

Twain Harte Community Services District



FISCAL YEAR 2024/25 BUDGET, SALARY PLAN, CAPITAL OUTLAY PLAN, & RESERVE DESIGNATIONS

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1.0 Introduction

1.1 Purpose

In November of 2019 the Twain Harte Community Services District (District) Board of Directors adopted a strategic plan that reinforced the District's mission to provide quality and efficient services to the community in a professional, reliable and fiscally responsible manner. A crucial part of this mission, providing services in a fiscally responsible manner, is achieved in part through the creation and approval of the yearly budget. The budget process allocates the necessary resources to ensure quality and efficient services and establishes the District's direction for the near term.

1.2 Services

The District currently provides services to 1,593 customers – 1,492 residential customers and 101 commercial customers and public entities. It is governed by an elected five-member Board of Directors and is operated by a sixteen-member staff. The District's services are generally described as follows:

- **Water:** The District provides treated water to all of its customers. Raw water stored in Lyons Reservoir is transported to the District via an open ditch system and is purchased from the



Tuolumne Utilities District. The water is treated at the District's water treatment plant (one million gallons per day capacity), pumped through two pump stations, distributed through approximately 30 miles of pipeline and stored in six storage tanks (totaling 2.5 million gallons of storage). The District also owns and operates three groundwater wells capable of producing 150 gallons per minute and Shadybrook Reservoir, which serves as an emergency water supply source.

- **Sewer:** The District owns and operates a wastewater collection system consisting of approximately 27 miles of sewer mains. All wastewater collected by the District is conveyed to Tuolumne Utilities District for treatment. The Sherwood Forest subdivision is the only area within the District that utilizes individual septic systems to treat wastewater.



- **Fire Protection:** The District provides fire protection and rescue services to the District and the greater Twain Harte area through mutual aid contracts with nearby fire agencies. With full-time staffing, three engines and a centrally located fire station, the District is able to provide emergency response in less than five minutes.



- **Park and Recreation:** The District operates and maintains several facilities to serve the communities' recreation needs – tennis courts, pickleball courts, bocce courts, baseball field, skateboard park, water play area, playground, outdoor stage, pavilion and BBQ picnic areas, and Community Center building.



1.3 Basis of Budgeting

The District's budget is organized through the utilization of funds, with each fund representing a different service component of the District. Every fund is considered its own separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that are comprised of assets, liabilities, fund net position, revenues, and expenditures or expenses, as appropriate. Financial activities are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent. The District currently utilizes five funds titled: Water, Sewer, Fire, Park, and Admin. The Admin Fund is later transferred though an allocation methodology to the other four funds.

1.4 General Budget Definitions

1.4.1 Revenue

- **Service Charges:** Property related charges imposed for a property related service. Article XIII D of the California constitution determined that water and wastewater are property related services.
 - **Water Service Charge:** Fees collected to recover the cost of providing water service to District customers.
 - **Wastewater Service Charge:** Fees collected to recover the cost of wastewater collection services to District customers.
- **Fees:** Miscellaneous set fees such as late fees, door notice fees, hookup fees, reconnection fees, property transfer fees and returned check fees. All fees are charged related to actions or non-actions specific to a customer's water or wastewater account.
- **Taxes & Assessments**
 - **Property Taxes – Current Secured:** A portion of the ad valorem (value based) property taxes that are levied, collected and appropriated by the County to the District for all secured property within the Twain Harte Community Services District service area. This tax is secured by a lien on real property and are subject to 1% of market value limitations of Proposition 13.
 - **Property Taxes – Current Unsecured:** A portion of the ad valorem (value based) property taxes that are levied, collected and appropriated by the County to the District for all unsecured property within the District's service area. The term "unsecured" simply refers to property that is not secured real estate such as a house or parcel of

land which is currently owned. In general, unsecured property tax is either for business personal property (office equipment, owned or leased), boats, berths, or possessory interest for use of a space.

- **Assessments:** A levy or charge upon real property by an agency for a special benefit conferred upon the real property that is subject to Proposition 218.
- **Grants & Donations:** Various grants or donations received for specific purposes or areas.
- **Other Revenue:**
 - **Strike Team Revenue:** Income received from the State of California and Federal Government to reimburse the District for expenses related to responding to a request for mutual aid to fight wildfire (Strike Team). This is applicable to the Fire Fund only.
 - **Training Revenue:** Income received from outside individuals/organizations who attend District sponsored training classes/seminars.
 - **Lease Revenue:** Income received from the rental of District property, equipment or buildings.
 - **Sale of Assets:** Monies received from the sale of buildings, vehicles, land or equipment owned by the District.
 - **Interest Revenue:** Interest earned on investment of District funds.

