



January 29, 2024

TO: LOCSD Board of Directors
FROM: Ron Munds, General Manager
SUBJECT: **Agenda Item 4 – 01/29/2024 Board Meeting**
Review of Board Item Approval of the Mid-Year budget adjustment requests for Fiscal Year 2023-2024.

President
Marshall E. Ochylski

Vice President
Christine M. Womack

Directors
Charles L. Cesena
Matthew Fourcroy
Troy C. Gatchell

General Manager
Ron Munds

District Accountant
Robert Stilts, CPA

Unit Chief
John Owens

Battalion Chief
Paul Provence

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

Offices:
2122 9th Street, Suite 110
Los Osos, CA 93402

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

www.losososcsd.org

DESCRIPTION

Mid-Year budget adjustment requests to Fiscal Year 2023-2024 budget.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the FAC adopt the following motion:

Motion: I recommend to the Board that the Board approve the Mid-Year Adjustment requests as presented for Funds 100, 301, 500, 650, 800 and 900.

DISCUSSION

The following section of the report provides a summary of the requested mid-year changes to the Fiscal Year 2023-2024 budget by Fund. More detailed line-item descriptions of each request are provided as an attachment to the report.

Fiscal Year 2023-24 Mid-Year Budget Adjustment Request Summary:

Fund 100 – Administration

Major Adjustment Requests: Adjustments in Personnel cost resulting in an increase of \$500. There are corresponding decreases in Services and Supplies line items which result in no net increase in the Fund 100 budget.

Impact to Budget: Budget neutral

Fund 100 – Mid-Year Budget Adjustment Summary

There are minor adjustments in the Fund 100 budget being proposed resulting in no net increase or decrease in the overall budget. There are proposed increases in the Salaries/Wages and Payroll Taxes & Benefits which result in a net increase of \$500. Services and Supplies line items have been reduced to balance any corresponding increases, mainly in Legal Services (7326).

The following table summarizes the requested changes to the Fund 100 budget. More detailed information is available in the attached Mid-Year Budget Adjustment worksheets.

100 - ADMINISTRATION			
Fund 100	2023-2024 Budget	2023-2024 Mid-	Increase/
Budget Category		Year Budget	(Decrease)
Revenue	\$715,136.00	\$715,136.00	\$0.00
Expenditures			
Personnel	\$412,803.50	\$413,303.50	\$500.00
Services & Supplies	\$302,332.50	\$301,832.50	-\$500.00
TOTAL Expenditures	\$715,136.00	\$715,136.00	\$0.00
TOTAL Revenue	\$715,136.00	\$715,136.00	\$0.00

Fund 301 – Fire

Major Adjustment Requests: There are line item increases in Services and Supplies and Capital Outlay that are being proposed. The increases are primarily attributed to Legal and Professional Services (7320 & 7326), Oxygen & Cylinder Rental (7234) and Repairs and Maintenance (6775). To offset the increases, there are decreases in other line items to reduce the overall budget impacts. The primary reductions are in line items for Fire Personal Protection Equipment (6440), Paramedic & EMT Supplies (7238) and Capital Improvements (9006).

On the Revenue side, an increase in Investment Income on Funds (4510) is being recommended.

Impact to Budget: The adjustment requests will decrease the Fund 301 operating budget by \$20,364. The individual requests are discussed in the summary section below.

Fund 301 – Mid-Year Budget Adjustment Summary

The following are the adjustments for the significant line-item adjustments. More detailed information is available in the attached Mid-Year Budget Adjustment worksheets.

GL Code	Description	Current Budget	Amended Budget
4510	Investment Income	\$2,000.00	\$80,000.00
7234	Oxygen & Cylinders	\$ 350.00	\$1,300.00
7320	Professional & Consulting Services	\$3,000.00	\$8,000.00
7326	Legal Services	\$750.00	\$10,000.00
7238	Operation/field Equip	\$1,600.00	\$24,500.00
6440	Fire PPE	\$25,000.00	\$5,000.00
7238	Paramedic Supplies	\$40,000.00	\$27,000.00
9006	Capital Outlay	\$82,567.00	\$62,567.00

The following table summarizes the requested changes to the Fund 301 budget.

