



May 31, 2022

TO: Finance Advisory Committee (FAC)

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 5 – 05/31/2022 FAC Meeting
Budget Review for Fiscal Year 2022-2023.

DESCRIPTION

This report summarizes the proposed final budget for Fiscal Year 2022-2023. The proposed final budget will be presented at the June 2nd Board meeting.

STAFF RECOMMENDATION

Staff recommends the following:

- 1. Review and comment (as needed) on the budget for each Fund.**
- 2. Provide a recommendation(s) to the Board of Directors regarding the budget document.**

DISCUSSION

This FY 2022-2023 Final Budget Document (attached) includes a variety of information designed to assist the reader in understanding the District's financial health and fiscal priorities for the 2022-2023 fiscal year. The budget document is formatted to provide the key information for each fund followed by a summary of revenues and expenditures. The purpose of displaying the information in this manner is so the reader can get an understandable view of the fiscal health of each fund and the District as a whole.

This budget continues to implement the District's reserve policies, which were amended and updated in 2017 to ensure the sustainability of the District's operations and programs for emergency services, water, drainage, lighting and parks and recreation. With the adoption by the Board of 2022 work plans for the various committees, the budget supports the direction and objectives outlined in those plans.

Staff presented the preliminary budget to the Board at your May 5, 2022 meeting. Direction was provided and incorporated into the final budget document. Some additional information was received after the May 5th meeting and has been incorporated as well.

The following summarizes the budget requests presented at the May 5th meeting including any changes that were made based on Board direction.

President
Matthew D. Fourcroy

Vice President
Charles L. Cesena

Directors
Troy C. Gatchell
Marshall E. Ochylski
Christine M. Womack

General Manager
Ron Munds

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Fund 100 – Administration

No change from May 2, 2022 FAC meeting and May 5, 2022 Board meeting:

Major Requests: Increase in personnel costs related to the change in salary scheduled for the Administrative Services Manager (ASM) approved by the Board in April 2022, transitional costs related to training for the new ASM and other adjustments to benefit costs. Additionally, costs associated with the Board election in November is included in this fiscal year's budget.

Impact to Budget: Overall personnel costs increase by about \$33,700, an increase of roughly 9.1% over FY 2021-22. The Services and Supplies budget increases by approximately \$18,140 or about 6%, mostly driven by the November election costs estimated at \$15,000.

| 100 - ADMINISTRATION | | | |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Fund 100 Budget Category | 2021-2022 Budget | 2022-2023 Budget | Increase/ (Decrease) |
| Revenue | \$661,110.53 | \$712,957.50 | \$51,846.97 |
| Expenditures | | | |
| Personnel | \$368,865.50 | \$402,572.50 | \$33,707.00 |
| Services & Supplies | \$292,245.03 | \$310,385.00 | \$18,139.97 |
| TOTAL Expenditures | \$661,110.53 | \$712,957.50 | \$51,846.97 |
| TOTAL Revenue | \$661,110.53 | \$712,957.50 | \$51,846.97 |

Fund 200 – Bayridge Estates

No change from May 2, 2022 FAC meeting and May 5, 2022 Board meeting:

Major Requests: Reduction in the administrative cost allocation from 0.5% to 0.25%.

Impact to Budget: The reduction in recommended cost allocation is approximately \$1,520 annually.

| 200 - Bayridge | | | |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Fund 200 Budget Category | 2021-2022 Budget | 2022-2023 Budget | Increase/ (Decrease) |
| Revenue | \$12,400.00 | \$10,000.00 | -\$2,400.00 |
| Expenditures | | | |
| Services & Supplies | \$7,319.16 | \$7,399.16 | \$80.00 |
| Capital Outlay | \$0.00 | \$0.00 | \$0.00 |
| Debt Service | \$0.00 | \$0.00 | \$0.00 |
| Transfers | \$3,305.55 | \$1,782.39 | -\$1,523.16 |
| TOTAL Expenditures | \$10,624.71 | \$9,181.55 | -\$1,443.16 |
| TOTAL Revenue | \$12,400.00 | \$10,000.00 | -\$2,400.00 |

Fund 301 – Fire

Changes from May 2, 2022 FAC meeting and May 5, 2022 Board meeting:

Per Board direction, the Zone A property tax revenue allocation was increased from 52.5% to 67.3% which equates to \$190,074.

