



DIABLO
WATER
DISTRICT

FISCAL YEAR 2017 - 2018
ANNUAL BUDGET

APPROVED BY THE BOARD OF DIRECTORS
May 24, 2017



May 19, 2017

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Directors:
Edward Garcia
President

Kenneth L. Crockett
Vice President

Howard Hobbs
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 and LaVonda Castor 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) 2017-2018 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, 2017, the District's income from water sales will be \$7.88 Million (11 months actual and one month estimated), which is the same as budgeted. Next year's income from water sales is estimated to be \$8.7 Million which reflects an anticipated increase in consumption due to the end of the drought. 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 11,630 given the anticipated growth in the District.

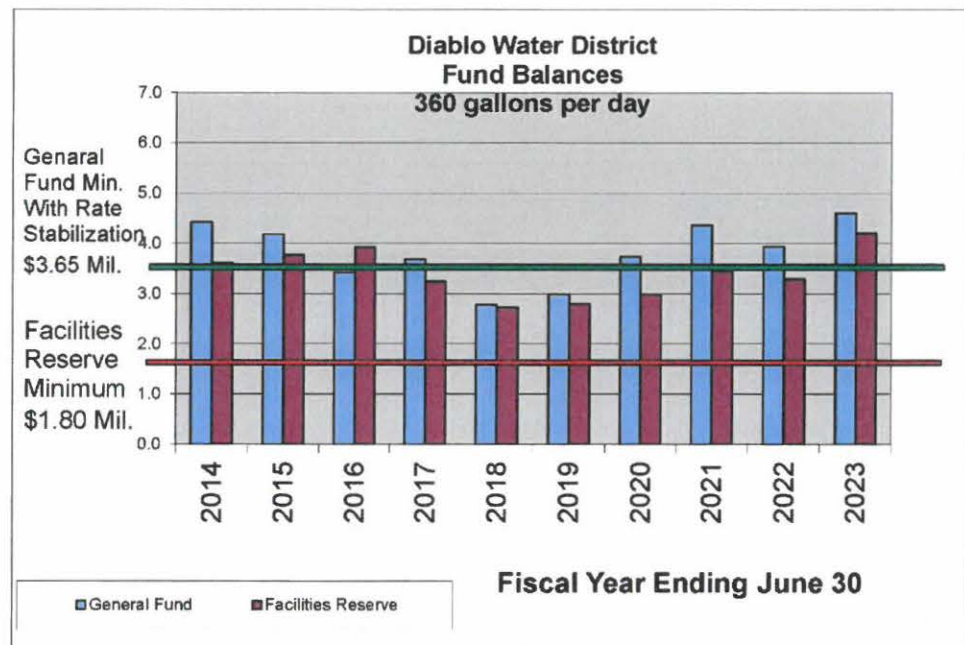
Schedule II shows that this year's actual operating expenses of \$7.26 Million will be approximately \$270,000 less than the \$7.53 Million budget. Next year's operating budget is estimated at \$8.32 million which is \$787,000 more than this year's budget; \$468,000 of which is for additional water purchases in anticipation of increased consumption. The balance is in anticipation of increased Operations & Maintenance costs, salaries and chemicals for the Delta Coves project. 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 3.5% cost of living salary adjustment for all employee positions based on the annual increase in the San Francisco Bay Area Consumer Price Index of 3.66%. Table 1 on page 10 shows how salaries are allocated between the District's various funds for FY 2018.

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.