301 - Fire			
Fund 301 Budget Category	2023-2024 Budget	2023-2024 Mid-Year Budget	Increase/ (Decrease)
Revenue	\$3,506,505.00	\$3,584,505.00	\$78,000.00
Expenditures			
Total Personnel	\$299,165.00	\$299,165.00	\$0.00
Services & Supplies	\$2,786,914.00	\$2,786,550.00	-\$364.00
Capital Outlay	\$122,567.00	\$102,567.00	-\$20,000.00
Reserves	\$193,318.00	\$193,318.00	\$0.00
Transfers	\$75,089.28	\$75,089.28	\$0.00
Total Expenditure	\$3,477,053.28	\$3,456,689.28	-\$20,364.00
Total Revenue	\$3,506,505.00	\$3,584,505.00	\$78,000.00

Fund 500 – Water

Major Adjustment Requests:

- Adjustments to Personnel costs due to the district having 27 payrolls in this Fiscal Year instead of 26 and a minor increase in Wages and Salaries.
- Adjustments and increases in Services and Supplies which are mainly the result in cost increases to fund Basin Management Committee projects and increases in well pumping cost due to the rise in electricity rates.
- Significant increase in the Capital Outlay budget due to escalated construction and consulting services costs.

Impact to Budget:

- Net increase in Personnel of \$16,180.00.
- Net increase in the Services and Supplies budget of \$35,648.00.
- Projected net increase in Capital Outlay budget of \$808,000.

Fund 500 – Mid-Year Budget Adjustment Summary

On the revenue side of the budget at mid-year, water sales, service fees and other revenues are slightly ahead of projections most due to a revised estimate in Investment Income and commercial water sales. Grant income has not been incorporated into the revenue projections because of the uncertainty of the cash flow from the Department of Water Resources as it relates to expenditures during the fiscal year.

On the expense side, Fund 500 (Water) budget requires adjustments within several of the object level categories in Services and Supplies resulting in a net increase of \$35,648.00 and in Total Personnel, an increase of \$16,180.00. The line item categories that required significant increases are:

- Total Salaries and Wages (increase of \$14,050)
- Legal & Professional (increase \$15,000 related to BMC expenses)
- Rent & Utilities (increase \$31,563 related to electricity expenses)

Staff was able to decrease several line-items to reflect either actual for service or anticipated costs reductions for the fiscal year to offset some of the increases referenced above (see attached budget detail). The overall increase in the operating budget, minus capital outlay, is \$51,828.00.

The following table summarizes the larger budget increases in the **General Ledger line-items** recommended for Mid-Year adjustments:

Salaries & Wages		
8054-Salaries & Wages – Regular	\$5,000.00 increase	Total Salaries & Wages were
8081-Vacation Pay	\$10,000.00 increase	increased due to 27 payrolls in FY
Legal & Professional		
7318- Professional & BMC	\$20,000.00 increase	BMC expenses
Rent & Utilities		
8610-Electricity	\$30,000 increase	Increase in rates

Capital Outlay Summary of Changes

As identified in the 2023-24 Capital Improvement Plan, there are three capital projects planned for construction.

FY 2023-24 Mid-Year Capital Improvement Projects Status Report				
Budget Code	FY 2020-21 Project	Original Budget	Revised Budget	Status
500/9006	Program "C" Well Construction	\$1,378,000.00	\$2,030,000.00	Pending
500/9006	16th St. North Tank Rehabilitation	\$490,000.00	\$600,000.00	Complete
500/9006	Heavy Equipment Storage Structure	\$100,000.00	\$100,000.00	Pending
	TOTAL	\$1,968,000.00	\$2,730,000.00	

As indicated in the table above, costs have risen dramatically since the original estimates due to multiple factors including supply chain issues for materials causing cost increases, increases in consultant rates and overall inflation. The Program C well Project was originally estimated to cost approximately \$2.1 million in 2021. The actual costs will be closer to \$3.1 million by the time of completion. The District was awarded a grant from the Department of Water Resources (DWR) for \$1.5 million for the Program C Well and Pipeline Project which will help offset the above referenced increase in project cost.

Similar escalated cost issues are attributed to the increase in costs for the 16th Street North Tank Rehabilitation Project.

The following table summarizes the changes in the Fund 500 budget. More detailed line-item descriptions of the various budget adjustments are provided as an attachment to the report. The following table summarizes the revised budget for Fiscal Year 2023-24.

500 - Water			
Fund 500 Budget Category	2023-2024 Budget	2023-2024 Mid-Year Budget	Increase/ (Decrease)
Revenue	\$3,212,526.10	\$3,309,526.10	\$97,000.00
Expenditures			
Total Personnel	\$955,980.00	\$972,160.00	\$16,180.00
Services & Supplies	\$636,717.00	\$672,365.00	\$35,648.00
Capital Outlay	\$1,922,000.00	\$2,730,000.00	\$808,000.00
Debt Service	\$264,890.53	\$264,890.53	\$0.00
Reserves	\$57,000.00	\$57,000.00	\$0.00
Transfers	\$543,503.36	\$543,503.36	\$0.00
TOTAL Expenditures	\$4,380,090.89	\$5,239,918.89	\$859,828.00
TOTAL Revenue	\$3,212,526.10	\$3,309,526.10	\$97,000.00

Fund 650 – Solid Waste

Major Adjustment Requests: An increase in Professional and Legal line item, 7320, to fund the upcoming 2025 Solid Waste Base Year rate application review and District’s share of an update to the Solid Waste rate setting methodology.

