



DIABLO
WATER
DISTRICT

FISCAL YEAR 2016 - 2017
ANNUAL BUDGET

APPROVED BY THE BOARD OF DIRECTORS
June 1, 2016



May 24, 2016

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Directors:
Howard Hobbs
President

Kenneth L. Crockett
Vice President

Edward Garcia
Enrico Cinquini
John H. de Fremery

*General Manager
& Secretary:*
Mike Yeraka

General Counsel:
Jeffrey D. Polisner

To: Each Director

Gentlemen:

I would first like to acknowledge the help of Ms. Jennifer McCoy in preparation of the budget, without whose efforts, the budget could not have been completed on time. We submit for your consideration, Diablo Water District's proposed Fiscal-Year (FY) 2016-2017 budget.

The Budgeted positions and Organization Chart are shown on pages 6 and 7. The number of budgeted positions is proposed to remain the same as the current fiscal year.

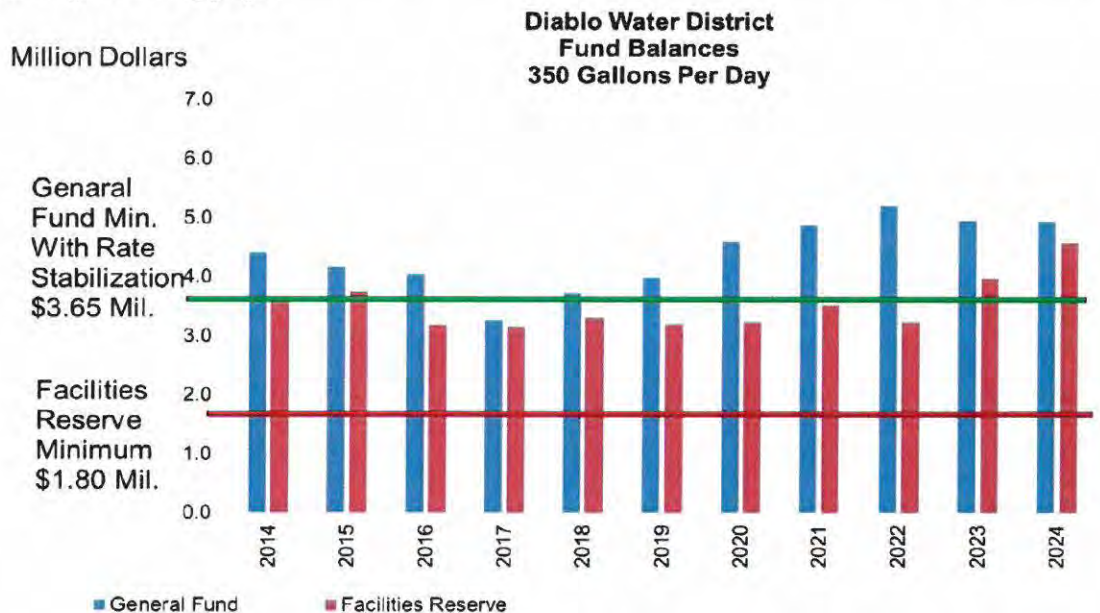
Schedule I shows that as of June 30, 2016, the District's income from water sales will be \$7.21 Million (11 months actual and one month estimated), which is less than the \$8.02 Million budget due to the drought. Next year's income from water sales is estimated to be \$7.9 Million which reflects an estimated consumption of 350 gallons per day per service. The income projections also include the anticipated water rate increase for next fiscal year. The number of customers for next fiscal year is estimated at 11,400 given the anticipated growth in the District.

Schedule II shows that this year's actual operating expenses of \$6.93 Million will be approximately \$670,000 less than the \$7.60 Million budget. Next year's operating budget is \$7.53 million. We have estimated that 18% of our water supply will come from the Glen Park and Stonecreek wells for next Fiscal Year. The budget for next year includes a 2.5% cost of living salary adjustment for all employee positions based on the annual increase in the San Francisco Bay Area Consumer Price Index of 2.5%. Table 1 on page 10 shows how salaries are allocated between the District's various funds for FY 2017.

