



CAMBRIA COMMUNITY SERVICES DISTRICT

I, Tom Gray, Chairman of the Cambria Community Services District Finance Committee, hereby call a Special Meeting of the Finance Committee pursuant to California Government Code Section 54956. The Special Meeting will be held: **Tuesday, November 28, 2023, 10:00 AM**. The purpose of the Special Meeting is to discuss or transact the following business:

AGENDA

SPECIAL MEETING OF THE CAMBRIA COMMUNITY SERVICES DISTRICT FINANCE COMMITTEE

**Tuesday, November 28, 2023, 10:00 AM
1000 Main Street, Cambria, CA 93428**

Copies of the staff reports or other documentation relating to each item of business referred to on the agenda are on file in the CCSD Administration Office, available for public inspection during District business hours. The agenda and agenda packets are also available on the CCSD website at <https://www.cambriacsd.org/>. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting or if you need the agenda or other documents in the agenda packet provided in an alternative format, contact the Confidential Administrative Assistant at 805-927-6223 at least 48 hours before the meeting to ensure that reasonable arrangements can be made. The Confidential Administrative Assistant will answer any questions regarding the agenda.

In person at:

**Cambria Veterans' Memorial Hall
1000 Main Street, Cambria, CA 93428**

AND via Zoom at:

**Please click the link below to join the
webinar: [https://us06web.zoom.us/j/89735431541?](https://us06web.zoom.us/j/89735431541?pwd=bi9vc2Jac0J3Y2o2TjN4SDNsRko1Zz09)
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1. OPENING

A. CALL TO ORDER

B. ESTABLISH A QUORUM

C. CHAIRMAN'S REPORT

D. COMMITTEE MEMBER COMMUNICATIONS

Any Committee Member may make an announcement, report briefly on his or her activities, or ask a question for clarification.

E. AD HOC SUBCOMMITTEE REPORTS

F. AD HOC SUBCOMMITTEE APPOINTMENTS

2. PUBLIC COMMENT ON AGENDA ITEMS

Members of the public may now address the Board on any item on its agenda today.

3. CONSENT AGENDA

A. Consideration to Approve the October 17, 2023 Joint Special Meeting Minutes and October 24, 2023 Regular Meeting Minutes

4. REGULAR BUSINESS

A. Discussion and Consideration of 2024 Finance Committee Meeting Dates

B. Discuss, Review and Approve the Budget Policy Revisions and Approve Recommendations to the CCSD Board of Directors

5. FUTURE AGENDA ITEMS

6. ADJOURN

Approved by Resources & Infrastructure Committee on November 6, 2023

FINANCE COMMITTEE/RESOURCES & INFRASTRUCTURE COMMITTEE

SPECIAL JOINT MEETING
 Tuesday, October 17, 2023 - 2:00 PM
 1000 Main Street Cambria, CA 93428

1. OPENING

A. CALL TO ORDER

Finance Committee Chairperson Gray called the meeting to order at 2:00 pm.

B. ESTABLISH QUORUM

A Finance Committee quorum was established.
 An R&I Committee quorum was established.

Finance Committee members present: Tom Gray, Cheryl McDowell, David Pierson, Karen Chrisman, and Scott McCann.

R&I Committee members present: Karen Dean, Juli Amodei, James Webb, and Derrick Williams. Members absent: Mark Meeks and Steven Sieuhr.

Staff present: Administrative Department Manager Denise Fritz and Confidential Administrative Assistant Haley Dodson.

2. PUBLIC COMMENTS ON AGENDA ITEMS

No public comment.

3. REGULAR BUSINESS

A. Discussion Regarding CIP List Review Format

Administrative Department Manager Fritz presented the reformatted CIP list and stated that the purpose of this meeting is to discuss the ranking methodology. The District's finance department uses the CIP list to track expenditures, and as a tool for long-term capital expenditure planning.

R&I Chairperson Dean states that the R&I committee will address the ranking at their next meeting, along with District staff. The R&I committee previously ranked items by importance. For example:

1. Emergency items
2. Very important items, but not emergency
3. Less important items
4. Items that would be nice

Administrative Department Manager Fritz states that another approach is to reserve the top ranking for items that are currently budgeted, even if these items are not the most important items.

