

January 22, 2016

To: Board of Directors – Los Osos Community Services District
From: Michael W. Seitz, District Legal Counsel
Regarding: Agenda Item 7B - Transfer of Solid Waste Contingency Funds Pursuant to Gov't Code §61112[C]

BACKGROUND/INTRODUCTION

The District has on its books in the Solid Waste Reserve Contingency Fund 650, funds in the amount of \$165,405.37. The District retains the active solid waste power. However, the solid waste franchise is presently in the County of San Luis Obispo's hands as a part of the LOCSD bankruptcy. The Board of Directors wishes to retain the solid waste power and anticipates that at some future date the franchise will be returned to the District. However, at the present time there is no need for these funds to be retained in the solid waste reserve and the Board has expressed its desire to have these funds transferred to another fund.

At the Board of Directors' meeting held on January 7, 2016, the Board directed that the funds held in the Solid Waste Reserve Contingency Fund 650, be transferred to a new fund designated as the Fire Mitigation Fund that will be a part of the budget at 301. Fund 301 would then have a new designated fund underneath its umbrella that is yet to be assigned.

DISCUSSION

The Board is allowed to transfer the funds from the Solid Waste Contingency Fund 650 to the Fire Mitigation Fund 301 pursuant to Government Code §61112 which allows the Board to do so upon a finding that the designated reserve funds are no longer required for the purpose for which it was established a designated reserve. The Board may by 4-5th vote of the total membership of the Board of Directors discontinue the reserve or transfer any funds that are no longer required from the designated reserve to the District's General Fund. The Board needs to make a finding that the Solid Waste Reserves are no longer needed for that purpose as part of the Resolution and that finding is made in the Resolution that is attached

STAFF RECOMMENDATION

Staff recommends that the Board adopt the attached Resolution. The vote would need to be 4-5th or greater vote in order for this action to take place. The motion should read as follows:

Motion: I move that the Board adopt Resolution 2016-03 to transfer the Solid Waste Contingency Funds designated fund 650, to a new fund created in the Fire Fund 301, to direct staff to create such a Fire Mitigation Reserve Fund within 301, and to transfer these funds from Solid Waste Contingency Fund to that fund.

Attachment – LOCSD Resolution 2016-03