



Administrator's Budget Session

FY25 Utilities

May 2024



Presentation Outline

- ✓ Introductions
- ✓ State of Utility
- ✓ Existing Service Levels (ESL)
- ✓ Additional Service Levels (ASL)
- ✓ Capital Improvement Plan



Introductions

Our Leadership



Frank Kenton (24 Yrs. SJC)
Assist. Director, Finance



Gordon Smith (11 Yrs. SJC)
Assist. Director, Engineering



Larry Miller (19 Yrs. SJC)
Assist. Director, Operations



James Galley (11 Yrs. SJC)
Finance & Performance Officer

- ✓ Over 150 years of cumulative experience in the Utility Business.
- ✓ 88 years of cumulative tenure with the County!
- ✓ 4 Graduate degrees

Our Mission

- We are one of the County's managed "**Enterprise Funds**". The Utility is fully funded by sales from water, wastewater and reclaimed water related services. The utility is not funded by any County ad valorem tax.
- We are no different than any private business with the exception that *"profit is not our motive, but providing our customers safe and reliable drinking water is. We do that while providing the best customer service, and caring for our environment and ultimately the wellbeing and prosperity of our community"*.

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Licensed Engineers

15

Licensed Water Treatment Operators

34

Licensed Wastewater Treatment Operators

19

Licensed Distribution System Operators

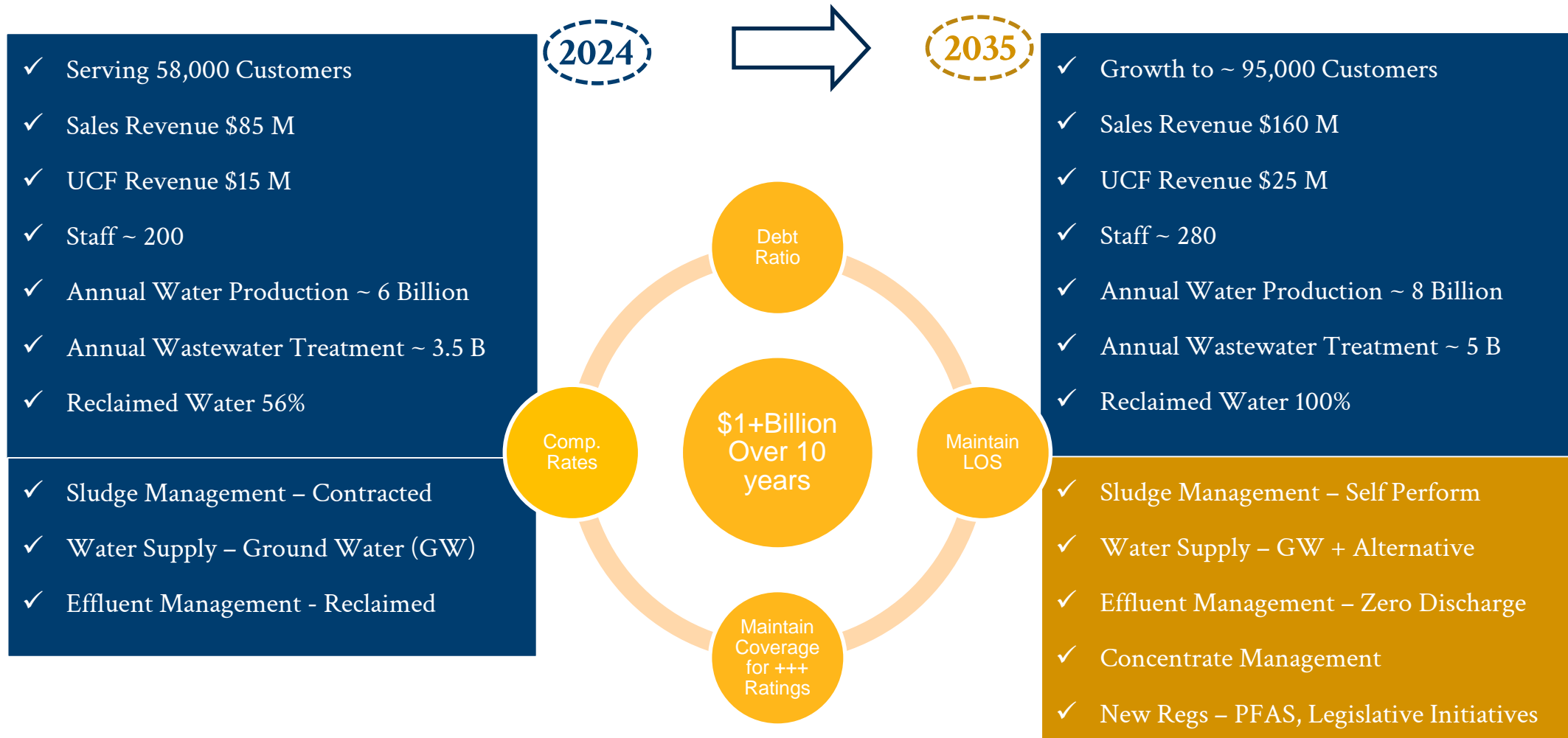
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Utility Workforce

