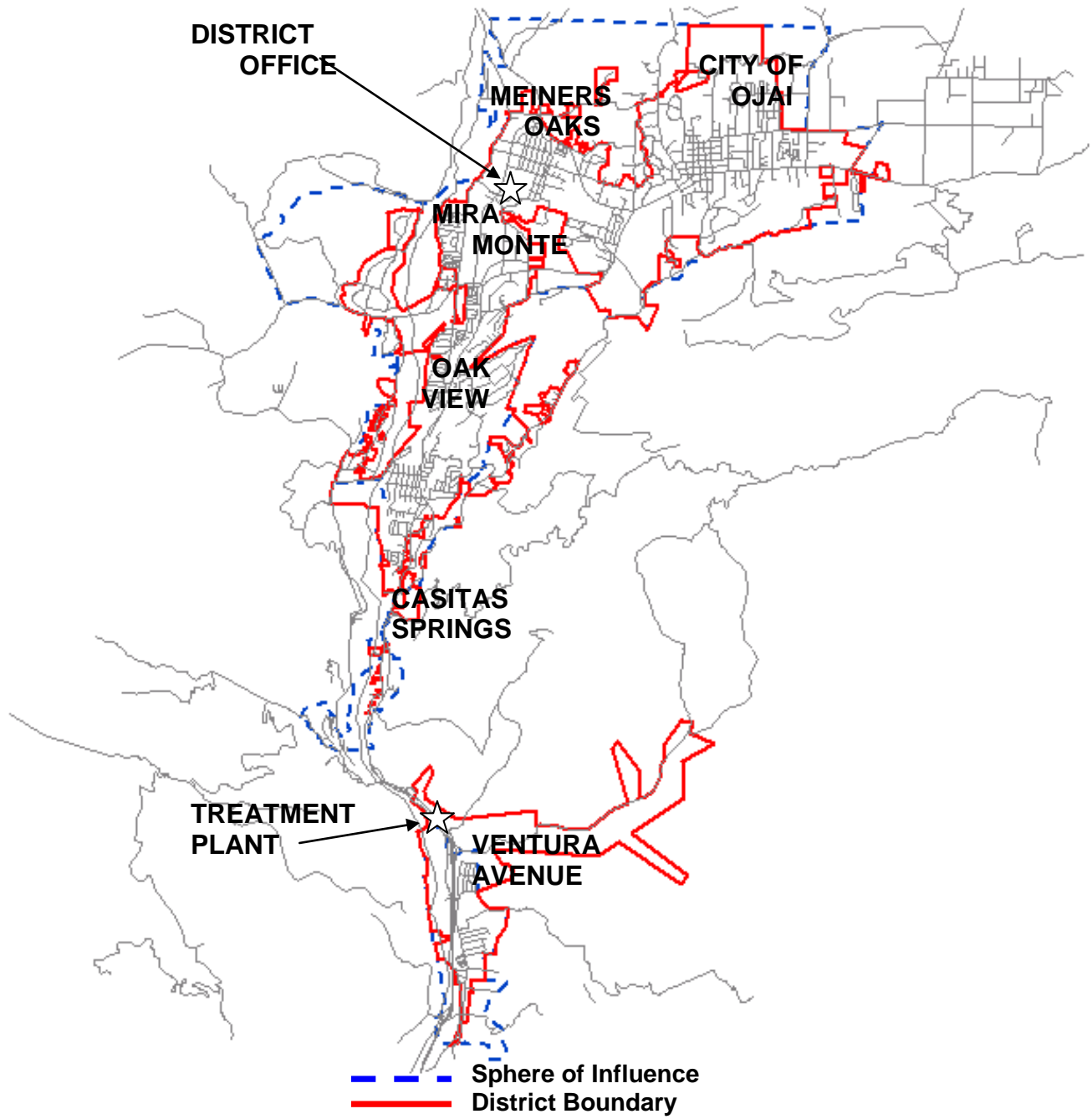


# OJAI VALLEY SANITARY DISTRICT



**Preliminary Budget  
Fiscal Years  
2017-18 & 2018-19**

Ojai Valley Sanitary District



**OJAI VALLEY SANITARY DISTRICT  
2017 BOARD OF DIRECTORS**

William M. Stone	Chairman
Peter M. Kaiser	Vice-Chairman
John R. (Jack) Curtis	Secretary
William Ulrich	Assistant Secretary
Russ Baggerly	Director
John R. (Randy) Burg	Director
Stan Greene	Director

**STAFF**

Jeff Palmer	General Manager
Brenda D. Krout	Administrative Officer
Ronald E. Sheets	Operations Superintendent
Robert N. Kwong	District Legal Counsel

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**EXECUTIVE  
SUMMARY**

# Executive Summary

April 17, 2017

Board of Directors  
Ojai Valley Sanitary District  
Ojai, CA 93023

## FISCAL YEARS 2017-18 & 2018-19 PRELIMINARY BUDGET

I am pleased to present to the Board the Ojai Valley Sanitary District's Preliminary Budget for Fiscal Years 2017-2018 and 2018-2019.

Three themes were used in the preparation of this budget:

1. Pay as you go
2. Implement the Nutrient Reduction at the Plant and reduce I&I
3. Continue to Implement the Private Sewer Lateral Program and Second Unit Program

During preparation of this Two-Year Budget, Staff completed a review of the Customer Service Database, completed an asset management plan, reviewed Operations and Maintenance budgets. In addition, the following Major Drivers were also considered:

- Algae TMDL Program Implementation
- Inflow and Infiltration (I&I) Control
- Laterals, Roots, Rags and Protrusions
- Collection System Rehabilitation
- Treatment Plant Optimization
- Spill Prevention
- Staffing and Succession Planning

The comprehensive review results show that each of the following areas play an important role in meeting the environmental discharge restrictions, maintaining a fiscally conservative business approach, maintaining a high quality and safe collection and treatment system and looking to the future. This effort looks at planning for the next 10-20 years:

- Collection System Rehabilitation and I&I Control
  - Lateral Program
  - Enhanced Root, Rag and Grease maintenance
  - I&I reduction for groundwater protection and nutrient reduction
  - Aging system rehabilitation, reconstruction and lining

- Treatment Plant Optimization
  - Algae TMDL Compliance
  - Enhanced Constituent testing and Control
  - Nutrient and Constituent removals
  - Implement Solar Improvements for Energy production and shade in critical areas to lessen maintenance related to algae growth
  - Study the effects of reduced flow due to drought issues and related increasing strength of flow
- Capital Improvement Program Implementation
- Staffing Retirements
- Reserve Fund Enhancement and Fiscal Management

This two-year budget has been prepared to focus and address the Major Drivers listed above.

This Preliminary Budget has been prepared with the following information:

- 2.7% increase in wages matching the CPI increase
- No increase in employee benefits
- No Changes in proposed rates
- Continued Enhanced Collection System Investment
- Funding for Algae TMDL/Nutrient studies and projects

### Income

Sewer service charges comprise the vast majority of the District's income; however, interest, fees and property tax also make up the income stream. The proposed budget includes a couple of changes to the total income.

First, Staff has slightly increased the projected/anticipated interest rate the District will receive on our investments due to the investment performance over the past 2-year cycle.

Second, due to our 3-year Commercial Account review, Unpermitted Connection Program and PSL Program, there has been an increase in the number of Capacity Units billed.

### O&M

The proposed O&M budget has been increased slightly from FY 2016-17 based on actual operational needs.



## Reserves

A couple of changes are included in this two-year budget. The balance of the Equipment Replacement Reserve has slowly risen over the past few years; consequently, a contribution to this Reserve is not included in this two-year budget.

The 2016 Refunding Bond issue refinanced both the 2003 and 2007 bonds into one issue. However, due to the payment distribution requirements of the 2003 Bond (discussed in detail in Sections 3 & 6) repayment of the balance of this issue is accounted for separately until fiscal year 2022-23 when the original bonds were slated to be satisfied. The reserves for the 2007 bond has been re-allocated to be used for 2016 Refunding Bond issue; the 2003 bond reserve continues to be used to reduce the customer charges related to the payment obligation associated with this issue.

## CIP

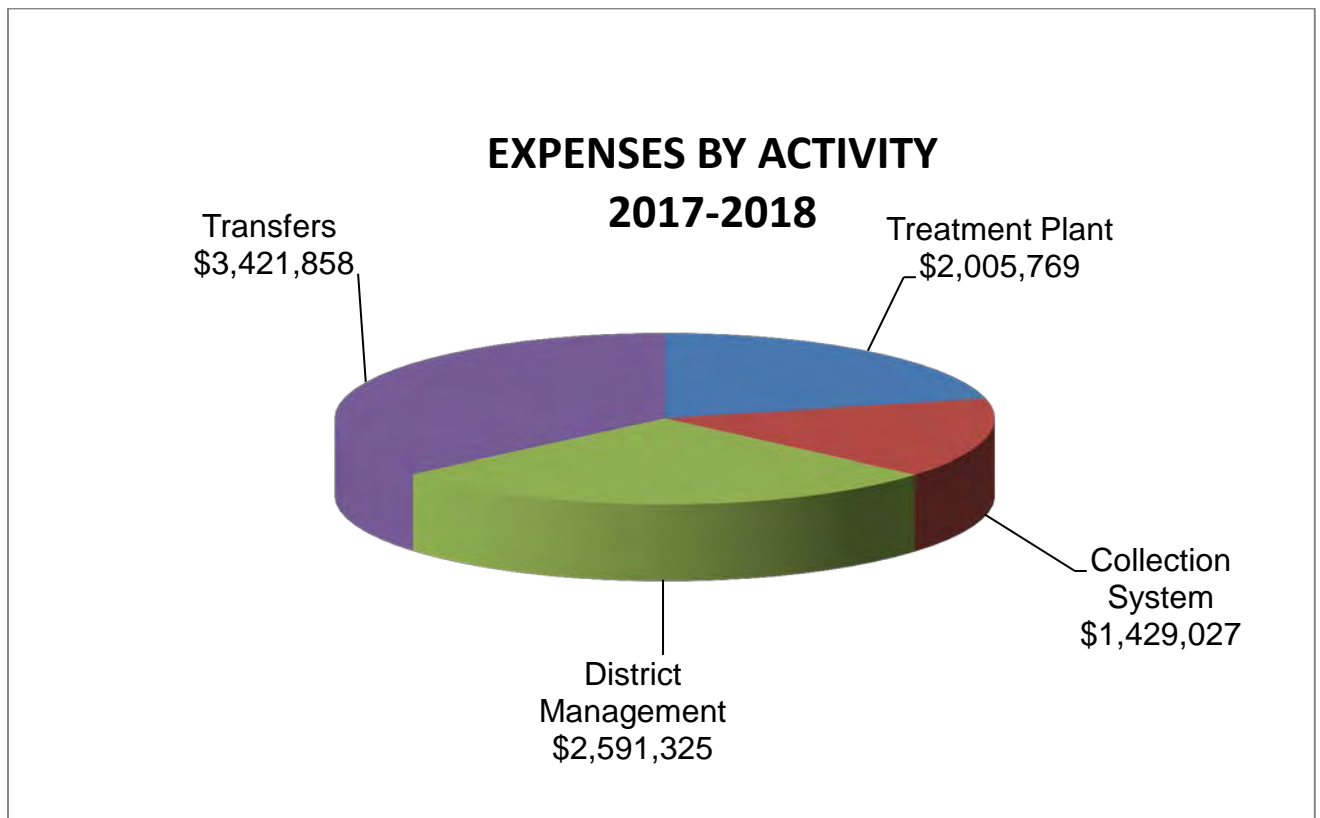
The aging collection system, dating back to the 1920's is showing signs of age, settlement, corrosion and decay. Staff will continue to watch the most concerning areas, however, a steady and improved re-investment is necessary. The Treatment Plant, built in 1997 is in very good shape, however improvements to the instrumentation and treatment system is required to meet the Algae TMDL nutrient goals.

## Operating Budget

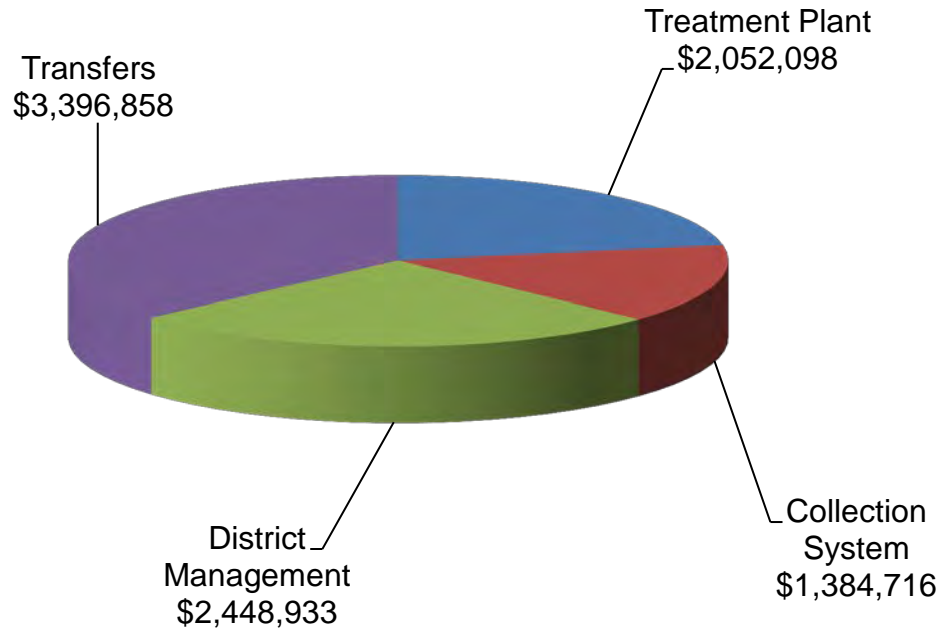
The operating budget is the routine operation and maintenance of District facilities and services at their existing service level and does not directly include funds for upgrades, increased capacity, or betterments. The operating budget is broken down in several different ways in the following material.

### Expenses By Activity

Historically the District has used its funds for four major activities: Treatment Plant, Collection System, District Management and transfers to specific reserves. A transfer is not really an activity, but rather the source of funding for special projects. Transfers will be explored in more depth below. The budget is broken down into these four activities as shown in the following charts.



## EXPENSES BY ACTIVITY 2018-2019

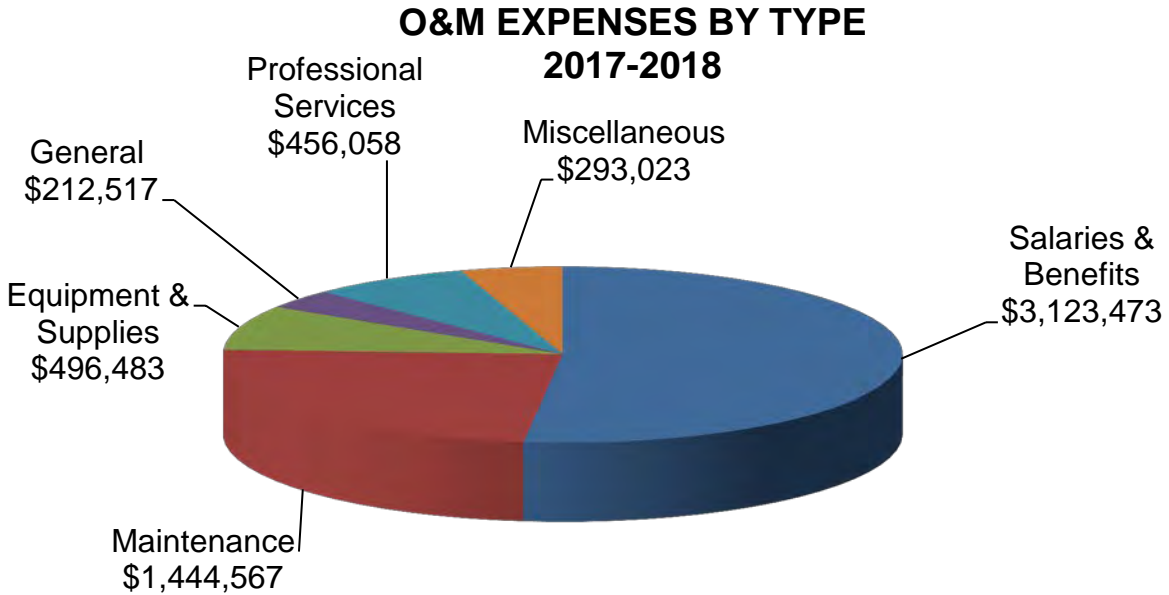


The following table compares the FYs 2017-18 & 2018-19 budgets to the current year budget

Expense Summary By Activity	FY 16-17	FY 17-18	FY 18-19
Treatment Plant	\$1,953,358	\$2,005,769	\$2,052,098
Collection System	\$1,257,440	\$1,429,027	\$1,384,716
District Management	\$2,309,446	\$2,591,325	\$2,448,933
Transfers	\$3,803,601	\$3,421,858	\$3,396,858
Totals	\$9,323,845	\$9,447,979	\$9,282,605

O&M Expenses By Type

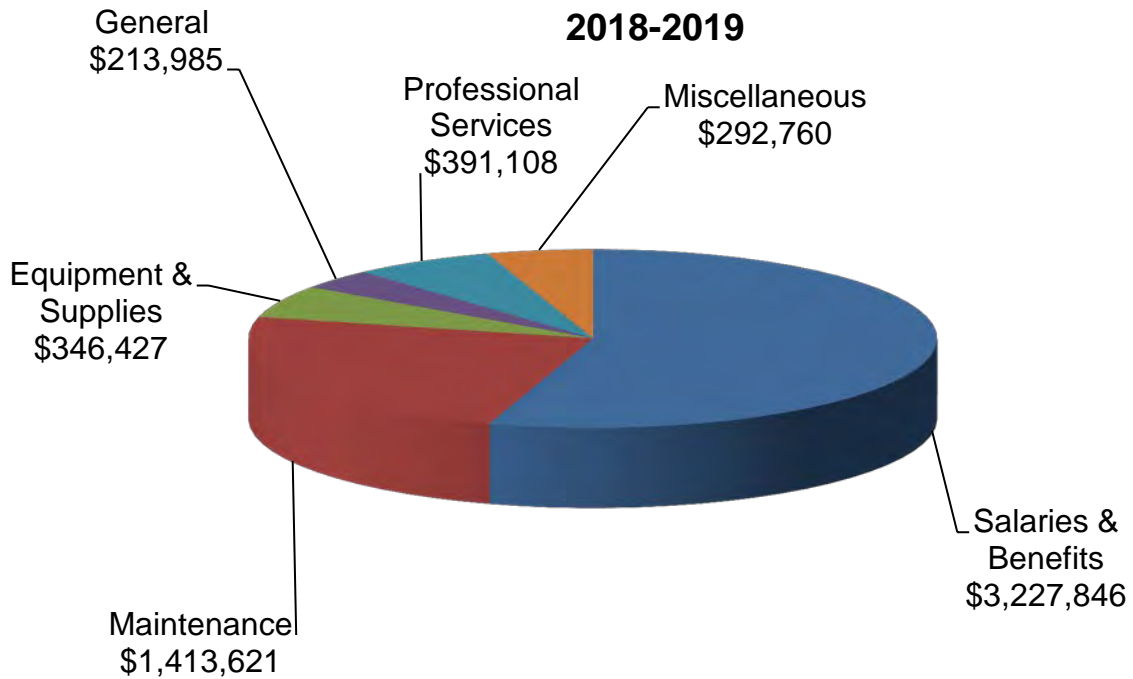
Treatment plant, Collection System and District Management budgets are a reflection of the on-going activities of the District. It is interesting to note how the same expense type varies from one activity to another. For example, routine professional services are higher in District management because of the high cost of lawyers, auditors, etc. than it is in field operations for engineers to support day-to-day operations. The following chart shows how the budget is allocated to different expense types.



The following table details the breakdown of these expenses to each activity.

O&M Expense Type	T/P	C/S	D/M	Total	Pct
Salaries & Benefits	953,859	900,651	1,268,963	3,123,473	52%
Maintenance	786,140	440,301	218,126	1,444,567	24%
Equipment & Supplies	157,800	34,775	303,908	469,483	8%
General	590	800	211,127	212,517	4%
Professional Services	61,000	19,500	375,558	456,058	8%
Miscellaneous	46,380	33,000	213,643	293,023	4%
Totals	2,005,769	1,429,027	2,591,325	\$6,026,121	

### O&M EXPENSES BY TYPE 2018-2019



The following table details the breakdown of these expenses to each activity.

O&M Expense Type	T/P	C/S	D/M	Total	Pct
Salaries & Benefits	987,098	927,771	1,312,977	3,227,846	54.8%
Maintenance	814,520	385,075	214,026	1,412,621	24%
Equipment & Supplies	149,550	25,360	171,517	346,427	5.9%
General	590	800	212,595	213,985	3.6%
Professional Services	53,500	16,100	321,508	391,108	6.6%
Miscellaneous	46,840	29,610	216,310	292,760	5%
Totals	2,052,098	1,384,716	2,448,933	5,885,747	

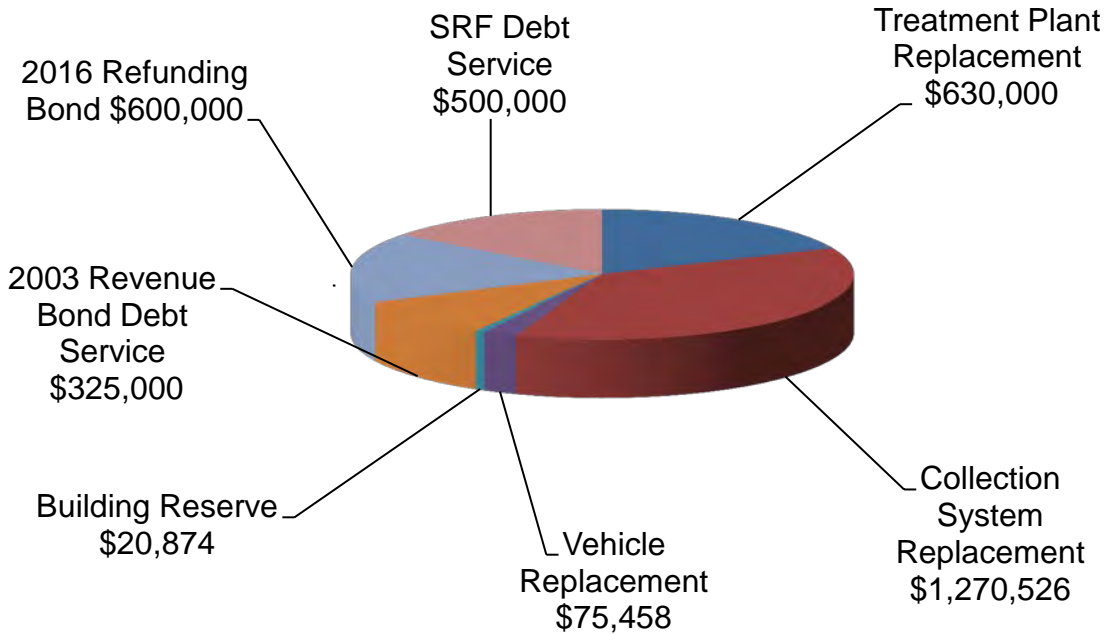
The Salaries & Benefits category for both fiscal years appears to be maintaining a proportional consistency with prior years and appears appropriate for the size of the District.

