

# **GRP Division**

## **Fiscal Year 2019 Budget**



**GRP Review Committee**  
**April 23, 2018**

**SJRA Board Meeting**  
**April 26, 2018**



# GRP Division Objectives FY 2019

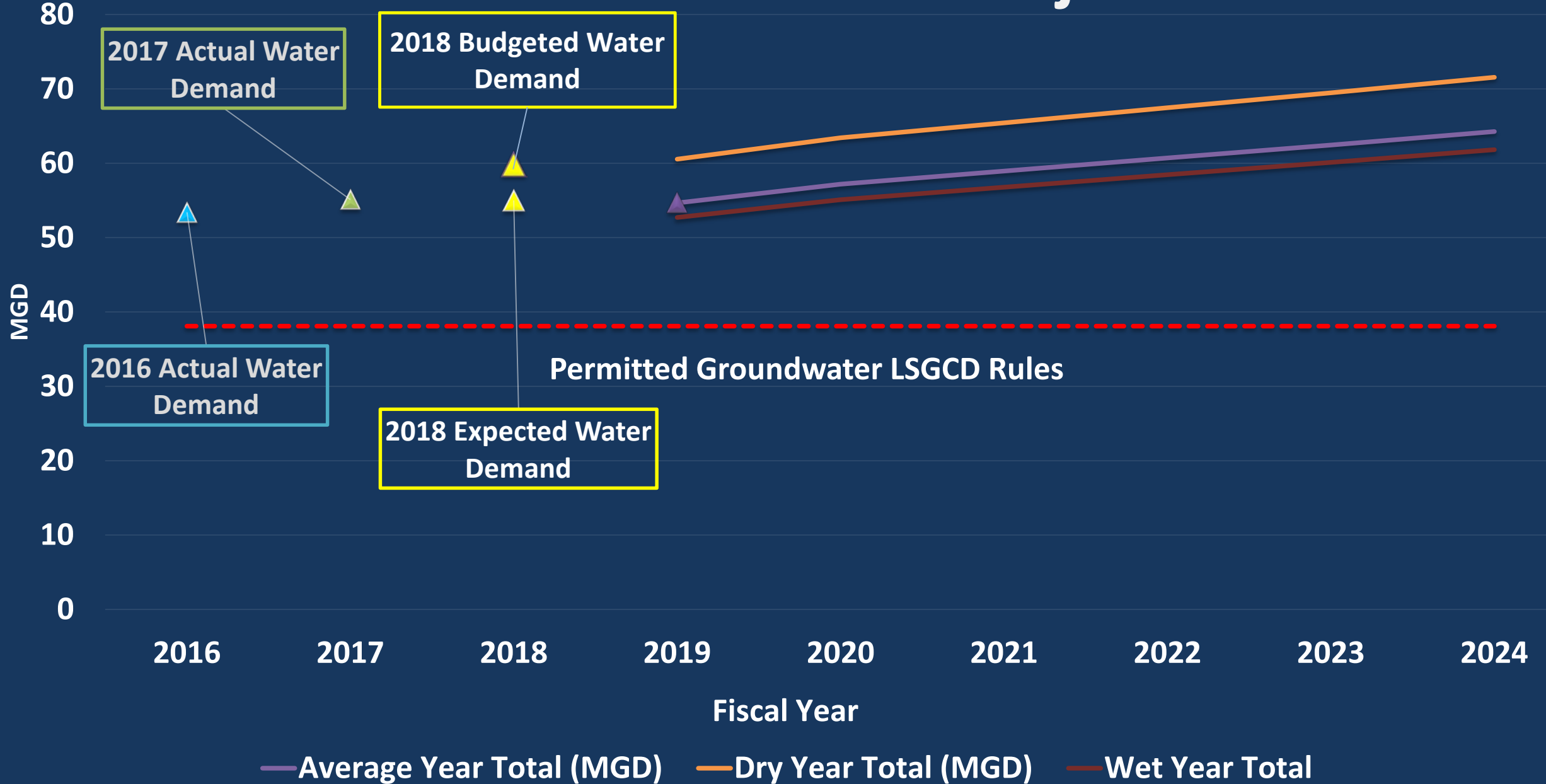
- Produce and deliver adequate quantity of surface water to meet LSGCD rules for groundwater reduction
- Ensure that surface water produced at the surface water treatment plant and delivered to surface water receiving facilities meets or exceeds all State and Federal water quality guidelines and standards
- Rates that are the lowest which are consistent with good management practices



