



Notice of Regular Meeting
Oceano Community Services District - Board of Directors Agenda
WEDNESDAY, January 10, 2018 – 5:30 P.M.
Oceano Community Services District Board Room
1655 Front Street, Oceano, CA

All items on the agenda including information items, may be deliberated. Any member of the public with an interest in one of these items should review the background material and request information on the possible action that could be taken.

All persons desiring to speak during any Public Comment period are asked to fill out a "Board Appearance Form" to submit to the General Manager prior to the start of the meeting. Each individual speaker is limited to a presentation time of THREE (3) minutes per item. Persons wishing to speak on more than one item shall limit his/her remarks to a total of SIX (6) minutes. This time may be allocated between items in one minute increments up to three minutes. Time limits may not be yielded to or shared with other speakers.

1. **CALL TO ORDER:**
2. **ROLL CALL:**
3. **FLAG SALUTE:**
4. **AGENDA REVIEW:**
5. **CLOSED SESSION:** Pursuant to Government Code §54956.9 (d)(2): Conference with District Counsel regarding anticipated litigation. Number of cases: one (1).

6. **PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA: (NOT BEGINNING BEFORE 6:00 PM)**

This public comment period provides an opportunity for members of the public to address the Board on matters of interest within the jurisdiction of the District that are not listed on the agenda. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

7. **SPECIAL PRESENTATIONS & REPORTS:**

A. STAFF REPORTS:

- i. Operations - Field Supervisor Tony Marraccino
- ii. FCFA Operations - Chief Steve Lieberman
- iii. OCSD General Manager – Paavo Ogren
- iv. Sheriff's South Station - Commander Stuart MacDonald

B. BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:

- i. Director Angello
- ii. Director Brunet
- iii. President White
- iv. Vice President Austin
- v. Director Coalwell

C. PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:

This public comment period provides an opportunity for members of the public to address the Board on matters discussed during Agenda Item #7 – Special Presentations and Reports. If a member of the public wishes to speak at this time, Public comment is limited to three (3) minutes.

This agenda was prepared and posted pursuant to Government Code Section 54954.2. Agenda is posted at the Oceano Community Services District, 1655 Front Street, Oceano, CA. Agenda and reports can be accessed and downloaded from the Oceano Community Services District website at www.oceanocsd.org

ASSISTANCE FOR THE DISABLED If you are disabled in any way and need accommodation to participate in the Board meeting, please call the Clerk of the Board at (805) 481-6730 for assistance at least three (3) working days prior to the meeting so necessary arrangements can be made.

ASISTENCIA A DISCAPACITADO Si usted está incapacitado de ninguna manera y necesita alojamiento para participar en la reunión de la Junta, por favor llame a la Secretaría de la Junta al (805) 481-6730 para recibir asistencia por lo menos tres (3) días antes de la reunión para que los arreglos necesarios puedan ser hechos.

8. CONSENT AGENDA ITEMS:

Public comment Members of the public wishing to speak on consent agenda items may do so when recognized by the Presiding Officer. To facilitate public comment we request persons wishing to speak to fill out a speak request form and give it to the General Manager. Public comment is limited to three (3) minutes.

- A. Review and Approval of Minutes for the Regular Meeting on December 13, 2017
- B. Review and Approval of Cash Disbursements
- C. Submittal for approval an Intent to Serve Letter to Ulrich Renfurum; 1531 15th Street; Assessor's Parcel No. 062-041-076

9. BUSINESS ITEMS:

Public comment Members of the public wishing to speak on public hearing items may do so when recognized by the Presiding Officer. To facilitate public comment we request persons wishing to speak to fill out a speak request form and give it to the General Manager. Public comment is limited to three (3) minutes.

- A. Approval of a Recommendation selecting Moss, Levy & Hartzheim, LLP as the District Auditors for Fiscal Year 2016-17 through 2018-19 at a annual cost of \$18,500 - \$19,820
- B. Review of the District's Budget Status as of December 31, 2017
- C. Consideration of a report entitled "A Twenty Eighteen (2018) Outlook on the Fire Cities Fire Authority" and a recommendation to create an ad-hoc committee for inter-agency collaboration and related efforts

10. HEARING ITEMS:

11. RECEIVED WRITTEN COMMUNICATIONS:

12. LATE RECEIVED WRITTEN COMMUNICATIONS:

13. FUTURE AGENDA ITEMS: District Policies Continued; Regional Groundwater Sustainability Project (RGSP) update, Roles and Responsibilities with Related Agencies; Emergency Generator, Construction Documents, Five Cities Fire Authority 5 Year Strategic Plan.

14. FUTURE HEARING ITEMS:

15. ADJOURNMENT:



Oceano Community Services District

Summary Minutes

Regular Meeting Wednesday, December 13, 2017 – 5:30 P.M.

Oceano Community Services District Board Room

1655 Front Street, Oceano, CA

1. **CALL TO ORDER:** at 5:30 p.m. by President White
2. **FLAG SALUTE:** led by Director Coalwell
3. **ROLL CALL:** Board members present Director Brunet, Director Angello, Director Coalwell, President White. Also present, District Legal Counsel Jeff Minnery, Business and Board Secretary Celia Ruiz. Board member absent Vice President Austin.
4. **AGENDA REVIEW:** Agenda approved as presented.
5. **CLOSED SESSION:** was entered at approximately 5:32pm. Open session was resumed at approximate 6:03pm
No public comment
 - A. **Pursuant to Government Code §54956.9 (d)(2):** Conference with District Counsel regarding anticipated litigation. Number of cases: one (1).
Reportable action: None
6. **PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA (NOT BEGINNING BEFORE 6:00 PM):**
Public comment was received by Brenda Lowe
7. **SPECIAL PRESENTATIONS & REPORTS:**
 - a. **STAFF REPORTS:**
 - i. Operations - Field Supervisor Tony Marraccino reported 11 work orders, 9 USA's, 15 service orders, 5 after hour call outs, emergency generator update, meter swaps, trash pickup, hazmat inspection, sample classes, dead end flushing, equipment checks 1st of month.
 - ii. FCFA - Chief Steve Lieberman – None
 - iii. OCSD General Manager – General Manager Ogren reported on new billing rates as of 11/18/17, revenue on target.
 - iv. Sheriff's South Station - Commander Stewart MacDonald – None
 - b. **BOARD OF DIRECTORS AND OUTSIDE COMMITTEE REPORTS:**
 - i. Director Angello - None
 - ii. Director Brunet – reported on Zone 3 Advisory Committee
 - iii. President White – reported on SSLOCSD
 - iv. Vice President Austin – Absent
 - v. Director Coalwell – None
 - c. **PUBLIC COMMENT ON SPECIAL PRESENTATIONS AND REPORTS:**
No public comment.

8 CONSENT AGENDA:	ACTION:
a. Review and Approval of Minutes for the Special Meeting on November 13, 2017	After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Director Coalwell, a second by Director Angello and a 4-0 vote. No public comment.
b. Review and Approval of Cash Disbursements	
c. Submittal for approval an Intent to Serve Letter extension to Coker Ellsworth; Halcyon and Temple; Assessor's Parcel No. 075-011-041	

9 A BUSINESS ITEM:	ACTION:
Election of District Officers; Appointment of Alternate to the South San Luis Obispo County Sanitation District; 2018 Committee Assignments	After comments from General Manager Ogren, an opportunity for public comment and brief Board discussion, the attached committee appointments were approved with a motion from Director Brunet, a second by Director Angello and a 4-0 vote. No public comment.
9 B BUSINESS ITEM:	ACTION:
Annual review of the District's Investment Policy and Consideration of a Recommendation to approve a resolution establishing the District's 2018 Investment Policy.	After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from President White, a second by Director Angello and a 4-0 vote. No public comment.
9 C BUSINESS ITEM:	ACTION:
Approval of a Recommendation Authorizing the General Manager to Issue Requests for Proposals for Professional Services to prepare the Local Hazard Mitigation Plan	After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Director Brunet, a second by Director Angello and a 4-0 vote. No public comment.
9 D BUSINESS ITEM:	ACTION:
Approval of a Recommendation selecting the proposal from Cannon Associates for preparation of the Water Resource Reliability Program and authorizing the Board President to approve a professional services agreement in an amount not to exceed \$198,367	After an opportunity for public comment and brief Board discussion, staff recommendations were approved with a motion from Director Brunet, a second by Director Angello and a 4-0 vote. No public comment.
9 E BUSINESS ITEM:	ACTION:
Update on the utility yard site plan with and review of alternatives	After an opportunity for public comment and brief Board discussion, no action taken. No public comment.

10. **HEARING ITEMS:** None

11. **RECEIVED WRITTEN COMMUNICATIONS:** None

12. **LATE RECEIVED WRITTEN COMMUNICATIONS:** None

13. **FUTURE AGENDA ITEMS:** District Policies Continued; Regional Groundwater Sustainability Project (RGSP) update, Roles and Responsibilities with Related Agencies; Emergency Generator, Construction Documents, Five Cities Fire Authority 5 Year Strategic Plan.

14. **FUTURE HEARING ITEMS:** None

15. **ADJOURNMENT:** at approximately 7:08 pm



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 10, 2018

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: **Agenda Item #8B: Recommendation to Approve Cash Disbursements**

Recommendation

It is recommended that your Board approve the attached cash disbursements.

Discussion

The following is a summary of the attached cash disbursements:

Description	Check Sequence*	Amounts
	56684 - 56721	
<u>Disbursements Requiring Board Approval prior to Payment:</u>		
Regular Payable Register – paid 01/10/2018	56694 - 56721	\$229,417.57
Subtotal:		\$229,417.57
<u>Reoccurring Payments for Board Review (authorized by Resolution 2016-07):</u>		
Payroll Disbursements – pay period ending 12/09/2017	N/A	\$27,364.07
Payroll Disbursements – pay period ending 12/23/2017	N/A	\$26,809.07
Reoccurring Utility Disbursements – paid 12/13/2017	56684 - 56691	\$6,075.23
Reoccurring Health/Benefits – paid 12/13/2017	56692 - 56693	\$196.77
Subtotal:		\$60,445.14
	N/A	
Grand Total:		\$289,862.71

Other Agency Involvement: n/a

Other Financial Considerations: Amounts are within the authorized Fund level budgets.

