

FY 20 Second Quarter Financial Review and FY 21 Budget Impacts

May 7, 2020



Presentation Summary

- Covid-19 Effects
 - FY 20 Revenues
 - Cost Cutting Measures
- FY 20 Water Fund Projections
 - Reserves
 - Expenditures
 - Revenues



Presentation Summary

- FY 20 Sewer Fund Projections
 - Reserves
 - Expenditures
 - Revenues
- FY 21 Budget Impacts
- Next Steps



Covid-19 Effects



Effects of Covid-19 on FY 20 Revenues

- Estimated Customer Demand Impact – FY 20
 - Commercial water demand approx. 30% reduction
 - Based on AMI data
 - Small sample size
 - Short data time frame
 - Estimated 1,500 AF total demand reduction
 - Approx 3% total reduction in demand
 - Estimated \$900,000 net loss to Water Fund



Effects of Covid-19 on FY 20 Revenues

- Non-Payment of Bills
 - Increase in Accounts Receivables for unpaid Water & Sewer Bills
 - Ongoing tracking of unpaid bills, still early to quantify trends
 - Current estimates
 - Water Fund -\$1,500,000 loss in revenues
 - Sewer Fund -\$300,000 loss in revenues



FY 20 Cost Cutting Measures

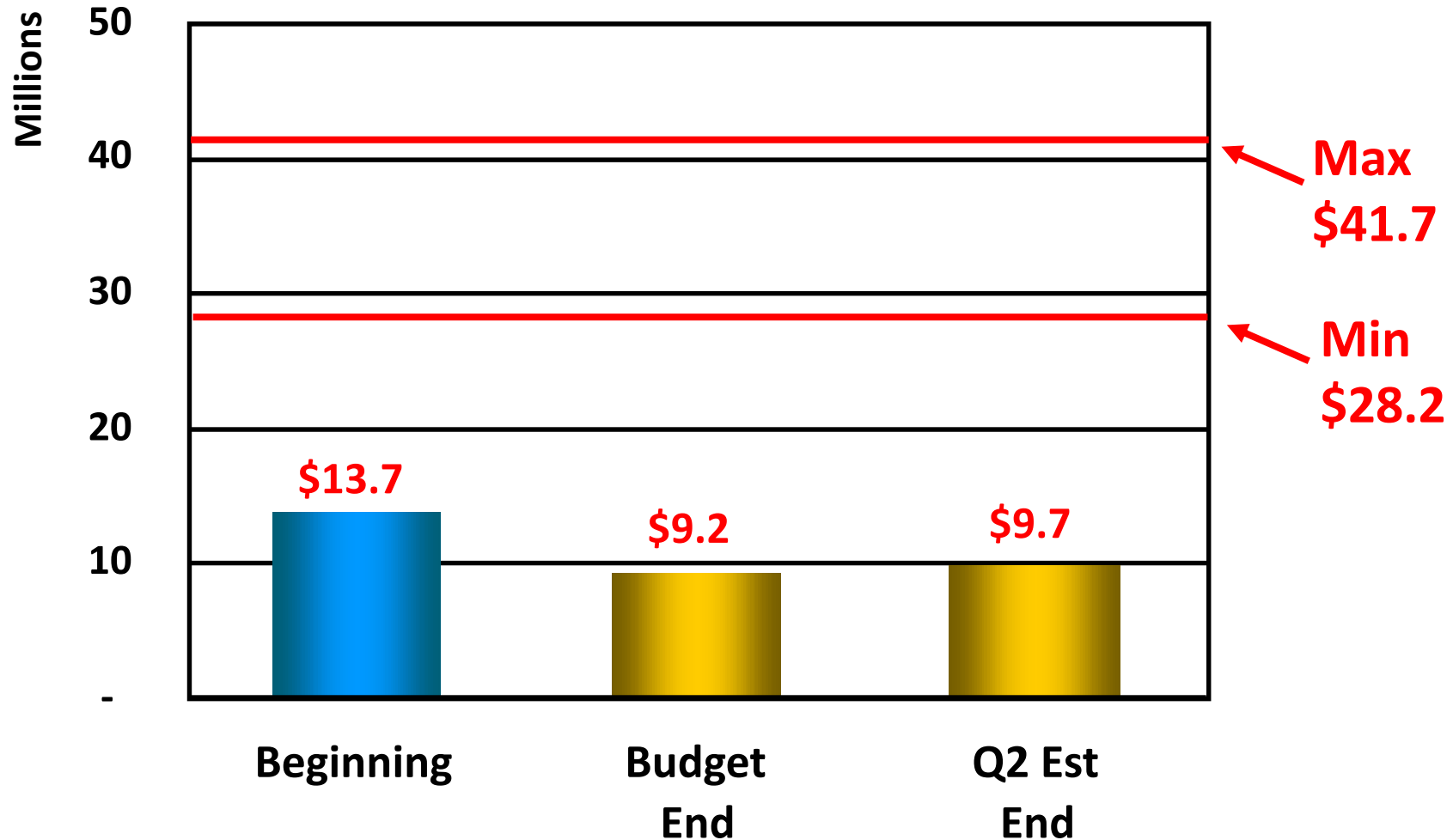
- Labor
 - Soft Hiring Freeze
- CIP \$1.8 M Deferred
 - Alley Main Conversion
 - Building Flashings
 - Roofing
- O&M \$450k Savings
 - Travel
 - Training
 - Seminars
 - Lawn to Garden Classes
 - Temporary Staffing
 - Contractor Services
 - Equipment and Furniture



