

**SPECIAL MEETING OF THE FINANCE COMMITTEE MEETING
OF THE
FLORIN RESOURCE CONSERVATION DISTRICT BOARD OF DIRECTORS**

Wednesday, May 13, 2015

NOTE THE MEETING WILL BEGIN AT 6:30 PM

**9257 Elk Grove Blvd.
Elk Grove, CA 95624**

CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Public Comment – Please complete a Request to Speak Form if you wish to address the Board. Members of the audience may comment on matters that are not included on the agenda. Each person will be allowed three (3) minutes, or less if a large number of requests are received on a particular subject. No action may be taken on a matter raised under "Public Comment" until the matter has been specifically included on an agenda as an action item. Items listed on the agenda will be opened for public comment as they are considered by the Board of Directors.

Draft Fiscal Year 2015-16 Elk Grove Water District Operating Budget

Associate Director Comment

Public Comment

Adjourn to the next Finance Committee Meeting on Friday, May 29, 2015, at 3:30PM; held at 9257 Elk Grove Blvd.

May 13, 2015

TO: Finance Committee of the Florin Resource Conservation District
FROM: Jim Malberg, Finance Manager/Treasurer
SUBJECT: **DRAFT FISCAL YEAR 2015-16 ELK GROVE WATER DISTRICT OPERATING BUDGET**

RECOMMENDATION

Review and discuss the draft Fiscal Year 2015-16 (FY 2015-16) Elk Grove Water District Operating Budget and provide direction to staff.

Summary

Each year staff develops the draft operating budget of estimated revenues and expenditures and presents the document to the Finance Committee. Following the presentation and discussion, staff generally makes revisions and brings the revised document back before the Finance Committee at a subsequent meeting(s) for further discussion prior to the advancing to the Board of Directors for adoption.

DISCUSSION

Background

The Elk Grove Water District (EGWD), like all water agencies in the state, is facing major challenges related to the current drought. Primarily, the District must continue to improve operational efficiencies in order to balance the budget in a climate of reduced water sales due to mandatory water conservation measures.

Present Situation

Staff is presenting the attached draft FY 2015-16 EGWD Operating Budget for review and discussion. The key assumptions are as follows:

1. Revenue projections include the approved three percent (3%) rate adjustment effective January 1, 2016. In addition, water consumption projections include a ten percent (10%) reduction in addition to the eighteen percent (18%) reduction realized in 2014.

May 13, 2015

**DRAFT FISCAL YEAR 2015-16 ELK GROVE WATER DISTRICT OPERATING
BUDGET**

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2. Salary projections currently include an estimated two percent (2%) Cost of Living Adjustment (COLA). The Bureau of Labor Statistics is scheduled to release the April 2015 Consumer Price Index for Urban Wage Earners (CPI-W) data on May 22, 2015. At that time the COLA adjustment will be updated with the average of the All Cities CPI-W, Western CPI-W and the San Francisco CPI-W from April 2014 – April 2015.

STRATEGIC PLAN CONFORMITY

Development and ultimately adopting the FY 2015-16 EGWD Operating Budget is in keeping with the Strategic Plan goals for financial performance.

FINANCIAL SUMMARY

There is no financial impact at this time.

Respectfully submitted,



JIM MALBERG
FINANCE MANAGER/TREASURER

JM

Attachment

Elk Grove Water District -- FY 2015-16 Budget

Draft No.2 - 5-7-15

Key

Mark & Steve - 500	
Bruce - 560	
Mark - 610	
Stefani - 620	
Ellen - 640	
Donella - 700	
IT Dept	

