

**STAFF REPORT  
CHINO BASIN WATER CONSERVATION DISTRICT**

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**MEETING DATE:** June 8, 2020 **AGENDA ITEM:** DI 8

**FROM:** Elizabeth Skrzat, Executive Director

**SUBJECT:** Fiscal Year 2020-21 Budget Proposal and Five-Year Capital Plan

**ATTACHMENTS:**

- 1) Budget 2020-21 P&L Detail
- 2) Budget 2020-21 Narrative
- 3) Budget FY 2020-21 Five-Year Capital Plan

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**RECOMMENDATION**

Review, discuss, and adopt the proposed Fiscal Year 2020-21 Budget and Five-Year Capital Plan as recommended by the Finance Committee.

**FISCAL IMPACT**

The Proposed Fiscal Year 2020-21 Budget totals \$3,500,900 and is supported by \$3,500,900 for a balanced budget.

The Proposed CBWCD Five-Year Capital Plan lays out \$1,855,917 in expenditures between FY 19-20 and FY 24-25. The bulk of capital expenditures in this plan occur between fiscal years 19-20 and 22-23, with an additional \$100,000 earmarked for fiscal years 23-24 and 24-25 in anticipation of additional capital expenses.

**BACKGROUND**

**FY 2020-21 Budget:**

The Fiscal Year 2020-21 Proposed Budget is a balanced budget as developed under the context of a Zero-Based Budget policy approach, which aligns the budget of the Chino Basin Water Conservation District (District) with the operations and services planned for the fiscal year to projected costs of providing these services to our service area which includes all or portions of the following cities: Montclair, Chino, Ontario, Upland, Rancho Cucamonga, and Chino Hills.

The Proposed Budget reflects the District's mission to sustain a regional water supply through public stewardship by engaging the public through demonstration, education, and percolation strategies to ensure our region's water needs are efficiently met. The budgeting process was a collaborative process, in which all the managers of each department met with the

Executive Director and the District's accountant from Eide Bailey to set forth priorities and develop programs for each department. On May 13, 2020, the Finance Committee voted to recommend Board approval of the FY 2020-21 budget as proposed by staff.

### **FY 2020-21 Five-Year Capital Plan:**

During the Finance Committee Meeting on April 14, 2020, the Committee directed staff to draft a Five-Year Capital Plan for review, taking into account the capital priorities listed in the proposed FY 20-21 budget. The Finance Committee reviewed the Five-Year Capital Plan and recommended it for Board approval on May 13, 2020.

## **ISSUES/ANALYSIS**

### ***Fiscal Year 2020-2021 Revenues***

District revenues are primarily supported by property taxes which are collected by the County of San Bernardino. Revenues from FY 19-20 are projected to exceed expectations. FY 20-21 is budgeted with a 2% increase to projected FY 19-20 results. This 2% increase excludes the RDA Pass-Through assessment revenues which are conservatively budgeted as projected for FY 19-20 with no increase.

The District is enrolled in the Teeter Program, which enables full collection of property tax revenues allocated to CBWCD each year regardless of delinquency and penalty payments. The county government then collects and keeps the delinquency and penalty payments, but the District is protected against non-payment of property taxes. However, the Teeter Program is not available for RDA Pass-Through funds.

Interest income is projected conservatively for FY 20-21, due to a depressed market and the fact that the District moved the majority of funds into the Local Agency Investment Fund.

### ***Fiscal Year 2020-2021 Expenditures***

District Wages considers full staffing, including medical benefits and retirement expenses.

