

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