Results

The Board's review of cash disbursements is an integral component of the District's system of internal controls and promotes a well governed community.

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:	-----							
1-1001-000	1/04/2018	CHECK	056694	R&R ROLL-OFF LLC	491.12CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056695	PETTY CASH	10.28CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056696	CANNON	72.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056697	GATOR CRUSHING & RECYCLING	20.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056698	COASTLINE EQUIPMENT	1,358.95CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056699	MARK SCHWIND ELECTRIC INC.	880.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056700	FASTENAL COMPANY	270.17CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056701	ADAMSKI MOROSKI MADDEN CUMBERL	9,121.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056702	CENTRAL COAST PRINTING	411.29CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056703	ARAMARK	272.28CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056704	CENTRAL COAST TECHNOLOGY CONSU	316.06CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056705	INDUSTRIAL CHEM LABS	389.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056706	COALWELL, JAMES	200.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056707	FRED PRYOR SEMINARS	199.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056708	INTEGRA CHEMICAL COMPANY	626.65CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056709	DE LAGE LANDEN FINANCIAL SERVI	157.66CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056710	ONE COOL EARTH	2,500.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056711	FIVE CITIES PLUMBING	1,000.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056712	CLINICAL LAB OF SAN BERNARDINO	735.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056713	RABOBANK VISA CARD	134.99CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056714	J.B. DEWAR, INC.	281.75CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056715	FIVE CITIES FIRE AUTHORITY	202,132.50CR	OUTSTND	A	0/00/0000

1/04/2018 8:52 AM
 COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK RECONCILIATION REGISTER

PAGE: 2
 CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 056694 THRU 056721

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:								
1-1001-000	1/04/2018	CHECK	056716	GROVER BEACH, CITY OF	2,367.17CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056717	MINER'S ACE HARDWARE, INC.	134.17CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056718	QUILL CORPORATION	309.83CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056719	SLO CO PUBLIC HEALTH DEPT.	816.20CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056720	SWRCB ACCOUNTING OFFICE	2,588.00CR	OUTSTND	A	0/00/0000
1-1001-000	1/04/2018	CHECK	056721	RRM DESIGN GROUP	1,622.50CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	229,417.57CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	229,417.57CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

Payroll Summary Report
Board of Directors - Agenda Date January 10, 2018

<u>Gross Wages</u>	Pay Period Ending:	(*)		
		11/30/2017	12/9/2017	12/23/2017
Regular		\$22,568.69	\$22,714.51	\$22,789.69
Overtime Wages		\$1,954.68	\$1,073.04	\$510.66
Stand By		\$700.00	\$700.00	\$700.00
Gross Wages		<u>\$25,223.37</u>	<u>\$24,487.55</u>	<u>\$24,000.35</u>
 <u>Disbursements</u>				
Net Wages		\$18,903.15	\$18,105.61	\$17,553.38
State and Federal Agencies		\$5,945.47	\$5,350.26	\$5,298.43
CalPERS - Normal		\$3,480.20	\$3,908.20	\$3,957.26
Total Disbursements processed with Payroll		<u>\$28,328.82</u>	<u>\$27,364.07</u>	<u>\$26,809.07</u>
Health & Other (Disbursed with reoccurring bills)		\$143.44	\$3,481.37	\$3,481.43
Total District Payroll Related Costs		<u>\$28,472.26</u>	<u>\$30,845.44</u>	<u>\$30,290.50</u>

(*) Previously reported in prior Board Meeting packet - provided for comparison.

COMPANY: 99 - POOLED CASH FUND
 ACCOUNT: 1-1001-000 POOLED CASH OPERATING
 TYPE: All
 STATUS: All
 FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
 CLEAR DATE: 0/00/0000 THRU 99/99/9999
 STATEMENT: 0/00/0000 THRU 99/99/9999
 VOIDED DATE: 0/00/0000 THRU 99/99/9999
 AMOUNT: 0.00 THRU 999,999,999.99
 CHECK NUMBER: 056684 THRU 056691

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:								
1-1001-000	12/12/2017	CHECK	056684	NORCAST TELECOM NETWORKS	396.18CR	OUTSTND	A	0/00/0000
1-1001-000	12/12/2017	CHECK	056685	RABOBANK EQUIPMENT LEASE	755.60CR	OUTSTND	A	0/00/0000
1-1001-000	12/12/2017	CHECK	056686	CHARTER COMMUNICATIONS	130.00CR	OUTSTND	A	0/00/0000
1-1001-000	12/12/2017	CHECK	056687	DIGITAL WEST NETWORKS, INC.	50.00CR	OUTSTND	A	0/00/0000
1-1001-000	12/12/2017	CHECK	056688	VERIZON WIRELESS	251.63CR	OUTSTND	A	0/00/0000
1-1001-000	12/12/2017	CHECK	056689	PACIFIC GAS & ELECTRIC	4,303.32CR	OUTSTND	A	0/00/0000
1-1001-000	12/12/2017	CHECK	056690	THE GAS COMPANY	99.00CR	OUTSTND	A	0/00/0000
1-1001-000	12/12/2017	CHECK	056691	STANLEY CONVERGENT SECURITY SO	89.50CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	6,075.23CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	6,075.23CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		

COMPANY: 99 - POOLED CASH FUND
ACCOUNT: 1-1001-000 POOLED CASH OPERATING
TYPE: All
STATUS: All
FOLIO: All

CHECK DATE: 0/00/0000 THRU 99/99/9999
CLEAR DATE: 0/00/0000 THRU 99/99/9999
STATEMENT: 0/00/0000 THRU 99/99/9999
VOIDED DATE: 0/00/0000 THRU 99/99/9999
AMOUNT: 0.00 THRU 999,999,999.99
CHECK NUMBER: 056692 THRU 056693

ACCOUNT	--DATE--	--TYPE--	NUMBER	-----DESCRIPTION-----	----AMOUNT---	STATUS	FOLIO	CLEAR DATE
CHECK:								
1-1001-000	12/12/2017	CHECK	056692	TASC -CLIENT INVOICES	53.33CR	OUTSTND	A	0/00/0000
1-1001-000	12/12/2017	CHECK	056693	SEIU LOCAL 620	143.44CR	OUTSTND	A	0/00/0000
TOTALS FOR ACCOUNT 1-1001-0				CHECK	TOTAL:	196.77CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		
TOTALS FOR POOLED CASH FUND				CHECK	TOTAL:	196.77CR		
				DEPOSIT	TOTAL:	0.00		
				INTEREST	TOTAL:	0.00		
				MISCELLANEOUS	TOTAL:	0.00		
				SERVICE CHARGE	TOTAL:	0.00		
				EFT	TOTAL:	0.00		
				BANK-DRAFT	TOTAL:	0.00		



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 10, 2018
To: Board of Directors
From: Celia Ruiz, Will Serve Coordinator
Via: Paavo Ogren, General Manager
Subject: **Agenda Item # 8(C):** Submittal for approval an Intent to Serve Letter to Ulrich Renfurm; 1531 15th Street; Assessor's Parcel No. 062-041-076

Recommendation

That your Board authorize the General Manager or his designee to send the attached Intent to Serve Letter to Ulrich Renfurm; 1531 15th Street; Assessor's Parcel No. 062-041-076

Discussion

Mr. Renfurm submitted a request for a will-serve letter on November 6, 2017 attached and staff has prepared the attached "intent to serve" letter for your Board's consideration. Staff has not identified any special concerns for the proposed development that would require any special conditions or denial of the request. A reimbursement agreement will be required pursuant to Resolution 2015-09 for off-site improvements.

Current Status

The owner is in process of obtaining building permit from the County. Owner is proposing a detached garage/workshop.

NAME OF APPLICANT	ULRICH RENFURM
APPLICATION DATE RECEIVED	NOVEMBER 6, 2017
ADDRESS	1531 15TH STREET
ASSESSORS PARCEL NUMBER	062-041-076
TYPE OF USE	GARAGE/WORKSHOP
CONFIRMATION OF OWNERSHIP	YES
OFFSITE IMPROVEMENTS ?	YES
REIMBURSEMENT AGREEMENT ?	YES
PREVIOUS WILL SERVE ISSUED	N/A
EXPIRATION DATE	N/A
FEES REQUIRED	\$ 8,706.44
SSLOCD FEE SIGN-OFF REQUIRED?	YES
FOG PROGRAM REQUIRED?	NO
SSLOCD SIUP REQUIRED?	NO
LETTER FROM FCFA?	STILL NEEDED

Other Agency Involvement

The County of San Luis Obispo issues building permits for land development in Oceano. The issuance of will-serve letters and conditions of development is also



Oceano Community Services District

Board of Directors Meeting

coordinated with the Five Cities Fire Authority and the South San Luis Obispo County Sanitation District.

Other Financial Considerations

Owner may need to install separate water line and 1" meter per FCFA to meet NFPA 13D Fire Protection System requirement. Front footage was paid when the new single family residence was developed.

Description	Estimate
<i>Water Connection Fees</i>	
Water Meters	\$ 1,350.00
State Water Project/Lopez Dam Improvement Charge	\$ 1,000.00
Inspection Fee (\$ 25 per SFR Equivalent Unit)	\$ 25.00
Capacity Charge	\$ 5,806.44
Total	\$ 8,181.44
<i>Sewer Connection Fees</i>	
Sewer Connection Fee	\$ 500.00
Inspection Fee (\$ 25 per SFR Equivalent Unit)	\$ 25.00
Total	\$ 525.00
<i>Total Water and Sewer Estimated Fees</i>	<u>\$ 8,706.44</u>

Results

Providing will serve letters for new development is consistent with the County's General Plan and the interests of the property owner.

