



October 2, 2023

To: LOCSD Finance Advisory Committee
From: Ron Munds, General Manager
Subject: **Agenda Item 5 – 10/02/2023 FAC Meeting**
General Manager's Update

2023-24 CIP

Bay Oaks Well (formerly Program C Well)

Two bids for the well equipping phase of the project were received on September 21st. The low bid was submitted by Hartzell General Engineering Construction for \$780,500. The engineering estimate for the project was \$750,000. The second bid was for \$935,000.

Other Updates

Fiscal Year 2022-23 Fund 500 Water Revenue, Capital Project and Budget Status Report

The Utilities Advisory Committee (UAC) requested an update on the revenue and budget status at the end of the 2022-23 fiscal year. Attached to this update is the report provided to the UAC. Staff will provide a brief presentation based on the report at the meeting.

Attachment

President
Charles L. Cesena

Vice President
Marshall E. Ochylski

Directors
Matthew D. Fourcroy
Troy C. Gatchell
Christine M. Womack

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

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September 20, 2023

TO: LOCSD Utilities Advisory Committee

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 5 – 09/20/2023 Utilities Advisory Committee Meeting
Fund 500 Capital Improvement Project and Budget Update

STAFF RECOMMENDATION

President
Charles L Cesena

Receive report and provide comments to staff.

DISCUSSION

Vice President
Marshall E. Ochylski

Background

At the last UAC meeting, the committee requested information on the status of the Capital Improvement Projects (CIP) and overall Fund 500 budget update. Staff has compiled some information that will hopefully answer any questions the committee might have regarding the fiscal health of Fund 500.

Directors
Matthew Fourcroy
Troy C. Gatchell
Christine M. Womack

General Manager
Ron Munds

CIP Update

The District has had a fairly aggressive capital project schedule for the past four years. The following table summarizes the status and costs for the past two years of projects.

District Accountant
Robert Stilts, CPA

Capital Improvement Project Update				
Project	Status	Cost Estimate	Cost to Date	Final Cost
Program C Well*	Ongoing	\$2,500,000	\$1,223,224	
16th St South Tank	Completed	\$487,078		\$501,886
10th St Transfer Pump	Ongoing	\$40,715	\$530	
Nipomo Pipeline	Completed	\$495,551		\$503,551
16th St North Tank	Underway	\$700,300	\$6,690	
Storage Structure	Not Started	\$100,000		
8th St Upper Well**	Completed			\$504,748
*The project cost will be higher than the cost estimated listed				
**The project was started in 2016 so the cost estimate is not available				

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As shown, three projects have been completed, two are ongoing, one is just underway and one has not started. The Program C well project, when completed, will probably come in over the identified budget. This is due to increased costs for consulting services and contracting costs for labor and materials.

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

Because of the timing of the implementation and project workflows, the work completed to date has been funded by the District's rates and charges with no reserves dollars needed to help offset costs.

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Fiscal Year 2022-23 Budget Review

Staff has attached the Fund 500 financial statement for the period ending June 30, 2023. Though this isn't the reconciled statement for the entire fiscal year, it does provide a reasonable look at how Fund 500 ended financially. On the expenditure side, you can see there are line items (General Ledger Codes)

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that over and under budget. If the Capital Budget (GL 9006) is excluded from the final totals, the Water Fund expenditures were about \$69,000 under budget.

On the revenue side, water sales, mainly residential water sales, were substantially under budget (see attached revenues as of 6/30/23). Fortunately, grant revenues received for the fiscal year were about \$854,000 and were not included in the original budget. Though the water sales revenue projections in the budget were off, the water sales revenue for FY 2022-23 were only approximately \$42,500 lower than the previous fiscal year. The information below is from the data staff maintains annually to track water sales information from year to year. You will notice the total units sold in FY2022-23 was significantly lower than the units sold the previous fiscal year. The rate increase implement July 1, 2022 helped keep the revenue relatively stable even with the lower water sales.

