



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

Unit Chief
John Owens

Battalion Chief
Paul Provence

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				

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.

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.

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

LOS OSOS COMMUNITY SERVICES DISTRICT

Statement of Revenues and Expenditures

500 - 500 - Water

From 6/1/2023 Through 6/30/2023

	Current Period Actual	YTD	Total Budget - Revised	Total Budget Variance - Revised	Percent Total Budget Remaini... - Revised
Revenues					
Property Taxes					
4035	Property Taxes	<u>9,439.08</u>	<u>145,421.04</u>	<u>131,329.02</u>	<u>14,092.02</u> 10.73%
	Total Property Taxes	9,439.08	145,421.04	131,329.02	14,092.02 10.73%
Grant Revenue					
4950	Grants	<u>533,334.76</u>	<u>684,617.22</u>	<u>0.00</u>	<u>684,617.22</u> 0.00%
	Total Grant Revenue	533,334.76	684,617.22	0.00	684,617.22 0.00%
Service Charges & Fees					
4030	Residential Single Family	215,810.89	2,171,316.46	2,402,240.00	(230,923.54) (9.61)%
4102	Residential- Multi -Family-Water Sales	13,343.53	227,069.99	246,640.00	(19,570.01) (7.93)%
4103	Commercial, Home Care, Retail-Water Sales	49,375.00	352,834.30	339,693.00	13,141.30 3.87%
4104	Irrigation- Water Sales	408.75	51,018.46	33,663.00	17,355.46 51.56%
4114	Water Other Service Revenues	0.00	275.65	1,000.00	(724.35) (72.44)%
4931	Water Activation Fees	700.00	6,400.00	6,000.00	400.00 6.67%
4932	Penalties	1,287.54	25,441.61	21,000.00	4,441.61 21.15%
4933	Door Hangers/Lockout Notices	420.00	10,710.00	12,000.00	(1,290.00) (10.75)%
4937	NSF Fees	<u>50.00</u>	<u>325.00</u>	<u>400.00</u>	<u>(75.00)</u> (18.75)%
	Total Service Charges & Fees	281,395.71	2,845,391.47	3,062,636.00	(217,244.53) (7.09)%
Other Revenues					
4040	Refunds	0.00	203.22	0.00	203.22 0.00%
4930	Other Revenue	1,000.00	11,111.39	6,000.00	5,111.39 85.19%
4989	Claim Revenue	<u>0.00</u>	<u>12,373.63</u>	<u>0.00</u>	<u>12,373.63</u> 0.00%
	Total Other Revenues	1,000.00	23,688.24	6,000.00	17,688.24 294.80%
Use of Money & Property					
4504	Interest Income	605.40	1,845.61	0.00	1,845.61 0.00%
4510	Investment Income on funds	<u>(4,042.66)</u>	<u>10,791.27</u>	<u>6,000.00</u>	<u>4,791.27</u> 79.85%
	Total Use of Money & Property	<u>(3,437.26)</u>	<u>12,636.88</u>	<u>6,000.00</u>	<u>6,636.88</u> 110.61%
	Total Revenues	<u>821,732.29</u>	<u>3,711,754.85</u>	<u>3,205,965.02</u>	<u>505,789.83</u> 15.78%
Expenditures					
Personnel					
Salaries/Wages					
8018	Holiday Pay	2,327.28	24,071.86	25,325.00	1,253.14 4.95%
8045	Overtime Pay	0.00	5,447.51	6,500.00	1,052.49 16.19%
8050	Administrative Leave Pay	0.00	2,025.60	2,050.00	24.40 1.19%
8051	Floating Holiday Pay	1,304.32	4,623.04	6,500.00	1,876.96 28.88%
8054	Salaries & Wages - Regular	60,319.07	475,375.74	486,000.00	10,624.26 2.19%
8056	Retroactive Pay	0.00	0.00	1,000.00	1,000.00 100.00%
8060	Sick Leave Pay	1,397.18	21,915.86	13,000.00	(8,915.86) (68.58)%
8063	Standby Pay	2,881.50	25,902.35	25,500.00	(402.35) (1.58)%
8066	Comp Time Used	3,339.90	23,381.03	18,000.00	(5,381.03) (29.89)%
8081	Vacation Pay	<u>2,600.22</u>	<u>28,265.35</u>	<u>20,000.00</u>	<u>(8,265.35)</u> (41.33)%
	Total Salaries/Wages	74,169.47	611,008.34	603,875.00	(7,133.34) (1.18)%
Payroll Taxes & Benefits					
5030	Life Insurance - ER	151.36	1,897.47	1,950.00	52.53 2.69%
5031	Disability Insurance	331.92	1,522.21	850.00	(672.21) (79.08)%

