



BOARD MEETING COVER MEMO
Wednesday, February 28, 2024

Topic:

Draft FY2024-25 Budget assumptions and allocation methodologies (if measures pass or fail)

Presented by:

Courtney Snead, Executive Director, MACRD

Background/History: As part of our annual budget process, staff develops a set of working assumptions for building the proposed budget, including all revenues and expenses of the district. This discussion is intended to both educate the board and community on the process of developing the budget and for the board to provide feedback and direction to staff on the proposed assumptions and methodologies before the budget is developed.

The draft FY2024-25 budget will be finalized in April 2024, and a number of things could change between now and then. The board has already discussed, and will discuss additional proposals that impact the proposed budget, including:

- Strategic direction on the future of the district per the adopted 10-year Master Plan in November 2023, that is largely tied to the outcome of the May 2024 election; and
- Policy updates that guide financial and personnel operations (February, March and April 2024 board work sessions), including memberships, facility rentals, volunteers, and scholarships policies, as well as the pay/wage and fees schedules.

Any of these discussions may result in changing the assumptions in this memo, impacting the final proposed budget. Any deviations from this memo will be outlined to the board and budget committee as part of the proposed budget document.

The following is an outline of assumptions and allocation methodologies that will be used to develop the FY2024-25 General Fund, Debt Services, and Maintenance Reserve budgets.

General Fund - Revenues

| May 2024 Ballot Measures Pass | May 2024 Ballot Measures Fail |
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| <p>Property tax revenue assumptions are based on the evaluation completed by Hellion and the collection rates of the prior year for the same level of tax rates.</p> <ul style="list-style-type: none"> • These taxes will be collected between the end of October 2024-June 2025 | <p>Property tax revenue assumptions are based on past year budget-actuals, current year collections, and a memo received from the JeffCo Assessor indicating his “best guess” for property tax revenue:</p> |

- Prior year property taxes will include any assets transferred from the dissolved district.

Programs and Services revenue. Staff will propose fees consistent with the fees schedule presented to the board in the March 2024 work session.

Memberships. The assumptions for this line item will be based on trend data in the current fiscal year. As of January 2024, monthly memberships are up 65% due to the addition of Silver & Fit and Active & Fit membership options. In addition, annual memberships are up 10%, we believe due to the simplification of annual memberships per guidance from our consultant and implemented in January 2024.

- Staff is planning to propose a family membership, consistent with the recommendations of BRS consultant, and subsidized by property taxes

Partner programs. Due to the changes in the St. Charles Health System Voucher Program, this revenue line is no longer needed/utilized unless new partner programs arise in the future. At this time there are none anticipated.

Facility revenues. Staff is not planning to propose facility rental fee changes at this time.

- The assumptions for this line item will be based on trend data in the current and prior fiscal years.
- Assumptions will include both Madras Swim Team and MHS swim team facility use fees.

User and registration fees. Staff will propose no changes to registration fees revenue in the first year of the new district. New staff and expanded programs and

- Current year property taxes will include a 3% increase over year-end collection estimates.
 - These taxes will be collected between the end of October 2024-June 2025
- Prior year property taxes are estimated by looking at collection trends over the last three years. The estimate could be far above or below the actuals because it depends on the timing of delinquent taxes collection.
 - These taxes will be collected July 1, 2024-June 30, 2025

Programs and Services revenue. Staff is planning to propose fee increases this year consistent with the fees methodology that the board will consider at a future work session.

Memberships. The assumptions for this line item will be based on trend data in the current fiscal year. As of January 2024, monthly memberships are up 65% due to the addition of Silver & Fit and Active & Fit membership options. In addition, annual memberships are up 10%, we believe due to the simplification of annual memberships per guidance from our consultant and implemented in January 2024.

- We anticipate a downward trend in memberships, as our hours will be significantly reduced in this scenario.

Partner programs. Due to the changes in the St. Charles Health System Voucher Program, this revenue line is no longer needed/utilized unless new partner programs arise in the future. At this time there are none anticipated.

Facility revenues. Staff is not planning to propose facility rental fee increases at this time.

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| <p>services will not be available in the first year due to paying off the bond loan. We expect to maintain current service levels, with the goal of expanding MAC hours as soon as staffing levels allow.</p> <p>Grants, donations, and miscellaneous revenues. Staff intends to budget for any grants that we have more than an 80% chance of receiving, with the goal of bringing in additional grant revenue for programs.</p> <ul style="list-style-type: none"> Depending on the outcome of the short State legislative session, the legislature may fund summer programs, for which we would apply for funds to partner with 509J school district summer school and provide program staffing, scholarships, supplies, and marketing for summer programming. | <ul style="list-style-type: none"> The assumptions for this line item will be based on trend data in the current and prior fiscal years, including a reduction due to reduced MAC hours. Assumptions will include both Madras Swim Team and MHS swim team facility use fees. <p>User and registration fees. Staff will propose a reduction in user fee revenue due to staff and service reductions that will result in lower capacity for programs.</p> <ul style="list-style-type: none"> Staff is planning to propose fee increases this year consistent with the fees methodology that the board will consider at a future work session. <p>Grants, donations, and miscellaneous revenues. Staff intends to budget for any grants that we have more than an 80% chance of receiving, with the goal of bringing in additional grant revenue for programs.</p> <ul style="list-style-type: none"> Depending on the outcome of the short State legislative session, the legislature may fund summer programs, for which we would apply for funds to partner with 509J school district summer school and provide program staffing, scholarships, supplies, and marketing for summer programming. |
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General Fund – Expenses

| May 2024 Ballot Measures Pass | May 2024 Ballot Measures Fail |
|---|--|
| <p>Personnel Expenses Salaries</p> <ul style="list-style-type: none"> 0% COLA for all employees because all employees will be on probation as new district employees as of July 1. <ul style="list-style-type: none"> January 2024 CPI was 3.3% <i>(released on February 13, 2024)</i> CPI was 3.6% in Dec 2023 over the prior year | <p>Personnel Expenses. Reduction of 20% Salaries</p> <ul style="list-style-type: none"> 0% COLA for all employees <ul style="list-style-type: none"> January 2024 CPI was 3.3% <i>(released on February 13, 2024)</i> CPI was 3.6% in Dec 2023 over the prior year CPI information available at https://www.bls.gov/regions/w |

- CPI information available at https://www.bls.gov/regions/west/news-release/consumerpriceindex_west.htm.

