



FY 2019 BUDGET

PRELIMINARY OVERVIEW

Budget Preparation Status

- FY 2019 Operating Budget
 - Public Hearing Notice Published
 - BOWC Meeting - January 17th 2018
 - Approval of Operating Budget - February 21st
- 5 Year Capital Improvement Plan (CIP)
 - Not Finalized
 - Approval of CIP – March 21st
- FY 2018 Operating Budget
 - Need to Amend and Restate for Contractual Basis of Accounting



Budget Structural Changes

- FY19 Budget Prepared on Contractual Basis of Accounting
- Restructuring and Organization Chart Changes
 - New BOWC Appropriation
 - New Stormwater Drainage Appropriation
 - New Billing & Collections Cost Center
- Shared Services Budgeted within Cost Centers
- \$5 Million Contingency in Sewer Budget
- Utilities – Consolidated Under Facilities



Salaries and Benefits

- No Wage Increases Reflected
- All Unfilled Positions Budgeted at Minimum
- 10% Turn-Over Savings
 - Customer Service (12FTEs)
 - Field Service (21 FTEs)
- Employee Benefits Increased from 36.14% to 43.53%



GLWA Relationship and Status

- Wholesale Charges Estimated to Increase 2%
- Water Units of Services Adjustment \$2 Million
- Sewer Phase in - Year 2 (\$5.3 Million Reduction)
- Shared Service Revenue and Expense Decreased
- Debt Allocation Negotiations Finalized

Revenue and Usage

- Mcf Usage Assumes 2% Less than FY2018 (Budget to Budget)
- Assumed Water Rate Increase 6%
- Assumed Sewer Rate Increase 2%
- New Residential Impervious Acreage Billing
 - \$30 Million Revenue Increase
- Bad Debt Calculation
 - Customer Class
 - Residential Acreage Billing

Contract Changes



- Compliance Services \$1.0 M
- Public Relation and Media \$1.0 M
- Wayne Metro Community Action Agency \$1.8 M
- GLWA Shared Services \$2.7 M

Preliminary Sources and Uses of Funds

Water Operating Fund



	Restated Budget 2018	Estimated Requirements 2019	Increase (Decrease)	% Change
<u>Estimated Revenues</u>				
Gross Retail Sales	\$ 99,994,000	\$ 103,380,100	\$ 3,386,100	3.4%
Less: Bad Debt Expense	(10,789,000)	(11,040,000)	(251,000)	2.3%
Net Retail Sales	89,205,000	92,340,100	3,135,100	3.5%
Capital Lease Receipts	22,500,000	22,500,000	-	0.0%
Ownership Equity Credit	20,700,000	20,700,000	-	0.0%
Shared Service Revenue	3,026,000	1,677,000	(1,349,000)	-44.6%
Other Revenue	4,750,000	3,000,000	(1,750,000)	-36.8%
Total Estimated Water Revenue	140,181,000	140,217,100	36,100	0.0%
<u>Revenue Requirement</u>				
<u>Operating Requirement</u>				
O&M Budget	35,060,000	34,307,200	(752,800)	-2.1%
Operating Pension	4,272,000	4,272,000	-	0.0%
Shared Services	3,170,000	4,236,000	1,066,000	33.6%
WRAP Requirement	1,028,000	413,500	(614,500)	-59.8%
Wholesale Charges	35,831,000	38,561,600	2,730,600	7.6%
Total Operating	79,361,000	81,790,300	2,429,300	3.1%
<u>Non-Operating Requirements</u>				
Obligation to GLWA	34,314,000	34,443,000	129,000	0.4%
DWSD Debt Service	2,600,000	3,296,000	696,000	26.8%
Non-Operating Pension	4,422,000	4,427,400	5,400	0.1%
Extraordinary Repair & Replacement	52,000	-	(52,000)	-100.0%
Budget Stabilization	(2,081,000)	-	2,081,000	-100.0%
Transfer to I&E	21,513,000	19,204,000	(2,309,000)	-10.7%
Total Non-Operating	60,820,000	61,370,400	550,400	0.9%
Total Revenue Requirement	140,181,000	143,160,700	2,979,700	2.1%
Balance Available (Short)	\$ -	\$ (2,943,600)	\$ (2,943,600)	N/A