# Budget Assumptions

- Maintain current pumpage and surface water rates, if possible
- Maintain current reserve policies
- Projected total water demand – 19.9 Billion Gallons (54.6 MGD)
- Annual surface water production to 4.4 Billion Gallons (12 MGD)
- New GRP Rate Study per Contract Requirement
- Plant and transmission system maintenance
- Cost of litigation

# Total Water Demand Projections





# GRP Operating Budget Revenue

| Category             | FY18 Budget          | FY18 Expected        | FY19 Proposed        |
|----------------------|----------------------|----------------------|----------------------|
| GRP REVENUE          | \$ 59,702,577        | \$ 52,852,308        | \$ 53,193,280        |
| NON OPERATING INCOME | \$ 65,188            | \$ 117,688           | \$ 14,808            |
| <b>TOTAL REVENUE</b> | <b>\$ 59,767,765</b> | <b>\$ 52,969,996</b> | <b>\$ 53,208,088</b> |

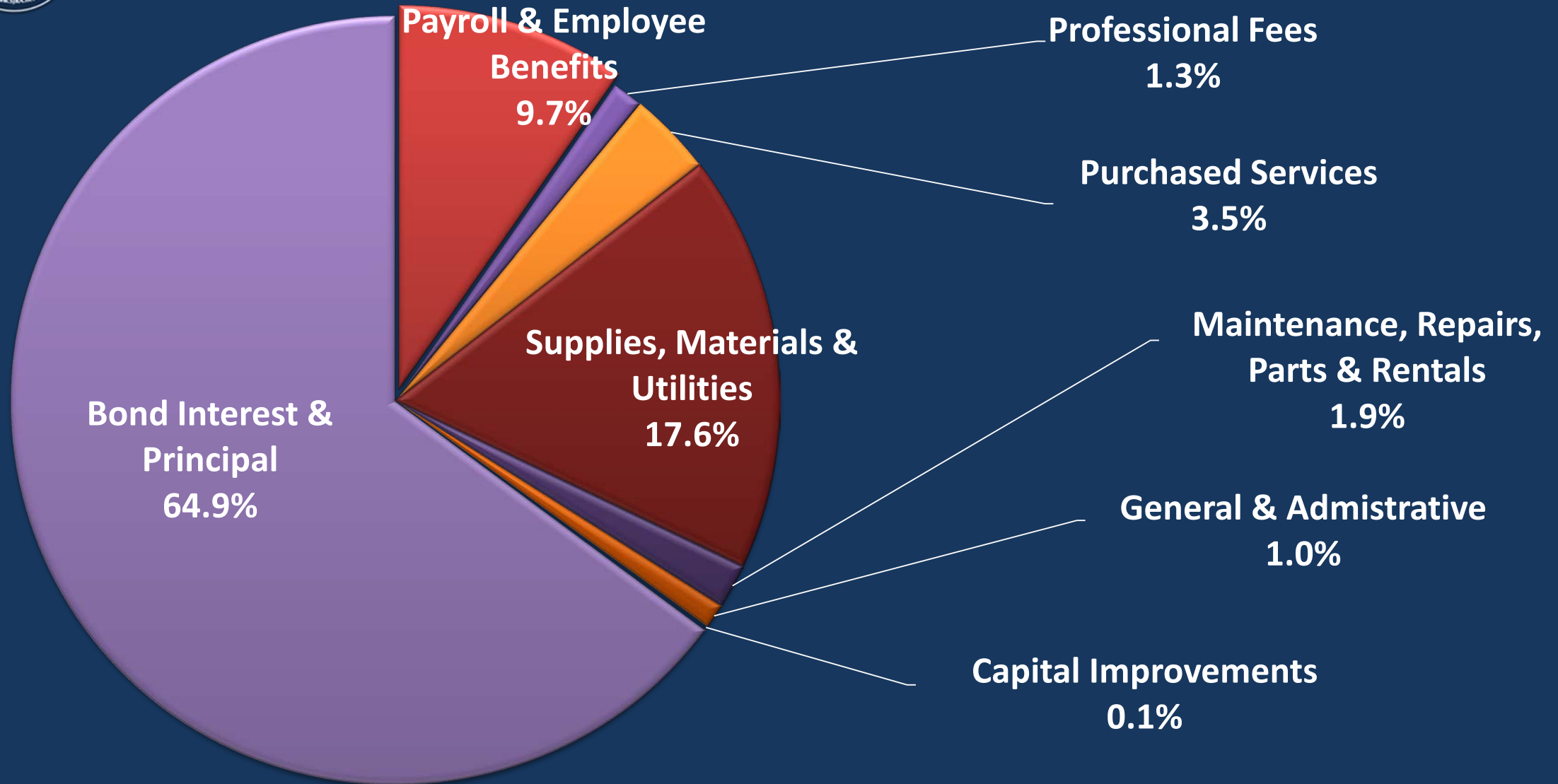


# GRP Budgeted Expenditures

| Category                             | FY18 Budget          | FY18 Expected        | FY19 Budget          |
|--------------------------------------|----------------------|----------------------|----------------------|
| Payroll & Employee Benefits          | \$ 5,330,517         | \$ 5,072,705         | \$ 5,140,369         |
| Professional Fees                    | \$ 1,047,150         | \$ 1,077,150         | \$ 678,350           |
