Marin/Sonoma Mosquito & Vector Control District

Fiscal Year 2017-18: Budget Highlights

Overview

The proposed budget for Fiscal Year (FY) 2017-18 is similar in many respects to the approved budget for FY 16-17, although expenditures are forecast to increase, mainly driven by rising costs. The District continues to operate in a severely constrained fiscal environment, with several staff positions held vacant at a time of rising demand for services. Salaries and benefit costs were carried over flat from last year (no cost of living allowance (COLA) was applied to salaries for the represented employees). Increases in salary and benefit costs shown in the budget are largely attributable to factors such as longevity pay, step increases, benefit costs and an increase in the employer pension contribution rate of 1.5%. One vacant staff position is proposed to be filled due to overwhelming workload in the area of environmental, regulatory and permitting compliance, particularly the need to prepare and submit detailed technical and scientific plans and reports to various agencies.

At the direction of the Budget Committee (committee), columns have been provided in the budget document showing actual revenues and expenditures for two prior fiscal years, as well as anticipated (estimated) revenues and expenditures for FY 2016-17 projected to June 30, 2017.

To some extent this budget proposal represents an interim budget that will be amended later this year following the conclusion of negotiations for a successor MOU with the represented employees.

Income

Mostly due to healthy increases in the ad valorem revenues from both counties, total revenue is forecast to increase by 4.5% over the 2016-17 fiscal year. A COLA was applied to Assessment # 2 only and the largest benefit assessment (#1) continues flat at $12. (p. 1)

Expenditures

Total expenditures are forecast to increase by $396,666 in this budget due to escalations in the cost of materials, services and supplies. More explanation is provided in the following sections. The proposed expenditures have been closely scrutinized 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 outside the District's immediate control; for example VCJPA member agencies were advised to budget for a 10% increase in insurance premiums this year.

Income vs. Expenditure

As shown in green highlight at the bottom of the cover sheet, this budget is 4.71% larger than the current fiscal year budget (2016-17). If adopted as proposed by the Budget Committee and staff, $110,847 (1.26%) would be drawn from the Operating Fund reserve to balance the budget. Financial projections presented to the Board each November have long predicted that expenditures would outpace revenues in this time frame.

Because of careful control of expenditures, salary savings and untapped contingencies, savings during the current fiscal year (16-17) should amount to approximately $689,590, or 8.2% below the approved budget (as amended). This amount will be retained in the Operating Fund pending further study and action by the Board.

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 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.

At the request of the Committee, this budget shows the currently unfilled positions and their costs (see page 2). However, as discussed with the Executive Committee and the Budget Committee, this budget proposes filling the vacant Operations Manager position with a modified job description of "Environmental Programs Manager." This hybrid position would perform some of the tasks of an Operations Manager while also addressing the ever-increasing workload associated with environmental and regulatory permitting duties, including supervisory duties associated with field compliance. Many mosquito districts have one or more staff dedicated to environmental and regulatory compliance work, the demands of which have increased locally since the certification of the District's PEIR. Some years ago, the position of Operations Manager was left vacant following the retirement of the incumbent. Additionally, the position of Special Projects Biologist was eliminated and those duties were also assigned to the position of Assistant Manager. Even working at a fast pace and with many additional hours of unpaid overtime, the workload is unsustainable and increasing, causing the Assistant Manager to be unable to keep pace with the increasing operational and permitting demands faced by the District. To take one example, agency permits such as the Lake and Streambed alteration permits that the District must obtain used to necessitate some relatively simple paperwork. Now the process is taking months, with outside special counsel involvement, letter writing, and meetings with the issuing agency that last all day. Because the potential consequences of noncompliance with environmental, permitting and agency reporting requirements would be severe, the Assistant Manager position must divert time and attention that should be applied to the smooth, safe and efficient running of the District, such as dealing with complex and time consuming personnel issues such as supervision, worker's compensation, reasonable accommodation matters. Staff proposes to bring a job description and draft salary scale for the position of Environmental Programs Manager to a subsequent meeting for the Board's consideration.

