

Memo

Carmichael



To: Advisory Board of Directors

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

Date: March 16, 2023

Subject: Recommended Budget Proposals for FY2023-24

Introduction:

On March 3, Staff met with the Budget Committee (Chair Carroll and Director Ives) to review the Recommended Budget for FY2023-24 for both the District General Fund 337A, the Carmichael RPD Parks Maintenance and Recreation Improvement District 337B, and the CIP List for the Capital Project Fund 337L. 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 FY2022-23 carry-over fund balance in order to balance the budgets.

County Schedule for the Recommended Budget FY2023-24

	Week of March 13 –17	Departmental Budget Submittals due
Wed- Fri	June 7 – 9	Board of Supervisors Recommended Budget Hearings
Fri	July 21	FY 2022-23 Period 13 Closes – Actual Ending Fund Balances Available (based on last year's schedule)

County Budget Adoption for FY2023-24 is scheduled for September 26, 2023.

General Fund 337A:

Based on current projections and recent trends, Staff is estimating available revenues of \$6,259,641 for FY2023-24, which includes an estimated carry-over fund balance from FY2022-23 of \$1,135,192, 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 gradual program growth following the elimination of restrictions 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 increasing as daily facility rentals and programs continue to recover.

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 FY2023-24, the operations budget addresses current staffing levels and some positions that will be filled by fiscal year end. At this time there is not sufficient funding to hire all the vacant positions desired, particularly in the Administrative Services Division. 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, one last piece of equipment, turf cart, identified and originally ordered for FY2021-22 will be re-budgeted again as we continue to encounter supply chain difficulties.

The CIP budget allocation detailed later in the Report is based on available funds through park fees, donations, and the ARPA funds through the County. The largest project will be the parking lot for Cardinal Oaks Park. There are two other smaller projects which are planned for Carmichael Park: the Reader board and Shade for the Small Dog Park. The projects funded through Bond Proceeds will be addressed in a new fund, Capital Project Fund 337M.

Revenues – \$6,259,641

- Estimated Carry-Over Fund Balance from FY 2022-23: \$1,135,192
Difference between –
Estimated Year End Revenue: \$5,377,814
Estimated Year End Expenditures: \$5,418,011

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

- Projected Base Revenue for FY2023-24: \$5,789,641
- Property Taxes, GL 9100 Series: \$2,551,449

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: \$1,480,000 - Based on past trends and known factors.
Breakdown –
 - LS Tenants: \$1,265,000 includes gain from the Lease Escalators rate adjustment for two tenants.
 - LS Daily Rentals: \$125,000 based on past revenue trends and emerging rentals now that facilities are open.
 - District wide Rentals: \$90,000; \$23,220 based on Capra and Jensen House rentals; remaining based on facility rentals.

- Homeowner Property Tax Relief, GL #9522: \$18,000 –
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: \$95,000
 - Park Impact Fees (\$30,000)
 - Carmichael Park – Small Dog Park Shade
 - Quimby Fees (\$65,000)
 - Carmichael Park – Reader Board

- Recreation Service Charges, GL #9646: \$575,000
Based on a more refined estimate based on the 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: 1,500 – 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:
 - Miscellaneous small projects - \$50k
- Insurance Proceeds, GL #9740: \$10,000 –Reflects dividends and returned premium from our insurance program and property loss proceeds through CAPRI.

Expenditures –\$6,259,641

- Salaries and Benefits, GL # 1000 Series: \$3,135,252

Includes the following:

of Regular FT EE eligible for step increases: 14

Minimum Wage Increase and COLA – Current rate: \$15.50/hour. We are building in a 3.5% based on the statute and current CPI rate, as 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%.

In November 2024 there will be a ballot initiative calling for the “Living Wage Act” which would increase the minimum wage across California incrementally up to \$18/hour by 2026.

The County of Sacramento is projecting 4% COLA for County employees. Because of the impact of inflation and Minimum Wage staff is recommending a 4% COLA, effective 7/1/2023. This has already been included in the allocation.

There 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 FY2023-24 have been disseminated. Health rates are estimated with a 5% increase; SUI is based on 2023 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 does not include the following requests:

Administrative and Planning Division re-budget request –

- Analyst/Financial Supervisor; estimated cost \$138k+ for salaries and benefits.
- RPT Administrative support position; estimated cost \$41k+ for salaries and benefits.

Recreation Division requested –

- Reclassification of a RPT Recreation Coordinator to RFT; estimated cost \$59k+ more for salaries and benefits.

Parks Division requested –

- Filling another Lead worker position; estimated cost \$125k+ for salaries and benefits.

- Services & Supplies: \$2,113,169 – Based on current trends, known costs, and new requests. Highlights follow:

- Advertising & Legal Notices, GL #2005: \$31,500
Administration Division has budgeted \$1,500 for public notices. Recreation Division has budgeted \$30K for activity guides, Carmichael Times ads, eNewsletter; and 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: \$6,500
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: \$170k
3% increase in the Landscape Contract; and continuation of contracting for goats grazing at three District park(s), additional contracted Tree Maintenance
- Agricultural/Horticultural Supplies GL #2104: \$55k
Includes \$40k for an improved turf management program (seed, soil, etc.)
- 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, signs etc.
- Mechanical Sys Mtn Services, GL # 2151: \$50k
Includes costs associated with the HVAC PM contract and repairs; ice machine cleaning/maintenance. Normally, an additional up to \$100k would be budgeted for HVAC replacements; however, the bond proceeds will be used instead.
- Utilities, GL #s 2191 - 2195: \$696.4k+
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: \$15k
Reflects cost to replace CPU/laptops and other devices/peripherals
- Rent/Lease Equip, GL #2275: \$19.2k
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: \$5.5k
Includes boot replacement (up to \$200/year) and jackets (up to \$120)
- Custodial Services, GL #2321: \$92k
Includes 3% Janitorial Services Contract increase
- Accounting/Financial Services, GL #2505: \$25k
Includes cost of FY2022-23 audit and DOF accounting and audit services
- Environmental Services, GL #2552: \$0k
ADA related costs will be funded through the bond proceeds
- Other Professional Services, GL #2591: \$10k
Provision for consulting services
- Computer/Software Licensing, GL #2812: \$19k
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 only. There are additional new requests, *not funded*:

Recreation Supplies, new requests:

SUPPLIES	LOCATION	AMOUNT
Gym Chair Replacement	LS	\$1,000
Facility Rentals, Table Replacement Plan	DW	\$2,000
Facility Rentals, Chair Replacement Plan	DW	\$1,000
Video Game System & Games for Youth programs	DW	\$1,000
Promotional Items for Events	DW	\$4,000
Event Enhancements (offset by increased sponsorships)	DW	\$4,500
Portable Fencing for Events	DW	\$4,500
		\$18,000

AUDIO/VIDEO UPGRADES FOR RENTALS	Liberty Bell	Specialized Audio & Video, Inc.
La Sierra Community Center	\$44,421.67	\$19,256.63
Clubhouse	\$27,728.57	TBD

- Capital Improvement Projects: \$470,000, GL #s 4201 & 4202 –Reflects re-budgeted CIP funded through the park impact fees and donations. Please refer to the CIP List for Projects funded through the Capital Projects Funds 337M (bond proceeds).

STRUCTURES & IMPROVEMENTS	BUDGET	FUNDING SOURCE
Misc. -Prospective Donations	25,000	Donations
<i>Total Structures & Improvements:</i>	25,000	

OTHER IMPROVEMENTS	BUDGET	FUNDING SOURCE
CP Small Dog Park (Canine Corral) Shade Structure	30,000	Park Impact Fees
CP Reader board	65,000	Quimby Fees
Cardinal Oaks – Parking Lot	325,000	ARPA Funds
Misc. - Prospective Donations	25,000	Donations
<i>Total Other Improvements:</i>	445,000	

- Capital Equipment: \$35,000 Re-budget

Parks: Turf Cart	35,000
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- Contingency: GL #7901 – \$500,000

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

REVENUE TOTAL:	6,259,641	EXPENDITURES TOTAL:		6,259,641
Carry-over Fund Balance:	1,135,192	Operations:		5,254,641
Taxes:	2,551,449	Salaries/Benefits:	3,135,252	
Use of Money/Property:	1,480,000	Services & Supplies:	2,119,389	
Intergovernmental:	438,000			
Charges for Service:	576,500	C-I-P:		470,000
Other Revenue:	75,500	Capital Equip:		35,000
		Contingency:		500,000
Total:	6,259,641	Total:		6,259,641

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 2023-24 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 – \$147,693

Carry Over Fund Balance: \$147,693, represents the current balance of the account.

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:	-2,332
Total Levies Paid:	1,313,535
Total Interest Earnings to 6/30/22:	60,649
	1,374,184
Total Expense through FY2021-22:	-1,095,169
Fund Balance FY2021-22:	279,015
(incl Unrestricted Reserves)	-1
	279,014

Expenditures – \$147,693

Propose taking the remaining fund and transferring it to the General Fund 337A. The actual transfer will change based on the costs associated with the CIP planned over this Spring and ending fund balance.

Total amount expended to 6/30/2022: **\$1,095,169.10**

Breakdown:

<i>Plaintiff's Attorney's Fees</i>	200,000.00
County Counsel Fees	60,803.40
Reim CRPD (eligible related election costs)	93,216.00
<i>Net Reimbursement to taxpayers*</i>	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 - Consultant/CEQA	95,429.37
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
Public Opinion Survey	12,500.00
LSCC 300W West Roof Improvement	34,928.00
CP Vets Hall Improvements	27,511.35
	<u>1,095,169.10</u>

<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

Measure G General Obligation Bonds, Series 2023 – \$10M Issuance;
\$3,654,900 CIP for FY2023-24

Staff is working with the County to set up accounts associated with Measure G Bonds. This will be a follow up item. The Resolutions adopted by the BOS and the Advisory Board empower County and District Staff to move forward with setting up these accounts and funding them ahead of the budget process.

Debt Service Fund 337L for the collection of property tax associated with Measure G and disbursements for Principal and Interest payments. Once the bonds are issued, we will have a debt amortization schedule provided by the Underwriter to be able to complete the budget for this account.

Capital Project Fund 337M for the bond proceeds. The initial Series 2023 is \$10M. This account will be funded through wire transfer following issuance to cover the costs/disbursements related to all the projects identified for funding. The CIP Lists are included in the worksheets, FY2023-24: \$3,654,900 and FY2024-25: \$6,345,100

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 FY2023-24 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 FY2023-24, as presented:

General Fund 337A – a total of \$6,259,641, a balanced budget

Assessment Fund 337B – a total of \$147,693, a balanced budget

Debt Service Fund 337L – Amount TBD, account for Measure G revenue collection and debt service payments of P& I

Capital Project Fund 337M – a total of \$10M

\$3,654,900 CIP (with the remaining \$6,345,100 to be allocated in FY2024-25 for CIP); approve the identified CIP for both years.