



# Rancho Murieta CSD

Review of  
2016 – 2017 Budget  
And  
Capital Improvement Projects



# Order of Discussion

- Review of 2016 – 2017 Budget
  - Budget Process
  - Sample Bill
  - Budget Drivers & Assumptions
  - Budget Efficiencies & Savings
  - 2016 – 2017 Budget Summary
- Reserves
- Capital Improvement Projects
  - Capital Improvement Projects List
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# Order of Discussion

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  - Budget Drivers & Assumptions
  - Budget Efficiencies & Savings
  - 2016 – 2017 Budget Summary



# Budget Process

- ❖ A budget workshop was held on March 24, 2016 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 1<sup>st</sup> 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

- ❖ 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 1<sup>st</sup> effective date.
- ❖ Tonight, a Public Hearing will be conducted where the public is invited to address the Board regarding budget ideas, questions or concerns.



# SAMPLE BILL

## Rancho Murieta Community Services District



Current

### Residential Metered Lot

		Monthly Rates July 1, 2015	Proposed Monthly Rates July 1, 2016	\$ Change	% Change
<b>Water</b>	Average Usage in CF				
	Residential Base	\$ 39.83	\$ 40.29		
old rate	Water Usage \$ .0163 per cubic foot	27.71			
new rate	Water Usage \$ .0165 per cubic foot		28.05		
<b>Total Water</b>		\$ 67.54	\$ 68.34	0.80	1.2%
<b>WTP Debt Service Charge (interfund borrowing)</b>		6.00	6.00	-	0.0%
<b>Sewer</b>		46.53	45.65	(0.88)	-1.9%
<b>Solid Waste ( avg. 64 Gallon Container)</b>	20.79		20.79	-	0.0%
<b>Security Tax (Maximum Tax Ceiling \$28.02)</b>		27.47	27.47	-	0.0%
<b>Drainage Tax (Maximum Tax Ceiling \$4.92)</b>		4.82	4.82	-	0.0%
		<b>\$ 173.15</b>	<b>\$ 173.07</b>	<b>\$ (0.08)</b>	
% Change over prior year				<b>-0.05%</b>	

### Murieta Village Lot

<b>Water</b>	Average Usage in CF				
	Residential Base	\$ 39.83	\$ 40.29		
old rate	Water Usage \$ .0163 per cubic foot	7.69			
new rate	Water Usage \$ .0165 per cubic foot		7.79		
<b>Total Water</b>		\$ 47.52	\$ 48.08	0.56	1.2%
<b>WTP Debt Service Charge (interfund borrowing)</b>		6.00	6.00	-	0.0%
<b>Sewer</b>		46.53	45.65	(0.88)	-1.9%
<b>Solid Waste ( avg. 64 Gallon Container)</b>	20.79		20.79	-	0.0%
<b>Security Tax (Maximum Tax Ceiling \$6.75)</b>		6.62	6.62	-	0.0%
<b>Drainage Tax (Maximum Tax Ceiling \$3.28)</b>		3.22	3.22	-	0.0%
		<b>\$ 130.68</b>	<b>\$ 130.36</b>	<b>\$ (0.32)</b>	
% Change over prior year				<b>-0.24%</b>	





# Budget Drivers & Assumptions

## Revenues

- 6 new residential connections
- Water consumption projected at 75% of 2013 usage
- Sacramento County property tax projected to increase \$49,000
- 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)
- Proposed rate increase for Water
- Proposed rate **reduction** for Sewer





# Budget Drivers & Assumptions

## Expenses

### ❖ Employer Costs

- 0% Employer Paid Member Contribution (EPMC) in January 2017 (currently at 1%)
- 3% wage increase in 2016 - 2017 (net 2% increase)
- Classic PERS Members – Hired before 1/1/13
  - 2% at 55 Plan
  - 8.88% plus \$2,985/mo PERS Employer Contribution Rate (effectively a 7.3% increase)



# Budget Drivers & Assumptions

## Expenses

### ❖ Employer Costs

- New PERS Members – Hired after 1/1/13
  - 2% at 62 Plan
  - 6.55% PERS Employer Contribution Rate (effectively a 5% increase)
  - Employee Member Contribution Rate 6.25%
- Fully funding estimated Other Post Employment Benefits Annual Required Contribution (OPEB ARC)
- Projected 7% increase in medical premium – Jan. 2017



