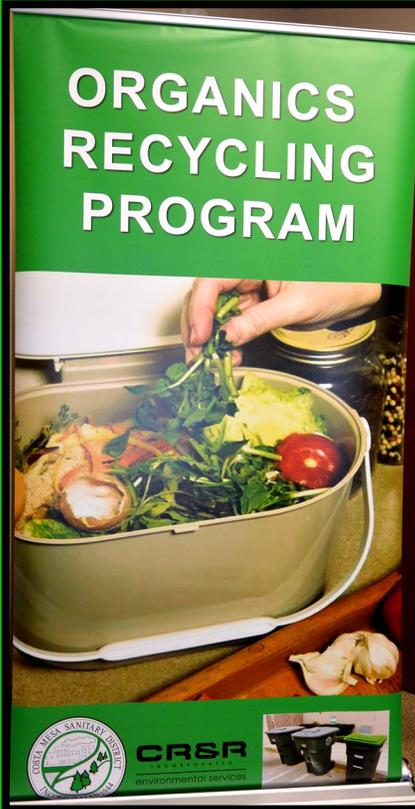


Costa Mesa Sanitary District

Adopted Biennial Budget Fiscal Years 2015-16 and 2016-17



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

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

Adopted Biennial Budget Fiscal Years 2015-16 and 2016-2017

Elected Board of Directors

Michael Scheafer
President

Arthur Perry
Vice President

Robert Ooten
Secretary

Arlene Schafer
Assistant Secretary

James Ferryman
Board Member

Submitted by
Scott Carroll, General Manager, SDA, ICMA-CM

Prepared by the Finance Department
Wendy Hooper Davis, Finance Manager

Board and Committee Responsibilities

Fiscal Year 2015-16

President Scheafer

Independent Special District of Orange County Board President
Special District Rick Management Authority Board Member

Vice President Perry

Santa Ana River Flood Protection Agency Board Member

Secretary Ooten

Orange County Sanitation District Board Member

Assistant Secretary Schafer

California Special District Association Board Secretary
California Special District Association Membership Committee Member
California Special District Association Legislative Committee Member

Director Ferryman

Orange County Sanitation District Board Member
Santa Ana River Flood Protection Agency Board Member

General Manager Carroll

CSDA Professional Development Committee Member
Orange County Transportation Authority Environmental Cleanup Allocation Committee
Member

Recognition

- Special District Leadership Foundation Transparency Certificate of Excellence 2013-2017
- Santa Ana River Basins Section of the California Water Environment Association Supervisor of the Year 2014
- Special District Leadership Foundation Gold Recognition in Good Governance 2014
- Government Finance Officer Association Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report 2012, 2013, 2014
- Special District Leadership Foundation District of Distinction 2009-2014
- California Special District Association Innovative Project of the Year 2012 for "Avoiding Disasters"
- Special District Rick Management Authority Excellence in Safety 2012
- California Special District Association General Manager of the Year 2012
- Santa Ana River Basins Section of the California Water Environment Association Collection System of the Year Award (0-249 Miles) 2012

Costa Mesa Sanitary District
Adopted Biennial Budget
For the Fiscal Years 2015-16 and 2016-17
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Costa Mesa Sanitary District

...an Independent Special District

July 1, 2015

On behalf of the Costa Mesa Sanitary District (CMSD) Board of Directors (Board), it is my pleasure to present the adopted Fiscal Year (FY) 2015-16 and 2016-17 Biennial Budget. This fiscal plan was developed to serve not only as a monetary statement of services, programs and policies, but as a document that reflects the many goals, programs and service priorities that the CMSD Board has committed to providing its citizens. Over the next two years this budget will further the advancement of the District's vision, mission and core values by funding the following new programs:

- Implementation of Organics Recycling Program,
- 2015-2020 Strategic Plan elements
- Implementation of the Compensation and Classification Study,
- Transition from outsourcing the Wastewater line cleaning to in-house,
- Transition from outsourcing Pump Station maintenance to in-house.
- Transition from outsourcing minor CCTV work,
- Increased Reserve Policy,
- Funding Other Post-Employment Benefits (OPEB) unfunded liabilities.

The total budget for FY 2015-16 is **\$11,504,000**. The Solid Waste Fund adopted budget of **\$5,880,000** assumes that expenses will exceed revenues by \$725,000 creating a deficit which will require the use of reserves to balance the budget. This deficit was planned to reduce reserves in the Solid Waste Fund when the Board lowered the annual rate from \$239.41 to \$216 in FY 2013-14. The Wastewater Fund reflects a balanced budget of **\$5,624,000** due to the Wastewater rate increase of 2% adopted by the Board as part of the 2012 Five Year Sewer Rate Study.

The total adopted budget for FY 2016-17 is **\$11,733,000**. The Solid Waste Fund adopted budget of **\$6,009,000** assumes that expenses will exceed revenues by \$829,000 creating a deficit which will require the use of reserves to balance the budget. The Wastewater Fund reflects a balanced budget of **\$5,724,000** due to the 2% Wastewater rate increase which is year four of the 2012 Five Year Sewer Rate Study.

The Costa Mesa Sanitary District continues to flourish as an organization. This budget continues the District's history of responsible fiscal management. Available resources are focused on the District's facilities, infrastructure, maintaining and improving the quality of service to the residents of Costa Mesa Sanitary District. I believe that this budget supports the District's mission; *Protecting our community's health and the environment by providing solid waste and sewer collection services.*"

Sincerely,

Scott C. Carroll, SDA, ICMA-CM
General Manager

Board of Directors

Mike Scheafer
Arthur Perry
Robert Ooten
Arlene Schafer
James Ferryman

Staff

Scott C. Carroll
General Manager

Robin B. Hamers
District Engineer

Alan R. Burns
District Counsel

Marcus D. Davis
District Treasurer

www.cmsdca.gov

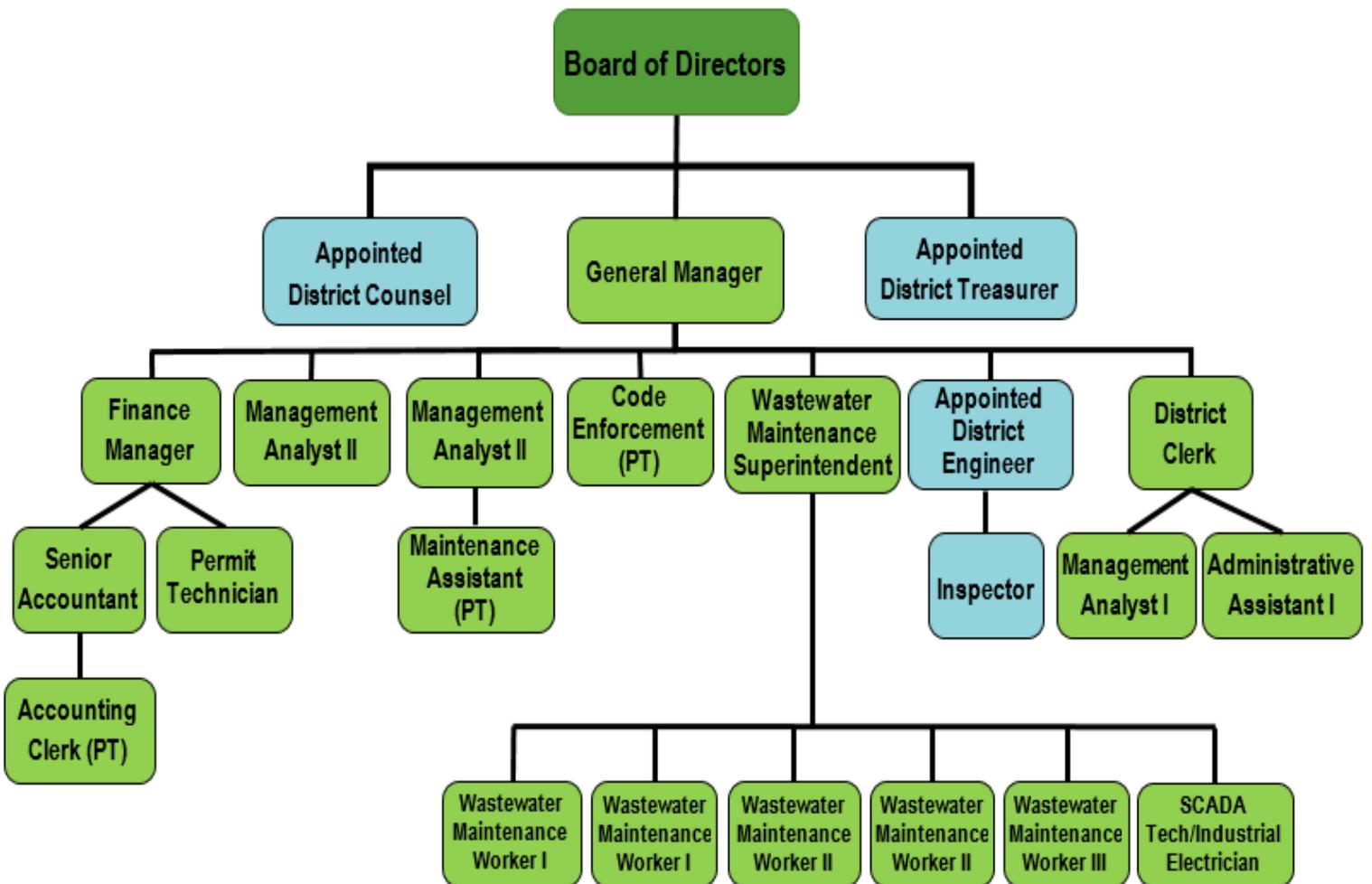


BUDGET FORWARD

COSTA MESA SANITARY DISTRICT

Adopted Budget FY 2015-16 and FY 2016-17

Organization Chart



PROFILE OF THE COSTA MESA SANITARY DISTRICT

The Costa Mesa Sanitary District (District) is a California Special District established and incorporated in February 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).

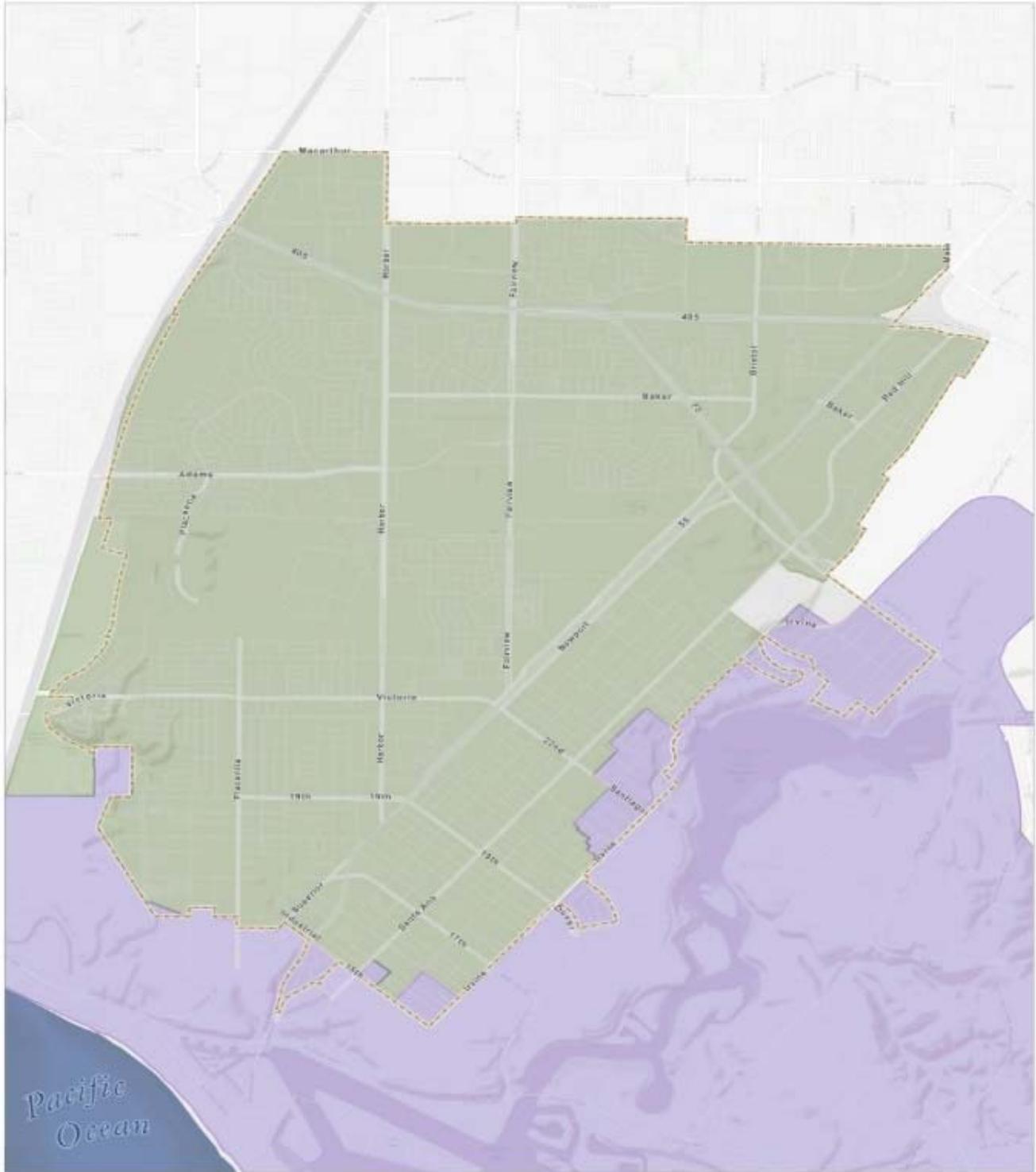
The District is located in the City of Costa Mesa, in the County of Orange. The District provides solid waste and wastewater services to the City of Costa Mesa, sections of Newport Beach and some unincorporated Orange County areas. The District serves approximately 116,700 residents. Governance, the 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 budget, appointing the District's General Manager, District Counsel and District Treasurer. The General Manager is responsible for carrying out the policies and ordinances of the Board and for overseeing the day-to-day operations. The District Counsel provides legal advice to the Board of Directors while the District Treasurer is responsible for ensuring the safety of District funds by making prudent investments.

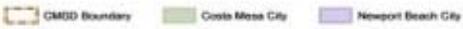
The District recovers the cost of its services through assessments imposed on users of the service. Residential customers make up 100% of the Districts solid waste revenues and approximately 59% of the wastewater revenues. Sewage from the District's service area is transported to the Orange County Sanitation District's facilities where it is treated to federally mandated standards to protect the public health. The District has an agreement with a private refuse company for collection of all solid waste from single family dwellings and small multi-family residents utilizing container collection. The refuse company transports all of the solid waste to its subsidiary owned recycling and transfer station located in Stanton, California.

The Costa Mesa Sanitary District's headquarters are located 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 Control Tower, Orange Coast College, Whittier Law School, Vanguard University, State of California Fairview Development Center, Orange County Fairgrounds, Sergerstrom Performing Arts Center, South Coast Repertory Theater, and the South Coast Plaza shopping complex. The volume of sales generated by South Coast Plaza, on the strength of over 250 stores, secures its place as the second highest sales-volume shopping center in the California.

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. To continue the organization's momentum, the Board of Directors adopted its second Strategic Plan on May 28, 2015 titled, "Planning for a Better Tomorrow". This five year plan will continue to focus on the District's mission of protecting the community's health and the environment while moving towards its vision of promoting a sustainable environment through innovation and cost effective services. The Plan, along with its work plan and goals, will help guide the Board and staff to making sound decisions for a better tomorrow for the residents of the Costa Mesa Sanitary District.

COSTA MESA SANITARY DISTRICT Wastewater Service Area Map



 		<p>Costa Mesa Sanitary District Service Area Boundary</p> <p>Date: May 08, 2016 Project Number: W-2026</p> <p>File: BoundaryMapMPL</p> <p>PE:PG:  JS CM:  RG Author:  RG</p>
<p>The Costa Mesa Sanitary District (CMDD) was formed in 1964 under the Sanitary District Act of 1952.</p> <p>CMDD population is approximately 116,368.</p> <p>CMDD service area encompasses the City of Costa Mesa and portions of the City of Newport Beach and unincorporated areas of Orange County.</p>	<p>This document is the property of the City of Costa Mesa. It is loaned to you for your use only. It is not to be distributed, copied, or otherwise used without the express written permission of the City of Costa Mesa. If you have any questions, please contact the City of Costa Mesa at (714) 440-2000.</p> <p>This map is not guaranteed to be accurate or reliable.</p> <p>Scale = 1:222 feet 1 inch = 0.25 miles</p> <p>0 0.5 1 mile</p>	

Costa Mesa Sanitary District Financial Policies

The following is a summary of the District's Financial Policies taken from the Operations Code. These policies are intended to provide Board approved guidance to the General Manager through the budget decision-making process.

Operating Reserves – The District will maintain a minimum designated Reserve for Working Capital equal to 30% of the operating budget in the Solid Waste Fund and 25% of the operating budget in the Wastewater Fund.

Fairness and Equity – All customers of the District will pay their fair, equitable and proportionate cost of the services provided by the District.

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 be off-set by reductions in existing programs.

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.

Long Range Fiscal Perspective (Capital Expense Policy) – The District will maintain a long-range fiscal perspective through the use of the operating budget, long-range capital improvement program, and multi-year revenue and expense forecasting.

Capital Improvements – Major capital improvement projects will be funded using the most financially prudent method available. Such methods include: 1) using accumulated cash reserves in excess of policy requirements; 2) “pay as you go” financing; and 3) traditional long-term financing (bond issues).

Generally Accepted Accounting Principles – District staff shall comply with all generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB), the state and federal government, the American Institute of Certified Public Accountants (AICPA), and other relevant professional associations, such as the Government Finance Officers' Association (GFOA).

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) require Board approval.

Costa Mesa Sanitary District Reserve Policies

The Board has adopted a 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 Wastewater Fund. On August 27, 2015, the reserve policy was amended by the Board with Ordinance 108 amending Operations Code Section 4.03.010 – Operating Reserves.

(a) **Policy:** The District will maintain a minimum designated Reserve for Working Capital equal to 30% of its operating budget within its Solid Waste Fund, and 25% of its operating budget within its Wastewater Fund.

(b) **Operating Reserves Required:** The Reserves for Working Capital for Operating Funds will be maintained at a level equal to 30% of its operating budget within its Solid Waste Fund, and 25% of its operating budget within its Wastewater 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 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 a loss of grant funding;
2. Local revenue shortfalls due to a downturn in the 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 30% of the Solid Waste operating budget and 25% of the Wastewater 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 Net Position to replace or refurbish the current sewer collection system and facilities at the end of their useful economic lives. Annual reserve contributions are made with transfers from the Wastewater Fund estimated by the Asset Management Program. Transfers back to the Wastewater Fund are in accordance with the capital budget plan and provide funding for capital improvement projects.

Costa Mesa Sanitary District Basis of Budgeting and Accounting

The District is a California Special District established and incorporated in February 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 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.

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 at the account level. Budgetary variances up to \$50,000 within objects codes will be addressed by the General Manager, i.e., the General Manager has the authority to transfer budgeted 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

The Costa Mesa Sanitary District's budget is prepared on a biennial basis and is based on the priorities, goals and objectives established by the Board of Directors. The District's Strategic Plan for Fiscal Years 2015-20 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.

Costa Mesa Sanitary District Budget Calendar



Costa Mesa Sanitary Districtan Independent Special District

Memorandum

To: Board of Directors
Via: Scott Carroll, General Manager 
From: Wendy Hooper Davis, Finance Manager 
Date: February 10, 2015
Subject: Preliminary Budget Calendar for Fiscal Years 2015-16 & 2016-17

The schedule below represents the outline for creating and adopting the District's Fiscal Year 2015-16 and 2016-17 budgets. Staff will be working on different aspects of the budget from now until the May Study Session and will update the Board as necessary. Staff recommends the following target dates:

<u>Action Item</u>	<u>Target Date</u>	
Department Budgets due from Staff	02/20/15	Friday
General Manager Review with departments	03/10/15	Tuesday
February 2014-15 Consumer Price Index released	03/20/15	Friday
General Manager review	03/24/15	Tuesday
Preliminary budget document handed out to Board	04/23/15	Tuesday
Special meeting to review preliminary budget	04/27/15	Week of
Study Session meeting to review preliminary budget	05/12/15	Tuesday
Study Session meeting (if necessary) to finalize budget	06/09/15	Tuesday
Notice of public hearing (postcard mail out)	06/10/15	Wednesday
Budget adoption at regular Board meeting	06/25/15	Thursday
Public hearing to adopt sewer and trash charges	07/23/15	Thursday
Transmit assessments to OC Treasurer-Tax Collector	08/10/15	Monday



Protecting our community's health and the environment by providing solid waste and sewer collection services.
www.cmsdca.gov

Costa Mesa Sanitary District Fund Descriptions

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

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.

Wastewater Fund – This fund accounts for the annual charge for providing wastewater services to the District’s customers. Expenses include operations and capital improvement projects.

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.

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.

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 Wastewater 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.

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 Wastewater Fund estimated by the Asset Management Program. Transfers back to the Wastewater Fund are in accordance with the capital improvement budget plan and provide funding for capital improvement projects.

Costa Mesa Sanitary District Revenue Assumptions

The District's revenues are primarily derived from Solid Waste and Wastewater fees placed on the property tax rolls. The Solid Waste fees are charged for residential refuse collection services on single family and small multi-family users. The Wastewater fees are charged on residential, commercial and industrial wastewater users. Assumptions used in developing the biennial revenue estimates are as follows:

Solid Waste Fund

The FY 2015-16 Annual Charge budget in the amount of \$4,700,000 is based upon an annual charge of \$216 per year, or \$18 per month, for approximately 21,800 units. The FY 2016-17 Annual Charge budget in the amount of \$4,725,000 is based upon an annual charge of \$216 per year, or \$18 per month, for approximately 21,875 units. In FY 2012-13, the annual rate was reduced from \$239.41 to \$228, then further reduced in FY 2013-14 to \$216. The primary objective for the rate reductions by the Board was to decrease the reserve balance in the Solid Waste Fund. The Solid Waste Fund FY 2015-16 and FY 2016-17 adopted biennial budget assumes that expenses will exceed revenues by \$725,000 and \$829,000, respectively, creating a deficit which will require the use of reserves to balance the budget. The Solid Waste Fund's Unrestricted Net Position as of June 30, 2015 was approximately \$5.4 million. The Board will analyze the Unrestricted Net Position every year to determine if the lower rate can continue.

The additional container charge is a fee charged to residents who want to have more containers than the base service level, which is two mixed waste carts and one organics cart. The additional container budget of \$100,000 is based upon prior year actual. The additional container charge is \$8 per month per container. The additional container fee is split with 86% to the District and 14% to CR&R for reimbursement of administration and billing costs. This revenue source is used for rate stabilization purposes.

Property taxes in the amount of \$210,000 are projected based upon 86% of the actual amount for the 2014-15 fiscal year. This conservative estimate is due to Property Tax revenues growing at less than the rate of inflation, but can decrease quickly due to reassessments or delinquencies. It provides a stable income stream.

Wastewater Fund

The FY 2015-16 and FY 2016-17 Annual Charge budget in the amounts of \$5,400,000 and \$5,500,000, respectively, includes a 2% increase in rates each year per the adopted 2012 Five Year Sewer Rate Study. These rate increases represent year's three and four of the five year rate plan adjustment.

Charges for Services represents wastewater services provided to properties that are exempt from property taxes, such government agencies and school districts which don't receive a property tax bill. These agencies are invoiced directly by the District for wastewater services.

Sewer Permits and Inspections Fees are revenues derived from the development of property within the District. These revenues are charged to ensure that the design, repair and construction of wastewater lines are in compliance with District codes, which ensures the public's safety.

Costa Mesa Sanitary District Annual Charge

The following approved rates were used in the development of this biennial budget:

Solid Waste Rates	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		
	Customer Class	Per Month	Per Year	Per Month	Per Year	Per Month	Per Year
Single Family		\$18.00	\$216.00	\$18.00	\$216.00	\$18.00	\$216.00

Wastewater Rates	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		
	Customer Class	Per Month	Per Year	Per Month	Per Year	Per Month	Per Year
Residential (Per Dwelling Unit)							
Single Family		\$7.25	\$87.05	\$7.40	\$88.79	\$7.55	\$90.57
Multi Family		\$4.26	\$51.09	\$4.34	\$52.11	\$4.43	\$53.15
Non-Residential (Per 1,000 sq. ft.)							
Commercial – Ave Strength		\$3.23	\$38.72	\$3.29	\$39.49	\$3.36	\$40.28
Commercial – High Strength		\$3.52	\$42.23	\$3.59	\$43.07	\$3.66	\$43.93
Industrial		\$8.28	\$99.39	\$8.45	\$101.38	\$8.62	\$103.41

The breakdown of the Solid Waste customers is as follows:

	<u>Units</u>	<u>Assessment</u>
Single Family Residential	16,771	\$ 3,622,536
Multi-Family Residential	5,045	1,089,720
Total Estimated Assessment	<u>21,816</u>	<u>\$ 4,712,256</u>

The breakdown of the Wastewater customers is as follows:

	<u>Units</u>	<u>Assessment</u>
Single Family Residential	21,622	\$ 1,876,390
Multi-Family Residential	22,760	1,185,815
Commercial	1,520	1,191,807
Industrial	788	967,709
Total Estimated Assessment		<u>\$ 5,221,721</u>

Commercial Buildings Square Feet	29,219,322
Industrial Buildings Square Feet	<u>9,545,357</u>
Total Square Footage	<u>38,764,679</u>

Costa Mesa Sanitary District Expense Assumptions

The fiscal year 2015-16 budget is based on operating expenses of \$7,766,500, which reflect an increase of \$361,260 or 0.49% over the prior year's adopted budget.

The adopted Personnel budget for fiscal year 2015-16 includes:

- The Classification and Compensation Study approved by the Board, which resulted in the reclassification of four positions with salary increases.
- An increase to the employee benefit bucket.
- An increase in the per meeting stipend for the Board of Directors from \$225 to \$295.
- The addition of a new part-time Accounting Clerk.
- The elimination of the Administrative Services Manager position, which was replaced with a new Management Analyst I dedicated to Human Resource functions.
- The addition of two new Wastewater Worker I positions.
- The reclassification of an existing Wastewater Maintenance Worker I to a Wastewater Maintenance Worker II, and the reclassification of the Wastewater Maintenance Supervisor to Wastewater Maintenance Superintendent.

The total budgeted salaries and benefits expenses for fiscal years 2015-16 and 2016-17, of \$1,936,500 and \$2,033,300, respectively, reflect an increase of .51% year over year.

In accordance with the District's Employee Handbook, effective July 1, 2015 all employees will receive a 0.1% Cost of Living Adjustment (COLA). This increase was based on the February to February Consumer Price Index (CPI) annual adjustment for the Los Angeles /Riverside/Orange County area. Fiscal year 2016-17 uses an estimated COLA of 2.5%.

The District has a three tier pension program. The current retirement formulas are 2% at 55, 2% at 60 and 2% at 62. The employer rate for Tier 1 (2% at 55) is 9.353%, the employer rate for Tier 2 (2% at 60) is 7.51%, and the employer rate for PEPRA (2% at 62) is 6.73%. All new hires will be enrolled in the PEPRA (2% at 62) retirement formula and the employee will pay his/her 7% share of retirement costs. In fiscal year 2015-16, the District will have three employees in the 2% at 55 formula, where the employer picks up the employee's 7% share as well as the employer share. The remaining full-time and part-time employees participate in the second or PEPRA tier retirement system based on their hired date.

The cafeteria benefit is offered to all full-time employees. Employees with single medical coverage or who opt out of medical coverage receive a monthly allowance in the amount of \$920. Employees with employee plus one medical coverage receive a monthly allowance in the amount of \$1,150. Employees with family medical coverage receive a monthly allowance in the amount of \$1,380. The cafeteria benefit also includes the pick-up payment for the employee's long term disability and life insurance cost.

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 for each fiscal year is broken down in the budget details section.

Expense Assumptions

(Continued)

In the 2016-17 fiscal year, the District will have elections for two 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 evenly between the solid waste and sewer funds.

The trash hauling expense is a major expense of the Solid Waste fund. The Trash Hauler budget of \$2,615,000 per year, includes collection of solid waste and recyclable materials for approximately 21,800 households at a monthly fee of \$9.7954 per occupancy.

The most significant change in this budget from the prior year's is the implementation of the Organics Recycling Program with a budget of \$600,000 per year. In brief, the goal of the program is to divert organics (green waste and food scraps) from the landfills by recycling it into clean renewable energy. The program consists of having residents utilize an additional trash container solely for organics, which will be taken to the Anaerobic Digestion (AD) facility in Perris, California, and converted into fertilizer or renewable natural gas to fuel the refuse trucks. This new program will result in raising the District's diversion/recycling rate from approximately 57% to 75% as State mandated by the year 2020. On February 27, 2014, the Board of Directors approved the implementation of the Organics Recycling Program. The program implementation began in June of 2015, with the delivery of organic containers to the residents. The District will incur higher costs of \$71.50 per ton for the disposal of Organic materials when the AD facility is operational.

With the new organics program, there is no change in the total tonnage being collected as the organics are currently part of the mixed waste stream placed in the containers. However, with the tonnage being divided into a two-container system as opposed to the mixed waste containers now being utilized, staff estimates the recycling/disposal budget based on the collection of 33,600 tons at a cost of \$51.97 per ton. Together, the trash hauler, the recycling/disposal and the organics disposal budgets make up approximately 85% of the Solid Waste fund's budget.

The total engineering/plan check/inspection services budget is \$196,000. Engineering services include services for general engineering such as designs, inside plan check/inspection (outside agency projects such as City Street improvements, Mesa Water improvements, etc.), outside plan check/inspection (new construction and/or development where the cost is recovered through District fees), sewer lateral assistance, infiltration and inflow program, and for the District's hot spot abatement program. This budget is based on prior year actual. An additional \$1,400 monthly retainer is also included in this budget. The appointed District Engineer who is contracted to provide services is Robin Hamers & Associates, Inc.

The District budget continues to provide \$200,000 each year in funding for the Sewer Lateral Assistance Program (SLAP). The very successful SLAP program is where the District will reimburse residents up to \$1,100 for maintaining and making improvements to their sewer lateral once every five years. In addition, the District will waive all permitting fees related to the improvements up to \$240. It is estimated that approximately 180 applicants will benefit from this program each year.