State of Utility

Future is Today!

- Asset Management is our middle name. *“Begin with the end in mind”*

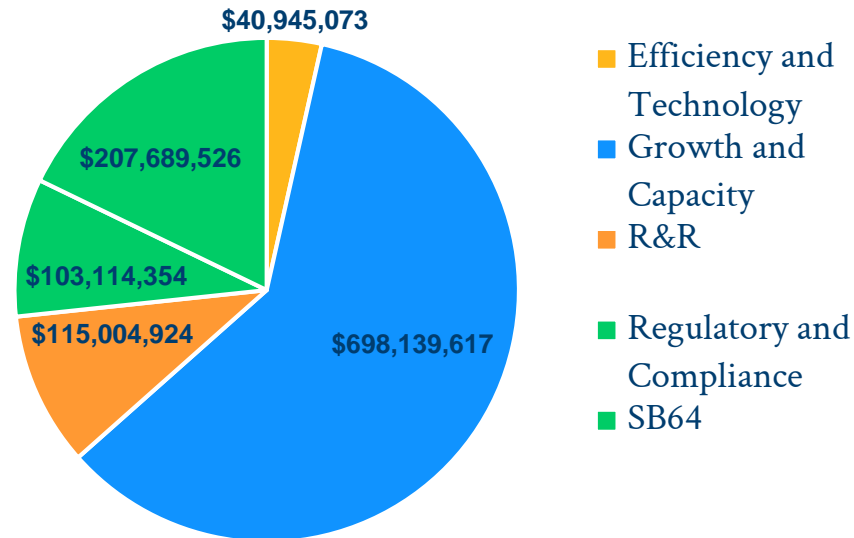


Balancing Capital Needs

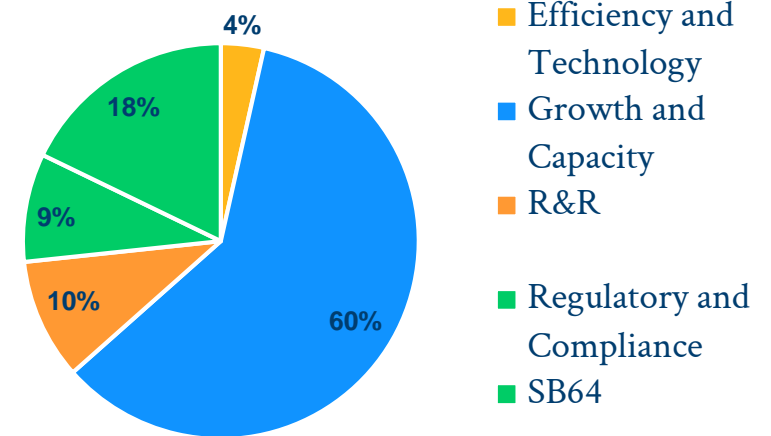
FY 25-35 Capital Improvement Plan

- \$1.1+ Billion Capital Improvement Plan
- Over 60.0% of funding for capacity projects comes from debt issuance
- ✓ Continual Investments in Technology to minimize staffing levels
- ✓ Review areas for revenue pickup maintaining regional competitiveness
- ✓ Timing projects and expenditures helps maintain our rates
- ✓ Good coverage = Good ratings = Lower borrowing costs

