

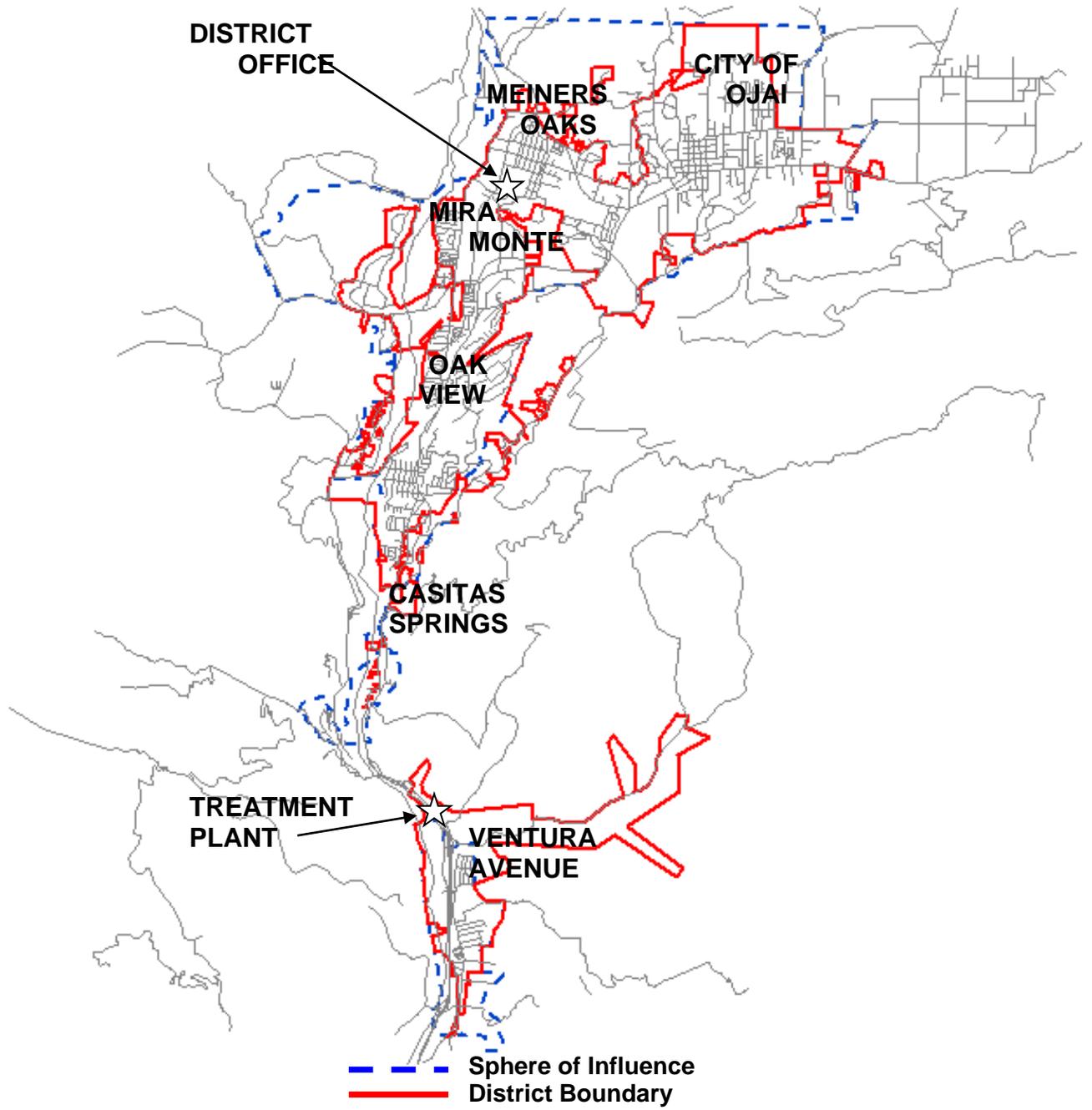
OJAI VALLEY SANITARY DISTRICT



**Preliminary Budget
Fiscal Year
2022-23**

Presented April 25, 2022

Ojai Valley Sanitary District



**OJAI VALLEY SANITARY DISTRICT
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**EXECUTIVE
SUMMARY**

Executive Summary

April 19, 2022

Board of Directors
Ojai Valley Sanitary District
Ojai, CA 93023

FISCAL YEAR 2022-23 FINAL BUDGET

I am pleased to present to the Board the Ojai Valley Sanitary District's Draft Budget for Fiscal Year 2022-2023.

During preparation of this Budget, Staff utilized our Maintenance database, Customer Service Database, reviewed the asset management plan, reviewed Operations and Maintenance budgets and our Pretreatment and Private Sewer Lateral program. In addition, the following Major Drivers were also considered:

- Pay as you go
- Continue to address Nutrient reduction at the Plant
- Algae TMDL Program Implementation
- Inflow and Infiltration (I&I) Control
- Laterals, Roots, Rags and Protrusions
- Collection System Rehabilitation
- Treatment Plant Optimization
- Spill Prevention
- Changes to Legislation that may affect District Income
- Staffing and Succession Planning
- High Rate of Inflation and Supply/Demand Issues

The comprehensive approach shows 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
 - Energy Efficiency with use of Tesla Battery
 - 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 budget has been prepared to focus and address the Major Drivers listed above.

This Final Budget has been prepared with the following information:

- 3.5% increase in wages projecting the CPI increase
- No increase in employee benefits
- No service charge rate increase
- 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 decreased the projected/anticipated interest rate the District will receive on our investments over the next year based on changes in the investment market over the last 12 months.

O&M

The proposed O&M budget has been increased slightly from FY 2021-2022 based on actual operational needs and consideration of inflation increasing the overall cost of goods and services.

Reserves

A couple of changes are included in this one-year budget. The balance of the Vehicle and Building Reserve has slowly risen over the past few years; consequently, a contribution to these Reserves are not included in one year budget, as no immediate projects are planned to utilize these funds.

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 have 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 Ojai Valley Sanitary District (OVSD) formed in May 1985 through the consolidation of the Ventura Avenue, Oak View, and Meiners Oaks Sanitary Districts, and the Sanitation Department of the City of Ojai. The predecessor Districts were established in the early 1960s in conjunction with construction of the Oak View Treatment Plant which served them as well as the City of Ojai. Ojai's oldest sections were originally served by sewers and a treatment plant built in the 1920s. The wastewater treatment plant (WWTP) site was originally the Oak View Sanitary District site. The Oak View WWTP was constructed in 1962 and expanded in 1964, 1976, and 1982. Following the merger, the Ojai Valley Sanitary District WWTP was constructed in 1997. The OVSD WWTP utilizes some facilities from each phase of the Oak View WWTP.