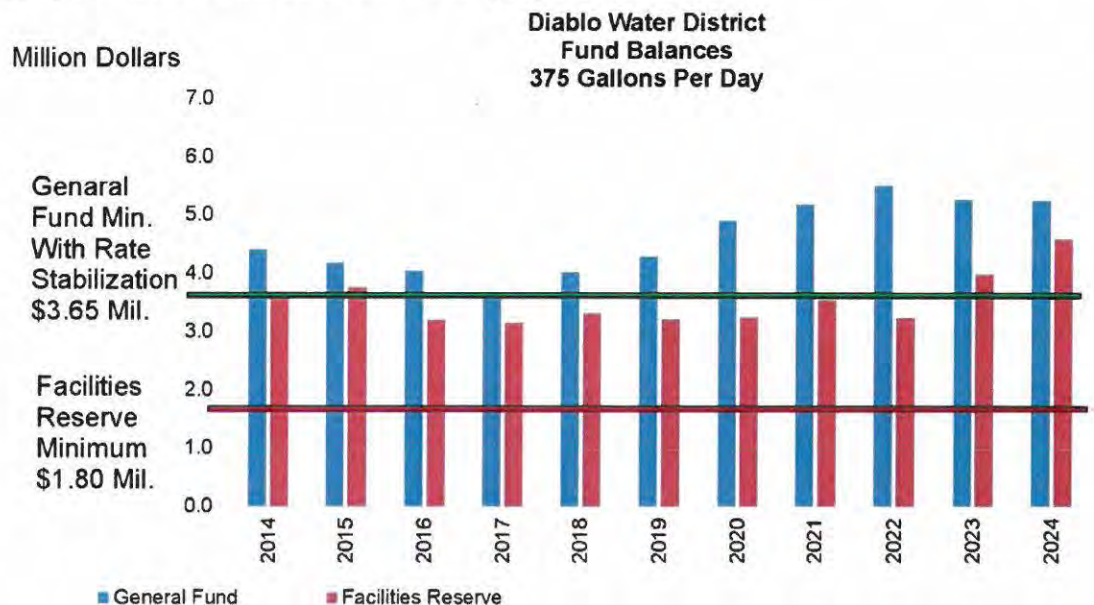
Schedule III shows the monies being spent from the District's General Fund for capital expenses as well as a portion of the Randall-Bold and Glen Park/Blending debt payments as well as the anticipated annual debt for the New Office Building. The other portion of the debt service comes from the Facilities Reserve Fund, which is schedule IV in the budget. Schedule III also shows the monies being spent on Infrastructure Replacement projects.

We anticipate receiving approximately \$2.1 million in developer fees next Fiscal Year from 300 new connections to the water system, up from 200 connections for this fiscal year. Schedule IV is a reflection of the monies being spent from developer fees for the Randall-Bold debt, Glen Park and Blending debt, Stonecreek debt, the New Office debt and capital projects.

The chart below represents the District's projected Fund Balances to fiscal year 2024 Based on a conservative 350 gallons per day per service (gpdps) for fiscal year 2017. Consumption in FY 2015 was 410 gpdps and in 2016 we expect to end up at 315 gpdps.



For comparison, the chart below shows what the fund balances would be at 375 gpdps which is still below the 410 gpdps of 2015.



General Fund and Infrastructure Replacement Fund balances have been combined in the charts as General Fund items. The minimum Fund balance goal is \$3.65 million for the General Fund and \$1.8 million in the Facilities Reserve Fund.

Given the anticipated up-tick in the housing market, the Facilities Reserve Fund balances are based on 300 connections for the next two years, 250 connections for 2019 and 2020 and 225 connections to 2024.

We moved the Schedule V notes to the last page of the budget and expanded on the Rate Stabilization Fund policy as was requested by the District's auditors. The last page also includes Schedule VI which shows the anticipated capital expenditure to commence the installation of water meters at County Well System M-27, Willow Park Marina.

If you have any questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mike Yeraka', with a stylized flourish extending from the end.

Mike Yeraka, PE
General Manager

DIABLO WATER DISTRICT

FY 2016 - 2017 BUDGET

ACRONYMS

BNSF	Burlington Northern and Santa Fe Railway
Co	County
Consult	Consultant
Corp	Corporation
Fac Res	Facilities Reserve
FY	Fiscal Year
gpdps	Gallons Per Day Per Service
Gen	General
GIS	Graphic Information System
GP	Glen Park
Infrast	Infrastructure
MERA	Main Extension Reimbursement Assessment
Mil	Million
Min	Minimum
Misc	Miscellaneous
NA	Not Applicable
O & M	Operations and Maintenance
OPEB	Other Post Employment Benefits
RBWTP	Randall-Bold Water Treatment Plant
R1	Reservoir 1
Rec	Reconciliation
Reg	Regular
Res	Reservoir
SC	Stonecreek
T & D	Transmission and Distribution
Temp	Temporary
WC	Workers' Compensation Insurance

DIABLO WATER DISTRICT

BUDGETED POSITIONS

FY 2016 - 2017 POSITIONS

General Manager	1
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Office:

Administrative Analyst	1
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Accounting Operations Manager	1
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Customer Service Clerk III	1
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Customer Service Clerk III	1
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Customer Service Clerk I/II	1
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Operations & Maintenance:

Manager of Maintenance & Construction	1
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Manager of Water Operations	1
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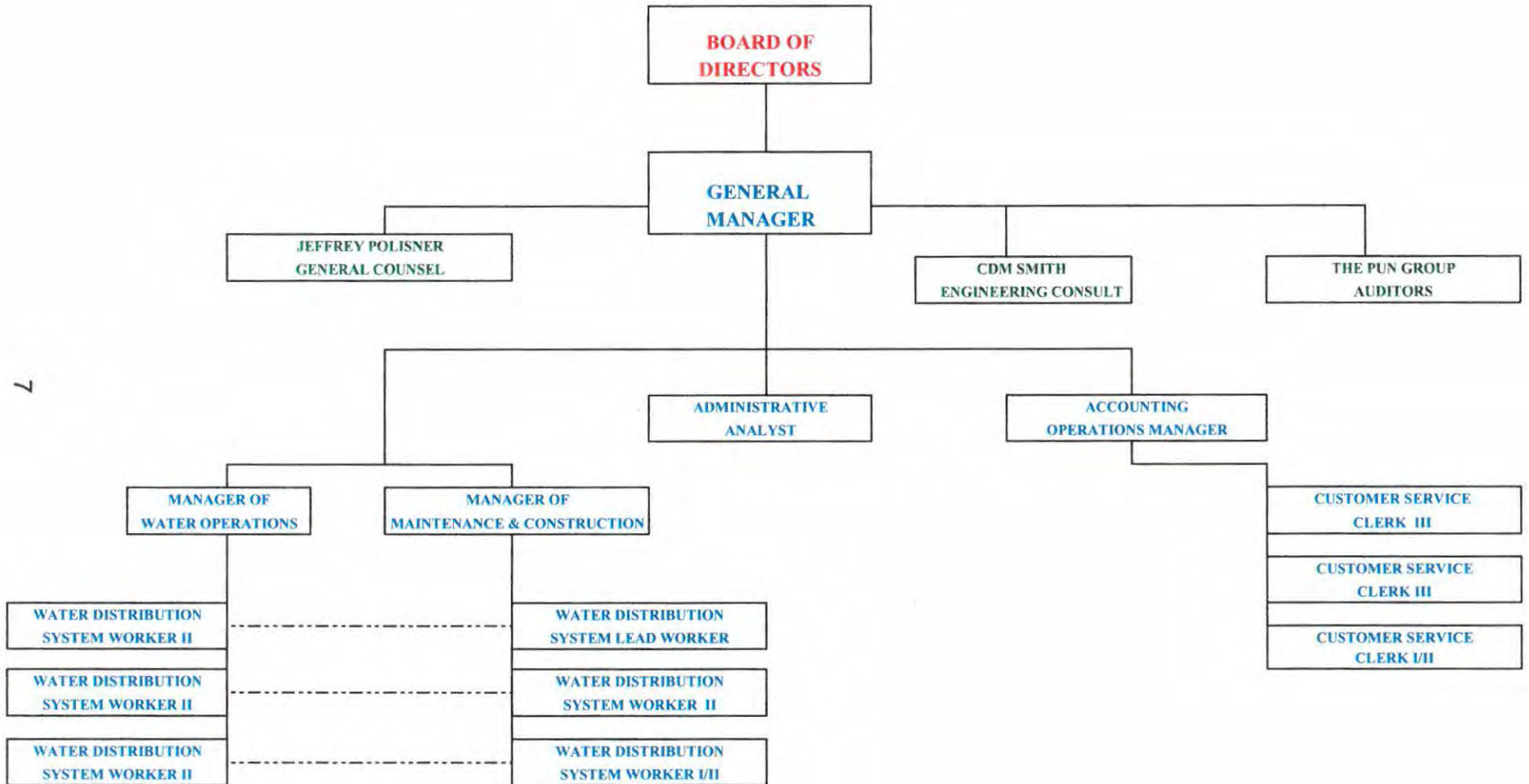
Water Distribution System Leadworker	1
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Water Distribution System Worker II	4
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Water Distribution System Worker II/I	1
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TOTAL FY 2016 - 2017 POSITIONS	14
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DIABLO WATER DISTRICT ORGANIZATION CHART FOR FY 16 - 17



DIABLO WATER DISTRICT

OPERATING BUDGET

SCHEDULE I FOR FY 16 - 17

CONSUMPTION

AND

INCOME FROM WATER SALES

	BUDGET FY 15-16	ACTUAL FY 15-16	BUDGET FY 16-17
TREATED WATER CONSUMPTION (CUBIC FEET)			
Domestics	188,928,489	169,613,400	194,323,463
DuPont	13,000	12,500	12,500
Hydrant	2,500,000	3,070,900	3,100,000
TOTAL	191,441,489	172,696,800	197,435,963