- Up to 5% earned merit for regular full-time and part-time staff upon successful completion of their probation period and based on their 6-month evaluation in December 2024.

Proposed staffing changes:

- All departments will have new positions that are hired effective July 1, 2024 consistent with the organizational chart and wage/salary scale presented to the board in the Feb and March 2024 work sessions.

Employee Benefits

- Increase health insurance contribution cap back to the original \$750/month per employee.
- Assume a 15% increase in health insurance premiums in January 2025.
- No change to Paid Leave Oregon contribution, split 60% employee contribution and 40% employer contribution, consistent with state law.
- No change to employer provided Life/STD coverage
- No change to opt out (\$300/month)
- No change to maximum 5% match contribution to 457(b) retirement plan

Workers Compensation

- 5% increase over 2024 actuals and will be allocated on a percentage basis to each department (Programs, Facilities, Administration) based on the size of each department's total personnel budget.

[est/news-release/consumerpriceindex_west.htm](https://www.bls.gov/regions/west/news-release/consumerpriceindex_west.htm).

- 0% merit for regular full-time staff
- Proposed staffing changes:

- Programs
 - Layoff regular full-time/part-time staff based on program reductions and reduce hours for seasonal employees.
- Facilities
 - Reduction of hours for part-time regular custodial staff commensurate with MAC hour reductions.
- Administration
 - Reduction of hours for full and part-time regular staff.

Employee Benefits

- Maintain health insurance contribution cap to \$600/month per employee.
- Assume a 15% increase in health insurance premiums in January 2025.
- No change to Paid Leave Oregon contribution, split 60% employee contribution and 40% employer contribution, consistent with state law.
- No change to employer provided Life/STD coverage
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- 5% increase over 2024 actuals and will be allocated on a percentage basis to each department (Programs, Facilities, Administration) based on the size of each department's total personnel budget.

Materials and Supplies Expenses

Programming. Maintain consistent expenses with prior year, with potential increases in spending in spring 2025 for marketing and new programs/services that will be offered summer 2025.

Facility. Maintain a budget of at least \$50,000 in repairs and maintenance to ensure we avoid deferring too much maintenance

- Planning to close the MAC facility in September for annual maintenance. This is an annual occurrence and gives the staff a chance to deep clean the facility and equipment, as well as conduct annual required training and maintenance of administrative systems (in an effort to avoid repeating mistakes of the past).
- The length of the closure will be from September 1-30.

Administration. Contracted services has a 5% increase for our technology support

- We are postponing going out for RFP this spring for audit services, even though we are in the fourth year of our contract with Sensiba San Fillipe. This is based on my prioritization of spring demands on my time, as well as the impacts of the potential election that will not be known until May 2024, which is too late to go out for a new auditor.
- Liability insurance - per SDAO guidance, we are budgeting for a 15% increase next year.

Capital Outlay Expenses. Staff is planning to propose at least \$100,000 in the capital budget to replace the domestic water heater and have budget authority for replacing other systems/equipment if needed.

Materials and Supplies Expenses.

Reduction of 10-25%.

Programming. Reduction commensurate with program capacity reductions.

Facility. Maintain a budget of at least \$40,000 in repairs and maintenance to ensure we avoid deferring too much maintenance

- Planning to close the MAC facility in September for annual maintenance. This is an annual occurrence and gives the staff a chance to deep clean the facility and equipment, as well as conduct annual required training and maintenance of administrative systems (in an effort to avoid repeating mistakes of the past).
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- Liability insurance - per SDAO guidance, we are budgeting for a 15% increase next year.

Capital Outlay Expenses. Staff is planning to propose \$40,000 in the capital budget to replace the domestic water heater.

Transfers to other funds. Staff will weigh the anticipated unappropriated ending fund balance after all assumptions have been calculated and determine how much

Transfers to other funds. Staff will weigh the anticipated unappropriated ending fund balance after all assumptions have been calculated and determine how much we can propose transferring to the maintenance reserve fund at that time. Our goal is to save 4% of total earned revenues, consistent with BRS consultant advice.

Contingency. Staff will propose between 5-10% of total earned revenues, if the budget allows.

Unappropriated ending fund balance. Our goal is to grow our unappropriated ending fund balance each year until we have a minimum of \$350,000, but it may take up to three years to meet this goal as we catch up on deferred maintenance and pay off the May 2024 loan from Jefferson County.

we can propose transferring to the maintenance reserve fund at that time. It depends on what the budget allows.

Contingency. Staff will propose 5% of total earned revenues, if the budget allows.

Unappropriated ending fund balance. Our goal is to grow our unappropriated ending fund balance each year until we have a minimum of \$350,000 but given the financial position of the district it will depend on what the budget allows and how deep we reduce programs, services and commensurate personnel and material and supply expenses.