

# 1<sup>st</sup> Quarter 2019 Financial Update



# Agenda

- Rate Path Reminder
- 1<sup>st</sup> Quarter Results by fund
- What is up next?



# Rate Path Reminder

Strategic Business Plan							
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%
<b>Combined</b>	<b>4.3%</b>	<b>5.7%</b>	<b>7.0%</b>	<b>6.8%</b>	<b>3.7%</b>	<b>3.6%</b>	<b>5.2%</b>

Updated							
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%	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%
<b>Combined</b>	<b>4.3%</b>	<b>5.3%</b>	<b>5.8%</b>	<b>5.9%</b>	<b>4.9%</b>	<b>4.3%</b>	<b>5.1%</b>



# Financial Results Overview

- Operating
  - Higher vacancies than planned
  - Delayed contractual spending
  - Typical Q1 results, especially with PeopleSoft 9.2 changes
- Capital
  - Typically slow start and tend to spend later in the year
  - Seasonality
  - Typical Q1 results, especially with PeopleSoft 9.2 changes



# Water Fund 2019 Q1 Financial Results





- Revenue Drivers
  - Summer weather
- Expenditure Drivers
  - Vacancies continue to reduce spending
  - Delays in contracts and debt service but expected to catch up
  - Capital spending lags in the early part of the year and will likely catch up

	2019		Variance
	Annual Plan <i>(in millions)</i>	Q1 Actual <i>(in millions)</i>	Plan - Actual
<b>Expenditures</b>			
Operating Expenditures	\$258	\$46	\$212
Capital Expenditures	\$81	\$8	\$73
<b>Total Expenditures</b>	<b>\$339</b>	<b>\$54</b>	<b>\$285</b>
<b>Operating Revenues*</b>	<b>\$290</b>	<b>\$56</b>	<b>\$234</b>
<i>may not add due to rounding</i>			

\*Includes Wholesale Revenue



# Water Financial Policy Projection

Policy	Policy Target	2019 Projection
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 2019 Q1 Financial Results





- Revenue Drivers
  - Population growth
- Expenditure Drivers
  - Vacancies continue to reduce spending
  - Delays in contracts and debt service but expected to catch up
  - Capital spending lags in the early part of the year and will likely catch up

	2019		Variance
	Annual Plan <i>(in millions)</i>	Q1 Actual <i>(in millions)</i>	Plan - Actual
<b>Expenditures</b>			
Operating Expenditures	\$414	\$86	\$328
Capital Expenditures	\$141	\$15	\$126
<b>Total Expenditures</b>	<b>\$555</b>	<b>\$101</b>	<b>\$454</b>
<b>Operating Revenues</b>	<b>\$445</b>	<b>\$105</b>	<b>\$340</b>

*may not add due to rounding*



# Drainage & Wastewater Financial Policy Projection

Policy	Policy Target	2019 Projection
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 2019 Q1 Financial Results

- Revenue Drivers
  - Construction market
- Expenditure Drivers
  - Vacancies continue to reduce spending
  - Contracts and debt service expected to catch up
  - Capital spending on target
- Other Notes
  - Recycling Market
  - Bill in Advance

	2019		Variance
	Annual Plan <i>(in millions)</i>	Q1 Actual <i>(in millions)</i>	Plan - Actual
<b>Expenditures</b>			
Operating Expenditures	\$210	\$41	\$169
Capital Expenditures	\$13	\$1	\$13
<b>Total Expenditures</b>	<b>\$223</b>	<b>\$42</b>	<b>\$181</b>
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<b>Operating Revenues</b>	<b>\$194</b>	<b>\$53</b>	<b>\$141</b>
<i>may not add due to rounding</i>			



# Solid Waste Financial Policy Projection

Policy	Policy Target	2019 Projection
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 \$3.5M	



# What Is Coming Next?

- Solid Waste Rate Study
- 2020 Proposed Budget
- Accountability and Affordability

