



# Rancho Murieta CSD

**2019-2020**

**Budget**

**Workshop**

**Presentation**

**February 27, 2019**



# MEETING OVERVIEW

- General Budget Overview
- General Budget Assumptions
- Payroll Assumptions
- Changes to Financial Reporting
- Notable Items
- New Requests
- Revenue Estimate Process
- Prop 218 Notice
- Next Steps / Schedule



# Budget Drivers & Assumptions

## General Budget Assumptions

- 26 estimated new residential connections
- 7 estimated new Commercial connections
- Budget priorities focused on Board Goals
- Effectively Manage of District Finances
- Enhance Security Service
- Water Permit, Conservation and Capacity Options



## Budget Drivers & Assumptions

### General Budget Assumptions (cont)

- Security Gate access will remain priority.
- Cal PERS rate increases and Workers Comp. adjustments will increase overall rates.
- Staffing salary survey will be conducted to prepare for OE3 MOU negotiations.
- Salary Survey – Early 2020 – Est \$10,000.
- Sacramento County property tax projected at \$695,574. This is an increase \$45,574 over FY2018-2019 Budgeted amount – Final estimate is pending.



## Budget Drivers & Assumptions

### General Budget Assumptions (cont)

- Purchased power from SMUD is budgeted at a 1.0% increase across all funds.
- Capital Replacement Reserve contributions across all funds will be adjusted once the Board determines a comprehensive strategy.
- Information Systems Maintenance and Telephone expenses have been updated across all funds to reflect the District's move to stay current with technology and the Board to improve financial management.



# Budget Drivers & Assumptions

## Payroll Items of Note

- Health insurance rates are budgeted at a 10.0% increase – awaiting.
- OPEB contributions of \$150,000 in 18/19, to be determined for 19/20.
- Negotiations with OE3 wage and salary increases of 2.75% have been factored into the budget.
- Unrepresented salary increase totaling \$45,000 have been factored into the budget.
- PERS Classic & PEPRA Increase, \$40,000 Based on Current Actuarial Valuation Requirements.



## BUDGET SUMMARY – ADMINISTRATION

*Rancho Murieta Community Services District*

### Financial Reporting Changes

- Address Depreciation and Reserve Policies
- Clearly Communicate District Finances
- Detailed Quarterly Reviews
- Improved Rate Justification
- Red/Yellow/Green for Key Performance Accts
- Address Long Term CIP and CRP Projects
- Utilize Systems to Generate Reports



# FINANCIAL REPORTING FORMAT CHANGES

## Current Summary Report Format

Rancho Murieta Community Services District								
Budget Performance Report by FUND								
For the Month Ending December 31, 2018								
	% of Total Rev	Annual Budget	% of Total Rev	YTD Budget	YTD Actuals	% of Total Rev	YTD VARIANCE	
							Amount	%
<b>WATER</b>								
<b>REVENUES</b>								
Water Charges	98.3%	\$2,180,141	98.6%	\$1,247,319	\$1,207,702	97.5%	(\$39,617)	(3.2%)
Interest Earnings	0.2%	4,700	0.1%	1,100	1,127	0.1%	27	2.4%
Other Income	1.5%	33,521	1.3%	16,761	29,377	2.4%	12,617	75.3%
<b>Total Water Revenues</b>	<b>100.0%</b>	<b>2,218,362</b>	<b>100.0%</b>	<b>1,265,180</b>	<b>1,238,206</b>	<b>100.0%</b>	<b>(26,974)</b>	<b>(2.1%)</b>
<b>EXPENSES (excluding depreciation)</b>								
Salaries & Wages	25.8%	572,778	22.0%	278,694	293,054	23.7%	14,360	5.2%
Employer Costs	11.1%	247,005	9.4%	119,190	123,163	9.9%	3,972	3.3%
Capital Project Labor Alloc	0.0%	0	0.0%	0	(155)	0.0%	(155)	0.0%
Power	8.7%	193,401	7.1%	89,650	59,974	4.8%	(29,676)	(33.1%)
Chemicals	4.4%	96,636	4.1%	51,318	50,389	4.1%	(929)	(1.8%)
Chemicals - T&O	0.5%	10,000	0.4%	5,500	2,661	0.2%	(2,839)	(51.6%)
Maintenance/Repairs	10.0%	220,814	8.7%	110,400	75,842	6.1%	(34,558)	(31.3%)
Water Meters/Boxes	1.6%	36,000	1.4%	18,000	10,677	0.9%	(7,323)	(40.7%)
Lab Tests	0.8%	17,000	0.6%	8,000	3,996	0.3%	(4,004)	(50.0%)
Permits	1.3%	28,044	1.1%	14,444	25,803	2.1%	11,359	78.6%
Training/Safety	0.4%	8,100	0.4%	5,100	2,466	0.2%	(2,634)	(51.7%)
Equipment Rental	0.6%	13,800	0.4%	5,400	0	0.0%	(5,400)	(100.0%)
Other Direct Costs	14.8%	327,598	17.5%	221,580	181,460	14.7%	(40,120)	(18.1%)
<b>Operational Expenses</b>	<b>79.8%</b>	<b>1,771,175</b>	<b>73.3%</b>	<b>927,276</b>	<b>829,331</b>	<b>67.0%</b>	<b>(97,945)</b>	<b>(10.6%)</b>
Water Income (Loss)	20.2%	447,187	26.7%	337,904	408,875	33.0%	70,971	21.0%
38.9% Net Admin Alloc	20.8%	461,159	18.7%	236,591	172,709	13.9%	(63,882)	(27.0%)
Reserve Expenditures	0.8%	18,619	0.7%	8,624	8,394	0.7%	(230)	(2.7%)
<b>Total Net Income (Loss)</b>	<b>-1.5%</b>	<b>(32,591)</b>	<b>7.3%</b>	<b>92,689</b>	<b>227,772</b>	<b>18.4%</b>	<b>135,084</b>	<b>145.7%</b>





