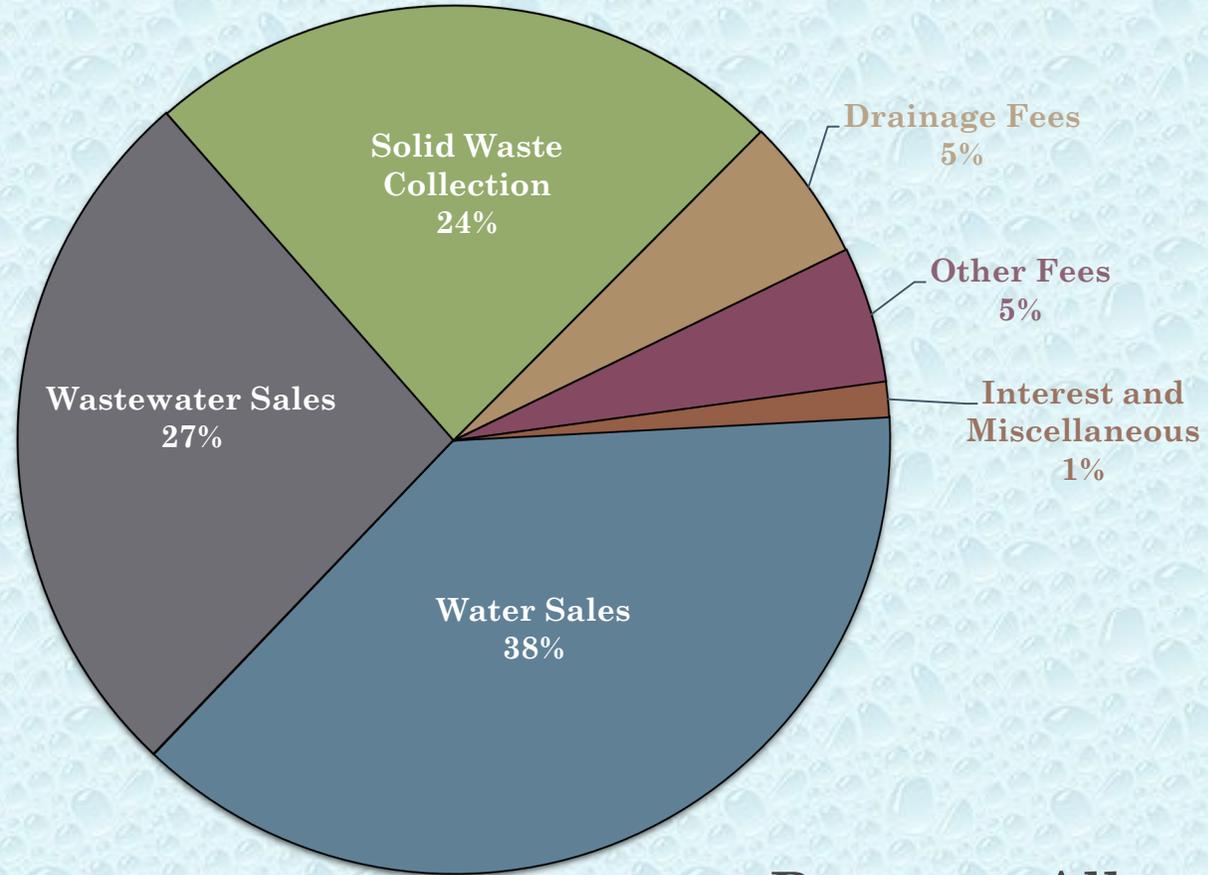


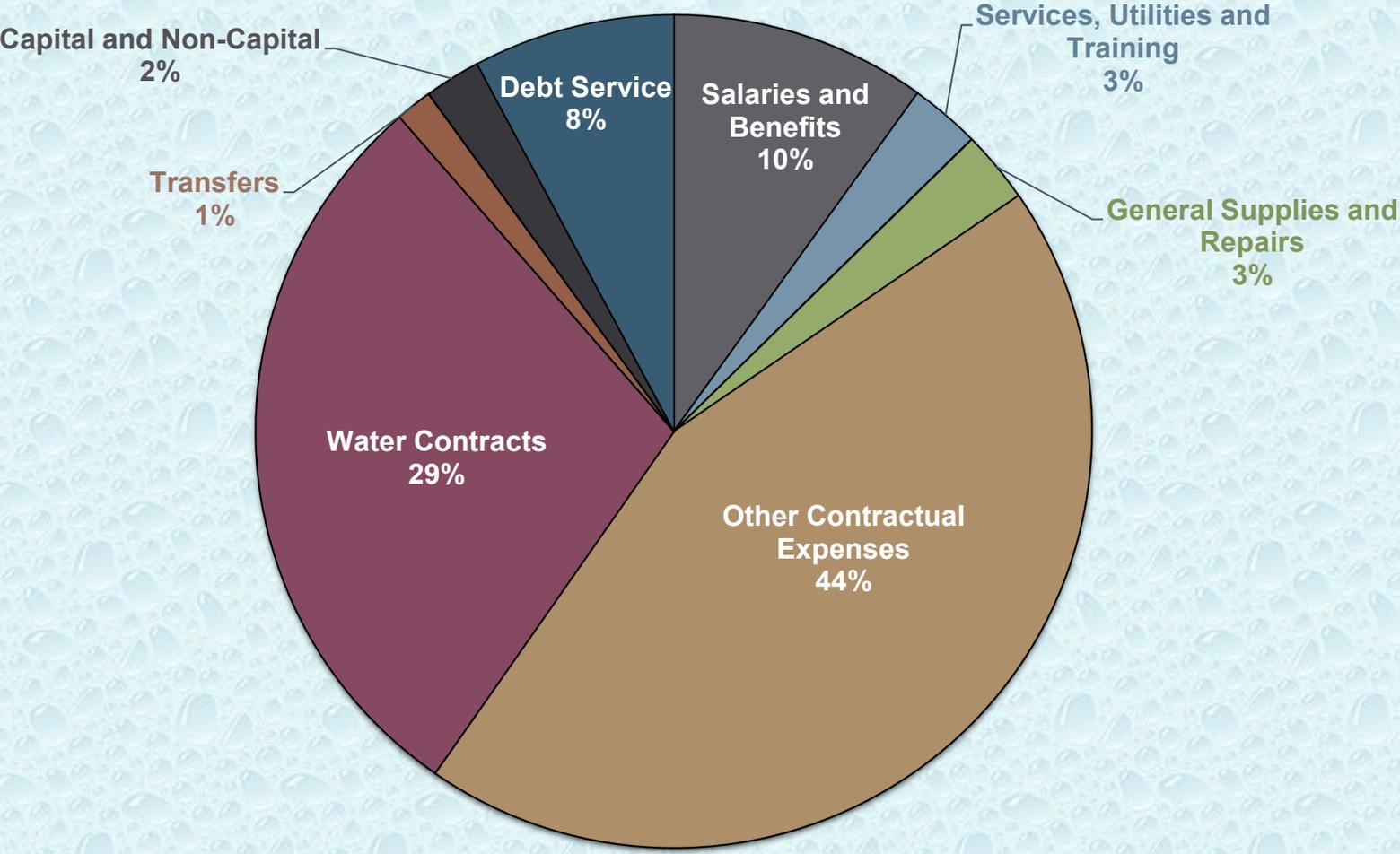
Utility Funds

Combined Utility Funds



Revenue Allocation

Combined Utility Funds by expenditure category



Water and Sewer Fund

Working Capital

- Operating expense (*less capital*) = \$12,527,374
- Recommended reserve level of 25-35% ≈ \$4.4 million
- Projected ending balance at 9/30/21 = \$4.1 million

Factors

- Growth in residential water customers of approximately 2%
- Growth in residential wastewater customers of approximately 5%
- Growth in commercial water customers of approximately 12%
- 20% higher consumption billed due to less precipitation
- Aging transponders require replacement/upgrade

Utility Revenues p. 83

Revenue Category	FY 2019-2020	FY 2020-2021	\$ Difference	% Difference
	Current Budget	Proposed Budget		
Water services ①	\$ 4,665,600	\$ 5,257,600	\$592,000	12.7%
Wastewater services ②	3,432,600	3,667,000	234,400	6.8%
Garbage & recycling services ③	3,101,800	3,314,200	212,400	6.8%
Other fees	669,800	699,700	29,900	4.5%
Interest and miscellaneous ④	190,875	170,000	(20,875)	(10.9%)
Total Utility Revenues	\$ 12,060,675	\$ 13,108,500	\$356,675	8.7%