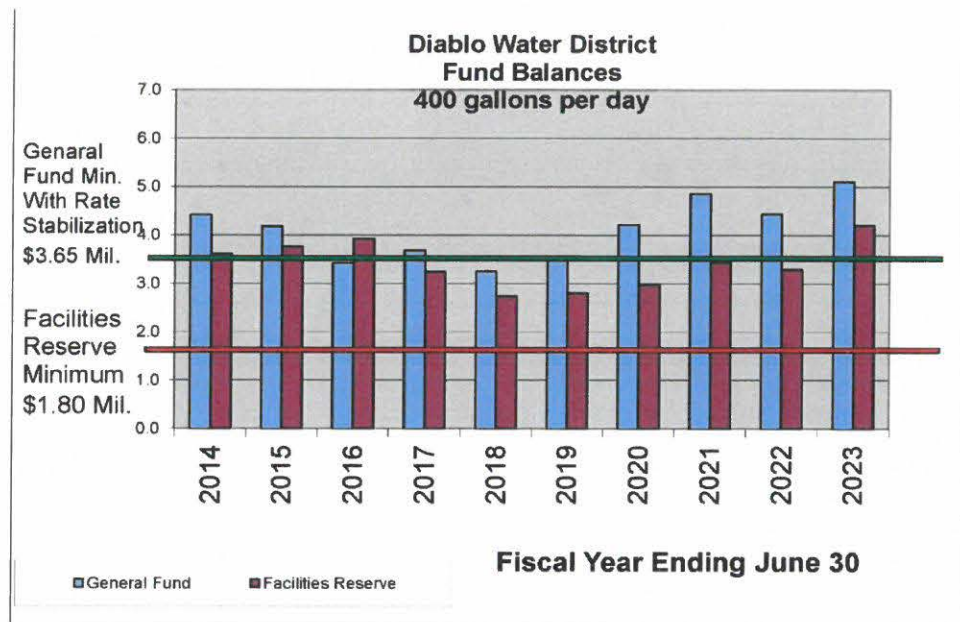
The other portion of the debt service comes from the Facilities Reserve Fund, which is schedule IV in the budget. Schedule III also shows the monies being spent on Infrastructure Replacement projects.

We anticipate receiving approximately \$2.1 million in developer fees next Fiscal Year from 280 new connections to the water system. 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 2023 Based on a conservative 360 gallons per day per service (gpdps) for fiscal year 2018. Consumption in FY 2015 was 410 gpdps and in 2017 we expect to end up at 348 gpdps.



For comparison, the chart on the next page shows what the fund balances would be at 400 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 280 connections for FY 2018, and 300 connections for 2019.

We moved the Schedule V notes to page 17 of the budget and expanded on the Rate Stabilization Fund policy as was requested by the District's auditors. The last page includes Schedule VI which shows the anticipated capital expenditure for the the installation of water meters at County Well System M-27, Willow Park Marina and the water pipeline to M-26 Beacon West.

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

Sincerely,

Mike Yeraka, PE
General Manager

DIABLO WATER DISTRICT

FY 2017 - 2018 BUDGET

ACRONYMS

BNSF	Burlington Northern and Santa Fe Railway
Co	County
Consult	Consultant
Corp	Corporation
DC	Delta Coves
Fac Res	Facilities Reserve
FR	Facilities Reserve Fund
FY	Fiscal Year
gpdps	Gallons Per Day Per Service
Gen	General
GF	General Fund
GIS	Graphic Information System
GP	Glen Park
Infrast	Infrastructure
LAFCO	Local Agency Formation Commission
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 2017 - 2018 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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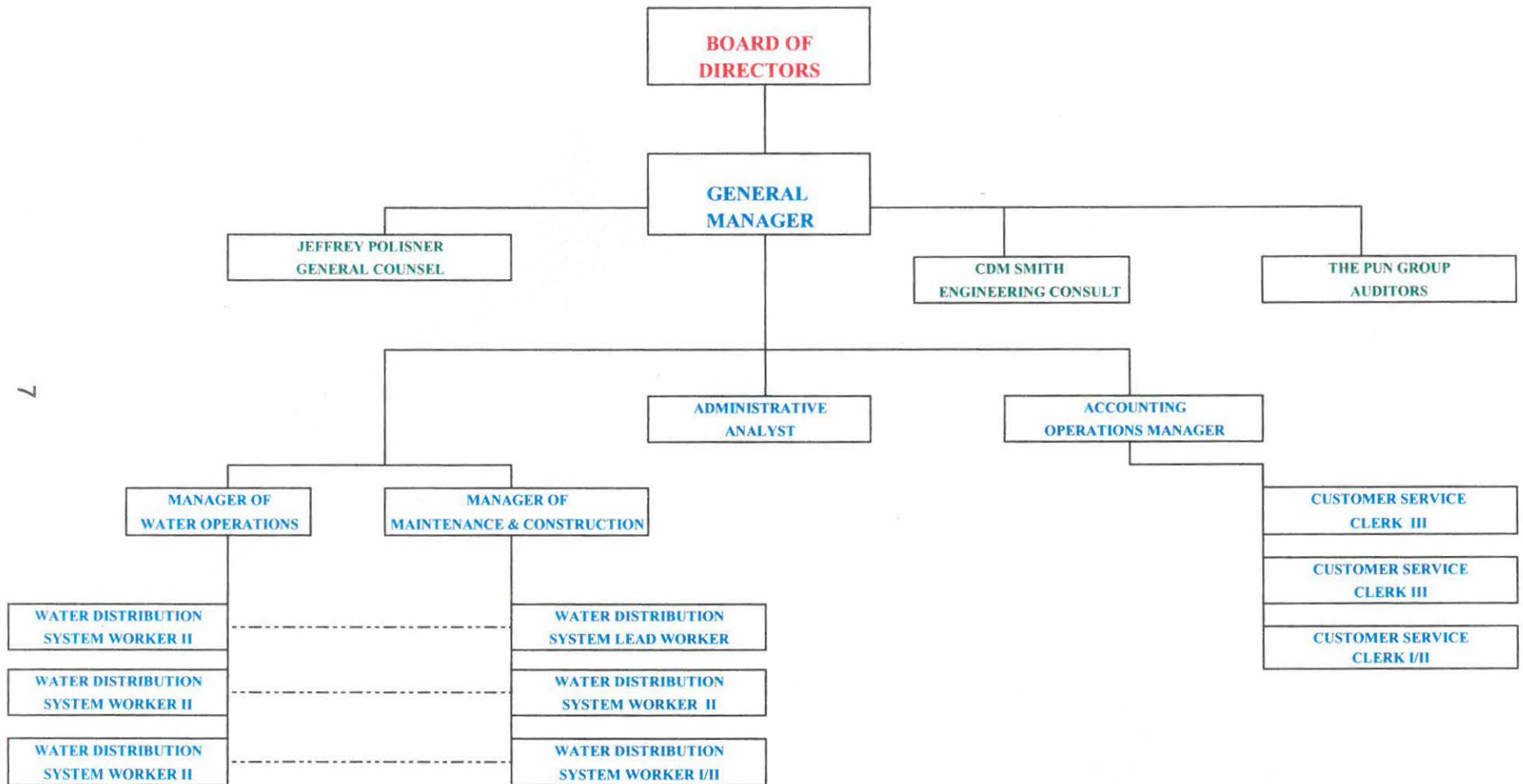
Water Distribution System Leadworker	1
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Water Distribution System Worker II	4
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Water Distribution System Worker II/I	1
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TOTAL FY 2017 - 2018 POSITIONS	14
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DIABLO WATER DISTRICT ORGANIZATION CHART FOR FY 17 - 18



