



**FY 2023-24
PROPOSED
BUDGET**

BOARD OF DIRECTORS

Tom Fayram, President

Brad Ross, Vice President

Julie Kennedy, Director

Lisa Palmer, Director

Greg Parks, Director

General Manager

Guy Savage

Board of Directors:

The following pages provide an overview of the Proposed Budget for the Los Olivos Community Service District (LOCSD) for the Fiscal Year 2023-24 (FY 2023-24). The LOCSD fiscal year begins on July 1; therefore, FY 2023-24 runs from July 1, 2023 to June 30, 2024. Details of the Proposed Budget can be found on Page 4 of this document and are based on input from your April 12, 2023 Strategic Planning session and your May 10, 2023 Budget Workshop. Inputs from both meetings have been considered and incorporated, with special emphasis on the efforts required to get the LOCSD to a successful Proposition 218 vote by 2025. The efforts are captured in the schedule of activities (work packages) provided at the end this document, in Table 2.

The LOCSD Proposed Budget for FY 2023-24 has been prepared consistent with the current FY 2022-23 budget. By law, the LOCSD is required to develop and adopt a balanced budget. A balanced budget is one where the total expected revenues are equal to total planned spending.

For FY 2023-24, the LOCSD anticipates \$277,072 in total cash and revenues to be available for expenditure during the fiscal year. This includes \$48,678 in fund balance from FY 2022-23, \$744 in Interest Income, and \$227,650 in Special Tax Revenues.

Expenses for FY 2023-24 are anticipated to be \$231,542, including all normal and professional services expenditures.

Reserves are anticipated to be set at \$45,530 for the fiscal year.

FY 2022-23 to FY 2023-24 Comparisons

The Adopted FY 2022-23 budget included \$203,121 in Special Tax Assessment revenues. The FY 2023-24 Proposed Budget assumes \$227,650 in Special Tax Assessments revenues. The FY 2023-24 figure is based on actual receipts in FY 2022-23. Both budgets included less than \$1,000 in Interest Income. In FY 2022-23, the District included \$169,804 in grant funds as a revenue source. No grant funds are assumed for FY 2023-24.

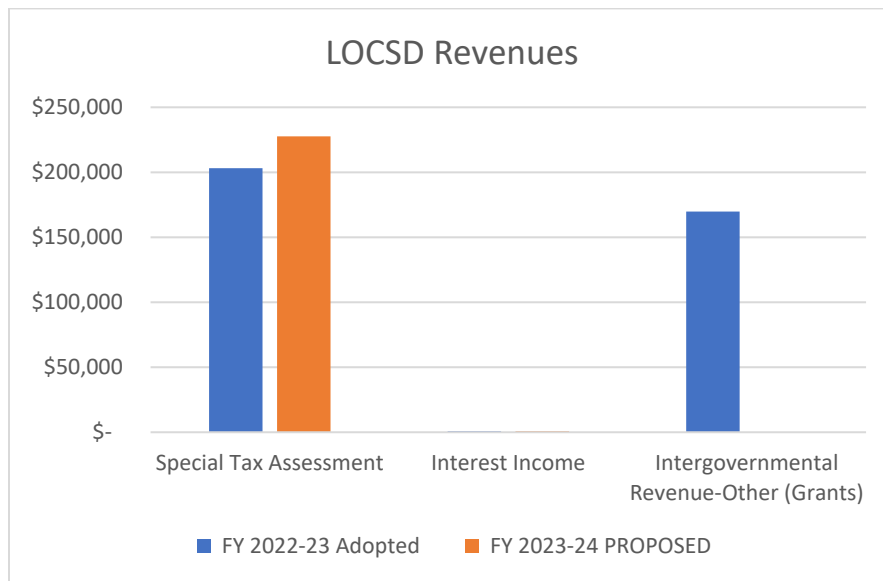


Chart 1 – Comparison of FY 2022-23 to FY 2023-24 Revenue Sources

Revenues

As noted above and can be seen in the charts below, in FY 2022-23, the LOCSD projected significant grant revenues (\$169,804). As of the development of this document, only limited amounts of those grant funds had been received (see Chart 4). For this reason, and as a best practice in budgeting, no grant revenues have been assumed nor are any included in the FY 2023-24 Proposed Budget. This is due to philosophical approach being taken which assumes that unless a grant is “guaranteed” it should not be included as a revenue source. Note that while the revenue charts below round Interest Income to 0%, both budgets include a small amount (less than \$1,000) of Interest Income revenue.

