



ANNUAL
BUDGET PERFORMANCE
FOR FISCAL YEAR
2007

***EAST BAY MUNICIPAL UTILITY DISTRICT
OAKLAND, CA***

Prepared by the Budget Office
of the Administration Department



FY07 ANNUAL BUDGET PERFORMANCE

EXECUTIVE SUMMARY

This report provides an analysis of budget results for the Water and Wastewater Systems of the East Bay Municipal Utility District for the Fiscal Year 2007.

Our objectives in this report are to:

- provide an analysis of budgeted revenues and expenditures compared to actuals;
- monitor spending by operating departments;
- provide a summary of major capital project expenditures; and
- provide a summary of grants and loans activity.

The objectives were based on staff's FY07 budget plan to monitor and report performance throughout the Fiscal Year.



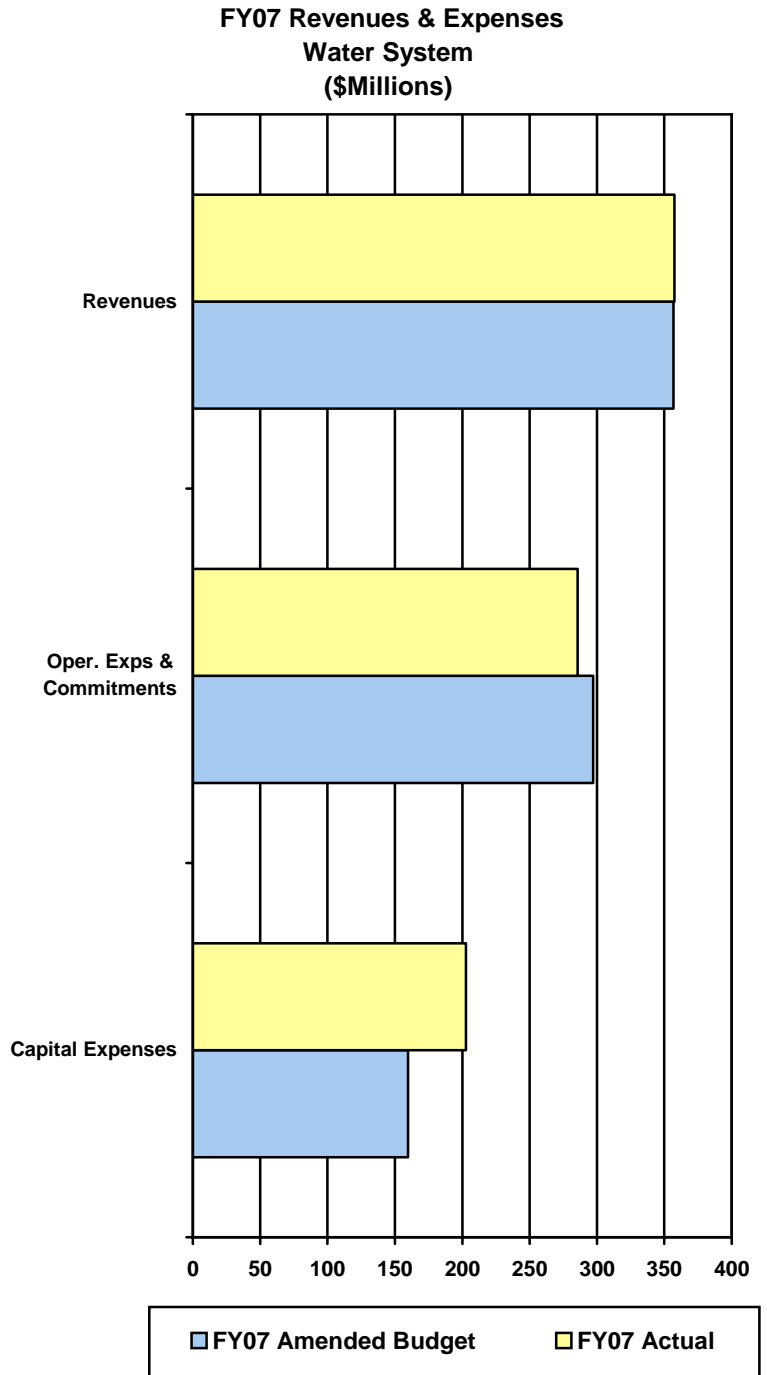
