



Rancho Murieta CSD

FY 2022-23 Budget Presentation

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Order of Discussion

- Board Goals
- Budget Development Factors
- Budget Drivers & Assumptions
- Reserves
- Capital Improvement Plan
- Recommendations
- Questions



Board Goals

- Reserves
- Security
- Water Systems (Laguna Joaquin/CIA Ditch/ Granlees)
- Employee Education and Retention
- Solid Waste
- Community Collaboration



FY 2022-23 Budget Development Factors

- Blended 'zero based budgeting' approach
- Evaluate and identify current needs/projects to include in the new Fiscal Year
- Eliminate one-time expenditures or completed contracts from projected expenses
- Evaluate on-going expenditures for market or industry increases
- Review salaries and benefits assumptions for PERS and benefit increases, step increases, etc.
- Department Managers and the General Manager review and discuss their proposed budgetary needs



FY 2022-23 Budget Process

- First budget draft presented March 30, 2022:
 - Identifies maximum cost of District operations, required by Prop 218
 - Is provided 45 days prior to the Public Hearing
 - Recommendation for Board approval to mail Prop 218 notices
- Public Hearing scheduled June 1, 2022:
 - Public is invited to address the Board regarding budget ideas, questions or concerns
 - If rate decreases occur, all adjusted rates will be presented for June adoption
- Formal FY 2022-23 adoption scheduled for August 17, 2022



Budget Drivers & Assumptions

- **Revenues**

- Water consumption expenses to decrease due to drought conditions and potential new state restrictions, usage calculations reflect actual usage year over year
- Water, Sewer and Solid Waste rates remain the same
- Proposed rate increase of 2% for Drainage and Security



Budget Drivers & Assumptions

- **Expenditures**

- Annual PERS Unfunded Accrued Liability increased from \$3,903,459 to \$4,301,571
- Annual OPEB budget increased to \$185,000
- Overall annual wages experienced an increase of 14%
 - Security promotions from Gate Officer 1 to Gate Officer II, Patrol Officer I to Patrol Officer II
 - Funding a previously unfunded authorized Patrol Officer position
 - 2 Accounting Technicians approved in FY 2021-22
 - 3.5% Represented COLA plus 5% annual step increase, Unrepresented \$30,000 salary pool
- Overall benefits costs increased 12%
- GSRMA increased 21%
 - General Liability increased \$54,176 annually
 - Worker's Compensation increased \$16,607 annually



Budget Drivers & Assumptions

- Other Factors
 - High inflation and state-regulated mandates create additional costs within Water, Sewer, Solid Waste and Security
 - Chemical costs quadrupled in FY 2021-22; costs expected to continue to rise
 - SMUD costs set to increase
 - Routine Maintenance & Repair to stabilize due to re-prioritizing of projects
 - Permit fees to remain stable