Attachments:

- Will serve request from Ulrich Renfurm
- Intent to Serve Letter

January 10, 2018

Ulrich Renfurm
Po Box 455
Pismo Beach, CA. 93448

**SUBJECT: Intent to Serve Letter – Water and Wastewater Collection
APN 062-041-076; OCSD PROJECT #6531 OWNER/PROJECT: Renfurm / Addition**

Dear Mr. Renfurm:

The purpose of this letter is in response to your request for a will serve letter dated November 6, 2017 and to provide you with a confirmation that it is the intent of the Oceano Community Services District (OCSD) to serve you water and provide you wastewater collections services for the project described in this letter.

Please understand that prior to obtaining any building permit from the County of San Luis Obispo for the project, you must obtain a final will-serve letter from the District. In order to obtain a final will-serve letter, the conditions of this "intent to serve" letter must be fully satisfied, or otherwise waived or modified by the Board of Directors unless the General Manager is authorized to modify or waive. In addition, other agencies related to the OCSD, specifically the Five Cities Fire Authority (FCFA) and the South San Luis Obispo County Sanitation District (SSLOCSD) may also have conditions that you must satisfy and provide proof of doing so to the OCSD.

In the event that facts and circumstances associated with your application include errors or omissions, or for other reasons needed to ensure compliance with the OCSD ordinances, resolutions and/or rules and regulations, the OCSD reserves the right to modify the conditions prior to approval of the final will serve letter. In the event of non-compliance with the OCSD requirements, the OCSD reserves the right to take any and all actions necessary to ensure compliance and to also request that the County of San Luis Obispo take any and all actions to help ensure compliance, including but not limited to stop notices on construction activities.

Oceano Community Services District intends to serve the single family residence development proposed for 1531 15th St subject to the following conditions:

1. Payment of \$ 8,706.44 is due to OCSD.
2. Approval by OCSD of the following items on the project's plans and specifications submitted to the County of San Luis Obispo:
 - a. Onsite water and sewer services and cleanouts.
 - b. Offsite improvements if applicable. If off-site improvements are required, you must provide engineered plans and submit them to the District for review and approval, which may also include requirements from the FCFA and street lighting. You will also be required to execute a reimbursement agreement to cover costs of the OCSD on a time and materials basis.

3. If any of the OCSD facilities are required to be modified because of required conditions of the District or any other agency having jurisdiction over the proposed development, you are responsible for providing plans and specifications to the District for review and approval and for paying the costs of those modifications whether the work is done under your control or by the OCSD. You will also be required to execute a reimbursement agreement to cover costs of the OCSD on a time and materials basis.
4. If District facilities (such as water and/or sewer lines) extend into or across the subject property, you will be required to prepare and submit appropriate easement documents and/or encroachment permits for acceptance by the District's Board of Directors and recording with the County Clerk-Recorder.
5. You must provide letters from FCFA and SSLOCSD that indicates that they have reviewed your project and identifies any conditions that they require of the project. If no conditions are required by FCFA and/or SSLOCSD, the letter(s) must clearly state that no conditions are required.
6. All project improvements approved by OCSD will require final inspections by OCSD prior to the issuance of a final will serve letter.

This intent to serve letter will expire January 10, 2019 and is nontransferable. If you have any questions, please contact the office at (805) 481-6730.

Respectfully submitted,

OCEANO COMMUNITY SERVICES DISTRICT

Celia Ruiz, Will Serve Coordinator



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

INTENT-TO-SERVE APPLICATION

DATE: 11/6/2017

1. This is an application for: **Water and Sewer**
2. SLO County Planning Department/Tract or Development No.: _____
3. Attach a copy of SLO County Application.
Note: District Intent-To-Serve letters expire twelve (12) months from date of issue, unless the project's County application is deemed complete.
4. Project Location: 1531 15TH Street Oceano, CA 93445
5. Assessor's Parcel Number (APN) of Lot(s) to be served: 062-041-076
6. Owner Name: AFOBAKA CONSTRUCTION, INC
7. Mailing Address: Po box 455 Pismo Beach, CA 93448
8. Email: a-construction@aol.com
9. Phone: 805-473-1333 Fax: _____
10. Agent's Information (Architect or Engineer):
Name: PAS Company
Address: 9160 Tiburon Circle Alascadero, CA 93422
Email: _____@_____
Phone: 805-703-0380 Fax: _____
11. Type of Project: (Check Box)

<input type="checkbox"/> Single-family dwelling units	<input type="checkbox"/> Private Contractor to perform work
<input type="checkbox"/> Multi-family dwelling units	<input type="checkbox"/> We request OCSD to perform work
<input type="checkbox"/> Commercial	
<input type="checkbox"/> Mixed Use (Commercial & Residential)	

12. Site Plan:

All projects, please submit two (2) full sets of plans in 11x17 format. (If available, please also submit in digital format). Show parcel layout, water & sewer laterals, and general off-site improvements, as applicable. *Please note that plans will not be returned.*

13. Agreement:

The Applicant agrees that in accordance with generally accepted construction practices, Applicant shall assume sole and complete responsibility for the condition of the job site during the course of the project, including the safety of persons and property; that this requirement shall apply continuously and not be limited to normal working hours; and the Applicant shall defend, Indemnify, and hold the District and District's agents, employees and consultants harmless from any and all claims, demands, damages, costs, expenses (including attorney's fees) judgments or liabilities of any kind whatsoever arising out of or related to this Agreement.

Nothing in the foregoing indemnity provision shall be construed to require Applicant to Indemnify District against any responsibility or liability or contravention of Civil Code §2782.

Comply with all District Rules and Regulations.

Application Processing Fee.....	\$30.00 per structure and/or separate residential unit, whichever is greater.
Initial deposit for fees and costs (see note ¹):.....	\$750.00 per project

Date: 11/06/2017

Signed AFORAKIA CONSTRUCTION, INC.
(Must be signed by owner or owner's agent)

Print Name WLRICH RENTFURM

¹ The initial deposit will be applied to meter costs established by District Ordinance 2006-2, and/or District reimbursable costs established pursuant to Resolution 2015-9. In the event the application is withdrawn or not approved, any remaining balance will be refunded to the applicant. The initial deposit may also need to be increased, along with execution of a Reimbursement Agreement, as provided for in Resolution 2015-9, depending on the complexity of issues involving the applicant's project.



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 10, 2018
To: Board of Directors
From: Carey Casciola, Business and Accounting Manager
Subject: **Agenda Item #9A : Approval of a Recommendation selecting Moss, Levy & Hartzheim, LLP as the District Auditors for Fiscal Year 2016-17 through 2018-19 at a cost of \$18,500 - \$19,820**

Recommendation

It is recommended that your Board approve the following:

- a. Select the proposal from Moss, Levy & Hartzheim for preparation of the 2016-17 through 2018-19 financial statements
- b. Authorize the Board President to approve a professional services agreement in an amount not to exceed \$18,500 for fiscal year 2016-17, \$19,150 for fiscal year 2017-18, and \$19,820 for fiscal year 2018-19.

Discussion

Pursuant to Special District Law the Board of Directors shall provide for regular audits of the District's accounts and records. An audit is performed on the accounts and records of Oceano CSD every year by an independent Certified Public Accountant. On November 13, 2017 your Board approved the distribution of a Request for Proposals (RFP) for independent audit services for the fiscal year ending June 30, 2017 with options to renew for annual audits for the fiscal years ending June 30, 2018 and June 30, 2019. Staff researched other local agency auditors in the area and sent the RFP to these firms.

The following is a list of firms responded to the RFP. The proposed fees from each firm are summarized below:

<u>Firm</u>	<u>Fiscal Year</u>	<u>Proposed Fees</u>
Moss, Levy & Hartzheim	FY 2016-17	\$18,500
	FY 2017-18	\$19,150
	FY 2018-19	\$19,820
Rogers, Anderson, Malody & Scott, LLP	FY 2016-17	\$23,000
	FY 2017-18	\$24,000
	FY 2018-19	\$24,000



Oceano Community Services District

Board of Directors Meeting

Staff and the OCSD RFP Ad Hoc Committee reviewed the proposals and independently evaluated them. Both firms have established reputations in governmental accounting and auditing. It is important to have an auditor with a thorough understanding of the complex accounting and compliance issues related to special districts. This includes the accounting related to pensions for GASB 68. Both firms provide GASB 68 journal entries at no extra cost. Since both firms can meet audit requirements, the committee and staff are recommending the lowest cost proposal.

Other Agency Involvement

The County Auditor is provided a copy of the audit and related communication letters.

Other Financial Considerations

Funding for audit services has been included in the budget at \$20,500.

Results

Completion of the annual audit promotes independent evaluation of the District's accounting records and helps to ensure a well governed community.

Attachments: The audit proposals are attached to the agenda material and posted on the website as separate addendums



Oceano Community Services District

1655 Front Street, P.O. Box 599, Oceano, CA 93475

(805) 481-6730 FAX (805) 481-6836

Date: January 10, 2018

To: Board of Directors

From: Carey Casciola, Business and Accounting Manager

Subject: Agenda Item #9B – Review of the District’s Budget Status as of December 31, 2017

Recommendation

It is recommended that your Board review and discuss the District’s budget status as of December 31, 2017 and provide direction to staff as you deem appropriate.

Discussion

The attached worksheets have been prepared to review the status of this year’s budget. They have been designed to include the following:

- ✓ Current fiscal year adopted budget
- ✓ Current fiscal year actual revenues and expenditures as of December 31, 2017
- ✓ Current percentage of adopted budget
- ✓ Chronology of Budget Actions

In reviewing the worksheets we can spot items of significance. The column containing the percent of the 2017/18 budget utilized in the second quarter of fiscal year 2017-2018 illustrates that revenues and costs are on track to remain within the budget. A separate agenda item addresses budget issues relating to the Five Cities Fire Authority.

