

Memo

Carmichael



To: Advisory Board of Directors

From: Mike Blondino, District Administrator
Ingrid S. Penney, Administrative Services Manager

Date: March 17, 2022

Subject: Recommended Budget Proposals for FY2022-23

Introduction:

On March 4, Staff met with the Budget Committee (Directors Rockenstein and Ives) to review the Recommended Budget for FY2022-23 for both the District General Fund 337A and the Carmichael RPD Parks Maintenance and Recreation Improvement District 337B. The Recommended Budgets are provisional; effective July 1 and used until the Budgets are adopted by the Board of Supervisors in September. The September submittals will focus primarily on changes to the FY2021-22 carry-over fund balance in order to balance the budgets.

County Schedule for the Recommended Budget FY2022-23

Fri	March 18	Departmental Budget Submittals due
Wed-Fri	June 8-10	Board of Supervisors Recommended Budget Hearings
Fri	Mid July	FY 2021-22 Period 13 Closes – Actual Ending Fund Balances Available (based on last year's schedule)

County Schedule for the Adopted Budget FY2022-23 will be available at a later date.

General Fund 337A:

Based on current projections and recent trends, Staff is estimating available revenues of \$6,686,252 for FY2022-23, which includes an estimated carry-over fund balance from FY2021-22 of \$1,157,588, of which \$500,000 is contingency funding. This funding is sufficient to meet current operational needs with some equipment and improvements for a balanced budget.

This proposal reflects the continued impact of COVID-19 and the uncertainties related to inflation. CRPD remains committed to maintaining service levels and improving efficiencies and effectiveness wherever possible.

Budget projections estimate property taxes and tenant lease revenue to remain stable with modest growth, coupled with program revenue increases as daily facility rentals and programs return, following the lifting of COVID-19 restrictions and guidelines. Already, over the past eight months, CRPD has witnessed rentals returning and program participation increasing.

Expenditure allocations follow the revenue, especially in the Recreation Division. This proposal includes provisions in revenues and expenditures towards continued expansion. To do otherwise, would delay our ability to respond to opportunities and changes. CRPD staff remains committed to adding new programs when sufficient revenues are available or generated to cover direct costs.

For FY2022-23, the operations budget addresses current staffing levels along with filling some vacant positions. At this time there is not sufficient funding to hire all the vacant positions desired, including positions originally identified through the Staffing Assessment Study. Also, a Compensation Study is underway to ensure that the pay structure for current and future positions is equitable and comparable to those paid in the relevant labor market. There is time between this recommended budget and the adopted budget in late July/early August to reassess this position.

Service/supply needs are based on known costs and trends; provision for increased HVAC service, repair and replacement; an improved turf management program; and other new items detailed later in this report.

For capital equipment, the equipment identified and ordered for FY2021-22 will be re-budgeted as we have encountered supply chain difficulties.

The CIP budget allocation detailed later in the Report is based on available funds through park fees, donations, insurance proceeds, and the Assessment. The largest project will be the restoration of the LSCC 800 Wing due to the water damage sustained in 2020. Construction is planned to start in FY2021-22 and will continue through at least the first half FY2022-23. Insurance proceeds are funding the project. Once completed, the space will be available once again for CPRD operations, a tenant lease, and daily rentals. The few remaining projects on the CIP List will be smaller in scale due to both available funding and staffing.

Revenues – \$6,686,252

- Estimated Carry-Over Fund Balance from FY 2021-22: \$1,157,588

Difference between –

Estimated Year End Revenue: \$6,025,763

Estimated Year End Expenditures: \$4,868,174

\$500,000 from this carry-over makes up the Contingency.

- Projected Base Revenue for FY2022-23: \$5,528,664
- Property Taxes, GL 9100 Series: \$2,396,049
Current Secured 3% growth based on estimated year end, Assessor's Roll, and trends; remaining taxes based on estimated year end. Property taxes continue to modestly grow. The CRPD tax rate area has a base of many pre-proposition 13 properties which add stability. There are numerous in-fill development projects occurring in the area which will increase revenues over the next year.

