

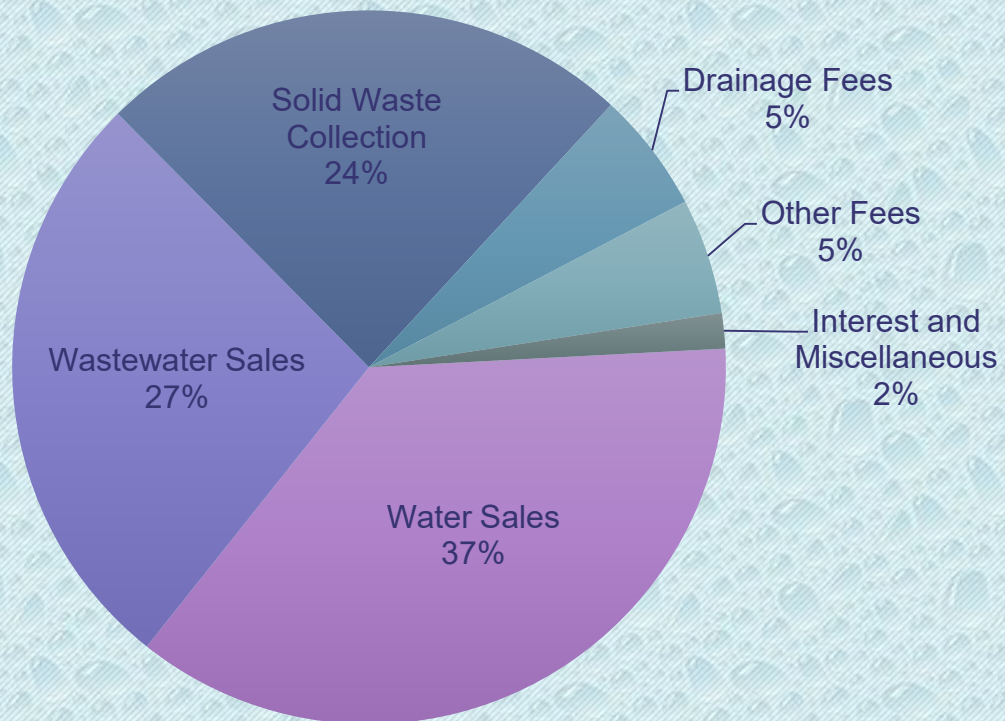
Council Budget Workshop

Overview of the Utility Funds

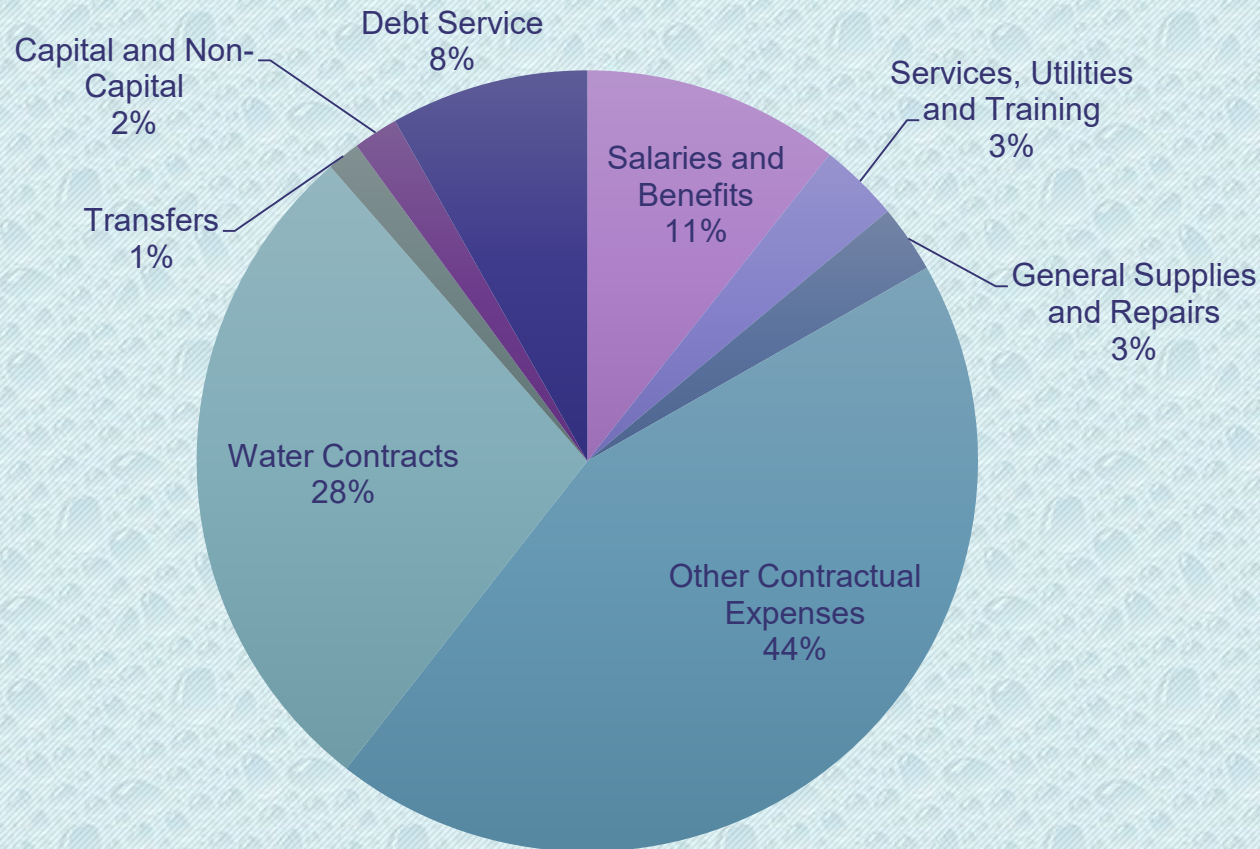
August 20, 2019

Utility Funds

Revenue



Utility Funds by expenditure category



Utility Fund

➤ Working Capital

- Operating expense (*less capital and debt*) = \$10,838,487
- Recommended reserve level of at least 25% ≈ \$2.7 million
- Projected ending balance at 9/30/20 = \$2,963,429

➤ Factors

- Growth in utility customers within our water CCN
- 2.6% rate increase being passed through by CCMA for fiscal year 2019-2020
- Significant decrease in water development costs expected from CVLGC for fiscal year 2019-2020 as the need for water development has been delayed
- Aging transponders require replacement/upgrade

Utility Revenues p. 85

Revenue Category	FY 2018-2019 Current Budget	FY 2019-2020 Proposed Budget	\$ Difference	% Difference
Water services ①	\$4,590,700	\$4,665,600	\$74,900	1.6%
Wastewater services ②	3,399,800	3,432,600	32,800	0.1%
Garbage & recycling services ③	2,792,800	3,101,800	309,000	11.1%
Other fees	653,300	669,800	16,500	2.5%
Interest and miscellaneous ④	161,800	190,875	29,075	18.0%
Other sales	600	0	(600)	-100.0%
Transfers and other financing sources	105,000	0	(105,000)	-100.0%
Total Utility Revenues	\$11,704,000	\$12,060,675	\$356,675	3.0%