Transfers By Destination

Transfer from the General Fund to reserves is the primary mechanism used to fund capital projects and the various special reserves.

For fiscal year 2017-18's budget the following chart shows the destination or intended use of the transfers.

**TRANSFERS BY DESTINATION  
2017-2018**



The following table shows the transfers in tabular form.

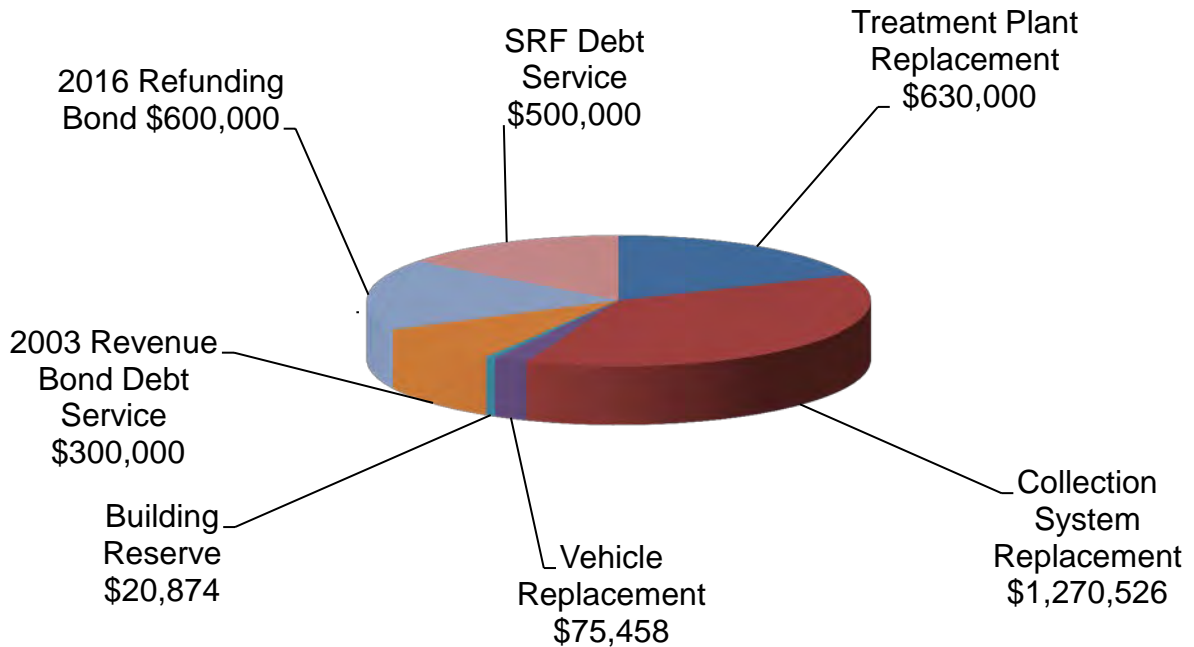
Transfer Destination	Transfer Amt. for 2017-18
<b>Treatment Plant Replacement</b>	<b>\$630,000</b>
Collection System Replacement	\$1,270,526
Equipment Replacement	\$0
Vehicle Replacement	\$75,458
Building Reserve	\$20,874
<b>2003 Revenue Bond Debt Service</b>	<b>\$325,000</b>
<b>2016 Debt Issue</b>	<b>\$600,000</b>
SRF Debt Service (Internal Loan)	\$500,000
	-----
	<b>\$3,421,858</b>

\*Red highlighted reserve funds are restricted; see Reserve narrative for details.

The uses of the various reserve funds are presented in greater detail in Sections 2 and 3 of the budget.

For fiscal year 2018-19's budget the following chart shows the destination or intended use of the transfers.

### TRANSFERS BY DESTINATION 2018-2019



The following table shows the transfers in tabular form.

Transfer Destination	Transfer Amt. for 2018-19
<b>*Treatment Plant Replacement</b>	<b>\$630,000</b>
Collection System Replacement	\$1,270,526
Equipment Replacement	\$0
Vehicle Replacement	\$75,458
Building Reserve	\$20,874
<b>2003 Revenue Bond Debt Service</b>	<b>\$300,000</b>
<b>2016 Debt Issue</b>	<b>\$600,000</b>
SRF Debt Service (Internal Loan)	\$500,000
	-----
	<b>\$3,396,858</b>

**\*Red highlighted reserve funds are restricted; see Reserve narrative for details.**

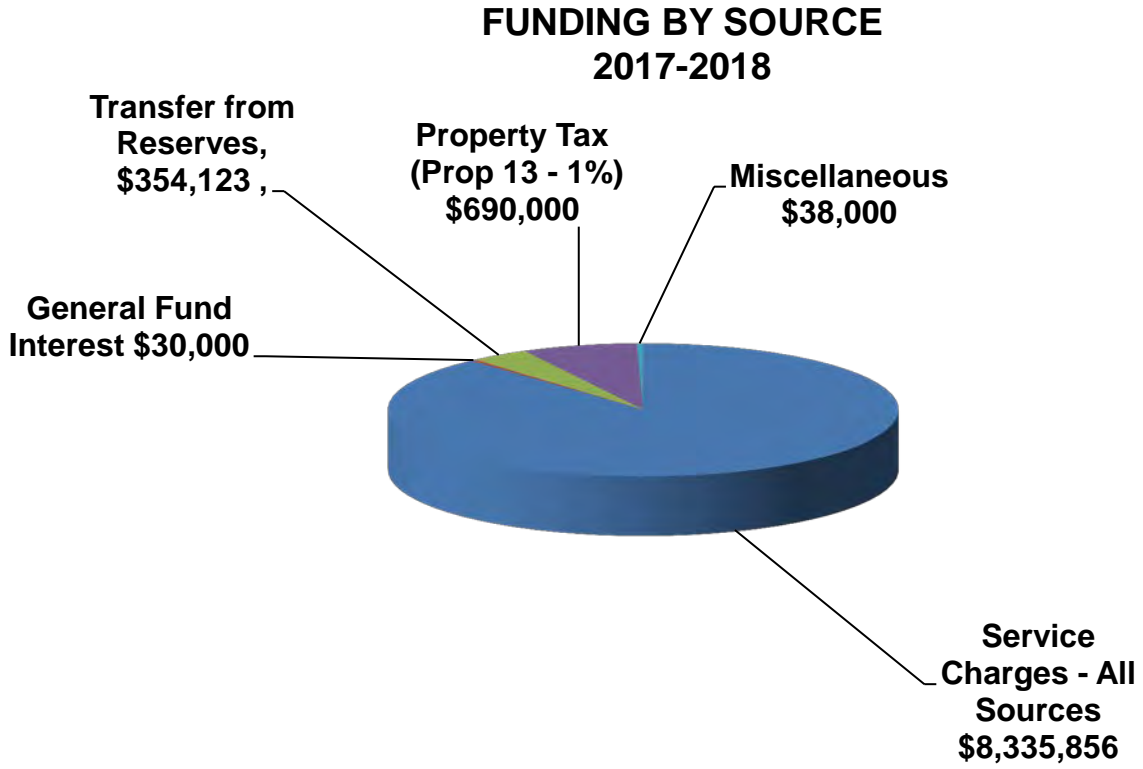
The uses of the various reserve funds are presented in greater detail in Sections 2 and 3 of the budget.

Personnel

The District work force consists of 21 full-time positions.

Funding

As can be seen in the charts below, the majority of funding for the budget is from the sewer service charge.

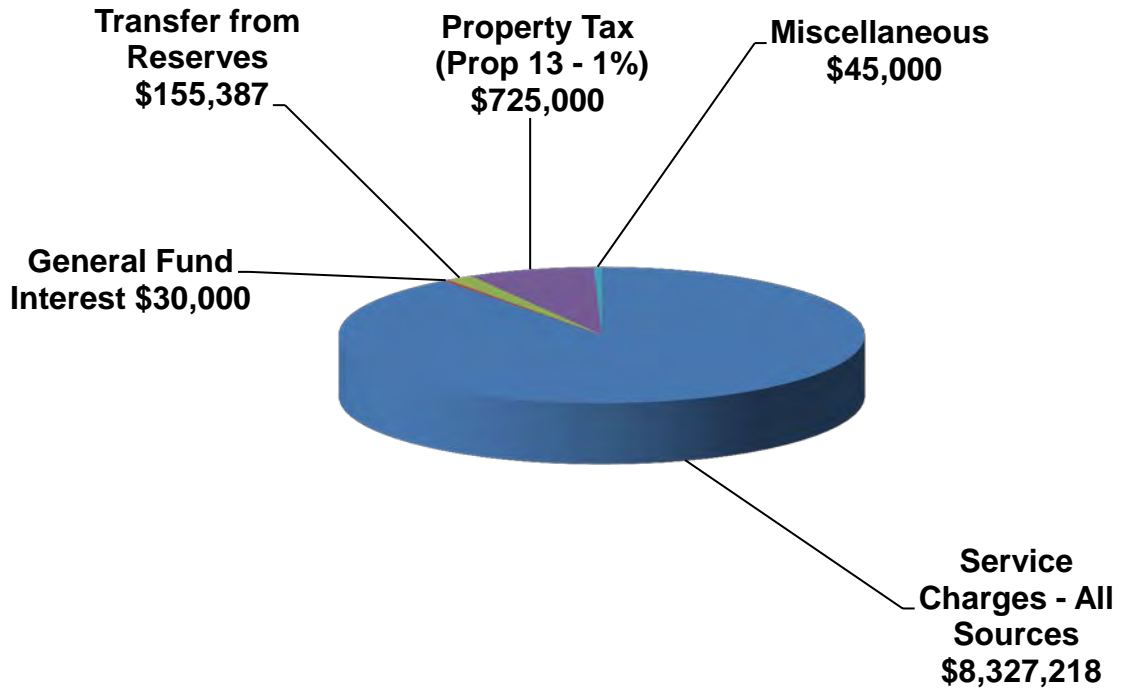


The following table shows the funding in tabular form.

Description	Amount	Pct
Service Charges - All Sources	\$8,335,856	88%
General Fund Interest	\$30,000	0%
Transfer from Reserves	\$354,123	4%
Property Tax (Prop 13 - 1%)	\$690,000	7%
Miscellaneous	\$38,000	1%
	-----	
Total	\$9,447,979	



## FUNDING BY SOURCE 2018-2019



The following table shows the funding in tabular form.

Description	Amount	Pct
Service Charges - All Sources	\$8,327,218	89%
General Fund Interest	\$30,000	0%
Transfer from Reserves	\$155,387	3%
Property Tax (Prop 13 - 1%)	\$725,000	7%
Miscellaneous	\$45,000	1%
	-----	
Total	\$9,282,605	

**Service Charge Rates – Fiscal Year 2017-2018**

The sewer service charge rate is set at \$54.54 effective July 1, 2017.

<b>Service Area</b>	<b>Basic Service</b>	<b>2003 Debt Issue</b>	<b>Total Rate</b>
Oak View	54.54	1.74	56.28
Ojai	54.54	3.06	57.60
Meiners Oaks	54.54	1.74	56.28
Ventura Avenue	54.54	1.74	56.28

The add on increments to pay for 2003 Debt Issue costs which are not part of the basic service are shown above and described in greater detail in Section 3 -- Debt Service.

<b>Service Area</b>	<b>FY16-17 Rate</b>	<b>FY17-18 Rate</b>	<b>Rate Change</b>	<b>% Chg</b>
Oak View	54.54	54.54	0	0%
Ojai	54.54	54.54	0	0%
Meiners Oaks	54.54	54.54	0	0%
Ventura Avenue	54.54	54.54	0	0%

**Service Charge Rates – Fiscal Year 2018-19**

The sewer service charge rate is set at \$54.54 effective July 1, 2018.

<b>Service Area</b>	<b>Basic Service</b>	<b>2003 Debt Issue</b>	<b>Total Rate</b>
Oak View	54.54	1.60	56.14
Ojai	54.54	2.80	57.34
Meiners Oaks	54.54	1.60	56.14
Ventura Avenue	54.54	1.60	56.14

The add on increments to pay for 2003 Debt Issue costs which are not part of the basic service are shown above and described in greater detail in Section 3 -- Debt Service.

<b>Service Area</b>	<b>FY17-18 Rate</b>	<b>FY18-19 Rate</b>	<b>Rate Change</b>	<b>% Chg</b>
Oak View	54.54	54.54	0	0%
Ojai	54.54	54.54	0	0%
Meiners Oaks	54.54	54.54	0	0%
Ventura Avenue	54.54	54.54	0	0%

**2017-2018**  
**DEBT SERVICE & RESERVES**

Reserves

The transfers into the reserves (other than Debt Service) total \$2,496,858 plus interest of \$227,250 will total \$2,724,108.

Debt Service

The transfers into the debt service accounts total \$925,000 plus interest of \$30,000 will total \$955,000. After expenses to pay principal, interest and trustee charges on the various debts, the outstanding debt owed will be reduced by \$495,000.

---

**2018-2019**  
**DEBT SERVICE & RESERVES**

Reserves

The transfers into the reserves (other than Debt Service) total \$2,496,858 plus interest of \$227,750 will total \$2,724,608.

Debt Service

The transfers into the debt service accounts total \$900,000 plus interest of \$30,000 will total \$930,000. After expenses to pay principal, interest and trustee charges on the various debts, the outstanding debt owed will be reduced by \$500,000.

---

**SUMMARY**

The Fiscal Years 2017-18 & 2018-19 Preliminary Budget continues the District's history of responsible fiscal management. Available resources are focused on maintaining services and programs essential to District facilities and improving the quality of service to the customers of the District with minimal rate increases.

Jeff Palmer  
General Manager

**OJAI VALLEY SANITARY DISTRICT**



**Preliminary Budget  
Fiscal Year  
2017-2018**

# **SECTION 1**

## **Operating Budget 2017-2018**

# Section 1 – Operating Budget

## Introduction

The operating activities of the District are organized as follows:

- ❖ Facilities
- ❖ Staffing
- ❖ Expenses
  - ❖ Treatment Plant
  - ❖ Collection System
  - ❖ District Management
- ❖ Income
  - ❖ Service Charges
  - ❖ Other Sources

Each of these items is described in the following pages in greater detail.

## FACILITIES

The sewerage facilities operated by the District include:

- ❖ 120 miles of sewage collection pipelines ranging in size from 6" to 24", operated and maintained by five Collection System personnel using a GapVac combination sewer cleaning machine and a van equipped with CCTV video inspection equipment
- ❖ 9 sewage siphons with pipe sizes ranging from 4" to 16" and lengths of 82' to 3,300'
- ❖ 5 sewage lift stations (Orchard Rd. LS, Santa Ana #1, Santa Ana #2, Rancho Matilija, Ojai Y-Lift Station); 10 pumps operate at these five lift stations, with 4 standby generators
- ❖ Sewage treatment plant with a rated capacity of 3.0 million gallons per day average dry weather flow, operated and maintained by six Treatment Plant personnel
- ❖ The sewage treatment plant operates 55 pumps ranging from 1 gpm chemical feed pumps to 2,400 gpm influent raw sewage pumps to move the wastewater through the treatment process, plus blowers, mixers, and related process equipment
- ❖ During calendar year 2016 the treatment plant processed 536.4 million gallons of wastewater – That is an average daily flow of 1.47 million gallons, or 1,646 acre feet of tertiary treated water discharged to the Ventura River – Rainfall recorded during CY-2016 at the treatment plant was 16.2 inches

District Office housing the Board and a public meeting room, District Management personnel and Collection System personnel.

## STAFFING

The District staff consists of 21 full time positions.

The staffing complement of authorized positions next fiscal year would be as follows:

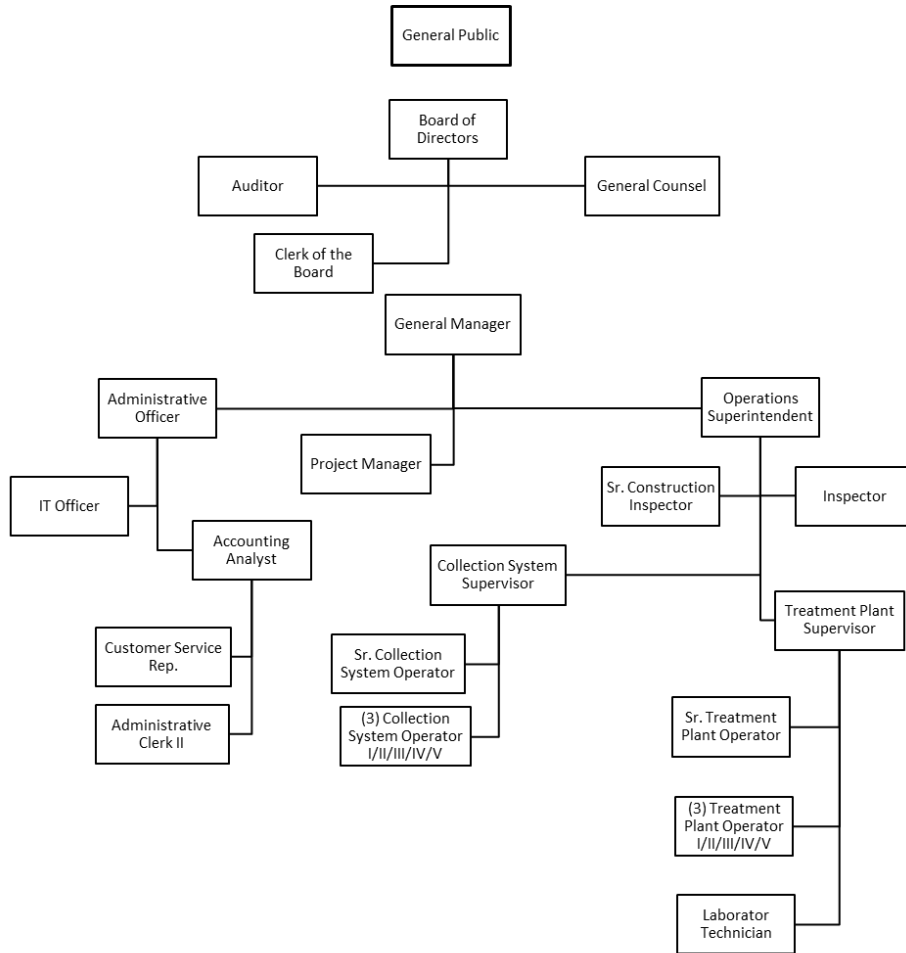
Position Description	Pay Range	Authorized FY 2016-17	Proposed FY 2017-18	Change
General Manager	FR	1	1	0
Administrative Officer	33	1	1	0
Information Tech. Officer	31	1	1	0
Project Manager	26	0	1	1
Accounting Analyst	23	1	1	0
Customer Srvcs Representative	20	1	1	0
Administrative Clerk I/II	15/17	1	1	0
Operations Superintendent	33	1	1	0
TP Supervising Operator	28	1	1	0
Laboratory Technician II	24	1	1	0
TP Senior Operator	25	1	1	0
TP Operator I/II/III/IV/V	20/22/23/25/27	3	3	0
CS Supervising Operator	28	1	1	0
CS Senior Operator	23	1	1	0
CS Operator I/II/III/IV/V	16/18/21/23/25	3	3	0
Senior Construction Inspector	25	1	1	0
Inspector	23	0	1	1
Totals	--	19	21	2

The staffing organization chart is proposed as shown on the following page.



# Ojai Valley Sanitary District

## Organizational Chart



# EXPENSES

## TREATMENT PLANT

The treatment plant is operated to comply with requirements of the District's National Pollution Discharge Elimination System (NPDES) Permit No. CA-0053961. The goal of treatment plant staff is to meet these requirements cost-effectively, efficiently, and safely without any permit violations. The following list of operational activities and goals highlights areas of focus for meeting the overall objectives during Fiscal Year 2016-17.

### Operations:

- ❖ It is staff's goal to operate the treatment plant processes in a manner that provides maximum process performance and efficiency while maintaining 100% compliance with NPDES effluent requirements.
- ❖ Power consumption is one of the most significant treatment plant costs. Staff remains committed to the goal to minimize power consumption and these efforts include; optimize process performance while operating the oxidation ditch aerators at low speed; maintaining the UV system and plant processes' electrical components in optimal condition to include operational and maintenance condition; operating the belt press during off-peak hours; and installation of efficient light fixtures. To reduce electrical cost the treatment plant participates in SCE's Demand Bidding Program and EnerNOC's Demand SMART Program, both which are SCE financial incentive programs that pay a premium price for power (Kwh) reduced during extreme heat periods.
- ❖ The treatment plant's computerized maintenance management system (CMMS) stores all of the equipment information, history, and scheduling of maintenance activities. The CMMS was replaced in 2007 and the system is fully functional and being utilized for recording and scheduling plant maintenance activities. Staff is working to ensure the CMMS program can be used as a basis for budgetary projections.
- ❖ Standard operating procedures (SOPs) for the plant's more technical tasks and process operations have been developed. Staff's goal is to maintain on-going evaluations and updates of existing SOP's, incorporate safety procedures and personal protective equipment (PPE), and develop new SOP's as O&M activities are identified that would benefit from their use.
- ❖ The Plant's 2013 NPDES permit has an interim effluent phosphorus discharge of 2.6 mg/L, and thereafter, will have a dry weather seasonal pound limit that essentially requires a discharge of <1 mg/L at 2.1 mgd. Staff's goal is to optimize the biological phosphorus removal process during the current interim period, and perform pilot testing to identify how to meet and comply with the future limitations. For Calendar Year – 2016 the effluent phosphorus average was 0.5 mg/L with a low of 0.2 mg/L and a high of 1.4 mg/L.

- ❖ Plant staff continues to actively pursue optimization of the biological nutrient removal processes and to assist in identification of future improvements to meet TMDL requirements. Nitrate and ORP meters and controls have now been installed on both oxidation ditches, to include installation of nitrate and ammonia meters at the plant influent, anaerobic zone, and effluent. These meters were critical to identifying and gathering process data that can be utilized to comply with the TMDL requirements. During 2017-18 staff will continue efforts to achieve additional denitrification (lower nitrates) within the biological process.

#### Regulatory

- ❖ The treatment plant has a significant number of regulatory reporting requirements that include: NPDES effluent compliance, pretreatment, biosolids, air quality, and laboratory reporting. Staff's goal is to ensure that all monitoring reports are prepared in accordance with regulatory guidelines, accurately, and submitted on-time. All correspondence and reporting to the Los Angeles RWQCB is now performed electronically.
- ❖ The SWRCB's CIWQS electronic reporting system for NPDES data was implemented during 2010. In 2014 the EPA's Discharge Monitoring Report was added to the CIWQS electronic reporting. Staff's goal for 2017-18 is to submit the required reports accurately, and on time, in compliance with the SWRCB and EPA reporting requirements.