	BUDGET FY 15-16	ACTUAL FY 15-16	BUDGET FY 16-17
INCOME			
TREATED WATER (Water Sales / Services Charges)			
Domestics	7,873,633	7,054,614 *	7,730,880 *
DuPont	8,600	8,200	8,200
Hydrant/Fire Services	110,000	118,000	120,000
WELL SYSTEMS			
All Systems (Net Income)	25,000	31,500	30,000
TOTAL	8,017,233	7,212,314	7,889,080

* 79 Services without Customers attached - no service charge collected

DIABLO WATER DISTRICT

OPERATING EXPENSES

SCHEDULE II FOR FY 16 - 17

	BUDGET	ACTUAL	BUDGET
	FY 15-16	FY 15-16	FY 16-17
OPERATING EXPENSES			
Water Purchases	2,682,007	2,570,000	2,569,870
Water Samples	42,000	52,500	55,000
RBWTP O & M	1,317,330	1,248,802	1,256,000
Utilities			
Corp Yard	2,200	1,900	2,000
T & D	70,000	81,550	81,600
GP Well/SC Well	100,000	71,500	100,000
Office	8,500	10,800	11,000
Telephone	11,000	7,931	11,000
Maintenance			
Corp Yard	31,150	15,554	36,150
T & D	505,000	394,901	510,000
Backflow	40,500	31,645	40,500
Res 1, 2 & 3	41,000	23,276	41,000
GP Well/SC Well/Blending	36,000	25,981	36,000
Gen Operating			
Corp Yard	24,000	21,272	24,000
T & D	94,000	87,043	95,000
GP Well/SC Well/Blending/Chemicals	60,000	48,961	67,150
Safety	5,100	793	5,100
Salaries (Reg Time) *	1,162,057	1,066,538	1,200,340
Salaries (Over Time) *	107,959	94,454	114,697
Benefits (Employees) *	488,584	443,482	521,790
Benefits (Retirees)	58,042	37,576	39,525
Payroll Taxes/Workers' Comp *	115,879	101,753	117,992
Directors' Fees & Expenses	12,000	7,750	12,000
Auto / Travel / Education	74,000	66,481	72,500
Insurance	100,000	92,652	100,000
Accounting	45,000	50,000	45,000
Engineering / Consulting	75,000	25,000	75,000
Legal	25,500	22,750	27,000
Office	242,000	208,300	242,000
Dues & Licenses	21,415	20,689	21,765
TOTAL OPERATING EXPENSES	7,597,222	6,931,834	7,530,979