FY 20 Water Fund Projections



FY 20 Water Fund Reserves



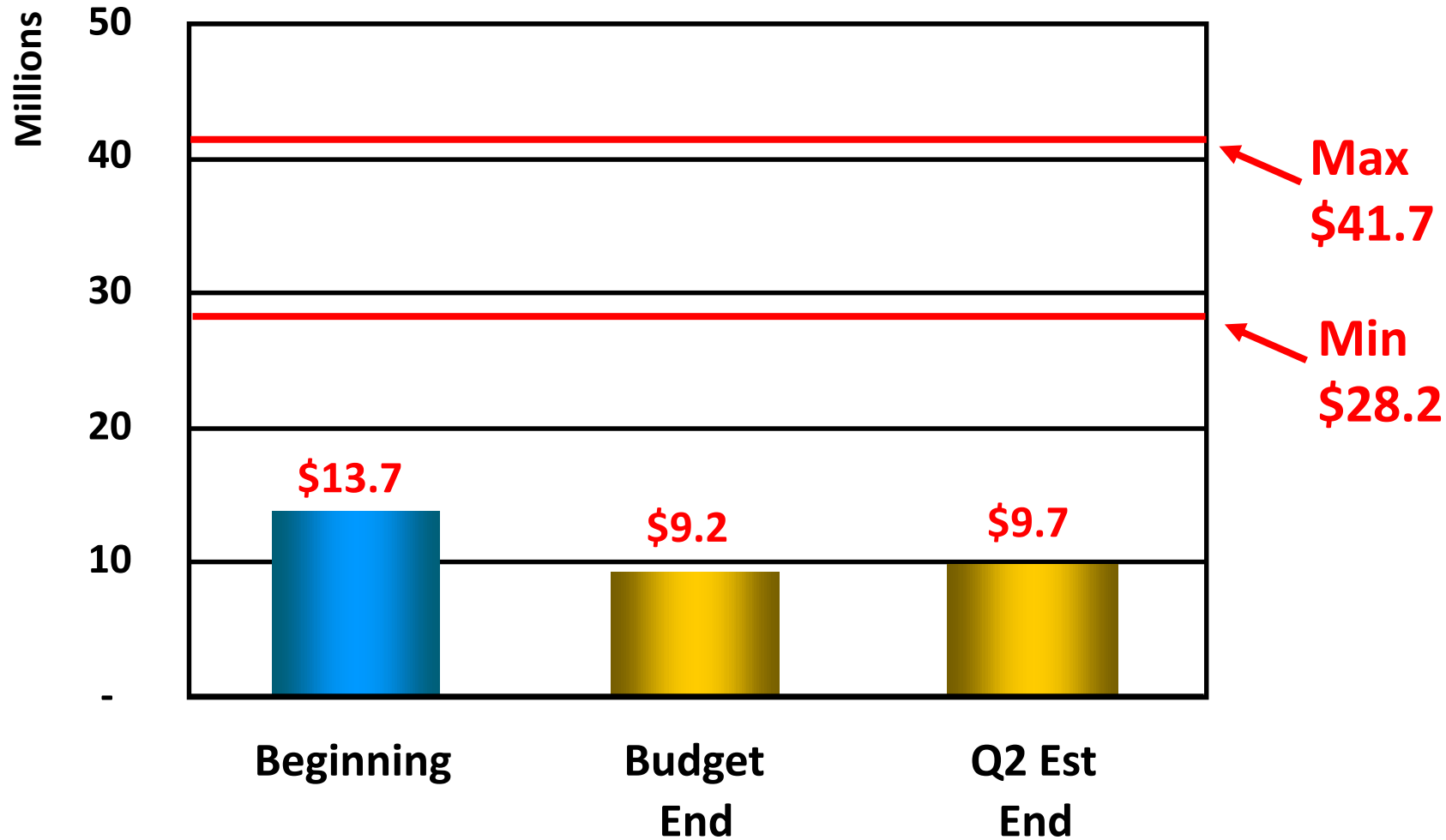
Budgeted draw
on reserves
\$4.5 M

Estimated draw
on reserves
\$4.0 M

Difference
\$500k



FY 20 Water Fund Reserves



Expenditures

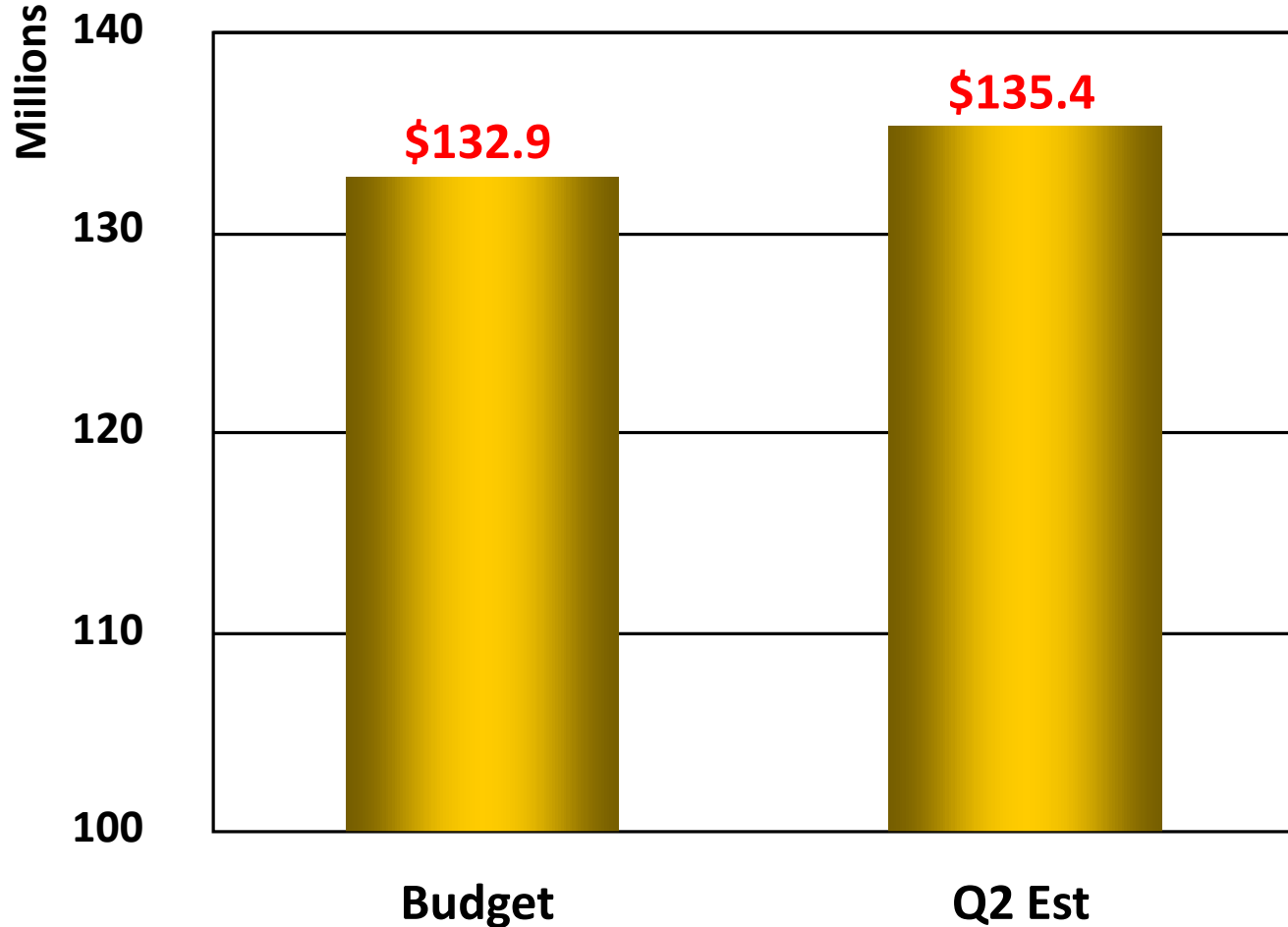
↑ \$2.5 M

Revenues

↑ \$3.1 M



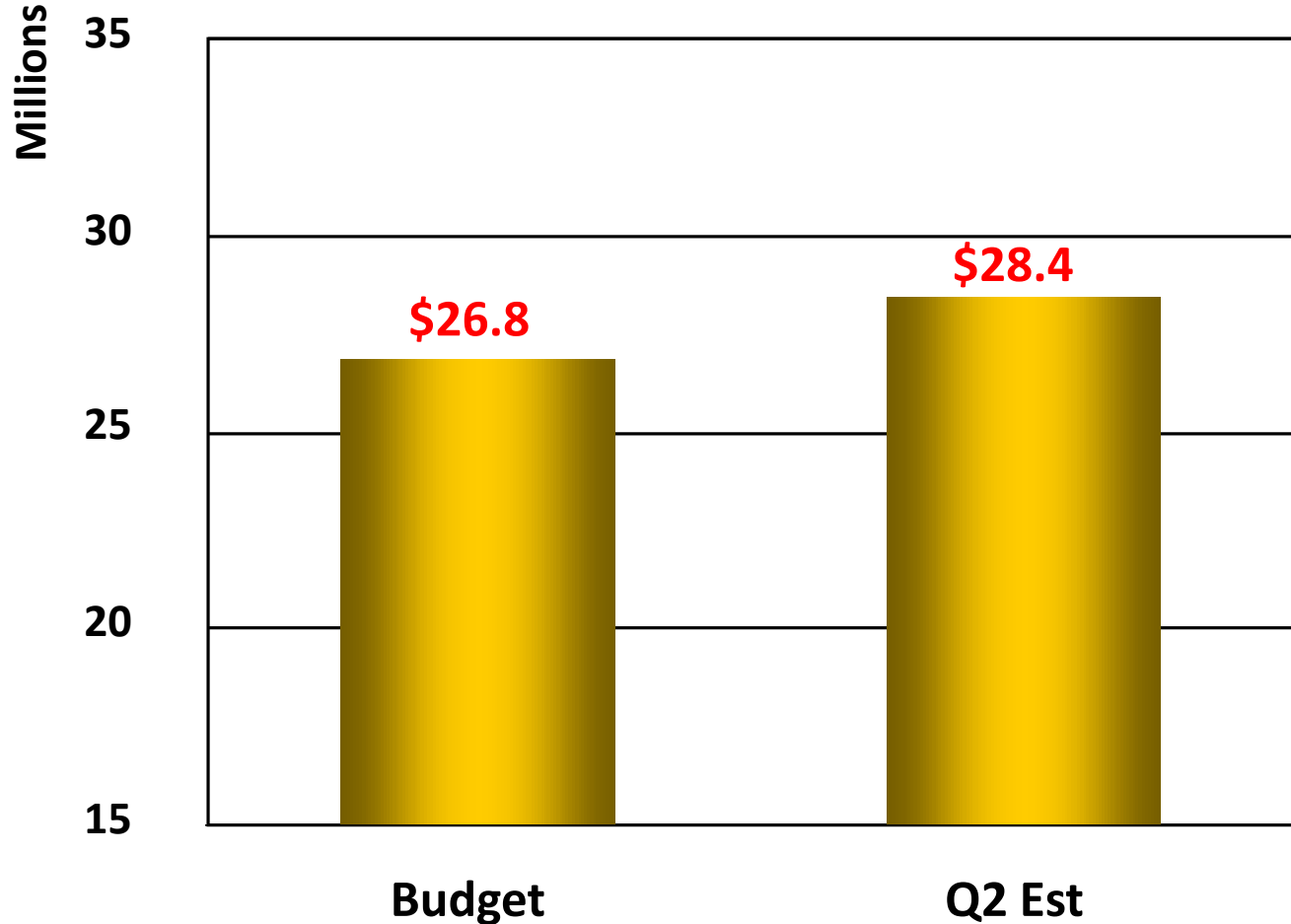
FY 20 Water Fund Total Expenditures



- Total \$2.5 M over budget
 - Labor \$1.6 M over budget
 - Operations \$100k under budget
 - CIP \$1.0 M over budget



FY 20 Water Fund Labor



- Total \$1.6 M over budget
 - Budget reduced by \$1.8 M Salary Savings
 - Vacancy rate near zero due to filled vacancies and academies
 - \$500k reimbursed for Seawater Barrier