Quarter 2 - Expenses:

There are a few expenses that are front loaded and paid at the beginning of the fiscal year that look as though the District has spent more than 50% of the overall budget. The front loaded expenses are as follows:

1. Water Supply from Lopez Expense
2. Local Agency Formation Commission Expense (LAFCO)
3. Membership Expense (CRWA)
4. Boot Allowance Expense



5. Annual Software Maintenance
6. CalPERs UAL Payment
7. Liability Insurance

Certain expenses items in the Administrative Fund are running high since the items are now charged to administration but were budgeted throughout the operating funds. Savings in the operating funds for these items will cover the corresponding increase in the administrative cost allocations. The expenses are as follows:

1. Vacation, sick & other paid leave (Wages & Salaries)
2. CalPERS
3. Medicare
4. State Compensation
5. Employee Insurances
6. Utility Billing Mailing Expense
7. Communication & Dispatch
8. Clothing Expense

Lastly, the costs related to the Santa Maria Ground Basin Litigation saw an increase in the first six months of the fiscal year. This was related to the case management discussion work done with the cities and a tour by the residing judge. These costs are anticipated to level out in the upcoming quarters.

Quarter 2 - Revenues:

There are revenues that are higher than the budgeted income for the second quarter. These revenues arise from the timing of the second quarter review:

1. Landfill Savings Payment – The amount is provided in the franchise agreement and will result in unanticipated revenues of \$7,756 since it was not included in the budget estimates.
2. Five Cities Fire Authority Rent – Three of the four quarters have been paid by Five Cities Fire Authority.

Closely monitoring the budget in a conservative manner will help ensure remaining within budget. The 3rd quarter results, as of March 31, 2018, will be provided to your Board at your second regular meeting in April 2018.



Other Agency Involvement

N/A

Other Financial Considerations

Items that may influence the budget in the future:

1. Emergency Generator Project – the project is now anticipated to move forward in 2018 and be funded through Public Facilities Fees, which exceed \$200,000 and are more than sufficient to cover project costs that were proposed for the Sheriffs building, Fire Station and the Administration building for a cost of \$85,000. The option of purchasing a portable generator for Well #8 at an estimated \$130,000 would create more flexibility in a case of emergency. Options of leasing a portable generator are currently being researched by staff and will be brought to your board at the third quarter budget review when we can allocate savings from other Water Fund expenses.
2. Utility Relocation Projects with the County of San Luis Obispo –
 - a. Highway One Project – The utility relocation project cost estimate is \$109,868 and a budget adjustment was approved on January 25, 2017 along with the inter-agency agreement with the County.
 - b. Airpark Drive Bridge Replacement Project – The utility relocation project cost estimate is \$115,000 and a budget adjustment was approved on September 13, 2017 along with the inter-agency agreement with the County.
3. The board approved the final pay-off (Redemption) of the outstanding 1979 revenue bonds. The budget for fiscal year 2017/18 includes \$15,000 of principal reduction plus interest for a total of \$18,375. The final payment of the bonds went through for a total of \$46,125 in the end of October 2017. The additional costs in the current year will be covered by savings in State Water.



Oceano Community Services District

Board of Directors Meeting

Results

Establishing good budget monitoring procedures will help ensure that the District's costs are managed in a financially prudent manner and promotes prosperous and well governed communities.

Attachments: Budget Worksheets
 Chronology of Budget Actions Fiscal Year 2017-18

**GENERAL FUND
REVENUE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Revenues and Other Sources:	Year to Date Actual		Final
	12/31/2017	50%	Budget 2017/18
Prop Tax: Current Secured	203,339	22%	911,406
Prop Tax: Current Unsecured	21,264	98%	21,778
Unitary Taxes	1	0%	15,152
Homeowners' Prop Tax Relief	957	14%	6,664
Will Serve Letter Fee	660		
Firework Permit Fees	2,000	133%	1,500
CO Collection Chg: SB2557		0%	(20,000)
Utility Reimbursement-Leases	957		0
Encumbrance: Grant Revenue (LHMG Board Approved 4/26/2017)		0%	47,931
Encumbrance: Cancellation of Reserves (Board Approval 8/24/2016)	25,000	100%	25,000
Encumbrance: Website	2,000	21%	9,500
Cancellation of Contingency Reserve - OCSD Roof (Budget Adj 7/12/17)	217	100%	217
Cancellation of Contingency Reserve - SCBA FCFA (Budget Adj 11/14/17)		0%	69,165
Total Revenues	256,395	24%	1,088,313

**ADMINISTRATIVE BUDGET
EXPENDITURE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance: Expenditure Accounts 4100		Year to Date Actual		Final Budget 2017/18
		12/31/2017	50%	
Personnel				
010	Wages and Salaries	214,804	55%	390,028
020	Overtime	1,852	24%	7,673
061	PERS	26,171	54%	48,666
	PERS UAL Payment	22,717	100%	22,735
070	SUI (Unemp Ins)		0%	3,038
071	Medicare Employer Portion	3,105	54%	5,767
072	FICA	192		
075	State Compensation Ins	7,794	54%	14,454
080	Boot Allowance	750	100%	750
090	Employee Insurances	22,135	58%	38,400
097	Cell Phone Allowance	450	50%	900
Total Personnel		299,970	56%	532,411
Services and Supplies				
110	Communications & Dispatch	4,167	81%	5,125
100	Clothing	1,686		0
150	Insurance (100% in Admin, then allocated, in 2015-16)	15,815	66%	24,100
170	Maint: Equipment	179	5%	3,600
173	Maint: Structures	4,607	45%	10,250
180	Memberships	6,358	103%	6,150
190+191	Over and Short + misc	-123	-62%	200
192	Penalties and Interest	15		0
193	Bank Fees	71	4%	2,000
200	Office Expense	2,555	41%	6,300
205	Outside UB Mailing Expense	8,440	110%	7,688
210	Postage	155	31%	500
218	Audit	2,225	11%	20,500
220	Professional Services (AGP, Chapparel, other)	9,157	48%	19,000
221	Information Technology	3,036	61%	5,000
223	Legal Services	27,958	33%	84,000
226	Annual Software Maint.	7,477	56%	13,325
225	Board Member Stipends	4,950	28%	18,000
230	Legal Notices		0%	2,000
235	Books/Journals/Subsc		0%	1,500
241	Rents/Leases: Equip		0%	3,000
247	LAFCO	15,280	102%	15,000
248	Permits Licenses and Fees	236	24%	1,000
280	Private Vehicle Mileage	158	32%	500
283	Job Advertising Expense		0%	1,550
285	Classes/Seminars	96	2%	5,125
286	Board Member Training/Travel/Expense	132	9%	1,550
290	Utilities	4,878	50%	9,750
Total Services and Supplies		119,508	45%	266,713

**ADMINISTRATIVE BUDGET
EXPENDITURE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance:		Year to Date Actual		Final Budget 2017/18
		12/31/2017	50%	
Expenditure Accounts 4100				
Other Expenditures				
499	Claims & Settlements	4,906		
	Encumbrance: Backhoe approved 8/24/16	25,000	100%	25,000
	Encumbrance: LHMG Board Approved 4/26/2017		0%	47,931
	Encumbrance: Website	2,000	21%	9,500
376	Allocation/Adm Exp			
	Fire 4.0000%	(18,055)	56%	(31,965)
	Lighting 1.0000%	(4,514)	56%	(7,991)
	Water 45.0000%	(203,123)	56%	(359,605)
	Sewer 40.0000%	(180,554)	56%	(319,649)
	Garbage 6.0000%	(27,083)	56%	(47,947)
	Facilities 4.0000%	(18,055)	56%	(31,965)
Total Other Expenditures Cost		(419,478)	59%	(716,691)
Reserve Designations				
	Contingencies	0	0%	1,180
Total Reserve Designations Cost		0	0%	1,180
Total Expenditures		0	0%	83,613

**FIRE BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance: Expenditure Accounts 4200		Year to Date Actual		Final Budget 2017/18
		12/31/17	50.00%	
Personnel				
010	Wages and Salaries	92	5%	1,750
020	Overtime		0%	600
061	PERS Contribution	5,702	115%	4,955
070	SUI (Unemp Ins)			
071	Medicare Employer Portion	2	4%	45
090	Employee Insurances		0%	300
Total Personnel		5,796	76%	7,650
Services and Supplies				
077	JPA Quarterly Pmts	404,265	50%	806,464
090	Ins: Group Health/Life	21		
110	Communications & Dispatch	14,463	47%	30,650
170	Maint: Equipment	62		
173	Maint: Structures	692		
220	Professional/Special Services	165		
290	Utilities	1,725	34%	5,125
291	Sandbags	386		
	Cancellation of Contingency Reserve - SCBA FCFA (Budget Adj 11/14/17)	0		69,165
Total Services and Supplies		421,779	46%	911,404
Other Expenditures				
	Allocation/Adm Exp	18,055	56%	31,965
Total Other Expenditures		18,055	56%	31,965
Reserve Designations				
				0
Total Reserves		0	0	0
Total Expenditures		445,630	47%	951,019

**LIGHTING BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance: Expenditure Accounts 4195		Year to Date Actual		Final Budget 2017/18
		12/31/2017		
Personnel				
010	Wages and Salaries		0%	620
020	Overtime		0%	420
061	PERS		0%	105
071	Medicare Employer Portion		0%	20
090	Employee Insurances		0%	310
Total Personnel		0	0%	1,475
Services and Supplies				
175	Sys Parts/Oper Supplies		0%	1,000
295	Lighting	14,877	35%	43,000
	Budget Adj 7/12/207 - OCSD Roof	217	100%	217
Total Services and Supplies		15,094	34%	44,217
Other Expenditures				
376	Allocation/Adm Exp	4,514	56%	7,991
Total Other Expenditures		4,514	56%	7,991
Reserve Designations				
	Equipment			
Total Expenditures		19,608	37%	53,683

