

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

June 12, 2017

Adoption of Fiscal Year 2018 Budget

Synopsis

The Board of Directors is requested to adopt the Fiscal Year 2018 budget.

Background

In accordance with best budgeting practices, revenue sources were planned and expenditures were prioritized and reviewed prior to requesting the adoption of the budget. Each year the prior year actual revenue data from metered sales is loaded into a rate model that is used to analyze and calculate the anticipated revenue. The costs associated with providing services are reviewed to make sure the fees are covering the cost of services being provided. All requested expenses are reviewed and prioritized to support the mission of the District to deliver safe, reliable water to our customers.

On March 21, 2017, the requested budget for Fiscal Year 2018 was reviewed and discussed with the Finance Oversight Committee. At that time, the Committee voted unanimously to recommend forwarding the requested budget for Fiscal Year 2018 to the Board of Directors for consideration with no changes to rates or fees. The Board of Directors held a study session on March 27, 2017 to review and discuss with staff the requested budget for Fiscal Year 2018. A public information meeting was held on June 7, 2017 to explain how the adjustments made to rates and fees over the past two years have provided the District customers with revenue stability. Budgeted water availability rates will cover 89.95% of the budgeted fixed costs. This meeting provided staff with an opportunity to express to District Customers, the Finance Oversight Committee, and the Board of Directors their appreciation and gratitude for their support during the revenue stability implementation. A rate hearing was not held since no changes in rates and fees were requested.

Budget Overview

The District has utilized a priority driven budget process again this year to ensure a strategic review and allocation of resources to programs and services supporting the goals, objectives, and the mission of the District. With proven results accomplished in the last two years, this budgeting process has gained employee commitment and continued support from the Finance Oversight Committee and the Board of Directors.

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

Since the requested budget for Fiscal Year 2018 was presented at the March 27, 2017 study session, no revisions have been made. With the twelve-month consumer price index increasing 2.2% as of the end of April, a 2.5% cost of living adjustment and a 1.5% potential merit increase is recommended. The increase in the consumer price index this year is larger than the 1.7% annual average over the past 10 years with an increase of 1.1% over the past six months. The budget for Fiscal Year 2018 includes a projected beginning fund balance and revenue total of \$27,050,394 that supports the total requested budget disbursements of \$25,095,869.

Recommendation

It is recommended that the Board of Directors review and discuss with staff the requested budget for Fiscal Year 2018 and direct staff on any adjustments they would like made. The Fiscal Year 2018 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 budget for Fiscal Year 2018 with no rate or fee changes.

Suggested Motion

I move to adopt the Metro Water District budget for the Fiscal Year 2018 as presented with the total disbursements not to exceed the budgeted expenditure limitation amount of \$25,095,869.

OR

I move to adopt the Metro Water District budget for the Fiscal Year 2018 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