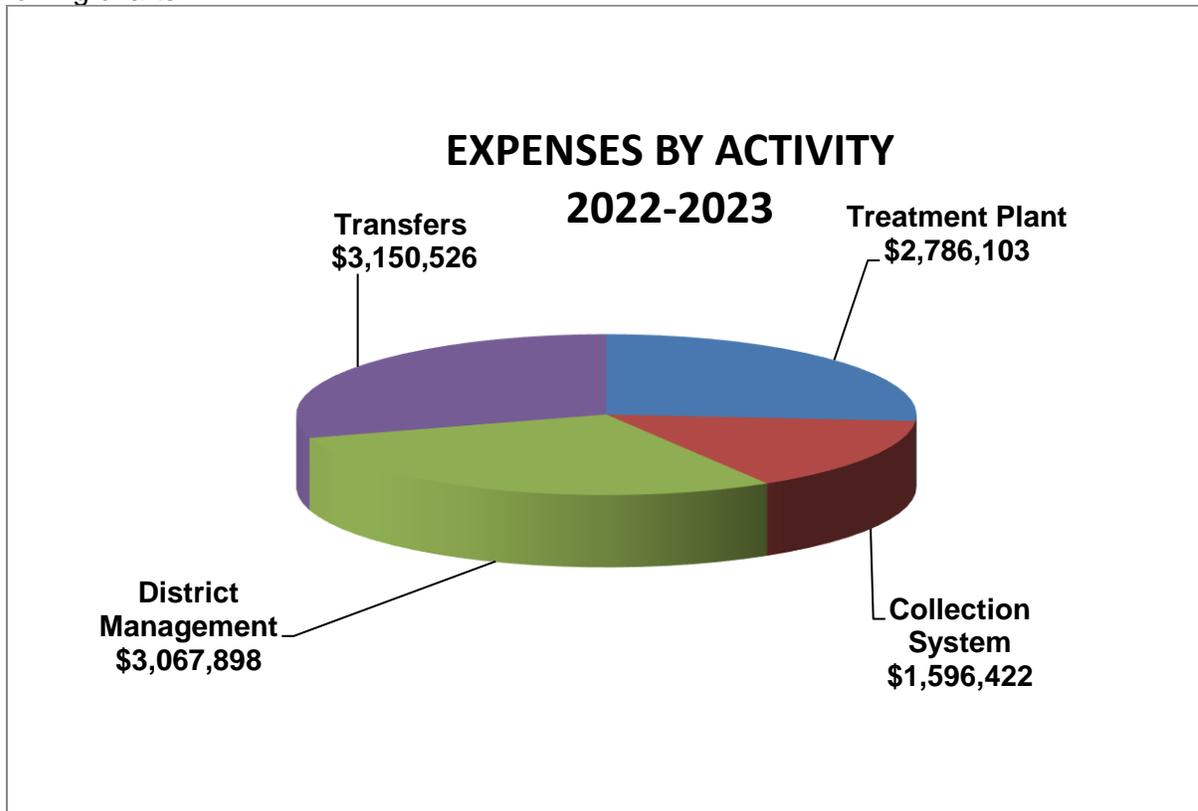
The major process equipment for the WWTP was installed during the 1997 upgrade. Staff utilizes a maintenance tracking system developed in Mobile MMS to track and schedule maintenance "work orders." The typical design life for major equipment is 20 to 25 years, and through Staffs proactive maintenance, most of the major equipment at the WWTP is still in service. However, Staff recently tried to have a Filter Influent Pump rebuilt and found that the pump line has been discontinued and parts are no longer available. Staff anticipates that this will be a continuing issue, so the CIP plan will phase replacement of major equipment in the coming years. There are currently nearly \$50 million dollars of projects that are being tracked, in a one year, 5 year, and 20-year planning effort. All of these projects are then programmed using pay-as-you-go methods to complete the projects when funds are available, avoiding long term bond and interest costs.

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.

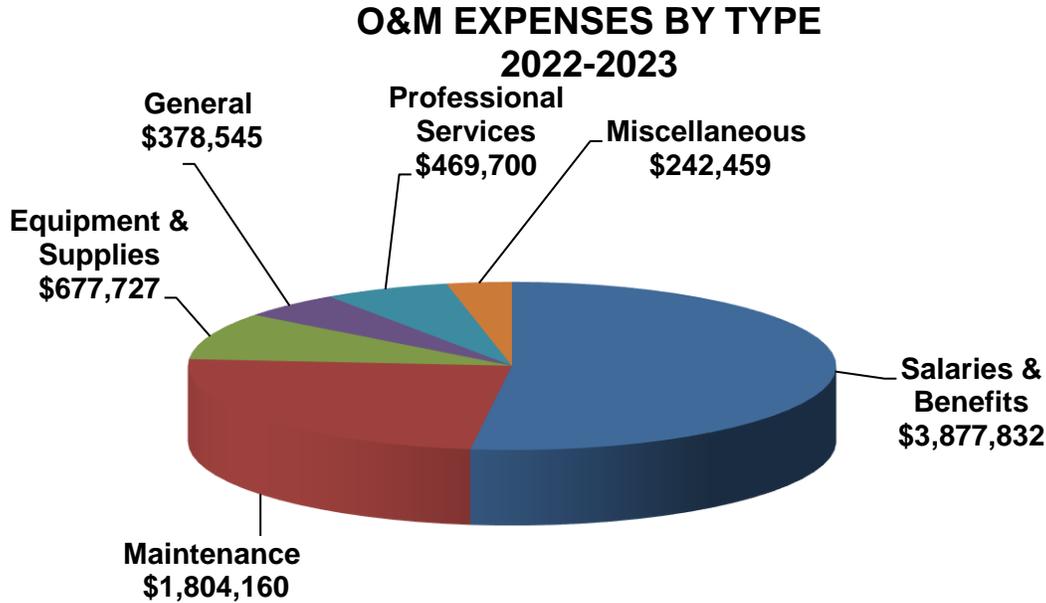


The following table compares the FYs 2021-22 budget to the current year budget.

Expense Summary By Activity	FY 21-22	FY 22-23
Treatment Plant	\$2,614,152	\$2,786,103
Collection System	\$1,485,025	\$1,596,422
District Management	\$2,871,529	\$3,067,898
Transfers	\$3,146,858	\$3,150,526
	-----	-----
Totals	\$10,117,564	\$10,600,949

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.

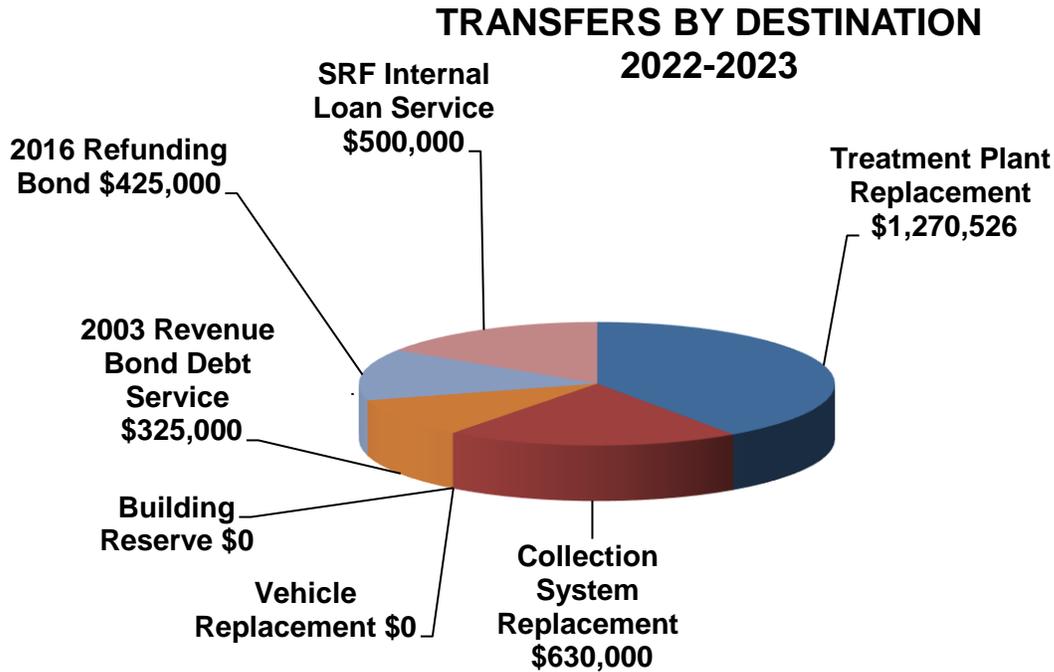
O&M Expense Type 2022/23	T/P	C/S	D/M	Total	Pct
Salaries & Benefits	1,310,206	1,106,394	1,461,232	\$3,877,832	52%
Maintenance	1,067,174	398,895	338,091	\$1,804,160	24%
Equipment & Supplies	290,621	36,025	351,081	\$677,727	9%
General	1,590	900	376,055	\$378,545	5%
Professional Services	75,200	18,950	375,550	\$469,700	6%
Miscellaneous	41,312	35,258	165,889	\$242,459	3%
Totals	2,786,103	1,596,422	3,067,898	\$7,450,423	

The Salaries & Benefits category for this fiscal year 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 2022-2023's budget the following chart shows the destination or intended use of the transfers.