Three large and two small Capital Expenditures were presented in the original budget put before the Finance Committee on April 14, 2020:

1. Montclair Basin No, 2 Spillway Repair – between \$820,000 and \$1,145,000
2. Brooks Basin block wall or iron fence – estimated at \$300,000
3. Tractor – estimated at \$100,000
4. Golf cart to assist with maintenance – estimated at \$16,000
5. Sluice gate repairs at the State Street Channel – estimated at \$5,000

Staff received estimates from Wagner & Bonsignore for the Montclair Basin No. 2 Spillway Repair Project. They include:

- Preliminary Investigation & Conceptual Design estimated at \$20,000
- Preliminary Design and Permitting Assessment estimated at \$150,000
- A Final Design, Permitting & CEQA Process estimated between \$150,000 - \$225,000
- Construction, estimated between \$500,000 - \$750,000

The engineers at Wagner and Bonsignore estimated that the project could take three years to complete. The project was presented to the Recharge Committee on May 29, 2020 and the Committee approved moving forward with the first two steps:

- Preliminary Investigation & Conceptual Design estimated at \$20,000
- Preliminary Design and Permitting Assessment estimated at \$150,000

In order to budget conservatively, staff have noted each cost in the Five-Year Capital Plan in anticipation of beginning work, including \$170,000 is included in FY 20-21 for the Preliminary Investigation & Conceptual Design and the Preliminary Design and Permitting Assessment.

Staff continues to gather estimates for the block wall or ornamental iron fence for Brooks Basin, originally estimated at \$300,000.

Staff recommended the purchase of the tractor and golf cart in FY 19-20, creating a savings in FY 20-21. The Sluice Gate Repairs at State Street Channel remain the same at \$5,000.

With those savings realized, Capital Expenditures (Line 123) stands at \$500,000. Basins (Line 122) stands at \$122,180, to use in the event of an emergency, as recommended by staff.

# Proposed Budget Fiscal Year 2020-21

	<b>A</b>	<b>B</b>	<b>C</b>
	FY 19/20 Projected Year-End	FY 19/20 Adopted Budget	FY 20/21 Proposed Budget
<b>1 Revenue</b>			
<b>2 Property Tax &amp; Assessment Revenue</b>			
3 Current Yr Tax Revenue	2,024,600	1,935,600	2,065,100
4 Current Yr Supplemental Tax Revenue	20,800	13,100	21,300
5 Prior Year Tax Revenue	37,400	19,900	38,200
6 Homeowner's Prop Tax Relief	17,600	17,900	18,000
7 RDA Pass-Thru from Cities	1,152,600	941,200	1,152,600
<b>8 Total Property Tax &amp; Assessment Revenue</b>	<b>3,253,000</b>	<b>2,927,700</b>	<b>3,295,200</b>
9 Interest Income	84,300	80,600	84,300
10 Caltrust Investment Income	110,600	169,800	86,600
<b>11 Miscellaneous Income</b>			
12 Agreement Income	21,900	43,500	20,200
13 Cal Card Incentive	1,100	1,300	1,100
14 QWEL	1,500	1,500	1,500
15 Lease Revenue	12,000	12,000	12,000
16 Miscellaneous Income	13,100	3,000	-
<b>17 Total Miscellaneous Income</b>	<b>49,600</b>	<b>61,300</b>	<b>34,800</b>
<b>18 Total Revenue</b>	<b>3,497,500</b>	<b>3,239,400</b>	<b>3,500,900</b>
<b>19 Expense</b>			
<b>20 Personnel Expense</b>			
<b>21 Wages</b>			
22 Directors Wages	43,200	48,300	48,300
23 Salary Employee Wages	513,000	554,600	521,500
24 Hourly Employee Wages	678,600	670,200	687,900
25 Salary Adjustment Pool	10,900	12,500	26,300
<b>26 Wages Total</b>	<b>1,245,700</b>	<b>1,285,600</b>	<b>1,284,000</b>
<b>27 Benefits, Taxes &amp; Processing</b>			
28 Payroll Taxes	101,400	99,200	104,000
29 Health Insurance (Med / Dental / Vision)	185,700	214,000	224,800
30 Employee Paid Medical Premiums	(5,200)	(9,000)	(2,200)
31 Employee Benefits - Healthy Living	600	600	600
32 EAP - Employee Assistance Program	-	-	700
33 Payroll Processing Fees	7,800	6,300	6,500
<b>34 Benefits, Taxes &amp; Processing Total</b>	<b>290,300</b>	<b>311,100</b>	<b>334,400</b>
<b>35 Retirement</b>			
36 PERS Unfunded	32,600	31,500	37,300
37 Classic - ER Paid Member Contr.	19,800	30,400	10,800
38 Classic - Employer Contribution	24,600	37,200	14,500
39 PEPRA - Employer Contribution	58,000	51,200	72,400
<b>40 Retirement Total</b>	<b>135,000</b>	<b>150,300</b>	<b>135,000</b>
<b>41 Personnel Expense Total</b>	<b>1,671,000</b>	<b>1,747,000</b>	<b>1,753,400</b>
<b>42 Administration Expense</b>			
43 Audit & Accounting	55,000	55,000	54,500
44 Banking Fees	400	-	1,000
45 Board of Director's Expenses Total	35,000	34,900	38,100
46 Election Expenses	-	-	25,000
47 Consulting Fees	86,900	86,900	48,200
48 Dues, Fees, Memberships, Subs.	34,000	44,900	37,800
49 Engineering Fees	98,100	122,500	80,000
50 Legal Fees	150,000	150,000	100,000
51 Tax Collections Fees	4,400	4,500	5,000