FY 2022-23 Proposed Budget

- Administration
- Water
- Wastewater
- Drainage
- Solid Waste
- Security

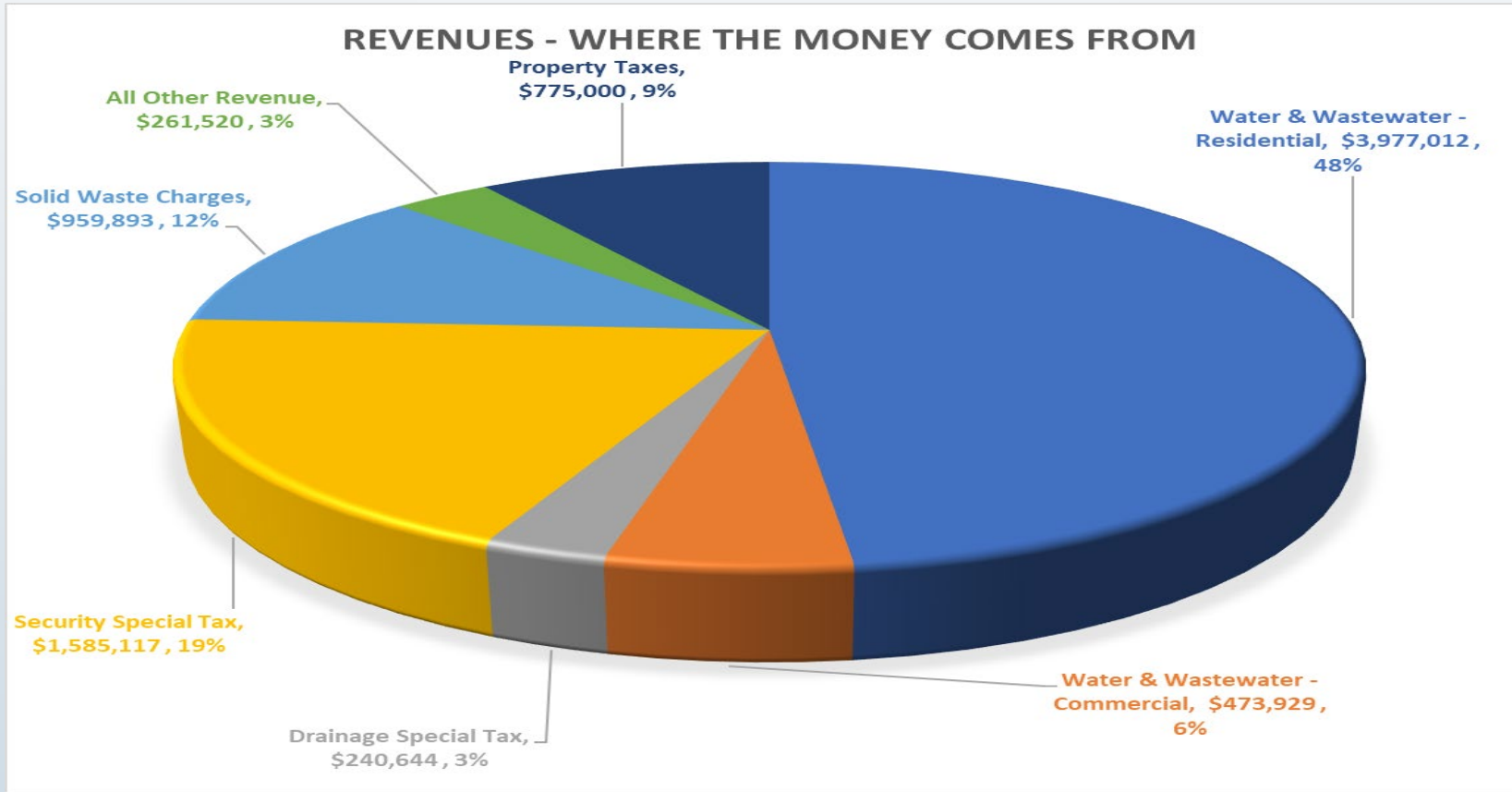
FY 2022-23 Revenues



RANCHO MURIETA CSD FY 2022-23 Proposed Budget Budget Summary

	FY 2019-20 Actual	FY 2020-21 Unaudited	FY 2021-22 Projected Year End	% Budget Change	FY 2022-23 Proposed	% Budget Change
Revenues						
Administration	843,071	804,005	834,123	3.7%	817,450	-2%
Water	2,686,451	2,645,112	2,657,212	0.5%	2,905,332	9%
Sewer	1,671,504	1,540,870	1,647,416	6.9%	1,703,379	3%
Drainage	220,380	220,118	222,681	1.2%	240,644	8%
Solid Waste	725,222	753,273	1,010,340	34.1%	961,093	-5%
Security	1,396,374	1,470,397	1,645,615	11.9%	1,645,217	0%
Total Revenues	7,543,000	7,433,776	8,017,388	7.9%	8,273,115	3%

