SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: January 8, 2015

SUBJECT: FY 2015-2016 BUDGET PROCESS

RECOMMENDED ACTION: Receive a report on the District FY 2015-2016 Budget process.

FISCAL IMPACT: None

DISCUSSION:

The Board typically approves its annual budget at the May meeting and we intend to follow this practice this year. 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, and a public hearing on the Budget itself. A Proposition 218 Notice will be necessary for any rate increase for Fiscal Year 2015-16 or beyond.

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 District's financial planning has assumed annual 3% increases to the base, water usage rates and the Capital Debt Reduction Charge. Over the last 12 months (October 2014 Index), the Consumer Price Index for all Urban Consumers, San Francisco area (CPI-U) advanced 3.2 percent.. Energy prices declined 3 percent, largely the result of a decrease in the price of gasoline. The index for all items less food and energy advanced 3.6 percent since October 2013. These increases are similar to a year ago. A 1% increase in water rates returns annual revenue of approximately $22,000.

If the District decides to increase water rates, staff also wishes to review fees and charges so that these can be adjusted at the same time (and noticed in the same Prop 218 notice).

In the new fiscal year, the District will have a full year of the substantial cost reduction of the General Obligation Bonds due to the final completed refinancing of that debt, including the resolution of issues with USDA, approximately $53,000.

Table 1. FY 2014-2015 Budget Preparation	
Review Capital Improvement Program	December 4, 2014
Budget Committee meetings	February/March 2015
Draft Budget to Board for Discussion/Action, Including Direction on Water Rates	March 5, 2015
Prop 218 Mailing for Water Rate Increase, if necessary	March 23, 2015
Draft Budget to Board for Discussion/Action	April 2, 2015
Approve Budget • Prop 218 Public Hearing on Rates, if necessary	May 7, 2015