



# Costa Mesa Sanitary District Fiscal Years 2013-15 Adopted Biennial Budget



*Protecting our community's health and the environment by providing solid waste and sewer collection services*



# **Costa Mesa Sanitary District**

## **Adopted Biennial Budget**

**Fiscal Years July 1, 2013 – June 30, 2015**

### **Board of Directors**

**James Ferryman**  
President

**Michael Scheafer**  
Vice President

**Arthur Perry**  
Secretary

**Robert Ooten**  
Assistant Secretary

**Arlene Shafer**  
Board Member

Submitted by  
**Scott Carroll, General Manager**

Prepared by the Finance Department

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Adopted Biennial Budget  
For the Fiscal Years 2013-15  
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# Costa Mesa Sanitary District

....an Independent Special District

## ***General Manager's Budget Message***

### ***2013-15 Biennial Budget***

To The Honorable Board of Directors:

It is my pleasure to present to you the finalized version of the biennial budget for fiscal years 2013-15 that was approved on June 27, 2013. I am extremely proud that for the first time the District has adopted a two-year budget that will fund continuing the organization's mission of "protecting our community's health and the environment" while at the same time moving us forward to achieving our vision of "promoting a sustainable environment that is free from sewer and solid waste pollution."

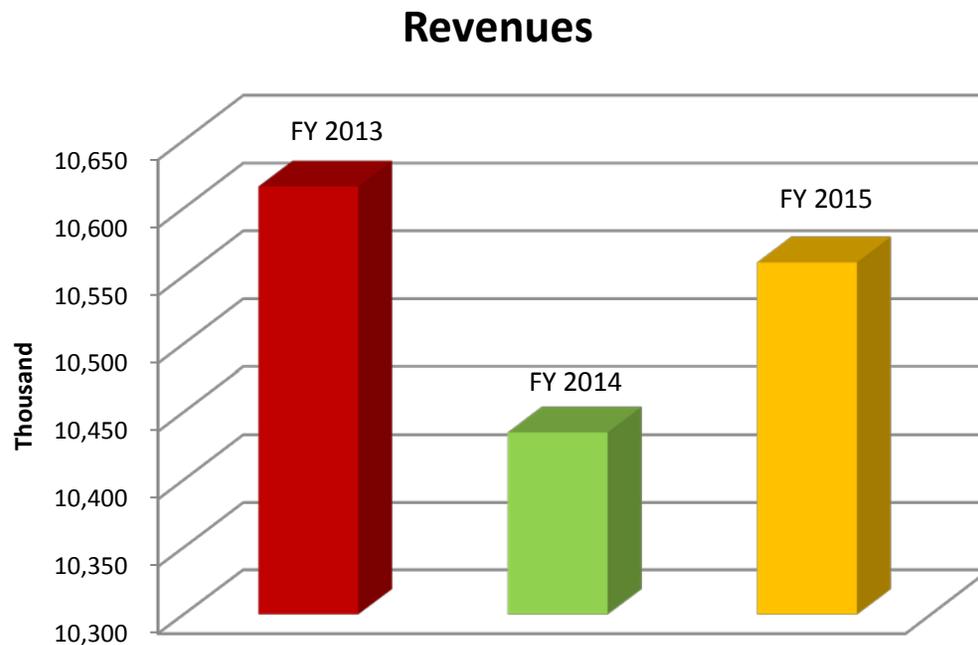
As you know, the process for developing a two year budget was a long, but engaging manner that started on March 12, 2013 when the Board began to amend the District's Strategic Plan. The amendments were necessary because over half of the strategic goals were accomplished midway through the five year term of the plan. New goals had to be established to ensure the District is heading down the right path to meeting the mission and achieving the vision. I am pleased that this budget has the necessary funding to achieve new strategic goals such as manhole cover maintenance program, solid waste citizen academy, annual contract audits, planning the District's 70<sup>th</sup> Anniversary, creating a smart phone application, and digitally imaging District records into an electronic records management system.

### **Revenues**

Revenues for 2013-14 and 2014-15 total \$10,435,000 and \$10,560,000. While overall revenues in 2013-14 are decreasing from a year before, the primary reason is the solid waste annual charge is decreasing by \$256,000 because the Board approved lowering

the charge from \$228 (\$19.00 a month) to \$216 (\$18.00) per parcel. The District has excess undesignated reserves in the Solid Waste Fund and has decided to reduce this fund by lowering the annual charge to residents. Liquid waste revenues will remain neutral after a rate adjustment was approved by the Board to reflect fairness and equity in the fund. Multi-family, commercial and industrial customers will experience a decrease in their annual liquid waste charges while single family households will see a slight increase.

Fiscal year 2014-15 revenues are increasing because all liquid waste customers will experience a small increase in their charges to help pay for operating and capital components of the District's wastewater collection system and to meet California General Waste Discharge Requirements. In addition, the District is anticipating slightly higher property tax revenue as a result of dissolving the City's Redevelopment Agency from the Governor. Solid waste charges will remain unchanged in 2014-15.

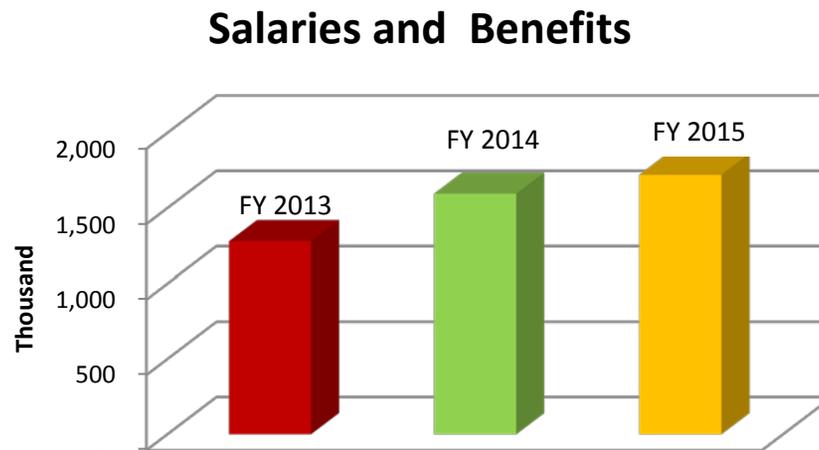


### **Staffing**

Staff levels will remain unchanged that will include thirteen full time and two part-time employees. The District will continue to contract for treasurer, engineering, inspections and legal services. The budget includes the reorganization of the Finance Department that includes reclassifying the Accounting Manager position to Finance Manager and the creation of an accountant series where the District's Accounting Specialist II will have an opportunity for professional development growth within the organization by reclassifying the position to Associate Accountant. The accountant series includes three accounting levels that include associate accountant, accountant and senior accountant. Salaries and benefits will increase five to eight percent respectively in 2014 and 2015 due to salary adjustments and healthcare and retirement cost increases, but the District will also experience cost savings in personnel due recent pension reform.

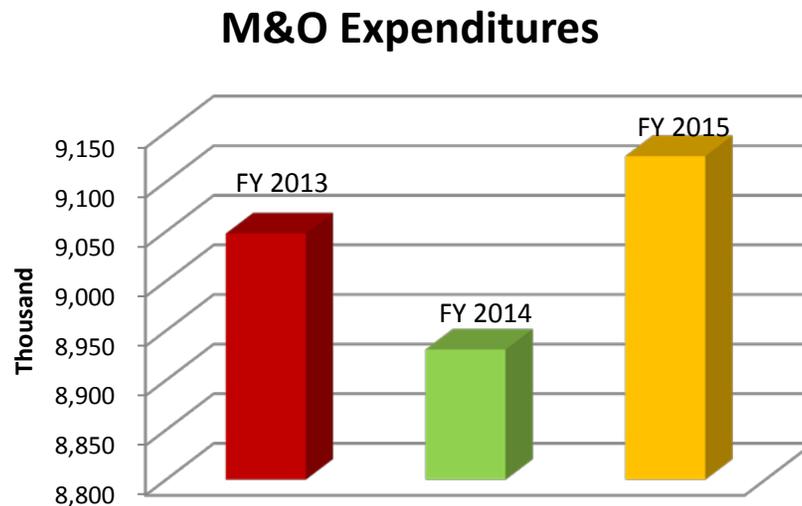
On June 23, 2011 the Board of Directors approved a two tier pension program where new employees will be on the 2% @ 60 formula and pay their full share of employee pension cost and on January 1, 2013, the District implemented Governor Brown's Pension Reform Act that requires new employee to be on a 2% @ 62 formula and pay their full share of employee pension cost. It is estimated that the District will save approximately \$55,000 in retirement cost over the next two years.

I am pleased to report that District personnel costs is less than eighteen percent of the total operating budget for both fiscal year 2014 and fiscal year 2015.



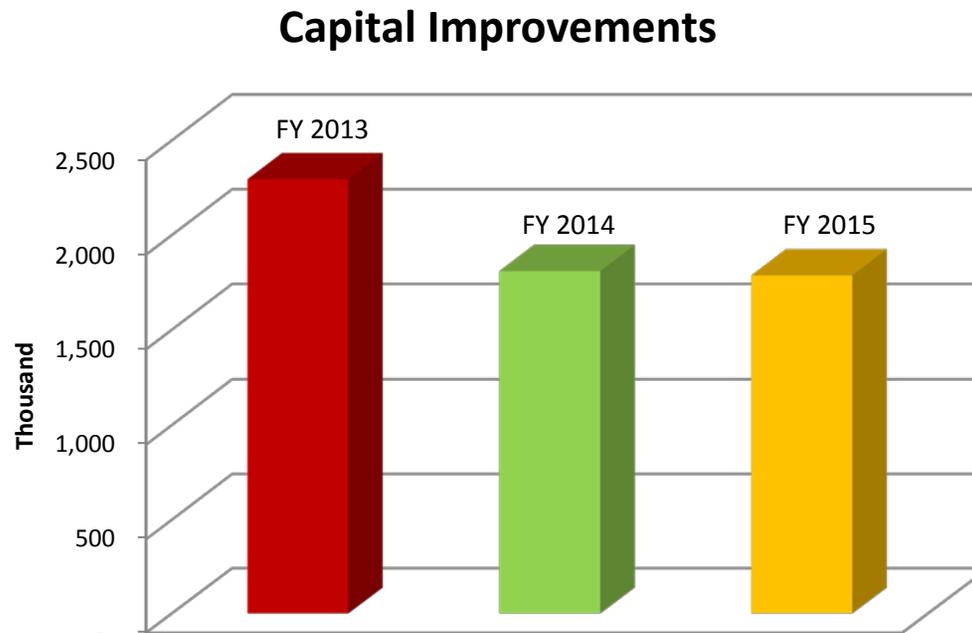
### **M&O Expenditures**

To ensure strategic goals are met and the District's objectives to protecting the environment are achieved, an aggressive spending plan is in place that will ensure sewer pipeline is cleaned regularly, lift stations are performing at optimum levels, advanced technology is utilized and solid waste is being diverted from the landfill. The spending plan of \$8,931,860 (2014) and \$9,126,940 (2015) will fund many new programs to enhance safety while at the same time improve District visibility and access for the public. For instance, funding is available to inspect all 4,560 manhole covers to ensure their structural integrity is meeting industry standards that will prevent inflow from entering the sewer system and potential damages to private vehicles. This is a two year, \$50,000 project that will be completed in 2015. Funding for the District's first Solid Waste Academy is budgeted where residents will learn all about the solid waste industry including, but not limited to the District's current trash collection methods, recycling and waste reduction programs, scavenging, code enforcement, and more. \$10,000 is budgeted for the Solid Waste Academy. Also, events celebrating the District's 70<sup>th</sup> Anniversary is in the budget where the District will have the opportunity to demonstrate and share with the public our extraordinary achievements. \$20,000 is budgeted for the District's 70<sup>th</sup> Anniversary. To improve staff's capabilities of removing and replacing sewer pumps from wet wells, the budget includes \$157,000 to purchase a new utility truck with a crane that is capable of removing the District's largest pumps.



**Capital Improvements**

This budget will demonstrate the District's commitment to preventing sanitary sewer overflows by staying proactive for replacing and/or rehabilitating assets when they reach the end of their life cycle. Using the District's asset management program as the model for evaluating assets, staff was able to determine assets that are due for replacing and/or rehabilitating, which consist of force mains, lift station equipment, manholes and emergency generators. The total capital improvement costs for 2014 and 2015 is \$1,810,000 and \$1,787,000.



**Conclusion**

The focus of the 2013-15 budget is to continue providing excellent customer service by protecting our community's health and the environment. This will be done by focusing on preventing sanitary sewer overflows and reducing solid waste while operating in a cost effective and efficient manner. The Costa Mesa Sanitary District will continue to be a leader in local government by demonstrating excellence in governance, transparency, finances and strategic planning. You have a small, but dedicated group of employees that are up to the challenges to moving the District forward and I am confident we will achieve desirable results in the upcoming years.

I want to give a special thanks to the Finance team for putting together the District's first biennial budget.

Respectfully,

A handwritten signature in cursive script, appearing to read "Scott Carroll".

Scott Carroll  
General Manager

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# **BUDGET FORWARD**

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**COSTA MESA SANITARY DISTRICT**  
**Mission Statement, Vision Statement, Core Values**

**Mission**

“Protecting our community’s health and the environment by providing solid waste and sewer collection services.”

**Vision of the Costa Mesa Sanitary District**

Promoting a sustainable environment that is free from sewer and solid waste pollution.

**Core Values of the Costa Mesa Sanitary District**

***We believe in:***

**Transparency:** We believe in an open government where information and documents are easily accessible to the public.

**Teamwork:** We will strive to support each other’s efforts to achieve the District’s objectives.

**Integrity:** We act with honesty and integrity, not compromising the truth.

**Respect:** We treat customers, employees and the general public with mutual respect and sensitivity.

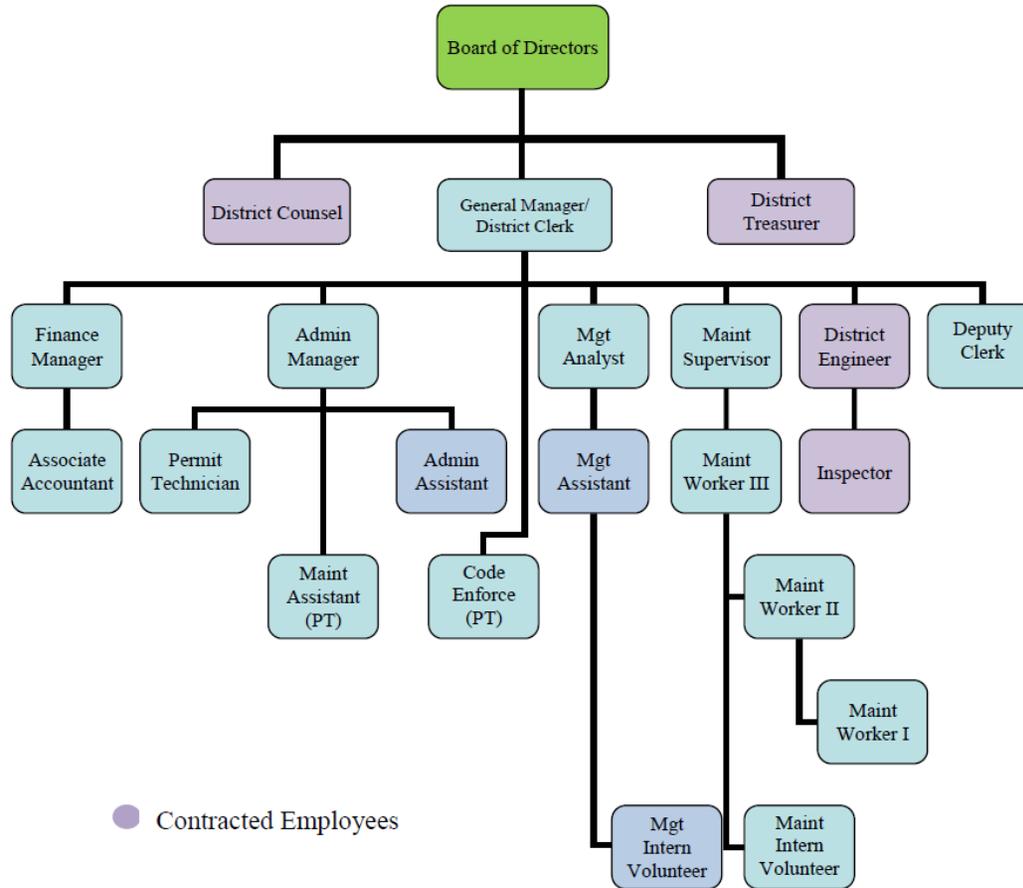
**Balance:** We are flexible, helping employees strike a healthy work and life balance.

**Dedication:** Striving to ensure sewer infrastructure is maintained and rehabilitated for the long term.

**Technology:** Striving to utilize advanced technology in meeting our goals.

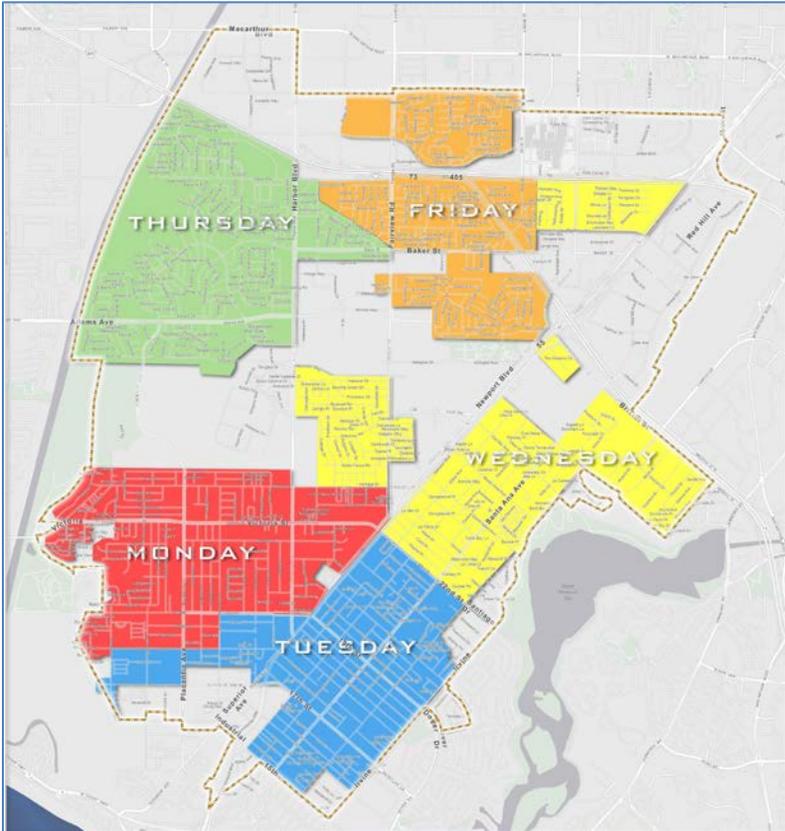
**Fiduciary Responsibility:** Providing the highest quality service at fair, equitable and adequate rates.