#### Disinfection & Chemical Usage:

- ❖ The ultraviolet (UV) disinfection system is operated to provide continuous compliance with the NPDES 7-day median 2.2 MPN/100 mL effluent coliform requirement. Staff's goal is to operate and maintain the UV disinfection system as the primary effluent disinfection system, and do so in an efficient and cost-effective manner. This means the UV system channel and lamps are operationally kept clean for maximum UV transmittance, which allows staff to operate with the minimum number of UV banks on-line at any given time.
- ❖ The backup chemical disinfection system utilizes liquid sodium hypochlorite for chlorination, and sodium bi-sulfite for de-chlorination. Staff's goal is to maintain the backup disinfection system in a manner that ensures a high state of emergency readiness, to include equipment preventative maintenance, operator familiarization, and training.
- ❖ Effective alum and polymer dosages have been identified for compliance with NPDES effluent turbidity requirements. Staff will continue to optimize the use of filter aids (polymers) and related chemical usages to comply with Title 22 and NPDES effluent requirements in an efficient and cost effective manner. To do so the use of filter aids is kept to a minimum required for regulatory compliance thereby reducing chemical costs.

#### Laboratory:

- ❖ The plant's NPDES Permit was renewed during 2013. The 2013 NPDES permit maintained river station monitoring similar to previous permits, but increased overall treatment plant reporting requirements to include increased TN – TP monitoring. Staff's goal during the past 4-years has been to perform the increased monitoring for the nutrient reduction pilot performance testing on plant processes, while maintaining a high quality of laboratory operations, which was successful. The goal for 2017-18 is to assist in the preparation of data for the 2018 NPDES renewal application, and maintain a high level of laboratory operations.
- ❖ The Ventura River Algae TMDL effluent requirements were included in the Plant's 2013 NPDES Permit. As noted above pilot testing was implemented and will be completed during 2017. New monitoring equipment was installed that allowed staff to observe the results of the pilot testing and process adjustments in real time. The data collected will be the basis for future design improvements to meet the TMDL requirements. There are pending oxidation ditch improvements that include adding VFD's for aeration, a new style of submerged aerators for improved electrical and process efficiency, and associated new mechanical equipment that will allow for automated process adjustments using the new nitrate monitoring equipment. The laboratory will continue to experience an increase in process monitoring to support the testing that may be required with the Alternative Design Study. The goal here is for the laboratory and plant staff to provide the necessary process data that supports future plant improvements to meet the TMDL requirements in an efficient and cost-effective manner.
- ❖ The pretreatment program is fully implemented. Outside assistance previously used to assist with industrial discharger (FOG) site inspections is now being handled by the District's in-house Inspector. We will continue to use outside assistance as-needed for training of in-house personnel and program improvements.

#### Biosolids handling:

- ❖ Staff's goal is to operate the belt press in a manner that provides maximum cake solids while minimizing polymer use. This effort is complimented through the use of the SDB's (Sludge Drying Beds), weather permitting, to further dewater the biosolids, and for composting during the summer months.
- ❖ During calendar year 2016, approximately 66 % of the plant's biosolids were composted onsite yielding roughly 923 cubic yards of compost produced on-site exceeding staff's goal to compost  $\geq 60\%$  of the biosolids. The 60% goal will remain and staff will continue to operate the compost operation to achieve a high quality compost product, while minimizing odors and cost.
- ❖ No odor complaints have been received since the Ventura Trail hiking, biking, and equestrian facilities were completed in 1999.

## Projects – Upgrades

- ❖ The plant will have completed the nitrate reduction pilot testing early in 2017. Pilot testing was conducted on three scales; first using a 200 gallon tank, second a 6,000 gallon tank, and finally the third at 90,000 gallons was one the plants anaerobic tanks that provided a full scale pilot using 100% of the average daily flow. Flows into the tank were varied to simulate different detention times, and then carbon addition (food) was added at various dosages for evaluation. This data will serve as a basis for future design efforts. The next step in compliance with the District's TMDL schedule will be an Alternate Design Options Analysis to be initiated during 2017.
- ❖ Improvements to the sludge dewatering beds were completed in 2016 to increase the storm water detention capacity. The increased capacity provides additional protection of the treatment plant processes, and minimizes the potential for effluent violations during major storms.
- ❖ Major expenditures for equipment maintenance during FY 2017-18 will be:  
Replacements of: an equalization basin dewatering pump, biosolids dump truck, the main motor control center (MCC) transfer switch, and replacement of the odor control biofilter media.  
Upgrades to: Oxidation ditches (4) Aerators to include VFD's and new gearboxes and impellers; (1)-ton flatbed maintenance truck to an all-around utility vehicle; repower 6" diesel pump to meet APCD requirements; and renovate the old operations building.  
Energy efficiency upgrades: (3) Oxidation Ditch Anaerobic tank mixers to Large Bubble Oxygen mixers; and (3) Equalization Basin pumps (replacement & energy efficiency).  
New expenditures: install a second Above Ground Storage Tank to enhance our disaster preparedness efforts; Septage receiving station; Compost screen; and Compost bagger;  
Another major expenditure will be the TMDL Design & Alternative Analysis.

The Treatment Plant staff will continue their efforts to operate and maintain the plant in a manner that all District personnel and the public we serve can be proud of, comply with all regulatory requirements, produce a high quality compost for our end users, and promote environmental stewardship and public relations by providing plant tours to our local schools and community college students, the public, and other industry professionals.

Treatment Plant

Acct	Description	FY 15-16	FY 16-17	YTD @ 02/17	FY 17-18	% Chg
4210	Regular Wages - T/P	547,205	549,251	327,279	573,526	4.42%
4220	Extra Help - T/P	34,360	34,360	624	5,040	-85.33%
4230	Overtime - T/P	41,050	42,220	21,058	43,540	3.13%
4240	Standby Time - T/P	12,200	12,200	7,138	20,669	69.42%
4610	FICA/Medicare Expense - T/P	8,351	8,378	4,693	8,316	-0.74%
4620	Retirement Expense - T/P	118,823	126,057	82,930	134,526	6.72%
4640	Health Insurance Exp - T/P	113,230	113,230	71,140	130,579	15.32%
4650	Dental Expense	0	0	5,466	8,198	0.00%
4660	Life Ins. Benefits - T/P	1,403	1,403	984	1,547	10.26%
4670	Vision Insurance Exp - T/P	2,033	2,033	1,291	2,033	0.00%
4680	Unemployment Ins. Exp - T/P	0	0	0	0	0.00%
4685	Disability Ins. Exp -T/P	5,059	5,076	3,775	5,561	9.55%
4690	Workers Comp Ins. - T/P	19,641	19,714	9,710	20,324	3.09%
5005	Utilities - T/P	358,190	358,190	195,687	315,630	-11.88%
5020	Building/Grounds Main - T/P	54,020	54,020	49,094	65,500	21.25%
5025	Vehicle Maint/Fuel - T/P	44,400	46,500	11,967	43,100	-7.31%
5035	Meter Maintenance - T/P	6,350	6,350	170	5,160	-18.74%
5040	Equipment Maintenance - T/P	124,000	124,000	108,754	133,300	7.50%
5045	Electrical Maintenance - T/P	32,200	32,200	15,088	32,750	1.71%
5050	Other Equip Maint - T/P	21,350	18,150	16,519	15,650	-13.77%
5060	Biosolid Handling	79,800	80,200	55,642	76,430	-4.70%
5065	Hazardous Material Disposal	1,250	1,250	120	620	-50.40%
5080	Outside Laboratory Analysis	95,000	100,000	56,522	98,000	-2.00%
5210	Safety Equip/Supply - T/P	9,380	8,490	7,393	13,580	59.95%
5220	Small Tools - T/P	2,450	2,450	1,512	2,700	10.20%
5230	Minor Equipment - T/P	1,600	490	2,065	7,200	0.00%
5240	Misc. Operating Supplies - T/P	9,700	9,700	16,877	11,700	20.62%
5250	Chemicals - T/P	32,630	32,630	50,347	43,000	31.78%
5260	Lab Materials & Supplies - T/P	37,000	37,000	36,641	44,600	20.54%
5270	Operating Permits - T/P	28,230	28,230	33,440	34,120	20.86%
5410	Office Supplies - T/P	750	750	493	900	20.00%
5440	Books & Publications - T/P	590	590	236	590	0.00%
5620	Mgmt/Engrg & Tech Serv - T/P	18,300	16,626	3,170	22,000	32.32%
5660	Other Prof Services - T/P	39,000	39,000	14,306	39,000	0.00%
6035	Conference/Seminar - T/P	12,600	12,100	8,272	13,450	11.16%
6050	Education & Training Allow - T/P	9,400	7,800	180	10,590	35.77%
6080	Membership & Dues - T/P	2,970	3,130	1,588	2,500	-20.13%
6090	Misc. Expense - T/P	750	750	0	750	0.00%
6100	Safety Training - T/P	3,720	3,720	104	3,590	-3.49%
6150	Penalties	0	0	0	0	0.00%
6110	Uniforms - T/P	15,120	15,120	11,520	15,500	2.51%
	<b>Totals</b>	<b>1,944,105</b>	<b>1,953,358</b>	<b>1,233,795</b>	<b>2,005,769</b>	<b>2.68%</b>

## **COLLECTION SYSTEM**

The collection system is operated to transport wastewater collected from residential and commercial customers to the wastewater treatment plant with no stoppages/blockages impacting our customers or sewage overflows. Lines are routinely cleaned for preventative maintenance, inspected to identify line deficiencies, and perform corrective maintenance or repairs as necessary to ensure the integrity of the collection system. Following is a list of maintenance activities performed to meet this goal in a scheduled, cost-effective, and efficient manner.

- ❖ Collection system personnel clean the District's mainlines in accordance with a scheduled 3-year line cleaning O&M program. In 2015 staff started a new 3-year line cleaning schedule that they will complete early on during 2017. The goal for 2017-18 will be to complete the current cleaning cycle and restart a new cleaning cycle. With the new cycle will be an emphasis on evaluating the need for cleaning many line segments and more focus on lines that require more frequent maintenance to ensure no blockages.
- ❖ The collection system has completed two rounds of CCTV inspection on the entire system. The first round of CCTV was performed to identify problem areas as part of the 2001-03 accelerated rehabilitation program. The second round of video inspection is to serve as the "base line condition assessment" for prioritization of future maintenance efforts on the District's main lines and trunk lines. The condition assessment was initially a component of the District's efforts to maintain a proactive maintenance program, and is now required in the SSMP to ensure compliance with the State's Waste Discharge Requirements (WDR). Since 2015 the District has been lining 20-25,000 feet of line with CIPP. CCTV and the subsequent condition assessment will be critical to identifying and prioritizing lines for CIPP in future years.
- ❖ All nine siphons are cleaned as part of the line cleaning schedule. Siphon cleaning frequencies to include "pigging" of siphons and force mains are performed on individual maintenance schedules that maintain operational efficiencies (flow, H<sub>2</sub>S, odors), and are cost effective. The goal remains to evaluate the condition of the remaining original Creek Road siphons, and long-term to complete rehabilitation of the SALS#1 force main segment that remains on the west side of the river.
- ❖ Cleaning and CCTV inspection of the District's mainlines have been scheduled events for many years. The Sanitary Sewer Management Plan (SSMP) required the District to identify and develop a cleaning schedule for trunk lines. Collection system personnel developed a plan that while mainlines are cleaned on a 3-year schedule, trunklines (lines 15" and larger) be placed on a 6-year schedule. Enhanced Maintenance line segments (hot spots) are cleaned on an accelerated cycle ranging from 6-months to 1-year.
- ❖ In compliance with the SWRCB's WDR the District maintains a SSMP that was initially certified in August 2009. The SSMP is documentation of the District's operation and maintenance activities, and to ensure the program is up-to-date and accurate, it requires an in-house program audit every two years (or sooner if significant changes occur). Requirements for the SSMP have become more detailed as the state performs program audits of individual agencies around the state and identifies the most common problems and shortcomings. In 2017 the District needs to perform an audit

of the SSMP. Staff will perform the required in-house audit to identify and update any changes or improvements related to operations and maintenance activities, to include regulatory requirements, and then document and implement the identified improvements. One new component of the SSMP staff will need to update is the requirement to include documentation to address potential sewer overflows, containment, and remediation at each lift station. Collection system personnel are provided regular training of the SSMP to ensure operational and regulatory awareness.

- ❖ The scheduled application of chemical root inhibitors continues with apparent success on known problem areas. Staff continues to evaluate and add line segments to the root control program as they are identified through CCTV inspections and condition assessment review, or as the result of blockages. With the CIPP lining now ongoing, the goal will be to prioritize lines currently on root control for future lining, thereby minimizing the use of root inhibitors applied. This could eventually phase-out large scale root inhibitor applications, and allows in-house applications to be used for limited short-term applications. Staff will continue to ensure that the cleaning frequency of Enhanced Maintenance line segments is adequate to avoid blockages, by using CCTV technology to review a minimum of five (5) percent of inhibitor applied or cleaned footage.
- ❖ The District's efforts to reduce Infiltration & Inflow (I&I) have shown positive reductions and are being continued. Areas previously identified with high I&I through flow studies and/or CCTV inspections have been rehabilitated. The mainline CIPP lining projects the past two years within the City of Ojai were primarily for I&I reduction. The mainline CIPP lining rehabilitation projects identified for the next two years are designed to reduce I&I and eliminate root intrusion. Future mainline lining projects are anticipated to be focused more on eliminating root intrusion with I&I reduction and line condition being secondary. Staff will continue to evaluate localized areas and prioritize line segments to be targeted for rehabilitation. Staff continues to perform both in-house and contract grouting, repairs, and lining on manholes with identified I&I and corrosion. Manhole rehabilitation and lining are a major component in staff's efforts to reduce I&I. Staff's goal is to rehabilitate or replace all manholes with significant corrosion, perform grouting to reduce I&I, and use lining as a means to provide final sealing against I&I and extending the life expectancy of manholes throughout the collection system.
- ❖ Staff will respond to blockages within 30 minutes of receiving the report, and blockages will be cleared within 45 minutes of confirmation, with the primary goal to prevent sewage from reaching storm drains or waterways, and minimize damage to structures.
- ❖ The goal to promptly correct an identified subsidence continues. A subsidence is typically filled within 24 hours of discovery. Upon confirmation that a significant problem exists long-term repairs are scheduled and/or completed within 30 days.
- ❖ Smoke testing and CCTV inspection of laterals has been used in areas targeted as a result of I&I flow monitoring. The new Private Sewer Lateral program provides lateral inspection for change of ownership, use, or by in-house CCTV when roots protrude into the mainline.



- ❖ New connections are inspected as they occur. Repair inspections are performed within 24 hours of the customer's request.
- ❖ The District's Fats, Oil & Grease (FOG) program was first developed as part of the Pretreatment Program, and is now a required component of the SSMP program to reduce sewer blockages and overflows. In past years all restaurants were inspected by VRSD, an outside contractor. Since 2016 all restaurant inspections have been handled in-house by the District's new inspector, and this includes working with restaurants to ensure all restaurants have a grease interceptor.
- ❖ The Computerized Maintenance Management System (CMMS) is used for scheduling and tracking collection system maintenance activities. The CMMS is fully functional and staff uses work orders for all maintenance activities. The CMMS has a built-in GIS that allows staff through the use of work orders to easily show scheduled and completed collection system maintenance activities. The CMMS remains based offsite at the vendors location for technical adjustments, and the goal to bring the CMMS into the District's location for full access to staff for implementing routine changes not currently available.
- ❖ The CCTV video inspection software program was replaced in 2013 with the latest version of Win Can that is now being fully implemented. In 2015 the collection system operators received training and certification on NASSCO codes that are an industry standard and used within the WinCan program. The collection system operators now fully utilize the NASSCO codes during CCTV inspections when entering observation data into the Win Can program.
- ❖ The District's GIS system provides collection system personnel with a visual overview of the District's boundaries, basin maps, and collection system mainlines. The GIS is linked to the collection systems as-built plans for easy access when reviewing line segments, and is linked to the customer service database for use as needed particularly by the inspectors. The GIS is a great tool for showing the public, contractors, and regulators an overview of the system as well as the locations of specific collection system components. This District-wide GIS provides an integrated source for nearly all the Districts administration, collection systems, and treatment plants programs. Staff's goal is to continue the development of GIS layers that will provide additional tools for management to oversee, evaluate, and plan for future Districtwide activities.

Completed construction projects are a good indicator of the District's commitment to operate and maintain a safe, reliable, and efficient collection system. Following is a list of collection system projects completed in recent years:

- Upgraded the SALS#1 lift station to include: a new wetwell, submersible pumps with VFD's, above ground discharge manifold and provisions for connection to a future realignment of the force main on the west side of the river crossing, a new emergency standby generator, electrical MCC enclosure, added a rock trap ahead of the new wetwell, and new fencing with rolling gates. (2016)
- Lined 25,450 feet of eight inch and 350 feet of six inch mainline, replaced (4) manholes and repaired (4) more prior to lining (50) manholes in the Ojai area. (2016)

- Contracted to install (133) lateral connection inserts to seal the mainline to lateral connection. This was the first lateral insert project for the District, and staff's goal is to have similar projects each year on mainlines lined the previous year. (2016)
- Realigned 15" VCP trunk line with HPDE in an easement off Rice Road to eliminate (2) manholes, and on same trunk line in Rice Road eliminated a drop manhole using HPDE to reduce odors at this location. (2016)
- Lined 19,125 feet of eight inch and 1,330 feet of six inch mainline, and rehabilitated and lined (10) manholes all in the City of Ojai area primarily Shady, Drown, Mercer, Park, and Grandview area. (2015)
- Rehabilitation and lining of (14) manholes to include new manhole rings & covers on the Oak View trunk line south of the Prospect meter. (2015)
- Installed aluminum access hatches with safety grating at the Orchard, Rancho, and SALS#2 lift station wet wells. (2015)
- For operator safety, a roof was installed over SALS#2 to protect operators accessing the electrical control cabinet particularly during rain events. A roof-mounted motorized access hatch was provided for maintenance access. (2015)
- Completed a pilot I&I demonstration project in 2014 on Shady Lane using CIPP lining on mainlines and private laterals, lateral pipe-bursting, and manhole rehabilitation
- Purchased a "Pipe Patch" liner system for in-house CIPP spot repairs during 2014 and have completed (4) mainline spot repairs to date, and used an outside contractor to install Pipe Patches at (4) locations on the main trunk line ranging in size from 21-24 inches, too large for in-house equipment.
- Replaced an Oak View trunk line manhole that was severely deteriorated by hydrogen-sulfide, and realigned the trunk line at this location to eliminate the drop-manhole
- Replacement and realignment of Bristol Street was completed in 2012 replacing a section of 1927 era sewer and providing improved accessibility for future users to the collection system.
- Upgraded the radio-based telemetry system and PLC's for the lift stations and flow metering stations during 2012
- Ventura Avenue force main and lift station replacement project completed during 2011
- Manhole replacements, rehabilitation, and grouting efforts for I&I and structural improvements are an annual and on-going effort

For the next two years the District is projecting to perform 20-25,000± feet of CIPP lining each year to reduce I&I and prevent root intrusion, and rehabilitating manholes identified as having corrosion and I&I. The District expects to upgrade the pumps at SALS#2, purchase a new smaller CCTV camera crawler to allow inspection of 6" mainlines without getting hung-up, after being lined.

Future projects may include rehabilitation of the Foster Park trunk line that has cracks and root issues; CIPP lining of the Burnham Road AC trunk line to include rehabilitation of the manholes to stop the hydrogen sulfide deterioration below the Baldwin Road siphon; and replacement and realignment of the SALS#1 force main west of the river. These are all projects that improve the function and reliability of the Districts sewage system.

Staff will maintain an aggressive monitoring, inspection, and repair schedule to reduce I&I, while continuing to perform preventative and corrective maintenance activities to reduce and/or eliminate sewer blockages and overflows. These activities along with use of the District's GIS, CMMS, and CCTV programs are highly functional and effective tools to operate and maintain a safe, reliable, and efficient collection system.

Collection System

Acct	Description	FY 15-16	FY 16-17	YTD @ 02/17	FY 17-18	% Chg
4210	Regular Wages - C/S	483,994	491,780	288,972	530,489	7.87%
4220	Extra Help - C/S	2,880	2,880	0	2,880	0.00%
4230	Overtime - C/S	10,000	10,000	15,233	18,000	80.00%
4240	Standby Time - C/S	9,000	9,000	5,607	15,224	69.16%
4610	FICA/Medicare Expense - C/S	9,198	9,294	4,175	8,067	-13.20%
4620	Retirement Expense - C/S	113,769	121,773	77,851	135,025	10.88%
4640	Health Insurance Exp - C/S	159,372	162,550	80,014	147,383	-9.33%
4650	Dental Expense	0	0	7,798	11,312	0.00%
4660	Life Ins. Benefits - C/S	1,687	1,687	1,028	1,606	-4.80%
4670	Vision Insurance Exp - C/S	3,339	3,339	1,785	2,521	-24.50%
4680	Unemployment Ins. Exp - C/S	0	0	0	0	0.00%
4685	Disability Ins. - C/S	5,980	6,013	3,738	5,954	-0.98%
4690	Workers Comp Ins. - C/S	23,619	23,751	9,103	22,190	-6.57%
5005	Utilities - C/S	32,850	32,850	14,692	28,000	-14.76%
5025	Vehicle Maint/Fuel - C/S	46,750	46,680	23,783	43,675	-6.44%
5030	Line Maintenance - C/S	239,325	198,750	106,335	284,376	43.08%
5035	Meter Maintenance - C/S	11,300	11,300	16,601	26,800	137.17%
5040	Equipment Maintenance - C/S	24,750	24,750	28,076	25,350	2.42%
5050	Other Equip Maint - C/S	28,250	28,250	17,528	32,100	13.63%
5210	Safety Equip/Supply - C/S	5,125	5,125	3,177	8,200	60.00%
5220	Small Tools - C/S	1,800	1,800	1,215	1,600	-11.11%
5230	Minor Equipment - C/S	0	0	0	9,600	0.00%
5240	Misc. Operating Supplies - C/S	7,600	7,600	5,922	7,750	1.97%
5270	Operating Permits - C/S	8,643	8,643	6,939	7,625	-11.78%
5440	Books & Publications - C/S	250	250	188	300	20.00%
5450	Blueprints - C/S	500	500	0	500	0.00%
5620	Mgmt/Engrg & Tech Serv - C/S	9,000	7,000	0	11,000	57.14%
5660	Other Prof Services - C/S	14,480	14,480	2,206	8,500	-41.30%
6035	Conference/Seminar - C/S	9,562	9,562	4,451	9,825	2.75%
6050	Education & Training Allow - C/S	1,150	1,150	546	1,150	0.00%
6080	Membership & Dues - C/S	1,833	1,833	934	6,395	248.88%
6090	Misc. Expense - C/S	500	500	0	500	0.00%
6100	Safety Training - C/S	1,350	1,350	104	1,130	-16.30%
6110	Uniforms - C/S	13,000	13,000	11,348	14,000	7.69%
<b>Totals</b>		<b>1,280,856</b>	<b>1,257,440</b>	<b>739,349</b>	<b>1,429,027</b>	<b>13.65%</b>

## **District Management**

### Accounting

- ❖ Staff continues to work around the limitations of our current accounting system's cost accounting function, tracking the cost of individual projects and certain on-going tasks. The system's limitations also affect some of the payroll accrual tables.
- ❖ It is staff's goal to continue updating and improving the custom customer database program that merges records obtained from the County Tax Collector's office with the District's customer records. This program has become an excellent tool to assist staff in balancing District account records to the County Tax Collector's records of service charges assessment and collections. This program is utilized to establish the total CUs and SUs in the budget preparation. This program also produces Exhibits A & B for the tax roll collection.
- ❖ Collection of direct (in-house) billing accounts is processed on a monthly billing cycle. It is staff's on-going goal to continue mailing the billing statements by the first business day of each month. At the end of each fiscal year staff reviews the direct billed accounts to identify any accounts that could appropriately be converted to tax roll billing.
- ❖ During this 2-year Budget cycle, it is staff's goal to present a comprehensive review of the budget performance with the Board every 6 months. This periodic review process will keep the Board up to date on the District's financial progress and ensure a more accurate and workable financial plan for the District.

