

FY 20 Third Quarter Financial Review

September 17, 2020



Presentation Summary

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

Covid-19 Effects



Effects of Covid-19 on FY 20 Revenues

- **Previous Q2** - Estimated Customer Demand Impact
 - 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 \$900k net loss to Water Fund

Effects of Covid-19 on FY 20 Revenues

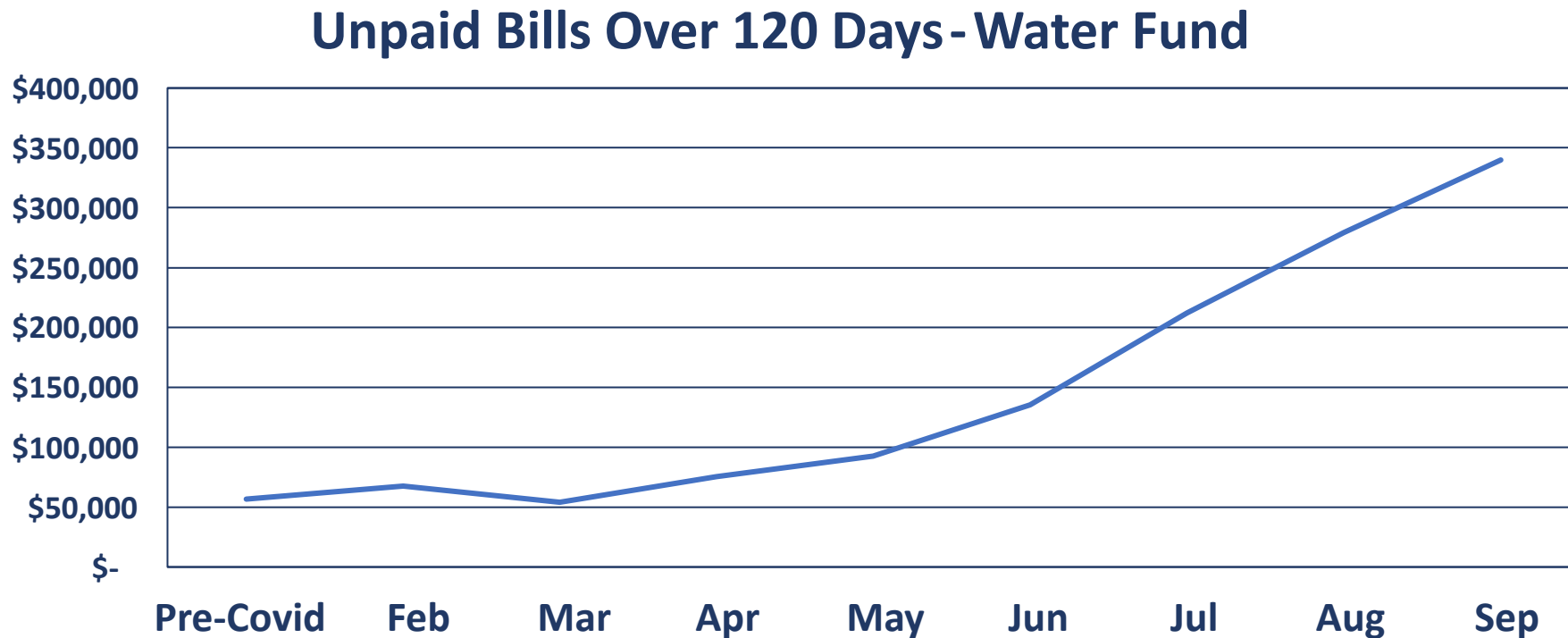
- **Revised Q3** – Mar to Aug Customer Demand Impact
 - Commercial water demand -13.4% reduction
 - Residential Tier 1 water demand 2.4% increase
 - Residential Tier 2 water demand 9.5% increase
 - Residential Tier 3 water demand 11.3% increase
 - Total water demand 0.0% increase
 - Estimated \$800k increase in water sales billings

Effects of Covid-19 on FY 20 Revenues

- **Previous Q2** - 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 -\$1.5M loss in revenues
 - Sewer Fund -\$300k loss in revenues

Effects of Covid-19 on FY 20 Revenues

- **Revised Q3** - Non-Payment of Bills
 - Increase in Accounts Receivables for unpaid Water & Sewer Bills



Effects of Covid-19 on FY 20 Revenues

- **Revised Q3** - Non-Payment of Bills
 - Revenue is booked in the financial system as bills are sent out, not when bills are paid
 - Collections process is currently suspended, therefore bill write-offs (Uncollectable) are frozen
 - Due to long lead time, uncollectable bills (and loss of revenue) won't be determined until FY 21

Previous Q2 - FY 20 Cost Cutting Measures

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

Additional CIP Changes **Since Q2**

- CIP Reductions

- In-House Main -\$650k
- Fiber Optic -\$650
- TP Cistern -\$250k
- Meter Replace -\$50k

