



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 Jackson Road, Rancho Murieta, CA 95683

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FINANCE COMMITTEE

(Directors Martin Pohll and Stephen Booth)

Regular Meeting

May 2, 2023 at 10:00 a.m.

All persons present at District meetings will place their cellular devices in silent and/or vibrate mode (no ringing of any kind). During meetings, these devices will be used only for emergency purposes and, if used, the party called/calling will exit the meeting room for conversation. Other electronic and internet enabled devices are to be used in the "silent" mode. Under no circumstances will recording devices or problems associated with them be permitted to interrupt or delay District meetings.

AGENDA

- 1. Call to Order**
- 2. Comments from the Public**
- 3. Prop 218 Town Hall Meeting Debrief**
- 4. Review FY 2022-23 Capital Projects**
- 5. Director and Staff Comments/Suggestions**
- 6. Adjournment**

"In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 24 hours prior to a special meeting, will be made available for public inspection in the District offices during normal business hours. If, however, the document is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting."

In compliance with the Americans with Disabilities Act, if you are an individual with a disability and you need a disability-related modification or accommodation to participate in this meeting or need assistance to participate in this teleconference meeting, please contact the District Office at 916-354-3700 or awilder@rmcsd.com. Requests must be made as soon as possible.

Note: This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of this posting is April 27, 2023. Posting locations are: 1) District Office; 2) Rancho Murieta Association; 4) Murieta Village Association.

MEMORANDUM

Date: April 27, 2023
 To: Finance Committee
 From: Michael Fritschi, Interim General Manager
 Subject: Capital Improvement Projections FY 23-24

BACKGROUND:

This memo is designed to share with the Finance Committee the Capital Improvement and Reserve expenditures requested for Fiscal Year 23-24. The proposed Capital Improvement and Reserve expenditures are segregated by fund and by Improvement expenditure (capacity adding or new process) versus Reserve expenditure (repair or replacement of existing asset).

Water & Wastewater Capital - The available balance corresponding to the fund expenditure were taken from the fiscal year 20', the last year in which the audit was completed with ending balances.

Table 1. Proposed Water Capital Expenditures

rank	Water Capital Improvement Projects	
1	Water portion of CIP/5-year rate study	\$ 225,000.00
2	Complete Integrated Water Master Plan	\$ 200,000.00
3	Water portion of Tyler implementation	\$ 63,500.00
4	Subdrain Pump Station Enhancement	\$ 40,000.00
5	Water Plant Capacity Study	\$ 250,000.00
6	Complete Rio Oso Improvement Study	\$ 61,000.00
7	Smart Point Meters Online (Smart Meters phase 1)	\$ 115,000.00
	Total	\$ 954,500.00
	funding per 2020 Audit	\$ 2,152,185.00
	Resulting Fund Balance Estimate	\$ 1,197,685.00
rank	Water Reserve Projects	
1	Water GIS Updates	\$ 25,000.00
2	Water Condition Assessment	\$ 30,000.00
3	Complete WTP Chlorine to NaOCl replacement	\$ 700,000.00
4	Water Plant Membranes - Replace	\$ 50,000.00
5	Complete Granlees Safety Rehabilitation	\$ 822,000.00
6	CIA Flow Meters Rehabilitation	\$ 45,000.00
7	Replace SCADA Servers	\$ 85,000.00
8	Replace Chlorine and pH Analyzers	\$ 22,000.00
9	Replace Chesbro Compressor and Bouy System	\$ 30,000.00
	subtotal	\$ 1,809,000.00
	funding per 2020 Audit	\$ 1,738,870.00
	SB 170 Funds originally allocated for Water Projects - WTP NaOCl & Granlees	\$ 522,000.00
	Resulting Fund Balance Estimate	\$ 451,870.00
	Unrestricted Water Fund available for Improvement or Replacement Capital	\$ 789,033.00

Table 2. Proposed Wastewater Capital Expenditures

rank	Wastewater Capital Improvement Projects	
1	Wastewater portion of CIP/5-year rate study	\$ 175,000.00
2	Wastewater portion of Tyler implementation	\$ 63,500.00
3	Complete Lift Station Generator Projects	\$ 450,000.00
4	Recycled Water Augmentation Study (to be completed if grant obtained)*	\$ 250,000.00
	subtotal	\$ 938,500.00
	funding per 2020 Audit	\$ 235,924.00
	Resulting Fund Balance Estimate	\$ (702,576.00)
rank	Wastewater Reserve Projects	
1	Wastewater GIS Updates	\$ 25,000.00
2	Wastewater Condition Assessment	\$ 30,000.00
3	Complete Lift Station Rehabilitation Projects	\$ 300,000.00
4	Main lift North Pump Replacement	\$ 65,000.00
5	Main lift North Roof Repair	\$ 15,000.00
6	East DAF Control Panel - Replace	\$ 95,000.00
7	Complete WWTF Chlorine to NaOCl & Contact Tank Rehabilitation	\$ 1,400,000.00
8	Sub Drain Pumps - Replace	\$ 31,550.00
9	Greens Lift Station Evaluation	\$ 20,000.00
10	Replace Ford Ranger w/ F250	\$ 80,000.00
	subtotal	\$ 2,061,550.00
	funding per 2020 Audit	\$ 3,601,713.00
	SB 170 Funds originally allocated for WWTF - NaOCl & Contact Tank Project	\$ 750,000.00
	Resulting Fund Balance Estimate	\$ 2,290,163.00
	Unrestricted Wastewater Fund available for Improvement or Replacement Capital	\$ 1,016,517.00

As of Fiscal Year, 20', there are unrestricted funds available for water Improvements or water Reserve projects (\$789,033) and there are unrestricted funds available for wastewater improvements and wastewater Reserve projects (\$1,016,517). In addition, there is approximately \$1.3M available to (3) water and wastewater improvement projects funded by SB-170.