Property Tax Description Chart

Property Tax Accounts	Description/Comments
91910100 PROP TAX CUR SEC	District's share of 1% tax on real property in the tax rate area
91910200 PROP TAX CUR UNSEC	District's share of 1% tax on properties such as office furniture, equipment and boats owned by the assessee
91910300 PROP TAX CUR SUP	District's share of 1% tax on properties that have undergone change of ownership or new construction
91910400 PROP TAX SEC DELINQ	Teeter Plan financing - Distribution of District's share of secured tax levied rather than collected
91910500 PROP TAX SUP DELINQ	Teeter Plan financing - Distribution of District's share of supplemental tax levied rather than tax collected
91910600 PROPERTY TAX UNITARY	District's share of apportionment of Unitary 1% tax - a group of properties that operate as a unit as part of the primary function of the assessee.
91913000 PROP TAX PR UNSEC	District's share of unsecured taxes not due and not pd by 8/31
91914000 PROP TAX PENALTIES	District share of penalties pd by property owners prior to end of the fiscal year

- Building Rentals, GL #9429: \$1,418,206 - Based on past trends and known factors.
Breakdown –
 - LS Tenants: \$1,253,876 includes gain from the Lease Escalators rate adjustment for two tenants.
 - LS Daily Rentals: \$105,000 based on past revenue trends and emerging rentals now that facilities are open.
 - District wide Rentals: \$60,000; \$23,220 based on Capra and Jensen House rentals; remaining based on facility rentals.
- Homeowner Property Tax Relief, GL #9522: \$17,898 –
Based on trends; represents the District's share of \$7,000 of cash value lost on owner occupied homes.
- Aid from Other Local Gov GL #9531: \$165,000
 - Park Impact Fees (\$100,000)
Sutter Jensen Community Park/Garfield House Path Extension to connect with Trail/Walkway and the Jensen Gardens
 - Quimby Fees (\$65,000)
 - LSCC Roof silicone coating
 - New Replacement Bleachers at Carmichael Park and LSCC

- Recreation Service Charges, GL #9646: \$724,000
Based on past years' trends; the projection reflects revenues from programs, sports, and sponsorships (i.e., Youth Scholarship Fund, Concert Series, and other Events). Program participation is up from a year ago.
- Law Enforcement Services, GL #9697: 750 – Represents District's share of citation receipts.
- Donations & Contributions, GL #9730: \$55,000 – Denotes funds received from the Carmichael Parks Foundation, Kiwanis, Rotary, and other local organizations, such as Friends of Carmichael Canine Corral, Carmichael Little League, and Carmichael Girls Softball for park projects, supplies/equipment and misc. funds from "passing the hat" at Events. Planned projects include:
 - CP Dog Park (Canine Corral)
 - Bleachers
 - Miscellaneous small projects - \$50k
- Insurance Proceeds, GL #9740: \$715,000 –Reflects dividends and returned premium from our insurance program and property loss proceeds through CAPRI. This account will be adjusted once we the LSCC 800 Wing restoration project construction project is awarded and year end expenditures are known. Total costs for the property loss damage are likely to run over \$730k.

Expenditures –\$6,686,252

- Salaries and Benefits, GL # 1000 Series: \$2,947,513

Includes the following:

of Regular FT EE eligible for step increases: 3

Minimum Wage Increase and COLA – Current rate: \$15/hour. An inquiry has been made to validate the rate effective on 1/1/2023. It seems that it will remain static at \$15/hour for all employers regardless of the number of employees. Starting in 2024, future increases will be adjusted annually for inflation based on the national CPI for urban wage earners and clerical worker (CIP-W), and the highest raise allowed in any one year would be 3.5%. (The National CPI-W at December 2021, 12-month change was 7.9%).

There is also a petition gathering signatures for the November ballot calling for the "Living Wage Act of 2022" which would increase the minimum wage across California to \$16/hour in 2023 and then incrementally up to \$18/hour.

The County of Sacramento is projecting 3% COLA for County employees. Because inflation is increasing a rapid rate and CRPD increased the schedule a total of 7%, 3.5% at 7/1/2021 and the remainder at 1/1/2022, Staff is recommending a provision for a 3% COLA, effective 1/1/2023. This has already been included in the allocation.

The is time to re-evaluate the COLA for FY2022-23.

Seasonal part time salaries provide for increased program participation for after-school/day camp programs, other youth and adult programs and classes, and youth and adult sports.

Benefit allocations are based on current and known rates. SCERS rates for FY2022-23 have been disseminated. Health rates are estimated with a 5% increase; SUI is based on 2022 rates. Workers Compensation allocation is based on current rates. Actual rates will be known for most before Adopted Budget (Final); exception: SUI.