The following table shows the transfers in tabular form.

Transfer Destination	Transfer Amount for 2022/23
Treatment Plant Replacement	\$1,270,526
Collection System Replacement	\$630,000
Equipment Replacement	\$0
Vehicle Replacement	\$0
Building Reserve	\$0
2003 Revenue Bond Debt Service	\$325,000
2016 Refunding Bond	\$425,000
SRF Internal Loan Service	\$500,000
Contingency & Stabilization	\$0

	\$3,150,526

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

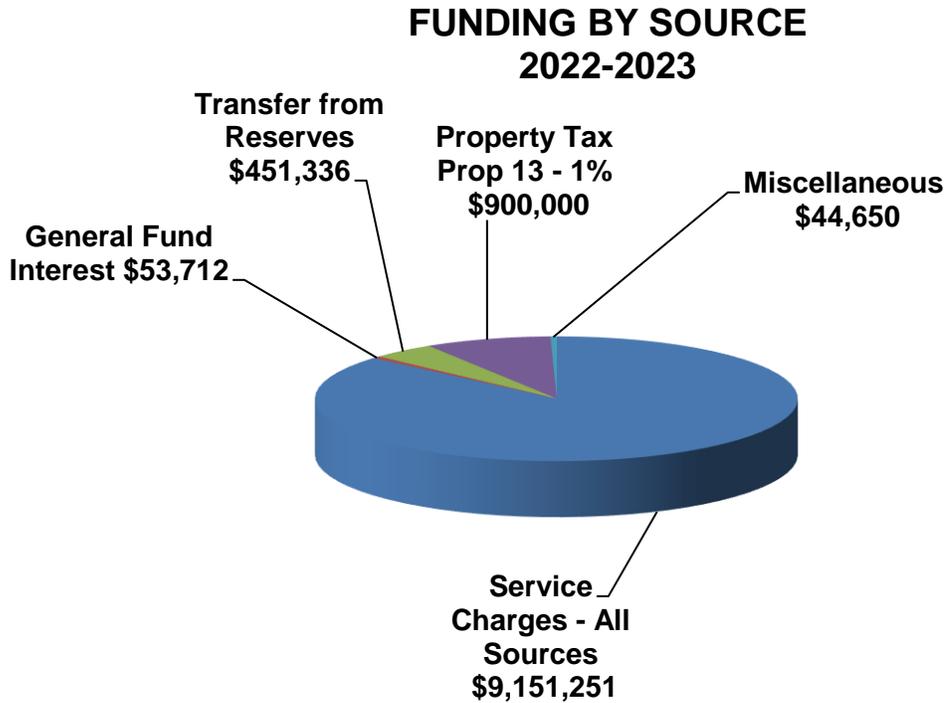
The uses of the various reserve funds are presented in greater detail in Sections 2 and 3 of the budget.

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.

2022-23

Description	Amount	Pct
Service Charges - All Sources	\$9,151,251	86%
General Fund Interest	\$53,712	1%
Transfer from Reserves	\$451,336	4%
Property Tax (Prop 13 - 1%)	\$900,000	8%
Miscellaneous	\$44,650	1%

Total	\$10,600,949	

Service Charge Rates – Fiscal Year 2022-2023

The sewer service charge rate is set at \$58.73, which was effective July 1, 2021.

Service Area	Basic Service	2003 Debt Issue	Total Rate
Oak View	58.73	1.72	60.45
Ojai	58.73	2.90	61.63
Meiners Oaks	58.73	1.72	60.45
Ventura Avenue	58.73	1.72	60.45

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.

An Increase In basic sewer rate is not being proposed in the 2022/23 FY budget

Service Area	FY22-23 Rate	Rate Change	% Chg
Oak View	58.73	0	0
Ojai	58.73	0	0
Meiners Oaks	58.73	0	0
Ventura Avenue	58.73	0	0

2022-2023
DEBT SERVICE & RESERVES

Reserves

The transfers into the reserves (other than Debt Service) total \$2,400,526 plus interest of \$237,035 will total \$2,637,561.

Debt Service

The transfers into the debt service accounts total \$750,000 plus interest of \$16,828 will total \$766,828. After expenses to pay principal, interest and trustee charges on the various debts, the outstanding debt owed will be reduced by \$575,000.

SUMMARY

The Fiscal Year 2022-23 Final 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
2022-2023**

SECTION 1
Operating Budget
FY 2022-2023

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 combination cleaning truck and a truck equipped with CCTV video inspection equipment
- ❖ 9 sewage siphons with pipe sizes ranging from 4" to 16" and lengths of 82' to 3,300'
- ❖ 4 sewage lift stations (Orchard Rd. LS, Santa Ana #1, Santa Ana #2, Rancho Matilija); 8 pumps operate at these four 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 2021 the treatment plant processed 527.8 million gallons; or 1,620-acre feet of wastewater (average daily flow of 1.45 million gallons) of tertiary treated water discharged to the Ventura River. Rainfall recorded during CY-2021 at the treatment plant was 15.3 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.

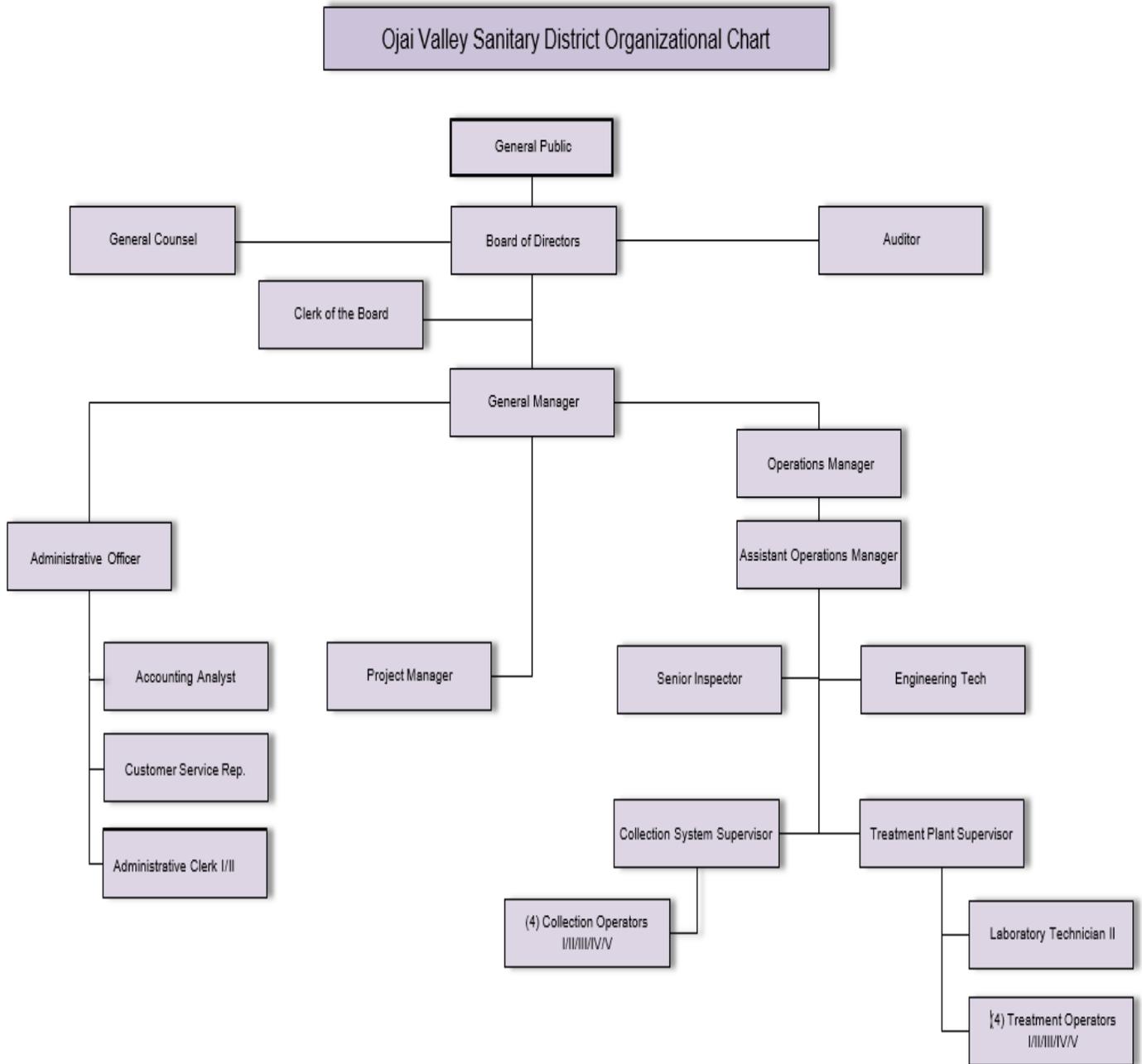
The staffing complement of authorized positions next fiscal year would be as follows:

Position Description	Current	Authorized FY 2022-23	Proposed FY 2022-23
General Manager	FR	1	1
Administrative Officer	1	1	1
Operations Manager	1	1	1
Asst. Operations Manager	1	1	1
Project Manager	1	1	1
Accounting Analyst	1	1	1
Customer Svcs Representative	1	1	1
Administrative Clerk I/II	1	1	1
TP Supervisor	1	1	1
Laboratory Technician II	1	1	1
TP Operator I/II/III/IV/V	4	4	4
CS Supervisor	1	1	1
CS Senior Operator	1	1	1
CS Operator I/II/III/IV/V	3	3	3
Senior Construction Inspector	1	1	1
Engineering Technician	1	1	1
Totals	21	21	21

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 2022-23.

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 maintaining the electrical components in the UV system and plant processes in optimal condition with proactive operational and maintenance; operating the belt press during off-peak hours whenever practical to reduce electrical cost.
- ❖ The treatment plant's computerized maintenance management system (CMMS) stores all of the equipment information, history, and scheduling of maintenance activities. The CMMS is utilized for recording and scheduling plant maintenance activities. Staff has made the transition to utilizing Mobile MMS (Maintenance Management Solutions) to manage maintenance information and activities in the field with the use of I-Pads.
- ❖ 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 current NPDES permit was adopted December 13, 2018 and became effective February 01, 2019 with an effluent phosphorus discharge limit of 2.6 mg/L, and a dry weather seasonal limit of 5,799 pounds. For Calendar Year – 2021 the effluent phosphorus average was 0.2 mg/L with a low of 0.0 mg/L and a high of 0.67 mg/L. The total nitrogen interim discharge limit remains 7.6 mg/L. Staff's goal is to optimize the biological nutrient & phosphorus removal process to meet and comply with the NPDES permit limits.

- ❖ 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 installed on both oxidation ditches have been critical to identifying and gathering process data for adjusting processes to comply with the TMDL requirements. A solids meter was installed on the return line to the biological system to aid in calculating solids removed from the system to improve solids stabilization and biological treatment. During 2022-23 staff will continue efforts to achieve additional denitrification (lower nitrates) within the biological process.

Regulatory

- ❖ Staff is required to submit reports in two forms with essentially the same information. Both the electronic submission for the monthly Discharge Monitoring Report (DMR) and the California Integrated Water Quality System (CIWQS). SMR reports are submitted using the SWRCB's CIWQS electronic reporting system for NPDES data which was implemented during 2010.
- ❖ 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.
- ❖ Staff's goal for 2022-23 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.
- ❖ 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. The chemical feed systems are currently in the process of being replaced with temporary chemical feed systems at the ready if needed during this project.
- ❖ 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 2018 NPDES permit maintains plant effluent and river station monitoring similar to the 2013 permit. The interim limit for total nitrogen still applies and the total phosphorous limit is 2.6 and now has lbs./dry weather/season limits. Staff's goal for 2022-23 is to maintain the high-quality level of laboratory operations.
- ❖ The Ventura River Algae TMDL effluent requirements are included in the Plant's 2018 NPDES Permit. All pilot testing and plant effluent data for 2013-2018 & 2020 was submitted to Carollo Engineers for evaluation and use in developing process modeling and facilities plan for plant TMDL upgrade considerations and Alternative Design Study, both of which were completed. 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. There are other plant improvements being considered by plant staff and Stantec in support of meeting TMDL requirements.
- ❖ 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 complemented through the use of the Sludge Drying Beds (SDB's), weather permitting, to further dewater the biosolids, and for composting during the summer months.
- ❖ During calendar year 2021, approximately 52 % of the plant's biosolids were composted onsite yielding roughly 1142 cubic yards of compost produced onsite. The goal to compost 60% of the plants biosolids produced 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.

Operational, Maintenance, and Upgrade Projects:

- ❖ Major expenditures for treatment plant projects during FY 2022-23 will include:
 - The installation of new chemical storage tanks and feed pump systems is currently in construction and will be complete in the summer of 2022.
 - The design team (Stantec) completed the design for the WWTP Filter Upgrade and Nitrate Reduction Project that is necessary to meet future TMDL requirements. This project will begin construction in 2022.
 - The Fine Screen with compactor and washer unit that was installed during the 1997 upgrade requires replacement. The new fine screen equipment will be more effective at removing inorganic materials which improves the performance of downstream processes.
 - During installation of the second Above Ground Fuel Storage Tank (AST), staff learned that the diesel supply pump and return pump equipment on the emergency generator day tank has been discontinued and replacement parts are not available. Day Tank Improvements for the emergency generator will include replacement of the diesel supply and return pumps and the pump control panel. These improvements will enhance reliability of the emergency generator during power outages.
 - Modifications to the anaerobic digesters will provide approximately 660,000-gallons of wet weather flow storage. Additional piping reconfigurations to the drying beds will add an additional 3 million gallons of storage. These piping modifications would allow significant flexibility in flow control through the filter and UV systems. The volume can then be returned for treatment after influent flows subside.

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 21-22	FY 22-23	% Chg
4210	Regular Wages - T/P	795,956	841,597	5.73%
4220	Extra Help - T/P	7,200	8,880	23.33%
4230	Overtime - T/P	67,160	68,394	1.84%
4240	Standby Time - T/P	20,541	20,430	-0.54%
4610	FICA/Medicare Expense - T/P	16,237	13,272	-18.26%
4620	Retirement Expense - T/P	98,543	113,356	15.03%
4640	Health Insurance Exp - T/P	171,108	193,012	12.80%
4650	Dental Insurance - T/P	11,350	11,350	0.00%
4660	Life Ins. Benefits - T/P	2,004	2,004	0.00%
4670	Vision Insurance Exp - T/P	2,838	2,838	0.00%
4685	Disability Ins. Exp -T/P	6,815	5,860	-14.01%
4690	Workers Comp Ins. - T/P	27,361	29,213	6.77%
5005	Utilities - T/P	398,230	423,124	6.25%
5020	Building/Grounds Main - T/P	87,888	90,460	2.93%
5025	Vehicle Maint/Fuel - T/P	53,100	70,340	32.47%
5035	Meter Maintenance - T/P	6,760	7,790	15.24%
5040	Equipment Maintenance - T/P	195,600	172,280	-11.92%
5045	Electrical Maintenance - T/P	56,220	59,520	5.87%
5050	Other Equip Maint - T/P	21,560	34,260	58.91%
5060	Biosolid Handling	84,400	92,400	9.48%
5065	Hazardous Material Disposal	1,580	1,600	1.27%
5080	Outside Laboratory Analysis	115,950	115,400	-0.47%
5210	Safety Equip/Supply - T/P	12,465	14,255	14.36%
5220	Small Tools - T/P	3,000	3,000	0.00%
5230	Minor Equipment - T/P	2,100	5,000	138.10%
5240	Misc. Operating Supplies - T/P	13,500	13,500	0.00%
5250	Chemicals - T/P	114,810	152,623	32.94%
5260	Lab Maint, Materials & Supplies	55,150	60,983	10.58%
5270	Operating Permits - T/P	40,548	39,760	-1.94%
5410	Office Supplies - T/P	1,400	1,500	7.14%
5440	Books & Publications - T/P	1,590	1,590	0.00%
5620	Mgmt/Engrg & Tech Serv - T/P	35,000	35,000	0.00%
5660	Other Prof Services - T/P	39,000	40,200	3.08%
6035	Conference/Seminar - T/P	15,750	12,500	-20.63%
6050	Education & Training Allow - T/P	9,530	5,000	-47.53%
6080	Membership & Dues - T/P	2,616	3,172	21.25%
6090	Misc. Expense - T/P	750	750	0.00%
6100	Safety Training - T/P	2,130	2,390	12.21%
6150	Penalties	0	0	0.00%
6110	Uniforms - T/P	16,412	17,500	6.63%
	Totals	2,614,152	2,786,103	6.58%