- ① Water revenues are expected to be above original budget projections by approximately 9% primarily due to commercial growth. Based on continued growth in our CCN area, water revenue is expected to increase for the following year as well.
- ② Due to an increase in the City's winter wastewater average for the current year, current revenues are expected to be approximately 3% above original projections. We are projecting similar growth in fiscal year 2020-2021.
- ③ Commercial solid waste collection has been on target for the year. The proposed budget reflects continued growth in residential and commercial activity.
- ④ Investment rates declined substantially in 2020 and the proposed budget reflects a reduction in investment income.

Utility Billing Administration p. 85

	FY 2019-2020 Current Budget	FY 2020-2021 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$ 207,885	\$ 229,202	\$ 21,317	10.3%
Services, Utilities and Training	135,700	129,300	(6,400)	(4.7%)
General Supplies and Repairs	56,400	57,300	900	1.6%
Other Expenses	3,164,200	3,330,470	166,270	5.3%
Transfers for IT replacement	1,240	1,240	0	0.0%
Recurring Operating Expense	\$ 3,565,425	\$ 3,747,512	\$182,087	5.1%

The utility billing office added an additional position mid-year in fiscal year 2019-2020. This position is budgeted for the full year in fiscal year 2020-2021 and accounts for the increase in salaries and benefits.