## COSTA MESA SANITARY DISTRICT ORGANIZATIONAL CHART JULY 2013

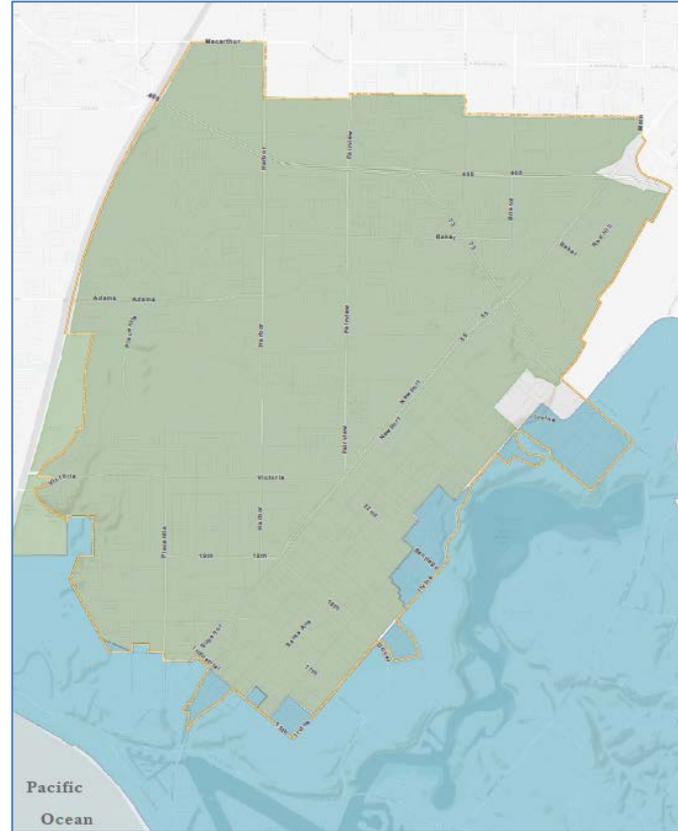


# COSTA MESA SANITARY DISTRICT SERVICE AREA MAP

Solid Waste Service Map



Sewer Service Map



## PROFILE OF THE COSTA MESA SANITARY DISTRICT

The District is a California Special District established and incorporated on February 11, 1944 pursuant to Division VI, Part 1 of the Health and Safety Code of the State of California (sometimes referred to as the Sanitary District Act of 1923).

The District is located in the City of Costa Mesa, in the County of Orange. The District provides trash and sewer services to the City of Costa Mesa, and small portions of the City Newport Beach and some Unincorporated County areas. The District serves approximately 116,700 residents. Sewage from the District's service area is transported to the Orange County Sanitation District's facilities in Fountain Valley and Huntington Beach where it is treated to federally mandated standards to protect the public health. The District has an agreement with CR&R Environmental Services for collection of all solid waste from single family dwellings and small multi-family residents utilizing curbside collection. CR&R Environmental Services transports all of the solid waste to its subsidiary owned recycling and transfer station located in Stanton, California.

The District recovers the cost of its services through service rates imposed on users of the service. The annual rates for the fiscal years 2013-14 and 2014-15 are \$216 per unit for residential curbside trash service and the sewer service is \$85.34 per single family residential unit; \$50.09 per multi-family unit; \$37.96 per 1,000 square feet of commercial unit, \$41.40 per 1,000 square feet of commercial unit with high discharge rates, and \$97.44 per 1,000 square feet of industrial unit. All sewer rates include funding of the grease control program. Residential customers make up 100% of the Districts trash fees and approximately 57% of the sewer fees.

**Governance.** The affairs of the District are directed by a five member Board of Directors elected at large by the registered voters residing in the District. The Directors, who are elected, are residents and have the same concerns as their constituents. The Board members, who serve four-year staggered terms, are responsible for establishing policy and ordinances, adopting the annual budget, hiring the District's General Manager, Treasurer, and District Counsel. The General Manager is responsible for carrying out the policies and ordinances of the District Board and for overseeing the day-to-day operations of the District. The District Counsel is responsible for legal matters regarding the District while the Treasurer is responsible for managing the District's investment portfolio.

**Local Economy.** The Costa Mesa Sanitary District continues to benefit from its unique geographic location, which is in the City of Costa Mesa, in the County of Orange. The local economy is primarily based on retail commercial business and light manufacturing of electronics, pharmaceuticals, and plastics. CMSD's service area includes several major regional facilities: John Wayne Airport, Orange Coast College, Whittier Law School, Vanguard University, State of California Fairview Development Center, Orange County Fairgrounds, Segerstrom Performing Arts Center, South Coast Repertory Theater, and South Coast Plaza shopping complex. The volume of sales generated by South Coast Plaza, on the strength of over 300 stores, secures its place as the highest volume regional shopping center in the nation.

Profile of the Costa Mesa Sanitary District  
(Continued)

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As an independent enterprise special district having the ability to adjust service rates as required, the District's operating revenues are somewhat insulated from the local economy. The fluctuation of the economy does not have an impact on District revenues as it had on other local government agencies whose major source of revenues are from sales, property and other taxes. The District has a secure revenue stream collected from user fees by the County of Orange through the property tax bills.

The District's Board of Directors is aware of the need to ensure the District's financial stability. Through a coordinated strategic process, the Board has established a series of policies and plans to effectively meet the District's anticipated future needs. The cornerstone of these policies is the District's Strategic Plan for Fiscal Years 2010-15, which was recently amended on April 3, 2013 and ratified by the Board of Directors on May 28, 2013. The Strategic Plan serves as a framework for planning and decision making over a five year period. The District utilizes this information to anticipate future expense obligations and to develop and estimate service rates to ensure these expense obligations are fully funded.

## Financial Policies

The Costa Mesa Sanitary District (District) has adopted financial policies to guide the General Manager and Board of Directors through the budget decision-making process. These policies are:

1. Operating Reserves – The District will maintain a minimum designated Reserve for Working Capital equal to 15% of its operating budget within its Solid Waste Fund and 10% of its operating budget within its Liquid Waste Fund.
2. Fairness and Equity – All customers of the District will pay their fair, equitable and proportionate cost of the services provided by the District.
3. Recurring Revenue Growth – Recurring increases in expenses should not be approved which exceed recurring revenue growth. Any new or expanded programs will be required to identify new funding sources and/or off-setting reductions in expenses.
4. Risk Management/Retention – The District will maintain appropriate reserves for general liability claims and other programs or self-insured risk retention levels to meet statutory requirements and actuarially projected needs.
5. Long Range Fiscal Perspective (Capital Expense Policy) – The District will maintain a long-range fiscal perspective through the use of an annual operating budget, long -range capital improvement program, and multi-year revenue and expense forecasting.
6. Capital Improvements – Major capital improvement projects will be funded using the most financially prudent method available. Such methods include: 1) traditional long-term financing (bond issues); 2) “pay as you go” financing; and 3) using accumulated cash reserves in excess of policy requirements.
7. Generally Accepted Accounting Principles – District staff shall comply with all generally accepted accounting principles promulgated by the state and federal government, regulatory agencies such as the Government Accounting Standards Board (GASB) and relevant professional associations such as the Government Finance Officers’ Association (GFOA).
8. Level of Budgetary Control – The level of budgetary control is at the account level. Budgetary variances up to \$50,000 within these accounts will be addressed by the General Manager. Transfers to capital improvement projects (CIP) requires Board approval.

## Reserve Policy

The Board has adopted a reserve policy to establish a minimum level of reserves for working capital within the operating funds of the District. Operating funds of the District consist of the Solid Waste Fund and the Liquid Waste Fund. On September 18, 2008, the reserve policy was amended by the Board as follows:

- (a) Policy: The District will maintain a minimum designated Reserve for Working Capital equal to 15% of its operating budget within its Solid Waste Fund, and 10% of its operating budget within its Liquid Waste Fund.
- (b) Operating Reserves Required: The Reserves for Working Capital for Operating Funds will be maintained at a level equal to 15% of its operating budget within its Solid Waste Fund, and 10% of its operating budget within its Liquid Waste Fund, for the fiscal year. The District has a period of negative cash flow for the first five months of the fiscal year until such time as the annual charges have been collected and remitted to the District. This level of operating reserve provides the District with the necessary liquidity and resources to cover this period of negative cash flow as well as unanticipated expenses. It is prudent for governmental entities to maintain operating reserves which constitutes a sound operating practice as determined by oversight bodies, professional organizations, bond rating agencies and bond insurance companies. The operating reserve may only be accessed under the following circumstances, and only with Board approval.
  - 1. Federal/State budget cuts resulting in loss of grant funding;
  - 2. Local revenue shortfalls due to a downturn in the local economy;
  - 3. Increase in demand for specific services without another source of recovery;
  - 4. Legislative or judicial mandates to provide new or expanded services or programs without new or fully off-setting revenues;
  - 5. One-time Board approved expenses;
  - 6. Unexpected increases in inflation (Consumer Price Index); or
  - 7. Natural disasters (earthquakes, fires or other general infrastructure failures).

If the operating reserves are required to be used, staff will incorporate a plan to restore the Reserves for Working Capital to 15% of the Solid Waste operating budget and 10% of the Liquid Waste operating budget as part of the subsequent year's proposed budgets.

An Asset Management Fund reserve policy has been established to maintain a minimum \$5,000,000 fund balance to replace or refurbish the current sewer collection system and facilities at their end of their useful economic lives. Annual reserve contributions are made with transfers from the Liquid Waste Fund estimated by the Asset Management Program. Transfers back to the Liquid Waste Fund are in accordance with the capital budget plan and provide funding for capital improvement projects.

## **Basis of Budgeting and Accounting**

The District is a California Special District established and incorporated on February 11, 1944 pursuant to Division VI, Part 1 of the Health and Safety Code of the State of California (sometimes referred to as the Sanitary District Act of 1923).

The accounts of the District are presented as enterprise and internal service funds. An enterprise fund is a proprietary fund type used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

An internal service fund is also a proprietary fund type which accounts for the goods or services purchased by one cost center on behalf of another cost center. Revenue is derived from charges to other funds.

## **Budget Control**

The General Manager is responsible for keeping the expenses within budget allocations and may adopt budget policies necessary to carry out that responsibility. No expenditure of funds shall be authorized unless sufficient funds have been appropriated by the Board.

The level of budgetary control is the account level. Budgetary variances up to \$50,000 within accounts objects will be addressed by the General Manager, i.e., the General Manager has the authority to transfer budget amounts at the line item level. A transfer to any district CIP projects requires prior Board approval. All budget modifications or adjustments are documented and tracked in the District's computerized financial system.

The General Manager may hire personnel as necessary, as long as the position(s) or classification(s) have been authorized in advance by the Board.

In the event that the General Manager determines that an emergency exists requiring immediate action, the General Manager is authorized to order emergency work pursuant to Public Contract Code Section 22050 and if such action is ordered, the General Manager shall report to the Board at successive regular meetings stating the justification for continuing with the emergency work.

## Budget Process

Historically, the Costa Mesa Sanitary District's budget has been prepared on an annual basis. In the spring of 2013, the Board of Directors approved the preparation of a two-year budget. The budget continues to be based on the priorities, goals and objectives established by the Board of Directors. The District's Strategic Plan for Fiscal Years 2010-15 serves as a framework for planning and decision making over the next five years. The District utilizes this information to anticipate future expense obligations and to develop and estimate service rates to ensure these expense obligations are fully funded.

## Budget Calendar

March 1, 2013	Departmental budget requests due from staff
March 4, 2013	General Manager review of requested budgets with individual departments
March 12, 2013	Special Board meeting to review District's Strategic Plan
March 14, 2013	Public Workshop for sewer rate study
March 15, 2013	February 2011-2012 CPI released
March 28, 2013	Present fiscal year 2013/14 and fiscal year 2014/15 operational and CIP budgets at the Regular Board meeting
March 29, 2013	General Manager review
April 3, 2013	Special Board meeting to review District's Strategic Plan
April 18, 2013	Present revenue projections at the Regular Board meeting
May 23, 2013	Review fiscal year 2013/14 and fiscal year 2014/15 preliminary budget at Regular Board meeting
May 28, 2013	Special Board meeting to review District's Strategic Plan
June 27, 2013	Annual budget for Fiscal Years Ending June 30, 2014 and June 30, 2015 submitted to Board of Directors for adoption

## Fund Descriptions

The District accounts for its revenue and expenses in enterprise funds. Enterprise funds provide services that are financed through user charges. The funds currently used by the District are as follows:

### **Enterprise Funds:**

1. Solid Waste Fund – This fund accounts for the annual charge for providing solid waste collection services to the District’s customers and the cost of managing the refuse collection and recycling processes.
2. Liquid Waste Fund – This fund accounts for the annual charge for providing sewer services to the District’s customers. Expenses include operations and capital improvement projects.
3. Sewer Construction Fund – This fund is restricted and accounts for deposits received from developers in lieu of constructing required sewer improvements associated with a development project. The funds on deposit are held by the District until such time as the District constructs the required sewer improvement. An annual budget for this fund is not adopted. Rather, as required projects are ready to be constructed, a budget adjustment will be brought to the Board to appropriate the required monies.
4. Facilities Revolving Fund – This fund is restricted and accounts for the receipt and disbursement of capacity charges (fixture fees). Funds collected can only be used for new sewer facilities and cannot be used for maintenance. An annual budget for this fund is not adopted. Rather, as required projects are ready to be constructed, a budget adjustment will be brought to the Board to appropriate the required monies.
5. Asset Replacement Fund – The purpose of this fund is to accumulate reserves for the purchase of new or replacement vehicles, equipment and computers. Revenues to this fund are received as charges for services from the Solid Waste and Liquid Waste funds. User funds are charged an annual rental rate for the use of the asset. Transfers back to the user funds are in accordance with the operating budget plan and provide funding for the purchase of the assets at the user fund level.
6. Asset Management Fund – The purpose of this fund is to accumulate reserves for capital improvements. This fund has a reserve requirement of \$5,000,000. Annual Reserve Contributions are made with transfers from the Liquid Waste Fund estimated by the Asset Management Program. Transfers back to the Liquid Waste Fund are in accordance with the capital budget plan and provide funding for capital improvement projects.

## Revenue Assumptions

District revenues are primarily derived from sanitation and sewer fees. The sanitation and sewer fees are charged for residential refuse collection services and residential, industrial and commercial sewer services. Assumptions used in developing the fiscal year 2012-3-15 revenue estimates are as follows:

### Solid Waste Fund

The annual trash charge in the amount of \$4,659,000 is projected based upon an annual charge of \$216 per year, or \$18 per month for approximately 21,571 units. This adopted budget includes a decrease in the annual charge from \$228. It is anticipated that the reduction of the annual trash charge will produce a negative balance because the District desires to reduce the Solid Waste Fund Balance. An estimated negative balance of \$244,860 is budgeted for the fiscal year 2013-14 and a negative balance of \$362,530 is budgeted for fiscal year 2014-15. The Solid Waste Fund has a very healthy fund balance estimated at approximately \$5.6 million at June 30, 2013, therefore the Board has concluded it to be prudent to continue giving some of the money back to the ratepayers until the fund balance reaches \$2 million, which is the amount needed to pay for on-going operating expenses until the District receives the assessment revenues from the County in November and April. The Board will analyze the unreserved fund balance every year to determine if the lowered rates can continue.

The additional container charge in the amount of \$100,000 is projected to be consistent with the revenue collected in the 2012-13 fiscal year. The additional container charge is estimated based upon an \$8 monthly fee for approximately 1,000 households. The split of the additional container fee with the percentage of 86% to the District and 14% to CR&R will remain the same in fiscal year 2013-14 and 2014-15.

Property taxes in the amount of \$200,000 are projected at 86% of the revenue received in the 2012-13 fiscal year. This conservative estimate is due to the the State's dissolution of redevelopment agencies.

Interest income on the investment of the District's operating cash and reserves is estimated based upon an average yield of 0.90% for the year. The District has an investment portfolio that includes the purchase of low risk securities that yield small earnings when the securities reach maturity.

### Liquid Waste Fund

The adopted budget includes an increase in the annual charge for sewer fees for single family residential class; however, sewer fees will decrease for multi-family residential class and for all non-residential classes (e.g. commercial and industrial) in fiscal year 2013-14. Sewer fees will increase for all classes in fiscal year 2014-15. The annual charge for a single family resident is \$85.34 per year or \$7.12 per month. The District maintains

Revenue Assumptions  
(Continued)

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224.2 miles of sewer mainline, 4,650 manholes and 20 pumping stations that transport 10.1 million gallons a day to treatment facilities for 116,700 residents residing in Costa Mesa, Newport Beach and unincorporated County of Orange.

Annual Charge

The following current rates were used in the development of this proposed budget.

Service type	FY 2012-13	FY 2013-14	FY 2014-15
Single family residence	\$69.00	\$85.34	87.05
Multi-family residence	\$53.77	\$50.09	51.09
Commercial – Average Strength *	\$38.69	\$37.96	38.72
Commercial – High Strength *	\$43.66	\$41.40	42.23
Industrial *	\$113.72	\$97.44	99.39
*This annual charge is on a per 1000 square foot basis			

The breakdown of the sewer customers are as follows:

Single family residential parcels	17,788
Multi-family residential parcels	5,922
Number of commercial (Ave Strength) parcels	1,133 with a total of 18,753,490 building square feet area
Number of commercial (High Strength) parcels	444 with a total of 13,375,760 building square feet area
Number of industrial parcels	789 with a total of 9,745,720 building square feet area

## Operating Assumptions

The fiscal year 2013-14 budget is based on operating expenses of \$10,741,860, which reflect an increase of 19% over last year's budget submittal. This increase translated into dollars is an increase of \$1,693,933. The fiscal year 2014-15 budget is based on operating expenses of \$10,916,940, which is an increase of 2% or \$175,080.

The total authorized staffing for fiscal year 2013-14 will not change, but two positions will be reclassified. The salaries budget includes a cost of living adjustment (COLA) or increase of 2.2%. This increase was based on the February to February Consumer Price Index (CPI) annual adjustment for the Los Angeles/Riverside/Orange County area. In total the salaries and benefits expenses of \$1,595,100 reflect an increase of 5% over last year's budget submittal.

The District adopted a two tier pension program in fiscal year 2011-12 and adopted a third tier on January 1, 2013 through the implementation of Governor Brown's Pension Reform Act. The current retirement formulas are 2% at 55, 2% at 60, and 2% at 62. New hires that are currently employed in the public sector that have a reciprocity agreement with CalPERS or those that have been unemployed from the public sector for less than six months will be enrolled in the 2% at 60 retirement formula and the employee will pay his/her 7% share of retirement costs. New employees that have not been enrolled in CalPERS for more than six months prior to joining the District will be enrolled in the 2% at 62 retirement formula. The employer rate for Tier 1 (2% at 55) is 11.603%, for Tier 2 (2% at 60) is 8.768%, and for Tier 3 (2% at 62) is 6.7%. In fiscal year 2013-14 the District will have six employees on the 2% at 60 formula and two on the 2% at 62 formula. Over half of the District's full time workforce will be participating on the second or third tier retirement system.

The cafeteria benefit is offered to all full-time employees. Employees with medical single coverage, or employee plus one, or who opt out of medical coverage receive a monthly allowance in the amount of \$799. Employees with family medical coverage receive a monthly allowance in the amount of \$1,199. The cafeteria benefit also includes the pick-up payment for employee's long term disability and life insurance cost, which is approximately \$45 a month per employee or \$7,020 annually for all thirteen full-time employees.

The Board developed a strategic plan element that addresses the importance of continual training and staff development. For this purpose the budget will continue to reflect an emphasis on safety, technical, and management training. The staff development budget in the amount of \$44,630 is based on recent actual costs.

