



Rancho Murieta CSD

Review of
2017 – 2018 Budget
And
Capital Improvement Projects



Order of Discussion

➤ Review of 2017 – 2018 Budget

- Budget Process
- Sample Bill
- Budget Drivers & Assumptions
- Proposed Rates
- Rates – Fixed versus Variable
- Average Monthly Bill by Service



Order of Discussion

- Rate Comparison
- Capital Improvement Projects
 - Capital Improvement Projects List
- Reserves Summary
- Q&A



Budget Process

- ❖ A budget workshop was held on March 2, 2017 to discuss preliminary budget assumptions and gather input from the public and District Directors.
- ❖ Following the budget workshop, the first draft budget was developed and presented to the board in March, identified as the “Worst Case”, and was used as the basis for the required Proposition 218 Notice of Rate Increase and Public Hearing; the Notice must be provided to property owners no less than 45 days prior to the public hearing.



Budget Process

- ❖ During the interim period between April 1st and the June Board meeting, staff continues to monitor potential areas of cost savings in an effort to minimize the potential rate increase while still providing the quality of service expected by the residents of Rancho Murieta.



Budget Process

- ❖ A Public Hearing is conducted where the public is invited to address the Board regarding budget ideas, questions or concerns on the draft 2017 - 2018 Budget.
- ❖ The final budget and associated rates, which can be lower but not higher than the rates identified in the Proposition 218 notice, are presented to the Board for approval and adoption at the June Board meeting for a July 1st effective date.



SAMPLE BILL

Rancho Murieta Community Services District

Average Monthly Customer Bill

Residential Metered Lot

			Current	Proposed Monthly		
			Monthly Rates	Rates	\$	%
			July 1, 2016	July 1, 2017	Change	Change
Water	Average Usage in CF		1426	1426		
	Residential Base (excluding reserves)		\$ 33.90	\$ 32.79	(1.11)	-3.3%
	Reserve Contribution		\$ 6.39	\$ 7.75	1.36	21.3%
	Total Residential Base		\$ 40.29	\$ 40.54	0.25	0.6%
old rate	Water Usage	\$.0165 per cubic foot	23.53			
new rate	Water Usage	\$.0166 per cubic foot		23.67	0.14	0.6%
	Total Water		\$ 63.82	\$ 64.21	0.39	0.6%
	WTP Debt Service Charge (interfund borrowing)		\$ 6.00	\$ 6.00	-	0.0%
	Sewer					
	Residential Base (excluding reserves)		\$ 39.34	\$ 39.19	(0.15)	-0.4%
	Reserve Contribution		\$ 6.31	\$ 6.76	0.45	7.1%
	Total Residential Base		\$ 45.65	\$ 45.95	0.30	0.7%
	Solid Waste (avg. 64 Gallon Container)		\$ 20.79	\$ 21.01	0.22	1.1%
	Security Tax (Maximum Tax Ceiling \$28.58)		\$ 27.47	\$ 28.58	1.11	4.0%
	Drainage Tax (Maximum Tax Ceiling \$5.02)		\$ 4.82	\$ 5.02	0.20	4.1%
			\$ 168.55	\$ 170.77	\$ 2.22	
% Change over prior year					1.32%	