* See Page 10

DIABLO WATER DISTRICT
SUMMARY OF SALARIES AND BENEFITS
FY 2016 - 2017

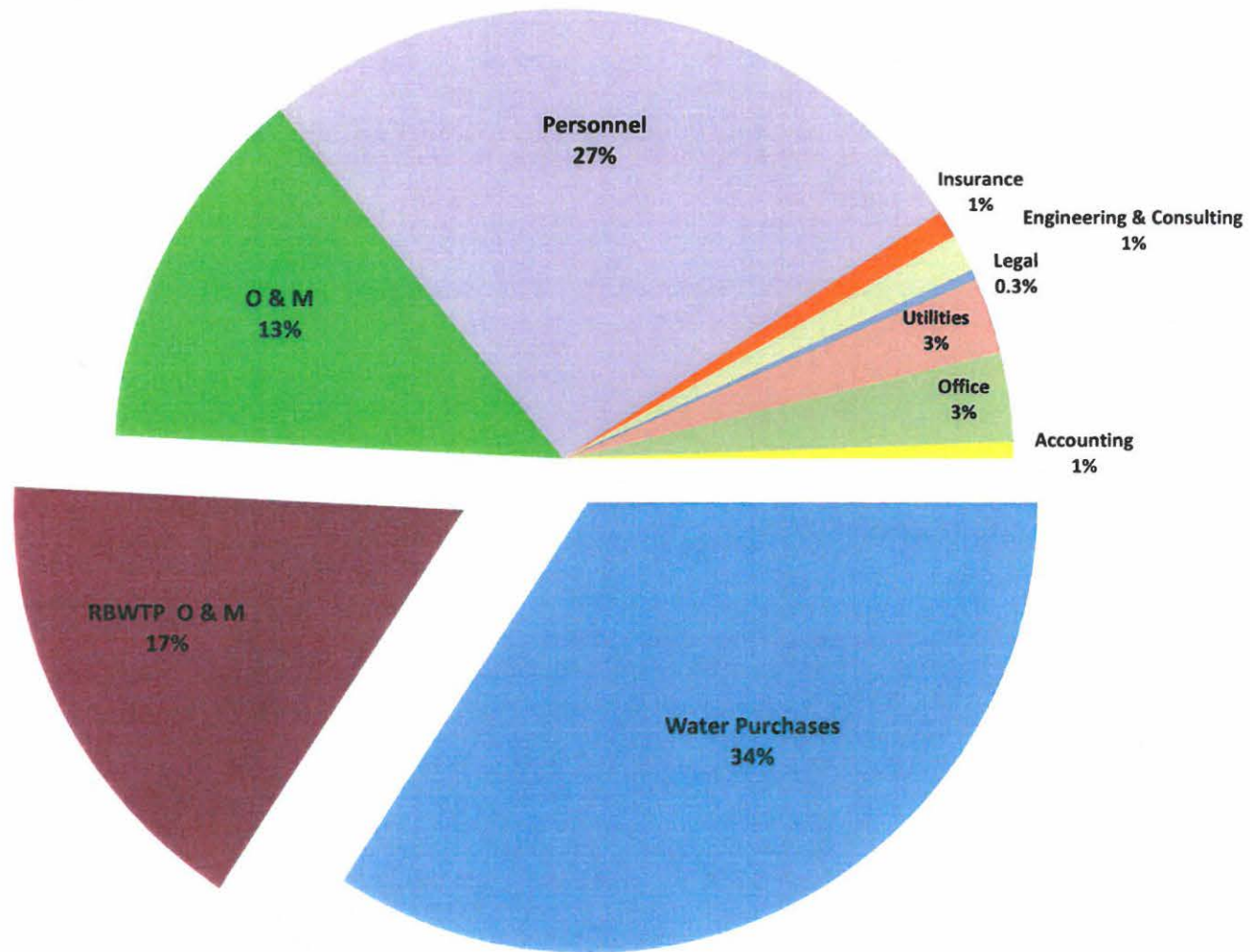
(See Budget Page 5 for Acronyms)

TABLE 1

	Budget 2016	Actual 2016	Budget 2017	FY 2017 ALLOCATION TO OPERATING	FY 2017 ALLOCATION TO FAC RES	FY 2017 ALLOCATION TO MERA
Salaries	1,382,501.87	1,286,477.36	1,429,920.22	1,200,340.17	201,961.53	27,618.52
Overtime	122,096.65	108,802.36	129,166.86	114,697.34	11,320.13	3,149.40
Benefits	553,978.42	505,029.81	588,437.41	521,790.22	57,498.88	9,148.31
Tax/WC	132,183.78	117,920.37	134,504.81	117,991.84	14,130.34	2,382.63
TOTAL	2,190,760.72	2,018,229.90	2,282,029.30	1,954,819.56	284,910.87	42,298.86

DIABLO WATER DISTRICT

FY 2016 - 2017 OPERATING EXPENSES



DIABLO WATER DISTRICT

SCHEDULE III FOR FY 16 - 17

GENERAL FUND CAPITAL

AND

INFRASTRUCTURE REPLACEMENT

BUDGET AND EXPENDITURES

	BUDGET FY 15-16	ACTUAL FY 15-16	BUDGET FY 16-17
GENERAL FUND			
CAPITAL & DEBT SERVICE EXPENSES			
RBWTP Debt Service	629,125	481,125	494,063
Glen Park & Blending Debt Service	153,597	97,835	133,709
Office Record Imaging	15,500	8,300	14,000
BNSF 24" Relocation	17,885	17,868	17,565
New Office Building/R1 Coating Debt Service	106,392	106,392	106,392
TOTAL CAPITAL & DEBT SERVICE	922,499	711,520	765,729
INFRASTRUCTURE REPLACEMENT FUND			
CAPITAL EXPENSES			
Public Right of Way Relocations	200,000	40,000	100,000
RBWTP Restoration Projects	71,700	14,211	122,000
RBWTP Safety Improvements	0	0	27,000
RBWTP Ozone System Improvements	219,900	23,761	252,000
Corp Yard Improvements	19,800	10,100	22,900
Valve Replacement	20,000	15,000	20,000
Tow Behind Air Compressor	30,000	30,000	0
Replace Truck	0	0	45,000
Pipeline Corrosion Testing / Repairs	20,000	20,000	20,000
Res 2 Foundation Stabilization	5,000	0	5,000
Radio Read Upgrade/Flexnets	54,000	54,000	0
Scada Upgrade	0	3,375	0
Design Corp Yard Pump Base Repair	60,000	30,000	30,000
Construct Corp Yard Pump Base Repair	0	0	150,000
Urban Water Management Plan	75,000	30,000	12,000
New Office Building/Res 1 Recoating	100,000	85,352	20,000
New Office/Res 1 - Reimbursed from Loan	0	97,236	0
Glen Park 2015 Repairs	208,500	100,000	100,000
Ice Pig Well Pipeline	0	0	110,000
TOTAL INFRASTRUCTURE	1,083,900	553,035	1,035,900

