



July 23, 2014

TO: LOCSD Board of Directors

FROM: Kathy A. Kivley, General Manager

SUBJECT: **Agenda Item 11G – 8/7/2014 Board Meeting**  
Adopt Resolution Establishing a Budget Reserve Policy for Bayridge Estates Subdivision

President  
Craig V. Baltimore

Vice President  
R. Michael Wright

Directors  
Leonard A. Moothart  
Marshall E. Ochylski  
Jon-Erik G. Storm

General Manager  
Kathy A. Kivley

Temporary District  
Accountant  
Michael L. Doyel

Fire Chief  
Robert Lewin

Battalion Chief  
Phill Veneris

**DESCRIPTION**

Adopt a resolution establishing a Septic System Reserve for Bayridge Estates Subdivision.

**SUMMARY OF STAFF RECOMMENDATION**

Staff recommends that the Board adopt the following motion:

***Motion: I move that the Board adopt Resolution 2014-16 amending Resolution 2012-9 to include establishing a Budget Reserve Policy for the Bayridge Estates Subdivision.***

**DISCUSSION**

In June 2013, the successful passage of a Proposition 218 requested increase provided the needed revenues to support the operations of Bayridge Estates. Staff recommended during this process for emergency needs and capital improvements that \$8,000 be budgeted annually. Staff was concerned one or more of the pumps may fail. Knowing this was possible, staff wanted dollars budgeted for this purpose. It is important to note that when the Los Osos Wastewater Project is complete and this subdivision is using the infrastructure already in place, fund 200 will pay for decommissioning the twelve (12) septic tanks at this site on Bay Oaks Drive. Knowing this expense is in the future, staff believes setting aside monies for future cost is a prudent action.

Staff is in the process of modifying the Budget Reserve Policy as established by Resolution 2012-16. This process is not complete. At this time staff is preparing to close the financial books for FY 13/14 and cannot transfer funds to this new reserve account without prior Board authorization.

**FINANCIAL IMPACT**

The rate of \$373 per parcel annually, other than the portion for Street Lighting, will be effective until this fund settles all its liabilities for operations and capital improvements needed for connection and conversion to the County's sewer system. Not knowing the true cost of decommissioning twelve (12) septic systems, staff believes it is prudent to place the balance of the capital money in a Reserve Fund for his specified future use – 9982 Septic System Reserve.

In FY 13/14, \$7,701 was budgeted. In order to comply with the commitment made during the Proposition 218 Hearings, staff plans to transfer the \$8,000. There is sufficient remaining revenues to handle the difference of \$299.

Attachment: Resolution 2014-16

Mailing Address:  
P.O. Box 6064  
Los Osos, CA 93412

Offices:  
2122 9<sup>th</sup> Street, Suite 102  
Los Osos, CA 93402

Phone: 805/528-9370  
FAX: 805/528-9377

**RESOLUTION NO. 2014-16**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT  
AMENDING RESOLUTION 2012-09 TO ESTABLISH A  
BUDGET RESERVE POLICY FOR THE BAYRIDGE ESTATE SUBDIVISION**

**WHEREAS**, Community Services District Law is established in Section 61000 et seq. of the Government Code; and

**WHEREAS**, Government Code Section 61045(g) states the Board shall adopt policies for the operations of the District; and

**WHEREAS**, Government Code Section 61112 authorizes the Board to establish designated reserves for capital outlay and contingencies; and

**WHEREAS**, the Board of Directors finds this policy will help to protect the future health, safety and welfare of the residents and customers of Bayridge Estates; and

**WHEREAS**, the Board of Directors recognizes establishing of a reserve in anticipation of future costs for decommissioning twelve septic tanks is a prudent financial management policy; and

**WHEREAS**, the Board of Directors realizes in Resolution No 2012-09 adopted June 7, 2012 no reserve was established for the Bayridge Estates Subdivision for this purpose;

**NOW THEREFORE, THE BOARD OF DIRECTORS OF THE LOS OSOS COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE, DECLARE AND DETERMINE THAT:**

- 1. Staff establishes a reserve fund for Bayridge Estates Subdivision beginning with FY 13/14.**
- 2. In accordance with Resolution No 2012-09 the appropriation balance for Capital Outlay accounts as of the end of the fiscal year will automatically roll over into the Reserve Fund.**

On the motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_,  
and on the following roll call vote, to wit:

Ayes: \_\_\_\_\_  
Noes: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Conflicts: \_\_\_\_\_

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 7<sup>th</sup> day of August 2014.

\_\_\_\_\_  
R. Michael Wright  
Vice President, Board of Directors  
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Kathy A. Kivley  
General Manager and Secretary to the Board

\_\_\_\_\_  
Michael W. Seitz  
District Legal Counsel