| Purchased Services                   | \$ 1,863,181         | \$ 1,801,068         | \$ 1,887,305         |
| Supplies, Materials, & Utilities     | \$ 12,029,930        | \$ 9,068,925         | \$ 9,364,431         |
| Maintenance Repairs, Parts & Rentals | \$ 1,124,401         | \$ 1,148,726         | \$ 992,800           |
| General & Administrative             | \$ 688,592           | \$ 561,592           | \$ 553,734           |
| Capital Improvements                 | \$ 46,777            | \$ 46,777            | \$ 73,076            |
| Bond Interest & Principal            | \$ 34,519,155        | \$ 34,519,155        | \$ 34,525,702        |
| Prepaid Credit/Bond Proceeds Used    | \$ (472,943)         | \$ (666,665)         | \$ (472,943)         |
| <b>TOTAL GRP EXPENSES</b>            | <b>\$ 56,176,760</b> | <b>\$ 52,629,433</b> | <b>\$ 52,742,823</b> |



# Proposed FY 2019 GRP Budget





# Risks In FY 19 Budget

- Total water demand higher than projected may cause compliance tension (revenues will exceed projections)
- Total water demand lower than projected will cause revenue shortfall
- Delayed full funding of Operating Fund Balance does not provide adequate funds for emergency costs and rate stabilization
- Delayed funding of R&R Reserve fails to save for known replacement needs (i.e. membrane replacement)
- Delayed funding of Capital Reserve makes GRP unable to respond to possible line extension requests and AWS development



