Marin/Sonoma Mosquito & Vector Control District

Fiscal Year 2018-19: Proposed Budget Highlights

Overview

In many respects, the proposed budget for Fiscal Year (FY) 18-19 closely resembles the approved budget for the current budget year, FY 17-18. The District's workload continues to increase, partly due to the recovery efforts associated with the October 2017 fires in Sonoma County, for which no FEMA reimbursement is available. However, we anticipate the State will backfill the lost property tax revenues associated with the 5,785 structures that were destroyed. The number of service requests received continues to increase steadily, partly due to greater public knowledge of the services offered by the District.

At the direction of the Budget Committee (committee), columns have been provided in the budget document showing the actual revenues and expenditures for two prior fiscal years. Also shown are total expenditures through March 31st, 2018 and the anticipated variance between the FY 17-18 budget and the proposed budget for FY 18-19.

Income

Fiscal staff at the County of Marin forecast increases in ad valorem (property tax) revenue of 5% and County of Sonoma County staff anticipate a 2% rate of growth, resulting in an overall increase in property tax revenue of 3.62% over the 17-18 fiscal year. As noted in the Engineer's Report, a COLA was applied to Benefit Assessment # 2 only as the largest Benefit Assessment District (#1) continues to be flat at $12 due to the irrevocable cap imposed by the Board in 1994. Combining the small increase in revenue from Assessment District #2 with increased ad valorem receipts and adding the same estimated income from contract revenues and interest income as in 17-18, the District's overall income is expected to be 2.32% higher than for FY 17-18. (p. 1)

Expenditures

Total expenditures are forecast to increase by 3.6% when compared with the FY 17-18 budget. Salaries and benefit costs were calculated in accordance with the provisions of the Memorandum of Understanding, including the cost of living allowance (COLA) applied to salaries for the represented employees). Salary adjustments are proposed for the Manager and Assistant manager positions. More detailed explanations of the proposed expenditures are provided in the following sections.

In accordance with standard procedure, proposed expenditures have been closely scrutinized by management staff and the Budget Committee for necessity and appropriateness. For several years, staff has worked diligently to contain costs, renegotiating various contracts and generally finding creative ways to deliver services at the lowest cost. However, many costs are not under the District's control.

Partly due to the District's recent adoption of a $5,000 threshold for capital items (formerly $500), proposed capital expenditure is on a par with the current budget year and much lower than historical capital spending. In part, this is because items such as desktop or laptop computers that would formerly have been classified as capital items now appear in the individual department operating budgets.

Income vs. Expenditure

As shown in green highlight at the bottom of the cover sheet, this budget is 3.6% larger than the current fiscal year budget (17-18), which exactly equals the rate of inflation (the change in the Bay Area CPI-U February to February is 3.6%), and therefore represents no change in inflation-adjusted dollars. If adopted as proposed by the Budget Committee and staff, $251,449 (2.75 %) would be drawn from the Operating Fund to balance the budget. Financial projections presented to the Board each November have long predicted that expenditures would outpace revenues in this time frame. However, due to unanticipated staff vacancies and prudent expenditure control, the District's Operating Fund grew in FY 2016-17 and is likely to show a further gain at the close of the current budget year (June 30th, 2018).

Analysis

The face sheet (page 1) shows the overall budget totals for revenues from the benefit assessments and ad valorem taxes, as well as the three major categories of expenditure: Salaries, Wages & Benefits, Services and Supplies and Capital Replacement expenditures. The single-family equivalent (SFE) parcel ratio between Assessment Districts 1 & 2 reflects the fact that geographically, roughly 88% of the SFE parcels are in District 1 and 12% in District 2. Under the terms of the annexation agreement, District 2 does not pay ad valorem taxes, and thus parcels in District 2 contribute a higher rate per single-family equivalent parcel in the benefit assessment in an effort to equalize the per-parcel contributions between the two Assessment Districts.

In compliance with a recommendation by the Marin County Civil Grand Jury, the percentage of the overall budget to be expended on pension costs (11.72 %) is shown on page 1.

Staffing Costs

Due to concerns over staff shortages and longer waiting times for service to be provided to the public in the last two years, this budget proposes to restore two positions held vacant since 2014; one Vector Control technician and one Biologist position. The Scientific Programs Manager position was recently filled and recruitment efforts are presently under way for the Environmental Programs Manager positon that was approved in the FY 17-18 year budget.

Some cost savings were realized in this budget because Vicki Hausknecht's retirement in February 2018 meant that the Financial Manager positon is no longer double-filled for training purposes. Similarly, Ms.