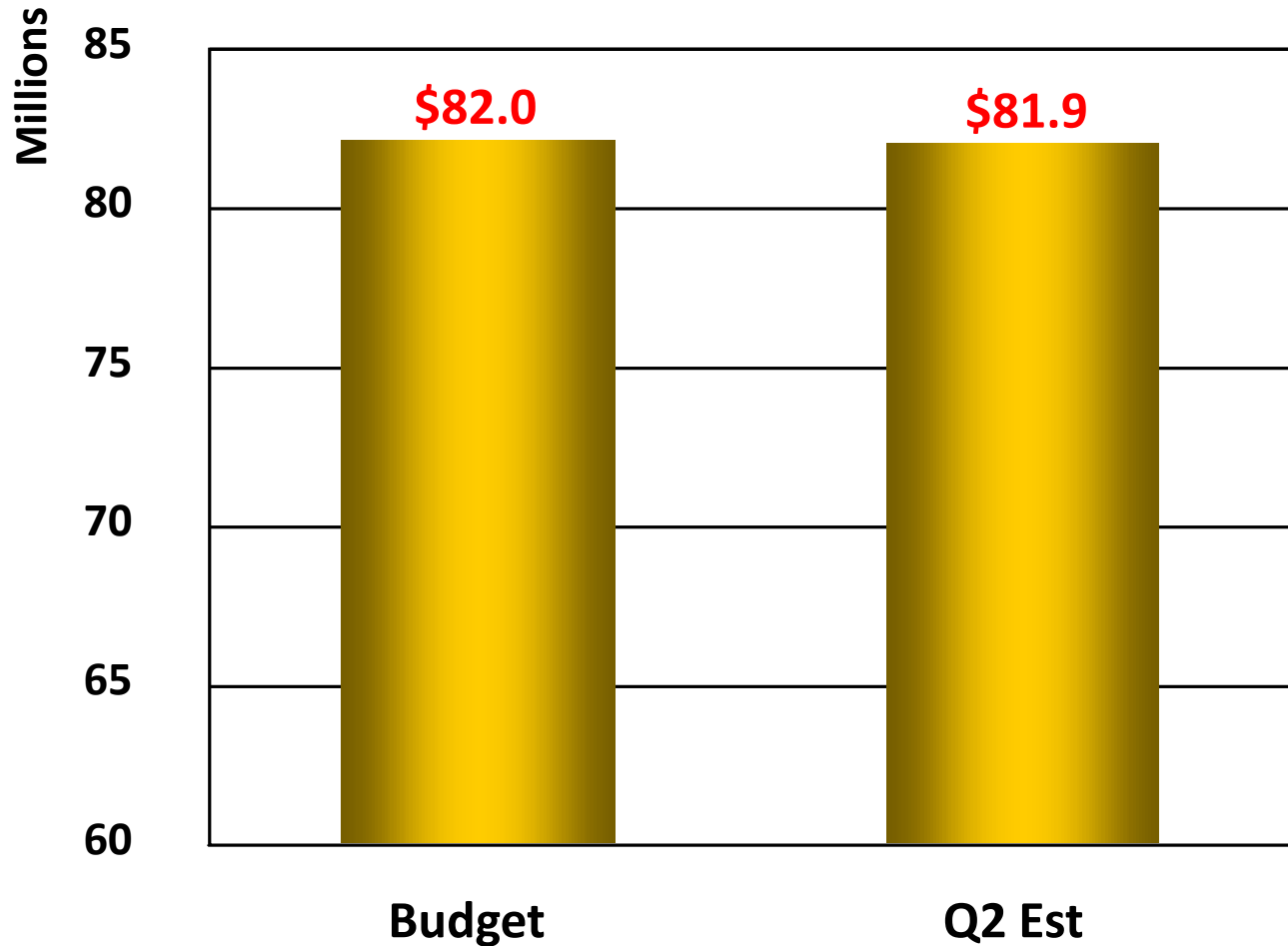


FY 20 Operations - Water Supplies

Treatment Plant (AF)	Budget	Estimates	Diff
Groundwater	25,328	22,563	(2,764)
MWD Purchases	25,173	24,769	(404)
Lakewood	2,500	2,437	(63)
Total Demand	53,000	49,769	(3,231)



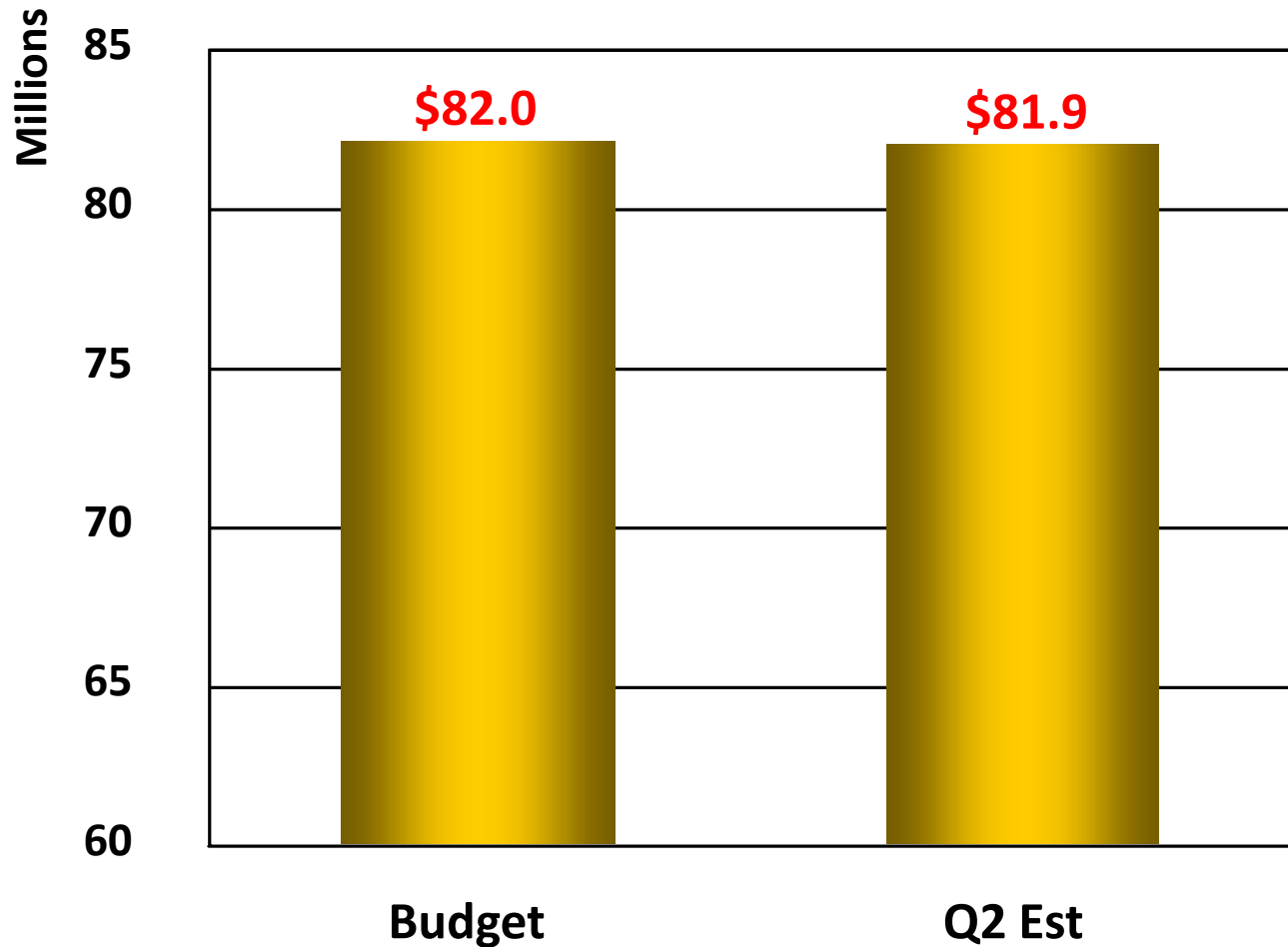
FY 20 Water Fund Operations



- Total \$100k under budget
 - Water Purchases \$500k under
 - Groundwater \$1.4 M under
 - Lawn to Garden \$700k under (\$500k under rev)



FY 20 Water Fund Operations



- Total \$100k under budget
 - Financial System \$350k over
 - Seawater Barrier \$2.7 M over (rev offset)



