



AGENDA

Finance Committee Meeting Board of Directors Ironhouse Sanitary District

DATE: FEBRUARY 13, 2018
TIME: 11:00 AM

LOCATION:
IRONHOUSE SANITARY DISTRICT OFFICE
450 WALNUT MEADOWS DRIVE
OAKLEY, CA 94561

1. CALL TO ORDER
 - 1.A. ROLL CALL
2. APPROVAL OF THE AGENDA
3. PUBLIC COMMENTS
4. INFORMATIONAL ITEMS (NO ACTION REQUIRED)
 - 4.A. REVIEW THE PROPOSED FISCAL YEAR 2017/18 BUDGET REVISIONS

Documents:

[MID-YEAR BUDGET REVISION.PDF](#)

- 4.B. REVIEW OF THE RESERVE FUNDS

Documents:

[CASH RESERVE BALANCES 12-31-17.PDF](#)

- 4.C. FY 18/19 BUDGET TIMELINE

Documents:

[BUDGET PROCESS AND TIMELINES.PDF](#)

5. ADJOURNMENT

ISD will provide reasonable accommodations for persons with disabilities who are planning to attend meetings if the contact the District at least 48 hours before the meeting at (925) 625-2279.

Ironhouse Sanitary District
Proposed Mid-Year Budget Revision
Year Ended June 30, 2018

Ordinary Income/Expense	Actual Dec. YTD	Annual Budget	% of YTD Budget	Revisions to Budget	Proposed Revised Budget	% of Revised Budget	Comments
Income							
Sewer Service Charge	5,083,050	10,166,100	50%		10,166,100	50%	
Inspection Fees	17,122	29,160	59%		29,160	59%	
Plan Check Fees	8,036	14,580	55%		14,580	55%	
Connection Fees	112,961	278,400	41%		278,400	41%	
Sewer Use Charge (New Permits)	50,126	65,800	76%		65,800	76%	
Capacity Fees							
Plant Capacity Fees	404,569	997,090	41%		997,090	41%	
TLC Fees	77,745	191,608	41%		191,608	41%	
Total Capacity Fees	482,314	1,188,698	41%	0	1,188,698	41%	
Lease and Permits	540	3,230	17%		3,230	17%	
Hay Sales	67,114	80,000	84%		80,000	84%	
RD830 Levee Maintenance	85,000	170,000	50%		170,000	50%	
RD830 Management Reimbursement	30,000	60,000	50%		60,000	50%	
Undercrossing Maintenance	0	4,000	0%		4,000	0%	
Mineral Rights	3,554	4,000	89%	4,500	8,500	42%	To reflect actual expected of \$710 per month No longer issuing passes for hunting
Jersey Island Use Fees	580	4,500	13%	(3,800)	700	83%	
Recycled Water Fees	55	0	100%		0		
Other Fees and Services	18,899	50,000	38%	(15,000)	35,000	54%	CCWD sludge disposal reduction
Ad Valorem and Other Taxes	142,127	255,000	56%		255,000	56%	
Offers of Dedication	131,000	0	100%	131,000	131,000	100%	Non cash adjustment for collection system infrastructure offers of dedications
Miscellaneous Income	1,616	35,000	5%		35,000	5%	
Total Income	6,234,094	12,408,468	50%	116,700	12,525,168	50%	
Gross Profit	6,234,094	12,408,468	50%	116,700	12,525,168	50%	
Expense							
Salaries and Related Expenses							
Salaries and Wages							
Base Staff Salaries	1,147,654	2,428,230	47%	(85,000)	2,343,230	49%	Decrease due to reduction of 1 FTE for retiree not being replaced and WRF employee on workers compensation
Stand By/On Call	23,722	56,000	42%		56,000	42%	
Overtime Pay	23,874	42,700	56%		42,700	56%	

Ironhouse Sanitary District
Proposed Mid-Year Budget Revision
Year Ended June 30, 2018

