Proposed Biennial Budget and Rates Process, Fiscal Years 2020/21 and 2021/22

Finance & Insurance Committee
Item 6b
December 9, 2019
Biennial Budget and Rates Process Has Several Objectives

- Adopt a two-year budget, covering fiscal years 2020/21 and 2021/22
- Adopt rates and charges for calendar years 2021 and 2022
- Provide a ten-year forecast, including the biennial period
  - Water Revenues
  - Other Revenues
  - Expenses
  - Capital Financing
Schedule for Proposed Biennial Budget and Rates Process

Fall 2019:
- Develop proposed Departmental budget and other District requirements, revenues, and CIP programs
- Refine key priorities and strategies
- Review key underlying assumptions

January/February 2020: 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
Schedule for Proposed Biennial Budget and Rates Process: February 2020

- Mailing of board letter to set Public Hearing date
- 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 2020

- Board Workshop #3
  - F&I Committee
- Public Hearing on Water Rates and Charges and Ad Valorem Tax Limit
  - Board
- Board Workshop #4, if needed
  - Same day as Executive Committee
Schedule for Proposed Biennial Budget and Rates Process: April 2020 and Future Actions

Consider and recommend action on FY 2020/21 and 2021/22 budget and 2021 and 2022 rates and charges

- F&I Committee

Board adoption of FY 2020/21 and 2021/22 budget and 2021 and 2022 rates and charges

- May 2020: FY 2020/21 Standby Charge
- April and May 2020: 2020 RTS Charge and Capacity Charge, and FY 2021/22 Standby Charge
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
Timeline: Proposed Biennial Budget and Rates Process

- Develop Budget/Revenues/Proposed Rates
  - Sept 2019
  - Oct 2019
  - Nov 2019
  - Dec 2019

- Workshops and Public Hearings
  - Jan 2020
  - Feb 2020
  - Mar 2020
  - Apr 2020
  - May 2020

- Board Letter
  - Jan 2020
  - Board Letter
  - Feb 2020
  - Board Letter
  - Mar 2020
  - Board Letter
  - Apr 2020
  - Board Letter
  - May 2020