

ENTERPRISE FUNDS DEBT SERVICE FUNDS SUMMARY 2012-2013

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ENTERPRISE FUNDS

MISSION

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Mission

Enterprise Funds are used for operations that are financed and operated in a manner similar to private business enterprises with the costs of providing goods or services being financed or recovered primarily through user charges.



PINNACLE ISSUES FOR FY 2013

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- Manage workload peaks (equipment, material, labor)
- Update of Master Plans
- Lack of redundancy in natural gas supply
- Increase gas customer base
- Increasing regulatory requirements /successful negotiations of the sanitary sewer overflows (SSO) with Environmental Protection Agency
- Texas Pollutant Discharge Elimination System (TPDES) MS4 Permit Renewal – Compile data, submit application, and negotiate permit terms and conditions with TCEQ
- Future Regulatory Changes
- Meet public expectations for quality service



PINNACLE ISSUES FOR FY 2013

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- Airline capacity reduction throughout the aviation industry and decreased enplanements
- Implementation of new Fixed Base Operator (FBO) business models and delivery of aeronautical services
- Restructuring of Airport Public Safety organization to enhance recruitment and retention of qualified staff
- Proposed wind farm development impact on military operations at airport
- Necessary-replacement of 30 year old docks: R-pier cost \$2.6 million
- New Marina Office - replace old portable trailers - cost \$3.9 million



MAJOR ACCOMPLISHMENTS FOR FY 2012

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- Developed Regional Water Supply implementation plan
- Developed inventory management system to ensure availability of materials
- Awarded Indefinite Delivery/Indefinite Quantity (IDIQ) worksite restoration contract streamlining the process and enhancing customer satisfaction
- Marketing program has been successful with residential taps trending upwards
 - 138 in 2009; 332 in 2010; 320 in 2011; 455 for first 10 months of 2012
 - 58 Builders are committed to using Natural Gas
- City vehicles using Compressed Natural Gas increased due to grant funding
- Implemented a Distribution Integrity Management Plan
- Complete Phase 1 of New Broadway Treatment Plant
- Improvements to Waste Water Treatment Plant's process equipment:
Oso – Solids Handling, Allison – head works improvements; Greenwood – Influent lift station and airline
- Successfully completed 8th TCEQ Comprehensive Compliance Investigation of City's Texas Pollutant Discharge Elimination System MS4 Permit



MAJOR ACCOMPLISHMENTS FOR FY 2012

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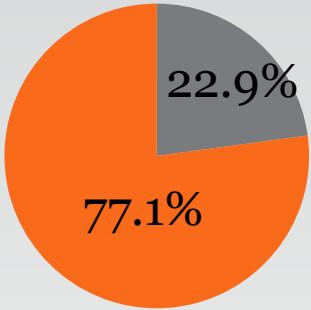
- Anticipate removing approximately 400 tons of debris from drainage system
- Directly reached approximately 300,000 citizens with storm water pollution prevention educational messages
- Continued privatization effort by supplementing 10% of operating budget (\$1.2 M) for maintenance work with contracts
- Development of business plan to fund and construct new Coast Guard Facility
- Construction of rental car Quick Turn Around facility and negotiation of lease amendment with rental car companies
- Completion of Federal Express facility and rehabilitation of Federal Inspection Station resulting in additional revenue
- Established Market Days as a regular event, Corpus Christi First
- Install marina fuel station
- Marina has been designated #2 Marina hot spot in United States



EMPLOYEES

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	FY 2010-2011	FY 2011-2012	FY2012-2013
Water	224	218	220
Wastewater	167	168	168
Gas	137	135	135
Aviation	97.2	91.4	91.4
Storm Water	87	87	87
Marina	15	15	15
Golf Centers	29.5	0	0
Total	756.7	714.4	716.4



