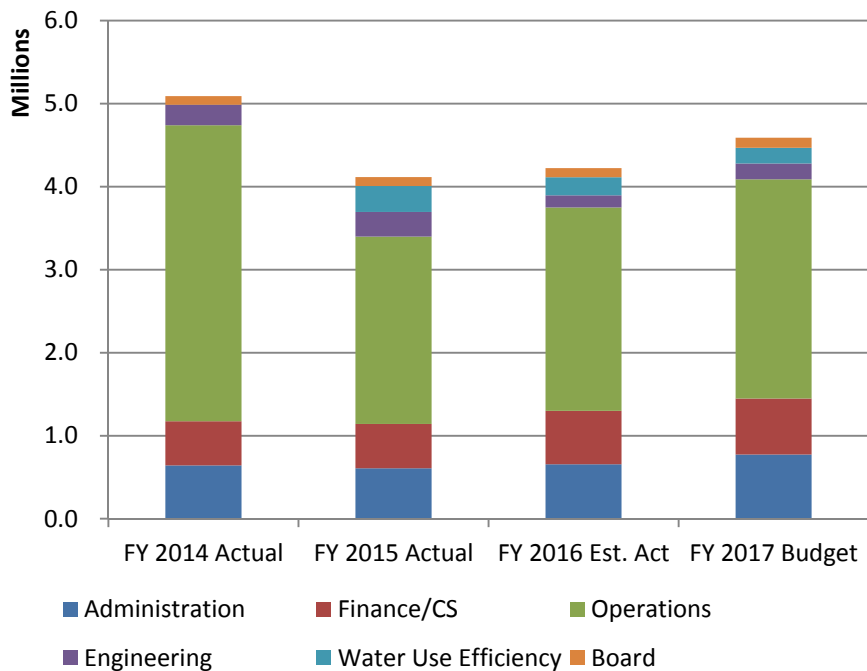
- Production / General & Administrative Costs
 - Kept at the FY 2016's level
 - A reallocation of budget amongst line items and divisions



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Operating Expense by Division Four-year Comparison

(In millions)



FY 2014 - accounting reclassifications of \$0.9 million

FY 2015 - FY 2016 – Operating efficiencies and lower production costs due to lower demand

FY 2017

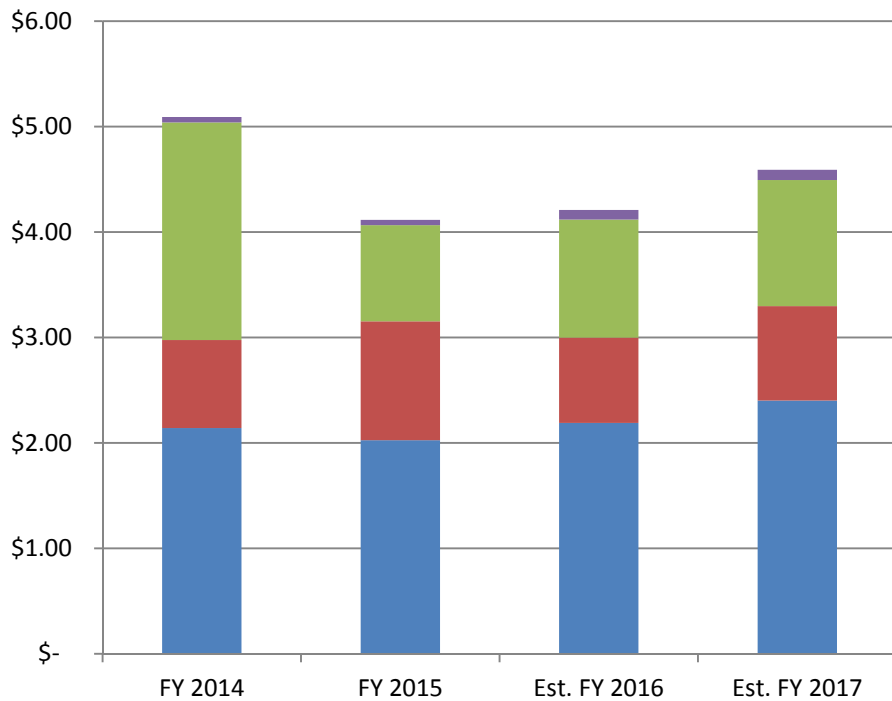
- Salaries and Benefits related increases