- ① Water revenues are below original budget projections by approximately 2%. Based on continued growth in the Cibolo CCN area, water revenue is expected to increase for the following year.
- ② Due to a decline in the City's winter wastewater average for the current year, current revenues are expected to be approximately 5% below projections. With continued growth and a 10-cent/Tgal rate increase passed through from CCMA, revenue is expected to increase by that 5% reduction.
- ③ Commercial solid waste collection has been up by approximately 20% over original budget. The proposed budget reflects commercial activity at the same level.
- ④ Investment rates were higher during fiscal year 2019 than originally budgeted and the proposed budget reflects a somewhat stable rate.

Utility Fund by expenditure category

	FY 2018-2019 Current Budget	FY 2019-2020 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$955,258	\$940,642	(\$ 14,617)	-1.5%
Services, Utilities and Training	262,280	284,680	22,400	8.5%
General Supplies and Repairs	251,350	262,600	11,250	4.5%
Other Expenses	5,627,056	5,623,500	(3,556)	-0.1%
Water Contracts	3,301,855	3,603,525	301,670	9.1%
Transfers for IT/Fleet replacement	78,400	123,540	45,140	57.6%
Total Recurring Operating Expense	\$10,476,199	\$10,838,487	\$362,287	3.46%
Capital and Non-Capital	358,350	181,800	(176,550)	-49.3%
Debt Service	924,283	1,053,864	129,581	14.0%
Total Expense	\$11,758,832	\$12,074,151	\$315,318	2.7%