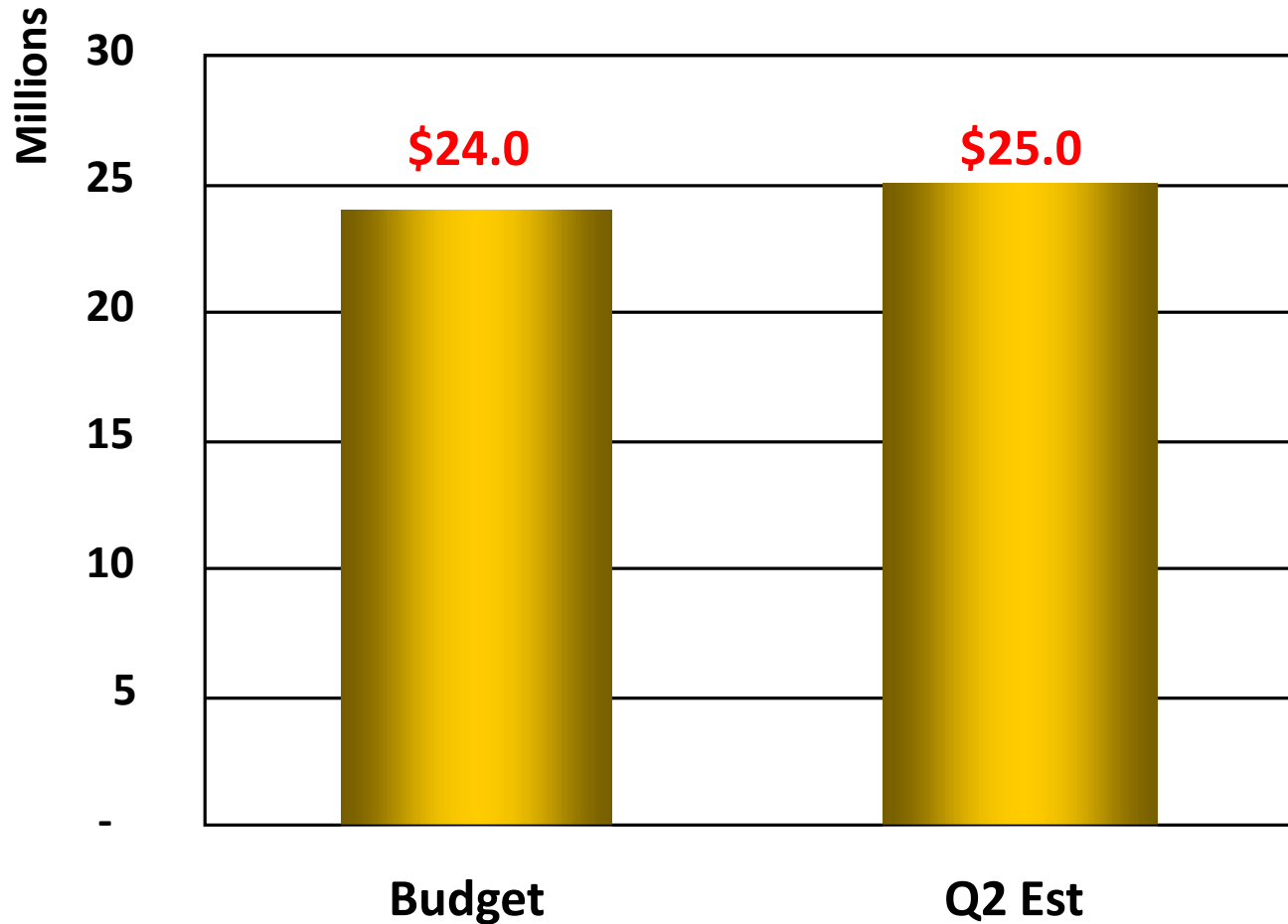
Line of Credit (LOC) Strategic Plan

	FY 20 Est	FY 21 CIP	FY 22 CIP	FY 23 CIP	FY 24 CIP
Water CIP Total*	14,887,000	20,896,000	36,387,000	27,609,000	15,968,000
LOC Debt Financing					
CIP Well Projects	2,900,000	8,212,000	12,705,000	12,730,000	4,759,000
CIP Tank Projects	-	2,117,000	3,913,000	2,973,000	2,062,000
Additional CIP Projects	-	-	7,630,000	-	-
Total CIP Debt Financing	2,900,000	10,329,000	24,247,000	15,703,000	6,821,000
Cumulative CIP Debt Financing	2,900,000	13,229,000	37,476,000	53,179,000	60,000,000
Total CIP Minus Debt Financing	11,987,000	10,567,000	12,140,000	11,906,000	9,147,000

* Net of AMI and POLB revenue offsets



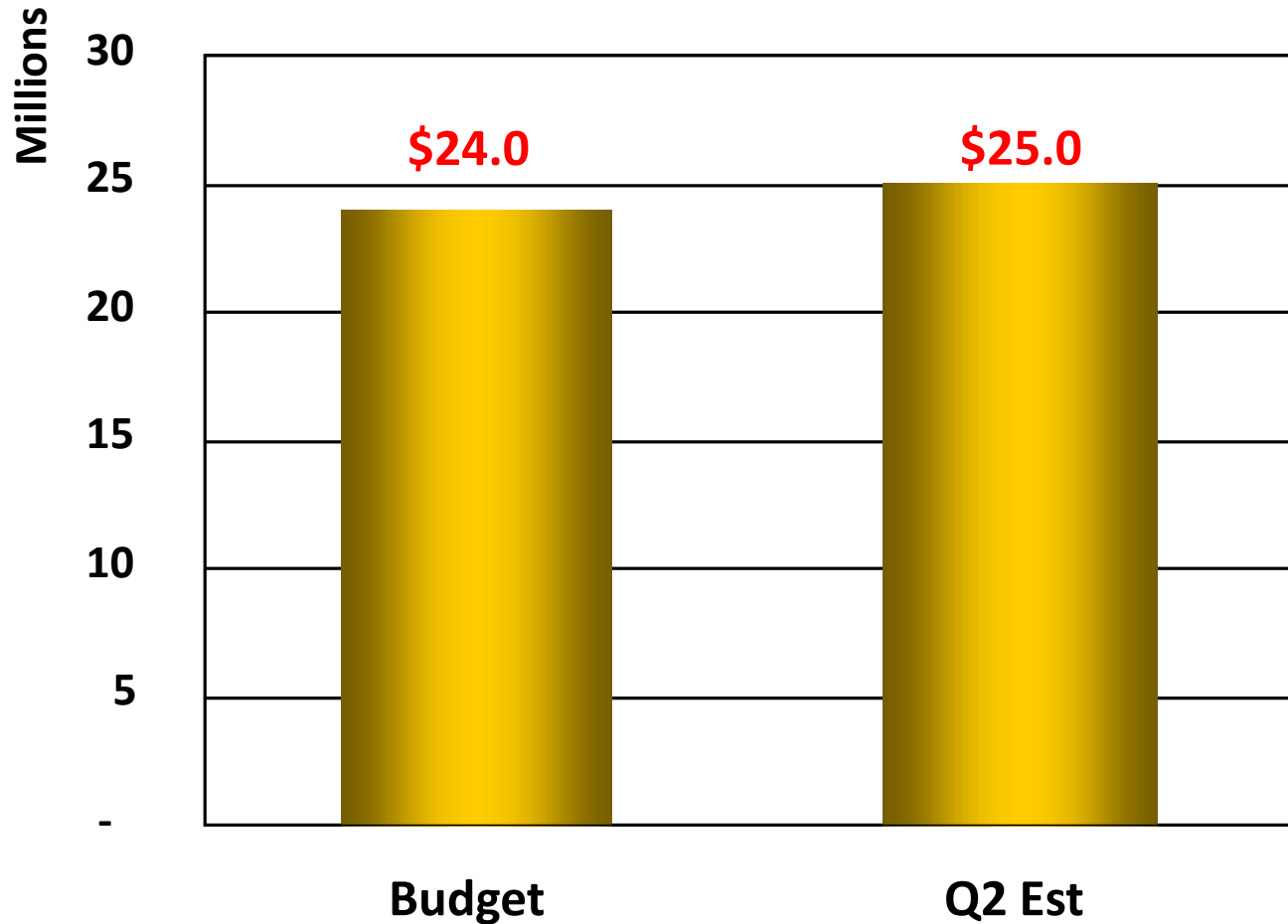
FY 20 Water Fund CIP



- Total \$1.0 M over budget
 - Deferred \$1.8 M
 - Wells \$2.5 M under
 - In-House Main \$600k under