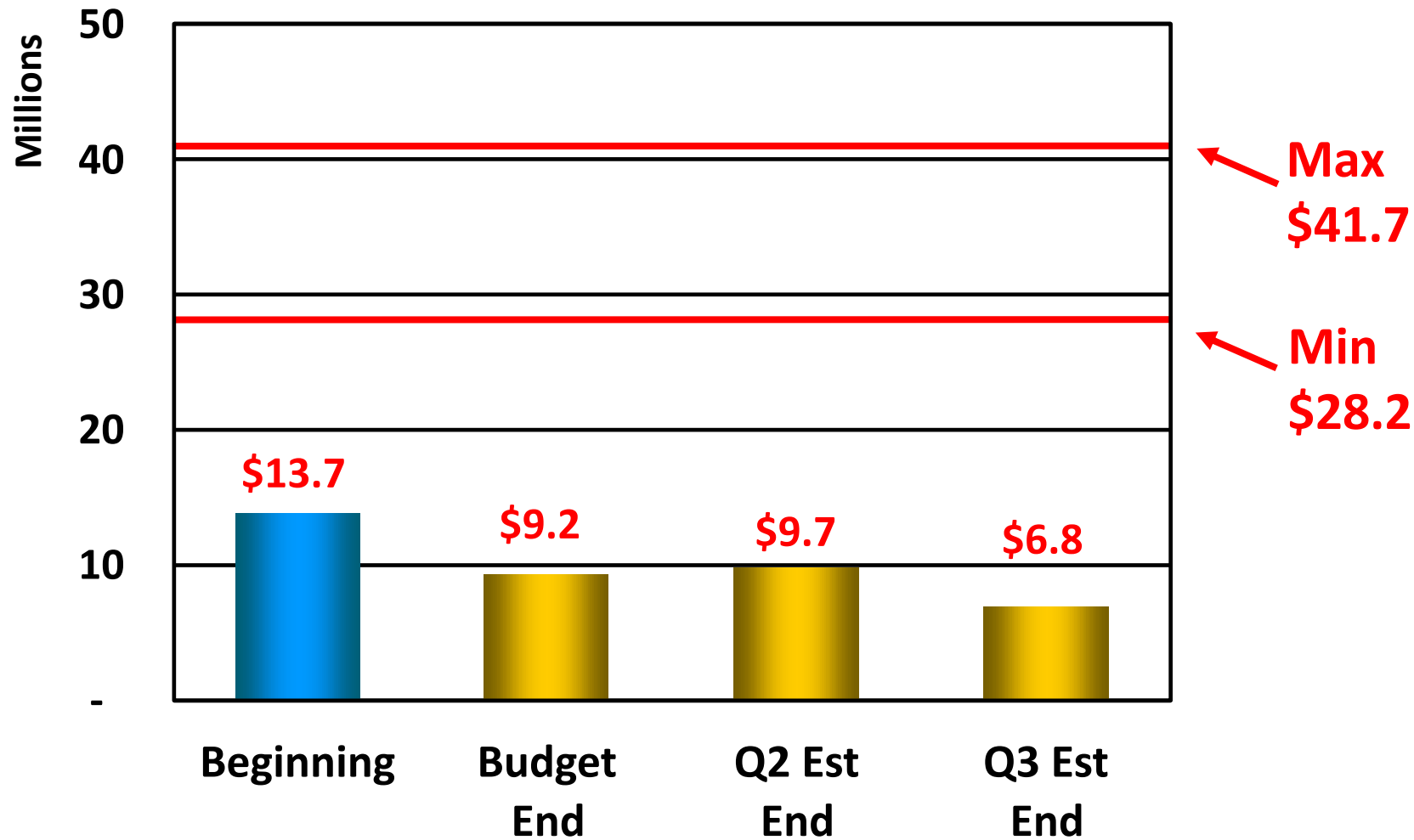
- CIP Increases

- Fuel Tank \$1.2M
 - Budgeted for FY 21
 - PW scheduled earlier
- TP Large Valve \$350k

