



RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 JACKSON ROAD
RANCHO MURIETA, CALIFORNIA 95683
916-354-3700
FAX – 916-354-2082

AGENDA

*“Your Independent Local Government Agency Providing
Water, Wastewater, Drainage, Security, and Solid Waste Services”*

REGULAR BOARD MEETING

June 7, 2023

Open Session 5:00 p.m.
Rancho Murieta, CA 95683

BOARD MEMBERS

Tim Maybee	President
Martin Pohll	Vice President
Linda Butler	Director
Randy Jenco	Director
Stephen Booth	Director

STAFF

Mimi Morris	General Manager
Michael Fritschi	Director of Operations
Susan Wren	Interim Director of Administration
Andrew Ramos	District General Counsel
Amelia Wilder	District Secretary
Kelly Benitez	Security Supervisor
Travis Bohannon	Chief Plant Operator

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

June 7, 2023

REGULAR BOARD MEETING

Call to Order

Open Session 5:00 p.m.

Note that this meeting will be held in-person at the address set forth above, and not via videoconference. In order to comply with the State's COVID-related Guidance for the use of face coverings, it is strongly recommended that all persons, regardless of vaccination status, continue to mask while in indoor public settings and businesses.

All persons present at District meetings will place their cellular devices in silent and/or vibrate mode (no ringing of any kind). During meetings, these devices will be used only for emergency purposes and, if used, the party called/calling will exit the meeting room for conversation. Other electronic and internet enabled devices are to be used in the "silent" mode. Under no circumstances will recording devices or problems associated with them be permitted to interrupt or delay District meetings.

AGENDA

ESTIMATED RUNNING TIME 5:00

1. CALL TO ORDER - Determination of Quorum –President Maybee **(Roll Call)**

2. CONSIDER ADOPTION OF AGENDA **(Motion)**

The Board will discuss items on this agenda, and may take action on those items, including informational items and continued items. No action or discussion will be undertaken on any item not appearing on the agenda, except that (1) directors or staff may briefly respond to statements made or questions posed during public comments on non-agenda items, (2) directors or staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities, (3) a director may request staff to report back to the Board at a subsequent meeting concerning any matter or request staff to place a matter on a future Board meeting agenda, and (4) the Board may add an item to the agenda by a two-thirds vote determining that there is a need to take immediate action and that the need for action came to the District's attention after posting the agenda.

*The running times listed on this agenda are only estimates and may be discussed earlier or later than shown. At the discretion of the Board, an item may be moved on the agenda and or taken out of order. **TIMED ITEMS** as specifically noted, such as Hearings or Formal Presentations of community-wide interest, will not be taken up earlier than listed.*

3. CONSENT CALENDAR **(Motion) (Roll Call Vote)** (5 min.) All items in this agenda item will be approved as one motion if they are not excluded from the motion adopting the consent calendar.

A. Continuation of Repairs to Lake 11 and Continue the Contracting Emergency Declaration

4. REVIEW DISTRICT MEETING DATES/TIMES FOR JUNE/JULY 2023

A. Regular Board Meeting - June 21, 2023 – Open Session at 5:00 p.m.

B. Improvements – July 5, 2023 at 8:00 a.m.

C. Finance – July 5, 2023 at 10:00 a.m.

- D. Communications – July 6, 2023 at 8:30 a.m.
- E. Security – July 6, 2023 at 10:00 a.m.
- F. Regular Board Meeting – July 19, 2023 - Open Session at 5:00 p.m.

5. CORRESPONDENCE

- A. Letter from Wendall Coons
- B. Email from Wendall Coons

6. PUBLIC HEARING TO INTRODUCE ORDINANCE O2023-03 INCREASING WATER, SEWER AND SOLID WASTE SERVICE CHARGES AND STORM DRAINAGE AND SECURITY SPECIAL TAXES (10 min.)

- A. Presentation by Staff
- B. The Board President will open the Public Hearing for public comment and receipt of written protests concerning Ordinance O2023-03, Amending Chapter 14 of the District Code, Relating to Water service charges; Amending Chapter 15 of the District Code Relating to Sewer service charges; Amending Chapter 16A of the District Code Relating to Drainage Tax; Amending Chapter 21 of the District Code Relating to Security tax; and Amending Chapter 31 of the District Code Relating to Solid Waste Collection and Disposal service charges.
- C. The Board President will close the Public Hearing on Ordinance O2023-03.
- D. Board Discussion/Introduction of Ordinance O2023-03. (Discussion/Action) (Motion) **(Roll Call Vote)**

7. INTRODUCE RESOLUTION R2023-08 APPROVING THE PROPOSED BUDGET FOR FISCAL YEAR 2023-24, INCLUDING CAPITAL PROJECTS (20 min.) (Discussion/Action) (Motion) **(Roll Call Vote)**

- A. Presentation by Staff
- B. Public Comment on the Fiscal Year 2023-24 Budget, Including Capital Projects
- C. Board Discussion of Resolution R2023-08, a Resolution Approving the Proposed Budget for Fiscal Year 2023-24, Including Capital Projects

8. CONSIDER APPROVAL OF DISTRICT RESPONSE TO 2022-2023 SACRAMENTO COUNTY GRAND JURY REPORT (Discussion/Action) (Motion) **(Roll Call Vote)**

9. COMMENTS FROM THE PUBLIC

Members of the public may comment on any item of interest within the subject matter jurisdiction of the District and any item specifically agendaized. Members of the public wishing to address a specific agendaized item are encouraged to offer their public comment during consideration of that item. With certain exceptions, the Board may not discuss or take action on items that are not on the agenda.

If you wish to address the Board at this time or at the time of an agendaized item, as a courtesy, please state your name and address. Speakers presenting individual opinions shall have 3 minutes to speak. Speakers presenting opinions of groups or organizations shall have 5 minutes per group.

10. DIRECTOR COMMENTS/SUGGESTIONS

In accordance with Government Code 54954.2(a), directors and staff may make brief announcements or brief reports of their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

11. ADJOURNMENT (Motion)

In accordance with California Government Code Section 54957.5, any writing or document that is a public record, relates to an open session agenda item and is distributed less than 24 hours prior to a special meeting, will be made available for public inspection in the District offices during normal business hours. If, however, the document is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting.

In compliance with federal and state laws concerning disabilities, if you are an individual with a disability and you need a disability-related modification or accommodation to participate in this meeting or need assistance to participate in this meeting, please contact the District Office at 916-354-3700 or awilder@rmcsd.com. Requests must be made as soon as possible.

Note: This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950. The date of this posting is June 2, 2023. Posting locations are: 1) District Office; 2) Rancho Murieta Post Office; 3) Rancho Murieta Association; 4) Murieta Village Association.

Rancho Murieta Community Services District

June & July 2023

Board/Committee Meeting Schedule

July 5, 2023

Improvements

8:00 a.m.

Finance

10:00 a.m.

July 6, 2023

Communications & Technology

8:30 a.m.

Security

10:00 a.m.

June 21, 2023

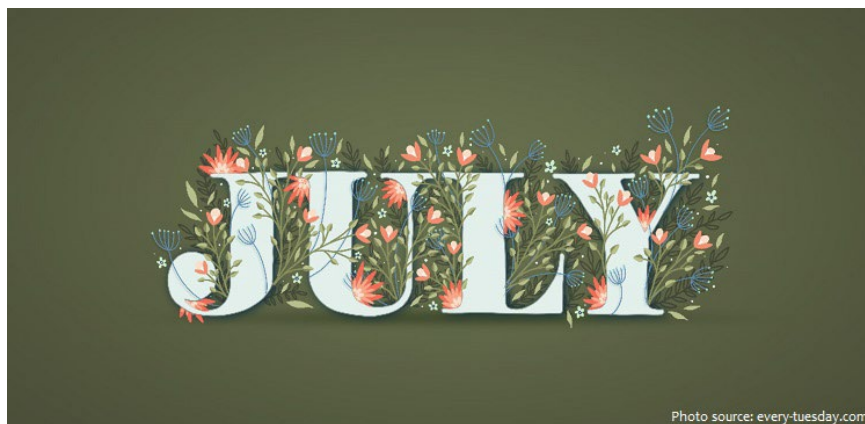
Regular Board Meeting - Open Session

5:00 p.m.

July 19, 2023

Regular Board Meeting - Open Session

5:00 p.m.



All meetings will be held in person at the District Office: 15160 Jackson Rd.

CSD Board Member *Mayhew*

May 16, 2023

The record is really clear that Ca-Waste duped the CSD Board and RM residents out of the valuable option of using compostable bags in the food scrap recycling process. So I'm going to take another shot at describing Cal-Waste's unacceptable behavior in more detail. If the Board can give me any substantive reasons why the following history and facts are not true, I will gladly sit down and shut up. Let me know. My email is scoon@ranchomurieta.org Following are the facts.

When the State food scrap recycle program was established, State law permitted the use of plant based compostable bags to facilitate the program. This raised the possibility that some residents may also use some unapproved bags in the recycle. Although this problem could require processors to fish out more bags, this effort was accepted as a cost of doing business by every recycler in the Sacramento area. Except Cal-Waste.

Cal-Waste's early "business decision" was to refuse to accept the extra bag sorting even though that would inconvenienced many of the 1500 RM residents who would use the compostable bag option. Cal Waste could not afford to tell the truth about the basis of their decision and spent several months--first trying to ignore compostable bags---then trying to use technical program B.S. to avoid allowing their use.

The CSD Board/staff did not have any background in food scrap recycling and assumed that Cal-Waste would do right by the RM folks. They didn't. Cal-Waste's B.S was good enough that CSD management bent over backward, despite the facts, to used it to publically defend Cal-Waste's no compost bag rule. Cal-Waste's "whack a mole" explanations for their "business decision" are as follows.

----- When the food scrap recycling program was first being introduced, Cal-Waste dishonestly ignored mentioning the acceptability of plant based compostable bags at all and inferred in their CSD "PIPELINE newsletter program material that all bags had some kind of unacceptable petroleum content. That was a lie. Authorized compostable bags are plant based.

----When Cal-Waste could not sneak that excuse by, they (in the February CSD newsletter) called compostable bags "plastic bags which are not widely regulated for their labeling accuracy" That statement is a lie. State law carefully identifies acceptable bags for use in the food scrap program.

-----Then Cal-Waste was asked at an early CSD meeting whether other recyclers would accept compostable bags --- they said they did not know the business plans of other recyclers. That answer was a lie. They did not want to admit other recyclers in the Sacramento area accept compostable bags and explain why Cal-Waste did not. (Later they forgot they told that lie and told the Board that they knew compostable bags are a problem for recyclers State wide. -----another lie. (See discussion below)

---- When none of this stuck to the wall, Cal-Waste used the argument that "these bags do not degrade at the same rate as the organics they would contain". Another lie.

California State approved plant based bags degrade into harmless residue and water very rapidly.

-----Then in the same breadth they said the compost bags would " limit the potential organic waste receiving facilities they could ultimately move the organics to". Another lie.(and even if true, an unintended confession that there were some processors Cal-Waste could use.) All government jurisdictions in the Sacramento area accept compostable bags and have recyclers which accept the bags and businesses which accept the processed organic material. A food scrap processor which did not accept compostable bags in the recycle process in the Sacramento area would not have any business at all.

--- At the last CSD meeting, the two most critical questions the Board carefully avoided asking Cal-Waste (because it would ruin their predetermined narrative of helping Cal-Waste B.S. the folks) was to name other recyclers in the Sacramento region who accept compostable bags (all) and the recyclers who don't. (I can't find any)

---Regarding Cal-Waste's lie that "bags have been a problem all across the State,----- please do a Google search---"Does the City of Sacramento (or Sacramento County or the City of Elk Grove or City of Folsom or the City of San Francisco or the City of Los Angeles or.....) accept compostable bags in their food scrap recycling program". Easy to see who is lying.

----Then at the meeting the CSD manager tried to get Cal-Waste to repeat their old argument that they made a business decision because these bags would limit Cal-Waste "in where they could take the processed organic material." Cal Waste wouldn't repeat this excuse because they knew it was phony.

--- legally, the CSD manager, in trying to defend Cal-Waste, said in his letter to me that Cal-Waste is not obligated contractually to accept compostable bags.

The first question is why he feels the contract would have to specifically authorize putting legally approved, environmentally safe plant based organic bags in the organic waste. He obviously did not know much about compostable bags. My guess is that the contract doesn't say anything at all about plant based bags because they were never discussed when Cal-Waste was sneaking their "business decision" past an uninformed CSD staff.

----Since legally approved plant based compost bags are organic, is CSD going to try to enforce Cal-Waste's directive and fine residents for using legally approved compostable organic bags in their organic grey can--or fine them for putting organic compost bags in the garbage can?

---- Mr. Fritschi's letter to me said "the RMCSO board has no authority on how Cal-Waste conducts its business model. That statement is ridiculous. I guess CSD thought they had to let a hired vendor make its own rules--defend the rules with B.S.--- and permit Cal-Waste to save a few bucks by running all over the interests of the residents. What kind of CSD management is that?

-----Then after all this B.S. The Cal-Waste's manager finally told the Board that THE BOARD could call it a "business decision" but on a practical level, Cal-Waste did not want to be "plastic bag police" Finally the truth!!! ---After 5 months no more lies.

Cal-Waste' admitted its original decision was to make RM area residents do without the compostable bag option rather than accept the possible increase in sorting that all other recyclers have accepted.

The Board should face the facts. CSD management got shystered and is now trying to pretend that they knew what they were doing all along.

As I said, my bottom line is to ask CSD Board members if they can give me any substantive reasons why RM residents should be the only residents out of 1.5 million in the Sacramento area who can't use legal compostable bags.

The easy and appropriate way out of this foolishness is to just tell the folks they can use compostable bags. Stick up for the folks.

Let me know.

A handwritten signature in black ink that reads "Wendell Coon". The signature is written in a cursive style with a large initial "W" and a stylized "C".

Wendell Coon

From: [WENDELL COON](#)
To: [Amelia Wilder](#)
Cc: [Melinda Morris](#); [Tim Maybee](#)
Subject: RE: Cal-Waste Organic Waste Workshop
Date: Tuesday, May 30, 2023 3:50:51 PM
Attachments: [image001.png](#)
[image002.png](#)

Dear Ms. Wilder:

Thank you for your personal invitation to attend the May 31st Cal-Waste meeting. I will not be attending for two reasons.

I am an old guy who doesn't do stress well. More importantly I recently sent a five-page letter to the Board detailing how foolish it's support is for Cal-Waste's "no compostable bag use policy ". It has every argument I have and I received no acknowledgment of the letter.

Regarding the meeting, it is the Board's job..not mine..to argue with Cal-Waste about their ridiculous refusal to give RM residents the bag option.

There are two other issues. Is CSD going to tell Cal-Waste at the meeting that CSD cannot enforce the bag option? Why? Because the laws generally provide fines for violators who "contaminate the organics". Do you think using State authorized, plant based, organic bags fits the contamination description? If so, you can fine about 100,000 Sacramento County residents in one day. The other question is whether CSD is going to tell the meeting audience that CSD agreed that RM residents will be the only folks out of 1.5 million in the County who cannot use compostable bags?

When does the foolishness end? Please forward this message to other CSD Board members.
Thank you.

Wendell Coon

Sent from my Galaxy Tab A

----- Original message -----

From: Amelia Wilder <awilder@rmcsd.com>
Date: 5/24/23 9:27 AM (GMT-08:00)
To: scoon@ranchomurieta.org
Cc: [Melinda Morris <MMorris@rmcsd.com>](mailto:MMorris@rmcsd.com), [Tim Maybee <TMaybee@rmcsd.com>](mailto:TMaybee@rmcsd.com)
Subject: Cal-Waste Organic Waste Workshop

Good morning Mr. Coons,

Cal-Waste is hosting a workshop next Wednesday, May 31st to discuss Organic Waste Recycling. I hope you can make it.



Rancho Murieta CSD residents are invited to the...

Organic Waste Workshop

WEDNESDAY, MAY 31ST

6:00PM - 7:00PM

at the RANCHO MURIETA CSD

15160 JACKSON RD

RANCHO MURIETA, CA 95683



Join the Cal-Waste Team in hearing about your new Organic Waste Cart and what goes in it!



