

MVMCC

**FINANCIAL OVERVIEW
&
CAPITAL IMPROVEMENT
PLAN**

JUNE 19, 2023

**STEVE PLOCHER, CPA
FINANCE COMMITTEE CHAIRMAN**

1. MVMCC Financial Status

a. Current Issues

- I. Deficit Confusion
- II. MVMCC Response
- III. Insurance costs/billings

b. Financial Condition of MVMCC

- I. Past, present, future

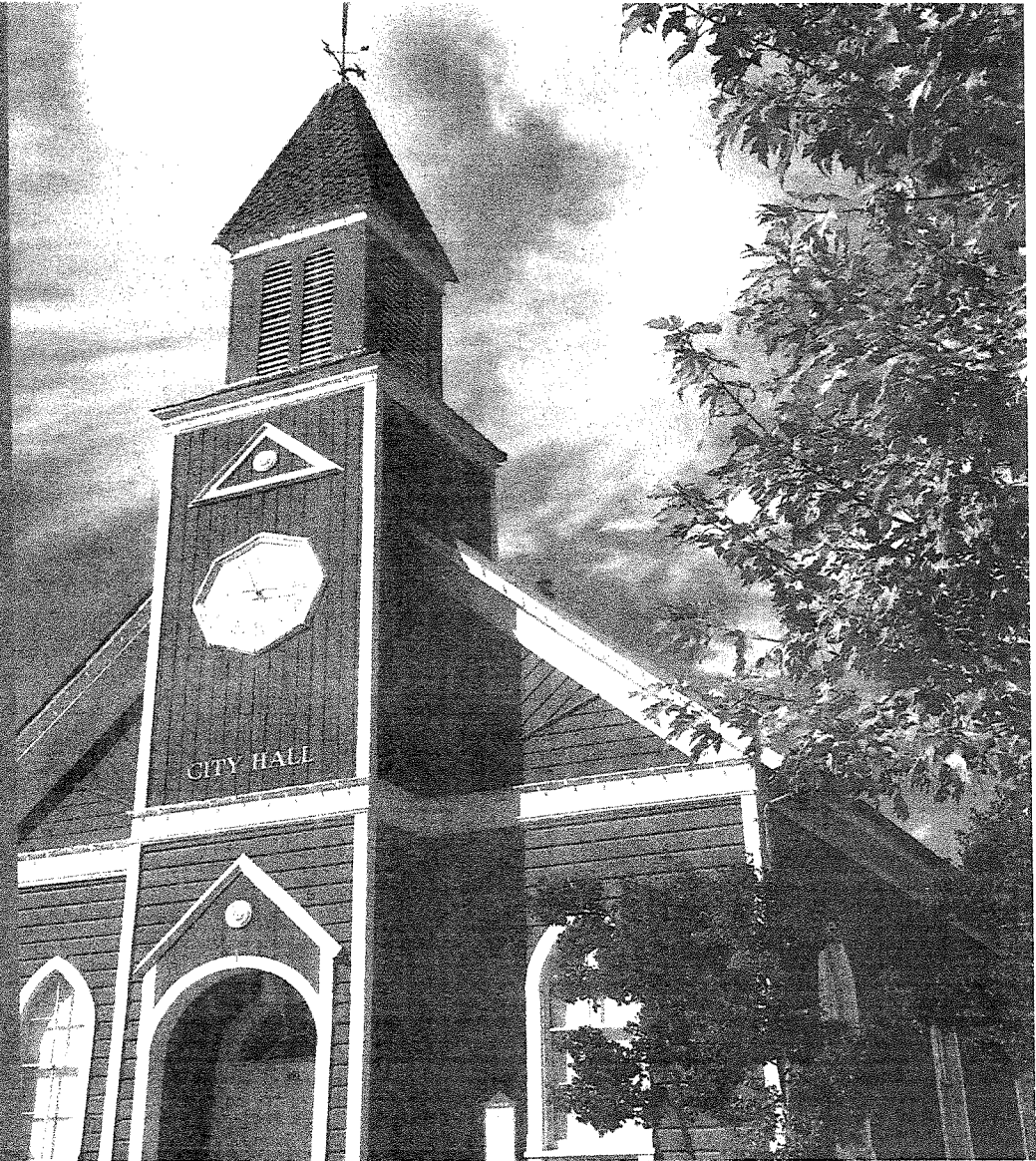
2. Long Term Capital Investment Plan

a. Costs

- I. Save
- II. Borrow

b. Timing

c. Uncertainties



ADOPTED ANNUAL
BUDGET
FISCAL YEAR 2022-23

Adopted June 28, 2022

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CITY OF NOVATO
CALIFORNIA



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All Non-General Funds

	2019/20 Final Budget	2020/21 Final Budget	2021/22 Amended Budget	2022/23 Adopted Budget
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603 - Technology Replacement

This internal service fund is used for the purpose of accumulating and spending funds for replacement and updating of the City's investment in technology and computer resources. Revenues are transferred to this fund from the General Fund or other funding sources as approved by the City Council.

Revenues

Use of Money and Property	3,925	3,925	3,925	
Other Revenues	95,000	95,000	95,000	95,000
Total Revenues	98,925	98,925	98,925	95,000

Expenses

Capital Expenses	112,000	134,000	134,000	134,000
Total Expenses	112,000	134,000	134,000	134,000

651 - MVMCC

This enterprise fund accounts for the revenues and expenses of the Marin Valley Mobile Country Club.

Revenues

Charges for Services	827,051	877,833	921,394	99,000
Use of Money and Property	2,454,086	2,454,212	2,454,344	2,410,000
Other Revenues	6,660	458,780	8,708	
Other Revenues	3,287,797	3,790,825	3,384,446	3,420,000

Expenses

Professional Services	539,845	550,440	557,461	530,000
Training and Travel	3,700	3,700	3,700	
Rentals and Leases	13,104	13,230	13,362	13,104
Repairs and Maintenance	152,505	157,205	258,825	300,000
Materials and Supplies	259,370	241,930	242,030	290,000
Utilities	944,885	1,000,223	1,081,705	1,250,000
Capital Expenses	2,025,000	2,536,345	1,991,500	780,000
Debt Service	133,276	117,787	651,172	600,000
Other Expenses	20,000	20,000	22,700	60,000