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 causing sewage overflows. Lines are routinely cleaned for preventative maintenance and inspected to identify line deficiencies. Corrective maintenance, routine repairs, and emergency repairs are performed 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 the four primary drainage basins, in accordance with a scheduled 2-year line cleaning O&M program for lines 12-inch and smaller. Trunk lines, mainlines greater than 12 inches, are cleaned on a 6-year cycle as these larger diameter sewer mains with higher flow volumes achieve scour velocities that inherently keep the sewer mains relatively clear of grit and debris buildup. In 2021, the previous two-year cleaning cycle was completed, and the next cycle began. Staff will continue the practice of monitoring, maintaining, and adjusting the cleaning frequencies as needed of Enhanced Maintenance areas to minimize SSO's.

As OVSD's sewerage system was primarily constructed in the 1920s-1960s and is approaching the end its intended useful life, CCTV and the subsequent condition assessment are critical to identifying and prioritizing lines in need of rehabilitation. In 2020, Staff implemented a new software program to monitor line maintenance and issue CCTV work orders. As part of this new software, there is a process for operators to issue inspection requests directly to District engineering staff, improving the communication between operators in the field and administrative staff in the office. Many of the observations and inspection requests submitted by operators in 2020 were incorporated into maintenance and capital improvement projects in 2021.

- ❖ All nine siphons are cleaned, annually, as part of scheduled routine maintenance. District Staff have created a "pigging" (cleaning) schedule specific to each siphon and force main that maintain operational efficiencies (increase flow, reduce H₂S, and reduce odors). The District plans to perform a condition assessment of the remaining original Creek Road siphons to determine a feasible rehabilitation or replacement method.
- ❖ The replacement of 1,400 linear feet of SALS #1 force main is scheduled to be completed this year. This new HDPE force main will interconnect with the HDPE force main that was constructed in 2013.
- ❖ In the fall of 2021, in accordance with Waste Discharge Requirements (WDR) issued by the State Water Resources Control Board (SWRCB), District Staff authorized Fischer Compliance to perform an audit of the Sewer System Management Plan (SSMP) that was certified by the Board of Directors in 2019. The District's SSMP was initially adopted in 2009 and has been regularly audited by District Staff and outside consulting firms as required by the SWRCB's WDRs. The SSMP audit is expected to be complete in spring 2022. In addition, the SWRCB is finalizing the draft update for WDR for sanitary sewer overflows (SSOs) that

will be released in early 2022. The revised WDR will likely expand and introduce new compliance measures, specifically related to SSO documentation and staff training.

- ❖ 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. Over the last five years of annual capital improvement projects, lines scheduled for root control have been prioritized for rehabilitation, thereby eliminating the need for root inhibitors in that line and allowing that budget to be reallocated to other problem areas requiring root inhibitor. Staff has a goal of eventually phasing-out large-scale root inhibitor applications so that only in-house applications are needed at a few select line segments. Staff uses CCTV technology to continue to ensure that the cleaning frequency of Enhanced Maintenance line segments is adequate to avoid blockages. These efforts are strategically reducing the number of lines that require root inhibitor treatment.
- ❖ The District's efforts to reduce Infiltration & Inflow (I&I) have shown positive reductions and are being continued. Significant portions of 6-inch through 12-inch sewer mains in areas previously identified with high I&I through flow studies and/or CCTV inspections have been rehabilitated with a cast-in-place pipe liner or replaced with a new bursted HDPE pipe. Each year The District bundles together several projects all with the same primary objective: reduce I&I. These projects include pipe bursting, CIPP main lining, sewer lateral inserts ("top hats"), manhole coating, and spot repairs. Secondary benefits for I&I reduction projects include eliminating root intrusion, improving line condition, and extending the life expectancy of OVSD's sewerage system. Staff will continue to evaluate localized areas and prioritize line segments to be targeted for rehabilitation or replacement.
- ❖ Manhole rehabilitation and lining are major components in staff's efforts to reduce I&I. Staff continues to perform both in-house and contract grouting, repairs, and lining on manholes with identified I&I and corrosion. Staff's goal is to rehabilitate or replace all manholes with significant corrosion, perform grouting to reduce I&I, and use lining to provide final sealing against I&I and extending the life expectancy of manholes throughout the collection system.
- ❖ Staff goal is to 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 pavement subsidence continues. Any sudden, severe subsidence spots will be immediately filled with cold mix as a temporary solution. In this type of event, the subsidence repair would be scheduled within 30 days. However, subsidence problems usually develop slowly over time which typically allows Staff to group several subsidence repairs in a small repair project. Depending on the quantity, subsidence repair projects are typically performed annually or every other year.

- ❖ Smoke testing and CCTV inspection of laterals has been used in areas targeted as a result of I&I flow monitoring. The Private Sewer Lateral program, which began in 2015, requires lateral inspection for several reasons including: change of ownership, change of use, or for root intrusion into the sewer main line.
- ❖ New connections are inspected as they occur. Repair inspections are typically performed within one working day 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 performed in-house by the District's inspector, including implementation of BMPs such as grease interceptor installation and maintenance.
- ❖ 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 displays work orders, allowing staff to easily manage and analyze scheduled and completed collection system maintenance activities. The CMMS software is a hosted (cloud based) solution. We have administrative access to all our data. We own the data should we ever decide to switch software/vendor. The database resides with the vendor. Most CMMS programs are "hosted" solutions which makes it much easier for the vendor to make changes and updates to the system.
- ❖ Since 2013, the District has performed CCTV video inspection using WinCan software. In 2015 the collection system operators received training and certification on NASSCO codes that are an industry standard and used within the Win-Can software. Subsequently, the operators recertified in 2018 and 2021. The collection system operators continue to fully utilize the NASSCO rating system during CCTV inspections.
- ❖ 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 to provide the public, contractors, outside agencies, 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 District's 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:

- Norway Tract Manhole and Cleanout Adjustment – Project No. 2020-16
 - Adjust 29 frames and covers in coordination with County paving project.
 - Completed March 2021.
- Feliz Easement Manhole Construction – Project No. 2021-06
 - Constructed a manhole to allow for proper cleaning and maintenance of existing sewer main located in rear property line easement.
 - Completed July 2021.
- Spot Repair Project – Project No. 2021-08
 - Repaired 39 manholes and replaced obsolete and damaged manhole lids in preparation for manhole rehabilitation project.
 - Completed September 2021.
- Sewer Manhole Rehabilitation Project – Project No. 2021-05
 - Rehabilitated 37 manholes with known inflow and infiltration issues and manholes that have been damaged by sewer environment. Removed step ladders to comply with safety regulations. Re-shaped channels to improve flow.
 - Completed January 2022.
- Sewer Lateral Connection Insert Project – Project No. 2021-04
 - Installed 154 lateral connection inserts to further eliminate I&I at house connections.
 - Completed October 2021.
- SALS Force Main Replacement – Project No. 2021-13 (In Construction)
 - Installing new HDPE force main in utility casing within new Santa Ana Bridge. Coordinating the Work with the County, Inspector, County’s Contractor, and outside agencies.
 - Anticipated completion date: Summer 2022

Additional scheduled projects include the following:

- I&I Reduction Projects
 - The District is projecting to continue to target I&I reduction and will include several different projects each year comprised of a combination of pipe bursting, CIPP lining, manhole rehabilitation, top hats, and point repairs.
 - In addition to I&I reduction benefits, rehabilitating these sewer mains and manholes allows for more thorough and efficient O&M.
- Point Repairs and Bustle Replacement
 - Perform point repairs to damaged sewer main pipes and sewer structures, including repairs in preparation for I&I projects. Replacement of undersized and damaged manhole bustles. Replacement of obsolete and damaged lids and frames.
- Orchard Lift Station Pig Receiver Valve Vault
 - Operators need access to these valves to service them. Despite quarterly exercise of these valves, they are showing signs of mineral build-up or debris accumulations.
- Santa Ana 2 Lift Station Improvements
 - Replace aging pumps.
 - Expand lift station capacity to account for periods of increased inflow and prevent surcharging of upstream sewer main lines.

