

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

Wednesday, May 11, 2016

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.

1. Draft Fiscal Year 2016-17 Elk Grove Water District Operating Budget
(Jim Malberg, Finance Manager/Treasurer)

Associate Director Comment

Public Comment

Adjourn to the next Finance Committee Meeting: Wednesday, June 8, 2016.

May 11, 2016

TO: Finance Committee of the Florin Resource Conservation District

FROM: Jim Malberg, Finance Manager/Treasurer

SUBJECT: **DRAFT FISCAL YEAR 2016-17 ELK GROVE WATER DISTRICT OPERATING BUDGET**

RECOMMENDATION

Review and discuss the draft Fiscal Year 2016-17 (FY 2016-17) 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 2016-17 EGWD Operating Budget for review and discussion. The key assumptions are as follows:

1. Revenue projections include the approved three percent (3.5%) rate adjustment effective January 1, 2017. In addition, water consumption projections are based on actual calendar year 2015 amounts remaining the same in FY 2016-17.
2. Salary projections currently include an estimated two percent (1.5%) Cost of Living Adjustment (COLA). The Bureau of Labor Statistics is scheduled to release the

May 13, 2015

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

Page 2

April 2016 Consumer Price Index for Urban Wage Earners (CPI-W) data approximately May 25, 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 2015 – April 2016.

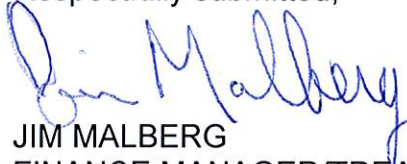
STRATEGIC PLAN CONFORMITY

Development and ultimately adopting the FY 2016-17 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 2016-17 Budget

Draft No. 1 - 3-15-16

Key
 Mark & Steve - 500
 Bruce - 560
 Mark - 610
 Stefani - 620
 Ellen - 640
 Donella - 650
 Admin - 700

		FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 15-16	FY 15-16	Ops	Tech Services	GM	HR	MA	Finance	Admin	FY 16-17	Difference	
Description		Actual	Actual	Actual	Budget	Y-T-D - 3-31-16	Projected	500	560	610	620	640	650	700	Budget		
4100	Water Payment Revenues - Residential	\$11,760,577	\$11,166,355	\$11,248,017	\$11,461,456	\$ 8,347,155	\$ 11,124,437							11,796,261	\$11,796,261	334,805	3.00%
4110	Water Payment Revenues - Commercial	1,917,358	1,715,300	1,590,139	1,528,307	\$ 1,082,153	\$ 1,442,208							1,423,987	\$1,423,987	(104,320)	-6.08%
4120	Water Payment Revenues - Fire Service	368,007	262,293	126,084	126,686	\$ 97,087	\$ 129,390							97,812	\$97,812	(28,874)	-11.01%
4200	Meter Fees/Plan Check/Water Capacity	101,020	68,128	29,346	26,000	\$ 141,670	\$ 147,786							30,000	\$30,000	4,000	5.87%
4300	Backflow Install/Fin-EGWS		14,138	70,456	75,000	\$ 41,099	\$ 54,799							50,000	\$50,000	(25,000)	-176.83%
4520	Door Hanger Fees	116,675	121,300	121,950	130,000	\$ 84,150	\$ 112,200							112,000	\$112,000	(18,000)	-14.84%
4540	New account Fees	27,750	28,530	24,330	25,000	\$ 18,150	\$ 24,200							24,000	\$24,000	(1,000)	-3.51%
4550	NSF Fees	2,192	3,465	2,975	3,000	\$ 1,890	\$ 2,520							2,500	\$2,500	(500)	-14.43%
4570	Shut-off Fees		67,372	60,400	64,000	\$ 32,250	\$ 43,000							45,000	\$45,000	(19,000)	
4580	Restoration Fees	76,078	225	100	-	\$ 200	\$ 100								\$0	-	
4590	Credit Card Fees	7,286	7,470	5,505	6,500	\$ 6,125	\$ 8,167							8,000	\$8,000	1,500	20.08%
4900	Customer Refunds	(65,835)	(21,205)	(93,464)	(60,000)	\$ (11,030)	\$ (14,706)							(50,000)	(\$50,000)	10,000	-47.16%
4700	Rental Income	1,684	1,823			\$ -	\$ -								\$0	-	0.00%
TOTAL GROSS REVENUES		14,312,791	13,435,194	13,185,839	13,385,949	9,840,899	13,074,100	\$0	\$0	\$0	\$0	\$0	\$0	\$13,539,560	\$13,539,560	153,611	1.14%

