



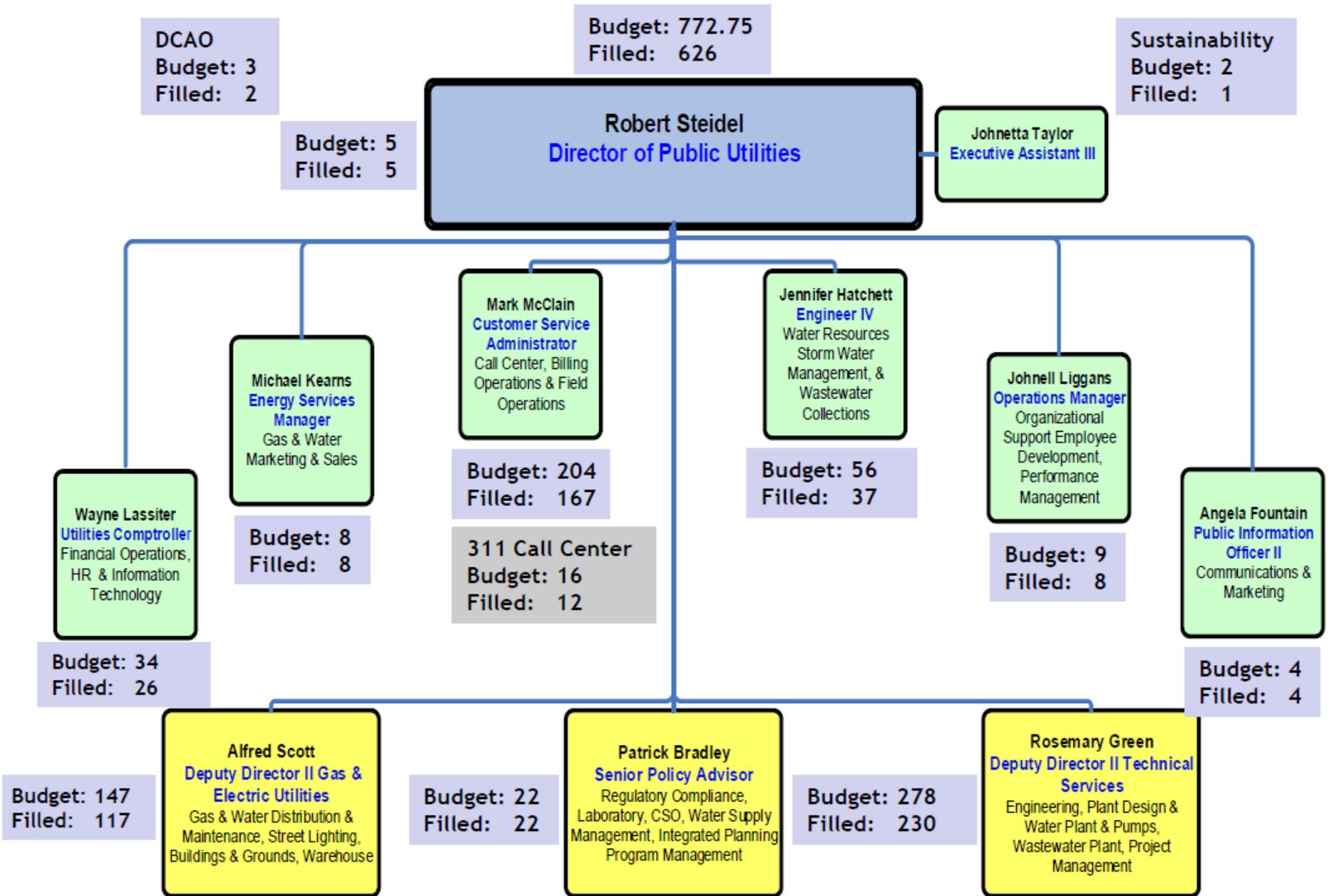
Department of Public Utilities (035)