OLD CART



NEW CART

**COMING
JUNE 6TH**

For more information please contact
Customer Service at CustomerService@Cal-Waste.com

Have a great day!
Amelia

Amelia Wilder
District Secretary

Rancho Murieta CSD



15160 Jackson Road

P.O. Box 1050

Rancho Murieta, CA 95683

(916) 354-3700 * FAX 916-354-2082

awilder@rmcsd.com

www.rmcsd.com

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Rancho Murieta Community Services District

FY 2023-24

Proposed Budget





RANCHO MURIETA COMMUNITY SERVICES DISTRICT

15160 JACKSON ROAD
RANCHO MURIETA, CALIFORNIA 95683
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STAFF

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Rancho Murieta Community Services District

15160 Jackson Road • P.O. Box 1050 Rancho Murieta, CA 95683 • 916-354-3700 • Fax 916-354-2082

Visit our website www.rmcsd.com

June 7, 2023

Rancho Murieta Community Service District Board of Directors

BUDGET MESSAGE

Guided by the Rancho Murieta Community District (RMCS D) Board's vision and direction, we are pleased to present the General Manager's recommended Fiscal Year (FY) 2023-24 Annual Budget. Of primary concern in the coming year will be to develop a strategic roadmap for infrastructure maintenance and improvements to meet the needs of a growing community and to implement best management practices for financial and administrative activities.

The budget process begins with a public hearing and ends with a Board action to adopt the Budget. The District is required to submit a notice to the residents and commercial businesses in Rancho Murieta at least forty-five days before the first reading of the budget by the Board. For Fiscal Year 2023-24, the rate increase notification was authorized by the Board on March 27, 2023, at a Special Board meeting and subsequently mailed to rate payers. Two residents filed objections to the rate increase, which does not meet the threshold required to suspend proposed increases.

REVENUES

The focus of this budget is to address the priorities of the Board and community while being mindful of fiscal and operational stability. The budget is prepared in a way that is different from prior years because management has taken a holistic approach and is presenting all revenues received by the District, whether restricted for a particular purpose or not. In past years, revenues collected but subject to restriction were not included in the budget. Similarly, some uses were not previously included, but are now included in the budget.

The proposed budget reflects estimated revenues of just over \$10.9 million, which is a 33%, or \$2.7 million increase over the prior year. Of that amount \$1.6 million is due to the inclusion of restricted revenues and \$1.1 million is from rate increases across all lines of service. Detailed information on the rate increases can be found in the rate change section of the budget document.

A portion of the Sacramento County property tax revenue is received by the District and is used as a discretionary resource for priorities set by the Board. Significant portions of this tax revenue had been utilized in recent years to offset costs for security services that exceeded security service fees. For FY2023-24, the Security Fund will receive a much lower appropriation of the District's discretionary revenue while capital project appropriations will increase.

USES OF RESOURCES

Uses of Resources are budgeted at \$11.3 million which is an increase of \$3.1 million or 38% over the prior year. \$1.9 million of the increase is due to the inclusion of items funded with restricted revenue, \$425,000 is for water rate and master plan studies, and the remaining \$675,000 is for price increases for chemicals, wages and the solid waste contract.

Serving the Community for over 30 years

Board of Directors: Tim Maybee, President • Martin Pohll, Vice-President • Randy Jenco • Linda Butler • Martin Pohll • Stephen Booth
General Manager • Mimi Morris

STRATEGIC OBJECTIVES

Issues currently affecting the utilities industry in general create pressure on the RMCS D, such as renewal and replacement of aging infrastructure, financing for capital improvements, long term water supply availability and emergency preparedness. District staff met with Board members, committees, staff and stakeholders during the year and have developed objectives for the upcoming year to guide courses of action to focus on infrastructure and fiscal competency.

RMCS D has five core service areas, each with their own fund (**Drainage, Security, Solid Waste, Wastewater, and Water**).

DRAINAGE

Drainage revenues are insufficient to fully cover anticipated expenses so the Drainage Fund is budgeted to receive a \$60,000 appropriation of the District discretionary property tax revenue which will leave the fund with a small projected deficit. Costs have increased in recent years due to deferred maintenance and aging infrastructure.

SECURITY

Security revenues are insufficient to fully cover security expenses, despite elimination of vacant positions, so the Security Fund is budgeted to receive a \$50,000 appropriation of the District discretionary property tax revenue. This will leave the fund with a deficit for the year of \$250,000 and an overall fund deficit of \$600,000. The deficit is a result of providing service in excess of security service fees over the course of several years. Service levels and staffing have been reduced in the proposed budget by \$184,082 from the prior year and marks a gradual withdrawal of resources beyond what is available based on anticipated security service fees. Administrative revenue support of Security will decline further in FY 2024-25, in order to ensure that services match available security service fee revenue. Research is in process to identify service alternatives that might result in budgetary savings.

SOLID WASTE

Increases in **Solid Waste** costs for FY 2023-24 are significant because they reflect the State of California laws imposed on recycling and solid waste. Revenue is expected to increase \$455,334 and expenditures \$362,145.

The District contracts with California Waste Management (Cal-Waste) to provide garbage collection and recycling services. Revenues collected pay the cost of the contract with the vendor, the fees charged by Sacramento County, insurance and administrative costs of customer service, billing, accounting and governance.

WATER

The **Water** revenues are the most significant revenue source for the District and include residential and commercial fees, connection permits, capital reserve and debt service fees, and investment income. Water revenues are expected to increase \$175,828 for rate increases and the connection of new properties and \$1.2 million of the revenue increase is restricted for capital reserves and reflects the current presentation model.

Water expenditures net of capital transfers are budgeted at \$3.0 million, an increase of \$1.0 million. That difference reflects increases in chemical and labor costs, \$425,000 for master plan and rate studies, and \$159,621 for debt service.

WASTEWATER

Wastewater revenues are projected to increase \$891,022, of which \$606,699 is restricted for capital reserves and reflects the current presentation model, and \$284,323 are primarily from rate increases and revenue for new property connections. Uses and expense increases total \$2.3 million and include recording \$889,699 for restrictions, and an increase in operating costs of \$20,167.

ADMINISTRATION

The **Administration** Fund is used as a General Fund for the District. Revenues from property taxes and expenditures for administration, finance and governance are recorded in the Administrative Fund and revenues are appropriated and expenditures are allocated to the five-service area operating funds. A \$43,000 increase is expected from property tax receipts in the Administrative Fund. Expenditures are projected to increase \$68,522, mainly due to pension and benefits costs.

SHORTFALLS

Operations are expected to result in deficits in four of the five service area operating funds: Drainage, Security, Solid Waste and Water funds. The Waste Fund is estimated to have sufficient available fund balance to absorb the FY 2023-24 shortfall. Actual results from operations in prior years (Beginning Balances) are pending. Once received, more accurate calculations of fund balances will be prepared and plans to eliminate any remaining fund deficits can be created.

SUMMARY

Staff recommend the Board waive the first reading of Ordinance O2023 -03, to raise the rates for Water, Wastewater, and Solid Waste and the Special Drainage and Security taxes, and Resolution R2023-08, to adopt the FY 2023-24 Budget and move them to the June 21, 2023 Board meeting for a second reading for formal adoption.

ASSUMPTIONS USED IN THIS PROPOSED BUDGET

1. Revenue estimates are based on the rate schedules presented to the Board on March 27, 2023.
2. Connection fee revenue is based on 60 residential applications being issued during the fiscal year.
3. The number of water distribution system leaks is increasing as a result of deferred capital repair.
4. Sacramento County property tax allocation is projected to increase using the same appraisal values from 2022 to 2023 for home sales.

FINANCIAL POLICIES

Basis of Accounting – The District is a governmental entity and operates on a fiscal year from July 1, through June 30. Accounting records are maintained using the full accrual basis of accounting where revenues are recognized when earned and expenses when incurred. The budget is prepared on a budgetary basis, which differs slightly from financial reporting basis in that the budget does not include amounts for depreciation expense. This budget is used as a management tool for projecting and measuring revenues and expenses.

Budgetary Control – The budget is prepared at a detailed level and reported at a summarized level. Since the budget is an estimate, it may be necessary to make adjustments to line items during the course of the year. Various levels of budgetary control have been established to maintain budget integrity. The General Manager has the authority to transfer appropriation balances between budget line items for operations within Funds. Any increases in total appropriations require approval by the Board of Directors.

Reserve Policy – The District holds reserves for replacement and major repair of facilities and equipment to minimize adverse annual budgetary impacts from anticipated and unanticipated District expenses.

Investment Policy – The District invests public funds in a manner which will provide the highest investment return with the maximum security in conformance with all state and local statutes governing the investment of public funds. In accordance with Section 53600 et. seq. of the State of California Government Code, the authority to invest public funds is expressly delegated to the Board of Directors for subsequent re-delegation to the General Manager acting as the District Treasurer.

Capital Improvement Program – The District's annual Capital Improvement Program (CIP) is a projection of the District's capital funding for planned capital projects in upcoming fiscal years. The CIP is reviewed and updated annually and is used for water rate studies, water master planning and infrastructure repair and replacement. A water rate study is included in the FY 2023-24 Budget and will recommend appropriate user charges to meet operational and capital needs.

Respectfully Submitted,



Mimi Morris

General Manager



Rancho Murieta Community Services District Information Sheet

Mission Statement

The mission of Rancho Murieta Community Services District is to take a leadership role in responding to the needs of the residents. The District will deliver superior community services efficiently and professionally at a reasonable cost while responding to and sustaining the enhanced quality of life the community desires.

Purpose

The Rancho Murieta Community Services District (CSD) was formed in 1982 by State Government Code 61000 to provide essential services in Rancho Murieta. The District provides the following services:

- Security
- Water supply collection, treatment, and distribution
- Wastewater collection, treatment, and reuse
- Storm drainage collection and disposal
- Solid waste collection

The District encompasses 3,500 acres, five and a half square miles. Land uses included in the approved master plan call for residential development on 1,981 acres of single-family residences, townhouses, apartments, and mobile homes for a total of 5,189 units. Current estimates indicate Rancho Murieta has over 2,800 households with a population of over 5,900 persons. The District currently maintains over \$56,000,000 in plant, property, and equipment assets.

Population

Highlights from the Census 2020 demographic profiles show total population in Rancho Murieta at 5,903. The average household size is 2.48. Current estimates indicate Rancho Murieta has 2,369 households with a population of over 5,900.

Latent Powers

In June of 1982, after local registered voters petitioned the County and public hearings were held, the voters approved the formation of the Rancho Murieta Community Services District (CSD or District), and elected five directors. While the election resulted in voter approval for CSD to provide the following services:

Police protection/security services, road construction and maintenance, landscape maintenance, drainage construction and maintenance, public recreation and street lighting.

Subsequently, the voters authorized the CSD to provide all municipal services authorized in the California Government Code, as well as some special services authorized by the legislature. Those services approved by the voters of Rancho Murieta include:

Fire protection, ambulance, libraries, mosquito abatement, airports, garbage or refuse, transportation services, water and sewer, conversion of existing overhead electric and communication facilities to underground locations, construction improvements of bridges, culverts, curbs, gutters, drains and works incidental to road construction and maintenance.

Later special legislation expanded the District's latent powers to include:

Television and television related services, burglar, and fire alarm facilities, issuance of revenue bonds, enforcement of CC&R's (Covenants, Conditions, and Restrictions), hydroelectric power generating facilities and transmission lines.

While the District has the authority to provide all of these services, at this time, CSD only provides Water, Sewer, Drainage, Security and Solid Waste services.

Security

Two of the most important reasons for living in Rancho Murieta are the privacy and security. Entrances into the private residential areas have automated access lanes for residents and managed access lanes for visitors.

Water Source and Storage

The source of water for all uses is primarily the Cosumnes River plus some direct rainfall into reservoir watersheds. State water rights permit diversion for municipal usage only during winter and spring months. Raw water is diverted from the river at Granlees Dam and pumped into reservoirs Calero, Chesbro, and Clementia.

Water Treatment and Distribution

Raw water, primarily from reservoirs Calero and Chesbro, is treated to potable standards at a treatment plant located at the north end of Clementia reservoir.

Wastewater Collection, Storage, and Reuse

Imposed at the formation of Rancho Murieta, state regulations prohibit any discharge of wastewater into the Cosumnes River. Regulations require treated wastewater to be used for irrigation of golf courses, parks, and common areas.

When needed for irrigation, the stored, partially treated wastewater is processed through a state-of-the-art tertiary system. The golf courses use this treated effluent to supplement and/or replace raw river water and to reduce wastewater reservoir levels.

Storm Drainage

Storm water and irrigation runoff is collected in the drainage system throughout the community. A major component of Rancho Murieta's storm drainage system is the extensive amount of natural swales, streams, and tributaries. Runoff is filtered through detention ponds prior to being returned to the Cosumnes River. In addition, the District maintains levees that protect the low-lying areas from flooding.

Solid Waste

In 2005 Rancho Murieta CSD added Solid Waste Disposal to the services it provides for the community. Under a 10-year contract with Rancho Murieta CSD, California Waste Recovery Systems provides waste disposal services to residents of Rancho Murieta. These now include compliance with SB 1383, Organic Waste Management.

Governance

The affairs of the District are directed by a five-member Board of Directors elected at large by the registered voters residing in the District. The people who are elected are residents and have the same concerns as residents. The board members serve four-year staggered terms. The District board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the District's General Manager. The District's manager is responsible for carrying out the policies and ordinances of the District board, for overseeing the day-to-day operations of the District, and for appointing the heads for the various departments.

All business of the District is conducted at regular, monthly meetings of the Board. These regular meetings are held the third Wednesday of every month at the District Office located at 15160 Jackson Road with the public session starting at 5:00 p.m. All meetings are open to the public.

Long Term Financial Planning

The District currently maintains over \$56,000,000 in plant, property, and equipment assets. The District's Reserve Policy 2012-07 is a financial policy guided by sound accounting principles of public fund management. The policy establishes several reserve funds to minimize adverse annual budgetary impacts from anticipated and unanticipated District expenses.

The following reserves are covered under the policy:

- Capital Replacement Fee Reserve (Water, Sewer and Security) – fees are collected for the future replacement of existing facilities and major equipment
- Capital Improvement Fee Reserve – provide funds for the orderly and timely expansion of the District's facilities to meet future demand and to maintain and/or improve the District's existing level of service
- Water Augmentation Fee Reserve – provides funds for the orderly and timely expansion of the District's water supply system to meet future demands of the undeveloped lands within the District's existing boundaries during an equivalent 1976-77 drought event
- Capital Improvement Connection Fee Reserve (Water and Sewer) - fees previously collected as a primary source of funds for the development of additional water and wastewater capacity and is set at a level which will defray the costs of providing additional: treatment and/or reclamation facilities, major trunk and transmission pipelines and facilities for pumping when such facilities are needed
- Rate Stabilization Fund Reserve (Water, Sewer and Security) – offsets revenue shortages due to economic hardships and/or unforeseen major expenses

Cash Management Policies and Practices

The District's Investment Policy 2016-01 is a conservative policy guided by three principles of public fund management. In specific order of importance the three principles are:

- 1) Safety of Principal. Investments shall be undertaken in a manner which first seeks to preserve portfolio principal.
- 2) Liquidity. Investments shall be made with maturity dates that are compatible with cash flow requirements and which will permit easy and rapid conversion into cash, at all times, without a substantial loss of value.
- 3) Return on Investment. Investments shall be undertaken to produce an acceptable rate of return after first consideration for principal and liquidity.

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources.

ORDINANCE NO. O2023-03

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT, AMENDING CHAPTER 14 OF THE DISTRICT CODE, RELATING TO WATER SERVICE CHARGES; AMENDING CHAPTER 15 OF THE DISTRICT CODE RELATING TO SEWER SERVICE CHARGES; AMENDING CHAPTER 16A OF THE DISTRICT CODE RELATING TO DRAINAGE SPECIAL TAX; AMENDING CHAPTER 21 OF THE DISTRICT CODE RELATING TO SECURITY SPECIAL TAX; AND AMENDING CHAPTER 31 OF THE DISTRICT CODE RELATING TO SOLID WASTE COLLECTION AND DISPOSAL SERVICE CHARGES AND LEAF COLLECTION

The Board of Directors of the Rancho Murieta Community Services District ordains as follows:

SECTION 1. Purpose and Authority. The purposes of this ordinance are to (a) increase the District water, sewer and solid waste collection and disposal service charges in order to reflect and provide for operation, maintenance and other cost increases due to inflation, increased regulatory costs, increased costs of supplies, services, labor and benefits, and other factors, and (b) increase the District drainage special tax and security special tax to implement the voter-authorized annual adjustments. This ordinance is adopted pursuant to California Constitution articles XIII C, section 2, and XIII D, section 6, Government Code sections 61115, 61121 and 61123, District Ordinances Nos. 98-1 and 98-2, and other applicable law.