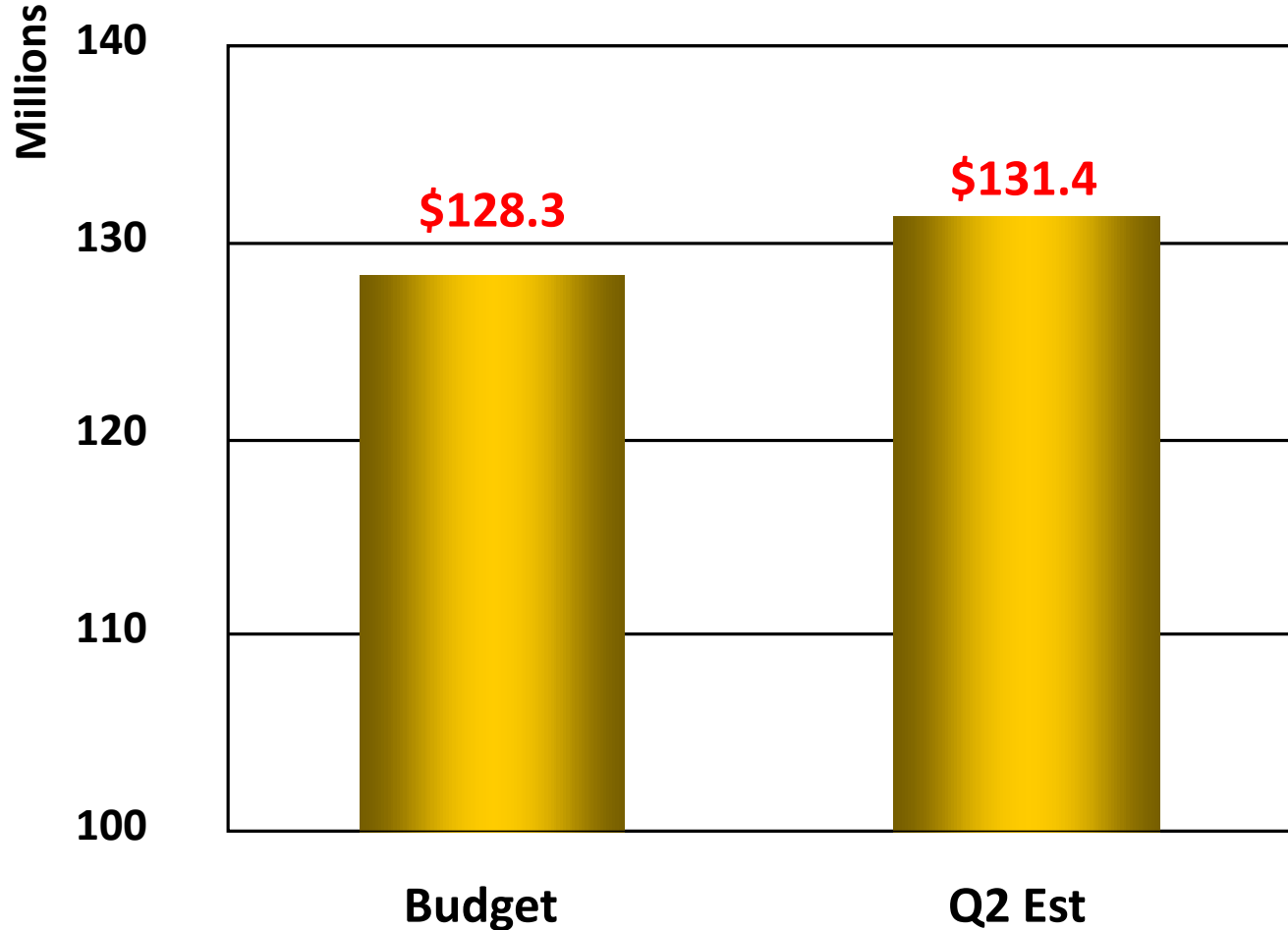
FY 20 Water Fund CIP



- Total \$1.0 M over budget
 - Treatment Plant \$850k over
 - Duck Pond \$990k over
 - Pipeline \$1.0 M over
 - Large Valve \$600k over
 - Developer projects \$650k over (rev offset)



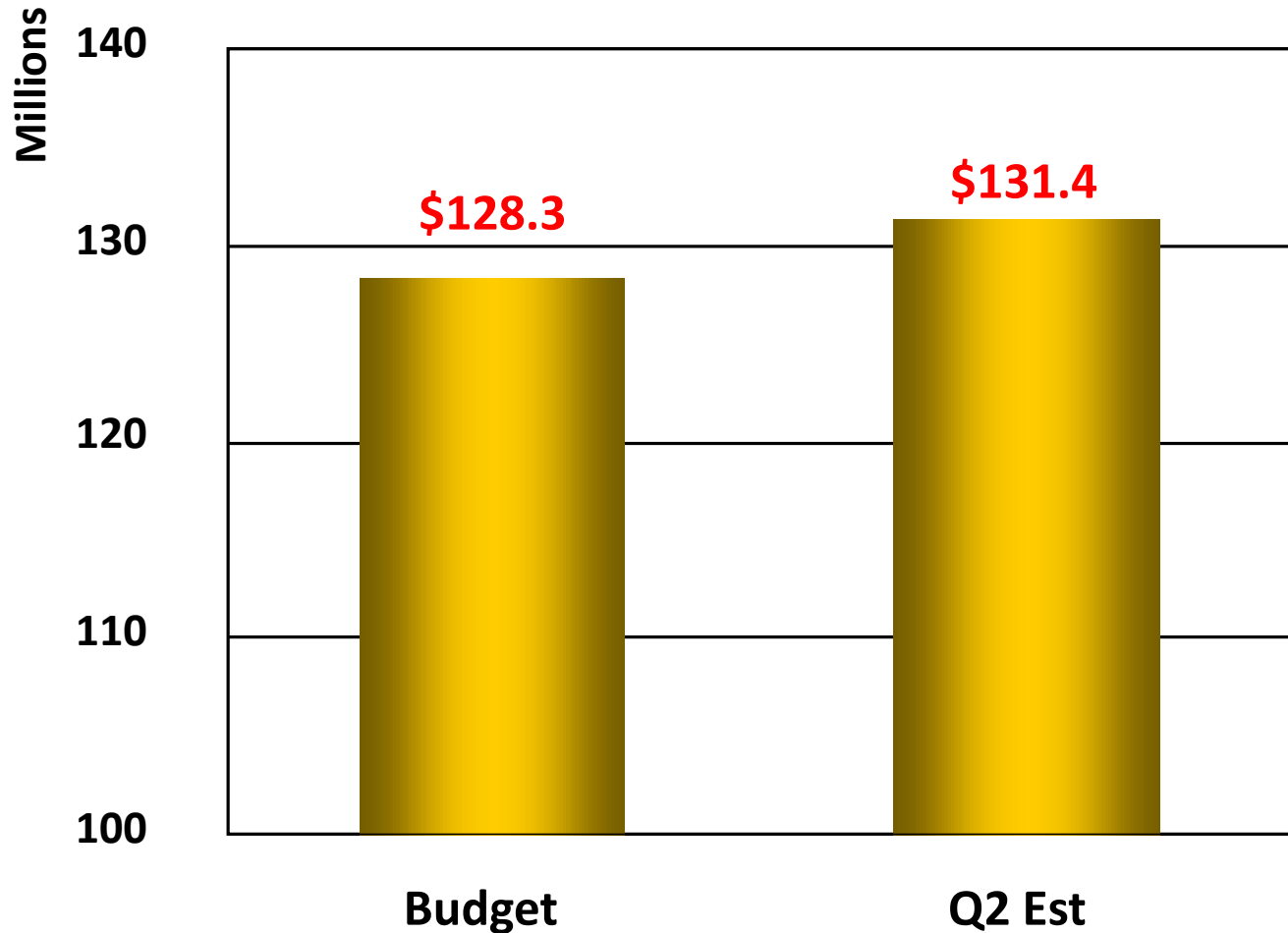
FY 20 Water Fund Revenues



- Total \$3.1 M over budget
 - Water Sales \$4.2 M under
 - Unpaid Bills Revenue \$1.5 under



