



September 9, 2021

TO: LOCSD Board of Directors

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 11H – 09/09/2021 Board Meeting
Authorization to Use Fund 900 Reserve for the Ferrell Avenue Pathway Project

President

Christine M. Womack

Vice President

Matthew D. Fourcroy

Directors

Charles L. Cesena
Troy C. Gatchell
Marshall E. Ochylski

General Manager

Ron Munds

District Accountant

Robert Stilts, CPA

Unit Chief

Eddy Moore

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

www.losososcsl.org

DESCRIPTION

At the May 6, 2021 Board Meeting, the Board approved the Ferrell Avenue Pathway Project and the revised budget of \$77,215. Part of the approval was the authorization to use Fund 900 Reserves to pay the difference between the operating cash available and the project final cost. After conferring with the District accountant, staff is recommending that the entire project cost, \$80,250, be paid for from reserves in order to maintain Fund 900 cash flow for Fiscal Year 2021-22.

STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

Motion: I move that the Board authorize the use of Fund 900 Reserves in the amount of \$80,250.00 to pay for the expenses associated with the Ferrell Avenue Pathway Project.

Discussion

Background

In May 2021, the Board approved the Ferrell Avenue Pathway Project and a revised budget of \$77,215. At the final permitting phase of the project, the District was required to provide a soil analysis and compaction testing for the pathway which was an unanticipated cost and not included in the budget. The cost for these services was about \$2,400 which accounts for most of the increased costs which came to \$80,250.

Also, at the May Board meeting, the Board authorized using Fund 900 Reserves to pay for the difference between the operating cash available and the project final cost. After conferring with the District accountant, it was agreed that, from an accounting and cash flow perspective, it would be best to use reserves for the entire cost of the project. This would minimize the need to transfer money in the future from reserves to maintain cash flow in Fund 900 during Fiscal Year 2021-22.

Financial Impact

The current Fund 900 Reserve balance is \$279,129.18. Reducing the reserve by \$80,250 would leave a new balance of \$198,879.18.