SECTION 2. Findings. The Board of Directors finds and determines as follows:

- (a) As calculated and demonstrated in the FY 2023-24 District budget, the increased service charges implemented by this ordinance have been fixed in amounts sufficient to pay the operating expenses of the District's water, sewer and solid waste operations, provide for and fund repairs and replacement of utility system works and equipment, provide for increased costs of regulatory compliance, fund financial reserves, and pay debt service and other costs.
- (b) The increased service charges are reasonably related to, and do not exceed, the District's cost of providing each of the services.
- (c) The revenues derived from the service charges do not exceed the funds required to provide the services and will not be used for any purpose other than the listed services.
- (d) The amount of the service charges imposed on each customer's parcel does not exceed the proportional cost of the particular service attributable to that parcel.
- (e) The District water, sewer and solid waste services are services that are actually used by and immediately available to the owner of each customer parcel.
- (f) No portion of these service charge increases are imposed for general governmental services.
- (g) As calculated and demonstrated in the FY 2023-24 District budget, the increased drainage and security special taxes implemented by this ordinance have been fixed in amounts as calculated and determined consistent with the annual tax adjustments as set forth in District Code chapters 16A and 21 and as authorized by the voters at the time of the approval of the special taxes.

- (h) The establishment, modification, structuring, restructuring and approval of the service charges and taxes as set forth in this ordinance are necessary and appropriate to continue to meet the District's costs for operation and maintenance, supplies and equipment, financial reserves, and capital replacement needs, and to maintain a satisfactory level of services within the District service area.
- (i) The District Board of Directors has conducted a duly noticed public hearing on the proposed service charge increases in accordance with California Constitution article XIII D, section 6, and the Board did not receive a majority protest against any of the proposed service charge increases.

SECTION 3. Service Charge and Tax Adjustments; District Code Amendments

- I) The Water Code, Chapter 14, Section 7.00 Rates and Charges is amended as follows:
Section 7.05 Rates for Metered Service.

- (a) General metered service shall be as follows:

MONTHLY CHARGES

Base Charge	\$ 42.84
Reserve Charge	<u>\$ 14.00</u>
Total Basic Service Charge	\$ 56.84/mo

Usage charge per 100 cubic feet:

Basic volumetric rate per 100 cubic feet	\$ 2.17 per 100 cubic feet
--	----------------------------

- (b) Metered service to residential lots at Murieta Village and Murieta Gardens II shall be as follows:

MONTHLY CHARGES

Base Charge	\$ 42.84
Reserve Charge	<u>\$ 14.00</u>
Total Basic Service Charge	\$ 56.84/mo

Usage charge per 100 cubic feet:

Basic volumetric rate per 100 cubic feet	\$ 2.17 per 100 cubic feet
--	----------------------------

- (c) Non-Residential metered service shall be as follows:

MONTHLY CHARGES

Basic Service Charge for non-residential shall be calculated on an EDU basis

Monthly Charges

Basic Service Charge for non-residential metered service shall be calculated on number of meters and an EDU basis for each customer multiplied by the Basic Service Charge reflected in Section 7.05(a) above.

Usage charge per 100 cubic feet:

Basic volumetric rate per 100 cubic feet	\$ 2.17 per 100 cubic feet
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- II) The Sewer Code, Chapter 15, Section 7.00 Rates and Charges is amended as follows:

Section 7.03 Rates and Charges for Service. The monthly service charge for each premise receiving sewer service from the District shall be:

Residential or other premises, each unit	
Base rate	\$ 54.12 per month

Reserve contribution	<u>\$ 14.00 per month</u>
Total monthly service charge	\$ 68.12 per month

Murieta Village and Murieta Gardens II, per unit

Base rate	\$ 54.12 per month
Reserve contribution	<u>\$ 14.00 per month</u>
Total monthly service charge	\$ 68.12 per month

Non-Residential

Monthly service charge for non-residential sewer service shall be calculated on an EDU basis for each customer multiplied by the residential service charge rate.

III) The Drainage Code, Chapter 16, Section 7.00 Rates and Charges is amended as follows:

Section 7.01 Rates and Charges: Drainage charges for operation and maintenance of the District's system shall be as set forth in Chapter 16A, Section 3.00.

The Drainage Code, Chapter 16A, Section 3.00 Drainage Tax, is amended as follows:

Section 3.00 Rates and Charges for Operation and Maintenance of the District's system shall be: Commencing July 1, 2023, property within the District shall be assessed a monthly drainage tax as follows. The maximum monthly tax rates shown reflect annual adjustments, per Section 5.00.

LAND USE		Monthly Special Tax Rates Fiscal Year 2023-24	Monthly Special Tax Rates Maximum Ceiling Rate Year 2023-24
DEVELOPED PROPERTY			
Residential			
Metered Developed	Per Lot	\$ 5.64	5.64
Unmetered Developed	Per Lot	\$ 5.64	5.64
The Villas	Per Lot	\$ 3.77	3.77
Murieta Village	Per Lot	\$ 3.77	3.77
Murieta Gardens	Per Lot	\$ 3.77	3.77
Non-Residential			
Retail	Per Acre	\$ 28.24	28.24
Industrial/Warehouse	Per Acre	\$ 30.03	30.03
Light Industrial	Per Acre	\$ 22.96	22.96
Office	Per Acre	\$ 26.49	26.49
Landscaped Areas (golf course & parks)	Per Acre	\$ 5.29	5.29
Murieta Equestrian Center	Per Acre	\$ 2.05	2.05
RMCC (club house & parking)	Per Acre	\$ 0.00	0.00
Airport	Per Acre	\$ 2.37	2.37
Geyer Property	Per Acre	\$ 17.66	17.66
Hotel/Ext Stay		\$ 28.25	28.25

UNDEVELOPED PROPERTY

Uses Drainage System

-Residential and Non-Residential Per Acre \$ 3.34 3.34

IV) The Security Code, Chapter 21, Section 5.00 Security Tax, is amended as follows:

Commencing July 1, 2023, property within the District shall be assessed a monthly security tax as follows. The maximum tax rates shown reflect annual adjustments, per Section 5.00:

LAND USE	Monthly Special Tax Rates Fiscal Year 2023-2024	Monthly Special Tax Rates Maximum Ceiling Rate Year 2023-2024
DEVELOPED PROPERTY		
Residential per lot		
Inside Gates		
<i>Metered</i>	\$ 32.18	32.18
<i>Unmetered</i>	\$ 25.26	25.26
Outside Gate	\$ 7.76	7.76
Non-Residential per building square foot		
<i>Highway Retail</i>	\$ 0.2901	0.2901
<i>Other Retail/Commercial</i>	\$ 0.0312	0.0312
<i>Industrial/Warehouse/Lt Industrial</i>	\$ 0.0682	0.0682
<i>Office</i>	\$ 0.0164	0.0164
<i>Institutional</i>	\$ 0.0164	0.0164
<i>Public Utility</i>	\$ 0.0520	0.0520
<i>Equine Complex</i>	\$ 0.0049	0.0049
<i>RMCC</i>	\$ 0.0817	0.0817
<i>Airport</i>	\$ 0.0208	0.0208
Hotel/Ext. Stay	\$ 0.0312	0.0312
UNDEVELOPED PROPERTY – Per Acre		
Inside Gates	\$ 27.2225	27.2225
Outside Gates	\$ 4.0566	4.0566

V) The Solid Waste Collection and Disposal Code, Chapter 31, Section 4.0 Collection Rates, is amended as follows:

Section 4.03 Collections Rates. The monthly service charge shall be:

(1) Garbage Collection Services	
35-gallon cart	\$ 32.76
65-gallon cart	\$ 38.96
95-gallon cart	\$ 61.33
(2) Additional Garbage Carts	
35-gallon cart	\$ 9.46
65-gallon cart	\$ 12.61

95-gallon cart	\$ 28.98
(3) Additional Recycling Cart (in excess of 1 recycled cart)	
38-gallon cart	N/A
64-gallon cart	\$ 7.80
96-gallon cart	\$ 7.80

(4) Additional Green Waste Cart (in excess of 2 green waste carts)	
38-gallon cart	N/A
64-gallon cart	\$ 7.80
96-gallon cart	\$ 7.80

(5) Sacramento County Surcharge	\$ 3.00
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SECTION 4. Superseder. This ordinance supersedes prior inconsistent District ordinances, resolutions, policies, rules, and regulations concerning the subject matter of this ordinance.

SECTION 5. Effective Date. This ordinance shall take effect on July 1, 2023.

SECTION 6. Severability. If any section or provision of this ordinance or the application of it to any person, transaction or circumstance is held invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this ordinance that can be given effect without the invalid or unenforceable provision, and to this end the provisions of this ordinance are declared to be severable.

SECTION 7. Publication. The District Secretary is directed to publish this ordinance once in a newspaper of general circulation published in the District within 15 days after the adoption of the ordinance.

INTRODUCED by the Board of Directors on the 7th day of June 2023.

PASSED AND ADOPTED by the Board of Directors of the Rancho Murieta Community Services District, Sacramento County, California, at a meeting held on the 21st day of June 2023, by the following roll call vote:

- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**

Timothy E. Maybee, President of the Board
Rancho Murieta Community Services District

[seal]

ATTEST:

Amelia Wilder, District Secretary

RESOLUTION NO. R2023-08

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE RANCHO MURIETA COMMUNITY SERVICES DISTRICT
APPROVING THE BUDGET FOR FISCAL YEAR 2023-24**

WHEREAS, District departments have submitted estimates of budget requirements for Fiscal Year 2023-24 and those estimates have been reviewed by the General Manager and Finance Committee; and

WHEREAS, the General Manager has submitted a proposed budget with the tabulations of the estimates together with proposed revisions to the Board of Directors; and

WHEREAS, the Board of Directors has reviewed and considered the proposed budget for Fiscal Year 2023-24; and

WHEREAS, a public presentation and hearing were conducted for the budget for the Fiscal Year 2023-24 on June 7, 2023 at 5:00 p.m. in the Board Room at 15160 Jackson Road, Rancho Murieta, CA 95683.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that (1) the proposed budget for Fiscal Year 2023-24, as submitted by the District General Manager and as reviewed by the Board of Directors is a proper financial program for the budget period and constitutes the budget for 2023-24; and (2) the District's 2023-24 Budget is hereby adopted in the form as presented at this meeting and ordered filed with the County Auditor of Sacramento County in accordance with Sections 53901 and 61110 of the Government Code.

INTRODUCED by the Board of Directors on the 7th day of June 2023.

PASSED AND ADOPTED by the Board of Directors of the Rancho Murieta Community Services District, Sacramento County, California, at a meeting held on the 21st day of June 2023, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

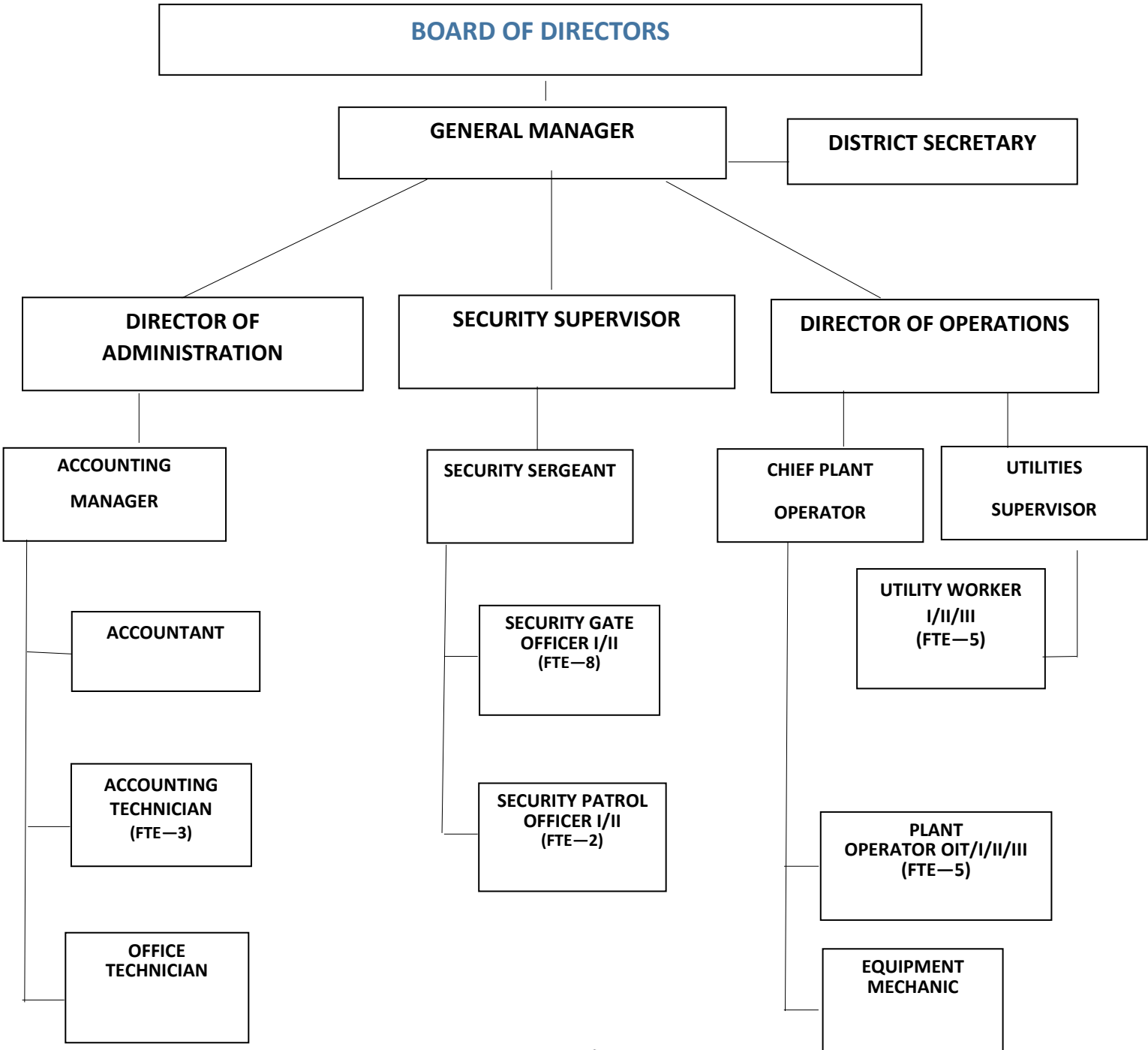
Timothy E. Maybee, President of the Board
Rancho Murieta Community Services District

[SEAL]

Attest:

Amelia Wilder, District Secretary

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT
ORGANIZATIONAL CHART**





RANCHO MURIETA COMMUNITY SERVICES DISTRICT
FY 2023-24 Proposed Budget
Personnel Listing

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	
	Adopted	Adopted	Budget	Proposed Budget	Change
ADMINISTRATION					
GENERAL MANAGER	1	1	1	1	-
DISTRICT SECRETARY	1	1	1	1	-
DIRECTOR OF ADMINISTRATION	1	1	1	1	-
ACCOUNTING MANAGER	1	1	1	1	-
ACCOUNTANT	1	1	1	1	-
ACCOUNTING TECHNICIAN	1	3	3	3	-
OFFICE TECHNICIAN	1	1	1	1	-
	<u>7</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>-</u>
OPERATIONS					
DIRECTOR OF OPERATIONS	1	1	1	1	-
CHIEF PLANT OPERATOR	1	1	1	1	-
PLANT OPERATOR I, II, III, OIT	5	5	5	5	-
EQUIPMENT MECHANIC	1	1	1	1	-
UTILITIES SUPERVISOR	1	1	1	1	-
UTILITY WORKER I, II, III	5	5	5	5	-
TEMP UTILITY WORKER	0.5	0.5	0.5	-	(0.5) *
	<u>14.5</u>	<u>14.5</u>	<u>14.5</u>	<u>14.0</u>	<u>(0.5)</u>
SECURITY					
SECURITY SUPERVISOR	1	1	1	1	-
SECURITY SERGEANT	1	1	1	1	-
PATROL OFFICER	5	5	5	2	(3)
GATE OFFICER	8	8	8	8	-
PART-TIME GATE OFFICER	2	2	2	-	(2) *
	<u>17</u>	<u>17</u>	<u>17</u>	<u>12</u>	<u>(5)</u>
TOTAL	<u><u>38.5</u></u>	<u><u>40.5</u></u>	<u><u>40.5</u></u>	<u><u>35.0</u></u>	<u><u>(5.5)</u></u>

Notes:

* Position count is for authorized full time positions.

Appropriations for part time wages (if any) are included in the expenditure budget.



