

# 2018 Budget Preparation

## Loveland Utilities Commission Presentation

June 21, 2017

## 2018 Proposed Budget Overview

➤ Staffing – Increase of 7 Full-time Equivalent (FTE)  
Positions Proposed

- Senior Electrical Engineer
- Senior Electric Distribution Designer
- Journey Water Systems Operator
- Wastewater Treatment Plant D Operator
- Utility Applications Services Manager
- Utility Applications Business Analyst
- Administrative Specialist

➤ \$728,000 Increase in Personal Services Expense from  
Staffing Increases

- \$216,000 Increase for Water
- \$151,000 Increase for Wastewater
- \$361,000 Increase for Power

## 2018 Proposed Budget Overview

- 3.5% Increase for Salaries
- Net Increase in Temporary Positions: \$133,000
- Increase in Health Insurance Expense: \$681,000
  - \$243,000 increase for Water
  - \$185,000 increase for Wastewater
  - \$253,000 increase for Power
- Customer Information System (CIS): \$4.9 million for W&P share
  - \$1.1 million contribution from Water
  - \$1.1 million contribution from Wastewater
  - \$2.7 million contribution from Power
- Increase in Cost Allocation Expense: \$635,000
  - \$202,000 increase for Water
  - \$93,000 increase for Wastewater
  - \$340,000 increase for Power

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## 2018 Proposed Budget Overview

- Increase in Vehicle O&M Expense: \$182,000
  - \$81,000 increase for Water
  - \$55,000 increase for Wastewater
  - \$46,000 increase for Power
- Increase in Transfers for Assets Funded by Multiple Utilities Expense: \$1,059,000
  - \$886,000 increase for Water
  - \$54,000 increase for Wastewater
  - \$119,000 increase for Power
- Capital Programs
  - \$140 million for Water and Raw Water over next 10 years
  - \$64 million for Wastewater over next 10 years
  - \$147 million for Power over next 10 years

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## 2018 Proposed Budget Overview - Water

### ➤ Water 10 Year Financial Plan and Rates

- 2018 Across-the-Board Rate Increase of 9%, followed by one more year at 9%/yr, then three years at 8%/yr, per September, 2015 Resolution
- \$16.5M loan in 2019 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 – Decrease of \$215,000
- Lawn Irrigation Return Flows (LIRFS) – Decrease of \$100K
- Street Repairs – Increase of \$140,000
- Non-recurrence of Water Master Plan Update – Decrease of \$100,000
- Non-recurrence of Debt Service on \$4.0M Internal Loan - Decrease of \$4 million

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## 2018 Proposed Budget Overview - Wastewater

### ➤ Wastewater 10 Year Financial Plan and Rates

- 2018 Across-The-Board Rate Increase of 11%, followed by one more year at 11%/yr, then three years at 7%/yr, per Sept. 2015 Resolution
- Positive variances vs. target through 10 years; SIF balance bolstered by short-term internal loans in 2020 and 2026

### ➤ Wastewater Key Changes in O&M Expenses for 2018

- Utility Expenses at the WWTP – Increase of \$122,000
- Spare Return Activated Sludge Pump – Increase of \$56,000
- Wastewater Model Update – Increase of \$75,000
- Debt Service on \$24.9M External Loan – Decrease of \$1.5 million

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## 2018 Proposed Budget Overview - Power

### ➤ Power 10 Year Financial Plan and Rates

- 2018 Overall Rate Increase of 5%
- Combination of 2.03% pass-through of wholesale power increase from PRPA and 2.97% for increased O&M and capital expenses
- PRPA Rate Increase of 2.5% per year, each year from 2018-2027
- Positive variances vs. target through 10 years; rate increases in 2019 and 2020 1% higher than presented to Council last Aug.

### ➤ Power Key Changes in O&M Expenses for 2018

- Environmental Mitigation in Big T Canyon – Increase of \$300,000
- Support for Yukon Metering Software – Increase of \$100,000
- Efficiency Works Programs for Commercial Customers and New Program for Low Income Customers – Increase of \$215K

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