According to the fund balances, the capital projects can be funded with the estimated fund balances except for Wastewater Improvement Projects. Wastewater Improvement funds show a potential shortfall of approximately \$703,000 with no use of unrestricted funds. It is important to note that the current fund balances will not be known with any degree of certainty past fiscal year 20' until the audit is completed.

Should the District successfully initiate Prop 218 rate increases, the resulting balance for the Water Improvements Fund will essentially be \$425,000 higher, as the funding for the water portion of the CIP/5-year rates study and the FY 23-24 portion of the Integrated Water Master Plan will be funded directly from rates. This analysis does not take into consideration approximately \$440,000 in additional reserve revenue from the \$14 capital reserve fee from rates during fiscal year 23-24. It also does not take into consideration property tax infusion into reserves from the District redirecting property tax funds from operations and security.

As an alternate to approving the proposed capital project lists, the District could move forward July 1st with only the unfinished capital projects and adopt the remainder of the project funding when the District receives the updated audits and the corresponding starting fund balances. By adding the current unfinished capital projects only, all proposed capital projects

could be funded by existing balances except for Wastewater Improvement Projects which show a potential shortfall of approximately \$453,000 with no use of unrestricted funds. The following tables show proposed capital expenditures limited to existing unfinished projects that will run into next fiscal year:

Table 3. Proposed Water Capital Expenditures - Unfinished Projects

rank	Water Capital Improvement Projects	
1	Water portion of CIP/5-year rate study	\$ 225,000.00
2	Complete Integrated Water Master Plan	\$ 200,000.00
3	Water portion of Tyler implementation	\$ 63,500.00
4	Complete Rio Oso Improvement Study	\$ 61,000.00
	Total	\$ 549,500.00
	funding per 2020 Audit	\$ 2,152,185.00
	Resulting Fund Balance Estimate	\$ 1,602,685.00
rank	Water Reserve Projects	
1	Water GIS Updates	\$ 25,000.00
2	Water Condition Assessment	\$ 30,000.00
3	Complete WTP Chlorine to NaOCl replacement	\$ 700,000.00
4	Complete Granlees Safety Rehabilitation	\$ 822,000.00
	subtotal	\$ 1,577,000.00
	funding per 2020 Audit	\$ 1,738,870.00
	SB 170 Funds originally allocated for Water Projects - WTP NaOCl & Granlees	\$ 522,000.00
	Resulting Fund Balance Estimate	\$ 683,870.00
	Unrestricted Water Fund available for Improvement or Replacement Capital	\$ 789,033.00

Table 4. Proposed Wastewater Capital Expenditures – Unfinished Projects

rank	Wastewater Capital Improvement Projects	
1	Wastewater portion of CIP/5-year rate study	\$ 175,000.00
2	Wastewater portion of Tyler implementation	\$ 63,500.00
3	Complete Lift Station Generator Projects	\$ 450,000.00
	subtotal	\$ 688,500.00
	funding per 2020 Audit	\$ 235,924.00
	Resulting Fund Balance Estimate	\$ (452,576.00)
rank	Wastewater Reserve Projects	
1	Wastewater GIS Updates	\$ 25,000.00
2	Wastewater Condition Assessment	\$ 30,000.00
3	Complete Lift Station Rehabilitation Projects	\$ 300,000.00
4	Main lift North Pump Replacement	\$ 65,000.00
5	Main lift North Roof Repair	\$ 15,000.00
6	Complete WWTF Chlorine to NaOCl & Contact Tank Rehabilitation	\$ 1,400,000.00
	subtotal	\$ 1,835,000.00
	funding per 2020 Audit	\$ 3,601,713.00
	SB 170 Funds originally allocated for WWTF - NaOCl & Contact Tank Project	\$ 750,000.00
	Resulting Fund Balance Estimate	\$ 2,516,713.00
	Unrestricted Wastewater Fund available for Improvement or Replacement Capital	\$ 1,016,517.00

Even with moving forward the reduced list of Existing Improvement projects in Wastewater, the \$453,000 shortfall if funded from property tax infusion or unrestricted funds would leave this fund at essentially zero. Funds can be transferred from Reserves to Improvements within each fund but cannot be transferred from Improvements to Reserves. Improvement projects are

funded primarily from development and are typically capacity related. One can make the sound inference that a majority, if not all future capacity costs will be borne by development.

Drainage Capital

The District currently has no specific capital plans for drainage improvement or reserve projects. The upcoming CIP plan will address future drainage needs.

Security Capital

Security Capital Projects are summarized as Safety Center Building Replacement and VLAN/Camera addition. Building replacement may likely extend into next fiscal year. As of fiscal year, 20', the fund balance for combination of Improvement, Replacement, and unrestricted is \$531,600. A budget of at least \$250,000 is advised for the replacement, given the recent alternatives and contingency. At the time of this memo, the extent of VLAN/Camera addition is not known, and appropriations can be made by the Board at a time when those costs are known.