In 2014 the District will have elections for three Board seats. The County's Registrar Office coordinates and manages the elections for the District at an approximate cost of \$50,000. The cost is split between the solid waste (35%) and sewer funds (65%).

CR&R Environmental Services is the District's trash hauler. The trash hauling expense is a major expense of the Solid Waste fund. The trash hauler budget includes collection of solid waste and recyclable materials for approximately 21,575 households at a monthly fee of \$9.15.

Operating Assumptions  
(Continued)

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The recycling and disposal budget paid to CR&R is based on the collection of 39,850 tons at a cost of \$52.22 per ton. Together the trash hauler and recycling/disposal budget make up 84% of the Solid Waste fund's budget.

The total engineering services budget for fiscal years 2013-14 and 2014-15 is \$131,828 and \$143,520, respectively. Engineering services include services for general engineering such as designs, inside plan checking (outside agency projects such as City Street improvements, Mesa Water improvements, etc.), outside plan checking (new construction and/or development where the cost is recovered through District fees), sewer lateral assistance, inflow reduction program and for the District's sewer hot spot abatement program. A total of 1,192 annual hours is budgeted at \$96.50 an hour in fiscal year 2013-14 and at \$105 for fiscal year 2014-15. The total includes a \$1,400 monthly retainer for fiscal year 2013-14 and \$1,530 for fiscal year 2014-15. This service is contracted out to Robin B. Hamers & Associates.

The total inspection services budget for fiscal years 2013-14 and 2014-15 is \$70,112 and \$76,090, respectively. Inspection services include inside inspections, outside inspections, sewer lateral assistance, and infiltration and inflow program (sealing and plugging manholes). A total of 1,087 annual hours is budgeted at \$64.50 an hour in fiscal year 2013-14 and \$70 in fiscal year 2014-15. This service is contracted out to Robin B. Hamers & Associates.

The District plans to continue the Sewer Lateral Assistance Program. \$200,000 is budgeted to continue this very successful program where the District will reimburse residents up to \$1,600 for making improvements to their sewer lateral. The Board approved reducing the reimbursement amount from \$1,800 to \$1,600 on April 18, 2013 to ensure the District has adequate funds for this program each fiscal year. In addition, the District will waive the permit fee related to the improvements. Plan check and tie in fees will be charged. It is estimated that approximately 140 applicants will benefit from this program.

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# **FINANCIAL SUMMARIES**

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**Costa Mesa Sanitary District**  
**Statement of Budgeted Revenues and Expenses (ALL FUNDS)**  
**For the Fiscal Year Ending June 30, 2014**

Account	Solid Waste Fund	Liquid Waste Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
<b>Operating Revenues</b>						
Annual Charge	\$ 4,659,000	\$ 5,091,000	\$ -	\$ -	\$ -	\$ 9,750,000
Charges for Services	-	75,000	-	-	-	75,000
Additional Container Charge	100,000	-	-	-	-	100,000
Sewer Permits	-	16,000	-	-	-	16,000
Permit Inspection Fees	-	64,000	-	-	-	64,000
Other Operating Revenues	-	20,000	-	-	-	20,000
Total Operating Revenue	4,759,000	5,266,000	-	-	-	10,025,000
<b>Operating Expenses</b>						
Salaries & Benefits	517,400	1,077,700	-	-	-	1,595,100
Operations & Maintenance Programs	4,705,560	2,500,300	-	-	-	7,205,860
Programs	130,900	-	-	-	-	130,900
Total Operating Expenses	5,353,860	3,578,000	-	-	-	8,931,860
<b>Net Operating Revenue (Expense)</b>	(594,860)	1,688,000	-	-	-	1,093,140
<b>Non-Operating Revenues</b>						
Property Taxes	200,000	-	-	-	-	200,000
Investment Earnings	50,000	60,000	-	-	-	110,000
Contributions	25,000	-	-	-	-	25,000
Other Non-operating Revenues	75,000	-	-	-	-	75,000
Capital Contributions	-	-	-	-	-	-
Total Non-Operating Revenues	350,000	60,000	-	-	-	410,000
<b>Non-Operating Expenses</b>						
Capital Improvement Projects	-	1,810,000	-	-	-	1,810,000
Total Non-Operating Expenses	-	1,810,000	-	-	-	1,810,000
<b>Net Change to Fund Balance Reserves Before Transfers</b>	(244,860)	(62,000)	-	-	-	(306,860)
<b>Transfers</b>						
Transfers In	-	1,810,000	-	-	1,748,000	3,558,000
Transfers Out	-	(1,748,000)	-	-	(1,810,000)	(3,558,000)
Total Transfers	-	62,000	-	-	(62,000)	-
<b>Net Change to Fund Balance Reserves</b>	\$ (244,860)	\$ -	\$ -	\$ -	\$ (62,000)	\$ (306,860)

**Costa Mesa Sanitary District**  
**Statement of Budgeted Revenues and Expenses (ALL FUNDS)**  
**For the Fiscal Year Ending June 30, 2015**

Account	Solid Waste Fund	Liquid Waste Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
<b>Operating Revenues</b>						
Annual Charge	\$ 4,659,000	\$ 5,212,000	\$ -	\$ -	\$ -	\$ 9,871,000
Charges for Services	-	75,000	-	-	-	75,000
Additional Container Charge	100,000	-	-	-	-	100,000
Sewer Permits	-	16,000	-	-	-	16,000
Permit Inspection Fees	-	64,000	-	-	-	64,000
Other Operating Revenues	-	20,000	-	-	-	20,000
Total Operating Revenue	4,759,000	5,387,000	-	-	-	10,146,000
<b>Operating Expenses</b>						
Salaries & Benefits	565,300	1,156,400	-	-	-	1,721,700
Operations & Maintenance Programs	4,769,060	2,495,680	-	-	-	7,264,740
Programs	140,500	-	-	-	-	140,500
Total Operating Expenses	5,474,860	3,652,080	-	-	-	9,126,940
<b>Net Operating Revenue (Expense)</b>	(715,860)	1,734,920	-	-	-	1,019,060
<b>Non-Operating Revenues</b>						
Property Taxes	200,000	-	-	-	-	200,000
Investment Earnings	54,000	60,000	-	-	-	114,000
Contributions	25,000	-	-	-	-	25,000
Other Non-operating Revenues	75,000	-	-	-	-	75,000
Capital Contributions	-	-	-	-	-	-
Total Non-Operating Revenues	354,000	60,000	-	-	-	414,000
<b>Non-Operating Expenses</b>						
Capital Improvement Projects	-	1,787,000	-	-	-	1,787,000
Total Non-Operating Expenses	-	1,787,000	-	-	-	1,787,000
<b>Net Change to Fund Balance Reserves Before Transfers</b>	(361,860)	7,920	-	-	-	(353,940)
<b>Transfers</b>						
Transfers In	670	1,793,080	-	-	1,801,000	3,594,750
Transfers Out	-	(1,801,000)	-	(6,750)	(1,787,000)	(3,594,750)
Total Transfers	670	(7,920)	-	(6,750)	14,000	-
<b>Net Change to Fund Balance Reserves</b>	\$ (361,190)	\$ -	\$ -	\$ (6,750)	\$ 14,000	\$ (353,940)

**Costa Mesa Sanitary District**  
**Fund Balance Summary (Accrual Basis)**  
**For the Fiscal Year Ending June 30, 2013**

	Solid Waste Fund	Liquid Waste Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
Retained Earnings, June 30, 2012	\$ 5,698,515	\$ 41,441,963	\$ 3,514,405	\$ 345,838	\$ 6,564,007	\$ 57,564,728
Estimated Revenues						
Annual Charge	4,920,554	5,104,890				10,025,444
Charges for Services	1,151	18,070	189,262	145,600		354,083
Additional Container Charge	101,584					101,584
Sewer Permits		17,520				17,520
Permit Inspection Fees		82,820				82,820
Other Operating Revenues	57,255	48,947				106,202
Property Taxes	240,165					240,165
Investment Earnings	38,492	43,217	823	1,633	36,328	120,493
Contributions	35,696					35,696
Other Non-Operating Revenues	(23,445)	(205,140)	(2,323)	(4,856)	(72,745)	(308,510)
Transfers In		3,309,185			1,748,000	5,057,185
<b>Total Estimated Revenues</b>	<b>5,371,451</b>	<b>8,419,509</b>	<b>187,762</b>	<b>142,377</b>	<b>1,711,583</b>	<b>15,832,682</b>
Estimated Expenses						
Salaries & Benefits	384,768	894,623				1,279,391
Operations & Maintenance Programs	4,681,674	1,880,913				6,562,588
Capital Improvement Projects		280				280
Depreciation	8,976	1,650,232	56,783			1,715,991
Transfer Out		1,748,000		138,000	3,171,185	5,057,185
<b>Total Estimated Expenses</b>	<b>5,177,492</b>	<b>6,174,049</b>	<b>56,783</b>	<b>138,000</b>	<b>3,171,185</b>	<b>14,717,508</b>
Estimated Change to Fund Balance Reserves	193,959	2,245,460	130,980	4,377	(1,459,602)	1,115,174
<b>Estimated Fund Balance, June 30, 2013</b>	<b>\$ 5,892,474</b>	<b>\$ 43,687,423</b>	<b>\$ 3,645,385</b>	<b>\$ 350,215</b>	<b>\$ 5,104,405</b>	<b>\$ 58,679,902</b>

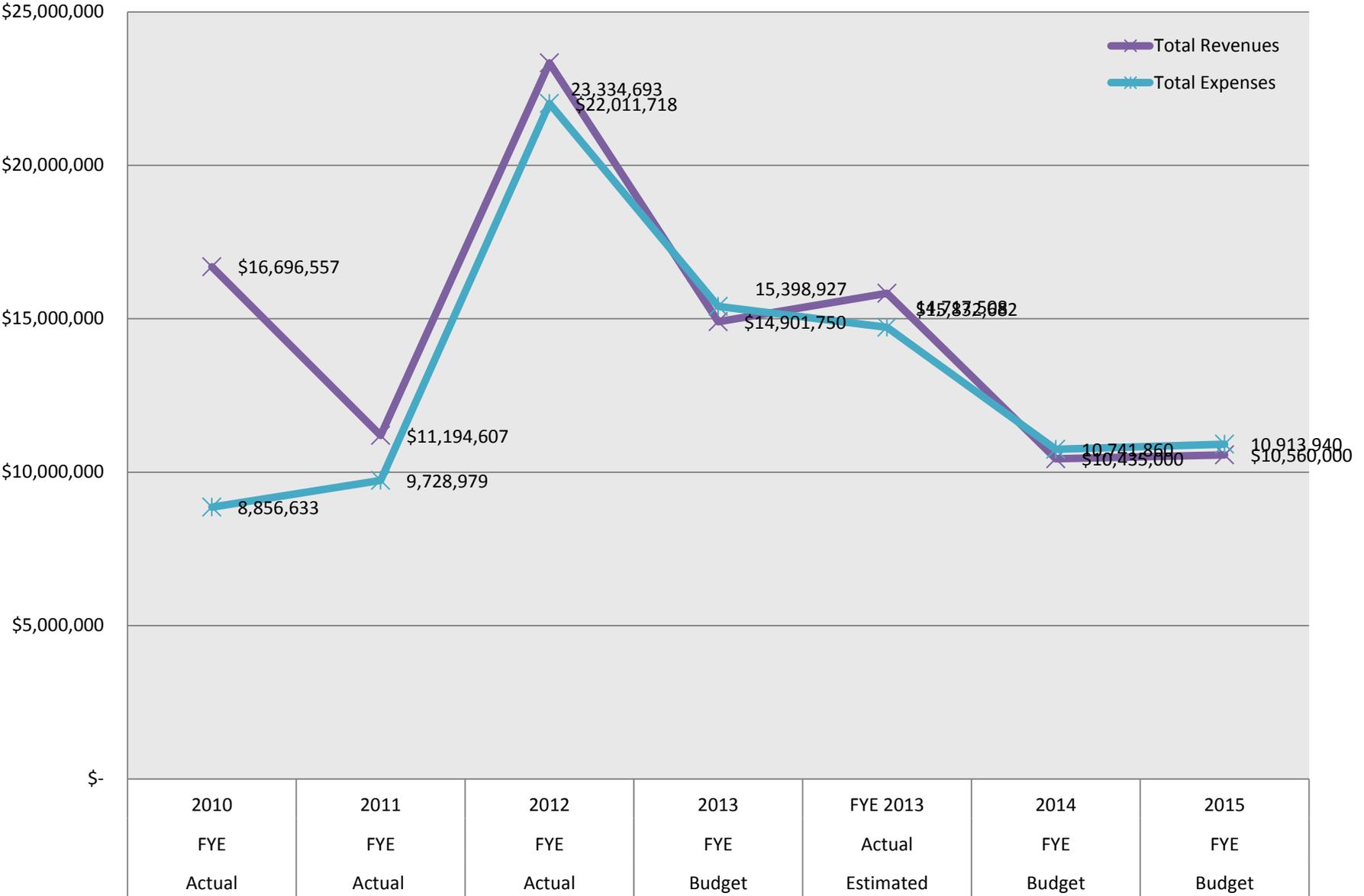
**Costa Mesa Sanitary District**  
**Fund Balance Summary (Accrual Basis)**  
**For the Fiscal Year Ending June 30, 2014**

	Solid Waste Fund	Liquid Waste Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
Estimated Fund Balance, June 30, 2013	\$ 5,892,474	\$ 43,687,423	\$ 3,645,385	\$ 350,215	\$ 5,104,405	\$ 58,679,902
<b>Estimated Revenues</b>						
Annual Charge	4,659,000	5,091,000	-	-	-	9,750,000
Property Taxes	200,000	-	-	-	-	200,000
Investment Earnings	50,000	60,000	-	-	-	110,000
Additional Container Charge	100,000	-	-	-	-	100,000
Charges for Services	-	75,000	-	-	-	75,000
Other	100,000	100,000	-	-	-	200,000
Transfers In	-	1,810,000	-	-	1,748,000	3,558,000
<b>Total Estimated Revenues</b>	<b>5,109,000</b>	<b>7,136,000</b>	<b>-</b>	<b>-</b>	<b>1,748,000</b>	<b>13,993,000</b>
<b>Estimated Expenses</b>						
Salaries & Benefits	517,400	1,077,700	-	-	-	1,595,100
Operations & Maintenance	4,705,560	2,500,300	-	-	-	7,205,860
Programs	130,900	-	-	-	-	130,900
Capital Improvement Projects	-	1,810,000	-	-	-	1,810,000
Depreciation	-	-	-	-	-	-
Transfers Out	-	1,748,000	-	-	1,810,000	3,558,000
<b>Total Estimated Expenses</b>	<b>5,353,860</b>	<b>7,136,000</b>	<b>-</b>	<b>-</b>	<b>1,810,000</b>	<b>14,299,860</b>
Estimated Change to Fund Balance Reserves	(244,860)	-	-	-	(62,000)	(306,860)
Estimated Fund Balance, June 30, 2014	\$ 5,647,614	\$ 43,687,423	\$ 3,645,385	\$ 350,215	\$ 5,042,405	\$ 58,373,042
<b>Reserves</b>						
Investment in Fixed Assets	(30,668)	(36,330,698)	(3,449,506)			(39,810,872)
Reserved for Capital Outlay		(3,442,477)				(3,442,477)
Reserved for Earthquake/Emergency		(1,000,000)				(1,000,000)
Reserved for Operating	(801,000)	(371,000)				(1,172,000)
Estimated Unreserved Fund Balance, June 30, 2014	\$ 4,815,946	\$ 2,543,249	\$ 195,878	\$ 350,215	\$ 5,042,405	\$ 12,947,693

**Costa Mesa Sanitary District**  
**Fund Balance Summary (Accrual Basis)**  
**For the Fiscal Year Ending June 30, 2015**

	Solid Waste Fund	Liquid Waste Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
Estimated Fund Balance, June 30, 2014	\$ 5,647,614	\$ 43,687,423	\$ 3,645,385	\$ 350,215	\$ 5,042,405	\$ 58,373,042
<b>Estimated Revenues</b>						
Annual Charge	4,659,000	5,212,000	-	-	-	9,871,000
Property Taxes	200,000	-	-	-	-	200,000
Investment Earnings	54,000	60,000	-	-	-	114,000
Additional Container Charge	100,000	-	-	-	-	100,000
Charges for Services	-	75,000	-	-	-	75,000
Other	25,000	100,000	-	-	-	125,000
Transfers In	670	1,793,080	-	-	1,801,000	3,594,750
<b>Total Estimated Revenues</b>	<b>5,038,670</b>	<b>7,240,080</b>	<b>-</b>	<b>-</b>	<b>1,801,000</b>	<b>14,079,750</b>
<b>Estimated Expenses</b>						
Salaries & Benefits	565,300	1,156,400	-	-	-	1,721,700
Operations & Maintenance	4,769,060	2,495,680	-	-	-	7,264,740
Programs	140,500	-	-	-	-	140,500
Capital Improvement Projects	-	1,787,000	-	-	-	1,787,000
Depreciation	-	-	-	-	-	-
Transfers Out	-	1,801,000	-	6,750	1,787,000	3,594,750
<b>Total Estimated Expenses</b>	<b>5,474,860</b>	<b>7,240,080</b>	<b>-</b>	<b>6,750</b>	<b>1,787,000</b>	<b>14,508,690</b>
Estimated Change to Fund Balance Reserves	(436,190)	-	-	(6,750)	14,000	(428,940)
Estimated Fund Balance, June 30, 2015	\$ 5,211,424	\$ 43,687,423	\$ 3,645,385	\$ 343,465	\$ 5,056,405	\$ 57,944,102
<b>Reserves</b>						
Investment in Fixed Assets	(30,668)	(36,330,698)	(3,449,506)			(39,810,872)
Reserved for Capital Outlay		(3,442,477)				(3,442,477)
Reserved for Earthquake/Emergency		(1,000,000)				(1,000,000)
Reserved for Operating	(801,000)	(371,000)				(1,172,000)
Estimated Unreserved Fund Balance, June 30, 2015	\$ 4,379,756	\$ 2,543,249	\$ 195,878	\$ 343,465	\$ 5,056,405	\$ 12,518,753