Total Expenses	4,091,685	4,640,860	4,822,455	3,940,000

Wrong



federal funds.²⁸ However, City financial documents and a staff report presented to the City Council on March 28, 2023, show that the Park is neither self-sustaining nor independent of local government funds.²⁹

Both the Grand Jury's investigation and the staff report conclude that unless action is taken by the City Council, 1) operating and other essential expenditures will continue to exceed revenues at MVMCC, [See MVMCC PAC Response #1 below] and 2) reserve funds designated for MVMCC will be exhausted within five years, leaving the City's taxpayers to cover the deficits [See MVMCC PAC Response #1 below].

Many factors, including insufficient oversight and delayed actions by the City, have contributed to this situation. The financial impact is demonstrated at many levels by multiple sources.

• Novato's 2022-2023 Adopted Budget shows that in the past four fiscal years MVMCC's expenses have exceeded revenues by a total of more than \$3.6 million.³⁰ An independent analysis indicated that MVMCC operated at a loss with annual capital expenditures significantly impacting the extent of the deficit in those four years.³¹

Summary of page 131 www.novato.org/home/showpublisheddocument/34983/63800994582340000

	2019/20 Final Budget	2020/21 Final Budget	2021/22 Amended Budget	2022/23 Adopted Budget
Total Revenues	\$3,287,797	\$3,790,825	\$3,384,446	\$3,420,815
Total Expenses	\$4,091,685	\$4,640,860	\$4,822,455	\$3,942,789
Total Expenses over Revenues	\$803,888	\$850,035	\$1,438,009	\$521,974
Total Deficit for 4 Budget Years = \$3,613,906				

MVMCC PAC Response #1: *STEVE*: this answer ha show that there was not a shortfall of \$3,613,906 evidence, that this is not correct. Also need to dis

²⁸ <https://marinvalley.net/marin-valley/about/>

²⁹ <https://lealstarweb-production.s3.amazonaws.com/uploads/attachment/pdf/1857>

³⁰ www.novato.org/home/showpublisheddocument/34983/63800994582340000, pa

³¹ <https://lealstarweb-production.s3.amazonaws.com/uploads/attachment/pdf/1857>

Caution:
Not
true

MVMCC Capital Improvements Summary

June 19,2023

(costs are in future inflated dollars)

