

# STAFF REPORT

## Rosamond Community Services District

DATE: June 09, 2021  
TO: Board of Directors  
FROM: Steve Perez, General Manager  
SUBJECT: 2021-2022 Final Operating and Capital Budget

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### RECOMMENDATION:

By motion, discuss and approve the 2021-2022 Final Operating and Capital Budget.

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### EXECUTIVE SUMMARY:

The Rosamond Community Services District has reviewed and analyzed the current financial environment in order to prepare the 2021-2022 Final Operating and Capital Budget(s). The budget allocates employee and financial resources to accomplish the District's mission and goals. It presents the financial plan for responsibly carrying out the programs and capital projects that administer, operate, maintain, protect and replace District assets necessary to provide safe and reliable water, sewer, street lighting and graffiti abatement services to the community of Rosamond.

For Fiscal Year 2021-2022, the District proposes Operating Budget Revenues of \$9,755,590, and Operating Expenditures of \$10,390,532, an increase of 12.5% and an increase of 9.6%, respectively, over the prior year adopted budget. The 2021-2022 Final Budget results in an overall Operating Deficit of \$634,942.

The 2021-2022 Final Budget also proposes the planned additions and uses of reserves through the following transfers:

RESERVE FUND	<u>GENERAL FUND</u>		<u>WATER FUND</u>		<u>SEWER FUND</u>		<u>LLAD # 2 FUND</u>	
	Transfer In to Reserve	Transfer Out for CIP	Transfer In to Reserve	Transfer Out for CIP	Transfer In to Reserve	Transfer Out for CIP	Transfer In to Reserve	Transfer Out for CIP
General Fund Reserve	113,995	-	-	-	-	-	-	-
Operations and Maintenance	-	-	-	-	-	-	-	-
Repair and Replacement	2,405	-	1,548,973	-	140,888	-	-	-
Rate Stabilization	-	-	-	-	-	-	-	-
Catastrophe/Emergency	-	-	-	-	-	-	-	-
Other Unrestricted Cash	-	-	-	(2,303,161)	-	(1,625,680)	22,715	-

The District proposes the following Capital Budget:

Fiscal Year 2021-2022:       \$ 2,500,000

District Board Members and staff identified many desired capital projects. Due to funding availability and the District's desire to continue replenishing its reserves, some projects have been prioritized and scheduled over multiple years. Several projects that staff and Board Members previously discussed in meetings were not financially feasible to complete during the upcoming fiscal year. As such, they were removed from the Capital Improvement Program until such time as appropriate funding sources can be identified. Those projects, as well as others that may be identified, will be discussed, and when funding allows, scheduled for a future period.

Details regarding the Capital Budget projects and funding sources can be found in the attached Final Capital Budget.

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**DISCUSSION/ANALYSIS:**

The budget is made up of eight (8) Funds and hundreds of line items. Each line item is assigned to its respective Director. Each Director worked with finance personnel to determine the expected amount of budgeted funds necessary for the 2021-2022 fiscal year. From those discussions, a draft budget was compiled. This budget was analyzed internally and then with the Finance Committee's review, it was taken to the Board. Once District input was complete, the budget was balanced.

Although the Park and Park Maintenance Funds are no longer "active", they have been budgeted in Fiscal Year 2021-2022 in order to track and pay applicable principal and interest for a District internal loan. In 2015, the District approved an internal loan from the Wastewater (Sewer) Fund to the various funds to refinance existing internal loans and finance the CalPERS Unfunded Accrued Liability. Because these funds no longer have a dedicated funding source, transfers are made from the General Fund to the appropriate aforementioned funds for the annual principal and interest payments.

Over the last several years, the District has continued to build back its depleted reserve balances. While it has always been the intention of the District to use these reserves for their intended purposes, one of the capital projects (Wastewater Treatment Plant) required external financing. In November 2019, The District completed its funding application and secured a \$13,000,000 loan with Opus Bank to proceed with this project. A large part of the operating budget in Fiscal Year 2021-2022 is the addition of a debt service payment for this loan in the amount of \$843,173.

