

RANCHO MURIETA COMMUNITY SERVICES DISTRICT
SPECIAL BOARD MEETING
April 1, 2021 – 2:00 p.m.



1. CALL TO ORDER/ROLL CALL

President Tim Maybee called the Special Board Meeting of the Board of Directors of Rancho Murieta Community Services District to order at 2:00 p.m. via ZOOM video conference pursuant to Governor Newsom Executive Order N-29-20 related to COVID-19. Director's present were Tim Maybee, Randy Jenco, Linda Butler, John Merchant and Martin Pohll. Also present were Tom Hennig, General Manager; Paula O'Keefe, Director of Administration; Tina Talamantes, Interim Security Supervisor; Michelle Ammond, Interim Controller and Amelia Wilder, District Secretary. Absent: Paul Siebensohn, Director of Field Operations.

2. ADOPT AGENDA

Motion/Maybee to adopt the agenda. Second/Merchant. Ayes: Maybee, Jenco, Merchant, Butler, Pohll. Noes: None. Absent: None. Abstain: None.

3. COMMENTS FROM THE PUBLIC

No comments.

4. REVIEW FISCAL YEAR 2021-2022 DRAFT BUDGET

Under agenda item 4A, Tom Hennig, General Manager, began the presentation with a reminder that we are required to Notice all ratepayers 45 days before the first reading of the budget. A letter will be mailed to property owners tomorrow.

Director Maybee pointed out for ratepayers to comment or protest the rate change; the District must receive written notice, either mailed or hand-delivered to the District Office. We cannot count electronic communication per the laws governing Prop 218.

Mr. Hennig reviewed the schedule. We will review the budget at the April 6 and May 4 Finance Committee meetings. On May 19, we will present the first reading Resolution to approve the budget at the regular Board meeting. If there is a need, we can have additional budget meetings before the June 16 Board meeting and final reading of the Budget Resolution; on July 1, the rate increases go into effect. He continued with a review of the Reserve Study that is underway, stating that the number one priority of the Board is to fund reserves adequately. He continued his detailed discussion with the Board concerning the Fiscal Year 2021/22 Budget, discussing the proposed sample increases below:

Average Monthly Customer Bill							
Residential Metered Lot				Current Monthly Rates	Proposed Monthly Rates	\$	%
				July 1, 2020	July 1, 2021	Change	Change
Water		<i>Average Usage in CF</i>		1,426	1,426		
	Residential Base (excluding reserves)			\$37.97	\$38.73	\$0.76	2.0%
	Reserve Contribution			7.75	14.00	6.25	80.6%
	Total Residential Base			\$45.72	\$52.73	\$7.01	15.3%
old rate	Water Usage	\$0.0191 per cubic foot		27.24			
new rate	Water Usage	\$0.0230 per cubic foot			32.80	5.56	20.4%
Total Water				\$72.96	\$85.53	\$12.57	17.2%
WTP Debt Service Charge (interfund borrowing)				6.00	6.00	-	0.0%
Sewer							
	Residential Base (excluding reserves)			42.77	49.01	6.24	14.6%
	Reserve Contribution			6.76	14.00	7.24	107.1%
	Total Residential Base			49.53	\$63.01	\$13.48	27.2%
Solid Waste (avg. 64 Gallon Container)				22.81	27.82	5.01	22.0%
Security Tax (Maximum Tax Ceiling \$30.93)				30.32	30.93	0.61	2.0%
Drainage Tax (Maximum Tax Ceiling \$5.43)				5.32	5.43	0.11	2.0%
Total RMCSD Bill				\$186.94	\$218.72	\$31.78	17.00%