DIABLO WATER DISTRICT

OPERATING BUDGET

SCHEDULE I FOR FY 17 - 18

CONSUMPTION

AND

INCOME FROM WATER SALES

	BUDGET FY 16-17	ACTUAL FY 16-17	BUDGET FY 17-18
TREATED WATER CONSUMPTION			
(CUBIC FEET)			
Domestics	194,323,463	192,469,200	204,284,840
DuPont	12,500	4,600	2,400
Hydrant	3,100,000	3,500,000	3,000,000
TOTAL	197,435,963	195,973,800	207,287,240

	BUDGET FY 16-17	ACTUAL FY 16-17	BUDGET FY 17-18
INCOME			
TREATED WATER			
(Water Sales / Services Charges)			
Domestics	7,730,880	7,712,734 *	8,553,419 *
DuPont	8,200	4,365	2,100
Hydrant/Fire Services	120,000	135,500	120,000
WELL SYSTEMS			
All Systems (Net Income)	30,000	33,110	35,000
TOTAL	7,889,080	7,885,709	8,710,519

* 66 Services without Customers attached - no service charge collected

DIABLO WATER DISTRICT

OPERATING EXPENSES

SCHEDULE II FOR FY 17 - 18

	BUDGET	ACTUAL	BUDGET
	FY 16-17	FY 16-17	FY 17-18
OPERATING EXPENSES			
Water Purchases	2,569,870	2,758,223	3,038,511
Water Samples	55,000	59,000	62,000
RBWTP O & M	1,256,000	1,126,547	1,279,000
Utilities			
Corp Yard	2,000	1,900	2,000
T & D	81,600	72,000	80,000
GP Well/SC Well/ DC	100,000	76,000	110,000
Office	11,000	9,650	11,000
Telephone	11,000	9,800	11,000
Maintenance			
Corp Yard	36,150	15,377	31,670
T & D	510,000	435,915	525,000
Backflow	40,500	28,604	40,500
Res 1, 2 & 3	41,000	33,500	41,000
GP/SC/DC/Blending	36,000	15,631	41,000
Gen Operating			
Corp Yard	24,000	18,893	40,871
T & D	95,000	83,787	132,308
GP/SC/DC/Blending/Chemicals	67,150	49,199	82,600
Safety	5,100	4,662	5,500
Salaries (Reg Time) *	1,200,340	1,150,010	1,286,051
Salaries (Over Time) *	114,697	123,403	123,203
Benefits (Employees) *	521,790	486,795	576,725
Benefits (Retirees)	39,525	39,744	45,011
Payroll Taxes/Workers' Comp *	117,992	109,604	124,916
Directors' Fees & Expenses	12,000	8,750	12,000
Auto / Travel / Education	72,500	67,729	81,500
Insurance	100,000	106,881	110,000
Accounting	45,000	34,675	45,000
Engineering / Consulting	75,000	45,000	55,000
Legal - 50% Operating Expense & 50% FR	27,000	25,510	27,000
Office	242,000	237,002	281,175
Dues & Licenses	21,765	21,402	23,090
TOTAL OPERATING EXPENSES	7,530,979	7,255,192	8,324,632