FISCAL IMPACT:

1. Operating Budget:

a. General:	\$ 62,820
b. Water:	\$ 5,108,887
c. Sewer:	\$ 4,870,118
d. Street Lighting:	\$ 60,950
e. LLAD # 2:	\$ 167,900
f. Park:	\$ 85,284
g. Graffiti Abatement:	\$ 6,550
h. Park Maintenance:	\$ 28,023

2. Capital Project Budget:

a. Water:	\$ 1,500,000
b. Sewer:	\$ 1,000,000

3. Reserves Changes:

a. General:	\$ 116,400
b. Water:	\$ (754,188)
c. Sewer:	\$ (1,484,792)
d. LLAD # 2:	\$ 22,715

ENVIRONMENTAL IMPACT:

Not applicable

PRIOR BOARD REVIEW:

Not applicable

COMMISSION/COMMITTEE/BOARD REVIEW AND RECOMMENDATIONS:

Not applicable

ATTACHMENTS:

Attachment 1 – Final Operating Budget

Attachment 2 – Final Capital Budget

	General Fund	Water	Sewer	Street Lighting	LLAD # 2	Park	Graffiti Abatement	Park Maintenance	Sum of Adjusted 21-22 Budget
<b>Total Revenue</b>	<b>349,905</b>	<b>5,392,795</b>	<b>3,821,773</b>	<b>1</b>	<b>190,615</b>	<b>362</b>		<b>139</b>	<b>9,755,590</b>
<b>Operating Revenue</b>	<b>945</b>	<b>5,392,795</b>	<b>3,821,773</b>	<b>1</b>	<b>190,615</b>	<b>362</b>			<b>9,406,491</b>
Customer Service Charges		2,142,016	3,454,475						5,596,491
Customer Usage Charges		3,061,678	236,900						3,298,578
Internal Service Charges									-
Internal Usage Charges									-
User Fees									-
County Service Area									-
Bulk Water Sales/Construction Water									-
Late Charges/Bank Charges		59,000	46,000						105,000
New Service Installation									-
Plan Check/Will Serve/Inspection Fees		5,000	4,000						9,000
Administration/Reconnection		85,000	16,000						101,000
Interest Income	945	40,101	59,398	1	242	362			101,049
Miscellaneous income									-
Property Tax/Assessments					190,373				190,373
Designated Revenue			5,000						5,000
<b>Discretionary Revenue</b>	<b>348,960</b>								<b>348,960</b>
Rent	3,660								3,660
Miscellaneous Income									-
Property Tax/Assessments	345,300								345,300
<b>Restricted Revenue</b>								<b>139</b>	<b>139</b>
User Fees									-
System Connection Fees									-
Conservation Fees									-
Quimby Fees									-
Grants									-
LAIIF Interest								139	139
<b>Total Expenses</b>	<b>(62,820)</b>	<b>(5,108,887)</b>	<b>(4,870,118)</b>	<b>(60,950)</b>	<b>(167,900)</b>	<b>(85,284)</b>	<b>(6,550)</b>	<b>(28,023)</b>	<b>(10,390,532)</b>
<b>Personnel Expenses</b>		<b>(1,499,334)</b>	<b>(1,351,961)</b>						<b>(2,851,295)</b>
Salaries		(933,631)	(759,270)						(1,692,901)
Overtime Pay		(24,660)	(16,440)						(41,100)
Oncall/Pager Pay		(17,853)	(10,347)						(28,200)
Degree/Certification Pay		(36,007)	(3,309)						(39,316)
Holiday Pay		(51,890)	(41,891)						(93,781)
Vacation Pay		(34,100)	(27,900)						(62,000)
Sick Pay		(29,370)	(24,030)						(53,400)
Directors Pay		(26,460)	(26,460)						(52,920)
Payroll Tax Expense		(86,289)	(70,477)						(156,766)
Health Insurance		(279,051)	(258,787)						(537,838)
Workers Compensation		(32,260)	(26,073)						(58,333)
Other Benefits (Education Reimburse)		-	-						-
PERS Contribution		(135,733)	(110,207)						(245,940)
Less Capitalized Labor/Benefits		187,970	23,230						211,200
<b>Direct Operating Expenses</b>		<b>(629,403)</b>	<b>(452,620)</b>	<b>(20,400)</b>	<b>(67,400)</b>		<b>(6,500)</b>		<b>(1,176,323)</b>
Meters									-
Engineering		(5,362)	(5,150)						(10,512)
Electricity Expense		(222,680)	(93,620)	(20,000)	(67,000)				(403,300)
Utilities - Water		(9,250)	(11,250)						(20,500)
Utilities - Other Than Water		(8,224)	(12,875)						(21,099)
Equipment Leases		(7,563)	(7,500)						(15,063)
Operating Expenses		(13,064)	(12,750)				(6,500)		(32,314)
Purchased Water		-	-						-
Billing Expense		(25,000)	(25,000)						(50,000)
Operating Supplies		(1,800)	(1,800)	(400)	(400)				(4,400)
Parks Supplies & Maintenance									-
Pool Supplies & Maintenance									-
Security Services									-
Safety Supplies & Training		(4,625)	(4,625)						(9,250)
System Repair & Maintenance		(279,085)	(205,300)						(484,385)
System Tests		(20,000)	(40,000)						(60,000)
Uniforms		(5,000)	(5,000)						(10,000)
Auto & Truck Expense		(27,750)	(27,750)						(55,500)
Banked Water Expense									-
<b>General and administrative</b>	<b>(53,200)</b>	<b>(1,693,330)</b>	<b>(2,501,984)</b>	<b>(40,550)</b>	<b>(100,500)</b>	<b>(85,284)</b>	<b>(50)</b>	<b>(28,023)</b>	<b>(4,502,921)</b>
Accounting Consultants		(148,746)	(140,184)						(288,930)