### Packet Preparation

- ❖ Staff prepares an agenda packet for each of the Board's regular and committee meetings. The purpose of these packets is to supply the Directors with information essential to their setting the policy direction that guides the activities of the District, and to make information available to the public so they can easily understand and participate in the policy setting process.
- ❖ The Board's regular board meetings are held on the fourth Monday of each month. It is staff's goal to publish the packet for these meetings five (5) days in advance of each meeting.
- ❖ The Board has five standing committees, which meet on an as-needed basis: Ordinance/Public Relations/Newsletter/Webpage Committee; Personnel Committee; Finance Committee; and CEQA Review/Environmental Committee. It is staff's goal to publish the packet for these meetings five (5) days in advance of each meeting.

## Customer Accounts

- ❖ One of the administrative staff's most important functions is to provide support services to the collection system and treatment plant operations. In this support role it is staff's goal to supply accurate and timely information which aids these two departments in the efficient completion of their duties. A substantial amount of interaction is required between administration and collection system staffs in order to properly maintain customer records.
- ❖ An extremely important goal for the administrative staff is to continue to assist customers in a knowledgeable, consistent, and professional manner. A part of this customer service is to work closely with the Local Agency Formation Commission to process District annexations in a timely manner.
- ❖ Staff continues to implement the Unpermitted Connection Program and the Private Sewer Lateral Program. Staff is actively working to identify and bring into compliance any unpermitted connections and to ensure that a PSL is performed when one of the 'triggers' occurs with a property. Resolution of numerous suspected unpermitted connections has been accomplished since the enactment of the program. These resolutions range from internal account corrections, customer's removal of the unpermitted connection or collection of payments to add the connection to our Customer Service Database. There have been hundreds of PSL's performed since the implementation of this program, resulting in many defective laterals being repaired. Discovery of unpermitted connection has been a byproduct of the PSL.
- ❖ It is the administrative staff's goal to continue working cooperatively and efficiently with the inspection staff to ensure timely inspections of reported unpermitted connections, PSL inspections and commercial & industrial accounts. Maintaining these timely inspections is a major factor in keeping the customer service database current.

## Safety

- ❖ The Safety Program's Back Synergy/Team Safety continues to start the day for most staff members. The District continues to join with 3 other local Sanitary Districts sharing a contracted Safety Director. The addition of the Safety Director has been a great assistance to District management staff in ensuring the District's safety policies and training program meet regulations and adequately protect our employees. Continuation of this Joint-Us Safety Director is a good use of District funds.
- ❖ Employee safety training continues to be a priority as does the emphasis on preventative measures to include identification and correction of unsafe acts and conditions. The goal will be to continue reducing the number of injuries, and ensure all safety training is conducted.
- ❖ Keeping the Safety Program updated to current regulations and maintaining a top quality program is an important goal for the entire District.

## Technology Maintenance

- ❖ Another important responsibility of the administrative staff is maintaining the District's technology based equipment (hardware & software) and communications equipment. This maintenance includes monitoring the needs for upgrades and replacements which requires maintaining a detailed inventory of the District's technological equipment which includes a replacement schedule.
- ❖ The technology equipment items scheduled for replacement appear in the Operations Budget with funds to cover the cost of these items being transferred into this Budget from the Equipment Replacement Reserve in Section 2.

The budget detail to support the administration activities is shown in the following table.

District Management

Acct	Description	YTD @				% Chg
		FY 15-16	FY 16-17	02/17	FY 17-18	
4210	Regular Wages	698,556	699,632	470,689	750,825	7.32%
4215	Major Projects Admin.-Wages	105,406	106,150	52,557	112,915	6.37%
4220	Extra Help - Office	0	0	0	0	0.00%
4230	Overtime - Office	1,763	1,763	227	3,080	74.70%
4610	FICA/Medicare Expense	15,383	15,383	9,062	20,620	34.04%
4620	Retirement Expense	143,567	144,079	102,893	160,715	11.55%
4640	Health Insurance Exp	170,199	170,199	106,513	197,545	16.07%
4645	Post-Retirement Health	0	0	0	0	0.00%
4650	Dental Expense	0	0	5,969	9,482	0.00%
4660	Life Ins. Benefits - Office	1,800	1,880	1,304	2,154	14.57%
4670	Vision Insurance Exp	2,162	2,162	1,597	2,380	10.08%
4680	Unemployment Ins Exp	0	0	0	0	0.00%
4685	Disability Ins. Exp	5,780	5,780	4,127	6,614	14.43%
4690	Workers Comp Ins.	2,312	2,312	1,416	2,633	13.88%
5005	Utilities	22,599	23,190	11,565	19,080	-17.72%
5015	Janitorial	8,700	8,745	5,437	11,512	31.64%
5020	Building/Grounds Main	11,720	11,450	9,482	12,400	8.30%
5025	Vehicle Maint/Fuel	5,360	5,360	1,442	3,280	-38.81%
5040	Equipment Maintenance	118,660	125,910	84,025	171,854	36.49%
5210	Safety Equip/Supply	775	775	758	1,600	106.45%
5270	County Permits/Fees	675	675	690	650	-3.70%
5410	Office Supplies/Equip & IT Equip.	442,033	290,847	167,842	301,658	3.72%
5420	Communications	67,358	67,398	42,560	74,808	10.99%
5430	Insurance	129,313	129,313	72,246	126,222	-2.39%
5440	Books & Publications	1,747	1,747	851	1,397	-20.03%
5460	Postage	13,000	8,700	1,060	8,700	0.00%
5610	Board Member Fees	34,650	37,275	20,300	37,275	0.00%
5620	Mgmt/Engrg & Tech Serv	96,418	56,418	16,663	106,338	88.48%
5630	Public & Legal Notice	7,000	3,000	1,324	3,000	0.00%
5640	Legal Services	150,000	160,000	69,269	160,000	0.00%
5650	Accounting Services	40,750	41,050	35,329	49,875	21.50%
5660	Other Prof Services	18,825	13,175	1,749	19,070	44.74%
5670	LAFCO Assessment	6,020	6,020	5,681	6,000	-0.33%
6020	Investment Mgmt/Bank Fees	62,715	62,715	73,469	95,425	52.16%
6030	Conference/Seminar - Board	13,560	13,560	13,009	13,160	-2.95%
6035	Conference/Seminar	14,645	14,645	8,324	17,845	21.85%
6050	Education & Training Allow	6,400	6,400	2,165	6,100	-4.69%
6060	Election Expense	0	2,500	2,868	1	0.00%
6070	Fee Refund/Reimb	2,500	2,500	20,215	2,500	0.00%
6080	Membership & Dues	32,388	32,388	31,446	35,262	8.87%
6090	Misc Expense	0		63,820	0	0.00%
6100	Safety Training	33,850	34,350	33,439	37,350	8.73%
	<b>Totals</b>	<b>2,488,589</b>	<b>2,309,446</b>	<b>1,553,382</b>	<b>2,591,325</b>	<b>12.21%</b>



Transfers

Transfers are charges against one funding location which appear in another funding location as revenue. The District sets aside funds in reserves for special purposes. All service charge income and most other income is received in the General Fund and the portion destined for reserves is then transferred to the reserve, leaving only the portion used to pay for operations and maintenance activities in the General Fund. 6are shown in the following table:

Transfer Budget

Transfer Destination	Transfer Amt. for 2017/18
Treatment Plant Replacement	\$630,000
Collection System Replacement	\$1,270,526
Equipment Replacement	0
Vehicle Replacement	\$75,458
Building Reserve	\$20,874
2003 Revenue Bond Debt Service	\$325,000
2016 Debt Issue	\$600,000
SRF Debt Service (Internal Loan)	\$500,000
	-----
	\$3,421,858

Debt Reserves are used to accumulate funds for making the annual debt payment on each of the District's outstanding debt issues.

Expense Summary

The District's operating budget provides for the day-to-day operation and maintenance of the central office, collection system, and treatment plant and can be summarized as follows:

Expense Budget Summary

Expense Summary By Activity	FY 16-17	FY 17-18
Treatment Plant	\$1,953,358	\$2,005,769
Collection System	\$1,257,440	\$1,429,027
District Management	\$2,309,446	\$2,591,325
Transfers	\$3,803,601	\$3,421,858
	-----	-----
Totals	\$9,323,845	\$9,447,979

The totals can be misleading because they include significant cash transfers.

# INCOME

## Introduction

The operating budget is funded entirely from the sewer service charges paid by the users of the system. The majority of the service charges are collected as a charge at the same time as property taxes through the property tax bill mechanism. Those properties hooking up during the year are billed directly for the partial year and added to the tax roll the following year.

This method of collection is the most economical; by state law the County charge to the District for billing, collection and all record keeping for this service is one quarter of one percent of the amount collected. For a typical single family residential home that pays \$54.54 per month, the County charge amounts to \$1.64 out of \$654 collected annually. The District-wide annual cost of this service from the County is approximately \$16,000. It would take several times this amount to hire the necessary staff to prepare and mail a bill to all customers, record payments, follow up on bad checks and track delinquent accounts. This method has worked very well for the District, so it is proposed to continue using it in the coming fiscal year.

Some properties do not receive a tax bill (e.g. schools & government agencies) and others (industrial & some commercial) are charged based upon the quantity and quality of their discharge. Approximately 80 properties fall into this category and are directly billed. The direct billing method amounts to approximately twenty-one percent (21%) of the total service charges collected.

## Capacity Unit Growth

Each year staff makes an estimate of the number of Capacity Units (CUs) that will be on-line at the beginning of the fiscal year (July 1). This estimate is conservative since it is likely some new CUs will come on line during the year, but the growth rate is very low and a significant amount of income is not involved.

The CU count is used to determine the special incremental rates for 2003 Revenue Bond Debt Service. This is described more fully in Section 3 – Debt Service Budget.

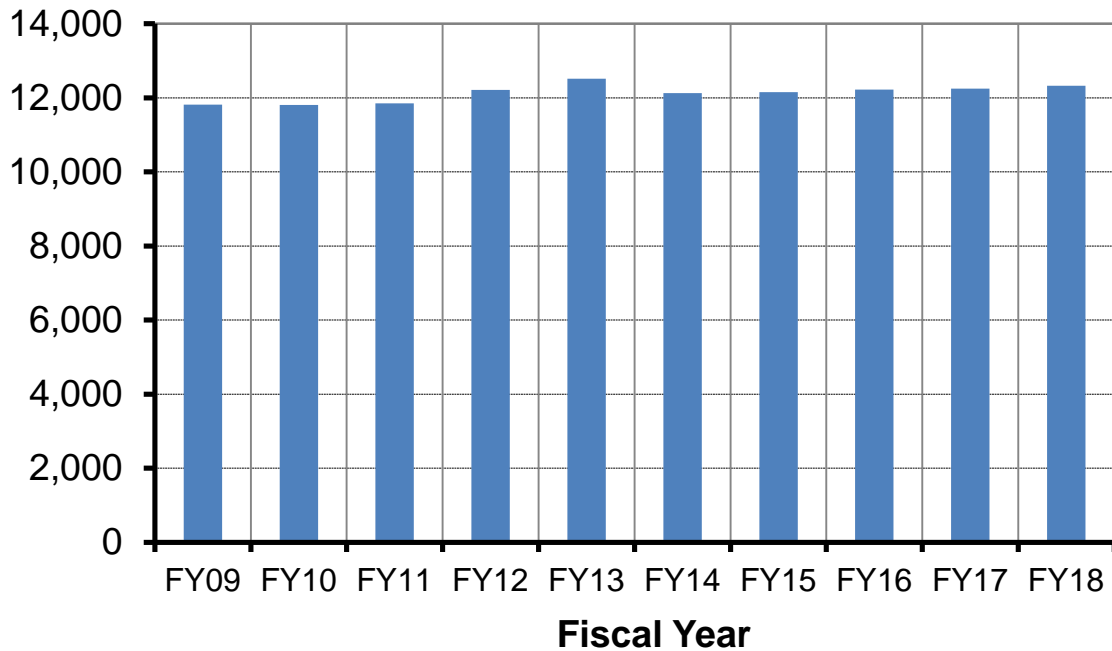
## Service Unit Count

A Service Unit (SU) is a measure of service provided to a Parcel based upon the volume and strength of the Parcel's wastewater flow. The SU count on a Parcel may be different from the Capacity Units allocated to that Parcel. The totals for these two Unit types are not the same because the SUs include multiplication factors that account for a stronger waste strength discharged by certain types of commercial customers. Since SUs are dependent upon the type of use of the CUs they can vary greatly from year to year; the SU total becomes the basis for estimating service charge income. Our GIS is coordinated with the customer database, and as the information in the database becomes more accurate, it allows a greater degree of accuracy to our SU count.

This year's SU count is 12,326, which is 100 SUs higher than the count used last fiscal year. A large portion of the SU increase continues to be the result of the implementation of the Unpermitted Connection enforcement program and the customer database continuing to become more accurate. This SU count calculated through the customer database becomes the basis for estimating service charge income.

The following chart depicts the District's Service Unit growth over the most recent ten (10) years and the estimate for next year. The columns show District wide cumulative totals. The total goes down in some years because of refunds (USA Petroleum, Honor Farm, etc.) and changes in the method of computing the SU count.

### SUs @ July 1 Each Year

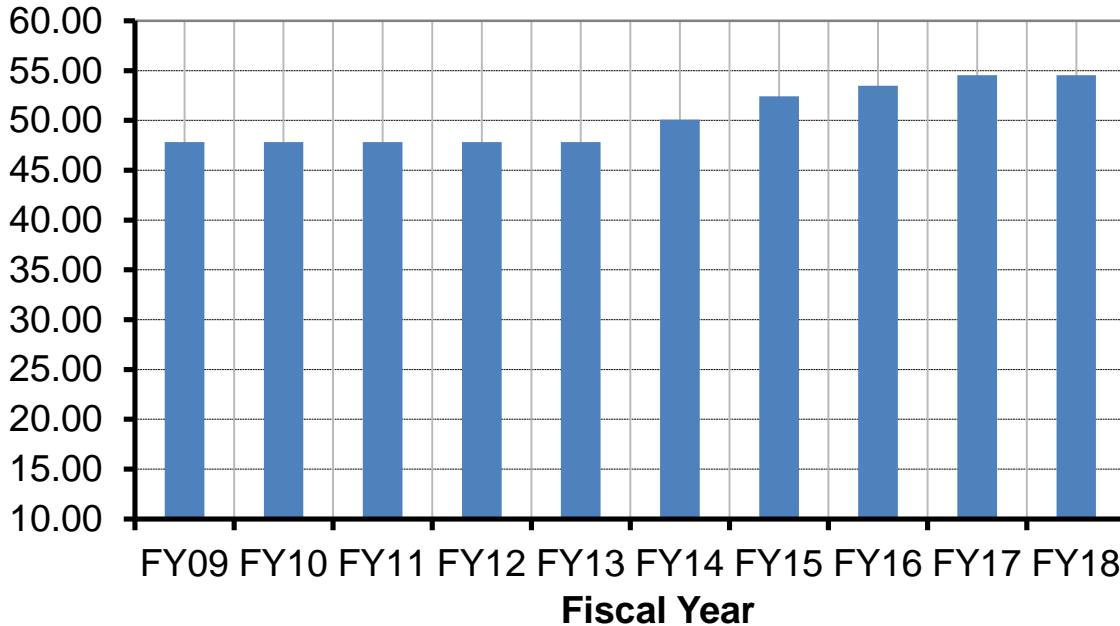


Service Charge

The monthly service charge is composed of a uniform basic rate throughout the District with additional special increments depending upon which part of the District is being discussed. The entire District pays an increment for debt service related to the rehabilitation of the 1927 sewer system within the City of Ojai. Pursuant to a court decision, these costs are split equally (50% – 50%) between the users inside and outside the City of Ojai. This increment is described more fully in Section 3 – Debt Service Budget.

The following chart shows the basic monthly service charge history over the most recent ten (10) years and the rate for next year.

### Service Charge History



Based upon the SU count as discussed above, the following table presents the estimated service charge income for the new fiscal year.

Service Charge Income

Acct	Description	FY 15-16	FY 16-17	YTD @ 02/17	FY 17-18	% Chg
3010	Service Charge - Tax Roll	6,143,536	6,282,858	3,614,541	6,338,494	0.89%
3020	Service Charge - Direct	1,335,894	1,362,628	960,706	1,338,577	-1.77%
3040	Service Charge - Chem Toilet	38,498	39,269	23,974	39,269	0.0%
3050	Service Charge - MAD	288,738	294,516	264,047	294,516	0.00%
3085	Service Charge - COP Tax Roll	262,500	262,500	131,250	264,062	0.60%
3090	Service Charge - COP Direct	87,500	87,500	48,744	60,938	-30.3%
	Totals	8,156,666	8,329,271	5,043,262	8,335,856	0.08%

Investment Income

Another income source for the District is the earnings from investment of temporarily idle cash. Economic conditions have caused the amount of this income to decline over recent years; however, fiscal year 2016-17 appears to have experienced a small increase in investment income. The District follows a policy of returning the interest earned to the source in proportion to the amount of cash available for investment. This assures the various reserves receive their proportionate share of earnings. The following table shows estimated investment income from all sources. About \$30,000 of the total will be received in the General Fund.

Investment Income Budget

Acct	Description	FY 15-16	FY 16-17	YTD @ 02/17	FY 17-18	% Chg
3410	Bank Interest	400	400	106	250	-37.50%
3420	County Interest	12,000	13,500	11,014	14,000	3.70%
3430	Investment Interest	226,000	237,000	221,321	260,000	9.70%
3485	Deferred Capacity Interest	7,100	7,100	0	7,000	-1.41%
3490	SDS Interest	10,200	10,000	436	6,000	-40.00%
	Totals	255,700	268,000	232,877	287,250	7.18%

Other Income

The District has a variety of other income sources as shown in the following table. Most of these sources of income are not related to operations.

Other Income Budget

Acct	Description	FY 15-16	FY 16-17	YTD @ 02/17	FY 17-18	% Chg
3110	Permits/Inspection Fees	8,000	8,000	18,915	16,000	100.00%
3130	Annexation Fees	600	600	0	0	-100.00%
3140	Connection Fees-T/P	128,505	128,505	35,709	128,505	0.00%
3145	Connection Fees-C/S-Trunk	74,161	74,161	20,765	74,161	0.00%
3150	Connection Fees-C/S-Local	197,930	197,930	50,274	197,930	0.00%
3160	Engineering & Admin. Fees	0	0	0	0	0.00%
3510	Late Charges	25,000	25,000	20,112	20,000	-20.00%
3515	Unpermitted Penalties/Interest	1,000	1,000	13,657	1,000	0.00%
3520	Misc. Income	1,000	1,000	12,076	1,000	0.00%
3610	Property Tax Income - 1%	620,000	640,000	415,862	690,000	7.81%
3730	Gov't Assist Revenues (FEMA)	0	0	0	0	0.00%
	Totals	1,056,196	1,076,196	637,644	1,128,596	4.87%

Income Summary

The District's operating budget provides for the day-to-day operation and maintenance of the central office, collection system, and treatment plant and can be summarized as follows:

Income Budget Summary

<b>Income</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>Change</b>	<b>Pct</b>
Service Charges	8,329,271	8,335,856	+6,585	0.08%
Investment	268,000	287,250	+19,250	7.18%
Other Income	1,076,196	1,128,596	+52,400	4.87%
Transfer From Equipment Reserve	276,102	354,123	+78,021	28.26%
Transfer From Contig & Stab. Reserve	0	0	0	0
Totals	9,949,569	10,105,825	+156,256	1.6%

Available Funding

Since several sources of income are not available for the general fund, the following table is presented to show the differences from the income table. The differences consist of the capacity charge income which is put directly into the respective reserve funds and the interest income attributed to each of the reserves that will stay in the respective Reserve Funds.

Available Funding Summary

<b>Income</b>	<b>FY 2017-18</b>	<b>Available</b>	<b>To Reserve Funds</b>
Service Charges	8,335,856	8,335,856	
Investment	287,250	30,000	257,250
Other Income	1,128,596	728,000	400,596
Transfer From Equipment Reserve	354,123	354,123	
Transfer From Contig & Stab. Reserve	0	0	
Totals	10,105,825	9,447,979	657,846

Expense/Funding Balance

Proposed Expense and Transfer Total	\$9,447,979
Proposed Available Funding Total	\$9,447,979
	-----
Difference	\$-0-

## **SECTION 2**

### **Reserves Budget 2017-2018**

## Section 2 – Reserves Budget

### Introduction

The District has set aside restricted reserves to fund specific Capital Projects as well as periodic equipment and facility replacement and major repair purposes. These reserves are:

- ❖ Treatment Plant Replacement Reserve
- ❖ Treatment Plant Expansion Reserve
- ❖ Collection System Replacement Reserve
- ❖ Equipment Replacement
- ❖ Vehicle Replacement
- ❖ Building Reserve
- ❖ Collection System Local Capacity Reserve
- ❖ Collection System Trunk Capacity Reserve
- ❖ Contingency & Stabilization Fund

**\*\*The red print identifies the reserves that are not discretionary. All of the other reserves have been established by Board action and are eligible to be modified or eliminated at the Board's discretion.**

Generally, each reserve is set up for a specific purpose and regular contributions are made each year. When a major expense in an area covered by a reserve occurs, the resolution of the problem or issue is paid for out of the reserve rather than the operating budget. Using this mechanism adds predictability to the transfer process and buffers the individual rates and charges from sudden dramatic changes in any one year.

Along with the budget preparation process an evaluation of the reserve structure is conducted to determine if adjustments are needed to maintain a prudent approach to planning for the District's projects, etc.