CIP Projects FY 2025-2035



CIP Projects FY 2025-2035



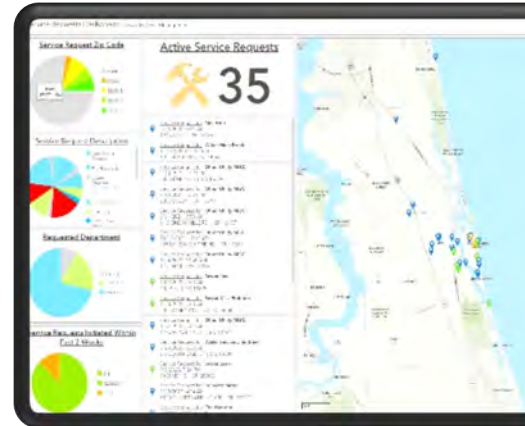
Measuring Success

Utility Goals

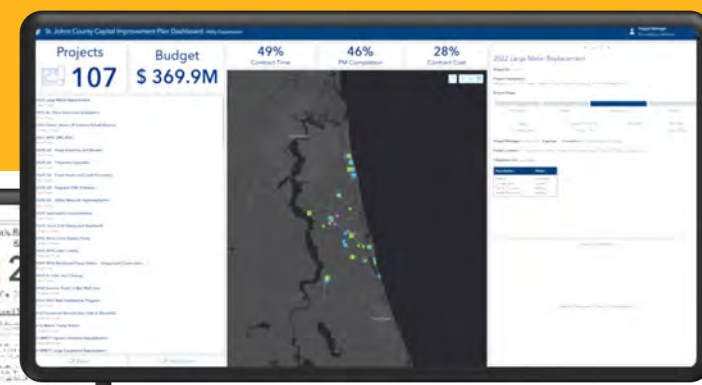
1. Maintain Water Rates
2. Reduce Environmental Compliance Violations by 20%
3. Complete Capital Projects Under Budget and On Time, reduce Carryforward's by 20%
4. Maintain Staffing Vacancy rate less than 2%

Utility Results

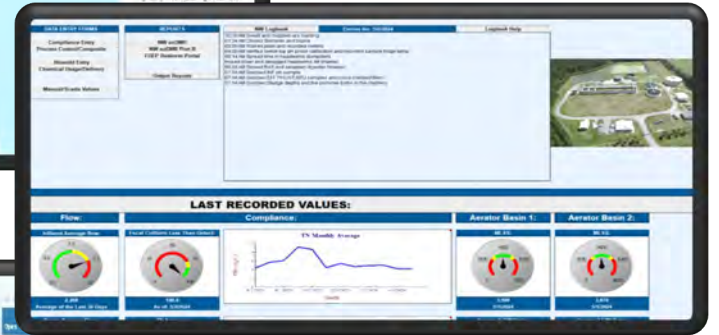
1. Rates: 8.0% below the regional average rates
2. Environmental
Boil Water Notices: 47
Plant Violations: 7
SSOs: 6
3. Capital: 62.4% Carryforward
4. Staffing: 6% Monthly Average