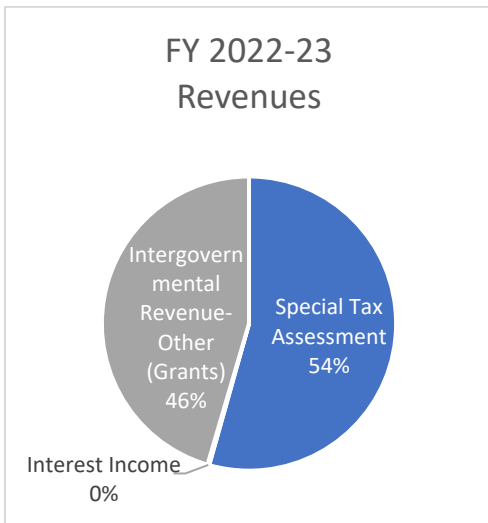


Chart 2 – FY 2022-23 Revenues

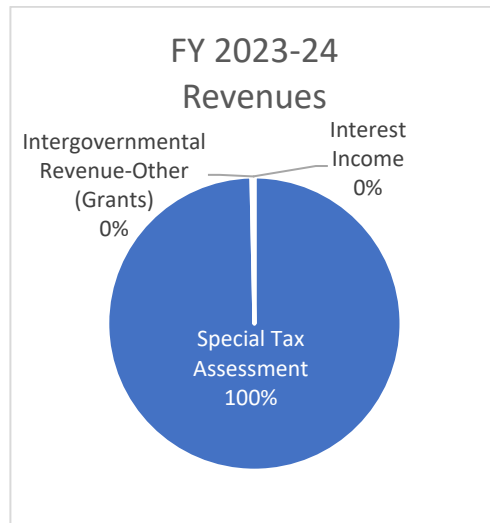


Chart 3 – FY 2023-24 Revenues

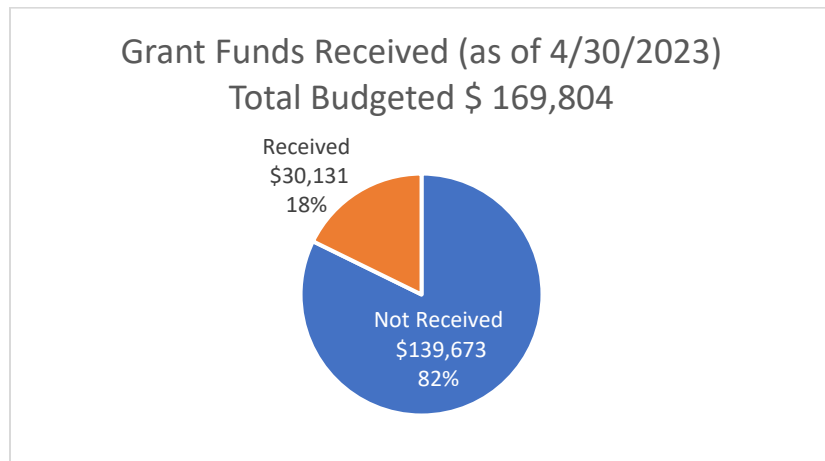


Chart 4 – Grant Revenues FY 2022-23

Expenses

The expenses in the FY 2023-24 Proposed Budget mainly consist of those activities that are required to operate the LOCSD during a typical year.

Annually incurred expenses such as insurance, audit, and office expenses comprise the majority of the smaller amounts included in the Proposed Budget. The amounts used for these expenses in the FY 2023-24 Proposed Budget were based on quotes from existing service providers or prior year actuals.

Expenses related to Legal Fees and Contractual Services (GM and DE contracts) are based on a straight-line

projection of FY 2022-23 actuals, plus any contractually agreed to increases. Where a contractually agreed increase is expected, a 4% Consumer Price Index (CPI) increase was assumed.