Where the Money Comes From



FY 2022-23 Expenditures



RANCHO MURIETA CSD FY 2022-23 Proposed Budget Budget Summary

	FY 2019-20 Actual	FY 2020-21 Unaudited	FY 2021-22 Projected Year End	% Budget Change	FY 2022-23 Proposed	% Budget Change
<i>Expenditures</i>						
Administration	1,626,915	1,621,544	1,952,026	20.4%	1,977,786	1%
Water	1,954,578	2,510,744	2,378,070	-5.3%	2,076,091	-13%
Sewer	1,950,063	1,350,841	1,400,419	3.7%	1,372,539	-2%
Drainage	213,189	182,212	206,805	13.5%	247,781	20%
Solid Waste	824,673	772,798	1,048,904	35.7%	1,032,280	-2%
Security	1,617,107	1,427,191	1,550,861	8.7%	1,438,206	-7%
Total Operating Expenses	8,186,527	7,865,330	8,537,085	8.5%	8,144,683	-5%

Property Tax Allocations



RANCHO MURIETA CSD FY 2022-23 Proposed Budget Budget Summary

	FY 2019-20 Actual	FY 2020-21 Unaudited	FY 2021-22 Projected Year End	% Budget Change	FY 2022-23 Proposed	% Budget Change
Transfers						
Transfer from 100 - Administration	(220,733)	(497,283)	(397,320)	-20.1%	(775,000)	95%
Transfer to 200 - Water	-	-	-	0.0%	-	0%
Transfer to 250 - Wastewater	-	-	-	0.0%	159,651	0%
Transfer to 260 - Drainage	-	24,853	32,848	32.2%	89,783	173%
Transfer to 400 - Solid Waste	-	-	-	0.0%	110,975	0%
Transfer to 500 - Security	220,733	472,430	364,472	-22.9%	414,591	14%
Total Transfers	0	0	0		0	0%

Administration Allocation



RANCHO MURIETA CSD FY 2022-23 Proposed Budget Budget Summary

	FY 2019-20 Actual	FY 2020-21 Unaudited	FY 2021-22 Projected Year End	% Budget Change	FY 2022-23 Proposed	% Budget Change
<i>Administration Allocation</i>						
Administration	-	(1,621,544)	(1,952,026)	20.4%	(1,977,786)	1%
Water	-	603,900	726,895	20.4%	744,258	2%
Sewer	-	402,143	484,187	20.4%	490,491	1%
Drainage	-	67,759	81,569	20.4%	82,646	1%
Solid Waste	-	32,107	38,650	20.4%	38,789	0%
Security	-	515,635	620,725	20.4%	621,602	0%
Total Administration Allocation	0	0	0	0%	0	0%

Sample Bill – Rancho Murieta Association Residences

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Average Monthly Customer Bill				Current Monthly Rates	Proposed Monthly Rates	\$	%
Residential Metered Lot				July 1, 2021	July 1, 2022	Change	Change
Water		Average Usage in CF		1,426	1,426		
		Residential Base (excluding reserves)		\$38.73	\$38.73	\$0.00	0.0%
		Reserve Contribution		14.00	14.00	-	0.0%
		Total Residential Base		\$52.73	\$52.73	\$0.00	0.0%
rate		Water Usage \$2.17 per 100 cubic foot		30.94			
new rate		Water Usage \$2.17 per 100 cubic foot			30.94	-	0.0%
		Total Water		\$83.67	\$83.67	\$0.00	0.0%
		WTP Debt Service Charge (interfund borrowing)		6.00	6.00	-	0.0%
		Sewer					
		Residential Base (excluding reserves)		46.26	46.26	-	0.0%
		Reserve Contribution		14.00	14.00	-	0.0%
		Total Residential Base		60.26	\$60.26	\$0.00	0.0%
		Solid Waste (avg. 64 Gallon Container)		27.82	27.82	-	0.0%
		Organic Waste Charge (effective 1/1/23)		-	-	-	0.0%
		Security Tax (Maximum Tax Ceiling \$31.54)		30.93	31.54	0.62	2.0%
		Drainage Tax (Maximum Tax Ceiling \$5.53)		5.43	5.53	0.11	2.0%
		Total RMCSD Bill		\$214.10	\$214.83	\$0.73	0.34%