Major Requests: Increase in Personnel costs related to overtime for the reserve firefighters and unfunded accrued liabilities for retirement costs for legacy employees.

Though there is an overall decrease in budget for Services and Supplies because of a reduction in the Cal Fire Schedule A charges, cost for several line items were increased in the following categories:

- “Insurance, Licenses and Regulatory Fees”
- “Other Expenses” for living space upgrades at the station
- “Repairs and Maintenance” which include repairs to the training tower
- “Rent and Utilities” for increased water and cable charges

Capital Outlay for this budget includes a structural assessment of Station 15 and the replacement of the Utility truck.

Impact to Budget: The increase in the Personnel costs is about \$16,100, there is a reduction in the Services and Supplies budget by approximately \$266,200 due to a \$295,680 reduction in the Cal Fire Schedule A charges in line item #7500. Minus the Cal Fire charges, there is a net increase in the Services and Supplies budget of about \$30,500. The Capital Outlay budget includes \$50,000 for the assessment of Station 15 and \$73,000 for the replacement of the Utility truck.

| 301 - Fire | | | |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Fund 301 Budget Category | 2021-2022 Budget | 2022-2023 Budget | Increase/ (Decrease) |
| Revenue | \$3,219,639.60 | \$3,352,148.04 | \$132,508.44 |
| Expenditures | | | |
| Total Personnel | \$273,514.00 | \$289,625.00 | \$16,111.00 |
| Services & Supplies | \$2,637,497.60 | \$2,371,296.00 | -\$266,201.60 |
| Capital Outlay | \$80,363.04 | \$123,180.00 | \$42,816.96 |
| Reserves | \$183,713.00 | \$188,398.00 | \$4,685.00 |
| Transfers | \$66,111.05 | \$71,295.75 | \$5,184.70 |
| Total Expenditure | \$3,241,198.69 | \$3,043,794.75 | -\$197,403.94 |
| Total Revenue | \$3,219,639.60 | \$3,352,148.04 | \$132,508.44 |

Fund 400 – Vista de Oro

No change from May 2, 2022 FAC meeting and May 5, 2022 Board meeting:

Major Requests: Decrease in annual assessment because of the paying off of the inter-fund loan. Decrease in the cost allocation from 0.5% to 0.25%.

Impact to Budget: Annual assessment decrease from \$15,780 to \$6,000 and decrease of approximately \$1,500 for the change in the cost allocation percentage from 0.5% to 0.25%.

| 400 - VISTA DE ORO | | | |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Fund 400 Budget Category | 2021-2022 Budget | 2022-2023 Budget | Increase/ (Decrease) |
| Revenue | \$15,768.00 | \$6,000.00 | -\$9,768.00 |
| Expenditures | | | |
| Services & Supplies | \$3,342.20 | \$3,360.00 | \$17.80 |
| Debt Service | \$6,711.49 | \$0.00 | -\$6,711.49 |
| Transfers | \$3,305.55 | \$1,782.39 | -\$1,523.16 |
| TOTAL Expenditures | \$13,359.24 | \$5,142.39 | -\$8,216.85 |
| TOTAL Revenue | \$15,768.00 | \$6,000.00 | -\$9,768.00 |

Fund 500 – Water

Changes from May 2, 2022 FAC meeting and May 5, 2022 Board meeting:

Per Board direction, the Zone A property tax revenue allocation is set at a rate of approximately \$49,989.76 for the next three years.