- 1. Water System Replacement, includes individual water meters**
Planned for 2026-2028
Cost of \$2,000,000+ (qualified)

- 2. Slope Stabilization**
Planned for 2023-2029
Cost of \$3,300,000

- 3. Sewer System Main and Laterals**
Planned for 2030-2033
Cost of \$10,500,000+

- 4. Reconstruct Clubhouse**
Planned for 2042
Cost of \$9,300,000

- 5. Electrical System in conjunction w/PGE**
Planned for 2044-46
Cost of \$10,000,000(??)

- 6. Storm Drain System**
Planned for 2047
Cost of \$9,300,000

- 7. Natural Gas Distribution System**
Planned for 2051
Cost of \$12,500,000

DESCRIPTION OF PARK INFRASTRUCTURE	COST TO REPLACE AT END OF USEFUL LIFE						
	Inflator Rate	Date of Cost Estimate	Initial Replacement Cost	2023 Replacement Cost	Year of Replacement	Inflated Cost Estimate	Note(s)
Water Distribution System							
Alternative 3 - Reconstruct Private Distribution System	3.20%	2021	4,995,000	5,154,840	2027	\$6,034,000	1,3
Sewer Collection System							
Alternative 2 - Install Cured-In-Place Pipe Liner in Existing Collect	3.20%	2021	9,109,375	9,400,875	2037	\$15,079,000	1, 2
Storm Drain System							
Alternate 2 - Construct New Storm Drain System	3.20%	2021	4,112,300	4,243,894	2047	\$9,327,000	1
Electrical Distribution							
Electrical system work subject to PG&E approval	3.20%	2023	5,000,000	5,000,000	2044	\$9,998,000	4
Natural Gas Distribution							
Natural Gas system work subject to PG&E approval	3.20%	2023	5,000,000	5,000,000	2051	\$12,465,000	4
Pavement Reconstruction							
Grind and overlay all streets and driveways	3.20%	2023	1,760,535	1,760,535	2038	\$2,914,000	4
Slope Stabilization							
Slope Stabilization Phase 1	3.20%	2017	273,822	320,529	2023	\$331,000	5
Slope Stabilization Phase 2	3.20%	2017	903,768	1,057,926	2026	\$1,200,000	5
Slope Stabilization Phase 3	3.20%	2017	1,243,280	1,455,350	2029	\$1,814,000	5
Facilities and Grounds							
Clubhouse roof and solar panels	3.20%	2023	350,000	350,000	2024	\$373,000	4
Reconstruct Clubhouse (15,000 square feet)	3.20%	2023	5,000,000	5,000,000	2042	\$9,388,000	4
Resurface pool/spa and replace heater/pump	3.20%	2023	250,000	250,000	2030, 2045	\$838,000	4, 6
TOTALS BY YEAR				38,993,949		69,761,000	

Notes:

1. Costs taken from MMCC Utility Master Plan, February 2021.
2. State RLF financing or other low-interest financing may be available. Costs above do not include financing related costs.
3. Does not include connection fees charged by NMWD to homeowner.
4. Costs estimated by Novato DPW/Engineering Division.
5. Costs taken from MMCC Slope Stabilization cost workbook dated 2021.
6. Resurfacing and pump/heater replacement costs anticipated every 15 years.

It is important to note that the Capital Reserve Analysis is an estimate of future infrastructure replacement costs intended to be used for planning purposes. The annual reserve recommendation could be adjusted higher or lower using different assumptions for infrastructure replacement costs, schedule, and inflation, but generally provides an idea of the future investment needed for the City to continue to maintain the park in good condition. The Capital Reserve Analysis does not include ongoing operational or maintenance costs for any of the park infrastructure.

Utility Conversion Program

On February 23, 2021, the City Council authorized staff to submit an application to the California Public Utilities Commission ("CPUC") to participate in the Mobilehome Park Utility Conversion Program to convert the natural gas and electric utility service at MVMCC from master-meter service to direct service to residents.