	Actual Dec. YTD	Annual Budget	% of YTD Budget	Revisions to Budget	Proposed Revised Budget	% of Revised Budget	Comments
Vehicle Allowance	7,260	14,520	50%		14,520	50%	
Vacation Buy-Back	21,497	35,000	61%		35,000	61%	
Accrued Time Pay-Out	32,110	20,000	161%	15,000	35,000	92%	To reflect actual pay-outs to retirees
Director Pay	14,960	44,040	34%	(5,000)	39,040	38%	Reduction to reflect actual YTD
Temporary Staff Wages	9,966	25,000	40%	10,000	35,000	28%	J.I increase in temporary staffing of \$20K due to retirement of employee who irrigated fields. This will now be done by temporary employee. WRF reducing by \$10K.
Total Salaries and Wages	1,281,043	2,665,490	48%	(65,000)	2,600,490	49%	
Health, Life and Disability							
Medical Insurance - Staff	242,181	495,340	49%	(7,000)	488,340	50%	Decrease related to retiree not being replaced.
Medical Insurance - Directors	13,674	45,901	30%	(15,000)	30,901	44%	Reduced to reflect actual expenditures
Dental Insurance - Staff	44,178	91,091	48%		91,091	48%	
Dental Insurance - Directors	1,781	9,816	18%	(5,000)	4,816	37%	Reduced to reflect actual expenditures
Vision - Staff	4,756	10,360	46%		10,360	46%	
Vision - Directors	260	1,355	19%		1,355	19%	
Life and Disability	19,264	39,718	49%		39,718	49%	
Total Health, Life and Disability	326,094	693,581	47%	(27,000)	666,581	49%	
Retirement - CalPERS	354,750	692,237	51%		692,237	51%	
OPEB Annual Req. Contribution	136,759	300,000	46%		300,000	46%	Decrease due to reduction of 1 FTE for retiree not being replaced and WRF employee on workers compensation
Workers Compensation Insurance	44,009	99,866	44%	(5,000)	94,866	46%	
Payroll Taxes - Employer	24,674	49,125	50%		49,125	50%	
Total Salaries and Related Expenses	2,167,329	4,500,299	48%	(97,000)	4,403,299	49%	
Administration Expenses							
Bank and Credit Card Fees	576	1,200	48%		1,200	48%	
Coalitions	4,500	30,400	15%		30,400	15%	
County - LAFCO	8,368	7,500	112%		7,500	112%	
County - Processing Fees	5,929	13,000	46%		13,000	46%	
Dues and Memberships	13,569	26,700	51%	3,500	30,200	45%	CASA Fee \$3K higher than expected
Employee Events & Appreciation	9,062	9,600	94%		9,600	94%	
Employee Wellness Program	7,036	5,000	141%	2,500	7,500	94%	To Reflect YTD actual
Expensed Equip/Furn/Software	3,634	17,000	21%		17,000	21%	

Ironhouse Sanitary District
Proposed Mid-Year Budget Revision
Year Ended June 30, 2018

	Actual Dec. YTD	Annual Budget	% of YTD Budget	Revisions to Budget	Proposed Revised Budget	% of Revised Budget	Comments
Licenses/Permits/Certifications	48,378	64,000	76%		64,000	76%	
Office Supplies and Expenses	7,389	16,300	45%	1,200	17,500	42%	Collections increase of \$1.2K
Physicals & Exams	465	4,100	11%		4,100	11%	
Postage and Delivery	498	5,000	10%		5,000	10%	
Printing and Reproduction	1,343	5,000	27%		5,000	27%	
Public Education and Outreach	514	15,000	3%		15,000	3%	
Records Management	8,652	2,000	433%	8,000	10,000	87%	Increase by \$8K for scanning of WRF documents not previously planned.
Subscriptions and Notices	3,014	3,500	86%		3,500	86%	
Telecommunications							
Cellular Reimbursement	8,475	16,560	51%		16,560	51%	
Office Line and Internet	26,253	30,000	88%	11,000	41,000	64%	Increase reflects new cloud based phone system and termination fee from prior carrier
Total Telecommunications	34,728	46,560	75%	11,000	57,560	60%	
Temporary Support Services	16,806	7,900	213%	20,000	27,900	60%	WRF employee on workers comp replaced by employee from temporary staffing agency.
Training and Conferences	34,493	43,000	80%	10,000	53,000	65%	Transferred \$10K from temporary staff wages. Increased level of board required training
Miscellaneous Administration	475	1,500	32%		1,500	32%	
Total Administration Expenses	209,429	324,260	65%	56,200	380,460	55%	
Insurance							
CSRMA Business Package	92,937	160,000	58%		160,000	58%	
Fidelity Bond	1,300	1,500	87%		1,500	87%	
Total Insurance	94,237	161,500	58%	0	161,500	58%	
Operations and Maintenance							
Bio-Solids Removal	55,598	150,000	37%	(20,000)	130,000	43%	Reduction based on trend in actual expense
Encroachment Permits	0	1,200	0%		1,200	0%	
Equipment Rental	1,152	27,800	4%	(15,000)	12,800	9%	No longer renting tank for recycled water program
Fuel							
Diesel - On Road	4,713	12,300	38%	(1,000)	11,300	42%	Jersey Island reduction by \$1K
Diesel - Off Road	22,329	39,400	57%		39,400	57%	
Gasoline	12,750	26,600	48%	(2,000)	24,600	52%	Jersey Island reduction by \$2K
Total Fuel	39,792	78,300	51%	(3,000)	75,300	53%	

