



June 29, 2016

**TO:** LOCSD Board of Directors  
**FROM:** Peter J. Kampa, Interim General Manager  
**SUBJECT:** **Agenda Item 2A – 6/29/2016 Special Board Meeting**  
Adopt Resolution Approving the Fiscal Year 2016-2017  
Preliminary Budget

**President**  
Marshall E. Ochylski

**Vice President**  
Jon-Erik G. Storm

**Directors**  
Charles L. Cesena  
Louis G. Tornatzky  
R. Michael Wright

**Interim General Manager**  
Peter J. Kampa

**Temporary District Accountant**  
Dale G. Flynn

**Unit Chief**  
Scott M. Jalbert

**Battalion Chief**  
Tom McEwen

**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

www.losososcsl.org

### **DESCRIPTION**

Conduct hearing to consider all testimony to approving the Fiscal Year 2016-2017 Preliminary Budget and provide staff direction regarding requested changes, modifications or additions for the adoption of a Fiscal Year 2016-2017 Final Budget prior to September 1, 2016.

### **STAFF RECOMMENDATION**

Staff recommends that the Board approve the following action:

***Motion: I move that the Board adopt Resolution 2016-23 adopting the Fiscal Year 2016-2017 Preliminary Budget.***

### **DISCUSSION**

State law requires that the District adopt a budget for the ensuing fiscal year by July 1. The District can adopt either a Preliminary or Final budget by the July 1 deadline. Adoption of a final budget in a single Board action is the normal procedure for most enterprise special districts, such as LOCSD, since our revenue and expenses are for the most part accurately predictable by the end of June each year.

Below are detailed the reasons why staff recommends that our Board first adopt a Preliminary budget, and then adopt a final budget by the September 1 deadline:

1. Final audited 2014-2015 financial statements were just made available to staff during the week of June 20, 2016 which did not leave adequate time to include and evaluate these figures in our preparation of this first draft budget; and
2. Accurate fund balances for each of the District reserve accounts are necessary in management's appropriations to the various expenses for which the reserves may be used, such as major capital purchases, mandatory reserves, or in the event of operating revenue shortfalls. Although cash account balances are available, the accurate amount available in each reserve fund was not available at the time of budget development; and

3. Advance public review and discussion of the first draft budget document both in District Committee and with the general public was not possible to arrange due to delays caused by lack of accurate historical financial documentation, many changes in accounting methods and account numbering over the past years, and developing solid accounting and budgeting methods and practices going forward to ensure that accurate, timely information is available to management and the Board. Additional public and District Committee review time is necessary prior to adoption of a final budget for the year.

Adoption of a Preliminary Budget for 2016-2017 meets the requirements of state law, facilitates additional time for public input, allows the Board to provide specific direction on areas of the budget needing additional evaluation and documentation, and affords District management the time to achieve the Board's directives, ensure accuracy in financial documentation and to develop policies and procedures to bolster the District's budgeting and financial reporting processes.

The attached Budget Preparation Memorandum contains detailed descriptions explaining and supporting in plain language the estimated revenue and proposed expenses of the District for the upcoming fiscal year. Without the Budget Memorandum, the budget numbers can be a confusing set of columns with dollars that show how much we expect to make or spend, but do not explain why we need to spend them, or how not spending them affects the operation of the system.

Adoption of this Preliminary Budget allows management to move forward with normal operating expenses and also approves the implementation of employee salary adjustments approved in the most recent Memorandum of Understanding dated October 12, 2015.

The Preliminary Budget also allows existing or previously approved projects and purchases to proceed such as the bidding of the 8<sup>th</sup> Street Well Project, purchase of the replacement Medic/Rescue vehicle and planning for the implementation of the water system intertie with Golden State Water Company. The start of other capital purchases detailed in the Preliminary Budget will be delayed until a final budget is adopted prior to September 1, 2016.

District management has seen the most success in presenting simple, summarized budgets with additional supporting detail publically available on request if necessary.

### **FINANCIAL IMPACT**

The financial impact of adoption of the Preliminary Budget is described in detail in the attached Budget Memorandum and shown in the Budget Document.

Attachments:

1. Budget Preparation Memorandum dated June 29, 2016
2. Budget Document containing revenue and expense projections for District Administration, Fire Department, Water, Drainage and Wastewater Services



# PRELIMINARY BUDGET PREPARATION MEMORANDUM

June 29, 2016

## BUDGET OVERVIEW

### PURPOSE

We are pleased to present to the Board of Directors the proposed 2016/17 Fiscal Year Budget, supported by this supporting Budget Preparation Memorandum. The following assumptions, criteria and descriptions are used by staff in developing the actual budget numbers and should be very helpful in understanding the budget and its implications.

The development of the small public agency budget is as much an exercise in public outreach and education as it is in finance and fiscal accountability. Effective special district budgets tie directly to strategic plans and management goals and objectives, are simply presented and easily understood by the average District service customer. The District has seen much confusion over its financial performance, and we are determined to implement the financial structure and process to make local budgets and financial statements understandable, and in conformance with all laws and standards. Through these budget processes we also attempt to inform the general public of the good work we do at the LOCSD.

The primary purpose of the annual budget is to match available funding with meeting the service objectives of the Board of Directors, as well as agreements and permit conditions. In budget development, management allocates specified amounts of money to all necessary expenditures of the District based on Board policy, established priorities and the operating needs of the District as determined by its professional staff. It is normal for Boards and/or the public to question or challenge certain expenditures, and staff should be expected to support and even defend recommended expenditure levels with additional information, requirements from permits, studies, evaluations, comparisons or benchmarks to explain the relationship between the expenditure and meeting the Board's service objectives.

