

## ***STAFF REPORT***

**To: Coastside County Water District Board of Directors**

**From: Mary Rogren, Assistant General Manager**

**Agenda: June 13, 2017**

### **Report**

**Date: June 9, 2017**

**Subject: Approval of Fiscal Year 2017/18 Operations and Maintenance Budget and Fiscal Year 2017/18 to 2026/27 Capital Improvement Program (CIP)**

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### **Recommendation:**

Approve the Fiscal Year 2017/18 Operations and Maintenance Budget (Exhibit A) and Fiscal Year 2017/18 to 2026/27 Capital Improvement Program (Exhibit B.)

### **Background:**

The Board was first introduced to a draft FY2017/18 Operations and Maintenance Budget and draft FY 2017/18 to 2026/27 CIP at the February 14, 2017 Regular Board Meeting. Since the February 14 meeting, the draft budget and CIP have been reviewed at the March, April, and May Regular Board meetings; at a special Budget Work Session with the Board (March 29, 2017); and at Finance and Facilities Committee meetings. (See Budget Calendar – Exhibit C.)

Staff will make a presentation reviewing budget details.

### **Operations and Maintenance Budget**

Highlights:

#### **Budget to Budget Comparison**

- FY2017/18 budget assumes water sales at current levels of 560 MG, up from the 550 MG planned in the FY2016/17 Budget.
- FY2017/18 water purchases from SFPUC are \$471,000 less than the FY2016/17 budget due to an increased use of local sources. SFPUC is currently projecting 0% rate increase for FY2018.
- Total FY2017/18 Operating Expenses are \$540 above the FY2016/17 budget.

- The FY2017/18 budget also includes an additional \$179,000 for debt service for a new (2016) IBank loan.

\$10,805,600 is included in the water sales line in the draft FY2017/18 budget based on staff's proposed 3.9% revenue increase reflected in the Proposition 218 notice issued on April 19, 2017. The revenue amount may change based on the amount of the rate increase ultimately approved by the Board.

### **Capital Improvement Program (CIP)**

- \$30,180,000 total 10 year CIP (FY2018 dollars)
- \$16,520,000 total 5 year CIP (average of \$3,304,000 per year)
- FY 2017/18 CIP = \$3,908,000. \$600,000 of the \$3,908,000 will be funded by remaining proceeds of an IBank loan, and the remaining \$3,308,000 will be funded via revenue and operating reserves.

Please note that due to the volume of paper, the individual detailed sheets for the Operations Budget and Capital Improvement Program are not included in this agenda packet. The individual detailed sheets are available in electronic form on the District's website at [www.coastsidewater.org](http://www.coastsidewater.org) or hard copies may be obtained at the District's office.