Total Enterprise

- Fund - 716.4
- City - 3134



UTILITY RATE IMPACT

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Utility		2011	2012	2013
Water:	ICL Residential (7,000 gal)	9.40%	5.60%	5.00%
	ICL Commercial (50,000 gal)	13.30%	7.20%	7.10%
	ICL Large Volume (25 mgl)	12.80%	9.90%	8.50%
	OCL Large Volume (100 mgl)	0.00%	4.20%	-4.50%
Wastewater		9.70%	1.30%	0%
Gas		0%	0%	0%

REVENUE

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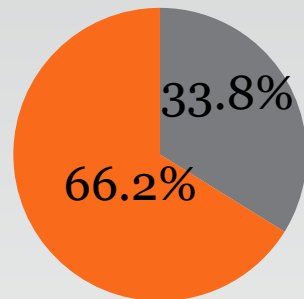
Source	Actual FY 2011	Estimated FY 2012	Proposed FY 2013
Cost of Services – ICL	124,151,757	131,779,728	133,488,495
Raw Water	30,680,683	32,180,559	29,836,034
Transfer from Other Funds	24,798,538	27,758,619	27,829,715
Cost of Services – OCL	18,263,405	19,711,937	18,504,163
Purchased Gas Adjustment	15,979,051	12,812,436	16,606,163
Aviation Fees	8,216,712	8,115,637	8,656,699
Charges for Services	3,560,189	3,322,005	3,445,237
Late Fees on Delinq. Accts.	1,744,988	2,074,184	1,800,000
Bayfront Sales	1,376,875	1,743,943	1,790,442
Other / Misc. Revenue	1,685,000	1,060,666	892,397
Property Rental	341,675	452,109	487,843
Interdepartmental Services	226,725	128,628	261,144



REVENUE

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Source	Actual FY 2011	Estimated FY 2012	Proposed FY 2013
Contribution from Fed. Govt.	217,081	214,058	200,000
Interest Earned	241,000	121,783	144,288
Golf Sales	975,905	137,232	137,232
Env Prog/ACM Pub Works Cost Recov	585,624	559,944	583,728
Total	233,045,208	242,173,468	244,663,580



Enterprise

- Enterprise Funds - \$244,663,580
- Enterprise - \$723,000,000



TOTAL EXPENDITURES

	Actual FY 2011	Estimated FY 2012	Proposed FY 2013
	\$	\$	\$
Water Fund	105,481,508	108,742,140	115,303,748
Wastewater Fund	58,469,124	56,391,632	71,392,163
Gas Fund	31,852,785	30,728,592	32,617,408
Total Fund Grant	31,206,937 645,848	30,046,145 682,447	32,567,408 50,000
Storm Water Fund	27,650,225	23,269,795	28,974,552
Airport Fund	7,038,331	6,572,579	7,396,185
Airport CFC Cap Resv Fd	415,069	907,231	2,069,549
Choke Canyon	1,750,163	1,750,163	1,750,163



TOTAL EXPENDITURES

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	Actual FY 2011	Estimated FY 2012	Proposed FY 2013
	\$	\$	\$
Marina Fund	1,525,857	1,532,361	1,668,538
Golf Center Cap Resv Fd	0	130,000	200,000
Golf Center Fund	1,560,682	136,023	100,384
Airport Capital Reserve Fd	25	25,896	35,000
Total	235,743,769	230,186,413	261,507,690
Fund	235,097,921	229,503,966	261,457,690
Grant	645,848	682,447	50,000