FY07 ANNUAL BUDGET PERFORMANCE

WATER SYSTEM

Summary of Revenues & Expenses

For the fiscal year ending June 30, 2007, total Water System revenues were \$357.4 million, or 100.2% of fiscal year budgeted revenues of \$356.7 million (Figure 1). Operating expenses and commitments including Debt Service totaled \$285.6 million or 96.1% of the total amended budget of \$297.2 million. Capital cash flow expenses totaled \$202.8 million or 126.9% of the total budgeted cash flow of \$159.8 million. This spending continues to fall within the total amount of appropriations approved by the Board.

Figure 1





FY07 ANNUAL BUDGET PERFORMANCE

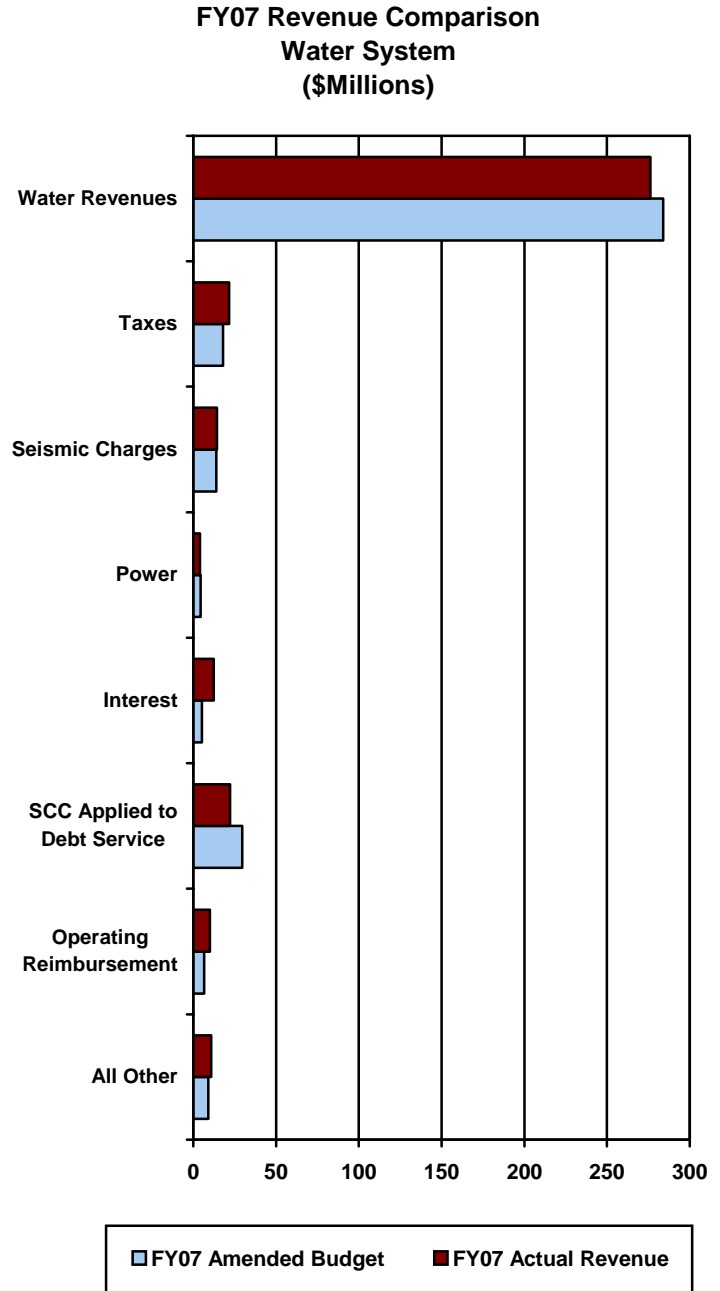
Revenues

Total Water System Revenues were \$357.4 million, or 100.2% of total budgeted revenues of \$356.7 million (Figure 2).