With this proposed as the preliminary budget, we expect significant Board direction at this June 29 meeting as we continue to refine our projections and resolve any outstanding budget issues, as well as produce a final budget that is balanced and the resulting progress and financial condition of the District clearly known. We expect to adopt the final 2016-17 budget in August 2016 following Board Committee review and input.

### TRANSPARENCY

To provide a basis of budget understanding, the assumptions, criteria and procedure of budget development is articulated in this memorandum to offer the reader with the background necessary to comprehend the methodology used and the information necessary to identify trends, financial red flags, budget influences and other factors. The budget must identify where

#### President

Marshall E. Ochylski

#### Vice President

Jon-Erik G. Storm

#### Directors

Charles L. Cesena

Louis G. Tornatzky

R. Michael Wright

#### Interim General Manager

Peter J. Kampa

#### Temporary District Accountant

Dale G. Flynn

#### Unit Chief

Scott M. Jalbert

#### Battalion Chief

Tom McEwen

the public's money will be spent in the upcoming year; what vehicles, equipment and capital projects will be purchased, how much is spent on personnel, etc. The budgeting exercise is therefore used as a vehicle to increase financial transparency and accountability.

## ACCOUNTABILITY

Budgeting is also a management tool used to continuously refine financial accounting methods to evaluate the impact of delivering various levels of public services. For example, we need to be able to not only quickly recognize when we have underestimated cost for materials and supplies; we should also have the ability to know whether the added expenses could have been avoided by replacing something sooner; such as a pump. We also need to carefully understand the cost for full water system maintenance according to an industry standard, versus the cost to allow equipment to deteriorate without much maintenance, ultimately replacing it sooner than typically required. Throughout the upcoming year, we will be refining our accounting practices to allow for this level of expense tracking so that in future budgets, we can easily understand the value and cost of our efforts, in each of the major areas of the services we provide.

## SERVICE LEVELS

The District provides public, domestic water supply in accordance with various permits issued by the state. These permits are an example of a service in which our actions and service levels are for the most part fixed by others. We have a fiduciary responsibility under the permits to employ the certified staff and work them around the clock if necessary, purchase the monitoring equipment, replace and upgrade infrastructure to standards, perform sampling, purchase materials and supplies and apply the methods necessary to meet the specific operational conditions detailed in these complex permits. Noncompliance with permits results in serious fines issued by the state on a daily basis. Budgetary limitations are not an excuse for noncompliance with permit conditions.

Property or vehicle maintenance is an example of activities where we have the discretion to set service levels. Other than for fire protection and potential liability reduction, there are no state or federal mandates that require us to perform ongoing property maintenance to a specific level; however lack of maintenance on properties makes for ugly property, and lack of vehicle maintenance is not only ugly, but can shorten the life of a vehicle. Conducting our work in a manner that leaves a "known" *Dangerous and Defective Condition of Public Property* is one of the few instances where a public agency can be held liable for damages determined to be caused by such defects. In either case, the Board has the discretion to allow funding for more or less emphasis on these types of activities based on its priorities.

Although not mandatory, performing property and vehicle maintenance to an established standard will reduce liability to a minimum and maximize the useful life of the property and equipment itself; thereby reducing long term costs.

Maintenance to the full industry standard can be extremely expensive for a small community, especially when we perform the services and receive NO form of revenue other than fees and low property taxes. This high cost often leads the special district Board to under-fund necessary maintenance work, thus making a conscious decision to perform a lower level of service than required for optimal equipment life. For the most part, this budget proposes a level of maintenance adequate to keep systems functioning, with the understanding that many replacements will be needed at some point in the future.

When it comes to our fire services; by contracting with CalFire, we have selected a level of service commensurate with the standard of care and response expected of Calfire employees and stations statewide. In order to maintain this level of service, equipment must be in working order and meeting standards.

## 2016/17 BUDGET DISCUSSION

The District's budget is developed for the ensuing calendar year by the Accountant with assistance from department heads or other assigned budget preparers; under the review and guidance of the General Manager. Expenses and revenue spent and received this fiscal year were not able to be accurately calculated in preparation for this budget, due to the accounting problems of the past two years, and disarray for many changed account numbers established for unclear purposes. Staff used the 2015/16 fiscal year budget, and audited figures from past years to estimate expenses for 2016/17. Further, budget criteria are established and assumptions about known changes in expenses and revenue for the next year are forecasted and further guide budget development.

The purpose of the following budget assumptions and criteria is to provide the Board a better understanding of what makes up the budget, and why the numbers look the way they do. Explaining what drives the number can be a significant help in relating to the actual numbers shown in the various fund budgets. This budget proposal is very simply constructed and presented, due to the relatively stable and very limiting nature of our funding and limited expense fluctuations; therefore, this narrative is very important in understanding the financial condition of the District and where we will be spending the same, more or less money next year. Following are some basic assumptions and criteria used in our budget development:

## REVENUE FORECASTS

- There will be no changes in the type of revenue received; ie no new assessments adopted or fees charged
- Both water base rate and sales (consumption) revenue will be consistent with the projected fiscal year end 2016. We are not planning financially on selling more water, or gaining more customers this fiscal year.
- The second of four water rate increases goes into effect July 1, 2016
- Fire special taxes will be increased by the 2.6% recommended
- No specific grant funds have been budgeted for the water fund.
- Revenue for the Wastewater fund is derived from administrative fees charged on the existing wastewater assessment bonds charged on the tax rolls
- Revenue for the Park and Recreation fund is derived from a transfer of revenue from the existing Park and Recreation reserve fund
- Property taxes will increase over last year's rate as estimated by the County

## EXPENSE ASSUMPTIONS AND CRITERIA

The 2016/17 fiscal year budget is being prepared using the following assumptions regarding expenses:

### **\*FUND 200 – Bayridge Estates**

- This fund provides street lighting, septic services, and open space management.
- There are 147 parcels that are assessed \$373.00 per parcel.
- This fund also receives property tax revenue from one County tax rate area
- Assessments will remain on the properties until the fund is balanced.
- There are 12 septic tanks that need to be pumped out completely so this fund will be charged, and this expense has caused this fund to be approximately \$40,000 in the negative this year.
- Some legal and engineering services will still be required.