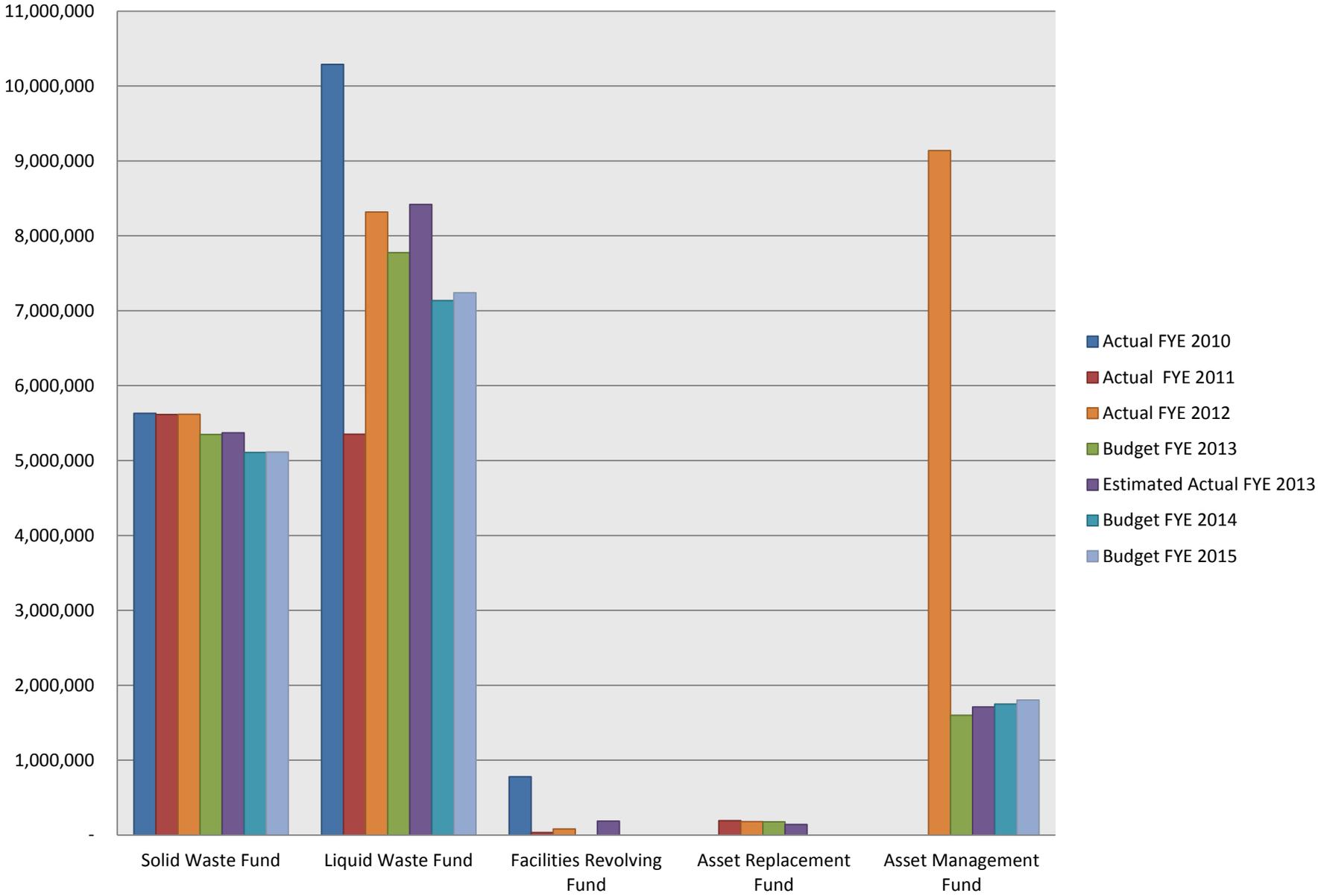
### Total Revenues and Expenses (All Funds)



**Costa Mesa Sanitary District  
Total Revenues and Expenses (All Funds)**

Activity	Actual FYE 2010	Actual FYE 2011	Actual FYE 2012	% Change	Budget FYE 2013	% Change	Estimated Actual FYE 2013	Budget FYE 2014	% Change	Budget FYE 2015	% Change
Total Revenues	\$ 16,696,557	\$ 11,194,607	23,334,693	108.45%	\$ 14,901,750	-36.14%	\$ 15,832,682	\$ 10,435,000	1.16%	\$ 10,560,000	0.00%
Total Expenses	8,856,633	9,728,979	\$ 22,011,718	9.85%	15,398,927	58.28%	14,717,508	10,741,860	-2.84%	10,913,940	1.46%
<b>Net Change to Fund Balance Reserves</b>	<b>\$ 7,839,924</b>	<b>\$ 1,465,628</b>	<b>\$ 1,322,975</b>	<b>-9.73%</b>	<b>\$ (497,177)</b>	<b>-137.58%</b>	<b>\$ 1,115,174</b>	<b>\$ (306,860)</b>	<b>-127.52%</b>	<b>\$ (353,940)</b>	<b>15.34%</b>
Changes to Fund Balance Details:											
Solid Waste Fund	753,966	457,195	473,941	3.66%	(102,247)	-122.36%	193,959	(244,860)	-226.24%	(361,860)	47.78%
Liquid Waste Fund	6,309,871	919,930	(5,200,222)	-665.28%	2,120	-99.77%	2,245,460	(62,000)	102.76%	7,920	-112.77%
Facilities Revolving Fund	776,087	(76,634)	(430,033)	461.15%	-	-100.00%	130,980	-	100.00%	-	0.00%
Asset Replacement Fund	-	165,137	180,701	9.42%	7,600	-95.40%	4,377	-	-100.00%	-	0.00%
Asset Management Fund	-	-	6,564,007	0.00%	(497,000)	-100.00%	(1,459,602)	-	-100.00%	-	0.00%
<b>Net Change to Fund Balance Reserves</b>	<b>7,839,924</b>	<b>1,465,628</b>	<b>1,588,393</b>	<b>8.38%</b>	<b>(589,527)</b>	<b>-137.11%</b>	<b>1,115,174</b>	<b>(306,860)</b>	<b>127.52%</b>	<b>(353,940)</b>	<b>15.34%</b>

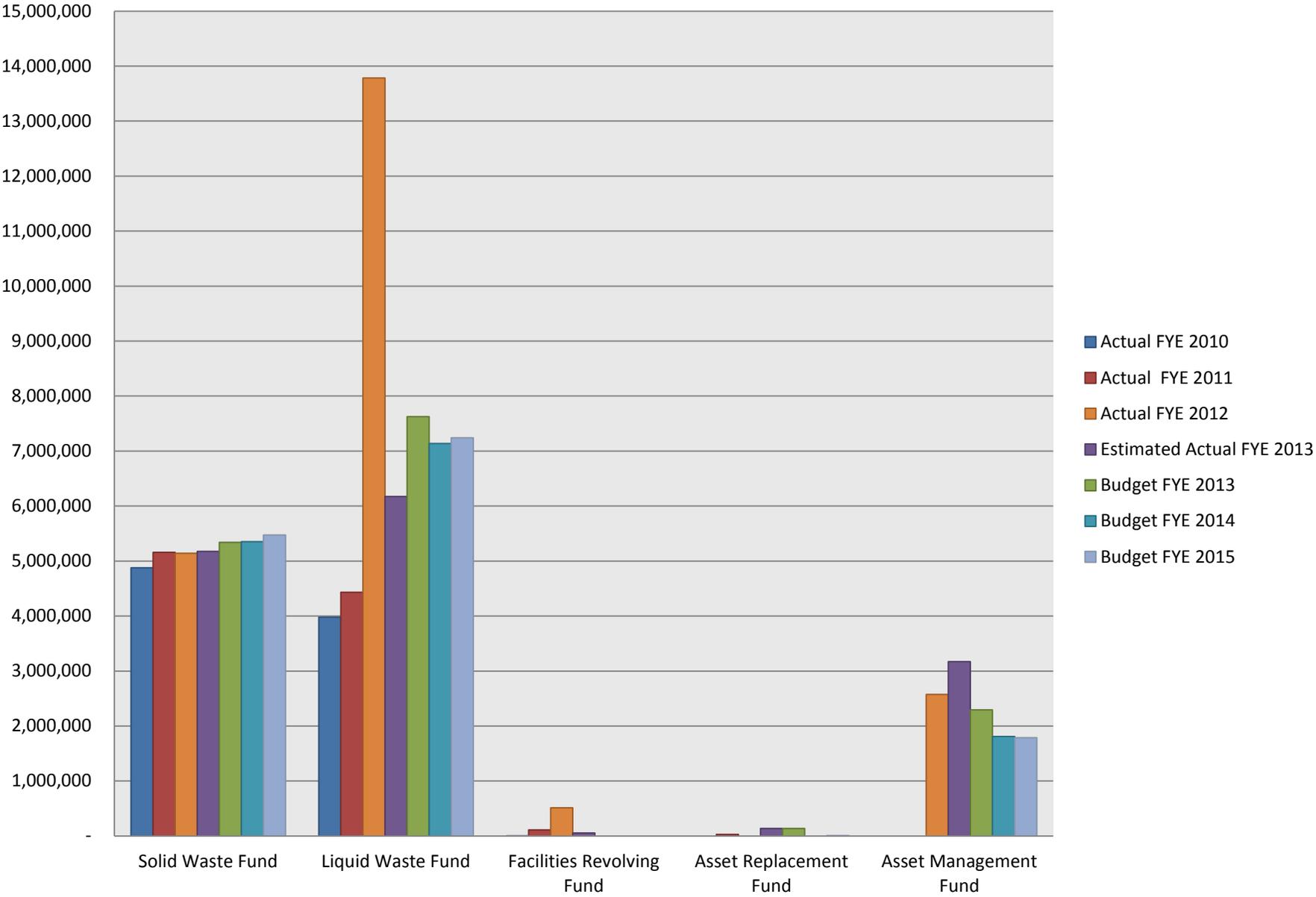
### Total Revenues by Fund



**Costa Mesa Sanitary District  
Total Revenues by Fund**

Fund	Actual FYE 2010	Actual FYE 2011	Actual FYE 2012	% Change	Budget FYE 2013	% Change	Estimated Actual FYE 2013	Budget FYE 2014	% Change	Budget FYE 2015	% Change
<b>Solid Waste Fund</b>											
Operating Revenues	\$ 5,295,116	\$ 5,294,202	5,290,759	-0.07%	\$ 5,255,000	-0.68%	\$ 5,080,543	\$ 4,759,000	-6.33%	\$ 4,759,000	0.00%
Non-Operating Revenues	335,088	320,722	326,254	1.72%	94,000	-71.19%	290,908	350,000	20.31%	354,000	1.14%
Transfers In	-	-	-	0.00%	-	0.00%	-	-	0.00%	670	0.00%
Total Fund Revenues	<b>5,630,204</b>	<b>5,614,924</b>	<b>5,617,013</b>	<b>0.04%</b>	<b>5,349,000</b>	<b>-4.77%</b>	<b>5,371,451</b>	<b>5,109,000</b>	<b>-4.89%</b>	<b>5,113,670</b>	<b>0.09%</b>
<b>Liquid Waste Fund</b>											
Operating Revenues	\$ 5,155,453	\$ 5,216,300	\$ 5,224,225	0.15%	\$ 5,147,000	-1.48%	\$ 5,272,247	\$ 5,266,000	-0.12%	\$ 5,387,000	2.30%
Non-Operating Revenues	5,132,304	108,392	63,497	-41.42%	120,000	88.98%	(161,923)	60,000	-137.05%	60,000	0.00%
Transfers In	-	28,520	3,029,250	10521.49%	2,508,250	-17.20%	3,309,185	1,810,000	-45.30%	1,793,080	-0.93%
Total Fund Revenues	<b>10,287,757</b>	<b>5,353,212</b>	<b>8,316,972</b>	<b>55.36%</b>	<b>7,775,250</b>	<b>-6.51%</b>	<b>8,419,509</b>	<b>7,136,000</b>	<b>-15.24%</b>	<b>7,240,080</b>	<b>1.46%</b>
<b>Facilities Revolving Fund</b>											
Operating Revenues	\$ 11,468	\$ 28,865	\$ 78,230	171.02%	\$ -	-100.00%	\$ 189,262	\$ -	-100.00%	\$ -	0.00%
Non-Operating Revenues	20,196	3,949	3,520	-10.87%	-	-100.00%	(1,500)	-	-100.00%	-	0.00%
Transfers In	746,932	-	-	0.00%	-	0.00%	-	-	0.00%	-	0.00%
Total Fund Revenues	<b>778,596</b>	<b>32,814</b>	<b>81,749</b>	<b>149.13%</b>	<b>-</b>	<b>-100.00%</b>	<b>187,762</b>	<b>-</b>	<b>-100.00%</b>	<b>-</b>	<b>0.00%</b>
<b>Asset Replacement Fund</b>											
Operating Revenues	\$ -	\$ 192,550	\$ 177,500	-7.82%	\$ 177,500	0.00%	\$ 145,600	\$ -	-100.00%	\$ -	0.00%
Non-Operating Revenues	-	1,107	3,201	189.17%	-	-100.00%	(3,224)	-	0.00%	-	0.00%
Transfers In	-	-	-	0.00%	-	0.00%	-	-	0.00%	-	0.00%
Total Fund Revenues	<b>-</b>	<b>193,657</b>	<b>180,701</b>	<b>-6.69%</b>	<b>177,500</b>	<b>-1.77%</b>	<b>142,377</b>	<b>-</b>	<b>-100.00%</b>	<b>-</b>	<b>0.00%</b>
<b>Asset Management Fund</b>											
Operating Revenues	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	0.00%
Non-Operating Revenues	-	-	67,032	0.00%	-	-100.00%	(36,417)	-	0.00%	-	0.00%
Transfers In	-	-	9,071,225	0.00%	1,600,000	-82.36%	1,748,000	1,748,000	0.00%	1,801,000	3.03%
Total Fund Revenues	<b>-</b>	<b>-</b>	<b>9,138,257</b>	<b>0.00%</b>	<b>1,600,000</b>	<b>-82.49%</b>	<b>1,711,583</b>	<b>1,748,000</b>	<b>2.13%</b>	<b>1,801,000</b>	<b>3.03%</b>
<b>Total Revenues</b>	<b>\$ 16,696,557</b>	<b>\$ 11,194,607</b>	<b>\$ 23,334,693</b>	<b>108.45%</b>	<b>\$ 14,901,750</b>	<b>-36.14%</b>	<b>\$ 15,832,682</b>	<b>\$ 13,993,000</b>	<b>-11.62%</b>	<b>\$ 14,154,750</b>	<b>1.16%</b>

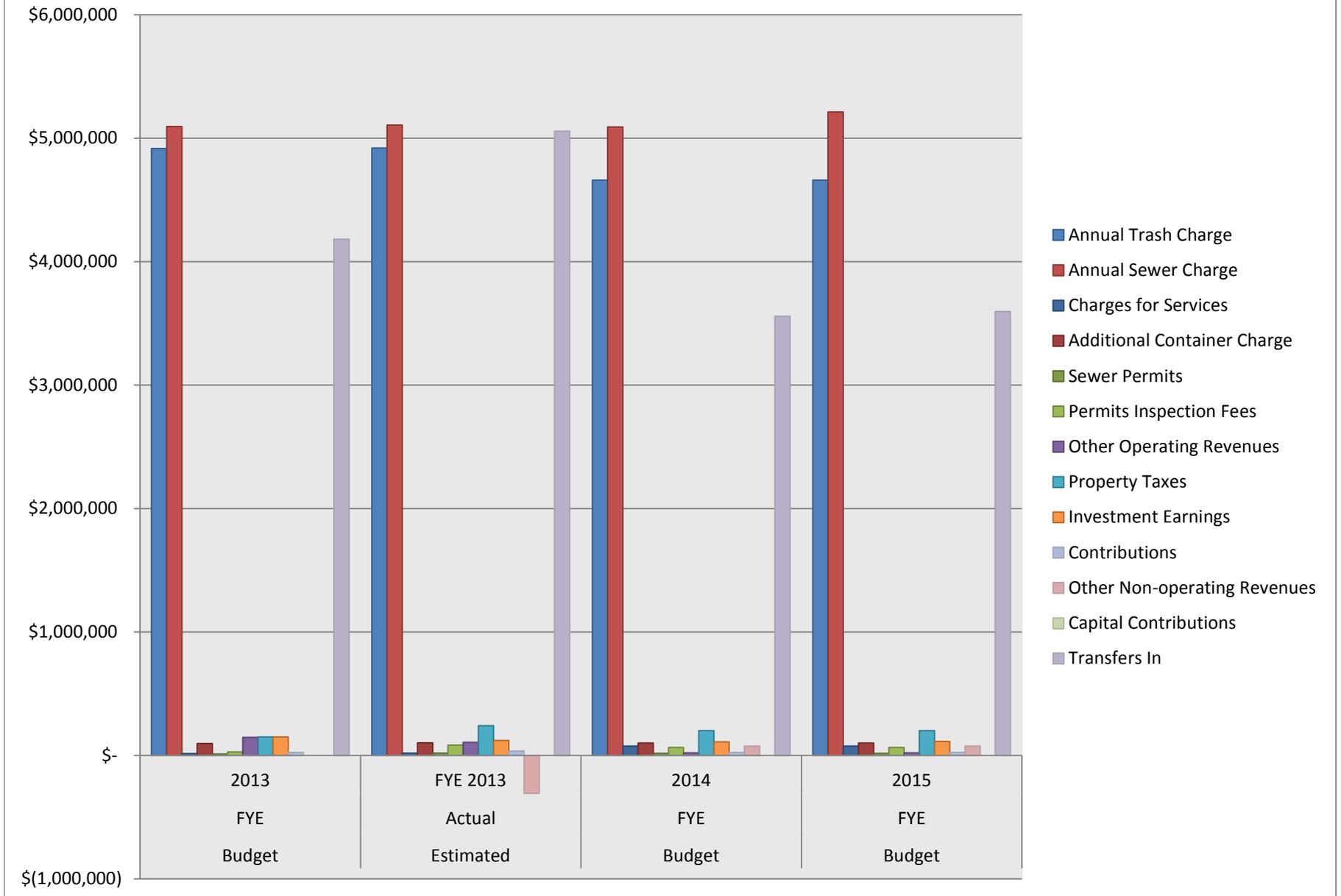
### Total Expenses by Fund



**Costa Mesa Sanitary District  
Total Expenses by Fund**

Fund	Actual FYE 2010	Actual FYE 2011	Actual FYE 2012	% Change	Budget FYE 2013	% Change	Estimated Actual FYE 2013	Budget FYE 2014	% Change	Budget FYE 2015	% Change
<b>Solid Waste Fund</b>											
Operating Expenses	\$ 4,847,924	\$ 5,157,729	\$ 5,143,072	-0.28%	\$ 5,338,247	3.79%	\$ 5,177,492	\$ 5,353,860	3.41%	\$ 5,474,860	2.26%
Non-Operating Expenses	-	-	-	0.00%	-	0.00%	-	-	0.00%	-	0.00%
Transfers Out	28,314	-	-	0.00%	-	0.00%	-	-	0.00%	-	0.00%
Total Fund Expenses	<b>4,876,238</b>	<b>5,157,729</b>	<b>5,143,072</b>	<b>-0.28%</b>	<b>5,338,247</b>	<b>3.79%</b>	<b>5,177,492</b>	<b>5,353,860</b>	<b>3.41%</b>	<b>5,474,860</b>	<b>2.26%</b>
<b>Liquid Waste Fund</b>											
Operating Expenses	\$ 2,637,080	\$ 2,931,178	\$ 3,165,566	8.00%	\$ 3,709,680	17.19%	\$ 2,775,817	\$ 3,578,000	28.90%	\$ 3,652,080	2.07%
Non-Operating Expenses	622,188	1,502,104	1,545,822	2.91%	2,170,000	40.38%	1,650,232	1,810,000	9.68%	1,787,000	-1.27%
Transfers Out	718,618	-	9,071,225	0.00%	1,748,000	-80.73%	1,748,000	1,748,000	0.00%	1,801,000	3.03%
Total Fund Expenses	<b>3,977,886</b>	<b>4,433,282</b>	<b>13,782,613</b>	<b>11.45%</b>	<b>7,627,680</b>	<b>-44.66%</b>	<b>6,174,049</b>	<b>7,136,000</b>	<b>15.58%</b>	<b>7,240,080</b>	<b>1.46%</b>
<b>Facilities Revolving Fund</b>											
Operating Expenses	\$ 132	\$ 38,177	\$ -	-100.00%	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	0.00%
Non-Operating Expenses	2,277	71,271	56,783	-20.33%	-	-100.00%	56,783	-	0.00%	-	0.00%
Transfers Out	-	-	455,000	0.00%	-	-100.00%	-	-	0.00%	-	0.00%
Total Fund Expenses	<b>2,509</b>	<b>109,448</b>	<b>511,783</b>	<b>367.60%</b>	<b>-</b>	<b>-100.00%</b>	<b>56,783</b>	<b>-</b>	<b>-100.00%</b>	<b>-</b>	<b>0.00%</b>
<b>Asset Replacement Fund</b>											
Operating Expenses	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	0.00%
Non-Operating Expenses	-	-	-	0.00%	-	0.00%	-	-	0.00%	-	0.00%
Transfers Out	-	28,520	-	-100.00%	138,000	0.00%	138,000	-	0.00%	6,750	0.00%
Total Fund Expenses	<b>-</b>	<b>28,520</b>	<b>-</b>	<b>-100.00%</b>	<b>138,000</b>	<b>0.00%</b>	<b>138,000</b>	<b>-</b>	<b>100.00%</b>	<b>6,750</b>	<b>0.00%</b>
<b>Asset Management Fund</b>											
Operating Expenses	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	\$ -	0.00%	\$ -	0.00%
Non-Operating Expenses	-	-	-	0.00%	-	0.00%	-	-	0.00%	-	0.00%
Transfers Out	-	-	2,574,250	0.00%	2,295,000	-10.85%	3,171,185	1,810,000	-42.92%	1,787,000	-1.27%
Total Fund Expenses	<b>-</b>	<b>-</b>	<b>2,574,250</b>	<b>0.00%</b>	<b>2,295,000</b>	<b>-10.85%</b>	<b>3,171,185</b>	<b>1,810,000</b>	<b>-42.92%</b>	<b>1,787,000</b>	<b>-1.27%</b>
<b>Total Expenses</b>	<b>\$ 8,856,633</b>	<b>\$ 9,728,979</b>	<b>\$ 22,011,718</b>	<b>9.85%</b>	<b>\$ 15,398,927</b>	<b>58.28%</b>	<b>\$ 14,717,508</b>	<b>\$ 14,299,860</b>	<b>-2.84%</b>	<b>\$ 14,508,690</b>	<b>1.46%</b>