SAMPLE BILL

Rancho Murieta Community Services District

Murieta Village Lot

Water		Average Usage in CF	418	418		
	Residential Base		\$ 33.90	\$ 32.79	(1.11)	-3.3%
	Reserve Contribution		\$ 6.39	\$ 7.75	1.36	21.3%
	Total Residential Base		\$ 40.29	\$ 40.54	0.25	0.6%
old rate	Water Usage	\$.0165 per cubic foot	\$ 6.90			
new rate	Water Usage	\$.0166 per cubic foot		\$ 6.94	0.04	0.6%
	Total Water		\$ 47.19	\$ 47.48	0.29	0.6%
	WTP Debt Service Charge (interfund borrowing)		\$ 6.00	\$ 6.00	-	0.0%
	Sewer					
	Residential Base (excluding reserves)		\$ 39.34	\$ 39.19	(0.15)	-0.4%
	Reserve Contribution		\$ 6.31	\$ 6.76	0.45	7.1%
	Total Residential Base		\$ 45.65	\$ 45.95	0.30	0.7%
	Solid Waste (avg. 64 Gallon Container)		\$ 20.79	\$ 21.01	0.22	1.1%
	Security Tax (Maximum Tax Ceiling \$6.89)		\$ 6.62	\$ 6.89	0.27	4.1%
	Drainage Tax (Maximum Tax Ceiling \$3.35)		\$ 3.22	\$ 3.35	0.13	4.0%
			\$ 129.47	\$ 130.68	\$ 1.21	
% Change over prior year						0.93%



Budget Drivers & Assumptions

Revenues

- 20 new residential connections
- Water consumption projected to increase 5% over calendar year 2016 demands
- Sacramento County property tax projected to increase \$21,000
- Security Reserves are funded by transfer of \$65,000 of Sacramento County property tax revenues (results in net of \$45,680 for Security Reserves and repayment of inter-fund borrowing)



Budget Drivers & Assumptions

Revenues

- Drainage Reserves are funded by transfer of \$35,580 of Sacramento County property tax revenues (results in net of \$31,540 for Drainage Reserves)
- Proposed rate increase of approximately 1.32% on the average residential monthly bill



Budget Drivers & Assumptions

Expenses

❖ Wages and Employer Costs

- Estimated 2% wage increase for represented employees
- 3.5% Pay for Performance pool (unrepresented)
- Classic PERS Members – Hired before 1/1/13
 - 2% at 55 Plan
 - 8.921% plus \$11,978/mo PERS Employer flat Contribution Rate



Budget Drivers & Assumptions

Expenses

❖ Wages and Employer Costs

- New PERS Members – Hired after 1/1/13
 - 2% at 62 Plan
 - 6.533% PERS Employer Contribution Rate (essentially no change)
- No change in funding level of Other Post Employment Benefits Annual Required Contribution (OPEB ARC)
- Projected 7% increase in medical premium – Jan. 2018
- Staffing reflects new retirees and new hires



Budget Drivers & Assumptions

Expenses

- 2.5% increase in SMUD rates
- 15% reduction in power cost for WWTP and WTP related to Solar Power arrays
- Chemical cost reduction of \$34k related to WTP and purchase under BACC contracts
- IT maintenance and support added for Zenon and TESCO WTP systems support (\$22k)
- Fiber connection at WTP to replace slow performing DSL and hot spot service



Budget Drivers & Assumptions

Expenses

- Mobile MMS web-based system for Field Ops
- Includes \$4,000 additional for Midge Fly chemical; bringing total budget to \$7,500 for Bactimos
- Digital Audio recording software - \$5k
- Liability insurance premium increase estimated at 3%
- Solid waste contract cost and Sacramento County Admin fee estimated to increase 1% and 2%, respectively



Budget Drivers & Assumptions

Approved Positions by Department

	2013-14	2014-15	2015-16	2016-17	2017-18
Administration	6.0	6.0	6.0	6.0	6.0
Water/Sewer/Drainage	12.5	12.5	12.5	13.5	13.5
Security	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>
Total	35.5	35.5	35.5	36.5	36.5



Proposed Rate Increase

Residential metered lot	Current Rate 2016-17	Proposed Rate 2017-18	Percent Increase
Security	\$27.47	\$28.58	4.0%
Water			
Base Charge	\$40.29	\$40.54	0.6%
Consumption/cubic foot	\$.0165	\$.0166	0.6%
WTP Debt Service Charge	\$6.00	\$6.00	
Sewer	\$45.65	\$45.95	0.7%
Drainage	\$4.82	\$5.02	4.1%
Solid Waste			
64 gallon container	\$20.79	\$21.01	1.1%



