

HELIX WATER DISTRICT
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BOARD REPORT

TO: Board of Directors

FROM: Mark S. Weston, General Manager *MSW*

INITIATED BY: Tina M. White, Director of Administrative Services *TMW*
Rich Stevenson, Finance Manager

DATE: February 17, 2010

SUBJECT: Schedule for Adopting FY 10-11 Budget and Water Rates

Recommendation:

The Board receive this report outlining the schedule for adopting the FY 10-11 Budget and Water Rates for water used on or after July 1, 2010, and clarify the role of the Ad Hoc Committee on Water Rates.

Background

Staff has begun work to develop a FY 10-11 Budget proposal for Board consideration, as well as an accompanying five-year financial projection. Staff is also working to develop preliminary water rates for the Board's future consideration.

At the November 18, 2009 Board meeting, the Board determined that future Proposition 218 hearings would be scheduled so that the hearing occurs prior to customers using any water that is subject to the new rates. Therefore, staff is planning for a June 16, 2010 Proposition 218 hearing date with rates effective for all water used beginning July 1, 2010.

Working back from a June 16 hearing date, staff has developed a timeline that incorporates key dates for the Board's rate setting process as well as the Fiscal Year 2010-11 budget adoption process. Items that require Board action are noted with an asterisk (*):

| | |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 17 | Departments submit their final budget proposals to the General Manager |
| March 18-26 | Staff develops five-year budget projections based on department budget proposals and prepares Preliminary Rate Study |
| *April 7 | Board considers Preliminary Rate Study and preliminary Proposition 218 notice |
| April 8-15 | Staff finalizes Rate Study and Proposition 218 notice |
| *April 21 | Board considers Final Rate Study and approves Proposition 218 notice |
| April 22-30 | Proposition 218 notices are printed and mailed NO LATER THAN April 30 |
| May 1 | 45-day written protest period begins |
| May 1-31 | Community outreach: Two community meetings, speakers bureau, civic groups, etc. |
| May 5 | No Board meeting -- ACWA Conference |
| May 11 | General Manager attends La Mesa City Council meeting to discuss proposed rates |
| May 18 | General Manager attends Lemon Grove City Council meeting to discuss proposed rates |
| May 25 | General Manager attends El Cajon City Council meeting to discuss proposed rates |
| *June 8 | Special Board meeting to consider FY 10-11 preliminary budget |
| *June 16 | Proposition 218 Hearing |
| July 1 | Water used after this date subject to the new rates Water bills mailed July 1-August 31 contain a message stating that water used from this date forward is subject to the newly approved rates |
| *August 4 | Board approves FY 10-11 final budget |
| September 1 | First bills mailed with the rate increase |

Separate from these processes, staff has also been studying the concept of future water budgets for some or all of the District's domestic water customers. Staff plans to return to the Board on March 17, 2010, with a report that details our evaluation and makes a recommendation for Board consideration. Water budgets within a portion of the domestic class will be a 12-15 month project; therefore, staff will not be recommending a change to the rate structure for FY 10-11.

As originally formed, the stated role of the Ad Hoc Committee on Water Rates was to "study future modifications to the District's Water Rate Structure." Staff asks for Board direction as to whether the Ad Hoc Committee will continue in that role. If so, staff would meet with the Ad Hoc Committee before returning to the Board on March 17 with a recommendation for water budgets. However, if the Board decides that the Ad Hoc Committee has served its intended purpose and is no longer necessary, staff will return on March 17 with its initial recommendation. Any further development and refinement of water budgets could be considered at future Board workshops or regularly scheduled Board meetings.