SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: February 1, 2018

SUBJECT: FY 2018-2019 BUDGET ISSUES AND AD HOC BUDGET COMMITTEE REPORT

RECOMMENDED ACTION: Receive a report on the District FY 2018-2019 Budget issues, receive a report from the ad hoc Budget Committee, and provide direction to staff.

FISCAL IMPACT: None

DISCUSSION:

The FY 2018-2019 Budget process was introduced at the January meeting. Staff are still developing the Budget and the ad hoc Budget Committee will meet for the first time on February 1, prior to the February Board meeting.

The District's financial planning has assumed annual 3% increases to the base, water usage rates and the Capital Debt Reduction Charge. 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). These fees include hydrant water charges and weekend callout fees.

Staff is in the beginning phases of the budget process. We have looked at the current year budget and find nothing that requires a mid-year budget adjustment. We do have some items of note:

- We are spending more on tank repairs than expected.
- We have received funds this fiscal year from FEMA for expenses incurred in the prior fiscal year.
- We expect to receive reimbursement from the bond funds for prior engineering expenses.
- We expect to pay more toward our CalPERS liability than is in the Budget.

Issues/items for the coming year include:

- A relatively small capital project (replacement of the Monte Rio green sand filter).
- A new truck.

- Guernewood Park Resort improvements. At this time we don't know whether we can serve water to this project without improvements to our system and what those improvement might be and how much time it may take to complete them. We should know relatively soon.

Table 1. FY 2018-2019 Budget Preparation	
Reviewed/Approved Capital Improvement Program	December 7, 2017
Introduce Budget Process	January 4, 2018
Budget Committee meetings	January - March 2018
Draft Budget to Board for Discussion/Action, Including Direction on Water Rates	March 1, 2018
Prop 218 Mailing for Water Rate Increase, if necessary	March 19, 2018
Draft Budget to Board for Discussion/Action	April 5, 2018
Approve Budget • Prop 218 Public Hearing on Rates, if necessary	May 3, 2018