FY 20 Water Fund Projections



FY 20 Water Fund Reserves



Budgeted draw
on reserves

\$4.5M

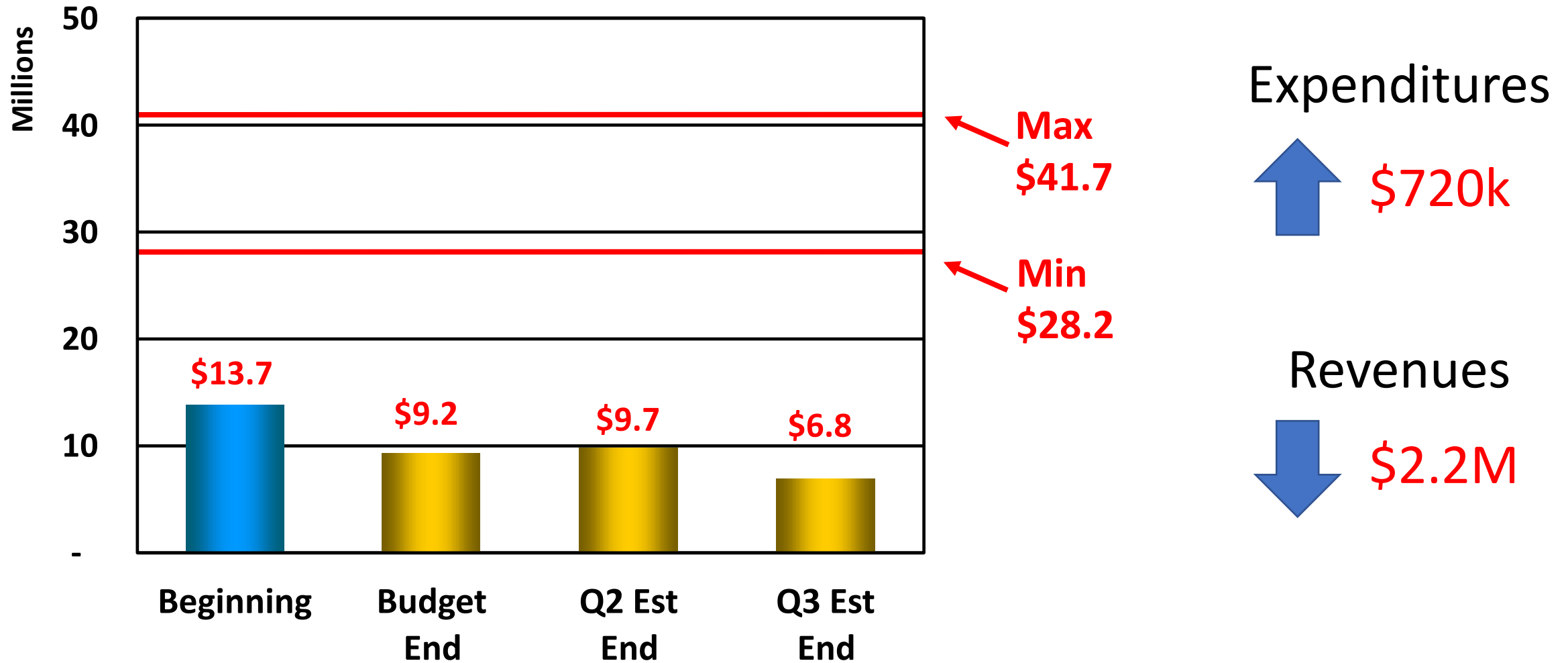
Q2 est. draw
on reserves

\$4.0M

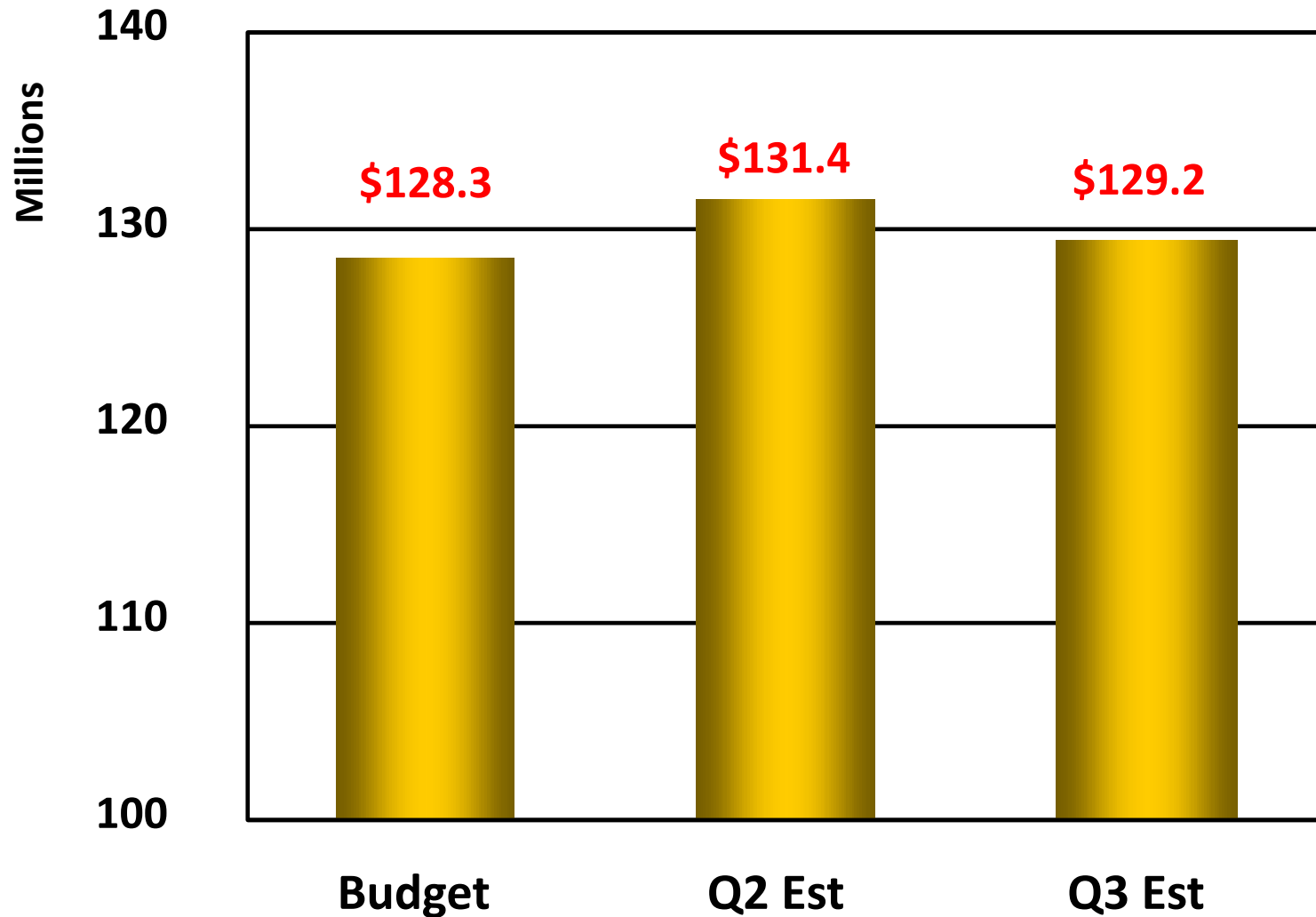
Q3 est. draw
On reserves

\$6.9M

FY 20 Water Fund Reserves



FY 20 Water Fund Revenues



Water Sales



\$800k

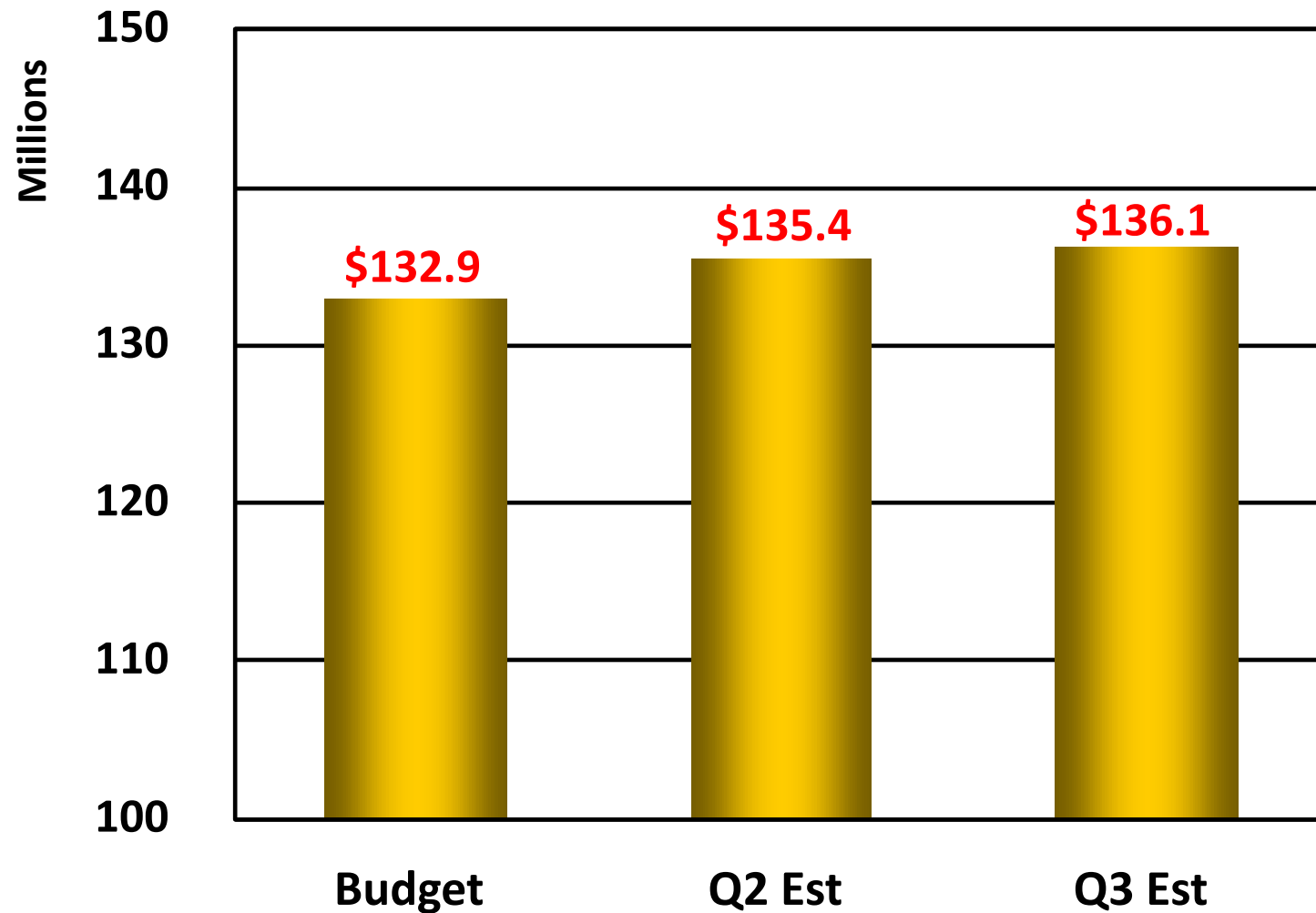
Reimbursements



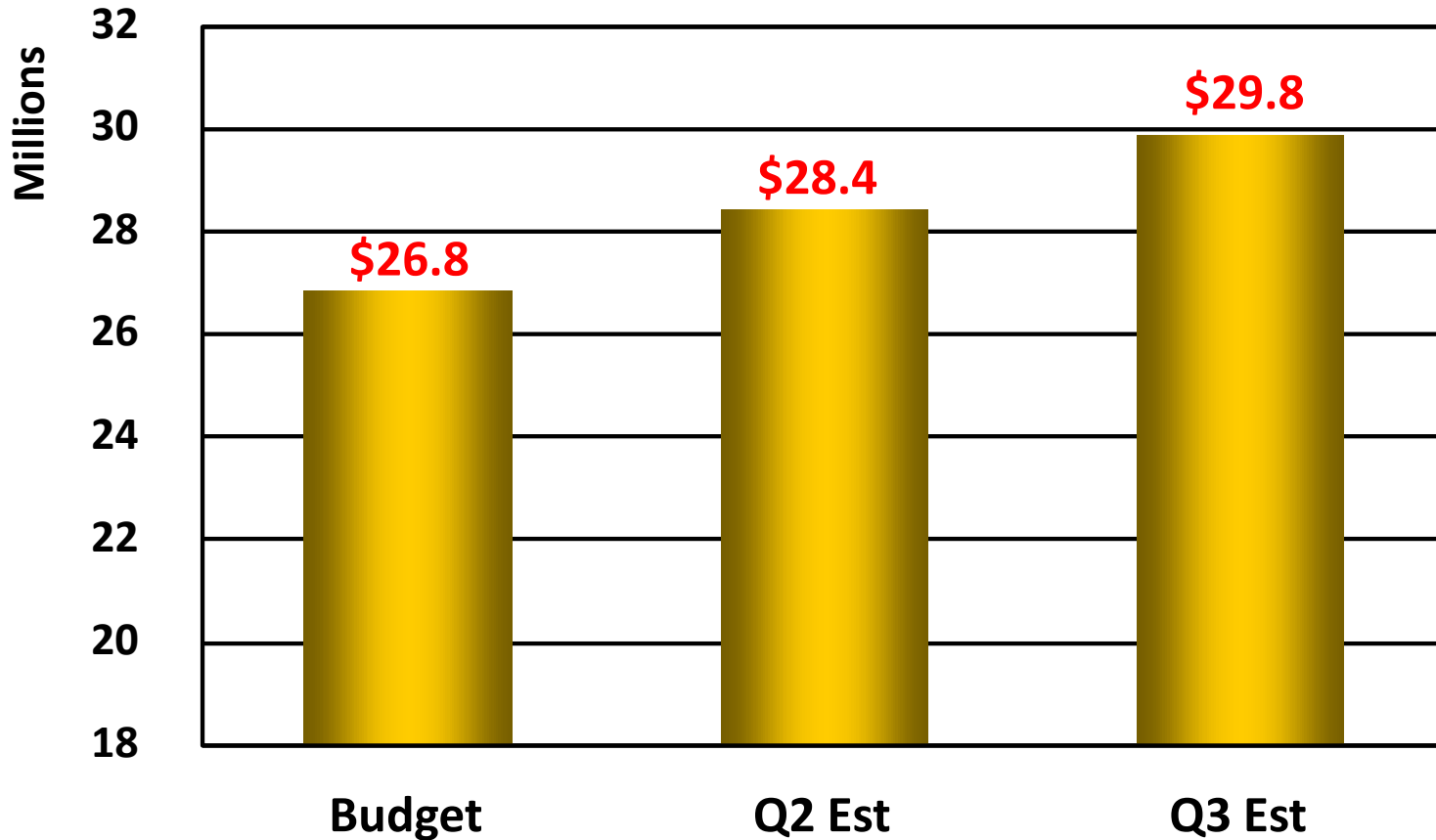
\$3.2M

- Port Study
- Wells
- LVL Operations