The Salaries and Benefits Proposal includes the following requests:

Recreation Division requested –

- Filling the vacancy of the regular full time Recreation Coordinator (Facilities) (RFT RC) with a Seasonal Recreation Specialist to provide 988 hours of program and event support. Estimated cost \$23k for salaries and benefits, compared to the cost of a RFT RC Estimated cost \$90k for salaries and benefits. Savings: \$67k

Parks Division requested –

- Filling the Park Maintenance Supervisor position vacancy, position classification to be determined. Estimated cost \$128k for salaries and benefits.
 - Filling the Park Maintenance Worker I position vacancy, Estimated cost: \$99k for salaries and benefits.
 - Costs are offset by savings from the difference of a previous position's years of service.
- Services & Supplies: \$2,113,169 – Based on current trends, known costs, and new requests. Highlights follow:
 - Advertising & Legal Notices, GL #2005: \$31,800
Administration Division has budgeted \$600 for public notices. Recreation Division has budgeted on a base of \$27K for activity guides, Carmichael Times ads, and eNewsletter; \$2.2k for increased Activity Guide Design costs; \$1k for online advertisement.
 - Business/Conference Expenses GL #2029: \$5k
Component of the training budget, used for annual conferences and workshops. (CSDA, CPRS, CARPD, etc.)
 - Education/Training Services GL #2035: \$7,500
EEOC, Pesticide Application, PSMMS, etc. Virtual workshops, trainings, and conferences has reduced current year costs. Many have been offered at a greatly reduced cost or free of charge.
 - Agricultural/Horticultural Services, GL #2103: \$145k
3% increase in the Landscape Contract; and continuation of contracting for goats grazing at District park(s), additional contracted Tree Maintenance
 - Agricultural/Horticultural Supplies GL #2104: \$35k
Includes additional \$22k for an improved turf management program (seed, soil, etc.) These funds will be re-evaluated when the year-end adjustments are made.
 - Land Improvement Services, GL #2141: \$15k
Contracted repairs for potholes, fences/gates, playground surfaces, etc.

- Land Improvement Supplies, GL #2142: \$40k
Includes funds to install/replace trash cans, benches, bricks, signs, playground equipment parts, road base/rocks, etc.
- Mechanical Sys Mtn Services, GL # 2151: \$115k
Includes an additional \$25k anticipated for an additional A/C unit; increased cost of HVAC system replacements and other miscellaneous services
- Utilities, GL #s 2191 - 2195: \$640.7k
Projections will be fine-tuned for the Adopted Budget based on year end actuals.
- Office Equip Services, GL #2291: \$16.5k
Reflects service agreement on three copiers and IT services
- Office Equip Supplies, GL #2292: \$16.6
Reflects cost to replace CPU/laptops; purchase tablets to run Sign-in/out for youth programs, and peripherals
- Rent/Lease Equip, GL #2275: \$19.6k
Includes the copier rentals for the District and LSCC Offices; equipment rentals for recreation events and park division equipment rentals
- Clothing/Personal Supplies, GL #2314: \$6k
Includes boot replacement (up to \$200/year) and jackets (up to \$120)
- Custodial Services, GL #2321: \$87k
Includes 3% Janitorial Services Contract increase
- Accounting/Financial Services, GL #2505: \$30k
Includes cost of FY2020-21 audit and DOF accounting and audit services
- Environmental Services, GL #2552: \$20k
Includes cost of ADA related repairs
- Other Professional Services, GL #2591: \$10k
Provision for consulting services
- Computer/Software Licensing, GL #2812: \$18k
Reflects additional users/staff across all software applications.
- Recreation Services & Supplies, GL #s 2851 & 2852 – Reflects growth in programming and costs. \$48,431 baseline supply costs, includes new requests.

Recreation Supplies, new requests:

SUPPLIES	LOCATION	AMOUNT
Gym Chair Replacement	LS	\$500
Facility Rentals, Table Replacement Plan	DW	\$1,000
Facility Rentals, Chair Replacement Plan	DW	\$500
10 x 10 Branded Tent	DW	\$1,250
Summer Camp T-Shirts for Participants*	LS	\$1,000
Volleyball Nets**	LS	\$3,600
Youth Sports Equipment Replacements***	DW	\$3,000
Promotional Items for Events	DW	\$4,000
		\$14,850

*Covered by program costs

** Hope to split the cost with the Volleyball Club that rents the gyms

*** Hope to receive a grant from Rotary to cover some these costs

- Capital Improvement Projects: \$920,000, GL #s 4201 & 4202 –Reflects re-budgeted CIP funded through the park impact fees and donations. Please refer to the Capital Equipment & Improvement Projects for FY2020-21 and FY2021-22 for a list of CIP projects not funded in this proposal.

