

Report on Status of Water Enterprise Fund

March 5, 2019

Table 1 - Fiscal Year 2018-19 Original Budget

| Operating Revenues Charges for Services | FY17 Actual | FY18 Actual | FY19 Original Budget | FY19 Original Budget % Above/ (Below) FY18 Actual |
|--|------------------------|------------------------|---------------------------------|--|
| Residential | 1,627,838 | 1,800,744 | 2,654,436 | 47% |
| Transient | 416,196 | 435,404 | 665,074 | 53% |
| Commercial | 308,364 | 321,249 | 484,843 | 51% |
| Industrial | 79,190 | 82,584 | 132,101 | 60% |
| Other Revenues | 187,816 | 90,784 | 68,015 | -25% |
| Total Operating Revenues | 2,619,404 | 2,730,765 | 4,004,469 | 47% |

- Historic Operating Revenues (FY17 and FY18) totaled \$2.6m and \$2.7m, respectively
- FY19 Original Budget was \$4m and provided by staff
- FY19 Adopted Budget was 47% higher than FY18 Actual....considerably more than recently approved rate increase of 15%

Table 2 - Utility Rate Study Budget Recommendations

Bartle Wells Associates
Utility Rate Study Budget Projections

| Operating Revenues Charges for Services | FY17 Actual | FY18 Actual | FY19 | FY20 | FY21 | FY22 |
|--|------------------------|------------------------|------------------|------------------|------------------|------------------|
| Residential | 1,627,838 | 1,800,744 | 1,878,819 | 1,982,623 | 2,092,163 | 2,207,755 |
| Transient | 416,196 | 435,404 | 483,639 | 510,360 | 538,558 | 568,313 |
| Commercial | 308,364 | 321,249 | 354,722 | 374,320 | 395,002 | 416,825 |
| Industrial | 79,190 | 82,584 | 91,622 | 96,684 | 102,025 | 107,662 |
| Silver Rose Estimate | NA | NA | 177,805 | 186,695 | 196,030 | 205,832 |
| Calistoga Hills Estimate | NA | NA | 225,279 | 236,543 | 248,370 | 260,789 |
| Other Revenues | 187,816 | 90,784 | 157,507 | 158,295 | 159,086 | 159,882 |
| Total Operating Revenues | 2,619,404 | 2,730,765 | 3,369,393 | 3,545,520 | 3,731,234 | 3,927,058 |
| Less Resort Revenue | | | 2,966,309 | 3,122,282 | 3,286,834 | 3,460,437 |

- Utility Rate Study Recommendations were prepared over 12 months
- FY19 Budget Recommendation was \$2.9m when 2 resorts are removed from budget
- FY19 Utility Rate Study Budget Recommendation was \$2,966,309
- By FY22, the Recommendation Budget for operating revenues is forecasted to be \$3.4m

Table 3 - FY19 Budgeting Error Found

| Operating Revenues Charges for Services | FY17 Actual | FY18 Actual | FY19 Utility Rate Study | FY19 Original Budget | FY19 Amended Budget |
|--|------------------------|------------------------|------------------------------------|---------------------------------|--------------------------------|
| Residential | 1,627,838 | 1,800,744 | 1,878,819 | 2,654,436 | 2,039,928 |
| Transient | 416,196 | 435,404 | 483,639 | 665,074 | 472,409 |
| Commercial | 308,364 | 321,249 | 354,722 | 484,843 | 359,487 |
| Industrial | 79,190 | 82,584 | 91,622 | 132,101 | 81,613 |
| Other Revenues | 187,816 | 90,784 | 157,507 | 68,015 | 163,892 |
| Total Operating Revenues | 2,619,404 | 2,730,765 | 2,966,309 | 4,004,469 | 3,117,329 |

- FY19 Utility Rate Study Budget Recommendation was nearly \$1.1m less than FY19 Adopted Budget
- On Feb 19th, Staff recommended reducing the budget to reflect actual revenue forecast AND reflect the Utility Rate Study Budget Recommendation

Table 4 - Year-to-Date Revenues

| Operating Revenues Charges for Services | FY18 YTD (as of 1/31/18) | FY19 YTD (as of 1/31/19) | % Difference in YTD |
|--|-------------------------------------|-------------------------------------|----------------------------|
| Residential | 991,860 | 1,117,658 | 13% |
| Transient | 256,918 | 268,902 | 5% |
| Commercial | 186,968 | 206,381 | 10% |
| Industrial | 52,198 | 46,963 | -10% |
| Other Revenues | 51,201 | 133,499 | 161% |
| Total Operating Revenues | 1,539,145 | 1,773,403 | 15% |

- Year-to-Date Revenues (July 1st thru January 31st shown above
- Currently, YTD Operating Revenues are 15% higher than prior year (on target).
- Industrial Category is less than originally projected. City Manager and staff working with BWA to determine the reason

| Table 5 - Year-to-Date Water Consumption (in gallons) | | | |
|--|--|--|--|
| User Class | July 1, 2016 - Jan 31, 2017 | July 1, 2017 - Jan 31, 2018 | July 1, 2018 - Jan 31, 2019 |
| Residential | 707,567 | 797,496 | 810,324 |
| Transient | 125,886 | 122,237 | 103,198 |
| Commercial | 211,336 | 227,376 | 253,789 |
| Industrial | 11,100 | 10,561 | 8,236 |
| Total Gallons Used YTD | 1,055,889 | 1,157,670 | 1,175,547 |

- Total Gallons used has increased by 10% (2017 to 2018) and by 2% (2018 to 2019)
- July 1, 2018 to Jan 31, 2019
 - Residential 2% increase
 - Transient 16% decrease
 - Commercial 12% increase
 - Industrial 22% decrease

City of Calistoga
 Water Enterprise Fund - Operating Revenues
 March 1, 2019

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| Table 2 - Utility Rate Study Budget Recommendations | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Bartle Wells Associates | | | | | | |
| Utility Rate Study Budget Projections | | | | | | |
| Operating Revenues Charges for Services | FY17 Actual | FY18 Actual | FY19 | FY20 | FY21 | FY22 |
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