1.4.2 Expenses

- **Salaries:** Costs associated with compensation paid to employees and interns of the District including regular pay, overtime, standby, vacation, sick, strike team, cell phone stipend, uniform allowance, and intern stipends.
- **Benefits:** Costs associated with all fringe benefits and payroll-related expenses for District employees. Costs include payroll taxes, retirement contributions, health and vision insurance premiums, health reimbursement arrangement expenses, and workers compensation insurance premiums.
- **Equip, Auto, Maint, & Repairs:** This category of costs includes maintenance and repair of equipment, facilities, and vehicles; fuel; new equipment purchases with a purchase price of less than \$5,000 per item; personal protective equipment; landscaping and janitorial services.
- **Materials & Supplies:** Included in this cost category are costs associated with chemical, office, postage, emergency food and janitorial supplies.
- **Outside Services:** Costs from outside consultants/service providers including auditing, legal, engineering, medical, and IT service providers.
- **Other:** Other costs consist of utilities, phone and communication expenses, property and liability insurance, property taxes, training, conferences, travel, certifications, public

education, software licenses and maintenance. In the Water Fund, other costs include the cost of wholesale water purchased from Tuolumne Utilities District (TUD). In the Sewer Fund other costs include the contracted amount with TUD for wastewater treatment.

- **Debt Service:** The amount of principal and interest due during the fiscal year on debt incurred for previous capital improvement purchases/projects.
- **Capital Outlay:** Assets or improvements with a cost of \$5,000 or more and a useful life that is longer than ten years.

1.4.3 Reserves

Reserves are fund balances/net assets set aside to meet known and estimated future obligations and to ensure available cash for normal operations. The Board of Directors have established several reserve accounts for each fund described below:

- **Operating Reserve:** These reserves ensure adequate levels of available cash to account for timing differences between revenue collection and payment of expenses. This reserve account has been established for Water, Sewer, Fire and Park Funds.
- **Revenue Stabilization Reserve:** This reserve is intended to provide a buffer should revenue estimates in any year not meet projections. This reserve account has been established for Water, Sewer, Fire and Park Funds.
- **Capital Improvement/Asset Replacement Reserve:** The Capital Improvement/Asset Replacement Reserve was established to support the future capital needs of the District with the intent to fund replacement costs of existing facilities or equipment as they reach the end of useful lives, to fund major repairs that extend the useful lives of facilities, or to fund new capital projects. This reserve account has been established for Water, Sewer, Fire and Park Funds.
- **Water Rights Reserve:** The purpose of this reserve is to cover the cost associated with efforts to secure, protect and preserve the District's water rights, which may include funding projects and other activities that will enhance, protect, secure and preserve water rights for beneficial use. This reserve account is established for the Water Fund only.
- **Pension Liability:** Although reported on the Reserve Summary in Attachment C, Pension Liability is not an actual reserve account. It is a value provided each year by CalPERS that represents the unfunded pension liability each Fund is responsible at that time. The liability changes (both up and down) each year depending on a number of factors, including the health of the economic market. It is reported to show this liability must be considered when looking at the District's overall reserve assets.

2.0 FISCAL YEAR 2024/25 ANNUAL BUDGET

2.1 Background

The District's Fiscal Year 2024/25 (FY 24/25) budget is made up of budgets for five individual funds: Water, Sewer, Fire, Park and Administrative. Except for the Administrative fund, which is shared amongst the other four funds, revenues and expenses for each fund must remain within the fund and cannot be assigned to any other purpose. The overall District FY 24/25 budget is presented in Attachment A.

2.2 Budget Assumptions

The Fiscal Year 2024/25 (FY 24/25) District budget includes several general budget assumptions applicable to all funds. Many of the budget assumptions are related to inflation, supply chain issues and other economy-related changes. Specific assumptions and impacts to the FY 24/25 budget include adopted water and sewer rate increases, union and other negotiated salary increases, elimination of the Finance Officer position, addition of financial services consultant, a substantial increase in workers' compensation premiums, increases in property/liability insurance premiums, an increase to the CALPERS employer contribution percentage, and increases in fuel and utility costs. Fund-specific assumptions are described in the individual fund sections of this budget report.

2.3 Salary Plan

In May 2022, the District Board of Directors (Board) approved a labor agreement with Communications Workers of America, representing non-exempt water, sewer and administrative employees. The Board and above-mentioned employee union agreed to a 3% cost of living increase (COLA) for FY 22/23 and a 2%-3% COLA increase (based on CPI) for each successive year of the contract ending June 30, 2027. Since CPI was greater than 3% in FY 23/24, the FY 24/25 COLA is 3% for water, sewer and administrative employees.

In May 2023, the Board approved a labor agreement with IAFF, representing non-exempt fire personnel. The agreement granted a 5% COLA for FY 24/25 and 2% for each successive year of the contract ending June 30, 2028. The FY 24/25 COLA is 2% for fire personnel.

