

Saddle Creek Community Services District

Regular Meeting of September 20th, 2016

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- b. Discussion and Action regarding the development of a budget projection covering necessary road improvements and replacement of all District assets, and which will serve as the basis for the proposed road special tax measure being developed.

Background

The Board has given some preliminary direction regarding the long term services and expectations of the District, and accordingly staff has prepared this 5 year budget projection to be used in development of the 2017 special tax measure. The proposed funding measure is intended by the Board to cover the cost of long term operations, as well as the road improvements described in the 2016 road condition assessment, and several other contingency items described thus far by the Board.

Specifically, the attached 5 year projection makes the following assumptions:

- Administrative staffing will increase to one full time equivalent effective 2017, and working half the year in 2017 and the full year in 2018 and beyond. This staff will receive normal benefits for FTE
- Bookeeping staff time will increase by 8 hours per week in 2017
- Two gate attendants will be added in June 2017 and rotate schedules to staff the gates Monday through Sunday from 6am to 8pm. Each will receive normal employee benefits
- Normal operating expenses for the most part increase in cost 5% each year
- Equipment maintenance costs reduce due to 5 year normal replacement schedule as covered by the new reserves
- Castle & Cooke reimbursements and subsidies stop being paid to the District in 2018; shown as Subsidized expenses in the operating expense projections
- Copier and other office equipment needed for additional workload
- Road improvements of \$100,000 per year, plus a 10% contingency
- \$60,000 in landscape improvements/renovations to drought tolerant in 2017 and 2018
- Reserves established
 - Road construction contingency
 - Capital facilities replacement (existing buildings and non-rolling stock)
 - Capital facilities improvement (new) is considering the ultimate development of an office building or other similar facility
 - Capital equipment replacement intended to replace rolling stock on a 5 year basis
 - Operating contingency reserve of \$75,000 to be accumulated over the 5 year period, with a goal of 10% of the total operating budget. This reserve can then be moved to capital facilities after year 5
- Construction management is added to employ a qualified consulting engineer during road construction to verify completed quality
- Project management services are added to hire consulting services to manage all paperwork and processes associated with construction of road improvements

Each of the above assumptions can be adjusted as necessary to plan the level of services desired by the Board going forward. The budget and resulting tax rate will be used by our financial tax consultant, NBS to develop several special tax funding scenarios. Please note that the cost per parcel and cost per parcel per month is shown for example and reference only. The actual amount will be established by NBS in several scenarios including allocation of proportional expenses to the Golf Course and other Castle & Cooke commercial facilities, for consideration by the Board before the May 2017 ballot is prepared.

Recommended Motion

Staff seeks Board input on budget assumptions and criteria, in the development of future and final budget projections.