

Business Continuity Program

ACWD - Office of Emergency and Security Services

Business Continuity Program

- Agenda
 - The need for a Business Continuity Program
 - Research and analysis
 - Scope of work
 - Review of scope of work
 - Review of proposals
 - Selected consultant
 - Next steps

Business Continuity Program

- The need for a Business Continuity Program
 - ACWD 5 Year Strategic Plan
 - The American Water Infrastructure Act
- Research and Analysis
 - District's needs
 - What components of a program fit the District
 - Our system, staff, and culture

Business Continuity Program

- Scope of Work
 - Business Continuity Plan
 - Mission Essential Functions
 - Concept of Operations
 - Succession Planning
 - Alternate Facilities
 - Alert Notification Procedures
 - Administration of the Program
 - Maintenance plan for the Program
 - Administration Guidelines to support the Program

Business Continuity Program

- Review of the Scope of Work
 - Executive Staff
 - Ops & WQ committee
 - EBMUD Business Continuity Manager
- Review of Proposals
 - Technical Evaluation Team (TET)

Business Continuity Program

- Selected Consultant
 - Experience
 - Project Manager
 - Risk Analyst and Task Leader
- Proposed Methodology
 - Phase 1
 - Phase 2

Business Continuity Program

- Next Steps
 - Contract
 - Return to Board after Phase 1
 - Return to the Board after Phase 2



***Proposed
FY 2019/20 and FY 2020/21 Budget
and
25-Year Capital Improvement Program***

June 13, 2019

Agenda

- **Budget Assumptions and Updates Since May 15 Board Workshop**
- **Budget Review and Financial Planning Model Metrics**
- **Staff Recommendation**

Key Budget Assumptions

- Forecasted Water Revenue: Based on 34.0 MGD average water demand in FY 2019/20 and FY 2020/21
- Implementation of previously approved 4% commodity and 4% service charge rate increases, effective March 1, 2020
- Wages: Consistent with recent labor negotiations – July 1, 2019: 3.0% COLA; July 1, 2020: 3.0% COLA
- SFPUC wholesale water rates: Remain unchanged for next two fiscal years
- Continue evaluation of initiatives to ensure water supply reliability – Delta Conveyance, Los Vaqueros Reservoir Expansion, Joint Purified Water Feasibility Evaluation

- **Budget revisions since May 15, 2019 Board Budget Workshop**
 - Increased State Water Project water purchase costs based on water supply contract estimated charges recently provided by the Department of Water Resources – \$996,000 for FY 2019/20 and \$411,000 for FY 2020/21
 - Added \$60,000 for Mowry and Peralta-Tyson (PT) Wellfields – Pumping Equipment Replacement Project for FY 2019/20
 - Budget includes \$50,000 for special public outreach initiatives - In addition to supporting the Advanced Metering Infrastructure (AMI) initiative, staff has some ideas and plans to work with the LICA Committee on potential uses of these funds.

Budget Update



- **Budget revisions since May 15, 2019 Board Budget Workshop (cont.)**
 - Received additional property tax revenues for portion of 1% ad valorem tax and State Water Contract override tax for FY 2018/19 and adjusted for FY 2019/20 and FY 2020/21
 - Projected revenues updated based on most recent property tax remittances from the County
 - Additional \$868,000 for FY 2019/20 and \$898,000 for FY 2020/21 in portion of 1% ad valorem tax
 - Reduction of \$347,000 for FY 2019/20 and FY 2020/21 in State Water Contract override tax as part of revenue/expense true-up

Budget Comparison

Total Revenues

	FY 2017/18 Actual	FY 2018/19 Amended Budget	FY 2018/19 Estimated Actual	% Variance	FY 2019/20 Proposed Budget	FY 2020/21 Proposed Budget
\$ in Thousands						
REVENUES						
Water Revenue	\$ 101,669	\$ 110,527	\$ 108,109	-2.2%	\$ 111,697	\$ 116,660
Ground Water Revenue	412	459	508	10.7%	511	536
Property Tax Proceeds	10,631	9,469	10,025	5.9%	10,858	11,105
Interest Revenue	1,983	2,080	3,004	44.4%	3,446	3,325
Facilities Connection Charges - FIF	12,352	4,180	10,555	152.5%	3,501	3,501
Facilities Connection Charges - FRF	-	-	500	100.0%	1,476	1,600
Grants, Reimbursements	290	5,693	4,876	-14.4%	12,433	9,080
Other Revenue	1,224	1,045	1,100	5.3%	832	845
Customer Jobs Revenue	5,982	5,531	4,801	-13.2%	4,244	4,208
TOTAL REVENUES	\$ 134,543	\$ 138,984	\$ 143,478	3.2%	\$ 148,998	\$ 150,860

Budget Comparison

Total Expenses

	FY 2017/18 Actual	FY 2018/19 Amended Budget	FY 2018/19 Estimated Actual	% Variance	FY 2019/20 Proposed Budget	FY 2020/21 Proposed Budget
\$ in Thousands						
EXPENSES						
Operations & Maintenance	\$ 63,397	\$ 71,056	\$ 68,542	-3.5%	\$ 74,717	\$ 75,801
Delta Conveyance	-	557	557	0.0%	786	459
Customer Accounts	1,448	1,753	2,017	15.1%	2,318	2,277
Administrative & General	40,497	43,962	43,790	-0.4%	46,607	49,365
OPEB Advanced Funding	2,161	1,276	1,276	0.0%	1,217	1,157
Pension Advanced Funding	3,022	6,876	6,876	0.0%	5,975	5,433
Expenses Credit - Overhead	(26,678)	(30,688)	(26,688)	-13.0%	(29,482)	(29,573)
Net Labor Vacancy Savings	-	-	-	0.0%	(1,083)	(1,127)
Expense Projects	1,259	1,274	780	-38.8%	1,284	1,444
TOTAL OPERATING EXPENSES	85,106	96,066	97,150	1.1%	102,339	105,236
Capital Projects	12,434	32,583	27,038	-17.0%	41,813	54,863
Customer Jobs	4,687	5,531	4,801	-13.2%	4,244	4,208
Debt Service	6,373	6,371	6,371	0.0%	6,378	6,385
TOTAL NON-OPERATING EXPENSES	23,494	44,485	38,210	-14.1%	52,435	65,456
TOTAL EXPENSES	\$ 108,600	\$ 140,551	\$ 135,360	-3.7%	\$ 154,774	\$ 170,692

Budget Comparison

Total Cash Balances



	FY 2017/18 Actual	FY 2018/19 Amended Budget	FY 2018/19 Estimated Actual	% Variance	FY 2019/20 Proposed Budget	FY 2020/21 Proposed Budget
\$ in Thousands						
BEGINNING CASH BALANCE	\$ 125,497	\$ 138,444	\$ 153,470	10.9%	\$ 161,588	\$ 155,812
TOTAL REVENUES	134,543	138,984	143,478	3.2%	148,998	150,860
TOTAL OPERATING EXPENSES	85,106	96,066	97,150	1.1%	102,339	105,236
TOTAL NON-OPERATING EXPENSES	<u>23,494</u>	<u>44,485</u>	<u>38,210</u>	-14.1%	<u>52,435</u>	<u>65,456</u>
TOTAL EXPENSES	108,600	140,551	135,360	-3.7%	154,774	170,692
NET of REVENUES & EXPENSES	25,943	(1,567)	8,118		(5,776)	(19,832)
Debt Proceeds (AMI)	-	-	-		-	14,500
Reconciling Timing Difference	<u>2,030</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
ENDING CASH BALANCE	\$ 153,470	\$ 136,877	\$ 161,588	18.1%	\$ 155,812	\$ 150,480