* See Page 10

DIABLO WATER DISTRICT
SUMMARY OF SALARIES AND BENEFITS
FY 2017 - 2018

(See Budget Page 5 for Acronyms)

TABLE 1

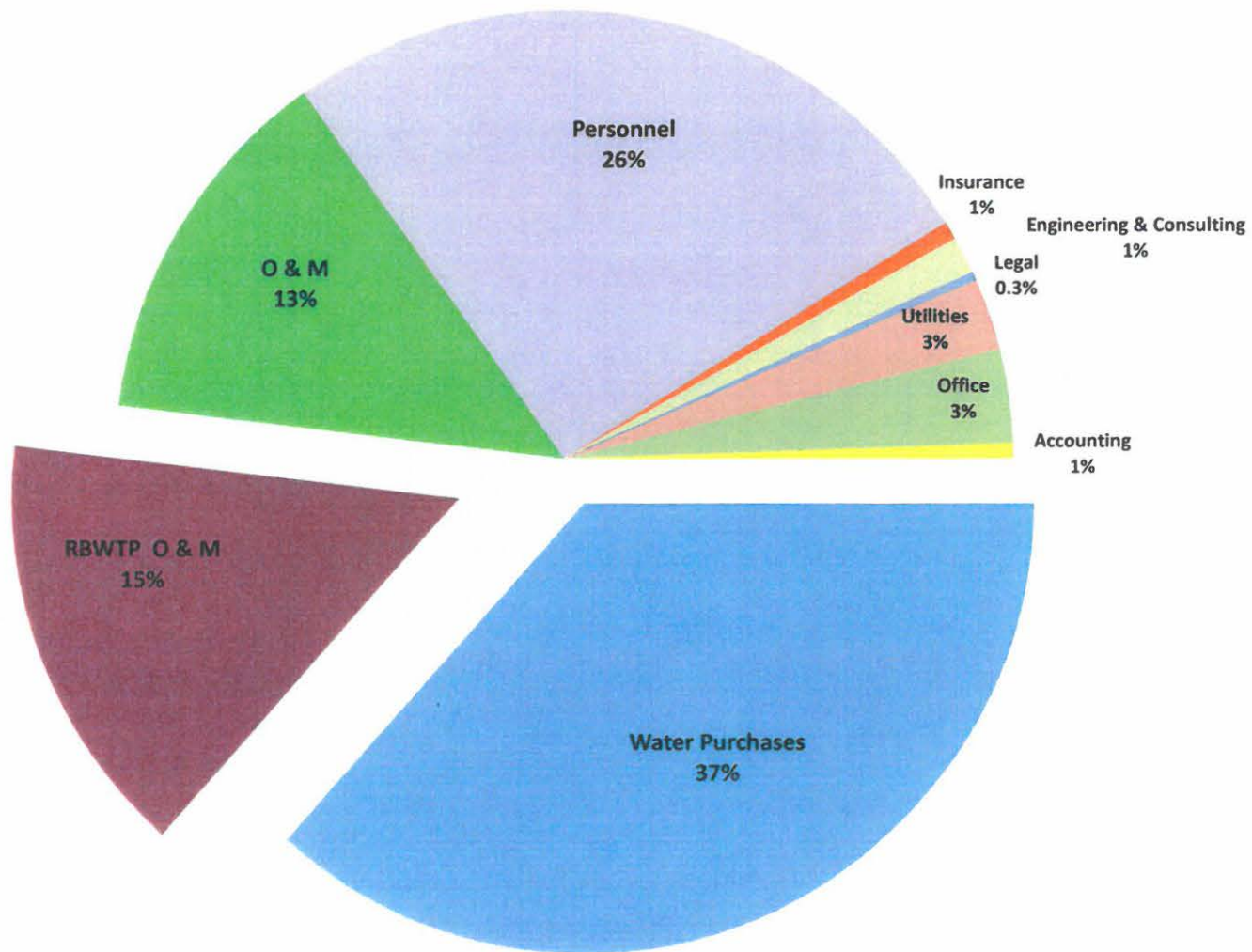
	Budget 2017	Actual 2017	Reimbursed by Others Thru May 2017	FY 2017 ALLOCATION TO OPERATING	FY 2017 ALLOCATION TO FAC RES	FY 2017 ALLOCATION TO MERA
Salaries	1,429,920.22	1,378,422.11	179,382.90	1,150,009.74	201,036.08	27,376.30
Overtime	129,166.86	136,403.57	57,188.18	123,402.93	9,558.38	3,442.26
Benefits	588,437.41	552,737.68	61,940.98	486,794.86	56,738.53	9,204.29
Tax/WC	134,504.81	125,532.10	18,264.75	109,603.61	13,606.30	2,322.20
TOTAL	2,282,029.30	2,193,095.46	316,776.81	1,869,811.13	280,939.29	42,345.04