In this section each of the reserves is described and the details of what is proposed to happen next fiscal year are presented.



# Summary of Reserve Balances

The following chart shows the balance in each Reserve as of a specific date and the annual contribution budgeted for this fiscal year.

The Reserves shown in Purple are increased by the annual contributions established in the budget each year and interest.

The Reserves in Red are increased by the fees collected from customers for rights to capacity in the collection & treatment facilities and interest.

The Contingency & Stabilization Reserve shown in Green is increased by interest and any budget surplus identified during the budget reconciliation performed in October each year for the preceding fiscal year.

Interest received on the District's invested funds is appropriated proportionally to each of the Reserves as it is received.

<u>Reserve</u>	<u>Balance as of February 28, 2017</u>	<u>Budgeted Contribution</u>
Treatment Plant Replacement	\$9,157,450	\$630,000
Treatment Plant Expansion (1)	\$1,670,060	\$0
Collection System Replacement	\$1,054,666	\$1,270,526
Equipment Replacement	\$2,042,284	0
Vehicle Replacement	\$ 205,648	\$75,458
Building Replacement	\$ 570,416	\$20,874
Collection System Local Capacity (1)	\$1,382,558	0
Collection System Trunk Capacity (1)	\$ 215,804	0
Contingency & Stabilization	\$1,408,812	0
<b>TOTAL</b>	<b>\$17,707,698</b>	<b>\$1,996,858</b>

**Notes:**

(1) – Funded by new connection/capacity charges.

# Treatment Plant Replacement Reserve

The Treatment Plant Replacement Reserve was created many years ago to comply with local funding requirements imposed when the Oak View Sanitary District accepted federal and state grant funding to build the 1983 treatment plant improvements. Although the grant condition acceptance was pre-consolidation and some of the grant-funded facilities have been demolished, the requirement cannot be altered by the consolidation process. As successors in interest, we are bound by the same rules.

This requirement was known in 1983 as CRF (Capital Replacement Fund). The general idea was that the federal and state grant was going to bring the grant recipient's facilities to a level of service that would meet then current regulatory requirements. In return for the grant, the local agency was required to annually set aside funds in the CRF which would guarantee perpetual replacement of the major facilities at the same level of service. The replacement would take place as each major item in a facility reached the end of its respective service life. This concept is very roughly equal to annual depreciation. For example, \$1,000 per year would be set aside for a pump with an original cost of \$10,000 and a ten-year service life. Earnings from investment of any temporarily idle reserve funds are used to offset the effect of inflation. Thus, in year 10 the service charge impact would still be \$1,000 even though a replacement cost of \$12,000 was being paid for the replacement pump.

## Loan to Pay-Off State Revolving Fund Loan Balance

The District's State Revolving Fund (SRF) loan began at \$18,840,595 in 1997 and was scheduled to be paid over 20 years. In January 2011 funds from this reserve were used, as a loan, to pay-off the outstanding balance (\$8,512,863) on the District's SRF loan. The loan from this reserve will be repaid over a period of 20 years. The seventh payment will be made this year in the amount of \$500,000.

## Proposed Projects

Proposed Projects to be funded from the reserve are:

• MCC Transfer Switch Replacement	\$ 90,000
• Old Ops Bldg Improvements	200,000
• EQ Basin Dewatering Pump	18,000
• EQ Basin Pump Replacements (3) 15hp	42,000
• Replace Biofilter Media	<u>25,000</u>
Total	\$375,000

Transfer Amount

A transfer amount of \$630,000 from the General Fund is scheduled to be deposited into this reserve for this fiscal year.

Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017 .....	\$9,498,298
+ Proposed Transfer Amount .....	+630,000
+ Fifth Pmt. On Loan to SRF Pay-Off .....	+500,000
+ Predicted Investment Earnings during Fiscal Year .....	+95,000
• Proposed Expenditures .....	-375,000
	-----
= Projected End of Year Reserve Balance .....	\$10,348,298

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.

## Treatment Plant Expansion Reserve

The Treatment Plant Expansion Reserve was created many years ago to comply with state law requiring that funds collected for capital expansion purposes be identified and accounted for separately from all other funds of the agency. This state law was passed to eliminate the perception that some agencies were charging excessive capital impact fees to new customers and using those funds for non-capital purposes. This reserve is how the District meets the intent of those Government Code 66013 requirements.

In addition to funding new treatment plant capacity needs for future customers, the reserve is also used to pay for the capital costs of the portion of treatment processes and improvements which are currently idle and therefore available to serve new customers. The most recent example is the treatment plant upgrade project placed into full operation in 1997. The BWA report dated May 1998 identifies 23.7% of the plant as unused; therefore, this reserve was paying 23.7% of the annual SRF Loan debt service each fiscal year or \$324,000. The goal of this reserve approach was to make certain new development pays its fair share and is not subsidized by existing users. This loan was paid off in January 2011; consequently, no further payment from this reserve is required.

New customers connecting to the sewer system are required to pay a treatment plant capacity charge adopted by the Board of Directors. The charge is calculated to be the new customer's fair share of the historic investment in existing capital facilities. In essence, paying this charge makes the new customer have an investment equal to existing customers and there has been no benefit from having delayed connection to the sewer system.

The reserve carries a positive balance from one year to the next. Any temporarily idle portion of the balance is invested and the earnings are returned to the reserve and used to meet expansion capital needs.

All treatment plant capacity charge revenue is placed into this reserve. Although 50 equivalent residential units of growth has been used in establishing the capacity charges, the proposed fiscal year budget anticipates 25 new single family residential equivalent Capacity Units (CUs) will be added to the system. This total may be a mixture among residential, commercial and industrial users. Each new commercial and industrial connection is evaluated using a standard formula. The result is how many CUs the commercial or industrial discharge is equivalent to so that all new customers are treated equally no matter what the nature and quantity of their sewage discharge.

Proposed Projects

Proposed Projects to be funded from the reserve are:

• TMDL Design & Alternative Analysis	\$200,000
• Above Ground Storage Tank	86,000
• Compost Bagger (New)	56,800
• Compost Screen	55,000
• Repower Diesel Pump	<u>30,000</u>
Total	\$427,800

Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017.....	\$1,674,211
+ Predicted Income from 25 New Connections.....	+128,505
+ Predicted Investment Earnings during Fiscal Year	+26,250
• Proposed Expenditures .....	-427,800
	-----
= Projected End of Year Reserve Balance.....	\$1,401,166

# Collection System Replacement Reserve

The purpose of the Collection System Replacement Reserve is to accumulate funds for major repairs and replacement of the District's collection system facilities.

## Transfer Amount

A transfer amount of \$1,270,526 from the General Fund is scheduled to be deposited into this reserve for this fiscal year.

## Proposed Projects

Proposed Projects to be funded from this reserve are:

• Mainline Lining Project	\$650,000
• Manhole Lining/Rehab.	150,000
• Mainline/Lateral Connection	200,000
• Manhole Ring & Covers (100)	35,000
• SALS #2 Pump & Controls Repl. (2)	<u>25,000</u>
Total	\$1,060,000

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017.....	\$1,592,020
+ Proposed Transfer from General Fund .....	+1,270,526
+ Predicted Investment Earnings During Fiscal Year .....	+15,000
- Proposed Expenditures .....	-1,060,000
	-----
= Projected End of Year Reserve Balance.....	\$1,817,546

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.

# Equipment Replacement Reserve

The Equipment Fund covers typical office equipment necessary to support administrative and management functions and tools (other than small tools) and equipment necessary to support collection system maintenance and treatment plant operations, other than small tools. This Fund also covers Information Technology equipment and software.

A transfer from the General Fund is not scheduled to be deposited into this reserve for this fiscal year.

## Information Technology Equipment Replacements/Upgrades

Based on the Technological Equipment replacement schedule adopted by the Board, the computer equipment and software scheduled for replacement/upgrade this fiscal year is valued at \$354,123. Funds to cover the purchase of these replacements/upgrades will be transferred into the Operations Budget (account 5410.03 – Office Supplies & Equipment) along with the adoption of this budget. These replacement items will be purchased out of the Operations Budget in the normal course of business during the fiscal year. Transfer into Account 5410.03 scheduled for this year is \$354,123.

## Equipment Replacements/Upgrades/New

Proposed replacements/upgrades to be funded from this reserve are:

• Camera Crawler for 6-Inch Lines (New)	\$ 9,700
• Replacement of 1-Ton Mtce Truck (equipment)	<u>158,000</u>
Total	\$167,700

Proposed replacements/upgrades/new will be presented to the Board for approval on a case by case basis.

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017.....	\$2,328,781
+ Proposed Transfer from General Fund.....	0
+ Predicted Investment Earnings during Fiscal Year.....	15,000
- Scheduled IT Equipment Replaces during Fiscal Year.....	-354,123
- Scheduled Equipment Replace/Upgrade/New.....	-167,700
- .....	-----
= Projected End of Year Reserve Balance.....	\$1,821,958

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.

# Vehicle Replacement Reserve

The Vehicle Replacement Reserve covers the replacement of the District's fleet of licensed motor vehicles. This reserve was initially established in 2002.

Our current plan for replacing vehicles is a schedule based three factors: historical mileage; use & maintenance records. All three of these factors are considered during staff's annual evaluation of the District's vehicle needs for the coming fiscal year.

## Proposed Fleet Replacements

### Vehicle to be Replaced

- 1996 Chevy 1 ton

### Estimated Replacement Cost

\$69,528

Total proposed replacements = \$69,528

## Transfer Amount

A transfer amount of \$75,458 from the General Fund is scheduled to be deposited into this reserve for this fiscal year.

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017.....	\$243,893
+ Proposed Transfer From General Fund.....	+75,458
+ Predicted Investment Earnings during Fiscal Year .....	+5,000
- Proposed replacements.....	-69,528
- .....	-----
= Projected End of Year Reserve Balance.....	\$254,823

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.



# Building Replacement Reserve

The Building Replacement Reserve Fund was created following a recommendation by the April 2002 Budgeting Estimates for Long Term Capital Replacement Funding Needs study performed by Andrew Belknap of Management Partners.

## Proposed Projects

Funds from this account are proposed to be used for the following projects:

- Tico Road Site ADA Modifications
- Tico Road Workshop/Office Addition
- Treatment Plant Old Ops Bldg Asbestos Remediation

Cost of these projects have not been determined.

## Transfer Amount

A transfer amount of \$20,874 from the General Fund is scheduled to be deposited into this reserve for this year.

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017 .....	\$583,191
+ Proposed Transfer From General Fund .....	+20,874
+ Predicted Investment Earnings during Fiscal Year .....	+12,000
- .....	-----
= Projected End of Year Reserve Balance.....	\$616,065

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.

## Collection System Local Capacity Reserve

This Reserve was originally established in early 1999; in 2007 the Board redefined the designed use of this Reserve to be used for capacity issues in the Collection System. On July 1, 2010 this Reserve was officially named the Collection System Local Capacity Reserve.

This Reserve receives all Collection System Local Capacity charges when a property owner connects to the sewer. The designated use of this Reserve is for capacity issues in the Local portion of the District's Collection System.

### Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017.....	\$1,386,255
+ Predicted Transfer of Charges From New Customers .....	+197,930
+ Predicted Investment Earnings during Fiscal Year .....	+ 30,000
	-----
= Projected End of Year Reserve Balance.....	\$1,614,185

Because of the special source of these funds the charges will be transferred only when they are received from a new customer.

# Collection System Trunk Capacity Reserve

This Reserve was established in July 2010 following the Board's adoption of Ordinance No. OVSD-61.

This Reserve receives all Collection System Trunk Capacity charges when a property owner connects to the sewer. The designated use of this Reserve is for capacity issues in the Trunk portion of the District's Collection System.

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017.....	\$216,361
+ Predicted Charges From New Customers .....	+74,161
+ Predicted Investment Earnings during Fiscal Year .....	+ 5,000
	-----
= Projected End of Year Reserve Balance.....	\$295,522

Because of the special source of these funds the charges will be transferred only when they are received from a new customer.

## Contingency & Stabilization Reserve

The reserve is used as a funding source for unexpected and unbudgeted activities or items which develop during the year for which no other source of funds exists. Some years this fund has also provided a contribution to offset rate increases during the budgeting cycle.

### Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017.....	\$1,316,658
+ Predicted Investment Earnings during Fiscal Year .....	+24,000
- Transfer to General Fund for Operations Budget.....	-0
	-----
= Projected End of Year Reserve Balance.....	\$1,340,658

## **SECTION 3**

## Section 3 – Debt Service Budget

### Introduction

The District has one debt issue that is the result of a refinancing of 2 prior debt issues both of which were used to pay for various capital projects.

#### ❖ 2016 Refunding Bond Issue

In this section the debt issues is described and details of its proposed financial operation in the next fiscal year are presented. The portion of this debt that represents the remainder of the 2003 COP Debt continues to be accounted for separately as described in the following pages.

## 2003 SERIES

The District undertook a project to rehabilitate a significant portion of the sewage collection system in the City of Ojai in 1993. The project became known as the “1927 System Rehabilitation” and was financed by issuing \$6,605,000 in Certificates of Participation (COPs).

This COP debt would have had second call on District revenues behind a 1978 Oak View Sanitary District Revenue Bond and it would have received an interest rate penalty because the debt payments would appear to potential investors to be less secure. The Board decided to pay off the Oak View revenue bond by increasing the size of the COP issue by the \$680,000 of the then remaining outstanding Oak View revenue bonds, bringing the COP total to \$7,285,000. This plan placed all revenue secured debt on the same level and eliminated any interest penalty. The Oak View bond-refinancing portion of the COPs debt service was the responsibility of only the users of the former Oak View Sanitary District collection system; therefore, that portion of the COP debt was treated as if it were separate from the larger amount. The final payment on this portion of the COP debt was collected from the “Oak View Ratepayers” during fiscal year 2004-05.

In 2003 we refinanced the COPs with Revenue Bonds. We achieved significant savings with lower interest rates. All of the COPs were called in September 2003 and paid off with the proceeds from our Revenue Bond sale in January 2003. The 2003 Revenue Bonds replaced the 1993 COP issue. The 2016 Refunding Debt issued in 2016 replaced the 2003 COP; however, the payment responsibility for the 2003 portion of the 2016 debt remains the same as established in 1992.

### Payment Responsibility

The major portion of the original COP debt was used to pay for rehabilitation of a portion of the sewage collection system. The entire District is responsible for repayment of this debt. A dispute arose about how the responsibility should be allocated among service areas within the District. Based upon a 1992 decision of the master judge, the City of Ojai is to pay 50% while the rest of the District is to pay the remaining 50%. Because there are fewer customers within the City service area than outside the City, there are two rates for this special increment – City and non-City. The master judge’s decision also applies to the 2003 Revenue Bonds.

The following table shows the remaining debt service on the COP:

<u>Period Ending (September 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	315,000.00	77,350.000	392,350
2018	320,000.00	69,400.00	389,400
2019	335,000.00	59,575.00	394,575
2020	345,000.00	49,375.00	394,375
2021	355,000.00	37,100.00	392,100
2022	365,000.00	22,700.00	387,700
2023	385,000.00	7,700.00	392,700
TOTALS	\$2,420,000	\$323,200	\$2,743,200

Annual debt service for the Bonds is due September 1 of each year.

No specific amount of the debt is assigned to each property; therefore, “early pay-off” for an individual property is not possible, the obligation runs with the District as a whole for the life of the debt issue.

Staff conducted an evaluation of the balance in the 2003 Debt Issue Payment Reserve and established a schedule to utilize the funds in this account to lower the amount required to be collected through the service charge increment over the remaining nine years of this debt issue.

The amount to be collected through the service charge increment for fiscal year 2017-2018 is \$325,000. The service charge increment is charged for each Capacity Unit allocated to a parcel.

One-half or \$162,500 is to be raised each from inside and outside the Ojai City limits.

The annual increments for FY 2017-18 are calculated as follows:

Inside Ojai City Limits:

$$\frac{\$162,500/\text{year}}{4,425 \text{ ERUs times } 12 \text{ months / year}} = \$3.06/\text{month / CU}$$

The debt service charge per CU inside the Ojai City Limits was reduced by 9 percent.

Outside Ojai City Limits:

$$\frac{\$162,500 / \text{year}}{7,767 \text{ ERUs times } 12 \text{ months / year}} = \$1.74/\text{month / CU}$$

The debt service charge per CU outside the Ojai City Limits was reduced by 8 percent.



Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017.....	\$694,644
- Scheduled Debt Service Payment FY 2017/18 .....	-392,350
+ Proposed Transfer from General Fund .....	+325,000
+ Predicted Investment Earnings during Fiscal Year .....	10,000
	-----
= Projected End of Year Reserve Balance.....	\$637,294

## 2016 REFUNDING BOND ISSUE

The 2016 Refunding Bond issue was sold May 2016 to refinance the 2003 Series and 2007 Series debt issues to obtain a lower rate of interest for an overall cost savings. This created a \$8,575,000 debt for the District. The purpose of the 2003 was to rehabilitate a significant portion of the sewage collection system in the City of Ojai known as the "1927 System" and the 2007 debt was to fund projects identified in the 2007 Collection System Capital Improvement Plan.

Similar to prior debt issues, the 2016 Series was secured by a pledge of the District to maintain its service charge rates in at least a certain ratio to the annual debt service payments and a pledge of available revenues to make the annual debt service payments for the life of the Debt. The District has a debt ratio limit of 1.2 which limits the amount of debt it can assume relative to its operations budget, our operation expenses must not fall below 1.2 times the debt payments. This ratio insures the Bond holders and owners that their investment is secure. This same debt ratio was also a condition of our 2003 COP issue.

The District must also file an Annual Report for the benefit of the Bond holders and owners. This report must include information such as: the number of new connections; a description of changes in charges and fees; and internal fund balances. The District's annual financial audit meets all of these requirements and will be utilized as the Annual Report.

The 2016 issue has no payment reserve; the District's credit was strong enough that a payment security was not required.

The annual debt service payment on this issue is due early in the fiscal year (September 1) so the funds must be on hand when needed. The payment due on September 1, 2017 will be made from funds collected during Fiscal Year 2016-2017. The funds collected during Fiscal Year 2017-2018 will actually be used to make the payment in Fiscal Year 2018-2019. Consistent with the policy throughout the District, temporarily idle cash is invested and the earnings placed into the account. These interest earnings are used to reduce the respective portions of the debt service payments.

The following table shows the remaining debt service, minus the :

<u>Period Ending (September 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	180,000	501,550	681,550
2018	180,000	484,600	664,600
2019	190,000	463,675	653,375
2020	200,000	441,775	641,775
2021	200,000	415,500	615,500
2022	210,000	384,700	594,700
2023	220,000	352,50	572,500
2024	230,000	326,800	556,800
2025	235,000	308,200	543,200
2026	245,000	289,000	534,000
2027	260,000	268,800	528,800
2028	270,000	247,600	517,600
2029	280,000	225,600	505,600
2030	290,000	202,800	492,800
2031	300,000	179,200	479,200
2032	315,000	154,600	469,600
2033	325,000	129,000	454,000
2034	340,000	102,400	442,400
2035	355,000	74,600	429,600
2036	370,000	45,600	415,600
2037	385,000	15,400	400,400
<b>TOTALS</b>	<b>\$5,580,000</b>	<b>\$5,613,900</b>	<b>\$11,193,900</b>

Annual debt service for the Bonds is due September 1 of each year.

No specific amount of the debt is assigned to each property; therefore, “early pay-off” for an individual property is not possible, the obligation runs with the District as a whole for the life of the debt issue.

Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2017.....	\$1,110,881
- Scheduled Debt Service Payment FY 2017/18.....	-681,550
+ Proposed Transfer from General Fund.....	+600,000
+ Predicted Investment Earnings during Fiscal Year .....	20,000
	-----
Projected End of Year Reserve Balance	\$1,049,331

**OJAI VALLEY SANITARY DISTRICT**



**Preliminary Budget  
Fiscal Year  
2018-2019**

**SECTION 4**  
**Operating Budget**

# Section 4 – Operating Budget

## Introduction

The operating activities of the District are organized as follows:

- ❖ Facilities
- ❖ Staffing
- ❖ Expenses
  - ❖ Treatment Plant
  - ❖ Collection System
  - ❖ District Management
- ❖ Income
  - ❖ Service Charges
  - ❖ Other Sources

Each of these items is described in the following pages in greater detail.

## FACILITIES

The sewerage facilities operated by the District include:

- ❖ 120 miles of sewage collection pipelines ranging in size from 6" to 24", operated and maintained by five Collection System personnel using a GapVac combination sewer cleaning machine and a van equipped with CCTV video inspection equipment
- ❖ 9 sewage siphons with pipe sizes ranging from 4" to 16" and lengths of 82' to 3,300'
- ❖ 5 sewage lift stations (Orchard Rd. LS, Santa Ana #1, Santa Ana #2, Rancho Matilija, Ojai Y-Lift Station); 10 pumps operate at these five lift stations, with 4 standby generators
- ❖ Sewage treatment plant with a rated capacity of 3.0 million gallons per day average dry weather flow, operated and maintained by six Treatment Plant personnel
- ❖ The sewage treatment plant operates 55 pumps ranging from 1 gpm chemical feed pumps to 2,400 gpm influent raw sewage pumps to move the wastewater through the treatment process, plus blowers, mixers, and related process equipment
- ❖ During calendar year 2016 the treatment plant processed 536.4 million gallons of wastewater – That is an average daily flow of 1.47 million gallons, or 1,646 acre feet of tertiary treated water discharged to the Ventura River – Rainfall recorded during CY-2016 at the treatment plant was 16.2 inches

District Office housing the Board and a public meeting room, District Management personnel and Collection System personnel.



## STAFFING

The District staff consists of 21 full time positions.