### **FUND 301 – Fire**

- Property tax revenue estimated by county tax collector's office, increased due to increasing property sales and taxed valuation

- Special tax revenue estimated by Wallace Group based on tax rolls as prepared for billing and collection
- Expenses include an approximate 5% increase in the cost of the Schedule A contract with Calfire; a \$100,000 increase
- An approximate \$46,000 increase in property taxes and assessments from 2015-16, far below the amount required to cover the Schedule A cost increase
- To balance the revenue and expenses, the vehicle replacement fund allocation was reduced in this budget proposal

**\*FUND 400 – Vista de Oro**

- Collection systems will be legally transferred to the County of San Luis Obispo in the 2016-2017 fiscal year.
- This fund provides street lighting and septic services.
- There are 73 parcels that are assessed \$216.00 per parcel.
- This fund receives NO property tax revenue.
- Assessments will remain on the properties until the fund is balanced.
- Some legal and engineering services will still be required this year, which is reflected in the contract services line.

**\*FUND 200 Bayridge Estates**

- Collection systems will be legally transferred to the County of San Luis Obispo in the 2016-2017 fiscal year.
- Major cost increase due to the one time septic system pumping costs

**FUND 500 – Water**

- This is an enterprise fund for water service in the Baywood Park/Los Osos Community.
- There are roughly 2750 connections that service a population of 7086.
- This fund receives property taxes from five County tax rate areas.
- Revenue estimate of \$1.8M based on FY 15/16 water sales with anticipated rate increase.
- Capital Improvements budgeted for this year will include
  - 8<sup>th</sup> & El Moro Upper Aquifer Well - \$90K for Phase I (drilling & testing)
    - Bids will be opened on July 21, 2016 in the LOCSD office @ 2:00 pm
  - Additional \$110K for the 8<sup>th</sup> & El Moro Upper Aquifer Well after Board approval to continue with equipping whether we blend or have to install an ion exchange unit.
  - Golden State Water Company & LOCSD Intertie project at 11<sup>th</sup> Street & Los Olivos –\$50K. Agreement has been signed.
  - Vehicle replacement - \$50K, Unit A needs to be replaced. It is a 2000 Ford F250 4x4 pickup
- Engineering and Professional Services will continue to be large items as we move forward with projects in the Los Osos Basin Plan.
- Shared Costs for Basin Management Committee items. An estimate for this calendar year is being used as an estimate to budget for next fiscal year. \$120K is the LOCSD share.
- There is a large line item for training and education \$18,500 budgeted. Our crews work with electrical equipment and will receive training this year. This budget item also includes OSHA compliance and other trainings.

**FUND 800 – Drainage**

- This fund provides drainage within the community and this budget includes increased level of repair and maintenance on facilities.
- The total revenue in this department barely covers the cost of personnel salaries for the department.
- The LOCSD maintains four pump stations (Don & Mitchell, 6<sup>th</sup> & El Moro, 8<sup>th</sup> & El Moro, and 16<sup>th</sup> & Paso Robles) and five drainage basins throughout the community.

- We will need some repairs and maintenance on the submersible pump stations to upgrade two control panels - \$5K budgeted.
- If pump or control panels need to be replaced there is \$40K budgeted for capital outlay.

LOS OSOS COMMUNITY SERVICES DISTRICT  
2016-2017 FISCAL YEAR PRELIMINARY BUDGET  
Fund 100 Administration

**ADMINISTRATIVE EXPENSE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Total Salaries & Wages	\$283,824	\$245,765	\$212,192	\$261,002	\$285,549
Total Payroll Taxes&Benefits	\$79,665	\$60,032	\$65,414	\$70,840	\$76,374
<b>TOTAL PERSONNEL EXPENSES</b>	<b>\$363,489</b>	<b>\$305,797</b>	<b>\$277,606</b>	<b>\$331,842</b>	<b>\$361,923</b>
Total Employment Services	\$9,281	\$4,241	\$25,180	\$720	\$500
Total Contract Services	\$50,326	\$70,891	\$49,044	\$45,200	\$55,100
Total Financial Services	\$0	\$0	\$1,128	\$2,000	\$1,000
Total Insurance, Licenses, & Reg.Fees	\$44,495	\$45,574	\$31,550	\$44,000	\$25,000
Total Legal & Professional	\$107,891	\$67,631	\$65,893	\$94,100	\$92,200
Total Office & Operational Supplies	\$13,063	\$16,902	\$14,031	\$15,900	\$14,910
Total Other Expenses	\$0	\$0	\$378	\$500	\$13,500
Total Rent & Utility	\$26,101	\$27,639	\$21,792	\$36,464	\$37,800
Total Repairs & Maintenance	\$513	\$199	\$1,375	\$0	\$100
Total Traveling & Training	\$2,287	\$337	\$3,176	\$750	\$9,300
<b>TOTAL OPERATING EXPENSES</b>	<b>\$253,957</b>	<b>\$233,414</b>	<b>\$213,547</b>	<b>\$239,634</b>	<b>\$249,410</b>
<b>TOTAL EXPENDITURES</b>	<b>\$617,446</b>	<b>\$539,211</b>	<b>\$491,153</b>	<b>\$571,476</b>	<b>\$611,333</b>