Sample Bill – Murieta Gardens II & Village

Average Monthly Customer Bill				Current Monthly Rates	Proposed Monthly Rates	\$ Change	% Change
<i>Murieta Village & Murieta Gardens II</i>				July 1, 2021	July 1, 2022		
Water	<i>Average Usage in CF</i>			418	418		
	Residential Base			\$38.73	\$38.73	\$0.00	0.0%
	Reserve Contribution			14.00	14.00	-	0.0%
	Total Residential Base			\$52.73	\$52.73	\$0.00	0.0%
old rate	Water Usage	\$2.17 per 100 cubic foot		9.07			
new rate	Water Usage	\$2.17 per 100 cubic foot			9.07	-	0.0%
	Total Water			\$61.80	\$61.80	\$0.00	0.0%
	*WTP Debt Service Charge (interfund borrowing)			6.00	6.00	-	0.0%
	Sewer						
	Residential Base (excluding reserves)			46.26	46.26	-	0.0%
	Reserve Contribution			14.00	14.00	-	0.0%
	Total Residential Base			\$ 60.26	\$ 60.26	\$ -	0.0%
	Solid Waste (avg. 38 Gallon Container)			23.42	23.42	-	0.0%
	Organic Waste Charge (effective 1/1/23)			-	-	-	100.0%
	Security Tax (Maximum Tax Ceiling \$7.61)			7.46	7.61	0.15	2.0%
	Drainage Tax (Maximum Tax Ceiling \$3.70)			3.63	3.70	0.07	2.0%
	Total RMCSD Bill			\$ 162.56	\$ 162.79	\$ 0.22	0.14%



Sample Bill – Vacant or Unmetered Property

Vacant or Unmetered Lot

Security Tax (Maximum Tax Ceiling \$24.75)	\$24.27	\$24.75	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 \$5.53)	\$5.43	5.53	2.0%
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	\$31.36	\$31.95	
		<hr/>	
% Change over prior year		1.88%	

* 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.



Reserves



Reserve Study

- Completed March 28, 2022
 - Required significant increases to fund future infrastructure projects
 - Capital Assets total \$31,603,905
 - Current reserves funding:
 - Water – 25.9%
 - Sewer – 27%
 - Drainage – 12%
 - Board requested 60% funding analysis within five years
- No increase to reserve contributions for FY 2022-23

Reserve Contributions



RANCHO MURIETA CSD FY 2022-23 Proposed Budget Budget Summary

	FY 2019-20 Actual	FY 2020-21 Unaudited	FY 2021-22 Projected Year End	% Budget Change	FY 2022-23 Proposed	% Budget Change
<i>Reserve Collections</i>						
Administration	-	-	-		-	
Water	263,954	335,206	467,754	39.5%	468,854	0%
Sewer	230,796	235,348	494,295	110.0%	496,395	0%
Security	98,000	-	-	0.0%	-	0%
Drainage	66,000	-	-	0.0%	-	0%
Total Reserve Collections	658,750	570,554	962,049	-69%	965,249	0%



Capital Improvement Plan

FY 2021-22 Completed Projects



RANCHO MURIETA COMMUNITY SERVICES DISTRICT
FY 2021-22 Adopted Budget
New Capital Improvement Projects

