SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-D**

FROM: Steve Mack, General Manager

Meeting Date: January 5, 2012`

SUBJECT: FY 2011-2012 BUDGET PROCESS

RECOMMENDED ACTION: Receive a report on the District FY 2012-2013 Budget process.

FISCAL IMPACT: None

DISCUSSION:

The Board in the past has approved its budget at the May meeting. Table 1 below identifies a calendar for the budget approval process. Milestones include the Proposition 218 process which has a 45-day notice and a public hearing for increases in rates and fees, if necessary. Last year, the District performed the Proposition 218 Notice process for two years of up to 3% increase on the Base Rate and Water Use Charges. A Proposition 218 Notice is not necessary if any rate increase for Fiscal Year 2012-13 stays within those boundaries.

In past years the Board President has appointed two Board Members to the ad hoc Budget Committee to assist the General Manager in the development of the budget. Those appointments have occurred either at the December or January meetings.

The Capital Debt Reduction Charge (CDRC) will be discussed in a separate Agenda item. Any increase in the CDRC will require a Proposition 218 notice.

As noted above the District performed a two-year Proposition 218 Notice for a water rate increase of up to 3% for the Base Rate and Water Usage Charges. The first year of the 3% increases was put into effect in July 2011. Over the last 12 months (October 2011 Index), the Consumer Price Index for all Urban Consumers, San Francisco area (CPI-U) advanced 3.2 percent. Energy prices jumped 13.6 percent, largely the result of an increase in the price of gasoline. The index for all items less food and energy increased 2.4 percent since October 2010. A 1% increase in water rates returns annual revenue of approximately $18,000.

Table 1. FY 2012-2013 Budget Preparation	
Review Capital Improvement Program	December 1, 2011
Budget Committee meetings	February/March 2012
Draft Budget to Board for Discussion/Action, Including Direction on Water Rates	March 1, 2012
Prop 218 Mailing for Water Rate Increase, if necessary	March 19, 2012
Draft Budget to Board for Discussion/Action	April 5, 2012
Approve Budget • Prop 218 Public Hearing on Rates, if necessary	May 3, 2012