FINANCIAL SUMMARIES

Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and 2016-17
Statement of Budgeted Revenues and Expenses For Fiscal Year 2015-16

Account	Solid Waste Fund	Wastewater Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
Operating Revenues						
Annual Charge	\$ 4,700,000	\$ 5,400,000	\$ -	\$ -	\$ -	\$ 10,100,000
Charges for Services	-	75,000	-	-	-	75,000
Additional Container Charge	100,000	-	-	-	-	100,000
Sewer Permits	-	20,000	-	-	-	20,000
Permit Inspection Fees	-	65,000	-	-	-	65,000
Other Operating Revenues	75,000	10,000	-	-	-	85,000
Total Operating Revenue	4,875,000	5,570,000	-	-	-	10,445,000
Operating Expenses						
Salaries & Benefits	522,500	1,414,000	-	-	-	1,936,500
Operations & Maintenance Programs	5,209,800	2,409,000	-	-	-	7,618,800
	147,700	-	-	-	-	147,700
Total Operating Expenses	5,880,000	3,823,000	-	-	-	9,703,000
Net Operating Revenue (Expense)	(1,005,000)	1,747,000	-	-	-	742,000
Non-Operating Revenues						
Property Taxes	210,000	-	-	-	-	210,000
Investment Earnings	45,000	54,000	-	-	-	99,000
Contributions	25,000	-	-	-	-	25,000
Other Non-operating Revenues	-	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Total Non-Operating Revenues	280,000	54,000	-	-	-	334,000
Non-Operating Expenses						
Capital Improvement Projects	-	1,787,000	-	-	-	1,787,000
Total Non-Operating Expenses	-	1,787,000	-	-	-	1,787,000
Net Change to Reserves Before Transfers	(725,000)	14,000	-	-	-	(711,000)
Transfers						
Transfers In	-	1,787,000	-	-	1,801,000	3,588,000
Transfers Out	-	(1,801,000)	-	-	(1,787,000)	(3,588,000)
Total Transfers	-	(14,000)	-	-	14,000	-
Net Change to Net Position Reserves	\$ (725,000)	\$ -	\$ -	\$ -	\$ 14,000	\$ (711,000)

Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17
Statement of Budgeted Revenues and Expenses For Fiscal Year 2016-17

Account	Solid Waste Fund	Wastewater Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
Operating Revenues						
Annual Charge	\$ 4,725,000	\$ 5,500,000	\$ -	\$ -	\$ -	\$ 10,225,000
Charges for Services	-	75,000	-	-	-	75,000
Additional Container Charge	100,000	-	-	-	-	100,000
Sewer Permits	-	20,000	-	-	-	20,000
Permit Inspection Fees	-	65,000	-	-	-	65,000
Other Operating Revenues	75,000	10,000	-	-	-	85,000
Total Operating Revenue	4,900,000	5,670,000	-	-	-	10,570,000
Operating Expenses						
Salaries & Benefits	548,900	1,484,400	-	-	-	2,033,300
Operations & Maintenance	5,311,650	2,438,600	-	-	-	7,750,250
Programs	148,450	-	-	-	-	148,450
Total Operating Expenses	6,009,000	3,923,000	-	-	-	9,932,000
Net Operating Revenue (Expense)	(1,109,000)	1,747,000	-	-	-	638,000
Non-Operating Revenues						
Property Taxes	210,000	-	-	-	-	210,000
Investment Earnings	45,000	54,000	-	-	-	99,000
Contributions	25,000	-	-	-	-	25,000
Other Non-operating Revenues	-	-	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Total Non-Operating Revenues	280,000	54,000	-	-	-	334,000
Non-Operating Expenses						
Capital Improvement Projects	-	1,787,000	-	-	-	1,787,000
Total Non-Operating Expenses	-	1,787,000	-	-	-	1,787,000
Net Change to Reserves Before Transfers	(829,000)	14,000	-	-	-	(815,000)
Transfers						
Transfers In	-	1,787,000	-	-	1,801,000	3,588,000
Transfers Out	-	(1,801,000)	-	-	(1,787,000)	(3,588,000)
Total Transfers	-	(14,000)	-	-	14,000	-
Net Change to Net Position Reserves	\$ (829,000)	\$ -	\$ -	\$ -	\$ 14,000	\$ (815,000)

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

	Solid Waste Fund	Wastewater Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
Net Position, June 30, 2014	\$ 5,462,842	\$ 44,236,522	\$ 3,726,531	\$ 561,541	\$ 5,102,578	\$ 59,090,014
Revenues						
Annual Charge	4,756,943	5,110,399	-	-	-	9,867,342
Charges for Services	11,129	192,130	192,913	231,000	-	627,171
Additional Container Charge	-	-	-	-	-	-
Sewer Permits	-	93,471	-	-	-	93,471
Permit Inspection Fees	-	113,500	-	-	-	113,500
Other Operating Revenues	105,704	18,189	-	-	-	123,893
Property Taxes	245,415	-	-	-	-	245,415
Investment Earnings	62,636	78,695	4,167	6,223	53,751	205,471
Contributions	35,848	-	-	-	-	35,848
Other Non-Operating Revenues	1,809	101,247	-	-	-	103,055
Transfers In	670	1,793,080	-	-	1,801,000	3,594,750
Total Revenues	5,220,153	7,500,711	197,079	237,223	1,854,751	15,009,916
Estimated Expenses						
Salaries & Benefits	441,697	1,090,132	-	-	-	1,531,829
Operations & Maintenance	4,704,448	2,000,257	-	-	-	6,704,705
Programs	116,382	-	-	-	-	116,382
Capital Improvement Projects	-	295,487	-	-	-	295,487
Depreciation	9,157	1,624,992	56,783	-	-	1,690,933
Transfer Out	-	1,801,000	-	6,750	1,787,000	3,594,750
Total Expenses	5,271,685	6,811,868	56,783	6,750	1,787,000	13,934,086
Change to Reserves	(51,532)	688,842	140,296	230,473	67,751	1,075,830
Actual Net Position, June 30, 2015	\$ 5,411,310	\$ 44,925,364	\$ 3,866,827	\$ 792,014	\$ 5,170,330	\$ 60,165,845

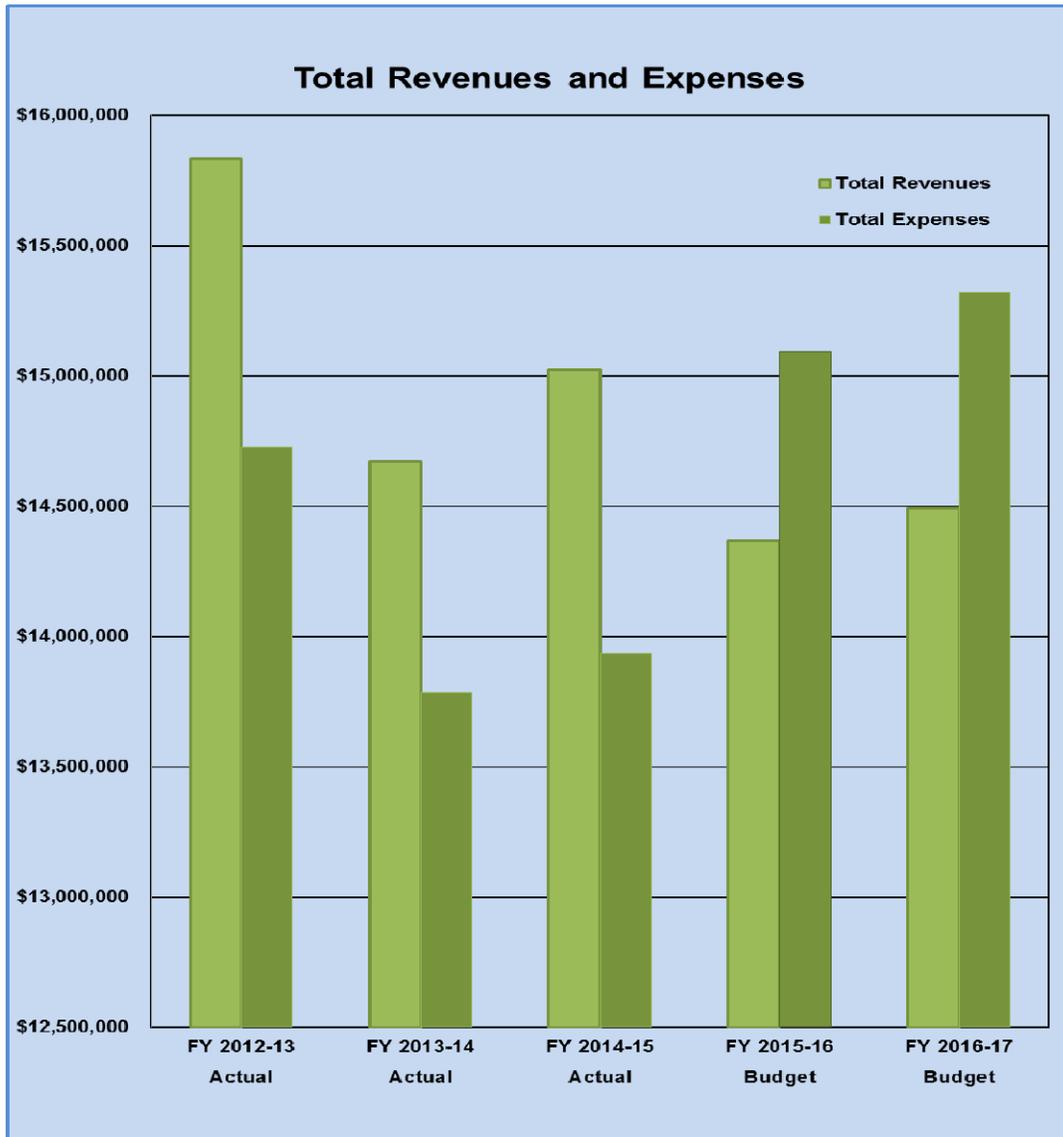
**Costa Mesa Sanitary District
Net Position Summary (Accrual Basis)
For the Fiscal Year Ending June 30, 2016**

	Solid Waste Fund	Wastewater Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
Actual Net Position, June 30, 2015	\$ 5,411,310	\$ 44,925,364	\$ 3,866,827	\$ 792,014	\$ 5,170,330	\$ 60,165,845
Estimated Revenues						
Annual Charge	4,700,000	5,400,000	-	-	-	10,100,000
Property Taxes	210,000	-	-	-	-	210,000
Investment Earnings	45,000	54,000	-	-	-	99,000
Additional Container Charge	100,000	-	-	-	-	100,000
Charges for Services	-	75,000	-	-	-	75,000
Other	100,000	95,000	-	-	-	195,000
Transfers In	-	1,787,000	-	-	1,801,000	3,588,000
Total Estimated Revenues	5,155,000	7,411,000	-	-	1,801,000	14,367,000
Estimated Expenses						
Salaries & Benefits	522,500	1,414,000	-	-	-	1,936,500
Operations & Maintenance	5,209,800	2,409,000	-	-	-	7,618,800
Programs	147,700	-	-	-	-	147,700
Capital Improvement Projects	-	1,787,000	-	-	-	1,787,000
Depreciation	-	-	-	-	-	-
Transfers Out	-	1,801,000	-	-	1,787,000	3,588,000
Total Estimated Expenses	5,880,000	7,411,000	-	-	1,787,000	15,078,000
Estimated Change to Net Position Reserves	(725,000)	-	-	-	14,000	(711,000)
Estimated Net Position, June 30, 2016	\$ 4,686,310	\$ 44,925,364	\$ 3,866,827	\$ 792,014	\$ 5,184,330	\$ 59,454,845
Reserves						
Investment in Fixed Assets	(16,160)	(35,750,629)	(3,335,941)	-	-	(39,102,730)
Reserved for Capital Outlay	-	-	-	-	-	-
Reserved for Earthquake/Emergency	-	(1,000,000)	-	-	-	(1,000,000)
Reserved for SSO Fine	-	(350,000)	-	-	-	(350,000)
Reserved for Operating	(1,720,000)	(392,000)	-	-	-	(2,112,000)
Estimated Unreserved Net Position, June 30, 2016	\$ 2,950,149	\$ 7,432,735	\$ 530,886	\$ 792,014	\$ 5,184,330	\$ 16,890,115

Costa Mesa Sanitary District
Fund Net Position Summary (Accrual Basis)
For the Fiscal Year Ending June 30, 2017

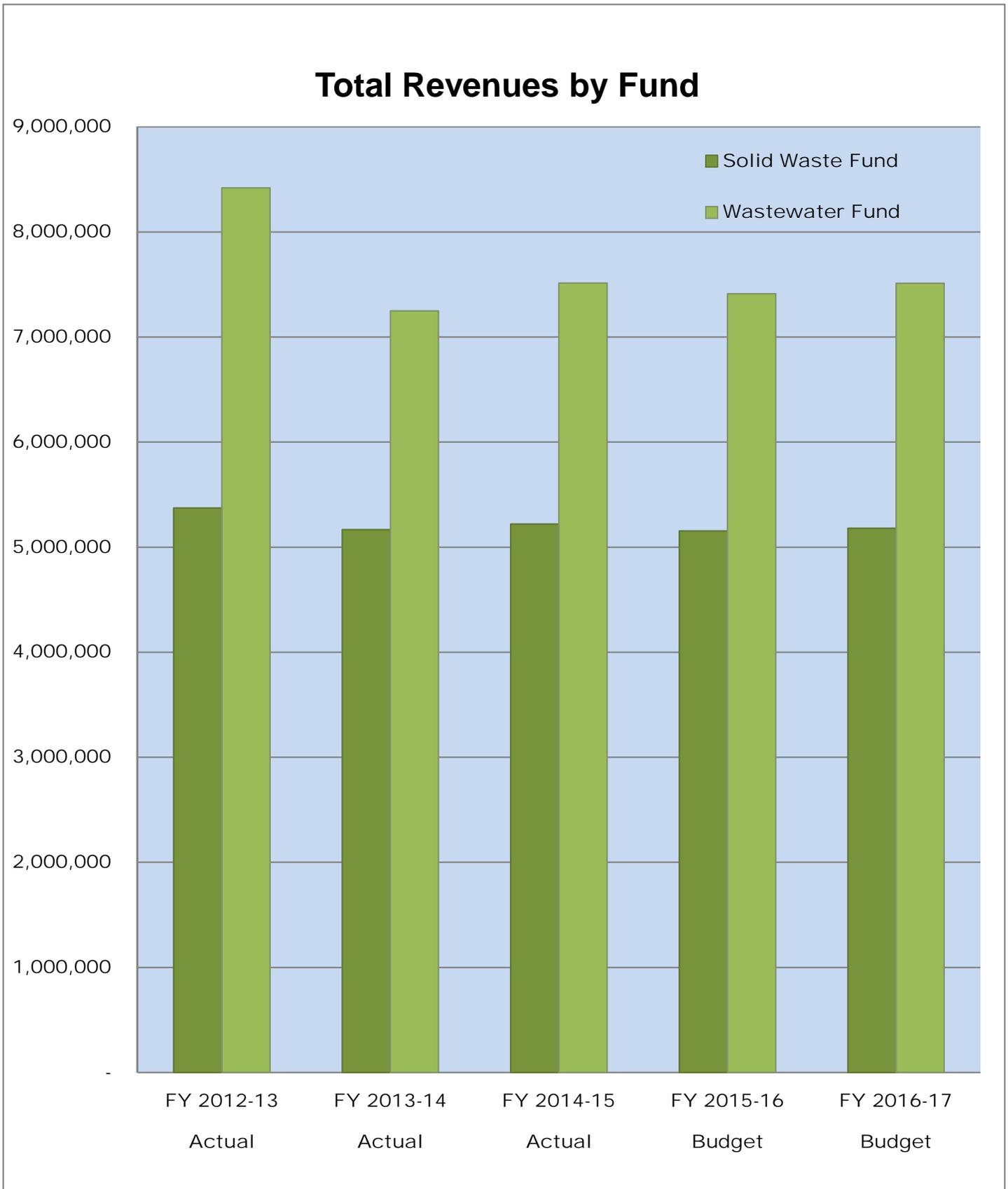
	Solid Waste Fund	Wastewater Fund	Facilities Revolving Fund	Asset Replacement Fund	Asset Management Fund	Total
Estimated Net Position, June 30, 2016	\$ 4,686,310	\$ 44,925,364	\$ 3,866,827	\$ 792,014	\$ 5,184,330	\$ 59,454,845
Estimated Revenues						
Annual Charge	4,725,000	5,500,000	-	-	-	10,225,000
Property Taxes	210,000	-	-	-	-	210,000
Investment Earnings	45,000	54,000	-	-	-	99,000
Additional Container Charge	100,000	-	-	-	-	100,000
Charges for Services	-	75,000	-	-	-	75,000
Other	100,000	95,000	-	-	-	195,000
Transfers In	-	1,787,000	-	-	1,801,000	3,588,000
Total Estimated Revenues	5,180,000	7,511,000	-	-	1,801,000	14,492,000
Estimated Expenses						
Salaries & Benefits	548,900	1,484,400	-	-	-	2,033,300
Operations & Maintenance Programs	5,311,650	2,438,600	-	-	-	7,750,250
Capital Improvement Projects	148,450	-	-	-	-	148,450
Depreciation	-	1,787,000	-	-	-	1,787,000
Transfers Out	-	1,801,000	-	-	1,787,000	3,588,000
Total Estimated Expenses	6,009,000	7,511,000	-	-	1,787,000	15,307,000
Estimated Change to Net Position Reserves	(829,000)	-	-	-	14,000	(815,000)
Estimated Net Position, June 30, 2017	\$ 3,857,310	\$ 44,925,364	\$ 3,866,827	\$ 792,014	\$ 5,198,330	\$ 58,639,845
Reserves						
Investment in Fixed Assets	(16,000)	(39,744,000)	(3,562,438)	-	-	(43,322,438)
Reserved for Capital Outlay	-	-	-	-	-	-
Reserved for Earthquake/Emergency	-	(1,000,000)	-	-	-	(1,000,000)
Reserved for Operating	(1,720,000)	(402,000)	-	-	-	(2,122,000)
Estimated Unreserved Net Position, June 30, 2017	\$ 2,121,310	\$ 3,779,364	\$ 304,389	\$ 792,014	\$ 5,198,330	\$ 12,195,407

Costa Mesa Sanitary District Adopted Budget FY 2015-16 and 2016-17



Activity	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	% Change	Budget FY 2015-16	% Change	Budget FY 2016-17	% Change
Total Revenues	\$ 15,832,682	\$ 14,672,140	\$ 15,023,411	2.39%	\$ 14,367,000	-4.37%	\$ 14,492,000	0.87%
Total Expenses	14,726,745	13,787,235	13,934,087	1.07%	15,092,000	8.31%	15,321,000	1.52%
Net Change to Net Position Reserves	\$ 1,105,937	\$ 884,905	\$ 1,089,324	23.10%	\$ (725,000)	-166.56%	\$ (829,000)	14.34%
Changes to Fund Balance Details:								
Solid Waste Fund	191,265	(147,631)	(47,131)	-39.36%	(725,000)	-258.58%	(829,000)	-533.43%
Wastewater Fund	2,238,918	741,888	697,934	-85.42%	-	-100.00%	-	-100.00%
Facilities Revolving Fund	130,980	81,147	140,296	-109.87%	-	-100.00%	-	-100.00%
Asset Replacement Fund	4,377	211,327	230,473	100.00%	-	-100.00%	-	-100.00%
Asset Management Fund	(1,459,602)	(1,826)	67,751	0.00%	-	-100.00%	-	-100.00%
Net Change to Net Position Reserves	\$ 1,105,937	\$ 884,905	\$ 1,089,324	-81.31%	(725,000)	-149.47%	(829,000)	14.34%

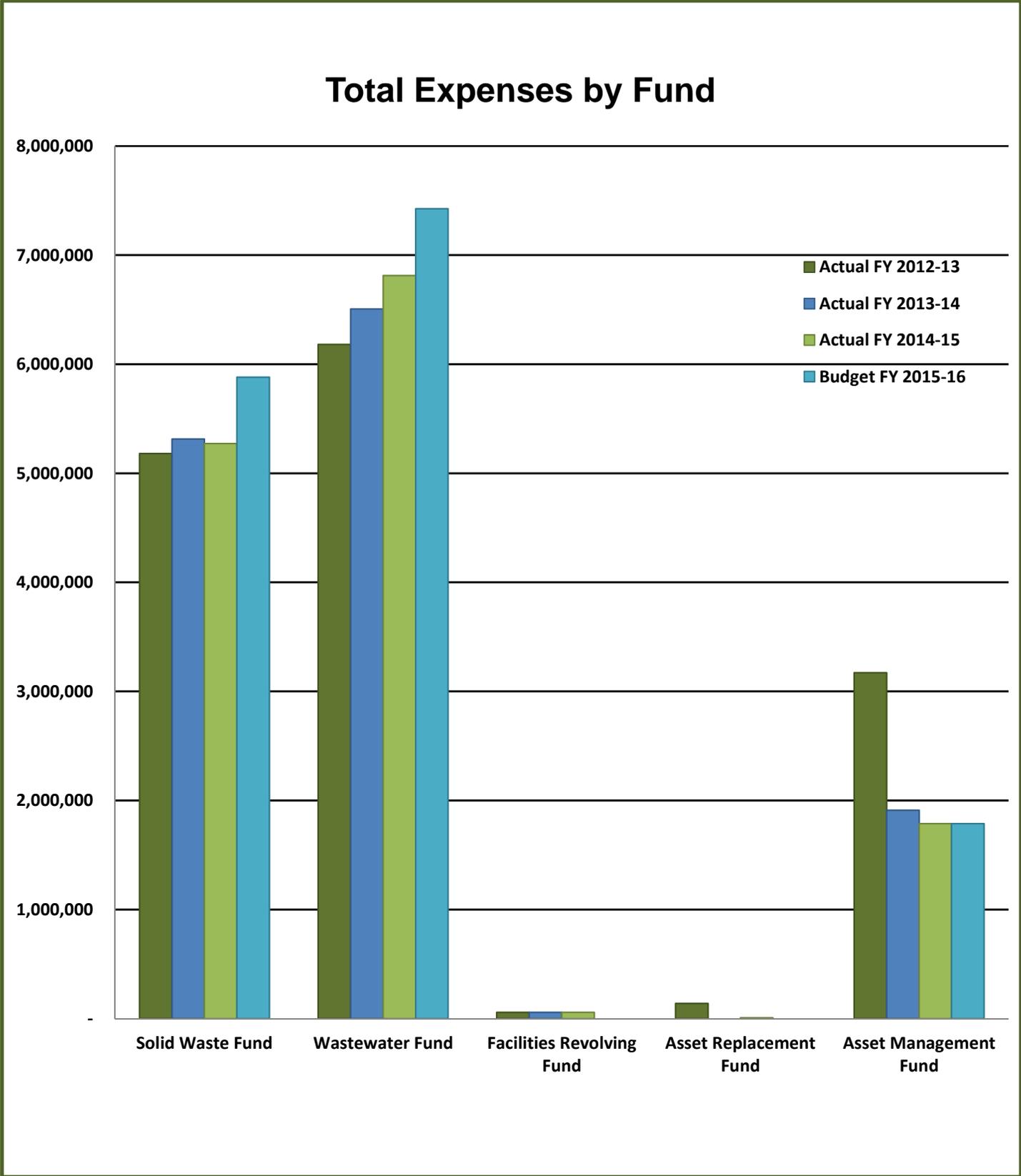
Costa Mesa Sanitary District Adopted Budget FY 2015-16 and FY 2016-17



Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17
Total Revenues by Fund

Fund	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	% Change FY 13-14 to FY 14-15	Budget FY 2015-16	% Change FY 14-15 to FY 15-16	Budget FY 2016-17	% Change FY 15-16 to FY 16-17
Solid Waste Fund								
Operating Revenues	\$ 5,023,289	\$ 4,783,769	\$ 4,873,775	1.88%	\$ 4,800,000	-1.51%	\$ 4,825,000	0.52%
Non-Operating Revenues	348,162	383,123	345,709	-9.77%	355,000	2.69%	355,000	0.00%
Transfers In	-	-	670	100.00%	-	-100.00%	-	0.00%
Total Fund Revenues	5,371,451	5,166,892	5,220,154	1.03%	5,155,000	-1.25%	5,180,000	0.48%
Wastewater Fund								
Operating Revenues	\$ 5,266,949	\$ 5,168,274	\$ 5,535,182	7.10%	\$ 5,560,000	0.45%	\$ 5,660,000	1.80%
Non-Operating Revenues	(156,625)	169,545	179,941	6.13%	64,000	-64.43%	64,000	0.00%
Transfers In	3,309,185	1,910,000	1,799,080	-5.81%	1,787,000	-0.67%	1,787,000	0.00%
Total Fund Revenues	8,419,509	7,247,818	7,514,204	3.68%	7,411,000	-1.37%	7,511,000	1.35%
Facilities Revolving Fund								
Operating Revenues	\$ 189,262	\$ 134,227	\$ 192,913	43.72%	\$ -	-100.00%	\$ -	0.00%
Non-Operating Revenues	(1,500)	3,703	4,167	12.53%	-	-100.00%	-	0.00%
Transfers In	-	-	-	0.00%	-	0.00%	-	0.00%
Total Fund Revenues	187,762	137,929	197,079	42.88%	-	-100.00%	-	0.00%
Asset Replacement Fund								
Operating Revenues	\$ 145,600	\$ 205,000	\$ 231,000	12.68%	\$ -	-100.00%	\$ -	0.00%
Non-Operating Revenues	(3,224)	6,327	6,223	-1.64%	-	-100.00%	-	0.00%
Transfers In	-	-	-	0.00%	-	0.00%	-	0.00%
Total Fund Revenues	142,377	211,327	237,223	12.25%	-	-100.00%	-	0.00%
Asset Management Fund								
Operating Revenues	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Non-Operating Revenues	(36,417)	89,174	53,751	-39.72%	-	-100.00%	-	0.00%
Transfers In	1,748,000	1,819,000	1,801,000	-0.99%	1,801,000	0.00%	1,801,000	0.00%
Total Fund Revenues	1,711,583	1,908,174	1,854,751	-2.80%	1,801,000	-2.90%	1,801,000	0.00%
Total Revenues	\$ 15,832,682	\$ 14,672,140	\$ 15,023,411	2.39%	\$ 14,367,000	-4.37%	\$ 14,492,000	0.87%

**Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17**

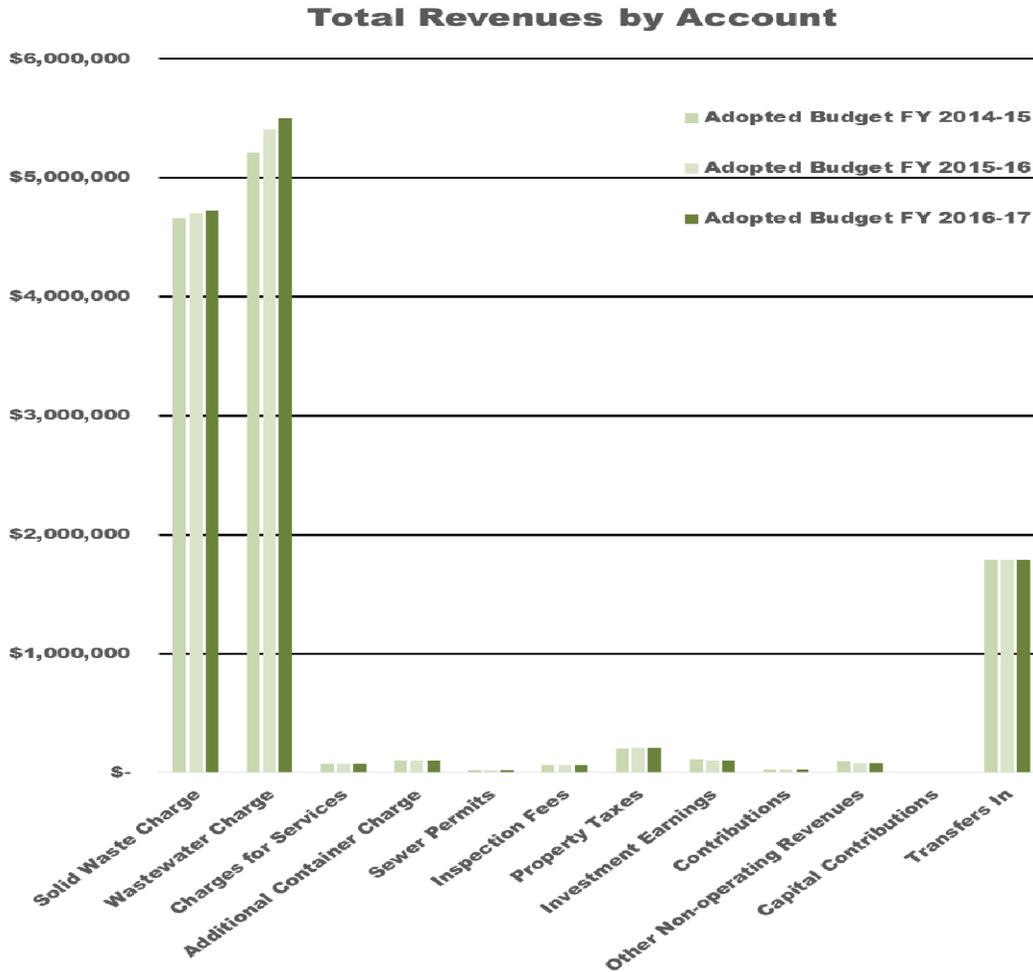


Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17
Total Expenses by Fund

Fund	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	Budget FY 2015-16	% Change FY 14-15 to FY 15-16	Budget FY 2016-17	% Change FY 15-16 to FY 16-17
Solid Waste Fund							
Operating Expenses	\$ 5,171,210	\$ 5,305,546	\$ 5,262,528	\$ 5,870,843	11.56%	\$ 5,999,843	2.20%
Non-Operating Expenses	8,976	8,976	9,157	9,157	0.00%	9,157	0.00%
Transfers Out	-	-	-	-	0.00%	-	0.00%
Total Fund Expenses	<u>5,180,186</u>	<u>5,314,522</u>	<u>5,271,685</u>	<u>5,880,000</u>	11.54%	<u>6,009,000</u>	2.19%
Wastewater Fund							
Operating Expenses	\$ 2,782,359	\$ 3,148,189	\$ 3,385,877	\$ 3,837,000	13.32%	\$ 3,937,000	2.61%
Non-Operating Expenses	1,650,232	1,538,741	1,624,992	1,787,000	9.97%	1,787,000	0.00%
Transfers Out	1,748,000	1,819,000	1,801,000	1,801,000	0.00%	1,801,000	0.00%
Total Fund Expenses	<u>6,180,591</u>	<u>6,505,930</u>	<u>6,811,869</u>	<u>7,425,000</u>	9.00%	<u>7,525,000</u>	1.35%
Facilities Revolving Fund							
Operating Expenses	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
Non-Operating Expenses	56,783	56,783	56,783	-	-100.00%	-	0.00%
Transfers Out	-	-	-	-	0.00%	-	0.00%
Total Fund Expenses	<u>56,783</u>	<u>56,783</u>	<u>56,783</u>	-	-100.00%	-	0.00%
Asset Replacement Fund							
Operating Expenses	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
Non-Operating Expenses	-	-	-	-	0.00%	-	0.00%
Transfers Out	138,000	-	6,750	-	0.00%	-	0.00%
Total Fund Expenses	<u>138,000</u>	-	<u>6,750</u>	-	-100.00%	-	0.00%
Asset Management Fund							
Operating Expenses	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -	0.00%
Non-Operating Expenses	-	-	-	-	0.00%	-	0.00%
Transfers Out	3,171,185	1,910,000	1,787,000	1,787,000	0.00%	1,787,000	0.00%
Total Fund Expenses	<u>3,171,185</u>	<u>1,910,000</u>	<u>1,787,000</u>	<u>1,787,000</u>	0.00%	<u>1,787,000</u>	0.00%
Total Expenses	<u>\$ 14,726,745</u>	<u>\$ 13,787,235</u>	<u>\$ 13,934,087</u>	<u>\$ 15,092,000</u>	8.31%	<u>\$ 15,321,000</u>	1.52%