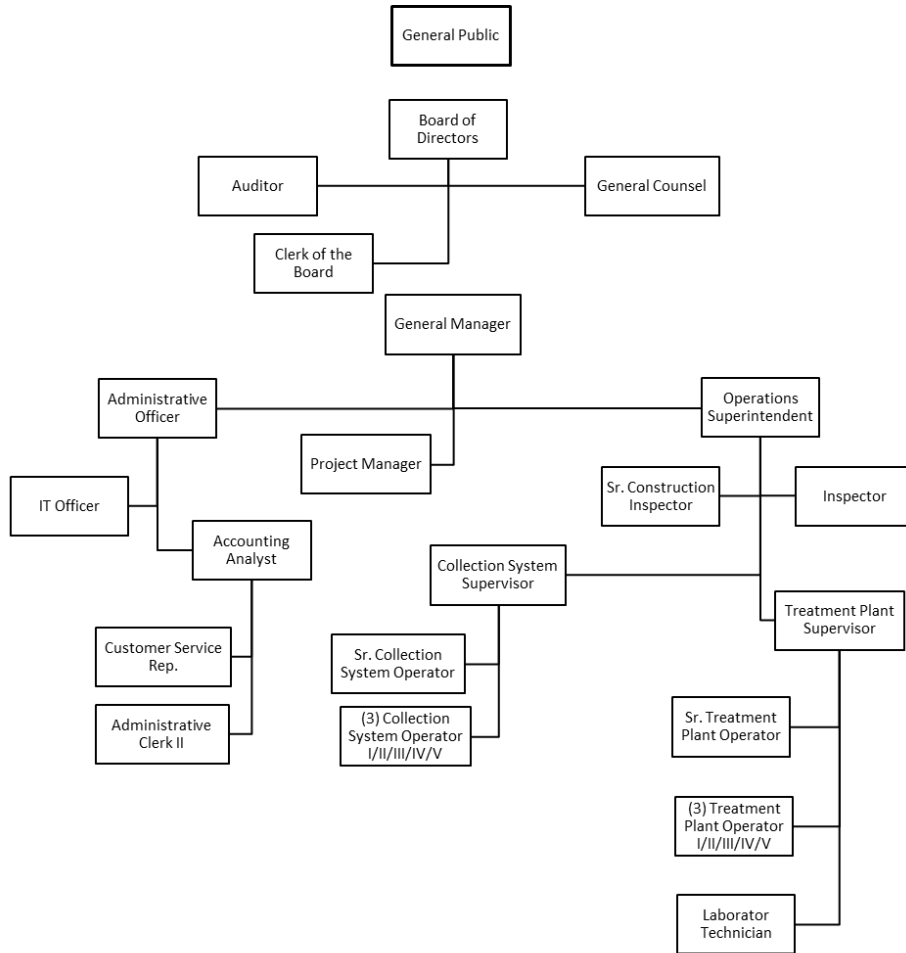
The staffing complement of authorized positions next fiscal year would be as follows:

<b>Position Description</b>	<b>Pay Range</b>	<b>Authorized FY 2017-18</b>	<b>Proposed FY 2018-19</b>	<b>Change</b>
General Manager	FR	1	1	0
Administrative Officer	33	1	1	0
Information Tech. Officer	31	1	1	0
Project Manager	26	1	1	0
Accounting Analyst	23	1	1	0
Customer Srvcs Representative	20	1	1	0
Administrative Clerk I/II	15/17	1	1	0
Operations Superintendent	33	1	1	0
TP Supervising Operator	28	1	1	0
Laboratory Technician II	24	1	1	0
TP Senior Operator	25	1	1	0
TP Operator I/II/III/IV/V	20/22/23/25/27	3	3	0
CS Supervising Operator	28	1	1	0
CS Senior Operator	23	1	1	0
CS Operator I/II/III/IV/V	16/18/21/23/25	3	3	0
Senior Construction Inspector	25	1	1	0
Inspector	23	1	1	0
<b>Totals</b>	--	21	21	0

The staffing organization chart is proposed as shown on the following page.

# Ojai Valley Sanitary District

## Organizational Chart



# EXPENSES

## TREATMENT PLANT

The treatment plant is operated to comply with requirements of the District's National Pollution Discharge Elimination System (NPDES) Permit No. CA-0053961. The goal of treatment plant staff is to meet these requirements cost-effectively, efficiently, and safely without any permit violations. The following list of operational activities and goals highlights areas of focus for meeting the overall objectives during Fiscal Year 2016-17.

### Operations:

- ❖ It is staff's goal to operate the treatment plant processes in a manner that provides maximum process performance and efficiency while maintaining 100% compliance with NPDES effluent requirements.
- ❖ Power consumption is one of the most significant treatment plant costs. Staff remains committed to the goal to minimize power consumption and these efforts include; optimize process performance while operating the oxidation ditch aerators at low speed; maintaining the UV system and plant processes' electrical components in optimal condition to include operational and maintenance condition; operating the belt press during off-peak hours; and installation of efficient light fixtures. To reduce electrical cost the treatment plant participates in SCE's Demand Bidding Program and EnerNOC's Demand SMART Program, both which are SCE financial incentive programs that pay a premium price for power (Kwh) reduced during extreme heat periods.
- ❖ The treatment plant's computerized maintenance management system (CMMS) stores all of the equipment information, history, and scheduling of maintenance activities. The CMMS was replaced in 2007 and the system is fully functional and being utilized for recording and scheduling plant maintenance activities. Staff is working to ensure the CMMS program can be used as a basis for budgetary projections.
- ❖ Standard operating procedures (SOPs) for the plant's more technical tasks and process operations have been developed. Staff's goal is to maintain on-going evaluations and updates of existing SOP's, incorporate safety procedures and personal protective equipment (PPE), and develop new SOP's as O&M activities are identified that would benefit from their use.
- ❖ The Plant's 2013 NPDES permit has an interim effluent phosphorus discharge of 2.6 mg/L, and thereafter, will have a dry weather seasonal pound limit that essentially requires a discharge of <1 mg/L at 2.1 mgd. Staff's goal is to optimize the biological phosphorus removal process during the current interim period, and perform pilot testing to identify how to meet and comply with the future limitations. For Calendar Year – 2016 the effluent phosphorus average was 0.5 mg/L with a low of 0.2 mg/L and a high of 1.4 mg/L.

- ❖ Plant staff continues to actively pursue optimization of the biological nutrient removal processes and to assist in identification of future improvements to meet TMDL requirements. Nitrate and ORP meters and controls have now been installed on both oxidation ditches, to include installation of nitrate and ammonia meters at the plant influent, anaerobic zone, and effluent. These meters were critical to identifying and gathering process data that can be utilized to comply with the TMDL requirements. During 2017-18 staff will continue efforts to achieve additional denitrification (lower nitrates) within the biological process.

#### Regulatory

- ❖ The treatment plant has a significant number of regulatory reporting requirements that include: NPDES effluent compliance, pretreatment, biosolids, air quality, and laboratory reporting. Staff's goal is to ensure that all monitoring reports are prepared in accordance with regulatory guidelines, accurately, and submitted on-time. All correspondence and reporting to the Los Angeles RWQCB is now performed electronically.
- ❖ The SWRCB's CIWQS electronic reporting system for NPDES data was implemented during 2010. In 2014 the EPA's Discharge Monitoring Report was added to the CIWQS electronic reporting. Staff's goal for 2017-18 is to submit the required reports accurately, and on time, in compliance with the SWRCB and EPA reporting requirements.

#### Disinfection & Chemical Usage:

- ❖ The ultraviolet (UV) disinfection system is operated to provide continuous compliance with the NPDES 7-day median 2.2 MPN/100 mL effluent coliform requirement. Staff's goal is to operate and maintain the UV disinfection system as the primary effluent disinfection system, and do so in an efficient and cost-effective manner. This means the UV system channel and lamps are operationally kept clean for maximum UV transmittance, which allows staff to operate with the minimum number of UV banks on-line at any given time.
- ❖ The backup chemical disinfection system utilizes liquid sodium hypochlorite for chlorination, and sodium bi-sulfite for de-chlorination. Staff's goal is to maintain the backup disinfection system in a manner that ensures a high state of emergency readiness, to include equipment preventative maintenance, operator familiarization, and training.
- ❖ Effective alum and polymer dosages have been identified for compliance with NPDES effluent turbidity requirements. Staff will continue to optimize the use of filter aids (polymers) and related chemical usages to comply with Title 22 and NPDES effluent requirements in an efficient and cost effective manner. To do so the use of filter aids is kept to a minimum required for regulatory compliance thereby reducing chemical costs.

#### Laboratory:

- ❖ The plant's NPDES Permit was renewed during 2013. The 2013 NPDES permit maintained river station monitoring similar to previous permits, but increased overall treatment plant reporting requirements to include increased TN – TP monitoring. Staff's goal during the past 4-years has been to perform the increased monitoring for the nutrient reduction pilot performance testing on plant processes, while maintaining a high quality of laboratory operations, which was successful. The goal for 2017-18 is to assist in the preparation of data for the 2018 NPDES renewal application, and maintain a high level of laboratory operations.
- ❖ The Ventura River Algae TMDL effluent requirements were included in the Plant's 2013 NPDES Permit. As noted above pilot testing was implemented and will be completed during 2017. New monitoring equipment was installed that allowed staff to observe the results of the pilot testing and process adjustments in real time. The data collected will be the basis for future design improvements to meet the TMDL requirements. There are pending oxidation ditch improvements that include adding VFD's for aeration, a new style of submerged aerators for improved electrical and process efficiency, and associated new mechanical equipment that will allow for automated process adjustments using the new nitrate monitoring equipment. The laboratory will continue to experience an increase in process monitoring to support the testing that may be required with the Alternative Design Study. The goal here is for the laboratory and plant staff to provide the necessary process data that supports future plant improvements to meet the TMDL requirements in an efficient and cost-effective manner.
- ❖ The pretreatment program is fully implemented. Outside assistance previously used to assist with industrial discharger (FOG) site inspections is now being handled by the District's in-house Inspector. We will continue to use outside assistance as-needed for training of in-house personnel and program improvements.

#### Biosolids handling:

- ❖ Staff's goal is to operate the belt press in a manner that provides maximum cake solids while minimizing polymer use. This effort is complimented through the use of the SDB's (Sludge Drying Beds), weather permitting, to further dewater the biosolids, and for composting during the summer months.
- ❖ During calendar year 2016, approximately 66 % of the plant's biosolids were composted onsite yielding roughly 923 cubic yards of compost produced on-site exceeding staff's goal to compost  $\geq 60\%$  of the biosolids. The 60% goal will remain and staff will continue to operate the compost operation to achieve a high quality compost product, while minimizing odors and cost.
- ❖ No odor complaints have been received since the Ventura Trail hiking, biking, and equestrian facilities were completed in 1999.

## Projects – Upgrades

- ❖ The plant will have completed the nitrate reduction pilot testing early in 2017. Pilot testing was conducted on three scales; first using a 200 gallon tank, second a 6,000 gallon tank, and finally the third at 90,000 gallons was one the plants anaerobic tanks that provided a full scale pilot using 100% of the average daily flow. Flows into the tank were varied to simulate different detention times, and then carbon addition (food) was added at various dosages for evaluation. This data will serve as a basis for future design efforts. The next step in compliance with the District's TMDL schedule will be an Alternate Design Options Analysis to be initiated during 2017.
- ❖ Improvements to the sludge dewatering beds were completed in 2016 to increase the storm water detention capacity. The increased capacity provides additional protection of the treatment plant processes, and minimizes the potential for effluent violations during major storms.
- ❖ Major expenditures for equipment maintenance during FY 2017-18 will be:  
Replacements of: an equalization basin dewatering pump, biosolids dump truck, the main motor control center (MCC) transfer switch, and replacement of the odor control biofilter media.  
Upgrades to: Oxidation ditches (4) Aerators to include VFD's and new gearboxes and impellers; (1)-ton flatbed maintenance truck to an all-around utility vehicle; repower 6" diesel pump to meet APCD requirements; and renovate the old operations building.  
Energy efficiency upgrades: (3) Oxidation Ditch Anaerobic tank mixers to Large Bubble Oxygen mixers; and (3) Equalization Basin pumps (replacement & energy efficiency).  
New expenditures: install a second Above Ground Storage Tank to enhance our disaster preparedness efforts; Septage receiving station; Compost screen; and Compost bagger;  
Another major expenditure will be the TMDL Design & Alternative Analysis.

The Treatment Plant staff will continue their efforts to operate and maintain the plant in a manner that all District personnel and the public we serve can be proud of, comply with all regulatory requirements, produce a high quality compost for our end users, and promote environmental stewardship and public relations by providing plant tours to our local schools and community college students, the public, and other industry professionals.

Treatment Plant

Acct	Description	FY 16-17	FY 17-18	FY 18-19	% Chg
4210	Regular Wages - T/P	549,251	573,526	589,012	2.7%
4220	Extra Help - T/P	34,360	5,040	5,100	1.2%
4230	Overtime - T/P	42,220	43,540	44,200	1.5%
4240	Standby Time - T/P	12,200	20,669	20,669	0.0%
4610	FICA/Medicare Expense - T/P	8,378	8,316	8,541	2.7%
4620	Retirement Expense - T/P	126,057	134,526	144,750	7.6%
4640	Health Insurance Exp - T/P	113,230	130,579	135,793	4.0%
4650	Dental Expense	0	8,198	8,608	5.0%
4660	Life Ins. Benefits - T/P	1,403	1,547	1,578	2.0%
4670	Vision Insurance Exp - T/P	2,033	2,033	2,135	5.0%
4680	Unemployment Ins. Exp - T/P	0	0	0	0.0%
4685	Disability Ins. Exp -T/P	5,076	5,561	5,839	5.0%
4690	Workers Comp Ins. - T/P	19,714	20,324	20,873	2.7%
5005	Utilities - T/P	358,190	315,630	339,880	7.7%
5020	Building/Grounds Main - T/P	54,020	65,500	64,500	-1.5%
5025	Vehicle Maint/Fuel - T/P	46,500	43,100	40,060	-7.1%
5035	Meter Maintenance - T/P	6,350	5,160	5,160	0.0%
5040	Equipment Maintenance - T/P	124,000	133,300	139,200	4.4%
5045	Electrical Maintenance - T/P	32,200	32,750	32,750	0.0%
5050	Other Equip Maint - T/P	18,150	15,650	15,650	0.0%
5060	Biosolid Handling	80,200	76,430	78,700	3.0%
5065	Hazardous Material Disposal	1,250	620	620	0.0%
5080	Outside Laboratory Analysis	100,000	98,000	98,000	0.0%
5210	Safety Equip/Supply - T/P	8,490	13,580	12,530	-7.7%
5220	Small Tools - T/P	2,450	2,700	2,700	0.0%
5230	Minor Equipment - T/P	490	7,200	0	-100.0%
5240	Misc. Operating Supplies - T/P	9,700	11,700	11,700	0.0%
5250	Chemicals - T/P	32,630	43,000	43,000	0.0%
5260	Lab Materials & Supplies - T/P	37,000	44,600	44,600	0.0%
5270	Operating Permits - T/P	28,230	34,120	34,120	0.0%
5410	Office Supplies - T/P	750	900	900	0.0%
5440	Books & Publications - T/P	590	590	590	0.0%
5620	Mgmt/Engrg & Tech Serv - T/P	16,626	22,000	14,500	-34.1%
5660	Other Prof Services - T/P	39,000	39,000	39,000	0.0%
6035	Conference/Seminar - T/P	12,100	13,450	13,450	0.0%
6050	Education & Training Allow - T/P	7,800	10,590	9,990	-5.7%
6080	Membership & Dues - T/P	3,130	2,500	3,560	42.4%
6090	Misc. Expense - T/P	750	750	750	0.0%
6100	Safety Training - T/P	3,720	3,590	3,590	0.0%
6150	Penalties	0	0	0	0.0%
6110	Uniforms - T/P	15,120	15,500	15,500	0.0%
	<b>Totals</b>	1,953,358	2,005,769	2,052,098	2.3%

## **COLLECTION SYSTEM**

The collection system is operated to transport wastewater collected from residential and commercial customers to the wastewater treatment plant with no stoppages/blockages impacting our customers or sewage overflows. Lines are routinely cleaned for preventative maintenance, inspected to identify line deficiencies, and perform corrective maintenance or repairs as necessary to ensure the integrity of the collection system. Following is a list of maintenance activities performed to meet this goal in a scheduled, cost-effective, and efficient manner.

- ❖ Collection system personnel clean the District's mainlines in accordance with a scheduled 3-year line cleaning O&M program. In 2015 staff started a new 3-year line cleaning schedule that they will complete early on during 2017. The goal for 2017-18 will be to complete the current cleaning cycle and restart a new cleaning cycle. With the new cycle will be an emphasis on evaluating the need for cleaning many line segments and more focus on lines that require more frequent maintenance to ensure no blockages.
- ❖ The collection system has completed two rounds of CCTV inspection on the entire system. The first round of CCTV was performed to identify problem areas as part of the 2001-03 accelerated rehabilitation program. The second round of video inspection is to serve as the "base line condition assessment" for prioritization of future maintenance efforts on the District's main lines and trunk lines. The condition assessment was initially a component of the District's efforts to maintain a proactive maintenance program, and is now required in the SSMP to ensure compliance with the State's Waste Discharge Requirements (WDR). Since 2015 the District has been lining 20-25,000 feet of line with CIPP. CCTV and the subsequent condition assessment will be critical to identifying and prioritizing lines for CIPP in future years.
- ❖ All nine siphons are cleaned as part of the line cleaning schedule. Siphon cleaning frequencies to include "pigging" of siphons and force mains are performed on individual maintenance schedules that maintain operational efficiencies (flow, H<sub>2</sub>S, odors), and are cost effective. The goal remains to evaluate the condition of the remaining original Creek Road siphons, and long-term to complete rehabilitation of the SALS#1 force main segment that remains on the west side of the river.
- ❖ Cleaning and CCTV inspection of the District's mainlines have been scheduled events for many years. The Sanitary Sewer Management Plan (SSMP) required the District to identify and develop a cleaning schedule for trunk lines. Collection system personnel developed a plan that while mainlines are cleaned on a 3-year schedule, trunklines (lines 15" and larger) be placed on a 6-year schedule. Enhanced Maintenance line segments (hot spots) are cleaned on an accelerated cycle ranging from 6-months to 1-year.
- ❖ In compliance with the SWRCB's WDR the District maintains a SSMP that was initially certified in August 2009. The SSMP is documentation of the District's operation and maintenance activities, and to ensure the program is up-to-date and accurate, it requires an in-house program audit every two years (or sooner if significant changes occur). Requirements for the SSMP have become more detailed as the state performs program audits of individual agencies around the state and identifies the most common problems and shortcomings. In 2017 the District needs to perform an audit



of the SSMP. Staff will perform the required in-house audit to identify and update any changes or improvements related to operations and maintenance activities, to include regulatory requirements, and then document and implement the identified improvements. One new component of the SSMP staff will need to update is the requirement to include documentation to address potential sewer overflows, containment, and remediation at each lift station. Collection system personnel are provided regular training of the SSMP to ensure operational and regulatory awareness.

- ❖ The scheduled application of chemical root inhibitors continues with apparent success on known problem areas. Staff continues to evaluate and add line segments to the root control program as they are identified through CCTV inspections and condition assessment review, or as the result of blockages. With the CIPP lining now ongoing, the goal will be to prioritize lines currently on root control for future lining, thereby minimizing the use of root inhibitors applied. This could eventually phase-out large scale root inhibitor applications, and allows in-house applications to be used for limited short-term applications. Staff will continue to ensure that the cleaning frequency of Enhanced Maintenance line segments is adequate to avoid blockages, by using CCTV technology to review a minimum of five (5) percent of inhibitor applied or cleaned footage.
- ❖ The District's efforts to reduce Infiltration & Inflow (I&I) have shown positive reductions and are being continued. Areas previously identified with high I&I through flow studies and/or CCTV inspections have been rehabilitated. The mainline CIPP lining projects the past two years within the City of Ojai were primarily for I&I reduction. The mainline CIPP lining rehabilitation projects identified for the next two years are designed to reduce I&I and eliminate root intrusion. Future mainline lining projects are anticipated to be focused more on eliminating root intrusion with I&I reduction and line condition being secondary. Staff will continue to evaluate localized areas and prioritize line segments to be targeted for rehabilitation. Staff continues to perform both in-house and contract grouting, repairs, and lining on manholes with identified I&I and corrosion. Manhole rehabilitation and lining are a major component in staff's efforts to reduce I&I. Staff's goal is to rehabilitate or replace all manholes with significant corrosion, perform grouting to reduce I&I, and use lining as a means to provide final sealing against I&I and extending the life expectancy of manholes throughout the collection system.
- ❖ Staff will respond to blockages within 30 minutes of receiving the report, and blockages will be cleared within 45 minutes of confirmation, with the primary goal to prevent sewage from reaching storm drains or waterways, and minimize damage to structures.
- ❖ The goal to promptly correct an identified subsidence continues. A subsidence is typically filled within 24 hours of discovery. Upon confirmation that a significant problem exists long-term repairs are scheduled and/or completed within 30 days.
- ❖ Smoke testing and CCTV inspection of laterals has been used in areas targeted as a result of I&I flow monitoring. The new Private Sewer Lateral program provides lateral inspection for change of ownership, use, or by in-house CCTV when roots protrude into the mainline.

- ❖ New connections are inspected as they occur. Repair inspections are performed within 24 hours of the customer's request.
- ❖ The District's Fats, Oil & Grease (FOG) program was first developed as part of the Pretreatment Program, and is now a required component of the SSMP program to reduce sewer blockages and overflows. In past years all restaurants were inspected by VRSD, an outside contractor. Since 2016 all restaurant inspections have been handled in-house by the District's new inspector, and this includes working with restaurants to ensure all restaurants have a grease interceptor.
- ❖ The Computerized Maintenance Management System (CMMS) is used for scheduling and tracking collection system maintenance activities. The CMMS is fully functional and staff uses work orders for all maintenance activities. The CMMS has a built-in GIS that allows staff through the use of work orders to easily show scheduled and completed collection system maintenance activities. The CMMS remains based offsite at the vendors location for technical adjustments, and the goal to bring the CMMS into the District's location for full access to staff for implementing routine changes not currently available.
- ❖ The CCTV video inspection software program was replaced in 2013 with the latest version of Win Can that is now being fully implemented. In 2015 the collection system operators received training and certification on NASSCO codes that are an industry standard and used within the WinCan program. The collection system operators now fully utilize the NASSCO codes during CCTV inspections when entering observation data into the Win Can program.
- ❖ The District's GIS system provides collection system personnel with a visual overview of the District's boundaries, basin maps, and collection system mainlines. The GIS is linked to the collection systems as-built plans for easy access when reviewing line segments, and is linked to the customer service database for use as needed particularly by the inspectors. The GIS is a great tool for showing the public, contractors, and regulators an overview of the system as well as the locations of specific collection system components. This District-wide GIS provides an integrated source for nearly all the Districts administration, collection systems, and treatment plants programs. Staff's goal is to continue the development of GIS layers that will provide additional tools for management to oversee, evaluate, and plan for future Districtwide activities.