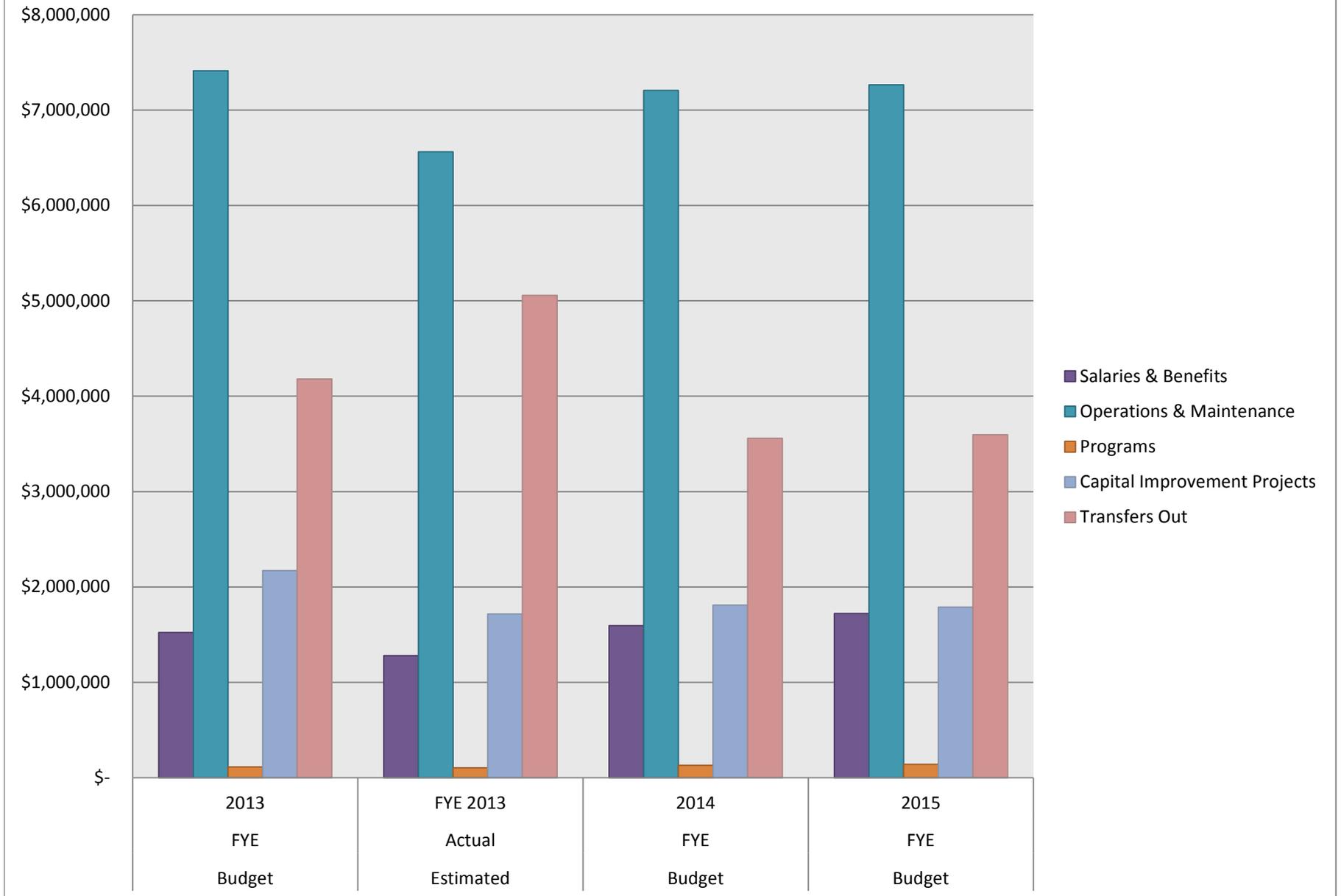
## Total Revenues by Account



**Costa Mesa Sanitary District  
Total Revenues by Account**

Account	Budget	Estimated	Budget	Budget	% Change	% Change
	FYE 2013	Actual FYE 2013	FYE 2014	FYE 2015	Budget '13 vs. Budget '14	Budget '14 vs. Budget '15
Annual Trash Charge	\$ 4,915,000	\$ 4,920,554	\$ 4,659,000	\$ 4,659,000	-5.21%	0.00%
Annual Sewer Charge	5,093,800	5,104,890	\$ 5,091,000	5,212,000	2.32%	2.38%
Charges for Services	15,000	19,221	75,000	75,000	400.00%	0.00%
Additional Container Charge	96,000	101,584	100,000	100,000	4.17%	0.00%
Sewer Permits	10,000	17,520	16,000	16,000	60.00%	0.00%
Permits Inspection Fees	28,000	82,820	64,000	64,000	128.57%	0.00%
Other Operating Revenues	145,600	106,202	20,000	20,000	-86.26%	0.00%
Property Taxes	150,000	240,165	200,000	200,000	33.33%	0.00%
Investment Earnings	150,000	120,493	110,000	114,000	-24.00%	3.64%
Contributions	25,000	35,696	25,000	25,000	0.00%	0.00%
Other Non-operating Revenues	-	(308,510)	75,000	75,000	0.00%	0.00%
Capital Contributions	-	-	-	-	0.00%	0.00%
Transfers In	4,181,000	5,057,185	3,558,000	3,594,750	-14.02%	1.03%
<b>Totals</b>	<b>\$ 14,809,400</b>	<b>\$ 15,497,820</b>	<b>\$ 13,993,000</b>	<b>\$ 14,154,750</b>	<b>-4.42%</b>	<b>1.16%</b>

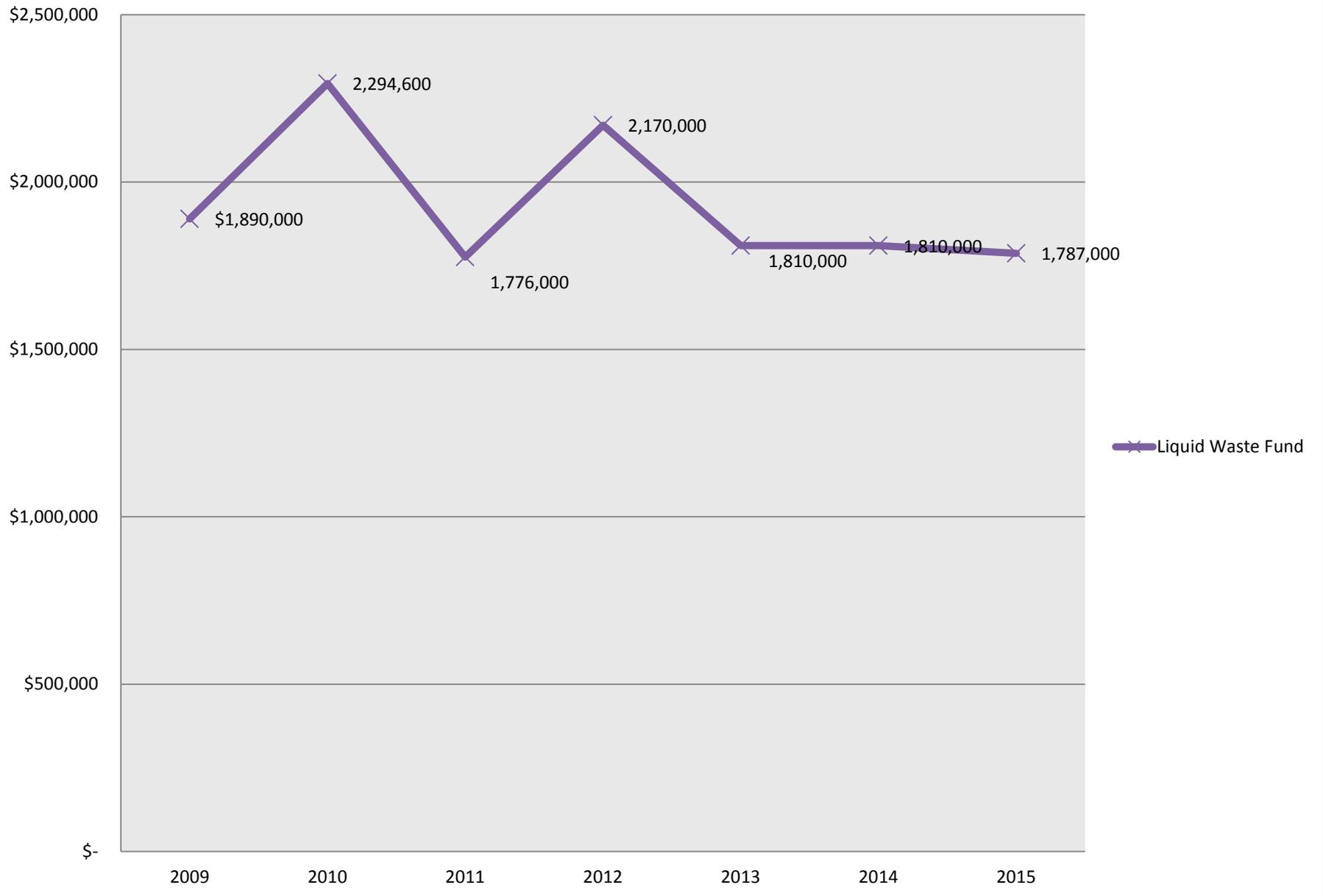
## Total Expenses by Account



**Costa Mesa Sanitary District  
Total Expenses by Account**

Account	Budget FYE 2013	Estimated Actual FYE 2013	Budget FYE 2014	Budget FYE 2015	% Change Budget '13 vs. Budget '14	% Change Budget '14 vs. Budget '15
Salaries & Benefits	\$ 1,522,670	\$ 1,279,391	\$ 1,595,100	\$ 1,721,700	4.76%	7.94%
Operations & Maintenance	7,411,080	\$ 6,562,588	7,205,860	\$ 7,264,740	-2.77%	0.82%
Programs	114,177	\$ 102,073	130,900	\$ 140,500	14.65%	7.33%
Capital Improvement Projects	2,170,000	\$ 1,716,271	1,810,000	1,787,000	-16.59%	-1.27%
Transfers Out	4,181,000	\$ 5,057,185	3,558,000	3,594,750	-14.90%	1.03%
<b>Totals</b>	<b>\$ 15,398,927</b>	<b>\$ 14,717,508</b>	<b>\$ 14,299,860</b>	<b>\$ 14,508,690</b>	<b>-7.14%</b>	<b>1.46%</b>

### Capital Projects Trend by Fiscal Year



**Costa Mesa Sanitary District  
Capital Projects Trend by Fiscal Year**

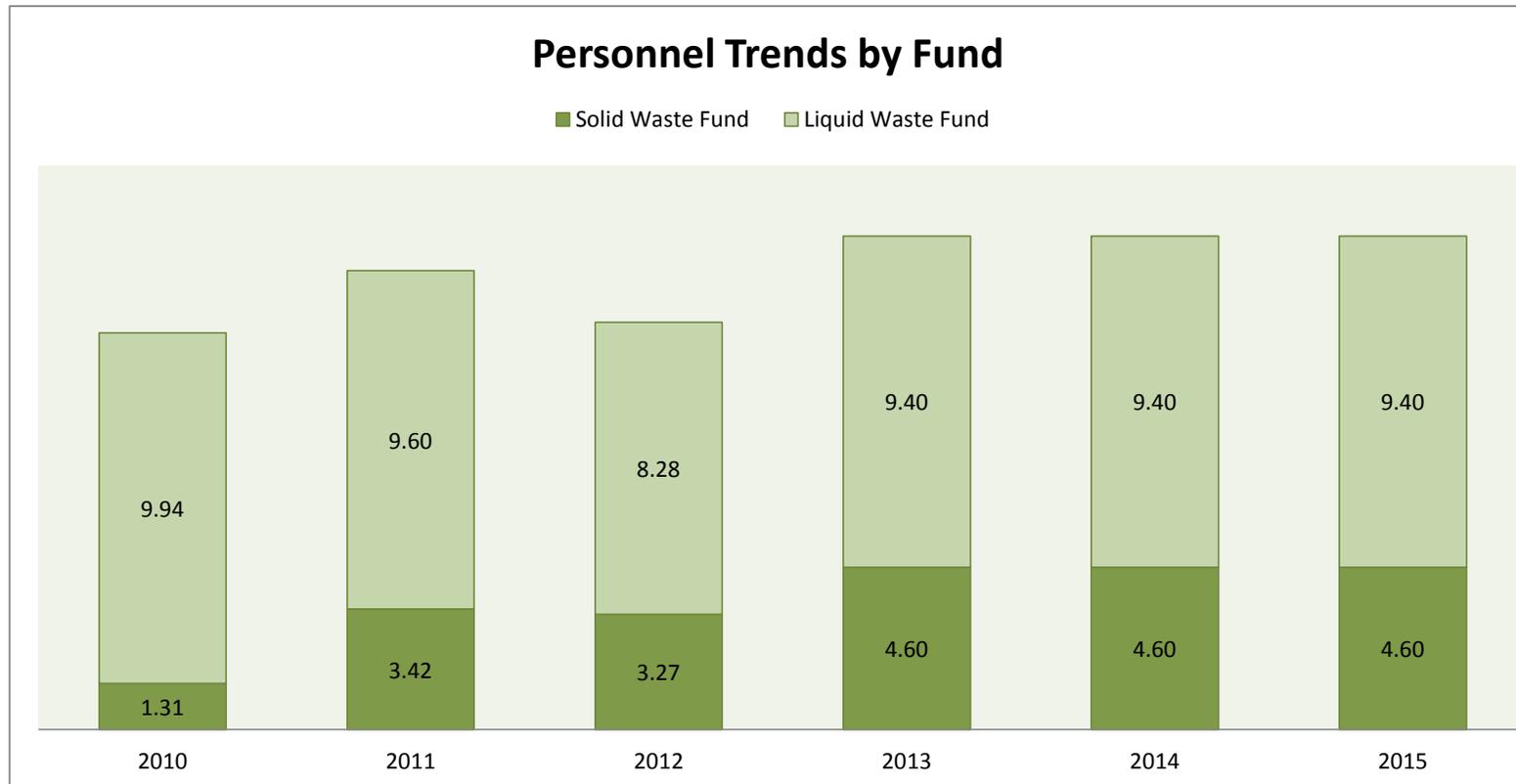
Fiscal Year Ending	Liquid Waste Fund	% Change
2009	\$ 1,890,000	
2010	2,294,600	21.41%
2011	1,776,000	-22.60%
2012	2,170,000	22.18%
2013	1,810,000	-16.59%
<b>2014</b>	<b>1,810,000</b>	<b>0.00%</b>
<b>2015</b>	<b>1,787,000</b>	<b>-1.27%</b>
<b>Average</b>	<b>\$ 1,933,943</b>	<b>0.52%</b>

Note: All amounts presented above represent the annual budget request approved for the fiscal year.