Service Requests



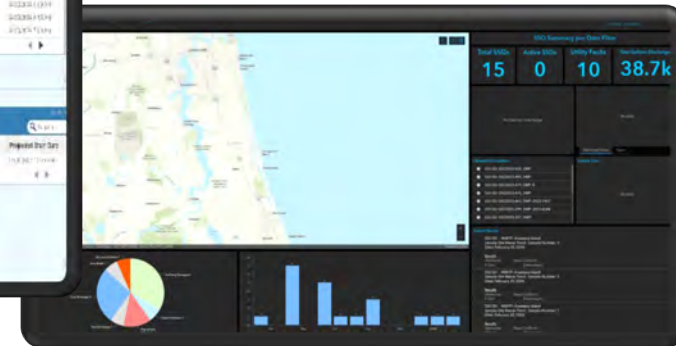
Capital Projects



Water Quality



Work Order Progress



SSO

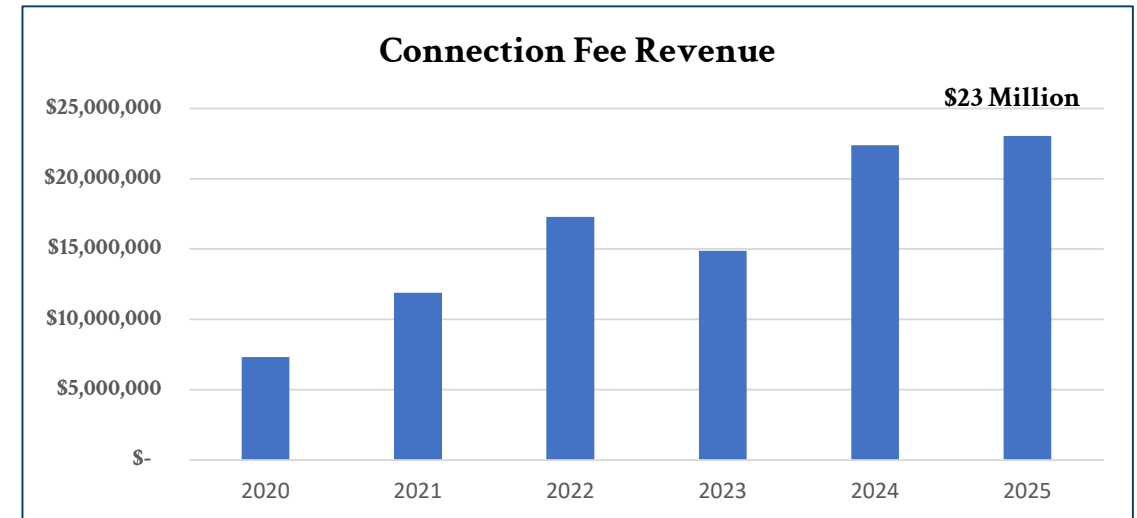
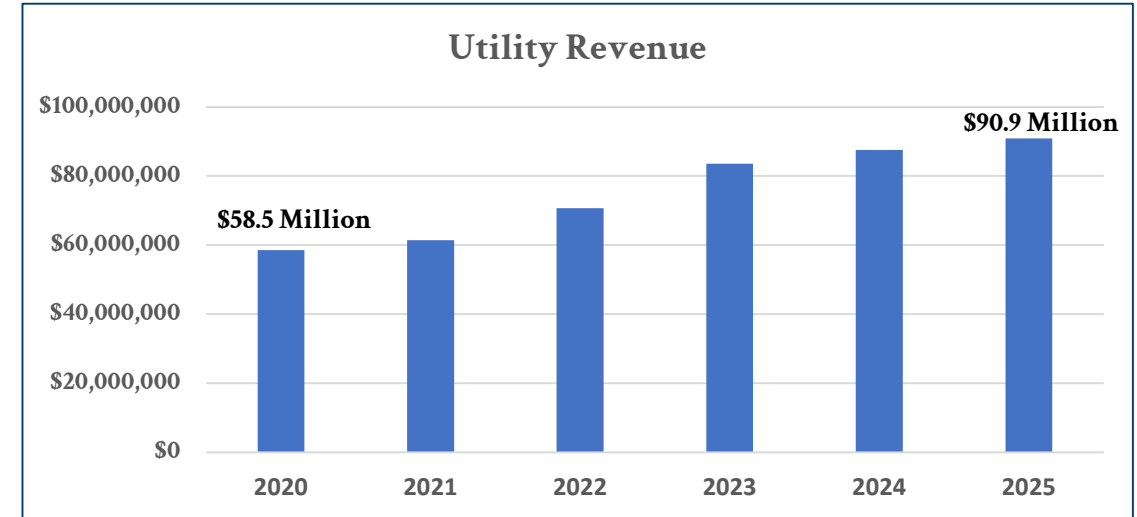