Revenues

Account	Description	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Budget	FY 14-15 Y-T-D - 3-31-15	FY 14-15 Projected	Ops 500	Tech Services 560	GM 610	HR 620	MA 640	Finance 700	FY 15-16 Budget	Difference	Percentage
4100	Water Payment Revenues - Residential	\$11,760,577	\$11,166,355	\$11,940,565	\$ 8,626,870	\$ 11,534,563						11,461,456	\$11,461,456	(479,109)	-4.29%
4110	Water Payment Revenues - Commercial	1,917,358	1,715,300	1,891,647	\$ 1,162,532	\$ 1,554,364						1,528,307	\$1,528,307	(363,340)	-21.18%
4120	Water Payment Revenues - Fire Service	368,007	262,293	317,122	\$ 94,242	\$ 126,006						126,686	\$126,686	(190,436)	-72.60%
4200	Meter Fees/Plan Check/Water Capacity	101,020	68,128	50,376	\$ 20,082	\$ 26,776						26,000	\$26,000	(24,376)	-35.78%
4300	Backflow Install:Fin-EGWS	-	14,138	74,000	\$ 56,173	\$ 74,898						75,000	\$75,000	1,000	7.07%
4520	Door Hanger Fees	116,675	121,300	131,737	\$ 97,200	\$ 129,600						130,000	\$130,000	(1,737)	-1.43%
4540	New account Fees	27,750	28,530	32,187	\$ 17,880	\$ 23,840						25,000	\$25,000	(7,187)	-25.19%
4550	NSF Fees	2,192	3,465	2,400	\$ 2,485	\$ 3,313						3,000	\$3,000	600	17.32%
4570	Shut-off Fees	-	67,372	-	\$ 47,900	\$ 63,867						64,000	\$64,000	64,000	
4580	Restoration Fees	76,078	225	75,667	\$ 100	\$ 133						-	\$0	(75,667)	
4590	Credit Card Fees	7,286	7,470	8,082	\$ 4,865	\$ 6,487						6,500	\$6,500	(1,582)	-21.18%
4600	Customer Refunds	-	-	-	\$ -	\$ -						-	\$0	-	0.00%
4700	Rental Income	1,684	1,823	-	\$ -	\$ -						-	\$0	-	0.00%
4900	Customer Refunds	(65,835)	(21,205)	(60,000)	\$ (74,032)	\$ (98,709)						(60,000)	-\$60,000	-	0.00%
TOTAL GROSS REVENUES		14,312,791	13,435,194	14,463,783	10,056,297	13,445,138	\$0		\$0	\$0	\$0	\$13,385,949	\$13,385,949	(1,077,834)	-8.02%

Expenditures

1. Direct Expenses

Account	Description	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Budget	FY 14-15 Y-T-D - 3-31-15	FY 14-15 Projected	Ops 500	Tech Services 560	GM 610	HR 620	MA 640	Finance 700	FY 15-16 Budget	Difference	Percentage
Salaries & Benefits															
5100	Executive Salary	\$131,051	\$150,220	\$146,535	113,240	\$ 150,987			\$142,134				142,134	(4,401)	-3.00%
5110	Exempt Salaries	409,641	490,178	491,114	338,290	\$ 451,053		87,840		79,218	87,525	219,303	473,885	(17,229)	-3.51%
5120	Non-Exempt Salaries	1,068,747	984,040	1,362,435	932,609	\$ 1,243,479	1,070,258	52,519		45,504		152,160	1,320,442	(41,993)	-3.08%
5130	Overtime Compensation	65,613	43,062	60,396	34,334	\$ 45,778	51,000	5,000				1,800	57,800	(2,596)	-4.30%
5140	On Call Pay	18,620	18,320	18,250	13,300	\$ 17,733	18,250						18,250	0	0.00%
5150	Holiday Pay	79,833	81,914	112,794	83,723	\$ 111,630	64,133	8,414	8,588	7,413	5,185	22,145	115,877	3,083	2.73%
5160	Vacation Pay	90,775	118,645	106,790	69,238	\$ 92,317	64,378	7,380	8,588	9,644	6,913	23,079	119,983	13,193	12.35%
5170	Personal Time Pay	79,814	74,870	91,654	56,142	\$ 74,856	51,306	6,731	6,871	5,930	4,148	17,716	92,702	1,048	1.14%
5180	Internship Program	-	-	12,164	-	\$ -							0	(12,164)	-100.00%
5200	Medical Benefits	414,536	372,689	589,705	394,196	\$ 525,594	374,017	34,254	20,157	44,007	25,854	124,581	622,871	33,166	5.62%
5195	EAP	1,267	883	880	607	\$ 810	546	61	30	61	30	152	880	0	0.05%
5210	Dental/Vision/Life Insurance	45,789	41,289	64,013	41,215	\$ 54,954	33,838	4,418	5,237	3,515	2,399	8,430	57,837	(6,176)	-9.65%
5220	Retirement Benefits	293,259	260,687	372,214	210,802	\$ 281,069	166,547	21,850	22,303	19,250	13,465	57,510	300,924	(71,290)	-19.15%
5225	Retirement Benefits - Post Employment	93,686	68,355	80,000	21,626	\$ 75,335						100,000	100,000	20,000	25.00%
5230	Medical Tax, Social Security and SUI	40,093	44,880	45,981	37,786	\$ 50,382	33,282	4,058	3,252	3,778	2,302	10,454	57,126	11,145	24.24%
5240	Worker's Compensation Insurance	52,924	55,314	81,660	84,959	\$ 84,959	82,660	1,171	1,273	1,099	769	3,284	90,256	8,596	10.53%
5250	Education Assistance	-	1,290	35,200	754	\$ 1,006	8,000	-				10,000	18,000	(17,200)	-48.86%
5260	Employee Training	13,992	21,896	47,100	12,308	\$ 16,411	35,505	7,000	800	11,800	300	1,000	28,203	(18,898)	-40.12%
5270	Employee Recognition	409	910	600	2,427	\$ 3,236			500	2,000	420		2,920	2,320	386.67%
5280	Meetings	376	203	2,120	84	\$ 112	300	300	400	300		100	1,500	(620)	-29.25%
Category Subtotal		\$2,900,424	\$2,829,645	\$3,721,605	\$2,447,639	3,281,699	\$2,054,022	\$240,994	\$220,134	\$233,519	\$149,409	\$751,714	\$ 3,621,590	(100,015)	-2.69%