Ironhouse Sanitary District
Proposed Mid-Year Budget Revision
Year Ended June 30, 2018

	Actual Dec. YTD	Annual Budget	% of YTD Budget	Revisions to Budget	Proposed Revised Budget	% of Revised Budget	Comments
Janitorial Service and Supplies	11,128	22,400	50%		22,400	50%	
Jersey Island Use Expense	0	6,000	0%	(5,000)	1,000	0%	Reduction due to elimination of hunting on Jersey Island
Landscaping Services & Supplies	8,730	12,200	72%	2,800	15,000	58%	Headquarter increase by \$2.8K
Maintenance and Repair					0		
Building Maintenance	34,959	58,400	60%	23,000	81,400	43%	Headquarter increase by \$18K for interior painting, Collections increase by \$5K to change out metal halide shop lighting to LED
Collection System Repair	45,690	85,000	54%		85,000	54%	
Farm and Field Maintenance	25,612	110,000	23%		110,000	23%	
Ground Maintenance	6,517	21,500	30%	21,500	43,000	15%	Increase related to debris clean-up from homeless encampment on ISD grounds and tree removal
Levee Maintenance	0	5,000	0%	(5,000)	0		No costs will be incurred
Pond Maintenance	50,972	35,000	146%	30,000	65,000	78%	Increase to reflect expected costs
Road Repairs	87	60,000	0%		60,000	0%	
Undercrossing Maintenance	0	8,500	0%		8,500	0%	
Vehicle & Equip. Maintenance	33,343	117,000	28%	(16,000)	101,000	33%	Jersey Island reduction of \$8K, Collections reduction of \$8K. Newer vehicles less maintenance expected.
WRF Maintenance & Repair	126,128	249,500	51%		249,500	51%	
Total Maintenance and Repair	323,308	749,900	43%	53,500	803,400	40%	
Mosquito Abatement	2,242	20,000	11%		20,000	11%	
Nexgen CMMS	12,000	11,000	109%	1,000	12,000	100%	Increase in annual fee
Supplies and Materials							
Chemicals	33,908	100,000	34%	(15,000)	85,000	40%	Collections reduction of \$15K as using less H2S Commander
Lab Supplies	5,257	10,000	53%		10,000	53%	
Maintenance Supplies	3,045	10,500	29%		10,500	29%	
Operating Supplies	3,806	21,500	18%		21,500	18%	
Total Supplies and Materials	46,016	142,000	32%	(15,000)	127,000	36%	
Qrtly Groundwatering Monitoring	4,432	8,500	52%		8,500	52%	
Reclamation Assessments	337,744	337,765	100%		337,765	100%	
Safety Related Expenses	9,846	26,500	37%		26,500	37%	
Telemetry System & Calibration	6,078	50,000	12%		50,000	12%	

Ironhouse Sanitary District
Proposed Mid-Year Budget Revision
Year Ended June 30, 2018