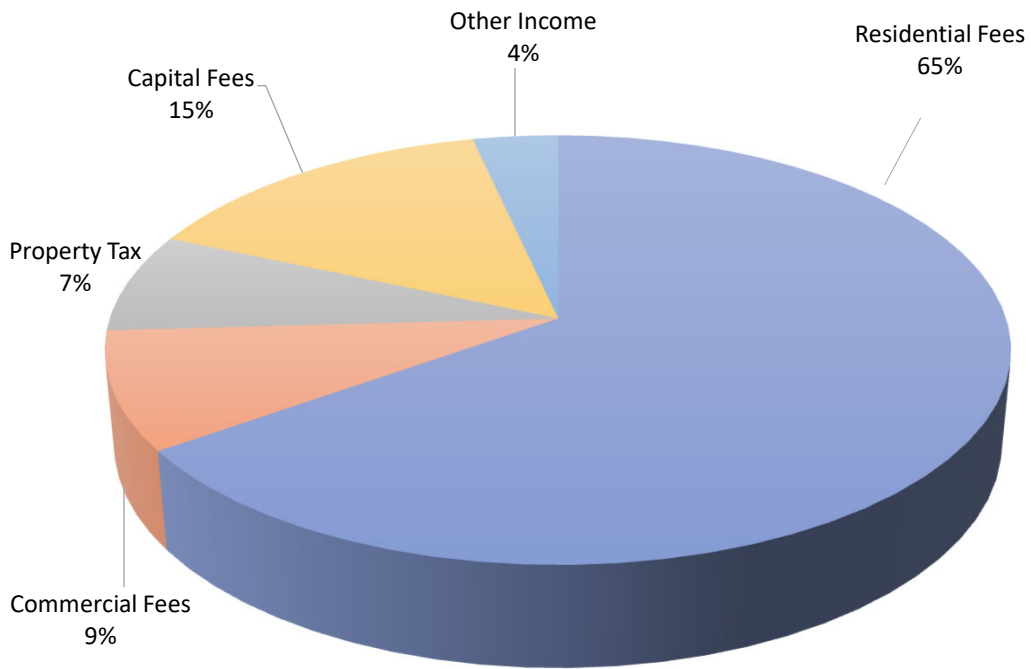
RANCHO MURIETA Community Services District
FY 2023-24 Proposed Budget
Budget Summary

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	%
	Budget	Budget	Budget	Proposed Budget	Change
Revenues					
Administration	722,210	756,290	817,450	860,450	5%
Water	2,507,729	2,634,526	2,905,332	4,271,112	47%
Wastewater	1,513,570	1,660,269	1,703,379	2,594,401	52%
Drainage	217,192	214,916	240,644	240,000	0%
Solid Waste	735,479	986,086	961,093	1,416,427	47%
Security	1,526,347	1,568,266	1,645,217	1,587,960	-3%
Total	7,222,528	7,820,354	8,273,115	10,970,350	33%
Uses of Resources					
Administration	1,825,904	1,976,562	1,977,786	2,046,308	3%
Water	1,816,956	1,895,710	2,076,091	4,054,025	95%
Wastewater	1,248,848	1,159,843	1,372,539	2,282,405	66%
Drainage	204,778	214,428	247,781	221,694	-11%
Solid Waste	715,708	922,243	1,032,279	1,394,424	35%
Security	1,410,332	1,392,245	1,438,206	1,254,124	-13%
Total	7,222,526	7,561,031	8,144,682	11,252,980	38%
Transfers In					
To Capital Reserve from Admin				283,000	
To Water from Admin	-	-	-	425,000	
To Wastewater from Admin			159,651		
To Drainage from Admin	64,521	82,107	89,783	60,000	
To Solid Waste from Admin	-	-	110,975	-	
To Security from Admin	469,452	452,516	414,591	50,000	
Transfers Out					
From Admin to Capital Reserve				(283,000)	
From Admin to Water	-	-	-	(425,000)	
From Admin to Wastewater			(159,651)		
From Admin to Drainage	(64,521)	(82,107)	(89,783)	(60,000)	
From Admin to Solid Waste	-	-	(110,975)	-	
From Admin to Security	(469,452)	(452,516)	(414,591)	(50,000)	
Administrative Cost Allocation Transfers					
To Admin from Operating Depts.	1,825,904	1,976,562	1,977,786	2,003,858	
From Water to Admin	(679,974)	(736,038)	(744,258)	(745,435)	
From Sewer to Admin	(452,787)	(490,188)	(490,491)	(496,957)	
From Drainage to Admin	(76,299)	(82,595)	(82,646)	(84,162)	
From Solid Waste to Admin	(36,216)	(39,204)	(38,789)	(40,077)	
From Security to Admin	(580,627)	(628,537)	(621,602)	(637,227)	
Total Transfers	-	-	-	-	-



**Rancho Murieta Community Services District
FY 2023-24 Proposed Budget
Revenue Summary**

FY 2023-24 Estimated Revenues



FY 2023-24 Estimated Revenues - All Funds

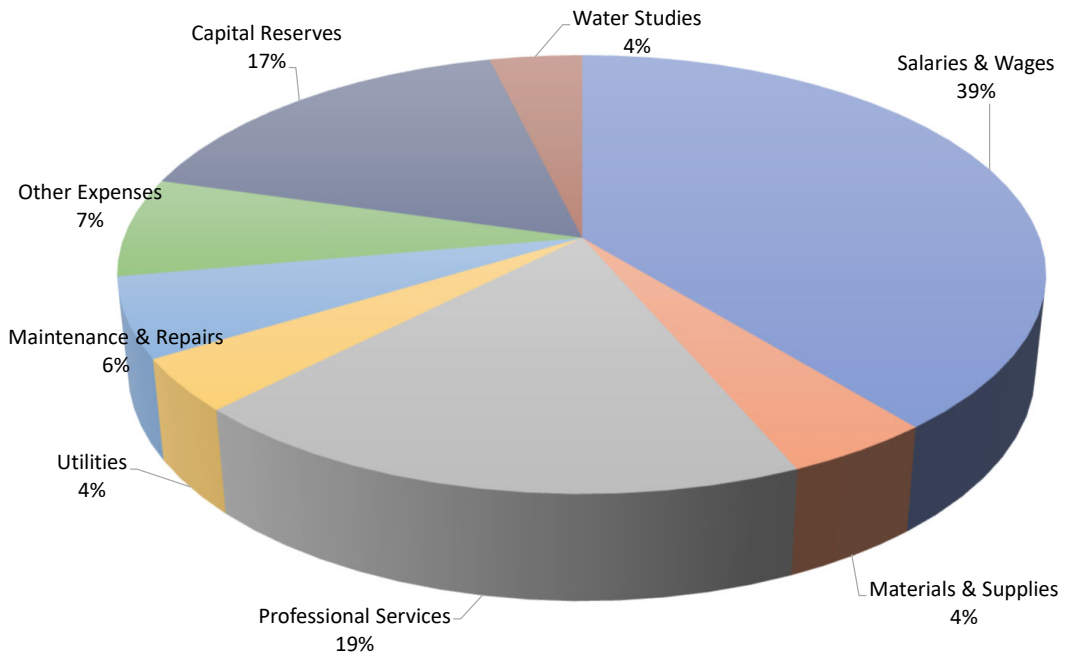
Residential Fees	7,151,819
Commercial Fees	978,610
Property Tax	818,000
Capital Fees	1,637,000
Other Income	384,921
Total	<u>10,970,350</u>

*Estimated revenues exclude interfund transfers



**Rancho Murieta Community Services District
FY 2023-24 Proposed Budget
Expenditure Summary**

FY 2023-24 Proposed Expenditures



FY 2023-24 Proposed Expenditures - All Funds

Salaries & Wages	4,396,924
Materials & Supplies	498,700
Professional Services	2,126,267
Utilities	440,000
Maintenance & Repairs	662,100
Other Expenses	820,738
Capital Reserves	1,883,251
Water Studies	425,000
Total	<u><u>11,252,980</u></u>

*Estimated expenditures exclude interfund transfers

**Rancho Murieta Community Services District
Administration - Fund 100
FY 2023-24 Proposed Budget**

	<u>FY 2020-21</u> Adopted Budget	<u>FY 2021-22</u> Adopted Budget	<u>FY 2022-23</u> Adopted Budget	<u>FY 2023-24</u> Proposed Budget
Beginning Balance	\$ -	\$ 188,237	\$ 409,904	\$ 452,354
Revenue				
Property Tax	701,750	731,750	775,000	818,000
Interest Income	240	240	450	450
Other Revenues	20,220	24,300	42,000	42,000
Total Revenue	<u>722,210</u>	<u>756,290</u>	<u>817,450</u>	<u>860,450</u>
Expenditures				
Salaries	710,300	802,200	948,800	877,606
Benefits & Pension	470,908	695,575	464,173	570,002
Professional Services	145,600	298,287	403,663	435,000
Materials & Supplies	261,801	61,400	64,750	57,700
Other Expenses	237,295	119,100	96,400	106,000
Total Expenditures	<u>1,825,904</u>	<u>1,976,562</u>	<u>1,977,786</u>	<u>2,046,308</u>
Transfers Out				
To Water - Operations Studies	-	-	-	(425,000)
To Wastewater - Capital Projects	-	-	-	(283,000)
To Wastewater-Debt Service	-	-	(159,651)	-
To Drainage - Operations	(64,521)	(82,107)	(89,783)	(60,000)
To Solid Waste - Operations	-	-	(110,975)	-
To Security - Operations	(469,452)	(452,516)	(414,591)	(50,000)
	<u>(533,973)</u>	<u>(534,623)</u>	<u>(775,000)</u>	<u>(818,000)</u>
Transfers In				
From Water - Cost Allocation	679,974	736,038	744,258	745,435
From Wastewater - Cost Allocation	452,787	490,188	490,491	496,957
From Drainage - Admin Cost Allocation	76,299	82,595	82,646	84,162
From Solid Waste - Admin Cost Allocation	36,216	39,204	38,789	40,077
From Security - Admin Cost Allocation	580,628	628,537	621,602	637,227
	<u>1,825,904</u>	<u>1,976,562</u>	<u>1,977,786</u>	<u>2,003,858</u>
Net Annual Activity	188,237	221,667	42,450	-
Ending Balance	<u><u>\$ 188,237</u></u>	<u><u>\$ 409,904</u></u>	<u><u>\$ 452,354</u></u>	<u><u>\$ 452,354</u></u>

**Rancho Murieta Community Services District
Water Fund 200
FY 2023-24 Proposed Budget**

	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
	<u>Adopted</u>	<u>Adopted</u>	<u>Adopted</u>	<u>Proposed</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Beginning Balance	\$ (1,265,582)	\$ (1,254,783)	\$ (1,252,004)	\$ (1,167,021)
Revenue				
Residential Water Fees	2,167,231	2,229,226	2,490,075	2,567,000
Commercial Water Fees	264,262	329,915	320,737	427,000
Replacement Reserve Fees	-	-	-	449,232
Connection Fees	-	-	-	544,320
Water Plant Debt Service Fee	-	-	-	196,400
State Grant	-	-	-	-
Late Fees & Penalties	15,600	19,200	20,000	10,000
Other Users	8,600	39,600	37,400	8,400
Interest Income	3,800	3,800	3,800	-
Other Revenues	48,236	12,785	33,320	68,760
Total Revenue	<u>2,507,729</u>	<u>2,634,526</u>	<u>2,905,332</u>	<u>4,271,112</u>
Expenditures - Supervision & Management				
Salaries	182,794	147,940	131,210	176,098
Benefits & Pension	56,950	56,950	59,590	49,226
Professional Services	144,469	133,200	120,000	150,000
Materials & Supplies	19,271	35,455	43,905	48,600
Maintenance & Repairs	25,110	41,820	47,100	60,000
Other Expenses	-	142,005	246,915	242,800
Water Studies	-	46,000	-	425,000
Water Plant Debt	-	-	-	159,651
	<u>428,594</u>	<u>603,370</u>	<u>648,720</u>	<u>1,311,375</u>
Expenditures - Source of Supply				
Salaries	18,344	24,238	24,442	25,220
Benefits & Pension	8,705	11,493	11,919	10,498
Professional Services	-	46,000	47,500	50,000
Materials & Supplies	-	13,500	17,500	27,500
Maintenance & Repairs	30,000	30,000	25,000	40,000
Utilities	84,016	84,025	87,450	93,000
Other Expenses	-	250	-	5,000
	<u>141,064</u>	<u>209,506</u>	<u>213,811</u>	<u>251,218</u>
Expenditures - Water Treatment				
Salaries	188,430	207,924	256,641	284,806
Benefits & Pension	102,602	120,090	125,139	120,934
Professional Services	-	600	-	20,000
Materials & Supplies	93,224	103,200	109,000	155,000
Maintenance & Repairs	208,575	94,000	109,000	150,000
Utilities	121,323	61,348	65,000	140,000
Other Expenses	3,363	4,380	3,500	5,000
	<u>717,517</u>	<u>591,542</u>	<u>668,280</u>	<u>875,740</u>

**Rancho Murieta Community Services District
Water Fund 200
FY 2023-24 Proposed Budget**

	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
	<u>Adopted</u>	<u>Adopted</u>	<u>Adopted</u>	<u>Proposed</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Expenditures - Transmission and Delivery				
Salaries	196,159	207,924	256,641	284,806
Benefits & Pension	97,264	120,090	125,139	105,334
Professional Services	-	-	-	15,000
Materials & Supplies	60,470	51,400	41,500	47,000
Maintenance & Repairs	90,052	70,000	80,000	80,000
Utilities	84,379	41,278	42,000	85,000
Other Expenses	1,457	600	-	5,000
	<u>529,780</u>	<u>491,292</u>	<u>545,280</u>	<u>622,140</u>
Total Expenditures	1,816,956	1,895,710	2,076,091	3,060,473
Transfers Out				
To Admin - Cost Allocation	(679,974)	(736,038)	(744,258)	(745,436)
To Water - Capital Reserves	-	-	-	(993,552)
Transfer In				
From Admin - Tax Appropriation	-	-	-	425,000
Net Annual Activity	<u>10,799</u>	<u>2,778</u>	<u>84,983</u>	<u>(103,349)</u>
Ending Balance	<u><u>\$ (1,254,783)</u></u>	<u><u>\$ (1,252,004)</u></u>	<u><u>\$ (1,167,021)</u></u>	<u><u>\$ (1,270,370)</u></u>

Rancho Murieta Community Services District
Wastewater Fund 250
FY 2023-24 Proposed Budget

	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
	<u>Adopted</u>	<u>Adopted</u>	<u>Adopted</u>	<u>Proposed</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Beginning Balance	\$ 475,676	\$ 287,611	\$ 297,850	\$ 297,850
Revenue				
Residential Wastewater Sales	1,347,259	1,479,998	1,486,937	1,694,592
Commercial Wastewater Sales	141,636	153,192	153,192	228,610
Reserve Contribution	-	-	-	447,048
Late Fees & Penalties	18,000	18,000	18,000	20,000
Other Sales	2,184	2,184	2,250	2,000
Interest Income	2,500	2,500	42,500	42,500
Other Revenues	1,991	4,395	500	-
Loan Proceeds	-	-	-	159,651
Total Revenue	<u>1,513,570</u>	<u>1,660,269</u>	<u>1,703,379</u>	<u>2,594,401</u>
Expenditures - Supervision & Management				
Salaries	39,178	72,264	73,326	75,659
Benefits & Pension	165,656	35,080	34,650	31,361
Professional Services	21,694	42,000	47,000	65,000
Materials & Supplies	32,056	51,625	35,325	41,500
Maintenance & Repairs	71,205	65,837	68,687	75,500
Other Expenses	105,996	57,710	159,876	125,380
	<u>435,786</u>	<u>324,516</u>	<u>418,864</u>	<u>414,400</u>
Expenditures - Collection				
Salaries	54,528	123,616	171,094	176,537
Benefits & Pension	11,919	74,408	80,850	77,155
Professional Services	-	1,200	2,500	3,000
Materials & Supplies	91	1,800	3,100	3,000
Maintenance & Repairs	43,474	120,000	100,000	100,000
Utilities	68,842	63,278	64,000	72,000
	<u>178,854</u>	<u>384,302</u>	<u>421,544</u>	<u>431,692</u>
Expenditures - Treatment				
Salaries	180,045	163,361	211,423	214,367
Benefits & Pension	53,817	95,330	99,908	87,247
Professional Services	4,001	1,200	1,200	2,000
Materials & Supplies	77,414	75,000	76,000	90,000
Maintenance & Repairs	122,202	98,000	98,000	100,000
Utilities	193,329	17,634	45,000	50,000
Other Expenses	3,400	500	600	3,000
	<u>634,208</u>	<u>451,025</u>	<u>532,131</u>	<u>546,614</u>
Total Expenditures	<u>1,248,848</u>	<u>1,159,843</u>	<u>1,372,539</u>	<u>1,392,706</u>
Transfers Out				
To Admin - Cost Allocation	(452,787)	(490,187)	(490,491)	(496,957)
To Wastewater - Capital Reserves	-	-	-	(889,699)
Transfers In				
From Admin - Tax Appropriation	-	-	159,651	283,000
Net Annual Activity	<u>(188,065)</u>	<u>10,239</u>	<u>-</u>	<u>98,039</u>
Ending Balance	<u>\$ 287,611</u>	<u>\$ 297,850</u>	<u>\$ 297,850</u>	<u>\$ 395,889</u>

