SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Ed Fortner, General Manager

Meeting Date: February 6, 2020

SUBJECT: DISCUSSION/ACTION RE FY 2020-2021 CAPITAL AND OPERATING BUDGET

RECOMMENDED ACTION: Receive a report on the District FY 2020-2021 Capital and Operating 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 in February.

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 and a full time Accounts Clerk. These positions had been part-time.

Unfunded Pension Liability. We have been attempting to stay ahead of the unfunded pension liability curve - CalPERS charges over 7% interest. In 2019, the Board approved an accelerated payment schedule of $500,000 annual payments for two years taken from reserves. The initial payment of $500,000 was made in 2019. Another $500,000 payment is schedule for FY 2021. These two payments should get the District caught up on UL. The payback schedule to reserves is budgeted at $135,000 annually for seven years.

Capital Project funding. FY 2021 has Capital budgeted at $1.326 million dollars. This project includes ~3,200' of 6" HDPE main serving 31 services on Old River Rd (GV) and ~1,900' of 6" HDPE main serving 27 services. Sixteen lead goosenecks replacement is also included in the project.

Water Rate Increase. Nine years ago, based on a rate study, 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 9 years we increased water rates 3% per year. We did not meet the $500,000 target. A new Cost of Service Rate Study will present recommendations to the Board at the March Board meeting for rates over the next 5-10 years.

Table 1. FY 2019-2020 Budget Preparation	
Reviewed/Approved Capital Improvement Program	January 2020, February 2020
Introduce Budget Process	January 3, 2020
Budget Committee meetings	February - March 2020
Draft Budget to Board for Discussion/Action, Including Recommendations on Water Rates	March 5, 2020
Prop 218 Mailing for Water Rate Increase, if necessary	March 18, 2020
Draft Budget to Board for Discussion/Action	April 2, 2020
Approve Budget • Prop 218 Public Hearing on Rate Increase and Rate Study recommendations	May 7, 2020