Expenditures

1. Direct Expenses

		FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 15-16	FY 15-16	Ops	Tech Services	GM	HR	MA	Finance	Admin	FY 16-17	Difference	
Description		Actual	Actual	Actual	Budget	Y-T-D - 3-31-16	Projected	500	560	610	620	640	650	700	Budget		
Salaries & Benefits																	
5100	Executive Salary	\$131,051	\$150,220	\$153,097	\$140,194	123,904	\$ 165,206			\$162,194					162,194	22,000	15.69%
5110	Exempt Salaries	409,641	490,178	476,125	471,721	379,771	\$ 506,361		190,728		93,250	88,120	220,111		592,209	120,489	25.54%
5120	Non-Exempt Salaries	1,068,747	984,040	1,183,188	1,302,819	1,007,818	\$ 1,343,757	1,072,745	95,116		48,341		153,205		1,419,407	116,588	8.95%
5130	Overtime Compensation	65,613	43,062	45,062	57,800	35,844	\$ 47,792	51,000	2,500		1,000		1,800		56,300	(1,500)	-2.60%
5140	On Call Pay	18,620	18,320	18,270	18,250	14,035	\$ 18,713	18,250							18,250	0	0.00%
5150	Holiday Pay	79,833	81,914	88,233	114,577	90,165	\$ 120,219	64,001	17,081	9,750	8,419	5,191	22,170		126,610	12,033	10.50%
5160	Vacation Pay	90,775	118,645	109,284	118,617	82,542	\$ 110,055	64,036	13,632	9,750	11,153	6,921	23,104		128,595	9,978	8.41%
5170	Personal Time Pay	79,814	74,870	79,245	91,662	74,292	\$ 99,056	51,201	13,665	7,800	6,735	4,152	17,736		101,288	9,626	10.50%
5180	Internship Program						\$ -								0	0	0.00%
5200	Medical Benefits	414,536	372,689	499,325	622,871	448,791	\$ 598,388	385,150	87,528	26,376	45,402	26,376	133,252		704,084	81,213	13.04%
5195	EAP	1,267	883	820	880	645	\$ 860	557	124	31	62	31	155		960	80	9.03%
5210	Dental/Vision/Life Insurance	45,789	41,289	50,983	57,837	42,222	\$ 56,296	37,279	10,149	5,764	3,873	2,642	9,289		68,995	11,158	19.29%
5220	Retirement Benefits	293,259	260,687	273,439	297,548	231,160	\$ 308,214	188,133	50,209	28,660	24,748	15,258	65,168		372,176	74,629	25.08%
5225	Retirement Benefits - Post Employment	93,686	68,355	73,169	100,000	17,549	\$ 155,455							162,762	162,762	62,762	62.76%
5230	Medical Tax, Social Security and SUI	40,093	44,880	45,161	56,763	39,534	\$ 52,712	33,245	8,186	3,577	4,059	2,303	10,461		61,831	5,068	8.93%
5240	Worker's Compensation Insurance	52,924	55,314	78,504	98,014	109,057	\$ 109,057	85,400	5,198	13,010	2,119	1,306	5,579		112,612	14,598	14.89%
5250	Education Assistance		1,290	4,687	18,000	3,910	\$ 5,213	4,000					5,000		9,000	(9,000)	-50.00%
5260	Employee Training	13,992	21,896	15,103	28,203	4,964	\$ 6,619	16,350	3,500		5,900	2,000	250		28,000	(203)	-0.72%
5270	Employee Recognition	409	910	2,694	2,920	1,149	\$ 1,533		100	500	2,000	420			3,020	100	3.42%
5280	Meetings	376	203	286	1,500	238	\$ 317	180	300	400	300	200	100		1,480	(20)	-1.33%
Category Subtotal		\$2,900,424	\$2,829,645	\$3,196,675	\$3,600,175	\$2,707,589	3,705,823	\$2,071,527	\$498,015	\$267,811	\$257,360	\$154,920	\$667,379	\$162,762	\$ 4,129,774	529,600	14.71%
Seminars, Conventions and Travel																	
5300-20	Airfare	\$ 1,317	\$ 318	\$ 3,035	\$ 4,750	1,902	2,535	800	750	900	\$1,000	450	800		4,700	(50)	-1.05%
5310-20	Hotels	3,397	5,000	6,318	11,050	8,752	11,670	1,000	1,500	2,200	2,500	1,100	2,400		10,700	(350)	-3.17%
5320-20	Meals	2,046	2,371	4,109	5,210	4,657	6,210	800	500	3,260	600	440	600		6,200	990	19.00%
5330-20	Auto Rental	372	131	336	2,000	1,157	1,542	300	500	1,000	500		300		2,600	600	30.00%
5340-20	Seminars & Conferences	5,503	3,160	6,630	9,450	6,455	8,607	1,200	2,500	1,500	2,100	500	1,300		9,100	(350)	-3.70%
5345-20	Seminars & Conferences - Board	95	1,435		5,200					3,820					3,820	(1,380)	-26.54%
5350-20	Mileage Reimbursement, Parking, Tolls	586	1,395	1,391	1,690	4,652	6,203	200	200		300	150	600		1,450	(240)	-14.20%
5375-20	Auto/Telephone Allowance	5,166	4,840	4,840	4,800	3,700	4,933			6,000					6,000	1,200	25.00%
Category Subtotal		\$18,483	\$18,650	\$26,659	\$44,150	\$31,275	41,700	\$4,300	\$5,950	\$18,680	\$7,000	\$2,640	\$6,000	\$0	\$ 44,570	420	0.95%