Approved by Resources & Infrastructure Committee on November 6, 2023
 Finance Committee member Pierson states that a unified ranking system is needed so that the District's fund managers have a consistent template for developing their individual priority lists.

Administrative Department Manager Fritz suggests funded items could be labeled with a sub-rank such as 1.1 or 2.1.

Finance Committee member McCann suggests it is important to retain a simple system.

Finance Committee member McDowell requests that items on the CIP list include dates indicating how long the item has been on the list. Furthermore, the figures on the CIP list are not accurate.

Finance Chairperson Gray notes that items that are already budgeted may not need a priority ranking because they are ongoing. Administrative Department Manager Fritz proposes that budgeted projects be assigned a different signifier. Budgeted items could have their numeric ranking replaced with a "B" (for "Budgeted"). Budgeted items would be listed separately on the CIP list.

Administrative Department Manager Fritz suggests that the CIP list include a footnote that describes the ranking system. The differentiation between rankings of 1, 2, and 3 is for the R&I Committee and the managers to agree on. Finance Committee member McCann suggests a decimal system where the number before the decimal is the priority, and the number after the decimal indicates project status.

The Committees agree that budgeted items will be assigned a B, and other items will be prioritized either with a 1, 2, 3 system or a 1.1, 1.2, 2.1, etc. system.

Finance Committee member Chrisman identified typos in the CIP list.

Finance Chairperson Gray suggests the following prioritization:

1. Items that are critical for safety and/or regulatory compliance
2. Items that have an operational necessity, but are not critical
3. Future improvements

R&I Chairperson Dean requests that completed projects remain on the CIP as documentation of what the District has completed.

Finance Committee member Pierson suggests that the CIP include footnotes for projects that are at least partially funded by grants or other sources. The CIP list currently lists full project costs, whether the project is funded by the district or not.

4. FUTURE AGENDA ITEMS

None.

5. ADJOURN

Finance Chairperson Gray adjourned the meeting at 2:39 pm.

FINANCE COMMITTEE**REGULAR MEETING**

Tuesday, October 24, 2023 - 10:00 AM
1000 Main Street Cambria, CA 93428

MINUTES**1. OPENING****A. CALL TO ORDER**

Chairman Gray called the meeting to order at 10 a.m.

B. ESTABLISH QUORUM

A quorum was established. Karen Crisman has an excused absence.

Committee members present: Chairman Tom Gray, Cheryl McDowell, David Pierson, and Scott McCann.

Staff present: Matthew McElhenie, General Manager, Haley Dodson, Confidential Administrative Assistant, and Denise Fritz, Administrative Department Manager.

C. ELECTION OF OFFICERS

Scott McCann nominated Cheryl McDowell for Vice Chair and David Pierson for Secretary.

David Pierson seconded.

Motion passed 3-0.

D. CHAIRMAN'S REPORT

Chairman Gray reported on the process for filling the vacant seat on the committee.

E. COMMITTEE MEMBER COMMUNICATIONS

None.

2. AD HOC SUBCOMMITTEE REPORT**3. PUBLIC COMMENT**

Public Comment:
Elizabeth Bettenhausen

4. CONSENT AGENDA**A. Consideration to Approve September 26, 2023, Regular Meeting Minutes**

Chairman Gray made a minor grammatical change.

Mr. McCann moved to approve the minutes.

Ms. McDowell seconded.

Motion passed 3-0.

5. REGULAR BUSINESS

- A. Discuss, Review and Approve the FY 2023/2024 First Quarter Budget Report and Staff Recommendation: Ms. Fritz reviewed the 1st quarter budget revisions. A discussion was held on the EV charging station cost to move the station.

Mr. Pierson moved to approve the 1st quarter budget as presented and recommend approval by the Board of Directors

Mr. McCann seconded.

Motion passed 3-0.

- B. Discuss, Review and Approve the Budget Policy Revisions and Approve Recommendations to the CCSD Board of Directors

Ms. Fritz reviewed the changes made to the policy. The allocation methodology was discussed, and the policy was referred back to the Ad Hoc committee to continue working on the allocation.

Public Comment:

Elizabeth Bettenhausen

Laura Schwartz

- C. Receive Ad Hoc Committee Report on Potential General Fund Revenue Enhancement and Discussion and Consideration to Approve Recommendations to the CCSD Board of Directors

Mr. Pierson reviewed the work done by the Ad Hoc committee.

