

BUDGET HIGHLIGHTS

Engineering Services O&M budget is \$32.5 million in FY 2016/17 and \$27.8 million in FY 2017/18. As detailed below, Engineering Services' budget is influenced significantly by a new initiative, Metropolitan's Regional Recycled Water Supply Program. During FY 2016/17, a conceptual feasibility study for this program will be conducted that is categorized as a Major O&M project. This effort is planned to be completed within that fiscal year.

Total planned expenditures for FY 2016/17 are approximately \$2.2 million or 7.4% more than in FY 2015/16, with the addition of Major O&M support required for Metropolitan's Regional Recycled Water Supply Program. All support to the California Water Fix initiative is planned to be funded under a reimbursable agreement.

For FY 2017/18, planned expenditures are approximately \$4.7 million or 14.4% less than in FY 2016/17, due to completion of Major O&M work in support of the Regional Recycled Water Supply Program.

O&M	FY 2015/16	FY 2016/17	FY 2017/18
Labor	\$26,916,000	\$24,649,200	\$25,035,700
Non-labor	\$3,354,900	\$2,786,500	\$2,796,900
Total O&M	\$30,270,900	\$27,435,700	\$27,832,600
Recycled Water (labor & non-labor)	\$0	\$5,076,000	\$0
Total O&M & Special Initiative	\$30,270,900	\$32,511,700	\$27,832,600
% Change		7.4%	(14.4%)

Note: Excludes Operating Equipment

The following are the significant changes by budget year.

FY 2016/17

Personnel-Related Issues

Total personnel levels remain consistent with the previous fiscal year. However, the O&M and capital complement is different from the FY 2015/16 budget. This is primarily due to the shift in Major O&M work with the California Water Fix initiative no longer being funded under Major O&M as it is planned to be funded under a reimbursable agreement, and Major O&M support required for Metropolitan's Regional Recycled Water Supply Program.

Planned capital expenditures for FY 2016/17 are approximately \$56 million less than in FY 2015/16, with a total capital budget of

\$180 million. This decrease in planned expenditures reflects a readjustment of project budgets and schedules to meet Metropolitan's overall biennial budgetary goals. Actual capital expenditures during the FY 2015/16 are also projected to be about \$33 million less than budgeted.

Professional Services

The budget primarily reflects increases to support Metropolitan's Regional Recycled Water Supply Program.