



January 30, 2023

TO: LOCSD Board of Directors

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 5 – 01/30/2022 FAC Meeting
Review Board Item - Funding Strategy for the Cabrillo Storm Water Basin Repairs.

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DESCRIPTION

On January 9, 2023, the Cabrillo storm water basin experienced a breach of the northeast basin wall. Emergency repairs are required to ensure the future safety of the Vista de Oro neighborhood and downstream properties. This report provides the Board with a strategy to fund those repairs.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the FAC adopt the following motion:

Staff recommends that FAC provide input and direction to staff regarding the funding strategy presented in the report which will be conveyed to the Board; and

Motion: I recommend to the Board that the Board Authorize the spending of the Fund 800 reserves for immediate expenses related to the temporary and permanent repair of the Cabrillo storm water basin.

DISCUSSION

On January 9, 2023, the Cabrillo storm water basin experienced a breach of the northeast basin wall. The result was not only damage to the northeast basin wall but to the homes in the Vista de Oro neighborhood. This report focuses on the Cabrillo storm water basin, the immediate response to help safeguard against water releases and the repairs required to ensure the future safety of the Vista de Oro neighborhood and downstream properties.

The day after the incident, staff was able to secure geotechnical, engineering and contractor support to address the immediate concern for protection from additional flooding from a predicted storm. The temporary work was completed and performed as designed. There is an urgency to get the permanent repairs underway since the temporary work was not designed to handle larger storms than experienced on January 14th.

Estimated Costs

Staff, working with the disaster response team, has estimated the cost for both the temporary and emergency permanent repairs. The following table shows the estimated cost of the temporary emergency response:

INTERIM/EMERGENCY RESPONSE					
Agency/Consultants/Contractor	Item				Extended Cost, \$
Los Osos CSD	Labor (Overtime)				\$ 3,000
Consulting Services					\$ 25,555
Contractor Services					\$ 96,000
INTERIM REPAIRS:	---	---	---		\$ 124,555

The following table summarizes the emergency permanent repairs needed to secure the basin for the remainder of the rainy season:

EMERGENCY PERMANENT BASIN REPAIRS					
Los Osos CSD					TBD
Consulting Services					\$ 88,450
Contractor Services	Permanent Repairs to Basin				\$ 535,000
PERMANENT REPAIRS					\$ 623,450

FINANCIAL IMPACT

Fund 800

Fund 800 has limited financial reserves to support the above costs for the interim and permanent emergency repairs. Fund 800 has a total of \$234,534.82 in the General Contingency and Capital Outlay Reserves. With the estimated total cost for repairs being \$748,005 (without contingencies), staff is proposing that the Board provide direction on an interfund loan using a combination of reserve funds from Fund 301 and 500 to the drainage fund. It is estimated that the District will need around \$1 million, including a 20% contingency, to complete both the emergency interim and permanent repairs. The target would be to use \$500,000 from each fund reserve.

Fund 800 Reserves

Reserve	Amount
Contingency Reserve	\$32,238.22
Capital Outlay Reserve	\$202,296.60
TOTAL	\$234,534.82

Additionally, as part of the recommended action, staff is requesting that the Board approve the use of the Fund 800 reserves to pay for a portion of the costs being accrued as part of the emergency interim repair and other expenses. Many of these expenses should be reimbursable from FEMA in the future.

Fund 500 Reserves

As indicated in the table below, Fund 500 has healthy reserves in multiple categories. Staff would not recommend using funds from the Capital Outlay reserve since the District has multiple capital projects either under construction or in the design phase.

Reserve	Amount
Water Quality Trust	\$91,517.27
Replacement Reserve- vehicles, etc.	\$144,644.25
Contingency Reserve	\$642,183.00
Capital Outlay Reserve	\$1,999,562.85

Water Rate Stabilization Reserve	\$158,456.00
Basin Management Reserve	\$50,031.00
Water Conservation Reserve	\$59,288.00
TOTAL	\$3,145,682.30

Based on the amounts in each reserve category, staff would suggest the following fund loan amounts from each category:

Reserve Category	Amount
Water Quality Trust	\$90,000
Replacement Reserve- vehicles, etc	\$50,000
Contingency Reserve	\$260,000
Basin Management Reserve	\$50,000
Water Conservation Reserve	\$50,000
TOTAL	\$500,000

Fund 301 Reserves

Like Fund 500 and as seen in the table below, Fund 301 reserves are healthy. Because of the uncertainty of the fire station condition, staff would recommend not utilizing the Capital Outlay reserve category. It should be noted that with the recent purchase of the new fire truck with cash from the general checking account, there are no large looming vehicle expenditures in the near future. There will be vehicles costing in the range of \$100,000 coming up in the next two years.

Reserve	Amount
Replacement Reserve- vehicle, equipment	\$1,199,624.02
General Contingency Reserve	\$403,225.51
Public Facilities Fee Reserve	\$40,334.00
Capital Outlay Reserve	\$540,562.42
Fire Mitigation Fund	\$135,448.89
TOTAL	\$2,319,194.84

Based on the amounts in each reserve category, staff would suggest the following fund loan amounts from each category:

Reserve Category	Amount
Replacement Reserve- vehicle, equipment	\$200,000
General Contingency Reserve	\$210,000
Fire Mitigation Fund	\$90,000
TOTAL	\$500,000

Summary

Based on Board direction, staff will return to the Board with the necessary documentation and approval instruments to initiate an interfund loan from other fund accounts. Regular updates will be provided as work proceeds and any reimbursements are received from the state or federal governments.