Utilities Administration p. 87

	FY 2018-2019 Current Budget	FY 2019-2020 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$ 180,475	\$ 207,885	\$27,410	15.2%
Services, Utilities and Training	129,450	135,700	6,250	4.8%
General Supplies and Repairs	51,700	56,400	4,700	9.1%
Other Expenses	5,627,056	5,623,500	(3,556)	-0.1%
Water Contracts	3,301,855	3,603,525	301,670	9.1%
Transfers for IT replacement	1,120	1,240	120	10.7%
Total Expense	\$9,291,656	\$9,291,656	\$519,094	5.9%

An additional position is being proposed for next fiscal year due to increased volume. The number of our customers has increased by 56% in the last 10 years with no increase in staffing. The proposed position is for half a year.

Other Expenses remained flat overall. The increase in wastewater services from growth combined with a 2.6% rate increase from CCMA, and the increase in solid waste collection related to growth are offset by a decrease in water development costs from CVLGC.

The most significant increase expected in this budget is within Water Contracts. Water supply costs from CRWA have risen related to Wells Ranch 2 bond payments.

Utilities Operations – Water p. 89

	FY 2018-2019 Current Budget	FY 2019-2020 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$509,572	\$478,424	(\$31,148)	-6.1%
Services, Utilities and Training	98,380	105,800	7,420	7.5%
General Supplies and Repairs	123,125	136,225	13,100	10.6%
Transfers	46,368	73,180	26,812	57.8%
Recurring Operating Expense	\$777,445	\$793,629	\$16,184	2.1%
Capital and Non-Capital	286,900	170,050	(116,850)	-40.7%
Debt Service	0	17,822	17,822	
Total Expense	\$1,064,345	\$981,501	(\$82,844)	-7.8%

There is an overall decrease in water operations of 7.8%. The fleet mechanic position which was split between streets and water operations budgets in prior years has been reallocated to the public works administration budget. The total public works administration budget is partly funded by transfers from the utility funds.

Small increases in laboratory fees for testing required by TCEQ and IT maintenance contracts to improve our work order system are reflected in this budget, as well as increases in general line maintenance and chemicals.

Transfers increased related to an increase in the public works administration budget for the mechanic position and a proposed fleet replacement program.

Utilities Operations – Wastewater p. 91

	FY 2018-2019 Current Budget	FY 2019-2020 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$285,211	\$284,333	(\$ 878)	-0.3%
Services, Utilities and Training	38,350	42,580	4,230	11.0%
General Supplies and Repairs	72,025	69,975	(2,050)	-2.8%
Transfers	30,912	49,120	18,208	58.9%
Recurring Operating Expense	\$426,498	\$446,008	\$19,510	4.6%
Capital and Non-Capital	71,450	11,750	(59,700)	-83.6%
Debt Service	0	11,882	11,882	
Total Expense	\$497,948	\$469,640	(\$28,308)	-5.7%

Personnel costs are relatively flat based on turnover.

Transfers increased related to an increase in the public works administration budget for the mechanic position and a proposed fleet replacement program.

Debt service costs are for financing related to equipment purchased during the year.