Seminars, Conventions and Travel

Account	Description	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Budget	FY 14-15 Y-T-D - 3-31-15	FY 14-15 Projected	Ops 500	Tech Services 560	GM 610	HR 620	MA 640	Finance 700	FY 15-16 Budget	Difference	
5300-20	Airfare	\$ 1,317	\$ 318	\$ 3,150	2,599	3,465	300	750	\$1,200	\$1,000	700	\$800	4,750	1,600	50.79%
5310-20	Hotels	3,397	5,000	9,200	4,905	6,540	750	900	2,400	4,000	600	2,400	11,050	1,850	20.11%
5320-20	Meals	2,046	2,371	4,347	3,464	4,619	800	400	1,970	1,000	440	600	5,210	863	19.85%
5330-20	Auto Rental	372	131	1,450	336	448	300	400	500	500	1,000	300	3,000	1,550	106.90%
5340-20	Seminars & Conferences	5,503	3,160	9,300	5,955	7,940	700	1,800	2,100	2,550		1,300	8,450	(850)	-9.14%
5345-20	Seminars & Conferences - Board	95	1,435	3,350	-	-			5,200				5,200	1,850	55.22%
5350-20	Mileage Reimbursement, Parking, Tolls	586	1,395	1,630	1,109	1,478	200	200	330			600	1,690	60	3.68%
5375-20	Auto/Telephone Allowance	5,166	4,840	5,580	3,600	4,800			4,800				4,800	(780)	-13.98%
	Category Subtotal	\$18,483	\$18,650	\$38,007	\$21,967	29,290	\$3,050	\$4,450	\$18,500	\$9,350	\$2,800	\$6,000	\$ 44,150	6,143	16.16%
	Office & Operational														
5410	Advertising	\$ 3,203	\$ 3,754	\$ 5,300	6,735	8,979				\$3,000	\$3,200		6,200	900	16.98%
5415	Association Dues	53,716	53,823	65,392	61,453	81,937	550	300		400		70,920	72,170	6,778	10.37%
5420	Insurance	83,098	68,865	75,000	76,462	101,949						77,000	77,000	2,000	2.67%
5425	Licenses, Certifications, Fees	18,446	5,809	10,300	5,692	7,589	8,800	350			50	500	9,700	(600)	-5.83%
5430	Repairs & Maintenance - Automotive	19,459	16,585	27,533	27,303	36,404	39,000	500				800	40,300	12,767	46.37%
5432	Repairs & Maintenance - Building	10,643	14,197	17,081	8,122	10,830	9,000					4,500	13,500	(3,581)	-20.96%
5434	Repairs & Maintenance - Computers	50,282	1,839	9,100	20,328	27,104	12,400					12,400	24,800	15,700	172.53%
5435	Repairs & Maintenance - Equipment	37,055	52,278	93,728	73,564	98,085	108,000						108,000	14,272	15.23%
5438	Fuel	41,505	41,338	64,813	34,449	45,933	62,000	1,000				600	63,600	(1,213)	-1.87%
5440	Materials	149,957	143,564	296,692	141,291	188,388	206,000						206,000	(90,692)	-30.57%
5445	Chemicals	24,955	48,945	27,000	8,173	10,897	12,000						12,000	(15,000)	-55.56%
5450	Meter Repairs	553	91	600	-	-	9,000						9,000	8,400	1400.00%
5453	Permits	7,380	31,193	36,600	25,711	34,282	39,620						39,620	3,020	8.25%
5455	Postage	58,421	65,773	59,300	39,807	53,076							59,300	0	0.00%
5460	Printing	5,849	8,086	12,400	3,137	4,182		500		300	4,000	55,000	59,300	3,000	24.19%
5465	Safety Equipment	1,773	12,993	14,550	3,302	4,403	10,200	250		1,000	1,500		11,950	(2,600)	-17.87%
5470	Software Programs & Updates	58,040	114,981	97,244	111,972	149,296	77,743					29,253	106,996	9,752	10.03%
5475	Supplies	62,426	22,421	33,000	21,351	28,469	18,595		1,500		200	10,000	30,295	(2,705)	-8.20%
5480	Telephone	32,972	38,333	37,055	26,535	35,380	22,305					7,200	29,505	(7,550)	-20.38%
5485	Tools	7,282	24,069	19,521	18,390	24,520	4,329	1,000					5,329	(14,192)	-72.70%
5490	Clothing Allowance	8,305	9,901	9,500	3,771	5,028	9,500	1,000					10,500	1,000	10.53%
5491	EGWD Other Clothing	\$0	7,644	6,959	4,903	6,537	12,289						12,289	5,330	76.59%
