



**FY 2024-25
PROPOSED
BUDGET**

BOARD OF DIRECTORS

Julie Kennedy, President

Lisa Palmer, Vice President

Tom Fayram, Director

Greg Parks, Director

Nina Stormo, 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 2024-25 (FY 2024-25). The LOCSD fiscal year begins on July 1; therefore, FY 2024-25 runs from July 1, 2024 to June 30, 2025. Details of the Proposed Budget can be found on Page 4 of this document and are based on input from your April 10, 2024 Strategic and Budget Planning session.

The LOCSD Proposed Budget for FY 2024-25 has been prepared consistent with the current FY 2023-24 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 2024-25, the LOCSD anticipates \$555,767 in total cash and revenues to be available for expenditure during the fiscal year. This includes \$315,526 in fund balance from FY 2023-24, \$3,485 in Interest Income, and \$236,756 in Special Tax Revenues.

Expenses for FY 2024-25 are anticipated to be \$361,880, including all normal and professional services expenditures. Of particular note is \$160,000 in Professional and Special Services expense that are intended to set aside funding for studying potential connection to the City of Solvang’s wastewater treatment infrastructure and plant (\$60,000) and a portion of the 60% design (\$100,000).

Reserves are anticipated to be set at \$47,351 for the fiscal year.

FY 2023-24 to FY 2024-25 Comparisons

The Adopted FY 2022-23 budget included \$227,650 in Special Tax Assessment revenues. The FY 2024-25 Proposed Budget assumes \$236,756 in Special Tax Assessments revenues. The FY 2024-25 figure is based on actual receipts in FY 2024-25 and assumes a 4% increase. No grant funds are assumed or budgeted for in FY 2024-25.

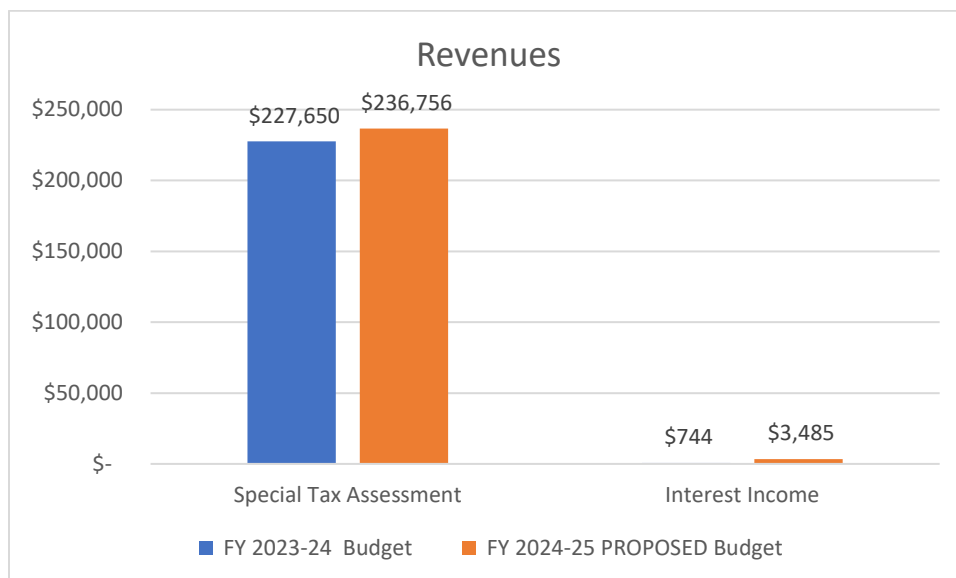


Chart 1 – Comparison of FY 2023-24 to FY 2024-25 Revenue Sources

Expenses

The expenses in the FY 2024-25 Proposed Budget includes those activities that are required to operate the LOCSD during a typical year plus any planned projects. The proposed Services and Supplies expense totals \$314,529.

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 2024-25 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 2023-24 actuals, plus any contractually agreed to increases. Where a contractually agreed increase is expected, a 4% Consumer Price Index (CPI) increase was assumed. Unlike prior years, a specific budget line item has been added for Groundwater Monitoring Well testing. The budgeted amount is based on an estimate from GSI Water Solutions, who has been doing the LOCSD's testing since the District drilled its first wells in 2023.

As part of your FY 2024-25 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 2024-25.