LOS OSOS COMMUNITY SERVICES DISTRICT

Statement of Revenues and Expenditures

500 - 500 - Water

From 6/1/2023 Through 6/30/2023

		Current Period Actual	YTD	Total Budget - Revised	Total Budget Variance - Revised	Percent Total Budget Remaini... - Revised
5035	AD & D Insurance	34.86	395.60	440.00	44.40	10.09%
5040	LTD Insurance	345.24	3,985.66	4,200.00	214.34	5.10%
5050	Medicare - ER	1,100.39	9,298.42	9,000.00	(298.42)	(3.32)%
5060	Cafeteria Plan - ER	6,652.98	73,997.13	75,000.00	1,002.87	1.34%
5070	Retirement ER - Regular	12,563.65	129,991.93	131,151.00	1,159.07	0.88%
5075	Retirees Medical - ER	0.00	1,815.59	2,000.00	184.41	9.22%
5102	CA Training Tax- ER	0.00	52.49	50.00	(2.49)	(4.98)%
5120	Workers Comp Insurance - ER	0.00	10,182.26	12,000.00	1,817.74	15.15%
5124	Retirement - ER - Tier 2	1,655.44	14,911.93	14,157.00	(754.93)	(5.33)%
	Total Payroll Taxes & Benefits	22,835.84	248,050.69	250,798.00	2,747.31	1.10%
	Employment Services					
5100	Unemployment Insurance - ER	0.00	1,889.99	4,000.00	2,110.01	52.75%
6230	Medical Exam	0.00	0.00	160.00	160.00	100.00%
	Total Employment Services	0.00	1,889.99	4,160.00	2,270.01	54.57%
	Total Personnel	97,005.31	860,949.02	858,833.00	(2,116.02)	(0.25)%
	Services & Supplies					
	Clothing & Uniform					
7246	Uniform & Gear	0.00	2,052.38	2,600.00	547.62	21.06%
7248	Uniform Safety Boots	175.00	954.61	1,000.00	45.39	4.54%
	Total Clothing & Uniform	175.00	3,006.99	3,600.00	593.01	16.47%
	Contract Services					
6100	Labor & Support-IT Services	545.01	2,751.41	3,250.00	498.59	15.34%
6110	IT Purchased Services	236.99	2,018.20	2,000.00	(18.20)	(0.91)%
7250	Water Quality Testing	4,669.00	65,066.00	70,000.00	4,934.00	7.05%
7255	Security Services	1,245.00	3,960.00	5,500.00	1,540.00	28.00%
7321	Janitorial Cleaning & Supplies	121.83	990.03	850.00	(140.03)	(16.47)%
	Total Contract Services	6,817.83	74,785.64	81,600.00	6,814.36	8.35%
	Equipment & Tools					
6438	Disinfection Feed Pumps	0.00	2,099.72	2,700.00	600.28	22.23%
7242	Minor Tools, Accessories & Field Machines	12.85	2,015.16	8,000.00	5,984.84	74.81%
7253	Rent - Equipment	0.00	0.00	500.00	500.00	100.00%
7256	Meter Purchases & Replacements	0.00	3,733.57	3,000.00	(733.57)	(24.45)%
	Total Equipment & Tools	12.85	7,848.45	14,200.00	6,351.55	44.73%
	Financial Services					
7309	Late Fees	0.00	0.00	50.00	50.00	100.00%
7310	Bank Service Charges	52.00	124.00	300.00	176.00	58.67%
9153	Bad Debt Expense	0.00	(177.80)	0.00	177.80	0.00%
	Total Financial Services	52.00	(53.80)	350.00	403.80	115.37%
	Insurance, Licenses & Regulatory Fees					
6340	Misc Fees	0.00	0.00	900.00	900.00	100.00%
6342	Fees - Regulatory	1,396.56	25,916.32	22,000.00	(3,916.32)	(17.80)%
6345	Property Taxes & Assessments Costs	0.00	6,985.73	3,000.00	(3,985.73)	(132.86)%
7325	Insurance	0.00	63,091.79	64,250.00	1,158.21	1.80%