# FINANCIAL REPORTING FORMAT CHANGES

## New Reporting Format

**RANCHO MURIETA CSD**  
**Summary of All Units**  
**For the Six Months Ending Monday, December 31, 2018**  
**AASG.Budget to Actual Comparison with Forecast Detail**

Description	17-18 Actual	18-19 Budget	18-19 Forecast	19-20 Proposed	19-20 Bud Variance	Percent Variance
Sales Residential	\$4,968,521	\$5,173,430	\$5,138,481	\$5,184,800	\$11,371	0.22%
Sales Commercial	547,729	566,859	573,381	575,844	8,985	1.58%
Availability Charges	660	680	680	680		0.00%
Sales Other	9,171	8,400	8,407	8,400		0.00%
CIA Ditch Service Charges	1,800	1,800	1,800	1,800		0.00%
Property Taxes	648,133	650,000	599,165	695,574	45,574	7.01%
Property Taxes (Reserve Alloc)	(77,220)	(82,000)	(82,002)	(82,000)		0.00%
<b>Total General Income</b>	<b>6,098,794</b>	<b>6,319,169</b>	<b>6,239,911</b>	<b>6,385,098</b>	<b>65,929</b>	<b>1.04%</b>
Interest Income	11,932	7,219	12,400	9,029	1,810	25.07%
Investment Income	102,392		(35,901)	60	60	(100.00%)
Investment Expense	(5,251)		(1,970)			(100.00%)
<b>Total Earnings Income</b>	<b>109,073</b>	<b>7,219</b>	<b>(25,471)</b>	<b>9,089</b>	<b>1,870</b>	<b>25.90%</b>
Security Spec Events Income						(100.00%)
Meter Installation Fee	2,127	1,600	2,000	4,000	2,400	150.00%
Inspection Fees	123,322	1,265	1,392	2,660	1,395	110.28%
Telephone Line Contracts	8,372	6,215	5,968		(6,215)	(100.00%)
Fines/Rule Enforcement	2,400	2,100	2,100	2,100		0.00%
Late Charges	83,653	72,800	72,462	77,400	4,600	6.32%
Title Transfer Fees	15,350	16,200	12,100	16,200		0.00%
Security Gate Bar Code Income	9,661	7,800	8,294	7,800		0.00%
Project Reimbursement	83,569	4,584	16,600	26,184	21,600	471.20%
Gain (Loss) On Sale Of Asset	250					(100.00%)
Misc Income	42,724	12,100	11,695	12,900	800	6.61%
Insurance Proceeds	479			446	446	(100.00%)
<b>Total Other Income</b>	<b>371,907</b>	<b>124,664</b>	<b>132,610</b>	<b>149,690</b>	<b>25,025</b>	<b>20.07%</b>
<b>TOTAL REVENUE</b>	<b>6,579,774</b>	<b>6,451,052</b>	<b>6,347,051</b>	<b>6,543,876</b>	<b>92,824</b>	<b>1.44%</b>
Salaries & Wages	1,990,965	2,386,102	2,144,454	2,448,157	62,055	2.60%
Wages - Contra Account	(620)		(155)	45,000	45,000	(100.00%)
Employer Costs	865,857	660,405	655,816	608,877	(51,528)	(7.80%)
Payroll Taxes	62,000	160,248	142,984	219,750	59,502	37.13%
Other Employer Costs	81,709	166,775	148,689	166,218	(557)	(0.33%)
GASB 68 Pension Adj	233,650					(100.00%)
Pension Expense	127,589	357,243	282,160	444,306	87,063	24.37%
Tuition Reimbursement		2,870	1,435	2,870		0.00%
<b>Total Employee Services</b>	<b>3,361,149</b>	<b>3,733,643</b>	<b>3,375,384</b>	<b>3,935,178</b>	<b>201,535</b>	<b>5.40%</b>
Clerical Services	117,487	15,000	66,330	99,150	84,150	561.00%
Recruitment	10,709	17,840	10,439	9,460	(8,380)	(46.97%)
Travel/Meetings	7,513	16,555	10,513	14,880	(1,675)	(10.12%)