**Costa Mesa Sanitary District  
Personnel Trends by Fund**

Fund	2010	2011	2012	2013	2014	2015
Solid Waste Fund	1.31	3.42	3.27	4.60	4.60	4.60
Liquid Waste Fund	9.94	9.60	8.28	9.40	9.40	9.40
<b>Totals - Full-time Equivalent (FTE)</b>	<b>11.25</b>	<b>13.02</b>	<b>11.55</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>

Note: Five elected officials serve on the Costa Mesa Sanitary District's Board of Directors



**Costa Mesa Sanitary District  
Personnel Trends by Position**

Position/Title	2009	2010	2011	2012	2013	2014	2015
General Manager	-	0.50	1.00	1.00	1.00	1.00	1.00
Assistant Manager	1.00	-	-	-	-	-	-
Operations Manager	-	1.00	0.95	-	-	-	-
Office Manager/Clerk of District	-	1.00	1.00	0.75	-	-	-
Board Secretary/Program Manager/Clerk of District	1.00	-	-	-	-	-	-
Executive Assistant/Deputy Clerk	-	-	-	-	1.00	1.00	1.00
Administrative Manager	-	1.00	1.00	1.00	1.00	1.00	1.00
Accounting Manager	-	-	-	1.00	1.00	-	-
Finance Manger	-	-	-	-	-	1.00	1.00
Accountant	1.00	1.00	1.00	-	-	-	-
Accounting Specialist II	-	-	-	1.00	1.00	-	-
Accounting Specialist I	1.00	1.00	1.00	-	-	-	-
Associate Accountant	-	-	-	-	-	1.00	1.00
Office Specialist II	1.00	0.25	0.60	0.50	-	-	-
Administrative Assistant I	-	-	-	0.25	1.00	1.00	1.00
Permit Technician	-	-	-	1.00	1.00	1.00	1.00
Permit Processing Specialist	2.00	1.25	0.97	-	-	-	-
Program Assistant	1.00	0.75	1.00	-	-	-	-
Management Analyst	-	-	-	0.80	1.00	1.00	1.00
Management Assistant	-	-	-	-	1.00	1.00	1.00
Maintenance Assistant	-	-	-	-	0.50	0.50	0.50
Code Enforcement Officer	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Worker III	-	-	-	2.00	2.00	2.00	2.00
Maintenance Worker	2.00	2.00	2.00	0.75	1.00	1.00	1.00
Lead Maintenance Worker	-	-	1.00	-	-	-	-
<b>District Total - FTE</b>	<b>11.50</b>	<b>11.25</b>	<b>13.02</b>	<b>11.55</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>

**COSTA MESA SANITARY DISTRICT  
Rate History**

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Sewer</b>													
<u>Customer Type</u>													
Single family residential	\$ 25.38	\$ 26.90	\$ 29.05	\$ 31.37	\$ 37.64	\$ 56.47	\$ 60.71	\$ 66.23	\$ 66.23	\$ 66.23	\$ 66.23	\$ 85.34	\$ 87.05
Multi-family residential	\$ 19.54	\$ 20.71	\$ 22.37	\$ 24.16	\$ 28.99	\$ 43.49	\$ 46.75	\$ 51.00	\$ 51.00	\$ 51.00	\$ 51.00	\$ 50.09	\$ 51.09
Commercial (per 1000 sf)	\$ 14.76	\$ 15.65	\$ 16.90	\$ 18.25	\$ 21.90	\$ 32.85	\$ 35.31	\$ 38.52	\$ 38.52	\$ 38.52	\$ 38.52	\$ 37.96	\$ 38.72
Commercial High (per 1000 sf)	N/A	\$ 41.40	\$ 42.23										
Industrial (per 1000 sf)	\$ 43.48	\$ 46.09	\$ 49.78	\$ 53.76	\$ 64.51	\$ 96.77	\$ 104.03	\$ 113.50	\$ 113.50	\$ 113.50	\$ 113.50	\$ 97.44	\$ 99.39
Other (per 1000 sf)	\$ 13.08	\$ 13.86	\$ 14.97	\$ 16.17	\$ 19.40	\$ 29.11	\$ 31.29	\$ 34.14	\$ 34.14	\$ 34.14	\$ 34.14	N/A	N/A
<b>Trash</b>													
<u>Customer Type</u>													
Single family residential	\$ 193.64	\$ 209.13	\$ 225.86	\$ 239.41	\$ 239.41	\$ 239.41	\$ 239.41	\$ 239.41	\$ 239.41	\$ 239.41	\$ 228.00	\$ 216.00	\$ 216.00

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# FUND SUMMARIES

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## SOLID WASTE FUND

*Objective: Our objective is to manage the collection and recycling of residential trash in the most economical and environmentally friendly way.*

*Strategy: We will do this by looking for ways to improve efficiencies, achieve high customer satisfaction, and considering prudent new recycling methods.*

### Overview

The Solid Waste Fund provides weekly collection of refuse for residents of the City of Costa Mesa and small portions of the City of Newport Beach and Unincorporated County. Special collection services include but are not limited to Christmas tree disposal, bulk item pickup and household hazardous waste for senior and disabled residents. The District is responsible for collection of solid waste from residential units only. The service is provided by a private refuse collection hauler that contracts with the District.

### Fiscal and Budgetary Impacts

The Solid Waste Fund budget is \$5,353,860 for fiscal year 2013-14 and \$5,474,860 for fiscal year 2014-15, which comprises approximately 50% of the District's overall expense budget each year.

### Strategic Goals

1. **Solid Waste Citizens Academy** – Fashioned similar to a Citizen Police Academy, the Solid Waste Citizen Academy will educate residents about the Districts solid waste and recycling programs. Residents will learn about the terms of the agreement between CMSD and CR&R Environmental Services, state mandates for waste diversion, latest technology (GPS, conversion technology, etc.), District recycling and waste reduction programs, scavenging, code enforcement, and more. Participant will end the program with a tour of CR&R's Material Recovery Facility and transfer station in the City of Stanton. The objective of this strategic goal is to improve community awareness about their solid waste programs and foster behavioral changes in the way residents throw away their trash.
2. **Annual Contract Audits** - The purpose of the audit is to verify compliance with the terms of the contract between CMSD and CR&R Environmental Services. According to Section 41 of the contract with CR&R Environmental Services, the District has the right to audit any facet of CR&R's performance that includes access rights to CR&R's facility and equipment, books and records relating to the business operations and the right to demand an independent certified audit at CR&R's cost.
3. **Comprehensive School Education Programs** – California state law requires each jurisdiction to divert a minimum of 50% of the waste stream from landfill disposal into recycling and/or green waste and to provide education and outreach. Soon, California will be implementing a new mandate that requires the state to divert 75% of waste from the landfill (AB 341). The District promotes the four "R's" – Reduce, Reuse, Recycle and Rethink. The District is responsible for collection of solid waste from residential units only. While the District is not responsible for collection of solid waste from commercial facilities, the District continues to promote recycling education and recycling principles at schools to reinforce the concepts starting at the earliest ages possible to begin the learned pattern of the four

“R’s”. The District will continue promoting recycling and waste reduction concepts to school children through the waste free lunch program, backyard composting and vermicomposting program, battery recycling program, scheduling tours of material recovery facilities, and general recycling presentations.

4. **Develop Strategies for Zero Waste** - Zero waste is a philosophy and a design principle for the 21st Century; it is not simply about putting an end to landfilling. Zero waste efforts, just like recycling efforts before, will change the face of solid waste management in the future. Instead of managing wastes, the District will encourage the management of resources and encourage eliminating waste through new strategies such as CMSD leads by example, collaborating with the City of Costa Mesa and other organizations on upstream and downstream waste, researching a pilot volume based disposal program, conducting home trash audits, changing the way people are throwing away their trash, researching an organic waste program and achieving zero waste status by 2020.
5. **Monitor advancements and technology in the solid waste industry** – The District will pursue advancing technologies and methods for processing solid waste material at material recovery facilities to further increase the diversion of solid waste material from landfills. The solid waste industry is opening new opportunities for innovative technologies from converting gas to energy, biodiesel and fuel cells to landfill cap design. Some of the new and innovative technologies the District will monitor will include, but not be limited to, landfill gas to energy, bioreactor technology, fuel cell, biodiesel, digesters, thermal conversion process, and anaerobic digestion.

## Performance Indicators

(Solid Waste Fund)

	FYE 2009	FYE 2010	FYE 2011	2012	Estimated 2013
<b>Programs:</b>					
Compost bins provided to residents	261	221	531	265	262
Christmas trees collected	6,594	7,509	4,968	5,436	5,028
Telephone books recycled	11,126	17,049	10,721	9,903	3,955
Tons of large items collected	511	360	296	314	N/A
Number of large items collected	N/A	N/A	N/A	N/A	10,000
Tons of white goods collected	56	78	51	30	N/A
Number of white goods collected	N/A	N/A	N/A	N/A	153
Tours	2	4	2	1	4
<b>Service:</b>					
Tons of residential waste collected annually	40,996	40,286	40,865	40,000	39,800
Number of residential units serviced annually	21,481	21,495	21,531	21,550	21,490
Tons recycled	20,632	20,363	21,215	21,600	22,930
Diversion rate	50%	51%	52%	54%	58
<b>Outreach:</b>					
Dollars awarded to schools for phonebook recycling	\$ 5,900	\$ 10,100	\$ 7,500	\$ 5,100	7,000
Plastics/ recycling presentations	2	8	0	0	1
Waste free lunch presentations	2	2	3	0	6
Composting classes	3	1	14	27	24
<b>Events:</b>					
Costa Mesa Community Run					
Costa Mesa - Newport Harbor Lions Fish Fry Event					
HHW Collection Event at OCC					
MUZEO Trash Artist Challenge Expo Event					
OC Green Fair 2012					
Vanguard University Environmental Sustainable Conference					
N/A - Change in method of measurement					

**Personnel Distribution**

Costa Mesa Sanitary District  
 Solid Waste Fund  
 Personnel Distribution

Position/Title	2010	2011	2012	2013	2014	2015
General Manager	0.05	0.50	0.50	0.50	0.50	0.50
Operations Manager	0.10	0.15	-	-	-	-
Office Manager/Clerk of District	0.10	0.60	0.45	-	-	-
Executive Assistant/Deputy Clerk	-	-	-	0.60	0.60	0.60
Administrative Manager	0.10	0.20	0.20	0.20	0.20	0.20
Accounting Manager	-	-	0.20	0.20	-	-
Finance Manager	-	-	-	-	0.20	0.20
Accountant	0.10	0.20	-	-	-	-
Accounting Specialist II	-	-	0.20	0.20	-	-
Accounting Specialist I	0.10	0.20	-	-	-	-
Associate Accountant	-	-	-	-	0.20	0.20
Office Specialist II	0.13	0.10	0.25	-	-	-
Administrative Assistant I	-	-	0.13	0.50	0.50	0.50
Permit Technician	-	-	0.20	0.20	0.20	0.20
Permit Processing Specialist	0.13	0.17	-	-	-	-
Program Assistant	0.05	0.80	-	-	-	-
Management Analyst	-	-	0.64	0.80	0.80	0.80
Management Assistant	-	-	-	0.80	0.80	0.80
Maintenance Assistant	-	-	-	0.10	0.10	0.10
Code Enforcement Officer	0.45	0.50	0.50	0.50	0.50	0.50
<b>Solid Waste Fund Total</b>	<b>1.31</b>	<b>3.42</b>	<b>3.27</b>	<b>4.60</b>	<b>4.60</b>	<b>4.60</b>

<b>Costa Mesa Sanitary District</b>					
<b>Solid Waste Fund</b>					
<b>Budget for Fiscal Years Ending June 30, 2014 and June 30, 2015</b>					
	Actual FYE 2012	Budget FYE 2013	Estimated Actual FYE 2013	Budget FYE 2014	Budget FYE 2015
<b>Revenues:</b>					
Annual Charge	5,177,760	4,915,000	4,806,672	4,659,000	4,659,000
Additional Container Charge	98,812	96,000	101,584	100,000	100,000
Other Operating Revenues	2,988	-	1,151	-	-
Property Taxes	214,580	150,000	287,898	200,000	200,000
Investment Earnings	45,334	50,000	38,492	50,000	54,000
Contributions	30,700	25,000	35,696	25,000	25,000
Other Non-operating Revenues	46,839	62,595	23,919	75,000	75,000
<b>Total Revenues</b>	<b>5,617,013</b>	<b>5,298,595</b>	<b>5,295,412</b>	<b>5,109,000</b>	<b>5,113,000</b>
<b>Expenses:</b>					
Salaries and Benefits	375,403	469,520	368,998	517,400	565,300
<b>Total Salaries and Benefits</b>	<b>375,403</b>	<b>469,520</b>	<b>368,998</b>	<b>517,400</b>	<b>565,300</b>
<b>Operations and Maintenance</b>					
Professional Services	57,008	92,536	37,205	36,733	37,520
Legal Services	37,784	47,250	36,640	47,250	47,250
Fiscal Services	9,724	16,800	16,116	14,700	12,200
Medical/employment Services	148	50	298	200	200
Contract Services	9,205	-	7,782	32,200	31,300
County Collection Fee	15,627	15,500	186	15,700	16,100
Trash Hauler	2,366,360	2,370,000	2,365,966	2,370,000	2,400,000
Recycling/Disposal	2,080,487	2,100,000	2,102,046	2,081,000	2,100,000
Container Collection Costs	13,834	13,440	14,222	13,500	14,000
Election Costs	-	30,000	19,889	-	17,500
Building Maintenance	1,290	1,600	1,938	2,480	2,230
Equipment Maintenance	2,914	5,420	3,823	5,060	5,110
Office Supplies	569	850	700	800	820

<b>(Solid Waste Fund continued)</b>	Actual FYE 2012	Budget FYE 2013	Estimated Actual FYE 2013	Budget FYE 2014	Budget FYE 2015
Multi-media/Copy/Blueprints	1,211	450	280	200	210
Postage	5,671	19,250	9,665	3,500	3,500
Public Info/Education/Promo	12,546	29,224	25,112	15,527	14,630
Small Tools/Equipment	2	40	37	470	690
Membership Dues	10,652	11,140	9,320	10,730	11,290
Staff Development	3,624	4,660	3,539	7,970	7,790
Board Travel/Meals/Lodging	8,130	6,510	1,748	7,500	7,500
Mileage Reimbursement	1,911	480	353	190	200
Liability Insurance	6,062	6,500	6,508	6,500	6,500
Utilities	1,547	1,800	1,756	1,850	1,850
Depreciation	5,236	-	-	-	-
Asset Replacement Charge	1,520	12,900	12,900	30,000	30,000
Capital Outlay	2,576	3,200	3,645	1,500	670
Contingency	-	-	-	-	-
<b>Total Operations and Maintenance</b>	<b>4,655,641</b>	<b>4,789,600</b>	<b>4,681,675</b>	<b>4,705,560</b>	<b>4,769,060</b>
<b>Programs</b>					
Sharps Program	7,810	10,150	8,731	10,200	10,200
Household Hazardous Waste	19,370	110,000	9,054	50,000	50,000
Telephone Book Recycling	7,190	10,000	7,300	10,000	10,000
Anti-scavenging	26,712	9,800	-	9,800	9,800
Educational Programs	240	34,177	30,620	40,900	50,500
Pharmaceutical	9,254	10,000	8,938	10,000	10,000
Recycling Grant AB 939	41,453	62,595	37,431		
<b>Total Programs</b>	<b>112,029</b>	<b>246,722</b>	<b>102,073</b>	<b>130,900</b>	<b>140,500</b>
<b>Total Expenses</b>	<b>5,143,073</b>	<b>5,505,842</b>	<b>5,152,746</b>	<b>5,353,860</b>	<b>5,474,860</b>
<b>Net Change in Fund Bal. Reserves before transfers</b>	<b>473,940</b>	<b>(207,247)</b>	<b>142,667</b>	<b>(244,860)</b>	<b>(361,860)</b>
Transfers In					(670)
Transfers Out					-
<b>Net Change in Fund Balance Reserves</b>	<b>473,940</b>	<b>(207,247)</b>	<b>142,667</b>	<b>(244,860)</b>	<b>(362,530)</b>

Note: Please refer to page 24 for Fund Balance summary for the Fiscal Year Ending June 30, 2013.

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## LIQUID WASTE FUND

*Objective: Our objective is to collect and transport wastewater to meet the needs of existing and future customers.*

*Strategy: We will do this by the careful management of the collection infrastructure using prudent planning and maintenance, with financial strategies to maintain sufficient capacity and respond to changing regulatory demands.*

### Overview

The Liquid Waste Fund provides inspection, routine maintenance, planning, design and construction management of over 216 miles of District sewer lines. The collection system is operated to transport wastewater collected from residential, commercial and industrial customers of the City of Costa Mesa, portions of the City of Newport Beach and Unincorporated County to facilities at the Orange County Sanitation District for treatment. Service provided include, cleaning, repairing and maintaining, a sewer collection system and responding to public inquiries and emergency call-outs.

### Fiscal and Budgetary Impacts

The Liquid Waste Fund budget is \$7,627,680, which comprises approximately 50% of the District's overall expense budget.

### Strategic Goals

- 1. Manhole Cover Maintenance Program** – Maintaining the structural integrity of manhole covers is an important part of the District's maintenance program because it prevents inflow from entering the sewer system, protects the public and prevents potential damage to private vehicles. The District will use the National Association of Sewer Service Companies (NASSCO) assessment rating system (1 through 5) to determine the defect level for manholes and will replace as appropriate based on the rating.
- 2. Inflow Reduction Program** - The State Water Resources Control Board and the Orange County Sanitation District (OCSD) require agencies to develop programs that prevent Infiltration and Inflow (I/I) from entering sewer systems. This project is a continuation of the District's I/I Program, which began in 2009. Infiltration is underground water entering into sewer lines through cracks and/or separated joints. After recently televising the District's system, the system was found to be in good condition with no measureable infiltration. Inflow is surface water entering from manholes or from illegal connections and the District had significant inflow due to flat streets and the need for additional storm drain improvements.

The District's Inflow Reduction Program is an attempt to reduce the amount of surface water entering the sewer system. Staff believes plugging and sealing manholes is a good course of action to prevent inflow although not all manholes will be plugged and sealed in order

to allow the sewer system to function properly. Staff believes the best course of action is replacing manhole covers with covers that have one or no vent and/or pick holes; however, manhole covers are expensive so this course of action will be done when plugged manhole covers are defective and need replacement or when staff is continually replugging manhole covers.

3. **Reduce Hot Spot Locations to less than 40** - “Enhanced Maintenance Areas” (or “Hot Spots”) are sewer line segments that require frequent cleaning due to sags in the line, heavy grease, invasive roots, offset joints, or other line problems. The frequent cleaning causes the District to expend time and resources, as the cleaning crew must regularly clean these sections to avoid sanitary sewer overflows (SSO’s). Other actions that can be taken to provide a permanent solution include installing cured-in-place short liners and top hats to eliminate root intrusion, repairing line segments and replacing pipes that have sags. Reducing the locations to less than 40 locations will save additional maintenance hours that can be reallocated to the sewer line maintenance cleaning program.
4. **System Wide Sewer Replacement and Repair Program** – There are two components to this goal.

#### Replacement

This portion of the program provides a yearly contribution to the District’s Asset Management Fund. The Board of Directors approved a minimum balance of \$5 million in the Asset Management Fund for replacing the sewer system if and when it becomes necessary. A long-term replacement fund is prudent and one of the necessary components of comprehensive sewer system management.

The District is being proactive by televising the pipe interior and where needed, replacing or rehabilitating pipes using trenchless technology such as, pipe bursting, HDPE slip lining, cured-in-place-pipe, fold and form, etc. Trenchless technology is proven cost effective. This type of work is typically completed in a few days, thus causing less traffic congestion and neighborhood disruption. The District will continue to evaluate the latest trenchless technologies for replacing aging sewer pipes.

#### Repairs

This portion of the project will fund repairs, rehabilitation and reconstruction of various types of deficiencies encountered during the District-wide televising project. Rehabilitation is expected over the long term and necessary funding for repair projects will be budgeted annually to handle the on-going rehabilitation necessary to insure the system operates properly as it enters its second 50 years of existence. By the end of 2013, the District will have repaired and/or rehabilitated all 265 deficient line segments that were determined to be in need of immediate repair (Grade 5 repairs) during televising. In the coming years, the District will turn its attention to Grade 4 deficient line segments by repairing and/or rehabilitating said segments before they become Grade 5’s.

5. **Sewer Line Maintenance Cleaning Program** - Sewer mains are cleaned to remove grit, debris, solids, grease and roots that build up over time. Because flow velocities in sewers are low, buildup on pipe walls, and having solids settle out, is continually occurring. Industry standard cleaning cycles vary from cleaning the system once every year to once every three years.

The CMSD uses a hybrid approach by dividing the District into five sections and cleaning slightly more than one-half of the system each year. This simpler approach will decrease travel time and increase efficiency by concentrating work in selected areas rather than having to drive to certain areas just to clean selected sewer lines. Cleaning sewers every two years is a safe and reliable practice that will not lead to backups and sanitary sewer overflows. Sewer lines requiring annual maintenance will continue being cleaned annually. Areas needing more frequent cleaning (hot spots) are cleaned as frequently as necessary. These include the inverted siphons that run under flood control channels or commercial areas with multiple restaurants.

- 6. Evaluate force main conditions on a regular basis** - Because force mains operate under pressure, breaks in force mains are similar to breaks in water lines where water is gushing out at high volumes. Because flows in force mains are so high, SSOs from breaks in force mains result in large spill volumes. For instance, should a five minute spill occur from a break in the Irvine pumping station force main, the spill would total  $5 \text{ min} \times 1,500 \text{ gal/min} = 7,500$  gallons. This volume is far above a typical gravity sewer spill volume. Therefore, agencies should conclude force main rehabilitation is a priority.