LOS OSOS COMMUNITY SERVICES DISTRICT

Statement of Revenues and Expenditures

500 - 500 - Water

From 6/1/2023 Through 6/30/2023

	Current Period Actual	YTD	Total Budget - Revised	Total Budget Variance - Revised	Percent Total Budget Remain... - Revised
Total Insurance, Licenses & Regulatory Fees	1,396.56	95,993.84	90,150.00	(5,843.84)	(6.48)%
Legal & Professional					
7318 Professional & Consulting BMC	34,578.00	110,692.35	120,000.00	9,307.65	7.76%
7320 Professional & Consulting Services	502.33	23,124.61	25,000.00	1,875.39	7.50%
7326 Legal Services	0.00	1,000.00	3,000.00	2,000.00	66.67%
7340 Legal Notifications & Mandated Advertising	61.68	61.68	1,000.00	938.32	93.83%
Total Legal & Professional	35,142.01	134,878.64	149,000.00	14,121.36	9.48%
Office/Operations					
6130 Computer Hardware	0.00	4,280.72	4,500.00	219.28	4.87%
6140 Computer Software	0.00	7,987.36	8,000.00	12.64	0.16%
7140 General Supplies & Minor Equipment	1.92	1,245.33	1,000.00	(245.33)	(24.53)%
7160 Postage, Shipping & Mail Supplies	729.63	9,408.24	9,000.00	(408.24)	(4.54)%
7180 Billing Supplies, Forms & Printing	2,003.76	20,405.54	18,750.00	(1,655.54)	(8.83)%
7226 Membership & Dues	0.00	2,915.40	2,915.00	(0.40)	(0.01)%
7230 Misc Small Parts & Supplies	243.38	5,596.14	4,000.00	(1,596.14)	(39.90)%
7237 Process Control & Treatment Supplies	898.69	10,274.21	10,000.00	(274.21)	(2.74)%
7239 Water Treatment Chemicals	3,197.03	14,560.76	13,000.00	(1,560.76)	(12.01)%
7249 Safety Supplies	17.15	942.07	500.00	(442.07)	(88.41)%
Total Office/Operations	7,091.56	77,615.77	71,665.00	(5,950.77)	(8.30)%
Other Expense					
7330 Misc Operating Expenses	0.00	122.00	250.00	128.00	51.20%
7348 Water Conservation Program	1,051.23	2,999.03	5,000.00	2,000.97	40.02%
Total Other Expense	1,051.23	3,121.03	5,250.00	2,128.97	40.55%
Rent & Utilities					
6000 Cell Phones	40.00	2,548.51	3,500.00	951.49	27.19%
6025 Telephone	795.70	11,764.35	13,000.00	1,235.65	9.51%
8610 Electric	11,435.66	103,162.86	115,000.00	11,837.14	10.29%
8620 Gas Service	0.00	293.29	250.00	(43.29)	(17.32)%
8630 Trash Services	293.78	2,233.81	2,000.00	(233.81)	(11.69)%
8644 Disposal Services	0.00	3,073.00	5,000.00	1,927.00	38.54%
8670 Street Lighting	49.35	560.38	432.00	(128.38)	(29.72)%
Total Rent & Utilities	12,614.49	123,636.20	139,182.00	15,545.80	11.17%
Repairs & Maintenance					
6405 R & M - Extinguishers	0.00	447.21	450.00	2.79	0.62%
6422 R & M - Hydrants	0.00	0.00	1,300.00	1,300.00	100.00%
6640 R & M - Equip & Other Non-Structural Fixed Assets	0.82	19,830.25	14,000.00	(5,830.25)	(41.64)%
6641 R & M - Wells	0.00	19,763.47	1,500.00	(18,263.47)	...17.56)%