Based on District Resolution #16-19, union-negotiated COLA wage increases also apply to non-represented exempt employees.

In April 2024, the District completed a salary compensation study for its General Manager to determine if the compensation package, inclusive of wages and benefits (retirement, health, life insurance, travel allowances, vacation, etc.), was competitive with other similar organizations. The study revealed that the General Manager's base salary was 20.7% below average and overall compensation package was 12.5% below average. As a result, the Board approved Amendment #3 to the General Manager Employment Agreement to raise the base General Manager salary by 12%.

The FY 24/25 Salary Plan can be found in Appendix B. The Salary Plan reflects specific wage adjustments directed by the District Board and negotiated through labor agreements for all District staff positions.

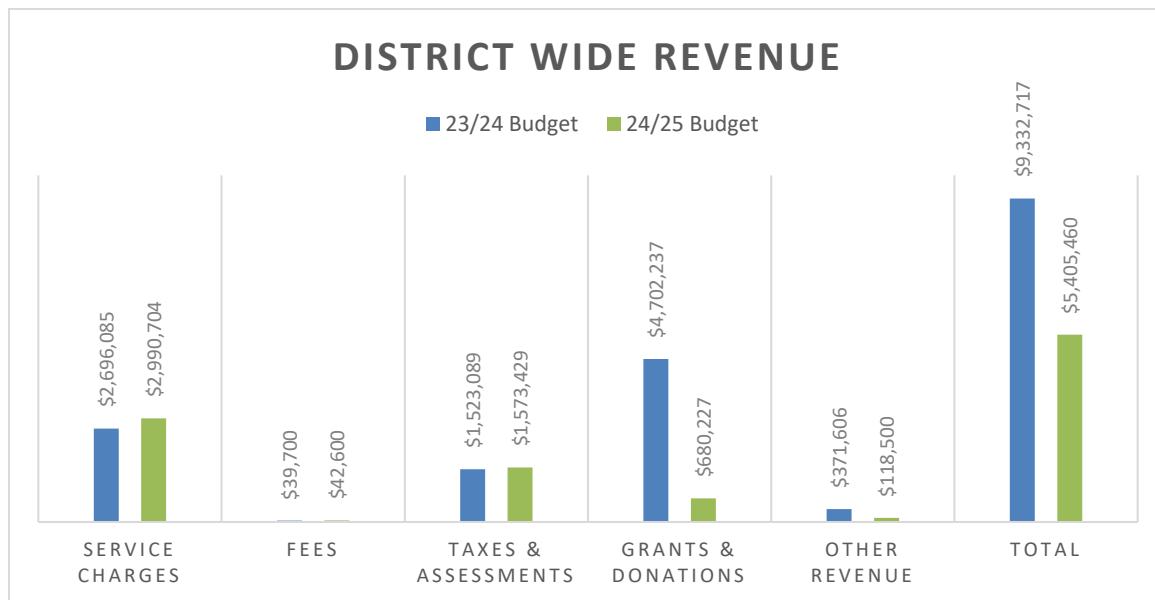
The FY 24/25 Budget includes a total of 16.1 FTE's in the following positions:

- Operations Division
 - Operator 1 – 1.8 FTE
 - Operator 2 – 3 FTE
 - Operator 3 – 1 FTE
 - Operations Manager/Assistant General Manager – 1 FTE
- Fire Division
 - Seasonal Engineer – 1.5 FTE
 - Captain – 3 FTE
 - Fire Chief – 1 FTE
- Administration Division
 - Accounting/Administrative Assistant – 0.3 FTE
 - Customer Services Representative – 1.75 FTE
 - Administrative Coordinator/Board Secretary – 0.75 FTE
 - General Manager – 1 FTE