5493	Water Conservation Materials										30,000		30,000	30,000	
5495	Purchased Water	2,517,816	2,656,509	3,092,500	1,961,829	2,615,772	2,891,709						2,891,709	(200,791)	-6.49%
	Category Subtotal	\$3,253,139	\$3,442,991	\$4,111,168	\$2,684,282	\$3,579,042	\$3,553,040	\$4,900	\$0	\$6,200	\$47,850	\$273,173	3,885,163	(226,005)	-5.50%
	Outside Services														
5505	Administration Services	\$1,155	\$ 1,012	\$ 1,500	811	1,081				\$1,500	\$4,500	\$0	6,000	4,500	300.00%
5510	Bank Charges	41,787	47,799	48,000	41,199	54,932						62,400	62,400	14,400	30.00%
5515	Billing Services	26,484	28,308	27,400	17,528	23,370						26,400	26,400	(1,000)	-3.65%
5520	Contracted Services	127,963	136,029	228,830	181,266	241,689	30,500			3,500	5,000	209,836	248,836	20,006	8.74%
5523	Water Conservation Services										20,000		20,000	20,000	
5525	Accounting Services	63,788	43,344	60,000	26,615	35,487						35,000	35,000	(25,000)	-41.67%
5530	Engineering	1,400	14,798	130,000	75,085	100,114		80,000					80,000	(50,000)	-38.46%
5535	Legal Services	169,632	98,307	185,000	97,475	129,966			205,000				205,000	20,000	10.81%
5540	Financial Consultants	86,998	29,653	20,000	68,601	91,468						10,000	10,000	(10,000)	-50.00%
5545	Community Relations	10,118	14,065	13,700	18,160	24,213			1,200		15,000		16,200	2,500	18.25%
5552	Misc. Medical	2,354	2,086	1,000	1,257	1,676				2,000			2,000	1,000	100.00%
5550	Pre-employment	1,817	630	25,000	13,784	18,379				10,000			10,000	(15,000)	-60.00%
5555	Janitorial	3,885	5,935	6,440	4,754	6,338	3,000					3,500	6,500	60	0.93%
5560	Bond Administration	7,366	7,353	8,500	6,917	9,223						8,500	8,500	0	0.00%
5570	Security	31,682	26,412	22,188	15,009	20,012	20,000					6,500	26,500	4,312	19.43%
5575	Sampling	16,256	23,858	40,000	31,148	41,531	45,647						45,647	5,647	14.12%
5580	Board Secretary/Treasurer	3,150	3,025	3,000	2,250	3,000				3,000			3,000	0	0.00%
	Category Subtotal	\$595,834	\$482,614	\$820,558	\$601,859	\$802,479	\$99,147	\$80,000	\$206,200	\$20,000	\$44,500	\$362,136	811,983	(8,576)	-1.05%
	Equipment Rent, Taxes and Utilities														
5610	Occupancy	-\$9,367			-										
5620	Equipment Rental	37,552	\$38,047	\$25,871	12,623	16,831	\$17,500					\$12,000	29,500	3,629	14.03%
5710	Property Taxes	3,464	3,992	4,100	4,701	6,268						4,700	4,700	600	14.63%
5720	Water	1,087			-								0	0	
5740	Electricity	359,504	333,039	379,694	227,304	303,071	369,000					10,000	379,000	(694)	-0.18%
5750	Natural Gas	286	437	600	356	475						500	500	(100)	-16.67%
5760	Sewer & Garbage	24,138	19,273	29,581	16,128	21,504	25,000					4,700	29,700	119	0.40%
	Category Subtotal	\$416,662	\$394,788	\$439,846	\$261,112	\$348,150	\$411,500	\$0	\$0	\$0	\$0	\$31,900	443,400	3,554	0.81%
	Gross O&M Expenses	\$7,184,542	\$7,168,688	\$9,131,184	\$6,016,859	\$8,040,659	\$6,120,759	\$330,344	\$444,834	\$269,069	\$244,559	\$1,424,923	8,806,286	(324,898)	-3.56%
	Less: Capitalized Expenditures	-	(538,181)	(594,820)	(594,820)	(594,820)	0	0	0	0	0	0	(515,089)	79,731	-13.40%
	Net O&M Expenses	\$7,184,542	\$6,630,507	\$8,536,364	\$5,422,039	\$7,445,839	\$6,120,759	\$330,344	\$444,834	\$269,069	\$244,559	\$1,424,923	\$8,291,198	(245,166)	-2.87%
	Net Revenues	\$ 7,128,249	\$ 6,804,687	\$ 5,927,419	\$ 4,634,258	\$ 5,999,298							\$5,094,752	(832,667)	-14.05%