# Proposed Budget Fiscal Year 2020-21

	<b>A</b>	<b>B</b>	<b>C</b>
	FY 19/20 Projected Year-End	FY 19/20 Adopted Budget	FY 20/21 Proposed Budget
<b>52 Office Expense</b>			
53 Equipment, Equipment Repair	13,000	13,000	13,000
54 Computer/Printer Supplies	3,800	3,800	4,500
55 Maintenance/Janitorial	13,300	13,300	15,600
56 Miscellaneous	1,400	500	1,000
57 Postage	500	1,200	1,300
58 Supplies	3,200	3,200	5,300
59 Computer/Technical Support	23,800	37,998	18,200
60 Telecommunications	16,100	16,500	16,600
61 Utilities	26,100	24,390	29,800
<b>62 Office Expense Total</b>	<b>101,200</b>	<b>113,888</b>	<b>105,300</b>
<b>63 Staff Expense</b>			
64 Education	2,700	14,500	13,500
65 Conference & Tour Fees	4,600	8,250	9,200
66 Meals	1,000	1,000	1,200
67 Mileage	1,700	3,000	3,000
68 Miscellaneous	800	800	1,000
69 Recruitment	6,500	8,500	5,500
70 Travel & Lodging	2,500	2,500	1,500
71 Uniform Expense	5,900	5,000	6,500
<b>72 Staff Expense Total</b>	<b>25,700</b>	<b>43,550</b>	<b>41,400</b>
<b>73 Total Administration Expense</b>	<b>590,700</b>	<b>656,138</b>	<b>536,300</b>
<b>74 Non-Operating General Expenses</b>			
75 Facilities	16,290	16,290	8,600
76 Furniture & Equipment	20,100	20,100	7,000
<b>77 Non-Operating General Expenses</b>	<b>36,390</b>	<b>36,390</b>	<b>15,600</b>
<b>78 Insurance Expenses</b>			
79 Bonding	1,400	2,000	2,100
80 Liability	36,000	36,700	36,800
81 Property	5,300	5,300	5,500
82 Workers' Comp	29,300	41,300	30,200
<b>83 Insurance Expenses Total</b>	<b>72,000</b>	<b>85,300</b>	<b>74,600</b>
<b>84 Operation Expenses</b>			
85 Equipment & Vehicles	18,200	18,200	20,600
86 Fence Expenses	19,100	20,060	59,000
87 Hardscape Expenses	5,700	5,700	10,400
88 Irrigation Expenses	10,000	10,000	14,100
89 Landscape Maint & Supplies	24,000	24,000	42,800
90 Miscellaneous	1,000	1,200	1,300
91 Basin Percolation Maintenance	170,950	170,950	64,100
92 Pest Control	800	800	4,000
93 Signage	52,600	52,600	14,300
94 Small Tools & Supplies	7,200	6,000	7,000
95 Structural Maintenance	17,900	34,500	28,000
96 Trash Cleanup & Disposal	5,600	5,590	6,000
97 Utilities	10,100	7,900	8,500
98 Weed Abatement	8,000	8,000	15,000
99 Critter Expenses	1,600	2,300	3,900
100 Permits & Fees	1,600	1,622	1,500
<b>101 Operation Expenses Total</b>	<b>354,350</b>	<b>369,422</b>	<b>300,500</b>
<b>102 Public Education/Relations</b>			
103 Advertising	23,500	23,461	16,320

