



Proposed Biennial Budget and Rates Process, Fiscal Years 2018/19 and 2019/20

Finance & Insurance Committee

Item 6b

December 11, 2017

Biennial Budget and Rates Process Has Several Objectives

- Adopt a two-year budget, covering fiscal years 2018/19 and 2019/20
- Adopt rates and charges for calendar years 2019 and 2020
- Provide a ten-year forecast, including the biennial period
 - Water Revenues
 - Other Revenues
 - Expenses
 - Capital Financing

Summary of Financial Policies

- Maintain AAA/AA+/Aa1 ratings on senior lien
- Achieve/Maintain coverage ratios
 - Debt service coverage = 2.0
 - Fixed charge coverage = 1.2
- PAYGO funding
 - 60 percent per year
 - Integral to maintaining coverage targets
 - Provides financial flexibility

Schedule for Proposed Biennial Budget and Rates Process

- Fall 2017:
 - Develop proposed Departmental budget and other District requirements, revenues, and CIP programs
 - Refine key priorities and strategies
 - Review key underlying assumptions
- January 2018: Mailing of Budget, Revenue Requirements, and Water Rates and Charges board letter
 - Transmit proposed budget to Board
 - Present rates and charges required to meet the proposed budget, including cost of service analysis
 - Transmit proposed cost of service report to Board
- Mailing of board letter to set Public Hearing date

Schedule for Proposed Biennial Budget and Rates Process: February 2018

- Present proposed budget, water rates and charges to meet budget, and hold Workshop #1
 - **F&I Committee**
- Board sets Public Hearing
- Board Workshop #2
 - **Same day as Executive Committee**

Schedule for Proposed Biennial Budget and Rates Process: March 2018

- Board Workshop #3
 - F&I Committee
- Public Hearings
 - Board
- Board Workshop #4, if needed
 - Same day as Executive Committee

Schedule for Proposed Biennial Budget and Rates Process: April 2018 and Future Actions

- Consider and recommend action on FY 2018/19 and 2019/20 budget and 2019 and 2020 rates and charges
 - **F&I Committee**
- Board adoption of FY 2018/19 and 2019/20 budget and 2019 and 2020 rates and charges
- May 2018: FY 2018/19 Standby Charge
- April and May 2019: 2020 RTS Charge and Capacity Charge, and FY 2019/20 Standby Charge

Timeline: Proposed Biennial Budget and Rates Process