## BUDGET SUMMARY – ADMINISTRATION

*Rancho Murieta Community Services District*

### Items of Note

- Focus on Financial Health.
- Address Reserves.
- Contract/Temporary/Co-Op student, staffing is budgeted \$25,000 for front desk coverage and scanning of historical data into the Electronic Data Management System.
- Legal expenses is budgeted versus \$74,400, no change from FY-2018/19.
- New Initiatives (Director Initiatives) is budgeted at \$35,000 for initiatives that may arise.



## BUDGET SUMMARY – ADMINISTRATION

*Rancho Murieta Community Services District*

### Items of Note (cont)

- Insurance rates are budgeted for a 10% increase due to increased focus by the state, regulatory agencies, and the media on dam safety, drainage, and stormwater/flooding preparedness.
- Property Tax Revenue is budgeted at \$350,574, versus \$315,000 in FY-2018/19, based on County early projections.
- Total Administration Expenses proposed to increase FY-2019/20, predominantly due to technology and upgrades to financials and operations.



## BUDGET SUMMARY – WATER FUND

*Rancho Murieta Community Services District*

### Items of Note

- Est. 26 new residential connections.
- Est. 10 new commercial connections.
- Water consumption projected to increase 2.5% over Fiscal Year 2018-19 budget.
- No increase in non-service revenues.
- Dam inspection costs increased 20% to 63,000.
- Mobile Equip Management System - \$12,350.
- Est. \$75,000 for Water Rights Renewal.



**BUDGET SUMMARY – SEWER FUND**  
*Rancho Murieta Community Services District*

## Items of Note

- 26 new residential connections
- Est. 10 new commercial connections
- Mobile Equip Management System- \$12,350



## BUDGET SUMMARY – SOLID WASTE FUND

*Rancho Murieta Community Services District*

### Items of Note

- Jack Fiori with Cal Waste (CWRS) is estimating between a 3.0% - 3.5% increase in the structured pricing of our solid waste contract for FY-2019-20.
- Staff assumed a 3.5% increase in both the CWRS contract rate and in Sacramento County's landfill surcharge.
- No Household Hazardous Waste event.