LOS OSOS COMMUNITY SERVICES DISTRICT  
2016-2017 FISCAL YEAR PRELIMINARY BUDGET  
Fund 200-Bayridge

**BAYRIDGE REVENUE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Property Taxes	\$6,731	\$7,412	\$7,676	\$7,440	\$8,347
Assessments	\$29,547	\$56,331	\$54,831	\$54,831	\$54,831
<b>TOTAL BAYRIDGE REVENUES</b>	<b>\$36,278</b>	<b>\$63,743</b>	<b>\$62,507</b>	<b>\$62,271</b>	<b>\$63,178</b>

**BAYRIDGE EXPENDITURE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Total Salaries & Wages	\$7,705	\$8,680	\$12,904	\$12,000	\$18,944
Total Payroll Taxes&Benefits	\$3,249	\$2,971	\$4,494	\$4,000	\$6,630
<b>SUBTOTAL PERSONNEL EXPENSES</b>	<b>\$10,954</b>	<b>\$11,651</b>	<b>\$17,398</b>	<b>\$16,000</b>	<b>\$25,574</b>
Total Contract Services	\$650	\$165	\$135	\$850	\$0
Total Equipment and Tools	\$0	\$111	\$0	\$100	\$0
Total Ins.,Lic. & Regulatory Fees	\$1,017	\$0	\$573	\$1,304	\$1,400
Total Legal & Professional	\$840	\$1,250	\$3,004	\$1,000	\$1,000
Total Office Supplies & Oper.	\$0	\$0	\$26	\$0	\$0
Total Other Expenses	\$0	\$0	\$0	\$0	\$0
Total Rent and utilities	\$13,167	\$13,623	\$14,414	\$18,600	\$66,000
Total Repairs & Maint.	\$9,690	\$575	\$9,796	\$9,162	\$0
Total Traveling & Training	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL OPERATING EXPENDITURES</b>	<b>\$25,364</b>	<b>\$15,724</b>	<b>\$27,948</b>	<b>\$31,016</b>	<b>\$68,400</b>
<b>TOTAL EXPENDITURES (PERSONNEL + OPERATING)</b>	<b>\$36,318</b>	<b>\$27,375</b>	<b>\$45,346</b>	<b>\$47,016</b>	<b>\$93,974</b>
Administrative Expense					\$10,428
<b>EXP)</b>	<b>(\$40)</b>	<b>\$36,368</b>	<b>\$17,161</b>	<b>\$15,255</b>	<b>(\$41,224)</b>
Total Capital Outlay	\$17,574	\$0	\$12,468	\$0	\$0
Total Reserves (Set Aside)	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL NON OPERATING EXPENDITURES</b>	<b>\$17,574</b>	<b>\$0</b>	<b>\$12,468</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL REVENUE OVER (UNDER) EXPENDITURES (OPS SURPLUS - NON-OPERATING)</b>	<b>(\$17,614)</b>	<b>\$36,368</b>	<b>\$4,693</b>	<b>\$15,255</b>	<b>(\$41,224)</b>

LOS OSOS COMMUNITY SERVICES DISTRICT  
2016-2017 FISCAL YEAR PRELIMINARY BUDGET  
Fund 301 Fire

**FIRE REVENUE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Property Taxes	\$1,518,765	\$1,625,572	\$1,696,051	\$1,865,460	\$1,896,188
Assessments and Reimbursements	\$510,825	\$497,306	\$556,293	\$536,329	\$553,881
Interest and Investments	\$4,164	\$1,231	\$2,687	\$0	\$0
Grants and Agreements	\$107,902	\$74,579	\$82,689	\$69,634	\$67,134
<b>TOTAL FIRE DEPARTMENT REVENUES</b>	<b>\$2,141,657</b>	<b>\$2,198,688</b>	<b>\$2,337,720</b>	<b>\$2,471,423</b>	<b>\$2,517,203</b>

**FIRE EXPENSE SUMMARY**

Total Salaries & Wages	\$104,542	\$64,936	\$117,758	\$126,307	\$125,799
Total Payroll Taxes&Benefits	\$14,191	\$16,496	\$16,721	\$34,048	\$16,446
<b>SUBTOTAL PERSONNEL EXPENSES</b>	<b>\$118,733</b>	<b>\$81,432</b>	<b>\$134,479</b>	<b>\$160,355</b>	<b>\$142,245</b>
Total Employment Services	\$8,813	\$10,871	\$12,068	\$14,380	\$13,000
Total Clothing & Uniforms	\$10,856	\$3,371	\$4,556	\$4,500	\$6,300
Total Contract Services	\$1,627,919	\$1,629,598	\$1,716,791	\$1,903,836	\$2,008,094
Total Equipment & Tools	\$38,472	\$23,305	\$21,921	\$25,748	\$21,748
Total Financial Services	\$491	\$1,550	-\$937	\$100	\$100
Total Insurance, Licenses, & Reg.Fees	\$19,901	\$23,399	\$23,367	\$23,300	\$20,300
Total Legal & Professional	\$3,378	\$4,812	\$3,227	\$2,040	\$2,720
Total Office & Operational Supplies	\$22,834	\$20,060	\$22,356	\$24,947	\$26,395
Total Other Expenses	\$9,191	\$11,873	\$2,386	\$2,450	\$2,450
Total Repairs & Maintenance	\$12,945	\$19,512	\$11,505	\$11,750	\$12,350
Total Rent & Utility	\$13,704	\$15,589	\$15,063	\$13,532	\$11,582
Total Traveling & Training	\$1,944	\$6,854	\$3,403	\$6,857	\$6,975
<b>SUBTOTAL OPERATING EXPENDITURES</b>	<b>\$1,770,449</b>	<b>\$1,770,794</b>	<b>\$1,835,706</b>	<b>\$2,033,440</b>	<b>\$2,132,014</b>
<b>TOTAL EXPENDITURES (PERSONNEL + OPERATING)</b>	<b>\$1,889,181</b>	<b>\$1,852,226</b>	<b>\$1,970,184</b>	<b>\$2,193,795</b>	<b>\$2,274,259</b>
Administrative Expense				\$110,306	\$120,447
<b>TOTAL SURPLUS (DEFICIT) FROM OPERATIONS (REVENUE-EXPENDITURES-ADMIN EXP)</b>	<b>\$252,475</b>	<b>\$346,462</b>	<b>\$367,536</b>	<b>\$167,322</b>	<b>\$122,497</b>
Total Capital Outlay	\$546,720	\$41,188	\$24,082	\$215,000	\$35,000
Total Reserves (Set Aside)	\$236,393	\$0	\$0	\$143,334	\$87,497
<b>TOTAL NON OPERATING EXPENDITURES (CAPITAL + DEBT + RESERVES)</b>	<b>\$783,113</b>	<b>\$41,188</b>	<b>\$24,082</b>	<b>\$358,334</b>	<b>\$122,497</b>
<b>TOTAL REVENUE OVER (UNDER) EXPENDITURES (OPS SURPLUS - NON-OPERATING)</b>	<b>-\$530,637</b>	<b>\$305,274</b>	<b>\$343,454</b>	<b>-\$191,012</b>	<b>\$0</b>