FY 20 Water Fund Revenues



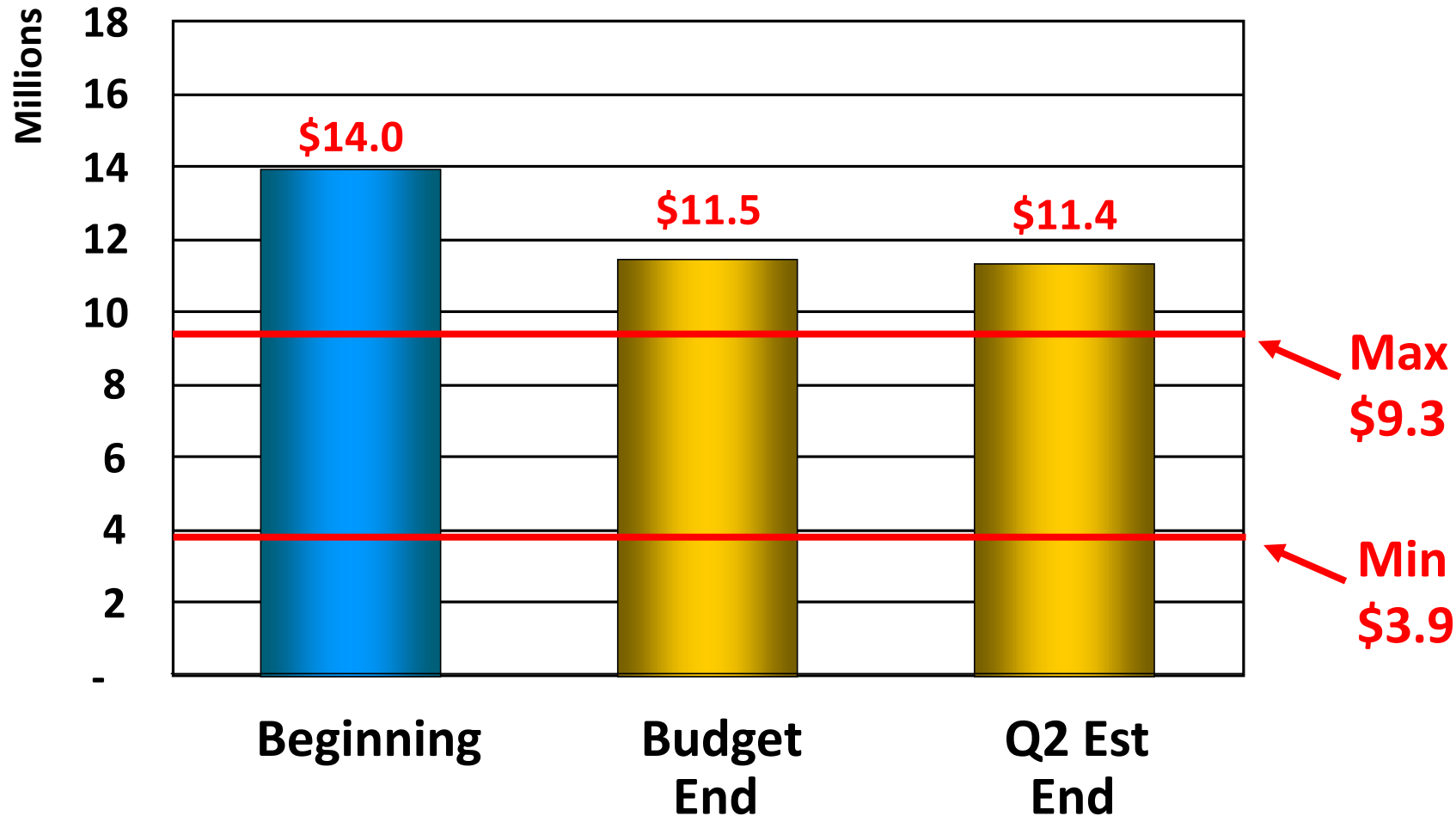
- Total \$3.1 M over budget
 - Seawater Barrier \$2.7 M over
 - LOC Debt Proceeds \$2.9 M over
 - Grants \$1.5 M over
 - Sewer AMI Contribution \$1.2 M over



