#### 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

#### RECOMMENDATION:

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

### **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:

•	GENERA	AL FUND	WATER	RFUND	SEWE	R FUND	LLAD # 2 FUND		
DECEDAE ELIMID	Transfer In	Transfer Out	Transfer In to	Transfer Out	Transfer In	Transfer Out	Transfer In	Transfer Out	
RESERVE FUND	to Reserve	for CIP	Reserve	for CIP	to Reserve	for CIP	to Reserve	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.

#### **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 Maintonanco	Sum of Adjusted 21-22 Budget
Total Revenue	349,905	5,392,795	3,821,773	Street Lighting	190,615	362	Graniti Abatement	139	9,755,590
Operating Revenue	945	5,392,795	3,821,773	1	190,615	362		133	9,406,491
Customer Service Charges	343	2,142,016	3,454,475	•	150,015	302			5,596,491
Customer Usage Charges		3,061,678	236,900						3,298,578
Internal Service Charges		3,001,076	250,900						3,290,370
									-
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
Discretionary Revenue	348,960								348,960
Rent	3,660								3,660
Miscellaneous Income									-
Property Tax/Assessments	345,300								345,300
Restricted Revenue	•							139	139
User Fees									=
System Connection Fees									_
Conservation Fees									_
Quimby Fees									_
Grants									_
LAIF Interest								139	139
	(62,820)	(5,108,887)	(4,870,118)	(60,950)	(167,900)	(85,284)	(6,550)	(28,023)	
Total Expenses	(02,020)			(00,950)	(167,500)	(03,204)	(0,550)	(20,023)	
Personnel Expenses		(1,499,334)	(1,351,961)						(2,851,295)
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
Direct Operating Expenses		(629,403)	(452,620)	(20,400)	(67,400)		(6,500)		(1,176,323)
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		(1,000)	(1,000)	(400)	(400)				(4,400)
									-
Pool Supplies & Maintenance Security Services									-
		(4.035)	(4.625)						- (0.050)
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									-
Banked Water Expense  General and administrative  Accounting Consultants	(53,200)	(1,693,330) (148,746)	(2,501,984) (140,184)	(40,550)	(100,500)	(85,284)	(50)	(28,023)	- <b>(4,502,921)</b> (288,930)

	General Fund	Water	Sewer	Street Lighting	LLAD#2	Park	Graffiti Abatement	Park Maintenance	Sum of Adjusted 21-22 Budget
Public Affairs	ocheral rana	(11,500)	(11,500)	ou cet agriting	22.15 // 2	Tunk	dramer / waterness	T drik Maintenance	(23,000)
Legal Fees		(116,450)	(106,450)	(10,000)	(20,000)		(50)		(252,950)
Adjudication		(25,000)							(25,000)
Outside Services	(53,200)	(107,000)	(490,946)	(30,000)	(80,000)				(761,146)
Conservation Program		(35,500)							(35,500)
Advertising/Promotion		(1,000)	(1,000)						(2,000)
Bad Debt Expense		(750)	(750)						(1,500)
Building & Grounds Maintenance		(37,020)	(48,800)						(85,820)
Security Services		(11,000)	(11,500)						(22,500)
Computer Hardware		(11,400)	(11,400)						(22,800)
Computer Software		(12,750)	(9,300)						(22,050)
Computer Services/Consulting		(32,650)	(32,650)						(65,300)
Computer Licenses & Software		(9,490)	(8,140)	(500)	(500)				(18,630)
Election Expense		(-,,	(-, -,	(,	(,				-
Dues & Subscriptions		(60,515)	(39,015)						(99,530)
Recruitment		(700)	(1,000)						(1,700)
Employment Costs		(2,150)	(2,650)						(4,800)
Employee Retention		(3,500)	(3,500)						(7,000)
Education - Conferences & Seminars		(10,324)	(10,075)						(20,399)
Training/Certification		(28,181)	(21,553)						(49,734)
Resource Material		(1,000)	(500)						(1,500)
Director Training/Seminars		(19,034)	(15,375)						(34,409)
Insurance - Liability		(107,635)	(67,525)						(175,160)
Office Expense		(16,162)	(36,000)						(52,162)
Office Supplies		(3,556)	(3,270)						(6,826)
Business Expense		(14,365)	(14,365)	(50)					(28,780)
Office Furniture & Equipment		(2,143)	(2,125)	(50)					(4,268)
Emergency Preparedness		(8,000)	(8,000)						(16,000)
Utilities		(8,354)	(8,220)						(16,574)
Principal Expense		(476,731)	(963,157)		_	(82,354)		(27,400)	
Interest Expense		(370,724)	(433,034)		_	(2,930)		(623)	
Discounts		(370,724)	(433,034)	-		(2,530)		(023)	(807,311)
Depreciation Expense - Noncash	(9,620)	(1,286,820)	(563,553)						(1,859,993)
Depreciation Expense - Noncash	(9,620)	(1,286,820)	(563,553)						(1,859,993)
CIP Write-Off	(5,020)	(1,200,020)	(303,333)						(1,035,535)
CIP Write-Off									_
Total Transfers	(180,305)			60,949		84,922	6,550	27,884	
Operating Transfers	(180,305)			60,949		84,922	6,550	27,884	
Transfers In	(100,303)			60,949		84,922	6,550	27,884	
Transfers Out	(180,305)			00,545		04,322	0,550	27,004	(180,305)
Net Operating Surplus (Deficit)	106,780	283,908	(1,048,345)		22,715	_	_	-	(634,942)
LESS: Capital Projects	100,700	(1,500,000)	(1,000,000)		22,713				(2,500,000)
2255. Capital Frojects		(1,500,000)	(1,000,000)						(=,===,===)
Adjustments:									
100% Depreciation Add Back	9,620	1,286,820	563,553		_	_	_	_	1,859,993
100% Depreciation Add Back	3,020	1,200,020	303,333						1,033,333
Non-Operating Transfers:									
Park Depreciation Set Aside Balance									
Park Other Unrestricted Cash									
Park Maintenance Restricted Cash									_
Transfer (to) / from Reserves:									
	(112 OOE)								(113.005)
General Fund Reserve	(113,995)								(113,995)
Operations and Maintenance Fund		(024.046)							- (03.4.04C)
Debt Service Fund	(2.405)	(824,916)	(140,000)						(824,916)
Repair and Replacement Fund	(2,405)	(1,548,973)	(140,888)	-	-	-	-	-	(1,692,266)
Rate Stabilization Fund									-
Facilities Capacity Fee/Connection Fee									-
Catastrophe/Emergency Fund									-
Water Acquisition Fund									-
Other Unrestricted Cash		2,303,161	1,625,680		(22,715)				3,906,126
Other Restricted Cash									-
Other Financing Sources									-
Increase (Decrease) in Net Position	-	-	-	•	•	-	-	-	-

# Rosamond Community Services District FY 2021-2022 Capital Budget

		Fiscal Year 2021-						
Project #	Fund	<b>Project Description</b>	22			Total		
Water Projects								
	4	on distribute a sky do.	<b>,</b>	50,000,00	<u>,</u>	50,000,00		
	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		
		Total	\$	1,107,000.00	\$	1,107,000.00		
Sewer Projects								
	2	effects and antiscoping and the	۸.	100 000 00	,	400 000 00		
	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		
		Total	\$	1,092,000.00	\$	1,092,000.00		
-	Total by Fund							
	W	Water		\$1,107,000.00		\$1,107,000.00		
	S	Sewer		\$1,092,000.00		\$1,092,000.00		
		Total		\$2,199,000.00		\$2,199,000.00		