# Hypothetical Line Extension or AWS Project Request

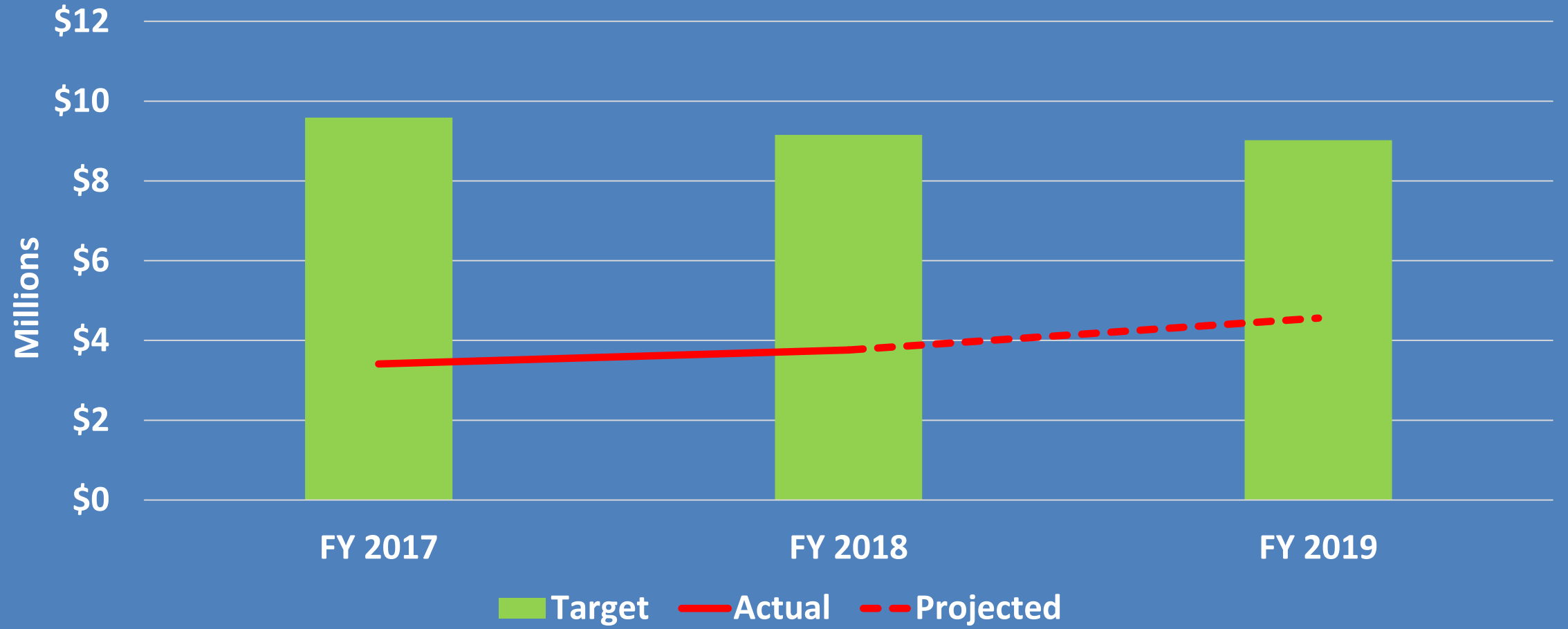
|                                     |                    |
|-------------------------------------|--------------------|
| <b>Cost of Extension</b>            | <b>\$3,000,000</b> |
| 50% Construction                    | \$1,200,000        |
| 100% Design/Land                    | \$600,000          |
| <b>GRP Share</b>                    | <b>\$1,800,000</b> |
| <b>Funds to Meet Reserve Policy</b> | <b>\$5,708,000</b> |
| <b>TOTAL</b>                        | <b>\$7,508,000</b> |

|                            |                 |
|----------------------------|-----------------|
| <b>Rate Impact</b>         |                 |
| <b>Meet Reserve Policy</b> | <b>23 cents</b> |
| <b>Project Costs</b>       | <b>7 cents</b>  |
| <b>TOTAL</b>               | <b>30 cents</b> |

Options: Increase rate to allow for line extensions  
Defer projects until funds are available



