

GRP Division

Fiscal Year 2018 Budget

GRP Review Committee
April 24, 2017





GRP Division Objectives FY 2018

- Produce and deliver adequate quantity of surface water to meet LSGCD rules for groundwater reduction
- Ensure that surface water produced at the surface water treatment plant and delivered to surface water receiving facilities meets TCEQ's safe drinking water standards
- Rates that are the lowest which are consistent with good management practices

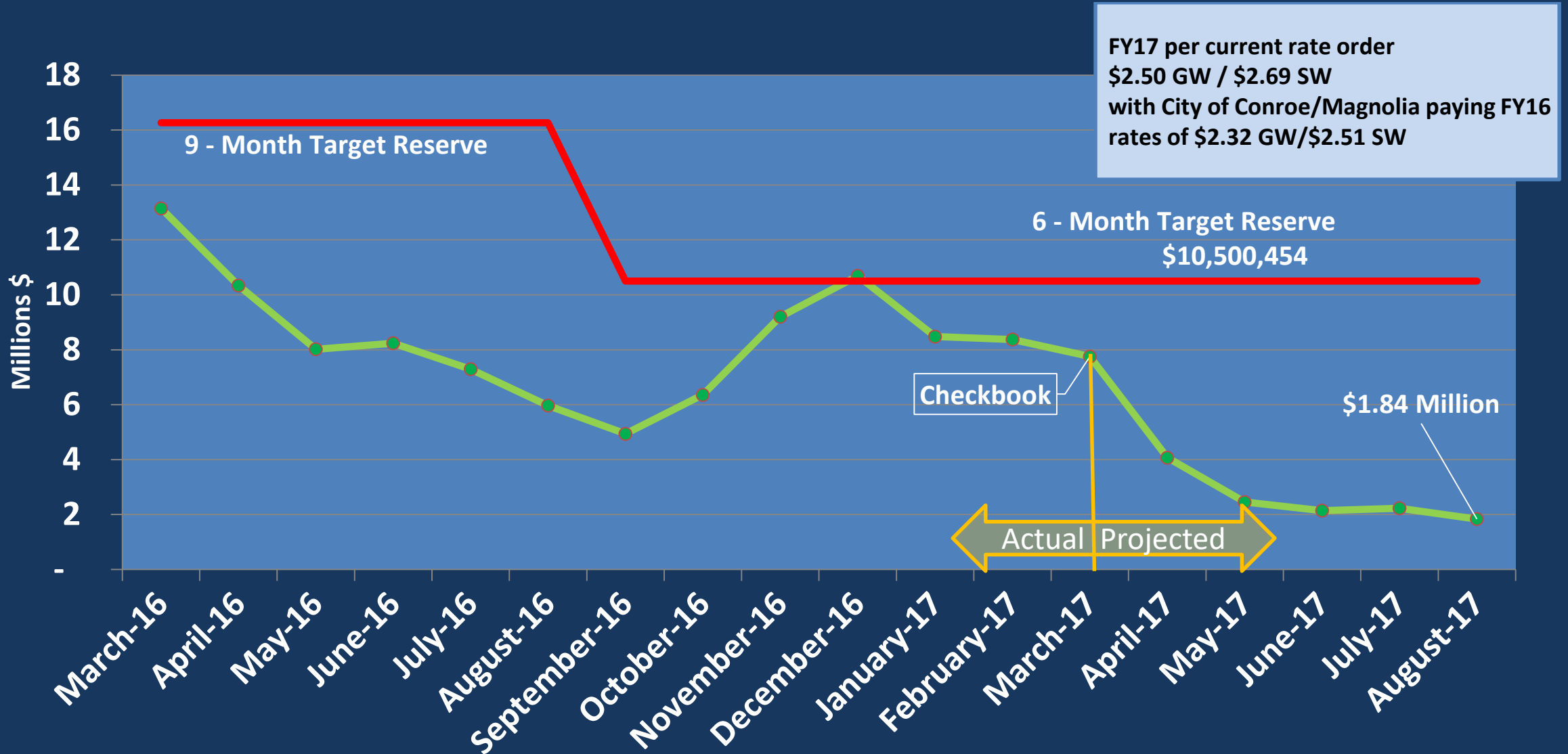


Budget Assumptions

- Projected water demand – “Damp”
- Plant and transmission system maintenance
- Cost of litigation
- Debt service
- TRA option payment only – No funds for feasibility study
- Inadequate funding for Operating, R&R and Capital Reserves in FY 18