As part of your FY 2023-24 budget discussions, your Board emphasized increased public engagement. For this reason, five public notifications, including mailers to all property owners within the LOCSD, have been assumed. Additionally, the LOCSD is required to provide public notice in a local newspaper for its Budget Hearing. Combined, these Publication and Legal Notice costs are estimated to be \$1,750 for FY 2023-24.

The other expense shown in the FY 2023-24 Proposed Budget is Professional & Special Service. The amount shown is \$78,886. This amount of funds can be allocated by your Board to whatever activities or work packages your Board prioritizes throughout the year. As shown in schedule of activities shown in Table 2, your Board has identified a number of work packages that are necessary to keep the LOCSD on track for a successful Proposition 218 vote by 2025. Working with the District Engineer and Project Management subcommittee, the General Manager has provided estimates for each of the work packages. The work packages and associated estimated costs include:

- Additional technical study - \$90,000
- Additional engineering and design (60% design) - \$300,000
- Assessment Engineer Report - \$50,000
- Median Household Income (MHI) study - \$50,000
- Environmental Review - \$150,000

Of particular note is the Environmental Review work package. This work package is anticipated to straddle FY 2023-24 and FY 2024-25. Based on the actual timing of when the work package is started, it is estimated that approximately \$100,000 will occur in FY 2023-24, and the remaining \$50,000 will occur in FY 2024-25.

Outside of the identified potential work packages identified for FY 2023-24, and not included in this Proposed Budget is the work required to develop and implement additional groundwater monitoring wells. The LOCSD established two groundwater monitoring wells in FY 2022-23. Per Board discussion and agreement, additional groundwater monitoring wells will only be pursued if the non-staff expense for construction, installation, and on-going monitoring is 100% covered by grant funding. It should be noted that the Regional Water Quality Control Board (RWQCB), or Waterboard as it is often referred to, has a keen interest in seeing the LOCSD install and monitor three additional wells within the LOCSD's boundaries. Consequently, it is likely that the LOCSD will receive pressure to install additional wells during FY 2023-24.

The final amount shown on FY 2023-24 Proposed Budget is a Reserve. Per Board Policy, this amount should be budgeted no less than 10% of the current operating budget. If budgeted in this manner, the Reserve would amount to \$27,707. However, given the potential expenses related to the work packages noted above, the amount was conservatively increased in the Proposed Budget to \$45,530, or 20% of the Special Tax Revenues.

**Los Olivos Community Services District
FY 2023-24 Budget (Proposed)**

Line Item Account	FY 2022-23 Approved Budget	FY 2022-23 YTD Actuals+ Commitments (as of 4/30/23)	PROPOSED FY 2023-24	Notes
Beginning Balance	\$ 136,475	\$ 136,475	\$ 48,678	
Revenues				
Taxes				
3066 -- Special Tax Assessment	\$ 203,121	\$ 227,650	\$ 227,650	Used FY 2022-23 actual
Taxes	\$ 203,121	\$ 227,650	\$ 227,650	
Use of Money and Property				
3380 -- Interest Income	\$ 724	\$ 1,191	\$ 744	Average prior 3 years
3381 -- Unrealized Gain/Loss Invstmnts		\$ -		
Use of Money and Property	\$ 724	\$ 1,191	\$ 744	
Intergovernmental Revenue-Other				
4840 -- Other Governmental Agencies	\$ 169,804	\$ 30,131	\$ -	
Intergovernmental Revenue-Other	\$ 169,804	\$ 30,131	\$ -	
Total Cash & Revenues	\$ 510,124	\$ 395,447	\$ 277,072	
Expenditures				
Services and Supplies				
7090 -- Insurance	\$ 2,500	\$ 2,800	\$ 2,934	Per SDRMA letter 3/27/23
7324 -- Audit and Accounting Fees	\$ 4,000	\$ 7,775	\$ 2,500	1-year est MLH
7325 -- Other Professional Services (Grant Assistance)		\$ -		
7430 -- Memberships	\$ 1,200	\$ 1,287	\$ 1,300	
7450 -- Office Expense	\$ 2,000	\$ -		
7460 -- Professional & Special Service	\$ 189,908	\$ 219,384	\$ 78,886	\$78,886 in unallocated Professional and Special Services funds. There are a number of unfunded efforts on the workplan that Board has expressed interest in completing in FY 2023-24, including: \$90k technical study, \$300k 60% design, \$50k Assessment Engineer report, \$100k (of \$150k) environmental (remaining \$50 would be completed in FY 2024-25), \$50k MHI study
7508 -- Legal Fees	\$ 30,000	\$ 36,481	\$ 45,529	Straight-line (\$3,648/mo), plus increase per contract (4%), plus May, June
7510 -- Contractual Services (GM Contract, Engineer)	\$ 49,000	\$ 79,041	\$ 98,643	Straight-line (\$7,904/mo), plus increase per contract (4%), plus May, June
7530 -- Publications & Legal Notices	\$ 5,000	\$ -	\$ 1,750	Budget notices + 5 workshops mailers, etc. at \$300 per workshop
7671 -- Special Projects	\$ 175,000	\$ -		
7732 -- Training	\$ 1,500	\$ -		
Services and Supplies	\$ 460,108	\$ 346,769	\$ 231,542	
Other Charges	\$ -	\$ -	\$ -	
7894 - Communication Services	\$ -	\$ -	\$ -	
Other Charges	\$ -	\$ -	\$ -	
Reserves			\$ 45,530	20% of Special Tax Revenues, per Policy could be \$27,702 (10%)
Reserves		\$ -	\$ 45,530	
Total Expenditures	\$ 460,108	\$ 346,769	\$ 277,072	
Ending Balance	\$ 49,293	\$ 48,678	\$ 0	