TOTAL EXPENDITURES

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	Actual FY 2011		Estimated FY 2012		Proposed FY 2013	
	\$	%	\$	%	\$	%
Personnel	33,198,076	14.09%	32,258,128	14.02%	34,174,982	13.07%
Materials/Supplies	65,170,561	27.64%	69,678,623	30.27%	69,655,913	26.63%
Fund	65,170,561	27.64%	69,628,633	30.25%	69,655,913	26.63%
Grant	0	0.00%	49,990	.02%	0	0.00%
Capital Outlay	5,083,465	2.16%	7,268,069	3.16%	6,911,553	2.64%
Fund	4,582,517	1.94%	6,777,587	2.94%	6,861,553	2.62%
Grant	500,948	0.22%	490,482	0.22%	50,000	0.02%
Debt Service	72,903,657	30.92%	68,189,497	29.62%	89,085,668	34.07%
Other	59,388,010	25.19%	52,792,096	22.93%	61,679,574	23.59%
Fund	59,243,110	25.13%	52,650,121	22.87%	61,679,574	23.59%
Grant	144,900	0.06%	141,975	0.06%	0	0.00%
Total	235,743,769	100%	230,186,413	100%	261,507,690	100%
Fund	235,097,921	99.72%	229,503,966	99.70%	261,457,690	99.98%
Grant	645,848	0.28%	682,447	0.30%	50,000	0.02%

SUMMARY OF FUND BALANCES

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Fund	Actual 2011	Estimated Beginning Fund Balance at 8/1/12	Revenues	Expenditures	Projected Ending Fund Balance at 7/31/13
Water Fund	20,295,070	32,078,200	116,315,916	115,303,748	33,090,368
Choke Canyon Fd	24,890,260	23,192,550	81,307	1,750,163	21,523,694
Wastewater Fd	26,181,228	28,907,296	58,264,802	71,392,164	15,779,934
Gas Fund	9,696,400	7,776,468	32,955,136	32,567,408	8,164,196
Storm Water Fd	7,852,309	8,476,635	25,974,552	28,974,552	5,476,635
Airport Fd	4,324,885	5,096,450	7,294,082	7,396,185	4,994,347
Marina Fd	(32,288)	289,002	1,941,863	1,668,538	562,327



SUMMARY OF FUND BALANCES

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Fund	Actual 2011	Estimated Beginning Fund balance at 8/1/12	Revenues	Expenditures	Projected Ending Fund balance at 7/31/13
Airport Capital Resv Fd	26,314	65,418	70,000	35,000	100,418
Golf Capital Resv Fd	66,193	73,425	137,232	200,000	10,657
Airport CFC Capital Resv Fd	425,488	323,354	1,396,000	2,069,549	(350,195)
Golf Center Fd	(1,056,210)	(939,645)	232,690	100,384	(807,339)
Total	92,669,649	105,339,153	244,663,580	261,457,691	88,545,042



PROJECTED CHANGE IN FUND BALANCE

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• Estimated Beginning Balance 8/1/12		<u>\$ 105,339,153</u>
• Projected Changes		<u>\$ (17,026,568)</u>
• Total Projected Ending Balance 7/31/13		<u>\$ 88,545,042</u>
• Restricted	<u>\$25,665,421</u>	
• Unrestricted	<u>\$62,788,621</u>	
• Total Projected Ending Balance 7/31/13		<u>\$ 88,545,042</u>
• Target	<u>\$56,733,398</u>	



DECISION PACKAGES FOR FY 2013

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Department	Title	Net Impact
APPROVED		
Gas	Facility replacement <i>(To be funded from capital reserve)</i>	\$500,000
Storm Water	Engineering reimbursements	(\$10,000)
Storm Water	Capital Outlay	(\$294,000)
Storm Water	Inlet Cleaning Contract	(\$300,000)
Storm Water	Small engineering contracts, brush clearing contracts, manhole adjustments	(\$330,000)
TOTAL		\$(434,000)



DEBT SERVICE FUNDS

MISSION

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Mission

Used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.



DEBT SERVICE FUNDS – MAJOR REVENUES

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Revenue Description	Actual FY 2011	Estimated 2012	%	Budget 2013	%
Ad Valorem Taxes	27,221,210	26,265,714	27.81	26,925,437	24.43
Agency Contributions	648,879	626,545	0.66	1,650,751	1.50
Interest	100,397	48,590	0.10	61,798	0.06
Transfer from Other Funds	66,701,527	67,141,491	71.43	81,549,878	74.01
Other	22,365	0	0	0	0
Totals	94,694,378	94,082,340	100.00	110,187,864	100.00

On a percentage basis, the above chart reveals change in funding sources from FY 2012. However there are two important areas to note:

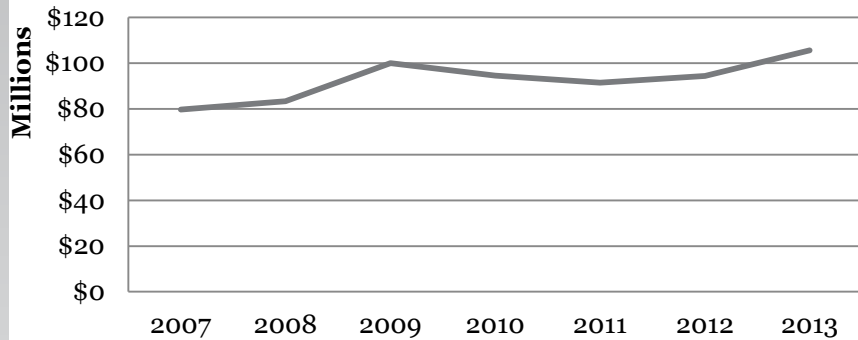
- The General Obligation Debt Service Fund Balance is budgeted to absorb \$1,650K of the General Fund Landfill Debt Service, which is up \$700K from the \$950K absorbed in FY 2012; and
- Transfers in from Other Funds increased over \$14.2M from FY 2012 due mostly to increased debt service funding from the utility area. This is related to an expected new revenue bond debt issuance of almost \$200M in the near term - due in part to the elimination of the “commercial paper” program of around \$75M.



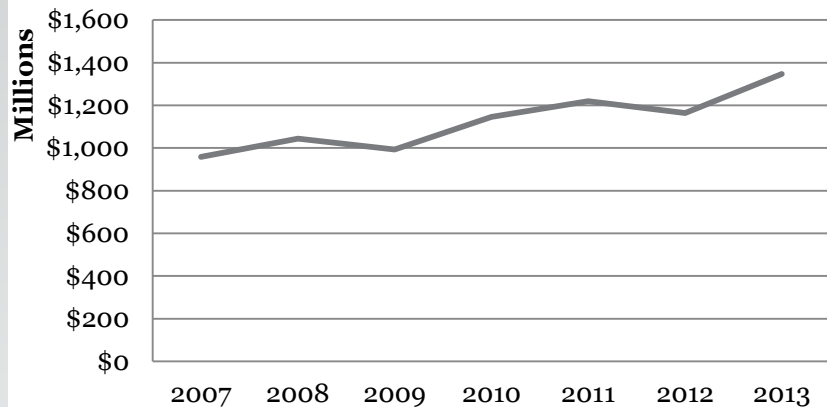
DEBT SERVICE BALANCES

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Annual Debt Service per Debt Service Funds - Overall



Total Principal Balances - Overall



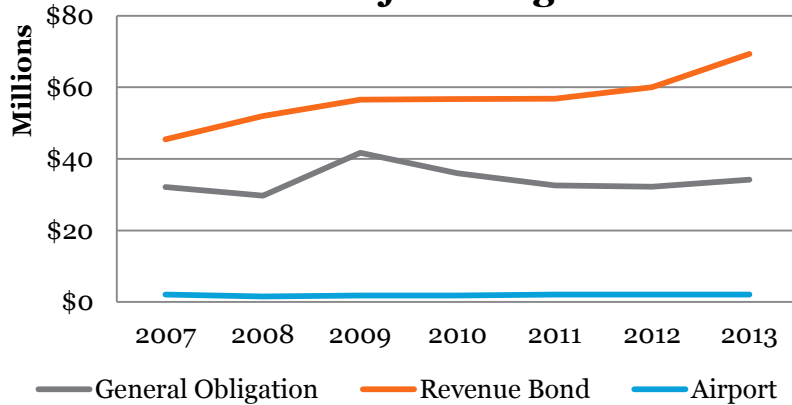
As shown in the adjacent graphs, overall debt service expenditure levels continue an upward climb. This is mostly a function of the expected near term sale of almost \$200M in new revenue bonds due in part to the elimination of the “commercial paper program” and an absence of revenue bond sales since 2010. It should be noted that the adjacent balances do not include potential Bond 2012.

