

## MEMORANDUM

Date: March 20, 2019  
To: Rancho Murieta, Board of Directors  
From: Tom Hennig, Director of Administration  
Subject: FY 2019-20 Budget Update

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Thursday, March 28, 2019, the Board will review and discuss the proposed FY 2019-20 budget. Upon approval, the District office will send Prop 218 notices to all residents of the District. This will be the formal notification of the proposed fees for water, sewer, drainage, solid waste and security services to be provided between July 1, 2019 and June 30, 2020.

The initial draft is typically developed based on anticipated needs. The Proposed budget is presented to the Board of Directors at the March 28, 2019 board budget meeting for discussion, modification and approval. Staff will provide various scenarios for the Board's consideration. Staff will also have the capability of providing changes to the budget as requested during the meeting.

This proposed first stage budget sets the maximum increase in rates and is the basis for the required Proposition 218 notice to property owners of proposed rate increases. The notices are sent on April 1. The public will then have 45 days to provide comments. Between today and May 15, 2019 budget adjustments can be made as necessary, but the resulting rates cannot be higher than those included in the Proposition 218 notice.

### Current FY 2019-20 BUDGET ASSUMPTIONS

#### General Assumptions:

1. PERS Employer Contribution for Classic Members
  - a. An annual flat rate increase of \$39,096
  - b. General retirement contribution increased from 9.409% to 10.221%.
2. PERS Employer Contribution for PEPRA Members
  - a. An annual flat rate increase of \$490
  - b. General retirement contribution increased from 6.842% to 6.985%.
3. The represented staff salary increase for FY19/20 will be 2.75%, and is based on MOU negotiation.
4. Health insurance premium increase estimated to be 5%, which will reflect the January 1, 2020 open enrollment date. The actual increase will be input upon notice in June.
5. GASB45/OPEB Trust contribution for FY 18/19 was \$150,000. The 19/20 rate will be reviewed.
6. Overall Workers Comp and Gen Liability est. increase from \$222,000 to \$300,000.
7. SMUD increase of 2% is estimated.
8. Development projected to increase twenty-six residential, and seven commercial accounts.
9. Vehicle fuel reflects alignment with recent actual cost

#### Administration Assumptions:

1. Overall Unrepresented staff salary increase of \$45,000 budgeted.
2. Solar power savings to be reviewed and budget adjusted.
3. Server and desktop replacements, potential increase in support.
4. We are adding technology to improve District support and operations.
5. Potential opportunity to include a Co-op intern from UP.

#### Water Department Assumptions:

1. Water consumption projected to increase/decrease is currently being analyzed.
2. Residential and commercial growth projected at 33 new connections
3. Includes Operating in Training position
4. May include paid Co-Op Intern position
5. Source of Supply:
  - a. Review potential increase in chemicals.
6. Water Treatment:
  - a. Power cost projection will reflect ongoing savings from impacts of power requirements for new membrane treatment plant; solar power savings.
  - b. Chemical cost projections will reflect savings achieved through purchasing under the Bay Area Chemical Consortium contracts and experience with costs for the new membrane treatment plant.
7. Water Transmission & Distribution:
  - a. Power cost brought in line with previous actuals.
8. Water Administration:
  - a. Information Systems Maintenance increase/decrease due to system interface upgrades.

#### Sewer Department Assumptions projected minimal increase at this time.

1. Residential & commercial growth projected at 33+ new connections
2. Sewer Treatment & Disposal:
  - a. Power cost reflects alignment with recent actual cost, plus solar power savings.
3. Sewer Administration:
  - a. Training/safety reflects alignment with recent actual cost.
  - b. Information Systems Maintenance

#### Drainage Department Assumption:

1. Drainage contribution from property tax allocation to be increased by 2%.
2. Improvements projections will be adjusted for planned growth due to development.

Solid Waste Department Assumptions:

1. CWRS contract cost estimated at 4.77%
2. Sac County Admin Fee estimated to increase from \$1.23 to \$1.25

Security Department Assumptions

1. Security Replacement Contribution from property tax allocation to be increased by 2%
2. Employer costs reflect –
  - a. the addition of potential new retirees
  - b. the potential for a higher or lower cost for medical due to variance in coverage level for new employees (for example, now covering family premium instead of employee only)
3. The potential for additional Information Technology to support Board goals.