**EQUIPMENT FUND
REVENUE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Revenues and Other Sources:	Year to Date Actual		Final Budget 2017/18
	12/31/2017		
Revenues		50%	
Encumbrance: Cont from Gov't Fund (Board Approval 8/24/2016)	25,000	100%	25,000
Truck Rental from Water	3,273	50%	6,545
Vehicle Charges to Water	5,000	50%	10,000
Encumbrance: Cont from Water (Board Approval 8/24/2016)	25,000	100%	25,000
Budget Adj: Cancellation of Contingency Reserve - Backhoe Clips (Budget Adj 11/14/17)		0%	680
Total From Water	33,273	79%	42,225
Truck Rental from Sewer	3,273	50%	6,545
Vehicle Charges to Sewer	2,500	50%	5,000
Encumbrance: Cont from Sewer (Board Approval 8/24/2016)	25,000	100%	25,000
Budget Adj: Cancellation of Contingency Reserve - Backhoe Clips (Budget Adj 11/14/17)		0%	680
Total From Sewer	30,773	83%	37,225
Vehicle Charges to Garbage	500	50%	1,000
Encumbrance: Cont from Garbage (Board Approval 8/24/2016)	5,000	100%	5,000
Total From Garbage	5,500	92%	6,000
Total Revenues and Other Sources	94,546	86%	110,450

**EQUIPMENT BUDGET
 OPERATIONS AND MAINTENANCE WORKSHEET
 FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance:		Year to Date Actual		Final Budget 2017/18
		12/31/2017	50%	
Services and Supplies				
171	Maint Vehicles	574	9%	6,500
172	Gas and Oil	2,825	30%	9,500
Total Services and Supplies		3,399	21%	16,000
Other Expenditures				
320	Equipment Lease	3,778	42%	9,067
	Encumbrance: Backhoe Purchase (Board Approval 8/24/2016)	80,000	100%	80,000
	Budget Adj: Cancellation of Contingency Reserve - Backhoe Clips (Budget Adj 11/14/17)			1,360
Total Other Expenditures		83,778	93%	90,427
Reserve Designations				
	Equipment Replacement	0	0%	4,023
Total Reserves		0	0%	4,023
Total Expenditures		87,177	79%	110,450

**FACILITIES FUND
REVENUE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Revenues and Other Sources:		Year to Date Actual		Final Budget 2017/18
		12/31/2017	50%	
Revenues				
3260	Sheriff Substation Rent	56,970	50%	113,940
	New Fire Station	11,250	75%	15,000
	Old Fire Station	5,850	50%	11,700
	Public Facilities Fees	3,115	21%	15,000
	Utility Reimbursements	619		0
	Interfund Repayment from Water		0%	31,500
	Cancellation of Reserves (Board Approved 7/12/2017)	16,189	81%	20,000
	Transfer in from funds (Board Approved 7/12/2017)	20,000	100%	20,000
	Encumbrance: Emergency Generator Project	7,186	54%	13,210
Total Revenues and Other Sources		77,804	38%	240,350

**FACILITIES BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance:		Year to Date Actual		Final Budget 2017/18
		12/31/2017	50%	
Personnel				
010	Wages and Salaries	807	32%	2,500
020	Overtime	234	47%	500
061	PERS	129	52%	250
071	Medicare Employer Portion	17	17%	100
090	Employee Insurances	151	20%	750
Total Personnel		1,338	33%	4,100
Services and Supplies				
110	Communications	13		0
163	Maint: Structures	869	6%	15,000
173	Maint Structures	512	26%	2,000
220	Professional Services	550		
290	Utilities	118		
Total Services and Supplies		2,062	12%	17,000
Other Expenditures				
376	Allocation/Adm Exp	18,055	56%	31,965
	Repayment to Sewer Fund		0%	113,940
366	Encumbrance: Emergency Generator Project	7,186	54%	13,210
	Budget Adj 7/12/2017 - OCSD Roof (Fac Fund)	16,189	81%	20,000
	Budget Adj 7/12/2017 - OCSD Roof (Other Funds)	20,000	100%	20,000
		61,430	31%	199,115
Reserve Designations				
	Contingencies		0%	20,135
Total Reserves		0	0%	20,135
Total Expenditures		64,830	27%	240,350

**WATER FUND
REVENUE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Revenues and Other Sources:	Year to Date Actual		Final
	12/31/17	50%	Budget 2017/18
Water Sales	910,044	51%	1,789,070
Lopez Remediation: Sales	263,293	56%	474,378
Water Connection Fees - Reimbursables	3,821	38%	10,000
Water Front Footage Fees		0%	12,500
UB Courtesy Notice Fees	2,099	45%	4,700
UB Sec Notc/Door Hgr Fees	12,564	47%	27,000
Capacity Charges	5,515	32%	17,500
Connection / Meter Fees	2,700	33%	8,100
Lopez / SWP Connection Fees	1,000	25%	4,000
New UB A/C Setup	1,309	33%	4,000
CYN Crest /Christie/ AG Wheeling	13,739	55%	25,000
Revenue from other sources/FU (Grants)	1,594		
Inspection Fees	50	25%	200
Interest		0%	2,500
Claims and Settlements	4,128		0
Encumbrance: WRRP Grant Revenue (Bdgt AJE 12/14/16)		0%	198,397
Encumbrance: Drainage Project Bdgt AJE 1/25/2017	3,637	5%	71,390
Encumbrance: 1979 Revenue Bond Pmts (Board Approved 6/28/2017)	27,750	93%	30,000
Encumbrance: Backhoe approved 8/24/16	25,000	100%	25,000
Encumbrance: Meter Reading Handhelds	10,478	100%	10,491
Cancellation of Contingency Reserve - Facility CIP - Utilities Yard (Budget Adj 7/12/17)	1,696	17%	10,000
Cancellation of Contingency Reserve - OCSD Roof (Budget Adj 7/12/17)	9,783	100%	9,783
Cancellation of Contingency Reserve - Air Park Drive (Budget Adj 9/13/17)	19,178	42%	46,000
Cancellation of Contingency Reserve - Backhoe Clips (Budget Adj 11/14/17)		0%	680
Total Revenues and Other Sources	1,278,243	46%	2,780,689

**WATER BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance:		Year to Date Actual		Final Budget 2017/18
		12/31/17	50%	
Personnel				
010	Wages and Salaries	59,301	47%	126,483
020	Overtime	9,196	30%	31,096
	Standby		0%	12,227
061	PERS	6,697	41%	16,253
071	Medicare Employer Portion	935	38%	2,462
075	State Compensation Ins		0%	14,276
090	Employee Insurances	9,478	49%	19,296
Total Personnel		85,607	39%	222,093
Services and Supplies				
100	Clothing		0%	2,563
110	Communications & Dispatch	1,300	23%	5,638
163	Maint: Wtr/Swr Struct	665	13%	5,125
170	Maint: Equipment	62	1%	5,125
171	Maint: Vehicles	21		0
173	Maint: Structures	6,215	61%	10,250
175	Sys Parts/Oper Supp	6,618	40%	16,400
176	Water Meters	8,754	85%	10,250
177	Safety Expense	129	25%	520
180	Memberships	1,764	114%	1,550
190	Misc		0%	250
200	Office Expense	386	48%	800
205	Outside UB Mailing Expense		0%	6,150
220	Professional Services (Water Quality; Backflow Program)	5,387	31%	17,425
221	Information Technology		0%	550
222	Contract Engineering	546	11%	5,125
226	Engineering & Other Reimburse	3,821	38%	10,000
230	Legal Notices	652	64%	1,025
231	Bad Debt		0%	525
241	Rents/Leases: Equip		0%	2,050
248	Permits, Fees, Licenses	90	1%	8,750
250	Small Tools		0%	2,500
261	Water Supply - Lopez	441,331	93%	474,378
398	State Water Project Pmts	431,719	41%	1,057,704
285	Classes/Seminars		0%	5,125
290	Utilities	4,988	19%	25,625
Total Services and Supplies		914,448	55%	1,675,403
Other Expenditures				
297	Pass-Thru: Crest/Christie	15,076	60%	25,000
362	Litigation: SMGB	7,848	96%	8,200
366	Storage Tank O&M	7,345		
376	Allocation/Adm Exp	203,123	56%	359,605
	Charges from the Equipment Fund	8,273	50%	16,545

**WATER BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance:		Year to Date Actual		Final Budget 2017/18
		12/31/17		
380	NCMA Expense	11,602	32%	35,875
	General Fund Loan Payment		0%	31,500
391	Garbage Fund Loan Payment		0%	7,500
499	Claims & Settlements	11,609		0
393	1979 Revenue Bond Pmts	18,375	100%	18,375
	Encumbrance: 1979 Revenue Bond Pmts (Board Approved 6/28/2017)	27,750	93%	30,000
349	Encumbrance: Drainage Improvement Project (Board Approval 1/25/2017)	3,637	5%	71,390
	Encumbrance: WRRP Program (Bdgt AJE approved 12/14/16)		0%	198,397
	Encumbrance: Contribution of Reserves (Backhoe approved 8/24/16)	25,000	100%	25,000
	Encumbrance: Meter Reading Handhelds	10,478	100%	10,491
	Budget Adj 9/13/2017 - Air Park Dr Relocation	19,178	42%	46,000
	Budget Adj 7/12/17 - Facility CIP - Utilities Yard	1,696	17%	10,000
	Budget Adj 7/12/17 - OCS D Roof	9,783	100%	9,783
	Budget Adj 11/14/17 - Backhoe Clips		0%	680
Total Other Expenditures		380,773	42%	904,341
Reserve Designations				
	Contingencies	0	0%	(21,148)
Total Reserves		0	0%	(21,148)
Total Expenditures		1,380,828	50%	2,780,689

**SEWER FUND
REVENUE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Revenues and Other Sources:	Year to Date Actual		Final Budget 2017/18
	12/31/17	50%	
Sewer Sales	196,294	49%	400,000
Connection Fees	500	13%	4,000
Inspection Fees	25	13%	200
FOG Program Inspections	820	103%	800
Repayment from General Fund		0%	113,940
Use of Reserves		0%	23,114
Encumbrance: Backhoe approved 8/24/16	25,000	100%	25,000
Encumbrance: Drainage Project Bdgt AJE 1/25/2017	1,716	4%	38,478
Cancellation of Contingency Reserve - Facility CIP - Utilities Yard (Budget Adj 7/12/17)	1,696	17%	10,000
Cancellation of Contingency Reserve - OCSD Roof (Budget Adj 7/12/17)	8,696	100%	8,696
Cancellation of Contingency Reserve - Air Park Drive (Budget Adj 9/13/17)		0%	69,000
Cancellation of Contingency Reserve - Backhoe Clips (Budget Adj 11/14/17)		0%	680
Total Revenues and O Total Revenues	234,747	34%	693,908