In a move designed to deal with recruitment and retention difficulties, the draft budget proposes increasing the pay scale for all seasonal staff, including the part-time janitor groundskeeper, by $1 per hour. Fewer job-seekers applied for seasonal work this year and if seasonal staff leave part way through the year after having been trained, the impact on heavily-tasked full time staff is substantial. Although dependent on the actual number of hours worked, the cost of this proposal could not exceed $13,000 (0.15% of total budget).

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 2016-17 is $526,583.

Pages 4 & 5 show a rollup of all expenditures analyzed by department for services, supplies and capital replacement from all the pages following. The total shown in the projected expenditure column indicates that the District is almost certain to come in under budget for FY 16-17. The variance column on the right shows the difference between the amounts budgeted for FY 17-18 and the anticipated year-end expenditure for FY 16-17 (amended budget). Even without inflation adjustment, the total of planned expenditures for these categories in FY 17-18, both with and without capital replacement items, is forecast to be lower than that of the approved budget for the current fiscal year (16-17).

A notes column is provided throughout to show staff's work and provide brief explanations of certain items.

Page 8 (line 8180-52) contains a new item, namely contributions by the District to the new third tier of retiree health benefits, the recently-adopted Retiree Health Savings Plan with ICMA-RC.

Professional service agreements (p9) are forecast to be significantly lower than this year due to lower legal expenses, fewer special projects and the completion of negotiations. It should be noted that if the District elects to undertake a benefit assessment or special tax measure for long-term funding, the expenditures associated with this major project would be aggregated into a proposed budget amendment to be presented to the Board, following its direction.

District special expenses (p10) are anticipated to be slightly higher than for the current fiscal year. One reason is the need to conduct an actuarial study on "odd" years to estimate the accrued unfunded liability for OPEB.

An increase in Trustee travel is shown on p11 due to higher utilization and interest in the MVCAC Annual Conference. Increases in utility rates drive a cost increase that is partly offset by lower fuel prices and these are also shown on p11. The grand total for Dept. 1 Administration is similar to FY 16-17.

Laboratory operating expenses are forecast to decrease slightly (p13) and overall expenditures will be substantially lower this year because the negative air pressure gradient project was completed during FY 16-17 at lower cost than forecast.

Taken as a whole, Operations expenses are slated to be about $27,705 higher than for FY 16-17 (p17).

This budget proposes repairing and resealing the asphalt to prevent further deterioration due to the evident cracking and moisture intrusion (p. 20). However, overall expenditures by the maintenance shop (p20) will decrease by about $23,500 over FY 16-17.

Recommended expenditures on Public Relations and outreach will increase slightly, primarily due to creating an “About the District” video (p21) to follow in the wake of the successful “Tick Bite Prevention” video. Similarly, education expenses are proposed to increase slightly due to purchasing components for more tick education packets (p22).

IT expenses are expected to be $21,086 lower than those of the current fiscal year with higher pricing for the cloud-based phone system more than offset by lower planned expenditures for desktop computers and technician laptops.

In the Capital Replacement Section that follows on pp 24 &25, projected spending to the end of the fiscal year is shown. However, prices have changed on some items and the jury is still out on exactly what the actual expenditure total will be. For FY 17-18, expenditures are projected for the following: replacement of deteriorating flooring in the hallways and foyer (not offices), replacement of about half the fleet of laptops used by the vector control technicians, and several desktop computers and firewall security system. The canopy tent used by PR requires replacement and backpack ultra low volume foggers are needed by Operations. Notably, no vehicle purchases are proposed in FY 17-18.

It will be noted that capital replacement expenditures are lower than those forecast for FY 16-17 and also below the annual spending level recommended by MRG in the Capital Asset Replacement Study prepared for the District last year. In future years, augmented by additional long-term funding, it should be possible to cease deferring expenditures associated with long-term maintenance and purchases of replacement items.