TABLE 1

	Budget 2017	Actual 2017	Budget 2018	FY 2018 ALLOCATION TO OPERATING	FY 2018 ALLOCATION TO FAC RES	FY 2018 ALLOCATION TO MERA
Salaries	1,429,920.22	1,378,422.11	1,528,884.69	1,286,051.18	213,531.88	29,301.64
Overtime	129,166.86	136,403.57	136,451.09	123,202.79	9,955.77	3,292.53
Benefits	588,437.41	552,737.68	647,970.86	576,725.24	61,239.39	10,006.23
Tax/WC	134,504.81	125,532.10	142,147.55	124,916.43	14,695.01	2,536.11
TOTAL	2,282,029.30	2,193,095.46	2,455,454.19	2,110,895.64	299,422.04	45,136.51

DIABLO WATER DISTRICT

FY 2017 - 2018 OPERATING EXPENSES



DIABLO WATER DISTRICT

SCHEDULE III FOR FY 17 - 18

GENERAL FUND CAPITAL

AND

INFRASTRUCTURE REPLACEMENT

BUDGET AND EXPENDITURES

	BUDGET FY 16-17	ACTUAL FY 16-17	BUDGET FY 17-18
GENERAL FUND			
CAPITAL & DEBT SERVICE EXPENSES			
RBWTP Debt Service - 33% GF & 67% FR	494,063	453,364	446,782
Glen Park & Blending 17% GF & 83% FR	133,709	90,211	91,553
LAFCO Budget - 50% GF & 50% FR	0	0	3,000
Office Record Imaging	14,000	9,966	14,000
BNSF 24" Relocation - 20% GF & 80% FR	17,565	17,565	17,245
New Office Building - 50% GF & 50% FR (R1 Coating	106,392	106,392	106,392
TOTAL CAPITAL & DEBT SERVICE	765,729	677,498	678,972
INFRASTRUCTURE REPLACEMENT FUND			
CAPITAL EXPENSES			
Public Right of Way Relocations	100,000	54,099	195,000
RBWTP Restoration Projects	122,000	47,364	157,988
RBWTP Safety Improvements	27,000	0	27,469
RBWTP Computer Upgrade	0	0	46,209
RBWTP Ozone System Improvements	252,000	171,943	149,437
RBWTP Electrical Rehabilitation	0	0	109,237
RBWTP Media Replacement	0	0	270,644
Corp Yard Improvements	22,900	11,509	19,800
Valve Replacement	20,000	6,145	25,000
Replace Truck	45,000	39,294	0
Pipeline Corrosion Testing / Repairs	20,000	20,000	20,000
Res 2 Foundation Stabilization	5,000	0	0
Scada Upgrade- 50% GF & 50% FR	0	1,499	0
Design Corp Yard Pump Base Repair	30,000	26,000	4,000
Construct Corp Yard Pump Base Repair	150,000	6,500	143,500
Urban Water Management Plan- 50% GF & 50% FR	12,000	5,764	0
New Office Building- 50% GF & 50% FR	20,000	7,000	20,000
Glen Park 2015 Repairs	100,000	78,389	0
Ice Pig Well Pipeline	110,000	0	110,000
Radio Read - Flexnet Software Upgrade	0	0	55,750
TOTAL INFRASTRUCTURE	1,035,900	475,506	1,354,034