The most significant increase in this budget is the increase in our solid waste contract. While rates remain the same, we experienced an increase based on population growth and commercial growth.

Overall the budget for utility billing increased by 5.1%.

Utility Operations – General p.87

	FY 2019-2020 Current Budget	FY 2020-2021 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$ 761,861	\$ 706,185	(\$ 55,676)	(7.3%)
Services, Utilities and Training	105,276	43,860	(61,416)	(58.3%)
General Supplies and Repairs	82,870	89,900	7,030	8.5%
Transfers	122,300	132,490	10,190	8.3%
Debt Service	29,705	33,976	4,271	14.4%
Recurring Operating Expense	\$1,102,012	\$1,006,411	(\$ 95,601)	(0.9%)
Capital and Non-Capital	38,630	9,250	(29,380)	(76.1%)
Total Expense	\$1,140,642	\$1,015,661	(\$124,981)	(11.0%)

There is an overall decrease in general operations of 11.0%. The infrastructure inspector position which was split between utility operations and planning and engineering budgets in prior years has been reallocated to the planning and engineering budget.

Other decreases include a reduction in utilities that are now directly charged to water or wastewater facilities, a shift of IT maintenance costs to the administration budget, and capital which is specific to water or wastewater functions.

Utility Operations – Wastewater p.89

	FY 2019-2020 Current Budget	FY 2020-2021 Proposed Budget	\$ Difference	% Difference
Services, Utilities and Training	\$ 22,000	\$ 20,400	(\$ 1,600)	(7.3%)
General Supplies and Repairs	47,000	54,000	7,000	14.9%
Other Expenses	2,459,300	2,616,000	156,700	6.4%
Recurring Operating Expense	\$2,528,300	\$2,690,400	\$162,100	6.4%
Capital and Non-Capital	0	0	0	0.0%
Total Expense	\$2,528,300	\$2,690,400	\$ 162,100	6.4%

The direct cost of wastewater service is the largest expense in this budget. These costs are expected to increase based on growth of our customer base of approximately 5%.

Utility Operations – Water p.91

	FY 2019-2020 Current Budget	FY 2020-2021 Proposed Budget	\$ Difference	% Difference
Services, Utilities and Training	\$ 22,000	\$ 115,500	\$ 93,500	425.0%
General Supplies and Repairs	74,500	81,500	7,000	9.4%
Contracted Water	3,603,525	3,898,000	294,475	8.2%
Recurring Operating Expense	\$3,700,025	\$4,095,000	\$ 394,975	10.7%
Capital and Non-Capital	145,000	165,000	20,000	13.8%
Total Expense	\$3,845,025	\$4,260,000	\$ 414,975	10.8%

The direct cost of water supply is the largest expense in this budget. These costs are expected to increase based on increases budgeted by Canyon Regional Water Authority (CRWA). The contractual costs for water supply include the bond issuance costs for supply and distribution, and our pro rata share of administration and plant maintenance and operations as well as capital repair and replacement.

Capital outlay includes the cost of meter and transponder replacement to work toward an AMI system.

Utility Non-departmental p. 93

	FY 2019-2020 Current Budget	FY 2020-2021 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	(\$ 30,000)	(\$ 30,000)	0	0.0%
Services, Utilities and Training	600	600	0	0.0%
Debt Service	1,024,160	1,017,450	(6,710)	(0.7%)
Recurring Operating Expense	\$ 994,760	\$ 988,050	(\$ 6,710)	(0.7%)

Non-departmental costs in the utility fund includes a salary savings line item to account for vacancies in the department during the year. This figure is based on approximately 3% of total salaries.

Debt service costs are related to revenue bond payments and utility share of general obligation bonds.

Drainage Utility Fund

- **Working Capital**

- Operating expense (*less capital*) = \$654,045
- Recommended reserve level of 25-35% \approx \$229 thousand
- Projected ending balance at 9/30/21 = \$574 thousand

- **Factors**

- Steady growth in customer base
- Address commercial cap
- Consider contribution to water and sewer fund for shared billing office

Drainage Utility Operations p. 101

	FY 2019-2020 Current Budget	FY 2020-2021 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$ 428,318	\$ 429,515	\$ 1,197	0.3%
Services, Utilities and Training	142,690	55,520	(87,170)	(61.1%)
General Supplies and Repairs	98,600	97,050	(1,550)	(1.6%)
Other Expenses	14,200	15,100	900	6.3%
Transfers	52,610	56,860	4,250	8.1%
Recurring Operating Expense	\$736,418	\$654,045	(\$ 82,373)	(11.2%)
Capital and Non-Capital	67,999	118,700	50,701	(76.1%)
Total Expense	\$ 804,417	\$ 772,745	(\$31,672)	(3.9%)

There is an overall decrease in recurring drainage operations of 11.2% primarily attributable to a decrease in professional engineering services, which was budgeted in the prior year for a special project. This is partially offset by an increase in capital outlay for the purchase of a mulcher and an ATV, as well as funding for a special drainage project.

Next: Special Revenue Funds