Average Monthly Customer Bill							
Murieta Village & Murieta Gardens II				Current Monthly Rates	Proposed Monthly Rates	\$	%
				July 1, 2020	July 1, 2021	Change	Change
Water		<i>Average Usage in CF</i>		418	418		
	Residential Base			\$37.97	\$38.73	\$0.76	2.0%
	Reserve Contribution			7.75	14.00	6.25	80.6%
	Total Residential Base			\$45.72	\$52.73	\$7.01	15.3%
old rate	Water Usage	\$0.0191 per cubic foot		7.98			
new rate	Water Usage	\$0.0230 per cubic foot			9.61	1.63	20.4%
Total Water				\$53.70	\$62.34	\$8.64	16.1%
*WTP Debt Service Charge (interfund borrowing)				6.00	6.00	-	0.0%
Sewer							
	Residential Base (excluding reserves)			42.77	49.01	6.24	14.6%
	Reserve Contribution			6.76	14.00	7.24	107.1%
	Total Residential Base			\$ 49.53	\$ 63.01	\$ 13.48	27.2%
Solid Waste (avg. 38 Gallon Container)				19.73	23.40	3.67	18.6%
Security Tax (Maximum Tax Ceiling \$7.46)				7.31	7.46	0.15	2.0%
Drainage Tax (Maximum Tax Ceiling \$3.63)				3.56	3.63	0.07	2.0%
Total RMCSD Bill				\$ 139.83	\$ 165.84	\$ 26.01	18.60%
Vacant or Unmetered Lot							
Security Tax (Maximum Tax Ceiling \$23.79)				\$23.79	\$24.27		2.0%
**	Water Standby	\$10.00 PER YEAR		\$0.83	\$0.83		0.0%
**	Sewer Standby	\$10.00 PER YEAR		\$0.83	\$0.83		0.0%
Drainage Tax (Maximum Tax Ceiling \$5.43)				\$5.22	\$5.32		2.0%
				\$30.67	\$31.25		
% Change over prior year							1.89%
* This fee is not billed for the Murieta Gardens II properties due to not being part of the debt service customer base.							
** This fee is billed annually at \$10.00 and is shown as a monthly rate for comparison purposes only.							

Director Maybee reminded the audience that last year, the Board decided due to COVID-19 not to raise the bill, and this year's bill reflects that.

Mr. Hennig also stated that he would like to move retained revenues into a reserve account.

Director Jenco noted the value of our infrastructure is \$40 million. He asked, "What is the total reserve, and how much will the total reserve contribution be in one year?"

Mr. Hennig answered, "Currently, we have \$6.2 million in reserves, and we will have \$794,000 more annually with this increase."

Director Merchant was glad to hear that we are focusing on the reserves and would like to see if there is a way to lock in the need to have funds so that the amount dedicated to these accounts won't fluctuate with the changing Boards in the future.

Director Pohll asked if the retained revenues will be moved into reserve accounts.

Mr. Hennig said that is his intention.

Resident Richard Gehrs asked how the numbers were decided.

Mr. Hennig responded that the main drivers are fixed expenditures like salaries, maintaining and delivering water and wastewater, the contract with trash, maintaining pipes and pumps. Every year we need to purchase consulting services. Last year we had one of the smallest rate increases we've had in years, which adds to this being one of the largest increases.

Director Merchant added that he has a projection based on average bills, and the rates are not increased on a level scale. He would like to see this leveled out. He continued by stating that the County waste costs are higher than what we are paying.

Director Maybee continued by noting the Board decided not to fill a vacant position, leaving the General Manager many responsibilities, and he does not foresee information coming out with so little notice in the future. He also noted that, based on the Prop 218 requirements, we could not raise the rates any higher than what we are presenting today. We can lower them but not raise them. He asked that questions be directed to the General Manager.

Gail Bullen asked if this budget supplemented Security with property taxes; if so, by how much?

Mr. Hennig replied that in FY 2020-21 we supplemented Drainage by \$62,000; for FY 2021-22, we have \$82,000 set aside from property taxes. In FY 2020-21, we supplemented Security by \$464,000; for FY 2021-22, we have \$452,000 set aside from property taxes.

Agenda Item 4B Motion/Maybee to authorizing staff to mail out the Proposition 218 Notice of Proposed Service Charge Increase & Special Tax Adjustments. Second/Merchant. Ayes: Maybee, Jenco, Merchant, Butler, Pohll. Noes: None. Absent: None. Abstain: None.

Under Agenda Item 4C, Director Maybee noted that the Budget Hearing would be an agenda item on the May 19, 2021, regular Board meeting.

5. DIRECTOR COMMENTS AND SUGGESTIONS

Director Merchant would like to understand for the next Finance Committee meeting the risks of the potential of conservation needs if we are mandated a 30% decrease. He would like to get a cash flow analysis of operating cash to see the amount of retained earnings so we can get an idea of what we could expect to put into reserves. Director Jenco agrees that we need to have a better picture of what we can put into reserves and that it may not be possible to fund reserves if we continue to fund Security.

Director Butler agreed that going to the County for waste collection is not our best option.

Director Maybee said that we could adopt a policy that says we will have funds in Reserves at a certain level in a specified number of years. He concluded by stating Staff does a great job.

6. ADJOURNMENT

Motion/Maybee to adjourn at 3:04 p.m. Second/Butler. Ayes: Maybee, Jenco, Butler, Merchant, Pohll. Noes: None. Absent: None. Abstain: None.

Respectfully submitted,



Amelia Wilder
District Secretary