	Actual Dec. YTD	Annual Budget	% of YTD Budget	Revisions to Budget	Proposed Revised Budget	% of Revised Budget	Comments
Tools and Expensed Equipment	6,555	24,000	27%		24,000	27%	
Uniforms and Servicing	10,500	24,000	44%		24,000	44%	
Total Operations and Maintenance	875,121	1,691,565	52%	(700)	1,690,865	52%	
Professional Services							
Accounting Services	54,747	120,000	46%		120,000	46%	
Auditing and Tax Services	11,000	16,000	69%		16,000	69%	
Caretaker Costs	8,400	16,800	50%		16,800	50%	
Consulting Services							
Connection Rate Studies	0	10,000	0%		10,000	0%	
Engineering Services	50,196	220,000	23%	(70,000)	150,000	33%	
Financial Analysis Projections	4,300	4,000	108%		4,000	108%	
Geotechnical Services	1,768	5,000	35%		5,000	35%	
GIS and Mapping	3,500	2,000	175%	1,500	3,500	100%	To reflect YTD actual expenditures
HR Analysis and Services	24,673	80,000	31%		80,000	31%	
Information Technology	2,154	16,000	13%		16,000	13%	
Inspection Services	6,940	7,000	99%		7,000	99%	
Programming Services	2,175	15,000	15%		15,000	15%	
Regulatory Services	1,455	10,000	15%		10,000	15%	
Strategic and Other Planning	0	20,000	0%		20,000	0%	
							Increase for the following: RMC \$11K (Recycle Water Feasibility Study), MRG \$56K (Jersey Island Assessment), Water Works \$118K (WRF Reliability and CIP Study), West Yost \$25K (Biosolids Land Application Study)
Studies and Assessments	147,513	0	100%	210,000	210,000	70%	
Other Contracted Services	545	0	100%		0		
Total Consulting Services	245,219	389,000	63%	141,500	530,500	46%	
Lab Testing							
General Lab Services	6,758	30,000	23%		30,000	23%	
Total Lab Testing	6,758	30,000	23%	0	30,000	23%	
Legal Services							
General Business Issues	35,986	90,000	40%		90,000	40%	
Personnel Related	3,450	10,000	35%		10,000	35%	
Total Legal Services	39,436	100,000	39%	0	100,000	39%	
Payroll/Benefit Processing Fees	4,915	11,800	42%		11,800	42%	

Ironhouse Sanitary District
Proposed Mid-Year Budget Revision
Year Ended June 30, 2018

	Actual Dec. YTD	Annual Budget	% of YTD Budget	Revisions to Budget	Proposed Revised Budget	% of Revised Budget	Comments
Public Outreach Services	25,926	50,000	52%	2,500	52,500	49%	Increased by \$2.5K for additional expected cost related to newsletter
Total Professional Services	396,401	733,600	54%	144,000	877,600	45%	
Utilities							
Diablo Water District	2,747	5,500	50%		5,500	50%	
Electric and Gas	289,973	651,650	44%		651,650	44%	
Total Utilities	292,720	657,150	45%	0	657,150	45%	
Depreciation Expense	1,900,000	3,800,000	50%		3,800,000	50%	
Total Expense	5,935,237	11,868,374	50%	102,500	11,970,874	50%	
Net Ordinary Income	298,858	540,094	55%	14,200	554,294	54%	
Other Income/Expense							
Other Income							
Cattle Sales	692,094	975,000	71%		975,000	71%	
Gain (Loss) Sale of Assets	16,126	0	100%	16,000	16,000	101%	
Unrealized Gains and Losses	(68,253)	0	100%	(75,000)	(75,000)	91%	Non Cash Adjustment due to higher interest rates Higher interest rates than expected
Interest and Dividend Income	104,682	140,000	75%	70,000	210,000	50%	
Total Other Income	744,649	1,115,000	67%	11,000	1,126,000	66%	
Other Expense							
Cattle Operation Expenses							
Salaries and Related Expenses							
Salaries and Wages	61,953	135,000	46%		135,000	46%	
Temporary Staff Wages	9,205	20,000	46%		20,000	46%	
Health, Life & Disability	15,057	34,000	44%		34,000	44%	
Retirement - CalPERS	19,382	40,000	48%		40,000	48%	
Workers Compensation	3,991	7,600	53%		7,600	53%	
Payroll Taxes - Employer	1,603	3,800	42%		3,800	42%	
Total Salaries and Related Expenses	111,191	240,400	46%	0	240,400	46%	
Dues & Subscriptions	50	1,400	4%		1,400	4%	
Feed	5,226	18,000	29%	(6,000)	12,000	44%	Growing alfalfa rather than purchase
Fencing	0	25,000	0%		25,000	0%	
Fuel							
Diesel - On Road	1,000	2,250	44%		2,250	44%	