**Rancho Murieta Community Services District
Drainage Fund 260
FY 2023-24 Proposed Budget**

	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
	<u>Adopted</u>	<u>Adopted</u>	<u>Adopted</u>	<u>Proposed</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Beginning Balance	\$ (10,903)	\$ (10,268)	\$ (10,268)	\$ (10,268)
Revenue				
Residential Revenue	180,846	170,380	184,882	191,000
Commercial Revenue	36,345	44,536	55,762	49,000
Interest Income	-	-	-	-
Other Revenues	-	-	-	-
Total Revenue	<u>217,191</u>	<u>214,916</u>	<u>240,644</u>	<u>240,000</u>
Expenditures				
Salaries	91,882	104,783	106,323	113,488
Benefits & Pension	45,334	49,730	51,843	29,806
Professional Services	22,200	20,500	41,477	33,500
Materials & supplies	17,000	17,000	22,538	19,400
Maintenance & Repairs	11,912	11,715	12,100	12,000
Other Expenses	14,750	9,000	13,500	13,500
Total Expenditures	<u>204,778</u>	<u>214,428</u>	<u>247,781</u>	<u>221,694</u>
Transfer Out				
To Admin - Cost Allocation	(76,299)	(82,595)	(82,646)	(84,162)
Transfer In				
From Admin - Tax Appropriation	64,521	82,107	89,783	60,000
Net Annual Activity	<u>635</u>	<u>-</u>	<u>-</u>	<u>(5,856)</u>
Ending Balance	<u>\$ (10,268)</u>	<u>\$ (10,268)</u>	<u>\$ (10,268)</u>	<u>\$ (16,124)</u>

**Rancho Murieta Community Services District
Solid Waste Fund 400
FY 2023-24 Proposed Budget**

	<u>FY 2020-21</u> <u>Adopted</u> <u>Budget</u>	<u>FY 2021-22</u> <u>Adopted</u> <u>Budget</u>	<u>FY 2022-23</u> <u>Adopted</u> <u>Budget</u>	<u>FY 2023-24</u> <u>Proposed</u> <u>Budget</u>
Beginning Balance	\$ 87,699	\$ 71,254	\$ 95,893	\$ 95,893
Revenue				
Residential Fees	734,379	984,986	959,893	1,415,227
Interest Income	1,100	1,100	1,200	1,200
Total Revenue	<u>735,479</u>	<u>986,086</u>	<u>961,093</u>	<u>1,416,427</u>
Expenditures				
Contract Sub-hauler	673,947	878,876	978,497	1,259,167
Insurance	-	-	8,422	41,081
County Surcharge	41,761	43,367	45,360	94,176
Total Expenditures	<u>715,708</u>	<u>922,243</u>	<u>1,032,279</u>	<u>1,394,424</u>
Transfer Out				
To Admin - Cost Allocation	(36,216)	(39,204)	(39,789)	(40,077)
Transfer In				
From Admin - Tax Appropriation	-	-	110,975	-
Net Annual Activity	<u>(16,445)</u>	<u>24,639</u>	<u>-</u>	<u>(18,074)</u>
Estimated Ending Balance	<u>\$ 71,254</u>	<u>\$ 95,893</u>	<u>\$ 95,893</u>	<u>\$ 77,819</u>

**Rancho Murieta Community Services District
Security Fund 500
FY 2023-24 Proposed Budget**

	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
	<u>Adopted</u>	<u>Adopted</u>	<u>Adopted</u>	<u>Proposed</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Beginning Balance	(393,951)	(389,111)	\$ (389,111)	\$ (389,111)
Revenue				
Residential Revenue	1,271,694	1,296,743	1,349,131	1,284,000
Commercial Revenue	209,953	226,823	235,986	274,000
Late Fees & Penalties	26,100	26,100	37,100	8,100
Permit Fees	7,800	7,800	7,800	9,000
Interest Income	1,200	1,200	1,200	1,200
Other Revenues	9,600	9,600	14,000	11,660
Total Revenue	1,526,347	1,568,266	1,645,217	1,587,960
Expenditures - Supervision				
Salaries	68,830	100,102	122,790	113,580
Benefits & Pension	95,220	75,848	76,178	56,998
Professional Services	8,377	5,400	5,900	5,900
Materials & Supplies	156	6,000	-	1,000
Maintenance & Repairs	1,441	3,000	-	2,000
Other Expenses	3,293	4,420	1,321	2,150
	<u>177,317</u>	<u>194,770</u>	<u>206,189</u>	<u>181,628</u>
Expenditures - Security Gate				
Salaries	325,042	366,775	383,670	424,227
Benefits & Pension	238,107	201,416	302,343	197,326
Professional Services	45,284	17,088	43,219	50,900
Materials & Supplies	120	120	2,500	5,000
Maintenance & Repairs	7,200	7,200	7,325	7,600
Other Expenses	24,627	15,744	16,120	17,000
	<u>640,380</u>	<u>608,343</u>	<u>755,177</u>	<u>702,053</u>
Expenditures - Security Patrol				
Salaries	292,678	256,907	198,687	190,464
Benefits & Pension	244,523	253,798	212,637	104,179
Professional Services	11,227	34,380	31,851	42,800
Materials & Supplies	120	120	3,500	5,000
Maintenance & Repairs	17,866	17,866	13,666	11,000
Other Expenses	26,222	26,062	16,500	17,000
	<u>592,636</u>	<u>589,133</u>	<u>476,841</u>	<u>370,443</u>
Total Expenditures	1,410,332	1,392,246	1,438,206	1,254,124
Transfer Out				
To Admin - Cost Allocation	(580,627)	(628,536)	(621,602)	(637,227)
Transfer In				
From Admin - Tax Appropriator	469,452	452,516	414,591	50,000
Net Annual Activity	4,840	-	-	(253,391)
Ending Balance	\$ (389,111)	(389,111)	\$ (389,111)	\$ (642,502)



Rancho Murieta Community Services District

Proposed Monthly Billing Rates Effective 07/01/2023 ~ 06/30/2024 Per property type

Residential Monthly Rates	
Water base	\$ 56.84
Water variable usage per cubic foot	\$ 0.0217
Water Treatment Plant Debt Service	\$ 6.00
Sewer	\$ 68.12
Drainage Tax	\$ 5.64
Security	\$ 32.18

Murieta Village Monthly Rates	
Water base	\$ 56.84
Water variable usage per cubic foot	\$ 0.0217
Water Treatment Plant Debt Service	\$ 6.00
Sewer	\$ 68.12
Drainage Tax	\$ 3.77
Security	\$ 7.76

Villa Monthly Rates	
Water base	\$ 56.84
Water variable usage per cubic foot	\$ 0.0217
Water Treatment Plant Debt Service	\$ 6.00
Sewer	\$ 68.12
Drainage Tax	\$ 3.77
Security	\$ 32.18

Murieta Gardens II Monthly Rates	
Water base	\$ 56.84
Potable Water variable usage per cubic foot	\$ 0.0217
Non-Potable Water variable usage per cubic foot	\$ 0.0217
Sewer	\$ 68.12
Drainage Tax	\$ 3.77
Security	7.76

Solid Waste Rates	
35 Gallon Cart	\$32.76
65 Gallon Cart	\$ 38.96
95 Gallon Cart	\$ 61.33
Additional Garbage Carts	
35 Gallon Cart	\$ 9.46
65 Gallon Cart	\$ 12.61
95 Gallon Cart	\$ 28.98
Additional Recycling Carts (in excess of 1 recycle cart)	
35 Gallon Cart	\$ 7.80
Additional Green Waste Carts (in excess of 2 carts)	
35 Gallon Cart	\$ 7.80
Sacramento County Surcharge	\$ 3.00

Vacant or Unmetered lot Monthly Rates	
Drainage Tax	\$ 5.64
Security Tax	\$ 25.26
Water Availability	\$ 10.00
Sewer Availability	\$ 10.00

Please see rate changes from FY2023-24 on the following pages.

Rate Change Tables

WATER

The proposed 2023-24 monthly bill increase for an average consumption residential metered lot is projected to be \$4.11 or 5.0% aggregate when including water usage rates.

	Current Rate 2022-23	Proposed 2023-24
Base Charge (w/o reserve contribution)	\$38.73	\$42.84
Reserve Contribution	\$14.00	\$14.00
Total Base Charge	\$52.73	\$56.84
Debt Service Charge	\$6.00	\$6.00
Usage Charge (per ccf)	\$2.17	\$2.17
<ul style="list-style-type: none"> Non-residential customers are charged one base charge per month per meter plus the reserve contribution times their Water EDU (equivalent dwelling unit) value plus usage 		

WASTEWATER

The proposed 2023-24 monthly bill increase for a residential metered lot is projected to be \$7.86 or 13% aggregate.

	Current Rate 2022	Proposed 2023-24
Base Charge (w/o reserve contribution)	\$46.26	\$54.12
Reserve Contribution	\$14.00	\$14.00
Total Base Charge	\$60.26	\$68.12
<ul style="list-style-type: none"> Non-residential customers are charged the base charge plus the reserve contribution times their Sewer EDU (equivalent dwelling unit) value 		

SOLID WASTE

The proposed 2023-24 monthly bill increase for a 65-gallon container is projected to be \$11.14 or 40%. This rate increase includes a monthly charge of \$6.53 SB1383 Organics Waste, 4.42% CPI adjustment, \$1.24 charge for one bulk waste pickup and District \$2.00 Franchise Fee. This increase is due to operational cost increases per contract with California Waste Recovery Services and anticipated increases in Sacramento County's landfill surcharges.

	Current Rate 2022-23		Proposed 2023-24
38g container	\$23.42	35g container	\$32.76
64g container	\$27.82	65g container	\$38.96
96g container	\$44.97	95g container	\$61.33
Extra Cart (38g)	\$9.72	Extra cart (35g)	\$9.46
Extra Cart (64g)	\$12.61	Extra Cart (65g)	\$12.61
Extra Cart (96g)	\$27.69	Extra Cart (95g)	\$28.98
Extra Recycle Cart	\$6.91	Extra Recycle Cart	\$7.80
Extra Yard Waste Cart	\$6.91	Extra Yard Waste Cart	\$7.80
Yard Waste Exemption	(\$2.00)	No longer applicable	\$0.00
Sac County Surcharge	\$2.00	Sac County Surcharge	\$3.00

DRAINAGE

The proposed 2023-24 monthly bill increase for an average consumption residential metered lot is projected to be \$0.11 or 2.0%.

Developed Property	Current 2022-23	Proposed 2023-24	Max Rate 2023-24
Residential (per lot)			
Metered	\$5.53	\$5.64	\$5.64
Unmetered	\$5.53	\$5.64	\$5.64
The Villas	\$3.70	\$3.77	\$3.77
Murieta Village	\$3.70	\$3.77	\$3.77
Murieta Gardens	\$3.70	\$3.77	\$3.77
Non-Residential (per acre)			
1 Retail	\$27.69	\$28.24	\$28.24
2 Industrial/Whse	\$29.44	\$30.03	\$30.03
3 Light Industrial	\$22.51	\$22.96	\$22.96
4 Office	\$25.97	\$26.49	\$26.49
5 Landscape (golf course/park sites)	\$5.19	\$5.29	\$5.29
6 Murieta Equestrian Center	\$2.01	\$2.05	\$2.05
7 RMCC (club house and parking)	0.00	0.00	0.00
8 Airport	\$2.32	\$2.37	\$2.37
9 Geyer Property	\$17.32	\$17.66	\$17.66
10 Hotel/Ext Stay	\$27.70	\$28.25	\$28.25
Undeveloped Property			
Residential & Non-Residential	\$3.27	\$3.34	\$3.34

SECURITY

The proposed 2023-24 monthly bill increase for a residential metered lot inside the RMA gates is projected to be \$0.63 or 2.0%.

Developed Property	Current 2022-23	Proposed 2023-24	Max Rate 2023-24
Residential (per lot)			
Inside Gates			
Metered	\$31.55	\$32.18	\$32.18
Unmetered	\$24.76	\$25.26	\$25.26
Outside Gates	\$7.61	\$7.76	\$7.76
Non-Residential (per Building square foot)			
1 Highway Retail	\$.2845	\$.2901	\$.2901
2 Other Retail/Comm	\$.0306	\$.0312	\$.0312
3 Industrial/Whse/Lt Industrial	\$.0669	\$.0682	\$.0682
4 Office	\$.0161	\$.0164	\$.0164
5 Institutional	\$.0161	\$.0164	\$.0164
6 Public Utility	\$.0510	\$.0520	\$.0520
7 Equestrian Center	\$.0048	\$.0049	\$.0049
8 RMCC	\$.0801	\$.0817	\$.0817
9 Airport	\$.0204	\$.0208	\$.0208
10 Hotel/Ext Stay	\$.0306	\$.0312	\$.0312
Undeveloped Property (per acre)			
Inside Gates	\$26.6888	\$27.2225	\$27.2225
Outside Gates	\$3.9771	\$4.0566	\$4.0566



Rancho Murieta Community Services District

FY 2023-24

Proposed Capital
Improvement Plan





RANCHO MURIETA COMMUNITY SERVICES DISTRICT
FY 2023-24 Proposed Budget
Capital Improvement Projects

Project Number	Project Name	Project Budget
Water		
24-200-01	Water portion of CIP/5-year rate study	225,000
24-200-02	Integrated Water Master Plan	200,000
24-200-03	Water GIS Updates	25,000
24-200-04	Water Condition Assessment	30,000
24-200-06	Rio Oso Improvement Study	61,000
24-200-07	WTP Chlorine to NaOCl replacement	700,000
24-200-08	Granlees Safety Rehabilitation	822,000
		2,063,000
Wastewater		
24-250-01	Wastewater portion of CIP/5-year rate study	175,000
24-250-02	Wastewater GIS Updates	25,000
24-250-03	Wastewater Condition Assessment	30,000
24-250-05	Complete Lift Station Generator Projects	450,000
24-250-06	Complete Lift Station Rehabilitation Projects	300,000
24-250-07	Main lift North Pump Replacement	65,000
24-250-08	Main lift North Roof Repair	15,000
24-250-09	Complete WWTF Chlorine to NaOCl & Contact Tank Rehabilitat	1,400,000
		2,460,000
Security		
24-500-01	Security Compound Replacment	250,000
		4,773,000



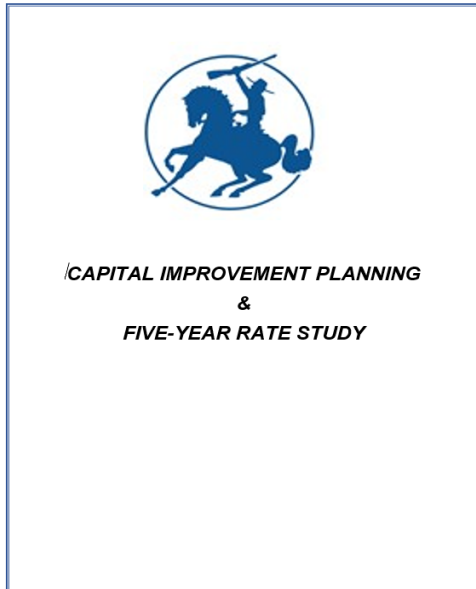
Rancho Murieta Community Services District

Water Projects



FUND: Water

PROJECT TITLE: Capital Improvement Planning & Five-Year Rate Study



CIP #: 24-200-01

PROJECT BUDGET: \$225,000

PROJECT DESCRIPTION: Create a Capital Improvement Plan and five-year Rate Study

JUSTIFICATION:

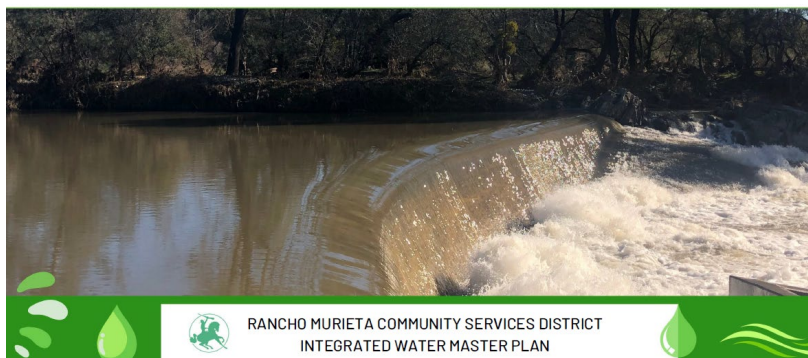
This project will create and organize a database of existing and future infrastructure and assign useful life and replacement value to model the capital needs of the District over a 20-year capital planning horizon. This project will also take the capital assessment information and other financial information and create a 5-year cost of service study that will support the long term operating and capital needs of the District.