The CPUC's Mobilehome Park Utility Conversion Program offers mobile home parks an opportunity to convert natural gas and electric utility service from master-meter/submeter service to direct utility service. The Utility Conversion Program has stated that it will fund upgrades to the natural gas and/or electricity infrastructure within a public utility's (e.g. PG&E) operating territory and replace the master-meter/submeter system with standard direct utility service to park residents, however the program does not cover beyond-the-meter costs to upgrade natural gas or electric facilities at individual coaches. In March of 2021, City staff submitted an application to

Acct #	DETAIL		2022-2023	2023-2024
	REVENUES		Adopted	City Staff Proposed 6-5-23
62000	Space Rent	City staff recommend 5.7% rent increase effective July 1 and another CPI increase on Jan. 1	2,398,982	2,518,931
63000	Late Fees	Actual late fees Jul-Feb Avg \$65/mo	780	720
62008	Laundry	Actual laundry income Jul-Feb Avg \$85/mo	1,020	1,000
62010	Park Staff Mobile Home Rent	\$1119/mo Jul-Dec; \$1130/mo Jan-Jun	13,494	13,626
62075	Vehicle Parking Fees/RV	Actual parking fees Jul-Feb Avg \$545/mo	6,540	6,360
	Total Permanent Rent		2,420,816	2,540,637
64481	Electric	City staff recommend that budgeted garbage revenues equal estimated expenses	279,319	338,891
64482	Garbage	City staff recommend that budgeted electricity revenues equal estimated expenses	155,400	165,000
64483	Gas	City staff recommend that budgeted gas revenues equal estimated expenses	210,000	299,706
64484	Sewer	City staff recommend that budgeted sewer revenues equal estimated expenses	350,880	350,880
	Total Utilities	*Note: Residents are not billed for water usage.	995,599	1,154,477
63649	Investment Income	Confirmed investment earnings from Finance Dep't - May '22.	4,200	54,000
63650	Other Income		200	200
	Total Other Income		4,400	54,200
	TOTAL GROSS REVENUES		3,420,815	3,749,314
	OPERATION & MAINT. EXPENSES			
80050	Wages - Park Manager		95,342	95,342
80130	Wages - Bookkeeper		20,833	20,833
85010	Wages-Maintenance		39,416	39,416
85011	Wages-Assistant Maintenance		32,864	32,864
85013	Park Staff Mobile Home Rent	\$1119/mo \$1130/mo	13,494	13,626
85014	Travel	Park Manager Mileage Reimbursement	600	600
	Total Wages		202,549	202,681
85016	P/R Taxes	Estimate - Employer Payroll Taxes	17,500	17,500
85018	Workers Comp	Estimate based on rates from workers comp	11,500	11,500
	Total P/R Taxes/Insurance		29,000	29,000
	TOTAL EMPLOYEE COSTS		231,549	231,681
92000	Electric	Per estimate analysis (prev year Actual + 5%)	332,517	393,935
83008	Garbage - contract	\$13,490/mo based on current contract	161,880	171,840
83042	Garbage	Periodic Dumpsters for Resident Clean up -	8,000	0
92001	Gas	Per estimate analysis (prev year Actual +5%)	244,949	326,839
92015	Sewer	LGS proj \$1,121 p/unit = \$29,426/mo, 07/2022 rate not pblshd	353,112	353,112
92003	Water	Prev. year Proj. Act. +10% (not billed to residents)	112,474	108,205
	Total Utilities		1,212,932	1,353,931
88160	Concrete Maintenance	Estimate	655	0
84009	Fire Abatement	Est brush/weed clearing, includes \$50,000 for goats (MG)	150,000	50,000
83001	Landscape Maintenance	DeToro \$1,200/mo + \$7,500 extra/yr (weed control)	25,000	25,000
83061	Staff Home Repairs	Estimate	5,000	5,000
83000	Operating Supplies & Equip	Estimate operating supplies (cleaning supplies & consumables)	15,000	15,000
83005	Pool Supplies & Equipment	Actual July-Feb Avg \$800/mo + \$2,500 repairs -est incr MG	40,000	15,000
83003	General Repairs	Common Area maint & rep (MG) safety rails/stairs clbhs doors \$45,000	85,000	50,000
83007	Security Contract	Patrols \$770/mo	12,000	12,000
88999	System Maintenance - Gas	Repairs	7,800	7,800
89000	System Maintenance - Electrical	Main switch service / Repairs 6-8 Wild Oak + outage \$40,000	0	0
89002	System Maintenance - Generator	Maintenance contract (\$3,200)+ repairs	6,200	6,200
89380	System Maintenance - Sewer	Actual prev year ave \$3,000/mo, sewer line clearing/repairs	50,000	30,000
89100	System Maintenance - Water	Repairs to Water Lines	20,000	15,000
83015	System Maint - Storm Drain	Estimate	10,000	10,000
90012	Street Crack Seal Repair	Estimate	15,000	0
82015	Tools & Equipment Repair	R&R Park tools and equipment	2,000	2,000
84002	Trees	Estimate tree trim and removal (MG)	120,000	25,000
89398	Uniforms	Park Staff Shirts/Jackets/Raingear	300	300
89429	Utility Maintenance	Unanticipated service/repairs to meters etc	7,500	7,500
89430	Vehicle Maintenance	Repairs/service/DMV fees	4,000	4,000
91001	Contingency	Estimate	12,000	0

