

**Board Administrative Committee
December 9, 2019**

SUBJECT:

Financial Operating and Capital Highlights Through the First Quarter of Fiscal Year 2019-20

BACKGROUND:

We are pleased to present the financial operating and capital highlights for the first quarter of Fiscal Year 2019-20, period ending September 30, 2019. Some notable highlights include:

- Overall consolidated enterprise results was mixed versus budget:
 - Consolidated Enterprise operating revenue was under budget by 4.3 percent, with total operating expenses below budget by 5.3 percent.
 - Non-operating revenues exceeded budget by \$7.6 million primarily due to a higher number of new water and sewer connections, as further detailed herein.
 - Net Operating Margin exceeded budget by \$14.2 million.
- Water system revenue was above target:
 - Domestic water sales were 2,030 acre-feet (AF) or 6.5 percent below budget.
 - Total water revenues were \$45.4 million, which was \$4.6 million or 9.1 percent below budget.
 - Operating costs were \$40.3 million, which was \$1.7 million or 4.1 percent below budget.
 - Net operating revenue to fund capital commitments was \$5.1 million, which was \$2.9 million below budget.
- Wastewater system net operating revenue was above target:
 - Revenues were \$26.4 million, which was \$0.9 million or 3.6 percent above budget.
 - Operating expenses were \$15.0 million, which was \$1.5 million or 8.8 percent below budget.
 - Net operating revenue to fund capital commitments was \$11.3 million, which was \$2.4 million above budget.
- Recycled system net operating revenue was above target:

- Revenues were \$3.8 million, which was 6.6 percent above budget. The District sold 12,652 acre-feet of recycled water, which was 2,543 acre-feet, or 16.7 percent below budget.
 - Operating expenses were \$1.8 million which was 3.7 percent below budget.
 - Net operating revenue to fund capital commitments was \$2.0 million, which was \$0.3 million above budget.
- Connection fees for 2,105 EDU/EMS through the first quarter were lower than the 2,877 EDU/EMS from the same time period last year, and were above the budgeted connection fee revenues by \$6.3 million or 53.4 percent.

Attached for the Board's review is a staff report (Exhibit A) providing data and analysis of the District's financial and capital position through the first quarter of Fiscal Year 2019-20. The report includes a consolidated enterprise summary, an operating services summary, and a summary of capital expenditures for the first quarter of Fiscal Year 2019-20. Attached is the presentation of the operating and financial highlights.

FINANCIAL IMPACT:

As noted herein

STRATEGIC PLANNING GOAL/OBJECTIVE:

Ensure financial stability and demonstrate responsible stewardship of public funds.

ENVIRONMENTAL IMPACT:

None

RECOMMENDATION:

Receive and file

SUBMITTED BY:


Paul D. Jones II, P.E., General Manager

11/27/2019


Laura Nomura, Deputy General Manager

11/27/2019

Attachment(s):

Exhibit A - 1st Quarter Fiscal Year 2019-20 Financial and Operating Highlights Report
Presentation

12/11/19 Board Meeting

Staff Contact: Charles Turner, Gary Molin