LOS OSOS COMMUNITY SERVICES DISTRICT

Statement of Revenues and Expenditures

500 - 500 - Water

From 6/1/2023 Through 6/30/2023

		Current Period Actual	YTD	Total Budget - Revised	Total Budget Variance - Revised	Percent Total Budget Remaini... - Revised
6750	R & M - Minor Tools & Equipment	6.42	1,883.29	1,200.00	(683.29)	(56.94)%
6800	R & M - Grounds & Collection Systems	64.33	171.53	600.00	428.47	71.41%
6830	Paving & Concrete	214.42	435.03	4,000.00	3,564.97	89.12%
6900	R & M - Buildings & Structures	0.00	4,453.95	10,000.00	5,546.05	55.46%
7241	R & M - Water Distribution System	329.55	11,183.52	5,000.00	(6,183.52)	(123.67)%
	Total Repairs & Maintenance	615.54	58,168.25	38,050.00	(20,118.25)	(52.87)%
	Travel & Training					
7323	Books, Publications & Subscriptions	0.00	349.00	250.00	(99.00)	(39.60)%
7324	Education & Training Fees	0.00	149.00	1,000.00	851.00	85.10%
8410	Certifications	0.00	60.00	500.00	440.00	88.00%
8510	Lodging & Meals - Local	0.00	1,436.88	1,400.00	(36.88)	(2.63)%
8550	Mileage Reimbursement & Parking	0.00	354.99	370.00	15.01	4.06%
	Total Travel & Training	0.00	2,349.87	3,520.00	1,170.13	33.24%
	Vehicle Maintenance & Repairs					
7006	Tuneup/Oil/Maintenance	1,008.04	2,729.13	800.00	(1,929.13)	(241.14)%
7211	Misc Fuel & Diesel	332.62	3,776.11	3,000.00	(776.11)	(25.87)%
7220	Gasoline	713.91	8,630.08	8,000.00	(630.08)	(7.88)%
7228	Markings & Other Misc Services	0.00	0.00	200.00	200.00	100.00%
7232	Vehicle Repairs - Parts, Tires & Lubricants	82.88	6,477.59	6,500.00	22.41	0.34%
	Total Vehicle Maintenance & Repairs	2,137.45	21,612.91	18,500.00	(3,112.91)	(16.83)%
	Total Services & Supplies	67,106.52	602,963.79	615,067.00	12,103.21	1.97%
	Capital Outlay					
9006	Infrastructure CIP	10,942.79	1,127,306.03	1,999,339.26	872,033.23	43.62%
	Total Capital Outlay	10,942.79	1,127,306.03	1,999,339.26	872,033.23	43.62%
	Debt Service					
9022	Debt Service - Principal	0.00	187,716.53	187,716.54	0.01	0.00%
9023	Debt Service - Interest & Annual Fee	0.00	68,706.32	68,706.32	0.00	0.00%
9024	Loan Administration Fee	0.00	8,526.33	8,526.33	0.00	0.00%
	Total Debt Service	0.00	264,949.18	264,949.19	0.01	0.00%
	Reserves					
9572	*General Contingency (Operations) Reserve	0.00	0.00	57,000.00	57,000.00	100.00%
	Total Reserves	0.00	0.00	57,000.00	57,000.00	100.00%
	Transfers					
9511	Interfund Transfer Out	45,153.98	541,847.76	541,847.70	(0.06)	(0.00)%
	Total Transfers	45,153.98	541,847.76	541,847.70	(0.06)	(0.00)%
	Total Expenditures	220,208.60	3,398,015.78	4,337,036.15	939,020.37	21.65%