**CAL FIRE**  
**San Luis Obispo**  
**County Fire Department**

635 N. Santa Rosa • San Luis Obispo, CA 93405  
 Phone: 805.543.4244 • Fax: 805.543.4248  
 www.cdfslo.org

Scott M. Jalbert, Fire Chief

**LOS OSOS FIRE PROTECTION SERVICES AGREEMENT**

**Schedule A Update - May 17, 2016**

**Costs for Providing Fire Protection Services**

Fiscal Year 2016-2017 (July 1, 2016 through June 30, 2017)

Expense Type	CAL FIRE Costs	County Fire Costs	16-17 Total Costs	15-16 Budget	% Increase
<b>Personnel Costs</b>					
Full-Time	1,815,037 *	63,526	1,878,563	1,785,924	4.93%
Fire Station Staffing					
Fire Prevention Services					
Fire Hazard Mitigation Services					
Dispatch Services					
Training Services					
Chief Officer Coverage					
Administrative Services					
Fire Investigation Services					
Reserve Firefighter Program Management					
<b>Operating Costs</b>					
Uniforms	11,589 *	406	11,995	10,792	10.03%
Vehicle Operations	48,525 *	1,698	50,223	48,358	3.71%
Fleet Repair					
Preventive Maintenance					
Fuel, Oil, Lubrication, Batteries, Tires					
As per Schedule D of this agreement					
Communications		3,141	3,141	2,413	23.18%
Paramedic Recertifications		1,264	1,264	1,227	2.93%
Mobile Data Computing Support		3,399	3,399	2,951	13.18%
Firefighter Training		7,335	7,335	6,736	8.17%
GIS Support		588	588	510	13.27%
Other Misc Costs		27,750	27,750	23,854	14.04%
1/4-Time Office Worker		8,419	8,419	7,805	7.29%
County-Wide Overhead		1,816	1,816	1,592	12.35%
<b>TOTAL AMOUNT PAYABLE TO SLO COUNTY FIRE</b>			<b>1,994,494</b>	<b>1,892,162</b>	5.13%
CSA9i Portion			24,480	24,000	1.96%
Los Osos CSD Portion			1,970,014	1,868,162	5.17%

\* These costs include CAL FIRE administrative rate of 12.79%  
 This schedule is modified annually for application in the subsequent fiscal year.

LOS OSOS COMMUNITY SERVICES DISTRICT  
2016-2017 FISCAL YEAR PRELIMINARY BUDGET  
Fund 400-Vista DeOro

**VISTA DE ORO REVENUE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Property Taxes	\$0	\$0	\$0	\$0	\$0
Assessments	\$15,768	\$32,299	\$15,768	\$15,768	\$15,768
<b>TOTAL VISTA DE ORO REVENUES</b>	<b>\$15,768</b>	<b>\$32,299</b>	<b>\$15,768</b>	<b>\$15,768</b>	<b>\$15,768</b>

**VISTA DE ORO EXPENSE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Total Salaries & Wages	\$7,656	\$9,339	\$7,821	\$12,000	\$0
Total Payroll Taxes&Benefits	\$3,236	\$3,336	\$4,494	\$4,000	\$0
<b>SUBTOTAL PERSONNEL EXPENSES</b>	<b>\$10,892</b>	<b>\$12,675</b>	<b>\$12,315</b>	<b>\$16,000</b>	<b>\$0</b>
Total Contract Services	\$0	\$0	\$0	\$1,202	\$6,000
Total Equipment and Tools	\$0	\$0	\$0	\$0	\$0
Total Ins.,Lic. & Regulatory Fees	\$0	\$0	\$1,062	\$0	\$0
Total Legal & Professional	\$0	\$0	\$0	\$0	\$0
Total Office Supplies and Operations	\$0	\$0	\$0	\$0	\$0
Total Other Expenses	\$0	\$0	\$0	\$0	\$0
Total Rent and Utilities	\$169	\$129	\$2,089	\$10,830	\$2,000
Total Repair and Maintenance	\$0	\$0	\$1,935	\$3,012	\$0
Total Travel and Training	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL OPERATING EXPENDITURES</b>	<b>\$169</b>	<b>\$129</b>	<b>\$5,086</b>	<b>\$15,044</b>	<b>\$8,000</b>
<b>TOTAL EXPENDITURES (PERSONNEL + OPERATING)</b>	<b>\$11,061</b>	<b>\$12,804</b>	<b>\$17,401</b>	<b>\$31,044</b>	<b>\$8,000</b>
Administrative Expense					\$9,185
<b>TOTAL SURPLUS (DEFICIT) FROM OPERATIONS (REVENUE-EXPENDITURES-ADMIN EXP)</b>	<b>\$4,707</b>	<b>\$19,495</b>	<b>(\$1,633)</b>	<b>(\$15,276)</b>	<b>(\$1,417)</b>
Total Capital Outlay	\$0	\$0	\$0	\$0	\$0
Total Reserves (Set Aside)	\$0	\$0	\$0	\$0	\$0
<b>SUBTOTAL NON OPERATING EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL REVENUE OVER (UNDER) EXPENDITURES (OPS SURPLUS - NON-OPERATING)</b>	<b>\$4,707</b>	<b>\$19,495</b>	<b>(\$1,633)</b>	<b>(\$15,276)</b>	<b>(\$1,417)</b>