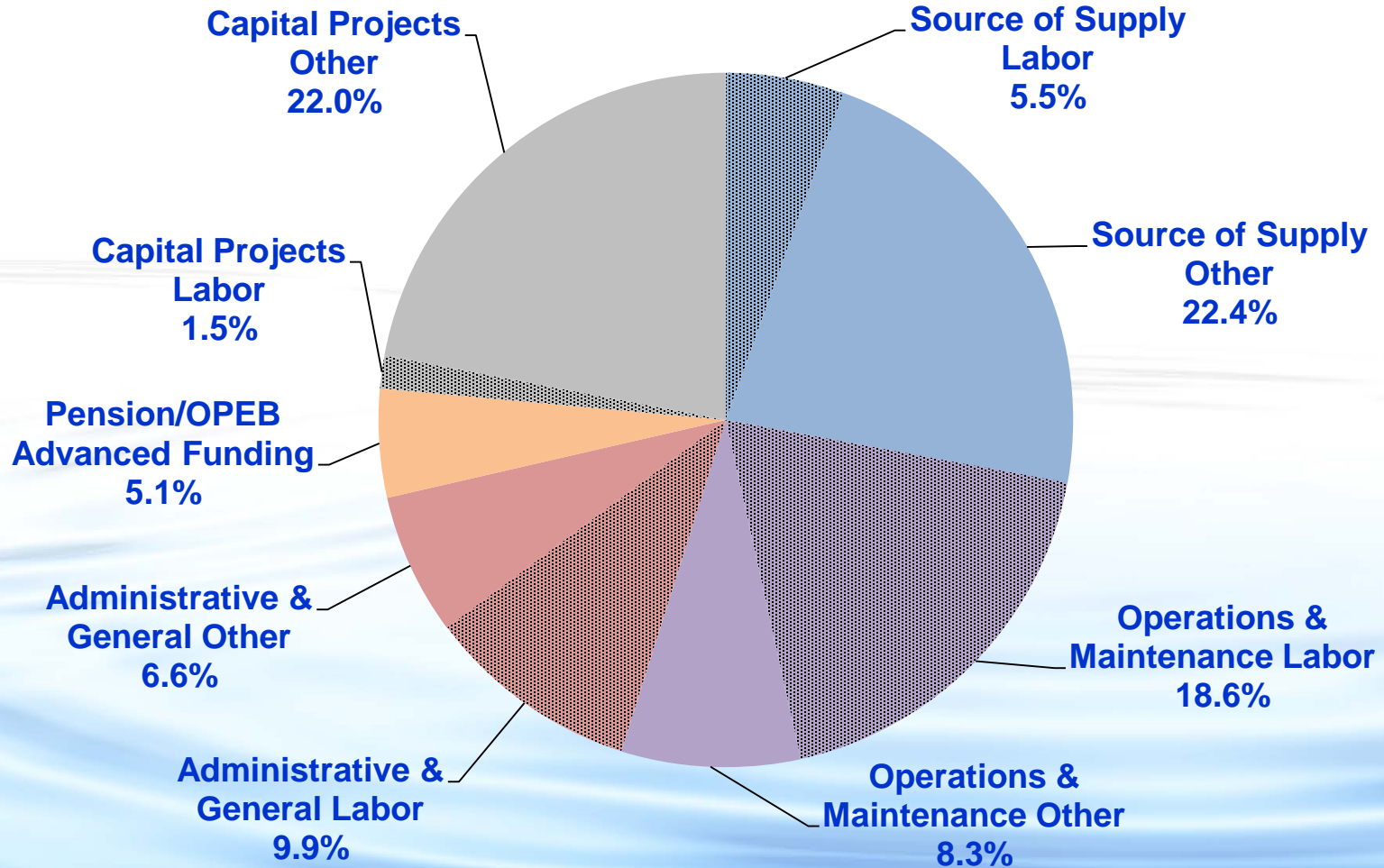
District Reserves and Debt Indicators



	FY 2018/19			FY 2019/20		FY 2020/21	
	FY 2017/18 Actual	Estimated Actual	Target	Proposed Budget	Target	Proposed Budget	Target
\$ in Thousands							
Debt Service	\$ 2,864	\$ 2,759	\$ 2,759	\$ 2,759	\$ 2,759	\$ -	\$ -
Mgt Retirement Bonus	1,341	1,505	1,505	1,505	1,505	1,505	1,505
Emergency	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operations & Maint.	84,124	40,100	27,632	27,641	27,641	28,792	28,792
Capital	-	35,889	13,700	47,496	13,700	47,543	13,700
Rate Stabilization	-	9,100	9,100	6,199	6,199	6,385	6,385
GENERAL FUND	98,329	99,353	64,696	95,600	61,804	94,225	60,382
FACIL. IMPROVEMENT	55,141	62,235		60,212	60,213	56,255	56,256
FACIL. RENEWAL	-	-		-	-	-	-
TOTAL RESERVES	\$ 153,470	\$ 161,588	\$ 64,696	\$ 155,812	\$ 122,017	\$ 150,480	\$ 116,638
Debt Service Coverage	6.83	6.52	2.00	6.65	2.00	6.49	2.00
Outstanding Debt per Customer	\$896	\$848		\$799	\$799	\$927	
Outstanding Debt per Capita	\$215	\$202		\$190	\$190	\$222	