2.4 Budget Summary

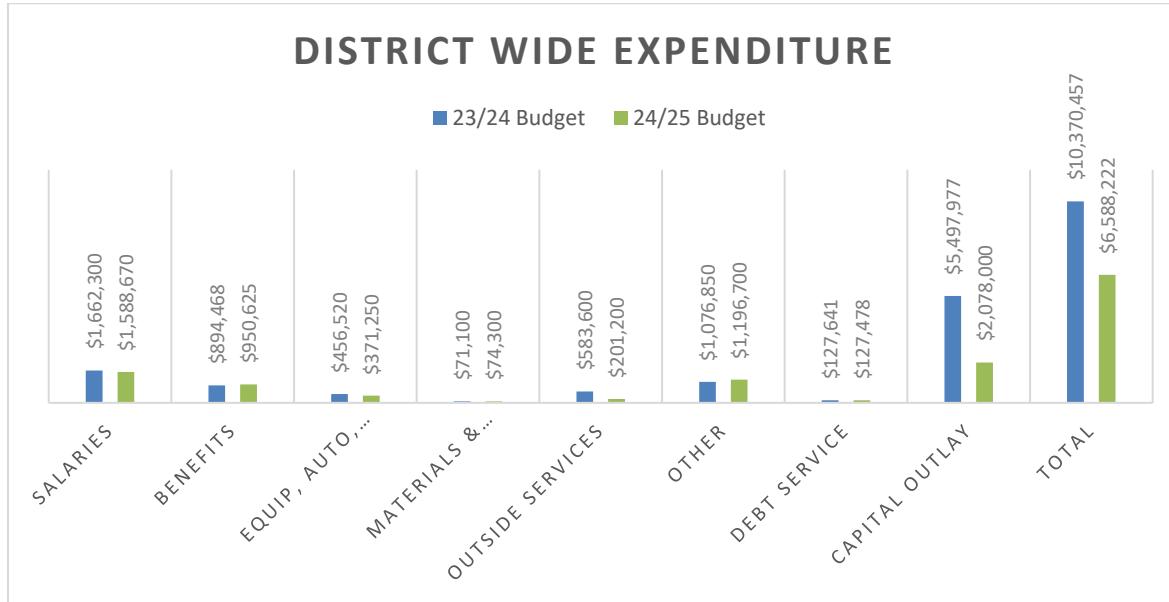
2.4.1 District-Wide Revenue

The FY 24/25 budgeted total revenue for the District is \$5,405,460 which is approximately \$3,927,257 less than the budgeted revenue for FY 23/24. This is primarily due to a decrease in FY 24/25 grant revenues awarded to the Water, Fire, and Park Funds.



2.4.2 District-Wide Expenses/Expenditure

The FY 24/25 budgeted total expense/expenditure for the District is \$6,588,222 which is approximately \$3,782,235 less than the FY 23/24 Budget. The primary reason for the reduction in expenses is a decrease in one-time grant-related capital project expenses.



2.4.3 District-Wide Reserve Levels

With the exception of the Fire Fund, the FY 24/25 budgeted operating revenue (all revenue minus grant revenue) for all District Funds exceeds operating expenses (all expenses minus capital expenditures). However, the costs of planned capital projects exceed revenues, mainly due to the need to replace degrading infrastructure. Additional revenue to fund these projects is funded by capital improvement/asset replacement reserve accounts (Capital Reserves) in each fund. The projected total reduction of District capital reserves across all Funds is \$1,182,763, bringing the total balance of all capital reserve accounts to a new total of \$2,162,776. Projected FY 24/25 Reserve Designations are presented in Attachment C.

3.0 Water Budget

3.1 Background

The Water Fund captures all financial transactions related to the acquisition, treatment, distribution and administration of providing potable water to District customers. The Water Fund is an enterprise fund and expenses for this service are recovered primarily through user charges. The detailed FY 24/25 Water Fund Budget is presented in Attachment D.

3.2 Budget Assumptions

3.2.1 Water Service Rate Increases

The District adopted a Water/Sewer Rate Study in November 2023, which recommended a 5-year water rate increase schedule to cover rising inflation, wholesale water rate increases, and capital expenses to repair/replace degrading infrastructure. After completing the Proposition 218 process, the Board approved the 5-year rate schedule in January 2024. The rate schedule includes incremental increases between January 15, 2024, and July 15, 2027. The FY 24/25 Water Fund Budget assumes water service charges will be based on the rate increase effective July 15, 2024, with customer water consumption remaining the same as in FY 23/24.

3.2.2 Water Supplier Rate Increase

The District's wholesale water supplier, Tuolumne Utilities District, adopted a 5-year rate increase in June 2023. Rate increases effective July 1, 2024, are included in the FY 24/25 Water Fund Budget.

3.2.3 Grant Projects

The District's grant-funded Million Gallon Tank #2 Rehabilitation Project and Water System Condition Assessment Project were completed in FY 23/24. No grant-funded projects are included in the FY 24/25 Water Fund Budget.

3.2.4 Insurance Increases

The FY 24/25 Water Fund Budget includes an estimated 13% increase for property/liability insurance and a 32% increase for workers' compensation, as projected by the District's insurance company.

3.3 Revenue

After incorporating the above budget assumptions, the total Water Fund revenue is projected to be \$1,740,474. This represents a decrease from the FY 23/24 budget of approximately \$1,386,252, primarily due to a decrease in one-time grants.

3.4 Expenditures

The FY 24/25 Water Fund expenses are projected to be \$2,355,994, which is approximately \$1,390,558 less than FY 23/24. This change is primarily due to a reduction in grant-related projects as detailed above.

3.5 Capital Outlay Plan

The FY 24/25 Water Fund Capital Outlay Plan presented in Attachment D, includes the following capital projects:

3.5.1 WTP Motor Control Center Upgrade

Replace and upgrade motor control center at the District's surface water treatment plant (WTP). The existing motor control center has exceeded its useful life and parts no longer exist to service it. The project was initiated in FY 22/23 and is anticipated to be complete in FY 24/25.