Existing Service Level

Existing Service Level

Financial Position

- 55% increase (over 5-years) in revenues from rates, fees and charges excluding unit connection fees
- Increased unit connection fees supported by growth
- Annual indexing of rates, safeguards operational effectiveness and revenue stabilization.
- Over \$50 million in reserves including \$20+ million in capital outlay reserves (unrestricted)
- Excellent Debt Coverage (1.8 compared to 1.2 required by bond covenants)



Existing Service Level

1 2.0% Increase in Operating Expenditures

Reductions

- Contractual Services (-5.4%)
- Other Maintenance (1.6%)
- Fuel (-10.8%)

Increases

- ✓ Operating Supplies (18.4%) - inflationary increase for chemicals and materials
- ✓ Building Maintenance (71.5%) – deferred maintenance and repairs to Utility facilities.
- ✓ Training (40%) – dedicated to career path initiative (employee development and retention).

1

Combined System	2024	2025	%
Operating Expenditures	\$ 22,883,000	\$ 23,340,000	2.0%
Capital and Equipment	\$ 3,779,000	\$ 3,149,000	-16.7%
Personnel Services	\$ 19,943,000	\$ 23,129,375	16.0%
Total	\$ 46,605,000	\$ 49,618,375	6.47%

- ✓ Professional Fees (48.5%) Utility master plan initiatives & Cyber Security (SCADA).
- ✓ Service Charges (18.8%) - credit card processing fees.
- ✓ Vehicle Maintenance (32.4%) - large vehicle repairs.

Existing Service Level

2

-16.7% Reduction in Capital & Equipment

- \$450,000 for a Chiller Replacement
- Replacement of aged assets; 1- backhoe, 2-mini track hoes
- Addition of 19 Vehicles (16 replacements & 3 new)

3

- Addition of 10 new positions to maintain existing level of service
- 4 related to new Wastewater Facility
- 2 Water Operators
- 2 Distribution
- 2 Engineering

2

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3

Metrics	2022	2023
Number of Customer Phone Calls	49,531	62,190
Number of Development Plan Reviews	994	1,121
Active Capital Improvement Projects	116	142
Work Orders	18,039	20,100

Additional Service Level

Additional Service Level

New Construction Crew

- Over \$1.5M+ spent annually on construction contracts for new water and wastewater line extensions, rehabilitations and repairs.
- Currently, contracted through individual task orders and smaller bid projects
- New construction crew/team to facilitate these projects internally
 - Estimated \$1.3M for (5) additional staff, equipment and cost of materials.
- Zero operating cost increase for Utilities, due to offset from Capital Improvement Plan existing funding
 - \$1.3M reduction from Utilities Unrestricted Capital Projects (4488-56302)
- ✓ Pros - Rate neutral, Control, Responsiveness
- ✓ Cons – Investment Upfront, will take 2-3 years for true ROI
- ✓ Challenges – Recruitment of necessary personnel