General Fund Expenses FY 2019/20

\$142.2 million

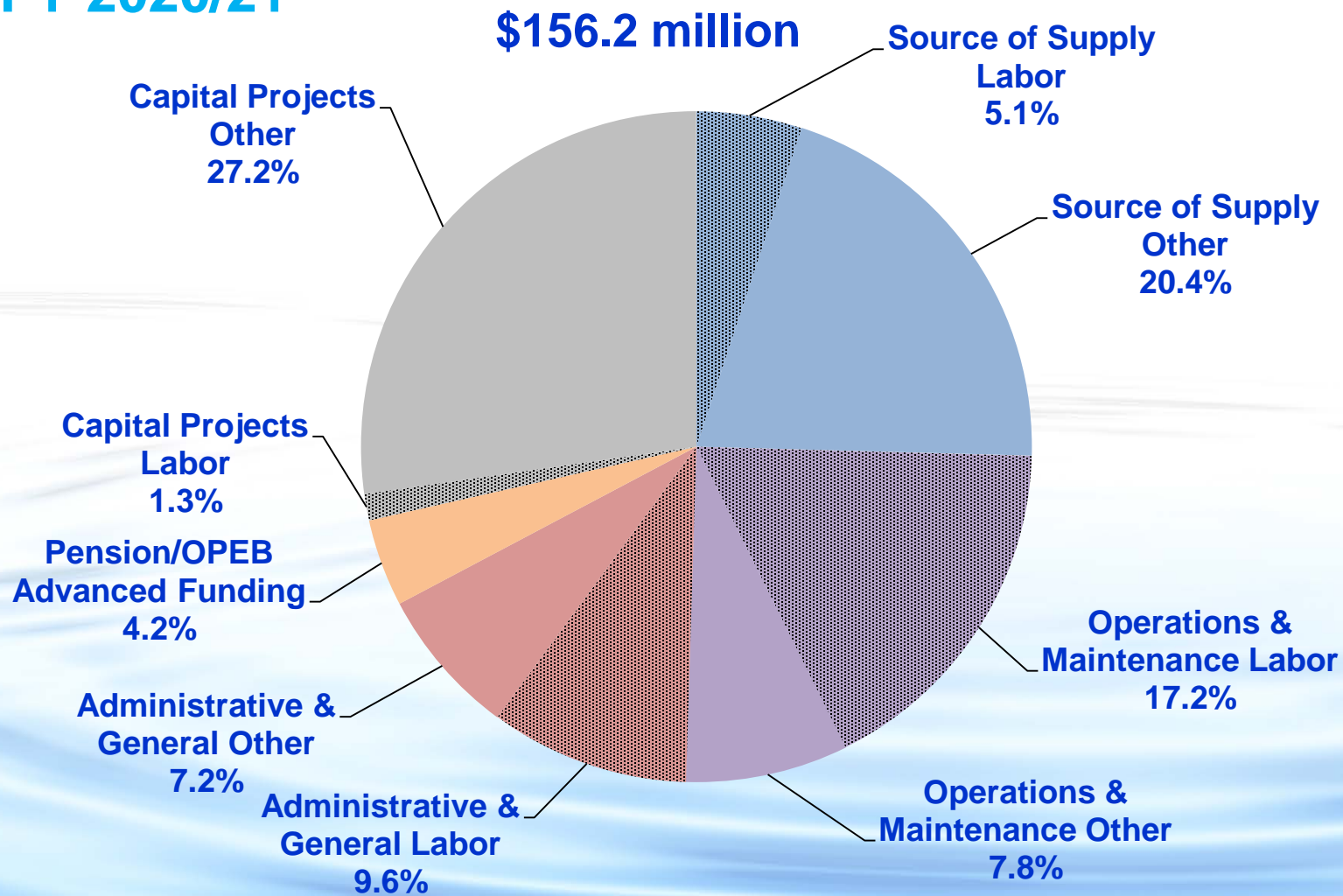


* Labor: Regular Pay and Overhead

** Other: Purchased Water, Materials, Services, Equipment, Power, etc.

*** Excludes Customer Jobs Expenditures

General Fund Expenses FY 2020/21

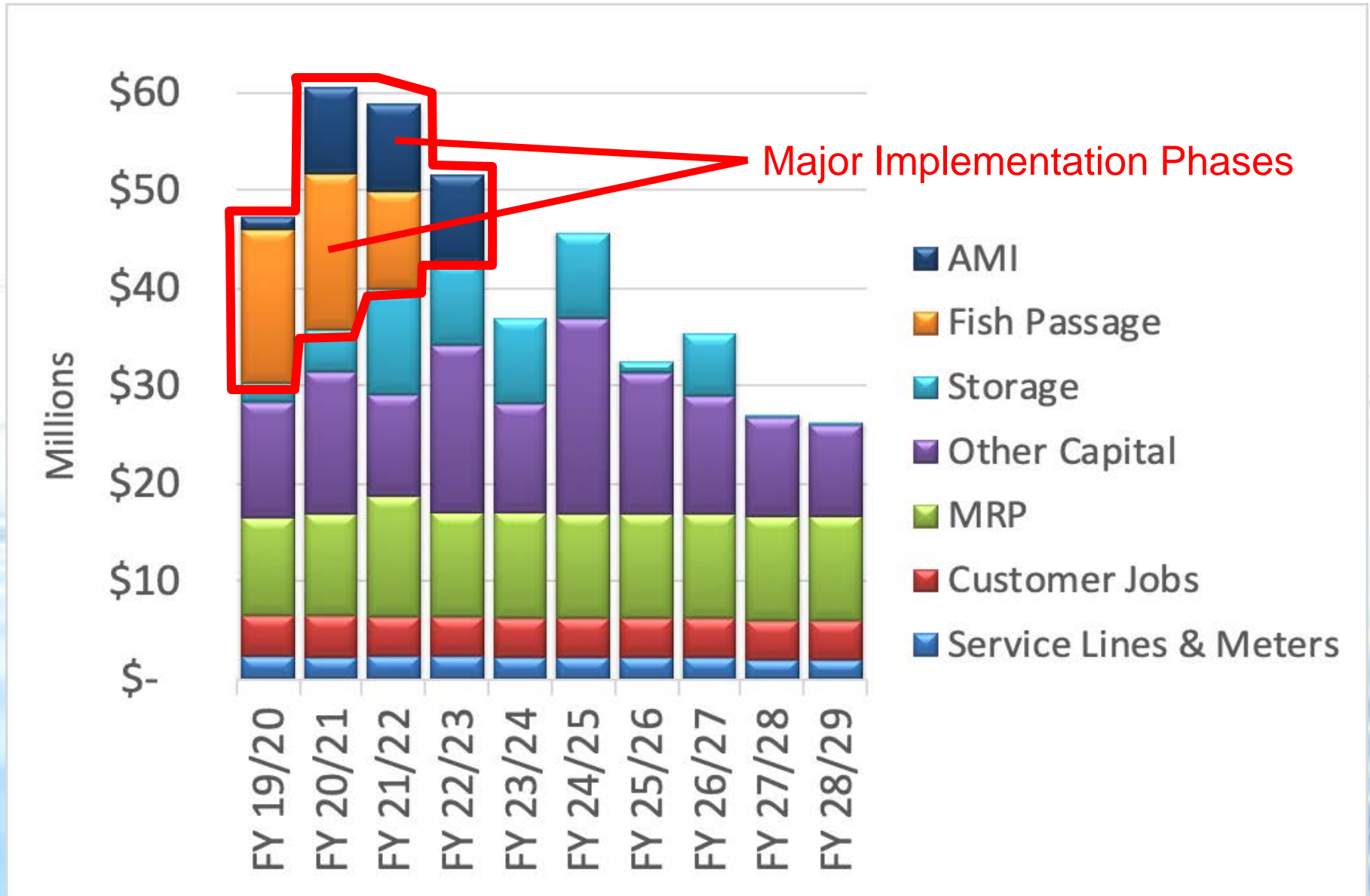


* Labor: Regular Pay and Overhead

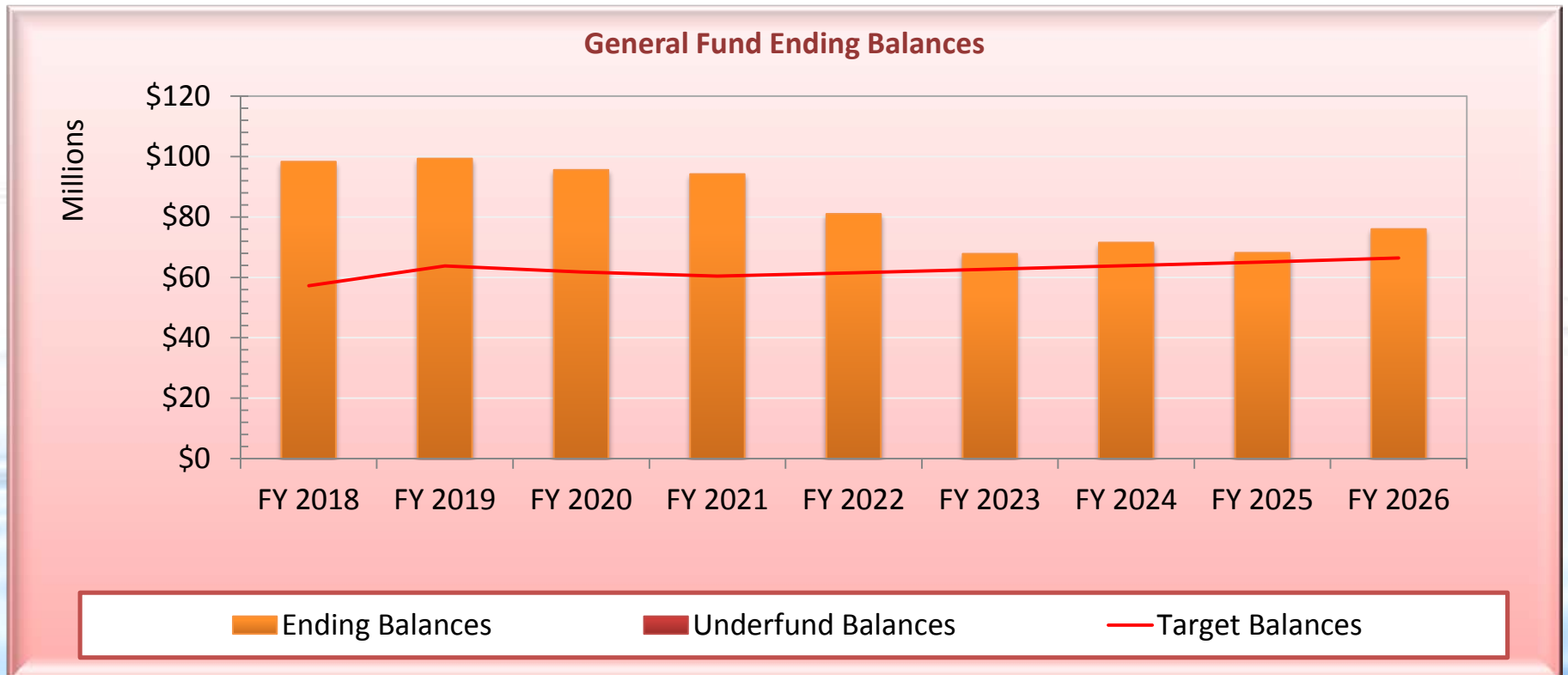
** Other: Purchased Water, Materials, Services, Equipment, Power, etc.

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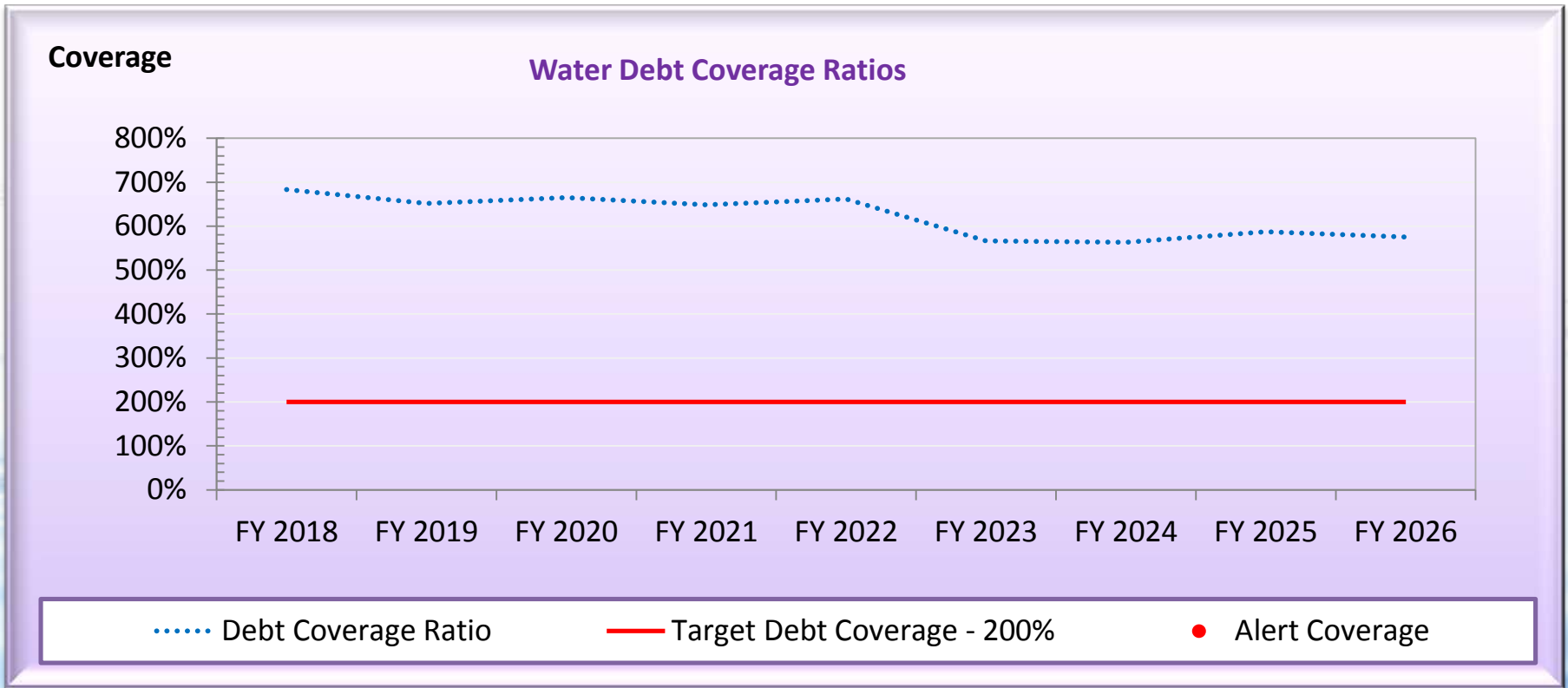
2019 Proposed 10 Year CIP by Program