LOS OSOS COMMUNITY SERVICES DISTRICT  
2016-2017 FISCAL YEAR PRELIMINARY BUDGET  
Fund 500 Water

**WATER REVENUE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Total Water Sales Revenue	\$1,703,073	\$1,921,231	\$1,697,209	\$1,907,500	\$1,800,000
Total Water Service Charges	\$48,927	\$55,680	\$53,300	\$40,400	\$47,000
Total Property taxes	\$176,269	\$188,431	\$201,599	\$205,793	\$209,969
Total Use of Mon.&Prop	\$3,851	\$815	\$2,527	\$0	\$3,000
Total Other Revenue	\$12,347	\$3,400	\$21,113	\$5,000	\$56,075
<b>TOTAL WATER DEPARTMENT REVENUES</b>	<b>\$1,944,466</b>	<b>\$2,169,558</b>	<b>\$1,975,749</b>	<b>\$2,158,693</b>	<b>\$2,116,044</b>

**WATER EXPENSE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Total Salaries & Wages	\$293,295	\$361,134	\$404,123	\$409,733	\$426,202
Total Payroll Taxes&Benefits	\$113,328	\$146,324	\$158,323	\$137,332	\$143,925
<b>SUBTOTAL PERSONNEL EXPENSES</b>	<b>\$406,623</b>	<b>\$507,458</b>	<b>\$562,447</b>	<b>\$547,065</b>	<b>\$570,127</b>
Total Employment Services	\$19,261	\$2,591	\$0	\$2,800	\$250
Total Clothing & Uniforms	\$1,712	\$2,366	\$1,301	\$3,000	\$2,000
Total Contract Services	\$56,934	\$54,163	\$50,717	\$95,100	\$82,800
Total Equipment & Tools	\$9,554	\$27,125	\$76,903	\$59,000	\$82,000
Total Financial Services	\$491	\$1,550	\$2,144	\$3,200	\$3,700
Total Insurance, Licenses, & Reg.Fees	\$37,884	\$36,420	\$25,519	\$52,100	\$50,700
Total Legal & Professional	\$131,672	\$131,999	\$284,436	\$257,000	\$267,000
Total Office & Operational Supplies	\$44,145	\$67,283	\$35,769	\$63,200	\$53,815
Total Other Expenses	\$19,920	\$6,073	\$1,183	\$30,100	\$16,000
Total Repairs & Maintenance	\$46,779	\$41,341	\$10,740	\$38,500	\$31,100
Total Rent & Utility	\$110,413	\$112,264	\$100,631	\$237,250	\$134,660
Total Traveling & Training	\$9,210	\$16,137	\$0	\$19,000	\$20,500
Total Traveling & Training	\$250	\$890	\$1,212	\$2,150	\$21,100
<b>SUBTOTAL OPERATING EXPENSES</b>	<b>\$488,226</b>	<b>\$500,202</b>	<b>\$590,555</b>	<b>\$862,400</b>	<b>\$765,625</b>
<b>TOTAL EXPENDITURES (PERSONNEL + OPERATING)</b>	<b>\$894,849</b>	<b>\$1,007,660</b>	<b>\$1,153,001</b>	<b>\$1,409,465</b>	<b>\$1,335,752</b>
Administrative Expense	\$433,892	\$434,170	\$403,532	\$396,344	\$373,458
<b>EXP)</b>	<b>\$615,726</b>	<b>\$727,728</b>	<b>\$419,216</b>	<b>\$352,884</b>	<b>\$406,834</b>
Total Capital Outlay	\$208,055	\$24,135	\$0	\$195,000	\$300,000
Total Ddebt Service	\$279,206	\$278,740	\$278,262	\$277,766	\$277,254
Total Reserves (Set Aside)	\$405,627	\$124,636	\$122,000	\$122,000	\$122,000
<b>TOTAL NON OPERATING EXPENDITURES (CAPITAL + DEBT + RESERVES)</b>	<b>\$892,888</b>	<b>\$427,511</b>	<b>\$400,262</b>	<b>\$594,766</b>	<b>\$699,254</b>
<b>TOTAL REVENUE OVER (UNDER) EXPENDITURES (OPS SURPLUS - NON-OPERATING)</b>	<b>-\$277,162</b>	<b>\$300,217</b>	<b>\$18,954</b>	<b>-\$241,882</b>	<b>-\$292,420</b>