# Proposed Budget Fiscal Year 2020-21

		A	B	C
		FY 19/20 Projected Year-End	FY 19/20 Adopted Budget	FY 20/21 Proposed Budget
104	<b>District Events</b>			
105	Earth Day	-	-	6,000
106	Educational Grant	20,000	20,000	25,000
107	Outreach Events	1,700	5,750	8,500
108	Water Fair	5,300	5,000	5,000
109	Poster Art Contest	7,600	10,000	10,000
110	Youth Program Supplies	500	472	3,000
111	School Tours	12,000	25,000	30,000
112	Public Ed/Workshops	9,900	9,900	9,400
113	Youth Education	2,200	11,000	8,000
114	70 Year Anniversary	-	-	-
115	<b>District Events Total</b>	59,200	87,122	104,900
116	Community Events/Sponsorships	4,000	4,000	5,000
117	Informational Materials	4,800	4,800	6,900
118	Supplies - Give Aways	1,600	7,500	7,500
119	Web Design/Maintenance	37,500	37,000	13,800
120	<b>Public Education/Relations Total</b>	130,600	163,883	154,420
121	Grant Related Expenses	5,000	5,000	20,000
122	Basins	45,350	45,350	146,080
123	Capital Expenditures	3,600	130,917	500,000
124	<b>Total Expense</b>	<b>2,908,990</b>	<b>3,239,400</b>	<b>3,500,900</b>
125	<b>Net Income / (Loss)</b>	<b>588,510</b>	-	-
126	<b>Projected Unassigned Cash - July 1st</b>			<b>\$ 3,691,380</b>
127	<b>Projected Unassigned Cash - June 30th</b>			<b>\$ 3,691,380</b>

