

2017 Budget Preparation

Loveland Utilities Commission Presentation

June 15, 2016

2017 Proposed Budget Overview

- Staffing – Increase of 3.5 Full-time Equivalent (FTE) Positions Proposed
 - SCADA Programmer / Instrumentation & Control Specialist
 - Wastewater Treatment Plant D Operator
 - 2 Water Quality Specialist Positions Upgraded from PT to FT
 - Accounting Technician Position Upgraded from 20 to 30 hrs./wk.
 - 2 Power Positions Reassigned in 2016

- \$303,000 Increase in Personal Services Expense from Staffing Increases / Reassignments
 - \$89,000 Increase for Water
 - \$160,000 Increase for Wastewater
 - \$54,000 Increase for Power

2017 Proposed Budget Overview

- 3.25% Increase for Salaries
- Net Decrease in Temporary Positions: \$68,000
- Increase in Health Insurance Expense: \$623,000
 - \$226,000 increase for Water
 - \$169,000 increase for Wastewater
 - \$228,000 increase for Power
- Increase in Cost Allocation Expense: \$452,000
 - \$136,000 increase for Water
 - \$103,000 increase for Wastewater
 - \$213,000 increase for Power
- Capital Programs
 - \$117 million for Water and Raw Water over next 10 years
 - \$81 million for Wastewater over next 10 years
 - \$159 million for Power over next 10 years

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2017 Proposed Budget Overview

- Water 10 Year Financial Plan and Rates
 - 2017 Across-the-Board Rate Increase of 9%, followed by two more years at 9%/yr, then three years at 8%/yr, per Sept., 2015 Resolution
 - \$9.2M loan in 2018 to help fund Chimney Hollow construction
 - Positive variances vs. target through 10 years
- Water Key Changes in O&M Expenses for 2017
 - C-BT Facilities Contract – Increase of \$235K
 - Lawn Irrigation Return Flows (LIRFS) – Decrease of \$200K
 - Water Treatment Plant Chemicals – Increase of \$150K
 - 36" Steel Water Transmission Line Evaluation – Decrease of \$100,000
 - Debt Service on \$4.0M Internal Loan - Increase of \$4M
 - Debt Service on \$13.2M External Loan – Increase of \$720K;

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2017 Proposed Budget Overview

➤ Wastewater 10 Year Financial Plan and Rates

- 2017 Across-The-Board Rate Increase of 11%, followed by two years at 11%/yr, then three years at 7%/yr, per Sept. 2015 Resolution
- Major capital projects (\$37M) at WWTP addressed in this plan
- Positive variances vs. target through 10 years, bolstered by \$24.9M loan in 2016

➤ Wastewater Key Changes in O&M Expenses for 2017

- Investigative Study on Selenium Levels – Increase of \$150K
- Debt Service on \$24.9M External Loan – Increase of \$820K in O&M Budget and \$460K in SIF Budget

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2017 Proposed Budget Overview

➤ Power 10 Year Financial Plan and Rates

- 2017 Overall Rate Increase of 6.5%
- Combination of 3.24% pass-through of wholesale power increase from PRPA and 3.26% for increased O&M and capital expenses
- PRPA Rate Increase of 4% in 2017, then 2.5% per year
- Positive variances vs. target through 10 years

➤ Power Key Changes in O&M Expenses for 2017

- Construction of Road Associated with FEMA Alternate Projects – Decrease of \$1,500,000
- O&M Costs for New Solar Facility – Increase of \$90K
- Efficiency Works Programs for Commercial Customers – Increase of \$90K

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