Cash Flow FY 2017



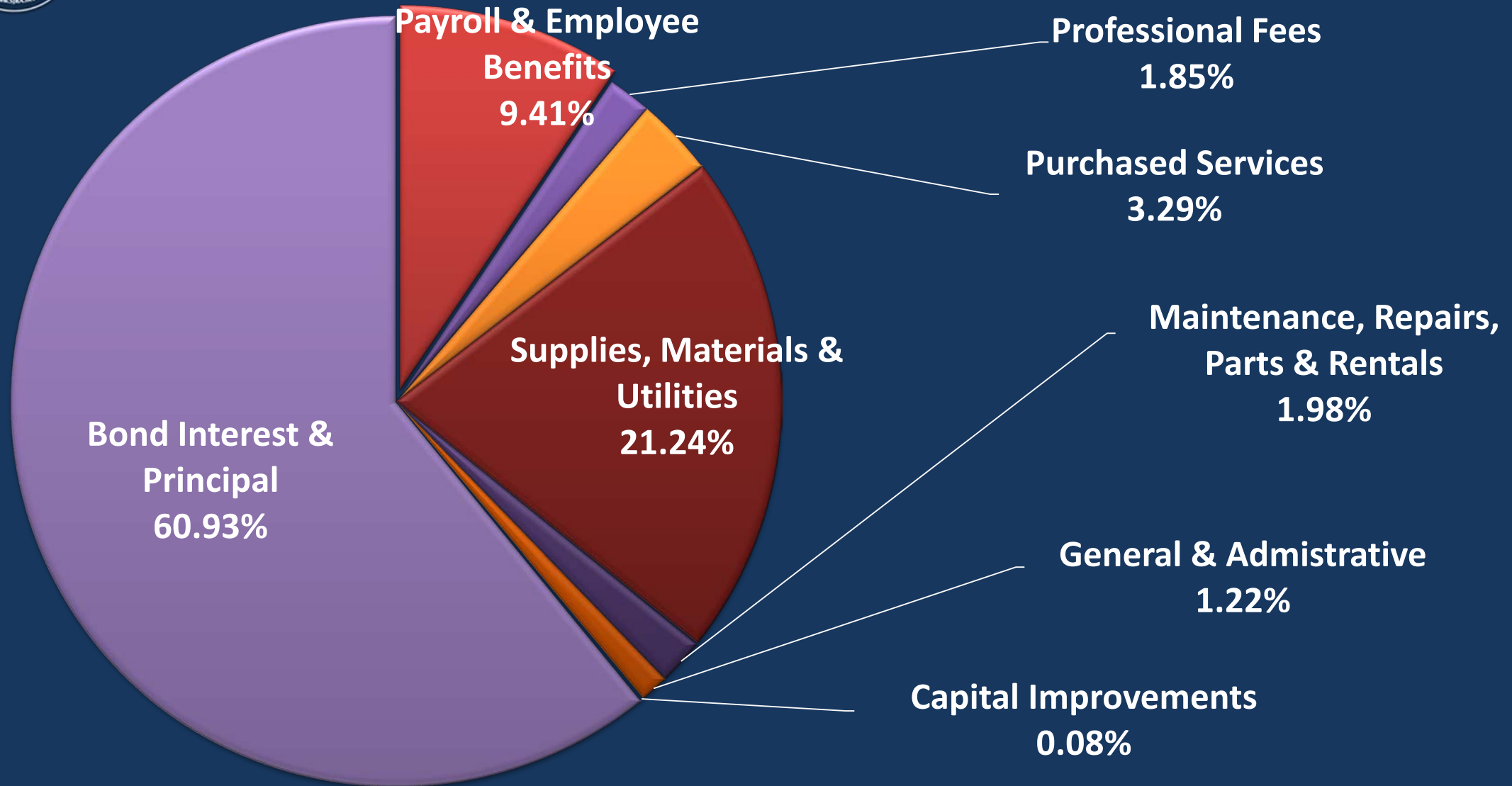


GRP Operating Budget Expenses

Category	FY17 Budget	FY17 Amended	FY18 Budget
Payroll & Employee Benefits	\$ 4,980,346	\$ 4,980,346	\$ 5,330,517
Professional Fees	\$ 956,170	\$ 2,731,170	\$ 1,047,150
Purchased Services	\$ 1,577,668	\$ 1,577,668	\$ 1,863,181
Supplies, Materials, & Utilities	\$ 12,205,469	\$ 12,205,469	\$ 12,029,930
Maintenance Repairs, Parts & Rentals	\$ 569,400	\$ 2,069,400	\$ 1,124,401
General & Administrative	\$ 711,855	\$ 711,855	\$ 688,592
Capital Improvements	\$ 41,000	\$ 41,000	\$ 46,777
Bond Interest & Principal	\$ 34,492,977	\$ 34,492,977	\$ 34,519,155
TOTAL GRP EXPENSES	\$ 55,534,885	\$ 58,809,885	\$ 56,649,703