Ms. McDowell mentioned that a Cal Poly study was done in the past and she would try to find it.

Discussion was held on several issues. The Ad Hoc committee was asked to continue working and address the following issues:

1. See if there is interest to fund the incorporation study with donations from the public.
2. Pursue the idea of sharing costs on the ranch with the FFRP
3. Review the possible funding of Open Space and Parks with either a Benefit Assessment or a Tax.

Public Comment:

Elizabeth Bettenhausen

D. Discussion and Consideration of November 2023 and December 2023 Finance Committee Meeting Dates

The rescheduling of the December 5th regular meeting date to November 29th at 10 AM. Chairman Gray will pool the committee and advise on the decision to move the date.

6. FUTURE AGENDA ITEMS

Chairman Gray asked for any future agenda items.

It was suggested that a joint meeting with the FFRP Board representatives be held.

7. ADJOURN

Chairman Gray adjourned the meeting at 11:54 a.m.

DRAFT



CAMBRIA COMMUNITY SERVICES DISTRICT FINANCE COMMITTEE 2024 REGULAR MEETING SCHEDULE

January , 2024 at

February , 2024 at

March , 2024 at

April , 2024 at

May , 2024 at

June , 2024 at

July , 2024 at

August , 2024 at

September , 2024 at

October , 2024 at

November , 2024 at

December , 2024 at

Regular meetings are subject to cancellation and will be held at the Veterans' Hall dining room located at 1000 Main Street, Cambria, CA 93428 and via Zoom Webinar. Special meetings may be held on other dates, subject to 24-hour notice.

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Finance Committee

AGENDA NO. **4.B.**FROM: Matthew McElhenie, General Manager
Denise Fritz, Administrative Department Manager

Meeting Date: November 28, 2023

Subject: Discuss, Review and Approve the
Budget Policy Revisions and
Approve Recommendations to the
CCSD Board of Directors**RECOMMENDATIONS:**

The staff recommends the Finance Committee discuss, review, and approve the budget policy revisions recommended by the Ad Hoc Committee and staff and approve recommendations to the CCSD Board of Directors.

DISCUSSION:

The Finance Subcommittee presented to the Finance Committee on October 24, 2023, a revised Budget Policy. All comments have been incorporated into a final draft policy for review.

Considering each department's funding limitations, additional work must be completed to assess the overhead cost allocation methodology and develop a more current and sustainable model. The subcommittee would like to recommend that the Finance Committee approve the attached revisions to the budget policy and approve recommendations to the CCSD Board of Directors.

Attachments: Budget Policy
Overhead Allocation FY 23/24



CAMBRIA COMMUNITY SERVICES DISTRICT BUDGET POLICY

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I. PURPOSE

It is the policy of the Cambria Community Services District that an annual Budget will be prepared, presented to the Board of Directors for approval, and used as the guide for District spending decisions each year.

The annual budget serves multiple purposes:

- Translate District plans into financial estimates of the impact of those plans.
- Provide a template for resource allocation.
- Establish spending controls consistent with District needs and Board objectives.
- Provide a basis for evaluation of actual spending during the year.
- Provide a guidepost for expectations and a basis for determining when actual events are inconsistent with those expectations.

With its approval, the Board of Directors authorizes the General Manager to plan for and take actions consistent with the Budget and within the limits of other Board policies. Before taking action inconsistent with the Budget or other policies, the General Manager will raise the issue for discussion and approval at a public meeting.

II. PROCEDURES

A. Plans, Goals, Resources

A budget is a financial manifestation of plans and goals. To be meaningful, the Annual Budget must include a discussion of District goals and objectives, plans to accomplish those objectives (in the case of multi-year objectives, the Annual Budget will address what will be accomplished in the relevant year), available resources and discussion of trade-offs between competing priorities and available resources.

Plans and goals must be consistent with overall Board policy and direction. They should be developed in such a way that they are measurable. During the year and following each year, the General Manager will report on achievements and gaps between what was achieved and initial plans and objectives. These reports will include the financial implications of these achievements and gaps and plans for remediation if necessary. Interim reports will be presented on at least a quarterly basis, which will include a multi-year pro forma.

B. Calendaring

The Annual Budget must be prepared and presented to the Board under the following schedule: The preliminary budget will be submitted for review to the Standing Finance Committee at the May meeting.

