

Loxahatchee River District

Water Reclamation | Environmental Education | River Restoration

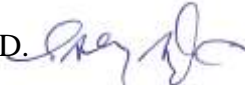
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D. Albrey Arrington, Ph.D., Executive Director

MEMORANDUM

TO: GOVERNING BOARD
FROM: D. ALBREY ARRINGTON, Ph.D. 
DATE: JUNE 9, 2016
SUBJECT: FISCAL YEAR 2016-2017 – BUDGET ASSUMPTIONS

Our budget season is upon us. Over the next four months, we will work through our budgeting process to develop, review, and approve our Fiscal Year 2016-2017 budget, which goes into effect on October 1, 2016. We are proceeding with the following schedule:

- June: Provide and review gross budget assumptions
- July: Provide and review budget matrix
- August: Provide and review draft budget in spreadsheet format
- September: Provide and review Final Draft Budget and approve Final Budget.

This month our goal is to review the gross assumptions that are being made as we formulate the FY 2016-2017 budget. Our major objective is to avoid surprising the Board with unanticipated, significant increases in the draft and final budget.

Assumptions are provided based on the key budget categories used in the budget matrix.

Salary & Wages –

1. Number of Employees: I am proposing a new staff member in Engineering to facilitate coordination of in-house construction projects (e.g., project planning, permitting, material acquisition, and etc). This position will be important in managing Kris' work load as he assimilates management responsibilities of the Collection and Transmission crews. If approved, the District will have 81 full time employees.
2. Proposed Cost of Living Adjustment: The April consumer price index (CPI-U) was 1.1%, so I suggest we include a 1.1% cost of living adjustment (COLA) for our employees to maintain their purchasing power given the present rate of inflation.
3. Proposed Merit Increase: I recommend the budget include 3.0% to be disbursed to employees exhibiting meritorious performance during their annual performance review process.

Payroll Tax – An increase proportional to the increase in salaries and wages will occur.

Retirement – An increase proportional to the increase in salaries and wages will occur.

Employee Health Insurance – The Gehring Group suggested we should anticipate an 11% increase in our health insurance premium. This is based on medical inflation and their knowledge of the industry. As we renew our health insurance in the fall, we will work to minimize this number to the extent possible. I anticipate we will go out to RFP this year to thoroughly test the marketplace.

Dr. Matt H. Rostock
Board Member

Stephen B. Rockoff
Board Member

Gordon M. Boggie
Chairman

Harvey M. Silverman
Board Member

James D. Snyder
Board Member

General Insurance – We anticipate renewal of our Property, General Liability, Automobile Liability and Physical Damage, Workers Compensation, and Fiduciary Liability insurance policies will result in a 10% increase. This increase is driven by the increasing value of insured assets and inflation in the insurance market.

Supplies & Expenses – At this time I am not aware of any significant increases in this budget category.

Utilities – FPL has proposed a 17% rate increase for next year. We will continue to coordinate with our FPL representative to understand the likelihood of such an increase.

Chemicals – We presently anticipate chemical costs will increase less than 5% in FY 2017.

Maintenance & Repair – This budget category, which includes costs of maintaining and repairing District owned equipment and structures, is expected to increase by less than 5%.

Outside Services – I expect this budget category to increase by less than 5%.

Contingency – We do not anticipate a change in our budgeted contingency amounts.

Revenue – Staff projections suggest total revenue will increase from \$22,817,000 in FY 15-16 to \$23,132,000 in FY 16-17; a 1.4% increase. This revenue increase is driven by our projected increase in the number of customers we serve. You will recall we did not implement a rate increase this past April.

Gross assumptions for Capital and Renewal & Replacement costs are provided by Mr. Yerkes in the following pages.

Many of these are coarse estimates that will be refined over the next two months. We look forward to further clarifying anticipated costs for next year and providing them to you in the budget matrix format next month.

This is an important process, and we look forward to receiving your input.

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D. Albrey Arrington, Ph.D., Executive Director

MEMORANDUM

To: D. Albrey Arrington, Executive Director
From: Clinton R. Yerkes, Deputy Executive Director
Date: June 8, 2016
Subject: FY 2016-17 Proposed Budget
Capital and Renewal & Replacement

Assumptions have been made as to the progress of several major Capital and Renewal / Replacement projects for the coming year. The following is a listing of major projects (> \$150,000) which are currently included in the proposed budget:

MAJOR CAPITAL and R&R PROJECTS

	<u>Est. FY Completion</u>	<u>Capital</u>	<u>R&R</u>
Deep Bed Filters (Partial)	2017		\$6,105,000
Jupiter Inlet Colony (District Share only)	2018	\$2,877,000	
Alt. A1A Bridge FM	2017	\$ 587,000	
Alt. A1A Bridge FM Tie-Ins	2018	\$ 500,000	
US 1 Tequesta FM Replacement	2017		\$ 865,000
Whispering Trails (Partial)	2018	\$ 750,000	
Turtle Creek Phase 1	2017	\$ 610,000	
Turtle Creek Subsystems	2018	\$ 370,000	
Lox. River Rd. 4" FM	2017	\$ 300,000	
Lox. River Rd IQ Replacement	2017		\$ 270,000
Lift Station Rehabilitations (6)	2017		\$ 260,000
Vehicle Replacements	2017		\$ 250,000
Gravity & Service Line Rehabs	On-going		\$ 300,000
LS#1 Rehab (Partial)	2018		\$ 180,000
Total		\$5,994,000	\$8,230,000

The above projects represent the culmination of several years of preparations for several major projects. The Deep Bed Filters continues to be the primary treatment facility expenditure for the coming year. Various Neighborhood Sewering projects could near \$5 million in expenditures.

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Also, with contracts in place to more expeditiously perform rehabs and installation of gravity and low pressure lines where necessary; repairs, rehabilitation, and new installations are occurring more quickly.

Renewal & Replacement projects account for over \$8 million and new construction (Capital) projects account for about \$6 million (43%). Over \$4 million of the new construction will be recouped by the District over 20 years through the neighborhood sewerage program assessments.

Should you have any questions in regard to these projects or the projected expenditures, I would be pleased to discuss them further with you.

Signed,

Clinton R. Yerkes
Deputy Executive Director