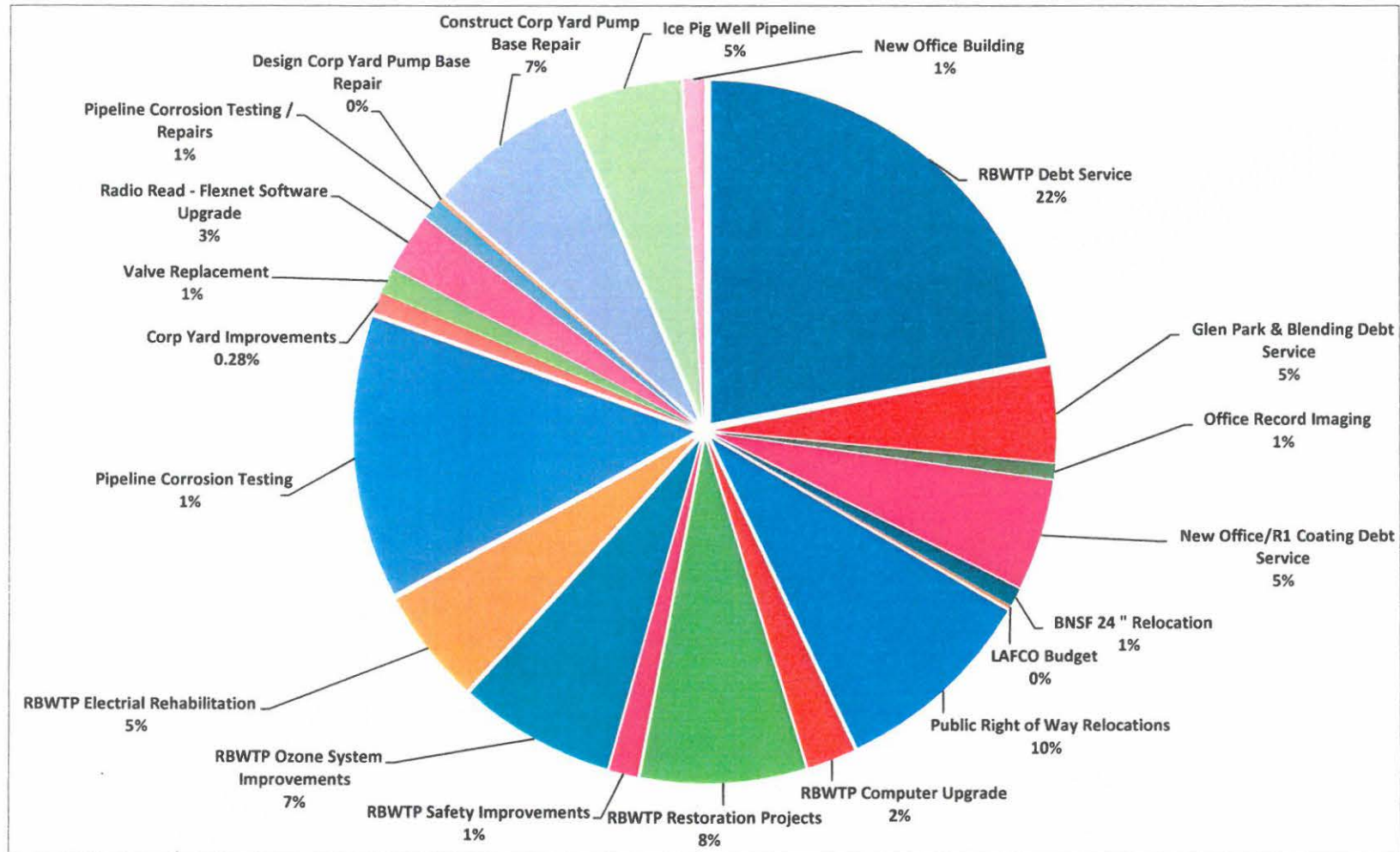
DIABLO WATER DISTRICT

FY 2017 - 2018

GENERAL FUND CAPITAL

AND

INFRASTRUCTURE REPLACEMENT

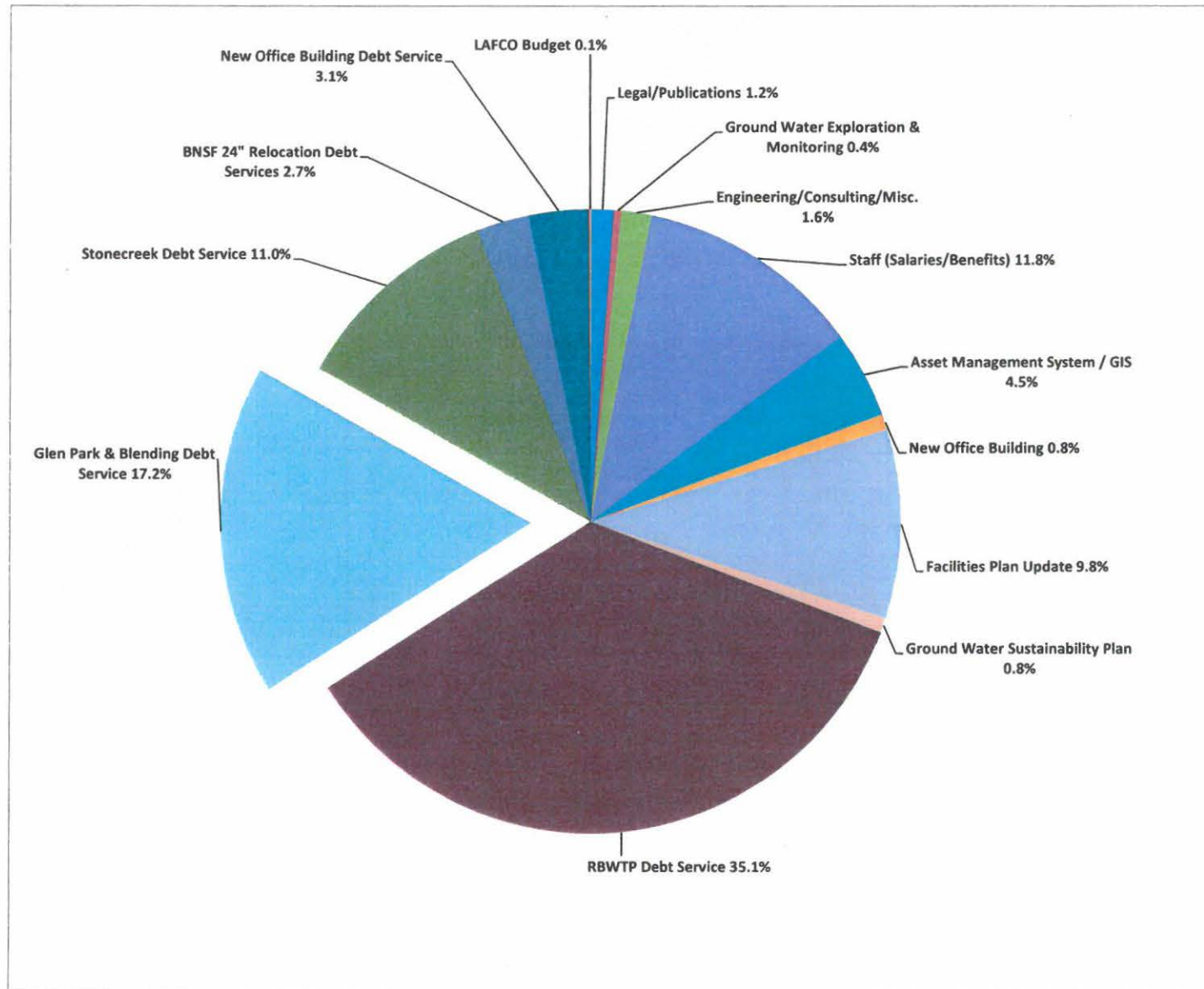


DIABLO WATER DISTRICT
SCHEDULE IV FOR FY 17 - 18
FACILITIES RESERVE
BUDGET AND EXPENDITURES

	BUDGET	ACTUAL	BUDGET
	FY 16-17	FY 16-17	FY 17-18
OPERATING			
Staff (Salaries/Benefits)*	284,911	280,939	299,422
TOTAL OPERATING	284,911	280,939	299,422
DEBT SERVICE			
RBWTP Debt Service - 67% FR & 33% GF	844,935	885,633	894,292
Glen Park & Blending - 83% FR & 17% GF	397,168	440,665	436,874
Stonecreek Debt Service - 100% FR	279,419	278,798	279,319
BNSF 24" Relocation - 80% FR & 20% GF	70,260	70,260	68,980
New Office Building - 50% FR & 50% GF	78,638	78,638	78,638
LAFCO Budget - 50% FR & 50% GF	0	0	3,000
TOTAL DEBT SERVICE	1,670,420	1,753,994	1,761,103
CAPITAL			
Public Notices	3,000	1,000	3,000
Legal - 50% FR & 50% Operating Expense	27,000	25,510	27,000
Ground Water Exploration & Monitoring	30,000	4,749	10,000
Ground Water Sustainability Plan	0	0	20,000
Engineering/Consulting/Misc.	40,000	10,000	40,000
Scada Upgrade- 50% FR & 50% GF	0	1,499	0
Asset Management System / GIS	42,000	15,402	115,000
New Office Building- 50% FR & 50% GF	20,000	7,000	20,000
Urban Water Management Plan- 50% FR & 50% GF	12,000	5,764	0
Well Pipeline Hydrant & Services	75,000	76,522	0
Facilities Plan Update	0	0	250,000
TOTAL CAPITAL	249,000	147,446	485,000