Hausknecht and another long-serving employee who recently retired both had their member contributions to the pension system paid by the District and this will no longer be the case in FY18-19. Further bolstering long-term expenditure control efforts, two newly-hired members of staff fall into the less-costly PEPRA pension tier, requiring lower pension contributions from the District. Further reducing the District's pension expenses, the "rising pension cost offset contribution" paid by employees that formed part of the recent MOU, will increase to 1.75 % on July 1, 2018. As MCERA staff noted during their presentation to the Board in March 2018, the agency has reducing the required employer contribution rate, resulting in an overall cost reduction of about 4 % of salaries, which when benefits are included, comprise about 70 % of total District expenditures. In fall 2018, the District will work with the Union to complete the changeover to state disability insurance, as agreed in the 2017 MOUs, thus eliminating the District's monthly premium expense for long-term disability insurance.

The figures shown on the bottom of Page 3 represent the grand totals of salaries/benefits (the column headers provide context) and the difference with FY 2017-18 is $270,145 or 4.34 %.

Department Expenditures

Pages 4 & 5 show a rollup of all expenditures analyzed by department for services, supplies and capital replacement from all the pages following. Although certain planned expenditures for FY 17-18 have not yet been made, staff projects that the District will come in well under budget, adding to reserves.

The variance column on the right shows the difference between the amounts budgeted for FY 18-19 and the approved amended budget for FY 17-18. Figures in the pending categories forecast to decrease are shown in red. With adjustment for inflation, the total of planned expenditures for these categories in FY 18-19, both with and without capital replacement items, is forecast to be 3.6 % higher than that of the approved budget for the current fiscal year.

A notes column is provided in the sections that follow to show staff's work and to provide brief explanations of certain items.

Page 7: Costs for insurance through the VCJPA are projected to remain very similar to this year's required member contributions (lines 8100). Membership fees levied by MVCAC and LAFCO will rise this year due to formula changes by those organizations. LAFCO's fee was unusually low last year to correct an overcharge error in the fee they charged the District in FY 16-17. Administration office expenses will decline slightly (lines 8170 on p.8) and Professional Services expenditures will remain similar to FY 17-18 (pp. 8 & 9). Members of the Fiscal Strategies Committee expressed the desire to build awareness of the District's mission and activities, so lines 8190 on page 9 have been increased to continue the successful bus tail advertising program and to prepare, print and distribute an eight-page press insert of the type issued two years ago. Staff received very positive public feedback about this type of insert. The remainder of Administration expenses on pages 10 & 11 are forecast to be much the same as in FY 17-18.

In a similar vein, costs for operating the Laboratory (Dept. 32 on pp.12 &13) will be identical with the current budget year.

Operations expenditures shown on p. 14 reflect some shifts in the mix and type of mosquito control materials to be procured under the proposed budget, but total expenditures are predicted to remain comparable to FY 17-18.

Noteworthy items on page 15 are the proposed purchase of new GPS units to replace some worn-out units (line 3-8042-35) and replacement uniforms for field staff on line 3-8050-01. Staff considers that continued work in the zones burned by the 2017 fires will require additional supplies and this is part of the reason that the Operations expenditures are slated to rise about 4% over the current year to $987,050 (as shown in the grand totals on page 17).

It has been the District's customary practice not to budget for accidents or vehicle losses but it will be noted on page 18, line 4-8105-01, that the District suffered the loss of an all-terrain vehicle (in a non-injury accident) during the current budget year. Although it is not apparent in the totals, the District was reimbursed for this loss from VCJPA and we were allowed to keep the salvaged ATV to use for parts. Otherwise, the budget outlook for Maintenance Shop expenses will be very similar to the current budget year (see totals on p. 20).

Education and Public Relations

Outreach spending as shown on page 21 is slated to increase to allow the District to staff an informational booth at the well-attended Sonoma County Fair during summer 2018 (line 5-8241-41). This requires a significant allocation of staff resources, expenses for which are shown on page 2 (see lines 1, 3 & 5-8010). For the first time since the District's centenary celebration in 2015, the proposed budget envisages an Open House during the summer (line 5-8241-12), also intended to raise awareness of vectors, the diseases they transmit and to provide education to homeowners and children about source reduction measures.

Expenses for the District's popular and well-regarded Education program (p. 22) will not change from FY 17-18).

Information Technology

IT spending is forecast to decrease significantly in FY 18-19, principally due to reduced needs for laptop and workstation replacements (p.23).

Capital Projects

The only proposed capital outlay for FY 18-19 is the purchase of a Chevrolet Bolt to replace the Prius that has passed the District's age and mileage criteria for replacement. This budget proposes repainting the main buildings, but these costs are classified as maintenance expenditures.