



January 26, 2018

TO: LOCSO Board of Directors

FROM: Renee Osborne, General Manager
Rob Miller, District Engineer

SUBJECT: Agenda Item 12A – 2/1/2018 Board Meeting
Consideration of District's Portion of the Basin Management Committee Operating Budget for Calendar Year 2018

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Louis G. Tornatzky

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
Greg Alex

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

Offices:
2122 9th Street, Suite 102
Los Osos, CA 93402

Phone: 805/528-9370
FAX: 805/528-9377

www.losososcscsd.org

DESCRIPTION

Consideration and approval of the District's Portion of the Basin Management Committee's (BMC) 2018 Annual Operating Budget.

STAFF RECOMMENDATION

Motion: I move that the Board approve the District's portion of the Basin Management Committee Budget with respect to the costs anticipated in Fiscal Year 2017/2018 in the amount of \$61,370 and direct staff to include funding in the draft 2018/2019 budget in the amount of \$50,654 for BMC expenses through Calendar year 2019.

DISCUSSION

At the January 17, 2018 BMC meeting, the Committee approved the 2018 Proposed Budget. The proposed amounts were as follows, based on the percentage split of: LOCSO (38%); GSWC (38%); SLO County (20%); and, S&T Mutual (4%).

LOCSO 2018 Costs:

- FY 2017/18: \$61,370
- FY 2018/19: \$50,654
- Total for Calendar Year 2016: \$112,024

FINANCIAL IMPACT

The District had set aside \$38,000 for the BMC 2017-2018 budget. The impact would affect the 2017-2018 budget by \$23,370. There are adequate funds in Fund 500/Water to cover the anticipated increased costs.

Attachment - BMC 2018 Annual Budget Report

TO: Los Osos Basin Management Committee

FROM: Rob Miller, Interim Executive Director

DATE: January 17, 2018

SUBJECT: Item 7b – Adoption of Basin Management Committee Annual Budget

Recommendations

Staff recommends that the Committee adopt the Calendar Year 2018 budget as drafted.

Discussion

Section 5.13.2 of the Stipulated Judgment requires that the parties develop an annual budget to fund its activities. Staff has prepared a draft budget (attached), which includes the following key items:

- Basin Management Committee general administration for Calendar Year 2018, including venue and meeting expenses. In general, these items were under budget in 2017.
- As requested by the Committee in November 2017, a budget line item has been added for additional basin modeling to determine if the Basin Infrastructure Program assets are performing consistent with expectations, and to determine if any changes should be considered. A scope of work and proposal for such services will be considered at the next BMC meeting, pending approval of the suggested budget allocation.
- Consultant services for the preparation of the Annual Report, including monitoring. Note that the total cost of items 5 and 6 total \$56,000. This allocation is similar to 2017, with a 12% increase to account for additional technical analysis in response to comments from the last annual report.
- Consultant services to assist in the pursuit of grants
- Additional studies regarding recycled water recharge in Los Osos Creek
- Installation of a new monitoring well in Cuesta by the Sea.
- Jointly pursued water conservation efforts
- The Proposition 218 budget line item, along with the related legal expenses, has been removed from the calendar year 2018 budget. If necessary, this item could be reinstated at a subsequent meeting.

Given that the parties operate on different fiscal calendars, staff believes a standard calendar year to be the appropriate budget interval. In calendar year 2017, approximately 42% of the adopted budget of \$290,400 was expended. The reduced amount was primarily due to the Committee's feedback on an administrative special tax, which did not move forward due to perceived lack of voter support. In 2018, staff anticipates that much of the budget will be expended due to the cost of the proposed monitoring well

Financial Considerations

The total budget proposed for 2017 is \$294,800. The budget also includes a 10% contingency for unforeseen expenses. The estimated cost to each party is summarized as follows:

LOCSD (38%): \$112,024

GSWC (38%): \$112,024

County of SLO (20%): \$58,960

S&T Mutual (4%): \$11,792

Table 1: BMC 2018 Budget for 12 month period, allocated by fiscal year

| Item | Description | Cost | Projected Total in LOCS D FY 2017/18 | Projected Total in LOCS D FY 2018/19 | Comments |
|------|--|------------------|--------------------------------------|--------------------------------------|---|
| 1 | Monthly meeting administration, including preparation, staff notes, and attendance | \$50,000 | \$25,000 | \$25,000 | Assumes 20 to 25 hours per month, on average |
| 2 | Meeting expenses - facility rent (if SBCC needed for larger venue) | \$1,000 | \$500 | \$500 | \$30/hr for non-profit |
| 3 | Meeting expenses - audio and video services | \$6,000 | \$3,000 | \$3,000 | |
| 4 | Adaptive Management - Groundwater Modeling | \$10,000 | \$10,000 | \$0 | |
| 5 | Semi annual seawater intrusion monitoring | \$26,400 | \$26,400 | \$0 | |
| 6 | Annual report - not including Year 1 start up costs | \$29,600 | \$29,600 | \$0 | Not including services contributed directly from BMC member staff |
| 7 | Grant writing (outside consultant) | \$5,000 | \$3,000 | \$2,000 | BMC member staff may also contribute to grant efforts |
| 8 | Creek Recharge and Replenishment Studies | \$15,000 | \$5,000 | \$10,000 | Grant pursuit, additional baseline modeling |
| 9 | Cuesta by the Sea monitoring well | \$115,000 | \$40,000 | \$75,000 | Well ownership to be determined prior to construction |
| 10 | Conservation programs (not including member programs) | \$10,000 | \$5,000 | \$5,000 | Bulk of cost will be budgeted by individual BMC members |
| | Subtotal | \$268,000 | | | |
| | 10% Contingency | \$26,800 | \$14,000 | \$12,800 | |
| | Total | \$294,800 | \$161,500 | \$133,300 | |
| | LOCS D (38%) | \$112,024 | \$61,370 | \$50,654 | |
| | GSWC (38%) | \$112,024 | | | |
| | County of SLO (20%) | \$58,960 | \$32,300 | \$26,660 | |
| | S&T Mutual (4%) | \$11,792 | | | |