In 2012 the District embarked on an innovative process to assess the condition of force mains. The District hired a company called, Pipeline Inspection and Condition Analysis Corp. or PICA, to provide direct condition assessment of force main pipes through the use of in-line inspection tools. Direct condition assessment is the only way for Asset Managers to truly know if a pipeline can be repaired or rehabilitated, or if the pipeline truly needs to be replaced. "Good Decisions start with Good Information" is the premise under which PICA operates. Their tools use electromagnetic technology which does not require the sensors to be in contact with the pipe wall inside the pipe, but are designed to detect thinning that will lead to leaks in the near future, allowing the District to make proactive repairs to prevent the next leak.

- 7. Pump Station Maintenance and Standardization Program** - The District's 20 sewer pumping stations each contain two pumps, piping, valves, fittings, electronic controls, liquid level sensors, and other equipment that requires regular maintenance. The key to avoiding station breakdown and SSOs is a regular maintenance schedule for each of the components. The pump stations are monitored and maintained daily and because of the continuous operation, any deficiencies are readily apparent. Maintenance is ongoing and on an as-needed basis. The pumping stations are upgraded or rebuilt as soon as the maintenance staff believes the risk of problems begins increasing. For the District, keeping critical replacement parts available encompasses stocking spare pumps that can be used as replacements while pumps are serviced or replaced. The District attempts to use the same model pumps in as many stations as possible to simplify maintenance and replacement. The District also attempts to use the identical equipment in each of the pumping stations, including electrical panels, liquid level sensors, back up sensors, valves, by-pass connection, etc.

- 8. Fats, Oils and Grease (FOG) Program** - Fats, oils, and grease (FOG) is discharged into the sewer system mainly from food service establishments (FSEs). The grease cools, then adheres to the pipe walls and decreases the open area of the sewer interior. Unless removed, the FOG will eventually completely block the flow and cause a SSO.

The State of California Waste Discharge Requirements (WDR) requires sewer agencies to have FOG programs to eliminate SSOs. The program includes permitting, monitoring, and enforcement activities for FSEs within the Districts service area. In 2011, the District implemented its residential FOG Recycling Program to coincide with traditional holidays (e.g. Thanksgiving, Passover, Christmas, etc.) where residents will be able to properly dispose their grease by delivering a jug filled with grease to the Orange Coast College (OCC) Recycling Center, which is open to the public seven days a week. The grease is transported to a recycling facility where it is recycled for reusable products such as bio-fuel, candles, soap, etc.

- 9. Sewer Lateral Assistance Program (SLAP)** - The State Water Resources Control Board recognizes that private property sewer spills are not the responsibility of the public sewer agency but the number of private property spills is significant and needs to be addressed. The CMSD Board of Directors became concerned at the significant cost of sewer lateral repair, particularly if the problem is located in the street. Because many property owners are unable to service their sewer laterals due to the lack of a cleanout, the Board approved an incentive program where the District would provide financial assistance to the property owner.

The Costa Mesa Sanitary District Board adopted its Sewer Lateral Assistance Program in the 2007-2008 fiscal year including the program parameters of reimbursing a residential property owner up to \$1,600 for installing a cleanout, cleaning the lateral, root cutting, hydro jetting, spot repair, or installing a liner. The lateral is defined as the sewer from the building all the way to, and including, the connection to a sewer main.

**Performance Indicators**  
(Liquid Waste Fund)

	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013
Sewer Later Assistance Program					
Dollars awarded	\$ 154,688	\$ 168,738	\$ 195,840	\$ 199,452	\$ 223,523
Applicants reimbursed	120	128	146	144	169
Service:					
Linear feet of sewer line cleaned	411,150	4,125	890,006	625,000	708,334
Manholes plugged	136	339	1,000	808	900
Sewer system overflows	4	4	2	5	1
SSO gallons lost	186	0	10	165	5

**Personnel Distribution**

Costa Mesa Sanitary District  
Liquid Waste Fund  
Personnel Distribution

Position/Title	2010	2011	2012	2013	2014	2015
General Manager	0.45	0.50	0.50	0.50	0.50	0.50
Operations Manager	0.90	0.80	-	-	-	-
Office Manager/Clerk of District	0.90	0.40	0.30	-	-	-
Executive Assistant/Deputy Clerk	-	-	-	0.40	0.40	0.40
Administrative Manager	0.90	0.80	0.80	0.80	0.80	0.80
Accounting Manager	-	-	0.80	0.80	-	-
Finance Manager	-	-	-	-	0.80	0.80
Accountant	0.90	0.80	-	-	-	-
Accounting Specialist II	-	-	0.80	0.80	-	-
Accounting Specialist I	0.90	0.80	-	-	-	-
Associate Accountant	-	-	-	-	0.80	0.80
Office Specialist II	0.12	0.50	0.25	-	-	-
Administrative Assistant I	-	-	0.12	0.50	0.50	0.50
Permit Technician	-	-	0.80	0.80	0.80	0.80
Permit Processing Specialist	1.12	0.80	-	-	-	-
Program Assistant	0.70	0.20	-	-	-	-
Management Analyst	-	-	0.16	0.20	0.20	0.20
Management Assistant	-	-	-	0.20	0.20	0.20
Maintenance Assistant	-	-	-	0.40	0.40	0.40
Code Enforcement Officer	0.05	-	-	-	-	-
Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance Worker III	-	-	2.00	2.00	2.00	2.00
Maintenance Worker	2.00	2.00	0.75	1.00	1.00	1.00
Lead Maintenance Worker	-	1.00	-	-	-	-
<b>Liquid Waste Fund Total</b>	<b>9.94</b>	<b>9.60</b>	<b>8.28</b>	<b>9.40</b>	<b>9.40</b>	<b>9.40</b>

<b>Costa Mesa Sanitary District</b>					
<b>Liquid Waste Fund</b>					
<b>Budget for Fiscal Years Ending June 30, 2014 and June 30, 2015</b>					
	Actual FYE 2012	Budget FYE 2013	Estimated Actual FYE	Budget FYE 2014	Budget FYE 2015
<b>Revenues:</b>					
Annual Charge	\$5,099,254	\$5,093,800	\$4,992,069	\$5,091,000	\$5,212,000
Charges for Services	18,123	15,000	18,070	75,000	75,000
Sewer Permits	8,402	10,000	17,520	16,000	16,000
Permit Inspection Fees	60,080	28,000	82,820	64,000	64,000
Other Operating Revenues	303,303		273,519	20000	20000
Property Taxes	0	0	0	0	0
Investment Earnings	63,979	50,000	43,217	60,000	60,000
Capital Contributions	0	0			
<b>Total Revenues</b>	<b>5,553,141</b>	<b>5,196,800</b>	<b>5,427,215</b>	<b>5,326,000</b>	<b>5,447,000</b>
<b>Expenses:</b>					
Salaries and Benefits (administrative)	600,139	635050	514,724	669,700	719,800
Salaries and Benefits (sewer)	323,286	401000	351,342	408,000	436,600
<b>Total Salaries and Benefits</b>	<b>923,425</b>	<b>1,036,050</b>	<b>866,066</b>	<b>1,077,700</b>	<b>1,156,400</b>
<b>Operations and Maintenance</b>					
Professional Services	109,990	167750	168,942	169,340	137,080
Engineering/Architectural Service	78,078	100,000	56,996	90,000	94,000
Plan Check/Inspection – Inside	72,990	89,900	75,782	46,000	48,000
Plan Check/Inspection – Outside	30,826	26,800	43,665	42,000	44,000
Plan Check/Inspection – Sewer Lateral	19,120	23,750	16,475	24,000	25,000
Legal Services	73,452	87,750	93,652	87,750	87,750
Fiscal Services	18,078	31,200	29,930	27,300	22,800
Medical/employment Services	2467	450	1,884	1,800	1,800
Contract Services	9,909	2,500	28,407	78,800	31,500
County Collection Fee	16,689	15,300	1,676	15,500	15,900
Election Costs	0	30000	19888.9	0	32,500

<b>(Liquid Waste Fund continued)</b>	Actual FYE 2012	Budget FYE 2013	Estimated Actual FYE	Budget FYE 2014	Budget FYE 2015
Building Maintenance	13,817	14,400	17,189	22,320	20,070
Equipment Maintenance	26,199	48,580	34,493	45,540	45,990
Office Supplies	5,541	7,650	6,324	7,200	7,380
Multi-media/Copy/Blueprints	11,014	3,150	1,555	1,800	1,890
Postage	7,633	22,050	16,298	31,500	31,500
Public Info/Education/Promo	14,238	34,520	33,784	27,000	27,170
Small Tools/Equipment	19.34	360	412	680	720
EOC Equipment & Supplies	3475.09	9900	13,675	3,600	5,490
Membership Dues	38,286	41,600	27,750	34,020	34,610
Staff Development	14,592	26,160	20,287	36,660	30,540
Board Travel/Meals/Lodging	30,759	33,990	22,087	43,900	43,900
Mileage Reimbursement	81.5	2,520	359	1,760	1,770
Liability Insurance	41,908	58,500	58,343	58,500	58,500
Utilities	13,927	16,200	16,027	16,650	16,650
Asset Replacement Charge	175,980	132,700	132,700	175,000	201,000
Capital Outlay	42,191	34,900	31,508	13,500	6,080
Contingency	0	10,460	0	33,430	202,690
<b>Total Operations and Maintenance</b>	<b>871,257</b>	<b>1,073,040</b>	<b>970,090</b>	<b>1,135,550</b>	<b>1,276,280</b>
Operations and Maintenance (sewer					
Pump Station Contract	80,006	75,000	69,979	80,000	82,000
Sewer Line Maintenance Contract	267,849	192,000	127,352	200,000	204,000
GIS Support	34912.5	20,000	19,949	20,000	15,000
Fats, Oils and Grease Contract	115,408	108,000	104,429	104,000	107,000
Televising Sewer Lines Contract	4,710	10,000	15,368	5,000	5,100
Annual Sewer Maintenance	250,623	215,075	191,241	220,000	225,000
Inflow Reduction Program	7,948	26,000	1,644	10,000	10,000
Sewer Lateral Program	199,452	225,000	223,523	200,000	200,000
Equipment Maintenance	38,170	30,400	26,347	39,300	54,700
Small Tools/Equipment	15,815	7,500	8,855	8,000	8,000
Materials and Supplies	27,987	24,900	17,649	25,000	25,000
Office Supplies	376.91	2,000	538	2,000	2,000

<b>(Liquid Waste Fund continued)</b>	Actual FYE 2012	Budget FYE 2013	Estimated Actual FYE	Budget FYE 2014	Budget FYE 2015
Building Maint. – Yard Bldg.	5,749	22,450	22,050	13,950	10,950
Mileage Reimbursement	0	0	0	1,000	1,000
Utilities – Yard Bldg.	10,866	14,900	9,873	12,400	12,500
Utilities – Pump Stations	71,280	82,000	69,683	82,000	84,000
Staff Development	1,658	2,800	3,631	5,100	4,950
Capital Outlay	6,502	564,230	495,279	326,000	157,200
Liability Insurance	6,791	10,000	10,568	11,000	11,000
<b>Total Operations and Maintenance</b>	<b>1,146,104</b>	<b>1,632,255</b>	<b>1,417,956</b>	<b>1,364,750</b>	<b>1,219,400</b>
<b>Capital Improvement Projects</b>					
#101 – Westside Abandonment				400,000	400,000
#191 – Condition Assessment Force				850,000	
#196 – Pump Station Emergency				260,000	
Elden PS Valve and Pipe Replacement				150,000	
Generator at Yard				150,000	
Sewer Manhole Rehabilitation					300,000
Sewer Line Rehab Grade 4 Phase 1					568,000
Generator at Harbor Pump Station					178,500
Manhole Rehabilitation					340,500
Various		2,170,000	1,406,753		
<b>Total Capital Improvement Projects</b>	<b>0</b>	<b>2,170,000</b>	<b>1,406,753</b>	<b>1,810,000</b>	<b>1,787,000</b>
<b>Total Expenses</b>	<b>2,940,786</b>	<b>5,911,345</b>	<b>4,660,865</b>	<b>5,388,000</b>	<b>5,439,080</b>
<b>Net Change in Fund Bal. Reserves before</b>	<b>2,612,356</b>	<b>-714,545</b>	<b>766,350</b>	<b>-62,000</b>	<b>7,920</b>
Transfers In	3,029,250	3,309,185	3,309,185	1,810,000	1,793,080
Transfers Out	-9,071,225	-1,748,000	-1,748,000	-1,748,000	-1,801,000
<b>Net Change in Fund Bal. Reserves before</b>	<b>-3,429,619</b>	<b>846,640</b>	<b>2,327,535</b>	<b>0</b>	<b>0</b>
Depreciation	-1,545,822	0	0	0	0
<b>Net Change in Fund Balance Reserves</b>	<b>(\$4,975,441)</b>	<b>\$846,640</b>	<b>\$2,327,535</b>	<b>\$0</b>	<b>\$0</b>

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# **CAPITAL PROJECTS**

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## CAPITAL IMPROVEMENT PROJECTS

### Overview

The Board has previously recognized the need to substantially increase the commitment to the Capital Improvement Program (CIP) in future years. In fiscal year 2010-11 an asset management study was conducted with the goal of saving \$5 million in reserves for capital improvements and adopting a reserve fund for capital improvements that will be sustainable for the next 30 years. In fiscal year 2011-12 the Asset Management Fund was established.

### Fiscal and Budgetary Impacts

In fiscal year 2013-14 and 2014-15 transfers in the amounts of \$1,748,000 and \$1,801,000 will be made from the Liquid Waste Fund to the Asset Management Fund for the annual reserve contribution calculated by the asset management model. Transfers to the Liquid Waste Fund in the total amount of \$2,433,000 will be made from the Asset Management Fund and Asset Replacement Fund to provide funding for capital improvement projects and significant capital outlays.

Capital improvement projects for fiscal year 2013-14 are as follows:

<u>Project No.</u>	<u>Project Name</u>	<u>Amount</u>
101	West Side Pumping Station Abandonment	\$ 400,000
200	Force Main Upgrades	850,000
201	Pump Station Equipment Replacement	260,000
202	Elden Pump Station Pipe and Valve Replacement	150,000
203	Generator at Yard	150,000
Total capital improvement projects for fiscal year 2013-14		<b>\$1,810,000</b>

Capital outlays for fiscal year 2013-14 are as follows:

<u>Description</u>	<u>Funding Source</u>	<u>Amount</u>
Utility Service Truck	Liquid Waste Fund	\$ 150,000
Smart Covers	Liquid Waste Fund	20,000
Mendoza Fence	Liquid Waste Fund	5,000
Manhole rings/covers	Liquid Waste Fund	20,000
Toughbook Laptops	Liquid Waste Fund	15,000

Toughbook Licenses	Liquid Waste Fund	12,000
Installation of wireless access for laptops	Liquid Waste Fund	30,000
Temporary electric panel	Liquid Waste Fund	7,000
Yard bin enclosure	Liquid Waste Fund	5,000
Replace electrical panels at pump station	Liquid Waste Fund	62,000
Total capital outlay for fiscal year 2013-14		<u>\$ 326,000</u>

Capital improvement projects for fiscal year 2014-15 are as follows:

<u>Project No.</u>	<u>Project Name</u>	<u>Amount</u>
101	West Side Pumping Station Abandonment	\$ 400,000
194	Sewer Manhole Rehabilitation	300,000
XXX	Sewer Line Rehabilitation Grade 4 – Phase 1	568,000
XXX	Generator at Harbor Pump Station	178,500
XXX	Manhole Rehabilitation	340,500
Total capital improvement projects for fiscal year 2014-15		<u>\$1,787,000</u>

Note: Projects budget for fiscal year 2014-15 will be assigned project numbers at the start of the fiscal year.

Capital outlays for fiscal year 2014-15 are as follows:

<u>Description</u>	<u>Funding Source</u>	<u>Amount</u>
Smart Covers	Liquid Waste Fund	\$ 20,000
Manhole	Liquid Waste Fund	15,000
Replace electrical panels at pump stations	Liquid Waste Fund	37,200
Replace equipment at pump stations	Liquid Waste Fund	85,000
Total capital outlay for fiscal year 2014-15		<u>\$ 157,200</u>

**Costa Mesa Sanitary District  
Liquid Waste Project Descriptions  
Fiscal Year 2013-14**

**Project #101 – West Side Pumping Station Abandonment**

\$400,000 allocation for fiscal year 2013-14.

The allocation to this project for fiscal year 2013-14 represents the seventh consecutive year of funding. If the current practice of budgeting \$400,000 continues until the projected project date in fiscal year 2015-16, nearly \$3 million will be available to fund the project. In 2013-14, the District Engineer will prepare a detailed analysis of the projected actual cost for this project to determine if staff's estimate is on target or needs additional money.



## Costa Mesa Sanitary District Liquid Waste Project Descriptions Fiscal Year 2013-14

### Project #200 – Force Main Upgrades

\$850,000 allocation for fiscal year 2013-14.

The allocation to this project for fiscal year 2013-14 represents the first year of funding. The purpose of the project is to rehabilitate four critical force mains (pressurized sewer lines) prior to the force mains experiencing failure. This project includes rehabilitation of the Harbor, Victoria, Mendoza and South Coast Plaza force mains. The project will entail directional drilling (underground drilling from one end to the other to install a new line) for the Harbor Force Main, which is trenchless technology, and traditional remove and replace for the Victoria, Mendoza and South Coast Plaza Force Mains.



## Costa Mesa Sanitary District Liquid Waste Project Descriptions Fiscal Year 2013-14

### Project #201 – Pump Station Equipment Replacement

\$260,000 allocation for fiscal year 2013-14.

During development of the District's Asset Management Plan, all critical components of the District's pump stations were evaluated. Each component has a specific life expectancy and it has been determined that specific components are at the end of their useful life. Rather than increasing the risk of sanitary sewer overflow by replacing equipment when it fails, the District is using the Asset Management Plan as a guide to replace aging equipment in a proactive manner. Being proactive ensures that pump stations continue functioning properly and that the chance of an SSO is reduced.



**Costa Mesa Sanitary District  
Liquid Waste Project Descriptions  
Fiscal Year 2013-14**

**Project #202 – Elden Pump Station Pipe & Valve Replacement**

\$150,000 allocation for fiscal year 2013-14.

The pipes and valves inside Elden Pump Station have been assessed and were found to be in need of replacement. Forgoing replacement of these components increases the risk of equipment failure and possible SSO.

**Project #203 – Emergency Generator at the Yard**

\$150,000 allocation for fiscal year 2013-14.

The District Yard serves as the alternate Emergency Operations Center (EOC) if the EOC at headquarters becomes inhabitable or unable to function as an EOC. A generator is needed at the Yard to ensure the facility has electricity to power all necessary equipment such as computers, televisions, fax machines, etc. utilized by staff and other emergency responders.



**Costa Mesa Sanitary District  
Liquid Waste Project Descriptions  
Fiscal Year 2014-15**

**Project #101 – West Side Pumping Station Abandonment**

\$400,000 allocation for fiscal year 2014-15.

