

Memorandum

Date: June 27, 2016

To: Seguin City Council

From: R. Alan Cockerell
SSLGC General Manager

Re: SSLGC FY2016-2017 ANNUAL OPERATIONS BUDGET
SSLGC FY2016-2017 WATER RATES

Resolutions SSLGC R16-09, SSLGC R16-10, and the supporting documents are attached. They represent the Schertz/Seguin Local Government Corporation's (SSLGC's) FY2016-2017 budget and water rates.

The FY2016-2017 O&M budget is lower than the FY2015-2016 O&M budget. This is due in large part to a reduction in the water leases, as SSLGC purchased the Booth Property which was a large water lease payment, and Staff worked diligently to reduce a portion of its operational items. With the decrease in those line items, Staff was able to reduce the FY2016-2017 O&M budget by over \$600,000 from the current fiscal year's budget (\$10,188,508 to \$9,574,754).

There is rate increase included for FY2016-2017 of \$0.05/1,000 gallons. This is a result of the uncertainty of future excess water sales, which have led to significant challenges and reassessments regarding SSLGC's long-term financial forecast. With the impending reduction/loss of excess water sales, additional rate adjustments are recommended beginning October 1, 2016. FY2016-2017 budget reductions and debt schedules have worked to minimize the impact of the phasing out of the excess water sales (*Dan Jackson, Willdan/Economist.com*).

The SSLGC Board unanimously approved this action at their regularly scheduled board meeting on June 23, 2016.

SSLGC Staff requests approval.



R. Alan Cockerell
SSLGC General Manager

cc: File