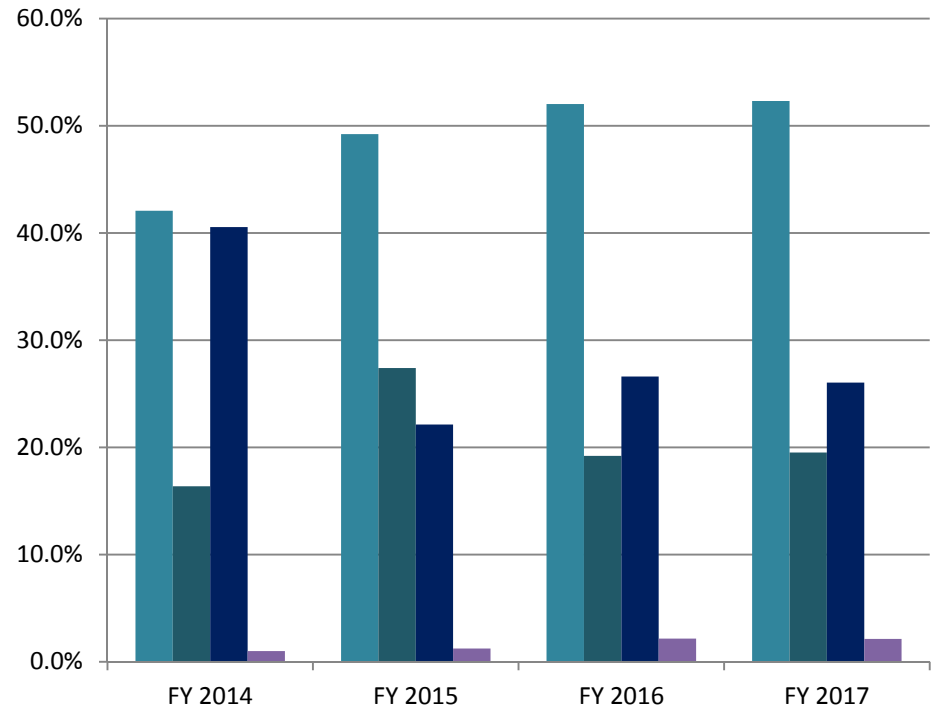
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Operating Expense by Type

Four-year Comparison



■ Salaries and Benefits
 ■ Service/Supplies
■ Production Costs
 ■ Customer/Other



■ Salaries and Benefits
 ■ Service/Supplies
■ Production Costs
 ■ Customer/Other



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P.O./Contract Rollover

- Committed service agreements
- Not anticipated to be completed by 6/30/2016
- Not included in the FY 2017 Budget
- Rollover amount: \$84,710
- FY 2017 Budget + FY 2016 Rollover: \$4,674,820



SCOTTS VALLEY
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Debt Service Budget

District Total \$619,586

	PW (01) Fund	RW (02) Fund
Interest:		
2004 Refunding COP		104,223
2011 WFB Loan	135,363	
Principal		
2004 Refunding COP		165,000
2011 WFB Loan	215,000	
Total	\$350,363	\$269,223



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Projects

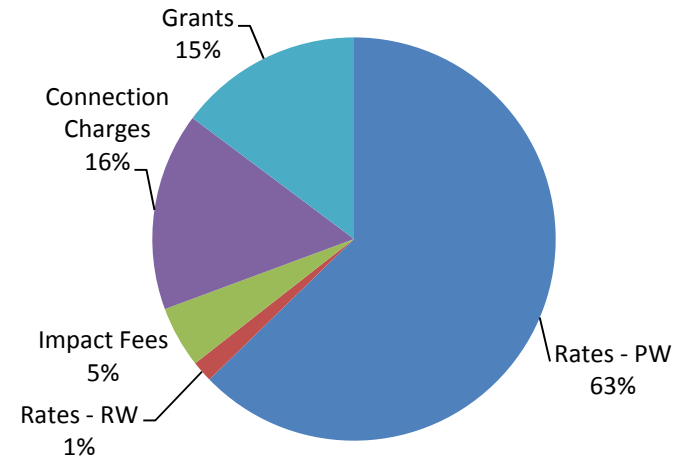
Category	Project	Potable Water (01) Fund	Recycled Water (02) Fund	FY 2016 Rollover	FY 2017 Total
Transmission Mains	Emergency Intertie w/ SLVWD	\$ 50,000	\$ 50,000	\$ -	\$ 100,000
Treatment Plants	Orchard Run WTP Water Quality Improvements	1,300,000		150,000	1,450,000
Storage Tanks	MacDorsa Tank Rehabilitation	220,000	-	454,732	674,732
Storage Tanks	Bethany Tank 2nd Tank Addition	-	-	50,000	50,000
Pump Stations	El Pueblo Pumps Reconfiguration	-	-	66,145	66,145
Wells	Well 9 Replacement (Santa Margarita/Lompico)	200,000	-	561,250	761,250
Recycled Water Program	Hanson Quarry Groundwater Recharge Program	-	-	500,000	500,000
Recycled Water Program	Recycled Water Fill Station	-	10,000	-	10,000
Other	Transit Center Stormwater Retention System	350,000	-	752,049	1,102,049
Meters	Automated Metering Infrastructure	135,000	15,000	-	150,000
Meters	Meter Replacement Program	100,000	-	-	100,000
District Facilities	Electronic Security Access	22,500	2,500	-	25,000
Technology Upgrades	Accounting & Utility Billing Software Replacement	18,000	2,000	-	20,000
Vehicles/ Equipment	Specialized Operations Vehicles	63,000	7,000	-	70,000
		\$ 2,458,500	\$ 86,500	\$ 2,534,176	\$ 5,079,176