- Manhole and Cleanout Frame Adjustments and Replacements
 - The City, County, and CALTRANS have upcoming paving projects within the District boundaries with an estimated 140 manhole and cleanout frames that will require adjustment.
 - Deteriorated covers and frames will be replaced.
 - The District's supply of spare covers and frames will need to be replenished.
- Creek Road Siphon condition assessment and replacement
 - There are five siphons that were constructed in the 1960s that are approaching the end of anticipated useful life. Due to antiquated construction techniques, these siphons are unable to be inspected and properly maintained.

These are all projects that improve the function and reliability of the District's 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 21-22	FY 22-23	% Chg
4210	Regular Wages - C/S	678,352	705,302	3.97%
4220	Extra Help - C/S	3,000	3,000	0.00%
4230	Overtime - C/S	24,000	29,400	22.50%
4240	Standby Time - C/S	14,684	14,684	0.00%
4610	FICA/Medicare Expense - C/S	13,838	10,600	-23.40%
4620	Retirement Expense - C/S	80,158	100,594	25.49%
4640	Health Insurance Exp - C/S	171,108	193,032	12.81%
4650	Dental Insurance - C/S	12,239	12,239	0.00%
4660	Life Ins. Benefits - C/S	1,803	1,546	-14.25%
4670	Vision Insurance Exp - C/S	3,148	3,148	0.00%
4685	Disability Ins. - C/S	6,164	5,620	-8.83%
4690	Workers Comp Ins. - C/S	26,168	27,229	4.05%
5005	Utilities - C/S	30,000	33,120	10.40%
5025	Vehicle Maint/Fuel - C/S	66,355	76,525	15.33%
5030	Line Maintenance - C/S	158,800	167,000	5.16%
5035	Meter Maintenance - C/S	46,500	53,000	13.98%
5040	Equipment Maintenance - C/S	26,000	28,000	7.69%
5050	Other Equip Maint - C/S	39,200	41,250	5.23%
5210	Safety Equip/Supply - C/S	8,300	8,800	6.02%
5220	Small Tools - C/S	1,925	1,925	0.00%
5230	Minor Equipment - C/S	6,000	6,000	0.00%
5240	Misc. Operating Supplies - C/S	7,900	8,250	4.43%
5270	Operating Permits - C/S	9,560	11,050	15.59%
5440	Books & Publications - C/S	400	400	0.00%
5450	Blueprints - C/S	500	500	0.00%
5620	Mgmt/Engrg & Tech Serv - C/S	8,500	8,500	0.00%
5660	Other Prof Services - C/S	8,450	10,450	23.67%
6035	Conference/Seminar - C/S	12,700	13,400	5.51%
6050	Education & Training Allow - C/S	1,500	1,575	5.00%
6080	Membership & Dues - C/S	1,923	1,923	0.00%
6090	Misc. Expense - C/S	600	900	50.00%
6100	Safety Training - C/S	1,200	1,200	0.00%
6110	Uniforms - C/S	14,050	16,260	15.73%
	Totals	1,485,025	1,596,422	7.50%

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 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: Executive, 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 staff 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 Private Sewer Lateral Program. Staff is actively working to ensure that a PSL is performed when one of the 'triggers' occurs with a property. There have been over 1,800 PSL's performed since the implementation of this program, resulting in many defective laterals being repaired.
- ❖ It is the administrative staff's goal to continue working cooperatively and efficiently with the inspection staff to ensure timely 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 stretching component continues to start the day for most staff members. A safety consulting firm continues to assist the district in monitoring the District's safety policies and training program to ensure that they continue to meet regulations and adequately protect our employees; the majority of the actual employee training is now done virtually through Vector Solutions.
- ❖ 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 21-22	FY 22-23	% Chg
4210	Regular Wages - Office	926,480	956,615	3.25%
4220	Extra Help - Office	0	0	0.00%
4230	Overtime - Office	2,941	3,799	29.17%
4610	FICA/Medicare Expensr-Office	24,885	26,327	5.79%
4620	Retirement Expense - Office	136,130	142,714	4.84%
4640	Health Insurance Exp - Office	171,408	192,696	12.42%
4645	Post-Retirement Health	97,031	101,877	4.99%
4650	Dental Insurance - Office	8,927	9,506	6.49%
4656	Deferred Comp. Expense	11,451	11,451	0.00%
4660	Life Ins. Benefits - Office	2,726	2,429	-10.90%
4670	Vision Insurance Exp - Office	2,335	3,148	34.82%
4685	Disability Ins. Exp - Office	8,111	7,030	-13.33%
4690	Workers Comp Ins. - Office	3,558	3,640	2.30%
5005	Utilities - Office	21,015	26,462	25.92%
5015	Janitorial - Office	15,150	16,180	6.80%
5020	Building/Grounds Main - Office	11,300	18,500	63.72%
5025	Vehicle Maint/Fuel - Office	4,745	5,320	12.12%
5040	Equipment Maintenance - Office	249,009	271,629	9.08%
5210	Safety Equip/Supply - Office	1,200	1,725	43.75%
5270	County Permits/Fees	650	650	0.00%
5410	Office Supplies & Equipment - Office	217,503	348,706	60.32%
5420	Communications - Office	102,105	118,670	16.22%
5430	Insurance	160,130	248,275	55.05%
5440	Books & Publications - Office	1,500	1,360	-9.33%
5460	Postage	13,866	7,750	-44.11%
5610	Board Member Fees	33,075	30,500	-7.79%
5620	Mgmt/Engrg & Tech Serv - Offic	296,500	165,500	-44.18%
5630	Public & Legal Notice	16,000	13,500	-15.63%
5640	Legal Services	80,000	80,000	0.00%
5650	Accounting Services	77,000	77,800	1.04%
5660	Other Prof Services - Office	15,850	8,250	-47.95%
5670	LAFCO Assessment	6,295	6,800	8.02%
6020	Investment Mgmt/Bank Fees	35,450	30,450	-14.10%
6030	Conference/Seminar - Board	15,950	12,950	-18.81%
6035	Conference/Seminar - Office	12,100	12,600	4.13%
6050	Education & Training Allow - Office	14,945	15,545	4.01%
6060	Election Expense	0	13,000	N/A
6070	Fee Refund/Reimb	2,500	2,500	0.00%
6080	Membership & Dues - Office	33,138	34,588	4.38%
6090	Misc Expense - Office	0	0	0.00%
6100	Safety Training-Office	38,570	37,456	-2.89%
	Totals	2,871,529	3,067,898	6.84%

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 2022-23 are shown in the following table:

Transfer Budget

Transfer Destination	Transfer Amount for 2022/23
Treatment Plant Replacement	\$1,270,526
Collection System Replacement	\$630,000
Equipment Replacement	\$0
Vehicle Replacement	\$0
Building Reserve	\$0
2003 Revenue Bond Debt Service	\$325,000
2016 Refunding Bond	\$425,000
SRF Internal Loan Service	\$500,000
Contingency & Stabilization	\$0

	\$3,150,526

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 21-22	FY 22-23
Treatment Plant	\$2,614,152	\$2,786,103
Collection System	\$1,485,025	\$1,596,422
District Management	\$2,871,529	\$3,067,898
Transfers	\$3,146,858	\$3,150,526
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Totals	\$10,117,564	\$10,600,949

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 \$58.73 per month, the County charge amounts to \$1.76 out of \$704.76 collected annually. The District-wide annual cost of this service from the County is approximately \$17,000. 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 percent (20%) 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 online at the beginning of the fiscal year (July 1). This estimate is conservative since it is likely some new CUs will come online 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.