FY 20 Water Fund Total Expenditures



FY 20 Water Fund Labor

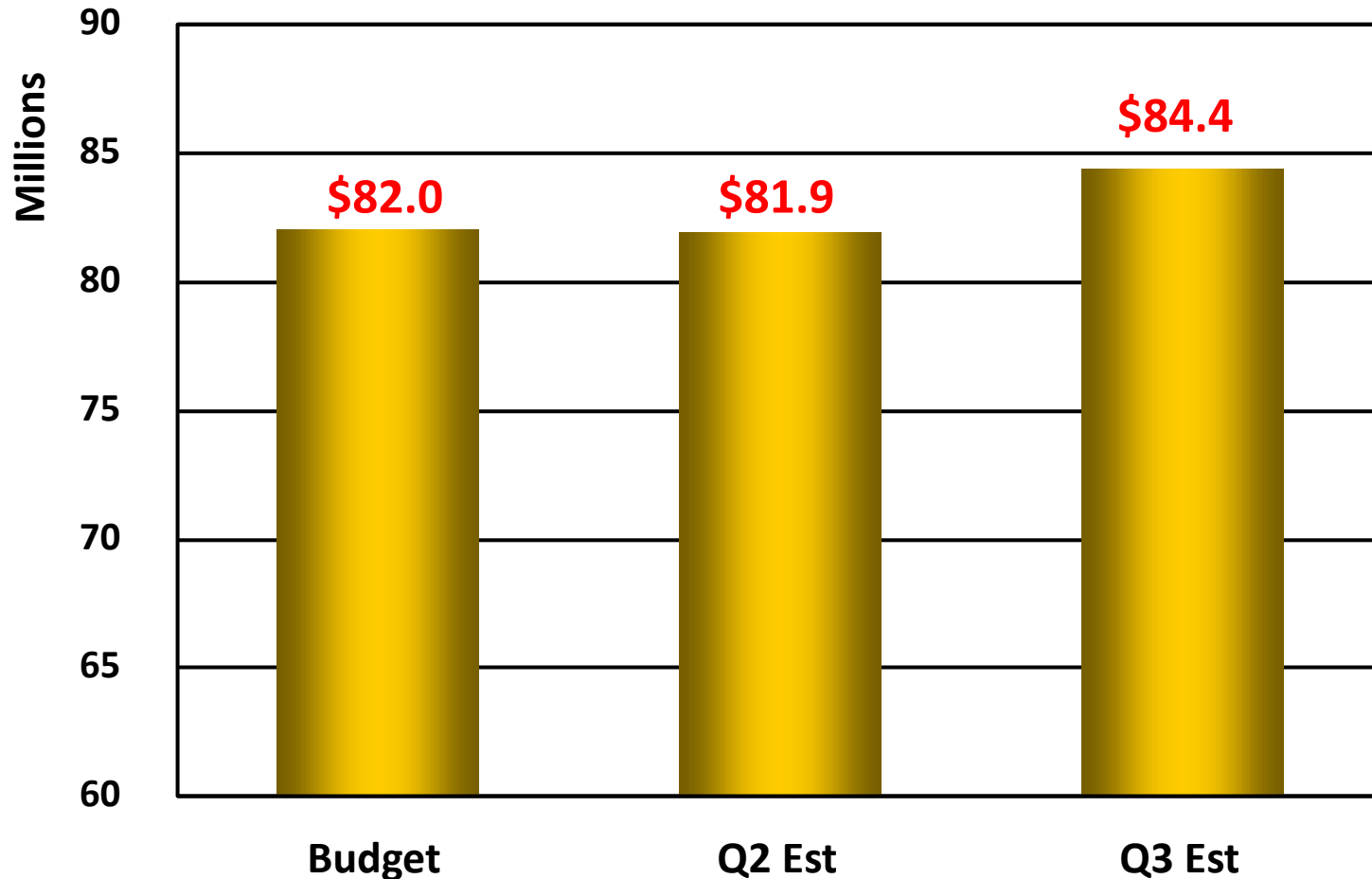


- Budget reduced by \$1.8M Salary Savings
- Vacancy rate near zero due to filled vacancies and academies
- Mid-Year salary resolution increases

FY 20 Operations - Water Supplies

(In Acre Feet)	FY 20 Budget	2nd Quarter	3rd Quarter	FY 21 Budget
Total Supply	53,000	49,769	51,402	51,500
Pumped	25,325	22,563	22,904	32,000
Lakewood	2,500	2,437	1,836	3,540
Purchased	25,175	24,769	26,662	15,960