Account	Description	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Budget	FY 15-16 Y-T-D - 3-31-16	FY 15-16 Projected	Ops 500	Tech Services 560	GM 610	HR 620	MA 640	Finance 650	Admin 700	FY 16-17 Budget	Difference	
Office & Operational																	
5410	Advertising	\$ 3,203	\$ 3,754	\$ 11,289	\$ 6,200	5,198	6,931					\$3,000	\$32,500		35,500	29,300	472.58%
5415	Association Dues	53,716	53,823	61,518	72,170	66,861	89,148	1,090	220				650	74,100	76,060	3,890	5.39%
5420	Insurance	83,098	68,865	76,462	75,000	74,153	74,153							79,900	79,900	4,900	6.53%
5425	Licenses, Certifications, Fees	18,446	5,809	13,488	9,700	2,685	3,580	8,800	350			100	600		9,850	150	1.55%
5430	Repairs & Maintenance - Automotive	19,459	16,585	28,486	40,300	21,746	28,994	26,500	500				800		27,800	(12,500)	-31.02%
5432	Repairs & Maintenance - Building	10,643	14,197	9,067	13,500	9,623	12,830	12,000						4,500	16,500	3,000	22.22%
5434	Repairs & Maintenance - Computers	50,282	1,839	21,591	24,800	12,369	16,492	10,900	350				10,900		22,150	(2,650)	-10.69%
5435	Repairs & Maintenance - Equipment	37,055	52,278	94,204	108,000	31,163	41,551	63,350							63,350	(44,650)	-41.34%
5438	Fuel	41,505	41,338	38,424	63,600	22,973	30,631	50,000	1,000					600	51,600	(12,000)	-18.87%
5440	Materials	149,957	143,564	268,654	206,000	45,835	61,113	90,000							90,000	(116,000)	-56.31%
5445	Chemicals	24,955	48,945	14,813	12,000	8,904	11,872	115,000							115,000	103,000	858.33%
5450	Meter Repairs	553	91	5,179	9,000	6,313	8,418	12,000					35,650		47,650	38,650	429.44%
5453	Permits	7,380	31,193	39,318	39,620	24,536	32,714	49,150						35,650	84,800	45,180	114.03%
5455	Postage	58,421	65,773	73,556	59,300	40,379	53,838					300	13,000	59,100	72,400	13,100	22.09%
5460	Printing	5,849	8,086	14,693	15,400	2,730	3,639		800		1,000	9,750	3,000		14,050	(1,350)	-8.76%
5465	Safety Equipment	1,773	12,993	3,428	11,950	3,919	5,226	10,000	100			10,000			20,100	8,150	68.20%
5470	Software Programs & Updates	58,040	114,981	146,911	108,744	70,756	94,341	36,036	27,500				31,891		94,927	(13,817)	-12.71%
5475	Supplies	62,426	22,421	29,849	30,295	22,543	30,058	18,600	1,700		2,500			14,000	36,800	6,505	21.47%
5480	Telephone	32,972	38,338	35,983	29,505	25,002	33,336	53,755					7,200		60,955	31,450	106.59%
5485	Tools	7,282	24,069	23,834	5,329	5,727	7,635	8,500	1,500					2,500	12,500	7,171	134.57%
5490	Clothing Allowance	8,305	9,901	7,449	10,500	4,490	5,987	9,500	700						10,200	(300)	-2.86%
5491	EGWD Other Clothing	\$0	7,644	7,782	12,289	6,527	8,702	12,000							12,000	(289)	-2.35%
5493	Water Conservation Materials				30,000	3,869	5,159								0	(30,000)	
	Category Subtotal	\$735,323	\$786,482	\$1,025,927	\$993,202	\$518,300	\$666,350	\$587,181	\$34,220	\$0	\$6,800	\$65,350	\$90,791	\$269,750	1,054,093	60,891	6.13%
5495	Purchased Water	2,517,816	2,656,509	2,587,097	2,891,709	1,689,163	2,252,217	2,795,658							2,795,658	(96,051)	-3.32%
Outside Services																	
5505	Administration Services	\$1,155	\$ 1,012	\$ 2,252	\$ 6,000	564	752					\$1,500	\$0	\$0	1,500	(4,500)	-75.00%
