Second Presentation of the Budget for FY 2017-18

BACKGROUND

Staff recommends that the attached expenditures be included in the FY 2017-18 proposed budget. The FY 2017-18 proposed budget includes total expenditures of $5,175,390; an increase of $162,503 to the FY 2016-17 amended budget.

Following is a description of proposed revenues and expenditures to be included in the FY 2017-18 budget. Attachment A shows a comparison of revenues and budgeted expenditures proposed for FY 2017-18 compared to budgets from the past fiscal years. Attachment B provides a detailed list of expected revenues and proposed expenditures for FY 2017-18 in comparison to those for FY 2016-17.

Proposed Revenues

The proposed budget includes an increase in the Benefit Assessment of approximately 5%. This change is expected to increase revenue by $71,901. Ad valorem property taxes are budgeted to increase by approximately 4% over that received in FY 2016-17 or 7.8% over that budgeted in the FY 2016-17 Budget. The District has also received a grant for FY 2017-18 from Public Health Foundation Enterprises for $40,000, which will be used to help pay for increased surveillance for invasive Aedes mosquitoes in 2017-18.

Proposed Expenditures

Salaries and Wages

Salaries and wages for regular and seasonal employees comprise approximately 44% of the proposed budget at $2.3 million; an increase of 8%, or $189,583.

The total budget for Regular employee salaries and wages increase 4.7%, or $92,118, due to step and longevity pay increases and Board approved labor agreements and anticipated vacancies for the first few months of the fiscal year.

Seasonal employees increase 10%, or $1, due to an increase in hourly wages from $15 to $18; and $18 to $22 approved by the Board in May. These wage increases are needed to attract
qualified seasonal employees. Also included are wages for one grant-funded seasonal technician. The District has had trouble recruiting enough seasonal staff to respond to the increased need for treatment of storm drain systems and conduct surveillance for invasive Aedes mosquitoes in recent years. The wage increase approved by the board has resulted in a greater number of applicants for these positions and the district expects to hire additional seasonal staff for the upcoming fiscal year.

Employee Benefits

Employee benefits comprise 21% of the proposed budget at $1.05 million. The majority of these costs are District contributions for employee retirement, health insurance and workers’ compensation insurance. The annual District contribution for retirement will decrease by 18%, or $107,220, due to lower District contribution rates as a result of last year’s supplemental contribution to its UAAL. The District’s unfunded pension liability was $2.28 million; the District deposited $1,510,429 into the account which now has a balance of $1,650,873, reducing the UAAL to approximately $680,000.

This budget includes another proposed deposit to the District’s Supplemental Account in the amount of $300,000 to further reduce the District’s future Employer contribution rates due to UAAL.

The District pays 100% of medical, vision and dental insurance premiums for employees and their families. Per our health insurance broker, premiums for medical insurance will increase 7% on January 1, 2018. Vision and dental insurance premiums are not expected to increase. If the cost of health insurance increases more than 10% next year, the Board may reopen labor negotiations.

Overall, the Employee Benefits portion of the proposed budget is 21% lower than the amended budget in 2016-17. This decrease of $276,245 is principally due to the “one time” contribution in the 2016-17 Amended budget to offset UAAL. $94,837 of the remainder represents lower Employer Contribution to pensions for the first few months of the year until open positions are filled.

Training

Training expenditures of $60,000 is $10,000 less than the amount budgeted last year, but above the actual amount spent for the past three years and should be adequate for staff development.
Administration

Administration expenditures of $698,769 is due to environmental consulting costs and legal review costs for the environmental impact report project. In addition, due to the advice of our independent auditors, it is recommended that special assessment charges ($75,075); special tax charges ($24,334); and property tax administration charges – SB 2557 ($23,051) be shown as additional expenses. These are the charges which the county deducts from the District tax revenue to pay for the cost of collecting the taxes. This will be offset by showing the full accrual of these associated revenues. In the past, these charges were net of associated revenues.

Insurance

Insurance costs of $171,441 represents a slight decrease from last year’s insurance costs.

Computers

Computer costs of $55,000 increase by 8.4% because the District will be upgrading software and hardware.

Facilities

Facility costs of $39,000 increase over prior years due to the cost of maintenance on the elevator, HVAC system.

Fleet

Fleet costs of $61,000 over FY 16-17 budget decreased by $5,000 because purchasing and maintaining Operations field application equipment ($20,000) has been moved to the Operations account.

Field Operations

Operations costs of $364,500 is increased due to the addition of the Field Operations Equipment mentioned above.

Laboratory

Laboratory equipment and supply costs of $91,300 increased over projected estimates during FY 16-17 principally due to re-budgeting lab PCR maintenance of $9,500.
Public Outreach

Public outreach costs of $85,000 will increase 5% over FY 15-16 budget due to discretionary purchases of more billboard ads in local BART Stations and on BART trains.

Capital

Capital costs of $136,000 is lower than the $200,000 budgeted for capital in the 2016-17 budget. Proposed capital projects include:

- Interior painting;
- Completing the installation of the new tanks for BVA larviciding Oil
- Replacement of three vehicles; and
- MapVision software module additions.

ATTACHMENTS

A. Budget Summary and comparison to past years
B. Budget Detail for FY 2017-2018 showing changes made since the May 10 Board meeting presentation
C. Resolution M-013-017 Adopting the FY 2017-18 Budget