General Fund Ending Balances



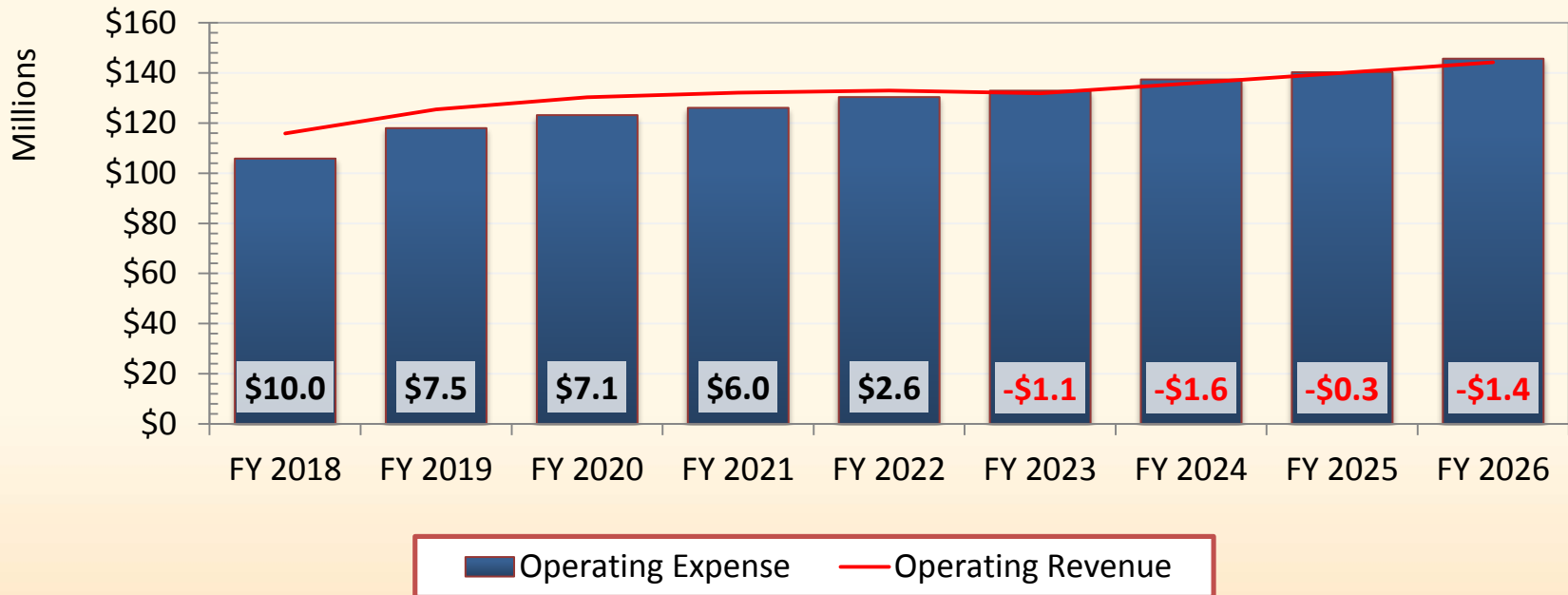
Water Debt Coverage Ratios



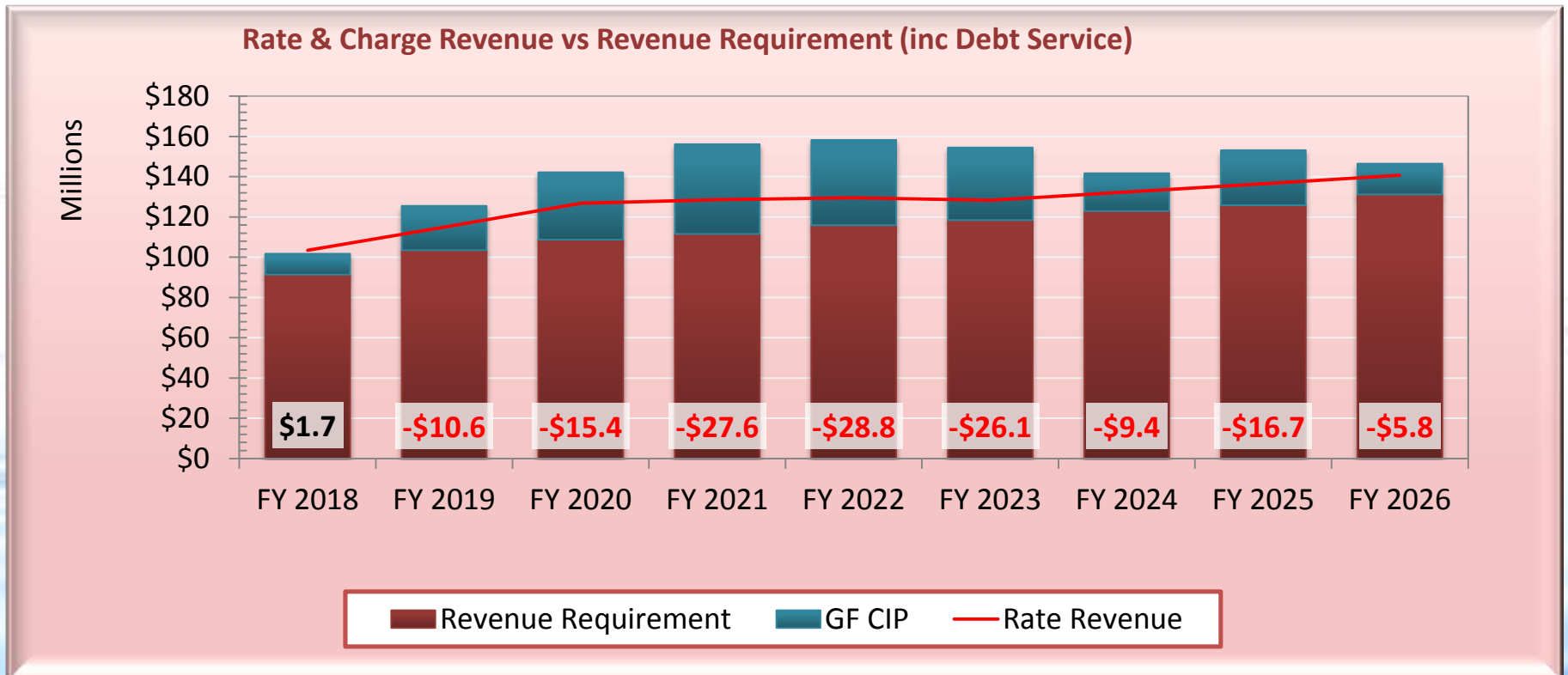
Revenues vs Expenses



Operating Revenues vs Operating Expenses (inc dep)



Rate Revenue vs Revenue Requirement



- **Adopt a Resolution Approving the FY 2019/20 and FY 2020/21 Budget and the 25-Year Capital Improvement Program**

Discussion





Alameda County Water District

Fiscal Year 2017/18

Benchmark Metrics

June 13, 2019

Presentation Purpose

- Explain how Alameda County Water District (ACWD) compares to neighboring water providers on key efficiency and financial metrics
- Align with Strategic Plan Goal #3 - Finance
 - 3.2: Ensure Cost Reasonableness
 - 3.3: Promote Financial Transparency
- Provide insight on whether there are components of our performance we need to more fully evaluate

Presentation Overview



1. Benchmark Metrics

2. Metric Comparisons

3. Conclusions

- In brief, benchmarking is checking or evaluating our performance against a standard
- The median result for similar Bay Area water providers is used as the standard

Presentation Overview

- Comparison water providers include:
 - Contra Costa Water District
 - Dublin San Ramon Services District
 - East Bay Municipal Utility District
 - Marin Municipal Water District
 - San Francisco Public Utilities Commission
 - San Jose Water Company
- Comparison water providers consistently identified by the same letter in the charts
- Dark blue line on the comparison charts represents the median

Benchmark Metrics

Metrics developed for which data is readily available:

- Data taken from each agency's Fiscal Year 2017/18 financial report
- Audited data that will be available in the same or similar format in the future
- No surveys were distributed