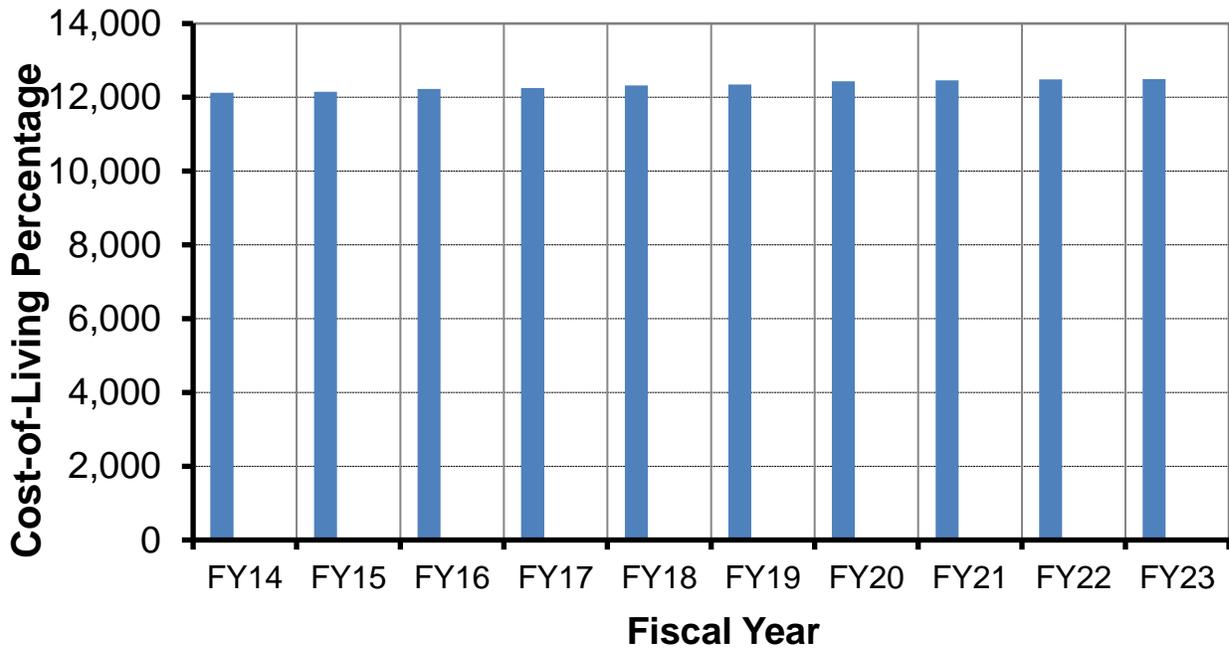
Service Unit Count

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 2022-23 is 12,493; this is 10 SUs higher than the 2021-22 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

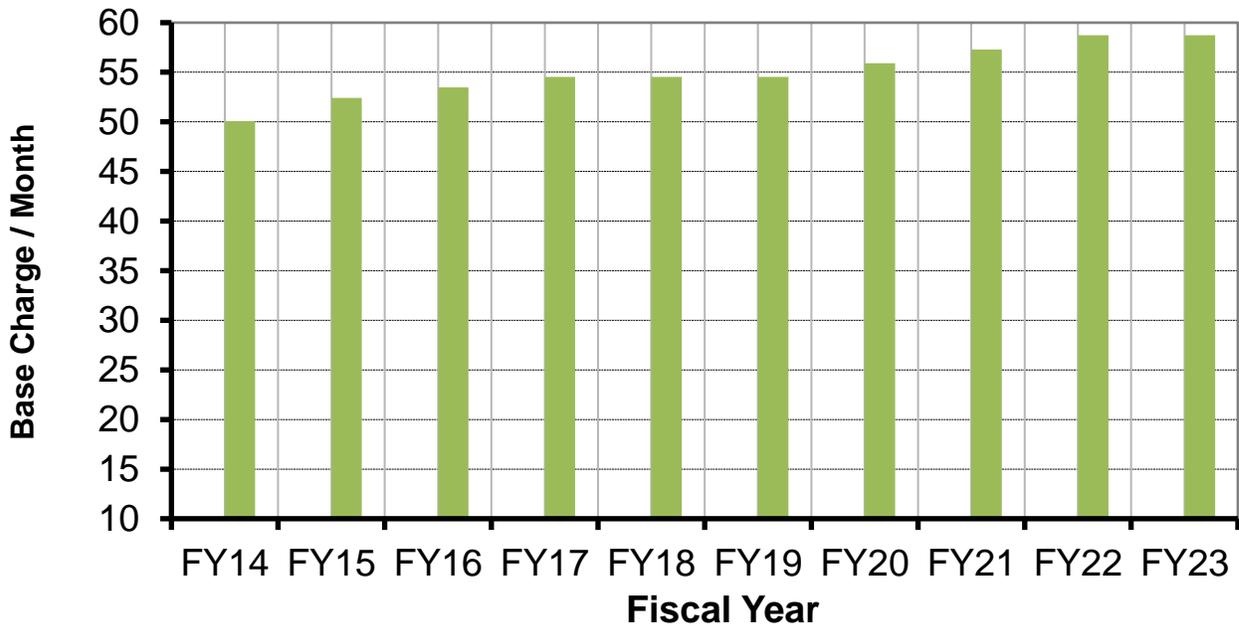


Service Charge

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 21-22	FY 22-23	% Chg
3010	Service Charge - Tax Roll	6,951,058	6,996,339	0.65%
3020	Service Charge - Direct	1,459,208	1,470,484	0.77%
3040	Service Charge - Chem Toilet	42,286	42,286	0.00%
3050	Service Charge - MAD	317,142	317,142	0.00%
3085	Service Charge - COP Tax Roll	179,347	260,159	45.06%
3090	Service Charge - COP Direct	46,653	64,841	38.99%
	Totals	8,995,694	9,151,251	1.73%

FY 2022-23 Preliminary Budget Budget

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Operating

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 \$57,000 of the total will be received in the General Fund.

Investment Income Budget

Acct	Description	FY 21-22	FY 22-23	% Chg
3410	Bank Interest	100	100	0.00%
3420	County Interest	25,000	20,000	-20.00%
3430	Investment Interest	350,000	226,263	-35.35%
3485	Deferred Capacity Interest	8,500	6,500	-23.53%
3490	SDS Interest	2,000	1,000	-50.00%
	Totals	385,600	253,863	-34.16%

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 21-22	FY 22-23	% Chg
3110	Permits/Inspection Fees	18,000	18,000	0.00%
3130	Annexation Fees	0	0	0.00%
3140	Connection Fees-T/P	128,505	51,402	-60.00%
3145	Connection Fees-C/S-Trunk	74,161	29,664	-60.00%
3150	Connection Fees-C/S-Local	197,930	79,172	-60.00%
3160	Engineering & Admin. Fees	0	0	0.00%
3510	Late Charges	25,000	25,000	0.00%
3515	Unpermitted Penalties/Interest	0	0	0.00%
3520	Misc. Income	1,000	1,000	0.00%
3530	Biosolid Recycling	650	650	0.00%
3610	Property Tax Income - 1%	825,000	900,000	9.09%
3730	Gov't Assist Revenues (FEMA)	0	0	0.00%
	Totals	1,270,246	1,104,888	-13.02%

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

Income	FY 2021-22	FY 2022-23	Change	Pct
Service Charges	8,994,694	9,151,251	+156,557	+1.74%
Investment	385,600	253,863	-131,737	-34.16%
Other Income	1,270,246	1,104,888	-165,358	-13.02%
Transfer From Equipment Reserve	199,508	333,428	+133,920	+67.13%
Transfer From Contig & Stab. Reserve	0	117,908	+117,908	N/A
Totals	10,850,048	10,961,338	+111,290	1.03%

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

Income	FY 2022-23	Available	To Reserve Funds
Service Charges	9,151,251	9,151,251	
Investment	253,863	57,148	196,715
Other Income	1,104,888	944,650	160,238
Transfer From Equipment Reserve	333,428	333,428	
Transfer From Contig & Stab. Reserve	117,908	117,908	
Totals	10,961,338	10,604,385	356,953

Expense/Funding Balance

Proposed Expense and Transfer Total	\$10,604,385
Proposed Available Funding Total	\$10,604,385

Difference	\$-0-

SECTION 2
Reserves Budget
FY 2022-2023

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.