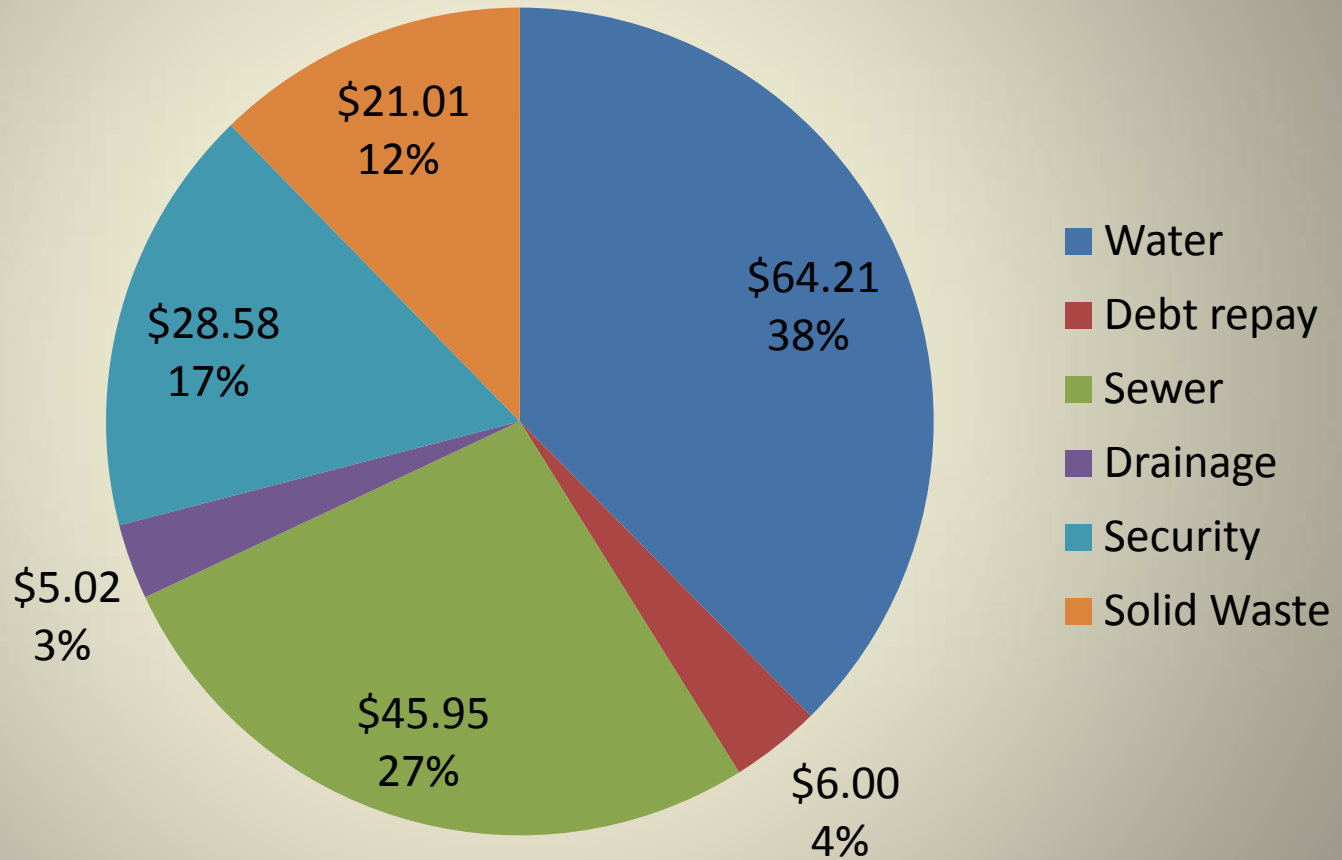
Water Rates

A look at fixed versus variable ratio

	Revenue		Expenditures		
Fixed	\$1,076,842	53.4%	Fixed Expenditures	\$1,120,663	55.6%
			Trans & Dist	\$ 493,000	
			General	\$ 468,530	
			Admin Allocation	\$ 159,133	
Variable	\$ 938,098	46.6%	Variable Expenditure	\$ 894,277	44.4%
			Source of Supply	\$ 172,480	
			Treatment	\$ 594,720	
			Admin Allocation	\$ 127,077	
Total	\$2,014,940			\$2,014,940	