Completed construction projects are a good indicator of the District's commitment to operate and maintain a safe, reliable, and efficient collection system. Following is a list of collection system projects completed in recent years:

- Upgraded the SALS#1 lift station to include: a new wetwell, submersible pumps with VFD's, above ground discharge manifold and provisions for connection to a future realignment of the force main on the west side of the river crossing, a new emergency standby generator, electrical MCC enclosure, added a rock trap ahead of the new wetwell, and new fencing with rolling gates. (2016)
- Lined 25,450 feet of eight inch and 350 feet of six inch mainline, replaced (4) manholes and repaired (4) more prior to lining (50) manholes in the Ojai area. (2016)

- Contracted to install (133) lateral connection inserts to seal the mainline to lateral connection. This was the first lateral insert project for the District, and staff's goal is to have similar projects each year on mainlines lined the previous year. (2016)
- Realigned 15" VCP trunk line with HPDE in an easement off Rice Road to eliminate (2) manholes, and on same trunk line in Rice Road eliminated a drop manhole using HPDE to reduce odors at this location. (2016)
- Lined 19,125 feet of eight inch and 1,330 feet of six inch mainline, and rehabilitated and lined (10) manholes all in the City of Ojai area primarily Shady, Drown, Mercer, Park, and Grandview area. (2015)
- Rehabilitation and lining of (14) manholes to include new manhole rings & covers on the Oak View trunk line south of the Prospect meter. (2015)
- Installed aluminum access hatches with safety grating at the Orchard, Rancho, and SALS#2 lift station wet wells. (2015)
- For operator safety, a roof was installed over SALS#2 to protect operators accessing the electrical control cabinet particularly during rain events. A roof-mounted motorized access hatch was provided for maintenance access. (2015)
- Completed a pilot I&I demonstration project in 2014 on Shady Lane using CIPP lining on mainlines and private laterals, lateral pipe-bursting, and manhole rehabilitation
- Purchased a "Pipe Patch" liner system for in-house CIPP spot repairs during 2014 and have completed (4) mainline spot repairs to date, and used an outside contractor to install Pipe Patches at (4) locations on the main trunk line ranging in size from 21-24 inches, too large for in-house equipment.
- Replaced an Oak View trunk line manhole that was severely deteriorated by hydrogen-sulfide, and realigned the trunk line at this location to eliminate the drop-manhole
- Replacement and realignment of Bristol Street was completed in 2012 replacing a section of 1927 era sewer and providing improved accessibility for future users to the collection system.
- Upgraded the radio-based telemetry system and PLC's for the lift stations and flow metering stations during 2012
- Ventura Avenue force main and lift station replacement project completed during 2011
- Manhole replacements, rehabilitation, and grouting efforts for I&I and structural improvements are an annual and on-going effort

For the next two years the District is projecting to perform 20-25,000± feet of CIPP lining each year to reduce I&I and prevent root intrusion, and rehabilitating manholes identified as having corrosion and I&I. The District expects to upgrade the pumps at SALS#2, purchase a new smaller CCTV camera crawler to allow inspection of 6" mainlines without getting hung-up, after being lined.

Future projects may include rehabilitation of the Foster Park trunk line that has cracks and root issues; CIPP lining of the Burnham Road AC trunk line to include rehabilitation of the manholes to stop the hydrogen sulfide deterioration below the Baldwin Road siphon; and replacement and realignment of the SALS#1 force main west of the river. These are all projects that improve the function and reliability of the Districts sewage system.

Staff will maintain an aggressive monitoring, inspection, and repair schedule to reduce I&I, while continuing to perform preventative and corrective maintenance activities to reduce and/or eliminate sewer blockages and overflows. These activities along with use of the District's GIS, CMMS, and CCTV programs are highly functional and effective tools to operate and maintain a safe, reliable, and efficient collection system.

Collection System

Acct	Description	FY 16-17	FY 17-18	FY 18-19	% Chg
4210	Regular Wages - C/S	491,780	530,489	544,812	2.70%
4220	Extra Help - C/S	2,880	2,880	2,880	0.00%
4230	Overtime - C/S	10,000	18,000	18,000	0.00%
4240	Standby Time - C/S	9,000	15,224	15,224	0.00%
4610	FICA/Medicare Expense - C/S	9,294	8,067	8,275	2.58%
4620	Retirement Expense - C/S	121,773	135,025	139,907	3.62%
4640	Health Insurance Exp - C/S	162,550	147,383	153,469	4.13%
4650	Dental Expens	0	11,312	11,878	5.00%
4660	Life Ins. Benefits - C/S	1,687	1,606	1,638	1.99%
4670	Vision Insurance Exp - C/S	3,339	2,521	2,647	5.00%
4680	Unemployment Ins. Exp - C/S	0	0	0	0.00%
4685	Disability Ins. - C/S	6,013	5,954	6,252	5.01%
4690	Workers Comp Ins. - C/S	23,751	22,190	22,789	2.70%
5005	Utilities - C/S	32,850	28,000	30,000	7.14%
5025	Vehicle Maint/Fuel - C/S	46,680	43,675	43,875	0.46%
5030	Line Maintenance - C/S	198,750	284,376	230,950	-18.79%
5035	Meter Maintenance - C/S	11,300	26,800	25,800	-3.73%
5040	Equipment Maintenance - C/S	24,750	25,350	25,350	0.00%
5050	Other Equip Maint - C/S	28,250	32,100	29,100	-9.35%
5210	Safety Equip/Supply - C/S	5,125	8,200	8,200	0.00%
5220	Small Tools - C/S	1,800	1,600	1,600	0.00%
5230	Minor Equipment - C/S	0	9,600	0	
5240	Misc. Operating Supplies - C/S	7,600	7,750	7,900	1.94%
5270	Operating Permits - C/S	8,643	7,625	7,660	0.46%
5440	Books & Publications - C/S	250	300	300	0.00%
5450	Blueprints - C/S	500	500	500	0.00%
5620	Mgmt/Engrg & Tech Serv - C/S	7,000	11,000	9,000	-18.18%
5660	Other Prof Services - C/S	14,480	8,500	7,100	-16.47%
6035	Conference/Seminar - C/S	9,562	9,825	9,950	1.27%
6050	Education & Training Allow - C/S	1,150	1,150	1,150	0.00%
6080	Membership & Dues - C/S	1,833	6,395	2,880	-54.96%
6090	Misc. Expense - C/S	500	500	500	0.00%
6100	Safety Training - C/S	1,350	1,130	1,130	0.00%
6110	Uniforms - C/S	13,000	14,000	14,000	0.00%
	<b>Totals</b>	1,257,440	1,429,027	1,384,716	-3.1%

## **District Management**

### Accounting

- ❖ Staff continues to work around the limitations of our current accounting system's cost accounting function, tracking the cost of individual projects and certain on-going tasks. The system's limitations also affect some of the payroll accrual tables.
- ❖ It is staff's goal to continue updating and improving the custom customer database program that merges records obtained from the County Tax Collector's office with the District's customer records. This program has become an excellent tool to assist staff in balancing District account records to the County Tax Collector's records of service charges assessment and collections. This program is utilized to establish the total CUs and SUs in the budget preparation. This program also produces Exhibits A & B for the tax roll collection.
- ❖ Collection of direct (in-house) billing accounts is processed on a monthly billing cycle. It is staff's on-going goal to continue mailing the billing statements by the first business day of each month. At the end of each fiscal year staff reviews the direct billed accounts to identify any accounts that could appropriately be converted to tax roll billing.
- ❖ During this 2-year Budget cycle, it is staff's goal to present a comprehensive review of the budget performance with the Board every 6 months. This periodic review process will keep the Board up to date on the District's financial progress and ensure a more accurate and workable financial plan for the District.

### Packet Preparation

- ❖ Staff prepares an agenda packet for each of the Board's regular and committee meetings. The purpose of these packets is to supply the Directors with information essential to their setting the policy direction that guides the activities of the District, and to make information available to the public so they can easily understand and participate in the policy setting process.
- ❖ The Board's regular board meetings are held on the fourth Monday of each month. It is staff's goal to publish the packet for these meetings five (5) days in advance of each meeting.
- ❖ The Board has five standing committees, which meet on an as-needed basis: Ordinance/Public Relations/Newsletter/Webpage Committee; Personnel Committee; Finance Committee; and CEQA Review/Environmental Committee. It is staff's goal to publish the packet for these meetings five (5) days in advance of each meeting.

## Customer Accounts

- ❖ One of the administrative staff's most important functions is to provide support services to the collection system and treatment plant operations. In this support role it is staff's goal to supply accurate and timely information which aids these two departments in the efficient completion of their duties. A substantial amount of interaction is required between administration and collection system staffs in order to properly maintain customer records.
- ❖ An extremely important goal for the administrative staff is to continue to assist customers in a knowledgeable, consistent, and professional manner. A part of this customer service is to work closely with the Local Agency Formation Commission to process District annexations in a timely manner.
- ❖ Staff continues to implement the Unpermitted Connection Program and the Private Sewer Lateral Program. Staff is actively working to identify and bring into compliance any unpermitted connections and to ensure that a PSL is performed when one of the 'triggers' occurs with a property. Resolution of numerous suspected unpermitted connections has been accomplished since the enactment of the program. These resolutions range from internal account corrections, customer's removal of the unpermitted connection or collection of payments to add the connection to our Customer Service Database. There have been hundreds of PSL's performed since the implementation of this program, resulting in many defective laterals being repaired. Discovery of unpermitted connection has been a byproduct of PSL.
- ❖ It is the administrative staff's goal to continue working cooperatively and efficiently with the inspection staff to ensure timely inspections of reported unpermitted connections, PSL inspections and commercial & industrial accounts. Maintaining these timely inspections is a major factor in keeping the customer service database current.

## Safety

- ❖ The Safety Program's Back Synergy/Team Safety continues to start the day for most staff members. The District continues to join with 3 other local Sanitary Districts sharing a contracted Safety Director. The addition of the Safety Director has been a great assistance to District management staff in ensuring the District's safety policies and training program meet regulations and adequately protect our employees. Continuation of this Joint-Us Safety Director is a good use of District funds.
- ❖ Employee safety training continues to be a priority as does the emphasis on preventative measures to include identification and correction of unsafe acts and conditions. The goal will be to continue reducing the number of injuries, and ensure all safety training is conducted.
- ❖ Keeping the Safety Program updated to current regulations and maintaining a top quality program is an important goal for the entire District.

## Technology Maintenance

- ❖ Another important responsibility of the administrative staff is maintaining the District's technology based equipment (hardware & software) and communications equipment. This maintenance includes monitoring the needs for upgrades and replacements which requires maintaining a detailed inventory of the District's technological equipment which includes a replacement schedule.

The technology equipment items scheduled for replacement appear in the Operations Budget with funds to cover the cost of these items being transferred into this Budget from the Equipment Replacement Reserve in Section 2.

The budget detail to support the administration activities is shown in the following table.



District Management

Acct	Description	FY 16-17	FY 17-18	FY 18-19	% Chg
4210	Regular Wages	699,632	750,825	777,942	3.6%
4215	Major Projects Admin.-Wages	106,150	112,915	115,965	2.7%
4220	Extra Help	0	0	0	0.0%
4230	Overtime	1,763	3,080	3,314	7.6%
4610	FICA/Medicare Expense	15,383	20,620	21,013	1.9%
4620	Retirement Expense	144,079	160,715	164,827	2.6%
4640	Health Insurance Exp	170,199	197,545	205,647	4.1%
4645	Post-Retirement Health	0	0	0	0.0%
4650	Dental Expense	0	9,482	9,956	5.0%
4660	Life Ins. Benefits	1,880	2,154	2,197	2.0%
4670	Vision Insurance Exp	2,162	2,380	2,499	5.0%
4680	Unemployment Ins Exp	0	0	0	0.0%
4685	Disability Ins. Exp	5,780	6,614	6,945	5.0%
4690	Workers Comp Ins.	2,312	2,633	2,672	1.5%
5005	Utilities	23,190	19,080	19,080	0.0%
5015	Janitorial	8,745	11,512	12,012	4.3%
5020	Building/Grounds Main	11,450	12,400	12,100	-2.4%
5025	Vehicle Maint/Fuel	5,360	3,280	2,980	-9.1%
5040	Equipment Maintenance	125,910	171,854	167,854	-2.3%
5210	Safety Equip/Supply	775	1,600	1,500	-6.3%
5270	County Permits/Fees	675	650	650	0.0%
5410	Office Supplies/Equip & IT Equip.	290,847	301,658	169,367	-43.9%
5420	Communications	67,398	74,808	74,808	0.0%
5430	Insurance	129,313	126,222	127,747	1.2%
5440	Books & Publications	1,747	1,397	1,397	0.0%
5460	Postage	8,700	8,700	8,643	-0.7%
5610	Board Member Fees	37,275	37,275	37,450	0.5%
5620	Mgmt/Engrg & Tech Serv	56,418	106,338	62,338	-41.4%
5630	Public & Legal Notice	3,000	3,000	2,000	-33.3%
5640	Legal Services	160,000	160,000	160,000	0.0%
5650	Accounting Services	41,050	49,875	50,200	0.7%
5660	Other Prof Services	13,175	19,070	9,520	-50.1%
5670	LAFCO Assessment	6,020	6,000	6,000	0.0%
6020	Investment Mgmt/Bank Fees	62,715	95,425	95,425	0.0%
6030	Conference/Seminar - Board	13,560	13,160	13,160	0.0%
6035	Conference/Seminar	14,645	17,845	17,845	0.0%
6050	Education & Training Allow	6,400	6,100	6,100	0.0%
6060	Election Expense	2,500	1	2,500	0.0%
6070	Fee Refund/Reimb	2,500	2,500	2,500	0.0%
6080	Membership & Dues	32,388	35,262	35,430	0.5%
6090	Misc Expense		0	0	0.0%
6100	Safety Training	34,350	37,350	37,350	0.0%
	<b>Totals</b>	2,309,446	2,591,325	2,448,933	-5.49%

Transfers

Transfers are charges against one funding location which appear in another funding location as revenue. The District sets aside funds in reserves for special purposes. All service charge income and most other income is received in the General Fund and the portion destined for reserves is then transferred to the reserve, leaving only the portion used to pay for operations and maintenance activities in the General Fund.

The transfers from the General Fund for Fiscal Year 2018-19 are shown in the following table:

Transfer Budget

Transfer Destination	Transfer Amt. for 2018/19
Treatment Plant Replacement	\$630,000
Collection System Replacement	\$1,270,526
Equipment Replacement	\$0
Vehicle Replacement	\$75,458
Building Reserve	\$20,874
2003 Revenue Bond Debt Service	\$300,000
2016 Refunding Bond	\$600,000
SRF Debt Service	\$500,000
	-----
	\$3,396,858

Debt Reserves are used to accumulate funds for making the annual debt payment on each of the District's outstanding debt issues.

Expense Summary

The District's operating budget provides for the day-to-day operation and maintenance of the central office, collection system, and treatment plant and can be summarized as follows:

Expense Budget Summary

Expense Summary By Activity	FY 17-18	FY 18-19
Treatment Plant	\$2,005,769	\$2,052,098
Collection System	\$1,429,027	\$1,384,716
District Management	\$2,591,325	\$2,448,933
Transfers	\$3,421,858	\$3,396,858
	-----	-----
Totals	\$9,447,979	\$9,282,605

# INCOME

## Introduction

The operating budget is funded entirely from the sewer service charges paid by the users of the system. The majority of the service charges are collected as a charge at the same time as property taxes through the property tax bill mechanism. Those properties hooking up during the year are billed directly for the partial year and added to the tax roll the following year.

This method of collection is the most economical; by state law the County charge to the District for billing, collection and all record keeping for this service is one quarter of one percent of the amount collected. For a typical single family residential home that pays \$54.54 per month, the County charge amounts to \$1.63 out of \$654 collected annually. The District-wide annual cost of this service from the County is approximately \$16,000. It would take several times this amount to hire the necessary staff to prepare and mail a bill to all customers, record payments, follow up on bad checks and track delinquent accounts. This method has worked very well for the District, so it is proposed to continue using it in the coming fiscal year.

Some properties do not receive a tax bill (e.g. schools & government agencies) and others (industrial & some commercial) are charged based upon the quantity and quality of their discharge. Approximately 80 properties fall into this category and are directly billed. The direct billing method amounts to approximately twenty-six percent (26%) of the total service charges collected.

## Capacity Unit Growth

Each year staff makes an estimate of the number of Capacity Units (CUs) that will be on-line at the beginning of the fiscal year (July 1). This estimate is conservative since it is likely some new CUs will come on line during the year, but the growth rate is very low and a significant amount of income is not involved.

The CU count is used to determine the special incremental rates for 2003 Revenue Bond Debt Service. This is described more fully in Section 3 – Debt Service Budget.

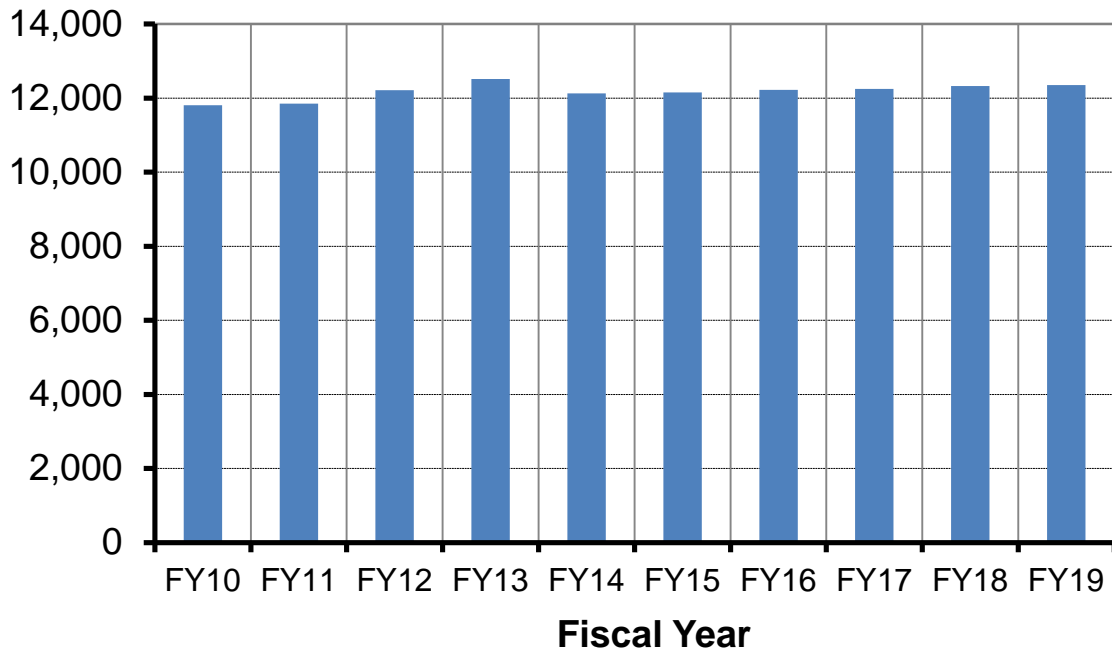
## Service Unit Count

A Service Unit (SU) is a measure of service provided to a Parcel based upon the volume and strength of the Parcel's wastewater flow. The SU count on a Parcel may be different from the Capacity Units allocated to that Parcel. The totals for these two Unit types are not the same because the SUs include multiplication factors that account for a stronger waste strength discharged by certain types of commercial customers. Since SUs are dependent upon the type of use of the CUs they can vary greatly from year to year; the SU total becomes the basis for estimating service charge income. Our GIS is coordinated with the customer database, and as the information in the database becomes more accurate, it allows a greater degree of accuracy to our SU count.

The SU count used to estimate the service charge income for fiscal year 2018-19 is 12,351; this is 25 SUs higher than the 2017-18 count. This is a conservative estimate.

The following chart depicts the District's Service Unit growth over the most recent ten (10) years and the estimate for next year. The columns show District wide cumulative totals. The total goes down in some years because of refunds (USA Petroleum, Honor Farm, etc.) and changes in the method of computing the SU count.

### SUs @ July 1 Each Year

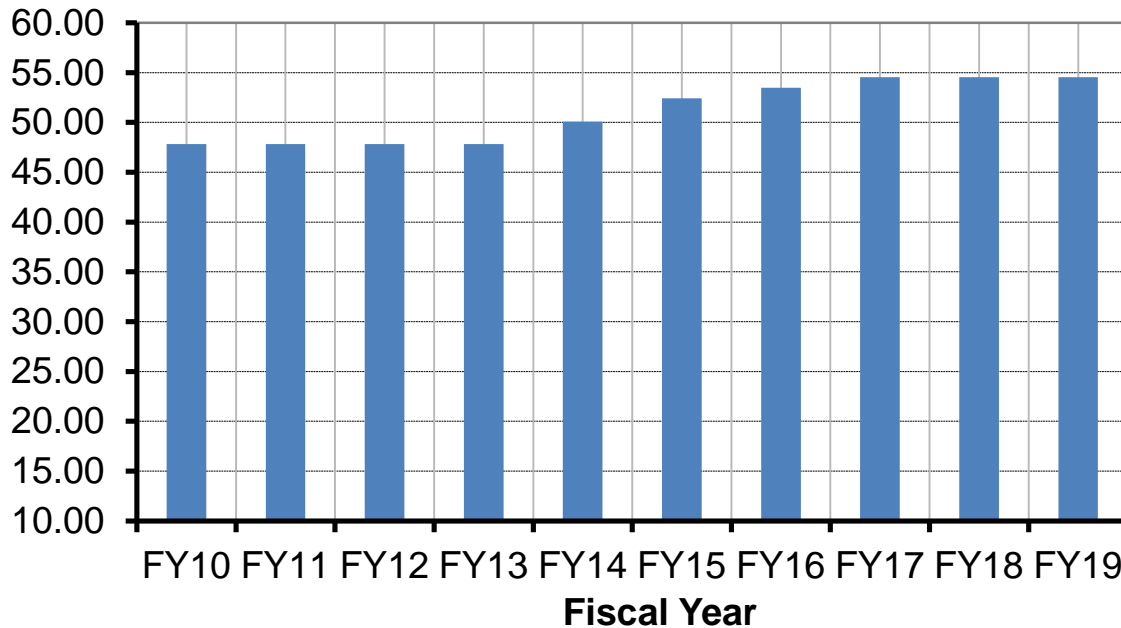


Service Charge

The monthly service charge is composed of a uniform basic rate throughout the District with additional special increments depending upon which part of the District is being discussed. The entire District pays an increment for debt service related to the rehabilitation of the 1927 sewer system within the City of Ojai. Pursuant to a court decision, these costs are split equally (50% – 50%) between the users inside and outside the City of Ojai. This increment is described more fully in Section 3 – Debt Service Budget.

The following chart shows the basic monthly service charge history over the most recent ten (10) years and the rate for next year.

### Service Charge History



Based upon the SU count as discussed above, the following table presents the estimated service charge income for the new fiscal year.

Service Charge Income

Acct	Description	FY 16-17	FY 17-18	FY 18-19	% Chg
3010	Service Charge - Tax Roll	6,282,858	6,338,494	6,354,856	0.26%
3020	Service Charge - Direct	1,362,628	1,338,577	1,338,577	0.00%
3040	Service Charge - Chem Toilet	39,269	39,269	39,269	0.00%
3050	Service Charge - MAD	294,516	294,516	294,516	0.00%
3085	Service Charge - COP Tax Roll	262,500	264,062	243,750	-7.69%
3090	Service Charge - COP Direct	87,500	60,938	56,250	-7.69%
	Totals	8,329,271	8,335,856	8,327,218	-0.10%

Investment Income

Another income source for the District is the earnings from investment of temporarily idle cash. The District follows a policy of returning the interest earned to the source in proportion to the amount of cash available for investment. This assures the various reserves receive their proportionate share of earnings. The following table shows estimated investment income from all sources. About \$30,000 of the total will be received in the General Fund.