## Budget Drivers & Assumptions

### Expenses

- 2.5% increase in SMUD rates
- Reduction in power cost of approximately \$60k for WWTP and WTP related to Solar Power arrays
- Vehicle Fuel reduced due to lower prices per gallon
- Federal and State Gasoline Tax refunds included
- Reduction in Equipment Rental of approximately \$22k due to purchase of Backhoe
- Other budget line items evaluated for increase or decrease based on projected need and/or supplier rate adjustment



# Budget Drivers & Assumptions

## Approved Positions by Department

	2012-13	2013-14	2014-15	2015-16	2016-17
Administration	6.0	6.0	6.0	6.0	6.0
Water/Sewer/Drainage	12.5	12.5	12.5	12.5	12.5
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	35.5	35.5



# Proposed Rate Increase

Residential metered lot	Current Rate 2015-2016	Proposed Rate 2016-2017	Percent Increase
<b>Security</b>	\$27.47	\$27.47	0.0%
<b>Water</b>			
Base Charge	\$39.83	\$40.29	1.2%
Consumption/cubic foot	\$.0163	\$.0165	1.2%
WTP Debt Service Charge	\$6.00	\$6.00	
<b>Sewer</b>	\$46.53	\$45.65	(1.9%)
<b>Drainage</b>	\$4.82	\$4.82	0.0%
<b>Solid Waste</b>			
64 gallon container	\$20.79	\$20.79	0.0%



# Water Rates

## A look at fixed versus variable ratio

	Revenue		Expenditures		
Fixed	\$1,077,480	54.6%	Fixed Expenditures	\$1,040,042	52.3%
			Trans & Dist	\$ 473,960	
			General	\$ 425,600	
			Admin Allocation	\$ 140,482	
Variable	\$ 893,040	45.3%	Variable Expenditure	\$ 930 558	47.2%
			Source of Supply	\$ 161,900	
			Treatment	\$ 644,080	
			Admin Allocation	\$ 124,578	
Total	\$1,970,520			\$1,970,600	



# **CAPITAL IMPROVEMENT PROJECTS 2016 - 2017**





## 2016-2017 Capital Improvement Projects List

• Water/Sewer		
– Previously approved projects	\$ 934,000	
– New project		
• Replace Utility Truck	<u>\$ 27,000</u>	
Total Water/Sewer		\$ 961,000
• Security		
– Previously approved projects		\$ 119,000
• Administration		
– Previously approved projects		<u>\$ 65,000</u>
Total CIP Budget		\$1,145,000



# Reserves Summary

	Beg Balance July 1, 2015	Collections & Interest thru 4/30/16	Expenditures thru 4/30/16	Ending Balance 4/30/16	Projected Collection FY 2016-17
Water Capital Replacement	\$671,239	\$177,782	(\$58,661)	\$790,360	\$215,881
Sewer Capital Replacement	\$1,475,914	\$298,837	(\$70,232)	\$1,704,519	\$208,851
Drainage Capital Replacement	\$46,370	\$149	(\$0)	\$46,519	\$0
Security Capital Replacement	\$20,602	\$36,526	(\$19,713)	\$37,415	\$45,680
Admin Capital Replacement	\$38,386	\$0	(\$0)	\$38,386	\$0
Sewer Capital Improvement Connection	\$4,028	\$12	(\$0)	\$4,040	\$0
Capital Improvement	\$291,453	\$27,398	(\$0)	\$318,851	\$7,080
Water Supply Augmentation	\$1,751,059	\$53,090	(\$73,199)	\$1,730,950	\$27,960
Security Impact Fee		\$4,800	(\$0)	\$4,800	\$7,200
WTP Construction Fund	\$253,716	\$2,009,593	(\$2,180,991)	\$82,318	\$0
<b>Total Reserves</b>	<b>\$4,552,767</b>	<b>\$2,608,187</b>	<b>(\$2,402,796)</b>	<b>\$4,758,158</b>	<b>\$512,652</b>



# QUESTIONS & ANSWERS