March 27, 2017

Mayor Levar M. Stoney

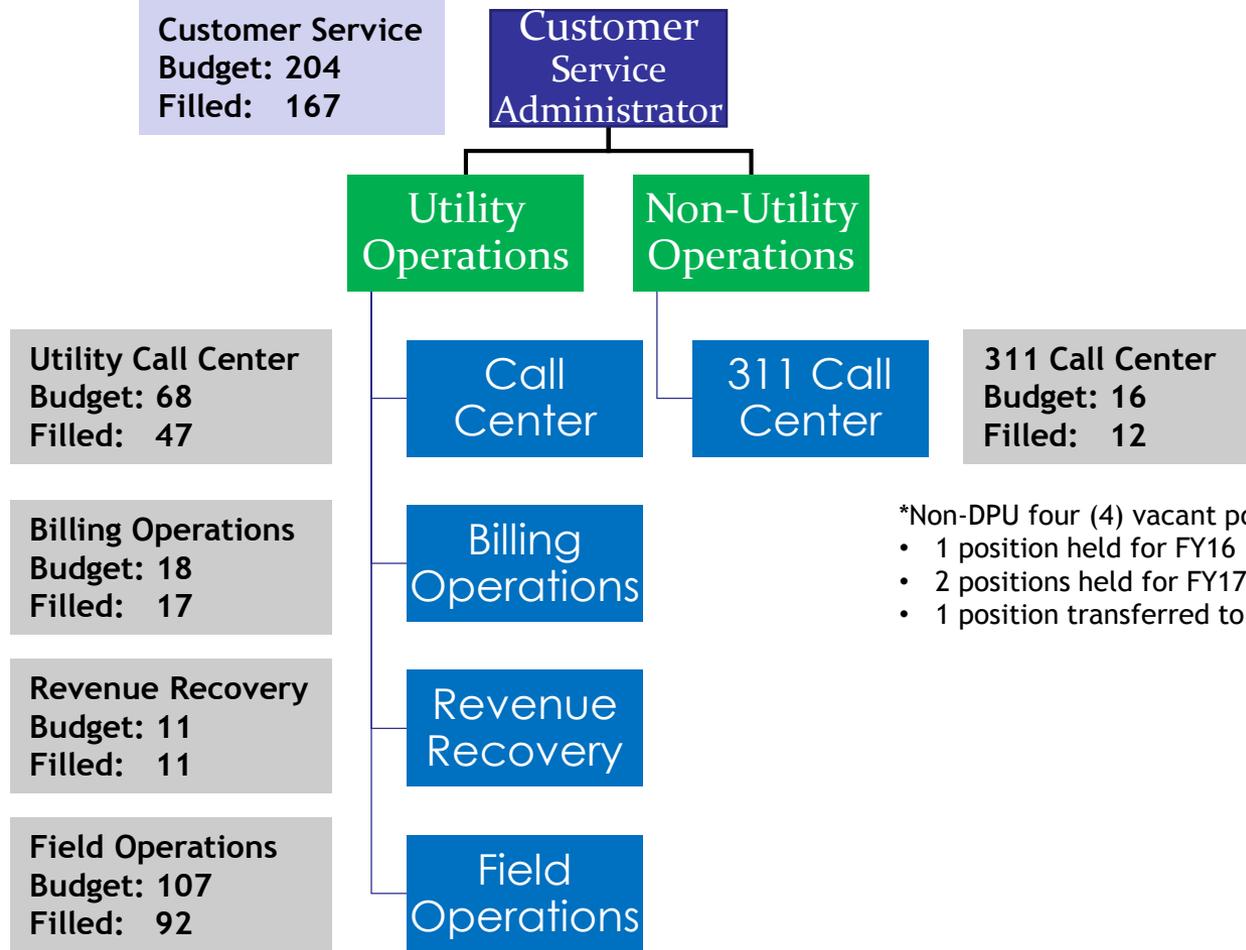
Selena Cuffee-Glenn, CAO





Customer Service Division

Utility Operations & Non-Utility 311-DPU Call Center



*Non-DPU four (4) vacant positions:

- 1 position held for FY16
- 2 positions held for FY17
- 1 position transferred to Animal Care & Control

Department of Public Utilities (035)
FY17 Year-to-Date FTE Count by Fund
 Funds Supporting DPU Positions = Enterprise Funds
 311 Call Center Positions = General Fund (Non-Departmental)

Fund	Fund Description	FY17 Authorized FTE	FY18 Authorized FTE	FY17 Filled FTE	Vacancy Count	Vacancy Rate
0807	Natural Gas	268.5	269.0	216.0	53.0	19.7%
0808	Water	190.5	191.0	157.0	33.0	17.3%
0809	Wastewater	195.5	196.0	170.0	25.0	12.8%
0810	Stormwater	74.5	74.5	54.0	20.0	26.8%
0811	Stores	9.0	9.0	8.0	1.0	11.1%
0904	Electric	33.5	33.5	21.5	12.0	35.8%
	TOTAL DPU	771.5	772.75	626.5	145.0	18.8%
0100	311 CALL CENTER*	17	16	12	4	0%

*Non-Utility 311 Call Center four (4) vacant positions:

- 1 position held for FY16
- 2 positions held for FY17
- 1 position transferred to Animal Care & Control in FY16

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Summary of Personnel Component: Position Funding

Department Name (035) Summary of Funding Uses						
	FY16 Adopted	FY17 Adopted	Proposed			
			FY18			
			FY18	Change vs FY17	% Change vs FY17	
Enterprise Fund						
Personnel Budget	\$52,170,696	\$47,921,033	\$51,614,396	\$3,693,363	7.7%	
Operating Budget	267,335,632	291,577,461	282,323,270	(9,254,191)	-3.2%	
Total Enterprise	\$319,506,328	\$339,498,494	\$333,937,666	(\$5,560,828)	-1.6%	
Grand Total						
Department Budget	\$319,506,328	\$339,498,494	\$333,937,666	(\$5,560,828)	-1.6%	
		FY17 Personnel Costs	FY18 Personnel Costs	\$ Change vs FY17	% Change	
		FT Permanent	\$30,869,872	\$32,789,427	\$1,919,555	6.2%
		OT Permanent	2,406,838	2,668,670	261,832	10.9%
		Temp Employee	25,260	30,260	5,000	19.8%
		FICA	1,918,301	2,046,832	128,531	6.7%
		Retirement Contributio	6,300,614	6,754,258	453,644	7.2%
		Medical FICA	450,501	521,852	71,351	15.8%
		Group Life Insurance	187,046	235,221	48,175	25.8%
		Workers Comp	779,340	990,074	210,734	27.0%
		Health Care Active EE	4,707,636	5,138,508	430,872	9.2%
		Health Care Retired EE	275,625	392,061	116,436	42.2%
		Health Savings Account	0	16,653	16,653	0.0%
		Meals Allowances	0	30,580	30,580	0.0%
		Total	\$47,921,033	\$51,614,396	\$3,693,363	7.7%