The other significant expense shown in the FY 2024-25 Proposed Budget is Professional & Special Service. Based on recommendations from the Finance Subcommittee, an amount of \$160,000 is shown in the Proposed Budget for Professional and Special Services. This amount includes \$60,000 for evaluations related to potentially connecting the LOCSD to the City of Solvang. Also included is \$100,000 toward the completion of a 60% design. Note that prior to commencing a 60% design effort, the Board will have adopted a project description. This same project description will likely be used for the Environmental Impact Report (EIR).

Additional notable expenses include staff contracts for the General Manager, District Engineer, and District Counsel. Each of these was estimated based on current year costs through April and then a calculation was made to estimate a full 12-month expense amount.

Not included in the proposed budget are funds for the drilling or testing of additional wells. This was done as your Board has previously noted that it wanted to focus on developing a solution to the nitrates in local groundwater as opposed to determining the levels of nitrates that exist. Should your Board wish to drill additional wells, a planning number of \$37,500 per well should be used.

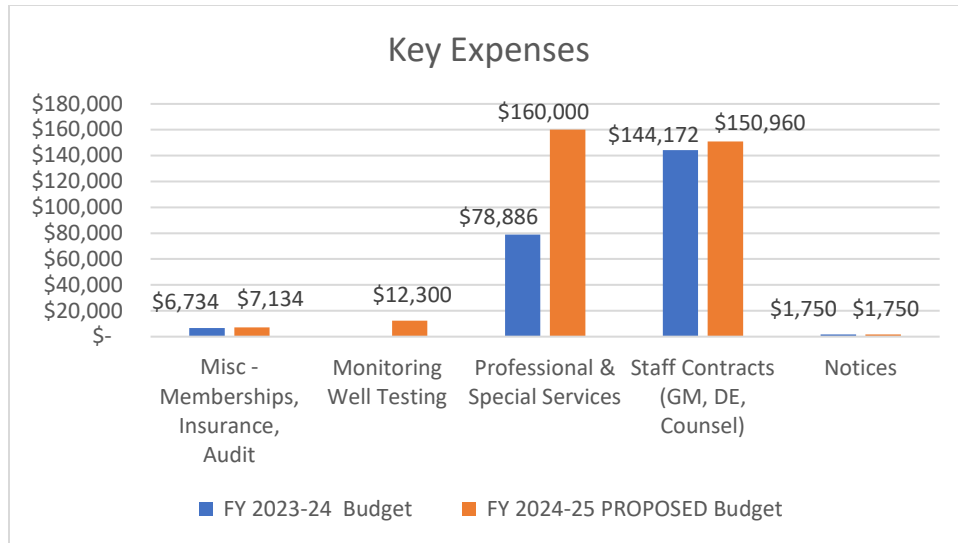


Chart 2 – Comparison of FY 2023-24 to FY 2024-25 Expenses

Reserves

The final amount shown on FY 2024-25 Proposed Budget is a Reserve. Per Board Policy, this amount should be budgeted no less than 10% of the current operating budget. As was done in FY 2023-24, instead of using an amount tied directly to the operating budget, a calculation related to the Special Tax Revenues was used. Therefore, the amount shown for Operational Reserve is \$47,351, or 20% of the Special Tax Revenues.

Unallocated Funds

After expenditures, and setting aside an operational reserve, the District has an unallocated amount of \$193,888. This large amount is dependent on the amount of funds “carried over” from FY 2023-24. Meaning it is driven by funds that were not spent in FY 2023-24. This amount can be targeted as the year progresses towards new efforts your Board would like to see completed.