STRUCTURES & IMPROVEMENTS	BUDGET	FUNDING SOURCE
LSCC 800 Wing Restoration	700,000	Insurance Proceeds
LSCC Roof – Silicone coating	45,000	Quimby Fees
Misc. -Prospective Donations	25,000	Donations
<i>Total Structures & Improvements:</i>	770,000	

OTHER IMPROVEMENTS	BUDGET	FUNDING SOURCE
CP Dog Park (Canine Corral) Shade Structure Re-budget	5,000	Donations
SJ – Garfield Path Extension	100,000	Park Impact Fees
Bleachers (CP & LSCC)	20,000	Quimby Fees
Misc. - Prospective Donations	25,000	Donations
<i>Total Other Improvements:</i>	150,000	

- Capital Equipment: \$205,570 Re-budget

Recreation: Three (3) replacement vans	110,570
Parks:	95,000
Aerator (turf program)	
Top Dresser (turf program)	
Turf Cart	
Total Capital Equipment:	205,570

- Contingency: GL #7901 – \$500,000

Summary of Proposed Recommended Budget for FY 2022-23 General Fund 337A-Balanced Budget:

REVENUE TOTAL:	6,686,252	EXPENDITURES TOTAL:		6,686,252
Carry-over Fund Balance:	1,157,588	Operations:		5,060,682
Taxes:	2,396,049	Salaries/Benefits:	2,947,513	
Use of Money/Property:	1,421,376	Services & Supplies:	2,113,169	
Intergovernmental:	182,989			
Charges for Service:	724,750	C-I-P:		920,000
Other Revenue:	770,500	Capital Equip:		205,570
Gain on Fixed Asset:	33,000	Contingency:		500,000
Total:	6,686,252	Total:		6,686,252

Carmichael RPD Assessment Fund 337B: Total budget of \$241,577

Since the District lost the legal challenge to the Assessment, no additional levies have been collected. The recommended budget for FY 2022-23 was based on the remaining funds available from levies paid in FY2014-15 and FY2015-16 after allowable reimbursements, expenditures, and refunds. These funds are available for allocation to cover administration costs, repair and maintenance, and capital equipment and projects.

Revenues – \$241,577

Carry Over Fund Balance:	\$241,077
Projected Interest Earnings:	<u>500</u>
	<u>\$241,577</u>

History of the Assessment Levey Revenue and Fund Balance
From Inception to Carry Over Fund Balance into FY2021-22.

<u>Activity</u>	<u>Amount</u>
Levies Paid in FY2014-15:	653,718
Levies Paid in FY2015-16:	662,149
County adjustments:	<u>-2,332</u>
Total Levies Paid:	1,313,535
Total Interest Earnings to 6/30/21:	58,585
	<u>1,372,120</u>
Total Expense through FY2020-21:	<u>-971,213</u>
Fund Balance FY2020-21:	400,907
(incl Unrestricted Reserves)	

Expenditures – \$241,577

Other Professional Services GL #2591: (MPCEQA; Financial Planning/GO Bond Process)	\$128,627
Other Improvements: GL #4202: CP Dog Park – Re-budget Del Campo Booster Pump (New) LSCC Backflow Replacements (New)	105,000
Contingency: GL #7901	<u>7,950</u>
TOTAL	\$241,577

Total amount expended to 6/30/2021: **\$971,212**

Breakdown:

Plaintiff's Attorney's Fees	200,000.00
County Counsel Fees	60,803.40
Reim CRPD (eligible related election costs)	93,216.00
Net Reimbursement to taxpayers*	163,658.25
CP Ballfield #3 Fence & Gate Improvement	12,320.00
CP Bocce Ball Courts Development	11,935.49
CP Playground Project	112,218.00
CP Vets Hall Roof	49,083.00
Master Plan	46,411.62
LSCC Asphalt & Play Area Improvement	44,546.24
LSCC Gas Line Improvement	92,599.00
LSCC Gym Roof	59,621.00
SJ - Jensen Lower Parking Improvement	24,800.00
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	917,213.00

<u>Original Deposit*</u>	
Deposit - SCI for reim to taxpayers	200,000.00
Net checks issued	<u>(163,658.25)</u>
Amount returned to the District	36,341.75

Next Steps: Staff will submit the proposal to County for the Recommended Budgets with hearings by the Board of Supervisors in June.

Staff will continue to monitor current fiscal year revenue and expenditures. CRPD has time to make final adjustments for FY2022-23 Budgets through late July before submission for the Adopted Budget in August. The Board of Supervisors will hold Budget Hearings in September.

Recommendation:

Staff and Budget committee recommends approval and recommendation to Sacramento County Board of Supervisors the Proposed Recommended Budget for FY2022-23, as presented:

General Fund 337A – a total of \$6,686,252, a balanced budget

Assessment Fund 337B – a total of \$241,577, a balanced budget