## Chino Basin Water Conservation District

### Fiscal Year 2020/21 Budget Narrative

- **Line 8, Total Property Tax Assessment and Revenues:** FY 2019/20 is projected to exceed adopted budget. FY 2020/21 is budgeted with a 2% increase to projected FY 2019/20 results. This 2% increase excludes the RDA Pass-Thru assessment revenues which are conservatively budgeted as projected for 2019/20 with no increase. To note, the District is enrolled in the Teeter Program which enables full collection of property tax revenues allocated to CBWCD each year regardless of delinquency and penalty payments. The county government then collects and keeps the delinquency and penalty payments thereafter.
- **Line 9, Interest Income:** FY 2019/20 is projected to end the year just over expectations. FY 2020/21 is budgeted conservatively, with no increase in earnings or interest rates anticipated.
- **Line 11, CalTRUST Investment Income:** FY 19/20 is anticipated to come in under budget due to CalTrust funds that were moved to LAIF during the year and falling interest rates. FY 2020/21 is budgeted conservatively with no increase in earnings or interest rates anticipated.
- **Line 12, Agreement Income:** FY 2020/21 is budgeted consistently with FY 2019/20 projected results and prior year actuals. FY 2019/20 will not meet budgeted expectations and it is best to be conservative in projecting these revenues.
- **Line 16, Miscellaneous Income:** FY 2020/21 is budgeted at zero to be conservative. This line contains revenues such as refunds or reimbursements that vary year to year and cannot be predicted.
- **Line 25 Salary Adjustment Pool:** Allocates funding for employee merit pay increases based on individual performance. This pool is calculated at 2.5% of total current existing employee salaries who are eligible to receive this increase in compensation. Actual increases in this category will be assessed individually per management discretion.
- **Line 26, Wages Total:** FY 2019/20 wages are anticipated to be lower than budgeted due to some position vacancies during the year. FY 2020/21 considers current staffing salaries and hourly pay with no COLA adjustment. One additional part-time programs coordinator is anticipated to be hired in August 2020 and two positions are being considered for pay adjustments to go into effect on January 1<sup>st</sup>, 2021 due to increasing responsibilities.
- **Line 29, Medical/Dental/Vision:** FY 2019/20 results are lower than budgeted due to some position vacancies during the year. FY 2020/21 considers full-staffing and a 5% increase to medical costs.
- **Line 40, Retirement Total:** FY 2019/20 is projected to come in lower than expected due to the Executive Director position budgeted at Classic CalPERS rates but resulted in a PEPRAs employee hire. The FY 2020/21 budget considers full-staffing for Personnel Option E.
- **Line 43, Audit & Accounting:** Budgeted in accordance to contracts entered with accounting and audit consultants.
- **Line 46, Election Expenses:** FY 2019/20 is projected to end the year at zero and FY 2020/21 is budgeted to facilitate election expenses.
- **Line 47, Consulting Fees:** FY 2019/20 is projected to end the year as budgeted. FY 2020/21 is lower due to exclusion of some of the FY 2019/20 one-time consulting fees such as temporary administrative help and board consulting.
- **Line 48, Dues, Fees & Memberships:** No major changes anticipated for this account. FY 2019/20 is anticipated to end lower than expected and 2020/21 is budgeted in line with projected results.
- **Line 49, Engineering Fees:** The FY 2019/20 budget contained various one-time engineering costs such as the environmental review and Confluence project related engineering. FY 2020/21 is budgeted for general engineering, fencing plans, recycled water interconnections and the Montclair 1-2 spillway.

## Chino Basin Water Conservation District Fiscal Year 2020/21 Budget Narrative

- **Line 50, Legal Fees:** FY 20/21 is budgeted lower than FY 2019/20 due to additional confidential legal matters included in the 2019/20 budget.
- **Line 62, Office Expenses Total:** Total office expenses remain consistent with the FY 2019/20 budget and year-end projections.
- **Line 72, Staff Expenses Total:** FY 2019/20 is projected to end the year lower than expected in education, conference & tour fees and mileage. The FY 2020/21 budget remains consistent with prior year budget to facilitate spending for staff opportunities.
- **Line 75, Facilities:** FY 2019/20 included costs for a water leak investigation in the Administrative Services Manager office, soundproofing the Executive Director's office, and a water bottle filling station. FY 2020/21 carries over the soundproofing project and allows an additional \$5K for miscellaneous facility needs.
- **Line 76, Furniture & Equipment:** FY 2020/21 anticipates spending on new computers and office partitions. FY 2019/20 was budgeted higher due to costs for a new server, microphones, and security camera upgrades.
- **Line 83, Insurance Expenses Total:** FY 2020/21 is expected to increase with inflation for bonding, liability and property insurance. Workers Compensation was budgeted higher in FY 2019/20 with the expectation of an insurance claim that did not happen.
- **Line 85, Equipment & Vehicles:** FY 2020/21 is budgeted higher due to increased repairs and maintenance for the old tractor.
- **Line 86, Fence Expenses:** FY 2020/21 includes one-time costs for \$52K Montclair Basin No. 1 and Montclair No.3 east side fencings.
- **Line 91, Basin Percolation Maintenance:** FY 2020/21 included an additional \$90K for the Ely 3 Basin Infiltration/Restoration project.
- **Line 93, Signage:** FY 2019/20 included KBDA Reader Rail fabrication and an overhaul of the Waterwise Community Center signage and banners. FY 2020/21 includes further updates to the Waterwise Community Center signage and banners, basin signs, garden signs and plant signs.
- **Line 95, Structural Maintenance:** FY 2020/21 is budgeted lower than FY 2019/20 due to the completion of the Education Building floor resurfacing.
- **Line 98, Weed Abatement:** FY 2020/21 is budgeted higher than FY 2019/20 due to \$5K for weed spraying at the basins to provide a more long-term solution.
- **Line 102, Advertising:** FY 2020/21 is budgeted lower than FY 2019/20 due to the \$10K in brand strategy implementation budgeted in FY 2019/20.
- **Line 115, District Events Total:** Many categories in this section are anticipated to end the year lower than budgeted in FY 2019/20 due to the circumstances surrounding COVID-19. The 70 Year Anniversary event did not take place during FY 2019/20 and is not expected to happen in FY 2020/21. The FY 2020/21 budget anticipates the ability to facilitate these events providing that the virus is contained in a timely manner.
- **Line 119, Web Design / Maintenance:** FY 19/20 budgeted \$20K for a one-time website update. FY 2020/21 maintains budget for recurring costs such as maintenance contracts, minor website improvements and other website licenses.
- **Line 121, Grant Related Expenses:** FY 2020/21 is budgeted for grant writing services to aid the District in securing any potential grant funding.