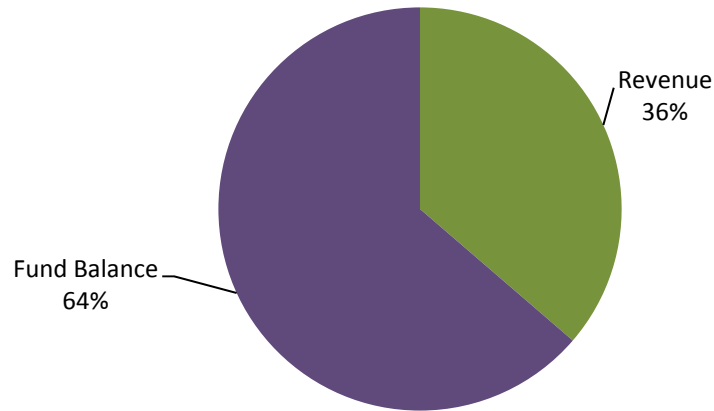
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Project Funding

Revenue Type	Amount
Rates - PW	\$ 3,186,026
Rates - RW	\$ 86,500
Impact Fees	\$ 250,000
Connection Charges	\$ 806,650
Grants	\$ 750,000
Total:	\$ 5,079,176



Revenue	\$ 1,844,363
Fund Balance	\$ 3,234,813
Total	\$ 5,079,176





SCOTTS VALLEY
WATER DISTRICT

Fund Balance

(In millions)

FY 2017 Budget	Fund (01)	Fund (02)	District Total
Beginning Fund Balance	\$ 3,477,365	\$ -	\$ 3,477,365
Revenue Budget	6,040,200	1,098,568	7,138,768
Operating Expense Budget	(4,115,450)	(474,660)	(4,590,110)
Debt service	(350,363)	(269,223)	(619,586)
Capital Projects	(2,458,500)	(86,500)	(2,545,000)
Subtotal:	\$ 2,593,252	\$ 268,186	\$ 2,861,437
FY 2016 Capital Project Rollover	\$ (2,284,176)	\$ (250,000)	(2,534,176)
FY 2016 Purchase Order Rollover	(84,710)	-	(84,710)
Transfer from 01 Fund to 02 Fund	-	-	-
Projected Balance @ 6/30/2017	\$ 224,366	\$ 18,186	\$ 242,551 *

* The ending balance of \$0.2 million by 6/30/2017 denotes an appropriable balance after the full funding of the FY 2017 Proposed Budget. Cash flow wise, it's unlikely that the District will spend the entire budget authority of \$10.4 MM in a year.

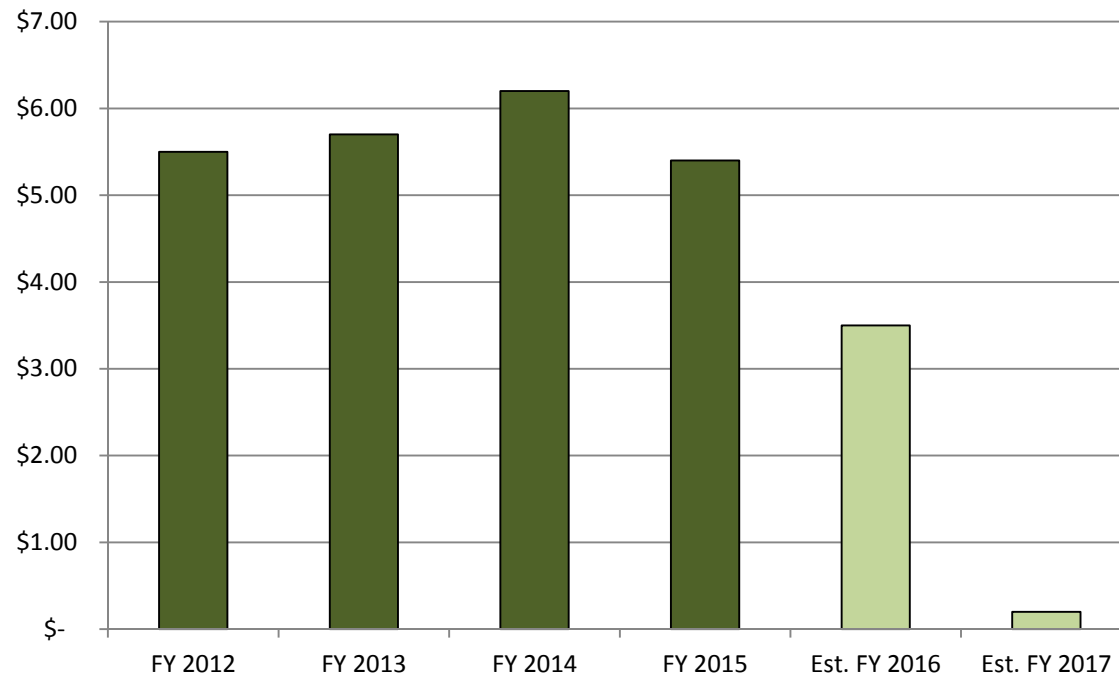


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Six-year Fund Balance

(In millions)

Fund Balance definition: working capital, or current assets in excess of current liabilities





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Acknowledgements

Q&A