**Los Olivos Community Services District
FY 2024-25 Budget (PROPOSED)**

Line Item Account	FY 2023-24 (as of 4/1/2024)	DRAFT FY 2024-25	DRAFT FY 2024-25	Notes
Beginning Balance	\$ 87,567	\$ 315,526	\$ -	
Revenues				
Taxes				
3066 -- Special Tax Assessment	\$ 227,650	\$ 236,756	\$ 236,756	Assumes 4% YOY from prior
Taxes	\$ 227,650	\$ 236,756	\$ 236,756	
Use of Money and Property				
3380 -- Interest Income	\$ 877	\$ 3,485	\$ 3,485	YTD
3381 -- Unrealized Gain/Loss Invstmnts	\$ -	\$ -	\$ -	
Use of Money and Property	\$ 877	\$ 3,485	\$ 3,485	
Intergovernmental Revenue				
4339 -- State - Other	\$ 75,000	\$ -	\$ -	
4840 -- Other Governmental Agencies	\$ 30,000	\$ -	\$ -	
Intergovernmental Revenue-Other	\$ 105,000	\$ -	\$ -	
Miscellaneous Revenue				
5895 and 5909 -- Donations	\$ 75,020			
Miscellaneous Revenue	\$ 75,020	\$ -	\$ -	
Total Cash & Revenues	\$ 496,114	\$ 555,767	\$ 240,241	
Expenditures				
Services and Supplies				
7090 -- Insurance	\$ 2,933	\$ 2,787	\$ 2,787	Per SDRMA letter date 4/17/2024
7324 -- Audit and Accounting Fees	\$ 426	\$ 2,900	\$ 2,900	1-year est MLH
7325 -- Other Professional Services (Well Testing)		\$ 12,300	\$ 12,300	Twice a year, all 5 wells, nitrates only
7430 -- Memberships	\$ 1,244	\$ 1,300	\$ 1,300	
7450 -- Office Expense				
7460 -- Professional & Special Service (Project, Planning & Studies)	\$ 79,143	\$ 160,000	\$ 160,000	\$60k is related to performing studies on connecting to the City of Solvang; 60% Design \$300k+ (\$100,000 towards this effort); Treatment Study \$90k+; Assessment Engineering Report \$50k+; EIR \$150k+; Polling for election feasibility \$25k+; Voting process \$125k+
7508 -- Legal Fees	\$ 20,236	\$ 28,061	\$ 28,061	YTD 9 month average plus April, May, June; plus contractual increases
7510 -- Contractual Services (IGM Contract, Engineer)	\$ 76,032	\$ 105,431	\$ 105,431	YTD 9 month average plus April, May, June; plus contractual increases
7530 -- Publications & Legal Notices		\$ 1,750	\$ 1,750	Budget notices + 5 workshops mailers, etc. at \$300 per workshop
7671 -- Special Projects	\$ 574	\$ -	\$ -	
7732 -- Training		\$ -	\$ -	
Services and Supplies	\$ 180,587	\$ 314,529	\$ 314,529	
Other Charges				
7894 - Communication Services		\$ -	\$ -	
Other Charges	\$ -	\$ -	\$ -	
Operational Reserve		\$ 47,351	\$ 47,351	20% of Special Tax Revenues
Reserve	\$ -	\$ 47,351	\$ 47,351	
Total Expenditures	\$ 180,587	\$ 361,880	\$ 361,880	
Ending Balance	\$ 315,526	\$ 193,888	\$ (121,639)	