## Chino Basin Water Conservation District Fiscal Year 2020/21 Budget Narrative

- **Line 122 Basins:** This line item allocates funding to unexpected Basin-related costs (including costs such as legal & engineering) for any unexpected circumstances arising in the Basins.
- **Line 123, Capital Expenditures:** FY 2019/20 budgeted \$100K for a Tractor purchase, \$16K for a golf cart purchase and the remaining \$14,917 for other miscellaneous capital-related costs. FY 2020/21 assumes the following costs:
  - \$170K for Montclair Basin No.2 Spillway repair
  - \$300K for the Brooks Basin ornamental wall or iron fence
  - \$5K for gate repairs at the State Street channel
  - \$25K for Miscellaneous other capital costs / contingency
- **Line 125, Net Income / (Expense):** The District is presenting a balanced budget with no anticipated drawdown or addition to cash reserves.
- **Line 126, Projected Unassigned Cash – July 1<sup>st</sup>:** is expected to be \$3.69M at the end of FY 2019/20 and the beginning of FY 2020/21. This calculation only takes into consideration the cash that is not already assigned or restricted for another purpose and does not reflect total District cash.
- **Line 126, Projected Unassigned Cash – June 30<sup>th</sup>:** Projects the unassigned year-end cash balance by adding together line 125 and line 126.



## Capital Projects 5-Year Plan Fiscal Year 2020/21 through 2024/25

	Adopted Budget 19/20	Proposed Budget 2020/21	Projected Budget 2021/22	Projected Budget 2022/23	Projected Budget 2023/24	Projected Budget 2024/25
<b>1 District Projects</b>						
2 Montclair Basin No.2 Spillway	\$ -	\$ 170,000	\$ 225,000	\$ 750,000	\$ -	\$ -
3 Tractor & Attachments / Implements	100,000	-	-	-	-	-
4 Valve (Gate) Repairs at State Street Channel	-	5,000	-	-	-	-
5 Golf Cart Purchase	16,000	-	-	-	-	-
6 Brooks Basin Wall	-	300,000	-	-	-	-
7 Miscellaneous Other / Contingency	14,917	25,000	25,000	25,000	100,000	100,000
<b>8 Total District Projects</b>	<b>130,917</b>	<b>500,000</b>	<b>250,000</b>	<b>775,000</b>	<b>100,000</b>	<b>100,000</b>