Ironhouse Sanitary District
Proposed Mid-Year Budget Revision
Year Ended June 30, 2018

	Actual Dec. YTD	Annual Budget	% of YTD Budget	Revisions to Budget	Proposed Revised Budget	% of Revised Budget	Comments
Diesel - Off Road	1,545	3,150	49%		3,150	49%	
Gasoline	1,617	4,050	40%		4,050	40%	
Total Fuel	4,162	9,450	44%	0	9,450	44%	
Operating Supplies	3,541	22,000	16%		22,000	16%	
Replacement Cattle	27,750	50,000	56%		50,000	56%	
State Inspection Fees	0	2,000	0%		2,000	0%	
Trucking	3,850	5,000	77%		5,000	77%	
Vaccination Supplies	15,227	51,000	30%		51,000	30%	
Vehicle/Equipment Maintenance	2,175	5,000	44%		5,000	44%	
Veterinary Services	2,848	7,500	38%		7,500	38%	
Miscellaneous	0	1,800	0%		1,800	0%	
Total Cattle Operation Expenses	176,020	438,550	40%	(6,000)	432,550	41%	
Total Other Expense	176,020	438,550	40%	(6,000)	432,550	41%	
Net Other Income	568,629	676,450	84%	17,000	693,450	82%	
Net Income/(Loss)	867,487	1,216,544	71%	31,200	1,247,744	70%	

Ironhouse Sanitary District
Cash Reserve Balances
As of December 31, 2017

	<u>Balance</u>	<u>Comments</u>
Unrestricted Operating Reserve	<u>\$ 6,649,303</u>	Minimum equal to 4 months operating expenses (excl. depr.) Maximum equal to 7 months operating expenses (excl. depr.)
Unrestricted but Dedicated Reserves:		
Capital Expenditure	\$ 8,632,764	Minimum 1% of cost basis of capital assets, Target equal to 5 year capital plan total plus minimum, Maximum equal to 2 times the target.
Rate Stabilization Reserve	732,000	Minimum equal to one month operating expenses (excl. depr.), Maximum equal to 2 months operating expenses (excl. depr.).
Jersey Island Trail Reserve	<u>33,963</u>	Consider transferring to capital expenditure reserve.
	<u>\$ 9,398,727</u>	
Restricted Reserves:		
Debt Service Reserve	\$ 2,937,701	Equal to 1 year debt service per funding agreement.
Trunk-Line Capacity Reserve	3,604,197	Funded by trunk-line capacity fees.
Expansion Reserve	0	Funded by plant capacity fees. Also used to pay 46.5% of annual debt service as available.
	<u>\$ 6,541,898</u>	
Total Reserves	<u>\$ 22,589,928</u>	

Ironhouse Sanitary District
Budget Process/Timeline
FY 18/19

Below is a summary and timeline of the FY 18/19 budgeting process:

1. Department head budget templates e-mailed to department heads for completion (January 29, 2018).
2. Due date for department head budgets returned to finance (February 16, 2018).
3. Department head budgets compiled into one consolidated budget. Expected completion date the middle of March.
4. Budget meeting with department heads to review consolidated budget of which the likely outcome is revisions to department head budgets. This meeting is currently not scheduled but likely will occur late March.
5. Budget review with finance committee. Timing of this meeting is likely mid-April.
6. Budget workshop with full board. This typically occurs in mid-May.
7. Budget adopted by full board at the June 5th board meeting.