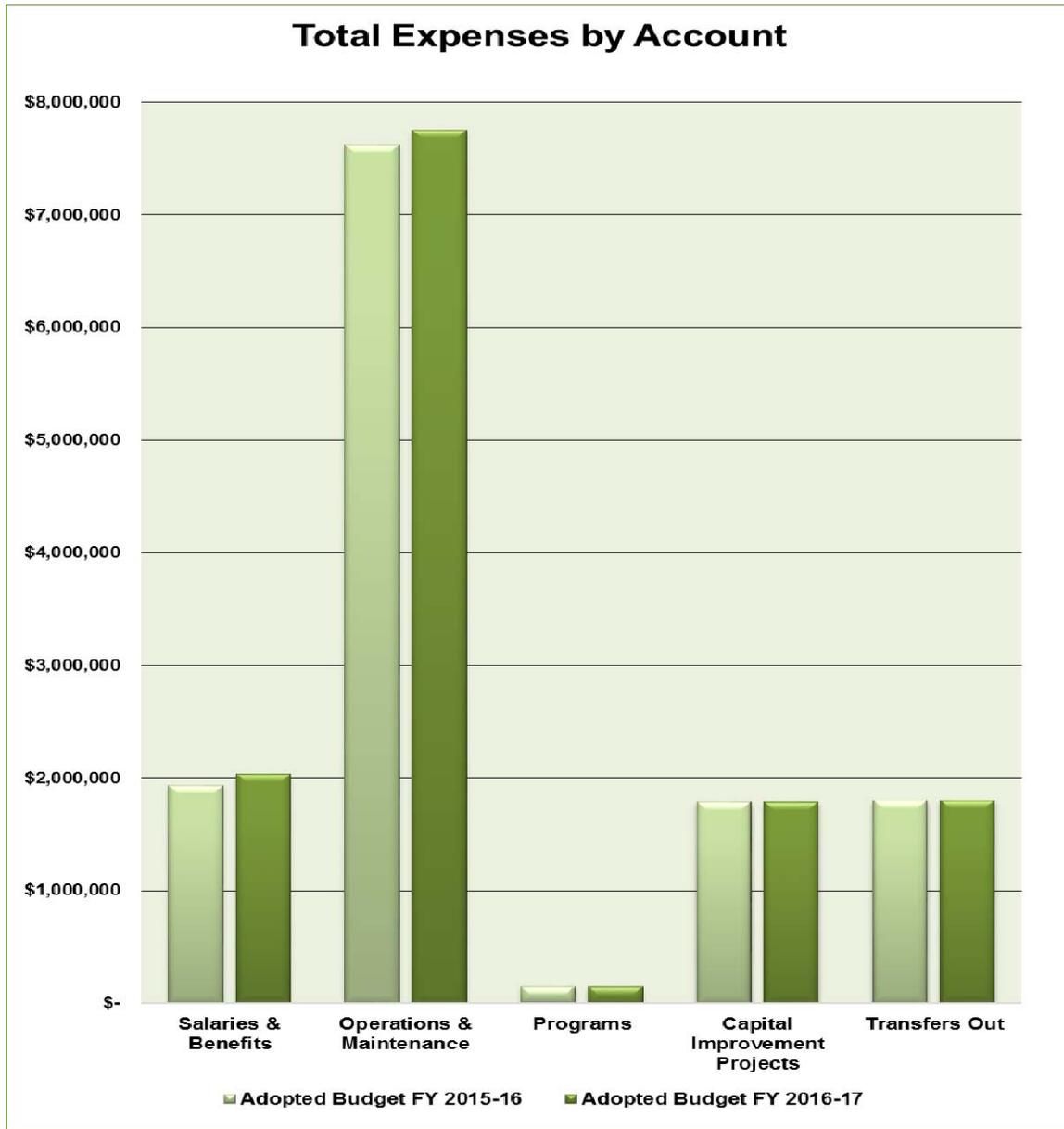
Costa Mesa Sanitary District

Adopted Budget FY 2015-16 and FY 2016-17



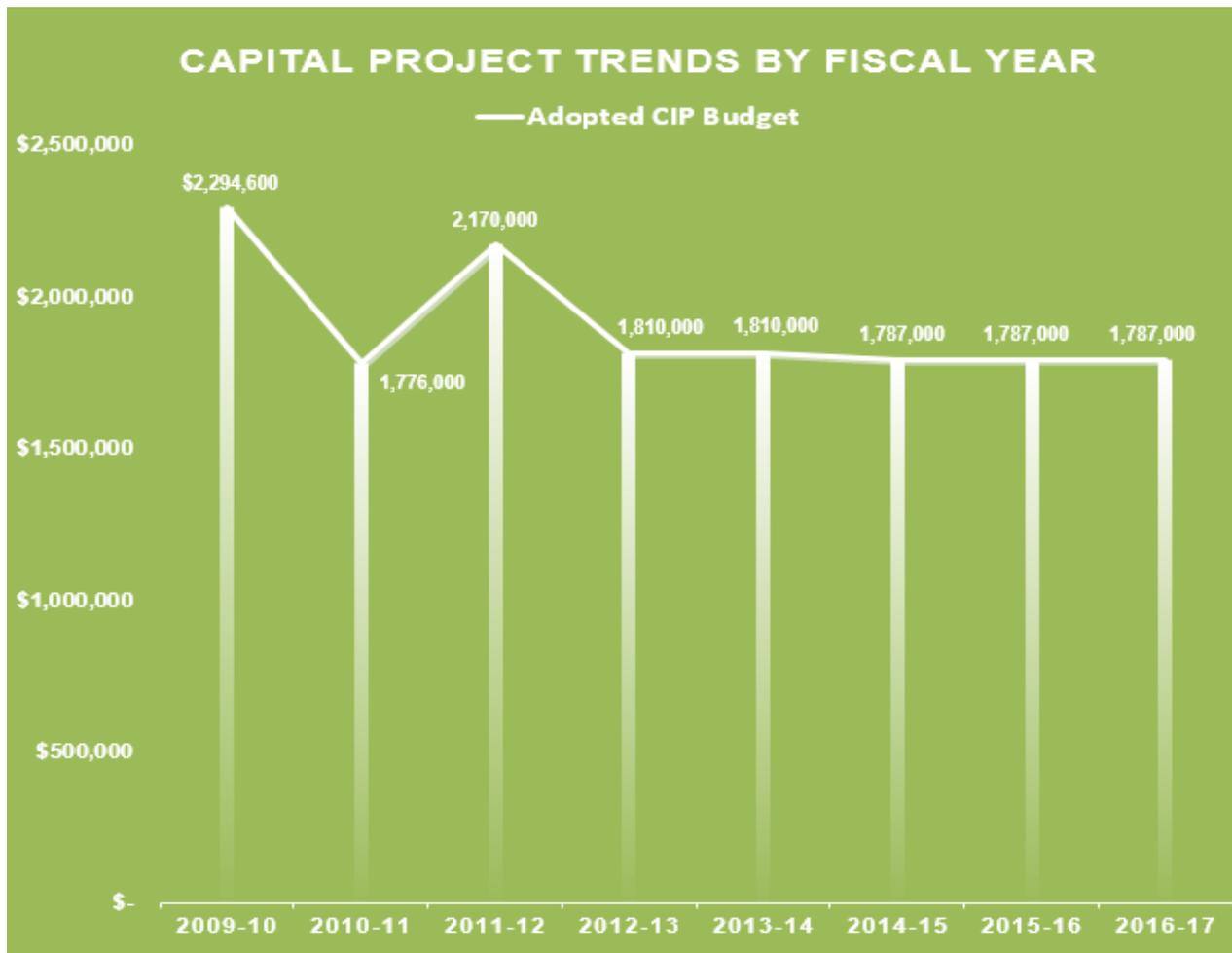
Account	Adopted Budget FY 2014-15	Adopted Budget FY 2015-16	Adopted Budget FY 2016-17	% Change Budget '15 vs. Budget '16	% Change Budget '16 vs. Budget '17
Solid Waste Charge	\$ 4,659,000	\$ 4,700,000	\$ 4,725,000	1.42%	0.53%
Wastewater Charge	5,212,000	5,400,000	5,500,000	5.53%	1.85%
Charges for Services	75,000	75,000	75,000	0.00%	0.00%
Additional Container Charge	100,000	100,000	100,000	0.00%	0.00%
Sewer Permits	16,000	20,000	20,000	25.00%	0.00%
Inspection Fees	64,000	65,000	65,000	1.56%	0.00%
Property Taxes	200,000	210,000	210,000	5.00%	0.00%
Investment Earnings	114,000	99,000	99,000	-13.16%	0.00%
Contributions	25,000	25,000	25,000	0.00%	0.00%
Other Non-operating Revenues	95,000	85,000	85,000	0.00%	0.00%
Capital Contributions	-	-	-	0.00%	0.00%
Transfers In	1,787,000	1,787,000	1,787,000	0.00%	0.00%
Totals	<u>\$ 12,347,000</u>	<u>\$ 12,566,000</u>	<u>\$ 12,691,000</u>	2.79%	0.99%

**Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17**



Account	Actual FY 2012-13	Actual FY 2013-14	Actual FY 2014-15	Adopted Budget FY 2015-16	Adopted Budget FY 2016-17	% Change Actual '15 vs. Budget '16	% Change Budget '16 vs. Budget '17
Salaries & Benefits	\$ 1,289,205	\$ 1,398,033	\$ 1,558,108	\$ 1,936,500	\$ 2,033,300	24.29%	5.00%
Operations & Maintenance	6,468,282	6,734,889	6,877,846	7,618,800	7,750,250	10.77%	1.73%
Programs	102,073	115,314	116,382	147,700	148,450	26.91%	0.51%
Capital Improvement Projects	1,810,000	1,810,000	1,787,000	1,787,000	1,787,000	0.00%	0.00%
Transfers Out	5,057,185	3,729,000	3,594,750	1,801,000	1,801,000	-49.90%	0.00%
Totals	\$ 14,726,745	\$ 13,787,235	\$ 13,934,087	\$ 13,291,000	\$ 13,520,000	-4.62%	1.72%

Costa Mesa Sanitary District Adopted Budget FY 2015-16 and FY 2016-17 Capital Project Trends



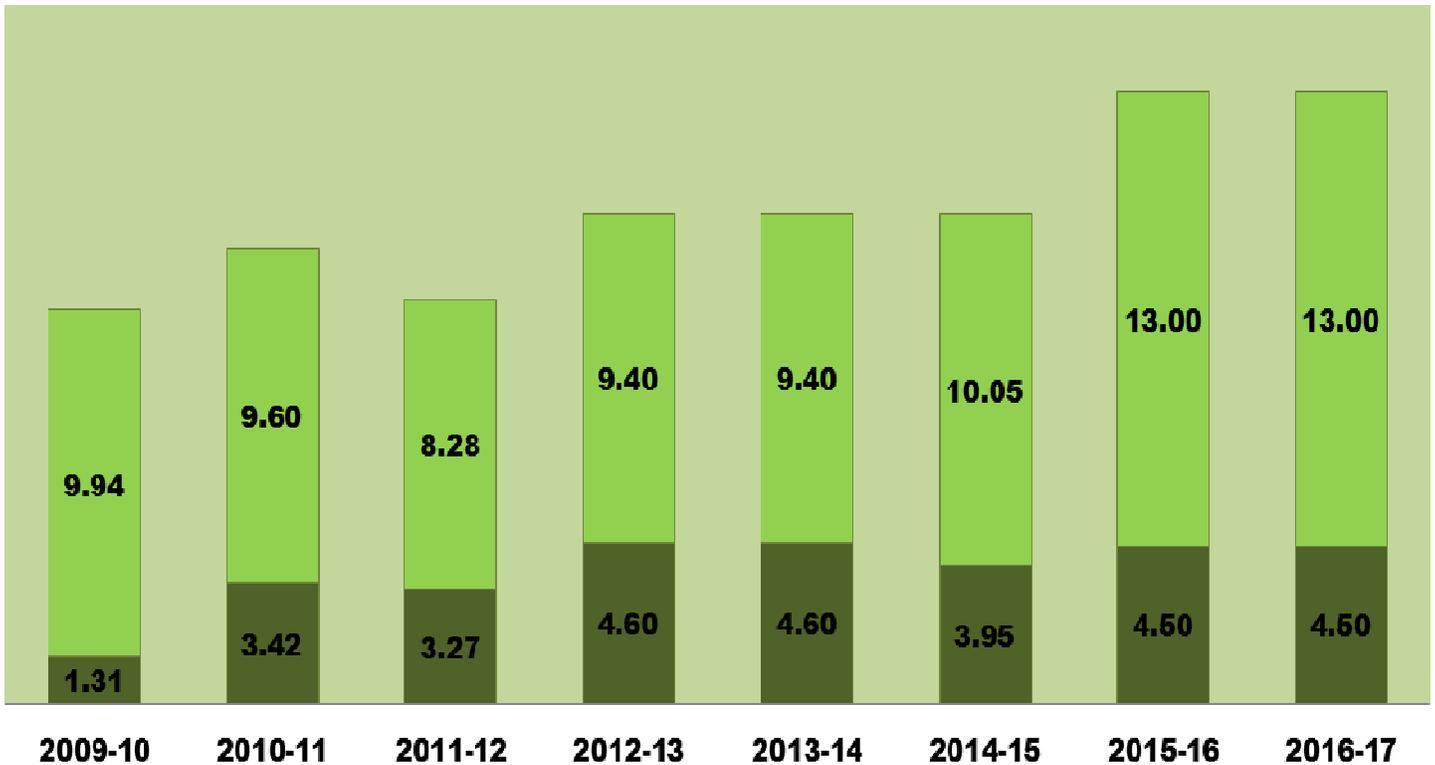
Fiscal Year	Adopted CIP Budget	% Change
2009-10	\$ 2,294,600	21.41%
2010-11	1,776,000	-22.60%
2011-12	2,170,000	22.18%
2012-13	1,810,000	-16.59%
2013-14	1,810,000	0.00%
2014-15	1,787,000	-1.27%
2015-16	1,787,000	0.00%
2016-17	1,787,000	0.00%
Average	\$ 1,901,289	0.39%

Note: Amounts shown above represent the annual budget request approved.

Costa Mesa Sanitary District Adopted Budget FY 2015-16 and FY 2016-17

Personnel Trends by Fund

■ Solid Waste Fund ■ Wastewater Fund



Fund	Fiscal Year								
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
Solid Waste Fund	1.31	3.42	3.27	4.60	4.60	3.95	4.50	4.50	
Wastewater Fund	9.94	9.60	8.28	9.40	9.40	10.05	13.00	13.00	
Total Full-time Equivalents (FTE)	11.25	13.02	11.55	14.00	14.00	14.00	17.50	17.50	

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

**Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17
Personnel Trends by Position**

Position/Title	Fiscal Year							
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Accountant	1.00	1.00	-	-	-	1.00	1.00	1.00
Accounting Clerk	-	-	-	-	-	-	0.50	0.50
Accounting Manager	-	-	1.00	1.00	-	-	-	-
Accounting Specialist I	1.00	1.00	-	-	-	-	-	-
Accounting Specialist II	-	-	1.00	1.00	1.00	-	-	-
Administrative Manager	1.00	1.00	1.00	1.00	1.00	-	-	-
Administrative Assistant I	-	-	0.25	1.00	1.00	-	1.00	1.00
Administrative Assistant II	-	-	-	-	-	1.00	-	-
Code Enforcement Officer	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Executive Assistant/Deputy Clerk	-	-	-	1.00	1.00	1.00	1.00	1.00
Finance Manager	-	-	-	-	1.00	1.00	1.00	1.00
General Manager	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Lead Maintenance Worker	-	1.00	-	-	-	-	-	-
Maintenance Assistant	-	-	-	0.50	0.50	0.50	0.50	0.50
Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Management Analyst	-	-	0.80	1.00	1.00	1.00	-	-
Management Analyst I	-	-	-	-	-	-	1.00	1.00
Management Analyst II	-	-	-	-	-	-	1.00	1.00
Management Assistant	-	-	-	1.00	1.00	1.00	-	-
Office Manager/Clerk of District	1.00	1.00	0.75	-	-	-	-	-
Office Specialist II	0.25	0.60	0.50	-	-	-	-	-
Operations Manager	1.00	0.95	-	-	-	-	-	-
Permit Processing Specialist	1.25	0.97	-	-	-	-	-	-
Permit Technician	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Program Assistant	0.75	1.00	-	-	-	-	-	-
SCADA Technician/Industrial Electrician	-	-	-	-	-	1.00	1.00	1.00
Senior Management Analyst	-	-	-	-	-	-	1.00	1.00
Wastewater Maintenance Superintendent	-	-	-	-	-	-	1.00	1.00
Wastewater Maintenance Worker I	-	-	-	-	1.00	1.00	2.00	2.00
Wastewater Maintenance Worker II	2.00	2.00	0.75	1.00	1.00	1.00	2.00	2.00
Wastewater Maintenance Worker III	-	-	2.00	2.00	1.00	1.00	1.00	1.00
District Total - Full Time Equivalents	11.25	13.02	11.55	14.00	14.00	14.00	17.50	17.50

FUND SUMMARIES

Solid Waste

Costa Mesa Sanitary District 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, portions of the City of Newport Beach and unincorporated Orange County. The District is responsible for collection of solid waste from approximately 21,800 residential units only. Commercial solid waste collection is the responsibility of the Cities and County. The District contracts with a private refuse hauler to provide this service as well as other special collection services such as large item pickup.

Fiscal and Budgetary Impacts: The fiscal year 2015-16 and 2016-17 Solid Waste Fund budgets of \$5,880,000 and \$6,009,000, respectively, comprises approximately 51% of the total expenses.

Strategic Goals:

Behavior Study for Organics Recycling Program. The new Organics Recycling Program will require residents to source separate their green waste and food scraps in a separate cart. The behavior study will examine 400 to 600 residents on their organic recycling habits to help identify opportunities for normative influence to improve organic waste separation in the home. The results of the study will be made public to help improve participation in the program.

Annual contract audits. Conduct an annual performance audit to verify compliance with the terms of the contract for the solid waste services. Evaluate all solid waste and waste diversion contracts to determine the effectiveness of diverting solid waste away from the landfill.

Comprehensive Education Program. Promote the four “R’s” (Reduce, Reuse, Recycle and Rethink) to encourage waste reduction concepts to school children through programs such as waste free lunches, backyard composting, vermi-composting, battery recycling and tours of material recovery and anaerobic digestion facilities.

Develop strategies for 75% waste diversion. The District’s mission and zero waste goal are not only achieved but sustainable for years to come through implementing the organics recycling program, promoting composting, vermicomposting, household hazardous waste collection and encourage residents to avoid Styrofoam packaging materials through education and public outreach.

Monitor advancements and technology in the solid waste industry. The District will monitor and pursue advancing technologies and methods for processing solid waste material to further increase the diversion of solid waste material from landfills and collecting solid waste more efficiently.

Apply for waste diversion grants. Research available grants from local and federal agencies that can offset program costs for door-to-door household hazardous waste collection, composting, sharps and prescription medicine collection as well as help stabilize rates for curbside collection.

Continue code enforcement presence. Code enforcement is necessary to ensure neighborhoods maintain their pleasant aesthetics and ensure recyclable materials are not stolen from curbside containers because recyclables are a commodity that helps establish curbside collection rates.

**Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17
Solid Waste Fund Budget Summary**

	<u>2012-2013 Actual</u>	<u>2013-2014 Actual</u>	<u>2014-2015 Amended Budget</u>	<u>2014-2015 Estimates</u>	<u>2015-16 Proposed</u>	<u>2016-17 Proposed</u>	<u>2017-18 Projected</u>
NET POSITION, JULY 1	5,461,536	5,661,780	5,523,113	5,523,113	5,229,614	4,504,614	3,675,614
<u>Revenues</u>							
Trash Assessment	4,921,705	4,675,057	4,659,000	4,675,000	4,700,000	4,725,000	4,725,000
Other Services	101,634	108,699	100,000	100,000	100,000	100,000	100,000
Interest	(45,884)	101,429	54,000	54,000	45,000	45,000	45,000
Taxes	301,046	235,336	200,000	200,000	210,000	210,000	210,000
Other Revenue	<u>92,953</u>	<u>46,357</u>	<u>100,000</u>	<u>50,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Operating Revenue	5,371,454	5,166,880	5,113,000	5,079,000	5,155,000	5,180,000	5,180,000
<u>Sources</u>							
Operating Transfers-In	-	-	-	-	-	-	-
Total Transfers-In	-	-	-	-	-	-	-
Total Revenue/Sources	<u>5,371,454</u>	<u>5,166,880</u>	<u>5,113,000</u>	<u>5,079,000</u>	<u>5,155,000</u>	<u>5,180,000</u>	<u>5,180,000</u>
Total Available	10,832,990	10,828,659	10,636,113	10,602,113	10,384,614	9,684,614	8,855,614
<u>Expenditures</u>							
Salary & Benefits	388,039	447,865	565,300	490,000	522,500	548,900	576,000
Maintenance & Operations	4,668,476	4,731,480	4,769,055	4,745,000	5,207,280	5,305,850	5,570,000
Capital Equipment	12,621	10,888	7,870	12,000	2,520	5,800	6,000
Special Programs	<u>102,073</u>	<u>115,314</u>	<u>163,500</u>	<u>125,500</u>	<u>147,700</u>	<u>148,450</u>	<u>155,000</u>
Total Expenditures	5,171,210	5,305,546	5,505,725	5,372,500	5,880,000	6,009,000	6,307,000
<u>Uses</u>							
Operating Transfers-Out	-	-	-	-	-	-	-
Total Transfers-Out	-	-	-	-	-	-	-
Total Expenditures/Uses	<u>5,171,210</u>	<u>5,305,546</u>	<u>5,505,725</u>	<u>5,372,500</u>	<u>5,880,000</u>	<u>6,009,000</u>	<u>6,307,000</u>
SPENDABLE NET POSITION, 6/30	<u>5,661,780</u>	<u>5,523,113</u>	<u>5,130,388</u>	<u>5,229,614</u>	<u>4,504,614</u>	<u>3,675,614</u>	<u>2,548,614</u>

Costa Mesa Sanitary District Performance Indicators

<u>Solid Waste:</u>	Actual	Projected	Projected						
Programs:	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Telephone Books Recycled	11,126	17,049	10,721	5,100	3,955	962	N/A	N/A	N/A
Large Items Tonnage Collected	511	360	296	182	281	297	384	628	500
White Goods Tonnage Collected	56	78	51	30	24	22	22	22	23
Christmas Trees Tonnage Collected	96	90	103	78	79	86	82	82	81
Sharps Pounds Collected	N/A	N/A	N/A	1,379	1,507	1,612	2,137	2,000	2,000
Pharmaceuticals Pounds Collected	N/A	N/A	N/A	837	1,172	1,245	1,518	1,200	1,200
MRF Tours Provided	2	4	2	1	3	5	3	3	3
Alkaline Batteries Pounds Recycled	N/A	N/A	N/A	N/A	N/A	4,153	5,345	2,000	2,000
Zero Waste Lunch Program Field Trip*	N/A	N/A	N/A	N/A	1,343	754	821	800	800
Zero Waste Lunch Program Traveling Scientists Visit*	N/A	N/A	N/A	N/A	898	472	1,474	1,100	1,100
Zero Waste Lunch Program Service Learning Visit*	N/A	N/A	N/A	N/A	280	1,308	254	1,000	1,000
Discovery Science Center Field Trips*	N/A	N/A	N/A	N/A	N/A	480	388	600	600
Discovery Science Center Assemblies*	N/A	N/A	N/A	N/A	N/A	486	388	600	600
Composting Classes Provided	3	1	12	34	79	74	39	50	50
Kitchen Pails Distributed	N/A	N/A	N/A	N/A	N/A	N/A	870	1,600	400
Services:									
Residential Customers	21,481	21,501	21,531	21,565	21,509	21,603	21,855	22,331	22,890
Residential Waste Tonnage Collected		40,373	40,879	39,841	40,255	40,650	41,823	20,109	42,080
Recycled Waste Tonnage		20,364	22,043	22,926	23,180	23,328	23,761	11,229	25,339
Percent Diverted from Landfill		50.44%	53.92%	57.54%	57.58%	57.39%	56.89%	58.00%	60.20%
Events:									
Concerts in the Park (4 Concerts)									
Costa Mesa Community Run									
Costa Mesa Community Summer Safety Expo									
Davis Magnet School Eco Night									
Newport Harbor Lions Fish Fry									
OC Green Fair									
Orange Coast College Green Coast Day									
Orange Coast College Science Night									
Vanguard University Environmental Sustainable Conference									

*Number of students that participated.

Personnel Distribution

Position/Title	2012-13	2013-14	2014-15	2015-16	2016-17
Accountant	-	-	0.20	0.20	0.20
Accounting Clerk	-	-	-	0.10	0.10
Accounting Manager	0.20	-	-	-	-
Accounting Specialist II	0.20	0.20	-	-	-
Administrative Manager	0.20	0.20	-	-	-
Administrative Assistant I	0.50	0.50	-	0.50	0.50
Administrative Assistant II	-	-	0.50	-	-
Code Enforcement Officer	0.50	0.50	0.50	0.50	0.50
Executive Assistant/Deputy Clerk	0.60	0.20	0.20	0.20	0.20
Finance Manager	-	0.20	0.20	0.20	0.20
General Manager	0.50	0.50	0.50	0.50	0.50
Maintenance Assistant	0.10	0.10	0.10	0.10	0.10
Management Analyst	0.80	0.80	0.80	0.80	0.80
Management Analyst I	-	-	-	0.80	0.80
Management Analyst II	-	-	-	-	-
Management Assistant	0.80	0.80	0.80	-	-
Permit Technician	0.20	0.20	0.20	0.20	0.20
Senior Management Analyst	-	-	-	0.80	0.80
District Total - Full Time Equivalents	4.60	4.20	4.00	4.90	4.90

Costa Mesa Sanitary District Solid Waste Special Programs



Sharps Disposal Recycling Program

A free home generated sharps recycling program is available to residents of the Costa Mesa Sanitary District. Residents can safely dispose of used sharps by utilizing a drop box at participating pharmacies. It is no longer necessary to use a purpose made sharps container. Needles can now be accepted placed in any type of rigid, sealed container such as plastic water bottles, soda bottles, laundry soap, bleach or coffee containers, etc. CMSD has been awarded the HHW Sharps Grant from CalRecycle. Residents can pick up a free sharps container at the District HQ or at participating pharmacies.

Household Hazardous Waste

Due to their potential for danger to humans and the environment, it is very important for residents to remove household hazardous waste (HHW) properly. These items should never be thrown into the trash. Instead they should be taken to one of the listed Orange County HHW Collection Facilities. Common HHW products include: Antifreeze, automobile fluids, batteries, cleaning products, fertilizers, fuels, herbicides, pesticides, paint, paint thinner, pool chemicals, propane tanks (under 5 gallons), polishes, road flares, used motor oil/filters and waxes. Additionally, CMSD sponsors a free door-to-door HHW collection program for collection for seniors, immobile and disabled residents who may not otherwise have the ability to recycle or dispose of their hazardous materials at permanent HHW facilities.



Educational Programs

CMSD believes that educating both elementary school age children as well as adults translates into greater participation in recycling which improves our environment. Currently CMSD offers the following educational programs:

- **Vermicomposting Presentations** – Presentations show firsthand how to create compost for your yard or school garden with the help of worms. Local schools receive vermicomposting kits so that they can continue composting throughout the year.
- **Inside the Outdoors Project Zero Waste Presentations** – Students learn how to reduce lunch waste, conduct home and school audits of their food waste, and receive classroom kits that include educational materials to extend learning into the home.
- **Tours of C. R. Transfer Station** – The C.R. Transfer Station is an exciting place to visit and see firsthand the CMSD trash rolling along conveyor lines and being mechanically and hand sorted. Students receive a visual understanding of the importance of recycling.
- **Discovery Science Center (DSC) Orange County**– This is a program for 6th grade students to focus on the “Reduce, Reuse & Recycle” message which includes: interactive in-class instruction, informative booklets, incentives to visit HHW collection centers and a field trip to the Eco Challenge exhibit at the DSC.

Solid Waste Special Programs (Continued)

Pharmaceutical Disposal Program

The presence of medications in the environment is a complex issue and the level of risk to humans and the environment is still being determined. With tens of thousands of medicinal products currently on the market and with more being developed each year, it is not definitively known which products (or combinations of products) are a problem or what the long-term risks are. However, in order to minimize the potential negative and irreversible impacts on the environment, it is important that we limit the disposal of waste medications to the sewer. Residents can safely dispose of their unwanted prescriptions or over-the-counter non-controlled pharmaceuticals at participating pharmacies in specially designed drop-box.

Alkaline Battery Recycling Program

CMSD and Cal Recycle provide schools an opportunity to participate in the Alkaline Battery Recycling Program. This program allows students to learn about recycling and provides an opportunity to fundraise for their school by collecting batteries. Special containers are distributed to participating schools then they are picked-up, weighed and totaled per school. Schools that collect a minimum of 50 lbs. receive \$300 and the school that collects the most receives \$1,000.



Organics Public Information/Education/Community Promotion

This program is used to promote organics recycling by providing residents with convenient kitchen pails, partnering with UC Irvine on an Organics Behavioural Study and producing an Organics Recycling Program Video.



Large Item Collection Program

CMSD solid waste customers can request convenient curbside collection of large or bulky items at their home. Residents are eligible for three (3) complimentary pickups per year. There is a limit of 10 items per call or collections can be combined for a total of 30 items per calendar year.

FUND SUMMARIES

Wastewater

Costa Mesa Sanitary District Wastewater 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 Wastewater Fund provides routine maintenance, planning, design, inspection, and construction management of over 224 miles of wastewater mainlines and 4705 manholes. The collection system is operated to transport approximately 8.75 million gallons per day of wastewater from residential, commercial and industrial customers of the City of Costa Mesa, portions of Newport Beach and unincorporated Orange County to the Orange County Sanitation District (OCSD) facility for treatment. Services provided include cleaning, repairing, dye testing, locating connection points, responding to public inquiries and emergency call-outs.

Fiscal and Budgetary Impacts: The fiscal year 2015-16 and 2016-17 Wastewater Fund budgets of \$5,624,000 and \$5,724,000, respectively, comprises approximately 49% of the District's overall expense budget including capital improvement projects and transfers-out.

Strategic Goals:

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. Manhole covers will be assessed from the District's maintenance crew and contractor while performing their regular mainline cleaning frequencies and immediately repair deficient manhole covers or replace manhole covers with composite covers that have fewer vent holes.

Inflow Reduction Program. The State Water Resources Control Board and OCSD requires agencies to develop programs that prevent Infiltration and Inflow from entering sewer systems. Inflow is surface water entering from manholes or from illegal connections. 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 the best course of action to prevent inflow.

Reduce Hot Spot Locations to less than 30. "Enhanced Maintenance Areas" ("hot spots") are sewer line segments that require frequent cleaning due to sags in the line, heavy grease, offset joints or other line problems. This program has been concentrating on structurally repairing many line segments and increasing the cleaning frequency. This program will continue until enhanced maintenance areas are eliminated.

System Wide Sewer Replacement and Repair Program. A long-term replacement plan is prudent and one of the necessary components of comprehensive sewer system management. The Board of Directors approved a minimum balance of \$5 million in the Asset Management Fund for future replacement of the sewer system. Secondly, continual rehabilitation is expected and the necessary funding for repair projects will be budgeted annually to handle the on-going rehabilitation to ensure the system operates properly as it enters its 71st year of existence. This goal will provide funding for repairs, rehabilitation and reconstruction of various types of deficiencies encountered during the District-wide televising project by being proactive by replacing or rehabilitating.