Preliminary Sources and Uses of Funds

Sewer Operating Fund

	Restated Budget 2018	Estimated Requirements 2019	Increase (Decrease)	% Change
<u>Estimated Revenues</u>				
Gross Retail Sales	\$ 279,161,000	\$ 315,615,500	\$ 36,454,500	13.1%
Less: Bad Debt Expense	(22,269,000)	(46,327,000)	(24,058,000)	108.0%
Net Retail Sales	256,892,000	269,288,500	12,396,500	4.8%
Capital Lease Receipts	27,500,000	27,500,000	-	0.0%
Ownership Equity Credit	5,516,000	5,516,000	-	0.0%
Shared Service Revenue	4,539,000	2,516,000	(2,023,000)	-44.6%
Other Revenue	5,000,000	4,800,000	(200,000)	-4.0%
Total Estimated Sewer Revenue	299,447,000	309,620,500	10,173,500	3.4%
<u>Revenue Requirement</u>				
<u>Operating Requirement</u>				
O&M Budget	55,002,000	58,382,400	3,380,400	6.1%
Operating Pension	2,856,000	2,856,000	-	0.0%
Shared Services	4,379,000	5,979,000	1,600,000	36.5%
WRAP Requirement	1,998,000	1,262,500	(735,500)	-36.8%
Wholesale Charges	184,485,000	182,764,000	(1,721,000)	-0.9%
Total Operating	248,720,000	251,243,900	2,523,900	1.0%
<u>Non-Operating Requirements</u>				
Obligation to GLWA	27,393,000	26,784,000	(609,000)	-2.2%
DWSD Debt Service	-	-	-	N/A
Non-Operating Pension	3,067,000	3,066,800	(200)	0.0%
Extraordinary Repair & Replacement	414,000	364,700	(49,300)	-11.9%
Budget Stabilization	(2,299,000)	661,100	2,960,100	-128.8%
Transfer to I&E	22,152,000	27,500,000	5,348,000	24.1%
Total Non-Operating	50,727,000	58,376,600	7,649,600	15.1%
	299,447,000	309,620,500	10,173,500	3.4%
Balance Available (Short)	\$ -	\$ -	\$ -	N/A