3.5.2 FH Improvements

Replace one to two substandard fire hydrants within the system to better meet California fire flow requirements.

3.5.3 SCADA Upgrade

Upgrade and expand the District's Supervisory Control and Data Acquisition (SCADA) system, which monitors and controls the District's water treatment plant. The current SCADA system technology is outdated and not capable of monitoring and controlling the entire water system. SCADA upgrades will include greater monitoring and control measures, which will improve system operations, increase efficiency, and provide greater safety and reliability. This project will be combined with a project to provide SCADA for the District's sewer system. The project is anticipated to be complete in FY 24/25.

3.5.4 Cedar Pines Pressure Zone Upgrades

Upgrade undersized waterlines and construct new parallel lines near East Avenue to change the pressure zone of Cedar Pines Vista and a portion of the water system. The project will result in the replacement of aging water lines, the elimination of an aging water tank and pump station, improved system pressures, improved water quality, and reduced operations costs. Project design is anticipated to be initiated in FY 24/25 and construction is anticipated to be completed in FY 25/26.

3.5.5 Manzanita Ct Waterline Upgrade

Upgrade the undersized, deteriorated 2-inch steel waterline on Manzanita Court and add a fire hydrant. The project will result in the provision of fire flows required by the California Fire Code. Project design and construction is anticipated to be completed in FY 24/25.

3.6 Reserves

The FY 24/25 Water Fund Budget projects that revenue will exceed operating expenditures by \$182,480. This surplus revenue will fund a portion of FY 24/25 water-related capital projects, with the remaining expense balance of \$615,520 funded by the Water Fund Capital Reserves. Attachment C details FY 24/25 Reserve Designations for the Water Fund.

4.0 Sewer Budget

4.1 Background

The Sewer Fund captures all financial transactions related to the acquisition, collections, treatment, and administration of providing wastewater collection and treatment services to District customers. The District provides and maintains lines for collection services and contracts with Tuolumne Utilities District for treatment services. The Sewer Fund is an enterprise fund and expenses for this service are recovered primarily through user charges. The detailed FY 24/25 Sewer Fund Budget is presented in Attachment E.

4.2 Budget Assumptions

4.2.1 Sewer Service Rate Increase

The District adopted a Water/Sewer Rate Study in November 2023, which recommended a 5-year sewer rate increase schedule to cover rising inflation, wastewater treatment contract rate increases, and capital expenses to repair/replace degrading infrastructure. After completing the Proposition 218 process, the Board approved the 5-year rate schedule in January 2024. The rate schedule includes incremental increases between January 15, 2024, and July 15, 2027. The FY 24/25 Sewer Fund Budget assumes sewer service charges will be based on the rate increase effective July 15, 2024.

4.2.2 Sewer Treatment Contract Rate Increase

The District's wastewater treatment provider, TUD, adopted a 5-year rate increase in June 2023. Rate increases effective July 1, 2024, are included in the FY 24/25 Sewer Fund Budget.

4.2.3 Grant Projects

The District included \$25,000 of sewer-related grant funding in FY 23/24, based on an assumption of a grant award for the Twain Harte Pipeline Project. That grant award has been delayed and the FY 24/25 Sewer Fund Budget assumes no grant revenue.

4.2.4 Insurance Increases

The FY 24/25 Sewer Fund Budget includes an estimated 13% increase for property/liability insurance and a 16% increase for workers' compensation, as projected by the District's insurance company.

4.3 Revenue

After incorporating the above budget assumptions, the total Sewer Fund revenue is projected to be \$1,392,173. This represents an increase from the FY 23/24 budget of approximately \$140,106, primarily due to sewer service rate increases.

4.4 Expenditures

The FY 24/25 Sewer Fund expenses are projected to be \$1,728,994, which is approximately \$173,015 higher than FY 23/24. This increase is primarily due to the TUD wastewater treatment rate increase and an increase in capital projects.

4.5 Capital Outlay Plan

The Sewer Fund Capital Outlay Plan presented in Attachment E, includes the following capital projects in FY 24/25:

4.5.1 Lift Station Backup Pump

Procure a backup pump for the District's three sewer lift stations to provide added resiliency and prevent sewer overflows. The project is anticipated to be complete in FY 24/25.

4.5.2 SCADA Upgrade

Upgrade and expand the District's Supervisory Control and Data Acquisition (SCADA) system, which currently monitors and controls the District's water treatment plant. SCADA upgrades will include monitoring and control measures at all of the District's sewer lift stations, which will improve system operations, increase efficiency, and provide greater safety and reliability. This project will be combined with a project to provide SCADA for the District's water system. The project is anticipated to be complete in FY 24/25.