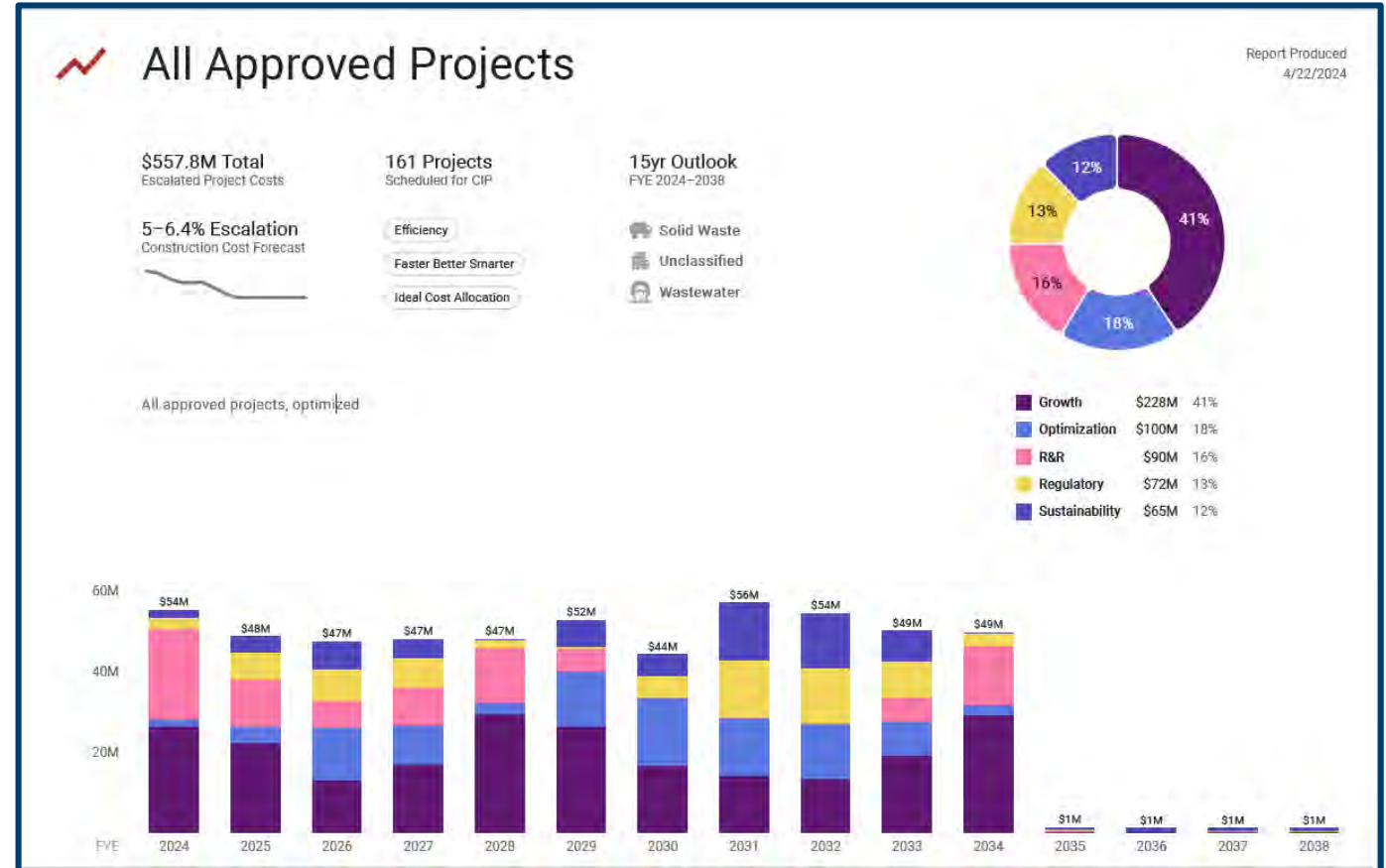
Additional Service Level

New

- **Project Management Tool**
 - CIP Optimizer

Continual Investment

- **Work Order Management**
 - Sprypoint – Mobile Meter Management
 - AMI Technology
 - Drone Photography
 - WIMS/LIMS Lab Data
 - ESRI, CMMS, Hydraulic Models
- **Staff Inclusion**
 - Increase safety culture
 - Multiple safety gear, boots, hard hats