Table 1 – FY 2024-25 Proposed Budget

Year Over Year Comparison of Budgets

**Los Olivos Community Services District
FY 2024-25 Budget (PROPOSED)**

Line Item Account	FY 2020-21 Budget	FY 2020-21 (as of 6/30/2021)	FY 2021-22 Budget	FY 2021-22 (as of 6/30/2022)	FY 2022-23 Budget	FY 2022-23 (as of 6/30/2023)	FY 2023-24 Budget	FY 2023-24 (as of 4/1/2024)	DRAFT FY 2024-25	DRAFT FY 2024-25
Beginning Balance	\$ 193,885	\$ 193,885	\$ 213,370	\$ 213,370	\$ 136,475	\$ 154,050	\$ 87,567	\$ 87,567	\$ 315,526	\$ -
Revenues										
Taxes										
3066 -- Special Tax Assessment	\$ 188,887	\$ 197,023	\$ 196,253	\$ 200,931	\$ 203,121	\$ 232,834	\$ 211,246	\$ 227,650	\$ 236,756	\$ 236,756
Taxes	\$ 188,887	\$ 197,023	\$ 196,253	\$ 200,931	\$ 203,121	\$ 232,834	\$ 211,246	\$ 227,650	\$ 236,756	\$ 236,756
Use of Money and Property										
3380 -- Interest Income		\$ 839	\$ -	\$ 764	\$ 724	\$ 2,079	\$ 744	\$ 877	\$ 3,485	\$ 3,485
3381 -- Unrealized Gain/Loss Invstmnts		\$ (1,157)	\$ (80)	\$ (6,602)		\$ -	\$ -	\$ -	\$ -	\$ -
Use of Money and Property		\$ (319)	\$ (80)	\$ (5,838)	\$ 724	\$ 2,079	\$ 744	\$ 877	\$ 3,485	\$ 3,485
Intergovernmental Revenue										
4339 -- State - Other	\$ -							\$ 75,000	\$ -	\$ -
4840 -- Other Governmental Agencies	\$ 180,000	\$ 44,986	\$ 274,000	\$ 43,386	\$ 169,804	\$ 30,131	\$ -	\$ 30,000	\$ -	\$ -
Intergovernmental Revenue-Other							\$ -	\$ 105,000	\$ -	\$ -
Miscellaneous Revenue										
5895 and 5909 -- Donations								\$ 75,020		
Miscellaneous Revenue	\$ 180,000	\$ 44,986	\$ 274,000	\$ 43,386	\$ 169,804	\$ 30,131	\$ -	\$ 75,020	\$ -	\$ -
Total Cash & Revenues	\$ 562,772	\$ 435,575	\$ 683,543	\$ 451,849	\$ 510,124	\$ 419,095	\$ 299,557	\$ 496,114	\$ 555,767	\$ 240,241
Expenditures										
Services and Supplies										
7090 -- Insurance	\$ 2,320	\$ -	\$ 2,500	\$ 162	\$ 2,500	\$ 2,800	\$ 2,934	\$ 2,933	\$ 2,787	\$ 2,787
7324 -- Audit and Accounting Fees	\$ 4,000	\$ 2,000	\$ 4,000	\$ 178	\$ 4,000	\$ 2,646	\$ 2,500	\$ 426	\$ 2,900	\$ 2,900
7325 -- Other Professional Services (Well Testing)		\$ -	\$ 10,000	\$ -		\$ -			\$ 12,300	\$ 12,300
7430 -- Memberships	\$ 1,200	\$ 3,533	\$ 1,200	\$ 1,102	\$ 1,200	\$ 1,287	\$ 1,300	\$ 1,244	\$ 1,300	\$ 1,300
7450 -- Office Expense	\$ 2,000		\$ 2,000	\$ 600	\$ 2,000	\$ -				
7460 -- Professional & Special Service (Project, Planning & Studies)	\$ 193,500	\$ 54,191	\$ 439,000	\$ 156,283	\$ 189,908	\$ 214,602	\$ 112,050	\$ 79,143	\$ 160,000	\$ 160,000
7508 -- Legal Fees	\$ 27,000	\$ 17,921	\$ 27,000	\$ 27,165	\$ 30,000	\$ 33,005	\$ 41,191	\$ 20,236	\$ 28,061	\$ 28,061
7510 -- Contractual Services (IGM Contract, Engineer)	\$ 80,400	\$ 95,023	\$ 67,000	\$ 103,038	\$ 49,000	\$ 76,589	\$ 95,583	\$ 76,032	\$ 105,431	\$ 105,431
7530 -- Publications & Legal Notices	\$ 1,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 1,750		\$ 1,750	\$ 1,750
7671 -- Special Projects	\$ 8,000	\$ -	\$ 15,000	\$ -	\$ 175,000	\$ -		\$ 574	\$ -	\$ -
7732 -- Training	\$ 1,500	\$ -	\$ 1,500	\$ -	\$ 1,500	\$ -			\$ -	\$ -
Services and Supplies	\$ 320,920	\$ 172,668	\$ 574,200	\$ 288,527	\$ 460,108	\$ 330,928	\$ 257,307	\$ 180,587	\$ 314,529	\$ 314,529
Other Charges										
7894 - Communication Services	\$ 930	\$ 600	\$ 930	\$ -	\$ -	\$ 600	\$ -		\$ -	\$ -
Other Charges	\$ 930	\$ 600	\$ 930	\$ -	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ -
Operational Reserve							\$ 42,249		\$ 47,351	\$ 47,351
Reserve							\$ 42,249	\$ -	\$ 47,351	\$ 47,351
Total Expenditures	\$ 321,850	\$ 173,268	\$ 575,130	\$ 288,527	\$ 460,108	\$ 331,528	\$ 299,557	\$ 180,587	\$ 361,880	\$ 361,880
Ending Balance	\$ 240,922	\$ 262,307	\$ 108,413	\$ 163,321	\$ 49,293	\$ 87,567	\$ 0	\$ 315,526	\$ 193,888	\$ (121,639)

FY 2024-25 Budget Timeline

	PROPOSED STEPS	DATE
1	DRAFT Budget to Finance Subcommittee	4/5/2024
2	Budget Planning, possibly as a workshop after Regular Meeting concludes	4/10/2024
3	GM prepares recommended DRAFT Budget based on Workshop	4/30/2024
	Finance Committee prepares and approves recommended DRAFT Budget to present to Board	5/10/2024
4	Board Approves a PRELIMINARY budget at a Regular Meeting and determines a Hearing Date	5/15/2024
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.	5/21/2024 - publication must be at least 2 weeks before 6/12/2024 meeting
6	FINAL Budget hearing, part of Regular Meeting	6/12/2024

Table 2 – FY 2024-25 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