Sewer Line Cleaning & CCTV Program. Sewer mains are cleaned to remove grit, debris, solids, grease and roots that build up over time. The District recently revised its cleaning cycle to clean the entire 219.4 miles of the gravity sewer main annually. In addition, the District acquired a second combination cleaning truck and the hiring of additional maintenance workers gives the District two full-time cleaning crews. The most important component for extending the life expectancy of the sewer system is to televise the pipe interior and repair problems before they magnify. The District completed a District-wide televising project in 2009. Included in the current biennial budget are funds to televise the entire District over the next two years, the results of which will be analyzed and compiled into a repair program.

Evaluate Force Main Conditions on a Regular Basis. It is prudent for the District to continue tracking the age and operating conditions of the force mains and to replace or rehabilitate the lines as necessary. Since force mains operate under pressure, breaks in force mains are similar to breaks in water lines where water is gushing out at high volumes. Pipe wall thickness is the critical indicator of whether a failure is likely to occur. Therefore, agencies should conclude force main rehabilitation is a priority and use emerging technologies and methods to evaluate force mains. Budget force main rehabilitation after evaluation finds imminent failure of pipeline is within five years or less.

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 Sanitary Sewer Overflows (SSOs) is a regular maintenance schedule for each of the components. The hiring of a SCADA Technician allows the District to have a two-man crew and the acquisition of a crane truck gives the crew the necessary equipment to perform inspections, regular and preventive maintenance on the pump stations.

Fats, Oil & Grease (FOG) Program. 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 sanitary sewer overflow (SSO). In addition to promoting and monitoring the FOG program done by the District's staff, a consultant is used to provide permitting, monitoring and enforcement activities for the District's FSEs are complying with the District's FOG regulations.

Sewer Lateral Assistance Program (SLAP). Private property sewer spills are a major cause of ocean water pollution and programs should be developed to reduce spills. The District's Board of Directors became concerned at the significant cost of sewer lateral repair. 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 financially assist the property owner up to \$1,100 for CCTV, installing a cleanout, lateral cleaning, root cutting, hydro jetting, repair or installing a liner.

Abandon five pump stations on the west side in conjunction with Orange County Sanitation District companion project. For more than 25 years CMSD has been working with OCSD on constructing a new gravity trunk sewer pipeline that will result in the elimination of five existing CMSD sewer pump stations. The purpose of the project is to consolidate facilities and reduce the reliance on pump station infrastructure. This will reduce the overall risks associated with facility failure and long term operational, maintenance and replacement costs associated with pump station infrastructure.

**Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17
Wastewater Fund Budget Summary**

	2012-2013	2013-2014	2014-2015	2014-2015	2015-16	2016-17	2017-18
	Actual	Actual	Amended Budget	Estimates	Proposed	Proposed	Projected
NET POSITION, JULY 1	5,186,852	7,372,466	8,000,259	8,000,259	3,243,339	3,243,339	3,243,339
<u>Revenues</u>							
Sewer Assessment	5,104,890	5,061,547	5,212,000	5,212,000	5,400,000	5,500,000	5,600,000
Permits/Inspection Fees	140,536	118,041	80,000	80,000	85,000	85,000	85,000
Other Services	21,506	23,486	75,000	75,000	75,000	75,000	75,000
Interest	(57,945)	121,905	60,000	60,000	54,000	54,000	54,000
Other Revenue	(98,662)	12,840	20,000	20,000	10,000	10,000	10,000
Total Operating Revenue	<u>5,110,325</u>	<u>5,337,819</u>	<u>5,447,000</u>	<u>5,447,000</u>	<u>5,624,000</u>	<u>5,724,000</u>	<u>5,824,000</u>
<u>Sources</u>							
Operating Transfers-In	<u>3,309,185</u>	<u>1,910,000</u>	<u>1,793,080</u>	<u>1,793,080</u>	<u>1,787,000</u>	<u>1,787,000</u>	<u>1,787,000</u>
Total Transfers-In	<u>3,309,185</u>	<u>1,910,000</u>	<u>1,793,080</u>	<u>1,793,080</u>	<u>1,787,000</u>	<u>1,787,000</u>	<u>1,787,000</u>
Total Revenue/Sources	<u>8,419,510</u>	<u>7,247,819</u>	<u>7,240,080</u>	<u>7,240,080</u>	<u>7,411,000</u>	<u>7,511,000</u>	<u>7,611,000</u>
Total Available	13,606,362	14,620,285	15,240,339	15,240,339	10,654,339	10,754,339	10,854,339
<u>Expenditures</u>							
Salary & Benefits	901,166	950,890	1,271,420	1,150,000	1,414,000	1,484,400	1,558,620
Maintenance & Operations	1,781,862	1,978,695	2,407,116	2,146,000	2,409,000	2,438,600	2,560,530
Capital Outlay	<u>1,670,168</u>	<u>1,696,441</u>	<u>6,899,570</u>	<u>6,900,000</u>	<u>1,787,000</u>	<u>1,787,000</u>	<u>1,787,000</u>
Total Expenditures	<u>4,353,196</u>	<u>4,626,026</u>	<u>10,578,106</u>	<u>10,196,000</u>	<u>5,610,000</u>	<u>5,710,000</u>	<u>5,906,150</u>
<u>Uses</u>							
Operating Transfers-Out	<u>1,880,700</u>	<u>1,994,000</u>	<u>1,801,000</u>	<u>1,801,000</u>	<u>1,801,000</u>	<u>1,801,000</u>	<u>1,801,000</u>
Total Transfers-Out	<u>1,880,700</u>	<u>1,994,000</u>	<u>1,801,000</u>	<u>1,801,000</u>	<u>1,801,000</u>	<u>1,801,000</u>	<u>1,801,000</u>
Total Expenditures/Uses	<u>6,233,896</u>	<u>6,620,026</u>	<u>12,379,106</u>	<u>11,997,000</u>	<u>7,411,000</u>	<u>7,511,000</u>	<u>7,707,150</u>
SPENDABLE NET POSITION, 6/30	<u>7,372,466</u>	<u>8,000,259</u>	<u>2,861,233</u>	<u>3,243,339</u>	<u>3,243,339</u>	<u>3,243,339</u>	<u>3,147,189</u>

Costa Mesa Sanitary District Performance Indicators

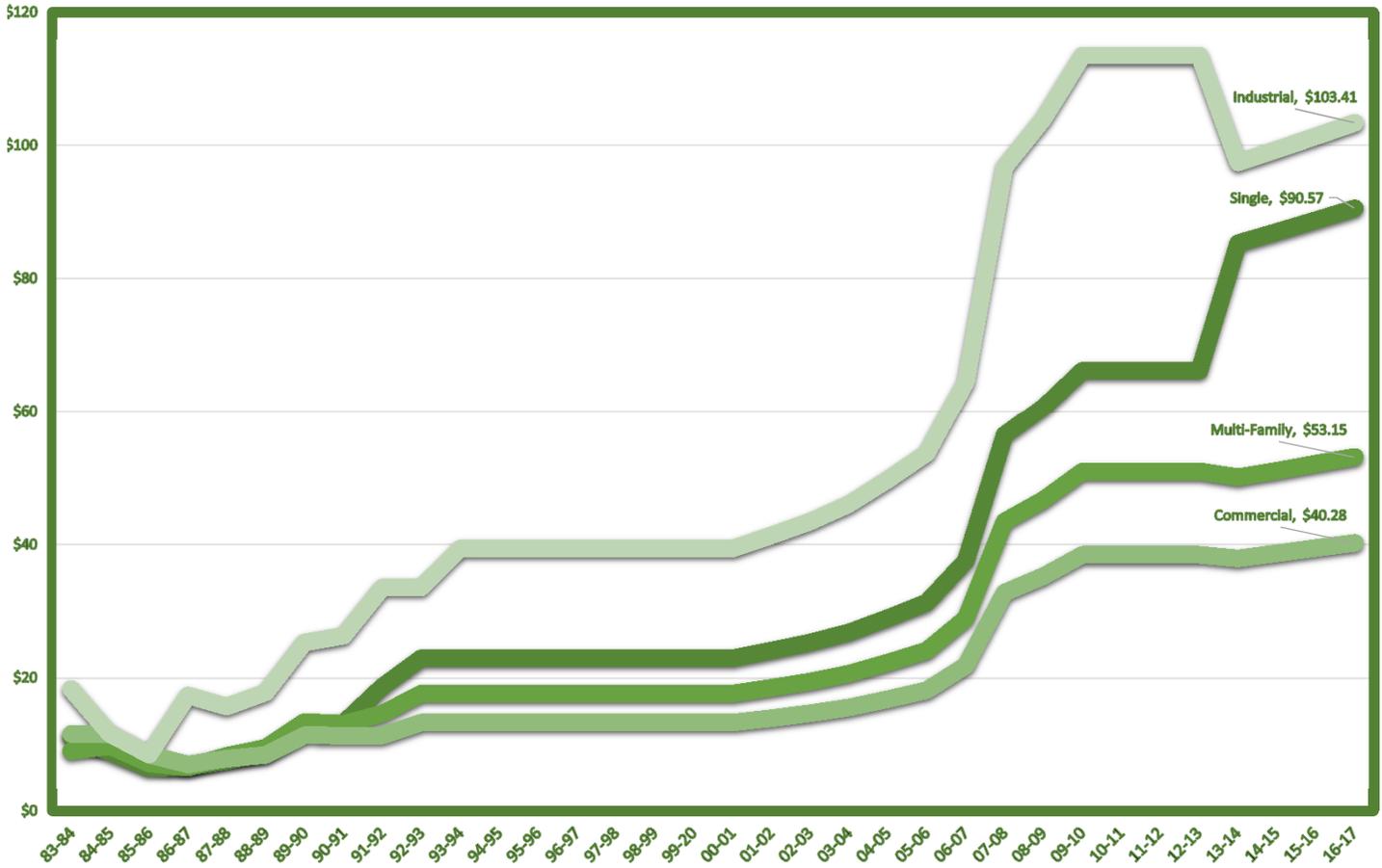
	Actual	Actual	Actual	Actual	Actual	Projected	Projected
Wastewater:	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Sewer Later Assistance Program:	\$ 1,800	\$ 1,800	\$ 1,600	\$ 1,600	\$ 1,250	\$ 1,100	\$ 1,100
Dollars Awarded	195,840	199,452	223,523	244,324	201,475	200,000	200,000
Applicants Processed	146	143	168	190	182	182	182
Applicants Applied	156	199	226	184	237	182	182
Maintenance:							
Manholes Plugged and Sealed	1,000	808	200	163	900	200	200
Total Feet of Sewers Cleaned	890,006	625,000	780,000	848,930	910,000	1,187,449	1,187,449
Hotspots Locations	99	68	62	43	32	30	25
Sewer Spill Occurrence (SSO)	6	4	2	3	2	1	0
Total Sewer Spilled in Gallons	390	477	79,010	1,385	8,250	59	0
Total Sewer Recovered in Gallons	390	422	2,010	1,385	150	59	0
Total Sewer Unrecovered in Gallons	0	55	77,000	0	8,100	59	0

Personnel Distribution

Position/Title	2012-13	2013-14	2014-15	2015-16	2016-17
Accountant	-	-	0.80	0.80	0.80
Accounting Clerk	-	-	-	0.40	0.40
Accounting Manager	0.80	-	-	-	-
Accounting Specialist II	0.80	0.80	-	-	-
Administrative Manager	0.80	0.80	-	-	-
Administrative Assistant I	0.50	0.50	-	0.50	0.50
Administrative Assistant II	-	-	0.50	-	-
Code Enforcement Officer	-	-	-	-	-
Executive Assistant/Deputy Clerk	0.40	0.80	0.80	0.80	0.80
Finance Manager	-	0.80	0.80	0.80	0.80
General Manager	0.50	0.50	0.50	0.50	0.50
Lead Maintenance Worker	-	-	-	-	-
Maintenance Assistant	0.40	0.40	0.40	0.40	0.40
Maintenance Supervisor	1.00	1.00	1.00	-	-
Management Analyst	0.20	0.20	0.20	-	-
Management Analyst I	-	-	-	0.20	0.20
Management Analyst II	-	-	-	0.20	0.20
Management Assistant	0.20	0.20	0.20	-	-
Permit Technician	0.80	0.80	0.80	0.80	0.80
SCADA Technician/Industrial Electrician	-	-	1.00	1.00	1.00
Senior Management Analyst	-	-	-	0.20	0.20
Wastewater Superintendent	-	-	-	1.00	1.00
Wastewater Maintenance Worker I	1.00	1.00	1.00	2.00	2.00
Wastewater Maintenance Worker II	-	1.00	1.00	2.00	2.00
Wastewater Maintenance Worker III	2.00	1.00	1.00	1.00	1.00
District Total - Full Time Equivalents	9.40	9.80	10.00	12.60	12.60

Costa Mesa Sanitary District Adopted Budget FY 2015-16 and FY 2016-17

Wastewater Rate History



Customer Type	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Wastewater*															
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	\$ 88.79	\$ 90.57
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	52.11	53.15
Commercial-Avg Strength (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	39.49	40.28
Commercial-High Strength (per 1000 sf)	-	-	-	-	-	-	-	-	-	-	-	41.40	42.23	43.07	43.93
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	101.38	103.41
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	-	-	-	-

* Does not include FOG Fees

CAPITAL PROJECTS

**Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17
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. The Asset Management Fund has \$5 million in reserves for capital improvements and has adopted a reserve fund for capital improvements that will be sustainable for the next 30 years.

Fiscal and Budgetary Impacts:

In fiscal years 2015-16 and 2016-17, a transfer in the amount of \$1,801,000 will be made from the Wastewater Fund to the Asset Management Fund for the annual reserve contribution. Transfers to the Wastewater Fund in the total amount of \$1,787,000 per year will be made from the Asset Management Fund and Asset Replacement Fund to provide funding for capital improvement projects and significant capital outlays.

**Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17
Capital Improvement Project Summary**

	Adopted Budget FY15-16	Projected FY 14-15 Carryovers	Projected Amended Budget FY15-16	Projected Expenses as of 6/30/16	Adopted Budget FY16-17
200601 Westside Pump Stn Abandonment #101	1,184,000	2,579,388	3,763,388	-	1,467,000
201294 Sewer MH Rehab & P/S Coating #194	-	296,825	296,825	296,825	-
201296 Pump Stn Emergency Equip #196	-	597,514	597,514	597,514	-
201300 Force Main Upgrades/Harbor #200	-	496,800	496,800	496,800	-
201300 Force Main Upgrades/SC Plaza #200	-	325,000	325,000	325,000	-
201302 Elden Pump Stn Valve/Repipe #202	-	468,433	468,433	468,433	-
201303 Generator at District Yard #203	-	30,696	30,696	30,696	-
201309 City Manhole Adjustment Program #309	-	166,099	166,099	166,099	-
201310 Indus Relining #310	353,000	-	353,000	353,000	-
201311 Manhole Cover Repairs Ph 2 #311	150,000	-	150,000	150,000	-
201312 Aviemore PS Upgrade #312	100,000	-	100,000	100,000	-
201313 Force Main Upgrade/Victoria #313	-	-	-	-	320,000
Totals	1,787,000	4,960,755	6,747,755	2,984,367	1,787,000

**Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17
Wastewater Project Descriptions**

Project #101 – West Side Pumping Station Abandonment

The Costa Mesa Sanitary District first prepared the pumping station abandonment study in 1989, so the project has in effect been in one stage or another for the past 25 years. The project is to abandon five pump stations (West 19th Street, Canyon, President, Seabluff and Westbluff) by constructing new gravity wastewater lines to the OCSD facility through Talbert Park, adding in the \$1 million mitigation cost for Talbert Park restoration. This project is being proposed in conjunction with OCSD and the City of Newport Beach. The current estimated District cost for this project is \$7.1 million which will have been accumulated by the projected start in fiscal year 2017-18. The budgeted amount for FY 2015-16 and FY 2016-17 is \$1,184,000 and \$1,467,000, respectively.

Project #310 – Indus Relining and Manhole Rehabilitation

This project will use Cure In Place Pipe (CIPP) liner for approximately 1,200 feet of pipeline and rehabilitate 10 manholes located in 13 private backyard easements. The pipeline is difficult to access and severely infested with roots that have caused sanitary sewer overflows in the past. This project's budgeted amount for FY 2015-16 is \$353,000.

Project #311 – Manhole Surface Repair Program Phase II

This project repairs the surface area around manholes, such as replacing manhole covers and rings, and constructing new asphalt around the manhole cover. The budgeted amount for phase II manhole repairs is \$150,000 in FY 2015-16.

Project #312 – Avimore Terrace/Valley Pump Station Rehabilitation

The Avimore/Valley Pump Station serves 26 residences who live on Avimore Terrace, which is a low lying street on the west side of the District. The District decided to keep the Avimore Terrace/Valley pump station instead of abandoning it as part of the West Side Pump Station Abandonment Project because the \$1 million cost to abandon is excessive for such a small service area. The reason for the \$1 million abandonment cost for such a small pump station is due to two items; length and complexity of the abandonment line and park restoration costs. The abandonment line would have to be drilled under a slope to get into the park, then follow an alignment that attempts to minimize impacts to the park. Talbert Park restoration costs were estimated at \$500,000 per acre, and the construction of the abandonment line for the Avimore station would disturb approximately one acre. The work under this project is remodeling the "core" of the station, consisting of replacing the pumps, bases, piping, valves, bypass valves and guide rails. Other work in the future will be to upgrade the electrical enclosure and eventually to rehabilitate the force main. The adopted budget for this project for FY 2015-16 is \$100,000.

Project #313 – Force Main Upgrade Victoria Pump Station

This pipe is 940 feet long and 88% of the pipeline is made of cast iron pipe and the remaining 12% is made of PVC pipe. The pipeline is 41 years old and needs replacement. The adopted budget for FY 2016-17 is \$320,000.

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CAPITAL OUTLAY

**Costa Mesa Sanitary District
Adopted Budget FY 2015-16 and FY 2016-17**

**Capital Outlay
Fiscal Year 2015-16**

<u>Description</u>	<u>Funding Source</u>	<u>Amount</u>
New Telephone System	Solid Waste Fund/Wastewater Fund	\$ 7,000
Servers (2), Network Switch, Battery, Monitor	Solid Waste Fund/Wastewater Fund	11,200
Workstations & Dual Monitors w/ Stands (4)	Solid Waste Fund/Wastewater Fund	7,000
Spare Pumps for Pump Station	Wastewater Fund	96,000
Thermal Gun	Wastewater Fund	10,000
Portable Generators (150kva) Irvine PS	Wastewater Fund	100,000
Total Capital Outlay for fiscal year 2015-16		<u>\$ 231,200</u>

**Capital Outlay
Fiscal Year 2016-17**

<u>Description</u>	<u>Funding Source</u>	<u>Amount</u>
Repave HQ Parking Lot	Solid Waste Fund/Wastewater Fund	\$ 50,000
Workstations & Dual Monitors w/ Stands (4)	Solid Waste Fund/Wastewater Fund	8,000
Spare Pumps for Pump Station	Wastewater Fund	50,000
Portable CCTV Camera & Trailer	Wastewater Fund	100,000
Total Capital Outlay for fiscal year 2016-17		<u>\$ 208,000</u>

BUDGET DETAILS

COSTA MESA SANITARY DISTRICT
Adopted Budget FY2015-16 and FY2016-17
Line Item Budget Fiscal Year 2015-16

	<u>Solid Waste Fund</u>	<u>Wastewater Fund</u>	<u>Proposed Budget Total</u>
Revenues:			
Annual charge	\$ 4,700,000	\$ 5,400,000	\$ 10,100,000
Additional container charge	100,000	-	100,000
Investment earnings	45,000	54,000	99,000
Contributions	25,000	-	25,000
Charges for services	-	75,000	75,000
Sewer permits	-	20,000	20,000
Inspection fees	-	65,000	65,000
Property Taxes	210,000	-	210,000
Other	75,000	10,000	85,000
Total revenues	<u>\$ 5,155,000</u>	<u>\$ 5,624,000</u>	<u>\$ 10,779,000</u>
Expenses:			
Salaries and benefits (administrative):			
Regular salaries	\$ 340,000	\$ 440,000	\$ 780,000
Part-time salaries	40,000	30,000	70,000
Board salaries	21,200	85,000	106,200
Overtime	500	1,500	2,000
Auto allowance	2,400	2,400	4,800
Cell phone allowance	4,300	3,400	7,700
Incentive Pay	5,000	5,000	10,000
Tuition Reimbursement	5,000	5,000	10,000
Compensated absences	6,000	6,000	12,000
Cafeteria plan	52,200	63,000	115,200
Medicare	6,200	8,600	14,800
Social security	1,400	5,300	6,700
Retirement - employer	30,000	43,000	73,000
Retirement - employee	1,500	5,000	6,500
Deferred medical	3,400	4,400	7,800
Workers' compensation	3,400	5,500	8,900
Subtotal administrative	<u>\$ 522,500</u>	<u>\$ 713,100</u>	<u>\$ 1,235,600</u>
Salaries & benefits (wastewater maint):			
Regular salaries	\$ -	\$ 455,000	\$ 455,000
Overtime	-	32,000	32,000
Compensated absences	-	6,000	6,000
Cafeteria plan	-	106,200	106,200
Medicare	-	7,400	7,400
Retirement - employer	-	37,000	37,000
Retirement - employee	-	13,000	13,000
Deferred medical	-	4,500	4,500
Cell phone allowance	-	6,800	6,800
Workers' compensation	-	33,000	33,000
Subtotal salaries & benefits- wastewater	<u>\$ -</u>	<u>\$ 700,900</u>	<u>\$ 700,900</u>
Total salaries and benefits	<u>\$ 522,500</u>	<u>\$ 1,414,000</u>	<u>\$ 1,936,500</u>

COSTA MESA SANITARY DISTRICT
Adopted Budget FY2015-16 and FY2016-17
Line Item Budget Fiscal Year 2015-16

	<u>Solid Waste Fund</u>	<u>Wastewater Fund</u>	<u>Proposed Budget Total</u>
Operations & maintenance (administrative):			
Professional services	\$ 39,250	\$ 174,250	\$ 213,500
Engineering/architectural services	-	64,000	64,000
Plan check/inspection - inside	-	63,000	63,000
Plan check/inspection - outside	-	55,000	55,000
Plan check/inspection - sewer lateral	-	14,000	14,000
Legal services	27,000	108,000	135,000
Fiscal services	12,200	22,800	35,000
Medical/employment services	400	3,600	4,000
Contract services	6,550	39,950	46,500
County collection fee	15,500	15,500	31,000
Trash hauler	2,615,000	-	2,615,000
Recycling/disposal	1,750,000	-	1,750,000
Organics disposal	600,000	-	600,000
Container collection costs	16,000	-	16,000
Building maintenance	3,600	32,400	36,000
Equipment maintenance	3,300	11,700	15,000
Office supplies	600	5,400	6,000
Multi media/copy/blueprint	150	1,350	1,500
Postage	1,000	9,000	10,000
Public info/education/promo	53,400	33,400	86,800
Small tools/equipment	540	4,860	5,400
Computer licenses & maintenance	5,390	48,610	54,000
EOC equipment & supplies	150	1,350	1,500
Memberships/dues	11,890	38,400	50,290
Staff development	7,290	40,910	48,200
Board development	2,800	25,500	28,300
Mileage reimbursement	120	1,080	1,200
Liability insurance	6,800	61,200	68,000
Telephone	1,300	11,700	13,000
Gas - building	50	450	500
Water - building	200	1,800	2,000
Electric - building	800	7,200	8,000
Asset Replacement	26,000	234,000	260,000
Capital Outlay	2,520	22,680	25,200
Contingency	-	128,280	128,280
Total operations & maintenance	<u>\$ 5,209,800</u>	<u>\$ 1,281,370</u>	<u>\$ 6,491,170</u>
Operations & maintenance (wastewater maint):			
Pump station maintenance	\$ -	\$ 30,000	\$ 30,000
Sewer line maintenance	-	25,000	25,000
GIS support	-	45,000	45,000
Building maintenance - Yard	-	12,850	12,850
Equipment maintenance	-	82,100	82,100
Televising sewer lines program	-	70,000	70,000
Annual Sewer Maintenance	-	150,000	150,000
Fats, Oils and Grease program	-	108,000	108,000

COSTA MESA SANITARY DISTRICT
Adopted Budget FY2015-16 and FY2016-17
Line Item Budget Fiscal Year 2015-16

	<u>Solid Waste Fund</u>	<u>Wastewater Fund</u>	<u>Proposed Budget Total</u>
Sewer lateral program	-	200,000	200,000
CCTV Sewer lateral program	-	20,000	20,000
Office Supplies	-	1,000	1,000
Small tools/equipment	-	19,400	19,400
Materials and supplies	-	20,000	20,000
Computer licenses & maintenance	-	24,000	24,000
Memberships/dues	-	1,680	1,680
Staff development	-	5,000	5,000
Mileage reimbursement	-	200	200
Telephone - Yard	-	9,500	9,500
Gas - Yard	-	400	400
Water - Yard	-	1,500	1,500
Electric - Yard	-	4,000	4,000
Water pumps	-	2,000	2,000
Electric pumps	-	75,000	75,000
Liability insurance	-	15,000	15,000
Capital Outlay	-	206,000	206,000
Total operations & maint-wastewater	<u>\$ -</u>	<u>\$ 1,127,630</u>	<u>\$ 1,127,630</u>
Total operations and maintenance	<u>\$ 5,209,800</u>	<u>\$ 2,409,000</u>	<u>\$ 7,618,800</u>
Programs:			
Sharps Program	\$ 10,200	\$ -	\$ 10,200
Household hazardous waste	40,000	-	40,000
Anti-scavenging	5,000	-	5,000
Educational programs	50,500	-	50,500
Pharmaceutical program	12,000	-	12,000
Battery Recycling Program	20,000	-	20,000
Organics Public Info/Ed/Comm Promo	10,000	-	10,000
Total programs	<u>\$ 147,700</u>	<u>\$ -</u>	<u>\$ 147,700</u>
Capital improvement projects:			
Westside Pump Stn Abandonment #101	\$ -	\$ 1,184,000	\$ 1,184,000
Indus Relining #310	-	353,000	353,000
Manhole Cover Repairs Ph 2 #311	-	150,000	150,000
Aviomore PS Upgrade #313	-	100,000	100,000
Total capital improvement projects	<u>\$ -</u>	<u>\$ 1,787,000</u>	<u>\$ 1,787,000</u>
Total expenses	<u>\$ 5,880,000</u>	<u>\$ 5,610,000</u>	<u>\$ 11,490,000</u>
Transfers:			
Transfer in from asset management fund	\$ -	\$ (1,787,000)	\$ (1,787,000)
Transfer in from asset replacement fund	-	-	-
Transfer out to asset management fund	-	1,801,000	1,801,000
Total transfers, net	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 14,000</u>
Total budget, net of transfers	<u>\$ 5,880,000</u>	<u>\$ 5,624,000</u>	<u>\$ 11,504,000</u>
Net revenue	<u>\$ (725,000)</u>	<u>\$ -</u>	<u>\$ (725,000)</u>

Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Budget Details for Select Accounts Fiscal Year 2015-16

Description	Solid Waste Fund	Wastewater Fund	Total
10/90 Professional Services:			
200 Customer Satisfaction Survey	\$ 3,000	\$ 27,000	\$ 30,000
230 Audit for Independent Contractors	300	2,700	3,000
230 Human Resources Consultants	200	1,800	2,000
300 Gladwell Governmental Services, Inc.	250	2,250	2,500
400 OPEB Actuarial	1,000	9,000	10,000
600 Utility Systems Science and Software	-	15,000	15,000
600 Computer Maintenance Services	3,300	29,700	33,000
600 Website Maintenance Services	200	1,800	2,000
800 Parcel Audit	25,000	25,000	50,000
800 Waste Hauler Internal Audit	6,000	-	6,000
900 Sewer Master Plan	-	60,000	60,000
Total Professional Services	\$ 39,250	\$ 174,250	\$ 213,500
35/65 Fiscal services:			
400 Treasurer/Financial Services Contract	\$ 7,300	\$ 13,700	\$ 21,000
400 Audit Contract	4,900	9,100	14,000
Total Fiscal Services	\$ 12,200	\$ 22,800	\$ 35,000
10/90 Medical/Employment Services			
230 Livescan	10	140	150
230 Hireright	10	140	150
230 DATCO	110	890	1,000
230 Tustin Irvine Medical Clinic	70	630	700
230 Job Advertising	200	1,800	2,000
Total Medical/Employment Services	\$ 400	\$ 3,600	\$ 4,000
Contract services:			
230 Temporary Staff	\$ 500	\$ 4,500	\$ 5,000
300 Offsite Records Storage	300	2,700	3,000
300 City Clerk Services (Minute Transcription)	250	2,250	2,500
300 ECS - Document Scanning Services	500	4,500	5,000
230 Dig Alert Services	-	1,000	1,000
500 Hydraulic Modeling Support-EEC	-	5,000	5,000
800 Organics/Composting Workshops	5,000	-	5,000
900 Roach Maintenance	-	20,000	20,000
Total Contractual Services	\$ 6,550	\$ 39,950	\$ 46,500
10/90 Building maintenance:			
700 Building Maintenance Supplies	\$ 200	1,800	2,000
700 Building Security System	200	1,800	2,000
700 Electrical	200	1,800	2,000
700 Fire Extinguisher Maintenance	100	900	1,000
700 Generator Maintenance	600	5,400	6,000
700 Heat, Ventilating, and Air Conditioning (HVAC)	100	900	1,000
700 Janitorial Contract- Special Cleaning	100	900	1,000
700 Landscape Maintenance	210	1,890	2,100

Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Budget Details for Select Accounts Fiscal Year 2015-16

Description		Solid Waste Fund	Wastewater Fund	Total
700	Locksmith Services	30	270	300
700	Onsite Security Services	1,250	11,250	12,500
700	OCS D Sewer User Fees	50	450	500
700	Paper Products	100	900	1,000
700	Pest Control	60	540	600
700	Plumbing	50	450	500
700	Power Washing Services	60	540	600
700	Roof Maintenance/Repair	100	900	1,000
700	Striping Parking Lot	90	810	900
	Miscellaneous Supplies	100	900	1,000
	Total Building Maintenance	<u>\$ 3,600</u>	<u>\$ 32,400</u>	<u>\$ 36,000</u>
Building Maintenance - Yard:				
700	Janitorial Contract- Special Cleaning	\$ -	\$ 500	\$ 500
700	Generator Contract	-	1,700	1,700
700	Building Security System	-	2,000	2,000
700	Backflow Testing	-	200	200
700	Landscape Maintenance	-	600	600
700	Pest Control	-	400	400
700	Heat, Ventilating, and Air Conditioning (HVAC)	-	500	500
700	Tankless Water Heater Maintenance	-	500	500
700	Filter Maintenance	-	250	250
700	Fire Extinguisher Maintenance	-	1,000	1,000
700	Front Gate Maintenance	-	1,500	1,500
700	Roll-up Door Maintenance	-	1,500	1,500
700	OCS D Sewer User Fees	-	1,200	1,200
700	Building Maintenance Supplies	-	1,000	1,000
	Total Building Maintenance Yard	<u>\$ -</u>	<u>\$ 12,850</u>	<u>\$ 12,850</u>
Equipment Maintenance:				
	Vehicle maintenance	\$ 2,000	\$ -	\$ 2,000
	Copier Maintenance & Copies	1,200	10,800	12,000
	Printer Repairs	100	900	1,000
	Total Equipment Maintenance	<u>\$ 3,300</u>	<u>\$ 11,700</u>	<u>\$ 15,000</u>
Equipment Maintenance - Wastewater Maintenance:				
	Vehicle maintenance	\$ -	\$ 35,000	\$ 35,000
	Diesel	-	40,000	40,000
	AQMD registration Generators/Bypass Pumps	-	4,000	4,000
	Gas monitor calibration/repairs	-	2,000	2,000
	Propane	-	300	300
	Diesel exhaust fluid	-	800	800
	Total Equipment Maintenance - Wastewater Maint.	<u>\$ -</u>	<u>\$ 82,100</u>	<u>\$ 82,100</u>

Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Budget Details for Select Accounts Fiscal Year 2015-16

Description	Solid Waste Fund	Wastewater Fund	Total
50/50 Public Info/Education/Community Promotion			
100 Sponsorships	\$ 4,000	\$ 4,000	\$ 8,000
300 Robocalls	1,250	1,250	2,500
400 CAFR Application - GFOA	250	250	500
400 CD-ROM Annual Assessor Info	200	200	400
800 Compost Bins	20,000	-	20,000
800 Advertisements (Daily Pilot, City of CM, Schools, etc)	4,600	4,600	9,200
800 Quarterly Newsletter	20,100	20,100	40,200
800 Water Bill Inserts	1,000	1,000	2,000
800 Giveaways (Chips, Fog Funnels, etc)	2,000	2,000	4,000
Total Public Info/Education/Community Promo	<u>\$ 53,400</u>	<u>\$ 33,400</u>	<u>\$ 86,800</u>
10/90 Small Tools/Equipment			
600 Printers (2) - Finance	\$ 60	\$ 540	\$ 600
600 Microphone for Board Recording System	30	270	300
600 Xerox Color Qube Printer	150	1,350	1,500
900 Magicard Pronto ID Card System	100	900	1,000
900 Miscellaneous	200	1,800	2,000
Total Small Tools	<u>\$ 540</u>	<u>\$ 4,860</u>	<u>\$ 5,400</u>
Small Tools/Equipment-Wastewater Maintenance			
900 Surface Tablet (1)	\$ -	\$ 1,500	\$ 1,500
900 Tablet Mount Stand (1)	-	1,400	1,400
900 Server Storage Array	-	1,500	1,500
900 Warthog Nozzle	-	1,800	1,800
900 Nozzle Skid 8" and 10"	-	200	200
900 Tigertail and End Caps	-	50	50
900 Manhole Hook	-	40	40
900 Sledge Hammer	-	25	25
900 Push Broom	-	20	20
900 Gas Monitor	-	2,000	2,000
900 Fiberglass Poles	-	250	250
900 Debris Catcher	-	150	150
900 Root Cutter with Blades	-	2,000	2,000
900 Hose Grabber	-	100	100
900 Grease Log Chopper	-	100	100
900 Hydrant Wrench	-	20	20
900 Eddy Valve	-	50	50
900 Hydrant Adapter	-	30	30
900 Hose	-	25	25
900 Cones	-	150	150
900 PPE	-	200	200
900 Toolbox and Tools	-	300	300
900 Miscellaneous	-	7,490	7,490
Total Small Tools/Equipment-Wastewater Maint.	<u>\$ -</u>	<u>\$ 19,400</u>	<u>\$ 19,400</u>

Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Budget Details for Select Accounts Fiscal Year 2015-16

Description	Solid Waste Fund	Wastewater Fund	Total
10/90 Computer Licenses & Maintenance			
230 Neogov	\$ 80	\$ 720	\$ 800
230 Neogov Onboarding	200	1,800	2,000
230 ADP Timeclock /Easy Clocking	90	810	900
300 Accela (Government Outreach - Mobile App & CRM)	300	2,700	3,000
300 NovusAgenda - Video Streaming	500	4,500	5,000
300 NovusAgenda - Agenda Management	550	5,000	5,550
300 ECS - Laserfiche Software Annual Support	500	4,500	5,000
400 Springbrook Software Annual Maintenance	1,800	16,200	18,000
400 Corelogic-RealQuest	180	1,620	1,800
500 Landbase data - OC Assessor	270	2,430	2,700
600 Siteground (Webhosting until 7/1/2017)	20	230	250
600 Email Filter (42 Emails)	80	720	800
600 Miscellaneous Warranties	100	900	1,000
600 MD3200i Warranty Extension (1 year)	250	2,250	2,500
600 Control Now Cloud Monitoring Renewal (2 years)	400	3,600	4,000
600 AlphaCard ID Suite Basic	10	90	100
600 Security Socket Layer Certificates	30	270	300
600 Website Domain Renewal	30	270	300
Total Computer Licenses & Maintenance	<u>\$ 5,390</u>	<u>\$ 48,610</u>	<u>\$ 54,000</u>
10/90 Computer Licenses & Maintenance-Wastewater Maint.			
900 Smartcover monitoring- Hadronex	\$ -	\$ 15,000	\$ 15,000
900 Aquavox SCADA- Antx Inc.	-	9,000	9,000
Total Computer Licenses & Maint. - Wastewater	<u>\$ -</u>	<u>\$ 24,000</u>	<u>\$ 24,000</u>
10/90 Emergency Equipment and Supplies:			
200 EOC Aerial map	50	450	500
200 Miscellaneous	100	900	1,000
Total Emergency Equipment and Supplies	<u>\$ 150</u>	<u>\$ 1,350</u>	<u>\$ 1,500</u>
Capital Outlay			
600 New Telephone System	\$ 700	\$ 6,300	\$ 7,000
600 (2) Servers, Network Switch, Backup Battery, Monitor	1,120	10,080	11,200
600 Workstations & Dual Monitors w/ Stands (4)	700	6,300	7,000
Subtotal Capital Outlay	<u>\$ 2,520</u>	<u>\$ 22,680</u>	<u>\$ 25,200</u>
Capital Outlay - Wastewater Maintenance			
Spare Pumps for pump stations	\$ -	\$ 96,000	\$ 96,000
Thermal Gun	-	10,000	10,000
Portable Generator (150kva) for Irvine PS	-	100,000	100,000
Subtotal Capital Outlay-Wastewater Maintenance	<u>\$ -</u>	<u>\$ 206,000</u>	<u>\$ 206,000</u>
Total Capital Outlay	<u>\$ 2,520</u>	<u>\$ 228,680</u>	<u>\$ 231,200</u>

**Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Memberships/Dues Fiscal Year 2015-16**

4500	<u>Memberships/Dues</u>	Solid Waste Fund	Wastewater Fund	Total
SWANA	Solid Waste Association of North America	1,000	-	1,000
ICMA	International City/County Mgmt Association	200	1,800	2,000
PARMA	Public Agency Risk Managers Association	-	100	100
	Special District Leadership Foundation	120	130	250
LCW	Liebert Cassidy Whitmore	400	3,600	4,000
OCHRC	Orange County Human Resources Consortium	-	250	250
SHRM	Society for HR Management	20	180	200
CSDA	California Special Districts Association	2,100	3,900	6,000
CCAC	City Clerks Association of California	20	230	250
	Costa Mesa Chamber of Commerce	170	330	500
	Costa Mesa Historical Society	50	100	150
ISDOC	Independent Special Dist of Orange County	70	130	200
IIMC	International Institute of Municipal Clerks	20	230	250
	National Notary Association	10	140	150
LAFCO	Local Agency Formation Commission	7,000	13,000	20,000
CSMFO	California Society of Municipal Finance Officers	20	200	220
CMTA	California Municipal Treasurer	60	100	160
GFOA	Government Finance Officer Association	20	140	160
NUG	SpringBrook National Users Group	10	90	100
MMASC	Municipal Management Association of Southern California	200	-	200
SWANA	Solid Waste Association of North America	400	-	400
SARFPA	Santa Ana River Flood Protection Agency	-	1,250	1,250
	State Water Resources Control Board Annual Permit Fee	-	12,500	12,500
Total Memberships/Dues		<u>\$ 11,890</u>	<u>\$ 38,400</u>	<u>\$ 50,290</u>
4500	<u>Memberships/Dues - wastewater maintenance:</u>			
CWEA	California Water Environment Association	\$ -	\$ 1,680	\$ 1,680
Total Memberships/Dues- wastewater maintenance		<u>\$ -</u>	<u>\$ 1,680</u>	<u>\$ 1,680</u>

**Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Staff Development Detail Budget Fiscal Year 2015-16**

4505	Staff Development	Event	Attendees	Location	Dates	Total	Solid Waste		Liquid Waste	
							Fund	Fund	Fund	Fund
	California Special District Association	Annual Conference	GM	Monterey	September 2015	\$ 1,875	185	\$ 1,690		
	California Special District Association	Leadership Summit	GM	Newport Beach	7/12-7/14/15	810	80	730		
	California Special District Association	Legislative Days	MA2	Sacramento	May 2016	1,575	155	1,420		
	Chamber of Commerce	Monthly Meetings	GM	Costa Mesa	TBD	180	20	160		
	Costa Mesa Sanitary District	Awards banquet	GM	Costa Mesa	December 2015	500	50	450		
	Independent Special Districts of Orange County	Quarterly Meetings	GM	MW/DOC/OCWD	Jan/Apr/Jul/Oct	100	10	90		
	Miscellaneous/Books		GM,			300	30	270		
	Safety Training	Various onsite	Staff	Costa Mesa	Monthly	7,000	700	6,300		
	Staff recognition/monthly training & mtgs	Training & meetings	Staff	Costa Mesa		2,300	230	2,070		
	Economic Development Cert Program	Certification	GM	Fresno	Oct 2015	1,800	180	1,620		
	California Public Employees Retirement System	Education Forum	MA1	Northern California	Oct 2015	1,700	170	1,530		
	Liebert Cassidy Whitmore	Annual Conference	MA1	San Francisco	2/25-2/26/16	1,900	190	1,710		
	NEOGOV	Annual Conference	MA1	Las Vegas, NV	10/15-10/16/15	1,250	120	1,130		
	Miscellaneous/Books					300	30	270		
	Supervisor	Training	DC	Various/local	Various	600	60	540		
	City Clerks Association of California	Annual Conference	DC	Northern California	April 2016	1,600	160	1,440		
	City Clerks Association of California	Training	DC	Various/local	Various	3,000	300	2,700		
	Master Municipal Clerk Academy	Training	DC	Northern California	March 2016	2,750	270	2,480		
	Society of Municipal Finance Officers	Meetings	FM, Acct	Various/local	Monthly	600	60	540		
	Society of Municipal Finance Officers	Annual Conference	FM, Acct	Southern California	February 2016	930	90	840		
	Society of Municipal Finance Officers	Training Seminars	FM, Acct	Various/local	Various	2,000	200	1,800		
	Finance	Annual Conference	FM, Acct	Portland, Oregon	April 2016	3,890	390	3,500		
	Springbrook	Annual Conference	FM, Acct	Costa Mesa	Various	3,000	300	2,700		
	Springbrook	Training	FM, Acct MA1			400	40	360		
	Seminars/Trainings	Various	PT							
	Municipal Management Assoc of Southern Calif	Annual Conference	SMA, MA2	Palm Springs	November 2015	2,480	250	2,230		
	Solid Waste Association of North America	Annual Conference	SMA	Orlando, FL	August 24-27, 2015	2,760	2,760	-		
	Fred Pryor/SkillPath Seminars	Training Seminars	MA2, AA, DC, Acct, SMA	Various/local	Various	2,000	200	1,800		
	Miscellaneous/Various	Webinars	AA, Acct, FM	Online	TBD	600	60	540		
	Total staff development					\$ 48,200	\$ 7,290	\$ 40,910		
	Staff development - wastewater maintenance:									
	California Water Environment Association	Annual Conference	MS	Santa Clara	April 26-29 2016	\$ 1,560	-	\$ 1,560		
	California Water Environment Association	Tri-State Conference	MS	Las Vegas	Sept 22-24 2015	1,160	-	1,160		
	California Water Environment Association training	Winter Seminar	SC, JO, AA, BJ, TG	Huntington Beach	January	300	-	300		
	California Water Environment Association training	Summer Seminar	SC, JO, AA, BJ, TG	Huntington Beach	July	300	-	300		
	California Water Environment Association	Tech Certs	JO, New EE (2), JG			850	-	850		
	Costa Mesa Sanitary District	Awards banquet		Costa Mesa	December 2016	210	-	210		
	Miscellaneous	Training				620	-	620		
	Total staff development - wastewater maintenance					\$ 5,000	\$ -	\$ 5,000		

**Costa Mesa Sanitary District
 Adopted Budget FY2015-16 and FY2016-17
 Board Development Detail Budget Fiscal Year 2015-16**

<u>Board Development</u>	<u>Event</u>	<u>Attendees</u>	<u>Location</u>	<u>Dates</u>	<u>Total</u>	<u>Solid Waste Fund</u>	<u>Liquid Waste Fund</u>
California Special District Association	Annual Conference	(5) Board Members	Northern California	September 21-24	9,800	980	8,820
California Special District Association	Leadership Summit	(5) Board Members	Southern California	January 2016	3,550	350	3,200
California Special District Association	Legislative Days	(3) Board Members	Sacramento	May 19-20	3,900	390	3,510
California Special District Association	Meetings	(1) Board Member	Sacramento	Monthly	5,500	550	4,950
Independent Special Districts of OC	Meetings	(5) Board Members	Fountain Valley	Quarterly	400	40	360
Mileage	Local Meetings	(5) Board Members			1,000	100	900
Miscellaneous Seminars and Trainings		(5) Board Members			3,250	320	2,930
Costa Mesa Chamber	Breakfast Boost	(5) Board Members	Costa Mesa	Monthly	900	90	810
Total board development					<u>\$ 28,300</u>	<u>\$ 2,800</u>	<u>\$ 25,500</u>

COSTA MESA SANITARY DISTRICT
Adopted Budget FY2015-16 and FY2016-17
Line Item Budget Fiscal Year 2016-17

	<u>Solid Waste Fund</u>	<u>Wastewater Fund</u>	<u>Proposed Budget Total</u>
Revenues:			
Annual charge	\$ 4,725,000	\$ 5,500,000	\$ 10,225,000
Additional container charge	100,000	-	100,000
Investment earnings	45,000	54,000	99,000
Contributions	25,000	-	25,000
Charges for services	-	75,000	75,000
Sewer permits	-	20,000	20,000
Inspection fees	-	65,000	65,000
Property Taxes	210,000	-	210,000
Other	75,000	10,000	85,000
Total revenues	<u>\$ 5,180,000</u>	<u>\$ 5,724,000</u>	<u>\$ 10,904,000</u>
Expenses:			
Salaries and benefits (administrative):			
Regular salaries	\$ 360,000	\$ 465,000	\$ 825,000
Part-time salaries	43,300	32,000	75,300
Board salaries	21,200	85,000	106,200
Overtime	500	1,500	2,000
Auto allowance	2,400	2,400	4,800
Cell phone allowance	4,300	3,400	7,700
Incentive Pay	5,000	5,000	10,000
Tuition Reimbursement	5,000	5,000	10,000
Compensated absences	6,300	6,000	12,300
Cafeteria plan	52,200	63,000	115,200
Medicare	6,600	9,000	15,600
Social security	1,400	5,300	6,700
Retirement - employer	32,000	45,500	77,500
Retirement - employee	1,500	5,000	6,500
Deferred medical	3,600	4,700	8,300
Workers' compensation	3,600	5,700	9,300
Subtotal administrative	<u>\$ 548,900</u>	<u>\$ 743,500</u>	<u>\$ 1,292,400</u>
Salaries and benefits (wastewater maint.):			
Regular salaries	\$ -	\$ 485,000	\$ 485,000
Overtime	-	35,000	35,000
Compensated absences	-	6,000	6,000
Cafeteria plan	-	106,200	106,200
Medicare	-	8,000	8,000
Retirement - employer	-	39,500	39,500
Retirement - employee	-	14,000	14,000
Deferred medical	-	4,900	4,900
Cell phone allowance	-	6,800	6,800
Incentive pay	-	-	-
Workers' compensation	-	35,500	35,500
Subtotal salaries/benefits (wastewater)	<u>\$ -</u>	<u>\$ 740,900</u>	<u>\$ 740,900</u>
Total salaries and benefits	<u>\$ 548,900</u>	<u>\$ 1,484,400</u>	<u>\$ 2,033,300</u>

COSTA MESA SANITARY DISTRICT
Adopted Budget FY2015-16 and FY2016-17
Line Item Budget Fiscal Year 2016-17

	<u>Solid Waste Fund</u>	<u>Wastewater Fund</u>	<u>Proposed Budget Total</u>
Operations & maintenance (administrative):			
Professional services	\$ 39,250	\$ 174,250	\$ 213,500
Engineering/architectural services	-	64,000	64,000
Plan check/inspection - inside	-	63,000	63,000
Plan check/inspection - outside	-	55,000	55,000
Plan check/inspection - sewer lateral	-	14,000	14,000
Legal services	27,000	108,000	135,000
Fiscal services	12,200	22,800	35,000
Medical/employment services	400	3,600	4,000
Contract services	6,550	39,950	46,500
County collection fee	15,500	15,500	31,000
Trash hauler	2,615,000	-	2,615,000
Recycling/disposal	1,530,000	-	1,530,000
Organics disposal	900,000	-	900,000
Container collection costs	16,000	-	16,000
Election Costs	17,500	32,500	50,000
Building maintenance	3,500	31,500	35,000
Equipment maintenance	3,300	11,700	15,000
Office supplies	600	5,400	6,000
Multi media/copy/blueprint	160	1,440	1,600
Postage	1,000	9,000	10,000
Public info/education/promo	53,400	33,400	86,800
Small tools/equipment	390	3,510	3,900
Computer licenses & maintenance	5,070	45,680	50,750
EOC equipment & supplies	150	1,350	1,500
Memberships/dues	12,030	39,070	51,100
Staff development	8,740	53,960	62,700
Board development	2,840	25,860	28,700
Mileage reimbursement	120	1,080	1,200
Liability insurance	6,800	61,200	68,000
Telephone	1,300	11,700	13,000
Gas - building	50	450	500
Water - building	200	1,800	2,000
Electric - building	800	7,200	8,000
Asset Replacement	26,000	234,000	260,000
Capital Outlay	5,800	52,200	58,000
Contingency	-	150,150	150,150
Total operations & maintenance	<u>\$ 5,311,650</u>	<u>\$ 1,374,250</u>	<u>\$ 6,685,900</u>
Operations & maintenance (wastewater):			
Pump station maintenance	\$ -	\$ 30,000	\$ 30,000
Sewer line maintenance	-	25,000	25,000
GIS support	-	45,000	45,000
Building maintenance - Yard	-	12,850	12,850
Equipment maintenance	-	83,100	83,100
Televising sewer lines program	-	70,000	70,000
Annual Sewer Maintenance	-	150,000	150,000
Fats, Oils and Grease program	-	108,000	108,000
Sewer lateral program	-	200,000	200,000
CCTV Sewer lateral program	-	20,000	20,000

COSTA MESA SANITARY DISTRICT
Adopted Budget FY2015-16 and FY2016-17
Line Item Budget Fiscal Year 2016-17

	<u>Solid Waste Fund</u>	<u>Wastewater Fund</u>	<u>Proposed Budget Total</u>
Office Supplies	-	1,000	1,000
Small tools/equipment	-	9,000	9,000
Materials and supplies	-	20,000	20,000
Computer licenses & maintenance	-	25,000	25,000
Memberships/dues	-	2,000	2,000
Staff development	-	5,800	5,800
Mileage reimbursement	-	200	200
Telephone - Yard	-	9,500	9,500
Gas - Yard	-	400	400
Water - Yard	-	1,500	1,500
Electric - Yard	-	4,000	4,000
Water pumps	-	2,000	2,000
Electric pumps	-	75,000	75,000
Liability insurance	-	15,000	15,000
Capital Outlay	-	150,000	150,000
Total operations & maint (wastewater)	<u>\$ -</u>	<u>\$ 1,064,350</u>	<u>\$ 1,064,350</u>
Total operations and maintenance	<u>\$ 5,311,650</u>	<u>\$ 2,438,600</u>	<u>\$ 7,750,250</u>
Programs:			
Sharps Program	\$ 10,200	\$ -	\$ 10,200
Household hazardous waste	40,000	-	40,000
Anti-scavenging	5,000	-	5,000
Educational programs	50,500	-	50,500
Pharmaceutical program	12,000	-	12,000
Battery Recycling Program	20,000	-	20,000
Organics Public Info/Ed/Comm Promo	10,750	-	10,750
Total programs	<u>\$ 148,450</u>	<u>\$ -</u>	<u>\$ 148,450</u>
Capital improvement projects:			
Westside Pump Stn Abandonment #101	\$ -	\$ 1,467,000	\$ 1,467,000
Force Main Upgrade/Victoria #313	-	320,000	320,000
Total capital improvement projects	<u>\$ -</u>	<u>\$ 1,787,000</u>	<u>\$ 1,787,000</u>
Total expenses	<u>\$ 6,009,000</u>	<u>\$ 5,710,000</u>	<u>\$ 11,719,000</u>
Transfers:			
Transfer in from asset management fund	\$ -	\$ (1,787,000)	\$ (1,787,000)
Transfer in from asset replacement fund	-	-	-
Transfer out to asset management fund	-	1,801,000	1,801,000
Total transfers, net	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 14,000</u>
Total budget, net of transfers	<u>\$ 6,009,000</u>	<u>\$ 5,724,000</u>	<u>\$ 11,733,000</u>
Net revenue	<u>\$ (829,000)</u>	<u>\$ -</u>	<u>\$ (829,000)</u>

Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Budget Details for Select Accounts Fiscal Year 2016-17

Description	Solid Waste Fund	Wastewater Fund	Total
10/90 Professional Services:			
200 Customer Satisfaction Survey	\$ 3,000	\$ 27,000	\$ 30,000
230 Audit for Independent Contractors	300	2,700	3,000
230 Human Resources Consultants	200	1,800	2,000
300 Gladwell Governmental Services, Inc.	250	2,250	2,500
400 OPEB Actuarial	1,000	9,000	10,000
600 Utility Systems Science and Software	-	15,000	15,000
600 Computer Maintenance Services	3,300	29,700	33,000
600 Website Maintenance Services	200	1,800	2,000
800 Parcel Audit	25,000	25,000	50,000
800 Waste Hauler Internal Audit	6,000	-	6,000
900 Sewer Master Plan	-	60,000	60,000
Total Professional Services	<u>\$ 39,250</u>	<u>\$ 174,250</u>	<u>\$ 213,500</u>
35/65 Fiscal services:			
400 Treasurer/Financial Services Contract	\$ 7,300	\$ 13,700	\$ 21,000
400 Audit Contract	4,900	9,100	14,000
Total Fiscal Services	<u>\$ 12,200</u>	<u>\$ 22,800</u>	<u>\$ 35,000</u>
10/90 Medical/Employment Services			
230 Livescan	10	140	150
230 Hireright	10	140	150
230 DATCO	110	890	1,000
230 Tustin Irvine Medical Clinic	70	630	700
230 Job Advertising	200	1,800	2,000
Total Medical/Employment Services	<u>\$ 400</u>	<u>\$ 3,600</u>	<u>\$ 4,000</u>
Contract services:			
230 Temporary Staff	\$ 500	\$ 4,500	\$ 5,000
300 Offsite Records Storage	300	2,700	3,000
300 City Clerk Services (Minute Transcription)	250	2,250	2,500
300 ECS - Document Scanning Services	500	4,500	5,000
230 Dig Alert Services	-	1,000	1,000
500 Hydraulic Modeling Support-EEC	-	5,000	5,000
800 Organic/Composting Workshops	5,000	-	5,000
900 Roach Maintenance	-	20,000	20,000
Total Contractual Services	<u>\$ 6,550</u>	<u>\$ 39,950</u>	<u>\$ 46,500</u>
10/90 Building maintenance:			
700 Building Maintenance Supplies	\$ 200	1,800	2,000
700 Building Security System	200	1,800	2,000
700 Electrical	200	1,800	2,000
700 Fire Extinguisher Maintenance	100	900	1,000
700 Generator Maintenance	600	5,400	6,000

Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Budget Details for Select Accounts Fiscal Year 2016-17

Description	Solid Waste Fund	Wastewater Fund	Total
700 Heat, Ventilating, and Air Conditioning (HVAC)	100	900	1,000
700 Janitorial Contract- Special Cleaning	100	900	1,000
700 Landscape Maintenance	210	1,890	2,100
700 Locksmith Services	30	270	300
700 Onsite Security Services	1,250	11,250	12,500
700 OCSD Sewer User Fees	50	450	500
700 Paper Products	100	900	1,000
700 Pest Control	60	540	600
700 Plumbing	50	450	500
700 Power Washing Services	60	540	600
700 Roof Maintenance/Repair	90	810	900
Miscellaneous Supplies	100	900	1,000
Total Building Maintenance	\$ 3,500	\$ 31,500	\$ 35,000
Building Maintenance - Yard:			
700 Janitorial Contract- Special Cleaning	\$ -	\$ 500	\$ 500
700 Generator Contract	-	1,700	1,700
700 Building Security System	-	2,000	2,000
700 Backflow Testing	-	200	200
700 Landscape Maintenance	-	600	600
700 Pest Control	-	400	400
700 Heat, Ventilating, and Air Conditioning (HVAC)	-	500	500
700 Tankless Water Heater Maintenance	-	500	500
700 Filter Maintenance	-	250	250
700 Fire Extinguisher Maintenance	-	1,000	1,000
700 Front Gate Maintenance	-	1,500	1,500
700 Roll-up Door Maintenance	-	1,500	1,500
700 OCSD Sewer User Fees	-	1,200	1,200
700 Building Maintenance Supplies	-	1,000	1,000
Total Building Maintenance Yard	\$ -	\$ 12,850	\$ 12,850
Equipment Maintenance:			
Vehicle maintenance	\$ 2,000	\$ -	\$ 2,000
Copier Maintenance & Copies	1,200	10,800	12,000
Printer Repairs	100	900	1,000
Total Equipment Maintenance	\$ 3,300	\$ 11,700	\$ 15,000
Equipment Maintenance - Wastewater Maintenance:			
Vehicle maintenance	\$ -	\$ 36,000	\$ 36,000
Diesel	-	40,000	40,000
AQMD registration Generators/Bypass Pumps	-	4,000	4,000
Gas monitor calibration/repairs	-	2,000	2,000
Propane	-	300	300
Diesel exhaust fluid	-	800	800
Total Equipment Maintenance - Wastewater Maint.	\$ -	\$ 83,100	\$ 83,100

Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Budget Details for Select Accounts Fiscal Year 2016-17

Description	Solid Waste Fund	Wastewater Fund	Total
50/50 Public Info/Education/Community Promotion			
100 Sponsorships	\$ 4,000	\$ 4,000	\$ 8,000
300 Robocalls	1,250	1,250	2,500
400 CAFR Application - GFOA	250	250	500
400 CD-ROM Annual Assessor Info	200	200	400
800 Compost Bins	20,000	-	20,000
800 Advertisements (Daily Pilot, City of CM, Schools, etc)	4,600	4,600	9,200
800 Quarterly Newsletter	20,100	20,100	40,200
800 Water Bill Inserts	1,000	1,000	2,000
800 Giveaways (Chips, Fog Funnels, etc)	2,000	2,000	4,000
Total Public Info/Education/Community Promo	<u>\$ 53,400</u>	<u>\$ 33,400</u>	<u>\$ 86,800</u>
10/90 Small Tools/Equipment			
600 Printers	\$ 60	\$ 540	\$ 600
600 Microphone for Board Recording System	30	270	300
900 Miscellaneous	300	2,700	3,000
Total Small Tools	<u>\$ 390</u>	<u>\$ 3,510</u>	<u>\$ 3,900</u>
Small Tools/Equipment-Wastewater Maintenance			
900 Tools	\$ -	\$ 1,510	\$ 1,510
900 Miscellaneous	-	7,490	7,490
Total Small Tools/Equipment-Wastewater	<u>\$ -</u>	<u>\$ 9,000</u>	<u>\$ 9,000</u>
10/90 Computer Licenses & Maintenance			
230 Neogov	\$ 80	\$ 720	\$ 800
230 Neogov Onboarding	200	1,800	2,000
230 ADP Timeclock /Easy Clocking	90	810	900
300 Accela (Government Outreach - Mobile App & CRM)	300	2,700	3,000
300 NovusAgenda - Video Streaming	500	4,500	5,000
300 NovusAgenda - Agenda Management	550	5,000	5,550
300 ECS - Laserfiche Software Annual Support	500	4,500	5,000
400 Springbrook Software Annual Maintenance	1,800	16,200	18,000
400 Corelogic-RealQuest	180	1,620	1,800
500 Landbase data - OC Assessor	270	2,430	2,700
600 Email Filter (42 Emails)	80	720	800
600 Miscellaneous Warranties	200	1,800	2,000
600 MD3200i Warranty Extension (1 year)	250	2,250	2,500
600 AlphaCard ID Suite Basic	10	90	100
600 Security Socket Layer Certificates	30	270	300
600 Website Domain Renewal	30	270	300
Total Computer Licenses & Maintenance	<u>\$ 5,070</u>	<u>\$ 45,680</u>	<u>\$ 50,750</u>

**Costa Mesa Sanitary District
 Adopted Budget FY2015-16 and FY2016-17
 Budget Details for Select Accounts Fiscal Year 2016-17**

Description	Solid Waste Fund	Wastewater Fund	Total
10/90 Computer Licenses & Maintenance-Wastewater			
900 Smartcover monitoring- Hadronex	\$ -	\$ 16,000	\$ 16,000
900 Aquavox SCADA- Antx Inc.	-	9,000	9,000
Total Computer Licenses & Maintenance	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
10/90 Emergency Equipment and Supplies:			
200 EOC Aerial map	\$ 50	\$ 450	\$ 500
200 Miscellaneous	100	900	1,000
Total Emergency Equipment and Supplies	<u>\$ 150</u>	<u>\$ 1,350</u>	<u>\$ 1,500</u>
Capital Outlay			
600 Workstations & Dual Monitors w/ Stands (4)	\$ 800	\$ 7,200	\$ 8,000
Repave HQ Parking Lot	5,000	45,000	50,000
Subtotal Capital Outlay	<u>\$ 5,800</u>	<u>\$ 52,200</u>	<u>\$ 58,000</u>
Capital Outlay Wastewater Maintenance			
Portable CCTV Camera & Trailer	\$ -	\$ 100,000	\$ 100,000
Replacement Pump Station Equipment	-	50,000	50,000
Subtotal Capital Outlay Wastewater Maintenance	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
Total Capital Outlay	<u>\$ 5,800</u>	<u>\$ 202,200</u>	<u>\$ 208,000</u>

**Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Memberships/Dues Fiscal Year 2016-17**

4500	<u>Memberships/Dues</u>	Solid Waste Fund	Wastewater Fund	Total
CSMFO	California Society of Municipal Finance Officers	20	200	220
CSDA	California Special Districts Association	2,130	3,970	6,100
CCAC	City Clerks Association of California	20	230	250
	Costa Mesa Chamber of Commerce	210	390	600
	Costa Mesa Historical Society	60	100	160
CMTA	California Municipal Treasurer	60	100	160
GFOA	Government Finance Officer Association	20	140	160
ISDOC	Independent Special Dist of Orange County	70	130	200
ICMA	International City/County Mgmt Association	200	1,800	2,000
IIMC	International Institute of Municipal Clerks	20	230	250
LCW	Liebert Cassidy Whitmore	460	4,140	4,600
MMASC	Municipal Management Association of Southern California	200	-	200
	National Notary Association	10	140	150
PARMA	Public Agency Risk Managers Association	-	100	100
SARFPA	Santa Ana River Flood Protection Agency	-	1,250	1,250
SWANA	Solid Waste Association of North America	400	-	400
SWANA	Solid Waste Association of North America	1,000	-	1,000
NUG	SpringBrook National Users Group	10	90	100
LAFCO	Local Agency Formation Commission	7,000	13,000	20,000
OCHRC	Orange County Human Resources Consortium	-	250	250
SHRM	Society for HR Management	20	180	200
	Special District Leadership Foundation	120	130	250
	State Water Resources Control Board Annual Permit Fee	-	12,500	12,500
Total Memberships/Dues		<u>\$ 12,030</u>	<u>\$ 39,070</u>	<u>\$ 51,100</u>
4500	<u>Memberships/Dues - wastewater maintenance:</u>			
CWEA	California Water Environment Association	\$ -	\$ 2,000	\$ 2,000
Total Memberships/Dues- wastewater maintenance		<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

**Costa Mesa Sanitary District
 Adopted Budget FY 2015-16 and FY2016-17
 Staff Development Detail Budget Fiscal Year 2016-17**

4505	Staff Development	Event	Attendees	Location	Dates	Total	Solid Waste		Liquid Waste	
							Fund	Fund	Fund	Fund
CSDA	California Special District Association	Annual Conference	GM, Leadership Summit	Monterey	September 2017	\$ 1,870	190	1,680		
CSDA	California Special District Association	Legislative Days	MA2	San Diego	TBD	1,770	180	1,590		
CSDA	California Special District Association	Gettysburg Leadersl GM	GM	Sacramento	TBD	1,575	155	1,420		
ICMA	Chamber of Commerce	Monthly Meetings	GM	Gettysburg, PA	May 2017	2,400	240	2,160		
CMSD	Costa Mesa Sanitary District	Awards banquet	GM	Costa Mesa	TBD	180	20	160		
ISDOC	Independent Special Districts of Orange County	Quarterly Meetings	GM, GM,	Costa Mesa	December 2016	700	70	630		
	Miscellaneous/Books			MWDOC/OCWD	Jan/Apr/Jul/Oct	100	10	90		
						300	30	270		
OSTS	Safety Training	Various onsite	Staff	Costa Mesa	Monthly	7,000	700	6,300		
CMSD	Staff recognition/monthly training & mtgs	Training & meetings	Staff	Costa Mesa		3,000	300	2,700		
CalPERS	California Public Employees Retirement System	Education Forum	MA1	Southern California	Oct 2016	1,700	170	1,530		
LCW	Liebert Cassidy Whitmore	Annual Conference	MA1	Southern California	February 2017	750	70	680		
NEOGOV	NEOGOV	Annual Conference	MA1	Las Vegas, NV	October 2016	1,250	120	1,130		
	Risk Management Educational Forum	Annual Conference	MA1	San Francisco		1,400	140	1,260		
	Miscellaneous/Books					300	30	270		
	Supervisor	Training	DC	Various/local	Various	600	60	540		
CCAC	City Clerks Association of California	Annual Conference	DC	Northern California	April 2016	1,600	160	1,440		
CCAC	City Clerks Association of California	Training	DC	Various/local	Various	3,000	300	2,700		
CSDA	California Special District Association	Annual Conference	DC	Monterey	September 2017	1,875	185	1,690		
MMCA	Master Municipal Clerk Academy	Training	DC	Northern California	March 2016	2,750	270	2,480		
CSMFO	California Society of Municipal Finance Officers	Meetings	FM, Acct	Various/local	Monthly	600	60	540		
CSMFO	California Society of Municipal Finance Officers	Annual Conference	FM, Acct	Northern California	February 2017	3,600	360	3,240		
GFOA	Government Finance Officers Association	Annual Conference	FM, Acct	Out of State	May 2017	3,850	380	3,470		
CalPERS	California Public Employees Retirement System	Education Forum	FM/Acct	Southern California	Oct 2016	1,700	170	1,530		
	Finance	Training Seminars	FM, Acct	Various/local	Various	2,000	200	1,800		
	Springbrook	Annual Conference	FM, Acct	Portland, Oregon	April 2016	3,890	390	3,500		
	Springbrook	Training	FM, Acct MA1	Costa Mesa	Various	3,000	300	2,700		
	Seminars/Trainings	Various	PT			400	40	360		
Interop	Interop	Annual Conference	MA2	Las Vegas, NV	May 2017	1,700	170	1,530		
MMASC	Municipal Management Assoc of Southern Calif	Annual Conference	SMA/MA2	Southern California	November 2016	2,480	250	2,230		
SWANA	Solid Waste Association of North America	Annual Conference	SMA	Indianapolis, IN	August 23-26, 2016	2,760	270	2,490		
	Fred Pryor/SkillPath Seminars	Training Seminars	SMA,AA,DC,Acct, MA2	Various/local	Various	2,000	200	1,800		
	Miscellaneous/Various	Webinars	AA, Acct, FM	Online	TBD	600	60	540		
	Total staff development					\$ 62,700	\$ 8,740	\$ 53,960		
4505	Staff development - wastewater maintenance:									
CWEA	California Water Environment Association	Annual Conference	MS	Palm Springs	May 2-5 2017	\$ 1,660	\$ -	\$ 1,660		
CWEA	California Water Environment Association	Tri-State Conference	MS	Las Vegas	September 2016	1,160	-	1,160		
CWEA	California Water Environment Association training	Winter Seminar	SC,JO,AA,BJ, TG, +(2)	Huntington Beach	January	500	-	500		
CWEA	California Water Environment Association training	Summer Seminar	SC,JO,AA,BJ, TG, +(2)	Huntington Beach	July	500	-	500		
CWEA	California Water Environment Association	Tech Certs	JO, New EEE (2), JG			1,000	-	1,000		
CMSD	Costa Mesa Sanitary District	Awards banquet		Costa Mesa	December 2016	300	-	300		
	Miscellaneous	Training				680	-	680		
	Total staff development - wastewater maintenance					\$ 5,800	\$ -	\$ 5,800		

**Costa Mesa Sanitary District
 Adopted Budget FY2015-16 and FY2016-17
 Board Development Detail Budget Fiscal Year 2016-17**

<u>Board Development</u>	<u>Event</u>	<u>Attendees</u>	<u>Location</u>	<u>Dates</u>	<u>Total</u>	<u>Solid Waste Fund</u>	<u>Liquid Waste Fund</u>
California Special District Association	Annual Conference	(5) Board Members	Southern California	October 10-13	4,800	480	4,320
California Special District Association	Leadership Summit	(5) Board Members	Northern California	January 2017	8,600	860	7,740
California Special District Association	Legislative Days	(3) Board Members	Sacramento	May 2016	4,250	420	3,830
California Special District Association	Meetings	(1) Board Member	Sacramento	Monthly	5,500	550	4,950
Independent Special Districts of OC	Meetings	(5) Board Members	Fountain Valley	Quarterly	400	40	360
Mileage	Local Meetings	(5) Board Members			1,000	100	900
Miscellaneous Seminars and Trainings		(5) Board Members			3,250	320	2,930
Costa Mesa Chamber	Breakfast Boost	(5) Board Members	Costa Mesa	Monthly	900	90	810
Total board development					<u>\$ 28,700</u>	<u>\$ 2,840</u>	<u>\$ 25,860</u>

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APPENDIX

Budget Glossary

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.

Biennial Budget – A plan of financial operation comprised of estimated expenditures for a two year period and the proposed means of financing the expenditures through revenues.

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.

Budget Glossary (Continued)

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 Equivalents (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.

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.

Budget Glossary (Continued)

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.

Net Position – 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.

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.

**Costa Mesa Sanitary District
 Adopted Budget FY2015-16 and FY2016-17
 Salary Ranges Annual- Fiscal Year 2015-16**

COLA 1.001

Position	Range #	Minimum	Mid-Point	Maximum
	1	\$23,082.25	\$27,121.65	\$31,161.04
	2	\$23,659.31	\$27,799.69	\$31,940.07
	3	\$24,250.79	\$28,494.68	\$32,738.57
	4	\$24,857.06	\$29,207.05	\$33,557.04
Maintenance Assistant	5	\$25,478.49	\$29,937.23	\$34,395.96
	6	\$26,115.45	\$30,685.66	\$35,255.86
	7	\$26,768.34	\$31,452.80	\$36,137.26
	8	\$27,437.55	\$32,239.12	\$37,040.69
	9	\$28,123.49	\$33,045.10	\$37,966.71
	10	\$28,826.57	\$33,871.22	\$38,915.87
	11	\$29,547.24	\$34,718.00	\$39,888.77
	12	\$30,285.92	\$35,585.95	\$40,885.99
	13	\$31,043.07	\$36,475.60	\$41,908.14
	14	\$31,819.14	\$37,387.49	\$42,955.84
	15	\$32,614.62	\$38,322.18	\$44,029.74
	16	\$33,429.99	\$39,280.23	\$45,130.48
	17	\$34,265.74	\$40,262.24	\$46,258.74
	18	\$35,122.38	\$41,268.80	\$47,415.21
	19	\$36,000.44	\$42,300.52	\$48,600.59
	20	\$36,900.45	\$43,358.03	\$49,815.61
	21	\$37,822.96	\$44,441.98	\$51,061.00
	22	\$38,768.54	\$45,553.03	\$52,337.52
	23	\$39,737.75	\$46,691.86	\$53,645.96
	24	\$40,731.19	\$47,859.15	\$54,987.11
Administrative Assistant I	25	\$41,749.47	\$49,055.63	\$56,361.79
Wastewater Maintenance Worker I	26	\$42,793.21	\$50,282.02	\$57,770.83
	27	\$43,863.04	\$51,539.07	\$59,215.10
	28	\$44,959.62	\$52,827.55	\$60,695.48
	29	\$46,083.61	\$54,148.24	\$62,212.87
Accounting Clerk Code Enforcement Officer	30	\$47,235.70	\$55,501.94	\$63,768.19
Permit Technician Administrative Assistant II	31	\$48,416.59	\$56,889.49	\$65,362.39
Wastewater Maintenance Worker II	32	\$49,627.00	\$58,311.73	\$66,996.45
	33	\$50,867.68	\$59,769.52	\$68,671.37
	34	\$52,139.37	\$61,263.76	\$70,388.15
	35	\$53,442.85	\$62,795.35	\$72,147.85
Management Analyst I Wastewater Maintenance Worker III	36	\$54,778.93	\$64,365.24	\$73,951.55

**Costa Mesa Sanitary District
 Adopted Budget FY2015-16 and FY2016-17
 Salary Ranges Annual- Fiscal Year 2015-16**

COLA 1.001

	37	\$56,148.40	\$65,974.37	\$75,800.34
	38	\$57,552.11	\$67,623.73	\$77,695.35
	39	\$58,990.91	\$69,314.32	\$79,637.73
Accountant Executive Assistant/Deputy Clerk	40	\$60,465.68	\$71,047.18	\$81,628.67
SCADA Technician/Industrial Electrician	41	\$61,977.33	\$72,823.36	\$83,669.39
	42	\$63,526.76	\$74,643.94	\$85,761.13
	43	\$65,114.93	\$76,510.04	\$87,905.15
Management Analyst II	44	\$66,742.80	\$78,422.79	\$90,102.78
	45	\$68,411.37	\$80,383.36	\$92,355.35
District Clerk	46	\$70,121.66	\$82,392.95	\$94,664.24
Senior Accountant	47	\$71,874.70	\$84,452.77	\$97,030.84
Senior Management Analyst Wastewater Maintenance Supervisor	48	\$73,671.57	\$86,564.09	\$99,456.61
	49	\$75,513.35	\$88,728.19	\$101,943.03
	50	\$77,401.19	\$90,946.40	\$104,491.60
	51	\$79,336.22	\$93,220.06	\$107,103.89
	52	\$81,319.62	\$95,550.56	\$109,781.49
	53	\$83,352.61	\$97,939.32	\$112,526.03
	54	\$85,436.43	\$100,387.80	\$115,339.18
Administrative Services Manager Wastewater Maintenance Superintendent	55	\$87,572.34	\$102,897.50	\$118,222.66
	56	\$89,761.65	\$105,469.94	\$121,178.23
	57	\$92,005.69	\$108,106.69	\$124,207.68
Finance Manager	58	\$94,305.83	\$110,809.35	\$127,312.87
	59	\$96,663.48	\$113,579.59	\$130,495.70
	60	\$99,080.07	\$116,419.08	\$133,758.09
	61	\$101,557.07	\$119,329.55	\$137,102.04
	62	\$104,095.99	\$122,312.79	\$140,529.59
	63	\$106,698.39	\$125,370.61	\$144,042.83
	64	\$109,365.85	\$128,504.88	\$147,643.90
	65	\$112,100.00	\$131,717.50	\$151,335.00
	66	\$114,902.50	\$135,010.44	\$155,118.37
	67	\$117,775.06	\$138,385.70	\$158,996.33
	68	\$120,719.44	\$141,845.34	\$162,971.24
	69	\$123,737.42	\$145,391.47	\$167,045.52
	70	\$126,830.86	\$149,026.26	\$171,221.66
	71	\$130,001.63	\$152,751.92	\$175,502.20
	72	\$133,251.67	\$156,570.71	\$179,889.76

Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Salary Ranges Annual- Fiscal Year 2016-17

Estimated COLA 1.025

Position	Range #	Minimum	Mid-Point	Maximum
	1	\$23,659.28	\$27,799.66	\$31,940.03
	2	\$24,250.76	\$28,494.65	\$32,738.53
	3	\$24,857.03	\$29,207.01	\$33,557.00
	4	\$25,478.46	\$29,937.19	\$34,395.92
Maintenance Assistant	5	\$26,115.42	\$30,685.62	\$35,255.82
	6	\$26,768.31	\$31,452.76	\$36,137.21
	7	\$27,437.51	\$32,239.08	\$37,040.64
	8	\$28,123.45	\$33,045.06	\$37,966.66
	9	\$28,826.54	\$33,871.18	\$38,915.83
	10	\$29,547.20	\$34,717.96	\$39,888.72
	11	\$30,285.88	\$35,585.91	\$40,885.94
	12	\$31,043.03	\$36,475.56	\$41,908.09
	13	\$31,819.10	\$37,387.45	\$42,955.79
	14	\$32,614.58	\$38,322.13	\$44,029.69
	15	\$33,429.95	\$39,280.19	\$45,130.43
	16	\$34,265.70	\$40,262.19	\$46,258.69
	17	\$35,122.34	\$41,268.75	\$47,415.16
	18	\$36,000.40	\$42,300.47	\$48,600.53
	19	\$36,900.41	\$43,357.98	\$49,815.55
	20	\$37,822.92	\$44,441.93	\$51,060.94
	21	\$38,768.49	\$45,552.97	\$52,337.46
	22	\$39,737.70	\$46,691.80	\$53,645.90
	23	\$40,731.14	\$47,859.09	\$54,987.04
	24	\$41,749.42	\$49,055.57	\$56,361.72
Administrative Assistant I	25	\$42,793.16	\$50,281.96	\$57,770.76
Wastewater Maintenance Worker I	26	\$43,862.99	\$51,539.01	\$59,215.03
	27	\$44,959.56	\$52,827.48	\$60,695.41
	28	\$46,083.55	\$54,148.17	\$62,212.79
	29	\$47,235.64	\$55,501.88	\$63,768.11
Accounting Clerk Code Enforcement Officer	30	\$48,416.53	\$56,889.42	\$65,362.32
Permit Technician Administrative Assistant II	31	\$49,626.94	\$58,311.66	\$66,996.37
Wastewater Maintenance Worker II	32	\$50,867.62	\$59,769.45	\$68,671.28
	33	\$52,139.31	\$61,263.69	\$70,388.07
	34	\$53,442.79	\$62,795.28	\$72,147.77
	35	\$54,778.86	\$64,365.16	\$73,951.46
Management Analyst I Wastewater Maintenance Worker III	36	\$56,148.33	\$65,974.29	\$75,800.25
	37	\$57,552.04	\$67,623.65	\$77,695.25
	38	\$58,990.84	\$69,314.24	\$79,637.63
	39	\$60,465.61	\$71,047.09	\$81,628.58

Costa Mesa Sanitary District
Adopted Budget FY2015-16 and FY2016-17
Salary Ranges Annual- Fiscal Year 2016-17

Estimated COLA 1.025

Accountant	40	\$61,977.25	\$72,823.27	\$83,669.29
Executive Assistant/Deputy Clerk				
SCADA Technician/Industrial Electrician	41	\$63,526.68	\$74,643.85	\$85,761.02
	42	\$65,114.85	\$76,509.95	\$87,905.05
	43	\$66,742.72	\$78,422.70	\$90,102.67
Management Analyst II	44	\$68,411.29	\$80,383.27	\$92,355.24
	45	\$70,121.57	\$82,392.85	\$94,664.12
District Clerk	46	\$71,874.61	\$84,452.67	\$97,030.73
Senior Accountant	47	\$73,671.48	\$86,563.98	\$99,456.49
Senior Management Analyst	48	\$75,513.26	\$88,728.08	\$101,942.91
Wastewater Maintenance Supervisor				
	49	\$77,401.09	\$90,946.29	\$104,491.48
	50	\$79,336.12	\$93,219.94	\$107,103.77
	51	\$81,319.53	\$95,550.44	\$109,781.36
	52	\$83,352.51	\$97,939.20	\$112,525.89
	53	\$85,436.33	\$100,387.68	\$115,339.04
	54	\$87,572.23	\$102,897.38	\$118,222.52
Administrative Services Manager	55	\$89,761.54	\$105,469.81	\$121,178.08
Wastewater Maintenance Superintendent				
	56	\$92,005.58	\$108,106.56	\$124,207.53
	57	\$94,305.72	\$110,809.22	\$127,312.72
Finance Manager	58	\$96,663.36	\$113,579.45	\$130,495.54
	59	\$99,079.95	\$116,418.94	\$133,757.93
	60	\$101,556.94	\$119,329.41	\$137,101.87
	61	\$104,095.87	\$122,312.64	\$140,529.42
	62	\$106,698.26	\$125,370.46	\$144,042.66
	63	\$109,365.72	\$128,504.72	\$147,643.72
	64	\$112,099.86	\$131,717.34	\$151,334.82
	65	\$114,902.36	\$135,010.27	\$155,118.19
	66	\$117,774.92	\$138,385.53	\$158,996.14
	67	\$120,719.29	\$141,845.17	\$162,971.04
	68	\$123,737.27	\$145,391.30	\$167,045.32
	69	\$126,830.71	\$149,026.08	\$171,221.45
	70	\$130,001.47	\$152,751.73	\$175,501.99
	71	\$133,251.51	\$156,570.53	\$179,889.54
	72	\$136,582.80	\$160,484.79	\$184,386.78

RESOLUTION NO. 2015-863

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COSTA MESA SANITARY DISTRICT APPROVING A NEW SALARY SCHEDULE FOR DISTRICT CLASSIFICATIONS

WHEREAS, Board of Directors desires to ensure that the District has sufficient staff and resources to fulfill its mission;

WHEREAS, the District contracted with Koff and Associates in February 2015 to conduct a classification and compensation study to ensure that job classifications are appropriate to achieve District goals and compensation is competitive;

WHEREAS, the results of the study were presented at the Board of Directors meeting on May 12, 2015;

WHEREAS, on May 12, 2015, the Board of Directors concurred with the recommendation of Koff and Associates to implement a new salary schedule that adjusts salary ranges for District classifications to align with the market and eliminates steps for consistency with the District's pay-for-performance evaluation system;

Position	Range #	Minimum	Mid-Point	Maximum
	1	\$11.0862	\$13.0262	\$14.9663
	2	\$11.3633	\$13.3519	\$15.3405
	3	\$11.6474	\$13.6857	\$15.7240
	4	\$11.9386	\$14.0278	\$16.1171
Maintenance Assistant	5	\$12.2370	\$14.3785	\$16.5200
	6	\$12.5430	\$14.7380	\$16.9330
	7	\$12.8565	\$15.1064	\$17.3563
	8	\$13.1780	\$15.4841	\$17.7902
	9	\$13.5074	\$15.8712	\$18.2350
	10	\$13.8451	\$16.2680	\$18.6909
	11	\$14.1912	\$16.6747	\$19.1581
	12	\$14.5460	\$17.0915	\$19.6371
	13	\$14.9096	\$17.5188	\$20.1280
	14	\$15.2824	\$17.9568	\$20.6312
	15	\$15.6644	\$18.4057	\$21.1470
	16	\$16.0561	\$18.8659	\$21.6757
	17	\$16.4575	\$19.3375	\$22.2176
	18	\$16.8689	\$19.8209	\$22.7730

Position	Range #	Minimum	Mid-Point	Maximum
	19	\$17.2906	\$20.3165	\$23.3423
	20	\$17.7229	\$20.8244	\$23.9259
	21	\$18.1660	\$21.3450	\$24.5240
	22	\$18.6201	\$21.8786	\$25.1371
	23	\$19.0856	\$22.4256	\$25.7656
	24	\$19.5627	\$22.9862	\$26.4097
Administrative Assistant I	25	\$20.0518	\$23.5609	\$27.0699
Wastewater Maintenance Worker I	26	\$20.5531	\$24.1499	\$27.7467
	27	\$21.0669	\$24.7536	\$28.4404
	28	\$21.5936	\$25.3725	\$29.1514
	29	\$22.1334	\$26.0068	\$29.8802
Accounting Clerk Code Enforcement Officer	30	\$22.6868	\$26.6570	\$30.6272
Permit Technician Administrative Assistant II	31	\$23.2540	\$27.3234	\$31.3928
Wastewater Maintenance Worker II	32	\$23.8353	\$28.0065	\$32.1777
	33	\$24.4312	\$28.7066	\$32.9821
	34	\$25.0420	\$29.4243	\$33.8067
	35	\$25.6680	\$30.1599	\$34.6518
Management Analyst I Wastewater Maintenance Worker III	36	\$26.3097	\$30.9139	\$35.5181
	37	\$26.9675	\$31.6868	\$36.4061
	38	\$27.6416	\$32.4789	\$37.3162
	39	\$28.3327	\$33.2909	\$38.2491
Accountant Executive Assistant/Deputy Clerk	40	\$29.0410	\$34.1232	\$39.2053
SCADA Technician/Industrial Electrician	41	\$29.7670	\$34.9763	\$40.1855
	42	\$30.5112	\$35.8507	\$41.1901
	43	\$31.2740	\$36.7469	\$42.2199
Management Analyst II	44	\$32.0558	\$37.6656	\$43.2754
	45	\$32.8572	\$38.6072	\$44.3573
District Clerk	46	\$33.6787	\$39.5724	\$45.4662
Senior Accountant	47	\$34.5206	\$40.5617	\$46.6028
Senior Management Analyst Wastewater Maintenance Supervisor	48	\$35.3836	\$41.5758	\$47.7679
	49	\$36.2682	\$42.6152	\$48.9621
	50	\$37.1749	\$43.6805	\$50.1862
	51	\$38.1043	\$44.7726	\$51.4408
	52	\$39.0569	\$45.8919	\$52.7268
	53	\$40.0333	\$47.0392	\$54.0450

Position	Range #	Minimum	Mid-Point	Maximum
	54	\$41.0342	\$48.2152	\$55.3961
Administrative Services Manager Wastewater Maintenance Superintendent	55	\$42.0600	\$49.4205	\$56.7810
	56	\$43.1115	\$50.6560	\$58.2006
	57	\$44.1893	\$51.9224	\$59.6556
Finance Manager	58	\$45.2940	\$53.2205	\$61.1470
	59	\$46.4264	\$54.5510	\$62.6756
	60	\$47.5871	\$55.9148	\$64.2425
	61	\$48.7767	\$57.3127	\$65.8486
	62	\$49.9962	\$58.7455	\$67.4948
	63	\$51.2461	\$60.2141	\$69.1822
	64	\$52.5272	\$61.7195	\$70.9117
	65	\$53.8404	\$63.2625	\$72.6845
	66	\$55.1864	\$64.8440	\$74.5016
	67	\$56.5661	\$66.4651	\$76.3642
	68	\$57.9802	\$68.1267	\$78.2733
	69	\$59.4297	\$69.8299	\$80.2301
	70	\$60.9155	\$71.5757	\$82.2359
	71	\$62.4383	\$73.3651	\$84.2918
	72	\$63.9993	\$75.1992	\$86.3991

WHEREAS, any associated costs to implement this salary schedule will be included with the proposed fiscal year 2015-16 budget;

WHEREAS, this new salary schedule will take effect as of July 1, 2015.

NOW, THEREFORE, the Board of Directors does hereby resolve:

That it is hereby ordered and decreed that the approval to implement the aforementioned new salary schedule has occurred.

PASSED and ADOPTED on this 28th day of May 2015.


 Secretary, Costa Mesa Sanitary District
 Board of Directors


 President, Costa Mesa Sanitary District
 Board of Directors

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF COSTA MESA)

I, NOELANI MIDDENWAY, Clerk of the Costa Mesa Sanitary District, hereby certify that the above and foregoing Resolution No. 2015-863 was duly and regularly passed and adopted by said Board of Directors at a regular meeting thereof, held on the 28th day of May 2015 by the following votes:

AYES: Scheafer, Perry, Ooten, Schafer, Ferryman

NOES: None

ABSENT: None

ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Costa Mesa Sanitary District, this 28 day of May 2015.



Noelani Middenway
Clerk of the Costa Mesa Sanitary District

RESOLUTION NO. 2015-865

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COSTA MESA
SANITARY DISTRICT IMPOSING CHARGES ON THE ASSESSMENT ROLL
FOR SOLID WASTE COLLECTION**

THE BOARD OF DIRECTORS OF THE COSTA MESA SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, HEREBY RESOLVES AS FOLLOWS:

WHEREAS, the Board of Directors has adopted the procedures authorized by California Health and Safety Code Section 5470 et seq. for the collection of rates and charges for solid waste collection on the assessment roll; and

WHEREAS, the Board of Directors has further complied with California Constitution, Article XIID (Proposition 218) in establishing those fees, including a 45 day postcard notice each time those fees are increased; and

WHEREAS, the Board of Directors does hereby desire to conduct its annual assessment of the properties within the District by adopting those charges in compliance with Health and Safety Code 5473; and

WHEREAS, the Board of Directors has conducted a public hearing after providing notice in accordance with Health and Safety Code 5473.1;

NOW THEREFORE, THE BOARD DOES HEREBY:

1. Adopt the charges for each parcel which constitutes the report assessing those properties on the assessment roll in accordance with Health and Safety Code Section 5473 which shall be filed with the District Clerk which describes every parcel receiving service and the amount of the charge for each year.
2. Direct the District Clerk to file with the Auditor a copy of the report prepared pursuant to Health and Safety Code Section 5473 with a statement endorsed on the report over her signature that the charges constituting the report has been finally adopted by the Board of Directors and the Auditor shall enter the amounts of the charges against the parcels on the current assessment roll.

PASSED and ADOPTED on this 25 day of June 2015.



Secretary, Costa Mesa Sanitary District
Board of Directors



President, Costa Mesa Sanitary District
Board of Directors

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF COSTA MESA)

I, Noelani Middenway, Clerk of the Costa Mesa Sanitary District, hereby certify that the above and foregoing Resolution No. 2015-865, was duly and regularly passed and adopted by said Board of Directors at a regular meeting thereof held on the 25 day of June 2015 by the following votes:

AYES: Scheafer, PPerry, Ooten, Schafer, Ferryman

NOES: None

ABSENT: None

ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Costa Mesa Sanitary District, this 25 day of June 2015.


Clerk of the Costa Mesa Sanitary District

RESOLUTION NO. 2015-866

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COSTA MESA
SANITARY DISTRICT IMPOSING CHARGES ON THE ASSESSMENT ROLL
FOR WASTEWATER COLLECTION**

THE BOARD OF DIRECTORS OF THE COSTA MESA SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, HEREBY RESOLVES AS FOLLOWS:

WHEREAS, the Board of Directors has adopted the procedures authorized by California Health and Safety Code Section 5470 et seq. for the collection of rates and charges for wastewater collection on the assessment roll; and

WHEREAS, the Board of Directors has further complied with California Constitution, Article XIII D (Proposition 218) in establishing those fees, including a 45 day postcard notice each time those fees are increased; and

WHEREAS, the Board of Directors does hereby desire to conduct its annual assessment of the properties within the District by adopting those charges in compliance with Health and Safety Code 5473; and

WHEREAS, the Board of Directors has conducted a public hearing after providing notice in accordance with Health and Safety Code 5473.1;

NOW THEREFORE, THE BOARD DOES HEREBY:

1. Adopt the charges for each parcel which constitutes the report assessing those properties on the assessment roll in accordance with Health and Safety Code Section 5473 which shall be filed with the District Clerk which describes every parcel receiving service and the amount of the charge for each year.
2. Direct the District Clerk to file with the Auditor a copy of the report prepared pursuant to Health and Safety Code Section 5473 with a statement endorsed on the report over her signature that the charges constituting the report has been finally adopted by the Board of Directors and the Auditor shall enter the amounts of the charges against the parcels on the current assessment roll.

PASSED and ADOPTED on this 25 day of June 2015.



Secretary, Costa Mesa Sanitary District
Board of Directors



President, Costa Mesa Sanitary District
Board of Directors

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF COSTA MESA)

I, Noelani Middenway, Clerk of the Costa Mesa Sanitary District, hereby certify that the above and foregoing Resolution No. 2015-866, was duly and regularly passed and adopted by said Board of Directors at a regular meeting thereof held on the 25 day of June 2015 by the following votes:

AYES: Scheafer, Perry, Oöten, Schafer, Ferryman

NOES: None

ABSENT: None

ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Costa Mesa Sanitary District, this 25 day of June 2015.


Clerk of the Costa Mesa Sanitary District

RESOLUTION NO. 2015-867

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
COSTA MESA SANITARY DISTRICT, ADOPTING A BUDGET
FOR THE FISCAL YEARS 2015-16 & 2016-17**

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

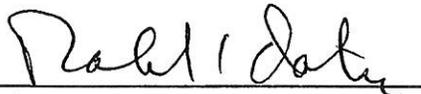
WHEREAS, the Proposed Budget for fiscal years 2015-16 and 2016-17 has been prepared by order of the Board of Directors.

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, 2015 and ending June 30, 2016, and for fiscal year beginning July 1, 2016 and ending June 30, 2017 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 25th day of June 2015.



Robert Ooten
Secretary of the Board of Directors



Michael Scheafer
President of the Board of Directors

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
COSTA MESA SANITARY DISTRICT)

I, NOELANI MIDDENWAY, Clerk of the Costa Mesa Sanitary District, hereby certify that the above and foregoing Resolution No. 2015-867 was duly and regularly passed and adopted by the said Board of Directors at a regular meeting thereof held on the 25th day of June 2015 by the following votes:

AYES: Scheafer, Perry, Ooten, Schafer, Ferryman

NOES: None

ABSENT: None

ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the Costa Mesa Sanitary District, this 25th day of June 2015.