Benchmark Metrics

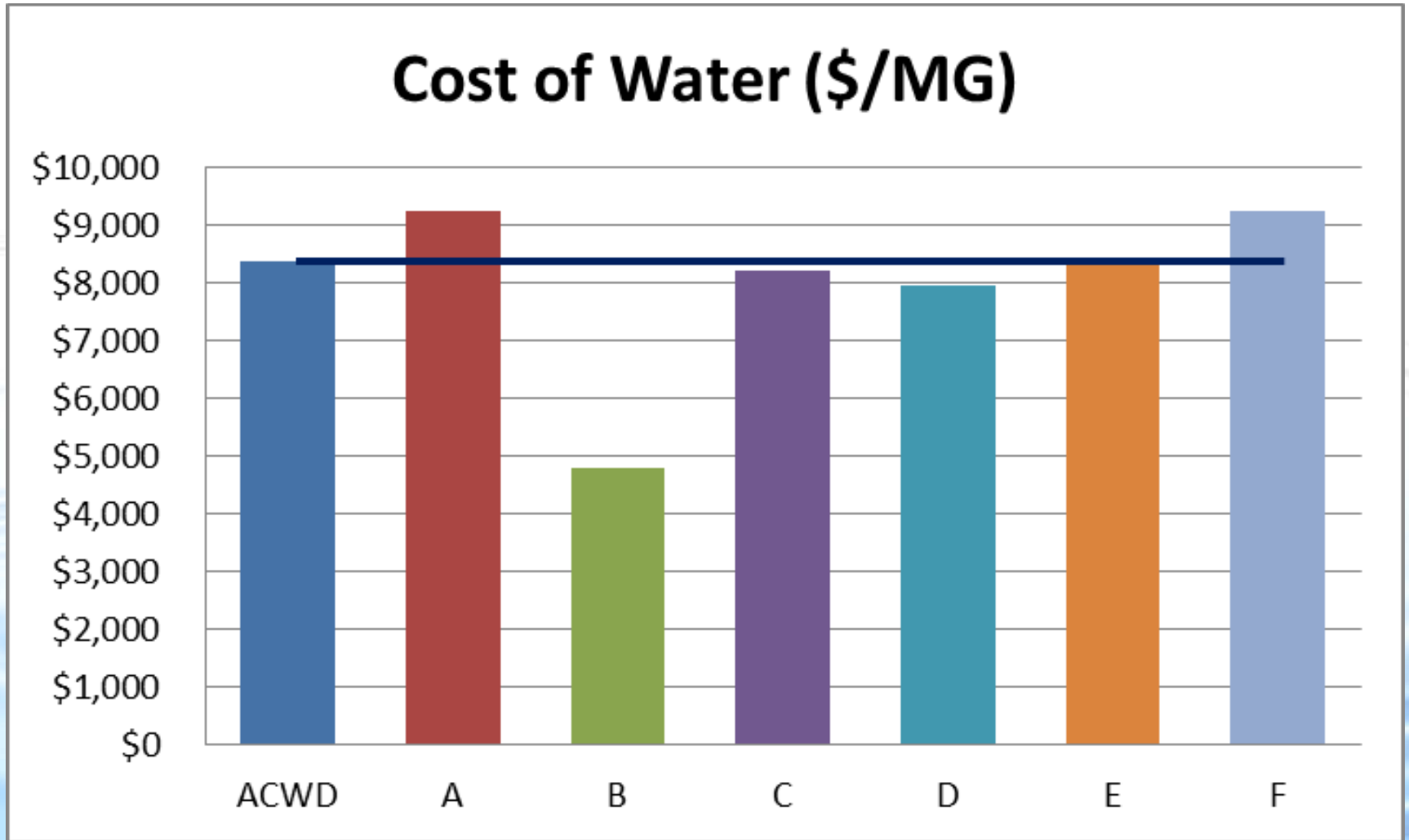
Operational Efficiency	Financial Capacity	Rate Impact
<ul style="list-style-type: none"> • Cost of water • Connections per employee • Operating revenue per employee • Operating cost per employee 	<ul style="list-style-type: none"> • Debt coverage ratio • Total pension and OPEB liability divided by payroll • Total long-term liabilities divided by operating revenue 	<ul style="list-style-type: none"> • Typical monthly bill (8 HCF) • Prior year rate increase (FY 2017/18)

HCF – Hundred Cubic Feet

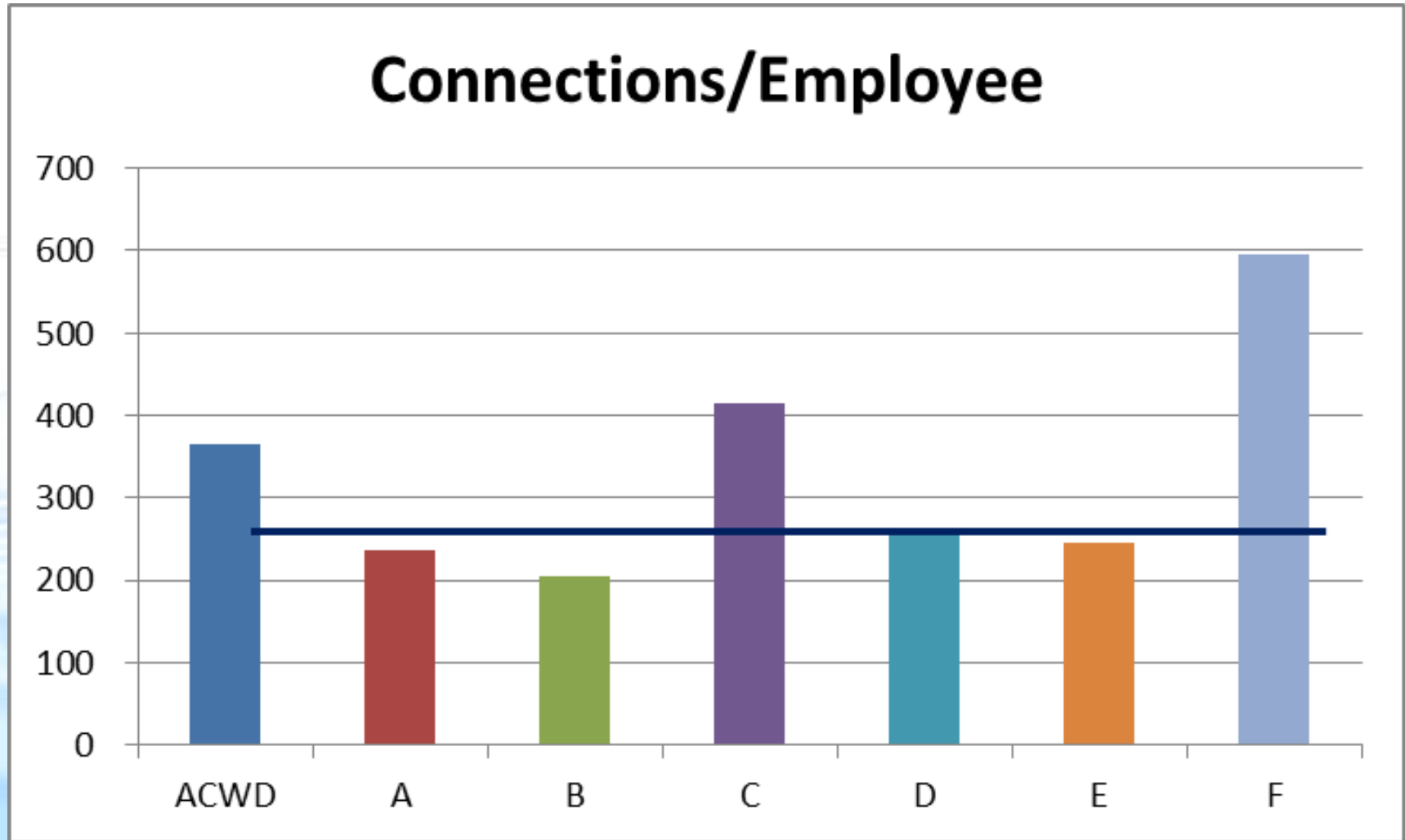
Benchmark Metrics

- Cost of water (dollars per million gallons produced)
 - Based on total cash payments during the fiscal year
 - Capital costs financed by debt are excluded, but total debt service payments are included
 - Neutralizes the impact property tax, development fee, and other revenues have on average customer bill amount
- Monthly Bill
 - Based on 8 hundred cubic feet of consumption (about 200 gallons per day), which is typical for ACWD's residential customers
 - Based on bill as of June 30, 2018. Most agencies implement rate increases July 1 of each year. ACWD implemented its rate increase during Fiscal Year 2017/18 on March 1, 2018