FY 20 Water Fund Operations



Water Purchases



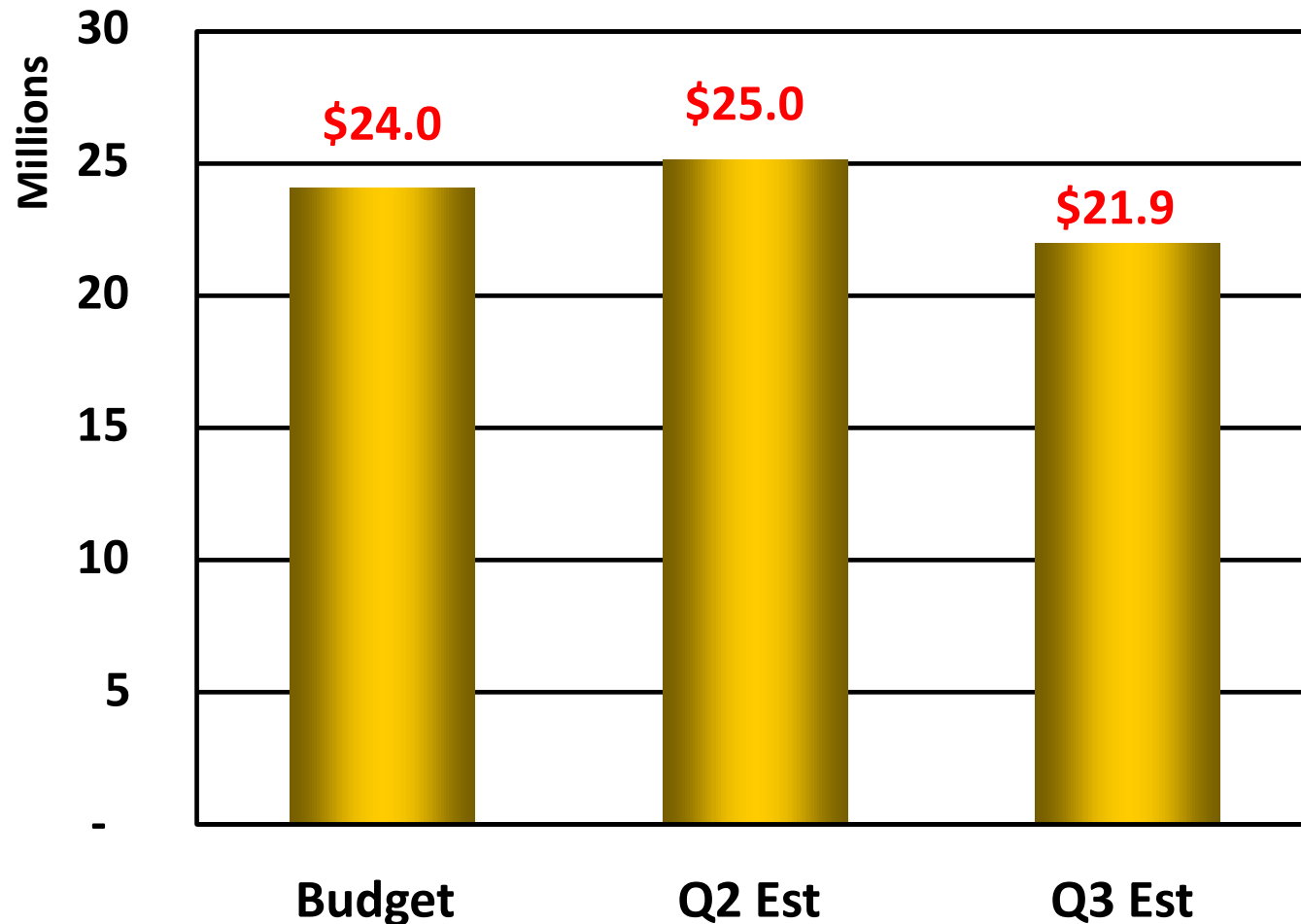
\$2.1M

Emergency Breaks



\$125k

FY 20 Water Fund CIP

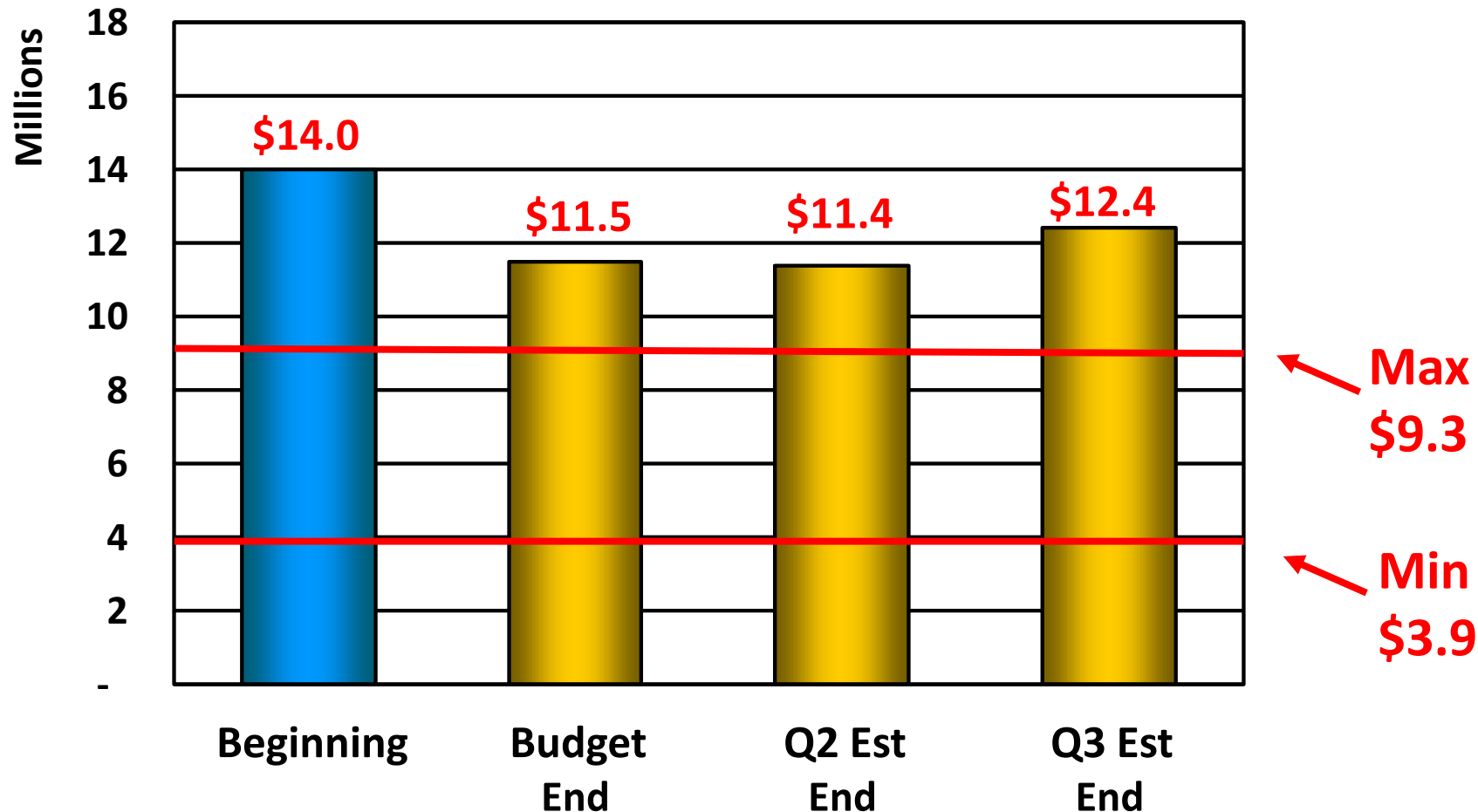


- Revenue Offset
 - Wells -\$1.3M
 - Port Study -\$550k
- Savings to Fund
 - In-House Main -\$650k
 - TP Cistern -\$360k
 - Large Valve \$350k over

