

4th Quarter 2018 Financial Update

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Agenda

- Rate Path Reminder
- 4th Quarter Results
 - Water Fund
 - Drainage & Wastewater Fund
 - Solid Waste Fund
- What is up next?



Since We Last Met...

- First full year the City's new financial system - full of learning and system fixes
- 2018 results have almost finalized
- Results are still draft due to new financial system
 - There are processes executed during the annual financial close that are still new and have needed fixing
 - A few processes still to run and quality checks before finalizing



Rate Path Reminder

Strategic Business

Plan	2018	2019	2020	2021	2022	2023	2018-23
Water	2.0%	2.5%	3.7%	5.0%	4.1%	5.0%	3.7%
Wastewater	4.1%	8.1%	9.9%	8.9%	1.3%	2.6%	5.8%
Drainage	10.7%	9.2%	9.7%	9.9%	7.9%	4.7%	8.7%
Solid Waste	3.1%	3.3%	4.0%	3.0%	3.8%	2.8%	3.4%
Combined	4.3%	5.7%	7.0%	6.8%	3.7%	3.6%	5.2%

Updated	2018	2019	2020	2021	2022	2023	2018-23
Water	2.0%	2.5%	3.7%	5.0%	4.1%	5.0%	3.7%
Wastewater	4.1%	7.5%	7.4%	7.3%	4.5%	2.4%	5.5%
Drainage	10.7%	8.0%	8.0%	8.0%	8.0%	9.0%	8.6%
Solid Waste	3.1%	3.3%	4.0%	3.0%	3.8%	2.8%	3.4%
Combined	4.3%	5.3%	5.8%	5.9%	4.9%	4.3%	5.1%



Water Fund 2018 Results

\$s in millions



- Revenue Drivers
 - Strong Summer Sales







- Expenditure Drivers
 - Capital Project Delays
 - Delays in hiring and underspending on emergencies

- Other Notes
 - Fall Rains
 - Settlements
 - Increased development

	2018 Budget	2018 Actuals	Variance
Expenditures			
O&M	251	242	9
CIP	117	65	52
Total	368	307	61
Revenues			
All	194	198	(4)



Water Financial Policy Results - Draft

Policy	Policy Target	2018 Result
Operating Cash Balance (\$M)	1/12 of annual O&M	
Net Income (\$M)	Positive	
Debt Service Coverage	1.7x	
Cash-to-CIP Financing	20%	



Drainage and Wastewater Fund Results





\$s in millions

- ↑ • Revenue Drivers
 - Increase in consumption due to construction
- ↓ • Expenditure Drivers
 - Capital Project Delays
 - Timing of bond issuance
 - Delays in hiring and underspending on emergencies

	2018 Budget	2018 Actuals	Variance
Expenditures			
O&M	407	383	25
CIP	169	100	69
Total	576	483	94
Revenues			
All	395	403	(8)



DWW Financial Policy Results - Draft

Policy	Policy Target	2018 Result
Operating Cash Balance (\$M)	1/12 annual Contract Expense	
Net Income (\$M)	Positive	
Debt Service Coverage	1.8x	
Cash-to-CIP Financing	25%	



Solid Waste Fund Results





\$s in millions

- ↑
 - Revenue Drivers
 - Better Commercial Demand
 - NTS re-opening and construction drove higher transfer station revenue
- ↓
 - Expenditure Drivers
 - Operating Underspending
- ↓
 - Other Notes
 - Recycling Market

	2018 Budget	2018 Actuals	Variance
Expenditures			
O&M	205	201	4
CIP	9	9	-
Total	214	210	4
Revenues			
All	208	213	(5)



Solid Waste Financial Policy Results - Draft

Policy	Policy Target	2018 Result
Operating Cash Balance (\$M)	45 days O&M	
Net Income (\$M)	Positive	
Debt Service Coverage	1.8x	
Cash-to-CIP Financing	10% of CIP or \$3.4M	



What Is Coming Next?

- Solid Waste Rate Study
- Updated Financial Projections
- Continue to stabilize and optimize the new financial system and reporting to support quality monitoring



Questions?