Proposed FY 2018 GRP Budget





Risks In FY 18 Budget

- “Damp” demand assumption could be too optimistic
- Delayed full funding of Operating fund balance
- Delayed funding of R&R Reserve fails to save for known replacement needs
- Delayed funding of Capital Reserve makes GRP unable to respond to possible line extension requests and AWS development



Conroe Litigation Impact On Budget

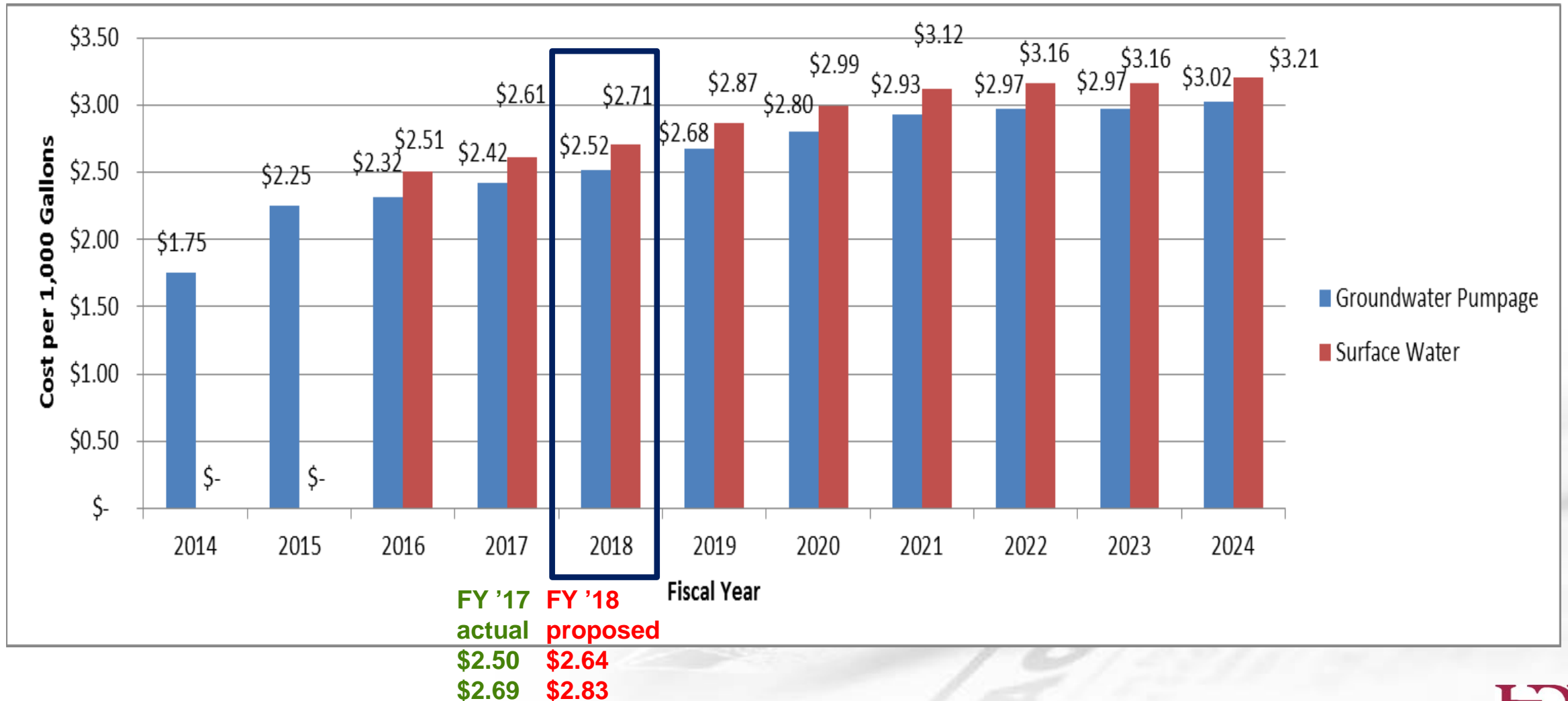
- Legal costs to date (FY 17) \$ 700,000
- Additional legal costs projected in FY 17 \$ 800,000
- Legal costs in FY 18 \$ 500,000
- Conroe/Magnolia in arrears \$ 776,000
 - Estimate at end of FY 17
- **Total \$2,776,000**
- One cent on the rate \approx \$220,000 \therefore Rate impact is \approx 12.6 cents