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Budget Summary

\$ in millions

<u>TOTAL DPU</u>	ADOPTED BUDGET FY16	ADOPTED BUDGET FY17	PROPOSED BUDGET FY18	PROPOSED FY18 BUDGET % to TOTAL
CITY REVENUES	\$226.7	\$250.9	\$247.7	67.8%
COUNTY REVENUES	20.4	18.8	14.1	3.9%
GAS RECOVERY	89.5	97.2	77.1	21.1%
INTEREST INCOME	2.0	1.5	2.5	0.7%
GRANTS & CONTRIBUTIONS	4.1	2.1	23.1	6.3%
OTHER	1.6	0.7	0.7	0.2%
TOTAL REVENUE	\$344.3	\$371.2	\$365.2	100.0%
GAS COSTS	\$89.5	\$97.2	\$77.1	23.1%
O&M EXPENSE	121.7	119.7	133.6	40.0%
DEPRECIATION	45.2	64.6	59.9	17.9%
TAXES	27.8	27.7	27.2	8.1%
INTEREST EXPENSE	35.3	30.3	36.1	10.8%
TOTAL EXPENSE	\$319.5	\$339.5	\$333.9	100.0%
NET INCOME	\$24.8	\$31.7	\$31.3	
PILOT PAYMENT	\$27.9	\$27.8	\$27.2	
DIVIDEND	5.5	5.9	2.8	
Indirect Costs	4.0	3.2	3.2	
Direct Costs	8.1	7.7	12.1	
DPU Funded Positions	1.3	1.6	1.5	
Total DPU to GF	\$46.8	\$46.2	\$46.8	

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Major Budget and Policy Challenges

- Improve Bond Rating, currently AA
- Impact on utility rates of DPU contributions to the GF, including PILOT, direct & allocated costs
- High debt carried thru FY18
- Employee recruitment and retention

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Capital Summary

\$ in millions

	ESTIMATED SPENDING <u>FY16</u>	ADOPTED BUDGET <u>FY17</u>	PROPOSED BUDGET <u>FY18</u>	PROPOSED BUDGET <u>% to TOTAL</u>
CAPITAL APPROPRIATIONS (FY18 CIP Budget Book Page Numbers 69-77)				
GAS	\$30.3	\$41.5	\$38.3	32.5%
WATER	\$21.9	\$26.5	\$26.0	22.0%
WASTEWATER	\$31.1	\$84.9	\$38.3	32.5%
STORMWATER	\$4.3	\$8.5	\$14.0	11.9%
ELECTRIC	\$1.0	\$0.9	\$1.4	1.2%
TOTAL CAPITAL	\$88.6	\$162.3	\$118.0	100.0%
FAN & RANDOLPH WEST LIGHTING	\$0.3	\$0.65*	\$0.1*	

*FY17 & FY18 funds for for Fan & Randolph West Lighting replacement included in FY17 & FY18 Electric figures

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Debt Service

\$ in millions

	ADOPTED BUDGET <u>FY16</u>	ADOPTED BUDGET <u>FY17</u>	PROPOSED BUDGET <u>FY18</u>
NET REVENUE	\$97.0	\$118.3	\$122.9
DEBT SERVICE PAYMENTS	\$66.9	\$67.1	\$73.0
DEBT SERVICE RATIO	1.45	1.76	1.68

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Proposed FY18 Rate & Connection Fee Increases

Richmond Metro Localities

	<u>Water</u>	<u>WW</u>	<u>Connection Fees</u>	<u>SW</u>
Henrico	5%	5%	5%	
Hanover	2.5%	2.5%	0%	
Goochland	2.5%	2.5%	0%	
Chesterfield	4.9%	4.9%	0%	
Richmond	5.75%	5%	0%	5%

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Cost Drivers Affecting Rate Increases

GAS, WATER, WASTEWATER & STORMWATER UTILITIES

- Increased maintenance costs on aging infrastructure
- Increased personnel costs, including benefits
- Increased regulatory environmental costs
- Increased paving costs for street restoration
- Increased electric service costs
- Increased chemicals costs
- Increased telecommunications costs
- Increased Risk Management costs
- Increased debt service costs
- Increased Direct & Indirect costs from the General Fund
- Increased PILOT payment to the General Fund
- Preserve/improve bond ratings
- Maintain cash-on-hand targets
- Type of wastewater collection system – Combined Sewer System (CSO) vs. separate water system