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, 2022</u>	<u>Budgeted Contribution</u>
Treatment Plant Replacement	\$10,000,165	\$630,000
Treatment Plant Expansion (1)	\$1,321,308	\$
Collection System Replacement	\$1,554,385	\$1,270,526
Equipment Replacement	\$2,112,677	
Vehicle Replacement	\$ 326,623	\$75,458
Building Reserve	\$ 354,179	\$20,874
Collection System Local Capacity (1)	\$1,463,724	0
Collection System Trunk Capacity (1)	\$ 262,157	0
Contingency & Stabilization	\$ 603,356	0
TOTAL	\$17,998,574	\$1,996,858

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 twelfth payment will be made this year in the amount of \$500,000.

Proposed Projects

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

• TMDL	\$3,500,000
• TMDL Equalization Projects	\$ 210,000
• Fine Screen Replacement	\$310,000
• Generator Day Tank Pump Replacement	<u>\$65,000</u>
Total	\$4,085,000

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.

Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2022	\$10,360,227
+ Proposed Transfer Amount	+1,270,526
+ Eleventh Pmt. On Loan to SRF Pay-Off	+500,000
+ Predicted Investment Earnings during Fiscal Year	+100,002
- Proposed Expenditures	-4,085,000

= Projected End of Year Reserve Balance	\$8,145,755

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 25 equivalent residential units of growth has been used in establishing the capacity charges, the proposed fiscal year budget anticipates 10 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

There are no proposed projects to be funded from this reserve this year.

Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2022.....	\$1,326,946
+ Predicted Income from 10 New Connections.....	+51,402
+ Predicted Investment Earnings during Fiscal Year	+13,213
- Proposed Expenditures	0

= Projected End of Year Reserve Balance.....	\$1,391,561

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 \$630,000 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:

• I&I Mainline Pipe Bursting	\$600,000
• Creek Road Siphons Feasibility Study	32,000
• Creek Road Paving- 60 Lid Replacements	120,000
• Caltrans Paving- 50 Lid Replacements	150,000
• Point Repair and Bustle Replacement	100,000
• Purchase of 100 Manhole Lids and Frames	50,000
• Orchard LS PIG Receiver	83,000
• Santa Ana 2 List Station Rehabilitation	<u>540,000</u>
Total	\$1,675,000

Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2022.....	\$2,195,094
+ Proposed Transfer from General Fund	+630,000
+ Predicted Investment Earnings During Fiscal Year	+15,444
- Proposed Expenditures	-1,675,000

= Projected End of Year Reserve Balance.....	\$1,165,538

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.

There are no scheduled transfers from the General Fund 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 \$333,428. 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 \$333,428.

Equipment Replacements/Upgrades/New

The Purchase of a Pipe Ranger Transporter and OZ Camera for the Collection System is planned from this reserve for this fiscal year, at an estimated total cost of \$40,000.

The Replacement of the existing 2014 Kubota 60 HP Tractor at the Treatment Plant, at an estimated cost of \$40,000.

Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2022.....	\$2,121,790
+ Proposed Transfer from General Fund	0
+ Predicted Investment Earnings during Fiscal Year	+21,127
- Scheduled IT/Equipment Replaces/New during Fiscal Year	-413,428
.....	-----
= Projected End of Year Reserve Balance.....	\$1,729,489

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

While we await the arrival of vehicles replaced in 2021, we are proposing no vehicle replacements in the 2022/23 FY.

Transfer Amount

There are no proposed transfers from the General Fund 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, 2022.....	\$365,664
+ Proposed Transfer From General Fund.....	+0
+ Predicted Investment Earnings during Fiscal Year	+3,266
- Proposed replacement	0
-	-----
= Projected End of Year Reserve Balance.....	\$368,930

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

There are no proposed projects to be funded from this reserve during this budget year.

Transfer Amount

There are no proposed transfers from the General Fund to this reserve during this budget year.

Reserve Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2022.....	\$366,108
+ Proposed Transfer From General Fund.....	+0
+ Predicted Investment Earnings during Fiscal Year	+3,542
- Proposed Expenditures	\$0

= Projected End of Year Reserve Balance.....	\$369,650

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, 2022.....	\$1,469,949
+ Predicted Transfer of Charges From New Customers	+79,172
+ Predicted Investment Earnings during Fiscal Year	+14,637

= Projected End of Year Reserve Balance.....	\$1,563,758

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, 2022.....	\$263,244
+ Predicted Charges From New Customers	+29,664
+ Predicted Investment Earnings during Fiscal Year	+ 2,622

= Projected End of Year Reserve Balance.....	\$295,530

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, 2022.....	\$605,190
+ Predicted Investment Earnings during Fiscal Year	+6,034
+ Proposed transfer To General Fund	0
- Proposed Rate Stabilization Transfer	- \$117,908

= Projected End of Year Reserve Balance.....	\$493,316

SECTION 3
Debt Service Budget
FY 2022-2023

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>
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	\$1,450,000	\$116,875	\$1,566,875

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 2022-2023 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 2022-23 are calculated as follows:

Inside Ojai City Limits:

$$\frac{\$162,500/\text{year}}{4,667 \text{ ERUs times } 12 \text{ months / year}} = \$2.90/\text{month / CU}$$

Outside Ojai City Limits:

$$\frac{\$162,500 / \text{year}}{7,896 \text{ ERUs times } 12 \text{ months / year}} = \$1.72/\text{month / CU}$$

Cash Flow Estimate

The projected cash flow for the reserve is as follows:

Estimated Balance on Hand @ July 1, 2022.....	\$523,558
- Scheduled Debt Service Pymt FY 2022/23.....	-387,700
+ Proposed Transfer from General Fund.....	+325,000
+ Predicted Investment Earnings during Fiscal Year	4,091

= Projected End of Year Reserve Balance.....	\$464,949

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, 2022 will be made from funds collected during Fiscal Year 2021-2022. The funds collected during Fiscal Year 2022-2023 will actually be used to make the payment in Fiscal Year 2023-2024. 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>
2022	210,000	181,000	391,000
2023	220,000	172,400	392,400
2024	230,000	163,400	393,400
2025	235,000	154,100	389,100
2026	245,000	144,500	389,500
2027	260,000	134,400	394,400
2028	270,000	123,800	393,800
2029	280,000	112,800	392,800
2030	290,000	101,400	391,400
2031	300,000	89,600	389,600
2032	315,000	77,300	392,300
2033	325,000	64,500	389,500
2034	340,000	51,200	391,200
2035	355,000	37,300	392,300
2036	370,000	22,800	392,800
2037	385,000	7,700	392,700
TOTALS	\$5,030,000	\$2,023,600	\$7,053,600

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, 2022.....	\$1,492,186
- Scheduled Debt Service Pymt FY 2021/22.....	-391,000
+ Proposed Transfer from General Fund.....	+425,000
+ Predicted Investment Earnings during Fiscal Year	12,737

Projected End of Year Reserve Balance	\$1,538,923