4.5.3 Sewer Main Re-Lining/Replacement

Reline or replace critical, degraded sewer lines to extend life and prevent blockages caused by root intrusion. Location and length to be determined through video inspection and issues found during routine sewer line cleaning and preventative maintenance. Lining the sewer line will reduce inflow and infiltration, prevent sewer overflows and increase the life of the line by more than 50 years. This project is ongoing and is scheduled every year as part of the District's continual sewer capital improvement program.

4.5.4 Twain Harte Pipeline Replacement Project

Replace approximately two miles of deteriorating sewer main line. Sewer line to be replaced was identified as the District's most degraded and highest risk sewer line. The project will greatly reduce the risk of sewer overflows and will help minimize inflow and infiltration. The District anticipates receiving grant funding for this project in FY 24/25. If no funding is received, the budget will be utilized to re-strategize project implementation. Project design is anticipated to be initiated in FY 25/26 and construction is anticipated to be complete in FY 26/27.

4.6 Reserves

The Sewer Fund operating revenue (all revenue minus grant revenues) are anticipated to exceed operating expenses (expenses minus capital expenditures) by \$56,179. This surplus revenue will fund a portion of FY 24/25 sewer-related capital projects, with the remaining expense balance of \$336,821 funded by the Sewer Fund Capital Reserves. Attachment C details FY 24/25 Reserve Designations for the Sewer Fund.

5.0 Fire Budget

5.1 Background

The Fire Fund captures all financial transactions related to fire protection and rescue services provided to District customers. This includes the cost of full-time (24 hours per day) staffing levels, a fire station, fire engines, training facilities and other equipment and vehicles. The Fire Fund is a governmental fund and expenses are recovered through property taxes and voter-approved assessments. The detailed FY 24/25 Fire Fund Budget is presented in Attachment F.

5.2 Budget Assumptions

5.2.1 Property Tax Increase

The FY 24/25 Fire Fund budget assumes a 3% increase in property taxes, based on the 10-year average.

5.2.2 Assessment Rates

The Fire Fund currently receives income from three voter-approved assessments. Two of the three assessments are subject to an annual adjustment tied to the Consumer Price Index-U (CPI) for the San Francisco Bay Area as of December of each year. Both assessments contain language that the adjustment may not exceed a certain percentage, one of which is 3% and the other 4%. The change in the CPI from December 2022 to December 2023 was 2.62%. Each assessment is allowed to carryover excess CPI increases from previous years that exceed the maximum allowed assessment increase. Carryover from previous years provided for assessment increases of 3% and 3.75%, which is included in FY 24/25 Fire Fund Budget. The third assessment is no longer subject to an annual adjustment calculation and remains at the FY 23/24 level.

5.2.3 Strike Team

The FY 24/25 Fire Fund Budget assumes no strike team activity. The budget will be adjusted later if District personnel and equipment respond to requests to respond to state or federal government mutual aid assignments.

5.2.4 Grant Revenue

In FY 23/24, the Fire Fund received several small one-time grants and was awarded a portion of a Stormwater Grant for the Fire Training Parking Lot Project outlined in the Capital Outlay Plan. The FY 24/25 Fire Fund Budget assumes the receipt of one small grant and the unspent portion of the FY 23/24 Stormwater Grant funds.

5.2.5 Insurance Increases

The FY 24/25 Fire Fund Budget includes an estimated 13% increase for property/liability insurance and an 82% increase for workers' compensation, as projected by the District's insurance company. The large increase in workers' compensation insurance is directly related to two substantial fire

personnel injuries in the past 3 years. FY 24/25 is projected to be the peak of the increases from those injuries and premiums are anticipated to decrease over the next three years.

5.2.6 Equipment Maintenance

In FY 23/24, the Fire Fund incurred substantial equipment repair costs due to unanticipated motor repairs required for Engine 723. FY 24/25 Fire Fund equipment maintenance costs do not assume similar repairs and are, therefore, substantially lower than FY 23/24

5.3 Revenue

After incorporating the above budget assumptions, total FY 24/25 Fire Fund revenue is projected to be \$1,640,670. This represents a decrease from the FY 23/24 Fire Fund Budget of approximately \$280,330, primarily due to the decrease in strike team and grant revenue.

5.4 Expenditures

The FY 24/25 Fire Fund expenses are projected to be \$1,763,481, which is approximately \$185,280 lower than FY 23/24. This decrease is primarily due to a reduction in capital improvement projects and strike team related expenses. All other budget assumptions and changes are detailed in Attachment F.