Account	Description	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Budget	FY 14-15 Y-T-D - 3-31-15	FY 14-15 Projected	Ops 500	Tech Services 560	GM 610	HR 620	MA 640	Finance 700	FY 15-16 Budget	Difference	
2. Capital Improvement Funding															
1730	Meters						\$0						0	0	
1745	Transportation Equipment												0	0	
1760/1765	Capital Equipment & Expenditures		96,290	114,245									0	(114,245)	-100.00%
1705	Non-Project Capital Expenses		35,000										-	0	
3560	Repair & Replacement Reserve											851,472	851,472	851,472	
3565	Long-Term Capital Improvement Reserve											698,528	698,528	698,528	
TOTAL CAPITALIZED EXPENSES		\$0	\$131,290	\$114,245	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,550,000	1,550,000	1,435,755	1256.73%
3. Nonoperating Revenue / (Expenses)															
6440	Depreciation	\$1,687,331	\$2,054,712	\$1,850,000	1,387,500	1,850,000						\$0	-	(1,850,000)	-100.00%
6450	Amortization	(5,579)			-	-							-	0	
7300	Debt Service (Bond Interest Expense)	2,624,774	2,580,129	2,546,826	1,910,120	2,546,826						2,225,240	2,225,240	(321,586)	-12.63%
7310	Discount Amortization Expense	28,344	28,229	28,344	-	-						-	-	(28,344)	-100.00%
7320	Offering Expense - Deferred Charges	-	103,476	-	-	-						-	-	0	
7330	Amortization	26,990		-	-	-						-	-	0	
7400	Interest Paid	59,381	55,649	-	-	-						-	-	0	
2470	9257 Elk Grove Blvd. Note	55,606	59,337	-	-	-						-	-	0	
2500	Bond Retirement	1,080,000	1,175,000	1,290,000	967,500	1,290,000						1,430,000	1,430,000	140,000	10.85%
9910	Interest Earned	(20,886)	(18,188)	(10,000)	(7,963)	(10,617)						(20,000)	(20,000)	(10,000)	100.00%
9920	Other Income	(52,452)	(22,304)	-	(280,391)	(373,855)						-	-	0	
9920-73	Other Expenses (Toilet Program Costs, Other Income)	1,659	-	-	-	-						-	-	0	
9950	Election Costs	1,660		102,559	103,700	138,267						-	-	(102,559)	-100.00%
9970	Rebate Program											-	-	0	
TOTAL OTHER EXPENSES		\$5,486,827	\$6,016,040	\$5,807,729	\$4,080,466	\$5,440,621	\$0	\$0	\$0	\$0	\$0	\$3,635,240	\$3,635,240	(2,172,489)	-37.41%
TOTAL EXPENDITURES		\$12,671,369	\$12,777,837	\$14,458,338	\$9,502,505	\$12,886,460	\$6,120,759	\$330,344	\$444,834	\$269,069	\$244,559	\$6,610,163	\$13,476,438	(981,900)	-6.79%
DISTRICT REVENUES IN EXCESS OF EXPENDITURES		\$1,641,422	\$657,357	\$5,445	\$553,792	\$558,678							(\$90,488)	(\$95,933)	
CHECK		\$1,641,422	\$657,357	\$5,445	\$553,792	\$558,678							(\$90,488)	(\$95,933)	