

**Metropolitan Domestic Water Improvement District
Board of Directors Study Session**

March 28, 2016

Discussion of Requested Budget for Fiscal Year 2017

Synopsis

The Board of Directors is requested to review with staff the requested budget for Fiscal Year 2017 and to provide direction.

Requested Budget Overview

The Requested Budget for Fiscal Year 2017 was distributed to Board members previously when the Board was copied with the information provided to the Finance Oversight Committee for the Committee's March 21, 2016 meeting.

The attached requested budget for Fiscal Year 2017 was developed using a priority-driven budget process. A strategic review of resources and needs was completed to verify that all requested programs and services support the mission, goals, and objectives of the District. The priority driven budget process has gained momentum among staff, building stronger stakeholders motivated to accomplish approved objectives. Further details can be found on pages 3 and 4 of the requested budget, which includes a summary of budgeted changes in revenue and expenditures.

On September 8, 2014, the Board approved the fringe benefit and the indirect overhead rates. Part of the approval included adding this calculation using the same methodology to subsequent adopted budgets. The results of this calculation based upon the Fiscal Year 2017 budget are on the last page of the attached requested budget.

The requested budget includes proposed adjustments to rates and fees as shown in the attached proposed rate schedules, and a ten-cent per 1,000-gallon increase in Water Resource Utilization Fees. Page 5 shows the revenue with the requested changes and without the requested changes and page 6 shows operating expenditures would exceed the operating revenue with no change in rates. A new fee for testing small and large meters has been added, and the cost of a meter re-read has been updated. Please refer to the proposed rate schedules and associated report for more details on that portion of the requested budget.

Finance Oversight Committee

At its March 21, 2016 meeting, the Finance Oversight Committee reviewed with staff the requested budget for Fiscal Year 2017. Changes in excess of \$1,000 from the previous fiscal year were explained in detail. The Committee had clarification questions about the purposes of a few specific items and expressed support for the way the District is handling its budgeting process.

The Finance Oversight Committee voted 8-0 to recommend that the Board of Directors consider adopting the Requested Budget for Fiscal Year 2017.

Recommendation

It is recommended that the Board of Directors review and discuss with staff the Fiscal Year 2017 requested budget and direct if any adjustments should be made. Based on the Board's discussion, staff is seeking direction as to whether the Board would like further information and discussion of the budget at a future meeting. The requested budget for Fiscal Year 2017 will be presented to the Board for consideration to adopt at the June 13, 2016 Board meeting.

Respectfully submitted,

I concur with the recommendation.

Respectfully submitted,

Diane Bracken
Chief Financial Officer

Joseph Olsen, P.E.
General Manager