* See Page 10

DIABLO WATER DISTRICT
FY 2017 - 2018
FACILITIES RESERVE



DIABLO WATER DISTRICT

SCHEDULE V FOR FY 17 - 18

Revenue and Expenditure Statement

	General Fund 01	Facilities Reserve Fund 02	MERA Fund 04	Infrast. Replace. Fund 05
Beginning Balances (6/30/2016)	2,421,497	3,926,775	92,451	1,000,000
<i>FISCAL YEAR 2017 ACTUAL</i>				
Revenues				
Income	7,885,709	1,275,000	90,462	0
Interest	19,780	24,330	552	0
Reimbursements	500,000	0	0	0
Brentwood Overlap	0	0	0	0
OPEB	38,729	0	0	0
Misc. / Bond Issue / Grant	404,652	93,461	0	0
Transfer from Fund 01	0	0	0	0
Total 1	8,848,870	1,392,791	91,014	0
Expenses				
Operating	7,255,192	280,939	115,178	0
Debt Service	667,532	1,753,994	0	0
Capital	9,966	147,446	0	475,506
Co Retirement Rec	154,061	0	0	0
Transfer to Fund 05	0	0	0	0
Total 2	8,086,751	2,182,379	115,178	475,506
Net Actual (Total 1 minus 2)	762,119	(789,588)	(24,164)	(475,506)
Fund Balances (6/30/17)	3,183,616	3,137,187	68,287	524,494
<i>FISCAL YEAR 2018 BUDGET</i>				
Revenues				
Income	8,710,519	2,100,000	125,904	0
Interest	20,000	20,000	500	0
Reimbursements	350,000	0	0	0
Brentwood Overlap	0	0	0	0
OPEB	39,000	0	0	0
Misc. / Grant	392,638	76,587	0	0
Transfer from Fund 01	0	0	0	1,200,000
Total 3	9,512,157	2,196,587	126,404	1,200,000
Expenses				
Operating	8,324,632	299,422	87,690	0
Debt Service	661,972	1,761,103	0	0
Capital	17,000	485,000	0	1,354,034
Co Retirement Rec	154,061	0	0	0
Transfer to Fund 05	1,200,000	0	0	0
Total 4	10,357,665	2,545,525	87,690	1,354,034
Net Budget (Total 3 minus 4)	(845,508)	(348,938)	38,714	(154,034)
Fund Balances (6/30/18)	2,338,108	2,788,249	107,001	370,460
Minimum Fund Balances	2,250,000	1,800,000	N/A	1,400,000

DIABLO WATER DISTRICT
FISCAL YEAR 17 - 18
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 its 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 17 - 18
BUDGET AND EXPENDITURES

	BUDGET FY 16-17	ACTUAL FY 16-17	BUDGET FY 17-18	BUDGET FY 18-19	BUDGET FY 19-20
CAPITAL					
M-27 Willow Park Marina					
Install water meters on 25% of services	45,000	45,000	71,500	70,000	15,000
M-26 Beacon West					
Pipeline Project (Interfund Loan from FR)	0	0	160,000	0	0
TOTAL	45,000	45,000	231,500	70,000	15,000
M-27 Willow Park Marina					
Fiscal Year ending June 30, 2017 Fund Balance					181,134
Meter Installation Project					(45,000)
Typical Operating Expenses					(15,000)
Income					40,000
Fiscal Year ending June 30, 2018 Fund Balance					<u>161,134</u>
M-26 Beacon West					
Fiscal Year ending June 30, 2017 Fund Balance					90,000
Interfund Loan from Facilities Reserve					80,000
Pipeline Project					(160,000)
Typical Operating Expenses					(15,000)
Income					26,000
Fiscal Year ending June 30, 2018 Fund Balance					<u>21,000</u>