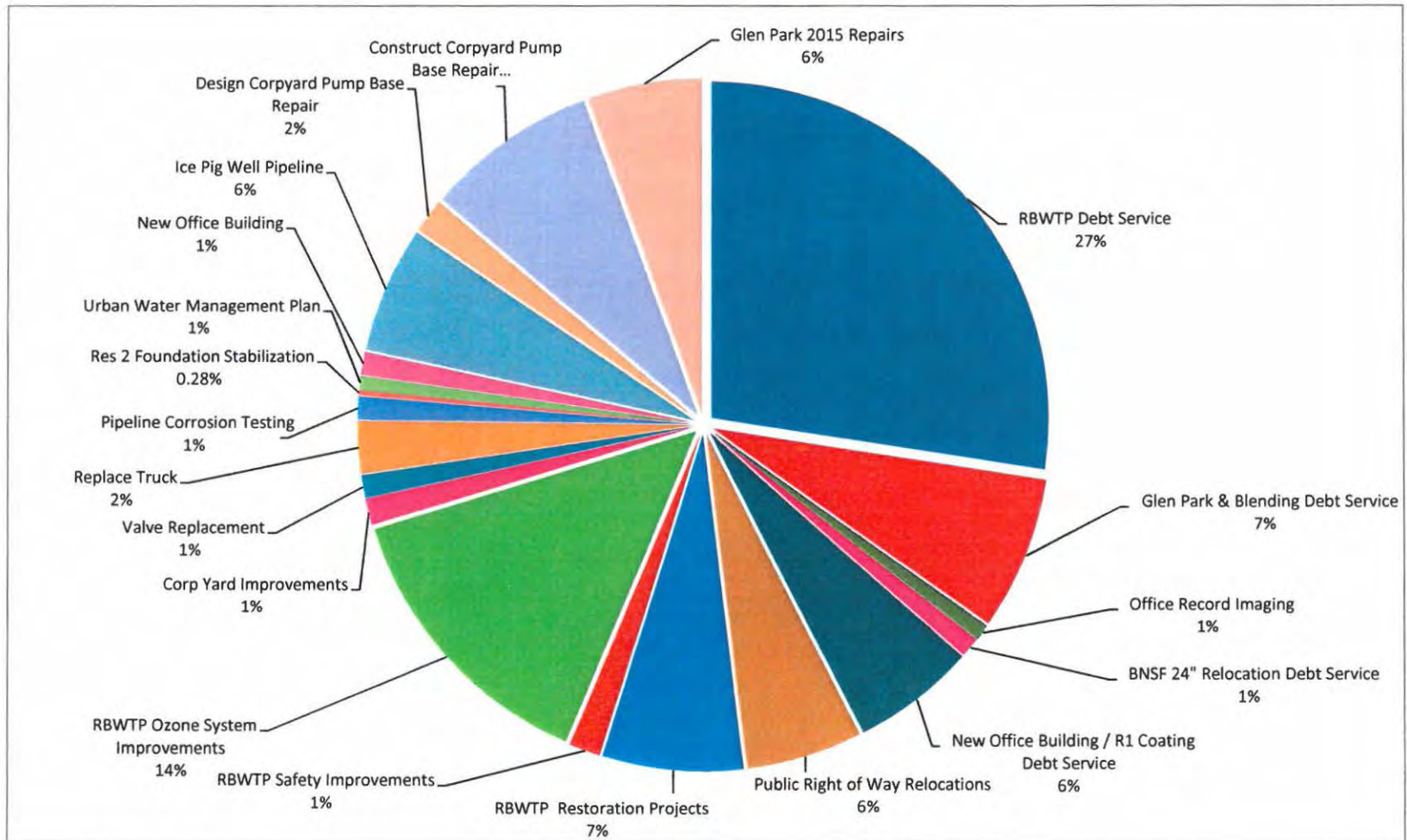
DIABLO WATER DISTRICT

FY 2016 - 2017

GENERAL FUND CAPITAL

AND

INFRASTRUCTURE REPLACEMENT



DIABLO WATER DISTRICT

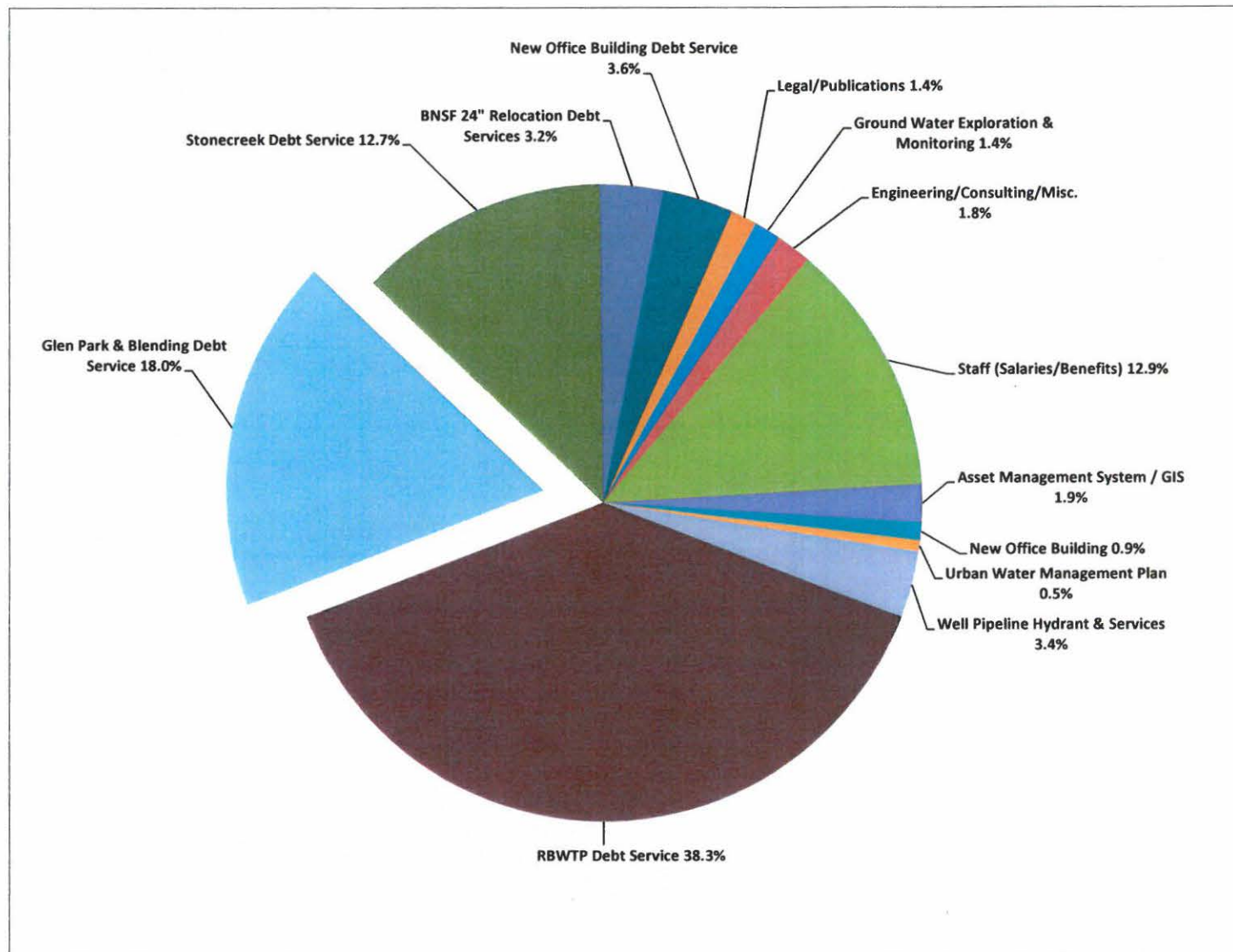
SCHEDULE IV FOR FY 16 - 17

FACILITIES RESERVE BUDGET AND EXPENDITURES

	BUDGET FY 15-16	ACTUAL FY 15-16	BUDGET FY 16-17
OPERATING			
Staff (Salaries/Benefits)*	276,016	272,067	284,911
TOTAL OPERATING	276,016	272,067	284,911
DEBT SERVICE			
RBWTP Debt Service	709,438	856,862	844,935
Glen Park & Blending Debt Service	187,730	243,578	397,168
Stonecreek Debt Service	284,419	281,559	279,419
BNSF 24" Relocation	71,540	71,471	70,260
New Office Building Debt Service	78,638	78,638	78,638
TOTAL DEBT SERVICE	1,331,765	1,532,108	1,670,420
CAPITAL			
Public Notices	5,000	50	3,000
Legal	25,500	21,948	27,000
Ground Water Exploration & Monitoring	40,000	17,091	30,000
Engineering/Consulting/Misc.	40,000	1,456	40,000
Scada Upgrade	0	3,375	0
Asset Management System / GIS	50,000	39,520	42,000
New Office Building	100,000	85,319	20,000
New Office - Reimbursed from Loan	0	61,078	0
Urban Water Management Plan	75,000	30,000	12,000
Well Pipeline Hydrant & Services	0	0	75,000
TOTAL CAPITAL	335,500	259,837	249,000