Noelani Middenway
Clerk of the Costa Mesa Sanitary District



Costa Mesa Sanitary District

...an Independent Special District

Memorandum

To: Board of Directors
From: Marc Davis, Treasurer
Date: June 25, 2015
Subject: Statement of Investment Policy for Fiscal Year 2015-16

Summary

Attached is the proposed Statement of Investment Policy for Fiscal Year 2015-16 (Policy). The Policy documents the Board's guidelines under which the District Treasurer can invest the District's idle funds.

Staff Recommendation

Adopt Resolution No. 2015-869 approving the Policy and delegating the investment function to the District Treasurer for the 2015-16 fiscal year.

Analysis

California Government Code §53646(a)(2) allows the District Treasurer to submit an annual investment policy to the Board for consideration. It is not a requirement to do so, but staff believes it is prudent to continue this practice. The enclosed Policy documents the Board's objectives surrounding the selection of investments, as well as those investments in which the Board has authorized. It also provides limitations on specific investments.

The responsibility for placing investments rests with the Board. California Government Code §53607 allows the Board to delegate the investment function to the District Treasurer for a period of one year. The attached Resolution approves the Policy and delegates the investment function to the District Treasurer for the 2015-16 fiscal year.

The attached Policy is a red-lined version so that the Board can review the proposed changes to the Policy. Once approved, the changes will be incorporated into the Policy,



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

www.cmsdca.gov

and it will be distributed to the brokers assisting the District with the investment of its idle funds.

Strategic Plan Element & Goal

This item supports achieving Strategic Element No. 7.0, *Finances*, by ensuring the short and long-term fiscal health of the District.

Legal Review

District Counsel has reviewed Resolution 2015-869 as to form.

Environmental Review

Subject activity is exempt from the requirements of the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000 et. seq.). Section 15300.4 of CEQA allows an agency while establishing its own procedures “to list those specific activities which fall within each of the exempt classes”, and the District has adopted “CEQA Guidelines and Implementing Procedures” that state on page 6, ““Projects” does not include....C. Continuing administrative or maintenance activities.”

Financial Review

The Statement of Investment Policy guides the Treasurer in how to invest the District’s idle funds. The amount of investment earnings to be generated as a result of the investing function is based upon the market conditions at the time of investment.

Public Notice Process

Copies of this report are on file and will be included with the entire agenda packet for the June 25, 2015 Board of Directors regular meeting at District Headquarters (628 W. 19th Street) and on the District’s website at www.cmsdca.gov.

Alternative Actions

1. Do not adopt Resolution and retain investment function at the Board level
2. Refer the matter back to staff

Attachments

Attachment 1 – Resolution Number 2015-869

Attachment 2 –Statement of Investment Policy for Fiscal Year 2015-16 – Redline Version

RESOLUTION NO. 2015-869

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COSTA MESA SANITARY DISTRICT ADOPTING A STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2015-16, AND AUTHORIZING THE TREASURER TO INVEST AND REINVEST IDLE MONIES OF THE COSTA MESA SANITARY DISTRICT IN ACCORDANCE WITH THE STATEMENT OF INVESTMENT POLICY, AND FURTHER AUTHORIZING THE SAID TREASURER TO DELEGATE TO A DEPUTY THE CARRYING OUT OF ANY SUCH TASKS.

WHEREAS, Government Code Section 53601 et seq. sets forth the investments that the District may lawfully make; and

WHEREAS, Government Code Section 53646(a)(2) sets forth that the District's Treasurer may annually render to the Board of Directors a Statement of Investment Policy at a public meeting for the Board to consider; and

WHEREAS, The Board has reviewed the Statement of Investment Policy; and

WHEREAS, Government Code Section 53607 allows the Board to delegate the authority to make investments and to sell or exchange securities for a one year period to the Treasurer, provided that monthly reports are thereafter made of the status of said transactions.

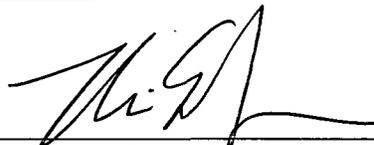
NOW, THEREFORE, the Board of Directors does hereby resolve:

1. That the Statement of Investment Policy for fiscal year 2015-16 is approved.
2. That the Treasurer is authorized to make investments consistent with said Policy and is required to provide a written report to the Board on a monthly basis and verbal report to the Board on a quarterly basis on the status of those transactions. The Treasurer is hereby given all of the authority provided by Government Code Section 53607, including the power to invest and reinvest and the power to sell or exchange securities, consistent with the District's policy.
3. That the Treasurer may delegate some part of these duties to a deputy provided that the Treasurer remains responsible for such decisions and provides oversight.

PASSED and **ADOPTED** on this 25th day of June 2015.



Secretary, Costa Mesa Sanitary District
Board of Directors



President, Costa Mesa Sanitary District
Board of Directors

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF COSTA MESA)

I, Noelani Middenway, Clerk of the Costa Mesa Sanitary District, hereby certify that the above and foregoing Resolution No. 2015-869 duly and regularly passed and adopted by said Board of Directors at a regular meeting thereof held on the 25th day of June 2015 by the following votes:

AYES: Scheafer, Perry, Ooten, Schafer, Ferryman

NOES: None

ABSENT: None

ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Costa Mesa Sanitary District, this 25th day of June 2015.



Noelani Middenway
Clerk of the Costa Mesa Sanitary District

(Seal of the Costa Mesa Sanitary District is visible in the background)

COSTA MESA SANITARY DISTRICT
Statement of Investment Policy
Fiscal Year 2015-16

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I. PURPOSE

This statement is intended to formalize the various policies and procedures for the prudent investment of temporarily idle cash for the Costa Mesa Sanitary District (District). It outlines the investment-related activities, which comprise good cash management. In concert with these activities, there are many facets of an appropriate secure short-term investment program, which will enhance the economic condition of the District while safeguarding its assets.

II. INVESTMENT SELECTION OBJECTIVE

The District strives to maintain the level of investment of all idle funds as near 100% as possible. All temporarily pooled idle cash is invested under the "Prudent Investor Standard," Government Code §53600.3, which states, in part:

"...When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency..."

This affords the District a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current legislation of the State of California Government Code §53600 et seq. and the Costa Mesa Sanitary District Statement of Investment Policy. The District Treasurer, after meeting the legality, safety, liquidity and diversification criteria, will attempt to obtain the highest yield possible. The criteria for selecting investments, in order of priority are:

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1. **Legality** – The District's investments must conform to federal laws, state statutes, District ordinances and internal policies and procedures. The District has established internal controls to ensure that investment activities comply with all applicable statutes, ordinances and policies.
2. **Safety** – The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The District only operates in those investments that are considered very safe.
3. **Liquidity** – This refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements as well as unanticipated needs for funds.
4. **Diversification** – The District's investment portfolio will be sufficiently diversified to avoid incurring unreasonable risks resulting from saturation of assets in specific security types, maturities or individual financial institutions.

COSTA MESA SANITARY DISTRICT
 Statement of Investment Policy
 Fiscal Year 2015-16

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5. **Yield** – Yield is the potential dollar earnings an investment can provide, and sometimes is described as the rate of return.

The basic premise underlying the District's investment philosophy is to ensure that funds are always safe and available when needed. The District does not buy stocks, speculate or deal in futures or options. Any investment extending beyond a five-year period requires prior District Board approval.

III. **AUTHORIZED INVESTMENTS**

The District limits its investments to the following vehicles:

- US Treasury Bills
- US Treasury Notes
- Federal Agency Issues - Examples include:
 - Federal Intermediate Credit Bank Debentures (FICB)
 - Federal Farm Credit Bank (FFCB)
 - Federal Land Bank Bonds (FLB)
 - Federal Home Loan Bank Notes and Bonds (FHLB)
 - Federal National Mortgage Association (FNMA)
 - Federal Home Loan Mortgage Corporation (FHLMC)
- Banker's Acceptances
- Certificates of Deposit (CD)
- Negotiable Certificates of Deposit
- Commercial Paper
- Medium Term Corporate Notes
- Money Market Mutual Funds
- Passbook Savings Account
- Local Agency Investment Fund (LAIF)
- CalTRUST

IV. **DELEGATION OF AUTHORITY**

The District's Board of Directors (Board) hereby delegates its authority to invest surplus District funds to the Treasurer. Delegation of the investment function by the Board is limited to a one-year period. Failure to delegate deems the Board to be trustee and fiduciary, therefore subject to the prudent investor standard.

V. **INTERNAL CONTROLS**

A system of internal control shall be established and documented in writing. The controls shall be designed to prevent loss of public funds arising from irregularities, employee error, misrepresentation of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the District. Controls deemed most important include: control of

COSTA MESA SANITARY DISTRICT
Statement of Investment Policy
Fiscal Year 2015-16

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collusion, separation of duties, custodial safekeeping, clear delegation of authority, confirmation of transactions, minimizing the number of authorized investment officials, documentation of transactions and strategies, and code of ethics standards.

VI. REPORTING

Government Code §53646(a)(2) previously mandated that investment policies be approved by the legislative body. Additionally, Government Code §53646(b)(1) previously mandated that quarterly investment reports be submitted to the legislative body. In June 2004, the California Assembly adopted AB2853 which made these requirements optional. The District believes it prudent to continue with these practices. The Treasurer shall submit a monthly investment report to the Board. This report will communicate, at a minimum, the type of investment, institution, date of maturity, amount of deposit, rate of interest, current market value of securities with maturities in excess of 12 months, source of market valuations, statement of compliance and such other data as required by the Board. Once each quarter, the Treasurer shall discuss the previous month's investment report with the Board at a regular meeting.

VII. LEGAL CONSTRAINTS

Surplus funds must be deposited in state or national banks, state or federal savings associations or federal credit unions within the State of California. These deposits cannot exceed the amount of the institution's paid-up capital and surplus. The bank or savings and loan must secure public funds deposits with eligible securities having a market value of 110% of the total amount of the deposits or first trust deeds having a value of 150% of the total amount of the deposits. A third class of collateral is a 105% letter of credit drawn on the Federal Home Loan Bank. The Treasurer may waive security for that portion of a deposit, which is insured pursuant to Federal law. Currently, the first \$250,000 of a deposit is federally insured. Deposits over \$250,000 are collateralized as indicated above.

VIII. DERIVATIVES

The term derivative is a commonly used name that describes a variety of securities whose values are "derived from" the value of another asset, a reference rate or an index. Investment in derivative instruments is limited to securities that have periodic increases, or step-up interest rate adjustments that provide an increased yield. Investment in callable securities is also allowed, but must comply with other restrictions as specified in this Investment Policy. Derivative securities known as inverse floaters, range notes, structured investment vehicles, mortgage-derived interest-only strips and other such securities that produce higher yields when purchased but have the possibility of producing low or no return through the life of the security, are not allowable per Government Code §53601.6(a).

COSTA MESA SANITARY DISTRICT
Statement of Investment Policy
Fiscal Year 2015-16

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IX. BOND PROCEEDS

When investing bond proceeds, if any, the District will adhere to this Investment Policy (Policy) when determining appropriate instruments for placing monies. If the bond's trust agreement is more restrictive than this Policy, then the trust agreement supersedes this Policy. The District may delegate it's responsibly to the fiscal agent to ensure compliance with the bond covenants when managing bond proceeds on behalf of the District. Borrowing money solely for the purpose of investing and earning arbitrage is specifically prohibited.

X. GRANDFATHER PROVISIONS

The District's investment strategy is to buy and hold investments until maturity. As legislation and the District's Policy change, certain investments may become prohibited. Under §53601.6(b) of the California Government Code, the District may hold prohibited investments until their maturity to avoid incurring a loss. This allows the District to "grandfather" in securities purchased prior to the effective date of new legislation.

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When selling and subsequently repurchasing securities prior to maturity, losses are only acceptable if the proposed swap/trade can clearly enhance yield (value) over the life of the new security on a total return basis, or to prevent the further loss of principal. Sufficient written documentation to facilitate the audit of the transaction must be maintained.

In the event that an issuer's rating is downgraded from when the security was purchased, the Treasurer's awareness is heightened and the security will be closely monitored to determine if credit risk has been significantly increased. The Treasurer will evaluate the need to sell the security prior to maturity.

XI. BANKS AND SECURITIES DEALERS

The District shall transact business only with banks, savings and loans, and "primary" or "regional" registered investment securities broker/dealers with offices located, or doing business, in the State of California. Any broker/dealer or financial institution wishing to provide services must complete the District's questionnaire and be approved by the Treasurer. The number of broker/dealers authorized to transact business with the District is one broker/dealer for every \$5,000,000 of portfolio size.

XII. SAFEKEEPING AND CUSTODY

Securities should be held in a third party custodian/safekeeping account. Said securities shall be held in a manner that establishes the District's right of ownership pursuant to Government Code Sections 53601 and 53608 et seq.

All securities owned by the District should be held by a third party except the collateral for time

COSTA MESA SANITARY DISTRICT
Statement of Investment Policy
Fiscal Year 2015-16

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deposits in banks and savings and loans, which is held by the Federal Home Loan Bank or an approved Agent of Depository. The collateral for time deposits in banks should be held in the District's name by the bank's Trust Department, or alternately, by the Federal Reserve Bank pursuant to Government Code Sections 53656 and 53657 et seq.

XIII. INDEMNIFICATION

Any authorized investment personnel acting with prudence and in accordance with the District's Policy, will not be held personally liable for any investment losses. Through surety bonds, the District is indemnified against any investment personnel acting with malfeasance, misfeasance or nonfeasance.

XIV. CONFLICT OF INTEREST

Any firm proposing to provide any type of investment service to the District shall acknowledge their familiarity with and agree to abide by any Federal and State laws or regulations pertaining to contractual conflicts of interest or contributions by such firms, their employees, spouses or agents. Any persons, firms, dealers, brokers and advisors providing investment services or bond issue assistance shall disclose to the Treasurer all fee sharing and commission arrangements with other entities or persons prior to the District agreeing to buy an investment or issuing bonds.

XV. POLICY REVIEW

The Treasurer shall be responsible for reviewing and modifying this Policy annually for Board approval to ensure its consistency with the overall objectives of safety, preservation of principal, and liquidity, and its relevance to current law and current financial and economic conditions.

XVI. SUMMARY

The basic premise underlying the District's investment philosophy is conservative, and will continue to be, to ensure that money is always safe and available when needed.

- Attachments:
- Investment Guidelines and Strategy
 - Investment Procedures – Internal Control Guidelines
 - Cash Controls
 - Segregation of Treasury Functions
 - Glossary of Investments

COSTA MESA SANITARY DISTRICT
 Investment Guidelines and Strategy
 Fiscal Year 2015-16

Deleted: 2014-15

I. GUIDELINES

Guidelines are established to direct and control activities in such a manner that previously established goals are achieved.

1. Investment Transaction: Every investment transaction must be authorized and reviewed by the Treasurer.
2. Pooled Cash: Whenever practical, cash is consolidated into one bank account and invested on a pooled concept basis. Interest earnings are allocated quarterly to each fund based upon the average monthly ending cash balance of the fund.
3. Competitive Bids: Purchases and sales of securities are made on the basis of competitive offers and bids when practical.
4. Cash Forecasting: The cash flow for the District is projected with the receipt of revenues and maturity of investments scheduled so that adequate cash will be available to meet disbursement requirements.
5. Investment Limitations: Security purchases and holdings are maintained within statutory limits imposed by the California Government Code. The District's current limits are:

Permitted Investments/Deposits	District Policy		Government Code	
	Percent	Maturity	Percent	Maturity
US Treasury Bills and Notes	Unlimited	5 years	Unlimited	5 years
US Government Securities	Unlimited	5 years	Unlimited	5 years
Certificates of Deposit	25%	1 year	Unlimited	5 years
Bankers' Acceptances (1)	25%	180 days	40%	180 days
Commercial Paper (2)	25%	270 days	25%	270 days
Negotiable CDs	25%	5 years	30%	5 years
Medium Term Notes	20%	5 years	30%	5 years
LAIF	50%	n/a	\$50 million	n/a
Shares of Beneficial Interest (3), (4)	20%	5 years	20%	5 years
<u>Supranational Securities</u>	<u>15%</u>	<u>5 years</u>	<u>30%</u>	<u>5 years</u>

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- (1) Further limited to 30% in any single commercial bank per Government Code and 15% per District Policy
- (2) Further limited to 10% in any single issuer
- (3) Includes CalTRUST, money market funds and money market mutual funds
- (4) Further limited to 10% in any single mutual fund

6. Liquidity: The marketability of a security is considered at the time of purchase, as the security may have to be sold at a later date to meet unanticipated cash demands.

7. Diversification: The portfolio should consist of various types of securities, issuers, and maturities.

COSTA MESA SANITARY DISTRICT
Investment Guidelines and Strategy
Fiscal Year 2015-16

Deleted: 2014-15

8. Evaluate Certificates of Deposit:

- a) Certificates of Deposit shall be evaluated in terms of FDIC coverage. The District does not purchase Certificates of Deposit in excess of \$250,000.
- b) Negotiable Certificates of Deposit shall be evaluated in terms of the credit worthiness of the issuer.

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II. STRATEGY

Strategy refers to the ability to manage financial resources in the most advantageous manner.

- 1. Economic Forecasts: Economic forecasts are obtained periodically from economists and financial experts through bankers and brokers to assist with the formulation of an investment strategy for the local agency.
- 2. Implementing Investment Strategy: Investment transactions are executed which conform to anticipated interest rate trends and the current investment strategy plan.
- 3. Rapport: A close working relationship is maintained with large vendors of the District. The objective is to pinpoint when large disbursements will clear the District's bank account. It is essential for good cash control that such large expenditures be anticipated, estimated as to dollar amount, and communicated to the Treasurer for liquidity planning purposes.
- 4. Preserve Portfolio Value: Standards are developed in order to maintain earnings near the market and to preserve the value of the portfolio.

III. AUDIT

Annually, the District's external auditors review the District's portfolio and perform limited procedures related to compliance. Additionally, they review that purchase price, market value and maturity date for financial statement purposes. This review is included as part of the annual audit of the District.

COSTA MESA SANITARY DISTRICT
Investment Procedures – Internal Control Guidelines
Fiscal Year 2015-16

Deleted: 2014-15

I. OBJECTIVES OF INTERNAL CONTROL

Internal control is the plan of organization and all the related systems established by management's objective of ensuring, as far as practical:

- The orderly and efficient conduct of its business, including adherence to management policies;
- The safeguarding of assets;
- The prevention or detection of errors and irregularities;
- The accuracy and completeness of the accounting records; and
- The timely preparation of reliable financial information.

II. LIMITATIONS OF INTERNAL CONTROL

No internal control system, however elaborate, can by itself guarantee the achievement of management's objectives. Internal control can provide only reasonable assurance that the objectives are met, because of its inherent limitations, including:

- Management's usual requirement that a control be cost-effective;
- The direction of most controls at recurring, rather than unusual, types of transactions;
- Human error due to misunderstanding, carelessness, fatigue or distraction of functions; and
- The potential for a person responsible for exercising control abusing that responsibility. Frequently, a member of management is in a position to override controls which management has set up.

III. ELEMENTS OF INTERNAL CONTROL

Elements of a system of internal control are the means by which an organization can satisfy the objectives of internal control. These elements are:

1. Organization: Specific responsibility for the performance of duties should be assigned and lines of authority and reporting clearly identified and understood.
2. Personnel: Personnel should have capabilities commensurate with their responsibilities. Personnel selection and training policies, together with the quality and quantity of supervision, are thus important.
3. Segregation of Functions: Segregation of incompatible functions reduces the risk that a person is in a position both to perpetrate and conceal errors or irregularities in the normal course of duty. If different people handle two parts of a transaction, collusion is necessary to conceal errors or irregularities. In particular, the functions that should be considered when evaluating segregation of functions are authorization, execution, recording, custody of assets and performing reconciliations.

COSTA MESA SANITARY DISTRICT
Investment Procedures – Internal Control Guidelines
Fiscal Year ~~2015-16~~

Deleted: 2014-15

4. Authorization: An appropriate responsible individual should authorize all transactions. The responsibilities and limits of authorization should be clearly delineated. The authorization for a specific transaction or granting general authority for transactions should be to a position commensurate with the significance of the transactions. Delegation of authority to authorize transactions should be handled very carefully.
5. Controls Over an Accounting System: Controls over an accounting system include manual and computerized procedures carried out independently to ascertain that transactions are complete, valid, authorized and properly recorded.

COSTA MESA SANITARY DISTRICT

Cash Controls

Fiscal Year 2015-16

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I. **PROCEDURES THAT MAY BE PERFORMED BY AUDITORS WITH RESPECT TO CASH RECEIPTS**

1. District procedures and controls are reviewed. Some of the system strengths are:
 - a. Receipts are controlled upon receipt by proper registration devices;
 - b. Receipts are reconciled on a daily basis;
 - c. Amounts are deposited intact;
 - d. All bank accounts are authorized by the Board;
 - e. Cash counts are done by two or more individuals;
 - f. Bank reconciliations are reviewed;
 - g. The posting of cash receipt entries in books is prompt;
 - h. Receipt forms are prenumbered, accounted for, and physically secured;
 - i. Proper approval required for write-off's of customer accounts;
 - j. Checks are restrictively endorsed upon receipt;
 - k. Adequate physical security over cash;
 - l. Individuals who handle cash do not post account records or process billing statements; and
 - m. Adequate supervision of financial operations.
2. Significant revenues are confirmed directly with the payer and compared to District books to make sure amounts are recorded properly, or reviewed on an analytical basis by year over year comparisons.
3. Cash balances are substantiated by confirming account balances. Bank reconciliations are reviewed for propriety and recalculated by the auditor. All significant reconciling items on bank reconciliations are verified as valid reconciling items by proving to subsequent bank statements.

Attachment 2

COSTA MESA SANITARY DISTRICT
 Segregation of Treasury Functions
 Fiscal Year 2015-16

Deleted: 2014-15

The District's treasury function is segregated as follows.

<u>Function</u>	<u>Responsibility</u>
Authorization of investment transactions:	
A) Formal investment policy	
Prepared by	Treasurer
Reviewed by	Board
Adopted by	Board
B) Investment transactions approved by	Treasurer
C) Monthly Investment Report:	
Prepared by	Treasurer
Reviewed by	Board
Execution of investment transactions	Treasurer
Recording of investments in Treasurer's records	Treasurer
Recording of investments in accounting records	<u>Accountant</u>
Accounting records approved by	Finance Manager
Verification of investment and confirmation of Treasurer's records	Finance Manager
Bank reconciliation:	
Prepared by	<u>Accountant</u>
Approved by	Finance Manager
Execute wire transfers	Treasurer
Callback verification of wire transfer	Bank
Annual review of investment portfolio	External Auditors

Deleted: Finance Manager

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COSTA MESA SANITARY DISTRICT
 Glossary of Investments
 Fiscal Year 2015-16

Deleted: 2014-15

Bankers' Acceptances – Short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at its maturity. An acceptance is a high-grade negotiable instrument. Acceptances are purchased in various denominations for 30, 60, or 90 days, but no longer than 180 days. The interest is calculated on a 360-day discount basis similar to Treasury Bills. The District may not invest more than 25% of its surplus money in Bankers' Acceptances and no more than 15% of bankers' acceptances may be placed with any one commercial bank.

Certificates of Deposit (CD) – Time deposits of a bank or savings and loan. They are purchased in various denominations with maturities ranging from 30 to 360 days. Certificates of Deposit are insured up to \$250,000 per issuer by the FDIC. The interest is calculated on a 360-day, actual day month basis and is payable monthly. The District may invest up to 25% of its surplus money in insured CD's with maturities of one year or less.

Commercial Paper – Short-term unsecured promissory notes issued by a corporation to raise working capital. These negotiable instruments are purchased at a discount to par value or at par value with interest bearing. Commercial Paper is issued by corporations such as General Motors, IBM, etc. Local agencies are permitted by State law to invest in Commercial Paper of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investor's Service, Inc., or Standard and Poor's Corporation. Purchases of eligible Commercial Paper may not exceed 270 days maturity, nor exceed 25% of the District's surplus funds. The District may not purchase more than 10% of any single issuer.

Federal Agency Issues – Guaranteed directly or indirectly by the United States Government. All agency obligations qualify as legal investments and are acceptable as security for public deposits. Agencies usually provide higher yields than direct Treasury issues with all of the same advantages. An unlimited amount of funds may be invested in Federal Agency issues with maximum maturities of less than five years. The Board must expressly authorize any investment with a maturity greater than five years. Examples include:

- **Federal Intermediate Credit Bank Debentures (FICB)** – Loans to lending institutions used to finance the short-term and intermediate needs of farmers, such as seasonal production. They are usually issued monthly in minimum denominations of \$3,000 with a nine-month maturity. Interest is payable at maturity and is calculated on a 360-day, 30-day month basis.
- **Federal Farm Credit Bank (FFCB)** – Debt instruments used to finance the short and intermediate term needs of farmers and the national agricultural industry. They are issued monthly with three and six-month maturities. The FFCB issues larger issues (one to ten years) on a periodic basis. These issues are highly liquid.
- **Federal Land Bank Bonds (FLB)** – Long-term mortgage credit provided to farmers by Federal Land Banks. These bonds are issued at irregular times for various maturities ranging from a few months to ten years. The minimum denomination is \$1,000. They carry semi-annual coupons. Interest is calculated on a 360-day, 30-day month basis.

COSTA MESA SANITARY DISTRICT

Glossary of Investments

Fiscal Year 2015-16

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- **Federal Home Loan Bank Notes and Bonds (FHLB)** – Issued by the Federal Home Loan Bank System to help finance the housing industry. The notes and bonds provide liquidity and home mortgage credit to savings and loan associations, mutual savings banks, cooperative banks, insurance companies and mortgage-lending institutions. They are issued irregularly for various maturities. The minimum denomination is \$5,000. The notes are issued with maturities of less than one year and interest is paid at maturity. The bonds are issued with various maturities and carry semi-annual coupons. Interest is calculated on a 360-day, 30-day month basis.
- **Federal National Mortgage Association (FNMA)** – Used to assist the home mortgage market by purchasing mortgages insured by the Federal Housing Administration and the Farmers Home Administration, as well as those guaranteed by the Veterans Administration. They are issued four times a year with maturities from a few months to eight years. The minimum amount is \$10,000 and carry semi-annual coupons, with interest computed on a 360-day, 30-day month basis.
- **Federal Home Loan Mortgage Corporation (FHLMC)** – A government-sponsored corporation established to develop the secondary market for conventional home mortgages. Mortgages are purchased solely from the Federal Home Loan Bank System member lending institutions whose deposits are insured by agencies of the United States Government. They are issued for various maturities and in minimum denominations of \$10,000. Interest is paid semi-annually and is calculated on a 360-day, 30-day month basis.

Investment Trust of California (CalTRUST) – A joint powers authority established by local agencies in the State of California for the purpose of pooling and investing local agency funds. A Board of Trustees supervises and administers the investment program. The Board is comprised of experienced investment officers and policy-makers of the public agency members. CalTRUST invests in fixed income securities eligible for investment pursuant to California Government Code §53601 et seq. The District is not limited as to the number of deposits and withdrawals in any given month for the short-term account within CalTRUST. The district is limited to one transaction per month in the medium-term account within CalTRUST. See also Shares of Beneficial Interest.

Local Agency Investment Fund (LAIF) – A special fund in the State Treasury which local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum balance of \$50,000,000 for any agency. The District is restricted to 15 transactions per month for each LAIF account. LAIF offers high liquidity because deposits can be converted to cash in 24 hours with no interest lost. Interest is distributed to those agencies participating on a per share basis determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly. The State retains a portion for administrative costs, not to exceed one-quarter of one percent of the earnings.

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The pooling of the State's surplus cash with the participant's surplus cash creates a multi-billion dollar money pool and allows diversified investments. The District invests in the Local Agency Investment Fund whose Investment Policy allows investments in securities not specifically authorized by the District's Investment Policy, but allowable under the California Government Code.

Deleted: In a high interest rate market, the District does better than LAIF. However, in times of low interest rates, LAIF's yields are higher.

COSTA MESA SANITARY DISTRICT
Glossary of Investments
Fiscal Year 2015-16

Deleted: 2014-15

Medium Term Corporate Notes – Unsecured promissory notes issued by a corporation organized and operating in the United States. These are negotiable instruments and are traded in the secondary market. Medium Term Corporate Notes can be defined as extended maturity Commercial Paper. Local agencies are restricted by the Government Code to investments in corporations rated in the top three note categories by a nationally-recognized rating service, five year maximum maturity and may not exceed 30% of surplus funds. The District's restrictions are a maximum term of five years to maturity and total investments in Medium Term Corporate Notes may not exceed 20% of the District's surplus funds. The District may not purchase more than 10% of any single issuer.

Negotiable Certificates of Deposit – Obligations of the financial institution, bank or savings and loan, bought at par value with the promise to pay face value plus accrued interest at maturity. They are high-grade negotiable instruments, paying a higher interest rate than regular certificates of deposit. The primary market issuance is in multiples of \$1,000,000, the secondary market usually trades in denominations of \$500,000, and smaller lots are occasionally available. Negotiable Certificates of Deposit are insured up to \$250,000 per issuer by the FDIC. Purchases of Negotiable Certificate of Deposit may not exceed 25% of the District's surplus funds and five years to maturity. The District may not buy more than 10% of any single issuer.

Passbook Savings Account Demand Deposit – Interest bearing active deposits placed at state or national banks, state or federal savings and loan associations, state or federal credit unions and federally insured industrial loan companies. Monies placed in a savings account earn short-term interest. Deposits are FDIC insured up to \$250,000, and may be in any amount.

Shares of Beneficial Interest – Also referred to as money market mutual funds. CalTRUST, which has previously been defined, is classified as shares of beneficial interest. Shares of beneficial interest must consist of highly-rated short-term debt instruments. The management companies shall either (1) attain the highest ranking or the highest letters and numerical rating provided by not less than two of the three largest nationally recognized rating services, or (2) have an investment advisor registered with the Securities and Exchange Commission (SEC) with not less than five years experience investing in the securities and obligations as authorized above and with assets under management in excess of five hundred million dollars (\$500,000,000) and (3) follow regulations specified by the SEC under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1, et seq.). The purchase price of shares for beneficial interest shall not exceed 20% of the District's portfolio.

Supranational Securities – United States dollar denominated senior unsecured unsubordinated obligations issued or conditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. Investments are limited to five years or less and must be eligible for purchase or sale within the United States. Investments shall be rated "AA" or better and shall not exceed 15% of the District's portfolio.

US Treasury Bills – Direct obligations of the United States Government issued weekly with maturity dates up to one year. They are issued and traded on a discount basis with interest calculated on a 360-day basis and actual invested days. They are issued in amounts of \$10,000 and up, in multiples of \$5,000. They are a highly liquid security. An unlimited amount may be invested in US Treasury Bills.

COSTA MESA SANITARY DISTRICT

Glossary of Investments

Fiscal Year ~~2015-16~~

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US Treasury Notes – Direct obligations of the United States Government with original maturities of 1 to 10 years. They are generally available in minimum denominations of \$5,000 for two and three-year maturities, and \$1,000 denominations for all other maturities. Notes are actively traded in a large secondary market and are very liquid. An unlimited amount of funds may be invested in US Treasury Notes with maximum terms of five years. The term may be extended if authorized by the Board.

Chapter 4.03 - Financial Policies

4.03.010 Summary. A summary of the District's Financial Policies includes the following principles:

(a) Operating Reserves: The District will maintain a minimum designated Reserve for Working Capital equal to 30% of its operating budget within its Solid Waste Fund and- 25% of its operating budget within its Wastewater Fund.