- The revised preliminary budget, incorporating input from the Standing Finance Committee where appropriate, shall be submitted to the Board at its regular June meeting to meet the required statutory adoption deadline by June 30th.
- Final budget submitted for review to the Standing Finance Committee at the July meeting.
- The Final Budget, incorporating input from the Finance Standing Committee, submitted for approval at the regular August Board meeting to meet the required statutory deadline of August 31st.
- Special meeting(s) of the Standing Finance Committee and/or the Board may be necessary to resolve complex issues before adopting the Preliminary or Final Budgets.

C. Mid-year Budget Update

If an event or events materially impact the assumptions in the Annual Budget, the General Manager will propose and present a midyear update for approval. Any midyear update will be prepared on a schedule that leads to approval as soon as practical after the regular December Board meeting but no later than the regular February Board meeting. Changes should be limited to the impacts of the triggering event on plans, objectives, and financial performance.

The General Manager can also propose and present a quarterly budget update for approval. Any quarterly update will be prepared on a schedule that includes a review by the Standing Finance Committee before the regular board meetings in November, February, June, and August.

D. Organization Chart and Position Allocation Listing

Budget documents will include an organization chart and, a position allocation listing, a count of full-time equivalent employees. The full-time equivalent of employees will display the number of employees at the end of the current budget year and the planned headcount of the proposed budget year.

The full-time equivalent will only include the employee count. Contractors, Consultants, and Temporary employees or agencies will be represented in the organization chart and table to give a clear picture of the staff required to fulfill the needs of the District. Vacant positions will also be identified.

Potential open positions that will not be filled due to budget constraints should also be noted. New positions require justification, and the General Manager is encouraged to provide a discussion about the relative merits of creating and filling positions.

E. CIP & Other Capital Assets

Capital spending plans are, by their nature, multi-year. Each year, before budget preparation, the General Manager should evaluate the resources needed to acquire or replace infrastructure, facilities, equipment, and other capital items for a period of five years or more. These plans should prioritize the acquisitions and identify funds available to achieve the plans. All plans

should discuss the impact of acquiring assets and/or failing to acquire them due to resource limitations.

The General Manager shall work with the Standing Resource & Infrastructure Committee to establish, change, and maintain the District's Capital Improvement Plan. The Capital Improvement Plan shall be adopted along with the Preliminary and Final Budgets and be amended as needed during the mid-year or quarterly budget updates.

F. Overhead Allocation

Overhead allocation is a tool to match the costs of administrative functions to the operating activities of the CSD. Administrative functions will be charged to the administrative department in the General Fund. Allocation to the Fire Department, Facilities & Resources Department, and Enterprise Funds (Water, including the WRF, Wastewater) is necessary to ensure that rates will be set to adequately reimburse the General Fund for expenses necessary to the delivery of services.

Overhead allocation will consider four criteria:

- Recovery based on equal distribution to all departments. (E Costs)
- Recovery based on the percent of administrative labor applied to departments as determined by interviewing administrative personnel. (L Costs)
- Recovery based on the relative size of the department's full-time equivalent employees, per the Position Allocation. The term "relative size" is a subjective determination based on estimates of each department's use of resources and impact on the district's overall mission. (R Costs)

As part of the budget process, the charges to each operating department will be the percentage of the total overhead budget derived from aggregating the recoveries applied to each spending line item. The percentage of overhead spending allocated to each operating department will be set at the beginning of the year. It will not be changed unless there is a material change in actual or anticipated overhead spending or a change in one or more operating departments that would cause a material change in the recovery methodologies.

G. Income Allocation – Property Tax and Other

Property taxes are the primary source of funds for the General Fund departments. Since administrative overhead is fully allocated to the departments, no property tax receipts will be allocated to the administrative department. The departments receiving property tax allocations are the Fire Department and the Facilities and Resources Department.

Ultimately, the allocation is the responsibility of the CSD Board of Directors. The General Manager should budget expenses for each of the General Fund departments with an understanding of the likely level of property tax receipts. Once expenses are projected, the General Manager will recommend the appropriate allocation of property tax receipts to the Board. The recommendation should include discussing the choices made in the spending projections and potential competition between departments for limited funds. The Board will determine how much it agrees with the General Manager's priorities and appropriately allocate anticipated property taxes. If necessary, the Budget will be revised to account for the Board's allocation decision.