Proposed FY 2018 Rates

- **Groundwater Pumpage Fee** **\$2.64/1,000 gal**
- **Treated Surface Water Fee** **\$2.83/1,000 gal**

Rates Proposed in 2014 Rate Study





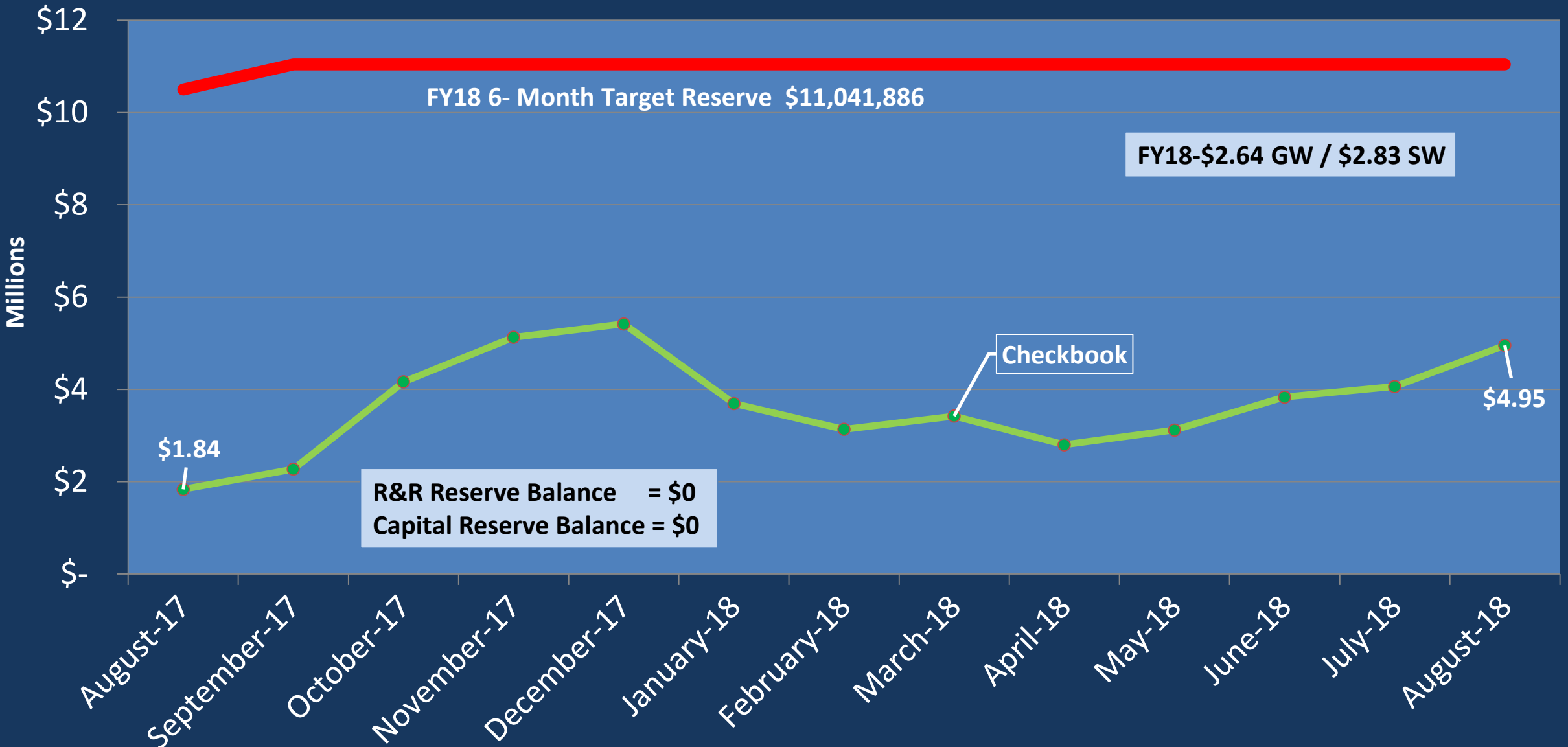
GRP Operating Budget Summary

Year to Year Comparison

Category	FY17 Budget	FY17 Amended	FY 18 Proposed
REVENUE	\$ 56,290,073	\$ 56,290,073	\$ 59,767,765
OPERATING EXPENSES	\$ 21,000,908	\$ 24,275,908	\$ 22,083,771
DEBT SERVICE & CAPITAL IMP.	\$ 34,033,977	\$ 34,283,977	\$ 34,565,932
CHANGE TO FUND BALANCE	\$ 1,255,188	\$ (2,269,812)	\$ 3,118,062



Projected Cash Flow FY 2018



Questions?