FUND: Water

PROJECT TITLE: Integrated Water Master Plan Completion

INTEGRATED WATER MASTER PLAN



CIP #: 24-200-02

PROJECT BUDGET: \$200,000

PROJECT DESCRIPTION: Complete the Integrated Water Master Plan

JUSTIFICATION:

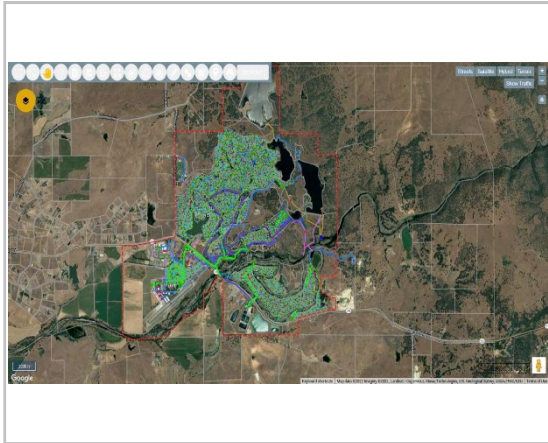
Complete the work started on the Integrated Water Master Plan in fiscal year 22-23 to evaluate the District water & recycled water supply, including expansion of the story map, hydraulic modeling, water use modeling, evaluation, and holding meetings for public engagement.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT
CAPITAL IMPROVEMENT PLAN
FY 2023-24**



FUND: Water

PROJECT TITLE: GIS System Upgrade



CIP#: 24-200-03

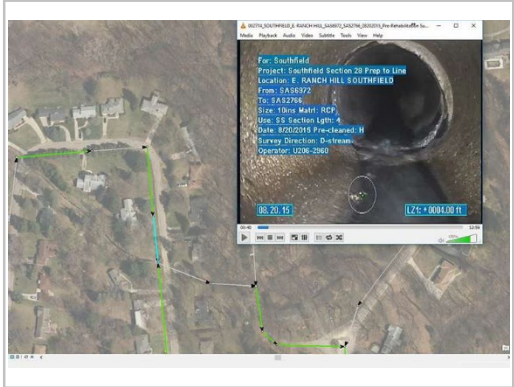
PROJECT BUDGET: \$25,000

PROJECT DESCRIPTION: Upgrades to existing Geographical Information System (GIS)

JUSTIFICATION:

Continue the efforts to enhance the existing District GIS updates, including asset inventory database expansion, and condition assessment data expansion. Other possible data inventory may include security monitoring, water use, and account information access.

FUND: Water
PROJECT TITLE: Condition Assessment



CIP #: 24-200-04
PROJECT BUDGET: \$30,000
PROJECT DESCRIPTION: Condition Assessment

JUSTIFICATION:

Continue the annual condition assessment program which includes assessing water and Wastewater infrastructure via vibration analysis (water) and CCTV rating (wastewater). Condition assessment information will be uploaded to GIS.

FUND: Water

PROJECT TITLE: Rio Oso Configuration Study



CIP# 24-200-06

PROJECT BUDGET: \$61,000

PROJECT DESCRIPTION: Complete Rio Oso Configuration Study

JUSTIFICATION:

Complete a study to determine the best configuration for future improvement of the pressure zone pump station, including the evaluation of pressure attenuation, diurnal pumping infrastructure, and long-term building needs to house equipment.

FUND: Water

PROJECT TITLE: Complete Water Treatment Plant Chlorine Gas to Sodium Hypochlorite Disinfection Project



CIP# 24-200-07

PROJECT BUDGET: \$700,000

PROJECT DESCRIPTION: Complete Water Treatment Plant Chlorine Gas to Sodium Hypochlorite Disinfection

JUSTIFICATION:

Continue the project to replace chlorine gas with liquid sodium hypochlorite for disinfection at the water treatment facility. The next phase of this project will be the construction of improvements and start-up of the new disinfection facility.

FUND: Water

PROJECT TITLE: Complete Granlees Intake Safety Rehabilitation Project



CIP#: 24-200-08

PROJECT BUDGET: \$822,000

PROJECT DESCRIPTION: Complete Granlees Intake Safety Rehabilitation Project

JUSTIFICATION:

Continue the project to replace the roof access of the Granlees water intake structure and to replace several isolation gates, railings and related appurtenances. The next phase of the project is completion of the design and the construction of the repair and replacement infrastructure.



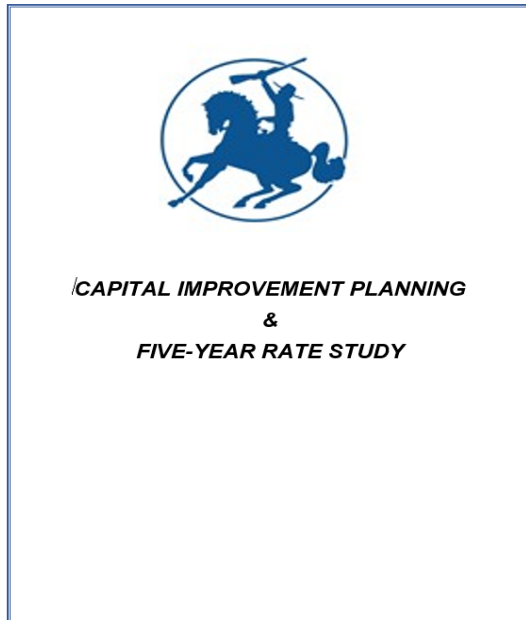
Rancho Murieta Community Services District

Wastewater Projects



FUND: Wastewater

PROJECT TITLE: Capital Improvement Planning & Five-Year Rate Study



CIP #: 24-250-01

PROJECT BUDGET: \$175,000

PROJECT DESCRIPTION: Create a Capital Improvement Plan and five-year Rate Study

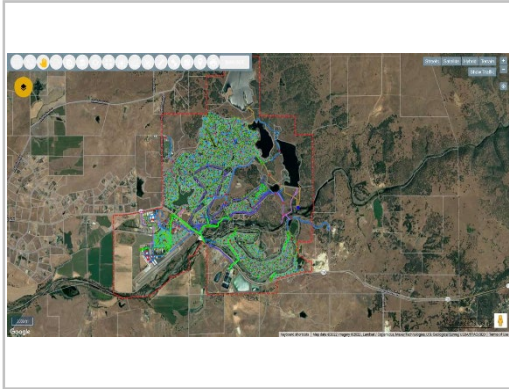
JUSTIFICATION:

This project will create and organize a database of existing and future infrastructure and assign useful life and replacement value to model the capital needs of the District over a 20-year capital planning horizon. This project will also take the capital assessment information and other financial information and create a 5-year cost of service study that will support the long term operating and capital needs of the District.



FUND: Wastewater

PROJECT TITLE: GIS System Upgrades



CIP #: 24-250-02

PROJECT BUDGET: \$25,000

PROJECT DESCRIPTION: Upgrades to existing Geographical Information System (GIS)

JUSTIFICATION:

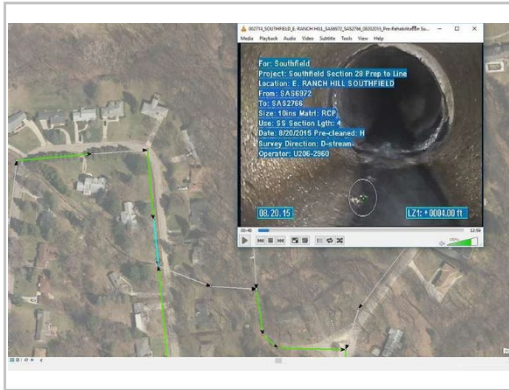
Continue the efforts to enhance the existing District GIS updates, including asset inventory database expansion, and condition assessment data expansion. Other possible data inventory may include security monitoring, water use, and account information access.

**RANCHO MURIETA COMMUNITY SERVICES DISTRICT
CAPITAL IMPROVEMENT PLAN
FY 2023-24**



FUND: Wastewater

PROJECT TITLE: Condition Assessment



CIP #: 24-250-03

PROJECT BUDGET: \$30,000

PROJECT DESCRIPTION: Condition Assessment

JUSTIFICATION:

Continue the annual condition assessment program which includes assessing water and Wastewater infrastructure via vibration analysis (water) and CCTV rating (wastewater). Condition assessment information will be uploaded to GIS.

FUND: Wastewater

PROJECT TITLE: Lift Station Generator Projects



CIP #: 24-250-05

PROJECT BUDGET: \$450,000

PRODUCT DESCRIPTION: Complete Repairs to FAA and Cantova Lift Stations

JUSTIFICATION:

Complete electrical design, procure and install generators and switch gears, and construct related infrastructure improvements to support the maintenance access and installation of the generator equipment at the FAA and Cantova lift stations.

FUND: Wastewater

PROJECT TITLE: Complete Lift Station Rehabilitation



CIP #: 24-250-06

PROJECT BUDGET: \$300,000

PRODUCT DESCRIPTION: Complete Repairs to Starter Shack and Altamont Lift Stations

JUSTIFICATION:
Continue the project to rehabilitate the Starter Shack, Lift 3B, and the Altamont lift station pumping systems. The construction phase of this project will extend into this next fiscal year.

FUND: Wastewater

PROJECT TITLE: Main Lift North Pump Replacement



CIP #: 24-250-07

PROJECT BUDGET: \$65,000

PRODUCT DESCRIPTION: Replace Main Lift North Pump

JUSTIFICATION:

Procure a replacement redundant pump for the previously stored redundant pump that was put into service in the Fall of 2022.

FUND: Wastewater

PROJECT TITLE: Main Lift North Roof Repair



CIP #: 24-250-08

PROJECT BUDGET: \$15,000

PRODUCT DESCRIPTION: Repair Main Lift North Roof

JUSTIFICATION:

Repair roof damage to prevent continued leakage to the Main Lift North station control room.

FUND: Wastewater

PROJECT TITLE: Chlorine Gas to Sodium Hypochlorite and Contact Tank Rehabilitation Project



CIP #: 24-250-09

PROJECT BUDGET: \$1,400,000

PRODUCT DESCRIPTION: Rehabilitate Tertiary Disinfection System

JUSTIFICATION:

Continue final design efforts, construction, and start-up services related to replacing the current chlorine gas system at the tertiary treatment facility with a liquid sodium hypochlorite feed and storage system and constructing a replacement chlorine contact tank and associated controls and appurtenances.



Rancho Murieta Community Services District

Security Projects

FUND: Security

PROJECT TITLE: Security Compound Replacement



CIP #: 24-500-01

PROJECT BUDGET: \$250,000

JUSTIFICATION:

Continue efforts to replace the existing modular trailer that houses the Security department with a new or refurbished modular trailer. This project includes support of continued adherence to ADA requirements and restoration of surrounding landscaping and parking lot infrastructure associated with the modular building.



Rancho Murieta Community Services District

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Visit our website www.rmcsd.com

June 7, 2023

By U.S. Mail

The Honorable Michael Bowman
Presiding Judge
Sacramento County Superior Court
720 9th St.
Sacramento, CA 95814

By Email

Ms. Erendira Tapia-Bouthiller,
Grand Jury Coordinator
TapiaE@saccourt.ca.gov

Re: Response to 2022-2023 Grand Jury Report
Rancho Murieta Community Services District

Judge Bowman:

Under Penal Code sections 933 and 933.05, this constitutes the joint response by Timothy Maybee, President of the Board of Directors of the Rancho Murieta Community Services District, and the Board of Directors of the Rancho Murieta Community Services District (collectively, "Respondents") to the above-referenced report. The Board of Directors approved this response at its June 7, 2023 regular meeting by a [unanimous vote].

As the Grand Jury recognized, the District has already taken measures to address many of the concerns presented in the report. Respondents and our customers appreciate the Grand Jury's input and Respondents will use it to help improve our accounting systems and other financial aspects at the District.

Responses to Findings

F1 The District Board has lost the trust of the community to make prudent financial decisions.

Respondents disagree partially with this finding. Respondents agree the District faces significant issues involving its legacy accounting system and past financial reports. As the Grand Jury acknowledged, Respondents have taken the following actions to address these concerns:

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Board of Directors: Tim Maybee, President • Martin Pohll, Vice-President • Randy Jenco • Linda Butler • Martin Pohll • Stephen Booth
General Manager • Mimi Morris

1. Respondents approved, and the District has begun to implement, the replacement of the District's legacy billing and accounting systems with an industry-standard Enterprise Resource Planning ("ERP") system.
2. Respondents retained municipal accounting experts with the Pun Group to unwind the District's legacy accounting issues and assist the District in preparing for future audits and addressing the District's capital reserve needs.

Although Respondents have taken these actions, they are in process and take time to produce results. Respondents also agree that the District faces difficult decisions concerning making the best use of its limited resources. Respondents have taken the following actions to address these concerns:

1. In June 2022, Respondents proposed fee increases for water, wastewater, and solid waste services. However, District customers submitted a majority protest against these increases under Proposition 218 and Respondents could not adopt them.
2. In November 2022, Respondents proposed a security services special tax to ensure that District security operations would be funded in the future. However, District voters did not approve this measure.
3. Respondents are reviewing the continued viability of current security service levels in light of the insufficiency of existing special tax stream, competing priorities for limited property tax revenue, and District voters not approving new special tax revenues to support security.

F2 The current accounting system is inadequate to meet the legal requirements related to financial reporting to the public which has resulted in two legally required financial audits being overdue.

Respondents disagree partially with this finding. Due to extensive staff turnover in the accounting department, staff did not know how to use the accounting system properly.

F3 The late audits, combined with the unreliable existing accounting system, have created an environment that exposes the District to a high risk of fraud.

Respondents disagree wholly with this finding. Respondents agree the District faces significant financial challenges that Respondents have taken actions to address as described in response to Finding 1 above. However, there has been no evidence or allegations of fraud involving District funds. The District has taken steps to strengthen internal controls to protect against fraud.

F4 The District Board cannot expect to recover public trust sufficient to propose any tax/fee increases until it replaces its antiquated billing and accounting system to produce reliable billings and financial records.

Respondents disagree partially with this finding. Respondents agree the District faces significant financial challenges that Respondents have taken actions to address as

described in response to Finding 1 above. These actions take time to produce results. In the meantime, due to unprecedented inflation and increased costs, the cost to provide essential services has increased. Therefore, it is necessary for the District to propose a modest rate increase in FY 2024 to maintain operations while it continues working on implementing the actions described in response to Finding 1 above.

F5 The District has at times taken actions against staff that has interfered with the operation of the District.

This finding is vague. Based on statements in the report, Respondents interpret it to mean that the District has taken improper or ill-advised employment actions in the past that have affected District operations. Based on that interpretation, Respondents disagree wholly with this finding. It is important to clarify that Respondents only have employment authority over the District General Manager. Respondents have no employment authority over subordinate District employees as all such authority is delegated to the District General Manager. As to any employment actions taken against subordinate staff by past District General Managers, Respondents may not comment on confidential personnel matters, which includes all such employment actions.

F6 High employee turnover indicates poor employee retention that has interfered with the operation of the District.

Respondents agree with this finding. Employee turnover for a variety of reasons has been a significant challenge for the District.

F7 The lack of an effective succession strategy has impaired the ability of the District to maintain adequate competent staff which has resulted in the loss of critical accounting system knowledge among the District staff.

Respondents disagree partially with this finding. Although employee turnover within the accounting department has been a significant challenge for the District, Respondents believe there are systemic issues with the District's legacy accounting system that would need to be addressed regardless of turnover amongst District staff. The actions described in response to Finding 1 above are intended to address these issues.

F8 The lack of an updated Capital Reserve Policy has contributed to poor management and inadequate Capital Reserve.

Respondents disagree partially with this finding. As discussed in response to Finding 1 above, Respondents believe updating the District's capital reserves policy is important, but it is not possible to address this issue until the District's larger legacy accounting issues have been addressed.

F9 The use of County Property Tax funds to subsidize its growing security costs without raising the security fees has jeopardized the financial stability of the District.