Major variances were:

- Water rate revenues of \$276.2 million were 97.3% of the \$283.9 million budget, primarily due to slightly lower consumption than budgeted.
- Property tax revenues of \$21.7 million were 121.2% of the \$17.9 million budgeted. This increase was a result of reappraisals of properties upon sale and the annual inflation adjustment to taxable value of properties.
- Interest income of \$12.4 million was 234.0% of the \$5.3 million budget. This increase was due to higher cash balances from the issuance of commercial paper in the early part of FY07 and higher interest rates.
- SCC applied to debt service was \$22.3 million or 75.4% of the \$29.5 million budget. The decrease is due to a lower interest rate for debt service as a result of bond refinancings.
- Operating reimbursements of \$10.0 million exceeded the \$6.5 million budget due to the receipt of more reimbursements from Wastewater than expected.
- All other revenue was \$10.9 million or 119.6% of the \$9.1 million budget. These revenues consist primarily of billings from outside agencies, insurance reimbursements and settlements, which were more than budgeted.

Figure 2





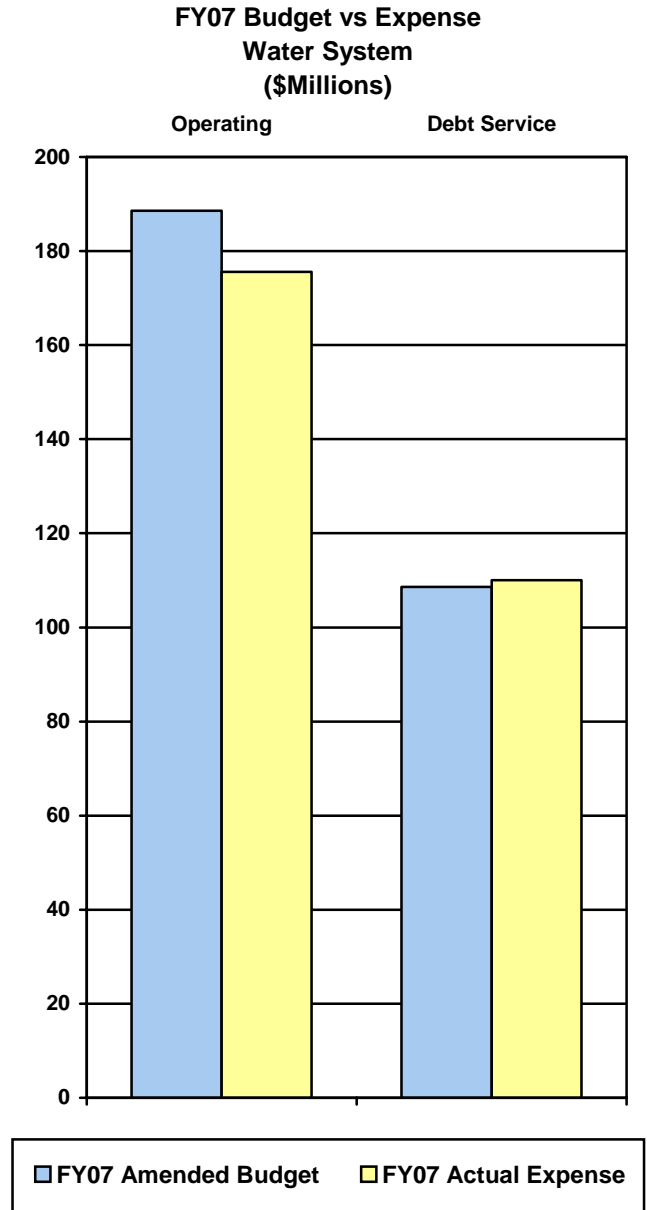
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Operating Expenses and Commitments

Expenses and commitments for the fiscal year totaled \$175.6 million, or 93.1% of the total budget of \$188.6 million (Figure 3). This was primarily due to higher than budgeted administrative reimbursements for capital projects, which decrease operating expenses by a like amount.

Debt service totaled \$110.0 million and was 101.3% of the \$108.6 million budget.