FY 20 Sewer Fund Projections



FY 20 Sewer Fund Reserves



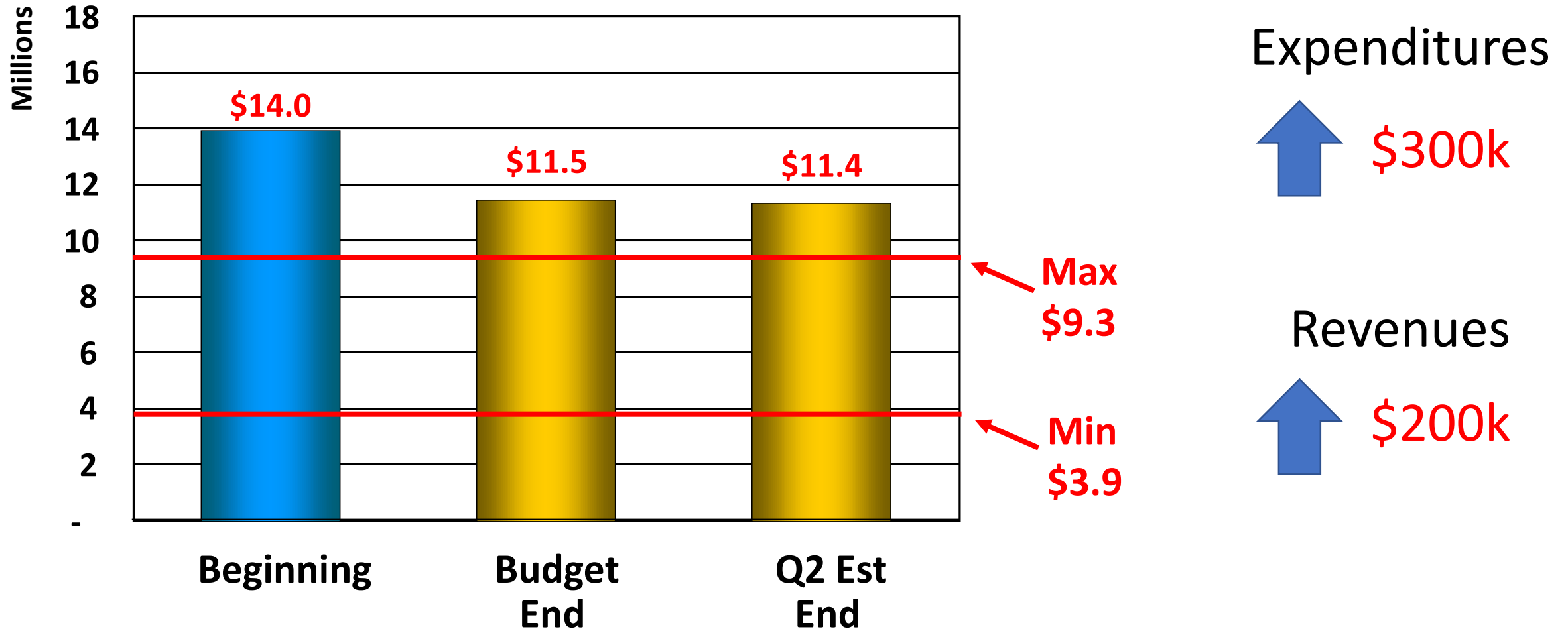
Budgeted draw
on reserves
\$2.5 M

Estimated draw
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\$2.6 M

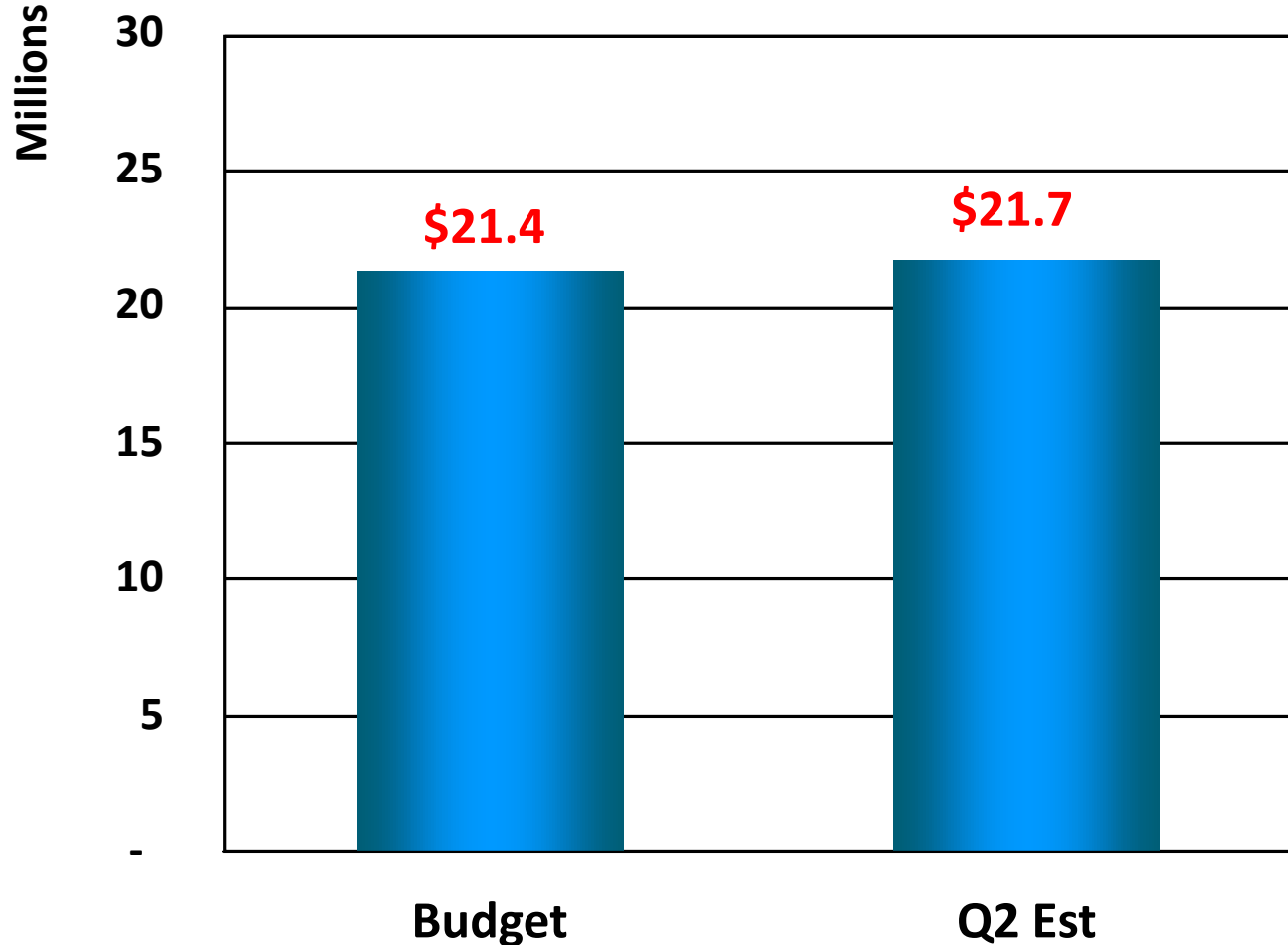
Difference
\$100k



FY 20 Sewer Fund Reserves



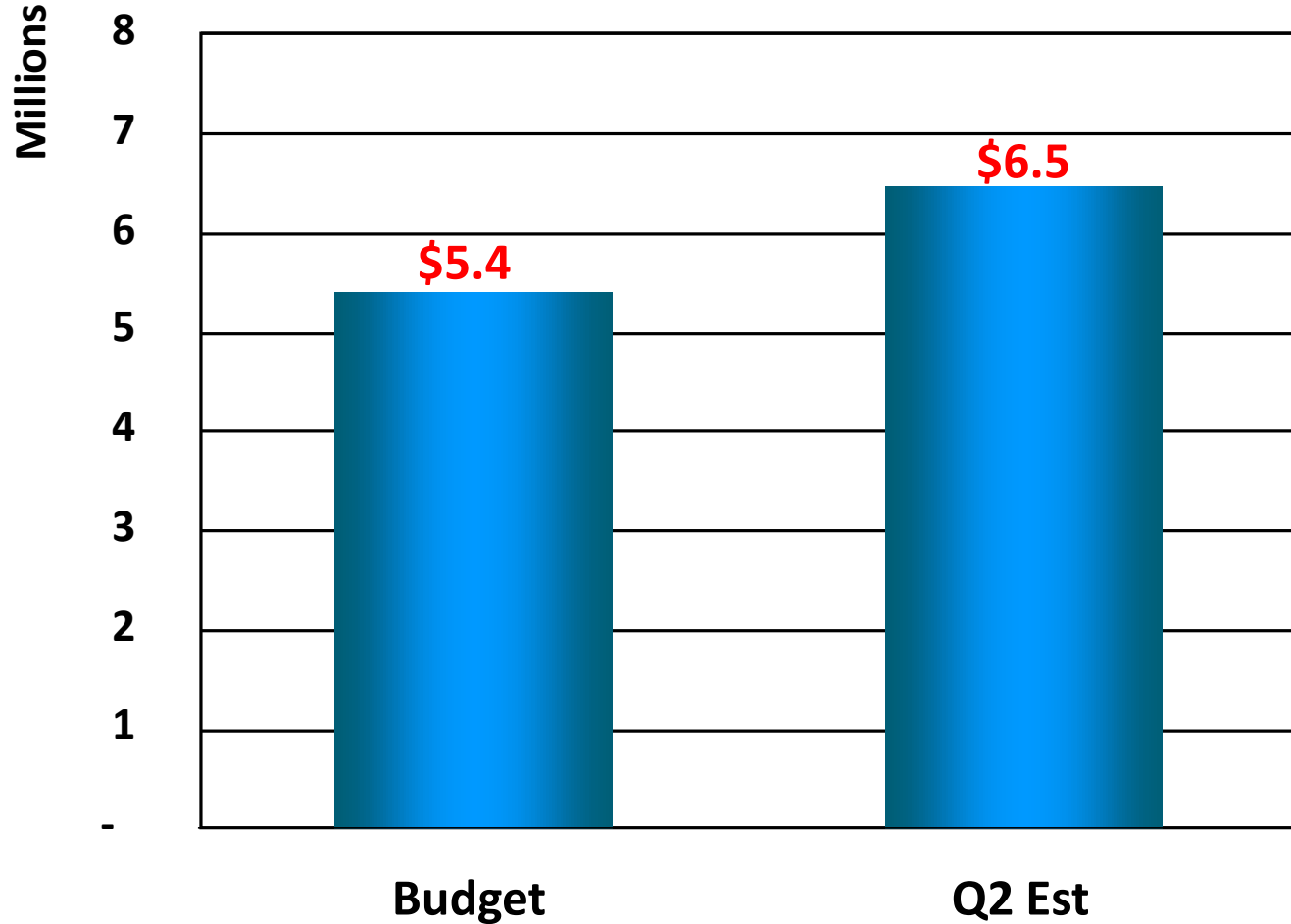
FY 20 Sewer Fund Total Expenditures



- Total \$300k over budget
 - Labor \$1.1 M over budget
 - Operations \$600k under budget
 - CIP \$200k under budget



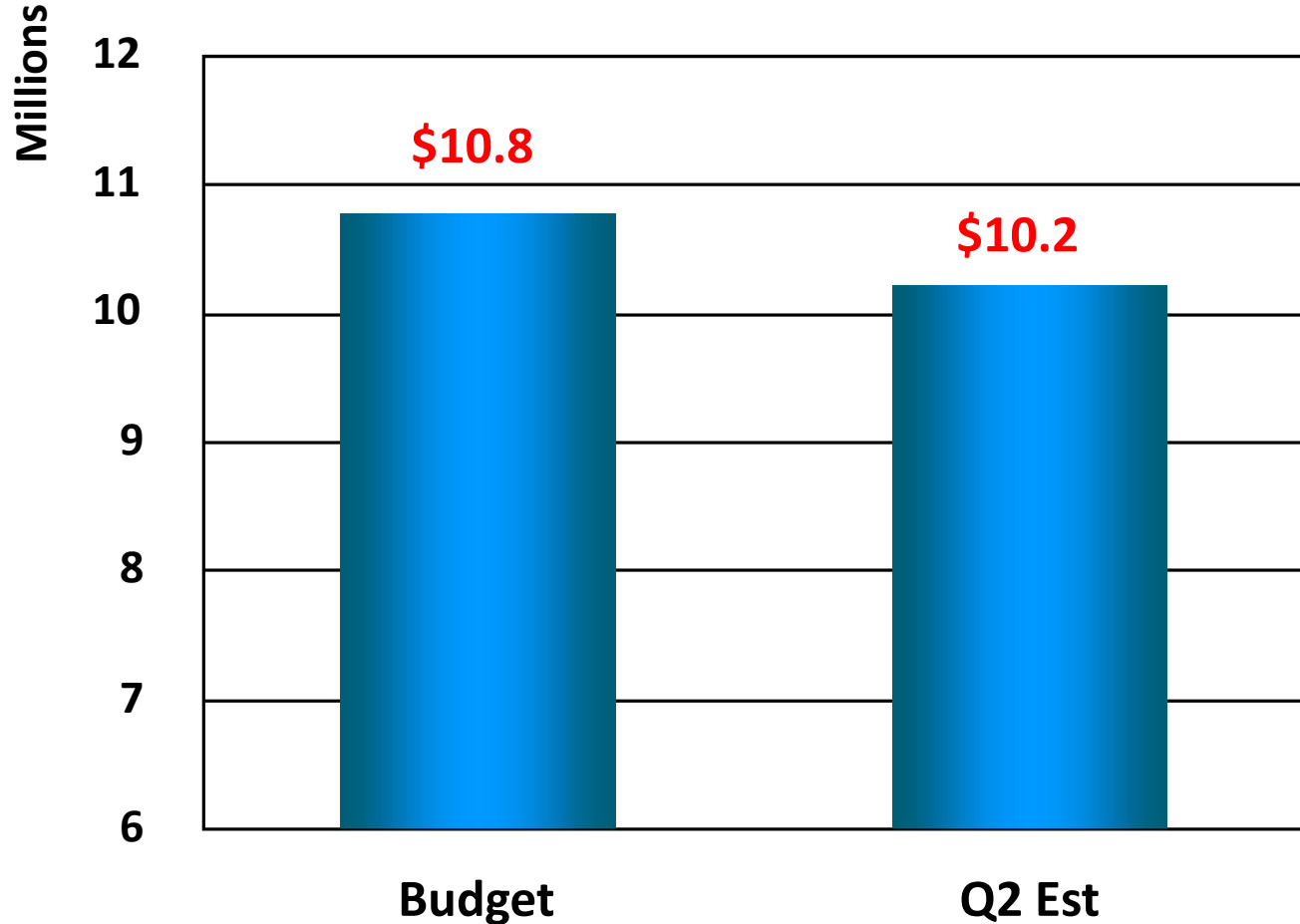
FY 20 Sewer Fund Labor



- Total \$1.1 M over budget
 - Budget reduced by \$500k Salary Savings
 - Vacancy rate near zero due to filled vacancies and academies