Major Requests: Increase in Salaries and Wages per a new two-year SLOCEA Memorandum of Understanding (MOU) and an increase in Capital Outlay for Capital Improvement Projects (CIP).

Impact to Budget: Using the numbers from the negotiations with SLOCEA for the new two-year MOU, Salaries and Wages will increase by approximately 5.25% (+/-), with an increase in stand-by pay and unfunded accrued liabilities for retirement which will increase Personnel Costs by about 10% or \$76,000.

The Services and Supplies budget was decreased by over \$52,000, mainly from reductions in Legal and Professional Services and in Repairs and Maintenance line items.

Capital Improvement Expenditures (GL #9006) will increase by about \$345,000 based on the continuation of the Program C Well Project and other projects identified in the CIP table below, including carryover amounts from this fiscal year.

| 500 - Water | | | |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Fund 500 Budget Category | 2021-2022 Budget | 2022-2023 Budget | Increase/ (Decrease) |
| Revenue | \$2,953,383.40 | \$3,124,625.76 | \$171,242.36 |
| Expenditures | | | |
| Total Personnel | \$780,181.50 | \$856,333.00 | \$76,151.50 |
| Services & Supplies | \$630,758.00 | \$578,352.00 | -\$52,406.00 |
| Capital Outlay | \$1,607,225.00 | \$1,918,000.00 | \$310,775.00 |
| Debt Service | \$275,556.50 | \$264,949.19 | -\$10,607.31 |
| Reserves | \$57,000.00 | \$57,000.00 | \$0.00 |
| Transfers | \$565,249.50 | \$541,847.70 | -\$23,401.80 |
| TOTAL Expenditures | \$3,915,970.50 | \$4,216,481.89 | \$300,511.39 |
| TOTAL Revenue | \$2,953,383.40 | \$3,124,625.76 | \$171,242.36 |

Fund 600 – Wastewater

No change from May 2, 2022 FAC meeting and May 5, 2022 Board meeting:

Major Requests: Increase in the fee charged by NBS for property tax assessment and collection services decreased by \$814 due to the District not providing follow-up mailers and a \$165 increase, or 10%, in US Bank service charge.

Impact to Budget: NBS fee decreased by \$814 and US Bank fee increase by \$165.

| 600 - Wastewater | | | |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Fund 600 Budget Category | 2021-2022 Budget | 2022-2023 Budget | Increase/ (Decrease) |
| Revenue | \$20,110.55 | \$19,720.79 | -\$389.76 |
| Expenditures | | | |
| Services & Supplies | \$16,805.00 | \$16,156.00 | -\$649.00 |
| Debt Service | \$0.00 | \$0.00 | \$0.00 |
| Transfers | \$3,305.55 | \$3,564.79 | \$259.24 |
| TOTAL Expenditures | \$20,110.55 | \$19,720.79 | -\$389.76 |

| | | | |
|----------------------|--------------------|--------------------|------------------|
| TOTAL Revenue | \$20,110.55 | \$19,720.79 | -\$389.76 |
|----------------------|--------------------|--------------------|------------------|

Fund 650 – Solid Waste

No change from May 2, 2022 FAC meeting and May 5, 2022 Board meeting:

Major Requests: Fund 650 is a new budget with many assumptions and estimations built in. It is proposed that Personnel and Rent & Utilities costs be part of the transfer amount in the revised cost allocation plan. Other budgetary items such as Legal and Professional Services and Office/Operations are general estimations that can be adjusted up or down during the mid-year budget adjustment process once staff have a better understanding of the budget expenditures.