5.5 Capital Outlay Plan

The Fire Fund Capital Outlay Plan in Attachment F, includes the following capital projects in FY 24/25:

5.5.1 Community Center Improvements

Remodel the District's Community Center with ADA bathrooms, improved kitchen, table and chair storage, parking lot drainage improvements, and new flooring. The project costs are shared by the Fire and Park Divisions based on shared ownership. The project was initiated in FY 22/23 and is anticipated to be complete in FY 24/25.

5.5.2 Training Parking Lot

Construct an extended permeable parking lot at the administration office and fire training center to accommodate large fire trainings. The project includes innovative stormwater practices, including permeable paving, rainwater capture and bioswales to provide parking, while reducing flooding and improving water quality. The project is mostly grant-funded through the State Water Resources Control Board Stormwater Grant Program. The project was initiated in FY 23/24 and is anticipated to be completed in FY 24/25.

5.5.3 Utility 722 Replacement

Utility 722 was retired from the Fire Division fleet last FY. The vehicle is primarily used for training, single resource wildfire assignments and as a backup vehicle. Replacement of Utility 722 is anticipated to be complete in FY 24/25.

5.6 Reserves

The FY 24/25 Fire Fund Budget projects that operating expenses (all expenses minus capital expenses) will exceed operating revenue (all revenue minus capital-related grant revenue) by \$1,586. This deficit is primarily related to large workers' compensation insurance premium increases, which are expected to begin decreasing in FY 25/26. This operational deficit, combined with capital-related grants and capital expenses, leave a total expense balance of \$122,811 to be funded by Fire Fund Capital Reserves. Attachment C details FY 24/25 Reserve Designations for the Fire Fund.

6.0 Park Budget

6.1 Background

The Park Fund captures all financial transactions related to park and recreation services provided to District customers. This includes the cost of maintaining the tennis courts/pickleball courts, baseball field, skateboard park, playground, bocce courts, bathrooms, outdoor stage, community center, and Twain Harte Meadows Park. Costs also include the cost of building new equipment or providing new recreational activities. The Park Fund is a governmental fund and expenses for this service are recovered through property taxes, one voter-approved assessment, donations and usage fees. The detailed FY 24/25 Park Fund Budget is presented in Attachment G.

6.2 Budget Assumptions

6.2.1 Property Tax Increase

The FY 24/25 Park Fund budget assumes a 3% increase in property taxes, based on the 10-year average

6.2.2 Assessment Increase

The Park Fund currently receives income from one voter-approved assessment. The assessment is subject to an annual adjustment tied to the Consumer Price Index-U (CPI) for the San Francisco Bay Area as of December of each succeeding year with a maximum annual adjustment not to exceed 3%. The change in the CPI from December 2020 to December 2021 was 2.62%. The assessment is allowed to carryover excess CPI increases from previous years that exceed the maximum allowed assessment increase. Carryover from previous years provided for a total assessment increase of the maximum 3%, which is included in FY 24/25 Park Fund Budget.

6.2.3 Grant Revenue

The District received large grants from the Proposition 1 Stormwater Grant Program, a Proposition 68 Rural Recreation/Tourism grant, a Proposition 68 Per Capita Grant, and a Sonora Area Foundation Grant. These grants fund multi-year projects, including the Twain Harte Meadows Park and Tennis/Pickleball Court Expansion Projects described in the Capital Outlay Plan section below. Both grant-funded projects were initiated in previous fiscal years and are anticipated to be completed in FY 24/25. The FY 24/25 Park Fund Budget anticipates \$525,000 in remaining grant project costs with \$442,952 in related grant revenue.

6.2.4 Insurance Increases

The FY 24/25 Park Fund Budget includes an estimated 13% increase for property/liability insurance, as projected by the District's insurance company

6.2.5 Twain Harte Meadows Park Maintenance

The District anticipates the completion of Twain Harte Meadows Park in FY 24/25. The FY 24/25 Park Fund Budget includes increased maintenance and utility costs associated with the new park facility.

6.2.6 Eproson Park Parking Lot Reseal

The Eproson Park parking lot needs to be resealed to extend life. This maintenance cost is estimated at \$13,500 and is a one-time cost incorporated into the FY 24/25 Park Fund operating budget.

6.3 Revenue

After incorporating the above budget assumptions, the total Park Fund revenue is projected to be \$632,143. This represents a decrease of \$2,400,781 from the FY 23/24 Park Fund Budget, primarily due to a reduction in grant related revenue.

6.4 Expenditures

The FY 24/25 Park Fund expenditures are projected to be \$739,755, which is approximately \$2,379,411 lower than FY 23/24, primarily due to a decrease in grant-related capital project costs. All other budget assumptions and changes are detailed in Attachment G.

6.5 Capital Outlay Plan

The Park Fund Capital Outlay Plan presented in Attachment G, includes the following capital projects in FY 24/25:

6.5.1 Community Center Improvements

Remodel the District's Community Center with ADA bathrooms, improved kitchen, table and chair storage, parking lot drainage improvements, and new flooring. The project costs are shared by the Fire and Park Divisions based on shared ownership. The project was initiated in FY 22/23 and is anticipated to be complete in FY 24/25.