Average Residential Monthly Bill - \$170.77 By Service





Rate Comparisons

- Security
- Water
- Sewer
- Drainage
- Solid Waste



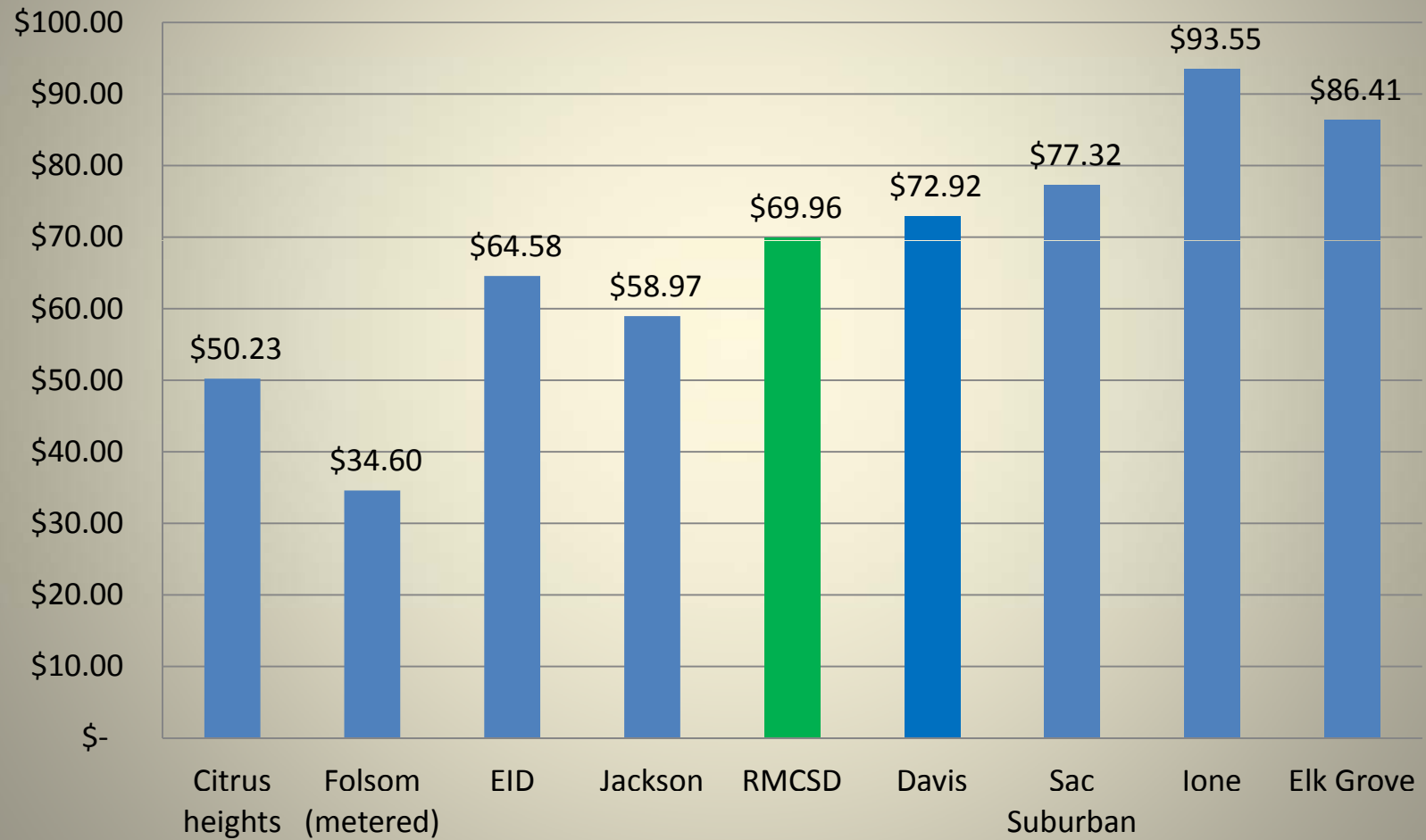
Security Rate Comparison, July 2017 Residential – behind the gates





