

**BIGHORN DESERT VIEW WATER AGENCY
AGENDA ITEM SUBMITTAL**

Meeting Date: June 25, 2009

To: Board of Directors

From: Marina D. West, PG

General Counsel Approval: N/A
CEQA Compliance: N/A

Subject: Adoption of the Operating Budget for Fiscal Year 2009-2010

SUMMARY

The Operating Budget for Fiscal Year 2009-2010 was presented to the Finance/Public Relations/Personnel Standing Committee on May 13th. After incorporation of comments by the Committee the draft budget was presented to the full Board on May 26th. Attached is the final budget which includes Board comments, decisions and concurrence with staff projected estimates for property tax revenues. Staff is presenting the Operating Budget for approval by the Board prior to the beginning of FY 2009/10.

RECOMMENDATION

That the Board takes the following action:

1. Adopt Resolution 09R-XX fixing and adopting the Agency Operating Budget for the Fiscal Year 2009-2010 for the Bighorn-Desert View Water Agency.

BACKGROUND/ANALYSIS

The Board of Directors as well as the Finance Committee of the Board (FPREP) have reviewed the draft budget. The comments received have been incorporated into the final document and the layout of the budget summary should more clearly reflect surplus revenue sources and therefore restrictions for use of surplus revenues.

The significant issues that will affect revenue in the FY2009/2010 Operating Budget are as follows:

Increases:

- Increase in Basic Monthly Service Charge
- Billing of Inactive status meters
- Replacement of customer water meters

Decreases:

- Property devaluations reducing general property tax revenue
 - Budget assumes a property tax devaluation of 30%.
- Potential suspension of Prop. 1A (2004) reducing or eliminating general property tax revenue
 - Budget assumes a 25% property tax loan to the State of California should Prop. 1A (2004) be suspended.

Staff is presenting a balanced draft FY2009/2010 Operating Budget for Board approval. Surplus revenue projections are very small because of the property devaluations and the potential for a property tax shift to aide the State of California in resolving its budget deficit. However, this position is still optimistic and demonstrates that the Board’s decisions have worked to balance the budget and begin to accumulate unrestricted and restricted cash for much needed system infrastructure improvements in the future.

The projections for revenue surplus in the FY2009/2010 budget are as follows:

CAPITAL IMPROVEMENT/ REPLACEMENT/REFURBISHMENT	
Unrestricted Revenue Available	\$24,677
Restricted Revenue Available	\$32,546
Basic Facilities Charge & Meter Installation	\$10,706

“Unrestricted Revenue Available” results from revenue projections exceeding projected expenses. “Restricted Revenue Available” results from collection of Bighorn Improvement District No. 1 property tax levy and the Desert View Debt surcharge collected on the water bill. These revenues are accounted for separately and can be utilized for infrastructure repair and refurbishment within the respective debt service areas. “Basic Facilities Charge & Meter Installation” revenue will only be realized when new service connections are sold, a portion of these proceeds is the direct cost of meter service installation while the remainder is the Basic Facilities Charge (“buy-in”) which is restricted for new Capital Improvement Projects.

At this time staff is recommending the FY2009/2010 Operating Budget be adopted as drafted. Should the State of California shift more or less than 25% of the general property tax revenue then staff will return to the Board with updated revenue projections.

This budget does not reflect capital, replacement or refurbishment project needs which will be brought to the Finance/Public Relations/Education/Personnel Standing Committee for discussion in July 2009.

PRIOR RELEVANT BOARD ACTION(S)

5/26/09 Board of Directors meeting: Fiscal Year 2009/2010 Budget Review and projections of revenues and expenses.

5/13/09 Finance/Public Relations/Personnel Standing Committee: Status Report on Fiscal Year 2009/2010 Budget.