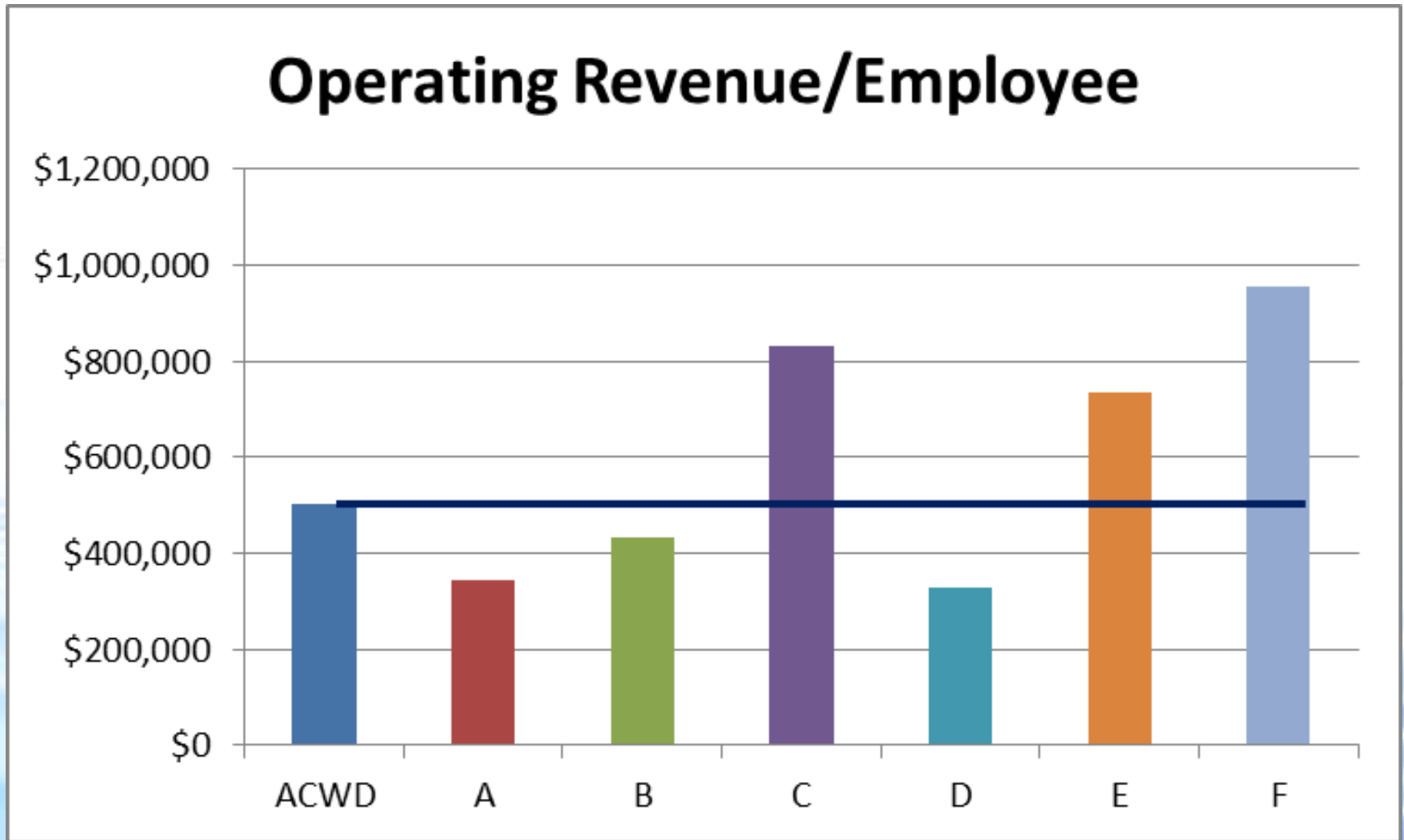
Metric Comparison



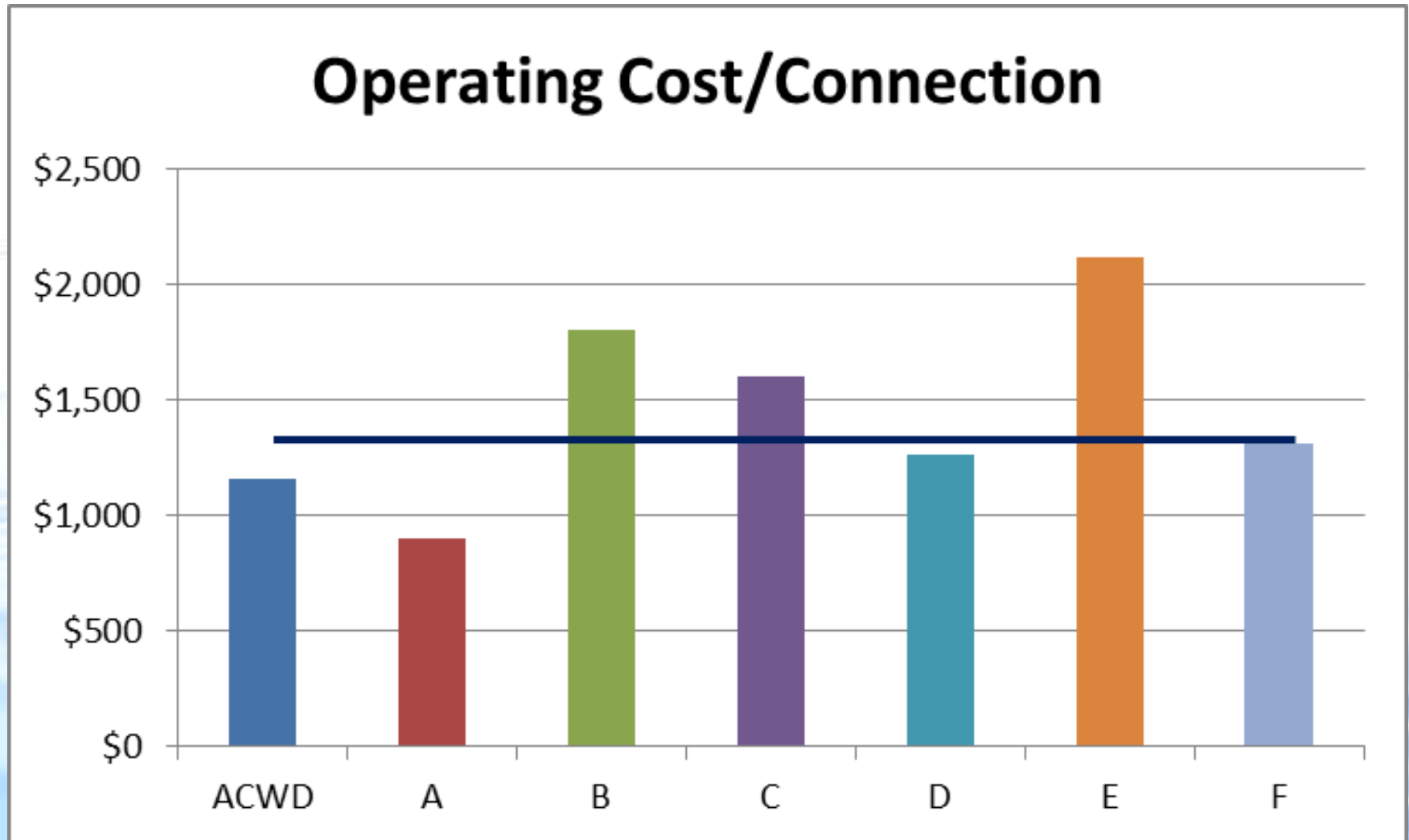
Metric Comparison