FY 20 Sewer Fund Projections



FY 20 Sewer Fund Reserves



Budgeted draw
on reserves

\$2.5M

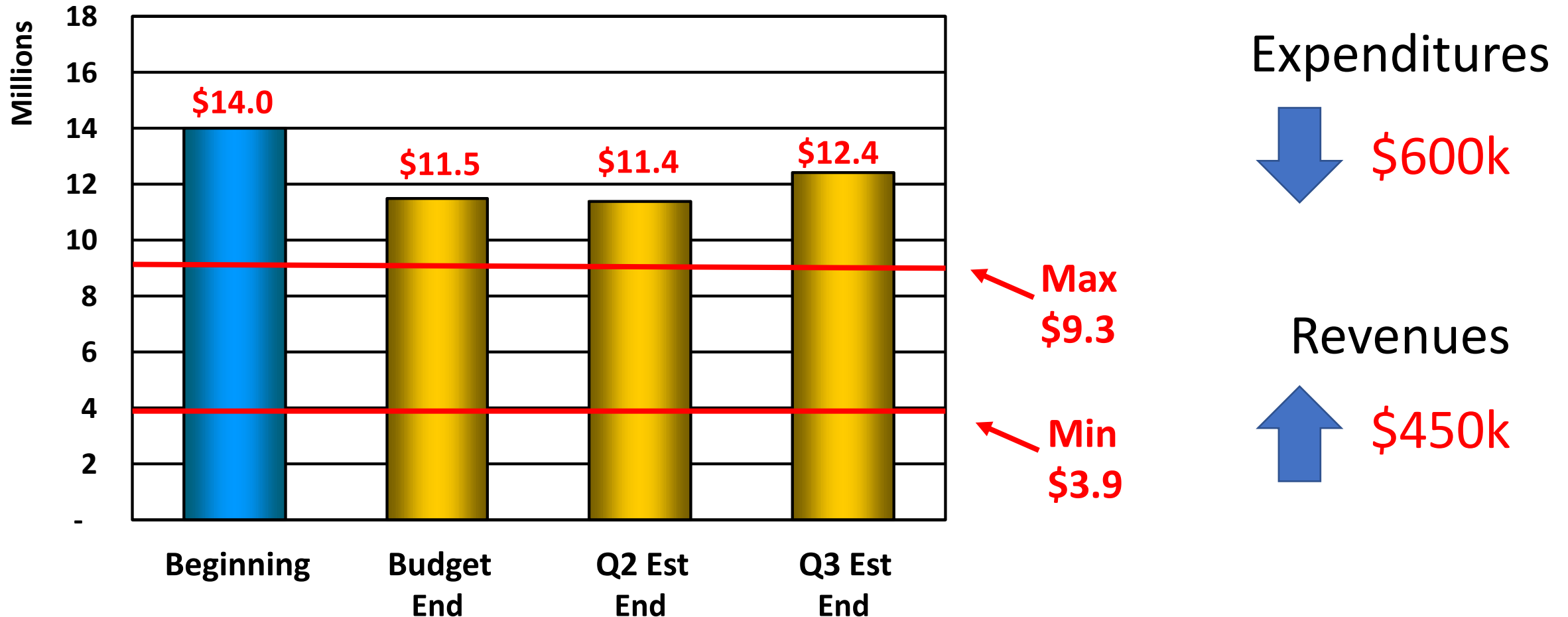
Q2 est. draw
on reserves

\$2.7M

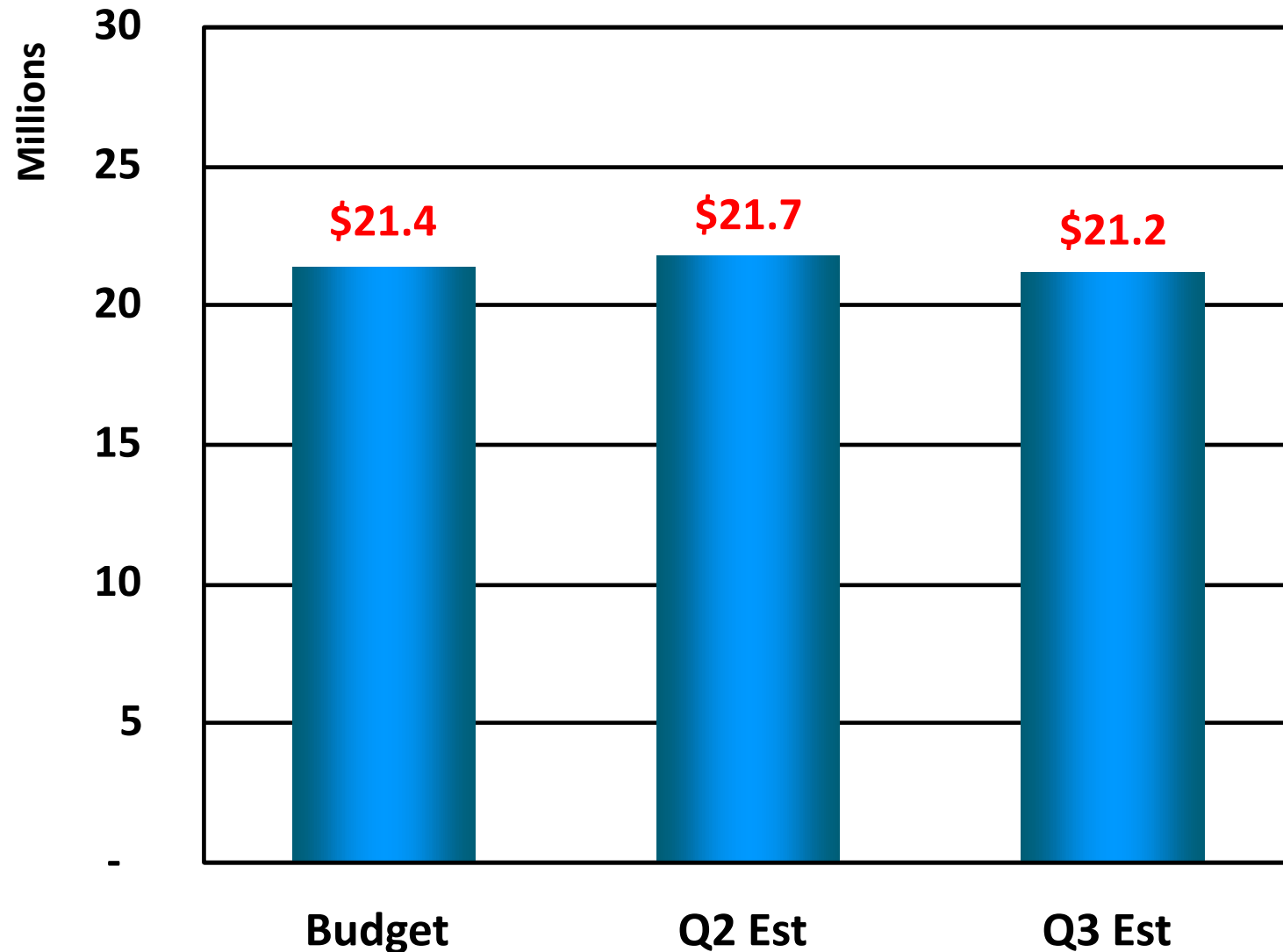
Q3 est. draw
on reserves

\$1.6M

FY 20 Sewer Fund Reserves



FY 20 Sewer Fund Total Expenditures

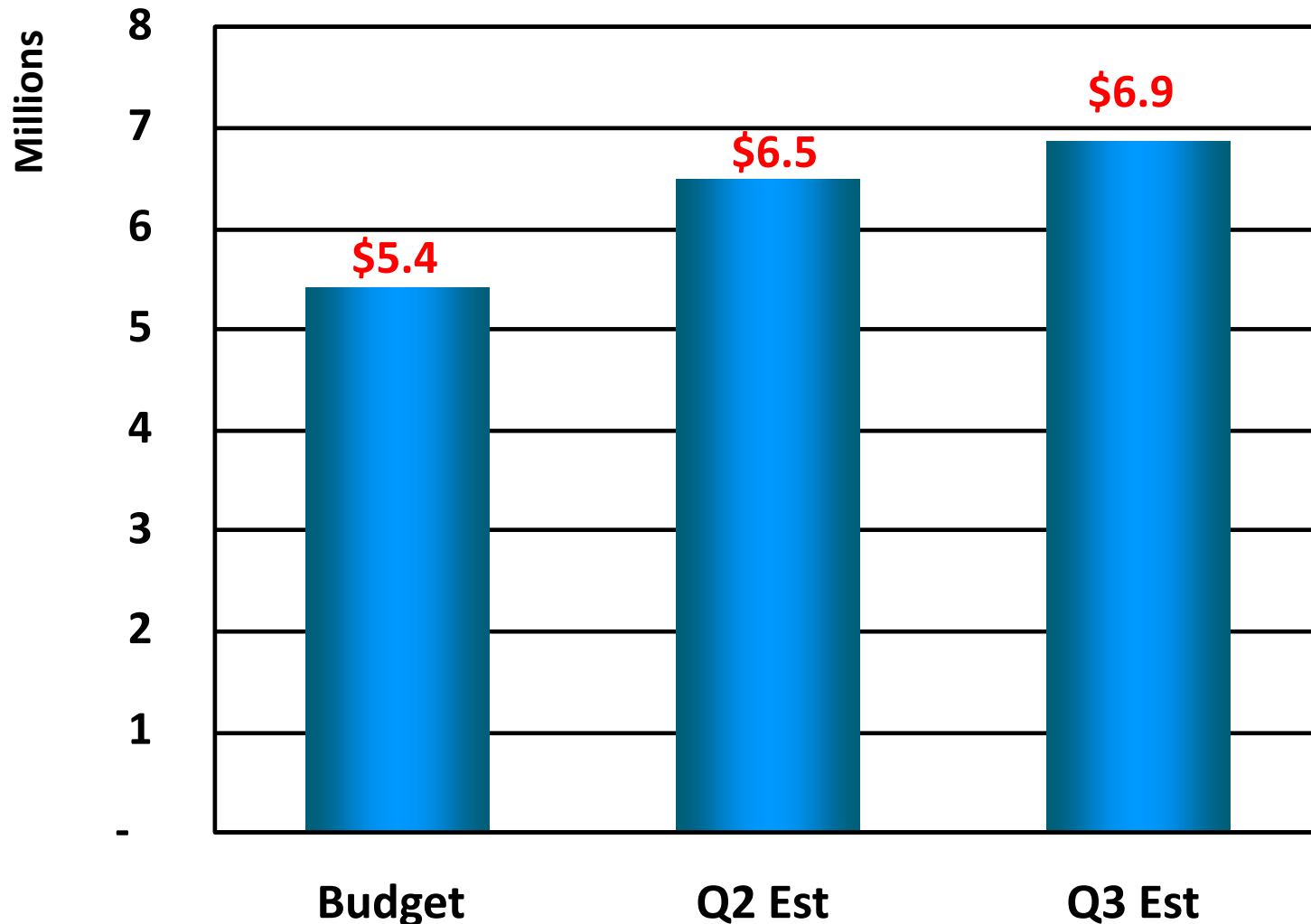