Figure 3





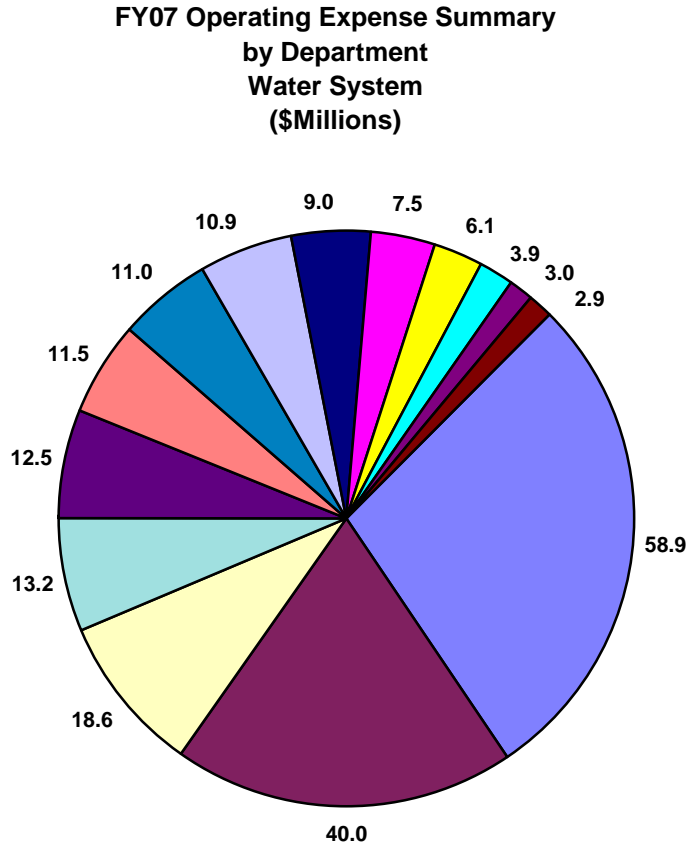
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Department Expenditures

Department expenditures totaled \$209.1 million or 99.1% of the total amended budget of \$211.0 million.

Year-to-date expenditures by department are summarized in Figure 4.

Figure 4



■ Maintenance & Construction	- \$58.9
■ Water Operations	- \$40.0
■ Information Systems	- \$18.6
■ Customer & Community Services	- \$13.2
■ Operations & Maintenance	- \$12.5
■ Natural Resources	- \$11.5
■ Finance	- \$11.0
■ Engineering	- \$10.9
■ Administration	- \$9.0
■ Human Resources	- \$7.5
■ Office of the General Manager	- \$6.1
■ Office of the General Counsel	- \$3.9
■ Water Recycling	\$3.0
■ Water Resources	- \$2.9



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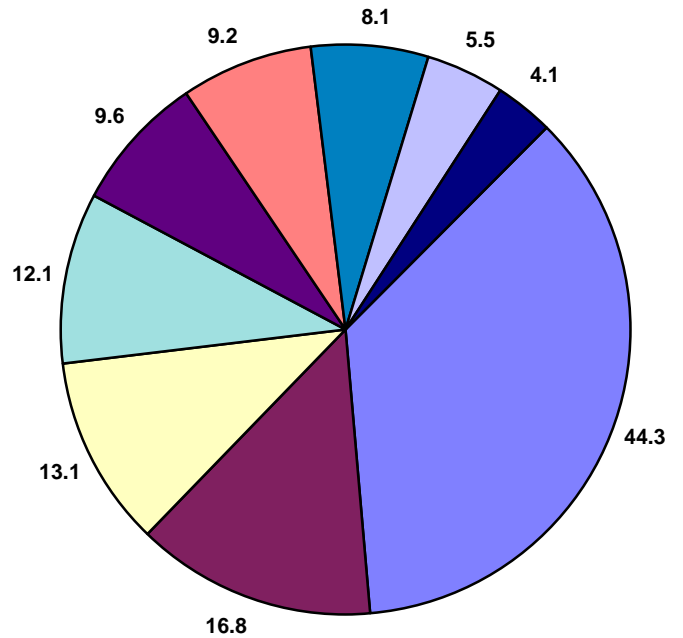
Capital Expenditures and Commitments

For the fiscal year ending June 30, 2007, capital cash flow expenditures totaled \$202.8 million. Of this amount, direct costs associated with capital projects totaled \$166.5 million and the remaining \$36.3 million represents administrative and general costs.