Respondents disagree partially with this finding. Respondents agree that, in recent years, security costs have exceeded available existing security special tax revenues. However, Respondents disagree that this issue has jeopardized the financial stability of the District. As discussed in response to Finding 1 above, Respondents are reviewing the continued viability of current security service levels in light of the insufficiency of the

existing special tax stream, competing priorities for limited property tax revenue, and District voters not approving new special tax revenues to support security.

F10 The Capital Reserves are underfunded by over \$10 million, jeopardizing the financial stability of the District.

Respondents disagree partially with this finding. Respondents agree that capital reserves are currently underfunded. However, Respondents disagree that this issue has jeopardized the financial stability of the District. As discussed in response to Finding 1 above, Respondents believe updating the District's capital reserves policy and adequately funding District reserves are priority issues, but it is not possible to address these issues until the District's larger legacy accounting issues have been addressed.

F11 The District has inappropriately subsidized the cost of reclaimed water to RMCC.

Respondents disagree wholly with this finding. The District's current reclaimed water operations are designed to comply with regulatory and legal requirements. First, the District's wastewater permit has long prohibited the District from discharging treated effluent from the District's wastewater treatment plant to waterways. The only approved disposal method for District treated effluent is irrigation within the authorized areas described in the permit. To remain in compliance with its wastewater permit, the District must have a reliable irrigation user for its treated effluent. The District addresses these constraints by disposing of its treated effluent by providing it to the country club for irrigation uses. Second, the District and country club are parties to a long-term agreement dated May 16, 1988 that requires the District to provide its treated effluent to the country club. The agreement does not contain terms authorizing Respondents to terminate the agreement, charge for the treated effluent, or sell the effluent to other parties.

F12 A perceived conflict of interest exists in the community due to a close relationship between the District, the RMA and the RMCC and their respective Board members.

Respondents disagree wholly with this finding. Respondents comply with the District's Policy No. 2005-6 which prescribes ethical rules for Respondents and prohibits conflicts of interest. Respondents are unaware of any legal conflicts of interest pertaining to Respondents, the homeowner association's Board of Directors, and the country club.

Responses to Recommendations

R1 The District board should upgrade the District's billing and accounting system with the new Enterprise Resource Planning (ERP) accounting system by January 1, 2024.

This recommendation will be implemented. The current expected timeframe for the first phase of ERP implementation, Utility Billing, is completed on May 1, 2023. The current expected timeframe for the second phase of ERP implementation June of 2024.

R2 The District Board should insure that the audit for 2020-21 is completed no later than April 1, 2023, and the FY 2021-22 audit by September 1, 2023.

This recommendation will be implemented. The current expected timeframe for the FY 2020-2021 audit is September 30, 2023 and the FY 2021-2022 audit is June 2024 .

R3 The District Board should task its ERP consultant to implement a program to fully train District accounting staff on this new accounting system and prepare new accounting manuals acceptable to the General Manager or designee by January 1, 2024.

This recommendation will be implemented. The current expected timeframe for this phase of training is January 2024.

R4 The District Board should retain a controller to ensure proper accounting procedures are followed and the integrity of the accounting data is maintained by January 1, 2024.

This recommendation will be implemented. The current timeframe for this hire is September 1, 2023.

R5 The District needs to ensure invoices are tracked within the accounting system and that the accounts payable listing be generated on a monthly basis by September 1, 2023.

This recommendation will be implemented. The current expected timeframe for this action is August 1, 2023.

R6 The District should create an ongoing training program for the Board and staff regarding the Brown Act compliance, accounting procedures, and work place practices and behaviors including prevention of harassment in the work environment. This should be fully implemented in 2024.

This recommendation has been implemented. The District addresses Brown Act compliance and training for the Board of Directors and staff through legal counsel and as a member of the California Special Districts Association, which provides mandatory ethics harassment prevention and Brown Act training to Directors and staff. The District addresses accounting procedures through the staff training process mentioned in response to Recommendation 3 above. The District addresses work place practices and behaviors, including prevention of harassment, through state-mandated training of supervisors and the District's Policy No. 2018-02 prohibiting harassment of any nature.

R7 The District should adopt a policy to ensure that proposed personnel adverse actions are reviewed by someone not in the chain of command to ensure that proper procedures are followed. In the case of proposed adverse actions by executive staff this could be accomplished through the use of an outside expert in personnel matters or legal counsel.

This recommendation has been implemented. District staff undertake significant proposed personnel actions according to District personnel policies and subject to review and guidance by District counsel or special labor counsel.

R8 The District Board should require administration to report quarterly on staff development and staff identified concerns beginning October 1, 2023.

This recommendation will be implemented by October 1, 2023.

R9 The District should reduce its security services funding to a level that is supported by fees paid by residents specific to fund security services.

R10 Effectively immediately, County tax funds currently allocated to security services, should be redirected to the Capital Reserves.

These recommendations require further study. As discussed in the response to Finding 1 above, Respondents are reviewing the continued viability of current security service levels in light of the insufficiency of existing special tax stream, competing priorities for limited property tax revenue, and District voters not approving new special tax revenues to support security. Respondents expect to address these matters, in part, through the FY 2024 budget process that is currently pending.

R11 The District Board should revise its current capitol reserve fund policy to identify specific funding goals for each capitol asset category with supporting fees sufficient to meet the long-term infrastructure needs of the District.

This recommendation will be implemented by March 1, 2024.

R12 The District Board should revise its agreement with the RMCC and begin charging for the use of reclaimed water on the RMCC golf courses at rates typical in the Sacramento area by January 1, 2024.

This recommendation will not be implemented because it is not warranted and is not reasonable. Respondents incorporate the response to Finding 11 above. Respondents cannot unilaterally revise the current agreement to impose charges for treated effluent.

R13 The District Board and staff should avoid perceptions of conflicts of interest in their fiduciary responsibilities to protect the interests of the District and its rate payers.

This recommendation has already been implemented. Respondents incorporate the response to Finding 12 above.

Sincerely,



Timothy Maybee
President, Board of Directors
Rancho Murieta Community Services District



Rancho Murieta Community Services District

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Visit our website www.rmcsd.com

June 7, 2023

Dear Rancho Murieta community Residents;

The Directors of the Rancho Murieta Community Service District Board (District) would like to update you regarding the Sacramento County Civil Grand Jury Report ([2022-3023 Grand Jury Report Rancho Murieta Community District Services](#)).

As required by the Grand Jury, the District's legal counsel has submitted the District's official response to the Grand Jury's presiding judge, the Honorable Michael Bowman.

The Board, however, wants to provide a more detailed response to the community so the community members are more fully informed of the findings, the district's decisions, and the district's actions over the years leading up to the grand jury investigation. To that end, I'm sharing a list of the **Grand Jury's Findings and Recommendations** in this document, along with brief histories on each finding and an update on the efforts made to date by the District to remedy each finding.

I would like to thank the members of the Sacramento County Civil Grand Jury for their time, effort, understanding, and willingness to listen to and ask pertinent questions, in order to gain knowledge of the Rancho Murieta community and the specific responsibilities and mission of the District. Their commitment to a thorough fact-finding process to obtain an accurate understanding of District operations was clear.

Some District staff and board members participated directly in the interview process with the Civil Grand Jury as part of the overall evaluation and I'm also grateful for their contributions to the process.

The District directors and staff greatly appreciate the integrity of the Grand Jury report, which correctly identifies many issues facing the District which the current directors have been working on over the last several years. Perhaps the most important of these issues is the significant shortfall in reserve funding needed to replace plant equipment before it breaks or becomes obsolete. Functional plant equipment is the most critical component of our service delivery model. These findings will serve as a "road map" for the District for the next several years, guiding our commitment to stronger accountability and the essential financial planning for equipment replacement and upgrades.

We sincerely hope to restore the community's trust and understanding in the District by demonstrating good faith efforts currently underway. We will communicate extensively on our progress through established public forums, the District website, board and committee meetings, town hall meetings, updates in the local print media, and, when appropriate, individual meetings with members of the public.

We appreciate your support as we address these issues.

Sincerely

Timothy E. Maybee
President, Rancho Murieta Community Services District Board

Serving the Community for over 30 years

Board of Directors: Tim Maybee, President • Martin Pohll, Vice-President • Randy Jenco • Linda Butler • Martin Pohll • Stephen Booth
General Manager • Mimi Morris

RANCHO MURIETA COMMUNITY DISTRICT REPORT TO THE COMMUNITY REGARDING 2022-2023 GRAND JURY REPORT

FINDING # 1: THE DISTRICT BOARD HAS LOST THE TRUST OF THE COMMUNITY TO MAKE PRUDENT FINANCIAL DECISIONS.

GRAND JURY RECOMMENDATION: The District board should upgrade the District's billing and accounting system with the new Enterprise Resource Planning (ERP) accounting system by January 1, 2024.

DISTRICT RESPONSE, IN BRIEF:

The first phase of implementation of the new ERP started the week of May 1st, 2023. The implementation will continue in stages as District employees are trained and fiscal information is available to populate the specific programs within the system.

DISTRICT RESPONSE, DETAILED:

The Board regrets any loss of trust that may have occurred and is committed to working to restore full trust in the organization. Significant issues have faced the organization including an antiquated accounting system, high employee turnover, and insufficient resources to replace outdated equipment. The current Board knew the challenges they faced when they assumed their role and began to work to correct the District's financial well-being as soon as they took office.

As long ago as the 2018 District Board election, candidates identified the need for funding reserve accounts and indicated a better understanding of how security services were provided and funded was critical. Upon election, Board members understood more fully that reserves were not being funded adequately on a regular basis and property taxes were being used to fund additional security services outside of Measure J.

The new Board members also realized that little work had previously been done to correct these critical funding issues. This knowledge prompted the Board to set as its priority closing the reserve gap.

The current Directors understood their responsibility to make difficult fiscal decisions, and, at the first opportunity, took action to attempt to correct the issue, committing for the first time ever a dedicated amount of funding to the reserve funding accounts. This happened as part of the FY21-22 budget in which the Board added additional charges to monthly residential bills totaling approximately \$210,000 annually for water reserve funding, and \$243,000 for wastewater reserve funding.

Community distrust was understandable due to the accounting system hurdles which led to such red flags as missed deadlines for required annual audits. Directors initiated work to procure and implement a new ERP in March of 2020.

FINDING # 2: THE CURRENT ACCOUNTING SYSTEM IS INADEQUATE TO MEET THE LEGAL REQUIREMENTS RELATED TO FINANCIAL REPORTING TO THE PUBLIC WHICH HAS RESULTED IN TWO LEGALLY REQUIRED FINANCIAL AUDITS BEING OVERDUE.

AND

FINDING # 3: THE LATE AUDITS, COMBINED WITH THE UNRELIABLE EXISTING ACCOUNTING SYSTEM, HAVE CREATED AN ENVIRONMENT THAT EXPOSES THE DISTRICT TO A HIGH RISK OF FRAUD

AND

FINDING # 4: THE DISTRICT BOARD CANNOT EXPECT TO RECOVER PUBLIC TRUST SUFFICIENT TO PROPOSE ANY TAX/FEE INCREASES UNTIL IT REPLACES ITS ANTIQUATED BILLING AND ACCOUNTING SYSTEM TO PRODUCE RELIABLE BILLINGS AND FINANCIAL RECORDS.

GRAND JURY RECOMMENDATIONS RELATED TO THESE FINDINGS:

#R2: The District board should ensure that the audit for FY20-21 is completed no later than April 1, 2023, and the FY21-22 audit by September 1, 2023.

#R3: The district Board should task its ERP consultant to implement a program to fully train District accounting staff on this new accounting system and prepare new accounting manuals acceptable to the General Manager or designee by January 1, 2024.

#R4: The District Board should retain a controller to ensure proper accounting procedures are followed and the integrity of the accounting data is maintained by January 1, 2024.

#R5: The District needs to ensure invoices are tracked within the accounting system and that the accounts payable listing be generated on a monthly basis by September 1, 2023.

DISTRICT RESPONSE, IN BRIEF:

R2. The District agrees that annual audits are critical and need to be completed as soon as possible. FY20-21 financial information was provided to the auditor in April and May of 2023. Financial information for FY21-22 will be provided to the auditor by October 1, 2023. Financial information for the FY22-23 will be submitted to Richardson and Associates (Richardson) by December 1, 2023. Typically, an audit is performed 6-9

months after year end, making a “normal” FY21-22 audit completion around March of 2023. Because FY20-21 was not audited in a timely manner, it has impacted the FY21-22 timeline, but the District will get back on track by early 2024.

R3. The District agrees that the new accounting system must be a priority and has hired a new General Manager who will ensure that the ERP implementation is moving forward. The process requires analyses of existing processes and procedures for each module and corresponding configuration of the system, data transfers to the new system and staff training. Full implementation is projected to be completed by December 2024.

R4. The District agrees that staff with sufficient financial management expertise must be on board and contracted the services of the national firm Municipal Resource Group (MRG) to recruit key staff positions, including a Controller/Accounting Manager.

R5. The District agrees that a system to track invoice payments is critical. An outside accounting firm evaluated the District’s Invoice Processing Procedures and staff initiated new invoice processing procedures that will be in place until the new ERP system is implemented. The new procedures ensure accountability for all payments and corresponding separation of duties for improved internal control.

DISTRICT RESPONSE, DETAILED:

The District is required to have two annual audits: one for the general district operations and one for community facilities. These are referenced as the Community Services District (CSD) audit and the Community Facilities District No. 2014-1 (CFD), respectively.

FY20-21 CSD: Financial information was submitted to Richardson in late May, 2023.

FY20-21 CFD 2014-1: Financial information was submitted to the external, contracted auditing firm, Richardson in April of 2023.

FY21-22 Financial information for both audit areas will be submitted to Richardson by October 1, 2023.

FY22-23 financial information for both audit areas will be submitted to Richardson by December 1, 2023.

The Board agrees annual audits are and are an important part of financial management. We regret that the audits for FY 20-21 and FY21-22 have not yet been finalized. Typically, an audit is performed 6-9 months after year end, making a “normal” FY21-22 audit completion around March of 2023, roughly the same time the Grand Jury Report was released. The delayed closure and audit of FY20-21 impacted the FY21-22 timeline, making the audit late by 3-6 months. The District is working to get all audits back on track by early 2024.

In April of 2019, the Board hired the PUN Group to streamline and simplify the accounting and reporting processes. In April of 2020, the FY18-19 CSD audit revealed significant deficiencies and material weaknesses due to the District’s antiquated accounting system and corresponding procedures. In early 2021 the Board established the goal of replacing the accounting system.

The Board is committed to finalizing the two overdue audits (FY20-21 and FY21-22) as soon as possible. The limitations of the current accounting system are the major hurdle to finalizing the prior year audits. In 2022, the District again engaged the services of the Pun Group to validate and close out prior years' books so the audits can be performed and finalized. The FY20-21 audit is expected to be finalized by August 1, 2023, and the FY21-22 audit is expected to be finalized by April of 2024.

An effort to replace the old system with a more functional, more reliable, and more automated system has been a goal since 2021 and the solicitation for that system was initiated in Spring of 2021. A vendor was selected in Fall of 2021 and in January of 2022, Tyler Technologies began the process of developing a comprehensive Enterprise Resource Program (ERP). The ERP includes several key modules, which must be configured to match District policies and procedures. The first module (on Utility Billing) was implemented in April of 2023. The remaining modules are targeted for completion by December of 2024. The implementation will include comprehensive training for district accounting staff and all relevant system documentation including accounting manuals to ensure successful continuity of usage. The District has hired a new General Manager who is ensuring that the ERP implementation is moving forward. The implementation process requires analyses of existing processes and procedures for each module and corresponding configuration of the system, data transfers to the new system and staff training. Full implementation is projected to be completed by December 2024.

The District agrees that the need to have strong internal controls and capable staff is critical for effective, risk-free operation of the organization. The District has contracted the services of the national firm Municipal Resource Group (MRG) to recruit key staff positions, including a Controller/Accounting Manager. The goal is to hire an individual with strong financial management skills to ensure proper accounting procedures are established and followed to guarantee the integrity of the accounting data.

The District's Invoice Processing Procedures have been evaluated by the Pun Group. New processes have been put in place and mapped to the new ERP system to ensure accountability for all payments and corresponding separation of duties for improved internal control. An Accounts Payable report will be generated each month for the General Manager's review by September 1, 2023.

FINDING # 5: THE DISTRICT HAS AT TIMES TAKEN ACTIONS AGAINST STAFF THAT HAS INTERFERED WITH THE OPERATION OF THE DISTRICT.

AND

FINDING # 6: HIGH EMPLOYEE TURNOVER INDICATES POOR EMPLOYEE RETENTION THAT HAS INTERFERED WITH THE OPERATION OF THE DISTRICT.