Project Number	Project Status	Project Description	Total Budget	Actual Cost	Funding Source
Administration					
22-09-04	Not Started	New Financial System	247,426	-	Administration Unrestricted Fund Balance
			<u>247,426</u>	<u>-</u>	
Water					
22-01-01	Completed	Replacement Vehicle #214	50,000	50,000	Water Fund Reserves
22-02-01	Completed	Replacement Vehicle #218	40,000	40,097	Water Fund Reserves
22-03-01	Partial	Rio Oso Pump Replacement	100,000	67,434	Water Fund Capital Reserves
22-04-01	Completed	Water Treatment Plant Back Left Drying Bed	90,000	In house	Water Fund Capital Reserves
22-10-01	Completed	Emergency Valve Replacement	83,785	83,785	Water Fund Reserves
21-07-01	Carried Over	Granlees Intake Site Restriction	185,000	-	State funded
21-02-01	Carried Over	WTP Hypochlorite conversion	365,000	-	State funded
		Water Total	913,785	241,316	
Wastewater					
22-05-02	Completed	Replacement of Sewer Jetter	80,000	69,682	Sewer Fund Reserves
22-06-02	Canceled	Fix Reynosa 6" Wastewater line	232,000	-	Sewer Fund Reserves
22-07-02	Canceled	Automote East & West DAF Sludge Valves	35,000	-	Sewer Fund Capital Reserves
22-11-02	Completed	Tertiary Pump Replacement	47,722	41,497	Sewer Fund Capital Reserves
22-10-02	Carried Over	Tertiary Reclamation Plan	750,000	-	State funded
		Wastewater Total	1,144,722	111,180	
Security					
22-08-03	Completed	Replace Jeep Patrol vehicle	35,000	31,388	Security Reserve
		Security Total	35,000	31,388	
2021-22 Grand Totals			2,340,933	383,883	

10 Year CIP Model - Water

Water

Priority	Project	Cost	Cumulative CIP Total	Resulting End of Year Balance Year 1	Resulting End of Year Balance Year 5	Resulting End of Year Balance Year 10
1	Granlees Safety Improvements*	\$ 775,000	\$ 775,000	\$ 2,166,392	\$ 967,909	\$ 1,774,568
2	Water Plant Chlorine Gas to NaOCI*	\$ 540,500	\$ 1,315,500	\$ 1,625,892	\$ 427,409	\$ 1,234,068
3	Water Plant Drying Bed Rehab	\$ 65,000	\$ 1,380,500	\$ 1,560,892	\$ 362,409	\$ 1,169,068
4	Water Plant Sedimentation Basin Rehab	\$ 75,000	\$ 1,455,500	\$ 1,485,892	\$ 287,409	\$ 1,094,068
5	Integrated Water Master Plan	\$ 200,000	\$ 1,655,500	\$ 1,285,892	\$ 87,409	\$ 894,068
6	Rio Oso Pump Configuration & Install	\$ 380,000	\$ 2,035,500	\$ 905,892	\$ (292,591)	\$ 514,068
7	SCADA Server WTP	\$ 141,400	\$ 2,177,000	\$ 764,392	\$ (434,091)	\$ 372,568
8	CIA Flow Measuring & Rehabilitation	\$ 45,000	\$ 2,222,000	\$ 719,392	\$ (479,091)	\$ 5,721
9	Condition Assessment	\$ 20,000	\$ 2,242,000	\$ 699,392	\$ (499,091)	\$ 307,568
10	GIS Updates	\$ 40,000	\$ 2,282,000	\$ 659,392	\$ (539,091)	\$ 267,568
11	Design Standards Renewal	\$ 30,000	\$ 2,312,000	\$ 629,392	\$ (569,091)	\$ 237,568
12	Smart Meter Replacement	\$ 694,000	\$ 3,006,000	\$ (64,608)	\$ (1,263,091)	\$ (456,432)

*These projects are partially funded by SB 170 and are considered higher priority due to need and because of available funding

Notes:

1. Water portion of Admin Accounting Software would be allocated at 37.2% or \$85,560, not included in model



Water Reserves

- Ending Balance FY 2019-20:
 - Water Replacement - \$1,836,298
 - Water Unrestricted - \$1,668,738
- FY 2020-21 Total CIP Project Costs: Unknown
 - Potential deficit to fund of approximately \$470,000
 - Reserve contributions of \$268,328
- FY 2021-22 Total CIP Project Costs: \$241,316
 - Potential deficit to fund of approximately \$448,800
 - Reserve contributions of \$450,030