Major FY07 capital expenditures are summarized in Figure 5.

Figure 5

**Major FY07 Capital Expenditures *
Water System
(\$Millions)**



* Direct costs only

Water Supply Management Program	- \$44.3
Seismic Improvement Program	- \$16.8
Water Recycling Program	- \$13.1
Pipeline- Infrastructure Renewals	- \$12.1
Service Lateral Replacement (Polybutylene)	- \$9.6
New Service Installations	- \$9.2
WC-San Ramon Valley Improvement Program	- \$8.1
Pipeline - System Extension	- \$5.5
Dam Safety	- \$4.1



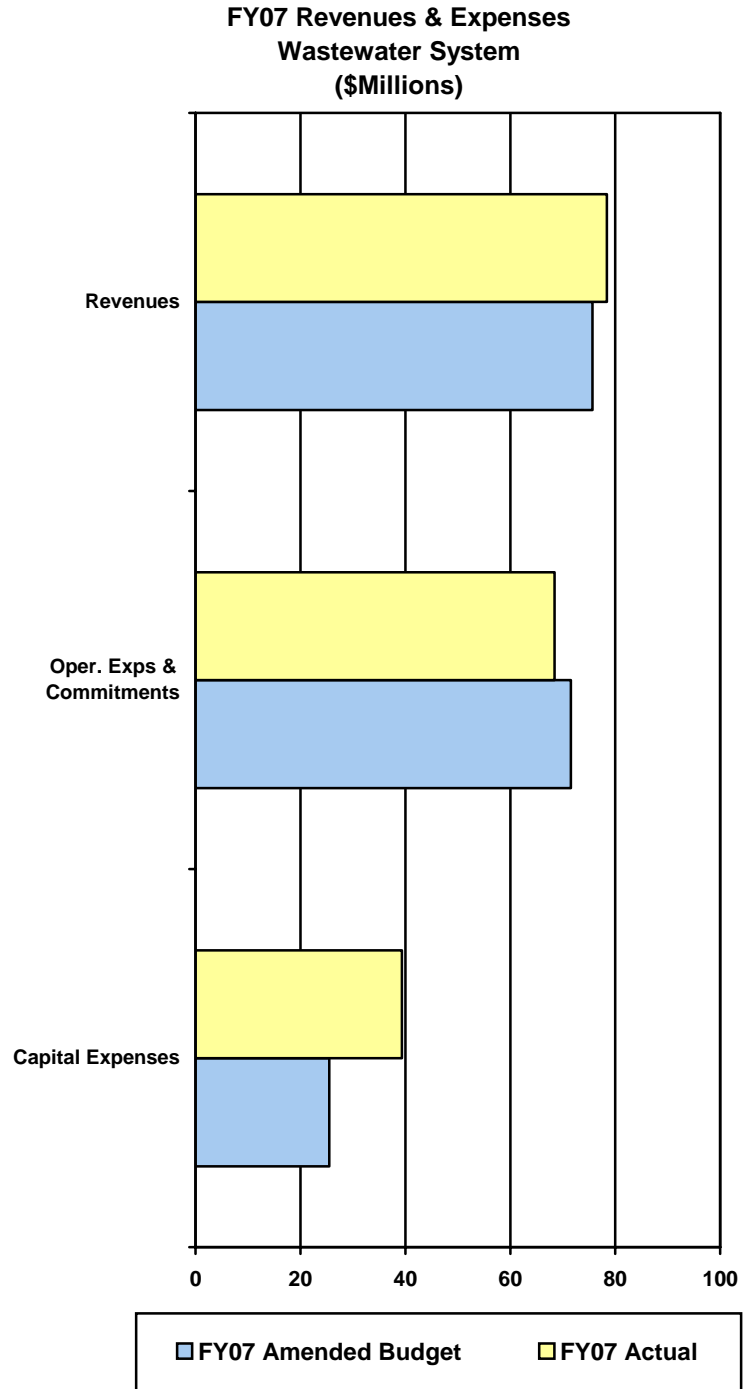
FY07 ANNUAL BUDGET PERFORMANCE

WASTEWATER SYSTEM

Summary of Revenues & Expenses

For the fiscal year ending June 30, 2007, total Wastewater System revenues were \$78.4 million or 103.6% of fiscal year budgeted revenues of \$75.7 million (Figure 6). Operating expenses and commitments including Debt Service totaled \$72.7 million or 99.6% of the total budget of \$73.0 million. Capital cash flow expenses totaled \$39.3 million or 154.1% of the budgeted cash flow of \$25.5 million. This spending continues to fall within the total amount of appropriations approved by the Board.