Labor
↑ \$400k

Operations
↑ \$300k

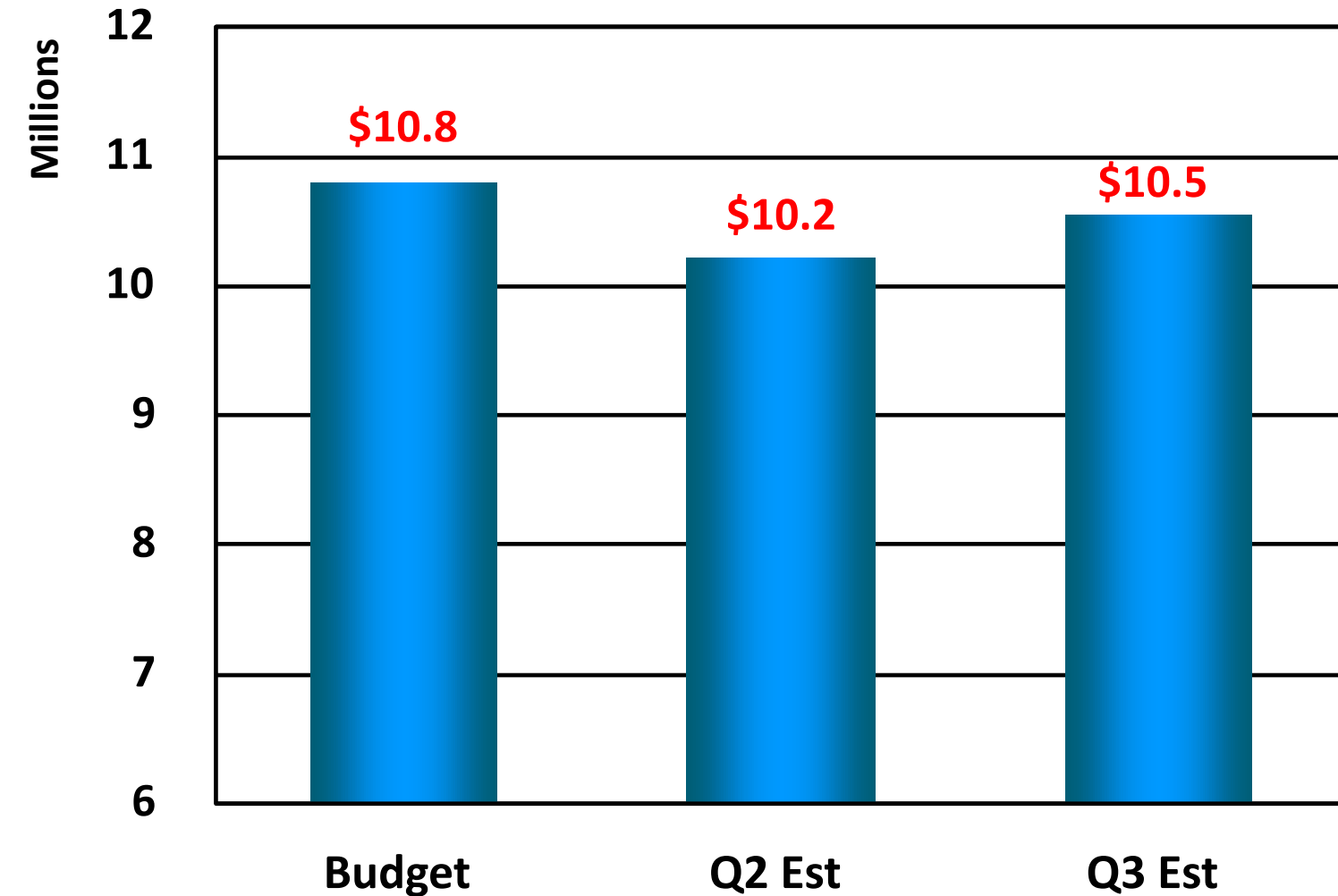
CIP
↓ \$1.3M

FY 20 Sewer Fund Labor



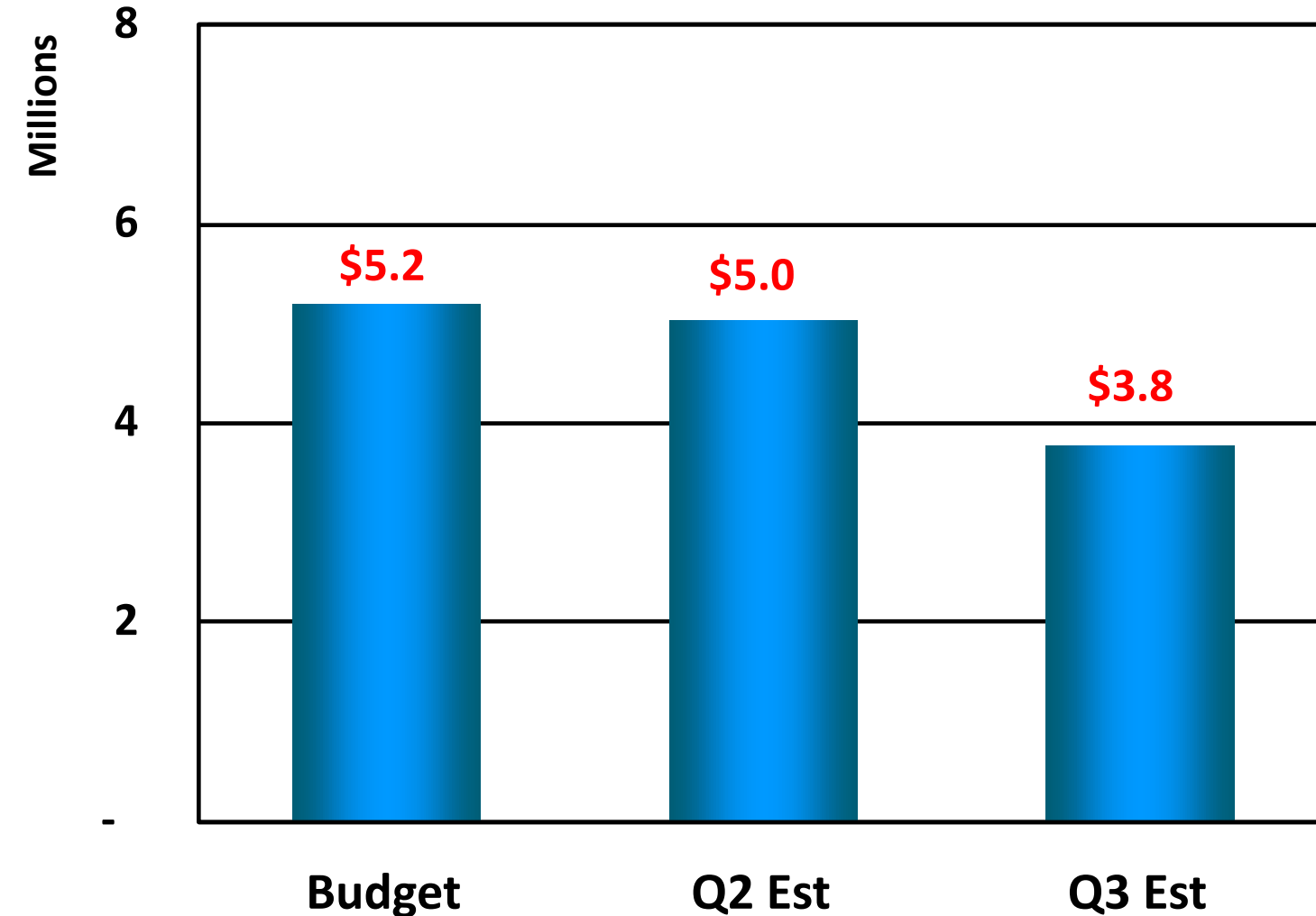
- Budget reduced by \$500k Salary Savings
- Vacancy rate near zero due to filled vacancies and academies
- Mid-Year salary resolution increases

FY 20 Sewer Fund Operations



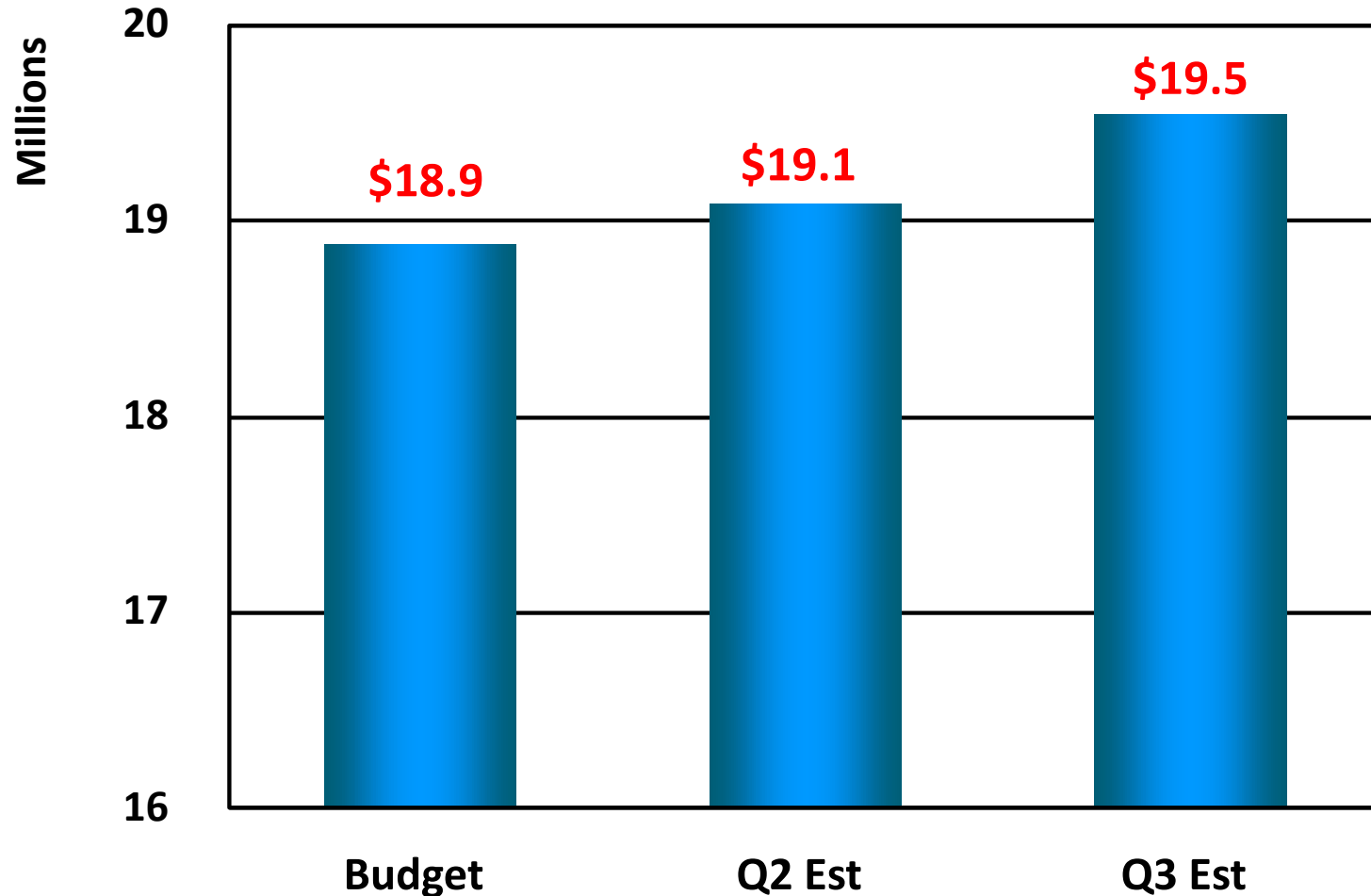
- City Costs \$230k
- Island Village Sanitation Charges \$90k
 - Offset by revenue reimbursement

FY 20 Sewer Fund CIP



- Lift Stations -\$1.3M
- Pipeline Rehab -\$350k
- Emergency Repair \$350k over

FY 20 Sewer Fund Revenues



Sewer Sales



\$200k

Capacity Fees



\$100k



Long Beach Water

Exceptional Water • Exceptional Service