Water Rate Comparison, July 2017

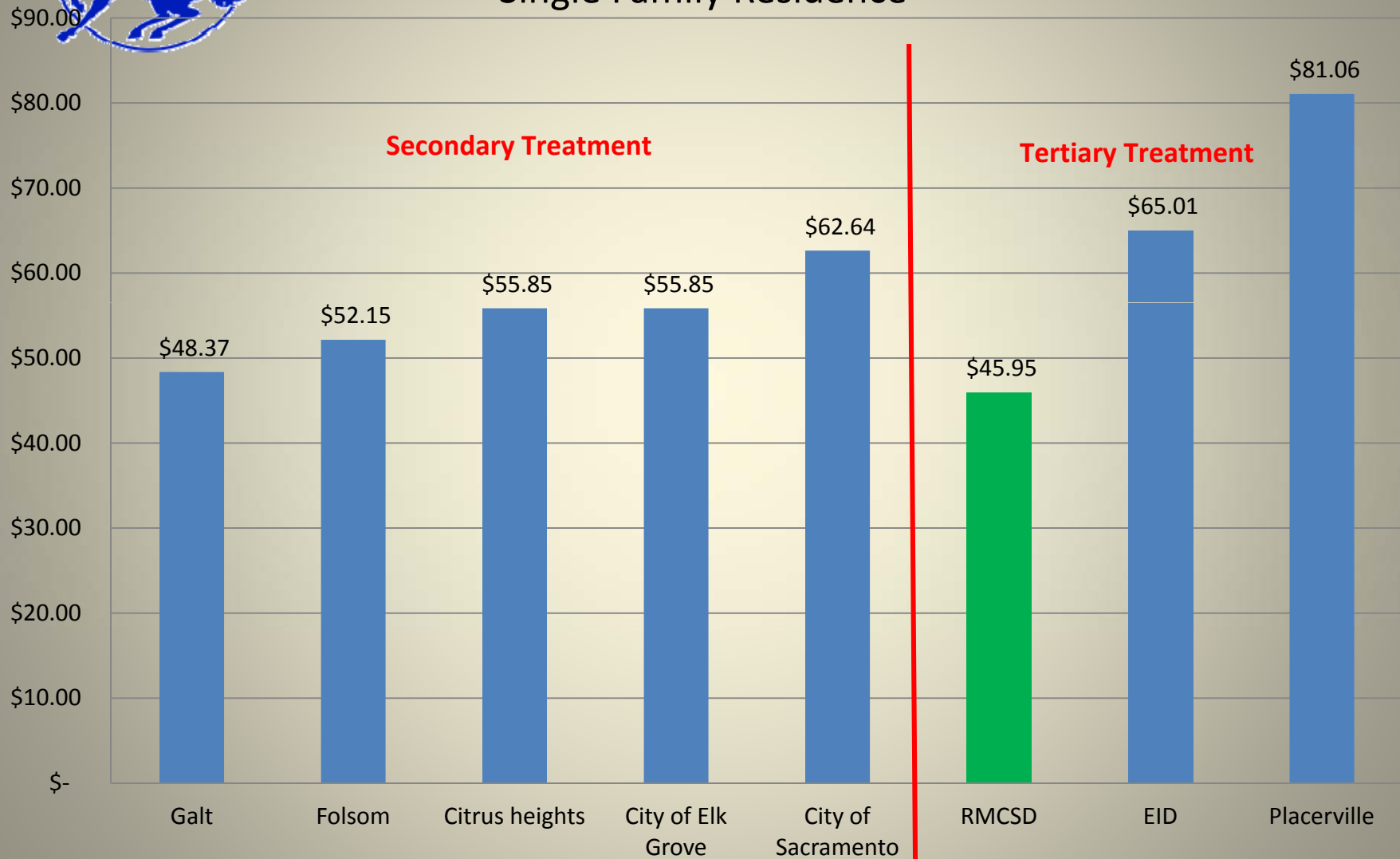
1,426 cf usage, Single Family Residence





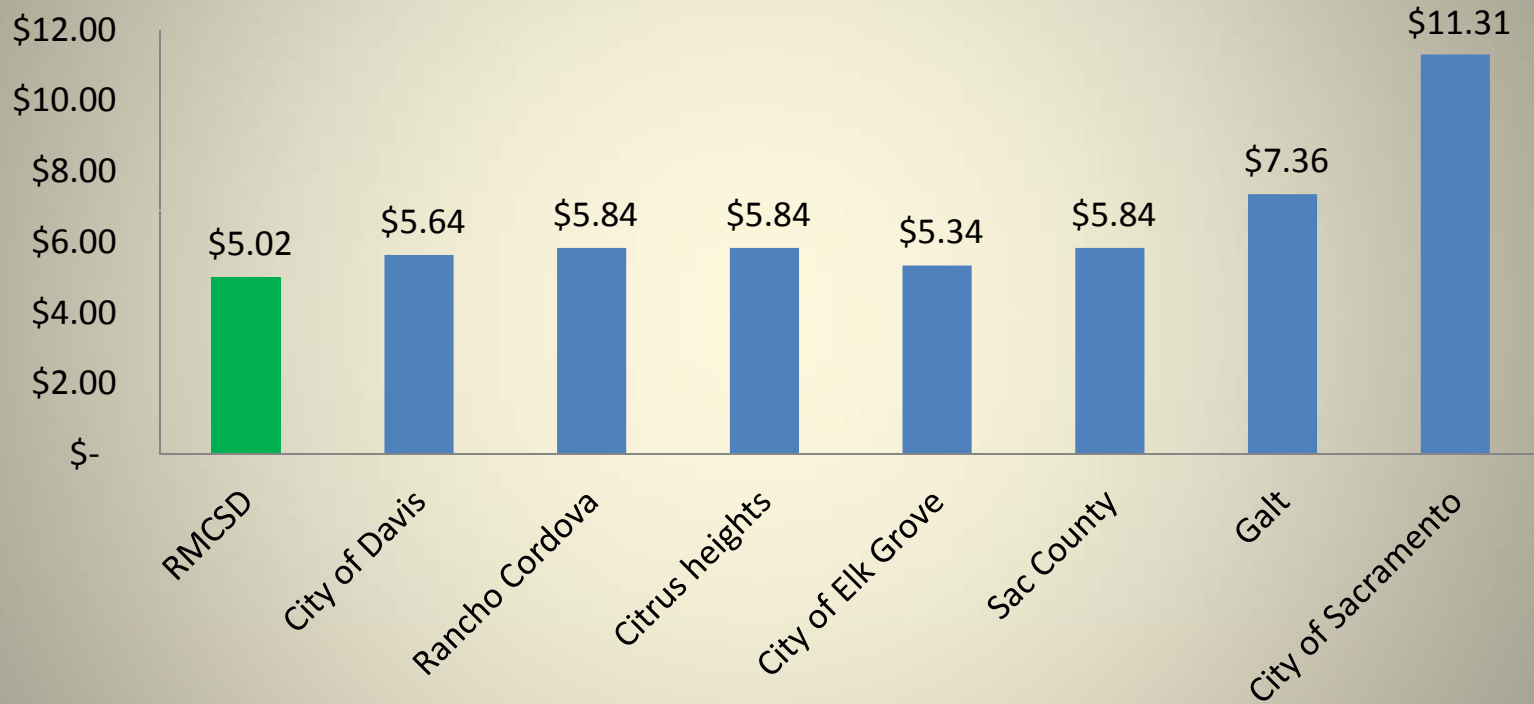
Sewer Rate Comparison, July 2017

Single Family Residence





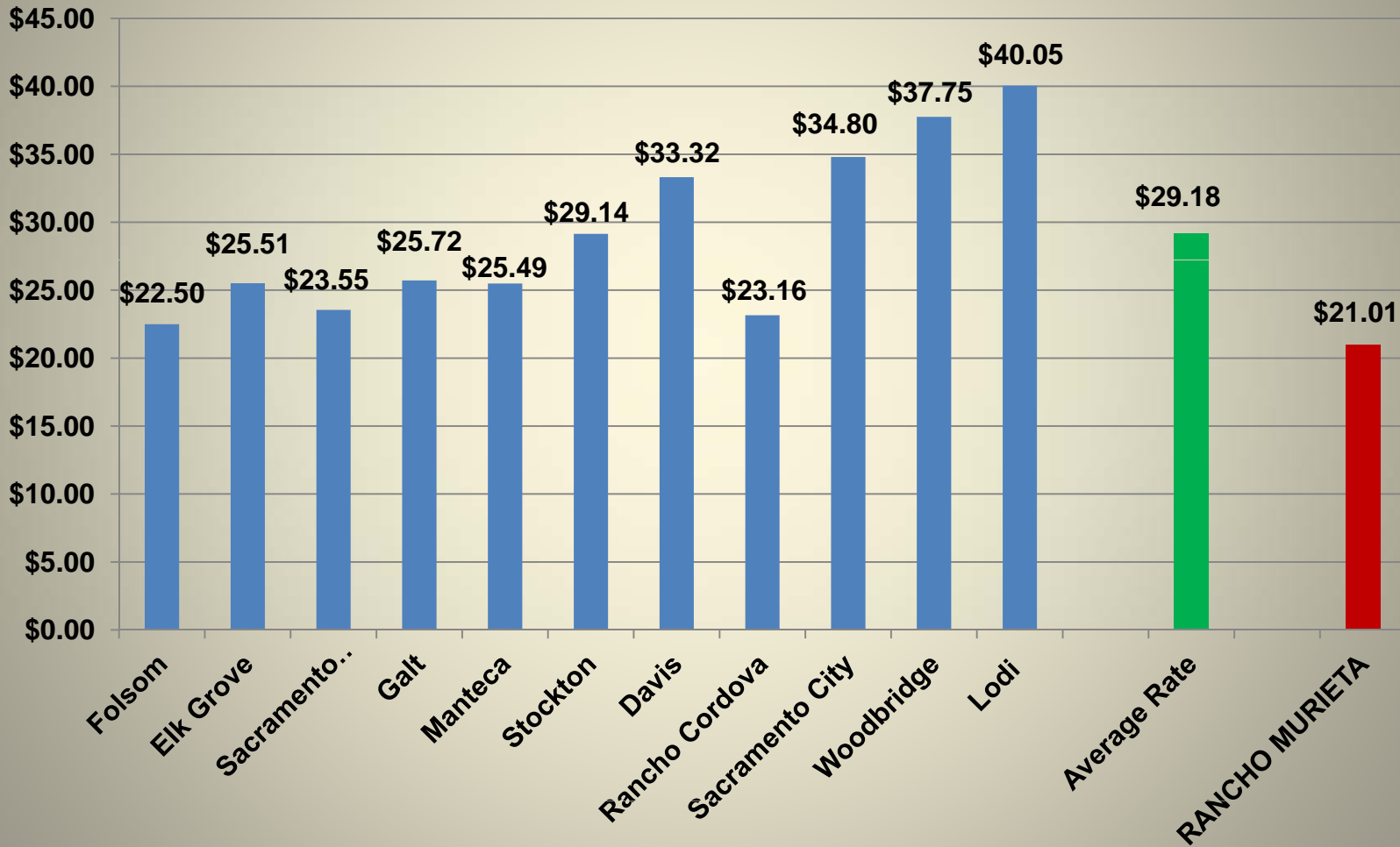
Drainage Rate Comparison, July 2017





Solid Waste Rate Comparison 2017

64 Gallon Container





CAPITAL IMPROVEMENT PROJECTS 2017 - 2018



2017-2018 Capital Improvement Projects List

• Water/Sewer		
– Previously approved projects		\$ 761,000
• Security		
– Previously approved projects	\$ 107,000	
– Two new projects	<u>\$ 38,000</u>	
• Two – Way Radio Replacement - \$12k		
• Patrol Vehicle Purchase - \$26k		
