

# SAN ANTONIO WATER COMPANY

Proposed Budget

Fiscal year 2019

Presentation to Company Board

December 5, 2018



- ▶ Budgeted Revenue - \$5,130,000
- ▶ Budgeted Operating Expenses - \$3,549,400
- ▶ Budgeted Capital Expenses - \$1,971,000
- ▶ Projected Revenue - \$4,444,000
- ▶ Projected Operating Expenses - \$3,001,000
- ▶ Projected Capital Expenses - \$1,000,000

Net projected end of year Income excluding depreciation - \$440,000

## 2018 IN REVIEW

- ▶ Projected water sales – 10,800 AF (conservatively 1,200 less than total entitlement)
- ▶ Projected Revenue - \$5,201,000
- ▶ Projected Operating Expenses - \$3,497,000
- ▶ Projected Capital Expenses - \$2,751,000
- ▶ Projected transfer from D&O Capital Reserves - \$1,047,000

## PROPOSED 2019 BUDGET

| Checking Account         |             |
|--------------------------|-------------|
| Balance as of 09/30/2018 | \$1,646,000 |

| Average Proposed 2019 Monthly Burn Rate (excluding Capital) |
|---|
| (\$291,500)   |

| 6 month burn rate | 9 month burn rate |
|-------------------|-------------------|
| (\$1,749,000)     | (2,624,000)       |

CHECKING ACCOUNT  
(OPERATING RESERVES?)

|  |               |
|--|---------------|
| Balance as of 9/30/2018<br>(LAIF + Checking)             | \$3,815,000   |
| Additional Income from fourth quarter<br>2018 (estimate) | \$110,000     |
| 2019 Starting Balance                                    | \$3,925,000   |
| Proposed Capital Expense Transfer in<br>2019             | (\$1,047,000) |
| Estimated Balance on 12/31/2019                          | \$ 2,878,000  |

~~DEPRECIATION AND OBSOLESCENCE~~  
~~ACCOUNT~~ CAPITAL RESERVE ACCOUNT

| #                               | Project                              | Spent in Prior Years | FY19 Budget      | Future FY Projections | Total Project Cost |
|---------------------------------|--------------------------------------|----------------------|------------------|-----------------------|--------------------|
| Capital Improvement/Replacement |                                      |                      |                  |                       |                    |
| 1                               | 24" Valve at Edison Box              | -                    | 44,000           | -                     | 44,000             |
| 2                               | Campus Avenue Waterline              | 22,000               | 495,000          | -                     | 517,000            |
| 3                               | Meter Replacement                    | -                    | 25,000           | -                     | 25,000             |
| 4                               | WFA Pipeline Connection              | 10,000               | 100,000          | -                     | 110,000            |
| 5                               | Holly Drive Reservoir                | 161,000              | 460,000          | -                     | 621,000            |
| 6                               | Res 7 Rehabilitation                 | 27,000               | 1,133,000        | -                     | 1,160,000          |
| 7                               | SCADA Replacement                    | -                    | 118,000          | -                     | 118,000            |
| 8                               | Cucamonga Crosswalls                 | 291,000              | 20,000           | -                     | 311,000            |
| 9                               | Office Relocation                    | 32,000               | 100,000          | 3,868,000             | 4,000,000          |
| Inventory Capital               |                                      |                      |                  |                       |                    |
| 10                              | 18-inch Bucket                       | -                    | 550              | -                     | 550                |
| 11                              | 12-inch Bucket                       | -                    | 450              | -                     | 450                |
| 12                              | Backhoe Tractor                      | -                    | 120,000          | -                     | 120,000            |
| 13                              | 3/4-ton Ford 4x4 with contractor bed | -                    | 69,000           | -                     | 69,000             |
| 14                              | Rock Screen                          | -                    | 18,000           | -                     | 18,000             |
| 15                              | Back-up MIOX Cell (Shaft 6)          | -                    | 48,000           | -                     | 48,000             |
|                                 | SUM                                  | 543,000              | <b>2,751,000</b> | 3,868,000             | 7,162,000          |

# PROPOSED 2019 CAPITAL PROJECTS

- ▶ Not a cash expense.
- ▶ It is a liability and should be accounted for when settling Company net position and net change in position.
- ▶ Capital expenditures are also included when settling net position, ideally balancing out depreciation.

| 2019 Depreciation | 2019 Capital Expenditures | 2019 net change in Capital position |
|-------------------|---------------------------|-------------------------------------|
| (\$822,000)       | \$2,751,000               | + \$1,929,000                       |

# DEPRECIATION

- ▶ Focus on constructing projects already under design
- ▶ Tighten Facility Asset Management Plan
- ▶ Develop 5 year and 10 year Capital Improvement Plan
  - Facilities total approx. \$40M in 2018 dollars
  - Facility Life Cycle approx. 60 years
  - Average CIP expenditure per year approx. \$670,000
  - Current Capital Reserves total over two years worth of CIP
  - Does not consider borrowing capacity or stockholder assesment (only in emergency).

## 2019 TO-DO LIST