Water Reserves

- Projected Available to Allocate
 - Water Replacement - \$2,313,340
 - Unrestricted - \$749,938
- Total Projected CIP cost
 - \$3,005,900



Water Options

- Option 1 – Approve all projects and appropriate funds based on priority of projects
- Option 2 – Approve and appropriate funds for top priority projects and move remaining projects to FY 2023-24

10 Year CIP Model - Sewer

Sewer						
Priority	Project	Cost	Cumulative CIP Total	Resulting End of Year Balance Year 1	Resulting End of Year Balance Year 5	Resulting End of Year Balance Year 10
1	Lift Stations Rehabilitation	\$ 591,000	\$ 591,000	\$ 3,393,228	\$ 1,897,268	\$ 197,165
2	NaOCl Tertiary Disinfection Upgrade*	\$ 450,000	\$ 1,041,000	\$ 2,943,228	\$ 1,447,268	\$ (252,835)
3	Chlorine Meter Replace	\$ 15,000	\$ 1,056,000	\$ 2,928,228	\$ 1,432,268	\$ (267,835)
4	DAF Bearing Replace	\$ 60,000	\$ 1,116,000	\$ 2,868,228	\$ 1,372,268	\$ (327,835)
5	Drying Bed Panel Rehab	\$ 75,000	\$ 1,191,000	\$ 2,793,228	\$ 1,297,268	\$ (402,835)
6	Condition Assessment	\$ 20,000	\$ 1,211,000	\$ 2,773,228	\$ 1,277,268	\$ (422,835)
7	GIS Updates	\$ 40,000	\$ 1,251,000	\$ 2,733,228	\$ 1,237,268	\$ (462,835)
8	Design Standards Renewal	\$ 35,000	\$ 1,286,000	\$ 2,698,228	\$ 1,202,268	\$ (497,835)
9	Rainwater Harvesting to Recycled Water	\$ 250,000	\$ 1,536,000	\$ 2,448,228	\$ 952,268	\$ (747,835)

***These projects are partially funded by SB 170 and are considered higher priority due to need and because of available funding**

Notes:

1. Sewer portion of Admin Accounting Software would be allocated at 24.8% or \$57,040, not included in model
2. Any costs for the Lake 11 project over the drainage amount would likely be borrowed from sewer as sewer has more funding than water



Sewer Reserves

- Ending Balance FY 2019-20:
 - Sewer Replacement - \$3,182,047
 - Sewer Unrestricted - \$1,449,454
- FY 2020-21 Total CIP Project Costs: Unknown
 - Potential deficit to fund of approximately \$212,114
 - Reserve contributions of \$234,293
- FY 2021-22 Total CIP Project Costs: \$111,180
 - Potential deficit to fund of approximately \$237,105
 - Reserve contributions of \$485,265



Sewer Reserves

- Projected Available to Allocate
 - Sewer Replacement - \$3,790,425
 - Unrestricted - \$1,000,235
- Total Projected CIP cost
 - \$1,144,722



Sewer Options

- Option 1 – Approve all projects and appropriate funds based on priority of projects
- Option 2 – Approve and appropriate funds for top priority projects and move remaining projects to FY 2023-24



Security Projects

Security

23-19-03	1	Security Center Repairs	68,000	Security Replacement
23-18-03	2	Security Vehicle	35,000	Security Replacement
23-17-03	3	Security Cameras	332,350	Security Replacement
Security Total			<u>435,350</u>	



Security Reserves

- Ending Balance FY 2019-20:
 - Security Replacement - \$191,348
 - Security Unrestricted - \$328,440
- FY 2020-21 Total CIP Project Costs: Unknown
- FY 2021-22 Total CIP Project Costs: \$31,388



Security Reserves

- Projected Available to Allocate
 - Security Replacement - \$159,960
 - Unrestricted - \$328,440
- Total Projected CIP cost
 - \$435,530



Security Options

- Option 1 – Approve all projects and appropriate funds based on priority of projects
- Option 2 – Approve and appropriate funds for top priority projects and move remaining projects to FY 2023-24



Questions?