# Operating Fund Balance

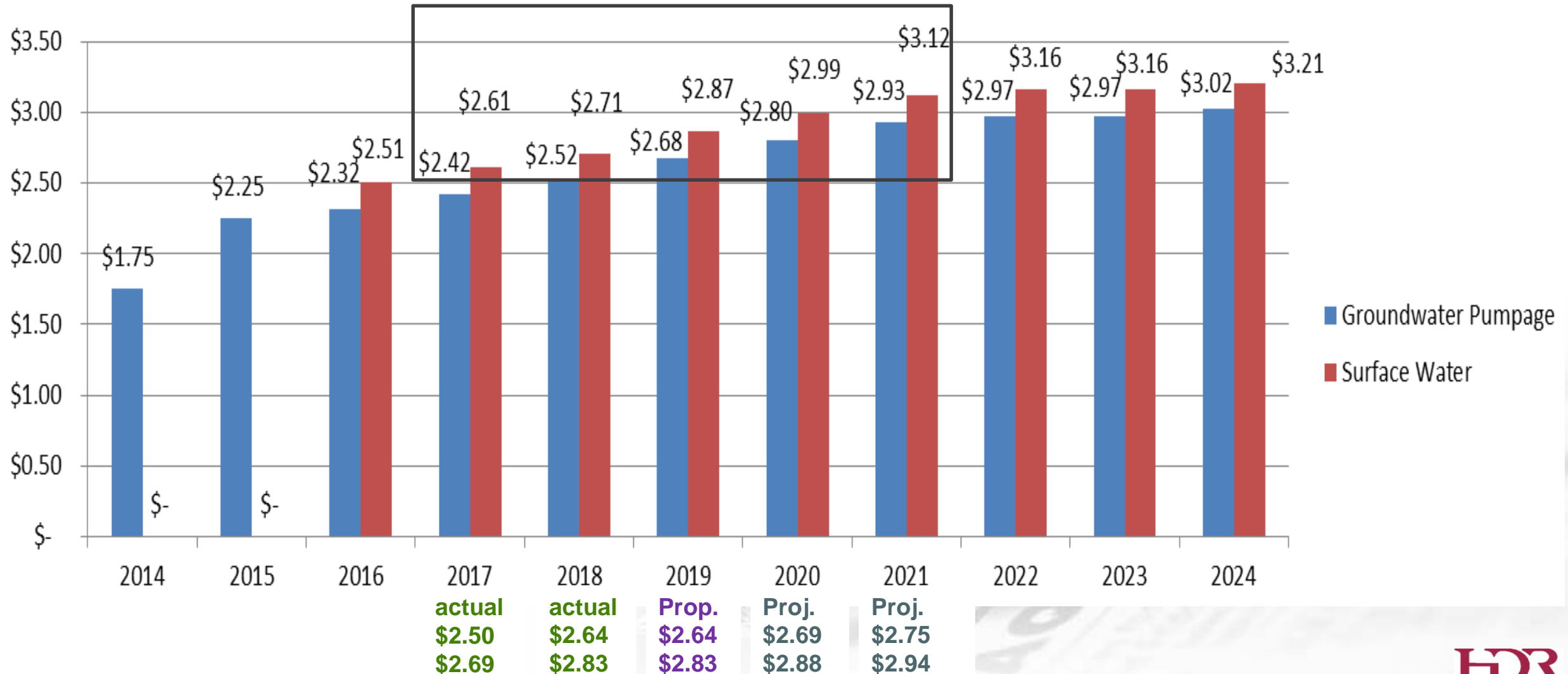




# Proposed FY 2019 Rates

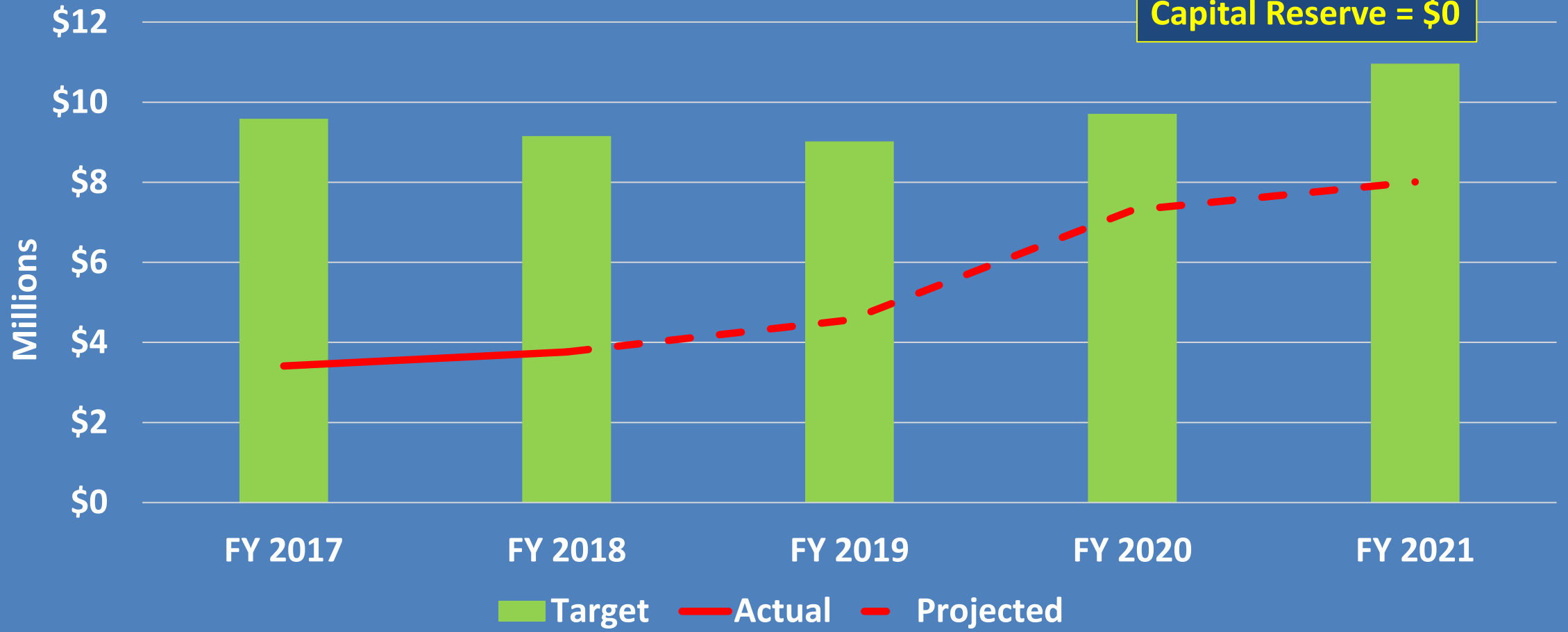
- **Groundwater Pumpage Fee**                      **\$2.64/1,000 gal**
- **Treated Surface Water Fee**                      **\$2.83/1,000 gal**

# Rates Proposed in 2014 Rate Study



# Operating Fund Balance

R&R Reserve = \$0  
Capital Reserve = \$0





# GRP Operating Budget Summary

## Year to Year Comparison

| Category                      | FY 18 Budget  | FY18 Expected | FY 19 Proposed |
|-------------------------------|---------------|---------------|----------------|
| REVENUE                       | \$ 59,767,765 | \$ 52,969,996 | \$ 53,208,088  |
| GRP BUDGETED EXPENDITURES     | \$56,176,760  | \$52,629,433  | \$52,742,823   |
| CHANGE TO ANNUAL FUND BALANCE | \$ 3,591,005  | \$ 340,563    | \$ 465,265     |

# GRP Operating Budget Summary

- We will continue to keep all of our GRP Participants in compliance with the LSGCD rules.
- We will continue to deliver treated surface water to our customers that meets or exceeds all of the State and Federal guidelines and requirements.
- In FY19 the GRP Division will hold the same rates as in FY18.

# Questions?