AND

FINDING # 7: THE LACK OF AN EFFECTIVE SUCCESSION STRATEGY HAS IMPAIRED THE ABILITY OF THE DISTRICT TO MAINTAIN ADEQUATE COMPETENT STAFF WHICH HAS RESULTED IN THE LOSS OF CRITICAL ACCOUNTING SYSTEM KNOWLEDGE AMONG THE DISTRICT STAFF.

GRAND JURY RECOMMENDATIONS RELATED TO THESE FINDINGS:

#R6. The District should create an ongoing training program for the Board and staff regarding the Brown Act compliance, accounting procedures, and work-place practices and behaviors including prevention of harassment in the work environment. This should be fully implemented in 2024.

#R7. The District should adopt a policy to ensure that proposed personnel adverse actions are reviewed by someone not in the chain of command to ensure that proper procedures are followed. In the case of proposed adverse actions by executive staff this could be accomplished through the use of an outside expert in personnel matters or legal counsel.

#R8. The District Board should require administration to report quarterly on staff development and staff identified concerns beginning October 1, 2023.

DISTRICT RESPONSE, IN BRIEF:

R6. The District agrees that an ongoing staff and Board training program regarding Brown Act compliance, accounting procedures, and work place practices and behaviors including prevention of harassment in the work environment should be fully implemented by 2024.

R7. The District also agrees that the organization needs a policy to ensure that proposed personnel adverse actions are reviewed by someone not in the chain of command to ensure that proper procedures are followed.

R8. The District agrees that quarterly reporting on staff development and identified concerns should occur starting in the next few months.

DISTRICT RESPONSE, DETAILED:

The District agrees that good human resources management is important for organizational effectiveness. However, Finding #5 is vague, but can be interpreted to mean that the District has taken improper or ill-advised employment actions in the past that have affected District operations. The Board disagrees with this finding. The Board only has employment authority over the District General Manager. The Board has no employment authority over subordinate District employees as all such authority is delegated to the District General Manager. As to any employment actions taken against subordinate staff by past District General Managers, the Board may not comment on confidential personnel matters, which includes all such employment actions.

The District agrees that trainings are important and will initiate annual Board and staff trainings to address gaps identified in the Grand Jury report.

The Board agrees that high employee turnover has had one of the most significant negative impacts on the District's financial management. The District Board and General Manager will perform employee exit interviews for all departing employees going forward. Key personnel have left the District for a variety of reasons over the last several years, including parental obligations, more competitive pay, shorter commutes, and a more positive work environment.

Critical accounting staffing positions remain unfilled within the District due to difficulties finding qualified candidates. The main reasons given to the District for individuals declining employment offers are a noncompetitive salary, a long daily commute and heavy workload. The District will continue to recruit and train current employees to ensure all staff positions have the right persons for the right jobs. The District has and will continue to engage national recruitment firms to assist in the hiring processes.

The necessity of having skilled and knowledgeable accounting staff has been very clear to the Board for over a year. To address these issues, the District has been contracting with national consulting firms, Municipal Resource Group (MRG) and Robert Half and Associates, to assist with both the short term and long-term recruitment of key accounting personnel. Most recently, MRG was instrumental in recruiting the new General Manager.

With the appointment of the new General manager, staff will look to her for leadership and knowledge in governmental accounting which will place the District in a position to establish the needed succession planning, training, recruitment and improve employee morale.

FINDING #8: THE LACK OF AN UPDATED CAPITAL RESERVE POLICY HAS CONTRIBUTED TO POOR MANAGEMENT AND INADEQUATE CAPITAL RESERVE.

GRAND JURY RECOMMENDATIONS RELATED TO THIS FINDING:

#R11. The District Board should revise its current capital reserve fund policy to identify specific funding goals for each capital asset category with supporting fees sufficient to meet the long-term infrastructure needs of the District.

DISTRICT RESPONSE, IN BRIEF.

The Board agrees that service fees sufficient to meet the long-term infrastructure needs of the District are critical and will start this effort with the budget for FY23-24.

DISTRICT RESPONSE, DETAILED.

The new Board initiated a reserve study in March 2022. This report identified the critical risk resulting from the District's lack of adequate reserve funding. The critically low reserve funding levels grew over many fiscal years. The current Board took action to increase reserve fund levels as soon as it could in FY21-22.

Earlier this year (FY22-23), the District began the process of updating the District policy relating to reserve funding, as recommended in the reserve study report. However, progress on a revision was limited due to lack of community support for rate increases.

As the District enters FY23-24 the 2012 District Reserve Policy will be updated to reflect the need for reserves that fully cover anticipated future capital outlay needs.

The Board has given direction to staff to start the process for contracting with consulting firms to address both a five-year Rate Study and a cost allocation study for the District. Both of these studies will be finalized in FY23-24.

FINDING #9: THE USE OF COUNTY PROPERTY TAX FUNDS TO SUBSIDIZE ITS GROWING SECURITY COSTS WITHOUT RAISING THE SECURITY FEES HAS JEOPARDIZED THE FINANCIAL STABILITY OF THE DISTRICT.

GRAND JURY RECOMMENDATIONS RELATED TO THIS FINDING:

#R9. The District should reduce its security services funding to a level that is supported by fees paid by residents specific to fund security services.

#R10: Effectively immediately, County tax funds currently allocated to security services, should be redirected to the Capital Reserves.

DISTRICT RESPONSE, IN BRIEF.

The Board disagrees partially with this finding. The Board agrees that, in recent years, security costs have exceeded available existing security special tax revenues. However, the Board disagrees that this issue has jeopardized the financial stability of the District. As discussed in response to Finding 1 above, the Board is reviewing the continued viability of current security service levels in light of the insufficiency of existing special tax stream, competing priorities for limited property tax revenue, and District voters not approving new special tax revenues to support security.

R9. The District will work to reduce its security services funding levels to match fees paid by residents starting in FY23-24. The lower level of services will be directly aligned to Measure J tax revenues by FY24-25.

R10. The full use of county tax funds for capital reserves will begin to take effect in FY23-24. With the goal of meeting the Sacramento County Civil Grand Jury's recommendation of \$10 million additional dollars assigned to reserve funding levels.

DISTRICT RESPONSE, DETAILED.

In 1985 residents of Rancho Murieta voted in the Sacramento County election, in favor of ballot [Measure A Text](#). This established the authority of RMCS D security may enforce any Homeowners Association (HOA) covenants, conditions and restrictions (CC&R). This was then adopted in RMCS D Board [Resolution 85-9](#).

In [1998 Measure J](#) was voted and approved ([Measure J election results](#)), during the Sacramento County election. This revenue tax rate had a maximum of 2% increase per fiscal year. The first several years the then current RMSCD Board of Directors did not even approve the additional tax revenues to be collected. This cap of 2% increase as stated by then Board president would never keep up with the cost of security. It was the only amount increase that would be approved by the voters. Over the decades the costs of providing security services have increased well above the cost of 2%. It appears that all prior RMCS D Boards did not

attempt to identify appropriate funding levels. Instead, just increase the amount of property tax allocation towards security services.

The current Board and legal counsel in 2019 confirmed that the usage of property tax to fund security, while a legally authorized use of these funds, was not in the best interest of the long term financial health of the District.. The process of fiscal budgeting and education of the community as it related to Measure J funding levels was started by this current RMCS D Board. The District entered into contract with a national consulting firm Clear Source to reestablish the cost allocation process that the District uses throughout the entire District. An updated full accounting of all associated costs for security, water and wastewater operations, drainage, administration and trash collection costs was completed.

As the current Board determined that usage of property tax to cover the short fall of Measure J tax revenue for the level of security services would no longer continue, this led the current RMCS D Board members to identify the need for a consistent tax revenue funding source for security services. The Board gave direction to staff to place a ballot measure on the 2022 Sacramento County election schedule.

[Measure R](#) (Property Taxes to subsidize Security)

The need to revise the way security services were being funded, to address the appropriate legal context of Measure J, began at the [March 26, 2020 Board meeting](#). The Board determined that it was inappropriate to use property tax to fund security services and they would no longer be used. The discussion starts at 50:35 on the recording for that meeting and continues every time the budgetary process was discussed.

The District entered into [contract services to True North Research](#) to research how much residents would pay for Security February 17, 2021, which can be found on page 64 of 02-2021 Board Packet. Next, the District conducted a [Townhall meeting June 22, 2021](#) at RMCC to better educate the community on the amount of additional funds that would be required by the community to fund security at its current level without the addition of property taxes.

The results from the True North Study came in and Staff asked to place Measure R on the ballot on page 6 of [April 2022 Board Packet](#).

Staff went to the Board with a progress report [May 2021 Board meeting](#) (p. 142 of Packet)

The District hired Clifford Moss May 5, 2022 to educate the community on Measure R and the need for alternative tax revenue funding. As Measure J does not cover the total costs of security services.

Again, there was a huge lack of governmental fiscal accounting as it related to Measure J requirements and the needed funding levels of security services being provided by the District over several years. Instead of community understanding of what the Board of Directors were attempting to do, in establishing a constant funding source for security services through Measure R, along with a stabilized property tax amount for reserve funding levels. Measure R failed in the general election, and the result has led to a decrease in the level of security services provided by the District throughout the community, due to the withdrawal of property tax funds, which are now directed to fund reserves. The lower level of security services is now directly associated with the funding levels of Measure J.

The final results of the vote for Measure R can be seen on page 47 of the [December 2022 Board Packet](#).

FINDING #10: THE CAPITAL RESERVES ARE UNDERFUNDED BY OVER \$10 MILLION, JEOPARDIZING THE FINANCIAL STABILITY OF THE DISTRICT.

GRAND JURY RECOMMENDATIONS RELATED TO THIS FINDING:

#R11. The District Board should revise its current capital reserve fund policy to identify specific funding goals for each capital asset category with supporting fees sufficient to meet the long-term infrastructure needs of the District.

DISTRICT RESPONSE, IN BRIEF.

The Board disagrees partially with this finding. The Board agrees that capital reserves are currently underfunded. However, the Board disagrees that this issue has jeopardized the financial stability of the District. As discussed in response to Finding 1 above, the Board believes updating the District's capital reserves policy and adequately funding District reserves are priority issues, but it is not possible to address these issues until the District's larger legacy accounting issues have been addressed.

DISTRICT RESPONSE, DETAILED.

Again in the 2018 District election cycle, then RMCS D Board candidates stated that reserve funding was of high concerns and a top priority. Every fiscal year's budgets since then, the reserves were the highest priorities of the Board. The need for fiscal responsibility has been the signal most significant concerns of this current Board. As identified in the FY22-23 budget the rate of increase for the sole purpose of aligning the immediate fiscal needs of the District.

This was identified by the consulting firm [Associated Reserves \(3/28/2022\) report](#). This firm determined that the District's reserves were only funded at 25.9%. When in reality the District needed to be at a minimum of 70%, and ideally should be funded at 100% reserve funding. This places the District high risk of completely inadequate levels of reserve funding. The recommendation of the report was to immediately start increasing reserve funding at a minimum \$1.2 million dollars per fiscal year.

The number one [goal](#) was to budget for the reserves based on Reserve Study Outcome.

The March 28, 2022 Board Packet discusses Association Reserve results along with the Board's updated Draft Reserve Policy, which was not implemented. At the March 30, 2022 the Board Backed discusses the FY22-23 budgetary process. Review page 16 of this packet details the Board's request for 60% of the reserves to be funded in 5 years, and their approval of \$11 dollar for water reserve increase and \$10 wastewater reserve increase.

There was a successful protest to the Prop 218 process of the District's fiscal budgetary processes. This led to no increase in any additional revenue increase for the entire fiscal year. This negative impact, due to inflationary costs alone, places the District at an even more increased of risk for reserve funding levels.

Here is a link to the final report of addresses for [Prop 218 protest letters](#).

The RMCS D Board is still committed to a full and compete funding level of reserve funding. See FY23-24 draft Budget.

FINDING #11: THE DISTRICT HAS INAPPROPRIATELY SUBSIDIZED THE COST OF RECLAIMED WATER TO RMCC.

GRAND JURY RECOMMENDATIONS RELATED TO THIS FINDING:

#R12: The District Board should revise its agreement with the RMCC and begin charging for the use of reclaimed water on the RMCC golf courses at rates typical in the Sacramento area by January 1, 2024.

DISTRICT RESPONSE, IN BRIEF.

The Board disagrees wholly with this finding. The District's current reclaimed water operations are designed to comply with regulatory and legal requirements. First, the District's wastewater permit has long prohibited the District from discharging treated effluent from the District's wastewater treatment plant to waterways. The only approved disposal method for District treated effluent is irrigation within the authorized areas described in the permit. To remain in compliance with its wastewater permit, the District must have a reliable irrigation user for its treated effluent. The District addresses these constraints by disposing of its treated effluent by providing it to the country club for irrigation uses. Second, the District and country club are parties to a long-term agreement that requires the District to provide its treated effluent to the country club. The agreement does not contain terms authorizing the Board to terminate the agreement, charge for the treated effluent, or sell the effluent to other parties.

DISTRICT RESPONSE, DETAILED.

When this community was established in the early 1970's the design was truly ahead of its time. The current RMCCSD is one of only community service districts in the State that delivers these levels of services; water storage & treatment and delivery, wastewater recycle treatment, sewer, drainage, trash collection and security service. Most community service districts do not provide this many services, only one or two services are the norm. To this end the usage of recycled water within the District was amazingly designed and effective in its usage of this recycle water.

Water from the Cosumnes river is pumped to the water storage reservoirs and then pumped to the water treatment plants for distribution. Then water is delivered to houses and commercial properties, with the return of wastewater to District holding ponds and treatment plants. The amount of total water handled by the District annually is close to 1 Billion gallons of water...

Current State laws and regulations mandate that 'recycled water' 'treated water' not be introduced back into either rivers or any water aquifers. The community was designed to distribute the 120-130 million gallons of recycled water each and every year to water the Rancho Murieta Country Club (RMCC) two courses. This recycled water usage assists both the District on the required discharge of recycled water to the RMCC golf courses as spray fields. This also allows the RMCC to reduce the need for the usage of fresh water to be used for watering the golf courses. The current [water agreement with RMCC](#) expires in 2028.

In 2021 the RMCC formally requested a loan from the RMCCSD to assist in the purchase of pump to allow the continuation of watering the South golf course. This loan was approved at the District [January 2021 Board meeting](#). The Board understands the critical nature of the interconnection with the RMCC and the needs of the District, as it relates to recycled water usage and discharge. This specific loan request properly addressed by the Board to facilitate the need for monies to ensure the pumping of recycled water for both the watering and continued discharge of recycled water from the District. This process was conducted within the standardized process established by the State of California, as it relates to community service districts.

An example of the need for interoperability and cooperations thought the Ranch Murrieta community is in 2006 there was an illegal discharge of reclaimed water into the Cosumnes river. The lack of planning and preparation resulted in a cost to the District of \$1.2 million dollars. This was in the cost of fines imposed on the District from the State of California and immediate need for the usage of another spray field. This was to allow the continued requirements for the discharge of reclaimed water. Please click on the links to attached supporting documents.

Reclaimed Water to RMCC

[Agreement to provide recycled water to RMCC](#)

[Amendment to Agreement to provide recycled water](#)

[Water permits](#)

FINDING #12: A PERCEIVED CONFLICT OF INTEREST EXISTS IN THE COMMUNITY DUE TO A CLOSE RELATIONSHIP BETWEEN THE DISTRICT, THE RMA AND THE RMCC AND THEIR RESPECTIVE BOARD MEMBERS.

GRAND JURY RECOMMENDATIONS RELATED TO THIS FINDING:

#R13: The District Board and staff should avoid perceptions of conflicts of interest in their fiduciary responsibilities to protect the interests of the District and its rate payers.

DISTRICT RESPONSE, IN BRIEF.

The Board disagrees wholly with this finding. The Board complies with the District's Policy No. 2005-6 which prescribes ethical rules for Board Members and prohibits conflicts of interest. The Board is unaware of any legal conflicts of interest pertaining to Board Members, the homeowner's association's Board of Directors, and the country club.

DISTRICT RESPONSE, DETAILED.

The requirements of any local or state elected officials are to file a 'conflict of interest' report annually. Those residents that have spent anytime within the community should understand how important the three organizations RMA, RMCC and RMCCSD are to the overall community. The functions of each organization are clear as well as the roles and responsibilities of each organization's board of directors. The boards are solely responsible for their specific missions and fiscal responsibilities of each organization.

There are times when one organization can assist another organization. A perfect example is the usage/sharing of specialized equipment in times of localized flooding, evacuations, etc. The organizations have and will continue to be interconnected and work cooperatively to ensure the needs of the community are met.