LOS OSOS COMMUNITY SERVICES DISTRICT  
2016-2017 FISCAL YEAR PRELIMINARY BUDGET  
Fund 800 Drainage

**DRAINAGE REVENUE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Property Taxes	\$0	\$0	\$0	\$19,561	\$20,370
Assessments	\$0	\$0	\$0	\$95,456	\$95,456
Investment Income on Funds	\$0	\$0	\$0	\$200	\$0
Sale of Plans and Specs	\$0	\$0	\$0	\$200	\$0
<b>TOTAL DRAINAGE REVENUES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$115,417</b>	<b>\$115,826</b>

**DRAINAGE EXPENSE SUMMARY**

Budget Category	Audited 12-13	Audited 13-14	Audited 14-15	Budget 15-16	Proposed 16-17
Total Salaries & Wages	\$0	\$287	\$0	\$16,000	\$76,500
Total Payroll Taxes&Benefits	\$0	\$0	\$0	\$5,500	\$26,521
<b>SUBTOTAL PERSONNEL EXPENSES</b>	<b>\$0</b>	<b>\$287</b>	<b>\$0</b>	<b>\$21,500</b>	<b>\$103,021</b>
Total Clothing and Uniforms	\$0	\$0	\$0	\$200	\$200
Total Equipment and Tools	\$0	\$0	\$0	\$300	\$100
Total Ins.,Lic. & Regulatory Fees	\$0	\$0	\$0	\$10,602	\$9,200
Total Legal & Professional	\$0	\$0	\$0	\$7,000	\$11,500
Total Office Supplies and Operations	\$0	\$0	\$0	\$100	\$400
Total Other Expenses	\$0	\$0	\$0	\$0	\$0
Total Rent and Utilities	\$0	\$0	\$0	\$3,700	\$5,050
Total Repair and Maintanance	\$0	\$0	\$0	\$4,100	\$15,000
Total Travel and Training	\$0	\$0	\$0	\$50	\$50
<b>SUBTOTAL OPERATING EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$26,052</b>	<b>\$41,500</b>
<b>TOTAL EXPENDITURES (PERSONNEL + OPERATING)</b>	<b>\$0</b>	<b>\$287</b>	<b>\$0</b>	<b>\$47,552</b>	<b>\$144,521</b>
Administrative Expense					\$33,719
<b>TOTAL SURPLUS (DEFICIT) FROM OPERATIONS (REVENUE-EXPENDITURES-ADMIN EXP)</b>	<b>\$0</b>	<b>(\$287)</b>	<b>\$0</b>	<b>\$67,865</b>	<b>(\$62,414)</b>
Total Capital Outlay	\$17,574	\$0	\$0	\$0	\$40,000
Total Reserves (Set Aside)	\$0	\$0	\$0	\$15,000	\$15,000
<b>SUBTOTAL NON OPERATING EXPENDITURES</b>	<b>\$17,574</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,000</b>	<b>\$55,000</b>
<b>TOTAL REVENUE OVER (UNDER) EXPENDITURES (OPS SURPLUS - NON-OPERATING)</b>	<b>(\$17,574)</b>	<b>(\$287)</b>	<b>\$0</b>	<b>\$52,865</b>	<b>(\$117,414)</b>

LOS OSOS COMMUNITY SERVICES DISTRICT  
2016-2017 FISCAL YEAR PRELIMINARY BUDGET  
Cost Allocation Plan

**ADMINISTRATIVE EXPENSE ALLOCATION**

**TOTAL ADMINISTRATION EXPENSE   \$       611,333**

SERVICE	FIRE	WATER	PARKS AND RECREATION	DRAINAGE	BAYRIDGE	VISTA DE ORO	WASTEWATER	TOTALS
ALLOCATION %	19.70%	61.09%	1.05%	5.52%	1.71%	1.50%	9.44%	100.00%
<b>TOTAL AMOUNT TO BE ALLOCATED</b>	<b>\$120,447</b>	<b>\$373,458</b>	<b>\$6,413</b>	<b>\$33,719</b>	<b>\$10,428</b>	<b>\$9,185</b>	<b>\$57,684</b>	<b>\$611,333</b>

**DISTRICT BUDGET TOTALS**

Service	Revenue	Expense	Fund Gain (Loss)
FIRE	\$2,517,203	\$2,517,203	(\$0)
WATER	\$2,116,044	\$2,408,464	(\$292,420)
PARKS & REC	\$7,413	\$7,413	(\$0)
DRAINAGE	\$115,826	\$233,240	(\$117,414)
BAYRIDGE	\$63,178	\$104,402	(\$41,224)
VISTA DE ORO	\$15,768	\$17,185	(\$1,417)
WASTEWATER	\$76,934	\$76,934	\$0
<b>TOTALS</b>	<b>\$4,912,366</b>	<b>\$5,364,840</b>	<b>(\$452,474)</b>

LOS OSOS COMMUNITY SERVICE DISTRICT  
2016-17 FISCAL YEAR DRAFT PRELIMINARY BUDGET  
PERSONNEL EXPENSES

**ADMINISTRATIVE PERSONNEL**

Position	 Proposed 2016/17 Personnel Wages	Proposed	
		2016/17 Personnel Benefits	Proposed 2016/17 Personnel Total Compensation
District Accountant (Vacant)	92,113	13,047	105,160
General Manager(Vacant)	115,000	\$40,250	155,250
Administrative/Accounting Assistant III	65,936	23,077	89,013
<b>Total Administration</b>	<b>273,049</b>	<b>76,374</b>	<b>349,423</b>

**FIRE DEPARTMENT PERSONNEL**

Reserve Firefighters	Proposed 2016/17 Personnel Wages	Proposed	
		2016/17 Personnel Benefits	Proposed 2016/17 Personnel Total Compensation
<b>Total</b>	<b>125,799</b>	<b>15,096</b>	<b>140,895</b>