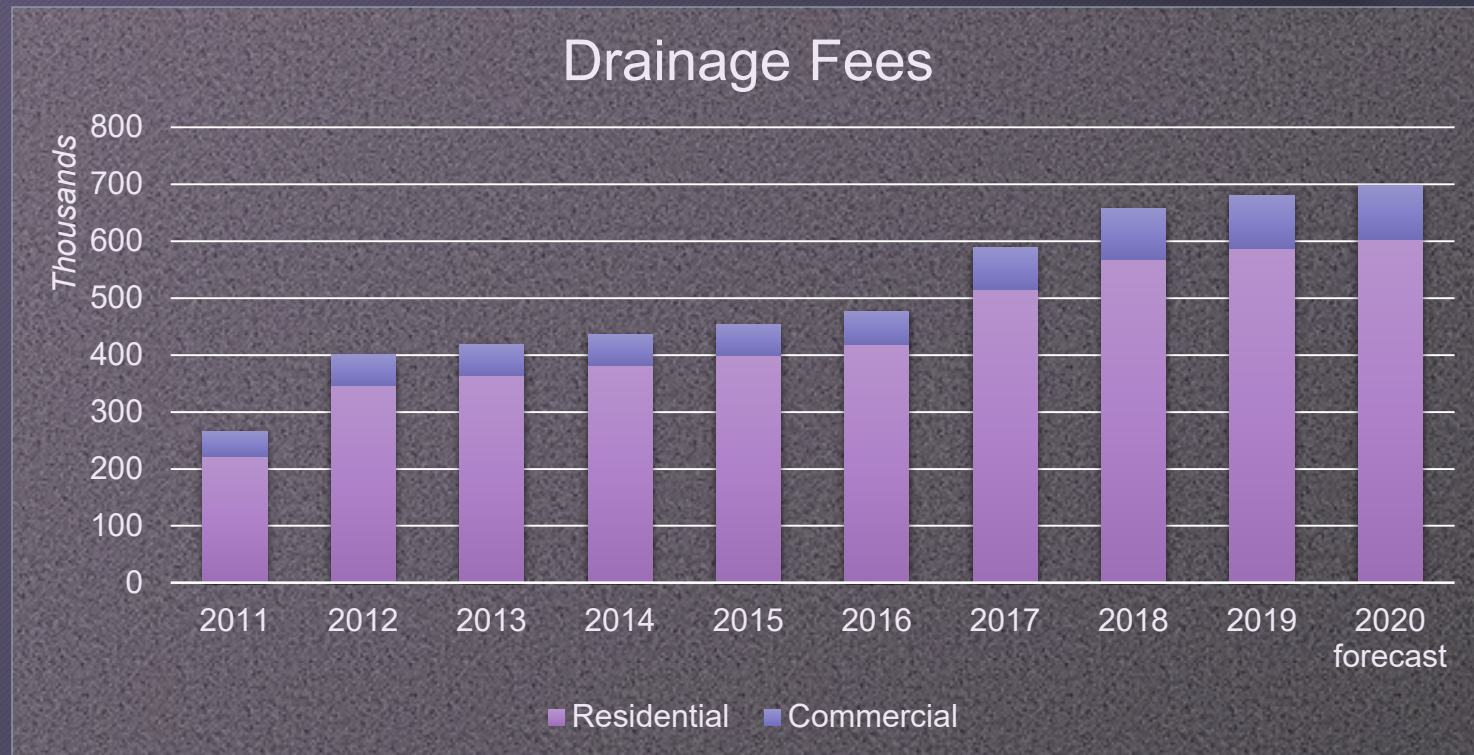
Non-departmental p. 93

	FY 2018-2019 Current Budget	FY 2019-2020 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	(\$20,000)	(\$30,000)	(\$10,000)	-50.0%
Services, Utilities and Training	600	600	0	0.0%
Recurring Operating Expense	(\$19,400)	(\$29,400)	(\$10,000)	-51.5%
Debt Service	924,283	1,024,160	99,877	10.8%
Total Expense	\$904,883	\$994,760	\$89,877	9.9%

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. New certificates of obligation anticipated to be issued this month are included in this budget.

Drainage Utility District p. 97



The Drainage Utility District was created in 2011 to establish funding for maintenance of the City's drainage ways. Steady growth is a result of steady population growth, and a rate increase in 2017.

Drainage Operations p. 101

	FY 2018-2019 Current Budget	FY 2019-2020 Proposed Budget	\$ Difference	% Difference
Salaries and Benefits	\$408,855	\$429,018	\$20,163	4.9%
Services, Utilities and Training	68,460	141,990	73,530	107.4%
General Supplies and Repairs	105,950	98,600	(7,350)	-6.9%
Other Expenses	14,000	14,200	200	1.4%
Transfers	31,860	52,610	20,750	65.1%
Recurring Operating Expense	\$629,125	\$736,418	\$107,293	17.1%
Capital and Non-Capital	119,350	58,000	(61,350)	-51.4%
Total Expense	\$748,475	\$794,418	\$45,943	6.1%

The largest increase is related to engineering services to develop plans to rehabilitate the drainage area behind Charleston Parke sub development (severe erosion).

Transfers increased related to an increase in the public works administration budget for the mechanic position and a proposed fleet replacement program.