## BUDGET SUMMARY – SECURITY FUND

*Rancho Murieta Community Services District*

### Items of Note

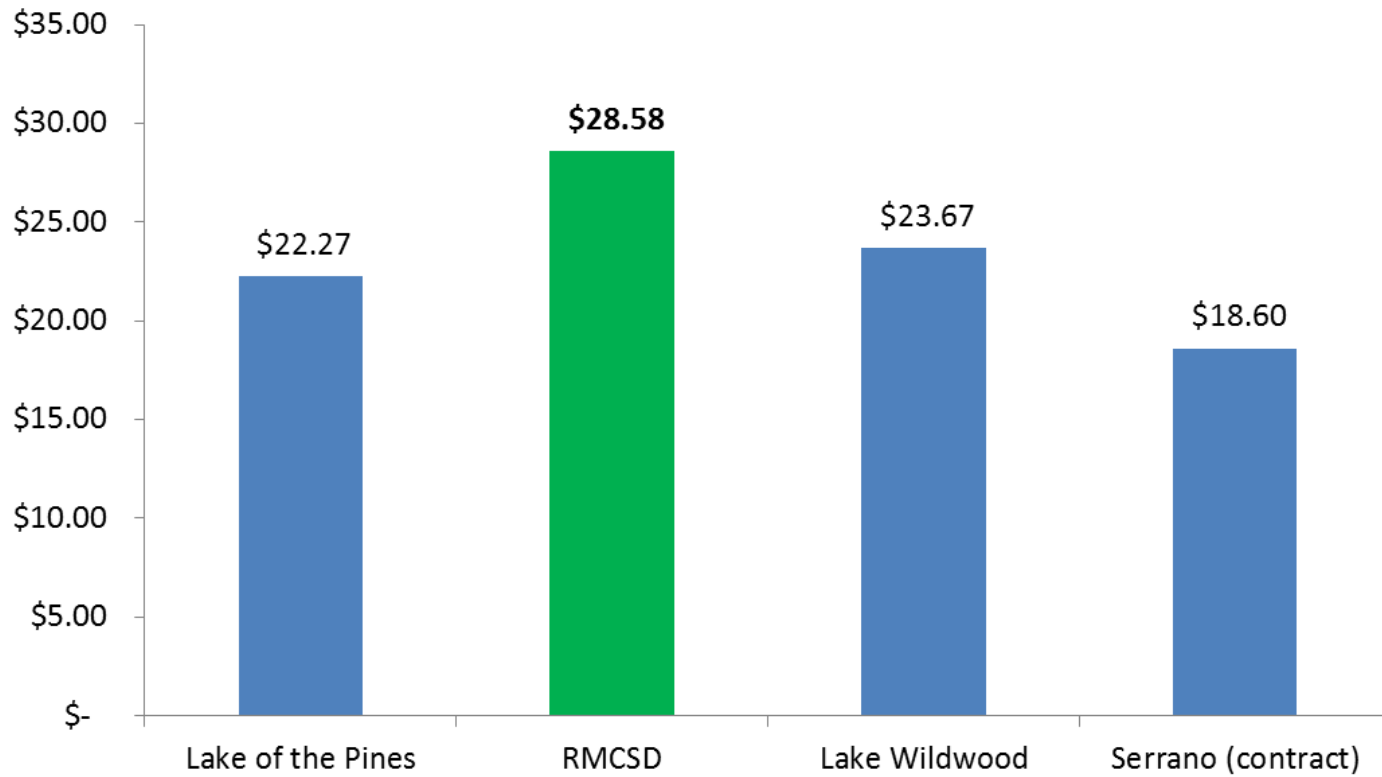
- Security Patrol Wages & Employer Costs are budgeted fully-staffed.
- Security Gate Wages & Employer Costs are budgeted fully-staffed. Currently there is one Gate and one Patrol position vacant.
- Security Information Systems requests, \$10,000 increase, includes upgrades Gate and Patrol management.
- Replacement of two (2) Body Cameras.



# BUDGET SUMMARY – SECURITY FUND

*Rancho Murieta Community Services District*

### 2018 Security Rate Comparison







## RATE SETTING

### *Rancho Murieta Community Services District*

- Review Historical Utility Use.
- Estimate Future Use.
- Evaluate Potential Revenue.
- Compare Revenue to Anticipated Expenses.
- Adjust Expenses and Revenues Based on Staff Recommendations and Board Direction.
- Produce Potential Scenarios for Board Approval
- Issue Prop 218 Notice April 1, 2019.



# PROP 218 NOTICE

## **PROPOSED RATE INCREASE NOTICE OF PUBLIC HEARING**

The Rancho Murieta Community Services District (the "District") will hold a public hearing on May XX, 2019, at no earlier than 6:00 p.m. during their regular board meeting at the District Administration Building located at 15160 Jackson Road in Rancho Murieta on proposed increases to District rates for water, wastewater (sewer), and solid waste collection services, and special taxes for drainage and security services. You are receiving this notification in compliance with Proposition 218's requirement that all impacted rate payers receive written notice of proposed rate changes 45 days prior to a public hearing.



## NEXT STEPS / SCHEDULE

- March 12, 2019 Finance Meeting - review & update as needed
- March 20, 2019 Board Meeting - Present Proposed Draft Budget
- March 26, 2019 Budget Meeting – Provide updates
- April 1, 2019 Mail rate increase notice – Max Budget Details
- April 9, 2019 Budget Meeting – Draft CIP documents
- April 17, 2019 Board Meeting - Budget Q&A if needed
- April 23, 2019 Budget Meeting - Input for “final”
- May 7, 2019 Budget Meeting - Input for “final” draft
- May 15, 2019 Board Meeting - Budget presentation
- May 21, 2019 Budget Meeting - Input for “final” as needed
- June 11, 2019 Budget Meeting - input for “final” As needed)
- June 15, 2019 Board Meeting - Budget Approval



# QUESTIONS & ANSWERS