Table 1 – FY 2023-24 Proposed Budget

LOCSO - Septic to Sewer / Water Reclamation Roadmap - WORKING DRAFT					
Task	2023		2024		FY 2023-24 Est. Cost
	Q3	Q4	Q1	Q2	
Board and Public Education					
Public workshops and outreach					\$1.5k
Engineering / Design					
Additional Technical Study / Design					\$90k
60% Design					\$300k
Assessment Engineer Report including benefit factors/rates					\$50k
Environmental Review					
Environmental study, assessment and report (incl. public review)					\$100k
Grants and Financing					
MHI study					\$50k
Monitoring Well(s)					
Find funding for well monitoring program					
Drill three additional monitoring wells					\$150k

Table 2 – FY 2023-24 Potential Activities (Work Packages)

For each of the work packages shown in Table 2, no funding has been allocated in the FY 2023-24 Proposed Budget. Instead, it is assumed that should the LOCSD find other funding mechanisms (eg. grants) to cover the expense of a work package, an amendment will be made to the budget per legally established procedures. It may be that more than one work package is funded by a single funding mechanism or that a single work package relies on more than one funding mechanism to be completed. Therefore, no assumptions about how many budget amendments would be required to complete the entire list of work packages should be made.

FY 2023-24 Budget Timeline

STEP	PROPOSED STEPS	DATE
1	Budget Workshop, after Regular Meeting concludes	5/10/2023
2	GM prepares recommended Draft Budget	5/19/2023
3	Finance Committee prepares and approves recommended Draft Budget to present to Board	6/9/2023
4	Board Approves a preliminary budget at a Regular Meeting and determines a Hearing Date	6/14/2023
5	The District will publish a notice stating that the GM has prepared a proposed final budget which is available for inspection on the website; and include the date, time, and place when the Board will meet to adopt the final budget and that any person may appear and be heard regarding any item in the budget or regarding the addition of other items. Publication must be at least 2 weeks before Budget adoption meeting in at least one newspaper of general circulation in the district. NOTE: The notice must be PUBLISHED at least two weeks before the hearing, (SY Valley News / Santa Maria Times). It only needs to be published one time. Post Draft Budget on Website.	6/21/2023 publication must be at least 2 weeks before 7/12/2023 meeting
6	Final Budget hearing, part of Regular Meeting	7/12/2023
7	Post Final Budget on website	7/13/2023

Table 3 – FY 2023-24 Budget Timeline

As a resident of the District, I would like to thank you for your ongoing support of the Los Olivos Community Services District’s mission to improve groundwater quality by converting septic systems to a community wastewater collection, treatment, and reclamation facility in the Los Olivos area.

Sincerely,

 Guy W. Savage
 General Manager
 Los Olivos Community Services District