5510	Bank Charges	41,787	47,799	62,586	62,400	52,560	70,080						96,000		96,000	33,600	53.85%
5515	Billing Services	26,484	28,308	26,657	26,400	17,241	22,987						28,800		28,800	2,400	9.09%
5520	Contracted Services	127,963	136,029	240,381	248,836	212,356	283,142	10,000		5,000	18,500	10,000	5,200	130,100	178,800	(70,035)	-28.15%
5523	Water Conservation Services				20,000	19,571	26,095						32,500		32,500	12,500	
5525	Accounting Services	63,788	43,344	26,615	35,000	22,908	30,544						35,000		35,000	0	0.00%
5530	Engineering	1,400	14,798	92,044	80,000	6,626	8,834		50,000						50,000	(30,000)	-37.50%
5535	Legal Services	169,632	98,307	124,744	205,000	70,471	93,961			205,000					205,000	0	0.00%
5540	Financial Consultants	86,998	29,653	68,601	10,000	-	-						10,000		10,000	0	0.00%
5545	Community Relations	10,118	14,065	19,587	16,200	10,445	13,927			1,200		15,000			16,200	0	0.00%
5552	Misc. Medical	2,354	2,086	1,485	2,000	1,067	1,423				2,500				2,500	500	25.00%
5550	Pre-employment	1,817	630	6,508	10,000	493	657				10,000				10,000	0	0.00%
5555	Janitorial	3,885	5,935	6,299	6,500	4,635	6,180	3,000						3,300	6,300	(200)	-3.08%
5560	Bond Administration	7,366	7,353	6,917	8,500	12,042	16,056							8,500	8,500	0	0.00%
5570	Security	31,682	26,412	30,706	26,500	5,663	7,550	15,000						8,700	23,700	(2,800)	-10.57%
5575	Sampling	16,256	23,858	35,513	45,647	11,504	15,339	35,000							35,000	(10,647)	-23.32%
5580	Board Secretary/Treasurer	3,150	3,025	3,025	3,000	2,000	2,667								3,000	(3,000)	-100.00%
	Category Subtotal	\$595,834	\$482,614	\$753,921	\$811,983	\$450,144	\$600,193	\$63,000	\$50,000	\$211,200	\$32,500	\$57,500	\$175,000	\$150,600	739,800	(72,182)	-8.89%
Equipment Rent, Taxes and Utilities																	
5610	Occupancy	\$9,367		\$0		-	-										
5620	Equipment Rental	37,552	\$38,047	\$15,392	\$29,500	9,076	12,101	\$10,000						\$12,000	22,000	(7,500)	-25.42%
5710	Property Taxes	3,464	3,992	4,701	4,700	1,328	1,771							1,500	1,500	(3,200)	-68.09%
5720	Water	1,087				-	-								0	0	
5740	Electricity	359,504	333,039	295,131	379,000	190,086	253,448	313,500						9,000	322,501	(56,499)	-14.91%
5750	Natural Gas	286	437	416	500	374	498							600	600	100	19.91%
5760	Sewer & Garbage	24,138	19,273	22,950	29,700	12,965	17,286	20,000						5,900	25,900	(3,800)	-12.80%
	Category Subtotal	\$416,662	\$394,788	\$339,590	\$443,400	\$213,828	\$285,104	\$343,500	\$0	\$0	\$0	\$0	\$0	\$29,000	372,500	(70,900)	-15.99%
	Gross O&M Expenses	\$7,184,542	\$7,168,688	\$7,929,869	\$8,784,618	\$5,610,300	\$7,551,386	\$3,069,509	\$588,185	\$497,691	\$303,660	\$280,410	\$939,170	\$612,112	9,136,396	351,778	4.00%
	Less: Capitalized Expenditures	-	(538,181)	(470,098)	(509,238)	(509,238)	(509,238)	0	0	0	0	0	0	0	(529,211)	(19,973)	3.92%
	Net O&M Expenses	\$7,184,542	\$6,630,507	\$7,459,771	\$8,275,380	\$5,101,063	\$7,042,149	\$3,069,509	\$588,185	\$497,691	\$303,660	\$280,410	\$939,170	\$612,112	\$8,607,185	331,805	4.01%
Net Revenues		\$ 7,128,249	\$ 6,804,687	\$ 5,726,067	\$ 5,110,569	\$ 4,739,837	\$ 6,031,952								\$4,932,375	(178,194)	-3.49%