Impact to Budget: Increase Services and Supplies budget of \$31,000

Fund 650 – Mid-Year Budget Adjustment Summary

As indicated, there is an increase in the Fund 650 budget of \$31,000.

The following table summarizes the requested changes to the Fund 650 budget. More detail is provided in the attached item detail document.

650 - Solid Waste			
Fund 800 Budget Category	2023-2024 Budget	2023-2024 Mid- Year Budget	Increase/ (Decrease)
Revenue	\$350,000.00	\$350,000.00	\$0.00
Expenditures			
Total Personnel	\$0.00	\$0.00	\$0.00
Services & Supplies	\$17,000.00	\$48,000.00	\$31,000.00
Capital Outlay	\$0.00	\$0.00	\$0.00
Debt Services	\$120,000.00	\$120,000.00	\$0.00
Reserves	\$0.00	\$0.00	\$0.00
Transfers	\$71,513.60	\$71,513.60	\$0.00
TOTAL Expenditures	\$208,513.60	\$239,513.60	\$31,000.00
TOTAL Revenue	\$350,000.00	\$350,000.00	\$0.00

Fund 800 – Drainage

Major Adjustment Requests: Minor increases in Services and Supplies various categories; major increase in Capital Outlay budget associated with two Cabrillo basin studies related to permanent repairs and watershed hydrology and peak water flow.

Impact to Budget:

- Increase in the Services & Supplies budget of \$9,650.00
- Increase in the Capital Outlay budget of \$52,000

Fund 800 – Mid-Year Budget Adjustment Summary

As indicated, there is an increase in the Fund 800 budget of \$61,650.00. The most significant increase is in the Capital Outlay budget is associated with two Cabrillo Stormwater Basin studies that have been recently completed.

The following table summarizes the requested changes to the Fund 800 budget. More detail is provided in the attached item detail document.

800 - Drainage			
Fund 800 Budget Category	2023-2024 Budget	2023-2024 Mid- Year Budget	Increase/ (Decrease)
Revenue	\$247,331.39	\$247,331.39	\$0.00
Expenditures			
Total Personnel	\$12,200.00	\$12,200.00	\$0.00
Services & Supplies	\$33,950.00	\$43,600.00	\$9,650.00
Capital Outlay	\$18,000.00	\$70,000.00	\$52,000.00
Reserves	\$0.00	\$0.00	\$0.00
Transfers	\$14,302.72	\$14,302.72	\$0.00
Debt Service	\$63,890.50	\$63,890.50	\$0.00
TOTAL Expenditures	\$142,343.22	\$203,993.22	\$61,650.00
TOTAL Revenue	\$247,331.39	\$247,331.39	\$0.00

Fund 900 – Parks and Recreation

Major Adjustment Requests: An increase in Investment Income, line item 4510, to reflect income received more accurately. A decrease in Infrastructure CIP, line item 9006, as there are no projects planned for the 23/24 FY.

Impact to Budget: Increase in Revenue of \$9,300 and a Decrease in Capital Outlay of \$42,000.

Fund 900 – Mid-Year Budget Adjustment Summary

As indicated, there is a decrease in the Fund 900 budget of \$42,000.

The following table summarizes the requested changes to the Fund 900 budget. More detail is provided in the attached item detail document.

900 - Parks & Recreation			
Fund 900 Budget Category	2023-2024 Budget	2023-2024 Mid- Year Budget	Increase/ (Decrease)
Revenue	\$15,700.00	\$25,000.00	\$9,300.00
Expenditures			
Services & Supplies	\$1,600.00	\$1,600.00	\$0.00
Capital Outlay	\$42,000.00	\$0.00	-\$42,000.00
Transfers	\$3,575.68	\$3,575.68	\$0.00
TOTAL Expenditures	\$47,175.68	\$5,175.68	-\$42,000.00
TOTAL Revenue	\$15,700.00	\$25,000.00	\$9,300.00

Advisory Committee Action

The Utilities Advisory Committee reviewed the Fund 500 and 800 budgets at their January 17, 2024 meeting and recommended to the Board approval of the mid-year budget adjustments as presented.

Attachments

23/24 Mid-Year Budget Line-Item Details