SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: February 7, 2019

SUBJECT: DISCUSSION/ACTION RE FY 2019-2020 BUDGET

RECOMMENDED ACTION: Receive a report on the District FY 2019-2020 Budget, and provide direction to staff.

FISCAL IMPACT: None

DISCUSSION:

The Budget process was introduced at the January meeting. Sukey Robb Wilder and Gaylord Schaap were appointed to the Budget Committee. Our first Committee meeting is scheduled for February 12.

Staff is a little slower in getting the draft budget together this year; we will have a rough draft available for the Budget Committee meeting and present it to the Board at the March meeting. Table 1 below identifies the calendar for the budget approval process.

Budget issues for this year include:

Funding a full time General Manager. As you are well aware, I am retiring this year; recruitment of my replacement is well underway. In recent years the General Manager position has been a 70% position. My replacement will likely want to and need to work full time. His/her salary requirements are unknown at this time but can be estimated.

Unfunded Pension Liability. We have been attempting to stay ahead of the unfunded pension liability curve - CalPERS charges over 7% in their accounting for the amount of unfunded pension liability but their required payments do not match that. If we care about this we need to determine the appropriate payment so our unfunded liability balance does not increase.

Capital Project funding. No capital project for the coming fiscal year.

Water Rate Increase. Nine years ago we embarked on a nine year program of moderate water rate increases to develop a capital project funding base which we were targeting $500,000 per year. In those 8 years we increased water rates 3% per year. We have not met the $500,000 target yet. Staff salary increases (which were anticipated) and the unfunded liability issue have slowed our progress, and funding a full time general manager will

subtract more (although the years of less than full time was helpful). Another 3% rate increase seems appropriate at this time; we will bring this recommendation to the Budget Committee in our discussions with them.

Table 1. FY 2019-2020 Budget Preparation	
Reviewed/Approved Capital Improvement Program	December 2018, January 2019
Introduce Budget Process	January 3, 2019
Budget Committee meetings	January - March 2019
Draft Budget to Board for Discussion/Action, Including Direction on Water Rates	March 7, 2019
Prop 218 Mailing for Water Rate Increase, if necessary	March 18, 2019
Draft Budget to Board for Discussion/Action	April 4, 2019
Approve Budget • Prop 218 Public Hearing on Rates, if necessary	May 2, 2019