

**Metropolitan Domestic Water Improvement District  
Board of Directors Meeting**

**May 11, 2020**

**Adoption of Fiscal Year 2021 Budget**

**Synopsis**

The Board of Directors is requested to adopt the Fiscal Year 2021 budget.

**Background**

The process of preparing a budget is both an art and a science. Revenue sources are identified and estimated revenue is calculated. Expenses are prioritized to support the District's mission while balancing the budget to the anticipated revenue sources prior to formally requesting the Adopted Budget. Each year actual metered water consumption data is analyzed using a rate model to calculate the predicted metered water revenue, the impact of changes to each customer type, and other potential variables that might influence these calculations. The District water consumption data from Fiscal Year 2019 was used as the base data source for calculating the Fiscal Year 2021 budgeted metered water revenue.

On March 16, 2020, the Fiscal Year 2021 Requested Budget and proposed fee changes were reviewed and discussed with the Finance Oversight Committee. The Committee voted unanimously to forward the Fiscal Year 2021 Requested Budget to the Board of Directors for consideration. A study session was held with the Board of Directors on March 19, 2020, to review and discuss with staff the suggested fee changes along with the Fiscal Year 2021 Requested Budget. A public information meeting was held on May 5, 2020, to talk about the proposed fee changes.

**Budget Overview**

The District has utilized a priority driven budget process since preparing the budget for Fiscal Year 2015 to ensure a strategic review is completed and revenue sources are allocated to resources supporting the mission of the District.

The fringe benefit and indirect overhead rates was calculated based upon the requested budget. These rates are located on the last page of the budget book, and they were calculated using the standardized methodology approved by the Board at the September 8, 2014, meeting.

The twelve-month consumer price index for January 2020 was 2.5% and February 2020 was 2.3%. The requested budget includes a 2.5% cost of living increase in July and a potential 1.5% merit increase for eligible employees in January 2021. The twelve-month consumer price index in March was 1.5% and the Arizona State Retirement and Long Term Disability rates will increase by .11%.

The Fiscal Year 2021 Requested Budget includes a projected beginning fund balance, revenue, and Northwest Recharge Recovery and Delivery System funding from Oro Valley and the Town of Marana totaling \$42,492,784 with the requested disbursements of \$32,167,170.

**Recommendation**

It is recommended that the Board of Directors review and discuss with staff the Fiscal Year 2021 Requested Budget and direct staff on any adjustments they would like to have made. The Fiscal Year 2021 budget is a planning tool for the District to utilize while meeting its operational needs during the next fiscal year. It is recommended that the Board of Directors adopt the Fiscal Year 2021 budget as presented.

**Suggested Motion**

I move to adopt the Metro Water District budget for the Fiscal Year 2021 as presented with the total disbursements not to exceed the budgeted disbursement amount of \$32,167,170.

OR

I move to adopt the Metro Water District budget for the Fiscal Year 2021 as presented along with the following modifications \_\_\_\_\_ with the total disbursements not to exceed the budgeted amount of \$\_\_\_\_\_.

Respectfully submitted,

Diane Bracken, M.Adm.  
Chief Financial Officer

I concur with the recommendation.  
Respectfully submitted,

Joseph Olsen, P.E.  
General Manager