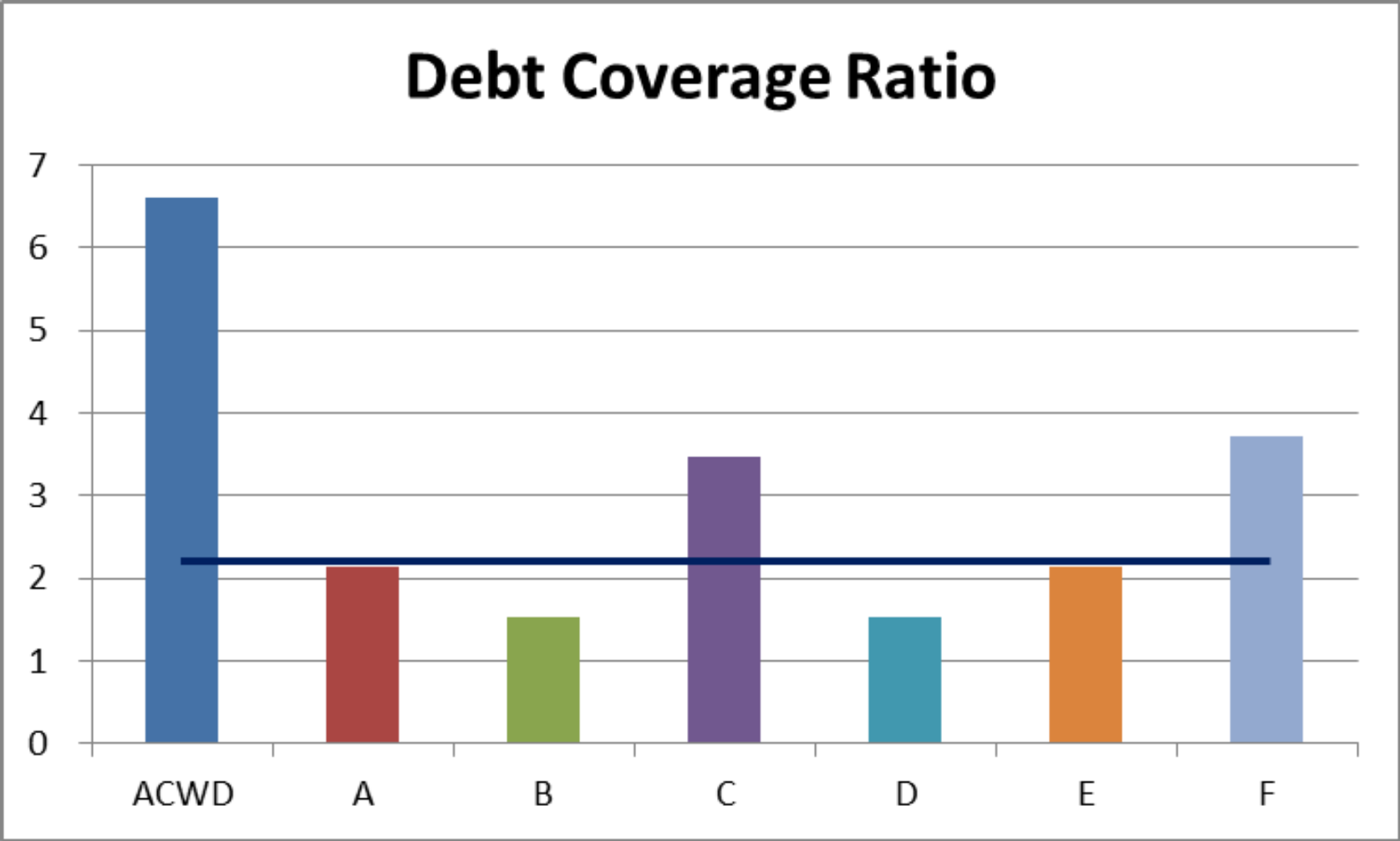
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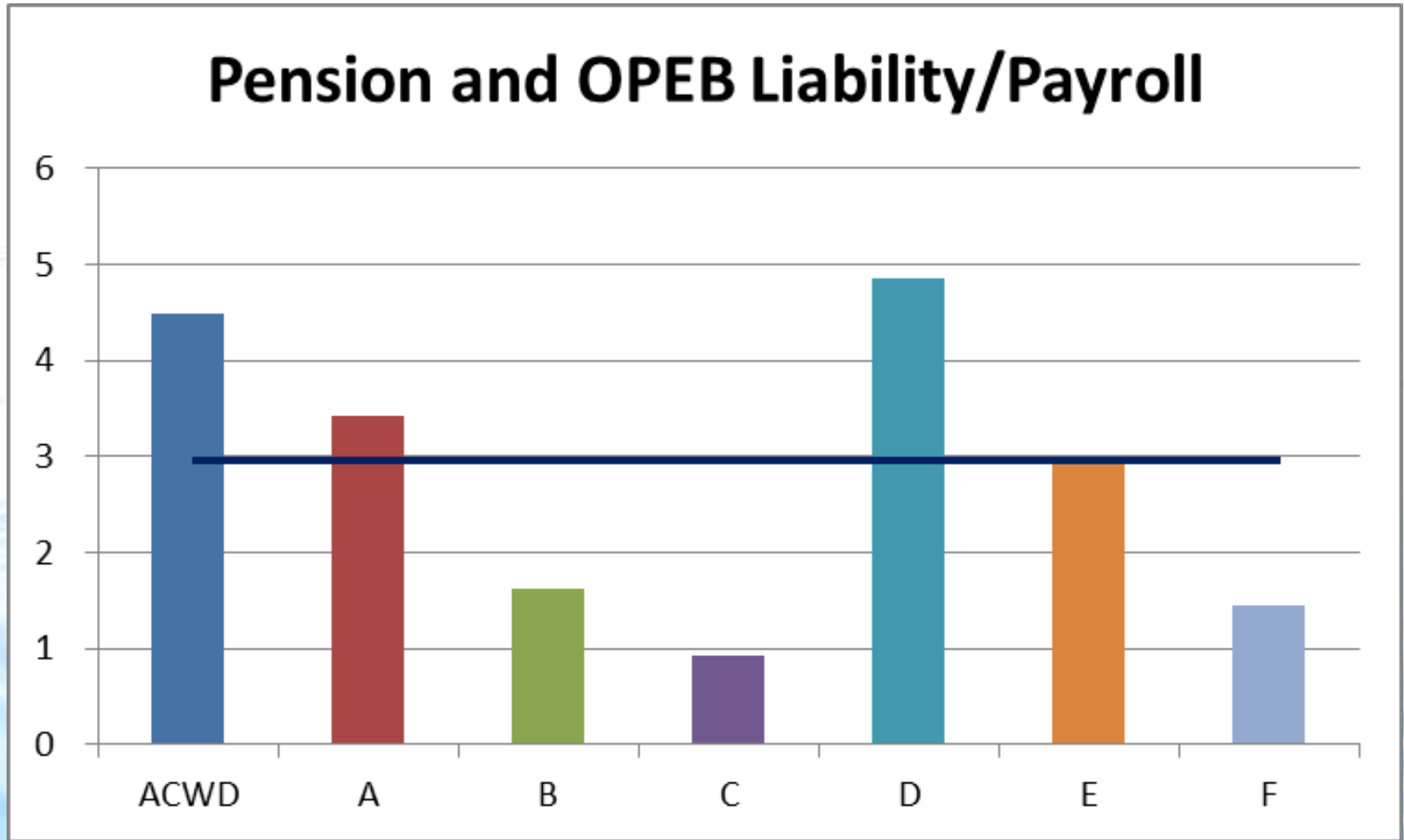
Metric Comparison