* See Page 10

DIABLO WATER DISTRICT
FY 2016 - 2017
FACILITIES RESERVE



DIABLO WATER DISTRICT

SCHEDULE V FOR FY 16 - 17

Revenue and Expenditure Statement

	General Fund 01	Facilities Reserve Fund 02	MERA Fund 04	Infrast. Replace. Fund 05
Beginning Balances (6/30/2015)	3,177,793	3,758,738	157,789	1,000,000
<i>FISCAL YEAR 2016 ACTUAL</i>				
Revenues				
Income	7,212,314	1,336,075	118,497	0
Interest	23,500	23,500	650	0
Reimbursements	350,000	0	0	0
Brentwood Overlap	67,565	0	0	0
OPEB	58,305	0	0	0
Misc. / Bond Issue / Grant	428,408	147,924	0	0
Transfer from Fund 01	0	0	0	0
Total 1	8,140,092	1,507,499	119,147	0
Expenses				
Operating	6,931,834	272,067	184,135	0
Debt Service	703,220	1,532,108	0	0
Capital	8,300	279,837	0	573,035
Co Retirement Rec	154,061	0	0	0
Transfer to Fund 05	0	0	0	0
Total 2	7,797,415	2,084,012	184,135	573,035
Net Actual (Total 1 minus 2)	342,677	(576,513)	(64,988)	(573,035)
Fund Balances (6/30/16)	3,520,470	3,182,225	92,801	426,965
<i>FISCAL YEAR 2017 BUDGET</i>				
Revenues				
Income	7,889,080	2,152,816	166,896	0
Interest	20,000	20,000	500	0
Reimbursements	300,000	0	0	0
Brentwood Overlap	0	0	0	0
OPEB	38,000	0	0	0
Misc. / Grant	381,392	92,708	0	0
Transfer from Fund 01	0	0	0	1,200,000
Total 3	8,628,472	2,265,524	167,396	1,200,000
Expenses				
Operating	7,530,979	284,911	85,227	0
Debt Service	751,729	1,670,420	0	0
Capital	14,000	249,000	0	1,035,900
Co Retirement Rec	154,061	0	0	0
Transfer to Fund 05	1,200,000	0	0	0
Total 4	9,650,769	2,204,331	85,227	1,035,900
Net Budget (Total 3 minus 4)	(1,022,297)	61,193	82,169	164,100
Fund Balances (6/30/17)	2,498,173	3,243,418	174,970	591,065
Minimum Fund Balances	2,250,000	1,800,000	N/A	1,400,000

DIABLO WATER DISTRICT
FISCAL YEAR 16 - 17
BUDGET NOTES

Reserve Fund Minimums:

General Fund: \$2,250,000 equals one quarter of operations income,
\$ 600,000 for cash shortfalls that occur during the fiscal year,
\$ 650,000 for emergency purposes, and
\$1,000,000 for a Rate Stabilization Fund which has been established to allow the District to smooth rate increases consistent with the District's long term outlook on water rate setting. Amounts utilized from this fund constitute gross revenues for the fiscal year in which they are utilized. Interest earned on this fund may be withdrawn by the District at it's discretion annually and accounted for as gross revenue. The District has the right at any time to withdraw any or all amounts in this fund for any lawful purpose of the District.

Facilities Reserve: \$1,800,000 for cash shortfall due to reduced hookups of 140/ year for three years.

Infrast. Replacement: \$1,400,000 equals 5% of the replacement cost of large depreciated assets.

COUNTY WELL SYSTEMS
SCHEDULE VI FOR FY 16 - 17
BUDGET AND EXPENDITURES

	BUDGET FY 15-16	ACTUAL FY 15-16	BUDGET FY 16-17
CAPITAL			
M-27 Willow Park Marina			
Install water meters on 25% of services	0	0	45,000
TOTAL	0	0	45,000
Fiscal Year ending June 30, 2016 Fund Balance			180,600
Meter Installation Project			(45,000)
Typical Operating Expenses			(15,000)
Income			40,000
Fiscal Year ending June 30, 2017 Fund Balance			160,600