Figure 6





FY07 ANNUAL BUDGET PERFORMANCE

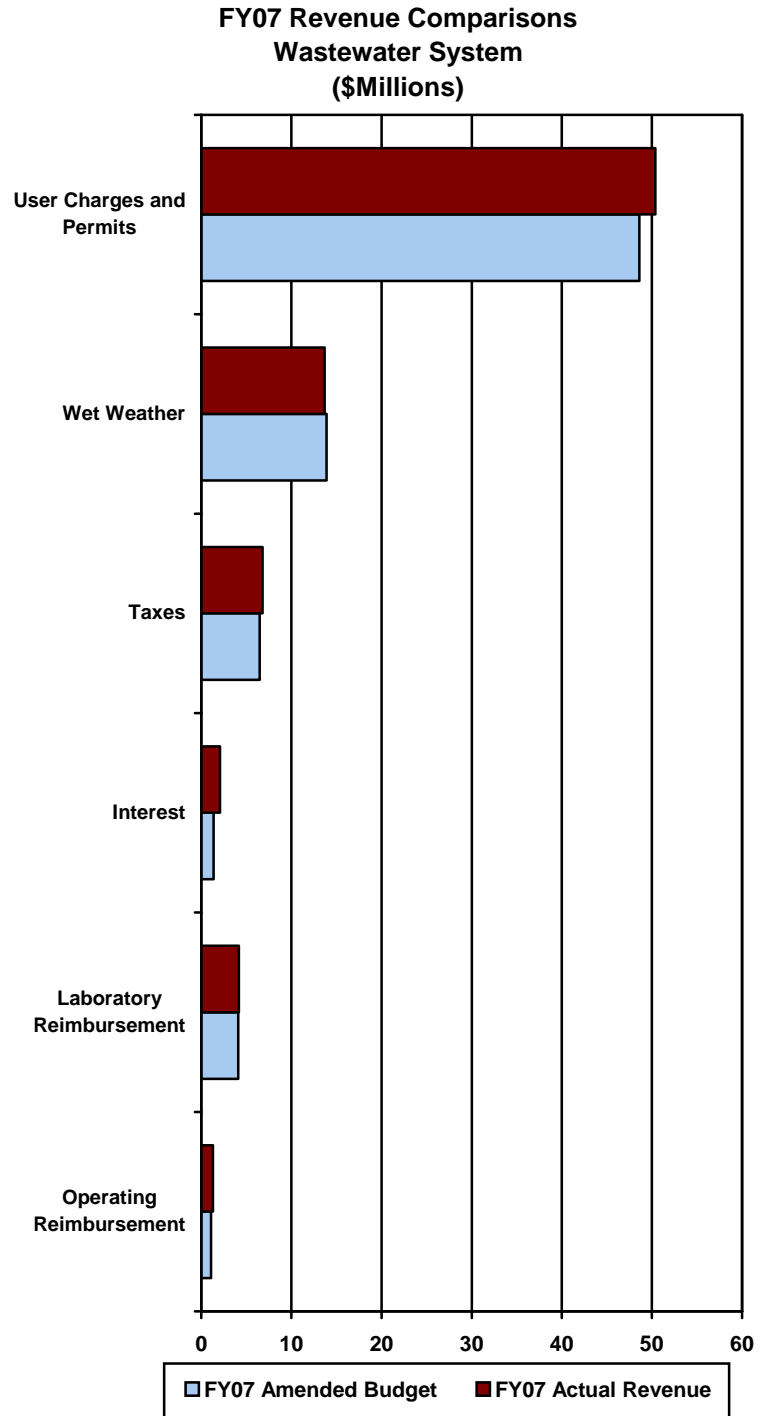
Revenues

Total Wastewater System revenues for the fiscal year totaled \$78.4 million or 103.6% of the budgeted amount of \$75.7 million (Figure 7).