		2022-23 FY	
2022-23 FY	\$	2,824,991.45	TOTAL REVENUE
		191,619	TOTAL UNITS
		143,331,012	TOTAL GALLONS
Rate Increase		(\$42,505.44)	2022 vs 2021 Comparison Totals
		(17,573)	
		(13,144,604)	
		2021-22 FY	
2021-22 FY	\$	2,867,496.89	TOTAL REVENUE
		209,192	TOTAL UNITS
		156,475,616	TOTAL GALLONS

Fund 500 Reserves

The Fund 500 reserves remain healthy at about \$3,145,700. Of this, approximately \$2 million is held in the Capital Outlay Reserve. As mentioned, the District has been able to afford the expenditures for all the operations and capital project costs by managing the cashflow from the rates and charges. There are still some significant expenditures coming up, mainly with the Program C Well Project. Staff will be keeping the committee and the Board apprised of the financial condition of Fund 500 in the coming months as the capital projects move forward this fiscal year.

Summary

A combination of favorable cashflow during multiple project construction, increases in operational costs and income from rate increases, grants and investments, Fund 500 cash and reserves remain strong. Staff will continue to monitor revenues and expenses as the District continues the implementation of its capital project plan to assure revenue water rate stability into the future.

Attachments

	Current Period Actual	YTD	Total Budget - Revised	Total Budget Variance - Revised	Percent Total Budget Remaining - Revised	
Revenues						
Property Taxes						
4035	Property Taxes	149,750.48	149,750.48	131,329.02	18,421.46	14.03%
	Total Property Taxes	149,750.48	149,750.48	131,329.02	18,421.46	14.03%
Grant Revenue						
4950	Grants	853,668.88	853,668.88	0.00	853,668.88	0.00%
	Total Grant Revenue	853,668.88	853,668.88	0.00	853,668.88	0.00%
Service Charges & Fees						
4030	Residential Single Family	2,151,711.59	2,151,711.59	2,402,240.00	(250,528.41)	(10.43)%
4102	Residential- Multi -Family-	227,069.99	227,069.99	246,640.00	(19,570.01)	(7.93)%
Water Sales						
4103	Commercial, Home Care, Retail-Water Sales	352,834.30	352,834.30	339,693.00	13,141.30	3.87%
4104	Irrigation- Water Sales	51,018.46	51,018.46	33,663.00	17,355.46	51.56%
4114	Water Other Service Revenues	275.65	275.65	1,000.00	(724.35)	(72.44)%
4931	Water Activation Fees	6,400.00	6,400.00	6,000.00	400.00	6.67%
4932	Penalties	25,544.26	25,544.26	21,000.00	4,544.26	21.64%
4933	Door Hangers/Lockout	10,710.00	10,710.00	12,000.00	(1,290.00)	(10.75)%
4937	NSF Fees	325.00	325.00	400.00	(75.00)	(18.75)%
	Total Service Charges & Fees	2,825,889.25	2,825,889.25	3,062,636.00	(236,746.75)	(7.73)%
Other Revenues						
4040	Refunds	203.22	203.22	0.00	203.22	0.00%
4930	Other Revenue	11,111.39	11,111.39	6,000.00	5,111.39	85.19%
4989	Claim Revenue	12,373.63	12,373.63	0.00	12,373.63	0.00%
	Total Other Revenues	23,688.24	23,688.24	6,000.00	17,688.24	294.80%
Use of Money & Property						
4504	Interest Income	1,845.61	1,845.61	0.00	1,845.61	0.00%
4510	Investment Income on funds	12,239.14	12,239.14	6,000.00	6,239.14	103.99%
	Total Use of Money & Property	14,084.75	14,084.75	6,000.00	8,084.75	134.75%
	Total Revenues	3,867,081.60	3,867,081.60	3,205,965.02	661,116.58	20.62%
	Net Revenues over Expenditures	3,867,081.60	3,867,081.60	3,205,965.02	661,116.58	20.62%