Account	Description	FY 12-13 Actual	FY 13-14 Actual	FY 14-15 Actual	FY 15-16 Budget	FY 15-16 Y-T-D - 3-31-16	FY 15-16 Projected	Ops 500	Tech Services 560	GM 610	HR 620	MA 640	Finance 650	Admin 700	FY 16-17 Budget	Difference	
2. Capital Improvement Funding																	
1730	Meters				\$0			\$0							0	0	
1745	Transportation Equipment				\$0										0	0	
1760/1765	Capital Equipment & Expenditures		96,290												0	0	#DIV/0!
1705	Non-Project Capital Expenses		35,000												0	0	
3560	Repair & Replacement Reserve				851,472	638,604	851,472							731,000	731,000	(120,472)	
3565	Long-Term Capital Improvement Reserve				698,528	523,896	698,528							969,000	969,000	270,472	
TOTAL CAPITALIZED EXPENSES		\$0	\$131,290	\$0	\$1,550,000	\$1,162,500	\$1,550,000	\$0	\$0	\$0	\$0	\$0	\$0	\$1,700,000	1,700,000	150,000	9.68%
3. Nonoperating Revenue / (Expenses)																	
6440	Depreciation	\$1,687,331	\$2,054,712	\$1,696,678	\$0	-	-							\$0	-	0	#DIV/0!
6450	Amortization	(5,579)				-	-								-	0	
7300	Debt Service (Bond Interest Expense)	2,624,774	2,580,129	2,289,586	2,225,240	1,668,930	2,225,240							1,757,900	1,757,900	(467,340)	-21.00%
7310	Discount Amortization Expense	28,344	28,229			-	-								-	0	#DIV/0!
7320	Offering Expense - Deferred Charges		103,476	471,504		-	-								-	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	115,000 786,713
2500	Bond Retirement	1,080,000	1,175,000		1,430,000	1,072,500	1,430,000							1,440,000	1,440,000	10,000	0.70%
9910	Interest Earned	(20,886)	(18,188)	(19,970)	(20,000)	(7,628)	(10,171)							(100,000)	(100,000)	(80,000)	400.00%
9920	Other Income	(52,452)	(22,304)	(318,589)		(74,355)	(74,355)								-	0	
3500	Contribution from Operating Reserves				(74,671)									0		74,671	
9920-73	Other Expenses (Toilet Program Costs, Other Income)	1,659				-	-								-	0	
9950	Election Costs	1,660		103,700		-	-							120,000	120,000	120,000	#DIV/0!
9970	Rebate Program					-	-								-	0	
TOTAL OTHER EXPENSES		\$5,486,827	\$6,016,040	\$4,222,899	\$3,560,569	\$2,659,446	\$3,570,714	\$0	\$0	\$0	\$0	\$0	\$0	\$3,217,900	\$3,217,900	(342,669)	-9.62%
TOTAL EXPENDITURES		\$12,671,369	\$12,777,837	\$11,682,670	\$13,385,949	\$8,923,009	\$12,162,862	\$3,069,509	\$588,185	\$497,691	\$303,660	\$280,410	\$939,170	\$5,530,012	\$13,525,085	139,135	1.04%
DISTRICT REVENUES IN EXCESS OF EXPENDITURES		\$1,641,422	\$657,357	\$1,503,169	\$0	\$917,890	\$911,238								\$14,475	\$14,475	
CHECK		\$1,641,422	\$657,357	\$1,503,169	\$0	\$917,890	\$911,238								\$14,475	\$14,475	