The major reasons for this variance are:

- User charges and permits collected were \$50.4 million or 103.7% of the \$48.6 million budget. This was primarily due to the Resource Recovery revenues of \$5.8 million, which were 176% of the \$3.3 million budget.
- Interest Income of \$2.1 million was 150% of the \$1.4 million budget due to higher cash balances and higher than budgeted interest rates.
- Operating reimbursements of \$1.3 million were 118.2% of the \$1.1 million budget due to higher than budgeted energy sales from surplus power production.

Figure 7





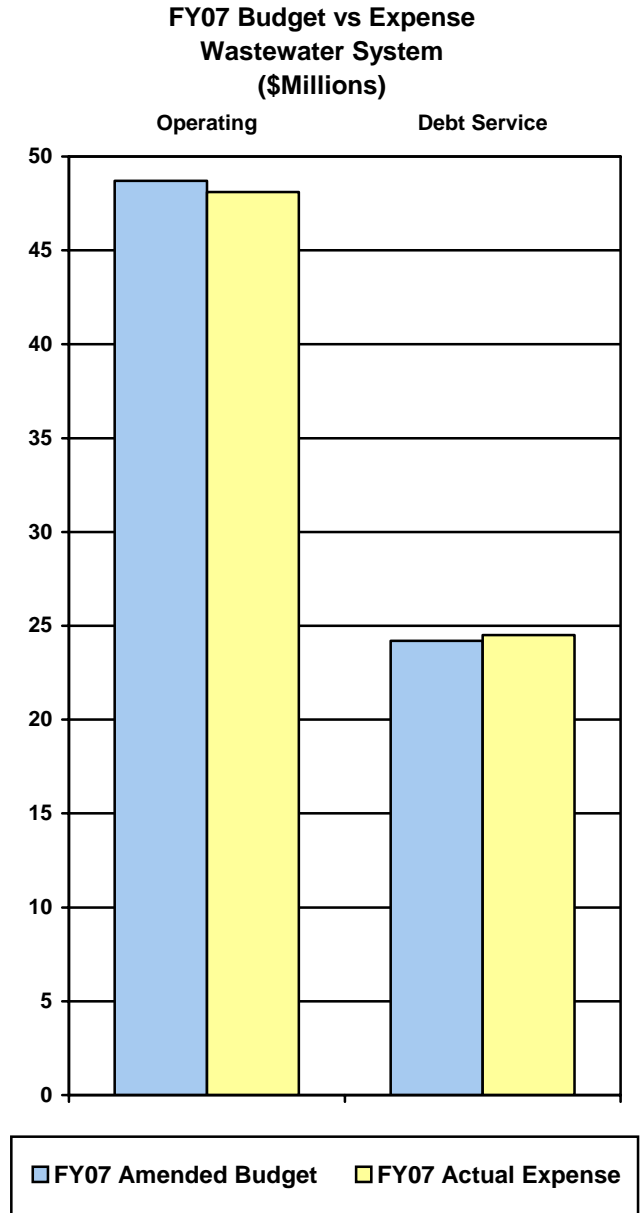
FY07 ANNUAL BUDGET PERFORMANCE

Operating Expenses and Commitments

Expenses and commitments for the fiscal year totaled \$48.1 million or 98.8% of the budgeted amount of \$48.7 million, which reflects the transfer of \$1.4 million from the capital contingency budget to the operating budget performed under the General Manager's authority. The transfer was made to cover higher than budgeted fringe benefit costs and did not affect appropriations for approved capital projects.

Debt service totaled \$24.5 million or 101.3% of the budgeted amount of \$24.2 million (Figure 8). Actual debt service payments included \$630,000 in loan payments for past interceptor improvement projects for the cities of Oakland and Berkeley, for which the District was reimbursed. The actual debt service attributable to the District was \$23.9 million, or 98.8% of the budgeted amount.