The allocation to this project for fiscal year 2014-15 represents the eighth consecutive year of funding. If the current practice of budgeting \$400,000 continues until the projected project date in fiscal year 2015-16, nearly \$3 million will be available to fund the project. In 2014-15, the District Engineer will finalize a detailed analysis of the projected actual cost for this project to determine if staff's estimate is on target or needs additional money.



**Costa Mesa Sanitary District  
Liquid Waste Project Descriptions  
Fiscal Year 2014-15**

**Project #194 Pump Station Coating & Manhole Rehabilitation**

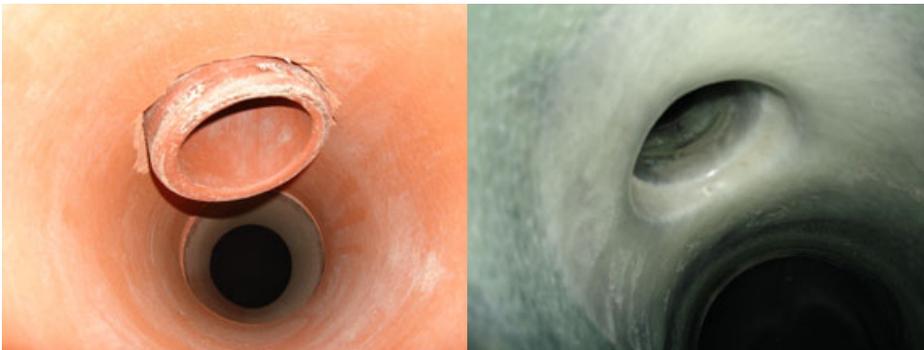
\$300,000 allocation for fiscal year 2014-15.

This project will rehabilitate the coating in three pumping stations (Corporation Yard, Mendoza, and South Coast Plaza) to prevent rusting of equipment. Twenty sewer manholes with interior structural problems, including deteriorated channels, benches, and walls will also be rehabilitated as part of this project. Repairs to manholes with drop structures will be completed as needed.

**Project #XXX – Grade 4 Sewer Rehabilitation**

\$568,000 allocation for fiscal year 2014-15.

All of the District main lines televised have been televised and evaluated for structural deficiencies. Segments in need of immediate repair were listed as Grade 5. For the past three years, the District has been rehabilitating Grade 5 sewer sections because failure was eminent. With all of the necessary repairs to the Grade 5's completed, rehabilitation of the Grade 4 sections is needed before they degrade further and become Grade 5's. This project will rehabilitate 183 sections.



**Costa Mesa Sanitary District  
Liquid Waste Project Descriptions  
Fiscal Year 2014-15**

**Project #XXX – Generator at Harbor Pump Station**

\$178,500 allocation for fiscal year 2014-15.

This project represents the second phase of installing permanent emergency equipment at critical pump stations. There is inadequate space to install a by-pass pump at the Harbor pump station and a generator ensures power is immediately restored in the event of a power outage.



**Project #XXX – Manhole Rehabilitation Project**

\$340,500 allocation for fiscal year 2014-15.

Construction of brick layered manholes was prevalent during development in the District's service area. Overtime, gases in the sewer system affect the mortar, causing the brick to become loose. According to the District's Asset Management Plan, many of the brick layered manholes are coming to the end of their life expectancy. These manholes can be rehabilitated using a spray-on cementitious material that is reinforced with fiberglass strips. This project includes the rehabilitation of 36 manholes.



# APPENDIX

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**COSTA MESA SANITARY DISTRICT**  
**Glossary of Terms & Acronyms**  
**For the Fiscal Years Ending June 30, 2014 and June 30, 2015**

**Account** – A systematic arrangement showing the effect of a business transaction. A separate account exists for each asset, liability, equity, revenue, and expense.

**Accrual Basis of Accounting** – Revenues are recognized when both measurable and available; expenditures are recorded when services have been substantially performed or goods have been received and the liabilities incurred.

**Adopted Budget** – The official budget as approved by the District Board at the start of each fiscal year.

**Adjusted Budget** – The adjusted budget represents the adopted budget including changes made during the fiscal year.

**Appropriations** – A legal authorization granted by the legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and to the time when it may be expended.

**Assets** – Resources owned or held by an entity with monetary value.

**Budget** – A plan of financial operation comprised of estimated expenditures for a given period (usually a single fiscal year) and the proposed means of financing the expenditures (through revenues).

**Budget Calendar** – The schedule of key dates which the District follows in preparing and adopting the budget.

**Budget Document** – The official financial spending and resource plan submitted by the General Manager, adopted by the Board of Directors, and made available to the public and other interested parties.

**Budget Message** – A written discussion by the General Manager of the proposed budget. The budget message explains principal budget and policy issues and presents an overview of the General Manager's budget recommendations.

**CalPERS** – An acronym used to denote the California Public Employees Retirement System.

**Capital Budget** – A budget which focuses on capital projects to implement the Capital Improvement Program.

**Capital Improvement Program** – A plan for capital improvements to be implemented each year over a fixed period of years to meet capital needs arising from the assessment of long-term needs. It sets forth each project in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

**Capital Improvement Project** – The budget unit to group all activities and costs necessary to implement a specific capital improvement and/or acquisition. A project can include the construction, acquisition, expansion, replacement, or rehabilitation of a physical facility or improvement. Projects often include planning and design, land acquisition, and project management costs related to such facilities and improvements.

**CMSD** – An acronym for Costa Mesa Sanitary District.

**COLA** – An acronym for Cost of Living Adjustment.

**Comprehensive Annual Financial Report (CAFR)** – The official annual report, including financial statements, statistical information, and extensive narration, which goes beyond the minimum financial reporting.

**Computerized Maintenance Management System (CMMS)** – A software application which maintains a database of information about the District’s maintenance operations. This information is intended to help maintenance workers do their jobs more effectively and to help management make informed decisions.

**Contingency** – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Contracted Services** – Services rendered in support of the District’s operations and activities by external parties. These may be based upon either formal contracts or ad hoc charges.

**CPI** – An acronym for Consumer Price Index. A statistical description of price levels provided by the US Department of Labor. The change in this index from year-to-year is used to measure the cost of living and economic inflation.

**Debt Service Fund** – A fund established for the payment of interest and principal on all debt other than payable exclusively from special assessments.

**Depreciation** – A portion of the cost of a fixed asset which is charged as an expense during a year, representing an estimate of the value of the asset used up during that year as a result wear, deterioration, obsolesce, or action of the physical elements.

**Emergency Operation Center (EOC)** – A central command and control facility responsible for carrying out the principles of emergency preparedness and emergency management, or disaster management functions at a strategic level in an emergency situation, and ensuring the continuity of operation of the District.

**Encumbrance** – The commitment of appropriated funds to purchase goods which have not yet been received, or services that have yet to be rendered.

**Enterprise Fund** – A fund which accounts for the financing of a self-supporting enterprise for which a fee is charged to external users for goods or services.

**Expenditures** – Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service and capital outlays.

**Expenses** – Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

**Fiscal Year** – A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position, the results of its operations, and adopts a budget for a coming year. The Costa Mesa Sanitary District's fiscal year is from July 1 to June 30.

**Fixed Assets** – Equipment costing \$5,000 or more, with a useful life longer than one year, including tax, and not qualifying as a capital improvement project. Includes automotive equipment, office equipment, office furniture, acquisitions, landscaping improvements, etc.

**Full-time Equivalent (FTE)** – The amount of time a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) is budgeted to work 2,080 hours per year, while a 0.5 FTE is budgeted to work 1,040 hours per year.

**Fund** – A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Fund Balance** – The amount of financial resources available for use. Generally, this represents the detail of all the annual operating surpluses and deficits in the fund's inception.

**Geographic Information System (GIS)** – An information system integrating maps with electronic data.

**Generally Accepted Accounting Principles (GAAP)** - Uniform minimum standards of/and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations.

**Grant** – Contributions, gifts of cash, or other assets from another governmental or private entity to be used or expended for a specific purpose, activity, or facility.

**Interest** – Revenue derived from the prudent investment of idle cash. The types of investments are controlled by the District’s investment policy in accordance with the California Government Code.

**Intergovernmental Revenue** – Revenue collected by one government and distributed (usually through some predetermined formula) to another level of government(s).

**LEED** – Leadership in Energy and Environmental Design. LEED is a third-party certification program and the nationally accepted benchmark for the design, construction and operation of high–performance green buildings.

**Modified Accrual Basis** – The accrual basis of accounting where revenues are recognized when they become both “measurable” and “available” to finance expenditures of the current period. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting.

**Net Budget** – The legally adopted budget less all interfund transactions. Those amounts in the budget representing transfers and interfund reimbursements are subtracted from the legal adopted budget amount.

**Objective** – A simply stated, readily measurable statement of aim or expected accomplishment within the fiscal year. A good statement of objective should imply a specific standard of performance for a given program.

**Operating Budget** – A budget which focuses on everyday operating activities and programs.

**Operating Expenses** – All costs associated with doing the day-to-day business of the District which are not considered capital improvements or debt repayments.

**Permits** – Revenues earned by the issuance of permits levied in accordance with the benefits conferred by the permit.

**Professional Services** – Includes the cost of outside professional and specialized services purchased by the District. This includes consultants for special studies, outside attorneys, architectural and engineering assistance, law enforcement, employment, medical and health inspections and recreation.

**Program Budget** – A budget organized by programs. A program used in this application is a grouping of related activities projects and services which are similar in purpose. The expenditure focus of a program budget is related to the nature of work and services performed.

**Property Tax** – A tax levied on real estate and personal property.

**Proposed Budget** – The draft financial budget document detailing the General Manager’s recommended spending plan for the next fiscal year. The proposed budget is reviewed and modified by the Board of Directors before formal adoption as the Adopted Operating Budget.

**Reserve** – A term used to indicate that a portion of fund balance is restricted for a specific purpose.

**Resolution** – A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

**Resources** - Total dollars available for appropriations including estimated revenues and beginning fund balance.

**Retained Earnings** – An equity account reflecting the accumulated earnings of Proprietary Fund types. For budgeting purposes, the working capital definition of fund balance is used.

**Revenue** – Income received by the District to support sewer and solid waste services. This income may be in the form of property taxes, fees, user charges, grants and interest.

**Revenue Estimate** – A formal estimate of how much revenue will be earned from specific revenue source for some future period, typically a fiscal year.

**Service Charges** – charges for specific services rendered.

**Supervisory Control and Data Acquisition (SCADA)** – A large-scale, distributed measurement and control system.

**Taxes** – Compulsory charges levied by a government agency for the purpose of financing services performed for the common benefit. The term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, user charges.

**User Fee** – The current annual rate levied by the District on the County tax roll to assess users for the District provided solid waste and sewer service.

**Utilities** – Includes cost of all utility services that are purchased by the District such as gas, water, and electric.

**RESOLUTION NO. 2013-835**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
COSTA MESA SANITARY DISTRICT, ADOPTING A BUDGET  
FOR THE FISCAL YEARS 2013-14 & 2014-15**

WHEREAS, the Board of Directors has conducted a series of study sessions and other public meetings to consider an appropriate budget; and

WHEREAS, the Board of Directors is now prepared to adopt a biennial budget for 2012-2013 and 2013-2014;

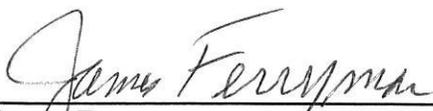
WHEREAS, the Proposed Budget for fiscal years 2013-14 and 2014-15 has been prepared by order of the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1: The Biennial Budget for the Costa Mesa Sanitary District for the fiscal year beginning July 1, 2013 and ending June 30, 2014, and for fiscal year beginning July 1, 2014 and ending June 30, 2015 is hereby adopted as set forth in the Proposed Biennial Budget, subject to minute action of any changes made to the Proposed Biennial Budget at the time of its adoption.

SECTION 2: This budget is in compliance with District Operations Code Chapter 4.03.

PASSED AND ADOPTED by the Board of Directors of the Costa Mesa Sanitary District at a regular meeting held on the 27<sup>th</sup> day of June 2013.

  
\_\_\_\_\_  
James Ferryman  
President of the Board of Directors

  
\_\_\_\_\_  
Arthur Perry  
Secretary of the Board of Directors



**RESOLUTION NO. 2013-833**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
COSTA MESA SANITARY DISTRICT ADOPTING  
ANNUAL CHARGES FOR SOLID WASTE**

WHEREAS, the Board provides for the collection of trash and related solid waste services through its exclusive franchisee to all residential areas within the District; and

WHEREAS, pursuant to the authority granted to sanitary districts under Health and Safety Code Sections 5470 et seq., the District has determined to impose those charges for that service and collect that charge on the tax roll in the same manner as general taxes; and

WHEREAS, since imposing that annual charge on the Assessment Roll, Proposition 218 was enacted, and since 1996, a mailed protest hearing was noticed and conducted before fees were imposed; and

WHEREAS, the Board of Directors has determined to reduce the rates for annual charges for solid waste this year but desires to adopt the report imposing the charges pursuant to the provisions of Health and Safety Code Sections 5470 et seq.; and

WHEREAS, said reduction in rates will not result in any person paying an increased amount and is thus exempt from the mailed notice procedures pursuant to Government Code Section 53750(h); and

WHEREAS, published notice has been duly given of this hearing as provided in Government Code Section 6066 and Health and Safety Code Section 5473.1;

NOW, THEREFORE, the Board of Directors of the Costa Mesa Sanitary District does hereby RESOLVE as follows:

Section 1. That the fees, rates, and charges imposed herein have been reduced from those previously adopted to an annual charge of \$216.00 and are imposed on the tax roll pursuant to the procedures provided in Health and Safety Code Section 5473.

Section 2. That the appropriateness of said fees was established in accordance with California Constitution Article XIID in previous years.

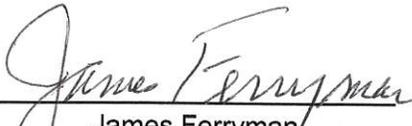
Section 3. That the Board has conducted the hearing and has determined that a protest did not occur.

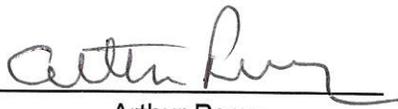
Section 4. That the written report describing the parcels and charges provided for in Health and Safety Code Section 5473 are hereby adopted in accordance with Health and Safety Code section 5473.3 and shall be filed with the District Clerk.

Section 5. That the Clerk is hereby directed to file a copy of the report with the Auditor before August 9, 2013, with a statement endorsed on the report over his signature that the report has been finally adopted by the Board of Directors, and the Auditor shall enter the charges against the parcels as they appear on the assessor's roll. It is acknowledged that said report will be prepared in an electronic format, which will be transmitted to the Auditor.

This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Costa Mesa Sanitary District at a regular meeting held on the 27<sup>th</sup> day of June, 2013.

  
\_\_\_\_\_  
James Ferryman  
President of the Board of Directors

  
\_\_\_\_\_  
Arthur Perry  
Secretary of the Board of Directors

STATE OF CALIFORNIA)

COUNTY OF ORANGE ) SS

CITY OF COSTA MESA )

I, Scott Carroll, Clerk of the Costa Mesa Sanitary District, hereby certify that the above and foregoing Resolution No. 2013-833 duly and regularly passed and adopted by said Board of Directors at a regular meeting thereof held on the 27<sup>th</sup> day of June 2013.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Costa Mesa Sanitary District, this 27<sup>th</sup> day of June 2013.

  
\_\_\_\_\_  
Scott Carroll

Clerk of the Costa Mesa Sanitary District

**RESOLUTION NO. 2013-834**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
COSTA MESA SANITARY DISTRICT ADOPTING  
ANNUAL CHARGES FOR LIQUID WASTE**

WHEREAS, the Board provides transportation of sewage through its collection system and various other services related thereto, including, but not limited to, services related to complying with the State Water Resources Control Board Discharge Order and other federal Clean Water Act mandates; and

WHEREAS, pursuant to the authority granted to sanitary districts under Health and Safety Code Sections 5470 *et seq.*, the District has determined to impose these charges for these services and collect that charge on the tax roll in the same manner as general taxes; and

WHEREAS, since imposing that annual charge on the Assessment Roll, Proposition 218 was enacted, and since 1996, a mailed protest hearing was noticed and conducted before fees were imposed; and

WHEREAS, the Board directed that a sewer rate study be prepared by HF&H Consultants to determine whether the District's charges were proportional to the service provided to the District's parcels in accordance with Proposition 218 (Cal Constit Art XIID); and

WHEREAS, the Board has considered that study and determined that rate adjustments as set forth in that study would make those rates more proportional; and

WHEREAS, the Board of Directors has determined to increase the rates for Single-Family residential units and reduce the rates for annual charges for Multi-Family residential, Commercial, and Industrial liquid waste this year, and desires to adopt the report imposing the charges pursuant to the provisions of Health and Safety Code Sections 5470 *et seq.*; and

WHEREAS, the Board has also determined that the amount of revenue needed to operate the sewer collection system for the next five years is accurately projected in the staff report; and

WHEREAS, the Board has also determined that the increases in the rates for the next five years is an accurate forecast of what will be needed by the District for those operations, all as set forth in the Study and agenda report; and

WHEREAS, a new protest hearing was noticed since these new rates will increase some rates, while decreasing others; and

WHEREAS, mailed notice was provided 45 days in advance of the protest hearing; and

WHEREAS, published notice was also provided in accordance with Government Code Section 6066 and Health and Safety Code Section 5473.1 in the Daily Pilot; and

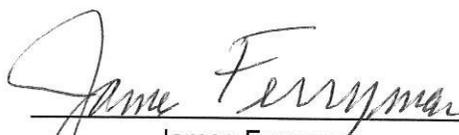
WHEREAS, the Board has conducted the protest hearing and determined that a majority protest did not occur;

NOW, THEREFORE, the Board of Directors of the Costa Mesa Sanitary District does hereby RESOLVE as follows:

1. That after the protest hearing was conducted, it was determined that a successful protest did not occur.
2. That the charges to be imposed meet the substantive and procedural requirements of Prop 218 (Cal. Constit., Art. XIID).
3. That the charges are hereby adopted and imposed on the property tax roll in accordance with Health and Safety Code Section 5473.
4. That the written report describing the parcels and charges provided for in Health and Safety Code Section 5473 are hereby adopted in accordance with Health and Safety Code section 5473.3 and shall be filed with the District Clerk.
5. That the Clerk is hereby directed to file a copy of the report with the Auditor before August 9, 2013, with a statement endorsed on the report over his signature that the report has been finally adopted by the Board of Directors, and the Auditor shall enter the charges against the parcels as they appear on the assessor's roll. It is acknowledged that said report will be prepared in an electronic format, which will be transmitted to the Auditor.

This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Costa Mesa Sanitary District at a regular meeting held on the 27<sup>th</sup> day of June, 2013.

  
\_\_\_\_\_  
James Ferryman  
President of the Board of Directors

  
\_\_\_\_\_  
Arthur Perry  
Secretary of the Board of Directors

STATE OF CALIFORNIA)

COUNTY OF ORANGE ) SS

CITY OF COSTA MESA )

I, Scott Carroll, Clerk of the Costa Mesa Sanitary District, hereby certify that the above and foregoing Resolution No. 2013-834 duly and regularly passed and adopted by said Board of Directors at a regular meeting thereof held on the 27<sup>th</sup> day of June 2013.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Costa Mesa Sanitary District, this 27<sup>th</sup> day of June 2013.



Scott Carroll

Clerk of the Costa Mesa Sanitary District