

2016 Budget Preparation

Loveland Utilities Commission Presentation

June 17, 2015

2016 Proposed Budget Overview

- Staffing – 3 New Full-time Equivalent (FTE) Positions Proposed
 - Power Meter Apprentice I
 - Water Meter Technician II
 - Utility Asset Manager
- \$239,000 Increase in Personal Services Expense
 - \$101,000 Increase for Water
 - \$30,000 Increase for Wastewater
 - \$108,000 Increase for Power
- FTE Count Would Be 1 more than in 2003

2016 Proposed Budget Overview

- 3.5% Increase for Salaries
- Net Increase in Temporary Positions: \$128,000
 - \$48,000 increase for Water
 - \$4,000 decrease for Wastewater
 - \$84,000 increase for Power
- Workers Compensation down \$54K or 21%
 - A really good year replaces a bad year
- Capital Programs
 - \$41.1 million for Water over next 5 years
 - \$54.5 million for Wastewater over next 5 years
 - \$59.4 million for Power over next 5 years

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2016 Proposed Budget Overview

- Water 10 Year Financial Plan and Rates
 - 2016 Overall Rate Increase of 9%, followed by three more years at 9%/yr., then three years at 8%/yr., per March, 2013 Resolution
 - Rate track could change pending results of rate study
 - Transfer of portion of Water Sales to RW becomes 3% in 2016
 - Negative variances vs. target in 2020-2021, then recovers
- Water Key Changes in O&M Expenses for 2016
 - Domestic Water Rights – Increase of \$280K
 - Lawn Irrigation Return Flows – Increase of \$275K
 - C-BT Facilities Contract – Increase of \$180K
 - C-BT and Windy Gap Assessments – Increase of \$239,600
 - System Condition Assessments - Increase of \$235K
 - Debt Service on \$13.2M External Loan – Increase of \$285K;

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2016 Proposed Budget Overview

➤ Wastewater 10 Year Financial Plan and Rates

- 2016 Overall Rate Increase of 8.81%, followed by three years at 11%/yr., then three years at 7%/yr. per 2012 rate study results
- Rate track could change pending results of rate study
- \$6M loan in 2016, \$20M loan in SIF in 2020 for capital
- Positive variances vs. target through 10 years

➤ Wastewater Key Changes in O&M Expenses for 2016

- Non-recurrence of Replacement/Regeneration of Carbon for Existing Odor Scrubber at WWTP – Decrease of \$63K
- Non-recurrence of Design and SDC, Odor Control Strategies (Stages 6 & 7) at WWTP – Decrease of \$40K
- Lift Station Evaluations, Manhole Rehab – Increase of \$100K

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2016 Proposed Budget Overview

➤ Power 10 Year Financial Plan and Rates

- 2016 Across-the-Board Rate Increase of 6%
- Combination of 4.05% pass-through of wholesale power increase from PRPA and 1.95% for increased capital expenses
- PRPA Rate Increases of 1%-4% per year from 2017-2025
- 10 Year Plan shows rate increase of 6% in 2016, followed by increases ranging from 1.81% to 6.04% per year from 2017-2025

➤ Power Key Changes in O&M Expenses for 2016

- Construction of Road for New Substation off 29th St. – Increase of \$1,500,000
- Ongoing Licensing for Web Portal for Large Customers – Increase of \$41K
- Substation Support Services from PRPA – Decrease of \$75K

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