Marin Valley Mobile Country Club
Proposed Budget 2022-23

	Total Repairs/Maintenance		587,455	279,800
80014	Advertising & Promotion	Estimate	600	600
80008	Bank Charges	Actual Fees Ave \$20/mo	240	240
80000	Copier Supplies/Repairs	Actual July-Feb Avg \$135/mo	1,620	1,620
80015	Dues & Subscriptions	Title 25, MH Residency Law updates	1,250	1,250
81010	Education & Seminars	Onsite Staff Training -WMA mmbshp \$900	3,100	3,100
81000	Legal	Estimate, enforcement of Park documents/collections	25,000	25,000
81011	Licenses & Permits	Dvc-\$1200/HCD-\$7550/PI&Spa Pmt \$950,City \$150	9,850	9,850
80120	Office Supplies & Equipment	Actual July-Feb Avg \$100/mo	6,500	6,500
81015	Other Expense	Estimate	5,500	5,500
81016	Outside Services	Park Billing \$650/\$165-ans serv/\$220 pest/clbhs	12,500	12,500
92011	Telephone	phn \$1800/mo, net \$800/mo, pager \$45/qtr, oncall \$100	40,000	40,000
	Total Office & Administration		106,160	106,160
94005	In-Lieu of Tax Fees - Novato	Per City Finance Dept Actuals	80,440	81,260
94007	Resident Humanitarian Services		12,000	0
93000	Insurance-Prop & Liability	Per City Finance Dept Actuals	92,500	200,000
93004	Insurance - MARVAL	Per City Finance Dept Actuals	8,500	65,000
80100	Management Fee	\$5,790/mo	69,480	69,480
94024	Emergency Prep MVEST		5,000	5,000
94021	Owner Expense		50,000	25,000
94022	PAC Expense		4,000	2,000
81001	Audit	Per City Staff - amount subject to change	5,200	5,200
94009	Mobile Home Rent Control Fee	\$60 per space per City's Rent Control Ordlnance	18,900	18,900
	Total Insurance & Management		346,020	471,840
	TOTAL OPERATING & MAINT. EXPENSES		2,484,116	2,443,412
	NET OPERATING INCOME	=(Gross Revenues - Total Operating & Maint. Expenses)	936,700	1,305,903
	CITY OF NOVATO BANK OF MARIN LOAN			
35006	Loan Principal	per amortization schedule	548,754	548,754
80062	Loan Interest	per amortization schedule <i>s/b 70,525</i>	102,418	102,418
	Annual Debt Service		651,172	651,172
	Estimated DSCR (must be >2.0)	=(Net Operating Income/Annual Debt Service)	1.4	2.005
	REMAINING REVENUE		285,527	654,730
	OTHER EXPENSES			
94008	Capital Expenses	Estimate based on 2022-2023 CIP Budget	780,000	712,150
94021	Owner Administrative Costs (non O&M)		-	25,000
94023	Discretionary Park Amenities		20,000	-
	Total Other Expenses		800,000	737,150
	RESERVE CONTRIBUTION TO BALANCE BUDGET		514,473	82,420