Capital Improvement Plan

Capital Improvement Plan

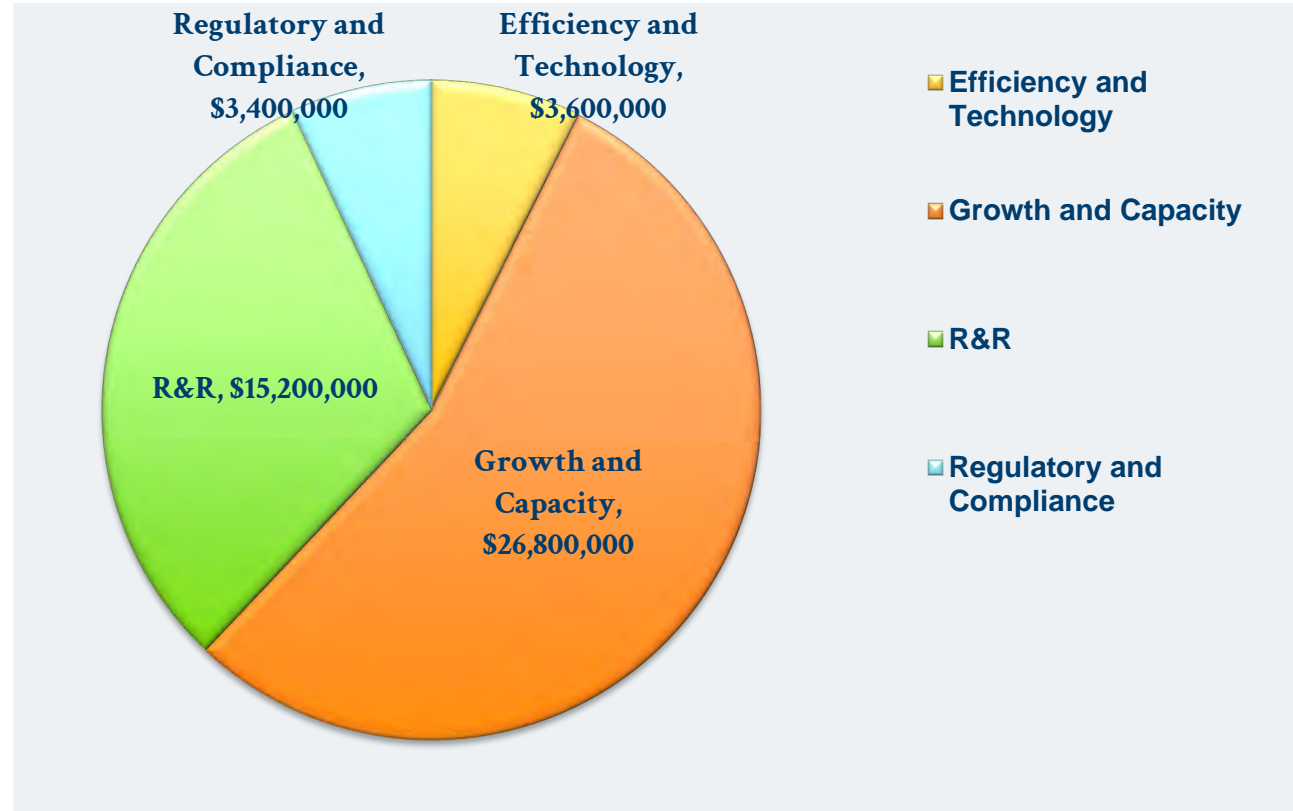
Drivers

- ✓ Regulatory & Compliance
- ✓ Growth & Capacity
- ✓ Rehabilitation & Repair
- ✓ Efficiency & Technology

Capital Improvement Plan

\$49M CIP Program Request

- **\$11M** - for Operations and Administration Building Expansion
- **\$3M** - Forcemain Expansion in Ponte Vedra
- **\$3M** - NW WRF Expansion to 3.75 MGD
- **\$3M** - NW WTP Expansion to 12 MGD
- **\$5M** - (4) New Wells for Expansion
- **\$6M** - SR16 Reclaimed WM



Capital Improvement Plan

Asset Management Program

- **Renewal and Replacement Program**
 - \$6M Annually for Lift Stations, Manhole Rehab, Line Extensions and other improvements
 - Currently funded at 60%
 - Planned acceleration to 80% in the next 5 years

