

6/15/06

FLOOD CONTROL ZONE 1	Proposed Budget 2006-07	PROPOSED ADJUSTMENTS		Adjusted Proposed Budget 2006-07	Non Assessment Funds Available for Risk Management
		Increase			
<b>SOURCE OF FUNDS</b>					
Fund Balance Available	\$ 1,055			\$ 1,055	
Property Tax Allocation	46,443			46,443	46,443
HOPTR	482			482	482
Service Charges	15,795			15,795	15,795
Interest	800			800	800
Transfer From Flood Control Zone 1-A	12,591			12,591	12,591
Transfer From Flood Control General	-	60,000	A	60,000	60,000
Special Assessment	350,000			350,000	
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 427,166</b>	<b>\$ 60,000</b>		<b>\$ 487,166</b>	<b>\$ 136,111</b>
<b>USE OF FUNDS</b>					
Channel Maintenance	\$ 230,000	\$ 60,000	A	\$ 290,000	
Surveillance and General	1,197			1,197	
Countywide Overhead	11,000			11,000	
Tax Collection Fee	1,245			1,245	
Advisory Committee Coordination	8,004			8,004	
Engineering Environmental Supplemental	20,170			20,170	
Risk Management Charges	135,550	181,000	B	135,550	
Contingency	20,000			20,000	
<b>TOTAL FUNDS AVAILABLE</b>	<b>\$ 427,166</b>	<b>\$ 241,000</b>		<b>\$ 487,166</b>	

(A) - Zone 1/1A of the San Luis Obispo Flood Control and Water Conservation District (Arroyo Grande/Los Berros Levees) experienced a levee breach in 2001. Resulting claims against the District exceeded \$1.2 million. The County's self-insurance program distributes cost based, in part, on historical claims. Risk-management cost allocations to Flood Control Zone 1/1A now exceed total current revenues. Additional revenues have been proposed pursuant to a Prop 218 election but are intended for maintenance efforts and other general and administrative costs. Consequently, a budgetary approach is needed to pay risk management charges in excess of historical annual revenues to avoid impacting the new Prop 218 revenues. This proposed budgetary approach will enable the risk management costs paid by Zone 1/1A to be amortized over a longer period of time, subsidized by other Flood Control discretionary revenues on an interim basis, and moderating annual budgetary impacts to the zone.

The proposed adjustment transfers discretionary property tax revenues from Flood Control Zone 9 to the General Fund of the Flood Control District, and then to Zones 1/1A for use based on the following budgetary approach:

No change in Risk Management's county-wide method for allocating costs are needed as a result of this action. That component of risk management charges allocated to FCZ 1/1A's for the normal annual cost of risk-management charges shall be charged to Zones 1/1A for accounting purposes (Separating out other risk-management charges; for example, contributions for prior under-funded reserves). The normal, annual costs determined for FCZ 1/1A shall, however, be capped for budgetary purposes so that revenues from the 2006 Prop 218 election are not used for risk-management charges. The General Fund of the San Luis Obispo Flood Control and Water Conservation District will provide funding via transfer(s) of discretionary property tax revenues or reserves from Flood Control Zone 9 to pay risk-management charges in excess of the cap, which are intended to be recovered from Zone 1/1A over an extended amortization period, without interest.

(B) - Based on adjusted allocation factors, the Risk Management Pool charges will be increasing for Zone 1 by \$181,000 for a total allocation of \$316,550. However, these cost are primarily due to recovery of previous years deficiencies and as such, should not be allocated directly to Zone 1.

Accordingly, these costs will be borne by all of the budget units administered by the Public Works Department and have been allocated out of Zone 1.