DRAFT Operating Budget for Fiscal 2019
Detroit Water and Sewerage Department

	Water 2018	Water 2019	Increase (Decrease)	Sewer 2018	Sewer 2019	Increase (Decrease)	Combined 2018	Combined 2019	Increase (Decrease)
APPROPRIATION SUMMARY									
Administration and BOWC									
Salaries/Wages	\$ 951,200	\$ 1,201,900	\$ 250,700	\$ 1,426,700	\$ 1,802,900	\$ 376,200	\$ 2,377,900	\$ 3,004,800	\$ 626,900
Employee Benefits (Fringes)	343,800	516,800	173,000	515,600	775,200	259,600	859,400	1,292,000	432,600
Pension Reimbursement - Operating	4,300,000	4,272,000	(28,000)	2,900,000	2,856,000	(44,000)	7,200,000	7,128,000	(72,000)
Professional & Contractual Services	404,900	1,160,100	755,200	607,400	1,740,100	1,132,700	1,012,300	2,900,200	1,887,900
Shared Services Expense	-	260,000	260,000	-	165,000	165,000	-	425,000	425,000
Supplies & Other	719,400	1,559,000	839,600	1,077,600	2,338,500	1,260,900	1,797,000	3,897,500	2,100,500
	<u>6,719,300</u>	<u>8,969,800</u>	<u>2,250,500</u>	<u>6,527,300</u>	<u>9,677,700</u>	<u>3,150,400</u>	<u>13,246,600</u>	<u>18,647,500</u>	<u>5,400,900</u>
Operations									
Salaries/Wages	6,016,600	6,087,600	71,000	9,025,000	9,131,500	106,500	15,041,600	15,219,100	177,500
Employee Benefits (Fringes)	2,134,600	2,581,900	447,300	3,202,000	3,872,900	670,900	5,336,600	6,454,800	1,118,200
Professional & Contractual Services	4,043,100	2,367,700	(1,675,400)	13,202,600	3,345,300	(9,857,300)	17,245,700	5,713,000	(11,532,700)
Shared Services Expense	-	400,000	400,000	-	600,000	600,000	-	1,000,000	1,000,000
Supplies & Other	2,654,500	3,126,300	471,800	3,125,400	3,312,200	186,800	5,779,900	6,438,500	658,600
Utilities	1,965,500	1,025,900	(939,600)	2,948,200	1,538,900	(1,409,300)	4,913,700	2,564,800	(2,348,900)
	<u>16,814,300</u>	<u>15,589,400</u>	<u>(1,224,900)</u>	<u>31,503,200</u>	<u>21,800,800</u>	<u>(9,702,400)</u>	<u>48,317,500</u>	<u>37,390,200</u>	<u>(10,927,300)</u>
Legal, Technology and Compliance									
Salaries/Wages	944,700	1,078,700	134,000	1,417,000	1,618,100	201,100	2,361,700	2,696,800	335,100
Employee Benefits (Fringes)	341,400	469,600	128,200	512,100	704,400	192,300	853,500	1,174,000	320,500
Professional & Contractual Services	2,326,100	1,378,400	(947,700)	3,739,100	2,067,600	(1,671,500)	6,065,200	3,446,000	(2,619,200)
Shared Services Expense	-	2,952,000	2,952,000	-	4,428,000	4,428,000	-	7,380,000	7,380,000
Supplies & Other	1,224,000	1,390,100	166,100	1,836,000	2,085,200	249,200	3,060,000	3,475,300	415,300
	<u>4,836,200</u>	<u>7,268,800</u>	<u>2,432,600</u>	<u>7,504,200</u>	<u>10,903,300</u>	<u>3,399,100</u>	<u>12,340,400</u>	<u>18,172,100</u>	<u>5,831,700</u>
Finance									
Salaries/Wages	1,220,600	1,625,300	404,700	1,830,800	2,437,900	607,100	3,051,400	4,063,200	1,011,800
Employee Benefits (Fringes)	440,700	706,300	265,600	661,100	1,059,400	398,300	1,101,800	1,765,700	663,900
Professional & Contractual Services	1,088,700	3,520,500	2,431,800	1,633,100	5,280,800	3,647,700	2,721,800	8,801,300	6,079,500
Shared Services Expense	3,170,200	-	(3,170,200)	-	-	-	3,170,200	-	(3,170,200)
Supplies & Other	83,800	449,800	366,000	125,700	6,254,400	6,128,700	209,500	6,704,200	6,494,700
	<u>6,004,000</u>	<u>6,301,900</u>	<u>297,900</u>	<u>4,250,700</u>	<u>15,032,500</u>	<u>10,781,800</u>	<u>10,254,700</u>	<u>21,334,400</u>	<u>11,079,700</u>
Customer Service									
Salaries/Wages	3,278,100	2,652,500	(625,600)	4,917,100	3,978,700	(938,400)	8,195,200	6,631,200	(1,564,000)
Employee Benefits (Fringes)	1,175,100	1,144,100	(31,000)	1,762,600	1,716,200	(46,400)	2,937,700	2,860,300	(77,400)
Professional & Contractual Services	3,255,300	1,014,000	(2,241,300)	4,883,000	1,521,000	(3,362,000)	8,138,300	2,535,000	(5,603,300)
Shared Services Expense	-	-	-	-	-	-	-	-	-
Supplies & Other	487,200	288,100	(199,100)	735,300	432,100	(303,200)	1,222,500	720,200	(502,300)
	<u>8,195,700</u>	<u>5,098,700</u>	<u>(3,097,000)</u>	<u>12,298,000</u>	<u>7,648,000</u>	<u>(4,650,000)</u>	<u>20,493,700</u>	<u>12,746,700</u>	<u>(7,747,000)</u>
Stormwater Drainage									
Salaries/Wages	-	-	-	-	841,200	841,200	-	841,200	841,200
Employee Benefits (Fringes)	-	-	-	-	364,400	364,400	-	364,400	364,400
Professional & Contractual Services	-	-	-	-	1,730,000	1,730,000	-	1,730,000	1,730,000
Supplies & Other	-	-	-	100	82,000	81,900	100	82,000	81,900
Utilities	-	-	-	1,334,500	400,000	(934,500)	1,334,500	400,000	(934,500)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,334,600</u>	<u>3,417,600</u>	<u>2,083,000</u>	<u>1,334,600</u>	<u>3,417,600</u>	<u>2,083,000</u>
Shared Services Expense									
Shared Services Expense	-	-	-	4,378,600	-	(4,378,600)	4,378,600	-	(4,378,600)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,378,600</u>	<u>-</u>	<u>(4,378,600)</u>	<u>4,378,600</u>	<u>-</u>	<u>(4,378,600)</u>
GLWA Charges									
GLWA Charges	35,830,600	38,561,600	2,731,000	184,485,200	182,763,500	(1,721,700)	220,315,800	221,325,100	1,009,300
Rounding and Other Adjustments									
	960,900	100	(960,800)	(3,561,800)	500	3,562,300	(2,600,900)	600	2,601,500
Total Operating Budget	\$ 79,361,000	\$ 81,790,300	\$ 2,429,300	\$ 248,720,000	\$ 251,243,900	\$ 2,523,900	\$ 328,081,000	\$ 333,034,200	\$ 4,953,200