(b) Fairness and Equity: All customers of the District will pay their fair, equitable, and proportionate cost of the services provided by the District.

(c) Recurring Revenue Growth: Recurring expenditure increases 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 expenditures.

(d) 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.

(e) Long Range Fiscal Perspective (Capital Expenditure 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 expenditure forecasting.

(f) 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 (using recurring revenues only); 3) Combination of debt financing and "Pay As You Go" financing; and, 4) Using accumulated cash reserves in excess of policy requirements.

(g) 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). (Ord. 34, 2000; Ord. 108, 2015)

(h) The General Manager shall have the authority to transfer up to fifty thousand dollars (\$50,000) from savings, from account to account or between personnel, maintenance & operations and capital outlay unless otherwise prohibited by law. Funds shall not be transferred between the solid and liquid waste funds. Transfers over fifty thousand dollars must be approved by the Board of Directors. (Ord. 82, 2011)

4.03.020 Operating Reserves. This policy establishes a minimum level of Reserves for Working Capital within Operating Funds of the District. Operating Funds of the District consist of the Solid Waste Fund and the Liquid Waste Fund.

(a) Policy: The District will maintain a minimum designated Reserve for Working Capital equal to 30% of its operating budget within its Solid Waste Fund, and 25% of its operating budget within its Wastewater Fund.

(b) Operating Reserves Required: The Reserves for Working Capital for Operating Funds will be maintained at a level equal to 30% of its operating budget within its Solid Waste Fund, and 25% of its operating budget within its Wastewater 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 expenditures;
6. Unexpected increases in inflation (Consumer Price Index); and,
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 30% of the Solid Waste operating budget and 25% of the Liquid Waste operating budget as part of the subsequent year's proposed budgets. (Ord. 34, 2000; Ord. 71, 2008; Ord. 108, 2015)

Section 4.03.030. Fairness and Equity. This policy establishes District policy with regard to the calculation of rates and charges to District customers. It is the intention of this policy to ensure that all classes of users are equitably charged for the services rendered.

(a) Policy: All customers of the District will pay their fair and proportionate cost of the services provided by the District.

(b) Effective Date: The effective date of this policy is July 1, 2000.

(c) Date Adopted: July 13, 2000. (Ord. 34, 2000)

Section 4.03.040. Recurring Revenue Growth. This policy sets forth that recurring revenue growth (inflation) will be used to pay for recurring expenditures.

(a) Policy: Recurring expenditure increases should not be approved which exceed recurring revenue growth. Any new or expanded programs will be required to identify new funding sources and/or offsetting reductions in expenditures.

(b) Matching Revenue to Expenditures: Recurring revenue growth may not always increase at a rate equal to or faster than the recurring expenditures it supports. As a result, the District will avoid using such growth as start-up revenue for new projects or programs that have ongoing costs. Increases in service levels should be supported by new or increased revenue sources or reallocation of existing resources. If normal revenue inflation and/or growth does not keep up with expenditures inflation, the District will decrease expenditures or seek new revenue sources. If long-term revenues grow at a rate faster than expenditures inflation, the Board can consider expanding service levels accordingly or reducing rates, fees, charges, etc.

(c) Effective Date: The effective date of this policy is July 1, 2000.

(d) Date Adopted: July 13, 2000. (*Ord. 34, 2000*)

Section 4.03.050. Risk Management/Retention. The District will maintain adequate levels of reserves for self-insured risk retention levels.

(a) Policy: 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.

(b) Risk Management/Liability Reserves: General liability insurance reserves are maintained in a sufficient manner to fund the District's recorded liabilities for lawsuits and other claims arising out of the ordinary course of business. These reserves should also be maintained in such a manner to fund estimated losses for claims and judgments, levels of self-insurance or other retained risks. Losses for claims incurred but not reported may be pre-funded in the reserves or may be funded when the probable amount of loss can be reasonably estimated. Such reserves will also meet all applicable statutory requirements. The minimum level of the reserves will be determined on an annual basis. If the reserves drop below levels prescribed by this policy and cannot be readily replenished, staff will bring the matter to the Board's attention. In discussing the inadequacy of the reserves with the Board, staff will make every effort to give the Board viable options in choosing the best course of corrective action.

(c) Effective Date: The effective date of this policy is July 1, 2000

(d) Date Adopted: July 13, 2000. (*Ord. 34, 2000*)

Section 4.03.060. Long Range Fiscal Perspective (Capital Expenditure Policy). A long range fiscal perspective will be maintained to provide a more comprehensive overview of the District's needs.

(a) 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 expenditure forecasting. The General Manager shall develop and annually update a long range projection of capital expenditures. The first year of the projection will be incorporated into the annual budget of non-operating funds. The Board of Directors will consider projects based on necessity and availability of financing and establish project priorities based upon staff recommendations. The Capital Expenditure Program shall be reviewed and updated annually. It is recognized that with time, certain factors will change and influence specific projects requiring acceleration, deferment, termination or adjustment in the scope of a project. The annual update will provide a review to consider such changes. Prior to commencement of any design or construction work on any project covered in the Capital Improvement Program, the project shall be submitted to the Board of Directors for authorization to proceed.

(b) Long Range Planning: A long-range financial perspective is essential to provide a more comprehensive and thorough overview of the District's long-term financial needs. Components of this action plan include the use of an Annual Operating Budget and multi-year revenue and expenditure projections. This approach will be supported by staff's use of historical data and comparative data as appropriate. In addition, a Long Range Capital Improvement Program will be maintained and annually updated to help the Board better understand the potential long-term funding sources and cost impacts on the District's operating budget.

(c) Effective Date: The effective date of this policy is July 1, 2000.

(d) Date Adopted: July 13, 2000. (*Ord. 34, 2000*)

Section 4.03.070. Capital Improvements. The District will develop appropriate funding mechanisms for long-term capital improvements.

(a) Policy: 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 (using recurring revenues only); 3) Combination of debt financing and "Pay As You Go" financing; and, 4) Using accumulated cash reserves in excess of policy requirements.

(b) Capital Improvement Funding: The traditional method to obtain funds for major capital improvement projects has been to issue long-term debt instruments such as bonds, Certificates of Participation (CoPs), etc., which mature 15 to 30 years from the date of issuance. In general, a bond issue's maturity should approximate the useful life of the asset being financed. Long-term capital improvement financing needs should be financed, as much as possible, with long-term debt (bonds). Short-term capital improvement financing needs should be financed with short-term debt (short-term lease purchase,

revenue anticipation notes, etc.). However, it is also acceptable to use cash which has been accumulated in excess of policy requirements to pay for either long-term and/or short term capital improvements. The actual use of accumulated cash for such projects will be determined by the District Board on a case-by-case basis. It is the District's practice to use whatever financing mechanism(s) that best meets the goals and objectives of the applicable capital improvement project(s).

Specifically, the following general rules will be used in determining what to finance and how:

1. Capital improvement projects of less than \$100,000 should be financed out of operating revenues (or accumulated cash). Such projects may be included in the Long Range Capital Improvement Program (CIP).
2. Capital improvement projects in excess of \$100,000, or inter-related projects in excess of \$100,000, will be made a part of the Long Range CIP, and all such projects should be grouped to allow effective use of financing mechanisms or other funding sources.
3. On-going expenses related to Capital Improvement Program projects (e.g. maintenance and staffing costs) must be identified and the source of on-going revenues to support those costs must be identified. Debt financing will not be used to support on-going operating costs.
4. Prior to commencement of any design or construction work on any project covered in the Capital Improvement Program, the project shall be submitted to the Board of Directors for authorization to proceed.

(c) Effective Date: The effective date of this policy is July 1, 2000.

(d) Date Adopted: July 13, 2000. (*Ord. 34, 2000*)

Section 4.03.080. Generally Accepted Accounting Principles. The District will comply with all generally accepted accounting principles promulgated by the state and federal government, regulatory agencies, and relevant professional associations.

(a) Policy: 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).

(b) Standard: All books and records shall be maintained in accordance with such standards promulgated by the aforementioned agencies. Financial statements shall be prepared and presented to the Board on a periodic basis as determined by the Board and in such a format so as to conform to professional reporting standards and in sufficient detail to provide the Board with information necessary for management decision-making purposes. In full compliance with California Government Code Section

53646, the District Treasurer, will prepare a formal set of Investment Policies for Board of Directors adoption. This is to be done on an annual basis.

- (c) Effective Date: The effective date of this policy is July 1, 2000.
- (d) Date Adopted: July 13, 2000. (*Ord. 34, 2000*)

Chapter 4.04 - Purchasing

Section 4.04.010. Title. This chapter shall be known and may be cited and referred to as the "Purchasing Ordinance of the Costa Mesa Sanitary District."

Section 4.04.020. General Purpose. The purpose of this chapter is to define a uniform system for the purchase of supplies, services and equipment by the District, to provide for the fair and equitable treatment of all persons involved in the purchasing process, to obtain the highest possible value in exchange for public funds and to safeguard the quality and integrity of the purchasing system.

Section 4.04.030. Definitions.

(a). Unless otherwise indicated, the following definitions shall apply to all provisions of this chapter:

1. "Act" means the Uniform Public Construction Cost Accounting Act found in Public Contract Code Section 22000 et seq.

2. "Alternative purchasing procedure" means purchasing supplies, services or equipment when any of the following situations exist: An emergency; no competitive market; competitive bidding already completed; state purchases; or no bids received.

3. "Best value" means the best value to the District based on all factors that may include, but not limited to the following:

A. Cost;

B. The ability, capacity and skill of a contractor to perform a contract or provide the supplies, services or equipment required;

C. The ability of a contractor to provide the supplies, services or equipment promptly or within the time specified without delay or interferences;

D. The character, integrity, reputation, judgment, experience and efficiency of a contractor;

E. The quality of a contractor's performance on previous purchases/services with the District; and

F. The ability of a contractor to provide future maintenance, repairs, parts and services for the use of the goods and services purchased.

4. "Authorized contracting party" means the District official or body provided with authority under this chapter to approve a contract or to make a purchase.

5. "General Manager" means the general manager or person designated by the general manager to perform all or some of the duties prescribed in this chapter.

6. "Commission" means the California Uniform Construction Cost Accounting Commission created by Division 2, Part 3, Chapter 2, Article 2 of the California Public Contracts Code (commencing at Section 22000).

7. "Direct bidding procedure" means quotes shall be obtained, if applicable for purchases more than five thousand dollars (\$5,000) and less than thirty thousand dollars (\$30,000) and a Pricing Quote Sheet completed. The general manager shall approve final selection

8. "Emergency" for purposes of public projects shall have that meaning provided in Public Contract Code Sections 22035 and 22050. Emergency for all other purchasing purposes means a situation which makes competitive bidding, either formal or informal, impractical or not in the best interests of the District.

9. "Formal bidding procedure" means a procedure which meets the requirements of state and local law, including the Act, this chapter and any policies and procedures approved by the general manager consistent with this chapter.

10. "Informal bidding procedure" means that at least three (3) bids shall be obtained from a predetermined vendor list for purchases of more than thirty thousand dollars (\$30,000) and less than one hundred twenty five thousand dollars (\$125,000) and the general manager shall approve final selection.

11. "Maintenance work" shall have that meaning provided in Section 22002(d) of the Act, as that Section may be amended from time to time. In accordance with the Act, maintenance work shall include, but shall not be limited to, all of the following:

A. Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.

B. Minor painting.

C. Sewer maintenance, including videotaping, cleaning, manhole restoration and pump station maintenance are repairs.

D. Maintenance of facilities, including roof repairs, heating and air conditioning repairs, and electric repairs.

E. Vehicle and equipment maintenance and repairs.

12. "Negotiated contract" shall mean a written agreement which details terms and conditions of the purchase.

13. "Professional services" means all services performed by persons in a professional occupation, including, but not limited to, consulting and performance services for accounting, auditing, computer hardware and software support, engineering, architectural, planning, financial, legal, management, environmental, communication and other similar professional functions which may be necessary for the operation of the District.

14. "Public project" shall have that meaning provided in Section 22002(c) of the Act, as that Section may be amended from time to time. In accordance with the Act, public project shall not include maintenance work. In addition, public project shall include, but shall not be limited to the following:

a. Construction, reconstruction, erection, alteration, renovation, improvement, demolition involving any publicly owned, leased, or operated facility.

15. "Purchasing officer" means the general manager or his or her designee(s) as provided in Section 4.04.040. Pursuant to Section 4.04.040, the general manager may change his or her designation at any time.

Section 4.04.040. Purchasing Officer. The purchasing officer shall be the general manager or his or her designee(s). If the general manager designates one or more persons to act in this role, the purchasing officer(s) shall serve at the pleasure of the general manager. The duties of the purchasing officer may be combined with those of any other officer(s) or position(s).

Section 4.04.050. Purchasing Officer - Powers and duties.

(a). The purchasing officer, in accordance with the policies set forth in this chapter and in any written procedures approved by the general manager consistent with this chapter, shall have the power to:

1. Purchase or contract for supplies, services and equipment required by the District.

2. Negotiate and recommend to the Board of Directors execution of contracts for the purchase of supplies, services and equipment.

3. Prepare and implement policies and procedures governing the bidding, contracting, purchasing, storing, distribution and disposal of supplies, services and equipment for the District.

4. Prescribe and maintain such forms as may be reasonably necessary to the implementation of this chapter and any other policies and procedures approved by the general manager consistent with this chapter.

5. Sell any supplies and equipment not needed for public use or that may become unsuitable for their intended use.

6. Develop and maintain any bidder's list, contractor's list or vendor's catalog file necessary to the operation of this chapter and any other policies and procedures approved by the general manager consistent with this chapter.

Section 4.04.060. Purchasing Polices and Procedures.

(a). The District shall secure supplies, public projects and equipment at the lowest cost commensurate with the quality and scope needed, and subject to any limitations imposed by state law.

(b). The District shall secure professional and maintenance services based on Best Value and subject to any limitations imposed by state law.

(c). In purchasing, supplies, services and equipment, the District shall make use of competitive bidding, either direct, formal or informal, whenever required by law, this chapter, or any policies and procedures approved by the general manager consistent with this chapter.

(d). Direct, formal or informal competitive bidding is not required, for instance, when an "emergency" is declared pursuant to Section 4.04.120(a) of this chapter.

(e). Change Orders. The general manager shall have the authority to approve change orders up to the cumulative amount of ten percent of the original contract or fifteen thousand dollars (\$15,000), whichever is greater. The Board of Directors shall have the authority to approve any change order exceeding that amount. (Ord. 92, 2012)

Section 4.04.070. Bidding, Purchasing and Contracting.

(a). *\$5,000 or less:* Any purchase of \$5,000 or less may be awarded by the general manager or his or her designee(s) responsible for the project by any direct bidding procedure as defined herein.

(b). *\$5,001 - \$125,000:* Any purchase of more than five thousand dollars (\$5,000), but less than or equal to one hundred twenty-five thousand dollars (\$125,000) may be awarded by the general manager pursuant to the informal bidding procedure set forth in Section 4.04.100.

(c). *\$125,001 or more:* Any purchase of more than one hundred twenty-five thousand dollars (\$125,000) shall be awarded by the Board of Directors pursuant to the formal bidding procedure set forth in Section 4.04.110.

(d). *District Engineer Approval:* The district engineer shall review and approve the working details, drawings, plans, and specifications prepared for public projects.

(e). *Purchasing Officer Approval:* The purchasing officer, or his or her designee, shall review and approve all contracts of five thousand dollars (\$5,000) or more.

(f). *Five-Year Term Limitation*: No agreement or contract shall extend for a period of more than five (5) years, including any authorized extensions. Excepted from the foregoing limitation shall be the trash and recycling contracts and the professional services contracts for those persons serving as District Officers including General Manager, District Engineer, District Counsel and District Treasurer.

(g) *Ten-Year Term Limitation for Trash and Recycling Contracts*: No agreement or contract for trash and recycling services shall extend for a period of more than ten (10) years, including any authorized extensions. (Ord. 90, 2012)

Section 4.04.080. No Bidding Requirement. In purchasing, supplies, services and equipment that will cost \$5,000 or less no bids are required. The District shall negotiate the best price for the District and issue a purchase order.

Section 4.04.090. Direct Bidding Procedure.

(a). Direct bidding procedures shall be used for purchases between \$5,001 and \$30,000.

(b). If practical, at least three (3) vendors or contractors shall be contacted to provide informal quotes.

(c). Quotes received will be documented on the District "Quote Sheet".

(d). District's Authority: The District may reject any or all bids received, and may waive any minor irregularities in each bid received.

Section 4.04.100. Informal Bidding Procedure.

(a). Informal bidding procedures shall be used for purchases between \$30,001 and \$125,000.

(b). Public projects, as defined by the Act and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.

(c). A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission.

(d). Notice Inviting Informal Bids. Where a public project is to be performed which is subject to the provisions of this chapter, a notice inviting informal bids shall be mailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section 4.04.100(b), and to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code. The notice shall describe the project in general terms and how to obtain more detailed information about the

project, and state a time and place for submission of the bids. Additional contractors and/or construction trade journals may be notified at the discretion of the District soliciting bids, provided however:

1. If there is no list of qualified contractors maintained by the District for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Commission.

2. If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

(e). Professional services and maintenance work that will cost between \$30,001 and \$125,000 shall be evaluated using the "Best Value" method.

1. If practicable, at least three (3) vendors or contractors shall be asked to submit informal bids, and the District shall endeavor to receive informal bids from at least three (3) vendors or contractors.

(f). Proprietary Projects or Products: If the general manager certifies that, to the best of his or her knowledge, the product or service is proprietary in nature and can be obtained only from a limited number of contractors, and that no equivalent products or services are available, the notice inviting informal bids may be sent exclusively to such vendor(s) or contractor(s).

(g). District's Authority: The District may reject any or all bids received, and may waive any minor irregularities in each bid received.

(h). Proposal Submittal: Contractors shall submit their proposals in writing.

(i). No Bids Received: If no bids are received, the general manager may award the contract by any alternative purchasing procedure.

Section 4.04.110. Formal Bidding Procedure.

(a). This formal bidding procedure shall be used for purchases greater than \$125,000 or whenever formal bidding purchasing is otherwise required by this chapter.

(b). The formal bidding procedure shall comply with all aspects of state and local law governing formal bidding, including, but not limited to, the Public Contract Code, Government Code, Labor Code, resolutions of the Board of Directors as may be adopted from time to time, and policies and procedures as the general manager may approve from time to time.

(c). The notice inviting formal bids shall comply with Section 22037 of the Act, as such section may be amended from time to time. For public projects only, the notice inviting formal bids shall be published at least 14 days before the date of opening a newspaper of general circulation as defined in Section 22037 of the Act. The notice shall also be sent to all construction trade journals specified in Section 22036 of the Act

at least thirty (30) calendar days before the date of bid opening. Any other notice as may be deemed proper may also be given for any particular project.

(d). The Board shall adopt plans, specifications and working details for projects subject to formal bidding.

(e). Professional services and maintenance work that will cost more than \$125,000 shall be evaluated using the "Best Value" method.

(f). District's Authority: The District may reject any or all bids received, and may waive any minor irregularities in each bid received.

(g). Proposal Submittal: Contractors shall submit their proposals in writing.

(h). No Bids Received: If no bids are received, the authorized contracting party may award the contract by any alternative purchasing procedure.

Section 4.04.120. Using alternative purchasing procedures.

For non-Public Projects and other situations provided in this section, an alternative purchasing procedure which results in a negotiated contract, force account, purchase order or any other procedure determined by the general manager to be in the best interests of the District and in compliance with the District's policies and procedures may be used.

(a). Emergencies: In situations determined by the general manager to constitute an emergency for a public project pursuant to Section 22035 of the Act and Public Contract Code Section 22050. The Board of Directors hereby delegates to the general manager the power to declare a public emergency and take any directly related and immediate action required by the emergency. Work shall be performed without the benefit of competitive bidding, either formal or informal, only so long as necessary under those sections. The general manager shall report to the Board at successive regular meetings stating the justification for continuing with the emergency work.

(b). Competitive Bidding Already Completed: When the authorized contracting party determines that a competitive bid procedure has been conducted by another public agency (e.g. through California Multiple Award Schedules or U.S. General Services Administration) and the price to the District is equal to or better than the price to that public agency.

(c). State Purchase: When the purchase is made on behalf of the District by the State Department of General Services.

(d). No Bids Received: When no bids are received pursuant to either the public project informal bidding procedure or the formal bidding procedure.

(e). No Competitive Market: When the general manager determines that a competitive market does not exist, such as, but not limited to, with memberships in certain professional organizations, meetings, conventions, some forms of travel, legal advertising and when the needed supplies, services and equipment are proprietary and can only be provided by one source.

(f). Best Interests of the District: When the Board of Directors, on recommendation of the general manager, determines that an alternative procedure will be in the best interests of the District and the policies set forth in this chapter.

Section 4.04.130. Debarment.

The District shall not do business with any person, firm, corporation, or any other entity convicted of any felony. (*Reso. 94-541, 1994*)

Section 4.04.140. Signature.

In accordance with the Health and Safety Code Section 6487, all contracts must generally be signed by the President and countersigned by the Secretary. Purchases orders and contracts for purchases of goods or services or public works below One Hundred Twenty Five Thousand Dollars (\$125,000) may be signed by the General Manager or person formally authorized by the Board by resolution to sign on behalf of the District. Purchase orders and contracts \$5,000 or less may be signed by the General Manager or person designated to sign by the General Manager.

ORDINANCE NO. 108

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE
COSTA MESA SANITARY DISTRICT REVISING THE
DISTRICT'S OPERATING RESERVE REQUIREMENTS**

WHEREAS, the District's Board has, consistent with sound management practice and upon advice of its Finance Manager, set the District's operating reserves at levels sufficient to withstand various contingencies that might occur; and

WHEREAS, the Board also desires to not set aside unnecessary surplus as that money has been paid by the ratepayers who are the Board's constituents; and

WHEREAS, the Board has recently reviewed those reserves and, upon the advice and recommendation of the Finance Manager, determined that they should be increased to adequately protect the District; and

WHEREAS, the Finance Manager has recommended, and the Board does hereby approve, those recommendations to raise those reserves as specified in this ordinance;

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

Section 1. That Section 4.03.010 of the Costa Mesa Sanitary District Operations Code is amended to read as follows:

"4.03.010 Summary. A summary of the District's Financial Policies includes the following principles:

(a) Operating Reserves: The District will maintain a minimum designated Reserve for Working Capital equal to 30% of its operating budget within its Solid Waste Fund and- 25% of its operating budget within its Wastewater Fund.

(b) Fairness and Equity: All customers of the District will pay their fair, equitable, and proportionate cost of the services provided by the District.

(c) Recurring Revenue Growth: Recurring expenditure increases 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 expenditures.

(d) 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.

(e) Long Range Fiscal Perspective (Capital Expenditure 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 expenditure forecasting.

(f) 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 (using recurring revenues only); 3) Combination of debt financing and "Pay As You Go" financing; and, 4) Using accumulated cash reserves in excess of policy requirements.

(g) 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). Ord. 34, 2000"

Section 2. That Section 4.03.020 of the Costa Mesa Sanitary District Operations Code is amended to read as follows:

"4.03.020 Operating Reserves. This policy establishes a minimum level of Reserves for Working Capital within Operating Funds of the District. Operating Funds of the District consist of the Solid Waste Fund and the Liquid Waste Fund.

(a) Policy: The District will maintain a minimum designated Reserve for Working Capital equal to 30% of its operating budget within its Solid Waste Fund, and 25% of its operating budget within its Wastewater Fund.

(b) Operating Reserves Required: The Reserves for Working Capital for Operating Funds will be maintained at a level equal to 30% of its operating budget within its Solid Waste Fund, and 25% of its operating budget within its Wastewater 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 expenditures;
6. Unexpected increases in inflation (Consumer Price Index); and,
7. Natural disasters (earthquakes, fires, or other general infrastructure failures).

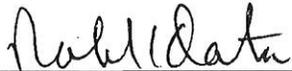
If the operating reserves are required to be used, staff will incorporate a plan to restore the Reserves for Working Capital to 30% of the Solid Waste operating budget and 25% of the Liquid Waste operating budget as part of the subsequent year's proposed

budgets. Originally adopted by Ordinance 34, July 13, 2000; amended by Ordinance 71, September 18, 2008."

Section 3. Should any part, clause or section of this Ordinance be declared by any Court of competent jurisdiction to be invalid, the remaining provisions of this Ordinance shall nevertheless be and remain in full force and effect and the Board of Directors of the Costa Mesa Sanitary District of Orange County, California, hereby declares that each and every section, clause, provision or part of this Ordinance would have been adopted and made a part of this Ordinance without the adoption of any portion thereof and that the invalidity of any part or provision hereof shall not in any way affect the validity or enforcement of the remaining provisions of this Ordinance that may stand on their own.

Section 4. Pursuant to Health and Safety Code Sections 6490 and 6491.3, the Clerk shall cause this ordinance or a summary thereof to be published in a newspaper of general circulation printed and published in the District according to law.

PASSED and ADOPTED this 27th day of August, 2015



Secretary



President

APPROVED AS TO FORM:
HARPER & BURNS LLP



District Counsel

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF COSTA MESA)

I, NOELANI MIDDENWAY, Clerk of the Costa Mesa Sanitary District, hereby certify that the above and foregoing Ordinance No. 108 was duly and regularly passed and adopted by said Board of Directors at a regular meeting thereof, held on the 27th day of August, 2015 by the following votes:

AYES: Scheafer, Berry, Ooten, Ferryman

NOES: None

ABSENT: Schafer

ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the
Costa Mesa Sanitary District, this 27th day of August, 2015.


Clerk of the Costa Mesa Sanitary District

A BRIEF HISTORY OF COSTA MESA SANITARY DISTRICT



In the early 1940's, Costa Mesa community members were disposing their trash in a landfill owned and operated by the City of Newport Beach (Costa Mesa did not become a city until 1953). The landfill was reaching capacity, so only Newport Beach residents could use the disposal site. Concerned for their community's health and safety if a legal disposal site for trash is not found, members of the community filed a petition with the Orange County Board of Supervisors on June 22, 1943 for the formation of the Costa Mesa Sanitary District under the provisions of California's Health and Safety Code.

The Board of Supervisors appointed J.A. Woolley as the registered civil engineer to draft the proposed boundaries of the District and on December 21, 1943 the Board of Supervisors approved the District's boundaries and ordered special elections to be held on February 8, 1944 to officially determine the formation of the District and for the election of five members of a Sanitary Board to govern said District.

ELECTION RESULTS

On February 8, 1944, community members were asked to cast votes on the proposition whether the Costa Mesa Sanitary District should be organized or not. 616 votes were cast. The results were as follows:

- 471 votes in favor of organizing the Costa Mesa Sanitary District
- 145 votes against organizing the Costa Mesa Sanitary District

In addition, community members voted in their new Board of Directors. The following individuals were Costa Mesa Sanitary District's first Board of Directors.

Otto M. Dodd
William E. Lord
Claire M. Nelson
H. Paul Norman
Charles W. Tewinkle

On February 11, 1944, the Board of Supervisors adopted a resolution that officially formalized the Costa Mesa Sanitary District and soon after the District's Board of Directors appointed Charles Tewinkle as their first President.

DISTRICT'S FIRST ORDER OF BUSINESS

The District purchased 2 ½ acres of property on West 19th Street for a dump site. A few years later trash and debris were removed from the dump site to allow for new construction, but by then World War II had ended and the Army was allowing communities to use their dump site on Bristol Street near Newport Boulevard. The Costa Mesa Sanitary District no longer needed the property on West 19th Street and began using the Army's dump site as its legal disposal site.

DISTRICT EXPANDS ITS SERVICES

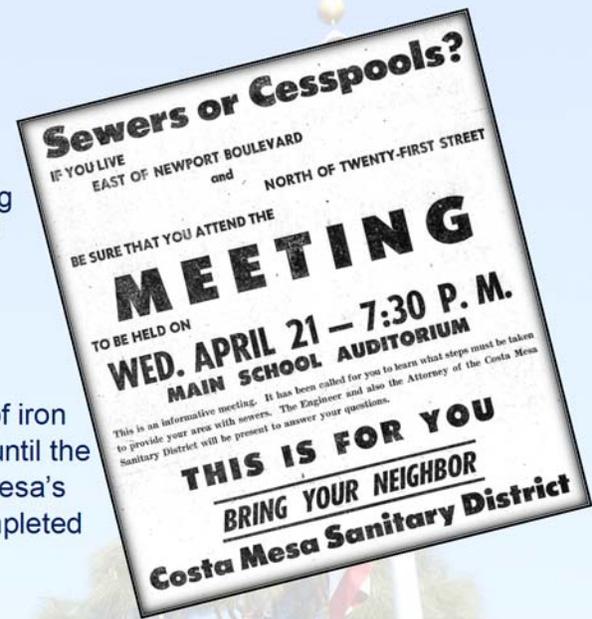
In the 1940's, Costa Mesa did not have a sewer system. The community had cesspools and septic tanks for containing sewage, which was common at the time. The first Board of Directors saw an opportunity because

under the Sanitary District Act of 1923 the District could expand operations to include owning and maintaining a sewer system, so in 1944 the District began drawing plans for such a system. After receiving an \$18,000 federal grant, the District hired the firm of Bulot & Dondro to perform the planning, engineering and coordination with the County of Orange and other communities, which were planning the same type of project at the time.

There was a shortage of cast iron sewer pipe because anything made of iron took precedent for World War II needs. The Board of Directors waited until the war was over and then voted for the issuance of bonds to fund Costa Mesa's first sewer system. By 1953, the District had its first sewer system completed and operational.

PARTNERSHIP WITH THE CITY OF COSTA MESA

In 1955, two years after the City of Costa Mesa incorporated, the City and District agreed to enter into a partnership whereby the City would operate and manage the sewer system and residential solid waste disposal operations. This arrangement lasted until 2004, when the District decided to go its separate ways and hire its own employees, and acquire its own equipment and facilities. The District and City still experience a strong partnership for collaboration and shared services. The City currently maintains the District's fleet, the District stores its portable generators in the City Yard, and both City and District staff collaborate together on the City's Utilities and Development Committees.



CORPORATE YARD

In 2010, the District completed the construction of its Corporate Yard. The 5,300 square foot facility was designed and built using strategies aimed at improving the environment across all the metrics that matter most: energy savings, water efficiency, CO₂ emissions reduction, improved indoor environmental quality and stewardship of resources and sensitivity to their impacts. The Corporate Yard received "Platinum" recognition for Leadership in Energy and Environmental Design (LEED) from the U.S. Green Building Council, which is the highest recognition bestowed by the organization.

CMSD FUTURE

The District is visionary and innovative to protecting the environment and that visionary and innovativeness will continue in the future with the implementation of the organics recycling program that will enable residents to recycle food scraps along with green waste. The organics will be recycled into fertilizer and renewable natural gas, which is a zero carbon bio-fuel that will fuel the collection fleet. The program will also divert 75% of CMSD's solid waste stream away from landfills that will help decrease releasing methane gas into the atmosphere and extend the lifespan of landfills. Another future program is the decommissioning of sewer force main pipes and five lift stations that when completed, will reduce energy, maintenance and operational costs while at the same time prevent the likelihood of a sanitary sewer overflow to occur. Staff will ensure these new programs along with operational and capital projects are funded with sewer and solid waste assessment rates that are fair and competitive in the marketplace. We do this to ensure there is a better tomorrow for the residents of the Costa Mesa Sanitary District.