6.5.2 Twain Harte Meadows Park

Design and construct the community-developed Twain Harte Meadows Park Project. The project is funded through the State Water Resources Control Board's Stormwater Grant Program and the State Parks and Recreation Rural Recreation and Tourism Grant Program. The project was initiated in FY 19/20 and is anticipated to be complete in FY 24/25.

6.5.3 Tennis/Pickleball Court Expansion

This project improves the District's Tennis and Pickleball Courts by: (1) converting degraded asphalt tennis courts into clay courts with a 20-year life span and (2) expanding the two existing pickleball courts to create four pickleball courts with a long-lasting, low maintenance grid surface. The project is partially funded by a Proposition 68 Per Capita Grant and a Sonora Area Foundation grant. It is anticipated to be complete in FY 24/25.

6.5.4 Skate Park Improvements

This project includes minor upgrades to the Skate Park. The scope of improvements will be determined through outreach and engagement with Skate Park stakeholders. The project is anticipated to be complete in FY 24/25.

6.6 Reserves

The FY 24/25 Park Fund Budget projects that operating revenue (all revenue minus grant revenue) will exceed operating expenditures (all expenses minus capital expenses) by \$1,436. This surplus revenue, along with grant revenue will fund the majority of FY 24/25 park-related capital projects. The remaining expense balance of \$107,612 will be funded by Park Fund Capital Reserves. Attachment C details Reserve Designations for the Park Fund.

7.0 Administrative Budget

7.1 Background

The Administrative Fund (Admin Fund) captures all financial transactions related to the provision of administrative duties to all service areas of the District. These include costs associated with customer service, accounting, management and other shared administrative activities. All costs are recovered from the various service funds, based on allocation methodologies such as amount of staff time spent on providing each type of service. Total Administrative Fund revenue and expenses are allocated at the end of each month by the following percentages:

- Water Fund: 47%
- Sewer Fund: 25%
- Fire Fund: 18%
- Park Fund: 10%

The detailed FY 24/25 Administration Fund Budget is presented in Attachment H.

7.2 Budget Assumptions

7.2.1 Personnel Changes

The FY 24/25 Admin Fund Budget includes the elimination of a 0.9 FTE Finance Officer position, the elimination of a 0.25 FTE Accounting/Administrative Assistant and the addition of a 0.75 FTE Customer Services Representative. These changes are the result of a plan to provide administrative services in a more cost-effective manner after the District's previous Finance Officer accepted another position. The plan results in a reduction in staffing costs.

7.2.2 Financial Consultant

The FY 24/25 Admin Fund Budget includes the addition of a financial consultant, at a total cost of \$69,800. This change is the result of a plan to provide administrative services in a more cost-effective manner after the District's previous Finance Officer accepted another position.

7.2.3 LAFCO Increases

The FY 24/25 Admin Fund Budget includes increases in Tuolumne County Local Agency Formation Commission (LAFCO) fees based on LAFCO's significantly increased adopted budget.

7.2.4 PERS Increases

The FY 24/25 Admin Fund Budget includes projected CalPERS retirement increases, which are projected to increase 9% above FY 23/24 costs due to increased unfunded liability estimates. This increase includes a reduction in Admin Fund salaries.

7.2.5 Insurance Increases

The FY 24/25 Admin Fund Budget includes an estimated 13% increase for property/liability insurance and a 20% increase for workers' compensation, as projected by the District's insurance company.

7.2.6 One-Time Board Training

The FY 24/25 Admin Fund Budget includes approximately \$5,400 for one-time training for the District Board of Directors.

7.3 Revenue

The Administrative Fund does not represent a specific service area and therefore, does not generate any revenue through service charges, property taxes, or assessments. Revenue is minimal and usually consists of items directly related to administration. FY 24/25 revenue is projected at \$1,000.

7.4 Expenditures

The FY 24/25 Administrative Fund expenditures are projected to be \$842,878, which is approximately \$35,895 higher than FY 22/23. This increase is primarily due to the increases described in the above budget assumptions detailed above. Administrative Fund expenses are detailed in Attachment H.

Attachment A: FY 24/25 Budget Summary

Attachment B: FY 24/25 Salary Plan

Attachment C: FY 24/25 Reserve Designations

Attachment D: FY 24/25 Water Fund Budget & Capital Outlay Plan

Attachment E: FY 24/25 Sewer Fund Budget & Capital Outlay Plan

Attachment F: FY 24/25 Fire Fund Budget & Capital Outlay Plan

Attachment G: FY 24/25 Park Fund Budget & Capital Outlay Plan

Attachment H: FY 24/25 Administrative Budget