**SEWER BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance:		Year to Date Actual		Final Budget 2017/18
		12/31/17	50%	
Personnel				
010	Wages and Salaries	22,070	35%	62,297
020	Overtime	2,925	19%	15,316
	Standby		0%	6,022
061	PERS	2,806	35%	8,005
071	Medicare Employer Portion	392	32%	1,213
075	State Compensation Ins		0%	7,698
090	Employee Insurances	4,314	45%	9,504
Total Personnel		32,507	30%	110,055
Services and Supplies				
100	Clothing		0%	692
110	Communications & Dispatch	167	8%	2,050
163	Maint: Wtr/Swr Struct	6,667	65%	10,250
170	Maint: Equipment	112	4%	3,075
171	Maint: Vehicles	21		0
173	Maint: Structures	1,080	105%	1,025
175	Sys Parts/Oper Supp	3,409	44%	7,688
177	Safety Expense		0%	2,550
180	Memberships	306		0
200	Office Expense	334	33%	1,025
205	Outside UB Mailing Expense		0%	6,150
220	Professional Services	660	26%	2,550
222	Contract Engineering		0%	2,550
231	Bad Debt		0%	250
241	Rents/Leases: Equip		0%	2,550
248	Regulatory Permits and Fees		0%	3,800
285	Classes/Seminars		0%	2,550
290	Utilities	353	17%	2,050
Total Services and Supplies		13,109	26%	50,805
Other Expenditures				
	Sewer Lateral Program		0%	50,000
376	Allocation/Adm Exp	180,554	56%	319,649
	Rental Payments to Equipment Fund	5,773	50%	11,545
	Encumbrance: Drainage Improvement Project (Board Approval 1/25/2017)	1,716	4%	38,478
	Encumbrance: Contribution of Reserves (Backhoe approved 8/24/16)	25,000	100%	25,000
	Budget Adj 7/12/2017 - Facility CIP - Utilities Yard	1,696	17%	10,000
	Budget Adj 7/12/2017 - OCS Roof	8,698	100%	8,696
	Budget Adj 9/13/2017 - Air Park Relocation		0%	69,000
	Budget Adj 11/14/2017 - Backhoe Clip		0%	680
Total Other Expenditures		223,437	42%	533,048
Reserve Designations				
		0		0
		0	0	0
Total Expenditures		269,053	39%	693,908

**GARBAGE FUND
REVENUE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Revenues and Other Sources:		Year to Date Actual		Final Budget 2017/18
		12/31/2017	50%	
Revenues				
3501	Garbage Franchise Fees	45,606	57%	80,000
	Landfill Savings Payment	7,756		0
	Interfund Loan Repayment from Water		0%	7,500
	Use of Reserves		0%	10,333
	Encumbrance: Backhoe approved 8/24/16	5,000	100%	5,000
	Encumbrance: Garbage Claw	5,473	109%	5,000
	Cancellation of Contingency Reserve - Facility CIP - Utilities Yard (Budget Adj 7/12/17)	848	17%	5,000
	Cancellation of Contingency Reserve - OCSD Roof (Budget Adj 7/12/17)	1,304	100%	1,304
Total Revenues and Other Sources		65,987	58%	114,137

**GARBAGE BUDGET
OPERATIONS AND MAINTENANCE WORKSHEET
FISCAL YEAR 2017/18 Q2 Review**

Operations & Maintenance:		Year to Date Actual		Final Budget 2017/18
		12/31/2017	50%	
Personnel				
010	Wages and Salaries	2,298	13%	18,363
020	Overtime	104	4%	2,605
061	PERS	273	16%	1,679
071	Medicare Employer Portion	38	12%	315
075	State Compensation Ins		0%	852
090	Employee Insurances	390	13%	3,072
Total Personnel Cost		3,103	12%	26,886
Services and Supplies				
100	Clothing		0%	250
110	Communications & Dispatch	77	15%	500
170	Maint: Equipment		0%	500
171	Maint: Vehicles	14		
173	Maint Shared Structures	40		0
175	Sys Parts/Oper Supp		0%	1,500
200	Office Expense		0%	1,000
210	Postage		0%	500
219	Special Admin Expense	450		0
220	Professional Services	150	8%	2,000
230	Legal Notices		0%	250
290	Utilities		0%	500
Total Services and Supplies		731	10%	7,000
Other Expenditures				
376	Allocation/Adm Exp	27,083	56%	47,947
	Signage & Cans		0%	15,000
	Vehicle Charges from Equipment Fund	500	50%	1,000
	Encumbrance: Garbage Claw	5,473	109%	5,000
351	Encumbrance: Contribution of Reserves (Backhoe approved 8/24/16)	5,000	100%	5,000
	Budget Adj 7/12/2017 - Water Yard	848	17%	5,000
	Budget Adj 7/12/2017 - OCSD Roof	1,304	100%	1,304
Total Other Expenditures Cost		40,208	50%	80,251
Reserve Designations				
	Unassigned Reserves	0		0
Total Reserves Designations Cost		0		0
Total Expenditures		44,042	39%	114,137

Oceano Community Services District
 Chronology of Budget Actions
 Fiscal Years 2017-18

Date	Action
ENCUMBRANCES	
Sept 14, 2016	Approved a contract with GSI Water Solutions for \$38,212 to the Water Fund
Nov. 9, 2016	Approved a contract with Caliber Audit for \$24,000 to the Government Fund
Apr. 26,2017	Approved purchase order of meter reading handhelds for \$10,491 from the Water Fund
Apr. 26, 2017	Approved purchase order for new website of \$9,500 the Government Fund
FISCAL YEAR 2017-18 BUDGET ADJUSTMENT	
July 12, 2017	<p>Approved a Budget Adjustment to the Fiscal Year 2017-18 of \$40,000 in the Facilities Fund with the following:</p> <ul style="list-style-type: none"> a. \$20,000 from the Facilities Fund Contingencies Reserves <p>Transfers in to the Facilities Fund from the following funds:</p> <ul style="list-style-type: none"> b. \$217 from the Lighting Fund c. \$9,783 from the Water fund d. \$8,696 from the Sewer Fund e. \$1,304 from the Garbage Fund.
August 8, 2017	Approved a Budget Adjustment to Fiscal Year 2017-18 of \$25,000 for the utilities yard site plan with \$10,000 from the Water Fund, \$10,000 from the Sewer Fund and \$5,000 from the Garbage Fund.
Sept. 13, 2017	Approved a Budget Adjustment to Fiscal Year 2017-18 of an increase of \$46,000 to water fund expenditures and a \$69,000 increase to sewer fund expenditures for the Utility Agreement with SLO County for the Airpark Drive Bridge Replacement Project. For both the water and sewer fund reserves will be cancelled for a remaining reserve balance of \$957,175 in water and \$819,443 in sewer.
Nov 14, 2017	Approved to cancel \$69,165 of General Fund Reserves for the replacement of Self Contained Breathing Apparatus (SCBA) for Five Cities Fire Authority. The cancellation cancels \$46,180 of contingencies and \$22,985 in unassigned reserves for an ending balance in General Fund Reserves of \$167,025.
Nov 14, 2017	Approved to increase the Equipment Fund by \$1,360 with transfers in from the Water and Sewer Funds of \$680 each for clips on the backhoe.



Oceano Community Services District

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(805) 481-6730 FAX (805) 481-6836

Date: January 10, 2017

To: Board of Directors

From: Paavo Ogren, General Manager

Subject: Agenda Item #9(C): Consideration of a report entitled "A Twenty Eighteen (2018) Outlook on the Fire Cities Fire Authority" and a recommendation to create an ad-hoc committee for inter-agency collaboration and related efforts.

Recommendation

It is recommended that your Board:

- 1) Review and discuss the attached report entitled "A Twenty Eighteen (2018) Outlook on the Fire Cities Fire Authority."
- 2) Appoint an ad-hoc committee for inter-agency collaboration and related efforts.

Discussion

The attached report has been prepared for this agenda item.

Other Agency Involvement

Other agencies directly involved in the Five Cities Fire Authority include the cities of Arroyo Grande and Grover Beach.

Other Financial Considerations

Financial considerations are discussed in the attached report beginning on page 10.

Results

Several issues are addressed in the FCFA Outlook for 2018. Addressing those issues with the other agencies will help ensure sustainable fire and emergency services from FCFA and will promote healthy and safe communities.

Attachment: A Twenty Eighteen (2018) Outlook on the Five Cities Fire Authority (FCFA)



A Twenty-Eighteen (2018) Outlook on the Five Cities Fire Authority (FCFA)

*Opportunities for Enhanced Services
and
Risks to the Authority's Continuing Existence*

Prepared for the Oceano Community Services District Board of Directors
By Paavo Ogren, General Manager
January 5, 2018



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Executive Summary

In 2018, the Five Cities Fire Authority's (FCFA) will be at a crossroads. Decisions by the participating agencies – the Oceano Community Services District (OCSD) and the cities of Arroyo Grande and Grover Beach – may determine whether the FCFA continues to exist, is dissolved or is reorganized. As of the end of 2017, the FCFA Board of Directors determined the need for emergency action. Certainly, significant challenges exist, but in some respect challenges were predicted when the FCFA was originally created in 2010. Ultimately, 2018 may be the year that will determine the future of FCFA.

The final meetings of the FCFA Board in 2017 focused on transitioning from reserve firefighters to full-time firefighters to address current personnel and budgetary issues. The recommendations are, however, infeasible at this time because OCSD lacks a sustainable source of revenue to fund recommended cost increases. In order for OCSD to support the recommendations, additional funding will be required. Resolving current year issues while developing a feasible fundable future will need to consider both short-term and long-term objectives. The willingness of the three agencies to collaborate on options will be important for the continued existence of the FCFA.