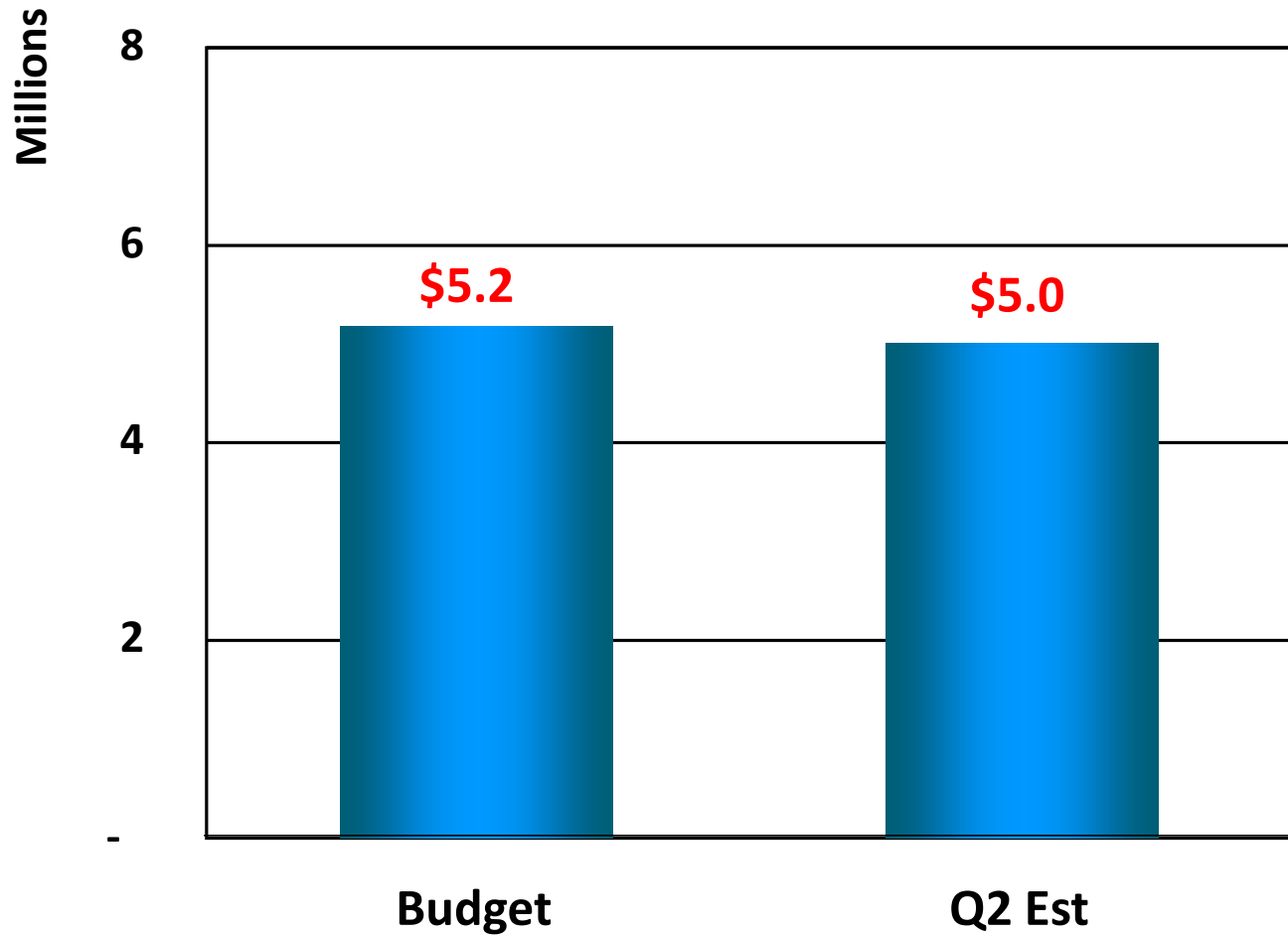
FY 20 Sewer Fund Operations



- Total \$600k under budget
 - Interest Expense Capitalized \$150k under
 - Fiscal Agent Fees \$50k under
 - Materials & Supplies \$150k under
 - Vehicles \$75k under



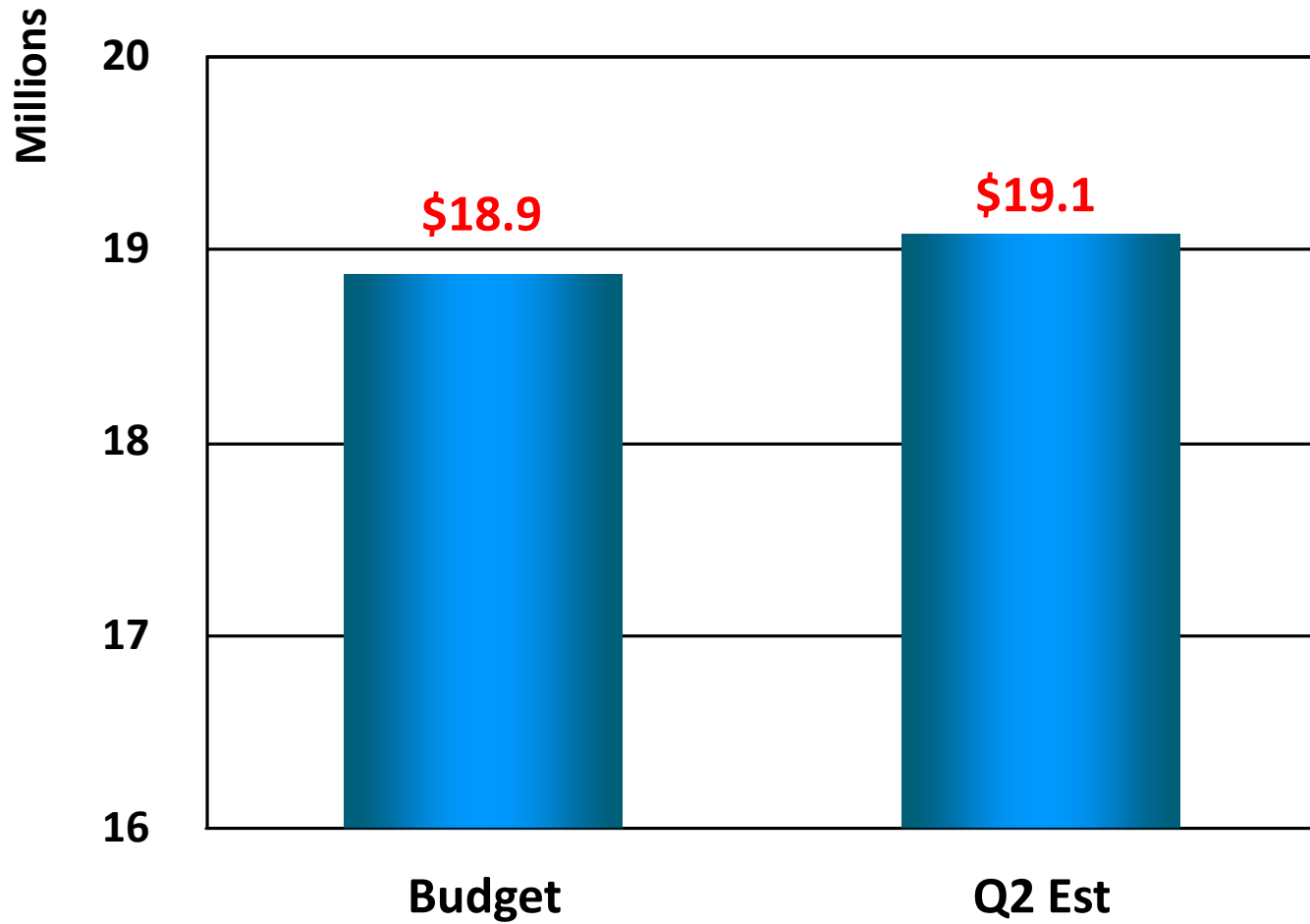
FY 20 Sewer Fund CIP



- Total \$200k under budget
 - Pipeline Rehab \$1.4 M under
 - Sewer Master Plan \$250k under
 - Lift Stations \$1.6 M over



FY 20 Sewer Fund Revenues



- Total \$200k over budget
 - Unpaid Bills Revenue \$300k under
 - Sewer Capacity Fees \$350k over
 - Sewer Sales \$100k over



FY 21 Water Fund Budget Impacts



FY 21 Water Fund Budget Impacts

- Expenditure Reductions
 - FY 21 CIP Deferrals \$3.5 M
 - Bridge Crossings
 - Alley Main Conversions
 - Cathodic Protection
 - Increased well capacity \$3.9 M savings
 - Vehicle purchases deferred \$800k
- Revenue Reductions
 - Non-Payment of bills -\$750k



FY 21 Water Fund Projected Reserves

- FY 21 Projected Beginning Reserves
 - \$9,700,000 (30 days cash)
- FY 21 Structural Deficit (with no change to rates)
 - -\$7,600,000
- FY 21 Projected Ending Reserves
 - \$2,100,000 (7 days cash)
- \$1,000,000 in revenues per 1% of Water rate increase



Next Steps

- CIP Workshop May
- Budget Workshop #1 May
 - Rate scenarios
- Budget Workshop #2 May/June
 - Final Budget & Rates
- Budget and Rates Adoption June





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