**Rosamond Community Services District**  
**FY 2021-2022**  
**Capital Budget**

Project #	Fund	Project Description	Fiscal Year 2021-	
			22	Total
<b>Water Projects</b>				
	1	redistricting study	\$ 50,000.00	\$ 50,000.00
	1	billing software upgrade	\$ 80,000.00	\$ 80,000.00
	1	abila hr module	\$ 7,000.00	\$ 7,000.00
	1	digital phone system	\$ 10,000.00	\$ 10,000.00
	1	board room upgrade	\$ 15,000.00	\$ 15,000.00
	1	admin expansion a&e	\$ 125,000.00	\$ 125,000.00
	1	uwmp	\$ 110,000.00	\$ 110,000.00
	1	pipeline replacement engineering	\$ 200,000.00	\$ 200,000.00
	1	trucks	\$ 45,000.00	\$ 45,000.00
	1	asphalt trailer	\$ 25,000.00	\$ 25,000.00
	1	500KW portable generator	\$ 165,000.00	\$ 165,000.00
	1	valve relacements	\$ 30,000.00	\$ 30,000.00
	1	forklift	\$ 15,000.00	\$ 15,000.00
	1	scada upgrade	\$ 30,000.00	\$ 30,000.00
	1	meter replacements	\$ 200,000.00	\$ 200,000.00
		<b>Total</b>	<b>\$ 1,107,000.00</b>	<b>\$ 1,107,000.00</b>
<b>Sewer Projects</b>				
	2	offsite monitoring wells	\$ 100,000.00	\$ 100,000.00
	2	redistricting study	\$ 50,000.00	\$ 50,000.00
	2	billing software upgrade	\$ 80,000.00	\$ 80,000.00
	2	abila hr	\$ 7,000.00	\$ 7,000.00
	2	digital phone system	\$ 10,000.00	\$ 10,000.00
	2	board room upgrade	\$ 15,000.00	\$ 15,000.00
	2	admin expansion a&e	\$ 125,000.00	\$ 125,000.00
	2	wwtp fence	\$ 220,000.00	\$ 220,000.00
	2	asphalt trailer	\$ 25,000.00	\$ 25,000.00
	2	smart covers	\$ 25,000.00	\$ 25,000.00
	2	trucks	\$ 45,000.00	\$ 45,000.00
	2	camera	\$ 95,000.00	\$ 95,000.00
	2	500kw portable generator	\$ 165,000.00	\$ 165,000.00
	2	utility vehicles	\$ 15,000.00	\$ 15,000.00
	2	bypass pump and piping	\$ 100,000.00	\$ 100,000.00
	2	forklift	\$ 15,000.00	\$ 15,000.00
		<b>Total</b>	<b>\$ 1,092,000.00</b>	<b>\$ 1,092,000.00</b>
	<b>Total by Fund</b>			
	W	Water	<b>\$1,107,000.00</b>	<b>\$1,107,000.00</b>
	S	Sewer	<b>\$1,092,000.00</b>	<b>\$1,092,000.00</b>
		<b>Total</b>	<b>\$2,199,000.00</b>	<b>\$2,199,000.00</b>