OCSD should be motivated to collaborate based on significant benefits Oceano receives by participating in FCFA. As an unincorporated community, Oceano would likely be in a position similar to other unincorporated communities without FCFA. In contrast, the Cayucos Fire Protection District has filed an application with the Local Agency Formation Commission (LAFCo) to dissolve. Likewise, the Templeton Community Services District is finding it increasingly difficult to adequately fund its emergency operations based on its annual allocation of property tax revenues – the same source of revenue that OCSD has available for FCFA costs.

In addressing both the short-term challenges and long-term service levels, it may be important for Oceano to follow determinations made by the cities regarding future service levels. The cities generally possess additional revenue options as compared to OCSD, and they may determine that they need to fund increasing costs even if OCSD cannot at this time. A potential budget impasse could result since the FCFA budget requires unanimous approval by representatives of each agency and OCSD would be compelled to vote against a budget that OCSD cannot fund. Nevertheless, working through issues requires multiple steps, and if the cities take the lead in determining future service levels, and FCFA incorporates them into a multi-year budget outlook, then OCSD will understand funding targets it would need to meet to continue participating in FCFA. The current year issues, however, are not the only increase in costs that need to be incorporated into a multi-year budget outlook.



The FCFA Board of Directors adopted a Five Year Strategic Plan on September 22, 2017. Next steps for plan implementation include evaluating funding options and prioritizing strategic initiatives. Cost estimates to implement the plan indicate the annual FCFA budget could increase by approximately 70%. Determining which strategic initiatives will be implemented, and when, also needs to be incorporated into a multi-year budget outlook for OCSD to understand future funding commitments.

The 2018 crossroads may find OCSD deciding on whether to hold a Proposition 218 funding vote. A FCFA multi-year budget outlook is needed to determine the magnitude of the proposed taxes. It is not advisable to hold a funding vote in November 2018 which only addresses the current year budget deficit, and then to hold a subsequent vote in a future year to fund other strategic plan initiatives. The funding vote is a community decision on both taxes and service levels, and deferring prioritization of the strategic plan will leave uncertainty over future services and costs, which could negatively affect public confidence in November.

Due to uncertainties over OCSD's ability to continue to participate in FCFA, discussions with the County and CalFire should also be initiated as part of due diligence efforts for future services. Doing so will help to ensure that public information leading to a funding election, if needed, illustrates that the OCSD has investigated a full range of options for future services. Meanwhile, the Board may want to appoint an ad-hoc committee to work on details associated with a possible funding vote, to collaborate with the other participating agencies, and to attend upcoming LAFCo meetings regarding the proposed dissolution of the Cayucos Fire Protection District.

Although seeking voter approval on the November 2018 ballot is feasible, doing so is subject to obtaining a draft multi-year budgetary outlook from FCFA by April 1, 2018 and a final by June 1, 2018. In order to meet election code requirements, the OCSD Board of Directors would need to consider taking formal action by June 30, 2018. In addition to having sufficient information from FCFA to prepare Proposition 218 tax calculations, and to meet election code requirements, community outreach will also need to be initiated. The work effort of OCSD staff, legal counsel, and the Board of Directors will be significant but within existing budgets. The need for consultants is not anticipated.

In concluding, time is of the essence in addressing the FCFA's emergency efforts and strategic plan initiatives. Obtaining a multi-year budget outlook from FCFA based on the cities preferred service levels and understanding options with the County and CalFire will be important. Developing a collaborative process with the cities to promote best-case outcomes will also help ensure that the participating agencies are fulfilling fiduciary responsibilities to each other.



Overview

The Five Cities Fire Authority (FCFA) began operating as a three-agency fire department in 2010 serving the communities of Arroyo Grande, Grover Beach and Oceano. Oceano benefits by participating in FCFA in multiple ways; especially in comparison to other unincorporated communities. Although significant challenges are imminent, opportunities may exist to ensure that FCFA can provide long-term sustainable emergency services, including advanced life support.

The original creation of FCFA was approved through a Joint Powers of Authority (JPA) agreement, with contractual terms and provisions that articulate operational responsibilities, funding and other provisions. With its formation, it was acknowledged that challenges would exist. For example, long term funding strategies for operational sustainability, capital equipment, and replacement of fire engines and other apparatus would be needed. In addition, similar to many fire departments in small communities throughout California, reliance on volunteers and reserves has become increasingly difficult. Those challenges have been addressed to the best of the abilities of FCFA and the participating agencies since 2010 with significant accomplishments, but challenges remain. The end of 2017 showed that issues cannot be left unresolved without risking the future existence of FCFA.

The FCFA Five Year Strategic Plan

The final meetings of the FCFA in 2017 foreshadowed opportunities and challenges that will likely lead to a crossroads in 2018. In September, the FCFA adopted a Five Year Strategic Plan. The plan includes a "SWOT" analysis that summarizes FCFA "Strengths, Weaknesses, Opportunities and Threats" and provides numerous details regarding services and operational needs. The strategic plan essentially represents a policy-oriented planning document to help guide future decisions by the FCFA Board of Directors and the participating agencies regarding budgets, administration, operations and services. Its implementation requires additional steps. Work on those steps by all involved is needed at this time.

Prioritizing strategic initiatives so that a multi-year budget outlook can be prepared will provide agencies with the ability to evaluate funding options. Fully implementing the strategic plan could increase the FCFA annual budget by approximately 70%. Cost estimates in the plan will help with setting priorities and making final determinations on which strategic initiatives will be implemented.



An Emerging Emergency

Subsequent to the plan's adoption in September, however, the FCFA Board meetings focused instead on issues of growing urgency. At the December meeting, the FCFA Board discussed emergency actions and provided initial direction to address budget overruns and challenges with recruiting and retaining reserve firefighters. With numerous unfilled reserve firefighter positions, full-time emergency personnel have been called on to work extended overtime, with a corresponding increase in overtime costs. The additional cost of overtime is a concern, but more importantly, concerns over the health and safety of emergency personnel who work extended overtime have been expressed during discussions at FCFA Board meetings. Employee union representatives have attended Board meetings to speak on these issues. Station closures have also been discussed.

The current year FCFA budget deficit may exceed available financial reserves. Yet, the December, 2017 FCFA Board direction could also result in a 45% budget increase by 2021.

A Call for Collaboration

With concerns over funding and future year budgetary impacts, FCFA Board discussion recognized the need for inter-agency collaboration. As a multi-agency program, funding limitations that exist for any of the participating agencies creates a funding limitation for the FCFA as a whole. In credit analysis and underwriting of municipal bonds on multi-agency capital projects, this funding limitation is sometimes referred to as the "weakest link" theory. The analogy is to a chain that is only as strong as its weakest link. Although funding capabilities of the cities will need to be determined by those agencies, it may be true that funding limitations for OCSD is the single most critical factor in determining funding limitations of FCFA. Indeed, discussion at the December FCFA Board meeting questioned OCSD's legal funding capabilities.

Rather than questioning OCSD's legal funding capabilities, though, preparation of a multi-year budget outlook should be the immediate priority so that funding needs can be quantified. As an aside, FCFA Board commentary in December suggested that the OCSD General Manager could take a salary reduction to help pay for firefighters. Setting aside the political aspect of the commentary, eliminating the OCSD General Manager position entirely would provide minimal additional funding for FCFA since 96% of those costs are paid by other OCSD budgets.

Unlike the cities, who obtain multiple forms of discretionary revenues, Community Services Districts in California either exclusively or substantially provide enterprise services, such as water, sewer and solid waste services. Revenues from these services must be matched-up with expenditures for enterprise functions utilizing governmental fund accounting principles subject to annual audits and are not available for general governmental services such as police, fire, and other



emergency services. Overall, 4% of the OCSD administrative costs are allocated to the OCSD Fire Fund. Every \$1,000 reduction in OCSD administrative costs provides a net annual savings to the Fire Fund of \$40. Elimination of OCSD's entire administrative budget, including the general manager and other staff, would be insufficient to cover estimated FCFA cost increases.

The OCSD revenues that are legally available to help pay FCFA costs are primarily property taxes, with limitations established by Proposition 13, and certain other revenues from the County. Revenues from the County include Public Facilities Fees for fire related equipment and facilities that are legally restricted pursuant to an agreement with the County and State law. Revenues from the County also include rents that are dedicated for costs associated with the sheriff's substation and OCSD's non-enterprise facilities. In 2022, debt incurred to construct the sheriff substation will be paid in full, and pending a lease renewal with the County, OCSD will realize an increase in net rental revenues. OCSD's multi-year facilities strategies supports utilizing future net rental income to construct permanent housing for fire personnel at Station #3. Although some architectural work has been completed in the past, permanent housing has been deferred due to the lack of funding. Fortunately, the financial planning that OCSD has been accomplishing over the past few years has stabilized District budgets and the multi-year financial outlook is improving - albeit at a rate, like the economy overall - that is slow and steady.

In summary, it may be true that OCSD will need to consider placing a Proposition 218 funding election on the ballot in November 2018. Time is of the essence. Input from the participating agencies on prioritizing the strategic plan will be needed. If the participating agencies wish to collaborate on possible outcomes, then agreeing to a process - steps and timing - will need to be developed post-haste. The section of this report entitled "Possible Outcomes" outlines a potential process in greater detail. Preparation of a draft multi-year budget outlook by April 1, 2018 and a final by June 1, 2018 are major milestones that need to be met.

The FCFA JPA

The creation of the FCFA pursuant to a Joint Powers of Authority (JPA) agreement provides the foundation for its operations, funding and services. The FCFA Board of Directors includes one representative from each City Council and the OCSD Board of Directors. Actions by the Board require majority approval, except budgets and labor agreements, which require unanimous approval. The following provides a brief review of some of the important terms in the JPA that may need to be considered during discussions between the participating agencies.