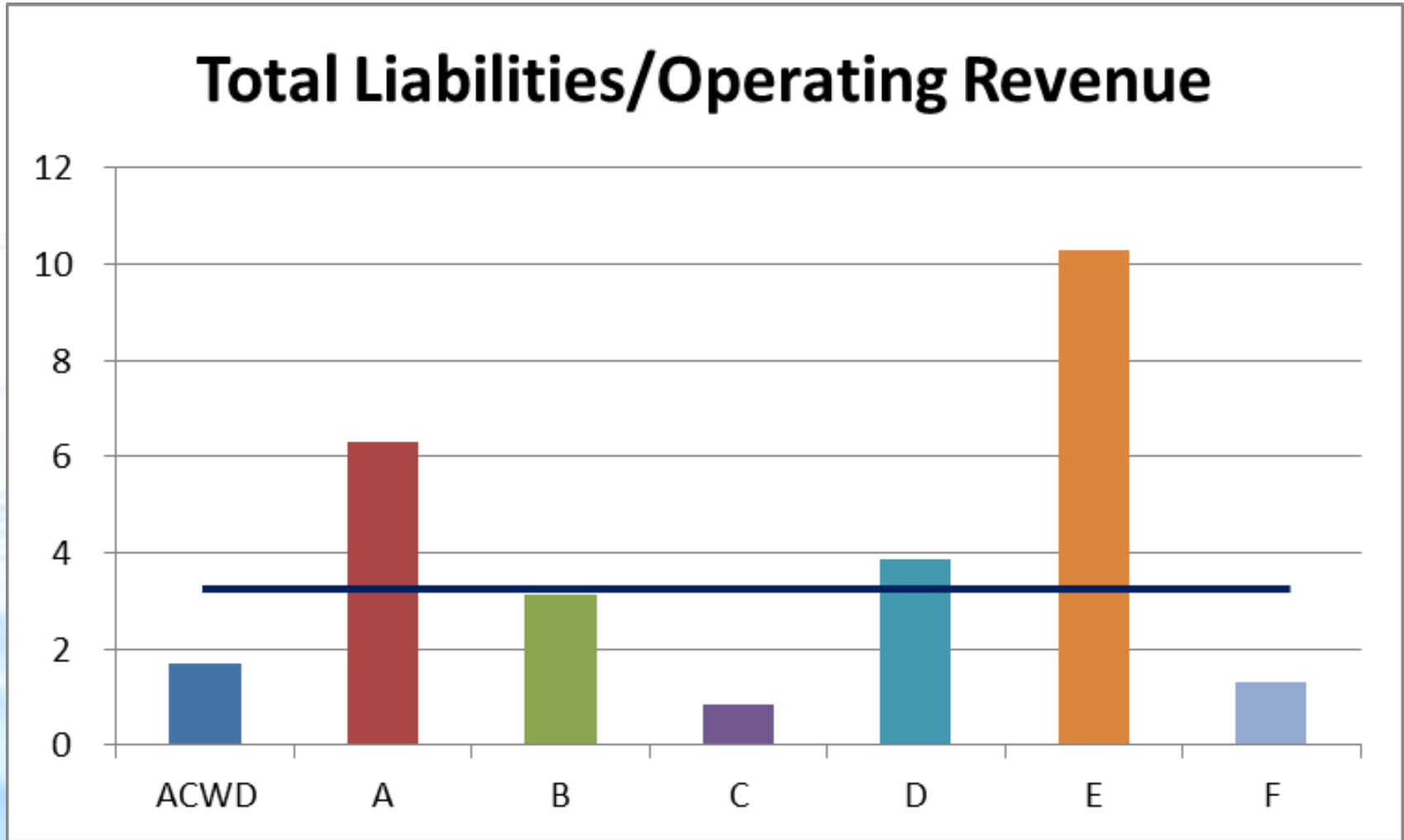
Metric Comparison



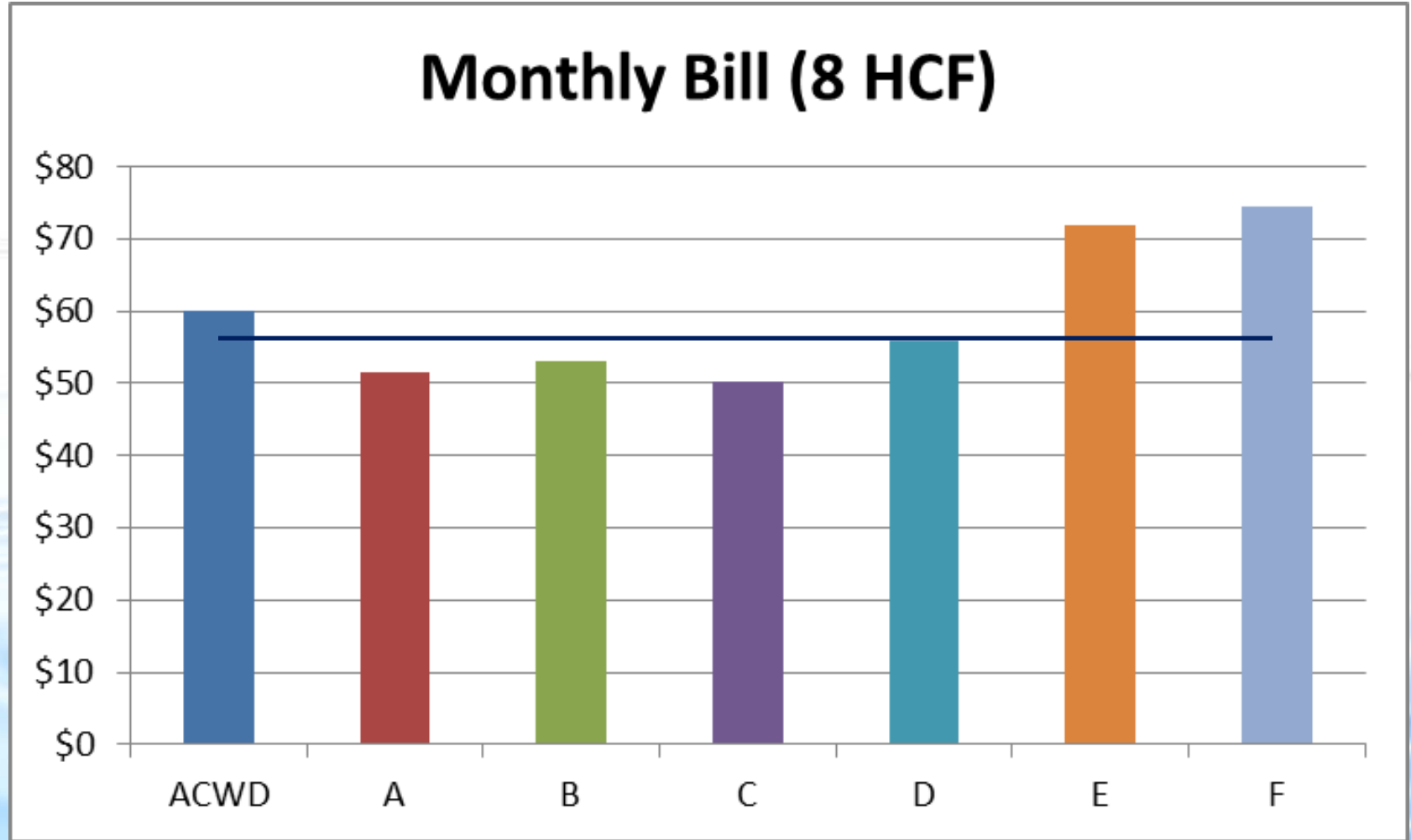
Metric Comparison



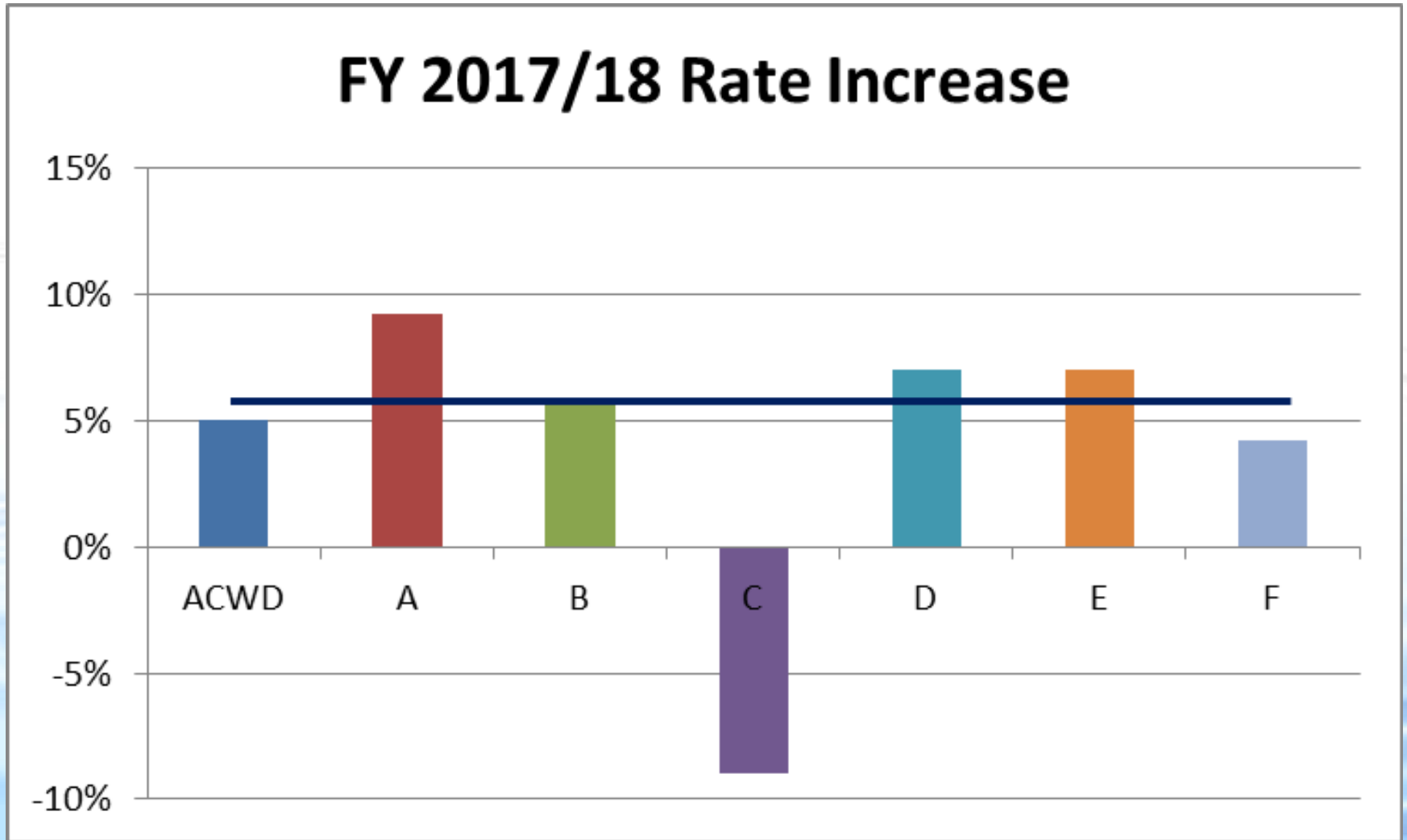
Metric Comparison



Metric Comparison



Metric Comparison



Conclusions

- Comparing against specific agencies has limited value due to unique operational circumstances
 - Purchased water versus own source of supply
 - Strictly retail compared to agencies with a wholesale component
 - Governance differences
 - Groundwater management responsibilities
- Comparing against the median is a reasonable barometer of ACWD's performance on each metric
- ACWD's financial and operational efficiency metrics compare favorably
- Rate impact metrics are at or near the median

Conclusions

- ACWD has substantial financial capacity compared to the standard
 - ACWD has significant flexibility to issue debt to finance capital projects
 - Paying down pension and OPEB liabilities is already programmed into our financial plan
 - ACWD is well positioned to maintain rate increases at or below the median in future years
- Benchmark comparison should be repeated annually as part of the budget process

Questions?