Impact to Budget: The estimated overall budget for Fund 650 is \$211,295, which includes the \$120,000 annual payment to the County.

| 650 - Solid Waste | | | |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Fund 800 Budget Category | 2021-2022 Budget | 2022-2023 Budget | Increase/ (Decrease) |
| Revenue | \$0.00 | \$245,000.00 | \$245,000.00 |
| Expenditures | | | |
| Total Personnel | \$0.00 | \$0.00 | \$0.00 |
| Services & Supplies | \$0.00 | \$20,000.00 | \$20,000.00 |
| Capital Outlay | \$0.00 | \$0.00 | \$0.00 |
| Debt Services | \$0.00 | \$120,000.00 | \$120,000.00 |
| Reserves | \$0.00 | \$0.00 | \$0.00 |
| Transfers | \$0.00 | \$71,295.75 | \$71,295.75 |
| TOTAL Expenditures | \$0.00 | \$211,295.75 | \$211,295.75 |
| TOTAL Revenue | \$0.00 | \$245,000.00 | \$245,000.00 |

Fund 800 – Drainage

No change from May 2, 2022 FAC meeting and May 5, 2022 Board meeting:

Major Requests: Proposed minor increases in Personnel Costs and Services and Supplies related to fuel costs.

Impact to Budget: Increase in Personnel costs of about \$2,000 and \$500 increase in Services and Supplies associated with increased fuel costs.

| 800 - Drainage | | | |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Fund 800 Budget Category | 2021-2022 Budget | 2022-2023 Budget | Increase/ (Decrease) |
| Revenue | \$133,539.00 | \$135,154.00 | \$1,615.00 |
| Expenditures | | | |
| Total Personnel | \$9,200.00 | \$11,200.00 | \$2,000.00 |
| Services & Supplies | \$29,934.24 | \$30,450.00 | \$515.76 |
| Capital Outlay | \$15,000.00 | \$15,000.00 | \$0.00 |
| Reserves | \$0.00 | \$0.00 | \$0.00 |
| Transfers | \$13,299.37 | \$14,259.15 | \$959.78 |
| TOTAL Expenditures | \$67,433.61 | \$70,909.15 | \$3,475.54 |
| TOTAL Revenue | \$133,539.00 | \$135,154.00 | \$1,615.00 |

Fund 900 – Parks & Recreation

Changes from May 2, 2022 FAC meeting and May 5, 2022 Board meeting:

Per Board direction, the Zone A property tax revenue allocation was increased to 15% which equates to \$42,364.

Major Requests: The Parks and Recreation Advisory Committee continues its work on the Dog Park Conceptual Plan. Funding to move forward from the concept phase to design will cost in the range of \$82,000 to \$85,000. The Board selected Option 2 presented at the May 5th Board meeting which allocates \$42,364 to Fund 900.

Impact to Budget: The addition of \$42,364 to help fund the design of the Dog Park.

| 900 - Parks & Recreation | | | |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Fund 900 Budget Category | 2021-2022 Budget | 2022-2023 Budget | Increase/ (Decrease) |
| Revenue | \$25,799.70 | \$42,364.20 | \$16,564.50 |
| Expenditures | | | |
| Services & Supplies | \$1,600.00 | \$1,600.00 | \$0.00 |
| Capital Outlay | \$60,000.00 | \$42,000.00 | -\$18,000.00 |
| Transfers | \$6,611.11 | \$7,129.58 | \$518.47 |
| TOTAL Expenditures | \$68,211.11 | \$50,729.58 | -\$17,481.54 |
| TOTAL Revenue | \$25,799.70 | \$42,364.20 | \$16,564.50 |

Advisory Committee Recommendations

The Preliminary Budget was reviewed by the Finance Advisory Committee (FAC) meeting at their May 2, 2022 meeting, at which time they supported the budget as presented and requested an update based on the Board’s decisions on May 5th at their next meeting. The FAC received the Final Budget at their May 31st meeting for review and comments.

The Utilities Advisory Committee reviewed the Preliminary Budget at their April 20, 2022 meeting and recommended approval of the budget as presented. UAC reviewed the Final Budget at their May 18th meeting as well.

The Emergency Services Advisory Committee’s May meeting was canceled, but the Final Budget was distributed to the committee members for their review and comments. No comments were received.

Attachment
Fiscal Year 2022-2023 Final Budget