

DATE: December 16, 2021
TO: Board of Trustees
FROM: Lara Florea
SUBJECT: Proposed 2022 Operating and Capital Additions Budget

Changes have been made to the draft budget presented in November based on a review of all the numbers and after discussions with staff.

In regard to contracted services, the amount was increased based on the contract amount for Sturgeon which goes through August of 2022.

In regard to the new positions, it was determined that hiring a Wastewater/Equipment Operator would fit the needs of the BCRSD better than the originally proposed position of Equipment Operator. The number of weeks those new positions would be paid in 2022 was adjusted to better reflect the approximate time of year they are hired. The draft budget presented in November has been updated to reflect those changes.

Staff has requested a revised 2021 URS from Stephen Connelly, which reflects a less variable approach to user rate increases to go along with the current draft that reflects higher increases in some years and lower or no increase in others. Once received, staff will present the comparisons to the board for review.

At this time our Debt Service Coverage is closer to 104% and does not meet the 110% threshold. However, in the November board meeting the Trustees considered shifting the BCRSD rate increase date to July 1st. This will allow for a reevaluation of the budget when we review the comparisons of the User Rate Studies and determine if a rate increase is required in July to meet the 110% threshold.

Revenues are expected to increase approximately 1.9% due mainly to an increase in the number of customers and an increase in Contracted Services. User rates are not scheduled to increase in January. After reviewing the expenses, there were updates made in the wholesale expense as well as additions to depreciation for 2022. The increase to expenses is approximately 3.4%.