Investment Income Budget

Acct	Description	FY 16-17	FY 17-18	FY 18-19	% Chg
3410	Bank Interest	400	250	250	0.0%
3420	County Interest	13,500	14,000	14,000	0.0%
3430	Investment Interest	237,000	260,000	260,000	0.0%
3485	Deferred Capacity Interest	7,100	7,000	7,500	7.1%
3490	SDS Interest	10,000	6,000	6,000	0.0%
	Totals	268,000	287,250	287,750	0.2%

Other Income

The District has a variety of other income sources as shown in the following table. Most of these sources of income are not related to operations.

Other Income Budget

Acct	Description	FY 16-17	FY 17-18	FY 18-19	% Chg
3110	Permits/Inspection Fees	8,000	16,000	18,000	12.5%
3130	Annexation Fees	600	0	0	0.0%
3140	Connection Fees-T/P	128,505	128,505	128,505	0.0%
3145	Connection Fees-C/S-Trunk	74,161	74,161	74,161	0.0%
3150	Connection Fees-C/S-Local	197,930	197,930	197,930	0.0%
3160	Engineering & Admin. Fees	0	0	0	0.0%
3510	Late Charges	25,000	20,000	25,000	25.0%
3515	Unpermitted Penalties/Interest	1,000	1,000	1,000	0.0%
3520	Misc. Income	1,000	1,000	1,000	0.0%
3610	Property Tax Income - 1%	640,000	690,000	725,000	5.1%
3730	Gov't Assist Revenues (FEMA)	0	0	0	0
	Totals	1,076,196	1,128,596	1,170,596	3.7%

Income Summary

The District's operating budget provides for the day-to-day operation and maintenance of the central office, collection system, and treatment plant and can be summarized as follows:

Income Budget Summary

<b>Income</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>Change</b>	<b>Pct</b>
Service Charges	8,335,856	8,327,218	-8,638	-0.1%
Investment	287,250	287,750	+500	+0.2%
Other Income	1,128,596	1,170,596	+42,000	+3.7%
Transfer From Equipment Reserve	354,123	155,387	-198,736	-56.1%
Transfer From Contig & Stab. Reserve	0	0	0	0
Totals	10,105,825	9,940,951	-164,874	-1.6%

Available Funding

Since several sources of income are not available for the general fund, the following table is presented to show the differences from the income table. The differences consist of the capacity charge income which is put directly into the respective reserve funds and the interest income attributed to each of the reserves that will stay in the respective Reserve Funds.

Available Funding Summary

<b>Income</b>	<b>FY 2018-19</b>	<b>Available</b>	<b>To Reserve Funds</b>
Service Charges	8,327,218	8,327,218	
Investment	287,750	30,000	257,750
Other Income	1,170,596	770,000	400,596
Transfer From Equipment Reserve	155,387	155,387	
Transfer From Contig & Stab. Reserve	0	0	
Totals	9,940,951	9,282,605	658,346

Expense/Funding Balance

Proposed Expense and Transfer Total	\$9,282,605
Proposed Available Funding Total	\$9,282,605
	-----
Difference	\$-0-

## **SECTION 5**

### **Reserves Budget**



# Section 5 – Reserves Budget

## Introduction

The District has set aside restricted reserves to fund specific Capital Projects as well as periodic equipment and facility replacement and major repair purposes. These reserves are:

- ❖ Treatment Plant Replacement Reserve
- ❖ Treatment Plant Expansion Reserve
- ❖ Collection System Replacement Reserve
- ❖ Equipment Replacement
- ❖ Vehicle Replacement
- ❖ Building Reserve
- ❖ Collection System Local Capacity Reserve
- ❖ Collection System Trunk Capacity Reserve
- ❖ Contingency & Stabilization Fund

**\*\*The red print identifies the reserves that are not discretionary. All of the other reserves have been established by Board action and are eligible to be modified or eliminated at the Board's discretion.**

Generally, each reserve is set up for a specific purpose and regular contributions are made each year. When a major expense in an area covered by a reserve occurs, the resolution of the problem or issue is paid for out of the reserve rather than the operating budget. Using this mechanism adds predictability to the transfer process and buffers the individual rates and charges from sudden dramatic changes in any one year.

In this section each of the reserves is described and the details of what is proposed to happen next fiscal year are presented.

## Summary of Reserve Balances

The following chart shows the balance in each Reserve as of a specific date and the annual contribution budgeted for this fiscal year.

The Reserves shown in Purple are increased by the annual contributions established in the budget each year and interest.

The Reserves in Red are increased by the fees collected from customers for rights to capacity in the collection & treatment facilities and interest.

The Contingency & Stabilization Reserve shown in Green is increased by interest and any budget surplus identified during the budget reconciliation performed in October each year for the preceding fiscal year.

Interest received on the District's invested funds is appropriated proportionally to each of the Reserves as it is received.

<u>Reserve</u>	<u>Balance as of February 28, 2017</u>	<u>2018/2019 Budgeted Contribution</u>
Treatment Plant Replacement	\$9,157,450	\$630,000
Treatment Plant Expansion (1)	\$1,670,060	\$0
Collection System Replacement	\$1,054,666	\$1,270,526
Equipment Replacement	\$2,042,284	0
Vehicle Replacement	\$ 205,648	\$75,458
Building Replacement	\$ 570,416	\$20,874
Collection System Local Capacity (1)	\$1,382,558	0
Collection System Trunk Capacity (1)	\$ 215,804	0
Contingency & Stabilization	\$1,408,812	0
<b>TOTAL</b>	<b>\$17,707,698</b>	<b>\$1,996,858</b>

**Notes:**

(1) – Funded by new connection/capacity charges.

# Treatment Plant Replacement Reserve

The Treatment Plant Replacement Reserve was created many years ago to comply with local funding requirements imposed when the Oak View Sanitary District accepted federal and state grant funding to build the 1983 treatment plant improvements. Although the grant condition acceptance was pre-consolidation and some of the grant-funded facilities have been demolished, the requirement cannot be altered by the consolidation process. As successors in interest, we are bound by the same rules.

This requirement was known in 1983 as CRF (Capital Replacement Fund). The general idea was that the federal and state grant was going to bring the grant recipient's facilities to a level of service that would meet then current regulatory requirements. In return for the grant, the local agency was required to annually set aside funds in the CRF which would guarantee perpetual replacement of the major facilities at the same level of service. The replacement would take place as each major item in a facility reached the end of its respective service life. This concept is very roughly equal to annual depreciation. For example, \$1,000 per year would be set aside for a pump with an original cost of \$10,000 and a ten-year service life. Earnings from investment of any temporarily idle reserve funds are used to offset the effect of inflation. Thus, in year 10 the service charge impact would still be \$1,000 even though a replacement cost of \$12,000 was being paid for the replacement pump.

## Loan to Pay-Off State Revolving Fund Loan Balance

The District's State Revolving Fund (SRF) loan began at \$18,840,595 in 1997 and was scheduled to be paid over 20 years. In January 2011 funds from this reserve were used, as a loan, to pay-off the outstanding balance (\$8,512,863) on the District's SRF loan. The loan from this reserve will be repaid over a period of 20 years. The eighth payment will be made this year in the amount of \$500,000.

## Proposed Projects

Proposed projects to be funded from this reserve are:

- |  |               |
|--|---------------|
| • IPS Vert. Screens & Compactor        | \$490,000     |
| • Upgrade OD Mixers (3) – Lg Bubble 02 | <u>90,000</u> |
| Total                                  | \$580,000     |

Transfer Amount

A transfer amount of \$630,000 from the General Fund is scheduled to be deposited into this reserve for this fiscal year.

Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018 .....	\$
+ Proposed Transfer Amount .....	+630,000
+ Eighth Pmt. On Loan to SRF Pay-Off .....	+500,000
+ Predicted Investment Earnings during Fiscal Year .....	+95,500
- Proposed Expenditures .....	-580,000
	-----
= Projected End of Year Reserve Balance .....	\$10,993,798

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.

## Treatment Plant Expansion Reserve

The Treatment Plant Expansion Reserve was created many years ago to comply with state law requiring that funds collected for capital expansion purposes be identified and accounted for separately from all other funds of the agency. This state law was passed to eliminate the perception that some agencies were charging excessive capital impact fees to new customers and using those funds for non-capital purposes. This reserve is how the District meets the intent of those Government Code 66013 requirements.

In addition to funding new treatment plant capacity needs for future customers, the reserve is also used to pay for the capital costs of the portion of treatment processes and improvements which are currently idle and therefore available to serve new customers. The most recent example is the treatment plant upgrade project placed into full operation in 1997. The BWA report dated May 1998 identifies 23.7% of the plant as unused; therefore, this reserve was paying 23.7% of the annual SRF Loan debt service each fiscal year or \$324,000. The goal of this reserve approach was to make certain new development pays its fair share and is not subsidized by existing users. This loan was paid off in January 2011; consequently, no further payment from this reserve is required.

New customers connecting to the sewer system are required to pay a treatment plant capacity charge adopted by the Board of Directors. The charge is calculated to be the new customer's fair share of the historic investment in existing capital facilities. In essence, paying this charge makes the new customer have an investment equal to existing customers and there has been no benefit from having delayed connection to the sewer system.

The reserve carries a positive balance from one year to the next. Any temporarily idle portion of the balance is invested and the earnings are returned to the reserve and used to meet expansion capital needs.

All treatment plant capacity charge revenue is placed into this reserve. Although 50 equivalent residential units of growth has been used in establishing the capacity charges, the proposed fiscal year budget anticipates 25 new single family residential equivalent Capacity Units (CUs) will be added to the system. This total may be a mixture among residential, commercial and industrial users. Each new commercial and industrial connection is evaluated using a standard formula. The result is how many CUs the commercial or industrial discharge is equivalent to so that all new customers are treated equally no matter what the nature and quantity of their sewage discharge.

Proposed Projects

Proposed projects to be funded from this reserve are:

• Aeration VFD's & Replace Gearboxes	\$800,000
• Septage Receiving Station	<u>140,000</u>
Total	\$940,000

Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$1,401,166
+ Predicted Income from 25 New Connections .....	+128,505
+ Predicted Investment Earnings during Fiscal Year	+26,250
- Proposed Expenditures .....	-940,000
	-----
= Projected End of Year Reserve Balance.....	\$615,921

# Collection System Replacement Reserve

The purpose of the Collection System Replacement Reserve is to accumulate funds for major repairs and replacement of the District's collection system facilities.

## Transfer Amount

A transfer amount of \$1,270,526 from the General Fund is scheduled to be deposited into this reserve for this fiscal year.

## Proposed Projects

Proposed Projects to be funded from this reserve are:

• Mainline Lining Project	\$650,000
• Manhole Lining/Rehab.	150,000
• Mainline/Lateral Connection	200,000
• Manhole Ring & Covers (100)	<u>35,000</u>
Total	\$1,035,000

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$1,817,546
+ Proposed Transfer from General Fund .....	+1,270,526
+ Predicted Investment Earnings During Fiscal Year .....	+15,000
- Proposed Expenditures .....	-1,035,000
	-----
= Projected End of Year Reserve Balance.....	\$2,068,072

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.

# Equipment Replacement Reserve

The Equipment Fund covers typical office equipment necessary to support administrative and management functions and tools (other than small tools) and equipment necessary to support collection system maintenance and treatment plant operations, other than small tools. This Fund also covers Information Technology equipment and software.

A transfer amount of \$562,554 from the General Fund is scheduled to be deposited into this reserve for this fiscal year.

## Information Technology Equipment Replacements/Upgrades

Based on the Technological Equipment replacement schedule adopted by the Board, the computer equipment and software scheduled for replacement/upgrade his fiscal year is valued at \$276,102. Funds to cover the purchase of these replacements/upgrades will be transferred into the Operations Budget (account 5410.03 – Office Supplies & Equipment) along with the adoption of this budget. These replacement items will be purchased out of the Operations Budget in the normal course of business during the fiscal year. The transfer scheduled for this fiscal year into Account 5410.03 is \$155,387.

## Equipment Replacements/Upgrades/New

There are no proposed equipment replacements/upgrades/new from this reserve for this fiscal year.

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$1,821,958
+ Proposed Transfer from General Fund .....	+562,554
+ Predicted Investment Earnings during Fiscal Year .....	+15,000
- Scheduled IT Equipment Replaces during Fiscal Year .....	-155,387
- .....	-----
= Projected End of Year Reserve Balance.....	\$1,681,571

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.



# Vehicle Replacement Reserve

The Vehicle Replacement Reserve covers the replacement of the District's fleet of licensed motor vehicles. This reserve was initially established in 2002.

Our current plan for replacing vehicles is a schedule based three factors: historical mileage; use & maintenance records. All three of these factors are considered during staff's annual evaluation of the District's vehicle needs for the coming fiscal year.

## Proposed Fleet Replacements

<u>Vehicle to be Replaced</u>	<u>Estimated Replacement Cost</u>
• 1995 Internat'l Dump Truck	\$68,600

Total proposed replacements = \$68,600

## Transfer Amount

A transfer amount of \$75,458 from the General Fund is scheduled to be deposited into this reserve for this fiscal year.

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$254,823
+ Proposed Transfer From General Fund.....	+75,458
+ Predicted Investment Earnings during Fiscal Year .....	+5,000
- Proposed replacements.....	-\$68,600
- .....	-----
= Projected End of Year Reserve Balance.....	\$266,681

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.

# Building Replacement Reserve

The Building Replacement Reserve Fund was created following a recommendation by the April 2002 Budgeting Estimates for Long Term Capital Replacement Funding Needs study performed by Andrew Belknap of Management Partners.

## Proposed Projects

Funds from this account are proposed to be used for the following projects:

- Tico Road Site ADA Modifications
- Tico Road Workshop/Office Addition
- Treatment Plant Old Ops Bldg Asbestos Remediation

Cost of these projects have not been determined.

## Transfer Amount

A transfer amount of \$20,874 from the General Fund is scheduled to be deposited into this reserve for this year.

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$616,065
+ Proposed Transfer From General Fund.....	+20,874
+ Predicted Investment Earnings during Fiscal Year .....	+12,000
- .....	-----
= Projected End of Year Reserve Balance.....	\$648,939

The transfer amount will be divided by 2 and that much will be transferred from the General Fund during the two months of the year, December & April, when the majority of the service charge revenue is received via the property tax roll.

## Collection System Local Capacity Reserve

This Reserve was originally established in early 1999; in 2007 the Board redefined the designed use of this Reserve to be used for capacity issues in the Collection System. On July 1, 2010 this Reserve was officially named the Collection System Local Capacity Reserve.

This Reserve receives all Collection System Local Capacity charges when a property owner connects to the sewer. The designated use of this Reserve is for capacity issues in the Local portion of the District's Collection System.

### Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$1,614,185
+ Predicted Transfer of Charges From New Customers .....	+197,930
+ Predicted Investment Earnings during Fiscal Year .....	+30,000
	-----
= Projected End of Year Reserve Balance.....	\$1,842,115

Because of the special source of these funds the charges will be transferred only when they are received from a new customer.

# Collection System Trunk Capacity Reserve

This Reserve was established in July 2010 following the Board's adoption of Ordinance No. OVSD-61.

This Reserve receives all Collection System Trunk Capacity charges when a property owner connects to the sewer. The designated use of this Reserve is for capacity issues in the Trunk portion of the District's Collection System.

## Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$295,522
+ Predicted Charges From New Customers .....	+74,161
+ Predicted Investment Earnings during Fiscal Year .....	+ 5,000
	-----
= Projected End of Year Reserve Balance.....	\$374,683

Because of the special source of these funds the charges will be transferred only when they are received from a new customer.

## Contingency & Stabilization Reserve

The reserve is used as a funding source for unexpected and unbudgeted activities or items which develop during the year for which no other source of funds exists. Some years this fund has also provided a contribution to offset rate increases during the budgeting cycle.

### Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$1,340,658
+ Predicted Investment Earnings during Fiscal Year .....	+24,000
+ Proposed transfer.....	0
	-----
= Projected End of Year Reserve Balance.....	\$1,364,658

**SECTION 6**  
**Debt Service Budget**

## Section 6 – Debt Service Budget

### Introduction

The District has one debt issue that is the result of a refinancing of 2 prior debt issues both of which were used to pay for various capital projects.

#### ❖ 2016 Refunding Bond Issue

In this section the debt issues is described and details of its proposed financial operation in the next fiscal year are presented. The portion of this debt that represents the remainder of the 2003 COP Debt continues to be accounted for separately as described in the following pages.

## 2003 SERIES

The District undertook a project to rehabilitate a significant portion of the sewage collection system in the City of Ojai in 1993. The project became known as the “1927 System Rehabilitation” and was financed by issuing \$6,605,000 in Certificates of Participation (COPs).

This COP debt would have had second call on District revenues behind a 1978 Oak View Sanitary District Revenue Bond and it would have received an interest rate penalty because the debt payments would appear to potential investors to be less secure. The Board decided to pay off the Oak View revenue bond by increasing the size of the COP issue by the \$680,000 of the then remaining outstanding Oak View revenue bonds, bringing the COP total to \$7,285,000. This plan placed all revenue secured debt on the same level and eliminated any interest penalty. The Oak View bond-refinancing portion of the COPs debt service was the responsibility of only the users of the former Oak View Sanitary District collection system; therefore, that portion of the COP debt was treated as if it were separate from the larger amount. The final payment on this portion of the COP debt was collected from the “Oak View Ratepayers” during fiscal year 2004-05.

In 2003 we refinanced the COPs with Revenue Bonds. We achieved significant savings with lower interest rates. All of the COPs were called in September 2003 and paid off with the proceeds from our Revenue Bond sale in January 2003. The 2003 Revenue Bonds replaced the 1993 COP issue. The 2016 Refunding Debt issued in 2016 replaced the 2003 COP; however, the payment responsibility for the 2003 portion of the 2016 debt remains the same as established in 1992.

### Payment Responsibility

The major portion of the original COP debt was used to pay for rehabilitation of a portion of the sewage collection system. The entire District is responsible for repayment of this debt. A dispute arose about how the responsibility should be allocated among service areas within the District. Based upon a 1992 decision of the master judge, the City of Ojai is to pay 50% while the rest of the District is to pay the remaining 50%. Because there are fewer customers within the City service area than outside the City, there are two rates for this special increment – City and non-City. The master judge’s decision also applies to the 2003 Revenue Bonds.



The following table shows the remaining debt service on the COP:

<u>Period Ending (September 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	320,000.00	69,400.00	389,400
2019	335,000.00	59,575.00	394,575
2020	345,000.00	49,375.00	394,375
2021	355,000.00	37,100.00	392,100
2022	365,000.00	22,700.00	387,700
2023	385,000.00	7,700.00	392,700
TOTALS	\$2,105,000	\$245,850	\$2,350,850

Annual debt service for the Bonds is due September 1 of each year.

No specific amount of the debt is assigned to each property; therefore, "early pay-off" for an individual property is not possible, the obligation runs with the District as a whole for the life of the debt issue.

Staff conducted an evaluation of the balance in the 2003 Debt Issue Payment Reserve and established a schedule to utilize the funds in this account to lower the amount required to be collected through the service charge increment over the remaining nine years of this debt issue.

The amount to be collected through the service charge increment for fiscal year 2018-2019 is \$300,000. The service charge increment is charged for each Capacity Unit allocated to a parcel.

One-half or \$150,000 is to be raised each from inside and outside the Ojai City limits.

The annual increments for FY 2018-19 are calculated as follows:

Inside Ojai City Limits:

$$\frac{\$150,000/\text{year}}{4,437 \text{ ERUs times } 12 \text{ months / year}} = \$2.80/\text{month / CU}$$

The debt service charge per CU inside the Ojai City Limits was reduced by 8 percent.

Outside Ojai City Limits:

$$\frac{\$150,000 / \text{year}}{7,780 \text{ ERUs times } 12 \text{ months / year}} = \$1.60/\text{month / CU}$$

The debt service charge per CU outside the Ojai City Limits was reduced by 8 percent.

Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$637,294
- Scheduled Debt Service Payme FY 2018/19.....	-389,400
+ Proposed Transfer from General Fund.....	+300,000
+ Predicted Investment Earnings during Fiscal Year .....	10,000
	-----
= Projected End of Year Reserve Balance.....	\$557,894

## 2016 REFUNDING BOND ISSUE

The 2016 Refunding Bond issue was sold May 2016 to refinance the 2003 Series and 2007 Series debt issues to obtain a lower rate of interest for an overall cost savings. This created a \$8,575,000 debt for the District. The purpose of the 2003 was to rehabilitate a significant portion of the sewage collection system in the City of Ojai known as the "1927 System" and the 2007 debt was to fund projects identified in the 2007 Collection System Capital Improvement Plan.

Similar to prior debt issues, the 2016 Series was secured by a pledge of the District to maintain its service charge rates in at least a certain ratio to the annual debt service payments and a pledge of available revenues to make the annual debt service payments for the life of the Debt. The District has a debt ratio limit of 1.2 which limits the amount of debt it can assume relative to its operations budget, our operation expenses must not fall below 1.2 times the debt payments. This ratio insures the Bond holders and owners that their investment is secure. This same debt ratio was also a condition of our 2003 COP issue.

The District must also file an Annual Report for the benefit of the Bond holders and owners. This report must include information such as: the number of new connections; a description of changes in charges and fees; and internal fund balances. The District's annual financial audit meets all of these requirements and will be utilized as the Annual Report.

The 2016 issue has no payment reserve; the District's credit was strong enough that a payment security was not required.

The annual debt service payment on this issue is due early in the fiscal year (September 1) so the funds must be on hand when needed. The payment due on September 1, 2018 will be made from funds collected during Fiscal Year 2017-2018. The funds collected during Fiscal Year 2018-2019 will actually be used to make the payment in Fiscal Year 2019-2020. Consistent with the policy throughout the District, temporarily idle cash is invested and the earnings placed into the account. These interest earnings are used to reduce the respective portions of the debt service payments.

The following table shows the remaining debt service, minus the :

<u>Period Ending (September 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	180,000	484,600	664,600
2019	190,000	463,675	653,375
2020	200,000	441,775	641,775
2021	200,000	415,500	615,500
2022	210,000	384,700	594,700
2023	220,000	352,50	572,500
2024	230,000	326,800	556,800
2025	235,000	308,200	543,200
2026	245,000	289,000	534,000
2027	260,000	268,800	528,800
2028	270,000	247,600	517,600
2029	280,000	225,600	505,600
2030	290,000	202,800	492,800
2031	300,000	179,200	479,200
2032	315,000	154,600	469,600
2033	325,000	129,000	454,000
2034	340,000	102,400	442,400
2035	355,000	74,600	429,600
2036	370,000	45,600	415,600
2037	385,000	15,400	400,400
TOTALS	\$5,400,000	\$5,112,350	\$10,512,350

Annual debt service for the Bonds is due September 1 of each year.

No specific amount of the debt is assigned to each property; therefore, “early pay-off” for an individual property is not possible, the obligation runs with the District as a whole for the life of the debt issue.

Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2018.....	\$1,049,331
- Scheduled Debt Service Payment FY 2018/19 .....	-664,600
+ Proposed Transfer from General Fund .....	+600,000
+ Predicted Investment Earnings during Fiscal Year .....	20,000
	-----
Projected End of Year Reserve Balance	\$1,004,731