LOS OSOS COMMUNITY SERVICE DISTRICT  
2016-17 FISCAL YEAR DRAFT PRELIMINARY BUDGET  
PERSONNEL EXPENSES

**OPERATIONS PERSONNEL**

	Proposed 2016/17 Personnel Wages	Proposed 2016/17 Personnel Benefits	Proposed 2016/17 Personnel Total Compensation
<b>Field Operations Employees</b>			
Water Resource Crew Leader	\$81,536	\$28,538	\$110,074
Water Resource Operator III	\$59,384	\$20,784	\$80,168
Utility Compliance Technician III	\$80,704	\$28,246	\$108,950
Water Resource Operator III	\$59,384	\$20,784	\$80,168
Water Resource Operator III	\$55,952	\$19,583	\$75,535
Water Resource Operator I	\$41,912	\$14,669	\$56,581
<b>Office Operations Employees</b>			
Administrative Assistant - Part Time	\$16,692	\$4,173	\$20,865
Administrative/Accounting Assistant II	\$46,904	\$16,416	63,320
Utility Compliance Technician II	\$55,952	\$19,583	\$75,535
<b>Total Operations Personnel</b>	<b>\$498,420</b>	<b>\$172,778</b>	<b>\$671,198</b>

LOS OSOS COMMUNITY SERVICE DISTRICT  
2016-17 FISCAL YEAR DRAFT PRELIMINARY BUDGET  
PERSONNEL EXPENSES

**PERSONNEL ALLOCATED TO WATER SERVICE**

Field Operations (Water) Employees (Allocated at 75% )	Proposed 2016/17 Allocated Wages	Proposed 2016/17 Allocated Benefits	Proposed 2016/17 Allocated Total Compensation
Water Resource Crew Leader	\$61,152	\$21,403	\$82,555
Water Resource Operator III	\$44,538	\$15,588	\$60,126
Utility Compliance Technician III	\$60,528	\$21,185	\$81,713
Water Resource Operator III	\$44,538	\$15,588	\$60,126
Water Resource Operator III	\$41,964	\$14,687	\$56,651
Water Resource Operator I	\$31,434	\$11,002	\$42,436
Office Operations Employees (Allocated at 100% to Water)			
**Administrative Assistant - Part Time	\$16,692	\$4,173	\$20,865
**Administrative/Acctg Assistant II	46,904	16,416	63,320
Utility Compliance Technician II	\$55,952	\$19,583	\$75,535
<b>Total Personnel Allocated to Water</b>	<b>\$403,702</b>	<b>\$139,626</b>	<b>\$543,328</b>

LOS OSOS COMMUNITY SERVICE DISTRICT  
2016-17 FISCAL YEAR DRAFT PRELIMINARY BUDGET  
PERSONNEL EXPENSES

**5% PERSONNEL ALLOCATED TO BAYRIDGE WASTEWATER**

Position	Proposed	Proposed	Proposed
	2016/17 Allocated Wages	2016/17 Allocated Benefits	2016/17 Allocated Total Compensation
Water Resource Crew Leader	\$4,077	\$1,427	\$5,504
Water Resource Operator III	\$2,969	\$1,039	\$4,008
Utility Compliance Technician III	\$4,035	\$1,412	\$5,448
Water Resource Operator III	\$2,969	\$1,039	\$4,008
Water Resource Operator III	\$2,798	\$979	\$3,777
Water Resource Operator I	\$2,096	\$733	\$2,829
<b>Personnel Allocated to Bayridge</b>	<b>\$18,944</b>	<b>\$6,630</b>	<b>\$25,574</b>

**20% PERSONNEL ALLOCATED TO DRAINAGE**

Position	Wages	Allocated Benefits	Allocated Total Compensation
	Water Resource Crew Leader	\$16,307	\$5,708
Water Resource Operator III	\$11,877	\$4,157	\$16,034
Utility Compliance Technician III	\$16,141	\$5,649	\$21,790
Water Resource Operator III	\$11,877	\$4,157	\$16,034
Water Resource Operator III	\$11,190	\$3,917	\$15,107
Water Resource Operator I	\$8,382	\$2,934	\$11,316
<b>Personnel Allocated to Drainage</b>	<b>\$75,774</b>	<b>\$26,521</b>	<b>\$102,295</b>
<b>GRAND TOTAL ALL PERSONNEL</b>	<b>897,268</b>	<b>264,247</b>	<b>1,161,515</b>

**RESOLUTION NO. 2016-22**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT  
ADOPTING THE FISCAL YEAR 2016/2017 PRELIMINARY BUDGET**

**WHEREAS**, the Los Osos Community Services District desires to manage its fiscal affairs according to an adopted budget; and

**WHEREAS**, in accordance with California Government Code Section 61110 et seq the Board of Directors desires to adopt a Preliminary Budget for the 2016-2017 Fiscal Year; and

**WHEREAS**, the Board has reviewed the Fiscal Year 2016/2017 Preliminary Budget at a public meeting held on June 29, 2016; and notice was published as required by law; and

**WHEREAS**, the Los Osos Community Services District will consider the adoption of the final Fiscal Year 2016/2017 Budget prior to September 1, 2016;

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE LOS OSOS COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER THAT THE FISCAL YEAR 2016/2017 PRELIMINARY BUDGET IS ADOPTED AS PRESENTED OR AMENDED AS MOTIONED BY THE BOARD ON JUNE 29, 2016.**

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

Ayes: \_\_\_\_\_  
Nays: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Conflicts: \_\_\_\_\_

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 29<sup>th</sup> day of June 2016.

\_\_\_\_\_  
Marshall E. Ochylski  
President, Board of Directors  
Los Osos Community Services District

ATTEST:

\_\_\_\_\_  
Peter J. Kampa  
Interim General Manager and Secretary to the Board