Minor sources of income, such as fees and grants, are generally specified to certain funds. When the purpose is unspecified, the Board will allocate funds based on recommendations by the General Manager.

H. Structure

Working with the General Manager, the Board should set operating and financial objectives. This process is discussed above. From a structural standpoint, the budget's financial documents must reflect the financial impact of these objectives. More specifically, budget documents must contain at least the following information:

- Beginning Fund Balance
- Receipts of funds
- Loan Proceeds (external and interfund)
- Expenses
- Capital expenditures
- Loan Repayments (external and interfund) • Allocation to reserves for:
 - Emergency
 - Replacement
 - Unfunded liabilities such as employee benefits
 - Other
- Other receipts or expenses
- Ending Fund Balance

To the extent necessary, the budget will contain appropriate documents with detail supporting the above line items.

I. Consolidation Entries

The budget will include at least two consolidation levels: General Fund and District. In consolidation, internal transfers will be eliminated to avoid overstating income and expenses. Internal transfers include, but are not limited to, overhead allocation and interfund loans.

**CAMBRIA COMMUNITY SERVICES DISTRICT
ALLOCATION OF ADMINISTRATIVE OVERHEAD CALCULATION
FINANCE COMMITTEE - MEETING MAY 31, 2023
FOR FISCAL YEAR 2023/2024 PROPOSED BUDGET**

"E" COSTS									
	AMOUNT TO ALLOCATE	FIRE	F&R	PROS	WATER	WASTE WATER	SWF- OPERATING	SWF- Capital	TOTAL CHECK
ALLOCATION %	100.0%	16.7%	16.7%	16.7%	16.7%	16.7%	12.5%	4.2%	100.0%
Public Information-General	4,000	667	667	667	667	667	500	167	4,000
Public Information-Website	3,576	596	596	596	596	596	447	149	3,576
TOTAL "E" COSTS ALLOCATED	7,576	1,263	1,263	1,263	1,263	1,263	947	316	7,576
"L" COSTS									
	AMOUNT TO ALLOCATE	FIRE	F&R	PROS	WATER	WASTE WATER	SWF	SWF	TOTAL CHECK
ALLOCATION %	100.0%	17.0%	6.0%	1.2%	30.6%	25.2%	15.0%	5.0%	100.0%
Personnel Services	1,178,336	200,317	70,700	14,140	360,571	296,941	176,750	58,917	1,178,336
Prof. Ser.-District Counsel	259,381	44,095	15,563	3,113	79,371	65,364	38,907	12,969	259,381
Prof. Ser.-Legal	73,958	12,573	4,437	887	22,631	18,637	11,094	3,698	73,958
Office Rent	34,127	5,802	2,048	410	10,443	8,600	5,119	1,706	34,127
Travel, Training ("EES & Directors) Meetings, Employee Recruitment	15,000	2,550	900	180	4,590	3,780	2,250	750	15,000
	11,338	1,927	680	136	3,469	2,857	1,701	567	11,338
TOTAL "L" COSTS ALLOCATED	1,572,140	267,264	94,328	18,866	481,075	396,179	235,821	78,607	1,572,140
"R" COSTS									
	AMOUNT TO ALLOCATE	FIRE	F&R	PROS	WATER	WASTE WATER	SWF	SWF	TOTAL CHECK
ALLOCATION %	100.0%	25.0%	6.0%	1.5%	26.0%	26.0%	11.6%	3.9%	100.0%
All Other Costs	565,472	141,368	33,928	8,482	147,023	147,023	65,736	21,912	565,472
TOTAL "R" COSTS ALLOCATED	565,472	141,368	33,928	8,482	147,023	147,023	65,736	21,912	565,472
TOTAL ALL COSTS ALLOCATED	2,145,188	409,894	129,519	28,610	629,360	544,465	302,504	100,835	2,145,188
ALLOCATION per PROPOSED BUDGET	2,145,188	409,894	129,519	28,610	1,032,699	544,465	0	0	2,145,188
INCREASE/(DECREASE)	-	0	0	0	(403,339)	(0)	302,504	100,835	0
								DIFFERENCE	-

Legend:
 "E" Equal Allocation All Departments
 "L" % of Administration Effort Allocation to Each Department
 "R" % Based on Size of Department