


STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GREGORY A. RAY, P.E. PUBLIC WORKS DIRECTOR/CITY ENGINEER 
SUBJECT: REVIEW OF THE SAN LUIS OBISPO COUNTY FLOOD CONTROL DISTRICT ZONE 3 ANNUAL BUDGET

BACKGROUND

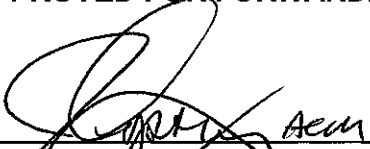
The City of Grover Beach receives approximately 36% of its water from the County managed facility at Lopez Lake under the auspices of the San Luis Obispo Flood Control District, Zone 3. The County Board of Supervisors serves as the Governing Board for the District. Each member agency, including Grover Beach, has a representative on the Zone 3 Advisory Board. The City's representative is Council Member Bright. The Advisory Board is responsible for advising the Board of Supervisors regarding the cost and operations of the District. The County has prepared a draft budget for FY 13 – 14 in the amount of \$7,972,628. The draft budget has been distributed to the member agencies for review and recommendation to the Advisory Board. Prior to Council receiving the budget, the City's staff representatives on the Zone 3 Finance Committee and the Zone 3 Technical Advisory Committee review the proposed budget and recommend changes. Staff has reviewed the draft budget. Based on staff's review and the fact that the City's share of costs for debt service, operation and maintenance is recommended to be \$43,454 less than the current fiscal year, staff is recommending the Council recommend approval of the Zone 3 FY 13 – 14 budget.

DISCUSSION

A copy of the draft Budget for Zone 3 will be transmitted to Council under separate cover prior to the March 4, 2013 City Council meeting. A copy of the draft budget is also available for public review at the public counter in City Hall. The total budget for the operation and debt service related to the Lopez Lake facility in FY 13-14 is \$7,972,628 which is \$141,929 dollars more than the FY 12-13 budget. The FY 12-13 budget totaled \$7,830,699. The change in budget amounts is somewhat misleading because \$512,350 of Proposition 50 Grant funds are included in the FY 13-14 budget and not in the FY 12-13 budget. If these grant funds are removed, the remaining budget is less than last year. The City of Grover Beach is responsible for approximately 13.63% of the overall cost of operations and debt service. In FY 13-14 the City's recommended assessment is \$1,086,916 as compared to \$1,130,370 for the current year for a proposed reduction of \$43,454. The assessment consists of the following:

- Debt Service in the amount of \$443,762

APPROVED FOR FORWARDING


ROBERT PERRAULT
CITY MANAGER

Please Review for the Possibility of a Potential Conflict of Interest:

- | | |
|--|-----------------------------------|
| <input checked="" type="checkbox"/> None Identified by Staff | <input type="checkbox"/> Lee |
| <input type="checkbox"/> Peterson | <input type="checkbox"/> Marshall |
| <input type="checkbox"/> Bright | <input type="checkbox"/> Nicolls |

Meeting Date: March 4, 2013

Agenda Item No. 6

- Operations and Maintenance in the amount of \$526,739
- Non routine operations and maintenance(projects) in the amount of \$44,892
- Capital Outlay in the amount of \$71,523

The reduction in annual assessment can be attributable to the actions of the Zone 3 Advisory Committee and efforts by the County of San Luis Obispo Public Works Department to stabilize operation costs and provide a stable, long term Capital Improvement Program.

Total proposed capital project costs are \$917,350. Subtracting \$512,350 of Proposition 50 Grant funds budgeted for Capital Improvements brings the cost to Zone 3 agencies within the \$550,000 annual target established by Zone 3. In FY 13-14 the largest recommended capital outlay is \$280,000 for the addition of a 6th membrane filter rack. In the event projects are budgeted to cost more than the target amount set by Zone 3, the projects are scheduled to receive multi-year allocations. A complete listing of projects allocated funding in FY 13-14 is contained within the budget document.

The Non- Routine Operations and Maintenance Expenditure Category contains expenditures for operations and maintenance items that take from one to three years to complete and are not considered Capital Projects. Water line cleaning, also known as "pigging", is a good example of projects contained in this section. The overall recommended budget for this category is \$277,706 this year compared to \$262,873 last year. The County indicates that the primary reason for the reduction is a decrease in the anticipated amount of work on the Habitat Conservation Plan (HCP) this year. The HCP costs make up 36.8% of this category.

The County is using a new process for the development and review of the budget. This process has included an earlier and more detailed review of the document by City staff representatives and Zone 3 Board Members. Additionally, the draft budget is being reviewed by each of the member agencies' Governing Boards and recommendations are being made by those Boards to the Zone 3 Committee. This process is a direct result of the initiative undertaken by the City Council to have member agencies more directly involved in the process.

ALTERNATIVES

The following alternatives are available for Council to consider:

1. Recommend approval of the Zone 3 FY 13-14 budget;
2. Do not recommend approval of the budget and direct the Council's Zone 3 representative to present comments at the next Zone 3 Advisory meeting;
3. The Council could choose to take no action on the Zone 3 Budget at this time.

RECOMMENDED ACTION

It is recommended that the City Council recommend approval of the Zone 3 FY 13-14 Budget.

FISCAL IMPACT

Should the Zone 3 Budget be adopted by the Board of Supervisors as currently drafted, the City's assessment for costs associated with the Lopez Lake Facility would be decreased from \$1,130,370 to \$1,086,916 for the current year for a proposed reduction of \$43,454. This

reduced assessment would be used in revising the Water Fund Budget for FY 14.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

ATTACHMENTS

1. The draft Zone 3 Budget will be distributed to the Council under separate cover. A copy of the Zone 3 Budget is available at the public counter at City Hall during regular business hours.