

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO.

4.A.

FROM: Pamela Duffield, Finance Manager

VIA: Paavo Ogren, Interim General Manager

Meeting Date: June 20, 2019 Subject: PUBLIC HEARING TO DISCUSS AND CONSIDER ADOPTION OF RESOLUTION 24-2019 APPROVING THE CCSD PRELIMINARY BUDGET FOR FISCAL YEAR 2019/2020 AND ADOPTION OF RESOLUTION 25-2019 ESTABLISHING THE FISCAL YEAR 2019/2020 APPROPRIATIONS LIMIT

RECOMMENDATIONS:

Staff recommends the Board discuss and consider adoption of Resolution 24-2019 approving the CCSD Preliminary Budget for FY 2019/2020, adoption of Resolution 25-2019 establishing the FY 2019/2020 appropriations limit, and provide direction to staff as deemed appropriate.

FISCAL IMPACT:

The FY 2019/2020 Preliminary Budget would authorize total Revenue Projections, Expenditure Authorities, and changes to the General Fund, Water, SWF and Wastewater Fund balances as shown below:

The overall fiscal impact to the General Fund is a surplus of \$17,767 and is calculated as follows:

Fire	(\$69,818)
Facilities & Resources	(\$45,895)
Administration	\$133,480
PROS	<u>\$0</u>
Total	<u>\$ 17,767</u>

The overall fiscal impact to the Enterprise Funds is a surplus of \$67,183 and is calculated as follows:

Water	\$195,003
SWF	\$ 10,789
SWF-Capital	(\$138,609)
Wastewater	<u>\$0</u>
Total	<u>\$ 67,183</u>

The specific detail for each fund’s surplus or deficit is discussed in detail in Attachment A and will be discussed by staff during the budget presentation.

DISCUSSION:

Adoption of a budget is one of the most important actions taken by the Board of Directors. It establishes the District's direction for the near term, and to some extent these decisions also have long term implications. The budget is the District's financial work plan, translated in expenditures, supported by revenues. The budget establishes the priorities of the District for the fiscal year.

FY 2019/2020 Preliminary Budget

The Preliminary Budget includes several components:

- Narrative – The narrative is an in-depth review of each departmental budget within the associated fund. Revenue sources and expenditure requests are discussed, along with significant budget items, trade-offs and goals/objectives/plans.
- Preliminary Budget – The preliminary budget includes department and fund level summaries and detailed line items for all revenues and expenses.
- Administrative Overhead Allocation - The administrative overhead allocation assumes recovery of 100% of administrative costs. The different types of expenses are recovered at different percentages to each department and associated fund.
- Salary Schedule – The salary schedule is inclusive of all current CCSD staff, includes a correction of a confidential designation and three new staff requests (1 Water, 2 Wastewater) recommended in the Prop 218 rate study. In addition to the salary schedule, a position allocation list (PAL) is being provided which details the change in staffing from FY 2018/2019 to FY 2019/2020.
- Organizational Chart – The organizational chart represents the current reporting structure of CCSD that is funded in the preliminary budget. Existing staff positions, vacant positions, and new staff requests are included in this illustration.
- Capital Improvement Projects (CIP) – Water, SWF and Wastewater CIP priority listings are included. The specific project amounts are still under discussion with both the Finance and Resource & Infrastructure Committees, and future Board action is to follow when the final CIP lists are confirmed.
- Unfunded Budget Requests – The Board is being provided a list of each department's budget request, plus the amount that was funded or not funded. It is important for department managers to continue to request items needed to continue to provide service to residents and also important for the Board and the community to be aware of funding shortfalls and the associated impacts of these unfunded requests.

Staff has worked on the CIP priority listings with the Resource & Infrastructure Committee, then the Finance Committee and a subsequent budget ad-hoc committee to prepare the budget being submitted to you today. Both staff and the committees recommend approval of the Preliminary Budget through adoption of Resolution 24-2019.

Establishing the FY 2019/2020 Appropriations Limit –

Annually, the CCSD is required to calculate the expenditure appropriations limit from tax proceeds to determine compliance with Propositions 4 (Gann Initiative) and 111 (Spending Limitation Act of 1990). This calculation is based on the previous year's appropriations limit multiplied by the per capita personal income percentage change and multiplied again by the population percentage change. The State Department of Finance provides both the population change and the per capita personal income change for the previous fiscal year.

The CCSD is responsible for dividing revenues between tax and non-tax and applying the formula to the cumulative appropriations limit. For Fiscal Year 2019/2020, the appropriations limit has been calculated to be \$3,104,071.

This calculation means that the CCSD cannot receive more than \$3,104,071 in tax-based revenues in Fiscal Year 2018/2019. The estimated tax-based revenues for Fiscal Year 2019/2020 have been calculated to be \$2,525,749, which is approximately \$578,322 less than the appropriations limit. Therefore, the CCSD is in compliance with Article XIII B of the California Constitution and staff recommends approval of Resolution 25-2019.

Proposed 2nd Tier Career Development –

There are two positions that are being requested to study and establish a career development series, 1) Management Analyst I/II and 2) Deputy District Clerk I/II. There is a desire to increase the level of responsibility of these positions to be similar to the Water & Wastewater Chief Plant Operators. Attachment 2 is provided as a recommended salary comparison for the current, proposed and comparison salary levels. Staff requests discussion and direction from the Board.

- Attachments: Resolution 24-2019
- Resolution 25-2019 and Exhibit A
- Attachment 1 – CCSD Preliminary Budget FY 2019/2020
- Attachment 2 – Proposed 2nd Tier for Career Development

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS ___PIERSON___FARMER ___RICE ___ STEIDEL___ HOWELL ___