The following slide breaks out these slides into major categories, respectively.



DEBT SERVICE FUND CATEGORIES

Debt Service Funds Expenditures - Major Categories

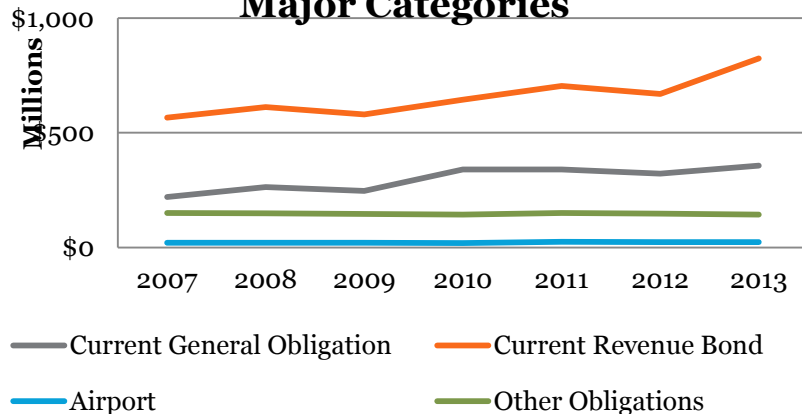


These slides break down the debt service and principal balances into major categories.

Revenue Bonds account for the bulk of debt financing.

The following slide breaks down utility revenue debt by category with further explanation.

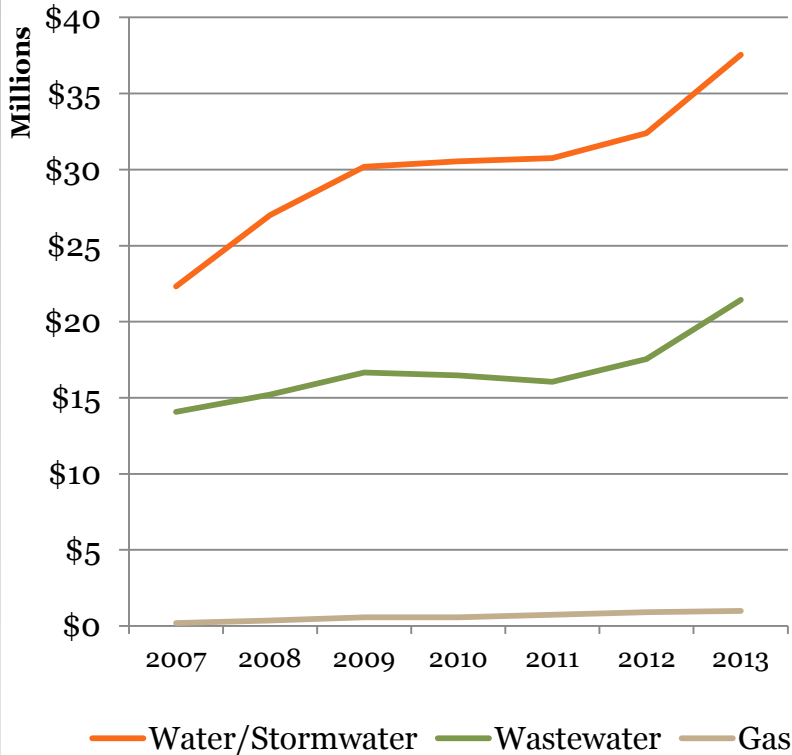
Total Principal Balances - Major Categories



UTILITY DEBT SERVICE FUNDS

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**Debt Service Fund Expenditures
by Utility (Water/Storm Water
combined)**



This slide breaks down Utility Revenue Bond Expenditures by Utility Fund (with Water and Storm Water combined).

FY 2013 reflects a rate increase of 5% for Water Residential customers, and 0% for Gas and Wastewater.