LOS OSOS COMMUNITY SERVICES DISTRICT

Statement of Revenues and Expenditures

500 - 500 - Water

From 6/1/2023 Through 6/30/2023

	Current Period Actual	YTD	Total Budget - Revised	Total Budget Variance - Revised	Percent Total Budget Remaini... - Revised
Net Revenues over Expenditures	601,523.69	313,739.07	(1,131,071.13)	1,444,810.20	(127.74)%

WATER RESERVES

LOS OSOS COMMUNITY SERVICES DISTRICT

Balance Sheet
As of 6/30/2023

		<u>Current Period Balance</u>
LIABILITIES & EQUITY		
CURRENT LIABILITIES		
Trust Liability		
Water Quality Trust Reserve	3050	<u>91,517.27</u>
Total Trust Liability		<u>91,517.27</u>
Total CURRENT LIABILITIES		91,517.27
Other Liabilities		
Other Liabilities		
Replacement Reserve - Vehicle, Equip & Fire Engines	3110	144,644.25
General Contingency Reserve	3111	642,183.00
Capital Outlay Reserve	3160	1,999,562.85
Water Stabilization Reserve	3163	158,456.00
Basin Management Reserve	3165	50,031.00
Water Conservation Reserve	3167	<u>59,288.00</u>
Total Other Liabilities		<u>3,054,165.10</u>
Total Other Liabilities		<u>3,054,165.10</u>
Total LIABILITIES & EQUITY		<u><u>3,145,682.37</u></u>

WATER REVENUES FY 2022-2023

	Current Period Actual	YTD	Total Budget - Revised	Total Budget Variance - Revised	Percent Total Budget Remaining - Revised
Revenues					
Property Taxes					
4035	149,750.48	149,750.48	131,329.02	18,421.46	14.03%
	149,750.48	149,750.48	131,329.02	18,421.46	14.03%
Grant Revenue					
4950	853,668.88	853,668.88	0.00	853,668.88	0.00%
	853,668.88	853,668.88	0.00	853,668.88	0.00%
Service Charges & Fees					
4030	2,151,711.59	2,151,711.59	2,402,240.00	(250,528.41)	(10.43)%
4102	227,069.99	227,069.99	246,640.00	(19,570.01)	(7.93)%
Water Sales					
4103	352,834.30	352,834.30	339,693.00	13,141.30	3.87%
Retail-Water Sales					
4104	51,018.46	51,018.46	33,663.00	17,355.46	51.56%
4114	275.65	275.65	1,000.00	(724.35)	(72.44)%
4931	6,400.00	6,400.00	6,000.00	400.00	6.67%
4932	25,544.26	25,544.26	21,000.00	4,544.26	21.64%
4933	10,710.00	10,710.00	12,000.00	(1,290.00)	(10.75)%
4937	325.00	325.00	400.00	(75.00)	(18.75)%
	2,825,889.25	2,825,889.25	3,062,636.00	(236,746.75)	(7.73)%
Other Revenues					
4040	203.22	203.22	0.00	203.22	0.00%
4930	11,111.39	11,111.39	6,000.00	5,111.39	85.19%
4989	12,373.63	12,373.63	0.00	12,373.63	0.00%
	23,688.24	23,688.24	6,000.00	17,688.24	294.80%
Use of Money & Property					
4504	1,845.61	1,845.61	0.00	1,845.61	0.00%
4510	12,239.14	12,239.14	6,000.00	6,239.14	103.99%
	14,084.75	14,084.75	6,000.00	8,084.75	134.75%
	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%