The Funding Formulas

Each agencies funding of FCFA costs is based on a four-part funding formula established in Exhibit "B" of the JPA. Factors include population (25%), assessed values (25%), stations & staffing (25%) and service calls (25%). If station closures are needed on a temporary basis to help control the current year budget deficit, should closures affect the funding formula? If the reserve firefighter program can continue on a scaled back version – say for example at Station #3 in Oceano while FCFA transitions to full time firefighters at city stations - could that help address funding from participating agencies? How might modifying funding formulas affect equitable cost-sharing? Can modifying funding formulas help resolve short-term challenges and promote long term sustainability?

Approval of Budgets and Labor Agreements

Unanimous approval of budgets and labor agreements is an important aspect of the JPA to help provide each agency with the assurance that FCFA operates within funding that is financially feasible. It also creates the unfortunate likelihood that a budget impasse could develop. Developing solutions requires multiple steps and collaboration remains the best approach for resolving challenges.

Withdrawing from the JPA

Section 17 provides each agency with the right to voluntarily withdraw from FCFA with a 12 month advance notice. Any agency that withdraws voluntarily would be subject to the decisions of the remaining agencies regarding distribution of assets. With the recent acquisition of new fire engines, a withdrawing agency could still remain liable for lease payments on the new fire engines. A Section 17 withdrawal is not advised for OCSD.

Rescinding the JPA

Section 6 provides that the participating agencies can mutually rescind the JPA, which would essentially dissolve the FCFA. Section 6 encourages mutual agreement by all three participating agencies, and provides for mediation if mutual agreement cannot be reached regarding distribution of assets.



Other Agency Involvement

The cities of Arroyo Grande and Grover Beach were coordinating fire and emergency response efforts prior to the approval of the FCFA JPA and the inclusion of OCSD. With generally greater funding capabilities, and considering that Oceano is an unincorporated community, OCSD should consider letting the cities take the lead on staffing, service levels and strategic initiatives. By doing so, a multi-year budget can be prepared by FCFA consistent with an overall approach that is supported by the cities. The result will be a level of service greater than OCSD could provide on its own. The Proposition 218 vote would become a question of whether Oceano voters wish to approve a level of service comparable to emergency services that will provided in the cities.

Meeting with the County and CalFire is needed given the significant nature of changes facing FCFA, and the due diligence efforts facing OCSD leading to a possible Proposition 218 vote. It should not be presumed that Cal Fire could provide services for Oceano within existing OCSD revenues, nor that Cal Fire would provide the same level of service as FCFA. In addition, it should not be presumed that the County will be able to provide financial assistance beyond the existing agreements. Some general opinions, nevertheless, seem to exist that the County should help with funding for OCSD since, like the cities, the County receives sales tax and other discretionary revenues that are not available to OCSD. Such opinions should, however, also consider that the County may likely direct OCSD to discuss options with Cal Fire, which has service contracts with the County and other communities. From a public policy perspective, it may be more likely that OCSD could elicit support from the County through existing emergency programs as opposed to expecting direct fiscal contributions from the County to OCSD or FCFA. In a similar way, the County is supporting groundwater districts in unincorporated areas through County budgets and service programs but not by making direct subsidies to external water districts.

LAFCo hearings on the proposed dissolution of the Cayucos Fire Protection District should be attended to understand how it is being addressed and possible outcomes.



Financial Considerations

Potential funding increases to transition from reserve firefighters to full-time firefighters in fiscal year 2018/19 could be \$433,500, and increasing to \$1,936,600 in fiscal year 2021/22. Those amounts represent increases of 9.9% and 44.2% over the current year budget of \$4,384,930. For OCSD, cost increases could be \$82,365 for fiscal year 2018/19 and \$367,954 for fiscal year

2021/22. These amounts do not include overall budgetary increases for inflation and other initiatives identified in the Five Year Strategic Plan, nor do they address the current year FCFA budget deficit.

Table 1	
Property Tax Details	
Secured Taxes	\$929,406
Unsecured Taxes	\$21,471
Homeowners Prop Tax Relief	\$6,499
Unitary Taxes	\$13,447
Total Property Taxes	<u>\$970,823</u>
Fire Fund Budget	
FCFA	\$806,464
Grover Dispatch	\$30,650
Admin Allocation	\$31,965
PERS UAL	\$4,955
Utilities	\$5,125
Direct Labor (Non- Admin)	\$2,695
Total Fire Fund	<u>\$881,854</u>
Lighting Fund Budget	\$53,685
Contingencies (3.8%) & Reserves	\$35,284
Total Costs	<u>\$970,823</u>
2017/18 Budget Adjustment - SCBA FCFA	<u>\$69,165</u>

Table 1 illustrates how OCSD's property tax revenue is used to provide fire, emergency, and lighting services. The amount available this year for contingencies and reserves was \$35,284. The \$69,165 budget adjustment made mid-year for the SCBA equipment for FCFA exceeded the contingencies and will utilize \$33,881 in reserves established from prior years.



Oceano Community Services District

Board of Directors Meeting - January 10, 2018

Table 2 illustrates Public Facilities Fees collected for the OCSD by the County from new development in Oceano.

Table 2 Public Facilities Fees	
PPF's @ 6/30/2017	\$209,595
Emergency Generator	Estimated <\$85,000>
Net Remaining	<u>\$124,595</u>

Table 3 Facilities Fund	
HVAC - Admin	\$13,159
Flooring - FCFA	\$4,799
Roofing - FCFA*	\$16,189
Tenting - Sheriff	\$6,472
Water Heater - FCFA	\$1,000
Total	<u>\$41,619</u>
*Total Cost=\$36,189	

Table 3 is a list of the items that OCSD has recently expended from the Facilities Fund with budget savings from prior years. The OCSD budget strategies include evaluating budget savings during the third quarter of each year to identify items that could be funded from savings. This strategy has been important to help ensure that the OCSD budget is not overcommitted, and then unavailable for unforeseen emergencies. The

diligence of saving money before spending it, and using reserves and contingencies for one-time expenditures (and not for ongoing operating costs) have been important in fiscal recovery efforts for OCSD.



Possible Outcomes

To continue participating in FCFA, OCSD may need to consider a Proposition 218 vote. Doing so on the November 2018 ballot is feasible, but subject to obtaining a multi-year budgetary outlook from FCFA. The identified milestones need to be met so that Proposition 218 tax calculations can be prepared, to meet election code requirements, and to initiate community outreach.

Prior to the OCSD Board concluding that a vote is actually needed, it is important to address several issues in a diligent and objective manner. A collaborative process with the participating agencies would be ideal, and, the fiduciary duty that the participating agencies have to each other warrants a joint evaluation the FCFA emergency issues. A good process will provide each agency with the ability to provide direction to their members who sit on the FCFA Board of Directors.

A collaborative process should strive to achieve the best possible outcomes for all agencies. Nevertheless, conclusions can differ, and therefore desired outcomes can differ. Rather than predict outcomes, or to be exhaustive in identifying potential outcomes at this time, it is more important to establish a process – steps and timing – so that details can be addressed in the process, evaluated, and so that findings and recommendations can be developed.

The following are key points for a collaborative process that OCSD and the other agencies may wish to consider.

- An ad-hoc committee should be considered, with two elected officials from each of the participating agencies who do not currently serve on the FCFA Board of Directors or as alternates. The purpose of the joint ad-hoc committee would be to review the FCFA emergency status, related issues, and to develop findings and recommendations on the following:
 - Emergency recommendations to transition to full-time firefighters.
 - Prioritization of the Five Year Strategic Plan.
 - Existing budget deficits and possible cost-saving measures.

- The findings and recommendations of the joint ad-hoc committee would be used for the following:
 - For review by the individual agencies and by the FCFA Board of Directors.



- For presentation and discussion at a joint meeting, pursuant to the Brown Act, of the entire OCSD Board of Directors and City Councils of Arroyo Grande and Grover Beach.
- The membership of the ad-hoc committee should be elected officials who do not currently serve on FCFA Board of Directors or act as alternates.
 - Doing so will result in four elected officials from each agency actively engaged in resolving the current FCFA emergency status, rather than just those representing the agencies on FCFA.
 - Brown Act guidance should be provided for elected officials and staff to avoid discussions between members on the joint ad-hoc committee and those appointed to FCFA.
 - Ad-hoc committee members should provide regular updates at their agency meetings in accordance with the Brown Act so that FCFA Board members and alternates are apprised of progress by the joint ad-hoc committee, which will then provide the ability of the FCFA Board to continue their efforts in a timely manner.
- The work efforts of the joint ad-hoc committee should be phased.
 - Timing of initial work in January, February and March should be accomplished so that initial findings and recommendations can be included in a draft multi-year budget outlook by April 1, 2018.
 - Findings, recommendations and the draft multi-year budget outlook should be presented for discussion at a joint meeting of the OCSD and the City Councils in a venue with sufficient occupancy for public from all three agencies and with time for extended public comment.
 - Based on the discussion and direction from the joint special meeting, FCFA should prepare a final multi-year budget outlook by June 1, 2018.
- The work efforts of the joint ad-hoc committee should be supported by staff from the FCFA and the participating agencies.
 - The FCFA Fire Chief, City Managers and OCSD General Manager should provide executive support.
 - FCFA personnel and union representatives should be available for input and discussions, but not to meet and confer on labor agreements.
 - Finance representatives from each agency should provide fiscal support.
 - Administrative support should be provided to the extent that the joint ad-hoc committee desires.



Oceano Community Services District

Board of Directors Meeting - January 10, 2018

- The fifth member of the OCSD Board of Directors who is not on FCFA or an ad-hoc committee member should participate in meetings with the County, CalFire and LAFCo.
 - The fifth member of the City Councils should be invited to attend meetings with the County and CalFire.
 - The need for OCSD to meet with the County and CalFire is based on the uncertainty of whether OCSD can continue to participate in FCFA.
 - Attendance by a City elected official at County/CalFire meetings will help promote transparency between the agencies.
 - Attendance at LAFCo meetings will help OCSD understand how fire and emergency service issues in other unincorporated communities are being discussed along with possible outcomes.

- Legal representatives of the participating agencies should meet as the agencies deem appropriate.