Figure 8





FY07 ANNUAL BUDGET PERFORMANCE

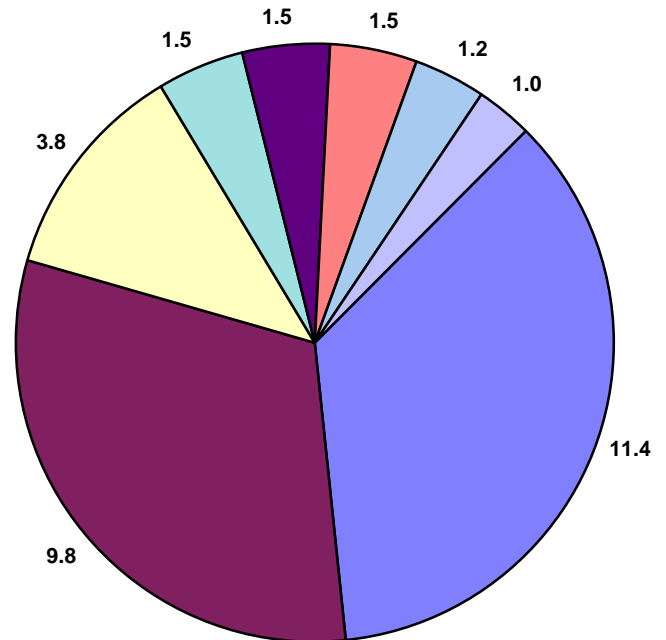
Capital Expenditures and Commitments

For the fiscal year ending June 30, 2007, capital cash flow expenditures totaled \$39.3 million. Of this amount, direct costs associated with capital projects totaled \$36.5 million and the remaining \$2.8 million represents administrative and general costs.

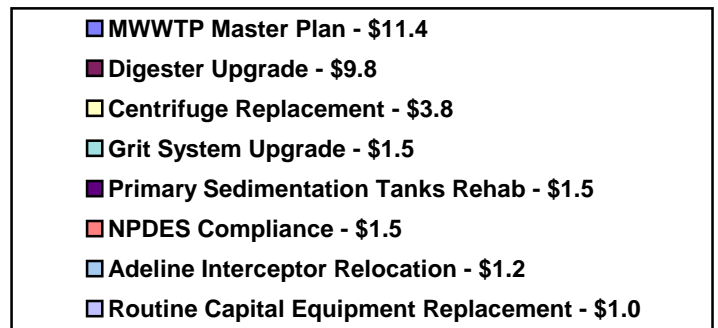
Major FY07 capital expenditures are summarized in Figure 9.

Figure 9

**Major FY07 Capital Expenditures *
Wastewater System
(\$Millions)**



* Direct costs only





FY07 ANNUAL BUDGET PERFORMANCE

GRANTS AND LOANS SUMMARY

In FY07, the District submitted 10 new grant applications totaling \$3.8M. Eleven grants were awarded amounting to \$14.0M, four grants were denied or withdrawn totaling \$2.8M, and four grants totaling \$.5M are still pending. Following are the grant awards for FY07:

Supplemental Supply: Prop 50 funding in the amount of \$5.8M for the Freeport Project.

Water Recycling: Prop 13 funding in the amount of \$4.4M for the East Bayshore Recycled Water Project; \$75,000 planning grant for the Rodeo Recycled Water Project; and Prop 50 funding of \$2.1M for the RARE Project.

Water Conservation: Prop 50 funding in the amount of \$525,000 for the Water Efficiency Product Labeling Program; \$248,600 for the Automated Meter Reading Pilot Program; \$226,188 for Food Service Water and Energy Efficiency; \$75,000 for the New Business Plan Review Program for Water Use Efficiency; and Federal funding of \$300,000 for an Aqueduct Leak Detection Study.

The District received additional funding for the following projects: \$100,000 for Mokelumne River Spawning Gravel from the US Fish and Wildlife Service; and \$90,000 for the Wet Weather Effluent Blending project from the Water Environment Research Foundation (WERF).

No loan applications were submitted or awarded.

In addition, during FY07 the District monitored and administered approximately \$55 million in grants and loans previously submitted or awarded.

Figure 10