– Total Security projects		\$ 145,000
• Administration		
– Previously approved projects		<u>\$ 65,000</u>
Total Approved CIP Budget		\$ 971,000



RESERVES SUMMARY 2017 - 2018



Summary of Reserve Rates

	Proposed Reserve Contribution	Recommended Annual Reserve Contribution	Annual Funding Level
Water	\$7.75 (monthly rate)	\$360,000	72.0%
Sewer	\$6.76 (monthly rate)	\$569,400	39.7%
Drainage	\$31,540 (annual sum)	\$120,000	26.3%
Security	\$45,680(annual sum)	\$45,600	100.0%



Reserves Summary

	Beg Balance July 1, 2016	Collections & Interest thru 4/30/17	Expenditures thru 4/30/17	Ending Balance 4/30/17	Projected Collection FY 2017-18
Water Capital Replacement	\$826,443	\$267,768	(\$0)	\$1,094,211	\$262,877
Sewer Capital Replacement	\$1,915,904	\$539,285	(\$38)	\$2,455,151	\$227,125
Drainage Capital Replacement	\$71,601	\$7,076	(\$0)	\$78,677	\$31,540
Security Capital Replacement	\$20,602	\$36,526	(\$19,713)	\$37,415	\$22,840
Admin Capital Replacement	\$57,174	\$0	(\$0)	\$57,174	\$0
Sewer Capital Improvement Connection	\$4,045	\$22	(\$0)	\$4,067	\$22,420
Capital Improvement	\$331,445	\$30,775	(\$0)	\$362,220	\$22,420
Water Supply Augmentation	\$1,758,673	\$65,730	(\$129,812)	\$1,694,591	\$101,080
Security Impact Fee	\$13,214	\$22,077	(\$0)	\$35,291	\$21,750
WTP Construction Fund	(\$281,547)	\$156,153	(\$534,958)	(\$669,352)	\$0
Total Reserves	\$4,787,924	\$1,189,643	(\$708,894)	\$5,268,673	\$712,052



Inter-Fund Borrowing

<i>Inter-fund Borrowing</i>	<i>Fiscal Yr Beg Balance July 1, 2016</i>	<i>YTD Interest</i>	<i>YTD Repayment</i>	<i>Period End Balance April 30, 2017</i>
Sewer Loan to WTP Construction Fund (Original Principal of \$1,500,000) August 2025 – estimated paid in full	1,277,709	7,243	(124,358)	1,160,594
WSA Loan to WTP Construction Fund (Original Principal of \$500,000) August 2025 – estimated paid in full	425,903	2,414	(41,453)	386,864
N. Gate Security Loan from Drainage Fund (Original Principal of \$108,875) March 2020 – estimated paid in full	86,039	456	(19,486)	67,009
<i>Total Inter-fund Borrowing</i>	1,789,651	10,113	(185,297)	1,614,467



QUESTIONS & ANSWERS